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What is the federal government's economic response to COVID-19?

BY ERLC STAFF

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In response to the COVID-19 crisis, the U.S. Congress has tentatively agreed to five rounds of emergency supplemental appropriations. Currently, two rounds have passed and signed by the president, one has passed the Senate and is pending in the House, and two others have yet to reach the drafting stage.

Here are some highlights from the supplemental bills that have passed or are pending.

Supplemental I: The Coronavirus Preparedness and Response Supplemental Appropriations Act

Overview: This legislation, which was signed by President Trump on March 6, allocated \$8.3 billion to fund a response to coronavirus (<https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files>) that includes vaccine development, support for state and local governments, and assistance for affected small businesses. The Act includes:

- \$61 million in funding to the Federal Drug Administration (FDA) to facilitate the development and review of medical countermeasures, devices, therapies, and vaccines to combat the coronavirus.
- \$1 billion in Small Business Disaster Loan subsidies to be made available to help small businesses, small agricultural cooperatives, small aquaculture producers, and nonprofit organizations which have been impacted by financial losses as a result of the coronavirus outbreak. This funding enables the Small Business Administration to provide an estimated \$7 billion in loans to these entities. In addition, provides \$20 million to administer these loans.
- \$2.2 billion for the Centers for Disease Control and Prevention (CDC) to support federal, state, and local public health agencies to prevent, prepare for, and respond to the coronavirus. Included in that allocation is \$950 million, of which \$475 million must be allocated within 30 days, to support states, locals, territories, and tribes to conduct public health activities such as: surveillance for coronavirus; laboratory testing to detect positive cases; contact tracing to identify additional positive cases; infection control at the local level to prevent additional cases; migration in areas with person-

to-person transmission to prevent additional cases; and other public health preparedness and response activities. Out of the \$2.2 billion, \$300 million will be used to replenish the Infectious Diseases Rapid Response Reserve Fund, which supports immediate response activities during outbreaks, and at least \$300 million will go for global disease detection and emergency response.

- More than \$3 billion for research and development of vaccines, therapeutics, and diagnostics to prevent or treat the effects of coronavirus, including more than \$2 billion for the Biomedical Advanced Research and Development Authority (BARDA) to support advanced research and development of vaccines, therapeutics, and diagnostics, prioritizing platform-based technologies with U.S.-based manufacturing capabilities; \$826 million for the National Institutes of Health to support basic research and development of vaccines, therapeutics, and diagnostics; and \$300 million in contingency funding for procurement of vaccines, therapeutics, and diagnostics.
- Nearly \$1 billion for procurement of pharmaceuticals and medical supplies, to support healthcare preparedness and Community Health Centers, and to improve medical surge capacity.

The legislation also allowed the secretary of Health and Human Services (HHS) to waive certain Medicare telehealth restrictions during the coronavirus public health emergency. These waivers allow Medicare providers to furnish telehealth services to Medicare beneficiaries regardless of whether the beneficiary is in a rural community. This provision also allows beneficiaries to receive care from physicians and other practitioners in their homes. This provision is estimated to cost \$500 million.

Supplemental II: Families First Coronavirus Response Act

Overview: This legislation, signed by President Trump on March 18, expands access to emergency paid sick leave to as many as 87 million U.S. workers.

This legislation expands access to emergency paid sick leave to employees at companies with fewer than 500 employees; local, state, and federal government employees; and employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan.

Eligible full-time employees are entitled to two weeks (80 hours) of fully paid time off (up to \$511 per day) to self-quarantine, seek a diagnosis or preventive care, or receive treatment for COVID-19. Eligible part-time employees are entitled to fully paid time off (up to \$511 per day) for the typical number of hours that they work in a typical two-week period.

Eligible full-time employees are also entitled to two weeks (80 hours) paid time off at two-thirds of their regular pay (up to \$200 per day) to care for a family member or to care for a child whose school has closed, or if their child care provider is unavailable due to COVID-19. Eligible part-time employees are also entitled to the typical number of hours that they work in a typical two-week period at two-thirds of their typical pay (up to \$200 per day).

Employers initially front the cost of emergency paid sick leave but will be fully reimbursed by the federal government within three months. The reimbursement will cover both the wages paid and the employer's contribution to employee health insurance premiums during the period of leave. Employers will be reimbursed through a refundable tax credit that counts against employers' payroll tax, which all employers pay regardless of non-profit/for-

profit status. Employers will then submit emergency paid sick leave expenses as part of their estimated quarterly tax payments. If employer's costs more than offset their tax liability, they will get a refund from the IRS.

Supplemental III: Coronavirus Aid, Relief, and Economic Security Act

Overview: This legislation, which passed unanimously by the Senate, provides emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic. The vote on Wednesday was 96-0 with four Senators absent due to coronavirus quarantines. Senator Rand Paul (R-Ky.) tested positive for the virus, and Senators Mike Lee (R-Utah) and Mitt Romney (R-Utah) are self quarantining out of caution because of personal interaction with Paul. Senator Thune (R-S.D.) was also absent due to illness.

This legislation would provide individuals who earn \$75,000 in adjusted gross income (<https://www.irs.gov/e-file-providers/definition-of-adjusted-gross-income>) or less a direct payment of \$1,200 each, with married couples earning up to \$150,000 receiving \$2,400, and an additional \$500 per each child under age 17. The payment would scale down by income, phasing out entirely at \$99,000 for singles and \$198,000 for couples without children.

Workers who have been fired or furloughed (i.e., put on temporary leave due to special needs of a company or employer) would qualify for an expansion of unemployment benefits that would expand unemployment insurance by 13 weeks and include a four-month enhancement of benefits, on top of what state unemployment programs pay. Furloughed employees and gig workers, such as Uber drivers, and freelancers would also qualify.

The bill also includes \$367 billion for Small Business Administration (SBA) loan guarantees and subsidies (<https://www.natlawreview.com/article/small-business-relief-cares-act>), as well as additional funding for SBA resources. The CARES Act increases the maximum 7(a) loan (i.e., the SBA loan program for providing financial assistance) amount to \$10 million and would expand allowable uses of 7(a) loans to include employee salaries, insurance premiums, mortgage payments, payroll support (including paid sick or medical leave), and other debt obligations.

This program, which would end on Dec. 31, 2020, will mainly cover businesses with fewer than 500 employees. Nonprofits (including churches), sole proprietors, independent contractors, and other self-employed individuals are all eligible.

The bill also provides loan forgiveness in an amount equal to the amount spent by the borrower during an eight-week period after the origination date of the loan on payroll costs and on rent, utilities, and/or interest payment on any mortgage incurred prior to Feb. 15, 2020.

The amount forgiven would be reduced in proportion to any reduction in employees retained compared to the prior year, and to the reduction in pay of any employee beyond 25 per of their prior year compensation. Borrowers that rehire workers previously laid off will not be penalized for having reduced payroll at the beginning of the period.

The bill also includes an "employee retention" tax credit (<https://www.foxnews.com/politics/white-house-senate-strike-deal-on-historic-2t-coronavirus-relief-bill-but-house-support-remains-uncertain>) that's

estimated to provide \$50 billion to companies that retain employees on payroll and cover 50% of workers' paychecks. Companies would also be able to defer payment of the 6.2% Social Security payroll tax.

Large companies may be eligible for loans from a \$425 billion fund that would be controlled by the Federal Reserve. An additional \$75 billion would be available for industry-specific loans, including to airlines and hotels.

An additional \$100 billion in assistance would be available for hospitals and other healthcare systems.

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