

AMERICAN RESCUE PLAN

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Agenda Item
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The American Rescue Plan

The COVID-19 pandemic and the corresponding economic crisis have undermined the health and economic wellbeing of American workers. Millions of Americans, many of whom are people of color, immigrants, and low-wage workers, continue to put their lives on the line every day to keep the country functioning through the pandemic. And more than 9.5 million workers have lost their jobs in the wake of COVID-19, with 4 million out of work for half a year or longer. Without additional government assistance, the economic and public health crises could drag on and our national vaccination program will be hobbled at a critical moment.

The American Rescue Plan will change the course of the pandemic and deliver immediate relief for American workers. The plan will build a bridge to an equitable economic recovery and immediately reduce child poverty. In fact, a Columbia University study found that passing the plan will lift more than 5 million children out of poverty this year, cutting the poverty rate by 50%. The bill is one of the most progressive pieces of legislation in history, with more than two thirds of its tax cuts and direct payments going to families making less than \$90,000 per year. It will:

Mount a national vaccination program, contain COVID-19, and safely reopen schools. American workers should not have to lie awake at night wondering if they'll make it home from work safely the next day, or if they'll bring home the virus to their loved ones and communities. President Biden has a comprehensive plan to address the pandemic that will:

- Invest about \$160 billion to provide the supplies, emergency response, testing, and public health workforce to stop the spread of COVID-19, while distributing vaccines as quickly as possible and addressing racial disparities in COVID-19 outcomes. These emergency measures will help combat the heavy toll this virus is exacting, and will deliver community-based and culturally competent care.
- Provide \$130 billion to help schools serve all students, no matter where they are learning, and help achieve President Biden's goal to safely open the majority of K-8 schools within the first 100 days of his Administration. These investments include set asides at the local and state level to ensure states and districts address the learning loss and social and emotional needs of students disproportionately impacted by COVID-19, including students of color, English learners, and students with disabilities.

Deliver immediate relief to American families bearing the brunt of this crisis. The American Rescue Plan devotes about \$1 trillion towards building a bridge to economic recovery for working families. All told, a single parent with one young child making the minimum wage could see her income increase from the equivalent of \$7.25 to around \$11 per hour. The plan will:

- **Give working families a \$1,400 per-person check**, bringing their total relief payment from this and the December down payment to \$2,000. More than 85% of households will receive a check and checks in this bill are bigger than the checks in the CARES Act or in the December bill. And, for the first time, adult dependents are entitled to a check as well. This means a lower or middle-income family of four will see an additional \$5,600 in their pockets.
- **Extend current unemployment insurance benefits and eligibility to September 6 (saving 11 million Americans from losing benefits starting in about a week)**, provide a \$300 per week supplement, and help protect Americans from surprise tax bills on unemployment insurance they received last year.

- **Help Americans stay in their homes** by providing emergency aid to cover back rent. In addition, the bill provides assistance to help struggling homeowners catch up with their mortgage payments and utility costs through the Homeowners Assistance Fund. And, it provides additional funding for families and individuals who are recovering from or at risk of homelessness.
- **Increase the value of Supplemental Nutrition Assistance Program (SNAP) benefits.** The American Rescue Plan will increase SNAP benefits by 15 percent through September 2021. The bill also funds partnerships with restaurants to feed American families and keep workers in the restaurant industry on the job. And, it provides U.S. territories like Puerto Rico additional nutrition assistance funding, in addition to funding to make sure women, infants and children get the food they need to help address food insecurity.
- **Increase the Child Tax Credit** from \$2,000 per child to \$3,000 per child (\$3,600 for a child under age 6) and make 17-year-olds qualifying children for the year. This means a typical family of four with two young children will receive an additional \$3,200 in assistance to help cover costs associated with raising children. The families of more than 66 million kids will benefit.
- **Increase the Earned Income Tax Credit** for 17 million workers by as much as \$1,000. The top occupations that will benefit are cashiers, food preparers and servers, and home health aides – frontline workers who have helped their communities get through the crisis.
- **Expand child care assistance**, help hard-hit child care providers cover their costs, and increase tax credits to help cover the cost of childcare. This is the single biggest investment in child care since World War II.
- **Give families an additional tax credit to help cut child care costs.** Families will get back as a refundable tax credit as much as half of their spending on child care for children under age 13, so that they can receive a total of up to \$4,000 for one child or \$8,000 for two or more children.
- Provide an additional \$1 billion for states to cover the additional cash assistance that **Temporary Assistance to Needy Families** (TANF) recipients needed as a result of the crisis.
- **Lower or eliminate health insurance premiums for millions of lower- and middle-income families enrolled in health insurance marketplaces.** A family of four making \$90,000 could see their monthly premium come down by \$200 per month. This will help well over a million uninsured Americans gain coverage. The plan also subsidizes premiums for continuation health coverage (COBRA).

Support communities that are struggling in the wake of COVID-19. Millions of American workers reside in communities that suffered disproportionately in recent months. The Plan provides critical support to these communities. It will:

- Provide emergency grants, lending, and investment to hard-hit small businesses so they can rehire and retain workers and purchase the health and sanitation equipment they need to keep workers safe. This includes a Small Business Opportunity Fund to provide growth capital to main street small businesses in economically disadvantaged areas, including minority-owned businesses.
- Distribute more than \$360 billion in emergency funding for state, local, territorial, and Tribal governments to ensure that they are in a position to keep front line public workers on the job and paid, while also effectively distributing the vaccine, scaling testing, reopening schools, and maintaining other vital services. State and local employment has fallen by around 1.4 million jobs since the pandemic began including layoffs of 1 million educators, compared to around 750,000 job losses during the Great Recession.
- Help hard-hit public transit agencies avoid layoffs and service reductions, which disproportionately harm workers who are more likely to be dependent on public transportation.

Acceptable Use of Funds for Local Government Under the American Rescue Plan

- (A) To respond to the public health emergency with respect to COVID–19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- (B) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers of local government that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work;
- (C) For the provision of government services to the extent of the reduction in revenue of such local government due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; or
- (D) To make necessary investments in water, sewer, or broadband infrastructure.

Local governments cannot use funds for deposit into any pension fund. In addition, cannot be used for directly or indirectly offsetting a tax cut.

Other Key Provisions:

- Funding for towns and cities will be distributed in a modified CDBG formula with entitlement cities (those with a population over 50,000) receiving funding directly from the Treasury Department and non-entitlement towns (those with a population under 50,000) distributed by the State as a passthrough.
- There is a particular provision that will allow states—like Connecticut—to receive additional funds which would have been allocated if the State had county governments. Therefore, Connecticut would not miss on additional funding.
- Funds must be spent by the end of calendar year 2024.
- State and local governments must provide periodic reports to the Treasury Department with a detailed accounting of the use of funds. States and territories must also provide any modifications to tax revenue sources. Funds can be recouped by the Treasury Department if the recipient does not comply with the eligible uses.
- Local governments will receive allocations in two tranches—the first half 60 days after enactment and the other half one year later. For non-entitlement units of local government, those deadlines are the dates for Treasury to send the funding to the state, which has an additional 30 days to distribute to each non-entitlement unit of local government.
- States have NO discretionary authority to change the amount of, or attach additional requirements to, the payments allocated to local governments.
- For non-entitlement towns, funding may not exceed 75% of the most recent adopted local budget as of January 27, 2020. Those funds will be returned to the Treasury Department.