



Key Provisions in the American Rescue Plan Act of 2021

March 12, 2021

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law. This new COVID-19 relief legislation provides significant new resources to fight the pandemic, help working people and families, aid states and local government and jump start the economy. The summary below describes key parts of the law.

Table of Contents

New Resources for AFSCME Employers and Their Workers	2
State and Local Government Direct Aid	2
Paid Sick and Family Leave Tax Credits	5
Emergency Federal Employee Leave Funds	5
Small and Mid-Size Employer Assistance Programs	6
Medicaid	7
Health Care Providers	8
Transit, Paratransit and Airports	8
Libraries and Museums	9
Education	10
Early Childhood Education and Child Care	11
Mental Health and Substance Abuse Services Assistance	12
State Veterans Homes	12
Private Pensions	13
Pandemic Response	14
COVID-19 Vaccine Distribution, Promotion and Related Activities	14
Manufacture and Purchase of COVID-19 Vaccines and Therapeutics	14
OSHA	15
Acquiring Equipment, Medicine and Supplies to Fight the Pandemic	15
Federal Emergency Management Agency	15
Nursing Home Worker Safety Strike Teams	16

Worker and Family Assistance.....	16
\$1,400 Stimulus Checks	16
COBRA Health Benefits for Unemployed Workers	17
Affordable Care Act Expansion	17
Unemployment Insurance	18
Child Tax Credits and Dependent Care	19
Earned Income Tax Credits	20
Nutrition Assistance	20
Housing Assistance	21
Home Energy and Water Assistance	22
Programs for Survivors of Domestic Violence	22
Child Abuse	23
Student Loan Forgiveness Tax Relief	23

New Resources for AFSCME Employers and Their Workers

State and Local Government Direct Aid

The American Rescue Plan creates two new funds **to provide \$350 billion in flexible, direct aid to states, cities and counties**. Local governments of every size will receive dedicated allotments.

- **Coronavirus State Fiscal Recovery Fund: \$195.3 billion for states and the District of Columbia.**
 - Each state gets a base payment of \$500 million (\$25.5 billion total).
 - Another \$169 billion is allocated based on each state’s share of seasonally adjusted unemployed workers in the last quarter of calendar year 2020.
 - Each state will receive — counting both the state and local allocations — at least the amount it received from the CARES Act Coronavirus Relief Fund (minimum state allocation was \$1.25 billion). It is projected that Alaska, Delaware, Montana, North Dakota, South Dakota, Vermont and Wyoming will benefit from this provision.
 - **The secretary of the Treasury has the authority to withhold up to 50% of a state’s aid amount for a period of up to 12 months** based on the state’s unemployment rate.
 - **The District of Columbia will receive an additional \$755 million** to bring it up to the state minimum allocation under the CARES Act.
 - **Puerto Rico and the other territories receive \$4.5 billion** (\$2.25 billion allocated equally and \$2.25 billion based on population).

- Federally recognized Tribal governments receive \$20 billion (\$1 billion allocated equally and \$19 billion to be allocated as determined by the secretary of the Treasury).
- **Coronavirus Local Fiscal Recovery Fund: \$130.2 billion for local governments.**
 - **\$65.1 billion for cities and other municipalities.**
 - \$45.57 billion for metropolitan cities (generally defined as those with populations of 50,000 or more) using a modified Community Development Block Grant formula (based on factors related to population, poverty and housing).
 - \$19.53 billion for “nonentitlement units of local government” (generally defined as cities with populations of less than 50,000, including towns, villages, boroughs and other general-purpose local governments). This is paid to states based on each state’s relative share of the non-metropolitan cities’ population of all states. States are then required to distribute recovery funds to local governments based on population, with assistance capped at 75% of a local government’s most recent budget as of Jan. 27, 2020.
 - **\$65.1 billion for counties based on population.**
 - Special rules apply for urban counties and counties that are not general units of local government.
 - The District of Columbia will be treated as a single county for distribution of this money.
 - **There will be two distributions of amounts in this Fund, each equal to 50% of the total.** The second distributions will be paid no earlier than 12 months after the first.

[Click to download fiscal recovery funding estimates for individual states and local governments.](#)

Permissible use of recovery funds. Funds may be used for expenses incurred by state and local governments through Dec. 31, 2024, for the following purposes:

- To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, nonprofits and impacted industries such as tourism, travel and hospitality.
- To provide premium pay (up to \$13 per hour and capped at a maximum of \$25,000) to eligible state and local government workers who are performing essential work during the COVID-19 public health emergency or by providing grants to eligible employers that have eligible workers who perform essential work. Essential workers are defined as those “needed to maintain continuity of operations of essential critical infrastructure sectors” or others as designated by state and local officials as critical to “protect the health and well-being” of their residents.
- To provide government services to the extent of lost revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency.
- To make investments in water, sewer or broadband infrastructure.

States and local government also can transfer funds to certain other entities for these purposes, including a special purpose unit of government such as a water district.

Restrictions on use of recovery funds.

- States cannot use funds to directly or indirectly offset a reduction in net tax revenue resulting from a change in law that reduces any tax (by providing a rate reduction, rebate, deduction, credit or otherwise) or delays the imposition of any tax or tax increase during the covered period, which begins March 3, 2021, and ends on the last day of the fiscal year in which all funds received have been spent or returned.
- State and local governments are prohibited from using recovery funds to make payments to pension funds.

The law also creates a new **Coronavirus Capital Projects Fund to provide \$10 billion for “critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to COVID-19.”**

- \$100 million for each state, the District of Columbia and Puerto Rico.
- \$100 million allocated equally among various territories.
- \$100 million allocated equally among Tribal governments and the state of Hawaii (in addition to its allocation among the 50 states).
- The remaining funds will be allocated to each of the 50 states, the District of Columbia and Puerto Rico, with 50% allocated based on population, 25% based on rural population and 25% based on household income below 150% of the poverty line.

The law creates a **Local Assistance and Tribal Consistency Fund to provide \$2 billion for certain “revenue sharing counties” and Tribal governments** in fiscal years 2022 and 2023, with allocations based on economic conditions.

- \$750 million will be provided each year to certain counties that have experienced a drop in revenue due to changes in federal programs. This is targeted to counties that rely on revenue from resource extraction from federal lands, such as timber harvests.
- \$250 million will be provided each year to Tribal governments.
- Funds can be used for any governmental purpose other than lobbying.

Effect on AFSCME Members: The American Rescue Plan provides significant resources that will allow AFSCME members — many of whom are working on the frontlines in the fight against the pandemic — to deliver the services that their states and communities need, now more than ever. Earlier limited relief provided in the CARES Act failed to address the full breadth of needs faced by states and local governments during this crisis and prohibited them from using federal aid to replace lost revenue. The American Rescue Plan will also help recover the more than 390,000 state and local government non-education jobs that have been lost since February 2020.

Paid Sick and Family Leave Tax Credits

The American Rescue Plan modifies and extends the emergency paid sick and paid family leave tax credits that were first passed under the Families First Coronavirus Response Act (FFCRA) early in 2020 and last extended in the end-of-year Consolidated Appropriations Act (CAA). Unlike in the FFCRA, the new law does not include a requirement that any employer provide leave, but it does expand access to tax credits for leave provided voluntarily to employees.

The law makes the following improvements to the voluntary paid leave tax credits:

- **Extends the employer payroll tax credits through Sept. 30, 2021.**
- **Expands eligibility for the tax credits to states and local governments**, as well as 501(c)(1) tax exempt federal governmental entities.
- **Increases the limit on the tax credit for paid family leave wages** an employer can claim in a year from \$10,000 to \$12,000 per employee.
- Restarts the clock on the 10-day per employee limitation for paid sick leave, **providing employees with a new 10-day period beginning April 1, 2021.**
- **Expands the purposes allowed for longer-term paid family leave** to match all of the purposes for shorter-term paid sick leave (personal health and family caregiving, in addition to caring for a child whose school or place of care has closed).
- **Allows credits for an employee who is receiving a vaccination** or recovering from its side effects.
- Increases the value of the credits to match an employer's share of contributions to collectively bargained defined benefit pension plans and registered apprenticeship programs that are allocable to employee paid sick and family leave.
- Prevents employers from claiming the credit if they make leave available in a manner that discriminates in favor of highly compensated employees, full-time employees or based on tenure with the employer.

Effect on AFSCME Members: Even though the original mandatory leave requirement was not renewed, expanding the qualifying reasons to take leave and making state and local governments eligible for the tax credits are big improvements. These improvements make it more likely AFSCME members will get pandemic-related paid leave.

Emergency Federal Employee Leave Funds

The American Rescue Plan provides funding for federal employee paid leave related to the pandemic. Leave is available to employees unable to work due to mandatory federal, state or local quarantines, a COVID diagnosis or COVID symptoms while seeking a diagnosis, time getting or recovering from a vaccine and caring for certain family members. This leave, which is in addition to any other paid leave, is capped at 600 hours per employee (and may be lower depending on whether sufficient money remains in the applicable fund) and would have to be used by Sept. 30, 2021. Any leave provided to an employee would reduce the total service used to calculate retirement benefits. Funding is provided through four separate funds:

- **\$570 million for an Emergency Federal Employee Leave Fund** (which can be used to reimburse federal agencies for COVID-related emergency leave taken by civilian employees, postal workers and certain District of Columbia employees).
- **\$9 million for an Emergency FAA Employee Leave Fund.**
- **\$13 million for an Emergency TAA Employee Leave Fund.**
- **\$80 million for an Emergency Department of Veterans Affairs Employee Leave Fund.**

Effect on AFSCME Members: This pandemic leave and related funding is important to AFSCME members who work for the federal government because the paid sick and family leave tax credits do not apply to them. They otherwise would be required to use other accrued paid time off.

Small and Mid-Size Employer Assistance Programs

The American Rescue Plan makes changes and additions to three primary programs designed to aid smaller employers in their efforts to retain employees and get through the pandemic. These are the Paycheck Protection Program (PPP), the Economic Injury Disaster Loan (EIDL) and the Employee Retention Credit (ERC). Employers may also qualify for other programs.

- **For the PPP — which provides for federally guaranteed and potentially forgivable loans to small and mid-size employers — key changes include:**
 - **\$7.25 billion** in additional funding.
 - **Expansion of loan eligibility to include larger 501(c)(3) charitable organizations.** Organizations with 500 or fewer employees *per physical location* will be eligible for first-draw loans; those with 300 or fewer employees *per physical location* will be eligible for second-draw loans. Under prior law, the 500 and 300 maximum employee caps were applied by combining all locations.
 - **Expansion of loan eligibility to 501(c) non-profit organizations not previously eligible**, so long as they have 300 or fewer employees and satisfy certain maximum thresholds for lobbying activities (e.g., no more than 15% of activities are lobbying) and meet other loan criteria. Before the new law, the only eligible 501(c) organizations were 501(c)(3) non-profit organizations; 501(c)(6) organizations such as business leagues and chambers of commerce; and 501(c)(19) veterans organizations.
- **For the EIDL program — which provides small businesses and non-profits located in low-income communities with additional funds to ensure continuity, adaptation and resiliency — the American Rescue Plan adds \$15 billion in funding for grants, including:**
 - **\$10 billion** for small businesses and non-profits that previously applied for but did not receive full \$10,000 EIDL grants because funding ran out.
 - **\$5 billion** in supplemental \$5,000 payments for very small businesses and non-profits (employing fewer than 10 people) that have experienced revenue declines greater than 50% due to the pandemic.

- **For the ERC program** — which currently provides eligible employers (including 501(c) non-profits) that have experienced significant revenue declines with tax credits of as much as 70% of wages (up to a credit of \$7,000 per quarter) to incentivize employers retain employees — **the American Rescue Plan provides a six-month extension and a small expansion in eligibility.** In particular, the new law provides for:
 - **An extension of the ERC through Dec. 31, 2021**, instead of June 30
 - **Eligibility for small businesses started after Feb. 15, 2020**, and with annual gross receipts of \$1 million or less.
 - **Greater assistance for employers that experienced a drop in gross receipts of 90% or more** compared to the comparable quarter in 2019 (“severely financially distressed employers”).

Effect on AFSCME Members: Expanding PPP loan eligibility to larger 501(c)(3) non-profits with multiple locations means that some AFSCME-represented employers in sectors such as health care can apply for financial assistance that could help protect AFSCME members’ jobs. The end-of-year Consolidated Appropriations Act greatly expanded eligibility for and the amount of the ERC assistance. Extending the ERC for the final two quarters of 2021 provides another tool to help financially troubled AFSCME employers retain their employees. Few AFSCME employers are likely to benefit from the EIDL program.

Medicaid

The American Rescue Plan includes **substantial additional federal support for Medicaid.** The new law:

- **Requires coverage of COVID-19 vaccinations, administration and treatment** under the Medicaid program, **paid 100% by the federal government**, until one year after the end of the public health emergency. It also allows states to provide **COVID-19 vaccinations and treatment for non-Medicaid-eligible, uninsured individuals with the federal government covering 100% of the cost.**
- **Provides a 10 percentage-point increase in in the federal share of Medicaid costs**, i.e., the Federal Medical Assistance Percentage (FMAP), **for Home and Community Based Services (HCBS)** until the expiration of the public health emergency declaration.
- **Generates approximately \$23.5 billion in state and federal prescription drug savings** over 10 years by eliminating a cap on total prescription drug rebates paid by manufacturers to state Medicaid programs.
- **Provides a two-year, five percentage-point increase in FMAP** for states that expand Medicaid under the Affordable Care Act (ACA) to cover anyone with a household income at or below 138% of the federal poverty level (FPL). This increase would be on top of the 6.2 percentage-point FMAP increase in effect for the duration of the public health emergency declaration.
- **Allows states to temporarily extend postpartum Medicaid and Children’s Health Insurance Program (CHIP) coverage for up to 12 months after the end of a pregnancy**

(compared to 60 days under current law). The policy will revert to current law after five years.

- **Allows states to temporarily expand Medicaid coverage to incarcerated individuals within 30 days of their release.** Current law excludes incarcerated individuals from Medicaid coverage. This policy would also terminate after five years.

Effect on AFSCME Members: The work of AFSCME members serving in roles administering state Medicaid programs and providing health care and social services to people who are currently enrolled in Medicaid, such as home care workers, will benefit from increased federal funding for Medicaid. Expanded Medicaid coverage will boost funding for staff in state Medicaid programs and health and social service programs serving Medicaid enrollees. Increases in the federal share of Medicaid funding will strengthen the finances of states and some counties for which AFSCME members work. AFSCME members' families and communities will also benefit from expanded Medicaid coverage.

Health Care Providers

The American Rescue Plan provides \$8.5 billion in additional Provider Relief Fund support for rural hospitals and facilities to cover healthcare-related expenses and lost revenues attributable to the pandemic. The new provision limits spending to Medicare and Medicaid providers and suppliers located in rural areas. Eligible rural providers must apply for this new Provider Relief Fund provision.

Effect on AFSCME Members: AFSCME members who work for rural hospitals and facilities, as well as those who live in rural areas, could benefit from increased support for these health care providers.

Transit, Paratransit and Airports

The American Rescue Plan provides an additional **\$30.5 billion for public transit** through formula funds to be used by Sept. 30, 2024.

- Funds may be used for payroll reimbursement for public and private providers, to meet operating costs to maintain service due to lost revenue resulting from the pandemic or to pay for administrative leave for operations or contractor personnel due to reductions in service.
- **\$26.1 billion is reserved for urbanized areas** based on pre-existing allocations, while **\$317.2 million is reserved for rural areas. Paratransit will receive an additional \$50 million.**

The law also includes **\$1.4 billion for capital grants to public transit**, including \$1.25 billion that is reserved for projects with pre-existing full-funding agreements that received capital allocations in fiscal years 2019 and 2020. Projects that are already operating at revenue service are not eligible for these grants. In addition, \$175 million is reserved for projects with full-funding agreements that received allocations prior to FY 2019.

The law provides **\$8 billion in relief for airports** to be used through FY 2024. Airports that received funds in excess of four years of operating costs in previous rounds of COVID relief are not eligible. These funds are contingent on workforce retention requirements. To be eligible for them, airports must continue to employ through Sept. 30, 2021, at least 90% of the number of individuals employed as of March 27, 2020. The secretary of Transportation may waive this requirement if the airport can demonstrate economic hardship or safety concerns as a result of this requirement. These funds include:

- **\$6.5 billion for primary airports.**
- **\$100 million for non-primary airports.**
- **\$608 million for airport capital development projects.**
- **\$800 million for airport concessions.**

Effect on AFSCME members: Previous rounds of transportation and transit funding allocated billions of dollars to states, municipal governments and transportation authorities and prevented furloughs and layoffs on an unprecedented scale. This new funding will continue to allow transit and paratransit agencies to weather the COVID-19 crisis until ridership returns to more typical levels.

Airports have also experienced significant challenges as a result of the pandemic. In combination with strong workforce retention requirements, these funds will help prevent further service cuts and furloughs for both public and private airport employees.

Libraries and Museums

The American Rescue Plan provides **nearly \$8.9 million to libraries and museums to implement public health protocols, increase broadband accessibility and fund payroll costs.** It includes:

- **\$200 million in funding for public libraries through the Institute of Museum and Library Services.** Funding will be allocated to state library systems to be distributed to public libraries. States are not required to match the funds, and the funds are available until used completely. This relief can be used for libraries to implement local public health protocols to reopen and provide services safely. Additionally, libraries may use this funding to increase Wi-Fi access and expand digital resources.
- **\$7.172 billion for public schools and libraries to expand access to broadband to support K-12 students who live in households without an internet connection or Wi-Fi device.** This funding will enable libraries to provide support and resources to help communities access the internet at locations other than their local library. This funding will be available for spending until 2030.
- **\$1.25 billion in additional funds for the Shuttered Venue Operators Grant Program, which will provide grants for institutions such as museums or zoos that have theaters or auditoriums.** This funding can be used to cover costs of operations, including payroll costs and worker protection expenditures.

- **\$135 million for the National Endowment for the Arts and \$135 million for the National Endowment for the Humanities** to implement public health protocols for safely reopening ,as well as to address layoffs in the art and cultural sectors.

Effect on AFSCME Members: AFSCME Cultural Workers have been hit hard by shutdowns and layoffs. Payroll cost assistance provided by this law will ensure members can keep their jobs. Libraries and Museums help communities dream big and achieve new goals, and these key pieces of aid and funding will help AFSCME institutions continue to provide critical and important services to their communities by increasing internet access in communities that have the lowest rates of connectivity in their homes. Funding to support increased broadband and Wi-Fi access will support not only AFSCME library workers in their mission, but also AFSCME members who want to provide reliable internet access for their children.

Education

The American Rescue Plan provides **\$165.1 billion to states, K-12 schools and institutions of higher education** that have been significantly impacted by the coronavirus pandemic. These funds are flexible and can be used to provide educational services to students and the operations of school districts and colleges and universities. The funds are divided into two categories:

- **\$122.8 billion for the Elementary and Secondary School Emergency Relief Fund.** State departments of education are required to allot 90% of the funds to local school districts, 20% of which will be used to address learning loss through evidence-based interventions that will support academic, emotional and social needs of students. Within 30 days of receiving funds, local educational agencies will design and make public their plans to return to in-person instruction and continuity of services.
- **\$39.6 billion for the Higher Education Emergency Relief Fund.** Public and private non-profit higher education institutions will receive \$36 billion. For-profit higher education institutions will receive \$395.8 million in direct grants. Institutions must use half of their grants for emergency student needs arising from the coronavirus. In addition to the funding listed above, \$2.9 billion is designated for Minority Serving Institutions, including Historically Black Colleges and Universities. Funds will remain available through Sept. 30, 2023.

The law includes **strong maintenance of effort requirements for states** with respect to both relief funds. It also includes **strong maintenance of equity requirements** to protect state funding for high-need and high-poverty local education agencies, and local education agency funding for high-poverty schools. These requirements apply to FY 2022 and FY 2023.

Effect on AFSCME Members: The funds support safe reopening of schools, which will allow K-12 and higher education employees return to work and help regain the one million local and state government education jobs that have been lost since Feb. 2020. The funding allows local school districts to hire additional staff to accommodate social distancing, improve facilities to ensure air quality, purchase PPE, provide mental health services and purchase technology. For

parents who left jobs to stay home and assist their school-aged children in a virtual learning environment, opening schools will allow them to rejoin the labor force.

Early Childhood Education and Child Care

The American Rescue Plan includes significant new funding for early childhood education.

The Child Care and Development Block Grant (CCDBG), the main federal program funding early childhood education, **will receive \$39 billion in supplemental funding**, after receiving \$13.5 billion in such funding in the two previous Covid relief bills (the CARES act and the Consolidated Appropriations Act). From this amount, **\$23.975 billion is for child care stabilization grants**, and **\$14.990 billion is for additional CCDBG funds**.

- In general, the new money can be used to provide child care assistance to families and to help child care providers cover their increased operating costs during the pandemic.
- **Child care stabilization grants are based on providers' operating expenses.**
 - Grants are to be used to cover providers' operating expenses, including personnel and facility costs (such as rent, mortgage, facility maintenance or improvements or insurance), expenses related to COVID-19 (such as equipment and goods and services needed to resume or maintain services) and mental health supports for children and employees.
 - Funds can be used to reimburse providers for expenses incurred before passage of the act. Providers are eligible for the funds even if they are closed due to COVID-19 when they apply for the grants.
 - Providers must certify that they will not reduce employee's compensation from the level in place when they applied for the grant.
 - Providers must offer families some relief from copayments and tuition payments.
 - Providers need not have received CCDBG funds in the past to be eligible for this funding.
- **States have greater flexibility in using the additional CCDBG funding than they generally do in using CCDBG funds.**
 - States do not have to set aside a certain amount of this money for quality improvement services.
 - Funds can be used to provide care for the children of essential workers such as first responders, health care employees or sanitation workers.

Head Start providers will receive \$1 billion in supplemental funding. It will be distributed as one-time grants. The amounts of the grant will be determined based on enrollment.

Effect on AFSCME Members: This funding will provide a sorely needed financial boost for AFSCME members who work in child care, whether they are family providers or work in center or Head Start settings. It will also allow for more affordable child care options for other AFSCME members, both those who rely on child care subsidies and essential workers.

Mental Health and Substance Abuse Services Assistance

The American Rescue Plan provides **more than \$3 billion in block grants to address mental health and substance abuse issues**, in addition to several hundred million dollars more for health care workforce education and training, crisis intervention services and community health clinics. The new law includes:

- **More than \$3 billion combined for the Substance Abuse Prevention and Treatment Block Grant and Community Mental Health Block Grant**, available through Sept. 30, 2025. These formula grants will go to the single state agency that receives the Substance Abuse and Mental Health Services Administration (SAMHSA) grants.
- **\$420 million to support Certified Community Behavioral Health Clinic (CCBHCs).**
- **\$100 million for grants and contracts to expand the Behavioral Health Workforce Education and Training program**, including career advancement for allied professionals (e.g., workers who have a certificate, or an associate's or bachelor's degree).
- **New optional Medicaid-covered mobile crisis intervention services for five years following enactment.** The law appropriates **\$15 million in planning grants** to states to develop state Medicaid plan amendments or Medicaid section 1115, 1915(b) or 1915(c) waiver requests (or amendments to such waivers) to provide these services. These mobile services do not have to be statewide and do not have to give an eligible individual a choice of provider. States that implement this program will receive an 85% federal Medicaid match for 12 fiscal quarters.
- A combined **\$80 million in additional community grants for the behavioral health workforce.** Of the grants awarded to states, localities, non-profit community-based entities and behavioral health care organizations, \$50 million must address the increased community behavioral health needs resulting from the pandemic. Services include training for the mental and behavioral health workforce, relevant stakeholders and community members, and addressing surge capacity for mental and behavioral health needs.

Effect on AFSCME Members: Aid for mental health and substance abuse programs will bring much needed support to people struggling with added stress brought on by the pandemic. Allocating resources for programs designed to directly address mental health and substance abuse crises will serve AFSCME members who are employed at behavioral health and substance abuse treatment facilities, or are themselves coping with depression, anxiety, addiction or loss.

State Veterans Homes

The American Rescue Plan provides **\$750 million in new funding to support state veterans homes.** This includes:

- **\$500 million for the construction or refurbishment** of state extended care facilities.
- **\$250 million to support the care of veterans** in existing state extended care facilities.

Effect on AFSCME Members: This additional funding will support the work of AFSCME members employed in and caring for residents of state veterans homes.

Private Pensions

The American Rescue Plan provides **\$85.7 billion in assistance for multiemployer defined benefit pension plans** that are facing insolvency. Under this part of the new law, which is separately titled as the Butch Lewis Emergency Pension Plan Relief Act of 2021, certain troubled multiemployer plans can get enough financial assistance from the federal government to pay their full benefits through 2051. The federal assistance is paid in a single sum, which the plan must keep separate from the rest of its assets and invest according to certain rules. Assistance is available only to certain plans that file an application before the end of 2025.

The law also increases the premium plans pay to the Pension Benefit Guaranty Corporation (PBGC), the federal pension insurer, to \$52 per plan participant for plan years beginning after Dec. 31, 2030, and indexed for inflation in each subsequent year. At that level, it will be only somewhat higher than it had been expected to be under prior law. Premiums are \$31 in 2021 and also indexed for inflation.

The American Rescue Plan makes **changes in the rules for determining how much an employer must contribute each year to a single-employer defined benefit pension plan** (i.e., certain private-sector pensions maintained by one or more employers). To address historically low market-based interest rates, the new law extends and improves the temporary interest rate rules used to determine minimum required contributions and for certain other purposes. The law also puts a permanent floor of 5% under these interest rates. To address the short-term impact of market losses on employers' required pension contributions, the legislation also temporarily extends the period over which employers pay for lower-than-expected returns to 15 years (compared to 7 years under the usual rules).

Effect on AFSCME Members: By averting insolvency for troubled multiemployer plans, the American Rescue Plan will protect the pensions of millions of people and stabilize the multiemployer pension system, including the federal insurance program that provides limited protections for workers and retirees. AFSCME members who participate in multiemployer plans will benefit from having a stronger multiemployer system without radical changes that would have diverted employer contributions to pay much higher PBGC premiums.

The American Rescue Plan's changes to the single-employer pension rules will help stabilize employers' required pension contribution amounts and maintain reasonable funding requirements, and therefore avoid putting unnecessary financial stress on private-sector employers for which AFSCME members work. Without this change, most plan sponsors would have faced large increases in their required annual pension contributions; some would have had to double what they pay.

Pandemic Response

COVID-19 Vaccine Distribution, Promotion and Related Activities

The American Rescue Plan provides the CDC with **\$7.5 billion in public health funding to plan, prepare for, promote, distribute, administer, monitor and track coronavirus vaccines** to ensure broad-based distribution, access and vaccine coverage.

- Funding for states, local governments and territories generally will be allocated using the FY 2020 formula for the Public Health Emergency Preparedness cooperative agreement.
- The money must be made available to states, local governments and territories within 21 days of enactment.
- State and local government can use this funding to establish and expand staffing support for community vaccination centers, particularly in underserved areas; deploy mobile vaccination units, particularly in underserved areas; communicate with the public regarding when, where and how to receive COVID–19 vaccines; and transport individuals to facilitate vaccinations.

In addition, the law provides **\$7.66 billion to establish, expand and sustain a public health workforce** including by making awards to state, local and territorial public health departments. Public health departments can use the funds to cover costs, including wages and benefits related to the recruiting, hiring and training of individuals; personal protective equipment; data management and other technology; administrative costs; and more.

The law also provides **\$1 billion to strengthen vaccine confidence in the United States**, including territories, by providing further information and education , with the goal of improving rates of vaccination throughout the United States.

Effect on AFSCME Members: This will provide needed funding for a wide range of vaccine-related expenses, with substantial resources going to public health departments in all states and territories.

Manufacture and Purchase of COVID-19 Vaccines and Therapeutics

The American Rescue Plan provides **nearly \$6.05 billion for the manufacture, production and purchase of vaccines, therapeutics and related supplies** through the end of FY 2021.

In addition, the new law **provides \$500 million to review devices authorized for use for the treatment, prevention or diagnosis of COVID–19**; and oversight of the supply chain and mitigation of shortages of vaccines, therapeutics and devices approved by the Food and Drug Administration.

Effect on AFSCME Members: This will provide needed additional funding to secure sufficient vaccines and therapies. It is unclear how effective the pricing requirements will be at keeping prices reasonable for vaccines and therapies developed with federal financial support.

OSHA

The American Rescue Plan provides the Occupational Safety and Health Administration (OSHA) \$100 million to carry out COVID-19-related worker protection activities. This represents a 17% increase in the agency's FY 2021 budget. The funding package specifically earmarks \$10 million for Susan Harwood training grants and \$5 million for enforcement activities related to COVID-19 at high-risk workplaces, including health care, meat and poultry processing facilities, agricultural workplaces and correctional facilities.

Effect on AFSCME Members: The lack of adequate protective standards and enforcement of existing rules has harmed AFSCME members throughout the country, especially those serving on the front lines of the fight against the coronavirus. The added funding for worker protection activities, combined with more effective OSHA guidance and the expected issuance of emergency temporary standards, will help improve conditions for many AFSCME members, a top priority as many employers plan to reopen. Increased OSHA action, however, will not protect AFSCME members who work for states and local governments not covered by the Occupational Safety and Health Act.

Acquiring Equipment, Medicine and Supplies to Fight the Pandemic

The American Rescue Plan creates a **\$10 billion fund under the Defense Production Act** that will remain available until Sept. 30, 2025. The funds may be used to acquire a variety of items needed to protect the nation from COVID-19, including testing, personal protective equipment (PPE), vaccines, medical supplies and durable medical equipment.

Effect on AFSCME Members: Shortages of equipment and supplies necessary to address the pandemic have harmed many AFSCME members, especially those on the front lines. An adequate supply of these essential tools, medicines and protective equipment will better enable AFSCME members to carry out the mission of their work safely, with access to testing and treatments should they be exposed to this disease.

Federal Emergency Management Agency

The American Rescue Plan provides the Federal Emergency Management Agency (FEMA) with additional funding that will remain available until Sept. 30, 2025:

- **\$50 billion to carry out the purposes of the Disaster Relief Fund (DRF).**
- **\$400 million for emergency food and shelter programs,**
- **\$110 million for humanitarian relief.**

The DRF is managed by FEMA and represents the primary source of funding for the federal government's domestic general disaster relief programs. The DRF takes effect if nonfederal governments find their own capacity to deal with an incident is insufficient.

The new law also expands the powers of the President under the DRF and allows for financial assistance to an individual or household to meet disaster-related funeral expenses, for which the federal cost share shall be 100% (compared to 75% under prior law).

Effect on AFSCME Members: This additional funding will provide needed support for state and local government efforts to address the pandemic, including resources to support the massive vaccination effort that is underway.

Nursing Home Worker Safety Strike Teams

The American Rescue Plan creates a **\$250 million fund for States, the District of Columbia and the territories to establish and implement strike teams that will be deployed to skilled nursing facilities with diagnosed or suspected cases of COVID-19** among residents or staff. Strike teams will assist with clinical care, infection control and staffing.

Effect on AFSCME Members: Nursing facilities have been among the hardest hit places during the pandemic, resulting in the deaths of many residents and workers. These strike teams could provide critical support to AFSCME members who work in nursing facilities in the event of coronavirus outbreaks.

Worker and Family Assistance

\$1,400 Stimulus Checks

Subject to limitations based on adjusted gross income (AGI), **individual adults will receive \$1,400 stimulus payments**. They will also get a **\$1,400 stimulus check for each dependent, using a broader definition of dependent than was used for earlier stimulus checks**.

The phase out of the stimulus payments begins at the same income levels as previous stimulus payments but completely phases out at lower levels. For example, a single person with AGI of \$75,000 and no qualifying children will get \$1,400. The same person will get a lower amount if her income is between \$75,000 and \$80,000 but will not be eligible for a payment with AGI of over \$80,000. Married couples filing joint federal income tax returns and surviving spouses get full \$1,400 checks if they have incomes up to \$150,000; someone filing as a head of household will get the full amount at an income up to \$112,500.

Effect on AFSCME Members: This is welcome support for many AFSCME families, and the payments will stimulate economic activity that provides revenue for state and local governments.

COBRA Health Benefits for Unemployed Workers

Employees and family members who lose their health coverage due to involuntary job loss or a reduction in hours are eligible for a federal subsidy that covers 100% of the premium for COBRA continuation coverage months beginning on or after April 1, 2021, and until Sept. 30, 2021. The subsidy is **paid directly to the plan or plan sponsor** as a credit against payroll taxes. It is not available to individuals eligible for coverage under another group health plan or Medicare.

Group health plans are required to notify eligible individuals about the availability of the new subsidy. Notices must also be sent to individuals when their periods of premium assistance are due to expire if their subsidy will end before Sept. 30, 2021, unless termination is due to eligibility for other coverage.

Effect on AFSCME Members: The premium subsidy provides workers and their families who lose their health benefits during the pandemic due to layoffs, furloughs or reduced hours continued access to the good health coverage they had at their job with critical premium assistance covering 100% of the cost. Normally, individuals electing COBRA coverage pay the full premiums, making it cost prohibitive for many.

Affordable Care Act Expansion

The American Rescue Plan includes a **broad, two-year expansion of the Affordable Care Act (ACA) federal subsidies for individual health plans** purchased through state health insurance marketplaces. The law:

- **Increases premium subsidies in 2021 and 2022 for all eligible individuals, including by making those with incomes within 100% – 150% of the poverty level eligible for no premium coverage.** Benchmark plan premiums are capped at no more than 8.5% of household income for higher income individuals, compared to 9.83% for people with incomes that are 300% – 400% of the poverty level before the new law went into effect. (The benchmark premium is the second-lowest-cost premium for a silver plan, i.e., a plan that pays for approximately 70% of covered health costs.)
- **Makes households earning more than 400% of the federal poverty level** (e.g., \$51,520 for an individual or \$106,000 for a family of four) **eligible for premium subsidies in 2021 and 2022 if the benchmark silver plan premium is greater than 8.5% of household income.** Individuals in these higher income households normally are not eligible for any premium subsidies.
- **Makes individuals who receive unemployment benefits during any week in 2021 eligible for maximum premium subsidies and cost-sharing reductions** (i.e., reductions in out-of-pocket costs such as deductibles), regardless of what their actual income is.
- Eliminates the claw back of advance premium subsidies paid in 2020 for anyone who underestimated her income and therefore got excess subsidy amounts during that year.

Effect on AFSCME Members: AFSCME members serve in roles providing health care and social services to people who are enrolled in ACA health plans or uninsured. According to a Kaiser Family Foundation study, 29 million people stand to benefit from the ACA subsidy expansion. These expansions in health coverage will boost funding for staff in and health and social service programs serving ACA enrollees. AFSCME families with members who are enrolled in ACA coverage or are uninsured stand to benefit significantly from the substantial increase in premium subsidies, with the potential to save thousands of dollars a year on coverage.

Unemployment Insurance

The American Rescue Plan provides substantial assistance to unemployed workers by **extending until Sept. 6, 2021, the temporary expanded unemployment insurance (UI) benefits that generally were due to expire in March.** Most of these provisions originated in either the Coronavirus Aid, Relief, and Economic Security (CARES) Act or the Families First Coronavirus Relief Act (FFCRA). In particular, the American Rescue Plan:

- **Extends the \$300 weekly supplement to all state and federal unemployment benefits,** known as Federal Pandemic Unemployment Compensation (FPUC), through Sept. 6, 2021.
- **Extends benefits for workers who are not eligible for regular UI,** known as Pandemic Unemployment Assistance (PUA), and increases the number of weeks of benefits an individual may claim from 50 to 79.
- **Extends the extra \$100 weekly benefit to individuals collecting regular UI who have at least \$5,000 a year in self-employment income.** These workers, who are disqualified from receiving PUA because they are eligible for regular state unemployment benefits, receive the extra \$100 on top of the FPUC extra \$300.
- **Extends the incentive for states to pay benefits immediately when a worker becomes unemployed** by providing full federal payment for the first week of compensable regular unemployment.
- **Increases the number of weeks of the temporary benefit provided after a worker exhausts regular UI,** known as Pandemic Emergency Unemployment Compensation (PEUC), from 24 to 53 and extends the period during which they can receive PEUC.
- Includes a hold-harmless provision for PUA overpayments made in error by the state to claimants who are eligible for PEUC as long as claimants receive payment from only one of those programs for the same week of unemployment.
- **Waives federal income tax on the first \$10,200 of UI benefits received in 2020 for households with adjusted gross incomes less than \$150,000.**

The American Rescue Plan also includes several provisions that affect employers and state UI programs. The law:

- **Extends temporary 100% federal financing of short-time compensation programs** (STC or work share program) payments in states with programs in law as of March 27,

2020, (the date of CARES Act enactment) through Sept. 6, 2021. The law offers a 50% subsidy for states that adopted a short-time compensation program after March 27, 2020.

- Extends temporary federal reimbursement for unemployment benefit payments to government and nonprofit employees until Sept. 6, 2021, and increases the federal share to 75% (from 50%).
- Extends emergency state staffing flexibility through Sept. 6, 2021. This gives state unemployment offices temporary, emergency authority to use “non-merit” staff.
- Sets Sept. 6, 2021, as the earliest date on which states would begin accumulating interest on federal loans they have taken out to pay state unemployment benefits.
- Extends temporary full federal financing of extended benefits through Sept. 6, 2021.
- **Provides \$2 billion for state unemployment IT systems upgrades** focused on fraud prevention, equitable access and timely payment of benefits.

Effect on AFSCME Members: The sizable injection of funding for UI programs should translate into additional support for staff and administration of state UI programs staffed by AFSCME members. However, the law once again extends the waiver of the merit staffing requirement for UI. Some states have already outsourced call center positions to several private companies, including Progressive Insurance. This has had a negative impact on AFSCME members working in UI and the Employment Service (ES) and on UI applicants and beneficiaries who have to navigate a system staffed by biased, unqualified employees of private entities.

AFSCME members who received UI benefits in 2020 could benefit from the waiver of federal income tax if they meet the income requirements. Also, the extension of STC provisions, coupled with the \$300 supplemental weekly UI payment, will provide an option for financially troubled employers to partially furlough employees while minimizing workers’ loss of income, or avoiding it completely. Work-share programs helped thousands of AFSCME employees in several states in 2020.

Child Tax Credits and Dependent Care

The American Rescue Plan includes a dramatic, one-year expansion of support for children and dependent care.

The 2021 **maximum child tax credit has been increased from \$2,000 to \$3,600 for each child under 6 and \$3,000 for children ages 6 to 17.** This credit will be refundable, meaning families can receive the money even if they pay less than this amount in taxes. Up to half of this credit could be sent out by the federal government as advance payments (probably monthly) starting in July. The increases in the maximum begin to phase out for heads of households making \$112,500 and married couples making \$150,000.

The 2021 **maximum dependent care tax credit**, which offsets the cost of care for children under 13 and other dependents, **has been increased to \$4,000 for families with one child and \$8,000 for those with two or more children.** It reimburses families for up to 50% of the cost of child

care expenses. This is an increase from previous rules, which reimbursed as much as 35% of expenses up to a maximum value of \$2,100 for two or more children.

The 2021 **maximum individual contribution to employer-established Dependent Care Flexible Spending Accounts has been increased to \$10,500**. Contributions are excluded from taxation, including under FICA. Normally, individuals can set aside \$5,000 in these accounts.

Effect on AFSCME Members: Many AFSCME members with eligible children will see a large one-year boost in their incomes as a result of the child tax credit expansion. AFSCME members with child and dependent care costs also could see very large gains. AFSCME members who are child care and early childhood education providers could benefit from the improved ability of parents to pay program tuition. Overall, family financial wellbeing in AFSCME communities will improve: just the increase in the child tax credit is expected to result in a dramatic reduction in child poverty, with more than 65 million children benefiting from it.

Earned Income Tax Credits

The American Rescue Plan changes the Earned Income Tax Credit (EITC) for the 2021 tax year by **increasing the credit amount for adults without children from \$543 to \$1,502**. It also **expands the age range of eligible workers without children** to include younger adults aged 19-24 who are not full-time students, as well as people aged 65 and older.

Effect on AFSCME members: The EITC expansion provides timely income support to an estimated 17 million people who do important work for low pay or on a less than full-time basis. Beneficiaries of this increase include AFSCME members' families and communities.

Nutrition Assistance

The American Rescue Plan provides **continued support for the Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children's (WIC) program and other assistance to children, families and seniors**. It includes:

- **A three-month extension of the 15% increase in the monthly SNAP benefit level** through Sept. 30, 2021.
- **\$1.135 billion for state SNAP agencies to support program administration in FY 2021 – FY 2023**, with 75% allocated for existing SNAP participants, and 25% allocated to states based on the increase in participants over the past twelve months.
- **\$1 billion in direct nutrition assistance for the territories**, to be available through FY 2027.
- **A temporary increase in the WIC Cash Value Voucher to \$35 per person, per month**, from the current amounts of \$9 for children and \$11 for women).
- **\$390 million in WIC program modernization efforts** for outreach, innovation and flexibility to increase participation in and redemption of benefits.

- **An expansion of the Pandemic Electronic Benefit Transfer (P-EBT) program to provide families with the value of missed school breakfasts and lunches** that would otherwise be served school meals in person. Benefits can be utilized through the summer.
- \$25 million to invest in technological improvements to expand EBT access so families can buy groceries online with SNAP benefits.
- **\$750 million for Older Americans Act nutrition programs** and **\$37 million for** low-income seniors through **the Commodity Supplemental Food Program**.

Effect on AFSCME members: In addition to providing critical food assistance to families in need, the American Rescue Plan provides additional resources to support the effective administration of SNAP. Investment in technologies will ease access to applicants and support state and local benefits offices. Spending on nutrition programs is also a highly effective investment in local economies, with \$1 of spending on SNAP benefits during a downturn estimated to generate \$1.50 or more in local economic activity.

Housing Assistance

The American Rescue Plan provides over **\$37 billion in housing assistance for renters and homeowners through emergency rental assistance, emergency housing vouchers and a new Homeowner Assistance Fund**. This includes:

- **\$21.55 billion in additional funding for emergency rental assistance** for eligible households for no more than 18 months.
- **\$5 billion for emergency housing vouchers** to be administered by public housing agencies. To be eligible, individuals or families must be homeless, at risk of homelessness, fleeing domestic violence or recently homeless.
- **\$9.961 billion to establish the Homeowner Assistance Fund** to mitigate hardships faced by homeowners associated with the coronavirus pandemic. The Fund provides funding to eligible entities (states and territories) for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement of homeowners who experienced financial hardship after Jan. 21, 2020. At least 60% of the amounts given to eligible entities must be used to provide financial assistances to homeowners with incomes no more than 100% of the area median income or the national median income.

Effect on AFSCME Members: The additional funding for housing assistance will provide much needed relief for renters, homeowners and those in need of housing. The Homeowner Assistance Fund will provide financial relief to millions of homeowners currently behind on their mortgages, including those with private home loans who were not covered under the CARES Act. Emergency rental assistance could go to pay rent to public housing authorities that employ AFSCME members. To the extent assistance is used to prevent the loss of utilities, it will aid water systems and other utilities that employ AFSCME members.

Home Energy and Water Assistance

The American Rescue Plan provides **\$4.5 billion for the Low-Income Home Energy Assistance Program (LIHEAP) to help households afford heating and cooling costs**. The additional funding is available in FY 2021–2022.

The law adds **\$500 million for assistance to low-income households to repay overdue water and wastewater utility bills through the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program**, which was first created in the Consolidated Appropriations Act in December. Funding is allocated to states, the District of Columbia, Puerto Rico and territories, which in turn will disburse it to water utilities to retire customers' debt.

Effect on AFSCME Members: AFSCME members who meet certain household income requirements could be eligible for LIHEAP assistance with energy expenses or could receive forgiveness for a portion of outstanding debt to a water utility. Certain water and wastewater utilities employing AFSCME members will receive financial support for lost revenue from unpaid utility bills.

Programs for Survivors of Domestic Violence

The law provides **\$450 million for programs related to the Family Violence Prevention and Services Act (FVPSA)**. This includes:

- **\$180 million to states and Indian nations to fund local public agencies and community-based organizations** that provide emergency shelter and supportive services to domestic violence survivors and their dependents, fund the National Domestic Violence Hotline, provide specialized services to children exposed to domestic violence, operate awareness and prevention programs, fund state domestic violence coalitions and provide resources and training to law enforcement, courts, social services and community-based organizations.
- **\$198 million to assist rape crisis centers** transition to virtual services and meet emergency needs of survivors.
- **\$49.5 million to support culturally specific community-based organizations** to provide culturally specific activities for survivors of sexual assault and domestic violence and address emergent needs resulting from the COVID-19 pandemic. An additional **\$18 million is directed to Indian nations for these purposes**, and another **\$2 million for the National Domestic Violence Hotline** (\$1 million of which is directed to Indian nations).

Effect on AFSCME Members: Any local public agencies that provide services to survivors of domestic violence and are funded under the Family Violence Prevention and Services Act would receive additional funding with this law. However, most funding under the Family Violence Prevention and Services Act goes to nonprofit, community-based organizations.

Child Abuse

The law provides **\$250 million for Community-Based Child Abuse Prevention Grants**, which support community agencies to be used for child abuse and neglect prevention activities and family support programs. The law also provides **\$100 million for Child Abuse Prevention and Treatment Act State Grants** to assist states in improving child protective services systems, including intake, assessment, investigation, risk assessment and training.

Effect on AFSCME Members: The law will provide significant additional funding to AFSCME members working in local child welfare agencies that are part of community child abuse prevention networks of public and private agencies and in child protective services agencies at the state or local level, depending on the state.

Student Loan Forgiveness Tax Relief

The law provides that any higher education student debt forgiveness that borrowers receive is tax-exempt. Normally, debt forgiveness or cancellation is treated as income for federal tax purposes. This measure eliminates that tax burden for debt discharged through January 2026, from federal direct student loans, state loans and eligible private loans. The act does not cancel any debt directly, but it is seen as removing an obstacle to student loan forgiveness proposals currently being considered by lawmakers.

Effect on AFSCME Members: AFSCME members, like millions of other Americans, are carrying increasing levels of student debt. The average student borrower who earns \$50,000 in income would save approximately \$2,200 in taxes for every \$10,000 of forgiven student loans. If President Biden or Congress cancels some student loan debt for federal student loan borrowers, as some have proposed, this provision will provide significant tax savings to many AFSCME members and their families.