08.21.19

e-Alert: Connecticut Passes Paid Family and Medical Leave Law

Background

Beginning on January 1, 2022, nearly all Connecticut employees will be entitled to receive up to 12 weeks of paid leave for family and medical reasons, and up to 14 weeks for a pregnancy-related serious health condition. On June 25, 2019, Connecticut Governor Ned Lamont signed Public Act 19-25, which requires the new leave program to be funded through a mandatory payroll tax on employees at 0.5% of income beginning in 2021. Employers must notify their current employees of their rights and benefits under the law on July 1, 2022, and new employees at the time of hire. This new leave program, Connecticut Paid Family and Medical Leave (PFML), will be administered by the Connecticut Paid Family and Medical Leave Insurance Authority.

Summary

Below are some highlights of the final regulations:

- **Who is covered?** All Connecticut employers with one or more employees are covered under this new law. Covered employees must have worked for their employer for at least 12 weeks, with no minimum-hours-worked requirement. Self-employed individuals can also opt to participate in the program.

- **Leave Reasons and Duration:** Beginning on January 1, 2022, the PFML program will provide workers up to 12 weeks of paid leave a year to care for a child following birth, adoption, or foster care placement; for a seriously ill family member or loved one; or for their own serious health condition. Employees can also use the benefits to address family violence. Employees can receive an additional two (2) weeks of paid leave, up to a maximum of 14 weeks, for a pregnancy-related serious health condition.

  The state has one of the most expansive definitions of "family member," which includes an employee's child, parent, spouse, domestic partner, sibling, grandparent, grandchild, and anyone "whose close association the employee shows to be the equivalent of those family relationships."

  Parental bonding leave benefits may be paid out earlier than the January 1, 2022 date, if the state decides this is a viable option.

- **Benefit Amount, Funding, and Private Plan Exemptions:** Contributions will begin in January 2021, but no later than February 1, 2021. Contributions will be funded as an employee payroll tax at 0.5% of the employee's earnings up to a cap of $132,900 in 2019 (the Social Security annual limit). Employers will not make contributions to fund this benefit. Going forward, the state may announce revisions to the contribution rate on November 1, 2022, and each November thereafter.

  Eligible employees will receive their PFML benefits on a sliding scale, in which lower-paid workers will receive the maximum benefit of 95% of their regular weekly pay up to a cap determined by the state. Employers can apply for an exemption with the state as an approved private plan, or if the employer has a private plan which is equal to or more generous than the PFML benefits. If a private plan is approved by the state, the employer is exempt from contributing to the PFML program.

- **How this Ties in with Other Leave Laws:** Eligible employees may receive paid leave under PFML and any employer-provided paid leave, so long as their total compensation does not exceed their regular rate of compensation. However, employees may not receive PFML at the same time as any state or federal program of wage replacement, such as workers' compensation or unemployment. Employers can require employees to substitute paid vacation or personal leave for any part of their 12 weeks of PFML. However, employers must keep two (2) weeks of paid vacation or personal leave available to the employee for any future leave requests for the birth or placement of a child or to care for a family member.

- **Notice and Recordkeeping Requirements:** On July 1, 2022, employers must notify all employees of their rights and benefits under the new law. The notice must also inform employees of their protection from retaliation for requesting or taking PFML and guide them on how to file a complaint with the Labor Commissioner for any violations. New hires must also receive the same notice at the time of hire. Eligible employees will have to request paid leave from the PFML Insurance Authority, which will then require the employer to justify the employee's compensation level and need for the leave.

- **Enforcement and Penalties:** Covered individuals who make false statements or omit facts for their PFML claim can be excluded from receiving benefits for two (2) years and may be fined up to 50% of the PFML benefits paid. Anyone who assists in this falsification, including employers, could be liable for the same penalty. The Insurance Authority may seek repayment of benefits that were paid in error, due to willful misrepresentation, or prior to the rejection of a claim.

Employer Next Steps

- HR Knowledge will continue to monitor for updates on this new paid leave law as they become available. Final regulations will be released by the Labor Commissioner by January 1, 2020.
- Work with your current payroll provider to set up the tax calculations through payroll. If you are a Full-Service or Managed Payroll client of HR Knowledge, we will handle this for you.
- Provide employees with the mandatory notice beginning July 1, 2022.
- If you are not a client but are interested in learning more about our services, please email us.

The People Simplifying HR

For almost twenty years, HR Knowledge has made it our mission to demystify the complex and daunting process of HR management. We do more than just provide the level of service and technology you'd expect from an industry leader. We combine unparalleled passion for service with our decades of HR, payroll, and benefits experience to provide our clients with personalized and actionable advice that is second—to—none. From managed payroll to employee benefits to HR support, we can help your organization thrive, grow, and reduce operating costs—no matter what industry you serve. Whether you're interested in our Full-Service solution or just need your employee handbook written, HR Knowledge can help you minimize risk while staying on top of compliance regulations. The bottom line? We're not just another cloud-based technology company that also does HR, #WeAreHR.