

Overview of FFCRA, CARES Act, and related UPDATES

- **FFCRA = Families First Coronavirus Response Act [STAT 20-0205]**
 - Separate from CARES Act
 - Passed 03/18/2020
 - Effective for periods beginning 04/01/2020 ending 12/31/2020
 - Several parts but only 3 impact us
 - Emergency Family & Medical Leave Act Expansion
 - Emergency Paid Sick Leave Act
 - Tax Credits for Paid Sick and Paid FMLA
- **FFCRA Part 1 – Emergency Family & Medical Leave Act Expansion (Division C)**
 - Regulated by the US Dept of Labor – Wage and Hour Division
 - Not applicable if business is closed or employee is on furlough/temp layoff
 - For employers with <500 employees as defined by US DOL
 - For employees working at least 30 days with documentation
 - 12 weeks of leave total
 - First 2 weeks unpaid
 - Remaining 10 weeks paid at 2/3 regular rate of pay with certain maximums per Fed or State limit (whichever is higher)
 - 2/3 regular rate of pay max of \$200/day and \$10,000 total
 - *(Client must determine the 2/3rate of pay) Client can post as a temporary rate on batch entry. Or make a permanent rate change while EE is on leave, then change rate back when EE returns from leave.
 - ONLY to care for your child due to school closing or care providers unavailable due to COVID-19
- **FFCRA Part 2 – Emergency Paid Sick Leave Act (Division E)**
 - Regulated by the US Dept of Labor – Wage and Hour Division
 - Not applicable if business is closed or employee is on furlough/temp layoff
 - For employers with <500 employees as defined by US DOL
 - For all employees including full time, part time, hourly, salary, etc. with documentation
 - For various reasons all related to COVID-19 for self or family member
 - 2 weeks of pay at regular rate of pay with certain maximums
 - If for self, max of \$511/day or \$5,110 total
 - If for family, max \$200/day or \$2,000 total
 - Not less than 2/3 regular rate of pay
 - May need to be greater of regular rate of pay, federal minimum wage, or state/local minimum wage
- **FFCRA Part 3 – Tax Credits for Paid Sick and Paid FMLA (Division G)**
 - Effective for periods beginning 04/01/2020 per IRS notice 2020-21
 - Regulated by the US Treasury – Internal Revenue Service (IRS)
 - Not all direction provided yet by IRS
 - All the above sick pay is exempt from employer Social Security tax
 - The tax credit reduces employer Social Security tax deposits?
 - The tax credit is supposed to be for 100% of the paid sick or paid FMLA earnings
 - Immediate tax credit from current payroll liability
 - Refund from IRS for excess after the fact

- AutoPay will have 7 new Special Comp codes for Earnings/Memo codes to track “sick pay”
- State and Local Tax Considerations
 - Several states/locals have issued COVID-19 specific mandates and more are expected
 - Many have specific Paid Sick Pay provisions
 - Employers must use whichever Paid Sick Pay plan is more beneficial to the employee
 - Many have issued tax related regulations
 - Some jurisdictions are allowing for delayed state tax deposits
 - Some jurisdictions are providing for delayed reconciliation filings and returns
 - See link -ADP Employment Tax Guide listing by state
<http://communications.adpinfo.com/LP=233>

ADP Works Solution: [FFCRA – Paid Sick Leave Overview & Autopay/WFN Setup](#)

- AutoPay will have 7 new Special Comp codes for Earnings/Memo codes to track “sick pay”
- 3 Hours/Earnings codes for paying “sick pay” wages *Auto-added to all clients on autopay screens: HECL, HEC, ACC, SPC, MEML
 - 1FA = Families First FMLA Expansion (FFFMEEX/FF-FMLA)
 - 1FE = Families First Employee Pay (FFPSLE/FF-PSL-EE)
 - 1FF = Families First Family Care Pay (FFFPSLF/FF-PSL-FAM)
- 4 Memo codes to track “sick pay” – 1 for ER Paid Healthcare; 3 for ER Medicare on wages
 - 1HC = Families First Health Expense Credit (FFHCPC/FF-HEALTH PR CR)
 - (1FA) = Families First FMLA Medicare Credit (FFFAMC/FMLA-CR ER MED)
 - (1FE) = Families First Employee Medicare Credit (FFSLEC/PSLE-CR ER MED)
 - (1FF) = Families First Family Medicare Credit (FFSLFC/PSLF-CR ER MED)
- These will be systematically setup for all company codes to match WFN
- CCI updates expected 04/02/2020 for Central Service Center regions
- Client determinable for FLSAOT excludable earnings/ memo codes
- Client determinable for Eligible wage special calculations and MR/ADPR’s
- We are not auto adding these to custom reports or custom MR’s. Client will need to advise if needs updates.
- All Standard output reports will include as usual – Statistical Summary additional messaging
- WFN Setup-
 - WFN alerts for practitioners
 - Updated nightly
 - Links to resources, etc.
 - setup for clients New pay codes started (04/02/2020)
 - 3 Hours/Earnings codes for paying “sick pay” wages
 - 1FA = Families First FMLA Expansion (FFFMEEX/FF-FMLA)
 - 1FE = Families First Employee Pay (FFPSLE/FF-PSL-EE)
 - 1FF = Families First Family Care Pay (FFFPSLF/FF-PSL-FAM)
 - 3 (Memo codes to track ER Medicare on “sick pay” wages)

- (1FA) = Families First Health Expense Credit (FFFAMC/FMLA-CR ER MED)
- (1FE) = Families First Employee Medicare Credit (FFSLEC/PSLE-CR ER MED)
- (1FF) = Families First Family Medicare Credit (FFSLFC/PSLF-CR ER MED)
- **1 Memo code for ER Paid Healthcare**
 - 1HC = Families First Health Expense Credit (FFHCPC/FF-HEALTH PR CR)

Essential Time Pay Codes

The following pay codes will be set up for Essential Time Clients. These codes will be automatically mapped to the applicable Hours & Earnings payroll code.

Type of Pay Element	Special Comp Code	Payroll Code	Essential Time Pay Code (Mapped to Hours 4)
Families First Employee Pay	ESE	1FE	FF-PSL-EE
Families First Family Care Pay	ESF	1FF	FF-PSL-FAM
Families First FMLA Expansion	FMW	1FA	FF-FMLA

Note: If the client uses both Essential Time and Time Off, they will need to assign the Time Off policies to employees first before using these pay codes in their employee's timecards. See below.

Time Off Policies

ADP Works Solution: [FFCRA – Paid Sick Leave Policy Assignment](#)

The following Time Off policies will be added to all Time Off Clients. These policies will be automatically mapped to the applicable Hours & Earnings payroll code (and Essential Time Pay Codes if applicable).

Although the policies will be added automatically, clients will have to assign them to employees as applicable with an Assignment Start Date of 04/01/2020 and an Assignment End Date of 12/31/2020.

Note: If the company uses both Essential Time and Time Off, they will need to assign the time off policies to their employees, before using the Essential Time Pay Codes in their employee's timecards.

Policy	Details	Reason Code Mapping
Families First Paid Sick Leave – Full Time	<ul style="list-style-type: none"> ● Effective start date of this policy is 4/1/2020 and end date is 12/31/2020 ● One time award of 80 hours on 4/1/2020 ● No waiting period ● No carryover 	<p>“Self” mapped to HEC code 1FE and Pay Code FF-PSL-EE</p> <p>“Family” mapped to HEC code 1FF and Pay Code FF-PSL-FAM</p>

Families First Paid Sick Leave - Part-time	<ul style="list-style-type: none"> Effective start date of this policy is 4/1/2020 and end date is 12/31/2020 Non-balance based policy – with taken amounts to be displayed in Hours No waiting period No accruals No carryover <p>Important Note: You must ensure leave taken for part-time employees is less than or equal to a 2-week average.</p>	<p>“Self” mapped to HEC code 1FE and Pay Code FF-PSL-EE</p> <p>“Family” mapped to HEC code 1FF and Pay Code FF-PSL-FAM</p>
Families First FMLA	<ul style="list-style-type: none"> Effective start date of this policy is 4/1/2020 and end date is 12/31/2020 Non-balance based policy – with taken amounts to be displayed in Days (with standard hours as 8 hours) 30 day waiting period for requesting time-off No accruals No carryover <p>Important Note: You must ensure leave under both FMLA taken before 4/1/2020 and Families First/Emergency FMLA from 4/1/2020, onward is limited to 12 weeks in total</p>	<p>“FMLA” mapped to HEC code 1FA and Pay Code FF-FMLA</p>

General Ledger Interface (GLI)

The four new payroll items will be added for all US GLI Clients (ETA 04/04/2020):

Payroll Item	Type	Payroll Code
Families First Employee Pay	Earnings	1FE
Families First Family Care Pay	Earnings	1FF
Families First FMLA Expansion	Earnings	1FA
Families First Health Expense Credit	Memo	1HC

** Clients will need to map these before processing payrolls containing these items.

IRS Form 7200 “Advance Payment of Employer Credits Due to COVID-19” [STAT 20-0210]

- Relates to both FFCRA and CARES Act tax credits
- Draft version only at this time
- No direction yet if ADP will be filing this form for clients.

- **CARES Act = Coronavirus Aid, Relief, and Economic Security Act [STAT 20-0209]**

- Separate form FFCRA
- Passed 03/27/2020
- Several parts but only 3 impact us
- *Employers cannot use all items as some are mutually exclusive*

- **Employee retention tax credit** – 50% up to \$10,000 (Section 2301)- **to keep people employed**
 - Regulated by the US Treasury – Internal Revenue Service (IRS)
 - No direction yet provided by IRS
 - For qualified **wages paid after 03/12/2020 ending 12/31/2020**
 - *All employers eligible except for mutually exclusive provisions*
 - Also includes qualified health plan expenses on such wages
 - Not automatic for all employers and can end depending on factors
 - For retained employees if >100 employees
 - For all employees if 100 or fewer employees
 - Credit is for employer share of Social Security tax (6.2%)
- **Deferment of Employer Social Security tax (Section 2302)-**
 - *All employers eligible except for mutually exclusive provisions*
 - Beginning with 2nd QTR payrolls dated April 01, 2020 through Dec. 31, 2020
 - 50% of that tax will be due/owed 12/31/2021
 - Remaining 50% tax Balance will be due/owed 12/31/2022
 - Tax Center of Excellence – Compliance Solutions
 - Permanent solution expected 04/13/2020
 - Proof not required
 - Clients remain responsible for tax liability
 - **Note:** There are other tax credit and loan programs that may offer greater benefits to employers than a tax payment deferral. There may also be restrictions with using this deferral if the employer has taken advantage of other programs. **The client must determine eligibility for this deferral.** Refer the client to <https://www.irs.gov/coronavirus> to determine eligibility.
- Section 127 now includes qualified student loan repayment benefits (Section 2206) **aka* Tuition Reimbursement- More to come from IRS.**
 - For payments made after 03/27/2020 ending 12/31/2020
 - Combined with “Educational assistance programs” to max of \$5,250/year

- **Paycheck Protection Program- Reporting assistance to support the Small Business Loan provisions of the CARES Act:**
- The CARES Act includes a provision call the Paycheck Protection Program (PPP). Companies with 500 or less employees can apply for loans backed by the Small Business Administration (SBA) to help assist with payroll funding and other challenges. These businesses and sole proprietorships can apply for loans starting 04/03/2020.
- The [PPP Information Sheet for Borrowers](#) contains a wealth of information about the process.

Two Sample Reports are available in WFN to assist clients with applying for these loans. Click to view [FAQs](#) about these two reports.

- [ADPR Sample Report 2020 Cares SBA PPP Head Count](#) - This report gives the Head Count by Location. The Head Count represents primary positions that are Active or on Leave as of the Report Run Date. If your Headcount Total is 500 or less, then you may be eligible for a loan

under the Paycheck Protection Program. If your Headcount Total exceeds 500, then you may still be eligible for a loan under special rules, including if your NAICS Code begins with 72 or you are a franchise. Contact your financial or legal advisor or the Small Business Administration.

- [ADPR Sample Report 2020 CARES SBA - PPP: Monthly Payroll Cost](#) - This report is intended to provide you with certain monthly payroll costs (as defined under the CARES Act) incurred during the applicable prior period (as determined in accordance with the PPP), which will assist you in determining your potential maximum loan amount under the PPP.
 - *These updates will impact the calculation of “payroll costs” under the CARES Act by no longer including the federal employment taxes assessed on the employer, and by including incremental benefit costs associated with highly compensated employees; and the updates to the headcount report will change the method of calculating the number of employees in accordance with the guidance.*
- ADP Response
 - Public postings on ADP.com
 - [Legislative Updates via Eye on Washington](#)
 - [COVID-19 Preparedness announcement](#)
 - [Employer Preparedness Toolkit](#)
 - Employment Tax Guide – Agency Status in Response to COVID-19
 - [Compliance COVID-19 Resource Center](#) (Littler) – ADP has partnered with Compliance HR and the Littler Mendelson law firm to provide clients with legal advice.
 - The Bridge
 - [Coronavirus \(COVID-19\) Communications and Resources](#) (main posting)
 - [Families First Coronavirus Response Act \(FFCRA\) – Client FAQs](#)
 - Several others
 - ADP Paid Sick Leave Resource- <https://thebridge.adp.com/docs/DOC-10891>
 - Delayed Delivery - <https://thebridge.adp.com/docs/DOC-5125>
 - Address Changes- <https://thebridge.adp.com/docs/DOC-12372>
 - Wisely Direct Reference Guide- <https://thebridge.adp.com/docs/DOC-12083> Emails – already sent and more to come
 - LSF letters – already loaded and more to come
 - WFN alerts for practitioners
 - Tax Center of Excellence
 - Clients must get agency approval
 - Clients remain responsible for tax liability
 - ADP will still file returns with tax due
 - Will not impact annual level of service, due to
 - See link -ADP Employment Tax Guide listing by state <http://communications.adpinfo.com/LP=233>

We have been told that many agencies have stopped or temporarily suspended walk in-person services. Taxpayers can conduct all business with the agencies via their various online services, telephone, or designated secure lockbox locations. Some agencies may also have suspended phone services due to limited staffing. However Online-Services should still be active for most agencies. The client may have to login using the credentials for their withholding account as an Employer/Business rather than as a general user to get access to all available services and forms as

an Employer/ Business. We can share this web link with clients for a list of state agencies and their current status and options available.

- **U.S. Dept. of Education and Student Loans- Department of Education- is working on a plan to stop student loans payments from March 13, 2020, through Sept. 30, 2020.**
- How will this affect us...– WGPS Garnishments for student loans will continue as is for now. We may put in programming in place later to stop all student loan garnishments, but we do not know enough about it yet. *If a client chooses to stop the WGPS lien for an employee they may choose to do so until more info comes.
- ADP Works Solution [WGPS - Pausing a Student Loan Garnishment as Part of COVID-19 Relief](#)
- Here are two public resources for now if client asks more about the plan from the US. Department of Education

<https://www.ed.gov/news/press-releases/secretary-devos-directs-fsa-stop-wage-garnishment-collections-actions-student-loan-borrowers-will-refund-more-18-billion-students-families>

<https://studentaid.gov/announcements-events/coronavirus>