

Congressional Update: House Advances Major Funding Provisions for a COVID Aid Package

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The House made progress this week in drafting and advancing major legislative and funding provisions for a \$1.9 trillion COVID aid package. Last week, along party line votes, Congress passed a budget resolution that allowed the House and Senate to prepare a spending package that would increase deficits by \$1.9 trillion and could pass both chambers with a simple majority vote. However, it left the hard work of drafting and advancing specific legislation to 12 House Committees and 11 Senate Committees, each with different jurisdiction over parts of a comprehensive aid package.

With the Senate focused on the Trump impeachment trial, the House took the lead in advancing major legislative provisions this week. The House Committees are expected to complete their work by February 16. The House Budget Committee will then pull together a final package for a full House vote the week of February 22. The Senate will then vote on the package and be able to offer amendments. The goal is to pass another comprehensive COVID aid package by March 14.

While Congress is still working through final details, the contour of an aid package is starting to take shape. Most of the funding in a final package will be used to distribute \$1,400 in direct payments to lower-income individuals and \$400 a week in supplemental pandemic-related unemployment aid until the end of August. A final package will also likely include the following major provisions:

- \$350 billion in state and local aid,
- \$170 billion for schools, including \$39.5 billion for institutions of higher education,
- \$50 billion in emergency pandemic aid for small businesses,
- \$46 billion for COVID-19 testing,
- \$40 billion in aid for the transportation sector,
- \$20 billion to expand vaccine distribution,
- \$16 billion in agriculture programs for food purchases, nutrition aid, and supply chain assistance,
- \$13.5 billion for veterans health-care services,
- \$3 billion for Economic Adjustment Assistance programs at the Economic Development Administration, and
- Increase the federal minimum wage to \$15 per hour by 2025.

Below is more detailed information of key spending provisions of most relevance to the research, higher education, and academic medicine community. Notably absent is research relief or research funding support for major federal science agencies, such as the National Institutes of Health and the Department of Energy, or the Department of Defense. A few exceptions include \$600 million for research relief for the National Science Foundation and \$150 million for the National Institute of Standards and Technology's (NIST) Manufacturing Institutes as well as \$135 million each for the National Endowment

for the Humanities and National Endowment for the Arts and \$100 million for the Environmental Protection Agency to address health outcome disparities from pollution and COVID-19.

Education

The most relevant provisions include:

- \$39.5 billion for a third round of **Higher Education Emergency Relief Funds (HEERF)**, available through September 2023, with 91 percent directed to non-profit institutions of higher education and 1 percent for for-profits, with similar distribution formulas as HEERF II funding. An additional 8 percent would be slated for HBCUs, Minority-Serving Institutions, and institutions with most unmet need. Bringing back a requirement under the CARES Act HEERF I funds, the bill would direct 50 percent of distribution to be spend on direct student grants with guidance that an institution shall solely determine which students receive emergency financial aid grants. For the institutional share, the bill defines a new use for a portion of funds to support practices to mitigate and suppress coronavirus and conduct outreach to students on available financial aid adjustments. The bill would drop the HEERF II requirement that limited allowable uses by private institutions subject to the endowment tax.
- \$100 million for the Department of Education’s **Institute of Education Sciences (IES)** “to carry out research related to addressing learning loss caused by the coronavirus.”
- \$128.5 billion for **Elementary and Secondary School Emergency Relief Fund**, of which 90 percent is slated for Local Education Agencies (LEAs), with a portion dedicated toward learning loss, and not less than 5 percent for states to spend addressing learning loss by supporting evidence-based interventions.
- \$40 billion in total for Child Care and Development Block grant programs, with \$1 billion for **Head Start** programs.

Health

The most relevant provisions include:

- \$46 billion for **COVID-19 testing, tracing, surveillance and mitigation**. Funds may also be used to procure personal protective equipment (PPE) and increase the public health workforce.
- \$7.6 billion to the Department of Health and Human Services (HHS) for awards to state and local health departments to establish, expand, and sustain a **public health workforce**.
- \$7.6 billion for **Community Health Centers**. The funding can be used for testing, tracing and surveillance as well as expanding services and improving infrastructure.
- Increased funding for the **Centers for Disease Control (CDC)**, including \$1.75 billion for the CDC to identify mutations and sequence genomes among other items, \$500 million to conduct surveillance and modernize the nation’s disease warning system, and \$750 million to support global efforts to combat COVID-19.
- \$200 million for **skilled nursing facilities** and \$250 million for states to combat COVID-19 outbreaks in nursing homes.
- \$331 million to expand the number of **Teaching Health Centers Graduate Medical Education (THCGME)** sites nationwide and increases the per-resident allocation.

- Funding for the behavioral health workforce, including \$80 million for **mental and behavioral health training** and \$100 million for the **Behavioral Health Workforce Education and Training Program**. These programs increase access to behavioral health specialists, particularly for at-risk populations.
- \$150 million to **Maternal, Infant, and Early Childhood Home Visiting (MIECHV)** programs through the end of fiscal year 2022.
- **No cost sharing for vaccines with Federal Medical Assistance Percentages (FMAP) matched at 100 percent.** Medicaid will provide coverage of COVID-19 vaccines and treatment without beneficiary cost sharing, and with vaccines matched at a 100 percent FMAP for the entire public health emergency and one year after. It also gives states the option of providing coverage for COVID-19 vaccines and treatment to the uninsured without cost sharing and matched at 100 percent FMAP.
- **Repeal of cap on the inflation rebate for prescription drugs.** The bill would sunset the limit on the maximum rebate for single source and innovator multiple sourced drugs. This policy could save between \$15 to \$20 billion according to a CBO estimate provided to the Medicaid and CHIP Payment and Access Commission (MACPAC).
- **New incentives to states to expand Medicaid.** For states that newly expand Medicaid, the legislation would provide a temporary increase in the state’s base FMAP by five percentage points for two years.
- **Medicaid option for post-partum women.** The legislation would allow states the option of extending Medicaid eligibility for post-partum women for one year post-delivery. States have five years to take advantage of this policy.
- **Medicaid option for inmates.** The bill would provide Medicaid eligibility for inmates 30 days prior to release. This provision allows inmates to remain on Medicaid once released.
- **Increased FMAP for Urban Indian and Native Hawaiian health centers.** The legislation would increase the FMAP to 100 percent for Urban Indian Organizations and Native Hawaiian Health Centers for two years.
- **Increased FMAP for home and community-based services.** The legislation includes a one-year FMAP increase of 7.35 percent for states to improve their Medicaid home and community-based services.
- **Enhanced Affordable Care Act premium tax credits for 2021 and 2022.** The legislation would increase the amount provided for premium tax credits for the purchase of marketplace health plans. Households with incomes at 400 percent of the federal poverty level (FPL) and higher would only be required to pay 8.5 percent of their income on healthcare. Currently, households above 400 percent of FPL are not eligible for premium tax credits. Low-income individuals making 150 percent above the FPL can receive fully subsidized coverage.
- **Enhanced COBRA subsidies for unemployed workers.** The legislation would subsidize COBRA for employer-based health coverage, and subsidizes coverage for unemployed workers who are ineligible for COBRA.
- **Funding for emergency supplies.** The bill would use existing tools in law to provide supplies quickly for individuals in need. Emergency supplies for pregnant women and other at-risk populations include but are not limited to housing, diapers, and food.

Agriculture

The most relevant provisions include:

- \$1 billion for “assistance and support for socially disadvantaged farmers, ranchers, forest land owners and operators, and groups.” Within this amount, funding may go to “support and

supplement research, education, and extension, as well as scholarships and programs that provide internships and pathways to Federal employment,” at 1890 and 1994 Institutions and other minority-serving institutions, including Hispanic Serving Institutions.

- \$500 million for emergency grants for rural healthcare that would support expanding telehealth capabilities as one of the allowable uses of funds in addition to increasing capacity for vaccine distribution, increasing surge capacity, reimbursement for COVID-related expenses, support for staffing and structural needs, and other areas (including nutritional assistance) deemed critical to address the pandemic.

Specific Federal Agency Provisions

The package is also likely to include funding and specific guidance to a number of federal agencies, including

- \$600 million for the **National Science Foundation’s** Research and Related Activities Account for COVID-related research relief and \$150 million for **NIST’s Manufacturing Institutes**.
- \$200 million **Institute of Museum and Library Services (IMLS)**.
- \$135 million each for the **National Endowment for the Humanities and National Endowment for the Arts**, with 40 percent of those funds toward state councils and agencies and 60 percent toward direct grants.
- \$100 million for the **Environmental Protection Agency (EPA) to address health outcome disparities from pollution and COVID-19**. \$50 million of this would be for agency activities, including grants and contracts, that advance environmental justice objectives as outlined in recent executive orders, and the other \$50 million may be used for research and development relating to pollution.
- \$3 billion for the **Economic Development Administration’s (EDA) Economic Adjustment Assistance (EAA) Program**, which is the same mechanism as the funding provided in the CARES Act. Of the funding, 15 percent would be obligated to communities hit hard by the lack of tourism, and funding will be allocated to states and territories according to the level of economic injury as a result of coronavirus.
- \$50 Billion to the **Federal Emergency Management Agency (FEMA) Disaster Relief Fund** for reimbursement of state and local costs for response and recovery in addition to supporting vaccination efforts, PPE, essential public sector workers, and other recovery efforts.
- \$50 billion in emergency pandemic aid for **small businesses and certain non-profits**, including \$15 billion for the Targeted Economic Injury Disaster Loan (EIDL) Advance program and \$7.25 billion for the Paycheck Protection Program (PPP).