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Steep Cliffs Ahead: Expiring Relief Measures During the Pandemic

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States have begun to reopen, but the economic recession caused by the coronavirus pandemic continues largely unabated. While the last employment report from the Bureau of Labor Statistics indicated that payrolls gained 2.5 million jobs in April 2020, 19.6 million people remain unemployed. **Overall employment is 13 percent below February levels.** These effects are compounded in communities of color, where Black people have often seen unemployment rates that are twice those of whites and where people of color are experiencing higher rates of COVID-19 infections and death. **Gross domestic product fell by 4.8 percent annually** in the first quarter of 2020, the largest drop since the collapse of Lehman Brothers in the fourth quarter of 2008 during the Great Recession. Many sectors and industries are still reeling.

Congress has enacted and expanded several economic stimulus measures through the Families First Act (FFCRA, H.R. 6201), CARES Act (H.R. 748), Paycheck Protection Program and Health Care Enhancement Act (H.R. 266), and Paycheck Protection Program Flexibility Act of 2020 (H.R. 7010). However, many of these **programs and enhancements could expire before the U.S. has fully recovered** from the coronavirus pandemic and its economic consequences. Many of these measures would be extended by the Heroes Act, but the Heroes Act still ends most programs on set dates rather than triggering expiration based on public health and economic conditions.

Expiration Dates

Measures adopted in response to the pandemic will start to expire **this summer** with several measures expiring simultaneously on **September 30** (the end of the fiscal year) and **December 31** (the end of the calendar year). The following table lists expiration dates for select coronavirus relief programs under current law and proposed extensions under the Heroes Act. It focuses on changes to expiration dates under the Heroes Act, not other programmatic changes. It excludes new programs under the Heroes Act that are unrelated to provisions from prior COVID-19 legislation.

Program (and relevant law)	***Expiration Date***	
	Current Law	*Heroes Act*
Eviction moratorium for properties receiving federal assistance (CARES Act, Sec. 4024)	July 25, 2020	1 year after enactment, expanded to all renters (Sec. 110203)
Supplemental unemployment benefits of $600 per week (CARES Act, Sec. 2104)	Week ending on or before July 31, 2020 (July 25 or 26 depending on state)	Week ending on or before January 31, 2021, with transition rule through March 31, 2021 (Sec. 50001)
Eviction and foreclosure moratorium for federally backed mortgages (CARES Act, Sec. 4022)	At least August 31, 2020[1]	1 year after enactment, expanded to all homeowners and renters (Sec. 110203)
Deferment of federal student loan payments, principal, and interest (CARES Act, Sec. 3513)	September 30, 2020	September 30, 2021, with expansion to private loans and $10,000 in debt cancellation for economically distressed borrowers (Sec. 110501 & 150114)
Requirement for air carriers receiving federal assistance to maintain employment levels (CARES Act, Sec. 4114)	September 30, 2020	September 30, 2020 or until exhaustion of financial assistance, whichever is later (Sec. 190501)
Child nutrition waivers (FCCRA, Division B, Title II)	September 30, 2020	No change
Health and human services extenders (CARES Act, Division A, Title III, Subtitle E)	November 30, 2020	No change
Mortgage forbearance: 180 days for federally backed mortgages (CARES Act, Sec. 4022) and 90 days for multifamily borrowers (Sec. 4023)	End of national emergency or December 31, 2020, whichever is earlier	1 year after enactment, with improvements to forbearance program (Sec. 110203)

[1] Extended by the Federal Housing Finance Agency on June 17, 2020.

Emergency family and medical leave and paid sick leave (FFCRA, Divisions C & E)	December 31, 2020	December 31, 2021, with expanded eligibility (Sec. 120103 & 120116)
Unemployment Insurance (UI) expansion: Expanded eligibility (CARES Act, Sec. 2102), reimbursement for government entities and non-profits (Sec. 2103), no waiting week (Sec. 2105), additional 13 weeks of benefits (Sec. 2107), and federal financing of work sharing (Sec. 2108-2109)	December 31, 2020	January 31, 2021, although applicants could continue receiving expanded benefits through March 31, 2021 (Sec. 50002-50005 & 50009-50010)
Interest-free loans to states for UI and federal funding of extended benefits (FFCRA, Sec. 4103 & 4105)	December 31, 2020	June 30, 2021 (Sec. 50007-50008)
Paycheck Protection Program (H.R. 7010)	December 31, 2020	December 31, 2020[2] (Sec. 90001)
Emergency Economic Injury Disaster Loan (EIDL) grants (CARES Act, Sec. 1110)	December 31, 2020	No change
Employee Retention Tax Credit (CARES Act, Sec. 2301)	December 31, 2020	Only programmatic changes (Sec. 20211)
Exemption from Medicare sequestration (CARES Act, Sec. 3709)	December 31, 2020	No change
SNAP waivers (FCCRA, Division B, Title III)	Month after public health emergency declaration ends	2-year waiver of work requirements, increased benefits through September 30, 2021, and ban on certain SNAP restrictions (Sec. 60606)

[2] Expired on June 30, 2020 under the CARES Act. Both the Heroes Act and H.R. 7010, which was enacted after House passage of the Heroes Act, extend until the end of the year.

Emergency Medicaid FMAP increase (FCCRA, Sec. 6008)	Quarter in which public health emergency ends	Additional FMAP increase for July 1, 2020-June 30, 2021 period (Sec. 30101)
Credit reporting protections (Sec. 4021 of CARES Act)	120 days after enactment or 120 after national emergency declaration ends, whichever is later	120 days after national emergency ends, with improvements to program (Sec. 110401)

Too Little Ending Too Soon

The relief enacted under FCCRA and the CARES Act was sorely needed, and the economic stimulus measures listed above have helped mitigate some of the impacts of the current downturn. The bills included a combination of discretionary fiscal stimulus - the $1,200 economic impact payments per qualifying adult, for instance - and the expansion of certain automatic stabilizers like unemployment insurance or the Supplemental Nutrition Assistance Program (SNAP).

However, the legislation was developed and passed under a certain set of economic circumstances. At the time the CARES Act was signed into law on March 27, 2020, reported unemployment was 4.4 percent, reflecting one of the longest sustained periods of economic growth on record. One week later, the BLS released its monthly employment report showing, in part, that the unemployment rate had risen to 14.7 percent. As a result, the **CARES Act did not ultimately meet the need for relief** in the wake of the pandemic.

The **arbitrary end dates** of relief provisions are also problematic. Rather than preset dates, these programs should include "triggers" that are tied to economic conditions, allowing programs to phase out slowly or ramp up quickly based on economic indicators or conditions in particular sectors or states. The ability to quickly ramp up is distinctly important given the nature of this downturn and the fact that an uptick in COVID-19 infections could cause some states or cities to return to stay-at-home policies or otherwise roll back phased reopenings.

One such example is the expiration of the additional $600 per week in unemployment benefits on July 31, 2020. The same can be said of the Pandemic Unemployment Assistance (PUA) program, which temporarily expands eligibility for the Unemployment Insurance (UI) program. PUA ends on December 31, 2020, when the unemployment rate is still expected to be above 11 percent. Incorporating an aspect of automaticity to the program would allow it to, for instance, provide ongoing relief to gig workers or childcare providers in areas with high COVID-19 infection rates where they might not be able to return to their normal work patterns. Rather than pegging the program to this particular date, it could instead hinge on economic indicators such as an employment-to-population ratio that "is within two percentage points of its February 2020 level."

The Need for Automatic Stabilizers

Generally speaking, **automatic stabilizers play a crucial role in bolstering the economy** during a downturn. These programs are designed to expand or contract as needed without legislative action. While expanded unemployment benefits, as just discussed, have expiration dates, the underlying UI program acts as an automatic stabilizer, growing its rolls as the unemployment rate and need goes up, and shrinking as people go back to work and the need ebbs. Other examples of automatic stabilizers include the SNAP program, which expands and contracts in a similar fashion, and the income tax system, which lessens an individual's tax burden if their income falls.

The current universe of automatic stabilizers has a positive impact on the economy in a downturn. Expanding and strengthening these programs would mean **relief gets to those who need it more quickly and in a more sustained fashion**.

For instance, UI and work sharing could be federalized and centralized, with more robust benefits. Currently, unemployment benefits are administered at the state level. The sheer volume of more than 50 distinct UI systems meant that the additional relief under the CARES Act was delayed as various systems were updated or recoded to incorporate its provisions. Millions of unemployed workers faced delays getting benefits. Similarly, a federal work sharing program would keep workers attached to their jobs but with reduced hours rather than experiencing playoffs. The same could be said of a national payroll guarantee that would ramp up or scale back based on need.

Just as importantly, aid to state and local governments should take on some degree of automaticity. As was the case in the Great Recession, state and local governments in the current recession have experienced significant drops in revenue. Given state constitutional requirement to balance their budgets, states cannot engage in deficit spending to respond to such losses. During deep downturns, it is imperative that the federal government step in to provide aid and relief to state and local governments and the millions of people they employ. Such aid could be targeted and tied to state or local unemployment rates, tax revenues, or some combination of the two to be most effective and yield the most bang for the buck in terms of impact per dollar spent.

Automatic stabilizers can play a vital role in the economic recovery not only from this recession, but the next. Such programs enjoy a fair amount of popular support, with 63 percent of voters saying they "strongly prefer assisting those in need even if it increases government debt." As the coronavirus continues to run its course, the economy will remain on weak footing. With a cure or vaccine months or years away, additional aid will be necessary. Making this aid responsive to changing economic conditions is a must to ensure it is administered quickly and consistently where it is needed most.