

## **Policy Brief:**

# **2020 Paycheck Protection Program and Health Care Enhancement Act**

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President Donald Trump signed the Paycheck Protection Program and Health Care Enhancement Act on April 24, 2020.

The federal legislation contains relief for small businesses, healthcare providers, states, localities, territories and other groups negatively impacted by COVID-19. These new relief measures build upon efforts enacted in the Coronavirus Aid, Relief, and Economic Security Act or “CARES” Act which was signed into law on March 27, 2020.

It is divided into two main parts – First, Division A focuses on direct support for workers and small businesses through the Paycheck Protection Program and other loans and grants. Next, Division B provides funding for the Department of Health and Human Services as well as other independent agencies.

This overview summarizes each component of the 2020 Paycheck Protection Program and Health Care Enhancement Act. The information provided does not, and is not intended to, constitute legal advice; instead, all information, content and materials available are for general informational purposes only. Information presented may not constitute the most up-to-date legal or other information. This document contains links to other third-party websites. Such links are only for the convenience of the reader, user or browser; the University of Arkansas System Division of Agriculture does not endorse the contents of the third-party sites.

You can read the full [2020 Paycheck Protection Program and Health Care Enhancement Act](#) online.

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## **DIVISION A: SMALL BUSINESS PROGRAMS**

Division A amends the Paycheck Protection Program (PPP) to include an additional \$310 billion for loans to support small businesses. This new funding is intended to replenish the PPP, which loaned the initial \$349 billion allocated in the CARES Act passed on March 27, 2020. Funds for these loans are still provided on a first-come-first-serve basis, just like in the original CARES Act legislation. This means small businesses must act quickly, and not all are guaranteed to receive a loan. This act sets aside \$60 billion of these funds specifically for smaller lending institutions as follows:

- \$30 billion will be reserved for insured banks, savings association and credit unions with assets between \$10 billion and \$50 billion.
- \$30 billion will be set aside for community financial institutions and smaller insured depository institutions and credit unions with assets less than \$10 billion.

Division A also increases the funding for Emergency Economic Injury Disaster Loan (EIDL) Grants by \$10 billion and expands eligibility for Economic Injury Disaster Loans and Emergency Grants to small agricultural enterprises. These agricultural businesses were already eligible for PPP. For the purposes of this legislation, small agricultural enterprises include businesses with fewer than 500 employees that are engaged in farming and agriculture related activities, including but not limited to: ranching, food production and aquaculture. A full definition can be found in section 18(b) of the Small Business Act (15 U.S.C. 647(b)).

## **DIVISION B: ADDITIONAL EMERGENCY APPROPRIATIONS FOR CORONAVIRUS RESPONSE**

Division B appropriates funding for the U.S. Department of Health and Human Services and Small Business Administration to implement the provisions of this legislation specified in Division A above. It also provides terms and conditions regarding the emergency nature of these expenditures.

### **Title I: DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Title I of this division allocates \$100 billion total to the “Public Health and Social Services Emergency Fund” administered through Department of Health and Human Services (HHS) for two primary purposes:

- \$75 billion is designated to prevent, prepare for and respond to COVID-19 through grants or other funding support for health care providers, such as hospitals. Eligible expenses include, but are not limited to, lost revenues, construction of temporary medical structures, cost of personal protective equipment, additional personnel and training expenses. Recipients of these funds are required to maintain documentation and submit reports to the Secretary of Health and Human Services. The Secretary is required to provide reports to Congress every 60 days regarding the use of funds.
- \$25 billion will be used to develop capacity to monitor and test for active and previous exposure to COVID-19. This includes funding for research, development, manufacturing and distribution of tests as well as procurement of related equipment, personnel support, contact tracing and other related activities. Efforts to monitor and test for COVID 19 will require substantial coordination of many groups across the nation. As a

result, the distribution of these funds is split across many entities and purposes in amounts not less than the following:

- \$11 billion will be distributed to states, localities, territories, tribes, tribal organizations, tribes, tribal organizations, urban Indian health organizations or health service providers to tribes.
- \$1 billion will go to the Centers for Disease Control and Prevention.
- \$1.806 billion will be distributed to several parts of the National Institute of Health, including the Office of the Director, National Cancer Institute and the National Institute of Biomedical Imaging and Bioengineering.
- \$1 billion will go to the Biomedical Advanced Research and Development Authority.
- \$22 million will go to the Food and Drug Administration.
- \$600 million will go to the Health Resources and Services Administration to distribute grants to federally qualified Community Health Centers.
- \$225 million will go to rural health clinics through grants or other funding mechanisms.
- \$1 billion for COVID-19 testing for the uninsured.

Title I also allows up to \$6 million of the funds allocated in the Public Health and Social Services Emergency Fund to go to the HHS Office of Inspector General to cover the costs of oversight activities.

It is unclear how much funding the state of Arkansas will receive from this legislation, however there are requirements attached to any funding it does receive from HHS appropriations. Governors from any state that receives funding must create and submit a reporting plan within 30 days of the signing of this legislation into law to the Secretary of the Department of Health and Human Services. This reporting plan must outline how the state intends to implement COVID-19 testing, and how it would evaluate success. Reporting is required to include monthly testing needs, capacity and mitigation strategies through the end of 2020.

## **Title II: INDEPENDENT AGENCIES**

Title II outlines additional appropriations and timelines for the U.S. Small Business Administration (SBA) to provide relief for small businesses. It includes:

- \$2.1 billion for salaries and expenses related to coronavirus response activities. These funds will remain available until September 30, 2021.
- \$50 billion will be added to the Disaster Loans Program Account, available until exhausted, to provide direct loans to businesses.
- \$10 billion in additional funds is appropriated for the Emergency Economic Injury Disaster Loan (EIDL) Grants in accordance with Division A of this Act. Funds will be available until exhausted.

### **Title III: GENERAL PROVISIONS—THIS ACT**

Title III details additional conditions and time constraints related to this legislation, as well as emergency designations and budgetary effects. All appropriations, unless specified, will not be available after the current fiscal year. Additionally, funds appropriated under this Act may be used only for coronavirus response related activities. It defines “coronavirus” as “SARS-CoV-2 or another coronavirus with pandemic potential.”