

**Phase Three Compromise – CARES Act
H.R. 748 – Coronavirus Aid, Relief and Economic Security Act**

**Division A – Keeping Workers Paid and Employed, Health Care System Enhancements,
and Economic Stabilization**

Title I – Keeping American Workers Employed and Paid Act

- Small Business loan guarantees, called “paycheck protection program”
 - **\$349** billion for small businesses –500 or fewer employees (or higher if SBA provides a higher size standard for a particular industry)
 - Eligible small business is SBA defined small business, plus other business, nonprofit, veterans organization, or Tribal business
 - Also covered is business with no more than 500 per location if NAICS code begins with 72; all who are employed on a fulltime, part-time “or other basis” count toward the 500
 - **Removed exclusion of nonprofits with Medicaid funding or waiver**
 - Waives affiliation rules for hospitality and restaurant industries, SBA-approved franchisees, and SBIA section 301-financed small businesses
 - Sole proprietors, independent contractors, and self-employed also eligible for covered loan
 - Allowable uses include retaining workers through payment of salaries and wages, leave, insurance, mortgage, lease, and utility payments and other debt obligations; recipients must provide good faith certification as to use of funds
 - \$10 billion also provided to provide advance payments, up to \$10,000 per business, even before loan is approved, for payroll expenses, sick leave, mortgage and other payments (section 1100)
 - \$10 million is maximum loan
 - 100% loan guarantee through end of 2020
 - Loan repayments may be deferred for one year
 - Loan forgiveness (1105) for **Feb. 15-June 30** period for payroll, mortgage, rent, and utility payments
 - Creates United States Treasury Program Management Authority (1109)
 - Lending institutions may participate in paycheck protection program
 - Treasury to set standards and polices for participation

Title II –Assistance For American Workers, Families and Businesses

- Pandemic employment insurance (2102)
 - Includes self-employed, independent contractors and part-time workers as covered individuals
 - Expands categories of covered individuals, adding 5 categories
 - Diagnosed with COVID-19 or symptomatic and seeking diagnosis
 - Member of household has been diagnosed with COVID-19
 - Providing care for family or household member diagnosed with COVID-19

Note: Changes in **red** indicate changes from the version released on Tuesday.

- Child for which individual has primary caregiving responsibility is unable to attend school or facility closed because of COVID-19
 - Quarantined imposed preventing individual to go to work
 - Unable to work because individual is advised to self-quarantine
 - Schedule to work but unable to begin work because of COVID-19
 - Individual becomes breadwinner or major support for household due to COVID-19 death of head of household
 - Individual has become major support for household due to death related to COVID-19
 - Individual has quit work because of COVID-19
 - Individual's place of work is closed because of COVID-19
 - Individual meets additional criteria established by the Secretary
 - Individual is self-employed or does not have sufficient work history to qualify for regular unemployment under State or Federal law or pandemic emergency unemployment compensation under the bill
 - Does not include:
 - Individuals with the ability to telework with pay or
 - Individuals receiving paid sick leave or other paid leave benefits
 - Up to 39 weeks (week of January 27 through end of year) as long as out of work condition due to COVID-19 continues
 - Per week: \$600 (Federal Pandemic Unemployment Compensation) added to amount determined by State law
 - Payments go to States
 - States may waive waiting periods
- Payments to Individuals
 - Same \$1,200 (\$2,400 couple filing jointly) plus \$500 per child
 - Previously revised to apply even if no tax paid in prior years
 - Scaled reduction in payment amount based on income
 - Excludes certain employer payments of student loans from gross income of an employee
 - Retirement plans
 - Waives 10% penalty for early withdrawal for distributions up to \$100,000 in 2020
 - Waives required minimum distribution rules for certain IRAs
 - Business provisions
 - Employee retention credit available to eligible employers subject to closure due to COVID-19
 - Delay in payment of employer payroll taxes – 50% by Dec. 31, 2021, and 50% by Dec. 31, 2022
 - Net operating loss – modification of limitation
 - Increase in amount of business interest expense deduction
 - Immediate expensing for improvement of facilities, including hospitals
 - Alcohol used to produce hand sanitizer temporarily exempted from excise tax

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Title III – Supporting America’s Health Care System in the Fight Against the Coronavirus

- Healthcare provisions
 - Directs HHS to develop a comprehensive and coordinated plan for health workforce programs, which may include performance measures and the identification of gaps between the outcomes of such programs and relevant workforce projection needs
 - Directs health plans to pay for coverage of testing and if no published price, it allows for negotiation of a price
 - Provides 1.32 billion for health care centers providing support to medically underserved populations (low-income, homeless, and migratory workers) for detection, prevention and treatment of coronavirus
 - Strengthen the health professions workforce to better meet the health care needs of certain populations, such as older individuals and those with chronic diseases, who could be at increased risk of contracting COVID-19
 - Expands the scope of covered payments for Medicare to include home health care expenses incurred at the direction of a nurse practitioner, a clinical nurse specialist, or a physician assistant

- Telehealth
 - HHS to pay for telehealth services that are furnished by a Federally-qualified health center or a rural health clinic to an eligible telehealth individual notwithstanding that the Federally qualified health center or rural clinic providing the telehealth service is not at the same location as the beneficiary
 - Streamlines telehealth grant program to allow greater flexibility in purchasing or acquiring equipment and connectivity for federally-qualified and rural health clinics.
 - Waives dialysis and hospice in person requirement
 - HHS to determine how to provide home healthcare services via telehealth

Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy

- Relief to distressed industries
- \$500 billion
 - \$50B for passenger air carriers changed to \$25B to passenger air carriers, repair stations and ticket agent, with another \$25B for airline workers
 - \$8 billion for cargo air carriers changed to \$4B for cargo air carriers, with another \$4B for cargo air carrier workers
 - Aviation taxes and fees suspended from enactment of Act until Dec. 31, 2020
 - \$17B for national security businesses
 - Air carrier worker support (new Subtitle B)
 - \$25B for passenger air carriers, \$4B for cargo air carriers, \$3B for contractors to cover salaries, wages, and benefits
 - Direct payroll assistance within 10 days of enactment of the Act to carriers and contractors who submit requests approved by the Secretary

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- Carriers must provide assurances, including agreeing to refrain from furloughs or reducing pay or benefits until September 30, not abrogating collective bargaining agreement, and agreeing to limit executive compensation
- \$454B to Federal Reserve-established programs and facilities to provide liquidity to the financial system that supports lending to eligible businesses, States and municipalities by purchasing obligations directly from issuers or in secondary markets, or making loans, including loans or other advances secured by collateral.
 - Loans and loan guarantees and other investments but not grants
 - Sufficient security or a rate of interest based on risk
 - For air carriers, repair stations and ticket agents
 - Duration short as possible but no more than 5 years
 - No buy backs during life of loan or loan guarantee plus one year (waiver provision removed)
 - No dividends during life of loan or loan guarantee plus one year
 - Must maintain employment levels as of March 24 “to the extent practicable,” and in case may not be reduced more than 10%
 - Must be U.S. carrier with majority of employees based in U.S.
 - Cap on executive pay for life of loan or loan guarantee plus one year
 - DOT Secretary may require air carrier to maintain level of scheduled service before March 1, for up to two years
- For the \$454B in loans, guarantees, and other investments
 - No purchase of securities in eligible business during life of direct loan plus one year
 - No dividends during life of direct loan plus one year
 - Cap on executive pay for life of loan or loan guarantee plus one year
 - Waiver of purchase restrictions only if necessary to protect interest of Federal government, in which case Secretary must testify before Senate and House to justify the waiver
 - Recipients of direct loan must –
 - Agree to retain 90% of workforce until September 30
 - Agree to restore not less than 90% of workforce as of February 1
 - Be U.S. business with majority of employees based in U.S.
 - Not pay dividends to borrower
 - Not outsource or offshore jobs for term of loan and 2 years
 - Not abrogate a collective bargaining agreement
 - Not be a debtor in bankruptcy
 - Remain neutral in any union organizing effort
 - Secretary must receive warrant or equity interest in eligible business that is air carrier, repair station, ticket agent or national security interest (or senior debt instrument is business is not publicly traded)
 - No loan forgiveness
- Treasury must report transaction and details on website within 72 hours
- Creates Special Inspector General for Pandemic Recovery
- Prohibits businesses controlled (20% or more) by President, VP, Cabinet heads and Members of Congress from receiving loans of investments
- Creates Congressional Oversight Commission

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- Provides credit protection under Fair Credit Reporting Act
- Foreclosure Moratorium: provides for process by which residential and condo owners may request forbearance on monthly payments for 60 days, which may be extended, and mortgage holder must accept without payment of fees or interest (4022)
- Forbearance of residential loan payments for multifamily properties with Federally backed loans (4023)
- Temporary limit on eviction filings by landlords against tenants (4024)

Title V – Coronavirus Relief Fund

- Amends Social Security Act
- \$150B appropriations for States, Tribal governments, and local governments
- Amount per State based on population but minimum payment is \$1,250,000

Title VI – Miscellaneous Provisions

- Allows Postal Service to borrow up to \$10B from Treasury to pay operating costs, not debt
- Terms and conditions of loan to be mutually agreed upon by Treasury and Postal Service
- Prioritize delivery of postal products for medical purposes