

# **State and Local Government in the CARES Act the Coronavirus Stimulus Package**

## **Coronavirus Relief Fund--\$150 Billion**

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

## **Treasury Loans Stabilization Funds--\$500 Billion**

Defines an “Eligible Business” as a United States business that has not otherwise received adequate economic relief in the form of loans or loan guarantees provided under this Act. This Section also defines a “State” as any of the several States, the District of Columbia, any of the territories and possessions of the United States, any bi-State or multi-State entity, and any Indian tribe.

### **Emergency Relief and Taxpayer Protections**

- Provides \$500 billion to Treasury’s Exchange Stabilization Fund to provide loans, loan guarantees, and other investments, distributed as follows:
  1. Direct lending, including:
    - a. **\$25 billion** for passenger air carriers, eligible businesses that are certified under part 145 of title 15, Code of Federal Regulations, and approved to perform inspection, repair, replace, or overhaul services, and ticket agents;
    - b. **\$4 billion** for cargo air carriers; and
    - c. **\$17 billion** for businesses important to maintaining national security.
  2. **\$454 billion**, as well as any amounts available but not used for direct lending, for loans, loan guarantees, and investments in support of the Federal Reserve’s lending facilities to eligible businesses, states, and municipalities. Federal Reserve 13(3) lending is a critical tool that can be used in times of crisis to help mitigate extraordinary pressure in financial markets that would otherwise have severe adverse consequences for households, businesses, and the U.S. economy.

All direct lending must meet the following criteria:

1. Alternative financing is not reasonably available to the business;
2. The loan is sufficiently secured or made at an interest rate that reflects the risk of the loan and, if possible, not less than an interest rate based on market conditions for comparable obligations before the coronavirus outbreak;
3. The duration of the loan shall be as short as possible and shall not exceed 5 years;
4. Borrowers and their affiliates cannot engage in stock buybacks, unless contractually obligated, or pay dividends until the loan is no longer outstanding or one year after the date of the loan;

5. Borrowers must, until September 30, 2020, maintain its employment levels as of March 24, 2020, to the extent practicable, and retain no less than 90 percent of its employees as of that date;
6. A borrower must certify that it is a U.S.-domiciled business and its employees are predominantly located in the U.S.;
7. The loan cannot be forgiven; and
8. In the case of borrowers critical to national security, their operations are jeopardized by losses related to the coronavirus pandemic.

Treasury will endeavor to implement a special 13(3) facility through the Federal Reserve targeted specifically at nonprofit organizations and businesses between 500 and 10,000 employees, subject to additional loan criteria and obligations on the recipient, such as:

1. The funds received must be used to retain at least 90 percent of the recipient's workforce, with full compensation and benefits, through September 30, 2020;
2. The recipient will not outsource or offshore jobs for the term of the loan plus an additional two years;
3. The recipient will not abrogate existing collective bargaining agreements for the term of the loan plus an additional two years; and
4. The recipient must remain neutral in any union organizing effort for the term of the loan.

#### **Limitation on Certain Employee Compensation.**

Prohibits recipients of any direct lending authorized by this Title from increasing the compensation of any officer or employee whose total compensation exceeds \$425,000, or from offering such employees severance pay or other benefits upon termination of employment which exceeds twice the maximum total annual compensation received by that employee, until one year after the loan is no longer outstanding. Officers or employees making over \$3 Million last year would also be prohibited from earning more than \$3 Million plus fifty percent of the amount their compensation last year exceeded \$3 Million.

#### **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 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 percent 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 5 members as follows:

- 1 member appointed by the Speaker of the House of Representatives;
- 1 member appointed by the House Majority Leader;
- 1 member appointed by the Senate Majority Leader;
- 1 member appointed by the Senate Minority Leader;
- 1 member appointed by the Speaker of the House and Senate Majority Leader, after consultation with the Senate Minority Leader and House Minority Leader.

The Panel may hold hearings, take testimony, and secure from any federal department or agency information it deems necessary to carry out its responsibility. The Panel is required to submit reports to Congress every 30 days specifying:

- (1) The impact of purchases made under this Title on the financial well-being of the people of the United States, financial markets, and financial institutions;
- (2) The extent to which the information made available on transactions under this Title has contributed to market transparency; and
- (3) The effectiveness of loans, loan guarantees, and investments made under this title of minimizing long-term costs to the taxpayer and maximizing the benefits for taxpayers.

The Oversight Commission shall terminate on September 30, 2025.

## **Appropriations Emergency Supplemental**

**Supplemental Nutrition Assistance Program** – The bill includes \$15.5 billion in additional funding for SNAP to ensure all Americans, including seniors and children receive the food they need.

**Child Nutrition Programs** – The bill includes \$8.8 billion in additional funding for Child Nutrition Programs in order to ensure children receive meals while school is not in session.

**The Emergency Food Assistance Program (TEFAP)** – The bill provides \$450 million for the TEFAP program. With many communities suffering from job losses, food banks have seen increased needs. These funds are critical so food banks can continue to assist those Americans most in need.

**Rural Business Cooperative Service – \$20.5 million** The bill provides the necessary subsidy to make \$1 billion in lending authority available for the Business and Industry loan guarantee program, which provides much-needed financing to business owners that might not be able to qualify for a loan on their own.

**Reconnect Pilot – \$100 million** The bill provides grants for the costs of construction, improvement, or acquisition of facilities and equipment needed to provide broadband service in eligible rural areas

**Economic Development Administration (EDA)** – The bill provides \$1.5 billion for economic adjustment assistance to help revitalize local communities after the pandemic. EDA assistance can be used to help rebuild impacted industries such as tourism or manufacturing supply chains, capitalize local funds to provide low-interest loans to businesses of all sizes, and support other locally-identified priorities for economic recovery. Based on the impact of prior funding packages, EDA disaster assistance will leverage an additional \$20 billion in local and private investment and support more than 100,000 American jobs.

**Support for Manufacturing** – \$50 million is provided for the Hollings Manufacturing Extension Partnership to help small- and medium-sized manufacturers recover by finding value within the supply chain and expanding markets. For every one dollar of federal investment, MEP generates \$27.20 in new sales growth for manufacturers. The bill also includes an additional \$10 million for the National Institute for Innovation in Manufacturing Biopharmaceuticals to support the development and manufacture of new medical countermeasures and biomedical supplies to combat the coronavirus.

**Assistance for Fishermen** – The bill provides \$300 million to help fishermen around the country struggling due to disappearing economic markets caused by the novel coronavirus pandemic. Tribal, subsistence, commercial, and charter fishermen, as well as aquaculture farmers, are all eligible for the disaster assistance.

**Resources for Federal, State and Local Law Enforcement** – The bill includes \$850 million for the Byrne-Justice Assistance Grant Program (Byrne-JAG). Byrne-JAG is the most flexible federal law enforcement grant program and will allow state and local police departments and jails to meet local needs, including purchase of personal protective equipment and other needed medical items and to support overtime for officers on the front lines. Language is included to ensure these resources go out to states and localities quickly in order to immediately respond to this crisis while avoiding unnecessary Trump Administration-imposed roadblocks intended to punish so-called sanctuary cities.

The bill also includes \$100 million for the Federal Bureau of Prisons to respond to the coronavirus pandemic with resources that can be used to meet urgent needs such as purchase of personal protective equipment and other medical equipment, funding overtime, and cleaning facilities. The bill also includes a total of \$55 million for the Federal Bureau of Investigation, Drug Enforcement Administration, U.S. Marshals Service, and U.S. Attorneys to respond to the coronavirus crisis and for information technology improvements and security needed for telework at the Department of Justice.

**Support for Legal Services** – \$50 million is provided for the Legal Services Corporation (LSC) to meet civil legal aid needs for low-income Americans. This funding can help LSC clients facing job losses, eviction, domestic violence and consumer scams resulting from the coronavirus crisis.

**Army Corps of Engineers operation and maintenance account – \$50 million:** To support Emergency Operations Centers and emergency operations in Corps districts to ensure the continuous operation of Corps projects across the country related to coronavirus prevention, preparation, and response.

**Army Corps of Engineers** – \$70 million to the U.S. Army Corps of Engineers (USACE) to prepare for and respond to the coronavirus by providing additional equipment, licenses, and IT support to improve teleworking capabilities and ensure secure remote access for Corps staff. Funding will also improve capacity for remote operations of USACE projects and activation of Emergency Operations Centers nationwide to support continued operations of USACE projects.

### **General Provision—Corps of Engineers**

Modifies estimates for discretionary appropriations derived from the Harbor Maintenance Trust Fund in an appropriations act.

### **Department Of Homeland Security**

Includes a total of \$45.873 billion in funding with a focus on helping people, communities, and frontline personnel prepare for and recover from COVID-19. Highlights include:

**Disaster Relief Fund**– \$45 billion to provide for the immediate needs of state, local, tribal, and territorial governments to protect citizens and help them recovery from the overwhelming effects of COVID-19. Reimbursable activities may include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures, and community services nationwide.

**Emergency Food and Shelter Program** – \$200 million for shelter, food and supportive services to individuals and families in sudden economic crisis.

**Assistance to Firefighter Grants** – \$100 million for personal protective equipment for our nation’s first responders.

**Emergency Management Performance Grants** – \$100 million for state, local, territorial, and tribal governments to support coordination, communications, and logistics.

**Personal Protective Equipment** – \$178 million for the Department of Homeland Security to ensure front line federal employees have personal protective equipment.

**Transportation Security Administration** – \$100 million for enhanced sanitation at airport security checkpoints, overtime and travel costs, and the purchase of explosives trace detection swabs.

**Coast Guard** – \$141 million to activate Coast Guard Reserve personnel and for building capacity and capability for information technology systems and infrastructure to support telework and remote access.

**Federal Emergency Management Agency** – \$45 million to expand information technology and communications capabilities and to build capacity in response coordination efforts.

**Cybersecurity and Infrastructure Security Agency** – \$9 million for supply chain and information analysis and for impacted critical infrastructure coordination.

**Extends REAL ID Deadline for States** – Extends the deadline for states to meet the requirements of the REAL ID Act to not earlier than September 30, 2021.

**Chemical Facility Anti-Terrorism Standards** – Extends the program through July 23, 2020.

### **Departments Of Transportation and Housing**

The bill includes a total of \$48.5 billion for transportation and housing activities to address this unprecedented global public health pandemic. Targeted resources are directed to communities to help the 11 million low-income Americans living one paycheck away from homelessness by providing assistance to prevent eviction during what is likely to be the most severe economic crisis in nearly a century. The funding in this bill will also be used to help the over half a million homeless individuals living on the streets find shelter or temporary housing, and for the most vulnerable, to self-quarantine and gain access to supportive services in order to diminish the risk of exposure. For our transportation systems, massive Federal investment is provided to protect the livelihoods of the specialized transportation workforce in order to mitigate the potential furlough of 1.6 million employees, provide safe conditions for workers, and preserve these mobility assets for essential commuters, as well as the traveling public. Highlights include:

**Airports** – \$10 billion in Federal assistance is directed to help publically-owned, commercial airports to address the COVID-19 crisis as the aviation sector grapples with the most steep and potentially sustained decline in air travel in history. These funds will help airport operators meet ongoing needs and to manage current construction projects as operating expenses increase and revenues plummet. The magnitude of these challenges are significant given the aviation industry is experiencing an 80 percent system-wide decline in passenger traffic, while airports are expected to face even more severe operational and financial impacts in the months ahead.

**Amtrak and Rail Safety** – \$1.018 billion is available to Amtrak to meet its changing operational needs as a result of significantly reduced passenger rail service and ridership on the Northeast Corridor, state-supported, and long-distance routes related to COVID-19. This includes direct assistance to states to help them meet their obligations under the FAST Act in order to minimize service impacts on state-supported routes. The bill also provides \$250,000 to the Federal Railroad Administration for safety equipment and assistance to inspectors to help them to rapidly respond to COVID-19 related demands.

**Transit Systems** – \$25 billion is provided to public transit operators to protect public health and safety while ensuring transportation access to jobs, medical treatment, food, and other essential services remain available during the COVID-19 response. As the revenues that sustain this essential service are severely impacted due to a reduction in fare box revenue and dedicated sales taxes, this increased Federal investment will help to sustain over 430,000 transit jobs and

preserve access to our public service and critical workforce that are the backbone of our COVID-19 prevention, response, and recovery efforts.

**Community Development Block Grant** – \$5 billion is provided for the Community Development Block Grant (CDBG) program to enable nearly 1,240 states, counties, and cities to rapidly respond to COVID-19 and the economic and housing impacts caused by it, including the expansion of community health facilities, child care centers, food banks, and senior services. Of the amounts provided, \$2 billion will be allocated to states and units of local governments that received an allocation under the fiscal year 2020 CDBG formula, \$1 billion will go directly to states to support a coordinated response across entitlement and non-entitlement communities, and \$2 billion will be allocated to states and units of local government, cities and counties based on the prevalence and risk of COVID-19 and related economic and housing disruption.

In order to ensure resources are quickly deployed and meet the unique response needs to COVID-19, the bill eliminates the cap on the amount of funds a grantee can spend on public services, removes the requirement to hold in-person public hearings in order to comply with national and local social gathering requirements, and allows grantees to be reimbursed for COVID-19 response activities regardless of the date the costs were incurred. This funding builds on \$6.7 billion provided in fiscal years 2019 and 2020 by allowing grantees to combine prior year funds with new funding in order to prevent, prepare for, and respond to COVID-19.

**Emergency Solutions Grants** – \$4 billion is included to address the impact of COVID-19 among individuals and families who are homeless or at risk of homelessness, and to support additional homeless assistance, prevention, and eviction prevention assistance. Eviction prevention activities including rapid rehousing, housing counseling, and rental deposit assistance will mitigate the adverse impacts of the pandemic on working families.

**Rental Assistance Protections for Low-Income Americans** – \$3 billion is included for housing providers to help more than 4.5 million low-income households made up of more than 9.6 million individuals currently assisted by HUD to safely remain in their homes or access temporary housing assistance in response to economic and housing disruptions caused by COVID-19.

This funding will help low-income and working class Americans avoid evictions and minimize any impacts caused by loss of employment, and child care, or other unforeseen circumstances related to COVID-19. This includes:

- \$1.935 billion to allow public housing agencies (PHAs) to keep over 3.2 million Section 8 voucher and public housing households stably housed;
- \$1 billion to allow the continuation of housing assistance contracts with private landlords for over 1.2 million Project-Based Section 8 households;
- \$65 million for housing for the elderly and persons with disabilities for rental assistance, service coordinators, and support services for the more than 114,000 affordable households for the elderly and over 30,000 affordable households for low-income persons with disabilities; and
- \$65 million for Housing Opportunities for Persons with AIDS in order to maintain rental assistance and expand operational and administrative flexibilities for housing and supportive service providers to assist nearly 61,000 households. Given that this

population is particularly vulnerable, the bill includes temporary relocation services to contain and prevent the spread of COVID-19 for these at-risk households.