



FACT SHEET: Coronavirus Phase 3 Federal Response – CARES Act Benefits for Marylanders

current as of April 22, 2020

Coronavirus Disease 2019 (COVID-19) is an unprecedented medical and economic crisis affecting virtually every American. Senator Van Hollen is taking action to enhance the medical response and protect all Marylanders from the economic fallout. He helped craft and voted for Congress's four coronavirus aid and relief bills, and worked with state, local, and federal officials to ensure Maryland gets the federal resources we need.

As we continue to navigate this difficult time for our country, Senator Van Hollen has called for Marylanders to stay united in our resolve to combat this virus and the economic crisis it has created. People across our state are stepping up – from our healthcare workers battling this day in and day out, to first responders, communities, non-profits, and businesses providing each other and our most vulnerable neighbors with constant support. Together, we will overcome this, and getting federal resources to Maryland will help.

You can find more details on Senator Van Hollen's work on our [coronavirus website](#), including our [Fact Sheet on the Phase 1 and 2 coronavirus response legislation](#).

Details on the Coronavirus Phase 3 Federal Response (CARES Act)

Stop the virus and save lives

This is our first priority. The Coronavirus Aid, Relief, and Economic Security (CARES) Act invests \$150 billion investment for our health care system and its workforce to aid our response to COVID-19, including new investment in community health centers. The bill provides \$4.3 billion to support federal, state, and local public health agencies to prevent, prepare for, and respond to COVID-19. This comes on top of earlier funding in Phases 1 and 2 to bolster our public health infrastructure, promote research into vaccines and treatments, and provide free testing for the virus for all Americans.

Protect Maryland small and medium-sized businesses and non-profits

Find more information on these programs and how to apply on the pages listed below in [Senator Van Hollen's Small and Medium Business & Non-profit Guide to the CARES Act](#).

- **Paycheck Protection Program (PPP):** Zero-fee forgivable Small Business Administration (SBA) loans of up to \$10 million, at 1% interest, to keep workers on payroll and pay fixed costs such as rent. (p. 2)
***The application window for PPP opened Friday, April 3 (April 10 for independent contractors and sole proprietors), and funds are limited. We encourage you to apply quickly through any qualified lender. [Click here](#) to learn more.
- **SBA Debt Relief:** Existing and new SBA borrowers get all loan payments covered, including principal, interest, and fees, for six months, except for PPP loans. (p. 6)
- **Emergency Grants and Disaster Loans:** A \$10,000 grant can be provided to SBA disaster loan applicants. The full loan can go up to \$2 million. (p. 7)
- **Employee retention tax credit:** Business tax credit worth up to \$5,000 per employee for salary and health benefits paid by the hardest-hit firms. (p. 11)
- **Payroll tax deferral:** Half of 2020 payroll taxes can be deferred through the end of 2021, and half until the end of 2022. (p. 11)
- **Eligible businesses:** Small and medium businesses currently eligible for SBA programs, as well as other businesses and charitable nonprofit organizations with 500 or fewer employees. Businesses in certain industries, including hospitality, are included if they have 500 or fewer employees per location.

Small business owners can also benefit from these provisions:

- **Other tax deductions:** Increased business loss and interest deductions. Fixed “retail glitch” for restaurants and retail businesses.
- **Reimbursement for employee sick leave:** Employee sick leave was covered through refundable tax credits in the Phase 2 bill. CARES provides those credits faster.

Non-profit organizations can benefit from these provisions:

- Eligible for the above-mentioned Paycheck Protection Program, SBA emergency grant, employee retention credit, and payroll tax deferral programs.
- **Loans:** An additional Treasury loan facility for non-profits of any size (not limited to 500 employees).
- **Disaster relief:** A \$45 billion Disaster Relief Fund for organizations providing critical and essential services.
- **Deduction for donors:** A special above-the-line charitable giving deduction for 2020 should also boost donations.

Protect Maryland workers and families from the economic fallout

- **New unemployment insurance benefits and how to get them:** More workers now qualify for unemployment insurance, including self-employed and gig economy workers. Regular unemployment benefits in Maryland range from \$50 to \$430 per week, and the legislation increases everyone’s benefit by \$600 per week through July 31. Additionally, workers can claim up to 39 weeks of unemployment benefits – a 13-week increase.

Apply at <https://www.dllr.state.md.us/employment/unemployment.shtml>. (more information below)

- Full funding is also provided for Maryland’s “work sharing” program, and workers covered by this program as a result of having their hours cut by their employer will also be eligible for the \$600 boost in weekly unemployment benefits.
- **New paid sick leave benefits and who gets them** (*originally in Coronavirus Phase 2 legislation*): Most Marylanders who work full-time for small and medium-sized employers get two weeks paid sick leave at full pay (up to \$511/day), and up to 12 weeks leave at two-thirds pay (up to \$200/day) to care for children whose schools or daycares are closed. Part-time workers get leave based on the number of hours they work. (*more information below*)
- **Direct cash payments**: Each adult gets \$1,200 (\$2,400 for couples), and families get \$500 for each child. The amount begins to be reduced for people whose adjusted gross income was above \$75,000 (\$150,000 for couples). You can use [this tool](#) to calculate your direct payment. An automatic payment will be sent to households that filed a tax return for 2018 or 2019, and recipients of Social Security or Railroad Retirement benefits, Supplemental Security Income, and VA Compensation and Pension benefits – others can claim their payment by filing a tax return, and non-filers receiving automatic payments still need to file to receive the \$500 payment for children.
- **Keeping people in their homes**: Federally-backed mortgages, including those guaranteed or insured by the Department of Veterans Affairs, are protected from foreclosure for 60 days beginning on March 18, 2020. Additionally, borrowers should be able to suspend or reduce payments for up to six months without penalties or late fees, and the lender cannot report the loan as late. Foreclosure or eviction proceedings against renters and homeowners cannot start until at least May 17 if the landlord has a government-backed mortgage.
- **Student loan relief**: Payments and interest accrual on federal student loans are suspended through September 30, as are collections on overdue loans. Loans for any semester interrupted by the virus are forgiven, and those loans and Pell grants don’t count against a student’s limit. Schools can continue to pay work-study students who can’t work and make other emergency grants to cover students’ virus-related expenses.
- **Personal tax breaks**: Withdrawals of up to \$100,000 from retirement accounts without the normal 10% penalty are allowed this year for hardships related to COVID-19. A \$300 charitable giving deduction without itemizing deductions is available for 2020. For those whose employers help repay their student loans, up to \$5,250 of this assistance is tax-free for you in 2020.
- **Homelessness**: Increases funding that states can use to assist families, veterans, and others experiencing homelessness.
- **Protect jobs at large employers**: To preserve jobs at large companies, some federal assistance is necessary. While this assistance should have come with greater protections for workers, Senate Democrats fought for oversight provisions that will help prevent these taxpayer funds from being abused.

Support Maryland's schools, state and local governments, and community institutions

- **Resources on the State and Local Level:** Provides approximately \$2.34 billion to state and local government, school systems, and organizations that serve our community
- **Keep students learning:** Provides funds to Maryland's K-12 school systems and institutions of higher education, including targeted assistance to minority-serving institutions such as HBCUs, will help students continue with virtual learning now, and ensure that schools can reopen after the crisis.
- **Community support:** Provides funds to Maryland's state, county and local governments, health care providers, and other organizations helping communities across our state during the COVID-19 crisis.
- **Get supplies quicker:** Allows faster procurement of supplies under the Defense Production Act.

Additional information: Expanded Unemployment Insurance

TO FILE FOR UNEMPLOYMENT INSURANCE IF YOU WORKED IN MARYLAND:
Go to the [Maryland Department of Labor Division of Unemployment Insurance](#).

NOTE: *If you worked in a different state, including the District of Columbia, file for unemployment insurance in that state even if you live in Maryland.*

- The phase 3 legislation **makes many workers newly eligible for benefits**, including independent contractors, self-employed workers, part-time employees, workers losing wages due to a lack of paid sick leave, and other workers who are not able to work or have lost wages due to COVID-19.
- Weekly unemployment benefits will be increased by **\$600 per week** until July 31, 2020 – enough to fully replace the salaries of many workers. Prior to this legislation, [weekly unemployment benefits](#) for people working in Maryland ranged from a minimum of \$50 to a maximum of \$430. Now, Maryland unemployment benefits can be as high as \$1,030 per week.
- Maryland offers a **Work Sharing** program, in which employers reduce hours rather than laying off workers, with the workers receiving unemployment insurance to help compensate for their lost wages. The new legislation provides federal funding for all of the benefits paid through this program. More information on Work Sharing for employers and employees is available from the [Maryland Department of Labor](#).
- Congress has also provided additional funding to help state unemployment offices process the increased claims they will receive for benefits during the COVID-19 crisis.

Additional information: Increased Paid Leave and Who Is Eligible

Recent legislation passed by Congress requires many employers to provide their workers with paid sick or family leave for specified reasons related to COVID-19. These provisions will apply until December 31, 2020.

Paid leave provisions include

- Up to **10 days** of fully paid sick leave (up to \$511/day) for an employee who is unable to work because they are under a quarantine order, self-quarantined on the advice of a health care provider, and/or experiencing COVID-19 symptoms and seeking a medical diagnosis.
- Up to **10 days** with two-thirds paid sick leave (up to \$200/day) for an employee who is unable to work in order to care for someone else who is subject to quarantine order or self-quarantining on the advice of a health care provider.
- Up to **12 weeks** with two-thirds pay (up to \$200/day) for an employee whose school or childcare provider is closed or unavailable due to COVID-19.
 - Includes 10 days of paid sick leave, plus 10 additional weeks of paid family leave.

Who is covered

- Workers at employers with less than 500 employees
 - Fully covered, except that health care providers and first responders may elect to exclude employees from coverage, and the Department of Labor may exempt certain businesses with less than 50 employees from the paid leave requirements related to school closures.
 - Workers must have been employed for at least 30 days to be eligible for the additional 10 weeks of paid family leave related to school closures
- Federal employees
 - Covered by provisions providing 10 days of paid sick leave.
 - Federal employees are generally not eligible for the additional 10 weeks of paid family leave related to school closures.
 - The Office of Management and Budget may exempt some federal employees from coverage, but only with good cause.

Reimbursement for employers and self-employed workers

- Employers receive a refundable payroll tax credit to fully reimburse the cost of providing paid leave under these provisions.
- To provide prompt reimbursement, these tax credits will be disbursed in advance of the time when the employer would ordinarily file a tax return.
- The tax credit includes wages and health insurance costs.
- Self-employed workers can also claim this tax credit for time they are unable to work due to the reasons specified above.
- Nonprofit employers are able to claim this credit since it applies to payroll taxes that they pay for their workers' Social Security and Medicare.
- The Social Security and Medicare trust funds will not bear the cost of the tax credits.

Additional resources

Department of Labor: [Employee fact sheet](#)

Department of Labor: [FAQ](#)

Department of Labor: [Employer fact sheet](#)

IRS: [Tax credit fact sheet](#)