***Synopsis***

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**What’s Happening?**

A lot happened over the weekend, so here’s an update on what is happening and what to expect.

The second coronavirus supplemental has been signed into law, and lawmakers are now tussling over the third one, called the CARES Act.. This is intended to be a large-scale piece of legislation to help industries, small businesses, and individuals already hurt by the economic slowdown caused by the pandemic.

Over the weekend, Senate Majority Leader McConnell (R-KY) finally met with Senate Minority Leader Schumer (D-NY) and House Speaker Pelosi (D-CA). The Democratic leaders opposed certain aspects of the Senate Republicans’ bill, stopping McConnell’s progress towards gaining passage of something today.

One main point of contention is a planned $500 billion fund, to be managed by the Treasury, to help businesses. Democrats are charging that the spending would not receive enough oversight on how Treasury Secretary Mnuchin disburses that money.

Another point of contention is what Democrats see as not enough money for health care providers and systems. According to Senate Appropriations Committee ranking member Sen. Leahy (D-VT), the bill should also have more money for the federal Departments responding to the crisis, including DoD, HHS, HUD, Labor, and Transportation.

This is why all Senate Democrats voted against invoking cloture Sunday. That procedural vote would have set the chamber up for a final vote today, even though, at the time, the actual legislative language had not been decided. Instead, the Senate could possibly hold another cloture vote today (Monday) after they come back into session at noon. Its success will depend upon the status of negotiations at that point.

The number of lawmakers unable to come vote either due to having COVID-19, or isolating because of exposure, complicates matters further. At this point, the Senate is at a 48-47 split among working Senators. Remote voting is not allowed, although most of those lawmakers can certainly engage in negotiations from afar. If a few more Republicans fall by the wayside due to the need to self-isolate or even quarantine, McConnell could lose his majority. At this point, he needs Democratic support for those procedural votes that require 60 votes under chamber rules.

***CARES Act***

Many aspects of the CARES Act have general agreement, with negotiations ongoing about details.

*HEALTHCARE*

For healthcare, the CARES Act clarifies that all testing for COVID-19 is to be covered by private insurance plans, regardless of what kind of test is used. Once a vaccine is available, that, too, is to be covered.

It provides $1.32 billion in supplemental funding for community health centers.

HRSA grants programs promoting the use of telehealth are reauthorized.

The legislation encourages private manufacturers to produce more medical supplies and personal protective equipment by extending liability protection.

It creates a Ready Reserve Corps within the Public Health Service to provide surge capacity among health care workers. This is something the PHS has wanted for a while. The bill also makes clear that doctors who provide volunteer services during this public health emergency have liability protection. Individuals coming out of retirement are unlikely to still be carrying malpractice insurance.

The bill modifies 42 CFR Part 2 regulations to allow more sharing of substance use disorder treatment information with medical providers, with the patient’s consent. This, too, has been sought as the opioid epidemic has raged on.

Several health care workforce provisions would identify and address gaps in training in order to meet projected needs for the country.

*INDIVIDUAL RELIEF*

The Relief for Workers Affected by Coronavirus Act is rolled into CARES. It creates a temporary unemployment assistance program to help those not traditionally eligible for unemployment benefits, such as the self-employed, independent contractors, and those with a short or limited work history. Basically, it will cover anyone unable to work as a direct result of the pandemic.

Local and state governments will receive federal assistance in paying unemployment benefits. The bill also provides an additional $600 per week for each recipient of either traditional or special unemployment assistance for up to three months.

Federal assistance will also be provided to help with short-time compensation programs to support companies that are reducing employees’ hours rather than laying them off.

Recovery checks of $1,200 will be sent to individuals with adjusted gross income (AGI) up to $75,000 ($112,500 for head of household filers). Married couples filing jointly with AGI up to $150,000 will receive $2,400. The checks will increase by $500 for every child in the household. The rebate is reduced by $5 for each $100 the taxpayer’s AGI exceeds those amounts, with a complete phase-out at an AGI of $99,000 for single filers and $198,000 for joint filers.

The IRS will use 2019 tax returns, if filed, for sending out the checks. If the 2019 return has not been filed, then they will rely on 2018 returns.

Retirement fund rules will allow a one-time COVID-related distribution of up to $100,000, to be taxed over a period of three years.

To encourage charitable giving, taxpayers will be allowed to deduct up to $300 in cash donations regardless of whether they itemize deductions on their returns.

Students who have to drop out of college due to COVID-19 would not be required to pay back Pell grants or federal subsidized student loans. In addition, those students would not have this period count toward their lifetime subsidized loan eligibility, and the grades would not affect academic requirements for continuing to receive them in the future.

In fact, all student loan payments, principal, and interest will be deferred without penalty for six months.

Participants in the National Service Corps would not be penalized for being unable to complete their term of service due to COVID-19. In addition, teachers who could not finish the school year will still get the partial year taught counted as a full year of service toward TEACH grant obligations or Teacher Loan Forgiveness.

*BUSINESS*

Small businesses would have greater access to loans to help them keep the business going. Portions of those loans would eventually be forgiven (not needed to be paid back) as long as the company did not reduce the number of employees over a period of time. The canceled debt would not count towards the entity’s taxable income.

The federal government would be required to extend contract performance times by at least 30 days for small businesses affected by this crisis, unless the agency considers the project to be mission critical. The government is also required to continue to pay those small business contractors promptly. Other protections for these small contractors are also included

A number of other provisions address the provision of support and technical assistance for small businesses from the Small Business Administration (SBA).

Employers will be allowed to delay payment of their share of Social Security taxes for their payrolls. Under this provision, they could pay the tax over the two years ending 2021 and 2022.

Employers would not be required to pay more than $200 per day and $10,000 in aggregate for paid family and medical leave due to COVID, and more than $511 per day and $5,110 for sick leave. Small businesses with fewer than 50 employees could be exempted from the requirement to provide paid leave.

Additional monies would be made available to help the airline industry and $17 billion for businesses important to maintaining national security.