



COALITION ON HUMAN NEEDS

Why the American Rescue Plan Will Help Maine

The people of Maine 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 Maine.

The Need. Maine has lost 703 lives to COVID-19 as of March 1, 2021, or 52 per 100,000 people, while the nation reached 513,000 deaths from the coronavirus in the third week of February. While the coronavirus rages, 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 Maine. Since March of last year, when COVID-19 was overtaking the nation, [nearly half](#) of Maine adults were in households where someone had lost earnings from work, expected loss of income was higher in households with children. With lost earnings came severe hardship. Over 81,000 adults in Maine (around 17 percent) said their households sometimes or often did not have enough to [eat](#) in the previous week; that was true of more than 12 percent of households with children. [Food insecurity](#) – the inability to reliably afford nutritious foods at all times – is estimated to have risen sharply in Maine, from 13.1 percent in December, 2018 to 22.0 percent during the pandemic, in April-May, 2020. More than 29 percent of people reported they had serious difficulty paying regular household bills, again higher for households with children (over 40 percent) and more than 20 percent had fallen behind in their rent (over 30 percent for households with children).

Over the past year, Maine [lost 49,200 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. 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 child poverty](#) in Maine **almost in half** (down 45 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, 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 of a similar proposal, 21 percent of the poorest fifth in Maine would benefit, averaging \$4,790. Fully 91 percent of Maine's children will get some benefit from this increase, or 229,000 children, with 21,000 either lifted out of poverty or with poverty reduced, in an analysis by the [Center on Budget and Policy Priorities](#).

Maine 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 79,000](#) people in Maine. Among [childless workers](#) in Maine's rural areas, 23 percent would benefit (35,000 people).

The American Rescue Plan includes \$25 billion in [emergency rental assistance](#), of which \$200 million will go to Maine. 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 will help a large proportion of Maine'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 Maine'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). Maine received [\\$31.6 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.

Maine 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. Maine has [lost](#) 12 percent of its state government employees from February through December 2020 and nearly 10 percent of its local government workers during the same period. Maine projects a [state revenue decline](#) of 13 percent in FY 2021. That is why the nearly \$1.7 billion in state and local assistance that will be provided to Maine if the [House of Representatives' version](#) of the American Rescue Plan is enacted is so important.

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. Congress is taking steps to fill other significant gaps. In

particular, people with disabilities and seniors need increased funding for Medicaid's Home and Community Based Services (HCBS). The House version of the Rescue Plan includes an increase of 7.35 percentage points in federal match funding for states to improve their HCBS programs. 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 Maine, 13.5 percent of 18-64 year olds have a [disability](#); one-third 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 Maine's people the chance to work safely, with adequate wages and economic security, and to raise their children out of poverty.