



# Families First Coronavirus Response Act Payroll Earnings Code Guide

Workforce Ready Version



# **Families First Coronavirus Response Act Payroll Earnings Codes Guide – Workforce Ready Version**

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## Overview of Families First Coronavirus Response Act

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### Paid Sick Time

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) of paid sick leave.
- Part-time employees are entitled to the typical number of hours that they work in a typical two-week period.
- The Act, and the requirements under the Act, expire on December 31, 2020.

### Extended Paid Leave

Employees of employers with fewer than 500 employees and government employers, who have been on the job for at least 30 days, have 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
- 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.
- The Act, and the requirements under the Act, expire on December 31, 2020.

### **IMPORTANT NOTE!**

**This overview is a summary only to facilitate the configuration guide and instructions provided. It should not be viewed as definitive or legal guidance on employers' obligations.**

## Roll Up Earnings

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To support the Families First Coronavirus Response Act, Workforce Ready has created 3 new custom Roll Up Earnings for Employers to use to track any leave dollars beginning 4/1/2020; and will eventually be counted toward the payroll tax credit. You will be able to use the following codes:

### **FFCRA Family Leave 10 days**

This Custom earning should be used for employer paid sick leave for COVID-19. Minimum of 2/3 pay for 10 days, maximum per day = \$200, accumulated maximum = \$2,000. You need to set the limits on the employee scheduled earning. Rate Multiplier = 1.0 and can be overridden at company level. Both ER OASDI and ER RRTA Tier 1 Tax are set to Exempt.

### **FFCRA Sick Leave 10 days**

This Custom earning should be used for employer paid sick leave for COVID-19. Full pay for 10 days, maximum per day = \$511, accumulated maximum = \$5,110. You need to set the limits on the employee scheduled earning. Rate Multiplier = 1.0. Both ER OASDI and ER RRTA Tier 1 Tax are set to Exempt.

### **FFCRA FMLA 10 weeks**

This Custom earning should be used for employer paid sick leave for COVID-19. Minimum of 2/3 pay for 10 weeks, maximum per day = \$200, accumulated maximum = \$10,000. You need to set the limits on the employee scheduled earning. Rate Multiplier = 1.0 and can be overridden at company level. Both ER OASDI and ER RRTA Tier 1 Tax are set to Exempt.

## **What Will The Earning Codes Do?**

The new Earning Codes will allow the system to separately track the dollars that should be applied toward the payroll tax credit. When additional reporting guidance is released, the amounts will be easily identified by the system and users.

## **How To Set Up The New Earning Codes**

First, add the new Earning Codes to your company. This can be done by creating a new earning code under *Company Settings > Payroll Setup > Earning Codes*.

The Earning Codes by default will be set with a Rate Multiplier of 1. This will allow any already reduced rates being passed either from TLM or by import to calculate as expected. If the rates coming into Payroll are not already reduced, the Rate Multiplier can be overridden at the company earning code level to the appropriate multiplier.

If you want to pay the employee their full pay in a separate earning code, the *Reduce Base Comp.* can be set to Yes.

**Question**

Roll up Earning FFCRA Family Leave 10 Days

**SETTINGS**

Capture  Amount  Hours  Units

Rate Multiplier 1.0000

Include in Weighted Average Premium Calculation  Amount  Hours

Include in Lookback Period (WAOT)

Use To Store Lookback Result

Include In Actual Hours Worked

Include In SUI Hours

Include Hours In Totals

Include Hours in Washington FLI

Reduce Base Comp. No

Calculate Rate  Rate = Amount / Hours

Is Certified

Is Prior Pay Period Adjustment

Cancel OK

The new earning codes should be marked as Exempt for the employer portion of Social Security and RRTA Tier 1 taxes. The earning codes are custom and after adding the earning codes to the company, all taxes will need to be added. It is **recommended** that all taxes added be set to taxable with the exception of the following:

- Employer Social Security (FICA/OASDI) = Exempt
- Employer RRTA Tier 1\*\* = Exempt

**Tax Settings**

Rows On Page 20 4 Rows Refresh Data [Default] Settings Select Columns

	Company Tax Name	Tax Type	EE Taxability	ER Taxability
	starts with	in FII, FICA, MEDI, FITA	=	=
<input type="checkbox"/>	X OASDI	FICA	Taxable	Exempt
<input type="checkbox"/>	X Federal Income Tax	FIT	Taxable	
<input type="checkbox"/>	X Federal Unemployment Tax	FUTA		Taxable
<input type="checkbox"/>	X Medicare	MEDI	Taxable	Taxable

ADD TAX SETTING DELETE TAX SETTING

**IMPORTANT NOTE:** Prior to using this earning code in a pay statement make sure to confirm all descriptions, taxability, rate multipliers and other required configurations for the company are completed.

\*\*if applicable

## Assigning the Earnings Codes to the Employee

These earning codes need to be added as Scheduled Earnings on any employee that will be paid under the Families First Coronavirus Response Act legislation so the limits can be established and enforced. When the earning is added to the employee's scheduled earning, the Annual Max \$ should be configured. Depending on the type of leave, the Annual Max \$ could be set to \$2,000, \$5,110 or \$10,000.

- FFCRA Family Leave 10 Days – Annual Max \$ = 2,000
- FFCRA FMLA 10 Weeks – Annual Max \$ = 10,000
- FFCRA Sick Leave 10 Days – Annual Max \$ = 5,110

**Scheduled Earning**

Earning: FFCRA Family Leave 10 Days

Begin Date\*: 03/31/2020 End Date:

Priority Sequence: 1

Annual Max \$: 2,000.00

Annualized Target Compensation \$:

Pay Statement Types To Apply To: All Pay Statement Types

**Settings**

EMPLOYEE

Amount: Hours (40.00)

Minimum: N/A

Maximum: N/A

Frequency\*: Every Scheduled Pay  Block Last (3rd or 5th)

## Employee Tax Record Note

You will also need to uncheck *Auto Correct* on the employee's Social Security (OASDI/FICA) tax. This can be found under *Employee Information > Payroll > Tax Setting Widget > Federal record*. With the *Auto Correct* function turned on, the system will attempt to collect the employer portion of Social Security on the next pay statements. This setting needs to remain unchecked for the remainder of 2020.

OASDI (FICA)

EE WITHHOLD	ER WITHHOLD	AUTO CORRECT
Yes	Yes	<input type="checkbox"/>

## Payroll Processing

Once the Annual Max \$ has been reached in a pay statement, the system will trigger a message on the pay statement that the maximum has been reached. Any amounts over the maximum will be discarded. The system will keep the hours and rate as they are, but it will reduce the total dollars in accordance with the annual maximum entered. Employers may pay employees the remaining amount over the credit limit if they wish, but it must be in a separate earning code.

## **Employer Responsibilities**

Daily Limits and Date Ranges are not enforced within the Payroll Earning Codes. It is the customer's responsibility to ensure daily maximums are not breached.

- These limits can be monitored through the Earnings/Deduction/Tax report(s).
- The Tax Wage Detail report can be used to compare tax liabilities and tax credits on the Payroll Recap/Funding Report.