

\$9.6 Billion COVID Relief Early Budget Package

Several weeks ago, Governor Newsom proposed a bold COVID relief package, echoing key themes of the Biden-Harris American Rescue Plan to provide critical financial help to families and businesses in need. This help is critical to prevent further economic deterioration and provide a foundation on which economic recovery can be built after the COVID crisis subsides.

The agreement between the Governor and the leadership of the Legislature builds on the Governor's proposal and provides \$9.6 billion in emergency relief for individuals and small businesses and other key agreements.

Support for Small Businesses:

✓ *More Small Business and Nonprofit Relief Grants:*

- \$2.1 billion in additional funding for the state's COVID relief small business and non-profit grant program. This builds on the \$500 million program started by the Governor and the Legislature in December, for a total of about \$2.6 billion in funding for this program.

✓ *Tax and Fee Relief Focused on Small Businesses:*

- \$2 billion in tax cuts—focused on small businesses—over the next several years by exempting the first \$150,000 of expenses paid by federal Paycheck Protection Program (PPP) and federal Economic Injury Disaster Loan funds. (An estimated 87% of PPP loans were under \$150,000.)
- \$116 million in fee cuts by waiving various fees for two years for heavily impacted service industries.

Support for Individuals and Families:

✓ *Golden State Stimulus payments focused on low-income workers:*

- \$600 additional tax rebate for all CalEITC recipients for 2020 tax year. (\$2.3 billion)
- \$600 tax rebate for all ITIN tax filers up to \$75,000 of income. (\$470 million)
- \$600 additional grant for families enrolled in CalWORKs. (\$243 million)

- \$600 additional grant for individuals enrolled in Supplemental Security Income (SSI) or Cash Assistance Program for Immigrants (CAPI). (\$750 million)
- A total of \$5.7 million supplemental stimulus payments for low-income Californians.

Other Key Agreements:

- ✓ ***Cut Restorations:*** \$857 million beginning in 2021-22 to restore selected program cuts in the 2020-21 budget agreement. This is on top of the restorations already proposed to be restored in the Governor’s proposed budget.
 - Most notably, this includes ongoing restorations of \$300 million for the California State University, \$300 million for the University of California, and \$128 million for the Judiciary.
- ✓ ***CalWORKs Eligibility Expansion:*** \$240 million to expand eligibility for CalWORKs by exempting the supplemental federal Unemployment Insurance benefits from income calculations.
- ✓ ***Federal Child Care Funds:*** \$400 million in available federal funds to provide stipends of \$525 per enrolled child for all state-subsidized child care and preschool providers serving approximately 400,000 children in subsidized care statewide. The new federal resources will extend care for children of essential workers through June of 2022, and increase access to subsidized child care for more than 8,000 children of essential workers and at-risk children – who are not currently served in the system -- through June of 2022.
- ✓ ***Student Assistance:*** \$120 million to accelerate proposed additional aid for community college students, and \$16 million for outreach to higher education students on availability of CalFresh benefits.
- ✓ ***Food and Diaper Banks:*** \$35 million for immediate support for Food Banks and Diaper Banks.
- ✓ ***Housing for the Harvest:*** \$24 million to support the Housing for the Harvest program to provide shelter and aid for farmworkers impacted by COVID-19.

Immediate Emergency Action Bill Package:

- ✓ **AB 85 / SB 85**, “Budget Bill Jr”: Makes necessary budget bill appropriations for this package as well as other technical fixes.
- ✓ **AB 88 / SB 88**, Golden State Stimulus Trailer Bill.
- ✓ **SB 87 (Caballero)**, Small Business Grants Trailer Bill.
- ✓ **AB 80 (Burke)**, PPP Partial Federal Tax Conformity Bill.
- ✓ **AB 83 / SB 94**, Small Business Licensing Fee Exemptions Trailer Bill.
- ✓ **AB 81 / SB 92**, General Federal Relief and Cleanup Trailer Bill.
- ✓ **AB 82 / SB 93**, Memorandum of Understanding Trailer Bill.