

Important wins, but unmet needs, in new stimulus package

New stimulus checks, broadband access and rental aid welcome, but foreclosure and student loan relief absent

WASHINGTON, DC – Advocates welcomed the new stimulus bill passed by Congress last night, but warned that it has critical gaps that should be immediately filled by the incoming Biden Administration.

“The new \$600 stimulus payment, broadband aid, low-income tax credits, rental assistance, unemployment benefits boost, and surprise medical billing protections, among others, are sorely needed, but the package leaves out homeowners who did not get foreclosure relief in the CARES Act and student loan borrowers whose bills are coming due,” **said Lauren Saunders, associate director of the National Consumer Law Center.**

Beyond the headline items, the bill will protect the new stimulus payments from garnishment by debt collectors and from offset for old child support enforcement debts owed to state governments, provisions that NCLC fought for. “Debt collectors grabbed many of the first stimulus payments, but fortunately it will be hands off for these payments,” **Saunders explained.**

“The \$3.2 billion Emergency Broadband Benefit is urgently needed to connect families to remote schooling, telemedicine and work opportunities, and will help people stay at home to mitigate the risk of spread of COVID-19,” **said Olivia Wein, staff attorney at the National Consumer Law Center.**

“Although the new surprise billing legislation is not a complete fix, consumers will feel more secure about seeking healthcare knowing that there will be more protection from surprise medical bills and medical debt,” **said Jenifer Bosco, staff attorney at the National Consumer Law Center.**

“While we are glad to see sorely needed rental assistance, the bill fails to help the many homeowners, especially low-income homeowners and homeowners of color, who are struggling financially, including the one-third of the mortgage market left out of CARES Act protections,” **said Alys Cohen, staff attorney at the National Consumer Law Center.**

“Once again, Congress fails to stop over 40 million federal student loan borrowers from barreling towards another repayment cliff,” said **Persis Yu, director of the National Consumer Law Center’s Student Loan Borrower Assistance Project.** “We call on President-Elect Biden to commit to ending this treadmill of uncertainty by extending the payment suspension and to providing widespread student loan cancellation on Day 1.”

Among other details, the package contains the following aid for individuals:

- **\$600 or more in stimulus payments.** Individuals making up to \$75,000 in the 2019 tax year will receive a payment of \$600, along with \$600 per dependent minor child. The aid phases out as income rises and disappears for individuals who earn more than \$99,000, or twice that for a couple. Adult dependents were again left out. The deal extends eligibility to families with mixed immigration status.
 - The new payments, as well as any CARES Act payments that are claimed next year, may

not be offset by the federal government for student loans, other federal debts, or back child support owed to state child support enforcement agencies. The new payments are protected from garnishment by debt collectors.

- **\$50/month for low-income broadband service, \$75 on tribal lands.** The Emergency Broadband Benefit will help connect low-income students, families and unemployed workers, and also includes up to \$100 for a laptop, tablet or desktop (with a \$10 – \$50 co-pay). The funding will be available to Lifeline recipients, Pell grant recipients, households with students in the Free and Reduced School Lunch program, and households experiencing a severe drop in income.
- **Extra \$300 in unemployment benefits and extended pandemic benefits.** The extra federal cash goes through March 14, and the legislation extends programs that paid benefits to self-employed individuals, gig workers and those who've exhausted their state benefits.
- **Rental aid and an eviction ban.** The bill provides \$25 billion in federal rental assistance, distributed through state and local governments. The federal eviction ban has been extended through the end of January.
- **A new \$638 million low-income water and sewer bill assistance program** that can be used to cover arrearages as well as current bills.
- **Special “lookback” for EITC and CTC:** The bill includes a special temporary rule allowing lower-income individuals to use their earned income from tax year 2019 to determine the Earned Income Tax Credit and the refundable portion of the Child Tax Credit (i.e., the Additional Child Tax Credit) in the 2020 tax year. This will help workers who experienced lower wages this year, due to the pandemic, to get a larger refund that is consistent with their earnings from prior filing seasons.
- **Food stamp boost.** The package includes \$13 billion to increase food stamp benefits by 15 percent, although it doesn't expand eligibility.
- **Surprise medical bills.** The bill will protect insured patients from many surprise medical bills for unexpected out-of-network and emergency care.
- **Child care.** States will receive \$10 billion in Child Care & Development Block Grant funding that can be used to provide child care assistance to families, and to help child care providers cover their increased operating costs during the pandemic.
- **Bankruptcy.** The bill provides that consumers in Chapter 13 bankruptcy cases will not be denied a discharge if they miss 3 or fewer mortgage payments because of a financial hardship due, directly or indirectly, to COVID-19. Consumers can have utility service maintained or restored after filing bankruptcy without paying a deposit. Also, consumers cannot be denied a mortgage forbearance under the CARES Act if they have filed bankruptcy or received a bankruptcy discharge.

Among the sorely needed items missing from the package:

- **No monetary relief for homeowners, and many homeowners still lacking foreclosure relief.** The legislation does not include the Housing Assistance Fund, which would provide direct relief to homeowners. It also fails to expand the CARES Act's mortgage forbearance beyond federally backed mortgages, leaving one third of the mortgage market without similar protections. It also denies homeowners trying to make affordable repayment arrangements after a forbearance the chance to do so before a foreclosure begins.
- **No direct relief for student loan borrowers.** The legislation includes funds for colleges for financial aid grants and also extends a tax break for major corporations with a temporary income tax exclusion for employer-paid student loans. But it fails to avert the looming end of the payment suspension, leaving millions of borrowers vulnerable to involuntary collection such as seizure of Social Security payments, Earned Income Tax Credits, and wage garnishment, and the bill does not provide desperately needed student loan cancellation.

- **No reprieve from car repossessions.** Auto loan borrowers missed out on the first stimulus package and are still left short, even though cars are necessary now more than ever.
- **Insufficient help for energy bills.** Congress must appropriate \$10 billion for the Low Income Home Energy Assistance Program (LIHEAP) so there will be targeted assistance for overdue energy bills. Though some of the \$25 billion rental aid could be used to pay overdue utility bills, the need for rental aid is vast, and not enough will be made available for utility bills.

“We welcome this sorely needed relief to families hard-hit by the pandemic, but the incoming Biden Administration will need to get working immediately on a new package to fill the gaps and prevent a tsunami of foreclosures and debt defaults,” **Saunders warned.**

More information about priorities for more COVID relief and other help for struggling families is on our [NCLC 2021 Federal Priorities](#) page.

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