



Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

The CARES Act is a Bill designed to provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic. This Bill was signed into law on Friday, March 27, 2020. This \$2 Trillion Bill primarily provides benefit to seven groups: individuals, small businesses, big corporations, hospitals and public health, federal safety net, state and local governments, and education. This Bill should help to alleviate some of the worst economic impacts related to crisis.

INDIVIDUALS

- **Cash payments:** Estimated cost \$300B.
 - Most individuals with an AGI of less than \$75,000 will receive a one-time payment of \$1,200
 - Most married couple with an under \$150,000 will receive a one-time payment of \$2,400
 - Families will receive \$500 per child in addition to the one-time payment
 - The one-time payment amount begins to decrease at \$75,000 AGI (\$150,000 AGI for couples) and drops to zero for individuals with an AGI of more than \$99,000 (\$198,000 for couples)
 - The one-time cash payments are based on either the 2018 or 2019 tax filings
 - Recipients of Social Security benefits but who do not file tax return are eligible
 - Checks will be based on information provided by the Security Administration

- **Enhanced unemployment benefits:** Estimated cost \$260B
 - This Bill increases benefits and broadens eligibility
 - States will pay unemployment to people who qualify
 - The bill adds \$600 per week from the federal government to the base received from the state
 - This boost in payment will last for four months
 - The Bill adds 13 weeks of unemployment insurance
 - New filers are allowed to collect the benefits for the longer period
 - Self-employed, Gig economy workers and freelancers typically do not qualify for unemployment. This bill creates a new, temporary Pandemic Unemployment Assistance program through the end of this year to help people who lose work as a direct result of the public health emergency.

- **Tax returns:** The filing deadline has been extended to July 15
 - If you have filed or plan to file you will receive a refund if they are owed one



INDIVIDUALS continued

- **Student loans:** Employers can provide up to \$5,250 in tax-free student loan repayment benefits
 - Employers could contribute to loan payments and the recipient will not be required to include that money as income for tax purposes

- **Insurance coverage:** The bill requires all private insurance plans to cover COVID-19
 - Treatments and vaccines are covered
 - Coronavirus tests free

SMALL BUSINESSES

- **Emergency grants:** The bill provides \$10B for grants of up to \$10,000 to provide emergency funds for small businesses to cover immediate operating costs.

- **Forgivable loans:** The Bill allocates \$350B to the SBA to loan up to \$10 million per business
 - Any portion of that loan used to maintain payroll, keep workers on the books or pay for rent, mortgage and existing debt could be forgiven, provided workers stay employed through the end of June

- **Relief for existing loans:** The Bill allocates \$17 billion to cover six months of payments for small businesses already using SBA loans

BIG BUSINESSES

- **Airlines:** An estimated \$58B set aside to help airlines stay open
 - A portion is set aside to help cover employee wages, salaries and benefits
 - Up to \$25B for passenger air carriers
 - Up to \$4B for cargo air carriers
 - Up to \$3B for airline contractors



BIG BUSINESSES continued

- **Stock buyback ban:** A company taking advantage of loans through this program is barred from making stock buybacks for the term of the loan plus one year.
- **Reporting requirements:** All loans, terms investments or any other assistance provided through this program must be publicly disclosed
- **Oversight:** A special IG will be created to oversee pandemic recovery. That office and committee, will have oversight of all loans and other uses of taxpayer funds
- **Elected and Appointed Federal Positions:** The president, vice president, members of the Cabinet and members of Congress are barred from benefiting from the money set aside for corporations, this includes the spouse, child, son-in-law or daughter-in-law
- **All businesses:** This Bill establishes a fully refundable tax credit for businesses that are closed or distressed to help keep workers on the payroll.
 - The goal is to get those employees hired back or put on paid furlough
 - The credit covers to 50 percent of payroll on the first \$10,000 of compensation, including health benefits
 - For employers with more than 100 full-time employees, the credit is for wages paid to employees when they are not providing services because of the coronavirus
 - For employers with 100 or fewer full-time employees could use the deduction even if they aren't closed

PUBLIC HEALTH

- **Hospitals:** This Bill sets aside \$100B to assist hospitals responding to the coronavirus
- **Community health centers:** This Bill provides \$1.32B in additional funding for community centers that provide health care services for roughly 28M people



PUBLIC HEALTH continued

- **Drug access:** This Bill provides \$11B for diagnostics, treatments and vaccines
 - There is \$80M for the Food and Drug Administration to prioritize and expedite approval of new drugs

- **CDC:** The CDC will receive \$4.3B to help programs and response efforts

- **Veterans' health care:** This Bill sets aside \$20B for veterans

- **Telehealth:** This Bill reauthorizes a critical telehealth program to extend the reach of virtual doctor's appointments

- **Medicine and supplies:** This Bill sets aside \$16B for increased availability of equipment from the Strategic National Stockpile

SOCIAL SAFETY NET

- **Child nutrition:** This Bill sets aside \$8.8B for schools to provide meals for students

- **Food stamps:** This Bill sets aside \$15.5B for Supplemental Nutrition Assistance Program (SNAP)
 - The funds should assist with the number of new applications
 - American Indian reservations, Puerto Rico, Northern Mariana Islands and American Samoa will also receive additional funding

- **Food banks:** This Bill sets aside \$450M for food banks and other community food programs



STATE AND LOCAL GOVERNMENTS

- **State & Local Government Relief:** This Bill sets aside \$339.8B for programs to provide assistance
 - \$274B for specific COVID-19 response efforts
 - \$150B aid to states and local governments in need of funds due to a high number of cases
 - \$5B for Community Development Block Grants
 - \$13B for K-12 schools
 - \$14B for higher education
 - \$5.3B for programs for children and families, including child care centers

EDUCATION AND OTHER PROGRAMS

- **Temporary student loan relief:** Loan and interest payments will be deferred through September 30, 2020 without penalty to the borrower NOTE: this applies to federally owned student loans
- **Work-study funds:** Schools are allowed to convert unused work-study funds into supplemental grants and continue paying work-study wages while schools are suspended
- **Students who drop out:** Students who drop school due to coronavirus will not have that time away deducted from their lifetime limits on subsidized loans and Pell Grant eligibility
 - Those students will not be asked to pay back any grants or other aid they've already received
- **Other programs:** There are numerous other programs and agencies receiving funds, including arts programs, universities and other institutions

Sources:

NPR on-line article: [What's Inside The Senate's \\$2 Trillion Coronavirus Aid Package](#), by Kelsey Snell, March 26, 2020

The National Law Review on-line article: [COVID-19K Provisions CARES](#), March 30, 2020 NOTE: nothing was reprinted from this article

Link to Bill: [CARES Act](#)

CHAMBER

FAYETTEVILLE

As additional information becomes available, particularly on how to take advantage of these programs the Chamber will publish that material to its members. In the meantime, if you have any questions please do not hesitate to reach out.

Thank you,



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