
Greenstein: New Relief Proposal Well Designed, Urgently Needed

CBPP today released a statement from Robert Greenstein, president, on the new COVID-19 relief package from House Speaker Pelosi:

House Speaker Nancy Pelosi's release yesterday of a revised package to address the virus and economic slump is an important and hopeful step. While the new package scales back the House-passed Heroes bill from \$3.4 trillion to \$2.2 trillion, it does so in sound ways, and the resulting package is both well designed and urgently needed. We hope this leads the White House and GOP congressional leaders to reciprocate now by moving much closer to what the revised Heroes measure contains.

While about one-third smaller in cost than the earlier Heroes legislation, the new package contains the same core elements, which together form a strong response to the crisis: food, housing, and income assistance to tens of millions of struggling households, including improvements in jobless benefits; state and local fiscal relief to avert budget cuts that would exacerbate hardship and further weaken the economy; and a strong public health response. While either the funding level or the duration of some measures has been scaled back, the revised package would actually be stronger and more effective than the prior Heroes package in the months ahead in two important areas: unemployment insurance policies and child care funding.

If policymakers can't agree on a package with these core elements, the coming months will be much more difficult for many individuals and families across the country, for numerous small businesses, and for the economy as a whole.

The nation has the resources and know-how to provide effective relief that can help households and communities weather this storm and bolster the still-tenuous economy. Borrowing costs are historically low, and the nation can afford the short-term costs. Indeed, Federal Reserve Chair Jerome Powell and many economists from across the ideological spectrum have called for additional, robust relief because the risks to the economy of doing too little heavily outweigh any risk from additional debt the nation would be taking on.

Consider the findings from the Census Bureau's Household Pulse survey for the first two weeks of September. These new data [show](#) that 23 million adults reported their household sometimes or often didn't get enough to eat, a marked increase from a similar survey in 2019. And 1 in every 4 renters was behind on the rent, putting them at risk of eviction when eviction moratoriums expire.

Children are being hit especially hard. Households with children are likelier to report difficulty affording food and rent, which subjects children to serious hardships that research shows can have long-lasting, adverse impacts.

Meanwhile, [joblessness remains high](#), with job losses concentrated among workers without a college degree and those in low-paid industries. Some 35 million people, including 9 million children, are unemployed or live with an unemployed family member, Census data from August show. Because of a variety of factors, including racial discrimination and unequal opportunities in education and employment, Black and Latino workers are overrepresented in groups that have seen large job losses. And despite the continued high joblessness, the \$600 per week federal unemployment supplement expired at the end of July, and the President's legally questionable \$300 weekly supplement lasted only a handful of weeks.

Compounding these concerns, state and local revenues have fallen from pre-pandemic levels even as states and localities face large new pandemic-related costs, leaving them with gaping budget holes. As of August, about 1.1 million [public-sector workers had lost their jobs](#) since February, an estimated 668,000 of them in education. A number of states [have](#) indicated that without substantial relief soon, they will institute more and deeper cuts.

The new House package would help meet these challenges. It would restart the unemployment supplements and continue them through January, and in an improvement from the earlier version of the Heroes bill, the new package would ensure workers don't run out of their allotted weeks of jobless benefits before the end of January. For certain categories of workers, it would also make other modest improvements in jobless benefits.

In addition, the package would raise the maximum SNAP (food stamp) benefit, which is particularly important for the lowest-income households since they were left out of an earlier increase. The package includes, as well, substantial new rental assistance to help low-income households that can't pay their full rent bills.

The package would also [temporarily expand](#) two important refundable tax credits. It would make the full \$2,000 Child Tax Credit available to poor and low-income children, who now get a partial credit or none at all because their incomes are too low. And it would expand the now-meager Earned Income Tax Credit for workers without minor children at home, including an extension of this credit to 19-24 year old workers. These changes would help many people facing hard times, while also increasing consumer purchases and thereby strengthening the economy. The package contains another round of stimulus payments as well.

Of particular note, the package includes much-needed fiscal relief to states and localities through broad grant aid as well as support for schools to help them cope with increased costs associated with the pandemic. The package also provides vital child care funding to help families afford care and help providers stay in business so that child care is available as parents return to work.

Finally, the package includes important health provisions. It boosts Medicaid funding to help cash-strapped states cope with rising [caseloads](#) and costs and avoid cutting health benefits. And it includes important public health funding to help combat the pandemic more effectively.

Although the two parties differ on a number of issues, there is at least some bipartisan support for expanded jobless benefits, food and rental assistance, fiscal relief to states and localities, expanded tax credits, and more robust testing and contact tracing, as well as bipartisan support for the stimulus payments and small business assistance that also are included in the package.

On another front, recognizing the importance of an accurate 2020 census, the package requires the Census Bureau to follow the coronavirus contingency plan developed by Bureau experts, which would allow enumeration operations that were disrupted by the pandemic to continue until October 31. Response rates in many areas, including communities of color, rural areas, Tribal lands, and other hard-to-count communities, lag behind 2010 levels. The additional time would help secure a more accurate count. There is bipartisan concern about rushing the count, with low response rates being a concern in red and blue states alike.

The new package falls short in one area — it unfortunately includes a poorly targeted and regressive temporary repeal of the \$10,000 cap on the federal deduction for state and local taxes, which would do little either to address hardship or to strengthen the economy. This proposal would primarily benefit people with the highest incomes, who least need help in the current crisis. It should be dropped from the final package.

Overall, however, the new package is quite strong. We hope it will lead to a sound bipartisan agreement in the days ahead, which both the economy and tens of millions of households badly need.

###

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.