

# Aid for Arkansas in New Economic Relief Bill

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The President recently signed into law the **Coronavirus Aid, Relief, and Economic Security (CARES) Act**, the most recent legislation designed to address the coronavirus pandemic and the associated economic recession. Below are some of the provisions of the CARES Act and how Arkansas will benefit from them:

## Assistance for State and Local Governments

The bill will create a **\$150 billion** relief fund for state and local governments, which is estimated to distribute **\$1.25 billion** to Arkansas. It also distributes \$30 billion for K-12 and higher education and \$25 billion for mass transit across the states. Arkansas will receive about **\$40 million** for child care through community development block grants.

Also included are:

- **\$167 billion** in emergency funding, including **\$100 billion** for hospitals and healthcare organizations for costs related to COVID-19, as well as **\$45 billion** for FEMA, **\$1 billion** to bolster domestic supply chains, and **\$4 billion** to assist with purchasing personal protective equipment and testing supplies
- **\$350 billion** “paycheck protection” loans for small businesses to cover paid sick leave, insurance premiums, rent or mortgage payments, and utilities
- A **\$500 billion** economic stabilization fund to support lending to particular vulnerable industries and offer loans for businesses, states and municipalities. Includes limits on executive compensation and prohibitions on stock buybacks and dividends

## Direct Assistance

The CARES Act also includes one-time checks of \$1,200 for individuals making up to \$75,000, or \$2,400 for married couples making up to \$150,000, plus \$500 per child. These payments phase out at a rate of \$5 per an additional \$100 in income above those amounts, up to a maximum income level of \$99,000 for individuals or \$198,000 for married couples. However, immigrant families are left out of the legislation, and low-income workers who do not file federal returns may be left out.

Arkansans will receive an estimated **\$2.7 billion** in these rebate checks total, with 96 percent of Arkansas taxpayers ultimately receiving some benefit. Filers in the bottom income quintile would receive the largest benefit as a share of their income, at 12 percent. Only the wealthiest households will largely not receive stimulus checks. There are no provisions to extend these payments if economic conditions continue to worsen.



## Unemployment Benefits

The CARES Act provides for a fully federally funded increase of \$600 a week in unemployment benefits for the next four months. That would inject approximately [\\$437 million](#) into Arkansas's economy, according to one estimate. The legislation also includes an extension of regular benefits (not including the \$600) by 13 weeks with the federal government paying for all of that extension.

The bill expands unemployment insurance through "Pandemic Unemployment Assistance" to workers not normally eligible for unemployment benefits because they are "gig" workers, independent contractors, self-employed, don't have a sufficient work history, or are seeking part-time employment. Eligibility is also expanded to workers who quit because of COVID-19, including due to care responsibilities for a sick member of their household and because of closed schools and childcare centers.

## Further Action Required

The latest coronavirus federal response package will help keep many Americans safe and help them get through the next several weeks when combined with the efforts of governors, county judges and mayors across the country. But there is much more work to be done in the coming weeks and months to help address the economic and human costs of the coronavirus pandemic. The package includes a token amount of funding to help address housing and homelessness, but much more will be needed. The provisions bolstering unemployment benefits are generous, but only last for four months without any chance of extension, unless additional legislation is passed.

The relief package for states and localities is a good start, but as the depths of the economic recession become more clear, so too will the need for additional funds to help state governments continue to provide valuable public services. Arkansas Advocates for Children and Families will be releasing a series of blogs highlighting the policies the state should put in place immediately to ensure Arkansas is in the best position possible to deal with the pandemic.



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