

CARES BILL: Breaking Down \$2 Trillion Public Health and Economic Relief Package

In response to the coronavirus pandemic, Congress is poised to finalize the adoption of a \$2 trillion public health and economic relief package, known as the Coronavirus Aid, Relief and Economic Security (CARES) Act, on Friday, March 27, 2020. Many of the details – how and to whom the money will flow – will remain uncertain as federal agencies will have to establish a framework to administer many of these programs. Congress will also consider additional relief bills with expectations of at least two more phases in the future to provide support. SCG will continue to analyze and update you on how such government dollars will be distributed.

Many of the social safety net programs critical to supporting vulnerable communities received increases in funding. However, because of the expanded public charge rules implemented by the Department of Homeland Security earlier this year, many immigrants—even if eligible and unaffected—may not access these programs for fear that it would affect their immigration status in the United States. While these expanded rules apply to people seeking visas entering the United States or those who make an application for lawful permanent residency, confusion around these rules will mean that those most in need will not benefit from these critical resources.

NONPROFIT ASSISTANCE

Loan Programs

The legislation contains two provisions related to loans—and potential conversion of loans to grants—for nonprofits of less than 500 full-time or part-time employees. The applications set forth below will likely be complicated, cumbersome, and challenging to complete for nonprofits. Technical assistance may be required to help facilitate successful applications.

Our advocacy showed impact! Southern California Grantmakers, in coordination with our Philanthropy California alliance, worked with national partners to ensure that nonprofits who received Medicaid dollars—such as community health centers—would be eligible for these programs.

Paycheck Protection Program

The U.S. Small Business Administration (SBA) will make available \$350 billion in funding to create a Paycheck Protection Program (PPP), which will provide small businesses and nonprofits with zero-fee loans of up to \$10 million. This is a part of the [SBA 7\(a\) loan program](#). For nonprofits that retain employees and their salary levels between March through June, the loan would be forgiven (becoming a grant) to cover up to 8 weeks of average payroll and other costs could be converted into a grant if the nonprofit retains its employees and their salary levels. Principal and interest is deferred for up to a year and all borrower fees are waived. This temporary emergency assistance through the U.S. Small Business Administration (SBA) and the Department of Treasury can be used in coordination with other COVID-financing assistance established in the bill or any other existing SBA loan program.

Emergency Economic Injury Disaster Loans (EIDL)

In addition to the Paycheck Protection Program, SBA will also make available \$10 billion to provide an advance of \$10,000 to small businesses and nonprofits that apply for an

SBA economic injury disaster loan (EIDL) within three days of applying for the loan. Because California has received a declaration of emergency approval from the federal government, nonprofits in California are eligible for EIDL.

EIDL are loans of up to \$2 million that carry interest rates of up to 2.75 percent for nonprofits, as well as principal and interest deferment for up to 4 years. The loans may be used to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses. If the loan amount is \$200,000 or less, the SBA will waive loan guarantee and other creditworthiness requirements. The \$10,000 advance does not need to be repaid, even if the nonprofit is subsequently denied an EIDL for the larger loan amount. EIDL may be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions or pay business obligations, including debts, rent and mortgage payments. Eligible grant recipients must have been in operation on January 31, 2020.

A nonprofit that receives an EIDL between January 31, 2020 and June 30, 2020 as a result of a COVID-19 disaster declaration is eligible to apply for a Paycheck Protection Program (PPP) loan or the business may refinance their EIDL into a PPP loan. In either case, the emergency EIDL grant award of up to \$10,000 would be subtracted from the amount forgiven in the PPP.

Application for EIDL can be found here: <https://disasterloan.sba.gov/apply-for-disaster-loan/index.html>.

Employee Retention Payroll Tax Credit

Businesses and nonprofits that have a furloughed or reduced workforce as a result of the COVID-19 emergency can receive a refundable payroll tax credit for 50 percent of wages paid to employees. Employers receiving EIDL or other SBA loans would not be eligible for these credits.

Charitable Giving Incentive

The stimulus plan also includes an above-the-line deduction for total charitable contributions of \$300. This falls far short of requests of \$4,000 per person (\$8,000 married) offered by Senator Lankford and supported by Philanthropy California and other organizations.

ECONOMIC RELIEF

Cash Transfers

For individuals, the package provides direct payments to lower- and middle-income Americans, including \$1,200 for each adult and \$500 for each child. The payments would be phased out at \$75,000 (\$150,000 married) of adjusted gross income. The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds \$75,000. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head-of-household filers with one child, and \$198,000 for joint filers with no children. Senate Democratic Leader Chuck Schumer mentioned that cash transfers would happen on April 6 though the timing will depend on the U.S. Treasury's ability to use tax filings, social security benefits, and other programs to provide economic relief.

Unemployment Insurance

The package includes a \$600 increase for persons receiving unemployment insurance for up to 13 weeks in addition to existing coverage by the state. The bill also expands eligibility to part-time, self-employed, and gig economy workers to access such benefits. Currently, weekly benefits range from \$40 to a maximum of \$450 in California for up to 26 weeks. A calculation for benefits can be found [here](#) (not including the additional \$600). The above provisions would not be applicable to undocumented immigrants who experience unemployment during this time.

CHILDREN AND FAMILIES

Child Care and Development Block Grant

\$3.5 billion in grants to states for immediate assistance to child care providers to prevent them from going out of business and to otherwise support child care for families, including for healthcare workers, first responders, and others playing critical roles during this crisis.

Head Start

\$750 million for grants to all Head Start programs to help them respond to coronavirus related needs of children and families, including making up for lost learning time.

Community Services Block Grant

\$1 billion in direct funding to local community-based organizations to provide a wide range of social services and emergency assistance for those who need it most.

VETERANS

Medical Services

\$14.4 billion. Supports increased demand for healthcare services at VA facilities and through telehealth, including the purchase of medical equipment and supplies, testing kits, and personal protective equipment. Also enables VA to provide additional support for vulnerable veterans, including through programs to assist homeless or at-risk of becoming homeless veterans, as well as within VA-run nursing homes and community living centers.

Telemental Health Services for Isolated Veterans

Authorizes VA to expand mental health services delivered via telehealth and enter into short-term agreements with telecommunication companies to provide veterans with temporary broadband services.

HOUSING

Community Development Block Grant (CDBG) – \$5 billion

CDBG is a flexible program that provides communities and states with funding to provide a wide range of resources to address COVID-19, such as services for senior citizens, the homeless, and public health services. Funding will be distributed using formula.

Homeless Assistance Grants – \$4 billion

These funds will enable state and local governments to address coronavirus among the homeless population. These grants, in combination with additional waiver authority, will

provide effective, targeted assistance to contain the spread of coronavirus among homeless individuals. These grants will also provide state and local governments with homelessness prevention funding for individuals and families who would otherwise become homeless due to coronavirus.

Tenant-Based Rental Assistance – \$1.25 billion

These funds will preserve Section 8 voucher rental assistance for seniors, the disabled, and low-income working families, who will experience loss of income from the coronavirus. Public Housing Operating Fund – \$685 million. These funds will provide Public Housing Agencies with additional operating assistance to make up for reduced tenant rent payments, as well as to help contain the spread of coronavirus in public housing properties.

Native American Programs – \$300 million

These funds will be used to prevent homelessness due to lost income from the coronavirus, as well as to contain the spread of coronavirus on tribal lands. These programs provide flexibility to local tribal governments and Tribally-Designated Housing Entities to respond to local conditions and needs.

Housing Opportunities for Person with Aids (HOPWA) – \$65 million

HOPWA is dedicated to the housing needs of people living with HIV/AIDS by giving grants to local communities, states, and nonprofit organizations for projects that benefit low-income persons living with HIV/AIDS and their families.

Project-Based Rental Assistance – \$1 billion

This additional funding will make up for reduced tenant payments as a result of coronavirus. Preserving this critical housing assistance will prevent low-income families and individuals from being at risk of homelessness.

HEALTHCARE

Healthcare Providers

\$150 billion program to provide direct aid to health-care facilities—including hospitals, nonprofits, and public health institutions—to cover the costs related to testing and caring for people with the new coronavirus.

Medicare and Medicaid

The bill also would roll back scheduled cuts to Medicare and Medicaid, a step that would give providers billions more dollars in the coming months, and extend until November federal programs such as community health centers that are working on the front lines of the outbreak.

FOOD SECURITY

The stimulus provides an additional \$15.5 billion for the Supplemental Nutrition Assistance Program (SNAP), known as CalFresh in our state. SNAP is the nation's largest and most effective anti-hunger program that provides food assistance to working families with children, seniors, and individuals with disabilities.

The U.S. Department of Agriculture (USDA), which administers SNAP, would use the dollars to respond to the likely increase in applications for food assistance. Additionally, \$100 million would be provided for food security for Native Americans living on federally

recognized tribal lands. However, advocates such as the [Food Research and Action Center](#) note that the bill does not increase benefits. Advocates are requesting a 15 percent increase to the SNAP maximum benefit and an increase in the minimum monthly SNAP benefit to \$30. In 2009, as a part of the Great Recession stimulus bill, SNAP benefits increased by almost 14 percent.

According to the [California Budget and Policy Center](#), SNAP “provides modest food assistance to an estimated 4 million Californians on average each month. Four out of 5 of those receiving CalFresh are children and their parents, seniors, and people with disabilities. CalFresh is one of the state’s most effective anti-poverty programs, and, without CalFresh, over 850,000 more individuals would have lived in poverty.” California has one of the lowest uptakes in SNAP though efforts have been underway between counties and philanthropy to increase enrollment of eligible recipients.

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Direct Aid

\$150 billion to states and local governments with a set aside of \$8 billion for tribal governments.

Federal Emergency Management Agency Disaster Relief Fund

Congress would provide more than \$45 billion in critical aid for states and localities to respond to the coronavirus through the Federal Emergency Management Agency Disaster Relief Fund and a grants program. The disaster funds would have a federal share of 75 percent, leaving states and localities responsible for 25 percent of the costs.

Competitive Grants

Firefighters, emergency managers, and emergency food and shelter providers could also apply for \$400 million in grants.

Elections

States get \$400 million in election assistance for 2020 voting amid the coronavirus pandemic, allowing them to increase the ability to vote by mail, expand early voting and online registration.

Student loans

Student borrowers would get a six-month reprieve from loan payments but not debt cancellation. The legislation would waive interest on student loans while payments are suspended. And it would halt involuntary collection activities for defaulted loans such as wage garnishment, reduction of tax refunds, or Social Security benefits. Additionally, the bill provides tax relief for borrowers where employers assist in the repayment of student loans. This provision will exclude up to \$5,250 in qualifying student loan repayments paid by the employer on behalf of the employee from income for income tax purposes.