



## Families First Coronavirus Response Act Summary

The Families First Coronavirus Response Act (the Act) was signed into law on March 19, 2020, and will become effective on April 1. The legislation, which provides emergency paid sick leave and emergency paid family leave for workers at companies with 500 or fewer employees, will remain in effect through December 31, 2020.

### EMERGENCY PAID SICK LEAVE ACT

Covered employers must provide 80 hours of job-protected paid sick leave when an employee can't work or telework because of COVID-19. Paid leave is required if the employee:

- Is subject to a federal, state, or local quarantine or isolation order
- Has been advised by a health care provider to self-quarantine
- Is experiencing symptoms of COVID-19 and is seeking a diagnosis
- Is caring for an individual covered by (1) or (2) above
- Is caring for a child whose school or place of care is closed or other care provider is unavailable because of COVID-19
- Is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services

#### Eligibility

- All employees, regardless of the length of employment

#### Rate of Pay

- Paid sick time must be paid at the higher of: (1) their regular rate of pay; (2) the federal minimum wage; or (3) the local minimum wage
  - Payments are capped at \$511 per day and \$5,110 in the aggregate
  - Employees absent not for their illness but to care for a sick family member or children are compensated at two-thirds of the rate they'd otherwise receive. Pay is capped at \$200 per day and \$2,000 in the aggregate

#### Existing Paid Leave Policies

- The federal emergency paid sick leave is in ADDITION to whatever paid leave is already available to employees (could be subject to local and state requirements)

### EMERGENCY FAMILY AND MEDICAL LEAVE EXPANSION ACT

Covered employers must provide 12 weeks of job-protected leave for employees unable to work or telework so they can care for children displaced from schools or other care arrangements due to a public health emergency. (Employees with complications from COVID-19 may be eligible for unpaid FMLA.)

#### Eligibility

- Employees who have been working for at least 30 calendar days



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# Families First Coronavirus Response Act Summary Continued

## Rate of Pay

- After 10 days of leave, employees are paid at two-thirds of their regular rate
- Employees may use accrued personal or sick leave during the first 10 unpaid days of leave, including the emergency paid sick leave provided by the Act, but cannot be required to do so – regardless of existing company policies
- Payments made for this type of leave are capped at \$200 per day and \$10,000 in the aggregate

## Job Protection

- Employers with more than 50 employees must return a covered employee to the same job or equivalent position
- Employers with fewer than 25 may receive an exemption if the position no longer exists or operations have changed due to the public health emergency

## TAX CREDITS

Employers will receive a refundable tax credit equal to 100 percent of the “qualified family leave wages” that the employer is required to pay for a given quarter under the Expanded FMLA Leave.

- The amount of the qualified family leave wages that would be taken into account for purposes of the credit per employee is \$200 for any day (or portion thereof) for which the employer pays the employee qualified family leave wages, up to a maximum aggregate amount for all calendar quarters of \$10,000 per employee.

Employers will also receive a refundable tax credit equal to 100 percent of “qualified sick leave wages” that the employer is required to pay for a given quarter under the Emergency Paid Sick Leave Act.

- The amount of qualified sick leave wages that would be taken into account for purposes of the credit would vary depending upon the reason for the leave.
- For employees who must self-isolate, obtain a coronavirus diagnosis or comply with a self-isolation recommendation from a public official or health care provider, the amount of qualified sick leave wages taken into account is capped at \$511 per day.
- For employees caring for a family member or for a child whose school or place of care has been closed, the amount of qualified sick leave wages taken into account is capped at \$200 per day.
- The aggregate number of days that may be taken into account in calculating the tax credit is capped at 10 days per employee for sick leave and 50 days (10 weeks) per employee for expanded FMLA leave.

The refundable tax credits will be applied to the quarterly payroll tax returns. All tax credits obtained by the PEO will be promptly credited back to the applicable clients.

## EXEMPTIONS

Small businesses, defined by the Act as those with fewer than 50 employees, may be eligible for a hardship waiver from the paid FMLA leave portion of the law. The DOL is currently writing the rules as to applying for the waiver and we will provide that information as it becomes available.

Employers who are healthcare providers or emergency responders may elect to exclude employees from eligibility for emergency paid sick or family leave. The Act does not define “healthcare provider” or “emergency responder.” Those definitions will be provided by rule-making agencies.

*Resourcing Edge does not provide legal or tax advice.*