

# Understanding payroll earnings codes

## Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief and Economic Security (CARES) Act

Updated 4/16/2020



In response to the impacts of COVID-19, new legislation has been enacted to help businesses and their employees. The Families First Coronavirus Relief Act (FFCRA) provides employers with fewer than 500 employees paid family leave and paid sick leave that they can offer employees unable to work (or telework) and who meet specified conditions related to COVID-19. The Coronavirus Aid, Relief and Economic Security (CARES) Act provides qualified employers access to funds that can help provide financial relief during these unprecedented times.

ADP® has created tools and resources to support clients that need to pay emergency paid sick leave and expanded FMLA in accordance with FFCRA, and help track employee wages that may be eligible for the Employee Retention credit under the CARES Act. **We have added additional payroll earnings and memo codes to assist in the tracking and payment of wages to these impacted employees:**

### Families First Coronavirus Response Act (FFCRA) *For leave taken between April 1 – December 31, 2020*

#### Families First ER Health Credit

The amount paid by an employer to maintain group health insurance coverage on wages paid under Families First Emergency Paid Sick Leave Act.

#### Families First FMLA ER Health Credit

The amount paid by an employer to maintain group health insurance coverage on wages paid under Families First Emergency FMLA Expansion Act.

#### Families First FMLA Expansion

The amount paid to eligible employees under the Family First Emergency FMLA Expansion Act, for time off to care for children if their school or place of care has been closed. Eligible employees (employed for at least 30 calendar days) are entitled to up to 12 total weeks of job-protected leave, the first two weeks may be unpaid with the remaining weeks paid.

#### Families First Employee Pay

The amount paid to employees who take time off under the Emergency Paid Sick Leave Act because the employee is subject to a federal, state or local quarantine or isolation order related to COVID-19; the employee has been advised by a healthcare provider to self-quarantine; or the employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

#### Families First Family Care Pay

The amount paid under the Emergency Paid Sick Leave Act to employees who take time off to care for an individual on quarantine/isolation/self-quarantine or to care for a son or daughter whose school or place of care is closed. Both full & part-time employees, regardless of how long they have been employed by their current employer, are entitled to leave under the Emergency Paid Sick Leave Act.

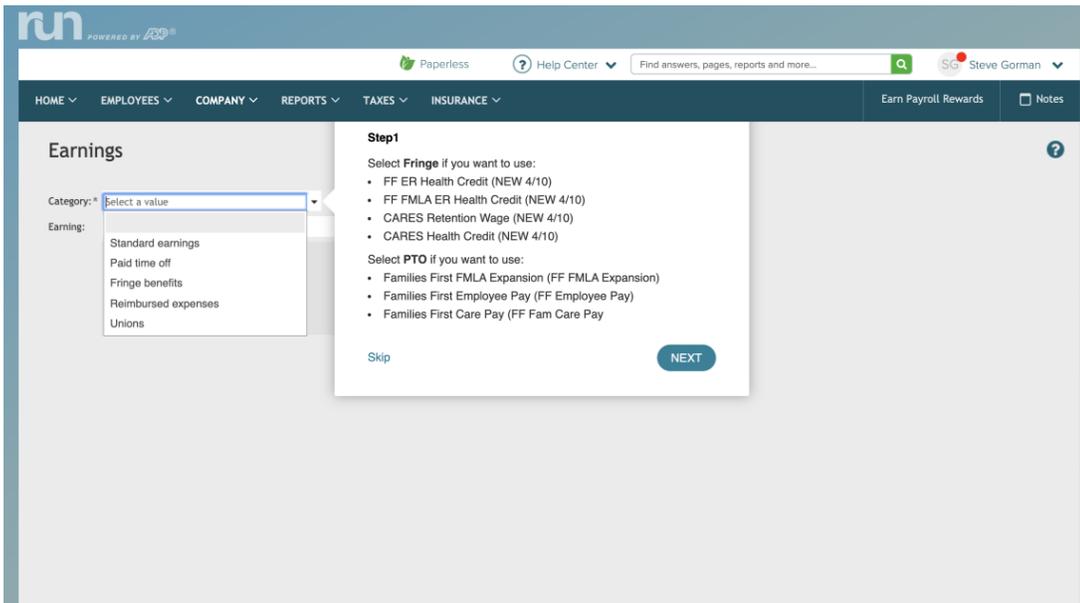
### Coronavirus Aid, Relief & Economic Security Act (CARES) *For wages paid between March 13 – December 31, 2020*

#### CARES Retention Wage

The non-payable amount used to report the full amount of qualified employee wages for the Employee Retention Credit under the CARES Act. While the full amount needs to be recorded, the credit will be for 50% of this amount. CARES Retention Wages and CARES Health Credit combined cannot exceed \$10,000 per employee. Wages under the standard FMLA are ineligible for this credit.

#### CARES Health Credit

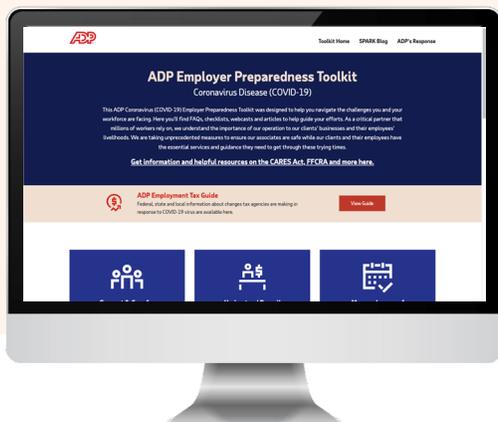
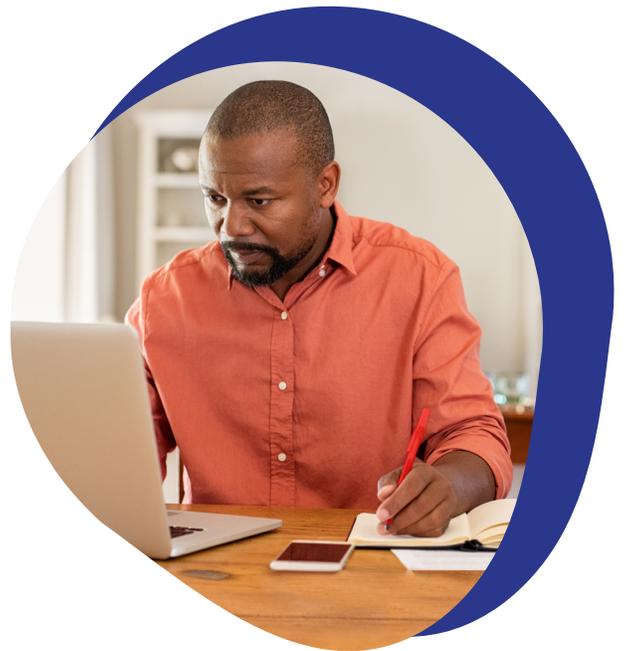
The non-payable amount of qualified health plan expenses that are allocated to the employee wages for the Employee Retention Credit under the CARES Act. While the full amount needs to be recorded, the credit will be for 50% of this amount. CARES Retention Wages and CARES Health Credit combined cannot exceed \$10,000 per employee.



*RUN Powered by ADP® view of earnings setup. Earnings setup experience may vary based on your ADP platform, and may change over time. Log in to your ADP platform to access the most current information.*

**Payroll earnings and memo codes can vary by solution and are being updated on an ongoing basis. Log in to your ADP solution for the latest updates.** Depending on your configuration, additional PTO policies and time codes may also be available. Please log in to your ADP solution for more details to help you navigate the setup of these earnings codes. ADP will adjust as needed, based on guidance from the U.S. Treasury Department on additional credits for amounts paid under these earnings, including credits for certain specified health expenses.

An employer may not be able to apply to more than one program at a time and will need to independently assess which of these options is best for their circumstances. We encourage you to speak to your accountant or trusted advisor for additional guidance.



Visit our **[COVID-19 Employer Preparedness Toolkit](#)** to stay up-to-date with the latest information and guidance to assist you during this time. ADP takes compliance very seriously and prides itself on remaining at the forefront of regulatory changes on behalf of our clients. Our team of experts will work swiftly to implement any necessary changes in our adaptable technology, so you can act with confidence.

