Paycheck Protection Program and Healthcare Enhancement Act

On Tuesday, April 21, congressional negotiators announced that Congress and the Trump Administration reached a deal on new coronavirus relief legislation. The legislation includes $380 billion for small businesses, $75 billion for hospitals and $25 billion for disease testing.

The Senate passed the legislation on April 21, with the House expected to pass it later in the week.

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

**Health and Clinical Affairs**
- Adds an additional $75 billion to the health care provider relief fund, known as the Public Health and Social Services Emergency Fund, established in the CARES Act with an initial appropriation of $100 billion, for hospitals and other providers seeking reimbursement for lost revenue incurred as a result of preparing for, and/or treating, COVID-19 patients.
- Provides $11 billion for states and localities to develop, purchase, administer, process and analyze COVID-19 tests, including support for workforce, epidemiology, scale up of testing by public health, academic, commercial and hospital laboratories.

**Research**
- Provides $1.8 billion for the National Institutes of Health to validate, improve and implement testing and associated technologies; to accelerate research, development and implementation of point-of-care and other rapid testing; and for partnerships with governmental and non-governmental entities to research, develop and implement testing. Specifically, for the following:
  - National Cancer Institute: $306 million to improve serological testing.
  - National Institute of Biomedical Imaging and Bioengineering: $500 million to accelerate research and development for rapid testing.
  - Office of the Director: $1 billion to accelerate research and development for rapid testing; for partnerships with governmental and non-governmental entities.
- Provides $1 billion for the Centers for Disease Control and Prevention for surveillance, epidemiology, laboratory capacity expansion, contact tracing, public health data surveillance and analytics infrastructure modernization.
- Provides $1 billion for the Biomedical Advanced Research and Development Authority for research, development, manufacturing and production of diagnostic, serologic or other COVID-19 tests.

**Other Key Provisions**
- The Small Business Programs title increases funding for the Paycheck Protection Program, Economic Injury Disaster Loans, and Emergency Grants, to assist small businesses with their COVID-19 response efforts. The Paycheck Protection Program had recently run out of funding for loans available to small businesses, and one of the main goals of this bill was to replenish funding for Small Business Administration (SBA)
programs. The additional funding for SBA programs provided under the legislation, will assist small businesses with their efforts to respond to COVID-19, including small businesses in California, and that are associated with UC.

**Outstanding Areas of Concern**
As we look to future legislation, 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.
- Double the Indirect Medical Education (IME) add-on payment adjustment for teaching hospitals throughout the COVID-19 emergency period.
- Lift the Graduate Medical Education (GME) cap.

**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**
- Provide support to students and institutions by increasing higher education’s share of the state stabilization fund by $48 billion. UC recommends that funding be directed to institutions using the same formula and for the same purposes as was in the initial CARES Act.
- 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 increase monthly benefits for Supplemental Nutrition Assistance Program (SNAP) participants. This would allow an increased budget for 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**
- Access to Low-Cost Capital: Providing access to affordable capital, such as through zero-interest loans and/or grants during the pandemic with the opportunity to refinance
existing debt, will be a necessary lifeline for institutions of higher education and the communities they serve, if they are to return to normal operations.

- Re-instatement of Advance Refunding Bonds: Provide for the reinstatement of Advance Refunding Bonds as one way to assist with COVID-19 economic recovery efforts.
- Hospital Infrastructure and Life Safety Loans: In order to help to build and preserve hospital bed capacity, legislation should be enacted to allow for interest-free loans to be provided to hospitals.
- Paid Sick and Family and Medical Leave Act (FMLA) Leave: Provide governmental entities, including public universities, with the ability to receive the same 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.
- Employee Retention Tax Credit: Provide eligibility to governmental entities, including public universities, for the Employee Retention Tax Credits, which were created as part of the CARES Act, and made available to certain employers, but not public institutions.
- Main Street Lending Program: UC requests that the Federal Reserve in implementing the Main Street Lending Program, which was authorized under the CARES act, update its guidance to clarify that non-profit entities, including institutions of higher education, are eligible to apply for loans. Institutions of higher education should also be considered as eligible to participate, even if they have more than 10,000 employees.

**Advocacy**

UC FGR is working across multiple fronts, and in coordination with the campuses and labs, to ensure that the University’s priorities are highlighted both with Congress and with other partners across the federal government. Examples of recent advocacy efforts include:

- On April 10, UC FGR shared a letter from UC President Napolitano with the California congressional delegation, highlighting UC’s requests for the fourth supplemental appropriations package related to the COVID-19 pandemic.
- On April 14, led by Vice President for Research and Innovation Theresa Maldonado and the vice chancellors for research from all ten campuses and UC Agriculture and Natural Resources, UC FGR shared a letter with Congress that identified the University’s COVID-19 research priorities.
- On April 16, UC FGR launched a weekly COVID-19 newsletter for the California congressional delegation. Recognizing the unprecedented situations that COVID-19 has created, the newsletter serves as a way for UC to consistently share with the delegation how the University is responding and adapting to the pandemic. The newsletter will continue for the foreseeable future and will highlight and feature campus, health center and lab news.
- On April 16, UC filed comments with the Federal Reserve regarding the establishment of the Main Street Lending Program: Main Street New Loan Facility and Main Street Expanded Loan Facility.
- On April 17, UC FGR launched a UC Advocacy Network (UCAN) COVID-19 campaign to highlight our shared fight against COVID-19 as well as the important role Congress plays in our recovery. The campaign kicked off with an email and text message to advocates asking them to share with their legislators their personal stories about the importance of the bills passed so far as well as what is needed in future legislation.