



Why the American Rescue Plan Will Help Virginia

The people of Virginia need President Biden's American Rescue Plan. We need action to match the unprecedented harshness of the pandemic and its economic impact. The Biden plan now moving through Congress combines essential spending on vaccines, medical care, and protective health measures with assistance to prevent millions of people from being pushed into poverty and debt. The \$1.9 trillion is of sufficient scope to save lives and provide what is needed for true economic recovery in Virginia.

The Need. Virginia has [lost 7,012 lives](#) to COVID-19 as of February 15, 2021. At the current pace, the nation will reach 500,000 deaths from the coronavirus in the third week of February. While the coronavirus rampages, there can be no successful reopening of the economy. The \$160 billion to fund speedier vaccine distribution and other protective health measures is essential to recovery.

Economic recovery is urgently needed in Virginia. Since March of last year, when COVID-19 was overtaking the nation, [40 percent of Virginia adults](#) were in households where someone had lost earnings from work, with even more with income loss in households with children (nearly half). With lost earnings came severe hardship. More than [467,000 respondents](#), or 8.5 percent of adults in Virginia, said their households did not have enough to eat in the previous week; [11.5 percent of households with children](#) were sometimes or often going without food. Food insecurity – the inability to reliably afford nutritious foods at all times – is estimated to have risen sharply in Virginia, from [9.4 percent](#) in December, 2018 to 22.5 percent during the pandemic, in April-May, 2020. Close to [30 percent of households in Virginia](#) reported they had serious difficulty paying regular household bills, again higher for households with children (almost 39 percent), and [12 percent of households with children](#) had fallen behind in their rent.

In Virginia as in the nation, people of color have been disproportionately affected by the disastrous economy. Among Black survey respondents, [33.5 percent said their households were behind in rent](#); that was true of 26 percent of Latinx people surveyed; for white respondents, it was under 7 percent.

Over the past year, Virginia [lost 177,900 jobs](#). The December short-term COVID relief package took so long to pass that many states were delayed in providing unemployed workers the benefits they were owed, shortchanging workers nationwide by [\\$17 billion](#) in the month of January. Virginia did better than many states, paying benefits with a delay of two weeks or less. Congress needs to enact the American Rescue Plan well before March 14, when current benefits run out.

The Solution. The American Rescue Plan responds to these needs by shoring up household income through increased unemployment benefits through the end of September, expanding the Child Tax Credit and Earned Income Tax Credit, increasing nutrition assistance, providing emergency rental and utility assistance, including a one-time \$1,400 economic impact payment to most individuals, and raising the minimum wage to \$15/hour.

These benefits will [cut Virginia's child poverty by one-third](#) in a year. Such a reduction would dramatically reduce the damage to children's health and development now being caused by the pandemic's economic repercussions. Most of that remarkable accomplishment would come from the increase in the Child Tax Credit, which would be raised from \$2,000 to \$3,000 per child, with an additional \$600 per child under 6. A plan is being developed to deliver the credit on a monthly basis, while providing protections to families with fluctuating incomes or eligibility. Families would no longer be partly or totally excluded from receiving the credit if they earned too little. According to the [Institute on Taxation and Economic Policy's](#) analysis, nearly 19 percent of the poorest fifth in Virginia would benefit, averaging \$4,080 in savings. Fully 86 percent of Virginia's children will get some benefit from this increase, or 1.6 million children, with 249,000 either lifted out of poverty or with poverty reduced, in an analysis by the [Center on Budget and Policy Priorities](#).

Virginia will also benefit because of the increase in the American Rescue Plan in the Earned Income Tax Credit for workers without dependent children. Expanding eligibility to workers age 19 and older (including those over 65) and increasing their benefit will help [419,000 workers](#) in Virginia, all of whom have very low incomes. [23 percent of Virginia's childless workers](#) living in rural areas would benefit.

The American Rescue Plan includes \$25 billion in emergency rental assistance, of which [\\$569.7 million](#) will go to Virginia. This funding will prevent evictions for many tenants falling behind in their rent.

The plan would extend the 15 percent increase in the Supplemental Nutrition Assistance Program (SNAP) through September and increase WIC by \$3 billion. These steps will reduce the number of households unable to afford enough food.

Many other provisions of the American Rescue Plan will provide Virginia's workers and families with protection from economic disaster. The plan calls for reinstating and expanding emergency paid leave and increases funding for child care (creating a \$25 billion emergency child care stabilization fund and adding another \$15 billion to the previously enacted \$10 billion to help parents afford child care). Virginia received over [\\$198 million](#) in child care relief funding from the initial \$10 billion enacted in December; the additional amount would more than double the state's allocation. The \$1,400 one-time payments will be available to people with Social Security numbers, including all dependents, and will not be excluded because their household includes immigrants without such documentation.

Virginia cannot move forward with its recovery without funding to help replace lost revenues because of the pandemic, to prevent further public worker layoffs that are undermining education, delivery of unemployment benefits, as well as health care, public safety, and many other services. Virginia has [lost](#) 7.5 percent of its state government employees from February through December 2020 and 6.6 percent of its local government workers during the same period. Virginia projects a state revenue decline of [5.9 percent](#) in FY 2021. That is why the nearly \$6.5 billion in state and local assistance that will be provided to Virginia if the [House of Representatives' version](#) of the American Rescue Plan is enacted is so important.

While the American Rescue Plan includes certain health care expansions, such as a subsidy for COBRA insurance for those who lost their coverage when they lost their job, and the modest increased federal match for Medicaid has been extended, there are gaps that Congress should fill. In particular, people with disabilities and seniors need increased funding for Medicaid's Home and Community Based Services (HCBS). People with disabilities and seniors are disproportionately vulnerable to COVID-19.

They need continued services to be able to manage at home and to avoid institutional settings, which have proven very dangerous. In Virginia, nearly 10 percent of 18-64 year-olds have a disability; close to 33 percent of people age 65 and over have a disability.

The American Rescue Plan rebuilds our economy, making it stronger than pre-pandemic projections for the end of 2021, according to the [Hamilton Project](#) at the Brookings Institution. It does this by protecting our people from disease and economic loss. This plan will give Virginia's people the chance to work safely, with adequate wages and economic security, and to raise their children out of poverty.