

# American Rescue Plan (ARPA)

The American Rescue Plan (ARPA) was signed into law on March 11, 2021, to provide economic relief in response to the pandemic. The new law extends or modifies several economic assistances from previous coronavirus-related legislation.

**Employer Credit for Paid Sick Leave and Family Leave (FFCRA):** FFCRA mandatory leave expired 12/31/2020 but became optional for eligible employers effective January 1st, 2021.

ARPA expands the scope of the refundable payroll tax credits for emergency paid sick leave and expanded family leave (EPSL and EFMLA), enacted in the Families First Coronavirus Response Act (FFCRA), for leaves taken through September 30, 2021.

## Highlights of the Provision:

- Eligible employers may continue to offer EPSL and EFMLA voluntarily to their employees.
- The EPSL bank of 80 hours and EFMLA bank of 12 weeks of leave reset on April 1, 2021. For example, someone who exhausted their 80 hours will have a new 80 hours available effective April 1.
- ARPA mandates an employer cannot claim credits if paid leave favors highly compensated employees, full-time employees, or discrimination based on how long employees have worked for the employer.
- Three additional qualifying reasons that pay at 100% of the employee's daily wages (up to a maximum of \$511 per day) have been added to include when the employee is:
  - Getting a COVID-19 vaccine.
  - Recovering from complications due to receiving the vaccine.
  - Awaiting test results or diagnosis (clarification from previous relief bills).
- ARPA expands the EFMLA to allow for all the qualifying reasons for which EPSL leave may be used.
- For EFMLA, the 10-day unpaid waiting period is now eliminated, meaning the entire 12 weeks of EFMLA is paid.
- The EFMLA rate of pay continues to be 2/3 of the employee's daily wages, up to \$200/day (regardless of qualifying reason).
- Beginning April 1, the paid leave credits will be structured as a refundable payroll tax credit against the Medicare tax. \*The IRS has been tasked with providing additional guidance.\*
- For an employer to claim the available tax credits, the employer must comply with all obligations previously outlined in the FFCRA regarding the payment of EPSL and EPFL, job protection and restoration, and non-retaliation.

We will publish updates on our COVID-19 Resource page if the IRS or DOL provides guidance.

## Paycheck Protection Program (PPP) Modifications:

- The ARPA provides increased funding of an additional \$7.25 billion in PPP funds.
  - The extension keeps the PPP loan program open through June 30.
  - The ARPA expanded eligibility to more not-profit organizations.
- If you have questions regarding the PPP loan process, please contact your lender for additional information. My HR Professionals can provide you with payroll reports upon request.

## The Restaurant Revitalization Fund (RRF):

- ARPA established \$28.6 billion RRF for some bars, restaurants, and other venues that closed during the pandemic. The Small Business Administration (SBA) will administer the fund, but no official launch date has been set. Those interested in obtaining RRF grants should keep a close eye on the [SBA's COVID-19 relief options](#).
- Additional information can be found through this [link](#).

## The Employee Retention Tax Credit

ARPA extends the employee retention credit through the end of 2021. Expands eligibility for the credit to new startups that were established after February 15, 2020.

## Dependent Care Flexible Spending Accounts

Employers may increase the limit on a Dependent Care FSA from \$5,000 to \$10,500. The higher limits apply to the plan year beginning after December 31, 2020, and before January 1, 2022.

## Extended Unemployment Benefits

- Pandemic Emergency Unemployment Compensation (PEUC), Pandemic Unemployment Assistance (PUA), and Federal Pandemic Unemployment Compensation (FPUC)/Mixed Earners Unemployment Compensation (MEUC) extended through Sept. 6, 2021.
- PUA and PEUC Benefits remain at \$300 weekly supplement to unemployment benefits.
- MEUC benefits remain at the \$100 weekly supplement to unemployment benefits.
- For those who received unemployment in 2020, the first \$10,200 in unemployment benefits will be tax-free for households earning up to \$150,000.
- The ARPA also continues the PUA for self-employed and other workers who do not qualify for state unemployment benefits.
- Gives additional weeks of state benefits to people who have been unemployed long-term.

## COBRA Premium Subsidy

The ARPA established a subsidy to pay 100% of eligible COBRA insurance premiums for laid-off workers and covered relatives from April 1 through September 30, 2021, allowing them to stay on their company-sponsored health plan. Employers are required to update COBRA notices—describing the premium subsidy to all eligible individuals. Federal agencies must provide a model notice within 30 days of enactment. ARPA also requires employers to provide a special enrollment period to terminated workers eligible for assistance and who did not elect COBRA coverage by April 1 or who elected COBRA coverage but then discontinued it. The special enrollment period starts April 1 and ends 60 days after the COBRA notification date.

Employers can claim a refundable tax credit against their Medicare payroll tax liability for the premiums' cost. The subsidies are no longer available once an individual becomes eligible for coverage under another plan. If you are a benefits admin client with My HR Professionals and your company is subject to COBRA, you will receive additional information in the coming days.

For additional information go to:

<https://www.congress.gov/bill/117th-congress/house-bill/1319/text>  
<https://home.treasury.gov/system/files/136/Fact-Sheet-03-18-21.pdf>