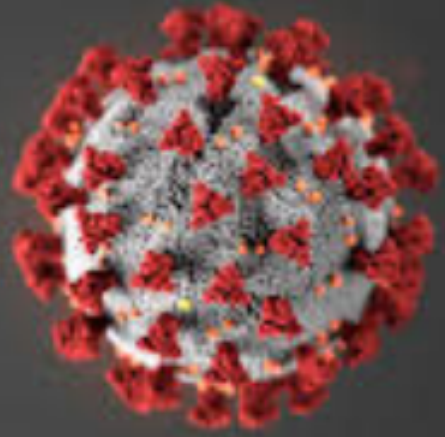


COVID-19 Legislative Update

U.S. Rep. Rodney Davis (IL-13)



March 27, 2020

PHASE I

HR 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act – President Trump signed this into law on March 6.

- **Provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak**
 - \$4 billion to develop testing, therapies, and vaccines.
 - \$1 billion State set-aside for surveillance, testing, and containment, of which Illinois has received \$23.3 million.
 - \$500 million to purchase Personal Protective Equipment (PPE).
 - \$100 million for Community Health Centers to purchase PPE, test and treat coronavirus patients, and expand telehealth capabilities.
 - Authorizes the Small Business Administration (SBA) to provide Economic Injury Disaster Loans which are now available to small businesses in Illinois.
 - Maximum of \$2 million/business to be repaid over a maximum of 30 years at 3.75% interest – you have cosigned a letter to SBA requesting this interest rate be 0%.

PHASE II

HR 6201, the Families First Coronavirus Response Act – President Trump signed this into law on March 18.

- **Ensures the Federal government is partnering with the private sector to achieve free medical diagnostic testing for COVID-19**

- **Provides states with a 6.2% Medicaid FMAP increase for all medical services for the duration of the emergency**
- **Provides Paid Sick Leave and Expands FMLA protections, both backed by a payroll tax credit**
 - These provisions are effective starting April 1, 2020, and apply to leave taken between April 1, 2020, and December 31, 2020.
 - Employers with 500 or less employees must offer up to 2 weeks paid leave.
 - Ill or quarantined employees receiving 100% pay rate (\$511/day cap), those taking care of others receiving 66% pay rate (\$200/day cap).
 - Employers with 500 or less employees must grant FMLA leave for an additional 10 weeks to employees at home caring for a child – at 66% pay rate (\$200/day cap).
 - The Department of Labor (DOL) can issue waivers for companies with fewer than 50 employees.
 - Regulations expected shortly from DOL on process.
- **Provides \$1 billion in emergency assistance to states to bolster unemployment insurance**
 - Provides \$500 million to States for staffing, tech, and administrative purposes, and \$500 million in emergency grants for states who see a 10% increase or more in Unemployment.
- **Nutrition Provisions**
 - Provides \$500 million for WIC, \$400 million for TEFAP and \$250 million for the Senior Nutrition Program.
 - Ensures students home from school can still receive free/reduced meals.

PHASE III

H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act – Expected to be signed into law this week.

- **SBA Payment Protection Loans**
 - Provides \$350 billion to create a new Payment Protection Loan program which provides loans to small businesses and 501(c)(3)'s with less than

500 employees, sole proprietors, independent contractors, and self-employed individuals.

- These loans are 100% backed by the federal government with an interest rate of 4%.
- Loan amounts will be based on 2.5 times the average monthly payroll of the business or \$10 million, whichever is less.
- Lenders are given delegation authority meaning these loans can be in the hands of small businesses without time consuming SBA authorization.
- The program provides for automatic deferral of principal, interest, and fee payments for the first six months.
- Amounts used to cover payroll costs, mortgage interest payments, rent, and utility bills over an 8-week period will be forgiven if the business retains employees
 - Forgiveness is reserved for employers that maintain payroll continuity from February 15, 2020 through June 30, 2020.
 - Flexibility is granted for businesses to rehire individuals already laid off and still be eligible.
 - Failure to maintain payroll continuity does not immediately disqualify forgiveness, instead, if employee numbers decrease the forgiven amount is reduced proportionally based on the prior year's headcount.
 - Businesses will work with lenders to establish that it met payroll requirements, at which time the federal government will purchase the loan.
- For franchisees in the hospitality and food industries, the loan is available at the store/location level – allowing more small businesses to qualify.
- Individuals who have received an SBA Economic Injury Disaster loan may refinance into this new program.

- **Unemployment Insurance**

- Creates the temporary Pandemic Unemployment Assistance program to provide federal unemployment coverage for individuals traditionally not eligible for unemployment assistance
 - Includes self-employed and independent contractors

- Available through December 31, 2020 to individuals unable to work due to the Coronavirus.
 - Calculated based on each state's average unemployment benefit.
- Pays states to cover 50% of the costs incurred through December 31st, 2020 for expenses related to providing unemployment benefits to government, nonprofit, and tribal workers.
- Provides an additional \$600/week to individuals receiving unemployment insurance or payments under the Pandemic Unemployment Assistance program – up to 4 months.
- Individuals who have exhausted state unemployment benefits, are eligible for an additional 13 weeks of federal benefits.

- **Economic Stimulus**

- Up to \$1,200 in economic recovery checks to individuals (\$2,400 for joint filers) with an additional \$500/dependent.
 - Income eligibility based on 2019 returns if filed, or 2018 if unfiled:
 - Individuals with AGI below \$75,000 are eligible for \$1,200.
 - Joint Returners with AGI below \$150,000 are eligible for \$2,400.
 - Phases out above these thresholds until eliminated at \$99,000 for individuals and \$198,000 for joint returners.
- Waives the 10% early withdrawal penalty for distributions from qualified retirement accounts (up to \$100,000) to cover coronavirus-related expenses.
- Waives the required minimum distribution rule for 2020.
- Permits a 2020 \$300 above-the-line deduction for charitable donations.
- Incentivizes businesses to pay down student-debt by providing a tax-free benefit (up to \$5,250) for both the employer and employee.
- Provides a refundable payroll tax credit for businesses equal to 50% of wages (up to \$10,000/employee) paid during the COVID-19 crisis.
 - Ineligible for credit if receiving assistance through SBA.

- **Healthcare**

- \$100 billion for hospitals to keep their doors open to cover cancelled elective operations and declining visits unrelated to coronavirus.
- \$1.32 billion for community health centers.

- Expands Health Savings Accounts (HSA) to cover telehealth services related to COVID-19, and HSA and Flexible Spending Accounts for over-the-counter products.
- Allows Medicare reimbursement for telehealth services provided by Federally Qualified Health Centers and Rural Health Clinics during the COVID-19 response period and allows for reimbursement when seen by a new doctor.
- Increases Medicare reimbursement for COVID-19 patients by 20%.
- Extends Community Health Center funding through November 20, 2020.

- **Education**

- Defers federal student loan payments for 6 months (through September 30, 2020).
- Provides \$30.9 billion to create an Education Stabilization Fund to assist elementary, secondary, and higher education institutions.

- **Economic Stabilization Fund**

- Provides \$500 billion to the Treasury Department to assist severely distressed industries through loans.
 - Includes a \$25 billion set-aside for passenger air carriers, \$4 billion set-aside for cargo air carriers, \$17 billion for businesses vital to national security, and \$454 billion for other industries.
 - Loans under this program are reserved for businesses unable to receive lending through other means and limited to a 5-year maximum life. Additionally, businesses accepting loans must retain at least 90% of their workforce (as of March 24, 2020) through September 30, 2020 and must be a U.S. domiciled business.
 - Businesses that accept assistance are prohibited from buying back stock and increasing the compensation of employees making more than \$425,000.
 - Prohibits businesses from receiving assistance if anyone owning a 20% interest in the business is the President, VP, head of an

executive branch department, Member of Congress, or any such individual's spouse, children, or son/daughter-in-law.

- Provides \$25 billion in grants to passenger air carriers, \$4 billion for cargo air carriers, and \$3 billion for airline contractors, to cover employee wages, salaries, and benefits.
 - Prohibits stock buy backs through September 30, 2020, and freezes compensation for employees earning over \$425,000 for two years.
 - Provides the Secretary of Treasury the ability to collect stocks and other such financial instruments in lieu of payment for the grants.

- **Coronavirus Relief Fund**

- Provides \$150 billion for State and Local governments through direct payments to cover expenses related to COVID-19.
- Amounts/State based on the state's relative population but no less than \$1.25 billion.

Federal Assistance to Illinois

- **Illinois has either received, or will receive shortly, the following list of PPEs from the Centers for Disease Control (CDC) Strategic national Stockpile**
 - N95s – 246,860
 - Surgical Masks – 588,066
 - Face Shield – 111,978
 - Surgical Gowns – 91,299
 - Coveralls – 467
 - Gloves – 325,082
 - Ventilators - 300
- **The Department of Health and Human Services (HHS) has provided nearly \$3.7 million to Community Health Centers as appropriated by Phase I legislation.**
- **HHS has provided nearly \$28 million to the State to contain the spread of COVID-19 as appropriated by Phase I legislation.**

