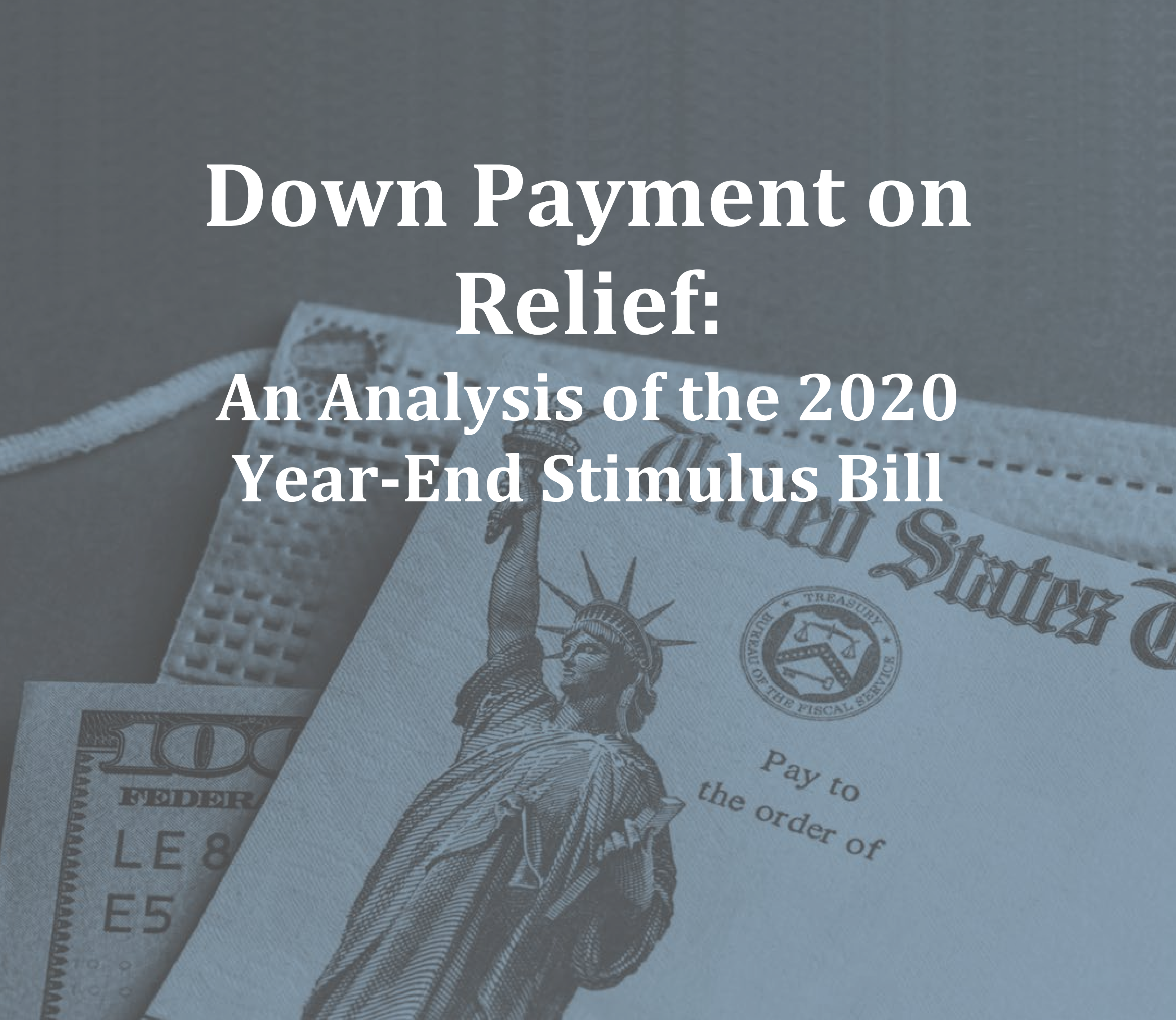
Down Payment on Relief:
An Analysis of the 2020 Year-End Stimulus Bill



Colorado Fiscal Institute

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Highlights

- The year-end relief bill re-authorizes the unemployment insurance (UI) programs created under the CARES Act through March 15, 2021.
- The "bonus" UI will be $300 instead of $600.
- $600 direct cash payments for individuals, $1,200 payments for married couples, and $600 payments for each dependent child under the age of 17.
- $325 billion in targeted aid for small businesses, including a narrower version of the Paycheck Protection Program (PPP) and a program targeted at businesses in low-income communities.
- $13 billion for nutrition assistance and agricultural relief, including a 15 percent increase in SNAP benefits until June 30, 2021.
- Extends the federal eviction moratorium through January 31, 2021.
- Appropriates $25 billion for Emergency Rental Assistance for up to 12 months, to help renters pay for rent and/or utilities.
- $73 billion for Health and Human Services, the majority of which is allocated for improving the country's ability to fight the spread of the virus.
- No provisions of paid leave were extended beyond the December 31, 2020 deadline. However, tax credits were implemented to offset the cost of paid leave have been extended to March 31, 2021.
- Appropriates $82 billion total for schools and colleges.
- $45 billion in funding for transportation and transit.
- $7 billion to expand broadband access and help people pay for internet while millions work and learn remotely.

Introduction

In March of 2020, Congress passed and President Trump signed into law over $2 trillion in aid packages intended to help curb the spread of COVID-19 and bolster the beleaguered US economy. The Families First Coronavirus Response Act (FFRCA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized direct payments, forgivable business loans, increases to unemployment insurance, emergency paid leave, boosts to Medicaid and food assistance, relief for renters, and aid to state and local governments. (Note: For a full explanation of the provisions of the FFRCA and the CARES Act, please read our April 2020 report on that legislation.)

Despite the size and scope of those bills, the need for additional fiscal aid drove calls for more federal relief later in the spring when the U.S. House of Representatives passed the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act. The White House and U.S. Senate did not believe additional aid was necessary at that time, and no additional relief came, even after funds allocated by the CARES Act had long been spent and important provisions began to expire.

As the year wore on, the novel coronavirus pandemic raged. By the end of October, the US regularly broke its own record for new daily cases, and by early December thousands of people died every day. With many states forced to re-impose restrictions designed to slow the spread of the virus, pressure grew on the now-lame-duck Congress to pass additional relief.

On December 23, 2020, Congress finally agreed to a $900 billion year-end relief package passed in conjunction with a budget deal that funded the government through the end of 2021. On December 27, President Trump signed the bill into law.

While the December relief package did not have the same magnitude as the CARES Act, it did contain important provisions designed to provide some relief to people and businesses to help get them through the first part of the year. Congressional leaders and President-elect Biden have expressed optimism that they can agree on more comprehensive legislation designed to keep people and the economy moving while vaccines are distributed.

There are several important provisions of the year-end relief bill, including additional and extended unemployment insurance, increases to food assistance, more direct payments, a new round of businesses loans, and more relief for renters. This report lays out those provisions.

Unemployment Insurance

Unemployment insurance (UI) has proven to be the number one response to the economic crisis caused by the pandemic. Nearly 20 percent of US workers have been able to rely on UI during the pandemic to make ends meet and those payments have bolstered the economy.[1] $6.69 billion has been paid to laid-off Coloradans in every part of the state since March of 2020, $4.24 billion of which was financed by 2020 legislation.[2] Despite UI's role in keeping the state economy moving in 2020, many workers—a disproportionate number of whom are workers of color and undocumented immigrants— still face barriers to accessing unemployment insurance.

The year-end relief deal extended all CARES Act unemployment provisions to March 14, 2021. That includes Pandemic Unemployment Assistance (PUA) for self-employed and other types of contract or "gig" workers, a reduced $300 Federal Pandemic Unemployment Compensation for qualified recipients (down from an extra $600 in the first part of 2020), and Pandemic Emergency Unemployment Compensation (PEUC), which provides additional weeks when regular state unemployment runs out. Emergency benefits provide additional weeks for those who would otherwise exhaust benefits and still be unemployed, increasing weeks available from 13 to 24–with all benefits ending April 5, 2021.

The year-end legislation also continues full federal funding of state extended benefits in places with high unemployment. Typically, this is a shared responsibility with the state. States have different "triggers" for extended benefits based on different calculations of the unemployment rate. When states trigger "off" benefits, by federal rule there is a 13-week period where no extended benefits can be paid to workers receiving that benefit. On November 7, the state's unemployment rate dipped low enough to trigger off state extended benefits.

During the November 30, 2020 special session, Colorado lawmakers passed a provision in SB20B-02 that retroactively changed the trigger to allow for extended benefits in the event that Congress extended federal funding. While the US Department of Labor initially released guidance indicating it would not allow Colorado to avoid the 13-week "off" period, there is a narrowly tailored provision of the year-end relief bill that creates an exception for states that took this action. Colorado could pay additional unemployment benefits through the State Extended Benefits program as a result. However, with other provisions of the COVID relief package, unemployed workers may receive a better benefit through other federally funded provisions and the state is continuing to evaluate that as of the beginning of the 2021 legislative session.

[1] https://www.jpmorganchase.com/institute/research/labor-markets/unemployment-insurance-covid19-pandemic
[2] https://cdle.colorado.gov/press-releases/press-release-state-labor-dept-update-for-the-week-ending-december-26th-ui-claims

Other provisions include:

- An extension of federal funding for the "work share" program, which allows employers to reduce hours and supplement their employees' earnings with unemployment insurance.
- Continued interest free borrowing to states with unemployment insurance trust funds operating in deficit until March 14, 2021. Colorado's fund went insolvent in August and the state has borrowed from the federal treasury to pay claims since then.
- Flexibility for states to waive overpayments or payments made in error.
- A requirement for states to implement identity verification systems to thwart the high levels of international fraud that has hit Colorado and other states. The Colorado Department of Labor and Employment has implemented ID.me to ensure that only legitimate claims are paid.

Food Assistance and Agriculture Relief

The year-end relief bill included $13 billion for nutrition and agriculture relief.[3] This includes several provisions directed at food assistance programs, farmers and ranchers, and food supply and worker protections.

Among the many nutrition-related provisions, the bill included increases in benefits and food access through hunger relief programs such as the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), as well as food banks. Notably, legislators secured a 15% increase in SNAP benefits for 6 months (through June 30, 2021) for all SNAP recipients. It also excludes unemployment money from being counted as income in determining SNAP eligibility.

Additionally, the bill waives certain eligibility requirements for college students so they can access SNAP benefits and created a taskforce focused on testing new technology to help WIC recipients with online food deliveries, self-checkout and other related issues.[4]

In order to support food banks, Congress included an appropriation of $400 million through the Emergency Food Assistance Program through September 30, 2021, as well as $175 million for nutrition services for seniors through programs such as Meals on Wheels. Further enhancements to the Pandemic EBT (P-EBT) program were included in order to expand access to food for children. In particular, all children under the age of 6 will be considered "enrolled" in childcare so they can be eligible for P-EBT benefits. Finally, the bill

[3] https://www.agriculture.senate.gov/newsroom/dem/press/release/ranking-member-stabenow-leads-bipartisan-effort-to-secure-increases-in-food-assistance-support-for-farmers-in-final-covid-19-package

[4] Ibid

included emergency funds for schools and daycares, which rely on student participation in order to secure funding, to continue to provide meals to kids during the pandemic.[5]

With so many farmers and ranchers facing in need of dire help, the bill included [$13 billion in assistance](https://www.agriculture.senate.gov/newsroom/dem/press/release/ranking-member-stabenow-leads-bipartisan-effort-to-secure-increases-in-food-assistance-support-for-farmers-in-final-covid-19-package)[6] to address their needs:

- $5 billion for supplemental payments to all row crop producers.
- $225 million for supplemental payments to producers of specialty crops such as fruits, vegetables, and nuts, who lost their crops in 2019.
- $3 billion for supplemental payments to dairy farmers, cattle producers, and others who had to euthanize livestock due to the pandemic.

In order to help purchase food for distribution to individuals and families in need, the bill allocates $1.5 billion for loans and grants to small food processors and distributors (e.g. farmers' markets) for a variety of pandemic-related needs including worker protections.[7]

Direct Cash Payments and Support for Small Businesses

Like the CARES Act, the year-end federal relief bill provides stimulus checks to eligible individuals and their families. The one-time payments will provide $600 per person ($1,200 per married couple) and phase out at $75,000 for individuals and $150,000 for couples. There is an additional $600 payment per dependent child under the age of 17. In total, this second round of stimulus checks will cost $166 billion.

The small business provisions make up the largest—and costliest—provisions of the year-end relief bill. It contains much-needed CARES Act extensions and expansions, and provides a total of $325 billion in targeted aid.

The bill appropriates $20 billion in Economic Injury Disaster Loan Grants for businesses that operate in low-income communities, and provides $15 billion in funding for live venues, independent movie theatres, and cultural institutions; $12 billion for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions; $3.5 billion for continued Small Business Administration (SBA) debt relief payments; and $2 billion for administrative aid and enhancement to SBA lending.

The majority of the $325 billion goes to creating a second round of Paycheck Protection Program loans for businesses that is more restrictive than the first. Only businesses with

[5] Ibid

[6] https://www.agriculture.senate.gov/newsroom/dem/press/release/ranking-member-stabenow-leads-bipartisan-effort-to-secure-increases-in-food-assistance-support-for-farmers-in-final-covid-19-package

[7] Ibid

less than 300 employees and who have demonstrably lost 25% or more of their revenue after the pandemic began may apply. The maximum loan amount was also reduced from $10 million to $2 million. In addition to the second round of loans, restaurants will receive 14 weeks of paycheck protection instead of 10. Eligibility to 501 (C)(6) nonprofits, such as local newspapers, radio, and television stations has also been included. Lastly, a forgiven loan will not count as income, but can be written off as business expense—meaning businesses might be able to use it to lower their tax liabilities in 2022, but also potentially reducing tax revenue for some states and the federal government.

The bill also includes $135 billion in tax expenditures that are not directly related to the pandemic, including a reinstatement of the 100 percent business meal deductions for 2021 and 2022.

Emergency Paid Sick Leave and Family and Medical Leave

The initial federal response to the pandemic included emergency paid sick time for workers and businesses battling the immediate health impacts of COVID-19. Congress also provided for limited paid family leave for parents unable to work due to verified need for leave to care for a child whose school or child care provider was closed or unavailable for reasons related to the virus. Despite the ongoing need for paid sick and family leave, both of these provisions expired on December 31, 2020.

However, the payroll tax credits that were implemented to help employers cover the costs of paid leave requirements were extended to March 31, 2021. Colorado employers who must provide paid sick leave as required by SB20-205, the Healthy Families and Workplaces Act, can make use of these credits to offset the costs and encourage workers to utilize paid sick leave when needed to promote their own health, as well as the health of the workplace and broader community.

Education

The bill provides $82 billion total for schools and colleges under the Education Stabilization Fund. The majority, $54.3 billion, goes to the Elementary and Secondary School Emergency Relief Fund which mostly gets distributed to schools by their proportion of Title I-A funds. Schools can use the money to address learning loss, purchase technology, and improve facilities and infrastructure to reduce the risk of transmitting the virus.

$4.1 billion will go towards funding the Governors Emergency Education Relief Fund to use for education-related pandemic assistance. Another $22.7 billion relief goes to the Higher

Education Emergency Relief Fund. There is a Maintenance of Effort (MOE) provision that says states must maintain spending on both K-12 and higher education in this coming budget at least at the proportional levels compared to the last several years.

Transportation

A total of $45 billion was appropriated by Congress in the year-end relief bill to the transportation sector. Approximately $9.8 billion is allocated to state transportation departments for the Surface Transportation Block Grant Program (STBGP) that are available until Sept. 30, 2024. It provides $15 billion in transit aid primarily for local governments, with about $13.3 billion for urbanized areas and $1 billion for rural areas. It also allocated $2 billion for airports, $15 billion for airlines to support payrolls, and $1 billion to Amtrak.

Rental Relief

Nearly a year after schools, businesses, and other closures went into effect in response to the pandemic, millions of people and families continue to face eviction and homelessness. The year-end relief bill augmented provisions in the CARES Act and other federal policies that were set to expire, the centerpiece of which was an extension of the Centers for Disease Control's (CDC) eviction moratorium, which has now been extended through January 31, 2021.

The bill also makes a $25 billion appropriation for Emergency Rental Assistance for up to 12 months to help renters pay for rent and/or utilities.[8] Households eligible to receive rental assistance are those who, according to bill language: 1) have a household income that is no more than 80 percent Area Median Income (AMI), 2) live in a household where one or more members is at risk of experiencing homelessness or housing instability, and 3) live in a household where one or more members qualify for unemployment benefits or experienced/are experiencing financial hardship due, directly or indirectly, to the pandemic.[9] The treasury department will distribute these housing assistance funds to states and localities using the same formula used in the CARES Act.

[8] https://www.ncsl.org/Portals/1/Documents/statefed/Summary-of-HR-133-Coronavirus-Relief-Provisions.pdf
[9] Ibid

Health and Human Services

The bill includes a total of $73 billion for Health and Human Services. The bulk of that money is allocated to combat the pandemic and control the virus. That amount was distributed as follows:

- $25.4 billion to the Public Health and Social Services Emergency Fund to support testing and contact tracing
- $22.945 billion to the Office of Assistant Secretary for Preparedness and Response to respond to coronavirus.
- $10.25 billion for Administration for Children and Families to support early childhood programs and child-care providers.
- $8.75 billion to the Centers of Disease Control and Prevention.
- $4.25 billion to the Substance Abuse and Mental Health Services Administration.
- $1.25 billion to the National Institutes of Health (NIH) to support research and clinical trials related to the long-term effects of the virus.
- $100 million for Administration for Community Living to address neglect, and exploitation of the elderly.
- 55 million for the Food and Drug Administration (FDA).

There is a handful of changes to the Health and Human Service policies like the temporary freeze for "aging out" of foster youth and more flexibilities with home visiting programs for pregnant women. There are also policy adjustment to health care policy like an increase in the Medicare physician fee schedule of 3.75% to support medical staff with an adjustment for the pandemic.

Broadband Internet Access

The year-end relief bill provides $7 billion to expand broadband access and help people pay for internet while millions work and learn remotely.

Of that amount, $3.2 billion was allocated for the ''Emergency Broadband Benefit Program'' which provides monthly discount for eligible households (up to $50 for most households and up to $75 for an eligible household on tribal lands). Internet providers who help eligible customers with emergency broadband assistance and supply such households with connected devices may be reimbursed up to $100 from the Emergency Broadband Connectivity Fund.

Other broadband appropriations include:

- $1.9 billion to carry out the Secure and Trusted Communications Networks Act of 2019.
- $250 million in additional funds for the COVID–19 Telehealth Program.
- $1 billion to implement a program to make grants to eligible entities to expand access to and adoption of a) broadband service on Tribal land; or b) remote learning, telework, or telehealth resources.
- $300 million broadband deployment program to support broadband infrastructure deployment in rural areas.
- $285 million for Connecting Minority Communities Pilot Program to award grants to Historically Black colleges or universities, Tribal colleges and universities, and other Minority-serving institutions and certain businesses and non-profit organizations in the community to support connectivity at these institutions.
- $65 million to carry out title VIII of the Communications Act of 193 (to create broadband data maps)

Conclusion

The year-end relief provided by Congress will provide help to individuals, families, and businesses who are continuing to struggle during the pandemic. The bill offers a wide variety of relief, including extending and re-authorizing some of the programs that helped stimulate the economy in 2020. Though lacking in many of the areas deemed by experts to be critical to stabilizing and improving the US economy—namely fiscal aid for state and local governments hurt by reductions in tax revenue—the bill did provide badly needed relief for many families.

As the new Congress and President-elect Biden tackle this issue in 2021, additional fiscal relief could provide what is needed to ensure the economy can bounce back in the coming months and years.