

AMERICAN RESCUE PLAN ACT OF 2021

SUMMARY

- American Rescue Plan Act of 2021 (Act) provides \$1.9 trillion for pandemic relief, and allocates those funds to a broad swath of programs, including assistance to individuals, businesses, state and local governments, public and private schools, community health centers and health providers.
- The Act does not include limits on COVID-related liability.
- The Act prohibits states from using the funds to directly or indirectly offset a reduction in the states net tax revenue.

RELIEF FOR SMALL BUSINESSES

- **Paycheck Protection Program (PPP) loans.** Provides an additional \$7.25 billion for the PPP forgivable loans, including an expanded eligibility for nonprofit organizations and digital media organizations, but does not extend the PPP's current application period, which is scheduled to close on March 31, 2021.
 - **Newly eligible nonprofit organizations.** Includes 1) 501(c)(3) organizations and veterans' organizations that employ no more than 500 employees per physical location; 2) 501(c)(6) organizations, domestic marketing organizations, and additional covered nonprofit entities that employ no more than 300 employees per physical location, and 3) "additional covered nonprofit entity," as specified.
- **Economic Injury Disaster Loan (EIDL).** Provides \$15 billion in EIDL advance payments to businesses in low-income communities with fewer than 300 employees and have an economic loss of more than 30%. Funds are not considered income for tax purposes. Deductions for business expenses are allowed.
- **Employee Retention Credit.** Extends the 2020 CARES Act credit for wages paid by businesses through the end of 2021, while expanding the eligibility to startups.
- **Paid Sick Leave.** Provides employers with fewer than 500 employees tax credits for voluntarily providing up to 10 days of sick leave between April 1, 2021 and September 30, 2021, in accordance with the now-expired Families First Coronavirus Response Act (FFCRA) leave mandate. Expands qualifying reasons for use of the leave to include seeking a COVID-19 test, awaiting test results, or receiving or recovering from a COVID-19 vaccine.
 - Caps the amount at either: \$511/day if the employee is taking leave due to being subject to a quarantine order, being advised to self-quarantine by a health care provider, seeking a COVID-19 diagnosis, or qualifying for any of the expanded reasons listed above; or \$200/day if the employee is taking leave to care for a quarantining family member or a child whose school or childcare is closed.
 - Increases eligibility for these paid leave credits to state and local governments, effective March 31, 2021.
- **Additional support for business enterprises owned and controlled by disadvantaged individuals.** Provides \$1.5 billion to the Secretary of the Treasury to ensure socially and economically disadvantaged individuals have access to credit and investments.
- **Industry-specific Relief Programs.**
 - **Food and Drink Businesses.** Provides \$25 billion for restaurants, bars, and other grant-eligible providers of food and drink, up to \$10 million per entity, or \$5 million per physical location and entities are limited to 20 locations.
 - **Shuttered Venue Operators.** Provides \$1.25 billion in grants for live venues, independent movie theaters, and cultural institutions.
 - **Community Navigator Pilot Program.** Provides \$175 million to create a "community navigator" pilot program to increase awareness of and participation in COVID-19 relief programs for business owners currently lacking access. Prioritizes businesses owned by socially and economically disadvantaged individuals, women, and veterans.

RELIEF FOR INDIVIDUALS

- **Recovery Rebates to Individuals (Stimulus Checks).** Provides \$410 billion in the third round of stimulus payments and offers up to \$1,400 to adults and dependents (doubling the amount for dependents and expanding who qualifies to include full-time students younger than 24 and adult dependents) and \$2,800 for joint filers based on household earnings. Single filers with earnings of more than \$80,000, Head of Household filers with earnings over \$120,000, and those Married Filing Jointly with \$160,000 will not receive a payment.
- **Extends Federal Unemployment Insurance (UI) Benefits.** Extends various expanded UI benefits until September 6, 2021, including:
 - The additional weekly benefit of \$300 (on top of the regular state maximum benefit of \$450) under the Federal Pandemic Unemployment Compensation (FPUC) program.
 - The Pandemic Unemployment Assistance (PUA) program, primarily available to self-employed/"gig" workers; increases the total benefit weeks available for from 50 to 79.

- The federal extended benefits under the Pandemic Emergency Unemployment Compensation (PEUC) program, including increasing the available weeks of PEUC benefits from 24 to 53.
- **Exempts UI Benefits from Federal Income Tax.** Exempts the first \$10,200 in 2020 unemployment benefits from federal income tax for households with incomes below \$150,000 per year.
- **Delays State Interest on Federal UI Loans.** Extends until September 6, 2021 the earliest date that interest can begin accruing on federal loans a state receives to pay state UI benefits.
- **Earned Income Tax Credit (EITC).** Allocates an additional \$135 billion for the EITC and the CTC (below). Expands EITC eligibility to those without children by covering those ages 65 and older as well as those between the ages of 19 and 25. Allows those whose children do not have a Social Security number to receive the EITC. Permits parents who are separated to claim the credit if they have custody for more than half a year.
 - **Increased federal Child Tax Credit (CTC).** Allows households to claim up to \$3,600 for children under 6 years of age and \$3,000 each for each child over 6, which would be fully refundable and paid out monthly. The current CTC maximum is \$2,000.
- **Dependent Care.** Increases the child and dependent care tax credit temporarily, makes it refundable, and increases the maximum allowable expenses as well as the percentage of expenses.
- **Supplemental Nutritional Assistance Program (SNAP).** Extends an increase to monthly SNAP benefits to September 2021. Provides \$1.1 billion for SNAP administration and \$1 billion for nutrition assistance programs.
- **Child Care and Families.** Provides \$39 billion for the Child Care and Development Block Grant and for child care stabilization grants. Permanently increases total funding for the Child Care Entitlement to states, and temporarily waives state matching funds for 2021 and 2022. Provides \$150 million for the Maternal, Infant, and Early Childhood Home Visit Program and \$250 million for Child Abuse Prevention and Treatment Act funding.
- **Low-Income Individuals.** Provides \$1.4 billion in funding for Older American Act programs, \$50 million for the Title X Family Planning program, and \$1 billion for the Pandemic Emergency Food Fund.
- **Mortgage and Rental Assistance.** California's share not yet published by U.S. Treasury but likely \$1.2 billion for mortgage assistance to forestall delinquencies, defaults, and foreclosures.
 - **Housing Counseling.** Estimated \$10.2 million for mortgage counseling services for low-income and minority households.
 - **Rural Homeowner Assistance.** Estimated \$4.7 million to California, available until September 30, 2023, for direct loans to Single Family Housing loans and modernizing rural homes under the Housing Act of 1949.
 - **Emergency Rental Assistance.** Provides \$2.2 billion according to terms of SB 91, which extended the eviction moratorium and set criteria for rental relief for tenants and small landlords, \$10.2 million for rural communities, and \$90 million for tribal lands. Provides \$3.6 million for administration and technical assistance to grant recipients.
 - **Emergency Housing Vouchers.** Estimated \$600 million for Section 8 emergency rental housing vouchers for homeless.
 - **Homeless Assistance.** Estimated \$590 million for emergency shelters, homeless prevention, and counseling.
- **Low-Income Home Energy Assistance Program.** Provides \$4.5 billion for financial assistance to low-income households for utility bills and expenses, energy efficiency upgrades, and other utility-related assistance.
- **Water Utility Customer Debt Relief.** Provides \$500 million for grants to compensate water system and treatment owners and operators to reduce low-income customers' debt and rates for drinking water and wastewater services.

STATE AND LOCAL RELIEF

- **Restrictions on the use of Coronavirus State and Local Fiscal Recovery Fund.** Specifies that the state shall not use the funds provided to either "directly or indirectly offset a reduction in the net tax revenue" of the state that is a result of a change in law, regulation, or administrative interpretation during the covered period that reduces any tax. Includes changes in a tax rate, a rebate, a deduction, a credit or a delay the imposition of any tax or tax increase. Allows the federal government to recoup any funds determined to be spent on tax relief.
- **State Aid.** Provides approximately \$26 billion to California for services impacted by the pandemic. The state can use the funds to cover costs incurred by Dec. 31, 2024. States cannot deposit these funds into their pension fund.
- **Counties and Cities.** Provides \$7.6 billion to counties and \$7 billion to cities (plus yet unknown amount for cities under 50,000) to cover increased expenditures, replenish lost revenue, and mitigate economic harm. This money cannot be spent on pensions or to offset revenue resulting from a tax cut enacted after March 3, 2021.

PUBLIC HEALTH

- **Improving Public Health and Direct Response to COVID-19.** Provides over \$92 billion in funding for COVID-19 response, including: testing, tracing, vaccine distribution, community health centers, health care workforce, support for skilled nursing facilities.
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- **Vaccines Rollout.** Provides \$8.5 billion for CDC to distribute, administer and track vaccines and \$47.8 billion for testing, tracing and supplemental funding opportunities for state and local vaccine grants.
- **Contact Tracing Efforts.** Provides \$47.8 million in one-time funding to the Secretary of Health and Human Services (HHS) to carry out activities to detect, diagnose, trace, monitor, and mitigate the spread of COVID-19 and its variants; including enhancing information technology (IT), data modernization, reporting, and improvements necessary to support sharing of data related to public health capabilities.
- **Surveilling the Virus.** Provides \$1.75 million in one-time funding for HHS to strengthen and expand activities and workforce needs to sequence and survey COVID19 and its variants for the purpose of developing effective disease response strategies.
- **Community Health Centers.** Provides \$7.6 billion to federally qualified health centers for carrying out vaccinations, purchasing equipment and sustaining personnel.
- **Rural Health.** Creates an \$8.5 billion fund for rural providers.
- **Controlling Infections in Nursing Homes.** Provides \$200 million to control infections in skilled nursing facilities and \$250 million for "strike teams" to assist in those facilities.
- **Medicaid**
 - **The Uninsured and Children.** Requires Medicaid and CHIP to cover vaccines and COVID-19 treatment without cost sharing and extends this policy for one year after the public health emergency ends. Prohibits cost sharing for testing and treatments for the uninsured in states that extended a Medicaid option. Requires the Medicaid Drug Rebate program to cover outpatient COVID-19 drugs.
 - **Women's Health.** Allows states the option for women enrolled in Medicaid to be covered for 12 months after the birth of a child instead of 60 days.
 - **Drug Rebates.** Eliminates the cap on the rebate amount manufacturers must pay Medicaid for covered drugs, beginning in 2024.
- **Medicare**
 - **Wage Index.** Establishes a minimum wage index for hospitals in all-urban states for Medicare hospital payments.
 - **Ambulances.** Allows a federal waiver to reimburse for ground ambulance services during COVID-19 when the beneficiary has not been transported.
- **Affordable Care Act (ACA) & Consolidated Omnibus Budget Reconciliation Act (COBRA)**
 - **ACA Subsidies.** Expands ACA health insurance coverage support for two years by limiting payments to 8.5 percent of a household's income.
 - **ACA Expansion to Unemployed Individuals.** Ensures that individuals who have received at least one week of unemployment benefits in 2021 may obtain a Silver health plan with \$0 in premiums.
 - **COBRA Subsidies.** Subsidizes 100% of premiums for a COBRA-eligible person who loses their job through September 30, 2021, and allows employers or health plans to claim a refundable tax credit for the cost of the premiums.
 - **Other Provisions.** Expands the ACA's premium tax credit for health insurance purchased through an exchange. Provides \$20 million in grants for eligible states to modernize the health insurance marketplace and temporarily eliminates premiums for individuals 150 percent of the federal poverty level or less.
- **Mental Health.** Provides \$1.5 billion for Community Mental Health Services Block grant and \$3 billion for block grant programs under the Substance Abuse and Mental Health Services Administration.
- **Healthcare Workforce.** Appropriates \$7.7 billion for state and local health departments' workforce and \$800 million for the National Health Service Corps.
- **Indian Health Service.** Provides \$6.1 billion to the Indian Health Service.

EDUCATION RELIEF

- **Education Relief.** Provides \$123 billion nationwide for K-12 schools, plus an extra \$7.2 billion through the federal E-Rate program to provide students and educators with internet connections.
 - **K-12 Funding.** Provides \$15.3 billion in funding for our K-12 schools in California. Provides \$13.7 billion directly to districts within weeks based on their share of Title I funding which focuses on children in poverty. Due to the Title 1 distribution the amount of funding among districts will vary widely. Members can see what their local districts will receive at this [site](#).
 - **Early Childhood Education.** Provides \$39 billion for early childhood programs, including a stabilization program for child care providers, with an estimated \$3.8 billion for California.
 - Approximately 62 percent of the total funding is to help providers pay for overhead, such as rent, utilities and payroll, as well as higher costs due to the pandemic, like personal protective equipment.
 - Approximately 38 percent of the total funding is for the Child Care and Development Block Grant which supports subsidized child care for low-income families.
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- **Colleges and Universities.** Provides \$5 billion to California colleges and universities, with the state's public higher education segments receiving \$4.375 billion and the balance likely going to private colleges and universities. For public colleges and universities, the funding is projected as follows:
 - \$2.2 billion for California Community Colleges
 - \$1.49 billion for California State University
 - \$685 million for University of California
- **Student Loan Forgiveness.** Creates an exemption in the IRS Code, from January 1, 2021 through December 31, 2025, that student loan forgiveness shall not be considered part of an individual's gross income for tax purposes. Meaning, any student loan forgiveness or discharge through 2025 is tax-free.
- **Closes the "90/10 Rule" Loophole.** Private for-profit higher education institutions, as a condition of receiving Title IV federal funds, must receive at least 10 percent of their funding from non-federal student-aid. Due to the way the Education and Military codes are written, G.I. benefits are often miscalculated by these institutions as non-federal aid. This results in many private for-profit schools seeking out G.I. students.
- **Internet access.** Provides \$7.2 billion for a new Emergency Connectivity Fund to reimburse schools and libraries for purchasing broadband service and connected devices allowing students and patrons to access the Internet at home.

OTHER TARGET RELIEF PROGRAMS

- **Agriculture**
 - **Supports the Food Supply Chain.** Provides \$3.6 billion to support the food supply chain, including the purchasing of agriculture commodities, through grants and loans to small and mid-size processors and other entities responding to COVID, and to make payments for expenses related to crop losses pursuant to the Wildfire Hurricane Indemnity Program.
 - **Animal Health.** Provides \$300 million for monitoring and surveillance of susceptible animals for incidence of COVID.
 - **Fee Reduction for Small Facilities.** Provides \$100 million to reducing the amount of overtime meat, poultry and egg inspection costs at small establishments.
 - **Supports Socially Disadvantaged Landowners.** Provides \$1 billion for grants and loans to improve land access for socially disadvantaged farmers, ranchers, and forest landowners, in addition to scholarships, outreach, financial training, and technical assistance.
 - **Foreign Aid.** Provides \$800 million to make purchases and distributions under the Food for Peace Program, which is federal aid for enhancing food security and supporting long-term economic development in the least developed countries.
 - **Arts**
 - **Arts and Humanities.** Provides \$270 million to state agencies and regional organizations for grants that support art and humanities organizations to prevent, prepare for, respond to, and recover from COVID-19 (\$135 million for arts and \$135 million for humanities).
 - **State Libraries.** Provides \$200 million to state libraries.
 - **Environment and Wildlife**
 - **Funding for Pollution and Disparate Impacts of the Covid-19 Pandemic.** \$100 million to the Environmental Protection Agency for 2021 to address disproportionate environmental harms to minority and low-income populations (\$50 million, 2 percent reserved for administrative costs) and to fund air quality monitoring grants under the Clean Air Act (\$50 million, 5 percent reserved for administrative costs).
 - **Wildlife Inspections, Care, and Research.** Provides \$95 million to the U.S. Fish and Wildlife Service for wildlife inspections, care of captive endangered species, and research related to wildlife disease outbreaks.
 - **Homeland Security Provisions**
 - **FEMA Vaccination Assistance.** Appropriates \$50 billion nationally to the Disaster Relief Fund for COVID-19 and other disaster assistance under FEMA to bolster vaccine rollout efforts under FEMA and provide assistance to state and local governments at 100% federal cost share.
 - **Assistance to Firefighters.** Provides \$300 million for assistance to firefighter grants; SAFER and AFG.
 - **Technology, Consumer Protection, and Privacy**
 - **Research and Development.** Provides \$150 million, available until September 30, 2022, for the National Institute of Standards and Technology (NIST) to fund awards targeted at the science research community and aid recovery from the impacts of the pandemic through research and development to prevent, prepare for, and respond to coronavirus.
 - **IT Modernization.** Provides \$1 billion, available until September 30, 2025, for the General Services Administration's Technology Modernization Fund to address common technology-related challenges that hampered the governments' response to COVID19, such as identity management, secure data sharing, inability to leverage AI, and other emerging technologies. Provides \$350 million for agency-specific upgrades relating to citizen services.
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- **Cybersecurity.** Provides \$650 million, available until September 30, 2023, for the Cybersecurity and Infrastructure Security Agency, within the Department of Homeland Security, to mitigate cybersecurity risks.
 - **Data Modernization.** Provides \$500 million in one-time funding to support the CDC's initiatives to modernize public health data surveillance and analytics infrastructure. Requires the CDC to establish, expand, and maintain efforts to modernize a disease warning system for the U.S to forecast and track hotspots for COVID-19, its variants, and other emerging biological threats.
 - **Consumer Protection from Potentially Dangerous COVID-related Products.** Provides \$50 million, available until September 30, 2026, to the Consumer Product Safety Commission to enhance monitoring and screening efforts to prevent the sale of products that do not meet applicable safety standards, to increase product safety awareness, and to collect data focusing on the risk of potentially dangerous COVID-related consumer products.
 - **Unfair or deceptive acts or practices related to COVID-19.** Provides \$30.4 million, available until September, 2026, to the Federal Trade Commission to educate, process, and monitor consumer complaints received regarding unfair or deceptive acts or practices related to COVID-19.
 - **Transportation**
 - **Public transit.** Provides \$30.5 billion in grants to transit agencies to cover operating expenses.
 - **Airports.** Provides \$8 billion for airports and airport concessions, primarily for operating costs.
 - **Amtrak.** Provides \$1.7 billion to Amtrak for rail operations, including \$175 million to offset state costs on state-supported routes.
 - **Veterans Affairs**
 - **Support for Veterans Home Construction.** Provides \$500 million to provide construction funds to states, provided they have required matching funds to projects that will upgrade and enhance safety and operation of state veterans' homes.
 - **Support for Veterans Homes Based on Occupancy.** \$250 million in one-time emergency federal payments to support these state-operated facilities, to be allocated based on the number of beds at each home that could be occupied by eligible veteran residents.
 - **COVID-19 Veteran Rapid Retraining Assistance Program.** Provides \$386 million to the Secretary of the VA to establish and provide up to 12 months of retraining assistance for veterans who are unemployed due to COVID-19 and do not have other veteran education benefits. This funding covers the cost of the retraining program and provides a housing allowance for veterans while they undergo this training.
 - **Cost Sharing Reimbursement.** Provides \$1 billion to reimburse any veteran who paid a copayment or other cost sharing for health care under the VA for an emergency related to COVID-19.
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