
Greenstein: Bipartisan Agreement Provides Urgently Needed Relief

CBPP today released a statement from Robert Greenstein, president, on the bipartisan, bicameral COVID relief agreement that congressional leadership announced on December 20:

The bipartisan agreement that the House is voting on today, while far short of perfect, will provide substantial, urgently needed relief for struggling families and the economy. With the economic recovery losing steam, the virus continuing to surge, and millions of people facing severe financial distress, Congress and the President should swiftly enact it. The new Congress and new President should then work expeditiously to provide additional relief in early 2021 and to plug holes in this agreement.

The agreement extends unemployment benefits through March 14 for millions of people who have lost their jobs because of the pandemic and downturn — benefits that for many would otherwise run out by the end of the year. The agreement also reinstates, at a lower level, an important federal unemployment benefit supplement that expired months ago.

In addition, to help families keep a roof overhead and avoid a wave of evictions, the agreement includes much-needed rental assistance and extends until January 31 the federal moratorium on evictions, which would otherwise expire at the end of December. This extension will protect at least some of the almost 5 million households who would otherwise be in jeopardy of eviction over the next two months, while providing the incoming Administration some time to undertake new action to help address the problem. In addition, to help ensure that millions of households have enough to eat, the agreement increases monthly SNAP benefits through June. More than 27 million adults report that their household didn't get enough to eat sometimes or often in the most recent seven days, according to the Census Bureau's Household Pulse Survey.

Also positive is the agreement's second round of direct payments (called Economic Impact Payments) to help cushion the downturn's financial blow for a broad swath of the country and strengthen consumers' purchasing power. Of particular note, the agreement extends the payments to some people in families that previously were excluded from receiving such payments due to the immigration status of one or more adult family members. This broadening of eligibility will provide important help to many families that have been hit hard by the pandemic and its economic fallout.

Other beneficial aspects of the agreement would provide resources to help child care providers stay in business and protect low-income working families whose earnings fell in 2020 from facing losses in their Earned Income Tax Credit and Child Tax Credit. The agreement also includes crucial funding for public health needs, including testing and vaccine procurement and distribution.

Together, these and other provisions will help to address severe hardship and to bolster the faltering economy. They also should lessen racial and ethnic disparities that COVID-19 has exposed and exacerbated. Because of a variety of factors, including racial discrimination and unequal opportunities in education, health care, and employment, the pandemic and its economic fallout have hit Black and Latino people particularly hard.

The agreement falls short, however, in some important respects. Most significantly, it lacks state and local government fiscal relief, which is urgently needed, as governors of both parties have explained. The agreement does provide some much-needed education funding that will help states and localities, but states also need broad-based fiscal relief to address sizeable revenue shortfalls and pandemic-related costs. Failure to provide state and local aid will lead to more layoffs and more damaging cuts to education, health care, and other core services, which will slow the economic recovery. As of November, approximately 1.3 million state and local workers had lost their jobs since February, an estimated 1 million of them in education.

Moreover, with large numbers of people struggling to afford food, rent, and other basic needs, the agreement extends some of its relief for too brief a period. In particular, its unemployment benefits last only through mid-March. Yet economic hardship, which remains high and appears to be growing once again, will likely last well beyond then. The agreement also includes a temporary 100 percent tax deduction for business meals — sometimes referred to as the “three-martini lunch” deduction — an unwarranted measure that made it into the package even as various much higher priorities did not.

Another concern is that while the agreement continues the tax credits for employers established under the Families First Act for providing coronavirus-related sick days and family leave, it doesn’t extend workers’ right to take that time off, leaving that to employers’ discretion. A likely result is that a substantial number of workers will be unable to stay home when they are quarantined or ill or will be unable to balance work and family caregiving needs when schools are closed or a family member has COVID-19. In addition, the agreement fails to extend the reporting deadlines the Census Bureau must meet for the 2020 census, which has faced disruption as a result of the pandemic. This omission will make it more difficult for the Bureau to ensure the census data is as accurate and complete as possible.

Despite these gaps, however, millions of struggling people can wait no longer, and the agreement should be enacted without further delay. The new President and Congress then should provide additional relief early next year to support families and the economy until the pandemic recedes, the economy recovers sufficiently, and widespread hardship abates.

###

The Center on Budget and Policy Priorities is a nonprofit, nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs. It is supported primarily by foundation grants.