



April 3, 2020

ACG Coronavirus Update

OVERVIEW

- Health experts are doubting the reliability of new tests that are being distributed with minimal regulatory oversight. Experts believe nearly [one in three patients](#) who are infected are getting a negative test result. Meanwhile, hospitals are projected to need 88,000 more beds than are currently available to handle peak hospitalizations in mid-April.

NEW RESOURCES

- [Final Borrower Application Form](#)
- [Lender Electronic Data Form](#)
- [Paycheck Protection Program – Interim Final Rule](#)
 - [Top-line overview of the program](#)
 - [Information for lenders](#)
 - [Information for borrowers](#)
- [House Leadership Critical Infrastructure Proposal](#)
- [Senate RPC summary of the CARES Act, Committee Resources, and Agency Resources](#)
- [The CARES Act Relief Funds Toolkit](#)

ADMINISTRATION

- The U.S. Small Business Administration launched the Paycheck Protection Program, a \$349 billion emergency loan program created last week with the President's signing of the Coronavirus Aid, Relief, and Economic Security Act (CARES). Starting today, small businesses and sole proprietorships can apply for loans. Starting April 10, independent contractors and self-employed individuals can apply for loans. The program provides forgivable loans of up to \$10 million to small businesses left financially distressed by the Coronavirus (COVID-19) pandemic. The loans, which will be administered at the local level by a national network of banks and credit unions, are designed to maintain the viability of millions of small businesses struggling to meet payroll and day-to-day operating expenses. Earlier this week, the Treasury Department issued [details](#) on the Paycheck Protection Program and a [loan application available for download](#). As of mid-afternoon Friday, among the largest U.S. lenders, only Bank of America and JPMorgan Chase were accepting applications for the program. Bank of America reports that as of Friday afternoon, it has received 60,000 Paycheck Protection Program loan applications worth \$6 billion. See SBA press release [here](#) and read more [here](#).
- The IRS will make about 60 million payments to Americans through direct deposit in mid-April, likely, the week of April 13th. The IRS has direct deposit information for these individuals from their 2018 or 2019 tax returns. This will include Social Security beneficiaries who filed federal tax returns that included direct deposit information. Within 10 day after the first round of

payments are made in mid-April, the IRS plans to make a second run of payments. These payments will be made to Social Security beneficiaries who did not file tax returns in 2018 or 2019 and receive their Social Security benefits via direct deposit. Read more [here](#).

- The Treasury Department and the Internal Revenue Service [launched](#) the Employee Retention Credit, designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50 percent of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19.
- The Federal Reserve announced Wednesday night that it is temporarily loosening financial institutions' supplementary leverage ratio (SLR) rules to absorb some of the stress in Treasury markets. The SLR applies to large banks with assets in excess of \$250 billion. The rule change eases the banks' ability to continue to hold cash and Treasury bonds on their balance sheets while Treasury yields remain low and banks are flooded with increased deposits. While the leverage ratio is intended to reduce banks' risk profiles, the change will give banks additional space to continue lending in the face of market pressures. Read full announcement [here](#).
- President Trump used the Defense Production Act [to secure supplies](#) companies need to make ventilators. "My order to the Secretary of Health and Human Services and the Secretary of Homeland Security will help domestic manufacturers like General Electric, Hill-Rom, Medtronic, ResMed, Royal Philips, and Vyair Medical secure the supplies they need to build ventilators needed to defeat the virus," Trump said. However, most of the 100,000 ventilators that President Donald Trump promised won't be available until June, Federal Emergency Management Agency (FEMA) officials told the House Oversight Committee this week. FEMA also indicated there were just 9,500 ventilators in the national stockpile. Yesterday, Senator Cory Gardner (R-CO) sent a [letter](#) to the Department of Health and Human Services' (HHS) Office of Inspector General requesting an investigation into the supply of ventilators in the Strategic National Stockpile. Gardner is asking for the HHS watchdog to investigate if there was a "lapse in contracts that led to a lapse in maintaining" the ventilators and if there was "mismanagement that led to a shortage of working ventilators or other critical medical supplies or equipment." Meanwhile, New York state [said](#) it would finance companies willing to manufacture ventilators and other medical supplies.
- Industry groups representing the pharmaceutical industry and generic drug makers are [requesting](#) the Department of Transportation (DOT) to require airlines to continue international flights as a condition of the financial assistance they may receive through the CARES Act. "It is critical that covered carriers continue to serve international points, given the crucial role these carriers play in supporting the transport of pharmaceutical goods," wrote the Pharmaceutical Research and Manufacturers of America (PhRMA). PhRMA also asked DOT to provide "fast lane" designations to speed up the processing of medical cargo. The Association for Accessible Medicines said if the disruption is not resolved, "America's patients will experience disruptions in their access to critical prescription medications."
- The White House is [considering](#) covering coronavirus treatment for those who are uninsured through the \$100 billion hospital fund in the CARES Act. "We expect an announcement, but the president has made it very clear, we don't want any American to worry about the cost of getting a test or the cost of getting treatment," Vice President Mike Pence said. Earlier this week, the administration rejected the idea of reopening the ACA insurance marketplaces for a special enrollment period.

- So far, six cargo planes have delivered medical supplies from overseas in the U.S. and 28 more are planned in the coming weeks, Rear Adm. John Polowczyk [said](#). He added that the government is delivering those products to medical supply companies, rather than delivering them directly to the facilities in need. “That’s normally how things work. I’m not here to disrupt a supply chain. These six distributors have 600 to 700 warehouses. They have trucks to go to the hospital doors every day,” Polowczyk said.

CONGRESS

- This morning, Speaker of the House Nancy Pelosi (D-CA) spoke with Jim Cramer on *CNBC*. She indicated that the \$350 billion included in the CARES Act will not be enough to support American small businesses. Pelosi then shot down a proposal for the government to pay citizens to stay home. After Cramer noted that several European countries [are paying firms to keep their workers at home and on payroll](#), Pelosi argued that the bipartisan successes of previous COVID-19 packages demonstrate the merit of the United States’ existing model. Pelosi continued, stating that both workers and the economy will improve as PPE is made available. On states bidding against other states for PPE, Pelosi stated that this practice cannot continue, and the federal government must work to ensure that PPE is available for those in need. Pelosi also voiced support for the reshoring of the medical supply chain and referenced Representative Anna Eshoo’s (D-CA-18) longstanding proposal for a medical supply chain commission. Pelosi stated that ensuring that China and India do not dominate the supply side is a top health security priority. Finally, Pelosi said she would support measures designed to prevent personal bankruptcy and bolster mortgage forbearance. Watch the full interview [here](#).
- Earlier this week, House Democrats indicated they would build on a \$760 billion infrastructure proposal for the fourth package. Today, however, Pelosi suggested that “may have to be for a bill beyond this.” Instead, Pelosi proposed expanding upon the \$2 trillion economic stimulus package by “passing a CARES 2 package.” “It is imperative that we go bigger and further assisting small business, to go longer in unemployment benefits and provide additional resources to process UI claims and to give families additional direct payments,” Pelosi said in a [press statement](#). She expects to vote on the bill in late April.
- Yesterday, House Financial Services Committee Chair Maxine Waters (D-CA) sent a letter urging Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza to ensure that the Paycheck Protection loans protect all workers, irrespective of the affiliations of their employers. Waters asserts that any company seeking a loan from this program should use the aid to: fully maintain its workforce levels; maintain workforce pay and benefits at or above pre-crisis levels and work towards implementing a \$15 minimum wage; provide its workforce with a minimum of two weeks of paid leave; and implement a corporate governance structure that includes worker representation on their corporate boards. Read letter [here](#).
- The Congressional Budget Office [said](#) it expects U.S. unemployment to exceed 10% in the second quarter and gross domestic product to decline by more than 7%. “Those declines could be much larger, however,” the CBO warned, adding that its estimates are “highly uncertain at this time.” The projections were based on Thursday’s jobless-claims data and the included the effects of the CARES Act, the CBO noted.

Financial Services

- Five federal financial regulatory agencies on Thursday announced that they will consider comments submitted before May 1, 2020, on their proposal to modify the Volcker rule’s general prohibition on banking entities investing in or sponsoring hedge funds or private equity funds—known as “covered funds.” Read full announcement [here](#).

Health Care

- Google will assist health officials use its data to track people’s movements amid the coronavirus pandemic. The [model](#) uses information collected on users, including through Google Maps, to create reports on the degree to which locales are abiding by social-distancing measures. The “mobility reports” will be made public and show particular localities, states, or countries that are seeing more or less people flow into shops, grocery stores, pharmacies and parks.

ADDITIONAL RESOURCES

- [ACG’s Title One Call with Senate Small Business Committee’s Josh Duncan and Philip Todd](#)
- [Employee Retention Credit Information](#)
- [Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the CARES Act](#)
- [Procedures and Minimum Requirements for Loans to Air Carriers and Eligible Businesses and National Security Businesses under Division A, Title IV, Subtitle A of the CARES Act](#)
- [COVID-19 Projections](#)
- [The CARES Act Relief Funds Toolkit](#)
- [FAQ document Sen. Marco Rubio’s Office](#)
- [CARES Act](#)
 - [Unemployment Insurance Provisions one-pager](#)
 - [Small Business Loan Provisions one-pager](#)
 - [Title IV one-pager](#)
 - [Key Tax Provisions Summary](#)
- [Paycheck Protection Program and EIDL Grant Flowchart](#)
- [Congressional Research Service: CARES Act](#)
- [Recording of ACG & ACGA Policy Call: The Great American Stimulus](#)
- [Q&A Coronavirus Policy Briefing](#)
- [Coronavirus International Travel Updates](#) and [A Guide to State Coronavirus Lockdowns](#)
- [COVID-19 Treatment and Vaccine Tracker](#)
- [Guidance on the Essential Critical Infrastructure Workforce](#)
- [Summary of Families First Coronavirus Response Act \(H.R. 6201\)](#)
- [List of House Democrats Coronavirus staff points of contact](#)
- [COVID-19 Media updates](#)
- [The Johns Hopkins Tracker](#)