

MEMORANDUM

Office of the City Manager



DATE: December 23, 2020

TO: Mayor and Councilmembers

THROUGH: Steve McHarris, City Manager *Steve McHarris*

FROM: Ashwini Kantak, Assistant City Manager *Ashwini Kantak*

SUBJECT: Stimulus Funds: \$900 billion-dollar coronavirus economic relief package

Background

The Senate reached agreement on December 21st for a \$900 billion-dollar coronavirus relief package, however, it is still pending approval by the President. This package, although less than half of the \$2 trillion-dollar Coronavirus Aid, Relief and Economic Security (CARES) Act that was enacted in March 2020, provides much-needed relief to individuals, families, small businesses, transit agencies, schools, and includes funding for vaccine development and distribution, rent assistance, and broadband. The package includes \$166 billion for direct relief payments to individuals and families; \$120 billion in Unemployment Insurance benefits; \$25 billion for rent assistance; \$325 billion for small businesses; \$82 billion for schools; \$45 billion for transportation; \$26 billion for nutrition programs and the agricultural sector; \$10 billion for childcare; \$7 billion for broadband; \$12 billion for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions; and \$69 billion for vaccine-related efforts including development and distribution.

The package does not include direct relief for states and local governments but stretches the use of CARES Act funds by states and local governments from December 30, 2020 to December 31, 2021. This \$900 billion-dollar coronavirus relief bill is the second-largest recovery relief bill in our nation's history, trailing only the CARES Act.

Detailed highlights

The information below provides details of the relief package that are especially pertinent to Milpitas.

Unemployment Insurance Benefits (\$120 billion)

The bill provides \$300 a week of federal unemployment benefits in addition to state-provided benefits. The \$300 weekly subsidy will be available for the 11 weeks between December 26th through March 14th. Certain workers that report both wage and self-employment income will be eligible for an additional \$100 weekly enhancement, on top of the \$300 benefit.

Direct payments to individuals and families (\$166 billion)

Individuals that earned up to \$75,000 and couples that earned up to \$150,000 as reported on their 2019 tax returns will receive payments of \$600 and \$1,200, respectively. Reduced payouts will be issued for individuals that earned up to \$87,000 and for couples that earned up to \$174,000 in 2019. Taxpayers will receive \$600 for each dependent child below the age of 17.

Rental assistance (\$25 billion)

This bill created the first-ever federal emergency rental assistance program, which will be administered by states and local governments. This program targets families that have struggled to make rent during the pandemic. Families may use rent relief payments for current, past, and future rent, and to pay for utility and energy bills.

Small businesses (\$325 billion)

The \$284 billion-dollar renewal of the Paycheck Protection Program (PPP), the forgivable loan program that was created as part of the CARES Act, is the centerpiece of the stimulus package for small businesses. New provisions include funding for businesses that did not receive loans in the first round of PPP funding, especially targeting minority- and women-owned businesses; certain types of nonprofit organizations, which includes local chambers of commerce, economic development agencies, and local newspapers that were excluded from the first round of PPP funding are now eligible for the PPP. The loan forgiveness process was simplified for PPP loans \$150,000 or less. The bill includes \$20 billion for businesses in low-income communities via the Small Business Administration (SBA) Economic Injury Disaster Loan program and \$15 billion for live venues, independent movie theaters, and cultural institutions. The SBA also received \$3.5 billion for debt relief payments and \$2 billion for enhancements to SBA lending.

Water Utility Bill Assistance (\$638 million)

The relief package will provide states and tribal governments with \$638 million in grants to support owners or operators of drinking water and wastewater utilities. This provision will result in lower water and wastewater utility bills for low-income families. The City of Milpitas, as a water utility operator, may be able to access this pool of grant funding.

Next Steps

The City will continue the process for pursuing grant funds and reimbursements for COVID-19 expenses. City staff will continue to share information and provide support to small businesses seeking relief through government-backed loans and will also explore opportunities to access the rental assistance for Milpitas residents. Staff will provide the City Council with additional updates as more information about the \$900 billion-dollar relief package becomes available.