



Insight

Direct Assistance for Individuals in the Coronavirus-Response Acts

TARA O'NEILL HAYES, GORDON GRAY, ISABEL SOTO, THOMAS KINGSLEY, TOM LEE, CHRISTOPHER HOLT | APRIL 1, 2020

Executive Summary

- Congress has recently enacted three new laws in response to the COVID-19 pandemic that provide myriad means of assistance for individuals.
- Some provisions are cash transfers, while others offer forbearance for missing payments or limit penalties for withdrawing money from existing accounts.
- The effect is to ensure that individuals have access to more cash, receive adequate nutrition, and that they can receive testing for COVID-19.

Introduction

Congress has recently enacted three new laws seeking to ease the burden of the COVID-19 pandemic. This paper summarizes the myriad new streams of financial assistance now available to individuals to deal with the ongoing crisis, including direct payments, paid leave, enhanced unemployment benefits, student loan relief, mortgage and rental assistance, and increased nutrition assistance.

For Almost Everyone: Direct Payments

Most individuals and families will receive a [one-time payment](#) of up to \$1,200 (\$2,400 for married couples); individuals who made less than \$75,000 (\$150,000 for married couples) in 2019 (or 2018, if 2019 data is unavailable) will receive the full amount, while the benefit will be reduced by \$5 for every \$100 in income an individual makes above \$75,000, phasing out completely for individuals earning more than \$99,000 (\$198,000 for couples). An additional \$500 per child under age 17 will also be provided, subject to the same phase-out.

For Workers: Paid Leave and Enhanced Unemployment Benefits

Paid Leave

The [Families First Act](#) created new mandates for businesses to provide paid leave to workers; these policies were amended slightly by the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#). These mandates apply to businesses employing fewer than 500 people, and firms with less than 50 employees may be exempt. Workers must be given two weeks of paid sick leave, with employers providing wages of up to \$511 per day (\$5,110 total) for workers who are sick and quarantined, seeking a diagnosis, or taking preventive measures. Workers caring for a family member who is suffering from COVID-19 will be eligible for two-thirds pay. Workers must also be given up to 10 weeks of paid leave at two-thirds wage replacement (up to \$200 per day, \$10,000 total) to care for a child whose school or daycare is closed as a result of COVID-19. Because the paid-

leave mandate adds additional costs to small businesses that are already experiencing cashflow problems, many small businesses must choose whether or not to purge their workforce before the mandate's effective date, April 1st.

Unemployment Benefits

The [Families First Act](#) provides states with \$1 billion in additional funds for unemployment benefits. The CARES Act then [significantly enhances](#) this provision by providing up to 39 weeks of unemployment for most individuals, including the self-employed and freelance workers. People already receiving unemployment benefits (which are typically available for up to 26 weeks) will be eligible for an additional 13 weeks. Everyone receiving unemployment benefits will, through July 31, 2020, also receive an extra \$600 per week in addition to their base payment.

Dislocated Worker Grants

Apart from any congressional action, the Department of Labor (DOL) has provided \$100 million for states' [Dislocated Worker Grants](#) (DWG) and under the CARES Act the DOL received an additional \$345 million to distribute in DWGs. These grants help states provide employment and training opportunities following disasters and public emergencies. States or localities may use the additional funds to put people to work building necessary medical equipment, distributing food, providing support to government benefit agencies, or to provide workforce training. Individuals may seek employment or training through their state or local workforce development boards and similar entities. It is unknown precisely how many applicants there will be to this program or who will be approved for the allocation of the additional funding. No grants have yet been approved to address COVID-19. [Reviewing and approving applications](#) for the DWG program could take up to 55 days, so it's unlikely that there will be any immediate relief or assistance to individuals through this program.

For Retirement-Account Holders: Retirement Account Flexibilities

Individuals may also be eligible to make a withdrawal of up to \$100,000 from their [retirement account](#) without penalty. Eligible individuals include people diagnosed with COVID-19, those who have a spouse or dependent who is diagnosed, and people who experience financial hardship as a result of the outbreak. The withdrawals will count as income and are taxable, but those taxes may be spread out over three years; funds may also be recontributed over three years without regard for the annual contribution limits.

The CARES Act also waives required minimum distribution rules for retirement accounts, preventing retirees from having to sell retirement assets during the downturn.

For Current and Former Students: Student Loan Forgiveness and Delayed Payments

The CARES Act allows federal student loan borrowers to [defer payment](#) of both principal and interest for six months, and no interest will accrue during that period. Further, students who have to withdraw from school due to COVID-19 will have their loans for the semester forgiven.

The CARES Act also creates a [new incentive](#) that allows employers to provide up to \$5,250 annually toward employee student-loan payments on a tax-free basis for one year.

For Homeowners: Mortgage Relief

The CARES Act will allow people with [federally backed mortgages](#) to request forbearance for six months, with the option to request an additional six month extension. During the forbearance, payments will either not be required or will be reduced and no fees or interest will accrue against a borrower's account. Further, foreclosures and foreclosure-related evictions will be barred for at least 60 days beginning March 18. Tenants of multi-family properties (such as apartment buildings) will also be protected from eviction and late fees or other penalties until either the end of the national emergency or December 31, 2020, whichever comes sooner.

The CARES Act also provides billions of dollars in additional funding to states for, among other things, homeless assistance grants, tenant-based rental assistance, and public housing.

For Low-Income Families: Increased Nutrition Assistance

The Families First and CARES Acts also both include additional funds for various [nutrition assistance programs](#). The Families First Act provides \$1.3 billion in funding for the Women, Infants, and Children (WIC) program, The Emergency Food Assistance Program, the Senior Nutrition Program, as well as additional funds for nutritional assistance in the U.S. territories. The Families First Act also allows families with children eligible to receive free or reduced-rate lunches to continue receiving daily lunches while schools are closed. Families receiving Supplemental Nutrition Assistance Program (SNAP) benefits may receive an increase in their benefit amount of up to 30 percent. Further, the work requirement for able-bodied adults without dependents, set to take effect on April 1, 2020, will be waived until one month after the COVID-19 emergency ends. Seniors who are now homebound as a result of quarantine and stay-at-home orders will be newly eligible for home-delivered meals through the Senior Nutrition Program. The CARES Act provides additional assistance by increasing funding for Child Nutrition Programs by \$8.8 billion, for SNAP by \$15.8 billion, for the Commodity Assistance Program by \$450 million, and for the Aging and Disability Services Program by \$955 million.

For the Sick: Free Testing

All individuals, regardless of what type of health insurance they have (or don't), will have their [cost-sharing liability waived](#) for both the cost of the COVID-19 test as well as the visit during which the test was received. The Families First Act includes \$1 billion to cover these costs.

The CARES Act also ensures that individuals covered by Medicare Part B, Medicaid, and—at the state's discretion—the uninsured will [receive the vaccine](#) (if one is developed in the future) at no cost to the patient.