

COVID-19 BUSINESS AND EMPLOYEE CONTINUITY AND RECOVERY FUND

Executive Summary. The COVID-19 Business and Employee Continuity and Recovery Fund (the “Recovery Fund”) is modeled after a very streamlined version of the 9/11 Victims Compensation Fund legislation, with important distinctions designed to simplify the application process and speed payment to COVID-19-impaired businesses, while reducing the potential for fraud. It would create another tool the Administration could use to provide tailored federal assistance to keep COVID-19-impaired businesses solvent and workers employed. The Recovery Fund would leverage private sector contractors to facilitate both expedited applications and interim payments as well as auditing of ongoing relief.

Purpose:

- Protect lost wages for employees unable to work because of COVID-19 illness
- Preserve jobs through payroll assistance to help businesses retain employees
- Support recovery through solvency assistance
- Support women-owned and minority-owned businesses impacted by COVID-19

Program Administration:

- Establish within Treasury an expedited and streamlined relief program run by a special federal administrator
- Authorize the program to contract with third parties that agree to assist with application filing and review
 - Administratively enforced. Third parties are shielded from any liability except for gross negligence, willful misconduct, or fraud
- Fund the program through advanced authorization of appropriations: no pre-funded pool of money; rather, the creation of an obligation of the federal government (same funding structure as the 9/11 Victims Compensation Fund)

Recovery Compensation:

- The program provides a simple-to-file and audit form that can be electronically filed to quickly provide liquidity to businesses to maintain their viability and ability to retain employees
 - Form requires information on impairment and known collateral sources
 - Formula-based compensation for payroll, payroll support, operating expenses (such as rent and interest expense on pre-crisis debt), and lost income of sick employees
 - Program may also provide assistance for lost revenue (but not lost profits)
- Interim expedited assistance may be provided
- Recovery compensation reduced by any interim assistance and collateral sources

Eligibility:

- Small businesses, nonprofits, veterans’ organizations, and tribal businesses (500 or fewer employees); as well as
- Businesses of any size that can demonstrate impairment by COVID-19

Prioritization:

- Sectors most impacted by COVID-19 losses
- Businesses with high proportion of employees who would otherwise be unemployed
- Businesses that are essential critical infrastructure

Timeline:

- 30-day turnaround for prioritized applications; as soon as practicable for all others
- 15-day turnaround for expedited interim compensation