



COVID19 Resource Center

Phase 1: Coronavirus Preparedness and Response Supplemental Appropriations Act

The **Coronavirus Preparedness and Response Supplemental Appropriations Act, H.R. 6074**, was signed into law by the President on March 6, 2020. It represents the first of the stimulus packages enacted in response to COVID-19. The bill provides **\$8.3 billion** in emergency funding for federal agencies to combat the coronavirus outbreak.

(Adapted from the Kaiser Family Foundation Summary.)

Domestic Response:

- \$6.2 billion was allocated to the **Department of Health and Human Services**, including:
 - \$3.4 billion for the **Office of the Secretary – Public Health and Social Services Emergency Fund (PHSSEF)**
 - \$2 billion for the Biomedical Advanced Research and Development Authority for the research and development of vaccines, therapeutics, and diagnostics.
 - \$300 million in contingency funding for the purchase of vaccines, therapeutics, and diagnostics to be used if deemed necessary by the Secretary of HHS.
 - \$100 million for the Health Resources and Services Administration (HRSA) for grants under the Health Center Program, which aims to improve health care to people who are geographically isolated and economically or medically vulnerable.
 - \$1.9 billion for the **Centers for Disease Control and Prevention (CDC.)**
 - \$950 million for state and local response efforts, \$475 million must be allocated within 30 days of the enactment of the bill.
- This includes conducting surveillance for coronavirus and laboratory testing, among other activities. \$300 million for the replenishment of the Infectious Diseases Rapid Response Reserve Fund, which supports U.S. efforts to respond to an infectious disease emergency.
 - \$836 million for the **National Institute of Allergy and Infectious Diseases (NIAID)**, which conducts research on therapies, vaccines, diagnostics, and other health technologies, at the National Institutes of Health (NIH).
 - \$61 million for the **Food and Drug Administration (FDA)** for the development and review of vaccines, therapeutics, medical devices and countermeasures, address potential supply chain interruptions, and support enforcement of counterfeit products.
- \$20 million is for the **Small Business Administration (SBA)** disaster loans program to support SBA's administration of loan subsidies that will be made available to entities financially impacted as a result of the coronavirus.
- **Emergency Telehealth Waiver** removes restrictions on Medicare providers allowing them to offer **telehealth services** to beneficiaries regardless of whether the beneficiary is in a rural community, at an estimated cost of \$500 million.

International Response:

- \$986 million to the **United States Agency for International Development (USAID)** including funding provided through:
 - \$435 million for the Global Health Programs (GHP) account to support health systems responding to the coronavirus outbreak overseas.
 - \$300 million for the International Disaster Assistance (IDA) account to support humanitarian assistance needs resulting from the coronavirus outbreak.



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International Response Continued:

- \$250 million for the Economic Support Fund (ESF) account to support economic, security and stabilization efforts resulting from the coronavirus outbreak.
- \$1 million for the Office of the Inspector General (OIG) for oversight of coronavirus response activities.
- \$264 million to the **State Department** to support consular operations, emergency evacuations, and other needs at U.S. embassies.
- \$300 million to the **CDC** to support global disease detection and emergency response efforts.

Phase 2: H.R. 6201, Families First Coronavirus Response Act

H.R. 6201, Families First Coronavirus Response Act, is the second stimulus package, signed into law on March 18, 2020. It *provides paid sick leave and free coronavirus testing, expanding food assistance and unemployment benefits, and requiring employers to provide additional protections for health care workers*. An explanation is included below in three parts: emergency sick leave, emergency family leave, and employer tax credits, adapted from the National Law Review's explanation.

- Specifically, the bill provides FY2020 supplemental appropriations to the Department of Agriculture (USDA) for nutrition and food assistance programs, including:
 - The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC.)
 - The Emergency Food Assistance Program (TEFAP.)
 - Nutrition assistance grants for U.S. territories.
- The bill also provides FY2020 appropriations to the Department of Health and Human Services for nutrition programs that assist the elderly.
- The bill modifies USDA food assistance and nutrition programs to:
 - Allow certain waivers to requirements for the school meal programs.
 - Suspend the work requirements for the Supplemental Nutrition Assistance Program.
 - Allow states to request waivers to provide certain emergency SNAP benefits.
- In addition, the bill requires the Occupational Safety and Health Administration to issue an emergency temporary standard that requires certain employers to develop and implement a comprehensive infectious disease exposure control plan to protect health care workers.
- The bill also includes provisions that:
 - Establish a federal emergency paid leave benefits program to provide payments to employees taking unpaid leave due to the coronavirus outbreak.
 - Expand unemployment benefits and provide grants to states for processing and paying claims.
 - Require employers to provide paid sick leave to employees.
 - Establish requirements for providing coronavirus diagnostic testing at no cost to consumers.
 - Treat personal respiratory protective devices as covered countermeasures that are eligible for certain liability protections.
 - Temporarily increase the Medicaid federal medical assistance percentage (FMAP.)

FFCRA in Three Parts:

Emergency Sick Leave:

- Private sector employers with fewer than 500 workers and governmental entities will have to provide employees who cannot work or telework with paid sick time off if the employee is:
 - An employee subject to a coronavirus quarantine or isolation order.
 - An employee who has been advised by a health care provider to self-quarantine due to coronavirus concerns.
 - An employee who is experiencing symptoms of coronavirus and is seeking a medical diagnosis.
 - An employee caring for an individual described in (i) or (ii) above.
 - An employee caring for a child whose school or place of care is closed, or the child care provider of the child is unavailable, due to coronavirus precautions.
 - An employee who is experiencing any other substantially similar condition specified by HHS in consultation with the Treasury and Labor Departments.
- Employers of employees who are health care providers or emergency responders may elect to exclude those employees from the emergency sick leave provisions.
- Full-time employees are to receive 80 hours of sick leave, and part-time workers are granted leave equivalent to their average hours worked in a two-week period, with the sick leave in either instance being available for immediate use regardless of the employee's tenure at the employer.
- Paid sick time will not carry over from year to year.
- Workers taking leave for themselves will have to be paid at least their normal wage or the applicable federal, state, or local minimum wage, whichever is greater. Workers taking time off to care for family members must be paid at two-thirds of the foregoing rate. Sick leave is capped at \$511 per day and \$5,110 in the aggregate for leave taken in categories (i) through (iii) described in the first bullet point above (i.e., on one's own behalf), and capped at \$200 per day and \$2,000 in the aggregate for leave taken in categories (iv) through (vi) (i.e., to take care of another.)
- Wages required to be paid under the emergency sick leave provisions will not be subject to the 6.2 percent social security payroll tax typically paid by employers on employees' wages.
- Employers with existing paid leave policies will be required to provide workers with the sick leave under this emergency program. **An employer cannot require a worker to use any other available paid leave before using the sick time.**
- Employers will be prohibited from:
 - Requiring workers to find replacements to cover their hours during time off.
 - Discharging or discriminating against workers for requesting paid sick leave or filing a complaint against the employer related to such.
- Employers will have to post a notice containing information regarding the emergency sick leave provisions; the Labor Department is to create a model notice no later than 7 days after the Act is enacted.

Emergency Sick Leave Continued

- The Department of Labor will be authorized to issue regulations to:
 - Exclude certain health care providers and emergency responders from paid leave benefits.
 - Exempt small businesses with fewer than 50 employees from the paid leave requirements “when the imposition of such requirements would jeopardize the viability of the business as a going concern.”
 - Ensure consistency between the emergency sick leave provisions and emergency family leave provisions described below.
- Workers under multiemployer collective bargaining agreements whose employers pay into pension plans will have access to paid emergency leave.
- The above provisions will take effect no later than 15 days after the Act is enacted and expire on December 31, 2020.

Emergency Family Leave:

- Private sector employers with fewer than 500 workers, along with governmental entities, will have to provide up to 12 weeks of FMLA leave for employees who have been on the job for at least 30 days, and who are unable to work or telework because they have to care for a minor child if the child’s school or place of care has been closed, or if the child care provider of that child is unavailable due to a coronavirus emergency.
- An employee is ill with coronavirus, or is caring for a spouse, parent, or child with coronavirus, the employee would qualify for “traditional FMLA leave.”
- An employer of an employee who is a health care provider or an emergency responder may elect to exclude the employee from the emergency family leave provisions.
- The first 10 days of leave can be unpaid (a worker could opt to use accrued vacation days or other available paid leave for those days). For subsequent days of leave, workers will receive a benefit from their employers equal to at least two-thirds of their normal pay rate. The paid leave is capped at \$200 per day and \$10,000 in the aggregate.
- Generally, the employee on leave must be restored to his or her prior position; however, this requirement does not apply to employers with fewer than 25 employees, if the position held by the employee on leave no longer exists due to economic conditions or other changes in the employer’s operating conditions caused by the coronavirus pandemic, and the employer makes reasonable efforts to restore the employee to an equivalent position.
- Wages required to be paid under the emergency family leave provisions will not be subject to the 6.2 percent social security payroll tax typically paid by employers on employees’ wages.
- The Department of Labor will be authorized to issue regulations to:
 - Exclude certain health care providers and emergency responders from paid leave benefits,
 - Exempt small businesses with fewer than 50 employees from the paid leave requirements “when the imposition of such requirements would jeopardize the viability of the business as a going concern.”
- Workers under multiemployer collective bargaining agreements whose employers pay into pension plans will have access to paid emergency leave.
- The above provisions will take effect no later than 15 days after the Act is enacted and expire on December 31, 2020.

Employer Tax Credits:

- Refundable credits for the employer portion (but not the employee portion) of the Old-Age, Survivors, and Disability Insurance (OASDI) component of payroll taxes (i.e., the 6.2 percent employer portion of the Social Security tax) will be provided to employers to cover wages paid to employees for time off under the above sick leave and family leave programs.
 - The sick leave credit for each employee will be for wages (including qualified health plan expenses relating to those wages) of up to \$511 per day while the employee is receiving paid sick leave to care for himself or herself, or \$200 if caring for a family member or child whose school has closed. The credit will be limited to 10 days per employee per quarter.
 - Tax credits will be available immediately as of the effective date of the new law, which is April 2, 2020.
 - The family leave credit for each employee will be for wages (including qualified health plan expenses relating to those wages) of as much as \$200 per employee per day, and \$10,000 in the aggregate for all calendar quarters.
 - To prevent a double benefit, employers must include the amount of credits received in their gross income.
 - Any wages considered in determining the credit allowed under the above emergency provisions will reduce the Code section 45S paid family and medical leave credit established by the 2017 tax reform act available to the employer.
 - An employer can elect to not take the credit for a given quarter.
 - The Department of the Treasury will be authorized to issue regulations or guidance relating to the credits.
 - Amounts will be transferred to the social security and disability insurance trust funds from the general fund to cover the cost of the credits and lost wages.
 - Railroad Retirement Tax Act (RRTA) employment taxes are also eligible for the credit, in a manner parallel to the regular social security taxes.
 - The above provisions will take effect on a date selected by the Treasury Secretary within the 15 days following the Act's enactment, and end on December 31, 2020.

Phase 3: Coronavirus Aid, Relief, and Economic Security Act

The Coronavirus Aid, Relief, and Economic Security Act or the “CARES Act” was signed into law on March 27, 2020. This **\$2 trillion stimulus bill** will provide economic relief to individuals, families, small businesses and other sectors of the United States economy that took a hard hit due to the pandemic. Once this is passed in the House and signed by President Trump, most provisions are available to individuals and businesses almost immediately.

Summary of Key CARES Act Provisions: (Adapted from the [National Manufacturing Association Summary.](#))

Business Provisions:

- \$500 billion in loans to eligible businesses:
 - Targeted at companies that do not receive adequate relief from other provisions of the bill, located in the U.S. and with a predominantly U.S. employee base.
 - Eligible businesses must maintain employment levels from March 24, 2020 to September 30, 2020.
 - Prohibits stock buybacks, dividend payments and increasing compensation for certain high wage employees.
 - \$46 billion set aside for the airline industry: \$25B for passenger airlines; \$4B for cargo air carriers; and \$17B for businesses important to national security.



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Business Provisions Continued:

- \$350 billion in small business loans administered nominally through the SBA, called the “Paycheck Protection Program.” Loans will be administered through local and regional banks; any federally regulated bank may become an SBA lender for this purpose. The Department of the Treasury will issue regulations for these loans quickly.
- SBA lenders will be able to determine eligibility credit worthiness by determining whether a borrower was operational on March 1, 2020 and had employees that they paid salaries and payroll tax. The government guarantee of 7(a) loans would be increased to 100% through the end of 2020, at which point the guarantee would return to 75% for loans over \$150,000 and 85% for loans less than or equal to \$150,000. The complete deferment of 7(a) loan payments are permitted for up to one year.
 - Targeted at companies with less than 500 employees or otherwise specified by SBA standards.
 - Loans can be used for payroll, mortgages, rent, insurance premiums and utility payments.
 - Up to \$10 million per company available.
 - Businesses cannot apply for SBA disaster loan related to COVID 19 and loans under this program at the same time.
 - Loans can be forgiven up to the amount spent by the borrower during the eight weeks from loan origination on payroll costs up to \$100,000 in wages, mortgage interest, rent or utilities.
 - Forgiveness is reduced by layoffs or pay reductions in excess of 25%.
 - Forgiveness is not treated as taxable income.
 - Additionally, \$24 billion is set aside for relief to stabilize the farm economy.

Tax Provisions:

- Companies may use tax losses in 2018, 2019 and 2020 to offset income from the prior five years.
- The maximum amounts of business interest deductions are increased for 2019 and 2020 from 30% of to 50%.
- Allows an employer to defer its share of 2020 payroll tax and pay them over two years.
- The 2018 tax reform bill imposed a one-time tax on earnings held overseas, which could be paid over eight years. The IRS has taken the position that companies cannot receive refunds until the eight-year period is completed. The bill overturns the IRS position.
- Creation of a new, temporary refundable payroll tax credit for companies who keep workers on their payroll during the COVID-19 pandemic, up to \$5,000 per worker.
- Companies may accelerate recovery of Corporate Alternative Minimum Tax (AMT) Credits.
- Businesses in retail, restaurants and hotels to write off certain facilities improvements immediately.

Health Care Provisions:

- \$150 billion for hospitals and other health facilities, which will come from the Department of Health and Human Services (HHS) and more funding for small and rural hospitals.
- Provides permanent liability protections for makers of PPE that are called for public health emergency countermeasures.
- Clarifies no COVID-19 cost sharing for private insurance, requires free vaccine coverage without cost sharing following current vaccine practices guidelines and includes a range of public health measures to address COVID-19 treatment and response, including liability protections for doctors who volunteer.
- Removes barriers and facilitates telehealth services, especially for high deductible health plans that utilize health savings accounts. Provides \$200 million to boost telehealth services.



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Labor Provisions:

- Sets a cap on maximum payments employers will be required to pay for new emergency paid leave requirements. The provision also allows employers to receive an advance tax credit on paid leave rather than having to be reimbursed on the back end.
- Provides individuals an additional \$600 per week for up to four months on top of state unemployment benefits. The provision also establishes short-term compensation programs for states like Georgia that allow for employers to reduce workers' hours while still providing employees a pro-rated unemployment benefit.

Individual Provisions:

- CARES Act provides checks of up to \$1,200 to single individuals and \$2,400 to married couples (as well as \$500 per child). Check amounts begin to reduce as income exceeds a threshold amount (\$75,000 for individuals/\$150,000 for married filers) and are completely eliminated once income reaches \$99,000 for individuals/\$198,000 for joint filers with no children.
- Waives the 10% penalty for distributions from certain retirement plans. Only applicable to individuals diagnosed with COVID-19, whose spouse or dependents have been diagnosed or who experience adverse financial consequences from the virus.

Other Provisions:

- \$25 billion for food assistance programs.
- \$30 billion for emergency education funding for colleges, universities, states and school districts.
- Waives the matching requirement for campus-based aid programs and it will allow institutions to transfer unused work study funding as a supplemental grant. This can be distributed to students who were unable to work due to workplace closures. Additionally, students who had to dropout due to COVID-19, grades will not affect federal academic requirements.