

Families First Coronavirus Response Act (FFCRA) – Employer Requirements and Credits

The FFCRA was signed by President Trump on March 18, 2020. The required paid leave provisions are effective on April 2, 2020 through December 31, 2020.

Employers

All employers with 500 or fewer employees at the time an employee's leave is to be taken are required to provide the benefits described below, subject to certain exceptions. For purposes of the 500-employee threshold, both full-time and part-time employees are considered, including employees on leave, temporary employees, and laborers supplied by a staffing agency.

Employees:

- All employees are covered for first two weeks sick leave.
- Covered employees for additional 10 weeks are those who have been employed for at least 30 days.

Required Benefits:

Sick Leave:

Two weeks (up to 80 hours) of paid sick leave at regular pay when:

- Employee is quarantined per government order or advice of health care provider
- Employee is experiencing COVID-19 symptoms or seeking diagnosis.

The required pay is limited to \$511 per day up to 10 days (\$5,110 total) for employees being paid under these conditions.

Or Two weeks (up to 80 hours) of paid sick leave at 2/3 pay when:

- Employee is providing care for quarantined individual.
- Employee is providing care for a child under age 18 whose school or provider is closed for COVID-19 related reasons.

The required pay is limited to \$200 per day up to 10 days (\$2,000 total) for employees being paid under these conditions.

Expanded Family & Medical Leave:

Up to an additional 10 weeks of paid family and medical leave at 2/3 pay if an employee is providing care for a child whose school or provider is closed for COVID-19. The required pay is limited is \$200 per day (\$10,000 total) for employees being paid under these conditions.

Other Requirements:

- Employers required to place DOL posters on premises for employee reference.

Small Business Exemption:

A business with fewer than 50 employees may qualify for an exemption to provide leave for childcare reasons if it will jeopardize the viability of the business. Businesses should document why business meets criteria. Regulations are pending as to who and how businesses would qualify for this exemption.

To help businesses pay for these required benefits, the FFCRA includes tax credits that allow for dollar-for-dollar reimbursement through a reduction of payroll taxes for all qualifying wages paid under the act. If there is not sufficient payroll tax liability to cover the cost of the qualified sick and childcare leave paid, employers will have an option to file for an accelerated refund that will be processed within two weeks. There is also an additional credit based on maintaining health care coverage for eligible employees. The amount of these credits is limited to amount of pay required under the act, 80 hours in the case of paid sick

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leave for a full time employee. Voluntary payments made to employees in excess of these requirements will not be eligible for the credit.

Self-employed individuals will receive an equivalent credit that will be claimed on their income tax return.

There is still some uncertainty surrounding how this credit will be claimed. The FFCRA's paid leave provisions are effective on April 2, 2020 and apply to any leave taken between April 2, 2020 and December 31, 2020. Guidance issued by the IRS provides that these employment tax credits for paid wages required by the FFCRA apply to wages and compensation paid for periods beginning on April 1, 2020 and ending on December 31, 2020. Additionally, amounts paid to employees for any of the above reasons made prior to April 1, 2020 do not reduce the required number of hours to be provided after April 1.

Additional guidance from the IRS is expected.