

Coronavirus Aid, Relief, and Economic Security (CARES) Act Business Relief Provisions

Presented by the [Federal Relations Practice Group](#)

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Small Business Administration		
Type	Amount	Allocation
SBA 7(a) Loans	\$349 billion	Paycheck Protection Program

Purpose

Program provides 100% loan guarantees for small businesses to incentivize businesses to maintain their employment levels. Applicants must be able to certify that this is what the loans will be used for and the loan is necessary because of the economic uncertainty created by this pandemic.

Funds can be used for expenses such as salary, wage, commission, cash tip, vacation pay, parental leave, medical leave payment, sick leave, and insurance payment, as well as other healthcare costs, mortgage interest, rent, and utilities.

Application Details

Loans are available for businesses with 500 or fewer employees OR, for some industries, businesses whose gross annual receipts are below a specified amount. Must be able to illustrate an operable business as of Feb. 15, 2020, and that the loan is necessary because of the uncertain economic conditions caused by the pandemic. Eligibility extends to sole-proprietors, independent contractors, and other self-employed individuals.

- Apply through approved SBA lenders or any other participating federally insured depository institution, federally insured credit union, or farm credit system institution
 - List of currently approved SBA lenders: www.sba.gov
- SBA affiliation standards are waived for small businesses in hotel and food services industry; franchises in SBA Franchise Director; and those that receive financial assistance from small business investment companies licensed by the SBA
- Waives the “no credit elsewhere” requirement usually required for SBA 7(a) Loans

CARES Act Notes

- Resolved to prioritize underserved and rural markets—including military/veteran, socially/economically disadvantaged individuals.
- Cannot be used in conjunction with an EIDL loan for COVID-19 relief, but borrowers with EIDL loans for other purposes can apply.

Important Application Dates

- April 3, 2020: Small Business Administration applications begin
- April 10, 2020: Independent contractors and self-employed can apply
- June 30, 2020: Rehiring deadline
- June 30, 2020: Application deadline

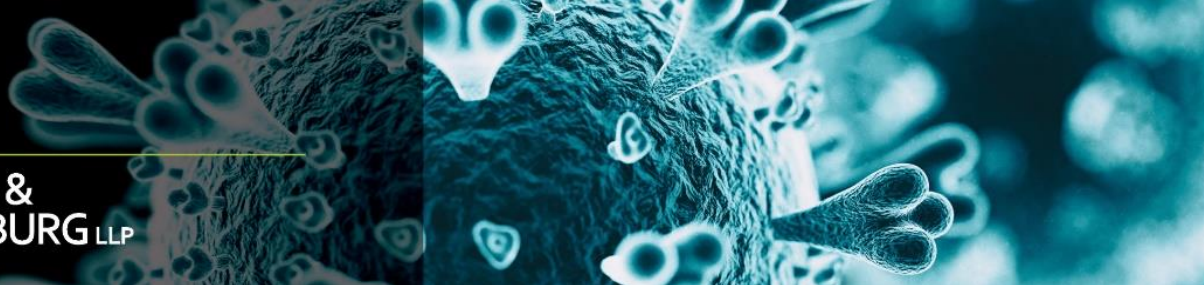
Loan Details

- Terms are the same for all recipients
- Loan amounts are based on monthly payroll—but capped at \$10 million
 - Generally twice the monthly payroll with an additional 25%
 - Salary cap: employees making more than \$100,000/year
- 2 year term with a fixed interest rate of 0.50%
 - Payment deferred for 6 months
 - Interest payments are also deferred for 6 months, though interest begins accruing immediately
- Loan Forgiveness:
 - Forgiven if used for the eligible costs
 - Due to high demand, it is anticipated that no more than 25% of forgiven amount may be for non-payroll costs
 - Forgiveness reduced if full-time employee headcount, salaries, and/or wages are reduced

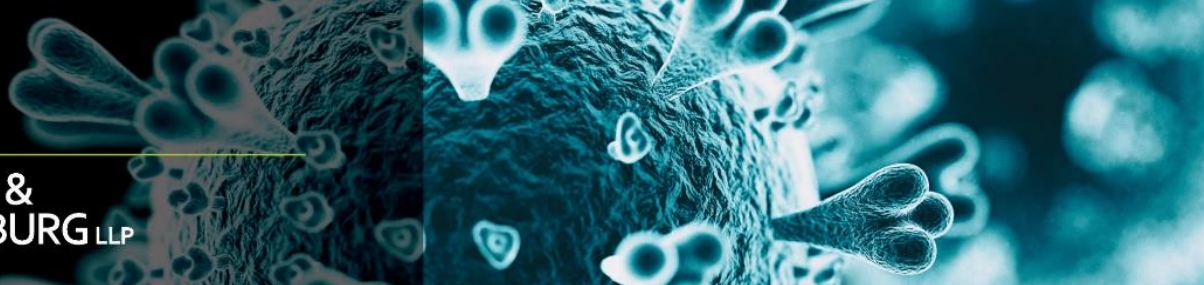
Supporting SBA Lenders

- The CARES Act massively increases the spending authority for this program. It is anticipated that many lenders will struggle to adapt to this enormous expansion. Questions remain about the extent to which lenders are expected to verify borrower information.
- The law allows for more lenders to become SBA eligible to administer these loans. Potential new lenders may need assistance in becoming an SBA eligible lender, and also may need assistance in assessing the liability associated with being a lender for this program.

Amount	Allocation
\$10 billion	<p>Economic Injury Disaster Loans (EIDL)</p> <ul style="list-style-type: none">• Small businesses (less than 500 employees), cooperatives, ESOPS, tribal small businesses, sole proprietors, independent contractors, and most private non-profits are eligible to receive• Payments deferred for up to one year• Loans up to \$2 million<ul style="list-style-type: none">○ Business interest rate: 3.75%○ Non-profits: 2.75%• Emergency \$10,000 grants available• Note that recipients of EIDL funds for COVID relief are not eligible for the SBA Paycheck Protection Program <p>Apply: www.sba.gov/disaster</p>



Treasury		
Type	Amount	Allocation
B1 Loans	\$25 billion	Passenger Air Carriers
B2 Loans	\$4 billion	Cargo Carriers
B3 Loans	\$17 billion	Firms “Critical to Maintaining National Security”
<p>Businesses Receiving B1, B2, and B3 Loans</p> <ul style="list-style-type: none"> Required to grant federal government a warranty, equity interest, or senior debt instrument SEC must ensure federal government is compensated to extent possible Borrower gains reimbursed to Treasury, excess to OASI Trust Fund 		
B4 Loans	\$454 billion	<p>Give at the discretion of the Secretary of the Treasury for eligible businesses, states, and municipalities. For more information on municipalities eligibility, see “State and Local Government Assistance” below.</p> <p>Eligibility</p> <ul style="list-style-type: none"> Recipients must not have reasonably available credit Intended obligations must be “prudently incurred” Loans must be sufficiently secured <p>Businesses Restrictions</p> <ul style="list-style-type: none"> Must not have otherwise received adequate financial assistance elsewhere in the act Duration of the loan (though Treasury has the ability to waive): <ul style="list-style-type: none"> Prohibited from repurchase of any outstanding equity agreements Prohibited from issuing dividends Must maintain existing employment levels Subject to certain compensation prohibitions
Grants	\$29 billion	Airlines: payments for the wages and salaries of airline employees — specific provisions about supporting air carrier’s workers
Exchange Stabilization Fund		Statutory limitation temporarily suspended—relevant to mortgage firms supported by GSEs



Agriculture

Amount	Allocation
\$20.5 million	<p>Rural Business Cooperative Services</p> <ul style="list-style-type: none"> Boost to ensure \$1 billion in lending authority available for the Business and Industry loan guarantee program Assists in financing for business owners that might not be able to qualify for a loan on their own
\$14 billion	<p>Commodity Credit Corporation (CCC): stabilize, support, and protect farm income and prices</p>

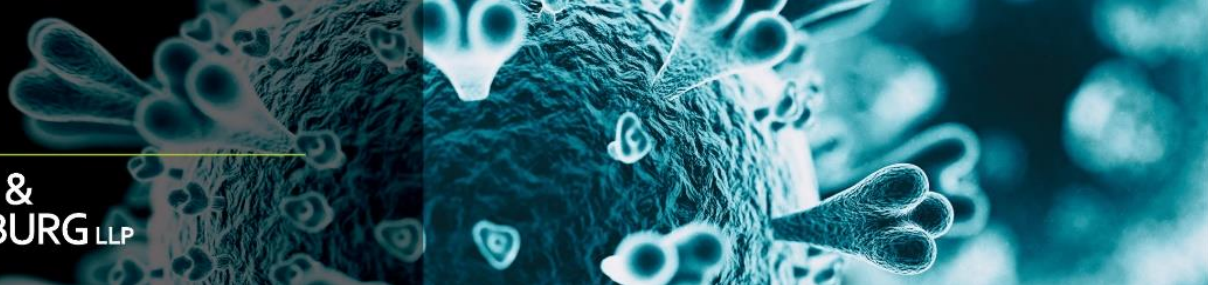
Commerce

Amount	Allocation
\$50 million	<p>Manufacturing Extension Partnership (MEP): distributed among 51 MEP centers to help manufacturers from COVID pandemic. Cost matching requirement for FY2020 funding waived.</p>
\$300 million	<p>Financial Assistance to Fishery Participants: direct financial assistance for fishers, fishery participants, and communities</p>

Tax Credits

Amount	Allocation
\$5,000	<p>Employee Retention Credit for businesses</p> <ul style="list-style-type: none"> Refundable tax credit for employers equal to 50% of qualified wages (including allocable qualified health plan expenses) that eligible employers pay their employees More information: www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act
\$300	<p>Charitable Giving Incentive for individuals</p> <ul style="list-style-type: none"> Above the line deduction of \$300 Contributions made in 2020 Cap on annual contributions lifted for itemization

COVID-19



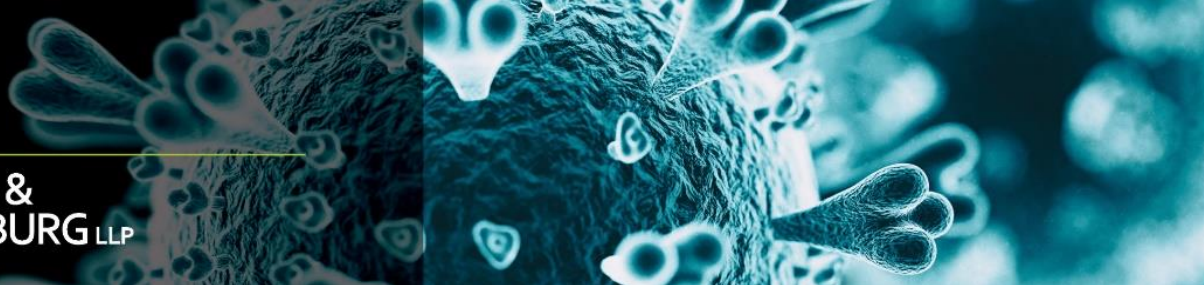
Health and Human Services

Amount	Allocation
\$100 billion	Public Health and Social Services Emergency Fund: reimburse healthcare providers for healthcare expenses or lost revenue directly attributed to the coronavirus <ul style="list-style-type: none"> Funding can go to public entities, providers enrolled in Medicare and Medicaid, and other for-profit and nonprofit entities that provide diagnosis, testing, or care for individuals with COVID-19
\$27 billion	Public Health and Social Services Emergency Fund: coronavirus preparation and response (i.e., countermeasures, medical surge capacity)
\$17 billion	Strategic National Stockpile: PPE, ventilators, and other medical supplies
\$11 billion	Vaccines, therapeutics, diagnostics, and other medical or preparedness needs
\$500 million	Public health data surveillance and analytics infrastructure
\$80 million	FDA <ul style="list-style-type: none"> Countermeasure development Advanced product manufacturing Supply monitoring

***HHS has the majority of spending obligations for addressing COVID-19 response*

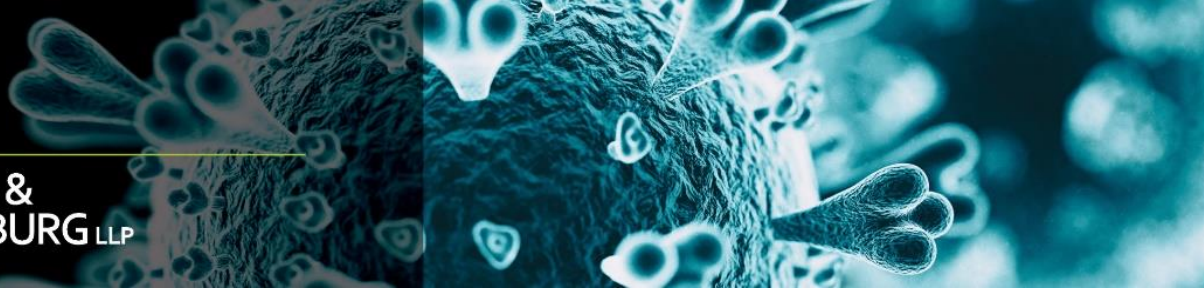
Homeland Security

Amount	Allocation
\$178 Million	Personal Protective Equipment for DHS personnel



Defense	
Amount	Allocation
\$1.45 billion	Defense Working Capital Funds: use for mitigating impact of COVID on production lines, supply chain, military depots, and labs
\$1 billion	Defense Production Act: procurement expenses for increased access to materials necessary for national security and pandemic recovery
\$1.8 billion	Defense Health Program--Medical Care and Medical Countermeasures: procurement of additional medical equipment, physical protective equipment for medical personnel and disease response
\$1.5 billion	Defense Health Program—Military Healthcare System Direct Care Capacity: expansion of military treatment facilities, procure expeditionary hospital packages
\$627.8 million	Non-Medical Protective Equipment and Other Supplies
\$415 million	Defense Health Program—Diagnostics: R&D for vaccines, anti-virals, diagnostic test development
\$70 million	Army Corps of Engineers: prepare and respond to coronavirus <ul style="list-style-type: none"> ▪ Draft RFP: considering converting 10,000 dorms/hotel rooms in New York to hospitals. Seeking commercial companies that know how to do it
<p><i>**DoD temporarily increasing periodic progress payments to contractors</i></p> <p><i>**Funds are specifically prohibited from being to diverted to border protection activities (i.e., drug interdiction, counter-drug activities)</i></p>	

Veterans Affairs	
Amount	Allocation
\$14.4 billion	Medical services
\$2.15 billion	Information technology systems
\$2.1 billion	Medical community care
\$606 million	Medical facilities
\$150 million	Grants for construction of state extended care facilities



Agriculture

Amount	Allocation
\$9.5 billion	Aid to agricultural producers effected by the virus—includes producers of specialty crops, producers that supply local food systems, and livestock producers
\$100 million	Reconnect Pilot Program: grants to assist in providing broadband service in eligible rural areas (construction, improvement, or acquisition of facilities and equipment)

Bureau of Indian Affairs

Amount	Allocation
\$453 million	Deep clean facilities, purchase equipment to improve teleworking, and purchase PPE
\$158.4 million	Supplies and equipment to clean buildings and public areas supporting law enforcement and emergency management operations
\$69 million	Bureau of Indian Education for cleaning, etc.

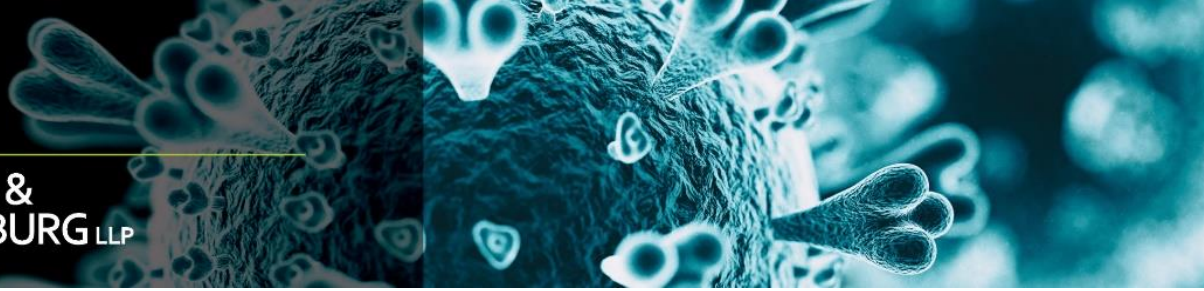
***Note that tribal governments are eligible to receive money through the Coronavirus Relief Fund. For more information, see “State and Local Government Assistance” below.*

General Services Administration

Amount	Allocation
\$275 million	GSA Federal Building Funds
\$1.5 million	Working Capital Fund: additional costs related to COVID response, including purchase of supplies and materials

Federal Communications Commission

Amount	Allocation
\$200 million	Telehealth Initiatives: assist healthcare providers with telecommunication services, information services, and devices to enable telemedicine



State, Local, and Tribal Government Assistance

Treasury	
Amount	Allocation
\$150 billion	<p>Coronavirus Relief Fund</p> <ul style="list-style-type: none"> ▪ Direct assistance for domestic governments: <ul style="list-style-type: none"> ○ \$139 billion to states (based on population) <ul style="list-style-type: none"> ▪ Allocation cannot be less than \$1.25 ▪ Population based on 2019 Census Bureau information ○ \$8 billion to tribal area governments <ul style="list-style-type: none"> ▪ Allocated based on tribal area’s aggregate tribal expenditures in FY2019 (regulated by Treasury and Interior) ○ \$3 billion to territories <ul style="list-style-type: none"> ▪ Allocated based on the territory’s share of the total population across all territories (regulated by Treasury) ▪ Eligible use of funds (regulated by Treasury): <ul style="list-style-type: none"> ○ Necessary expenditures due to public health emergency; ○ Expenditures were not accounted for in the state/government budget most recently approved at date of enactment (March 27, 2020); and ○ Costs incurred between March 1, 2020-December 30, 2020 ▪ Funds not used for eligible costs will be treated as debt by the Treasury ▪ CRF funds are not to be used to directly account for FY 2020 deficit reduction because of budgetary shortfalls incurred related to COVID. However, while significant short falls in revenue are expected because of the pandemic, CRF funds can be used for incurred expenses, i.e. reducing the fiscal gap. ▪ If localities use Treasury loans, the state’s portion of funds will be reduced accordingly.
B4 Loans	<ul style="list-style-type: none"> ▪ Localities (cities and counties) with populations greater than 500,000 based on last Census Data (<i>Coronavirus Relief Fund uses 2019 Census Bureau Information</i>) ▪ Reduces the amount the locality’s state receives from Coronavirus Relief Fund <ul style="list-style-type: none"> ○ Note that states are not prohibited under the CARES Act from transferring portions of their CRF allocations directly to a specific local government, regardless of that locality’s population. ▪ <i>For more information, see Direct Treasury Assistance</i>



Commerce

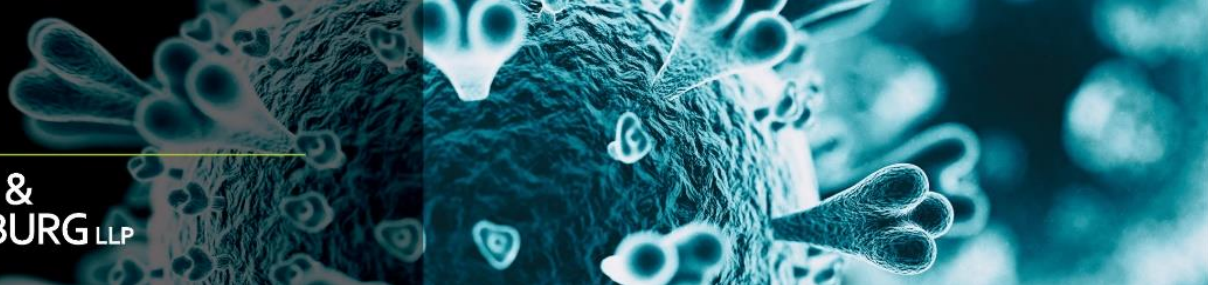
Amount	Allocation
\$1.5 billion	<p>Economic Development Administration: Economic Adjustment Assistance (EAA): administer grants to states and communities for economic recovery strategies in response to coronavirus pandemic.</p> <ul style="list-style-type: none"> ▪ Traditionally EAA funds have been used for a wide range of economic development projects (infrastructure, broadband, assist distressed communities) ▪ While many EAA grants require a cost share, disaster economic recovery can receive full funding ▪ Eligible applicants: <ul style="list-style-type: none"> ○ Indian tribes, consortium of Indian tribes ○ State and local governments ○ Institutions of higher education, consortium of institutions ○ NPOs acting in cooperation with officials of a political subdivision of a state ▪ Grants will likely be allotted based on strategic response from a long-term, regional perspective ▪ Anticipated to be highly competitive ▪ Economic Recovery Directory: https://www.eda.gov/resources/economic-development-directory/states/ny.htm

Homeland Security

Amount	Allocation
\$45.4 billion	<p>FEMA Disaster Relief Fund</p> <ul style="list-style-type: none"> ▪ Response and recovery activities ▪ Reimbursements to states and localities for emergency and major disaster declarations
\$400 million	<p>Grants: firefighters, emergency managers, providers of emergency food and shelter</p>

Agriculture

Amount	Allocation
\$450 billion	The Emergency Food Assistance Program (TEFAP)
\$100 million	Food Distribution Programs on Indian Reservation



Justice

Amount	Allocation
\$850 million	<p>Grants, Byrne JAG: assist state, local, and tribal officers in responding to coronavirus. Aimed at supporting criminal justice—including overtime, PPE and supplies, and medical needs/supplies for prisons, jails, and detention centers.</p> <ul style="list-style-type: none"> ▪ Allocated to state and local governments ▪ No matching requirements

Interior

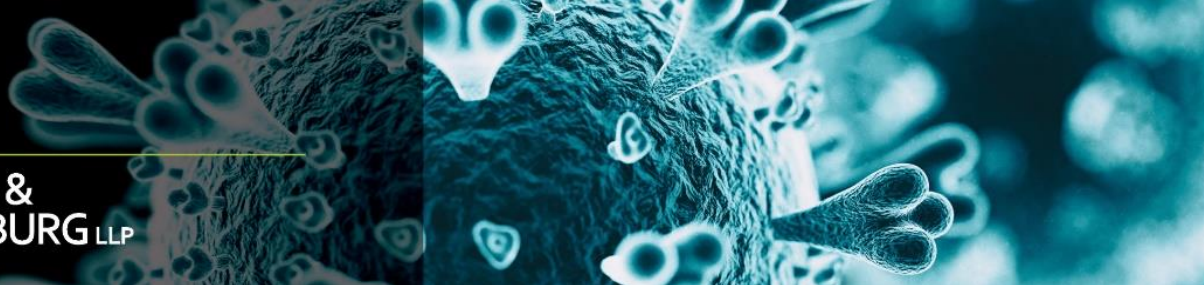
Amount	Allocation
\$1.032 billion	Indian Health Service
\$453 million	Bureau of Indian Affairs: aid to tribal governments for COVID response. Including detention centers, social services programs, and information technology
\$69 million	Bureau of Indian Education

Labor

Amount	Allocation
\$345 million	Dislocated Worker National Reserve: for states and communities to response to workforce impact due to VOID

Health and Human Services

Amount	Allocation
\$2.5 billion	State and Local Preparedness Grants (CDC):
\$3.5 billion	Child Care and Development Block Grant
\$750 million	Head Start
\$1 billion	Community Services Block Grant
\$900 million	Low Income Home Energy Assistance Program



Education

Amount	Allocation
\$30.75 billion	<p>Education Stabilization Fund: does directly to states, local school districts, and institutions of higher learning</p> <ul style="list-style-type: none"> ▪ \$13.5 billion for Elementary and Secondary Education <ul style="list-style-type: none"> ○ Formula funding to go directly to the states ▪ \$14.25 billion for Higher Education ▪ \$3 billion for State Flexibility Funding <ul style="list-style-type: none"> ○ Allocated to states based on their needs to support schools and institutes of higher learning
\$100 million	Project SERV

Transportation

Amount	Allocation
\$10 billion	FAA: Airport Improvement Program (AIP)—distributed by formula
\$56 million	Essential Air Service (EAS): maintain air service to rural communities
\$25 billion	Federal Transit Administration (FTA)—Transit Infrastructure Grants

Housing & Urban Development

Amount	Allocation
\$5 billion	Community Development Block Grants
\$4 billion	Emergency Solutions Grants for individuals who are homeless or at risk of homelessness
\$300 million	Native American Programs to prevent homelessness
\$65 million	HOPWA grants to local communities, states, and nonprofit organizations

Individual Assistance

Treasury	
Type	Details
Individual Stimulus	<ul style="list-style-type: none">Individuals making less than \$75,000 annually will be given a stimulus check of \$1,200Couples who make less than \$150,000 annually will each get \$1,200An additional \$500 per child will be includedFor those making more than \$75,000, the amount is reduced until \$99,000 in earnings for individuals or \$198,000 for couplesAllotment is based on most recent tax return

Labor	
Type	Details
Unemployment Insurance	<ul style="list-style-type: none">Additional \$600/week in unemployment benefits—goal to have full wage replacementOpened to sole proprietors and independent contractorsUSDOL has not yet issued guidance to states on how to administer this expansion of benefits

This information was sourced from the CARES Act and government agency information.

Contact Us



Brandt Hershman
Partner
202-371-6374
brandt.hershman@btlaw.com



Lauren Hancock
Staff Attorney
202-408-6911
lauren.hancock@btlaw.com

Additional Contacts

Edward Ayob
Partner
202-371-6375
edward.ayob@btlaw.com

David Paragas
Partner
614-628-1407
david.paragas@btlaw.com

Craig Burkhardt
Partner
202-408-6903
craig.burkhardt@btlaw.com

Ron Miller
Of Counsel
202-408-6923
ronnie.miller@btlaw.com