SENATE RPC

Senator Roy Blunt, Chairman
January 12, 2021

ADDITIONAL CORONAVIRUS RESPONSE AND RELIEF

KEY TAKEAWAYS

- In December, Congress passed legislation to provide additional coronavirus response and relief.
- Congress has provided unprecedented support to American families, workers, and businesses affected by the coronavirus.

On March 13, President Trump declared the coronavirus to be a national emergency. Since then, Congress has taken unprecedented steps to help Americans respond to the coronavirus.

In early March, Congress provided $7.8 billion in discretionary supplemental funds to develop vaccines and treatments and to support state and local public health departments. The funding also helped to strengthen the national stockpile of medical supplies, health system preparedness, and telehealth services.

Later that month, Congress also passed the Families First Coronavirus Response Act, which set up emergency paid sick leave and family leave requirements for certain employers, offset by refundable tax credits. It increased funds for food aid and unemployment benefits. The law requires insurers to provide coverage for some coronavirus testing.

At the end of March, Congress passed the Coronavirus Aid, Relief, and Economic Security Act. The CARES Act increased payments to hospitals and health care providers, expanded telehealth access, and created a new Paycheck Protection Program to help businesses stay open and pay their employees. The law sent most American adults economic impact payments of up to $1,200, along with $500 per child. Congress also provided up to $500 billion for the Treasury and Federal Reserve to leverage as loans to give liquidity to businesses, states, and cities. It set up a $150 billion relief fund to help states, the District of Columbia, territories, and tribes pay for coronavirus response costs.

In April, the Paycheck Protection Program and Health Care Enhancement Act provided about $484 billion in total funding. It added $310 billion in lending authority and $321 billion in appropriations for the Paycheck Protection Program; $60 billion for small business disaster loans and emergency advance grants; $2 billion for SBA administrative costs; $75 billion for hospitals and health care providers; and $25 billion for COVID-19 testing.

In July, Senate Republicans introduced the Health, Economic Assistance, Liability Protection, and Schools Act. However, throughout the summer and fall, Senate Democrats blocked repeated Republican efforts to pass targeted COVID relief.

Congress passed, and the president signed, a law to provide additional coronavirus response and relief in December. The relief provisions were included as part of the year-end package, the Consolidated Appropriations Act, 2021. They are primarily included in three divisions of the law.

DIVISION M: CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT, 2021

Department of Health and Human Services

- Provides $8.75 billion to the CDC, to remain available until September 30, 2024. These funds may be used to prevent, prepare for, and respond to COVID-19, including through vaccines. Of this money, $4.5 billion is specifically targeted to states, local governments, territories and tribes for these purposes. $210 million is specifically provided to the Indian Health Service; and $300 million is provided to high-risk and underserved populations, including rural communities and minorities. The CDC director is required to provide an updated and comprehensive vaccine distribution strategy and spending plan to Congress within 30 days of enactment.

- Provides $1.25 billion to the National Institutes of Health, including $1.15 billion for research and clinical trials related to long-term COVID-19 studies and $100 million for the RADx initiative.

- Provides $4.25 billion to the Substance Abuse and Mental Health Services Administration. Of this, $1.65 billion is for the Mental Health Services Block Grant, with at least 50% of the funds going to behavioral health care providers.

- Provides $100 million to the Administration for Community Living Aging and Disability Services Programs to support elder justice and adult protective services programs.

- Provides an additional $22.9 billion to the Office of the Secretary Public Health and Social Services Emergency Fund to respond to COVID-19, including the development of countermeasures and vaccines.

- Provides $48.3 billion to the Public Health and Social Services Emergency Fund:
    - $22.4 billion to states for testing, contact tracing, and public health surveillance, with $2.5 billion targeted to high-risk and underserved populations and $790 million to the Indian Health Service.

- $3 billion to the Provider Relief Fund. The funding will remain available until expended to reimburse health care providers for expenses or lost revenues due to coronavirus. The law clarifies the definition of lost revenue and allows hospital systems to transfer targeted distributions to hospitals within their system.
  - $19.7 billion to the Biomedical Advanced Research and Development Authority for the procurement of COVID-19 vaccines, treatments, and diagnostics.
  - $3.25 billion to the Strategic National Stockpile.
- Gives the secretary of health and human services flexibility to transfer funds between agencies, excluding funds from the Provider Relief Funds and testing, contract tracing, and surveillance funds.
- Provides $10 billion through the Child Care and Development Block Grant program, to be used for things such as helping families cover copayments and tuition, to help providers affected by lower enrollment or closures. The funds also may be used for covering providers' fixed costs and increased operating expenses to help them reopen or stay open.
- Provides $250 million to help Head Start programs with additional costs related to COVID-19.

Department of Education

- Provides $81.9 billion through the CARES Act's Education Stabilization Fund. It includes:
  - $54.3 billion for elementary and secondary education.
  - $22.7 billion to institutions of higher education, to use for COVID-19 related institutional costs and for financial aid grants to help students cover emergency costs.
  - $4.1 billion in flexible funding allocated to state governors, to direct to coronavirus response priorities for K-12 education, institutions of higher education, child care, and early childhood education. Of this total, the bill reserves $2.75 billion for emergency assistance to private K-12 schools. Public agencies will control the funds and administer the assistance to private schools.
  - Reserves $409 million each for the Bureau of Indian Education and outlying areas.

Department of Transportation

- Provides $2 billion for airports: $1.75 billion for commercial service airports; $200 million for commercial service airports to aid concessionaires; $45 million for general aviation airports; and $5 million for small communities to bolster air service.

- Provides $10 billion for highways: $9.8 billion for state departments of transportation via the existing Surface Transportation Block Grant program; $115 million for the Tribal Transportation Program; $36 million for the Puerto Rico Highway Program; and $9 million for the Territorial Highway Program.
- Provides $1 billion for Amtrak: $655 million for the Northeast Corridor and $345 million for the national network. Includes language to restrict Amtrak from enacting additional cuts to long-distance service and prevents additional employee furloughs.
- Provides $14 billion for Transit Infrastructure Grants: $13.3 billion for urbanized areas; $679 million for non-urbanized areas; and $50 million to states to support transportation service for older and disabled people.

Department of Homeland Security

- Provides $2 billion for FEMA's Disaster Relief Fund for funeral-related expenses.

DIVISION N: ADDITIONAL CORONAVIRUS RESPONSE AND RELIEF

Title I – Health Care

- Provides $3 billion, available until expended, to increase payments under the Medicare physician fee schedule, increasing physician payments for all services by 3.75% in 2021.
- Extends the temporary suspension of Medicare sequestration, which was set to expire on December 31, 2020. Payments to all providers are increased by 2% for the first three months of 2021.

Title II – Assistance to Individuals, Families, and Businesses

Unemployment Insurance

- Extends through mid-March the CARE Act's "pandemic unemployment assistance" program, which provides federally funded unemployment compensation for independent contractors, the self-employed, and other workers who normally do not qualify for state unemployment compensation benefits. After then, people cannot enter the program, but people already receiving PUA benefits may continue in the program until it ends on April 5, if they have not used up the maximum number of weeks available. The provision increases, from 39 to 50 weeks, the amount of time someone could receive PUA benefits. It also gives states authority, if they wish, to waive repayment if any overpayments of benefits were not the recipient's fault or if requiring repayment "would violate equity and good conscience."

- Extends through mid-March the CARES Act's "pandemic emergency unemployment compensation" program, which provides extra weeks of federally funded benefits for people who have exhausted their weeks of regular state benefits. After then, people cannot enter the program, but people already receiving PEUC benefits may continue in the program until it ends on April 5, if they have not used up the maximum number of weeks available. The provision also provides rules for states about sequencing PEUC benefits with other unemployment benefits.
- Provides an extra $300 weekly payment for people receiving jobless benefits through a restored "federal pandemic unemployment compensation" program. It applies to weeks of unemployment beginning after December 26, 2020, and ending on or before March 14, 2021. This extra payment is on top of other jobless benefits, such as regular state benefits, PEUC, and PUA.
- Extends until March 14 the temporary waiver of interest accrual and payments on federal unemployment loans that states have borrowed to pay benefits.
- Extends until March 14 a CARES Act provision to provide money to states to reimburse government entities and nonprofit organizations for half of their unemployment benefit costs.
- Extends a CARES Act provision to reimburse states for the first week of regular UC if they waive their one-week waiting period for claimants. The provision lasts through mid-March and provides 50% federal funding.
- Extends two CARES Act provisions providing federal money for states' short-time compensation programs.
- Continues full federal funding of the extended benefits program through March 14. Normally, the federal government and states each pay half of the cost.
- Requires people applying for PUA to provide documentation within 21 days to show that they were employed or self-employed, rather than just self-certify their lost income, effective January 31. People already receiving benefits have 90 days to provide this documentation.
- Requires states to have systems for verifying an applicant's identity in the PUA program.
- Requires states participating in federal, pandemic-related unemployment programs to have systems in place for when someone refuses a suitable job or refuses to return to work without good cause. States must have a way for employers tell the state when people refuse work, and must tell people claiming benefits about the state's return to work rules.
- Provides a federally funded extra benefit of $100 per week for people with mixed earnings. This is for people with at least $5,000 of self-employment income who do not qualify for PUA

because they also have wage income that qualifies them for some amount of regular state benefits. This benefit is in addition to the extra $300 weekly FPUC program benefit. It ends in mid-March.

- Provides additional benefits to rail workers receiving benefits under the Railroad Unemployment Insurance Act, to provide parity between the treatment of rail workers and non-rail workers.

COVID-Related Tax Relief of 2020

- Provides additional "economic impact payments" of $600 ($1,200 for joint filers) for taxpayers with adjusted gross income of up to $75,000 ($112,500 for heads of household; $150,000 for joint filers). Families will receive $600 per child under age 17. The EIPs phase out for people with incomes above these levels. People who receive income through Social Security, railroad retirement benefits, or veterans benefits remain eligible for the EIP. The law protects the payments from garnishment and requires adults or children who receive a payment to have a Social Security number. For couples filing jointly where only one spouse has a Social Security number, a $600 payment is allowed. A payment for a child is allowed if the child and at least one parent have a Social Security number.

- Allows college students who received qualified emergency financial aid grants under the CARES Act to exclude the amounts from their gross income for tax purposes.

- Permits businesses to claim otherwise deductible expenses to operate their business while receiving a PPP loan that is forgiven. The provision is retroactive to enactment of the CARES Act and includes similar treatment for the new second-draw PPP loans.

- Excludes certain CARES Act loan forgiveness, Economic Injury Disaster Loan grants, and subsidies for certain small business loans from gross income for tax purposes. It also allows businesses receiving these benefits to continue deducting their normally deductible expenses. It extends similar treatment to the Targeted EIDL advances for small businesses and federal grants for operators of shuttered venues such as theaters, museums, and zoos.

- Extends the refundable payroll tax credits for paid medical and family leave under the Families First Coronavirus Response Act, through March 2021. It allows the tax credits to apply as if the paid leave mandate for employers – which is not extended – lasts through March.

Title III – Continuing the Paycheck Protection Program and Other Small Business Support

- Provides $325 billion overall in additional assistance to small businesses, nonprofits, and venues affected by COVID-19.

- Establishes a second round of PPP loans for eligible businesses. Eligible entities are small businesses with no more than 300 employees that can demonstrate a reduction in gross revenues between comparable quarters in 2019 and 2020 of at least 25%.
- The maximum loan size is 2.5 times average monthly payroll costs, up to $2 million total.
- Borrowers receive full loan forgiveness if they spend at least 60% of the second draw loan on payroll costs over a time period of their choosing between eight and 24 weeks.
- Establishes new forgivable expenses, including supplier costs on existing contracts and purchase orders, new technology operations, and costs related to worker protective equipment and adaptive costs.
- Simplifies the forgiveness application process for smaller loans up to $150,000.
- Increases Small Business Administration authority for auditing and reviewing forgiven loans.
- Establishes a $15 billion grant program to support theaters, museums, zoos, and other venues that have experienced significant revenue losses.
- Rescinds $146 billion overall in unobligated funds, including $137.5 billion from PPP.
- Codifies list of ineligible businesses for PPP, including those affiliated with the People's Republic of China.

Title IV – Transportation

- Provides $16 billion to extend payroll support relief for aviation-sector employees, commonly referred to as the Payroll Support Program: $15 billion for passenger air carriers and $1 billion for contractors. Continues CARES Act conditions required as part of aid.
- Provides $2 billion for transportation service providers, including bus, motorcoach, and passenger vessel operators, to address specific expenses such as payroll, personal protective equipment, rent, and insurance requirements.

Title V – Banking

Emergency Rental Assistance

- Provides $25 billion for a grant program to help Americans struggling to pay rent and utility bills. Treasury will distribute the funds to states and localities based on population, similar to how it allocated money in the CARES Act's Coronavirus Relief Fund.
- States will receive a minimum of $200 million. Localities with more than 200,000 people may apply to Treasury for a direct allocation. The District of Columbia is grouped with the 50 states

for determining allocations. The law reserves $400 million for the territories and $800 million for Indian tribes and the Department of Hawaiian Homelands.

- States, localities, territories, and tribes must use most of the funds to help people pay housing expenses such as rent, utility bills, and home energy costs, as well as overdue payments for these expenses. A small portion may be used for housing services, such as case management.
- A renter household is eligible if someone in it has qualified for unemployment benefits or experienced some form of financial hardship related to the coronavirus. The household must demonstrate a risk of homelessness or housing instability, such as an overdue utility bill or eviction notice, and it cannot have an income that is more than 80% of the area median. The program prioritizes households with incomes at or below 50% of the area median, as well as those that have experienced unemployment for a period of 90 days or more.
- Tenants may apply directly to their state or locality for assistance, or landlords may apply on behalf of their tenants.
- Extends the CDC's nationwide eviction moratorium through January 31.

Community Development Investment

- Provides $9 billion for Treasury to set up a new emergency capital investment program that invests in low- and moderate-income community financial institutions, to support their activities in their communities. It reserves some of this funding for smaller financial institutions.
- Provides $3 billion for the Community Development Financial Institutions fund, including to help CDFIs increase lending, grants, and other investments in low- or moderate-income minority communities.

Title VI – Labor Provisions

- For the duration of the COVID-19 health emergency, the law requires drug testing certification only for Job Corps enrollees who are on-site at a Job Corps center or going back to a center after participating in distance learning.
- The provision also broadens the program's age eligibility during the emergency and for one year after it ends, to allow people who would otherwise age out of the program to be able to participate in their final year.

Title VII – Nutrition and Agriculture Relief

Nutrition

- Provides a 15% increase in monthly Supplemental Nutrition Assistance Program benefits for all participants for six months, from January 1 to June 30. The law provides an additional $100 million in administrative funds for fiscal year 2021 and $5 million to add online SNAP retailers.
- Includes an additional $400 million for food banks through the Emergency Food Assistance Program, as well as $13 million for the Commodity Supplemental Food Program.
- Expands the Pandemic Electronic Benefit Transfer program to include all children under the age of six in areas where schools or day care centers are closed or operating under reduced attendance or hours for at least five consecutive days.
- Provides partial – 55% – reimbursement to school food authorities and covered day care centers for costs incurred during COVID-19 emergency school closures in spring 2020.
- Includes an extra $175 million for Older Americans Act's Meals on Wheels nutrition services.

Agriculture

- $11.188 billion to support agricultural producers affected by the pandemic, including:
    - Supplemental Coronavirus Food Assistance Program payments to producers of price trigger crops and flat-rate crops of $20 per eligible acre and support to cattle producers.
    - Assistance for livestock-related losses that have not received support or faced a disparity under CFAP, including payments for losses related to the depopulation of livestock and poultry, and $1 billion for payments to livestock and poultry contract growers to address revenue losses.
    - $1.5 billion for the purchase of food and agricultural products to be distributed to people in need and for grants and loans to address worker safety at food processing and related facilities.
    - Assistance to textile mills.
    - $200 million in aid for timber harvesting and hauling businesses.
    - Permits payments to producers of biofuels, including advanced biofuel, biomass-based diesel, cellulosic biofuel, conventional biofuel, or renewable biofuel.
- Provides supplemental Dairy Margin Coverage payments.

- Creates a trust to aid unpaid sellers of livestock.
- Provides $60 million for grants to meat and poultry slaughter and processing facilities to bolster infrastructure and equipment, ensure conformity with labeling and safety regulations, and support the interstate sale of products.
- Provides $28 million for grants to state departments of agriculture to support stress assistance programs for agricultural growers and producers.
- Provides $350 million to facilitate additional support for existing specialty crop, nutrition incentive, local agriculture market, and agriculture training and outreach programs.

Title VIII – United States Postal Service

- Provides loan forgiveness for the U.S. Postal Service if it chooses to borrow the $10 billion authorized under the CARES Act for operating expenses affected by the COVID-19 pandemic. USPS has yet to execute its borrowing authority.

Title IX – Broadband Internet Access Service

- Appropriates $250 million in additional funds for the COVID-19 Telehealth Program. The program, established in the CARES Act, provides grants to help health care providers offer services to patients at their homes or mobile locations.
- Establishes an emergency broadband benefit program at the Federal Communications Commission for eligible households experiencing economic hardship as a result of the pandemic.
- Establishes a $300 million broadband infrastructure program at the National Telecommunications and Information Administration at the Commerce Department to support broadband infrastructure deployment to unserved and rural areas.
- Establishes the Office of Minority Broadband Initiatives within NTIA to facilitate internet access to communities surrounding historically black colleges and universities, tribal colleges and universities, and minority-serving institutions.
- Appropriates $285 million to the Connecting Minority Communities Fund to facilitate broadband development and access in minority communities.
- Establishes a $1 billion grant program at NTIA to support broadband connectivity on tribal lands throughout the country.

- Provides $1.9 billion to fund the FCC's Secure and Trusted Communications Networks Reimbursement Program, which reimburses providers to replace unsecure communications equipment in their networks.
- Fully funds the Broadband DATA Act, which directs the FCC to collect more broadband coverage data and map the availability of broadband services throughout the country.

Title X – Miscellaneous

Coronavirus Relief Fund Extension

- Gives states, localities, and tribes until December 31, 2021, to spend coronavirus relief funds that were appropriated in the CARES Act. The law does not provide new money or change the program.

Exchange Stabilization Fund Rescissions

- Rescinds more than $429 billion in unobligated balances that the CARES Act provided to support emergency loans, loan guarantees, and other investments by the Treasury and Federal Reserve.
- The CARES Act allocated funds to Treasury's exchange stabilization fund to support temporary, emergency lending facilities set up by the Fed under section 13(3) of the Federal Reserve Act. This provision decisively ends the CARES Act-supported facilities as of December 31, 2020, and prevents them from being duplicated without approval from Congress. Specifically, it prevents the exchange stabilization fund from being used for any 13(3) program or facility that is the same as any program or facility that received an investment under the CARES Act, except for the Term Asset-Backed Securities Loan Facility.

DIVISION EE: TAXPAYER CERTAINTY AND DISASTER TAX RELIEF ACT OF 2020

- Allows taxpayers to use their 2019 earned income for determining the Earned Income Tax Credit and the Additional Child Tax Credit in tax year 2020.
- Extends for 2021 the charitable deduction for people who do not itemize on their tax returns: up to $300 for individual filers and $600 for married couples filing jointly. The law also includes a one-year extension of the CARES Act's increased limits for deductible charitable contributions for taxpayers who itemize.
- Allows people who contribute to health and dependent care flexible spending accounts to carry over unused benefits up to the full annual amount from 2020 to 2021 and from 2021 to 2022. It

also provides that plans may allow a prospective change in election amounts for health and dependent care FSAs in 2021.

- Extends the CARES Act's employee retention tax credit through June 30, 2021, and increases it from 50% to 70% of the first $10,000 of an employee's wages per quarter. The provision expands eligibility for the ERTC by lowering the required year-over-year gross receipts decline from 50% to 20%. It includes a safe harbor that permits employers to determine eligibility using prior quarter gross receipts. It also increases the 100-employee threshold for determining the relevant qualified wage base for employers with 500 or fewer employees. Retroactive to the CARES Act, the provision also allows employers that receive PPP loans to qualify for the ERTC for wages that are not paid from forgiven PPP loan amounts.

- Permits businesses to fully deduct business meal expenses, including carry-out or delivery meals, that are paid or incurred in 2021 and 2022.