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## Budget Reconciliation Updates – Key Human Services Provisions

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The following provides a summary of key provisions of the American Rescue Plan that relate to human services agencies. The legislation covers a wide range of issues related to the COVID-19 response and recovery. The complete legislative [text is available here](#). For any questions regarding human services provisions in the bill, please contact Matt Lyons, Director of Policy & Research at [mlyons@aphsa.org](mailto:mlyons@aphsa.org).

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*American Public Human Services Association advances the well-being of all people by influencing modern approaches to sound policy, building the capacity of public agencies to enable healthy families and communities, and connecting leaders to accelerate learning and generate practical solutions together.*

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## Child Care

1. **Child Care Entitlement to States** – Increases the annual appropriation for Child Care Entitlements to States from \$2.917 billion to \$3.55 billion and suspends state match requirements for fiscal years 2021 and 2022.
2. **Child Care and Development Block Grant** – Provides \$14.99 billion appropriation through the Child Care and Development Block Grant, which must be obligated by FY 2023. Waives requirements to use 70% of funds towards direct services and to reserve a portion of funds for quality improvements to child care. Further permits states to use funds for essential workers without regard to income eligibility requirements. Reserves \$35 million for technical assistance, research, and for supporting administration of Child Care Stabilization Fund.
3. **Child Care Stabilization Fund** – Establishes a \$24 billion Child Care Stabilization Fund, administered via the Child Care and Development Block Grant.
  - *Funding Allocation* – Funds are to be distributed to lead state child care agencies in accordance with CCDBG allotment rules
  - *Eligible Providers* – Defines eligible child care providers as eligible under CCDBG rules or providers that are licensed by the state and are open and available to provide child care or closed due to reasons relating to the public health emergency. Providers are eligible for assistance regardless of prior receipt of federal assistance.
  - *Grant Amounts to Providers* – Directs states to issue grants to providers based on their stated operating expenses, and to the extent practicable, cover operating expenses to ensure continuous operations for the intended period of the grant
  - *Eligible Use of Funds* – Requires providers use funds for at least one of the following activities: (1) personnel costs, which may include premium pay or costs for employee recruitment or retention; (2) rent, mortgage obligation, facility maintenance or improvement, or insurance; (3) PPE, cleaning supplies, and health and safety training for staff; (4) equipment/supplies in response to COVID-19; (5) goods or services to maintain or resume child care services; and (6) mental health supports for children and employees;
    - Funds may be used to reimburse providers for costs incurred prior to enactment of the bill in response to COVID-19
  - *Provider Requirements* – Requires providers, as a condition of grant receipt, to:
    - Offer clients, to the extent possible, relief from copayments and tuition payments for families enrolled in the providers program, and to prioritize such relief for families struggling to make either type of payment
    - Provide not less than full compensation to workers, including benefits, that were provided as of the date of application for funding, and to not take any action that reduces the weekly amount of full compensation or rate of compensation during the grant period
  - *Administrative Funding* – Permits up to 10% of funds be reserved for technical assistance, outreach to help with applying for and using funds, and carrying out activities to increase the supply of child care
    - Includes an additional set aside of \$35 million for research and technical assistance available through FY 2025

- *Notification of State Expenditures* - Requires agencies to notify HHS if they are unable to obligate at least 50% of funds within 9 months

## Additional HHS/ACF Programs

1. **TANF Pandemic Emergency Assistance** – Makes available \$1 billion for non-recurrent, short-term benefits
  - May use up to 15% of funds toward administrative expenses
  - Funds must be expended by the end of FY 2022
  - Funds allocated to states based on two-tiered formula
    - 50% of allocation based on share of children in state relative to the United States
    - 50% of allocation based on level of TANF spending on basic assistance, non-recurrent short-term benefits, and emergency assistance in FY 2019 relative to other states
2. **Child Abuse and Prevention Treatment Act (CAPTA)** – Provides \$250 million for community-based grants for prevention of child abuse and neglect, waiving non-federal match requirements and allotting funds solely based on the proportion of children under 18 residing in the state. Provides \$100 million for state grants for child abuse or neglect prevention and treatment programs without regard to set asides for discretionary activities. Funds are available through FY 2023.
3. **Low Income Home Energy Assistance Program (LIHEAP)** – Provides \$4.5 billion in LIHEAP funding available through FY 2022 and waives the 10% one-year carryover limit for unused funds
4. **Low Income Water Assistance Program** – Provides \$500 million in addition to previously appropriated funds under the Consolidated Appropriations Act to assist low-income households with paying for drinking water and wastewater services
5. **Head Start** – Provides \$1 billion in funding for Head Start, allocated based on child enrollment.
6. **FMAP Increase** – Provides additional 5% FMAP increase for an 8-quarter period, limited only to Medical Assistance programs.
7. **Medicaid Home- and Community-Based Services** – Increases the FMAP contribution by 10% for state expenditures on home- and community-based services between April 1, 2021 and March 31, 2022.
8. **Grandfamilies and Kinship Families Technical Assistance Center** – Provides \$10 million to establish a National Technical Assistance Center on Grandfamilies and Kinship Families to provide training, technical assistance, and resources for government programs that serve grandfamilies and kinship families. The Center shall be administered through the Administration for Community Living and focus on caregivers aged 55 or older or for children with disabilities.

9. **Aging and Disability Services Programs** – Appropriates \$260 million for aging and disability services programs through Title XX Part B of the Social Security Act, to be allocated between fiscal years 2021 and 2022.

## Nutrition Programs

1. **SNAP Benefit Increase** – Extends SNAP benefit increase from June 2021 to September 2021.
2. **SNAP Administrative Relief** – Allocates \$1.15 billion, available through FY 2023, for SNAP administration.
  - 75% of allocation to be distributed based on share of households participating in SNAP in most recently available 12-month period
  - 25% of allocation to be distributed based on the increase in SNAP participation over the most recently available 12-month period
  - [Estimated increase in SNAP state administrative funds](#) (Table 2)
3. **Pandemic EBT Updates** – Makes several changes to the Pandemic EBT program, including:
  - Authorizes P-EBT to operate in future school years that are impacted by the COVID-19 pandemic
  - Simplifies and extends P-EBT eligibility for all children eligible for free and reduced price meals in summer months after a school year in which a public health emergency was in effect at any point in the school year
4. **Nutrition Assistance for Territories** – Provides \$1 billion for nutrition assistance programs in U.S. territories.
5. **SNAP Online Purchasing and Technology Modernization** – Appropriates \$25 million for technology improvements in online purchasing, modernizing EBT technology, supporting mobile technologies demonstration projects, and technical assistance to retailers on online acceptance of SNAP benefits
6. **WIC Vouchers and Modernization** – Provides additional funds for temporary increase in cash value of WIC vouchers through September 30, 2021 and provides \$390 million in funding for WIC program modernization efforts.
7. **Child and Adult Care Food Program** – Temporarily extends the age of eligibility for CACFP at emergency homeless shelters.
8. **Commodity Supplemental Food Program** – Allocates \$37 million, available through FY 2022.
9. **Senior Nutrition Program** – Appropriates \$750 million to implement Title III of the Older Americans Act

## Tax Relief

1. **Expansion of Child Tax Credit** – Temporarily expands and makes fully refundable the child tax credit for 2021 and increases the credit amount to \$3,000 per child / \$3,600 per child under six (from \$2,000 current credit). Further directs Treasury to issue advance payments of tax credits on a periodic basis based on 2019 or 2020 tax returns. Advance payments would not be considered as income for purposes of eligibility or benefit levels of means-tested public assistance programs.
2. **Earned Income Tax Credit** – Makes several changes to the Earned Income Tax Credit, including:
  - Lowers age to claim childless EITC from 25 to 19 and eliminates upper age limit
  - Increases maximum credit amount for individuals with no qualifying children from \$543 to \$1,502
  - Permits individuals who cannot meet child identification requirements to claim childless EITC
  - Increases limitation on disqualified investment income from \$3,650 to \$10,000 (indexed for inflation)
3. **Dependent Care Assistance** – Makes several changes to the Child and Dependent Care Tax Credit, including in 2021:
  - Makes child and dependent care tax credit for 2021 fully refundable and increases maximum credit rate to 50%,
  - Increases amount of expenses eligible for the credit to \$8,000 for one qualifying individual and \$16,000 for two or more (previously \$4,000 and \$8,000),
  - Increases exclusion for employer-provided dependent care assistance from \$5,000 to \$10,500.

## Housing Assistance

1. **Emergency Rental Assistance Program** – Authorizes \$21.55 billion for Emergency Rental Assistance Program.
  - *Availability of funding* - Funds are to remain available to grantees until September 30, 2025 in accordance with the following allocation strategy:
    - Funds allocated to state and local jurisdictions generally in accordance with methodology from December relief bill. \$2.5 billion of funding is set aside to be allocated to high need jurisdictions.
    - 40% of funds to be paid to grantees within 60 days of enactment. Additional payments to be made after grantees have obligated at least 75% of funds already disbursed.
    - Directs Treasury to reallocate funds yet to be paid to jurisdictions as of Oct. 1, 2022 to other jurisdictions
    - To qualify to receive reallocated funds, jurisdictions must have obligated 50% of total funds originally allocated
    - Reallocated funds must be used towards main purposes specified in the bill
  - *Use of funds* – Permits the following eligible use of funds:
    - May pay for up to 18 months of rent, utilities, energy costs, arrears, and other expenses related to housing defined by Treasury

- Limitation on payment amount not to exceed 18-months inclusive of any rental assistance funds spent through the Consolidated Appropriations Act
    - Permits up to 10% of funds to be used for housing stability services, including case management
    - Permits up to 15% of funds to be used for administrative costs, including data collection and reporting requirements
    - Permits funds paid to jurisdictions that have yet to be obligated as of Oct. 1, 2022 to be used for other affordable housing purposes, so long as 75% of allocated funds have been obligated for main purposes specified in the bill
  - Maintains prioritization of households below 50% AMI and unemployed individuals
  - Funds shall not be regarded as income for the purpose of federally financed public assistance programs
  - Extends the timeline for rental assistance funds available through December COVID appropriation from December 31, 2021 to September 30, 2022.
2. **Homeowner Assistance Fund** – Authorizes \$9.96 billion for Homeowner Assistance Fund.
- Establishes the following fund uses
    - Mortgage payment assistance
    - Financial assistance to reinstate a mortgage or pay other housing related costs related to forbearance, delinquency, or default
    - Principal reduction
    - Payment assistance for utilities (including water), internet, property taxes, insurance, and homeowner fees
    - Reimbursement of eligible expenditures by state and local agencies beginning January 21, 2020 in response to the pandemic
    - Other assistance to promote housing stability for homeowners
  - Requires 60% of funds to be used for homeowners at or below 100% AMI or 100% US median income.
  - Available through FY 2025
3. **Homelessness Assistance and Supportive Services Fund** – Establishes \$5 billion fund for tenant-based rental assistance, affordable housing development and support, supportive services, and acquisition or development of non-congregate shelter units. Funds available through FY 2025.

## Unemployment Insurance and State and Local Aid

1. **Extends Federal Pandemic Unemployment Compensation** – At \$300/week through September 6<sup>th</sup> and provides tax relief on up to \$10,200 in unemployment benefits.
2. **Provides \$350 Billion in State and Local Aid** – With \$219.8 billion allocated for aid to states and territories and \$130.2 billion allocated for local aid. Funds are available for costs incurred through December 31, 2024.

## Additional Human Services Related Provisions

1. **Funeral Assistance** – Provides financial assistance at 100% federal cost share for disaster-related funeral expenses during the public health emergency and for all future major federal disaster declarations.
2. **Broadband Access** – Allocates \$7.1 billion through the E-Rate program to support internet access via schools and libraries to help families access connected devices, internet service, and hotspots for home internet use, among other uses.