Press Release

The HEALS Act and the Paycheck Protection Program

ALLISON EDWARDS | JULY 28, 2020

Yesterday Senate Republicans introduced the Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act, their proposal for the next pandemic-response package. Unlike previous responses, the HEALS Act has limited implications for financial services except for proposed changes to the Paycheck Protection Program (PPP), notes AAF's Director of Financial Services Policy Thomas Wade. He outlines the bill's proposed changes to the PPP and assesses their potential impact.

An excerpt:

> Allowing companies to obtain a second PPP loan is a policy position with broad support in Congress and is highly likely to be included in the final version of the bill. Perhaps more surprising is the narrowness of the degree to which Republicans would construct eligibility requirements. Restricting eligibility to firms with fewer than 300 employees and a 50 percent reduction in revenue is oddly limiting for a program that has demonstrated such success and still has funds available. Trade groups including the National Restaurant Association have already indicated that the program as suggested is simply not flexible enough to allow for program takeup, frustrating the very purpose of the expansion. A 50 percent reduction in revenue for most firms would likely indicate that the business is no longer a going concern loan notwithstanding. To what extent would Congress be betting on the wrong horses?

Read the Analysis