
Senate Passes Paycheck Protection Program and Health Care Enhancement Act

Apr 22, 2020

Yesterday afternoon, the Senate passed the Paycheck Protection Program and Health Care Enhancement Act by voice vote, a \$484 billion coronavirus relief package colloquially known as the “COVID-19 3.5” package. The bill was attached as a substitute amendment for the entire text of H.R. 266, a previous House bill that was sent to the Senate but never acted upon. The measure now goes to the House for a vote on Thursday. It’s expected that a recorded vote will be needed to pass the legislation in that chamber, given that certain House members who objected to a voice vote on the CARES Act are likely to invoke the same parliamentary tactic.

The bill replenishes funding for the Small Business Administration’s (SBA) Paycheck Protection Program (PPP), while making some noteworthy modifications, including a requirement that portions of the program be set aside for smaller lenders, like state and federal credit unions and those serving “underbanked” communities. The bill also restores the SBA’s emergency loan program that is separate and apart from the SBA’s 7(a) loan program.

In addition, the bill includes significant funding for hospitals, set forth in a somewhat different manner from the conditions established in the CARES Act’s original hospital-based relief program. There is also \$25 billion for the expansion of COVID-19 testing – with multiple allocations and set asides within that bucket.

For more information, here is our [summary](#) that details the provisions of the measure, the [text of the bill](#), one pagers describing the bill’s [PPP replenishment provisions](#) and [health care provisions](#), and a [Dear Colleague letter](#) Democratic Leader Chuck Schumer (D-NY) sent out explaining his understanding of the bill’s intent.

One outstanding issue is how Congress will address further funds for states and localities. State and local governments are eligible for some of the testing funds provided in this measure, and Senator Schumer did say that states and local governments can expect to receive more funds in the next legislative package (also known as COVID-19 4). Schumer also said that both the President and Secretary Mnuchin had pledged their support for those funds, and that the Administration would permit state and local governments to use these funds to replenish depleted revenues in their budgets. Though no bill language to that effect is included in COVID-19 3.5, the President did [tweet](#) his support for this concept. However, it remains to be seen if funds included in the CARES Act will be allowed to be used for this purpose. Guidance on the use of those funds is expected by week’s end.

As with the CARES Act, agencies will provide significant guidance on this bill’s implementation, and we will keep you updated. Should you have questions, please let our team know so we may seek clarity (or advocate for your preferred outcome) from the federal agency in question or the White House.

With debate centering on when and how to re-open the country, we encourage you to look at [this interview](#) with the Director of the CDC about the potential for a far more deadly 2nd wave of COVID-19 that some expect this winter.