INSIGHTS + NEWS

Client Alert: Baker Administration and Massachusetts Legislature Agree to Delay Paid Family and Medical Leave Contribution Start Date from July 1 to October 1, 2019; Attendant Increase in Contribution Rate is Expected

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Yesterday, Gov. Baker and leaders in the Massachusetts House and Senate agreed to adopt a three-month delay to the start of required contributions to fund the new Massachusetts Paid Family and Medical Leave ("PFML") program.

Currently, a 0.63% payroll tax to fund the PFML program is set to take effect on July 1st, and the agreed-upon three-month delay still must be formally passed by the state Legislature. However, in light of the recent agreement, it is highly likely that the proposed delay will be approved. If the agreed-upon measure is passed by the Legislature, required contributions will start on October 1, 2019. Employees will still need to wait until January 2021 to access PFML benefits.

The Legislature will likely approve more than just a mere delay. Specifically, it has been reported that the Legislature plans to increase the payroll tax contribution rate from 0.63% to 0.75% effective October 1, 2019 to avoid causing a loss of expected funds as a result of the delay. In addition, a joint statement issued by Gov. Baker, House Speaker Robert DeLeo and Senate President Karen Spilka indicates that the Legislature intends to adopt certain "technical changes to clarify program design" which have not yet been specifically announced.

The agreement to adopt the delay was motivated by a desire to ensure that employers have adequate time to prepare for and implement the PFML program.

We will continue to provide any relevant updates concerning the implementation of, and changes to, the PFML program.

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