



Summary of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136)

Congress has taken extraordinary steps to address the impact of the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2 or “the coronavirus”) and the 2019 coronavirus disease (COVID-19) on Americans health and well-being, as well as the nation’s economy. On March 6, President Donald Trump signed the *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020* (P.L. 116-123), which provided \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak. Less than two weeks later, on March 18, the President signed the *Families First Coronavirus Response Act* (P.L. 116-127), which includes a number of provisions to ensure Americans have access to testing and provide for basic needs during the pandemic.

Despite these two significant bills, it was widely recognized that additional legislation is needed to support response efforts, provide relief for workers and families, and shore up the economy. To that end, on March 27, the President signed the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. The \$2.3 trillion bill includes new funding and numerous provisions to respond to the unprecedented crisis. Below is a summary of provisions in the *CARES Act* most relevant to moms, babies and families, as well as nonprofit organizations.

It is expected that Congress will soon consider a fourth legislative package to provide additional funding for response activities. March of Dimes’ Office of Government Affairs is actively advocating to include measures in the bill to support moms, babies and families. We are closely monitoring the situation and will keep you updated on any developments. Please direct any questions about the legislation to Becky Abbott, Deputy Director of Federal Affairs for Public Health (rabbott@marchofdimes.org, 405.642.9391).

SUPPORT FOR MARCH OF DIMES

- **Pension Relief:** Enacts the *Protecting Critical Services for Mothers and Babies Act*, which will allow March of Dimes to elect to be treated as a Cooperative and Small Employer Charity (CSEC) pension plan sponsor. The change will save the organization tens of millions of dollars through more predictable and affordable pension funding options.

AID FOR NONPROFIT SECTOR

- **Deduction for Charitable Giving:** Allows taxpayers to deduct up to \$300 of charitable contributions in 2020 regardless of whether they itemize their deductions.
- **Expanding Limits on Giving:** Temporarily allows individuals to deduct charitable contributions up to 100 percent of their modified income, an increase from the current limit of 60 percent. Boosts the charitable deduction corporations can claim from 10 percent to 25 percent of taxable income.

HELP FOR EMPLOYERS

- **Industry Stabilization Fund:** Out of \$454 billion available funding to states, municipalities, tribes, and businesses, large charities with 500 or more employees can receive low-interest loans (2 percent APR or less) to maintain operations. The legislation outlines a number of requirements and conditions for loan recipients.

- **Payroll Tax Credit:** Creates a refundable payroll tax credit for 50 percent of wages paid by eligible employers from March 13 to December 31, 2020. The credit is provided for the first \$10,000 in wages paid and is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order or (2) gross receipts declined by more than 50 percent when compared to the same quarter in 2019. The credit will phase out when the organization's revenue exceeds 80 percent of the same quarter in 2019.
- **Payroll Tax Delay:** Allows employers to defer payment of the employer share of Social Security taxes. Deferred taxes needs to then be paid over the following two years, with half paid by December 2021 and the other half by December 2022.
- **Unemployment Benefits:** Provides funding to states to reimburse employers for half of the costs they incur through December 31, 2020 to pay unemployment benefits.
- **Small Business Administration (SBA) Loans:** Streamlines processes, expands eligibility to nonprofit and other previously ineligible entities, and increases funding for SBA's *7(a) loan program*. This new "Paycheck Protection Program" is to help small employers make payroll and pay essential expenses during the COVID-19 outbreak, and is generally for entities with 500 or fewer employees. The maximum loan amount is \$10 million, and the bill includes generous loan forgiveness terms. Also modifies the SBA's *Economic Injury Disaster Loans (EIDL)* program to provide an immediate advance payment to qualified loan applicants. Organizations with no more than 500 employees are eligible for EIDL loans. The maximum loan amount is \$2 million and cannot be combined with other SBA loans. Recipients of SBA loans are not eligible for the payroll tax credit or payroll tax delay outlined above.

ASSISTANCE FOR FAMILIES AND COMMUNITIES

- **2020 recovery rebates for individuals:** Provides each U.S. resident with an adjusted gross income up to \$75,000 single filer/\$112,500 head of household filer/\$150,000 joint filers with a \$1,200 rebate for singles or head of households and a \$2,400 rebate for joint filers. Residents are also eligible for an additional \$500 per child. Rebates phase out at a 5 percent rate above adjusted gross incomes outlined above.
- **Emergency withdrawals from retirement plans:** Loosens rules governing early disbursements, loans, and required minimum distributions made in 2020 from qualified retirement accounts for reasons related to COVID-19 pandemic.
- **Protections for homeowners:** Homeowners with federally-backed mortgages, including those guaranteed by Fannie Mae and Freddie Mac, may request forbearance on payments for up to 12 months with no fees, penalties, or extra interest. The bill also includes a 60-day moratorium on foreclosures and evictions of homeowners with federally-backed mortgages. Prohibits forbearance or modified payments with respect to a financial obligation, such as a mortgage, from negatively influencing credit scores during the COVID-19 public health emergency.
- **Protections for renters:** Owners of multifamily properties with federally-backed mortgages may also request forbearance on payments for up to three months. Owners receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period. Further, the *CARES Act* prohibits owners of federally-subsidized properties or recipients of federally-backed loans from initiating eviction filings for four months after the enactment of the bill. The bill also provides \$3 billion to support individuals currently receiving rental assistance from the Department of Housing and Urban Development.
- **Support for Native populations:** Provides \$453 million to the Bureau of Indian Affairs to ensure Tribal governments have necessary funding to meet the health care and social service needs of

their citizens during the COVID-19 pandemic. Also provides \$300 million to help Native Americans avoid homelessness during the COVID-19 pandemic.

- **New Funding for block grant programs:** Boosts funding for the Child Care and Development Block Grant and the Community Development Block Grant to ensure that communities and childcare providers can respond to community needs during the COVID-19 public health emergency.
- **Homeless populations:** Includes \$4 billion to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness. Also makes available \$200 million through the Department of Homeland Security for shelter, food and supportive services to individuals and families in sudden economic crisis.

SUPPORT FOR UNEMPLOYED WORKERS

- **Pandemic Unemployment Assistance Program:** Creates a new Pandemic Unemployment Assistance program to provide payments to workers not eligible for unemployment insurance (UI) benefits and are unable to work due to COVID-19 pandemic. The program is in effect until December 31, 2020.
- **Expanding Unemployment Assistance:** Provides an additional \$600 per week payment to each recipient of UI or Pandemic Unemployment Assistance until July 31, 2020. Extends UI benefits for an additional 13 weeks through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.
- **Short-Time Compensation Programs:** Funds state short-time compensation programs, where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated UI benefit. Federal funding is available through December 31, 2020. Provides grants to states to initiative short-term compensation programs if they do not already have a program in place.

IMPROVING RESPONSE CAPACITY

- **Funding for frontline providers:** Provides financial support to health care facilities, public health departments, first responders, and others serving at the frontline in the COVID-19 response. Highlights include:
 - *Coronavirus Relief Fund:* A new \$150 billion fund for states, tribal governments, territories, and localities to respond to pandemic.
 - *CDC grants:* \$1.5 billion for grants or cooperatives agreements to states, tribal governments, territories, and localities for response activities.
 - *Hospitals:* \$100 billion for a new program to provide grants to hospitals and other eligible health care providers and facilities to cover unreimbursed health care related expenses or lost revenues attributable to the coronavirus public health emergency.
 - *Biomedical Advanced Research and Development Authority (BARDA):* \$27 billion to support research and development of vaccines, therapeutics, and diagnostics; make purchases for the Strategic National Stockpile; purchase vaccines; and support medical facilities, among other activities.
 - *Community Health Centers:* \$1.32 billion to help community health centers serve patients during the COVID-19 pandemic.
 - *Byrne-Justice Assistance Grant Program (Byrne-JAG):* \$850 million to help state and local law enforcement response to COVID-19, including purchasing personal protective and medical equipment, cleaning facilities, and addressing coronavirus outbreaks in jails.

Also includes \$100 million to support federal law enforcement officers and address outbreaks in federal prisons.

- *Grants to Firefighters*: \$100 million to purchase personal protective equipment for firefighters and paramedics.
- *National Guard*: \$1.4 billion to support national guard deployments to help states respond to COVID-19 pandemic.
- *Department of Defense*: \$1.5 billion to triple the number of beds at military hospitals and affiliated facilities to alleviate the anticipated strain on both the military and civilian healthcare systems.
- **CDC Funding**: Provides \$4.3 billion to CDC to respond to the COVID-19 pandemic (inclusive of \$1.5 billion in grants outlined above). \$500 million of the available funding will be used to modernize the nation’s public health surveillance infrastructure, which has been a March of Dimes priority. This funding will be available through fiscal year 2024.
- **Supply shortages**: Includes provisions to accelerate the production of critical medical supplies, devices, and drugs, as well as improve access to those products in this and future public health emergencies. The bill also includes new funding for purchases, including \$1 billion for the Department of Defense to quickly scale production and purchase of important medical supplies.

RESEARCH

- **Basic Science**: Includes new investments in activities to understand the coronavirus and fight the current outbreak, including:
 - National Institutes of Health: \$945 million
 - National Institute of Standards and Technology: \$6 million
 - National Science Foundation: \$75 million
 - Defense Medical Research and Development: \$415 million
 - Environmental Protection Agency: \$1.5 million
 - Agency for Toxic Substance and Disease Research: \$12.5 million

ENSURING PATIENTS HAVE ACCESS TO CARE

- **Diagnostic Testing**: Expands provisions in the *Families First Coronavirus Response Act* that require private and public health plans to cover with no cost-sharing services related to diagnostic testing of the coronavirus to include those tests without an Emergency Use Authorization from the Food and Drug Administration.
- **Vaccines**: In anticipation of a coronavirus vaccine coming to market, updates policies to ensure that private health plans offer free coverage of a vaccine within 15 days that has in effect a rating of “A” or “B” in the current recommendations of the United States Preventive Services Task Force or a recommendation from the Advisory Committee on Immunization Practices (ACIP).
- **Telehealth**: Includes provisions to expand access to telehealth, including:
 - Allowing high-deductible health plans (HDHP) with a health savings account (HSA) to cover telehealth services prior to a patient reaching the deductible.
 - Providing \$200 million to the Federal Communications Commission to facilitate telehealth services through its Connected Care Pilot Program, among other activities.
 - Makes available \$185 million for Rural Health programs at the Health Resources and Services Administration that will be used, in part, to scale telehealth services.
- **Federal Health Programs**: Provides supplemental funding for the Defense Health Program, Indian Health Service, and Veterans Health Administration to support their COVID-19 response.

NUTRITION ASSISTANCE

- **SNAP program:** Provides an additional \$15.5 billion for the SNAP program to ensure it can meet increased demand during COVID-19 outbreak.
- **The Emergency Food Assistance Program (TEFAP):** \$450 million for local food banks to ensure low-income families have nutritious foods. This is in addition to the \$400 million provided in the *Families First Coronavirus Response Act*.
- **Funding to US territories:** \$200 million for the US Department of Agriculture to provide grants to Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands to purchase nutritious foods. This is in addition to the \$100 million provided in the *Families First Coronavirus Response Act*.
- **Funding to Tribes:** \$100 million for food distribution on Indian Reservations.

PAID SICK AND FAMILY LEAVE

- Modifies provisions in the in the *Families First Coronavirus Response Act* that require employers with fewer than 500 employees and most government employers to offer paid sick and family leave, including:
 - Allows employers to receive an advance tax credit to be reimbursed for the newly created Emergency Family and Medical Leave and Emergency Paid Sick Leave programs.
 - Limits per day pay and aggregate pay amounts for the programs.
 - Allows the Office of Management and Budget to exempt certain federal employees from the programs.
 - Extends the protections to employees that were laid off March 1, 2020, or later and were subsequently rehired by the same employer.

MISCELLANEOUS

- **Healthy Start Program:** Reauthorizes the Healthy Start Programs for five years.
- **Extension of the Personal Responsibility Education Program (PREP):** Extends PREP through November 30, 2020 at current funding levels. PREP provides grants to implement evidence-based or evidence-informed strategies for teen pregnancy and HIV/STD prevention.
- **Community Health Centers and National Health Service Corps:** Extends mandatory funding for community health centers and the National Health Service Corps through November 30, 2020. Funding was set to expire on May 22, 2020.
- **Feminine Hygiene Products:** Allows individuals to purchase menstrual care products using funds from their tax-deferred medical savings accounts (HSAs, FSAs).
- **REAL ID Requirements:** Extends the deadline for states to meet the requirements of the REAL ID Act to not earlier than September 30, 2021. Previously, the federal government had a September 30, 2020 deadline for individuals to have a REAL ID compliant identification card in order to fly on commercial aircrafts or access federal facilities.