

Coronavirus Aid, Relief, and Economic Security (CARES) Act Summary Report



Miami-Dade Transportation
Planning Organization



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Introduction

The **Coronavirus Aid, Relief, and Economic Security Act, or CARES Act**, is the \$2 trillion response to the novel coronavirus pandemic passed by the U.S. Senate on March 25, 2020. Prior to this vote, the CARES Act was introduced as the Middle Class Health Benefits Tax Repeal Act (H.R. 1865), which the Senate replaced the text in whole with the coronavirus stimulus bill. The Middle Class Health Benefits Tax Repeal Act was enacted on December 20, 2019 and would formally repeal the 40% “Cadillac Tax” provision of the 2010 Affordable Care Act. Widely known as Obamacare, the 2010 Affordable Care Act included a planned 40% tax provision on any employer-sponsored health insurance plan above \$10,200 for an individual or \$27,500 for a family. This provision of the Obamacare is known as the “Cadillac Tax” since it was promoted as a tax on the most expensive companies’ health insurance plans.

Overall, the CARES Act will do the following:

- For Transportation (refer to **Title XII – Department of Transportation** on **Page 6** for more details):
 - Provides \$1,753,000 to prevent, prepare for, and respond to coronavirus, including necessary expenses for operating costs and capital outlays.
 - Adds \$56,000,000 to the Essential Air Service and Rural Improvement Fund of the Federal Aviation Administration (FAA) from the general fund of the Treasury to mitigate coronavirus impacts.
 - Creates Grants-In-Aid for Airports for a total of \$10,000,000,000, to be available for sponsors of airports defined in Section 47102 of Title 49, United States Code.
 - Delivers \$250,000 for the Federal Railroad Administration (FRA) to use on Safety and Operations until September 30, 2021.
 - Grants \$492,000,000 for the Northeast Railroad Corridor to respond to coronavirus
 - Gives \$526,000,000 to the National Network Grants for the National Railroad Passenger Corporation.
 - Provides \$25,000,000,000 to the Federal Transit Administration (FTA) for “Transit Infrastructure Grants” to prevent, prepare for, and respond to coronavirus.
 - Offers \$3,134,000 to the Maritime Administration for operations and training until September 30, 2021.
- For Individuals:
 - Sends a one-time \$1,200 to each American making \$75,000 a year or less (based on 2018 or 2019 tax filings and with phaseout limit of \$99,000) plus \$500 per dependent (with certain restrictions).
 - Adds \$600/week to unemployment benefits for four months and broadening eligibility requirements.
 - Adds 13 weeks of unemployment insurance.
 - Creates a new, temporary Pandemic Unemployment Assistance program to help people who have been impacted directly as a result of the public health emergency.
 - Provides relief for those with federally backed mortgages.
 - Delays student loan payments.
- For Small Businesses (500 or fewer employees):
 - Provides \$10 billion for grants of up to \$10,000 to cover immediate operating costs.
 - Allocates \$350 billion for the Small Business Administration to provide loans of up to \$10 million per business for operating expenses and debt forgiveness if businesses retain employees through the end of June.
 - Authorizes \$17 billion to cover six months of payments for existing SBA loans.

- For Big Businesses:
 - Makes \$500 billion of loans or investments to businesses, states, and municipalities.
 - Offers \$32 billion in grants and loans to the airline industry.
- For Public Health:
 - Increases Medicare reimbursements for treating coronavirus.
 - Gives \$100 billion to hospitals and health providers.
 - Provides \$1.32 billion in immediate additional funding for community centers that provide health care services for roughly 28 million people.
 - Funds \$11 billion for diagnostics, treatments, and vaccines.
 - Sets-aside \$20 billion for veteran’s health care.
 - Reauthorizes a critical telehealth program.
 - Includes \$80 million for the FDA to prioritize and expedite approval of new drugs.
 - Gives \$16 billion to the Strategic National Stockpile for medical supplies.
- For Schools and Non-profits:
 - Offers \$8.8 billion for schools to be more flexible in providing meals for students.
 - Authorizes \$15.5 billion to the Supplemental Nutrition Assistance Program (SNAP)
 - Give \$750 million to food banks and programs for food assistance and food distribution.
 - Offers \$13 billion for K-12 schools, \$14 billion for higher education and \$5.3 billion for programs for children and families, including immediate assistance to childcare centers.
- For State and Local Governments:
 - Designates \$339.8 billion for programs that will go to state and local governments.
 - Includes \$274 billion toward specific COVID-19 response efforts.
 - Provides \$5 billion for Community Development Block Grants.

The CARES Act also includes a long list of other areas receiving funding such as arts programs, universities, and other institutions. This memorandum explores the impacts of the CARES Act on transportation planning and construction as applicable to Miami-Dade County.

CARES Act Summary

Division A – Keeping Workers Paid and Employed, Health Care System Enhancements, And Economic Stabilization

Title I – Keeping American Workers Paid and Employed Act

Title I applies to small businesses as per the Small Business Act (15 U.S.C. 636). However, the Act extends to additional businesses and organizations in section (D). Included in the expanded list are nonprofit organizations that are eligible for a covered loan during the covered period. Eligibility for the covered loan depends on whether the organization’s workforce is below 500 employees or “the size standard in number of employees established by the Administration for the industry in which the business concern, nonprofit organization, veteran’s organization, or Tribal business concern operates.” The remaining sections of the Act, Title 1, explicitly covers small business concerns within the scope of compensation and employment and does not address funding opportunities for transportation investment in the interest of the TPO and/or Miami-Dade County.

Title II – Assistance for American Workers, Families, and Businesses

The provisions set out in Title II address unemployment insurance assistance during a pandemic. This title further outlines relief for emergency unemployment for governmental entities and nonprofit organizations with regard to the amount of Federal funding, timeframes for reimbursements, and corresponding terms. The Federal-State Agreements mentioned in Title II solely address matters involving labor employment, staffing and compensation; the same applies for any mention of funding in Title II.

Title III – Supporting America’s Health Care System in The Fight Against the Coronavirus

Title III of the CARES Act is primarily concerned with the health industry. This title addresses the medical supply chain to avoid or mitigate shortages as a national defense issue, discusses health care access for COVID-19 patients and health care providers, and relaxes requirements to incentive drug manufacturing innovations. Furthermore, this title covers educational and labor provisions to relief Americans impacted by the pandemic. Of note, Subtitle A – Health Provisions requires the Secretary of Health and Human Services and the National Academies of Sciences, Engineering, and Medicine to examine and report on the security of the United States medical product supply chain to address vulnerabilities.

Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of The United States Economy

Subtitle A – Coronavirus Economic Stabilization Act of 2020, includes provisions for making loans and loan guarantees to eliminate some of the regulatory oversight created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Economic Stabilization Act of 2008, and other Federal statutes. Highlights include a large loan/loan guarantee provision for the airline and other industries, a mid-sized direct loan program, which will allow for the issuance of loans to businesses of 500-10,000 employees at a 2.00% annual interest rate, and a number of consumer protections, including credit protection, residential mortgage forbearance, and a moratorium on foreclosures and evictions.

Section 4003 establishes a fund of \$500 billion overseen by the Department of Treasury to “provide liquidity to eligible businesses, States, and municipalities related to losses incurred as a result of coronavirus.” This low-interest loan funding is split into various tranches for different categories of recipients, including:

- 1) Loans and guarantees to passenger air carriers and other air-related businesses (\$25 billion);
- 2) Loans and guarantees to cargo air carriers (\$4 billion);
- 3) Loans and guarantees to “businesses critical to maintaining national security” (\$17 billion); and
- 4) Loans, guarantees and investments in programs and facilities established by the Federal Reserve to provide liquidity into the financial system (\$454 billion).

This title is also concerned with corporate restrictions for business utilizing available grants and loans, consumer credit protection and rights throughout the health crisis, and housing relief. Furthermore, this title addresses financial assistance to companies in the aviation industry and their employees.

Title V – Coronavirus Relief Fund

The Coronavirus Relief Fund (Fund) appropriates \$150,000,000,000 for fiscal year 2020 from the U.S. Treasury for payments to the states, tribal governments, and units of local governments. The Fund provisions can be found as a new Title VI to the Social Security Act (42 USC §301, et seq.). The Fund reserves \$3,000,000,000 for distribution among the District of Columbia, Commonwealth of Puerto Rico, United States Virgin Islands, Guam, Commonwealth of the Northern Mariana Islands and American Samoa. It also reserves \$8,000,000,000 for tribal governments.

No later than 30 days from enactment, the Treasury Secretary will pay each state, tribal government, and unit of local government its share. Payments will be made directly to a defined unit of local government that has submitted the required certification for direct payment. That certification must identify the necessary expenditures incurred during the public health emergency and the shortfall from the previously approved budget. However, that amount will be deducted from what that individual state will receive based on the “relative unit of local government population proportion amount described in subsection (c)(5).” This provision creates a competition for funding between the states and their local units of government for the share allocated from the Fund.

The amounts paid to the states will be based on the relative population proportion amount determined for the 2020 fiscal year. Each state will receive a minimum payment of \$1,250,000,000. The Treasury Secretary will determine the relative state population proportion by the percentage of the state’s population to that of all 50 states for the 2020 fiscal year, excluding the District of Columbia and all territories. Similarly, any reduction to the state for any payments made to units of local government will be based on the application of a cap of 45% of what the state is to receive by the percentage of that local government unit’s population to the overall state population for the 2020 fiscal year.

All payments from the Fund will be used for:

- 1) Necessary expenditures due to the public health emergency from COVID-19;
- 2) Expenditures not already part of an approved budget of a state or government; and
- 3) Expenditures incurred during the period of March 1, 2020 through December 30, 2020.

To receive payments from the Fund, units of local government must submit a certification to the Treasury Secretary signed by the Chief Executive Officer for that local government unit stating that its proposed use of the funds are consistent with these three conditions. The Inspector General of Treasury is responsible for receipt, disbursement and use of payments from the Fund. The Inspector General will determine and recover any payments received in violation of the Fund requirements. An additional \$35,000,000 is appropriated for the Inspector General for performance of these functions.

Division B – Emergency Appropriations for Coronavirus Health Response and Agency Operations

Division B of the CARES Act describes sums appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending on September 30, 2020. Only titles related to transportation are summarized herein.

Title II – Department of Commerce

Includes \$3.079 billion in funding to support economic development, invest in basic science, and provide resources for Federal, state, and local law enforcement and prisons to respond to this public health crisis.

Title III – Department of Defense

Includes \$10.5 billion for the Department of Defense, primarily for the protection of members of the Armed Forces, their families, and military retirees from coronavirus. The bill also includes funding for specific efforts which leverage unique capabilities of the Department of Defense to contribute to a whole-of-government response to the pandemic.

Title IV – Corps of Engineers-Civil

Includes \$221 million for agencies to respond to coronavirus impacts on operations, including equipment and IT support to improve teleworking capabilities vital to continued operations, as well as supporting research into the coronavirus by the Department of Energy.

Title VI – Department of Homeland Security

\$100,000,000 is to remain available until September 30, 2021 and is designated for cleaning and sanitization at checkpoints and other airport common areas; overtime and travel costs; and explosive detection materials.

Title VII – Department of The Interior

\$69,000,000 is to remain available for the Bureau of Indian Education until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally, including, but not limited to, funding for tribal colleges and universities, salaries, transportation, and information technology.

Title XII – Department of Transportation

Federal Aviation Administration

This title provides Grants-In-Aid for airports. \$10,000,000,000 is to remain available until expended, to prevent, prepare for, and respond to coronavirus.

- 1) Not less than \$7,400,000,000 shall be available for any purpose for which airport revenues may be lawfully used: 50 percent of the funds shall be allocated among all commercial service airports based on each sponsor's calendar year 2018 enplanements as a percentage of total 2018 enplanements for all commercial service airports; the remaining 50 percent of the funds shall be allocated among all commercial service airports based on an equal combination of each sponsor's fiscal year 2018 debt service as a percentage of the combined debt service for all commercial service airports and each sponsor's ratio of unrestricted reserves to their respective debt service.
- 2) Up to \$2,000,000,000 shall be available for any purpose for which airport revenues may be lawfully used. Any remaining funds after the apportionment shall be distributed as described in paragraph 2.
- 3) Not less than \$100,000,000 shall be for general aviation airports for any purpose for which airport revenues may lawfully be used, and which the Secretary shall apportion directly to each eligible airport based on the categories published in the most current National Plan of Integrated Airport Systems.

Federal Railroad Administration

- Northeast Corridor Grants to the National Railroad Passenger Corporation: \$492,000,000 is to remain available until expended, to prevent, prepare for, and respond to coronavirus, including to enable the Secretary of Transportation to make or amend existing grants to the National Railroad Passenger Corporation for activities associated with the Northeast Corridor.
 - Amounts made available under the Fixing America's Surface Transportation Act may be transferred to and merged with "National Network Grants to the National Railroad Passenger Corporation."
- National Network Grants to the National Railroad Passenger Corporation: \$526,000,000 is to remain available until expended, to prevent, prepare for, and respond to coronavirus, including to enable the Secretary of Transportation to make or amend existing grants to the National Railroad Passenger Corporation for activities associated with the National Network.
 - A state shall not be required to pay the National Railroad Passenger Corporation more than 80 percent of the amount paid in fiscal year 2019 under section 209 of the Passenger Rail Investment and Improvement Act of 2008 and that not less than \$239,000,000 of the amounts made available under this heading in this Act shall be made available for use in lieu of any increase in a State's payment.
 - Amounts made available under the Fixing America's Surface Transportation Act may be transferred to and merged with "Northeast Corridor Grants to the National Railroad Passenger Corporation."

Federal Transit Administration

Transit Infrastructure Grants: \$25,000,000,000 is to remain available until expended, to prevent, prepare for, and respond to coronavirus.

- Funds shall be apportioned using the fiscal year 2020 apportionment formulas.
- Not more than three-quarters of 1 percent, but not to exceed \$75,000,000 of the funds for transit infrastructure grants provided shall be available for administrative expenses and ongoing program management oversight as authorized.
- Funds provided are available for the operating expenses of transit agencies related to the response to a coronavirus public health emergency as described in Section 319 of the Public Health Service Act, including, beginning on January 2020, reimbursement for operating costs to maintain service and lost revenue due to the coronavirus, including the purchase of personal protective equipment and paying the administrative leave of operations personnel due to reductions in service, provided that such operating expenses are not required to be included in a transportation improvement program, long-range transportation, statewide transportation plan, or a statewide transportation improvement program.
- The amount made available under this heading in this Act shall be derived from the general fund and shall not be subject to any limitation on obligations for transit programs set forth in any Act.

General Provisions

- Highway Safety Grants Emergency Authority: The Secretary of Transportation may waive or postpone any requirement or postpone any requirement under Sections 402, 404, 405, or 412 of Title 23, United States Code, Section 4001 of the FAST Act (Public Law 114–94; 129 Stat. 1497), or part 1300 of Title 23, Code of Federal if the Secretary determines that-
 - The Coronavirus disease is having a substantial impact on:
 - The ability of States to implement or carry out any grant, campaign, or program under those provisions; or
 - The ability of the Secretary to carry out any responsibility of the Secretary with respect to a grant, campaign, or program under those provisions; or
 - The requirements of those provisions are having a substantial impact on the ability of States or the Secretary to address the Coronavirus Disease 2019 (COVID–19).



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