



CARES Act to Deliver Booster Shot of Additional Relief to Families, Economy Amid COVID-19 Crisis

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Key Takeaways

- The Coronavirus Aid, Relief and Economic Security Act (CARES Act) passed by Congress is a \$2.2 trillion package that includes direct financial assistance to many families, additional unemployment support, a substantial investment in programs and services aimed at the homeless population, housing and support interventions and necessary resources for states to address the impending fiscal cliffs faced by states like Georgia and their local governments.
- The CARES Act is a strong step towards supporting Georgia faced with the health and economic effects of the coronavirus, but additional steps must be taken to expand health care access, support immigrants, further help families access needed programs such as food assistance and more.

On March 25, the president signed the single largest stimulus package in U.S. history in an effort to address the economic crisis unfolding alongside the public health emergency caused by COVID-19. The [Coronavirus Aid, Relief and Economic Security Act](#) (CARES Act) passed Congress with bipartisan support and represents the third and most far-reaching relief package to date in response to COVID-19. The \$2.2 trillion package includes direct financial assistance to many families, expands unemployment support, makes a substantial investment in programs and services aimed at the homeless population as well as housing and support interventions to keep down the rate of homelessness and drives needed resources to states to address the impending fiscal cliffs faced by state and local governments.



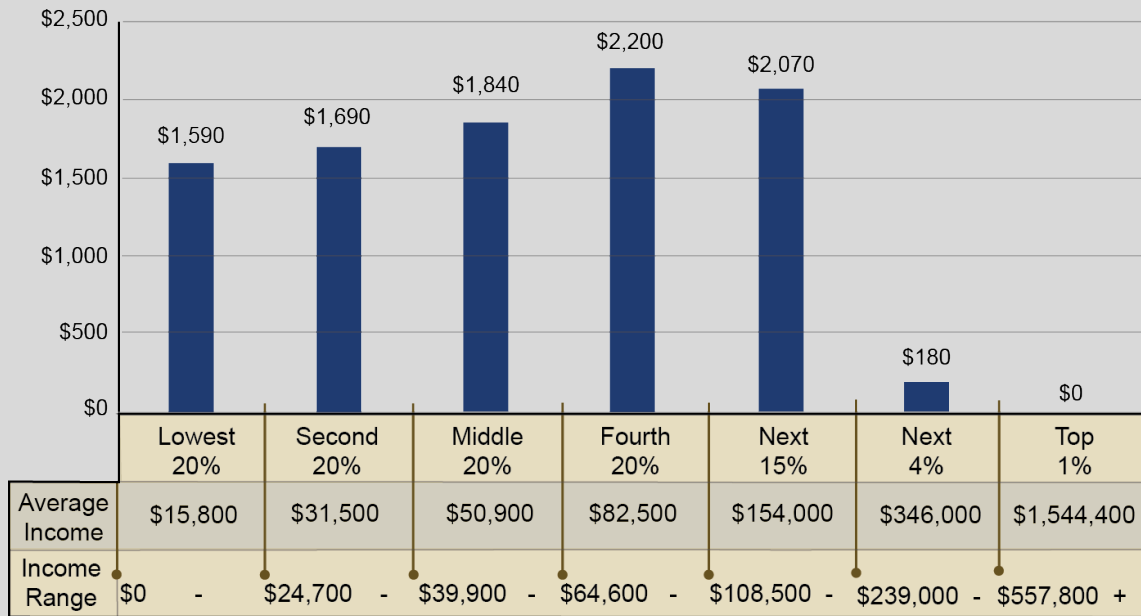
Recovery Rebates Highlight Efforts to Help Many Families Make Ends Meet

The CARES Act will provide significant direct payments, known as “recovery rebates.” These one-time payments will be based on the prior year’s income and therefore require the filing of a 2019 or 2018 tax return to automatically get the rebate. That income threshold will also be used for targeting. The average rebate amounts will be \$1,200 per adult and \$500 per dependent aged 16 years or younger. The rebate amount is calculated on a sliding scale in an effort to target relief to low- and middle-income families. Thus, the amount is reduced by \$5 for every \$100 of income over \$150,000 for married couples, \$75,000 for singles and \$112,500 for single parents. It is important to note that the eligibility outlined in the Act leaves out older, dependent children and those who do not have a Social Security number and instead file and pay taxes through an Individual Taxpayer Identification Number (ITIN) number. Immigrants often file using ITIN numbers. Excluding ITIN filers means excluding an estimated 4.3 million adults and 3.5 million children from receiving the benefit.

Additionally, the payments will first reach Georgians with [direct deposit information on file with the IRS, while those who do not have that information on file will have to wait much longer](#). This caveat may worsen racial disparities during recovery. About [17 percent of Georgia households of color are unbanked](#), compared to just 5 percent of white households. These rebates will not be taxed and are not considered income that will affect other program qualification thresholds for recipients.



Average Rebate in CARES Act Stimulus Bill for Georgians



Source: Institute on Taxation and Economic Policy, March 2020.

Expansions of Unemployment Insurance to Cover More People, Provide Longer Periods of Support

On the heels of [Georgia’s extension of unemployment benefits from 14 to 26 weeks](#), further unemployment relief is included in the CARES Act. Notably, the CARES Act includes an expansion of unemployment benefits, including a broadening of who is eligible for benefits, and increases both the weekly benefit levels for the next four months and the number of weeks someone can receive the benefits. The CARES Act establishes three historic unemployment compensation programs. Each of the programs are fully-federally funded and are designed to substantially **enhance** Georgia’s regular state unemployment insurance system in the following ways:



Program Established by CARES Act	Elements
Pandemic Unemployment Assistance Program (PUA)	Provides help for workers who do not qualify for the usual state unemployment insurance, including self-employed people, independent contractors and gig workers , for 39 weeks, through December 31, 2020.
Pandemic Unemployment Compensation (PUC)	Through July 31, 2020, all regular state UI and PUA claimants will receive their usual UI payments plus an additional \$600 per week .
Pandemic Emergency Unemployment Compensation (PEUC)	Extends the duration of regular state UI by an additional 13 weeks . Thanks to Georgia extending the duration of state benefits to 26 weeks, Georgians will now receive up to 39 weeks of UI.

The CARES Act boosts unemployment compensation by \$2.7 billion for laid-off Georgians, with an additional 255,000 workers projected to benefit from the extension of coverage for gig economy, contract and self-employed workers.

Substantial Investments to Assist Individuals Experiencing Homelessness, Prevent Increase in Homelessness

The Act provides fairly substantial investments across many programs that assist individuals who experience homelessness as well as funds to prevent people from losing their housing. Some examples include a temporary moratorium on eviction filings for the 120 days on any property that is insured, guaranteed, supplemented, protected or assisted in any way by the U.S. Department of Housing and Urban Development (HUD), Fannie Mae, Freddie Mac, the rural housing voucher program or the Violence Against Women Act of 1994. It also authorizes a \$4 billion expansion of Emergency Solutions Grants to help people experiencing or at risk of homelessness by helping communities increase shelter capacity, make accommodations to adhere to physical distancing guidelines, deliver medical care to infected or high-risk people and provide short-term rental or utility assistance. The Act also prohibits foreclosures on all federally backed mortgage loans for a 60-day period and provides up to 180 days of forbearance for borrowers of a federally-backed mortgage loan who have experienced a financial hardship related to the COVID-19 emergency. \$900 million in funding was also included to help low-income households afford heating and cooling bills.



New Support to Address Critical Child Care Needs

Child care is one of the most critical needs right now. Frontline health care and other essential workers are facing child care center closures and dwindling options. On the other side, child care center operators, especially family-based providers, are struggling to keep their doors open in the face of mandatory school closures and families facing economic uncertainty and a growing inability to pay. Luckily, child care investments were included in the CARES Act, though more is likely to be needed in the weeks and months to come. The CARES Act provides \$3.5 billion in funding through the Child Care Development Block Grant (CCDBG) to help states address critical child care needs. The Center for Law and Social Policy (CLASP) estimates that Georgia will receive more than [\\$140 million](#). These funds can be used to provide payments and assistance to child care providers facing decreased enrollment and closures; for child care assistance to health care sector employees, emergency responders, sanitation workers and other workers deemed essential and for funding to providers for cleaning and sanitation.

Fiscal Relief Funds Provided to Help Avert State and Local Government Fiscal Crises

In the wake of the Great Recession, Georgia, along with most every other state, faced severe budget shortfalls that translated into nearly a decade of austerity in K-12 education as well as constrained agency budgets to manage child welfare cases, provide food safety inspections and so much more. Recognizing that state and local government budgets will be hit due to a multitude of factors, including massive sudden investments in public health and decreased sales and income tax revenue as a result of depressed economic activity, the CARES Act established a \$150 billion Coronavirus Relief Fund to help finance state efforts to address the pandemic and cover large budget holes emerging in states and localities in the near-term. The Relief Fund will help states and local governments avert a fiscal cliff. Initial estimates show Georgia receiving about \$3.5 billion and the state's largest local governments qualifying for \$600 million in direct federal support. The funds must be used by December 31, 2020; thus, this initial round of state fiscal relief will need to be followed by additional funds. States and local governments are likely to see budget shortfalls well into next year and beyond. For example, as of March 30, 2020, Georgia has already used \$100 million from its Revenue Shortfall Reserve, with at least \$55 million of that already spent on state response efforts. Fortunately, Georgia has a healthy rainy day account of just over \$2.7 billion that will help the state weather both the downturn and the increased pressure for public health and emergency management resources. However, billions of dollars in additional funding will likely be required to ensure Georgia can maintain a basic level of support for education, health care, transportation and other essential state investments and avoid cuts reminiscent of the Great Recession, which decimated our social services and ability to fund education across the state.



K-12 Education Needs Likely to Outpace What's Covered in CARES Act

As part of the state fiscal relief funding, the CARES Act includes \$13.5 billion for schools, significantly less than the \$77 billion provided in the wake of the 2008 recession as part of the American Recovery and Reinvestment Act. These dollars can assist schools and districts in covering expenses associated with:

- Cleaning and disinfecting supplies;
- Purchasing computers, tablets and other digital learning devices and internet service for students without laptops and Wi-Fi access;
- Training and professional development;
- Addressing the unique needs of low-income students, those with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness and foster care youth;
- Ensuring services like meals and special education continue during closures; and
- Providing mental health services.

However, the funds may be used for other purposes as well. We estimate Georgia schools will likely receive roughly \$459 million as part of this allocation. In addition, the Act also authorizes a \$3.5 billion discretionary fund available to governors to focus on unique education needs of local districts.

Higher Education Support, Student Loan Relief Granted

Also included in the state fiscal relief funds are resources for higher education. Post-secondary education took an early hit in the wake of the COVID-19 outbreak with colleges and universities transitioning all academic offerings online, closing dormitories and scaling back—and in some cases eliminating altogether—services like food and transportation. The CARES Act seeks to address some of the immediate and short-term needs of institutions of higher education and their students. The Act creates a \$14 billion Higher Education Emergency Relief Fund. To qualify for the funds, no state application or waiver will be needed. Colleges are instructed to prioritize continuing to pay faculty and staff and can use emergency relief funds for costs associated with moving to online instruction. Notably, colleges are also instructed to use at least 50 percent of the money for emergency grants for students in need because of campus disruptions. These expenses



can include any eligible expense that forms the cost of attendance, including food, housing, course materials, technology, health care or childcare.

Economic downturns and recessions are known to hit higher education funding hard as states look to cut budgets, and colleges rely more on student fees and tuition to make up the difference. This cycle perpetuates student borrowing, limits academic offerings and can further exacerbate race and class inequalities in college completion rates. In an effort to mitigate this likely situation, the CARES Act specifies that states who apply for emergency relief funds must keep state funding and need-based financial aid for Fiscal Year 2020 and FY 2021 at the same levels as the average from FY 2017 to 2019. Georgia will likely not be able to maintain that funding level. However, the Act also states this requirement may be waived “for the purpose of relieving fiscal burdens on states that have experienced a precipitous decline in financial resources.”

Federal Loans

The Department of Education has suspended all federal student loan payments through September 30, 2020 for *federally held* loans. This represents most, but not all, student loans. Federal Family Education Loans, which ended in 2010, Perkins Loans, which ended in 2017, and private loans do not qualify. State loan payments are automatically suspended for 60 days. **To take advantage of this relief**, students do not have to do anything to suspend payments. For qualifying loans, there will be no interest accrued and no effect on credit scores.

Other Federal Aid Programs

Colleges can continue to pay students participating in the Federal Work Study program, even if their ability to work has been interrupted due to campus closures. About 11,600 students in Georgia private and public colleges and universities participate in Federal Work Study.

The federal government is also allowing flexibility with existing federal Supplemental Education Opportunity Grants (SEOG) dollars that are allocated to campuses to be used for emergency aid.

New Funding for Health Care and Public Health

The Act allocates funding to support hospitals, clinics and public health agencies. A \$100 billion fund is available to support hospitals and other health care providers. Hospitals can access these funds to cover certain capital expenses, lost revenues related to COVID-19 response and uncompensated costs, such as caring for the uninsured. Community health centers are set to receive \$1.32 billion in additional funding for testing and treatment of



COVID-19. The Centers for Disease Control and Prevention will receive \$4.3 billion to help state and local public health agencies with their preparedness and response efforts, such as laboratory testing and mitigation activities to prevent spread of the virus.

CARES Act Goes a Long Way, But Unfinished Business Remains for Future Stimulus Packages

The CARES Act, Families First Coronavirus Response Act and Coronavirus Preparedness and Response Supplemental Appropriations Act together represent a substantial and nimble response by Congress and the president in the wake of the coronavirus outbreak. While these packages go a long way to address some immediate needs, there are glaring holes that must be addressed through additional efforts in the coming weeks and months. In order to more fully address the effects of COVID-19 on the health and economic wellbeing of all communities, federal and state lawmakers should:

- Address the need for more equity and inclusion for our immigrant neighbors by opening up “recovery rebates” to ITIN filers and providing free testing and health insurance coverage regardless of immigration status.
- Further expand health coverage to pay for COVID-19-related medical treatments for the uninsured population. Given that Georgia has one of the highest uninsured rates in the nation and we have not expanded Medicaid, this is an essential need to control the spread of the virus, as well as save lives.
- Increase SNAP benefit amounts to help families put food on the table and support local food outlets, especially retail outlets in rural areas who rely more heavily on SNAP transactions to stay in business.
- Extend student loan forbearance options to the Federal Family Education Loan (FFEL) program, Perkins and private loans to lessen confusion among borrowers and treat all student loans equally.
- Recognize that the economic consequences of this crisis will extend well beyond the public health crisis and economic relief and support will be needed beyond this initial period to “flatten the curve.”