

A photograph of cherry blossoms in full bloom, with the sun setting behind them, creating a warm, golden glow and a bokeh effect in the background.

# Lobbyit Update: The American Rescue Plan Act

## *What is in the bill?*

After eight weeks in Congress, the House voted to send a \$1.9 trillion stimulus package to President Biden's desk with a 220-211 vote. The passage of the American Rescue Plan marks the new Administration's first major legislative achievement since taking office in January. With no Republican support, the massive reconciliation package was passed on party lines. President Biden is expected to sign the bill into law by the end of the week.

In this document, we will provide an outline of what is included in the comprehensive spending package and what changes will be of interest. Over the coming weeks, our team will put in the work to understand how the implementation of the package and its provisions affects you and your organization. As the year progresses, we will continue to keep you in the loop on the critical decisions being made here in Washington.



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## Small Business and PPP Provisions

The package **expands eligibility of nonprofits and digital news outlets** to apply for forgivable Paycheck Protection Program loans.

- \$7.25 billion to the Small Business Administration for the PPP.
- \$10 billion to expand the **State Small Business Credit Initiative** to support up to \$100 billion in small business financing through state, territorial and tribal governments.
- \$15 billion in additional funding for **Economic Injury Disaster Loan** grants.
- \$25 billion for a new SBA **“restaurant revitalization” program** to offer grants to restaurants and other food and drink establishments.
- \$175 million for the creation of an SBA **"Community Navigator" program to increase awareness** of SBA Covid-19 relief programs.
  - \$100 million for grants.
  - \$75 million for outreach and education.
- \$1.25 billion for the **shuttered venue operators grant program** to provide aid to shuttered live venues.
- \$1.33 billion directly to the SBA, mostly in new administrative funding to carry out small business aid and loan programs.

## Unemployment and Financial Assistance Provisions

The measure extends several federally funded CARES Act jobless benefit programs **through Aug. 29, 2021, rather than the end of September** as initially proposed earlier this year by supporters.

That **includes the Pandemic Unemployment Assistance program** created by Congress in March 2020 for gig workers, the self-employed and anyone else ineligible for state unemployment benefits — **as well as the Pandemic Emergency Unemployment Compensation program**.

The package also continues to provide workers with **\$300 in extra weekly benefits** by extending the Federal Pandemic Unemployment Compensation program through September 6, 2021.

The substitute also **extends CARES Act unemployment provisions** that fully funded Extended Benefits programs in high-unemployment states and allowed states to defer interest on loans they took out to pay unemployment benefits **until Aug. 29, 2021**. In addition, it appropriates \$2 billion to DOL to improve state unemployment systems to reduce fraud and improve the payment process.

- Establish a **\$1 billion Pandemic Emergency Assistance Fund** to administer family assistance grants.
- Guarantee a total appropriation of at least \$188 million for aging and disability services programs in fiscal year 2021 and 2022.

- \$450 million to HHS to reduce infection spread in skilled nursing facilities.
- Senate package requires the federal government to **fully subsidize the cost of health insurance premiums through Sept. 30** for workers who become unemployed or are furloughed due to the coronavirus public health emergency.
  - The House-passed language covers 85 percent of the cost of premiums for those who are eligible for COBRA continuation coverage.
- \$1.48 billion for a **third round of stimulus checks, this time worth \$1,400.**
- Expands a popular tax credit for people with kids (Child Tax Credit) to **as much as \$3,600 per child**, up from the current \$2,000, while aiming to allow recipients to claim a portion of the break periodically in the form of a check from the government.
- Expands the Earned Income Tax Credit for childless adults.
- \$150 million for federal home visiting programs.
- Boosts a popular tax credit that helps pay for childcare and make it fully refundable in 2021.
- Codifies and **expands Families First Coronavirus Response Act tax credits** for employers who provide their employees with paid sick leave and paid family leave.
- Extends the CARES Act Employee Retention Credit.
- Makes Economic Injury Disaster Loans and Restaurant Revitalization Grants tax exempt.
- Expands certain health care premium tax credits to **fully subsidize Affordable Care Act coverage for people earning up to 150 percent of the federal poverty level** for two years as well as those on unemployment insurance.
- **Repeals** a rule in the tax code giving businesses with operations in multiple countries **the option of allocating their interest expenses on a worldwide level**, across their entire company.
- A tax crackdown on the gig economy, with language **reducing the threshold at which companies such as Airbnb, Lyft and Doordash must report to the IRS how much people are earning through their platforms.** Democrats' plan reduces that threshold to **\$600**, regardless of the number of transactions, which dramatically increases the amount of reporting required, and the number of people being reported on.
- **All pandemic relief for student loan borrowers will be tax free.**
  - Also applies to borrowers who are entitled to loan forgiveness under existing federal programs.
    - Some loan forgiveness is already excluded from taxable income but other loan forgiveness, such as the relief provided through income-driven repayment programs, are taxable.
- Increases annual funding for the childcare entitlement to states to \$3.05 billion and make territories eligible to receive funds.
- \$8.5 billion in **aid to rural hospitals.**



- The new funding will be designated to help rural providers cover expenses and losses related to the pandemic.
- Extends the expiration of some customs user fees from 2029 through Sept. 30, 2030.

### Education Provisions

- \$125.8 billion for the **Elementary and Secondary School Emergency Relief Fund (ESSERF)**. The measure requires each state receiving a grant via the fund to maintain spending in fiscal year 2022 and fiscal year 2023 at least at the same rate as averaged over fiscal year 2017, 2018 and 2019.
- \$39.58 billion for the Higher Education Emergency Relief Fund. It requires higher education institutions to source **at least 10 percent** of their funds from outside the federal government.
- \$7.17 billion, to be available through fiscal year 2030, for an **emergency connectivity fund** to support connectivity at home for students and teachers during distance learning.
- \$2.75 billion for the **Emergency Assistance to Non-Public Schools Program**. The money will be allocated to governors to provide “services or assistance to non-public schools that enroll a significant percentage of low-income students and are most impacted” by the pandemic.
- \$91 million for the Student Aid Administration.
- \$100 million for the **Institute of Education Sciences** to research Covid-19’s impact on learning.
- \$15 million for the agency to adapt its programs to respond to Covid-19.
- \$5 million for the Office of the Inspector General.
- **Tightens restrictions on how much federal funding for-profit colleges can receive**. The proposed changes to the “90/10” rule expand the 90 percent cap on how much revenue for-profit colleges can receive from the federal government to include all types of federal assistance, such as veterans’ benefits.
- \$135 million each to the **National Endowment for the Arts** and the **National Endowment for the Humanities**.
- \$200 million to the Institute of Museum and Library Services.

### Public Health and Pandemic Response Provisions

- **\$11.5 billion to the Centers for Disease Control and Prevention (CDC)**.
  - \$7.5 billion for **vaccine distribution**, administration, monitoring and tracking.
  - \$1 billion to “strengthen vaccine confidence” and improve rates of vaccination in the U.S.
  - \$1.75 billion for genomic sequencing, analytics and **disease surveillance**.

- \$750 million for **global disease detection efforts**, global immunization and coordination on public health.
- \$500 million for **public health data surveillance** and analytics infrastructure modernization initiatives and to modernize the U.S. disease warning system to forecast and track hotspots for COVID–19, its variants, and emerging biological threats.
- **\$62.68 billion to the Department of Health and Human Services.**
  - \$6.05 billion for research, development, manufacturing, production and the purchase of **vaccines, therapeutics and ancillary medical products** and supplies to respond to coronavirus and variants with pandemic potential.
  - \$47.8 billion for **testing, contact tracing and mitigation** activities.
  - \$7.66 billion for awards to state, local and territorial public health departments to **expand the public health workforce**.
  - \$100 million for the Medical Reserve Corps.
  - \$800 million for the National Health Service Corps.
  - \$20 million for grants for **health exchange modernization**.
  - \$250 million to help states create **nursing home “strike teams” for facilities** to manage COVID-19 outbreaks.
- \$500 million to the FDA for evaluation and oversight of vaccines, therapeutics and devices.
- \$200 million to the Department of Labor for “worker protection activities,” **at least half of which** will go to the Occupational Safety and Health Administration.
- **Amends the Affordable Care Act** to make individuals who receive unemployment compensation in 2021 eligible for reduced cost-sharing if enrolled in a qualified health plan.
- \$7.6 billion to community health centers for vaccine distribution and other vaccine-related activities, contact tracing and testing equipment, expanding the workforce and other things.
- \$200 million for the **Nurse Corps Loan Repayment Program**.
- \$330 million for teaching health centers that operate graduate medical programs as well as for teaching health center development grants.
- \$50 million for **Title X family planning**.
- \$3 billion total (down from \$3.5 billion in the House bill) for **Substance Abuse and Mental Health Services Administration (SAMHSA) block grants**, split between community mental health services and prevention and treatment of substance abuse.
- \$880 million for **mental and behavioral health-related programs and grants**.
  - \$80 million for mental and behavioral health training to first responders.
  - \$80 million total for new SAMHSA grants for local substance abuse disorder services and local behavioral health services.

- \$100 million for the **Health Resources and Services Administration's behavioral health workforce education and training program.**
- \$80 million for **pediatric mental health care access.**
- \$420 million for grants to communities and community organizations that meet the criteria for **Certified Community Behavioral Health Clinics.**
- \$150 million to the National Institute of Standards and Technology for awards for research, development and testbeds related to Covid-19.
- \$600 million to the **National Science Foundation** to fund research grants, cooperative agreements, scholarships, fellowships and apprenticeships related to coronavirus response.
- \$10 billion for **Defense Production Act of 1950** spending to boost medical supplies and equipment, such as testing and personal protective equipment, and increase capacity for vaccine production.
- **Changes to Medicaid:**
  - Provides **funding of Covid-19 vaccinations** for all Medicaid enrollees.
  - Allows states to **extend postpartum Medicaid coverage from 60 days to 12 months**, with the policy to last five years.
  - Includes new financial incentives to encourage more conservative states to expand Medicaid under the Affordable Care Act. For two years, holdout states will receive 95 percent federal matching funds to cover their expansion population, rather than the current 90 percent rate.
  - It provides full federal funding for urban Indian and Native Hawaiian Medicaid coverage.
  - Allows state Medicaid programs to penalize drug companies for big price hikes by **lifting the federally mandated 100-percent cap on rebates** that drug companies have to pay Medicaid programs for medications whose prices rise faster than the rate of inflation. This takes effect in 2024.
  - Provides a more than 7 percentage point federal pay bump for Medicaid patients' home and community-based care for one year.
  - Mandates that in any fiscal year in which the Federal Medical Assistance Percentage was temporarily increased due to the health emergency, **HHS will recalculate the amount states need to pitch in for disproportionate share hospital payments** to ensure the amount would be the same as if the FMAP was not increased.
- Requires **CHIP coverage of COVID-19 vaccines** and treatment.
- Allow states to extend CHIP eligibility for women for up to 12 months postpartum.
- Requires a minimum area wage index for hospitals in non-rural states.
  - The wage index is one of the factors used to adjust Medicare's payment to hospitals.



- Permits HHS to **waive or modify certain Medicare requirements** for ambulance services during the coronavirus pandemic.

### Human Services and Community Support Provisions

- \$39 billion to the **Child Care and Development Block Grant** program.
  - \$14.99 billion for agencies to provide childcare.
  - \$23.98 billion to aid childcare providers affected by Covid-19.
  - \$35 million for administrative costs.
- \$1 billion to **Head Start** programs.
- \$450 million to programs authorized via the **Family Violence Prevention and Services Act**.
- \$350 million to child abuse prevention and treatment programs.
- \$1 billion to the **Corporation for National and Community Service and the National Service Trust** for increased national service grants.
- \$4.5 billion to the **Low-Income Home Energy Assistance Program (LIHEAP)** to help low-income households cover their energy costs.
- \$500 million to HHS to assist people struggling during the pandemic with payments for drinking water and wastewater expenses.
- \$1.43 billion to programs authorized via the **Older Americans Act** of 1965, including \$750 million for nutrition programs.
- \$10 million to **establish a National Technical Assistance Center** on Grandfamilies and Kinship Families.

### Agriculture Provisions

The measure provides **\$4 billion to the Department of Agriculture** for the food supply chain and for pandemic response, with funds available to purchase food and commodities and distribute them to people in need, as well as for loans and grants for COVID response.

- \$300 million towards animal monitoring.
- \$100 million to reduce overtime costs of agricultural inspectors.
- \$500 million to USDA for emergency grants to **bolster rural health care**, including increasing vaccine distribution capacity, medical surge capacity, telehealth capabilities, reimbursing for lost revenue and constructing temporary structures.
- \$48 million to USDA for administrative expenses and \$3 million to the USDA Office of Inspector General for oversight of Covid-19 programs.
- \$1.01 billion to provide assistance and **support to socially disadvantaged farmers and ranchers**, as well as additional authorization for farm loan assistance payments to pay off farm loans made or guaranteed by USDA.





- \$800 million to the Commodity Credit Corporation to acquire and make available commodities.

### Nutrition Provisions

The measure **extends the 15 percent bump in Supplemental Nutrition Assistance Program benefits** from June 30 through the rest of the fiscal year, which ends Sept. 30, and will appropriate \$1.15 billion to cover SNAP administrative expenses, including \$15 million for management and oversight and the rest for grants to state agencies in fiscal year 2021 through 2023 (Sec. 1101). It also provides \$25 million for SNAP online purchasing and technology improvements.

Other nutrition related provisions include:

- \$37 million for the **Commodity Supplemental Food Program**.
- \$490 million to USDA to increase the amount of the cash value voucher in the **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)** to \$35 per month for four months.
- \$390 million to carry out outreach, innovation and program modernization efforts, including “appropriate waivers and flexibility,” to increase WIC participation.
- Expansion of the **Child and Adult Care Food Program** to include meals and supplements served at emergency shelters to those between the ages of 19 and 25 for the duration of the pandemic.
- Extension of the **Pandemic Electronic Benefit Transfer (P-EBT)** program to summers and any school year that overlaps with the Covid-19 public health emergency declaration.

### Housing Provisions

- \$21.55 billion, to be available through fiscal year 2027, for **emergency rental assistance programs**, including those in U.S. territories.
- \$5 billion, to be available through fiscal year 2030, for **emergency housing vouchers**, including voucher renewals and administrative fees.
- \$100 million in **emergency assistance for rural housing grants**.
- \$100 million, to be available through fiscal year 2025, to the **Neighborhood Reinvestment Corporation** for grants to housing counseling intermediaries approved by HUD, state housing finance agencies and NeighborWorks organizations to provide housing counseling services.
- \$5 billion, to be available through fiscal year 2025, for **homelessness assistance** and supportive services programs including rental assistance.
- \$9.96 billion, to be available through fiscal year 2025, for a **homeowner assistance fund** to “mitigate financial hardships associated with the coronavirus pandemic”.
- \$39 million for direct loans made through the Housing Act of 1949.



- \$20 million for the **Fair Housing Initiatives Program**.

#### **State and Local Recovery Provisions**

- \$219.8 billion for **payments to states, territories, and tribal governments** to mitigate the fiscal year effects of the public health emergency.
  - \$195.3 billion set aside for states and the District of Columbia.
  - \$20 billion set aside for tribal governments.
  - \$4.5 billion set aside for territories.
- Another \$10 billion in payments to states, territories and tribal governments to carry out “critical capital projects directly enabling work, education and health monitoring, including remote options, in response to the pandemic,” as well as an additional \$120.2 billion for payments to localities.