

Client Alert: Supplemental Stimulus: Highlights of the Recent Aid Bill and Implementing Regulations

Publications

January 15, 2021

On December 21, 2020, Congress passed the Consolidated Appropriations Act, 2021, a massive legislative package that provided \$1.4 trillion to fund the federal government and \$900 billion in long-delayed stimulus to respond to the continuing effects of the coronavirus pandemic (the Supplemental Stimulus Act).[1] After initially signaling that he might veto the law, President Trump eventually signed the bill into law on December 27, 2020. After last March's stimulus legislation (the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)), the Supplemental Stimulus Act marks the second-largest economic stimulus bill in American history.

The sweeping law takes up and extends many, but not all, of the same programs first implemented in last year's CARES Act. Regarding small businesses, the Supplemental Stimulus Act provides \$284 billion in new funding for the popular Paycheck Protection Program (PPP), administered by the Small Business Administration (SBA), and makes various changes to the program that will affect new and existing PPP borrowers. Most notably, the Supplemental Stimulus Act, and the follow-up implementing regulations published by the SBA on January 6, 2021, expands eligibility for forgivable PPP loans to a handful of new classes of borrowers; widens the class of eligible expenses to include, for instance, the purchase of essential goods and other costs relating to business disruption; simplifies the forgiveness process for borrowers who received under \$150,000; permits businesses that received PPP loans to take tax deductions for expenses covered by forgiven loans; allows for a second round of PPP borrowing (up to \$2 million) for businesses with 300 or fewer employees that can demonstrate that their revenues have been negatively impacted by the pandemic; and earmarks additional funds targeted at underserved communities. At the same time, notwithstanding months of reporting about the fraud and misuse that has plagued the massive program, Congress has taken only modest steps to address those issues, with new conflict of interest provisions preventing certain well-connected businesses from receiving funds; a requirement that the SBA submit an audit plan to Congress with periodic updates; and an additional \$50 million to the SBA for audits and other fraud-prevention activities.

Yet, even as it extended small business relief, the Supplemental Stimulus Act sunsetted the "Title IV" CARES Act programs that enabled the Treasury Department and Federal Reserve to provide an

essential lifeline to the debt markets in 2020. As detailed in our prior alerts, the CARES Act set aside \$500 billion for Treasury-backed loans to help stabilize the economy in the face of the pandemic. With a portion of those funds, the Treasury and Federal Reserve initiated various programs (including the Main Street Lending Program, the Corporate Credit Facilities, and the Municipal Liquidity Facility) that were intended to provide liquidity in the markets for lending to mid-sized businesses, larger public companies, and municipal bond issuers. Although each had relatively little uptake, the net effect of those programs was to assure market participants that a key alternative source of funding was available to borrowers, and had the ameliorative effect of stabilizing various debt markets. Following Treasury Secretary Steven Mnuchin's remarkable announcement that he would terminate the programs and claw back the CARES Act funds that were allocated to them, the Supplemental Stimulus Act officially brings those programs to a close, while permitting the Federal Reserve to continue using much smaller "emergency" lending authority, given after the 2008 financial crisis. The scope of any such future programs is yet to be seen. The Supplemental Stimulus Act also extends oversight of the winding down programs by the patchwork of oversight bodies previously established.

In addition to all this, the Supplemental Stimulus Act provides various forms of targeted relief to particular industries, such as airlines, live entertainment venues, educational institutions, and others. For instance, the Supplemental Stimulus Act renews the "Payroll Support Program" that provided support for the airlines and companies that support them in the form of \$15 billion dollars in new grants to maintain payroll. It provides an additional \$15 billion in grants to shuttered entertainment venues and related businesses, such as live venue operators, promoters and theater producers, independent movie theater operators, and museum operators. And the Supplemental Stimulus Act provides billions in new funds for educational institutions. This is all in addition to other well-publicized provisions of the new law, including \$600 checks to most individuals, the extension of previously authorized unemployment benefits and tax breaks, and additional support for the healthcare system.

In this alert, we build on our prior alerts concerning the CARES Act and related programs (available here), by providing an overview of the key provisions of the Supplemental Stimulus Act relating to small business relief (PPP), as well as supplements to the CARES Act's Title IV programs. We do not endeavor to provide a comprehensive overview of the Supplemental Stimulus Act or the related spending bill. Additional alerts concerning particular topics, such as tax and education, will be published separately. We encourage you to reach out with particular questions or to obtain additional information about the topics covered in this alert or otherwise.

[Click here to download the full analysis.](#)

Related Attorneys

Jacob D. Alderdice

Partner
jalderdice@jenner.com
+1 212 891 1625

Ali Arain

Partner
aarain@jenner.com
+1 212 407 1721

Neil Barofsky

Partner
+1 212 891 1600

Gail H. Morse

Partner
gmorse@jenner.com
+1 312 923 2672

Michael W. Ross

Partner
mross@jenner.com
+1 212 891 1669

Philip B. Sailer

Associate
psailer@jenner.com
+1 312 840 7267

Related Locations

Chicago

New York

© 2026 Jenner & Block LLP. Attorney Advertising. Jenner & Block LLP is an Illinois Limited Liability Partnership including professional corporations. This publication, presentation, or event is not intended to provide legal advice but to provide information on legal matters and/or firm news of interest to our clients and colleagues. Readers or attendees should seek specific legal advice before taking any action with respect to matters mentioned in this publication or at this event. The attorney responsible for this communication is Brent E. Kidwell, Jenner & Block LLP, 353 N. Clark Street, Chicago, IL 60654-3456. Prior results do not guarantee a similar outcome. Jenner & Block London LLP, an affiliate of Jenner & Block LLP, is a limited liability partnership established under the laws of the State of Delaware, USA and is authorised and regulated by the Solicitors Regulation Authority with SRA number

615729. Information regarding the data we collect and the rights you have over your data can be found in our Privacy Notice. For further inquiries, please contact dataprotection@jenner.com.

Stay Informed

