



July 24, 2020

Senate GOP CARES 2 Proposal

GOP lawmakers are working to finalize text of the agreement, which is expected to be released as a group of bills instead of one piece of legislation. The price tag of the bill, according to Mark Meadows, will still be around \$1 trillion. White House negotiators and GOP senators had hoped to release the bills on Thursday but indicated that could slide to Monday as they finalize the text and both sides sign off on final language. Although nothing is finalized, below are some top line ideas being floated around.

Liability Reform

- Last week Senate Republicans released their liability proposal, which would provide a five-year shield from coronavirus lawsuits for schools, businesses, health care providers, and nonprofits who act in good faith to comply with public health guidelines. Lawsuits would be moved to federal courts, and plaintiffs would have to show “gross negligence” by employers in order to win. Read the liability proposal [here](#).

Unemployment Benefits

- There will be some type of extension of the enhanced benefit, but likely not \$600 a week. There will be a transition period during which there will be a flat amount of extra unemployment insurance (UI) per week. After that, there will be a new policy that better aligns with an individual’s lost income (possibly by multiplying a person’s state benefit) but will cap out at 100 percent of income.

Stimulus Payments

- The forthcoming proposal will include a second round of stimulus checks. Treasury Secretary Steven Mnuchin [said](#) direct payments will be exactly the same as the language in the \$2.2 trillion bill signed into law in late March. The March bill provided a one-time \$1,200 check to Americans who made up to \$75,000 per year. The amount of the check was scaled down until it hit an income level of \$99,000 per year, when it was phased out altogether.

Aid to States & Local Governments

- No additional state and local aid funding; however, it gives state and local governments more flexibility in using existing federal aid.
 - State/local governments can use CARES Act money to make up lost revenues.
 - The date for using the money is extended from Dec. 30, 2020 to 90 days after the end of the fiscal year.

- 15 percent of state CARES Act funds must be given to local governments (there is still 45 percent suggested in the Treasury guidance, but the 15 percent will be legally enforceable).
- No funds can be used for pensions or retirement benefits.
- No funds can be used to replenish a state or local rainy day fund.
- States must maintain their own budgeted spending levels (can't use the federal dollars to replace state spending).
- States may not impose any restrictions on the use of CARES Act money by their local governments other than those set in the CARES Act and associated Treasury Department guidance.

Payroll Tax Cut

- Treasury Secretary Steven Mnuchin on Thursday [indicated](#) that a payroll tax cut will not be in the Senate GOP relief bill, but added that the measure could be included in future coronavirus relief bills.

Paycheck Protection Program (PPP)

- Second round of PPP loans for businesses under 300 workers or within the Small Business Administration (SBA) size threshold for their industry that can demonstrate 50 percent lost revenue compared with a reference period. These loans will be calculated similarly to the last round, but will have a smaller cap.
- There will be streamlined loan forgiveness for small loans under \$150k. Intermediate forgiveness process for loans under \$1 million.
- Loan forgiveness will be expanded to include certain supplier costs, operating expenses, and damage caused by rioting.
- There will be a more generous PPP calculation for farmers and ranchers based on their 2019 gross income.
- There is also a new working capital loan offered for businesses under 300 workers that is an alternative to a second round of PPP (Can't do both).
- New PPP, 300 employees or less, with at least 50 percent reduction in revenue, likely operating under the same mechanism as the last PPP.
- Simplify PPP loan forgiveness application for loans under 150k.

Labor HHS Funding (\$235 billion in total)

- \$25 billion for testing
 - Agreed to \$16 billion in new funding for testing and re-focusing another \$9 billion in unspent funds from the March \$2.2 trillion bill toward testing.
- \$26 billion for vaccine research, distribution, and use
- \$1.3 billion for workplace training on social distancing
- \$15.5 billion – NIH labs/research
- \$25 billion for the hospital/provider fund
- \$4.5 billion to SAMSA for mental health, suicide prevention, and overdose response programs
- \$7.6 billion for Community Health Centers
- \$15 billion for child care
- \$105 billion for education – including \$5 billion to the Governor's funds (which is flexible for K-12 or higher ed); \$29 billion to higher ed; \$70 billion for K-12.

- Of the \$70 billion for K-12, \$10 billion goes to private schools. \$30 billion is distributed to states within 15 days and must be sent by states to school districts within 15 days after that. The remaining \$30 billion is available only to schools that physically reopen and is contingent upon a district reopening plan.

Finance Tax Provisions

- Enhanced employee retention tax credit.
- Tax deductions for employer purchases of testing, personal protective equipment (PPE), and certain other supplies.
- Increasing the business meal deduction from 50 percent to 100 percent.

Health Care

- The Medicare Part B premium will not increase in 2021.
- Providers will not have to begin repaying Medicare Advances taken under the CARES Act until Jan. 1 and the interest free repayment period will be extended for an additional 4 months.
- Telemedicine reimbursement policies are extended through the end of 2021.
- Unused Flexible Spending Account balances in 2020 may carry over to 2021 without penalty.

Appropriations

- \$302.8 billion topline for the Appropriations Committee; \$235 billion of that is to the Labor HHS subcommittee.
- \$20 billion – Direct payments to farmers
- \$21.3 billion – Defense total (\$11 billion of which is for 3610 payments to contractors)
- Homeland - \$200 million for TSA; nearly \$1 billion for FEMA grants; \$1.6 billion to CBP to cover fee shortfalls
- \$5 billion for vaccine distribution overseas
- \$13 billion for THUD - \$10 billion of which is to the Airport Improvement Program (with a revised formula from CARES)

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