



## American Rescue Plan Act of 2021

March 10, 2021

The U.S. Senate on March 6 and the House on March 10 passed the \$1.9 trillion American Rescue Plan Act of 2021, President Biden’s stimulus package to speed recovery from the health and economic effects of the COVID-19 pandemic.



*-Single largest investment ever in public education*

*-Will cut poverty for children under 18 by nearly 50 percent through expanding the Child Tax Credit to \$3,600 for children under 6 and \$3,000 for children 6 to 17*

*-Single largest one-time investment ever in the E-rate program—and the only appropriated investment in the program’s history—specifically to address the homework gap*



### **Education Funding**

- Provides more than \$170.3 billion for K-12 schools, higher education and related programs under the U.S. Department of Education (DoE), including:
  - \$122.8 billion for the Elementary and Secondary School Education Relief Fund (ESSER), with no less than 90 percent delivered through Title I, which may be used for purposes including:
    - Activities authorized by ESEA, IDEA, Adult Education and Family Literacy, Perkins CTE, and McKinney-Vento Homeless Assistance;
    - Improving coordination among state, local, tribal, and other entities to improve coordinated responses to prevent, prepare for, and respond to COVID-19;
    - Activities and service delivery to address the unique needs of students who are low-income, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and youth in foster care;
    - Developing and implementing procedures and systems to improve the preparedness and response efforts of Local Education Agencies;
    - Training and professional development on sanitation and minimizing the spread of infectious disease;
    - Planning for, coordinating, and implementing activities during long-term closures, including providing meals to eligible students, providing technology for online learning, and providing guidance on meeting IDEA requirements;

- Purchasing education technology including hardware, software and connectivity for students and assistive technology or adaptive equipment;
  - Providing services to support student mental health, including through full-service community schools;
  - Planning summer learning, after-school, or online learning during the summer months;
  - Addressing disrupted learning through evidence-based approaches which can include assessments and distance learning equipment;
  - School facility repairs and improvements to reduce virus transmission and exposure to environmental health hazards, and to support student health needs;
  - Inspection, testing, maintenance, repair, etc., to improve indoor air quality, HVAC and circulation systems and window and door upgrades;
  - Developing and implementing public health protocols in line with CDC guidance for reopening schools to maintain the health and safety of students, educators and other staff; and,
  - Other activities necessary to open and maintain services in LEAs including continued employment of existing staff.
- The law also prioritizes addressing students' disrupted learning, among other new priorities, by requiring LEAs to reserve no less than 20 percent of their funds to address disrupted learning, and SEAs must:
    - reserve no less than 5 percent to address disrupted learning;
    - no less than 1 percent for summer enrichment programs;
    - no less than 1 percent for comprehensive afterschool programs; and,
    - not more than 0.5 for administrative costs.

*\*Please see the NEA's estimated state-by-state calculations of education funding [here](#).*

### **Higher Education Emergency Relief Fund (HEERF)**

- Provides nearly \$40 billion in grants to institutions of higher education.
  - 7.5 percent is specifically dedicated for Historically Black Colleges and Universities, Tribal Colleges and Universities, Minority-Serving Institutions, and other under-resourced institutions.
  - Allocations per institution are determined by the number of Pell Grant recipients by full-time enrollment.
  - Institutions are required to use a portion of the institutional share of new allocations to implement evidence-based practices to mitigate COVID-19 and conduct outreach to students regarding the opportunity to receive a financial aid adjustment due to the recent unemployment of a family member or other changes in financial circumstances.
  - Institutions are required to allocate at a minimum the same amount of funding in financial aid grants to students, as what was allocated under CARES Act.

- Public and private non-profit institutions receiving new HEERF allocations will be required to spend at least 50 percent of such allocations on emergency financial aid grants to students.
- For-profit institutions and institutions receiving allocations due to the enrollment of students exclusively online will have to spend 100 percent of such allocations on student aid.

**Allowable uses of funding:**

- Defraying expenses (including lost revenue, reimbursement for expenses already incurred, technology costs associated with distance education, faculty and staff trainings, and payroll) incurred by institutions of higher education.
- Providing grants to students for any component of the student’s cost of attendance, including food, housing, course materials, technology, health care, and childcare, with any such students receiving such grants determined solely by the institution.

**Student Aid and Student Loans**

- Includes a provision to make any student loan forgiveness passed between Dec. 31, 2020 and Jan. 2, 2026 tax-free. (Typically, forgiven debt would be treated as taxable income.)
  - This clears up a question some have raised that *could* have been a major hurdle for President Biden to implement broad-student debt cancellation through executive action.
- Closes the 90/10 loophole, removing the incentive for for-profit colleges to target veteran students. This change will take effect in January 2023.
  - The “90/10 Rule” caps the percentage of revenue a proprietary school can receive from federal financial aid sources at 90 percent; the remaining 10 percent must come from other sources. Despite being federal sources, for-profit colleges have been able to count veteran education benefits under the 10 percent.
  - Closing the loophole means that all types of federal funding, including veteran benefits, will now be counted toward the 90 percent.

**State, Local, Tribal, and Territorial Government Funding**

- Provides \$350 billion in direct aid to states, territories, tribes, and local governments to be used to offset revenue losses, bolster economic recovery, and help keep front-line workers on the job.

**Homework Gap**

- Provides \$7.172 billion in emergency funds to the Federal Communications Commission’s E-rate program to help schools ensure all K-12 students have an internet connection or a device adequate for distance learning at home so they can participate in remote learning.

## **Economic Support for Households**

- \$1,400 payments to eligible individuals earning up to \$75,000 a year, heads of households earning \$112,500 and couples with incomes up to \$150,000. (Individuals with annual incomes of more than \$80,000, heads of households earning \$120,000 and couples with incomes higher than \$160,000 would not receive new stimulus payments.)
- Eligible dependents, including adult dependents, also would each receive \$1,400.
- People receiving Social Security, Supplemental Security Income (SSI), Veterans Administration (VA) and Railroad Retiree benefits would automatically receive the payment, even if they don't normally file tax returns.

## **Health Care**

- Increased funding for the Centers for Disease Control and Prevention (CDC) to test, track, and vaccinate individuals.
- Increased Affordable Care Act premium subsidies so individuals do not pay more than 8.5 percent of their income for coverage.
- Increased support for Medicaid, community health centers, and tribal health programs.
- Increased support for Substance Abuse and Mental Health Services Administration (SAMHSA) programs and training for mental and behavioral health professionals, paraprofessionals, and public safety officers.
- Payments of 100 percent of COBRA premiums through September 2021 to prevent individuals who have lost their jobs from losing health insurance.
- A two-year increase in [Affordable Care Act \(ACA\)](#) subsidies to help individuals afford health insurance plans in the ACA marketplace.
- Individuals with incomes above 400 percent of the federal poverty level (\$51,520 for an individual) would qualify for subsidies so they would not have to pay more than 8.5 percent of their annual income for health care premiums.

## **Vaccines**

- Increased funding to the CDC to [improve the process of distributing and administering COVID-19 vaccines](#), including help to state, local, and tribal health departments.
- Additional funding for public health workforce, including resources for community health centers for testing and vaccine distribution.
- Increased funding to the Department of Health and Human Services and the CDC to improve surveillance of new COVID-19 strains.
- Requirement that group health plans and health insurance issuers cover the cost of any qualifying coronavirus service, without requiring co-pays.
- Medicare payment increases to all hospitals and providers during this crisis, and new investments in the country's Strategic National Stockpile, surge capacity, and medical research into COVID-19

## **Pensions**

- Provides relief to plan sponsors by replacing the seven-year window for repayment of the shortfall with a 15-year window for repayment, thus allowing plan sponsors to spread the component of the total contribution in each year dedicated to addressing the shortfall over a greater number of years.
- Severely underfunded multiemployer pension plans could get federal assistance from the Pension Benefit Guaranty Corporation.

## **Paid Leave:**

- Establishes an emergency fund for federal employees to take 600 hours or 15 weeks of emergency leave if the employees are:
  - Unable to work because of a Federal, State, or local quarantine or isolation order related to COVID-19
  - Advised by a health care provider to self-quarantine due to concerns related to COVID-19
  - Caring for an individual who is subject to such an order or has been advised to quarantine
  - Experiencing symptoms of COVID-19 and seeking a medical diagnosis
  - Caring for a child whose school has been closed or requires or makes optional a virtual learning instruction model or requires or makes optional a hybrid of in-person and virtual learning instruction models, or caring for a child whose childcare provider is unavailable due to COVID-19 precautions
  - Experiencing any other substantially similar condition, or
  - Caring for a family member with a mental or physical disability or is 55 or older and incapable of self-care, regardless of whether an individual other than the employee is available to care for such family member, if the place of care for such family member is closed or the direct care provider is unavailable due to COVID-19
  - Obtaining immunization related to COVID-19 or recovering from any injury, disability, illness, or condition related to such immunization
- Tax credits to employers (including state and local governments, i.e., making educators eligible) that offer paid leave to their employees would be extended to Sept. 30, 2021, *including family caregivers who need to care for themselves*.
- Does not require employers to offer paid leave.

## **Unemployment Insurance**

- Covers individuals whose place of employment is closed as a direct result of the COVID-19 public health emergency—including educators who are not working because of closures.
- Covers individuals, including educators, who have a COVID-19 diagnosis, or are caring for spouse, child, or household member COVID-19.
- Applies to individuals who are not eligible for regular compensation or extended benefits under state or federal law or pandemic emergency unemployment compensation.
- Applies to full- and part-time workers who have been laid off.

- Waives the usual seven-day waiting period during which applicants for benefits must wait after losing employment before applying for UI benefits.
  - Individuals can receive an additional \$300 per week above the states' determination of qualifying unemployment compensation until Sept. 6, 2021.
  - The bill includes a provision that provides tax relief on up to \$10,200 in income from unemployment benefits for households earning less than \$150,000 a year.
  - The total number of weeks during which individuals who are not able to return to work safely can collect benefits would rise from 50 to 74.

### **Nutrition/Food Assistance**

- Extends the 15-percent boost to Supplemental Nutrition Assistance Program (SNAP) benefits through Sept. 30, 2021, provides extra administrative funds to keep SNAP benefits flowing to households in need, and supplies additional funding to expand access to SNAP online purchasing.
- Makes young adults up to 24-years-old eligible to receive healthy Child and Adult Care Program meals at homeless shelters and youth-serving shelters.
- Provides Pandemic Electronic Benefit Transfer program benefits to school-age and young children for the summer and extends the program through the end of the COVID-19 health crisis.

### **Immigration-related provisions**

- Provides economic relief to mixed-status families previously excluded in past COVID-relief by eliminating the immigrant status penalty on the Earned Income Tax Credit (EITC). Also, parents with Individual Taxpayer Identification Numbers are eligible to receive EITC, expanding relief to an additional 2.2 million children.
- State and local funds have no status restrictions. States can use American Rescue Plan Act funds to assist undocumented families. Rental assistance and mortgage assistance also have no status restrictions.

### **Housing/Homelessness**

- Provides an additional \$21.55 billion in Emergency Rental Assistance to augment the \$25 billion to states from December 2020 to help families pay rent and utilities and stay in their homes.
- Provides \$5 billion to help communities offer support services and safe, socially distant housing to protect the health of individuals and families experiencing homelessness and to and help control transmission of coronavirus.
- Provides \$5 billion in Emergency Housing Vouchers to help transition high-need homeless and at-risk families, youth, and individuals, including survivors of domestic violence and human trafficking, to stable housing.
- Provides \$100 million in Rural Rental Assistance and \$39 million in rural mortgage assistance.

- Provides \$20 million in Fair Housing assistance to organizations to help renters, homeowners, and housing providers identify and combat housing discrimination and help address the increase in housing challenges.