



ALERTS

To Combat COVID-19 Pandemic Relief Efforts, Senate Passes Third Stimulus Package

March 25, 2020

After several days of intense negotiations, procedural votes and impassioned speeches on the Senate floor, a bipartisan compromise appears to have been reached on the third stimulus package known as [the Coronavirus Aid, Relief, and Economic Security Act \(CARES\)](#).

[Final language of the bill](#) passed the Senate, unanimously shortly before midnight, and it will now go before the House (expected Friday) and then the President. The \$2 trillion package would provide direct assistance to state, tribal and local governments to help them address the coronavirus pandemic.

The CARES Act would also provide \$377 billion to workers and small businesses through initiatives such as the Paycheck Protection Program to incentivize employers to maintain their payroll (eight weeks of cash-flow assistance through 100 percent federally guaranteed loans). The bill would also extend \$17 billion in emergency debt relief to a variety of SBA loan products.

The CARES Act would make provisions for loans, guarantees and other investments in support of eligible businesses, states and municipalities in amounts not to exceed \$500 billion, pursuant to the Federal Credit Reform Act of 1990.

In particular, certain industries identified include:

- \$25 billion for passenger air carriers
- \$4 billion for cargo air carriers
- \$17 billion for “businesses critical to maintaining national

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security”

The balance of \$454 billion is to be loaned to eligible businesses (without regard to the number of employees), states and municipalities. A number of criteria have been established for eligibility, including security of loan proceeds, restrictions on stock buy-backs and maintaining employment levels. In addition, only U.S.-domiciled businesses with employees primarily in the U.S. are eligible.

Businesses and large nonprofits may also be eligible to apply for loans from a 13(3) facility. These business entities will employ between 500 and 10,000, and also carry certain restrictions on eligibility and payback.

Additional highlights of the package include:

Health and Medical Response

- \$100 billion in direct aid to healthcare institutions
- \$45 billion for the Federal Emergency Management Agency (FEMA)
- \$16 billion for the Strategic National Stockpile of personal protective equipment, pharmaceuticals, and other medical supplies and equipment
- \$4.3 billion to support federal, state and local public health agencies
- \$3.5 billion for production of vaccines, diagnostics and treatments
- \$425 million to increase access to community mental health services
- \$200 million for the Centers for Medicare and Medicaid Services (CMS) to assist with nursing home infection control and virus response

Industry

- \$377 billion for small business programs and workers at small businesses
- \$562 million for the U.S. Small Business Administration (SBA) and small business programs
- Alleviation of some federal tax burdens for businesses, including a refundable payroll tax credit for 50 percent of wages paid by employers to employees during closure due to COVID-19
- Creation of a Pandemic Unemployment Assistance program for those not traditionally eligible for unemployment benefits, including the self-employed and independent contractors

State, Local and Tribal Governments

- \$1 billion for the Indian Health Service to support tribal



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responses to the pandemic

- Nearly \$1 billion for other tribal assistance, including \$100 million for the USDA Food Distribution Program, \$453 million for the Bureau of Indian Affairs, \$69 million for tribal schools and higher education, and \$300 million to HUD's Indian Housing Block Grant program
- \$25 billion for the nation's transit systems
- \$10 billion for airports
- \$7 billion for affordable housing and homelessness assistance programs
- \$6.5 billion for Economic Development Administration and related programs
- \$15.85 billion for veteran's assistance
- \$400 million for FEMA grant programs, including the Assistance to Firefighters Grants (AFG) and the Emergency Management Performance and Emergency Food and Shelter Program
- \$850 million in Byrne-JAG grants for law enforcement and jails to purchase equipment, medical supplies and pay overtime
- \$450 million for The Emergency Food Assistance Program (TEFAP) to assist food banks
- \$400 million in election assistance related to the 2020 election cycle

Education

- \$30.75 billion for schools and universities to provide education services to students
- \$3.5 billion in funding for Child Care Development Block Grants to assist with child care for first responders and healthcare workers

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