UC Federal Governmental Relations Summary: American Rescue Plan Act of 2021

On March 10, 2021, Congress completed action on the $1.9 trillion American Rescue Plan - legislation aimed at responding to the COVID-19 pandemic. The President is expected to sign the package into law later this week.

UC Federal Governmental Relations and the Office of Legislative Analysis continue to review and analyze the legislation to assess and determine its full impact on the University and identify funding opportunities that may be available as UC continues to respond and recover from the COVID-19 pandemic.

Included in the legislation are several funding measures of particular importance to the University of California, which are detailed below.

**Education**

**Education Stabilization Funding**
- Provides $39.6 billion for the Higher Education Emergency Relief Fund (HEERF), available through Sept. 30, 2023. 89 percent of funds are provided to public and private institutions of higher education, 10 percent of funds are provided to minority-serving institutions, and 1 percent of funds are provided to for-profit institutions to be used exclusively for emergency aid grants to students.
- $100 million for the Institute of Education Sciences, which will be used for research into learning loss due to COVID-19 among vulnerable student populations.

**National Endowments**
- Provides the National Endowments for the Arts and Humanities each with $135 million.

**90/10 Rule**
- Updates restrictions on for-profit institutions of higher education to clarify that no institution of higher education may receive more than 90% of its revenue from federal loans and grants, including veterans’ benefits. This provision will take effect in January 2023, and rulemaking will not begin until October 2021.

**Research**

**National Science Foundation**
- Provides $600 million for the National Science Foundation to fund or extend new and existing research grants, cooperative agreements, scholarships, fellowships, and apprenticeships and related administrative expenses to address the pandemic.

**National Institute of Standards and Technology**
- Provides $150 million for the National Institute of Standards and Technology to fund awards for research, development and testbeds to address the pandemic. Most funding will go toward advanced manufacturing institutes.
U.S. Fish and Wildlife Service
- Provides $45 million for the U.S. Fish and Wildlife Service for research and extension activities to strengthen early detection, rapid response and science-based management to address wildlife disease outbreaks before they become pandemics. Additionally, the funding shall strengthen capacity for wildlife health monitoring to enhance early detection of diseases that have the capacity to jump the species barrier.

Health and Clinical Affairs
Vaccines, Testing and Public Health
- Provides $70 billion for COVID-19 vaccine, testing and workforce efforts, including:
  o $47.8 billion for the national COVID-19 testing strategy, including detection, diagnosis, tracing and monitoring.
  o $15 billion to enhance the national vaccine program by increasing access to the vaccine in historically underserved communities; increasing confidence in vaccines; and streamlining manufacturing and procurement of vaccines, therapeutics and other supplies.
  o $6 billion for research, development, manufacturing, production and purchasing of vaccines, therapeutics and other supplies.
- Provides $9.1 billion to HHS in public health workforce-related support, including:
  o $7.66 billion for establishing, expanding and sustaining the public health workforce.
  o $800 million for the National Health Service Corps.
  o $330 million for teaching health centers that operate graduate medical education.
  o $200 million for the Nurse Corps.
  o $100 million for the Medical Reserve Corps.
- Provides $1.75 billion to support genomic sequencing and surveillance (originally introduced by California Reps. Bera and Peters as a stand-alone bill in the House).

Health Care Coverage
- Temporarily expands subsidies for coverage purchased on the Health Insurance Marketplace (Covered California), providing individuals at between 100-150 percent of the federal poverty level with premium-free coverage.
- Temporarily expands tax credit subsidies for plans purchased on the Marketplace to households above 400 percent of the federal poverty level.
- Provides full coverage of the cost of employer-sponsored coverage provided through COBRA through Sept. 30, 2021.
- Increases access to coverage by giving states the option to extend Medicaid (MediCal) and Children’s Health Insurance Program (CHIP) eligibility to mothers for 12 months postpartum. This option would only be available for seven years, unless extended.
- Creates a new covered optional service within Medicaid that provides for mobile crisis intervention services for individuals experiencing a mental health or substance abuse disorder crisis.
- Provides $3.5 billion for block grants addressing mental health and substance abuse disorders.
- Provides $100 million for behavioral health workforce education and training.

Other Provisions of Interest
- Includes a technical correction that temporarily increases Medicaid Disproportionate Share Hospital (DSH) allotments, ensuring that hospitals do not see an unintentional
decrease in this funding due to previous changes to the Federal Medical Assistance Percentage (FMAP).
• Eliminates the Medicaid drug rebate cap—currently set at 100% of the average manufacturer price—effective Jan. 1, 2024, and would also allow outpatient drugs used for COVID-19 care to be included in the Medicaid Drug Rebate Program.

**Tax and Other Key Provisions**

**Aid to State and Local Governments**
• Provides $350 billion in funding for a Coronavirus State Fiscal Recovery Fund, to assist state and local governments with COVID-19 recovery needs. $219.8 billion is to remain available through December 31, 2024 for making payments to States, territories, and Tribal governments to mitigate fiscal effects related to COVID-19. Additional funds are provided for other purposes. Allocations made to States, territories, and Tribal governments are made under the legislation. $120 billion in aid is dedicated to a Coronavirus Local Fiscal Recovery Fund to assist cities, counties and local governments to mitigate COVID-19 related fiscal impacts.

**Federal Emergency Management Agency**
• Provides $50 billion for the Federal Emergency Management Agency to provide eligible entities, including universities, to seek reimbursements for pandemic-related costs, including PPE and cleaning supplies.

**Federal Contractor Reimbursements**
• Extends the authority enacted in the CARES Act Section 3610 until September 30, 2021 to allow agencies to cover costs for contractors who cannot telework due to the closure of government facilities, including Department of Energy national laboratories.

**Coronavirus Capital Projects Fund**
• The bill also includes $10 billion for making payments to States, territories, and Tribal governments to carry out critical capital projects, related to COVID-19.

**Tax Treatment of Student Loan Forgiveness**
• Includes changes to the tax treatment of student loan forgiveness amounts received by individuals to allow certain amounts to be excluded from gross income for taxable years 2021-2025.

**Child Tax Credit**
• Expands the Child Tax Credit and makes the credit fully refundable (based on income phase outs). Additional funds are also provided to support childcare related needs, through the Child Care and Development Block Grant program.

**Extension of Employee Retention Tax Credit**
• Provides an extension of the Employee Retention Tax Credit.

**Child and Dependent Care Tax Credit**
• Includes provisions allowing for certain tax incentives related to Child and Dependent Care Tax Credits; and language allowing for an increase in the exclusion amount for Employer-Provided Dependent Care Assistance.
Credit for Paid Sick Leave paid by Employers
- Employers may be eligible for a credit against applicable employment taxes related to amounts paid for qualified sick leave wages paid to employees.

Payroll Credit for Paid Family Leave
- The bill includes language allowing for employers to receive credits related to qualified family leave wages paid by an employer, under certain circumstances.

Agriculture
- Includes additional funding for nutrition programs, including SNAP, with additional funding going to states as well as possibly for individual benefits. Additional funding is provided to the USDA to purchase food and for food distribution purposes and to provide grants for food aid programs. Support is also provided for socially disadvantaged farmers, ranchers, forest land-owners and operators. 1890 Land Grant universities, and Hispanic-serving institutions may be eligible to benefit from certain funding opportunities related to assisting socially disadvantaged farmers.

Broadband
- Broadband assistance is also included to support students in public schools with broadband needs.

Aid to Small Businesses
- The Shuttered Venue Operators Program (SVOG), established within the Small Business Administration with passage of the Consolidated FY 2021 Appropriations Act, is provided with an additional $1.25 billion in funding to assist shuttered venue operators. Further evaluation of SVOG related eligibility issues is ongoing to determine whether UC based venues may be eligible to apply for SVOG grants.

Outstanding Areas of Concern
As Congress and the Administration continue to develop proposals to respond to the pandemic, UC will continue to advocate for the following priorities, as well as other priorities that are identified as UC responds to the COVID-19 pandemic:

Education
- Due to continued campus closures due to local health restrictions, institutions continue to feel the effects of the pandemic and continued financial losses. We appreciate Congress providing funding through the HEERF in this latest legislative package, but we continue to have financial needs that remain unmet.

Research
- Provide federal research grant-making agencies with at least $26 billion in additional emergency funding to grantees to mitigate the impact of COVID-19 disruptions on federally funded lab research that is not pandemic related and was therefore curtailed or shut down. The additional funding will be used to cover the costs of ramping back up the research.

Health and Clinical Affairs
- Additional support for health care providers through the Provider Relief Fund (PRF), which only received an additional $8.5 billion for rural health providers in this legislation.
• Long-term Medicare sequester relief, providing relief from the sequester “cliff” currently set to take effect on April 1, 2021.
• Additional loan repayment flexibility for Medicare accelerated payments to hospitals.

Tax and Other Key Provisions

• Provide for the reinstatement of Advanced Refunding Bonds. Reinstating Advanced Refunding Bonds would be helpful to COVID-19 economic recovery efforts by ensuring that governmental entities, including state and local governments, and municipal bond issuers are able to invest in infrastructure projects, including to support hospital capital project needs and other areas. The reinstatement of Advanced Refunding Bonds would ensure that certain bonds could be refinanced to take advantage of lower interest rates and provide for greater cost savings.