Phase 3 Coronavirus Response Package

The Coronavirus Aid, Relief and Economic Security (CARES) Act
On Wednesday, March 25, congressional negotiators announced a bipartisan deal on an approximately $2 trillion coronavirus emergency response package. This announcement followed five days of intense negotiations as well as two failed Senate cloture votes on the original CARES Act and a separate relief proposal introduced by House Democrats. Once passed, the negotiated package will deliver relief to nearly every sector, including providing checks directly to Americans.

The Senate passed the legislation on March 25, with the House looking to pass the bill by voice vote on March 27. President Trump is expected to sign the legislation.

UC Office of the President, including UC Federal Governmental Relations, UC State Governmental Relations, Office of Legislative Analysis, UC Health, Office of the Chief Financial Officer, Investments Office, Academic Affairs, Office of Research and Innovation and other offices at OP, in coordination with the campuses, medical center and national labs, are analyzing the legislation to ensure that the University is best positioned and prepared to access the funding opportunities, tax benefits and other provisions included.

Included in the negotiated package were several funding measures of importance to the University of California, specifically:

Health and Clinical Affairs
- Provides more than $150 billion for U.S. health care system to provide treatment during the pandemic, including:
  - $100 billion for hospitals and health systems to help reimburse costs accruing as a result of treating COVID-19 patients and preparing for their care.
  - $16 billion to replenish the Strategic National Stockpile’s (SNS) reserve of personal protective equipment, pharmaceuticals, and other medical supplies which are distributed to State and local health agencies and hospitals facing shortages during emergencies.
  - At least $250 million to expand the Hospital Preparedness Program’s (HPP) support of emergency preparedness, including the National Ebola and Special Pathogens Training and Education Center (NETEC), regional, State, and local pathogens treatment centers, and hospital preparedness cooperative agreements.
  - Provides $1 billion for the Defense Production Act to bolster domestic supply chains, enabling industry to quickly ramp up production of personal protective equipment (PPE), ventilators, and other urgently needed medical supplies, and billions of dollars more for federal, state, and local health agencies to purchase such equipment.
  - Provides $4.3 billion to support federal, state, and local public health agencies to prevent, prepare for, and respond to the coronavirus, including for the purchase of personal protective equipment (PPE); laboratory testing to detect positive
cases; infection control and mitigation at the local level to prevent the spread of the virus; and other public health preparedness and response activities.

- Sets aside $45 billion for FEMA’s Disaster Relief Fund to provide for the immediate needs of state and local governments and to protect citizens, helping them recover from the overwhelming effects of COVID-19. Reimbursable activities may include medical response and personal protective equipment (PPE), among other things.
- Ensures commercial insurance coverage of COVID-19 diagnostic testing without enrollee cost-sharing, along with enrollees’ no cost utilization of COVID-19 vaccines with ratings of “A” or “B” from the U.S. Preventive Services Task Force.
- Extends Medicaid Disproportionate Share Hospital (DSH) payments through November 30, 2020.
- Reverses a 2 percent reduction in Medicare provider payments, known as the “Medicare sequester,” through Dec. 31, 2020.
- Provides a payment bump of 20 percent to Medicare Diagnostic Related Groups (DRGs) for patients diagnosed with COVID-19 who are discharged under the Inpatient Prospective Payment System for the duration of the emergency period.
- Expands the Medicare Accelerated Payments Program throughout the emergency, so eligible hospitals may receive accelerated payments for up to six months, either periodically or in a lump sum, to timely fulfill their operating expenses.
- Promotes additional care coordination by aligning regulations governing the sharing of substance use disorder treatment records with the Health Insurance Portability and Accountability Act (HIPAA) regulations, when there is initial patient consent.
- Reauthorizes essential health care workforce training programs, such as Title VII and Title VIII education training programs under the Public Health Service Act, which promote diversity and medical practice in underserved areas.
- Provides $3.5 billion in additional funding for the Child Care Development Block Grant to provide child care to health care sector employees, emergency responders, sanitation workers and other workers deemed essential. (Note: This provision is also included in the education section below.)
- Provides $200 million to the Federal Communications Commission for telecommunications and information services, as well as devices necessary to enable the provision of telehealth services during an emergency period.
- Keeps intact existing state and federal regulatory standards that protect healthcare workers.

Education

- Campus-based aid programs: Allows institutions to transfer unused work-study funds to be used for supplemental grants.
- Allows institutions to award additional Supplemental Educational Opportunity Grants (SEOG) funds to students impacted by COVID-19.
- Allows institutions to issue work-study payments to students who are unable to work due to work-place closures as a lump sum or in payments similar to paychecks.
- Allows for students who dropped out of school as a result of COVID-19 to:
  - Exclude the term(s) from counting toward lifetime subsidized loan eligibility.
  - Exclude the term(s) from counting toward lifetime Pell eligibility.
  - Retain Pell grants or federal student loans issued by the Secretary for the term(s), and waives the requirement that institutions calculate the amount of grant or loan assistance that the institution must return to the Secretary.
- Retain eligibility for Pell Grants or student loans regardless of grades earned during the emergency.
- Permits foreign institutions to offer distance learning to U.S. students receiving Title IV funds for the duration of the COVID-19 declaration of disaster.
- Requires the secretary to defer student loan payments, principal and interest for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans. This provides relief for over 95 percent of student loan borrowers. During those six months of deferred payments, payments would still qualify toward an authorized loan forgiveness program, such as income-driven repayment plans and public service loan forgiveness (PSLF) program.
- Provides $30.135 billion for an Education Stabilization Fund and Higher Education Emergency Relief Fund to provide grants and other emergency support to local schools and higher education institutions.
  - $2.953 billion (9.8 percent) for Governors State Stabilization Fund (Allocations per state based on the following: 60 percent based on the population of individuals aged 5-24 and 40 percent based on number of children counted under ESEA.)
  - $13.229 billion (43.9 percent) for Elementary and Secondary Education
  - $13.953 billion (46.3 percent) for Higher Education Emergency Relief Fund
    - Funds may be used to defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education, and grants to students for food, housing, course materials, technology, health care, and child care.
    - $12.558 billion (90 percent) will go directly to institutions through the Title IV distribution system.
  - Institutional awards are calculated using 75 percent of full-time enrollment of Pell recipients at an institution and 25 percent of the institutional award is calculated using full-time enrollment of non-Pell recipients. (Students who were exclusively online prior to the pandemic are not included in this calculation.)
  - $6.977 billion (50 percent) awarded to institutions must be used to provide direct emergency aid to students, including grants to students for food, housing, course materials, technology, health care, and child care.
  - Allowable uses for the institutional portion of the funds are broad and can be used to “defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education.” Costs may not include payment to contractors.
  - Recipients of funds must retain current employees to the “maximum extent practicable.”
    - $992 million for Historically Black Colleges and Universities and Minority Serving Institutions.
- In order for a state to access funds they must agree to a maintenance of effort in funding to public K-12 schools, public institutions of higher education and state need-based financial aid (Cal-Grants). State investment levels must remain steady this year and next year at least at the average of the three preceding years,
- Provides $3.5 billion in additional funding for the Child Care Development Block Grant to provide child care to health care sector employees, emergency responders, sanitation
workers and other workers deemed essential. (Note: This provision is also noted in the health care section above.)

- Waives the institutional matching requirement for campus-based aid programs.
- Provides the National Endowment for the Arts $75 million. Specifically, 40 percent will be distributed to state art agencies and regional arts organizations, and 60 percent will be for direct grants.
- Provides the National Endowment for the Humanities $75 million. Specifically, 40 percent will be distributed to state humanities councils, and 60 percent will be for direct grants.
- Provides $50 million for the Institute of Museum and Library Services to expand digital network access in areas of the country where such access is lacking, including the purchase of internet-enabled devices and provisions for technical support services in response to the disruption of schooling and other community services during the COVID-19 emergency.
- Provides $15.5 billion in additional funding for the Supplemental Nutrition Assistance Program (SNAP, also known as CalFresh) to provide additional food assistance to low-income Americans.

Research

- Provides the National Institutes of Health (NIH) $975 million to support research, including developing an improved understanding of the prevalence of COVID-19, its transmission and the natural history of infection, and novel approaches to diagnosing the disease. Specifically, the funding will be distributed as follows:
  - National Heart, Lung, and Blood Institute: $103.5 million
  - National Institute of Allergy and Infectious Disease: $706 million
  - National Institute of Biomedical Imaging and Bioengineering: $60 million
  - National Library of Medicine: $10 million
  - National Center for Advancing Translational Sciences: $36 million
  - Office of the Director: $30 million
- Provides the Centers for Disease Control and Prevention (CDC) $2.8 billion, including:
  - $1.5 billion in flexible funding to contain and combat the virus, including repatriation and quarantine efforts, purchase and distribution of diagnostic test kits, support for laboratory testing, workforce training programs and combating antimicrobial resistance as a result of secondary infections.
  - $500 million for global disease detection and emergency response.
  - $500 million for public health data surveillance and analytics infrastructure.
  - $300 million for the Infectious Diseases Rapid Response Reserve Fund.
- Provides the National Science Foundation (NSF) $75 million to fund research grants to prevent, prepare for and respond to the coronavirus. Additionally, the legislation includes a provision that NSF may provide reimbursements for grants and cooperative agreements incurred between Jan. 20, 2020 and the date of issuance of such grants and agreements.
- Provides the Biomedical Advanced Research and Development Authority (BARDA) $27 billion to support research and development of vaccines, therapeutics and diagnostics.
- Provides the Department of Defense (DoD) Health Program $415 million for research to address the coronavirus.
- Provides the Department of Energy (DOE) $99.5 million to provide support and access to scientific user facilities in the Office of Science and National Nuclear Security Administration, including equipment, enabling technologies and personnel. Additionally, the legislation includes a provision that addresses federal contractors and their ability to
pay for workers who cannot work onsite and who cannot telework, which is helpful for the DOE national laboratories.

- Provides the National Institute of Standards and Technology (NIST) $66 million, including:
  - $6 million for measurement science to support viral testing and bio-manufacturing.
  - $50 million for the Hollings Manufacturing Extension Partnership to assist manufacturers.
  - $10 million for the National Network for Manufacturing Innovation to support development and manufacturing of medical countermeasures and biological equipment.
- Provides the National Oceanic and Atmospheric Administration (NOAA) $20 million to support continuity of operations, including National Weather Service life and property.
- Provides the National Aeronautics and Space Administration (NASA) $60 million to prepare for and respond to the coronavirus.
- Provides the Environmental Protection Agency (EPA) $2.5 million for the Science and Technology program to conduct research on methods to reduce the risks from environmental transmission of coronavirus via contaminated surfaces or materials.

Tax and Other Key Provisions

- Includes the Keeping American Workers Employed and Paid Act, which creates a paycheck protection program for small businesses, and provides loans, and other assistance mechanisms.
- Includes unemployment assistance provisions, which will be helpful to individuals, employers and states, to the extent that jobs are impacted due to COVID-19, including an extension of unemployment benefits. Specifically, the bill does the following:
  - $600 increase for every American, which equates to 100 percent of wages for the average American without a paycheck.
  - Provides federal incentives for states to eliminate waiting weeks.
  - Provides an additional 13 weeks of federally-funded unemployment insurance benefits are immediately available.
  - Allows part-time, self-employed and gig economy workers to access unemployment insurance benefits.
- Includes 2020 Recovery Rebates for Individuals, providing payments to individuals and families falling within certain income and tax filing status thresholds.
- Provides special rules for use of retirement funds are included, which allow individual retirement account holders to make certain tax-favored withdrawals from retirement plans of up to $100,000 without having to pay the 10 percent early withdrawal fee, and for greater flexibility regarding required minimum distribution rules for retirement accounts.
- Allows a partial above the line deduction for charitable contributions, which permits tax filers to count up to $300 in charitable donations as an above the line tax deduction regardless of whether a tax filer itemizes their tax returns; and for a modification of certain limitations on charitable contributions during 2020.
- Provides an exclusion from income for certain employer paid student loan payments to not count as taxable income to an employee.
- Provides employers (including universities) with the option to delay certain employer payroll tax payments.
- Allows for expanded net operating loss calculations and expanded business interest deductions, and other assistance for businesses and employers.
Includes provisions related to paid sick leave and other labor related provisions, including a provision requiring that unemployment insurance applications to the extent practicable should be accessible in at least two ways, in person, online or by phone.

**Outstanding Areas of Concern**

As we look to the next set of stimulus bills and continued agency and Congressional engagement, UC will continue to advocate for the following priorities, as well as other priorities that are identified as UC continues to respond to the COVID-19 pandemic:

**Health and Clinical Affairs**
- Block the administration’s ability to implement the Medicaid Fiscal Accountability (MFAR) rule, which in practice would restrict, and in some cases eliminate, the financing mechanisms upon which UC Health’s public academic medical centers rely to fulfill their safety net mission, including response to this COVID-19 pandemic.
- Allow states, like California, with 1115 Medicaid demonstration waivers set to expire in 2020, to extend their waivers’ application, upon the applicable states’ requests, for at least one year.

**Research**
- Provide federal research grant-making agencies with additional emergency supplemental funding for administrative supplements to assist research institutions to address unforeseen or prohibitive costs due to the forced suspension or slowdown of federally supported research activity.
- Provide federal departments that grant research funds to use expedited contracting models—including Other Transaction Authority—when possible.
- Provide additional funding for the U.S. 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**
- Provision of an additional $1,500 in direct aid to students—through the Pell Grant disbursement system—to address students’ unanticipated expenses and lost basic needs, such as food, housing, technology, as well as health and child care, regardless if the student has drawn the Pell Maximum for the year.
- Establishment of a Technology Implementation Fund to help close the achievement gap resulting from a lack of adequate resources for lower-income students.
- Access to low-cost capital for institutions to assist with the infrastructure costs associated with resuming on-site operations, and to help refinance existing debt to free up resources for more immediate needs.
- Have the federal government declare the COVID-19 epidemic as a natural disaster and authorize the implementation Disaster Supplemental Nutrition Assistance Program (D-SNAP). This would allow immediate food assistance benefits to families that have experienced disruption to their employment and income due to the COVID-19 epidemic.

**Tax and Other Key Provisions**
- Provide governmental entities, including public universities, with the ability to receive payroll tax credits for certain sick leave and family leave benefits as were made available to other types of employers under H.R. 6201, the Families First Coronavirus Response Act. The addition of two provisions from the Phase III draft House bill, Sec. 263 Fund
Mandated Paid Leave for Governmental Employers, and Sec. 264, Tax Credits for Mandated Paid Leave, would have allowed governmental entities to be treated on the same level as non-governmental employers for purposes of tax credits provided to other types of employers.

- Clarify that the extension of the tax filing deadline from April 15 to July 15 applies to all tax filings, including from tax-exempt entities.

**Advocacy**

UC aggressively advocated for a range of priorities in the stimulus bill. UC engaged with the California congressional delegation on multiple fronts, including direct meetings and targeted communications, to ensure that the University’s priorities were conveyed and included in the package. Examples of the communications to the Hill include:

- On March 18, UC shared a [letter](#) from UC, California State University (CSU) and California Community Colleges (CCC) urging Congress to address the issues veteran students could face if remote instruction is long-term.
  - On March, 21 President Trump signed legislation into law addressing UC, CSU and CCC’s concerns.
- On March 19, UC shared a [letter](#) from UC President Napolitano outlining UC’s requests as related COVID-19 response package.
- On March 21, UCSF Health shared a [letter](#) on behalf of UC Health, UCSF, UCLA Health and Stanford with Senator Feinstein outlining the mutual asks as related to COVID-19 emergency supplemental funding.
- On March 23, UC shared, on behalf of UCSA, a [letter](#) highlighting the areas UCSA identified where support for students is critical.
- On March 23, the leadership of UC, CSU and CCC shared a [letter](#) outlining the requests that are vital to the continued wellbeing of the institutions' students and the continued operations through and beyond the COVID-19 pandemic.