CLIENT ALERT: Looking Forward to 2020: What Massachusetts Employers Need to Know

As 2019 draws to a close, now is the time for all employers to assess their compliance with the next wave of changes in labor and employment law they will be facing in the new year. For Massachusetts employers, many of the impending changes for 2020 and beyond are the result of the 2018 "Grand Bargain" law, which among other things included major changes to Massachusetts wage and hour law and created a new state-administered paid family and medical leave program. The following is a summary of impending changes employers in Massachusetts should be mindful of the upcoming year.

Massachusetts Minimum Wage and Premium Pay

As discussed here, one of the key concessions to retail businesses under the "Grand Bargain" was the reduction of premium pay for Sunday and holidays. Pursuant to the law's five-year schedule, the rate of premium pay will be reduced, effective January 1, 2020, to 1.3 times employees' regular rate of pay. While this provides some relief to employers, as we discussed in a previous client alert, the law did not include three holidays in this change: New Year's Day, Veteran's Day and Columbus Day. Accordingly, until further notice, employers should ensure they are still paying their non-exempt employees one and one-half times their regular rate for work performed on these three holidays.

Additionally, the law provides for an incremental increase to the state minimum wage rate through 2023. Pursuant to the law's schedule, effective January 1, 2020, the state minimum wage rate will increase to $12.75 per hour (from $12.00 per hour) and to $4.95 per hour for tipped employees (from $4.35 per hour).

Massachusetts Paid Family and Medical Leave

Under the final regulations for the Massachusetts Paid Family and Medical Leave law, employers were required to begin withholding contributions from covered individuals on October 1, 2019 (read more here). By January 31, 2020,

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employers will be responsible for remitting contributions for the fourth quarter (October 1 through December 31) of 2019 to the Department of Family and Medical Leave through MassTaxConnect. Covered individuals will then be allowed to begin using paid family and medical leave in 2021 (read more here).

Fair Labor Standards Act Overtime Exemptions

As discussed here, on the federal level, the U.S. Department of Labor recently issued a final rule regarding the Fair Labor Standard Act's overtime exemptions. Under the new rule, which is set to go into effect on January 1, 2020, the income level that employees must reach to qualify for the executive, administrative or professional exemptions will increase to $684 per week, or $35,568 per year. The new rule will also allow employers to use certain supplemental payments to satisfy up to 10% of the minimum salary level requirement for employees to qualify for the exemptions. In addition, the law also increases the earning requirement for the "highly compensated employee" exemption from $100,000 to $107,432 in the new year.

Please contact your MBJ attorney with any questions you may have regarding any of the other legal changes addressed above.

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