

THE REA LETTER

Monthly Human Resources and Labor Relations Digest

Memorial Day Holiday

Our office will be closed in observance of Memorial Day, Monday, May 25, 2020. We wish everyone a safe and happy holiday.

COVID-19

Employment Eligibility Document Verification

The Department of Homeland Security (DHS) has recently relaxed I-9 requirements for employers operating remotely. Employers are required to verify an employee's identity and eligibility to work by physically seeing the original documents the individual chooses to present.

Under the relaxed rules, the verification may be completed by video, fax or email.

We recommend the words "COVID-19" be entered in the Additional Information field.

When normal operations begin again, the documents presented should be physically examined or examined in person and the words "documents physically examined" written in the Additional information box in Section 2 together with the name and date of inspection.

Families First Corona Virus Response Act Documentation

Many clients and friends have been or are beginning to issue payments under the Families First Corona Virus Response Act (FFCRA) to employees who have been impacted by COVID-19. As discussed in our April 2020 issue of The Rea Letter, these include payments for Emergency Sick Leave and the expansion of the Family and Medical Leave Act.

The FFCRA provides that employers who are covered under the FFCRA will qualify for a dollar-for-dollar reimbursement through tax credits for all qualifying wages paid to employees under the Act. Qualifying wages are those paid to employees who take leave under the Act for a qualifying reason, up to the appropriate total combined per diem and total combined payment caps.

In order to apply for the tax credits the Department of Labor (DOL) has issued guidance on what documentation is needed when applying.

Below is from the DOL website page with concern to FFCRA questions. We have included a link for your review as well. <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

What records do I need to keep when my employee takes paid sick leave or expanded family and medical leave?

Regardless of whether you grant or deny a request for paid sick leave or expanded family and medical leave, you must document the following:

- The name of your employee requesting leave;
- The date(s) for which leave is requested;
- The reason for leave; and
- A statement from the employee that he or she is unable to work because of the reason.

If your employee requests leave because he or she is subject to a quarantine or isolation order or to care for an individual subject to such an

order, you should additionally document the name of the government entity that issued the order. If your employee requests leave to self-quarantine based on the advice of a health care provider or to care for an individual who is self-quarantining based on such advice, you should additionally document the name of the health care provider who gave advice.

If your employee requests leave to care for his or her child whose school or place of care is closed, or childcare provider is unavailable, you must also document:

- The name of the child being cared for;
- The name of the school, place of care, or childcare provider that has closed or become unavailable; and
- A statement from the employee that no other suitable person is available to care for the child.

Private sector employers that provide paid sick leave and expanded family and medical leave required by the FFCRA are eligible for reimbursement of the costs of that leave through refundable tax credits. If you intend to claim a tax credit under the FFCRA for your payment of the sick leave or expanded family and medical leave wages, you should retain appropriate documentation in your records. You should consult Internal Revenue Service (IRS) applicable forms, instructions, and information for the procedures that must be followed to claim a tax credit, including any needed substantiation to be retained to support the credit. You are not required to provide leave if materials sufficient to support the applicable tax credit have not been provided.

Unemployment Compensation Under the CARES Act

The Coronavirus Aid, Relief and Economic Security (CARES) Act, which was signed into law by President Trump on March 27, 2020 provides workers with extended unemployment compensation relief during the COVID-19

outbreak. Some workers whose hours have been cut by as little as 10% could find themselves eligible to receive a \$600 week federal subsidy in addition to regular unemployment benefits if eligible to receive at least one dollar (\$1) of regular unemployment compensation benefits for any claimed week through July 31, 2020.

This essentially means that the \$600 weekly payout could result in some employees ending up with substantially more income than they would for working, which could present challenges for employers looking to fully resume operations prior to the July 31, 2020 end date.

Employers looking at their options to ensure that employees are not financially affected by the crisis while also balancing operational needs should be careful when evaluating reduced work schedules. For example, in California the weekly unemployment compensation benefit amount is capped at \$450 per week. An individual would be eligible for \$0 in regular unemployment compensation when his or her weekly wages equal or exceed the weekly benefit amount, thus deeming them ineligible for the additional \$600 per week subsidy. In these cases, it could be better for the employee to not work at all to ensure receipt of regular unemployment benefits along with the \$600 weekly payment.

Some employers may want to consider work sharing, which is designed to supplement wages for those whose hours have been reduced and helps employers avoid layoff. Under work share, employers can retain employees, and those employees can still receive partial wages for hours worked in addition to regular unemployment compensation benefits, thus deeming them eligible for the \$600 weekly payment.

For assistance with evaluating staffing options please contact our office.

CONSUMER PRICE INDEX

Consumer Price Index for All Urban Consumers, CPI-U.

The Los Angeles-Long Beach-Anaheim Consumer Price Index (not seasonally adjusted) for March 2020 was 276.589, a 0.7% decrease from February 2020, and a 1.9% increase over the last 12 months.

The United States City Average, Consumer Price Index (not seasonally adjusted) for March 2020 was 258.115, a 0.2% decrease from February 2020 and a 1.5% increase over the last 12 months.

Los Angeles-Long Beach-Anaheim

March	2020	276.589
February	2020	278.657
March	2019	271.311

United States City Average

March	2020	258.115
February	2020	258.678
March	2019	254.202

Consumer Price Index for Urban Wage Earners & Clerical Workers, CPI-W.

The Los Angeles-Long Beach-Anaheim Consumer Price Index (not seasonally adjusted) for March 2020 was 266.964, a 0.7% decrease from February 2020 and a 2.2% increase in the last 12 months.

The United States City Average Consumer Price Index (not seasonally adjusted) for March 2020 was 251.375, a 0.2% decrease from February 2020 and a 1.5% increase in the last 12 months.

Los Angeles-Long Beach-Anaheim

March	2020	266.964
February	2020	268.938
March	2019	261.278

United States City Average

March	2020	251.375
February	2020	251.935
March	2019	247.768

All Consumer Price Indexes are based on 1982-1984.

HUMAN RESOURCES PICTURE

California Employment

The California seasonally adjusted unemployment rate for March 2020 was 5.3% for the month.

Los Angeles Employment

The Los Angeles seasonally adjusted unemployment rate increased over the month to 6.3% in March 2020 from a revised 4.3% in February 2020 and was below the rate of 4.6% one year ago.

National Employment

The national unemployment rate for March 2020 rose to 4.4%. Job sectors showing notable declines for the month included leisure and hospitality food services and drinking places, health care and social assistance, professional and business services, retail trade, and construction.

National Wage and Hours

Real average hourly earnings for all employees increased 0.8% from February to March, seasonally adjusted. This stems from 0.4% increase in average hourly earnings, combined with a 0.4% decrease in the CPI-U.

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The best expression of appreciation we can receive is an introduction by a satisfied client to a colleague or friend who may also benefit from our services.