

# Federal Government Passes Relief Packages in Response to the Coronavirus Pandemic

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**T**he federal government has passed several relief packages since March in response to COVID-19 to provide financial assistance to hospitals, state and local governments, small businesses, and individuals.

The Families First Coronavirus Response Act (FFCRA) was the second relief bill and was signed into law by the President on March 18, 2020. The first part of the FFCRA amends the Family Medical Leave Act (FMLA) to establish a federal emergency job-protected paid leave benefits program for employees taking unpaid leave due to their engagement in caregiving due to a COVID-19-related school closing or closing of other care facility or care program for a child who is under 18. The new FMLA program applies to all local governments but allows employers of healthcare providers and emergency responders to elect to be exempt. The second part of the FFCRA requires employers to provide to each employee Emergency Paid Sick Leave to the extent that an employee is unable to work (or telework) because of qualifying reasons due to COVID-19. This section also applies to all local governments. The third part of the FFCRA provides for a refundable tax credit to employers but the credit does not apply to state and local employers.

The third relief bill, the Coronavirus Aid, Relief, and Economic Security Act (CARES), was signed into law on March 27, 2020. The Act provides \$2

trillion toward coronavirus relief efforts, including \$150 billion in aid directly from the U.S. Treasury to states, tribal governments, territories, and local governments with populations of more than



500,000 people. Local governments with populations under 500,000 are eligible for a portion of the funds sent to their state based on their population. Counties are restricted in their use of these funds for only necessary COVID-19-related expenditures incurred through the end of the 2020 that were not accounted for in the budget most recently approved as of March 27, 2020. The Act also includes, among other things: \$45 billion for a FEMA Disaster Relief Fund to provide relief to states and local governments; \$400 million in election assistance to help prepare for the 2020 election cycle; \$500 billion to create an Economic Stabilization Fund that authorizes the U.S. Treasury to purchase obligations of states and local governments and allows for the Federal Reserve to directly participate in the municipal bond market to energize the flow of bonds and help decrease

borrowing by local governments; \$350 billion in loans and grants through the Small Business Administration; \$100 billion in funding for local hospitals; a delay in cuts to Medicaid Disproportionate Share Hospital payments until FY 2021; an expansion of unemployment benefits; and direct financial assistance payments to qualifying individuals.

In late April, Congress passed a fourth coronavirus relief bill, the Paycheck Protection and Healthcare Enhancement Act. The bill contains more than \$484 billion in funding. This includes more than \$310 billion toward the Small Business Administration's Paycheck Protection Program (PPP) aimed at helping small businesses, \$60 billion for economic disaster loans and grants to small businesses, \$75 billion for hospitals, and \$25 billion for coronavirus testing. The Act requires states and local governments to report how resources will be used for testing and COVID-19 mitigation policies. Congressional leadership has stated that a fifth relief package likely will not happen until Congress returns to Washington D.C. on May 4th. SCAC is hopeful that Congress will provide funding to state and local governments in a future package. Unless addressed in future legislation, all aid sent to state and local governments may only be used for coronavirus-related expenditures not already budgeted for and must be documented.

