



A Union of Professionals

How the American Rescue Plan Affects Higher Education

The American Federation of Teachers believes that every person in America deserves the freedom to thrive, fueled by opportunity, justice and a voice in our democracy. The American Rescue Plan begins to do this by addressing the multiple crises affecting our country—COVID-19, the economic fallout and inequity. It demonstrates that government can be a powerful force for helping people by providing immediate aid to protect the jobs of frontline workers like nurses and EMTs; help teachers, school staff and administrators get our schools reopened safely and quickly; help those hit hardest by the pandemic feed their families, pay their bills and keep a roof over their heads; and, critically, ramp up testing and vaccine production and distribution. Together, we can do this, and we can help our families and our communities recover from our health and economic crises so that we all have the chance to thrive. The \$1.9 trillion American Rescue Plan includes:

Help for public schools—and the people who work and study in them. The plan includes \$170 billion in funding to help our early, K-12 and higher education institutions address learning, implement COVID-19 safety measures, and otherwise work to support students and staff by making education safe.¹

- \$40 billion to support colleges and universities in making higher education safe and accessible during the pandemic.
 - \$36 billion for public and private nonprofit institutions.
 - \$3 billion for historically Black colleges and universities, tribal colleges and minority-serving institutions.
 - \$400 million for for-profit colleges to provide financial aid grants to students.
 - \$200 million for institutions with the greatest unmet need related to the pandemic or those not served by the Higher Education Emergency Relief Fund formula.
 - \$850 million in targeted aid for Bureau of Indian Education schools and tribal colleges or universities.
- Requires institutions to spend at least 50 percent on emergency financial aid grants provided directly to students, and allows them to use remaining funds to replace lost revenue, reimburse for emergency expenses, and more.
- Maintenance of effort: Requires states to maintain spending on both K-12 and higher education in FY 2022 and FY 2023 at least at the proportional levels relative to a state's overall spending, averaged over FYs 2017 to 2019. This can be waived by the education secretary.

Aid to states, cities, towns and tribes. The plan provides more than \$360 billion in state and local aid.

¹ Congressional Research Service, memorandum, "Estimated FY2021 Grants to States and Institutions of Higher Education Under the Education Stabilization Fund Based on the Senate-Passed Substitute to H.R. 1319," March 8, 2021, https://www.democrats.senate.gov/cd-memo_esser_eans_heerf_senate-passed-sub-to-hr1319_3-8-21

The **American Federation of Teachers** is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

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PRESIDENT

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SECRETARY-TREASURER

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EXECUTIVE VICE PRESIDENT



Child care relief. The plan provides \$39 billion in desperately needed child care relief funding.²

Help for workers to recover from the pandemic.

- Lowers or eliminates premiums for millions who buy insurance through the Affordable Care Act.
- 100 percent subsidies for continuation of job-based health coverage (COBRA) for workers who have lost jobs.
- \$80 billion for PPE, testing and tracing, and vaccine distribution.

Help for working families. The plan provides relief in the form of:³

- **\$1,400 cash payments to individuals.** The plan would provide \$1,400 to tax filers, tax filer spouses and dependents. *This will help more than 200 million adults and 80 million children.*⁴
- **Child tax credit expansion.** The plan expands the child tax credit by making it fully refundable, removing both the dollar cap and the earnings limit that currently prevents nearly all low-income families with children from receiving the full credit. It would increase the maximum credit from \$2,000 per child, to \$3,000 for each child age 6 and older and \$3,600 for each child under age 6. *This will help more than 142 million people.*
- **Earned income tax credit expansion.** Under current law, low-income working people without children living in their home are eligible for a very meager EITC with a maximum of around \$500. The plan roughly triples that amount. *This will help more than 21 million adult workers without children.*
- **Paid sick and family leave.** The plan extends credits to public sector employers that voluntarily offer emergency paid sick and family leave benefits.

Enhanced unemployment insurance benefits. The plan provides \$300 per week in unemployment insurance benefits through Sept. 6, 2021, coupled with tax relief ensuring that up to \$10,200 of unemployment benefits is not subject to federal income taxes for households making under \$150,000.

² Center for Law and Social Policy, “Child Care Relief Funding in American Rescue Plan: State-by-State Estimates”, March 10, 2021.

³ The White House, “The American Rescue Plan, Biden’s plan to provide direct relief to Americans, contain COVID-19 and rescue the economy” March 10, 2021.

⁴ Institute on Taxation and Economic Policy, “Estimates of Cash Payment and Tax Credit Provisions in American Rescue Plan,” March 7, 2021.