



American Rescue Plan Act of 2021

Bill Summary

March 18, 2021

The [American Rescue Plan Act \(ARP\)](#) became law on March 11, 2021. The new law addresses the coronavirus pandemic and economic crisis through increased funding for public health programs, the safe reopening of schools, assistance to low-income and middle-class families, and financial support for states and small businesses. This fact sheet provides an overview of the measures in the stimulus bill that affect both the customers that Community Action Network members serve as well as the role some of those members play as nonprofit employers in their communities.

Refundable Tax Credits & Direct Assistance

Child Tax Credit Improvements

- Increases maximum credit from \$2,000 to \$3,000 per child 6-18 and \$3,600 per child under 6.
- Makes the credit fully refundable for all eligible taxpayers and removes minimum refundability threshold.
- Allows advance payment of the refundable credit through period payments.
- Credit increase is reduced by \$50 for each \$1,000 (or fraction thereof) that the taxpayer's income exceeds the applicable threshold (\$75,000 per individual; \$112,500 per head of household; and \$150,000 for joint filers).
- Full credit is still reduced by \$50 for each \$1,000 (or fraction thereof) that the taxpayer's income exceeds the applicable threshold (\$200,000 per individual; \$400,000 for joint filers).
- Changes expire January 1, 2022.

Earned Income Tax Credit Expansion for Taxpayers with No Qualifying Children

- Removes minimum and maximum ages (25 and 65, respectively).
- Increases the income at final credit phase-out from \$16,000 per year to \$21,000 per year.
- Increases the amount of the maximum credit from \$529 to \$1,503.
- Extends the childless credit to filers with children who cannot provide ID requirements for those children.
- Allows separated spouses to claim EITC if filing separately, residing with their qualifying child for more than one-half the year, and not living with the spouse or has a written separation agreement.
- Changes expire January 1, 2022.

Recovery Rebates to Individuals (deadline December 31, 2021)

- \$1,400 per eligible individual and \$2,800 for eligible individuals filing jointly.
- \$1,400 per dependent (of any age).
- Credit reduced by:
 - 20% for each \$1,000 of adjusted gross income exceeding \$75,000 for individuals
 - 20% for each \$1,500 of AGI exceeding \$112,500 for a head of household
 - 20% for each \$2,000 of AGI exceeding \$150,000 for individuals filing jointly
- Complete phase out at \$80,000 for individuals, \$120,000 for a head of household, and \$160,000 for joint filers.
- Eligible individuals excludes adult dependents, undocumented individuals, and individuals without a social security number or an individual tax identification number (ITIN).
- In mixed status households, only members without an SSN or ITIN are ineligible.

Credits not Counted as Income

- Tax credits are not counted as assets or resources for a period of 12 months from receipt for purposes of determining eligibility for any federal program or state/local program financed in whole or in part with federal funds. (26 U.S.C. § 6409).

Child and Dependent Care Tax Credit

- Makes the credit fully refundable.
- Increases maximum credit amount from \$3,000 to \$8,000 for one dependent and from \$6,000 to \$16,000 for two or more dependents.
- Increases claimable percentage of employment-related expenses from 35% to 50%.
- Decreases claimable percentage by one percentage point per \$1,000 of income over \$125,000 (up from \$15,000), with a floor of 20%.
- Decreases claimable percentage by one percentage point per \$2,000 of income over \$400,000 until it reaches 0%.
- Increases exclusion for employer-provided dependent care assistance from \$5,000 to \$10,500.
- Changes expire January 1, 2022.

Pandemic Emergency Assistance - \$1 billion

- In the form of grants to states, territories, and tribal organizations to pay for non-recurrent short term benefits, including cash payments, to supplement (not supplant) other Federal, state, or tribal funds for services or activities.
- Funds must be expended by grantees by September 30, 2022.

Support for Socially Disadvantaged Farmers & Ranchers

- USDA payments of up to 120% of outstanding indebtedness to socially disadvantaged farmers and ranchers.
- \$1 billion for grants, loans, financial training, agriculture scholarships, and financial assistance for socially disadvantaged farmers, ranchers, and forest landowners.

Nutrition & Food Distribution

Supplemental Nutrition Assistance Program (SNAP)

- Extends 15% increase in SNAP benefits through September 30, 2021
- \$25 million for technological improvements to improve SNAP online purchasing, modernize EBT technology, support mobile technologies, and provide technical assistance to educate retailers on the process and technical requirements for online acceptance of SNAP benefits.

Nutrition Assistance Grants to Territories - \$1 billion (through September 30, 2027)

Pandemic EBT

- Extends the pandemic EBT program in the Families First Coronavirus Response Act to any school year in which there is a public health emergency designation and expands the program to cover summer periods after such school years.

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

- Allows Agriculture to increase cash-value voucher amount to up to \$35 through September 30, 2021 (appropriates \$490 million to fund the increase).
- \$390 million for WIC outreach, innovation and program modernization efforts, including appropriate waivers and flexibility, to increase participation in and redemption of benefits (through September 30, 2024).

FEMA Emergency Food & Shelter Program (EFSP) - \$400 million

Housing & Utilities

Emergency Rental Assistance - \$21.6 billion

- \$305 million for territories
- \$2.5 billion for high-need grantees (based on multiple factors including the number of very low-income renter households paying more than 50% of income on rent or living in substandard conditions, rental market costs, and change in employment since February 2020).
- Financial assistance may be spent on rent and rental arrears, utilities and utility cost arrears, and other expenses related to housing as defined by Treasury.
- Aggregate amount of assistance cannot exceed 18 months.
- 10% cap on housing stability services and 15% cap on administrative costs.
- Available through September 30, 2027.

Emergency Tenant-Based Housing Vouchers - \$5 billion

Emergency Assistance for Rural Housing

- \$100 million in rural rental assistance
- \$39 million in rural homeowner assistance

Housing Counseling Services - \$100 million

Homelessness Assistance - \$5 billion

- Funding for tenant-based rental assistance, affordable housing, supportive services, and acquisition of non-congregate shelter units.

Homeowner Assistance Fund - \$10 billion

Fair Housing Initiatives Program - \$20 million

Low-Income Home Energy Assistance Program (LIHEAP) - \$4.5 billion

- Available through September 30, 2022
- 10% cap on funds that may be carried over into the next fiscal year does not apply.

Low-Income Housing Water Assistance Program - \$500 million

- Adds to prior funding level of \$638 million (\$1.14 billion total).
- Allocations to states/Indian Tribes based on percentage of households with income equal to or less than 150% of the FPL
- Reserves 3% for Indian Tribes and tribal organizations

Unemployment Compensation & Worker Protections

Extended Unemployment Compensation

- Federal government will continue to pay the first week of compensation in states with no waiting week through September 6, 2021.
- Extends temporary financing of short-time compensation (“work-sharing”) programs through September 6, 2021.

Pandemic Unemployment Assistance (PUA)

- Extends eligibility of workers who are not currently eligible for state UI benefits, including self-employed individuals, “gig economy” employees, and independent contractors (through September 6, 2021).

Pandemic Emergency Unemployment Compensation (PEUC)

- Additional weeks of state UI benefits in addition to what is currently provided for under state and federal law (through September 6, 2021).

Federal Pandemic Unemployment Compensation (PUC)

- Additional \$300 per week for all workers eligible for state or federal unemployment compensation (through September 6, 2021).
- Supplement does not affect Medicaid or Children's Health Insurance Program eligibility.

Unemployment Compensation Taxation

- Beginning in tax year 2020, up to \$10,200 tax exclusion of unemployment compensation for households with incomes up to \$150,000.

Self-Insured Nonprofits

- Increases federal reimbursement rate for self-insured nonprofits from 50% to 75% for the period from March 31, 2021 through September 6, 2021.

Department of Labor Worker Protection Enforcement - \$200 million

- Divided among Wage and Hour Division, the Office of Workers' Compensation Programs, the Office of the Solicitor, the Mine Safety and Health Administration, and the Occupational Safety and Health Administration.

Education & Child Care

Elementary and Secondary School Education Relief Fund - \$125 billion

Higher Education Emergency Relief Fund - \$39.6 billion

Broadband for Remote Learning - \$7.2 billion

Student Debt Forgiveness

- Exempts student loan amounts discharged in years 2021 through 2025 from adjusted gross income.

Head Start - \$1 billion

- Available through September 30, 2022
- Allocated according to the ratio of an agency's enrolled students to total Head Start-enrolled students across all agencies

Child Care Services

- \$24 billion for Child Care Stabilization grants
- \$15 billion for the Child Care and Development Block Grant (CCDBG)

COVID-19 & Health Care Access

Vaccinations & Testing

- \$7.5 billion to promote, distribute, administer, monitor, and track COVID-19 vaccines, including mobile vaccination units in underserved areas.
- \$1 billion to strengthen vaccine confidence through education and outreach and improve vaccination rates.
- \$6 billion to strengthen supply lines for COVID-19 vaccines, therapeutics, and medical supplies.
- \$500 million for the FDA to evaluate performance, safety, and effectiveness of COVID-19 vaccines, therapeutics, and diagnostics.
- \$47.8 billion for COVID-19 testing, tracing, and monitoring.
- \$1.75 billion to expand activities related to genomic sequencing, analytics, and disease surveillance.
- \$500 million for CDC to modernize public health data, analytics infrastructure, and the US disease warning system.
- Requires coverage of COVID-19 vaccines and treatment under the Children's Health Insurance Program (CHIP).

Defense Production Act Enhancements - \$10 billion

- For the purchase and/or production of medical supplies and equipment for testing, PPE, and vaccines (through September 30, 2025).

Modernization of State Health Insurance Exchanges - \$20 million

Premium Tax Credit - \$35 billion

- Suspends adjustments to the premium tax credit for 2021 and 2022 and reduces premium percentages to 0% for households with income up to 150% FPL.
- Allows the income of individuals receiving unemployment during 2021 to be treated as below 133% FPL for purposes of the premium tax credit.
- Removes 400% FPL limit on subsidy eligibility.

Premium Assistance for COBRA Continuation Coverage

- Subsidizes 100% of COBRA premiums for individuals who lost group health care coverage through termination or reduced hours.
- Allows employees who did not elect COBRA or elected but discontinued COBRA coverage before April 1, 2021 to elect COBRA coverage.
- Expires September 30, 2021.

Community Health Centers & Community Care

- \$7.6 billion for federally qualified health centers to respond to COVID-19, including past expenditures.
- \$1.5 billion for community mental health services block grants.
- \$420 million for grants to certified community behavioral health clinics.
- \$50 million for community-based local behavioral health needs.
- \$30 million for community-based local substance use disorder services.
- \$20 million for youth suicide prevention services.

Public Health Workforce

- \$7.7 billion to establish, expand, and sustain the public health workforce.

Rural Health Care Grants

- \$500 million for grants to facilities serving rural areas with median household income less than FPL to pay for vaccine distribution, medical surge capacity, support staffing needs, and increased telehealth capabilities.

Medicaid Provisions

- Mandatory coverage of COVID-19 vaccines and administration and treatment under Medicaid.
- Temporary increase of 5 percentage points in federal Medicaid assistance (FMAP) (in addition to the 6.2 percentage points in Families First) to states that expand Medicaid eligibility to up to 133% FPL.
- Temporary increase of 10 percentage points in FMAP for spending on home and community-based services (HCBS).

Tribal Relief

Indian Health Service - \$6.1 billion

Bureau of Indian Affairs - \$900 million

- \$100 million for Tribal housing improvement.
- \$772.5 million for government services, public safety, social services, and child welfare.
- \$20 million to provide and deliver potable water.

Housing Assistance and Supportive Services Programs for Native Americans - \$750 million

Preservation and Maintenance of Native American Languages - \$20 million

Bureau of Indian Education - \$850 million

Support for Small Businesses & Employers

Paycheck Protection Program (PPP) Modifications - \$7.3 billion

- Expands eligibility to additional nonprofits, including 501(c)(5) labor and agricultural organizations.
- Does not extend the PPP's current application period, which expires March 31, 2021.

Economic Injury Disaster Loan (EIDL) Grants - \$15 billion

Restaurant Revitalization Fund - \$28.6 billion

Shuttered Venue Operators Grant Program - \$1.25 billion

State Small Business Capital Initiative - \$1.5. billion

Paid Sick Leave Credit

- Credit against quarterly employment taxes equal to 100% of qualified sick leave wages paid during that quarter
- Qualified sick leave wages capped at \$200/day (\$511/day for leave pursuant to Families First) and 10 days per quarter.

Employee Retention Tax Credit for Employers Subject to Closure

- Credit against quarterly employment taxes equal to 70% of qualified wages (not to exceed \$10,000 quarterly).
- Eligibility for employers whose operations were fully or partially suspended by local or state government actions due to COVID-19 or had gross receipts that were less than 80% of gross receipts for the same quarter in 2019.
- Expands eligibility to newly formed businesses and allows them to compare gross receipts from 2020 quarters.
- Increases credit to 100% of wages for businesses with gross receipts that were less than 10% of gross receipts from the same quarter in 2019.

State & Local Aid

Coronavirus State Fiscal Recovery Fund - \$219.8 billion

- \$4.5 billion reserved for the territories; \$20 billion reserved for tribal governments
- Available through December 31, 2024.

Coronavirus Local Fiscal Recovery Fund - \$130.2 billion

- \$45.6 billion for metropolitan cities; \$19.5 billion for non-entitlement units of local governments; \$65.1 billion for counties
- Available through December 31, 2024.