

Legal Update Article

Massachusetts Releases Draft Regulations, Contribution Rates for State Paid Family and Medical Leave

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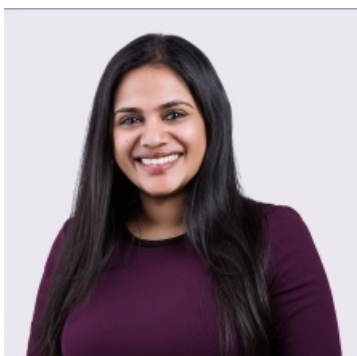
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Related Services

Disability, Leave and Health Management

The Massachusetts Department of Family and Medical Leave has released draft regulations for the Massachusetts Paid Family and Medical Leave Act (G.L. c. 175M). The proposed regulations, released on January 23, 2019, track many of the statute's requirements. In addition to the draft regulations, the Department provided information on the amounts employers must contribute into the Trust Fund that will finance these paid leaves.

Before finalizing the regulations, the Department will hold several listening sessions throughout Massachusetts.

Financing Paid Leave

Beginning in 2021, nearly all Massachusetts employees will be entitled to receive up to 12 weeks of paid family leave to care for a family member or to bond with a new child, and up to 20 weeks of paid medical leave to address their own serious medical issues. To finance this paid leave benefit, starting on July 1, 2019, Massachusetts will collect contributions from employers, employees, and the self-employed at an initial rate of 0.63% of wages (the "Initial Contribution Rate").

In terms of allocating the required contributions between employers and employees, the statute states that employers may deduct up to 100% of the contributions for family leave from employees' wages, but may deduct only 40% of the contributions for medical leave from employees' wages. In the guidance issued, the Department provided information as to how employers should allocate that 0.63% payment. For employers with 25 or more employees, the Department stated that 0.52% of the Initial Contribution Rate is designated for medical leave, while the remaining 0.11% of the Initial Contribution Rate is designated as family leave.

Accordingly, based on the allocation provided by the Department, employees are responsible for the entire 0.11% of the Initial Contribution Rate, which is designated as family leave. In addition, employees are responsible for up to 40% of the 0.52% Initial Contribution Rate, which is designated as medical leave. In other words, for each \$1,000 of wages earned at an employer with 25 or more employees, the employer would contribute \$3.12, while the employee would contribute \$3.18 through a payroll deduction. Smaller employers (24 or fewer employees) will have the contributions funded exclusively through employee payroll deductions.

Next Steps

Jackson Lewis will attend the listening sessions and continue to monitor developments and any revisions to the draft regulations. In addition, Jackson Lewis will be scheduling a webinar on these draft regulations. As July 1, 2019, approaches, employers should start preparing to implement payroll adjustments to reflect the new contributions to the Trust Fund.

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