

Frontline Worker Pay Commission Pandemic Assistance Programs for Businesses and Individuals



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Pandemic Assistance Programs

1. Support for workers (Unemployment Insurance, Worker's Compensation, Families First Coronavirus Response Act)
2. State grants to businesses
3. Federal business assistance programs
4. Tax programs
5. Provider relief grants

Enhanced Unemployment Insurance Benefits (1/2)

- **Pandemic Unemployment Assistance (PUA)**
 - Applicants not eligible for regular UI
- **Pandemic Emergency Unemployment Compensation (PEUC)**
 - Provides additional weeks of benefits when benefits exhausted
- **Federal Pandemic Unemployment Compensation (FPUC) program**
 - Supplemental payments (\$600/\$300)
- These three federal benefit programs will end on September 4, 2021

Enhanced Unemployment Insurance Benefits (2/2)

Federal Pandemic Unemployment Compensation program (FPUC) – supplemental payments to applicants

- **March 29, 2020 – July 25, 2020:** \$600 per week additional payments if receiving regular or extended unemployment benefits.
- **July 26, 2020 – September 5, 2020:** \$300 per week additional payments.
- **December 27, 2020 - September 4, 2021:** \$300 per week additional payments.

Workers' Compensation – Presumption for COVID-19 Claims

Laws 2020, [Chapter 72](#), section 1, amending M.S. [176.011](#), subdivision 15 (“occupational disease”)

- an employee who contracts COVID-19 is presumed to have an occupational disease arising out of and in the course of employment if the employee satisfies certain requirements
- Employee was employed as a:
 - licensed peace officer
 - firefighter
 - paramedic
 - nurse or health care worker, correctional officer, or security counselor employed by the state or a political subdivision at a corrections, detention, or secure treatment facility
 - emergency medical technician
 - a health care provider, nurse, or assistive employee employed in a health care, home care, or long-term care setting, with direct COVID-19 patient care or ancillary work in COVID-19 patient units
 - workers required to provide child care to first responders and health care workers under Executive Order 20-02 and Executive Order 20-19
- DLI presentation provided detail on claims to date, including claim and information for those sectors that were not included in the presumptive class

Federal Families First Coronavirus Response Act (FFCRA)

Paid time off required by the Families First Coronavirus Response Act (FFCRA)

- Employees of private sector employers with fewer than 500 employees, and certain public sector employers, eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons
- Excluded certain sectors from the requirement - health care providers and emergency responders allowed to be excluded by their employer from paid sick leave requirement
- Applicable from April 1, 2020, through December 31, 2020

State Grants to Businesses (1/2)

Laws 2020, 1st Special Session, [Chapter 1](#), section 4 (June 2020)

- **Small business relief grants** - \$60 million from Coronavirus Relief Fund (CRF)
 - Priority given to businesses restricted from operating by an EO on May 18, 2020 (capacity limited to 51 percent); carveouts including microbusinesses, cultural malls, minorities, women, and veteran-owned businesses.
 - Grant funds received to be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and other similar expenses that occur or have occurred since March 1, 2020, in the regular course of business.

State Grants to Businesses (2/2)

Laws 2020, 7th Special Session, Chapter 2 (December 2020)

- **Business relief payments** - \$80 million GF
 - Automatic payments to certain types of businesses (restaurants, breweries, fitness centers, etc.) of between \$10k and \$45k depending on the number of employees
- **Grants to movie theaters and convention centers** - \$14 million GF
- **County relief grants to local businesses** - \$114.8 million GF
 - impacted by an EO related to the COVID-19 pandemic
 - funds must be used by the eligible business or nonprofit for operations expenses incurred during the COVID-19 pandemic

Paycheck Protection Program (PPP) (1/2)

Program history and structure

- Initially approved in the CARES Act (March 27, 2020), subsequently expanded and modified by Congress.
- Forgivable loans to small businesses and nonprofits. To qualify for forgiveness, employee and compensation levels must be maintained.
- Maximum loan amount is 2.5 times average monthly payroll costs in 2019 or 2020, up to \$10 million.
- Amount of loan forgiveness equals the amount spent on “eligible expenses” during the “covered period” for the loan (8-24 weeks after loan disbursement).
- 60% of eligible expenses must be payroll costs. Other eligible expenses include mortgage interest, rent, utilities, “covered operations,” “covered property damage,” “covered supplier costs,” and “covered worker protection expenditures.”
- Loan payments deferred for 10 months after covered period.

Paycheck Protection Program (PPP) (2/2)

Eligibility

- Businesses that meet the Small Business Administration's definition of a "small business concern"
- Businesses and nonprofits who have 500 or fewer employees
- Certain other organizations (e.g. housing cooperatives with 300 or fewer employees)
- Some businesses eligible for "second draw" loans of up to \$2 million

Amount

- 2020 PPP Loans: \$11.269 billion to 102,352 Minnesota businesses
- 2021 PPP Loans: \$5.371 billion to 126,388 Minnesota businesses

Other Federal Business Assistance Programs

- COVID-19 Economic Injury Disaster Loans (EIDL)
 - Non-forgivable, 30-year, low-interest loans to small businesses to meet financial obligations and operating expenses.
 - \$3.027 billion to 42,609 Minnesota businesses
- Restaurant Revitalization Fund
 - Grants equal to “pandemic-related losses,” up to \$10 million per business and \$5 million per physical location
 - \$525 million to 1,718 Minnesota businesses
- Shuttered Venue Operators Grant Program
 - Grants to venues, theaters, theatrical producers, museums, movie theaters. Grant amount is 45% of gross earned revenue, up to \$10 million
 - \$177 million to 226 Minnesota businesses
- COVID-19 Targeted EIDL Advance
 - Forgivable loans of \$10,000 for businesses with fewer than 10 employees who are located in low-income communities and experienced a 50% revenue loss
 - \$37 million to 4,421 Minnesota businesses

Tax Programs: Economic Impact Payments

- Three rounds of direct cash payments to individuals
- Phaseout schedules varied, but generally phased out for taxpayers with adjusted gross income (AGI) above \$75,000 (\$150,000 for joint returns)
- CARES Act (March 2020)
 - \$1,200 per adult, \$500 per child under age 17
 - \$4.72 billion paid to Minnesota
- COVID-related Tax Relief Act of 2020 in the Consolidated Appropriations Act, 2021 (December 2020)
 - \$600 per adult, \$600 per child under age 17
- American Rescue Plan Act (ARPA; March 2021)
 - \$1,400 per adult, \$1,400 per dependent, regardless of age
 - \$6.56 billion paid to Minnesota (2.67 million recipients)

Tax Programs: Exclusions from Gross Income

- Unemployment insurance:
 - Exclusion from gross income for up to \$10,200 of unemployment insurance compensation per recipient
 - Phased out at \$150,000 of adjusted gross income
 - Joint Committee on Taxation (JCT) estimate was \$24.96 billion tax reduction federally; prorates to approximately \$464 million in Minnesota
 - DOR estimates a state tax reduction of \$234.8 million in FY 2022
- Paycheck Protection Program (PPP):
 - Loan forgiveness under PPP is excluded from gross income
 - Internal Revenue Code section 265 suspended; associated expenses deductible
 - No JCT estimate; DOR estimates a state tax reduction of \$409.1 million in the 2022-2023 biennium, \$45.7 million in the 2024-2025 biennium

Tax Programs: ARPA Temporary Tax Credit Expansions (2021 Only)

- Child Credit
 - Credit increased from \$2,000/year to \$3,000/year for children ages 6-17 (\$3,600/year for 5 and under)
 - Increase phased out at \$75,000 of AGI (\$150,000 for joint returns)
 - Credit made fully refundable
- Earned income credit
 - Maximum credit tripled for childless filers (\$543 to \$1,502)
 - Reduced eligibility age from 25 to 19
- Dependent care credit
 - Maximum credit increased from \$1,050 to \$4,000 for taxpayers with one dependent (increase from \$2,100 to \$8,000 for 2+ dependents)
 - Credit made refundable
 - Phaseout thresholds increased

Other Programs

- [Provider Relief Fund](#) Grants (CARES Act)
 - Direct payments to eligible providers who (1) diagnose, test, or care for individuals with possible or actual cases of COVID-19, and (2) have health care related expenses and lost revenues attributable to COVID-19
 - Provides financial support to providers who experienced lost revenues and increased expenses during the pandemic in order to maintain national health system capacity
 - \$1.8 billion to eligible Minnesota providers (through 8/24/2021)

Thank You

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