Executive Office of the President
Office of Management and Budget

In consultation with the Council of Economic Advisers, the U.S. Department of the Treasury, and the U.S. Small Business Administration

The Economic Impact of Coronavirus Response Funds

Twelfth Quarterly Report

May 15, 2023

THE ECONOMIC IMPACT OF CORONAVIRUS RESPONSE FUNDS
TWELFTH QUARTERLY REPORT

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Introduction

As part of the accountability and transparency provisions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Office of Management and Budget (OMB), in consultation with the U.S. Department of the Treasury (Treasury), the Council of Economic Advisers (CEA), and the U.S. Small Business Administration (SBA), is charged with providing quarterly reports on the effects of certain Coronavirus response funds to the Congress and the public.[1] This report provides evidence regarding the effects of these funds through the first quarter of 2023 that is important to assessing the economic impact of the covered relief funds.

Evaluating the impact of Coronavirus response funds is fundamentally difficult due to the unprecedented nature and magnitude of the crisis. Moreover, as time goes on, it is generally not possible to disentangle the economic impacts of the 2020 pandemic legislation such as the CARES Act from the economic impacts of subsequent legislation, such as the American Rescue Plan Act of 2021 (ARP), and from unrelated economic developments. Isolating the economic impact of the CARES Act will prove more and more difficult as time passes.

Prior iterations of this report provided two types of analysis covering the economic impact of the CARES Act and related pandemic-response legislation: they (1) used the most recent quarterly data to detail the cumulative state of the economic recovery, and (2) analyzed related research and academic findings. As of the first quarter of 2021, GDP has surpassed its pre-pandemic level, and economic impacts of 2020 pandemic legislation have become even harder to distinguish from impacts of other developments. At the same time, the passage of time has enabled researchers to develop new findings on the impacts of pandemic legislation. As a result, this report steps back from the quarterly data updates to focus on reviewing and synthesizing the relevant research as it is made available.

Background

The initial economic shock due to COVID-19 was the largest in almost a century. In March 2020, job losses occurred at a level not seen since the Great Depression, with weekly initial Unemployment Insurance (UI) claims spiking from 256,000 the week ending March 14 to 6.0 million two weeks later. This rapid spike in UI claims was roughly three to four times higher than the peak during the Great Recession. The deteriorating labor market was evident by the second quarter contraction of real GDP, which fell 30 percent at an annual rate. The CARES Act, along with related legislation, was enacted at the end of March 2020 to counteract the unfolding economic crisis.

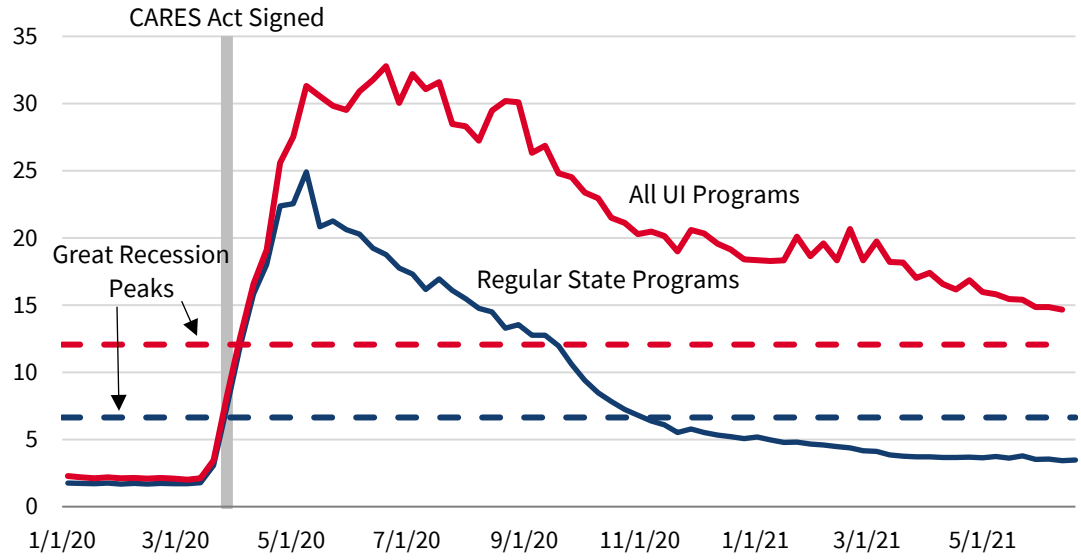
[1] The mandate for this report includes all 2020 pandemic-related legislation: Coronavirus Preparedness and Response Supplemental Appropriations Act; Families First Coronavirus Response Act; Coronavirus Aid, Relief, and Economic Security (CARES) Act; PPP and Health Care Enhancement Act; and Consolidated Appropriations Act, 2021. See Appendix for details.

By May of 2020 over 23 million jobs had been lost, representing about 15 percent of the 155 million non-self-employed civilian labor force reported in February 2020. Despite some initial improvement in the unemployment situation during the middle months of 2020, total UI claims in all programs remained elevated throughout 2020 and into 2021. The Pandemic Emergency Unemployment Compensation (PEUC) and Pandemic Unemployment Assistance (PUA) programs both allowed for additional pandemic-related UI benefits, be it extra weeks of eligibility (PEUC) or coverage for self-employed and gig-economy workers (PUA). As benefits for workers under the regular state programs expired, we can see from Figure 1 that these additional COVID-19 related programs provided necessary coverage for workers.

By the third quarter of 2020 the economy had started to recover some of its initial COVID-19 related losses. After the unemployment rate spiked to 14.7 percent in April, it fell to 7.9 percent by the end of September.[2] Nonfarm payrolls fell by 22 million from February to April, of which nearly 50 percent were recovered through the end of the third quarter. By September, real retail sales were 4.4 percent above their February level.

Figure 1. Insured Unemployment by Week, 2020-21

Insured unemployment (millions)



Source: Department of Labor; CEA calculations.

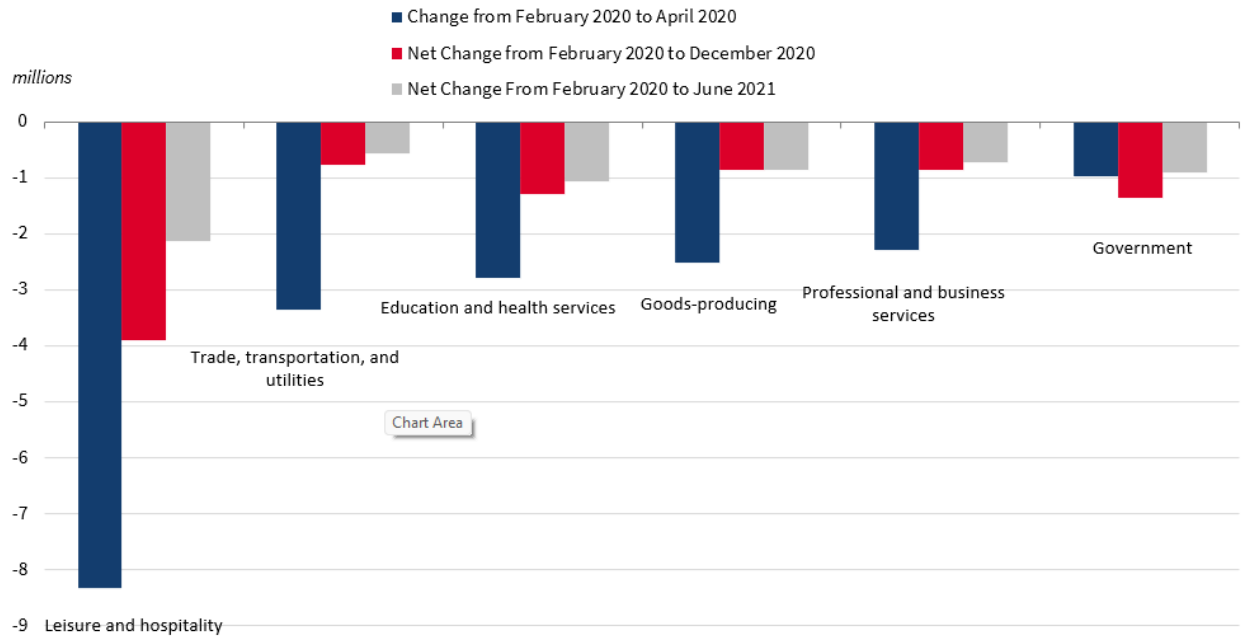
Employment Situation reports highlight the degree to which the pandemic has had sector-specific employment effects.[3] Over 8 million jobs in the leisure and hospitality industry were lost in March and

[2] While we cite official statistics here, the Bureau of Labor Statistics (BLS) clearly states that measurement of these statistics has been biased by BLS' constrained ability to conduct the survey during the pandemic, including a persistent misclassification of certain unemployed workers as employed.

[3] Employment Situation reports are released monthly by the U.S. Bureau of Labor Statistics and include information on employment, earnings, and other labor market indicators.

April of 2020, with only half being recovered from May to December (Figure 2). The same was true for the nearly 3 million jobs lost in the education and health services industries and the 3.4 million jobs lost in trade, transportation, and utilities.

Figure 2. Payroll Job Losses by Sector Since February 2020



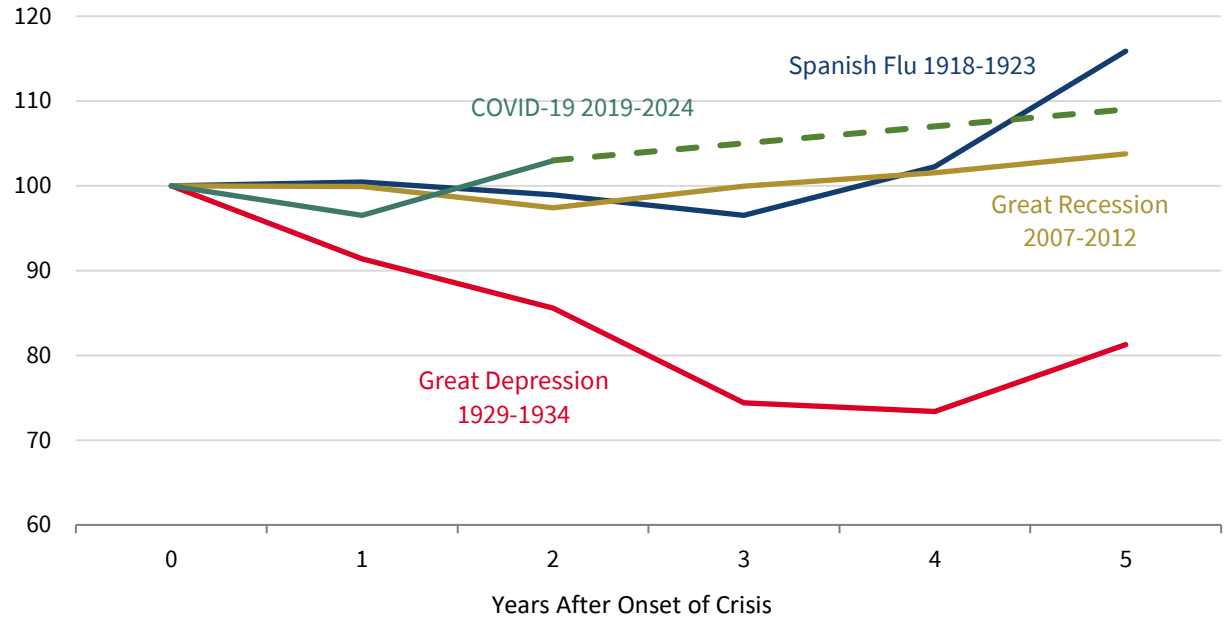
Sources: Bureau of Labor Statistics; CEA calculations.
Note: All other services is the sum of the financial activities, information, and "other services" categories.

A concern in any crisis is the impact on business bankruptcies and failures, which can then lead to even higher levels of sustained unemployment and pose further challenges for connected businesses (e.g., suppliers). Indeed, small business bankruptcies increased by roughly 70 percent (year-over-year) in the second half of 2020 before decreasing in the following two quarters. The trend in small business bankruptcies reinforced sentiment captured by the small business optimism index compiled by the National Federation of Independent Business (NFIB). Accordingly, the NFIB index fell nearly 8 percent in the fourth quarter of 2020 before rebounding during the first and second quarter of 2021. However, it remained 4.7 percent below its pre-pandemic level as of May 2021.

Looking at a historical perspective, the recession induced by COVID-19 is fundamentally different from the Great Recession and the Great Depression because it had a non-economic cause. The closest epidemiological analogue for the U.S., the 1918 Spanish Flu, had a much smaller effect on GDP, which grew 0.4 percent and -1.5 percent in 1919 and 1920, respectively (Figure 3). However, comparisons to the Spanish Flu are complicated by the context of World War I and the changes that the U.S. economy has undergone in the past century.

Figure 3. GDP Recovery from Previous Crises

Real GDP (percent of pre-crisis baseline)



Source: FRED; HISTSTAT; Blue Chip; CEA calculations.
Note: COVID-19 projection is based on the October 2022 Blue Chip consensus forecast.

At the end of December 2020, the Congress passed roughly $900 billion of relief legislation to extend several key CARES Act provisions and support vaccine production and distribution. January's economic data partially reflected this additional stimulus. The unemployment rate fell 0.3 percentage point to 6.4 percent in January of 2021, paired with a modest increase in payroll employment.[4] Real retail sales during the first quarter of 2021 appear to track the disbursement of Economic Impact Payments. After the Economic Impact Payments (EIP) from the December legislation, real retail sales grew 5.2 percent in January, proceeded to decline through February as the effect of that stimulus waned, and then spiked again in March following the impact payments incorporated in the ARP.

Notably, during the first quarter of 2021 the recovery reached an important milestone, as the level of real GDP reached a new high, surpassing the pre-pandemic size of the economy from the end of 2019.

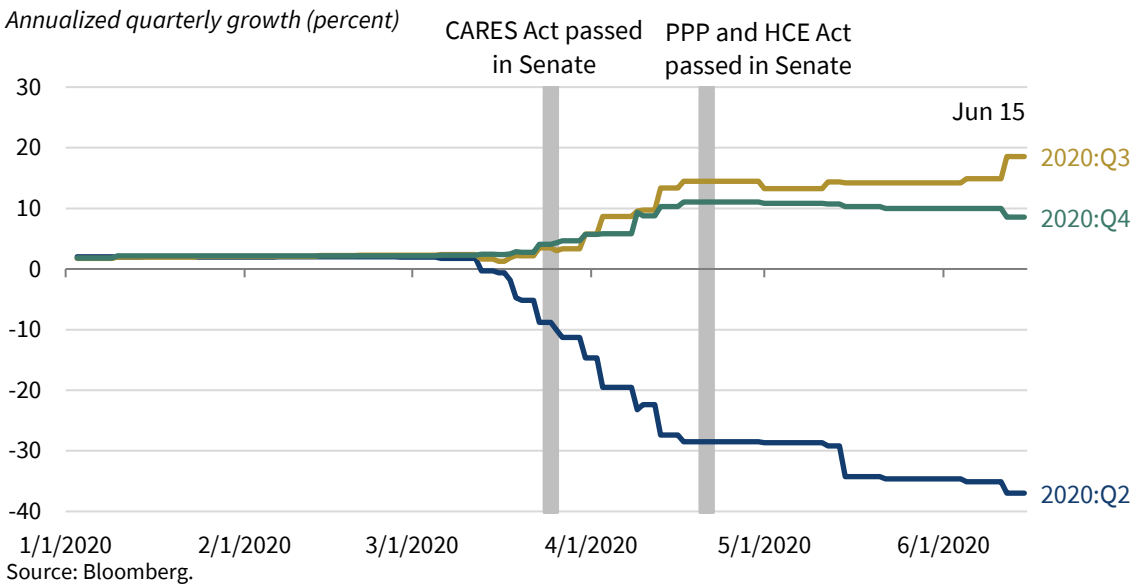
A growing literature is studying the impact of the COVID-19 pandemic on the U.S. economy. Some of this literature seeks to estimate the impact on 2020 GDP, in light of social distancing and other mitigation measures. Economic models include predictions for the impact on end-of-year GDP that range broadly depending on modeling assumptions. For example, Baker, Bloom, Davis and Terry (2020) estimate an 11% contraction in GDP was due to COVID-19 uncertainty. To estimate the impact of mitigation policies

[4] The headline unemployment rate could be as much as 3 percentage points higher after adjusting for misclassification and labor force dropout. See https://www.whitehouse.gov/briefing-room/blog/2021/04/02/the-employment-situation-in-march/

on the economy one must also estimate a trajectory for the economy absent those policies, or perhaps under an alternative set of policies. In examining several such scenarios, Eichenbaum, Rebelo, and Trabandt (2021) estimate that consumption declined by between 7 to 22 percent depending on scenario.

While the aforementioned academic studies did not incorporate the impact of the CARES Act in their projections, market forecasts did, and they were frequently revised to reflect changes in policies. Figure 4 shows the weekly evolution of these market forecasts around the passage of Coronavirus relief legislation. The outlook for the second quarter of 2020 deteriorated throughout the spring, and forecasts were continually revised down after mid-March as social distancing practices became prevalent and as analysts considered new information provided by high-frequency economic indicators pointing to the steeper depth of the downturn. On the other hand, market analysts continued to revise upward the forecasts for the third quarter of 2020, the fourth quarter or 2020, and 2021, particularly after the passage of the CARES Act (Figures 4 and 5). A similar jump in both 2021 and 2022 GDP forecasts occurred after the passage of the Appropriations Act at the end of December and the ARP in March (Figure 5). Notably, Figure 5 also shows an early-January acceleration in near-term growth forecasts, in part reflecting the incorporation of higher assigned probabilities for ARP passage.

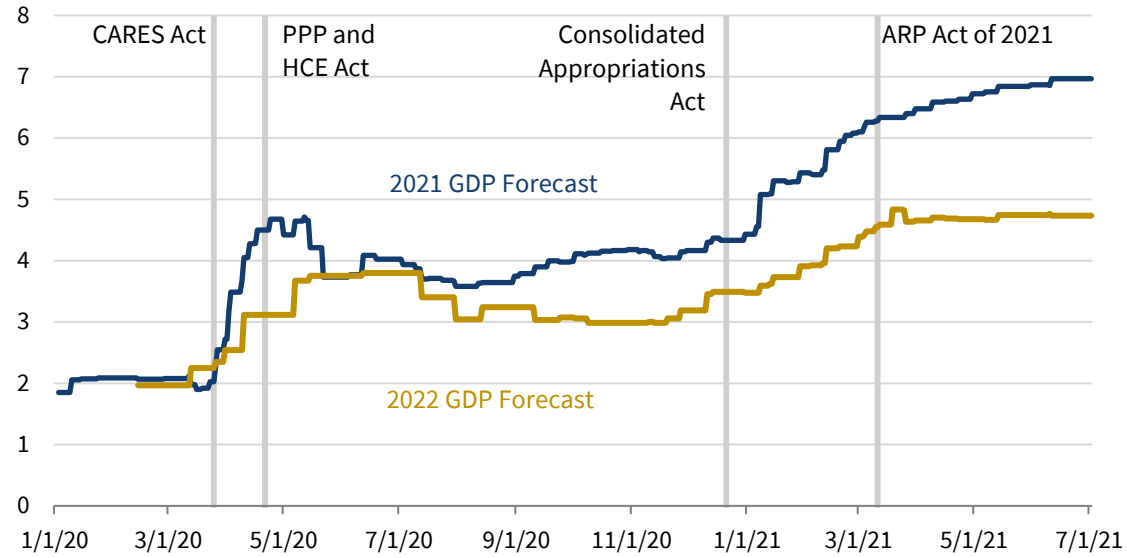
Figure 4. Evolution of Median Forecasts for 2020 Quarterly GDP



Source: Bloomberg.
Note: PPP and HCE Act = Paycheck Protection Program and Health Care Enhancement Act.

Figure 5. Evolution of Forecasts for GDP in 2021 and 2022

Year-over-year growth (percent)



Source: Bloomberg. Median of major forecasters.

Without direct evidence of what would have happened in the absence of the Coronavirus response funds, we cannot say with certainty the precise impact the funds had on the economy. Moreover, the overall economic state of the Nation was influenced by significant variation regionally, in part reflecting differences in vaccination rates and in state and local preventative health measures (e.g., prevalence of lockdown). It should also be noted that this report details the state of the economic recovery before, during, and after the passage of each pandemic response legislation. This report's analysis, however, generally cannot disentangle the incremental impact of the CARES Act on the overall recovery from the incremental impacts of the Consolidated Appropriations Act or ARP. As more time passes, it will become more and more important to interpret the current state of the recovery as the combined result both of the pandemic response legislations in their entirety and of unrelated economic developments.

The remainder of this report surveys the academic literature related to two pillars of the CARES Act: Economic Impact Payments (EIP) and the Paycheck Protection Program (PPP).

Review of Selected Research Findings

Since March 2021, data have become available that have enabled researchers to rigorously study economic impacts of 2020 pandemic legislation. This section spotlights several of those studies and synthesizes their methods and findings.

Many have asked how much worse GDP would have been in the absence of the Coronavirus relief legislation. This question is inherently difficult to answer because it requires a method for estimating the counterfactual – i.e., the alternative path of the virus and of the economy in the absence of response legislation. The primary challenge is that key factors of interest, such as the trajectory of the virus and

state-level containment measures, are known to have varied in non-random ways across the country. Those confounding factors impede a researcher's ability to disentangle legislative impacts from the impacts of non-legislative factors.

Despite the difficulty, there are several external estimates of the economic impact of the Coronavirus response legislation. For example, the Congressional Budget Office (CBO) produced its own estimate of the economic impact of pandemic-related legislation in September 2020, estimating that second and third quarter GDP growth improved 11.6 and 13.1 percentage points, respectively. However, the CBO analysis relies on assumed fiscal multipliers for different parts of the relief legislation, which are uncertain in this unique macroeconomic environment.

Gourinchas et al. (2021) study the global effects of COVID-19 and produce several relevant findings for this report. First, the authors develop a theoretical model that represents the COVID-19 shock as a combination of supply and demand shocks and that characterizes business failures as stemming from liquidity shortfalls. Using firm-level data from thirteen countries and real-time country-specific data on lockdown policies, they are able to present several findings related to the average relief policy across the countries in their dataset. For example, they find that fiscal support during the pandemic helped prevent the failure of small to medium-sized firms and that this reduced failure rate was sustained even after the fiscal support waned. Their analysis further suggests that fiscal support for businesses was often poorly targeted to the firms who needed it the most. The authors conclude, therefore, that the large magnitude of the fiscal response, which served to cast a wide net of access to relief funds, compensated for the lack of targeted allocation and was a primary impetus for reducing the number of business failures.

A second finding from Gourinchas et al. (2021) relates to government transfer payments. The authors find that a large share of the global economy – as much as 31 percent of global GDP – occurred in "demand-constrained" sectors. A demand-constrained sector in this context refers to an industry in which the demand for labor is less than the available supply of labor, perhaps due to lockdowns or other pandemic-related restrictions. The prevalence of output that occurred in these sectors suggests that there was a large role for transfer payments to preserve employment. Transfer payments served, in effect, to preserve existing employment relationships until conditions could normalize and demand for labor could rebound. Lastly, due to what Gourinchas et al. (2021) finds to be a very low fiscal multiplier of 0.06, the authors suggest that fiscal support helped offset about 8 percent of the downturn from COVID-19. The low fiscal multiplier is partially a consequence of the large proportion of demand-constrained sectors, which limits the turnover of each dollar of fiscal support and reduces the overall expansionary effect. These results refer to the average fiscal response across the thirteen countries in their dataset, and are not U.S.-specific.

Unemployment Insurance Relief

Expanded unemployment insurance during the pandemic was intended to help households weather the unprecedented economic shock. Bhutta et. al. (2020) estimated that using a combination of a family's savings and cash assistance available under the CARES Act, nearly all working families would be able to cover their non-discretionary expenses for six months versus only half in the absence of the CARES Act. However, as the recovery improved, questions arose about whether those benefits reduced labor supply.

One group of studies looks specifically at the effect of the $600 increase in weekly UI benefits implemented by the CARES Act. For example, Finamor and Scott (2021) measures the variation in pre-

and post-COVID replacement rates – i.e., the ratio of UI benefits to prior employment earnings – and thus the incremental benefit that recipients received from the CARES Act's UI expansion. Using data from Homebase, the authors leverage this measure of treatment intensity within an event study analysis. They find that workers who experienced larger increases in UI generosity did not experience larger declines in employment when the benefits expansion went into effect and that those individuals returned to their previous jobs at similar rates as others.

Bartik et al. (2020a) address a similar question by sorting states into groups according to their state-level median replacement rate and then comparing the early 2020 employment collapse and subsequent rehires across groups. Replacement rates differ by state due to differences in the wage distribution and due to variation in the pre-existing UI benefits formula. The authors find that relative to a January 2020 reference period, the states with the lowest replacement rates saw a steeper decline in employment and a slower recovery. This finding is the opposite of what one would expect to find if additional UI benefits had reduced labor supply. However, the authors caveat their findings by noting that they are unable to control for certain potential confounding factors and that their results are meant to be suggestive.

Another way to measure a potential employment disincentive is to examine evidence on the ability of firms to fill open positions. To this end, Marinescu, Skandalis and Zhao (2020) examine data on job applications and vacancy listings between January and June 2020 from online jobs platform Glassdoor. With respect to the possibility that firms had difficulty hiring during the early stages of the pandemic, the authors observe that the number of applications per vacancy actually increased during the onset of the pandemic, as the number of vacancies fell by more than the number of applications. Using the same state-level variation in treatment intensity used in Bartik et al. (2020a), Marinescu et al. (2020) finds that larger increases in replacement rates were associated with both fewer applications and fewer applications per vacancy. Although this pattern is consistent with the hypothesis that enhanced UI benefits reduced the number of applications, the magnitude of the effect was not large enough to offset the general increase in applications per vacancy that is observed at the onset of the pandemic.

Other studies have looked more specifically at the $300 Federal Pandemic Unemployment Compensation (FPUC) benefit during 2021. For example, Dube et al. (2022) examine labor market outcomes among states that terminated early during June 2021 either the $300 FPUC, the extended term of (PEU), or the UI exception for self-employed and gig-economy workers (PUA). By utilizing bank transactions data from Earnin, a financial services company, Dube and coauthors are able to compare the banking activities of individuals across states that did and did not terminate the enhanced benefits. The study finds that "opt-out" states during June and July of 2021 experienced large decreases in UI enrollments relative to non-opt-out states and experienced modest, albeit precisely-measured, corresponding increases in employment.

Two important caveats accompany Dube's analysis. The first is that roughly three-quarters of the workers who were receiving UI prior to the benefit termination were on either PEUC or PUA. This means that the enhanced UI benefits for such individuals were ended mechanically, and not as the result of an increased incentive to find employment. The second caveat is that the conditions needed for this analysis to warrant a causal interpretation are unlikely to be satisfied. Specifically, employment trends in opt-out and non-

opt-out states differed prior to the June UI termination in opt-out states. This second caveat implies that the post-termination difference in employment is likely to differ for reasons other than UI participation alone.

Similar to Dube et. al (2022), Arbogast and Dupor (2022) and Ganong et. al (2021) estimate a non-zero disincentive effect of enhanced UI benefits on employment during 2020 and 2021. Their analysis focuses on both the $600 weekly supplement that expired at the end of July 2020 and the $300 weekly supplement which started January 2021. The authors are able to measure UI participation by using account-level data from the JPMorganChase Institute between January 2020 and May 2021. The authors leverage variation in replacement rates among individuals in order to estimate the effect of replacement rates on job finding rates. The authors find a small negative impact on the job finding rate, while concluding that the policy of enhanced UI benefits was effective from the point of view of preventing income loss during the pandemic while having minimal effects on employment. Arbogast and Dupor (2022) have a similar research design to Dube et al. (2022), yet find larger disincentive effects. Specifically, they find that if all states had halted enhanced UI benefits in June, September employment would have been 3.4 million persons higher relative to a situation where no states had halted benefits.

Paycheck Protection Program

In addition to UI benefits for households, support for small businesses likely helped businesses maintain employment throughout 2020. By August of 2020, SBA had approved more than 5.2 million PPP loans for a total of more than $525 billion by nearly 5,500 lenders, helping to preserve employment relationships for millions of workers and businesses. Moreover, Bartik et al. (2020b) find that PPP loans led to a 14-22 percentage point increase in a business's expected self-reported survival rate – albeit only in the very short-term – with the largest impacts on survival for businesses with more employees. The authors explain that the effect of PPP loans on firm survival is likely to be confounded by additional factors that are correlated with receiving PPP but also related to firm survival, which would bias their estimate of PPP on firm survival. They attempt to address this by controlling for businesses' pre-existing banking relationships, noting that individual banks had varying approval rates. To corroborate the findings related to business closure, the authors conducted a phone survey during July 2020 and concluded that the results were consistent with the primary findings of increased survival expectations.

After funds for additional PPP loans were appropriated in December 2020, another 6.7 million loans were approved for a total of $278 billion by 5,242 lenders in 2021. Of the 6.7 million loans approved, 2.9 million were second draw loans ($209 billion) and 3.8 million were first draw loans ($69 billion). These funds include specific set-asides that ensure equitable access of PPP funds, including for businesses with 10 or fewer employees or those in low- and moderate-income (LMI) areas. Despite the unprecedented scale of PPP, evidence from Neilson, Humphries and Ulyssea (2020) showed the limitations of the first-come first-served lending policy. The authors used daily survey data to show that small businesses during 2020 were less aware of the PPP and less likely to apply than larger businesses. Likewise, among businesses who applied for PPP loans, smaller businesses applied later, faced longer processing times, and were less likely to have their applications approved. Additionally, Granja et al. (2022) find that since banks played an important role in mediating program targeting, some funds initially flowed to regions that were less adversely affected by the pandemic. Data from subsequent episodes of PPP lending, however, have shown

to be more successful at reaching smaller and underserved businesses, an effort which was aided by the efforts of non-bank lenders.[5]

Based on Census tract matching of first-draw PPP loans, along with summary data provided by SBA (see footnote 4), Treasury's Office of Economic Policy estimated that approximately 28 percent of PPP funds went to businesses in LMI areas—a figure proportionate to the LMI share of the U.S. population. The PPP has provided funds to a wide variety of industries in all sectors of the economy, including construction (12.4 percent), manufacturing (10.3 percent), food and hospitality services (8.1 percent), health care (12.9 percent), and retail (7.7 percent), among others.

In addition to the broad take-up rate across the economy, early research shows that PPP prevented job loss during the pandemic as well. For example, Autor et al. (2022) use administrative payroll data from Automatic Data Processing, Inc. (ADP) to compare payroll employment across PPP-eligible and PPP-ineligible businesses. The authors find that the PPP saved about 3.6 million jobs through mid-May 2020, and 1.4 million jobs at the end of 2020. When restricting the analysis to only the firms where they can observe loan take up, the results were closer to the high end of the initial range. Likewise, Chetty et al. (2020) found PPP effects of a similar magnitude when using firm level data from the companies Paychex and Earnin. Similar to Autor et al. (2022), Chetty et al. (2020) compare employment outcomes across firms based on their eligibility for PPP loans. Both studies suggest a relatively small number of jobs saved per dollar spent, due in part to the inability to target funds directly to the companies who needed it most. That said, the total effect of PPP on employment over the long run remains uncertain, as it is likely that PPP had an indirect effect on employment through the impact it had on preventing business closures. The total employment effect could be considerably larger over time as those salvaged businesses re-hired furloughed workers. Treasury's Office of Economic Policy produced a December 2020 working paper that studied the impact of regional banking differences, which varied the timing of PPP rollout, on UI claims. The study concluded that an aggregate of 18.6 million jobs may have been preserved through the program, though this number should be interpreted with caution and likely represents an upper bound of the true number of jobs preserved.

In a related and more recent working paper, Autor et al. (2022) argue that between 23 and 34 percent of PPP dollars went to workers who would have lost their jobs in the absence of the program. The authors argue that the remainder flowed to firm owners and, thus, the program was largely regressive, especially when compared to other programs such as UI expansion. Granja et al. (2022) similarly find that many firms used the loans to make non-payroll fixed payments and build up savings buffers – further contributing to smaller employment effects. If the number of jobs saved is closer to the 18 million found in the Treasury working paper, then the program was likely more progressive than Autor et al. (2022) find. Despite possible regressivity in first-order impacts, Karakaplan (2021) argues that there was roughly a 1-dollar-for-1-dollar multiplier effect of the PPP loans on small business bank loans. Thus, the PPP's stimulation of additional conventional loans may have introduced additional, second-order, distributional and job-preserving effects of the PPP.

[5] The basis for this comparison is SBA data on loan size and demographics from the first wave (https://www.sba.gov/sites/default/files/2021-09/PPP_Report%20-%202020-08-10-508.pdf) and second wave (https://www.sba.gov/sites/default/files/2021-06/PPP_Report_Public_210531-508.pdf) of PPP lending.

Additional Related Research

As part of a collaboration that took an expansive approach to analyzing the COVID-19 economic policy response, Edelberg, Furman, and Geithner (2022) provide several big picture examples of "lessons learned." Based on their reading of the available evidence, they conclude that fiscal support has the potential to buffer most households from negative income shocks during a downturn, as evident by the reduction in poverty rates even as GDP was falling during 2020.

Edelberg et al. (2022) also stress that some of the most important lessons we can learn from the COVID-19 pandemic pertain to the value of proactively improving our policy toolkit in advance of the next crisis. For example, the authors suggest that automatic stabilizers are especially well-suited to buffer household incomes. They suggest that tying expanded UI benefits to economic conditions could make the economy more resilient to the next economic shock. The authors also suggest that the principle of automatic stabilizers could be applied to state and local relief as well, reducing policy uncertainty and improving targeting efficiency.

Conclusion

The COVID-19 pandemic caused a sharp and deep contraction of economic activity. Congress responded with substantial legislation. This report reviewed the impacts of 2020 pandemic legislation by synthesizing the relevant academic literature as of the first quarter of 2023, as well as providing detailed analysis of publicly-available economic data immediately following this legislation and during the height of the economic downturn. Overall, 2020 pandemic legislation addressed public health challenges, provided economic relief, and facilitated economic recovery. Economic and public health challenges remain, many of which predate the pandemic. The Federal Government remains committed to taking the necessary steps needed to protect and improve the lives and livelihoods of all Americans.

Appendix

Coronavirus Response Funding Overview

Phase 1: Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123)

In total, this act provided $7 billion in emergency funding for Federal agencies' response. Highlights include:

- Public Health and Social Services Emergency Fund, to fund countermeasures and support for emergency response and healthcare entities.
- CDC-wide public health response activities, including some global health efforts. In addition, the act provided funds for CDC's Infectious Diseases Rapid Response Reserve Fund.
- National Institutes of Health research and development of therapeutics, vaccination, and diagnostics for COVID-19.
- State and international assistance programs to prevent, prepare for, and respond to the virus.

Phase 2: Families First Coronavirus Response Act (P.L. 116-127)

In total, provided $192 billion. Highlights include:

- Refundable tax credits for private-sector employers who provide required paid sick and family leave.
- Public Health and Social Services Emergency Fund, to pay claims of providers to provide COVID-19 testing and related services for uninsured individuals.
- Emergency transfers to State agencies for unemployment compensation administration expenses.
- Farmers to Families Food Box donation and distribution program.
- Nutrition programs, including Women, Infants, and Children (WIC) nutrition benefits and State and local agency operations, food banks through The Emergency Food Assistance Program (TEFAP), territory nutrition assistance grants, and such sums authority for the SNAP P-EBT program to support families while schools are closed.
- Emergency Medicaid Federal Medical Assistance Percentage (FMAP) increase of 6.2 percentage points for States that meet certain requirements, to provide fiscal relief and help States manage increased enrollment and health care costs. This increase will also support other Federal/State programs including the Children's Health Insurance Program, as well as foster care and adoption assistance programs.
- Department of Veterans Affairs (VA), to provide support for the VA medical care and information technology response, along with small amounts for other VA needs, chiefly personal protective equipment (PPE).

Phase 3: Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136)

In total, provided $2.1 trillion to respond to the COVID-19 outbreak and its impact on the economy, public health, State and local governments, individuals, and businesses. Highlights include:

- Economic stabilization, supporting trillions in Federal Reserve lending to business and State/local governments, including loans to airlines, related businesses, and businesses critical to national security.
- PPP loans to small businesses, and certain non-profits, veterans' organizations, and Tribal business concerns, that can be fully forgiven if the funds are used for approved payroll and non-payroll costs (such as utilities and rent).
- Economic Impact Payments for individuals to provide $1,200 per eligible individual plus $500 per qualifying child. These amounts phase out for higher-income taxpayers.
- Coronavirus Relief Fund to provide general economic support to States, localities, and tribal governments. These funds can be used to address medical or public health needs related to COVID-19, as well as unemployment or business closures.
- Tax provisions, including,
    - Increases deductibility of charitable contributions through calendar year 2020;
    - Modifies limitation on losses for taxpayers other than corporations;
    - Establishes temporary refundable employee retention tax credit, to encourage businesses to keep employees on payroll;
    - Increases utilization of net operating losses arising in tax years 2018 through 2020;
    - Increases deductibility of business interest expenses for tax years 2018 through 2020;
    - Accelerates refundability of corporate minimum tax credits;
    - Suspends aviation excise taxes through the rest of calendar year 2020;
    - Delays payment of certain employer payroll taxes through the end of calendar year 2020 and allows employers to pay them over the next two years; and
    - Retroactively permits 100-percent bonus depreciation for qualified improvement property acquired and placed in service after September 17, 2017.
- Pandemic unemployment assistance and other emergency unemployment compensation measures.
- Public Health and Social Services Emergency Fund for countermeasures and support for emergency response and healthcare entities.
- Emergency increase in unemployment compensation.
- Disaster Relief Fund for emergency protective measures including: PPE and medical supplies, temporary medical facilities and personnel, sheltering, and 100 percent of National Guard Title 32 costs until June 24, 2020.
- Transportation: Transit Infrastructure Grants and Grants in Aid for Airports. The transit grants cover capital and operating expenses to maintain service, and to reimburse lost revenue due to the public health emergency. The airport grants cover operating and capital expenses at over 3,000 airports. Both grants reflect nearly three times the level of funding provided for these programs in FY 2020.
- Payroll support to the airline industry to maintain employment and avoid job cuts.
- Education Stabilization Fund to support States, school districts, and institutions of higher education to prevent, prepare for, and respond to COVID-19, as well as direct financial assistance to students that can be used to cover education, food, housing, healthcare, and childcare expenses.
- Temporary relief for most Federal student loan borrowers, by pausing payments, with 0 percent interest, for all Department of Education-held student loans.
- Nutrition Programs: Supplemental Nutrition Assistance Programs (SNAP), the Food Distribution Program on Indian Reservations (FDPIR), nutrition assistance block grants to territories, Child

Nutrition programs, Older Americans Nutrition Programs, and TEFAP funding for food banks. Support for these programs has been expanded to serve more individuals and to fund innovative ways to deliver meals to children while schools are closed.

- Department of Veterans Affairs, to provide support for the VA medical care and information technology response, along with small amounts for other VA needs, chiefly PPE.
- Coronavirus Food Assistance Program, a package of assistance to specialty crop, dairy, livestock, and row crop producers that includes funds provided through both the CARES Act and the Commodity Credit Corporation.
- Department of Defense (DOD), including for: medical care for service members, dependents, and retirees; diagnostics and medical research; PPE for medical and non-medical personnel; procurement of vaccines and antivirals; National Guard and Reserve support for DOD missions; DOD private sector care costs; and Defense Production Act purchases.
- Funding for Economic Injury Disaster Loan (EIDL) Advances (grants), a new program that provided interim funding to EIDL lending program applicants, could be used for a wide range of obligations such as rent, payroll, debt payments, and healthcare benefits.
- Additional borrowing authority for the United States Postal Service. The funds are to be extended by Treasury if the Postal Service determines that it is unable to fund operating expenses due to COVID-19 related changes.
- Department of Justice grants to support State, local, and tribal law enforcement in the response to COVID-19.

Phase 3.5: PPP and Health Care Enhancement Act (P.L. 116-139)

In total, provided $493 billion in additional funding for small business loans, health care providers, and testing. Highlights include:

- Additional funds for the PPP.
- Additional funds for the Public Health and Social Services Emergency Fund.
- Additional funds for the Small Business Administration EIDL lending program, and additional funds for EIDL Advances (grants).

Phase 4: Consolidated Appropriations Act, 2021 (P.L. 116-260), Divisions M and N

In total, provided $868 billion in additional funding for small businesses, individuals, state and local governments, and vaccinations. Highlights include:

- Additional funds for the PPP, including a provision for the deductibility of expenses paid for by PPP loans.
- Additional funds for SBA EIDL Advances (grants).
- Small business funds for businesses in low-income communities.
- Emergency grants for live music venues, movie theaters and museums.
- Additional funds for a $600 Economic Impact Payment, available for most Americans with adjusted gross incomes below $75,000.
- Extensions of increased Federal unemployment benefits for an additional 11 weeks, including an additional $300 per week until mid-March.

- Additional funds for education, including grants for K-12 education, higher education (including for HBCUs and for-profit college financial aid), and funds for the Governor's Emergency Education Relief Fund.
- Funding to States for testing, tracing and COVID mitigation.
- Funding to States and the CDC to assist with vaccine procurement and distribution, including building a strategic stockpile.
- Other health funding, including for mental health, additional health care provider grants, an increase in the physician pay schedule, and a repeal of the Medicare sequester through March 2021.
- Additional funds for a second round of payroll support for airline workers.
- Funding to States for transit infrastructure and State highway funding.
- Grants and funding to additional public transit providers, such as buses, ferries, airports, and Amtrak.
- Additional funds to expand and increase nutrition and agriculture programs, including a 15 percent increase in monthly SNAP benefits through the end of June 2021 and direct payments to the farming and ranching industry.
- Funds to States to continue to provide rental assistance programs, which also includes rent arrears, utilities, and home energy costs. There is also an extension of the eviction moratorium for tenants with annual incomes below $99,000 to the end of January 2021.
- Funds to support the Child Care Development Block Grant program.
- Support for community lenders, including through Community Development Block Grants.
- Funds to provide grants and investment in broadband technology to support remote learning.
- An amendment to financial support for the U.S. Postal Service provided in the CARES Act.
- An extension and expansion of the Employee Retention Tax Credit.
- A reinstatement of the 100 percent deductibility of business meals for 2021 and 2022.
- An increase in the Earned Income and Child Tax Credit, facilitated by allowing taxpayers to use their 2019 income if they experienced job loss in 2020.
- An extension of the Families First paid leave credits through March 2021.
- Extensions of The CARES Act provisions for charitable donations and employer-paid student loan exclusions.
- Included in this package was a reduction in previous budget authority, which offsets new budget authority for Divisions M and N of this Act.

Phase 5: American Rescue Plan Act of 2021 (P.L. 117-2)

In total, the ARP provided $1.9 trillion for supporting individuals, households, businesses, and various public health measures. Highlights include:

- Funding to support the food supply-chain and agriculture pandemic response.
- Funding to state, local, and tribal governments to bridge budget shortfalls.
- Direct payments for individuals earning up to $75,000 per year and couples earning up to $150,000 per year.
- Extension of an additional $300 per month in unemployment insurance benefits through Sept. 6, 2021.
- A temporary expansion of the child tax credit, including monthly payment through the end of 2021.

- An extension of the tax credit available to employers who offer paid sick leave and paid family leave benefits through the end of fiscal year 2021.
- An extension and expansion of the Employee Retention Tax Credit.
- Additional $7.25 billion in funds for supporting small-businesses in the form of the Paycheck Protection Program.
- Grants to state educational agencies and institutions of higher education, including funds directed to a Child Care & Development Block Grant program.
- A provision to make any student loan forgiveness passed between Dec. 31, 2020, and Jan. 1, 2026, tax-free — rather than having the forgiven debt be treated as taxable income.
- Funding for the Low-Income Home Energy Assistance Program, known as LIHEAP, to help families with home heating and cooling costs.
- Funding to temporarily boost the value of cash vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) up to $35 per month for women and children for a four-month period during the pandemic.
- Funding for programs authorized under the Older Americans Act, including support for nutrition programs, community-based support programs and the National Family Caregiver Support Program.
- Allocation of $37 million to the Commodity Supplemental Food Program for low-income seniors.
- Allocation of $7.5 billion to track, administer and distribute COVID-19 vaccines.
- Another $46 billion will go toward diagnosing and tracing coronavirus infections, and $2 billion will go toward buying and distributing various testing supplies and personal protective equipment.
- Funding for specific industries, including to the Small Business Administration to support "restaurants and other food and drinking establishments," as well as funds for the Shuttered Venue Operators Grant.
- Funding for the Small Business Administration EIDL program, with some funds prioritized for businesses with fewer than 10 employees.
- Funding to support the transportation sector, including allocations for transit, airports, and temporary payroll support for the aerospace manufacturing industry.
- Allocation of funds for emergency rental assistance, including $5 billion for emergency housing vouchers for people experiencing homelessness, survivors of domestic violence and victims of human trafficking.
- Funding to preserve the solvency of multiemployer pension funds.
- Cybersecurity funding to be used for technology modernization.

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