

What's in Senate Republicans' \$1 Trillion Pandemic Relief Plan

By Erik Wasson, Laura Litvan and Laura Davison | July 27, 2020 6:52PM ET

U.S. Senate Republican leaders on Monday unveiled a draft plan to provide \$1 trillion in coronavirus relief funding ahead of talks with Democrats. A package of separate bills, it gives Congress the option of passing parts of the agenda -- such as extensions of unemployment insurance or schools funding -- now and leaving the rest for later.

The GOP had been divided on the overall cost of the plan and how to extend unemployment benefits expiring this week. Democrats, who are backing their own \$3.5 trillion stimulus bill already passed by the House, said that only when the GOP united on its own plan could talks begin about a bipartisan compromise.

Time is running out, with Congress looking to recess for a month starting in early August.

Here's what made it into the plan unveiled by Senate Majority Leader [Mitch McConnell](#):

Unemployment Insurance

Pandemic-related federal supplemental unemployment benefits for millions of people in the U.S. began running out on Saturday. The Republican plan extends the added benefits at a rate lower than the \$600 per week enacted as part of the CARES Act in March. For two months, the benefits would be set at \$200 per week on top of state-level benefits, which vary. After that, states would provide benefits equal to 70% of previous wages, with the federal supplement additionally capped at \$500 per week. States would be allowed to apply for a waiver to secure up to two additional months to [transition to the new calculation](#). Republicans say the CARES Act benefit level was too high, making it hard for employers to rehire people who are getting more in unemployment benefits than they earned while working.

There is little chance Democrats will accept such a steep reduction with many parts of the country unable to fully reopen due to a resurgence in coronavirus infections. Senate Democrats have proposed extending the \$600 benefit through March while a possible reduction to state unemployment rate levels. The House-passed Heroes Act would extend the benefit into January.

Direct Payments

The GOP legislation includes a second tranche of stimulus payments, structured the same way as the earlier round, in March. The plan provides \$1,200 payments at individual incomes of \$75,000 or less a year, with \$500 in benefits for each child or adult dependent. The bill passed by House Democrats two months ago also includes \$1,200 stimulus payments, but has \$1,200 benefits per child, up to a total of \$6,000 per household.

Education Funding

The Republicans would provide \$105 billion, with \$70 billion going to elementary, middle and high schools; \$29 billion for colleges and universities and \$5 billion to a flexible fund. Two-thirds of the money would go to schools that institute reopening plans and the rest to schools generally, under existing federal formulas. The White House has fought to tie school aid to reopening plans, but Democrats are opposed. Democrats are demanding \$430 billion for schools.

The GOP plan would also allow student borrowers to delay loan repayments and then cap loan payments at 10% of income minus housing costs.

Liability Protections

Liability protections are a top priority for McConnell. The GOP bill shields businesses, schools, charities and other organizations from Covid-19-related lawsuits through Oct. 1, 2024, as long as they make “reasonable” efforts to follow public health guidelines and don’t commit acts of “gross negligence” or “intentional misconduct,” according to the summary.

The proposal would move to federal courts medical liability claims against caregivers that arise from virus-related care provided by licensed health care facilities and medical workers. Like employers generally, they could only be successfully sued if they engaged in gross negligence and intentional misconduct. Federal courts could decide such matters as the burden of proof by a claimant or any caps on damages.

Democrats say that instead of liability shields, Congress should push the Occupational Safety and Health Administration to develop clear guidelines for businesses and schools.

Small Business Loans

The GOP plan would extend the Paycheck Protection Program of forgivable small business loans, adding \$60 billion to a facility that still has \$130 billion left from the last stimulus. Small businesses with fewer than 300 employees that can show revenue losses of 50% or more since the pandemic began would be able to apply for second PPP loans.

Health Care

The White House dropped its initial opposition to new testing money in the bill and has agreed to go along with a plan for \$16 billion to help states ramp up tests and contact tracing. Senate Republicans had initially sought \$25 billion in new funds.

Meals and Entertainment

The legislation also includes an expanded tax break for businesses that are providing meals and entertainment for clients. The change is a priority for President Donald Trump, who has said it is important to help struggling restaurants and entertainment venues. The proposal reverses a policy included in Trump's 2017 tax law that limited the tax break as a way to pay for other tax reductions.

Operating-During-a-Pandemic Tax Break

The plan includes tax credits for the increased costs that businesses are facing to shield workers and customers against the virus. It includes a credit to cover some of what companies spend on testing, personal protective equipment, workplace cleaning and retrofitting facilities to adhere to distancing guidelines. Lawmakers from both parties have embraced tax incentives for workplaces that do more cleaning and provide accommodations to protect against the virus.

Hiring Tax Credit

The legislation includes an expanded version of the employee retention tax credit for businesses that keep workers on their payrolls. The break gives companies an additional incentive to keep people employed as many firms still face revenue downturns but have run out of Paycheck Protection Program money or never qualified for it. The credit, which has broad bipartisan backing, is refundable against payroll tax liability, meaning that companies could get a check back from the IRS if they qualify for a larger tax break than the payroll taxes they owe. The legislation also expands a tax credit for large businesses to hire individuals who are unemployed.

Social Security, Medicare

Senator [Mitt Romney](#) of Utah was able to get his proposal to address the troubled Social Security, Medicare and Highway trust funds into the package. His bill creates a bipartisan trust fund rescue committee that must produce legislation within a set time frame. The House and Senate would be forced to take up the Rescue Committee proposal with minimal delays, but the bill could still be filibustered in the Senate. Without action, Social Security wouldn't be able to pay full benefits after 2034 and Medicare after 2026 under current government projections.

Protective Equipment

The GOP is proposing to end dependence on foreign manufacturers for personal protective equipment. The plan developed by Senator [Lindsey Graham](#) of South Carolina would create tax credits to spur manufacturing to help the federal government reach the goal of 100% domestic sourcing within five years.

FBI Headquarters

At the White House's insistence, the bill contains \$1.75 billion for a new Washington headquarters for the Federal Bureau of Investigation. The project has been a priority for Trump, who owns a hotel across the street from the current building.

Farm Aid

The Republican proposal would provide \$20 billion in aid for agriculture, delegating broad discretion on spending to Agriculture Secretary Sonny Perdue. The legislation would allow Perdue to use the aid to compensate livestock producers for losses from killing animals that couldn't be sent to slaughterhouses because of virus-related shutdowns and slowdowns.

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