



**CITY OF HOUSTON**

Office of the Mayor

**Interoffice**

Correspondence

**To:** Mayor Sylvester Turner

**From:** Bill Kelly  
Director of Government Relations

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**Subject:** American Rescue Plan Overview

## **American Rescue Plan Act of 2021 Fact Sheet**

### **FOR THE CITY OF HOUSTON**

The American Rescue Plan Act (ARPA) will provide \$65.1 billion for all municipalities. One of the key eligible uses would be to mitigate budget shortfalls that have resulted since the start of the pandemic.

- For Houston, current calculations estimate our total will be \$615.44 million.

The ARPA will provide half of the funding in 2021, and the second half in 2022. However, cities would have until December 31, 2024 to use these funds.

Eligible categories for use of these funds; investing in water, sewer and broadband infrastructure.

The ARPA specifies that the funds cannot be used for public pensions or for tax cuts.

### **CORONAVIRUS TARGETED FUNDING**

**Vaccinations** - The ARP will mount a national vaccination plan that includes setting up community vaccination sites nationwide. It will also take complementary measures to combat the virus, including scaling up testing and tracing, addressing shortages of personal protective equipment and other critical supplies, investing in high quality treatments and addressing health inequities.

The bill will provide over \$20 Billion to establish a national COVID-19 vaccination program and improve the administration and distribution of vaccinations. Includes:

- Overall it provides \$7.5 billion for the CDC to prepare, promote, distribute, administer, monitor, and track COVID-19 vaccines.

- It provides \$7.5 billion for FEMA to establish vaccination sites across the country (like the Houston pilot program)
- The bill provides \$1 billion for the CDC to undertake a vaccine awareness and engagement campaign.

**Reopening Schools** - The plan will make investments necessary to safely reopen schools. It makes nearly \$130 billion available to states and school districts for immediate and long-term relief so they can work with public health experts to safely reopen schools and make up for lost time in the classroom.

- This includes repairing ventilation systems, reducing class sizes and implementing social distancing guidelines, purchasing personal protective equipment, and hiring support staff to care for students' health and well-being.
- It ensures 20 percent of the funding that schools receive must be reserved to address and remediate learning loss among students.
- It requires states to award K-12 funds to local school districts no later than 60 days after receipt and school districts to develop plans that ensure schools return to in-person learning.

## **RELIEF TO WORKING FAMILIES**

**Stimulus Checks** - The ARPA will provide checks of \$1,400 per person, following the \$600 down payment enacted in December. Under the bill, single filers with incomes up to \$75,000, head of household filers with incomes up to \$112,500, and joint filers with incomes up to \$150,000 will receive the full payment of \$1,400. The payment will completely phase out for single filers making \$80,000, head of household filers making \$120,000, and joint filers making \$160,000.

**Expanding Subsidies in ACA Marketplaces** - American Rescue Plan significantly expands the subsidies in the ACA Marketplaces to cover more middle-class families and to be more generous for those already receiving them, for 2021 and 2022.

Specifically, it removes the current cap that makes any family with income above 400% of the poverty level ineligible for any subsidies.

- Under the bill, no one will have to pay more than 8.5 percent of their income for a silver plan in the ACA marketplaces. It also provides that individuals below 150% of the poverty level pay no premiums at all compared to 4% of their income currently. The Urban Institute estimates that these provisions could lead to 4.5 million more Americans gaining coverage.

ACA Subsidies for Those on Unemployment: ARPA provides that any individual who receives unemployment at any point in 2021 is treated as if their income were 133% of the poverty level for the purposes of the ACA marketplace subsidy. As a result, they can purchase an ACA silver plan for zero premium.

New Incentives for Medicaid Expansion: ARPA bill provides a new incentive for the 12 states that have not expanded Medicaid to do so by temporarily increasing the base

Federal Medical Assistance Percentage (FMAP) by five percentage points for two years for any state that newly expands. If all 12 remaining states expanded Medicaid, more than 2 million uninsured people would gain access to Medicaid.

COBRA Subsidies: The ARPA provides an amended version of the House provision providing COBRA subsidies. Whereas the House bill provided an 85% subsidy for individuals who lose their job and choose to use COBRA to continue their existing employer-sponsored health coverage, the Senate bill provides a 100% subsidy. Currently, those who would like to choose COBRA are required to pay the full cost of their coverage, including the employer contribution, making the cost prohibitive and preventing many from doing so.

Medicaid Expansion: The ARPA provides a new incentive for the 12 states that have not expanded Medicaid to do so by temporarily increasing the base Federal Medical Assistance Percentage (FMAP) by five percentage points for two years for any state that newly expands. If all 12 remaining states expanded Medicaid, more than 2 million uninsured people would gain access to Medicaid.

**Earned Income Tax Credit** - The bill makes the child tax credit fully refundable for 2021 and increases the annual amount from the current \$2,000 per child to \$3,000 per child (\$3,600 for a child under age 6). Currently, because the child tax credit is not fully refundable, there are 27 million American children who do not receive the full value of the current \$2,000 tax credit because their parents do not earn enough money.

Those receiving the full advance payment of the child tax credit would be single filers earning up to \$75,000, head of household filers earning up to \$112,500, and joint filers earning up to \$150,000. Above these thresholds, the advance payments are phased down. A study by Columbia University found that such a proposal would cut the child poverty rate in the United States in half

## HOUSING ASSISTANCE

**Emergency Rental Assistance** - The ARPA provides robust funding for rental assistance: \$22.5 billion for emergency rental and utility assistance to states, territories, counties, and cities to help stabilize renters during the pandemic, and help rental property owners of all sizes continue to cover their costs; \$5 billion for emergency vouchers to transition those experiencing or at risk of homelessness, survivors of domestic violence, and victims of human trafficking to stable housing.

**Homeowner Assistance** -The ARPA provides \$10 billion for the Homeowner Assistance Fund that allocates funds to states to address the ongoing needs of homeowners struggling to afford their housing due directly or indirectly to the impacts of the COVID-19 pandemic by providing direct assistance with mortgage payments, property taxes, property insurance, utilities, and other housing related costs.

**Homelessness Assistance** - The ARPA supports solutions for Americans experiencing homelessness by providing \$4.75 billion for state and local governments – through the HOME Investment Partnership program – to finance supportive services, affordable housing and the acquisition of noncongregate shelter space.

**Utility Assistance** -The legislation provides \$5 Billion to those most in need to help pay their utility bills, including \$4.5 billion to HHS for home energy assistance through

the Low-Income Home Energy Assistance Program (LIHEAP). It provides \$500 million in additional funds for HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program established by Congress at the end of 2020. This brings the total amount of money available to assist families with their water and sewer bills to over \$1.1 billion.

## **FOOD SECURITY**

The ARPA helps combat increasing food insecurity with key investments in SNAP, WIC, Pandemic EBT and other critical nutrition assistance by extending SNAP maximum benefits by 15 percent (through September 30, 2021); providing \$1.1 billion in additional SNAP administrative funds to states to help meet the demand of increased caseloads and \$25 million to improve the state SNAP online pilots; allocating \$800 million for WIC – supporting low-income women and infants – and temporarily boosts the value of WIC Cash Value Vouchers for vulnerable mothers and their children. The bill added WIC recipients with special dietary needs to the list of vulnerable individuals eligible for the increase in Cash Value Vouchers; and Secures \$37 million to cover food shortfalls in the Commodity Supplemental Food Program which seeks to improve the health and nutrition of low-income Americans over 60 years old through access to nutritious food.

The ARPA invests more than \$5 billion in Pandemic-EBT (P-EBT) so that low-income families have access to school meals and food assistance during both the school year and summer months. It temporarily expands the age of eligibility for Child and Adult Care Food Program (CACFP) at emergency homeless shelters to ensure more young adults can access needed nutrition support.

## **FEMA/ECONOMIC DEVELOPMENT ADMINISTRATION**

The American Rescue Plan Act includes \$50 billion for the Disaster Relief Fund for reimbursements to state, local, Tribal and territorial governments dealing with ongoing response and recovery activities from the coronavirus pandemic. This funding could be used for vaccination efforts, National Guard deployments, providing PPE to frontline workers, and other FEMA resources and activities necessary to assist communities with the pandemic. The bill also includes limited funeral assistance for families who lost a loved one due to COVID, at 100% federal cost share.

Additional FEMA Funding:

- The ARPA included new funding with \$400 million for the Emergency Food and Shelter Program, \$300 million for FEMA Firefighter grants, \$100 million for FEMA Emergency Managers Performance Grants, and \$110 million of humanitarian relief providing to support communities and organizations assisting with the humane, safe, and orderly reception of migrant families and individuals during COVID run through the Emergency Food and Shelter Program.
- Economic Development Administration: The ARPA provides \$3 billion for the Economic Development Administration to provide support for communities and industries that have been disproportionately impacted by the pandemic.

## **ADDITIONAL PROVISIONS FOR SMALL BUSINESSES & NONPROFITS**

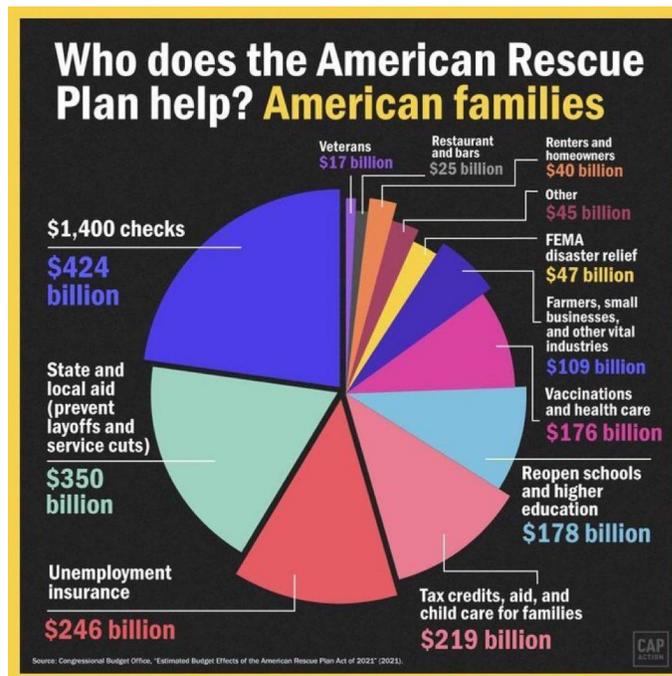
Increases Paycheck Protection Program (PPP) Funding: \$7.25 billion in additional funding for PPP and expands eligibility of 501(c) nonprofits of all sizes and types, except for 501(c)4 lobbying organizations.

Creates a Restaurant Revitalization Fund: A new program at the SBA to offer assistance to restaurants and bars hard hit by the pandemic from \$25 billion to \$28.66 billion. \$5 billion is set aside specifically for smaller establishments with less than \$500,000 in 2019 annual revenue. During the first 21 days, applications from restaurants owned and operated by women, veterans, or socially and economically disadvantaged individuals will receive priority.

Supports Small Businesses By Providing \$15 Billion for COVID-19 Emergency Grants Through the Economic Injury Disaster Loan (EIDL) Program: An additional \$15 billion for targeted EIDL Advances to help those who applied for relief in 2020 but did not receive the full \$10,000 grant.

Establishes the Community Navigator Pilot Program: program to increase the awareness of and participation in COVID-19 relief programs for business owners currently lacking access, with priority for businesses owned by socially and economically disadvantaged individuals, women, and veterans

State Small Business Credit Initiative: \$10 billion to support up to \$100 billion in small business financing through state, territorial, and tribal government programs. Of this amount, \$2.5 billion is dedicated for support to business enterprises owned and controlled by socially and economically disadvantaged individuals, including minority owned businesses.



For a complete review of the American Rescue Plan, visit <https://www.whitehouse.gov/american-rescue-plan/>