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MTF Initial Analysis of the American Rescue Plan

This bulletin provides an initial summary of key provisions of the American Rescue Plan (ARP) that are likely to impact Massachusetts, its residents and employers. The ARP is an expansive \$1.9 trillion relief that covers an enormous spectrum of policy areas. This bulletin does not attempt to cover all aspects of the bill; the summary that follows:

- Provides brief descriptions and the relevant section number for each program. For programs with a clear funding impact, information is provided, when possible, on how funds will be distributed and how much Massachusetts can expect to receive;
- More in-depth analysis of a few programs that have a particularly notable impact on state or municipal finances; and
- Does not include information on elements of the bill that do not appear to have a major impact on Massachusetts.

The information provided below is based on an initial analysis, and funding estimates are calculated using reasonable assumptions and information available. The goal of this document is to provide a comprehensive, high-level summary concurrent with the finalization of the bill. As new information comes to light, our analysis may need to be adjusted or revised; we will update this document as necessary to ensure accuracy.

The ARP provides vital resources to the state and its residents that will be pivotal in our recovery from the pandemic. However, these resources are temporary. Their use will require a thoughtful and deliberate approach in order to promote the strongest recovery for all residents that can be sustained after the ARP is gone. In the coming weeks, MTF will offer further insights into how ARP and other federal funds will impact the state and examine some of the opportunities and challenges these new federal resources create.

Discretionary Funding for States & Local Government

- **Coronavirus State Fiscal Recover Fund (\$195.3 billion/Section 9901)**

Figure 1. CSFRF Summary

Coronavirus State Fiscal Recovery Fund (CSFRF)	Section 9901
Spending deadline	12/31/2024
National allocation	\$195,300,000,000
MA Estimated share	\$4,547,061,340

- **Description:** The ARP is the first federal stimulus bill that provides direct aid to states that is not subject to tight COVID-19 spending requirements. The CARES Act provided states with \$150 billion in Coronavirus Relief Funds, of which Massachusetts received \$2.7 billion, but states were not allowed to use the funds for revenue replacement or budget balancing.
- **Distribution:** Under the CSFRF, each state receives a \$500 million base award; the remaining aid (\$168.6 billion) is distributed based on a state's share of national unemployment between October and December of 2020.
- **Spending requirements/restrictions:** The ARP provides four allowable uses for CSFRF:
 - Response to both the pandemic and related economic consequences;
 - Assistance to essential workers, either in the form of premium pay (up to \$13 per hour) for public sector workers or through grants to private employers with essential workers
 - Provision of government services necessitated by revenue reduction due to the pandemic
 - The bill prohibits CSFRF from being used to offset losses related to tax policy changes (i.e. tax rate cuts) made during the pandemic.
 - Revenue reduction is considered in comparison to revenues collected in FY 2019
 - Investments in water, sewer or broadband infrastructure
The bill prohibits states from using CSFRF to make deposits into the state pension fund. Funds must cover costs incurred by the end of 2024.
- **Estimated MA share:** \$4.5 billion¹

¹ Estimates on Massachusetts state and local fiscal relief come from the House Committee on Oversight and Reform (<https://oversight.house.gov/news/press-releases/oversight-committee-passes-long-awaited-350-billion-aid-package-to-help-states>)

- **Coronavirus Local Fiscal Recovery Fund (\$130.2 billion/Section 9901)**

Figure 2. CLRF Summary

Coronavirus Local Fiscal Recovery Fund (CLFRF)	Section 9901
Spending deadline	12/31/2024
National allocation	\$130,200,000,000
MA Estimated share	\$3,414,578,438

- **Description:** The ARP includes a separate funding source for all municipalities and counties that can be used flexibly. In contrast, the CARES Act provided dedicated funding for city and county governments that met a minimum population threshold (Boston and Plymouth County in Massachusetts), but the state had discretion over funds distributed to cities and towns.
- **Distribution:** The CLRF has three components:
 - \$45.6 billion distributed to Community Development Block Grant (CDBG) “entitlement” communities
 - In Massachusetts 37 municipalities receive direct CDBG awards and are expected to receive dedicated CLRF funding totaling \$1.71 billion;
 - \$19.53 billion distributed to all other cities and towns
 - In Massachusetts, the remaining 314 towns will receive \$367.9 million; and
 - \$65.1 billion distributed to counties, based on population
 - Massachusetts is entitled to a further \$1.3 billion through the county award. For counties that are not units of local government, these awards will be distributed to the municipalities in the county based on population.
- **Spending requirements/restrictions:** CLFRF funds must be used on costs incurred by the end of 2024 with the same allowable expenditure categories as states (CSFRF):
 - Response to both the pandemic and related economic consequences;
 - Provision of government services necessitated by revenue reduction due to the pandemic
 - Municipalities and counties are not subject to the same restriction on revenue loss related to tax policy changes; and
 - Investments in water, sewer or broadband infrastructure.

In addition, CLFRF funds have several other requirements and guidelines:

- Funds cannot be used to make pension fund deposits;
- Non-entitlement awards (approximately \$367.9 million in Massachusetts) are capped at 75 percent of a municipalities most recent, pre-COVID-19 budget; and

- Municipalities or counties can choose to transfer their award back to the state.

Estimated MA share: \$3.4 billion

- **Coronavirus Capital Projects Fund (\$10 billion/Section 9901)**

Figure 3. CCPF Summary

Coronavirus Capital Projects Fund (CCPF)	Section 9901
Spending deadline	NA
National allocation	\$10,000,000,000
MA Estimated share	\$174,356,329

- **Description:** The ARP sets aside \$10 billion for “critical capital projects” in response to the pandemic.
- **Distribution:** Each state receives a base allocation of \$100 million and a supplemental share of \$4.6 billion determined by:
 - State population (50 percent)
 - Rural population (25 percent)
 - Low-income population (25 percent).
- **Spending requirements/restrictions:** The fund is very flexible, only requiring that it be used to support projects “...directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency.”
- **Estimated MA share:** \$174.3 million

Education Supports

- Elementary & Secondary School Emergency Relief (\$125.8 billion/Section 2001)

Figure 4. ESSER Summary

Elementary & Secondary School Emergency Relief (ESSER III)	Section 2001
Spending deadline	9/30/2023
National allocation	\$122,774,800,000
MA Estimated share	\$1,842,131,393
Estimated allocation to districts	\$1,611,864,969

- **Description:** The ARP includes the 3rd round of ESSER funding to local school districts. As with the previous two rounds, the Massachusetts and local district allocations are based on the federal Title I formula. The state education department can withhold 10 percent of the total state award to be used at its discretion (subject to certain restrictions).

Through three rounds of ESSER funding, Massachusetts will receive approximately \$2.9 billion, with \$2.6 billion distributed directly to school districts.

Figure 5. ESSER Funding to Date

	Total Amount	Massachusetts Share	Direct to Districts	Retained by State	Deadline for Spending
ESSER 1	\$13,229.3	\$214.9	\$193.4	\$21.5	September 30, 2022
ESSER 2	\$54,311.0	\$814.9	\$733.4	\$81.5	September 30, 2023
ESSER 3	\$122,774.8	\$1,842.13	\$1,657.9	\$184.2	September 30, 2023
Total	\$190,315.1	\$2,871.9	\$2,584.7	\$287.2	

Numbers in millions

- **Distribution:** ESSER is distributed based on state shares of the FY 2020 Title I formula. Title I distributes funding based on districts’ share of children living in poverty (or who meet other at-risk qualifications). Districts with child poverty that exceeds 2 percent of all children aged 5-17 receive a basic Title I grant. Districts receive additional grants if the number of qualifying students exceeds certain concentration standards.² Nationwide, more than 95 percent of school districts qualify for Title I grants.
- **District spending requirements:** ESSER III funds are available for expenditure until 9/30/2023. Under the ARP, each district must set aside at least 20 percent of

² More information about Title I allocations can be found in the US Department of Education presentation: Title I Allocation Formulas (<https://www2.ed.gov/about/offices/list/oese/oss/technicalassistance/titleiallocationformulastitleiconfppt22018.pdf>)

their ESSER grant to “address learning loss through the implementation of evidence-based interventions.” The remaining funds can be spent on 16 qualifying uses. These eligible use categories generally correspond to requirements in the CARES Act, with several notable differences:

- ARP eliminates a CARES spending category that provided broad discretion for school leaders to use resources as necessary to address the individual needs of their schools; and
- ARP adds several allowable spending categories:
 - Addressing learning loss among students
 - School facility repairs and improvements
 - Inspection, testing and other uses necessary to improve air quality
 - Developing strategies and implementing improved public health categories.

It is important to note, that given the broad categories of authorization in ESSER, the inclusion or exclusion of specific language does not necessarily mean that specific usage is no longer/ or newly allowed.

Unlike the CARES Act, ARP does not include an “equitable services” provision requiring districts to ensure that non-public school students receive access to ESSER supported programming. Instead, ESSER provides a separate \$2.75 billion to provide assistance to non-public schools.

The bill also includes maintenance of effort and equity requirements that must be met in order for states to receive ESSER funds.

- Maintenance of effort (applies to FY 2022 and FY 2023):
 - States education funding (K-12 and public higher education) must maintain the same share of overall budget spending as it did, on average, between 2017 and 2019.
- Maintenance of equity (applies to FY 2022 and FY 2023):
 - States cannot reduce per-pupil funding for high-needs districts unless overall per-pupil spending is reduced by at least the same amount; and
 - States cannot reduce per-pupil funding in the highest poverty school districts from FY 2019 levels.
- Local requirements (applies to FY 2022 and FY 2023):
 - The bill prohibits districts from reducing per-pupil spending or staffing to high poverty schools disproportionately compared to the rest of the district.
- **State set-aside:** The Department of Elementary and Secondary Education will receive 10 percent (\$184.2 million) of the total state award. Of that set aside:
 - At least 5 percent (\$98.3 million) is dedicated to addressing learning loss

- At least 1 percent (\$19.7 million) is dedicated to summer enrichment programs;
- At least 1 percent (\$19.7 million) is dedicated to after-school programs; and
- And not more than 0.5 percent (\$9.9 million) for administrative costs.

The remaining state set-aside (\$46.3 million) can be used for emergency needs related to COVID-19, as determined by DES

- **Estimated MA share:** \$1.842 billion

- **Higher Education Emergency Relief Fund** (\$39.6 billion/Section 2003)

Figure 6. HEERF Summary

Higher Education Emergency Relief Fund (HEERF III)	Section 2003
Spending deadline	9/30/2023
National allocation	\$39,584,574,000
MA Estimated share	\$736,365,683

- **Description:** The ARP includes a third allocation of HEERF funds for Massachusetts public and private institutions’ of higher education (IHEs). Based on the previous distribution, we estimate that Massachusetts IHEs will receive \$736.4 million, to be expended until the fall of 2023. However, this could be an underestimation: the Congressional Research service estimates that Massachusetts IHEs will receive \$825.5 million.

Through three rounds of HEERF funding, Massachusetts IHEs will receive at least \$1.4 billion, of which \$617.4 million will be dedicated to student costs.

Figure 7. HEERF Funding to Date

	Total Amount	Massachusetts Share	Dedicated for Students	Remaining Amount
HEERF 1	\$14,094.9	\$249.2	\$124.60	\$124.6
HEERF 2	\$22,697.1	\$412.90	\$124.6	\$288.3
HEERF 3	\$39,584.6	\$736.40	\$368.2	\$368.2
Total	\$76,376.6	\$1,398.5	\$617.4	\$781.1
<i>\$ in millions</i>				

- **Distribution:** ARP higher education funds will be distributed by the method used in the CRRSAA:
 - 77 percent based on an IHE’s share of Pell Grant recipients
 - Only 2 percent of this is based on Pell Grant students enrolled in only remote learning courses prior to COVID-19; and

- 23 percent based on an IHE’s share of non-Pell Grant recipients.

Half of the total allocation is distributed based on the total number of students (in this measure a part-time student would count as much as a full-time student) at an IHE, while half is based on the number of students as measured on a full-time equivalent basis.

- **IHE Spending Requirements/Restrictions:** ARP requires that IHEs must use at least 50 percent of their allocation to provide direct financial relief to students. IHEs have broad discretion to expend remaining funds on defraying expenses associated with COVID-19 and to support student activities related to the pandemic.
- **Estimated MA share:** \$736.4 million

- **Childcare Development Block Grant (\$14.99 billion/Section 2201)**

Figure 8. CCDBG Summary

CHILDCARE DEVELOPMENT BLOCK GRANT (CCDBG)		Section 2201
Spending deadline		9/30/2023
National allocation		\$14,990,000,000
MA Estimated share		\$196,560,939

- **Description:** The ARP includes a third round of CCDBG funding for states. These funds are deposited directly into the state’s General Fund for appropriation, but must be used on eligible childcare and early education costs.

Through three rounds of CCDBG funding, Massachusetts will receive approximately \$370 million.

Figure 9. CCDBG Funding to Date

	Total Amount	Massachusetts Share
CCDBG 1	\$3,500.0	\$45.70
CCDBG 2	\$10,000.0	\$130.30
CCDBG 3	\$14,990.0	\$196.60
Total	\$28,490.0	\$372.6
	<i>\$ in millions</i>	

- **Distribution:** CCDBG funds are distributed through a formula based on three factors:
 - State share of US population under age 5;
 - State share of children eligible for free or reduced-price lunch; and

- State’s per-capita income.
 - **Spending requirements/restrictions:** Funds must be expended by the end of federal fiscal year 2023 and are subject to the same requirements as typical CCDBG awards, but can be used to provide childcare assistance for essential workers without regard to income requirements that would otherwise apply.
 - **Estimated MA share:** \$196.6 million
- **Childcare Stabilization (\$23.975 billion/Section 2202)**

Figure 10. Childcare Stabilization Summary

CHILDCARE STABILIZATION		Section 2202
Spending deadline	50 percent obligation requirement by December of 2021	
National allocation	\$23,975,000,000	
MA Estimated share	\$314,379,488	

- **Description:** ARP creates a new \$24 billion allocation to be used to make grants to childcare providers impacted by COVID-19. The state can reserve 10 percent of its award (approximately \$31.4 million) to provide technical assistance, administer grants and publicize grant opportunities.
- **Distribution:** Grants are awarded to states based on the CCDBG formula. The Department of Early Education and Care will then award sub-grants to providers based on a provider’s operating expenses.
- **Spending requirements/restrictions:** EEC is required to notify the federal government if at least 50 percent of sub-grants are not obligated to providers within 9 months of the state awards. Providers are eligible for grant funding if they were forced to close due to the pandemic or if they remained open during the pandemic. In order to receive funds, providers must make several attestations related to public health guidelines, employee retention, and tuition relief.

Providers will be able to use stabilization grants for:

- Personnel costs;
- Rent;
- PPE;
- Equipment purchases related to COVID-19;
- Goods and services necessary to maintain/resume operations; and
- Mental health supports for children and staff.

States must use Stabilization Fund grants to supplement, not supplant, childcare spending.

- **Estimated MA share:** \$314.4 million

Other Education Provisions of Note

Childcare assistance (\$633 million/Section 9801)

- **Description:** Increases annual funding for the Child Care Entitlement to States, which provides formula-based assistance to states to support eligible childcare costs. The ARP also waives the required state match on new funding in FY 2021 and FY 2022.
- **Distribution:** Formula based on a base funding level and an additional allocation based on children under 13 in a state.
- **Estimated MA share:** \$10 - \$20 million

Emergency assistance to non-public schools (\$2.75 billion/Section 2002)

- **Description:** Provides states with grants to provide services (not reimbursements) to non-public schools that enroll a large number of low-income students.
- **Distribution:** US DOE formula.
- **Estimated MA share:** \$24.2 million

Head Start (\$1 billion/Section 2203)

- **Distribution:** State share of Head Start enrollment.
- **Estimated MA share:** \$15 - \$18 million

National Endowment for the Arts (\$135 million/Section 2021)

- **Distribution:**
 - 40 percent (\$54 million) as grants to state arts agencies and regional arts organizations; and
 - 60 percent (\$81 million) as direct grants to arts organizations.
- **Estimated MA share:** Unknown

National Endowment for the Humanities (\$135 million/Section 2022)

- **Distribution:**
 - 40 percent (\$54 million) as grants to state humanities councils; and
 - 60 percent (\$81 million) as direct grants to humanities organizations.
- **Estimated MA share:** Unknown

Institute of Museum & Library Services (\$200 million/Section 2023)

- **Distribution:** Existing formula under which each state receives a minimum grant and remaining amounts are awarded based on population.
- **Estimated MA share:** \$3-\$4 million

Educational device support/Emergency Connectivity Fund (\$7.2 billion/Section 7402)

- **Description:** Creates a new Emergency Connectivity Fund to provide grants to reimburse schools and libraries for education technology equipment purchased during COVID-19.

Transportation

- [Federal Transit Administration Grants \(\\$30.5 billion/Section 2401\)](#)

Figure 11. FTA Grant Summary

FTA Grants	Section 2401
Spending deadline	9/30/2024
National allocation	\$30,461,355,534
MA Estimated share	\$1,000,000,000

Description: The ARP provides a third round of FTA grants, with the vast majority (\$26.1 billion) distributed through the “Urbanized Area” formula, which covers most of Massachusetts. In total, close to \$70 billion in FTA grants will be released through three rounds of funding and Massachusetts is likely to receive more than \$2.3 billion.

Figure 12. FTA Area Grants

	Total Amount	Massachusetts Share
FTA 1	\$25,000.0	\$1,043.90
FTA 2	\$14,000.0	\$343.10
FTA 3	\$30,461.4	\$1,000.00
Total	\$69,461.4	\$2,387.0
	<i>\$ in millions</i>	

Distribution: FTA Urbanized Area grants are distributed based on population thresholds, while states also receive smaller allocations for rural areas (\$317.2 million in the ARP). However, the ARP also ties grant awards to a transit authority’s 2018 operating expenses:

1. Initial Urbanized Area grants are limited so that the total of all three rounds of stimulus funding is capped at 132 percent of 2018 operating expenses; and
2. From amounts remaining:
 - Transit Authorities that received no initial grant funding will receive a grant equal to 25 percent of their 2018 operating costs; and
 - Transit authorities who, through two rounds of funding, had received between 130 and 132 percent of 2018 operating expenses in grants will receive an additional grant equal to 10 percent of 2018 operating expenses.

Funds distributed through the Rural Area formula are subject to similar caps: initial grants are awarded such that total grants will not exceed 150 percent of 2018 operating caps. Entities not eligible for grants under this initial allocation, will receive supplemental amounts based on other criteria.

- **Estimated MA share (urbanized area grants):** The criteria imposed on FTA grants make exact estimates for Massachusetts transportation entities challenging. The MBTA's FY 2018 operating expenses are approximately \$1.5 billion, which would create a cap of approximately \$2 billion in total federal grants through three rounds of federal stimulus. The MBTA has received \$1.13 billion to date, meaning that it could receive a further \$800 - \$900 million through the ARP. RTA support is even more challenging to estimate, but is likely in the \$150 million range.
- **Other FTA grants:** In addition to Urbanized Area grants, there are several other transportation funding items included within the \$30.5 billion FTA grant total:
 - **Capital investment grants (\$2.925 billion)**
 - **Distribution:** Capital grants provided in three buckets based on a projects participation in the FTAs Fixed Guideway Capital Investment Grant program or projects with full funding agreements with the federal government that received financial support in each of the past two years.
 - **Estimated MA share:** Unknown
 - **Additional assistance grants (\$2.2 billion)**
 - **Distribution:** Application based on an entity's demonstration of financial need.
 - **Grants for enhanced mobility for seniors and persons with disabilities (\$50 million total)**
 - **Distribution:** Based on the number of seniors citizens and persons with disabilities in a state.
 - **Estimated MA share:** \$1.1 million
 - **Grants for rural areas (\$317.2 million total)**
 - **Distribution:** Each rurally designated area receives grants based on a formula that includes geographic and socioeconomic factors. Grants in ARP are tied to 150 percent of a rural area's 2018 operating expenses.
 - **Estimated MA share:** \$2 –\$7 million

Other Transportation Provisions of Note

- **Airport relief** (\$8 billion/Section 7102)
 - **Description:**
 - \$6.5 billion for operating costs at primary airports;

- \$680 million to increase federal reimbursements for airport capital projects;
 - \$800 million to provide rent and other financial relief to airport concessionaires; and
 - \$100 million for non-primary airports.
- Amtrak (\$1.7 billion/Section 7101)
 - **Description:**
 - \$970.4 million for the Amtrak Northeast Corridor; and
 - \$729.6 million for the Amtrak National Network.

Housing & Homelessness

- **Emergency Rental Assistance (\$21.55 billion/Section 3201)**
 - Description: Recapitalizes program created in the CRRSAA which provides flexible funds to states to prevent eviction and provide resources to renters impacted by COVID-19. Funds can be used for direct financial assistance, housing stability services, and other eviction prevention activities.
 - **Distribution:** Funding is distributed based on populations; municipalities with populations in excess of 200,000 can receive funds directly.
 - **Estimated MA share:** \$350 million
- **Homeowner Assistance (\$9.96 billion/Section 3206)**
 - **Description:** Supports a new federal program to provide states and other entities with resources to mitigate mortgage delinquency, utility shutoff and foreclosure. Funds can also be used to reimburse states for costs already incurred for these purposes. A majority of funds must be used to assist low-income individuals.
 - **Distribution:** Formula based on each state's share of unemployed and its number of homeowners with past due mortgage payments or mortgages in foreclosure.
 - **Estimated MA share:** Unknown, but the minimum state award is \$50 million
- **Emergency housing vouchers (\$5 billion/Section 3202)**
 - **Description:** Provides emergency housing vouchers to eligible individuals and families.
 - **Distribution:** Vouchers are awarded to local housing authorities based on a HUD formula.
 - **Estimated MA share:** Unknown
- **Emergency Solutions Grants (\$5 billion/Section 3205)**
 - **Description:** supports Emergency Solutions Grants to address homelessness and mitigate impacts of COVID-19 on homeless individuals and families.
 - **Distribution:** Formula-based; however CARES Act ESG funds were distributed based on two different formulas and it is not apparent how the formula will be applied for ARP funds. Awards are made to eligible cities, with the state receiving a separate set aside.
 - **Estimated MA share:** Unknown. Massachusetts (including city awards) received slightly more than \$100 million of the \$4.6 billion in ESG grants awarded in the CARES Act
- **Low-Income Home Energy Assistance (\$4.5 billion/Section 2911)**
 - **Description:** Supplementing funding for a program that helps low-income families with energy costs.
 - **Distribution:** Based on hybrid LIHEAP formula used in recent years.
 - **Estimated MA share:** \$125 - \$175 million

- **Water assistance (\$500 million/Section 2912)**
 - **Description:** Provides grants to states to reduce water and wastewater costs for low-income residents.
 - **Distribution:** Formula based on poverty and housing costs.
 - **Estimated MA share:** Unknown

Public Health & Emergency Response

- **FEMA (\$50 billion/Section 4005)**
 - **Description:** Recapitalizes FEMA’s Disaster Relief Fund which, among other things, provides reimbursements to states for eligible costs.

- **COVID-19 testing and tracing (\$47.8 billion/Section 2401)**
 - **Description:** Funds support a national testing/tracing regimen, manufacture and distribution of tests and grants to states and local entities.
 - **Distribution:** At the discretion of HHS.

- **Defense Production Act (\$10 billion/Section 3101)**
 - **Description:** Supports the manufacturing of a range of supplies related to COVID-19 response.

- **Community health centers (\$7.6 billion/Section 2601)**
 - **Description:** Supports COVID-19 response and recovery costs at CHCs. The bill includes a number of eligible uses for CHC grants from vaccination distribution to testing and tracing, to workforce enhancement.
 - **Distribution:** Secretary of HHS to distribute according to existing CHC grant system (so-called Section 330 grants).
 - **Estimated MA share:** Unknown

- **Public health workforce (\$7.66 billion/Section 2501)**
 - **Description:** Supports hiring/training of public/non-profit employees to serve in a variety of public health roles as well as PPE for public health workers.
 - **Distribution:** Secretary of HHS to make awards to state/local/non-profit entities. No formula described.

- **CDC Vaccine Activities (\$7.5 billion/Section 2301)**
 - **Description:** The ARP provides the CDC with a further \$7.5 billion to support vaccine **Distribution:** and administration. Funds can be used for a variety of purposes including supplemental funding for state vaccination grants.
 - **Distribution:** State grants will be distributed based on a state’s share of previously announced vaccination grants; Massachusetts received 2.07 percent of the earlier round of grants.

- **HHS vaccine programs (\$7.05 billion/Sections 2302 and 2303)**
 - **Description:**
 - \$1 billion to strengthen vaccine confidence and improve rates of vaccination; and
 - \$6.05 billion to support vaccine research, development, manufacturing and distribution.

- **Distribution:** The Secretary of HHS has discretion over these funds.
- **COVID-19 genomic sequencing (\$1.75 billion/Section 2402)**
 - **Description:** Supports activities and workforce related to genomic sequencing of the virus.
 - **Distribution:** At the discretion of HHS.
 - **Estimated MA share:** Unknown
- **National Science Foundation (\$600 million/Section 7502)**
 - **Description:** Supports new or continued research grants related to COVID-19.
 - **Distribution:** Discretionary grants awarded by NSF.
 - **Estimated MA share:** Unknown

Health Care Funding & Coverage

- [Maintaining COBRA coverage \(Section 9501\)](#)
 - **Description:**
 - Enables COBRA-eligible individuals to maintain coverage through 9/30/2021 while capping premiums at 15 percent of the cost of coverage. Previously, individuals could be required to pay the full cost of coverage as a premium; and
 - Provides a refundable tax credit to employers for the full amount of COBRA coverage premiums.

- [Veteran co-pay & cost share \(\\$1 billion/Section 8007\)](#)
 - **Description:** Requires the VA to cover all veteran cost share and copay requirements related to COVID-19.

- [Affordable Care Act Coverage Incentives \(Sections 2305, 9661-9663\)](#)
 - **Description:**
 - In effect in 2021 and 2022:
 - Enhances premium subsidies 100 – 400 percent of FPL, thereby reducing the cost of exchange-based plans;
 - Eliminates the income cap for ACA premium tax credits; and
 - Ensures that UI claimants in 2021 are eligible for the maximum ACA exchange tax subsidy.

- [Medicaid & CHIP coverage of vaccines and treatment \(Section 9811 & 9821\)](#)
 - **Description:**
 - Mandates coverage (without cost sharing) for COVID-19 testing, treatment and vaccines for Medicaid/CHIP clients until one year after the end of the Public Health Emergency and allows state Medicaid plans to cover these services for eligible uninsured groups as well;
 - Allows outpatient COVID-19 drugs to be included in the Medicaid Drug Rebate Program; and
 - Guarantees 100 percent reimbursement for Medicaid & CHIP vaccine costs.

- [Medicaid policy changes \(Sections 9812-9814, 9817, 9818, 9822\)](#)
 - **Description:**
 - Provides a state option to continue Medicaid coverage for women, covered during their pregnancy and for 60 days after birth, for a further year; the ARP mandates this coverage for impacted children;
 - Creates a state option, for the next five years, to provide community-based mobile intervention services through Medicaid, with 85 percent reimbursement. Mobile crisis services are provided to individuals

experiencing mental health or substance use crises outside of a health care facility;

- Increases FMAP (by five percentage points over a two year period) for states who newly expand Medicaid coverage up to 133 percent of FPL. Massachusetts already covers these populations;
- Increase FMAP for home and community based services provided between 4/1/21 and 3/31/22. The state must meet certain program requirements to receive additional funding;
- Provides up to \$250 million to assist states in establishing nursing home strike teams; and
- Clarifies that during the PHE, state Disproportionate Share Hospital Allotments will be recalculated to ensure that DHS payments remain at the level they would have been without enhanced FMAP reimbursements.

- **Medicare policy changes (Sections 9831, 9832)**

- **Description:**

- Reestablishes a Medicare wage index for states in all urban areas; and
 - Expands Medicare reimbursement for ambulance providers in cases where a patient is not transported to a hospital or nursing facility.

- **Payments to Rural Providers (\$8.5 billion/Section 9911)**

- **Description:** Provides \$8.5 billion in payments to health care providers for expenses and lost revenue attributable to COVID-19.
 - **Distribution:** Funds will be distributed on an application basis. Application requirements are to be developed by HHS, but providers must demonstrate the impact of COVID-19 on expenses and revenue. In order to be eligible, providers must be enrolled in Medicare or Medicaid and be designated as a rural provider.

Unemployment Assistance

- **Pandemic Unemployment Assistance Extension (Section 9011)**
 - **Description:**
 - Extends (until 9/6/2021) PUA, which provides unemployment assistance to workers, including independent contractors, not typically eligible for unemployment assistance benefits; and
 - Increases the maximum number of weeks for benefits to 79.
- **Unemployment relief for non-profits and government entities (Section 9012)**
 - **Description:**
 - Extends (until 9/6/2021) federal subsidy of unemployment costs for self-funding non-profits and government entities; and
 - Increases the federal subsidy to 75 percent of costs.
- **Pandemic unemployment compensation (Section 9013)**
 - **Description:** Extends (until 9/6/2021) \$300 per week unemployment benefit increase.
- **Pandemic Emergency Unemployment Compensation (Section 9016)**
 - **Description:** Extends (until 9/6/2021) extended federal unemployment benefits and increases the maximum benefit weeks to 53.
- **Full federal funding of first week of unemployment (section 9014)**
 - **Description:** Extends (until 9/6/2021) full federal funding of the first week of unemployment benefits for states with no waiting period.
- **Extension of full federal funding of workshare programs (sections 9017 & 9018)**
 - **Description:** Extends (until 9/6/2021) full federal funding of state workshare programs.
- **Extension of federal short-term financing for UI loans (Sections 9021)**
 - **Description:** Delays (until 9/6/2021) interest accrual for state UI loans.
- **UI fraud prevention and equitable access to benefits (\$2 billion/Section 2118)**
 - **Description:** provides \$2 billion to prevent UI fraud, support equitable access to benefits and ensure timely payment.
 - **Distribution:** Funds made available to states through grants, but may conditional on states using program integrity tools identified by the Department of Labor.
- **UI income tax suspension (Section 9042)**
 - **Description:** Exempts up to \$10,200 in UI benefits from tax for taxpayers with less than \$150,000 in taxable income in a given year.

Tax Changes and Recovery Rebates

- **Recovery rebates (section 9601)**
 - **Description:**
 - Single filer:
 - Rebate of \$1,400;
 - Maximum rebate available up to an income of \$75,000 (\$112,500 for head of household); and
 - Rebate phased out through income of \$80,000 (\$120,000 for a head of household).
 - Joint filer
 - Rebate of \$2,800;
 - Maximum rebate available up to an income of \$150,000; and
 - Rebate phased out through income of \$160,000.
 - Additional rebate of \$1,400 for each dependent.
- **Child tax credit (Section 9611)**
 - **Description:**
 - Changes in effect for TY 2021:
 - Increases the maximum CTC to up to \$3,600 for children under 6 and \$3,000 for children older than 6 (current maximum is \$2,000 per child under 17);
 - Creates \$500 credit for 17 and 18-year-olds and full-time college students up to age 24;
 - Enables credit refund to be received monthly between July and December of 2021 (currently only credited at tax filing);
 - Eliminates \$2,000 earnings floor to claim;
 - Makes CTC 100 percent refundable (current \$1,400 cap); and
 - Adjusts income requirements for phase-out of the credit.
- **Earned Income Tax Credit (Sections 9621 through 9626)**
 - **Description:**
 - Changes in effect for TY 2021:
 - Changes age eligibility criteria for individuals without children
 - Reduced to 19 (except for students)
 - Eliminates maximum age;
 - Increases the amount of the credit, and the maximum eligible income for childless adults;
 - Increases the disqualifying investment income cap to \$10,000 (from \$2,200); and
 - Allows filers you use 2019 income instead of 2021 income to calculate credit amount.

- **Child and Dependent Care Tax Credit (Section 9631)**
 - **Description:**
 - Changes in effect for TY 2021:
 - Increases credit coverage from 35 percent of allowable expenses to 50 percent;
 - Increases amount of qualifying expenses from \$3,000 for one child/\$6,000 for two or more to \$4,000/\$8,000
 - Makes credit refundable; and
 - Makes maximum credit available to families making less than \$125,000; credit phases out up to an income of \$400,000
 - Maximum credit currently phases out after \$15,000 in income to a minimum credit of 20 percent when income exceeds \$43,000.

- **Extension of limitation of excess business losses for non-corporate payers (Section 9041)**
 - **Description:** Extends limit to 1/1/27, with an effective date beginning with TY 2026.

- **Limitation on high salary deductibility (Section 9708)**
 - **Description:** Beginning in tax year 2027, expands to five the number of the highest paid employees of public held corporations subject to a \$1 million compensation deduction cap.

- **Repeal of worldwide interest allocation (Section 9671)**
 - **Description:** Repeals a tax rule, put in place in 2004 but not yet implemented, that would allow eligible corporations to allocate interest on a worldwide basis.

- **Employee retention tax credit extension (Section 9651)**
 - **Description:**
 - Extends tax credit created in the CARES Act which allows employers to claim a refundable 70 percent tax credit of eligible wages paid through 12/31/2021; and
 - Expands eligibility to startups established in 2020 with gross receipts of \$1 million or less.

- **Sick and Family Leave (Sections 9641 & 9642)**
 - **Description:**
 - Extends employer tax credit paid costs associated with FFCRA COVID-19 paid sick and family leave programs through 9/30/2021; and
 - Increases wages eligible for the credit to \$12,000 (from \$10,000).

- **Student loan taxation (Section 9675)**
 - **Description:** Excludes student loan discharge amounts from the calculation of taxable income until TY 2025.

- **Tax treatment of grants (sections 9672 & 9673)**
 - **Description:**
 - Excludes EIDL advances from calculation of gross income; and
 - Excludes Restaurant Revitalization Grants from calculation of gross income.

Human Services

- **Veterans Affairs medical care (\$14.5 billion/Section 8002)**
 - **Description:** Funding to support the health care needs of military veterans.

- **Supporting older Americans (\$1.434 billion/Section 2921)**
 - **Description:** Funds are divided into 3 categories:
 - \$750 million for senior nutrition;
 - \$460 million for senior supportive services; and
 - \$25 million for activities to support health and independence.
 - **Distribution:** Formula based.
 - **Estimated MA share:** Unknown

- **Pandemic emergency assistance (\$1 billion/Section 9021)**
 - **Description:** Provides grants to states and territories for short-term cash assistance programs for those impacted by the pandemic.
 - **Distribution:** \$925 million to be awarded to states through a formula based on child population and the amount a state spent on emergency assistance programs in FY 2019. States must commit to using awards for short-term cash assistance programs.
 - **Estimate MA share:** Unknown

- **State veterans homes (\$750 million/Section 8004)**
 - **Description:**
 - \$500 million in funding for existing state veteran home funding programs; and
 - \$250 million allocated to state veteran homes based on the state's share of veteran home resident capacity.
 - **Distribution:** At least partially distributed based on a state's share of veteran home resident capacity.
 - **Estimated MA share:** Unknown

- **Skilled Nursing Facilities (\$450 million/Sections 9401 & 9402)**
 - **Description:**
 - \$200 million to provide infection control and vaccination uptake support at nursing homes; and
 - \$250 million to fund state strike teams to deploy to skilled nursing facilities with COVID-19 outbreaks.

- **Programs for domestic violence and sexual assault survivors (\$450M/Section 2204)**
 - **Description:** The bill divides this funding into a number of smaller survivor support programs with differing distribution methods.

- **Child abuse prevention (\$350 million/Section 2205)**
 - **Description:** Splits funding between two existing programs that support the Child Abuse Prevention and Treatment Act.
 - **Distribution:** Both programs appear to be distributed based on a state's share of the US child population.
 - **Estimated MA share:** \$6-\$7 million

Economic Development

- **Restaurant Revitalization (\$28.6 billion/Section 5003)**
 - **Description:** Creates a Restaurant Revitalization Fund, administered by the Small Business Administration, to provide application based financial support to restaurants impacted by COVID-19. Assistance is based on revenue loss, payroll costs and other factors. Small restaurants (not more than \$500K in 2019 gross receipts) are guaranteed at least \$5 billion in grants.

- **Economic Injury Disaster Loan Advances (\$15 billion/Section 5002)**
 - **Description:**
 - \$10 billion to make EIDL advances to businesses that have not yet received their full amounts; and
 - \$5 billion in payments to businesses with 10 or fewer employees with an economic loss of greater than 50 percent.

- **State Small Business Credit Initiative (\$10 billion/Section 3301)**
 - **Description:** Capitalizes the SSBCI initiative with \$10 billion and sets aside \$3.5 billion for grants to states.
 - **Distribution:** \$1.5 billion in state grants will be awarded by the existing SSBCI formula. Further amounts available for technical assistance, for grants to very small businesses and through incentive payments.
 - **Estimated MA share:** Unknown

- **Paycheck Protection Program (\$7.25 billion/Section 5001)**
 - **Description:** Recapitalizes the PPP and makes several eligibility/second round adjustments to the program.

- **Economic Adjustment Assistance (\$3 billion/Section 6001)**
 - **Description:** Supports Department of Commerce program that helps states and regions react to major negative economic impacts.
 - **Distribution:** One quarter of funds are set aside for grants to states and communities to address negative impacts to the tourism sector. Other grants are awarded at the discretion of the Secretary of Commerce.
 - **Estimated MA share:** Unknown

- **Shuttered venues (\$1.25 billion/Section 5005)**
 - **Description:** Recapitalizes a \$15 billion SBA program to assist operators of live venues impacted by COVID-19.

Food Security and Nutrition Assistance

- **SNAP Administrative Expenses (\$1.15 billion/Section 1101)**
 - **Description:** Covers state costs to meet increased, ongoing demand for SNAP benefits.
 - **Distribution:** Formula based according to a state's share of SNAP participants (75 percent) and the increase in the number of SNAP participants in a state (25 percent). Grants awarded each fiscal year through 2023.
 - **Estimated MA share:** Unknown

- **Women, Infants & Children (WIC) supplemental nutrition (\$880 million/Sections 1105 & 1106)**
 - **Description:**
 - Authorizes the Secretary of HHS to increase the value of WIC vouchers to \$35 through 9/30/2021; and
 - Creates \$390 million WIC modernization grant program.

- **Pandemic Electronic Benefits Program (Section 1108)**
 - **Description:** Extends the program, created in the Families First Coronavirus Relief Response Act (FFCRA) through any school year in which there is a Public Health Emergency – which will extend the program through at least next school year
 - The program provides school children, who otherwise would have received federal free or reduced-price meals, with benefits loaded onto EBT cards.

Mental Health & Substance Use

- **Mental Health Block Grant (\$1.5 billion/Section 2701)**
 - **Description:** Provides additional funding to existing Block Grant to states.
 - **Distribution:** Formula based.
 - **Estimated MA share:** \$30-\$50 million

- **Substance Abuse Block Grant (\$1.5 billion/Section 2702)**
 - **Description:** Provides additional funding to existing Block Grant to states.
 - **Distribution:** Formula based.
 - **Estimated MA share:** \$30 million

- **Community Behavioral Health Clinics (\$420 million/Section 2713)**
 - **Description:** Supports community-based, certified mental health clinics.
 - **Distribution:** Competitive grant distributed by HHS.
 - **Estimated MA share:** Unknown

- **Behavioral health workforce (\$100 million/Section 2711)**
 - **Description:** Supports grants to IHEs to support mental health workforce recruitment and education.
 - **Distribution:** Competitive grant distributed by HHS.