



Seattle

Federal COVID-19 Actions

April 6, 2020

Holland & Knight

Federal Legislation Overview

- Round 1
 - \$8.3 Billion Supplemental
- Round 2
 - Families First Coronavirus Response Act
- Round 3
 - \$2.2 Trillion Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Round 1

\$8.3 Billion Supplemental

- \$3.1 billion for the Public Health and Social Services Emergency Fund
- \$300 million – vaccines, therapeutics, and diagnostics
- \$100 million – provide health care to those who are geographically isolated or vulnerable
- \$2.2 billion for the Centers for Disease Control and Prevention (CDC)
 - Including \$950 million to fund state and local response efforts
- \$836 million to the National Institute of Allergy and Infectious Diseases
- \$61 million to the Food and Drug Administration (FDA)
- \$1 billion for Small Business Administration (SBA) disaster loans to help small businesses impacted by losses from COVID-19.

Round 2

The Families First Coronavirus Response Act

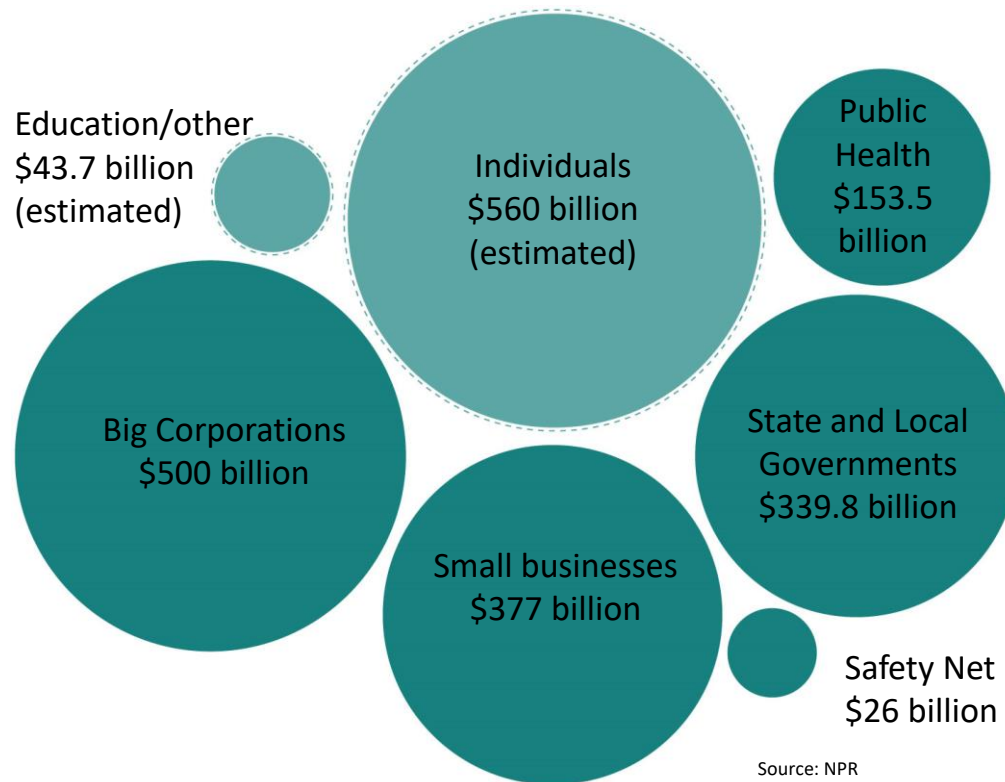
- Creates two paid leave requirements
 - Emergency family medical leave
 - Emergency paid sick leave
- Private businesses with less than 500 employees and all public employer are included
- Require all health plans to cover COVID-19 testing
- \$1 billion to help states process increased unemployment claims

Round 2

The Families First Coronavirus Response Act

- Paid leave requirements
 - Private sector employers with fewer than 500 workers, government entities have to provide as many as 12 weeks of partially paid family leave under the FMLA to care for a child whose school or day care has closed
 - Employers also have to provide full- and part-time workers with two weeks paid sick time, including for a quarantine order or to care for another affected individual
 - Labor Department can exempt small businesses with fewer than 50 workers from the paid leave requirements
- Paid leave is financed through tax credits
 - Refundable tax credits for employers to cover costs under the law's leave programs
 - Includes amounts employers pay for a worker's health insurance plan
 - Similar refundable credit for self-employed workers

CARES ACT Summary



Source: NPR
<https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>

Round 3 CARES Act



Payments to Individuals

- U.S. residents with an adjusted gross income up to \$75,000 (\$150,000 married) are eligible for the full \$1,200 (\$2,400 married) rebate
- Additional \$500 per child
- For most individuals, no action will be required in order to receive a rebate check as the Internal Revenue Service (IRS) will use taxpayers' 2019 or 2018 tax return, if filed
- Phased-out for single filers with incomes exceeding \$99,000; and \$198,000 for joint filers

Round 3 CARES Act



Unemployment Insurance

- Beginning 1/27/20 through 12/31/20, provides payments to those not traditionally eligible for unemployment benefits (self-employed, independent, contractors, seeking part-time employment, gig economy workers, those with limited work history, and others)
- Provides an additional \$600 per week payment to each recipient of unemployment insurance recipient for up to 13 weeks
- Waives waiting period to allow recipients to receive benefits as soon as they become unemployed

Round 3 CARES Act



Small Business Administration (SBA)

- 1. \$350 billion for new SBA 7(a) Loan Paycheck Protection Program (PPP) that provides 100% federal guaranteed loans to employers who maintain their payroll during this emergency. Loans are available through June 30, 2020.**
 - Eligible entities: Companies and 501(c)(3) nonprofit organizations; 501(c)(19) veterans organizations or tribal enterprises with fewer than 500 employees; sole proprietorships; independent contractors; and eligible self-employed. For businesses in accommodations/food service, fewer than 500 employees per location.
 - Maximum PPP loan is \$10 million; maximum term of 10 years; maximum interest rate of 4%; zero loan or repayment fees
 - Loan proceeds may be used for payroll costs; group health benefits; employee salaries and commissions; interest on mortgages, rent, and utilities; and interest on debt incurred before the covered period.

Round 3 CARES Act



SBA (continued)

- Borrowers may be eligible for loan forgiveness for up to 8 weeks of payroll based on a calculation involving employee retention and salary/wage levels.
- Any loan not forgiven is carried forward as an ongoing loan with maximum terms of 10 years, at maximum 4% interest. Principal and interest will continue to be deferred for 6-12 months.
- Eligible entities are limited to one PPP loan.
- All current SBA 7(a) lenders are eligible lenders for PPP; Treasury has authority to add new lenders, including non-bank lenders to program.
- Refundable tax credits are also available to private-sector employers required to offer COVID-19 related paid leave to employees. Employer side of certain payroll taxes are deferred through end of 2020, with 50% of liability paid at end of 2021 and 2022.

Round 3 CARES Act

SBA (continued)

2. \$562 million for Economic Injury Disaster Loans (EIDL)

- Low interest loans up to \$2 million with principal and interest deferred up to 4 years.
- Purpose: To pay for expenses that could have been met had the disaster not occurred, including payroll and other operating costs.
- Eligible entities: Small businesses including sole proprietorships, independent contractors, coops and employee owned businesses, private nonprofits, and tribal small businesses.
- Economic Injury Emergency Grants – Provides emergency advance of up to \$10,000 to small businesses and private nonprofits harmed by COVID-19 within 3 days of applying. This is a grant, **NOT** a loan, no repayment.

3. \$17 Billion for Small Businesses with Non-Disaster Loans

- Will cover loan payments, particularly 7(a), 504 and microloans, for 6 months. Also, relief to new borrowers applying within 6 months.

Round 3 CARES Act



Coronavirus Relief Fund

- \$150 billion to provide direct assistance to states and localities to use for expenditures due to COVID-19
- A minimum of \$1.25 billion for each state
- Localities, counties or municipalities with populations over 500,000 are eligible to apply directly to the Treasury
- Of each state's allocation, up to 45% can go to localities within that state
- Funds can be used for necessary expenditures incurred due to the public health emergency with respect to the COVID-19 that were not accounted for in the budget and that were incurred the period that begins on March 1, 2020, and ends on December 30, 2020.

Round 3 CARES Act



Department of Health and Human Services (HHS)

- Head Start
 - \$750 million for grants to all Head Start programs to help respond to COVID-19 children and families' needs, including make up for lost learning time.
 - Funding is also available for covering cost of operating supplemental summer programs at existing Head Start facilities ready to operate such programs.
- Child Care Development Block Grant
 - \$3.5 billion to allow child care programs to maintain critical operations, including meeting emergency staffing needs and ensuring first responders and health care workers can access child care while they respond to the pandemic.

Round 3 CARES Act

Department of Agriculture (USDA)

- Supplemental Nutrition Assistance Program (SNAP)
 - \$15.5 billion in additional funding for SNAP to ensure all Americans, including seniors and children, receive the food they need.
- Child Nutrition Programs
 - \$8.8 billion in additional funding for Child Nutrition Programs in order to ensure children receive meals while school is not in session.
- The Emergency Food Assistance Program (TEFAP)
 - \$450 million for the TEFAP program as food banks have seen increased needs as many communities are suffering from job losses. These funds are critical for food banks to continue to assist Americans in need.

Round 3 CARES Act



Department of Housing and Urban Development (HUD)

- \$5 billion for Community Development Block Grant (CDBG)
 - \$2 billion distributed through the regular program formula within 30 days - \$9,824,631.
 - \$1 billion to states based on a new formula (public health needs, risk of transmission of coronavirus, number of coronavirus cases compared to the national average, economic and housing market disruptions, and other factors determined by HUD).
 - \$2 billion to be allocated directly to states and local governments via a new formula to be developed by HUD (prioritizing risk of transmission of coronavirus, number of coronavirus cases compared to the national average, and economic and housing market disruption resulting from coronavirus).
- \$4 billion for Homeless Assistance Grants
 - \$2 billion distributed through the regular program formula within 30 days - \$9,825,631
 - \$2 billion distributed through a new formula (based on coronavirus impact/potential impact in communities) within 90 days

Round 3 CARES Act

HUD (continued)

- Any homeowner, with an FHA, VA, USDA, 184/184A mortgage or a mortgage backed by Fannie Mae or Freddie Mac who is experiencing financial hardship, is eligible for up to 6 months' forbearance on their mortgage payments, with a possible extension for another 6 months.
 - At the end of the forbearance, borrowers can work within each agency's existing programs to help them get back on track with payments, but they will have to pay missed payments at some point during the loan, so if borrowers can pay they should continue to do so.
- Renters who have trouble paying rent also have protections under the bill if they live in a property that has a federal subsidy or federally backed loan. This provision applies to all renters who live in properties that receive a federal subsidy, such as public housing, Section 8 rental assistance vouchers or subsidies, USDA rental housing assistance, or Low Income Housing Tax Credits.
 - Owners of these properties cannot file evictions or charge fees for nonpayment of rent for 120 days following enactment of the bill, and cannot issue a renter a notice to leave the property before 150 days after enactment. After this period, renters will be responsible for making payments and getting back on track, so they should continue to make payments if they're financially able to do so.

Round 3 CARES Act



HUD (continued)

- Includes a 60-day foreclosure moratorium starting on March 18, 2020, for all federally-backed mortgage loans. Borrowers with FHA, VA, USDA, or 184/184A loans, or loans backed by Fannie Mae and Freddie Mac.
- Provides owners of multifamily properties with federally backed loans having a financial hardship up to 90 days of forbearance on their loan payments. Property owners would have to request the forbearance and document their hardship in order to qualify, in 30-day increments. During a forbearance period, the property owner may not evict or initiate the eviction of a tenant for nonpayment of rent and may not charge the tenant any fees or penalties for nonpayment of rent. This protection applies to loans issued or backed by federal agencies (including FHA and USDA) or Fannie Mae and Freddie Mac .
- Covers any renters in properties where the owner has a federally backed mortgage loan, which includes loans backed by the FHA, USDA, and Fannie Mae and Freddie Mac. This includes any size of property, from single family houses to multifamily apartment buildings.

Round 3 CARES Act



Department of Homeland Security (DHS)

- Extends Real-ID Compliance deadline from October 1, 2020 to September 30, 2021.
- \$45 billion for FEMA Disaster Relief Fund.
- \$100 million Assistance to Firefighter Grants.
- \$100 million Emergency Management Grants.
- \$200 million Emergency Food & Shelter Grants.

Department of Justice (DOJ)

- \$850 million for Byrne-JAG formula grants formula grants to reimburse or purchase PPEs.

Round 3 CARES Act



Department of Transportation (DOT)

- \$25 billion for transit infrastructure grant to prevent, prepare for, and respond to coronavirus. 100% federal cost share
- Funds can be used for operating expenses, reimbursement for operating costs to maintain service and lost revenue, and paying personnel administrative leave due to reductions in service.

Department of Transportation (DOT) – Transportation Security Administration (TSA)

- \$100 million:
 - Cleaning and sanitization at checkpoints and airport common areas
 - Overtime and explosive detection materials.



Key Dates to Watch: Pandemic Response Programs & Authorities

End Date	Program
June 30, 2020	Paycheck Protection Program - \$349 billion in small business loans
July 31, 2020	Additional \$300 per week federal pandemic unemployment benefit
Sept. 30, 2020	Student loan repayment and interest accrual suspension
Dec. 31, 2020	Treasury Department business, state & local government loan authority
	Various temporary tax breaks
	Emergency sick and family leave programs
	Pandemic unemployment assistance
	Medicare sequestration
	Changes to banking and accounting rules
March 27, 2025	Special Inspector General for Pandemic Recovery
Sept. 30, 2025	Pandemic Response Accountability Committee, Congressional Oversight Commission

Round 4

- Timing
 - The House has already begun working on a 4th COVID-19 bill to address substantive issues and technical corrections. Democrats would like to move very quickly and approve a package by the end of April.
- Issues could include:
 - Worker protections for first responders
 - Hazard pay for “essential” workforce
 - Coverage of COVID-19 treatment services
 - Expansion of food and housing assistance.
 - Water Infrastructure
 - Consideration of infrastructure financing to “rebuild America” and restart the economy.
 - “Technical corrections”: Congress expects to make corrections needed in the CARES Act (e.g., striking Families First language that bars public employees from benefitting from payroll tax credits available to private employers.



Seattle

State COVID-19 Actions

HB 2965

- \$200 million in funds
 - \$175 million from the budget stabilization account (rainy-day fund) and \$25 million from General Fund.
- Transfers \$175 million to disaster response account at OFM for allotment to state agencies and for distribution to local governments and federally recognized tribes.
- Transfers \$25 million transferred to COVID-19 Unemployment account.

Governor's Response

- **Eviction Moratorium**
 - Prohibiting evictions through April 17
- **Foreclosure Postponement and Mortgage Forbearance**
 - Urges mortgage loan servicers to allow forbearance and grace period to complete loan modification, postpone foreclosures and waive late fees.
- **Unemployment Insurance**
 - Waived work search requirements
 - The Employment Security Department (ESD) is working on expanding capacity.
 - Every claims that is denied is being reviewed by ESD staff.

Commerce Emergency Housing Grant

- The Department of Commerce quickly got funds from the state operating budget ear marked for shelter enhancement (\$20 million) and disaster response account (\$10 million) out to counties to help create housing necessary for quarantine, isolation and additional sanitation.
- King County is receiving \$10.7 million.

Questions?