

Summary of President Joe Biden's American Families Plan

On April 28, President Joe Biden unveiled his American Families Plan, which is his third proposal to support recovery from the coronavirus pandemic. The American Families Plan would provide an estimated \$1.8 trillion over ten years and builds upon the president's previously proposed \$2.5 trillion [American Jobs Plan](#), which is focused on the nation's infrastructure, and the already-enacted \$1.9 trillion [American Rescue Plan Act \(ARP\)](#).

Complementing the American Jobs Plan proposed investments in early childhood, K-12, and higher education *facilities*, the American Families Plan proposes additional significant investments in child care and early childhood education, educator preparation and support, as well as higher education access and support. The White House has framed investments within the American Families Plan as a means of expanding free public education from 12 years to 16 years by providing an additional two years of universal preschool and two years of community college. The president argues that such a shift in the nation's fundamental thinking of public schooling is necessary to remain competitive within the 21st century.

The fact sheet released by the Biden Administration outlining the American Families Plan is [here](#).

Key to Know:

- With the American Families Plan now proposed, much of the work to enact the proposal moves to Congress. The White House will need to work with congressional leaders in order to more fully define the legislative details of the American Families Plan and garner sufficient support to pass the bill. While President **Biden has expressed a preference for bipartisan solutions, it remains to be seen what counteroffers congressional Republicans will propose**, and how much the White House and congressional Democrats are willing to compromise on both the American Jobs Plan and the American Families Plan.
- As was used to pass the American Rescue Plan, there is a **strong possibility that the president and congressional Democrats will need to use the budget reconciliation process in order to pass the American Families Plan and the American Jobs Plan**. By using the reconciliation process, congressional Democrats will only need a simple majority in the Senate to pass the packages – reconciliation bills are not subject to the 60-vote filibuster like regular order legislation. However, **reconciliation is a procedurally challenging process, and some components of the American Jobs Plan and the American Families Plan may not make it through the political process** or the stringencies of the Byrd Rules. Even though reconciliation bills only require a majority to pass the Senate, it is unclear whether all Senate Democrats will support the level of funding and all the specific investments proposed by the president.
- The president and congressional Democrats will work to advance these packages quickly and the **White House has asserted that it believes both packages should be advanced, not one over the other**. However, the legislative process could take months, and the longer that it takes, the more difficult it will become to advance other legislation such as the FY2022 appropriations bills. Funding for FY2021 expires on September 30, 2021 and Congress will need to either advance a FY2022 spending package or complete a Continuing Resolution (CR). **Bottom line – Congress and the White House have their work cut out for them this year.**

Summary of Early Childhood and Child Care Provisions:

- **\$200 billion for a federal-state partnership program to offer free, high-quality, accessible, and inclusive preschool to all 3 and 4 year-olds.**
 - Funding will be prioritized for “high-need areas,” and would enable families to choose settings that work best for them.
 - The plan suggests that the program would support access to high-quality programs by supporting low student-to teacher ratios, high-quality and developmentally appropriate curriculum, and supportive classroom environments.
 - All educators supported by the program would receive job-embedded coaching, professional development, and all workers within participating pre-k and Head Start programs would earn at least \$15 per hour and those with “comparable qualifications” would receive compensation comparable to kindergarten teachers.

- **\$225 billion to support access to high-quality, affordable child care.**
 - Families earning up to 150 percent of state median income would pay no more than 7 percent of their income for child care for children under five. For working families that are “the most hard-pressed,” child care costs would be fully covered.
 - The plan would provide families with a “range of options”, including child care centers, family child care providers, Early Head Start, and public schools.
 - The plan includes funding to cover the “true cost” of high-quality child care, including developmentally appropriate curriculum, professional development, small class sizes, and culturally and linguistically responsive environments that are also inclusive of children with disabilities.
 - The funding would also ensure that all child care workers would earn at least \$15 per hour, and those with similar qualifications will receive compensation and benefits comparable to kindergarten teachers.

Summary of Higher Education Provisions:

- **\$109 billion for federal-state partnerships to support first-time students and workers to enroll tuition-free in community college.**
 - Students would be able to use the benefit over three years, and up to four years if “circumstances warrant.”

- **\$80 billion to increase the maximum Pell Grant award by \$1,400.**
 - This would result in an estimated maximum award of \$7,895, and the plan states that the increase is a “down payment on President Biden’s commitment to double the maximum award.”
 - The proposal also extends eligibility for Pell Grants to DACA-eligible students.

- **\$62 billion to support student completion and retention** by creating a grant program for institutions that serve high numbers of low-income students.
 - Funding would support institutions in adopting “innovative and proven solutions” for student success, including wraparound services (e.g. child care and mental health services), peer mentoring, emergency basic needs grants, practices that recruit and retain diverse faculty, transfer agreements between colleges, and evidence-based remediation programs.

- **\$46 billion for Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and other Minority Serving Institutions (MSIs):**
 - \$39 billion to provide two-years of subsidized tuition for families earning less than \$125,000 at HBCUs, TCUs, and MSIs.
 - \$5 billion for grants to HBCUs, TCUs, and MSIs to strengthen their academic, administrative, and fiscal capabilities, including by creating or expanding educational programs in high-demand fields such as STEM, computer science, nursing, and allied health.
 - \$2 billion for building a pipeline of skilled health care workers with graduate degrees.

Summary of Other Key Relevant Provisions:

Educator Preparation:

- Double the TEACH grant awards that subsidize higher education for aspiring teachers to \$8,000 per year and expand access to early childhood educators.
- \$2.8 billion in Grow Your Own Programs and year-long, paid teacher residency programs, including \$400 million specifically for teacher preparation programs at HBCUs, TCUs, and MSIs, and \$900 million for special education teacher preparation.
- \$1.6 billion to provide existing teachers opportunities to earn additional credentials, with a priority for public school teachers serving in schools with significant portions of low-income students or teacher shortages.
- \$2 billion to support teacher leader programs (e.g. mentorship, compensating teachers for leadership work).

Child Nutrition:

- \$25 billion to make the summer EBT program, currently serving 29 million children, permanent.
- \$17 billion to expand free meals for children in high-poverty districts through the Community Eligibility Provision (CEP).
- \$1 billion to create a new healthy foods incentive demonstration program.

Paid Family Leave:

- \$225 billion to create a national comprehensive paid family and medical leave program.
 - Ensure that workers are able to receive partial wage replacement for time taken to bond with a new child, care for a seriously ill loved one, deal with a loved one's military deployment, find safety from sexual assault, stalking or domestic violence, heal from a serious illness, or take time to deal with the death of a loved one.
 - The plan would guarantee 12 weeks of paid parental, family, and personal sick leave by year 10 of the program. Workers would receive three days of bereavement leave per year starting in year one.
 - The plan would provide up to \$4,000 per month, with a minimum of two-thirds of average weekly wage replacement, and up to 80 percent for the lowest wage workers.

Tax Credits:

- The plan would extend the expanded Child Tax Credit (CTC), as enacted in the American Rescue Plan, through 2025 and make the refundability of the credit permanent.
- The plan would permanently extend the expanded Child and Dependent Care Tax Credit (CDCTC), which was enacted in the American Rescue Plan.

- The plan would permanently extend the expanded Earned Income Tax Credit (EITC) for workers without children.

Summary of Proposed Pay-Fors:

Although the spending within the American Families Plan is over ten years, the plan is proposed to be fully paid for over the next 15 years by enacting several tax reform proposals. The plan proposes to increase investments in the Internal Revenue Service (IRS) to improve enforcement activities of high-income filers; increase the tax rate to 39.6 percent for households within the top one percent of earners; eliminate capital income tax breaks and apply the same income tax rate to capital gains; and eliminating several loopholes currently exploited by earners in the highest income brackets.

The tax reform proposals build upon other proposals included within the American Jobs Plan.

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