

Overview of the American Rescue Plan

The \$1.9 trillion relief bill, known as the American Rescue Plan, has passed Congress and will head to President Joe Biden for a signature. Highlights of the bill include extended unemployment benefits, direct checks to individuals and more.

While some of the bill was changed during its time in the Senate, it's largely similar to the initial version passed by the House. However, some key provisions, such as a higher minimum wage, were scrapped amid efforts to pass the bill swiftly.

This article outlines the most relevant provisions included in the bill.

SMALL BUSINESS ASSISTANCE

The bill invests billions toward small business assistance. Here is the current funding breakdown:

- Economic Injury Disaster Loan program: **\$15 billion**
- New grant program for bars and restaurants, specifically: **\$28 billion**
- Paycheck Protection Program: **\$7.25 billion**

DIRECT PAYMENTS

Just like the two other COVID-19 relief bills passed during the pandemic, this version also features direct payments to Americans. This time around, eligible recipients can expect **\$1,400 per person** (\$2,800 for couples), including adult dependents—a family of four could receive up to \$5,600.

However, payment parameters are stricter this time around than with the previous direct payment. The full amount will go to individuals earning **under \$75,000** (or \$150,000 for couples), with payments cut off entirely for individuals earning over \$80,000 (or \$160,000 for couples). Individuals earning an amount between those figures will receive a reduced sum.

UNEMPLOYMENT AID

The bill extends two previously established pandemic unemployment assistance efforts: the Pandemic Unemployment Assistance Program and the Pandemic Emergency Unemployment Compensation program. Unemployed gig workers, freelancers, contractors and others who previously qualified for aid will continue to be eligible under these programs. The financial assistance provided by these two programs is currently set to expire in mid-March, which pressured legislators to act quickly.

The bill also provides for enhanced unemployment assistance payments of **\$300 per week**. Under the bill, these programs and their financial aid are extended **through Sept. 6**.

HOUSING ASSISTANCE

The bill sets aside billions in financial aid to homeowners and renters. Here is the funding breakdown:

- Aid for emergency rental assistance: **\$22 billion**
- Aid for mortgages, utilities and property taxes: **\$10 billion**
- Aid to states and localities to help individuals at risk of becoming homeless: **\$5 billion**

EMERGENCY PAID LEAVE

The Families First Coronavirus Response Act (FFCRA), signed into law on March 18, 2020, required certain employers to provide employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. That requirement expired Dec. 31, 2020.

The American Rescue Plan maintains the status quo, in that it does not require employers to offer leave under the FFCRA framework. However, the bill does provide tax credits for employers that voluntarily provide leave under the FFCRA framework through the end of September 2021.

AID TO SCHOOLS AND CHILD CARE

A significant portion of the relief bill involves aid to states, including schools and child care facilities:

- Aid for getting K-12 schools ready for in-person learning: **\$125 billion**
 - Money may be used for purchasing protective equipment, improving ventilation systems and hiring support staff, among other things. However, **20%** of the money schools receive must be used to address pandemic learning loss—for example, extending learning time into the summer.
 - Aid carved out specifically for private schools: **\$2.75 billion**
- Aid for colleges: **\$40 billion**
 - Institutions will be required to spend at least **50%** of their allocated funds on emergency financial aid grants to students.
- Child care provider assistance: **\$39 billion**
 - Funds may be used for payroll, rent, protective equipment and other expenses.

TAX CREDITS

The relief bill provides an overhaul of the child tax credit for the 2021 tax year. The bill increases the amount of the credit to **\$3,000** for each child under the age of 18 and **\$3,600** for children under the age of 6. The credit will also become fully refundable, meaning low-income individuals would receive the benefit.

The bill also expands the earned income tax credit for individuals without children. The maximum credit will be nearly tripled, and eligibility will be expanded as well.

HEALTH INSURANCE

The bill subsidizes private health insurance premiums for unemployed workers through the Consolidated Omnibus Budget Reconciliation Act (COBRA). The provision allows individuals eligible for COBRA insurance coverage to maintain their employer-sponsored coverage after losing employment without having to pay any portion of the premiums through the end of September 2021.

Additionally, the bill invests nearly \$35 billion in premium subsidy increases for those who buy coverage on the ACA Marketplace. The bill increases the subsidies provided to currently eligible individuals, and removes the 400% federal poverty level cap (equal to approximately \$51,000 for an individual) on subsidy eligibility.

AID TO STATES, LOCAL GOVERNMENTS, TRIBES AND TERRITORIES

The bill provides billions in financial assistance to states, local governments, tribes and territories. Here is the current funding breakdown:

- Aid to state and local governments: **\$325.5 billion**
- Aid to tribes and territories: **\$24.5 billion**
- Creation of the Coronavirus Capital Projects Fund, to carry out capital projects directly enabling work, education and health monitoring: **\$10 billion**

WHAT'S NOT IN THE BILL

A minimum wage hike to \$15 per hour—one of the most discussed provisions from the initial bill—has been removed from the final version due to strict rules governing budget bills in the Senate. Some Democrats have suggested this provision may be considered as a standalone bill, but any movement on that front remains to be seen.

Additionally, the bill does not include an extension of the eviction moratorium, which is set to expire on March 31, or an expansion of mandated paid sick and family and medical leave. While neither were included in the original House bill, these were popular provisions contained within one of the previous bills.

SUMMARY

While there are many complex provisions in this nearly \$2 trillion relief bill, Phelan Insurance Agency, Inc. is here to help employers make sense of everything. Reach out with questions about how this new bill may affect your organization.