

# NACo ANALYSIS: UPDATED HEALTH AND ECONOMIC RECOVERY OMNIBUS EMERGENCY SOLUTIONS (HEROES) ACT

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**SUMMARY**

On September 28, the U.S. House of Representatives unveiled a \$2.2 trillion coronavirus response package as part of a final effort to secure new aid before the November 3 election. On October 1, the House passed the measure in a 214-207 vote, largely along party lines. The bill ([H.R. 8406](#)) is an updated version of the \$3.4 trillion HEROES Act ([H.R. 6800](#)) the U.S. House passed in May.

The scaled-back measure would [preserve many major provisions from H.R. 6800](#), including an additional round of \$1,200 relief checks, reauthorizing the small business lending program, resuming the \$600 federal boost to the unemployment benefit through January, increasing food stamp benefits and providing assistance for the airline industry.

Of key importance to counties, the bill would provide \$89.5 billion in direct and flexible funding to counties through new State and Local Coronavirus Relief Funds, **a reduction of nearly \$100 billion from H.R. 6800**. It also includes county priorities for retroactive changes to increase the flexibility of the Coronavirus Relief Fund (CRF) established under the CARES Act (PL 116-136).

Although the revised House package represents a potential compromise, the U.S. Senate has already indicated the bill is still too costly and the White House has sought to hold the funding level at \$1.5 trillion.

This legislative analysis highlights key provisions for counties retained from the original HEROES Act as well as an overview of notable changes to emergency funding levels and other significant additions to the legislation.

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## CHANGES TO STATE AND LOCAL AID PROVISIONS

The updated HEROES Act would **provide \$89.5 billion in direct and flexible funding to counties** through new State and Local Coronavirus Relief Funds, a reduction of nearly \$100 billion from H.R. 6800. This new funding can be used for COVID-related expenses, to replace lost revenues not projected on January 31, 2020, or to respond to negative economic impacts of COVID-19. Additionally, the new funds are not attached to a spending deadline providing flexibility over the next several years.

The legislation would also make two significant retroactive changes to the [Coronavirus Relief Fund \(CRF\)](#) including **expanding the use of those funds to cover lost, delayed or decreased revenue stemming from the COVID public health emergency and extends the date of expenditure for CARES funds to December 31, 2021.**

The updated HEROES Act additionally provides \$238 billion in direct relief to state governments and \$89.5 billion to municipalities, as well as \$19 billion for tribes and territories.

These provisions represent yet another major proposal to provide funding to state and local governments for costs related to the COVID-19 pandemic, which remains a critical county priority.

**[To compare legislative proposals for state and fiscal relief, view this side-by-side chart.](#)**

NACo continues to work with our federal partners in both Congress and the administration to secure direct funds for counties of all sizes who are facing unprecedented challenges due to COVID-19.

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## NOTABLE PROVISIONS PRESERVED IN UPDATED HEROES ACT

The updated HEROES Act contains many of the same provisions outlined in H.R. 6800. For an in-depth look at these items and their importance to counties, see [NACo's legislative analysis of the original HEROES Act](#). Among these, the updated HEROES act preserves:

- Expanded Unemployment Benefits of \$600 weekly through January 2021
- Funding for election assistance and security ahead of the 2020 election
- The temporary uniform SNAP benefit increase of 15 percent

- Emergency funding for Head Start programs
- Supplemental funding for key workforce and training programs under the Workforce Innovation and Opportunity Act (WIOA)
- Funding for mortgage and rental assistance for homeowners and renters
- The clarification that public and private sector employers are covered by the Family Medical Leave Act (FMLA) and the suspension of the prerequisite eligibility requirements for FMLA until December 2022
- Funding to investigate or address the disproportionate impacts of the COVID-19 pandemic in environmental justice communities
- Language preventing counties that receive any funding under the bill from disconnecting or interrupting water or energy service to ratepayers that have not paid their bill due to COVID-19
- Expanded local access to the Federal Reserve’s Municipal Liquidity Facility, a program that [NACo has advocated expanding](#)
- Funding for grants under the U.S. Department of Justice to assist counties in addressing issues brought on by the pandemic in local jails, courts and other areas of the criminal justice system
- Funding for the 2020 Census to meet additional expenses incurred due to the coronavirus pandemic

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## CHANGES TO COMMUNITY, ECONOMIC AND WORKFORCE DEVELOPMENT PROVISIONS

### SUPPLEMENTAL FUNDING CHANGES

**Increases for Small Business Grants:** The updated HEROES Act would provide \$50 billion in grants to small businesses that have suffered financial losses because of the coronavirus outbreak. This is a \$40 billion increase over the original HEROES proposal.

**Decreases for Homeless Assistance Grants and Emergency Rental Assistance:** The updated HEROES Act would reduce the Emergency Solutions Grant funding to \$5 billion to address impact of coronavirus on families who may be at risk for homelessness. This is a reduction of \$6.5 billion from the original HEROES proposal. The updated proposal would also reduce emergency rental assistance funding from \$100 billion to \$50 billion, which help low-income renters at risk of homelessness avoid eviction.

### OTHER CHANGES

**New Economic Development Administration (EDA) Waiver and Authority:** The updated HEROES Act would provide a new waiver of matching fund requirements for EDA grants funded in the FY 2020 Appropriations Act, and for EDA grants funded in the CARES Act. The bill would also grant EDA disaster hiring authority.

**Inclusion of COVID-19 Every Worker Protection Act of 2020:** The updated HEROES Act would require OSHA to issue Emergency Temporary and Permanent Standards within seven days of enactment to protect health care and other workers at occupational risk of exposure to COVID-19.

**New Amendments to the Families First Emergency Family and Medical Leave Expansion Act (EFMLEA):** The updated HEROES Act proposal would include new amendments for the (EFMLEA) Specifically, it:

- Clarifies that employees who work under a multiemployer collective bargaining agreement and whose employers pay into a multiemployer plan are provided with leave
- Eliminates provisions that allow employers of health care providers and emergency responders the ability to exclude their employees from emergency FMLA leave
- Removes provisions that restrict employees from exercising a private right of action against employers, with fewer than 50 employees

**Updates to the Paycheck Protection Program (PPP):** The updated HEROES Act would create three distinct set-asides within the PPP for targeted relief for the smallest businesses, struggling non-profits, and second loans to the hardest hit businesses. It would also create a set aside of 25 percent, up to \$15 billion for distribution by community lenders, specifically including Community Development Fund Institutions (CDFIs).

**Economic Injury Disaster Loan (EIDL) Program Reform:** The updated bill would encourage the SBA Administrator to reduce the interest rate on EIDL loans, offer deferments up to four years on payments of interest and principal, and use discretion to provide relief to the hardest hit small businesses that received or will receive direct loans from the SBA under the EIDL program.

**New Data Transparency Requirements:** The updated bill would require the SBA to publish weekly reports related to loans and loan forgiveness.

**New Small Business Local Relief Program:** The updated HEROES Act would establish a new \$15 billion state and local grant program within the U.S. Department of Treasury to be administered by SBA to provide grants to small businesses through a network of community-based partners. The funding would be used for small business emergency funds and to support organizations that provide technical assistance to small businesses. The program would be targeted toward small businesses with 20 or fewer employees, or businesses with 50 or fewer employees located in low-income neighborhoods.

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## CHANGES TO HEALTH PROVISIONS

### SUPPLEMENTAL FUNDING CHANGES

**New funding for COVID-19 vaccines:** The updated HEROES Act would provide a total of \$9.5 billion in additional funding to the Centers for Disease Control and Prevention (CDC) for vaccine development and deployment efforts. The legislation would allocate \$7 billion to the agency for a COVID-19 vaccine campaign, \$1 billion for an evidence-based public awareness campaign on the importance of vaccinations, \$500 million for enhanced seasonal influenza campaign, and \$1 billion to strengthen global public health preparedness and response activity.

**New funding for key health workforce and maternal and child health programs:** Under the updated HEROES Act, the Health Resources and Services Administration (HRSA) would receive an additional \$1 billion for health workforce programs of importance to counties, including the National Health Service Corps, which supports loan repayment for health care providers. The legislation would also provide \$500 million for maternal and child health programs, to support outreach and access services that have been impacted during the pandemic such as newborn screenings, vaccine provision and prenatal care.

**New funding for state, local and tribal PPE:** The updated HEROES Act would provide \$2 billion to the CDC in new grant funding to state, local, Tribal or territorial health departments to purchase personal protective equipment (PPE).

**Increases for public health data infrastructure:** The updated HEROES Act would provide \$200 million to CDC for a multi-year effort to modernize the public health data surveillance and analytics infrastructure. The funding represents a \$70 million increase from the original HEROES Act. The additional funding would be used to update data systems necessary for the implementation and tracking of a COVID-19 vaccine program at the local level.

**Decrease for the Public Health and Social Services Emergency Fund:** The updated HEROES Act would provide \$125 billion for the Public Health and Social Services Emergency Fund. Of these funds, \$50 billion would be allocated for grants to hospitals and health care providers to be reimbursed for health care related expenses or lost revenue attributable to COVID-19. This represents a \$50 billion decrease from the original HEROES proposal. The legislation would provide \$75 billion for testing, contact tracing and other activities necessary to monitor and suppress COVID-19-- there is no change in this funding amount from the original HEROES proposal.

**Increase for the Nursing Home Strike Team program:** The updated HEROES Act would provide \$500 million to the Centers for Medicare & Medicaid Services for states to establish and implement “Nursing Home Strike Teams,” which will be deployed to skilled nursing facilities or nursing facilities within 72 hours of a COVID-19 infection outbreak. This is a \$450 million increase over the original HEROES proposal.

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## CHANGES TO INTER-GOVERNMENTAL AFFAIRS PROVISIONS

### SUPPLEMENTAL FUNDING CHANGES

**Decreases funding for the Postal Service:** The updated HEROES Act would provide \$15 billion to the U.S. Postal Service (USPS) for revenue forgone due to the coronavirus pandemic, a \$10 billion decrease from the original HEROES Act. In August 2020, the U.S. House passed legislation that would provide \$25 billion to USPS as well as prohibit operational changes until after the election.

### OTHER CHANGES

**Extends 2020 Census deadline:** The updated HEROES Act would extend the deadline for non-response follow-up operations for the Decennial Census to October 31. [Learn more about the importance of the census to counties here.](#)

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## CHANGES TO JUSTICE AND PUBLIC SAFETY PROVISIONS

### SUPPLEMENTAL FUNDING CHANGES

**Increases for Violence Against Women prevention and prosecution programs:** The updated HEROES Act would provide \$375 million, an increase of \$250 million from the original bill, for various grant programs, including \$100 million to combat violence against women, \$40 million for transitional housing assistance, \$100 million for sexual assault victim assistance and \$20 million for rural domestic violence and child abuse enforcement assistance.

**New funding for juvenile justice programs:** The updated HEROES Act would provide \$100 million in funding for juvenile justice programs, including \$50 million for grants to state and local governments under the Juvenile Justice Delinquency Prevention Act (JJDP) and \$50 million for programs authorized by the Victims of Child Abuse Act. This funding would assist jurisdictions in responding to the pandemic in local juvenile justice systems and implement effective education, treatment and rehabilitation programs for juvenile delinquents.

**Eliminates supplemental Byrne-JAG and COPS funding:** The updated HEROES Act does not provide any funding for the Byrne Justice Assistance

Grant (Byrne-JAG) Program or the Community Oriented Policy Services (COPS) Program under the U.S. Department of Justice. The original version directed \$300 million to each of the programs.

## OTHER CHANGES

**Adjustments to Federal Emergency Management Agency (FEMA) cost-share:** The updated HEROES Act would ease the financial burden on states and local governments who have been approved for Stafford Act Emergency and Major Disaster declarations by:

- Adjusting the FEMA cost-share for all emergencies and major disasters declared in calendar year 2020 to not less than 90 percent federal and 10 percent non-federal, up from the normal 75 percent federal and 25 percent non-federal
- Adjusting the FEMA cost-share for all COVID-19 related declarations to 100 percent federal
- Allowing for a 100 percent federal cost share for hazard mitigation assistance measures authorized under the Hazard Mitigation Grant Program (HMGP)
- Clarifying that, under COVID-19 declarations, FEMA should continue to reimburse for certain expenses, including personal protective equipment (PPE) for public schools, public transit and courthouses

Adjusting the cost-share has been a key priority for counties in response to COVID-19, as this would provide much needed flexibility to combat the pandemic.

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## CHANGES TO SUPPORTS FOR CHILDREN, FAMILIES AND INDIVIDUALS

### SUPPLEMENTAL FUNDING CHANGES

**Increases for emergency child care:** The updated bill includes the original HEROES Act provision of \$7 billion in emergency funding for the Child Care Development Block Grant (CCDBG) but would also appropriate an additional \$50 billion for a Child Care Stabilization Fund. [Click here for more on the county role in child care during COVID-19 and beyond.](#)

**Increases for energy assistance:** The updated bill would offer \$4.5 billion in emergency funding for the Low-Income Home Energy Assistance Program (LIHEAP), a \$3 billion increase over the original HEROES Act. Counties support increased funding for LIHEAP, which we partially or fully administer in 13 states.

**Decreases for food assistance for women, children and infants:** The updated bill would provide \$400 million in emergency appropriations for the Special Supplemental Nutrition Program for Women, Infants and

Children (WIC), which represents a \$700 million decrease from the original HEROES Act.

**Increases for programs supporting older Americans:** The updated bill would provide \$1.175 billion in supplemental funding for the Administration for Community Living (ACL), which funds programs that keep older adults living independently in their communities. This is a \$1.075 billion increase over the original HEROES Act. [Click here for more on the county role in administering aging programs.](#)

**Increases for education relief:** The updated bill would provide \$208 billion to an Education Stabilization Fund, representing a \$118 billion increase over the original HEROES Act. Of this amount, \$175 billion would support K-12 schools. An additional \$5 billion would support school infrastructure improvements specifically geared at addressing COVID-19, a priority that was not included in the original HEROES Act. Additionally, \$12 billion would go toward the FCC's E-Rate program to fund hotspots and connected devices for students (a \$10.5 billion increase from the original HEROES Act).

**New resources to address farming suicide rates:** The updated HEROES Act would include \$20 million for the U.S. Department of Agriculture (USDA) Farm and Ranch Stress Assistance Network to strengthen efforts to connect struggling farmers and ranchers with critical stress assistance resources and programs. With dropping commodity prices, extreme weather conditions and trade uncertainty, the agriculture industry has seen a steep incline in suicide rates in recent years.

## OTHER CHANGES

**New provisions to support foster youth and families:** The updated HEROES Act includes language from the bipartisan *Supporting Foster Youth and Families through the Pandemic Act (H.R. 7947)*, which would increase funding and create temporary flexibilities for programs targeting older foster youth, child abuse prevention, and kinship care providers. [Counties support these provisions.](#) The bill would also make an important technical correction to ensure that changes to the Federal Medical Assistance Percentage (FMAP) rate do not impact [transition payments for states and counties](#) implementing child welfare reforms.

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## CHANGES TO TRANSPORTATION AND INFRASTRUCTURE PROVISIONS

### SUPPLEMENTAL FUNDING CHANGES

**Eliminates supplemental funding for highways:** The updated HEROES Act does not provide any funding for highways. The original version directed \$15 billion to the U.S. Department of Transportation – Federal Highways Administration.



**Increases for public transit:** The bill would provide \$32 billion in emergency relief for operational costs of public transit systems, of which counties directly support 78 percent. This is more than double the amount (\$15.75 billion) provided for transit under H.R. 6800.

**New funds for airports:** The bill would direct \$13.5 billion to airports, of which counties directly support 34 percent, through the Airport Improvement Program (AIP) that would generally be based on the number of enplanements. The original HEROES Act did not provide any additional funding for airports, though the CARES Act (P.L. 116-136) did direct \$10 billion to airports through the AIP to remain available until spent. The updated HEROES Act would establish September 30, 2025 as the date by which those CARES Act AIP funds may be spent.

**New funds for Essential Air Service (EAS):** The bill would provide \$75 million for the EAS, which ensures that counties who had access to air service prior to the airline deregulation that occurred in the 1970s would continue to maintain, at least, a minimal level of scheduled air service. The original HEROES Act did not include funds for EAS.

**Decreases for FAA operations:** The bill would direct \$50 million to the Federal Aviation Administration (FAA) operations account to provide personal protective equipment to FAA employees and janitorial services at FAA facilities. This represents a decrease of \$25 million from the original HEROES Act.

**New funds for Amtrak:** The bill would provide \$1.4 billion to remain available until expended for Amtrak's northeast corridor, as well as an additional \$1 billion for Amtrak's national network. Counties support the federal government providing continued subsidies to Amtrak at a level consistent with maintaining a reasonable level of service and to provide for necessary capital projects. H.R. 6800 did not contain any additional funding for Amtrak.

**Additional Funding for Rural Electric Cooperatives:** The updated package would include an additional \$2.6 billion in grants for rural electric cooperatives under USDA's Rural Utilities Service. These funds are aimed at helping mitigate stress placed on rural cooperatives providing electricity and broadband during the COVID-19 pandemic.

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## ABOUT NACo

The National Association of Counties (NACo) strengthens America's counties, including nearly 40,000 county elected officials and 3.6 million county employees. Founded in 1935, NACo unites county officials to advocate for county government priorities in federal policymaking; promote exemplary county policies and practices; nurture leadership skills and expand knowledge networks; optimize county and taxpayer resources and cost savings; and enrich the public's understanding of county government.

Each year, NACo's Board of Directors, in consultation with over 1,400 county officials on 10 policy steering committees, adopt the association's federal policy priorities. These policy priorities help shape NACo's advocacy efforts on behalf of America's counties.

