

UC Federal Governmental Relations Summary: American Families Plan and American Jobs Plan

On April 28, the White House released its [American Families Plan](#), a proposal that aims to invest in “our kids, our families, and our economic future.” It builds on the [American Jobs Plan](#), a proposal released on March 31 to “create millions of good jobs, rebuild our country’s infrastructure, and position the United States to out-compete China.”

UC Federal Governmental Relations and the Office of Legislative Analysis will continue to review and analyze the proposal as it is turned into legislation to assess and determine its impact on the University.

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

American Families Plan - April 28, 2021

Higher Education

- Calls for two years of free community college for all Americans, including Deferred Action for Childhood Arrivals (DACA) recipients, with a suggested investment of \$109 billion. Students would be able to divide the benefit over four years, recognizing their diverse paths to degrees. As many as 5.5 million students would pay \$0 in tuition and fees if implemented.
- Urges Congress to provide a \$1,400 increase in the maximum annual Pell Grant award with a proposed investment of \$80 billion. It recognizes this proposed increase as “a down payment on President Biden’s commitment to double the maximum award,” a key UC priority. This is in addition to the proposed \$400 increase in the fiscal year 2022 appropriations process. The plan also supports providing DACA recipients with access to the Pell Grant.
- Promotes completion and retention activities at higher education institutions that serve high numbers of low-income students with an investment of \$62 billion. Calls for providing states, territories and tribes with grant funding to adopt wraparound services, including:
 - Child care and mental health services to faculty and peer mentoring;
 - Emergency basic needs grants;
 - Programs to recruit and retain diverse faculty;
 - Transfer agreements between colleges; and
 - Evidence-based remediation programs.
- Supports an investment of \$39 billion in funding for two years of subsidized tuition for students from families earning less than \$125,000 that are enrolled in historically black colleges and universities (HBCUs), tribally-controlled universities (TCUs) or minority-serving institutions (MSIs).

- Calls for providing a further \$5 billion to expand existing institutional aid grants to HCBUs, TCUs and MSIs to strengthen academic, administrative and fiscal capabilities.
- Additionally, calls for a further \$2 billion to build a pipeline of health care workers with graduate degrees.
- Encourages investment in teacher preparation, with proposed investments of \$400 million for programs at MSIs, and \$900 million for special education teacher development.

Tax

- Direct support to children and families:
 - Creates a national paid family and medical leave program, providing partial wage replacement for workers to take time off to address certain family and medical issues. Twelve weeks of paid parental, family and personal illness/safe leave by year 10 of the program. Ensures workers would get three days of bereavement leave per year starting in one year; provides up to \$4,000 per month, with a minimum of two-thirds of average weekly wages replaced. The cost for the program is estimated at \$225 billion over 10 years.
 - Extends Affordable Care Act premium tax credits included in the American Rescue Plan.
 - Provides support to low- and middle-income families to pay no more than 7 percent of their income on child care expenses.
- Extend tax cuts for families with children and workers:
 - Extends the Child Tax Credit benefits included in the American Rescue Plan until 2025 and makes it refundable; extends and makes permanent the Earned Income Tax Credit for certain wage earners; and makes the Child and Dependent Care Tax Credit permanent.
- Tax rate changes for individuals and families; businesses:
 - Makes changes to the tax code to increase tax rates for taxpayers with incomes over \$400,000; increases capital gains tax rates; makes changes to increase taxes paid through changes to stepped-up basis tax rules; increases tax rates on corporations, businesses, estates and higher-income individuals.
 - Makes changes to increase the estate tax rates; reducing amounts that can be excluded from estate taxes.
 - Increases the tax rate to 39.6 percent for higher income taxpayers; reinstates certain other tax rates that were in effect prior to the enactment of the Tax Cuts and Jobs Act of 2017.
 - Makes additional changes to the tax code, including related to Medicare tax rates for higher income earners; eliminating certain carried interest tax advantages; making changes to stepped up basis tax calculations and other changes.
- Unemployment insurance:
 - Proposes to adjust the length and amount of unemployment insurance benefits to address worker needs depending on economic conditions present.
- IRS enforcement:

- Increases funding for IRS tax enforcement activities to better ensure tax compliance in filings by high wage earners, corporations, businesses, and estates.

American Jobs Plan - March 31, 2021

Research

- Proposes \$50 billion for the National Science Foundation, including the creation of a new technology directorate focused on emerging technologies, such as quantum, artificial intelligence, advanced communications and biotechnology.
- Proposes \$30 billion in additional funding for research and development (R&D) that spurs innovation and job creation, including in rural areas. The plan does not provide more specificity in the areas of research or how the funding should be distributed to the science agencies.
- Proposes \$40 billion for research infrastructure, including “bricks and mortar facilities and computing capabilities and networks.” The funds are to be distributed across all the science agencies. Half of the funds are reserved for HBCUs and MSIs, including a creation of a new national lab focused on climate that will be affiliated with an HBCU. A funding breakdown, per agency, is not provided.
- Proposes \$35 billion in R&D to address the climate crisis. Proposes the creation of the Advanced Research Projects Agency-Climate (ARPA-C) to “develop new methods for reducing emissions and building climate resilience.”
- Proposes \$15 billion in R&D for climate-related demonstration projects, including utility-scale energy storage, carbon capture, hydrogen, biofuels/bioproductions and quantum computing.
- Proposes \$10 billion R&D investment in HBCUs and MSIs. Additionally, the plan requests \$15 billion to create up to 200 graduate fellowships and other opportunities for underrepresented populations, including through pre-college programs.
- Proposes \$20 billion regional innovation hubs funded by the Economic Development Administration. At least ten hubs will leverage private investment to fuel technology development, link urban and rural economies and create new businesses in regions beyond the current handful of high-growth areas.
- Proposes \$14 billion at National Institute of Standards and Technology (NIST) to bring together industry, academia and government to advance technologies and capabilities critical to future competitiveness.
- Proposes quadrupling support for the Manufacturing Extension Partnership at NIST by increasing the involvement of minority-owned and rurally-located small- and medium-sized enterprises in technological advancement.

Supply Chain Priorities

- Proposes \$50 billion to create a new office at the Department of Commerce dedicated to monitoring domestic industry capacity and funding investments to support production of critical goods.
- Proposes \$50 billion in semiconductor research and manufacturing as called for in the [CHIPS Act](#), which passed in December 2020.

Future Pandemic Preparedness

- Proposes \$30 billion, over 4 years, to create jobs and prevent job loss caused by the pandemic through major new investments in medical research and development; medical countermeasures manufacturing and related biopreparedness and biosecurity. Focus areas include:
 - Ensure a robust strategic national stockpile;
 - Accelerate the timeline to research, develop and field tests and therapeutics for emerging and future outbreaks;
 - Accelerate response time by developing prototype vaccines through Phase I and II trials;
 - Test technologies for rapid scaling of vaccine production;
 - Ensure sufficient production capacity in emergency;
 - Enhance U.S. infrastructure for biopreparedness and investments in biosafety and biosecurity;
 - Train personnel for epidemic and pandemic response; and
 - Onshore active pharmaceutical ingredients.

Infrastructure

- Roads and transit:
 - Proposes \$115 billion to modernize bridges, highways, roads and main streets that are in most critical need of repair. Of this amount, funding is proposed to improve air quality, limit greenhouse gases, gas emissions and reduce congestion.
 - Proposes \$85 billion to modernize existing public transit and help agencies expand their systems to meet rider demand.
 - Proposes investments (but does not specify amount) to establish grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 electric vehicle chargers by 2030.
- Water and waterways:
 - Proposes \$17 billion to improve inland waterways, coastal ports, land ports of entry and ferries, including funding to mitigate the cumulative impacts of air pollution on neighborhoods near ports.
 - Proposes \$56 billion to upgrade and modernize the aging water systems. Additionally, the plan proposes \$10 billion to monitor and remediate Per- and Polyfluoroalkyl Substances (PFAS) in drinking water and to invest in rural small water systems and wastewater systems, including drainage fields.
- Resilience:
 - Proposes significant investments (but does not provide a funding level) to increase resilience in the most essential services, including the electric grid, food systems, urban infrastructure, community health and hospitals.
 - Proposes significant investments (but does not provide a funding level) for protection from extreme wildfires, coastal resilience to sea-level rise and hurricanes, support for agricultural resources management and climate-smart technologies, and the protection and restoration of major land and water resources. Additional funding is encouraged to address the western drought crisis by investing in water efficiency and recycling programs.

- Digital infrastructure:
 - Proposes \$100 billion to build high-speed broadband infrastructure to reach 100 percent coverage.
- Higher education:
 - Proposes \$12 billion for community college infrastructure. This fund would require states to use funding to address both existing physical and technological infrastructure needs at community colleges and identifying strategies to address access to community college in education deserts.