

Key Highlights of the Federal CARES Act

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PRACTICE AREAS

- Government Affairs & Public Policy

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President Donald Trump signed into law H.R. 748, also known as the **Coronavirus Aid, Relief, and Economic Security Act** or the **CARES Act**. This \$2.2 trillion economic stimulus package and relief legislation is the result of extensive bi-partisan negotiations that had been taking place during the past week between the White House and the leadership of both chambers of Congress. It is expected that this will be the first major initiative by the Federal Government to address the negative effects of the COVID-19 pandemic.

Among the highlights of this landmark legislation, there is the following:

- **Direct Payments to Citizens** - Provides for a \$1,200 direct payment to lower- and middle-income Americans. Married couples get \$2,400, and \$500 for each dependent child younger than age 17. Payments phase out for individuals with adjusted gross incomes over \$75,000, and anyone making over \$99,000 would not get a payment. These funds are expected to go out by April 6.
- **Emergency Relief and Taxpayer Protections** - Authorizes the Secretary of the Treasury to make loans, loan guarantees and other kinds of investments, up to \$500 billion, in support of eligible businesses, cities and states.
- **Direct Economic Stimulus Funding to States, Territories, and Local Tribal Governments** - Creates a \$150 billion Coronavirus Relief Fund for state, local and tribal governments. The estimated allocation for Puerto Rico is \$2.241 billion, according to “Federal Funds Information for States”. These funds can be used for: (i) necessary expenditures that were incurred due to COVID-19, (ii) were not accounted for in the current budget, and (iii) were incurred in the period between March 1 and December 30, 2020.
- **Health Related Funding** – Provides \$140.4 billion for the Department of Health and Human Services in order to: (i) \$127 billion for the Public Health and Social Services Emergency Fund, including \$100 billion for grants to hospitals, public entities, not-for-profit entities and Medicare- and Medicaid-enrolled suppliers and institutional providers. \$16 billion for the Strategic National Stockpile, \$11 billion for vaccine diagnostics and other medical needs with \$3.5 billion to help advance construction, manufacturing and purchasing of vaccines and therapeutic delivery, (ii) \$250 million to improve

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the capacity of facilities in order to respond to medical events, (iii) \$275 million to expand services and capacity for rural hospitals, telehealth, poison control centers through the Health Resources and Services Administration, (iv) \$4.3 billion for the Centers for Disease Control and Prevention and to assist with agency efforts on public health preparedness and response, including funding to state and local public health responders and reimbursements, (v) \$425 million for the Substance Abuse and Mental Health Services Administration for mental health and substance use disorders as a result of the pandemic, with certified community behavioral health clinics receiving \$250 million, and (vi) \$200 million to the Centers for Medicare and Medicaid Services, with \$100 million to support additional infection control surveys for facilities that house populations that are at high risk from contracting COVID-19.

- **Small Business, Labor and Veterans Affairs Related Provisions** – Provides: (i) \$19.57 billion in funding for the Department of Veterans Affairs for equipment, tests and support services, (ii) \$17 billion for the Small Business Administration to cover 6 months of payments for small businesses with existing SBA loans, while also making rent, mortgage and utility costs eligible for SBA loan forgiveness, (iii) \$10 billion for SBA emergency grants of up to \$10,000 in order to provide for operating costs, (iv) \$5 billion for the CDBG Program to enable states, counties and cities to respond to the economic and housing impact as a result of the COVID-19 pandemic, including the expansion of community health facilities, child care centers, food banks and senior services, and (v) \$1.5 billion to the Economic Development Administration for economic adjustment assistance to revitalize local communities after the pandemic.
- **Federal Emergency Management Agency Assistance** – Provides \$45 billion for the Disaster Relief Fund for the immediate needs of state, local, tribal and territorial governments to protect citizens and help them respond and recover from the effects of this pandemic. Reimbursable activities may include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures and community services.
- **Other Homeland Security and Disaster Relief Appropriations** – Grants: (i) \$1 billion for the Defense Production Act for increased access to materials necessary for national security and pandemic recovery, (ii) \$100 million for Emergency Management Performance Grants for emergency management activities in state, local, territorial and tribal governments to support coordination, including communications and logistics, (iii) \$9 million is provided to the Cybersecurity and Infrastructure Security Agency for supply

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chain and information analysis, and for impacted critical infrastructure coordination, (iv) \$100 million in personal protective equipment for first responders and \$178 for in personal protective equipment for DHS front-line employees, (v) \$200 million for the Emergency Food and Shelter Program in order to provide shelter, food and supportive services to individuals and families, (vi) \$100 million to the TSA for enhanced sanitation at airport security checkpoints, overtime and travel costs, and the purchase of explosives trace detection swabs, (vii) \$141 million for the Coast Guard to activate the Coast Guard Reserve, building capacity and capability for information technology systems and infrastructure to support telework and remote access, and (viii) requires the DHS to extend the Real ID deadline from October 1, 2020 to no earlier than September 30, 2021.

- **Education Assistance** - Provides \$30.75 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to the Coronavirus.
- **Transportation Funding** – Provides: (i) airports \$10 billion in grants, with at least \$100 million set aside for general aviation airports, to ensure continued operation during a sustained decline in air travel. Commercial airports receiving grants would have to maintain employment levels of at least 90% as of March 27, 2020, (ii) for the Department of Transportation to make up to \$25 billion in loans and loan guarantees for passenger airlines, repair stations and ticket agents, and up to \$4 billion for cargo airlines, (iii) an aggregate of approximately \$60 billion for the airline sector, including airlines, airline contractors, ground staff, catering support and cargo airlines, and (iv) \$25 billion for transit systems, among other things.
- **Defense and National Guard Appropriations** – Provides \$10.5 billion for the Department of Defense, in order to protect and assist members of the military, their families and retirees, including \$1.4 billion for the deployment of up to 20,000 members of the National Guard, under the directions of the governors of each state, for the next 6 months.
- **Elections Funding** - Provides \$400 million in election security grants to prevent, prepare for, and respond to COVID-19 in the 2020 federal election cycle. States must provide an accounting to the Election Assistance Commission of how the funds were used within 20 days of any 2020 election.
- **Expanded Unemployment Benefits** - Expands unemployment insurance from 3 to 4 months, and provides temporary unemployment compensation of \$600 per week, which would be in addition to and at the same time as the regular state and federal unemployment benefits. Part-time, self-employed and gig economy workers now have access to unemployment benefits. It

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also provides for employers to receive an advanced tax credit from the US Treasury instead of having to be reimbursed on the back end. To that end, it creates a regulatory authority to implement the tax credit advances. It also provides a \$260 billion investment into the unemployment insurance program.

Besides the funding just highlighted, the approximately \$2.2 trillion provided by the CARES Act to address the current COVID-19 pandemic also includes additional funding in areas such as Human Services, Agriculture, Energy, Environment, Native American tribal governments and Justice. It is now essential to monitor how the Federal Government, and in particular, each federal agency, will be complying with the mandate provided for in this Act.

Should you have any questions regarding the CARES Act as it relates to Puerto Rico and your business, please contact any of the members of the **McV Emergency Task Force** listed below. As you may know, they are working remotely and can be accessed by email or by phone.

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