American Rescue Plan Details

Top-line numbers, details of key provisions and polling on the omnibus package

March 17, 2021
Roadmap

- Overview
- State and local
- Tax credits and increases
- Housing
- Health care
- Tech and cyber
- Energy/Environment
- Labor
Allocation of funding in the American Rescue Plan

- $176B for Vaccinations and Healthcare
- $17B for Veterans
- $1400 checks totaling $424B
- $246B for Unemployment Insurance
- $109B for Farmers, small businesses, and other vital industries
- $219B for Tax credits, aid, and childcare for families
- $47B for FEMA disaster relief
- $350B for State and local aid
- $45B for Other
- $40B for Renters & Homeowners
- $178B for Reopen schools and higher education
- $25B for Restaurant and Bars

Source: CAP Actions; Congressional Budget Office, “Estimated Budget Effects of the American Rescue Plan Act of 2021”
Slide Updated By: Michael Tinsley 03/17/21
American Rescue Plan overview

Key Provisions

- ~$1.9T price tag
- ~$15B for distributing vaccines
- ~$50B to expand testing and contact tracing
- ~$130B to K-12 schools for safety equipment
- ~$1,400 stimulus checks for individuals earning less than $75,000/year plus $1,400 for every dependent of qualifying individuals, regardless of age
- $300/week in supplemental unemployment benefits through September 6, 2021
- Child tax credit increases for couples earning less than $150,000/year and single parents earning less than $112,500/year
- Earned Income Tax Credit increase from ~$540 to ~$1,500 for childless people
- Additional PPP funding and increased definition of which organizations can receive PPP funding
- Additional funding for airline and restaurant industries

Topline breakdown (in billions)*

- Direct relief (checks, UI): $1,000
- Business, state, local & tribal: $480
- Vaccines, testing & schools: $400

Timeline

- Initial bill passed House on February 27, 2021
- Amended bill passed Senate on March 6, 2021
  - House passed amended bill on March 10, 2021
  - Key changes:
    - Decreased income cap for checks
    - Decreased supplemental UI benefit but extended length
    - Removed minimum wage increase (blocked by secretary of the Senate)
- Bill signed into law on March 11, 2021

* Numbers in graph are approximate, due to complexities of the bill and appropriations of funding

Slide Updated By: Michael Tinsley 03/17/21
State and local aid in the ARP: $350 billion

**Allocations by state**

**IN BILLIONS OF DOLLARS**

- Under $5B
- $5 - $20B
- $20B and above

**ANALYSIS**

- **States - $195.3 billion**
  - Divided according to state’s share of national unemployed
  - At minimum, each state will receive the amount it was allocated by the CARES Act
- **Local governments - $130.2 billion**
  - Split evenly between cities and counties
  - City aid based on the existing formula for Community Development Block Grants
  - County aid based on population
- Remaining funds split:
  - **Tribal govts - $20 billion**
  - **US territories - $4.5 billion**
- 29% of state and local aid will go to California, Texas, and New York

**SOURCE**
USA Today, House Committee on Oversight and Reform, Tax Foundation, Congress.gov.

Slide Updated By: Michael Tinsley 03/17/21
Background on proposal to increase child and dependent, child, and earned income tax credits

Increase child and dependent care tax credit for 2021
- Currently: Nonrefundable, up to $1,050 for one child under 13 or dependent and up to $2,100 for two or more children under 13 or dependents
- Proposal:
  - For only 2021, refundable credit up to $4,000 for one child under 13 or $8,000 for two or more children under 13
  - Credit begins phasing out at incomes of $125,000 and phases out completely at $400,000

Increase the child tax credit for 2021
- Currently: $2,000 per child under 17, refundable up to $1,400
- Proposal: For only 2021, $3,000 per child under 18, plus $600 per child under 6 years old, fully refundable

Expand earned income tax credit (EITC), 2021
- $1,500 maximum credit for childless adults
- Increase the income limit to $21,000
- Eliminate the age cap for older workers

Antipoverty impact of the EITC
MILLIONS OF PEOPLE, 2018
- Made less poor
- Lifted out of poverty

<table>
<thead>
<tr>
<th></th>
<th>All persons</th>
<th>Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made less poor</td>
<td>17.5</td>
<td>6.4</td>
</tr>
<tr>
<td>Lifted out of poverty</td>
<td>10.6</td>
<td>5.5</td>
</tr>
</tbody>
</table>

SOURCE: Center on Budget and Policy Priorities, CNBC, Forbes.
Slide Updated By: Michael Tinsley 03/17/21
Tax hikes on large corporations

In a sentence: A last minute tax hike was added to comply with budget reconciliation rules and includes three provisions which will raise a total of $60 billion.

1. Limits on executive wage deductions
   - Publicly traded companies can usually deduct most employees’ pay, except for five of the highest paid employees if they are paid over $1 million
   - Doubles this number to 10 of the highest paid employees making over $1 million
   - Measure will raise $6 billion

2. Stricter checks on MNCs
   - Limits how multinationals account interest expenses when completing their tax forms
   - Measure will raise $22 billion

3. Limits deductions for unincorporated Firms until 2026
   - Limits the amount that unincorporated businesses can offset in losses against other income to reduce their tax bill to $500,000
   - Extends this limit, previously set to expire in 2025, to 2026
   - Senate Finance Committee estimates this provision will raise $31 billion
Housing assistance

Key Provisions

• ~$30B in assistance for rent, water, and critical energy
  • ~$20B for rental assistance, on top of the $25B from the Consolidated Appropriations Act
  • $5B to cover utilities through programs like Low Income Home Energy Assistance Program
  • $5B in emergency housing vouchers

• $10B in mortgage assistance

• $5B in emergency assistance for those who are homeless, or who are at risk of losing their home

• Provision of legal funds for households tackling eviction or foreclosure

• The national moratorium on evictions and foreclosures will likely remain until March 31st, 2021
  • President had planned to use this bill to extend it until Sep. 30th, 2021

Proportion of households suffering housing insecurity, by weeks of 2020

Outlook

• The number of American households suffering from housing insecurity grew from 10.2 million in the 13th week of 2020 to 13.4 million
  • As the graph above indicates, this amount to an increase from 7.2% to 9.5% of all households

• The funding to alleviate homelessness aims to help 200,000 people find stable housing

• The emergency assistance funds for the homeless will be channeled through state and local bodies

18%
The proportion of renters who say they are behind on rent, as of January 2021
Vaccine, testing, & targeted community provisions

Vaccine and testing provisions
- **$7.5 billion** for CDC vaccine distribution optimization efforts
  - Includes vaccine clinics and targeting of hard-to-reach areas and communities of color
- **$5.2 billion** for BARDA to help with supplies and vaccine procurement
- **$48.3 billion** for testing, contact tracing, additional PPE for frontline health care workers, and improving isolation and quarantine measures in various communities
- **$1.73 billion** to enhance genome sequencing research on the novel coronavirus
- Allocates **$7.66 billion** to bolster the public health workforce

Targeted community support
- Relief for frontline workers serving **communities of color** and other **underserved populations**
  - Community health centers will receive **$7.6 billion** in funding
  - The Older Americans Act programs will receive **$1.44 billion** in funding
  - The National Health Services Corps will receive **$800 million** in funding
- **$3.88 billion** to expand investments in mental health and substance use disorder treatments
- Supporting **veterans** during the pandemic by providing funds that will help:
  - Waive copays and expand health care services including telehealth and mental health services
- Funding for **Indian Health Services** to better address the needs of the AIAN community
Health insurance provisions in the ARP

Provisions on the ACA

• **$50 million on outreach** to support the special enrollment period that began on February 15
• Provides the largest health insurance coverage expansion since the ACA was enacted a decade ago
  • $24.4 billion in increased subsidies and ends the “subsidy cliff” due to spending
  • Currently, the “subsidy cliff” ends health insurance premium subsidies for households earning over 400% of the federal poverty line
• **Limits payments on health insurance plans** for all Americans to 8.5% of household’s income through end of 2022
• **Cost-sharing support** for unemployed Americans enrolled in a qualifying health plan who has received (or is approved to receive) unemployment compensation in 2021
• Subsidizes **COBRA coverage and waives premiums** through September 30th for those with employer-sponsored coverage who have experienced layoff, furlough, or a reduction in hours

Other health care provisions

• Up to **$8.5 billion** for rural hospitals and medical facilities
• Increases **Medicare reimbursements** to hospitals
  • Will increase urban state hospital payments so that a hospital in an urban area of a state will not be able to have a Medicare wage index lower than that of a hospital in a rural area of the same state
• Allows **Medicare reimbursement for ambulances** that deliver ground ambulance services in response to emergency 911 calls that would usually require transport to a local hospital but has resulted in on-the-ground services due to COVID-19 and changes in protocols for on-site hospital admission and care
ARP adds $7 billion in funding for broadband

What is the Emergency Connectivity Fund (ECF)?

The ECF will reimburse schools and libraries for providing broadband and connected devices to students and patrons at their homes via the FCC E-Rate program

- E-Rate had traditionally only funded service to and within schools and libraries
- FCC must issue new rules to implement the program by mid-May 2021
- Funding for enhanced E-Rate support will be available for at least one year after the end of the COVID-19 emergency

$7.17 billion

OTHER PROGRAMS OF NOTE

- $9.961 billion for a new Homeowner Assistance Fund, which will assist homeowners with various payments, including internet service
- $219.8 billion to states, territories, and tribal entities for local economic recovery purposes
- $120.2 billion to local governments and counties for FY21 for local economic recovery purposes

SOURCE Benton Institute, ABC News.
Slide Updated By: Michael Tinsley 03/17/21
## Key provisions on cybersecurity and technology modernization

<table>
<thead>
<tr>
<th>Fund</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GSA Technology Modernization Fund</strong></td>
<td>$1 B</td>
</tr>
<tr>
<td></td>
<td>Intended to update outdated IT systems</td>
</tr>
<tr>
<td></td>
<td>$650 million of this funding is for cybersecurity investments and $350 for other modernization activities</td>
</tr>
<tr>
<td><strong>CISA</strong></td>
<td>$650 M</td>
</tr>
<tr>
<td></td>
<td>Funds are meant to strengthen federal cybersecurity and protect the vaccine supply chain</td>
</tr>
<tr>
<td></td>
<td>Funding will likely be used to modernize the National Cybersecurity Protection System and the Continuous Diagnostics and Mitigation program</td>
</tr>
<tr>
<td><strong>US Digital Service</strong></td>
<td>$200 M</td>
</tr>
<tr>
<td></td>
<td>US Digital Service is a technology team within the Executive Office of the President</td>
</tr>
<tr>
<td><strong>Indian Health Service</strong></td>
<td>$140 M</td>
</tr>
<tr>
<td></td>
<td>Funding for IT, telehealth infrastructure, and EHR systems upgrades</td>
</tr>
</tbody>
</table>
## Energy, environment, and infrastructure provisions in the American Rescue Plan

### Energy
- **$4.5 billion** in cooling and heating cost assistance to families through the Low-Income Home Energy Assistance Program (LIHEAP)

### Water
- **$500 million** in water cost assistance to low-income families under the program established in December 2020 COVID-19 relief legislation

### Environmental justice
- **$100 million** in grants targeting health disparities from pollution and COVID-19

### Transportation
- **$30 billion** in transit assistance for PPE and payroll costs
- **$1.5 billion** for Amtrak route restoration and worker assistance
- **$8 billion** for airports
- **$15 billion** for airline industry employees
- **$3 billion** for the aerospace manufacturing sector
Multiemployer pension plan provisions

**BUTCH LEWIS EMERGENCY PENSION PLAN RELIEF ACT (EPPRA)**

- Introduced by Sen. Brown (OH) in July 2019, but no action in 116th Congress
- **$86 billion** - CBO cost estimate
  - To partially offset cost, the flat-rate premium for all multiemployer pension plans will increase to **$52**, indexed to inflation, per participant, beginning in 2031
  - Current premium for multiemployer pension plans is **$31**
- Creates the Special Financial Assistance Program for Financially Troubled Multiemployer Pension Plans
  - ~10 million Americans participate in multiemployer pensions plans
  - ~1 million in plans projected to have insufficient funds to pay full benefits within 20 years
- Plans can receive funding from a new Treasury-backed Pension Benefit Guaranty Corporation (PBGC)
- **Plans must meet one of four conditions to qualify:**
  - Status is “critical” or “declining”
  - Previously imposed a benefit suspension under the Multiemployer Pension Reform Act of 2014
  - Have a modified funded percentage of less than 40% on a current liability basis, and have a ratio of active to inactive participants of less than 2 to 3
  - Be insolvent
Additional details on the EPPRA

- Funding from this program will be sufficient for eligible plans to pay out all benefits for the next 30 years, including any benefits previously suspended under MPRA, which must be restored by plans that receive funding.

- Funding will be delivered in a single lump sum and does not need to be repaid.

- The financial assistance may only be used for benefit payments and plan expenses.

- Recipients must invest the money in investment-grade bonds, or other investments allowed by the PBGC, and keep earnings on the assistance separate from other plan assets.

- The PBGC may impose restrictions on plans that receive funding, such as limits on accrual rates, retroactive benefit improvements, reductions in employer contributions, diversion of employer contributions, withdrawal liability rules, and plan asset allocation requirements.

- In addition to funding, the provision allows any multiemployer pension plan to:
  - Elect the same zone status that applied in the previous year for either the 2020 or 2021 plan year.
  - Extend the improvement or rehabilitation period an additional 5 years by operating under a funding improvement or rehabilitation plan in plan year 2020 or 2021.
  - Spread the plan’s 2020 and 2021 investment losses over a period of up to 10 years.
  - Amortize the plan’s 2020 and 2021 experience losses over a period of up to 30 years.
69% of Americans support the ARP

Congress approved the American Rescue Plan, a $1.9 trillion pandemic relief package

DATA FOR PROGRESS SURVEY CONDUCTED MARCH 5-7, 2021 OF 1429 LIKELY VOTERS

Strongly support  Somewhat support  Somewhat oppose  Strongly oppose  Don’t know

SOURCE Data for Progress
Slide Updated By: Michael Tinsley 03/17/21
### A majority of Americans support key provisions

Below are the main provisions of the American Rescue Plan. For each proposal, please indicate where you support or oppose it:

DATA FOR PROGRESS SURVEY CONDUCTED MARCH 5-7, 2021 OF 1429 LIKELY VOTERS

<table>
<thead>
<tr>
<th>Provision</th>
<th>Strongly support</th>
<th>Somewhat support</th>
<th>Somewhat oppose</th>
<th>Strongly oppose</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1400 checks</td>
<td>54%</td>
<td>24%</td>
<td>11%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Funding for vaccine distribution</td>
<td>53%</td>
<td>25%</td>
<td>8%</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Small business support</td>
<td>50%</td>
<td>33%</td>
<td>6%</td>
<td>3%</td>
<td>8%</td>
</tr>
<tr>
<td>Funding to state, local, and territorial govs</td>
<td>48%</td>
<td>28%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Moratorium extensions/utility aid</td>
<td>46%</td>
<td>32%</td>
<td>9%</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Funding for schools to reopen</td>
<td>44%</td>
<td>31%</td>
<td>11%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Unemployment benefits</td>
<td>40%</td>
<td>31%</td>
<td>14%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Expanding tax credits</td>
<td>37%</td>
<td>31%</td>
<td>14%</td>
<td>7%</td>
<td>11%</td>
</tr>
</tbody>
</table>

SOURCE Data for Progress
Slide Updated By: Michael Tinsley 03/17/21
American Rescue Plan Details

Top-line numbers, details of key provisions and polling on the omnibus package

March 17, 2021