



Hello Clients and Colleagues. How quickly things are changing! Our last blast, on Friday, was about layoff alternatives but here we are three days later facing a six-county shut down of all non-essential services. Our hearts go out to all the businesses affected by this latest announcement, and even more so to the people living in fear or with illness.

Because you may have to be shut down by tomorrow, we thought it made the most sense to send out a group blast about what you're required to do. You are welcome to send this to anyone you think would benefit from the information.

PLEASE NOTE: There is a bill pending in Congress right now directed specifically at **employers with 500 or fewer** employees which could change some of what I've written below. It's passed overwhelmingly in the House and is pending in the Senate. The President has said he will sign off. Here are the relevant details:

SICK LEAVE: Requires employers to provide two weeks of paid sick leave for people who become infected with the coronavirus or have to care for someone who is, as well as people who are quarantined or whose place of work or children's school is closed due to coronavirus. It also would provide a tax credit for businesses and self-employed individuals to cover sick leave.

EMERGENCY FAMILY AND MEDICAL LEAVE: The bill would give employees the right to take up to three months of **PAID LEAVE** from their jobs if they have to quarantine themselves or care for a family member who is quarantined or for a child whose school has been closed. This applies to employers with between 50 and 500 employees. After a 14-day waiting period, employees would get 2/3 of their regular pay while out on virus-related leave.

UNEMPLOYMENT: Provides \$1 billion in grant funding for states to expand unemployment benefits for people who lose their jobs due to the coronavirus outbreak. This is needed beyond belief as our unemployment insurance payouts haven't increased since 2001!

Unemployment Insurance (UI).

Anyone whose hours or pay is reduced is eligible to file for unemployment. This means full unemployment or partial unemployment - they are all eligible to file. It currently maxes out at \$450 per week and

my fingers are crossed that this will change with the passing of the bill mentioned above.

If employees are still working part time, making more than \$600 per week, they are unlikely to qualify for benefits UNLESS YOU FILE A WORK SHARING APPLICATION with the EDD. Work Sharing application here: [Work Sharing Application](#). It's administratively burdensome on the front end but it's good for a year.

DIRECT EMPLOYEES TO FILE FOR UNEMPLOYMENT ONLINE!!! They will not get through on the phone. File claim here: [Unemployment Application](#). At the top of the page, on the left side, there is a link to the Spanish application.

Super important! If you are going to reduce pay, either as a standalone or in conjunction with reducing work hours, you must keep your exempt employees above the minimum salary basis or convert them to hourly employees. If you have 25 or fewer employees, that number is \$49,920. If you have 26 or more employees, exempt employees can't be paid less than \$54,080. Convert these folks to hourly and pay them for the time they work. They can apply for UI for the time they are missing.

Final Checks and Required Paperwork.

Here is what you must give out:

1. This pamphlet from the EDD. [For Your Benefit, California's Programs for the Unemployed](#). This is available in a variety of languages free of charge.
2. Also from the EDD: [Change in Relationship](#).
3. For employers with 20 or more employees: [HIPP Notice](#)
4. Final Check Details. You must include unused, accrued vacation time or PTO with detail as well as detail on the following:
 - Dates included in the paycheck
 - Regular hours and overtime
 - Any sick leave or vacation that was used during the pay period.
 - Federal, state and local income taxes
 - Social Security

- Medicare
- State unemployment insurance
- State Disability Insurance (SDI)

5. Final Paycheck Timing. Unless there is a firm return to work date within the pay period, you can pay on the next regular check run and include the paid vacation.

You can take "usual" deductions like a health insurance premium contribution but you may not deduct any amount representing the unpaid balance of a debt owed by the employee.

SAN FRANCISCO EMPLOYERS: If you have been shut down by the Mayor (as many of you have) you will have to pay out sick time with the final check.

Benefits.

Sick Accruals. KEEP TRACK OF UNUSED SICK ACCRUALS because people returning to their jobs within a year will get their accrued, unused sick time put back into their accrual banks so it makes sense to just let them use the time now.

Health Insurance. Definitely talk with your broker about the specific details of your plan documents. Generally speaking, people can't stay on health insurance if they aren't on payroll which means they are covered through March 31, and then they will need to move to COBRA beginning April 1.

I'm told that carriers will allow mid-term eligibility reductions so if you want to reduce from 30 hours to 20 hours, that's a possibility but you will likely have to honor the reduction until open enrollment.

401(k) Hardship Loans. Are a possibility too and should be discussed with employees as well.

NLS is here to support our clients through this uncertain time. We can assist with planning, paperwork, messaging and more. If you need our help, please call us at 415.876-NEXT.

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