MEMORANDUM

To: Governors' Offices
From: NGA Government Relations and NGA Center for Best Practices
Re: Human Services Provisions in the American Rescue Plan Act that Support Children and Families

On March 11, 2021, President Joe Biden signed the $1.9 trillion pandemic relief package, the American Rescue Plan Act (ARPA) into law (P.L.117-2), which includes significant support for children and families related to nutrition, child poverty and expansion of child tax credits. In addition, ARPA includes critical funding to help support the child care industry, which has been devastated due to the pandemic.

The funding in ARPA, combined with the $10 billion in funding for the child care industry in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (P.L. 116-260), totals more than $50 billion in support for this industry. States and territories can use these funds to help families with low incomes pay for child care and provide support and resources for essential workers to be able to afford child care. Additionally, states and territories can help child care providers to reopen and offset previously incurred pandemic related expenses and defray operating costs.

Children from low-income households, in particular children of color, are disproportionately impacted by the pandemic, and ARPA provides additional income and resources to low-income families and children through targeted investments to a number of child welfare programs.

Much of the funding provided to states and territories is one-time emergency funding and will not be a sustainable source of future funding. Therefore, states and territories should carefully consider their plans for the most effective use of these funds. Below is an overview of the provisions in the American Rescue Plan Act that support children and families.

Emergency Funding for the Child Care and Development Block Grant (CCDBG) Program
The ARPA provides $14.9 billion in emergency relief to states, territories, and tribes through the CCDBG program, as long as a federal or state emergency remains in place. States have until the end of September 2023 to obligate these funds and until the end of September 2024 to spend the funds, and the state match requirements are waived through FY2022. These funds can be used to provide child care assistance to essential workers, regardless of their income. To view state, territorial, and tribal allocations of these funds please click here.

Child Care Stabilization Grants
The ARPA includes $23.9 billion in emergency relief to states, territories and tribes through child care stabilization grants to be allocated pursuant to the CCDBG Act funding formula. Funds may be made available to a provider in a state, territory, or tribe who is licensed, regulated or registered and meet state and local health and safety requirements, even those providers who have not otherwise participated in CCDBG, to address the urgent needs of child care providers struggling to survive or reopen under pandemic conditions. States can use these funds to reimburse programs for pandemic-related costs retroactively to the declaration of the public health emergency on January 31, 2020. To view state, territorial, and tribal allocations of these funds please click here.

States have until the end of September 2022 to obligate these funds and must spend them by the end of September 2023. In addition, states must notify the Administration for Children and Families if they have not obligated at least 50 percent of the funds by nine months after the law’s passage (December 2021). States...
must use these funds to supplement, and not supplant, other federal, state and local funds expended to provide child care services.

- Up to 10 percent of allocated stabilization grant funds can be used for administrative activities that include: 1) publicizing availability of funding and conducting outreach to ensure all eligible providers know how to apply for the stabilization grants; 2) increasing the number of care providers; and 3) technical assistance for providers during the application process.
- Providers receiving stabilization grants must meet—to the extent possible—the Centers for Disease Control and Prevention’s operating guidelines; maintain full pay and benefits to their employees; and—to the extent possible—help currently enrolled families meet the costs of tuition, fees and copayments.
  - Funds will be administered by state lead agencies and can be used to support providers who are currently operating or are closed for COVID-related reasons, as well as supply-building activities.
  - Funds can be used for a range of expenses such as personnel costs, rent, facility maintenance and improvements, personal protective equipment and COVID-related supplies, goods and services needed to resume provision of care services, mental health supports for children and staff, and reimbursement of previously expended costs associated with the current public health emergency.

**Child Care Entitlement to States (CCES)**
The ARPA increases annual mandatory funding for the CCES to $3.55 billion, an increase of $633 million and waives the state matching requirement for supplemental funds in FY 2021 and FY 2022. When received by states, these funds get combined with CCDBG funding and are expended under CCDBG Act rules. This increase will provide nearly $3.4 billion of these funds to states, $100 million to Indian tribes, and $75 million for territories.

**Child Tax Credit (CTC)**
The ARPA temporarily expands the CTC for one year (2021) and will allow advance partial payments to be issued mid-year. This change to the CTC expands full eligibility to 23 million children who previously did not benefit fully from the program because their families earned too little. The ARPA makes several temporary changes to the CTC:

- Increases the amount of the CTC from $2,000 to $3,600 for children under age six, and $3,000 for children under age 18.
- Expands eligibility to children 17 years old and younger (previously 16 years old and younger).
- Advances partial credit payments. Individuals eligible for a 2021 CTC will receive advance payments of the individual’s credit, which the IRS and the Bureau of the Fiscal Service will make through periodic payments from July 1 to December 31, 2021. Families can begin to benefit from financial assistance now, rather than waiting until the 2022 tax filing season to receive the CTC benefit.
- Makes the CTC fully refundable. The ARPA increases the amount of the CTC for low- and moderate-income households and provides for low-income households to receive the full CTC benefit.
- Permanently extends the CTC to residents of the U.S. territories. For the first time, low-income families residing in Puerto Rico and the U.S. territories will receive this financial assistance.

To facilitate the disbursement of the CTC advance payments during 2021, the ARPA requires the IRS to establish an online portal for taxpayers to update relevant data for mid-year payment adjustments (for example, the birth of a child during 2021). At a Senate Finance Committee hearing, on Tuesday, April 13th, Internal Revenue Service Commissioner Charles Rettig said that they will launch the online portal by July 1st.

In addition to this online tool, the Treasury Department and the IRS will carry out a public awareness campaign parallel to its Economic Impact Payment campaign to reach all Americans who may be eligible for this financial assistance.

**Child and Dependent Care Tax Credit (CDCTC)**
The ARPA significantly increases the CDCTC, which allows working parents to offset expenses of work-related childcare. Specifically, it:

- Increases the expense limit
  - from $3,000 to $8,000 for one qualifying child; and
  - from $6,000 to $16,000 for two or more qualifying children.
- Increases the maximum credit rate from 35 percent to 50 percent of the expense amount when adjusted gross income (AGI) is less than the new phaseout threshold of $125,000.
- Increases the gradual phasedown percentages for those with AGI of more than $125,000 down to 20 percent at $400,000 and completely phases out credit for joint filers with AGI over $440,000.
- Increases the maximum credit to $4,000 for one qualifying child and to $8,000 for more than one qualifying child.

**Individuals with Disabilities Education Act (IDEA)**
The ARPA adds $250 million for Part C of the IDEA, which authorizes federal funding for early intervention services to infants and toddlers with disabilities ages birth to three years and $200 million for Part B, Sec. 619, which authorizes supplementary grants to states for preschool programs serving children with disabilities ages three through five.

**Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV)**
The ARPA contains $150 million for the MIECHV program to remain available through the end of FY2022 to ensure families that are pregnant or recently had children are connected to resources they need to support healthy child development. Funding allocations will be forthcoming from the Health Resources & Services Administration (HRSA) and will likely be distributed through the regular MIECHV funding formula. For a list of allowable uses visit here. On May 11, 2021, HHS awarded $40 million in ARPA funding to support emergency home visiting assistance for families affected by the COVID-19 pandemic, to view aware recipients click here.

- Eligible entities must be operating MIECHV home visiting programs, must consent to amendment of their existing grants or contracts, must agree not to reduce staffing levels during the pandemic, and, if they choose to provide diapering supplies during the emergency, must coordinate with diaper banks operating in their service areas, to the extent practicable.
- This funding will allow for virtual home visits, technology for parents, grocery cards, and the purchase of diapers and wipes.

**Supplemental Nutrition Assistance Program (SNAP) and Pandemic Electronic Benefits Transfer (P-EBT)**
The ARPA extends the temporary increase to SNAP benefit maximum allotments, allocates new administrative funding, and provides support for SNAP online purchasing. The Act also provides additional SNAP funding for Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands. Specifically, the ARPA:

- Extends through September 30, 2021 the temporary 15 percent increase in the maximum SNAP benefit established in the December COVID relief legislation. This increases amounts to about $28 more per person per month for all participating households, or just over $100 per month in additional food assistance for a family of four.
- Adds $1.135 billion over a three-year period for state administrative costs to help states with the increased demand for SNAP. Over the past year, increased SNAP caseloads have stretched thin administrative capacity with office closures and staff reductions. Many states needed to quickly launch remote work and modify systems to adapt to the need for physical distancing during the pandemic. Waives the required state match for this supplemental funding, giving states more resources to navigate these challenges.
- Provides $880 million in additional funding for WIC including four months of increased benefits. This includes funding to temporarily boost the value of the Cash Value Voucher (CVV) in the WIC program up to $35 per month for women and children for a four-month period during the COVID-19 pandemic. Temporarily waives certain program requirements during the pandemic to increase access to benefits.
- Designates $25 million for technology updates at USDA to make improvements to online purchasing in SNAP, electronic benefit transfer technology, the use of mobile technologies for SNAP purchases, and technical assistance to retailers on these aspects of SNAP payments.
- Increases allocations to territories by $1 billion. This funding will allow Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands to serve more families and address increased needs. Typically, these formula block grants for food assistance in lieu of participating in SNAP are capped, and funding will be available through September 2027.
- Invests more than $5 billion for the P-EBT child nutrition program. This program addresses the food needs of low-income children during COVID-related school and child care closures. It supplies benefits during the summer and through the remainder of the public health emergency, as long as children are missing out on school meals due to the COVID-19 pandemic. Under P-EBT, families approved for free or reduced-price school meals receive the value of these missed breakfasts and lunches through a state-issued, SNAP-like benefit card. Expanded benefits will be available to Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa as well as the states.
Click here to view USDA guidance and for more on the estimated impact of this effort broken down by state click here.

Child Abuse Prevention and Treatment Act (CAPTA)
The CAPTA section of the bill helps prevent and respond to child abuse and neglect by providing $350 million in additional emergency funding available through September 30, 2023. It includes:
- $100 million for CAPTA Title I grants for states to support child protective services programs and infrastructure.
- $250 million for CAPTA Title II for grants to states for community-based programs and activities that support and strengthen families with the resources they need so children can remain safe.
- Cash match requirements and fiscal cost-sharing required under current law are temporarily waived.

To learn more about what activities are authorized please visit here.

Pandemic Emergency Assistance Fund
The ARPA includes $1 billion for a Pandemic Emergency Assistance fund to the Temporary Assistance for Needy Families (TANF) program to enable states, tribes, and territories to help families with the lowest incomes cover their additional pandemic-driven expenses and avert eviction and other hardships.

Administrative costs are limited to no more than 15 percent of the Pandemic Emergency Assistance Fund. Funds may not supplant other federal, state, or tribal funds and must be spent by the end of FY2022. The Secretary of the Department of Health and Human Services (HHS) is required to reallocate unspent funds among states, tribes, and territories willing to use them in the same proportions as the original funding was provided and must be spent within 12 months of receipt.

In order to receive full funding under this program, states, and Washington DC, must inform HHS whether they intend to use all their allotted funds within 45 days of enactment of ARPA, by April 25, 2021, and within 90 days for tribal TANF programs and U.S. territories, by June 9, 2021 through this form PANDEMIC EMERGENCY ASSISTANCE FUND – ALLOTMENT REQUEST FORM (hhs.gov). Failure to submit this form by the due date will cause the state, tribe, or territory to lose all claim to its allotment.

Two million dollars is reserved for HHS administrative expenses and for technical assistance to states, tribes, and territories. The remainder of the funding is allocated as follows:
- 92.5 percent of funds to be distributed to states and Washington DC through an allotment formula that is half based on the population of children in the state and half based on prior state expenditures on direct cash assistance and Non-Recurrent Short-Term benefits to low-income families with children. That is, benefits that:
  - (1) address a specific crisis or episode of need;
  - (2) don’t meet recurring or ongoing needs; and
  - (3) don’t extend beyond four months.
- Reserves 7.5 percent of funds for Tribal TANF programs and all territories, to be distributed in a manner deemed appropriate by the HHS Secretary. For any U.S. territory that is not currently operating a territory TANF program, the HHS Secretary shall distribute the territory’s allotted funds to the agency that administers the bulk of local human services programs in the territory.
- In states, tribes, and territories where there is limited take-up by families, states may consider reaching more families in need by targeting a broader set (such as SNAP families with children). States, tribes, and territories may also consider helping families that do not receive emergency housing assistance to pay their back rent and avoid eviction, or helping families experiencing domestic violence defray moving costs and initial rental payments.

National Technical Assistance Center on Grandfamilies and Kinship Families
The ARPA includes $10 million to establish a National Technical Assistance Center on Grandfamilies and Kinship Families to provide training, technical assistance and resources for organizations that serve grand families and kinship families. The Center will be established through the Administration for Community Living at HHS. These funds will remain available through September 30, 2025.
- The Center will assist programs, organizations, and Indian Tribes, Tribal organizations, and urban Indian organizations supporting relatives raising children and will engage experts to stimulate development of new evidence-based, equitable, and culturally appropriate practices for serving kinship families and to support implementation of those practices.
- The center will work with experts to identify and promote the best practices to help caregivers, children, and their parents, grandfamilies and kinship families, as well as family friends, regarding
physical and mental health (including substance use treatment), education, nutrition, housing, financial needs, legal issues, disability self-determination, caregiver support and other issues.

References

House Committee on Ways and Means. Subtitle C – Emergency Assistance to Children and Families Section-by-Section. 3. TANF_sxs.pdf (house.gov)

Congressional Research Service. The Child Care and Development Fund in FY2021 Reconciliation Proposals. The Child Care and Development Fund (CCDF) in FY2021 Reconciliation Proposals (senate.gov)

