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Yesterday, House Appropriations Committee Chair Representative Nita Lowey (D-NY) introduced the Health and Economic Recovery Omnibus Emergency Solutions Act, referred to as the HEROES Act (H.R. 6800 (116)). This 1,800-page \$3 trillion bill is the House Democratic Leadership's proposal for the next phase of COVID-19 relief. It would expand on the \$2 trillion CARES package that passed Congress at the end of March and the other three coronavirus response bills.

The HEROES Act contains significant funding for state and local government fiscal relief and health systems and a second round of stimulus checks for individual Americans. The House is expected to vote on the HEROES Act on Friday, although that timetable could slip until early next week. At this point, it is unclear when the Senate will refocus on COVID-19 relief again and if the Senate takes up legislation, how expansive its approach will be. We will continue to advocate to make sure that our priorities are known to and addressed by the Senate.

Here is an analysis on how JFNA's priorities fared in the bill:

### **Nonprofit Provisions**

#### **Paycheck Protection Program**

JFNA is seeking expansion in the eligibility of nonprofits to participate in the Paycheck Protection Program (PPP) by modifying the current 500-employee cap and prioritizing the processing of PPP applications of nonprofits. The HEROES Act would eliminate the 500 employee cap on nonprofits and require that at least 25% of the PPP funds be set aside for nonprofits, of which no more than half can be used to make covered loans to nonprofits with 500 or more employees. Although no additional funding was specifically set aside for the PPP (an estimated \$100 billion still remains from prior COVID-19 legislation and is currently available for lending) and the maximum loan size remains at \$10 million, the HEROES Act makes a number of other changes to the PPP, including expanding PPP eligibility to all nonprofits that fit under section 501(c) of the tax code, not just 501(c)(3)s. The covered loan period under PPP is extended to December 31, 2020, the loan forgiveness period is extended from 8 to 24 weeks, and the 25% forgiveness cap on non-payroll costs would also be eliminated. The bill also would also improve coordination between PPP and the employee retention tax credit that would enable employers to claim benefits from both, although there would be limitations to prevent double benefits from payroll-related costs.

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## **Main Street Lending Program**

JFNA is seeking a new mid-sized businesses loan program for nonprofits with 500 to 10,000 employees that includes the elements of loan forgiveness contained in PPP. Under the HEROES Act, the Main Street Lending program would explicitly include nonprofits by requiring the Federal Reserve to set up a low-cost loan option tailored to the unique needs of nonprofits, including the ability to defer payments for those unable to access PPP. Under this program, loan forgiveness would be limited to nonprofits that “serve low-income communities as determined by the Fed for similar purpose to maintain payroll and operations provided under PPP.”

## **Unemployment Insurance**

The CARES Act covered 100% of the additional costs of unemployment insurance due to COVID-19 for *for-profits* that directly pay an agreed to percentage of payroll into state unemployment insurance trust funds. In contrast, the CARES Act only pays 50% of these costs for *nonprofits* that self-insure. Subsequent to passage of CARES, the Department of Labor issued guidance requiring nonprofits to prepay 100% of their obligations to those state trust funds before states were allowed to reimburse 50% of these costs using CARES funds. While the HEROES Act does not provide for 100% reimbursement for those who self-insure, it would explicitly ensure that nonprofits do not have to prepay insurance costs to states, if those payments will be reimbursed.

## **Charitable Tax Incentives**

JFNA is seeking enhancements of the CARES Act charitable tax provisions which established an above-the-line charitable tax deduction for those who do not itemize and raised the deduction limits for those who do itemize. The HEROES Act makes no changes to the charitable tax deductions. The bill would provide a two-year moratorium on the \$10,000 cap on state and local tax deductions. If enacted, this provision would increase the number of taxpayers eligible to itemize who, in turn, would benefit from deductible charitable contributions.

## **Health & Disability Provisions**

### **Medicaid**

JFNA is seeking an additional 5.8% increase in the federal share of the Medicaid Federal Medical Assistance Percentage (FMAP) reimbursement over the increased funds previously approved in the Families First Coronavirus Response Act in mid-March, effectively raising the FMAP



reimbursement to 12%. The HEROES Act would provide a 14% increase in the FMAP rate (including the original 6.2% bump) which would go into effect on July 1<sup>st</sup>, 2020 and expire on June 30, 2021. The Act would also ensure that the strict controls on Medicaid funding to states would be used for the Medicaid program and not diverted to other state expenditures.

### **Public Health and Social Services Emergency Fund**

JFNA is seeking an equitable distribution in funding from the Public Health and Social Services Emergency Fund (PHSSEF) for Medicaid and Medicare providers who have been adversely affected by the public health emergency. PHSSEF provided a \$175 billion lifeline of funding in the CARES ACT that has proven beneficial to our healthcare partner agencies. The HEROES Act would provide a second tranche of funds of \$175 billion, including \$100 billion in grants for hospital and other providers for healthcare related expenses and lost revenue directly stemming from the COVID-19 public health emergency. The PHSSEF would also provide \$75 billion for testing, contact tracing, and other activities that are deemed necessary to monitor and suppress COVID-19.

### **Health Staffing**

JFNA is seeking expanded Medicaid support for health staffing to help with increased use of overtime and to allow for hardship pay, including for those working in residential facilities such as nursing homes and group homes for individuals with disabilities, and other home- and community-based settings. The HEROES Act would provide an additional 10% increase in federal Medicaid funding for home health agencies that work with disabled individuals. Funding could be used for a number of purposes including leave, hazard pay, overtime pay, staff travel, personal protective equipment, assistive technologies, and other costs related to the pandemic. The proposed legislation also would provide \$200 billion for hazard pay to compensate essential workers of all sorts (including in health facilities) and \$150 million in state funding to deploy “strike teams” to assist long-term care communities given the impact COVID-19 has had on them.

### **Mental Health**

JFNA is seeking to preserve existing mental health and addiction treatment capacity by creating a designated emergency supplemental fund for behavioral health provider organizations, which would help mental health and substance use treatment providers remain open and operating during the COVID-19 crisis. The HEROES Act would allocate \$3 billion to increase mental health support in a variety of ways, including a new \$265 million emergency grant program to increase behavioral health treatment and prevention capacity, promote coordination of care, workforce training and



mental health awareness training, and help behavioral health organizations upgrade technology to accommodate telehealth.

### **Other Health Issues**

The HEROES Act would continue an initiative begun under the Families First Coronavirus Response Act that expands Medicaid eligibility to the uninsured who have no other means to pay for COVID-19 treatment without cost sharing during the public health emergency. It also temporarily increases Disproportionate Share Hospital payments by 2.5% through the public health emergency, and it would extend Medicaid's Money Follows the Person Demonstration program and other similar demonstrations for an additional year.

### **Social Services**

#### **Supplemental Nutrition Assistance Program (SNAP)**

JFNA is seeking increases in SNAP benefits from a minimum monthly payment \$16 to \$30 and an increase in the maximum SNAP benefit by 15%. This would not only help fight hunger in the face of the pandemic but also serve as an economic stimulus. The HEROES Act provides \$10 billion in increased SNAP funding that would both provide an increased minimum benefit to \$30 and a 15% temporary increase in the maximum benefit through September 30, 2021. The HEROES Act would also suspend certain SNAP administrative rules that would terminate or weaken benefits.

#### **Emergency Food and Shelter Program**

JFNA had sought a significant increase in supplemental funding for the Emergency Food and Shelter Program. The HEROES Act provides an additional \$200 million for this program, the same amount that was included in the CARES Act.

### **Other Human Service Provisions**

The HEROES bill provides increased funding for a number of other JFNA priorities including \$500 million for the HUD Section 202 Housing for the Elderly program, \$200 million for the HUD Section 811 Housing for Persons with Disabilities program; and \$100 million for aging and disability funding for the Administration for Community Living to support senior nutrition programs, caregivers, and assistive technology for people with disabilities.

If you have any questions about this material, you can send an email to me at [Coronadc@JewishFederations.org](mailto:Coronadc@JewishFederations.org) or direct your specific inquiries on the nonprofit provisions to [Steven.Woolf@JewishFederations.org](mailto:Steven.Woolf@JewishFederations.org); on the



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Stay safe out there!

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