

Stimulus Update, FFCRA Refresher and FFCRA Reporting in iSolved

December 8, 2020

Pandemic Stimulus

- The first week of December brought new life to additional stimulus negotiations in Congress.
- How did we get here?
 - Election -> Present Day



Pandemic Stimulus

- Why the change?
 - COVID cases, hospitalizations, and deaths at new peaks around the country.
 - Signs of a weakening economy are increasing. (Hiring growth, manufacturing activity, etc.)
 - Unemployment assistance and eviction/foreclosure moratoriums set to expire at year's end.
 - State and local governments are looking to slash budgets.



Pandemic Stimulus

- What's in the proposal?
 - \$908B compromise stimulus proposal effective 12/1-3/31
 - \$300/week in additional unemployment assistance
 - \$160B to state, local, and tribal governments
 - \$288B in small business aid
 - Short-term liability shield from coronavirus-related lawsuits
 - Notably absent - no direct aid to individuals



Pandemic Stimulus

- What's the catch?
 - Pelosi/Schumer and McConnell/McCarthy have not endorsed this plan.
 - This proposal is less than half of what Democrats have called for since May, more than double what Republicans want.
 - Republicans remain hung up on funding state and local governments.



Pandemic Stimulus

- What's next?
 - McConnell has said "compromise is within reach."
 - President-elect Biden calls compromise bill "down payment" ahead of inauguration.
 - Federal budget expires this Friday, December 11th.
 - GA Senate run-off election is January 5th, 2021.



Pandemic Stimulus

“The risk of overdoing it
is less than the risk of underdoing it.”

- Jerome Powell,
Chairman of the Federal Reserve



Families First Coronavirus Response Act (FFCRA)

Paid Leaves Refresher

FFCRA Paid Leaves

We do not know yet whether paid leaves will be extended past the original sunset date of 12/31/20

As of now, the paid leaves are federally-mandated rights for eligible employees of companies with < 500 employees through 12/31/20

Distribute/Post the Model Notice if you haven't already

- Available on our website – dominionpayroll.com
- Available to all FT, PT and temporary employees through 12/31/20
- Some small businesses may be exempt. More on this shortly!

EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

► PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- $\frac{2}{3}$ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at $\frac{2}{3}$ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

► ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.

► QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

- | | |
|---|---|
| <ol style="list-style-type: none">1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;2. has been advised by a health care provider to self-quarantine related to COVID-19;3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); | <ol style="list-style-type: none">5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services. |
|---|---|

► ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

For additional information
or to file a complaint:
1-866-487-9243
TTY: 1-877-889-5627
dol.gov/agencies/whd



WH1422 REV 03/20

FFCRA Paid Leaves

Note:

The law states that you may NOT ask an employee to use existing PTO before they use FFCRA paid leaves.

FFCRA paid leaves are offset by real time tax credits, so employer is NOT paying for those wages.

FFCRA Paid Leaves – available through 12/31/20

Two types of leave:

1. Emergency Paid Sick Leave (EPSL)

- Up to 80 hours, taken consecutively (unless for childcare reason #5)
- No waiting period for new hires or rehired former employees
- 6 qualifying conditions, including childcare
- 100% or 2/3 rate of pay depending on qualifier (max \$511/day)

FFCRA Paid Leaves – available through 12/31/20

Qualifying Reasons and Rates of Pay for Emergency Paid Sick Leave:

Under the FFCRA, an employee qualifies for paid sick time if the employee is unable to work (**or unable to telework**) due to a need for leave for the following reasons (NOTE: 100% pay includes average OT calculation):

1. Is subject to a Federal, State, or local quarantine or isolation order related to COVID-19 (100% pay)
2. Has been advised by a health care provider to self-quarantine related to COVID-19 (100% pay)
3. Is experiencing COVID-19 symptoms and is seeking a medical diagnosis (100% pay)
4. Is caring for an individual subject to an order described in (1) or self-quarantine as described in (2) (2/3 pay)
5. Is caring for a child whose school or place of care is closed (or childcare provider is unavailable) for reasons related to COVID-19 (2/3 pay)
6. Is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury. (2/3 pay)

FFCRA Paid Leaves – available through 12/31/20

Second type of leave:

2. Expanded FMLA

- 30 day waiting period -- “You are considered to have been employed by your employer for at least 30 calendar days if your employer had you on its payroll for the 30 calendar days immediately prior to the day your leave would begin.”
- Up to 12 weeks, taken consecutively or intermittently
- One qualifying condition → **Childcare (2/3 rate of pay; max \$200/day)**

FFCRA Paid Leaves – available through 12/31/20

If an employee requests leave:

- Ask them to submit a request form (available on our website)
- Work with them on a plan.
- Put this plan in writing. Give employee a copy. Place your copy in their personnel file. Keep for six years.
- Honor the leave!
- Email customerservice@dominionpayroll.com to request separate earnings codes so we can track that leave and apply real time, dollar for dollar tax credits. **The government will pay those wages, including employer-paid costs of health insurance.**

Notes:

- Benefits should continue during leave.
- If an employee is getting paid 2/3 regular rate of pay, they can try to apply for partial unemployment or you can pay them the 1/3 to make them whole.
- Apply all decisions about these leaves consistently and fairly.

What if an employee exhausts EFMLA leave and still cannot return to work because childcare is unavailable due to Covid-19?

You aren't obligated to allow further time off, but you have a few options:

- Allow the employee to use Emergency Paid Sick Leave if they haven't already
- Allow the employee to use any available PTO
- Allow the employee to request an unpaid Personal Leave of absence, following existing policy if applicable.
- Require the employee to return. If the employee cannot return, their option will be to resign, or they can terminate for failure to return from leave.

What if an employee exhausts EFMLA leave and still cannot return to work because childcare is unavailable due to Covid-19?

Consider what you “have” to do versus what the “right” thing is to do. In other words, terminating an employee because they need an extra week or two to return might not be a great morale booster for their remaining employees and/or their community. Plus you’ll have to hire someone else.

Things like this spread quickly in the court of public opinion and could affect your reputation as a company. Keep more than just what the law requires in mind while making this decision and apply your policies consistently!

But I have < 50 EEs, so I don't have to grant FFCRA leave, right?

An employer, including a religious or nonprofit organization, with fewer than 50 employees (small business) is exempt from providing EFMLA **when doing so would jeopardize the viability of the small business as a going concern.**

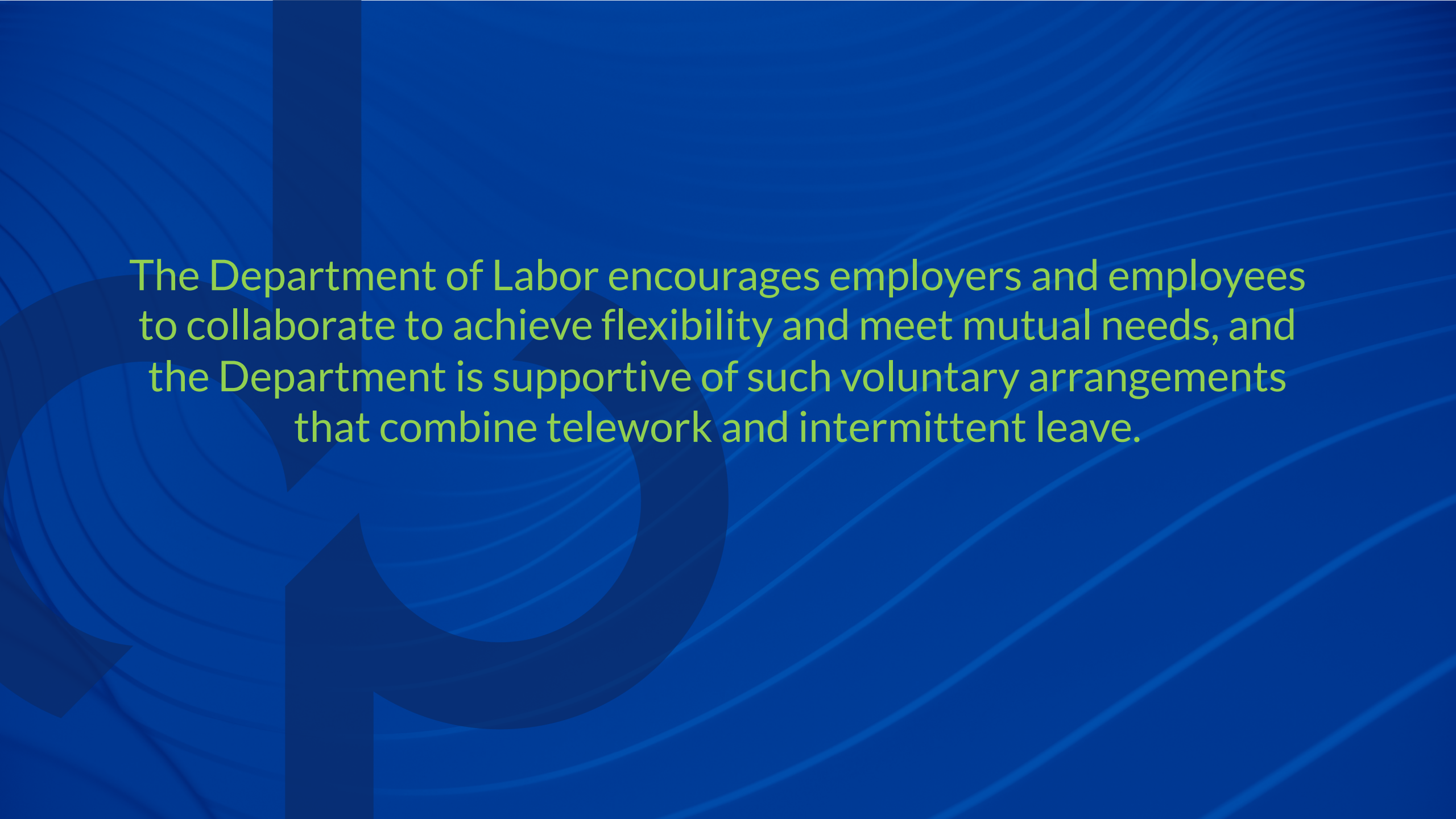
A small business may claim this exemption if an authorized officer of the business has determined that:

1. The provision of EMFLA would result in the business's expenses and financial obligations exceeding available business revenues and cause the small business to cease operating at a minimal capacity;
2. The absence of the employee or employees requesting paid sick leave or EFMLA would entail a substantial risk to the financial health or operational capabilities of the small business because of their specialized skills, knowledge of the business, or responsibilities; **OR**
3. There are not sufficient workers who are able, willing, and qualified, and who will be available at the time and place needed, to perform the labor or services provided by the employee or employees requesting paid sick leave or EFMLA, and these labor or services are needed for the business to operate at a minimal capacity.

Small business exemption documentation

In short, the exemption is self-determined and self-defended.

There is no place to submit this documentation. The US DOL recommends you document your rationale and keep it on file for up to 6 years in the event that you must defend your decision not to grant FFCRA leave.

The background is a solid blue color. On the left side, there are several overlapping, semi-transparent circles of varying shades of blue. On the right side, there are several thin, wavy, light blue lines that curve across the background.

The Department of Labor encourages employers and employees to collaborate to achieve flexibility and meet mutual needs, and the Department is supportive of such voluntary arrangements that combine telework and intermittent leave.

FFCRA Leaves – Payroll Processing

iSolved

Tax Credits

Eligible Employers are entitled to refundable tax credits for qualified sick leave wages and qualified family leave wages (collectively “qualified leave wages”), under sections 7001 and 7003 of the FFCRA respectively.

These tax credits are increased by the qualified health plan expenses allocable to, and the Eligible Employer’s share of Medicare tax on, the qualified leave wages.

Processing FFCRA leaves

When entering either COVID-19 Sick/Family or FMLA, please navigate to Payroll Processing>Payroll Entry>Time Entry Grid.
Search for the employee being paid these wage types.

Search for the column titled either:

1. **Temp Sick 2/3**
2. **Temp FMLA 2/3**
3. **Temp Sick 100%**

Earning	Rates & Scheduled Pay	Block		Hours
Temp Sick 2/3				
Temp FMLA 2/3				
Temp Sick 100%	Rate: 16.8269	<input type="checkbox"/>		

You may have to change your template to All to see the earnings codes
If you did not request to have these earnings or memo codes set up,
please contact customer service to do so

W-2 Placement

Since FFCRA earnings are taxable to the employee, the wages will appear in Box 14 on the W-2

You can confirm the confirm the Box 14 entry by navigating to Reporting > Client Reports and then view the report titled “Employee W-2 Preview”

For any employee receiving FFCRA earnings, you will see an entry in the far-right box with the YTD amount of the specific earning or earnings

[illegible]

Determining the Applicable Health care Credit

Reporting of Qualified Health Plan Expenses

You can calculate and report these expenses either per payroll, monthly or quarterly. The calculation will be based on the time the employee is collecting the leave wages and the expenses that occurred during that timeframe.

They are:

Memo Calc	Scheduled	Block	Dollars
EFMLA Medical		<input type="checkbox"/>	
ESICK Medical		<input type="checkbox"/>	
Total			0.00

Here is an example:

- Employee collects the COVID-19 Sick pay for 32 hours in one week
- The **Employer cost of health care** per week is \$100 based on a 40-hour work week
- The allocated health care plan expenses for Sick would be $\$100/40 \times 32 \text{ hours} = \80

Please navigate to Payroll Processing > Payroll Entry > Individual Time Entry. This process will record the credit on a per payroll basis.

We are answering your questions live on the air right now.

Please submit questions through the **Q&A function**,
not the chat option at the bottom of your screen.



Questions?

Please email:

questions@dominionpayroll.com



As requirements change and laws are passed, we will update you as soon as possible.

Don't forget to wash your hands!

