



Legislative Update April 15, 2020

OVERVIEW

Some 17 million Americans have lost their jobs in the past month, \$349 billion in funding for a small business relief program will run out within days, and the COVID-19 cases and death toll in the U.S. has not peaked yet. The number of COVID-19 cases now approaches two million with 126,000 deaths and 460,000 recoveries—which includes in the U.S. over 600,000 cases, over 24,000 deaths and 37,000 recoveries. And now that race and ethnicity are being tracked as well as gender, data shows the coronavirus is killing black and Latino people in New York City at twice the rate that it is killing white people and Louisiana reports 70% of coronavirus deaths are black with similar data surfacing in other southern states and across the country. In addition, a new analysis by Los Alamos National Laboratory finds each person infected early in the Wuhan epidemic potentially passed the coronavirus to an average of 5.7 other people — that is more than twice what the World Health Organization and other public health authorities reported last February, making vaccine and treatment research all the more important to re-opening the economy.

However, not all of the news is so glum as New Jersey coronavirus cases increased by less than 10% for the eighth straight day, signs of a flattening curve even as the state reported 365 new deaths, the most in a 24-hour period. Cases in at least 12 of 21 counties were doubling every seven days or more as compared to a few weeks earlier when cases in several counties were doubling every three days. The social distancing and stay-at-home orders in most states are working — except South Dakota where 535 cases in a meat processing plant forced the facility's shutdown and Governor Noem refuses to issue a stay-at-home order.

Congress and the White House are negotiating details for additional sweeping economic spending. They have hit some hurdles as Republicans insist on legislation to fund small businesses while Democrats insist on that funding allocation as well as hospitals and community clinics. In May, President Trump wants to re-open the economy and has created a council of doctors and businesspeople to advise on how to proceed. Both chambers now need unanimous approval for an agreement to pass quickly this month after the Senate just decided to join the House in extending the recess until May 4. Below are details on webinars, key websites, updates on the Paycheck Protection Program and SBA Loans as well as other government programs, and projections for subsequent legislation this year.

WEBINARS

G2G continues to monitor implementation of the CARES Act, FFCRA and the Emergency Supplemental bill and related funding opportunities as well as the fourth legislative package being drafted now. We will keep providing weekly webinars on **Tuesdays in April** and posting updates on social media. For updates:

- Register for Webinars on Tuesdays 12-1pm [here](#)
- See [Legislative Updates](#) (updated regularly)
- Check out [Twitter](#) and [G2G's LinkedIn account](#) postings throughout the day

WEBSITES

Each day, G2G examines new grant funding opportunities and compiles the GBG Report. We have a special **Essential Guide to Coronavirus Government Funding** summarizing all coronavirus related funding opportunities posted [here](#). In addition, below are links for many funding resources.

SBA Programs – Closes June 30; Should get a response in 3 weeks for EIDL loan applications and can get up to \$10,000 in 3 days under new Emergency Grant program <https://www.sba.gov/funding-programs/disaster-assistance>

HHS COVID-19 PPE and Medical Supplies – Due September 25
Submit a price quote under the "COVID19 PPE and Medical Supplies Request for Quotation"

Can respond with fixed unit price quote and number of units on hand for any of the items listed in Attachment A; full details are in the solicitation (Updated Notice ID 70FA2020R00000011)
<https://beta.sam.gov/opp/3e05e664e606486ca34d1a41b47ff0ff/view>

HHS BARDA – On-going; BAA (up to \$8M) and EZ BAA (up to \$750K); COVID-19 MCM Partnership Opportunities
<https://www.phe.gov/emergency/events/COVID19/Pages/business-barda.aspx>

HHS NIH Emergency Competitive Revisions to Existing NIH Awards – On-going; assays for virus characterization, animal models, immune responses; Funding level depends on proposal; Proposals accepted on rolling basis
https://grants.nih.gov/grants/guide/pa-files/PA-20-135.html#_Section_II_Award_1

HHS NIH Therapeutic/Indication Pairing Strategies – LOI Due May 25; Pre-clinical studies to repurpose existing experimental or FDA approved drugs or biologics; Up to \$200K per, for up to 2 years
https://grants.nih.gov/grants/guide/pa-files/par-17-465.html#_Section_II_Award_1

HHS NCATS Repurposing Existing Therapeutics to Address the 2019 Novel Coronavirus Disease – Due June 1; Interested in projects that are in or completed Phase I clinical trials; \$200,000-\$3M
<https://grants.nih.gov/grants/guide/notice-files/NOT-TR-20-012.html>

DHS FEMA Medical Supplies and Equipment – On-going
<https://www.fema.gov/covid19offers>

DoD CDMRP PRMRP Emerging Viral Diseases and Respiratory Health – Pre-Applications due May 28 & June 8; 3 award mechanisms to be released; \$1.6+M for up to 4 years
<https://cdmrp.army.mil/funding/prmrp>

DoD MTEC Pre-Announcement National Emergency Telecritical Care Network Project – Due Date: TBA; Rapidly develop and deploy “virtual critical care wards”; up to \$6M per award
<https://www.mtec-sc.org/upcoming-solicitations/>

DoD Joint Acquisition Task Force (JATF), AFWERX – Open from March 30 to April 30; SBIR Direct to Phase II Open Topic with a COVID-19 Interest Area
<https://www.afwerx.af.mil/sbir.html> - program information here
<https://beta.sam.gov/opp/aa1fc86c0cde4352a8ca464ee5b3296c/view#> - application details here
<https://www.dodsbirsttr.mil/submissions/login> - can apply for 3 solicitations here

DoD XtechSearch for Ventilators – Pitches begin April 13; COVID-19 Ventilator Challenge – Low-cost, readily manufacturable emergency ventilator to rapidly augment current capacity
https://usg.valideval.com/teams/xTech_covid_vent/signup

DoD USAMRDC NPI Submissions – No deadline; responses within 10 days for certain assays
<https://mrdc-npi.amedd.army.mil/>

Navy SBIR/STTR – No deadline; email 250 Word Abstract with Subject: “COVID-19 Pivot”
navy-sbir-sttr@navy.mil

DoD Group Email In-Box – Send Inquiries on How to Support Response
osd.pentagon.ousd-a-s.mbx.covid-19-industry@mail.mil

NGO COVID-19 Therapeutic Accelerator – \$125M seed funding to speed therapeutic development; The Gates Foundation, Wellcome, and Mastercard Impact Fund
epidemics@wellcome.ac.uk

LEGISLATIVE RECAP

On March 6, the Emergency Supplemental Appropriations bill was enacted focused on providing \$6.5 billion for the Health and Human Services Department, including \$3.4 billion for the Public Health and Social Services Emergency Fund (which controls BARDA funding) as well as Global Health Programs and the Small Business Administration's \$7 billion disaster loans. **On March 13**, President Trump declared a National Emergency to engage FEMA to assist state and local authorities provided at a 75% federal cost share and release \$50 billion in disaster funds for state, local and territorial governments while also authorizing drive-through testing, delaying tax deadlines and invoking the Defense Production Act, which he did not act on until April. **On March 18**, the Families First Coronavirus Response Act (FFCRA) was enacted that included coverage for diagnostic testing, nutrition assistance programs, emergency paid family and sick leave, tax credits, unemployment insurance, SBA disaster loans, department of defense and veterans' affairs. **On March 27**, the \$2.2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act included additional funding for all of the above, plus the creation of the Paycheck Protection Program and expanded SBA loan authorities. This became law after many in the House of Representatives were forced to travel back to Capitol Hill to vote in person due to Rep. Massie (R-KY) threatening to call a recorded vote that would have risked a lack of quorum to block passage. With eight Members of Congress and staff now infected, both chambers are taking social distancing seriously and are in recess until May 4 and staff continue to work on the fourth legislative package, develop the 12 appropriations bills for FY2021 now that 302(b) allocations were set for the appropriations cardinals, and organize the annual National Defense Authorization Act markup scheduled for May.

FUNDING PROGRAMS TO KEEP BUSINESSES AND NON-PROFITS AFLOAT

When Programs End

June 30, 2020 – Paycheck Protection Program – \$349 billion in small business loans

July 31, 2020 – Additional \$600 per week federal pandemic unemployment benefit

September 30, 2020 – Student loan repayment and interest accrual suspension

December 31, 2020:

- Treasury Department business, state & local government loan authority
- Various temporary tax breaks – Emergency sick and family leave programs
- Pandemic unemployment assistance
- Medicare sequestration suspension
- Changes to banking and accounting rules*

March 27, 2025 – Special Inspector General for Pandemic Recovery

September 30, 2025 – Pandemic Response Accountability Committee, Congressional Oversight Commission

Main Street Loans for Midsized Businesses

Despite Congress' quick action to pass legislation to create funding streams for individuals, businesses, nonprofits and healthcare providers, money has moved slowly. The Federal Reserve is funneling up to \$600 billion to a new "Main Street" loan program, which is for industrial, commercial and service-providing businesses with up to 10,000 employees or \$2.5 billion in annual sales. Loans of \$1-\$25 million will be provided by commercial banks, which will put a small but meaningful portion of their own capital at risk to encourage sound underwriting. The borrowers will have to pay the money back, with interest, over four years (with easier-than-usual terms). Along with the Main Street program, the Fed is also launching a \$500 billion program to support state and local government borrowing during the crisis.

Individuals

At this point, some 52 percent of people under 45 years old have lost a job, been put on leave, or had their hours reduced because of the coronavirus outbreak. Congress and the administration tried to stave this off through cash and loan programs. For individuals, the Treasury Department is aiming for 50-70 million Americans who earn less than \$75,000 a year to receive a \$1,200 (plus \$500 per child) by April 17. The rest will receive payments in the mail at a rate of Treasury sending 5 million per week, which means this could stretch out to September. The Department of the Treasury and IRS are launching the "Get My Payment" web application found at IRS.gov to allow taxpayers who filed their tax return in 2018 or 2019 but did not provide their banking information on their return to submit direct deposit information to help speed up the dissemination of funds. A total of about 145 million Americans are eligible.

Overview of Small Business and Nonprofit Programs

The CARES Act funded the \$349 billion Payment Protection Plan to provide entities with fewer than 500 employees loans of up to \$10 million for operating expenses. The bank loans are fully guaranteed by the Small Business Administration (SBA). As long as the businesses keep their employees – or rehire those laid off – and 75% of the money is used for payroll, the loan amount covering eight weeks of their costs is forgiven through June 30, 2020. But anything above that must be repaid. Under the FFCRA, the SBA Economic Injury Disaster Loan (EIDL) due to COVID-19 program gives business and nonprofit emergency grants of up to \$10,000 that are supposed to be sent within three days of application, but these have been stalled due to the SBA being overwhelmed and changes made after the CARES Act to enhance the SBA programs. In addition, the SBA loans offer low-interest rates that do not need to be paid for six months. Finally, businesses can receive refundable payroll tax credits for 50% of employee wages paid by employers that are either forced to fully or partially suspend operations due to a governmental order related to COVID-19 or that experience a year-over-year decline in gross receipts of 50% or more (but not if receive the Paycheck Protection Program funding) and can defer other employer taxes until next year.

Paycheck Protection Program (PPP)

By April 14, one million small businesses applied for PPP. Seventy percent of small businesses tried to apply for the PPP loans after the program was set up in record time on April 3, according to an NFIB survey conducted April 6-7. The two biggest U.S. banks, JPMorgan Chase and Bank of America, had a combined 625,000 in requests for \$80 billion in loans within the first week of the PPP becoming available. A small fraction has been paid out so far – about 587,000 loans have been approved for about \$151 billion, according to the SBA. The PPP is intended to enable businesses to hold onto workers for faster economic recovery when the outbreak passes, however, about 17 million workers already have been laid off or furloughed in just a few weeks, according to the Department of Labor. Meanwhile, the Federal Reserve is allowing Wells Fargo to exceed the asset cap the Central Bank imposed in 2018. Despite these delays, funds are moving so now is the time to apply if haven't yet. Note, the SBA affiliation rules apply, which means several companies are excluded. If a VC has over 50% ownership or has control of the company then the company is ineligible. If a company has private equity from another company that has invested in several companies then all of those companies' employees are tallied together which often makes the total number of employees surpass 500, making all those companies ineligible. Finally, several companies are uncertain about meeting the requirement that accessing these funds is "necessary" so they are not applying even though they may be eligible. If you are experiencing any of these challenges, please contact me at lpowell@G2Gconsulting.com as we are advocating for changes in the next legislative package to address these problems.

Key Parts of PPP

Eligibility:

- For businesses, 501(c)3 or veteran organizations with <500 employees; sole proprietors, independent contractors, or self-employed

Terms:

- 100% federally guaranteed
- Loan forgiveness for up to 8 weeks of average payroll and other costs if the business retains employees and their salary levels during that time; 8-week period begins the first day lenders disperse funds and lenders should issue funds no later than 10 calendar days from approval
- No payments for 6-12 months, after 12 months loan has 4% interest rate, if maintain payroll
- Show lesser of 2.5 times average monthly payroll costs during the 1-year before the loan is made or \$10M
- The \$100,000 annual salary cap only applies to cash compensation, not to non-cash benefits.
- In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period February 15, 2019 to June 30, 2019.
- To determine the number of employees and payroll costs borrowers can calculate, use aggregate payroll costs using the date either from the previous 12 months or from calendar year 2019.
- Must submit payroll over past year. If sole proprietor, independent contractor, or self-employed show payroll filings, 1099-MISC as well as income and expenses. For 1099 independent contractors must apply on own.
- Proceeds to be used for payroll expenses, rent, utilities and mortgage interest.

How do I apply?

- Through an SBA approved lender, e.g. 7(a) loan lender
- Go to <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>
- See sample application: <https://www.gcpingear.com/post/sba-s-paycheck-protection-program-what-you-should-know>

SBA Loans and Debt Relief

The Economic Injury Disaster Loan (EIDL) program provides emergency grants of up to \$10,000 that is supposed to be distributed within three days and low interest loans up to \$2 million. However, due to high demand approval and distribution of funds to borrowers has been slow. As of April 10, nearly 4 million businesses and nonprofits had applied for EIDL funding for a total of \$383 billion, according to the SBA. Congress allocated just \$17 billion, so SBA decided to cap the amount of money the agency can give out in loans to just \$15,000 per applicant (in addition to the \$10,000 grant). Also, in response to Senate Small Business Committee Chairman Rubio's (R-FL) request, Treasury Secretary Mnuchin sent a letter to Congress asking for an additional \$250 billion for the SBA programs.

Key Parts of SBA Programs

Eligibility:

- For businesses, 501(c)3 or veteran organizations with <500 employees; cooperatives, employee stock ownership plans; sole proprietors, independent contractors, or self-employed; tribal businesses; all in operation by January 31, 2020.

Terms:

- Loans up to \$2M (depending on size and type of business)
- Collateral is required for loans above \$25,000
- Loans up to \$200,000 do not require a personal guarantee but may be required for loans above that amount. If have an owner of more than 20%, the borrower may need a personal guarantee.
- Payments can be deferred for one year and rates are 3.75% for for-profit and 2.75% for nonprofit with maximum term of 30 years
- Can request \$10,000 "advance loan" that will be subtracted from the final loan amount (forgivable) and issued within three days of the application even if the loan is denied, but it will only be \$1,000 per employee up to \$10,000 due to high demand.
- The small loans were lowered to \$15,000 per company by SBA temporarily until subsequent funding is provided by Congress in the next legislative package due to demand.
- Loans may be used to pay for expenses that could have been met if the disaster hadn't happened, including payroll and other operating expenses.
- Borrower is required to certify, under penalty of perjury, that it is eligible to apply for an EIDL.
- Businesses must submit IRS form 4506T and a statement of liabilities with the EIDL application forms.

How to apply and other helpful information:

- To apply – <https://covid19relief.sba.gov/#/>
- [Affiliation rules apply](#) – control is the key factor for eligibility

Nonprofits

The CARES Act provides a \$300 above-the-line deduction for cash contributions generally to public charities in 2020 and increases the limitation on charitable deductions from 60% to 100% of modified income for cash contributions generally to public charities in 2020. It also increases the limitation for food contributions by corporations from 15% to 25% of modified income. As for pension plans sponsored by charitable organizations whose primary purpose is to provide medical care and assistance to mothers and children, the minimum funding rules are modified to allow more flexibility in the amount required for payments.

On March 27, Reps. Seth Moulton (D-MA) and Brian Fitzpatrick (R-PA) introduced the Save Organizations that Serve (SOS) America Act to provide \$60 billion in emergency assistance and create a robust universal charitable deduction for nonprofits by raising the cap and allowing all taxpayers to immediately claim the deduction on their 2019 taxes and beyond. It would also ensure all nonprofits qualify for the new SBA loans by removing the 500-employee caps as they are the third largest workforce industry — larger than transportation, construction and even manufacturing. The 12.3 million people working for America's charities

are on the frontlines of the coronavirus response, running food banks, shelters, domestic violence services, houses of worship, early care and education centers, after-school facilities, and more that are being called on to feed, house and care for people whose lives have been disrupted by closures, job loss and sickness. While local United Ways are stepping forward to help everyone, from workers to children to seniors, the 211 call centers that provide information are experiencing 200-300% increases in call volume. This legislation would help these nonprofits continue this service and stay in business long-term.

Next Legislative Package of Funding

While Congress and the White House have worked in a bipartisan fashion to move legislation fairly quickly, they have hit a hurdle as they disagree about the next infusion of dollars into the economy. House Speaker Nancy Pelosi (D-CA) and Senate Minority Leader Chuck Schumer (D-NY) won't agree to the Trump administration's insistence on more money for small business loans unless in addition to that allocation, funding is provided to hospitals, state and local governments, and food stamp recipients. They want to set aside half of the \$250 billion for community-based financial institutions that serve farmers, families, women, nonprofits, as well as minority and veteran-owned small businesses. The package will likely include an additional \$15 billion for workforce development and retraining efforts, additional \$100 billion for hospitals, public entities, nonprofits and CMS-enrolled suppliers for healthcare related expenses of lost revenues, hazard pay for essential workers, and additional healthcare workforce protections. Some Members of Congress are also working to make sure small businesses that allow their workers to share in company ownership are eligible. Many are lobbying to expand PPP to cover the tourism industry, farming and businesses backed by venture capital and private equity that are not eligible under current SBA rules and are working to fix confusing and contrasting the guidelines for calculating the 500 employee rules. Another concern is the liquidity shortfalls facing mortgage servicers so Members are urging Secretary Mnuchin to use funds included in the last legislative stimulus package for this. Finally, the 10.25% interest rates for healthcare providers seeking financial relief during the coronavirus outbreak through Medicare's Accelerated and Advance Payments Program must be waived by CMS (Centers for Medicare & Medicaid Services) argue a bipartisan group of Members interested in ensuring hospitals don't shutter following this crisis.

HEALTH

Global Response

On April 14, President Donald Trump said he would halt funding to the World Health Organization (WHO) while his administration reviews the group's response to the coronavirus pandemic. He's been increasingly critical of the organization's early response to the health crisis as he's sought to deflect criticism over his administration's slow response to the outbreak. Trump attacked the organization for opposing early travel restrictions to China and accused WHO of being overly deferential to the Chinese early in the outbreak, even though Trump himself often hailed the Chinese government's response until a few weeks ago. On April 10, the Trump administration banned exports of some personal protective equipment (PPE) to fight the pandemic in the U.S. and will stay in place for four months. The U.S. is following a number of other countries that have temporarily halted exports of critical PPE recently. Among them are China, a significant source of the materials, and the European Union. The rule covers five types of protective equipment, including N95 masks, surgical masks and gloves.

FDA

While global case load approaches two million, 70 coronavirus vaccines are in development, with three being tested in human trials, according to WHO. The FDA established a program to speed reviews of COVID-19 treatments and support research on COVID-19 drug candidates called the Coronavirus Treatment Acceleration Program (CTAP). FDA will quickly respond to requests for investigational drug access and work with applicants and other regulatory agencies to avoid supply disruptions by transferring manufacturing to alternative sites. FDA is triaging requests from developers of new drugs and biologics and plans to review single patient expanded access requests within three hours. The agency also will work to expedite quality assessments for COVID-19 treatments and will redeploy medical and regulatory staff to COVID-19 therapy review teams, involve senior management in submission review, streamline the process for submitting inquiries and provide resources to help providers and researchers submit emergency requests for investigational products. FDA is also working with private and public sectors to analyze real-world data to complement traditional clinical trials and provide information about illness patterns and treatment outcomes. With 10 therapeutic agents in trials and another 15 therapies in planning stages, FDA and industry are assessing multiple treatment candidates, including remdesivir to treat the specific virus, interleukin receptor inhibitors

to reduce lung inflammation, and convalescent plasma and hyperimmune globulin to provide COVID-19 patients with antibodies.

With shortages, FDA is maintaining a public database to help stave off manufacturing problems, delays and discontinuations. A major challenge stems from the fact that nearly half the supply of hydroxychloroquine to the U.S. comes from makers in India, a flow that stopped abruptly after it banned exports of all forms of the malaria drug touted by Trump as a "game changer" for treating the coronavirus. Only a handful of suppliers in the top 10 are non-Indian, such as Actavis, now a subsidiary of Israeli generics giant Teva Pharmaceutical Industries Ltd. It's likely that some of their production facilities are nevertheless located in India, the biggest maker of generic drugs in the world.

Medicare Impact of COVID-19

The National Association of Accountable Care Organizations (NAACO) estimates the COVID-19 pandemic could cost Medicare up to \$115.4 billion over the next year, and derail Medicare ACOs. The analysis used a 90-day pneumonia episode as a proxy for spending per hospitalized COVID-19 patient. The coronavirus is expected to increase hospitalizations and the use of intensive care units, mechanical ventilation and post-acute care. About 20% of Medicare beneficiaries are assigned to either the Medicare Shared Savings Program or the Next Generation ACO program, so NAACOS projects the pandemic could raise medical costs for ACO beneficiaries from \$7.7 billion to \$23.1 billion. There are a few key unknowns, including the infection rate by age group and the case mortality rate, but it's reasonable to assume that the virus will have a major impact on Medicare beneficiaries. Another unknown is whether a senior is at risk for future susceptibility or complications after being infected and recovering. The COVID-19 outbreak could significantly shorten the solvency of the Medicare trust fund.

CMS Regulations Eased

To help with the crisis, CMS recently announced a rule providing exceptions from reporting requirements and extensions for clinicians and providers participating in Medicare quality reporting programs, including accountable care organizations and the Merit-based Incentive Payment System. Many healthcare systems want CMS to waive penalties for ACOs in risk-sharing models. ACOs have a June deadline to quit the Shared Savings Program to avoid losses for this year, and without expedient action from Congress, many may be forced to quit the largest and most successful alternative payment model in Medicare, derailing the overall move to value-based care.

CMS is also offering wide-ranging Medicare flexibility for dialysis and ambulance providers as well as oversight audits and has made it easier for beneficiaries to access respiratory devices like ventilators amid the COVID-19 pandemic. Medicare will now cover respiratory-related device and equipment for any medical reasons determined by providers during the pandemic. CMS is issuing guidance to dialysis facilities that allows them to allocate special-purpose facilities for those with COVID-19. CMS will let ambulances transport patients to a wider range of locations, like Federally Qualified Health Centers, community mental health centers, doctors' offices, urgent care facilities, ambulatory surgery centers and places furnishing dialysis aside from ESRD facilities, when other transportation isn't appropriate. CMS is waiving the requirements for a nurse to conduct an onsite visit every two weeks for home health and hospice, including evaluations on whether aides are providing care consistent with the care plan. CMS is also pausing the national Medicare prior authorization program for certain durable medical equipment (DME) items, and the agency says it is waiving signature and proof of delivery requirements for DME. The agency says suppliers should document the date of DME delivery and note that a signature could not be collected because of COVID-19. CMS will continue oversight, but will not request additional information from providers, Medicare Advantage plans, Part D plans or states and CMS will re-evaluate how to go back to the current system after the crisis.

Telehealth

Telehealth has exploded in response to the pandemic and is likely to keep growing long afterwards. On March 30, CMS made sweeping regulatory changes to telehealth, easing its use in Medicare by lifting requirements on provider relationships and face-to-face care, as well as expanding telehealth in hospice and home health, to tackle COVID-19. CMS said in a press release Monday that it will now reimburse providers under Medicare for more than 80 additional telehealth services, including emergency department visits, nursing facility discharge visits, and home visits. Telehealth services must be provided by a certified clinician. The interim final rule also lifts a ban on using audio-only phones to furnish telehealth services for the more

than 44 million Americans who rely on Medicare. It also comes as Federal Communications Commission Chairman Ajit Pai proposed using \$200 million allocated by Congress for a grant program for hospitals and health system providers aiming to use telehealth in their COVID-19 response. The \$200 million comes from the CARES Act, the third coronavirus stimulus package, and would enable providers to use a streamlined application to apply for funding to fully cover their telehealth needs.

Google and Microsoft Team Up on Tracking

The Silicon Valley rivals are building technology to enable tracking of any interaction with someone testing positive for COVID-19. First, in mid-May, the companies will add the ability for iPhones and Android phones to wirelessly exchange anonymous information via apps run by public health authorities. This means that if a user tests positive for COVID-19, and adds their data to their public health app, users who they come into close proximity with over the previous several days will be notified of their contact. This period could be 14 days, but health agencies can set the time range. Next, in the coming months, both companies will add the technology directly into their operating systems so this contact-tracing software works without having to download an app. Users must opt in, but this approach means many more people can be included. Apple's iOS and Google's Android have about 3 billion users – over one-third of the world's population. With shared data, some have privacy concerns but Apple and Google have stressed their system preserves users' privacy as consent is required and location data is not collected. The technology also won't notify users who they came into contact with, or where that happened. The companies said they can't see this data and the whole system can be shut down when needed.

How exactly would it work? Two people meet to chat for a few minutes, and in the background via Bluetooth their smartphones exchange anonymous identifiers to register that they have been in contact. These digital keys change every 15 minutes or so and remain on these people's devices to preserve privacy. Several days later, one of these individuals is diagnosed with Covid-19. The person enters the results into a health-agency app on their phone. The system then asks for this user's consent. If granted, the person's smartphone sends a record of the other mobile devices that have been in close proximity during the previous days. This information is temporarily stored in a remote computer server for about 14 days. Meanwhile, the other person's phone checks the server periodically to see if any identifier keys have been associated with a positive Covid-19 diagnosis. The phone downloads all positive keys and matches it anonymously to the key belonging to the individual from the original meeting days earlier. This sends a notification to the other person's phone with information from health agencies about how to quarantine or self-isolate.

Changing Oncology Clinical Trials

As cancer researchers turn to telemedicine in clinical trials, changes could become permanent and alleviate burdens for patients that may increase participation and access to life-saving studies. Currently, only 2-5% of adult cancer patients enroll in clinical trials. Some welcome changes include patients can now get lab work and vital signs done by local providers. Cancer centers are trying to limit the time cancer patients, who are particularly vulnerable to infectious diseases such as COVID-19 because of their underlying health condition and cancer treatments can suppress the immune system, spend in hospitals. These increased telehealth options that include allowing local doctors to handle routine work can result in more eligible patients joining cancer trials. The pandemic is laying the groundwork for a world where more cancer trials are conducted virtually, easing travel and inconvenience for participants. In addition to FDA's recently issued guidance highlighting flexibilities for clinical trials during the pandemic, the National Cancer Institute also issued guidance for researchers on how to manage their studies with expanded flexibility.

ECONOMY

Cash in Hand

The IRS sent out the first wave of stimulus checks to Americans on April 11. Deposits will continue in the days ahead, starting with people who have filed tax returns for 2018 or 2019 and authorized direct deposit. Others, including people who haven't filed returns, authorized direct deposits, or receive Social Security, will probably have to wait weeks or months before seeing their money. Under the economic relief package, individuals are due up to \$1,200 and couples up to \$2,400 – plus \$500 per child. But payments start phasing out for individuals with adjusted gross incomes of more than \$75,000. The amount will then be reduced by \$5 for every additional \$100 of adjusted gross income, and those making more than \$99,000 will not receive anything. The income thresholds are doubled for couples. The IRS expects to start issuing paper checks the week of May 4 at a rate of about 5 million per week. In 2008, when the government distributed similar stimulus

money, deposits were made over a three-week period, while paper checks were sent through the mail over a 10-week period.

Federal Reserve

The Fed used emergency powers to set up '13-3' facilities, similar to actions taken during 2008 financial crisis. These facilities set up programs to ensure money market mutual funds stay healthy and liquid, ensure credit can flow to small businesses, and sustain viability of household backed securities like student loans. They include programs to relax regulatory restrictions on banks to enhance their capabilities to lend during the crisis, specifically permitting them to enter Fed's discount window to borrow funding to remain liquid and lend to customers. They also enable central bank counterparties to access funding in U.S. dollars and support programs designed to aid businesses (small and medium sized) more directly. The Fed is taking loans on as collateral, requiring firms to keep payrolls intact. The Main Street loan program is geared at larger business than those covered under paycheck protection and ensures that midsize businesses get funding in the form of 4-year loans (deferral principal and interest for one year) to companies that have up to 10,000 employees and revenues less than \$2.5 billion. Banks retain 5% share of the loan. These also cover a municipal liquidity facility, lending to municipalities so they can put short term notes into this facility to improve cash flow and provide essential services. Some longer-term adjustments to economy that may need to be taken up after crisis is over include community development functions to combat issues like income inequality that will be exacerbated by crisis. Improving access to credit for businesses in low income/disadvantaged areas is key. The Fed is actively updating/revising its models based on changing data regarding COVID-19 and is expecting additional monetary stimulus is required given constantly elongating timeline of the economic shutdown.

States and Municipalities Losing Money

The U.S. Chamber of Commerce asked Congress for "urgent action" to replenish a \$349 billion small-business relief program, which will run out within days. The nation's governors, meanwhile, are demanding Congress provide half a trillion dollars in economic aid to plug revenue gaps. States, cities and counties rely on revenue from taxes on income, sales of goods and even on gains from the stock market – all sources of money that the virus threatens to wipe out as the U.S. is poised for a recession. New York, the epicenter of the U.S. outbreak, is projected to lose between \$10 billion and \$15 billion of revenue in the fiscal year that starts April 15. Ohio state agencies are looking to cut 20% in spending, and Cincinnati is furloughing 1,700 city workers. Georgia may have to renege on a \$1,000 pay raise for teachers that state House lawmakers had budgeted for in the coming year. California is already dipping into reserves and has warned state agencies not to expect full funding next year. Despite the unprecedented federal stimulus package that includes \$150 billion for states and municipalities, officials say more help is needed to make up the funds that local governments are losing. During the last recession, states and local governments shed 110,000 jobs in a two-year period, according to a 2009 report by the Center for Economic and Policy Research.

DEFENSE

CARES Act Defense Impact

The CARES Act included \$50 billion in direct loans: \$25 billion for passenger airlines, \$4 billion for cargo air carriers and \$17 billion for businesses critical to maintaining national security, such as Boeing, the No. 2 U.S. defense contractor. Treasury Secretary Steven Mnuchin will distribute the money and released guidance on April 14 indicating a pool of \$10 billion in federal grants to U.S. airports are ready for delivery. The Federal Aviation Administration provided a list of the hundreds of grants, and Transportation Secretary Elaine Chao said the funds are being sent as soon as possible to help the industry that has seen a reduction of 95% of passengers. This program requires giving the U.S. an equity stake in return for the money and companies must maintain 90% of their workforce and can't buy back their own stock or pay dividends to shareholders. Boeing is exploring raising \$10-\$20 billion to ride out the pandemic and is discussing financing terms and conditions with Treasury officials.

The defense supply chain includes about 300,000 companies, from the biggest weapons-system contractors to the more numerous, lower-tier suppliers of everything from software to uniforms. It's those smaller companies, which lack the access to capital and the large balance sheets that major corporations have, that could be especially at risk. Many also depend on evaporating commercial sales to supplement their defense work. Of 10,509 locations tracked or monitored by the Pentagon's Defense Contract Management Agency, 135 had closed at some point as of April 8. Of those, 49 had reopened after an average of about

10 days. Some contractors have cut back operations and halted assembly of the KC-46 refueling tanker and the P-8A Poseidon maritime patrol aircraft at facilities in the state of Washington, the initial center of the pandemic in the U.S. With Boeing also halting commercial jet assembly, the stoppage cascades through its supply chain, which includes General Electric Co., Spirit AeroSystems Holdings Inc., and Safran SA. Smaller manufacturers, which often serve the automotive industry as well, are most at risk. This hits aviation suppliers hard and can stymie technology development. Ellen Lord, the Pentagon's top acquisition official, said "We need to ensure companies can stay in business without losing their technology."

The CARES Act also streamlined DoD contracting by removing the \$1 billion cap on advance billings for Defense Working Capital Funds to improve procurement flexibility and ensure supply chain stability. It removed contract restrictions and the incurred cost limit on progress payments un-definitized contract actions (contract actions for which the contract terms, specifications, or price are not agreed upon before performance commences) to enhance cash flow to federal contractors. The law also allows the DoD to waive certain restrictions on the usage of other transaction authority (OTA) in contracts to improve liquidity in the defense contracting sector, particularly among small businesses, in connection with pandemic response. In early April, the Pentagon set up procedures to reimburse defense contractors who are paying employees who can't work during the coronavirus pandemic, according to a four-page guidance from the Pentagon's pricing and contracting office. This provision of the CARES Act allows agencies to reimburse federal contractors for providing paid leave to employees who cannot telework and are unable to do their jobs because of facility closures or other restrictions.

Servicemembers' Safety

As for the safety of servicemembers, the Pentagon issued guidance on personnel wearing face coverings after U.S. health officials recommended the step for the general public "effective immediately." This applies to all individuals on DoD property, installations, and facilities when they cannot maintain six feet of social distance in public areas or work centers, according to the policy. Also, the USS Roosevelt lost its first sailor to COVID-19 following the acting Navy secretary Thomas Modly resigning after his vocal criticism and dismissal of Navy Captain Brett Crozier, who had gone outside his chain of command and sent a memo to more than 20 people pleading for help that was reported by the media on March 31. Questions remain as to why the decision to proceed with a March 5 "port call" in Vietnam was ever made amidst growing concerns about the spread of the coronavirus (and where there were 16 known cases at the time). While in Port Danang, an estimated 4,500 sailors disembarked to meet with the people of Vietnam through tours, professional exchanges, and community relations events — all activities that could have spread the virus. Once back on the ship, some 100 cases surfaced by late-March. As of April 12, the Navy said it has now tested nearly all of the 5,000 personnel assigned to the USS Theodore Roosevelt aircraft carrier moored in Guam and a total of 585 sailors have tested positive for the virus.

Defense Medical Supply Production

On April 10, the Pentagon was authorized for the first time in the coronavirus crisis to increase the industrial capacity to produce critical supplies — in this case injecting \$133 million to increase U.S. domestic N95 mask production by over 39 million over the next 90 days due to approval from the White House Task Force to execute the first DPA Title 3 project responding to COVID-19. The move marks the first use of Title 3 of the Defense Production Act, which allows the president "to incentivize the domestic industrial base to expand the production and supply of critical materials and goods, according to the Congressional Research Service. "Authorized incentives include loans, loan guarantees, direct purchases and purchase commitments, and the authority to procure and install equipment in private industrial facilities." The U.S. agreed to a \$489.4 million contract with General Motors and its partner Ventec Life Systems to produce 30,000 ventilators by the end of this August, delivering a fifth of the breathing machines they're producing for HHS by June 1 by invoking the Defense Production Act after the president accused GM of moving too slowly and gouging the government.

STEM

STEM Defense Grants

Reps. Jim Banks (R-IN) and Andy Kim (D-NJ), members of the House Armed Services Committee, are proposing new legislation to address a shortage in the defense workforce of STEM skills and computer science expertise. The bipartisan bill would create a "STEM Corps" in partnership with the defense industry that would grant up to two years of tuition assistance to students pursuing related degrees in return for working four years

at the Defense Department — including an internship with a private sector sponsor and an option to serve their fourth year in industry. Participating students would be required to maintain a minimum GPA and obtain a security clearance. The legislation is based on recommendations made by a Reagan Institute task force that Banks and Kim served on that assessed how to strengthen the U.S. national security innovation base.

Universities Need Research Relief

Associations representing research universities and medical schools have doubled their request for funding to address the pandemic's disruptions to research. In an April 7 letter, the associations called for Congress to provide \$26 billion to major federal science agencies, noting their prior request last month "recommended half of this amount based on our best estimate of two months of research slowdowns, laboratory closures, and identifiable harm to our research workforce and capabilities." The letter states the revised amount reflects a clearer understanding that the duration and harm will be greater than anticipated. They also propose other emergency relief and tax changes to support institutions and students and are collecting feedback from graduate students on the pandemic's impacts on their research. Colleges and universities have just started to receive funds from the \$14 billion in grants provided through the CARES Act.

Veterans

As of April 9, across all VA sites, 3,038 patients in VA care have tested positive for coronavirus with 144 deaths, the first of which occurred in mid-March. That's about 11 percent of all of the cases tested by the department and this number has nearly tripled in the last 10 days. With 9.5 million veterans, the VA Secretary Robert Wilkie has said the VA is ready and is even opening up about 1,500 beds nationwide to communities in need of extra resources, despite the increasing coronavirus numbers within the VA health system. Also, President Trump issued an order that gives the VA secretary leeway to make changes to federal contracts for national security reasons. "This authority may only be exercised with regard to transactions directly responsive to the COVID-19 national emergency," according to memorandum issued by the White House on April 10.

POLITICS

The CARES Act included \$400 million in new Help America Vote Act emergency funds, made available to states for the 2020 election cycle to be distributed by the Election Assistance Commission to help immediately implement contingency efforts in response to coronavirus to protect voters and election staff and maintain the integrity of our election process. More than a dozen states postponed their presidential primaries because of concern that voters would get too close to one another and spread the coronavirus. On April 10, President Trump said he still expects the general election to be held November 3 and he opposes moving to voting-by-mail. Meanwhile, the Democratic Convention was moved to August 17-20 in Milwaukee, WI and Joe Biden, the Democratic nominee who secured Senator Bernie Sanders' endorsement on April 13, has suggested a possible virtual nominating convention this summer if the coronavirus continues to require limits on public gatherings. Trump said there is no contingency plan for the Republican National Convention, which is scheduled for August 24-27 in Charlotte, NC.

HOW YOU CAN HELP

Addressing the PPE Shortage

<https://getusppe.org> — nationwide matchmaking of those with PPE to those in need

<https://www.projectn95.org> — national resource for PPE

<https://www.mask-match.com> — nationwide matchmaking that enables mailing PPE from donor to recipient without leaving your home

<https://www.donateppe.org> — matchmaking of those with PPE to those in need for Bay Area and Southern CA, NYC and Boston

<https://ppelink.wordpress.com> — targets STEM professionals to donate gear from labs to hospitals

<https://maskcrusaders.org> — matchmaking that enables mailing PPE from donor to recipient targeting hotspots: NYC, Chicago, Philly, Ohio, Los Angeles, D.C., Seattle and Boston

<https://thriveglobal.com/categories/first-responders-first/> — provides access to data-based actionable Microsteps, online workshops, virtual training, and coaching for frontline care providers to build resilience through behaviors that are evidence-based in the science of well-being

Please let us know any questions and register for Webinars on Tuesdays 12-1pm throughout April [here](#).

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