



Overview of Congressional Stimulus Packages

The U.S. Congress passed three new economic stimulus laws in March 2020 to address the expanding impact of the Coronavirus pandemic on the country's public health system and economy.

Phase 1—Coronavirus Preparedness and Response Supplemental Appropriations Act ([H.R. 6074](#)), signed into law March 6, 2020, is an \$8.3 billion emergency funding bill designed to treat and prevent the spread of COVID-19 and enable small businesses and non-profits to access Economic Injury Disaster Loans for reasons related to the Coronavirus pandemic. A brief overview is below.

- Authorizes Governors in each state to make an Economic Injury Disaster Loan (EIDL) declaration to allow small businesses and non-profits to access EIDL loans for reasons related to the Coronavirus pandemic. All states have made such a declaration.
- For qualified recipients, EIDL loans offer up to \$2 million in assistance to help overcome a temporary loss of revenue.
- The interest rate is 3.75% for small businesses and 2.75% for non-profit organizations with a term of up to 30 years.
- The loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of the COVID-19 impact.

Phase 2—The Families First Coronavirus Response Act ([H.R. 6201](#)), signed into law March 18, 2020, is designed to provide immediate relief to individuals out of work due to COVID-19. This law focuses on targeted relief for businesses, individual employees, and certain self-employed individuals. A brief overview is below.

- Up to two weeks of paid leave is available for employees and self-employed individuals who must self-quarantine or seek treatment due to COVID-19.

- Up to two weeks of paid leave is available for employees and self-employed individuals who are caring for others who must self-quarantine or seek treatment due to COVID-19.
- Up to 10 additional weeks of paid leave is available for employees and self-employed individuals who are caring for a child because the child's school is closed.
- Businesses and self-employed individuals receive tax credits to pay for sick and family medical leave due to COVID-19.
- Additional funding is provided for unemployment insurance programs to increase capacity and accommodate more applicants.
- Unemployment insurance requirements are streamlined to make it easier for people to access unemployment assistance (waivers of work search requirements, waiting periods, etc.).

Phase 3—The Coronavirus Aid, Relief, and Economic Security Act or “CARES Act” ([H.R. 748](#)), signed into law on March 27, 2020, is designed to provide broader economic stimulus to individuals and businesses, including specific relief for heavily impacted industries. A brief overview is below.

Relief for Individuals

- Direct cash payments to individuals (\$1,200 per adult who earns less than \$75,000/year and an additional \$500 per child under age 17). These payments scale down and phase out completely at \$99,000 for singles and \$198,000 for couples (based on 2019 tax returns).
- Temporary waiver of the 10% early withdrawal penalty on retirement accounts.
- Deferral of student loan payments through September 30, 2020.

Expanded Unemployment

- Eligibility for unemployment assistance is expanded to include self-employed individuals, part-time workers, and independent contractors.

- Unemployed workers get an additional \$600/week from the federal government on top of the amount paid by the state in which they file.
- The additional \$600/week will be available through July 31, 2020.
- Unemployment benefits will be available for an additional 13 weeks beyond the regular number of weeks allowed by the state in which the worker files.
- The expanded unemployment coverage will be available through December 31, 2020.
- States can waive the one-week waiting period typically required for all unemployment applicants.
- States must provide flexibility in the requirement that benefit recipients actively search for work.
- Workers who are able to telework with pay or who are receiving paid leave will not be eligible for unemployment assistance.

Relief for Small Businesses

- The CARES Act provides significant additional funding for Small Business Administration (SBA) loan programs to help small businesses and nonprofits cover operating expenses during the Coronavirus outbreak.
- The SBA 7(a) loan program will be expanded, enhanced, and streamlined under the new “Paycheck Protection Program.” During the covered period of February 15, 2020 – June 30, 2020, loans under the Paycheck Protection Program can be used for payroll costs, costs to continue health care benefits, interest payments on mortgages and debt obligations, rent, and utilities.
- The portion of an SBA 7(a) loan attributable to expenditures on payroll costs, interest payments on mortgages and debt obligations, rent, and utility payments for an 8-week period from the origination date of the loan may be forgiven in full.
- To receive full forgiveness, the employer must maintain the same number of FTE employees as the business had during the period February

15, 2019 – June 30, 2019, OR the period January 1, 2020 – February 29, 2020 (borrower's choice).

- Seasonal employers must maintain the same number of FTE employees as the business had during the period February 15, 2019 – June 30, 2019.
 - SBA 7(a) loans under the Paycheck Protection Program may be for up to 2.5 times the payroll costs incurred by the business in the previous year.
 - Portions of the loan not forgiven are subject to an interest rate of 4%, for a term up to 10 years.
 - SBA Economic Injury Disaster Loans (EIDL) for up to \$2 million are also available.
 - Applicants for an EIDL loan can receive an emergency EIDL grant up to \$10,000 within three days of the loan application being received.
 - Emergency grant funds can be used for paying sick leave due to COVID-19, maintaining payroll, making rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.
 - An applicant shall not be required to repay any amounts of an emergency EIDL grant even if subsequently denied an EIDL loan.
 - Portions of the loan not forgiven are subject to an interest rate of 3.75% (businesses) and 2.75% (non-profits), for a term up to 30 years.
 - Business losses incurred in 2020 can be carried back up to 5 years to reduce past tax liabilities.
 - Payroll taxes due in 2020 can be deferred for the remainder of the year and paid back in 2 years.
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