



The American Rescue Plan: A Prescription for Child Health and Stability During the COVID-19 Pandemic

Prior to the COVID-19 pandemic and resulting economic crisis, nearly [one in six children](#) in America lived in poverty, making them the poorest age group in the country. The rate and severity of poverty are even higher for children under six, with more than half of those experiencing poverty living in extreme poverty. Almost three-quarters of children living in poverty in America are children of color; nearly one in three Black and American Indian/Alaska Native children and nearly one in four Latinx children live in poverty, compared to one in 11 white children. Research from Children's HealthWatch and others consistently shows that poverty has a catastrophic and lasting impact on the [health and well-being of children](#), and its vicious cycle – often perpetuated by systemic racism – continuously deepens racial wealth and income gaps that harm our nation. But child poverty has a solution. **The American Rescue Plan includes key provisions that will reduce child poverty in America and promote health across the lifespan through [evidence-based solutions](#) that respond to the current crisis and move our country forward to economic, racial, and social justice.**

Data show that during the pandemic, [46 percent](#) of households experienced serious financial trouble, including running out of savings, trouble affording food, paying utility bills, and paying their rent or mortgage, and [60 percent](#) of those who have lost income are still making less than they were before the pandemic. As communities deal with the pandemic and resulting economic turmoil, we must provide lasting financial support to families in poverty and those in the middle class pushed to the brink. The following aspects of the American Rescue Plan will respond to these realities and improve the health and well-being of children in our country.

FINANCIAL STABILITY

The American Rescue Plan provides checks to working families to keep them financially secure, ensuring children have access to basic needs. The package also extends unemployment insurance (UI) to assist families in weathering the current economic instability. The package raises the amount of both the Child Tax Credit (CTC) and the Earned Income Tax Credit (EITC), buffering the effects of the economic crisis for families with low incomes. The American Rescue Plan would move more than 4 million children out of poverty according to Columbia University estimates. As Black and Latinx families are over-represented among low-income workers, many of whom are working essential jobs, the CTC and EITC improvements will specifically help these families and help reduce inequities laid bare by the pandemic. The [EITC and CTC are proven tools for improving health outcomes](#) for children by boosting family resources.

POLICY DETAILS:

- Provides \$1,400 survival checks for individuals making less than \$75,000 annually, and phased out amounts for people with higher incomes. Married couples who file taxes jointly can receive two \$1,400 checks if their combined income is below \$150,000. Children and adult dependents would be eligible for the full \$1,400. Further, the plan includes children in mixed status families who have been excluded from previous survival checks.
- Raises the \$2,000 Child Tax Credit (CTC) to \$3,000, sets the credit at \$3,600 for parents of children under age 6 and makes parents of 17-year-olds eligible. The credit would be fully refundable so families with the lowest incomes would get the full benefit regardless of income. The plan also directs the IRS to make advanced monthly payments of the credit so that families start receiving the benefits in July 2021. For a household with a 4-year-old and 7-year-old that does not earn enough to pay income taxes, the plan would boost their maximum CTC to \$6,600 from \$2,800. Learn more [here](#).
- Increases the Earned Income Tax Credit (EITC) for workers not raising children in their homes and expands age eligibility for the EITC to include 19-24 year olds and workers over age 65. These critical changes would provide financial relief for workers and ensure people are not taxed into - or further into - poverty. Learn more [here](#).
- Includes enhanced unemployment benefits totaling \$300 a week; current unemployment insurance (UI) payments are set to expire on March 14. The package would increase the amount to \$400 and expire at the end of August 2021.

What's left to do?

- Issue monthly survival checks that ensure families are able to afford basic needs until the economy recovers.
- Ensure survival checks and the CTC to reach all children and families regardless of immigration status.
- Strengthen "safe harbor" provisions within the CTC so that all families are held harmless if they receive an overpayment.

NUTRITION ASSISTANCE

The American Rescue Plan takes important steps to ensure children do not go hungry. A healthy child is a well-fed child. We know that Black and Latinx families are [more likely](#) to confront food insecurity than white families - and directing help to these families is essential. The package provides additional funding for both Supplemental Nutrition Assistance Program (SNAP), pandemic EBT, and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) program to keep children [healthy](#), [nourished](#), and [ready to learn](#).

POLICY DETAILS:

- Extends a 15 percent SNAP benefit increase through September.
- Allows states to continue pandemic-EBT programs that ensure families have access to groceries to replace missed meals that children would access through schools.

- Provides \$3 billion for the WIC program, which provides nutritious food to low-income pregnant women and mothers, and children up to age 5.
- Learn more [here](#).

HOUSING

The American Rescue Plan provides urgently needed support for low-income renters and people experiencing homelessness, many of them children. The plan also contains additional resources for utilities, counseling and homeowner assistance. Housing instability threatens children's well-being and long term health and is [central](#) to a wide range of outcomes ranging from health to education.

POLICY DETAILS:

- Provides \$25 billion in rental assistance with \$304 million set aside for territories.
- Includes \$5 billion for homelessness assistance to provide rental assistance and supportive services.
- Invests almost \$10 billion in homeowner assistance and \$100 million in housing counseling, targeting services to communities of color and neighborhoods with high concentrations of low-income homeowners, renters and people experiencing homelessness.
- Funds utility assistance through the Low Income Energy Assistance Program (LIHEAP), providing \$5 billion in support.
- Learn more [here](#).

What's left to do?

- Institute a national moratorium on evictions and foreclosures for all renters and homeowners.

HEALTH CARE

The American Rescue Plan would pave the way to more affordable health care and coverage for millions of families across the country. The package makes ACA plans and COBRA plans more affordable, protecting low and-moderate income families from medical debt. Additionally, it makes a steep investment in Medicaid to ensure the program is there for millions of people who have lost their jobs and health insurance as a result of COVID-19. These changes are particularly important for Black and brown people who face unfair and discriminatory barriers to care and are more likely to live in states that have not closed the Medicaid coverage gap. Children's well-being is [closely tied to](#) the health and wellness of their parents; it remains paramount to increase access to health coverage during a health crisis.

POLICY DETAILS:

- Invests more in subsidy premium amounts, making them more generous. Importantly, the plan eliminates premiums for people with low incomes (those below 150% FPL or earning roughly \$19,000); the package also caps premium contributions at 8.5 percent of income. Learn more from Community Catalyst [here](#).

- Increases the federal Medicaid matching rate (FMAP) in states that expand Medicaid from 90 percent to 95 percent. This includes the 5-percentage point increase on a state’s entire Medicaid population for two years, which would mean a much larger boost to state budgets and an incentive for states to expand Medicaid. Currently, 12 states have yet to close the coverage gap. Learn more [here](#).
- Extends financial support to people who rely on COBRA for their health insurance by subsidizing 85 percent of the cost through September 2021.
- Protects families from repaying premium tax credits during financial instability.

What’s left to do?

- Permanently invest in affordability measures that will not only help individuals and families recover from the economic impact of the COVID-19 pandemic, but also provide a more affordable pathway to comprehensive coverage that was out of reach to many even before the pandemic. This should include a federal fall back option on the Marketplace that ensures access to coverage for all people in the coverage gap. This pairing could affect more than [6 million people](#) according to the Urban Institute and significantly improve families’ financial and health security and address a structural inequity of the public coverage system.

CHILD CARE AND EARLY EDUCATION

[Access to high-quality child care](#), particularly for those with low incomes and those harmed by systemic barriers, has always been a challenge in America. At the same time, early educators – disproportionately women of color and immigrant women – are paid very low wages, the result of a historic lack of public investment in a financially stable, equitable child care and early learning system. The American Rescue Plan provides funding for child care and early education programs in order to address this critical need.

POLICY DETAILS:

- Provides \$39 billion in funding through the Child Care Development Block Grant to support child care workers and stabilize the child care market.
- Allocates \$1 billion for Head Start and Early Head Start programs.

PAID LEAVE AND HOME VISITING

The American Rescue Plan makes significant investments in paid leave and home visiting programs, building out needed infrastructure to care for young children and their working caregivers. Ensuring parents are able to care for their children and keep their families financial secure is important during the pandemic and has lasting benefits for families. Further, ensuring parents have access to needed support and mentoring to care for their infants is vital to a child’s brain development and paves the way for long term success.

POLICY DETAILS:

- Restores and expands the paid sick and family leave benefits passed as part of the Families First Coronavirus Relief Act (FFCRA). The proposal would reinstate those leave provisions through September (these benefits expired in December 2020).

- Includes \$150 million for home visiting programs funded through Maternal, Infant, and Early Childhood Home Visiting (MICHV), available through the end of FY 2022. The programs would need to maintain their staffing levels in order to receive funding.

COMMUNITY HEALTH

The American Rescue Plan includes significant investment in vaccine supply and distribution, including resources that can be directed to communities that are disproportionately affected by COVID-19. Under the plan, Medicaid and CHIP beneficiaries can access COVID-19 vaccines and treatment without cost sharing for the year following the end of the public health emergency. Broad access to vaccines is important to securing community health and getting children back to school.

POLICY DETAILS:

- Allocates \$8.75 billion to federal, state, local, territorial and tribal public-health agencies for distributing, administering and tracking vaccinations, with some funds specially dedicated to making sure the vaccination process reaches underserved communities.
- Provides additional funding streams totaling \$70 billion to address vaccine shortages, improve the testing and tracing infrastructure, and to expand the public health workforce.
- States will receive 100% federal matching rate for vaccines and treatment for Medicaid and CHIP enrollees for a year following the end of the COVID-19 public health emergency.

K-12 SCHOOLS

The American Rescue Plan invests in helping schools support students in accessing needed resources for such learning loss, and other activities to address students' academic, mental health, and social and emotional needs. Children continue to struggle without in-person schooling. More than ever, children are coping with mental health challenges rooted in trauma, sickness and isolation. Rates of distress are [particularly acute](#) for families with young children.

POLICY DETAILS:

- Provides \$130 billion in funds for K-12 schools to be used to support a range of student needs. This also includes grant funding to address COVID-related inequity in accessing resources to achieve educational success.
- Prevents states from implementing any budget cuts that would disproportionately harm high-poverty school districts and low-income students.