

# CARES Act Summary



## Small Business Assistance

The CARES act allocates \$349 billion in direct funding small businesses which will be in the form of grants that do not have to be repaid.

The paycheck and protection program will expand traditional 7(a) lending to cover payroll, utilities, rent and interest on mortgage payments and other forms of debt. Tribal businesses, 501 (c)3 non-profits, veteran organizations, NAICS 72 businesses and “self-employed” individuals will be able to apply for the grant. This essentially establishes a loan forgiveness program for businesses, which will be equal to the 8-week cover period (prior to February 15, 2020). Included in payroll costs are vacation time, sick leave and other family services for an individual making less than \$100,000 in annual compensation.

\$10 billion will be added to the SBA- Emergency EIDL program which can be used for increased costs for interrupted supply chains and other obligations that cannot be met due to loss revenue. Another \$17 billion will be allocated through the SBA Business Loan program in which the SBA will cover the principal and interest of the loan.

\$265 million will be allocated to Small Business Development and Women Business Centers for COVID-19 education, training and technical assistance. Another \$10 million will be allocated for Minority Owned Businesses and Minority Chamber of Commerce for similar expenses as well as removing the non-federal match requirement.

Furthermore, business have access to a large amount of tax credits and other programs. The IRS will allow for a deferment on payroll tax credits with the caveat that the employer must use the extra funds towards paid sick and family leave (50% must be paid by 2021 with the remaining by 2022). Businesses, under certain limitations, can take a credit of 50% of qualified wages (up to \$10,000 per employee) against employment taxes in order to retain that individual.



## Individuals

A new Pandemic Unemployment Assistance program will be established, expanding unemployment benefits to 39 weeks and adding an additional \$600 in assistance (for up to 4 months). Federal unemployment benefits will be extended to “self-employed” individuals, including part-time workers, who have been directly impacted by COVID-19.

The CARES Act will provide \$1,200 in direct financial assistance to individuals who have an adjusted gross income (AGI) of less than \$75,000 (joint filers will receive \$2,400 for a combined AGI of \$150,000) plus an additional \$500 for each dependent. For filers make over the allotted amount, \$5 will be taken from the direct financial payment for every \$100 over their respective AGI.

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## Health Care

The bill provides around \$117 billion in funding to health care organizations including \$27 billion for an emergency relief fund that will aid research into COVID-19 research and \$4.3 billion for the Center for Disease Control. In addition to providing funding, the bill attempts to solve issues that have been overwhelming the system such as a lack of supplies, workforce issues and access to care. To expand coverage, the government will allocate \$1.32 billion in awards for COVID-19 prevention, diagnosis and testing as well as an additional \$108 million each fiscal year (till FY25) for telehealth and rural outreach programs. The CARES act extends Temporary Assistance for Needy Families (TANF) and delays cuts for Disproportionate Share Hospitals assisting those who need the most assistance in terms of healthcare.

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## Coronavirus Economic Stabilization Act

The U.S. Treasury will provide \$500 billion dollars to businesses for economic relief. Airlines and air cargo will receive \$29 billion in assistance and \$17 billion will be allocated to companies who assist with our National Security. The act ensures airlines may not cut employee payroll (until September 30, 2020), if they wish to receive funding, and provides an additional \$4 million in payroll funding for services contracted by airlines.

The Federal Reserve System will receive the remaining \$454 billion dollars plus any additional funds left over for existing or new facilities. The Federal Reserve, according to a recent report from the Hutchins Center on Fiscal and Monetary Policy at the Brookings Institution, will have \$4.54 trillion in lending power due to the new legislation. It also grants the Federal Reserve power to create facilities targeting “main street.” Additionally, the act places a moratorium on foreclosures on federal backed mortgages for both single and multifamily residences. The act also places a moratorium on eviction filings for 120 days.



## State Funding

The CARES Act provides \$150 billion for direct funding to states with \$3 billion allocated toward U.S. territories and \$8 billion to government tribes. The remaining \$139 billion will be distributed amongst the 50 states based on their population size in proportion to the United States, with the minimum amount of funding capped at \$1.25 billion. The bill also allows municipalities with a population over 500,000 access to funding, yet the money will be taken out of the State's allocation. Continually the max a municipality can receive is 45% of the State's maximum funding, times the proportion of the municipality population of the state population.