



Budget Brief 20-14, April 9, 2020

## Provisions of the CARES Act

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### Summary

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136), is the third bill to respond to the COVID-19 pandemic. Among the materials on FFIS's COVID-19 [resource page](#) are the following summaries of the CARES Act:

- [Budget Brief 20-11](#) describes the Coronavirus Relief Fund (CRF).
- [Budget Brief 20-12](#) identifies national funding for dozens of grant programs in the CARES Act and its predecessors.
- [Budget Brief 20-13](#) provides initial state estimates for several grant programs. The state spreadsheet is being [updated](#) continually and the information presented in it has been expanded to address the treatment of state matching requirements in the CARES Act.

Most of the provisions that affect states are connected to appropriations for grant programs, which are largely in Division B of the law. Division A also contains some state funding and includes other provisions relevant to states (as employers and in other ways). Section citations are provided for programs that are included in Division A; Division B does not have sections.

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### General Provisions and State Funding

Table 1 at the end of this brief lists state funding in the CARES Act or its predecessors. The following sections summarize CARES Act provisions of relevance to states. For the law as a whole:

- All appropriations are in addition to amounts otherwise appropriated (Sec. 23001).
- No part of any appropriation will remain available for obligation beyond fiscal year (FY) 2020, unless expressly provided (Sec. 23002).
- Unless otherwise provided, the amounts appropriated are subject to authorities and conditions for FY 2020 (Sec. 23003).
- With specified exceptions, funds must be used to prevent, prepare for, and respond to coronavirus (Sec. 23004).

### *Agriculture and Nutrition*

**Supplemental Nutrition Assistance Program (SNAP).** The law provides \$15.5 billion for the SNAP contingency reserve to be allocated as the secretary of Department of Agriculture (USDA) deems necessary to support increases in participation as a result of COVID-19. In addition, it provides \$100 million for tribes.

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**The Emergency Food Assistance Program (TEFAP).** The CARES Act provides \$450 million, of which up to \$150 million is for administration and at least \$300 million is for commodities. The Families First Coronavirus Response Act also provided funding for TEFAP, including at least \$300 million for commodities and up to \$100 million for administration.

**ReConnect.** The law requires that priority consideration for grants be given for previous applicants who are now eligible as a result of adjusted eligibility requirements.

**Commerce** **Economic Development Administration.** Funds are for economic adjustment assistance, available through FY 2022.

**Industrial Technology Services.** Funds for the Hollings Manufacturing Extension Program and the National Network for Manufacturing Innovation (also known as Manufacturing USA) have their cost-sharing requirements waived.

**Education** **Education Stabilization Fund.** The CARES Act provides \$30.750 billion for this fund (Sec. 18001), of which there are set-asides of:

- Up to 0.5% for outlying areas and 0.5% for the Bureau of Indian Education (\$154 million each)
- 1% for states with the highest COVID-19 burden (\$308 million)

After these set-asides, the fund allocates remaining funds accordingly:

- 9.8% for the Governor's Emergency Education Relief Fund (\$2.953 billion) (Sec. 18002)
- 43.9% for the Elementary and Secondary School Emergency Relief Fund (\$13.229 billion) (Sec. 18003)
- 46.3% For the Higher Education Emergency Relief Fund (\$13.953 billion) (Sec. 18004)

Table 2 at the end of this brief summarizes the formulas and uses of these three funds. In general:

- Recipients must continue to pay employees and contractors during the period of any disruptions or closures related to coronavirus, if possible.
- A state receiving the governor's or K-12 funds must maintain funding for elementary and secondary and higher education programs at least at the average of the state's funding in the last three years. The secretary may waive this requirement.

**Safe Schools and Citizenship Education.** Funds for Project SERV – School Emergency Response to Violence are to help schools and institutions of higher education prevent, prepare for, and respond to coronavirus, including costs of cleaning, counseling, and distance learning.

**Institute of Museum and Library Services.** An unspecified portion of the total is available for grants to states, territories, and tribes to expand digital network access, purchase internet-accessible devices, and provide technical support services. Matching requirements are waived.

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**Health Medicaid.** The CARES Act clarifies and modifies Medicaid provisions in the Families First Coronavirus Response Act, as follows:

- Federal Medical Assistance Percentage (FMAP) increase – Delays by 30 days from enactment of CARES the requirement that states do not charge premiums exceeding those in place as of January 1, 2020, to enable enactment of state legislation to comply (Sec. 3720)
- Optional coverage expansion of diagnostic testing services to uninsured individuals – Strikes the requirement that diagnostic products must be FDA-approved (Sec. 3717) and clarifies that the optional expansion includes:
  - individuals who qualify for Medicaid under the Affordable Care Act (ACA) but reside in a non-expansion state (Sec. 3716)
  - certain categories of individuals whose eligibility is limited by state restrictions (Sec. 3716)

It clarifies that states can use Medicaid to pay for services that help keep beneficiaries in lower acuity care settings or at home, including self-directed personal assistance services, adult day care, or home health. Beneficiaries may continue receiving such services during an acute care hospital stay. These changes are permanent, and not linked to the COVID-19 emergency period. (Sec. 3715)

The agreement makes other changes to Medicaid, not directly related to the current crisis:

- Delays Medicaid Disproportionate Share Hospital (DSH) cuts—scheduled to take effect on May 23—through November 30, 2020 (Sec. 3813).
- Extends the following through November 30, 2020:
  - Community Mental Health Services Demonstration, while adding two additional states that were awarded planning grants and applied for the demonstration; the secretary of the Department of Health and Human Services (HHS) must make the selections within six months of enactment, without an additional application (Sec. 3814)
  - Spousal impoverishment provisions for married recipients of home- and community-based services (Sec. 3812)

**Centers for Disease Control and Prevention (CDC).** The agreement provides \$4.3 billion to the CDC, which includes the following set-asides:

- Not less than \$1.5 billion for states, locals, territories, and tribes to carry out surveillance, epidemiology, laboratory capacity, infection control, mitigation and other preparedness and response activities
  - Minimum allocation of funds - FY 2019 Public Health Emergency Preparedness (PHEP) grantees are guaranteed to receive 100% of their FY 2019 awards (totaling \$623 million)
  - \$125 million for tribes
- \$500 million for global efforts

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- \$500 million for public health data surveillance and infrastructure modernization, including state and local public health data infrastructure
  - \$300 million for the Infectious Disease Fund

It allows funds to be used for grants for the rent, lease, purchase, acquisition, construction, alteration, or renovation of nonfederal facilities to improve state and local preparedness and response.

**Substance Abuse and Mental Health Services Administration (SAMHSA).**

The law provides \$425 million, including:

- At least \$250 million for Certified Community Behavioral Health Clinic Expansion Grants
- At least \$50 million for suicide prevention programs (it does not specify which grants will receive funding, although Youth Suicide Prevention State Grants comprise a large share of funding for these programs)
- At least \$100 million for Emergency Response Grants, which is flexible funding to address mental health, substance use disorders, and to support youth and the homeless
- At least \$15 million for tribes

**Centers for Medicare & Medicaid Services (CMS).** Of the \$200 million provided to CMS, \$100 million is for the survey and certification program. The law requires CMS to prioritize infection control surveys at nursing homes in localities with community transmission of coronavirus.

**Public Health and Social Services Emergency Fund.** The law appropriates \$127.3 billion, with several set-asides:

- \$100 billion for reimbursement to hospitals and health care providers for COVID-19 related expenses and lost revenue. Eligible providers include public entities, Medicare- or Medicaid-enrolled suppliers and providers, and certain for-profit and non-profit entities as determined by the secretary of HHS. To receive a payment, a provider must submit an application justifying the need for funding and a valid tax identification number. The law does not specify a formula, eligibility criteria, or geographic distribution requirements. It notes that applications should be reviewed, and payments made on a rolling basis. It allows funds to be used for temporary structures, leasing, medical supplies and equipment, increased workforce and training, emergency operation centers, retrofitting facilities, and surge capacity. It also includes reporting and documentation requirements.
- No more than \$16 billion for the Strategic National Stockpile to procure protective equipment, ventilators, and other medical supplies for federal and state response efforts
- At least \$3.5 billion for vaccines and therapeutics
- At least \$250 million for grantees or subgrantees of the Hospital Preparedness Program that meet criteria prescribed by the secretary

- Not less than \$275 million for the Health Resources and Services Administration (HRSA) as follows (these funds may be used to restore amounts for COVID-19 related obligations incurred prior to the date of enactment):
  - \$90 million for Ryan White HIV/AIDS for modifications to existing contracts and supplements to existing grants and cooperative agreements under all programs, to be awarded by a data-driven methodology determined by the secretary (the requirement that 75% of certain program funds must be used to support core medical services does not apply)
  - \$5 million to improve the capacity of poison control centers
  - \$180 million for rural telehealth and other health activities, with a \$15 million set-aside for tribes

It allows funds to be used for construction, alteration, or renovation of nonfederal facilities to improve state and local preparedness and response.

**HRSA.** In addition to the funds specified above, the CARES Act provides \$1.32 billion in supplemental funds for Community Health Centers for the detection, prevention, diagnosis, and treatment of COVID-19 (Sec. 3211).

**Health care workforce provisions.** The CARES Act:

- Provides liability protections for health care professionals who volunteer (this preempts state/local laws unless those laws provide greater liability protections) (Sec. 3215)
- Clarifies that the existing Ready Reserve Corps can be called up to bolster the number of trained doctors and nurses (Sec. 3214)
- Authorizes HHS to reassign members of the National Health Service Corps (sites must be reasonably close to original site and members must agree to the reassignment) (Sec. 3216)

**Program reauthorizations.** The CARES Act extends funding through November 30, 2020, for several mandatory programs that received funding through May 22, 2020, in the FY 2020 budget. The table below provides the details.

Health Funding Extensions in CARES Act (\$ in millions)				
Program	Section	FY 2019	FY 2020 (Through November 30)	FY 2021
<b>Health Programs</b>		<b>\$4,955</b>	<b>\$5,047</b>	
Community Health Centers (mandatory funding)	3831	4,000	4,000	668
National Health Service Corps	3831	310	310	52
Teaching Health Center Graduate Medical Education	3831	127	127	21
Health Profession Opportunity Grants	3823	85	85	Pro rata portion
Personal Responsibility Education Program	3822	75	75	Pro rata portion
Sexual Risk Avoidance Education	3821	75	75	Pro rata portion
Medicare Enrollment Assistance Program	3803	38	38	Pro rata portion
Money Follows the Person Rebalancing Demonstration	3811	245	338	Pro rata portion

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In addition to the mandatory programs above, the law reauthorizes and amends the following HRSA discretionary grants:

- Healthy Start: Authorizes \$125.5 million annually for FYs 2021-2025, makes minor program changes, such as expanding information included in evaluations (Sec. 3225).
- Telehealth Network and Telehealth Resource Centers Grant Programs: Authorizes \$29 million annually for FYs 2021-2025 and makes minor program changes (Sec. 3212).
- Rural health care services outreach, rural health network development, and small health care provider quality improvement grant programs: Authorizes \$79.5 million annually for FYs 2021-2025 and makes minor program changes (Sec. 3213).
- Reauthorizes numerous health professions workforce programs for FYs 2021-2025 that support clinician training, faculty development, and nurse workforce training (Sec. 3401-3404).

Unlike mandatory programs, the CARES Act only authorizes funding for these programs; the annual appropriations process will determine actual funding.

## ***Human Services***

In addition to funding provided for various programs listed on Table 1, the law includes provisions described below.

**Low Income Home Energy Assistance Program (LIHEAP).** The CARES Act requires that the \$900 million for LIHEAP be allocated as follows:

- 25% according to the “old” formula (based on 1984 state shares and focused on heating assistance)
- 75% according to the new formula (based on recent population and energy data and focused on heating and cooling costs of low-income households)

The 10% limit on carryover funds does not apply to the supplemental funds.

**Child Care and Development Block Grant (CCDBG).** The law provides \$3.5 billion to supplement—not supplant—state, territory, and tribal revenues for assistance for low-income families. It allows funds to be used for the following:

- Provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to COVID-19
- Provide child care assistance to workers deemed essential, without regard to income eligibility requirements
- Restore amounts for COVID-19 related obligations incurred prior to the date of enactment

It encourages recipients to ensure providers use a portion of funds to continue to pay staff. The requirements to reserve funds to support activities that improve the quality of child care, and the 70% minimum for direct services do not apply. Funds may be obligated through FY 2022.

**Community Services Block Grant.** The law permits state subgrantees to carry over funds into the next two fiscal years. Moreover, it gives states the option

of providing services to individuals up to and including 200% of the federal poverty level (FPL) during FY 2020 and FY 2021 (current law is 125% FPL).

**Head Start.** The additional funding for Head Start is allocated based on the relative number of enrolled children. Up to \$500 million of the \$750 million provided is available for existing grantees to operate supplemental summer programs.

**Other programs.** The CARES Act waives matching requirements for additional funds provided to:

- Family Violence Prevention and Services Formula Grants
- Runaway and Homeless Youth (although funds must be used to supplement—not supplant—existing funds)
- Child Welfare Services

While the law provides \$25 million for activities under the Runaway and Homeless Youth Act, it does not specify which programs will be funded. The programs under this Act include the Basic Center Program, the Transitional Living Program, and Service Connection for Youth on the Streets.

**Administration for Community Living.** The CARES Act waives matching requirements for additional funds under Support Services, Congregate Meals, Home-Delivered Meals, and Family Caregivers. It allows states to transfer 100% of supplemental funds between Congregate Meals and Home Meals. Division A (Sec. 3222) also includes the following provisions:

- Up to 100% of funds may be transferred between supportive services and nutrition services without prior approval during the public health emergency
- Waivers also are provided for home-delivered nutrition services and dietary guidelines

**Program reauthorizations.** The CARES Act extends funding for Temporary Assistance for Needy Families (TANF) and related programs through November 30, 2020, at FY 2019 levels, as shown below (Sec. 3824). The FY 2020 budget had extended funding through May 22, 2020.

TANF and Related Program Funding Extensions in CARES Act (\$ in millions)			
Program	FY 2019	FY 2020	FY 2021 (Through November 30)
<b>Total</b>	<b>\$20,208</b>	<b>\$20,208</b>	
TANF block grant	16,512	16,512	
Mandatory/matching portion of Child Care and Development Fund	2,917	2,917	
TANF contingency funds	608	608	FY 2019 Annualized Levels
Healthy Marriage and Responsible Fatherhood	148	148	(all programs)
TANF matching grants to territories	15	15	
Grants to tribal work programs	8	8	

## Homeland Security

**Disaster Relief Fund.** The act provides \$45 billion, including \$25 billion for major disasters and \$15 billion for the Stafford Act generally. The matching requirement has not been waived but states have requested that it be.



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**Assistance to Firefighter Grants.** Funding is for the purchase of personal protective equipment and related supplies. The matching requirement was not waived.

**Emergency Management Performance Grants.** The matching requirement was not waived.

**REAL ID.** The compliance deadline for meeting REAL ID requirements is extended until September 30, 2021 (Sec. 16006).

**Cross-state practice.** The law allows Department of Homeland Security (DHS) health-care professionals to serve at any location, so long as the practice is within the scope of the authorized federal duties of such healthcare professional (Sec. 16005).

### ***Housing and Urban Development***

For the appropriations described below and in Table 1, the secretary of the Department of Housing and Urban Development (HUD) has the authority to waive program requirements to administer funds effectively.

**Tenant-Based Rental Assistance.** The CARES Act provides \$1.250 billion, of which \$850 million is for public housing authorities for operation costs of administering section 8 programs, including Mainstream vouchers. These costs include newly eligible activities to be defined by the secretary, expenses to support or maintain the health and safety of program participants, and retention and support of owners. It allows such activities to also be funded with FY 2020 regular appropriations.

The remaining \$400 million is for need-based section 8 renewal funding allocations. Additionally, the secretary is authorized to award any unobligated balances from prior years for incremental tenant-based assistance contracts without competition to address COVID-19.

**Public Housing (PH) Operating Fund.** The \$685 million appropriated for this program is to be combined with FY 2020 appropriations and distributed to public housing authorities. At the time of enactment through December 31, 2020, recipients may use supplemental and previously appropriated FY 2020 funds for regular program activities and other expenses related to addressing coronavirus under both the PH Operating Fund and PH Capital Fund. HUD may extend the use of these combined funds for these purposes beyond December 31, 2020 in 12-month increments.

**Housing Opportunities for Persons with AIDS.** This program was provided \$65 million, of which not less than \$50 million is to be allocated under the standard formula and up to \$10 million is designated for one-time awards to grantees operating permanent supportive housing contracts since FY 2010 and prior. In addition to other measures to address the coronavirus, funds may be used for participants to self-isolate, quarantine, or provide other COVID-19 infection control services recommended by CDC, including relocation services and lodging at hotels. Supplemental funds may be used to cover allowable costs incurred prior to enactment. At the discretion of the secretary of HUD, additional activities or authorities may apply to FY 2020 appropriations.



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**Community Development Block Grant (CDBG).** The bill provides \$5 billion for CDBG, of which:

- Up to \$2 billion is to be distributed by the same formula as FY 2020 appropriations within 30 days of enactment
- \$1 billion is for direct payments to states based on need due to the coronavirus within 45 days of enactment
- The remaining amount is to be distributed on a rolling basis to state or local governments by a not-yet-developed formula to address the coronavirus based on need

Funds may be used to cover or reimburse any cost incurred to address the coronavirus, regardless of the date. The measure also removes limitations on how much funding can be spent by a grantee for public service activities, including for funds previously appropriated for FYs 2019 and 2020.

**Emergency Solutions Grants (ESG).** A total of \$4 billion is provided, of which:

- Up to \$2 billion is to supplement awards provided in FY 2020, with allocations made within 30 days of enactment
- Remaining amounts are to be allocated directly to state and local governments by a not-yet-developed formula to address the coronavirus, based on need, within 90 days of enactment

Funds may be used to cover or reimburse any cost incurred to address the coronavirus, regardless of the date. The federal share of funds is 100%, and consultation and citizen participation requirements do not apply. The law allows funding to be spent on temporary emergency shelters that are exempt from certain federal habitability and environmental review standards to address the coronavirus. Funds may also be used for training on infectious disease prevention and mitigation, as well as to provide hazard pay.

**Housing for the Elderly.** Within the \$50 million provided, \$10 million is for service coordinators and the continuation of existing congregate service grants for residents of assisted housing projects.

**Youth Homelessness Demonstration.** The agreement rescinds unobligated balances of funds provided in FY 2018 and appropriates new budget authority equal to the rescinded amount. The funding is provided to complete FY 2018 funding awards without competition and is available through FY 2021.

**Interior** The law provides more than \$158 million to absorb increased operational costs incurred in response to COVID-19. The secretary of the Department of the Interior (DOI) is authorized to transfer these funds into any account to address the coronavirus but must provide \$1 million to the Office of Inspector General (OIG) for spending oversight.

**Justice** Funding included in the CARES Act for Byrne Justice Assistance Grants (JAG) is exempt from recent requirements that recipients conform to certain federal immigration policies.

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**Labor** **Unemployment Compensation (UC).** Title II of Division A provides for federal payments to states for the following:

- Federal Pandemic Unemployment Compensation (FPUC): \$600 weekly added to regular UC (Sec. 2104)
- Pandemic Emergency Unemployment Compensation (PEUC): 13 additional weeks at regular UC amount + FPUC (Sec. 2107)
- Pandemic Unemployment Assistance (PUA): Up to 39 weeks at regular UC amount + FPUC for those unemployed because of COVID-19, including the self-employed and those otherwise ineligible for (including having exhausted) regular UC (Sec. 2102)
- Short-time compensation programs, existing and new: benefit and administrative costs, plus grants for administration and promotion (Sec. 2108-2111)

Table 3 at the end of this brief provides more information on these provisions.

**Employment and Training Services.** The law provides \$345 million, available through FY 2022, for the dislocated workers assistance national reserve.

In addition, for the Community Service Employment for Older Americans program, participants are provided extensions and the federal share cap on administrative costs is increased to 20% (Sec. 3223).

**Transportation** **Airports.** The agreement provides \$10 billion for Grants-in-Aid for Airports, of which:

- At least \$500 million is to pay 100% of costs for projects that receive an Airport Improvement Program (AIP) grant under FY 2020 appropriations (P.L. 116-94), including supplemental discretionary grants
- Up to \$2 billion is for additional AIP grants at 100% federal share
- At least \$7.4 billion is for operating costs and debt service at commercial service airports, at 100% federal share
- At least \$100 million is for any purpose at general aviation airports at 100% federal share

The agreement exempts this funding from the FY 2020 obligation limitation. In addition, it includes employee retention requirements.

**Transit Infrastructure Grants.** The law provides \$25 billion from the general fund for programs within the Federal Transit Administration (FTA), including Urbanized Area formula grants, Rural Area formula grants, State of Good Repair (SOGR), and the Section 5340 high-density state and rapid-growth state formulas. Funds must be allocated within seven days after enactment using FY 2020 apportionment formulas (shown in FFIS's state spreadsheet).

Funds are available for reimbursing operating costs during the public health emergency (retroactive to January 20, 2020). It also allows funds to be used for administrative leave for transit personnel due to reduced operations. The agreement exempts funding from the limitation that only urbanized areas with a population fewer than 200,000 may use funds for operating costs. It

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also exempts grantees from reporting and providing public hearings on project developments. The federal share of costs is 100%.

**Highway safety programs.** The secretary has the authority to waive or postpone requirements for a host of traffic safety programs in response to the coronavirus.

**Treasury** **Coronavirus Relief Fund.** *Budget Brief 20-11* describes the Coronavirus Relief Fund (CRF; Title V of Division A) and provides state estimates. Provisions for direct local payments from the CRF have led to confusion. To clarify:

- A local jurisdiction with a population of 500,000+ can apply for a direct payment from the CRF
- The amount of a direct local payment would be:  
$$(\text{Local Population} / \text{State Population}) * 45\% * \text{Total state amount}$$
- Any funds remaining after any direct local payments remain with the state
- If no local jurisdictions apply for a direct payment, the state would retain 100% of funds

Guidance on the CRF has not yet been released.

**Veterans Affairs** **State extended care facilities.** The CARES Act waives occupancy rate requirements and veteran percentage requirements.

**Independent Agencies** **Election Assistance Commission.** Payments for election security grants must be made within 30 days and any funds unobligated by December 31, 2020, must be returned. State matching requirements are not waived.

**National Endowments for the Arts and Humanities.** Each agency is provided \$75 million, of which 40% is distributed to states (and regional arts organizations) and 60% is for direct grants. Funds may also be used for general operations. Matching requirements may be waived.

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## Other Provisions

The sections below summarize provisions of the CARES Act that do not affect state spending directly, but which may be of interest to states as employers or for other reasons.

### ***Small Business Administration***

**Paycheck Protection Program.** The CARES Act created this program to provide forgivable loans to cover employee costs for self-employed individuals and private businesses with 500 or fewer employees (including nonprofit organizations). The loans cover employee costs incurred between February 15, 2020 and June 30, 2020. Loans can be forgiven if the recipient meets program requirements.

The maximum loan is capped at \$10 million, with individual payroll costs capped at \$100,000 per year. The law provides \$349 billion in lending capacity through FY 2021 to carry out this program (Sec. 1102).

**Economic Injury Disaster Loans (EIDLs).** EIDLs are low-interest, fixed-rate loans to help small businesses and private nonprofits pay immediate expenses during an emergency. The CARES Act provides an additional \$10 billion for EIDLs, expands the definition of eligible entities, and amends the

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definition of emergencies qualifying for disaster loans. Funds are available through December 31, 2020 (Sec. 1110).

**Entrepreneurial development.** The agreement includes \$240 million for Education, Training, and Advising Grants to advise businesses on issues related to COVID-19 (Sec. 1103).

**State Trade Expansion Program.** Although the law does not provide additional funding, it extends the grant period for FY 2018 and FY 2019 awards through the end of FY 2021 (grant periods are restricted to two years by statute). Recipients are eligible for reimbursement if they were forced to cancel a foreign trade mission or a trade show exhibition due to the COVID-19 public health emergency (if the reimbursement does not exceed the grant amount) (Sec. 1104).

### ***Treasury***

**Payments to individuals.** The agreement provides direct payments to individuals of up to \$1,200 per adult and \$500 per child. For a person that makes \$75,000 or more per year, payments would be reduced, and completely phased out for single filers making more than \$99,000 (other thresholds apply for different filers) (Sec. 2201).

**Retirement funds.** The bill waives minimum distribution rules for certain retirement plans, permits individuals to make withdrawals of up to \$100,000 without having to pay a penalty, and allows individuals to make loans against certain plans if they have experienced adverse financial consequences as a result of the COVID-19 pandemic (Sec. 2202).

**Employee retention payroll tax credit.** In lieu of participating in the Paycheck Protection Program, a business that has partly or fully suspended operations may elect to receive a tax credit equal to 50% of qualified wages paid to employees for each eligible quarter. This provision begins in the first quarter of 2020 for which gross receipts are less than 50% of the same quarter in the prior year, but only applies to wages paid from March 13, 2020 through December 31, 2020. The credit applies to compensation up to \$10,000 per employee (Sec. 2301).

The bill also allows employers and the self-employed to defer calendar year (CY) 2020 payroll tax payments to CYs 2021 and 2022 (Sec. 2302).

### ***Health Care System Support (Div. A, Title III)***

Part I addresses the medical supply chain and components of the strategic national stockpile. It includes measures to mitigate emergency drug shortages and prevent medical device shortages.

Part II provides coverage of testing and preventive services for COVID-19 patients. It also addresses confidentiality and the disclosure of records relating to substance use disorder.

- It directs HHS to issue guidance on sharing protected health information within 180 days of enactment (Sec. 3224).

The law provides waivers and flexibilities for Medicare and insurance companies (Sec. 3701-3708), including:

- health savings accounts
- telehealth flexibilities

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- home health services

It suspends Medicare sequestration under the Budget Control Act from May 1, 2020 through December 31, 2020. It also extends mandatory sequestration for one year, through FY 2030 (Sec. 3709).

It also clarifies coverage of testing products and includes reporting requirements for testing (Sec. 3717).

It allows qualified hospitals to request an advance lump sum or periodic payment of up to six months under the existing Medicare accelerated payment program as loans. Qualifying hospitals would not have to start repaying the loan for four months and would have at least 12 months interest free to complete repayment (Sec. 3719).

***Labor Provisions***  
***(Div. A Title III, Part IV, Subtitle C)***

The CARES Act provides new flexibilities related to employee benefits and leave, including modifications of the recently passed Families First Coronavirus Response Act (P.L. 116-127). Notable provisions include:

- Requiring states to ensure multiple methods of applying for unemployment benefits only “to the extent practicable” (Sec. 3603)
- Extending emergency family leave benefits to workers who were recently laid-off and then rehired (Sec. 3605)
- Making the payroll tax credits for emergency sick and family leave provided by P.L. 116-127 advanceable, and waiving non-payment penalties stemming from anticipation of the tax credit (Sec. 3606)
- Allowing one-year waivers of certain Employee Retirement Income Security Act (ERISA) requirements and extending minimum contribution due dates falling in 2020 on single-employer defined-benefit pension plans (Sec. 3607)
- Extending until January 1, 2021 the due date on minimum contributions to single-employer defined-benefit pension plans that would otherwise be due at any point during 2020 (Sec. 3608)

***Coronavirus Economic Stabilization Act***  
***(Div. A Title IV)***

The CARES Act appropriates \$500 billion to provide liquidity to businesses, states, and municipalities for losses incurred as a result of coronavirus. The secretary of the Treasury is authorized to make loans, loan guarantees, and other investments.

**Foreclosure moratorium.** Borrowers with a federally backed mortgage may request forbearance for up to 180 days, which may be extended for another 180 days. A servicer of a federally backed mortgage may not initiate or proceed with a foreclosure or execute a foreclosure-related eviction or sale for at least 60 days, beginning March 18, 2020 (Sec. 4022). Provisions vary for multifamily housing (Sec. 4023).

**Eviction moratorium.** There is a 120-day moratorium on initiating evictions and restrictions for implementing evictions that were already in progress (Sec. 4024).

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**Reporting Requirements**

The CARES Act creates a new Pandemic Response Accountability Committee to provide transparency and coordinate oversight of funds (Sec. 15010-15011). The law details the membership (consisting primarily of inspectors

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general from various agencies); qualifications, responsibilities, and selection process for the Executive Director and Deputy Executive Director; and committee responsibilities. It requires that the committee establish and maintain a website no later than 30 days after enactment. Among other things, the website must provide:

- grant and contract information (including at the subgrant level)
- federal awards, including data elements required under the Federal Funding Accountability and Transparency Act of 2006 (FFATA)
- funds obligated by month for each state and congressional district
- federal allocations of mandatory and entitlement programs for each state and county
- jobs sustained or created

The law includes reporting requirements for states, the District of Columbia, territories, and any entity that receives more than \$150,000. Not later than 10 days after each calendar quarter, the following data must be reported to the Pandemic Response Accountability Committee and relevant agencies:

- total amount of funds received
- amount that was expended or obligated
- projects/activities for which funds were expended or obligated, including:
  - name of project/activity
  - description
  - estimated number of jobs created or retained
- detailed information on subcontracts or subgrants awarded by the recipient or its subcontractors or subgrantees as required by FFATA (aggregate reporting is allowed on awards less than \$50,000 or to individuals)

The information provided must be posted to the website no later than 30 days after the end of each calendar quarter. In addition to the CARES Act, the requirements apply to funds provided under the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, and any other Acts that primarily make appropriations for COVID-19 and related activities.

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## Next Steps

Guidance and regulations relating to provisions of the CARES Act are still being rolled out and can be found on [FFIS's COVID-19 page](#). At the same time, negotiations are underway for a fourth relief bill.

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# Table 1

## National Allocations for Selected Grants

(\$ in millions)

Department	CFDA Program	Public Law (P.L.)			Funding
		116-123	116-127	116-136	
USDA	10.752 Rural Broadband ReConnect			X	\$100
USDA	10.855 Distance learning and telemedicine			X	25
USDA (FNS)	10.551+ SNAP Contingency Reserve			X	15,510
USDA (FNS)	10.553+ Child nutrition			X	8,800
USDA (FNS)	10.568, 10.569 Emergency Food Program (TEFAP)		X	X	850
USDA (FNS)	10.557 Supplemental Nutrition Assistance for Women, Infants, and Children (WIC)		X		500
USDA (FNS)	10.566 Nutrition assistance for Puerto Rico, territories		X	X	300
Commerce	11.307 Economic Development Assistance programs			X	1,500
Commerce	11.611 Hollings Manufacturing Extension Program			X	50
Commerce	11.619 National Network for Manufacturing Innovation			X	10
DOJ	16.738 Byrne Justice Assistance Grants (JAG)			X	850
DHS	97.036+ Disaster Relief Fund			X	45,000
DHS	97.024 Emergency Food and Shelter Program			X	200
DHS	97.044 Firefighter Assistance Grants			X	100
DHS	97.042 Emergency Management Performance Grants			X	100
Indep. Agency	90.401 Election Security Grants			X	400
Indep. Agency	45.024+ National Endowment for the Arts (NEA)			X	75
Indep. Agency	45.129+ National Endowment for the Humanities (NEH)			X	75
Indep. Agency	45.310 Institute of Museum and Library Services			X	50
Interior	15.875 Assistance to Territories			X	55
Interior	N/A Water and Related Resources			X	13
DOL	17.225 UI administration		X		1,000
DOL	17.278 Dislocated Workers Assistance National Reserve			X	345
DOL	N/A Grants to establish or improve short-time compensation programs			X	100
ED	N/A Education Stabilization Fund			X	30,750
ED	84.184S Project SERV			X	100
HHS (CDC)	N/A Grants to states, localities, and tribes	X		X	2,450
HHS (CDC)	N/A Infectious Diseases Rapid Response Reserve Fund	X		X	600
HHS (CDC)	N/A Surveillance and analytics infrastructure			X	500
HHS (CMS)	93.777, 93.796 Survey and Certification			X	100
HHS	93.889, 93.817 Hospital Preparedness Program			X	250
HHS (ACF)	93.575 Child Care and Development Block Grant			X	3,500
HHS (ACF)	93.569 Community Services Block Grant			X	1,000
HHS (ACF)	93.568 Low Income Home Energy Assistance Program			X	900
HHS (ACF)	93.600 Head Start			X	750
HHS (ACF)	93.671 Family Violence Prevention and Services			X	45
HHS (ACF)	93.645 Child Welfare Services			X	45
HHS (ACF)	93.623+ Runaway and Homeless Youth			X	25
HHS (ACL)	93.045 Congregate Meals and Home Delivered Meals		X	X	720
HHS (ACL)	93.044 Home and Community-Based Supportive Services			X	200
HHS (ACL)	93.052 Family Caregivers			X	100
HHS (ACL)	93.432 Centers for Independent Living			X	85
HHS (ACL)	N/A Aging and Disability Resource Centers			X	50
HHS (ACL)	93.041; 93.042 Protection of Vulnerable Older Americans			X	20
HHS (SAMHSA)	93.829 Certified Community Behavioral Health Clinical Expansion Grant Program			X	250
HHS (SAMHSA)	93.665 Emergency Response Activities			X	100
HHS (SAMHSA)	93.243 Suicide Prevention Programs			X	50
HHS (HRSA)	93.224 Community Health Centers	X		X	1,420
HHS (HRSA)	93.155+ Telehealth and Rural Health			X	180
HHS (HRSA)	93.914+ Ryan White HIV/AIDS			X	90
HHS (HRSA)	93.253 Poison Control Centers			X	5
DOT	20.507+ Transit Infrastructure Grants			X	25,000
DOT	20.106 Grants-in-Aid to Airports			X	10,000
HUD	14.218; 14.228 Community Development Block Grant			X	5,000
HUD	14.231 Emergency Solutions Grants			X	4,000
HUD	14.871 Tenant-Based Rental Assistance			X	1,250
HUD	14.856 Project-Based Rental Assistance			X	1,000
HUD	14.850 Public Housing Operating Fund			X	685
HUD	14.241 Housing Opportunities for Persons with AIDS			X	65
HUD	14.157 Housing for the Elderly			X	50
HUD	14.181 Housing for Persons with Disabilities			X	15
Treasury	N/A Coronavirus Relief Fund			X	150,000
<b>TOTAL</b>					<b>\$317,358</b>

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# Table 2

## The Education Stabilization Fund

<b>Governor's Emergency Education Relief Fund (\$2.953 billion)</b>	
<b>Allocation</b>	60% on population aged 5-24 40% on Title I-eligible population
<b>Uses</b>	Distributed to local education agencies (LEAs), institutions of higher education (IHEs), other education-related entities most affected by COVID-19 Funds not awarded in one year returned to Department of Education (ED) for reallocation Supports activities authorized under the Elementary and Secondary Education Act (ESEA) and Higher Education Act (HEA), child care and early childhood education, social and emotional support, and the protection of education-related jobs
<b>Requirements</b>	LEAs must provide equitable services to non-public schools
<b>Elementary and Secondary School Emergency Relief (\$13.229 billion)</b>	
<b>Allocation</b>	Allocation to states using Title I basic grant formula 90% of funds must be allocated to LEAs in proportion to most recent fiscal year States may reserve up to 0.5% for administration States may reserve remaining funds for emergency coronavirus needs
<b>Uses</b>	Activities authorized by ESEA COVID-19 response coordination Resources for school leaders Activities targeting low-income children, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth Procedures and systems to improve LEA preparedness and response LEA staff training on sanitation and minimizing spread of infectious diseases Sanitation and cleaning supplies Planning and coordinating long-term closures, including how to provide meals, technology, and guidance on the Individuals with Disabilities Education Act (IDEA) Purchase of technology for students Mental health services and support Activities related to summer learning and supplemental after-school programs
<b>Requirements</b>	LEAs must provide equitable services to non-public schools
<b>Higher Education Emergency Relief (\$13.953 billion)</b>	
<b>Allocation</b>	At least 90% (\$12.6 billion) allocated to IHEs as follows: 75% based on share of Pell Grant full-time equivalent (FTE) recipients (excluding those enrolled exclusively in distance education) and 25% based on share of non-Pell Grant FTEs (excluding distance-only students) 7.5% (\$1 billion) for awards for strengthening institutions, strengthening historically black colleges and universities (HBCUs), aid to Hispanic-serving institutions, and Masters programs at HBCUs and predominantly black institutions 2.5% (\$349 million) for IHEs with the greatest unmet needs related to coronavirus, through the Fund for the Improvement of Postsecondary Education
<b>Uses</b>	Any costs associated with significant changes to the delivery of instruction due to the coronavirus, as well as (for the 2nd and 3rd amounts above) institutional expenses and grants for students, but not payment to contractors for pre-enrollment recruitment, endowments, capital outlays for athletic facilities, sectarian instruction, or religious worship HBCUs/minority-serving institutions (MSIs) may use previous HEA grants for coronavirus response
<b>Requirements</b>	IHEs must use at least 50% to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including expenses such as food, housing, health care, and child care)
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# Table 3

## Unemployment Compensation Provisions in the CARES Act

<b>Emergency UC Increase (Federal Pandemic Unemployment Compensation [FPUC])</b>	
<b>Coverage</b>	50 states, District of Columbia, Puerto Rico, Virgin Islands
<b>Duration</b>	Enactment to July 31, 2020
<b>Benefit Amount</b>	\$600/week (added to regular UC)
<b>Federal payments to states</b>	100% of FPUC plus administrative expenses, monthly, with adjustments to cover over- or under-estimates in
<b>Requirements</b>	States may not reduce their regular UC level or maximum number of weeks of UC For purposes of FPUC, extended benefits and pandemic-related unemployment assistance provided in this bill For purposes of income determinations for Medicaid and CHIP eligibility, FPUC is to be disregarded For UC administration, states are granted emergency flexibility for personnel merit standards, through December
<b>Federal Coverage of First Week of UC</b>	
<b>Coverage</b>	States with no waiting week for UC
<b>Duration</b>	Up to December 31, 2020
<b>Federal payments to states</b>	100% of cost of first week of UC plus administrative expenses, monthly, with adjustments to cover over- or
<b>Pandemic Emergency Unemployment Compensation (PEUC)</b>	
<b>Coverage</b>	50 states, District of Columbia, Puerto Rico, Virgin Islands
<b>Duration</b>	Enactment to December 31, 2020
<b>Benefit Amount</b>	Regular UC amount plus FPUC, weekly for 13 weeks
<b>Federal payments to states</b>	100% of cost of PEUC, monthly, with adjustments to cover over- or under-estimates in prior month
<b>For people who:</b>	Have exhausted rights to regular UC or any other state UC or federal compensation Are not receiving UC from Canada Are available, able, and seeking work
<b>Requirements</b>	Extended benefits must be deferred until after payment of PEUC States may not reduce regular benefits or number of weeks of UC allowed States must be flexible about work-search requirements for individuals unable to search for work due to illness States to establish PEUC accounts for eligible individuals, with an amount equal to 13 times individual's average weekly benefit amount (including dependents' allowances and including FPUC)
<b>Pandemic Unemployment Assistance (PUA)</b>	
<b>Coverage</b>	50 states, District of Columbia, Puerto Rico, Virgin Islands, Guam, American Samoa, Northern Mariana Islands,
<b>Duration</b>	Between January 27, 2020, and December 31, 2020 Up to 39 weeks including weeks of regular UC State waiting periods waived
<b>Benefit Amount</b>	Regular UC amount plus FPUC For self-employed, residents of territories, or residents of states whose regular UC amount is below the federal minimum for disaster UC: federal minimum amount for disaster UC plus FPUC
<b>Federal payments to states</b>	100% of cost of PUA plus administrative expenses (including for online or telephone applications rather than in-person), monthly, with adjustments to cover over- or under-estimates in prior month In addition, during the period March 13, 2020 – December 31, 2020, 50% of UC paid to employees of nonprofits and governmental entities to be used by states to reimburse such employers for amounts paid into the state
<b>For people who:</b>	Are unemployed, partially unemployed or unable to work, and not otherwise entitled to UC Are not eligible for or have exhausted regular UC or extended benefits Are not eligible for or have exhausted PEUC Self-certify that they are otherwise able to work but are unemployed, partially unemployed or unable to work > They are diagnosed with COVID-19 or experiencing symptoms thereof > A member of their household has been diagnosed > They are providing care to a family member or household member diagnosed > A child for whom they have primary caregiving responsibility is home from school because of closure which > They can't reach work because advised to self-quarantine > They were scheduled to start work but don't have job or can't get to job because of COVID-19 > They have become breadwinner for household because of death from COVID-19 > They have to quit their job as direct result of COVID-19 > Their place of employment is closed due to COVID-19 > They meet any additional criteria established by secretary Self-certify that they are self-employed, seeking part-time work, have insufficient work history, or otherwise would not qualify for regular UC or for PEUC and meet one of the above conditions Cannot telework with pay Are not receiving paid sick leave or other paid leave (regardless of meeting one of the conditions listed above)

## Table 3, continued

### Unemployment Compensation Provisions in the CARES Act

<b>Short-time Compensation: States with existing or new plans in state law</b>	
<b>Coverage</b>	States (including District of Columbia, Puerto Rico, Virgin Islands) with approved short-time compensation plans in state law
<b>Duration</b>	Enactment to December 31, 2020
<b>Federal payments to states</b>	100% of short-time compensation paid, monthly, with adjustments to cover over- or under-estimates in prior month
	Maximum of 26 times regular UC (including dependents' allowances) per year
	Excludes short-time payments to seasonal, temporary, or intermittent employees
<b>Short-time Compensation: States without plans in state law</b>	
<b>Coverage</b>	States (including District of Columbia, Puerto Rico, Virgin Islands) <i>without</i> approved short-time compensation plans in state law, that enter into agreement with DOL to provide such compensation
<b>Duration</b>	Enactment to December 31, 2020
<b>Federal payments to states</b>	50% of short-time compensation paid, plus administrative expenses, monthly, with adjustments to cover over- or under-estimates in prior month
	Maximum of 26 times regular UC (including dependents' allowances) per year
	Excludes short-time payments to seasonal, temporary, or intermittent employees
<b>Requirements</b>	Employers must pay state half of short-time compensation paid
<b>Short-time Compensation Administration and Promotion Grants</b>	
<b>Purpose</b>	Implementation, improved administration, promotion and employer education in short-time compensation programs
<b>Federal payments to states</b>	\$100 million available, to be awarded in proportion to a state's share of wages subject to the UI employer tax, as of October 1, 2019
	Of a state's share:
	> 1/3 available for a grant for implementation or improved administration > 2/3 available for a grant for promotion and enrollment
<b>Duration</b>	No awards may be granted for applications submitted after December 31, 2023
<b>Requirements</b>	Applications must be processed and responded to within 30 days
	DOL may recoup grant funds during 5-year period if state terminates its short-time program or fails to meet program standards
	DOL will develop model legislative language, provide technical assistance, and establish reporting requirements to track number of participants and averted layoffs
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