



# FEDERAL AID AND THE RECOVERY FROM THE COVID-19 CRISIS

MAY 19, 2021



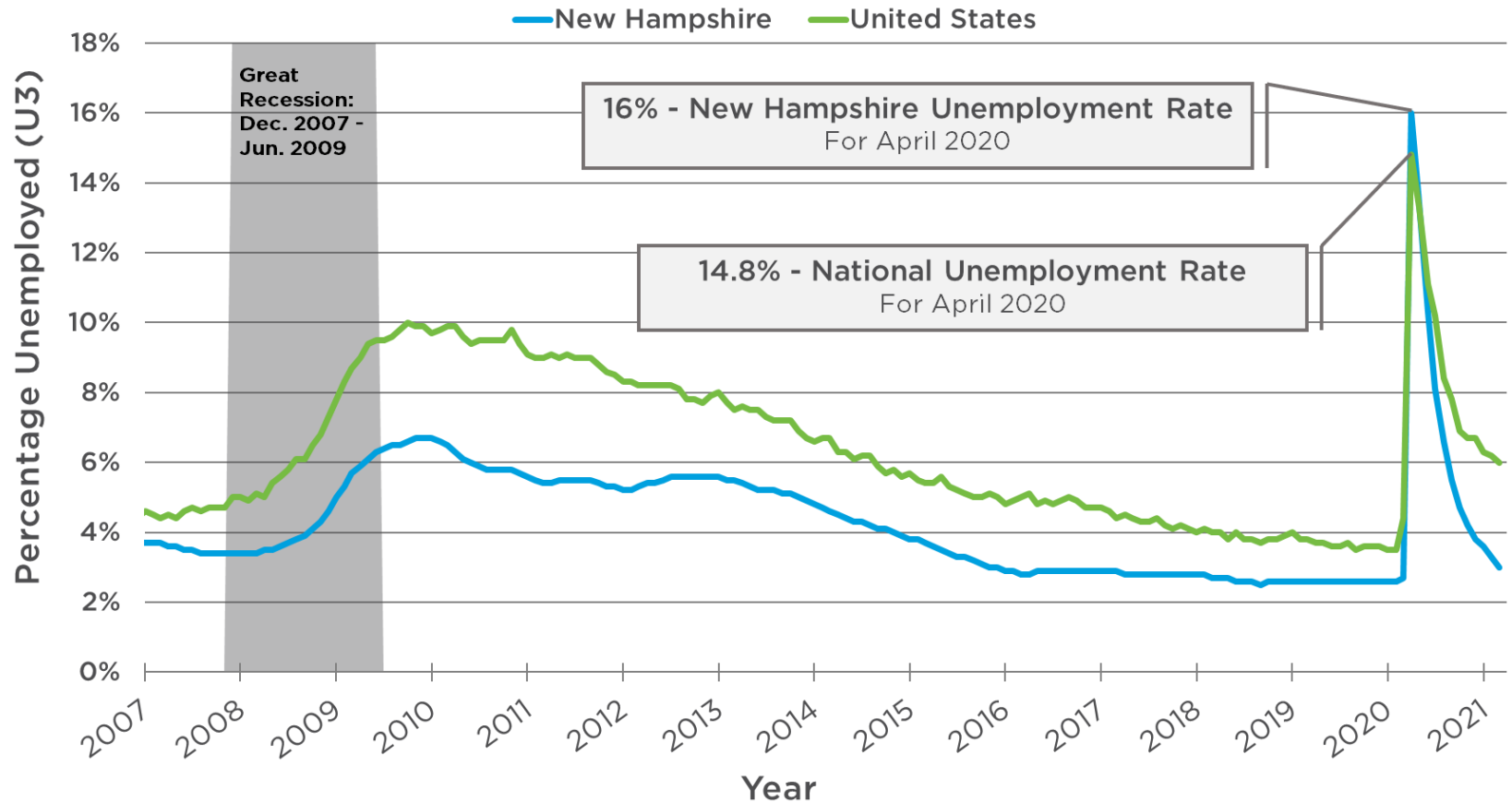
# ECONOMIC IMPACTS OF THE COVID-19 CRISIS

PRESENTED BY MICHAEL POLIZZOTTI, POLICY ANALYST

MAY 19, 2021

# UNPRECEDENTED UNEMPLOYMENT LEVELS

## UNEMPLOYMENT IN NEW HAMPSHIRE AND THE NATION

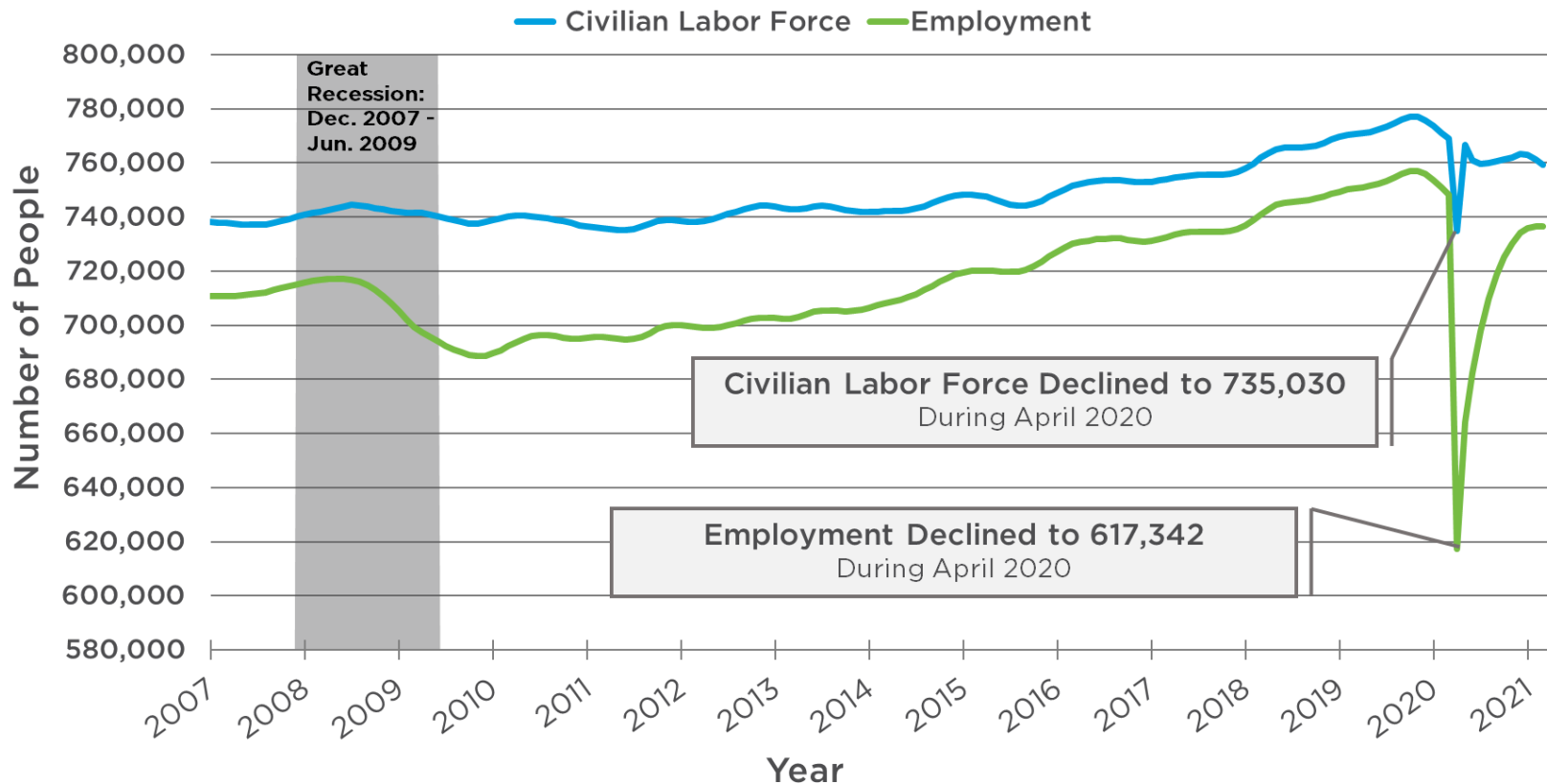


Note: Seasonally-Adjusted

Source: U.S. Bureau of Labor Statistics & New Hampshire Employment Security

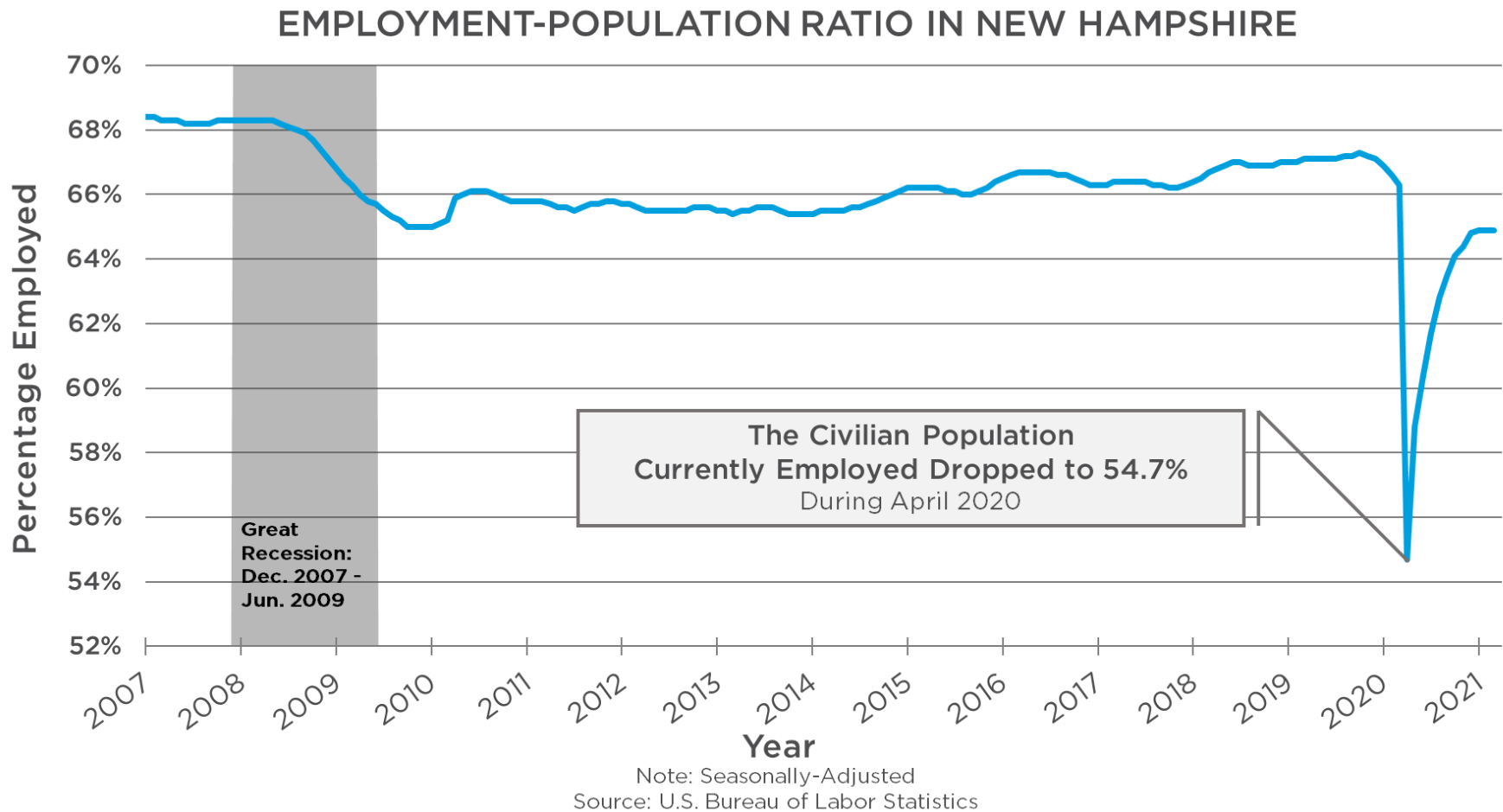
# LABOR FORCE AND EMPLOYMENT DECLINES

## CIVILIAN LABOR FORCE AND EMPLOYMENT IN NEW HAMPSHIRE



Note: Seasonally-Adjusted  
Source: U.S. Bureau of Labor Statistics & New Hampshire Employment Security

# SHARE OF POPULATION EMPLOYED DROPS



# COUNTY AND INDUSTRY IMPACTS

- Different geographies of New Hampshire experienced different employment impacts
- Service-based industries were most affected by employment losses
- Industries paying lower than average wages experienced some of the largest employment declines in New Hampshire

Source: New Hampshire Employment Security

# COUNTY UNEMPLOYMENT LEVELS

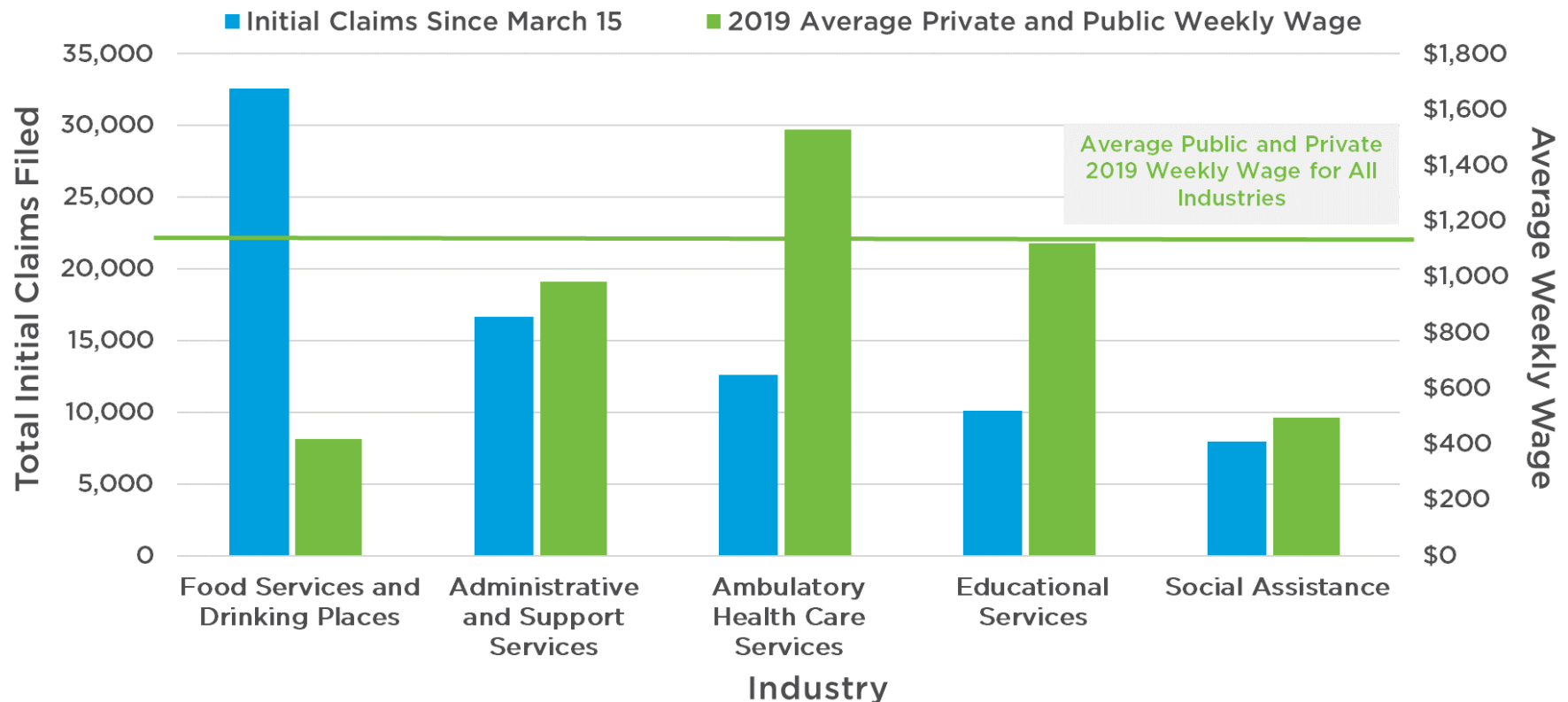
County	February 2020	April 2020	March 2021
Belknap	3.2%	20.6%	3.6%
Carroll	3.2%	24.3%	3.9%
Cheshire	3.1%	14.8%	3.2%
Coos	4.2%	22.2%	4.2%
Grafton	2.5%	16.1%	2.9%
Hillsborough	3.2%	17.2%	3.3%
Merrimack	2.6%	15.7%	3.0%
Rockingham	3.3%	17.6%	3.2%
Strafford	2.8%	16.4%	3.0%
Sullivan	2.7%	13.6%	2.8%

Source: U.S. Bureau of Labor Statistics and New Hampshire Employment Security

Note: April 2020 unemployment rates were the highest levels recorded. Data represent estimates and are subject to revision. Data are not seasonally adjusted.

# TOP INDUSTRIES FOR UNEMPLOYMENT CLAIMS

IN NEW HAMPSHIRE, FROM MARCH 16, 2020 TO MARCH 20, 2021

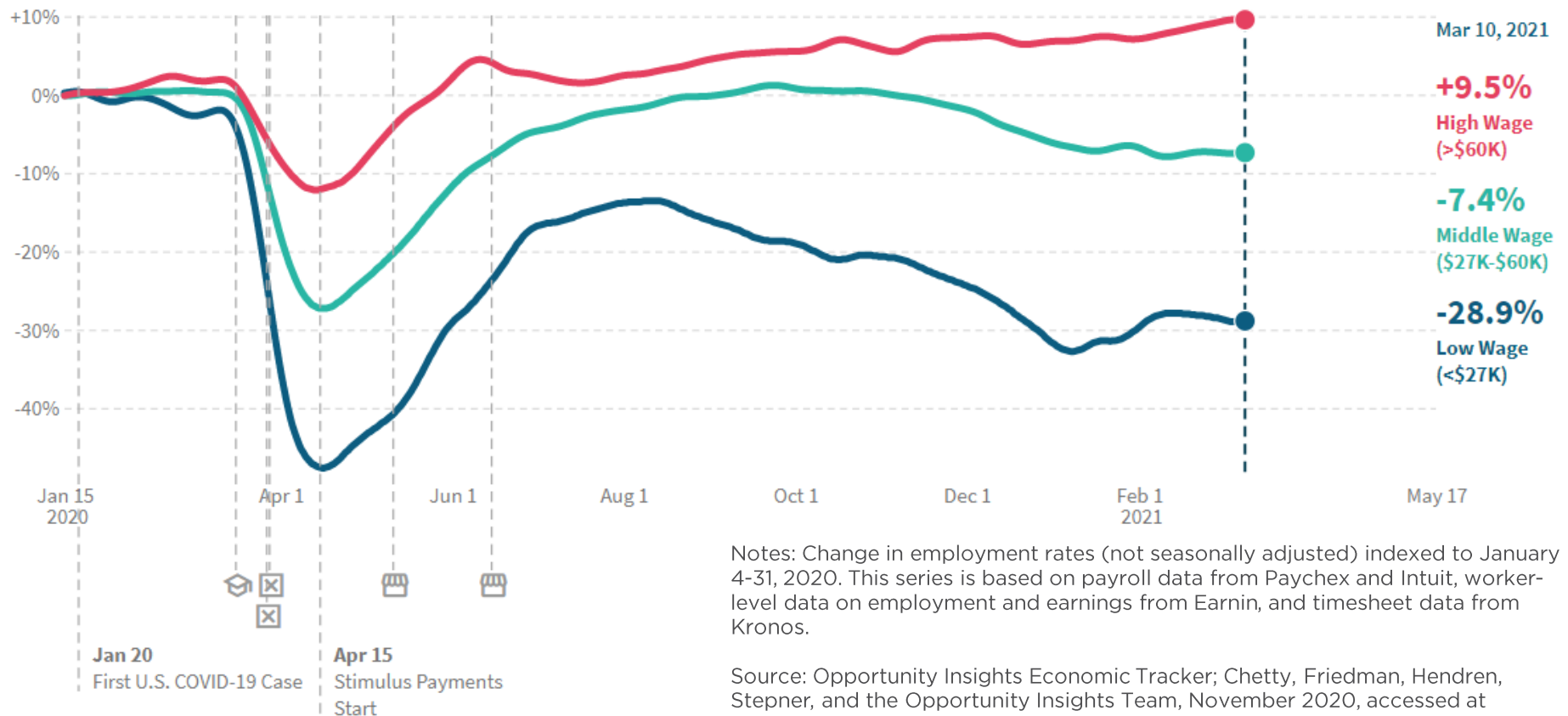


Sources: New Hampshire Employment Security, *COVID-19 Unemployment Update*, April 1, 2021 and New Hampshire Employment Security, Economic and Labor Market Information Bureau, Covered Employment and Wages



# IMPACTS GREATEST ON LOW-WAGE WORK

## PERCENT CHANGE IN EMPLOYMENT IN NEW HAMPSHIRE



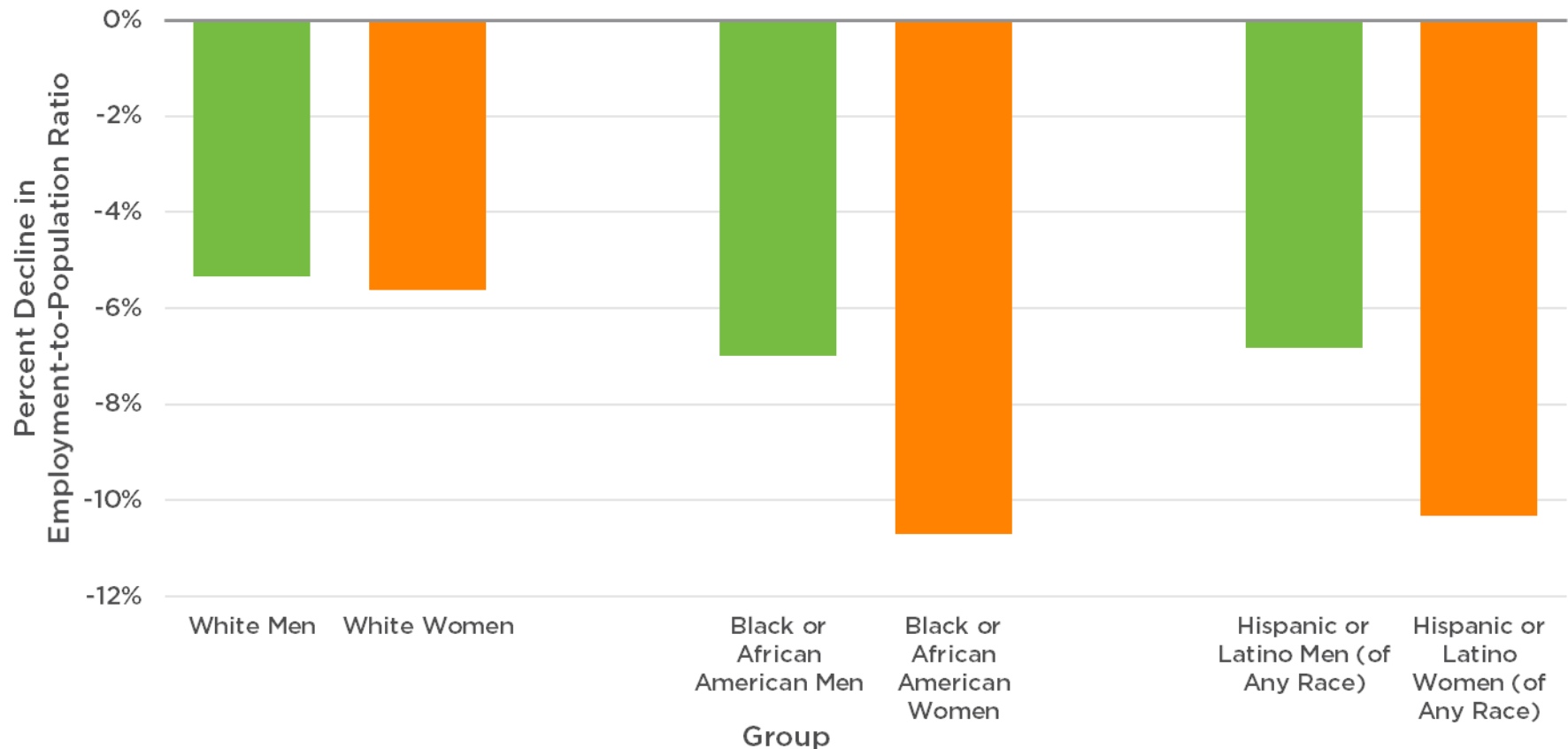
# UNEVEN EMPLOYMENT IMPACTS

- Labor force and employment has declined nationally and in New Hampshire, more acutely for women
- Nationally:
  - Levels of unemployment lasting longer than 27 weeks has been rising
  - Higher levels of unemployment for non-white and/or Hispanic workers, those without higher education
  - Percentage of workers employed part-time involuntarily, due to weak economic conditions or business conditions, are elevated compared to pre-pandemic levels
  - Labor force participation of women has declined more and has recovered less than the male participation rate

Sources: U.S. Bureau of Labor Statistics, Federal Reserve Banks of Dallas and Minneapolis, the RAND Corporation Blog *Women Are Leaving the Labor Force in Record Numbers*, and the New Hampshire Women's Health Foundation December 2020 Special Issue

# NATIONAL EMPLOYMENT IMPACTS UNEVEN

RELATIVE CHANGE IN EMPLOYMENT TO POPULATION RATIOS BY GROUP,  
COMPARING FEBRUARY 2021 TO FEBRUARY 2020 IN THE UNITED STATES

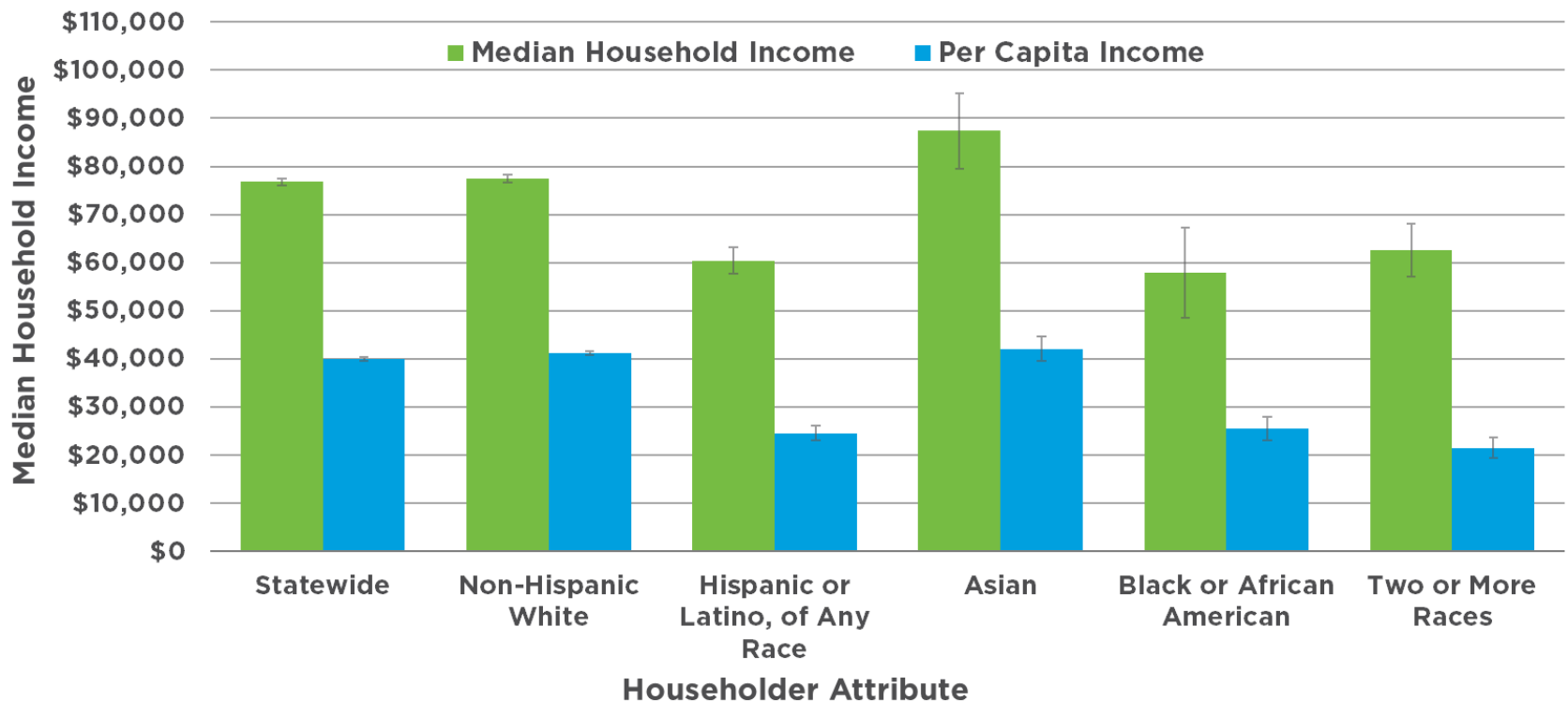


Note: For adults age 20 years and older.

Source: U.S. Bureau of Labor Statistics, Current Population Survey

# PRE-PANDEMIC MEDIAN HOUSEHOLD AND PER CAPITA INCOME

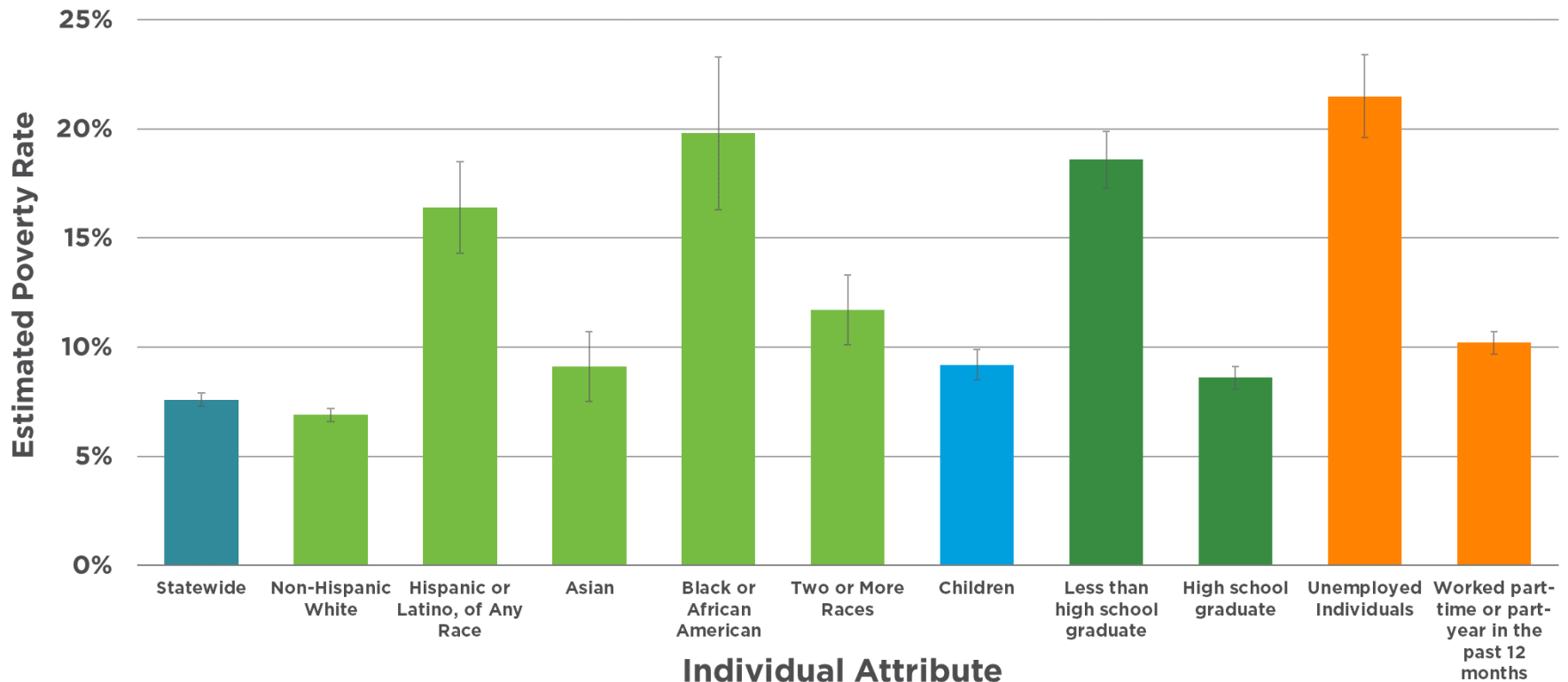
## BY RACE AND ETHNICITY IN NEW HAMPSHIRE



Notes: Margin of error bars represent 90 percent confidence intervals, Hispanic origin included in non-white races  
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2015-2019

# PRE-PANDEMIC INDIVIDUAL POVERTY LEVELS

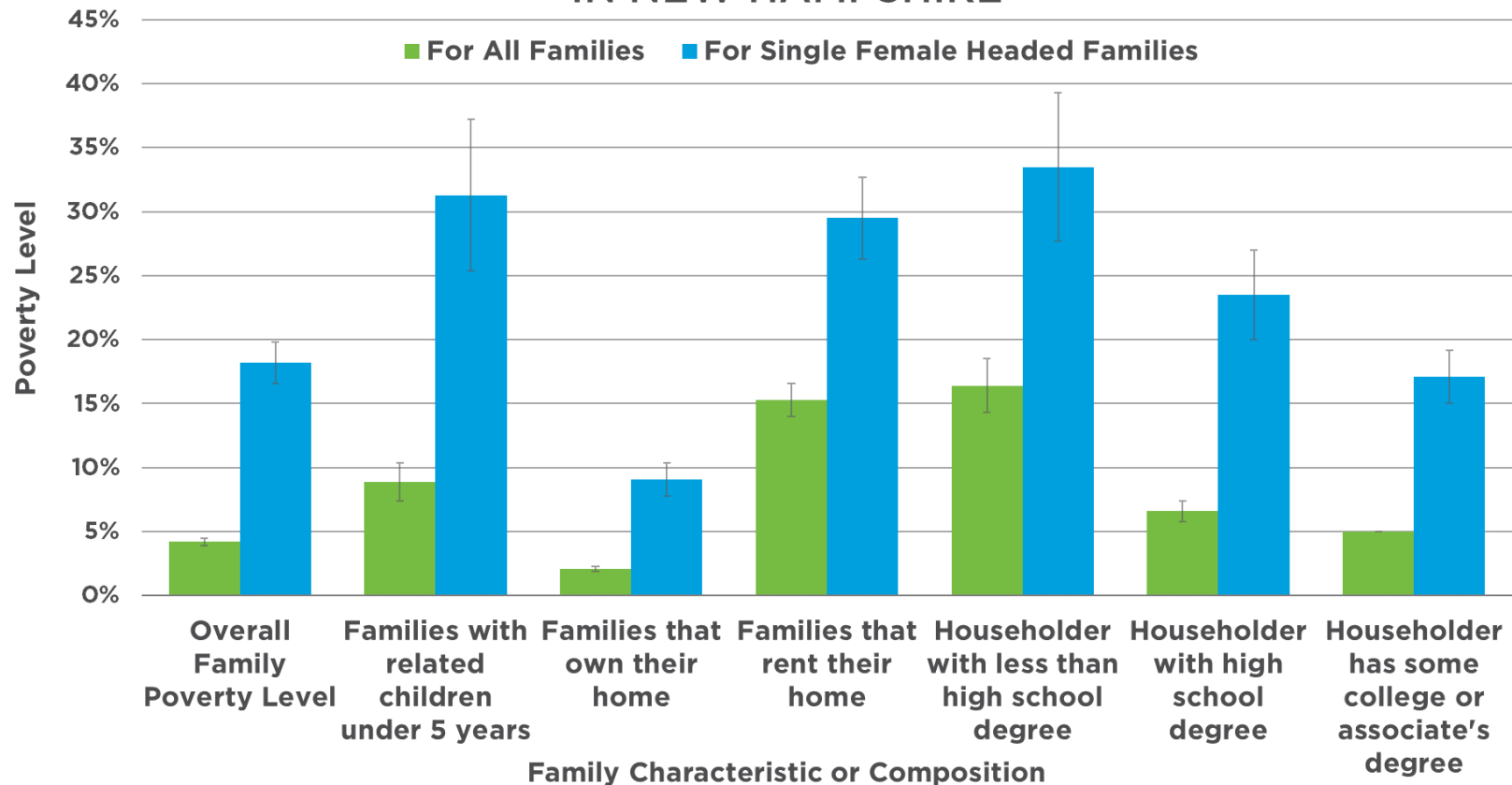
## BY GROUP OR ATTRIBUTE IN NEW HAMPSHIRE



Notes: Margin of error bars represent 90 percent confidence intervals, Hispanic origin included in non-white races  
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2015-2019

# PRE-PANDEMIC FAMILY POVERTY LEVELS

## BY FAMILY COMPOSITION AND CHARACTERISTIC IN NEW HAMPSHIRE



Note: Margin of error bars represent 90 percent confidence intervals  
Source: U.S. Census Bureau, American Community Survey Five-Year Estimates, 2015-2019

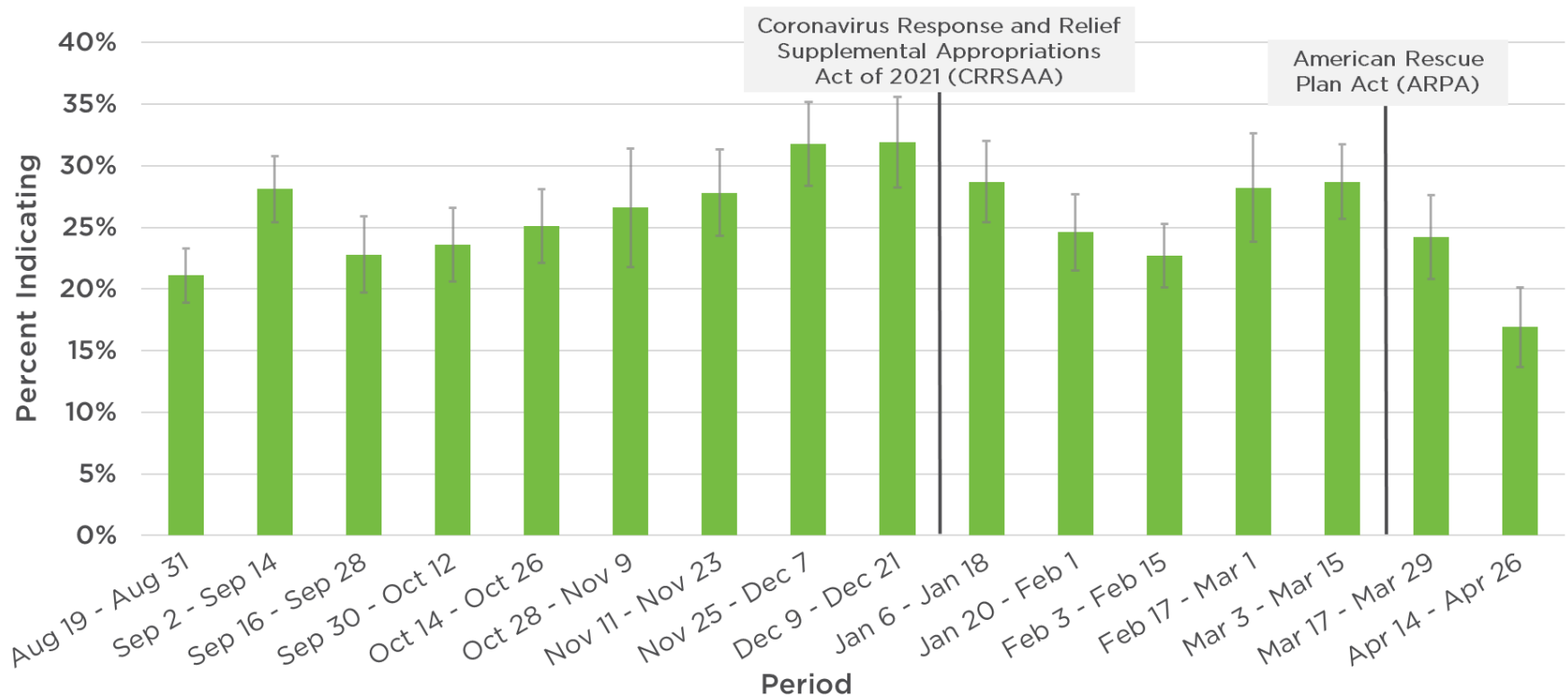
# HARDSHIPS RESULTING FROM THE PANDEMIC

- Nearly half of New Hampshire adults reported a loss of household employment income between March and July 2020
- At the end of 2020, about 1 in 4 households expected future employment income losses and about 1 in 3 reported difficulty paying for usual expenses in New Hampshire
- From April 2020 to March 2021, between 4 percent and 12 percent of households in New Hampshire indicated there was either sometimes or often not enough to eat in the last 7 days

Source: U.S. Census Bureau Household Pulse Survey

# DIFFICULTY COVERING EXPENSES

PERCENTAGE OF ADULTS LIVING IN HOUSEHOLDS WHERE IT HAS BEEN SOMEWHAT OR VERY DIFFICULT TO PAY FOR USUAL HOUSEHOLD EXPENSES DURING THE LAST SEVEN DAYS IN NEW HAMPSHIRE



Note: Margin of error bars represent 90 percent confidence intervals  
Source: U.S. Census Bureau, 2020 Household Pulse Survey, accessed May 17, 2021



# TAKEAWAYS

- The COVID-19 crisis resulted in the most acute employment losses among workers earning lower wages and in certain service-based industries
- Many topline indicators have improved, but may not be indicative of the recovery reaching everyone
- Many individuals have left the labor force and could face underemployment or long-term unemployment
- Disproportionate impacts on certain groups, such as women, certain racial and ethnic minority groups
- There may be lingering impacts to regions, industries, and people



# THE AMERICAN RESCUE PLAN ACT AND NEW HAMPSHIRE

PRESENTED BY PHIL SLETTEN, SENIOR POLICY ANALYST

MAY 19, 2021

# THE AMERICAN RESCUE PLAN ACT (ARPA)

## Summarized in Three Categories:

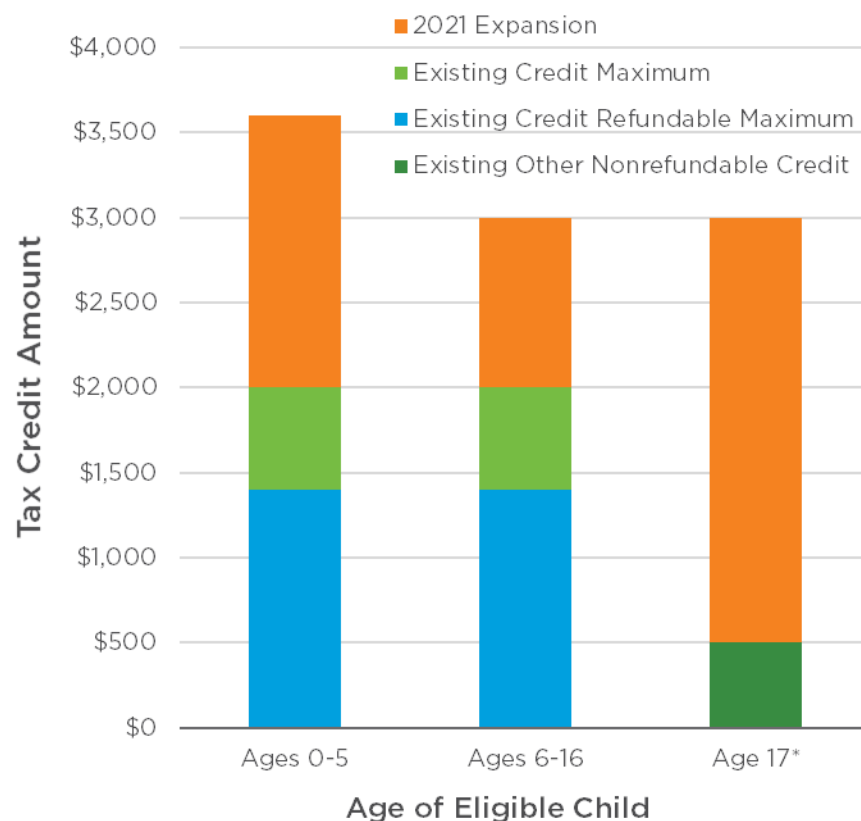
- Aid to individuals and families
- Aid to non-governmental and non-profit organizations
- Aid to governments

# ARPA AID TO INDIVIDUALS AND FAMILIES: THE CHILD TAX CREDIT

- Expanded Child Tax Credit for 2021
- Increase from \$2,000 to \$3,000 for children aged 6 to 16 years, \$3,600 for children aged less than 6 years, and expands to those aged 17 years
- Fully refundable, expanding benefit even for households with little or no income tax liability
- Credit to be received in regular payments in July through December 2021 of up to 50 percent of credit
- Expanded benefits phase out above \$150,000 for a married couple, \$112,500 for a head of household

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of the Treasury, Advance Child Tax Credit Payments in 2021

## 2021 CHILD TAX CREDIT EXPANSION



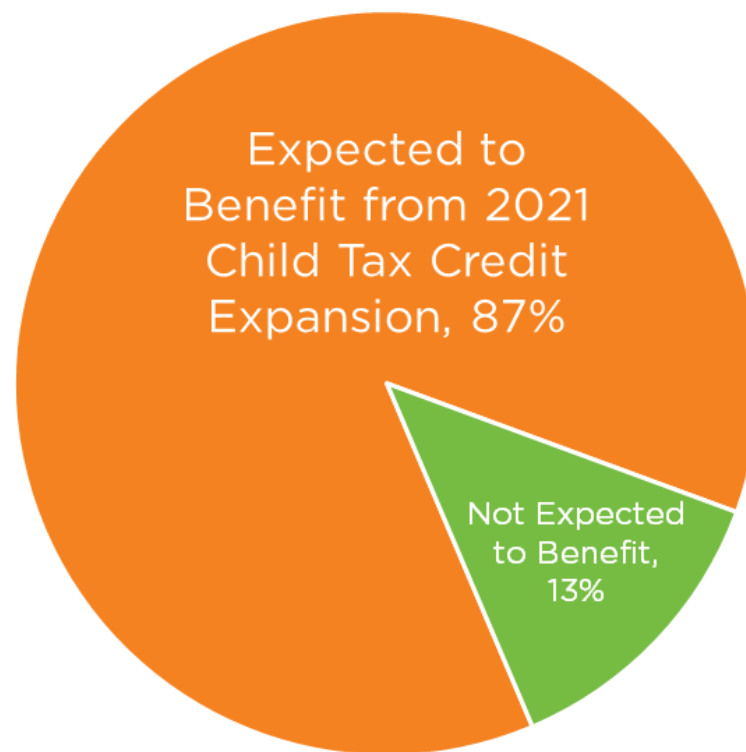
\*Note: Children turning 17 during 2021 are eligible for the full 2021 Child Tax Credit due to the expansion.

Sources: U.S. Internal Revenue Service, Advance Child Tax Credit Payments in 2021, IRS Tax Tip 2020-28

# ARPA AID TO INDIVIDUALS AND FAMILIES: THE CHILD TAX CREDIT

- Total of 222,000 (87 percent) of New Hampshire children who will likely benefit from the expanded Child Tax Credit
- Estimated to lift 8,000 children out of poverty (total of approximately 18,000 in poverty during 2019)
- Key component of ARPA's reduction of child poverty by half nationally, based on two estimates

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; Center on Budget and Policy Priorities, American Rescue Plan Act Includes Critical Expansions of Child Tax Credit and EITC, March 12, 2021

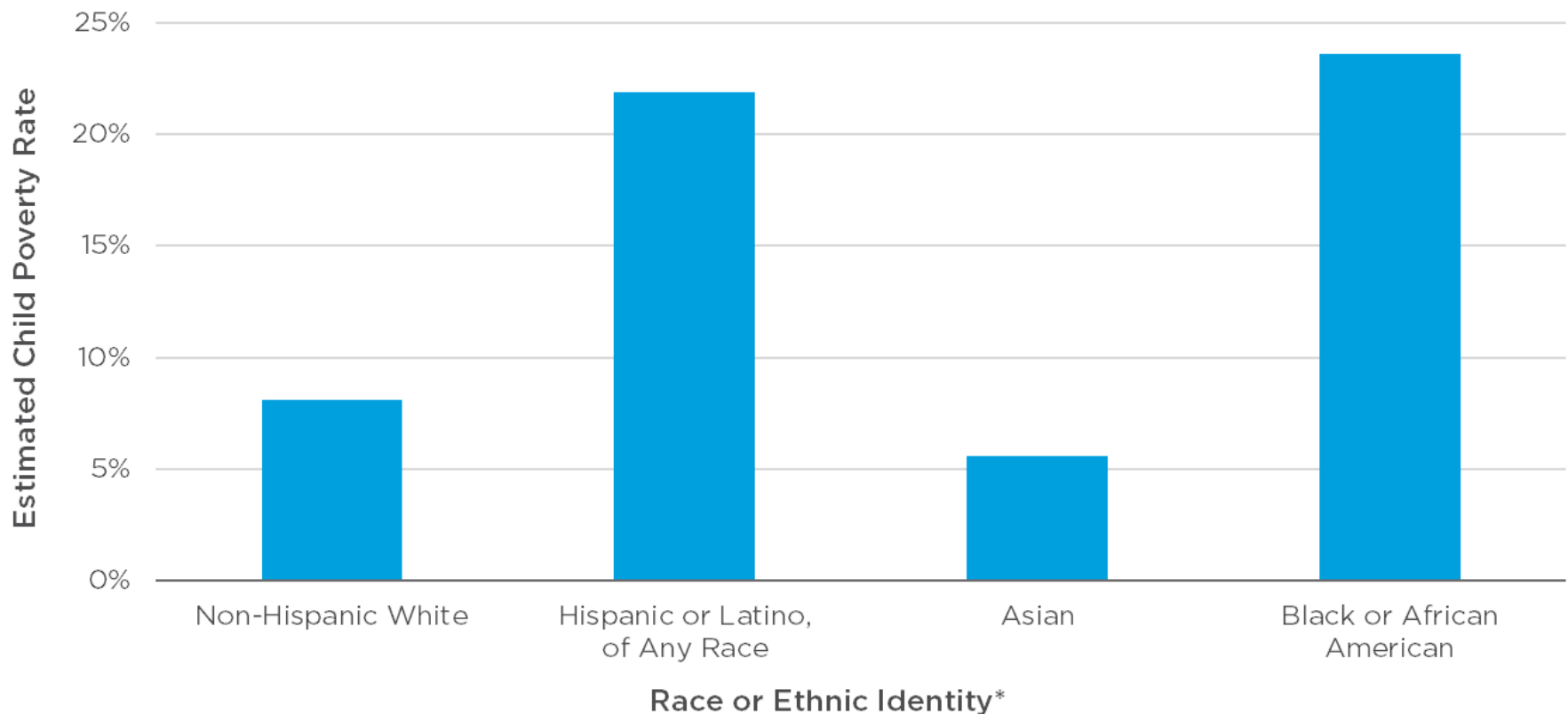


## PERCENT OF CHILDREN ESTIMATED TO BENEFIT FROM 2021 FEDERAL CHILD TAX CREDIT EXPANSION IN NEW HAMPSHIRE

Source: Center on Budget and Policy Priorities, American Rescue Plan Act Includes Critical Expansions of Child Tax Credit and EITC, March 12, 2021

# ARPA AID TO INDIVIDUALS AND FAMILIES: CHILDREN IN POVERTY

ESTIMATED POVERTY RATES FOR NEW HAMPSHIRE RESIDENTS  
UNDER 18 YEARS OF AGE BY RACE AND ETHNICITY



\*Note: Races and ethnicities presented here are a subset of all races and ethnicities identified by the American Community Survey.  
Source: U.S. Census Bureau, American Community Survey, 2015-2019

# ARPA AID TO INDIVIDUALS AND FAMILIES: OTHER ASSISTANCE

- Economic Impact Payments, generally \$1,400 per person for low- and middle-income households
- Earned Income Tax Credit expanded for certain adults in 2021
- Unemployment compensation eligibility expansion continues, additional \$300 per week provided through Sept. 6, 2021
- Supplemental Nutrition Assistance Program benefits increase, a 15 percent boost, extended to September 30, 2021
- Enhanced subsidies for health insurance on individual marketplace
- Emergency rental assistance (\$152M to New Hampshire)
- Child Care and Development Funds (\$30M to New Hampshire), for low-income and essential worker families

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of the Treasury

# ARPA AID DIRECTED TO NON-GOVERNMENTAL ORGANIZATIONS

- Child Care Stabilization Grants for centers with less revenue, higher costs during pandemic (\$48M to New Hampshire)
- Higher Education Emergency Relief Fund, focus on student assistance (\$165M to New Hampshire schools)
- Emergency Assistance to Non-Public Schools (combined \$7M to New Hampshire schools)
- Aid to health centers funded through the U.S. Health Resources and Services Administration for several purposes
- Expanded Paycheck Protection Program eligibility
- Tax credits for smaller employer paid sick, family leave costs
- Aid focused on restaurants and closed venues

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of Education; U.S. Department of the Treasury; NH Office of Legislative Budget Assistant



# ARPA AID TO GOVERNMENTS

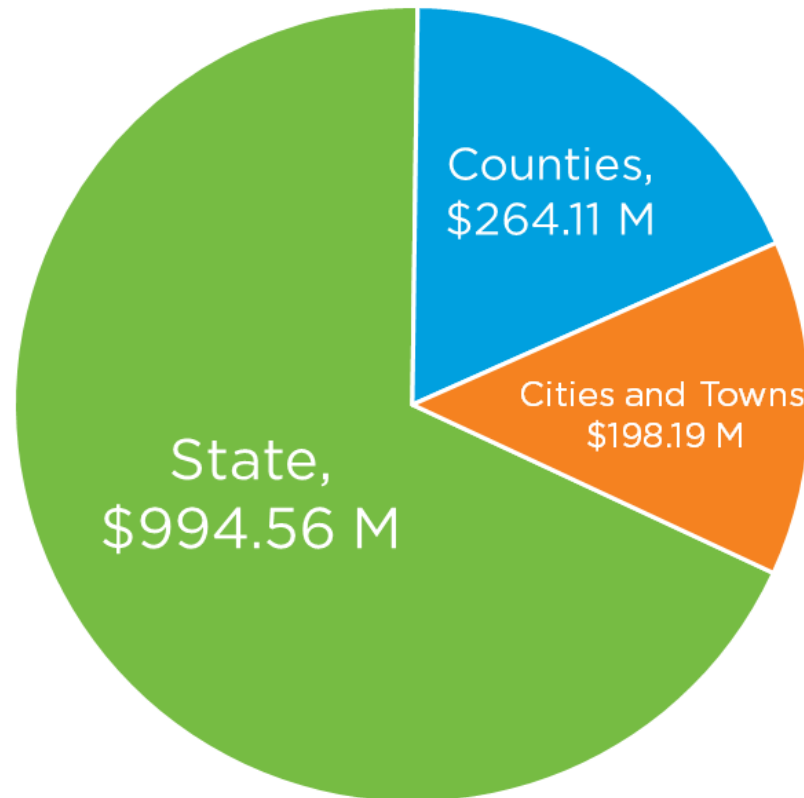
- Elementary and Secondary School Emergency Relief, reopening schools and addressing pandemic learning loss (\$350M to New Hampshire K-12 schools)
- Temporary Assistance to Needy Families one-time allocation (\$4M to New Hampshire)
- Enhanced federal funding for home and community-based services through Medicaid, April 2021-March 2022
- Capital Projects Fund, critical investments in broadband, capital assets (\$122M to New Hampshire)
- State Small Business Credit Initiative (\$56M to New Hampshire)
- Coronavirus State and Local Fiscal Recovery Funds (\$1,457M to New Hampshire)

Sources: NHFPI, Federal American Rescue Plan Act Directs Aid to Lower-Income Children, Unemployed Workers, and Public Services, March 26, 2021; U.S. Department of Health and Human Services; U.S. Department of Education; U.S. Department of the Treasury; NH Office of Legislative Budget Assistant

# CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS IN NEW HAMPSHIRE

## NEW HAMPSHIRE'S ALLOCATIONS OF AMERICAN RESCUE PLAN ACT CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Source: U.S. Department of the Treasury, *Coronavirus State and Local Fiscal Recovery Funds*, accessed May 16, 2021



# PERMITTED AND EXAMPLE USES

- Considerable flexibility, community engagement urged
- Support pandemic response, vital public services and jobs
- Address health disparities exacerbated by COVID-19, including behavioral and mental health services, substance misuse aid
- Respond to economic impacts with aid to workers, households, families, small businesses, nonprofits, and impacted industries
- Conduct outreach and helping people access services
- Premium pay, including retrospective pay, for essential workers
- Certain housing services, lead paint remediation
- Broadband infrastructure, wide array of water, sewer infrastructure
- Help to most impacted, foster long-term health, economic benefits
- Address systemic health, economic challenges causing unequal impacts

Sources: U.S. Department of the Treasury, Interim Final Rule, Quick Reference Guide for Coronavirus State and Local Fiscal Recovery Funds, and Frequently Asked Questions, May 10, 2021; Center on Budget and Policy Priorities

# PROHIBITIONS AND LIMITATIONS

- Cannot directly or indirectly fund offsets to net State tax reductions
- Cannot be deposited into pension funds or rainy day funds
- Cannot be used to increase Unemployment Compensation Fund balance to beyond pre-pandemic levels
- Cannot be used to pay interest or principal on existing debt
- Cannot match other federal funds, such as Medicaid
- Generally may not be used to support governmental pandemic expenses from before March 3, 2021
- Generally cannot be used for non-specific economic or workforce development outside of pandemic-specific impacts
- Costs must be incurred and obligated by the end of 2024, expended by December 31, 2026

Sources: U.S. Department of the Treasury, Interim Final Rule, Quick Reference Guide for Coronavirus State and Local Fiscal Recovery Funds, and Frequently Asked Questions, May 10, 2021; Center on Budget and Policy Priorities

# TAKEAWAYS

- APRA provides significant funds to New Hampshire for targeted investments, assistance to individuals, recovery rather than relief
- Total assistance to New Hampshire of several billion dollars
- Coronavirus State and Local Fiscal Recovery Funds: \$1.457 billion to New Hampshire State and local governments
- Wide variety of uses, primarily economic and health impacts
- Many key provisions time-limited, including both flexible aid and assistance to individuals
- From the Interim Final Rule: “Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.”



# FEDERAL AID AND THE RECOVERY FROM THE COVID-19 CRISIS



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