

Families First Coronavirus Response Act

*What does this new law mean for
your small business?*

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The Basics

When does the law take effect?

April 2, 2020

Is the law permanent?

No. The law sunsets on December 31, 2020.

What businesses are impacted?

Employers with fewer than 500 employees.

Two ways the new law impacts small business employment:

**The Emergency Paid Sick Leave Act
Provides paid sick leave for eligible
employees in qualifying circumstances.**

**Emergency Expansion of FMLA
Provides eligible employees with paid
leave if their child's school has closed as
a response to the COVID-19 pandemic.**

Who Pays?

Employers are responsible for paying for these new entitlements.

BUT

- Employers are eligible for full reimbursement**
- for wages, insurance, and taxes**
 - through tax credits Employer's portion of Social Security taxes**

Exemptions

Employers with fewer than 50 employees may apply for an exemption from the Secretary of Labor if the new obligations would endanger the business' viability.

The Emergency Paid Sick Leave Act

Requires paid sick leave for full- and part-time employees

- **Employees receive 100% pay if:**
 - § **Quarantined or Isolated due to:**
 - **COVID-19 Diagnosis**
 - **Advice of medical provider due to COVID-19**
 - § **Seeking medical diagnosis due to COVID-19 symptoms.**

Emergency Paid Sick Leave Act

- **Employees receive 2/3 pay if:**
 - § **Caring for someone who:**
 - **has been quarantined because of COVID-19;**
 - **is seeking medical diagnosis due to symptoms of COVID-19.**
 - § **Caring for their child due to school closure or unavailability caused by COVID-19;**
 - § **Experiencing any substantially similar condition**

Emergency Paid Sick Leave Act

- **Full-time Employees**

 - § Receive 80 hours Pay

- **Part-time Employees**

 - § Receive pay equivalent of the number of hours the employee would work, on average, during a two-week period

 - § The Secretary of Labor issuing guidelines regarding calculation of leave benefits by April 2.

Emergency Paid Sick Leave Act

- Caps

§ If paid at 100% rate:

§ \$511 per day

§ \$5,110 total

§ If paid at 2/3 rate:

§ \$200 per day

§ \$2,000 total

Temporary Expansion of the Family Medical Leave Act

A new right to paid leave for eligible employees

Who is eligible?

Employees who cannot work because they must care for their child due to a COVID-19 pandemic school closure.

Temporary Expansion of the Family Medical Leave Act

Existing FMLA:

- Employers with 50 or more employees
- Employees need 12-month tenure before eligible
- Unpaid benefit

Temporary Expansion:

- » Employers with fewer than 500 employees
- » Employees need only 30-day tenure before eligible
- » Paid Benefit

Temporary Expansion of the Family Medical Leave Act

- Structure of Pay

§ Initial 10-day period is unpaid

- Employee may choose to use accrued paid leave or vacation**

§ Pay Rate: 2/3 normal wages

§ Hours: Normal amount of scheduled hours

§ Cap: \$200 per day and \$10,000 total.

Temporary Expansion of the Family Medical Leave Act

Reinstatement

§ More than 25 Employees

§ Returning employee entitled to reinstatement to same or equivalent position.

§ Fewer than 25 Employees

§ Exception: If the position no longer exists due to economic conditions caused by COVID-19

§ Ongoing obligation to make reasonable efforts to place employee for 1 year

Independent Contractors

Not eligible under these two acts.

Self-employed workers, including independent contractors, may claim a credit against their regular income taxes related to sick or family leave.

Keep in Mind

- **The new law is in addition to any existing paid sick leave or paid time off your business offers.**
 - § *Businesses that already provide paid sick leave are still eligible for tax credits.*
- **As always, your business cannot penalize employees for exercising their rights under federal, state, or local law.**

Questions?

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