



## The Coronavirus Aid, Relief, and Economic Security Act (H.R. 748)

The Congress adopted the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The adopted bill is an improvement upon the initial bill proposed by Senate Majority Leader Mitch McConnell (R-Ky.). Specifically, it provides \$150 billion to state and local governments to fund response to the COVID-19 pandemic. This third infusion of needed support to communities and Americans impacted by the health crisis and economic fallout from COVID-19 is important, but Congress must still address the significant unmet needs created by COVID-19, especially fiscal issues that will soon confront governments at all levels as the economic effects of the pandemic are fully realized.

Among the additional needs Congress must address include:

- Significant increases in direct federal support for states and localities straining under increased demands for public services and huge reductions in revenues.
- Flexibility in the use of those funds to mitigate the severe economic impact of the coronavirus response on state and local government services.
- Addressing the shortage of personal protective equipment and medical supplies and the absence of an OSHA temporary emergency standard for infectious disease.

### SUMMARY OF KEY PARTS OF THE BILL

#### Direct Grants to State and Local Governments

- \$150 billion for state, tribal, and local governments through a new Coronavirus Relief Fund. The fund is administered by the Secretary of Treasury and supports increased and unbudgeted costs due to the pandemic. Unfortunately, the funds may not be used to address the effects of collapsing revenue due to the economic recession.

#### Education: Direct Grants and Student Loans

- \$30.75 billion for education overall.
- Of those funds, \$13.5 billion go to states for K-12 schools and \$14.25 billion to higher education institutions.
- \$3 billion for governors to allocate at their discretion to areas in greatest need.
- Current federal student loan borrowers get help with their student debt burden by suspending payments for six months with no penalties and with no loss of time counted toward Public Service Loan Forgiveness (PSLF).

## **Head Start and Child Care**

- \$750 million for Head Start and \$3.5 billion for the Child Care and Development Block Grant (CCDBG).
- These funds can cover costs, salaries and wages for providers and copays for parents.
- Mobilizes emergency child care for workers deemed “essential to the coronavirus response by public officials” and strips income eligibility requirements to ensure that health sector workers, emergency responders, sanitation workers and others have access to child care.
- Funds are also available to all child care providers, even if they do not serve children receiving subsidies, for the purposes of cleaning, sanitation and other activities necessary to maintain or resume programs.

## **Extension of Loan Authority to Municipal and State Governments**

- States and municipalities are eligible to participate in loan programs capitalized by \$454 billion. Under criteria developed by the Treasury Department and applied by the Federal Reserve Bank, governments and businesses may receive direct loans, the Fed may purchase bonds directly from issuers or in the secondary market and collateralized loans will be available. The \$454 billion allocation will be leveraged to provide as much as \$4.5 trillion in loans to support liquidity in the public and private sectors. Details on how the various programs under the law will operate should be available very soon.
- Directs the Treasury Secretary to “endeavor to implement a program” that provides liquidity to the financial system to support lending to states and municipalities. It is unclear how this program will operate and it may be redundant with the program described above.

## **Cash Payments to Americans**

- The government will send direct payments of \$1,200 per adult and \$500 per child to Americans with these amounts starting to phase out at based on adjustment gross income of \$75,000 (individual filer), \$112,500 (head of household) and \$150,000 (joint filers). The payments will be fully phased out at \$99,000 (individual), \$136,500 (head of household) and \$198,000 (joint). AFSCME urges Treasury to send these payments to Americans quickly, but the timing for sending the checks is not clear.

## **Unemployment Assistance**

- Establishes a new Pandemic Unemployment Assistance (PUA) program that provides unemployment insurance benefits to workers that are not eligible for regular compensation or benefits under state or federal law such as self-employed, independent contractors and gig workers. The federal government will reimburse or advance payment to states for administering this new program. The duration of benefits is limited to 39 weeks, through Dec. 31, 2020.

- Creates a new Federal Pandemic Unemployment Compensation (PUC) program to provide temporary unemployment compensation of \$600 a week from the federal government. This would supplement existing state or federal benefits for all workers eligible for benefits and cover workers receiving benefits under the new PUA. These additional benefits can last up to four months through July 31, 2020.
- Includes an emergency state staffing flexibility provision that allows states to temporarily waive merit-staffing requirements for UI administration through Dec 31, 2020 to meet the unprecedented rise in unemployment benefit claims. The bill lacks additional funding for states to administer UI benefits beyond the \$1 billion in the Families First COVID-19 Response Act.

### **Provides \$100 Billion in Funds for Hospitals and Medical Facilities**

- These funds will help address critical gaps in personal protective equipment for health care workers, testing supplies, increased workforce and training, and an increase of the Strategic National Stockpile.
- The bill fails to direct the Occupational Safety and Health Administration to issue a temporary emergency standard on COVID-19 infectious disease.

### **Medicare**

- Medicare Part D plans will be required to allow fills and refills for covered prescription drugs for up to 3 months.
- When there is a safe and effective vaccine for COVID-19, Medicare beneficiaries will be able to get it through their Part B coverage at no cost.
- The bill also increases telehealth opportunities so beneficiaries can visit a doctor without having to leave their home.

### **Delay in Medicaid Cuts to Safety Net Hospitals**

- Medicaid DSH cuts to safety net hospitals which were to be implemented in late May are blocked through Nov. 30, 2020.
- The bill does not increase federal support to state Medicaid programs. The previous bill increased FMAP by 6.2%.

### **Funding for Community Health Care**

- Funds for Certified Community Behavioral Health Clinics are extended through Nov. 30, 2020.
- Community Health Clinics received an additional \$1.3 billion. This is significant for caring for undocumented and uninsured individuals.

### **Law Enforcement**

- \$850 million for the Byrne-Justice Assistance Grant Program (Byrne-JAG), which will allow state and local police departments and jails to purchase needed personal protective

equipment and other medical items. It can also support overtime for officers on the front lines and other pandemic related costs.

### **Health Benefits**

- Requires health plans to cover COVID-19 related qualifying services and treatments with no plan participant co-payments.

### **FEMA Disaster Relief Fund**

- \$45 billion for Federal Emergency Management Agency Disaster Relief Fund to provide for immediate needs of state, local, tribal, and territorial governments to protect citizens and help them recover from COVID-19. Reimbursable activities include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures, and community services nationwide.

### **Defense Production Act**

- \$1 billion for Defense Production Act (DPA) account to purchase personal protective equipment, ventilators, and other urgently needed medical supplies, and billions of dollars more for federal, state, and local health agencies to purchase such equipment. However, DPA-funded purchases are subject to the President invoking his full authority under the DPA to federalize production of need equipment and supplies. President Trump has so far refused to invoke that authority.

### **Mass Transit & Airports**

- Provides \$25 billion in aid to our nation's transit systems.
- Provides \$10 billion in grants to help U.S. airports.

### **Housing, Community Development Block Grants (CDBG)**

- \$685 million for the Public Housing Operating Fund, which will help Public Housing Authorities (PHAs) operate and maintain their public housing units.
- \$5 billion to fund the Community Development Block Grant (CDBG) program, which is a direct flexible grant that participating jurisdictions can use to fund their priorities.

### **Safeguards on Bailouts for Corporations**

- Bans stock buybacks for the term of the federal government assistance to corporations plus 1 year on any company receiving a government loan from the bill.
- Establishes robust worker protections attached to all federal loans for businesses.
- In an important precedent, medium sized businesses (500 to 10,000 workers) who receive loans must commit to organizing neutrality for the life of the loan and cannot abrogate collective bargaining agreements.

## **Election Security**

- \$400 million for states and localities to adopt several key policy measures to secure the 2020 primary and general elections. These funds, while substantially lower than what we requested, are more than the \$140 million initially proposed in the Republican Senate bill. This includes increased ability to vote by mail, expands early voting and online registration, and increases the safety of voting in-person by providing additional voting facilities and more poll-workers.

## **Food Assistance**

- Adds \$15.8 billion for Supplemental Nutrition Assistance Program (SNAP) to address current caseloads and expected increased need for food assistance.
- Adds \$8.8 billion for Child Nutrition Programs for children to receive meals while school is not in session.

*March 27, 2020*