



CARES Act Status Update

March 26, 2020

Last night the Senate passed by a vote of 96-0, S. 3548, the CARES Act, the third coronavirus emergency supplemental. The bill is the largest economic relief package in U.S. history.

The bill now moves to the House of Representatives. House Majority Leader Steny Hoyer (D-MD) announced late yesterday that the House will attempt to pass the coronavirus response bill on Friday through a voice vote, in a process that wouldn't require all members to return to Washington. House Republican leaders said they also support the strategy. This would have the bill to the President's desk before the weekend.

However, any House member could demand a recorded, roll-call vote, which could drag out the process. A handful of Members, both Republican and Democrat, have expressed concerns with the bill, but it is unclear right now if any would actually delay final passage.

As stated above, the CARES Act is the biggest economic rescue measure in U.S. history, a more than \$2 trillion package of spending and tax breaks to bolster the U.S. economy and fund a nationwide effort to contain the coronavirus.

The plan includes about \$500 billion that can be used to back loans and assistance to companies, including \$50 billion for loans to U.S. airlines, as well as state and local governments. It also includes \$377 billion in loans for small business. For individuals, the package would provide direct payments to lower- and middle-income Americans of \$1,200 for each adult, as well as \$500 for each child. The bill would add \$600 per person per week onto the base maximum unemployment benefit for four months, Senate Minority Leader Chuck Schumer (D-NY) stated in a [Dear Colleague](#) that was circulated.

The legislation also includes \$339 billion in new funding to address the needs of state and local governments; support for hospitals and health care workers; funding to purchase personal protective equipment and medical equipment; support for law enforcement, firefighters, and first responders; funding for scientists researching treatments and vaccines; support for small businesses; support for local schools and universities; and funding for affordable housing and homelessness assistance programs.

The CARES Act is currently divided into two divisions: Division A – Keeping Works Paid and Employed Act, and Division B – Emergency Appropriations for Coronavirus Health Response and Agency Operations.

Division A – Keeping Workers Paid and Employed Act

Division A of the CARES Act would provide \$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. The Paycheck Protection Program would provide 8 weeks of cash-flow assistance through 100 percent federally guaranteed loans to small employers who maintain their payroll during this emergency. 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, which would help workers to remain employed and affected small businesses and our economy to recover quickly from this crisis. This proposal would be retroactive to February 15, 2020 to help bring workers who may have already been laid off back onto payrolls.

The largest chunk of the Division A appropriations provides \$350 billion to support loans through a new Paycheck Protection Program for:

- 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 non-profits, including 501(c)(3) organizations and 501(c)(19) veteran organizations, and tribal business concerns with under 500 employees.

The size of the aforementioned loans would equal 250 percent of an employer’s average monthly payroll, and the maximum loan amount would be \$10 million. Furthermore, covered payroll costs include: 1) salary, wages, and payment of cash tips (up to an annual rate of pay of \$100,000); 2) employee group health care benefits, including insurance premiums; 3) retirement contributions; and 4) covered leave.

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

The text of Division A also covers Emergency Economic Injury Disaster Loans (EIDL) Grants, which would expand eligibility for entities suffering economic harm due to COVID-19 to access SBA’s EIDL Grants, while also giving SBA more flexibility to process and disperse small dollar loans.

Lastly, the bill would provide \$17 billion for small business debt relief, and as such would require the 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.

A section by section of Division A can be found [here](#), and a one pager can be found [here](#).

Division B – Emergency Appropriations for Coronavirus Health Response and Agency Operations

Division B of the CARES Act would provide \$340 billion for federal agencies to support state and local governments and communities. Highlights of the package include:

- \$117 Billion for Hospitals and Veterans Health Care
- \$45 Billion for the FEMA Disaster Relief Fund
- \$16 Billion for the Strategic National Stockpile of protective equipment, ventilators and other medical supplies
- \$4.3 Billion for the Centers for Disease Control
- \$11 Billion for Vaccines, Therapeutics, Diagnostics, & Other Medical Needs

Under the Department of Agriculture, USDA/Food and Nutrition Service, the legislation provides additional funding of \$8.8 billion for Child Nutrition Programs, as well as \$15.51 billion for the Supplemental Nutrition Assistance Program (SNAP). The bill also provides funding for commodities and distribution of emergency food assistance through community partners, including food banks.

Within the Department of Commerce, Division B text provides \$1.866 billion, with \$1.5 billion of the funding to go to the Economic Development Administration to support economic development grants for states and communities suffering economic injury as a result of the coronavirus.

Following the Department of Commerce, the legislation appropriates \$1 billion to the Department of Justice, of which \$850 million will be marked for the Byrne JAG Program to assist state, local, and tribal officers in responding to coronavirus. These funds will go directly to state and local governments, with no match required, and will 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.

As it pertains to Energy and Water Development, the Army Corps of Engineers is appropriated an additional \$70 million, of which \$50 million to support Emergency Operations Centers and emergency operations in Corps districts to ensure the continuous operation of Corps projects across the country related to the coronavirus.

Additionally, Division B text provides for \$45.4 billion to the Federal Emergency Management Administration (FEMA) to continue FEMA's entire suite of 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.

Of the Departments, the Department of Health and Human Services (HHS) is additionally funded at one of the largest amounts - \$140.4 billion – highlights include:

- \$100 billion in reimbursements to hospitals and healthcare providers;
- \$16 billion for the strategic national stockpile – to procure personal protective equipment, ventilators and other medical supplies;
- \$11 billion in vaccine, therapeutics, diagnostics and other medical or preparedness needs;
- \$250 million for hospital preparedness; and
- \$275 million for the Health Resources and Services Administration (HRSA) to expand services and capacity for rural hospitals, telehealth, poison control centers, and the Ryan White HIV/AIDS program.

Additionally, within HHS \$4.3 billion is provided for the Centers for Disease Control (CDC), of which \$1.5 billion is appropriated for State and Local Preparedness Grants. When combined with the first supplemental Congress has provided \$2.5 billion for state and local needs.

Following, the Department of Transportation is funded at \$31.1 billion, of which \$10 billion is to maintain operations at the nation's airports – these funds will be distributed by formula. Another \$20 billion is provided for Transit Infrastructure Grants for transit providers, including states and local

governments across the country, for operating and capital expenses. Funding will be distributed using existing FTA formulas.

Lastly, the Department of Housing and Urban Development is provided additional funding at \$17.4 billion. Highlights include:

- \$5 billion for Community Development Block Grants (CDBG) to provide a wide range of resources to address COVID-19, such as services for senior citizens, the homeless, and public health services;
- \$4 billion for Homeless Assistance Grants;
- \$1.25 billion for Tenant-Based Rental Assistance; and
- \$1 billion for Project Based Rental Assistance.

Read More: [Division B Summary](#), [Politico](#), [The New York Times Live Updates](#)