

Summary of Senate Passage of CARES Act, Third COVID-19 Response Package

On March 26, the Senate unanimously approved the CARES Act (H.R. 748), a \$2 trillion emergency package intended to stave off total economic collapse in the wake of the coronavirus crisis. The final vote was 96-0. (See [bill text](#) and [summary](#).) The House is expected to vote on the bill on Friday.

SUPPORT FOR CITIES

STATE & LOCAL CORONAVIRUS RELIEF FUND - Under the legislation, \$139 billion is reserved to be distributed between states and units of local government. Although widely reported \$150 billion, much is earmarked for the District of Columbia, territories, and tribal governments.

A unit of local government is 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 funds shall be distributed to states and units of local governments no later than 30 days after the enactment of the bill. The funds may only be used for 1) “necessary expenditures” related to COVID-19; 2) are not accounted for the budget most recently approved as of the date of enactment of this section for the State or government; 3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

Each state is allocated a minimum of \$1.25 billion but will be prorated by population.

When a unit of local government receives funds, it will reduce the amount available to its own state by the amount a unit of local government receives. No local government may receive more than 45% of a state’s proportion of the amount. There is no provision that requires a state government to distribute money to local governments.

TREASURY LOANS - The Treasury Department will deploy up to \$500 billion of loans that will be available to industries impacted by COVID-19 but also available to cities and states.

TRANSPORTATION

- AIRPORTS
 - FAA’s Airport Improvement Program (AIP) will see an infusion of \$10 billion to maintain operations and respond to COVID-19 at our nation’s airports. AIP funds will be distributed by formula. (**)
 - Essential Air Service (EAS) – \$56 million provided to maintain existing air service to rural communities. This funding is necessary to offset the reduction in overflight fees that help pay for the EAS program. (**)
 - TSA Additional Support – Additional \$1 million to support response and protective equipment.

- **TRANSIT**
 - Federal Transit Administration (FTA) Transit Infrastructure Grants – \$25 billion for transit providers, which are primarily led by local governments across the country, for operating and capital expenses. Funding will be distributed proportionally using existing FTA formulas - 5307 Urbanized Area Formula, 5311 Rural Formula, 5337 State of Good Repair Formula and 5340 Growing and High-Density States Formula. FTA is required to release these funds within 7 days of enactment. (*)

- **RAIL**
 - Amtrak – Provides \$492 million in grants for the Northeast Corridor and \$526 million in grants for the broader national network to cover revenue losses related to coronavirus. In addition, funding is provided to help states pay for their share of the cost of state supported routes.

CONNECTIVITY

- U.S. Department of Agriculture – Provides an additional \$25 million for the existing Distance Learning, Telemedicine, and Broadband Program, plus \$100 million to extend the ReConnect competitive rural broadband grant/loan program through 2021.
- Department of Veterans Affairs – Allows flexibility for VA to contract for short-term broadband services to high-risk and rural veterans for them to access video mental health services.
- Federal Communications Commission – Provides \$200 million to the FCC for telehealth pilot program funding.

RURAL DEVELOPMENT

- Rural Development Programs: \$20.5 million for the cost of loans for rural business development programs (**)

NUTRITION AND FINANCIAL ASSISTANCE

- Supplemental Nutrition Assistance Program (SNAP): \$15.5 billion additional SNAP benefits to provide additional access to food for those who need support.
- Child Nutrition Programs: \$8.8 billion to ensure food access for children outside of school.
- Temporary Assistance for Needy Families Program and Related Programs extension through 2021 to Nov. 30, 2020.
- Low Income Home Energy Assistance Program: \$900 million to help lower income households heat and cool their homes.

HEALTH AND HUMAN SERVICES

- Community Services Block Grant: \$1 billion to support projects such as addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.
- Centers for Disease Control and Prevention: \$4.3 billion to support the coronavirus response, including \$1.5 billion to support states and local areas, tribes and territories for equipment, testing, mitigation and preparedness. (*)

- Clean extension of the Health Profession Opportunity Grant program until November 30, 2020. This program provides skills training and support for those in the health care sector. NLC supports making this program permanent.

EDUCATION AND EARLY CHILDHOOD

- Education Stabilization Fund: \$30.75 billion for costs incurred by schools including those for planning for long-term closure, additional technology to enable distance learning as well as funds to be directed towards districts impacted the most. (**)
- Head Start: \$750 million to Head Start programs to meet the needs of children and families, as well as allowing for expansion of summer programs.
- Child Care Development Block Grant: \$3.5 billion for child care subsidies for low-income families with children under age 13, as well as flexibility to pair state and federal funds to improve the quality of child care available to families within existing state and local systems.

LABOR

- Workforce training and supportive services: \$360 million to invest in programs that provide training and supportive services for dislocated workers, seniors, migrant farmworkers, and homeless veterans. This also includes funding for DOL agencies to ensure new Paid Leave and UI benefits are implemented swiftly and effectively.

ENVIRONMENT

- Superfund program: \$770,000 to prevent, prepare for, and respond to coronavirus, domestically or internationally for necessary expenses for cleaning and disinfecting equipment or facilities of, or for use by, the U.S. Environmental Protection Agency

COMMERCE

- EDA Economic Adjustment Assistance Program (EAA): \$1.5 billion to assist state and local entities with a wide range of technical, planning, and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time. (**)
- Manufacturing Extension Partnership: \$50 million to assist manufacturers to prevent, prepare for, and respond to coronavirus.

SMALL BUSINESS ADMINISTRATION

- Economic Injury Disaster Loans: \$562 million to assist small businesses impacted by COVID-19 response measures. The bill makes several loan eligibility adjustments to permit more businesses to qualify.

HOUSING AND COMMUNITY DEVELOPMENT

- Community Development Block Grants: \$5 billion. Of that amount, \$2 billion direct allocation to states and local governments through the regular program formula; \$1 billion to states; and the remaining \$2 billion will be allocated by HUD to state and local governments based on need. The measure also suspends the 15% services cap so that grantees may spend additional funds on assistance to low-income households. (**)

- Homeless Assistance Grants: \$4 billion. Of that amount, \$2 billion allocation by formula to current grantees; and \$2 billion allocation by HUD to state and local governments based on need. (**)
- Tenant-Based Rental Assistance: \$1.25 billion for rental assistance to low-income individuals.
- Project-Based Rental Assistance: \$1 billion for assistance to owners or sponsors of properties receiving federal subsidies to house low-income individuals.
- Public Housing Operating Fund: \$685 million to provide housing stability for public housing residents with reduced income as a result of COVID-19. (Funding goes directly to Public Housing Agencies rather than municipal governments)
- Housing for the Elderly: \$50 million
- Housing for Persons with Disabilities: \$15 million

LAW ENFORCEMENT, PUBLIC SAFETY & CRIMINAL JUSTICE

- Resources for Federal, State and Local Law Enforcement: \$850 million for the Byrne-Justice Assistance Grant Program (Byrne-JAG). The funding can be used to purchase personal protective equipment and other needs to help law enforcement with responding to the COVID-19 pandemic. The awards will not be subject to restrictions or special conditions imposed on awards under FY 2018 Byrne-JAG grants, that forbid interference with Federal law enforcement. (*)
- Federal Bureau of Prisons: \$100 million.
- Federal Law Enforcement: \$55 million for the Federal Bureau of Investigation, Drug Enforcement Administration, U.S. Marshals Service, and U.S. Attorneys.
- Federal Judiciary: \$7.5 million for three accounts in the Judicial Branch including the Supreme Court and U.S. District Courts.
- Family Violence Prevention Services: \$45 million to support families during this uncertain time, and to prevent and respond to family and domestic violence, including offering shelter and supportive services to those who need it. (**)
- 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. (**)

PERSONAL PROTECTIVE EQUIPMENT

- Defense Production Act: \$1 billion to allow the Department of Defense to invest in manufacturing capabilities that are key to increasing the production rate of personal protective equipment and medical equipment to meet the demand of healthcare workers across the nation.
- Assistance to Firefighter Grants: \$100 million for personal protective equipment for first responders. (*)
- Personal Protective Equipment: \$178 million for the Department of Homeland Security to ensure front line federal employees have personal protective equipment.

DISASTER ASSISTANCE

- Disaster Relief Fund: \$45 billion to provide for the immediate needs of state, local, tribal, and territorial governments. Reimbursable activities may include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures, and community services nationwide. (**)
- Emergency Management Performance Grants: \$100 million for state, local, territorial, and tribal governments to support coordination, communications, and logistics.
- National Guard: \$1.4 billion for deployments to sustain up to 20,000 members of the National Guard, under the direction of the governors of each state, for the next six months in order to support state and local response efforts.
- FEMA's Emergency Food and Shelter Program: \$200 million for shelter, food, and supportive services through local service organizations. (**)
- Expansion of Military Hospital: \$1.5 billion to alleviate the anticipated strain on both the military and civilian healthcare systems, these funds will nearly triple the 4,300 beds available in military treatment facilities today.

ELECTIONS

- Election Grants: \$400 million for states to help prepare for the 2020 elections.

DEADLINE EXTENSIONS

- 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.

MUNICIPAL BONDS

The \$454 billion "Economic Stabilization Fund" permits the Treasury Department to "purchase obligations or other interests in secondary markets or otherwise." This will allow the Federal Reserve to be an institutional investor in securities that mature in greater than 6 months. Note: This fund also provides loans and loan guarantees to small businesses, so not all the \$454 billion will be used for bond the purchase of securities.

*Denotes program where funds go entirely to local governments.

**Denotes program where a portion of the funds go to local governments.