Third COVID-19 Supplemental (The CARES Act) Overview - UPDATED

TO: The Mayor
FROM: Tom Cochran, CEO and Executive Director
DATE: March 27, 2020

The Senate has now passed The CARES Act (HR 748), and the House will act on it today. This 3rd response package to the COVID-19 pandemic totals over $2 trillion. Below are details on provisions we have been fighting for and/or that directly relate to cities.

In general, there are priorities contained in this legislation that were called for in our letter signed by 309 mayors requesting direct emergency assistance, a major disappointment related to eligibility levels for “Coronavirus Relief Funds”, significant new funding in existing programs that benefit cities and their residents, and issues that will need to be amended in a fourth supplemental that is already under discussion.

In addition, a number of new programs have been established that will need careful attention as we work with the federal agencies responsible for their implementation.

USCM staff contacts and email links for each of the program areas are provided. And you can always reach me directly at tcochran@usmayors.org / 202-744-9110 (cell).

CORONAVIRUS RELIEF FUND (Contact: Ed Somers)

Coronavirus Relief Fund: $150 billion is provided under a formula that divides the funding among the 50 states, the District of Columbia, the territories, and tribal governments. Within a state, only “units of local governments” with populations that exceed 500,000 are eligible to receive direct funding from the federal government as a portion of the State’s allocation. As the text reads, “the term ‘unit of local government’ means a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level with a population that exceeds 500,000.”

The U.S. Conference of Mayors and our members fought HARD with one day’s notice to get this threshold down to the CDBG eligible level of 50,000 population. We will keep this fight going up until the bill is passed by the House, and we will push for additional funding for cities in the next supplemental using a 50,000 CDBG population threshold.
The funds under this program can be used to cover only those costs of the State, Tribal government, or unit of local government that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

**OTHER MAJOR PROVISIONS/GRANT FUNDING**

There are many important provisions in this massive legislation - such as:

**Unemployment Insurance:** The bill significantly expands eligibility and benefit levels for Unemployment Insurance. Specifically the bill:

- Allows part-time, self-employed, and gig economy workers to access UI benefits through self-attestation (“self-certification” in the bill).
- Increases weekly benefits by $600 on top of state UI benefits.
- Waives waiting weeks, so benefits flow faster.
- Provides an additional 13 weeks of federally-funded unemployment insurance benefits.

**Health Care Providers:** The bill provides **$100 billion** to reimburse eligible health care providers for health care-related expenses or lost revenues directly attributable to COVID-19. Eligible providers are defined as public entities, Medicare- or Medicaid-enrolled suppliers and providers, and other for-profit and non-profit entities as specified by the Health and Human Services (HHS) Secretary. Funding will be on a rolling basis through “the most efficient payment systems practicable to provide emergency payment.”

**Direct Payments to Working Americans:** The bill provides for one-time “credit” payments of $1,200 to individual tax filers earning up to $75,000 AGI and heads of household earning up to $112,500 AGI. Joint filers earning up to $150,000 AGI are eligible for $2,400. An additional $500 will be made available to tax filers for each child under age 17. The credit amount will be reduced for individual filers earning over $75,000 AGI, heads of household earning over $112,500 AGI, and joint filers earning over $150,000 AGI. Credit amounts will be based on AGI from the 2019 tax year. Filers who have not filed for the 2019 tax year may apply 2018 AGI.

Below are highlight of many of other key GRANT, LOAN AND REIMBURSEMENT FUNDING that was included in The CARES Act and relates directly to USCM city priority programs - organized by federal departments or agencies.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Contact: Gene Lowe)**

**CDBG:** **$5 billion** to address COVID-19 (services for senior citizens, the homeless, and public health services). Of this, **$2 billion** will be distributed using the normal formula (70 percent to entitlement cities and counties, and 30 percent to the states). **$1 billion** will go to the states based on a formula developed by HUD for COVID-19; the states will allocate the funds to entitlement and non-entitlement communities. And **$2 billion** will go to the states and localities based on a formula to be developed by HUD in 30 days.

**Homelessness Assistance Grants:** **$4 billion** to state and local governments to address coronavirus among the homeless population. Additional waiver authority is provided to more effectively target the assistance to contain the spread of coronavirus among the homeless.
Tenant-Based Rental Assistance: $1.25 billion for the Section 8 voucher rental assistance program. The funding is for seniors, the disabled, and low-income working families, who will experience loss of income from the coronavirus.

Public Housing Operating Fund: $685 million for the additional operating assistance Public Housing Agencies will need to make up for reduced tenant payments, and to help contain the spread of coronavirus in public housing properties.

Project-Based Rental Assistance: $1 billion to make up for reduced tenant payments as a result of coronavirus.

Housing Opportunities for Persons with AIDS (HOPWA): $65 million to benefit low-income persons living with HIV/AIDS and their families.

Section 202 Housing for the Elderly: $50 million to maintain housing stability and services for low-income seniors. Seniors are especially vulnerable to the coronavirus.

Section 811 Housing for Persons with Disabilities: $15 million to make up for reduced tenant payments as a result of coronavirus.

Fair Housing: $2.5 million for additional fair housing enforcement.

SMALL BUSINESS ADMINISTRATION (Contact: Gene Lowe)

Emergency EIDL Grants: $10 billion for SBA emergency grants of up to $10,000 to provide immediate relief for small business operating costs.

Business Loans Program Account, CARES Act: $17 billion for SBA to cover 6 months of payments for small businesses with existing SBA loans.

DEPARTMENT OF COMMERCE (Contact: Larry Jones)

Economic Development Administration: $1.5 billion to support economic development for states and communities suffering economic injury as a result of the coronavirus. The EDA plays a critical role in facilitating regional economic development efforts in communities across the nation. The additional funds will be used to provide financial assistance to help local communities build greater capacity for economic development based on the conditions and needs of local businesses. Funds will also be used to assist local communities experiencing economic distress by helping them take control of their future, and position themselves for economic prosperity and resiliency.

DEPARTMENT OF JUSTICE (Contact: Laura DeKoven Waxman)

Byrne Justice Grants: $850 million, to be awarded using FY 2019 formula allocations to prevent, prepare for, and respond to the coronavirus. The legislation specifies that the funding shall not be subject to the restrictions and conditions imposed on awards in FY 2018 that forbid interference with federal law enforcement (the immigration-related conditions that Conference members are exempt from due to our thus far successful court challenge).
DEPARTMENT OF HOMELAND SECURITY (Contact: Laura DeKoven Waxman)

FEMA Disaster Relief Funding: $45 billion in total, with $25 billion of this to go to areas with major disaster declarations (currently the states of New York, California, Washington, Iowa, Louisiana, Texas, Florida, North Carolina, New Jersey, Illinois, Florida, Maryland and Missouri) and $15 billion for all purposes allowed under the Stafford Act.

Firefighter Grants: $100 million.


DEPARTMENT OF TRANSPORTATION (Contact: Kevin McCarty)

Amtrak/Intercity Passenger Rail: $1 billion is provided in support of intercity passenger rail services, with operating assistance to Amtrak to cover losses related to the coronavirus and to states for their share of the costs of state-supported routes.

Federal Transit Administration: $25 billion is to be made available by FTA within 7 days to all transit providers, allocating grant funding in proportion to selected (FY 2020) program apportionments. All operating and capital costs related to the coronavirus are eligible, with the expressed goal of keeping all transit systems running.

Federal Aviation Administration Grants: $9.9 billion is available in emergency assistance to commercial service airports through the Airport Improvement Program (AIP), with a share of this additional AIP grant funding allocated to airports using new formula factors (e.g., outstanding debt service and unrestricted reserves) beyond passenger enplanements. This additional AIP grant funding, to be available until expended, allocates $9.4 billion to airports to prevent, prepare for, and respond to coronavirus and $500 million to raise the federal share to 100 percent for projects funded with FY 2020 AIP funding. The legislation also provides $100 million in 100 percent federal funding for general aviation airports.

DEPARTMENT OF HEALTH AND HUMAN SERVICES (Contact: Dalen Harris)

Public Health and Social Services Emergency Fund: $27 billion in funding to the Public Health and Social Services Emergency Fund within HHS to prevent, prepare for, and respond to coronavirus - including the development of necessary countermeasures and vaccines, prioritizing platform-based technologies with U.S.-based manufacturing capabilities, the purchase of vaccines, therapeutics, diagnostics, necessary medical supplies, as well as medical surge capacity, addressing blood supply chain, workforce modernization, telehealth access and infrastructure, initial advanced manufacturing, novel dispensing, enhancements to the U.S. Commissioned Corps, and other preparedness and response activities. Within this amount, $250 million will be made available in grants or cooperative agreements to entities that are either grantees or sub-grantees of the HHS' Hospital Preparedness Program. In addition, at least $16 billion of these funds must be used to purchase products for the Strategic National Stockpile. Lastly, the funding bill includes a provision that additional funds that are provided in the Public Health and Social Services Emergency Fund may be used for grants for the construction, alteration, or renovation of non-federally owned facilities to improve preparedness and response capability at the State and local level. However, the legislation does not provide an approximate figure that will be allotted for this purpose.
**CDC: $4.3 billion** for the Center for Disease Control and Prevention (CDC), of which **$1.5 billion** will be designated to CDC’s State and Local Preparedness Grants for state and local preparedness and response activities. Additionally, funds provided under this account can be used for grants for the rent, lease, purchase, acquisition, construction, alteration, or renovation of non-federally owned facilities to improve preparedness and response capability at the State and local level.

**Child Care and Development Block Grant: $3.5 billion** in grants to states for child care assistance for low-income families within the United States due to decreased enrollment or closures related to coronavirus. States are encouraged to use a portion of funds received to continue to pay the salaries and wages of childcare workers’ staff and to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to coronavirus by public officials - without regard to the income eligibility requirements.

**Health Centers: $1.3 billion** in funding for HRSA Community Health Center Program to expand the capacity to provide testing, triage, and care for COVID-19 and other health care services at existing health centers across the country.

**Community Services Block Grant: $1 billion** in funding for HHS’ Community Service Block Grant Program for grants to states and local community-based organizations to provide a wide-range of human, social services and emergency assistance.

**Older Americans: $955 million** for HHS’ Administration for Community Living, Aging and Disability Services Programs which includes funding to state and local governments for aging and disability services programs, including senior nutrition; home and community-based supportive services; family caregivers; elder justice; and independent living.

**Low Income Home Energy Assistance Program (LIHEAP): $900 million** in grants to states to support home energy assistance for low-income households affected by coronavirus.

**Head Start: $750 million** for grants to local agencies providing Head Start services that support children’s growth and development.

**Mental Health: $425 million** to the Substance Abuse and Mental Health Services Administration (SAMHSA) to address mental health and substance use disorders as a result of the coronavirus pandemic. This includes **$250 million** for Community Behavioral Health Clinics Expansion Grant Program; and **$100 million** for SAMHSA Emergency Response Grants in flexible funding to address mental health, substance use disorders, and provide resources and support to youth and the homeless during the pandemic.

**Maternal Care and Infant Mortality: $125 million** for HRSA Maternal and Health Care Health Start Program and funds the program at this amount annually from fiscal year 2021 through 2025.


**Family Violence Prevention and Services: $45 million** to HHS’ Family Violence Prevention and Services Formula Grants to States to provide additional support to family violence shelters, and $2 million in additional support for the National Domestic Violence Hotline.
Runaway and Homeless Youth Programs: $25 million in funding for the HHS Runaway and Homeless Youth Programs which provides grants to community-based public and private agencies for the provision of outreach, crisis intervention, emergency shelter, counseling, family reunification and aftercare services to runaway and homeless youth.

DEPARTMENT OF AGRICULTURE (Contact: Dalen Harris)

SNAP: $15.5 billion in additional funding for the Supplement Nutrition and Assistance Program (SNAP).

Child Nutrition Programs: $8.8 billion in additional funding for child nutrition programs – which includes the National School Lunch Program (NSLP), the School Breakfast Program (SBP), the Summer Food Service Program (SFSP), the Child and Adult Care Feeding Program (CACFP), School Milk Program and others.

Emergency Food Assistance Program: $450 million for commodities and distribution of emergency food assistance through community partners, including food banks.

DEPARTMENT OF LABOR (Contact: Kathy Amoroso)

Dislocated Worker National Reserve: $360 million in funding to help states and cities respond to workforce impacts and layoffs resulting from the coronavirus. This includes $15 million in funding for Program Management to implement the paid leave and emergency Unemployment Insurance (UI) stabilization activities.

Local Workforce System: The bill increases the administrative set-aside for local workforce development boards to 20 percent, to assist in emergency response. The same section also gives governors authority to immediately spend unobligated “governor’s reserve” funds for rapid response.

DEPARTMENT OF EDUCATION (Contact: Kathy Amoroso)

Elementary and Secondary Education: $13.5 billion in formula funding to help schools respond to coronavirus and related school closures, meet the immediate needs of students and teachers, improve the use of education technology, support distance education, and make up for lost learning time.

Higher Education: $14.25 billion in funding to directly support students facing urgent needs related to coronavirus, and to support institutions as they cope with the immediate effects of coronavirus and school closures. This provides targeted formula funding to institutions of higher education, as well as funding for minority serving institutions and HBCUs.

State Flexibility Funding: $3 billion in flexible formula funding to be allocated by states based on the needs of their elementary and secondary schools and their institutions of higher education.
Project SERV: $100 million in targeted funding for elementary and secondary schools and institutions of higher education to respond to the immediate needs of coronavirus and the effect on students.

INDEPENDENT AGENCIES (Contact: Tom McClimon)

National Endowment for the Arts (NEA): $75 million to state and local governments’ arts agencies and nonprofit arts organizations for operating expenses with matching requirements waived. A 60-40 percent (local-state) split in funding.

National Endowment for the Humanities (NEH): $75 million to state and local governments’ humanities agencies and nonprofit humanities organizations for operating expenses with matching requirements waived. A 60-40 percent (local-state) split in funding.

OTHER (Contacts: Larry Jones for Items 1 and 2 or Dalen Harris for Items 3 and 4)

$454 billion "Economic Stabilization Fund": This provision permits the U.S. Treasury to "purchase obligations {of States, local governments, instrumentalities and political subdivisions of them} or other interests in secondary markets or otherwise" thus permitting the Federal Reserve to participate as an institutional investor in securities that mature in greater than 6 months. This fund also provides loans and loan guarantees to small businesses.

Paid Sick Leave Fix: The bill does NOT contain an amendment we sought to remove a provision from the “The Families First Coronavirus Response Act” (H.R. 6201) that requires states, local governments and their political subdivisions and instrumentalities to provide paid sick leave, and expressly prohibits these governmental entities from receiving the tax credits available to private employers.

Medicaid DSH: The bill eliminates the $4 billion in Medicaid Disproportionate Share Hospital (DSH) cuts in FY 2020, and reduces the cut for FY 2021 to $4 billion from $8 billion. The legislation does not add any additional cuts after the current end-date of FY 2025.

TANF: The bill provides a very short extension of the Temporary Assistance for Needy Families (TANF) Program until November 30, 2020.