

**H.R. 6201, FAMILIES FIRST CORONAVIRUS RESPONSE ACT**

Title-By-Title Summary

The legislation guarantees free coronavirus testing, establishes paid leave, enhances Unemployment Insurance, expands food security initiatives, and increases federal Medicaid funding.

**Title III – Financial Services and General Government Implementation of Tax Credits** – Includes \$15 million for the Internal Revenue Service to implement tax credits for paid sick and paid family and medical leave.

**DIVISION C – Emergency Family and Medical Leave Expansion Act Prepared by the Democratic staff of the House Committee on Education and Labor Section 3101. Short Title. The short title for the bill is the Emergency Family and Medical Leave Expansion Act. Section 3102. Amendments to the Family and Medical Leave Act of 1993.**

This section provides employees of employers with fewer than 500 employees and government employers, who have been on the job for at least 30 days, with the right take up to 12 weeks of job-protected leave under the Family and Medical Leave Act to be used for any of the following reasons:

- To adhere to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus;
- To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus; and
- To care for a child of an employee if the child's school or place of care has been closed, or the child-care provider is unavailable, due to a coronavirus.

After the two weeks of paid leave, employees will receive a benefit from their employers that will be no less than two-thirds of the employee's usual pay.

**Section 3103. Employment Under Multi-Employer Bargaining Agreements.** The bill ensures employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan are provided with leave.

**DIVISION D – Emergency Unemployment Insurance Stabilization and Access Act of 2020 Prepared by the Democratic staff of the House Committee on Ways and Means Section 4101. Short Title. The short title for the division is the Emergency Unemployment Insurance Stabilization and Access Act of 2020. Section 4102. Emergency Transfers for Unemployment Compensation Administration.**

This section provides \$1 billion in 2020 for emergency grants to states for activities related to processing and paying unemployment insurance (UI) benefits, under certain conditions. \$500 million would be used to provide immediate additional funding to all states for staffing, technology, systems, and other administrative costs, so long as they met basic requirements about ensuring access to earned benefits for eligible workers.

Those requirements are:

- Require employers to provide notification of potential UI eligibility to laid-off workers
- Ensure that workers have at least two ways (for example, online and phone) to apply for benefits
- Notify applicants when an application is received and being processed and if the application cannot be processed, provide information to the applicant about how to ensure successful processing.

States would be required to report on the share of eligible individuals who received UI benefits and the state's efforts to ensure access within one year of receiving the funding.

The funding would be distributed in the same proportions as regular UI administrative funding provided through annual appropriations. \$500 million would be reserved for emergency grants to states which experienced at least a 10 percent increase in unemployment. Those states would be eligible to receive an additional grant, in the same amount as the initial grant, to assist with costs related to the unemployment spike, and would also be required to take steps to temporarily ease eligibility requirements that are limiting access to UI during the COVID-19 outbreak, like work search requirements, required waiting periods, and requirements to increase employer UI taxes if they have high layoff rates.

Depending on the state, those actions might require changes in state law, or might just require changes in state policy. This section also provides temporary federal flexibility regarding those UI restrictions which are also in federal law. Section 4103. Temporary Assistance for States with Advances. This section provides states with access to interest-free loans to help pay regular UI benefits through December 31, 2020, if needed.

**Section 4104. Technical Assistance and Guidance for Short-Time Compensation Programs.** This section requires the Secretary of Labor to provide technical assistance to states that want to set up work-sharing programs, in which employers reduce hours instead of laying employees off, and then employees receive partial unemployment benefits to offset the wage loss.

**Section 4105. Full Federal Funding of Extended Unemployment Compensation for a Limited Period.** For states that experience an increase of 10 percent or more in their unemployment rate (over the previous year) and comply with all the beneficiary access provisions in section 102, this section provides 100 percent federal funding for Extended Benefits, which normally require 50 percent of funding to come from states.

Extended Benefits (EB) are triggered when unemployment is high in a state and provide up to an additional 26 weeks after regular UI benefits (usually 26 weeks) are exhausted. This section also suspends the financial penalty within EB for states that waive the usual one-week waiting period for benefits.

**DIVISION E – Emergency Paid Sick Leave Act Prepared by the Democratic staff of the House Committee on Education and Labor Section 5101. Short Title. The Emergency Paid Sick Leave Act. Section 5102. The Emergency Paid Sick Leave Act.**

This section requires employers with fewer than 500 employees and government employers to provide employees two weeks of paid sick leave, paid at the employee’s regular rate, to quarantine or seek a diagnosis or preventive care for coronavirus; or paid at two-thirds the employee’s regular rate to care for a family member for such purposes or to care for a child whose school has closed, or child care provider is unavailable, due to the coronavirus.

- Full-time employees are entitled to 2 weeks (80 hours) and part-time employees are entitled to the typical number of hours that they work in a typical two-week period.
- The bill ensures employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan are provided with leave. The Act, and the requirements under the Act, expire on December 31, 2020.

**DIVISION G – Tax Credits For Paid Sick And Paid Family And Medical Leave Prepared by the Democratic staff of the House Committee on Ways and Means 8 Section 7001. Payroll Credit for Required Paid Sick Leave.**

This section provides a refundable tax credit equal to 100 percent of qualified paid sick leave wages paid by an employer for each calendar quarter. The tax credit is allowed against the tax imposed by section 3111(a) (the employer portion of Social Security taxes).

Qualified sick leave wages are wages required to be paid by the Emergency Paid Sick Leave Act. The section makes a distinction between qualified sick leave wages paid with respect to employees who must self-isolate, obtain a diagnosis, or comply with a self-isolation recommendation with respect to coronavirus. For amounts paid to those employees, the amount of qualified sick leave wages taken into account for each employee is capped at \$511 per day. For amounts paid to employees caring for a family member or for a child whose school or place of care has been closed, the amount of qualified sick leave wages taken into account for each employee is capped at \$200 per day. The aggregate number of days taken into account per employee may not exceed the excess of 10 over the aggregate number of days taken into account for all preceding calendar quarters. If the credit exceeds the employer’s total liability under section 3111(a) for all employees for any calendar quarter, the excess credit is refundable to the employer.

Employers may elect to not have the credit apply. To prevent a double benefit, no deduction is allowed for the amount of the credit. In addition, no credit is allowed with respect to wages for which a credit is allowed under section 45S. The Secretary of the Treasury is given broad authority to issue regulations and guidance necessary to carry out the purposes of the section, including regulations and guidance related to avoidance, penalty waivers with respect to deposit amounts, compliance and record-keeping relief, and benefit recapture. The Social Security OASDI trust funds are held harmless by transferring funds from the General Fund. The section applies only to wages paid with respect to the period beginning on a date selected by the Secretary of the Treasury (or the Secretary’s delegate) which is

during the 15-day period beginning on the date of the enactment of this Act, and ending on December 31, 2020.

**Section 7002. Credit for Sick Leave for Certain Self-Employed Individuals.** This section provides a refundable tax credit equal to 100 percent of a qualified sick leave equivalent amount for eligible self-employed individuals who must self-isolate, obtain a diagnosis, or comply with a self-isolation recommendation with respect to coronavirus.

For eligible self-employed individuals caring for a family member or for a child whose school or place of care has been closed due to coronavirus, the section provides a refundable tax credit equal to 67 percent of a qualified sick leave equivalent amount. The credit is allowed against income taxes and is refundable. Eligible self-employed individuals are individuals who would be entitled to receive paid leave pursuant to the Emergency Paid Sick Leave Act if the individual was an employee of an employer (other than himself or herself).

For eligible self-employed individuals who must self-isolate, obtain a diagnosis, or comply with a 9 self-isolation recommendation, the qualified sick leave equivalent amount is capped at the lesser of \$511 per day or the average daily self-employment income for the taxable year per day. For eligible self-employed individuals caring for a family member or for a child whose school or place of care has been closed due to coronavirus, the qualified sick leave equivalent amount is capped at the lesser of \$200 per day or the average daily self-employment income for the taxable year per day. In calculating the qualified sick leave equivalent amount, an eligible self-employed individual may only take into account those days that the individual is unable to work for reasons that would entitle the individual to receive paid leave pursuant to the Emergency Paid Sick Leave Act.

A self-employed individual must maintain documentation prescribed by the Secretary of the Treasury to establish his or her eligibility for the credit. To prevent a double benefit, the qualified sick leave equivalent amount is proportionately reduced for any days that the individual also receives qualified sick leave wages from an employer.

The section contains rules to ensure that self-employed individuals in U.S. territories may claim the credit. The Secretary of the Treasury is given broad authority to issue regulations and guidance necessary to carry out the purposes of the section, including regulations and guidance related to avoidance and compliance and record-keeping relief.

The section applies only to days occurring during the period beginning on a date selected by the Secretary of the Treasury which is during the 15-day period beginning on the date of the enactment of this Act, and ending on December 31, 2020.

**Section 7003. Payroll Credit for Required Paid Family Leave.** This section provides a refundable tax credit equal to 100 percent of qualified family leave wages paid by an employer for each calendar quarter. The tax credit is allowed against the tax imposed by section 3111(a) (the employer portion of Social Security taxes).

Qualified family leave wages are wages required to be paid by the Emergency Family and Medical Leave Expansion Act. The amount of qualified family leave wages taken into account for each employee is capped at \$200 per day and \$10,000 for all calendar quarters. If the credit exceeds the employer's total liability under section 3111(a) for all employees for any calendar quarter, the excess credit is refundable to the employer.

Employers may elect to not have the credit apply. To prevent a double benefit, no deduction is allowed for the amount of the credit. In addition, no credit is allowed with respect to wages for which a credit is allowed under section 45S.

The Secretary of the Treasury is given broad authority to issue regulations and guidance necessary to carry out the purposes of the section, including regulations and guidance related to avoidance, compliance and record-keeping relief, and benefit recapture. The Social Security OASDI trust funds are held harmless by transferring funds from the General Fund. The section 10 applies only to wages paid with respect to the period beginning on a date selected by the Secretary of the Treasury which is during the 15-day period beginning on the date of the enactment of this Act, and ending on December 31, 2020.

**Section 7004. Credit for Family Leave for Certain Self-Employed Individuals.** This section provides a refundable tax credit equal to 100 percent of a qualified family leave equivalent amount for eligible self-employed individuals. The credit is allowed against income taxes and is refundable.

Eligible self-employed individuals are individuals who would be entitled to receive paid leave pursuant to the Emergency Family and Medical Leave Expansion Act if the individual was an employee of an employer (other than himself or herself).

The qualified family leave equivalent amount is capped at the lesser \$200 per day or the average daily self-employment income for the taxable year per day. In calculating the qualified family leave equivalent amount, an eligible self-employed individual may only take into account those days that the individual is unable to work for reasons that would entitle the individual to receive paid leave pursuant to the Emergency Family and Medical Leave Expansion Act. A self-employed individual must maintain documentation prescribed by the Secretary of the Treasury to establish his or her eligibility for the credit.

To prevent a double benefit, the qualified sick leave equivalent amount is proportionately reduced for any days that the individual also receives qualified sick leave wages from an employer. The section contains rules to ensure that self-employed individuals in U.S. territories may claim the credit. The Secretary of the Treasury is given broad authority to issue regulations and guidance necessary to carry out the purposes of the section, including regulations and guidance related to avoidance and compliance and record-keeping relief.

The section applies only to days occurring during the period beginning on a date selected by the Secretary of the Treasury which is during the 15-day period beginning on the date of the enactment of this Act, and ending on December 31, 2020. Section 7005.

**Special Rule Related to Tax on Employers.** This section ensures that any wages required to be paid by reason of the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act will not be considered wages for purposes of section 3111(a). The Social Security OASDI trust funds are held harmless by transferring funds from the General Fund.