



## Insight

# The American Rescue Plan's Assistance for Children, Elderly, and Low-Income Families

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## Executive Summary

- The Biden Administration's \$1.9 trillion American Rescue Plan, currently making its way through Congress, would provide significant financial assistance through a wide array of government programs.
- In addition to the myriad provisions the American Action Forum reviews here, the package provides funding for child care, child abuse and prevention, nutrition assistance, and health care in rural areas.
- This legislation also attempts to address inequities by imposing maintenance of equity requirements on school districts, and providing targeted financial assistance to “socially disadvantaged” farmers, ranchers, and forest land owners.

## Introduction

As part of the Biden Administration's \$1.9 trillion American Rescue Plan, House Democrats are considering a host of provisions specifically targeted at benefitting children, the elderly, and low-income families. While most of this funding would be allocated for use in the remainder of this fiscal year, the legislation would significantly increase funding for several programs and activities for years to come. Below is a summary of such provisions.

## Assistance for Children

### *Education*

The American Rescue Plan would impose on states a traditional [maintenance of effort](#) requirement pertaining to elementary and secondary education in fiscal years 2022 and 2023, as well as a maintenance of equity requirement. This maintenance of equity provision would prevent states from implementing any budget cuts that would disproportionately harm high-poverty school districts and low-income students. Moreover, states would be prohibited from reducing education funding for the fifth of local education agencies (LEAs) with the highest percentage of economically disadvantaged students below Fiscal Year (FY) 2019 funding levels. Funding and staffing cuts at high-poverty schools would also be prohibited if they would be at a rate higher than average cuts across all schools in the LEA's jurisdiction. States would additionally receive \$1 billion for the [Head Start](#) program, which would be distributed based on student enrollment.

Many believe (and certainly hope) that the pandemic will largely be under control by the end of this year, so extending these requirements into FY 2023 may be legislating beyond what is truly pertinent to the pandemic. The detrimental toll that has been inflicted on students over the past year, however, is likely to have long-term effects, particularly among lower-income students.<sup>i</sup> For more on the American Rescue Plan's education provisions, see this [Insight](#) from AAF's Tom Lee.

### *Child Care*

The American Rescue Plan would provide numerous streams of child care assistance, including \$39 billion through Child Care and Development Block Grants. These funds would be available for this year and the next two fiscal years, but at least half of the funds would be required to be used within 9 months. The funds could be used for child care for essential workers, regardless of their income, and to stabilize the child care market.

The plan would increase annual funding for the [Child Care Entitlement to States](#) (CCES) to \$3.55 billion and would waive the state matching requirement for the additional funds for FY 2021 and FY 2022. It would provide nearly \$3.4 billion of these funds to states, \$100 million to Indian tribes, and \$75 million for territories. The CCES provides states with funding for child care for low-income families (primarily Temporary Assistance for Needy Families [TANF] beneficiaries) and typically requires parents to share in the cost of child care.

The plan would allocate \$425 million for providing children under the care of the Department of Health and Human Services with child care, education, health care, and case management services. Funds may also be used for recruiting, hiring, and training staff; detecting, diagnosing, tracing, and treating symptoms of COVID-19; distributing vaccines; and purchasing personal protective equipment.

The plan would provide \$150 million for home visiting programs funded through [Maternal, Infant, and Early Childhood Home Visiting](#), available through the end of FY 2022. Funding is dependent on program entities not reducing their staffing levels during the pandemic and, if diapering services are provided, that they work with local diaper banks to coordinate services. These funds may be used for training home visitors on how to conduct virtual home visits, emergency preparedness, and respond to domestic violence. Funds may also be used to help program families acquire the technology necessary to allow for virtual home visits, including by providing wi-fi access or cell phone minutes. Emergency supplies, such as baby formula, food, water, hand soap, and diapers as well as prepaid grocery cards may be purchased for families.

### *Mental Health and Physical Safety*

The American Rescue Plan would allocate \$450 million to support family violence survivors, \$250 million for child abuse prevention efforts, and \$100 million for child abuse treatment. Further, it would allocate \$10 million for the [National Child Traumatic Stress Network](#), and \$30 million for [Project AWARE](#) for advancing wellness and resiliency in education. It would also provide \$20 million to address rising [youth suicide rates](#).

### **Assistance for Low-Income Families**

#### *Rural Health*

The plan would provide emergency grants of \$500 million to address health care needs related to COVID-19 in low-income rural areas. These funds may be used to increase capacity for vaccine distribution, to cover expenses related to COVID-19 treatment and lost revenues resulting from decreased volume at health care facilities, to increase telehealth capabilities, and to cover the cost of drugs, supplies, and staff needed to care for COVID-19 patients.

The plan also includes \$44 million for health promotion and disease prevention.

### *Food and Nutrition Assistance*

The American Rescue Plan would extend the temporary [15 percent increase](#) in the Supplemental Nutrition Assistance Program (SNAP) benefit allotment that has been allowed throughout the pandemic from the end of June through the end of September. States would also be given the authority to boost Supplemental Assistance for Women, Infants, and Children (WIC) [Cash Value Vouchers](#) for fruits and vegetables up to \$35 per month for 4 months (up from a [current value](#) of \$9 for children and \$11 for women). It would broaden eligibility for food support at emergency homeless shelters by increasing the age limit from 18 to 25. The Pandemic-Electronic Benefit Transfer (P-EBT) program would be extended through summer. This program provides nutrition assistance funding for children who would normally receive free or reduced school lunches and breakfast but are not as a result of remote learning.

The plan would provide Native American communities \$25 million for various services, including nutrition. Another \$1 billion would be available through the end of FY 2027 to provide funding to the U.S. territories Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands in response to the COVID-19 emergency. The Secretary of Agriculture is authorized to purchase \$37 million worth of food through the [Commodity Distribution Program](#).

The plan provides an additional \$1.2 billion for administrative expenses related to the SNAP program, available through the end of FY 2023. Another \$25 million would be available through FY 2026 to improve the ability to use SNAP benefits when making an online purchase. It would also provide \$390 million for WIC outreach, innovation, and modernizations efforts.

To address international food insecurity, the plan would allocate \$800 million for the [Food for Peace](#) grant program, administered through the U.S. Administration for International Development.

### *Miscellaneous Needs*

The American Rescue Plan would establish a Pandemic Emergency Fund, providing \$1 billion to be distributed among the states and tribal entities for non-recurrent short-term cash and benefits available through the end of FY 2022. Such [welfare benefits](#) may be provided under TANF during crisis situations or episodes of need and may be used for emergency housing or temporary homelessness assistance, emergency food aid, utility payments, clothing, burial assistance, or items for school.

### **Assistance for Elderly**

For older Americans and their families, the American Rescue Plan allocates \$750 million for nutrition assistance, \$480 million for home- and community-based support programs intended to provide vaccine outreach and coordination and to address social isolation, and \$145 million for the National Family Caregiver Support Program. It also provides at least \$188 million for the Elder Justice Act in both FY 2021 and FY 2022.

### **Targeted Assistance for Disadvantaged Individuals**

## *Agricultural Assistance*

The American Rescue Plan targets more than \$1 billion in financial assistance at “socially disadvantaged” farmers, ranchers, and forest land owners and operators. This funding is intended to provide outreach, mediation, training regarding finances, capacity building, and cooperative development, and other technical assistance. It also provides grants and loans to improve land access to such individuals. Funds may be used to support the development of agricultural credit institutions and legal centers to serve disadvantaged individuals, and to support an equity commission. Scholarships and programs may be funded to provide internships and pathways to federal employment. Funds would also be available to former farmers, ranchers, or land owners who suffered from past adverse actions, discrimination, or bias.

Farm loan assistance is to be provided, using however much otherwise unappropriated FY 2021 funds are “necessary,” to ensure loan modifications and payments to address “longstanding and widespread discrimination” in farm loan programs and to “alleviat[e] discriminatory barriers preventing socially disadvantaged farmers and ranchers from fully participating in the American farm economy.” These payments are to be equal to 120 percent of the indebtedness of each such farmer or rancher’s direct farm loan or loan guarantee.