

COVID-19 BUSINESS AND EMPLOYEE CONTINUITY AND RECOVERY FUND

Executive Summary: The COVID-19 Business and Employee Continuity and Recovery Fund (the “Recovery Fund”) would create a streamlined and tailored federal fund to provide rapid liquidity to small businesses and commercial sectors impaired by COVID-19. The requested relief is targeted to help businesses retain and rehire employees, maintain worker benefits, and resume or continue economic activity. The fund includes strong anti-abuse provisions, including audits and a Special Inspector General oversight, and would be leveraged through private sector servicers.

Purpose:

- Protect lost wages for employees unable to work because of COVID-19 illness
- Preserve jobs through payroll assistance to help businesses retain and rehire employees
- Maintain economic activity by keeping businesses solvent and at least partly open
- Support women-owned and minority-owned businesses impacted by COVID-19

Program Administration:

- Establish within Treasury an expedited and streamlined relief program run by a special federal administrator
- Authorize the program to contract with third parties that agree to assist with application filing and review
 - Administratively enforced. Third parties are shielded from any liability except for gross negligence, willful misconduct, or fraud
 - Overseen by the Secretary and Special Inspector General for Pandemic Recovery
- Fund the program through advanced authorization of appropriations and the creation of an obligation of the federal government

Recovery Compensation:

- Provides simple-to-file and audit forms that can be electronically filed to quickly provide liquidity to businesses to maintain their viability and ability to retain employees
 - Form requires information on impairment and known collateral sources
 - Formula-based compensation for payroll, payroll support, operating expenses (such as rent and interest expense on pre-crisis debt), and lost income of sick employees
 - Program may also provide assistance for lost revenue (but not lost profits)
- Interim expedited assistance may be provided
- Recovery compensation reduced by any interim assistance and collateral sources

Eligibility:

- Small businesses, nonprofits, veterans’ organizations, and tribal businesses (500 or fewer employees); as well as
- Businesses of any size that can demonstrate impairment by COVID-19

Prioritization:

- Sectors most impacted by COVID-19 losses
- Businesses with high proportion of employees who would otherwise be unemployed
- Businesses that are essential critical infrastructure

Timeline:

- 30-day turnaround for prioritized applications; as soon as practicable for all others
- 15-day turnaround for expedited interim compensation