



# COALITION ON HUMAN NEEDS

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## **The CARES Act – Necessary but Not Sufficient to Prevent a Depression**

By Deborah Weinstein, Executive Director, Coalition on Human Needs

With over 3 million unemployment claims reported this week, it has become starkly apparent that the nation faces an economic depression. Congress will enact a \$2 trillion package intended to lessen the harshness of the downturn. The CARES Act takes some important steps towards responding to the combined health and economic crises, and the Coalition on Human Needs supports it. But it does not do enough, and Congress will have to return to ensure that the people most in need – and whose aid will do the most to spur recovery – get adequate help.

**Joblessness:** With joblessness skyrocketing, the CARES Act responds by expanding unemployment compensation. The bill provides four months of \$600 per week in Pandemic Unemployment Assistance which would be added to a state's regular unemployment insurance. The bill also creates a temporary program (through December 31) to provide UI to part-time, self-employed or gig economy workers, and adds 13 weeks of federally-funded Pandemic Emergency Unemployment Compensation through the end of the year. These are features helpful to low-income workers. For four months, their wages will be replaced or even exceeded, and they will be eligible for help even if they were in insecure gig economy jobs. It adds federal funding to support state work-sharing programs, using unemployment compensation to replace wages when employers drop a worker's hours to part-time. That helps keep people in jobs, which with any luck will smooth their transition back to higher wages when the economy improves.

**Cash:** Similarly, the one-time "Recovery Rebates" of \$1,200 per adult and \$500 per child are available to people with the lowest incomes. But both the aid to the unemployed and the one-time payments have disappointing limits that without further change will mean some of the lowest-income people will not get help. This is of urgent concern because low/moderate-income people will spend the money they receive immediately – they need it to buy food and other necessities and to pay rent. It was demonstrated in the Great Recession of 2008-2009 that money provided through unemployment insurance and SNAP/food stamps did more than other anti-recession moves to fuel economic growth.

Needlessly disappointing was the decision to tie receipt of the rebate income to 2019 (or 2018) tax returns. About 30 million people do not have to file tax returns, including some Social Security, Supplemental Security Income, or other low-income program beneficiaries. Now they will have to file in order to receive the aid, and without a major outreach campaign, many will not know about it or not find it easy to file, especially during a time of quarantine. Congress should have required that the

payments be added to their regular Social Security, SSI or other benefits (although the bill leaves room for the Administration to deliver the rebates through such programs).

Another unfortunate limitation is that many immigrants will not be eligible for either the rebate checks or unemployment insurance. A Social Security number is necessary to receive the one-time rebate; immigrant workers paying taxes through the use of an Individual Taxpayer Identification Number (ITIN) will not qualify; nor will their citizen children. The Take Responsibility for Workers and Families Act introduced in the House would have extended benefits regardless of citizenship status.

**Nutrition Aid:** There are other significant missed opportunities. In particular, Congress should have learned from the successful experience during the Great Recession of increasing maximum SNAP benefits. Every dollar of increased SNAP benefits returned \$1.50 - \$1.80 in economic activity – one of the best “bangs for the buck” of any of the interventions tried. Advocates had called for a 15 percent increase and it was included in the House bill. The CARES Act does not provide either this increase or an increase in the minimum benefit to \$30 per month for individuals, a modest gain that would especially help older people.

**Paid Leave:** Another essential means of keeping money coming to households and maintaining workers’ connections to the labor force is paid leave. The previously enacted Families First Coronavirus Response Act required 2 weeks of emergency paid sick leave and extended paid family and medical leave, but only covered workers in businesses with fewer than 500 employees. Low-paid workers in big box stores or supermarket chains are excluded. While it allows paid leave when parents must stay home with children not in school or when workers are quarantined, it excludes paid leave for people who must stay home from work to care for family members with disabilities. The CARES Act leaves out too many – and that means more people will lose their jobs, exactly wrong for today’s economy.

**Health Care:** Economic activity has shut down because of the serious threat of the COVID-19 disease. Until we turn a corner on the disease, the best we can do is keep some people attached to their jobs and to prevent millions of people from plunging into poverty or deeper poverty. While the legislation provides about \$150 billion to help hospitals and other health care providers and researchers respond to this crisis, it does not expand free treatment for the disease to everyone. We cannot stop the spread of this disease if people cannot afford treatment.

Before this crisis, nearly half of all [workers were low-income](#), with earnings averaging only \$18,000 a year, and when the [Poor People’s Campaign](#) counted all people (children, retirees, working and nonworking adults), they found 140 million were poor, based on a realistic assessment of what it takes to make ends meet. And that was when times were considered good. Now that times are not good at all, we must build significantly beyond the important steps that Congress has taken so far. Some crucial examples:

**Stop policies that throw people off assistance:** The Trump Administration would like to impose work requirements on people in Medicaid, SNAP, and public housing programs. The Families First bill stopped the work requirement for adults without children in SNAP. The Administration should abandon its efforts to impose such requirements on all other programs – all they will do is deny help to people in desperate times. Congress should mandate that.

**Housing:** The CARES Act provides \$4 billion for Emergency Solutions Grants to help people escape from or avoid homelessness and adds \$3 billion for more rental assistance. It also adds \$900 million in help for heating and cooling bills. Much more funding is needed to prevent an unimaginable surge in homelessness. The House Take Responsibility for Workers and Families Act provides \$100 billion for Emergency Rental Assistance and \$35 billion for a Housing Assistance Fund that would help with mortgage and utility payments.

The CARES bill places limited moratoriums on evictions and foreclosures, covering property with any federal funding or backing. That leaves out a substantial number of units; Congress should extend the moratoriums to all properties, and also impose a moratorium on water bill shut-offs. Keeping people in their homes is crucial, but it will not be achieved solely by moratoriums. If rent continues to pile up, people who have lost months of pay will fall too far behind. That makes a serious commitment to emergency and ongoing rental assistance plus building and maintaining affordable housing an essential part of a recovery plan.

**Support for state, local, tribal, and territorial services:** The CARES Act provides \$150 billion in funds to states and localities to ensure that services can continue to be provided despite state/local revenue collapse. In addition, more than \$100 billion is made available for education, transit, FEMA disaster relief, and the Community Development Block Grant. States, localities, tribes and territories administer a host of vital services, and their jobs are much harder with offices and services shut down or greatly hampered. The previous Families First legislation increased the federal share of Medicaid funding, also urgently needed as COVID-19 treatment costs soar while more people, having lost jobs, will qualify for Medicaid.

It is clear that more will be needed, for Medicaid and for other local aid. Funding without adequate staffing and online/phone systems will not result in people getting the help they need. Very related: health care providers and other workers need adequate protection to do their work safely. Congress should require adequate OSHA protections, which the Trump Administration had previously suspended.

**Child care and other children's services:** The CARES Act provides \$3.5 billion in new child care funds and \$750 million for Head Start. Considerably more will be needed to keep child care centers and family-based child care providers from permanently going out of business. Further, in a time of heightened stress and cratering family incomes, child welfare services must have adequate support.

**Protecting and Creating Jobs:** There is \$500 billion in the CARES Act to prevent business collapse. This very large sum is intended to protect workers, not to enrich shareholders. Whether the Trump Administration and state and local governments have the capacity and competence to oversee whether jobs are really being protected is an open question. Further, rebuilding our economy will take additional federal job creation measures that Congress will have to address in the next rounds of legislation it considers. We will need more caregivers, more educators, more construction workers, and more efforts to rebuild the hardest-hit communities.

The situation we are in is very grave. Congress has taken important steps, but this is only the beginning, sadly. We are all in this together – maybe socially distant, but morally and economically connected. If we cast aside any of us - whether incarcerated, homeless, immigrant, poor – it will hurt all of us. Congress may have dispersed, like all of us, but we still must work together to get out of this.