

The \$2 Trillion Federal CARES Act: The Key Financial Assistance Provisions

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The Coronavirus Aid, Relief, and Economic Security Act ("[CARES Act](#)") is a comprehensive economic relief plan designed to stabilize and uplift the American economy during the COVID-19 pandemic. It is unique not only because of the total amount of funding made available (over \$2 trillion), but also because of the breadth of industries, sectors, and individuals eligible to receive some form of federal grant aid or federally-backed loan assistance through the stimulus legislation.

This alert summarizes the key financial assistance provisions of the Act.

Key Financial Assistance

The Act allocates approximately \$2 trillion in emergency relief to mitigate the economic impact of COVID-19 on individuals, businesses, and local governments. **Our industry-specific summaries provide a more detailed review of the various appropriations.** Overall, some of the most significant financial assistance provisions can be found below:

Support for Businesses

Lending to Eligible Businesses and Local Governments: The Act provides \$454 billion in low-interest loans, loan guarantees, and other investments in programs or facilities established by the Federal Reserve to support lending to eligible businesses, States, or municipalities. The legislation includes a directive to the Secretary of Treasury to establish a program from these funds to provide low-interest loans to mid-sized businesses with between 500 and 10,000 employees. All businesses receiving loans under this program must agree to certain conditions including maintaining 90 percent of their workforce on payroll through September 2020, restricting dividends or stock repurchases while the loan is outstanding, and restricting outsourcing or offshoring for two years after completing repayment of the loans.

Airlines and National Security: In addition to the \$454 billion in loans available to businesses generally, the Act includes specific loans, operating under similar terms, for airlines and businesses involved in maintaining national security. The Act designates \$25 billion in loans and loan guarantees for commercial airlines, and another \$4 billion for cargo air carriers. National Security businesses are allocated \$17 billion for loans and loan guarantees.

Paycheck Protection Program for Small Businesses: The Act allots approximately \$350 billion to help small businesses, including non-profits, maintain their payrolls for eight weeks. The legislation authorizes the Small Business Administration to provide businesses with fewer than 500 employees loans of up to \$10 million per business to cover payroll and other authorized expenses. The Government will forgive the loans for businesses that maintain their payroll and only use the funds to cover authorized expenses. The program is available until June 30, 2020.

Employee Retention Credit for Employers: Congress created a credit against applicable employment taxes equal to 50 percent of the qualified wages with respect to the first \$10,000 in wages for each employee per quarter. Eligible employers are those that have had their operations fully or partially suspended due to COVID-19 or have seen their gross receipts drop by at least 50% from the prior year.

Funding for Health Care and Disease Prevention

Healthcare Providers: In order to allow hospitals, physicians, and other healthcare providers to make the necessary expenditures and cover expenses incurred in order to treat COVID-19, Congress created a \$100 billion fund for these providers responding to the coronavirus. The Act also includes \$1.32 billion in immediate funding for Community Health Centers to help cover the costs of caring for COVID-19 patients.

Increased Funding for Critical Medical Supplies: In order to address the nationwide shortage of medical equipment needed to combat COVID-19, the Act allocates \$16 billion to Strategic National Stockpile to procure personal protective equipment, ventilators, and other medical supplies for federal and state response efforts.

Assistance for Individuals and Families

Recovery Rebate for Individuals: In order to provide additional security to individuals and families, the Act authorizes one-time payments to most lower and middle income Americans. Individual adults with incomes below \$75,000 will receive a one-time payment of \$1,200. Married couples with an income less than \$150,000 will receive \$2,400. Families will also receive one-time payments of \$500 for each child. The Recovery Rebates phase out for individuals making between \$75,000 and \$99,000 and for couples making between \$150,000 and \$200,000.

Expanded Unemployment Insurance: The Act seeks to provide expanded relief to individuals who lose their jobs as a result of the economic impacts of COVID-19. As described in further detail below, the Act includes expanded unemployment insurance for workers and expands unemployment benefits to many individuals that would not have previously qualified.

Foley Hoag has formed a firm-wide, multi-disciplinary [task force](#) dedicated to client matters related to the novel coronavirus (COVID-19). For more guidance on your COVID-19 issues, visit our [Resource Page](#) or contact your Foley Hoag attorney. For guidance on CARES Act issues, please contact Tad Heuer, Colin Zick, or Christopher Feudo.