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# Public Policy Breaking News – COVID-19 and Capitol Hill

ACA Webinar  
March 20, 2020

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# COVID-19: Federal Impact

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March 20, 2020



# About This Presentation

## **Lawmakers are moving quickly on policies to address the coronavirus pandemic**

- The first coronavirus response law (Public Law 116-123) provided \$8 billion for health and international programs and made \$7 billion in small business loans available
- A second package (H.R. 6201) provided paid leave, tax credits, expanded unemployment and nutrition assistance, and free testing
- The White House issued an emergency declaration, imposed travel restrictions

## **A third legislative response is underway in Congress, administration**

- Could include tax breaks or other aid for affected industries, cash to Americans, small business support
- Treasury Secretary Steven Mnuchin is planning \$1 trillion ++ package

# First Package Provided \$8 Billion

## **Public Law 116-123, enacted on March 6, provided \$6.5 billion for the Health and Human Services Department**

- \$3.4 billion for Public Health and Social Services Emergency Fund
- \$2.2 billion for Centers for Disease Control and Prevention
- \$836 million for National Institutes of Health
- \$61 million for the Food and Drug Administration
- Waived Medicare telehealth restrictions, which CBO estimated would increase mandatory spending by \$490 million

## **Provided \$1.25 billion for State Department and USAID**

- Includes funds for global health programs, humanitarian and health assistance, diplomatic operations, evacuation and emergency preparedness costs

## **Enabled Small Business Administration to provide about \$7 billion in disaster loans**



# Paid Leave Anchors Second Package

## **H.R. 6201 created emergency paid leave programs to respond to the outbreak**

- Private sector employers with fewer than 500 workers, government entities would have to provide as many as 12 weeks of partially paid family leave under the FMLA to care for a child whose school or day care has closed
- Employers also would have to provide full- and part-time workers with two weeks paid sick time, including for a quarantine order or to care for another affected individual
- Labor Department could exempt small businesses with fewer than 50 workers from the paid leave requirements

## **Paid leave would be financed through tax credits**

- Refundable tax credits for employers to cover costs under the bill's sick leave and family leave programs
  - Would include amounts employers pay for a worker's health insurance plan
  - Similar refundable credit for self-employed workers

## **House Democrats want third coronavirus relief package to expand the scope and length of family and sick leave, according to Speaker Nancy Pelosi (D-Calif.)**

# Measure Includes Emergency Leave Programs

## Refundable Tax Credits Would Finance Paid Leave

	Family Leave	Sick Leave
Covered employer	Private sector employers with fewer than 500 workers and government entities	Private sector employers with fewer than 500 workers and government entities
Qualifying circumstances	Caregiving for child younger than 18 whose day care or school closed	Quarantine, medical diagnosis, caregiving for another quarantined individual or for child whose day care or school closed
Length of leave	As many as 12 weeks	Two weeks for full-time workers and similar equivalent for part-time workers
Benefit amount	Unpaid for first 10 days, then at least two-thirds of a worker's normal pay rate, capped at \$200 per day or \$10,000 total.	Normal wage or minimum wage, whichever is greater, capped at \$5,110 for a worker's quarantine or diagnosis. Caregiving benefit would be two-thirds of normal or minimum wage, capped at \$2,000.
Employer tax credit	Covers wages of as much as \$200 per day or \$10,000 total	Covers daily wages of as much as \$511 for affected employee, or as much as \$200 for employee caring for someone else
Self-employed tax credit	The lesser of \$200 per day or 67% of average daily self-employment income	The lesser of \$511 per day or average daily self-employment income for affected individual, or the lesser of \$200 or 67% of average daily self-employment income if caring for someone else

Note: Family leave includes job-protected leave under the Family and Medical Leave Act  
Source: Modified H.R. 6201 sent to the Senate



# Jobless Benefits for Workers Set to Increase

**Joint federal-state unemployment insurance program generally provides income support for as long as 26 weeks to workers who have been involuntarily laid off**

- Doesn't cover workers who are self-employed, quit voluntarily, or fired for misconduct

**H.R. 6201 would provide:**

- As much as \$1 billion for states to process and pay unemployment benefits to workers affected by coronavirus outbreak
- Full federal funding for extended benefits in states with rising unemployment
- Flexibility for states to modify requirements for job searches and payment waiting periods (this is happening now)

**Labor Department clarified that states can make other changes under current law to cover workers who are quarantined or leave their jobs due to Covid-19**

# National Emergency Frees Up Federal Aid

## **Trump issued a national emergency declaration March 13 under the Stafford Act**

- Frees up \$50 billion in disaster relief funds for state, territorial, and local governments
- Trump also invoked the Defense Production Act on March 18 to increase supply of masks and protective equipment
- Trump may declare major disaster next to authorize even more federal aid, including for health-care infrastructure

## **National emergency declaration allows FEMA to provide broad assistance, and other agencies to take actions not otherwise authorized by federal statute**

- HHS can enable telehealth, allow doctors to practice across state lines, waive restrictions on stays in critical hospitals and nursing homes
- States can adjust their Medicaid and CHIP eligibility and coverage
- FEMA has been coordinating testing with states

## **Other emergency executive actions include:**

- Education Department will waive student loan interest, although borrowers' monthly payment rates won't change
- Transportation Department waived trucker hours of service rules



# Administration Requests Additional \$46 Billion

## **The Trump administration requested more fiscal 2020 funding, including:**

- \$17.7 billion for Veterans Affairs and other civil defense programs
  - Includes \$13.1 billion for medical services account, \$2.1 billion for community care
- \$11.5 billion for the Health and Human Services Department
  - Includes \$5.3 billion for the Public Health and Social Services Emergency Fund to support vaccines and medical supply procurement, \$3.4 billion for the CDC
- \$8.3 billion for the Defense Department
- \$3.2 billion for Homeland Security
- \$3 billion for a new unanticipated needs account at OMB

## **White House also adjusted its fiscal 2021 budget to request extra funds, including:**

- \$1.3 billion for various CDC programs
- \$439.6 million for the NIH for vaccine development and other applied research



# Tax Breaks, Cash Payments Eyed as Stimulus

## **Trump directed the IRS to delay some tax deadlines**

- Said it would inject \$300 billion of liquidity into the economy
  - Up to \$1,000,000 individual or pass through can delay tax payments for 90 days

## **Members of both parties have discussed direct cash payments to individuals**

- Ranging from \$1,000 to \$6,000, possibly limited by income and family size

## **Trump has called for a temporary payroll tax cut or suspension for employees and employers**

- The 12.4% tax, equally split between employees and employers, funds Social Security
  - An additional 2.9% tax funds Medicare

## **Small business loans and grants eyed to help small businesses bridge the gap:**

- Eligible for businesses with less than 500 employees
- Loans that are used to keep employees on payroll during a business closure would be forgiven
- Measures included to expedite the funding of the loans.

# Airlines, Airports, Transit Ask for Help

## **Several transportation industries seek government aid**

- Airlines asked for \$58 billion in grants, loans, tax aid
- Public transit systems asked for \$12.9 billion
- Airports asked for \$10 billion

## **Congress and the White House discussed airline tax relief or loans**

- Airport Improvement Program grants for airports also floated
- Lawmakers from both parties support relief for industry but may impose conditions

## **FAA waived requirement that airports use at least 80% of their slots at major airports**

Note: FAA – Federal Aviation Administration

Sources: "Airline Aid Focus of Discussions in White House, Congress," Bloomberg; Airlines for America memo; FAA news release; "U.S. Airports Request \$10 Billion From Federal Government," Bloomberg Government; "Key Senator Supports Airline Bailout in Response to Coronavirus," Bloomberg News; "U.S. Public Transit Group Asks Congress for \$12.9B in Virus Aid," Bloomberg News; "Virus 'Worse Than 9/11' for Airlines," Bloomberg Government



# Lawmakers Look to Support Small Business

**\$7 billion in loans made available under Public Law 116-123**

**Senate Small Business and Entrepreneurship Chairman Marco Rubio (R-Fla.) plans to introduce a measure to boost SBA assistance, including:**

- Increasing 7(a) loan authorization by \$50 billion, from \$30 billion in fiscal 2020
- Allowing 7(a) loans to be used for payroll and paid leave
- Allowing the SBA to guarantee 90% of 7(a) loans, instead of 85% for loans of as much as \$150,000 and 75% for larger loans
- Increasing the limit on express loans to \$1 million, from \$350,000
- Waiving requirement that disaster loan applicants show they can't get credit elsewhere

**Democrats on the committee are planning their own approach**

- Includes flexibility for 7(a), 504 long-term loans, and community advantage programs

Note: The 7(a) loan program is SBA's primary mechanism to assist small business. SBA – Small Business Administration

Sources: Senate Small Business and Entrepreneurship Committee news releases from Chairman Rubio and ranking member Ben Cardin (D-Md.); Small Business Administration fiscal 2021 budget justification



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