

MCCC Update: Federal Response to COVID-19

The Congress just sent the second coronavirus response bill to the President's desk for his signature, H.R. 6201, the *Families First Coronavirus Response Act*. Below are important policies affecting employers.

Employer Obligations in H.R. 6201: *Families First Coronavirus Response Act*

- **Emergency Paid Sick Leave:**
 - Requires private employers with fewer than 500 employees and all public employers to provide 80 hours of paid leave for full-time employees and part time employees/hourly workers are given the typical hours worked in a two-week period without fear of losing their job.
 - Reasons for this leave can be:
 - Comply with a federal, state, or local quarantine or isolation order.
 - Self-quarantine per a health-care provider's advice.
 - Obtain a medical diagnosis for coronavirus.
 - Care for an individual who is in quarantine or for a child whose school or day care has closed due to coronavirus.
 - Bill caps per employee costs are \$5,110 for an employee who is taking the leave for their own illness or \$2,000 for employees caring for another individual or child.
 - Leave mandate sunsets on December 31, 2020 and commences 15 days after the bill is signed into law.
 - Allows the Secretary of Labor to issue regulations exempting businesses with fewer than 50 employees from the paid leave requirement if it would jeopardize the viability of the business.
 - An employer cannot require a worker to use any other available paid leave before using the sick time or require a worker to find a replacement to cover their hours.
- **Emergency Paid Family Leave:**
 - Requires all employers with fewer than 500 employees to provide to up to 12-weeks of job-protected leave under FMLA for employees who are unable to work or telework because they have to care for a child younger than 18 whose school or day care has closed because of the coronavirus.
 - First 10 days of leave could be unpaid, though a worker could choose to use accrued vacation days, personal leave, or other available paid leave for unpaid time off.
 - Following the first 10 days, workers would receive a benefit from their employers that will be at least two-thirds of their normal pay rate.
 - Per employee cap on costs for the leave are set at \$200 per day or \$10,000 total.
 - Leave mandate sunsets on December 31, 2020 and commences 15 days after the bill is signed into law.
 - Employers with less than 25 employees would be exempt from requirements to restore an employee's original position if it no longer exists due to changes in either economic conditions or a change in operations as a result of this public health emergency.
 - Allows the Secretary of Labor to issue regulations exempting businesses with fewer than 50 employees from the paid leave requirement if it would jeopardize the viability of the business.
- **Employer Tax Credits**
 - Employers offering this emergency sick leave and family leave will be able to get 100% payroll tax credit for these additional costs on a quarterly basis.

- Emergency sick leave credit:
 - For each employee the credit would be for wages of as much as \$511 per day while the employee is receiving paid sick leave because they are quarantined, or \$200 if they are caring for someone else who is quarantined or their child's school is closed.
- Emergency family leave credit:
 - As much as \$200 per day while the employee is receiving paid leave, or a total of \$10,000.
- The credit would be in effect for wages through the end of 2020.
- For self-employed, there is a similar credit applied against the self-employment tax.
- More information on these can be read here: <https://bit.ly/2IUx4GA>

Small Business Administration's (SBA) Response

- Through its disaster loan program, the SBA will work directly with state Governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19).
- The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
- Maryland, D.C. and Virginia are now eligible for the SBA's Disaster Loan program. You can read about the process here: <https://bit.ly/38ZXBwL>
- All of SBA's resources can be found here: <https://bit.ly/2x9h94s>

U.S. Treasury Department Response

- Treasury Secretary Steven Mnuchin announced that the Treasury would allow a 90-day deferment for tax payments up to \$1 million for individuals and \$10 million for corporations under part of a new economic stimulus plan.
- Secretary did not change to the April 15 filing deadline, but encouraged taxpayers to file on-time. He noted there would not be interest and penalties.
- Refunds will continue to flow, and the Secretary indicated this would provide up to \$300 billion in liquidity.