



Memo: The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act

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On May 12, House Democratic leadership introduced a massive, \$3 trillion COVID-19 relief bill, the [Health and Economic Recovery Omnibus Emergency Solutions \(HEROES\) Act](#). The bill passed the chamber on Friday the 15th, as Speaker of the House Nancy Pelosi (D-CA) acted on her pledge to quickly to move the relief package through her chamber as the economic and public health impacts continue to worsen as a result of the Coronaviurs pandemic. This legislation marks the start of negotiations on an expected fifth legislative action to address the COVID-19 pandemic on Capitol Hill.

The more than 1,800-page bill surpasses the landmark Coronavirus Aid, Relief and Economic Security (CARES) Act, which was signed into law in late March, in every way except bipartisan support. The HEROES Act is comprehensive, including funds and policies to support state and local governments, education, healthcare programs, small businesses, individual and family relief, food security, the postal service and 2020 elections.

Despite its swift passage in the House, the HEROES Act is meeting strong resistance among Republican leaders in the United States Senate. Senate Majority Leader Mitch McConnell (R-KY) remarked shortly after its introduction that Congress should pause before moving on an additional relief package, though a number of members of the Senate Republican caucus have been weighing in with requests of their own. While it's highly unlikely to become law in its current form, the HEROES Act lays down a marker for Democrats' priorities as negotiations with the Senate and the Trump Administration commence.

The following summarizes notable provisions of the package separated by stakeholders and significant issue areas. For more in-depth analysis or guidance regarding specific provisions to the package, the Bose Public Affairs Group team is well equipped to consult on these issues. Please contact the team for additional information.



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Relief to Individuals and Families

Direct financial assistance

The legislation proposes another round of financial assistance from the US Treasury directly to American citizens in the form of a check or direct deposit in the structure as the CARES Act with a few programmatic modifications. The bill appropriates \$599 million for tax credit implementation to provide for the payments. Payment amounts are dependent on the latest tax filings (2019 or 2018) and vary based on income levels and dependents per household.

- A full payment of \$1200 – in the form of a refundable tax credit – is available for every individual with a cap on singles making up to \$75,000 and married couples making up to \$150,000.
 - An additional \$500 will be available for each child per household. So a family of four would receive \$3400.
 - The value for each payment will decrease by \$5 for every \$100 earned up to \$99,000.

However, the HEROES Act does expand on the CARES Act by also making all dependents below age 24 eligible for the \$500 qualifying child amount in calculating the direct payment amount. The CARES Act calculation only included dependents below age 17, making full time university students ineligible for assistance. Other changes from the CARES Act include:

- Allows payments for taxpayers who filed their taxes using a Taxpayer Identification Number (TIN) rather than a social security number

- Exempts past-due child support from impacting the payment amount

Expands Refundable Tax Credits

The bill would expand refundable tax credits for low-income individuals and provide for greater flexibility. This includes:

- Earned Income Tax Credit (EITC)- For 2020, the minimum age to claim the childless EITC is reduced from 25 to 19 (except for full-time students) and the upper age limit for the childless EITC is increased from age 65 to age 66
 - The bill also proposes an increase of the earned income and phase-out thresholds to where the maximum credit would increase from \$538 to \$1,487.
- Child Tax Credit (CTC)- The bill would the CTC full refundable and increase the credit to \$3,000 per child and the age of eligibility to 17 for the 2020 tax year.

The bill also eliminates the limitation on the deduction for state and local taxes for taxable years 2020 and 2021. This better known as the SALT deduction.

Investments in Unemployment Insurance

The bill continues extends much of the assistance established under the CARES Act for workers who have become unemployed due to the pandemic.

- Pandemic Unemployment Compensation will supplement UI state benefits by \$600 per week, which the HEROES Act extends through January 31, 2021.
- Extends Pandemic Unemployment Assistance for workers not otherwise eligible for regular state UI or who have exhausted their state UI benefits though January 31, 2021
- The benefit will be taxable but will not impact determinations in Medicaid or CHIP eligibility.
- The bill also extends the provision and makes a technical correction that reduces the amount nonprofits, tribes, and government entities must reimburse states for their workers' benefits by 50%.

Other provisions or investments to support individuals and families

- Supplemental Nutrition Assistance Program (SNAP) - \$10 billion in additional funding.
 - Women, Infants, and Children (WIC)- \$1.1 billion in funding.
- Child Nutrition Programs- \$3 billion in additional funding.

- Social Services Block Grant- \$850 million to support child and family care for essential workers
- Local food banks- \$150 million for local food banks.
- Emergency Rental Assistance- \$100 billion.

Municipalities

Local FEMA Match

Removes required 25% local match for funds provided under COVID-19 disaster declaration, making FEMA Public Assistance provided under the declaration 100% federally funded.

State Coronavirus Fiscal Relief Fund

The bill provides \$500 billion in funding to assist state governments with the fiscal impacts from the public health emergency caused by the coronavirus.

Local Coronavirus Fiscal Relief Fund

The bill provides \$375 billion in direct funding to assist local governments with the fiscal impacts from the public health emergency caused by the coronavirus. The funds will be distributed in two tranches a year apart and according to population and CDBG formulas. These funds are available until expended. The bill also allows the use of these funds, as well as the Coronavirus Relief Fund monies already received, to be used to replace foregone revenue related to coronavirus economic impacts.

Clarification of Eligible Activities and Costs for Federal Assistance

The bill clarifies the eligible costs and activities state and local governments may propose for federal assistance or reimbursement. These would include but are not limited to, housing for first responders, emergency managers and other health providers, costs for establishing and operating remote test sites, PPE and other critical supplies.

Community Development Block Grant (CDBG)

\$5 billion in total will be provided for the CDBG program, which is the same amount provided under the CARES Act. The funds would be distributed by formula based on the current grantees. The bill also continues to waive the cap on funds a locality can spend on public services.

Homeland Security and Emergency Response Funding

The bill invests \$1.3 billion in multiple programs managed by the Federal Emergency Management Agency designed to assist localities and personnel on the front lines. Notable program investments include:

- Emergency Food and Shelter Program - \$200 million.
- Assistance to Firefighter Grants - \$500 million for protective equipment for firefighters.
- Emergency Management Performance Grants - \$100 million to support coordination and communications at all levels of government.

Transportation and Housing

The bill includes additional investments for transportation and housing accounts to mitigate the impacts of the coronavirus. Notable investments include:

- Airport Trust Fund Relief- The bill directs that the Airport and Airway Trust Fund can meet its financial obligations by having access to funds from the General Fund of the Treasury.
- Transit emergency relief - \$15.75 billion.
- Highways- \$15 billion to support state, local, tribal, and territorial Departments of Transportation to provide relief from the financial effects of the pandemic on staff salaries and other administrative expenses.
- Section 8 Housing Vouchers for PHA's - \$5 billion in tenant-based rental assistance and for PHA's to carry out its operations.
- Elderly and Disabled rental assistance - \$700 million.

Family Service Programs

Social Service Block Grant- The bill would provide \$9.6 billion in funding for the Social Services Block Grant (SSBG) to support emergency services for states and localities.

- The bill includes specific language to require states to pass at least 50% of funding to county and local governments working with community-based organizations serving disadvantaged individuals.

The bill also offers additional flexibilities for children and family service programs, including suspending the federal work participation requirements under the TANF and allowing child welfare programs to provide services using electronic means in order to comply with public health guidelines.

Municipal Liquidity Fund

The bill expands eligibility for local governments to access funds up to \$500 billion in short-term credit through the Federal Reserve's Municipal Liquidity Fund (MLF).

Child Care Development Block Grants (CCDBG)

The bill allocates \$7 Billion to support child care programs to pay staff, establish alternative child care options as facilities temporarily close, and meet emergency staffing needs to provide access to childcare for first responders and health care workers as they respond to the COVID-19 public health crisis.

Support for Law Enforcement

The bill includes resources to support local law enforcement by funding grants to localities, which can be used to purchase personal protective equipment and other needed medical items, as well as funds to support overtime pay for police officers. A total of \$300 million will be dedicated to the Byrne-Justice Assistance Grant Program (Byrne-JAG) to carry out this purpose. The bill waives the matching requirement and prevents the Department of Justice from withholding funds from sanctuary cities.

- COVID-19 in Correctional Facilities- The bill includes \$600 million in assistance to prevent, detect, and combat Coronavirus in correctional facilities. The bill stipulates that funds can be used for cleaning, testing, and transition/re-entry services for individuals reentering the community during the pandemic.

Support for Public Health Data Systems and Health Infrastructure

The bill authorizes grants or cooperative agreements with state, local, tribal or territorial public health departments to support "the expansion and modernization of public health data systems." Managed by the CDC, the grants would support consistency in data collection, dissemination of public health information, and the secure exchange of data between the CDC and local health departments. The bill also authorizes funding to support public health infrastructure needs, specifically:

- Provides \$ 6 billion in CDC formula grants to establish a core public health infrastructure program through grant awards which would be distributed to address core infrastructure needs, with no less than 30 percent of funds going to state, local, tribal or territorial health departments on a competitive basis. Additional grants to state health departments would be awarded through a formula based on population size, burden of preventable disease and disability, and core public health infrastructure gaps.

- Authorizes \$100 million in CDC grants to state, local, and territorial health departments to “support the modernization of data collection methods and infrastructure for the purposes of increasing data related to health inequities.”

Grants to Support Hiring and Training of Contact Tracers

The bill authorizes grants to local workforce development systems support the recruitment, placement, and training of individuals in COVID-19 contact tracing and related positions, with a focus on recruiting from impacted local communities and building a culturally competent workforce. Post-employment transition assistance is an aspect of the grants.

Election Assistance

The bill would implement the *American Coronavirus/COVID-19 Election Safety and Security (ACCESS) Act*, requiring local governments to establish vote-by-mail and other election contingency plans to encourage localities to follow public health guidelines while holding elections. The bill would provide funding for the Election Assistance Commissions to make payments to eligible states for the costs of complying with these requirements.

Other provisions to support municipality operations

- Suspends the prohibition on EDA grantees specifically to use federal funding to obtain consulting assistance in developing grant applications under the CARES Act.
- Administration for Community Living - \$100 million across several services, including protections for seniors and individuals with disabilities, supports for family caregivers, nutrition programs, and home and community based services.

Tribal Governments

Tribal Coronavirus Fiscal Relief Fund

The bill provides \$20 billion in funding to assist Tribal governments with the fiscal impacts from the public health emergency caused by the coronavirus. The bill also allows the use of these funds, as well as the Coronavirus Relief Fund monies already received, to be used to replace foregone revenue related to coronavirus economic impacts. And these funds are available until expended.

Indian Health Service (Interior)

The bill appropriates \$2.1 billion to provide resources necessary to respond to the COVID-19 pandemic among Tribal communities.

Bureau of Indian Affairs (Interior)

The bill grants \$900 million to support welfare assistance and other emergency response needs for tribal governments.

Healthcare

Public Health Responses

The bill authorizes multiple new programs to expand the federal government's efforts and coordination to respond to the pandemic. Notable provisions include:

- The bill requires the president appoint a Medical Supplies Response Coordinator to “coordinate the efforts of the Federal Government regarding the supply and distribution of critical medical supplies and equipment relating to detecting, diagnosing, preventing, and treating COVID-19, including personal protective equipment (PPE), medical devices, drugs, and vaccines,” including consultation with state and local governments.
- The bill requires the U.S. Department of Health and Human Services to provide an updated COVID-19 strategic testing plan by June 15, 2020 and establish a webpage available to the public that identifies FDA approved tests that can be used to detect the Coronavirus.
- The bill appropriates \$75 billion to the CDC to establish a new national system and grant program for COVID-19 testing, contact tracing, surveillance, containment and mitigation.
 - This includes a requirement for the CDC to award grants to state, local, tribal, and territorial health departments to carry out evidence-based systems for testing and contact tracing.

Access to Health Care for Individuals Affected by COVID-19

The bill supports individuals infected by COVID-19. This includes several notable provisions and investments to support patients, including:

- The bill allows states the option to leverage Medicaid to cover uninsured individuals receiving treatment for COVID-19 without cost sharing.
- The bill also establishes zero out-of-pocket costs for COVID-19 treatment under Medicare Advantage during the COVID-19 pandemic.

Support for Healthcare Providers

The bill invests billions in support for health care providers on the front lines of responding to the pandemic. Notable provisions include:

- Health Care Provider Relief Fund- Codifies the fund established in the CARES Act to reimburse eligible providers for expenses related to preventing and responding to COVID-19.
- Ready Reserve Corps and Expanding Health Professionals Deployment Ability – Provides additional funding for the Medical Reserve Corps to ensure there are enough qualified medical professionals throughout the country to treat patients and respond to COVID-19. The bill also allows volunteer medical professionals responding to COVID-19 to have liability protections and provides the Secretary of Health and Human Services (HHS) to reassign members of the National Health Service Corps to provide additional support for areas most impacted by the virus.

Support for the Healthcare Workforce

The bill authorizes and provides investments for multiple programs targeted to support the healthcare workforce tasked with responding to the Coronavirus. This includes support for doctors and nurses, coordination efforts, and additional education and training for medical professionals. This includes:

- \$100 million in funding in FY2020 and FY2021 for a new Public Health Workforce Loan Repayment program to “assure the adequate supply of and encourage recruitment of public health professionals to eliminate critical health workforce shortages in state and local agencies.”
- Authorizes grants to schools of medicine in rural, underserved, or Minority-Serving Institutions. Grants can be used to build new schools of medicine and expand, enhance, modernize, support existing schools of medicine. Funding priority is given to rural, underserved, or Minority-Serving Institutions, including Historically Black Colleges and Universities, Hispanic-Serving Institutions, Tribal Colleges and Universities, and Asian American and Pacific Islander Serving Institutions.
- Establishes a technical assistance center through the Substance Abuse and Mental Health Services Administration (SAMHSA) to support public and nonprofit entities that provide mental health treatment to health care professionals on the front lines of treating patients with the Coronavirus.

Private Health Insurance Provisions

The bill makes changes to private health insurance to expand access for enrollment and allowing enrollees to access care related to the Coronavirus without cost-sharing. Notable provisions include:

- Special enrollment period- the bill provides for a two-month open enrollment period to allow individuals who are uninsured, for whatever reason, to enroll in coverage.
- Waives cost-sharing requirements for consumers seeking healthcare services related to COVID-19 for the duration of the public health emergency.
- Requires group and individual health insurers to notify consumers if their plan permits advance prescription drug refills during an emergency period.
- Provides subsidies to cover the full premium for workers to maintain their employer-sponsored health insurance through COBRA if they have been laid-off or furloughed.

Medicaid Provisions

The bill provides a 14% increase to the Federal Medical Assistance Percentage payments to state Medicaid programs through June 30, 2021 and also eliminates out of pocket expenses for Medicaid beneficiaries for COVID-19 treatment and vaccines during the pandemic.

Medicare Provisions

The bill makes several changes to the Medicare to program to target health and safety at nursing facilities, including a requirement that residents of nursing homes have access to technology to conduct “televisitation” with loved ones while in-person visits are not possible during the COVID-19 public health emergency. The bill also provides \$500 million for nursing home strike teams “for the purposes of assisting with clinical care, infection control, or staffing” and provides \$210 million for infection control in nursing facilities through CMS contracts with quality improvement organizations.

Healthcare Appropriations

Public Health and Social Services Emergency Fund

The bill allocates \$175 billion to reimburse for health care related expenses or lost revenue attributable to the coronavirus, as well as to support testing and contact tracing to effectively monitor and suppress COVID-19, including:

- \$100 billion in grants for hospital and health care providers to be reimbursed health care related expenses or lost revenue directly attributable to the public health emergency resulting from coronavirus; and

- \$75 billion for testing, contact tracing, and other activities necessary to effectively monitor and suppress COVID-19.

Center for Disease Control and Prevention

The bill designates \$2.1 billion to support federal, state, and local public health agencies to prevent, prepare for, and respond to the coronavirus, including:

- \$2 billion for State, local, Territorial, and Tribal Public Health Departments and
- \$130 million for public health data surveillance and analytics infrastructure modernization.

Research and Development

- Biomedical Advanced Research and Development Authority - \$4.6 billion to respond to the virus, including:
 - \$3.5 billion for Biomedical Advanced Research and Development Authority (BARDA) for therapeutics and vaccines;
 - \$500 million for BARDA to support U.S.-based next generation manufacturing facilities;
 - \$500 million for BARDA to promote innovation in antibacterial research and development; and
- The National Institutes of Health - \$4.5 billion to expand COVID-19-related research on the NIH campus and at academic institutions across the country and to support the shutdown and startup costs of biomedical research laboratories nationwide.

Other provisions and investments to support the healthcare industry

- FCC Rural Health Care Program- \$2 billion to subsidize health care providers' broadband service in rural areas and would increase the subsidy rate from 65% to 85%.
- Substance Abuse and Mental Health Services Administration - \$3 billion to increase mental health support and support substance abuse treatment, including:
 - \$1.5 billion for the Substance Abuse Prevention and Treatment Block Grant
 - \$1 billion for the Community Mental Health Services Block Grant
- Health Resources and Services Administration - \$7.6 billion, divided across Health Centers (\$7.6 billion); and the Ryan White HIV/AIDS program (\$10 million).

Education

The bill appropriates \$100.15 billion to the Department of Education to support the educational needs of states, districts, and higher education institutions in responding to the coronavirus. More in-depth analysis of the education provisions can be found in Bose Public Affairs Group's memo [here](#).

State Fiscal Stabilization Fund

The law provides \$90 billion in funds for the Secretary to allocate funding to each State via the governor in addition to reserving 1% (or \$900 million) for the Bureau of Indian Affairs and outlying areas. The Secretary can also allocate up to \$30 million for administrative expenditures. The State must use the funds to maintain or restore education funding. The funds will be allocated to each State via formula with 61 percent based on the count of children aged 5-24 and then 39 percent based on the proportion of children in poverty under the Title I Basic Grants to Local Education Agencies (LEAs) formula. Similar to the CARES Act, one percent of total funding is reserved for both outlying areas and the Bureau of Indian Education (BIE) in consultation with the Department of Interior. From then on, States must distribute the funds as follows:

- 65% of funds are to be used to support K-12 needs of LEAs and distributed by Title I count.
- 30% of funds are for Institutions of Higher Education (IHEs). The Governor shall reserve a percentage necessary to make the minimum grants.
 - IHEs will receive 75% of funding as based on the count of Pell recipients in the State and 25% of funding will be based on the relative share of the total enrollment of non-Pell recipients.
- 5% of funding is reserved for technical assistance.

Higher Education Fund

In addition to the State Fiscal Stabilization Fund, the HEROES Act provides \$10.15 billion in funding for colleges and universities that is available through FY 2022. This funding is broken out into two big pots, one reserved for Minority Serving Institutions (MSIs) and one for nearly any private, not-for-profit college or university. Specifically the funds are broken out as follows.

- \$1.708 billion will be distributed via the Strengthening Institutions and Strengthening Historically Black Colleges and Universities (HBCUs) programs; Section 316 of the Higher Education Act (HEA) for Tribal colleges and universities (TCUs); Title V HEA grant programs that support Hispanic Serving Institutions (HSIs), and Title VII of HEA grant programs that support graduate degree attainment at HBCUs and Predominantly Black Institutions to

address needs directly related to coronavirus. The TCUs funds will be distributed according to the formula in Title III, Part A of HEA. For HBCU funds, these will be distributed to institutions based on the following formula.

- 70 percent on the ratio of Pell recipients at the individual institution divided by the total number of Pell recipients at all eligible HBCUs.
- 20 percent on the ratio of all students enrolled at the individual institution divided by the total number of all students enrolled at eligible HBCUs.
- 10 percent based on endowment.
- \$8.4 billion will be distributed via the Fund for Improvement of Postsecondary Education (FIPSE).
 - Of that funding, \$7 billion is to be provided to private, not-for-profit institutions of higher education that would not necessarily receive funding under the State Fiscal Stabilization Fund which is reserved for public institutions of higher education. 75 percent of funding is based on Pell recipients and 25 percent based on total enrollment.
 - \$1.4 billion is reserved for institutions with unmet needs, which includes ability to provide distance education and remote learning. Institutions with at least 500 students are eligible for grants of \$1,000,000.

COVID-19 National Emergency Private Education Loan Repayment Assistance

The bill would extend CARES Act student loan payment and consumer protections to private loan borrowers not covered by the CARES Act, providing up to \$10,000 in debt relief on private student loans through the Department of Treasury.

Broadband and Digital Learning Tools

- Authorizes—but doesn't appropriate—\$5 billion in funding for a temporary disbursement to be administered through the Federal Communications Commission's (FCC) E-rate Program for schools and libraries to provide internet service in a technologically neutral way to students and teachers, prioritizing those without internet access at home.
- Provides \$1.5 billion to assist with closing the homework gap by providing "immediate" emergency funding for Wi-Fi hotspots and connected devices for students and library patrons.
- The HEROES Act also provides \$4 billion "pooled fund" for emergency home connectivity needs.

Relaunch of the Community College and Industry Partnership Grants

The HEROES Act authorizes the Secretary to award grants through 2024 to restart the Trade Adjustment Assistance for Community College Career Training (TAACCCT) grants, which were initially awarded during the Great Recession by the Department of Labor to support community college and industry partnerships in creating education and training programs.

Loan Relief for Federal Student Loan Borrowers

- Amends the CARES Act to provide \$10,000 of up-front debt relief for all borrowers of loans made by the Department of Education.
- The bill also directs the Department to provide full debt relief for borrowers who were defrauded by for-profit institutions.
- The bill extends the duration and scope of student loan payment suspensions included the CARES Act from September 30, 2020 to September 30, 2021, including the suspension of interest accrual.
- Allows student loan borrowers to consolidate their loans without losing prior payments for the eligibility requirements for public service loan forgiveness (PSLF) and income-driven repayment plans.
- Prevents the Secretary of Education from imposing restrictions on the populations eligible for emergency financial relief under the CARES Act, which includes undocumented students who have deemed ineligible to access relief funding in Secretary DeVos' implementation of the CARES Act.

Restrictions to Secretary of Education Waiver Authority

The bill clarifies that the Department of Education cannot use the authority provided under the CARES Act to grant waivers that would allow grant funds to be used in a way that deviates from the overall purpose of the grant program

Labor

Worker Protections

The bill requires the Occupational Safety and Health Administration (OSHA) to issue enforceable temporary standards (ETS) for employers to ensure a safe and healthy work environment from COVID-19. Provisions include:



- Requires employers to develop and implement infection control plans based on CDC guidance
- Requires OSHA guidance to forbid employers from retaliating against workers for reporting infection control problems
- Includes protections for public employees in the 24 states where public employees are currently not covered by OSHA
- \$100 million to state OSHA plans for the enforcement and training

The bill protects workers by requiring the Occupational Safety and Health Administration (OSHA) to issue an emergency temporary standard (ETS) to protect all workers from COVID-19 infections.

- Requires OSHA to issue a standard to require employers to develop and implement infection control plans to protect workers based on CDC and other expert guidance.

Essential Workers' Pay Increase

The bill creates nearly \$200 billion in funding to support wage increases for essential frontline employees who are sustaining our communities and our economy during the pandemic.

- Provides a \$13/hour in premium pay on top of regular wage, up to \$10,000 to frontline workers who have been in regular contact with a patient, the public, or co-workers—such as grocery workers, health care staffers, or meat packing workers.

Emergency Paid Family, Medical, and Sick Leave:

This bill expands paid family, medical, and sick leave by targeting exemptions in the CARES Act making millions of workers ineligible for the program. This includes suspending the 1,250 hour eligibility requirement and reduces the tenure eligibility requirement from 12 months to 90 days under non-emergency Family and Medical Leave Act (FMLA).

The bill also expands access to emergency paid leave by extending the duration of the program another year to December 31, 2021. The bill clarifies that workers must be provided with a full 12 weeks of paid emergency FMLA leave and does not count towards non-emergency unpaid FMLA leave. Employees would receive a benefit no less than two-thirds of their usual pay, up to \$200 a day.

Workforce Development Investments

The bill would include \$2 billion in additional funding through the *Workforce Innovation and Opportunity Act* (WIOA) to help the state and local workforce investment systems respond to



unprecedented demand and limited resources to assist displaced workers, and enable small- and medium-sized employers to avoid layoffs through on-the-job training support.

- \$485 million for adult training, with a priority for those economically affected by COVID-19
- 518 million for youth training programs, including both in-and out-of school youth
- \$597 million for dislocated worker employment and training
- \$400 million for the national dislocated worker reserve
- \$25 million for migrant and seasonal farmworker programs

Relief to Industry

Small Business Administration (SBA)

The bill makes several changes to the Paycheck Protection Program (PPP) established in the CARES Act, extending the covered period from June 30 to December 31, 2020. The HEROES Act also makes clarifies several notable provisions around eligibility, including:

- Eligibility of all nonprofits regardless of size and includes housing cooperative eligibility
- Eligibility of local news broadcast entities
- Establishes a minimum maturity of 5 years to enable longer-term repayment with lower monthly payments
- And carve outs of funds for small businesses with 10 or fewer employees, nonprofits, and community financial institutions

The HEROES Act also makes changes to the loan forgiveness provisions of PPP loans, including added flexibility with a longer covered period, a safe harbor for borrowers who cannot rehire in the prescribed timeframe, and eliminates the 75/25 rule on the use of loan proceeds.

Tax Provisions to Support Employers and Employees

The bill provides multiple tax credits and other provisions to support employers and their employees in responding to the pandemic. These include:

- Employee retention credit - increases the refundable payroll tax credit from 50% in the CARES Act to 80% of wages paid by employers to employees during the COVID-19 crisis. The bill modifies revenue requirements under the CARES Act to direct more assistance to small businesses feeling the economic impact of the pandemic.
- Self-employer income credit- the bill provides a 90% refundable individual income tax credit for self-employed individuals who have experienced a significant loss of personal income during the crisis. The amount of qualified self-employment income

considered could not exceed the reduction in gross income from 2019 to 2020 and would be capped at \$45,000. The credit would phase out beginning at incomes of \$60,000 (\$120,000 for married filing jointly)

- Employer payroll tax delay - the bill extends the provision in the CARES Act to allow employers and self-employed individuals to defer payment of the employer share of the Social Security tax they are otherwise responsible for.

The bill also clarifies that expenses paid through support from the Paycheck Protection Program (PPP) or with funds subject to loan forgiveness under the Economic Injury Disaster Loan (EIDL) do not result in a denial of any deduction or basis of asset for federal tax purposes.

Conclusion

Now that the House Democrats have laid down a marker, discussions on how Senate Republicans may respond are expected in the coming weeks. Given Leader McConnell's recent hesitation with moving quickly, a counterproposal is not likely soon. However, as negotiations continue, the Senate Republicans may respond with legislation that provides additional support to distressed industries, considers liability protections to health care providers and businesses, and supports job growth. Under any scenario, it is very likely that Congress will remain deeply engaged in policy and funding support to confront the pandemic and resuscitate the economy. The Bose Public Affairs Group team will continue to monitor all relevant developments and provide additional updates as necessary.