

The next major COVID-19 relief bill will be the focus of debate and discussion among federal policymakers this week. House Speaker Nancy Pelosi (D-CA) has scheduled a 4 p.m. EDT conference call today with the House Democratic Caucus to discuss the steps her chamber will take in the days ahead in the pandemic response effort. House Democrats have promised to lift the veil on a sweeping “CARES 2” proposal by May 4, 2020, with legislative action to follow soon thereafter.

Speaker Pelosi and Senate Minority Leader Chuck Schumer (D-NY) have taken heat from state leaders, such as Governor Andrew Cuomo (D-NY), for agreeing to replenish the [CARES Act’s](#) Paycheck Protection Program (PPP) without providing additional money to states, territories and local governments at the same time. But presumptive Democratic presidential nominee Joe Biden this weekend declined to criticize Pelosi and Schumer’s approach to the negotiations over the recent “interim” COVID-19 package, the US\$484 billion [Paycheck Protection Program and Health Care Enhancement Act](#), signed into law by President Donald Trump on April 24, 2020.

In an interview published on April 25, the former vice president called for a new coronavirus relief measure with a price tag well in excess of US\$2 trillion, saying it should include significant new money for state and local governments, as well as major investments in national infrastructure and environmentally-friendly technologies, such as electric vehicle (EV) charging stations. Biden also released a memo calling for [a dramatic ramp-up in testing](#), supported by the creation of a new public health jobs corps of 100,000 workers.

Treasury Secretary Steven Mnuchin, in a Sunday morning news show appearance on behalf of the Trump Administration on April 26, repeated his declaration that the US is “in a war” against COVID-19 and would spend whatever money is necessary to secure the nation against the threat. President Trump may release a plan this week formally laying out his administration’s priorities for the next major pandemic response bill.

Democrats are also calling for increased oversight of the implementation of the federal government’s coronavirus relief initiatives. On April 27 at 10:30 a.m. EDT, the PPP will resume processing loans to struggling US enterprises as debate escalates about which businesses should be put at the front of the line for assistance. Scrutiny of the government’s supervision of the nation’s food supply may also ramp up as questions emerge about whether more stringent enforcement of COVID-19 protocols is needed at US processing facilities.

Tax and Economic Development Updates

With the Small Business Administration (SBA) set to again begin accepting applications for PPP loans on April 27 at 10:30 a.m. EDT, it was reported over the weekend that the agency plans to impose a cap on the total value of loans that individual banks are permitted to issue in order to “ensure equitable access” to the program. Specifically, we have seen reports that the SBA sent an email to financial institutions indicating that it intends to disallow banks from issuing PPP loans that, in total, exceed more than 10% of the program’s funding authority. That said, it remains unclear what dollar value SBA will use to determine the cap, as a portion of the additional funds have already been set aside for use by smaller financial institutions. It also appears that the SBA will now permit lenders to send upwards of 15,000 applications in one batch to the agency in an effort to expedite processing. For additional information on the PPP lending process, we are continually updating our [analysis](#) to reflect the ongoing release of additional guidance by the SBA.

This additional guidance from the SBA comes as Speaker Pelosi and Senate Minority Leader Schumer – along with House Committee on Financial Services Chair Maxine Waters (D-CA); House Committee on Small Business Chair Nydia Velázquez (D-NY); Senate Committee on Banking, Housing and Urban Development Ranking Member Sherrod Brown (D-OH); and Senate Committee on Small Business Ranking Member Ben Cardin (D-MD) – sent a letter to Secretary Mnuchin and SBA Administrator Jovita Carranza urging them to ensure that the additional PPP funding is prioritized for unbanked and underserved businesses. Among the actions the lawmakers suggest: setting aside at least US\$10 billion for Minority Depository Institutions (MDIs) and Community Development Financial Institutions (CDFIs) and taking steps to facilitate their access to PPP funding; eliminating limitations that prevent certain businesses from accessing the full US\$10,000 Emergency Injury Disaster Loan (EIDL) grant; and implementing “rigorous and regular” reporting to ensure proper oversight of the funds.

In addition to continued developments surrounding the PPP, a large number of stakeholders continue to await additional information regarding the Federal Reserve’s various 13(3) liquidity facilities, including specifically as relates to the Main Street Lending Program (MSLP), which appears to be being refined as we speak in light of public comments submitted to the central bank. While the Federal Reserve has made public its [first reports](#) to Congress on the MSLP, few new details have emerged about the program since its [term sheets](#) were first posted earlier this month. That said, initial estimates suggested that the MSLP would be up and running as early as May, which would mean that the Federal Reserve may be poised to update its term sheets and issue highly-anticipated guidance about the program soon – potentially this week following its Federal Open Markets Committee meeting, which will conclude on Wednesday, April 29.

Health Updates

Following [multiple media reports](#) over the weekend that White House officials were considering replacing Department of Health and Human Services (HHS) Secretary Alex Azar, President Trump dismissed the news on the evening of April 26. In a [tweet](#), President Trump explained the reports as “Fake News” and described the Secretary as “doing an excellent job.” The replacement rumor took hold after a *Wall Street Journal* [article](#) last week described Secretary Azar as setting back the government’s response to the coronavirus due to early missteps, though it was unclear how an HHS confirmation process would unfold during the COVID-19 pandemic and presidential election year. Secretary Azar [denounced](#) the article.

On April 26, the Centers for Medicare & Medicaid Services (CMS) [announced](#) that it is “reevaluating amounts that will be paid under its Accelerated Payment Program and suspending its Advance Payment Program to Part B suppliers effective immediately.” CMS stated it is making these changes because it has already made almost US\$100 billion in accelerated and advanced payments, and Congress appropriated US\$175 billion to the Public Health and Social Services Emergency Fund. HHS is distributing grants from the Public Health and Social Services Emergency Fund, also known as the Provider Relief Fund, to hospitals and other providers to address healthcare-related expenses or lost revenue due to the COVID-19 pandemic, as well as to cover the cost of COVID-19 care for uninsured Americans. CMS’s shift away from accelerated or advanced payments – which potentially turn into high-interest debt – to more grants from the Fund may help providers in the long run. CMS has issued an updated [fact sheet](#) on the Accelerated and Advance Payments Program, and we provide more details on this announcement in our [blog post](#).

Trade Updates

On April 26, the Centers for Disease Control and Prevention (CDC) and the Occupational Safety and Health Administration (OSHA) issued [interim guidance](#) for the US meat and poultry industry, which continues to face plant shutdowns over COVID-19 outbreaks. The guidance contains a number of recommendations for management and for facility and operational controls aimed at stemming transmission among workers, who normally work in close proximity. A number of meat processing facilities across the country have shut down in response to COVID-19 outbreaks as they struggle to both meet demand and implement new operational policies, increasing concerns of potential shortages across food supply chains.

Oversight Updates

On April 25, referring to “further clarification from the Treasury Department,” Potbelly [announced](#) it would return the US\$10 million PPP loan it had received. Last week, the Treasury Department and the SBA released additional guidance on the PPP, including an [Interim Final Rule](#), which contains a limited safe harbor provision with respect to certification concerning the need for a PPP loan request. Other companies that decided to return their PPP loans [include](#) Ruth’s Chris Steakhouse (US\$20 million), Shake Shack (US\$10 million), Sweetgreen (US\$10 million) and Kura Sushi (US\$6 million). Under the interim final rule released on April 24, “any borrower that applied for a PPP loan prior to the issuance of this regulation and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.”

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