



CITY OF HOUSTON

Office of the Mayor

Interoffice

Correspondence

To: Mayor Sylvester Turner

From: Bill Kelly
Office of Government Relations

Date: March 26rd, 2020

Re: Stimulus Summary

Senate leaders announced Wednesday they reached agreement on a massive stimulus bill to help families and businesses hurt by the coronavirus epidemic. The bill was passed 96 – 0 in the Senate in the early hours of Thursday morning.

The language is still being finalized on the 882 page, roughly \$2 trillion package lawmakers hope to quickly pass and send to President Donald Trump.

- This is the third – and by far the most expensive – package Congress has put together to address the coronavirus.

This memo is divided into 7 sections of most concern to local government.

Help for families:

- The bill would provide direct payments of up to \$1,200 for most individuals and \$2,400 for most married couples filing jointly with an extra \$500 for each child.
 - Assistance would start to phase out for individuals earning more than \$75,000 and for couples with more than \$150,000 in income.
- Unemployment insurance benefits would be expanded, increasing the maximum benefit by \$600 a week for up to four months. Benefits would be available to workers who are part-time, self-employed or part of the gig economy. People who are still unemployed after state benefits end could get an additional 13 weeks of help.

NOT IN THE BILL BUT IMPORTANT TO NOTE:

President Donald Trump on Wednesday approved a request from Gov. Greg Abbott for a disaster declaration, which frees up money for disaster unemployment assistance, a federal program typically used for disasters such as major storms. Disaster Unemployment Assistance helps independent contractors and those who are self-employed and usually don't qualify for unemployment benefits.

- Independent contractors and self-employed people will be able to apply for DUA benefits, which are funded by FEMA, through the Texas Workforce Commission's website.

- Food assistance programs would get a boost as would programs to help low-income households avoid eviction and a program to improve internet access in rural areas.
- Homeowners with federally-backed mortgages would be protected from foreclosures for as long as 180 days.
- Students with federal loans could suspend payments until October.
- Students receiving Pell grants who drop out because of coronavirus would not be penalized.

Help for state and local governments

- Establishes a \$150 billion “Coronavirus Relief Fund” for State, local, and tribal governments to use to cover any costs related to COVID-19 that had not been previously budgeted for and were incurred between March 1 and December 30, 2020.
 - States would get a minimum amount, and other funds would be allocated through a population-based formula for major unanticipated expenses while losing revenue
 - The bill sets aside \$8 billion for Washington, D.C. and territories like Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa as well as \$8 billion for tribal governments.
 - The remaining \$139 billion will be shared among the 50 States proportionally by population with each State receiving at least \$1.25 billion. If a local government applies for and is certified by the Treasury to receive a payment from the fund, it must be made directly to the local government. That amount will be subtracted from the allocation of the State that the local government is in.
 - The fund prioritizes speed and requires that payments must be made to governments within 30 days of enactment. However, it also establishes an inspector general to monitor the disbursement and use of relief funds and gives the inspector general the authority to recoup any misused funds.
 - The GR Team has been closely monitoring and will provide more detailed updates on this.
- In addition to this special fund for state, local, and tribal governments, the emergency supplemental appropriations found in Division B of the CARES Act, awards more than \$270 billion to state, local, and tribal governments across many currently existing federal programs, including:
 - \$1.5 billion to support economic development grants for states and communities suffering economic injury as a result of the coronavirus;
 - \$850 million in Department of Justice Byrne JAG grants to state, local, and tribal officers in responding to coronavirus;
 - \$400 million in election security grants to states;
 - \$345 million for states and local governments to respond to worker layoffs as a result of the coronavirus;

- \$1.5 billion for state local governments for public health preparedness and response activities;
 - \$3.5 billion for Child Care and Development Block Grants to states for child care programs would get a funding boost to help meet emergency staffing needs so health care workers and other critical workers will have child care.
 - \$25 billion for transit providers, including states and local governments, for public transit agencies which have lost ridership for operating and capital expenses. Distributed using existing Federal Transit Administration formulas.
- States, which have been postponing primaries, would get additional funds to make voting safer such as expanding early voting and the ability to vote by mail.
 - Schools and colleges could access nearly \$31 billion to continue to teach students as schools are closed.
 - State and local police and fire departments could get help paying for overtime and for medical items like personal protective equipment.
 - The deadline for states to meet Real ID requirements for enhanced driver's licenses would be extended a year, to no earlier than October of 2021.

Help for health care providers

- Hospitals and medical centers would get billions to handle surging caseloads.
- Hospitals treating coronavirus patients would also get higher reimbursements from Medicare.
- Hospitals could request accelerated payments from Medicare.
- Across-the-board Medicare cuts that were part of a previous deficit reduction agreement would be temporarily halted.
- Extra funding for the Defense Department includes money to deploy the National Guard and use the Defense Production Act to help fast-track production of needed medical supplies to combat the coronavirus.
- Rules on using and paying for telehealth services would be eased.
- Funding would increase for federal agencies to speed work on therapies and a possible coronavirus vaccine, among other activities.
 - When there is a vaccine, Medicare beneficiaries would not have to pay to receive it.

Help for small businesses

- The bill would give small businesses access to a nearly \$350 billion loan program to cover monthly expenses like payroll, rent and utilities. The loans would not have to be repaid if businesses maintained their workforce.
 - The eight weeks of assistance would be retroactive to Feb. 15, 2020 to help bring back workers who have already been laid off.

Advancing the Paid Sick and Family Leave Tax Credit for Employers

- The Families First Coronavirus Response Act, referred to as Phase 2, includes important paid sick and family leave protections in response to the COVID-19 pandemic.
 - The law requires employers with less than 500 employees to provide 80 hours of paid sick leave to full-time employees to cover time that an employee is away from work due to the coronavirus such as if the employee must go into self-isolation, take care of someone else with the virus or care for their own child due to a school closure or lack of childcare.
 - The Act also requires employers with less than 500 employees to provide ten weeks of paid family leave to cover employees who are not working because the employee is caring for their child because the school is closed, or the child care provider is unavailable due to a public health emergency.
 - The emergency family leave mandate only requires employers provide two-thirds an employee's pay while the emergency sick leave mandates full wage replacement with a daily and aggregated cap. The law also provides companies with a refundable tax credit to cover the cost of the new mandated leave.
- The CARES Act expands upon these requirements. The bill:
 - Allows Small Business Administration (SBA) 7(a) loans to be used to cover paid family and sick leave mandated under the Families First Coronavirus Response Act.
 - Allows advance payments under the SBA Emergency Economic Injury Disaster Loans grants to be used to, among other purposes, "provide paid sick leave to employees who are unable to work due to the direct effect of COVID-19."
 - Gives an employee that was recently rehired access to paid family leave if the employee (1) was laid off after March 1, 2020, (2) worked for the employer for at least 30 of the last 60 calendar days, and (3) was rehired by the employer.
 - Allows employers to receive the tax credits established by the Families First Coronavirus Response Act in advance of providing the mandated leave rather than waiting to be reimbursed.
 - Allows the federal government to reimburse federal contractors for the cost of paid sick leave given to employees who are unable to work due to the closure of a federally-owned or leased site and when telework is not an option. The amount of the reimbursement will not be duplicative of any tax credits the contractor uses to cover the cost of the leave.

Help for the arts

- Museums, libraries and arts organizations across the country, which have been closing because of the pandemic, could get a boost from grants to state arts and humanities organizations.
- The John F. Kennedy Center for the Performing Arts, which has been closed until May, would get \$25 million so it can reopen its doors once the crisis is over.

- The Smithsonian Institution would get \$7.5 million to help with teleworking, deep cleaning and overtime for security, medical staff, and zoo keepers.

Help for corporations

- The package includes a financial lifeline to the hardest-hit industries, including passenger and cargo airlines. Another pot of money would be available to help other businesses for a combined \$500 billion.
 - Companies receiving assistance would be barred from raising the pay of certain executives.
 - Any company receiving a government loan would be prohibited from buying back stocks while getting assistance as well for an additional year.
 - Businesses controlled by the president, vice president, members of Congress and heads of federal agencies are not eligible for loans.
- Companies that kept on workers despite a significant loss of revenue could get a tax credit.
- The bill provides other tax relief to businesses by deferring tax payments, increasing deductibility for interest expenses and allowing immediate expensing of qualified property improvements, especially for the hospitality industry.