

American Rescue Plan Summary

State and Local New Funding

The measure would create state and local funds. The measure includes about \$360 billion to help state, local, tribal, and territorial governments mitigate fiscal effects tied to the Covid-19 emergency.

Funding for local governments would include \$65.1 billion for counties, \$45.6 billion for metropolitan cities, and \$19.5 billion for towns with fewer than 50,000 people.

The measure would set 60-day deadlines to distribute most funds to state and local recipients. A second tranche of funds would be distributed to localities 12 months after the initial allocation. The Treasury Department could also withhold up to half of a state or territory's allocation for as long as 12 months based on its unemployment rate and require an updated certification of its funding needs.

- \$195.3 billion for states and Washington, D.C.
- \$130.2 billion for local governments.
- \$20 billion for federally recognized tribal governments.
- \$4.5 billion for territories.

Use of Funds: State and local recipients could use the funds to cover costs incurred by Dec. 31, 2024, to:

- Respond to the Covid-19 emergency and address its economic effects, including through aid to households, small businesses, nonprofits, and industries such as tourism and hospitality.
- Provide premium pay to essential employees or grants to their employers. Premium pay couldn't exceed \$13 per hour or \$25,000 per worker.
- Provide government services affected by a revenue reduction during the pandemic.
- Make investments in water, sewer, and broadband infrastructure.

State and local recipients could transfer funds to private nonprofit groups, public benefit corporations involved in passenger or cargo transportation, and special-purpose units of state or local governments.

The measure would provide an additional \$2 billion over two-years (\$750 billion per/year for eligible counties and \$250 million per/year for Tribes) for eligible tribal governments and "revenue sharing counties" (geared toward counties with a lot of non-taxable public land) to use for general government spending, with the exception of lobbying.

Eligible recipients would include counties that are the main providers of government services in their area and that lost revenue due to changes in federal programs, as well as the District of Columbia and several U.S. territories.

Capital Projects - The measure includes \$10 billion for the Treasury Department to make separate payments to states, territories, and tribal governments to carry out capital projects to support work, education, and health monitoring during Covid-19.

HOUSING AID

Rental Assistance

The reconciliation measure would provide \$21.6 billion for rental assistance payments through the Treasury Department (to remain available until September 30, 2027), goes on to say (funds provided to an eligible grantee under a payment made under this section shall remain available through September 30, 2025). This funding mirrors the rental assistance program that was part of the last covid relief package.

Funds would be allocated to states and to localities with at least 200,000 people. Each state plus the District of Columbia would receive at least \$152 million. The measure also would set aside \$305 million for several U.S. territories and \$2.5 billion for "high-need grantees" based on their population of low-income renter households, rental market costs, and employment changes since February 2020.

The Treasury Department would have to ensure each grantee receives at least 40% of its allocation within 60 days of the measure's enactment.

Grantees would have to use the funds to provide financial assistance to eligible households, including for rental and utility payments. Total assistance provided to a household under the measure and the year-end package couldn't cover more than 18 months.

Households would qualify for rental assistance if they qualified for unemployment benefits, received an eviction notice, or have household income that doesn't exceed 80% of the area median income, among other criteria.

Funds provided to grantees under the measure would remain available through Sept. 30, 2025. The measure also would extend the use of rental assistance funds under the year-end package through Sept. 30, 2022.

Homeowner Assistance

The measure would provide \$9.96 billion to establish a Homeowner Assistance Fund at the Treasury Department.

The department would allocate funds requested by states, territories, and tribes to prevent homeowner mortgage defaults, foreclosures, and displacements. Funds could be used to reduce mortgage principal amounts, assist homeowners with mortgage and other housing payments, and reimburse state and local governments for money spent to prevent housing losses due to Covid-19.

Covered mortgages would include those with an unpaid principal balance at the time of origination that was less than a loan limit set by the Federal Housing Finance Agency.

Each state, along with the District of Columbia and Puerto Rico, would receive at least \$50 million. Additional amounts would be set aside for other U.S. territories and tribes.

Funding recipients would have to set aside at least 60% of their allocation to assist homeowners who make less than 100% of the local or national median income, whichever is greater.

Emergency Housing

The measure would provide \$5 billion for emergency Section 8 Housing Choice Vouchers.

The Housing and Urban Development Department would have to provide the vouchers through public housing agencies to individuals and families who are currently or recently homeless, and to those who are fleeing domestic violence, sexual assault, or human trafficking.

Public housing agencies couldn't reissue the vouchers after Sept. 30, 2023.

An additional \$5 billion would be allocated to state and local governments to provide supportive services for homeless and other at-risk individuals.

Permitted expenditures would include acquiring non-congregate shelter units, such as hotel rooms, that could be converted to permanent housing.

ALLOCATION.— 21 (1) FORMULA ASSISTANCE.—Except as provided in paragraphs (2) and (3), the Secretary shall allocate amounts made available under this section pursuant to section 217 of the Act ([42 U.S.C. 12747](#)) to grantees that received allocations pursuant to that same formula in fiscal year 2021 (HOME Program recipients), and shall make such allocations within 30 days of enactment of this Act. Find NLIHC estimated allocations [here](#).

The measure also would provide:

- \$750 million to provide housing assistance and community development services through tribal grant programs.
- \$100 million to support individuals living in rural Agriculture Department-subsidized properties who have experienced income loss but aren't receiving federal rental aid.
- \$100 million for grants to housing counseling groups, including through NeighborWorks America.

Broadband: The measure would create an “Emergency Connectivity Fund” in the U.S. Treasury and appropriate \$7.17 billion into it to cover the purchase of broadband service and devices by schools and libraries for use by students, staff, and patrons at other locations.

- Funding awarded to eligible schools and libraries -- ELIGIBLE SCHOOL OR LIBRARY.—The term “eligible school or library” means an elementary school, secondary school, or library (including a Tribal elementary school, Tribal secondary school, or Tribal library) eligible for support under paragraphs (1)(B) and (2) of section 254(h) of the Communications Act of 1934 (47 U.S.C. 254(h)).
- Treasury must promulgate regulations not later than 60 days of enactment.
- Funding remains available until September 30, 2030.

Health-Care Funding

Funding for the Health and Human Services Department to respond to the pandemic would include:

- \$47.8 billion for testing and tracing activities.
- \$8.5 billion for vaccine activities at the Centers for Disease Control and Prevention.
- \$7.66 billion to expand the public health workforce, including grants to state, local, and territorial health departments.
 - This funding will be deployed by HHS.
 - Local health departments are eligible for these dollars as awardees and sub-awardees.
- \$7.6 billion for community health centers.
 - Awarded to federal qualified health centers.
 - Available until expended.
 - Money to be used to administer and track COVID-19 vaccines, detect and monitor COVID-19 infections, purchase equipment to help with testing and vaccinations, help with healthcare workforce, expand services and infrastructure and conduct community outreach.
- \$6.09 billion for tribal health programs.
- \$6.05 billion to support manufacturing and purchasing vaccines and therapeutics.
- \$3 billion for block grant programs under the Substance Abuse and Mental Health Services Administration (awarded to states who can then allocate out).
- \$420 million for grants for Certified Community Behavioral Health Clinics.
- \$1.75 billion for genomic sequencing and surveillance.
- \$800 million for the health workforce.
- \$750 million for CDC global health activities.
- \$500 million for the Food and Drug Administration to continue evaluating Covid-19 vaccines and therapeutics.
- \$500 million for CDC data modernization and forecasting.

The measure also would provide \$8.5 billion for rural health-care providers for expenses and lost revenue related to Covid-19, \$250 million for “strike teams” to assist skilled nursing facilities, and \$200 million for infection control support at those facilities.

Child Care

The measure would provide about \$24 billion for child care stabilization grants for child care providers to use for payroll, rent, personal protective equipment, mental health support, and other needs. They would have to provide tuition relief to families and couldn't furlough or reduce pay for employees.

- With limited exceptions, these funds would be subject to CCDBG Act rules. These funds would remain available for obligation by HHS through the end of FY2021 (September 30, 2021). The language specifies that the funds

are to supplement, not supplant, other federal, state, and local public funds for child care services for eligible individuals, including funds provided under the CCDBG and state child care programs.

- HHS is to allocate funds to state, territorial, and tribal CCDF lead agencies who submit a letter of intent for stabilization grants. Funds to lead agencies would be allotted in accordance with the CCDBG Act allotment formula.

The Child Care and Development Block Grant, a discretionary program that subsidizes child care for low-income families, would receive about \$15 billion. The bill would allow funds to be used for essential workers regardless of income. This funding is meant to supplement, not supplant state funding for child care.

- These funds would remain available for obligation by HHS through the end of FY2021 (September 30, 2021). HHS typically allocates CCDBG funds according to a formula set in statute, so any funds appropriated in the bill would presumably be allocated under the CCDBG Act formula.

Funding for the Child Care Entitlement to States, a mandatory program that subsidizes child care for low-income families, would be increased to \$3.55 billion per year (permanently), from \$2.92 billion.

Head Start, which supports preschool for low-income children, would receive an additional \$1 billion.

Other HHS Programs

The measure would provide:

- \$4.5 billion for the Low Income Home Energy Assistance Program.
- \$1.43 billion for programs under the Older Americans Act, including \$750 million for nutrition programs.
- \$852 million for the Corporation for National and Community Service, including \$620 million for AmeriCorps.
- \$450 million for programs under the Family Violence Prevention and Services Act, including \$198 million to support survivors of sexual assault.
- \$350 million for programs under the Child Abuse Prevention and Treatment Act.
- \$50 million for the Title X Family Planning Program.

FEMA Disaster Relief: The measure would provide \$50 billion for the Federal Emergency Management Agency's Disaster Relief Fund to respond to Covid-19 and other major disasters and emergencies declared by the President. Funding would remain available through September 30, 2025.

The funding could also be used to provide financial assistance for pandemic-related funeral expenses with a 100% federal cost share.

The measure also would provide:

- A combined \$510 million for FEMA's Emergency Food and Shelter Program, with \$110 million set aside to provide humanitarian relief to families and individuals encountered by the Homeland Security Department.
- A combined \$300 million for FEMA's firefighter grant programs.
- \$100 million for the agency's Emergency Management Performance Grants.

AGRICULTURE & NUTRITION

The measure would extend a 15% increase to monthly benefits under the Supplemental Nutrition Assistance Program (SNAP) through Sept. 30. Created by the year-end spending and coronavirus response package, the increase is scheduled to lapse on June 30.

The measure would provide \$490 million to the Agriculture Department to increase the amount of the cash-value voucher provided under the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to as much as \$35 during the pandemic. Participating states could apply the increase for as long as four months after opting in. The increased authority for both states and the department would end on Sept. 30.

The measure also would provide \$390 million to increase participation in WIC through outreach and program modernization.

It would direct the Agriculture Department to reimburse emergency shelters under the National School Lunch Program for meals provided to individuals younger than 25 who receive services there.

It would extend the Pandemic Electronic Benefit Transfer (EBT) program, established by the Families First Coronavirus Response Act, through any school year during a designated public health emergency and the following summer period. The program, which allows for food aid to be provided to families during school closures, had been limited to fiscal 2020 and 2021 and to school year 2020-2021.

Medicaid Changes

Covid-19 Coverage: Covid-19 vaccines and treatments would be covered until a year after the pandemic ends at no cost to beneficiaries under Medicaid and the Children’s Health Insurance Program. The federal medical assistance percentage (FMAP) would be increased to 100% for vaccine costs during that period.

Vaccines and treatment would also be covered for the uninsured. Outpatient drugs used for Covid-19 treatment would be included in the Medicaid Drug Rebate Program.

Coverage Expansions: The measure would increase a state’s FMAP by 5 percentage points for two years if it expands Medicaid to cover the newly eligible adult population under the Affordable Care Act. The provision is intended to encourage the 12 states that haven’t expanded the program to do so.

The measure also would allow states, for five years, to provide full Medicaid benefits to eligible pregnant women for a year after giving birth.

It also would increase the FMAP for various services, including:

- Providing an 85% FMAP for the first three years that a state covers mobile crisis intervention services for mental health or substance use disorders, which would expire after five years.
- Providing a 100% FMAP for two years for services received through an Urban Indian Organization or Native Hawaiian Health Center.
- Increasing a state’s FMAP by 10 percentage points for home and community-based services for one year.

DSH Funding: The measure would modify Medicaid allotments for disproportionate share hospitals, which treat a large number of low-income or uninsured patients, to account for the 6.2 percentage point increase to states’ FMAP under Public Law 116-127. The Health and Human Services Department would have to ensure that the total DSH payments that a state may make in a fiscal year is equal to the total payments it could have made without the FMAP increase during the pandemic.

Medicare Changes

The measure would allow the Centers for Medicare and Medicaid Services to waive a requirement during the pandemic that ambulance services include transportation to a hospital to receive Medicare payments, if they didn’t transport the patient because of Covid-19-related protocols.

ACA Subsidies

Tax Credits: The measure would expand the Affordable Care Act’s premium tax credits for health insurance purchased through an exchange.

The law provides refundable credits for households with income that’s 100% to 400% of the federal poverty level (FPL). The law caps premium costs based on a percentage of income, and the credit covers any amount above that cap up to the cost of a “benchmark” plan.

For 2021 and 2022, the bill would eliminate premiums for individuals at 150% of the FPL or less, and reduce premiums for all other households. It also would make households above 400% of the FPL eligible, with a premium cap of 8.5% of income. The premium caps currently [range](#) from about 2% to 9.8%, and are adjusted annually for inflation.

The measure would allow taxpayers who receive unemployment compensation in 2021 to be eligible for the credit without any premiums, by disregarding any income above 133% of the FPL. The measure also wouldn't allow excess premium credits to be recaptured in 2020.

SMALL BUSINESS AID

Paycheck Protection Program

The measure would increase funding and expand eligibility for the Paycheck Protection Program, and would allow forgiveness for additional expenses.

Program Funding: The measure would increase the program's lending authority by \$7.25 billion, to \$813.7 billion, and appropriate the same amount for the Small Business Administration (SBA) to guarantee additional loans.

Tax-Exempt Groups: The measure would expand the eligibility rules to cover more tax-exempt groups, including 501(c)(5) labor organizations, 501(c)(7) social and recreation clubs, and 501(c)(8) fraternal benefit societies. Religious educational groups that might otherwise be barred under SBA rules would be permitted. 501(c)(4) social welfare groups, such as AARP, the ACLU, Americans for Prosperity, and the National Rifle Association, would still be prohibited.

The additional tax-exempt groups couldn't employ more than 300 employees per location or spend more than \$1 million annually or 15% of their time on lobbying activities.

Larger Nonprofits: Some nonprofits that currently qualify for PPP loans, such as 501(c)(3) groups, can't have more employees than the SBA's size standards for the relevant industry and are subject to the agency's restrictions for affiliated entities.

The measure would replace those rules, allowing 501(c)(3) groups with as many as 500 employees per physical location to participate without further restrictions.

Restaurant Grants

The measure would provide \$28.6 billion for a Restaurant Revitalization Fund to be administered by the SBA.

Eligible recipients would include restaurants, bars, food trucks, and caterers, including businesses in airport terminals and tribally owned entities.

Disqualified businesses would include those run by state or local governments, companies that manage more than 20 locations including affiliates, live venues seeking grants under the year-end Covid-19 relief package, and publicly traded companies.

For 60 days following the measure's enactment, \$5 billion would be set aside for eligible entities with gross revenue of \$500,000 or less in 2019. The SBA would also have to prioritize awards for small businesses owned by women, veterans, and socially or economically disadvantaged individuals during an initial 21-day award period.

Other grant funds would be awarded on a first-come, first-served basis.

Grant amounts would cover the difference between an entity's revenue in 2020 compared with 2019. Awards would be reduced by amounts received through the Paycheck Protection Program.

Aggregate awards made to an entity and its affiliates couldn't exceed \$10 million and would be limited to \$5 million per location.

Eligible expenses generally would include payroll costs, mortgage and rent payments, supplies, normal food and beverage costs, and paid sick leave.

Funds could be used through Dec. 31, or a date set by the SBA that's no later than two years after the measure's enactment.

\$100 million for the SBA to establish a community navigator pilot program for small businesses and \$75 million for the SBA to promote community navigator services to small businesses.

ECONOMIC ADJUSTMENT ASSISTANCE

Funding provides flexible investment for rebuilding local economies and hard-hit industries, including tourism and travel. The legislation provides the Economic Development Administration with \$3 billion to aid communities in rebuilding local economies, which includes \$750 million for the travel, tourism, and outdoor recreation sectors. Previously, the CARES Act provided \$1.5 billion for economic adjustment assistance to help revitalize local communities after the pandemic. The CARES funding is oversubscribed, with the amount of funding requested far outstripping the available amount, as communities face growing needs in responding to the significant job losses caused by COVID-19. This funding will also help EDA fulfill its role as the lead agency under the National Disaster Response Framework to assist communities with economic recovery following a disaster, including the current health pandemic.

EDUCATION

The measure would provide \$122.8 billion for grants to states to support local educational agencies in addressing learning loss.

Local agencies would have to use at least 20% of the funding for summer learning or enrichment, after-school programs, or extended-day or extended-year programs. The rest could be used for a number of education-related expenses, including inspection and improvement of school facilities to ensure adequate air quality, providing mental health services, and technology purchases.

The remaining \$121.97 million would be used to award ESSER Fund grants to state educational agencies (SEAs) based on their relative shares of grants awarded under Title I-A of the Elementary and Secondary Education Act (ESEA), as amended, for the most recent fiscal year (FY2020). The ESEA requires that Title I-A grant amounts used to determine other formula grants to states be calculated with no hold harmless provisions applied. Under this bill, each SEA would be required to use at least 90% of the funds awarded to make subgrants to LEAs in proportion to each LEA's share of actual Title I-A grants made to all LEAs in the state during the most recent fiscal year (FY2020)

The bill would direct the Education Department to use at least \$800 million of the total to identify homeless children and provide them with wrap-around services and other assistance to facilitate school attendance.

States that receive the grants couldn't reduce their spending levels on education as a proportion of their budgets during fiscal 2022 or 2023, compared with the average level from fiscal 2017 through 2019.

Restrictions would also apply to per-pupil spending reductions in high-need and high-poverty school districts, compared with the state overall.

School districts would have to publish a plan within 30 days of receiving funds to safely return to in-person learning.

The measure also would provide \$39.6 billion for emergency financial aid grants at higher education institutions. Funds could also be used to monitor and suppress the coronavirus and for outreach to financial aid applicants regarding potential adjustments related to the pandemic.

The Education Department would also receive:

- \$3.03 billion for grants and programming under the Individuals with Disabilities Education Act.
- \$2.75 billion for support to non-public schools.
- \$850 million for support to outlying U.S. territories.
- \$190 million for grants to educational organizations serving American Indians, Native Hawaiians, and Alaska Natives.
- \$100 million for research on addressing learning loss related to the pandemic.

TRANSPORTATION

Transit Aid

The measure would provide \$30.5 billion for grants to transit agencies, which generally could use the money for operating expenses including payroll costs and purchasing personal protective equipment.

The funding would include:

- \$26.1 billion for [Urbanized Area Formula Grants](#).
- \$2.21 billion for urban area and rural area grantees that need additional assistance because of the pandemic.
- \$1.7 billion for [Capital Investment Grants](#).

Airport Assistance

The bill would provide \$8 billion in fiscal 2021 for airport sponsors, which generally refers to public agencies and private owners of public-use airports.

Airports that receive funding would be required to retain at least 90% of personnel employed as of March 27, 2020, through Sept. 30.

The Transportation Department could provide a waiver from the requirement if it determines that an airport is experiencing economic hardship or the requirement reduces aviation safety or security.

Airports that don't comply with workforce retention requirements and don't receive a waiver could have money clawed back by the department.

EPA Programs: The legislation includes \$100 million for the Environmental Protection Agency, which would be split among grants to address disproportionate environmental harms to minority and low-income populations, and grants under the Clean Air Act.

Aid to Individuals:

The bill would provide another round of direct payments of as much as \$1,400 for an individual, \$2,800 for joint filers, and \$1,400 for each qualifying dependent.

The payments would begin to phase out for individuals with adjusted gross incomes of \$75,000 and would be zero for AGIs of \$80,000 or more. Those amounts would be doubled for joint filers.

Dependents would include full-time students younger than 24 and adult dependents. Individuals who died before Jan. 1, 2021, wouldn't be eligible for the payments.

Payments would be based on 2019 or 2020 tax returns. The Treasury Department could provide payments to individuals who haven't filed based on return information available to the department.

Earned Income Tax Credit

The measure would expand the earned income tax credit for taxpayers without children for 2021 by increasing the credit percentage and phase out thresholds.

It also would allow taxpayers ages 19 and older without children to qualify, eliminating the 25 to 64 age range for the year. Individuals who are homeless or were in foster care could claim the credit beginning at age 18, and full-time students could claim it beginning at age 24.

Other changes to the EITC that would apply beginning in 2021 include:

- Eliminating a rule that bars individuals who have children without Social Security numbers from claiming the childless EITC.
- Allowing individuals who are separated from their spouses to claim the EITC on a separate return if they live with their child for more than half of the year.
- Increasing the limitation on the EITC for individuals with a certain amount of investment income to \$10,000, from \$3,650 in 2021, and adjusted for inflation.

Child Tax Credit

The measure would expand the child tax credit, which provides a credit of as much as \$2,000 for each child younger than 17, for 2021.

The bill's changes to the CTC would include:

- Making it fully refundable, meaning the entire credit could be provided as a refund if it exceeds an individual's income tax liability, instead of partially refundable under current law.
- Increasing the maximum credit to \$3,600 for each child younger than 6 and \$3,000 for other children.
- Allowing it to be claimed for 17-year-olds.

The increased credit amount would be phased out beginning at an adjusted gross income level of \$75,000 for individuals and \$150,000 for joint filers. Once the credit reaches \$2,000, the current law phase-outs levels, \$200,000 for individuals and \$400,000 for joint filers, would apply.