

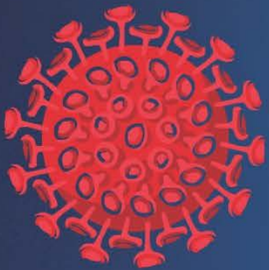
WEEKLY WEBINAR SERIES

# CORONAVIRUS

& its impact on people, process & profits

SESSION TWO

March 27, 2020 | 11:00 A.M. EST



## ➤ Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email
- All materials were emailed to you this morning – also available on RKL’s Coronavirus Employer Resource Center at [rklcpa.com](https://www.rklcpa.com)
- All lines are muted
- NASBA CPE requirements – in order to receive CPE for this webinar:
  - Participants must be connected to the session (both audio and presentation) for its entirety
  - Participants must answer all questions/elements of engagement
  - One (1) hour of CPE in the field of business law will be granted if you meet these requirements

# > Meet Your Team



**ERIC WENGER, CPA, MST** | *Partner, Tax Services Group*

Eric serves as Managing Partner of the Lancaster Office and as Chairman of the RKL Board of Directors. Throughout his more than two decades in public accounting, Eric has enjoyed the ongoing challenge of applying evolving tax and financial regulations for the benefit of his clients. As Partner in RKL's Tax Services Group, he primarily advises closely held and family owned companies regarding tax and general business matters, including succession planning.

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**ROBIN ALEXANDER, CPA** | *Manager, Tax Services Group*

Robin is a Manager in RKL's Tax Services Group. She specializes in C Corporation, pass-through and individual taxation. Robin's nine years of experience in public and private accounting includes leading roles on implementation teams and process development responsibilities related to complex regulations like Section 163(j) and the Qualified Business Income deduction.

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**STEPHANE SMITH, SPHR, SHRM-SCP** | *Consultant, Human Capital Management*

Stephane is a Consultant in RKL's Human Capital Management Practice. She advises clients on a wide range of human resources policies and programs, including strategic planning and talent and performance management.

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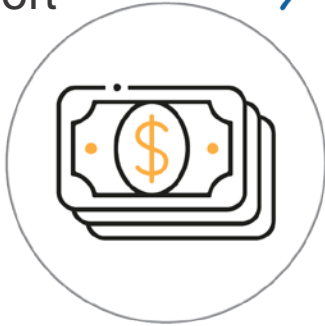
# ➤ Outline for Today's Presentation

- Cash and Crisis Management
- CARES Act – H.R. 748
- Implementation of the Families First Act – Tax Matters
- Employer Response to Families First Act – HR Matters

# CASH AND CRISIS MANAGEMENT

# ➤ Coronavirus Makes Cash the Priority

Working capital (cash) and cost minimization may be the priorities followed by loss recovery support



Uncertain timing and severity of the pandemic and the resulting shutdown have reduced cash on hand and future cash flows

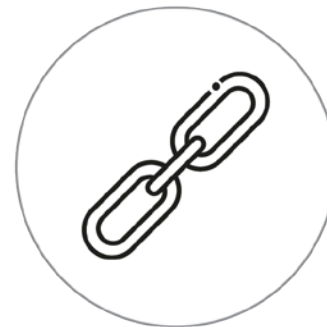


Guidance and regulations are placing new demands on business leadership and affecting cash flows



Business Continuity

Operations and workforce mgmt. will be stressed by a constricting environment that needs to preserve cash



Supply and demand shock have jolted the value chain and traditional cash flows

# ➤ Focus on Scenario Modeling and Cash Management

A phased approach to organizational response: Tactical development

## Form crisis team

- Executives
  - CEO/President
  - COO
  - CFO
  - Treasurer
  - Talent Mgmt.
- Outside advisors
  - Legal
  - CPA
  - Banker
  - Insurance



## Assess cash flow options

- Forecasting
  - Real-time dash boarding
  - Multiple scenarios
- Include functional leaders
  - Operations
  - Procurement
  - Production
  - Distribution
  - Sales
  - HR



## Assess long-term impact

- Results of short-term
  - Options
  - Actual tactics
  - Implications for recovery plans
- Taxes & incentives
- Develop recovery planning
- Bankruptcy and restructuring options



## Implementation and reassessment

- Create & implement
- Dynamic planning
- Proactively manage notifications & negotiations
  - Lenders
  - Vendors
  - Lessors
  - Workforce
- Regulatory issues
- Tax issues

## › Liquidity Issues & Management are Paramount

<b>Cash forecasting</b>	Develop dash boarding for current information and use multiple scenarios with short and long-term time horizons (length will depend on economy, industry sector, company)
<b>Debt and obligations</b>	Manage financial institutions versus trade creditors – e.g., A/P prioritization, lines of credit modifications, interest, payment obligations, covenants, adjustments
<b>Workforce management</b>	Staff planning, optimization, furloughs, notification requirements for salary versus wage employees, as well as impact on payroll, benefits, retirement, etc.
<b>Sales demand and mix</b>	Analyze fluctuations/changes to customer, product and channel mix and strategies
<b>Supply chain</b>	Manage supply of core goods, fluctuations in material/supply costs and updated strategy
<b>Receivables</b>	Evaluate/model current A/R collection, understand customer mix and COVID-19 impacts, update credit strategy, assess promotion and discount initiatives
<b>Inventory management</b>	Analyze SKU level adjustments, update supplier strategy and management
<b>Economic and tax incentives</b>	Monitor closely economic relief opportunities, tax and other incentives

# ➤ Update to Emergency Loan Financing

	SBA Economic Injury Disaster Loan (EIDL)	PIDA COVID-19 Working Capital Assistance Fund (CWCA)
Loan Size	Up to \$2,000,000	Up to \$100,000
Eligibility	<p>Only if credit is unavailable elsewhere</p> <p>Size standards by industry</p> <p>All states now eligible</p>	<p>Based on financial need</p> <p>Loan request up to 3 months of direct business expenses (50% of six months' expenses for retail and certain services businesses)</p> <p>≤100 full time employees at time of application submission</p>
Approval and Funding Timeline	2-3 weeks for credit decision + signed loan docs + 5 days for initial funding	TBD
Fees and Interest Rate	<p>Small business: 3.75%</p> <p>Not-for-profit: 2.75%</p>	0% fixed for businesses (except 2% fixed for production agriculture)
Term	Up to 30 years, no payments during first year	3-year term, 12 years amortization, no payments during first year, balloon payment at end of year 3
Other Considerations	Expected volume of applications, can apply without committing	Personal or corporate guarantees for 20%+ owners, expected volume of applications and limited funds available
Additional Info	<a href="https://disasterloan.sba.gov">disasterloan.sba.gov</a>	<p>Conducted through local Certified Economic Development Organization</p> <p><a href="https://dced.pa.gov/programs/covid-19-working-capital-access-program-cwca/">https://dced.pa.gov/programs/covid-19-working-capital-access-program-cwca/</a></p>

Red text = changes since March 20, 2020 webinar

ANY QUESTIONS? Contact Ryan Hurst, Partner at [rhurst@rklcpa.com](mailto:rhurst@rklcpa.com)

# CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY (CARES) ACT

*H.R. 748*

## ➤ CARES Act Overview

- Price tag of \$2.2 trillion – most expensive legislation ever passed
- Senate approved on 3/25/20 with vote of 96-0
- House passage anticipated Friday, 3/27/20 via voice vote

## ➤ 2020 Recovery Rebate for Individuals a.k.a. “Individual Stimulus Payments”

- \$290 billion cost
- Amount of payment:
  - \$1,200 for single or \$2,400 for married filing jointly
  - PLUS \$500 for each child under age 17
    - Those claimed as a dependent on another’s tax return won’t receive a payment
  - Payment is NOT limited to your tax liability or having some minimum level of “qualifying income”
- Relies upon IRS database of 2019 or 2018 tax return as filed
  - Alternatively will use Social Security records

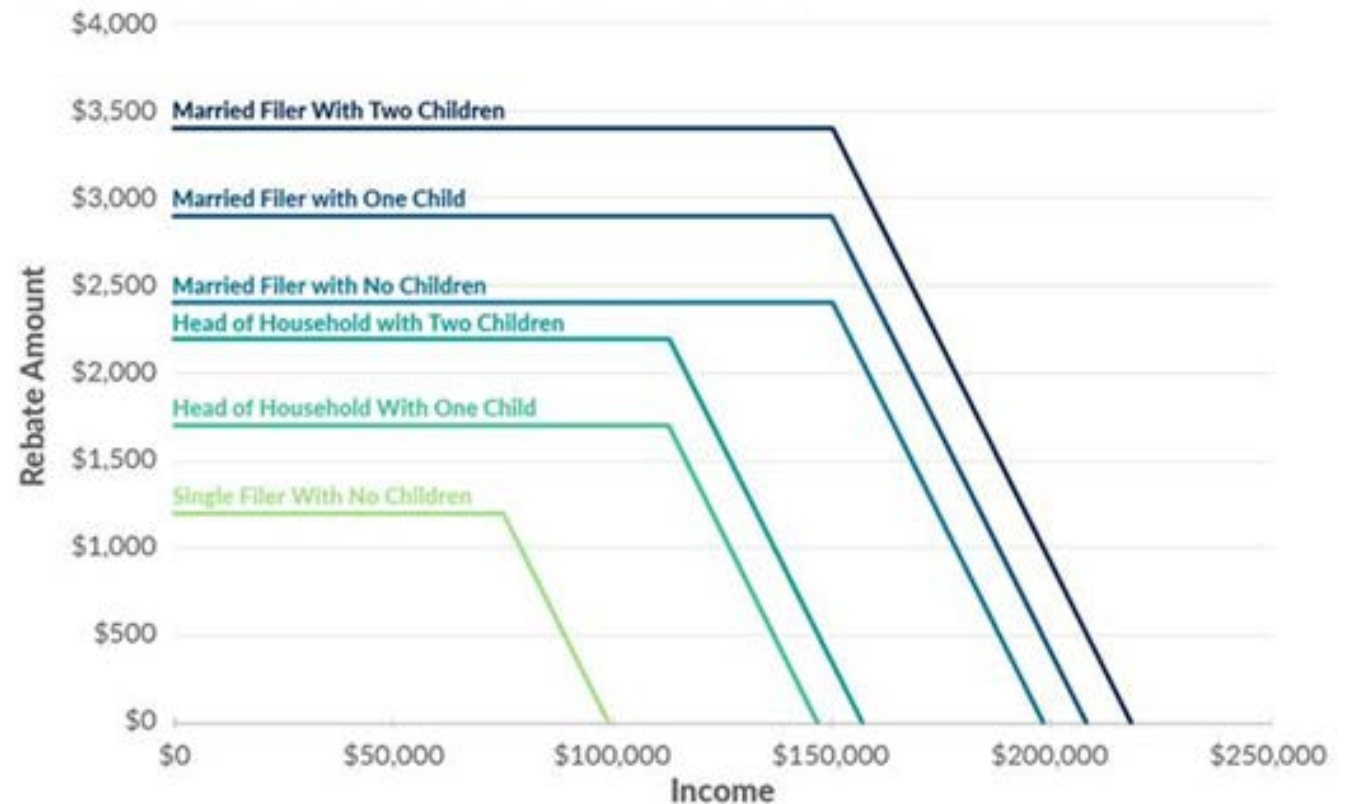
# ➤ 2020 Recovery Rebate for Individuals a.k.a. “Individual Stimulus Payments” (continued)

## Phase out of payment:

- Single status – threshold of \$75K:
  - AGI between \$75K - \$99K; payment reduced from \$1,200 to \$0
- Married status with no children – threshold of \$150K:
  - AGI between \$150K - \$198K; payment reduced from \$2,400 to \$0
- Married with 2 children under 17 – threshold of \$150K:
  - AGI between \$150K - \$218K; payment reduced from \$3,400 to \$0

### Proposed Relief Rebate in the CARES Act

Proposed Individual Economic Relief Rebate By Filing Status



Source: “Coronavirus Aid, Relief, and Economic Security Act”

## ➤ 2020 Recovery Rebate for Individuals a.k.a. “Individual Stimulus Payments” (continued)

- Payments and timing
  - Will be paid electronically if IRS has direct deposit info from tax return
  - Exact timing of one-time payment is uncertain; likely during April or May 2020
  - This is an **advance payment** of a credit that will be recomputed on the 2020 Form 1040, as well
  - If recomputed 2020 credit is higher (i.e., less phase out applied for 2020, have another qualifying child, etc), then will get additional credit on 2020 Form 1040
  - If recomputed 2020 credit is lower, currently appears that it will NOT need to be repaid back; stay tuned for further guidance from Treasury

# ➤ Small Business Loans a.k.a. “Paycheck Protection Loans”

- Overview
  - Loans are referred to as “Paycheck Protection Loans”
  - Cost of \$349 billion
  - Applies to businesses with 500 or fewer employees; includes sole proprietorships and nonprofits
    - Accommodation and Food Services sector (NAICS 72) is eligible if not more than 500 employees per physical location of the business
  - Borrowers make good faith certification that coronavirus-related business concerns make loan necessary, funds will be used to retain workers and/or make mortgage/rent payments
    - Qualifying business concerns include staffing challenges, decrease in sales or customers, closures, or supply chain disruptions
  - Loans are fully guaranteed by the federal government through 12/31/20
    - After 12/31/20 loans over \$150K will be 85% guaranteed

# ➤ Small Business Loans a.k.a. “Paycheck Protection Loans” (continued)

- Prioritizes loans for:
  - Entities in underserved areas
  - Businesses in rural markets
  - Veterans and members of the military community
  - Minority owned businesses
  - Women
  - Businesses in operation for less than 2 years

# ➤ Small Business Loans a.k.a. “Paycheck Protection Loans” (continued)

- Amount of available “Paycheck Protection Loan”
  - Lesser of:
    - 2 ½ months of “Payroll Costs” based on the 12 months prior to the date of loan origination  
OR
    - \$10 million
- “Payroll Costs” defined
  - Include the following:
    - Wages, commissions, salary, tips, or similar compensation to an employee
    - Vacation, parental, family, medical or sick leave
    - Group health care benefits, including premiums
  - Does NOT include the following:
    - Employees whose annual compensation exceeds \$100,000
    - Payroll taxes
    - Compensation of employees with principal place of residence outside USA
    - Any qualified sick leave or family medical leave for which credit is allowed under *Families First* coronavirus legislation

# ➤ Small Business Loans a.k.a. “Paycheck Protection Loans” (continued)

- Terms of loan:
  - Private lenders, including credit unions, make the loans until 6/30/20
  - Typical SBA Section 7 fees are waived
  - No personal guarantee from business owner or collateral is required
  - Maximum maturity of 10 years
  - Interest rate not to exceed 4%
  - Covered loan period begins 2/15/20 and ends 6/30/20
  - Proceeds of loan may be used to cover payroll, mortgage payments, rent, utilities and any other debt service requirements
  - May be potential to defer repayment of loan for 6-12 months

# ➤ Small Business Loans a.k.a. “Paycheck Protection Loans”

(continued)

- Loan **Forgiveness** of Paycheck Protection Loans
  - Borrowers can apply directly to their lender for loan to be forgiven on a tax-free basis for qualifying costs incurred during 8-week period after origination date of the loan
  - Amount of forgiveness (subject to substantiation requirements)
    - Payroll costs (as defined previously)
    - Mortgage interest
    - Rent
    - Certain utility payments
  - Potential reduction in loan forgiveness
    1. 2020 FTE (full-time equivalent) employee count must be equal to or greater than 2019 FTE count for 2/15 – 6/30 testing period of each year
    2. Employee compensation cannot be reduced more than 25 percent compared to prior year
  - Reduction can be avoided if employer rehires a furloughed employee or increases the employee’s pay within an allotted time period

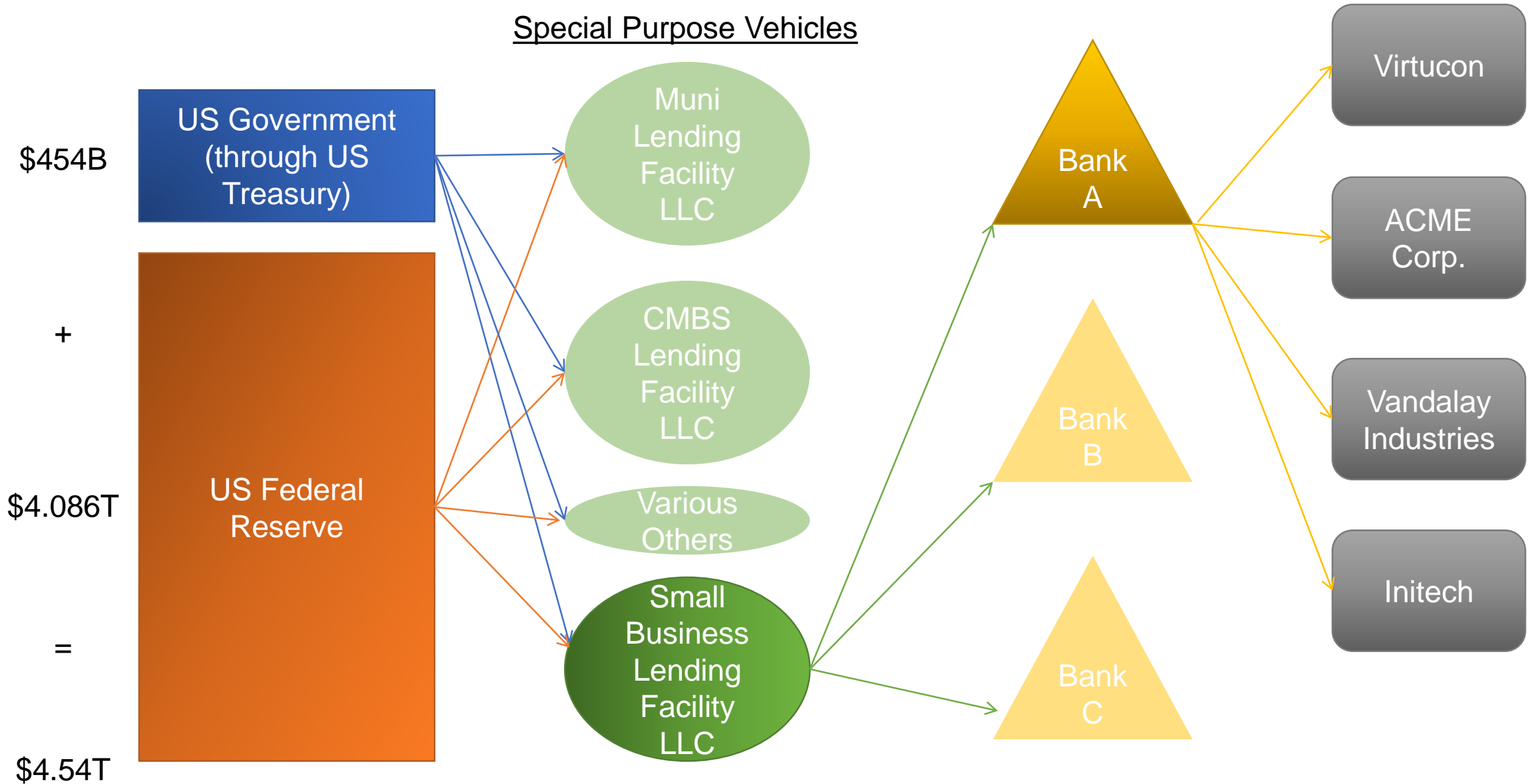
# Small Business Loans a.k.a. “Paycheck Protection Loans”

(continued)

- Full forgiveness example:
  - Firm had 100 employees February 15, 2020
  - Firm laid off 25 employees in March 2020 but rehires them within 30 days of bill enactment and maintains a monthly average of 100 employees through June 30
  - Firm eligible for full loan forgiveness
- Partial forgiveness example:
  - Firm had 100 employees February 15, 2020
  - Firm laid off 25 employees in March 2020 and did not rehire
  - Firm received a \$1 million loan
  - Only \$750,000 of that loan would be forgiven

# Exchange Stabilization Fund (ESF)

## Special Purpose Vehicles



# ➤ Using Retirement Funds for Coronavirus Costs

- If under age 59 ½, Section 72(t) imposes a 10% penalty on “early withdrawals”
- CARES Act adds a new exception to the penalty for “coronavirus-related distribution” on up to \$100,000 of withdrawal
- “Coronavirus-related distribution” during 2020 includes:
  - To an individual who is diagnosed with SRS-COV-2 or COVID-19 by a test approved by the CDC
  - Whose spouse or dependent is diagnosed with one of the two diseases
  - Who experiences adverse financial consequences as a result of being quarantined, furloughed or laid off or having work hours reduced, or being unable to work due to lack of child care
- Income tax on withdrawal can be spread over 3 years starting in 2020
- Can avoid income recognition by repaying within 3 years of receiving it
- Loan limit from retirement plan increases from \$50K to \$100K for the 180 days after CARES Act is enacted
- Temporary, one-year waiver permitted on required minimum distributions (RMDs) in 2020

## ➤ Charitable Contribution Changes

- Taxpayers who do not itemize are allowed a \$300 deduction from AGI for donations to charity
- For those who do itemize, 60% limit on contributions compared to taxpayer AGI is lifted to 100%
- C corporations: Contributions allowed to offset 25% instead of 10% of income

## ➤ Employer Paid Student Loans Excluded from Income

- Employer can pay up to \$5,250 of employee's student loan debt on a tax-free basis
- This is a combined limit of \$5,250 for tuition paid on employee's behalf plus student debt paid on employee's behalf

## ➤ Employee Retention Tax Credit (ERTC)

- For any business closed or suspending operations due to coronavirus, if employer continues to pay employees
- Eligible for credit via two ways:
  - Operation of business fully or partially suspended during any calendar quarter during 2020 due to orders from appropriate government authority resulting from COVID-19.
  - Business remained open, but during any quarter in 2020, gross receipts for that quarter were less than 50% of what they were for the same quarter in 2019. The business will then be entitled to a credit for each quarter, until the business has a quarter where it has recovered sufficiently that its receipts exceed 80% of what they were for the same quarter in the previous year.
- Credit is reduced for other federal credits (WOTC, R&D, *Families First* payroll credits)
- Credit potentially applies to wages paid between 3/13/20 and 12/31/20

## ➤ Employee Retention Tax Credit (ERTC) (continued)

- Credit amount
  - 50% of “qualified wages” paid to each employee for that quarter; ends on 12/31/20
- Qualified wage base for credit calculation:
  - For companies with more than 100 employees during 2019
    - Qualified wages are limited to wages paid by the employer during the quarter for the period of time the business was shut down
  - For companies with less than 100 employees in 2019
    - Qualified wages include those paid to employees during a shutdown, AND
    - Wages paid for each quarter that the business has suffered a sharp decline in year-over-year receipts, as described previously
  - For any size company, qualified wages include group health plan costs
  - **In all cases, the amount of qualified wages for each employee for all quarters may not exceed \$10,000 (generating \$5,000 max credit per employee)**
- Reported via quarterly payroll tax returns and credits are refundable by IRS
- If an employee receives a “Payroll Protection Loan” as part of this Act, no employee retention credit will be available

## ➤ Delay of Payment for Employer Payroll Tax and Self-Employment Tax

- Employer share of 6.2% Social Security tax on payroll from date of enactment through 12/31/20 will be due 50% on 12/31/21 and 50% on 12/31/22.
- Also applies to 50% of self-employed individual's S/E tax with deferral until 12/31/21 and 12/31/22.

## ➤ Net Operating Loss Rules

- Prior to 2018, net operating losses (NOLs) could be carried back two years and forward 20 and offset 100% of taxable income.
- Tax reform rules effective 1/1/18 precluded carrybacks of NOLs and limited losses carried forward to 80% of taxable income.
- CARES Act rule: Losses from 2018, 2019 and 2020 can be carried back 5 years and can offset 100% of taxable income.
- Consider impact of pre- and post-tax reform rates. Carryback of NOL can offset taxes paid at a prior higher rate (i.e., 21% v. 35% for C corporations).

## ➤ Some Other Tax Changes

- Sec. 461(l) – net business loss limitations
- Sec. 163(j) – interest deductibility limitation
- Qualified Improvement Property (QIP) technical correction
  - QIP = Improvement made to interior portion of nonresidential building after building placed into service
  - 39 year straight line – former drafting error
  - Now, 15 year, eligible for bonus depreciation, retroactive to 1/1/18 (amended return opportunity)

# ➤ Cash Flow Considerations of New Federal Tax Landscape

- Federal income taxes
  - 2019 taxes – due 7/15/20; consider a refund if overpaid
  - 2020 quarterly estimates – 1<sup>st</sup> quarter due 7/15; 2<sup>nd</sup> quarter due 6/15 (one month earlier)
    - *Discussions continue in Washington regarding potential to defer due date of any 2020 quarterly income tax estimates until 10/15/20*
- Federal employer share of payroll taxes
  - Defer paying 50% until 12/31/21 and 50% until 12/31/22
- Credits
  - Paid sick and/or paid leave credits (*Families First act*)
  - Employee Retention Tax Credit
- Paycheck Protection Loans/Forgiveness
  - Potential of up to \$10 million of loan forgiveness under CARES for companies with fewer than 500 employees

# BREAK: POLLING QUESTION

IMPLEMENTATION

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# FAMILIES FIRST ACT: TAX MATTERS

# ➤ Emergency Paid Sick Leave Provisions

Employment Status:	Who is Sick or Quarantined	Maximum Time Period Covered	Required Pay Rate	Employer's Refundable Tax Credit	Cap on Wages Eligible for Tax Credit through 12/31/20	Refundable Tax Credit Offsets
Employee	Self	<b>FT</b> = 2 weeks or 80 hours <b>PT</b> = typical # hours worked in 2 week period	100% of Regular Pay Rate	100% of "Qualified Paid Sick Leave Wages"	\$511/day AND \$5,111 in the aggregate plus a pro rata amount of expenses paid in maintaining a qualified health plan related to sick leave payments	Employer portion of Social Security tax
Employee	Family member	<b>FT</b> = 2 weeks or 80 hours <b>PT</b> = typical # hours worked in 2 week period	67% of Regular Pay Rate	100% of "Qualified Paid Sick Leave Wages"	\$200/day AND \$2,000 in the aggregate plus a pro rata amount of expenses paid in maintaining a qualified health plan related to sick leave payments	Employer portion of Social Security tax
Self-Employed	Self	<b>FT</b> = 2 weeks or 80 hours <b>PT</b> = typical # hours worked in 2 week period	n/a	100% of "Qualified Sick Leave Equivalent Amount"	Lesser of: 1) \$511/day, or 2) Avg. daily S/E income for year	Income Taxes
Self-Employed	Family member	<b>FT</b> = 2 weeks or 80 hours <b>PT</b> = typical # hours worked in 2 week period	n/a	67% of "Qualified Sick Leave Equivalent Amount"	Lesser of: 1) \$200/day, or 2) Avg. daily S/E income for year	Income Taxes

# ➤ Emergency Paid Family Leave Provisions

Employment Status:	Who is Sick or Quarantined	Maximum Time Period Covered	Required Pay Rate	Employer's Refundable Tax Credit	Cap on Wages Eligible for Tax Credit through 12/31/20	Refundable Tax Credit Offsets
Employee	Family member	<b>12 weeks total</b> <i>(First 14 days could be unpaid or use accrued vacation) then up to 10 additional weeks</i>	No less than 67% of regular pay	100% of "Qualified Family Leave Wages"	<b>Weeks 3-12:</b> \$200/day/employee AND \$10,000 in the aggregate	Employer portion of Social Security tax
Self-Employed	Family member	<b>12 weeks total</b> <i>(First 14 days could be unpaid or use accrued vacation) then up to 10 additional weeks</i>	n/a	67% of "Family Leave Equivalent Amount"	<b>Up to 50 days at lesser of:</b> 1) \$200/day, or 2) Avg. daily S/E income for year	Income Taxes

## › You're Invited to H.R. 6201

- Who is impacted?
- What expenses qualify for the refundable tax credit?
- When should implementation occur?
- How can employers afford this?

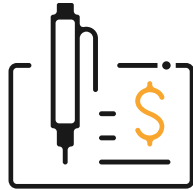
## > Who is impacted?

- What does 500 employees really mean?
  - Full/part-time employees + employees on leave + temporary employees jointly employed by the employer and another employer + day laborers supplied by a temporary agency
  - Independent contractors NOT counted
  - Fluctuations in employee count
  - Aggregation rules
- Who are considered eligible employees?
  - Paid sick
    1. Quarantining order from government or physician
    2. Having COVID-19 symptoms/diagnosed
    3. Providing care for a family member who has been diagnosed or for a **child** whose school or day care has closed due to coronavirus
  - Paid family leave
    1. Provide care for child younger than 18 whose school or day care has closed due to coronavirus

## > What counts towards the credits?



=



+



+



**TOTAL CREDIT**

**WAGES**

**1.45% ER MEDICARE**

**HEALTH PLAN COSTS**

- Allocating Health Plan Costs
- The credit offsets
  - 6.2% Employer Social Security Tax
  - Income Tax – Self-Employed

## > When should implementation take place?

- Effective April 1
  - Not retroactive
- First 10 days of unpaid leave
  - Not required
  - EE allowed election to substitution of accrued vacation leave, personal leave, sick leave
- Contact payroll providers immediately
  - Retirement plan implications

## > How can employers afford/implement this?

- Retain taxes instead of depositing
  - Employee/Employer portion of Social Security (6.2%)
  - Employee/Employer portion of Medicare (1.45%)
  - Federal Income Taxes withheld
- Accelerated IRS payment
  - Forms to be released
- Small business exemption
  - Less than 50 employees
  - Only for school closings or childcare unavailability

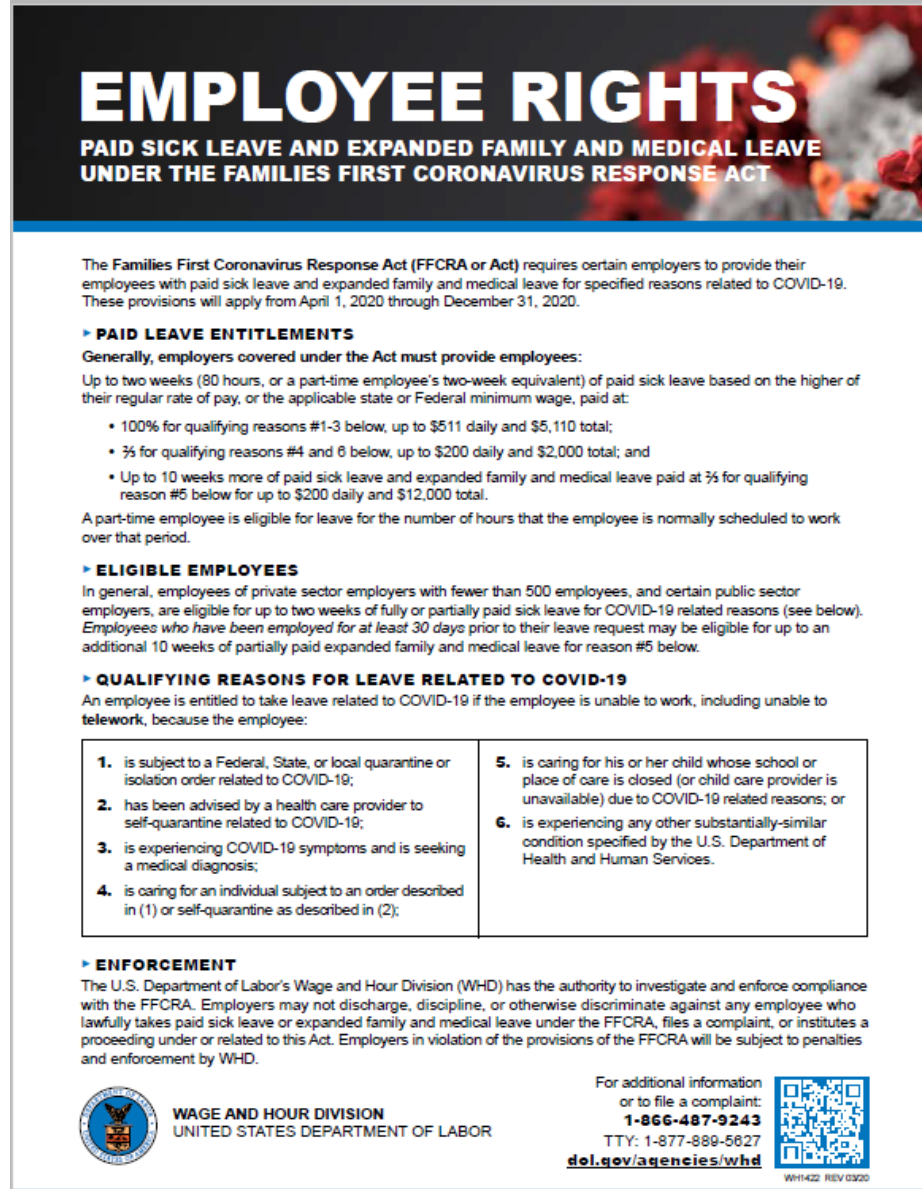
# BREAK: POLLING QUESTION

EMPLOYER RESPONSE

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# FAMILIES FIRST ACT: HR MATTERS

# U.S. Department of Labor Employee Rights Poster



**EMPLOYEE RIGHTS**  
**PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE**  
**UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT**

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

► **PAID LEAVE ENTITLEMENTS**  
Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 10 weeks more of paid sick leave and expanded family and medical leave paid at ⅓ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.


A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

► **ELIGIBLE EMPLOYEES**  
In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.


► **QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19**  
An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

<ol style="list-style-type: none"><li>1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;</li><li>2. has been advised by a health care provider to self-quarantine related to COVID-19;</li><li>3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;</li><li>4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);</li></ol>	<ol style="list-style-type: none"><li>5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or</li><li>6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services.</li></ol>
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► **ENFORCEMENT**  
The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.

 **WAGE AND HOUR DIVISION**  
UNITED STATES DEPARTMENT OF LABOR

For additional information or to file a complaint:  
**1-866-487-9243**  
TTY: 1-877-889-5627  
[dol.gov/agencies/whd](https://www.dol.gov/agencies/whd)



WH1422 REV 03/20

<https://www.dol.gov/agencies/whd/pandemic>

(also included in RKL's [Coronavirus Employer Resource Center](#))

## ➤ Q: Half of my workforce is telecommuting, where do I post the Employee Rights poster?

A: Employers are required to post the notice in a highly visible location at your company.

For employees who are remote you can:

- Send it directly to the employee via email
- Send it to the employee via direct mail
- Post it on the home page of your intranet
- Post it on the home page of your external website

**NOTE:** Not required to share with employees who are currently furloughed, laid off. You do need to share with any new hires that you've brought on during this period.

➤ **Q: Are small business owners required to post the employee rights notice?**

A: Yes. All employers covered by the emergency paid sick leave and expanded family and medical leave act are required to post the notice.

Sign up for alerts on the Wage and Hour Division's website:  
[www.dol.gov/agencies/whd](http://www.dol.gov/agencies/whd)

➤ **Q:** We closed business operations prior to the Families First Coronavirus Response Act being signed, can our employees still qualify for the paid leave?

- **A:** The paid leave options under the FFCRA cannot be applied retroactively.

➤ **Q:** Regretfully our business may have to make tough decisions regarding a furlough, layoff or reduction in force. How do we go about the selection process to determine who and/or what positions should be included?

**A:** Tenure, seniority in role, employee status (full-time, part-time, seasonal, temporary), performance, skills

Consider criteria ranking for the options listed above and rank employees further by evaluating additional criteria such as attendance, work quality, experience level, skills, etc.

Transparency is required when communicating to the employees about the selection criteria. It's important to underscore to your workforce that the layoff is not about the employee but rather the position.

➤ **Q:** Am I required to pay my employees if I have to shut down my business in the middle of the week?

A: For employees who are classified as non-exempt, you are required to pay them for actual hours worked during the day(s) leading up to closure.

**NOTE:** Some states have laws that may apply that require employers to pay their employees for a certain number of hours if they report to work and are sent home before the end of their shift.

For employees who are classified as exempt, they generally must be paid their full salary for any work performed in a workweek, regardless of the number of hours worked.

## ➤ Q: Are my employees eligible for unemployment compensation?

A: Employees may be eligible for unemployment compensation due to the following conditions:

- If the company temporarily closes or goes out of business because of COVID-19
- Employees hours are reduced as a result COVID-19
- The employee has been instructed to quarantine or self-isolate, or if they live or work in a state or area that is under a government mitigation effort
- If the employer requested the employee not report to work because the employer feels they employee might get or spread COVID-19

➤ **Q: What is my responsibility as the employer with regard to informing my employees about unemployment compensation?**

A: Employers in all 50 states are required to notify their employees of the availability to apply for unemployment compensation upon separation, regardless of the reason for separation.

Additionally employers are required to provide the employee with at least two ways the employee can file for unemployment compensation.

Examples: website address, phone number, office address

## ➤ Q: What is the Coronavirus Aid, Relief and Economic Security (CARES) Act and what does it mean for unemployment compensation?

A: This bill was unanimously approved by the Senate and now awaits response from the U.S. House of Representatives.

Part of this Act Includes:

- Tax relief
- Loan provisions
- Temporary “Pandemic Unemployment Assistance”
  - Offers unemployment compensation to individuals not otherwise eligible
    - Self-employed, independent contractors, etc.
  - Increased unemployment compensation by \$600 per week for up to 4 months for those in the pandemic program

➤ **Q: Can I require employee(s) to provide documentation to prove that their leave was due COVID-19?**

A: Some laws already restrict employers from asking employees for supporting documentation. Be sure to understand your state and local sick leave laws.

The CDC has provided interim guidance and advises that employers should not require documentation for employees who are sick with COVID-19 to confirm their illness or in order to return to work.

Healthcare provider offices and medical facilities are under intense pressure and may be too busy to provide the return to work notice.

**NOTE:** Any information that is provided must remain confidential and cannot be maintained in the employee's personnel file – the documentation must be kept separate.

## ➤ How Can My Advisors Help Me?

- **RKL:** HR, tax, wealth management, cybersecurity, risk management, IT, etc.
- **Attorney:** Labor/employment matters, contract matters, etc.
- **Banker:** Bridge loan, enhanced line of credit, modified loan terms, etc.
- **Insurance Agent:** Health/disability policy, business interruption, etc.
- **Small Business Administration and Economic Development Centers:** SBA Eastern PA District branches offices in King of Prussia and Harrisburg; local economic development centers (typically one per county)

# BREAK: POLLING QUESTION

# THANK YOU FOR PARTICIPATING

Questions? Contact today's presenters:

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Visit RKL's [Coronavirus Employer Resource Center](#) for more updates and guidance.