

## Highlight's of Biden's COVID-19 American Rescue Plan

The Biden Administration has provided details of the American Rescue Plan (ARP), which provides \$1.9 trillion in immediate relief to individuals who continue to be adversely affected by the COVID-19 pandemic. President Biden is expected to follow up with a third stimulus bill to jumpstart economic recovery. The following provides details of the plan.

### **Increase in Stimulus Checks**

The ARP proposes an additional \$1,400 per qualifying individual, which is in addition to the \$600 checks included in the Consolidated Appropriations Act (CAA) approved by Congress last December. Some members of Congress felt that amount was far below what was needed, while other legislators are opposed to the new amount. Under the Biden proposal, any dependent could receive payments.

### **Extension of Employer-Provided Sick Pay and Family Leave Pay**

The Family First Coronavirus Response Act (FFCRA), which went into effect last April, required employers to provide sick pay and emergency family and medical leave from April 1, 2020 through December 31, 2020. The ARP would extend the FFCRA by allowing an employer to continue the program through March 31, 2021, according to the following guidelines:

- Provides payments to qualified employees up to a maximum of \$1,400 per week
- Extends the refundable dollar-for-dollar federal payroll tax credit for employers with fewer than 500 employees, including state and local governments
- Eliminates exemptions under the FFCRA provisions for employers with more than 500 employees or less than 50 employees

### **Increase in the Minimum Wage**

ARP increases the minimum wage from \$7.25 per hour to \$15 per hour. The plan also changes current minimum wage rules by eliminating the tipped employee minimum wage and special rules for employees with disabilities. Some opponents don't want the minimum wage provision included in the rescue plan.

### **Assistance to Renters and Landlords**

The ARP proposes \$30 billion to assist renters and landlords and extends the moratorium on evictions and foreclosures of federally guaranteed mortgages through September 30, 2021.

### **Increase in the Child Tax Credit**

The ARP would increase the credit from \$2,000 per qualifying child under age 17 to \$3,600 for each qualifying child under age 6, and provides \$3,000 for children between 6 and 16. The entire credit that is in excess of tax owed would be eligible for a refund, rather than the current \$1,400 that is currently eligible for refund.

### **Expansion of the Child and Dependent Care Tax Credit**

The ARP increases the maximum for the Child and Dependent Care Tax Credit from 35% to 50%. The proposed expansion also increases the credit to cover \$4,000 of qualifying costs for one child and \$8,000 of costs for two or more, up from the current \$3,000 and \$6,000 levels. For families making less than \$125,000, the credit would be fully refundable, while those earning between \$125,000 and \$400,000 would be eligible for a partial refund. Additionally, the ARP includes an additional \$15 million in funding for the Child Care and Development Block Grant program, which was funded at \$10 million under the CAA.

### **Expansion of the Earned Income Tax Credit**

The ARP proposes several changes to the Earned income Tax Credit (EITC) specifically for the 2021 tax year:

- Increases the credit amount for adults without children from \$543 to \$1,500
- Increases the income limit at which the credit is adjusted from \$16,000 to roughly \$21,000 for a single filer
- Expands eligibility to workers over age 65

### **Changes in Federal Unemployment Insurance Benefits**

The ARP increases Federal Pandemic Unemployment Compensation from \$300 to \$400 a week and extends the period workers can qualify for the benefit to September 30, 2021.

### **Looking Ahead**

The ARP does not include many of the tax increases originally included in President Biden's campaign plan, though they may later be included in the expected stimulus package. While the president has shown a willingness to listen to the scaled-back provisions presented by those opposing portions or amounts of the ARP, he may use the reconciliation process to get the measure approved, which would require the inclusion of some tax increases.