

Update from Washington – Coronavirus Response

March 17, 2020 || By [Alexander Hecht](#), [Anthony M. DeMaio](#)

In response to the coronavirus pandemic, Congress and President Trump have taken the following actions:

1. Coronavirus Supplemental Appropriations Act (signed into law March 6th),
2. Families First Coronavirus Response Act (passed House March 14th, expected to pass Senate and be signed into law this week), and
3. A large economic recovery package, now being drafted, for various impacted industries.

In short, the first bill provided about \$8.3 billion to federal and state agencies to address clinical needs, (e.g., developing vaccines and treatments, increasing laboratory capacity). The second bill begins to address the economic impact of the pandemic. It includes free testing for the virus, \$1 billion in unemployment insurance grants, a temporary increase in the federal share of Medicaid expenditures, funding for nutrition programs like SNAP and WIC, paid sick leave and extended family and medical leave for coronavirus-related reasons, and tax credits to help businesses absorb the cost of providing the leave.

Read more on these efforts in [ML Strategies' March 16 update](#) on the Federal Response to COVID-19.

What remains to be seen is the scope and content of the next legislative package, though we expect it to be an order of magnitude larger than the first two. The White House and congressional leadership have been meeting with major corporations and trade associations from nearly every industry to understand the effect the pandemic will have on each sector. The relief package being assembled could cost as much as \$1 trillion and include any number of policy proposals, such as:

- tax deferments,
- no-interest business loans,
- temporary cancellation of payroll tax payments (Chamber of Commerce is pushing this hard),
- loan forbearance,
- loan guarantees,
- forcing insurers to cover telehealth services,
- sending every American a check for \$1,000 (floated by Sen. Mitt Romney (R-Utah), among others),
- industry-specific bailouts (airlines, hotels, gaming, restaurants, retail, etc.),
- deferring student loan interest,
- easing tariffs, and
- purchasing oil for the Strategic Petroleum Reserve.

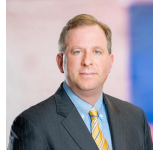
Simultaneously, education-specific bills have been introduced in both the House and Senate that would:

- establish new grant programs to provide primary and secondary schools with funding for lunches and to disinfect,
- provide emergency financial aid for college students, and
- create a waiver process to exempt qualified applicants from repaying student loans.

Earlier today, the White House sent to the Senate a proposed economic stimulus package totaling approximately \$850 billion. Treasury Secretary Mnuchin is to brief Senate Republicans on the details of the proposal later today. Senate Democrats are expected to propose their own stimulus package today as well. However, much more political wrangling will take place before a package is finalized, and industries feeling the impact of the pandemic need to engage with Congress and the administration as soon as possible to ensure they are not left out of the next bill.

Finally, commercial banks and the Federal Reserve are exploring ways to provide credit to distressed businesses. Large banks are quietly considering increasing liquidity and providing no-interest loans to small businesses to cover payroll, rent, and employee health care during the crisis. The Chamber of Commerce is pressing Congress and the White House for changes at the Fed which would allow companies with more than 500 employees direct access to the discount window. The Fed has already cut interest rates to zero.

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