DATE: December 28, 2020

TO: Board of Supervisors
   Jeffrey V. Smith, County Executive

FROM: Danielle Christian, Legislative Manager

SUBJECT: Federal Stimulus Package - COVID-19 Relief

Last week, Congress passed a $2.3 trillion legislative package that contained both appropriations for Federal Fiscal Year (FFY) 2021 and additional COVID-19 relief. While the President expressed his many grievances with the bill and asked for it to be amended to increase the amount of stimulus payments to Americans, he signed it yesterday.

Passage of this bill marks bipartisan agreement on COVID-19 relief that has eluded Congress since it passed the fourth federal relief package in April. While this latest relief package will result in additional funding for the County and extends the deadline for counties to spend money allocated through the Coronavirus Relief Fund (CRF) until December 31, 2021, there is no additional direct and flexible funding for state and local governments. The COVID-19 relief provisions of the bill, however, make available $900 billion to support individuals, families, and businesses impacted by the coronavirus pandemic and various response efforts and activities. The following provides high level information on many of those provisions:

Health Provisions

**Vaccine Distribution:** New funding in the amount of $8.75 billion is provided to assist with vaccine development and distribution. Of this total, $4.5 billion will fund direct grants from the U.S. Centers for Disease Control and Prevention (CDC) to states and localities under the Public Health Emergency Preparedness cooperative agreement formula. Another $300 million will be directed to high-risk and underserved populations, including racial and ethnic minority populations and rural communities, through new or existing grants.
Testing and Contact Tracing: The bill provides $22.4 billion for ongoing COVID-19 testing, contact tracing, and mitigation efforts. Approximately $21.6 billion of this amount is available for direct grants for states, localities, and territories under the Public Health Emergency Preparedness cooperative agreement formula. The bill also provides $2.5 billion to high-risk and underserved communities, including racial and minority populations and rural communities, and will be distributed through new or existing grants for improving testing and contact tracing capacity.

Healthcare Provider Support: The bill includes a $3 billion increase to the Provider Relief Fund (PRF). The PRF is used to support hospitals and healthcare providers for healthcare-related expenses or lost revenue attributable to COVID-19. Additionally, bill language amends current PRF reporting guidelines to clarify that lost revenue calculations can be done by any “reasonable” method, including calculating the difference between budgeted and actual revenue on a monthly, quarterly, or annual basis. The PRF can also be used for staffing expenses.

Resources for Mental Health and Substance Abuse: The relief package provides new and additional funding for mental health and substance abuse programs. This includes $600 million for the Certified Community Behavioral Health Centers (CCBHCs) Program. It also provides $1.7 billion in additional grant funding under the Substance Abuse Treatment and Prevention Block Grant program, $1.7 billion for the Mental Health Services Block Grant program, and $50 million for suicide prevention programs.

Action on “Health Extenders”: Cuts to the Disproportionate Share Hospital (DSH) program are cancelled for FFY 2021, 2022, and 2023. Mandatory funding for community health centers, National Health Service Corps, and Teaching Health Center Graduate Medical Education (GME) is extended through September 30, 2023.

Food Assistance

The relief provisions include a temporary, 15-percent increase in monthly Supplemental Nutrition Assistance Program (SNAP) benefits for all participants. This increase will be in effect January 1, 2021 through June 30, 2021.

Housing Provisions

Rental Assistance: The bill establishes a new $25 billion emergency federal rental assistance program. The program will distribute funds to states and localities with populations of 200,000 or more. Ninety percent of these funds must be used for payment of rent, rental arrears, utilities, home energy costs, and other related housing expenses. The remaining ten percent is for housing stability services.
Eviction Moratorium: The current CDC eviction moratorium is extended by one month until January 31, 2021 under the bill. The CDC had issued an Order to temporarily halt residential evictions of covered persons for nonpayment of rent from September 4, 2020 through December 31, 2020 following a declaration by the CDC Director that the evictions of tenants could be detrimental to public health control measures to slow the spread of SARS-Cov-2, the virus that causes COVID-19.

Child Care Relief

The bill appropriates an additional $10 billion in emergency funding for the Child Care Development Block Grant (CCDBG). These funds maintain the flexibility given to states through the CARES Act and can be used to provide child care assistance to families, and to help child care providers cover their increased operating costs during the pandemic. This emergency relief will help stabilize the child care market and allows states to expand child care assistance to essential workers and working families who are in need of child care services.

The Head Start Program will also receive an additional $250 million in emergency funds to ensure providers are able to continue to safely serve low-income children and families.

Unemployment Insurance

The bill extends all pandemic unemployment programs by 11 weeks and the federal supplemental unemployment insurance benefits by $300 per week, from December 26, 2020 through March 14, 2021.

Small Business Support

The relief provisions authorize $284 million to allow eligible businesses to draw down a second round of Paycheck Protection Program (PPP) loans. Eligibility is limited to small businesses with 300 or fewer employees that have sustained a 30-percent revenue loss in any quarter of 2020.

The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. PPP loan have an interest rate of 1% and loans issued after June 5, 2020 have a maturity of 5 years; loans issued earlier have a 2-year maturity term.

The bill also allows businesses to deduct expenses paid out of past and new PPP funds for tax purposes.
Also, $20 billion is included in Economic Injury Disaster Loans (EIDL) advance grants, which will provide up to $10,000 to small businesses that remain severely impacted by the ongoing slowdown. The requirement of deducting an EIDL Advance from the PPP forgiveness amount is also repealed.

**Income Supports**

**Economic Impact Payments:** The legislation provides another round of cash payments to working class Americans. The payment amount for adults is $600 and an additional $600 is available for each child. The full payment is available for people who earn up to $75,000 (individual) and $150,000 (married).

The bill will allow mixed-status households with undocumented family members to receive stimulus checks that they were denied under the first round of legislation in the spring. Under the package, U.S. citizens and green card holders will be able to receive $600 in direct aid, even if they filed a joint tax return with an undocumented spouse, as well as additional checks per dependent child. The bill will also retroactively make mixed-status families with one Social Security number-holder eligible for the $1,200 per household and $500 per child checks allocated by the CARES Act. However, undocumented immigrants and other taxpaying noncitizens who do not have a Social Security number are still barred from receiving stimulus checks under the law.

**Earned Income Tax Credit or Child Tax Credit:** Families experiencing unemployment or reduced wages during the pandemic are eligible to receive an Earned Income Tax Credit or Child Tax Credit based on their 2019 income returns. This will direct an estimated $5 billion in additional relief to low-income families.

**Broadband**

The bill includes $7 billion in various broadband investments. This includes $3.2 billion in emergency funds for low-income families to access broadband through a Federal Communications Commission (FCC) fund. The amount of $250 million is provided for telehealth funding and $65 million to complete broadband maps for the government to effectively disperse funding to the areas that need it most. Other investments include funds to remove and replace currently used unsecure equipment and grant programs to provide broadband in rural areas.

Please feel free to contact me at Danielle.Christian@ceo.sccgov.org or 408/299-5183 if you have any questions about this information.

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