



Federal COVID & Proposed Spending Update

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Federal COVID & Proposed Spending Update

- Federal COVID Spending = \$5 Trillion over 10 years

Covid-19 Relief Law	10-year deficit effects (in billions)
Health and international aid (Public Law 116-123)	\$8.0
Families First Coronavirus Response Act (Public Law 116-127)	\$192.0
CARES Act (Public Law 116-136)	\$1,721.0
Paycheck Protection Program and health-care funds (Public Law 116-139)	\$483.0
Year-end spending and coronavirus relief package (Public Law 116-260)	\$868.0
American Rescue Plan Act (Public Law 117-2)	\$1,856.0

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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
 - It limited the use of funds to cover emergency costs incurred from March 1 through Dec. 30, 2020
 - 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
 - Covered costs incurred through Dec. 31, 2024
 - 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
 - Paid leave credits were modified and extended through Sept. 30 under American Rescue Plan
 - Credits expanded to cover Covid-19 vaccinations or wait times for test results or diagnoses
 - 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
 - Credit modified and extended through Dec. 31 under American Rescue Plan
 - 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
 - Allowed individuals ages 19 and older to qualify, eliminating the 25-to-64 age range
 - 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
 - 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
 - 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
 - Allowed it to cover 50% of expenses of as much as \$8,000 for one dependent, \$16,000 for two or more
 - Excluded as much as \$10,500 in employer-provided dependent care from tax

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\$1.8 Trillion Family Aid Plan

- The package totals \$1.8 trillion and would include:
 - Two years of free community college, universal preschool, and child care assistance
 - National paid family and medical leave
 - Expanded nutrition assistance
 - Extended child, earned income, and dependent care tax credits
- Plan would raise taxes on wealthy households, saving about \$1.5 trillion over a decade
 - Increases top income and capital gains tax rates to 39.6%
 - Ends tax breaks related to inheritance and investment funds
 - Increases support for IRS tax enforcement

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\$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

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\$1.5 Trillion Budget Proposal

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