

Weekly Briefing

To Discuss Impacts of COVID-19

And What's Happening Behind the Scenes in Washington





#### COVID-19 Relief Funding

#### PHASE 1: \$8.5B

- H.R 6074, Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020.
- President signed into law (PL 116-123) March 6, 2020.
- Senate passed by a vote of 96-1 on March 5, 2020.
- House of Representatives passed by vote of 415-2 on March 4, 2020.
- Title II. Financial Services and General Government
  - Small Business Disaster Loans
    - Allows \$1 billion in loan subsidies to be made available to help small businesses, small agricultural cooperatives, small aquaculture producers, and non- profit organizations which have been impacted by financial losses as a result of the coronavirus outbreak.
    - This funding could enable the Small Business Administration to provide an estimated \$7 billion in loans to these entities.
    - In addition, provides \$20 million to administer these loans.

Phase 1 was really focused on initial healthcare sector and cutting strings for government agencies.





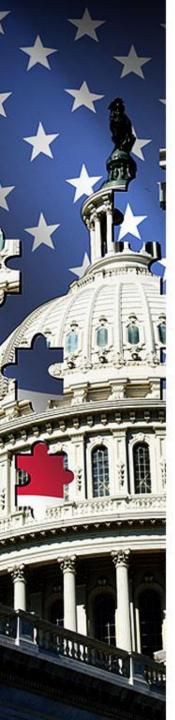
#### PHASE 2

- H.R. 6201 Families First Coronavirus Response Act
- President signed March 18, 2020.
- Senate passed 90-8 on March 18, 2020.
- House passed 363-40 on March 14, 2020.

#### • DIVISION C – Emergency Family and Medical Leave Expansion Act

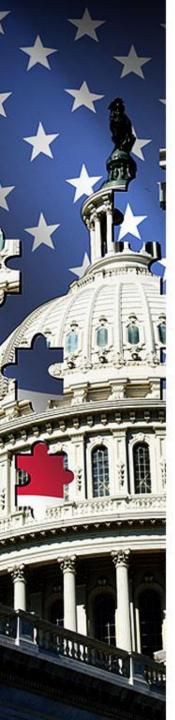
- Section 3101. Short Title. The short title for the bill is the Emergency Family and Medical Leave Expansion Act.
- Section 3102. Amendments to the Family and Medical Leave Act of 1993. This section provides employees of employers with fewer than 500 employees and government employers, who have been on the job for at least 30 days, with the right take up to 12 weeks of job-protected leave under the Family and Medical Leave Act to be used for any of the following reasons:
  - To adhere to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus;
  - To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus; and
  - To care for a child of an employee if the child's school or place of care has been closed, or the child-care provider is unavailable, due to a coronavirus.





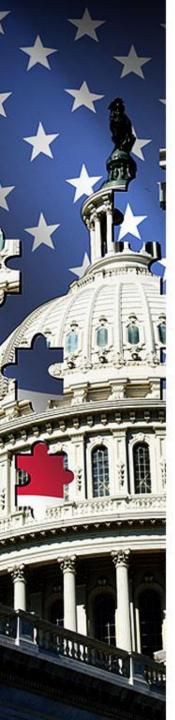
- After the two weeks of paid leave, employees will receive a benefit from their employers that will be no less than two-thirds of the employee's usual pay.
- Section 3103. Employment Under Multi-Employer Bargaining Agreements. The bill ensures employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan are provided with leave.
- DIVISION D Emergency Unemployment Insurance Stabilization and Access Act of 2020
- Section 4101. Short Title. The short title for the division is the Emergency Unemployment Insurance Stabilization and Access Act of 2020.





- Section 4102. Emergency Transfers for Unemployment Compensation Administration. This section provides \$1 billion in 2020 for emergency grants to states for activities related to processing and paying unemployment insurance (UI) benefits, under certain conditions.
- \$500 million would be used to provide immediate additional funding to all states for staffing, technology, systems, and other administrative costs, so long as they met basic requirements about ensuring access to earned benefits for eligible workers. Those requirements are:
- Require employers to provide notification of potential UI eligibility to laid-off workers.
- Ensure that workers have at least two ways (for example, online and phone) to apply for benefits.
- Notify applicants when an application is received and being processed and if the application cannot be processed, provide information to the applicant about how to ensure successful processing





- \$500 million would be reserved for emergency grants to states which experienced.
- DIVISION E Emergency Paid Sick Leave Act
- Section 5102. The Emergency Paid Sick Leave Act. This section requires employers with fewer than 500 employees and government employers to provide employees two weeks of paid sick leave, paid at the employee's regular rate, to quarantine or seek a diagnosis or preventive care for coronavirus; or paid at two-thirds the employee's regular rate to care for a family member for such purposes or to care for a child whose school has closed, or child care provider is unavailable, due to the coronavirus.
- Full-time employees are entitled to 2 weeks (80 hours) and part-time employees are entitled to the typical number of hours that they work in a typical two-week period.
- The bill ensures employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan are provided with leave.





#### PHASE 2

#### • DIVISION G – Tax Credits For Paid Sick And Paid Family And Medical Leave

- Section 7001. Payroll Credit for Required Paid Sick Leave. This section provides a refundable tax credit equal to 100 percent of qualified paid sick leave wages paid by an employer for each calendar quarter.
- The tax credit is allowed against the tax imposed by section 3111(a) (the employer portion of Social Security taxes). Qualified sick leave wages are wages required to be paid by the Emergency Paid Sick Leave Act.
- The section makes a distinction between qualified sick leave wages paid with respect to employees who must self-isolate, obtain a diagnosis, or comply with a self-isolation recommendation with respect to coronavirus.
- For amounts paid to those employees, the amount of qualified sick leave wages taken into account for each employee is capped at \$511 per day.
- For amounts paid to employees caring for a family member or for a child whose school or place of care has been closed, the amount of qualified sick leave wages taken into account for each employee is capped at \$200 per day.
- The aggregate number of days taken into account per employee may not exceed the excess of 10 over the aggregate number of days taken into account for all preceding calendar quarters.





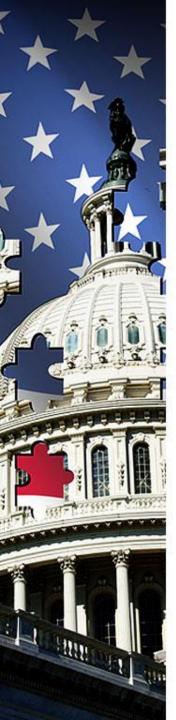
- Section 7002. Credit for Sick Leave for Certain Self-Employed Individuals. This section provides a refundable tax credit equal to 100 percent of a qualified sick leave equivalent amount for eligible self-employed individuals who must self-isolate, obtain a diagnosis, or comply with a self-isolation recommendation with respect to coronavirus.
- For eligible self-employed individuals caring for a family member or for a child whose school or place of care has been closed due to coronavirus, the section provides a refundable tax credit equal to 67 percent of a qualified sick leave equivalent amount.
- Section 7003. Payroll Credit for Required Paid Family Leave. This section provides a refundable tax credit equal to 100 percent of qualified family leave wages paid by an employer for each calendar quarter.
- The tax credit is allowed against the tax imposed by section 3111(a) (the employer portion of Social Security taxes). Qualified family leave wages are wages required to be paid by the Emergency Family and Medical Leave Expansion Act.





- The amount of qualified family leave wages taken into account for each employee is capped at \$200 per day and \$10,000 for all calendar quarters. If the credit exceeds the employer's total liability under section 3111(a) for all employees for any calendar quarter, the excess credit is refundable to the employer.
- Employers may elect to not have the credit apply. To prevent a double benefit, no deduction is allowed for the amount of the credit. In addition, no credit is allowed with respect to wages for which a credit is allowed under section 45S.





### PROPOSED PHASE 3

- \$1 Trillion for Economic Support .
- Authorizes the Treasury Department to immediately cut a tax-rebate check of \$1,000 for every adult tax filer making less than \$100,000 per year and \$500 for each claimed dependent. Married couples filing jointly that make less than \$200,000 per year would be eligible for a \$2,000 tax-rebate check.
- Eligible filers would receive full rebate checks regardless of tax liability.
- This would be a one-time payment. Treasury would use 2018 tax information to assess eligibility.





### **PROPOSED PHASE 3**

**Unemployment Insurance Expansion Act:** Provides block grants to states that expand eligibility to cover:

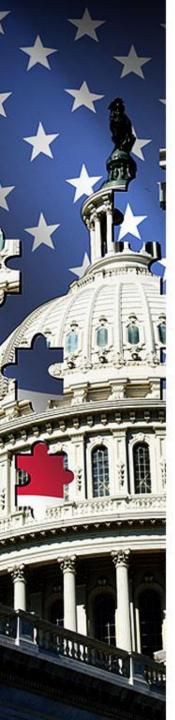
1) cases where an individual's employer temporarily ceases operations due to coronavirus,

2)cases where an individual is quarantined with the expectation of returning to work and is not receiving pay due to the coronavirus emergency, and

3)cases where an individual must stop receiving pay in order to care for family members or dependents due to the emergency.

- Reimburses states for 100% of the costs of the expansion.
- Temporarily suspends requirements to seek work in the interest of public health.
- Expansion would last until December 31, 2020 or the termination of the national emergency, whichever comes first.





### PROPOSED PHASE 3

- Increases the cap on small-business disaster loans from \$2 million to \$20 million dollars, and funds appropriately.
- Grants low-interest loans to businesses immediately, with penalties for fraudulent claims being 3x the amount of the loan.
- **SMALL BUSINESS INTERRUPTION LOANS:** To provide continuity of employment through business interruptions, this provision would authorize the creation of a small business interruption loan program and appropriate \$300 billion for the program.
- The U.S. government would provide a 100% guarantee on any qualifying small business interruption loan.





### PROPOSED PHASE 3

- Qualifying loan terms:
  - Eligible borrowers: Employers with 500 employees or less (phased out).
  - Loan amounts: 100% of 6 weeks of payroll, capped at \$1540 per week per employee (approx. \$80,000 annualized).
  - Borrower requirement: Employee compensation must be sustained for all employees for 8 weeks from the date the loan is disbursed.
  - Lender: U.S. financial institutions.
  - Streamlined underwriting process: Lender verifies the previous 6-week payroll amount and later verifies that the borrower has paid 8 weeks of payroll from date of disbursement.
  - Authority for the Treasury Department to issue regulations establishing appropriate interest rate, loan maturity, and other relevant terms and conditions.





### PHASE 4 Plus

- Hospitals will need funding.
- Businesses will need additional funds.
- Families will need additional funds.

Who wins and who loses is the critical thing to consider. IOPFDA being proactive to ensure we get a fair shake.







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