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Biden Calls for \$350 Billion in State and Local Aid as Part of Massive Stimulus.

The president-elect released details on Thursday for a \$1.9 trillion coronavirus relief package.

President-elect Joe Biden is urging Congress to provide state, local and territorial governments with \$350 billion in emergency aid, along with billions of dollars in assistance for schools and transit, as part of a sweeping coronavirus relief package that he unveiled on Thursday.

The \$1.9 trillion proposal also outlines plans for putting \$20 billion towards a national vaccination program. Additionally, it would provide \$1,400 one-time payments to many Americans whose earnings are below a certain amount, while also extending unemployment insurance programs adopted in response to the pandemic and boosting them with a \$400 per-week supplemental payment.

“We need to move quickly, we need to move fast,” the president-elect said during a speech about his proposal on Thursday evening.

Biden also wants to see the federal minimum wage raised to \$15 an hour from the current level of \$7.25. Many cities and states have taken action in recent years to raise their minimum wages to that level.

On the education front, Biden is calling for \$130 billion to help K-12 schools reopen safely and \$35 billion for a higher education relief fund directed at public institutions, including community colleges. Biden has set a goal of reopening the majority of the nation’s kindergarten through 8th grade schools within his administration’s first 100 days.

The scale of what he is proposing is substantial compared to earlier relief packages. The law known as the CARES Act, approved in March, totaled about \$2 trillion. A more recent deal that President Trump signed into law at the end of December was around \$900 billion.

Some Republicans were quick to knock Biden’s proposals.

Rep. Kevin Brady, of Texas, the top Republican on the House Ways and Means Committee, called the plan an “economic blind buffalo that does nothing to save Main Street businesses, get people back to work, or strengthen our economy.”

Florida Sen. Marco Rubio said on Twitter that Biden “knows the plan he outlined tonight can’t pass ‘quickly’” and that pushing all of it together would delay the proposed \$1,400 payments to individuals.

“Let’s get the extra money to people first,” added Rubio, who is among the Republicans who have backed \$2,000 payments to individuals. The last round of relief legislation included payments topping out at \$600.

A description of Biden's new plan says the \$350 billion in proposed emergency funding for states, localities and territories would help them keep public workers on the job, distribute the vaccine, scale up virus testing, reopen schools and maintain other services.

There's also \$20 billion in the plan for public transit agencies that have seen ridership and fare revenue plummet due to the virus outbreak.

Biden said during his remarks that he and Vice President-elect Kamala Harris have been speaking with county officials, mayors and governors of both parties on a regular basis. "We're ready to work with them, help them get the relief they need," he said.

The U.S. Conference of Mayors on Thursday night welcomed the president-elect's proposal and said they were briefed on it earlier.

"Cities of all sizes must have direct, flexible assistance so that they can be a driver rather than a drag on America's recovery," the group's president, Louisville, Kentucky Mayor Greg Fischer, said in a statement. "President-elect Biden has made clear he intends to solve this crisis, and mayors are grateful for his leadership," he added.

Including the funding for the vaccination push, Biden is proposing about \$160 billion of spending centered around a slate of public health efforts to battle the virus, such as expanded testing and a public health jobs program. His overall plan also calls for \$30 billion in rental and utility assistance for households.

There's a raft of other proposals as well, ranging from bolstered food assistance for struggling families, to support for child care programs, and billions in loan and grant offerings for small businesses.

Prior Stumbling Block

Disagreements between Democrats and Republicans about whether to provide state and local governments with additional direct aid was a major stumbling block in the negotiations that culminated in the coronavirus relief package Trump signed at the end of December.

Many Republicans have balked at the idea of doling out more federal cash to states and localities to help them deal with the costs and lost revenue brought on by the pandemic, arguing in some cases that it would amount to a "bailout" for states with poorly managed finances.

Democrats, on the other hand, have been supportive of providing the aid, which state and local government advocacy groups have pushed for and which some economists say will help with the nation's financial recovery from the virus.

Biden's term will begin as the political dynamics in Congress have changed. After two Democrats won runoff elections in Georgia this month, Democrats gained a slim advantage in the U.S. Senate. The chamber will be divided 50-50 between the two parties, but Democrats can count on a tiebreaker vote from Harris.

Democrats already controlled the House.

The most recent federal relief legislation included significant aid that will help state and local finances—for example, \$54 billion for K-12 schools, \$22 billion for higher education, around \$14 billion for struggling transit systems, and funding for vaccine-related initiatives.

Other assistance to households and businesses included in the law is expected to boost state and local tax revenues.

But the December package did not include another big pot of money like the Coronavirus Relief Fund that was part of the CARES Act, the relief measure passed in March. That fund provided \$139 billion for states and larger-sized local governments.

States and localities used the CARES Act money to help pay for a wide range of public health and economic relief programs. Officials say the aid helped them cover costs that otherwise would have been difficult to afford. At the same time, however, they have complained that the rules for how the money could be used were too rigid and that smaller communities didn't receive direct allotments.

In many cases, state and local tax revenues have exceeded the dismal projections that forecasters first issued after the coronavirus hit. But conditions vary between states, and those that rely heavily on revenues like sales taxes or whose economic fortunes are yoked tightly to tourism, gas and oil production, or parts of the service sector with high unemployment tend to be struggling more.

"States are continuing to face fiscal stress," Shelby Kerns, executive director of the National Association of State Budget Officers, said Thursday during an event held by the Volcker Alliance.

Meanwhile, there's still a great deal of uncertainty about how bad the financial fallout from the virus will be at the local government level.

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by BILL LUCIA

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