Baltimore-Washington & Peninsula-Delaware Area
The United Methodist Church

Maryland Family and Medical Leave Insurance (FAMLI) Program

Training Tuesday Webinar

September 15, 2026

Agenda

Baltimore-Washington & Peninsula-Delaware Area
The United Methodist Church

- <u>Overview of the FAMLI Paid Leave Program</u>
  - Employee Contributions/Claims
  - Employer Contributions/Responsibilities
- <u>Church Specific Topics</u>
  - FAMLI Localization Rules
  - Review W-2 vs. Contractor Rules
  - Treatment of Clergy Compensation – Cash Salary, Housing Allowance, Parsonage
  - Summary of Contributions
  - State Plan vs. Private Plans (Commercially Insured or Self-Insured)
- <u>Action Items</u> (*Sept 1 – Nov 15, 2026!)*
  - Register no later than **November 15, 2026** - <u>EVERY Maryland Church</u> – <u>No exceptions</u>
  - Prepare for employee payroll FAMLI deductions starting **January 1, 2027**
  - Prepare for making Qtrly hour and wage reports NLT **April 30, 2027**
  - Include employer FAMLI contributions in the 2027 budgets, if 15 or more employees
  - Prepare for notifications to employees in **December 2026** and **June 2027**

MARYLAND WEBINAR HIGHLIGHTS

Meet Your FAMLI

Maryland's Family and Medical Leave Insurance

July 28, 2026

Maryland DEPARTMENT OF LABOR

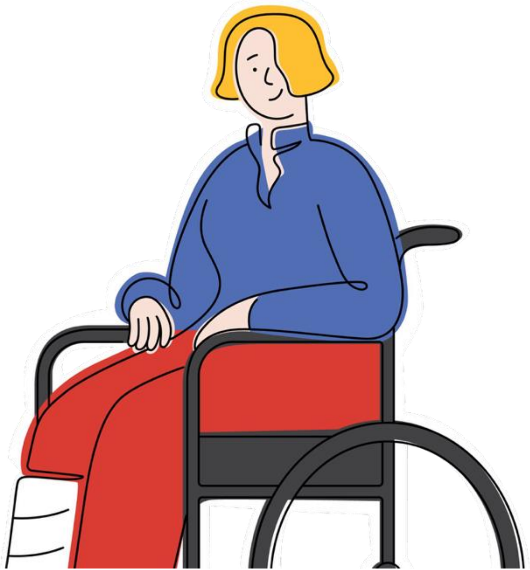
Maryland FAMLI FAMILY AND MEDICAL LEAVE INSURANCE

Paid family and medical leave is coming to Maryland

Starting in 2028, the Maryland Family and Medical Leave Insurance (FAMLI) program will ensure employees are able to:

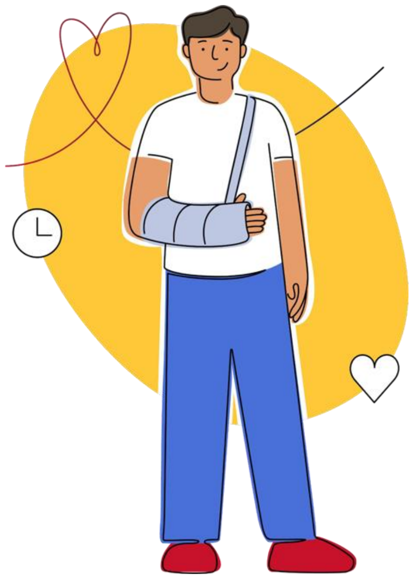
- **take time away from work;**
- **receive job protection;**
- **and earn up to $1,000 a week**

for up to 12 weeks continuously or on an intermittent basis.



Life events covered by FAMLI

Welcoming a child



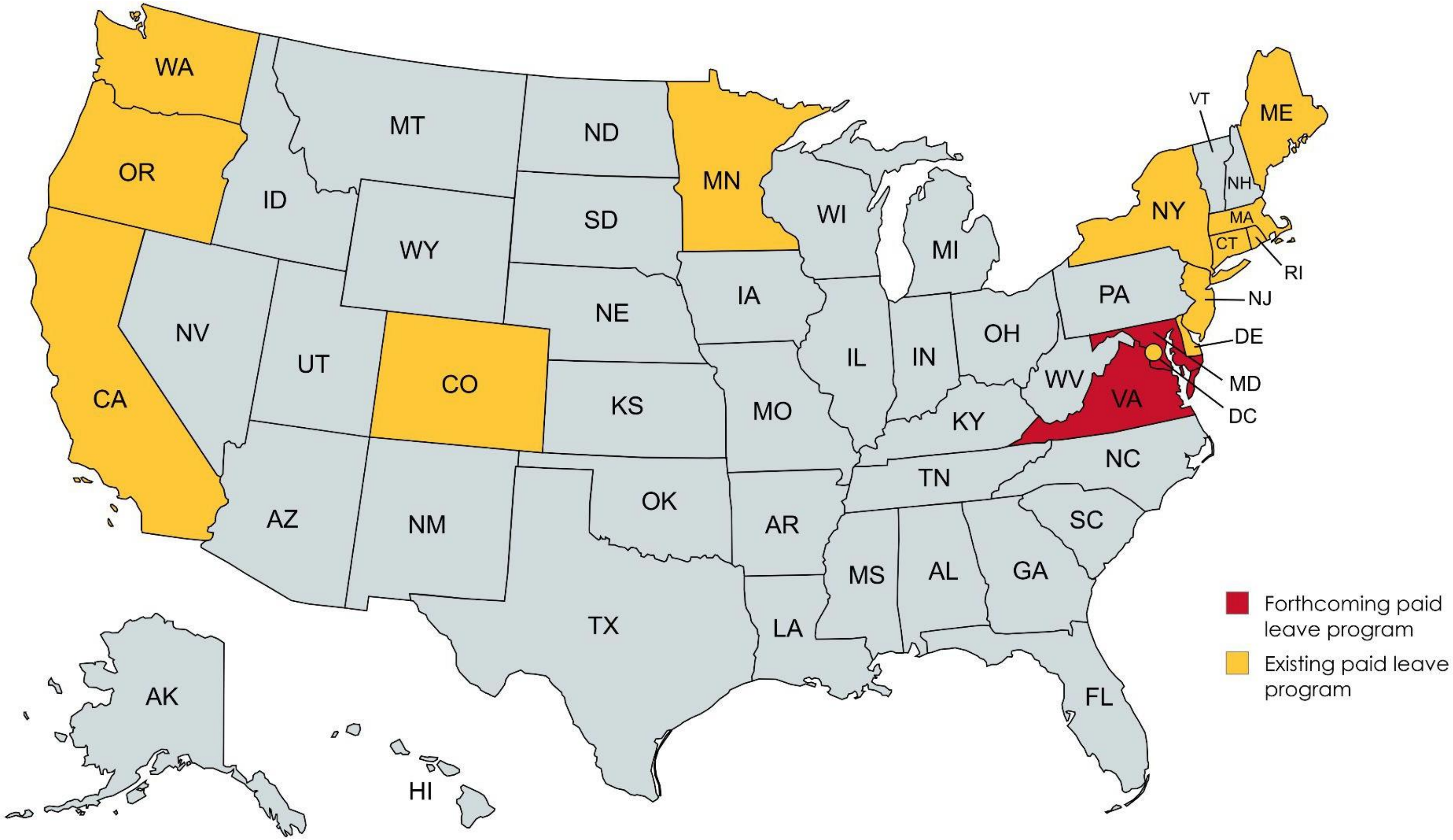
The employee’s own serious health condition

Caring for a family* member with a serious health condition

Preparing for a family member's deployment

** Family member = children, parents, spouse, domestic partner, siblings, grandparents, grandchildren, legal guardian*

The bigger FAMLI portrait



Maryland FAMLI FAMILY AND MEDICAL LEAVE INSURANCE

How will FAMLI work?

Upcoming milestones

Employer and TPA registration	Withholding Begins	First Quarterly Wage and Hour Reports & Contributions	Benefits Begin
Now	January 2027	April 2027	January 2028

How the program works

STEP 1

Employee contribution withheld

Employers are responsible for payroll deduction to collect worker contributions.

STEP 2

Employer files Quarterly Wage and Hour Report

Each quarter, employers must file a report with employee wages and hours worked.

STEP 3

Employer remits contribution

Each quarter the employer must pay FAMLI their contribution amount and the employee contribution amount.

STEP 4

Employee files claim

The employee will be able to file claims if they have worked for 680 hours in a Maryland-based job.

STEP 5

FAMLI checks hours and wages

Using the data in the Quarterly Wage and Hour Report, FAMLI will determine eligibility and benefit amount.

STEP 6

Employee receives benefits

FAMLI will pay the employee using funds collected through employer and worker contributions.

Localization rules

Work must be "localized" in Maryland for a worker to be eligible. Localization refers to where the work is physically performed, not where a worker lives.

The simplest way to know: If an employee is covered under Maryland's Unemployment Insurance program, the employees' work is localized in Maryland, and they are covered under FAMLI.

Common Scenarios:

- An employee works full-time in Maryland but lives in another state →**Covered under FAMLI**
- An employee lives in Maryland but works full-time in another state →**Not covered under FAMLI**
- An employee works remotely from another state for a Maryland-based employer →**Not covered under FAMLI**
- An employee works remotely from Maryland for an employer based in another state → **Covered under FAMLI**
- An employee works in multiple states for the same job →**Localization rules determine coverage**

Registration

Employer participation

All employers — regardless of payroll size — will be required to provide their employees paid family and medical leave insurance.

There are no exemptions under state law.

If you have at least one employee in Maryland, you are required to register at paidleave.maryland.gov

FAMLI has its own system. Registration with other State agencies does not transfer.

Who can register

- An **Authorized Officer** for the employer will need to be the person who registers.

  An Authorized Officer is a person who is legally permitted to act in an official capacity on behalf of an employer. This can include roles like owner, partner, executive director, C-Suite, president, secretary, household employer, or another designated individual with equivalent legal authority as specified by the employer bylaws.

- After an Authorized Officer registers, they will be able to invite **team members** to register and join their employer profile.

The role of Third-Party Agents (TPAs)

- Third-Party Agents (TPAs), including Certified Public Accountants (CPAs), payroll administrators, HR and/or benefits administrators, and other entities **cannot register on behalf of clients**.

- **Employers and TPAs must register themselves separately**.

- A TPA can send an invitation to their clients to sign a Power of Attorney and connect accounts.

- Only an Authorized Officer can sign the Power of Attorney.

- After that process is complete, TPAs can manage FAMLI tasks for their clients like submitting quarterly reports, remitting contributions, and responding to claims.

Contributions

Contribution rate

FAMLI will be funded through contributions from both employers and employees. The contribution rate is set annually by MD Labor though actuarial estimates.

- In April 2026, MD Labor announced a **0.9% contribution rate**.
- It can be split equally between employers and employees **(0.45% each)**.
- This rate will apply to wages paid from January 1, 2027 through December 31, 2027.

Employers can choose to pay the full contribution amount on behalf of their employees, but there may be tax implications. Employers should consult with a tax professional before making this decision.

Contribution structure for small employers

Small employers are required to provide FAMLI to their employees, and their employees are entitled to the same benefits.

The statute creates a different contribution structure for small employers. They are not required to pay the employer share of the contributions.

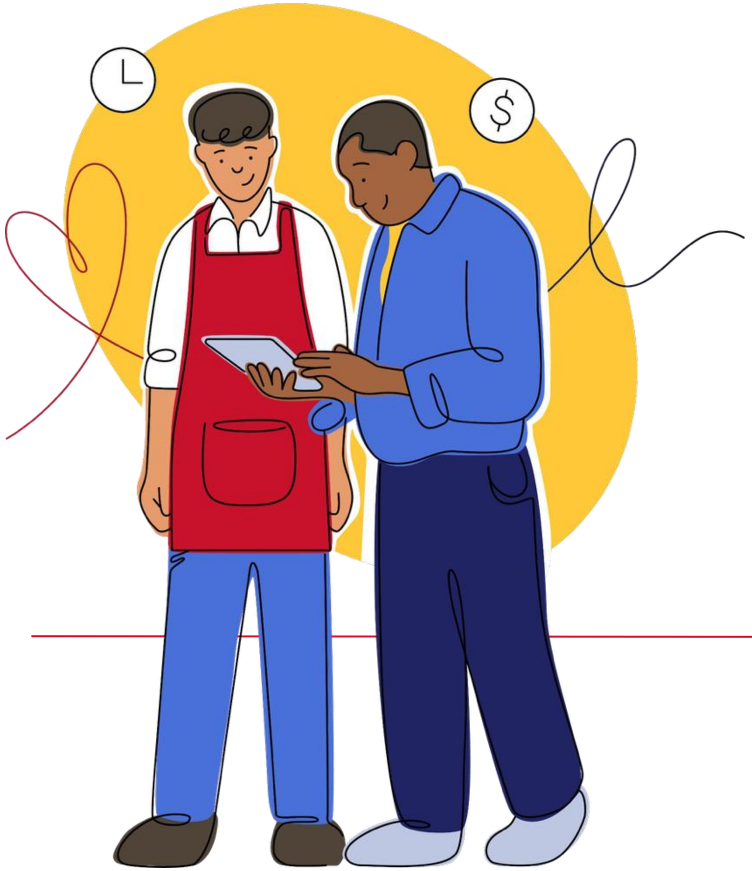
Employers with fewer than **15 total employees** (including those not localized in Maryland) are exempt from paying their share of contributions.

For the first year, employer size will be determined on a quarterly basis.

After the first year, determinations will be made on an annual basis.

Claims

Employee eligibility rules



Anyone who works **at least 680 hours** in a position localized in Maryland over the previous four reported calendar quarters will be eligible for benefits.

How much time a worker will receive

When benefits become available in 2028, employees will be able to request up to 12 weeks within a 12 month period. The exact time off approved will depend on the person and their situation.

If the employee experiences **their own serious health condition <u>and</u> welcomes a child in the same year**, they could be eligible for up to 12 weeks per event for a total of up to 24 weeks. While the two events could be related, they do not have to be.

Maryland FAMLI FAMILY AND MEDICAL LEAVE INSURANCE

What happens when an employee files a claim

Employee files claim and MD Labor alerts employer

will take 5 days or less

Deadline for employer response. MD Labor processes complete claim

will take 10 days or less

Employee receives a response to claim

Total time: 15 days or less

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The United Methodist Church

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Localization Rules for UMC Churches

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- FAMLI requires churches to register that have at least one employee who works in Maryland. **This applies to every Maryland church!**
- DE, DC, and WV churches do not register, even if the pastor and employees live in Maryland.

Who is Participating and Eligible for FAMLI Paid Leave Benefits?

- Clergy and lay who receive a W-2 from a Maryland church will make FAMLI contributions and will be eligible to claim paid leave benefits (regardless of the state of their residency)
- Independent Contractors paid by Maryland churches have the option to participate in FAMLI.
- Clergy and lay who work in DE, DC and WV will not make FAMLI contributions and will not be eligible for FAMLI Paid Leave.

W-2 vs Independent Contractor

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Criteria Category	W-2 Employee *(Required participation in FAMLI)*	Independent Contractor *(Optional participation in FAMLI)*
Behavioral Control	The church directs **when, where, and how** the work is done. *** ALL Clergy are to be paid as W-2 employees regardless of being full-time or part-time. *** *Examples:* **Nursery staff** required to follow specific church safety policies and safety shifts.	The worker has **autonomy over their methods** and hours. *Examples:* An **outside IT technician** hired to repair the network using their own technical process.
Financial Control	The church provides all **tools, equipment, and workspace**. *Examples:* A **church secretary** using church computers, software, desks, and office supplies.	The worker provides their own **specialized tools or instruments**. *Examples:* A **roofer** bringing their own ladders, safety gear, and commercial tools to fix the sanctuary.
Relationship Type	The arrangement is **long-term and open-ended**. *Examples:* A **weekly choir director** or youth pastor running regular, core church programming year-round.	The arrangement is **temporary or project-based**. *Examples:* A **guest evangelist** speaking for one weekend, or a **specialty trumpeter** hired just for Easter.
Richard Hammar's Key Rules	**Default classification** if ambiguous. *Examples:* Regular, recurring **sound board operators** paid weekly should generally be put on a W-2.	**Cannot be forced** by a contract. *Examples:* Labeling a **custodian** an "independent contractor" via a signed form fails if the church dictates their daily cleaning checklist.

Clergy Compensation Considerations

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- We are benchmarking FAMLI Paid Leave in Colorado that has been collecting contributions since January 2023 in a program very similar to the one being introduced in Maryland.
- Payroll vendors in Colorado have provided clarity. We are watching Maryland payroll vendors closely to confirm the following assumptions.

Clergy will contribute 0.45% based on the following wages:

- **Cash Salary**
- **Housing Allowance**

Note: Retired clergy who receive active pay from a Maryland church will also make FAMLI contributions on the active pay received. They will also be eligible for paid leave benefits if they exceed 680 hours worked in the four quarters before a submitted claim.

Clergy will NOT contribute based on the following compensations:

- **Imputed value of the parsonage is not eligible**
- **Retiree pension income is not eligible**

COLORADO
Family and Medical Leave Insurance Program (FAMLI)
Department of Labor and Employment

Summary of UMC Contributions

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Clergy and Lay Employees

- **All clergy and lay employees** who receive W-2s from Maryland churches will contribute 50% of the established FAMLI rate. This will be **0.45% in 2027**.

Small Churches (<15 Employees)

APPLIES TO MOST LOCAL METHODIST CONGREGATIONS

- **Zero Employer Premium Share:** Churches with under 15 employees are completely exempt from paying the employer portion of FAMLI contributions.
- **Mandatory Withholding:** The church MUST still withhold and remit the employee portion (up to 50% of the statutory rate) from staff paychecks.
- **Full Benefit Access:** Employees still receive 100% of state leave benefits despite the church paying zero employer tax.

Large Churches & Schools (15+ Employees)

CHURCHES WITH DAYCARES, SCHOOLS, OR MULTI-SITE STAFF

- **Shared 50/50 Premium:** Churches with 15 or more employees must pay 50% of the total premium contribution from church operating funds which will be **0.45% in 2027**.
- **Direct Budget Impact:** Finance committee must budget for the church's employer contribution on all covered gross payroll.

Headcount Rules

- **Headcount Calculation:** Includes all W-2 employees (full-time, part-time, seasonal, temporary and interns)
- **Consolidated Counting:** If the church operates a licensed preschool or daycare under the same EIN, all staff count toward the 15-employee threshold!

The State Plan

After registration, employers will be automatically enrolled into **the State Plan.**

The State will:

- collect contributions;
- process claims; and
- issue benefits.

Private plans*

- An employer could seek approval for a **commercial** or **self-insured** plan.
- Commercial and self-insured plans must offer benefits and protections that are the same as or better than the State Plan. Commercial plans must also comply with the insurance code.
- The Department can set reasonable fees for employers seeking private coverage options. Employers can avoid the fee by participating in the State Plan.
- Employers with private plans will be required to submit quarterly wage and hour reports and claims data.

** Also known as Employer Provided Insurance Plans (EPIP)*

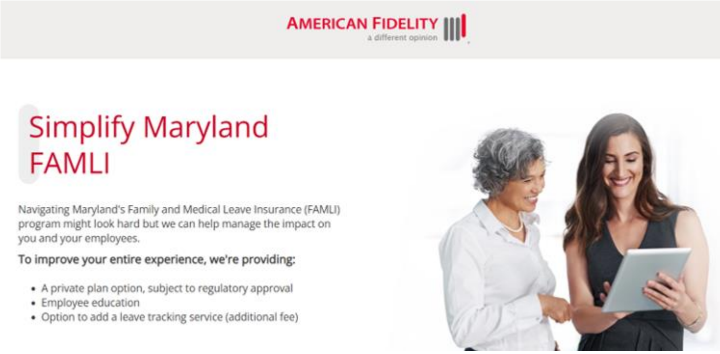
Employer Provided Insurance Plan (EPIP)

Self-Insured Plans

- **Large Employers:** Businesses with **50 or more employees** localized in Maryland can apply to self-insure their Equivalent Private Insurance Plan (EPIP).
- **Small Employer Exception:** Employers with **fewer than 50 employees** can only apply if they already had their own FAMLI-compliant private plan in place by **July 31, 2026.**

Commercial Plans

- **No Business Size Restrictions,** but many carriers will require a minimum of 10, 25, or 50 eligible employees
- **Plan Rollout:** Once the commercial insurance market opens and the state grants final approval to the specific policy, the carrier will begin administering and paying employee leave claims when benefits go live in **January 2028**.



Timeline for Commercial and Self-Insured Plans

- **Declaration of Intent (DOI):** Employers planning to use a commercial plan must submit a signed DOI through the state portal between **September 1 and November 15, 2026**. This exempts the business from sending standard payroll tax contributions directly to the state in 2027.

- **Escrowing Contributions:** Beginning **January 1, 2027**, employers must still deduct the employee's portion of the FAMLI premium from payroll, but the funds must be held in an escrow account rather than paid to the state.

State Plan

Private Plan

Maryland DEPARTMENT OF LABOR | Maryland FAMLI FAMILY AND MEDICAL LEAVE INSURANCE

Family and Medical Leave Insurance (FAMLI)
Maryland Department of Labor
100 S. Charles Street, Tower I, Suite #10000
Baltimore, MD 21201-2725

Declaration of Intent
Proof of Private Plan Consultation

INSTRUCTIONS: The first page of this document is required to be submitted with an employer's Declaration of Intent and is to be completed solely by an insurance agent or other representative of an insurance company.

Attestation Statement

"I, ______________________
[printed name, insurance agent or other representative of an insurance company]

hereby attest that I met with ______________ ______________
[first name last name] [title]

from ______________________
[employer name]

on ______________________
[date]

and I explained all of the items contained in "Declaration of Intent - Private Plan Consultation Agenda."

Business Details

Business Address ______________________

Business Phone Number ______________________

Email Address ______________________

Signature

Signed this ________ day of ______________, 2026

Signature ______________________

MD License # ______________________ (enter N/A if not applicable)

paidleave.maryland.gov

Wes Moore, Governor | Aruna Miller, Lt. Governor | Portia Wu, Secretary

Recommending the State Plan

Baltimore-Washington & Peninsula-Delaware Area
The United Methodist Church

Comparison Point	State Plan	Commercial Plan
Under-15 Employee Exemption	A small church will keep the under-15 employee exemption, avoiding premiums for exempt employees.	The church **will lose the exemption** and pay private insurance premiums for every employee.
Administrative Fees	No administrative application or renewal fees are charged under the State Plan.	The state will charge an **annual application and renewal fee** of $100 to $1,000, based on staff size.
Separation from Medical Decisions	Employees apply directly to the Maryland Department of Labor, which approves or denies claims and **keeps the church out of the medical review.**	The church may act as an intermediary between the insurer and employee, creating potentially awkward internal dynamics.
Coordination with Current Short-Term Disability Policy	**Most churches do not have a short-term disability policy**, Clergy CPP is a long-term disability policy that counts on salary continuation by the church for the first 90-days.	A broker may be able to “wrap” FAMLI into a strong existing disability policy, allowing staff to file one medical-absence claim.

It is recommended to stay in the State Plan through the first year of paid leave claims in 2028.

- There are known advantages in the state plan for most churches and there is currently a lack of information about the commercial plans.
- The primary downside of submitting a **Declaration of Intent (DOI)** in 2026 is that it locks your church into a strict, complex regulatory track with **zero room for operational delays or compliance errors** in 2027.
- FAMLI guidelines explicitly state that employers are allowed to exit the state pool and transition to a commercial plan in future years.

ACTION ITEMS

(SEPT – NOV 15, 2026!)

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How to register with FAMLI

1 Create a FAMLI account or sign in

You can use your email address and phone number to complete the account creation process, as well as your Social Security Number and driver's license or state ID card to verify your identity.

FAMLI partners with Login.gov to provide all Maryland employers with secure, private access to their FAMLI accounts. If you've used Login.gov in the past, you can use that email account and password to sign in. If you haven't used Login.gov before, you will be guided to create a Login.gov account when you set up your FAMLI account.

If you already have a FAMLI account, you will be taken to the FAMLI dashboard upon sign in.

Create a FAMLI account or sign in

2 Complete the registration process

After you've created your FAMLI account, you'll be able to register an employer and/or Third-Party Agent (TPA). You'll need to provide information, including the employer identification number (EIN) and contact information.

Once you register, you'll be able to manage FAMLI tasks, such as filing reports, remitting payments, and managing employee leave.

+ Invite your clients and manage their FAMLI tasks

If you are registering a Third-Party Agent, you must indicate that during the process. Third-Party Agents can include, but are not limited to:

Register no later than November 15th

https://paidleave.maryland.gov/register/

- NO EXCEPTIONS. Each EIN at a Maryland church needs to be separately registered
  - Church
  - Preschool
  - Other ministries with payroll and their own EIN
- Registration must be done by an **"Authorized Officer"**
  - *Recommend: Treasurer, Finance Chair, or Trustee Chair*
- Payroll vendors CANNOT register the church.

Registration

Baltimore-Washington & Peninsula-Delaware Area
The United Methodist Church

THE BALTIMORE-WASHINGTON CONFERENCE OF THE UNITED METHODIST CHURCH, INC. is now registered with FAMLI

Hello PAUL,

Thank you for registering THE BALTIMORE-WASHINGTON CONFERENCE OF THE UNITED METHODIST CHURCH, INC. with the Maryland Department of Labor's Family and Medical Leave Insurance (FAMLI) Division.

THE BALTIMORE-WASHINGTON CONFERENCE OF THE UNITED METHODIST CHURCH, INC. registration details

Please store your FAMLI account number in a safe place. You'll need it if you reach out to the Customer Care Contact Center for assistance.

FAMLI Account number xxxxxxxxxx

EIN xx-xxxxxxx

Date submitted August 6, 2026

What's next

Invite your team members

Invite team members to help you manage your employer profile with FAMLI.

- Once Registered, you can manage FAMLI Tasks
  - Filing Reports
  - Remitting Payments
  - Managing Employee Leave
- Can also invite other members to the account
  - Third party payroll vendors
  - Church admin (wage and hour reports)
  - Finance Chair (oversight)
  - Treasurer (if not the one who registered)
- Contact the Finance Offices if you have any problems. We are especially interested in tracking the success of registering unincorporated churches.

Other Action Items

Baltimore-Washington & Peninsula-Delaware Area
The United Methodist Church

- <u>Action Items</u> (*Sept 1 – Nov 15, 2026!)*
  - Prepare for employee payroll FAMLI deductions starting **January 1, 2027**
    - *Make sure your payroll service is taking steps to include FAMLI withholdings and submit payments*
  - Prepare for making Qtrly hour and wage reports NLT **April 30, 2027**
    - *Do you need to upgrade your payroll service to automate the wage and hour reports?*
  - Include church paid FAMLI contributions in the 2027 budgets, if 15 or more employees
  - Prepare for notifications to employees in **December 2026** and **June 2027**

Wages	FAMLI Contribution Rate	FAMLI Contribution
$300,000	0.45%	$1,350
$400,000	0.45%	$1,800
$500,000	0.45%	$2,250
$600,000	0.45%	$2,700
$700,000	0.45%	$3,150
$800,000	0.45%	$3,600
$900,000	0.45%	$4,050
$1,000,000	0.45%	$4,500

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Please contact us with any questions:

Paul Eichelberger, Conference Treasurer
Chrisi Lockwood, Pen-Del Controller
Pier McPayten, BWC Controller

FAMLI@pdcbwc.org

Website for Additional Information www.bwcumc.org/FAMLI

Thank You