Insight

The HEROES Act: Assistance for Low-Income Individuals

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Executive Summary

- The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act would provide an estimated $3 trillion worth of additional assistance to provide relief for those suffering from the fallout of the coronavirus pandemic.
- Many of these benefits—spanning from housing, nutrition, and educational assistance, to tax relief and unemployment benefits—are targeted at low-income individuals.
- Some of the problems people are now facing will not be solved with unemployment benefits. The loss of free childcare services resulting from school closures, the educational and work challenges presented by the new necessity to have internet and a computer at home, and the increased health risk to homeless individuals are a few examples of where wage replacement will not resolve these challenges.
- While many of the provisions included in this legislation will never become law and shouldn't, some are worthy of measured consideration.

Introduction

The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act—with its reported $3 trillion price tag—would provide *substantial* amounts of assistance for almost every type of need someone might have. Much of this assistance is needed and worthwhile, but some is overly generous and likely wasteful, particularly given the trillions of dollars in aid already provided.

Many of the provisions in this new legislation are specifically targeted at lower-income individuals and would attempt to address the numerous ways that such individuals, particularly racial and ethnic minorities, are being disproportionately impacted by the

health and economic consequences of the pandemic, as outlined here. It is unclear, however, whether massive expansions of numerous programs—which have already been substantially supplemented—is the most efficient and effective means to provide any further assistance. To the extent that the pandemic and the resulting economic impact has caused individuals to lose their jobs and thus their incomes, unemployment insurance (UI) benefits—now available to many more people and much more generous—should provide adequate wage replacement for most recipients. In fact, 63 percent of unemployed workers are currently making more on unemployment insurance than they were when they were working..

That said, some of the problems people are now facing will not be solved with unemployment benefits. For those not eligible for UI or only eligible for the minimum benefit amount (or unable to penetrate the overwhelmed, archaic systems), other forms of assistance are needed. The loss of free childcare services resulting from school closures, the educational and work challenges presented by the new necessity to have internet and a computer at home, and the increased health risk to homeless individuals are a few examples of where wage replacement will not resolve these challenges. To the extent that the provisions included here have bipartisan support and are likely to be included in the next round of assistance, they are worth reviewing. Provisions that could potentially have some degree of support from both parties are further detailed below. More details on other parts of the bill can be found here.

Nutrition

Food insecurity affected tens of millions in the United States before the pandemic and its economic hardship; now, millions more are struggling to feed themselves and their families. The increased demand and simultaneous decrease in inventory at food banks means many who typically rely on these donations will have to go elsewhere for food, and pay for it. The HEROES Act would provide billions in additional funding for the many nutrition assistance programs available, including the Supplemental Nutrition Assistance Program (SNAP), the Nutrition Program for Women, Infants, and Children (WIC), the School Lunch Program, and other programs targeted at children and the elderly. The legislation would also increase SNAP benefits by 15 percent and increase the minimum benefit to $30 per month through September 2021, while the enhanced unemployment benefits provided by the CARES Act—the Pandemic Unemployment Compensation—would be excluded from countable income for SNAP benefit calculation. The legislation would waive all work requirements and newly allow for the purchase of hot and ready-to-consume foods with SNAP funds. WIC benefits would also be increased, to $35 per month for women and children. The Pandemic EBT Program—included in the Families First Coronavirus Response Act—would be extended

through the summer and until school begins again so that children of low-income families who typically rely on school meals can continue to receive additional cash benefits for groceries.

The pandemic has caused people to shift how they eat away from restaurants and toward home, and the legislation also provides new flexibilities for various programs and regulations to assist in alleviating the logistical challenges created by our need to redirect and repurpose billions of pounds of food.

Education

In addition to significant student loan relief and funding for higher education, the HEROES Act would provide $90 billion to states to support elementary, secondary, and postsecondary education. One important use of these funds would be to assist in the development and deployment of online learning services and the provision of internet access and assistive or adaptive learning technology for students. Funds could also be used for training educators in how to provide quality distance learning and for extending distance learning programs throughout the summer, with a particular focus on children in low-income families, children who are homeless, children with disabilities, and children of racial and ethnic minorities. This sort of policy is important as high-poverty schools are only half as likely to offer live instruction during the COVID-19 school closures, and minority students are much less likely to have a computer or internet access at home.

Internet Access

With schools and businesses closed and so many people having to learn and work from home, internet access has become vital. The legislation would also require internet service providers to provide services at a discount to households in which a member has been laid off or furloughed; $9 billion would be provided for reimbursement to companies. Beneficiaries of the Lifeline program would be entitled to unlimited minutes and data. Broadband and telephone service providers would be prohibited from terminating service or imposing late fees due to a customer's inability to pay as a result of financial hardships related to the coronavirus pandemic. Although, it's not clear that this mandate is necessary as hundreds of providers voluntarily accepted the Federal Communication Commission's Keep Americans Connected pledge. Providers would also be required to open Wi-Fi hotspots to the public at no charge and not impose data caps.

In an effort to accelerate the provision of high-speed internet in rural areas, the Federal Communications Commission would be required to expedite its Rural Digital Opportunity Fund auction.

Housing

As more than 36 million people have filed for unemployment and millions more have had their wages or hours reduced over the past eight weeks, some are likely having trouble paying their bills, the largest of which is usually rent or the mortgage. The HEROES Act would expand and extend significant housing assistance to renters and mortgage-holders, as explained here. Notably, roughly $200 billion in direct financial assistance would be provided. Further, renters and homeowners would be protected from eviction or foreclosure for up to a year. To assist with energy bills, $1.5 billion is provided for the Low-Income Home Energy Assistance Program. For homeless veterans, the grant per diem allotted to social services providers would be modified to account for the costs of providing services to the children of homeless veterans and services providers would be granted expanded flexibilities for use of funds.

Child Care

With schools—a usual source of free childcare—closed and social distancing protocols in place, many people required to keep working are struggling to find an affordable and available childcare option. More than $12 billion would be provided for the Social Services Block Grant, of which $850 million would specifically be set aside to enable states to provide childcare or adult day care for family members of essential workers. The Child and Dependent Care Tax Credit would also be made fully refundable for 2020 and the maximum credit would be increased to 50 percent of expenses while the threshold for eligibility would be lowered.

Health

Significant amounts of money have been provided for health care providers and facilities in each of the COVID-19 response bills to date, and the HEROES Act would provide roughly $150 billion more, as outlined here. Most of the new funding, as in past bills, would be disbursed directly to health care providers to cover the costs of treating patients as well as compensate for lost revenue as a result of most elective procedures having to be cancelled, or at least delayed. States would also be provided significant boosts in Medicaid funding to account for the millions of individuals likely newly eligible as a result of job loss. For those who lose their job and their employer-sponsored health insurance but are not eligible for Medicaid, the legislation would provide 100 percent federal financing of COBRA premiums through the end of the year. New special enrollment periods would also be created for the federal exchanges and Medicare.

Conclusion

The HEROES Act, before the legislation was even introduced, was dismissed by many as a completely partisan bill, guaranteed to go nowhere. Several of its program expansions are excessive, given the unprecedented federal assistance already provided in response to the pandemic. Nonetheless, Congress will likely do more in response to the coronavirus pandemic, and this bill provides a marker for what House Democrats will seek in any compromise package.