



# How Will the American Rescue Plan Strengthen the Prenatal-to-3 System of Care?

## A Summary of the 2021 Act's Benefits for Infants and Toddlers

March 2021

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### Summary

Signed into law on March 11, 2021, the American Rescue Plan Act of 2021<sup>i</sup> broadens states' flexibility to effectively support children and families and build a comprehensive prenatal-to-3 system of care.<sup>i</sup> The \$1.9 trillion dollar stimulus bill has major implications for the prenatal-to-3 period because it:

- expands eligibility for programs,
- increases the value and refundability of tax credits for families, and
- provides substantial funding increases to public programs serving families and caregivers.

This brief includes a discussion of provisions related to the effective policies and strategies in our annual Prenatal-to-3 State Policy Roadmap, as well as additional policies that have implications for the prenatal-to-3 period.<sup>ii</sup> Future evaluations of the American Rescue Plan's policy changes will help to build the evidence base and provide a greater understanding of what works for families.

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<sup>i</sup> See the references section at the end of this brief for the full citation for the American Rescue Plan Act. All policy provisions and figures discussed (including quotations) in this brief can be found in the law's text unless an alternative citation is provided in the references section using a numbered superscript.

<sup>ii</sup> For additional information on the evidence base for policies affecting the prenatal-to-3 period, see the Prenatal-to-3 State Policy Clearinghouse at [pn3policy.org](https://pn3policy.org).

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# A Summary of the 2021 Act's Benefits for Infants and Toddlers

## Introduction

Decades of research in the field of child development have made clear the conditions necessary for young children and their families to thrive.<sup>2</sup> These conditions are represented by our eight policy goals, which guide our annual Prenatal-to-3 State Policy Roadmap:

- Access to Needed Services
- Parents' Ability to Work
- Sufficient Household Resources
- Healthy and Equitable Births
- Parental Health and Emotional Wellbeing
- Nurturing and Responsive Child-Parent Relationships
- Nurturing and Responsive Child Care in Safe Settings
- Optimal Child Health and Wellbeing

Our discussion of the American Rescue Plan's policy changes and expansions in this brief examines how each of the eight policy goals will be impacted by the landmark bill.

## Impact on Evidence-Based Solutions

The Prenatal-to-3 State Policy Roadmap identified 11 evidence-based solutions that substantially improve outcomes for infants, toddlers, and their parents. The American Rescue Plan will affect 8 of these 11 effective solutions, and indirectly affect 2 others, in addition to other significant investments in families, including, but not limited to:

- A more generous, fully refundable child tax credit with monthly payments, and a fully refundable tax credit for child and dependent care expenses;
- An expanded earned income tax credit, benefiting over 17 million working adults without children in the home, including noncustodial parents;
- A historic investment in child care, including about \$15 billion for the child care subsidy program and \$24 billion to states to stabilize the child care industry; and
- Incentives and options for states to expand health insurance coverage and other provisions that increase access to health care.

*The American Rescue Plan’s Investments in the Prenatal-to-3 State Policy Roadmap’s 11 Effective Solutions:*

Effective Solution	Policy Changes and Investments in the American Rescue Plan
<b>Effective Policies</b>	
Expanded Income Eligibility for Health Insurance	<ul style="list-style-type: none"> <li>Temporarily reduces the proportion of monthly income families pay for health insurance</li> <li>Allows states to extend Medicaid coverage to postpartum women from 60 days to 12 months</li> <li>Provides \$20 million in grants for states to modernize their health insurance Marketplaces</li> <li>Incentivizes nonexpansion states to expand Medicaid by providing an additional five percentage point increase in the Federal Medical Assistance Percentage (FMAP)</li> </ul>
Reduced Administrative Burden for the Supplemental Nutrition Assistance Program	<ul style="list-style-type: none"> <li>Provides \$1.1 billion in state grants for SNAP administration</li> <li>Extends the 15% increase in SNAP benefits until September, 2021</li> </ul>
Paid Family Leave	<ul style="list-style-type: none"> <li>Provides tax credits to employers who offer paid family and sick leave to their employees from April through September of 2021</li> </ul>
State Minimum Wage	<ul style="list-style-type: none"> <li>Includes no federal minimum wage increases</li> </ul>
State Earned Income Tax Credit	<ul style="list-style-type: none"> <li>Offers a more generous federal EITC for workers with no children in the home (including noncustodial parents)</li> <li>Note: State EITCs are most often calculated as a percentage of the federal credit, so these workers will see their state credits increase as well</li> </ul>
<b>Effective Strategies</b>	
Comprehensive Screenings and Referral Programs	<ul style="list-style-type: none"> <li>Family Connects, an evidence-based comprehensive screening and referral program, is eligible to receive some of the \$150 million in funding allotted to home visiting programs</li> </ul>
Child Care Subsidies	<ul style="list-style-type: none"> <li>Invests \$15 billion in new funding for the Child Care and Development Block Grant, plus an increase to mandatory subsidy funding</li> <li>Provides \$24 billion in grants to states to stabilize the child care industry</li> </ul>
Group Prenatal Care	<ul style="list-style-type: none"> <li>Not directly addressed by the law, but can be supported through Medicaid funding</li> </ul>
Evidence-Based Home Visiting Programs	<ul style="list-style-type: none"> <li>Provides \$150 million in supplemental funding to home visiting programs</li> </ul>
Early Head Start	<ul style="list-style-type: none"> <li>Invests \$1 billion in additional funding for Head Start and Early Head Start</li> </ul>
Early Intervention Services	<ul style="list-style-type: none"> <li>Allots an additional \$250 million to provide services for infants and toddlers with disabilities and developmental delays</li> </ul>

## A Boost to Families' Access to Needed Services, Such as Health Care and Nutritious Food

### More Affordable Health Insurance for Families

- The American Rescue Plan makes **several temporary changes to premium tax credits** that will impact how much low- and middle-income families pay for health insurance.
- Currently, the Patient Protection and Affordable Care Act (ACA) provides tax credits for families who earn between 100 and 400 percent of the federal poverty level (FPL) to purchase health insurance through the Marketplace.<sup>3</sup> These tax credits help reduce families' monthly premium payments for insurance. Families making above 400 percent of the FPL cannot receive premium tax credits.
- For the taxable years of 2021 and 2022, **the American Rescue Plan eliminates insurance premiums for individuals at or below 150 percent of the FPL** (i.e., the premium percentage that families would need to pay would be 0.0 percent or \$0). The taxable year starts after December 31, 2020.
- The American Rescue Plan reduces the amount that families earning between 200 to 250 percent of the FPL would need to pay, decreasing the rate that ranges from 6.52 to 8.33 percent of their monthly income to 2.0 to 4.0 percent.<sup>4</sup>
- Those earning between 300 to 400 percent of the FPL would see reductions in premiums from 9.83 percent to between 6.0 and 8.5 percent.<sup>4</sup>
- The American Rescue Plan will temporarily cap the individual health insurance premium at 8.5 percent of monthly income for families earning over 400 percent of the FPL (the premium caps, adjusted for inflation, can be up to 9.8 percent of their monthly income).<sup>4, 5</sup>
- The American Rescue Plan has a temporary special rule which will provide additional subsidies to families that receive unemployment compensation during the 2021 taxable year. **Families who earn at or below 133 percent of the FPL can receive tax credits to purchase health insurance.** If these families enroll in certain Marketplace plans (such as a silver-level plan),<sup>6</sup> they would owe no out-of-pocket premiums.<sup>4</sup>
- Another temporary provision in the American Rescue Plan that may help families is **the suspension of reconciliation of premium tax credits.** Prior to this enactment, families enrolling in a health insurance plan on the Marketplace<sup>7</sup> would estimate their income and receive premium tax credits based on that prediction. If a family made more money than the amount they anticipated, the family would be required to pay this back to the IRS during reconciliation.<sup>4</sup> This modification recognizes that families may not have the resources to pay the funds back to the federal government.<sup>4</sup>
- Finally, the American Rescue Plan allows the US Department of Health and Human Services (HHS) to award a total of **\$20 million in grants for states to modernize their health insurance Marketplaces** (i.e., to update any system, program, or technology) established under the ACA. The funding is available until September 30, 2022.

## Options to Extend Health Insurance Coverage to Postpartum Women

- The American Rescue Plan will allow states the option to **extend full benefits of Medicaid to postpartum women from 60 days to 12 months** (starting at the first day at the end of a pregnancy).
- States must submit a state plan amendment (SPA) to the Centers for Medicare & Medicaid Services (CMS) to seek approval. States have five years to submit a SPA to request the extension.
- States that elect this extension of Medicaid coverage will begin receiving federal matching funds starting on April 1, 2022.
- If states extend Medicaid to postpartum women, they must do so for the Children's Health Insurance Program (CHIP) as well if those states were previously providing coverage for low-income pregnant women through CHIP.
- Previously, a state seeking to extend postpartum health insurance for new mothers from 60 days to 12 months postpartum have used state-only funds or have submitted Section 1115 waivers.<sup>iii9</sup>

## Incentives for Nonexpansion States to Expand Health Insurance Eligibility

- The Affordable Care Act (ACA) provided states a 100 percent Federal Medical Assistance Percentage (FMAP) to expand Medicaid to childless adults and some parents at or below 138 percent of the federal poverty level (FPL). The FMAP<sup>iv</sup> is now at 90 percent.<sup>11</sup>
- The American Rescue Plan provides a 5 percentage point increase in the traditional or regular FMAP<sup>v</sup> for nonexpansion states to expand Medicaid coverage to childless adults and some parents with incomes up to 138 percent of the FPL. This means that the bump in federal spending can be used *beyond* just expanding to childless adults and some parents. The Kaiser Family Foundation wrote that “states could draw down additional funds for a large share of their Medicaid population (e.g., children, those with disabilities) and spending if they newly expand.”<sup>11</sup>
- The FMAP increase is in addition to the temporary 6.2 percentage point FMAP increase that was part of the Families First COVID-19 relief legislation (P.L. 116-127)<sup>12</sup> which can also be used for the broader Medicaid population.<sup>11</sup> States must adhere to the requirements of the Medicaid expansion as defined by the ACA to receive the FMAP increase.
- At present, 37 states have adopted and fully implemented the Medicaid expansion under the Affordable Care Act that includes coverage for most adults with incomes up to 138 percent of the federal poverty level.<sup>13</sup> If every nonexpansion state expanded Medicaid to childless adults, the net fiscal effect would total \$9.6 billion over 2 years (the increase of federal funds to states based on the 5 percentage point increase in FMAP is \$16.4 billion and the new state costs of expansion would be \$6.8 billion).<sup>11</sup>

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<sup>iii</sup> Six states have submitted Section 1115 waivers to CMS but have not been approved to extend coverage to postpartum women past the 60 day cut-off.<sup>4</sup>

<sup>v</sup> See Kaiser Family Foundation's Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier for more information on FMAPs: <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/>

- Expanding income eligibility is particularly important for low-income women without children. Accessing health care prior to conception should lead to safer and healthier births, including reductions in infant mortality, low birthweight, and preterm birth.<sup>13</sup>

### Additional Funding for Pediatric Mental Health Care Access

- The American Rescue Plan provides an additional \$80 million in funds for the Pediatric Mental Health Care Access Program, which is a federal effort to use telehealth to promote mental health care for children in the pediatric setting. Currently, this program is active in 21 states.<sup>14</sup>

### Greater Value for the Supplemental Nutrition Assistance Program (SNAP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

- Signed in January, the Consolidated Appropriations Act, 2021 (Public Law 116-260) increased SNAP benefits by 15 percent. The American Rescue Plan builds on that support by extending the heightened benefit for 3 additional months, ending on September 30, 2021.<sup>15</sup>
- The American Rescue Plan makes additional SNAP administration funds available at the state and federal levels. This law allocates \$15 million to the Secretary of Agriculture for SNAP management and oversight and **\$1.1 billion in grants to the states for SNAP administration** between Fiscal Years (FY) 2021 and 2023.
- Of the \$1.1 billion made available to the states, 75 percent will be allocated based on the share of households in each state that participate in SNAP and 25 percent will be allocated to states based on the increase in the number of SNAP participant households in the most recent 12-month period for which data are available.
- The American Rescue Plan makes an additional \$25 million available to the United States Department of Agriculture (USDA) to improve online purchasing with SNAP, modernize the Electronic Benefits Transfer system, support the use and demonstration of mobile technologies, and provide technical assistance for retailers about online acceptance of SNAP benefits and modernization efforts.
- The American Rescue Plan invests over \$5 billion in the Pandemic-EBT (P-EBT) program which provides low-income children and their families with benefits commensurate to the free school breakfasts and lunches they have missed during school closures.<sup>16</sup> The P-EBT program will now extend throughout the summer and for the duration of the public health emergency.
- The American Rescue Plan provides \$1 billion in funding for nutrition assistance program grants to the Commonwealth of Northern Mariana Islands, Puerto Rico, and American Samoa for FY 2021.
- Under the American Rescue Plan, states may **increase the maximum cash value of WIC program vouchers up to \$35 per month** until September 30, 2021. This law allots \$490 million to the USDA for the administration of this increase. The American Rescue Plan would also allocate \$390 million for WIC outreach and program modernization.

## Enhancements to Parents' Ability to Work Through Historic Supports to Child Care

### A Historic Investment in Child Care Subsidies

- The American Rescue Plan includes **nearly \$15 billion in new funding for FY 2021 for the Child Care and Development Block Grant (CCDBG)**, representing an unprecedented increase to the child care subsidy program. This funding is in addition to \$24 billion in child care stabilization funding (discussed later in the brief).
- Funds must be obligated in FY 2021 or the 2 succeeding fiscal years. In addition to usual activities, states are allowed to use funds to provide child care to essential workers without regard to the income eligibility requirements of the CCDBG. The law directs states to use funding to supplement (not supplant) existing federal, state, and local public funds.
- For context, prior to this increase in funding, the CCDBG was federally funded at \$5.9 billion for FY 2021 under the Consolidated Appropriations Act, 2021.<sup>15</sup>
- Every state will receive a substantial amount of funding under this new law, ranging from over \$18 million in Wyoming to over \$1.7 billion in Texas.<sup>23</sup>
- \$35 million is included for administrative costs for CCDBG and child care stabilization funding, including technical assistance and research. Funding is available through September 30, 2025.
- Additionally, the law includes a **\$633 million annual increase to the Child Care Entitlement to the States (CCES)**. This permanently increases funding for the CCES to \$3.5 billion annually. The law waives the state match requirement for FY 2021 and FY 2022 for the increased CCES funding.

## A Boost to Household Resources That Will Significantly Reduce Child Poverty

### An Expanded, Fully Refundable Child Tax Credit

- The American Rescue Plan includes a significant temporary expansion to the child tax credit that has the potential to become permanent. Beginning in July 2021 and lasting for at least 1 year, **families with children will be eligible to receive a tax credit of up to \$3,600 for each child ages 0 through 5 and up to \$3,000 for each child ages 6 through 17. This benefit represents an increase from a previous cap of \$2,000 for each child regardless of age, it is newly inclusive of children age 17, and families are no longer subject to the earnings minimum of \$2,500 to be eligible for a refund.**
- One key improvement is that the child tax credit will be fully refundable, whereas previously, only up to \$1,400 of the \$2,000 could be returned to families who had less than \$2,000 in tax liability. In addition, half of the benefit will be disbursed through monthly checks from July 2021 through December 2021, and the remaining portion will be provided at tax filing time in 2022.
- The monthly disbursement schedule and full refundability means that the credit is effectively a “child allowance”—a guaranteed periodic benefit for families with children,

regardless of earned income. Permanent child allowance policies are already common in many peer countries such as Canada and the United Kingdom, and evidence shows that they can significantly reduce child poverty and improve family health outcomes.<sup>17</sup>

- The full expanded benefit is available to single heads of household up to an adjusted gross income of \$112,500, and for married parents up to \$150,000. Single parents with an adjusted gross income of up to \$200,000, or couples with children making up to \$400,000, can continue to receive the original \$2,000 child tax credit (with refundability up to \$1,400) that was available prior to the American Rescue Plan. The credit phases out after those income thresholds.
- Overall, **over 90 percent of children in the US will benefit from this expansion**, ranging from 76 percent of children in DC to 96 percent of children in Mississippi.<sup>18</sup>
- Estimates from Columbia University's Center on Poverty and Social Policy indicate that the American Rescue Plan will reduce the US child poverty rate by 56 percent (or 7.5 percentage points) overall, with much of this reduction owed to the child tax credit expansion. The scholars estimate that the poverty rate among Black children will be reduced by 11.8 percentage points, for Hispanic children by 10.3 percentage points, for White children by 5.2 percentage points, and for Asian children by 5.6 percentage points thanks to the stimulus bill.<sup>19</sup>
- The American Rescue Plan provides over \$397 million in funding for the Internal Revenue Service to implement and administer the new tax credit.

## A More Generous Child and Dependent Care Tax Credit

- In addition to expanding the child tax credit, the American Rescue Plan includes significant changes to the child and dependent care tax credit (CDCTC) to increase its generosity for families and provide greater relief related to caregiving expenses. Families will now be able to receive a refundable 50 percent tax credit to defray caregiving costs.
- The expanded CDCTC will provide up to a \$4,000 tax credit applied to caregiving expenses for qualifying dependents (including children under age 13 and elderly or disabled adults) or \$8,000 for two or more qualifying dependents. This benefit represents an increase from a previous maximum credit of \$1,050 per qualifying dependent or \$2,100 for two or more.
- **The American Rescue Plan makes the CDCTC into a fully refundable tax credit.** Whereas previously the credit could only reduce tax liability, now families can receive a refund for any portion of the credit that remains after their tax liability reaches \$0. Families earning over \$125,000 will be eligible for a partial credit (phasing down to a 20 percent credit at \$400,000, and reduced by 1 percentage point for each \$2,000 in income above \$400,000). Previously, the credit began to decrease in value after just \$15,000 in income.
- These changes only apply for tax year 2021, but could be made permanent with future legislation.

## An Expanded Earned Income Tax Credit for Low-Income Workers

- The American Rescue Plan increases the generosity of the federal earned income tax credit for working adults with no children in the home, including noncustodial parents.
- For tax year 2021, the maximum credit increases to \$1,502 annually from a previous limit of \$543 for these workers,<sup>20</sup> and the American Rescue Plan increases the income limit for eligibility from \$16,000 to \$21,000.<sup>18</sup>

- The law lowers the minimum age for workers to qualify from 25 to 19 for people without children who are not full-time students. The minimum age is 24 for full-time students and 18 for people who are former foster youth or homeless youth. The American Rescue Plan also eliminates the upper age limit of 65, so elderly workers can now receive the EITC.
- This expansion will benefit over 17 million working adults (including 33% of all cashiers and 20% of retail workers).<sup>18</sup>
- States could potentially respond to the federal EITC expansion by altering their own state EITCs, since most states tie their credits directly to a percentage of the federal credit. It is not yet clear how state EITCs will be impacted. A provision in the American Rescue Plan prevents states from using federal aid to justify a decrease in state tax collections and benefits for citizens, however.

### Additional Support for Housing Programs

The American Rescue Plan includes funding for housing assistance. For example:

- The American Rescue Plan allocates **\$21.55 billion for emergency rental assistance**, to be available until September 30, 2027. Of this funding, \$2.5 billion is designated for payments to high-need grantees, which will be allocated based on “the number of very low-income renter households paying more than 50 percent of income on rent or living in substandard or overcrowded conditions, rental market costs, and change of employment since February 2020.”
- The American Rescue Plan includes **\$5 billion for housing vouchers** which will remain available until September 30, 2030.
- The American Rescue Plan allots **\$5 billion for homelessness assistance** which can include tenant-based rental assistance, housing counseling, or the development of emergency shelters.
- For homeowners struggling financially, the American Rescue Plan allocates almost \$10 billion to assist with a wide range of expenses including mortgage payments, the facilitation of interest rate reductions, or payment assistance for internet and utilities.
- The law includes \$100 million for housing counseling and \$20 million for fair housing activities.
- For the Low-Income Home Energy Assistance Program, the American Rescue Plan provides \$4.5 billion in additional funding.
- Through the Elementary and Secondary School Emergency Relief Fund, the American Rescue Plan allocates \$800 million to identify and provide wraparound services or educational assistance to homeless children and youth.

### A Third Round of Economic Stimulus Payments

- The American Rescue Plan includes a third round of economic stimulus payments. Payments of \$1,400 will be available for “individuals earning up to \$75,000, single parents earning up to \$112,500, and married couples with incomes up to \$150,000.”<sup>21</sup> The payments phase out above these amounts and are capped at “\$80,000 for individuals, \$120,000 for single parents, and \$160,000 for couples.”<sup>21</sup>
- Unlike in previous rounds of direct payments in the past year, eligible dependents (such as college students) who are ages 17 through 23 will now be able to receive the stimulus checks.<sup>22</sup>

## Support for the Unemployment System

- Supplemental federal unemployment benefits were extended through September 6, 2021 at \$300 per week. Many families have faced economic hardship during the pandemic and for families who have faced job loss, these additional benefits may help many of them weather difficult times.

## Extensions of Paid Leave Programs Benefiting Parental Health and Emotional Wellbeing

### Reinforcing Tax Credits for Paid Sick and Family Leave

- The American Rescue Plan extends tax credits for employers providing paid sick and family leave as established under the Families First Coronavirus Response Act, effective after March 31, 2021 and through September 30, 2021.
- According to one analysis, “The American Rescue Plan makes several changes to the credits for wages paid between April 1, 2021, and September 30, 2021, including increasing eligible wages to \$12,000 per employee (up from \$10,000 in 2020), expanding types of leave to include vaccination, and covering as many as 60 days of paid family leave for self-employed individuals (instead of 50 days under previous law).”<sup>26</sup>

## Support for Building Nurturing and Responsive Child-Parent Relationships Through Greater Home Visiting Funding

### Additional Funding for Home Visiting

- The American Rescue Plan provides **\$150 million in supplemental funding to home visiting programs** through September 30, 2022.
- Entities already conducting home visiting programs with the Maternal, Infant, and Early Childhood Home Visiting Program (MIECHV) are eligible to receive this supplementary funding as long as they do not reduce funding or staffing for their programs, they coordinate with local diaper banks, and they reaffirm their focus on priority populations for the period between the American Rescue Plan enactment and the second fiscal year after funds are awarded.
- These funds may be used for virtual or in-person home visits, staffing and administrative costs (including hazard pay), home visitor training, the provision of technology to families to conduct virtual visits, the provision of emergency supplies (including diapers, food, water, and hand sanitizer), coordination with and reimbursement for supplies to diaper banks, and the provision of grocery cards to eligible families.
- States have used federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) dollars to fund Family Connects, a comprehensive screening and referral program.<sup>28</sup>

## Critical Support and Stabilization of Child Care

### Additional Investment to Support Early Head Start

- The American Rescue Plan includes \$1 billion in additional funding to carry out the Head Start Act, which includes Early Head Start. Funding is appropriated in FY 2021 and available through the end of FY 2022.
- After accounting for federal administrative costs, funding is allocated to Head Start agencies for one-time grants based on the ratio of the number of enrolled children served by the Head Start agency relative to the number of enrolled children served by all Head Start agencies.

### Funding to Stabilize the Child Care Industry

- The American Rescue Plan **invests nearly \$24 billion in grants to states to stabilize the child care industry**. Funding is available through the end of FY 2021 and is allotted to states in accordance with CCDBG guidance. Up to 10 percent of state grant funds may be used for administrative costs and technical assistance, including support to providers for accessing and applying to the subgrant opportunity, outreach to publicize the availability of funds, and carrying out activities to increase the supply of child care.
- Every state will receive a substantial amount of funding under this new law, ranging from over \$29 million in Wyoming to over \$2.7 billion in Texas.<sup>23</sup> States will have considerable flexibility in using funding and will need to consider how quickly, to whom, and for what purposes funds are used.<sup>24</sup>
- Subgrants are available to eligible child care providers<sup>vi</sup> who are open and providing child care services or providers who are closed due to any reason related to the COVID-19 public health emergency. Providers applying for grants are required to follow policy guidance from the Centers for Disease Control and Prevention, preserve employee compensation, and are advised to “provide relief from copayments and tuition payments” for families to the extent possible, prioritizing relief for families struggling to pay. Subgrant amounts should be based on current operating expenses, including costs associated with providing “child care services during the COVID-19 public health emergency.”
- Funding must be used by qualified child care providers for at least one of the following: (1) personnel costs, including compensation and benefits, for both recruitment and retention of staff; (2) rent or mortgage payments, including maintenance, improvements, and insurance; (3) personal protective equipment and supplies necessary to ensure safety during the public health emergency; (4) “goods and services necessary to maintain or resume child care services;” and (5) “mental health supports for children and employees.”
- Similar to the funding increase for CCDBG, the law directs states to use funding to supplement (not supplant) existing federal, state, and local public funds.

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<sup>vi</sup> Eligible as defined under the CCDBG or a child care provider that is “licensed, regulated, or registered in the State, territory, or Indian Tribe.”

## Support for Programs that Promote Optimal Child Health and Development

### Additional Funding for Early Intervention

- For FY 2021, the American Rescue Plan appropriates \$250 million for Part C of the Individuals with Disabilities Education Act, which funds the Early Intervention program for infants and toddlers with developmental delays or disabilities.

### More Support for the National Child Traumatic Stress Network

- The American Rescue Plan also provides \$10 million to fund the National Child Traumatic Stress Network, an organization established by the US Congress in 2000 to support children and families exposed to traumatic and difficult experiences. The Network currently supports over 116 centers in 43 states and the District of Columbia, and works to provide and train professionals in trauma-informed care.<sup>27</sup>

### Generous Support for Child Abuse Prevention

- The American Rescue Plan provides a supplemental \$250 million to support Community Based Grants for Child Abuse Prevention (CBCAP) until September 30, 2023.<sup>25</sup> Funding through the American Rescue Plan represents more than four times the amount allocated to the program for FY 2020.
- The American Rescue Plan increases state grant funding for child abuse and neglect prevention by \$100 million until September 30, 2023.<sup>25</sup>

## Conclusion

The American Rescue Plan represents an unprecedented increase in funding for programs that improve the lives of families with young children. From the expanded child tax credit to economic stimulus payments and billions more in child care funding, this law provides a buffer for families, workers, caregivers, and child-serving organizations during an economic and public health emergency. In addition to substantial investments in the prenatal-to-3 period, the Act provides funding for public K-12 and higher education, money for small businesses, and infusions of dollars to state and local economies to maintain critical public services as they recover from the pandemic. Strong families and a bolstered economy mean strengthened communities in which infants and toddlers can learn, grow, and thrive.

Some provisions in the law, like expanded health and nutrition programs, home visiting, and child care programs, are supported by decades of research, whereas newer programs, like the expanded child tax credit resembling a child allowance, will benefit from further empirical study as we move forward to understand the full scope of their impacts on the prenatal-to-3 period. It will be critical to monitor and understand the implementation challenges and opportunities states will face as they comply with the federal law and decide how best to allocate newly available funding to ensure the maximum impact on children and families.

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*The Prenatal-to-3 Policy Impact Center at The University of Texas at Austin LBJ School of Public Affairs translates research on the best public investments into state policy actions that produce results for young children and society.*

