TO: All Valued Clients

FROM: America’s Back Office

DATE: March 19, 2020

SUBJECT: Families First Coronavirus Response Act - Signed

America’s Back Office remains committed to keeping clients and employees informed regarding the COVID-19 pandemic. To that end, now that the Families First Coronavirus Response Act (H.R. 6201) has been signed by President Trump, we’d like to share some key aspects of the final version of the bill.

The bill expands the Family and Medical Leave Act (FMLA) to provide temporary additional reasons for leave related to the Coronavirus/COVID-19 crisis and to provide pay for such FMLA leave beyond two weeks. In addition, a new federal paid sick leave law has been put in place, whereby employers would need to provide up to 80 hours (or the equivalent of two weeks for part-time employees) of paid sick leave to employees for Coronavirus/COVID-19 issues.

Under the expanded FMLA, covered employers (those with fewer than 500 employees) will have to allow 12 weeks of FMLA leave for use by employees who have been employed for 30 calendar days. The usual FMLA requirements that the employee has been employed for a year, worked for 1,250 hours, and works in a location where there are 50 employees within a 75-mile radius no longer applies.

Under the new Act, the first two weeks can be unpaid, although employees may elect to use other paid benefits to cover it. The remaining time must be paid at 2/3 the employee’s regular rate. Paid leave under this extended provision can be used when the employee needs leave due to a public emergency with respect to the Coronavirus/COVID-19 for the following reason:

- To care for a child of the employee who is under 18 years old if the elementary or secondary school or place of care has been closed, or the childcare provider of the child is unavailable, due to a public health emergency.

In addition to the pay required under the expanded FMLA, covered employers will be required to immediately provide employees with up to 80 hours of paid sick leave (or the equivalent of two weeks of hours for part-time employees) for use under the following circumstances:

1. The employee is subject to a Federal State, or local quarantine or isolation order related to COVID-19.
2. The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.

3. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

4. The employee is caring for an individual who is subject to an order as described in item number 1 above or has been advised as described in item number 2 above.

5. The employee is caring for a son or daughter of such employee if the school or place of care of the son or daughter has been closed, or the child-care provider of such son or daughter is unavailable, due to COVID-19 precautions.

6. The employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.

FAQs

When will it apply?

Both the proposed Expanded FMLA and Emergency Paid Sick Leave will become effective on April 2, 2020 and will remain in effect until December 31, 2020.

Which employers will it apply to?

Both provisions apply to employers with fewer than 500 employees. Employers with fewer than 25 employees may be exempt for the “restoration to position” requirement of the Expanded FMLA portion, and employers with fewer than 50 employees will be able to apply for an exception to the entire Expanded FMLA if they can show “the imposition of such requirements would jeopardize the viability of the business as a growing concern”.

Which employees are eligible?

For the Expanded FMLA portion, an employee must have worked at least 30 calendar days prior to the leave. For the Emergency Paid Sick Leave, any employee must be paid once determined to meet any of the above referenced qualifications. ***The Secretary of Labor may exclude certain health care providers and emergency responders.

Who pays for the sick time or leave?

Employers must pay these benefits. Under the Expanded FMLA portion, employers do not have to pay for the first 10 days of leave; however, employees can choose to apply any available leave already provided by the employer (e.g. vacation, sick, PTO). Any time subsequent to the first 10 days, will be paid by the employer at
an amount no less than 2/3 of the employee’s normal rate of pay and based on the normal number of hours an employee is normally scheduled to work. ***This amount paid shall not exceed $200 per day and $10,000 in the aggregate.

Under the Emergency Paid Sick Leave portion, the employee must be paid the equivalent of two weeks salary based on the hours the employee normally works (e.g. 80 hours for a full-time employee). For employees that qualify for the leave based on reasons 1-3 listed above, the paid sick time shall not exceed $511 per day and $5,110 in aggregate. For reason 4-6, the paid sick time shall not exceed $200 per day and $2,000 in the aggregate.

Will employers receive any reimbursement?

Yes, the act provides tax credits to help cover the benefit cost. The credit will be computed on a quarterly basis, and the employer would take the total amount of qualified sick leave wages paid (in the first two weeks) and qualified family leave wages paid (in the following 10 weeks) during that quarter, and would be able to use that as a credit against the employer portion of the social security taxes at (6.2%) that would otherwise be due from the employer. Any excess amounts above and beyond the employer-portion of the social security taxes would be refunded as a credit (as if the employer had overpaid the employer-portion of the social security taxes for that period). ***ABO will work with each client individually to make sure this is handled per the guidelines.

Additional Resources:

Every employer will be responsible for posting a notice of the Act and its provisions. (The Secretary of Labor is expected to provide a model notice within 7 days which we will share).

We acknowledge that this may be a very difficult and uncertain time, but America’s Back Office is dedicated to helping our clients and employees navigate this together. As we all work to get past this, let’s make sure that we are all doing our part by:

- Staying home when you are sick.
- Washing your hands frequently with warm, soapy water for at least 20 seconds.
- Covering your mouth with tissues whenever you sneeze and discarding used tissues in the trash.
- Avoiding people who are sick with respiratory symptoms.
- Frequently cleaning touched surfaces.

If you or your employees have additional questions regarding this memo, please do not hesitate to reach out to our Human Resource Department at (877) 423-7736 or contact us at humanresources@abopeo.com.