



## Senate Passes the *Coronavirus Aid, Relief, and Economic Security Act* (S. 3548) by a Unanimous Vote of 96–0

March 25, 2020

The Senate finally released the [bill text](#) of *Coronavirus Aid, Relief, and Economic Security Act* (S.3548) or "CARES Act" a few hours ago, after nearly a week of deliberation about its provisions here in Washington, DC. The Committee on Health, Education, Labor, and Pensions provided this helpful [Section-by-Section Summary](#). The legislation will provide nearly \$2 trillion in financial relief as the United States tries to mitigate the spread of coronavirus (COVID-19).

The Senate passed the bill by a unanimous vote of 96–0 a few minutes ago. Majority Leader Mitch McConnell offered some reflections on the bipartisan legislative process, saying "The Senate has pivoted from arguably one of the most contentious, partisan periods in our history to passing this [\$2 trillion] rescue package [nearly] 100–0 all in one quarter this year. It says a lot about the United States Senate as an institution and our willingness to do something to help the country."

The House will convene this Friday, March 27, 2020 at 9:00 a.m. to consider the bill. House Majority Leader Steny Hoyer indicated that the chamber expects to pass the measure by a voice vote because of state mandated stay-at-home orders, limited flight options, and Members participating in self-quarantine. The President has indicated he will sign it immediately thereafter.

Speaker Nancy Pelosi already forewarned that "this is not going to be the last bill"

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

not be until Monday, April 20, 2020, although his colleagues may need to be recalled to Washington before that time.

For now, we look forward to President Donald J. Trump signing this third package into public law. Items of concern to local government are highlighted below for your review. My colleagues and I will be there to support your team throughout the implementation of this historic legislation. We sincerely hope it offers some relief in your community. Thank you again for your patience as lawmakers arrived at this bipartisan compromise.

### Coronavirus Relief Fund for State and Local Government

Section 601 of the Act will establish a \$150 billion Coronavirus Relief Fund for state, territorial, tribal and local governments. Local governments with a population of 500,000 residents are eligible to apply directly to the U.S. Department of Treasury for direct funding. Counties and cities with populations under 500,000 residents may seek resources available under the sum provided to the state government. State allocations will be determined using a formula based on population. Each state will receive at least \$1.25 billion as a floor, including a 45% set-aside of funds for local governments. Population will be determined by the most recent year for which data are available from the U.S. Census Bureau.

The Fund will offer financial relief by covering costs incurred due to the COVID-19 emergency response as revenue decline. Payments will be made within 30 days of enactment of the law. Those funds will cover: "(1) necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and "(3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020."

### Public Health and Emergency Response

The U.S. Department of Health and Human Services (HHS) will receive \$140.4 billion, including \$127 billion for the Public Health and Social Services Emergency Fund. The Act will provide \$100 billion for hospitals in need of assistance and \$1.32 billion in immediate supplemental funding for our Community Health Centers. The bill will infuse \$16 billion into the Strategic National Stockpile; however, without greater availability of supplies, it is not clear how effective this major investment will be in the short-term response. The bill provides another \$1.5 billion to the Centers for Disease Control and Prevention (CDC) to provide to state and local governments to purchase Personal Protective Equipment (PPE). When combined with the first supplemental, the total amount provided is \$2.5 billion for CDC State and Local Preparedness Grants. The measures seeks to increase the supply of PPE,

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

treatment and vaccinations. The Act also provides a 20% increase in the payment made to any hospital for treating a patient admitted with COVID-19. Finally, it calls for Public Health Data Surveillance and Infrastructure Modernization with a \$500 million investment to help build federal, state, and local public health data infrastructure.

The CARES Act will provide \$45 billion for the Disaster Relief Fund administered by the Federal Emergency Management Agency (FEMA) to support state and local efforts, including medical response and purchasing PPE, under emergency and major disaster declarations. The funding will be used to support FEMA facilities and information technology (IT). The bill also includes \$400 million for grants that can be disbursed in a timely manner for firefighters, emergency managers, and other providers of emergency food and shelter.

The U.S. Department of Justice (DOJ) will provide \$850 million of Byrne JAG assistance for state, local, and tribal officers responding to coronavirus. Funds will go directly to state and local governments to support criminal justice needs related to coronavirus, including "overtime for state, local, and tribal officers; personal protective equipment and supplies; and medical needs and other supplies for inmates in state, local, and tribal prisons, jails, and detention centers." There will be no match requirement.

### Food Assistance

The bill will waive the *Older Americans Act* (OAA) nutrition requirements for its meal programs to ensure that meals are available and accessible for seniors when certain food supplies are not available. It also reauthorizes Healthy Start Program to provide grants to improve access to services for women and their families. The U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) will receive appropriations including \$8.8 billion for Child Nutrition Programs for food purchases and demonstration projects to increase flexibility for schools; \$15.51 billion for the Supplemental Nutritional Assistance Program (SNAP) to cover new waiver authorities and anticipated increases in participation; and \$450 million for the Emergency Food Assistance program for commodities and distribution through community partners, including food banks.

### "Recovery Rebates"

All U.S. residents with adjusted gross income up to \$75,000 per individual or \$150,000 per married household) will be eligible for a rebate of \$1,200 per person or \$2,400 per married couple. Americans will be eligible for an additional \$500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits. The rebate amount is reduced by \$5 per \$100 of income exceeding the

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

\$198,000 for joint filers with no children."

### Unemployment Insurance

The Relief for Workers Affected by Coronavirus Act creates a temporary Pandemic Unemployment Assistance program. It authorizes payments for individuals who not traditionally eligible for unemployment benefits, including self-employed Americans, independent contractors, and others who cannot work as a direct result of this emergency through December 31, 2020.

The bill authorizes an emergency increase in unemployment compensation benefits, providing an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.

The Act also provides emergency unemployment relief for governmental entities and nonprofit organizations. Payments will be made to states to reimburse government agencies, nonprofits, or tribes for half of their costs incurred through December 31, 2020 to pay unemployment benefits.

The measure will offer an additional 13 weeks of benefits through December 31, 2020 for those who are unemployed after state unemployment benefits are depleted. Funding will be provided to states that choose to pay unemployment benefits for recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.

### Labor Provisions

The CARES Act provides \$345 million for the Dislocated Worker National Reserve for states and communities to respond to the workforce impacts and layoffs resulting from the coronavirus.

The bill establishes a limitation on Paid Leave so that an employer shall not be required to pay more than \$200 per day and \$10,000 in the aggregate for each employee under this section. Under Section 3602, the bill establishes a limitation on Emergency Paid Sick Leave so that an employer shall not be required to pay more than \$511 per day and \$5,110 in the aggregate for sick leave or more than \$200 per day and \$2,000 in the aggregate to care for a quarantined individual or child for each employee.

Section 3603 of the Act establishes that applications for unemployment compensation and assistance with the application process, when possible, must be accessible in two ways: in person, by phone, or online.

instances if they are rehired by the employer.

Employers can receive an advance tax credit as the bill establishes the necessary regulatory authority to implement the tax credit advances.

The Act also establishes rules to provides single employer pension plan companies with additional time to meet their funding obligations by delaying the due date for any contribution otherwise due during 2020 until January 1, 2021.

The bill will provide a refundable employee retention credit for 50 percent of wages paid by employers subject to closure due to COVID-19. This is available to employers if their operations were fully or partially suspended because of a shut-down order or if their gross receipts declined by more than 50 percent compared to the same quarter last year. The credit -- provided up to the first \$10,000 of compensation including health benefits -- will be based on qualified wages paid to the employee and incurred March 13 through December 31, 2020. The measure would allow employers and self-employed individuals to defer payment of the employer share of the Social Security tax.

### Student Loans

Employers can provide a student loan repayment benefit of up to \$5,250 annually to employees on a tax-free basis. The payment would be excluded from the employee's income. It will apply to student loan payments made by an employer on behalf of an employee before January 1, 2021.

The CARES Act will provide temporary relief for Federal Student Loan Borrowers by instructing the Secretary of Education to defer student loan payments, principal, and interest for 6 months without penalty to the borrower for all federally owned loans until September 30, 2020.

### Small Business Administration (SBA) Resources

The bill provides \$562 million for SBA for administrative expenses and program subsidy for the SBA Disaster Loans Program.

The Act will provide \$350 billion to create the Paycheck Protection Program to provide up to eight weeks of cash flow assistance for small businesses to cover payroll, employee salaries, paid sick leave, health insurance premiums, mortgages, and other debts. The program would provide 100% federally guaranteed loans for employers who maintain their payroll during the emergency. If employers maintain their payroll, the loans would be forgiven.

The measure creates a \$10 billion program to enable expedited access to capital for

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

maintain payroll, offer paid sick leave to employees, and cover other debt obligations.

It will provides \$17 billion to cover a new requirement that SBA will pay principal, interest and fees on new and existing SBA loan products including 7(a), Community Advantage, 504, and Microloan programs for six months.

The measure waives affiliation rules for hospitality and restaurant industry businesses, franchises approved on the SBA Franchise Directory, and small businesses with Small Business Investment Company (SBIC) program financing.

The bill also provides \$265 million in grants for SBA resources partners to offer counseling, training, and assistance to small businesses affected by COVID-19. Those include Small Business Development Centers, Women's Business Centers, Minority Business Development Agency (MBDA) Minority Business Centers, and Minority Chambers of Commerce.

### Charitable Contributions

The bill will allow Americans to deduct up to \$300 of cash contributions to charitable organizations or churches, regarding of whether or not the taxpayer itemizes deductions. The bill increases the cap for individuals who itemize, suspending the 50% of adjusted gross income cap for 2020, and the cap for corporations from 10% to 25% of taxable income. Deductions for contributions of food inventory will be increased from 15% to 25% this year.

### Education

The bill will provide provide the Secretary of Education with new authorities to implement waivers for accountability and academic testing in K-12 settings under the *Elementary and Secondary Education Act*, except civil rights laws. The measure provides \$30.9 billion in education stabilization funding, including \$13.5 billion in formula grants for states. The funding will be provided directly to states, local school districts, and institutions of higher education to help schools, students, teachers, and families address needs resulting from COVID-19 related closures, including purchasing technology to facilitate online learning.

The bill appropriates \$3.5 billion in Child Care and Development Block 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." It appropriates \$750 million in federal grants for Head Start programs to address the coronavirus-related needs of children and families, including lost

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

With higher education, the bill allows students to defer student loan payments for 6 months. It enables students to maintain eligibility for future Pell grants and to keep unspent money from Pell grants or student loans. Finally, universities and colleges can continue to pay students for work-study programs despite being unable to work because of COVID-19 closures.

### Economic Development

The U.S. Department of Commerce (DOC) Economic Development Administration (EDA) will receive \$1.5 billion to provide grants for states and communities suffering economic injury resulting from COVID-19.

### Community Development

The bill appropriates \$5 billion in flexible formula assistance for local governments and states under the Community Development Block Grant (CDBG) Program to address the COVID-19 pandemic. Grantees may services for senior citizens, the homeless, and public health purposes.

### Housing and Homelessness

The bill appropriates \$4 billion for Homeless Assistance Grants to state and local governments to address coronavirus among the homeless population. It provides additional waiver authority for these grants. Grantees can provide effective, targeted assistance to contain the spread of coronavirus among homeless individuals and undertake activities to prevent homelessness for individuals and families who would otherwise become homeless due to coronavirus.

The Act provides \$1.25 billion for Tenant-Based Rental Assistance to preserve Section 8 voucher rental assistance for seniors, the disabled, and low-income working families, who will experience loss of income from the coronavirus.

The Public Housing Operating Fund will receive \$685 million to provide Public Housing Agencies (PHAs) with additional operating assistance to make up for reduced tenant rent payments and contain the spread of coronavirus in public housing properties.

The bill provides \$1 billion for Project-Based Rental Assistance to make up for reduced tenant payments as a result of coronavirus. There is \$50 million in Section 202 funding for Housing for the Elderly to maintain stability and services for low-income seniors. It provides \$15 million for Section 811 Housing for Persons with Disabilities and \$65 million for Housing Opportunities for Person with Aids (HOPWA) to be provided to local communities, states, and nonprofits for projects that benefit low-income persons living with HIV/AIDS and their families. There is

[Subscribe](#)[Past Issues](#)[Translate ▼](#)

youth. Finally, the bill includes \$2.5 million for additional fair housing enforcement.

The Act prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning March 18, 2020. It provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan due to the COVID-19 emergency. Applicable mortgages are purchased by Fannie Mae and Freddie Mac or insured by HUD, VA or USDA insured.

The bill also provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period.

The Act improves a temporary moratorium on eviction filings for 120 days after enactment of this law. Landlord cannot initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent. This applies if the landlord's mortgage is 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.

#### Creditworthiness

The bill requires that furnishers to credit reporting agencies who agree to account forbearance, or agree to modified payments with respect to an obligation or account of a consumer that has been impacted by COVID-19. This credit protection will be available beginning January 31, 2020 and ending within 120 days of enactment of the bill or 120 after the date the national emergency declaration is terminated, whichever is later.

#### Community and Social Services

The U.S. Department of Health and Human Services (HHS) will receive \$1 billion for Community Services Block Grant (CSBG) funding for local community-based organizations to provide a wide-range of social services and emergency assistance for those who need it most.

The Low Income Home Energy Assistance Program will provide \$900 million to states with grants to support immediate home energy assistance for low-income households affected by coronavirus.

Congress provided \$45 million for Family Violence Prevention and Services to provide additional support to family violence shelters, and \$2 million in additional support for the National Domestic Violence Hotline.



[Subscribe](#)[Past Issues](#)[Translate ▼](#)

disability services programs, including senior nutrition, home and community-based supportive services, family caregivers, independent living, and elder justice programs.

### Transportation

The U.S. Department of Transportation will receive \$31.1 billion. That figure includes \$10 billion for Federal Aviation Administration to provide to our nation's airports through the Airport Improvement Program (AIP). The AIP funds will be distributed by formula. Another \$56 million is provided for Existing Air Service to rural communities. The Federal Transit Administration (FTA) will receive \$25 billion for transit providers, including states and local governments, for operating and capital expenses through existing FTA formulas.

### Arts and Humanities

The National Endowment for the Arts (NEA) will receive \$75 million for grants to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning, while the National Endowment for the Humanities (NEH) will also receive \$75 million for grants, including funding to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning.

### Elections

The Election Assistance Commission will receive \$400 million for Election Security Grants to states for the 2020 election cycle.

### Treasury Exchange Stabilization Fund

The Act will provide \$500 billions of authority for the U.S. Department of Treasury to provide loans, loan guarantees, and other investments. The authority will be distributed as follows:

*(1) Direct lending, including:*

- a. \$25 billion for passenger air carriers, eligible businesses that are certified under part 145 of title 15, Code of Federal Regulations, and approved to perform inspection, repair, replace, or overhaul services, and ticket agents;*
- b. \$4 billion for cargo air carriers; and*
- c. \$17 billion for businesses important to maintaining national security.*

*(2) \$454 billion, as well as any amounts available but not used for direct lending, for loans, loan guarantees, and investments in support of the Federal Reserve's lending facilities to eligible businesses, states, and municipalities. Federal Reserve 13(3)*

*households, businesses, and the U.S. economy.*

*All direct lending must meet the following criteria:*

- (1) Alternative financing is not reasonably available to the business;*
- (2) The loan is sufficiently secured or made at an interest rate that reflects the risk of the loan and, if possible, not less than an interest rate based on market conditions for comparable obligations before the coronavirus outbreak;*
- (3) The duration of the loan shall be as short as possible and shall not exceed 5 years;*
- (4) Borrowers and their affiliates cannot engage in stock buybacks, unless contractually obligated, or pay dividends until the loan is no longer outstanding or one year after the date of the loan;*
- (5) Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date;*
- (6) A borrower must certify that it is a U.S.-domiciled business and its employees are predominantly located in the U.S.;*
- (7) The loan cannot be forgiven; and*
- (8) In the case of borrowers critical to national security, their operations are jeopardized by losses related to the coronavirus pandemic.*

*Treasury will endeavor to implement a special 13(3) facility through the Federal Reserve targeted specifically at nonprofit organizations and businesses between 500 and 10,000 employees, subject to additional loan criteria and obligations on the recipient, such as:*

- (1) The funds received must be used to retain at least 90 percent of the recipient's workforce, with full compensation and benefits, through September 30, 2020;*
- (2) The recipient will not outsource or offshore jobs for the term of the loan plus an additional two years;*
- (3) The recipient will not abrogate existing collective bargaining agreements for the term of the loan plus an additional two years; and*
- (4) The recipient must remain neutral in any union organizing effort for the term of the loan.*

The Act also establishes a Congressional Oversight Commission charged with oversight of the actions of the Department of the Treasury and the Board of Governors of the Federal Reserve System.

[Subscribe](#)

[Past Issues](#)

[Translate ▼](#)

---

Simon and Company, Inc. · 1660 L Street NW · Suite 501 · Washington, DC 20036 · USA