

April 21, 2020

Senate Approves Phase 3.5 Relief Package

The Senate passed H.R. 266, a roughly \$480 billion relief package this afternoon. The Package would replenish the depleted Paycheck Protection Program for small businesses, and additional funds would be allocated for hospitals and coronavirus testing. The Senate passed the package by a voice vote, meaning most senators would not need to return to Washington, DC, during the pandemic. The bill goes to the House, which is expected to vote on the package Thursday.

The \$484 billion aid package negotiated by congressional leaders and the administration would include:

- \$310 billion in additional lending authority for the Paycheck Protection Program, with some funds set aside to support loans issued by smaller lenders. Of which \$60 billion is set aside for underbanked businesses, a priority for Democrats
- \$60 billion in loans and grants for economic disaster assistance
- \$75 billion for hospitals
- \$25 billion for virus testing

The measure omits additional funding sought by Democrats to support states and cities, and it wouldn't change the eligibility rules for businesses to receive loans under the Paycheck Protection Program. Though the measure is the fourth major package to respond to the coronavirus pandemic, congressional leaders and the administration have described it as an interim step as they negotiate the next package, generally referred to as "phase four."

The House could convene as soon as April 23 to consider the measure, according to Majority Leader Steny Hoyer (D-Md.). President Donald Trump wrote in an April 21 tweet that he supports the measure and would sign it.

SMALL BUSINESS LOANS

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Paycheck Protection Program: Under the bill, the SBA's 7(a) small business loan program — which now includes the Paycheck Protection Program — would support \$659 billion in total lending, a \$310 billion increase.

The total would be more than 20 times the 7(a) lending limit for fiscal 2020 set by Congress late last year (Public Law 116-93; see BGOV Bill Summary).

Total appropriated funding for the SBA to fully guarantee the loans would increase to \$670.3 billion.

The SBA would have to guarantee at least:

- \$30 billion in loans issued by insured depository institutions or credit unions with \$10 billion to \$50 billion in consolidated assets.
- \$30 billion issued by insured depository institutions or credit unions with less than \$10 billion in assets, or community lenders such as community development financial institutions and minority depository institutions.

The measure also would provide an additional \$2.1 billion for the SBA to administer coronavirus response programs.

Disaster Loans

The third coronavirus law provided \$10 billion to expand the SBA's Economic Injury Disaster Loan (EIDL) program to cover businesses, cooperatives, employee stock ownership plans, and tribal businesses with 500 or fewer employees, as well as sole proprietors and independent contractors.

The SBA was authorized to advance as much as \$10,000 to EIDL recipients to pay sick leave to workers affected by COVID-19, retain employees, and make other covered payments. Advance funds don't have to be repaid.

The bill would provide a second tranche of \$10 billion to replenish the coronavirus-related program.

It would also provide \$50 billion for additional SBA guarantees under its broader disaster loan program.

Small agricultural businesses with 500 or fewer employees would be permitted to obtain funds under both disaster programs.

HEALTH-CARE FUNDING

Hospitals

The measure would provide \$75 billion for health-care providers through the Public Health and Social Services Emergency Fund. The money could be used to reimburse providers for coronavirus-related expenses and lost revenue.

Funds would be distributed under the same terms as the third package, which provided \$100 billion for those purposes. Funding could go to public entities, providers enrolled in Medicare and Medicaid, and other for-profit and nonprofit entities that provide diagnoses, testing, or care for individuals with COVID-19.

Testing

The measure would provide \$25 billion for COVID-19 testing, including for active infections and previous exposure, through the Public Health and Social Services Emergency Fund.

Funding could be used for manufacturing and distributing tests, procuring supplies such as personal protective equipment needed to administer tests, developing rapid point-of-care tests, and conducting surveillance and contact tracing. As much as \$1 billion of the testing funds could be used to cover tests for the uninsured.

The funding would include \$11 billion for states, localities, territories, and American Indian tribes and would be distributed based on the following:

- At least \$4.25 billion would be allocated to states, localities, and territories based on their relative number of COVID-19 cases.
- At least \$2 billion would be allocated to states, localities, and territories based on a formula that applied to the Public Health Emergency Preparedness cooperative agreement in fiscal 2019.
- At least \$750 million would be allocated to tribes in coordination with the Indian Health Service.

Recipients would have to submit a testing plan to HHS that includes the number of tests needed, monthly estimates of lab and testing capacity, and information on how it will use testing to ease community mitigation policies.

The measure would also set aside the following amounts:

- \$1 billion for the Centers for Disease Control and Prevention for activities such as surveillance, contact tracing, and lab capacity expansion.
- \$1 billion for the National Institutes of Health to develop testing and accelerate research on rapid testing, plus \$500 million for the National Institute of Biomedical Imaging and Bioengineering and \$306 million for the National Cancer Institute.
- \$1 billion for the Biomedical Advanced Research and Development Authority for research, manufacturing, and purchasing tests.
- \$600 million for community health centers and federally qualified health centers, as well as \$225 million for rural health clinics.
- \$22 million for the Food and Drug Administration.

The Health and Human Services Department would have to issue reports on testing, diagnoses, hospitalizations, and deaths that include data on demographic characteristics of those affected. The department would also have to submit a strategic testing plan to Congress, including how it will increase domestic testing capacity and address disparities in communities.

Oversight

The HHS inspector general would receive \$6 million of the bill's funds for oversight.



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