

UCC News: February 22, 2021

Legislature Sends Governor Package of COVID Relief and Economic Stimulus Measures; School Re-Opening Agreement Hits Another Snag

After a brief debate on their respective floors this afternoon, the Senate and Assembly approved a \$9.6 billion COVID relief package and sent it to Governor Newsom, which – as we've noted in previous updates – includes the following principal elements:

- One-time \$600 checks to low-income individuals through a Golden State Stimulus, including those low-wage workers eligible for earned income tax credits; undocumented workers earning less than \$75,000 who file their taxes using Individual Taxpayer Identification Numbers (ITIN); CalWORKs recipients; low-income seniors and disabled residents who qualify for federal assistance through the SSI/SSP program; and those eligible for the state-funded Cash Assistance Program for Immigrants who don't qualify for SSI because of their immigration status.
- An additional \$2 billion to the California Small Business COVID-19 Relief Grant program, with a maximum grant size of \$25,000 per business.
- A deduction for small businesses up to \$150,000 in expenses covered by the federal Paycheck Protection Program and federal Economic Injury Disaster Loan funds.
- Two years of fee relief for 59,000 restaurants and bars licensed through Department of Alcoholic Beverage Control. The agreement also reflects fee relief for more than 600,000 barbering and cosmetology individuals and businesses licensed through the Department of Consumer Affairs.
- Additional emergency financial aid for low-income community college students (\$100 million) and farm workers required to quarantine (\$24 million).
- Allocation of \$400 million in federal aid approved by Congress in late December for state-subsidized child care and preschool providers. This component of the package will extend care for children of essential workers through June of 2022, and funds will 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.
- Restoration of previously enacted reductions, effective July 1, 2020, for the University of California, California State University, the Judicial Branch, Child Support Services, and for moderate-income housing.

(Note that restorations will occur as part of the 2021-22 state budget or via spring Finance letters.)

Details on and links to each of the bills in the legislatively approved package are provided below. The Governor is expected to sign this package tomorrow.

AB 80 (Burke): Income taxes: federal CARES Act: tax deductions

Partially conforms state tax law with federal tax law relating to the treatment of Paycheck Protection Program (PPP) loans.

AB 81 (Committee on Budget): General government trailer bill

Extends federal unemployment insurance compensation to conform with changes in federal law; includes technical clean-up to SB 91, the recently approved rental assistance program; includes \$5 million for Franchise Tax Board public outreach on the Golden State Stimulus Program.

AB 82 (Committee on Budget): Memoranda of Understanding

Enacts statutory changes to reflect memoranda of understanding between the state and Child Care Providers United and nine state bargaining units.

SB 94 (Committee on Budget): Licensing fee waivers

Makes statutory changes to allow for licensing fee waivers at the State Board of Barbering and Cosmetology and the Department of Alcoholic Beverage Control

AB 85 (Committee on Budget): Budget Bill Jr.

Makes conforming changes to the 2020-21 state budget to enact the COVID Relief package.

SB 88 (Committee on Budget): Golden State Stimulus

Makes statutory changes to enact the Golden State Stimulus Program

SB 87 (Caballero and Min): California Small Business COVID-19 Relief Grant Program: Income Tax: gross income: exclusion: small business grants

Establishes the California Small Business COVID-19 Relief Grant Program within CalOSBA to assist qualified small businesses affected by COVID19 through the administration of grants; appropriates \$2.075 billion to fund the program, including \$50 million for nonprofit cultural institutions.

In addition to considering the components of the COVID relief package this morning, the Assembly Budget Committee debated [SB 86](#), the Legislature's plan for school re-openings for a few hours this morning. Assembly Member Phil Ting, chair of the Assembly Budget Committee, opened the discussion by calling out the state's school superintendents, county offices of education, and school boards for their [letter](#) to legislative leaders outlining concerns with the proposal. Chair Ting said that the letter was "tone deaf" and reiterated the Legislature's push to reopen schools, further suggesting that local control was simply not working for California families when it came to getting kids back to school. Members had a host of questions regarding the provisions of the bill, including vaccination and testing requirements for teachers and students. No vote was taken by the Committee, meaning that approval of a school re-opening plan remains subject to future negotiation between the Administration and Legislature.

The Legislature's proposed approach to school re-opening – is summarized below:

SB 86/AB 86 (Committee on Budget): COVID-19 reporting and public health requirements, instruction support grants, the Cal Grant program, and learning loss mitigation

Establishes parameters around reopening schools (TK-6th) in the current year around three distinct components: public health and school status data and vaccines; school reopening incentive grants; and student learning recovery grants. The bill appropriates about \$6.5 billion in Proposition 98 funds for these purposes.