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# PANDEMIC RELIEF: FEDERAL RESPONSE

THURSDAY, MAY 21, 2020

National Black Caucus of State Legislatures



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## Where are we now?

- House just passed \$3 trillion relief package—Heroes Act (H.R.6800); minimal chance of enactment in its current form
- Four massive measures have been enacted:
  - Phase 1— P.L. 116-139 provided more than \$480 billion for small business loans, hospitals, and virus testing
  - Phase 2—P.L. 116-136 provided more than \$2 trillion to support the government’s response and help businesses and individuals hurt by the economic downturn
  - Phase 3— P.L. 116-127 provided paid leave, tax credits, expanded unemployment and nutrition assistance, and free testing
  - Phase 3.5—P.L. 116-123 provided \$8 billion for health and international programs



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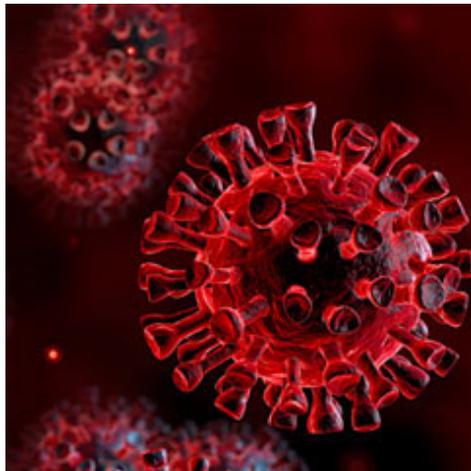
# COVID-19 Federal Legislation

**March 6 - Round 1**

**\$8.3 billion - Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020**

**March 18 – Round 2**

**Families First Coronavirus Response Act**



**March 27: Round 3**

**\$2.2 trillion - Coronavirus Aid, Relief, and Economic Security Act or the CARES Act**

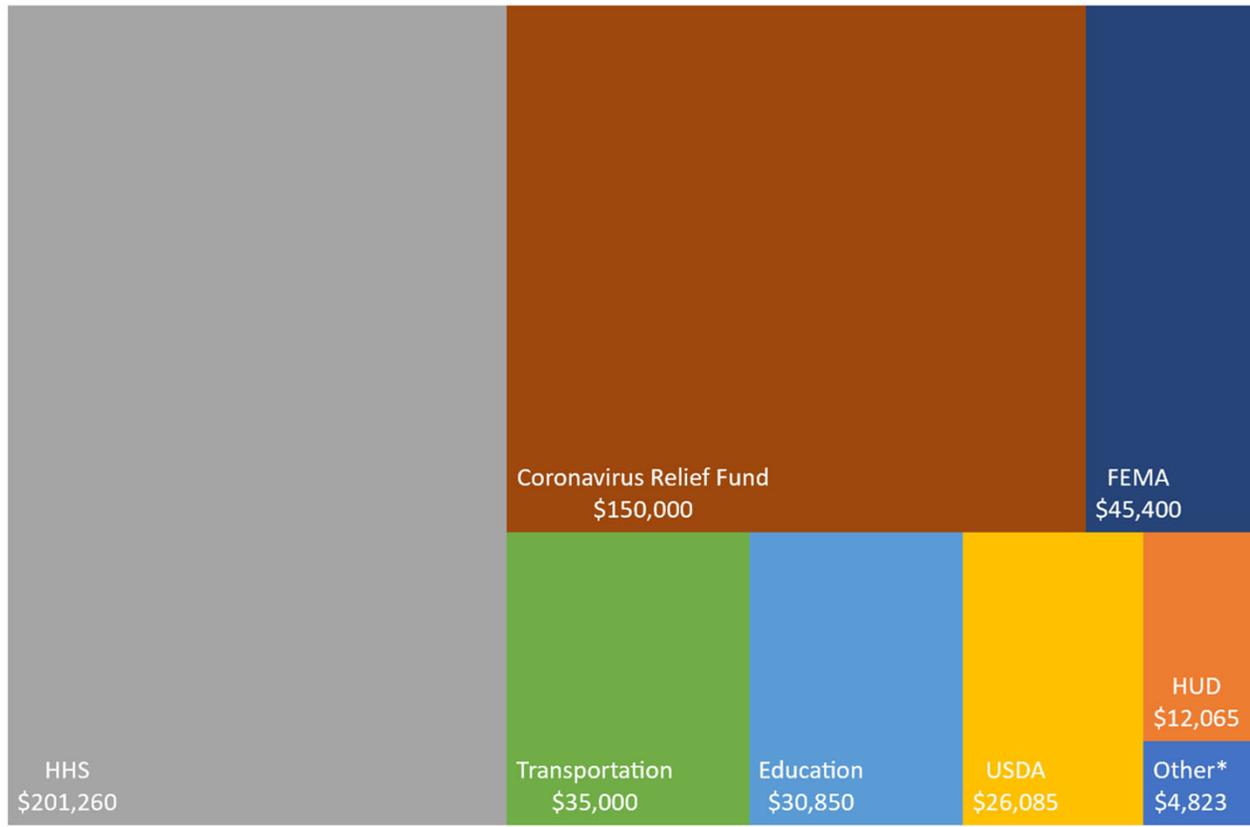
**April 21: Round 3.5**

**\$484 billion - Paycheck Protection Program and Health Care Enhancement Act**



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Coronavirus Funding for States  
(\$ in millions)



\* Includes Interior, Independent Agencies, Justice, Labor, and Commerce

Source: Federal Funds Information for States, May 2020

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## Flexibility for States

- Select Matching Funds Waived
- Transit Funding
- Governor's Education Relief Fund
- FMAP (in Families First not CARES)



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## Phase 1--Provided \$8 billion in Emergency Funds

- Coronavirus Preparedness and Response Supplemental Appropriations Act March 6, provided \$6.5 billion for HHS
  - \$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
- The measure also:
  - Enabled SBA to provide about \$7 billion in disaster loans
  - Waived Medicare telehealth restrictions

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## Phase 2--Anchored by Paid Leave

- Families First Coronavirus Response Act (FFCRA) signed March 18, created paid leave programs
  - Employers with fewer than 500 workers, government entities must provide as many as 12 weeks of partially paid family leave under FMLA to care for a child whose school or day care has closed
  - Employers must provide two weeks of sick time to full- and part-time workers
  - Leave provisions would run through Dec. 31
- Paid leave is financed through refundable employer tax credits
  - Includes employer health insurance premium costs
  - Similar refundable credit for self-employed workers



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## Phase 2--Other Highlights

- Unemployment insurance
  - Provided as much as \$1 billion for states to pay unemployment benefits
  - Included full federal funding for states with increasing unemployment
- Nutrition
  - Provided \$500 million for WIC, \$400 million for the Commodity Assistance Program, and \$100 million in grants for nutrition assistance in territories
  - Waived federal work requirements for SNAP eligibility
- Health
  - Increased Medicaid funding by 6.2%
  - Required coverage of tests and related services without cost-sharing
  - Provided \$1 billion to reimburse provider costs for testing uninsured

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## Phase 3--\$2 Trillion in Relief/Stimulus

- Coronavirus Aid, Relief, Economic Security (CARES) Act enacted March 27, includes:
  - \$500 billion for loans and assistance to companies and state and local governments
  - \$349 billion in low-interest small business loans with potential forgiveness (PPP)
  - Payments of as much as \$1,200 for individual taxpayers, and \$500 per child
  - An additional \$600 per week for those receiving unemployment benefits
  - \$150 billion for aid to state, local, and tribal governments
  - A suspension of Medicare sequestration through the end of the year; extension of several health programs until December
- The law's \$340 billion in supplemental appropriations includes:
  - \$140 billion for the Health and Human Services Department
  - \$46 billion for the Homeland Security Department
  - \$36 billion for the Transportation Department



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## Phase --Coronavirus Relief Fund (CRF)

- Provides \$150 billion in Coronavirus Relief Fund (CRF) to states, territories, local and tribal governments to use for expenditures incurred due to the public health emergency with respect to COVID-19 in the face of revenue declines, allocated by population proportions.
- Distribution is based on population. No state shall receive a payment for fiscal year 2020 that is less than \$1.25 billion.
- 45% of a state's funds are set aside for local governments, with populations that exceed 500,000, with certified requests to the U.S. secretary of Treasury.



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## Phase 3--Coronavirus Relief Fund (CRF)

- Funds can be used for costs that:
  - Are necessary expenditures incurred due to COVID-19.
  - Were not accounted for in the budget most recently approved as of the date of enactment of this section.
  - Were incurred during the period that begins March 1, 2020, and ends Dec. 30, 2020.
  - No lost revenue!

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## Phase 3--Coronavirus Relief Fund (CRF)

- Guidance released 22 April, updated FAQ 4 May
- Still no flexibility of funds to be used for revenue shortfalls
- More clarification/confirmation of expenses
  - Cash flow loan
  - Funds for emergency legislative sessions
  - Loans to small businesses

## CARES Act Tax Revisions--\$591 Billion Over a Decade

Major Tax Provisions	Description	10-year cost
Payments to individuals	Up to \$1,200 each, \$500 per child	\$292.4B
Noncorporate loss deduction	Modified limits from 2017 tax overhaul	169.6
Employee retention credit	50% of certain employer wage costs	54.6
Net operating loss deduction	No income limit, 5-year carryback allowed	25.5
Interest deduction	Limited to 50% of income instead of 30%	13.4
Payroll tax	Deferred until 2021 and 2022	12.3
Retirement plan minimum distribution rules	Waived for 2020	4.5
Aviation taxes (passenger, cargo, kerosene)	Suspended for 2020	4.3
Retirement plans	Temporary withdrawals, loan changes	2.6
Above-the-line charitable deduction	\$300 for filers who don't itemize	1.6
Charitable contribution deduction	Allowed against a larger share of income	1.1

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## Phase 3--Treasury Received \$500 billion for loans

- Through the Exchange Stabilization Fund, Treasury can provide loans of:
  - \$25 billion for passenger airlines and related firms; \$4 billion for cargo airlines
  - \$17 billion for businesses critical to national security
- \$454 billion provided through Federal Reserve programs
  - The Fed set up programs to provide financing to small and mid-sized businesses and states and municipalities
- Restrictions include limits on stock buybacks, executive compensation, maintenance of employment levels
- An additional \$32 billion made available for aviation workforce

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## Phase 3--Jobless Benefits Increase

- Third law expands unemployment assistance, including:
  - Additional \$600 per week federal unemployment benefit through July 31
  - As long as 39 weeks of pandemic unemployment benefits through Dec. 31
    - Assistance available for coronavirus-related unemployment and to individuals who are self-employed, have limited work history
    - Individuals who can telework with pay or are receiving other paid leave benefits excluded
  - Additional 13 weeks of pandemic emergency unemployment benefits for individuals who have exhausted regular benefits through Dec. 31
- Federal funds would cover the cost of unemployment benefits and short-time compensation provided during the coronavirus emergency

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## Phase 3--Medicare Payments, Health Extenders Addressed

- Several provisions increased Medicare payments during pandemic
  - Medicare sequestration suspended through Dec. 31
  - Hospital payments for treating Covid-19 patients increased by 20%
  - Payment reductions for durable medical equipment, lab tests suspended
- HHS programs extended through Nov. 30
  - Medicaid disproportionate share hospitals (DSH) cut delay
  - Community health centers, NHSC, abstinence education
  - Temporary Assistance for Needy Families
- Other health provisions included:
  - Providing additional \$1.3 billion to community health centers
  - Further expanding access to telehealth, including for rural clinics

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## Phase 3--Student Loan Payments Paused; School Aid Relief

- Student loan payments and interest suspended through Sept. 30
- Education Department granted waiver authority for:
  - Institution eligibility, allotment, and reporting requirements for financial aid
  - School matching requirements for two school years
  - Repayment of grants and loans by students forced to withdraw from school
- Law creates \$30.8 billion Education Stabilization Fund and allocates:
  - \$13.5 billion for elementary and secondary schools
  - \$14.25 billion for higher education
  - \$3 billion in flexible funding for states



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## Phase 3--Banking Rules Waived; Some Consumer Relief

- Third package offered temporary relief to banks and credit unions
  - Waived accounting rules related to credit losses and troubled debt
  - Let additional smaller banks qualify for streamlined capital rules
- Regulators have eased other rules to boost bank lending
- Lawmakers and regulators provided initial relief to mortgage borrowers
  - Paused foreclosures and evictions on homes with federally backed loans



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## Phase 3.5—PPP Replenished

- Paycheck Protection Program (PPP) and Health Care Enhancement Act enacted April 24, replenished the PPP:
  - Additional \$310 billion in lending authority—\$349 billion ran out in less than 2 weeks
  - At least \$60 billion set aside for loans issued by smaller lenders
  - The PPP offers loans to small businesses that keep workers on the payroll during the outbreak
- \$10 billion for a program allowing additional entities to qualify for Economic Injury Disaster Loans
- \$50 billion for SBA guarantees under its traditional disaster loan program



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## Phase 3.5--More Funding for Hospitals & Testing

- 75 billion included for health-care providers
  - Can be used to reimburse providers for coronavirus-related expenses, lost revenue
  - Funding could go to public entities, Medicare and Medicaid providers, and others that diagnose, test, or care for individuals with Covid-19
- \$25 billion provided for Covid-19 testing, including:
  - \$11 billion for states, localities, territories, and American Indian tribes
  - \$1 billion each for CDC, NIH, and BARDA
  - \$825 million for community health centers and rural health clinics
- HHS reports on demographics, testing strategies required

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## Phase 4?—Additional Response Needs

- The timing and scope of another package are unclear
- Democrats want to advance another package—House passed Heroes Act
  - \$1 trillion for state and local governments, both for virus expenses and revenue losses
  - More direct financial assistance for individuals
  - Expanded Supplemental Nutrition Assistance Program and unemployment benefits
  - Safety protections and payments for essential workers



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## Phase 4?--Additional Response Needs

- Senate Majority Leader Mitch McConnell (R-Ky.) wants business liability protections in next package
  - Administration also wants to limit liability for businesses; Democratic leaders oppose
  - GOP has also called for liability protections to classify gig workers as employees
- Bipartisan interest in infrastructure; Trump initially called for \$2 trillion
  - Could be tied to renewal of transportation programs that expire Sept. 30
  - McConnell wants infrastructure to be addressed separately from pandemic legislation





- Population Groups
- All Documents**
- Cost and Quality
- Diseases and Conditions
- Federal Issues | Health and Human Services
- Health Insurance
- Medicaid and CHIP
- New and Emerging Health Issues
- Pharmaceuticals
- Population Groups

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5/15/2020

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## Resources for State Legislators and Staff

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# Questions?

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