

# Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

## Direct payments to Americans

### What people will get?

- Single people earning below \$75,000 will get \$1,200
- Married couples earning below a combined \$150,000 will get \$2,400
- Parents will receive \$500 for each child under age 17
- A reduced amount will be available for individuals and couples making more than \$75,000 and \$150,000 respectively. But there will be no payments for individuals earning more than \$99,000 or couples earning more than \$198,000

### What is the small print?

- Eligibility is primarily determined by tax returns
- NOTE: Immigrants **without** valid Social Security numbers and “resident alien” status will NOT receive any payment. (Resident alien status means either a Green Card or the ability to prove a “substantial presence”). This **excludes** people who may have filed taxes under an ITIN individual taxpayer identification number) rather than an SSN
- Someone who did not file a tax return in 2018 (e.g. a student), must file a 2019 return to qualify
- Individuals receiving Social Security benefits are on file with the government and payments will be based on those records
- People who have filed income tax in 2018 and then moved, and have not yet filed for 2019, will face a delay

### When will the money arrive?

- People who have previously received a tax refund through direct deposit will receive their money first (possibly within 3 weeks)
- People who received a tax refund through the mail will have a longer wait
- Payments may also be hampered because the impact of COVID-19 has reduced the capacity of the IRS

## Unemployment compensation

### Pandemic Unemployment Compensation (PUC)

- From today through to July 31, 2020, all regular UI and Pandemic Unemployment Assistance (see below) claimants will receive their calculated benefit **plus** an additional \$600 per week in compensation
- This is a flat amount to everyone currently on UI, and includes anyone receiving a partial UI payment
- This will be paid on a weekly basis
- PUC income will NOT impact Medicaid or CHIP eligibility
- PUC will be paid an additional 13 weeks after state UI benefits expire
- Although workers must be “actively engaged” in searching for work. The Act says “a State shall provide flexibility in meeting such requirements in case of individuals unable to search for work because of COVID-19, including because of illness, quarantine, or movement restriction.”
- The tradition waiting week is waived

### Pandemic Unemployment Assistance (PUA)

- Provides emergency unemployment assistance to workers who are left out of regular state UI or who have exhausted their state UI benefits. Workers who are eligible for state UI are excluded from this program
- Those eligible for PUA include self-employed workers, including independent contractors, freelancers, people seeking part-time work, and those who do not have a long-enough work history to qualify for state UI benefits
- NOTE in most states, “gig” workers should qualify for regular UI because of the broad definitions of employment in so many state UI laws and should apply for regular UI

- Applicants will need to provide self-certification that they are (1) partially or fully unemployed, OR (2) unable and unavailable to work because of one of the following circumstances:
  - They have been diagnosed with COVID-19 or have symptoms of it and are seeking diagnosis
  - A member of their household has been diagnosed with COVID-19
  - They are providing care for someone diagnosed with COVID-19
  - They are providing care for a child or other household member who can't attend school or work because it is closed due to COVID-19
  - They are quarantined or have been advised by a health care provider to self-quarantine
  - They were scheduled to start employment and do not have a job or cannot reach their place of employment as a result of a COVID-19 outbreak
  - They have become the breadwinner for a household because the head of household has died as a direct result of COVID-19
  - They had to quit their job as a direct result of COVID-19
  - Their place of employment is closed as a direct result of COVID-19

#### Not eligible

- Workers are not eligible for PUA if they can either telework with pay or are receiving paid sick days or paid leave
- Undocumented workers will not qualify

### **Small Business Loans via the Small Business Administration (SBA)**

#### NON-PROFITS ARE ELIGIBLE

- 'Paycheck Protection Loans' can cover payroll costs, interest costs, rent, and utilities
- The SBA will provide 100% federally-backed loans to eligible small businesses and 501(c)(3) non-profits with less than 500 employees. These will be issued through banks and other lenders. These loans will NOT require SBA pre-approval
- The loans will equal 2.5 times the monthly payroll costs

- The loans can be used for payroll, interest on mortgages, rent, and utilities. The interest rate through the lenders will not exceed 4%
- The SBA will administer the program through the states
- MOST IMPORTANT PIECE: Loans will be forgiven if the non-profit keeps staff on the payroll between March 1 and June 30. In effect, this makes the loan a general operating grant. Forgivable loans of this type can be taken out for as much as \$10 million

#### Probable process

- Once act is passed, SBA site (<https://www.sba.gov/>) will have an online application form
- Complete the form
- “Take” form to your bank (assume there might be a way of filing this electronically)
- Bank asks SBA for approval of loan
- Bank puts money in your account
- You use the money for 100% of payroll
- Loan is forgiven when you account for its use