

U.S. Congressional Stimulus and Emergency Supplemental Summary

The U.S. Congress is poised to pass a \$2 trillion+ package designed to stabilize small businesses, provide capital to impacted sectors, and direct cash assistance to individuals. The supplemental appropriations section provides more than \$300 billion government-wide to address the impacts and response to COVID-19. Key elements of the combined package are outlined below.

1. Small Business Loan Interruption Program - \$350 Billion

- a. Paycheck Protection Program (PPP) - provide small businesses and other entities with zero-fee loans of up to \$10 million
 - i. Up to 8 weeks of average payroll and other costs will be forgiven if the business retains its employees and their salary levels
 - ii. Principal and interest is deferred for up to a year and all borrower fees are waived
- b. Debt Relief for Existing SBA Borrowers - SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months
 - i. This relief will also be available to new borrowers who take out an SBA loan within six months after the President signs the bill

2. Unemployment Insurance Expansion - \$250+ billion

- a. Unemployment Benefits for More Americans: Makes sure self-employed and independent contractors, like Uber drivers and gig workers, can receive unemployment during the public health emergency
 - i. The bill also includes support to state and local governments and nonprofits so they can pay unemployment to their employees.
- b. Adds a \$600/week across-the-board payment increase through the end of July
 - i. In addition, for those who need it, the bill provides an additional 13 weeks of benefits beyond what states typically allow.

3. Direct Cash Assistance for Americans - \$250 billion

- a. Provides one-time \$1,200 checks to many Americans, with an additional \$500 per child
 - i. Phases out at various income levels; \$75,000 annually for single filers and \$150,000 for joint filers
 - ii. Maximum income levels are \$99,000 for single filers and \$198,000 for joint filers

4. Workforce Readiness Provisions

- a. Provides local workforce boards with additional flexibility to use funds received under the Workforce Innovation and Opportunity Act for increased administrative costs in response to COVID-19 by raising the existing cap from 10 percent to 20 percent.
- b. Allows Governors to use reserved workforce funds on rapid response activities in response to COVID-19.

5. Education Provisions

- a. **Student Loan Relief** - Cancels payments for all federal student loan borrowers with federally-held loans (Direct Loans and FFEL loans that are held by the U.S. Department of Education) through September 30, 2020, meaning such borrowers will not be required to make any payments toward outstanding interest or principal.
 - i. Suspends interest accrual for such loans, meaning balances for such borrowers will not grow.

- ii. Prohibits forced collections such as garnishment of wages, tax refunds, and Social Security benefits; and negative credit reporting during this time period.
 - iii. Directs student borrowers continue to receive credit toward Public Service Loan Forgiveness, Income-Driven Repayment forgiveness, and loan rehabilitation.
- b. **Pell Grants** - For students who dropped out of school as a result of COVID-19, excludes the term from counting toward lifetime Pell eligibility
 - i. For students who dropped out of school as a result of COVID-19, allows those students to not be required to return unused Pell Grants or federal student loans to the Secretary.

6. Business Tax Provisions

- a. **Advance of Paid Leave Tax Credit** - Makes the refundable tax credit provided for in the second package able to be an advanced refundable tax credit instead of having to be reimbursed to employers on the back end of providing paid leave to employees.
- b. **Employee Retention Credit** - Employers of all sizes that face closure orders or suffer economic hardship due to the coronavirus crisis that continue to pay employees that are furloughed may be eligible for a 50% credit on up to \$10,000 of wages paid to those employees.
- c. **Delays Payroll Tax Payments for Employers** - Employers would be able to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately \$300 billion of extra cash flow for businesses.
- d. **Restores Supports for Businesses Suffering Losses**: The bill also allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds
- e. **Temporary Income Exclusion for Certain Employer Payments of Student Loans** - Excludes from the employee's income for 2020 the first \$5,250 of employer payments of an employee's student loans.
- f. **Modification of the Limitation on Business Interest Expense** - Increases the limitation on the deductibility of business interest expense from 30% of EBITDA to 50% of EBITDA for 2019 and 2020.

7. Economic Stabilization for Impacted Sectors - \$500 billion

- a. Provides \$500 billion to Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments, distributed as follows:
 - i. Direct lending, including:
 - 1. \$25 billion for passenger air carriers
 - 2. \$4 billion for cargo air carriers; and
 - 3. \$17 billion for businesses important to maintaining national security.
 - 4. \$425 billion, as well as any amounts available but not used for direct lending, for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities.
 - ii. Special Conditions for these loans include:
 - 1. Funds received must be used to retain at least 90 percent of the recipient's workforce, with full compensation and benefits, through September 30, 2020

2. The recipient will not outsource or offshore jobs for the term of the loan plus an additional two years;
3. The recipient will not abrogate existing collective bargaining agreements for the term of the loan plus an additional two years; and
4. The recipient must remain neutral in any union organizing effort for the term of the loan

8. Additional Resources for Health Care Sector - \$200+ billion

- a. Provides \$140 billion in appropriations to support the public health systems
 - i. \$100 billion for a new program for hospitals, public health entities, and Medicare/Medicaid suppliers for unreimbursed supplies or lost revenue due to the crisis
 - ii. \$16 billion for Strategic National Stockpile to purchase persona protective equipment
 - iii. \$11 billion to support research and development of vaccines, treatments, diagnostics, etc
 - iv. \$4.3 billion to CDC to support federal, state and local government preparation and response

9. Emergency Federal Appropriations - \$300+ billion

- a. **Department of Labor**
 - i. \$345 million for Dislocated Worker National Reserve (available through September 2022)
- b. **Department of Agriculture**
 - i. \$25 million to support the Distance Learning and Telemedicine program
 1. This increase will help improve distance learning and telemedicine in rural areas of America
 - ii. \$100 million is provided to the ReConnect program to help ensure rural Americans have access to broadband
 - iii. \$20.5 million to support \$1 billion in Business and Industry loans.
- c. **Federal Communications Commission (FCC)**
 - i. \$200 million for the FCC Connected Care Pilot Program
 1. This program will support efforts of health care providers to address COVID-19 by using telehealth to connect with patients.
- d. **Department of Homeland Security**
 - i. **Cybersecurity and Infrastructure Security Agency** - \$9 million for supply chain and information analysis and for impacted critical infrastructure coordination.
 - ii. **Coast Guard** - \$141 million to activate Coast Guard Reserve personnel and for building capacity and capability for information technology systems and infrastructure to support telework and remote access.
- e. **Department of Education**
 - i. \$30.750 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to coronavirus.
 1. For elementary and secondary education, \$13.5 billion is available for formula-grants to States, such as planning for and coordinating during long-term school closures; purchasing educational technology to

support online learning for all students served by the local educational agency

2. \$14.250 billion will be available for higher education emergency relief for institutions of higher education to prevent, prepare for, and respond to coronavirus
 - a. Funds may be used to defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education, and grants to students for food, housing, course materials, technology, health care, and childcare

f. **Department of Veterans Affairs**

- i. \$3.1 billion for VA to purchase, staff, and equip temporary sites of care and mobile treatment centers to deal with this pandemic
 1. Funding for VA to expand the capacity on existing IT networks to address the demand in services, and broadens VA's tele-ICU and teleradiology capabilities