

Federal Legislation Committee Washington Update

June 9, 2020

Phase 4 COVID Response State of Play

- House Democrats passed \$3 trillion HEROES Package.
- \$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

Phase 4 COVID Response State of Play

- Senate Majority Leader Mitch McConnell (R-Ky.) said his “red line” will be liability protection for businesses, teeing up a clash with Democratic negotiators.
- McConnell also wants infrastructure to be addressed separately from pandemic legislation, and he opposes compensating states for revenue shortfalls unrelated to the virus
- House Dems are at \$3 trillion, McConnell is at \$1 trillion
- **A FINAL PACKAGE IS NOT EXPECTED TO BE SIGNED UNTIL AUGUST**

HEROES Act: High level overview

- The more than \$3 trillion legislation protects the lives and livelihoods of the American people. Among its many provisions, the bill:
 - Honors our heroes, by providing nearly \$1 trillion to state, local, territorial and tribal governments who desperately need funds to pay vital workers like first responders, health workers, and teachers who keep us safe and are in danger of losing their jobs
 - Establishes a Heroes' Fund for essential workers, with \$200 billion to ensure that essential workers who have risked their lives working during the pandemic receive hazard pay
 - Supports testing, tracing and treatment, by providing another \$75 billion for coronavirus testing, contact tracing and isolation measures, ensuring every American can access free coronavirus treatment, and supporting hospitals and providers
 - Preserves health coverage, by protecting Americans losing their employer-provided health insurance with COBRA subsidies to maintain their coverage and creating a special enrollment period in the ACA exchanges for uninsured Americans

HEROES Act: High level overview

- Provides additional direct payments, cushioning the economic blow of the coronavirus crisis with a second round of more substantial economic impact payments of \$1,200 per family member, up to \$6,000 per household.
- Protects payrolls, by enhancing the new employee retention tax credit that encourages employers to keep employees on payroll, allowing 60 million Americans to remain connected to their paychecks and benefits.
- Ensures worker safety, by requiring OSHA to issue a strong, enforceable standard within seven days to require all workplaces to develop and implement infection control plans based on CDC expertise, and prevents employers from retaliating against workers who report infection control problems.
- Supports small businesses and nonprofits, by strengthening the Payroll Protection Program to ensure that it reaches underserved communities, nonprofits of all sizes and types and responds flexibly to small businesses by providing \$10 billion for COVID-19 emergency grants through the Economic Injury Disaster Loan program.

HEROES Act: High level overview

- Extends unemployment benefits, ensuring weekly \$600 federal unemployment payments through next January, providing a vital safety net for the record number of Americans who are unemployed.
- Bolsters housing assistance, helping struggling families afford a safe place to live with \$175 billion in new supports to assist renters and homeowners make monthly rent, mortgage and utility payments and other housing-related costs.
- Strengthens food security, addressing rising hunger with a 15 percent increase to the maximum SNAP benefit and additional funding for nutrition programs that help families put food on the table.
- Safeguards our democracy, with new resources to ensure safe elections, an accurate Census, and preserve the Postal Service.

HEROES Act: State and Local Funding

- \$500 billion to the Treasury Department for aiding state governments.
- \$375 billion for the Treasury Department for local and municipal governments.
- \$90 billion for an Education Department State Fiscal Stabilization Fund that would be used to support element and secondary schools, as well as public post-secondary institutions.
- \$20 billion each for tribal and territorial governments through the Treasury Department.

HEROES Act: Municipal Liquidity Facility

- The measure would require the Federal Reserve, within seven days of enactment, to modify its Municipal Liquidity Facility to:
- Extend the facility through the end of 2021.
- Expand eligible issuers to include U.S. territories, localities with more than 50,000 residents, and entities that combine various states, territories, or the District of Columbia.
- Allow for the purchase of debt with a maximum maturity of 10 years.
- Ensure that purchases are made at an interest rate equal to the primary credit interest rate for loans issued through the Fed's discount window.

HEROES Act: Paycheck Protection Program

- The measure would extend the PPP authorization period to Dec. 31 from June 30. The program could expire sooner if its first-come, first-served funds are exhausted.
- The measure would maintain an authorized lending total of \$659 billion for PPP loans.
- It would establish a separate \$75 billion total for the SBA's traditional 7(a) lending program, which was set at \$30 billion for fiscal 2020 (Public Law 116-93). The provision would allow the 7(a) program to continue if PPP funds are exhausted.

HEROES Act: Paycheck Protection Program

- Funding Allocations: The measure would require the SBA to set aside:
 - At least 25% of its PPP funds to guarantee loans issued to eligible recipients with 10 or fewer employees.
 - 25% of its funds to guarantee loans issued to nonprofits, at least half of which would be set aside for nonprofits with fewer than 500 employees.
 - The SBA would also have to set aside \$10 billion or 25% of remaining unobligated funds, whichever is less, to guarantee loans issued by community lenders such as community development financial institutions and minority depository institutions.
 - Any amounts returned from canceled loans would be reserved to guarantee new loans issued to recipients with 10 or fewer employees.
 - The Treasury Department would have to set aside \$250 million of appropriated PPP funds to provide technical assistance grants to community financial institutions, and to insured depository institutions and credit unions with less than \$10 billion in consolidated assets. Grants would be used to help the lenders update their money laundering compliance systems and efficiently provide PPP loans.

HEROES Act: Paycheck Protection Program

- Eligibility Rules: The measure would expand the PPP's eligibility rules to cover:
 - Newspaper publishers, radio stations, and television broadcasters with physical locations that fall within SBA size limits for that industry. Loans could be used to maintain local news operations at those locations. Parent companies and investment companies of news organizations wouldn't qualify.
 - Nonprofit organizations of any type or size, including 501(c)(4) social welfare organizations and 501(c)(6) trade associations. 501(c)(4) groups would be barred from making campaign contributions during the current election cycle.

HEROES Act: Health Provisions

Provider Funding

- The measure would codify the Health Care Provider Relief Fund that received \$100 billion under the CARES Act and \$75 billion under the fourth response law. It also would provide an additional \$100 billion for the fund.
- The Health Resources and Services Administration would establish a program to reimburse health-care providers for Covid-19-related expenses or lost revenue as of Jan. 1. The measure would set application requirements, calculations for reimbursements, and eligible expenses.
- Out-of-network providers couldn't "balance bill" Covid-19 patients for more than their cost-sharing responsibilities if they were in-network. Providers also couldn't hold uninsured patients responsible for any costs that exceed the reimbursement amount from the fund.

The measure also would authorize:

- \$1 billion for HRSA grants to establish or expand medical schools in underserved areas or that are minority-serving institutions.
- \$175 million over two years for the Health and Human Services Department to establish a Public Health Workforce Loan Repayment Program.

HEROES Act: Health Provisions

Contact Tracing

The measure would authorize and appropriate \$75 billion for a COVID-19 National Testing and Contact Tracing initiative.

- Require the CCD to create a nationwide system for COVID-19 testing, contact tracing, surveillance, containment, and mitigation and award grants to state, local, tribal, and territorial health departments to carry out those activities.

A minimum level of funding would be allocated by formula, and then additional amount prioritized based on areas with the highest number of cases, a surge in cases, and high numbers of low-income and uninsured populations.

- Direct the CDC to award competitive grants to public or private entities to carry out awareness campaigns on COVID-19, testing, and tracing.

HEROES Act: Health Provisions

Contact Tracing

- Authorize \$500 million for the Labor Department to award grants for local workforce development boards and community-based organizations to recruit and train individuals as contact tracers. A minimum level of funding would be provided through a formula and then additional amounts would be prioritized based on the number of contact tracers involved, COVID-19 cases, and low-income and uninsured populations.
- Contact tracers supported through grants under the initiative would have to be paid at least the prevailing wage and fringe rates for the area.

HEROES Act: Health Provisions

Testing and Public Health

The measure would also authorize funding to improve testing and public health infrastructure, including:

- \$6 billion for the CDC to establish a core public health infrastructure program that would award grants to state, local, tribal, and territorial health departments. Of the funding provided, 50% would be used for formula grants to state health departments and at least 30% would be for competitive grants to state and other health departments.
- \$1 billion for grants to states and localities to improve testing capacity at labs.
- \$1 billion for the CDC to improve its core public health infrastructure.
- \$450 million for improving CDC and state and local public health data systems.

HEROES Act: Health Provisions

Other Health Funding

- \$7.6 billion for the Health Resources and Services Administration to help health centers expand testing capacity, and support triage and care for COVID-19 patients.
- \$7 billion for payments to states for the Child Care and Development Block Grant.
- \$4.7 billion for the National Institutes of Health to expand research related to COVID-19.
- A separate \$4.6 billion for the Public Health and Social Services Emergency Fund, most of which would be used by the Biomedical Advanced Research and Development Authority for vaccine development and research.
- \$3 billion for the Substance Abuse and Mental Health Services Administration.
- \$2.1 billion for the Centers for Disease Control and Prevention.
- \$1.5 billion for the Low Income Home Energy Assistance Program.
- \$1.5 billion for the Low-Income Household Drinking Water and Wastewater Assistance program that the bill would create.

HEROES Act: Housing

Rental Assistance

- The measure would authorize and provide \$100 billion to establish an Emergency Rental Assistance program to help eligible households pay for rent, utilities, security deposits, and other related costs.
- Funds would be disbursed through the Housing and Urban Development Department's Emergency Solutions Grants (ESG) program
- Rental assistance amounts would be set at 120% of HUD's Fair Market Rent or Small Area Fair Market Rent calculated for the local area, or a larger amount approved by the department.
- Grantee fund matching requirements and other ESG rules would be waived.
- The measure would provide \$4 billion for tenant based rental assistance.

HEROES Act: Housing

Homeless Aid

- The measure would authorize and appropriate \$11.5 billion for grants under ESG. A portion of the funds would be allocated based on regional risk of coronavirus transmission and other conditions. It wouldn't require matching funds from grant recipients.
- The measure would nullify the fiscal 2020 notice of funding availability for the Continuum of Care program and direct HUD to distribute funding based on fiscal 2019.

HEROES Act: Elections and Vote by mail

- The bill would provide \$3.6 billion to the Election Assistance Commission to support voting by mail and other adjustments to elections responding to the coronavirus pandemic. The money would be distributed as grants to states for use by state and local election authorities. The bill would also remove matching requirements that hindered states from using \$400 million in election assistance grants provided under the CARES Act.
- The measure would require states to allow all voters to cast absentee ballots by mail, with no excuse needed, and provide for at least 15 days of in-person early voting before Election Day.
- States would be barred from requiring identification to obtain an absentee ballot, though they could require a signed affirmation of identity. States also couldn't require a notarization or witness signature for a ballot.

Surface Transportation Reauthorization

- A five-year highway bill backed by House Democrats won a frosty reception from Republicans and transportation advocates this week.
- The \$494 billion bill is a behemoth: It would almost double the \$287 billion highway bill (S 2302) approved unanimously by the Senate Environment and Public Works Committee nearly a year ago.
- It includes ambitious greenhouse gas reduction provisions, would invest money in charging stations for alternative fuel vehicles, and would effectively punish states that do not make progress reducing their greenhouse gas emissions.
- It was crafted with minimal input from the GOP. Rep. Sam Graves of Missouri, the ranking Republican on the Transportation and Infrastructure Committee, and two subcommittee ranking members criticized the bill for depriving states of flexibility while giving "outsized" funding to urban areas at the expense of rural communities.

Water Resource Development Act

- Senate Environment and Public Works Committee leaders released a bipartisan draft bill April 21.
- “America’s Water Infrastructure Act of 2020” would authorize 20 water resources projects totaling about \$17 billion, and 14 new or modified feasibility studies.
- Set two-year goal for completion of all feasibility studies.
- Reauthorize Clean Water State Revolving Loan Fund at increased level.
- Reauthorize the Water Infrastructure Finance and Innovation Act (WIFIA) loan program.
- EPW leaders also released a draft drinking water bill with around \$2.5 billion in authorizations.
- Committee leaders framed the two measures as jobs bills.
- House Transportation and Infrastructure Committee has sought input and could introduce its WRDA bill by the end of May.
- The panel plans to mark it up this summer.

Appropriations

- TO DATE NO HEARINGS OR MARK UP HAVE BEEN HELD
- LEADERS IN BOTH CHAMBERS HAVE SET AUGUST RECESS AS THE DEADLINE FOR EACH CHAMBER TO ACT

Thank you

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