



### **Why the American Rescue Plan Will Help Arizona**

The people of Arizona 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, health care, and protective measures to save lives 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 Arizona.

**The Need.** Arizona has lost close to [16,000 lives](#) to COVID-19 as of March 1, while the nation reached 513,000 deaths. 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 Arizona. Since March of last year, when COVID-19 was overtaking the nation, [nearly half](#) of Arizona adults were in households where someone had lost earnings from work (46 percent), with [over half](#) with income loss in households with children. With lost earnings came severe hardship. More than 565,000 adults in Arizona said their households did not have enough to eat in the previous week (11.6 percent); 15 percent of people living with children said their households 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 Arizona from 11.4 percent in December, 2018 to 24.1 percent during the pandemic, in April-May, 2020. More than one-third of people in Arizona reported they had serious difficulty paying regular household bills, and more than 143,000, or over 13 percent, had fallen behind in their rent.

In Arizona as in the nation, people of color have been disproportionately affected by the disastrous economy. Among Latinx survey respondents, nearly 18 percent said their households were behind in rent; that was true for over 11 percent of Black renters surveyed; for white respondents, it was 10 percent.

Over the past year, Arizona lost more than [107,000 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. Arizona 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 [Arizona's child poverty nearly in half](#), 46 percent 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, 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 of a similar proposal, one-quarter of the poorest fifth would benefit, averaging \$4,210 in payments. Fully 93 percent of Arizona's children will get some benefit from this increase, or 1.5 million children, with 238,000 either lifted out of poverty or with poverty reduced, in an analysis by the [Center on Budget and Policy Priorities](#).

Arizona 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 and increasing their benefit will help [346,000 people](#) in Arizona, all of whom have very low incomes. About 31 percent of Arizona's childless workers living in [rural areas](#) would benefit.

The American Rescue Plan includes \$25 billion in [emergency rental assistance](#), of which \$492 million will go to Arizona. 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.

Gradually increasing the minimum wage to \$15 per hour would help a large proportion of Arizona's workers. We are disappointed that the minimum wage increase, passed by the House, is not likely to be included in the Senate version, and strongly urge enactment of this increase as quickly as possible. Nationwide, by 2025, when the \$15/hour rate would be reached, according to the [Economic Policy Institute](#), 32 million workers will benefit, including 31 percent of Black workers and 26 percent of Latino workers.

Many other provisions of the American Rescue Plan will provide Arizona'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). Arizona received [\\$254.75 million](#) 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 and will not be excluded because their household includes immigrants without such documentation.

Arizona 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. Arizona has lost 2.6 percent of its state government employees from February through December 2020 and 4.2 percent of its local government workers during the same period. Arizona projects a state [revenue decline](#) of 7.3 percent below initial projections in FY 2021. That is why the nearly \$7.4 billion in state and local assistance that will be provided to Arizona 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 funds 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 Arizona, 10.6 percent of 18-64 year olds have a disability; 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 Arizona's people the chance to work safely, with adequate wages and economic security, and to raise their children out of poverty.