

Stimulus Package, Part 3: The American Rescue Plan

On Friday, March 11, President Biden signed the \$1.9 trillion-dollar American Rescue Plan Act of 2021 into law. This third iteration of fiscal spending associated with the pandemic is the second largest since the CARES Act was signed into law in March of last year. Whether you agree or disagree with the need, the details, or the amount, this Act contains a tremendous amount of stimulus funding and many economists state it will ‘turbo-charge’ the economy as the elements, including direct payments to individuals, ‘ripple’ throughout the nation.

From our partners at K&L Gates, key provisions in the American Rescue Plan, as amended, include the following:

Direct Payments

- **Economic Impact Payments.** Provides another round of Economic Impact Payments, including \$1,400 for eligible individuals, \$2,800 for joint filers, and \$1,400 for each qualifying dependent. The income limits for the \$1,400 economic impact payments are adjusted to \$80,000 for single filers and \$160,000 for married couples filing jointly (payments begin to phase out at \$75,000 for single filers and \$150,000 for married couples filing jointly).

Tax Credits

- **Child Tax Credit.** For 2021, temporarily increases the amount of the child tax credit for low- and moderate-income taxpayers to up to \$3,600 per child for a young child and up to \$3,000 for older children.
- **Earned Income Tax Credit.** For 2021, temporarily expands the eligibility for and the amount of the Earned Income Tax Credit for taxpayers without qualifying children by modifying eligibility age and credit formula.
- **Child and Dependent Care Tax Credit.** For 2021, temporarily expands the Child and Dependent Care Tax Credit by making the credit refundable and making it available to a larger number of workers.
- **Paid Sick and Family Leave Credits.** Extends the Families First Coronavirus Response Act employer payroll tax credits for paid sick and paid family leave through September 30, 2021, while making other changes.
- **Employee Retention Credit.** Extends the employee retention credit through the end of 2021 with some enhancements for certain employers, like start-up businesses.
- **ACA Premium Tax Credit.** For 2021 and 2022, temporarily expands eligibility for and the amount of the premium tax credit. Eliminates phase-out for households with annual incomes above 400% of the federal poverty level. Expands premium tax credit support for individuals eligible for unemployment compensation.



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Workers Support

- **Supplemental Unemployment Insurance Payments.** Provides \$300 per week in supplemental unemployment insurance payments through September 6, 2021, while allowing for the first \$10,200 of unemployment benefits to be tax-free.
- **Pandemic Unemployment Assistance.** Extends and increases the duration of Pandemic Unemployment Assistance benefits through September 6, 2021, while extending the number of weeks from 50 to 79.
- **COBRA Coverage.** Subsidizes 100% of premiums for individuals eligible for COBRA continuation coverage.¹

Child Care Support

- **Child Care Support.** Provides \$15 billion for the Child Care and Development Block Grant, a program that subsidizes childcare for low-income families. Provides approximately \$24 billion for grants to childcare providers to use for payroll, rent, personal protective equipment, and mental health support, among other needs.

Housing Support

- **Rental and Homelessness Assistance.** Provides over \$35 billion for emergency rental assistance, housing vouchers, and homeowner assistance, as well as \$5 billion for homelessness assistance and supportive services.

Nutrition Support

- **Nutrition.** Provides \$12 billion for the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and Pandemic Electronic Benefit Transfer (EBT) while extending the 15 percent SNAP increase through

¹ Regrettably, COBRA-like “church plan continuation” is not included in the COBRA subsidy. Both sides of the aisle expressed sympathy for including churches but through an oversight the authors failed to do so and indicated timing would not allow inclusion at the 11th hour. Failure to include is the result of many using the generic term “COBRA” for any health insurance continuation, without realizing that technically, churches are exempt from COBRA and would thus need to be specifically written-in whenever COBRA is referenced in any such legislation. Churches **are** included in other elements of the ARP.



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September, funding fruit and vegetable innovation in WIC, and ensuring that the Pandemic EBT is available throughout the pandemic.

Food Supply Support

- **Food Supply.** Provides \$4 billion to the Department of Agriculture to purchase food and agricultural commodities; purchase and distribute agricultural commodities (e.g., produce, dairy, seafood, eggs, and meat) to individuals in need; and make grants and loans for food processors or distributors or other organizations. Provides farm loan assistance and other assistance for socially disadvantaged farmers and ranchers.

Small Business Support

- **Paycheck Protection Program (PPP).** Allows larger non-profits to be eligible for PPP loans based on headcount at each physical location of the organization, among other provisions.
- **Economic Injury Disaster Loan (EIDL) Program.** Provides additional funding for the EIDL program. Exempts EIDL grants from tax and provides that such exclusion shall not result in a denial of deduction, reduction of tax attributes, or denial of increase in basis by reason of this exclusion from income.

Health Care Funding

- **COVID-19 Testing and Vaccines.** Provides \$47.8 billion for testing and tracing activities, \$7.5 billion for vaccine activities at the Centers for Disease Control and Prevention, \$6 billion to support manufacturing and purchasing vaccines, and \$7.6 billion to expand the public health workforce, including through grants.
- **Defense Production Act.** Provides \$10 billion to purchase, produce, and distribute supplies and equipment.
- **Medicaid Changes.** Expands Medicaid coverage of certain services and temporarily increases state funding.
- **Medicare Changes.** Increases reimbursement for certain hospitals, providing that the Medicare wage index for hospitals in an all-urban state may not be less than the minimum area wage index for hospitals in that state.
- **Rural Providers.** Provides \$8.5 billion for rural hospitals/facilities for COVID-19 expenses and lost revenue.
- **Mental Health and Substance Use.** Provides \$1.5 billion for block grants for community mental health services and \$1.5 billion for block grants for prevention and treatment of substance abuse, as well as funding for training for health care professionals and funding for education and awareness campaigns.



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School Funding

- **Elementary and Secondary Schools, Higher Education.** Provides \$122 billion for the Elementary and Secondary School Relief Fund. Provides \$39.5 billion for the Higher Education Emergency Relief Fund. Provides \$2.7 billion to elementary and secondary non-public schools under the Emergency Assistance to Non-Public Schools Program.

State and Local Government Funding

- **State and Local Government Funding.** The measure provides over \$350 billion in funding for state, local, tribal, and territorial governments to pay for unbudgeted expenses tied to the COVID-19 pandemic.

FEMA Funding

- **Disaster Relief Fund.** Provides \$50 billion for FEMA's Disaster Relief Fund to implement a national vaccination program and provide assistance to state, local, tribal, territorial, and D.C. governments.

Global Response

- **Department of State, USAID.** Provides the State Department \$204 million to combat COVID-19 domestically or internationally. Provides USAID \$41 million to combat COVID-19 domestically or internationally.
- **Global Response.** Provides \$8.6 billion to combat COVID-19 and \$500 million for humanitarian response.
- **Multilateral Assistance.** Provides \$580 million to combat COVID-19, including support for the priorities and objectives of the United Nations Global Humanitarian Response Plan COVID-19 through voluntary contributions to international organizations and programs administered by such organizations.

Other Funding

- Provides funding for public transit, restaurants, and other small business, among others.