



Pandemic Aid Package -- Round 2

The long-awaited second round of federal aid was finally signed into law in late December, providing help to millions of struggling families and businesses -- and offering a jump start to a vaccine-fueled economic recovery.

Most Americans will receive a \$600 cash payment and many could be eligible to receive an additional \$300 per week in unemployment benefits.

After months of wrangling and heated infighting, Congress finally passed a second aid package -- The Consolidated Appropriations Act, 2021 (CAA) -- to help struggling Americans get back on their feet in the wake of the COVID pandemic. Like the first aid package back in March, CAA establishes cash payments, enhanced unemployment benefits, and other measures aimed at tiding over millions of families and businesses until vaccines are widely administered. The Act also provides appropriations to many different governmental programs and agencies.

Below are some of the principal features of the legislation.

Cash Payments

Single adults making up to \$75,000 a year (based on 2019 tax returns) will receive a \$600 payment, and a couple earning up to \$150,000 a year will get \$1,200. Those with dependent children will also be eligible to receive \$600 for each child. The payment decreases for those with incomes above these thresholds, disappearing altogether for singles earning over \$87,000 and couples earning over \$174,000, though higher for those with a qualifying child.

Unemployment Benefits

The Act boosts and extends the amount of time that people can collect unemployment benefits. Like the March aid package, CAA adds an extra federal benefit that is provided on top of any state benefit. But instead of the \$600-a-week payment that expired at the end of July, CAA provides an additional \$300, lasting through March 14, 2021.

Potential recipients include people receiving state-level benefits as well as individuals receiving checks through the Pandemic Unemployment Assistance program, which covers the self-employed, gig workers, part-timers, and others who are typically ineligible for regular unemployment benefits.

Housing Aid

The Act extends a moratorium on renter evictions through January 31, 2021. To be eligible, renters must have experienced a "substantial" loss of household income, a layoff, or "extraordinary" out-of-pocket medical expenses, among several other conditions, including the same income limits that apply to cash payments.

CAA also provides \$25 billion to be distributed through state and local governments to help renters in arrears.

Paycheck Protection Program Revived

The Act funds Paycheck Protection Program (PPP) loans, expands PPP eligibility for nonprofit organizations and news outlets, and modifies the program to serve small businesses, nonprofits, and independent restaurants. Under the program, qualified borrowers may borrow up to \$2 million in new loans to fund payroll and other costs, all or part of which may be forgivable, provided certain requirements are met.

Will It Work?

The \$900 billion aid package is among the largest relief bills ever passed. But it is far cry from the \$2.2 trillion CARES Act enacted in March, or the \$3 trillion version passed by the House in May, which never made it into law. Many question whether this latest stimulus will be sufficient to prevent the country from sliding back into recession, and Congress continues to battle over upping the \$600 cash payment to \$2,000. Currently, the unemployment rate stands at 6.7%. Layoffs have been rising, retail sales falling, and the latest surge in virus cases has led many states to reimpose restrictions on business and consumer activity. Still, the U.S. economy has proven surprisingly resilient, and a strong recovery is not out of the question. But the more likely scenario, if past recoveries offer any insight, is a gradual improvement with fits and starts, and many unknowns along the way.

The biggest of these unknowns is the speed and success of the new vaccines in eradicating the virus. With COVID infections now raging at record levels and lockdowns imposed across much of the country, it's unclear exactly when life will return to "normal." What's more, a new, more contagious variant of the coronavirus has been discovered in the U.K., and now in the U.S., resulting in new travel restrictions across the globe. So the battle is not over. But the massive vaccine rollout and new aid package offer hope for a better 2021.