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THE CURRENT: What's in the latest COVID-19 relief bill?

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(MUSIC)

PITA: You're listening to The Current, part of the Brookings Podcast Network. I'm your host, Adrianna Pita.

One year ago this week, cities and states across the United States began shutting workplaces and schools, and issuing stay-at-home orders in an effort to control the spread of the coronavirus pandemic. On Wednesday, the House of Representatives is expected to pass the final version of a \$1.9 trillion COVID relief bill, a top priority for President Joe Biden and congressional Democrats.

Here to tell us what's included in this round of economic relief is Wendy Edelberg, a senior fellow in Economic Studies and director of The Hamilton Project here at Brookings. Wendy, thanks very much for talking to us today.

EDELBERG: Thank you. Very happy to be here and alarmed that it's really been a year.

PITA: Yes, time has flown or also crawled, sadly. Maybe you can talk to us, to start with: the direct cash benefits and federal unemployment insurance supplements were some of the main headline items and source of a lot of debate not only between Republicans and Democrats but within the Democratic party. So, where did we end up on those benefits? What will those wind up meaning to people?

EDELBERG: Where they ended up is, they will maintain the \$300-a-week plus-up that unemployed people get in addition to their regular unemployment insurance benefits. They'll maintain those through the end of August. And they will also maintain all of the expansions to eligibility through that time as well. So, for example, gig workers who weren't eligible for unemployment insurance before the pandemic will continue to be eligible under pandemic unemployment assistance until it expires at the end of August.

PITA: Beyond those elements, this was a very broad-reaching bill. At \$1.9 trillion, there's a lot of items in here. What are some of the other major elements that people should know about?

EDELBERG: Well, of course, the cash payment of \$1400 to households. That's definitely one of the headline items and that was subject to a lot of debate. I see that as really being insurance to make sure that we get relief to all the households that need it. There's a lot of targeted money in this bill to people who are behind on their rent, behind on their mortgages, food relief, opening childcare centers. There's a lot of targeted relief, but we know that we're not great at getting money to all the people who desperately need it, and those \$1400 checks will make sure that, broadly, all households under the

income thresholds get something, so that if they're left behind on some other aspects of the bill, they will get some fiscal relief.

PITA: Well, that's good. I understand there's also money slated for the states. Is that earmarked for any particular purposes, or is that for them to use as they need? How significant is that to individuals within those states?

EDELBERG: I see the money for states in two very separate ways. First, what you might have in mind is there's a big bucket of \$350 billion for the states that's not earmarked for anything. It is part of the fiscal relief for them as they are undergoing all sorts of pressures on their budget, and those pressures are probably going to be in place for several years.

I also see a lot of the money that's more targeted also really end up being fiscal relief for states, but in different ways. I think states have really borne a lot of the burden of getting the pandemic under control, distributing the vaccine, trying to make sure that schools can open safely, helping their populations with rent relief and food assistance, so a lot of the money that is quite targeted will help states with the enormous pressures on their finances as they get a lot more money from the federal government for those causes.

PITA: Anti-poverty organizers are looking at this bill as one of the more significant anti-poverty acts since the New Deal during the Great Depression, and they're talking about that on the front of child poverty in particular. What are some of those steps that this bill takes on those fronts, and are many of them longer-term reaching, or are they just short-term relief during COVID times?

EDELBERG: You're absolutely right, that's gotten a lot of attention, and rightly so. This bill is doing amazing things to help limit child poverty. The estimates that I've seen out there is that child poverty will be cut in half over the next year, and those estimates seem quite credible to me. This bill is getting money out to lower income households through both making the child tax credit refundable, increasing the childcare tax credit, those \$1400 payments will also help families with children, of course, and there's an expansion of the EITC. Those are the largest ways in which this bill is getting money out to families with children who are hurting. For example, one of the estimates I've seen is that for families in the bottom 20% of the income distribution, this will be a 20% increase in their after-tax income. That's extraordinary and they're really to be congratulated for that.

PITA: You also mentioned that there's money in this bill for vaccine distribution. Also on the health care front, I understand there's also funds for rural health care providers, as well as an expansion of Affordable Care Act's insurance subsidies. What can you tell us about what the bill is doing on that front?

EDELBERG: Obviously one of the major priorities of this bill, and of the Biden administration more broadly and of Congress, has been getting the vaccine distributed and getting the pandemic under control, and this bill does a lot to get more resources to that end. You also mentioned the expansion of the subsidies in the Affordable Care Act. It's really a fantastic thing that this bill is doing, which is getting those subsidies out for anyone who has to enroll in the exchanges in order to get health insurance. The subsidies now go further up the income distribution, which is great because people who were still of moderate income but their income previously was too high to get subsidies were really getting squeezed and facing extraordinarily high costs of health care insurance that was putting a lot of pressure on their family budgets. What this bill does is it increases subsidies for people with incomes above 400% of the

federal poverty level. For example, that's about \$50,000 for an individual, so that person will now qualify for subsidies and that will make health care insurance a lot more affordable for those folks. That's in place for two years, so we'll have to revisit two years from now whether or not people are really valuing those subsidies and want to keep them in place beyond two years from now.

PITA: One item that didn't wind up in this bill was an attempt to raise the federal minimum wage. Democrats are expected to put together a second bill of some economic reforms before the end of the summer. What else would you want to see in that next bill? Your top economic priorities looking for longer-term growth and rebuilding the economy after this?

EDELBERG: I think raising the minimum wage – the federal minimum wage – is long overdue. It's a no-brainer. It's frustrating that it can't be done through reconciliation, but Congress has a lot of tools in its toolbox besides reconciliation, so I very much hope they revisit it and get that done. I also wouldn't be surprised if Republicans and Democrats come together on a really ambitious infrastructure package. There's been bipartisan support for that for years, watching our public infrastructure be underfunded and under-maintained. So, I wouldn't be surprised at all if we saw a big, ambitious package along those lines. Which I should say, just as an asterisk, will also help to maintain a robust economic recovery for years to come, because infrastructure spending is notoriously slow. While that's frustrating if you're using infrastructure spending in order to get a jolt of economic growth, it's actually just what the doctor ordered if you're looking for a longer-term, more sustained, more persistent support for economic growth over, say, the next five years.

PITA: Not to mention infrastructure usually lasts a good long time, so the benefits must be longer-lasting as well – is that right?

EDELBERG: Oh, absolutely. And in fact, we're still benefitting from the federal highway administration, that system being put together decades ago, so absolutely.

PITA: All right. Wendy, thanks very much for explaining this to us today and stopping by to talk to us.

EDELBERG: It was a lot of fun, thanks for having me.