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American Rescue Plan Act: Key Aid for Children, Youth, and Families and Where We Go Next

The latest major act of Congress to address the pandemic, and resulting economic and social crises, passed March 11, 2020. The American Rescue Plan Act (ARPA) will send \$5.65 billion to Michigan's state government, \$1.9 billion to county governments, and \$2.4 billion to local governments. For our state, this means that our leaders will have billions of discretionary dollars to dedicate between the current fiscal year and FY22 on key needs facing children, youth, and families.

This brief outlines the key provisions in the ARPA, and what they mean for what will come next for policymaking for children, youth, and families in Michigan. **Lawmakers must hear from you that these opportunities are available to them because of the ARPA, and that you support their swift action!**

Keeping All Families Strong

The ARPA significantly expands cash benefits for families, who bear increased cost burdens generally including during the pandemic, and for childless young adults, who are just establishing stability. The Child Tax Credit grows by \$1,000 to \$3,000 per child, and to \$3,600 for children ages 0-5, paid monthly and "fully refundable," meaning it is now available to the lowest-income families. The law also sets the Child and Development Care Tax Credit cap at \$4,000 for one child or \$8,000 for two or more, making it too fully refundable. For Michigan, the changes in direct cash assistance will:

- Increase the likelihood that Michigan state revenue prospects improve for the current fiscal year and for the beginning of FY22, enabling more confidence in higher levels of base spending.
- Provide momentum and evidence for potential state child tax credit or EITC expansions.

The law also provides \$250 million for Community-Based Child Abuse Prevention, of which Michigan is likely to receive around \$7 million through its Children's Trust Fund (CTF). Funded programs will connect parents with concrete resources and skills to prevent circumstances in which neglect or abuse can occur. For Michigan, to retain these increases in federal match formula for future years, state leaders can:

- Act proactively by matching Michigan's federal increase with [increased state funds for the CTF](#).

Quality Care for Children

Of the \$39 billion for child care, Michigan will receive \$438 million to spend along the lines of current Child Care and Development Block Grant rules (but without a required state match). Another \$700 million will be issued to child care providers through a "Child Care Stabilization" program meant to serve child care providers that were, on the date of submission of their application for a grant, either open and available to provide child care or closed for reasons related to COVID-19. The state may reserve up to 10% of the Child Care Stabilization program funds for technical assistance for providers. Michigan will also receive a \$34.5 million increase for Head Start programs. These changes mean that for Michigan:

- Leaders have enough funds to pair the increase in family income eligibility in the Governor’s budget proposal, which has not yet been appropriated, with a necessary increase in payment rates and other changes to increase the supply of child caregivers. This would help improve access to quality, affordable care for working families, especially the lowest-income families.
- Leaders can leverage the technical assistance set-aside provision to help guarantee access for traditionally underserved families by using some of these funds to both expand the number of available socio-emotional coaches for child caregivers to [reduce child care expulsions](#) and to create staffed family child care networks to [support family, friend, and neighbor caregivers](#).

Resources for Thriving Students

For K-12 school aid, Michigan will receive around \$3.7 billion. The state must direct at least 90% of that to local school districts based on their Title I funding and must spend at least 5% (\$186 million) to address learning loss, 1% (\$37 million) on afterschool and summer learning (“out-of-school time”) programs, and 1% for evidence-based summer enrichment. The program also directs \$2 billion for IDEA Title B K-12 special education, with \$87 million for Michigan, and a portion of an \$800 million fund for the identification, enrollment, and participation of students experiencing homelessness, including through wrap-around services. For Michigan, this means that:

- Leaders must hold districts to [strong expectations](#) that all student subgroups experiencing or at-risk of or learning delays or school disconnection are prioritized in budget and operational plans.
- Leaders must set up a state-level, [out-of-school time learning grant program](#), funded fully or primarily with federal funds for two years and transitioning over time to a state-funded model.
- Leaders must utilize available funds and encourage local expenditures of federal funds to support family literacy and adult skill-building efforts, [including through adult education](#).
- Leaders must match increased federal special education funds with increased state resources.
- Leaders must ensure full utilization of homeless student funds by [increasing state investment in Runaway and Homeless Youth services](#), which connect young people with school supports.

Securing a Healthy Start

For important supports for parents of young children, the ARPA provides Michigan \$6.8 million for IDEA Part C early identification and interventions for infant and toddlers and \$6.5 million for preschool special education. This will mean a significant increase for Michigan but not enough to close full service gaps between counties. The law also provides a \$150 million increase for Maternal, Infant, and Early Childhood Home Visiting-funded programs. For Michigan, this means that:

- More families will be referred to early intervention and other services through programs funded by these increases, meaning that Michigan must supplement federal increases to Early On and prioritize other behavioral or home-based supports for children and families. Leaders must provide Early On with over \$60 million to close service access gaps annually.

Successful Youth Transitions

The ARPA triples the Earned Income Tax Credit (EITC) for childless workers, from \$543 to \$1,502, and allows childless individuals between ages 19-25 to claim the credit. Eligibility for full-time students

without children begins at age 24. The law makes a landmark expansion of age eligibility to youth who are 18 and were in foster care any time on or after their 14th birthday and to youth who are either unaccompanied and homeless or unaccompanied, at risk of homelessness, and self-supporting. The law, however, fails to build on dedicated service expansions for older youth experiencing or aging out of foster care that were made in December 2020. For Michigan, this means:

- State lawmakers have a responsibility to ensure that investments are made into [wraparound supports](#) for youth who have experienced or are aging out of foster care, including the Michigan Youth Opportunities Initiative, Fostering Futures Scholarship, and other initiatives.
- State lawmakers have an opportunity to pass a state-level EITC expansion mirroring and building on the expansion of eligibility for young people experiencing foster care.

The ARPA will also direct millions to Michigan young people and families experiencing or at risk of homelessness, including emergency rental assistance for low-income renters who have lost income or experienced other hardship; housing vouchers for people recovering from and at greatest risk of homelessness; and funding for other low-income housing, tribal housing, rural housing, property tax relief, and wraparound services for clients. The law expands the age of eligibility for the Child and Adult Care Food Program (CACFP) to include emergency homeless shelters. For Michigan, this means:

- State lawmakers must [increase funding for Runaway and Homeless Youth services](#) to ensure all young people in need are connected with new resources related to their housing status.
- State lawmakers must act to immediately appropriate all housing resources and provide maximum program flexibility to spend funds before federal deadlines.

Supporting Struggling Families

For [families close to crisis](#), the law provides \$3 billion for substance use and mental health block grant programs, including \$1.5 billion for Community Mental Health services, \$1.5 billion for Prevention and Treatment of Substance Abuse, as well as \$420 million in grants for Certified Community Behavioral Health Clinics. Michigan will receive \$41 million and \$45 million, respectively, and Michigan's CCBHC sites will directly receive the funding increases to enhance services. For Michigan, this means that:

- Leaders must leverage this increased state investment to rebuild quality, affordable mental health and substance use service connections wherever children, youth, and families are.

The law outlines other aid for families' basic needs. Supplemental Nutrition Assistance Program benefits will rise by 15% through September, allowing states to continue the Pandemic Electronic Benefits Transfer program through the summer. Funding is included for user upgrades for the Women, Infants, and Children Program. \$4.5 billion is provided for the Low Income Home Energy Assistance Program. Michigan will also receive a Pandemic Emergency Fund to provide households with short-term benefits that address a specific episode of need; are non-recurring needs; and last no longer than four months, with eligibility determined by states. For Michigan, this means:

- Leaders must continue to leverage expanded nutrition benefits by funding out-of-school time learning programs that can deliver good meals to children in community settings.