

## CORONAVIRUS RELIEF PACKAGE (CARES ACT)

The Senate voted on Wednesday evening to approve a two trillion dollar Coronavirus relief package and the bill is expected to pass the House of Representatives on Friday. Upon passage the bill is expected to provide aid to individuals and families, unemployed workers, small businesses, larger businesses and distressed industries, and state and local governments, as well as making substantial appropriations for emergency funding for health care and a variety of other purposes. The bill also issues regulations including limits on foreclosures and evictions in federally guaranteed properties.

### Direct Payments to Individuals and Families

- Eligible individuals with Adjusted Gross Income (AGI) up to \$75,000, would receive a one-time check of \$1,200. This limit is raised to \$112,500 for single individuals with dependents in their household.
- Married couples with AGI up to \$150,000, filing a joint return, would receive a one-time check of \$2,400.
- Families under the income limit would receive an additional \$500 per each qualifying child in the household.
- Individuals and couples over the AGI limit would receive smaller checks, with checks phasing out at a rate of 5% of earnings in excess of the limit. These phaseouts mean individuals over \$99,000 and couples over \$198,000 would not receive money.
- Eligible individuals exclude nonresident aliens and people claimed as another's dependent.
- Payment will be made via direct deposit information given on 2018 or 2019 tax returns, likely in April. Individuals who have not provided direct deposit information will wait longer to receive checks.<sup>1</sup>

### Unemployment Insurance Provisions

The Senate has allotted \$250 billion in unemployment insurance benefits. The details of the programs are outlined below in the following provisions:

- Federal funding for unemployment compensation to workers in the gig-economy or independent contractors that were affected by COVID-19 closures. This extends benefits to workers who were previously ineligible for such unemployment benefits.<sup>2</sup>
- States can enter agreements with the federal government to provide an emergency increase in unemployment compensation benefits to distressed workers, using existing state benefit programs, up to an additional \$600 per week for up to four months,

---

<sup>1</sup>Still, Ashlyn, et al. “[Calculate how much you'll get from the \\$1,200 \(or more\) coronavirus checks.](#)” The Washington Post, 26 Mar. 2020.

<sup>2</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

regardless of what the employee is currently making. Under current law, Massachusetts provides a weekly benefit up to \$823 covering 50% of earnings for eligible workers.

- These would be immediate unemployment payments, with no waiting period.
- The unemployment compensation benefit will be extended for an additional 13 weeks in conjunction with existing unemployment compensation benefits. Unemployment insurance is usually capped at 26 weeks.
- States can enter agreements with the federal government to receive funding for state-level “short time compensation” programs where employers reduce employee hours rather than laying off employees, so the employees are supported by reduced hour pay and a prorated unemployment benefit. The federal government would “close the gap” between the state unemployment compensation benefit and the lost wages from reduced hourly salary so employees retain their full salary. States that enact the short-time compensation program are eligible for \$100 million in grants to administer the program.<sup>3</sup>
- States can reimburse nonprofits, government entities and Indian tribes for half the costs they incur paying for unemployment benefits through December 31, 2020.

## Support for Small Businesses

The Senate bill provides a total of \$377 billion to help prevent workers from losing their jobs and small businesses from going under due to economic losses caused by the COVID-19 pandemic.

<sup>4</sup> The Paycheck Protection Program would provide 8 weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers. If the employer maintains its payroll, then the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven. This proposal would be retroactive to February 15, 2020 to help bring workers who may have already been laid off back onto payrolls.

### Business Eligibility

- Small employers with 500 employees or fewer, as well as those that meet the current Small Business Administration (SBA) size standards.
- Self-employed individuals and “gig economy” individuals; and
- Certain nonprofits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.

### Size of Loans

- 250% of an employer’s average monthly payroll up to a maximum of \$10 million. Covered payroll costs include salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); employee group health care benefits, including insurance premiums; retirement contributions; and covered leave.

### Entrepreneurial Assistance

- \$265 million for grants to SBA resource partners, including Small Business Development Centers and Women’s Business Centers, to offer counseling, training, and related assistance to small businesses affected by COVID-19.

---

<sup>3</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

<sup>4</sup> [Keeping American Workers Paid and Employed Act](#)

- \$10 million would be provided for the Minority Business Development Agency to provide services through Minority Business Centers and Minority Chambers of Commerce.

### **Emergency Grants**

- Expand eligibility for access to SBA's Economic Injury Disaster Loans (EIDL), give SBA more flexibility to disperse small dollar loans, and provide Emergency Grants - advances of \$10,000 within three days to maintain payroll, provide paid sick leave, and to service other debt obligations.

### **Small Business Debt Relief**

- \$17 billion for SBA to pay all principal, interest, and fees on all existing SBA loan products, including 7(a), Community Advantage, 504, and Microloan programs, for six months to provide relief to small businesses negatively affected by COVID-19.

## **Support for Distressed Companies and Industries**

The Secretary of Treasury is authorized to provide \$500 billion in loans to support eligible businesses, related to losses incurred as a result of coronavirus.:

- \$454 billion will be used by the Federal Reserve to leverage roughly \$4 trillion in loans in order to help broad groups of distressed companies.
- An additional \$46 billion is designated for industry-specific aid<sup>5</sup>. The airline industry is poised to receive the largest portion of the industry-specific funds, with \$25 billion to passenger air carriers, and \$4 billion to cargo air carriers. In exchange for the aid, airlines are prohibited from stock buybacks and dividends until a year after the loan is repaid. The remaining \$17 billion is for “businesses critical to maintaining national security.”
- Large businesses receiving loans must retain at least 90 percent of current staffing levels through September.<sup>6</sup>
- There is also a provision that bans the businesses controlled by the President, the Vice President, and members of Congress and heads of executive departments from receiving loans or other funds from the stimulus bill. Their children and spouses are also banned.<sup>7</sup>
- There is an employee retention credit for companies that retain their employees while the business is closed due to Covid-19 shutdowns. The credit is a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the business closure.<sup>8</sup>

---

<sup>5</sup> Smialek, Jeanna. “How the Fed’s Magic Money Machine Will Turn \$454 Billion Into \$4 Trillion.” The New York Times, 26 Mar. 2020.

<sup>6</sup> Higgins, Tucker, “[Senate coronavirus aid bill would impose 1-year ban on stock buybacks for companies getting government loans.](#)”, CNBC, 25 Mar. 2020.

<sup>7</sup> Wagner, John, “[Stimulus bill prevents Trump and his family from benefiting from loan programs.](#)” Boston Globe, 25 Mar. 2020.

<sup>8</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

- All companies are able to defer the 6.2% employer-side Social Security payroll tax for wages paid in 2020 to instead be paid over the following two tax years.<sup>9</sup>
- There is a temporary exemption from any excise tax on alcohol-producing businesses that opt to make hand sanitizer or rubbing alcohol in the interim. The product must meet FDA guidelines to be eligible.<sup>10</sup>

## Public Health / Health Care Funding

- The Senate bill provides \$117 billion for hospitals and veterans' health care,<sup>11</sup> \$16 billion for the Strategic National Stockpile, \$11 billion for vaccines, therapeutics, diagnostics, and other medical needs.
- The bill also provides \$4.3 billion in additional funding to the Centers for Disease Control. The CDC will issue State and Local Preparedness Grants - \$1.5 billion from this appropriation and \$2.5 billion from the first supplemental appropriation.<sup>12</sup>
- National Institutes of Health (NIH) will receive \$945.5 million for vaccine, therapeutic, and diagnostic research to increase understanding of COVID-19, including underlying risks to cardiovascular and pulmonary conditions. When combined with the first supplemental, the Congress has provided \$1.78 billion for NIH research.<sup>13</sup>
- The bill includes billions to furnish personal and protective equipment for health care workers, testing supplies, and new construction to house patients.<sup>14</sup>
- The bill will increase Medicare payments to all hospitals and providers.<sup>15</sup>
- Veteran's Medical Services – \$14.4 billion to meet increased demand for healthcare services at VA facilities and through telehealth, including medical equipment and supplies, testing kits, and personal protective equipment. The funding also enables VA to provide additional support for vulnerable veterans, including through programs to assist homeless or at-risk of becoming homeless veterans, as well as within VA-run nursing homes and community living centers.<sup>16</sup> An additional \$2.1 billion supports increased demand for care in the community, specifically emergency room and urgent care.

---

<sup>9</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

<sup>10</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

<sup>11</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

<sup>12</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

<sup>13</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

<sup>14</sup> Edmondson, Catie, "[5 Key Things in the \\$2 Trillion Coronavirus Stimulus Package](#)" The New York Times, 25 Mar. 2020.

<sup>15</sup> Edmondson, Catie, "[5 Key Things in the \\$2 Trillion Coronavirus Stimulus Package](#)" The New York Times, 25 Mar. 2020.

<sup>16</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

## Money to State and Local Governments

- The Senate bill appropriates \$150 billion to states, tribal governments, and local governments proportionately to their population within 30 days of the enactment of the legislation. Each state will receive a minimum of \$1.25 billion. \$3 billion is allocated for territories, while \$8 billion is allocated for tribal governments.<sup>17</sup>
- Local entities of at least 500,000 people can submit to required certification and receive a share of the state's funds proportional to the city's population. 45% of each state's relief package is intended for local governments. State and local populations are determined based on the most recent year of data from the Census Bureau.<sup>18</sup>
- Funds for States, tribal governments, and local governments are to be used for:
  - necessary expenditures incurred due to the public health emergency with respect to COVID-19.
  - expenditures that were not accounted for in the state or local government's most recently approved budget, and
  - expenditures that were incurred between March 1, 2020 and December 30, 2020.<sup>19</sup>
- In order to receive a payment, a local government must provide the Secretary of Treasury with a proposed use of funds consistent with the uses outlined above.

According to the National Conference of State Legislatures, Massachusetts may be eligible to receive \$2.67 billion from the federal stimulus package, 45% of which, or \$1.20 billion, will go to local governments.<sup>20</sup> If these local funds were allocated according to population within the state, Boston might expect to receive \$121.26 million of that amount based on populations reported in the 2018 American Community Survey.<sup>21</sup>

## Food Assistance

- USDA/FOOD AND NUTRITION SERVICE will receive an additional \$25.06 billion<sup>22</sup> including an additional \$15.51 million to support SNAP (Food Stamps), \$8.8 billion for child nutrition programs, and \$450 million for commodities and distribution of emergency food assistance through community partners, including food banks.

---

<sup>17</sup> United States, Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#).

<sup>18</sup> United States, Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#).

<sup>19</sup> United States, Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#).

<sup>20</sup> National Conference of State Legislatures, [Estimated Allocation of Coronavirus Relief Funds](#)

<sup>21</sup> BPDA Research Division Analysis.

<sup>22</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak](#)."

## Aid for Children, Families, and Elderly

- Child Care and Development Block Grant: \$3.5 billion in grants to states for immediate assistance to child care providers to prevent them from going out of business and to otherwise support child care for families, including for healthcare workers, first responders, and others playing critical roles during this crisis.<sup>23</sup>
- \$750 million for grants to all Head Start programs to help them respond to coronavirus related needs of children and families, including making up for lost learning time.
- Community Services Block Grant: \$1 billion in direct funding to local community-based organizations to provide a wide-range of social services and emergency assistance.
- Low Income Home Energy Assistance Program: \$900 million in grants to states to support immediate home energy assistance for low-income households affected by coronavirus.
- Family Violence Prevention and Services: \$45 million to provide additional support to family violence shelters, and \$2 million in additional support for the National Domestic Violence Hotline.
- Runaway and Homeless Youth Programs: \$25 million for additional immediate assistance to current programs providing critical services and housing for runaway and homeless youth.
- Child Welfare Services: \$45 million for grants to states to support the child welfare needs of families during this crisis, and to help keep families together.
- Administration for Community Living (\$955 million): Resources are included for aging and disability services programs, including senior nutrition; home and community-based supportive services; family caregivers; elder justice; and independent living.

## Education

- Education Stabilization Fund: Flexible funding directly to states, local school districts, and institutions of higher education to help schools, students, teachers, and families with immediate needs related to coronavirus.<sup>24</sup>
- Elementary and Secondary Education: \$13.5 billion in formula funding directly to states, to help schools respond to coronavirus and related school closures, meet the immediate needs of students and teachers, improve the use of education technology, support distance education, and make up for lost learning time.
- Higher Education: \$14.25 billion in funding to institutions of higher education to directly support students facing urgent needs related to coronavirus, and to support institutions as they cope with the immediate effects of coronavirus and school closures. This

---

<sup>23</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

<sup>24</sup> United States Senate Committee on Appropriations, "[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)"

provides targeted formula funding to institutions of higher education, as well as funding for minority serving institutions and HBCUs.

- The bill enables employers to provide a student loan repayment benefit to employees on a tax-free basis up to \$5,250 annually toward an employee's student loans or other educational assistance (e.g., tuition, fees, books).<sup>25</sup>
- All Federal Student Loans held by the Department of Education will have repayments suspended until September 30, 2020. Interest on the Federal student loans will also be suspended until September 30, 2020. Borrowers will retain the ability to count these 6 months of no federal student loan repayments toward any student loan forgiveness program, including public service loan forgiveness.<sup>26</sup>
- Higher education students who had received Pell Grants or Federally Subsidized loans and had to drop out of school as a result of Covid-19 will not be required to return Pell grants or federal student loans.<sup>27</sup>
- State Flexibility Funding: \$3 billion in flexible formula funding to be allocated by states based on the needs of their elementary and secondary schools and their institutions of higher education.
- Project SERV: \$100 million in targeted funding for elementary and secondary schools and institutions of higher education to respond to the immediate needs of coronavirus and the effect on students.

## Housing

The bill issues regulations on foreclosures and evictions in properties with government guarantees, and appropriates 12.4 billion in additional money for a number of HUD programs to assist renters, the homeless, and communities suffering from the crisis. Additional regulations include:

- A foreclosure moratorium for at least 60 days and the right to request forbearance for 180 days, renewable for another 180 days, for any federally-backed mortgage loan.
- A halt to evictions for nonpayment of rent for a period of 120 days for renters in any building insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.<sup>28</sup>

Additional appropriations include:

- Community Development Block Grant (CDBG) – \$5 billion. CDBG is a flexible program that provides communities and states with formula funding to provide a wide range of resources to address COVID-19, such as services for senior citizens, the homeless, and public health services.

---

<sup>25</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

<sup>26</sup> United States. Congress, Senate, [Coronavirus Aid, Relief, and Economic Security Act](#)

<sup>27</sup> United States. Congress, Senate [CARES Section by Section](#)

<sup>28</sup> Abel et al. [Senate Passes Omnibus CARES Act.](#)

- Homeless Assistance Grants – \$4 billion. These grants, in combination with additional waiver authority, will provide effective, targeted assistance to contain the spread of coronavirus among homeless individuals. These grants will also provide state and local governments with homelessness prevention funding for individuals and families who would otherwise become homeless due to coronavirus.
- Tenant-Based Rental Assistance – \$1.25 billion. These funds will preserve Section 8 voucher rental assistance for seniors, the disabled, and low-income working families, who will experience loss of income from the coronavirus.
- Public Housing Operating Fund – \$685 million. These funds will provide Public Housing Agencies with additional operating assistance to make up for reduced tenant rent payments, as well as to help contain the spread of coronavirus in public housing properties.<sup>29</sup>
- Housing Opportunities for Persons with Aids (HOPWA) – \$65 million. HOPWA is dedicated to the housing needs of people living with HIV/AIDS by giving grants to local communities, states, and nonprofit organizations for projects that benefit low-income persons living with HIV/AIDS and their families.
- Project-Based Rental Assistance – \$1 billion. This additional funding will make up for reduced tenant payments as a result of coronavirus. Preserving this critical housing assistance will prevent low-income families and individuals from being at risk of homelessness.
- Section 202 Housing for the Elderly – \$50 million. These funds will maintain housing stability and services for low-income seniors. Seniors are particularly at risk from the coronavirus.
- Section 811 Housing for Persons with Disabilities – \$15 million. This additional funding will make up for reduced tenant payments as a result of coronavirus.
- Fair Housing – \$2.5 million for additional fair housing enforcement.

## Cultural Institutions

- National Endowment for the Arts – \$75 million for grants, including funding to state arts agencies and other partners in an effort to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning.
- National Endowment for the Humanities – \$75 million for grants, including funding for state humanities councils and other partners in an effort to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning.<sup>30</sup>

---

<sup>29</sup> United States Senate Committee on Appropriations, “[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)”

<sup>30</sup> United States Senate Committee on Appropriations, “[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)”

## Federal Emergency Management Administration (FEMA)

- The bill provides \$45 billion to continue FEMA’s response and recovery activities and reimbursements provided to states and localities nationwide by the Disaster Relief Fund for emergency and major disaster declarations, as well as funding for FEMA facilities and information technology required to support FEMA’s lead role in coordinating federal response activities.
- The bill also includes \$400 million for grants that can be disbursed in a timely manner for firefighters, emergency managers, and providers of emergency food and shelter.<sup>31</sup>

## Transportation

- Federal Aviation Administration, Airport Improvement Program (AIP) – \$10 billion to maintain operations at our nation’s airports that are facing a record drop in passengers. AIP funds will be distributed by formula.<sup>32</sup>
- Federal Transit Administration (FTA), Transit Infrastructure Grants – \$25 billion for transit providers, including states and local governments across the country, for operating and capital expenses. Funding will be distributed using existing FTA formulas.

---

<sup>31</sup> United States Senate Committee on Appropriations, “[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)”

<sup>32</sup> United States Senate Committee on Appropriations, “[\\$340 Billion Surge in Emergency Funding to Combat Coronavirus Outbreak.](#)”