

The Coronavirus Aid, Relief, and Economic Security Act Brief

Overview

The Coronavirus Aid, Relief, and Economic Security Act, or the “CARES Act,” was signed into law on March 27th, 2020 and represents “phase three” of Congress’ Coronavirus response. The Coronavirus Preparedness and Response Supplemental Appropriations Act, signed into law on March 6th, 2020, allocated \$8.3 billion to spur coronavirus vaccine research and development. The Families First Coronavirus Response Act, signed into law on March 18th, 2020, allocated \$104 billion on paid sick leave and unemployment benefits for workers and families. The ~\$2 trillion CARES Act is by far the largest stimulus bill in U.S. history, more than doubling the American Recovery and Reinvestment Act of 2009 in response to the Great Recession. Lawmakers are anticipating that a fourth phase of stimulus will be needed in late April 2020 with Democratic Party leadership pushing for more support for small businesses, families, health systems, and state and local governments.¹

The CARES Act provides relief to several groups impacted by the coronavirus pandemic, including significant stimulus directed towards individuals, corporations, small businesses, and state and local governments. The CARES Act also directs smaller, but not insignificant, amounts to public health infrastructure, education, and supporting existing social safety nets.²

Category	Total Amount	Share of the Package
Individuals / Families	\$603.7 billion	30%
Big Business	\$500.0 billion	25%
Small Business	\$377.0 billion	19%
State and Local Government	\$340.0 billion	17%
Public Services	\$179.5 billion	9%

³Source: The Anatomy of the \$2 Trillion Covid-19 Stimulus Bill
 Credit: Nick Routley

The bill provides FY2020 supplemental appropriations for federal agencies to respond to the COVID-19 outbreak. The supplemental appropriations are designated as emergency spending, which is exempt from discretionary spending limits.

In addition, the bill

- funds various loans, grants, and other forms of assistance for businesses, industries, states, local governments, and hospitals;

¹ <https://abcnews.go.com/Politics/pelosi-full-steam-ahead-crafting-4th-coronavirus-relief/story?id=69997596>

² <https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>

³ <https://www.visualcapitalist.com/the-anatomy-of-the-2-trillion-covid-19-stimulus-bill/>

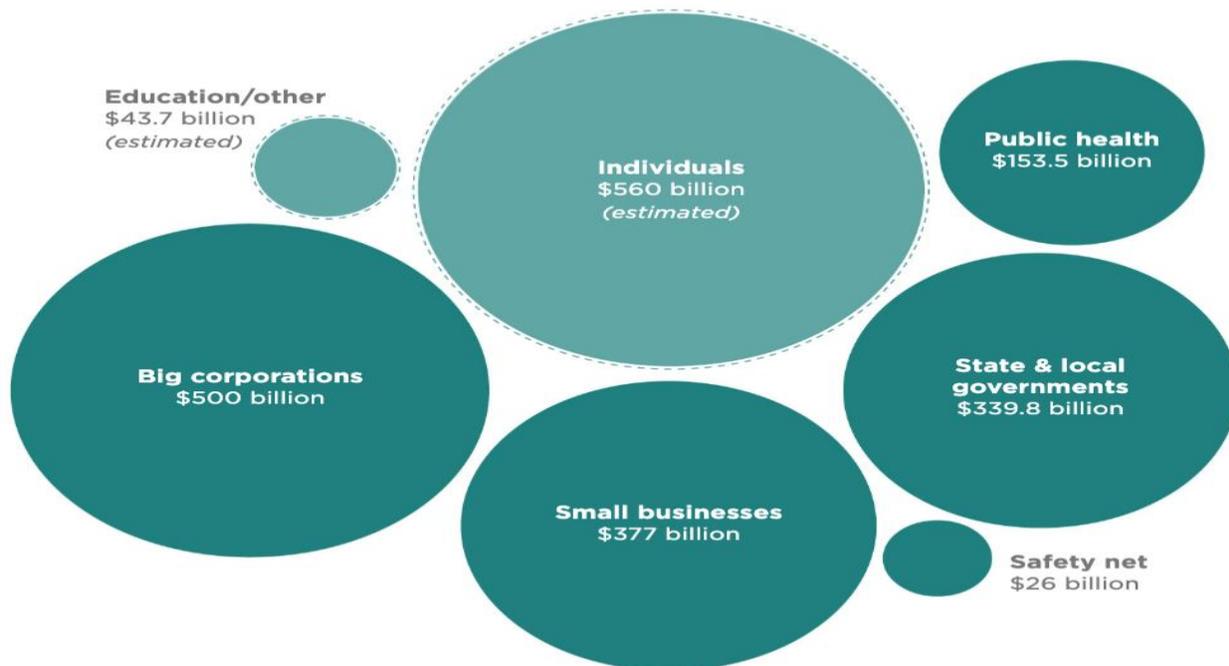
- provides tax rebates of up to \$1,200 per individual and an additional \$500 per child, subject to limits based on adjusted gross income;
- temporarily expands unemployment benefits; and
- suspends payments and interest on federal student loans.

The bill includes several other provisions that modify a wide range of programs and requirements, including those regarding

- oversight of the activities and funding authorized by this bill;
- the tax treatment of withdrawals from retirement accounts, business income, losses, and charitable contributions;
- medical product supplies;
- health insurance coverage for COVID-19 testing and vaccinations;
- the health care and aviation workforces;
- mortgage payments, evictions, and foreclosures for properties with federally backed mortgages;
- student loans and financial aid;
- aviation excise taxes;
- Medicare and Medicaid;
- the Food and Drug Administration drug approval process;
- the emergency paid sick leave program;
- banking and accounting rules; and
- the U.S. Postal Service's borrowing authority.

How The \$2 Trillion Breaks Down

The CARES Act provides relief to several groups impacted by the coronavirus pandemic.



Source: Estimates for third relief bill based on bill text, committee and administration numbers.

Credit: Audrey Carlsen/NPR

The CARES Act Structure

The CARES Act is organized into several sections with each having a specific focus. The sections are as follows:

- Title I – Keeping American Workers Paid and Employed Act
- Title II – Assistance for American Workers, Families, and Businesses
- Title III – Supporting America’s Health Care System in the Fight Against the Coronavirus
- Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy
- Title V – Coronavirus Relief Funds
- Title VI+ - Miscellaneous Provisions

Areas of Interest: Non-profits, Small Businesses, and the Newly Unemployed

The Act does not contain any provisions that explicitly aim to support non-profits; however, non-profits are eligible for support through other provisions that target general small and mid-sized businesses. If the non-profit has 500 employees or fewer, it is eligible for the Paycheck Protection Program.⁴ Larger non-profits with 500 to 10,000 employees facing adversity due to the public health crisis are eligible for the Mid-Size Loan Program.⁵ The National Council of Nonprofits provides informative chart and description of loan options available, eligibility requirements, and application procedures to non-profits within the CARES Act.⁶ The National Law Review also compiled an extensive summary that includes technical details of how the Families First Coronavirus Act and the CARES Act are relevant to nonprofit organizations.⁷

Fortunately, the CARES Act does contain key provisions specifically for small businesses. Title I – Keeping American Workers Paid and Employed is almost exclusively focused on small business support and aid. The cornerstone of the Act’s small business support is the Paycheck Protection Program (PPP) guaranteed by the Small Business Administration. Applications for the Paycheck Protection Program commenced April 3, 2020 for small businesses and sole proprietorships. Applications for the PPP for independent contractors and self-employed individuals are scheduled to commence April 10, 2020. The Berkeley Center for Law and Business provides an extensive overview of the PPP program as well as other provisions within the CARES Act that pertain to small businesses.⁸

⁴ Secs. 1102, 1106.

⁵ Sec. 4003.

⁶ <https://www.councilofnonprofits.org/trends-policy-issues/loans-available-nonprofits-the-cares-act-public-law-116-132>

⁷ <https://www.natlawreview.com/article/ffcra-and-cares-act-key-provisions-affecting-nonprofit-organizations>

⁸ <https://www.law.berkeley.edu/research/business/cares-act-and-small-businesses/>

The CARES Act temporarily expands unemployment benefits and allocates monthly payments to individuals in the form of advanced rebates. The language in the Act only uses the word “furloughed” once, but many of the provisions in Title 2 – Assistance for American Workers, Families and Businesses directly apply to furloughed individuals and the newly unemployed as a result of the Coronavirus. The bill expands unemployment benefits to cover more workers including self-employed and independent contractors, like gig workers and Uber drivers, who do not usually qualify for unemployment. Overall, the bill provides \$250 billion in funding for expansion of unemployment benefits, the largest increase ever.⁹

Title I – Keeping American Workers Paid and Employed

Title I primarily addresses small business concerns during the Coronavirus and what the Small Business Administration (SBA) can do to alleviate issues that arise due to the ongoing public health crisis.

The Paycheck Protection Program enacted under the CARES Act provides increased loan amounts for eligible small businesses for payroll costs/obligations, emergency grants to cover immediate operating costs, and a mechanism for loan forgiveness where the small business can demonstrate that the loan proceeds were used for payroll and related costs. Title I provides \$349 billion for relief during the covered period from February 15, 2020 to June 30, 2020 through a number of changes to the loan programs that currently exist and are administered by the Small Business Administration (SBA).

The Act amends the SBA’s Section 7(a) loan program of the SBA. Loan amounts are increased to a maximum \$10 million per eligible borrower.³ Both borrower and lender fees for Section 7(a) loans will be waived. A covered loan under the CARES Act may not provide for an interest rate above 4 percent. Notably, the CARES Act eliminates any requirement for the borrower to provide collateral or a personal guaranty.

Key Points:

- The Act defines small businesses as “any business concern,” nonprofit organization, veterans organization, or Tribal business concern that does not employ more than 500 employees (including full-time and part-time) and, if applicable, the size standard in number of employees established by the SBA for the industry in which the business operates.¹⁰
- The “covered period” defined by the Act began on February 15, 2020 with an ending date on June 30, 2020.
- The Act defines “payroll costs” as “the sum of payments of any compensation with respect to employees,” including salaries, wages, payment of cash tip or equivalent, payment for medical or sick leave, payment required for the provisions of group health care benefits, and others.

⁹ <https://sbecouncil.org/2020/03/30/whats-in-the-cares-act-for-small-businesses-the-self-employed-and-gig-workers/>

¹⁰ Sec. 1102. Paycheck Protection Program.

- Sole proprietors, independent contractors, and other eligible self-employed individuals are also eligible to receive a covered loan provided that documentation (payroll tax filings, 1099 forms, income/expense forms) is submitted with the loan application.
- There is a lot of case specific language regarding “affiliation.” This largely effects franchises in the food service industry, for example. The CARES Act provides some relief from the affiliation rules for entities in the accommodations and food services industries that have more than one physical location, provided that such entity employs fewer than 500 employees per physical location.
- An eligible recipient shall be eligible for forgiveness of indebtedness (the amount forgiven may not exceed the principal) on a covered loan in an amount equal to the sum of the following costs incurred and payments made during the covered period:¹¹
 - Payroll costs,
 - Payment of interest on any covered mortgage obligation,
 - Any payment on a covered rent obligation,
 - Any covered utility payment.
- The amount of loan forgiveness shall be reduced by the amount of any reduction in total salary or wages of any employee that is in excess of 25% of the total salary or wages of the employee during the most recent full quarter.
- The Act allocates financial assistance in the form of grants to small business development centers, women’s business centers, or minority business enterprises to provide education, training, and advising to covered small business concerns.^{12 13}
- Under the CARES Act, a business may now have debt up to \$7,500,000 (up from \$2,725,625) and still be eligible for filing bankruptcy under SBRA. The debt limit increase is temporary and returns to the original \$2,725,625 one year after the enactment of the CARES Act.¹⁴

Title II – Assistance for American Workers, Families, and Businesses

While the previous section primarily deals with small business concerns, this section of the CARES Act addresses the hardships that will befall everyday Americans during the ongoing Coronavirus crisis. The Act provides an alternative title for this section, “Relief for Workers Affected by Coronavirus Act.” Notably, the Act provides for expanded unemployment benefits, creates individual cash recovery rebates, and establishes an employee retention credit for employers subject to closure or other financial losses due to COVID-19.

Under the CARES Act, the states will continue to pay unemployment benefits to people who qualify. However, the Act provides for the payment of an additional \$600 per week (“Federal Pandemic Unemployment Compensation”) from the federal government in

¹¹ Sec. 1106. Loan Forgiveness.

¹² Sec. 1103. Entrepreneurial Development.

¹³ Sec. 1108. Minority Business Development Agency

¹⁴ Sec. 1113. Bankruptcy.

addition to the amount a worker receives from the state. Those eligible for unemployment benefits through the Act include a long list of situations, including but not limited to those directly affected by Covid-19, individuals unable to reach work due to quarantine, and individuals who are self-employed who would otherwise not be eligible for unemployment.¹⁵ Unemployment assistance is not available for an individual who has the ability to telework with pay or an individual who is receiving paid sick leave or other paid leave benefits.

Key Points:

- The covered period in the Act ranges from January 27, 2020 to December 31, 2020.
- The total number of weeks for which an individual may receive assistance shall not exceed 39 weeks.
- The assistance is funneled through existing State infrastructure.
- The Act supplements existing State unemployment benefits through Federal assistance.¹⁶
- If an individual knowingly makes a false statement in their unemployment application, they will be ineligible for further Federal Pandemic Unemployment Compensation and shall be subject to prosecution.
- The Act gives more flexibility to emergency state staffing to fill needs.¹⁷
- States who enact new programs for short-term compensation after the enactment of the Act shall be eligible for Federal reimbursement payments under the CARES Act.¹⁸

Rebates and Other Individual Provisions

Eligible individuals can receive a \$1,200 rebate (\$2,400 if filing jointly), plus an additional \$500 for each qualified child. Most individuals earning less than \$75,000 in adjusted gross income (AGI) can expect a one-time cash payment of \$1,200. In most instances, eligible married couples earning less than \$150,000 (AGI) will each receive a check. The rebates are tax credits that will be applied to 2020 tax returns, but are advanced to taxpayers now based on their 2019 or 2018 adjusted gross income (AGI).

For most Americans, no action is required to receive the rebate. The IRS will use data from the most current tax returns or Social Security data to provide a rebate to Americans either via direct deposit (if such information is available) or through a paper check in the mail to the last address on file. Current estimates for mail delivery of rebates is six to eight weeks according to the Tax Foundation.¹⁹ If a taxpayer's high income in 2019 puts them above the threshold, they may be in the phaseout range and remain eligible for a partial refund. If their income is lower in 2020 when they file taxes, any remaining credit

¹⁵ Sec. 2102. Pandemic Unemployment Assistance.

¹⁶ Sec. 2104. Emergency Increase in Unemployment Compensation Benefits.

¹⁷ Sec. 2106. Emergency State Staffing Flexibility.

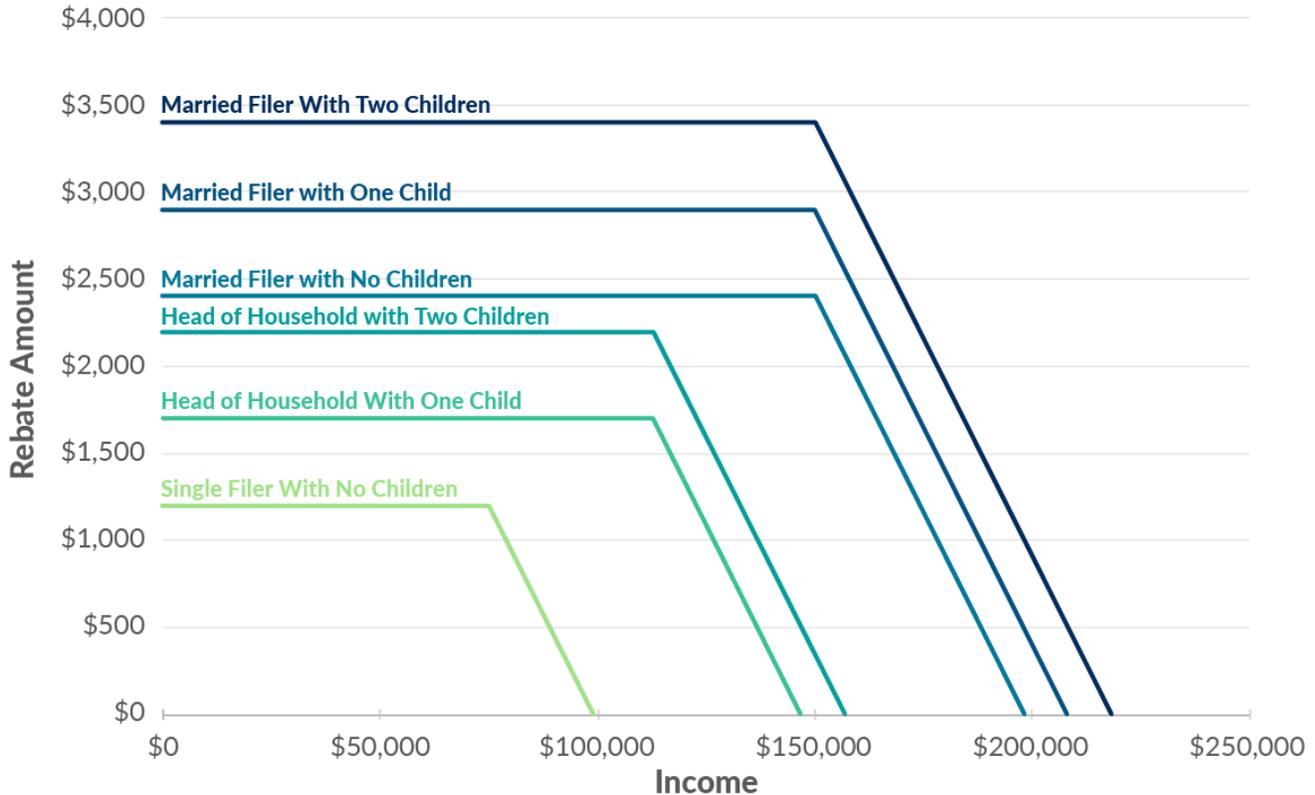
¹⁸ Sec. 2108. Temporary Financing of Short-time Compensation Payments in States with Programs in Law.

¹⁹ <https://taxfoundation.org/federal-coronavirus-relief-bill-cares-act/#0>

that they are eligible for will also be refunded or deducted from their tax liability when they file taxes for 2020.²⁰

Relief Rebate in the CARES Act

Individual Economic Relief Rebate By Filing Status



Source: "Coronavirus Aid, Relief, and Economic Security Act"

Other Individual Provisions Key Points:

- To encourage more charitable giving in 2020, the recently enacted government stimulus bill (the "CARES Act") provides some additional tax relief for donors.²¹
 - "Above-the-line" deduction of up to \$300 for *cash* donations to charity
 - The CARES Act lifts the 60% of AGI limit for cash donations made in 2020
 - Temporary suspension of limitations on certain cash contributions.²²

²⁰ Sec. 6428. Recovery Rebates for Individuals.

²¹ Sec. 2204. Allowance of Partial Above the Deduction for Charitable Contributions.

²² Sec. 2205. Modification of Limitations on Charitable Contributions during 2020.

- The Act permits employers to provide up to \$5,250 per employee in tax free payment of student loan obligations or other educational assistance benefits.²³

Other Business Provisions Key Points:

- The CARES Act provides a payroll tax credit for 50 percent of wages paid (plus the allocable portion of the cost of group health plan coverage), which is available to employers from March 13, 2020 to December 31, 2020 whose²⁴
 - operations were fully or partially suspended due to a COVID-19-related shutdown order, or
 - gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.
- The Act supports small businesses by modifying the net operating loss tax rules.²⁵

Title III – Supporting America’s Health Care System in the Fight Against the Coronavirus.

Subtitle A – Health Provisions²⁶

In an effort to provide assistance for those on the front lines of the Coronavirus pandemic, the Act supports the American health care system by addresses key supply shortages, expanding access to health care, training health care workers, and more. The table below shows which public health institutions and networks received funds and for what purpose.²⁷

Recipient	Amount	Purpose
Center for Disease Control	\$4.5 Billion	State and local preparedness grants, global health efforts, Public Health Data Surveillance and Infrastructure Modernization, and supporting Infectious Disease Fund.
National Institutes of Health	\$945 Million	Funds National Heart, Lung, and Blood Institute, National Institute of Allergy and Infectious Diseases, National Institute of Biomedical Imaging and Bioengineering, National Library of Medicine, National Center for Advancing Translational Sciences, and Office of the Director to expand research plans in understanding the Covid-19 coronavirus.

²³ Sec. 2206. Exclusion for Certain Employer Payments of Student Loans.

²⁴ Sec. 2301. Employee Retention Credit for Employers Subject to Closure due to Covid-19.

²⁵ Sec. 2303. Modifications for Net Operations Losses.

²⁶ Note: Some of Subtitle D – Finance Committee provisions will be included in this section as well.

²⁷ <https://www.hklaw.com/en/insights/publications/2020/03/coronavirus-response-cares-act-summary>

Substance Abuse and Mental Health Services Administration	\$425 Million	Funds Certified Community Behavioral Health Clinic Expansion Grant Program, suicide prevention programs, and additional funding for noncompetitive grants, contracts, or cooperative agreements to public entities to assist them in addressing mental health and substance abuse needs in local communities.
Center for Medicare and Medicaid Services	\$200 Million	Survey and certification focusing on nursing homes.
Public Health and Social Services Emergency Fund (PHSSEF)	\$130 Billion	Funding for a wide range of preparedness and response activities (examples: pandemic countermeasures, medical surge capacity, and medical supply chains), hospital preparedness program grants, Biomedical Advanced Research and Development Agency (BARDA), Ryan White HIV/AIDS Program, poison centers to support predicted increase call volume, rural health programs through the Health Resources and Services Administration, and reimbursements of the Veterans Health Administration for healthcare provided to citizens.

Health Provisions and Supply Shortages Key Points:

- Dept. of Health and Human Services, alongside National Academies of Sciences, Engineering, and Medicine, must examine medical product supply chain to ensure that it can deliver critical drugs and devices.²⁸
- The Act forces the Food and Drug Administration (FDA) to prioritize and expedite drug application reviews and establish inspections when such reviews and inspections could help mitigate or prevent a drug shortage.²⁹
- The Act expands manufacturer reporting requirements in response to drug shortages concerning life-saving drugs to include any drugs critical to a declared public health emergency.³⁰
- The Act also requires manufacturers of life-saving drugs, the manufacturers of active pharmaceutical ingredients (APIs) contained in these life-saving drugs, and the manufacturers of any medical devices used for the preparation or administration included in these life-saving drugs, to develop, maintain, and implement a redundancy risk management plan.³¹

²⁸ Sec. 3103. National Academies Report on America’s Medical Product Supply Chain Security.

²⁹ Sec. 3111. Prioritize Reviews of Drug Applications; Incentives.

³⁰ Sec. 3112. Additional Manufacturer Reporting Requirements in Response to Drug Shortages.

³¹ Sec. 506J. Discontinuance or Interruption in the Production of Medical Devices.

Access to Health Care for Covid-19 Patients Key Points:

- The Act updates the description of the tests described in the Families First Coronavirus Response Act (signed into law March 18, 2020) to which this coverage mandate applies to include additional COVID-19 tests that have not been approved by the FDA, but which FDA has allowed to be used under alternative regulatory mechanisms such as emergency use authorizations.³²
- Payment for the tests will be negotiated between health care plans and the provider of the tests.³³
 - Individual or group health plans/insurance issuers are required to cover any qualifying coronavirus preventive service, including vaccines once one is available for the public.³⁴

Support for Health Care Providers and Networks Key Points:

- The Act expands coverage and payment for telehealth services by building on changes enacted March 6, 2020 in the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020.³⁵
- The Act specifically supports rural health care services and networks by expanding grant opportunities and increasing grant timelines and dollar amounts.³⁶
- Limits liability for volunteer health care professionals during Covid-19 emergency response.³⁷
- Appropriates \$125.5 million in funding for each fiscal year from 2021 through 2025 for the Healthy Start program to help reduce infant mortality and address health disparities.³⁸
- National awareness campaign to the public and healthcare providers about the importance and safety of blood donation and the need for donations for the blood supply during the public health emergency.³⁹
- Directs the HHS secretary to consider ways to encourage the use of telecommunications systems, including for remote patient monitoring during the emergency period by clarifying guidance and through outreach as appropriate.⁴⁰
- Allows physician assistants, nurse practitioners and other professionals, including nurse midwives, to order home health services for beneficiaries, reducing delays and increasing beneficiary access to care in the safety of their home.⁴¹

³² Sec. 3201. Coverage of Diagnostic Testing for Covid-19.

³³ Sec. 3202. Pricing of Diagnostic Testing.

³⁴ Sec. 3203. Rapid Coverage of Preventive Services and Vaccines for Coronavirus

³⁵ Sec. 3212. Telehealth Network and Telehealth Resource Centers Grant Programs.

³⁶ Sec. 3213. Rural Health Care Services Outreach, Rural Health Network Development, and Small Health Care Provider Quality Improvement Grant Programs.

³⁷ Sec. 3215. Limitation on Liability for Volunteer Health Care Professionals during Covid-19 Emergency Response.

³⁸ Sec. 3225. Reauthorization of Healthy Start Program.

³⁹ Sec. 3226. Importance of the Blood Supply.

⁴⁰ Sec. 3707. Encouraging the use of telecommunications Systems for Home Health.

⁴¹ Sec. 3708. Improving Care Planning for Medicare Home Health Services.

- The Act pauses the sequestration requirement enacted under the Budget Control Act of 2011 during the period of May 1, 2020 through December 31, 2020, which has the effect of providing an immediate payment boost to providers and plans. To avoid “worsening Medicare’s long-term financial outlook,” the Act extends the current Medicare sequester requirement through FY 2030.⁴²

Support for Healthcare Workforce Key Points:

- Requires the HHS to develop a comprehensive and coordinated plan and report concerning the healthcare workforce development programs, including education and training programs.⁴³
- Authorizes additional grants for Geriatrics Workforce Enhancement Programs.⁴⁴
- The Act supports the training the nursing population, supporting retention, and amending language to support an expected nursing surge during the pandemic.⁴⁵

Title III Continued

Subtitle B – Education Provisions

The measures outlined in Title III of the Act also affect numerous stakeholders throughout higher education, including institutions of higher education, prospective teachers, and student borrowers. Interim measures include deferment of loan payments for certain institutions, stopping accrual of interest on student loans, continue work study payments even if some duties cannot be performed due to Covid-19 emergency, and temporary waivers for students withdrawing from school to repay certain federal student loans.

Education Provisions Key Points:

- The Act gives education institutions more flexibility in supporting students who have unmet financial needs and unexpected expenses through Supplemental Educational Opportunity Grants.⁴⁶
- Provides institutions with the ability to continue work study payments, not to exceed one academic year, to students unable to perform work-study obligations.⁴⁷
- Permits the deferment of repayments for certain loans to HBCUs.⁴⁸
- Suspends student federal loan payments through September 30, 2020, without interest accrual.⁴⁹

⁴² Sec. 3709. Adjustment of Sequestration.

⁴³ Sec. 3402. Health Workforce Coordination.

⁴⁴ Sec. 3403. Education and Training Relating to Geriatrics.

⁴⁵ Sec. 3404. Nursing Workforce Development.

⁴⁶ Sec. 3504. Use of Supplemental Educational Opportunity Grants for Emergency Aid.

⁴⁷ Sec. 3505. Federal Work-Study during a Qualifying Emergency.

⁴⁸ Sec. 3512. Historically Black Colleges and Universities Capital Financing.

⁴⁹ Sec. 3513. Temporary Relief for Federal Student Loan Borrowers.

- Provides relief to borrowers of the obligation to repay loans that were taken out if they withdraw due to a qualifying emergency during the payment period those loans were borrowed.⁵⁰

Title III Continued

Subtitle C – Labor Provisions

Subtitle C of the CARES Act amends certain language and provisions in the Emergency Family and Medical Leave Expansion Act and the Families First Coronavirus Response Act.

Labor Provisions Key Points:

- The Act amends the Families First Coronavirus Response Act so that an employee who was laid off by an employer on March 1, 2020, or later, has access to paid family and medical leave if the employee worked for the employer for at least 30 of the last 60 calendar days prior to the employee’s layoff and was subsequently rehired.⁵¹
- Employers are able to receive an advance of their allotted tax credit as opposed to having to wait for reimbursement.⁵²
- The Act guarantees that federal contractors will be fully reimbursed if they cannot perform their contracted work on a site due to facility closures or other restrictions, provided they cannot perform their contracted duties remotely.⁵³

Title III Continued

Subtitle E – Health and Human Services Extenders

Subtitle E focuses primarily on key Medicare and Medicaid Provisions, as well as other public health and human service programs. A significant portion of provisions in this section simply extend funding through FY 2020.

Health and Human Services Key Points:

- Medicare: Extends the funding which was originally set to expire on May 22, 2020 through FY 2020.⁵⁴
- Provides additional funding for various area agencies on aging, aging and disability resource centers, and the National Center for Benefits and Outreach Enrollment and extends such funding through FY 2020.⁵⁵

⁵⁰ Sec. 3508. Institutional Refunds and Federal Student Loan Flexibility.

⁵¹ Sec. 3605. Paid Leave for Rehired Employees.

⁵² Sec. 3606. Advance Refunding of Credits.

⁵³ Sec. 3610. Federal Contractor Authority.

⁵⁴ Sec. 3802. Extension of Funding for Quality Measure Endorsement, Input, and Selection

⁵⁵ Sec. 3803. Extension of funding outreach and Assistance for Low-Income Programs

- Extends allotments to states for sexual risk avoidance education programs originally set to end on May 22, 2020 through 2020.⁵⁶
- Authorizes the extension of the temporary assistance for needy families program and other related programs through November 30, 2020 and further authorizes the appropriation of money for such programs.⁵⁷

Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy

Whereas Title I – Keeping Americans Paid and Employed primarily covered small businesses, Title IV includes numerous provisions that provide relief to larger industries, namely airlines, financial institutions, and other sectors critical to national security. The Act supports these industries through roughly \$500 billion in loans that will have to be repaid and subject to public disclosures. Alleviating the concerns of many who feared a repeat of the Great Recession stimulus that saw companies use government money on stock repurchases/buy-backs and executive compensation, there is language in the Act that prohibits such actions. This section also includes protections regarding foreclosures and evictions.

Title IV Key Points:

- The Act provides that the Secretary of the Treasury will endeavor to implement a program or facility that provides financing to banks and other lenders that make direct loans to eligible businesses including, to the extent practicable, nonprofit organizations with between 500 and 10,000 employees.⁵⁸
 - Must be domiciled in U.S. with majority of employees in the U.S.
 - Funds must be used to restore and retain at least 90% of workforce at full compensation and benefits until September 30, 2020.
 - Cannot outsource jobs during loan term or for two years after completing repayment.
 - Any employee with a 2019 total compensation of over \$425,000 cannot receive increased compensation for any 12-month period or receive severance pay or other termination benefits of more than twice their 2019 total compensation.⁵⁹
 - The company will remain neutral in any union negotiating effort that takes place during the term of the loan.
- The Act specifically provides \$25 billion in funds to support the airline industry and to prevent the closure of passenger airlines and aerospace businesses.

⁵⁶ Sec. 3821. Extension of Sexual Risk Avoidance Education program.

⁵⁷ Sec. 3824. Extension of the Temporary Assistance for Needy Families Program and Related Programs.

⁵⁸ Sec. 4003. Emergency Relief and Taxpayer Protections

⁵⁹ Sec. 4004. Limitations on Certain Employees Compensation.

- Air carriers receiving loans must maintain scheduled air transportation services in order to maintain critical service delivery during the pandemic (for example, keeping rural airports open).⁶⁰
- Assist air carrier workers by maintaining payroll and benefits.⁶¹
- Temporarily reduces the Community Bank Leverage Ratio for qualifying community banks to 8%.⁶²
- Establishment of Special Inspector General for Pandemic Recovery.
 - Exact Language: “It shall be the duty of the Special Inspector General to, in accordance with section 4(b)(1) of the Inspector General Act of 1978 (5 U.S.C. App.), conduct, supervise, and coordinate audits and investigations of the making, purchase, management, and sale of loans, loan guarantees, and other investments made by the Secretary of the Treasury under any program established by the Secretary under this Act, and the management by the Secretary of any program established under this Act.”⁶³
- The CARES Act directs that servicers of Federally backed mortgage loans grant the forbearance upon a borrower’s affirmation of hardship caused by COVID-19 without additional documentation, fees, penalties or interest for up to 180 days.⁶⁴
 - Except for vacant or abandoned property, a Federally backed mortgage loan servicer is prohibited from initiating any foreclosure process, seeking a foreclosure judgment or order of sale, or executing a foreclosure-related eviction or foreclosure sale for at least a 60-day period that began on March 18, 2020.
- The Act creates an eviction moratorium for all federally financed rentals, which according to the Urban Institute is one in four U.S. rentals.⁶⁵
 - It halts evictions of renters living in single-family and multifamily properties with federally backed mortgages for 120 days after its enactment, *regardless of whether the landlord receives forbearance*.⁶⁶

Title V – Coronavirus Relief Funds

Title V of the CARES Act appropriates \$150 billion in fiscal year 2020 for states, territories, Indian tribes, and local governments to respond to the COVID-19 emergency. The Secretary of the Treasury is charged by the Act with the administration of these funds. The Act provides significant administrative oversight of the Secretary.

⁶⁰ Sec. 4005. Continuation of Certain Air Services.

⁶¹ Sec. 4112. Pandemic Relief for Aviation Workers.

⁶² Sec. 4012. Temporary Relief for Community Banks

⁶³ Sec. 4018. Special Inspector General for Pandemic Recovery.

⁶⁴ Sec. 4022. Foreclosure Moratorium and Consumer Right to Request Forbearance.

⁶⁵ <https://www.urban.org/urban-wire/cares-act-eviction-moratorium-covers-all-federally-financed-rentals-thats-one-four-us-rental-units>

⁶⁶ Sec. 4024. Temporary Moratorium on Eviction Filings.

Title V Key Points:

- Payments will be made directly to a defined unit of local government that has submitted the required certification for direct payment.⁶⁷ All payments from the Fund will be used for:
 - Expenditures due to the public health emergency.
 - Expenditures not already part of an approved budget of a state or government.
 - Expenditures incurred during the period March 1, 2020 through December 30, 2020.

Title VI – Miscellaneous Provisions

This section allocates additional support for key government programs run and operated by federal agencies and sub-agencies. For example, the Act adds an additional \$20,500,000 for the “Rural Business Program Account,” a program managed by the U.S. Department of Agriculture, to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus. Other provisions include funding for necessary procurement of health equipment for government agencies to increase workforce resiliency.

There are notable provisions to assist the Department of Education in maintaining quality education to American youth during this time of crisis. The Act makes grants available to State governors “to provide emergency support through grants to local educational agencies that the State educational agency deems have been most significantly impacted by coronavirus to support the ability of such local educational agencies to continue to provide educational services to their students and to support the on-going functionality of the local educational agency.”⁶⁸ Additional grants are provided to “principals and other school leaders with the resources necessary to address the needs of their individual schools” and the development of “activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.”⁶⁹

⁶⁷ Sec. 5001. Coronavirus Relief Funds.

⁶⁸ Sec. 18002. (a) GRANTS.

⁶⁹ Sec. 18003. (a) GRANTS.