



Monthly Strategies

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Highlights of Employer Impact of The American Rescue Plan Act of 2021

On March 11, 2021, President Joe Biden signed into law the American Rescue Plan Act (ARPA) of 2021 to provide economic relief during the coronavirus pandemic. The \$1.9 trillion Act has several provisions that directly affect employers.

Paid Leave

- While the ARPA does not require employers to provide paid leave for employee absences related to COVID-19, it does extend the tax credit allowed for voluntarily extending FFCRA-like leave from April 1, 2021, through September 30, 2021.
- The tax credits are also available for these additional qualifying reasons for paid leave:
 - The employee is obtaining a COVID-19 vaccination.
 - The employee is recovering from any illness related to receiving the vaccine.
 - The employee is seeking or waiting for test results or a medical diagnosis for COVID-19, or the employer has requested the employee to obtain the same.
- As of April 1, 2021, employers may voluntarily offer another 10 days (up to 80 hours) of paid sick leave to employees and receive a tax credit for doing so. ARPA also resets the 10-day limit for the tax credit for paid sick leave under FFCRA as of April 1. This means any days an employee took before 4/1/21 will not count toward the new cap .
- Employers may now also offer emergency FMLA leave (EFMLA) for all FFCRA-qualifying reasons for leave (i.e., those previously only offered for emergency paid sick leave), including the newly added reasons

above, and receive a tax credit. Previously under the FFCRA, EFMLA was only available for leave needed to care for a child whose school was closed or whose caregiver was unavailable due to COVID-19.

- The first two weeks of EFMLA may now be paid at 2/3 the regular rate of pay (previously unpaid) and eligible for the tax credit. This raises the maximum tax credit limit for EFMLA from \$10,000 to \$12,000 per employee.
- The tax credit will also now only be eligible to those employers who offer this paid leave in a manner that does not discriminate in favor of those employees who are highly compensated, are full-time status or by an employee's years of service. Leave must be offered uniformly to employees.

COBRA

- From April through September 2021, free COBRA coverage is available for employees (and their covered family members) who lost group health insurance due to an involuntary termination or reduction in hours. This subsidy does not apply to those who voluntarily quit their employment.
- Individuals covered by COBRA during this period will not be charged any premiums. Instead, self-insured employers will cover the COBRA premiums and take a dollar-for-dollar tax credit by retaining the amount of payroll taxes equal to the amount of COBRA premiums paid, rather than deposit them with the IRS. For fully insured plans, the credit is claimable by the insurer.
- Within 60 days of April 1, a notice of a special enrollment period must be sent to all eligible participants who have not yet elected COBRA coverage by April 1, or who elected COBRA coverage but then discontinued it. Due to former COBRA election deadline extensions, this group will include those who lost coverage at the start

of the pandemic; however, the duration of COBRA coverage will still be measured from the date of the original qualifying event.

- The Department of Labor will issue model COBRA notices addressing the subsidy, and more guidance is also expected.

Dependent Care Assistance Programs (DCAP)

- The annual limit for DCAP elections in 2021 has increased temporarily from \$5000 per year to \$10,500 (and from \$2500 to \$5250 for those married filing jointly). Employers may voluntarily amend their plan to allow the increase as long as the amendment is adopted by the last day of the plan year.

Unemployment

- The act extends three unemployment programs through September 6, 2021 – Pandemic Emergency Unemployment Compensation (PEUC), the Pandemic Unemployment Assistance (PUA) and the Federal Pandemic Unemployment Compensation (FPUC)/Mixed Earners Unemployment Compensation (MEUC).
- PUA and PEUC are continued at the current \$300-per-week boost to unemployment benefits, and the MEUC is continued at the current \$100-per-week boost.
- For those workers who received unemployment compensation in 2020, the first \$10,200 is now tax-free for households with less than \$150,000 in income.

The Employee Retention Credit

This credit, enacted under the CARES Act, is extended to Dec. 31, 2021. It allows qualifying employers to claim a credit for wages paid to workers they retained on their payroll during the pandemic.

Small Businesses

- New grants for up to \$10 million are available to restaurants and other food and beverage establishments through the Small Business Administration (SBA).
- The Paycheck Protection Program is additionally funded with \$7 billion.

- The Shuttered Venue Operators Grant program.
- An additional \$15 billion will be available for Economic Injury Disaster Loans through the SBA, with priority funding for employers with less than 10 employees.

Pension Plan Relief

- The ARPA includes the Butch Lewis Emergency Pension Plan Relief Act of 2021, which provides extensive funding relief for certain single and multiemployer plans.

National Prescription Drug Takeback Day is April 24, 2021

Need to dispose of old medications? Bring your expired or unwanted prescription, over the counter, or pet medications to the Christiana Hospital SurgiCenter parking lot, located at 4755 Ogletown-Stanton Road Newark, DE 19713 on Saturday, April 24, from 10 a.m. to 2 p.m. for their National Prescription Drug Takeback Day event. All medications will be disposed of in a safe, environmentally friendly way.

Delaware Anti-Sexual Harassment Law Training Requirements

The Delaware law that specifically addresses prohibition against sexual harassment under the Delaware Discrimination in Employment Act (DDEA), requires anti-sexual harassment training requirements for employers, with 50 or more employees in the state, every two years. It is now time to again conduct the mandatory interactive training.

HR Strategies, LLC is available to present interactive training programs consistent with Delaware's training requirements. We can provide the training in-person or virtually. Contact HR Strategies to schedule your organization's required training or schedule individual employees for a live upcoming virtual interactive class.

Contact HR Strategies staff at 302.376.8595 or info@hrstrategies.org if you would like support or would like to learn more about the items in this newsletter. Please contact us if you would like to be removed from our Monthly Strategies mailing list or if you would like for us to add someone to our mailing list.