



## RECOMMENDATIONS FOR CORONAVIRUS RESPONSE & ECONOMIC RECOVERY

Below are preliminary principles and priorities of Members of the New Democrat Coalition for the continued economic response to the coronavirus (coronavirus) pandemic. As Congress works to help American families, businesses, and communities recover from the public health and economic emergency brought on by the pandemic, we recommend focusing on the following:

### Overarching Principles

- **Triage and Respond:** Take immediate action to support public health efforts and prevent an economic crisis by quickly deploying resources and economic assistance to health care providers and hard-hit individuals and businesses. Managing our national debt is important, but now is not the time to worry about budgetary impacts in the near-term.
- **Streamline and Stabilize:** Make efforts to utilize existing mechanisms and reduce unnecessary hurdles that will slow the deployment of assistance. As appropriate, build automatic stabilizers into direct assistance programs to provide certainty and trigger additional assistance and stimulus without the need for additional Congressional action if economic conditions continue or worsen.
- **Return to Normal:** Roll out a coordinated economic stimulus to bring businesses back online and workers back into the labor market. In future economic up-cycles, take seriously our responsibility to manage federal debt and deficits so that we are better prepared for future national crises.

### End the Pandemic

Health care providers are on the frontlines of the coronavirus pandemic. Congress should provide emergency funding and enhanced reimbursements to protect health care workers through funding for protective gear, training, and dependent care assistance, and to provide facilities like Community Health Centers and hospitals with high concentrations of Medicaid patients with financial security.

- Provide robust support to health care and essential workers, including implementing protocols and training for their protection, ramping up the manufacturing and deployment of protective gear and equipment, and providing dependent care assistance.
- Increase funding for medical facilities fighting the pandemic by accelerating medical provider reimbursements, temporarily suspending the Medicare sequester, further increasing the Medicaid FMAP support, and temporarily increasing Medicaid disproportionate share hospital (DSH) state allotments and stop the impending Medicaid DSH cuts from going into effect for two years.
- Reauthorize Community Health Center funding.

- Provide emergency grants and no or low interest loans to hospitals and other medical facilities experiencing financial hardships due to coronavirus response.
- Significantly increase Medicaid and Medicare reimbursements for coronavirus tests and treatments to provide emergency funding to frontline health care providers.
- Order and purchase vital equipment, including personal protective equipment and ventilators, for the immediate distribution to health care providers and workers facing shortages, replenish our national stockpile.
- Secure supply chains for critical equipment, gear, treatments, vaccines, and other medicines.
- Block the CMS “Medicaid Fiscal Accountability” rule.
- Ensure funding eligibility for organizations that have shifted their posture to assist with coronavirus response efforts.
- Suspend payroll taxes for qualified health care workers involved in coronavirus crisis response.
- Suspend social security penalties for health workers who come out of retirement to help in the coronavirus crisis response.
- Allow flexibility to tailor assistance for health care providers, senior nursing facilities (SNFs), and patients, including through expanded use of telehealth, including at SNFs and under Medicaid coverage.
- Allow for the flexible deployment of skilled medical personnel, including encouraging state licensing and certification reciprocity for critical, qualified health care workers.
- Establish X-Prizes for coronavirus treatments and vaccines.

### **Provide Direct Economic Assistance and Support to Individuals**

Congress should provide direct support to individuals through policies that provide economic security and liquidity cushions for individuals, including expanded and enhanced social safety net programs and benefits, direct payments for low and middle income individuals, suspensions of certain federal loan repayments, enhanced tax credits, adjustments to retirement savings and health care benefits, housing assistance, and more. Economic stabilization legislation should include automatic triggers, such as increases in the unemployment rate, to further enhance these programs in the event of continued or worsening economic weakness and to attempt to provide some predictability going forward.

- Provide direct payments targeted at low- and middle-income individuals and families. Ensure any such cash payments do not disqualify individuals for any means-tested programs, such as SNAP or TANF.
- Target assistance for workers who are most vulnerable to the economic downturn, including tipped wage workers, domestic workers, and workers in the hospitality and travel industries.
- Provide forbearance on certain federal loans, penalties, and other actions, including suspending federal student debt repayments, holding students harmless for missing payments during pandemic, and suspending reductions in basic allowance for housing payments to student service members and veterans.
- Grant federal agencies the ability to defer payments on existing direct or guaranteed loans, leases, and other commitments for affected individuals for at least three months.
- Delay expirations of certain benefits and programs and extend application and re-application periods for at least three months, or through the end of the crisis.

- Waive retirement account withdrawal penalties and mandatory disbursements that compound financial hardship.
- Expand affordable coverage with special enrollment periods and expand cost-sharing reductions and premium tax credits.
- Expand grace periods for premium nonpayment and hold patients harmless for late or missed premium payments and waive certain primary care cost-sharing payments for high deductible and unsubsidized ACA plans.
- Expand unemployment insurance funding, benefits, and access, and expand eligibility so that it supports workers that do not currently qualify, preserves jobs through job-sharing; provides greater compensation for lost work hours; and provides more adequate compensation for lost earnings for those laid off.
- Expand targeted assistance for the most vulnerable, including by increasing funding, expanding benefits, and easing barriers, such as work requirements for SNAP and TANF.
- Expand and enhance the earned income tax credit (EITC) and child tax credit (CTC).
- Expand emergency paid leave benefits to all workers, including independent contractors and federal government employees, at employers of all sizes with federal support for small to mid-sized firms.
- Provide targeted legal clarity to companies that provide direct assistance to independent contractors, including gig workers, during this emergency.
- Provide emergency appropriations for Emergency Solutions Grants at the Department for Housing and Urban Development (HUD) to provide emergency support to those at risk of homelessness and increase funding for emergency rental assistance through the Housing Choice Voucher program.
- Encourage regulators to issue regulatory guidance to financial institutions seeking to provide forbearance on home mortgage and other consumer loan payments.
- Prevent affordable housing projects from losing their housing credits by issuing a one-year extension of Low-Income Housing Tax Credit (LIHTC) deadlines and ensure that needed affordable housing developments are able to move forward by stabilizing the 4 Percent Housing Credit.
- Expand the Low-Income Housing Energy Assistance Program (LIHEAP) for those receiving paid sick leave and unemployment insurance.
- Add public health emergencies to the definition of eligible events for a Major Disaster Declaration to more quickly activate assistance under the Stafford Act and other authorities.
- Apply certain assistance retroactively to cover individuals impacted by the coronavirus prior to enactment of emergency supplemental legislation.

### **Help Impacted Businesses Get Through the Crisis**

Help for impacted businesses should be focused on getting more liquidity into the market where it is needed most through expanded federal low or no interest loans for small and mid-sized businesses, tax relief to support the retention of employees and paid leave, relief for consumers, workers and businesses from tariffs, and other stabilizing policies to support the health of U.S. businesses and the economy impacted by the coronavirus crisis.

- Provide liquidity to businesses with no interest or low interest loans to small and medium businesses, including through expanded Small Business Administration (SBA) economic injury disaster loans (EIDL)

and bridge loans. Grant authority for loans to be converted into grants in instances of extreme economic hardship caused by coronavirus pandemic.

- Advance no interest SBA loans to businesses to fund paid leave before the tax credit arrives.
- Provide low cost loans to small and medium sized businesses through a temporary corporate and small business liquidity facility established jointly by the Treasury Department and Federal Reserve.
- Provide support to small and medium sized businesses that access financing through non-bank lenders.
- Provide liquidity support to non-profit small business aggregators who can then turn around provide money to small businesses they have prior relationships.
- Utilize local non-profits, governments, and other entities to leverage the reach of the federal government's assistance to small and medium sized businesses.
- Provide Internal Revenue Service (IRS) forgiveness of interest and penalties for late payroll tax payments.
- Permit federal agencies, including the SBA, the ability to defer payments on existing direct or guaranteed loans, leases, and other commitments for affected businesses for at least three months.
- Modify the SBA coronavirus disaster loan program enacted as part of the first coronavirus package to authorize entire states (versus specific counties) to be designated as disaster areas, increase loan caps, reduce or eliminate interest rates, and otherwise take steps to expand and streamline the program so more small businesses can benefit from it.
- Accelerate federal payments to all federal business vendors by reinstating the 15-day payment requirement for the duration of this national emergency.
- Direct federal agencies to advance-pay small business federal contractors for the upcoming 60 days of services already under contract.
- Provide an employee retention tax credit (ERTC) that provides assistance to businesses with severe revenue loss due to coronavirus that retain and pay workers rather than lay them off.
- Temporarily restore net operating loss (NOL) carrybacks against income in the prior five years to smooth out expected losses as a result of the crisis.
- Provide a tax credit for companies that report a 25 percent or more drop in revenue that can be tied to the Coronavirus.
- Fix the 2017 Tax Bill to restore the 15-year schedule for Qualified Improvement Property (QIP) and make these improvements eligible for immediate expensing as was originally intended.
- Suspend existing Trade Act Section 232 and 301 tariffs until the public health emergency is over and prohibit the imposition of any additional tariffs during the emergency. Expedite prompt exemptions on goods that may result in a negative effect on the supply chains and result in either exacerbated harm to the health care industry or economic wellbeing of this country if not granted.
- Where practicable, federal agencies should ensure emergency lending goes to businesses that will use funds effectively, including for business operations, to meet existing obligations, and to support their workers.
- Temporarily remove the cost share requirements for the Manufacturing Extension Partnership (MEP) program within the Department of Commerce to allow the MEP centers to continue to provide necessary technical expertise to small and mid-size manufacturers during this crisis.

## **Provide Direct Assistance to State, Local, and Tribal Governments**

State and local governments are best positioned to enact targeted and tailored responses for their communities. Congress should support these efforts to respond to the coronavirus pandemic and economic downturn through direct funding, grants, and other assistance.

- Expand direct access to economic assistance through increased investment in the Economic Development Administration (EDA), including through Disaster Recovery funds.
- Provide direct funding to backfill certain state and local emergency funding in response to the coronavirus outbreak.
- Provide direct funding to local governments by temporarily reimbursing for police, fire, and emergency services.
- Create parity for Tribes, Tribal Organizations, and Urban Indian Organizations by providing guaranteed direct access to all federal funding streams and resources created to combat, prevent, and mitigate the coronavirus outbreak.
- Create parity for U.S. territories by providing guaranteed direct access to all federal funding streams and resources created to combat, prevent, and mitigate the coronavirus outbreak.
- Using its emergency authorities, the Treasury and Federal Reserve should buy municipal bonds to make sure issuers do not see their costs of finance spike and to ensure the municipal bond market continues to function so that municipalities and hospitals can continue to provide services.
- Extend the deadline for states to apply for and use Hardest Hit Funds.
- Incentivize the remaining non-expansion states to expand their Medicaid programs by providing them with the 100 percent federal match for the next three years for states that chose to expand their Medicaid programs to cover individuals up to 138 percent of the federal poverty.
- Leverage the expertise of federal agencies to develop and disseminate best practices to businesses and local communities to help further mitigate long-term impacts of the coronavirus epidemic.
- Make whole local governments for lost Transient Occupancy Tax (hotel tax) revenue as a result of tourism and hospitality disruptions.
- Support election integrity through emergency assistance for states to administer elections by mail.
- Increase funding for Community Services Block Grants (CSBG) and Social Services Block Grants (SSBG) to support social service providers.

## **Other Priorities Not Covered**

There are many issues that Congress must tackle to respond to the pandemic, some of which are not covered by these recommendations. Included among those is how to provide exceptional support to certain industries most impacted. At this time, we do not have recommendations on how to provide this exceptional support but agree that such support will be critical to certain industries most impacted the pandemic. Crafting the appropriate response is important and warrant careful consideration going forward.