

# COVID-19: Phase IV Legislation

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OF NORTH AMERICA

# Legislation: House-passed and Senate Republican proposal

House HEROES Act: \$3 trillion passed by House in mid-May

Senate HEALS Act: \$1 trillion package of several bills introduced yesterday by Senate Republicans

*Negotiation began last night between Administration and Democratic leaders.  
Need for compromise package with time frame for action still up in the air.*

# Common elements: House and Senate details differ

- Individual Stimulus Payments
- Pandemic Unemployment Insurance
- Employee Retention Tax Credit (ERTC)
- PPE Tax Credit
- PPP Improvements
- Reopening Support for Schools

# Areas of contention

- State stabilization funding: essential for our social service agencies
- Medicaid enhancement: crucial for health care agencies and other providers
- Liability protection: nonprofits covered

# Unemployment Insurance/Stimulus Payments

- Pandemic Unemployment Supplement (\$600 per week in House; \$200 in Senate)
- Another round of stimulus payment (\$1200/individual plus dependents)
- Nonprofit that self-insure unemployment: increase from 50 % to 75 %

# Employee Retention Tax Credit (ERTC)

- Expands CARES Act provision providing tax credit retaining employees on payroll
  - Employers no longer must choose between ERTC and PPP loans
- Refundable payroll tax credit up to 65% - 80% of first \$10K - \$12K of wages and benefits per employee per quarter
  - Operations fully or partially suspended by COVID-19 shut down order
  - Gross receipts decline substantially (Applies at 10-25% decrease in revenue)

# PPE Tax Credit

- Refundable payroll tax credit equal to 50% qualified employee protection expenses such as PPE, cleaning supplies, workplace configuration
- Credit up to \$1K for each first 500 employees with phase down for larger employers
- Self-employed individuals able to claim credit

# Extended PPP Loans

- PPP Improvements: expands forgivable expenses
  - Simplified forgiveness application for smaller loans
  - 8-week period for forgiveness more flexible
- PPP Second Draw
  - 300 employees and 50 percent reduction in gross revenues
  - 2.5 times average monthly payroll costs up to \$2 million
  - \$190 billion in funding



# Reopening Support for Schools

- \$100-105 billion for education support
  - SENATE:
    - 2/3 tied to reopening
    - Private schools eligible
  - HOUSE: Private schools may be ineligible

# State Funding Relief / Medicaid Boost

- State Stabilization Fund:
  - House: \$500 billion in state and \$375 in local government fiscal assistance
  - Senate: No additional funding but provides some flexibility in use of CARES Act funding dollars
- Medicaid: Important for communal health and human service agencies
  - House: 14 % FMAP increase
  - Senate: No increase

# Liability Protection

- Senate:
  - 5-year liability protection for businesses and nonprofits unless reckless disregard
  - Federal pre-emption on litigation
- House:
  - Do not want to include

# Questions & Answers

FOR MORE INFORMATION

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