



The loftily named "Grand Bargain" was signed by Governor Baker today. Massachusetts will have the most generous family leave in the country and be one of three states with the highest minimum wage. The legislation sought a middle ground between special interests on the issues of minimum wage, paid leave, and the sales tax.

The new law will:

1. Raise the minimum wage incrementally to \$15.00 per hour by January 1, 2023, not thereafter indexed to inflation;
2. Raise the tipped minimum wage to \$6.75 per hour by January 1, 2023;
3. Phase out time-and-a-half pay for Sunday and Holiday work by January 1, 2023;
4. Afford covered employees paid leave time of up to 12 weeks for family leave, 20 weeks for medical leave and up to 26 weeks to cover for a service member or 26 weeks combined total in a year starting January 1, 2021, with contributions beginning in 2019 as outlined below; and
5. Establish an annual sales tax holiday in August.

Other key provisions include:

1. Covered workers whose regular pay is less than 50% of the MA average weekly pay, would receive 80% of their average weekly wages while on leave, but those earning more would receive only 50% of their average weekly wages up to \$850/week max.
2. Employers of 25 or more and employees will contribute funds to a trust for the medical leave portion.
3. Employees alone will contribute to the fund for the family leave portion.
4. Contribution rates will be adjusted annually to ensure that the trust fund maintains 140% of the prior year's payout. The initial payroll tax rate is 0.63%.
5. Family leave shall not be intermittent or on a reduced schedule without the agreement of employer and employee.

6. Medical leave may be taken intermittently or on a reduced schedule when medically necessary.
7. Employers cannot compel employees to exhaust other earned time off before taking leave under this law.
8. Notice to employees and posting of the leaves is required.
9. A Department of Family and Medical Leave will be created to administer and implement the law, including appeals.

The "Grand Bargain" may not be a bargain at all but it is grand in scope. We expect a few hiccups and changes and will keep you up to date as it unfolds. As always, please contact us with any questions.