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## Overview of Benefits in CARES Act

The CARES Act is the third piece of federal emergency legislation to address the coronavirus pandemic. It was signed into law on March 27, 2020.

### Emergency Increase in Unemployment Benefits (Section 2104)

- States can increase the weekly benefit that an individual would otherwise qualify for by \$600 a week
- For example, the maximum California benefit is normally \$450 a week; under this program, it will be \$1,050 a week
- The \$600/week boost expires July 31, 2020

### Pandemic Emergency Unemployment Compensation (Section 2107)

- Through July 31, 2020, if an individual's eligibility for unemployment insurance expires, it will be extended for an additional 13 weeks
- For California, this means a total of 39 weeks of eligibility, instead of 26 weeks

### Pandemic Unemployment Assistance (PUA) (Section 2102)

- A temporary 39-week program to provide unemployment benefits to those
  - **who do not qualify under their state's regular unemployment insurance** program or who have exhausted those benefits, **and**
  - who self-certify that they are (1) partially or fully unemployed, or (2) unable and unavailable to work because of any one of the following circumstances (most likely scenarios in bold):
    - They have been diagnosed with COVID-19 or have symptoms of it and are seeking diagnosis
    - A member of their household has been diagnosed with COVID-19
    - They are providing care for someone diagnosed with COVID-19
    - They are providing care for a child or other household member who can't attend school or work because it is closed due to COVID-19
    - They can't reach their place of employment due to a COVID-19 quarantine
    - They have been advised by a health care provider to self-quarantine due to COVID-19
    - **They were scheduled to start employment, but the job no longer exists, or they cannot reach the place of employment due to a COVID-19 public health emergency**
    - They have become the breadwinner for a household because the head of the household has died as a direct result of COVID-19

- They had to quit their job as a direct result of COVID-19
  - **Their place of employment is closed as a direct result of the COVID-19 public health emergency;**
  - **They are self-employed, seeking part-time employment, or do not have sufficient work history, or otherwise do not qualify for state UI**
- For most beneficiaries, the benefit amount will be the states' average weekly unemployment benefit (~ \$275 in California), plus \$600 a week
  - This program lasts 39 weeks
  - Individuals receiving paid leave, who are teleworking, or who are otherwise employed are not eligible

Each program shall be immediately available to individuals without the normal one week waiting period.

***Important caveat:** States must opt-in to these programs. Since the enhanced payments are 100% federally funded, there is no reason for a state to deny these benefits to its residents, but they have option to do so. California is already preparing to implement the enhanced benefits.*

### **Stimulus/Recovery Rebate Provision (Section 2201)**

- A one-time tax credit, in the form of a direct payment of \$1,200 (\$2,400 for those filing jointly) and \$500 per dependent child under 17 to all individuals—this benefit begins to phase out at \$75,000 (\$150,000 for those filing jointly), Those making \$99,000 (\$198,000 for those filing jointly) or more will not receive a rebate, even if they have dependent children.
- Other than the income limitations, the only exclusions from this benefit are estates, trusts, nonresident aliens, and those claimed as a dependent on someone else's tax return

### **Using Retirement Funds (Section 2202)**

- Retirement account holders may make coronavirus-related withdrawals of up to \$100,000 out of their 401(k)s without penalty

### **Small Business Provisions (Title I)**

- Small businesses are eligible for emergency grants of up to \$10,000 to maintain payroll, provide paid sick leave, pay rent/mortgage, etc.
- Small businesses and 501(c)(3)s will also be eligible for loans on a more favorable basis than normal SBA loans
- Loan proceeds used to keep employees on payroll and pay mortgage/rent mortgage and utilities will be **forgiven**
- There are many additional provisions to help small businesses keep their doors open and their employees on the payroll

### **Student Loans (Section 3513)**

- All student loan and interest payments can be deferred through September 30, 2020 without penalty *for federally owned student loans only* (note this does not impact private loans, Perkins loans, and loans held by a bank)

### **Arts Funding (Division B)**

- \$75 million for the National Endowment for the Arts
- \$75 million for the National Endowment of the Humanities
- \$75 million for the Corporation for Public Broadcasting to make fiscal stabilization grants to public television and radio stations facing declines in non-Federal revenues