



Understanding The Families First Coronavirus Response Act and Cares Act

*... and how they impact your
business*

*As of 3/30/2020
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Agenda

- Families First Coronavirus Response Act (FFCRA)
 - Explanation on Emergency Paid Sick Leave (EPSL)
 - Explanation on Emergency Family Medical Leave Act (EFMLA)
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
 - High Level overview of Payroll Protection Program

FFCRA

- Goes into effect on 4/1/2020
- Sunsets on 12/31/2020
- EPSL
- EFMLA
- Unemployment (UI) Stabilization

FFCRA

Eligible Reasons for Use - limited to impact of COVID-19, as follows:

- 1) Employee is subject to federal, state or local quarantine or isolation order
- 2) Employee is advised by health care provider to self-quarantine
- 3) Employee is experiencing COVID-19 symptoms and seeking medical diagnosis
- 4) Employee is caring for an individual* who is subject to a federal, state or local quarantine or isolation order, or has been advised by a health care provider to self-quarantine
- 5) Employee is caring for their child if/when the child's school or place of care is closed, or the child's care provider is unavailable due to public health emergency
- 6) 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

FFCRA

- **Covered Employers**
 - **Fewer than 500 employees**
 - *Full-time and part-time*
 - *Employees on leave; temporary employees who are jointly employed; and day laborers supplied by a temporary agency*
 - *Does not include independent contractors*
 - **Fewer than 50 employee exemption**
 - *NOT a blanket waiver*
 - *Decision made on a per-employee/per-request basis*

FFCRA

- Covered Employers

- Fewer than 50 employee exemption

- *Employer has fewer than 50 employees*
- *Leave is requested because of Reason #5*
- *An authorized officer confirms the existence of 1 of 3 conditions*

- Conditions:

- *Provision of leave would cause expenses to exceed revenues*
- *Absence of employee(s) requesting leave would cause risk to financial health or operational capabilities based on skillset*
- *Insufficient quantity or quality of replacements*

FFCRA

- **Covered Employers**

- **Employers of health care providers may opt out**

- *Anyone who is employed at any doctor's office, hospital, post-secondary educational institution, local health department, nursing or retirement facility, home health care provider, pharmacy, laboratory, permanent or temporary*

- **Employers of first responders may opt out**

- *An employee who provides transport, care, comfort, and/or nutrition*
- *An employee who is needed to limit the spread of COVID-19*

EPSL

Benefit Offered (No tenure required)

- For FT employees in situations 1-3 above (personal illness), 80 hours of EPSL at 100% of their regular rate of pay
 - Not to exceed \$511/day or \$5,110 in aggregate
- For FT employees in situations 4-6 above (caretaking), 80 hours of EPSL at 66% of their regular rate of pay
 - Not to exceed \$200/day or \$2,000 in aggregate
- PT employees are to be paid based on the average number of hours normally worked over a two (2) week period

EPSL

Employer Tax Credits

- Employers will receive tax credits applied against their portion of the social security taxes
- Employers will be entitled to a refundable tax credit equal to 100% of the qualified sick leave wages paid in each calendar quarter

EPSL

Do's and Don'ts

- **DO** provide EPSL **in addition to** any other state, local, or employer-provided paid time off
- **DON'T** require that employees provide medical certification for EPSL **prior to 4/1/2020**
- **DO** post the notice of employees' **rights to EPSL under FFCRA** in a conspicuous location
- **DON'T** require employees to find **replacement workers** in order to use EPSL or take leave
- You **DON'T** have to pay out unused EPSL at any time, including at termination, and you **DON'T** have to carry unused EPSL over beyond 12/31/2020

EFMLA

Eligible reasons for use

- For if/when an employee is unable to work or telework due to caring for the employee's child (under 18 years of age) because the child's school or place of care is closed, or the child's care provider is unavailable due to a public health emergency
- This is currently the *only* qualifying reason for Emergency FMLA
- Notice must be provided by employee "as soon as is practicable"
- Runs concurrently with conventional FMLA

EFMLA

Benefits Offered (30 days tenure required)

- Up to 12 weeks of leave
- First 10 days unpaid
 - Employee may opt to use any available paid time off, including EPSL
- Remaining 10 weeks must be paid by the employer at 66% of employee's regular rate of pay
 - Not to exceed \$200/day and \$10,000/quarter per employee
- Employee must be restored to original position unless employer has fewer than 25 employees and meets four (4) requirements

EFMLA

Employer Tax Credits

- Employers will receive tax credits applied against their portion of their social security taxes
- Employers will be entitled to a refundable tax credit equal to 100% of the qualified sick leave wages paid in each calendar quarter

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

CARES Act

Paycheck Protection Program (PPP)

- \$350B loan program for small businesses
- Provides unsecured (and *forgivable*) loans to small businesses with the goal of keeping employees on the payroll
- Term period: 2/15/20 - 6/30/20
- 100% government guaranteed
- 100% forgivable if utilize for specific expenses
- Retroactive back to 2/15/20 so if you laid a large number of ee's off, you can rehire them with no penalty and potentially include the number into the forgivable calculation

CARES Act

Who can apply for this loan?

- Any business with less than 500 ee's or certain specific industries with less than 500 ee's at one particular location
- 501©3's with less than 500 employees
- Available to all businesses that were eligible for an SBA loan prior to the COVID-19 crisis

CARES Act

Loan Details

- Loan amount is lesser of \$10M or 2.5x your average monthly payroll expenses (we'll calc this shortly)
- Interest is capped at 4% and payments can be deferred up to 6 to 12 months
- No credit check, no personal guarantee
- Must have been in business and paid ee's prior to 2/15/20

CARES Act

PPP - Loan Forgiveness

The loan may be forgiven *up to* 100%. The below counts towards forgiveness

- Payroll costs (during the 8 weeks following the origination date)
- Mortgage Interest (on properties purchased prior to 2/15/20)
- Rent (on leases prior to 2/15/20)
- Utility payments (during the 8 weeks following the loan origination)

CARES Act

PPP - Calculation for total loan amount

Below amounts are based on criteria for prior 12 months (from loan application??)

Add together:

- Payroll costs include - wages paid to employees not exceeding \$100,000 annually
- Employer contributions to Health Insurance
- Employer contributions to Retirement Plans
- Employer paid state and local payroll taxes

Above Payroll Costs / 12 = Monthly “Payroll Costs”

Monthly Payroll Costs x 2.5 = Maximum Loan Amount



*Now is the time to call your banker and
work with your payroll company!*

*For questions on Calculating PPP Loan
(only)*

help@coastalpayroll.com



Here for you ...

Thank you!

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