

FEDERAL FUNDING FOR COVID-19 RESPONSE

March 17, 2020

SUMMARY

Supplemental I was for \$8.3 billion.

Another \$50 billion in FEMA money was released by the national emergency declaration. (NOTE: This is different than the public health emergency declared by the Trump Administration in January, technically made by U.S. Department of Health and Human Services (HHS) Secretary Alex Azar. The January emergency declaration made it easier for states to redirect staff to the virus response.)

Supplemental, Part II, “Families First Coronavirus Response Act” (H.R. 6201) cleared the House in the early hours Saturday morning, March 14, and expected to be voted on by the Senate tomorrow afternoon. The President has already announced he will sign the bill. Total cost of the bill not yet determined.

Expect several more large spending bills to come. Secretary of the Treasury Steven Mnuchin is seeking a new coronavirus-related economic stimulus of \$1.2 trillion or more from Congress. (Referred to as Supplemental Emergency Spending - Part III below.)

SUPPLEMENTAL EMERGENCY SPENDING – PART I (\$8.3 billion)

\$3.1 billion for the HHS Secretary's dispersal

- The biggest pot of money goes to the Office of the Secretary of HHS, and is available until 2024.
- A lot of flexibility within Secretary's public health emergency account: funds may be spent for therapeutic development, vaccine development, purchase of additional supplies such as masks and personal protective equipment (which reportedly has been underfunded by Congress and the last few Administrations for many years).
- \$100 million directed to community health centers for underserved groups.

\$950 million for state and local health departments

- To be dispersed via the Centers for Disease Control and Prevention (CDC website for State and Local Health Departments: <https://www.cdc.gov/coronavirus/2019-ncov/php/index.html>)
- Half must be allocated within 30 days (bill was signed March 6).
- Can be used for more staff (new hires and contracting), overtime pay, purchasing equipment, and data analytics.

\$300 million to buy vaccines and treatments

- Provision included that the vaccines and treatments purchased by the government are to be priced fairly and reasonably and to be affordable in the commercial market.

\$1.25 billion for international activities

- To help countries that may not be equipped to deal with the virus.

What may be missing (but also may be covered under the emergency declaration)

Nothing in this law spells out how much, if any, money will go to reimburse hospitals or patients for medical care associated with COVID-19 treatment. Some announcements have reported that the diagnostic test will be covered by many private insurers and Medicare and Medicaid, and telehealth services are also now covered under Medicare. A lot of the additional expenses may also be covered by the national emergency declaration. Meanwhile, several associations such as the American Hospital Association and the American Medical Association have written House and Senate leadership requesting that hospitals and health care workers be included in any economic stimulus packages.

NATIONAL EMERGENCY DECLARATION

National emergencies declared under both the National Emergencies Act and the Stafford Act. National Emergencies Act provides emergency authorities that exist in other federal laws, mostly special provisions that become available to the President. The Stafford Act allows the federal government to offer a wide range of aid to states, municipalities, hospitals and individuals. FEMA can reimburse for emergency protective measures required by public health officials that do not duplicate assistance provided by HHS or other federal agencies.

- Emergency protective measures typically include activation of State Emergency Operations Centers, National Guard costs, law enforcement and other measures necessary to protect public health and safety.
- Allows HHS to modify or waive regulations for Medicare, Medicaid and other programs.
- Makes it easier to offer telehealth services, waives certain licensing requirements for doctors so they can provide care across state lines and removes capacity limits for hospitals.
- Federal government can provide direct emergency medical care, which may include establishment of temporary hospitals.
- Ability to provide food, water, medicine and other supplies.
- Public facilities where aid is being administered could be eligible for reimbursements, including hospitals, schools and custodial care facilities. Eligible facilities would get 75% of their costs reimbursed from the federal government and 25% from their respective states. (Vitally important to keep extremely good records.)

<https://www.hstoday.us/subject-matter-areas/emergency-preparedness/how-the-covid-19-national-emergency-declaration-will-impact-the-disaster-relief-fund/>

SUPPLEMENTAL EMERGENCY SPENDING – PART II (\$8.3 billion)

Titled H.R.6201, Families First Coronavirus Response Act

A summary of the bill and a fact sheet are attached.

Cleared the House in the early hours Saturday morning and will be voted on by the Senate tomorrow afternoon. (Senate has cancelled their planned recess for this week.) The President has already announced he will sign the bill. It is unclear how much the package will cost, because the Congressional Budget Office, the independent federal agency that assesses the revenue effects of legislation, did not have time to calculate a price tag. Meanwhile, it includes:

\$1.5 billion for food aid

- Funding for food banks and to expand food aid for seniors and low-income pregnant women and mothers.
- Suspends new work requirements for recipients of the Supplemental Nutrition Assistance Program (i.e. food stamps).
- Emergency food assistance to households with children who would receive free or reduced-price meals in school if they close for five days or longer.
- Waives state matching requirements.

\$1 billion in grant funding for states to expand unemployment benefits for people who lose their jobs due to the coronavirus outbreak.

- \$1 billion in 2020 for emergency grants to states to assist with processing and paying unemployment insurance.
- Half of those funds would be used to provide immediate additional funding to all states for staffing, technology and other administrative costs. The other half would be used for emergency grants to states that experienced at least a 10-percent increase in unemployment.

Free testing for people suspected of being infected, including the uninsured.

- Includes a number of waivers to allow the costs of tests to be covered by insurance and federal government programs.
- A 6.2-percentage point increase in federal payments to Medicaid for states.
- \$600 million for the Department of Veterans Affairs to provide testing for veterans.
- \$1 billion for the National Disaster Medical System to reimburse the costs of testing and services to people without health insurance.

Paid Sick Leave

- Two-weeks of paid sick leave and up to three months of paid family and medical leave, equal to no less than two-thirds of their pay.
- These benefits apply to employees of businesses with fewer than 500 employees, or the government, who are infected by the virus, quarantined, have a sick family member or are affected by school closings.
- Large employers are excluded, and the Labor Department will have the option of exempting workers at any company with fewer than 50 employees, if it determines that providing paid leave “would jeopardize the viability of the business as a going concern.”
- Excludes “certain health care providers and emergency responders” from the benefit.
- Government is providing new tax credits to both help offset the costs of accommodating the new mandate and the economic impact of the outbreak.
- Expires in one year and exemptions are available for small businesses.

SUPPLEMENTAL EMERGENCY SPENDING – PART III (\$850 billion - \$1.2 trillion) – SUBJECT TO CHANGE, this is strictly based on news reports, no draft legislation yet available.

Treasury Secretary Mnuchin proposed the idea of combining it with H.R. 6201. However, a combined bill would have to go back to the House for approval and House members left Washington Saturday and are not currently scheduled to return until next week at the earliest. Senate Majority Leader Mitch McConnell instead reported the Senate will try to pass the House-passed bill and then work separately on the stimulus package. Components of that package could include:

- \$250 billion the Trump Administration wants to provide in “business interruption payments” to Americans, possibly delivering checks within the next two weeks to individuals making \$85,000 or less. Amount not yet known, but rumored to be \$1,000 or more. May be more than one round of checks.
- \$400 billion in steps taken by the executive branch – including delay in filing tax deadlines for individuals and relief for student loan interest payments. Individuals can get a 90-day deadline extension on paying taxes up to \$1 million and corporations can defer tax payments of up to \$10 million without interest or penalties. All still have to file taxes, but can defer payments.
- \$200 billion in stabilization funds.
- \$300 billion for small business loans.
- Temporary cut in payroll taxes (worth \$500 billion), but there is some concern that businesses not meeting 100 worker threshold might cut jobs to claim the tax break.
- A plan to encourage states to leverage unemployment insurance, and to pay workers 80% of the hourly pay the employees are used to, as well as paying tipped employees 80% of their weekly average income rather than their hourly wage.
- \$60 billion in grants and loans requested by U.S. airline industry.

Other ideas circulating in the Administration include a large-scale public works package; modifications to the EB-5 visa program to book foreign investment; and tariff relief.

The Administration is also weighing a proposal to allow homeowners whose income was cut by the coronavirus to delay mortgage payments. Still to be decided is a mechanism for borrowers to catch up. The federal government also will have to determine how to advance money to mortgage servicers so investors in mortgage-backed securities can get their guaranteed payments.

Senate Democratic Leader Chuck Schumer released the details of \$750 billion virus aid proposal he wants, which would include \$400 billion in emergency appropriation to provide more food assistance to seniors, public housing, schools, and help with child care, as well as emergency aid for hospitals, expanded unemployment insurance and more funds for small businesses. This is likely part of the negotiations the Administration is having on the 3rd Phase plan since Senate Republicans need Senate Democrats to get an economic stimulus plan passed.

House Speaker Nancy Pelosi has said the third package will include access to longer term leave for sick workers, increasing the scope of allowable uses of family and medical leave.

The American Public Transportation Association is asking Congress for \$12.9 billion to help pay for cleaning vehicles and facilities (\$1.75 billion) and to help offset lost fares (\$6 billion) and sales tax revenue (\$4.9 billion).

National League of Cities sent a letter to Congress requesting federal funding and policy changes to support local governments: <https://buff.ly/2ISGbHJ>

Additional Information:

- The Federal Reserve has cut its federal funds rate by a full percentage point to a range of 0-.25% and announced it would buy \$500 billion in Treasuries and \$200 billion in mortgage-backed securities.
- The President’s Coronavirus [Guidelines for America](#): 15 Days To Slow The Spread.
- [Tips For Social Distancing, Quarantine, And Isolation During An Infectious Disease Outbreak](#) from the Substance Abuse and Mental Health Services Administration (SAMHSA).

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