On July 27, Senate Republicans introduced the Health, Economic Assistance, Liability, and Schools (HEALS) Act, legislation aimed at responding to the COVID-19 pandemic. The HEALS Act is a package that encompasses several stand-alone bills, including the Continuing Small Business Recovery and Paycheck Protection Program Act, the Safely Back to Work and Back to School Act, the American Workers, Families, and Employers Assistance Act, and the Safeguarding American Innovation Act. UC Federal Governmental Relations and the Office of Legislative Analysis continue to review and analyze the legislation to assess and determine its impact on the University of California.

Included in the legislation are several funding measures of importance to the University, which are detailed below.

Health and Clinical Affairs

Provider Relief Fund
- The bill would provide an additional $25 billion for the Provider Relief Fund portion of the Public Health and Social Services Emergency Fund.

Accelerated and Advance Payments
- The bill would delay the start of the repayment clock for hospitals from 120 days to 270 days after the issuance of the accelerated payment. It also would extend the repayment period from 12 months to 18 months.

Access to Medical Resources
- The bill would authorize an additional $2 billion for the Strategic National Stockpile and would require improvements to the SNS and to states’ emergency stockpiles.

Domestic Supply Chain
- The bill includes the US Made Act, which would require that any purchases by the Department of Health and Human Services (HHS) of covered items for the Strategic National Stockpile (SNS) must be manufactured domestically and from components grown, reprocessed, reused, or produced in the U.S. This includes personal protective equipment (PPE) and clothing, sanitizing supplies and other ancillary medical supplies.
- The bill would provide U.S. manufacturers with a 30 percent tax credit against equipment costs associated with certain qualifying PPE manufacturing. Qualifying manufacturing includes any item in the SNS and any other textile products for medical applications.

Telehealth
- The bill would ensure the Medicare telehealth waivers made available during the public health emergency are maintained through the length of the public health emergency, or Dec. 31, 2021, whichever is later.

Expand Resources for Testing, Contact Tracing and Vaccine Development
- The bill would authorize $16 billion for testing, contact tracing and surveillance in states; $20 billion to BARDA for vaccine, therapeutic and diagnostic development; and $6 billion
to develop and execute a new COVID-19 vaccination distribution campaign coordinated through the Centers for Disease Control and Prevention (CDC). The bill also provides $3.4 billion to the CDC, including $1.5 billion to support state, local and territorial public health needs; $500 million to enhance influenza vaccination efforts; and $200 million each for global public health security and public health data reporting modernization.

**Federal Trust Fund Solvency**
- The bill would create a process whereby Congress would use bipartisan Committees to develop legislative approaches to reduce financial pressures on federal trust funds, including the Medicare trust funds. Any legislation developed by these Committees would follow an expedited path to voting.

**Research**

**Department of Energy (DOE)**
- $306 million for research and development, user facilities support and deployment of technologies for greater remote use and access.

**National Institute of Health (NIH)**
- $10.1 billion to reopen NIH-funded research laboratories and reconstitute lost research.
- $240 million to provide resources targeting young researchers who need additional research time as postdoctoral candidates because of lost research/training.
- $1.24 billion for the ACTIV public-private partnership to prioritize and speed the development of treatments and vaccines.
- $1.33 billion for the Office of Director to distribute to smaller Institutes for COVID-19 research.
- $290 million for National Heart, Lung and Blood Institute.
- $480.5 million for National Institute of Allergy and Infectious Diseases.
- $172.7 million for Eunice Kennedy Shriver National Institute of Child Health and Human Development.
- $200 million for National Institute of Mental Health.
- $64.3 million for National Institute of Minority Health and Health Disparities.
- $1.22 billion for National Center for Advancing Translational Sciences.
- Additionally, the bill extends the obligation period for FY 2015 National Institutes of Health grants through FY 2021.

**Center for Disease and Control (CDC)**
- $3.4 billion to prevent, prepare and respond to the virus. Of this amount, $1.5 billion for grants or cooperative agreements to States and localities to carry out surveillance, epidemiology, laboratory capacity, infection control, immunization activities and mitigation.

**Public Health and Social Services Emergency Fund**
- $29 billion for development of countermeasures and vaccines, prioritizing platform-based technologies, purchase of vaccines, therapeutics and diagnostics.

**Department of Defense (DoD)**
• $530 million for Defense Health Program for research and development.

Higher Education Provisions

Higher Education Relief Fund

• The bill provides a total of $105 billion for the Education Stabilization Fund created by the CARES Act. After reserving 1% of funding for Bureau of Indian Education and for outlying areas, the remaining $103.95 billion is divided as follows:
  o 5% (approximately $5.2 billion) for Governors’ Emergency Relief Funds, which can be used for any emergency grants for any part of education;
  o 67% (approximately $69.7 billion) for the Elementary and Secondary Education Fund;
  o 28% (approximately $29.1 billion) for higher education institutions, with 85% of the funding allocated based on the number of full-time enrolled Pell Grant recipients who were not exclusively enrolled in distance education before the pandemic, 10% for additional awards to Historically Black Colleges and Universities and Minority Serving Institutions, and 5% for institutions that the Secretary of Education determines most need assistance to address the coronavirus. The entirety of the allocation goes to institutions but can be used to provide financial aid for students.

• The bill clarifies that the CARES Act waiver for matching funds in Federal Work Study extends to participating non-profit organizations that provide opportunities for students to work in community service positions.

• The bill extends existing CARES authority to reallocate Supplemental Education Opportunity Grant (SEOG) or Federal Work Study (FWS) funds through the end of the 2020-2021 award year or the end of the qualifying emergency, whichever is later.

• Extends existing CARES waivers for FWS into the 2020-2021 award year.

• Clarifies that any funds received by a student or family during the national emergency under the CARES Act should not be counted toward taxed or untaxed income in the Needs Analysis formula for the Expected Family Contribution for the current or any upcoming award years.

• The bill requires maintenance of effort – States must maintain support for K-12 and higher education in fiscal years 2020 and 2021 at least at the “proportional levels” of fiscal year 2019 relative to the state’s overall spending in fiscal year 2019. That means that if the state cuts its overall spending dramatically, its education funding could also be cut by the same percentage and still qualify.

• The bill provides $40 million for student aid administration.

• The bill provides $65 million for the Institute of Education Sciences to carry out the National Assessment of Education Progress.

Education authorization provisions in the Safely Back to Work and School Act:

• Student loan provisions – Section 201 consolidates currently student loan repayment plans into only two options: a standard 10-year repayment plan and an income-based plan that requires 20 years of repayment (25 years for graduate student debt) of 10% of a borrower’s discretionary income. If a borrower earns less than the 150% of the poverty level (the description defines that as $19,140 currently), then the borrower does not have to make a monthly loan payment. This provision is an attempt to reform student loans.
outside of the HEA process but also creates savings that can no longer be used when the larger HEA package is considered.

- **Student aid provisions** – The bill extends a number of CARES Act provisions, including changing the FAFSA to note recent changes in a family’s income and to allow financial aid administrators to use judgment about changes in financial status due to the pandemic. This allows for adjustments to be made to financial aid packages.

## Liability Provisions

### Safe to Work Act

- The HEALS Act includes S. 4317, the “SAFE TO WORK Act,” which will provide temporary and targeted liability protections related to the COVID-19 pandemic. These provisions are currently under review by the UC Office of General Counsel.

## Foreign Influence

### Safeguarding American Innovation Act

Not related to addressing the COVID-19 pandemic, the package includes S. 3997, the Safeguarding American Innovation Act, which was introduced on June 18 by Sens. Portman (R-OH) and Carper (D-DE). The legislation includes several provisions impacting the academic community. Specifically, the bill proposes:

- Proposes the Office of Management and Budget replace the Office of Science and Technology Policy’s as lead coordinator for the development of federal research policy to address foreign influence.
- Provides the State Department with authority to establish additional criteria to keep foreign students from getting visas.
- Requires Institutions of Higher Education (IHEs) to ensure foreign students do not have access to sensitive research. Also requires IHEs to disclose these safeguards and plans to protect such research to the State Department.
- Amends Section 117 of the Higher Education Act by lowering the reporting threshold for foreign gifts and contracts from $250,000 to $50,000.

## Tax and Business

### American Workers, Families, and Employers Assistance Act

#### Unemployment Compensation

- The CARES Act provided an additional $600 per week of unemployment benefits to workers through the end of July of 2020. The HEALS Act would extend supplemental payments from the federal government in the amount of $200 per week through September. Then starting October 1, states would be directed to issues unemployment payments equal to 70 percent of a person’s previous wages, up to $500 per week. The bill also makes changes regarding disaster unemployment assistance and provides additional assistance to states related to handling unemployment claims.

- **Supplemental emergency unemployment relief for governmental entities and non-profit organizations** – The unemployment compensation provisions under the CARES Act which provides payments to reimburse non-profits, governmental agencies, for half of unemployment insurance costs through December 2020 is increased from 50% to 75%.
• **Assistance to individuals, families and employers to reopen the economy.**
  o **Recovery Rebates** – Additional recovery rebates are provided to individuals meeting certain income requirements. Under the bill, U.S. citizens and U.S. residents with adjusted gross income up to $75,000 for individuals and $150,000 for joint filers and $112,500 for head of households (subject to income phase outs) would be eligible to receive an additional $1,200 per individual and $2,400 per married couple in additional recovery rebate funds. Individuals receiving funds must have a Social Security number and not be considered a dependent for tax purposes of another tax filer to receive benefits. An additional $500 per dependent would also be available to be received with no limit specified related to the age of the dependent. Additional changes to the CARES Act language are also made regarding recovery rebates.

• **Enhanced Employee Hiring and Retention Payroll Tax Credit** – The bill would also extend the employee retention payroll tax credit included in the CARES Act, which allowed certain employers to receive payroll tax credits equal to 50% of certain wages during the COVID-19 crisis. The bill enhances the payroll tax credit to allow for 65% of qualified wages to be reimbursed. However, the CARES Act language did not allow governmental entities or non-profit entities to be eligible for the employee hiring and retention payroll tax credit. The language in this legislation appears to make non-profit organizations falling under certain gross receipt income amounts eligible, but governmental entities appear to still be excluded.

• **Safe and Health Workplace Tax Credit** – The bill allows certain employers to be eligible for tax credits against what they would pay in applicable employment taxes for 50 percent of amounts paid for qualified employee protection expenses, qualified workplace reconfiguration expenses, and qualified workplace technology expenses on a quarterly basis with certain limitations on applicable dollar limits and aggregate credit amounts available. Governmental employers, including the government of any State or political subdivision thereof, or any agency or instrumentality of a State or the Federal Government are specifically excluded as employers eligible for this tax credit.

• Additional clarifications are made to CARES Act provisions, including related to loans that individuals may take from pension plans.

• **Temporary carryover for Health and Dependent Care Flexible Spending Arrangements** – The bill allows for an increase in carryover amounts for Health Flexible Spending Arrangements allowing individual participants in such accounts to carryover amounts not in excess of $2,750 in unused benefits or contributions from the plan year ending in 2020 to the plan year ending in 2021.

• Provisions providing additional support to older foster youth is also included.

• **Additional flexibility provided to state and local governments related to Coronavirus Relief Fund Payments** – Provisions are included providing for additional flexibility and accountability for Coronavirus Relief Fund Payments made to states and tribal and local governments to expand allowable uses of payments provided, including to make up revenue shortfalls under certain circumstances. The bill specifically prohibits the use of funds to finance pension funds. Additional accountability measures are also included related to uses of state or government relief payments.

**Continuing Small Business Recovery and Paycheck Protection Program Act**
Within the package of bills being proposed, language is included in the Continuing Small Business Recovery and Paycheck Protection Program Act, to allow for additional assistance to be provided to small businesses, including loans, as well as allowing for additional loans to be made through the Paycheck Protection Program, including allowing for certain entities to take PPP Second Draw Loans.

**Outstanding Areas of Concern Not Addressed in the HEALS Act**

As Congress and the Administration negotiate on the next COVID-19 emergency funding package, UC will continue to advocate for our priorities including those listed below not contained in the HEALS Act:

**State and Local Support**
- UC strongly supports federal support for states and localities to respond to the COVID-19 pandemic and the ongoing economic recovery. This funding is critical to California and states across the nation.

**Health and Clinical Affairs**
- The HEALS Act fails to sustain and bolster Medicaid financing in the wake of the economic downturn spurred by COVID-19. California’s Medicaid Program is experiencing a 9 percent increase in residents achieving program eligibility. UC urges the passage of legislation that will protect Medicaid supplemental payments by blocking implementation of the Medicaid Fiscal Accountability Rule, undo the Medicaid Disproportionate Share Hospital (DSH) payment cuts set to go into effect this fall, while also increasing Medicaid DSH allotments, and enhance the Medicaid Program’s Federal Medical Assistance Percentage (FMAP) further by at least an additional 10 percent.
- Seek authorization of additional funding for the Health Services Resources Administration (HRSA) to fund Title VII health professions grants targeted at medical education programs in diverse and underserved areas.

**Research**
- While the HEALS Act provides $10.1 billion for NIH, UC urges additional emergency supplemental funding for all the sciences agencies to cover cost extensions for grants and cooperative agreements to allow researchers to meet their commitments on existing projects. Lost resources include ramp down/up costs and graduate and postdoc extensions. UC continues to call upon Congress to provide $26 billion in research support.
- Seek to provide additional funding for the Department of Agriculture’s National Institute of Food and Agriculture (NIFA) program for the specific purpose of carrying out cooperative extension and education programs in response to exigent circumstances created by COVID-19 in terms of allowing for continued programming.

**Education**
- The HEALS Act does not provide adequate funding to address the many concerns we are facing during the pandemic as we try to fulfill our mission to our students. We continue to ask Congress for an investment of at least $47 billion.
- Seek a provision to ensure that all international students (F and J visa holders), inclusive of initial and transfer students, can register and enroll in classes at U.S. institutions, can travel to the U.S. on a valid visa, and are able to maintain their immigration status while engaged in online or distance learning for their health and safety during the COVID-19
pandemic. Many international students are unable to begin or continue their course of study in their home countries remotely because of poor internet connectivity, censorship, or significant time differences. It is imperative that all international students, including those who are starting a new program, have the flexibility to engage in online or distance learning inside or outside the United States.

Tax and Business

- **Access to Low-Cost Capital.** Access to affordable capital is a necessary lifeline for institutions of higher education and the communities they serve, if they are to return to normal operations. The bill does not appear to provide for access to low-cost capital, such as zero-interest loans and/or grants, with the opportunity to refinance existing debt, that would be made available to entities such as universities to assist with pandemic recovery efforts. We continue to ask that provisions be included to allow for institutions of higher education to be made eligible, such as through programs established related to the Federal Reserve, for programs that would provide access to low-cost capital, including access to zero-interest loans and/or grants to assist with pandemic recovery efforts.

- **Re-instatement of Advance Refunding Bonds.** Re-instating Advance Refunding Bonds would be helpful to COVID-19 economic recovery efforts by ensuring that governmental entities including state and local governments, and municipal bond issuers are able to invest in infrastructure projects. We continue to request that the reinstatement of Advance Refunding Bonds be included in any final package, to ensure that certain bonds could be refinanced to take advantage of lower interest rates and provide for greater cost savings.

- **Employee Retention Tax Credit.** UC continues to request that the Employee Retention Tax Credit, established under the CARES Act, that is continued in the HEALS Act, be amended to provide eligibility to public institutions, including public universities. Unfortunately, as written, the Employee Retention Tax Credit included in the HEALS Act continues to exclude entities such as large public universities, or governmental entities from being eligible. However, the HEROES Act includes a provision expanding eligibility to state and local governmental entities. UC requests that the final package include the provision included in the HEROES Act since this provision would help to clarify that institutions such as UC would be eligible.

- **Paid Sick and Family and Medical Leave Act (FMLA) Leave.** UC continues to request that the Paid Sick and Family and Medical Leave Act payroll tax credits, established in the Families First Coronavirus Response Act, should be amended to provide governmental entities, including public universities, with the ability to receive these payroll tax credits. The HEALS Act does not include a provision expanding coverage to Federal, State, and Local Governments. However, the HEROES Act includes a provision which extends eligibility to these types of entities. UC requests that the HEROES Act provision be included in any final package.

- **Main Street Lending Program; Municipal Liquidity Facility.** UC supports the inclusion of language that would expand eligibility to institutions such as UC to be able to take part in Federal Reserve based assistance programs created to assist with COVID related capital financing needs. UC supports inclusion in any final package of language that would expand access to the Main Street Lending Program to non-profit entities such as was included in the HEROES Act, but additional amending language would also be needed to clarify that non-profit entities and institutions of higher education are eligible to participate in the Main Street Lending Program, regardless of the number of employees an entity may have. UC also supports the inclusion of language in a final package that
would clarify that the Municipal Liquidity Facility would be eligible to state agencies, public universities, and municipal bond issuers. The HEALS Act does not include language related to either the Main Street Lending Program or the Municipal Liquidity Facility.