

## Insights

# US LEGISLATIVE RESPONSE TO COVID-19

Mar 25, 2020

The unprecedented global pandemic posed by the new coronavirus (“COVID-19”) has left US lawmakers scrambling to provide emergency relief for individuals and businesses throughout the country while also seeking to slow the spread of the virus and develop an effective treatment.

## Phase 1

On March 5 and 6, 2020, as an immediate response to the impact of COVID-19 Congress passed and the President signed H.R. 6074- Coronavirus Preparedness and Response Supplemental Appropriations Acts, 2020 (“Phase 1”), which provides \$8.3 billion in emergency funding designed to treat and prevent the widespread transmission and effects of COVID-19. This bill is intended to make diagnostic testing more broadly available, to support treatment of the virus, and to provide assistance to small businesses that have been impacted by financial losses as a result of the coronavirus outbreak.

Phase 1, targeted at slowing the spread of the virus, allocates a significant portion of the funds to the Department of Health and Human Services (“HHS”) for vaccination research, CDC emergency funding, medical equipment, and grants for state, local, and tribal public health agencies and organizations. In addition, the bill provides \$20 million to the Small Business Administration (“SBA”) disaster loans programs to support the SBA’s administration of loan subsidies that will be made available to affected small businesses. The bill also allows the HHS to temporarily waive certain Medicare restrictions and requirements regarding telehealth services during the coronavirus public health emergency. While over 80% of the bill is designated for a domestic response, the bill also designated \$1.6 billion for an international response, the majority being provided to the United States Agency for International Development (USAID) to address issues such as evacuations and emergency preparedness activities at U.S. embassies and other State Department facilities and humanitarian assistance and support for health systems in the affected countries.

## Phase 2

Having provided immediate emergency relief, attention quickly turned to providing relief to individuals finding themselves out of work as a result of the unprecedented public health crisis. On

March 14, the President signed H.R. 6201- Families First Coronavirus Response Act (“Phase 2”), which provides paid sick leave, free coronavirus testing, expanded unemployment benefits, and food insecurity measures.

The bill’s main feature is federally mandated paid leave available for certain employees. Employers with less than 500 employees are required to provide two weeks of paid sick leave to any employee unable to work due to quarantine, isolation, coronavirus symptoms, or who are caring for someone in quarantine or isolation, or that has a child in schools that have been closed. Tax credits will be provided to the employer to offset these costs. Employees are further protected under the bill as they cannot be required to find replacements or use other paid time off.

Self-employed individuals will receive a tax credit equal to the sick leave amount. The bill also provides up to three months of paid family and medical leave.

In an attempt to offset the burdens of anticipated unemployment, the bill provides almost \$1 billion to the states to process and pay unemployment insurance. For states with high unemployment or previously exhausted benefits, the bill increases assistance provided.

The bill also includes provisions to provide nutritional assistance to those experiencing food insecurity. Just under \$1 billion is allocated towards this effort, the majority of which is designated to fund special programs, including one that will be available through September 30, 2021. Under this program, qualifying families will be provided assistance if a child’s school has been closed for five consecutive days or more due to the pandemic.

### **Phase 3**

On March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act” or “Phase 3”) to provide emergency assistance and health care response for individuals, families, and businesses. [The text of the legislation can be found here .](#)

For individuals and families, Phase 3 includes cash payments of up to \$1,200 per person and \$2,400 per married couple. Individuals with an adjusted gross income of less than \$75,000—\$150,000 for joint filers—will receive the full payment, but those earning more will see their payments phased out, and the payments will stop entirely for those earning more than \$99,000 per year. Families will also receive an additional \$500 per child.

The CARES Act also includes \$349 billion for lending programs for small business that maintain their payroll levels. Small businesses will be eligible for additional federally guaranteed loans if they promise to maintain their workforce, and those loans will be forgiven for businesses that continue to pay their workers.

In addition, the bill allocates \$46 billion for industry-specific loans—\$25 billion for airlines, \$4 billion for cargo carriers, and \$17 billion for “businesses critical to maintaining national security”—and

\$454 billion for the Federal Reserve to leverage for additional loans to help businesses. An inspector general and a five-person panel appointed by Congress will oversee the loans. The bill provides further emergency assistance in the form of \$150 billion for state and local governments.

Phase 3 also expands unemployment insurance by 13 weeks and provides enhanced benefits for four months.

The CARES Act moved quickly through Congress and federal agencies will move swiftly to implement the law and make funding available to businesses and individuals. Companies and stakeholders wishing to take advantage of the Phase 3 programs should track these developments closely in the days and weeks ahead.

For questions or further information, please speak to your regular Bryan Cave Leighton Paisner contact, a member of our [Legislative practice](#), or the authors of this bulletin.

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