

## **Paid Leave Provisions of the Family First Act**

The Families First Coronavirus Response Act creates emergency paid sick leave, as well as paid family leave in the case of school closures, for working families impacted by COVID-19. **It does so by requiring employers with up to 500 employees to provide paid sick leave and paid family leave, while providing a refundable payroll tax credit to employers to cover 100 percent of the cost of wages. There is also a refundable income tax credit for self-employed individuals.**

**Employers must offer two weeks (10 days) of paid sick leave for COVID-19-related reasons (existing leave offered can count towards the 10 days).** If the sick leave is for an employee who is themselves sick or seeking a diagnosis, the benefit must replace all of the employee's wages up to a maximum benefit of \$511 per day. If an employee is caring for another individual who is sick, the benefit must replace at least two-thirds of the employee's wages up to a maximum benefit of \$200 per day. Our paid sick leave credit offsets 100% of employer costs for providing mandated paid sick leave. The credit also offsets, uncapped, the employer contribution for health insurance premiums for the employee for the period of leave.

**Employers must offer 12 weeks of paid family leave for an employee with a minor child in the event of the closure of the child's school or place of care.** The first 10 days are unpaid, but the employee can overlap this with the 10 days of paid sick leave. This benefit must replace at least two-thirds of the employee's wages up to a maximum of \$200 per day. Our paid family leave credit offsets 100% of employer costs for providing mandated paid family leave. The credit also offsets, uncapped, the employer contribution for health insurance premiums for the employee for the period of leave.

### **How does the refundable payroll tax work?**

The refundable payroll tax credit works like this: employers that are subject to the mandates pay their employees according to the mandates' requirements. They are allowed a 100% credit against any wages they pay pursuant to the mandates. That credit is used to offset any payroll tax liability an employer has in a calendar quarter. If there is still credit leftover after the credit has been applied to the employer's payroll tax liability, the employer will receive a refund in the amount of that excess.

### **Are hourly workers covered?**

Yes, they are covered to the extent that their employer is mandated to provide leave. For paid sick leave, full-time employees are entitled to 80 hours (or 10 days) and part-time employees are entitled to the typical number of hours that they work in a typical two-week period. For paid family leave, all employees that have been employed at least 30 days may benefit.

### **Do nonprofit employers benefit from the credit even though they are tax-exempt?**

Yes, nonprofit employers will still benefit from the credit because it is a credit against payroll taxes, which both nonprofit and for-profit employers pay.