

MONUMENT

ADVOCACY

UNDERSTANDING WHAT'S IN THE ECONOMIC STIMULUS PACKAGE

WHAT WE'LL COVER

CORONAVIRUS RESPONSE LEGISLATION

- Early Coronavirus Responses from Congress/Trump Administration
- Coronavirus Stimulus Phase 3 (Overview & Politics)
 - SBA Loan Program
 - Other Help for Small Businesses
 - Funding for Distressed Sectors of the Economy
 - Direct Payments to Americans
 - Social Safety Net and Health Care Support
- Coronavirus Stimulus Phase 4 (Overview & Politics)
 - Infrastructure
 - State Support
 - Trade and Tax
- Q & A

PHASE 1 - ENACTED MARCH 3 - \$8.3 BILLION

FEDERAL GOVERNMENT - HHS FUNDING

Increases government purchases of diagnostic tests and other medical supplies.

DISASTER LOANS FOR SMALL BUSINESSES

Allows for disaster loans in impacted states.

STATE HEALTH CARE SUPPORT

Allows states to start stockpiling medical supplies in coordination with CDC.

STOPPING THE SPREAD INTERNATIONALLY

Authorizes \$1.25 billion for overseas mitigation

PHASE 2 - ENACTED MARCH 18 - \$100 BILLION

TAX CREDITS FOR EMPLOYERS OFFERING SICK LEAVE

Provides tax credits to employers to cover the cost of new family and sick leave requirements

INCREASES IN UNEMPLOYMENT INSURANCE (UI)

Designates funding to states to assist with administrative processing of additional claims.

FOOD ASSISTANCE

\$1.2 billion for food security programs including SNAP.

TESTING

The bill further supports making testing for COVID free – including without deductibles or co-pays.

FAMILY AND SICK LEAVE - PHASE 2

New Requirements for Employers:

- Employers are required to offer employees two weeks of paid leave.
- Full wages if they are quarantined due to order or COVID-19 exposure.
- Two-third of wages if caring for a family member/child.
- Expands FLMA to cover an additional 10 weeks of paid leave related to COVID-19.

What the bill does to help businesses pay for additional business costs:

- Offers refundable tax credits to off-set costs, but there are limits
- Two weeks of full paid leave is capped at \$511 /day
- Ten additional weeks of paid leave is capped at \$200/day and \$10,000.
- Applies to business with fewer than 500 employees; Labor Department can except those with under 50 employees from requirements.

PHASE 3

THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

PHASE 3

OVERVIEW & POLITICS

- The largest economic stimulus package in the history of the United States.
- Passed by a vote of 96-0 in the Senate and by voice vote in the House.
- More of a stabilization package than a stimulus by traditional standards. Designed to provide businesses and individuals a bridge during quarantine period.
- **The politics:** This was a package that was drafted by Senate Republicans. Nearly week long negotiations followed. Democrats focus was on increasing unemployment benefits and social safety net programs.
- We are still in the early days of implementation. Many of the regulations are still being written.
- Bipartisan acknowledgment that this will not be the last round of relief.

SBA LENDING PROGRAM

PAYCHECK PROTECTION PROGRAM (PPP) \$349 BILLION

- \$350 billion in federally guaranteed SBA 7a loans to businesses with under 500 employees and some additional businesses.
- If employers maintain their payroll the loans would be forgiven for an 8 week period.
- The size of the loans would be tied to an applicant's average monthly payroll; mortgage, rent, and utility payments; and other debt obligations over the previous year. The maximum loan amount is \$10 million.

How QUICKLY will it be implemented:

- Treasury Secretary Steven Mnuchin said Monday that small business loans will be made available starting Friday, April 3rd. That goal was confirmed by SBA .
- The initial applications will be limited to small businesses and non-profits. Loans for sole proprietors and independent contractors will see at least one week of delay - April 10th likely start date.
- Mnuchin says they are setting up a system in which borrowers will be able to receive funds on the same day they submit an application.
- SBA says they are not going to review initial lender decisions.

SUPPORT FOR DISTRESSED ECONOMIC SECTORS

\$500 BILLION

- Provides \$500 billion in loans, loan guarantees, and other investments, distributed as follows:
 - \$25 billion for passenger air carriers;
 - \$4 billion for cargo air carriers;
 - \$17 billion for businesses important to maintaining national security; and.
 - \$454 billion for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities.

The politics:

- Democrats and Republicans clashed on the amount of oversight this funding will have.

How will it be implemented:

- The Treasury Department has sole discretion of allotting the funds to eligible large businesses.

ADDITIONAL HELP FOR SMALL BUSINESSES

- The employer side of certain payroll taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date.
- An employee retention tax credit is available for struggling businesses that are not eligible or choose not to participate in the new SBA Paycheck Protection Program. 50 percent credit for wages paid to furloughed or reduced-hour employees.
- **Economic Injury Disaster Loans:** EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment available for up to 4 years that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.
- **Economic Injury Grants:** An emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA EIDL. To access the advance, you first apply for an EIDL and then request the advance.

EXPANDED UNEMPLOYMENT ASSISTANCE

\$250 BILLION

The basics:

- An additional \$600 per week payment total UI for up to four months for all recipients.
- New Pandemic Unemployment (UI) Assistance program for those not traditionally eligible for unemployment benefits (self-employed, contractors, gig economy workers).
- Includes 13 extra weeks of unemployment for those that exhaust their current weeks of eligibility.

The politics:

- Late in the negotiations there was some concern among a group of Republican Senators that many employees will opt to seek unemployment benefits because the additional \$600 would allow them to exceed their current salary.

How will it be implemented:

- The additional \$600 is available now (availability began on the date the bill was enacted).
- Unemployment is administered by the states but the CARES Act includes incentives for states to waive the week that it usually takes for applicants to receive unemployment benefits.
- You can apply for unemployment online in your home state.

DIRECT PAYMENTS TO AMERICANS

\$301 BILLION

- One-time checks of \$1,200 will be sent to individuals with adjusted gross income up to \$75,000 or \$112,500 in the case of those with a head of household filing status. All married couples, with adjusted gross income up to \$150,000 who file a joint return are eligible for \$2,400.
- Check amounts increase by \$500 for every child. Estimates are that 90% of Americans will get some level of payment.

How will it be implemented:

- The IRS will use information on your 2018 or 2019 tax return to determine eligibility.
- If you didn't file a tax return for 2019, the agency will use your 2018 return.
- There are plans to create a portal for people who want their payment made through direct deposit.
- The IRS announced on March 30 that payments would begin to go out within three weeks.
- Treasury now says Social Security recipients who don't file a tax return will get checks without additional paperwork.

How much is my stimulus check?

\$1,200
For Individuals

whose adjusted gross income (AGI) is **\$75,000** or less

\$2,400
For Married Couples

whose AGI is **\$150,000** or less

\$1,200
For Heads of Household

whose AGI is **\$112,500** or less

_____ **+\$500** per child claimed as a dependent _____



What if my income is higher?

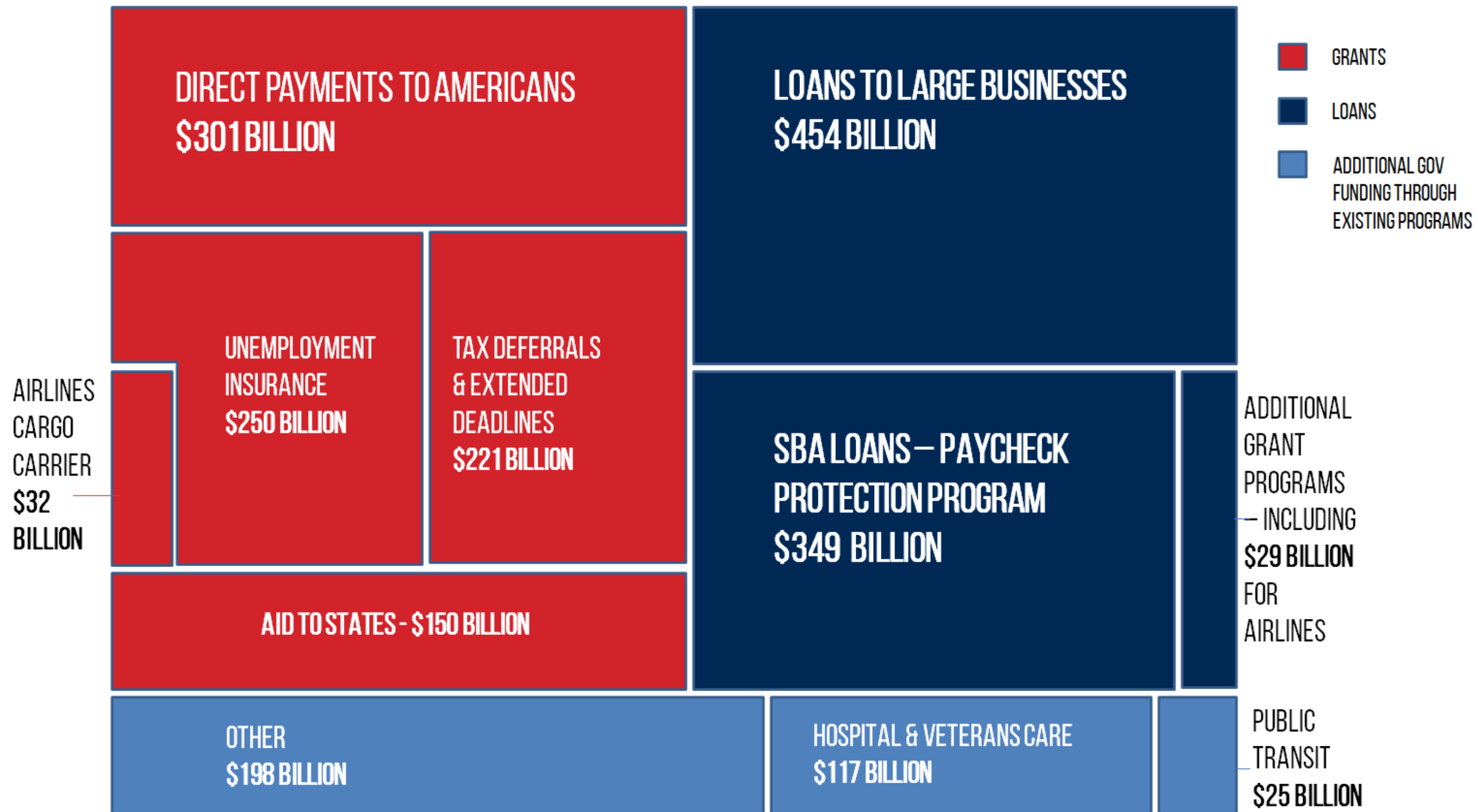
Individuals		Married Couples		Head of Household	
Adjusted Gross Income	Stimulus Check Amount	Adjusted Gross Income	Stimulus Check Amount	Adjusted Gross Income	Stimulus Check Amount
\$ 75,000	\$ 1,200	\$ 150,000	\$ 2,400	\$ 112,500	\$ 1,200
\$ 80,000	\$ 950	\$ 160,000	\$ 1,900	\$ 117,500	\$ 950
\$ 85,000	\$ 700	\$ 170,000	\$ 1,400	\$ 122,500	\$ 700
\$ 90,000	\$ 450	\$ 180,000	\$ 900	\$ 127,500	\$ 450
\$ 95,000	\$ 200	\$ 190,000	\$ 400	\$ 132,500	\$ 200
\$99,000+	\$ 0	\$ 198,000+	\$ 0	\$ 136,500+	\$ 0

SOCIAL SAFETY NET & HEALTH CARE

- \$100 billion in grants to hospitals and other health care providers to help cover the cost of COVID-19 response.
- \$27 billion to support research and development of vaccines, therapeutics, and diagnostics.
- Over \$30 billion for schools and universities for response efforts.
- Over \$48 billion for transportation and housing including grants for airports and transit systems.
- Over \$19 billion for the VA for equipment, tests, and services.
- \$15.5 billion in additional SNAP funding for feeding vulnerable Americans.

State and local support:

- States and municipalities will receive \$150 billion. Covers state emergency COVID-19 expenses from March 1 to December 30, 2020.
- Many states, including those hit hardest, are already saying that this funding is not enough to cover the counting cost of their crisis response.



WHAT'S NEXT? PHASE 4 & BEYOND

PHASE 4: OVERVIEW & POLITICS

MAY NOT BE AS BIPARTISAN AS PREVIOUS BILLS

- Will likely be an effort that begins in the House of Representatives.
- Republicans have been taking a wait and see approach. Would like to get more information from this stimulus before diving into the next round: *"I'm not sure we need a fourth package. And before we go to start drafting a fourth package, I'd like these three packages we just put out ... to take care and get this economy moving."*
- Kevin McCarthy, House Republican Leader
- Democrats, led by Speaker Pelosi are beginning to draft provisions and discuss potential provisions. Pelosi has said that Phase 4 *"must go further in assisting small businesses including farmers, extending and strengthening unemployment benefits and giving families additional direct payments."*
- Speaker Pelosi has said she would like to see a bill on the House floor by the end of April.

PHASE 4: POTENTIAL PROVISIONS

INTERIM PACKAGE

- PPP lending program is already oversubscribed and is projected to blow through the initial \$350 billion allotment in April.
- Republicans are looking to pass an additional \$250 billion in funding for PPP lending.
- Democrats have countered that they would like to add:
 - a guarantee that \$125 billion of the overall \$250 billion be "channeled through community-based financial institutions that serve farmers, family, women, minority and veteran-owned small businesses"
 - An additional \$100 billion for health care facilities and workers.
 - \$150 billion for state and local government funding.
 - A 15 percent increase to the maximum SNAP benefit.
- With Congress out through at least April 20th - and all changes needing unanimous consent - it is unclear how these negotiations will play out.

PHASE 4: POTENTIAL PROVISIONS

CARES ACT PART 2

- There is a growing realization that the main CARES Act provisions will have to be extended and amended.
- **More PPP:** Projections show that the PPP small business lending program will likely run out of funding as early as late April. If the Fed cannot fully finance the program, there will be bipartisan support for building on the \$350 billion included in Phase 3.
- **Additional State Stabilization Funding:** With the number of COVID-19 hot spots growing, states and local governments will need more federal funding to cover their health care, transit and other budgetary shortfalls. Congress could grow the \$150 billion provided in Phase 3.
- **Additional Unemployment Benefits:** As weekly unemployment claims grow exponentially, funding will quickly be exhausted, particularly with the extra \$600 in benefits provided in Phase 3. This is an area Speaker Pelosi has identified for additional funding.
- **Additional Direct Payments:** Many Americans say their Phase 3 check will not be enough.

PHASE 4: POTENTIAL PROVISIONS

TAX AND TRADE AND OTHER IDEAS THAT HAVE BEEN FLOATED

Tariffs:

- Members of Congress and trade associations have asked that tariff collection be delayed or suspended outright for a period of time (potentially three months). It is possible that the Trump Administration will preempt any legislative push on tariffs by suspending collection on some categories of tariffs.

Taxes:

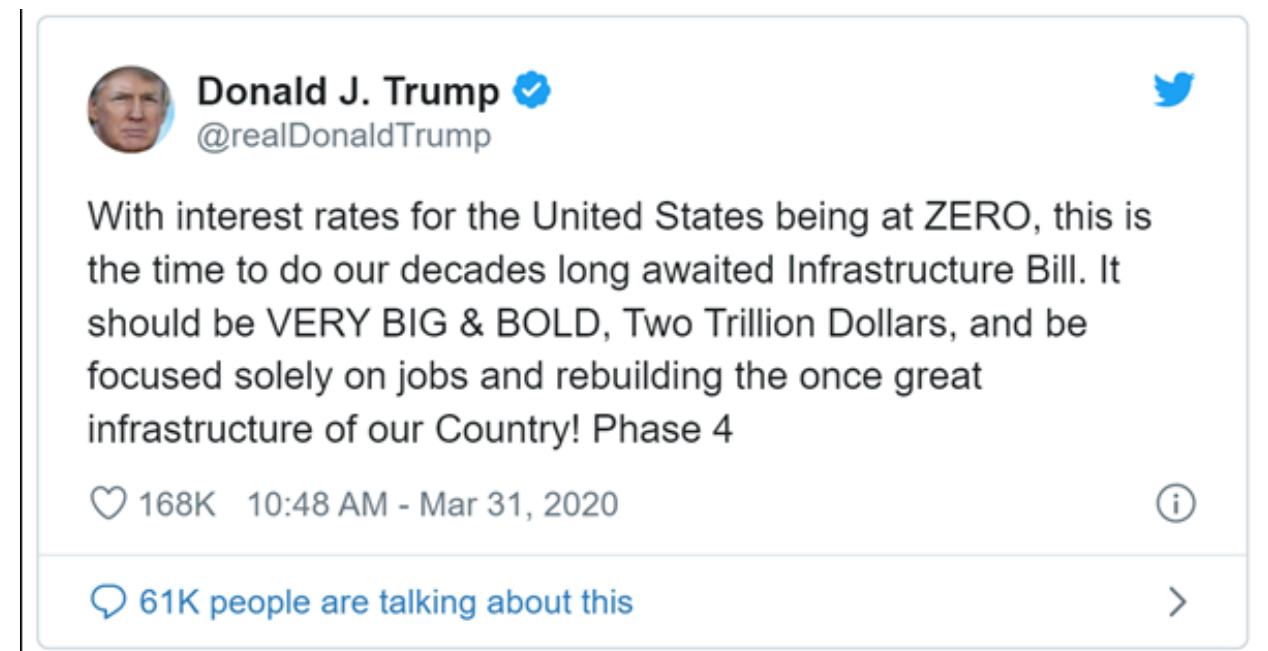
- Speaker Pelosi has suggested a narrowly-tailored rollback of caps on state and local tax (SALT) deductions that were included in the 2017 Tax Reform bill for middle-class Americans.
- There may be a push for renewable energy incentives, as well as tax provisions that incentivize onshore production for pharmaceutical and medical supply manufacturers.

Other:

- “Technical” fixes to any problems in Phase 3 after those programs are implemented.
- Regulatory relief.

PHASE 5 OR BEYOND: INFRASTRUCTURE

- A very rare area of bipartisan agreement, including between Congressional Democrats and President Trump.
- President Trump has called for a \$2 trillion infrastructure package.
- Some in Congress see an infrastructure package as an opportunity to capitalize on the political moment and low-interest rates.
- Actual construction on projects would likely have to wait until after social distancing guidelines were relaxed.
- More needs to be done to create economic stability before both parties will move to stimulus projects, including a major infrastructure package.



THINGS TO KEEP IN MIND

Phase 4 Likely Not the End

Even if a 4th stimulus bill were to pass in late April or May, it would likely not be the last major legislative response to COVID-19. Congress will still be looking to pass a more traditional stimulus that would be focused on recovery and getting Americans back to work.

Response will Define Congressional Elections

Every member of Congress knows that their constituent response to this crisis will be closely scrutinized by their political opponents. Expect most members of Congress to transform their state offices and websites into operations focused on response services.

The time to advocate is now

Members of Congress are looking for fresh ideas on how we inject funding into the economy quickly. Contact your Member of Congress with your ideas.

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Thank You

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