Federal COVID & Proposed Spending Update

- Federal COVID Spending = $5 Trillion over 10 years

<table>
<thead>
<tr>
<th>Covid-19 Relief Law</th>
<th>10-year deficit effects (in billions)</th>
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</thead>
<tbody>
<tr>
<td>Health and international aid (<a href="#">Public Law 116-123</a>)</td>
<td>$8.0</td>
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<tr>
<td>Families First Coronavirus Response Act (<a href="#">Public Law 116-127</a>)</td>
<td>$192.0</td>
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<tr>
<td>CARES Act (<a href="#">Public Law 116-136</a>)</td>
<td>$1,721.0</td>
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<td>Paycheck Protection Program and health-care funds (<a href="#">Public Law 116-139</a>)</td>
<td>$483.0</td>
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<tr>
<td>Year-end spending and coronavirus relief package (<a href="#">Public Law 116-260</a>)</td>
<td>$868.0</td>
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<tr>
<td>American Rescue Plan Act (<a href="#">Public Law 117-2</a>)</td>
<td>$1,856.0</td>
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More than $500 billion in State & Local Aid

• The CARES Act provided $150 billion for state, local, and tribal governments and U.S. territories to pay for unbudgeted virus-related expenses
  o It limited the use of funds to cover emergency costs incurred from March 1 through Dec. 30, 2020
  o The Treasury Department said recipients couldn’t use the funds to fill revenue shortfalls

• The American Rescue Plan provided another $360 billion in state and local aid
  o Covered costs incurred through Dec. 31, 2024
  o Funds could be used to address economic effects of Covid-19, provide premium pay to essential employees, support government services affected by a revenue drop, and invest in infrastructure
Payroll Tax Credits for Businesses

• The Families First Act established tax credits for employers that provide emergency paid leave and health benefits
  o Paid leave credits were modified and extended through Sept. 30 under American Rescue Plan
    o Credits expanded to cover Covid-19 vaccinations or wait times for test results or diagnoses
    o Wages covered by family leave credit increased to $12,000 per employee, from $10,000

• The CARES Act established a credit to cover 70% of eligible wages and health benefits paid by employers that retain their workers
  o Credit modified and extended through Dec. 31 under American Rescue Plan
    o Eligibility expanded to new startups as well as companies that had a 90% decline in revenue over the year

• The CARES Act also deferred employer payroll taxes in 2020 and allowed repayment over two years
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Tax Credits for Families

• The American Rescue Plan expanded the earned income tax credit for taxpayers without children for 2021 by increasing the credit percentage, phaseout thresholds
  o Allowed individuals ages 19 and older to qualify, eliminating the 25-to-64 age range
  o Eliminated rule barring individuals who have children without SSNs from claiming the credit

• Measure expanded the child tax credit for the year and made it fully refundable
  o Increased the maximum credit to $3,600 for each child younger than 6 and $3,000 for other children, and allowed it to be claimed for 17 year olds
  o Directed Treasury Department to establish program to advance periodic payments beginning July 1

• It also increased the value of the child and dependent care tax credit in 2021
  o Allowed it to cover 50% of expenses of as much as $8,000 for one dependent, $16,000 for two or more
  o Excluded as much as $10,500 in employer-provided dependent care from tax
$1.8 Trillion Family Aid Plan

• The package totals $1.8 trillion and would include:
  o Two years of free community college, universal preschool, and child care assistance
  o National paid family and medical leave
  o Expanded nutrition assistance
  o Extended child, earned income, and dependent care tax credits

• Plan would raise taxes on wealthy households, saving about $1.5 trillion over a decade
  o Increases top income and capital gains tax rates to 39.6%
  o Ends tax breaks related to inheritance and investment funds
  o Increases support for IRS tax enforcement
$2.25 Trillion Infrastructure Plan

- The package totals $2.25 trillion over eight years, with a focus on transportation, caregiving, manufacturing, housing, schools, water, broadband, and the power grid
  - Biden also proposed hiking corporate taxes and setting a minimum tax on overseas profits
  - A second package, planned for release in April, could top $1 trillion and expand social policies
  - Speaker Nancy Pelosi (D-Calif.) said she wants the House to pass an infrastructure bill by July 4
$1.5 Trillion Budget Proposal

• Key initiatives across federal agencies would include:
  o $14 billion to address climate change
  o $2.5 billion, a 4.3% increase, in Agriculture and Interior department funding to fight wildfires
  o $1.7 billion for HUD and $400 million for the Energy Department to support home retrofits and weatherization
  o $815 million to incorporate climate effects into pre-disaster planning and projects
  o $600 million to support the procurement of electric vehicles
  o $200 million for community violence intervention initiative between HHS and the Justice Department to address gun violence
  o Resources to support 125,000 refugee admissions in 2022