

HR 748, the CARES Act (otherwise known as the COVID response “phase 3”) passed Congress on March 27, 2020. The massive piece of legislation directs \$2 TRILLION in additional support to individuals, businesses, state and local governments and the health care community in response to the COVID-19 pandemic.

Below is a summary of some key provisions.

## **ASSISTANCE TO INDIVIDUALS, SMALL BUSINESSES & INDUSTRIES**

- **Direct payments to individuals:** The bill would distribute up to \$1,200 to individuals with adjusted gross income up to \$75,000 for individuals and \$150,000 for married couples. Individuals and couples are eligible for an additional \$500 per child.
- **Small business assistance loans:**
  - ✓ \$349 billion new Paycheck Protection Program for loans and loan guarantees through Dec 31, 2020. Loan amount increases to max of \$10 million for 7(a) Loans. Could apply for loan forgiveness over 8 weeks for eligible payroll, mortgage, rent and utility costs.
  - ✓ \$10 billion to expand SBA’s Disaster Loan Program through 2020.
  - ✓ \$1 million for SBA Express Loans and creates more flexible eligibility requirements.
  - ✓ \$562 million Economic Injury Disaster Loans (EIDL). Expands to tribal businesses, cooperatives, ESOPS with fewer than 500 employees, sole proprietors, independent contractors and non-profits during 2020.
  - ✓ \$240 million for SBA Business Centers and financial assistance to resource partners (minority, small biz and women owned business centers). Waiver of matching fund requirements for woman business center program.
- **Assistance to highly impacted business:**
  - ✓ Airline industry to receive \$57 billion in loans and grant. The deal will allocate \$25 billion in the strings-attached grants and \$25 billion in loans. \$3 billion in grants to airline contractors providing ground staff such as caterers and \$4 billion in grants to cargo haulers.
  - ✓ \$17 billion in loans earmarked for companies deemed critical to national security, which is being called the “Boeing language”.
  - ✓ Restrictions on Business Aid: Any company receiving a government loan would be subject to a ban on stock buybacks through the term of the loan plus one additional year. They also would have to limit executive bonuses and take steps to protect workers.
- **Unemployment benefits:** The bill provides an extra \$600 per week in “federal pandemic unemployment compensation” to individuals receiving unemployment benefits.
- **Payroll Tax Deferral:** Employer payroll and railroad retirement tax payments could be deferred. Also allows 50% deferral of self-employed Social Security tax payments.
- **Employee Retention Tax Credits.** Refundable credit against employer payroll and railroad retirement taxes for certain employers that are hurt by the coronavirus but retain

their employees. The credit would be for 50% of eligible employee wages paid after March 12, 2020, and before Jan. 1, 2021. The credit wouldn't apply to federal, state, or local government employers.

- **Retirement Plans:** Individuals could withdraw as much as \$100,000 from their retirement accounts in 2020 without being subject to a 10% penalty.
- **Charitable Contributions:** Creates a \$300 above-the-line individual charitable contribution allowance for individuals who don't itemize their returns for tax years beginning in 2020. The measure also would suspend for 2020 the limit on the individual charitable deduction, which is available to filers who itemize. The deduction is limited to 60% of individual taxpayers' adjusted gross incomes through 2025. The corporate charitable deduction limit would be increased in 2020 to 25% of taxable income, from 10%.
- **Student Loans:** Defers payment and interest on federal student loans for six months, involuntary collections are waived and employer student loan repayment assistance paid after the bill's enactment and before Jan. 1, 2021, would be excluded from employees' income tax.
- **Mortgage Assistance:**
  - ✓ Borrowers with federally backed mortgages could suspend their payments for 180 days, with a possible 180-day extension. They wouldn't accrue additional interest or fees during that period.
  - ✓ The measure would also prohibit foreclosures on homes with federally backed mortgages for at least 60 days starting March 18.
  - ✓ Landlords with federally backed mortgages on multifamily properties could suspend their payments for as long as 30 days, with as many as two 30-day extensions. They couldn't evict tenants or charge fees during that period.
  - ✓ The measure would also suspend evictions for 120 days following the bill's enactment on properties that have a federally backed mortgage or participate in a covered federal housing program.
- **Agriculture & Rural Businesses**
  - ✓ \$14 billion for the Commodity Credit Corporation to support farmers and the agriculture industry.
  - ✓ \$25 million Rural Business Cooperative Service
  - ✓ \$100 million for the Reconnect Pilot program to help with broadband deployment in rural communities.

## HEALTH CARE PROVISIONS

- **\$127 billion for Public Health and Social Services Emergency Fund.**
  - ✓ \$100 billion to reimburse hospitals and healthcare providers;
  - ✓ \$16 billion for the Strategic National Stockpile;

- ✓ \$11 billion for vaccines, therapeutics, diagnostics, and other preparedness needs;
  - ✓ \$250 million for hospital preparedness;
  - ✓ \$275 million for the Health Resources and Services Administration (rural hospitals, telemedicine, Ryan White program, community health centers)
  - ✓ A suspension of Medicare sequestration through the end of the year and the extension of several health programs until December.
- **\$1.32 billion Supplemental for Community Health Centers**
  - **\$19.6 billion for Veterans Health**
  - **\$4.3 billion for the Centers for Disease Control**
  - **\$945 million addition to National Institutes of Health** for vaccine and other COVID-related research. When combined with the COVID-1 supplemental total for NIH research is \$1.78 billion.
  - **Medicare & Medicaid Funding to Hospitals**
    - ✓ Suspends automatic Medicare sequestration cuts to hospitals
    - ✓ Hospitals would receive a 20% increase in Medicare payments for treating patients with COVID-19 during Coronavirus emergency.
    - ✓ Delays until Dec 1 \$4 billion reduction in Medicaid funding to disproportionate share hospitals.
  - **Vaccine & Testing Coverage**
    - ✓ Full coverage of vaccine under Medicare
    - ✓ Health insurers would cover COVID-19 tests and vaccines without any cost-share.
  - **Medical Supplies:** Expands the Strategic National Stockpile to include personal protective equipment.
  - **Telehealth:** Flexibility to increase use of telehealth and allows coverage by high deductible plans. FCC also receives \$200 million to support telehealth initiatives
  - **Health care funding extensions and reauthorization extensions**
    - ✓ **Public Health Programs:** Funding for community health centers would be extended at the FY19 level of \$4 billion through fiscal 2020, and \$668.5 million would be appropriated for the two-month period of Oct. 1 through Nov. 30. Extend funding for a number of other public health programs through Nov. 30 at their FY2019 levels, including:
      - National Health Service Corps (NHSC).
      - Teaching Health Center Graduate Medical Education (THCGME) Program.
      - Special Diabetes Program.
      - Special Diabetes Program for Indians.
      - Sexual Risk Avoidance Education Program.

Personal Responsibility Education Program.

- ✓ Medicare Programs: Funding for several Medicare provisions scheduled to expire May 22 would be extended through Nov. 30, including: State health insurance assistance programs, a contract with the National Center for Benefits and Outreach Enrollment, a contract with the National Quality Forum, regarding performance measurement, Area Agencies on Aging, Aging and Disability Resource Centers.
- ✓ Medicaid Programs: The measure would extend through Nov. 30 the Money Follows the Person demonstration grant program, and a protection against spousal impoverishment when a married individual is receiving home and community-based services.
- ✓ TANF & Other Programs: Extended through Nov. 30 at its previous annual level of \$16.6 billion and continue funding for related TANF programs, including grants to U.S. territories and for child care. The Certified Community Behavioral Health Clinics demonstration program and Health Profession Opportunity Grants would also be extended through Nov. 30.
- ✓ Reauthorization of several health workforce programs through 2025, including:
  - \$255 million annually for nursing workforce development programs.
  - \$51.5 million annually for scholarships for disadvantaged students.
  - \$48.9 million annually for primary care training and enhancement.
  - \$41.3 million annually for area health education centers.
  - \$40.7 million for geriatrics education and training.

## STATES & COMMUNITIES

According to the Senate Appropriations Committee, more than 80 percent of the total \$340 billion in supplemental appropriations provided in the package will go directly to state and local governments.

- **Direct Funding to States and Local Governments:** \$150 billion in direct payments from the Coronavirus Relief Fund for state, territorial, tribal and local governments. Funds will be distributed to states on a population-based formula with no state seeing less than \$1.25 billion, including funds set for local governments. Funding would only cover costs directly related to COVID-19 responses from March to the end of 2020. Local governments with 500,000 or more residents would be able to apply for their own direct funding, with smaller ones needing to go through their state sums.
- **\$45 billion for FEMA Disaster Relief fund** for states and local governments
- **\$1.5 billion in Economic Development Administration grants:** Grants through Department of Commerce for states and communities suffering economic injury as a result of COVID-19.
- **\$850 million in DOJ grants such as Byrne JAG grants**

- **\$5 billion for CDBG**
- **\$25.06 billion of food and nutrition services.** This includes \$8.8 billion for child nutrition programs, \$15.5 billion for SNAP, \$450 million for the Emergency Food Assistance Program that supports food banks and other community food programs.
- **\$6.3 billion for the Administration for Children and Families.**
  - ✓ \$3.5 billion for Child Care and Development Block Grants;
  - ✓ \$750 million in grants to all Head Start programs;
  - ✓ \$1 billion for Community Services Block Grants,
  - ✓ \$900 million in LIHEAP program to states to help with home energy assistance for low income households, and etc.
- **\$31.1 billion for Transportation Programs**
  - ✓ \$25 billion for Public Transit
  - ✓ \$10 billion for Airports
  - ✓ \$1 billion for Amtrak
  - ✓ \$56 million for Essential Air Services to maintain air services to rural communities
- **Housing Assistance Programs**
  - ✓ \$14 billion Home Assistance Grants
  - ✓ \$1.25 billion Tenant-Based Rental Assistance
  - ✓ \$6.85 million Public Housing Operating Fund
  - ✓ \$65 million for HOPWA
  - ✓ \$1 billion for Project-Based Rental Assistance to help prevent homeless.
  - ✓ \$65 million for housing support for elderly and personals with disabilities
- **\$145.5 million in rural development funds,** which includes \$25 million to support distance learning, expansion of telemedicine and broadband in rural communities.
- **Education Stabilization Fund** – formula funds directly to states to support education
  - ✓ \$13.5 billion for Elementary and Secondary Education
  - ✓ \$14.5 billion for Higher Ed
  - ✓ \$3 billion State Flexibility Fund – flexible funding to states for education
- **\$150 million for the arts.** \$75 million for each NEA and NEH.

Senate Appropriations Committee summary is here: [Senate Appropriations Coronavirus 3 Supplemental Summary](#)

Bill language can be accessed here: [Senate passed CARES Act Bill Language](#)