



August 10, 2020

President Trump Signs Four Executive Orders Providing Coronavirus Relief

On August 8, 2020, President Trump signed four Executive Orders, after negotiations with Congress on a new Coronavirus relief package collapsed. The Executive Orders provide for (1) a \$400 weekly enhanced unemployment benefit; (2) a payroll tax holiday; (3) assistance to renters and homeowners from eviction; and (4) student loan relief.

Enhanced Unemployment Benefits

This Executive Order provides for a \$400 weekly enhanced unemployment benefit, the cost of which is to be shared 75% (\$300) from the federal government and 25% (\$100) from the States. The Federal Emergency Management Agency (“FEMA”) is directed to assist in providing benefits from the Department of Homeland Security’s Disaster Relief Fund (“DRF”), and States are called upon to use funds appropriated to them through the Coronavirus Relief Fund Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), or other State funds, to cover their share of the costs. Under the Executive Order, claimants are not eligible for the \$400 weekly enhanced unemployment benefit if they do not receive at least \$100 per week in enhanced unemployment benefits from the State.

The enhanced unemployment benefits are available from the week of unemployment ending August 1, 2020, until the week of unemployment ending December 6, 2020, or until the balance of the DRF reaches \$25 billion, whichever occurs first. Currently, the DRF has approximately \$70 billion in emergency assistance funding available. The assistance will also terminate upon enactment of legislation providing supplemental federal unemployment compensation, or similar compensation, for unemployed individuals.

Payroll Tax Holiday

This Executive Order provides for a payroll tax holiday for those earning less than \$4,000 bi-weekly (or less than \$104,000 annually), calculated on a pre-tax basis. Specifically, the Treasury Department is directed to allow employers to defer the withholding, deposit and payment of a portion of eligible payroll taxes from September 1, 2020 through December 31, 2020, without any penalties or interest. The Secretary of Treasury is to “explore avenues, including legislation, to eliminate the obligation to pay the taxes deferred” pursuant to the Executive Order.

Eviction and Foreclosure Assistance

This Executive Order provides assistance to renters and homeowners to avoid eviction or foreclosure resulting from financial hardships caused by COVID-19. The Secretary of Health and Human Services and the Director of CDC are directed to consider whether any measures temporarily halting evictions are necessary to prevent the further spread of COVID-19. In addition, the Secretary of Treasury is directed to identify available federal funds to provide temporary financial assistance to renters and homeowners who are struggling to meet their monthly rental or mortgage obligations, and the Secretary of Housing and Urban Development is directed to take actions to avoid eviction or foreclosure, including encouraging and providing assistance to public housing authorities, affordable housing owners, landlords and recipients of federal grant funds to minimize evictions and foreclosures.

However, the Executive Order does not extend the eviction moratorium in the CARES Act which has expired, nor does it extend the foreclosure suspension imposed by the Federal Housing Finance Agency, which expires on August 31, 2020.

Student Loan Relief

This Executive Order provides for an extension of student loan payment relief. Borrowers can continue to defer payments, without interest, on student loans held by the Department of Education, until December 31, 2020.

Takeaway for Employers

The legality of the Executive Orders may be challenged in court. Even if upheld, many States have been facing budget shortfalls due to the pandemic and may have difficulty funding their portion of the enhanced unemployment benefits. In response, President Trump stated on August 9th that it was possible that the federal government could pay the entire cost, upon request by Governors, which would be determined on a case-by-case basis. As for the payroll tax, while temporarily deferred, it would still need to be repaid if not forgiven by further legislation.

If you have any questions regarding this alert, please do not hesitate to contact us.

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