

# COVID-19 Economic Relief Bill: What It Means for States

## Overview

After an eight-month, stop-and-start test of endurance, Congress passed a \$900 billion COVID-relief and [\\$1.4 trillion government funding package](#) that gives critical pandemic aid to Americans, while securing federal agency operations through September 2021. While no additional state and local aid was provided, an extension of the deadline by which the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund (CRF) resources must be spent was extended to Dec. 31, 2021.

The mammoth measure, which the president signed into law on Dec. 27, will provide another round of direct payments, enhanced unemployment benefits, education funding, and aid to sectors still reeling from the economic fallout of the pandemic.

## Direct Payments to Citizens

- Direct economic relief via stimulus checks of \$600 for individuals making up to \$75,000 per year. \$1,200 for couples making up to \$150,000, and an extra \$600 for dependent children that are under 17 years old.
- It would apply the similar income limits and phase-out as the CARES Act, reducing the payments by 5% for individuals with adjusted gross incomes of more than \$75,000. Filers with an adjusted gross income (AGI) greater than \$87,000 (or \$174,000 if filed jointly) would not receive a payment.
- Payments would be based on 2019 taxes. Payments could be issued for certain beneficiaries who did not file 2019 returns, including retired and disabled workers, Supplemental Security Income recipients, and veterans receiving VA benefits.

## Tax Provisions

- Payroll Tax Deferral: Workers whose payroll taxes have been deferred since September would be given until Dec. 31, 2021,



to pay back the government, instead of through April 30, 2021, as originally directed by the Treasury Department.

- Paid Leave Credits: The measure would extend credits for paid sick and family leave provided under the second coronavirus relief package through March 31, 2021.

## Modifications to CARES and the CRF

- Extends the date by which state and local governments must make expenditures with CARES Act Coronavirus Relief Fund (CRF) awards from Dec. 30, 2020, to Dec. 31, 2021.

## Expanded Unemployment Benefits

- Provides \$120 billion in unemployment insurance (UI).
- Extends the Federal Pandemic unemployment Compensation (FPUC) program through March 14, 2021, providing \$300 per week for all workers receiving unemployment benefits.
- Extends and phases out the Pandemic Unemployment Assistance (PUA) to March 14 (after which no new applicants) through April 5, 2021.

- Extends and phases out the Pandemic Emergency Unemployment Compensation (PEUC), which provides additional weeks when state unemployment runs out, to March 14 (after which no new applications) through April 5, 2021.
  - Provides additional weeks for those who would otherwise exhaust benefits by increasing weeks available from 13 to 24—with all benefits ending April 5, 2021.
- Increases the maximum number of weeks an individual may claim benefits through regular state unemployment with the additional PEUC program, or through the PUA program, to 50 weeks.
- Provides an additional \$100 per week for certain workers who have both wage and self-employment income but whose UI benefit calculation does not take their self-employment into account.
- Extends the interest-free loans to states, flexible staffing and nonprofit relief to March 14, 2021.
- Requires documentation of employment, rather than the self-certification that is currently in use and requires states to verify applicant identity.
- Requires states to have a place to report when someone turns down a job and must notify claimants of the requirement to accept suitable work.
- States may opt to provide an extra benefit of \$100 per week for up to 11 weeks through March 14, 2021, for certain workers who have both wage and at least \$5,000 of self-employment income in most recent taxable year ending prior to application.

## Other Labor-Related Provisions

- The Families First Coronavirus Response Act (FFCRA) provided a refundable tax credit for the mandated paid sick leave and family leave for private-sector employers with under 500 employees:
  - This bill extends the tax credit through March 31, 2021, for employers that continue to offer paid sick and family leave to their employees.
  - The bill **does not** extend the FFCRA provisions that required the public sector employers (state and local government entities) to provide emergency paid sick and family leave.
  - The unfunded federal mandate for state governments to provide emergency paid sick and family leave is still set to sunset on Dec. 31, 2020.
  - The bill does allow private sector employers and self-employed individuals to claim the tax credit for voluntarily providing emergency paid leave that is provided through March 31, 2021
- Extends and expands the CARES ACT employee retention tax credit (ERTC).
- Beginning on Jan. 1, 2021, and through June 30, 2021, the provision does the following:
  - Increases the credit rate from 50% to 70% of qualified wages.
  - Expands eligibility for the credit by reducing the required year-over-year gross receipts decline from 50% to 20% and provides a safe harbor allowing employers to use prior quarter gross receipts to determine eligibility.
  - Increases the limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter.
  - Increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.

## Small Business Provisions

- Provides \$325 billion in small business funds.
  - \$284.5 billion for first and second forgivable Paycheck Protection Program (PPP) loans.
    - ▶ A small business can receive a second PPP loan if they have less than 300 employees and can demonstrate a revenue reduction of 25%.
    - ▶ Maximum loan amount reduced to \$2 million.
  - \$20 billion for new Economic Injury Disaster Loan Grants for businesses in low-income communities.
  - \$15 billion in funding for live venues, independent movie theaters, and cultural institutions.
  - \$3.5 billion for continued Small Business Administration debt relief payments.
  - \$2 billion for enhancements to Small Business Administration lending.
- Businesses that received PPP loans would be able to take tax deductions for the expenses covered by forgiven loans.
- Expands PPP eligibility for 501 (C)(6) nonprofits, including local newspapers, radio, and television broadcasters, and destination marketing organizations.
- Provides \$12 billion for Community Development Financial Institutions and Minority Depository Institutions that provide credit and financial services to low-income and minority communities.

## Health and Human Services Provisions

### HEALTH LEGISLATIVE ADD-ONS

- Provides for a one-time, one-year increase in the Medicare physician fee schedule of 3.75% to support physicians and other professionals in adjusting to changes in the Medicare physician fee schedule during 2021, and to provide relief during the COVID-19 public health emergency.
- Extension of temporary suspension of Medicare sequestration- provides for a three-month delay of the Medicare sequester payment reductions through March 31, 2021.
- Authorizes a national campaign to increase awareness and knowledge of the safety and effectiveness of vaccines for the prevention and control of diseases, to combat misinformation, and to disseminate scientific and evidence-based vaccine-related information. It also directs the Department of Health and Human Services (HHS) to expand and enhance, and as appropriate, establish and improve programs and activities to collect, monitor and analyze vaccination coverage data (the percentage of people who have had certain vaccines). The section also requires the National Vaccine Advisory Committee to update, as appropriate, the report entitled, “Assessing the State of Vaccine Confidence in the United States: Recommendations from the National Vaccine Advisory Committee.” Finally, it authorizes grants for the purpose of planning, implementation, and evaluation of activities to address vaccine-preventable diseases, and for research on improving awareness of scientific and evidence-based vaccine-related information.

### HUMAN SERVICES LEGISLATIVE ADD-ONS

- Temporary freeze for “aging out” foster youth: Provides older foster youth who would normally “age out” with the assurance that they may continue to receive foster care supports and services during the pandemic, or if they left, may return. It permits states to use pandemic Chafee Foster Care Independent Living Program funds to offset the cost of meeting this requirement for youth for whom federal foster care matching is not available.

- Temporary Family First match waived: Temporarily waives the match for Family First Prevention Services until the end of the public health emergency period.
- Temporary Prevention Services Clearinghouse State Match Waived: Temporarily waives the required state match and the requirement that the specific model be in the federal Prevention Services Clearinghouse for kinship navigator programs funded with FY 2020 funds and maintains requires that programs, which are not in the Clearinghouse be under evaluation, or begin an evaluation to be funded. The evaluation costs are included in the costs of federal funds.
- Title IV-E Technical FMAP Correction- technical correction to Title IV-E treatment of the 6.2% Federal Medical Assistance Percentage (FMAP) rate increase from the Families First Coronavirus Response Act making it so it applies to the baseline based on the annual average FMAP rate in the state for FY2020 and FY2021, to ensure access to Funding Certainty Grants.
- Maternal, Infant and Early Childhood Home Visiting Program (MIECHV) Flexibilities: Provides needed flexibilities to home visiting programs funded by MIECHV to allow them to serve at-risk pregnant women and families during the pandemic, for the duration of the public health emergency period.

## HEALTH AND HUMAN SERVICES (HHS) APPROPRIATIONS

- \$73 billion to HHS to support public health, including:
  - \$8.75 billion to Centers for Disease Control and Prevention (CDC) to support federal, state, local, territorial and tribal public health agencies to distribute, administer, monitor and track coronavirus vaccination to ensure broad-based distribution, access and vaccine coverage, including:
    - \$4.5 billion for state, local, territorial, and tribal public health departments.
    - \$300 million for a targeted effort to distribute and administer vaccines to high-risk and underserved populations, including racial and ethnic minority populations and rural communities.
  - \$22.945 billion for the Office of Assistant Secretary for Preparedness and Response to respond to coronavirus, including:
    - 19.695 billion for the Biomedical Advanced Research and Development Authority for manufacturing and procurement of vaccines and therapeutics, as well as ancillary supplies necessary for the administration of vaccines and therapeutics.
    - \$3.25 billion for the Strategic National Stockpile.
  - \$55 million for Food and Drug Administration (FDA) for continued work on FDA efforts to facilitate the development and review, both pre-market and post-market, of medical countermeasures, devices, therapies, and vaccines to combat the coronavirus. In addition, funds will support medical product supply chain monitoring and other public health research and response investments.
  - \$25.4 billion to the Public Health and Social Services Emergency Fund to support testing and contact tracing to effectively monitor and suppress COVID-19, as well as to reimburse for health care-related expenses or lost revenue attributable to the coronavirus, including:
    - \$22.4 billion for testing, contact tracing, and other activities necessary to effectively monitor and suppress COVID-19, including \$2.5 billion for a targeted effort to improve testing capabilities and contact tracing in high-risk and underserved populations, including racial and ethnic minority populations and rural communities.
    - \$3 billion in additional grants for hospital and health care providers to be reimbursed for health care-related expenses or lost revenue directly attributable to the public health emergency resulting from coronavirus, along with direction to allocate not less than 85% of unobligated funds in the Provider Relief Fund through an application-based portal to reimburse health care providers for financial losses incurred in 2020.

- \$1.25 billion for National Institutes of Health (NIH) to support research and clinical trials related to the long-term effects of COVID-19, as well as continued support for Rapid Acceleration of Diagnostics for COVID-19.
- \$4.25 billion for Substance Abuse and Mental Health Services Administration (SAMHSA) to provide increased mental health and substance abuse services and support, including:
  - \$1.65 billion for the Substance Abuse and Prevention Treatment Block Grant.
  - \$1.65 billion for the Mental Health Services Block Grant.
  - \$600 million for Certified Community Behavioral Health Clinics.
  - \$50 million for suicide prevention programs.
  - \$50 million for Project AWARE to support school-based mental health for children.
  - \$240 million for emergency grants to states.
  - \$10 million for the National Child Traumatic Stress Network.
  - Not less than \$125 million of funds provided to the SAMHSA must be allocated to tribes, tribal organizations, urban Indian health organizations, or health service providers to tribes across a variety of programs.
- \$10.25 billion for Administration for Children and Families to support early childhood programs and child-care providers through:
  - \$10 billion for Child Care and Development Block Grants to provide immediate assistance to child-care providers.
  - \$250 million for Head Start.
- \$100 million for Administration for Community Living to address abuse, neglect, and exploitation of the elderly, including adult protective service and long-term care ombudsman activities.
- While not included within the stimulus provisions, the FY 2021 appropriations bill allocated \$638 million to carry out a new Low-Income Household Drinking Water and Wastewater Emergency Assistance Program “to prevent, prepare for, and respond to coronavirus.”
  - The program will make grants to states and tribes, which would then distribute the funds to drinking water and wastewater utilities. The provision directs the HHS to target the funding to “low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services.”

## NUTRITION AND FOOD APPROPRIATIONS AND LEGISLATIVE ADD ONS

- \$100 million for state administrative costs through fiscal year 2021 and requires these funds to be made available to states within 60 days of enactment.
- \$5 million for technical support to the Department of Agriculture (USDA) in expanding the Supplemental Nutrition Assistance Program (SNAP) online purchasing program, including for farmers markets and direct marketing farmers, and for supporting mobile payment technologies and the electronic benefit transfer system.
- \$614 million to Puerto Rico and American Samoa for nutrition assistance, of which \$14 million shall be available to the Commonwealth of the Northern Mariana Islands.
- Increases the monthly SNAP benefit level by 15% through June 30, 2021.
- Excludes FPUC from being counted toward household income for SNAP.
- Extends SNAP eligibility to college students who are eligible for a federal or state work-study program

or has an expected family contribution of zero. Subsection (f) directs the HHS secretary to submit a report on the redemption rate and account balances for each month from January 2021 to June 2021.

- Shortens the statutory waivers for certain SNAP quality control requirements from Sept. 30, 2021, to June 30, 2021

## Agriculture Provisions

- **Includes** \$13 billion for agriculture production in new agricultural aid, including direct payments to farmers producers, protections for food and agriculture workers, and specific support for smaller producers. Since March 2020, direct payments comprised the bulk of the farm aid, with the USDA providing \$23 billion. The \$13 billion included in this bill is broken down by:
  - Approximately \$5 billion for supplemental \$20 per acre payments to all row crop producers.
  - \$225 million for supplemental payments to producers of specialty crops like fruits, nuts and vegetables.
  - Up to \$3 billion for supplemental payments to cattle producers, contract growers of livestock and poultry, dairy farmers, and producers who were forced to euthanize livestock or poultry due to the COVID crisis.
  - \$1.5 billion to fund purchases of food, including seafood, for distribution to those in need, and to provide worker protection measures, and retooling support for farmers, farmers markets.
  - \$400 million for a Dairy Product Donation Program, modeled after the 2018 Farm Bill pilot milk donation program.
  - \$60 million in grants to small meat and poultry processors.
  - \$100 million for Specialty Crop Block Grants (SCBG) to support specialty crops.
  - \$100 million for the Local Agriculture Market Program.
  - \$75 million for the Farming Opportunities Training Outreach program.
  - \$28 million for state agriculture departments to fund programs aimed at confronting farmers' mental health crisis and stress.
- Allows the USDA secretary to provide aid to biofuel producers who have been impacted by the steep drop in gasoline consumption in 2020.
- Establishes a loan calculation for the initial round of the PPP loans for farmers and ranchers, and allows Farm Credit System Institutions to be eligible to make loans under the Paycheck Protection Program.

## Transportation Provisions

- Overall, the bill provides \$45 billion to the transportation sector.
- Approximately \$9.8 billion is allocated to state departments of transportation (DOT); Surface Transportation Block Grant Program (STBGP) funds are available until Sept. 30, 2024.
  - Beyond STBGP eligibilities, funds are also available for preventive maintenance, routine maintenance, operations, personnel, including salaries of employee (including those employees who have been placed on administrative leave) or contractors, debt service payments, availability payments, and coverage for other revenue losses.
  - Approximately, 14% of these highway funds are sub-allocated only to localities over 200,000 in population. State funds can also be transferred to public tolling and ferry agencies.

- Provides \$15 billion in transit aid primarily destined for local governments with about \$13.3 billion for urbanized areas and \$1 billion for rural areas, a program run by state DOTs.
- Provides \$2 billion for airports, most of which is directed towards large commercial airports.
  - o \$1.75 billion for commercial service airports with more than 10,000 annual passenger boardings, which is then split based on the number of annual boardings.
  - o \$200 million, also for commercial airports, to provide relief from rent and minimum annual guarantees to on-airport car rental and parking, and in-terminal airport concessions.
  - o General aviation airports will share \$45 million based on their airport categories
- Provides \$15 billion for airlines to support payrolls, \$1 billion to Amtrak, with \$655 million for the Northeast Corridor and \$344 million for the national network, and \$2 billion split between the motorcoach, school bus and ferry industries.

## Education Provisions

- Provides \$82 billion for an Education Stabilization Fund to remain available through Sept. 30, 2022.
- \$54.3 billion for the Elementary and Secondary School Emergency Relief Fund. Schools can use the relief to address learning loss, improve school facilities and infrastructure to reduce the risk of transmitting the coronavirus, and purchase education technology. States must distribute at least 90% of funds to local education agencies based on their proportional share of ESEA Title I-A funds. States have the option to reserve 10% of the allocation for emergency needs as determined by the state to address issues responding to the COVID-19 pandemic.
- \$4.1 billion for the Governors Emergency Education Relief Fund to use for education-related pandemic assistance. \$2.75 billion would be set aside for private schools. Funds are limited to COVID-related needs and cannot be used for vouchers or scholarships for parents.
- \$22.7 billion for the Higher Education Emergency Relief Fund. \$20.2 billion to be allocated to public and private non-profit institutions. This allocation formula is a change from the CARES Act, which used only full-time equivalent (FTE) enrollment in its allocation formula:
  - ▶ 37.5% based on FTE enrollment of Federal Pell Grant recipients.
  - ▶ 37.5% based on headcount enrollment of Pell recipients.
  - ▶ 11.5% based on FTE enrollment of non-Pell recipients.
  - ▶ 11.5% based on headcount enrollment of non-Pell recipients.
  - ▶ 1% based on the relative share of full-time equivalent enrollment of students who were Federal Pell Grant recipients and who were exclusively enrolled in distance education courses prior to the qualifying emergency.
  - ▶ 1% based on the relative share of the total number of students who were Federal Pell grant recipients and who were exclusively enrolled in distance education courses prior to the qualifying emergency.
- o Provides \$680.9 million to for-profit colleges to provide financial aid grants to students.
- o Provides \$1.7 billion to historically black colleges and universities (HBCU), tribal colleges and minority-serving institutions.
- o Provides \$113 million for institutions with the greatest unmet need related to the pandemic or

those not served by the primary formula, such as independent graduate students.

- Institutions can use the stimulus money for lost revenue, reimbursement for expenses, technology costs due to the shift to online learning, financial aid for students and more. The bill directs schools to prioritize grants for students with exceptional need. Colleges and universities cannot use the funds for recruitment activities, athletics facilities, religious instruction or senior administrator salaries or bonuses.
- Provides \$819 million to the Bureau of Indian Education-operated and funded schools and tribal colleges and universities.
- Maintenance of Effort (MOE): States must maintain spending on both K-12 and higher education in FY 2022 at least at the proportional levels of such state's support for elementary and secondary education and for higher education relative to such state's overall spending, averaged over FY 2018, FY 2019, and FY 2020. The MOE can be waived by the secretary of Education.
- Schools that receive funding would have to continue to pay their employees and contractors during any closures, to the greatest extent practicable.

## Broadband Provisions

- \$7 billion to expand broadband access for students, families and unemployed workers. It includes:
  - A new \$3.2 billion Emergency Broadband Benefit that will provide \$50 per month for broadband for low-income families.
  - \$300 million for rural broadband.
  - \$250 million for Federal Communications Commission's telehealth program.
  - \$285 million to fund a pilot program to assist with broadband issues for historically Black colleges and universities.
  - \$1.9 billion for "rip and replace" efforts related to Huawei and ZTE equipment in U.S. networks.
  - \$1 billion in grants for tribal broadband programs.
  - \$65 million to improve broadband mapping.

## Housing Provisions

- Provides a temporary extension to the current CDC eviction moratorium and an additional \$25 billion in emergency rental assistance.
- Extends eviction moratorium until Jan. 31, 2021.
- Eligible renters will receive the assistance to pay for rent, utility payments, any unpaid rent and/or unpaid utility bills.
- A household may receive up to 12 months of assistance, however, an additional three months may be added if it is necessary to ensure the family remain housed.
- Establishes a 4% floor for calculating housing tax credits related to acquisitions and housing bond-financed developments.
- Treasury will distribute funds to states and localities using the same formula used to distribute the CRF. Small states will receive a minimum of \$200 million in emergency rental assistance. Localities

with populations over 200,000 may request to receive their allocation of emergency rental assistance directly. Under the program, D.C. is treated as a state. The U.S. territories would share a set-aside of \$400 million (with a small territory set-aside), while \$800 million would be set aside for Native Americans, Alaska Natives and Native Hawaiians.

## U.S. Postal Service

- Provides \$10 billion in direct funding to the USPS without requiring repayment. These funds will be used for operational costs and other expenses resulting from the COVID-19 pandemic. This funding was repurposed from the CARES Act.

## Disaster Relief

- Provides a 40% tax credit of wages (up to \$6,000 per employee) to employers in disaster zones (areas where individual and public assistance is mandated). The credit will apply to wages paid without regard to whether services associated with those wages were performed.
- Increases the low-income housing tax credit allocations in states that experienced disasters in 2020—the increase is equal to \$3.50 multiplied by the number of residents in qualified disaster zones and is capped at 65% of the state’s 2020 credit allocation.

## Additional Resources

- [Federal Funds Information for States - Table of Major Discretionary and Mandatory Program Funding.](#)
- [The full text of the bill.](#)
- [A section-by-section summary of the Coronavirus Relief Provisions.](#)
- [A section-by-section summary of the Appropriations Provisions.](#)

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