

CARES Act Summary

Direct Payments and Personal Expenses:

- Individuals with an adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate. In addition, they are 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 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children.
- These payments are not taxable income and will be treated as other refundable credits such as the Earned Income Tax Credit (EITC) and Child Tax Credit.
- Charitable Contributions: allows for a \$300 deduction in cash contributions, whether filers itemize or take the standard deductions

Healthcare:

- Clarifies that all testing for COVID-19 is to be covered with no out of pocket costs
- Requires that COVID-19 vaccinations be provided cost-free to insured patient, and provides states with the option to cover vaccines for the uninsured through Medicaid.
- Provides more than \$27 billion to the Public Health and Social Services Emergency Fund for developing and purchasing vaccines, therapeutics, diagnostics, and necessary medical supplies, including personal protective equipment.
- \$100 billion for hospitals and healthcare providers to help cover expenses directly attributable to coronavirus.
- \$250 million for hospital preparedness
- \$4.3 billion for the Centers for Disease Control and Prevention's public health response efforts.
- \$1 billion for the National Institute of Health's research into an effective vaccine.
- \$80 million for the Food and Drug Administration's approval of vaccines and treatments.
- Liability Protections: Makes clear that doctors who provide volunteer medical services during the public health emergency related to COVID-19 have liability protections for the period of the public health crisis.
- Provides \$1.32 billion in supplemental funding to Community Health Centers
- Telehealth:
 - Expands temporary telehealth services during the public health emergency by striking the need for a pre-existing provider relationship, establishes FQHCs and RHCs as sites of care for telehealth, reauthorizes Health Resources and Services Administration (HRSA) grant programs that promote the use of telehealth technologies for health care delivery, education, and health information services, provides a temporary waiver of ESRD face to face requirements and allows certification via telehealth, provides temporary telehealth coverage of the

recertification of hospice under Medicare and encourages the Secretary of HHS to consider telehealth to promote home health.

- Provides \$200 million to the Federal Communications Commission (FCC) for telehealth services and devices in a separate fund from the existing Rural Health Care program.

Small Business:

- Paycheck Protection Loans and Loan Forgiveness
 - Expands eligibility for business loans under SBA to cover any business concern (including statutorily defined small, Veteran, and tribal business concerns), or private or public nonprofit, that employs 500 or fewer employees. Sole proprietors, independent contractors, and certain self-employed individuals would also be qualified. Additionally, firms designated as being within the Accommodation and Food Services industry would qualify as long as they do not employ more than 500 employees at any single location. This expanded eligibility would only apply to the period February 15, 2020 to December 31, 2020.
 - The size of the loan that an entity may receive under this section cannot exceed \$10 million, but would otherwise be equal to two and a half months of the entity's average (over the last year) payroll costs plus any outstanding principal owed on SBA loans entered into after January 31, 2020 (payroll costs would not cover payroll expenses in excess of an annualized rate of \$100,000 per employee).
 - In the case of employers with seasonal employees, the average monthly payroll costs would be calculated as the payroll costs of the entity from February 15, 2019 to June 30, 2019. An eligible firm may also request for this monthly average to be calculated based on a firm's payroll costs from January 1, 2020 through February 29, 2020.
 - Loans are 100 percent guaranteed at an interest rate of 4 percent.
 - Entities would be able to use these funds to cover costs for payroll (including sick, medical, and family leave, and health benefits), rent, and mortgage interest payments (not principal), utilities, and debt obligations that were incurred before the covered period, and debt obligations for SBA loans entered into after January 31, 2020
 - Loan Forgiveness: If businesses maintain payroll continuity from Feb, 15, 2020 through June 30, 2020 as defined by headcount, they can request loan forgiveness on a Paycheck Protection loan used on payroll, mortgage interest, rent, and utility pay over an 8 week period.
 - Amount forgiven is reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25% of the prior year compensation.
 - Businesses will have to document that their payroll was maintained to their lender. Lenders will be held harmless on decisions of eligibility and SBA will purchase the loan after the lender grants approval.
 - \$350 billion is provided for loans and loan forgiveness.

- Payment Protection Program provides \$350 billion for 100% federally-guaranteed loans for 8 weeks of assistance to small businesses and 501(c)(3) nonprofits. Sole-proprietors, independent contractors, and other self-employed individuals are also eligible.
 - Loans can be forgiven when used for payroll costs, interest on mortgage obligations, rent, and utilities
 - Lenders-- including banks, credit unions, and other financial institutions-- are authorized to make Payment Protection loans. Lenders participating will be moved to delegated authority which allows them to process the loans more quickly and without SBA approval.
- SBA Express loans are increased from \$350,000 to \$1 million through Dec. 31, 2020.
- Automatic deferral payments for six months where the SBA pays principal, interest, and fees on all SBA loan products.
- Emergency Economic Injury Disaster Loan (EIDL) Grants: Expedites access to capital for small businesses who have applied for an SBA EIDL. Businesses could request an advance of up to \$10,000 on the loan to provide covered leave, maintain payroll, and pay debt obligations.

Medium to Large Business:

- Allocates \$500 billion to what is called an Exchange Stabilization Fund (ESF). The ESF seeks to address the gap between the relief provided to small businesses of fewer than 500 employees, and some of the largest and most sophisticated companies that have access to other relief.
 - An ESF is basically an emergency reserve fund that provides the Treasury Secretary with the authority to distribute emergency loans and loan guarantees to assist companies of all sizes. These loans must be paid back.
 - Up to \$454 billion can fund a Federal Reserve facility for distressed businesses.
- Requires consumer credit scores to be maintained as “current” if a lender enters into an accommodation agreement with a consumer.

Unemployment:

- The bill creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency
- Provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.
- Provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for 50% of the costs they incur through December 31, 2020 to pay unemployment benefits.

Retirement:

- Expands DOL secretary’s authority to postpone certain retirement plan deadlines in the case of natural disasters and other emergencies.

- Delays due date for single-employer defined benefit pension plan contributions to January 1, 2021 that would otherwise be due in 2020.
- Allows single-employer defined benefit pension plans to use their 2019 funding status for purposes of determining whether the plan is subject to restrictions on new benefit accruals or paying out lump sums.
- Eases the funding rules for the March of Dimes defined benefit pension plan, which is facing increasing contribution requirements in 2020.
- Retirement Funds: The bill waives the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes made on or after January 1, 2020. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions. Further, the provision provides flexibility for loans from certain retirement plans for coronavirus-related relief.

Tax Provisions:

- Employers are eligible for a 50 percent refundable payroll tax credit on wages paid up to \$10,000 during the crisis.
- Employer-side Social Security payroll tax payments may be delayed until January 1, 2021, with 50 percent owed on December 31, 2021 and the other half owed on December 31, 2022.
- Firms may take net operating losses (NOLs) earned in 2018, 2019, or 2020 and carry back those losses five years. The NOL limit of 80 percent of taxable income is also suspended, so firms may use NOLs they have to fully offset their taxable income.
- The net interest deduction limitation, which currently limits businesses' ability to deduct interest paid on their tax returns to 30 percent of earnings before interest, tax, depreciation, and amortization (EBITDA), has been expanded to 50 percent of EBITDA for 2019 and 2020.
- Technical corrections to the depreciation treatment of qualified improvement property (QIP). This fixes the drafting error from the TCJA commonly referred to as the "retail glitch".
- The excise tax applied on alcohol used to produce hand sanitizer is temporarily suspended for tax year 2020.

Farms and Agriculture:

- USDA- \$9.5 billion in funding to support agricultural producers impacted by COVID-19, including producers of specialty crops, producers that supply local food systems, and livestock producers.
- \$14 billion replenishment of the Commodity Credit Corporation
- \$161.3 million for continued support of USDA's work on agricultural pests and diseases, on the safety and quality of foods, and in rural communities.

Nutrition Programs:

- SNAP: Provides \$15.8 billion in mandatory funding for the Supplemental Nutrition Assistance Program.

- \$15.51 billion of these funds would be placed into a reserve fund to be used to support participation in SNAP in the event that SNAP costs exceed budget estimates.
- TEFAP: Provides \$450 million for the Emergency Food Assistance Program
- Child Nutrition: Provides \$8.8 billion for child nutrition programs

Schools and Childcare Facilities:

- Student Loans:
 - This bill requires the Department of Education to defer federal student loan payments, principal, and interest through September 30, 2020.
 - It allows employers to provide a student loan repayment benefit to employees tax-free. Employers may contribute up to \$5,250 toward an employee's student loans through January 1, 2021.
- Education Stabilization Fund: Flexible funding that will get out the door quickly and go directly to states, local school districts, and institutions of higher education to help schools, students, teachers, and families with immediate needs related to coronavirus, including:
 - 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 provides targeted formula funding to institutions of higher education, as well as funding for minority serving institutions and HBCUs.
 - 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.

Rural Broadband:

- \$200 million for FCC's Connected Care Pilot Program, which is meant to stimulate uptake of telemedicine and telehealth in rural areas and for those with chronic conditions.
- \$100 million for ReConnect, which are grants for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas
- \$25 million "for Distance Learning, Telemedicine, and Broadband Program" "to prevent, prepare for, and respond to coronavirus, domestically or internationally, for telemedicine and distance learning services in rural areas"

Veterans:

- Provides \$19.6 billion to the Department of Veterans Affairs, including \$14.4 billion to support increased demand for healthcare services at VA facilities and through telehealth, including the purchase of medical equipment and supplies, testing kits, and personal protective equipment. 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.

Elderly:

- Allows full transfer between congregate and home-delivered meal funding and provides additional flexibility in the type of food that can be served.
- Permits state agencies to determine that homebound individuals include those who are self-quarantining due to the emergency so that those individuals are prioritized for purposes of home-delivered meals.
- Provides additional flexibilities in the Senior Community Service Employment Program designed to ensure participants are not harmed because their program was closed as a result of the qualifying emergency.

Housing:

- Prohibits foreclosures on any federally backed mortgages for 60-days.
- Allows borrowers affected by COVID-19 to shift any missed payments to the end of their mortgage, with no added penalties or interest, for 180 days.
- Halts evictions for renters in properties with federally backed mortgages for 120 days.
- Gives relief to multifamily property owners through forbearance on any federally backed.

Federal Emergency Management Agency:

- \$45 billion for the Disaster Relief Fund (DRF) with at least \$25 billion specifically for major disaster declarations (states continue to request major disaster declarations, and this funding will assist those states that are approved).
- \$400 million for federal assistance.
- \$100 million for assistance to firefighter grants for protective equipment.
- \$100 million for Emergency Management Performance Grants.
- \$200 million for the Emergency Food and Shelter Program.

Airlines:

- \$46 billion in Treasury's Exchange Stabilization Fund to provide loans, loan guarantees, and other investments to air carriers and businesses critical to national defense
 - \$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;
 - \$4 billion for cargo air carriers; and
 - \$17 billion for businesses important to maintaining national security.
 - Acceptance of these loans comes with restrictions on executive compensation, golden parachutes, length of the loan, stock buybacks and dividends. Ensures that eligible businesses maintain existing employment levels through September 30, 2020, to the extent practicable, and in no case reduce it more than 10%.
- \$32 billion in grants to airlines and airline contractors to prevent furloughs – these funds will exclusively cover salaries and compensation of non-executive employees
 - \$25 billion in grants to passenger air carriers.
 - \$4 billion in grants to cargo air carriers.

- \$3 billion in grants to airline contractors, including caterers, baggage handlers, and wheelchair pushers.
- Companies receiving grants may not furlough employees through September 30, 2020, or buy back stocks or issue dividends through September 30, 2021. The same air service and executive compensation provisions attached to loans apply.
- Airport Improvement Program: \$10 billion in AIP supplemental appropriations at 100% federal match
 - \$7.4 for commercial service airports distributed by special formula and \$2 billion distributed by modified AIP formula
 - \$100 million in General Aviation (GA) airport funding
 - Includes a passenger ticket tax, cargo waybill tax, and commercial aviation fuel tax holiday.
- \$100 million for the Transportation Security Administration for cleaning and sanitizing at checkpoints and other airport common areas; officer overtime; and screening materials.

Transit and Rail:

- \$25 billion to the Federal Transit Administration (FTA) for rural and urban transit, distributed by existing formula.
- \$1.257 billion to Amtrak divided among the Northeast Corridor, state-supported routes, and long- distance routes.

Defense:

- \$2.45 billion to support the Defense Industrial Base
 - \$1.45 billion for the Defense Working Capital Funds as the Defense Logistics Agency and military services work to mitigate the impact of COVID-19 on production lines, supply chain, military depots, and labs; and
 - \$1 billion for the Defense Production Act to increase access to materials necessary for national security and pandemic recovery
- \$3.8 billion for the Defense Health Program
 - \$1.8 billion to address increased health care cases for eligible military members, dependents, and retirees; and to procure additional medical equipment; as well as for the procurement of physical protective equipment for medical personnel and disease response
 - \$1.6 billion for the expansion of military treatment facilities to ensure maximum capacity of the direct care system, and to procure expeditionary hospital packages
 - \$415 million for the development of vaccines, anti-virals, lab operations, and the procurement of diagnostic tests
- \$1.1 billion to cover shortfalls in the Defense Private Sector Care
- \$1.5 billion for the emergency deployment of the National Guard
- \$713.6 million for operations expenses
 - Increased operations and deployment schedules
 - Deployments of USNS Comfort and Mercy
 - Medical supplies and physical protection equipment on installations and ships
- \$627.8 million for the procurement of non-medical protective equipment and other supplies
- \$300 million for IT equipment

- \$20 million to conduct audits of COVID-19 funding