

FY 2021 Appropriations Update and COVID-19

Members of the House and Senate Appropriations Committee are working to keep the annual appropriations bills on track, even amid the coronavirus outbreak. Senate Appropriations Committee Chairman Richard Shelby assured that lawmakers will continue to do their job, provided it's safe to hold hearings and markups.

As of now, the Senate Agriculture Appropriations Committee deadline for Member appropriations request submissions is still Monday, April 6. Additionally, the House Agriculture Appropriations Subcommittee will push forward with the original schedule and mark up on Tuesday, April 21, with the full committee mark up on Wednesday, April 29. The Senate has not yet set their mark up dates. As an additional follow up to our last [Call to Action](#), we strongly encourage you to follow up with your state's delegation, reiterate the importance of NIFA funding, and submit your appropriations requests.

Amidst the Coronavirus outbreak, the Administration has continued to put support and resources behind our response. To help continue a whole-of-Government drive, the administration is requesting an additional \$45.8 billion for FY 2020 to help Agencies operate at full capacity and ensure resource needs created by the pandemic response can be met.

In addition to the supplemental resources for FY 2020, the Administration is also amending the FY 2021 Budget to provide funding increases for the Centers for Disease Control and Prevention (CDC) and the National Institutes of Health's (NIH) National Institute of Allergy and Infectious Diseases (NIAID).

COVID-19 Legislation Update

Supplemental I: On March 6, President Trump signed the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (H.R. 6074). This \$8.3 billion package will fully fund a robust response to coronavirus, including vaccine development, support for state and local governments, and assistance for affected small businesses.

Text [here](#), summary [here](#).

Supplemental II: The Families First Coronavirus Response Act (H.R. 6201) expands access to emergency paid sick leave to as many as 87 million U.S. workers. Many of these workers currently have no paid leave and are being forced to choose between their paycheck, their health, and the health of the people around them.

The bill passed the Senate this afternoon and is headed to the President's desk for signature.

Text [here](#), factsheet [here](#), bill section by section [here](#), summary of paid leave provisions [here](#).

Supplemental III: Lawmakers are currently working on the third supplemental, COVID-111. Senate Majority Leader Mitch McConnell has established three working groups to help steer the crisis, generally led by the Chairmen of relevant Committees of jurisdiction with input from key Committee members and the Conference. Reports have indicated that given the tight timeline, lawmakers will have a strong bias toward updated versions of already-enacted policy.

Meanwhile, House efforts have reportedly been focused on Committee Chairman and staff developing policy ideas and drafts, with Leadership playing a coordinating role.

Policies under consideration include:

Direct cash grants: Congress has historically struggled to effectively administer direct-cash grants to individual taxpayer units and families, there has been a significant uptick in interest in such approach, with Republican Senators Romney, Cotton, Hawley, and others backing the idea. With the level of present interest, the key question is what approach might be taken on administration and implementation of such a policy for maximum speed and effect;

Following the inclusion of limited payroll tax relief in funding employer paid leave programs in COVID-I, the President appears to have backed off his focus on broad-scale payroll tax relief through end of year, shifting his primary interest to direct cash grants, although that could change.

Treasury Secretary Mnuchin / Administration Proposed Package: Secretary Mnuchin met with the Senate Republican Conference on COVID-III this week and proposed several ideas, including reportedly some combination of the following, reportedly totaling "more than \$1.2 Trillion":

- \$500b in individual relief, either in the form of direct cash grants as described above or additional payroll tax relief as proposed in the recent past by POTUS;
- \$300b in additional SBA loans;
- Up to \$200b in stabilization loans and relief, including up to \$58b in airline relief;
- 90-day deferral of income tax payments up to \$1 million for individuals and \$10 million for corporations, which the Administration has announced publicly but regarding which no formal guidance from IRS has yet emerged.

Senate Dem Package: Senate Democratic Leader Schumer also issued a set of proposals this week, worth at least \$750 billion. The bill included \$400 billion in appropriations for public transportation, state and local funding, and "resilient infrastructure" e.g., broadband internet and \$350 billion in mandatory spending plus-ups, for items including unemployment insurance (UI), additional SNAP benefits on top of COVID-II, and federal student debt relief. Leader Schumer also proposed policies with no identified dollar cost on loan forbearance for mortgages, suspension of evictions and foreclosures. Finally, policies on crisis readiness and response, including utilization of the National Guard and DOD, credit score protections, prison population protection, and other issues were included.

Industry-specific relief: In addition to the Treasury note, several administration and hill officials have offered support for relief either for broad federal government loan-support and/or fiscal support for particularly affected industries, including airlines, travel and hospitality, and cruise ships, among other affected industries. Again, with the tight timeline, Congress may consider:

- General small business loans expanded through an existing apparatus such as SBA (as in COVID-I) or some other mechanism to prioritize immediate access to cash flow and liquidity for small businesses;
- Targeted broad federal loans through credit instruments; insurance and reinsurance, as in 2001 Airline stabilization legislation (PL 107-42), the Terrorism Risk Insurance Act (PL 107-297), and TARP auto relief provisions (PL 110-343).

Targeted tax relief: Further tax relief for both individuals and businesses will likely be a key component of COVID-III:

- Individual tax relief will likely be oriented around direct cash grants and payroll tax relief, but additional consideration may be given to items like refundable tax credits for low-income earners, and revisiting the 500-employee caps from the payroll tax credits in COVID-II;
- Business tax relief may focus on supporting the key policy goals of business liquidity and cash flow, either through deferral of tax liability (as in administration items discussed above) or direct tax relief;
- Relief from unintended consequences of TCJA 2017-related policies may also be in play, as observed by WSJ yesterday - consideration may be given to items like NOL carrybacks and the 80% limitation, and the 163(j) interest limitation, among other policies.

Infrastructure: Though perhaps not the top priority on anyone's list outside of airline stabilization, infrastructure investment remains a key item floating in the background of this developing debate:

- Low interest rates combined with Treasury and bipartisan hill support create an attractive environment to disregard cost considerations that have hindered discussions on infrastructure and consider debt-financed investment, avoiding revenue issues that have bogged down the debate so far;
- However, while not ruling anything out, policy in this space is less readily available off-the-shelf and may require additional development and time;
- Infrastructure investment may end up being the central component of a COVID-IV package, if Congress is not able to move quickly on its inclusion for COVID-III.

For the scale and scope of some of the policies under consideration, it would be ambitious, though not impossible, for either body to successfully advance text before early next week. Leader McConnell has asserted that the Senate will remain in town "as long as it takes" to pass COVID-III.

THE CORNERSTONE TEAM