



# American Rescue Plan deep dive

*Top-line numbers, details of key provisions and  
polling on the omnibus package*

**March 17, 2021**

## Your MBS Representation



**Denise Bode**  
*Partner*



**Tami Buckner**  
*Partner*



**Anne Canfield**  
*Partner*



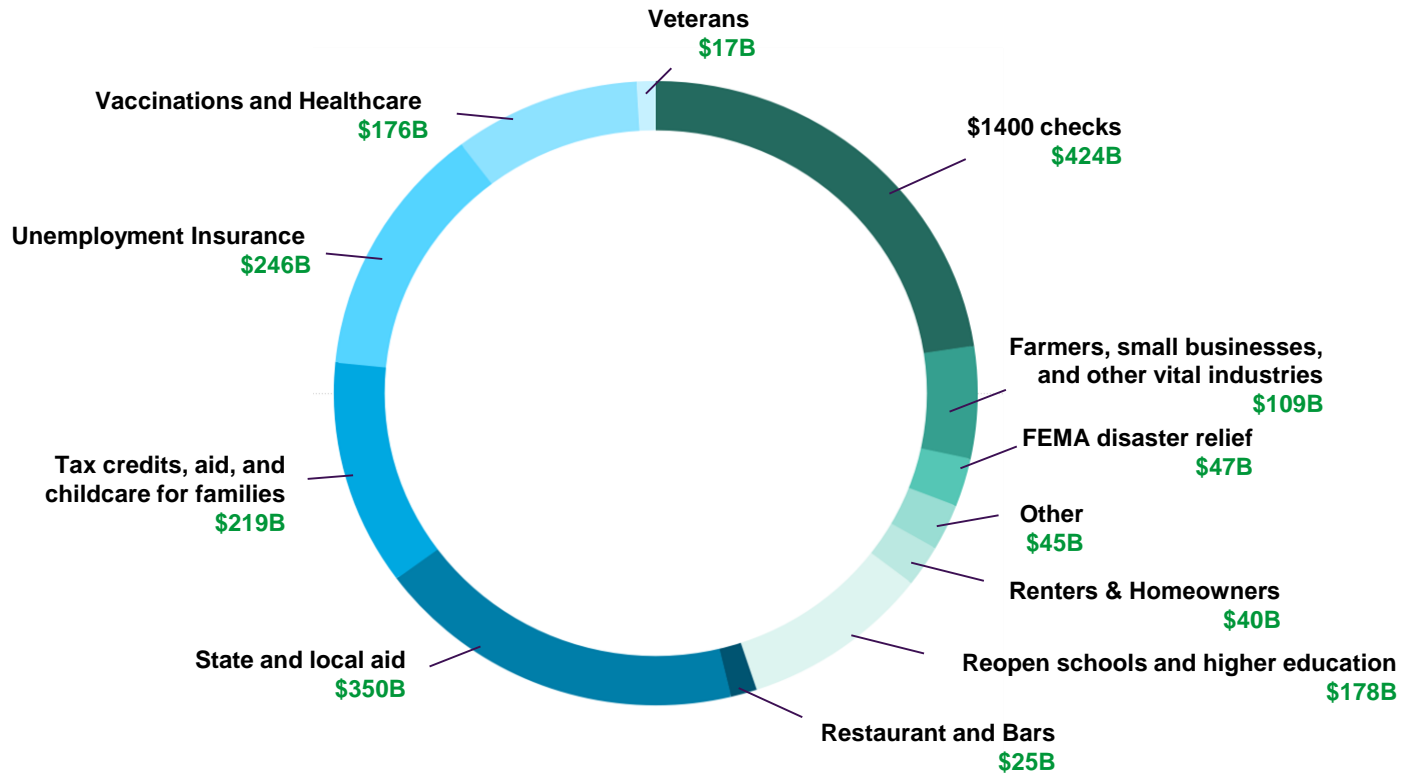
**Sarah Helton**  
*Partner*



## **Roadmap**

- 1. Overview**
- 2. State and local**
- 3. Tax credits and increases**
- 4. Housing**
- 5. Health care**
- 6. Tech and cyber**
- 7. Energy/Environment**
- 8. Labor**

## Allocation of funding in the American Rescue Plan

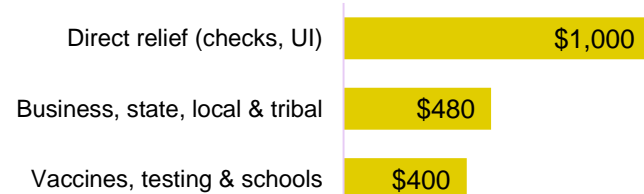


## Biden's American Rescue Plan overview

### Key Provisions

- ~\$1.9T price tag
- ~\$15B for distributing vaccines
- ~\$50B to expand testing and contact tracing
- ~\$130B to K-12 schools for safety equipment
- \$1,400 stimulus checks for individuals earning less than \$75,000/year plus \$1,400 for every dependent of qualifying individuals, regardless of age
- \$300/week in supplemental unemployment benefits through September 6, 2021
- **Child tax credit increases** for couples earning less than \$150,000/year and single parents earning less than \$112,500/year
- **Earned Income Tax Credit** increase from ~\$540 to ~\$1,500 for childless people
- **Additional PPP funding** and increased definition of which organizations can receive PPP funding
- **Additional funding for airline and restaurant industries**

### Topline breakdown (in billions)\*



### Timeline

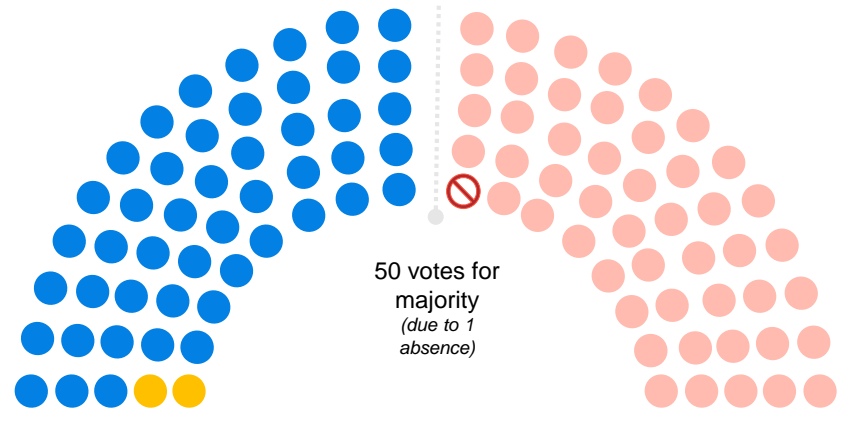
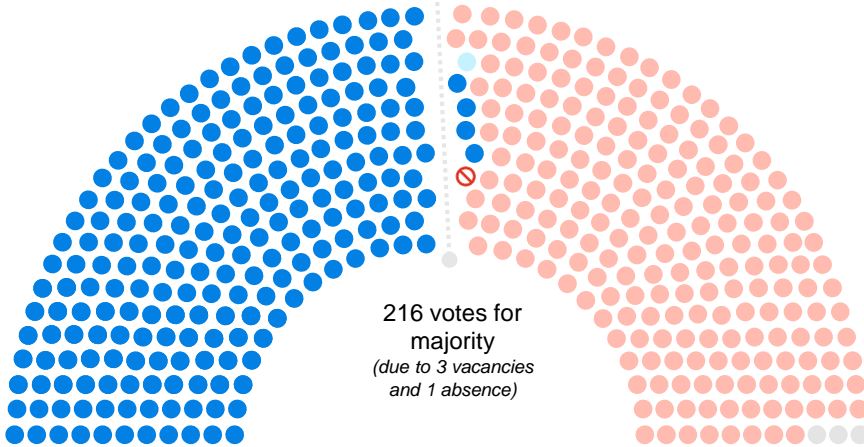
- Initial bill passed House on February 27, 2021
- Amended bill passed Senate on March 6, 2021
  - House passed amended bill on March 10, 2021
  - Key changes:
    - Decreased income cap for checks
    - Decreased supplemental UI benefit but extended length
    - Removed minimum wage increase (blocked by secretary of the Senate)
- Biden signed the bill into law on March 11, 2021

\* Numbers in graph are approximate, due to complexities of the bill and appropriations of funding

# Final congressional votes

**House vote:  
220-211**

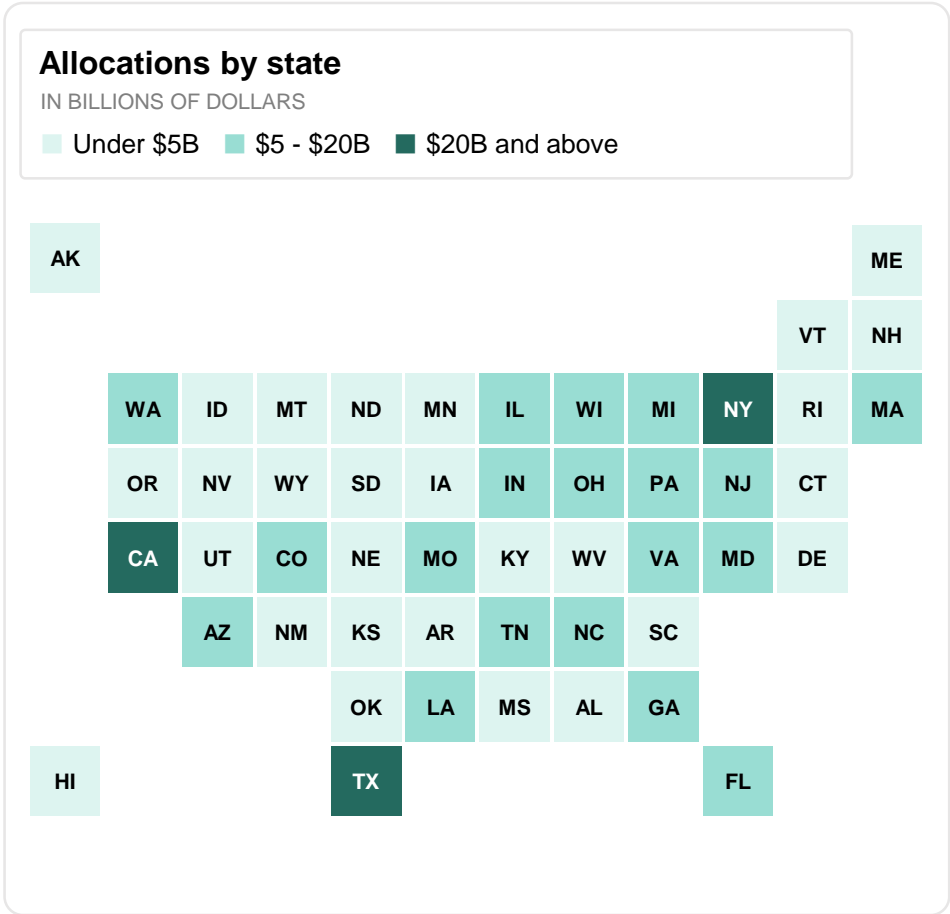
**Senate vote:  
50-49**



Votes by party	Yea	Nay	Not voting
Republican	0	● 210	⊘ 1
Democratic	● 220	● 1	0
<b>Total</b>	<b>220</b>	<b>211</b>	<b>1</b>

Votes by party	Yea	Nay	Not voting
Republican	0	● 49	⊘ 1
Democratic	● 48	0	0
Independent	● 2	0	0
<b>Total</b>	<b>50</b>	<b>49</b>	<b>1</b>

# State and local aid in the ARP: \$350 billion



## ANALYSIS

- **States - \$195.3 billion**
  - Divided according to state's share of national unemployed
  - At minimum, each state will receive the amount it was allocated by the CARES Act
- **Local governments - \$130.2 billion**
  - Split evenly between cities and counties
  - City aid based on the existing formula for Community Development Block Grants
  - County aid based on population
- Remaining funds split:
  - Tribal govts - **\$20 billion**
  - US territories - **\$4.5 billion**
- 29% of state and local aid will go to California, Texas, and New York

# Background on proposal to increase child and dependent, child, and earned income tax credits



## Increase child and dependent care tax credit for 2021

- Currently: Nonrefundable, up to \$1,050 for one child under 13 or dependent and up to \$2,100 for two or more children under 13 or dependents
- Proposal:
  - For only 2021, refundable credit up to \$4,000 for one child under 13 or \$8,000 for two or more children under 13
  - Credit begins phasing out at incomes of \$125,000 and phases out completely at \$400,000



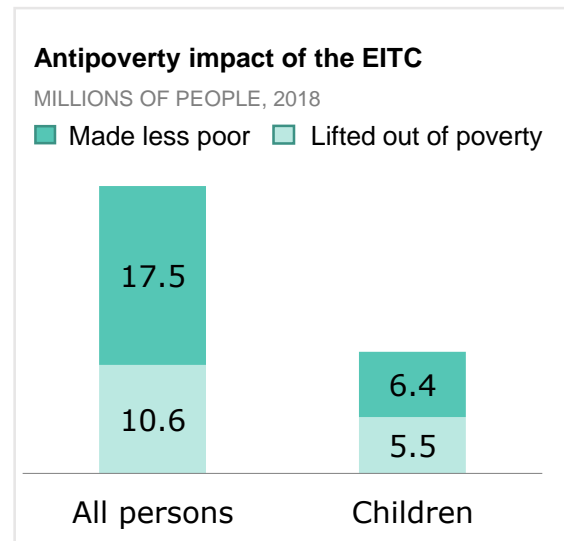
## Increase the child tax credit for 2021

- Currently: \$2,000 per child under 17, refundable up to \$1,400
- Proposal: For only 2021, \$3,000 per child under 18, plus \$600 per child under 6 years old, fully refundable



## Expand earned income tax credit (EITC), 2021

- \$1,500 maximum credit for childless adults
- Increase the income limit to \$21,000
- Eliminate the age cap for older workers





## Tax hikes on large corporations

**In a sentence:** A last minute tax hike was added to comply with budget reconciliation rules, and includes three provisions which will raise a total of **\$60 billion**.

**1**

### Limits on executive wage deductions

- Publicly traded companies can usually deduct most employees' pay, except for **five of the highest paid employees** if they are paid over \$1 million
- Doubles this number to 10 of the highest paid employees making over \$1 million
- Measure will raise \$6 billion

**2**

### Stricter checks on MNCs

- Limits how multinationals account interest expenses when completing their tax forms
- Measure will raise \$22 billion

**3**

### Limits deductions for unincorporated Firms until 2026

- Limits the amount that unincorporated businesses can offset in losses against other income to reduce their tax bill to \$500,000
- Extends this limit, previously set to expire in 2025, to 2026
- Senate Finance Committee estimates this provision will raise \$31 billion

# Housing assistance

## Key Provisions

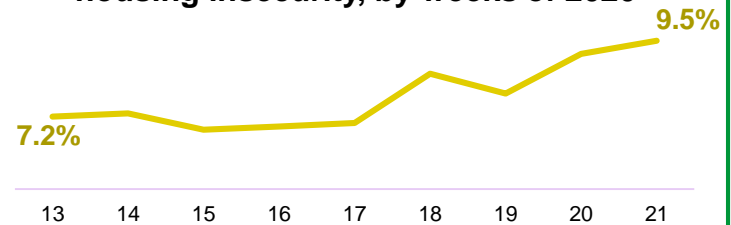
- ~\$30B in assistance for rent, water, and critical energy
  - ~\$20B for rental assistance, on top of the \$25B from the Consolidated Appropriations Act
  - \$5B to cover utilities through programs like Low Income Home Energy Assistance Program
  - \$5B in emergency housing vouchers
- \$10B in mortgage assistance
- \$5B in emergency assistance for those who are homeless, or who are at risk of losing their home
- **Provision of legal funds** for households tackling eviction or foreclosure
- **The national moratorium** on evictions and foreclosures will likely remain until March 31<sup>st</sup>, 2021
  - President Biden had planned to use this bill to extend it until Sep. 30<sup>th</sup>, 2021



**18%**

The proportion of renters who say they are behind on rent, as of January 2021

## Proportion of households suffering housing insecurity, by weeks of 2020



## Outlook

- The number of American households suffering from housing insecurity grew from 10.2 million in the 13<sup>th</sup> week of 2020 to 13.4 million
  - As the graph above indicates, this amount to an increase from 7.2% to 9.5% of all households
- The funding to alleviate homelessness aims to help 200,000 people find stable housing
- The emergency assistance funds for the homeless will be channeled through state and local bodies

## Vaccine, testing, & targeted community provisions

### Vaccine and testing provisions

- **\$7.5 billion** for **CDC** vaccine distribution optimization efforts
  - Includes vaccine clinics and targeting of hard-to-reach areas and communities of color
- **\$5.2 billion** for **BARDA** to help with supplies and vaccine procurement
- **\$48.3 billion** for testing, contact tracing, additional PPE for frontline health care workers, and improving isolation and quarantine measures in various communities
- **\$1.73 billion** enhance genome sequencing research on the novel coronavirus
- Allocates **\$7.66 billion** to bolster the public health workforce

### Targeted community support

- Relief for frontline workers serving **communities of color** and other **underserved populations**
  - Community health centers will receive **\$7.6 billion** in funding
  - The Older Americans Act programs will receive **\$1.44 billion** in funding
  - The National Health Services Corps will receive **\$800 million** in funding
- **\$3.88 billion** to expand investments in mental health and substance use disorder treatments
- Supporting **veterans** during the pandemic by providing funds that will help:
  - Waive copays and expand health care services including telehealth and mental health services
- Funding for **Indian Health Services** to better address the needs of the AIAN community

## Health insurance provisions in the ARP

### Provisions on the ACA

- **\$50 million** on **outreach** to support the **special enrollment period** that began on February 15
- Provides the largest health insurance coverage expansion since the ACA was enacted a decade ago
  - \$24.4 billion in increased subsidies and ends the “subsidy cliff” due to spending
  - Currently, the “subsidy cliff” ends health insurance premium subsidies for households earning over 400% of the federal poverty line
- **Limits payments on health insurance plans** for all Americans to 8.5% of household’s income through end of 2022
- **Cost-sharing support** for unemployed Americans enrolled in a qualifying health plan who has received (or is approved to receive) unemployment compensation in 2021
- Subsidizes **COBRA coverage and waives premiums** through September 30<sup>th</sup> for those with employer-sponsored coverage who have experienced layoff, furlough, or a reduction in hours

### Other health care provisions

- Up to **\$8.5 billion** for rural hospitals and medical facilities
- Increases **Medicare reimbursements** to hospitals
  - Will increase urban state hospital payments so that a hospital in an urban area of a state will not be able to have a Medicare wage index lower than that of a hospital in a rural area of the same state
- Allows **Medicare reimbursement for ambulances** that deliver ground ambulance services in response to emergency 911 calls that would usually require transport to a local hospital but has resulted in on-the-ground services due to COVID-19 and changes in protocols for on-site hospital admission and care

## ARP adds over \$7 billion in funding for broadband

### What is the Emergency Connectivity Fund (ECF)?

**\$7.17  
billion**

---

The **ECF** will reimburse schools and libraries for providing broadband and connected devices to students and patrons at their homes via the FCC E-Rate program

- E-Rate had traditionally only funded service to and within schools and libraries
- FCC must issue new rules to implement the program by mid-May 2021
- Funding for enhanced E-Rate support will be available for at least one year after the end of the COVID-19 emergency



### OTHER PROGRAMS OF NOTE

- **\$9.961 billion for a new Homeowner Assistance Fund**, which will assist homeowners with various payments, including internet service
- **\$219.8 billion** to states, territories, and tribal entities for local economic recovery purposes
- **\$120.2 billion** to local governments and counties for FY21 for local economic recovery purposes

## Key provisions on cybersecurity and technology modernization



\$1 B

### GSA TECHNOLOGY MODERNIZATION FUND

- Intended to update outdated IT systems
- \$650 million of this funding is for cybersecurity investments and \$350 for other modernization activities



\$650 M

### CISA

- Funds are meant to strengthen federal cybersecurity and protect the vaccine supply chain
- Funding will likely be used to modernize the National Cybersecurity Protection System and the Continuous Diagnostics and Mitigation program



\$200 M

### US DIGITAL SERVICE

- US Digital Service is a technology team within the Executive Office of the President



\$140 M

### INDIAN HEALTH SERVICE

- Funding for IT, telehealth infrastructure, and EHR systems upgrades

## Energy, environment, and infrastructure provisions in the American Rescue Plan



### Energy

- **\$4.5 billion** in cooling and heating cost assistance to families through the Low-Income Home Energy Assistance Program (LIHEAP)



### Water

- **\$500 million** in water cost assistance to low-income families under the program established in December 2020 COVID-19 relief legislation



### Environmental justice

- **\$100 million** in grants targeting health disparities from pollution and COVID-19



### Transportation

- **\$30 billion** in transit assistance for PPE and payroll costs
- **\$1.5 billion** for Amtrak route restoration and worker assistance
- **\$8 billion** for airports
- **\$15 billion** for airline industry employees
- **\$3 billion** for the aerospace manufacturing sector

## Multiemployer pension plan bailout provisions

### BUTCH LEWIS EMERGENCY PENSION PLAN RELIEF ACT (EPPRA)

- Introduced by Sen. Sherrod Brown (D-OH) in July 2019, but no action in 116<sup>th</sup> Congress
- **\$86 billion** - CBO cost estimate
  - To partially offset cost, the flat-rate premium for all multiemployer pension plans **will increase to \$52**, indexed to inflation, per participant, beginning in 2031
  - Current premium for multiemployer pension plans is \$31
- Creates the Special Financial Assistance Program for Financially Troubled Multiemployer Pension Plans
  - **~10 million Americans** participate in multiemployer pensions plans
  - **~1 million** in plans projected to have insufficient funds to pay full benefits within 20 years
- Plans can receive funding from a new Treasury-backed Pension Benefit Guaranty Corporation (PBGC)
- **Plans must meet one of four conditions to qualify:**
  - Status is “critical” or “declining”
  - Previously imposed a benefit suspension under the Multiemployer Pension Reform Act of 2014
  - Have a modified funded percentage of less than 40% on a current liability basis, and have a ration of active to inactive participants of less than 2 to 3
  - Be insolvent



## Additional details on the EPPRA

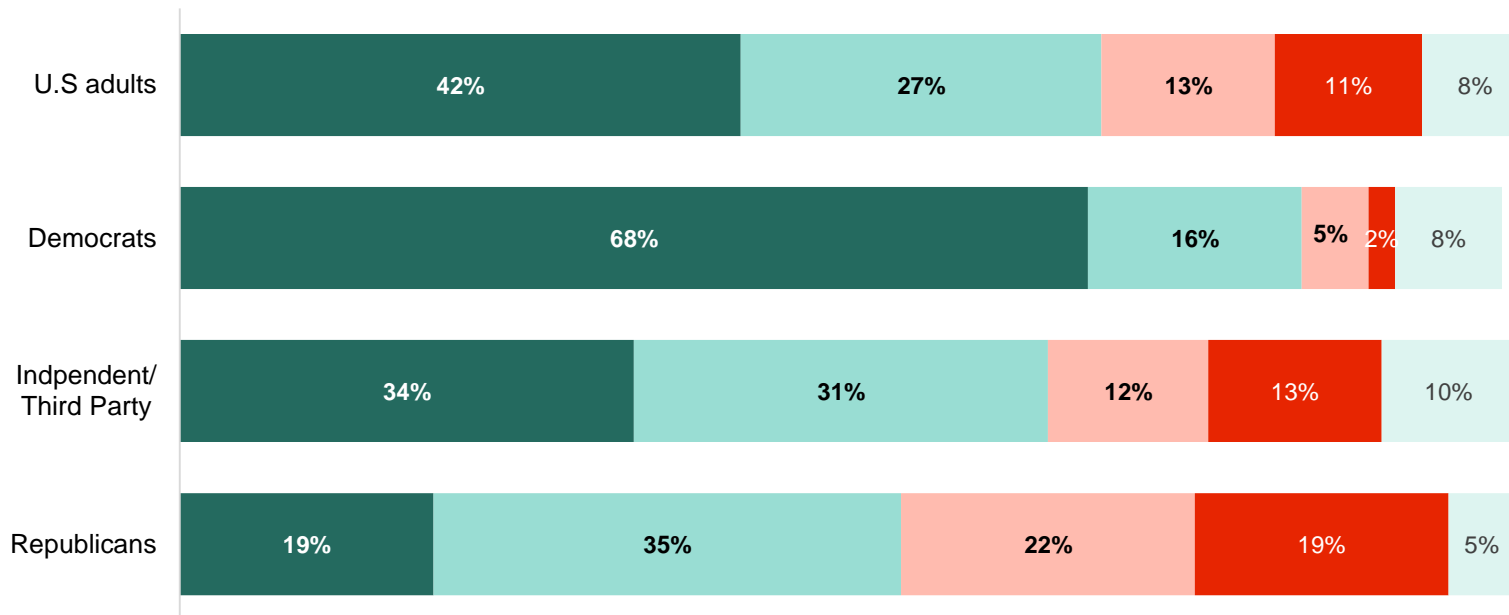
- Funding from this program will be **sufficient for eligible plans to pay out all benefits for the next 30 years**, including any benefits previously suspended under MPRA, which must be restored by plans that receive funding
- Funding will be delivered in a single lump sum **and does not need to be repaid**
- The financial assistance may only be used for benefit payments and plan expenses
- Recipients must invest the money in investment-grade bonds, or other investments allowed by the PBGC, and keep earnings on the assistance separate from other plan assets
- **The PBGC may impose restrictions on plans that receive funding**, such as limits on accrual rates, retroactive benefit improvements, reductions in employer contributions, diversion of employer contributions, withdrawal liability rules, and plan asset allocation requirements
- In addition to funding, **the provision allows any multiemployer pension plan to:**
  - Elect the same zone status that applied in the previous year for either the 2020 or 2021 plan year
  - Extend the improvement or rehabilitation period an additional 5 years by operating under a funding improvement or rehabilitation plan in plan year 2020 or 2021
  - Spread the plan's 2020 and 2021 investment losses over a period of up to 10 years
  - Amortize the plan's 2020 and 2021 experience losses over a period of up to 30 years

# 69% of Americans support the ARP

**Congress is now voting on the American Rescue Plan, a \$1.9 trillion pandemic relief package ...  
Do you support or oppose this bill:**

DATA FOR PROGRESS SURVEY CONDUCTED MARCH 5-7, 2021 OF 1429 LIKELY VOTERS

■ Strongly support 
 ■ Somewhat support 
 ■ Somewhat oppose 
 ■ Strongly oppose 
 ■ Don't know



## A majority of Americans support key provisions

**Below are the main provisions of the American Rescue Plan.  
For each proposal, please indicate where you support or oppose it:**

DATA FOR PROGRESS SURVEY CONDUCTED MARCH 5-7, 2021 OF 1429 LIKELY VOTERS

■ Strongly support 
 ■ Somewhat support 
 ■ Somewhat oppose 
 ■ Strongly oppose 
 ■ Don't know

