

Coronavirus Aid, Relief and Securities Act (CARES)

This course covers the most significant aspects of the Coronavirus Aid, Relief and Securities (CARES) Act. It is in a format that summarizes the key points of the act and then a thorough FAQ section that will hopefully answer many of your questions. Though this basic tax course does not require any prerequisites, its recommended target audience is for existing tax preparers, however anyone may take this course. This course provides 2 CE credits in the IRS Federal Tax Law category.

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NOTICE

This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice

Chapter 1: Coronavirus Aid, Relief And Securities (CARES) ACT

Chapter Objective

After completing this chapter, you should be able to:

- Identify relevant aspects of the CARES Act.

CARES Act Summary

This summary is much lengthier than the summary for the FFCRA because the CARES Act is a much more detailed bill (880 pages in length).

KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

Paycheck Protection Program (PPP)

- The program is open until June 30, 2020, however you are encouraged to apply as quickly as possible because there is a funding cap and lenders need time to process the loan.
- All existing SBA-certified lenders will be given delegated authority to process PPP loans.
- All federally insured depository institutions, federally insured credit unions, and farm credit institutions are eligible to participate in this program.
- The Paycheck Protection Loan Program, with a price tag of \$349 billion, covers the period February 15, 2020 through June 30, 2020 and greatly expands SBA loan eligibility. The loan program will allow businesses suffering due to the coronavirus outbreak to borrow money for a variety of qualified costs related to employee compensation and benefits, including (i) payroll costs, (ii) continuation of health care benefits, (iii) employee compensation (of those making less than \$100K), (iv) mortgage interest obligation, (v) rent, (vi) utilities and (vii) interest on debt incurred before the covered period.
- The legislation greatly expands the number of businesses that are eligible for SBA loans and raises the maximum amount for such a loan by 2.5 x the average total monthly payroll costs, or up to \$10 million. The interest rate may not exceed 4%.
- Companies that employ more than 500 employees are not eligible.
- Waives the credit available elsewhere and person guaranty requirements.
- Provides additional relief for businesses in the accommodation and food services industries, certain franchise business and small businesses that receive financing through the Small Business Investment Company Act.
- For eligibility purposes, requires lenders to, instead of determining repayment ability, which is not possible during the crisis, to determine whether a business was operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes, or a paid independent contractor.

Entrepreneurial Development

- Provides funding to educate small businesses and their employees regarding (i) Federal resources available during this time, (ii) Hazards of COVID-19 and (iii) best practices around teleworking to prevent the spread of COVID-19.

State Trade Expansion Program

- Allows for federal grant funds appropriated to support the State Trade Expansion Program (STEP) in FY 2018 and FY 2019 to remain available for use through FY 2021.

Waiver of Matching Funds Requirement under the Women's Business Center Program

- Eliminates the non-federal match requirement for Women's Business Centers for a period of three months.

Loan Forgiveness

- Establishes that the borrower shall be eligible for loan forgiveness equal to the amount spent by the borrower during an 8-week period after the origination date on (i) rent, (ii) payroll costs for employees making less than \$100K, (iii) interest on a mortgage, and (iv) utility payments. The amount forgiven may not exceed the principal of the loan.
- Incentivizes companies to retain employees by reducing the amount forgiven proportionally by any reduction in employees retained compared to the prior year.
- To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.
- Loan payments will be deferred for 6 months.

Minority Business Development Agency

- Empowers the Department of Commerce, through the Minority Business Development Agency, to provide grants to minority business centers and minority chambers of commerce to provide education, training and advising related to accessing federal resources.

United States Treasury Program Management Authority

- The Department of the Treasury, consulting with the Small Business Administration and the Chairman of the Farm Credit Administration shall establish criteria to allow other lenders to participate in the Paycheck Protection Program, so long as such participation does not threaten the safety and soundness of the lender, as determined in consultation with the relevant federal banking agencies.

Emergency Economic Injury Disaster Loans (“EIDLs”)

- For the period between January 31, 2020 and December 31, 2020 (the “covered period”) EIDL eligibility is expanded to individuals operating sole proprietorships, independent contractors, cooperatives, non-profits and ESOPs with not more than 500 employees.
- Furthermore, EIDLs may be approved by the Small Business Administration solely on the bases of an applicant’s credit score or by use of alternative methods to gauge the applicant’s ability to repay. Additionally, applicants may request an advance of up to \$10,000 within three days after the Administrator receives the application, subject to verification that the entity is eligible under this program. The advance may be used for any allowable purposes under §7(b)(2) of the Small Business Act and is not subject to repayment, even if the loan request is ultimately denied.
- Establishes that an emergency involving Federal primary responsibility determined to exist by the President under Section 501(b) of the Stafford Disaster Relief and Emergency Assistance Act qualifies as a new trigger for EIDLs.

Subsidy for Certain Loan Payments

- For loans under §7(a) of the Small Business Act, Title V of the Small Business Investment Act, and for loans made by an intermediary using §7(m) loans or grants, the Administrator shall pay the principal, interest, and fees owed for loans in regular servicing status for any such loans, whether on deferment or not, that were made before the enactment of the Act for the following 6-month period, and for any such loans that were made between the date of enactment of the Act and six months from such date.
- This authority to pay shall extend to loans resold on the secondary market. The payments shall be made not later than 30 days from when the first payment is due and shall be applied such that the borrower is relieved of any obligation to pay that amount. The Administrator shall coordinate with relevant banking agencies to request that lenders not be required to increase reserves because of these payments.

- The Administrator will waive limits on the maximum loan maturities for loans given deferral and extended maturity during the year following enactment. The Administrator will extend lender site visit requirement timelines as necessary because of COVID-19, to within 60 days of a non-default adverse event, and 90 days of a default. \$17 billion is appropriated for the foregoing.

Bankruptcy

- Section 1182(1) of Title 11 is amended to define “debtor” as persons engaged in commercial or business activities and their affiliates (excluding persons who primarily own single asset real estate) that have aggregate, noncontingent, liquidated secured and unsecured debts (at the date of petition filing or the order for relief) of \$7,500,000 or less (excluding debts owed to affiliates or insiders), half or more of which arose from those activities.
- Exempt from this new definition are any members of a group of affiliated debtors that has aggregate, noncontingent, liquidated secured and unsecured debts over \$7,500,000 (excluding debt owed to affiliates or insiders); corporations subject to 1934 Act reporting requirements; and affiliates of an issuer under the 1934 Act.
- National Emergency Act payments for COVID-19 by the President are exempted from “current monthly income” and “disposable income” when determining the power of courts to approve debtor plans rejected by trustees or claim holders.
- Debtors that have experienced material financial hardship due to COVID-19 can modify a plan confirmed prior to this Act’s enactment date if approved after notice and hearing, but only if that plan doesn’t provide payments more than seven years after the first payment was due under the original plan, and follows requirements of 1322(a)-(c) and 1325(a). This modification terminates one year after the enactment of this Act.

ASSISTANCE FOR AMERICAN WORKERS, FAMILIES, AND BUSINESSES

Unemployment Insurance Provisions

- **Eligibility**
 - The law expands the scope of individuals who are eligible for unemployment benefits, including those who are furloughed or out of work as a direct result of COVID-19, self-employed or gig workers, and those who have exhausted existing state and federal unemployment benefit provisions.
 - The only individuals expressly excluded from coverage are those who have the ability to telework with pay and those who are receiving paid sick leave or other paid benefits (even if they otherwise satisfy the criteria for unemployment under the new law).
- **Administration of Benefit**
 - The benefits are administered by each state and upon the state’s written agreement with the Secretary of Labor to provide the specific benefits. States that enter into such an agreement with the Secretary of Labor will be reimbursed in whole or in part for the cost of the benefits plus administrative expenses.
- **Types of Benefits Provide**
 - The law provides an increase of \$600 per week in the amounts customarily available for unemployment under state law. This increase applies for unemployment payments made from the date of the law’s enactment through July 31, 2020 (approximately four months).
 - States can agree to provide pandemic emergency unemployment compensation to individuals who have either exhausted all of the benefits available to them under existing state and federal law or who are not otherwise eligible for benefits under existing state and federal law. Individuals must be able and available to work and actively seeking work, unless they are unable to do so as a result of COVID-19 illness, quarantine, or movement restriction.

- States can agree to waive the waiting period for receipt of benefits so that individuals do not experience gaps in income.
- The federal government will temporarily fund short-time compensation under existing state plans. States that do not yet have short-time compensation plans in place may agree to implement a plan, provided that employers who enter into short-time compensation plans must be required to pay to the state half of the short-time compensation paid under the plan.
- **Time Periods for Expanded Benefits**
 - The law provides unemployment benefit assistance to covered individuals who are not otherwise entitled to benefits under existing state or federal law for weeks of unemployment, partial unemployment, or inability to work caused by COVID-19 during the period January 27, 2020 through December 31, 2020. This includes any waiting periods for benefits under applicable state law.
 - The total benefit may not extend beyond 39 weeks (including any unemployment benefits or extended benefits received under existing state or federal law), unless, after the law is enacted, the duration of extended benefits is extended, in which case the total benefit may extend beyond 39 weeks by that same additional period of extended benefits.
 - The \$600 weekly benefit increase will be applicable to weekly payments made through the end of July 2020.
- **Protections Against Fraud and Overpayment**
 - Any fraudulent intent or misrepresentations to obtain payments to which an individual is not entitled will result in ineligibility for any other unemployment compensation benefits under the new law as well as criminal prosecution. Overpayments may be clawed back by the state agencies.
- **Social Security Treatment**
 - The additional unemployment compensation provided is not considered “income” for purposes of Medicaid and CHIP.

Rebates and Other Individual Provisions

- **Tax Credits**
 - Eligible individual taxpayers can benefit from a tax credit of \$1,200 for single filers and \$2,400 for those filing jointly. Additionally, eligible individual tax payers can receive a \$500 tax credit per qualifying child. However, the aforementioned tax credits will be “phased-out” by 5% of every dollar the taxpayer’s adjusted gross income exceeds: (i) \$150,000 for joint-filers, (ii) \$112,500 for heads of household, and (iii) \$75,000 for all other types of filers.
 - This means, for example, the tax credit will phase out entirely at \$198,000 for joint-filers with no children.
- **“Coronavirus-Related Distribution”**
 - A coronavirus-related distribution, as defined under the CARES Act, is any distribution from an eligible retirement plan made: (i) on or after January 1, 2020 and before December 31, 2020, (ii) to any individual who is diagnosed with COVID-19, whose spouse or dependent is diagnosed with COVID-19, or who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, had hours cut, or other factors as determined by the Secretary of the Treasury during the COVID-19 pandemic.
- **Tax Treatment of Coronavirus-Related Distributions**
 - Individuals who elect to receive a “coronavirus-related distribution” will not be subject to the Internal Revenue Code’s traditional 10% tax penalty for early withdrawals from eligible retirement accounts, for all distributions up to an aggregate amount of \$100,000.

- Coronavirus-related distributions made from both traditional eligible employer sponsored retirement plans and individual retirement accounts (“IRAs”) may be excluded from gross income.
- **Repayments of Coronavirus-Related Distributions**
 - Coronavirus-related distributions may be repaid within the three (3) year period from when such coronavirus-related distribution was made. The aforementioned repayments of coronavirus-related distributions for most retirement plans, including IRAs, will be treated favorably as a transfer to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of distribution.
- **Effects on the Limits on Loans from Qualified Employer Plans**
 - The limit on loans from any qualified employer plan made to qualified individuals will be increased from \$50,000 to \$100,000, and should the due date of any such loan occur between the date of enactment of the CARES Act and December 31, 2020, it will be delayed for one (1) year.
- **Effects on Minimum Distribution Threshold**
 - The CARES Act temporarily waives the minimum distribution requirements for all “eligible deferred compensation plans.” This includes: (i) certain contribution plans (e.g. an employer purchased annuity contract), (ii) deferred compensation plans that are maintained by an eligible employer, or (iii) IRAs. This applies for all distributions made on or after January 1, 2020.
 - However, if this section applies to any pension plan or contract amendments such pension plan or contract amendments will not fail to be treated as being operated in accordance with the terms of the plan to the extent solely because the plan operates in accordance with this section, so long as the amendment or contract in question has been in effect from its effective date until December 31, 2020.
 - Any plan or contract amendments to which Section 2203 of the CARES Act (the section on temporary waiver of required minimum distribution rules) applies will not fail to meet the requirements of either the Internal Revenue Code or the Employee Retirement Income Security Act as a result of making such an amendment. However, this provision only applies to those amendments which are in effect during the period beginning on the effective date of the amendment until December 31, 2020.
- **Tax Treatment of Charitable Donation**
 - The CARES Act allows taxpayers to take an above-the-line tax deduction for charitable contributions of up to \$300 for the tax year beginning in 2020.
 - Additionally, except for certain exclusions specified below, the percentage and excess carryover restrictions on charitable and other “qualified contributions” (e.g. a contribution to a corporation, trust, a state, or an organization of war veterans, etc.) are disregarded.
- **Exceptions to the CARES Act General Disregard of the Percentage and Excess Carryover Restrictions on Qualified Contributions**
 - The CARES Act treats individuals and corporations differently regarding the aforementioned exceptions, and such different treatments are described below.
 - Qualified contributions for individuals will be allowed as deductions should the combined contributions not exceed the excess of the taxpayer’s adjusted gross income over the amount of the charitable contributions made by the individual that are covered by another part of the act (e.g. donations to a church, educational organization, private foundation, etc.). If these contributions exceed this excess, then they will be added to the qualified contribution excess, which is eligible to be treated as charitable deductions for up to the next five successive tax years.
 - Any qualified contributions made by corporations will be allowed as deductions only if these contributions do not exceed 25% of the taxable income of the corporation over the

amount of all other charitable contributions. To the extent a corporation exceeds this limit, it will carry over the excess which will be eligible to be applied as charitable contribution deductions for the subsequent five tax years. This is provided that the excess qualified contribution amounts in question meet certain other restrictions, specifically, they must not exceed the lesser of: (i) 10% of the corporation's taxable income or the total charitable deductions taken by the corporation during the taxable year over the sum of the contributions made in such year plus the aggregate of the excess contributions which were made in taxable years before the contribution year and which are deductible under this subparagraph for such succeeding taxable year; or (ii) in the case of the first succeeding taxable year, the amount of such excess contribution, and in the case of the second, third, fourth, or fifth succeeding taxable year, the portion of such excess contribution not deductible under this subparagraph for any taxable year intervening between the contribution year and such succeeding taxable year.

Business Provisions

- **Employee Retention Credit for Employer Subject to Closure Due to COVID-19**
 - Eligible employers will receive a credit against applicable employment taxes for each calendar quarter in an amount equal to 50% of the qualified wages with respect to each employee. The amount of qualified wages taken into account for each eligible employer, however, will not exceed \$10,000 per calendar quarter and the credit will not exceed the applicable employment taxes owed for such calendar quarter.
 - An eligible employer is defined as any employer: (i) which was carrying on a trade or business during calendar year 2020, and (ii) the operation of their trade or business was fully or partially suspended due to governmental order as a result of COVID-19.
- **Delay of Payment of Employer Payroll Taxes**
 - The CARES Act will allow for most employers to defer paying their share of the social security tax from the time the CARES Act is signed into law through December 31, 2020. Half of this deferred amount would be due on December 31, 2021 and the other half by December 31, 2022.
- **Modifications for Net Operating Losses ("NOL")**
 - There will be a temporary repeal of taxable income limitation including (i) in the case of a taxable year beginning before January 1, 2021, the aggregate of the NOL carryovers to such year, plus the NOL carrybacks to such year, and (ii) in the case of a taxable year beginning after December 31, 2020, the sum of the aggregate amount of NOLs arising in taxable years beginning before January 1, 2018 and the lesser of the aggregate amount of net operating losses arising in taxable years beginning after December 31, 2017 or 80% of the excess of taxable income.
 - With special rules applicable to REITs, there will be special rules for losses arising in 2018, 2019 and 2020 including such loss being a NOL carryback to each of the 5 taxable years preceding the taxable year of such loss.
- **Modification of Limitation on Losses for Taxpayers Other Than Corporations**
 - For any taxpayer other than a corporation:
 - a. For any taxable year beginning after December 31, 2020 and before January 1, 2026, any excess business loss of the taxpayer for the taxable year will not be allowed.
 - b. For a taxable year beginning after December 31, 2017 and before January 1, 2026, subsection (j) (relating to a limitation on excess farm losses of certain taxpayers) would not apply; and
 - In regard to treatment of Capital Gains and Losses:
 - a. Deductions for losses from sales or exchanges of capital assets will not be taken into account.

- b. The amount of gains from sales or exchanges of capital assets taken into account will not exceed the lesser of (1) the capital gain net income determined by taking into account only gains and losses attributable to a trade or business, or (2) the capital gain net income.
- The amendments made in the aforementioned section shall apply to taxable years beginning after December 31, 2017.
- **Modification of Credit for Prior Year Minimum Tax Liability of Corporations**
 - The corporate alternative minimum tax (AMT) was repealed as part of the Tax Cuts and Jobs Act, but corporate AMT credits were made available as refundable credits over several years, ending in 2021.
 - The provision accelerates the ability of companies to recover those AMT credits, permitting companies to claim a refund now and obtain additional cash flow during the COVID-19 emergency.
- **Modification of Limitation on Business Interest**
 - The provision temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30% limitation to 50% of taxable income (with adjustments) for 2019 and 2020. As businesses look to weather the storm of the current crisis, this provision will allow them to increase liquidity with a reduced cost of capital, so that they are able to continue operations and keep employees on payroll.
- **Qualified Improvement Property**
 - The provision enables businesses, especially in the hospitality industry, to write off immediately costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building. The provision, which corrects an error in the Tax Cuts and Jobs Act, not only increases companies' access to cash flow by allowing them to amend a prior year return, but also incentivizes them to continue to invest in improvements as the country recovers from the COVID-19 emergency.
- **Temporary Exception from Excise Tax for Alcohol Used to Produce Hand Sanitizer**
 - For distilled spirits removed after December 31, 2019 and before January 1, 2021, such distilled spirits will be free of tax for use in or contained in hand sanitizer produced and distributed in a manner consistent with any guidance issued by the FDA related to the outbreak of COVID-19.

SUPPORTING AMERICA'S HEALTH CARE SYSTEM IN THE FIGHT AGAINST THE CORONAVIRUS

Addressing Supply Shortages

- Provides for the National Academies to examine and report on the security of the U.S. medical product supply chain in order to assess U.S. dependence on critical drugs and devices sourced outside of the U.S., and to develop of recommendations to improve resiliency of the U.S. supply chain for critical drug and devices.
- Requires the Strategic National Stockpile to include certain types of medical supplies, including personal protective equipment (PPEs), and identifies respiratory protective devices as covered countermeasures for use during a public health emergency.
- Prioritizes the review of drug applications to mitigate emergency drug shortages.
- Creates additional reporting requirements for drug manufacturers to report a discontinuation and disruption of the sourcing of active pharmaceutical ingredients.
- Requires manufacturers of certain drugs and medical devices critical to public health during a public emergency to develop, maintain, and implement risk management plans related to shortages, creating an annual notification requirement of the same. Such manufacturers are also subject to shortage-related inspections by the Secretary of Health and Human Services (HHS).

Access to Health Care for COVID-19 Patients

- Permits group health plans and insurers to cover and reimburse providers of diagnostic testing relating to COVID-19 at pre-emergency-period negotiated rates, and sets reimbursement rates in instances without previously negotiated rates equal to the cash price for services listed on a publicly-available website or the plan or insurer can negotiate with a provider for a rate lower than such cash price. All providers of a diagnostic test for COVID-19 are required to publicize cash price for such tests. Failure to comply with these requirements could result in HHS assessing a civil monetary penalty of up to \$300 per day.
- Requires health plans and issuers to provide for rapid coverage of “qualifying coronavirus preventative services” – an item, service, or immunization intended to prevent or mitigate coronavirus—and vaccines for coronavirus.
- Appropriates \$1.3 billion for FY 2020 for supplemental awards to health care centers for the prevention, diagnosis, and treatment of COVID-19.
- Amends Section 330I of the Public Health Service Act, relating to Telehealth Network and Telehealth Resource Centers Grant Programs, and Section 330A of the Public Health Service Act, relating to the Rural Health Care Services Outreach, Rural Health Network Development, and Small Healthcare Provider Quality Improvement Grant Programs—an individual or entity affected by these grant programs should seek out an attorney to examine the effect of such amendments.
- Limits potential state and federal liability for volunteer health care professionals—who provide services without compensation or other thing of value—for harm caused to patients relating to the diagnosis, prevention, or treatment of COVID-19. This provision expressly preempts more restrictive state or local law.
- Amends certain federal regulations governing the confidentiality and disclosure of substance use disorder patient records (Part 2), including allowing certain re-disclosures to covered entities, business associates, or other programs subject to HIPAA after obtaining the patient’s prior written consent.
- Permits a state agency or area agency on aging to transfer, without prior approval, not more than 100% of the funds received by the agency to meet the needs of the state or area served, and provides that the same meaning shall be given to an individual unable to obtain nutrition due to social distancing as one who is homebound due to illness.
- Provides that within 180 days of the passage of the Act, the Secretary of Health and Human Services shall issue guidance on the sharing of patients’ protected health information (PHI) related to COVID-19, including guidance on compliance with HIPAA regulations and applicable policies.
- Provides that the Secretary of HHS shall carry out a national awareness campaign relating to the importance and safety of blood donation, and the need of for donations for the blood supply during a public health emergency.

Innovation

- Using competitive process, enter into transactions to carry out public-health emergency health related projects and cannot cancel those contracts even if they extend beyond the emergency.
- Includes new provisions to expedite the development and approval of drugs to prevent or treat diseases in animals that are could have significant adverse consequences for humans.

Health Care Workforce

- Approves appropriations for a variety of health professions-related programs, with particular focus on programs serving medically underserved populations (rural and geriatric).

Education Provisions

- Waives requirement for certain higher education institutions to match federal funding and allows certain institutions to transfer unexpended allotment.
- Permits certain higher education institutions to use their allocations of Supplemental Educational Opportunity Grants for emergency financial aid for students.
- Permits certain higher education loan borrowers flexibility in repaying loans or returning grants during a qualified emergency.
- Permits certain students to complete distance education and certain students of foreign institutions to take classes in the United States.
- Allows the Secretary of Education to issue waivers upon request relating to assessments, accountability, and related reporting requirements, and requirements for state and local educational agencies and Indian Tribes to receive funding.
- Allows the Secretary of Education to grant a deferment to an institution that received a loan under Part D of Title III of the Higher Education Act.
- Payments on student loans held by the Department of Education are suspended for 6 months, and the Secretary of Education shall suspend all involuntary collection activities during the period of payment suspension.
- The Corporation for National and Community Service can allow individuals to accrue service hours and may permit certain grants funds.
- Not more than 20% of the total amount allocated to a local area under 29 U.S.C. 3151 et seq. may be used for administrative costs.
- For the program year 2019, not more than 20% of the total amount allocated to a local area under 29 U.S.C. 3151 et seq., may be used for administrative costs of carrying out certain local workforce investment activities, if the portion of the total amount that exceeds 10% of the total amount is used to respond to qualifying emergency. For the program year 2019, certain unobligated funds reserved by a governor for statewide activities under the Workforce Innovation Opportunity Act may be used for statewide rapid response activities, or in certain circumstances, released to local boards impacted by the coronavirus.
- Gives the Secretary of Education authority to waive certain eligibility requirements, wait periods, and allotment requirements under the Higher Education Act for a period of time.
- Authorizes the Secretary of Education to modify the required and allowable uses of funds for grants and to modify any federal share or other financial matching requirement for a grant awarded under certain provisions of the Higher Education Act to an institution of higher education or other grant recipient (not including an individual recipient of Federal student financial assistance) as a result of a qualifying emergency.
- Allows the Secretary of Education to modify the categories of extenuating circumstances under which a grant recipient may be excused from fulfilling a portion of a service obligation under title IV of the Higher Education Act and must consider teaching service that is parttime or temporarily interrupted due to the emergency to be full-time service. Requires the Secretary of Education to waive certain years of teaching service requirements under the Higher Education Act in certain circumstances.

Labor Provisions

- **Paid Public Health Emergency Leave Minimums**
 - Employers may, but are not required to, pay any more than \$200 per day and \$10,000 in the aggregate for each employee for public health emergency leave under section 110(b)(2)(B) of the Family & Medical Leave Act of 1993 as amended by the Emergency Family and Medical Leave Expansion Act.
- **Rehire Eligibility for Paid Public Health Emergency Leave Employers**
 - For purposes of public health emergency leave under the Emergency Family and Medical Leave Expansion Act, an eligible employee is an employee who has been employed for at

least 30 calendar days by an employer with respect to whom leave is requested. The employee must be employed for at least 30 calendar days, which includes an employee who was laid off by that employer on or after March 1, 2020, had worked for employer for not less than 30 of the last 60 calendar days prior to the employees layoff, and was rehired by the employer.

- **Emergency Paid Sick Leave Minimums**
 - Employers may, but are not required to, pay any more than:
 - a. \$511 per day or \$5,110 in the aggregate for each employee when taking emergency paid sick leave if the employee is subject to a federal, state or local quarantine or isolation order related to COVID-19, the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19, or the employee is experiencing symptoms of COVID-19 and seeking medical diagnosis; or
 - b. \$200 per day or \$2,000 in the aggregate for each employee when taking emergency paid sick leave if the employee is caring for an individual who is subject to a federal, state or local quarantine order, or is caring for an individual who has been advised to self-quarantine due to concerns related to COVID-19, the employee is caring for the employee's son or daughter, if the child's school or childcare facility has been closed or the child's care provider is unavailable due to COVID-19 precautions, or the employee is experiencing any other substantially similar condition specified by HHS in consultation with the Department of the Treasury and the Department of Labor.
- **Advance Refunding of Payroll Credits for Required Paid Sick Leave and Required Paid Family Leave**
 - Employers can apply a credit in the amount calculated under subsection (a) of section 7001 or 7003 of the Family First Coronavirus Response Act, subject to the limitations placed by subsection (b) of section 7001 and 7003, both calculated through the end of the most recent payroll period in the quarter. In anticipation of a credit, the credit may be advanced according to forms and instructions to be provided by the Secretary of Labor. The Act ensures employers that the Secretary of Treasury shall waive any penalty under section 6656 of the Internal Revenue Code of 1986 for failure to make a deposit of the tax imposed under section 3111 (a) or 3221(a) of such Code if failure was due to anticipation of credit allowed.

Finance Committee

- An additional safe harbor provision is added to section 223(c)(2) of the Internal Revenue Code, providing that a plan shall not fail to be treated as a high deductible health plan (HDHP) by reason of failing to have a deductible for telehealth and other remote care services. Section 223(c)(1)(B) of the Internal Revenue Code is adjusted to include "telehealth and other remote care." This addition allows an individual to have an insurance plan (for plan years beginning on or before December 31, 2021) that includes telehealth and other remote care without disqualifying the individual from owning an HDHP.
- **Inclusion of Certain Over-the-Counter Medical Products as Qualified Medical Expenses**
 - Menstrual care products are now included under the term "qualified medical expenses."
- **Increasing Medicare Telehealth Flexibilities During Emergency Period**
 - The amendment removes some limiting qualifications to section 1320b-5(b) (8), which allows for the Secretary to temporarily waive or modify the application of portions of the Social Security Act in the case of a telehealth service furnished in any emergency area during an emergency period. The provision that sets out the defined term "qualified provider," which limited 1320b-5(b)(8), is removed in its entirety.

- **Enhancing Medicare Telehealth Services for Federally Qualified Health Centers and Rural Health Clinics During Emergency Period**
 - A new provision is added under Section 1834(m) of the Social Security Act (42 USC 1395m(m)), enhancing payment for telehealth services furnished via a telecommunications system by a federally qualified health center (FQHC) or rural health clinic (RHC) during an “emergency period” notwithstanding that the FQHC or the RHC providing the telehealth service is not at the same location as the beneficiary. Payment methods for FQHCs or RHCs that serve as distant sites shall be based on payment rates similar to the national average payment rates for comparable telehealth services under the physician fee schedule under section 1848.
- **Temporary Waiver of Requirement for Face-to-Face Visits Between Home Dialysis Patients and Physicians**
 - Amended section 1395rr(b)(3)(B) to allow the HHS Secretary to waive the requirement that individuals with end stage renal disease receiving home dialysis must receive certain periodic face-to-face (non-telehealth) clinical assessments in order to be eligible to receive end stage disease-related clinical assessments via telehealth.
- **Use of Telehealth to Conduct Face-to-Face Encounter Prior to Recertification of Eligibility for Hospice Care During Emergency Period**
 - Section 1395f(a)(7)(D)(i) is amended to allow a hospice physician or hospice nurse practitioner during an “emergency period” to conduct a face-to-face encounter via telehealth to determine recertification for continued eligibility for hospice care.
- **Encouraging Use of Telecommunications Systems for Home Health Services Furnished During Emergency Period**
 - During an emergency period, the HHS Secretary shall consider ways to encourage the use of telecommunications systems.
- **Improving Care Planning for Medicare Home Health Services**
 - Certain Medicare sections are expanded from being limited to the services of a physician to include services of nurse practitioners, clinical nurse specialists, and physician assistants that provide home health services.
- **Adjustment of Sequestration**
 - A temporary suspension of Medicare sequestration put into effect during the period of May 1, 2020 through December 31, 2020. The Medicare programs under title XVIII of the Social Security Act shall be exempt from reduction under any sequestration order during the period.
- **Medicare Hospital Inpatient Prospective Payment System Add-On Payment for COVID-19 Patients During Emergency Period**
 - The Secretary will increase the weighting factor for coronavirus-diagnosed patients discharged during the emergency period. The weighting factor is used by the Secretary to reflect the relative hospital resources used with respect to discharges for a particular group compared to discharges within other groups.
- **Increasing Access to Post-Acute Care During Emergency Period**
 - During the emergency period, the HHS Secretary will waive the requirement that patients of inpatient rehabilitation facilities receive at least 15 hours of therapy per week. For long-term care hospitals furnishing services during the emergency period, the HHS Secretary will further waive discharge percent requirements and the general application of site neutral payment rates.
- **Revising Payment Rates for Durable Medical Equipment Under the Medicare Program Through Duration of Emergency Period**
 - The Secretary shall apply the transition rule, described in section 414.210(g) (9)(iii) of the Code of Federal Regulations, to items and services furnished in rural areas and noncontiguous areas as planned through December 31, 2020, and through the duration

of the emergency period. For areas other than rural and noncontiguous areas, the Secretary shall apply the transition rule described in section 414.210(g)(9)(iv) of the Code of Federal Regulations through the remainder of the emergency period.

- **Coverage of the COVID-19 Vaccine Under Part B of the Medicare Program Without Any Cost-Sharing**
 - The term “medical and other health services” is expanded to include “COVID-19 vaccine and administration.” The deductible described in section 1395I(b) shall not apply with respect to a COVID-19 vaccine and its administration.
- **Requiring Medicare Prescription Drug Plans and MA-PD Plans to Allow for Fills and Refills of Covered Part D Drugs for up to a 3-Month Supply**
 - During the emergency period, a prescription drug plan or MA-PD plan shall permit a part D eligible individual reenrolled in such plan to obtain a single fill or refill the total day supply prescribed for such individual for a covered part D drug.
- **Providing Home and Community-Based Services in Acute Care Hospitals**
 - The prohibition that nothing in section 1395a allows the Secretary authorization to limit the amount of payment that may be made under a plan for home-and-community care is expanded to include home and community-based services, self-directed personal assistance services, or home and community-based attendant services. The provision is also expanded to clarify that the section shall not be construed to prohibit receipt of any care or services specified in paragraph (1) in an acute care hospital, provided certain requirements are met.
- **Clarification Regrading Uninsured Individuals**
 - The Families First Coronavirus Response Act, March 18, 2020, added subsection (ss) to section 1396a, which defined “uninsured individual” as those not described in section 1396a(a)(10)(A)(i) and not enrolled in certain health care programs. The current bill amends this definition to exclude subsection VIII if the individual is a resident of a state that does not furnish medical assistance as described.
- **Clarification Regarding Coverage of COVID-19 Testing Products**
 - The Families First Coronavirus Response Act, March 18, 2020, added COVID-19 testing to section 1396d, which provides medical assistance payments under certain conditions. The current bill amends this section to remove the requirement that the in-vitro diagnostic products administered are approved, cleared, or authorized sections 510(k), 513 514, or 564 of the Federal Food, Drug, and Cosmetic Act.
- **Amendment Relating to Reporting Requirements with Respect to Clinical Diagnostic Laboratory Tests**
 - The Act extends the dates by one year for the reporting periods in section 1395m-1(a)(1)(B). The applicable prohibition that payment amounts determined under section 1395m-1 shall not result in a reduction in payments, as defined by the subsection, for a clinical diagnostic laboratory test is expanded to 2017 through 2024. The applicable percentages used to determine the limits on reductions in payment defined in 1395m-1(b)(3) (A) are adjusted to include a new clause for 2021, which makes the new applicable percentage zero (0) for 2021.
- **Expansion of Medicare Hospital Accelerated Payment Program During the COVID-19 Public Health Emergency**
 - Mandates that the Secretary expand the accelerated payment program to hospitals experiencing significant cash flow problems during the “emergency period.”
- **Exception for Certain States from Enhanced FMAP Requirements**
 - Provides that states may receive the temporary increase of Medicaid Federal Medical Assistance Percentage (FMAP) (authorized under the Families First Act enacted last week) notwithstanding the requirement to not impose premiums on beneficiaries, for a period of 30 days.

Medicare Provisions

- **Extension of Funding for Quality Measure Endorsement, Input, and Selection**
 - The Social Security Act is amended to increase the amount allotted for this fiscal year ending on October 1, 2020 from \$4,830,000 to \$20,000,000 and for the period beginning on October 1, 2020 and ending on November 30, 2020, the amount equal to the pro rata portion of \$20,000,000.
- **Extension of Funding Outreach and Assistance for Low-Income Programs**
 - The amount allocated for state health insurance programs shall be \$13,000,000 for this fiscal year. For the period beginning on October 1, 2020 and ending on November 30, 2020, the amount available will be equal to the pro rata portion of \$13,000,000.
 - The amount allocated for area agencies on aging shall be \$7,500,000 for the fiscal year of 2020. For the period beginning on October 1, 2020 and ending on November 30, 2020, the amount available will be equal to the pro rata portion of \$7,500,000.
 - The amount allocated for aging and disability resource centers shall be \$5,000,000 for fiscal year 2020. For the period beginning on October 1, 2020 and ending on November 30, 2020, the amount available will be equal to the pro rata portion of \$5,000,000.
 - The amount allocated for grant or contract with national center for benefits and outreach enrollment is now \$12,000,000 for the 2020 fiscal year ending on October 1, 2020. For the period beginning on October 1, 2020 and ending on November 30, 2020, the amount available will be equal to the pro rata portion of \$12,000,000.

Medicaid Provisions

- **Extension of the Money Follows the Person Rebalancing Demonstration Program**
 - The Deficit Reduction Act of 2005 section 6071(h)(1)(G) is amended to allocate \$337,500,000 for the period beginning on January 1, 2020 and ending on September 30, 2020. For the period beginning on October 1, 2020 and ending on November 30, 2020, the amount available will be equal to the pro rata portion of \$337,500,000.
- **Extension of Spousal Impoverishment Protections**
 - Extends the protections through November 30, 2020.
 - Allows the State to disregard the income of a spouse and conduct an analysis solely on an individual's eligibility for medical assistance on the basis of reduction of income.
- **Delay of DSH Reductions**
 - This section removes the \$4 billion DSH reductions for federal fiscal year 2020 and delays the cuts from taking effect December 1, 2020.

Extension and Expansion of Community Mental Health Services Demonstration Program

- Expands the Protecting Access to Medicare Act of 2014.
- According to this section not later than 6 months after the date of enactment, the Secretary shall select two states, in addition to the eight States already listed, to participate in two-year demonstration programs that meet the requirements of this subsection.
- The requirements are states that:
 - a. Were awarded planning grants,
 - b. Applied to participate in the demonstration programs under this subsection but were not selected
- The Secretary shall use the results of its evaluation of the state's original application and shall not require the submission of any additional application.
- If a state is selected it is required to:

- a. Submit a plan to monitor certified community behavioral health clinics under the demonstration program to ensure compliance with certified community behavioral health criteria during the demonstration period; and
 - b. Commit to collecting data, notifying the Secretary of any planned changes that would deviate from the prospective payment system methodology outlined in the state's demonstration application, and obtaining approval from the Secretary of any such change before implementing change.
- The Federal matching percentage applicable to amounts expended by states participating in the demonstration program under this subsection shall apply to amounts expended by the state during the fiscal period that begins on January 1, 2020 if the state was participating in the demonstration program as of January 1, 2020 and shall apply to amount expended by the state during the first fiscal period the state participates if the state was selected pursuant to the expansion.
- **Extension of Sexual Risk Avoidance Education Program**
 - Section 510 of the Social Security Act is amended to extend the time through 2020 instead of ending in May 22, 2020 and to change the fiscal year to 2021.

Human Services and Other Health Programs

- **Extension of Demonstration Projects to Address Health Professions Work-Force Needs**
 - Activities authorized by section 2008 of the Social Security Act shall continue through November 30, 2020.
- **Extension of the Temporary Assistance for Needy Families Program and Related Programs**
 - Activities authorized by part 1 of title IV and section 1108(b) of the Social Security Act shall continue through November 30, 2020.

Public Health Provisions

- **Extension for Community Health Centers, the National Health Service Corps, and Teaching Health Centers that Operate GME Programs**
 - The amount allocated for community health centers under the Patient Protection and Affordable Care Act is increased to \$4,000,000,000 for fiscal year 2020 and \$668,493,151 for the period beginning on October 1, 2020 and ending on November 30, 2020.
 - The amount allocated for the National Health Service Corps is now \$310,000,000 for fiscal year 2020 and \$51,808,219 for the period beginning on October 1, 2020 and ending in November 30, 2020.
 - The amount allocated for teaching health centers that operate graduate medical education programs now extends through fiscal year 2020 and \$21,141,096 is allocated for the period beginning on October 1, 2020 and ending on November 30, 2020.
- **Diabetes Programs**
 - The amount allocated under the Public Health Service Act for Type I will extend through the fiscal year of 2020 and \$25,068,493 will be allocated for the period beginning on October 1, 2020 and ending on November 30, 2020.
 - The amount allocated under the Public Health Services Act for Indians will extend through the 2020 fiscal year and \$25,068,493 will be allocated for the period beginning on October 1, 2020 and ending on November 30, 2020.

Over-the-Counter Drugs

- Amends Chapter V of the Federal Food, Drug, and Cosmetic Act (FD&C Act) to insert a new section regulating certain nonprescription drugs that are marketed without an approved drug application under section 505 of the FD&C Act. This new section primarily achieves two goals: (1) reforms the regulatory process for over-the-counter (OTC) drug approvals permitting the FDA more flexibility to make changes administratively, rather than through the time-

consuming full notice and comment rulemaking process; and (2) incentivizes pharmaceutical companies to research and manufacture innovative drug products by providing an 18-month market-exclusivity period to reward investments for new OTC drugs.

- Amends Section 502 of the FD&C Act, to clarify that an OTC drug which does not comply with the requirements of its OTC monograph, which is essentially an approved recipe for a drug product, is considered misbranded. The FDCA prohibits the introduction of misbranded drugs into interstate commerce.
- Clarifies that nothing in this bill will apply to drugs previously excluded by the FDA from the Over-the-Counter Drug Review under the original 1972 Federal Register document.
- Clarifies that sponsors of sunscreen ingredients with pending orders have the option to see review in accordance with the Sunscreen Innovation Act (SIA) or to see review under the new monograph review process. The election must be made within 180 calendar days of the date of enactment of this Act.
- Provides an annual procedure to update Congress on the appropriate pediatric indication for certain OTC cough and cold drugs for children under the age of six. The evaluation consists of conditions under which nonprescription drugs are generally recognized as safe and effective.
- Makes technical corrections to the FDA Reauthorization Act of 2017 (Public Law 115-52).

User Fees

- Declares that the fees paid pursuant to this section will be dedicated to FDA review of over-the-counter monograph drugs as set forth in the goals section and in letters from the Secretary of HHS to certain congressional committees.
- Establishes a new FDA user fee to allow the agency to hire additional staff members to ensure there is adequate agency oversight to approve changes to OTC drugs.

ECONOMIC STABILIZATION AND ASSISTANCE TO SEVERELY DISTRESSED SECTORS OF THE UNITED STATES ECONOMY

The Act provides the Secretary of the Treasury with the authority to make loans or loan guarantees to states, municipalities, and eligible businesses and loosens a variety of regulations prior legislation imposes through the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Economic Stabilization Act of 2008, and others.

Coronavirus Stabilization Act of 2020

- **Emergency Relief and Taxpayer Protections**
 - The Secretary of the Treasury may make up to \$500 billion worth of loans and loan guarantees to eligible businesses, states, and municipalities. An “eligible business” means an air carrier or any other business that has not already “received adequate economic relief in the form of loans or loan guarantees under the Act.”
 - \$46 billion is reserved to “passenger air carriers”, “air cargo carriers”, and “businesses important to maintaining national security,” in amounts up to \$25 billion, \$4 billion, and \$17 billion, respectively.
 - \$454 billion is reserved for Federal Reserve programs that support lending to eligible businesses, states, and municipalities. This establishes a credit facility through the Federal Reserve for businesses, states, and municipalities to get access to loans, loan guarantees, and other investments for distressed businesses.
 - Businesses that receive these loans are prohibited from paying dividends or repurchasing any outstanding equity interests while the loan or loan guarantee is outstanding, or for 12 months after. The Secretary of the Treasury can waive these restrictions, but he must testify before Congress regarding the waiver.

- Businesses that receive these loans can only make loans or other advances to business that are created or organized in the United States.
- The Secretary of the Treasury “shall endeavor to seek the implementation” of a program to provide low-interest loans for eligible businesses, including nonprofit organizations, with between 500 and 10,000 employees. These loans will require no repayment for at least six months. However, these loans require a good-faith certification that the recipient intends to maintain at least 90 percent of its workforce, the recipient will not pay dividends or repurchase an equity security, the recipient will not outsource or offshore jobs during the loan or two years after, the recipient will not abrogate existing collective bargaining agreements, and the recipient will stay neutral regarding union organizing activity.
- **Limitation on Certain Employee Compensation**
 - Passenger air carriers, air cargo carriers, and businesses important to maintaining national security may only receive a loan or loan guarantee under the Act if no officer or employee whose total compensation exceeded \$425,000 for the calendar year 2019 will receive compensation exceeding that amount in any 12 consecutive months from March 1, 2020, through March 1, 2022. The same restriction applies to severance payments or other compensation upon termination from the eligible business.
- **Continuation of Certain Air Services**
 - The Secretary of Transportation may require any air carrier receiving loans or loan guarantees under Section 4003 to maintain scheduled air transportation services as the Secretary deems necessary to maintain service to any destination the carrier served before March 1, 2020. The Secretary of Transportation is to consider the needs of “small and remote communities” and “health care and pharmaceutical supply chains” when enforcing this portion of the Act.
- **Suspension of Certain Aviation Excise Taxes**
 - The Act suspends the imposition of aviation excise taxes as otherwise required under the Internal Revenue Code through December 31, 2020.
- **Debt Guarantee Authority**
 - In order to backstop solvent depository institutions, it appears that the CARES ACT allows the FDIC to establish a program to insure these institutions without regard to a maximum amount. All such guarantees are to last at least until December 31, 2020.
- **Temporary Government in the Sunshine Act Relief**
 - In the event that unusual and exigent circumstances exist while the current public emergency exists or December 31, 2020, the Board of Governors of the Federal Reserve System may conduct meetings with less restrictive and formal meeting notification and record-keeping requirements.
- **Temporary Hiring Flexibility**
 - Without regard to certain statutory hiring requirements, the Secretary of Housing and Urban Development and the Securities Exchange Commission are given flexibility to recruit and appoint candidates for temporary and term appointments as necessary to prevent, prepare for, or respond to COVID-19 during the “covered period” of the CARES Act.
- **Temporary Lending Limit Waiver**
 - Enlarges exception to requirement on the maximum amount of loans and extensions of credit by a national banking association to include a nonbank financial company (as defined in Section 102 of the Financial Stability Act of 2010) and allows the Comptroller of Currency to exempt any transaction or series of transactions from the total maximum amount of loans and extensions of credit upon a finding by the Comptroller that the exemption is in the public interest and consistent with the purposes of 12 U.S.C. 84.
- **Temporary Relief for Community Banks**

- The federal banking agencies shall issue an interim final rule that sets the Community Bank Leverage Ratio (as defined in Section 201(a) of the Economic Growth, Regulatory Relief, and Consumer Protection Act) to 8% and provides qualifying community banks falling below this threshold a reasonable grace period to satisfy the leverage requirement.
- **Temporary Relief from Troubled Debt Restructurings**
 - Allows financial institutions to suspend GAAP requirements and loan determinations related to loan modifications that would be categorized as a troubled debt restructuring, if such loan modifications are related to COVID-19. Such suspensions cannot be applied to loans that were more than 30 days past due as of December 31, 2019.
- **Optional Temporary Relief from Current Credit Losses**
 - Suspends the requirement to comply with the Financial Accounting Standards Board's rules regarding the "Measurement of Credit Losses on Financial Instruments" during the covered period.
- **Non-applicability of Restrictions on ESF During National Emergency**
 - Removes certain restrictions on the Exchange Stabilization Fund until December 31, 2020, namely, the requirement the Treasury reimburse the ESF for any funds that are used for the Treasury Money Market Funds Guaranty Program and the prohibition of the establishment of any future guaranty program for the money market mutual fund industry. It further makes an appropriation to reimburse the ESF for any losses it incurs from the Treasury Money Market Funds Guaranty Program.
- **Temporary Credit Union Provisions**
 - The Act broadens the definition of the kinds of credit unions to beyond only those serving "natural persons" and the eligibility requirements for those institutions to receive assistance from the National Credit Union Central Liquidity Facility. Specifically, a credit union may access liquidity if the obligation does not exceed 16 times the subscribed capital stock and surplus of the facility itself. The present restriction is 12 times the capital stock and surplus. These loosened restrictions will expire December 31, 2020.
- **Increasing Access to Materials Necessary for National Security and Pandemic Recovery**
 - The Act loosens the limitations of the Defense Production Act of 1950. For a period of two years from the enactment of the Act, the government may take any action to correct a "shortfall" in "industrial resources" without regard to the current expenditure limit of \$50 million.
 - Similarly, the Defense Production Act currently limits the amount of money that may exist in the "fund" the law authorizes to \$750,000,000. This limitation is similarly waived for a period of two years from enactment of the Act. For a period of one year from the enactment of the Act, the \$50 million limit on government loans to correct industrial shortfalls is waived.
- **Special Inspector General for Pandemic Recovery**
 - Establishes within the Department of the Treasury the Office of the Special Inspector General for Pandemic Recovery. The Special Inspector General shall be appointed by the President, with the advice and consent of the Senate, and shall conduct, supervise, and coordinate audits and investigations of the making, purchase, management, and sale of loans, loan guarantees, and other investments made by the Treasury Secretary under this Title.
 - The Special Inspector General shall keep Congress informed through quarterly reports that provide the details of all such loans, loan guarantees, or other investments.
- **Conflicts of Interest**
 - Any company in which the President, Vice President, an Executive Department head, Member of Congress, or any of such individual's spouse, child, son-in-law, or daughter-in-law own over 20% of the outstanding voting stock shall not be eligible for loans, loan guarantees, or other investments provided under this Title.

- **Congressional Oversight Commission**
 - Establishes a Congressional Oversight Commission charged with oversight of the implementation of this Title by the Department of the Treasury and the Board of Governors of the Federal Reserve System, including efforts of the Department and the Board to provide economic stability as a result of coronavirus.
 - The Oversight Commission shall consist of five members as follows: one member appointed by the Speaker of the House of Representatives; one member appointed by the House Majority Leader; one member appointed by the Senate Majority Leader; one member appointed by the Senate Minority Leader; one member appointed by the Speaker of the House and Senate Majority Leader, after consultation with the Senate Minority Leader and House Minority Leader.
- **Credit Protection During COVID-19**
 - This section requires that furnishers to credit reporting agencies who agree to account forbearance, or agree to modified payments with respect to an obligation or account of a consumer that has been impacted by COVID-19, report such obligation or account as “current” or as the status reported prior to the accommodation during the period of accommodation unless the consumer becomes current.
 - Only applies to accounts for which the consumer has fulfilled requirements pursuant to the forbearance or modified payment agreement.
 - Such credit protection is available beginning January 31, 2020 and ends at the later of 120 days after enactment or 120 days after the date the national emergency declaration related to the coronavirus is terminated.
- **Foreclosure Moratorium and Consumer Right to Request Forbearance**
 - Prohibits foreclosures on all federally-backed mortgage loans for a 60-day period beginning on March 18, 2020.
 - Provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency.
 - Applicable mortgages include those purchased by Fannie Mae and Freddie Mac, insured by HUD, VA, or USDA, or directly made by USDA.
- **Forbearance of Residential Mortgage Loan Payments for Multifamily Properties with Federally Backed Loans**
 - Provides up to 90 days of forbearance for multifamily borrowers with a federally backed multifamily mortgage loan who have experienced a financial hardship.
 - Borrowers receiving forbearance may not evict or charge late fees to tenants for the duration of the forbearance period.
 - Applicable mortgages include loans to real property designed for five or more families that are purchased, insured, or assisted by Fannie Mae, Freddie Mac, or HUD.
- **Temporary Moratorium on Eviction Filings**
 - For 120 days beginning on the date of enactment, landlords are prohibited from initiating legal action to recover possession of a rental unit or to charge fees, penalties, or other charges to the tenant related to such nonpayment of rent where the landlord’s mortgage on that property is insured, guaranteed, supplemented, protected, or assisted in any way by HUD, Fannie Mae, Freddie Mac, the rural housing voucher program, or the Violence Against Women Act of 1994.
- **Reports**
 - Requires the Secretary of the Treasury to publish on the Department’s website detailed information about each transaction authorized by this Act, within 72 hours of the time such transaction is executed.
 - The Comptroller General shall conduct a study of the loans and loan guarantees and report the same no later than nine months after enactment of the Act to various congressional committees. The Comptroller General shall continue making such reports

annually through the year succeeding the previous year as loans or loan guarantees remain outstanding.

Air Carrier Worker Support

- **Pandemic Relief for Aviation Workers**
 - Provides financial assistance for the exclusive use of employee wages, salaries, and benefits in the amounts of up to \$25 billion for passenger air carriers, up to \$4 billion for cargo air carriers, and up to \$3 billion for airline contractors.
 - Provides for \$100 million for administrative fees associated with providing the financial assistance.
- **Procedures for Providing Payroll Support**
 - Provides the formula by which the Secretary will allocate financial assistance. The formula is based on the salaries and benefits reported by an air carrier pursuant to part 241 of Title 14, CFR, for the period from April 1, 2019, through September 30, 2019 be used as the basis of support.
 - Smaller air carriers and contractors that do not file part 241, must document wages, salaries and benefits for the same time period.
- **Required Assurances**
 - To be eligible for a financial assistance, recipients enter into an agreement with the Secretary of the Treasury that it will not, until September 30, 2020, conduct furloughs, reduce pay rates, buy back stock, pay dividends, and must meet requirements of Sections 4115 and 4117.
- **Protection for Collective Bargaining**
 - Restricts the Secretary from conditioning financial assistance on a carrier's implementation of measures to enter into negotiations with the certified bargaining representative of a class of employees regarding pay.
- **Taxpayer Protections**
 - Provides for Secretary of Treasury to receive warrants, options, stock and other financial instruments to provide appropriate compensation for the government for the assistance.
- **Limitation on Certain Employee Compensation**
 - Financial assistance is dependent upon compensation limits.
 - Pay above \$425,000 is frozen for two years.
 - No retirement or severance packages can exceed twice the maximum total compensation during 2019. Further, no officer or employee whose total compensation exceeded \$3,000,000 in 2019 may receive in excess of \$3,000,000 and 50% of the excess over \$3,000,000 of the total compensation received in 2019.
 - Defines "total compensation" to include salary, bonuses, awards of stock, and other financial benefits.

CORONAVIRUS RELIEF FUNDS

Coronavirus Relief Fund

- Provides \$150 billion to states, territories, and tribal governments to use for expenditures incurred due to the public health emergency with respect to COVID-19 in the face of revenue declines, allocated by population proportions, with a minimum of \$1.25 billion for states with relatively small populations.

MISCELLANEOUS PROVISIONS

COVID-19 Borrowing Authority for the United States Postal Service

- The Secretary of the Treasury may lend the U.S. Postal Service up to \$10 billion for current operating expenses but not to pay any existing debt obligations. The postal service shall prioritize delivery of products for medical purposes and may establish temporary delivery points in order to protect employees or individuals receiving the deliveries.

CARES ACT QUESTIONS AND ANSWERS

Recovery Check FAQs (from the U.S. Senate Committee on Finance):

Who is eligible for a recovery rebate?

All U.S. residents or citizens with adjusted gross income under \$75,000 (\$112,500 for head of household and \$150,000 married), who are not the dependent of another taxpayer and have a work-eligible Social Security Number, are eligible for the full \$1,200 (\$2,400 married) rebate. They are also eligible for an additional \$500 per child. A typical family of four is eligible for a \$3,400 recovery rebate.

What about taxpayers with adjusted gross income over \$75,000 (\$112,500 for head of household and \$150,000 married)? Are they eligible to receive any rebate?

The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. 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. For a typical family of four, the amount is completely phased out for those with adjusted gross incomes exceeding \$218,000.

What if my income was above the threshold in 2019, but I've lost my job due to the corona virus? Can I still get a rebate check?

If your income in 2019 was in the phase-out range you would still receive a partial rebate based on your 2019 tax return. However, the rebate is actually an advance on a tax credit that you may claim on your 2020 tax return. If your income is lower in 2020 than in 2019, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return next year.

Is the rebate taxable or will I have to pay back any amount if the rebate based on my 2019 return is larger than what it would be if based on my 2020 tax year return?

No, the rebate is treated like other refundable tax credits, such as the child tax credit and earned income tax credit, and not considered income. Moreover, if the credit amount you qualify based on 2020 income is less than what you qualify for based on your 2019 tax return, it does not have to be paid back.

Who qualifies as a child for purposes of the rebate?

Any child who is a qualifying child for the purposes of the Child Tax Credit is also a qualifying child for the purposes of the recovery rebate. In general, a child is any dependent of a taxpayer under the age of 17.

Do dependents, other than children under 17, qualify a taxpayer for an additional \$500 per dependent?

No, the additional \$500 per child is limited to children under 17.

Are individuals with little to no income or those on means-tested federal benefits, such as SSI, eligible for a recovery rebate?

Yes, there is no qualifying income requirement. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN.

Are seniors whose only income is from Social Security or a veteran whose only income is a veterans' disability payment eligible?

Yes, as long as they are not the dependent of another taxpayer. The bill also provides IRS with additional tools to locate and provide rebates to low-income seniors who normally do not file a tax return by allowing them to base a rebate on Form SSA-1099, Social Security Benefit Statement or Form RRB-1099, which is the equivalent of the Social Security statement for Railroad Employees. However, seniors are still encouraged to file their 2019 tax return to ensure they receive their recovery rebate as quickly as possible.

Are college students eligible for a recovery rebate?

Only if they are not considered a dependent of their parents. Generally, a full-time college student under the age of 24 is considered a dependent if their parent(s) provide more than half of their support.

I am eligible for a rebate, what do I have to do to receive it?

For the vast majority of Americans, no action on their part will be required to receive a rebate check since the IRS will use a taxpayer's 2019 tax return if filed or their 2018 return if they haven't filed their 2019 return. This includes many individuals with very low income who file a tax return despite not owing any tax in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.

What should I do if I did not file a tax return for 2019 or 2018?

The best way to ensure you receive a recovery rebate is to file a 2019 tax return if you have not already done so. This could be accomplished for free online from home using the IRS Free file program (<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>). The bill also instructs the IRS to engage in a public campaign to alert all individuals of their eligibility for the rebate and how to receive it if they have not filed either a 2019 or 2018 tax return.

If I have a past due debt to a federal or state agency, or owe back taxes, will my rebate be reduced?

No, the bill turns off nearly all administrative offsets that ordinarily may reduce tax refunds for individuals who have past tax debts, or who are behind on other payments to federal or state governments, including student loan payments. The only administrative offset that will be enforced applies to those who have past due child support payments that the states have reported to the Treasury Department.

Employee Retention Credit FAQs (from the U.S. Senate Committee on Finance):

What businesses qualify for the employee retention credit?

Any employer, regardless of size, is eligible for the credit during calendar year 2020 if the business: (1) is fully or partially suspended due to a governmental order related to COVID-19, or (2) experiences a significant decline in gross receipts (i.e., a reduction of 50 percent of gross receipts from the same quarter in 2019). The credit also applies to tax-exempt organizations if the operation of the organization is fully or partially suspended due to the circumstances described in (1) above. The credit generally does not apply to governmental employers, including the U.S. Government, state and local governments, or any agency of the foregoing.

Is the credit limited to businesses affected by COVID-19?

Yes. The credit only applies to qualified wages paid by a business whose operations have been fully or partially suspended pursuant to a governmental order related to COVID-19, or have experienced a significant decline (i.e., 50 percent) in gross receipts, as described above, during the period from March 13, 2020 through December 31, 2020.

Does the credit only apply to small businesses?

No. For eligible employers with 100 or fewer full-time employees, the credit applies to all employee wages. In contrast, eligible employers with greater than 100 full-time employees may only take into account qualified wages paid to employees when they are not providing services due to a governmental order related to COVID-19.

How much is the credit? How is it calculated?

The credit is equal to 50 percent of the qualified wages paid by the employer with respect to each employee. The amount of qualified wages with respect to any employee for all calendar quarters in 2020 cannot exceed \$10,000. In other words, there is a \$5,000 total cap on the credit per employee for the 2020 tax year.

How much of an employee's compensation counts toward the credit? Do health care costs count?

The definition of qualified wages differs depending on the size of the business. For employers with more than 100 full-time employees, qualified wages include wages paid to employees when they are not providing services due to a governmental order related to COVID-19. If an employee is performing services on a reduced schedule, wages paid to the employee are only treated as qualified wages if they exceed what the employee would have otherwise been paid for the services performed. In that case, employers will receive a credit for the difference between the total wages paid to the employee and the amount the employer would have paid for the reduced hours or services actually provided by the employee.

For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether or not the employee is providing services to the employer.

Regardless of business size, qualified wages include certain healthcare costs paid by an employer to maintain a group health plan.

Qualified wages do not include wages taken into account for purposes of the payroll tax credit for required paid sick leave or paid family leave as provided in Division G of H.R. 6201, the Families First Coronavirus Response Act (FFCRA). This exception prevents both credits from applying to the same wages paid by an employer.

Does it matter if the business is a corporation? Does it apply to limited liability companies (LLCs), S corporations, partnerships, and sole proprietors?

The credit is available to corporations as well as pass-through entities, such as LLCs, S corporations, partnerships, and sole proprietors. The credit also is available to most tax-exempt organizations. Although the credit is available to all entity types, the business must meet the eligibility requirements – see Q&A1 above.

Do I have to wait until my business files its 2020 tax return to claim the credit?

No. The tax credit may be claimed against the employer portion of employment taxes, including Social Security and Railroad Retirement payroll taxes. To the extent the credit exceeds the employer portion of employment taxes due, the credit is treated as an overpayment and is refundable to the employer. The IRS is expected to provide guidance regarding the process for claiming the credit and receiving the refund. See Coronavirus Tax Relief on the IRS.gov website.

Does the business have to pay back the credit?

No. As long as the employer meets the requirements for the credit (described in the Q&As above), the employer does not have to repay the credit or the resulting refunds.

What if the business claims the FFCRA credit for mandatory sick leave and/or family leave?

If the business claims the FFCRA credit for mandatory sick leave and/or family leave, the wages associated with the FFCRA credit are not eligible as qualified wages for the employee retention credit. This prevents both credits from applying to the same wages paid by an employer.

Is the credit available if the business receives one of the new SBA loans under the CARES Act?

The credit is not available to employers receiving a small business interruption loan under the SBA's Paycheck Protection Program (CARES Act section 1102).

How long is the credit available?

The credit is available for qualified wages paid from March 13, 2020 through December 31, 2020.

Where can I get more information on the Employer Retention Credit?

The IRS is expected to provide guidance regarding the credit, which will be available on the IRS.gov website – see Coronavirus Tax Relief.

Small Business Owners FAQs (from the U.S. Senate Committee on Small Business & Entrepreneurship):

The programs and initiatives in the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was just passed by Congress are intended to assist business owners with whatever needs they have right now. When implemented, there will be many new resources available for small businesses, as well as certain non-profits and other employers. This guide provides information about the major programs and initiatives that will soon be available from the Small Business Administration (SBA) to address these needs, as well as some additional tax provisions that are outside the scope of SBA.

Paycheck Protection Program (PPP) Loans

The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. **Loans are available through June 30, 2020.**

What types of businesses and entities are eligible for a PPP loan?

- Businesses and entities must have been in operation on February 15, 2020.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.
- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.

What are affiliation rules?

Affiliation rules become important when SBA is deciding whether a business's affiliations preclude them from being considered "small." Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses.

What types of non-profits are eligible?

In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer as most non-profit SBA size standards are based on revenue, not employee number.

How is the loan size determined?

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always **\$10 million**.

- **If you were in business February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- **If you were not in business between February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- **If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020** and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

What costs are eligible for payroll?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

What costs are not eligible for payroll?

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

What are allowable uses of loan proceeds?

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities

- Interest on any other debt obligations that were incurred before the covered period

What are the loan term, interest rate, and fees?

For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

How is the forgiveness amount calculated?

Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000):

- Payroll costs plus any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) plus any payment on any covered rent obligation plus and any covered utility payment.

How do I get forgiveness on my PPP loan?

You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

What happens after the forgiveness period?

Any loan amounts not forgiven are carried forward as an ongoing loan with max terms of 10 years, at a maximum interest rate of 4%. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan. The clock does not start again.

Can I get more than one PPP loan?

No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

Where should I go to get a PPP loan from?

All current SBA 7(a) lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders, including non- bank lenders, to help meet the needs of small business owners.

How does the PPP loan coordinate with SBA's existing loans?

Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the 8-week covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll not during that period or for different workers.

How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?

Emergency Economic Injury Grant and Economic Injury Disaster Loan (EIDL) recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take

out a PPP loan as long as there is no duplication in the uses of funds. Refer to those sections for more information.

Small Business Debt Relief Program

This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

Which SBA loans are eligible for debt relief under this program?

7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible

How does debt relief under this program work with a PPP loan?

Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

How do I know if I'm eligible for a 7(a), 504, or microloan?

In general, businesses must meet size standards, be based in the U.S., be able to repay, and have a sound business purpose. To check whether your business is considered small, you will need your business's 6-digit North American Industry Classification System (NAICS) code and 3-year average annual revenue. Each program has different requirements, see <https://www.sba.gov/funding-programs/loans> for more details.

What is a 7(a) loan and how do I apply?

7(a) loans are an affordable loan product of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA. There are many different types of 7(a) loans, you can visit this site to find the one that's best for you. You apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called Lender Match to help find a lender near you.

What is a 504 loan and how do I apply?

The 504 Loan Program provides loans of up to \$5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate, buildings, and machinery. You apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development. SBA has a free referral service tool called Lender Match to help find a lender near you.

What is a microloan and how do I apply?

The Microloan Program provides loans up to \$50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling. SBA has a free referral service tool called Lender Match to help find a microlender near you.

I am unfamiliar with SBA loans, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the loan application process.

Economic Injury Disaster Loans & Emergency Economic Injury Grants

These grants provide an emergency advance of up to \$10,000 to small businesses and private nonprofits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. **The advance does not need to be repaid under any circumstance**, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

Are businesses and private non-profits in my state eligible for an EIDL related to COVID- 19?

Yes, those suffering substantial economic injury in all 50 states, DC, and the territories may apply for an EIDL.

What is an EIDL and what is it used for?

EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the Administrator’s discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

Who is eligible for an EIDL?

Those eligible are the following with 500 or fewer employees:

- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses

Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of any size. See below for more info on size standards.

My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?

Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law. However, a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.

Who is eligible for an Emergency Economic Injury Grant?

Those eligible for an EIDL and who have been in operation since January 31, 2020, when the public health crisis was announced.

How long are Emergency Economic Injury Grants available?

January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Whether you’ve already received an EIDL unrelated to COVID-19 or you receive a COVID- 19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for

payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

How do I know if my business is a small business?

Please visit <https://www.sba.gov/size-standards/> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business's 3-year average annual revenue.

How do I apply for an economic injury disaster loan?

To apply for an EIDL online, please visit <https://disasterloan.sba.gov/ela/>. Your SBA District Office is an important resource when applying for SBA assistance.

I am unfamiliar with the EIDL process, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at <https://www.sba.gov/local-assistance/find/>.

Counseling & Training

If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women's Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, will receive additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-19. There will soon be a joint platform that consolidates information and resources related to COVID-19 in order to provide consistent, timely information to small businesses. To find a local resource partner, visit <https://www.sba.gov/localassistance/find/>.

Do I have to pay for counseling and training through SBDCs, WBCs, and MBDCs?

Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.

What is a SBDC?

SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit <https://americassbdc.org/about-us/>.

What is a WBC; is it only for women?

WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit <https://www.awbc.org/>.

What is SCORE?

SCORE provides free, confidential business advice through our volunteer network of 10,000+ business experts. You can meet with a mentor online.

Who do MBDCs serve?

MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale.

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Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.

What is a SBDC?

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CHAPTER 1: TEST YOUR KNOWLEDGE

The following questions are designed to ensure that you have a complete understanding of the information presented in the chapter (assignment). They are included as an additional tool to enhance your learning experience and do not need to be submitted in order to receive CPE credit.

We recommend that you answer each question and then compare your response to the suggested solutions on the following page(s) before answering the final exam questions related to this chapter (assignment).

1. Which of the following is the period covered under the Paycheck Loan Program:

- A. February 15, 2020 – June 30, 2020
- B. January 31, 2020 – December 31, 2020
- C. April 1, 2020 – December 1, 2020
- D. February 15, 2020 – September 30, 2020

2. How long will loan payments be deferred for someone who qualifies for the loan forgiveness program under the CARES Act:

- A. 60 days
- B. 90 days
- C. 6 months
- D. one year

3. Which of the following is not one of the benefits available under the expanded unemployment benefits package:

- A. an increase of \$600 per week in addition to the amounts customarily available
- B. telework employees are now able to claim unemployment benefits
- C. states can agree to waive the waiting period for receipt of benefits
- D. the federal government will temporarily fund short-time compensation

4. Which of the following is the maximum amount allowable as an above-the-line tax deduction for charitable contributions for the 2020 tax year:

- A. \$100
- B. \$300
- C. \$500
- D. \$1,000

5. Which of the following would qualify for the employee retention credit:

- A. a business with less than 100 employees that experienced a 10% reduction in gross receipts from the same quarter in 2019
- B. a tax exempt organization that had to partially suspend their operations due to a government order related to COVID-19
- C. a restaurant that experienced a 50% reduction in gross receipts during January 2020
- D. all of the above

6. What is the maximum allowable amount of a low interest loan available through the Emergency Economic Injury Grant:

- A. \$500,000
- B. \$1 million
- C. \$2 million
- D. \$5 million

CHAPTER 1: SOLUTIONS AND SUGGESTED RESPONSES

Below are the solutions and suggested responses for the questions on the previous page(s). If you choose an incorrect answer, you should review the pages as indicated for each question to ensure comprehension of the material.

1.
 - A. **CORRECT**. The Paycheck Loan Program covers the period from February 15, 2020 – June 30, 2020 and greatly expands SBA loan eligibility.
 - B. Incorrect. January 31, 2020 – December 31, 2020 are the dates covered by the Emergency Economic Injury Disaster Loans, not the Paycheck Loan Program.
 - C. Incorrect. April 1, 2020 – December 1, 2020 are the dates affecting leave taken from work under the FFCRA program, not the Paycheck Loan Program.
 - D. Incorrect. While the period covered does begin on February 15th, it ends prior to September 30, 2020.

2.
 - A. Incorrect. Under this program, loan payments are deferred for longer than 60 days.
 - B. Incorrect. Under this program, loan payments are deferred for longer than 90 days.
 - C. **CORRECT**. Under the loan forgiveness program, payments are deferred for a 6-month period.
 - D. Incorrect. Payments are not deferred for a full year under this program.

3.
 - A. Incorrect. Under the CARES Act, unemployment recipients are entitled to an additional \$600/wk.
 - B. **CORRECT**. The only individuals who are expressly excluded from unemployment benefits are those who are able to telework with pay and those receiving paid sick leave.
 - C. Incorrect. States are now able to waive the waiting period for receiving benefits if they so choose.
 - D. Incorrect. The federal government will temporarily fund short-time compensation under existing state plans.

4.
 - A. Incorrect. The CARES Act now allows for more than \$100 in charitable contributions.
 - B. **CORRECT**. The CARES Act sets the maximum allowable amount of charitable contributions to \$300.
 - C. Incorrect. Even with changes via the CARES Act, the above-the-line deduction for donations is not as high as \$500.

- D. Incorrect. \$1,000 is too high of a maximum above-the-line tax deduction for donations.
- 5.
- A. Incorrect. A business must have experienced a significant reduction in gross receipts, ie: a 50% quarterly reduction.
 - B. **CORRECT**. The credit does apply to tax-exempt organizations if the organization had to fully or partially suspend due circumstances revolving around the coronavirus
 - C. Incorrect. The COVID-19 pandemic needs to be the reason for the dramatic reduction in sales and the pandemic was not rampant in the United States in January 2020.
 - D. Incorrect. Since a 10% loss in sales or a cause unrelated to the pandemic do not qualify for the employee retention credit, “all of the above” cannot be correct.
- 6.
- A. Incorrect. The EIDL loans are available to small businesses for more than \$500,000.
 - B. Incorrect. The SBA set a higher limit than \$1 million on the EIDL loans.
 - C. **CORRECT**. EIDL loans of up to \$2 million are available to pay for expenses that could have been met had the disaster not occurred – basically payroll and other operating expenses.
 - D. Incorrect. The SBA will not loan as much as \$5 million to any one business through the Emergency Economic Injury Grant.

GLOSSARY

Coronavirus: a group of viruses that cause a variety of diseases in humans and other animals

COVID-19: the official name given to the specific coronavirus disease that was first identified in Wuhan, China in 2019 and is causing the current global pandemic

Economic Injury Disaster Loan (EIDL): a working capital loan to help qualifying small businesses meet their ordinary and necessary financial obligations that cannot be met as a direct result of the disaster. These loans are intended to assist through the disaster recovery period.

Expanded family and medical leave: refers to employee paid leave as it is described under the Emergency Family and Medical Leave Expansion Act

Microloan: a small sum of money lent at low interest to a new business

Paid Sick Leave: refers to employee paid leave as it is described under the Emergency Paid Sick Leave Act

Paycheck Protection Program (PPP): an emergency lending facility, administered by the SBA, to provide small business loans on favorable terms to borrowers impacted by the state of economic uncertainty due to the coronavirus.

SCORE: a resource partner of the SBA that assists entrepreneurs through workshops and mentoring

Small Business Development Centers (SBDC): a national network of about 1,000 counseling and training centers located at leading universities, colleges, state economic development agencies, and private partners

Women's Business Centers (WBC): a national network of more than 100 centers offering counseling, training, networking, and mentoring to women and underserved and low income entrepreneurs

FINAL EXAM

Coronavirus Aid, Relief and Securities Act (CARES)

The following exam is attached only for your convenience. To access the official exam for this self-study course, please log into your account online and take the Final Exam from the course details page. A passing score of 70 percent or better will receive course credit and a Certificate of Completion.

1. How much of the funding from the CARES Act has been allocated to the Paycheck Protection Loan Program:

- A. \$100 billion
- B. \$349 billion
- C. \$634 billion
- D. \$850 billion

2. On which date does the expanded unemployment benefits package take effect:

- A. January 27, 2020
- B. March 10, 2020
- C. March 18, 2020
- D. April 1, 2020

3. In order for an employer to receive the employee retention credit described in the CARES Act, which of the following needs to be true:

- A. the business needed to be operating during the 2020 calendar year
- B. the business operation needed to be fully or partially suspended as a result of a government order related to the COVID-19 pandemic
- C. the business must have experienced at least a 50% reduction in gross receipts
- D. both A and B above

4. Which of the following is included in the CARES Act to assist in the effort to curb the spread of COVID-19:

- A. requires health plans to provide for rapid coverage of qualifying coronavirus preventative services and vaccines
- B. provides for supplemental awards to health care centers for prevention, diagnosis and treatment of the disease
- C. limits liability for volunteer health care professionals for harm caused to patients relating to the diagnosis, prevention or treatment of COVID-19
- D. all of the above

5. The Coronavirus Stabilization Act of 2020 provides \$500 billion worth of loans and loan guarantees to eligible businesses, states, and municipalities. How much of this funding is earmarked for the passenger airline industry:

- A. \$10 billion
- B. \$25 billion
- C. \$50 billion
- D. \$100 billion

6. The CARES Act allows the Treasury to loosen a variety of regulations imposed through the Dodd-Frank Act to make loans and loan guarantees to companies as long as they do not use the funds received to do which of the following:

- A. make payroll
- B. make mortgage payments
- C. pay dividends
- D. buy inventory

7. The CARES Act adjusted the Community Bank Leverage Ratio to ____ and allows for a reasonable grace period to satisfy the leverage requirement.

- A. 5%
- B. 8%
- C. 10%
- D. 12%

8. Under which of the following circumstances would a person receive the full \$1,200 recovery rebate check:

- A. a woman with adjusted gross income of \$69,500
- B. a man with adjusted gross income of \$84,000
- C. a woman with adjusted gross income of \$112,000
- D. a student earning \$10,000 year and claimed as a dependent of his parents

9. Which of the following businesses would not qualify for a PPP loan:

- A. a local hardware store with 100 employees
- B. a self-employed accountant
- C. a franchised restaurant
- D. a nail salon that opened on March 1, 2020

10. Which of the following has no limitation on the number of employees allowed in order to be eligible for an Economic Injury Disaster Loan (EIDL) available through the SBA:

- A. most cooperatives
- B. most non-profits
- C. tribal small businesses
- D. agricultural businesses