

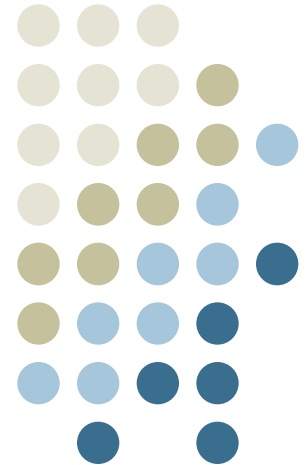
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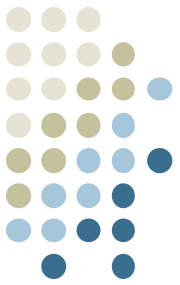
COVID19 Update FFCRA and CARES

April 9, 2020

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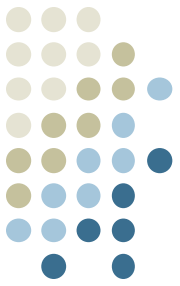




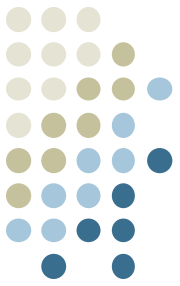
AGENDA

- Latest on Key Provisions of new federal laws
 - FFCRA
 - Paycheck Protection Program
 - Payroll Tax Credit
 - Additional Loan Programs
 - Unemployment Benefits
 - 401(k)/403(b) Hardship and Loan options
 - Section 139 – Qualified Disaster Payments

Families First Coronavirus Response Act



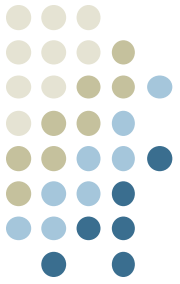
- FOCUSES ON:
 - Paid Leave
 - Expansion Of FMLA
 - Expansion Of Unemployment Benefits



Paid Sick Leave

● WHO IS COVERED?

- <500 Hundred Employees And Government Employers
- Employees Unable To Work At Home Or Remotely Because:
 - Quarantining Because Of Medical Directive
 - Governmental Directive To “Stay At Home”
 - Caring For Self Or Family Or Household Member Subject To Quarantine Order
 - Symptomatic And Seeking Diagnosis
 - Caring For Children With Closed Schools Or No Caregiver Due To Medical Emergency
 - Other Reasons As Directed By HHS

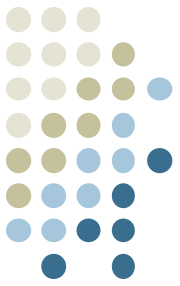


How Much Leave Available?

- Maximum 80 Hours For FT Employees/Avg. Of Hrs. Over Standard 2 Week Period For PT Workers –Can Only Use This Once
- This Leave Added To Any Paid Leave Required By State/Local Law; Can Be Added To Available Under Other Leave Entitlements If Employer Agrees
- May Be Used Intermittently With Employer Agreement
- Rate Of Pay: Higher Of Regular Rate/Applicable Minimum Wage
- Regular Rate =Average Pay, Including OT/Tips/Commissions Last 6 Months
- Maximum: \$511/Day And \$5110/Total
- Effective Starting April 1, 2020!

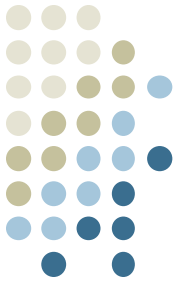


How Much Leave Available? (cont'd)



- Exception: Caring For Ill Family Member/No School Or Child Caregiver/Other Similar Condition
 - Payment At 2/3rds Regular Rate – Capped At \$200/Day And \$2,000 Total
- FFCRA Leave:
 - In Addition To Other State/Local Mandated Leave
- Potential Exemptions:
 - Employers With <50 If Compliance Threatens Viability
- Employer Benefit:
 - Tax Credit For 100% Through Social Security Tax Credit For Qualified Wages Paid Under Act Through Covered Period

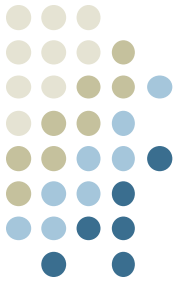
FFRCA Paid Family and Medical Leave



- WHO IS COVERED?
 - Employers <500 employees/government employers
 - Employees working more than 30 days for employer regardless of US location
- FFRCA LEAVE QUALIFICATIONS:
 - COVID-19 Infection
 - Childcare/Day Care Issues
 - Inability To Work Remotely
- EXEMPT EMPLOYERS:
 - >500 employees
 - <50 if business viability impacted
 - Healthcare/emergency responders

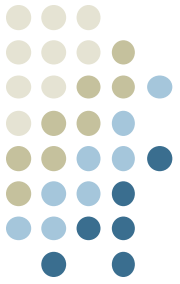


FFRCA Paid Family and Medical Leave (cont'd)



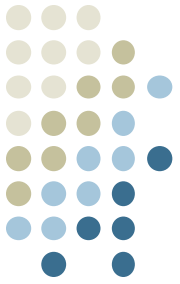
- Benefit Limitations:
 - \$200/DAY - \$10,000 TOTAL
 - AFTER 10 DAYS 2/3 PAY AT RATE OF REGULAR RATE OF PAY
- Recoupment:
 - 100% through Tax Credit – quarterly
- How Different from Regular FMLA:
 - FFCRA limited to COVID-19 vs. other serious health conditions
 - No government reimbursement

FFRCA: Unemployment Compensation

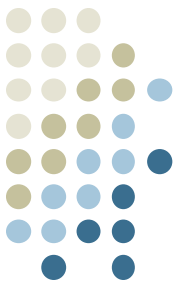


- Effective Dates: 1/27/2020 – 12/31/2020
- Eligibility:
 - Same as Paid Sick Leave
 - +Scheduled to start but can't due COVID-19
 - +became head of household due to head of households death
 - +resignation the direct result of COVID-19
 - Fear of contracting COVID-19 does not count

FFRCA: Unemployment Compensation (cont'd)



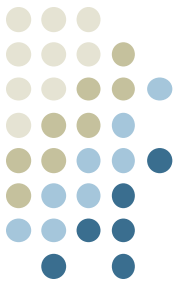
- Expansion:
 - Additional 13 weeks at \$600 per week – Total 39 weeks
 - No waiting period for the additional weeks
 - Non-traditional individuals covered including independent contractors, self employed, gig workers, employees who have not worked the requisite number of hours
 - Extending benefits to furloughed, reduced hour works, **temporary** layoffs
- Recoupment:
 - Tax credits
- State Based Programs:
 - Many states have broader and different programs in addition to traditional unemployment, e.g. Arizona, Washington and others have Shared Work programs and Washington has a Standby program.



Penalties

- Can be avoided if:
 - Errors made between March 18 and April 18, 2020
 - Violations not willful
 - Acting reasonably and in good faith
 - Remedy violations ASAP
 - Promise DOL in writing to comply in the future

CARES – Paycheck Protection Program

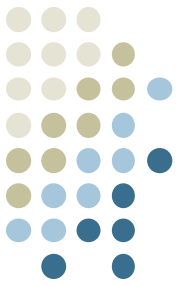


- TALK.TO.YOUR.BANK.PERIOD.



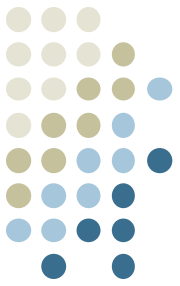
CARES – PPP Loans

- Eligibility:
 - Business with less than 500 employees
 - SBA Affiliation rules apply
 - Count is in regards to those employees that are permanent residents of the U.S.
 - OR, business under employee limit as set by NAICS code/SBA table
 - OR, sole proprietors, independent contractors
 - OR 501(c)(3) nonprofits



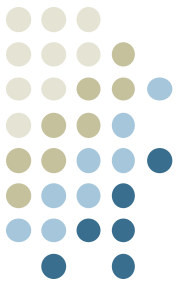
CARES – PPP Loans

- How much can I get?
- Limited to lesser of:
 - \$10 million dollars OR
 - Average monthly payroll costs x 2.5
- “Payroll costs” =
 - ALL cash compensation paid to employees (not in excess of \$100k/annualized)
 - Employer contributions to retirement
 - Employer share of group health costs including premiums
 - Employer share of state and local taxes on employee compensation



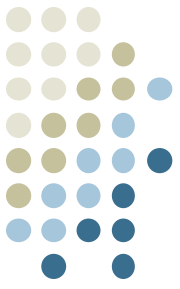
CARES – PPP Loans

- Other terms
 - NO personal guarantee
 - NO collateral required
 - No requirement to show you can't get “credit elsewhere”
 - Good faith certification of the following:
 - Necessity of loan
 - Will use the funds on permissible expenses



CARES – PPP Loans

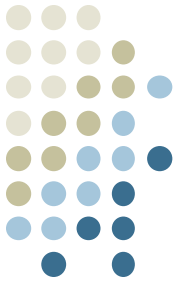
- 100% Forgiveness if you spend it the way the government wants you to
 - Forgiveness is not all or nothing – decided in 60 days
 - If not forgiven, remains loan
 - 2-year repayment term
 - 1 percent interest
 - No prepayment penalties
- What can you spend it on?
 - Minimum of 75% of loan proceeds need to be spent on payroll costs
 - Can use up to 25% for interest on business loans or mortgage, rent and utilities



SBA Loan - EIDL

- Economic Injury Disaster Loans:
 - Up to \$2,000,000
 - CARES expanded eligibility to business with less than 500 employees
 - Uses: pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.
 - Interest Rates: 3.75% for small businesses, non-profits is 2.75%
 - \$10,000 emergency grant
 - Gets factored into PPP Loan calculations



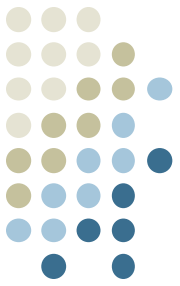


Employee Retention Tax Credit

- Eligible Employers:
 - Business fully or partially suspended due to government shutdown order relating to COVID19
 - OR, gross receipts for the quarter are less than 50% as compared to same quarter in prior year
 - Can't also be receiving PPP Loan money
- Amount available:
 - Payroll tax credit is equal to 50% of qualified wages per employee for the quarter
 - Up to \$10k per employee/quarter
 - Wages paid after 3/12/20 and before 1/1/21
 - if more than 100 FTE – credit is only for wages paid to employee that is not providing services
 - If less than 100 FTE – credit is for any wages paid to any employee

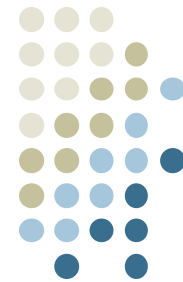


CARES – Payroll Tax Deferral

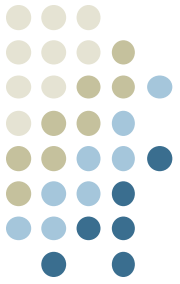


- Deferral of payment of employer's share of certain payroll taxes for remainder of 2020
 - Cannot also be recipient of PPP Loan money
 - Option to defer tax obligations over next 2 years:
 - 50% due by December 31, 2021
 - And remaining 50% due by December 31, 2022

CARES – Assistance for Mid-sized Business



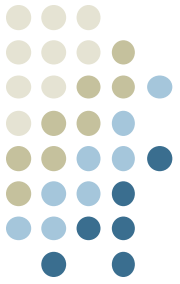
- Must have between 500 to 10,000 employees
- Can't be insolvent or in bankruptcy proceedings
- Annualized interest not higher than 2% with no payments due for the first 6 months
- NO LOAN FORGIVENESS
- Business has to commit to remaining neutral in any union organizing effort for the term of the loan (and not abrogate existing CBA for term of loan and 2 years after)
- Miscellaneous additional commitments to various employment practices (such as no off-shoring of jobs, etc.)



CARES - Unemployment

- State unemployment doesn't cover everyone
 - For example, if you are sick with COVID19, you're not otherwise available to work and don't qualify for unemployment
 - Or, if you're an independent contractor, you don't qualify for unemployment.
- CARES enacted \$600/week for up to 39 weeks for individuals with qualifying reasons
 - Pandemic supplement available through CARES covers individuals that might not otherwise get unemployment
 - If you DO QUALIFY for state benefits, you get the \$600 on top of your state benefits
 - In IL for example, individuals with dependents can get up to a maximum benefit in excess of \$500/week AND \$600 as a pandemic supplement = approximately \$1,100 in weekly benefits

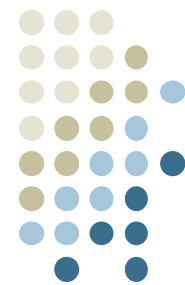




Expanded 401(k) provisions

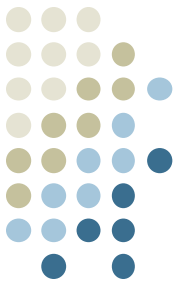
- Disaster related Distributions allowed up to \$100,000 for 403(b), 401(k) and IRAs
 - No 10% excise tax imposed
 - Includable in taxable income over 3 years (with possibility of repayment during 3 years also)
- Available Loan Amounts increased
 - Max of \$50k increased up to \$100k
 - Can defer payments up to 1 year (including those otherwise due in 2020)

Expanded 401(k) Provisions (cont.)

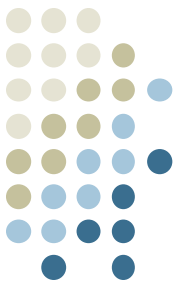


- Also, temporary waiver of required minimum distributions from 401(k), 403(b), IRAs and certain 457(b) plans
- Can start operating with these provisions right away
- Plan amendments can be retroactive and implemented as late as December 31, 2022. (must be adopted by end of Plan year beginning on or after 1/1/22)

Qualified Disaster Payments under 139



- Must be 3 things:
 - “reasonable and necessary” as a result of qualified disaster
 - Can’t simply be income replacement (such as sick, vacation, etc.)
 - Can’t be used for expenses that are otherwise reimbursable or covered by insurance
- NO Documentation Required
- No Formal Plan Document Requirement



Thank You!!

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