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 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](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](https://bit.ly/38ZXBwL)
- All of SBA’s resources can be found here: [https://bit.ly/2x9h94s](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.