



**CERINI**  
**&** LLP  
**ASSOCIATES**  
CERTIFIED PUBLIC ACCOUNTANTS



*MARCH, 2021*

# THE AMERICAN RESCUE PLAN ACT

(631) 582-1600  
[www.cerinicpa.com](http://www.cerinicpa.com)

**I**n the continuing saga of the CARES Act regulations, Congress just released the 4th sequel ... The American Rescue Plan Act. The Act provides an additional \$1.88 trillion in federal support, making it the second largest federal stimulus package, behind only the CARES Act.

The Act is made up of 11 sections or Titles. While the Act provides significant benefit to so many classes of people, we will briefly discuss the main components of each of the Titles:

### TITLE I – COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

- ▶ **Food Supply Chain and Agriculture (\$4 billion):** In addition to direct food purchases, the Act provides funding to make grants and loans for small or mid-sized food processors or distributors, seafood processing facilities and processing vessels, farmers markets, producers, or other organizations to respond to COVID-19, including for measures to protect workers against COVID-19; and to make loans and grants and provide other assistance to maintain and improve food and agricultural supply chain resiliency.
- ▶ **Socially Disadvantaged Farmers and Ranchers:** Provides funds to pay-off certain government loans, training and education, improved land access, and grants to improve the overall business for qualified farmers and ranchers.
- ▶ **Nutrition (SNAP Program \$1.15 billion):** The Act extends the 15% increase in SNAP benefits scheduled to expire June 30, 2021 through September 30, 2021 to continue to provide food support for people in need. In addition, States will receive additional allotments based upon participants in the SNAP program through September 2023. Finally, additional funding will be used to make technological improvements in the SNAP on-line purchasing and other systems.
- ▶ **Pandemic EBT funding:** The Act will extend the Pandemic EBT program funding, designed to help children who rely on the school lunch program, by allowing families, who normally would receive school lunch assistance when their children attend school in person, to receive the value of those missed school breakfasts and lunches.
- ▶ **WIC Program:** The Act provides additional funding to improve access and outreach to the **WIC (Women, Infants, and Children)** program, including modernization, to make the program more user friendly. In addition, the Act increases the amount of Cash Value Voucher benefits to moms and their children.

### TITLE II – COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSION

- ▶ **Vaccines:** The Act set aside \$7.5 billion to ensure vaccines reach every community as quickly as possible. There is also \$5.2 billion for BARDA for vaccine and supplies procurement.
- ▶ **Testing:** The Act provides \$48.3 billion for testing in order to contain the virus and mitigate its effects, hire staff for contact tracing, provide PPE for healthcare workers, and take other steps to combat the virus, such as enabling isolation and quarantine.
- ▶ **Health Workforce:** This bill provides \$7.66 billion to bolster the public health workforce and COVID-19 response.
- ▶ **Community Health Centers and Health Disparities:** The Act delivers immediate relief to frontline providers who serve communities of color and underserved populations hardest hit by the pandemic. This includes \$7.6 billion for community health centers, \$1.44 billion for Older Americans Act programs, \$800 million for the National Health Services Corps, and more.
- ▶ **Mental Health:** The need for accessible mental health and substance use disorder treatment has skyrocketed during the pandemic. The Act includes \$3.88 billion to increase availability of treatment.
- ▶ **K-12 Schools:** The Act provides over \$125 billion for public K-12 schools to safely reopen for in-person learning, address learning loss, and support students as they work to recover from the long-term impacts of the pandemic. The bill includes \$122.747 billion in funding for the **Elementary and Secondary School Education Relief Fund (ESSER)**, \$800 million in dedicated funding for the identification and provision of wraparound services for students experiencing homelessness, and over \$3 billion in funding for programs authorized under the Individuals with Disabilities Education Act. The Act also includes \$2.75 billion for States to provide services to non-public schools that serve a significant percentage of students from low-income families.
- ▶ **Higher Ed:** The Act provides \$39.6 billion for higher education. At least half of such funding must be spent on emergency financial aid grants to students to help them with college costs and basic needs like food, housing, and health care, with the balance available to institutions of higher education to defray lost revenue and increased costs from declining enrollment, the transition to online learning, closures of revenue-producing services and facilities, and COVID-19 testing, vaccination, PPE, and classroom retrofits.

- ▶ **Child Care and Head Start:** The Act includes \$39 billion for childcare, including nearly \$24 billion for Childcare Stabilization grants and nearly \$15 billion for the **Childcare and Development Block Grant (CCDBG)** program. States must use Childcare Stabilization funds to award subgrants to qualified childcare providers that are either open or temporarily closed to help support their operations during the pandemic. Subgrants can be used for expenses such as personnel expenses, rent and mortgage payments, cleaning supplies and personal protective equipment, mental health services for children and staff, and other goods and services necessary to maintain or resume operations of the child care provider.
- ▶ **Family Violence and Child Abuse Prevention and Treatment:** The Act includes \$350 million in funding for programs authorized under CAPTA. Families are facing increased stressors related to financial hardship and isolation during this pandemic. This includes \$250 million in funding for community-based child abuse prevention programs to provide services to strengthen and support families throughout the pandemic. The funding will ensure that child welfare agencies have the necessary supports to safely prevent, investigate, and treat child abuse and neglect. The proposal also includes funding for domestic violence and sexual assault service providers.
- ▶ **LIHEAP and Water Utility Bill Assistance:** The Act includes \$4.5 billion for the **Low-Income Home Energy Assistance Program (LIHEAP)**, and \$500 million for low-income water assistance.
- ▶ **Institute of Museum and Library Services:** The Act includes \$200 million in funding for libraries through IMLS. These funds will provide emergency relief to over 17,000 public libraries across the country. This funding will allow libraries to safely reopen and implement public health protocols. This emergency relief will enable libraries to provide residents with accessible Wi-Fi, internet hotspots, education resources, expanded digital resources, and workforce development opportunities, which are heavily relied upon services for marginalized individuals.
- ▶ **National Endowment for the Arts and National Endowment for the Humanities:** The Act includes \$135 million apiece for the NEA and NEH. These funds will support arts and cultural organizations to address layoffs, budget cuts, and implementation of public health protocols to safely reopen.

## TITLE III – COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

- ▶ **Emergency Rental Assistance:** In December, \$25 billion in emergency rental assistance to provide support to help families pay back rent and utilities to help keep them in their homes was distributed to states, localities, and territories. The Act adds an additional \$21.55 billion in Emergency Rental Assistance to these funds.
- ▶ **Emergency Medical Supplies Enhancement:** The Act sets aside \$10 billion to used for the purchase, production (*including the construction, repair, and retrofitting of facilities as necessary*), or distribution of medical supplies and equipment related to combatting the COVID-19 pandemic.
- ▶ **Emergency Housing Vouchers:** \$5 billion has been set aside under the ACT for emergency housing vouchers for homeless, at risk of homeless, and recently homeless individuals, as well as individuals who are fleeing from domestic violence, sexual assault, human trafficking, and other situations.
- ▶ **Housing Counseling:** \$100 million in grants to housing counseling intermediaries approved by HUD, state housing financing agencies, or NeighborWorks organizations for providing housing counseling services. This includes helping families to understand the options that are available to them and developing assistance or work-out plans.
- ▶ **Homelessness Assistance and Supportive Services Program:** \$5 billion has been reserved to provide tenant based rental assistance, to provide supportive services to individuals or families not already receiving supportive services, to develop affordable housing, and to acquire and develop non-congregate shelter units. This includes purchasing of properties, such as hotels or motels, that can be converted to emergency shelters or permanent affordable housing.
- ▶ **Homeowner Assistance Fund:** There has been no funding dedicated to assist homeowners since the pandemic began, and with more than 3 million homeowners behind on their payments or in foreclosure, funding is critically needed in this area. The Act sets aside \$9.961 billion in funding to provide assistance to homeowners in need.
- ▶ **Small Business Credit Initiative:** The Act provides \$10 billion to states to help support small businesses with low-interest loans and other investments to help entrepreneurs and small business emerge from the pandemic.

## TITLE IV – COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS

- ▶ **FEMA Support:** The ACT has provided additional FEMA grant funding for the FEMA Emergency Food and Shelter Program (*to assist food pantries and shelters*). Assistance to Firefighter Grants and staffing for adequate fire and emergency response grants. In addition, \$50 billion has been allocated for the FEMA Disaster Relief Fund, which will be used to pay for such costs as protective equipment; vaccine distributions; sanitation of schools, public transit, and courthouses; healthcare overtime costs; and other emergency needs brought about by the pandemic, including funeral assistance.

## TITLE V – COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

- ▶ **Targeted EIDL Grants:** This provision will allow the SBA to provide funding of up to \$10,000 for EIDL grant advances to prior applicants who were ineligible due to prior funding appropriations being fully exhausted.
- ▶ **Restaurants Revitalization Fund:** This fund will provide grants of up to \$10 million to qualified restaurants, food trucks, bars, and brewpubs, among other establishments. The grant amounts will be based on a calculation of lost revenue from 2019 to 2020.
- ▶ **Shuttered Venue Operators Grants:** An additional \$1.25 billion will be allocated to this program to eligible venue operators or promoters, theatrical producers, live performing arts organization operators, relevant museum operators, zoos and aquariums who meet specific criteria, motion picture theater operators, talent representatives, among others. Grants of up to \$10 million are calculated as 45% of 2019 gross earned revenue.
- ▶ **Nonprofit Eligibility:** The PPP program was initially limited to charities and a small subset of the nonprofit community. The revised program will expand its scope to most other 501(c) organizations as well.
- ▶ **Community Navigator and Administrative Funding:** \$175 million has been allocated to fund community organizations, SBA resource partners, and community financial institutions with experience working in minority, immigrant, and rural communities to help connect small business owners in these communities to critical resources, including small business loans, business licenses, and federal, state, and local business assistance programs. The bill also includes \$1.325 billion to support SBA's mission and to administer the new grants and other relief programs.

## TITLE VI – COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

- ▶ **Economic Development Administration:** The Act provides the Economic Development Administration with \$3 billion to aid communities in rebuilding local communities, including \$750 million for the travel, tourism, and outdoor recreation sectors.

## TITLE VII – COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

- ▶ **Remote Learning:** When learning moved remote last year, there were many children that were limited in their ability to get a quality education due to lack of, or inappropriate, internet connectivity or lack of a device to facilitate remote learning at home. The Act provides \$7.172 billion to the FCC to help schools and libraries ensure that all children have access to an appropriate and safe education.
- ▶ **Airlines:** The airline industry has been hit hard, with passenger volume at 42% of pre-pandemic levels. The Act extends the airline payroll support program, provide airport relief (*including small airport concessionaries*), and provide payroll assistance to aviation manufacturers.
- ▶ **Research Relief:** The NSF has been provided funding under the Act to insure that important scientific research is continued.
- ▶ **Manufacturing:** The Act provides an additional \$150 million to support COVID related projects within the manufacturing area.
- ▶ **Prevention of COVID-19 Scams:** With the pandemic wreaking havoc and leaving people vulnerable, scam artists have taken advantage of people at an alarming rate. During 2020 there were more than 4.7 million consumer complaints regarding scams. The Act sets aside \$30.4 million to the FTC to combat the rise in consumer scams during the pandemic.

## TITLE VIII – COMMITTEE ON VETERANS AFFAIRS

The Act includes many provisions to help veterans, including the following:

- ▶ \$14.5 billion for COVID-19-related health care, including IT and facility updates.
- ▶ \$1 billion for debt forgiveness related to copayments for VA health care and to reimburse veterans who paid a copay for care and prescriptions provided from April 6, 2020 through Sept. 30, 2021.
- ▶ \$750 million for both construction grants (\$500 million) and payments (\$250 million) to state homes.
- ▶ \$386 million for a new COVID-19 Veteran Rapid Retraining Assistance Program to provide up to one year of education and employment assistance for unemployed Veterans to enter high demand occupations.
- ▶ \$262 million to pay past compensation and pension claims.
- ▶ \$100 million to update the VA's supply chain system.
- ▶ \$80 million to fund the creation of the Department of Veterans Affairs Employee Leave Fund.

## TITLE IX – COMMITTEE ON FINANCE

- ▶ **Stimulus Payments:** The Act is providing an additional \$1,400 stimulus payment to qualifying taxpayers during 2021, to go along with the previous two stimulus payments made in 2020.
- ▶ **Unemployment Insurance Extension:** The Act extends the enhanced unemployment insurance benefits until September 6, 2021. This includes an extension of the federal unemployment insurance bump that is added to all unemployment benefits (*Federal Pandemic Unemployment Compensation, or FPUC*), at the current rate of \$300. It also includes extensions of the **Pandemic Unemployment Assistance (PUA)** program, which expands eligibility for the self-employed, gig workers, freelancers and others in non-traditional employment who do not qualify for regular unemployment insurance, as well as the **Pandemic Emergency Unemployment Compensation (PEUC)** program, which provides additional weeks of unemployment benefits to workers who exhaust their state benefits. All other CARES Act and Families First Act unemployment programs are similarly extended until September 6.
- ▶ **Unemployment Insurance Taxation:** The Act excludes the first \$10,200 of unemployment compensation from income on taxpayers 2020 tax return for households with income under \$150,000.
- ▶ **Credits:** The Act includes a significant expansion the **Earned Income Tax Credit (EITC)** and **Child Tax Credit (CTC)**. It will nearly triple the maximum EITC for childless workers and to put more money into the pockets of working families, it will increase the amount of the CTC, from \$2,000 to \$3,000 (*with a more generous \$3,600 credit for children under the age of 6*). The CTC will also be fully refundable. Additionally, the Act includes an expansion of the Child and Dependent Care Tax Credit to help working families afford the cost of childcare during this crisis. This includes increasing the credit so households can receive a total of up to \$4,000 for one child or \$8,000 for two or more children and making it fully refundable so families who owe little in taxes can still benefit.
- ▶ **State and Local Fiscal Aid:** The Act provides \$350 billion to States, territories, Tribes, and local governments to be used for responding to the COVID-19 public health emergency, to offset revenue losses, bolster economic recovery, and to provide premium pay for essential workers.

- ▶ **Health Care Support:** The Act includes five main provisions to improve health coverage. Over the next two years, it invests nearly \$35 billion in premium subsidy increases for those who buy coverage on the ACA marketplaces. The bill both increases the level of subsidies for eligible individuals, as well as removes the 400% federal poverty level limit on subsidy eligibility. Second, given significant income fluctuations in 2020, the bill forgives more than \$6 billion in payments that people would have had to pay if their 2020 advanced premium subsidies did not match their income. Third, the bill provides a major incentive for certain states to expand Medicaid, offering them a 5% increase on their base FMAP rate for two years if they expand coverage. Fourth, the bill subsidizes 100 percent of COBRA premiums for six months for individuals who lost employment or had reduced hours. Fifth, for one year, the bill provides premium subsidies of ACA marketplace coverage equivalent to a person earning up to 133% FPL for people who receive unemployment compensation.
- ▶ **Paid Sick Leave Credit:** The Act provides an extension and expansion of the paid sick and FMLA leave tax credits created in the Families First Coronavirus Response Act of 2020. It provides payroll tax credits for employers who voluntarily provide paid leave through the end of September 2021.
- ▶ **Employee Retention Tax Credit:** The Act extends and expands the **Employee Retention Tax Credit (ERTC)**, which was supposed to expire June 30, 2021, through December 31, 2021. The ERTC provides credits to businesses experiencing a 20% or more decline in revenue in a quarter of 2021 as compared to 2021.
- ▶ **Tax Treatment of Certain SBA Programs:** The bill provides for the tax-free treatment of Targeted EIDL Advances and Restaurant Revitalization Grants. It also clarifies that any otherwise-allowable deductions continue to be deductible notwithstanding the tax-free treatment of grant proceeds.

## TITLE X – COMMITTEE ON FOREIGN RELATIONS

- ▶ **Foreign Aid:** The Act provides funding to support the fight against the global spread of COVID, vaccine development, international disaster relief, global economy recovery, assistance to refugees, and to support Americans abroad.

TITLE XI – COMMITTEE ON INDIAN AFFAIRS

- ▶ **Essential Safety-Net Services:** The Act provides for essential services for native communities, including:
  - ▶ *Additional health care services*
  - ▶ *Information technology, telehealth infrastructure, and the Indian Health Service electronic health records system*
  - ▶ *Maintaining operations of the Urban Indian health program*
  - ▶ *Plan, prepare for, promote, distribute, administer, and track COVID-19 vaccines*
  - ▶ *Detect, diagnose, trace, and monitor COVID-19 infections*
  - ▶ *Activities necessary to mitigate the spread of COVID-19 and supplies necessary for such activities*
  - ▶ *Establish, expand and sustain a public health workforce to prevent, prepare for, and respond to COVID-19*
  - ▶ *Mental health and substance use prevention and treatment services*
  - ▶ *Lease, purchase, construction, alteration, renovation, or equipping of health facilities to respond to COVID-19*
  - ▶ *Maintenance and improvement projects necessary to respond to COVID-19*
  - ▶ *Potable water delivery*

**T**his is just a brief summary of the \$1.88 billion appropriated under the American Rescue Plan Act. Over the next few weeks, additional information will become available to clarify some of these provisions. We anticipate additional legislation both at the Federal and State levels that will further provide support, and yes, even more changes to previously provided information. Please understand, this is a dynamic process.



EDWARD MCWILLIAMS, CPA  
PARTNER

CERINI & ASSOCIATES, LLP

(631) 868-1135 | EMCWILLIAMS@CERINICPA.COM

