

# COVID-19 Update

Presented by  
The Franklin Partnership, LLC  
Policy Resolution Group at Bracewell  
April 17, 2020



# Your Team in Washington, D.C.



## Lobbying Firm – The Franklin Partnership, LLC

- Bi-partisan Washington, D.C.-based government relations firm
- Representing manufacturing industry since 2002
- Clients include: manufacturing associations, defense contractors, hospitals, cities



## Strategic Communications Firm – Policy Resolution Group at Bracewell

- Wash, D.C.-based public affairs & strategic communications consultants
- Promote NTMA and PMA in print, digital and other media
- Support Franklin Partnership government relations efforts by designing and implementing coordinated strategic communications strategy
- Representing metalworking industry since 2003

*Nothing contained in here shall be deemed legal advice.*

# Agenda

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- Current State of the States
- Who Defines an Essential Business
- What are the States Doing
- What is Washington Doing to Help?
- Next Steps
- Questions

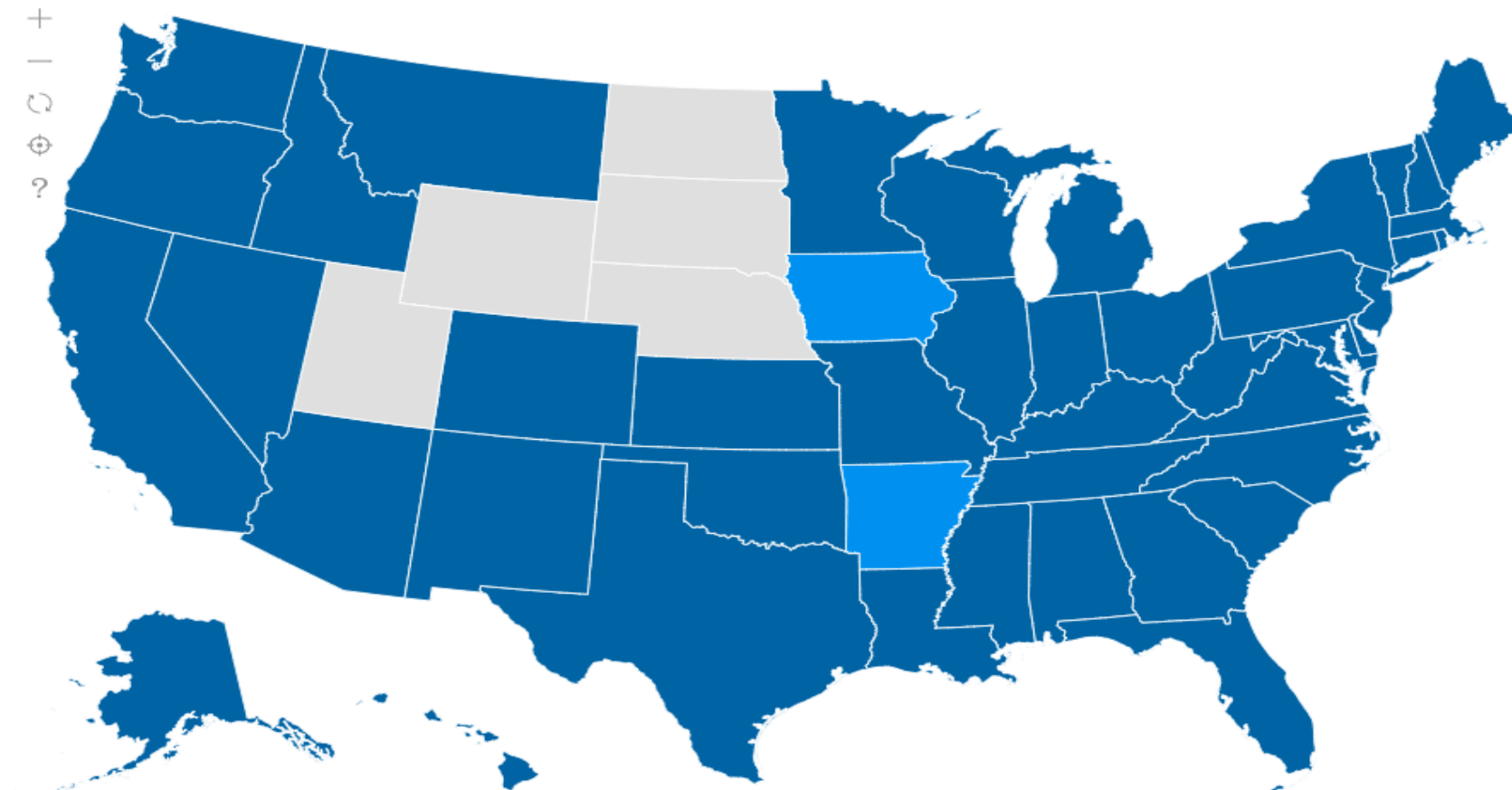
*All information presented as of April 16, 2020*

# Current State of the States

## STATE POLICIES IN RESPONSE TO COVID-19 PANDEMIC

**All 50 States and DC have declared a state of emergency.** To access a state declaration, click on the state. This map is continuously updated as new declarations and policies are issued across the country in response to COVID-19. If your state has issued a shelter-in-place and/or business closure policy not reflected in County Explorer, please contact us at [research@naco.org](mailto:research@naco.org).

COUNTY DECLARATIONS & POLICIES STATE DECLARATIONS & POLICIES FEMA DECLARATIONS



Source: NACo-collected data, as of April 13, 2020. In the event of a discrepancy between NACo data and data reported by state and local public health officials, data reported by state and local public health officials should be considered the most up to date.

2

State with a business closure policy

44

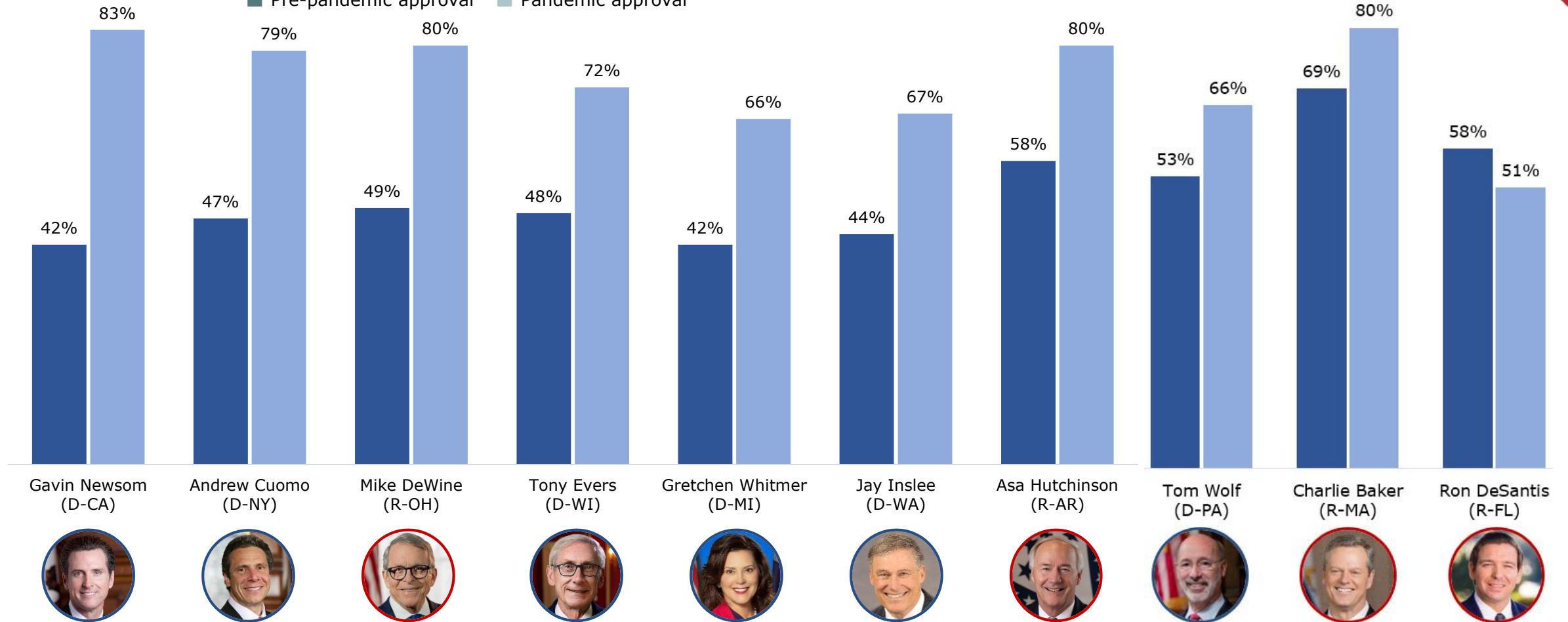
State with a safer-at-home and business closure policy

Numbers within each color box represent the distribution of counties.

# Governor Approval Ratings – Before & During COVID

IN ORDER OF LARGEST TO SMALLEST INCREASE IN APPROVAL RATING

■ Pre-pandemic approval ■ Pandemic approval



Source: FiveThirtyEight.

Yanella Cruz | Slide last updated on: April 13, 2020

# American Opinions about What's Next

## Trump's initial response to coronavirus faulted; most say 'worst is still to come'

*% who say ...*

**Donald Trump was \_\_\_ to take major steps to address the threat of the coronavirus outbreak to the U.S.**



**Greater concern is that state governments will lift restrictions on public activity ...**



**When it comes to the problems the U.S. is facing from the outbreak the ...**



Note: No answer responses not shown.

Source: Survey of U.S. adults conducted April 7-12, 2020.

PEW RESEARCH CENTER

# Essential Business Definition – No Change



U.S. Department of Homeland Security

Cybersecurity & Infrastructure Security Agency (CISA) list:

## Critical Manufacturing Definition:

“Workers necessary for the manufacturing of metals (including steel and aluminum), industrial minerals, semiconductors, materials and products needed for medical supply chains, and for supply chains associated with transportation, energy, communications, information technology, food and agriculture, chemical manufacturing, nuclear facilities, wood products, commodities used as fuel for power generation facilities, the operation of dams, water and wastewater treatment, processing and reprocessing of solid waste, emergency services, and the defense industrial base. Additionally, workers needed to maintain the continuity of these manufacturing functions and associated supply chains, and workers necessary to maintain a manufacturing operation in warm standby.”

## Transportation and Logistics Definition:

“Automotive repair, maintenance, and transportation equipment manufacturing and distribution facilities”

# States Issue Face Mask Orders for Employees

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- OSHA: During N95 filtering facepiece respirator (FFR) shortages, the federal government advises that specific N95 FFRs that are beyond their manufacturer's recommended shelf life will provide greater protection than surgical masks (i.e., facemasks, other than surgical N95s; see below) or non-NIOSH-approved masks (e.g., homemade masks or improvised mouth and nose covers, such as bandanas).
- Pennsylvania: Businesses should “provide masks for employees to wear during their time at the business, and make it a mandatory requirement to wear masks while on the work site, except to the extent an employee is using break time to eat or drink.”



# OSHA Inspections and Enforcement Guidance

- OSHA complaints received mostly relate to lack of PPE
- OSHA has also received complaints expressing concern about a lack of training on appropriate standards and about possible COVID-19 illnesses in the workplace.
- Formal complaints alleging COVID-19 exposure, where employees are engaged in medium or lower exposure risk tasks will not normally result in an on-site inspection (Lower exposure risk jobs do not require contact with people known to be, or suspected of being, infected with COVID-19, nor frequent close contact within 6 feet of the general public).
- Inadequate responses to a phone/fax investigation considered for an on-site inspection.
- Observation of hazards. Where no violations of OSHA standards, regulations, or the general duty clause are observed or documented, inspectors shall terminate the inspection and leave the facility.

# OSHA Considers COVID a Recordable Illness

- OSHA will exercise enforcement discretion as they recognize it is difficult for the employer to determine if COVID is work-related
- This enforcement policy will help employers focus their response efforts on implementing good hygiene practices in their workplaces, and otherwise mitigating COVID-19's effects, rather than on making difficult work-relatedness decisions in circumstances where there is community transmission.
- OSHA said employer should make work-related determination if:
  - There is objective evidence that a COVID-19 case may be work-related. This could include, for example, a number of cases developing among workers who work closely together without an alternative explanation; and
  - The evidence was reasonably available to the employer. For purposes of this memorandum, examples of reasonably available evidence include information given to the employer by employees, as well as information that an employer learns regarding its employees' health and safety in the ordinary course of managing its business and employees.

# COVID-19 Laws and Legislation

- **Phase 1:** \$8.3 billion “Coronavirus Supplemental” for vaccines, test kits
- **Phase 2:** \$100 billion Families First Coronavirus Response Act signed into law
  - Paid Sick Leave, FMLA Expansion
  - Tax credits for employers
- **Phase 3:** \$2 trillion economic stabilization law
  - Direct funds to individuals, states, loans to small businesses
  - Support for larger companies, tax provisions to support industry
- **Phase 4:** Multitrillion dollar continuation of stabilization (early May)
  - Additional funding for Small Business loans; Funding for FEMA; additional support for hospitals
  - More direct payments to individuals, payroll tax holiday possible, extension of expiring/expired tax credits
- **Phase 5:** Multitrillion dollar stimulus (Likely late June or mid-July)?
  - If entering recovery stage, Congress will move an economic stimulus package
  - Transportation infrastructure? Tax incentives

# Amending Tax Return for Net Operating Loss

Partnerships Permitted to file amended return

## **Form 1065 BBA Partnerships Filing Amended Returns for CARES Act Relief**

For tax years beginning in 2018 or 2019, BBA partnerships which filed Form 1065 and furnished all required Schedules K-1 prior to the issuance of [Revenue Procedure 2020-23](#) may amend those returns by filing Form 1065, checking the "Amended return" box, and furnish corresponding amended Schedules K-1 prior to September 30, 2020. This will allow partnerships and their partners to benefit from the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, without waiting to file Administrative Adjustment Requests (AARs) for the current year, which would otherwise be required under section 6227. See [Revenue Procedure 2020-23](#) for more information.

<https://www.irs.gov/pub/irs-pdf/f1065.pdf>

# Tax Guidance Released

- FAQ on payroll tax deferral: <https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>
- Employee Retention Credit FAQ: <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>  
Companies 500 employees or fewer or size standards SBA sets based on NAICS
- Form 7200 Employer Retention Credits Advance: <https://www.irs.gov/pub/irs-pdf/f7200.pdf>
- Temporary procedures to fax certain Forms 1139 and 1045 due to COVID: <https://www.irs.gov/newsroom/temporary-procedures-to-fax-certain-forms-1139-and-1045-due-to-covid-19>

# Paycheck Protection Program (PPP) Loan Status

- Congress provided \$349 billion for 100% SBA guaranteed loans up to \$10 million
- Companies 500 employees or fewer or size standards SBA sets based on NAICS
- Loan applications April 3-June 30, 2020
- Loan due in 2 years at 1.00% fixed rate with payments deferred 6 months
- First come, first served loan
- In 14 days, SBA gave out the equivalent of 14 years worth of loans

Through April 13, 2020:

- 1.035 million loans given out; \$247.5 billion of \$349b allocated
- Avg. PPP Loan Size: \$239,152
- 12% of all PPP loans have gone to 72,728 manufacturers

*Program has run out of funds as of April 15, approved 1.6 million loans*

# Paycheck Protection Program (PPP) Loan Status

## Industry by NAICS Subsector

NAICS Subsector Description	Approved Loans	Approved Dollars	% of Amount
Construction	114,838	\$33,994,993,103	13.73%
Professional, Scientific, and Technical Services	126,372	\$30,347,630,866	12.26%
Manufacturing	72,728	\$30,324,381,642	12.25%
Health Care and Social Assistance	114,236	\$27,907,315,755	11.27%
Accommodation and Food Services	108,179	\$22,729,710,765	9.18%
Retail Trade	105,796	\$21,205,961,588	8.57%
Wholesale Trade	42,280	\$14,340,947,724	5.79%
Other Services (except Public Administration)	93,538	\$12,302,748,049	4.97%
Administrative and Support and Waste Management and Remediation Services	45,492	\$10,620,220,830	4.29%
Real Estate and Rental and Leasing	48,940	\$7,963,204,190	3.22%
Transportation and Warehousing	28,181	\$7,824,422,844	3.16%
Finance and Insurance	36,714	\$5,780,025,663	2.33%
Educational Services	15,213	\$5,664,150,353	2.29%
Information	13,693	\$4,449,853,324	1.80%
Arts, Entertainment, and Recreation	25,785	\$3,690,034,085	1.49%
Mining	8,133	\$3,010,017,134	1.22%
Agriculture, Forestry, Fishing and Hunting	27,428	\$2,973,951,117	1.20%
Management of Companies and Enterprises	2,278	\$887,589,299	0.36%
Public Administration	3,058	\$824,899,859	0.33%
Utilities	2,056	\$701,335,031	0.28%

Loan Size	Approved Loans	Approved Dollars	% of Count	% of Amount
\$150K and Under	725,058	\$37,178,984,187	70.05%	15.02%
>\$150K - \$350K	156,590	\$35,735,615,983	15.13%	14.44%
>\$350K - \$1M	102,473	\$59,291,602,643	9.90%	23.95%
>\$1M - \$2M	31,176	\$43,278,883,532	3.01%	17.48%
>\$2M - \$5M	16,516	\$49,288,997,593	1.60%	19.91%
>\$5M	3,273	\$22,769,309,582	0.32%	9.20%

- Overall average loan size is \$239,152.

*PPP Approvals through April 13, 2020*



# Paycheck Protection Program (PPP) Loan Status

## Notice: Lapse in Appropriations

The SBA is currently unable to accept new applications for the Paycheck Protection Program based on available appropriations funding.

- Once the authorization limit is reached, SBA will not be able to accept any new loan applications for the Paycheck Protection Program.
- This will mean that lenders will no longer be able to load PPP applications into the Capital Access Financial System (CAFS or E-Tran) [the Lender Gateway].
- SBA is unable to maintain a queue for PPP applications. Further, PPP loan amounts may not be adjusted by lenders within the CAFS system.
- Additionally, with the authorization limit reached, SBA will no longer be able to accept new lender applications to become PPP lenders.



# Next Steps

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- Congress may move a Phase 3.5 legislation early next week
  - PPP program has run out of money – Rubio says needs \$251b more
  - Democrats want \$500b with setasides for minority, women lending, small banks
  - House, Senate gone from Washington until at least early May
  - Democrats think their leverage has increased with PPP out of funds
- What do manufacturers need in next round of legislation?
  - Additional funding for PPP?
  - Direct payments to businesses to cover payroll each month?
  - Payroll Tax holiday? Tax incentives? Employee support?
  - Employer liability protection?

# One Voice Survey Results – Priorities in Next Bill



Q 10

As Washington considers additional economic stabilization legislation, what would you like to see in a Phase 4 COVID-19 Package (rank in order of priority with 1 being your Top Priority and 7 being the lowest)? Note: must rank all items.

Answer	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Weighted Rank(Score)
Another round of PPP loans to small businesses	79	29	18	19	17	14	13	1 (985)
A 6.2% payroll tax holiday for 2020 instead of payment deferral	34	53	33	17	24	17	11	2 (906)
Liability protection for employers with confirmed COVID-19 cases	18	31	25	34	19	41	21	3 (733)
Establish a tax credit for onshoring manufacturing activities	20	22	32	29	30	25	31	4 (719)
Low interest loans for capital expenditures (equipment, etc.)	16	9	30	39	31	32	32	5 (661)
Ensure private employers have access to a dedicated allocation of PPE	14	27	20	22	30	31	45	6 (645)
Government-backed accounts receivable insurance	8	18	31	29	38	29	36	7 (643)

# One Voice Survey Results – Operating Status

<div><input type="radio"/> Q 1 Is your shop currently:</div>		
Answer	Responses	Percentage
Fully operational	107	56.3%
More than half of employees working in shop	48	25.3%
Less than half of employees working in shop	17	8.9%
Skeleton crew only	16	8.4%
Facility is closed	2	1.1%

# One Voice Survey Results – PPP Loans

☐ Q 6 If you applied for a PPP loan, what is the status?

Answer	Responses	Percentage
Loan awarded, funds received	19	10.0%
Loan awarded, awaiting funds	46	24.2%
Application submitted, pending approval	99	52.1%
Application denied	0	0%
Being turned away/Cannot find a bank to accept application	5	2.6%
Plan to submit application	4	2.1%
Do not plan to request a loan	17	8.9%

☐ Q 7 Has the loan allowed you to retain employees you would otherwise furlough, let go?

Answer	Responses	Percentage
Yes	109	67.3%
No	53	32.7%

# One Voice Survey Results – Business Climate

<div><div></div><div>Q 11</div><div>How is the business climate (non-medical supply industries)?</div></div>		
Answer	Responses	Percentage
Actively receiving new orders at normal levels	16	8.60%
Some new orders but well below normal levels	135	72.58%
No new orders, working through backlog	30	16.13%
Employees primarily working on maintenance and repair	5	2.69%

# Tell your story: Media Opportunities

- Receiving requests from major media regarding essential business designation and other issues
- Going through the associations to find members willing to speak to press
- Promoting member success stories online





# More Resources: [www.onevoiceinfo.org](http://www.onevoiceinfo.org)

Follow State Actions and Essential Business Definitions

**ONE VOICE COVID-19 RAPID RESPONSE WEBSITE**

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# Questions?

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