RSU 67

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Updated Information on the Paid Family Medical Leave Act

1 message

MSSA <MSSA@msmaweb.com> Mon, Mar 11, 2024 at 12:24 PM

Maine School Superintendents Association

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TO: Superintendent, Assistant Superintendents and CTE Directors

FROM: Patricia Hopkins, President

Eileen King, Executive Director

DATE: March 11, 2024

RE: Updated Information on the Paid Family Medical Leave Act

As many are aware, the Maine Department of Labor (MDOL) is in the process of preparing implementing regulations for the recently enacted Paid Family Medical Leave Act (Act). The final regulations are expected later this Spring. In the meantime, the MDOL recently sent out a preliminary FAQ document that answers some questions about the Act. MSSA submitted a question about the timing of being prepared to remit the employer and employee shares of the 1% combined payroll tax as it aligns with your Collective Bargaining Agreement. In working with Drummond Woodsum, this is the guidance we are sending out.

The law contemplates that employees and employers will contribute into a fund that will be used to pay the leave benefits available under the Act. The total combined contribution rate for larger employers is 1% of wages. Employers are responsible for collecting both the employer and employee portions of the combined 1% tax and remitting them to the fund. The
Act states that "an employer with 15 or more employees may deduct up to 50% of the premium for an employee from that employees' wages".
Unless otherwise agreed upon, the Act provides that the employer and the employee will each contribute 50%

wards the 1% combined
tax amount.

The Act further states that the rights and responsibilities under the Act do not apply in situations in which a public employer is a party to a collective bargaining agreement in existence on October 25, 2023, until the existing collective bargaining agreement expires. We have been getting some questions about this language and offer the following scenarios as guidance.

1. If the Collective Bargaining Agreement was ratified after 10/25/2023, you should plan to raise 0.5% of your district's wages for January 2025-June 2025 in your FY 2024-2025 budget and begin payroll withholding for the employees' 0.5% share on January 1, 2025.

2. If the Collective Bargaining Agreement is going to expire before January 1, 2025, you should plan to raise 0.5% of your district's wages in your FY 2024-2025 budget and begin payroll withholding for the employees' 0.5% share on January 1, 2025.

3. If the Collective Bargaining Agreement was in place before 10/25/2023 and expires after January 1, 2025, districts will begin payroll withholding of the employees' 0.5% share and paying the district's 0.5% share of the tax upon the expiration of the CBA.

- *For example: If a contract was executed prior to 10/25/2023 and is set to expire June 30, 2025, districts should be prepared to raise the district's 0.5% share of the tax for the quarterly tax for FY 2025-2026 as they re-negotiate the contract. Payroll withholding for the employees' 0.5% share of the tax will commence immediately upon contract expiration. Please check the contract expiration date to determine which fiscal year you will need to raise funds to pay the tax.*

4. For non-union employees, be prepared to pay the district's 0.5% share of the tax and to begin payroll withholding of the employees' 0.5% share commencing on January 1, 2025.

5. For administrators without a collective bargaining agreement, be prepared to pay the district's 0.5% share of the tax and to begin payroll withholding of the employees' 0.5% share commencing on January 1, 2025.

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It is strongly recommended that you very carefully assess each of the collective bargaining agreements by analyzing the dates for compliance. Many of you have multiple collective bargaining agreements with different expiration dates.