



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

(Updated 04/01/2020)

PURPOSE

Providing emergency assistance and health care response for individuals, families and businesses affected by the 2020 coronavirus pandemic.

Provisions:

1. Keeping American workers paid and employed

- *The plan will rush financial assistance to Americans with direct checks to households in the middle class and in lower income levels. \$1,200 to most American adults and \$2,400 to most American families.*

2. Assistance for American workers, families and businesses

- *An extended unemployment insurance program for laid-off workers that will allow for four months of full pay rather than the usual three months for most. It will also raise the maximum unemployment insurance benefit by \$600 per week. It will apply to traditional workers for small and large businesses as well as those who are self-employed and workers in the gig economy.*

3. Supporting America's health care system in the fight against the coronavirus

- *More than \$150 billion for the health care system, including funding for hospitals, research, treatment and the Strategic National Stockpile to raise supplies of ventilators, masks and other equipment. Of that, \$100 billion will go to hospitals and the health system and \$1 billion to the Indian Health Service.*

4. Economic stabilization and assistance to severely distressed sectors of the united states economy

- *\$150 billion to state and local governments to address spending shortages related to the coronavirus pandemic.*

5. Coronavirus relief funds

- *\$350 billion in the form of loans for small businesses impacted by the pandemic; some of those loans could be forgiven.*

REFERENCE:

- [1. CARES Act](#)
- [2. Amendment](#)

COMPREHENSIVE SUMMARY

Individuals:

1. Money for American families Sec. [2201](#)

- *This comes in the form of a one-time tax rebate check of \$1,200 per individual and \$500 per child for those with a valid SSN. There are no earned income or tax liability requirements to receive these rebate checks. The full rebate amount is available for those with incomes at or below \$75,000 for individuals*

2. Retirement Accounts Sec. [2202](#)

- *Older Americans that are subject to mandatory minimum distributions from their retirement accounts would be able to keep their capital invested instead of being forced to cash out to draw on that capital without penalty, which would be suspended for 2020. Similarly, the bill also waives the 10% penalty on coronavirus-related early distributions from 401(k)s and IRAs, which applies to distributions made at any time during 2020, \$112,500 for head of household, and \$150,000 for married couples*

3. Pandemic Unemployment Assistance Section [2101](#)

- **Pandemic Unemployment Assistance Program Section [2102](#)**
 - *Creates a new Pandemic Unemployment Assistance program to help those not traditionally eligible for UI, such as self-employed and independent contractors, like gig workers and Uber drivers, as well as those who are unable to work or telework as a result of the coronavirus public health emergency.*

- *Provides funding to reimburse nonprofits and government entities that are not part of the state unemployment system for 50% of the costs they incur through December 31, 2020 to pay unemployment benefits.*
- **Provides an additional payment to each recipient [Section 2104](#)**
 - *Provides additional \$600/week payment to each UI or Pandemic Unemployment Assistance recipient for 4 months beginning April 1 through July 31, 2020.*
- **Supports states who pay individuals quickly [Section 2105](#)**
 - *Provides funding for the 1st week of unemployment for states to waive the traditional “waiting week” before benefits begin.*
- **Allows for additional weeks of unemployment benefits when needed [Section 2107](#) (pg 108)**
 - *Provides an additional 13 weeks of unemployment to help those who remain unemployed after weeks of state unemployment are exhausted*

4. Housing [Section 4022](#) (pg. 553)

- *Prohibit foreclosures on all federally backed mortgage loans for a 60-day period and provides up to 180 days of forbearance for federally backed borrowers who have experienced a financial hardship related to the COVID-19 emergency. The bill also will also provide up to 90 days of forbearance for borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship. Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. For 120 days, landlords will be prohibited from initiating legal action to evict or charge fees and penalties to the tenant if the landlord’s mortgage on the property is in any way assisted by Housing and Urban Development (HUD), Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.*

5. HealthCare Sec. [3202](#) (pg. 225)

- *Testing and eventually services related to vaccines are to be covered, without cost-sharing, by private health plans.*

6. Student Loans Sec. [4008](#) (pg. 520)

- *Suspend monthly payments on federally held student loans through September, with no interest accruing during that suspension, but continue to count these months towards requirements for federal loan forgiveness programs.*
- *Students can defer student loan payments for 6 months and to keep their Pell grants; prevent students who have to leave school as a result of COVID-19 from losing eligibility for future Pell grants; allows students to keep unspent money*

from Pell grants or student loans; and allow colleges and universities to continue to pay students for work-study programs even if they are unable to work due to closures.

Businesses

1. Provides Another Option for Employers to Keep Connected to Their Employees Sec. [2301](#) (pg. 172)

- *Employers of all sizes that face closure orders or suffer economic hardship due to the coronavirus crisis that continue to pay employees that are furloughed may be eligible for a 50% credit on up to \$10,000 of wages paid to those employees. This will help workers keep their jobs, help local businesses ride out this storm, and ensure that furloughed workers have jobs to return to.*

2. Delays Payroll Tax Payments for Employers Sec. [2302](#) (pg. 183)

- *Employers would be able to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately \$300 billion of extra cash flow for businesses.*

3. Support for Businesses Suffering Losses Sec. [2303](#) (pg. 187)

- *The bill also allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.*

4. Entrepreneurial Development Sec. [1103](#)

- *The bill would fix cost recovery for investments in Qualified Improvement Properties, which will allow businesses that made these investments in 2018 and 2019 and receive tax refunds now.*

5. Small Business Rescue Funds Sec. [1106](#)

- *\$350 billion will be for loan forgiveness grants to small businesses and non-profits to maintain existing workforce and help pay for other expenses like rent, mortgage, and utilities; \$10 billion will be for the Small Business Administration (SBA).*

6. Emergency Grants Sec. [1110](#) (pg. 64)

- *Up to \$10,000 to provide immediate relief for small business operating costs; and \$17 billion will be for SBA to cover 6 months of payments for small businesses with existing SBA loans.*

7. Additional Government Funding Sec. [4003](#) (pg. 499)

- *\$117 billion for Hospitals and Veterans Health Care \$45 Billion for the FEMA Disaster Relief Fund \$16 Billion for the Strategic National Stockpile \$4.3 Billion for the Centers for Disease Control \$11 Billion for Vaccines, Therapeutics, Diagnostics, & Other Medical Need.*
- *\$11 billion for vaccines, therapeutics, diagnostics, and other medical needs.*
- *\$1 billion for the Defense Production Act to bolster domestic supply chains, enabling industry to quickly ramp up production of personal protective equipment, ventilators, and other urgently needed medical supplies, and billions dollars more for federal, state, and local health agencies to purchase such equipment.*