

AMERICAN RESCUE PLAN: SHOTS IN ARMS AND MONEY IN POCKETS

HEARING

BEFORE THE

COMMITTEE ON

BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING WHAT THE AMERICAN RESCUE PLAN HAS MEANT FOR PEOPLE
ACROSS THE COUNTRY

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AMERICAN RESCUE PLAN: SHOTS IN ARMS AND MONEY IN POCKETS

THURSDAY, MARCH 25, 2021

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 9:57 p.m., via Webex, Hon. Sherrod Brown, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN SHERROD BROWN

Chairman BROWN. The Senate Committee on Banking, Housing, and Urban Affairs will come to order.

Thank you all for joining us. We are starting a couple of minutes early.

Today's witnesses will talk about what the American Rescue Plan has meant for people across the country, shots in arms, money in families' pockets, children in schools, workers in jobs. We will explore how it helps black and brown communities hit hardest by the pandemic and left behind by other policies for decades.

Unfortunately, today we have four votes starting at 10:45 a.m. In order to get to member's questions, I will enter my opening statement into the record, as will Ranking Member Toomey.

We have also asked witnesses to shorten their testimony to 3 minutes. We will strictly enforce the 5-minute rule for questions.

Because the hearing is virtual, a few quick reminders. There will be a slight delay before you are displayed on the screen when you start speaking. Please click the mute button when you are not.

You should all have a box on your screens labeled clock. For all Senators, a 5-minute clock still applies for your questions. With 30 seconds remaining, you will hear a bell to remind your time is almost expired. It will ring again when your time has expired.

If there is a technology issue, we will move to the next witness or Senator until it is resolved.

To simplify the speaking order process, Senator Toomey and I have agreed to go by seniority for this hearing.

I will introduce today's witnesses. I apologize for the shortened introductions.

Sharon Parrott is President of the Center for Budget and Policy Priorities. Amy Matsui is Director of Income Security and Senior Counsel at the National Women's Law Center. Roy Cooper is the parent of three children and a former staffer for Representative Eric Cantor and he lives in Fairfax County, Virginia. Dr. Angela Rachidi is the Rowe Scholar at the American Enterprise Institute.

Welcome, and thank you for your testimony today.

Ms. Parrott, please begin your testimony. Thank you so much.

**STATEMENT OF SHARON PARROTT, PRESIDENT, CENTER FOR
BUDGET AND POLICY PRIORITIES**

Ms. PARROTT. Chairman Brown, Ranking Member Toomey, Members of the Committee, thank you for the opportunity to testify this morning.

I am going to make four points and I will be happy to take questions.

My first point is that, even with today's news that initial jobless claims ticked down somewhat, millions of people are out of work, hardship remains high, and the current crisis has taken a disproportionate toll on people who worked in low-paid jobs and low-income households with children.

Due to the Nation's long history of racism, that has resulted in gaping inequities in housing, employment, and education. These heavily impacted groups include disproportionate numbers of Black and Indigenous people and people of color.

There were 9.5 million fewer payroll jobs last month than in February of 2020 and the largest losses are in industries that pay low wages. Black and Latino workers are disproportionately represented in low-paying industries, which is a key reason their unemployment rate is so much higher than white unemployment.

Tens of millions of households are struggling to pay their bills. For example, between February 17th and March 1st of this year, an estimated 13.5 million adults in rental housing, nearly one in five adult renters, reported that they were not caught up in rent. And about 22 million adults reported that their household sometimes or often did not have enough to eat in the last 7 days. Food and housing hardship was highest among households of color and households with children.

My second point is that the rescue plan is providing much needed help for tens of millions of people and it is also providing important funds for States, territories, localities and tribes. It includes housing assistance for millions of people struggling to pay rent and avoid eviction, and for communities to address homelessness.

It extends critical unemployment benefit expansions and nutrition assistance. It temporarily expands the Child Tax Credit and the Earned Income Tax Credit, driving an historic reduction in poverty and providing much needed support for workers.

It makes comprehensive health coverage more accessible and affordable. It helps States, localities, territories and tribes with COVID-19 costs and other expenses. It provides a historic investment in K-12 education to help address the pandemic's impact on schools and on student learning. And it provides important funding for operating costs of transit agencies.

My third point is that we would not have needed so many emergency stopgap measures if we had permanent policies that provided supports for households that struggle to afford the basics, that offered adequate jobless benefits, particularly to workers in low-paid jobs, and that insured everyone had access to health coverage.

Other wealthy nations have these kinds of policies in place. The United States can do so, as well.

My fourth point is that the President and the Congress will soon have an historic opportunity in recovery legislation to make investments that help us build toward a more equitable recovery.

What would that look like? A strong recovery requires the pandemic is under control and strong growth. But to be an equitable recovery, we also need policies in place that dramatically reduce child poverty, that help people in low-pay jobs make ends meet, and assist those with few job prospects and expands access to health coverage.

I look forward to working with this Committee and the Congress to drive toward that vision of a recovery.

Thank you.

Chairman BROWN. Thank you, Ms. Parrott.

Ms. Matsui, welcome.

STATEMENT OF AMY MATSUI, DIRECTOR OF INCOME SECURITY AND SENIOR COUNSEL, NATIONAL WOMEN'S LAW CENTER

Ms. MATSUI. Chairman Brown, Ranking Member Toomey, and members of the Committee, thank you for the opportunity to testify. My testimony today will address the deep racial, gender, and economic disparities revealed by the COVID-19 pandemic and the impact of the American Rescue Plan of 2021 on women and families.

The COVID-19 crisis has laid bare long-standing racial and gender inequities. COVID pulled back the curtain on weaknesses in our economy, exposing women's overrepresentation in part-time and low-paid jobs in the service sector. Women make up the vast majority of workers risking their lives to provide health care, child care, and other essential services for inadequate pay.

The pandemic also revealed women's disproportionate responsibility for caregiving, both paid and unpaid. Women's undervalued labor held up our fragmented and dysfunctional child care, home care and elder care systems and we discovered that there is no backup when the backup fails.

The pandemic's disastrous health and economic consequences have disparately fallen on women of color and women more generally. Throughout the pandemic, the overall unemployment rate has masked devastatingly high rates for Black women, Latinas, women with disabilities, and younger women. In January, more than 61 million women recorded that their household had lost employment income between March 2020 and the present, but more than 6 in 10 Latinas and over half of Black non-Hispanic women were in such a household.

Millions are struggling to make basic needs like shelter and food, with Black women and Latinas again disproportionately represented among them.

The American Rescue Plan Act of 2021 is targeted to help the women, communities of color, and families who are experiencing the greatest economic distress and provides relief at the scale of need.

I want to highlight several key aspects of the law, among many, that will benefit women and families.

First, the rescue plan provides nearly \$50 billion in housing and utility assistance, which includes emergency rental assistance, housing vouchers, homelessness assistance, nearly \$10 billion to create a homeowner assistance fund and other housing relief, along with housing counseling and fair housing activities.

The bill also provides transit relief funding, which is critical for low-paid workers, among whom women are overrepresented.

Second, the rescue plan provides \$39 billion in direct funding for child care to help stabilize the child care sector and help women afford and access the child care they need to work.

Third, the rescue plan made historic, though temporary, expansions to the Child Tax Credit and Earned Income Tax Credit for low-paid workers not claiming children. These expansions will boost the incomes of millions of families and especially benefit women of color and children of color.

These provisions, along with other income supports, nutrition assistance, and health care will have a direct impact on the lives of women and their families. They will allow their families to meet their basic needs and boost the incomes of millions above the poverty line. They will mitigate the harm that poverty and economic insecurity inflict on children's well-being and forestall long-term consequences to women's health, employment, education, and lifetime financial security.

The American Rescue Plan Act addresses the near-term consequences of the pandemic. Moving forward, we urge policymakers to consider the rescue plan for an equitable economic recovery that centers women, communities of color, and families with low incomes.

We cannot accept the pre-COVID status quo as the benchmark for recovery, however. Structural changes and significant public investments in housing, the care economy, a more progressive and equitable tax code, and increased wages are the only way forward to sustainable and broadly shared prosperity.

Thank you for the opportunity to testify today and I look forward to answering your questions.

Chairman BROWN. Thank you, Ms. Matsui.

Mr. Cooper is recognized for 3 minutes. Thank you.

**STATEMENT OF RORY COOPER, PUBLIC SCHOOL PARENT,
FAIRFAX COUNTY, VIRGINIA**

Mr. COOPER. Thank you.

Chairman Brown, Ranking Member Toomey, and members of the Committee, thank you for this opportunity to speak for what I believe are millions of parents.

I have 3 kids currently in 5th grade, 2nd grade, and kindergarten, who I love very much. My children, and millions of other children, have not had access to the education they deserve for over a year.

President Biden's goal of having a majority of schools open to some degree in his first 100 days is incomprehensible. It was achieved before he took office.

A majority of students are indeed attending school in person 5 days a week. Two-thirds of public school districts are currently open 5 days a week, many of them since the fall.

The districts that are failing our children are the large metropolitan areas where school boards are heavily controlled by powerful teacher's unions like New York,

Chicago, San Francisco, L.A., and Washington, D.C.

We know schools are safe because not one person is calling on the open schools to close. Here in Fairfax County, unreasonable union demands, coupled with a flat-footed superintendent and school board have crippled what was once a premier district. The goal posts keep moving as they run out the clock on the school year and leave students behind.

We were told that teachers needed to be vaccinated first. So Virginia put them at the front of the line with health care workers and senior citizens. And then, when all willing teachers in Fairfax were vaccinated, they still refused to fully reopen.

Then we were told they needed more money. The school districts that are currently closed are some of the best funded in the Nation. Fairfax County is in the top 10. Schools that are closed have saved millions of dollars while open schools have lost money.

America rallied to give them more money anyway. In the CARES Act, a year ago today, Congress appropriated \$13 billion. In December, an additional \$54 billion. Despite most of that money remaining unspent in 2021, this Congress pursued \$126 billion more in the American Rescue Plan, nearly none of it to be spent actually reopening schools.

The latest goal post moving has come around 6-foot distancing. We knew this was overcautious in 2020 because a majority of school districts were already ignoring it. But districts like Fairfax used it as a crutch to only consider opening 2 days a week. The CDC finally admitted what they already knew and reduced it to 3 feet. Randi Weingarten, of the American Federation of Teachers, said that still was not good enough and they wanted even more money.

No science or vaccination or amount of money will ever be good enough. The kids are suffering greatly. We have seen a terrible spike in suicides, depression, anxiety, and a loss of access to nutrition, socialization, and physical health. Children with physical and learning disabilities, who require additional support, have received a minimum of what the law compels schools to offer.

So many students are falling behind in Fairfax County that they actually eliminated failing grades altogether. These are the results of the union efforts.

Families are fleeing public schools. Inequality is skyrocketing. And our most vulnerable populations are getting hit the hardest. The data is vast and clear. Schools are safe. Public health, pediatric and psychological experts are nearly unanimously agreed that school closures are the crisis in their own right and need to end.

It is time for science and common sense to prevail. Let's not wait one more day. The fall is just an excuse for districts like Fairfax to keep falling behind. We hear that we need more money and more time and schools have had plenty of both. If public school systems like Fairfax can choose to not offer adequate instruction, these billions of dollars should go to students instead, so they can access better choices.

Thank you and I look forward to your questions.

Chairman BROWN. Thank you, Mr. Cooper.
Ms. Rachidi.

**STATEMENT OF ANGELA RACHIDI, ROWE SCHOLAR,
AMERICAN ENTERPRISE INSTITUTE**

Ms. RACHIDI. Chairman Brown, Ranking Member Toomey, and members of the Committee, thank you for having me here today.

My name is Angela Rachidi and I am the Rowe Scholar in poverty studies at the American Enterprise Institute where I have spent the past several years research policies aimed at reducing poverty and increasing employment.

I want to make three points in my testimony. First, statistics on poverty and income show that poverty had already fallen by 3 percentage points below prepandemic rates in the months leading up to passage of President Biden's American Rescue Plan.

This raises the question of why Congress passed such a large rescue package in recent weeks when the data were already moving in the right direction.

This is especially concerning because, to my second point, the safety net expansions included in the American Rescue Plan undermine the successful antipoverty policies of the past quarter century by discouraging work and increasing the likelihood of single parenthood.

The successful policy reforms of the 1990s get too little credit for substantially reducing child poverty in this country. The child poverty rate, when properly measured, declined by half since 1993 because of welfare reform and expansions to the Earned Income Tax Credit, both policies that strongly encourage employment.

These declines in poverty were especially large for Black and Hispanic children, narrowing the racial gap in child poverty rate substantially over the past 25 years. In contrast, the American Rescue Plan discourages work and jeopardizes these policy successes.

The American Rescue Plan expanded the Child Tax Credit to nonworking families, reversing decades of successful welfare policies that condition assistance on employment. Without work, families will spend more time in poverty and face fewer options to becoming self-reliant and moving up the income ladder.

Additionally, expanding the Child Tax Credit to nonworking families is on top of other program expansions that also discourage work, such as SNAP and generous unemployment insurance.

Combining the provisions in the American Rescue Plan together means that many low-income families will receive more money not working than working. This will lead to skill atrophy, meaning a loss of workplace skills when they are out of the labor market and will make reentering the labor force even harder for them. This formula will slow the economic recovery and harm families in the long run.

When you consider the continued school closures to in-person learning, I am also concerned about the burden being placed on mothers and how all of these policies together make it more likely that they will leave the labor force, which will negatively affect their financial future and the broader economic recovery.

I can personally attest to the substantial difficulties for families and children when schools failed to open for in-person learning. In fact, we moved our family out of the United States so that my four children could attend school in person after months of struggling with virtual learning. It is a tragedy that after a full year, so many children in America still do not have access to full-time in-person—

Chairman BROWN. She moved her family out of the United States for school.

Ms. RACHIDI. Temporarily.

Finally, proponents of the American Rescue Plan have overstated the positive effects of this legislation while understating the true costs. Efforts in the coming months will attempt to show the positive aspects of this legislation but these will be short-term and artificial gains. They will mask the long-term negative consequences of this legislation that will be difficult to reverse, such as reduced labor force participation, more children born to single parents and entrenched poverty for more Americans.

Thank you for the opportunity to testify and I look forward to your questions.

Chairman BROWN. Thank you, Ms. Rachidi.

Ms. Matsui, nearly 3 million American women have been forced out of paid work during the pandemic. The American Rescue Plan gives them more support with the expansion of the Earned Income Tax Credit and the Child Tax Credit. Why do you think expanded EITC and CTC are so critical, particularly to women and to families?

Ms. MATSUI. Thank you for your question, Senator. And thank you for your leadership in improving these critical tax credits for families.

As you know, women of color have suffered devastating job losses and they are overrepresented in essential front-line jobs where they face racial and gender wage gaps, as well. And they are facing higher rates of household income loss, housing insecurity, and food insecurity.

We are already seeing that Black workers are experiencing a lag in recovering jobs, and this is consistent with the experience of women of color in previous recessions.

So refundable tax credits like the EITC and Child Tax Credit especially benefit women of color and the income boost from these credits will boost the income of families above the poverty line and help them pay the bills.

In addition, the financial support from these credits will be important for women of color as the economy recovers throughout 2021 and in 2022, in the earlier part of the year when they file their tax returns.

Thank you.

Chairman BROWN. Ms. Parrott, I am struck by a line in your testimony that “The Nation would need fewer stopgap measures during hard times if we had stronger permanent policies in place to help households and workers when they need it.”

What are your recommendations for supporting or strengthening support for families and workers beyond the pandemic?

Ms. PARROTT. Yes, thanks for that.

You know, we under invest in our kids. We under invest in low-paid workers and helping people when they are out of work and we continue to have tens of millions of people without health coverage. So let me just take these quickly each.

In terms of children, we tolerate very high levels of poverty, particularly among Black and Latino children. And we tolerate far higher levels of poverty than in other wealthy nations. But the difference there is not the difference in poverty because of differences in earnings. Actually, when you look at child poverty before we consider Government assistance, we actually look a lot like other countries. But other countries do a lot more to help struggling families and lift kids out of poverty.

But the good news is we know what works. We know that the expanded Child Tax Credit in the rescue plan made permanent would reduce child poverty by 40 percent. That is 4 million children. We know that housing vouchers stabilize families' housing and reduce eviction. We know that nutrition assistance works and improves long-term outcomes for children.

And I want to underscore the long-term outcomes because we know that poverty has long-term negative effects on children.

In terms of workers, parents who work in low-paid jobs often cannot afford child care, they often do not have paid family medical leave or even paid sick days. And people, when they lose their jobs, just do not have access to unemployment benefits absent the kind of stopgap measures we put in place.

And we also do not do enough to help people who have dim labor market prospects when we have things that work.

And finally, we need to build on the success of the Affordable Care Act. We can get to universal coverage if we have the will to do it.

Chairman BROWN. Thank you, Ms. Parrott.

Ms. Matsui, we know how hard this pandemic has hit so many renters and millions were already struggling with high housing costs prior to the pandemic. The American Rescue Plan gives them emergency rental assistance.

Now, what are your recommendations—and say it in about 60 seconds if you can—what are your recommendations for solving the affordable housing crisis we already had?

Ms. MATSUI. Thank you for your question, Senator.

As you know, many families before the pandemic were struggling to meet affordable housing costs. The amount that families need to earn in order to rent an affordable two-bedroom home is out of reach for millions of women and families. Someone working at minimum wage would have to work 13 hours a day, 7 days a week in order to afford a two-bedroom household in most places.

And so dramatically increasing the amount of housing assistance so that all of the families who need it can access it will both ensure housing stability and prevent kind of the cascade of negative effects that housing instability, eviction, and home loss can place on women and families.

Chairman BROWN. Thank you very much, Ms. Matsui.

Senator Toomey is recognized.

OPENING STATEMENT OF SENATOR PATRICK J. TOOMEY

Senator TOOMEY. Thanks, Mr. Chairman.

The \$1.9 trillion bill that our Democratic colleagues passed seems designed to make far more people more dependent on Government and less self-reliant than they would otherwise be. For example, the bill eliminates the requirement to earn income, which is to say to work, in order to receive the increased and fully refundable Child Tax Credit.

The bill also famously provides extra unemployment benefits such that at some periods of time a majority of people not working are getting paid more by the Government to not work than they would get paid if they went to work.

So I want to explore how these huge new incentives not to work are harmful to especially low- and middle-income families.

Dr. Rachidi, as I know you are aware, I think in the 1990s we made some reforms on a bipartisan basis to a number of welfare programs that included a work requirement or at least a requirement that a recipient attempt to find work as a condition of getting the benefits.

So let me ask you this, did those work requirement rules reduce poverty or did they increase poverty in the United States?

Ms. RACHIDI. Thank you for the question.

So the work requirements that you are talking about were part of welfare reform in the late 1990s. And yes, the evidence shows that poverty reduced, among children in particular, dramatically after those reforms were put in place. And it was due to those reforms, as well as to expanded Earned Income Tax Credit, which also rewarded work. So when you combined the work requirements and conditioning assistance on employment, along with a wage supplement through the Earned Income Tax Credit, poverty—as I mentioned in my testimony—for children declined by half over the next 25 years.

Senator TOOMEY. So the very policies that dramatically reduced poverty, especially among children, those policies were watered down in this last bill.

Let me ask you about this, does it stand to reason in your mind that if the Government sets up an unemployment insurance benefit program that will pay someone more to stay at home than they can earn if they go to work, does it stand to reason that some people are going to make the decision to stay home?

Ms. RACHIDI. Yes, definitely. And I think that that might be appropriate at certain times, certainly in the immediate aftermath of the pandemic that was possible. But it will definitely slow the economic recovery. And I think at the point we are at now, that should be a big concern.

Senator TOOMEY. Right. And how about the effect it is going to have on those very workers? I mean, if the Government is telling someone we will pay you more not to work than to work, it is hard to fault the person for saying OK, maximizing income for my family is pretty important. But what is the long-term effect of people make a rational decision and stay out of the workforce for an extended period of time because of these Government incentives?

Ms. RACHIDI. Oh, there is a large literature in the economics literature that shows the longer people are out of the labor the much

harder it is to reenter the labor market. They lose skills. I mentioned skill atrophy. They lose not only hard skills that they cannot keep up, but they also lose soft skills.

So the literature is very clear that the longer people stay out, it becomes much harder for them in the long run and hurts them in the long run.

Senator TOOMEY. And then, Mr. Cooper, you know, the thing that is so painful about this school closure situation is how polarized it is. Wealthy families can afford to go to private schools and private schools are open. They have been open.

But the public schools—and if you are a low- or middle-income person you do not have the luxury of sending your kids to a private school—they tend to be closed. Who do you think is responsible for the fact that public schools are, by and large, still not fully open?

Mr. COOPER. Thank you, Senator.

And also, thank you for raising this issue because so many right now are ignoring it. And I know parents appreciate you bringing it to this hearing.

You know, right behind me behind this wall, on the other side, are a group of neighbor kids and a tutor that we all collectively hired in order to help them handle the day-to-day of online learning. We are fortunate to have the means to do that. But even with that being said, it is still a terrible environment for learning.

The inequality gap that is growing is not simply between the haves and the have-nots. It is between the same communities of people who choose the private option down the street because it is the only one open.

But look at the standardized tests next year. What is going to be the difference between the child in Florida, who has been in school 5 days a week all year, and the child in Virginia, who has had maybe 15 days of in-person instruction? What is the equitable solution for those students?

We have a lot of work to do on this and money is not going to solve the problem. It is just a matter of will and for unions to, frankly, get out of the way.

Senator TOOMEY. Thank you.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Toomey.

Senator Menendez is recognized for 5 minutes.

Senator MENENDEZ. Thank you, Mr. Chairman.

I share Senator Toomey's concerns about children in school. But I also recognize there is a big difference between a private school that cherry picks its students and has a small, limited universe with a lot of spacing and a very small student ratio size to its teacher than a public school—such as in my State of New Jersey—that often is significantly overcrowded, has maybe 30 kids to a teacher, and where physical spacing and other issues are a challenge.

So I do not think there is a one-size-fits-all suggestion that the public schools, you know, can easily do that some of the private schools are doing without very significant issues of ventilation and other things.

I want to turn to one of the biggest lessons learned from the Great Recession, which was the need for the Federal Government

to do more to proactively help workers and families navigate an economic crisis. Recessions last longer, they are far deeper, they hurt many people when Congress fails to craft solutions that rise to the magnitude of the challenge. I think we learned that lesson from the Great Recession.

I certainly was here and saw the legislative responses to it. It fell, in my mind, far short and so therefore it was longer and deeper in terms of its hurt.

The American Rescue Plan has some bold action in it, including the question of State and local government assistance.

Ms. Parrott, approximately 1 million jobs at the State and local level have been eliminated or furloughed since the pandemic began. How does this compare to the 2008 and 2009 recession? And what does that experience tell us would be the impact, not just to these families but to the economy as a whole if States and local governments were not able to rehire these needed workers?

Ms. PARROTT. Thank you for that.

It is much worse, actually. In the worst part of the Great Recession, State and localities had cut 750,000 jobs. So this is a significantly larger number of layoffs.

You know, those Great Recession era job cuts really did slow our economic recovery. States and localities were still laying people off when the rest of the economy was starting to look forward and that acted as a drag on the rest of the economy.

The rescue plan's resources for States, localities, territories and tribes will help bring back teachers, other school workers, firefighters, others that have been laid off, will allow them resources to meet their COVID-19 costs. In places with revenue loss, it will fill that in. And it will allow those Governments to be able to help struggling families and businesses, all toward getting us on track to a strong recovery.

The other thing I will just say is that there are localities and States with economies heavily dependent on tourism and travel that are particularly hard hurt. Many tribal governments fall into that category, have significant needs. So these resources are really going to help fill in important gaps and pave the way to a stronger recovery.

Senator MENENDEZ. Ms. Matsui, our country navigates the COVID crisis, a tragic epidemic of gun violence, but we are also in the midst of a full-blown student debt crisis with 43 million owing over \$1.5 trillion which I think is not only a drag on the person fortunes of those individuals and their futures but on the collective economy.

Have broad swaths of the 43 million who hold student loan debt been able to successfully obtain forgiveness through IDR?

Ms. MATSUI. Thank you for your question, Senator.

Student loan debt is a critical issue for women, especially women of color, because they hold a disproportionate share of student loan debt and because gender and racial wage gaps means that it takes longer for women to repay those debts.

My understanding is that a very limited number of borrowers have been able to have their loans canceled through income-driven repayment.

Senator MENENDEZ. Well, according to data obtained by consumer groups, there is about 2 million student loan borrowers who have been in repayment for more than 20 years. Just 32, 32, of 2 million have ever qualified for loan cancellation. So IDR is not working. The Public Service Loan Forgiveness is not working.

I think the American Rescue Plan facilitated the Administration's path toward broad-based student loan forgiveness by including the provision that I authored that no longer taxes an individual on any forgiveness, along with Senator Warren.

So I hope that we understand that in the midst of a pandemic and still employment and economic challenges that we could unlock an enormous potential in this regard for women and for all students in our society who are overburdened by debt.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Menendez.

Is Senator Tillis here? Or not?

[No response.]

Chairman BROWN. Or Senator Hagerty?

[No response.]

Chairman BROWN. Senator Tester is recognized for 5 minutes.

Senator TESTER. Thank you, Mr. Chairman.

Even before the pandemic, Montana had challenges around housing. I think it is true across the country. Affordability and availability of housing are big issues. Some areas of the State dealt with an aging housing stock and how that was going to be maintained and improved to livability. The pandemic has made these challenges worse.

I am hearing from small business owners who are struggling and that is causing them to fall behind on the mortgage. The same is true for plenty of homeowners and renters. The problems for renters cause problems for mom and pop landlords. It is a domino.

And if homeowners and renters cannot access the programs meant to provide them assistance, then they can be in a lot of trouble when forbearance programs and eviction moratoriums expire.

So my question for you, Ms. Parrott, is how impactful could the housing programs included in the recent legislation be for folks—and I want you to really kind of focus on rural areas like Montana?

Ms. PARROTT. Yes, thanks for that question.

So there is a number of housing provisions in the rescue plan, as you well know. Two big ones are additional resources for the Emergency Rental Assistance Program and housing vouchers. There is also help for homelessness and provisions for homeowners.

The emergency rental assistance actually is building on what was done in the December package. So all told that, together, is roughly \$50 billion. So those dollars are really starting to hit localities. Treasury has worked hard in a short period of time to start to get those dollars out.

But the rubber is going to meet the road in implementation, whether it is in rural communities or cities. We have been in touch with many, many partners around the country and have been heartened to hear that those programs are really starting to open up this month. That provides an enormous amount of assistance, particularly on the rental side, for people who are behind in rent.

You know, getting out from that rental debt is going to make a huge difference in them being able to move forward; right? Hopefully, they are moving forward. Their incomes are going to go up. They will be able to regain jobs. If they are not saddled with that debt, it is really going to help them move forward.

The housing vouchers are also critical. They are going to help people with much more significant housing challenges, people who either already experiencing homelessness or at great risk of experiencing homelessness.

Senator TESTER. You spoke about this, but what sort of oversight do we need to be focused on to make sure the folks that need this assistance actually have access to it?

Ms. PARROTT. So that is a great question.

We have been in touch with the Administration quite a bit around implementation. They are certainly quite focused on the fact that these dollars need to get out, but that there also needs to be oversight.

And so, I think Treasury is quite understanding the task ahead of them. It is, frankly, a little tough because Treasury does not usually run housing assistance programs but those dollars were placed there in December. And so they are working closely with HUD. I think that relationship is going to be really important, making sure Treasury and HUD are working close together and making sure we are getting good information from States and localities that are implementing the program to make sure that those dollars are going out.

It will take some time. There is just no doubt about that. But hopefully, those programs are really going to get ramped up this month and we will start to see people's debt load from rent really decline.

Senator TESTER. I think that is good counsel. Mr. Chairman, and you may have already had conversations with Marcia Fudge, but I think we should be encouraging them to really work hand-in-glove, HUD and Treasury, to make sure that this money does go out in the right way.

Thank you. I will yield back my time.

Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Tester.

Senator Warren is recognized for 5 minutes.

Senator WARREN. Thank you, Mr. Chairman and thank you for holding this hearing.

The pandemic has been devastating to child care providers and to families looking for affordable quality care. In Massachusetts, more than 1,000 child care programs have closed since the pandemic began. For families, not having child care means an impossible balancing act that hits women the hardest. More than 2 million women left the workforce in 2020. Women's workforce participation is at its lowest level since 1988.

Starting last April, Senator Tina Smith and I started ringing the alarm that the child care sector was on the brink of collapse. We called for a \$50 million child care bailout. We have been pushing for it ever since. And we got it done in the American Rescue Plan.

With the support of so many of our colleagues, Tina and I secured more than \$53 billion in child care relief money. That is the largest Federal investment in child care since World War II.

Ms. Matsui, what will this relief money mean for child care providers and for working families?

Ms. MATSUI. Senator, thank you for your question and thank you for your leadership in making sure that families, providers, and the workforce got the child care relief that they needed during the pandemic. And as you very accurately noted, the pandemic has wreaked havoc on an already fragmented and inequitable system.

The \$39 billion in direct funding for child care in the rescue plan includes \$24 billion in stabilization funds for child care providers as well as \$15 billion in the Childcare and Development Block Grant or CCDBG. And this will make a tremendous difference for child care providers and families with providers having often to close, furlough workers, or operating on the slimmest of margins and taking out personal debt because of the increase in costs for COVID and decreased slots, which means that they have lower revenues.

So the stabilization fund, fortunately, can be used to support providers who have closed or who are operating with higher COVID-related expenses during the pandemic. It will cover a range of expenses from personnel, rent, personal protective equipment, COVID-related supplies, reimbursement of those costs.

In addition, a really important piece is mental health supports, both for children and for early educators.

For parents, the CCDBG additional funds will provide expanded assistance so that women can go back to work and afford and access the child care that they need. And in addition, very importantly, this includes child care for essential workers.

So really, this is the help that the child care sector needs to make it to the other side of the pandemic.

Senator WARREN. Well, I am so glad that we have finally been able to get the relief to our child care providers and to the families who need it.

But you know, our goal cannot just be to stabilize an already broken system. This year has shown us how essential child care is and how desperately inadequate the system was even before the pandemic.

So let me ask you another question here, Ms. Matsui. What more does Congress need to do to actually fix the underlying problems in the child care system?

Ms. MATSUI. Thank you for that question, Senator.

We completely agree that returning to a broken status quo is not enough. It is time to build a comprehensive child care and early education system that works for our Nation's children, families, educators, and the economy as a whole.

So this entails creating a guarantee of affordable, high quality child care for every family who needs it, including by investing in the education and compensation of a diverse workforce and providing child care, after school, summer care options for both young children and for older children.

In particular, this requires providing equitable access to preschool in a model that is inclusive of centers, schools, community-

based options, Head Start and family child care homes, and supports a just and strong birth to 5 system.

And as you note, many communities have what we call child care deserts, which is where child care is not available at all, much less the kind of choices that families need and deserve. So we need to serve safe, energy efficient, and developmentally appropriate care facilities in home-based options in all neighborhoods and in all settings.

Senator WARREN [presiding]. Well, I very much appreciate that. In our next recovery bill, we need to make sure that our child care system never comes close to collapse again.

I want to underscore what you said. That means guaranteeing affordable child care to every single family that needs it. It means making sure that child care workers are being paid a living wage. And we need to make long-term investments in the supply of child care, to make sure that we have high quality child care slots available to every child who needs it.

So I am going to be putting forward specific proposals on how to do that. We cannot afford to just nibble around the edges of an inadequate system any longer. We need to make big changes to fix this problem.

I look forward to working with my colleagues to get this done.

Thank you very much. Thank you, Mr. Chairman.

I think the Chairman had to run to another hearing.

Is Senator Van Hollen here?

[No response.]

Senator WARREN. Senator Van Hollen? Going once, going twice?

If not, Senator Tillis?

[No response.]

Senator WARREN. Senator Sinema?

[No response.]

Senator WARREN. Senator Hagerty?

[No response.]

Senator WARREN. Senator Warnock?

[No response.]

Senator WARREN. Do we have a Senator here who still wishes to ask questions?

[No response.]

Senator WARREN. All right.

I am not sure, we may have some more people coming. So if our witnesses will just hold on for a few minutes, the problem we have right now is we are in the middle of voting and people are trying to get their votes in and make it back. So I do not want to close the hearing down.

So if our witnesses are amenable, maybe we can stay here for just a little bit.

But actually, while we have a chance to do this, one of the things I hope you and I can talk about just a little bit more here, since I have a little extra time as it turns out, Ms. Matsui, can you talk just a little bit about child care wages and why they are so low? And what that means for child care workers?

Ms. MATSUI. Thank you so much for the question, Senator Warren.

One of the serious flaws and gaps in the child care system is the undercompensation of the workforce. As you know, most child care workers earn less than \$12 an hour, which is absolutely not commensurate with the highly skilled work that they do caring for our youngest children.

I will also add that the workforce is disproportionately composed of Black and Brown women and so we are relying on the undervalued labor of women of color to provide this care.

One of the things that is critically important, as you note, for revaluing, resetting our child care system is making sure that child care workers are adequately compensated and that they have opportunities for education, for professional development, and that they are paid a living wage so that they are not relying on some of the nutrition and food and other supports to make ends meet for themselves and their families.

Senator WARREN. Thank you so much, Ms. Matsui. Your points are exactly right and it is why, when we talk about child care, it is not just about making sure that we put money into the system. It is making sure that the people who are working in that system are fairly compensated.

Senator Tillis, are you with us?

Senator TILLIS. I am.

Senator WARREN. In the stead of the Chair, I recognize Senator Tillis.

Senator TILLIS. Thank you, Senator Warren.

Mr. Cooper, school closures have correlated with increased child hospitalizations, a 20 percent increase in student suicide attempts, 40 percent increase in student disruptive behavior disorders. School closures are also keeping parents, particularly women, from being able to go back to work because of the vital role that schools play in child care during the day.

Last year I did 70 telephone town halls with nearly a half million people in North Carolina. And the one thing that became clear, it is falling hardest on exceptional children or children in exceptional education programs.

I know that you have three school-aged children. Can you give me an idea of how this has personally impacted them?

Mr. COOPER. Thank you for that, Senator.

I would say that a lot of this hearing so far has been about child care and we have just been missing the Occam's razor, which is that women are leaving the workforce because schools are closed. We are trying to solve a problem with money rather than with common sense. Common sense says if we get the schools open because they are safe, which we know they are, women will return to the workforce. Right now, they are headed home to handle the job that public school administrators are unwilling to do.

Our kids have struggled for the last year. My kindergartner saw the inside of a classroom for the first time a couple of weeks ago. And that is disorienting, especially when we speak to relatives across the country who shake their heads at us and say "Our schools have been open 5 days a week this entire time. I do not understand what is going on."

So we have to explain "Well, unions are a little bit more powerful here and they have got these demands." And it does not make

sense, and so our kids are falling behind. And no amount of money in 2025 is going to fix what is happening to our children right now

Senator TILLIS. Mr. Cooper, in North Carolina I have surveyed the landscape in the public schools, private schools, charter schools. At least in North Carolina, we have seen a number of the parochial schools, private schools, and some of the charter schools open over this time period. What can you tell me about the private schools in the D.C. area?

Mr. COOPER. Yes, I mean, that is such a good point, Senator. Obviously, private schools have wait lists miles long right now. People are emptying their bank accounts, frankly, and their savings trying to figure out how they can get their kids into a Catholic school.

But you know, Senator Menendez also raised the point of private schools and said “Well, they are different. They are smaller, self-selected populations.” Frankly, let us take private schools out of the equation. Just on public schools, well over half the districts in this country are open 5 days a week. It is not a private versus public. Public schools over this country have figured out how to safely open for months because they are following the science. They are not waiting around for a few extra billion dollars.

It is just a matter of will at this point. It is not a matter that there still remains restrictions holding us back.

Senator TILLIS. I know, again, I track this pretty closely. I was Speaker of the House in North Carolina. We worked on Opportunity Scholarships for children with disabilities, ultimately for children who are below 150 percent of the poverty level. Thank goodness that those 5,000 children are able to go to school, most of them from the beginning of the school year last year. So I do not really understand and—I do not know, there may be members here who can bring it to my attention—I am not aware of any serious public health risk or super spreader events in these public schools.

The only thing I am aware of is a mother crying on a telephone town hall because her child with developmental disabilities, she does not have the skills to take care of this child. And this child has lost nearly an academic year of enrichment and the therapeutic value that comes from having a trained professional to have access to them in public schools.

You know, it seems to me that there has to be something more than the concern if a public health threat that is keeping these schools closed. And we have children—the ones I am most worried about are the same ones that we have Opportunity Scholarships to in North Carolina, are the children who are most likely to lose an academic year if we continue to have teachers unions and others keep them away from the most enriching experience they can have as young children.

So Mr. Cooper, I am sorry that you are going through this, but you are not alone. There are hundreds of thousands of students across the country. There are tens or hundreds of thousands of students across the State of North Carolina—although we are opening—that are suffering from this position.

Thank you for being here today.

Thank you, Senator Warren.

Mr. COOPER. I think our school is having a fire drill back there, so sorry about the alarm.

Chairman BROWN [presiding]. Thank you, Senator Tillis.

Senator Warner from Virginia is recognized.

Senator WARNER. Thank you, Mr. Chairman and thank you for holding this hearing.

One of the areas that I want to raise, and I know Mr. Cooper has got some challenges around the Fairfax County Schools process, but one thing Fairfax County has done a pretty good job on is making sure we have got broadband. Unfortunately, that is not the case for too many Virginians and too many Americans.

I think, as somebody who had a background in this field for years—my businesses were in telecom. I think if there is one thing we learned out of 2020 and the crisis, it has been that high-speed internet connectivity is an economic necessity, not a “nice to have”, whether you want to work at home, study at home, telehealth. And frankly, having hot spots alone, where you have to transport your kid to the school parking lot to study, or for you to work, does not get it.

The American Rescue Plan made the largest single investment in broadband in our country’s history, \$7 billion going into some of the traditional programs like the Lifeline program and the E-Rate program, \$10 billion that we were able to secure with more flexibility to actually encourage expansion of coverage. It is terribly important. Too often, the existing programs, they help on affordability but they do not end up doing enough, in my mind, on expansion of coverage.

Ms. Parrott, you have mentioned the critical importance of the long overdue nature of broadband investments. Again, within the Capital Projects Fund we secured \$10 billion. I would love to have you make a comment on how we can make sure the Treasury Department ensures that these dollars are well spent and that they end up resulting in the kind of expansion of coverage that I think we all know needs to be done.

Ms. PARROTT. Thank you for that.

And of course, the other place that broadband investment can happen is out of those State—flexible State fiscal aid funds that are going to States, localities, territories, and tribes. So that is another avenue for those kinds of investments.

So look, I think implementation across all of the kinds of areas that are touched by the American Rescue Plan is just of critical importance. Whether it is housing vouchers, whether it is broadband, whether it is the refundable tax credits, sometimes the locus of that implementation is at the Federal Government Level and sometimes it is primarily at the State and local level.

And this question of oversight is going to be really important. I am not a broadband expert but I know a lot about Government oversight, having served at the Office of Management and Budget. And so, I think across the board, I am really heartened to see the Biden administration place a high priority on implementation and ensuring, really tracking when dollars are going out, how they are going out, and building in the opportunity to course correct when issues arise, as they surely will.

Senator WARNER. Thank you and I just want to say on this subject.

Paul de Sa, who is the SEC's top economist, has indicated that to finish this, to get the 97 or 98 percent coverage we need at the speeds we need—frankly, the current speed levels of 25 mg down, 3 mg up, is not high enough.

It could take maybe another \$75 or \$80 billion and I am proud to support some of the efforts that Mr. Clyburn in the House and others in the Senate are making.

Ms. Matsui, I would like you to take the last part of my time, though, and speak again on this question of how broadband has become an absolute economic necessity going forward. We have seen, obviously, the challenges of COVID fall disproportionately on women, women with families. The exacerbation of kids learning at home and not having access to broadband makes these challenges even greater. As parents, and women in particular, juggle the enormous demands how do we make sure that—what kind of role will broadband play in evening the playing field?

Ms. MATSUI. Thank you for your question, Senator.

And I completely agree that for those families where women are able to work at home, certainly equitable broadband access enables that. We are definitely seeing, as you noted, the disparities for low-income communities, for communities of color being able to access broadband to be able to do remote schooling adequately. And so, ensuring equitable broadband access is certainly key to making sure that gaps and inequities do not persist through the rest of the pandemic and the accommodations that we have to make for the global health crisis.

Thank you.

Senator WARNER. Thank you, Mr. Chairman.

Chairman BROWN. Thank you, Senator Warner.

The next three, and I have to duck out for another hearing but I will be back. The next three are Senator Hagerty, and then will turn it over to Senator Van Hollen, if you would. And then Senator Van Hollen will turn it over to Senator Warnock, if the three of you would cooperate to that. Thank you very much.

Senator Hagerty.

Senator HAGERTY. Thank you, Chairman Brown.

I will kick it over to Senator Van Hollen.

And I will be brief, but I must say this: I am quite shocked at the conduct of this hearing today. We are not talking about getting shots in arms. We are not talking about the pandemic. This is a sales pitch for a \$1.9 trillion wholly partisan package that has very little to do with dealing with the pandemic and very little to do with getting our economy going again.

In fact, it puts in place all sorts of bad incentives. We even talked about this during the course of the debate. It sends stimulus checks to illegal immigrants. What sort of incentive is that creating when we have got a crisis at our border? We send stimulus checks to inmates. What possible impact could that have on our economy, to send a stimulus check to an inmate who is being cared for completely by the taxpayer and will not be in a position to do anything with that in terms of generating economic activity in our society.

This package is being sold to the American public for something that it is not. This is not about the pandemic. That is why we are not even talking about it in this hearing today.

We should be conducting oversight on the \$4 trillion that actually was passed on a bipartisan basis. There is \$1 trillion left there yet to be spent.

We need to be getting kids back into school, as Mr. Cooper said. We need to be getting shots in arms, is what this hearing was falsely billed as. We need to be focused on the pandemic and recovering our economy. We are on the path to recovery now.

And what we have got right now is a \$1.9 trillion freefall spending spree that has loads of partisan wish list activity in it, lots of socialist programs in it, and bailouts for mismanaged States.

We should be talking about the pandemic. We should be doing oversight to get our economy doing, not spending our time selling a package that was passed on the thinnest of margins in the Senate.

Thank you.

I yield back to Senator Van Hollen now.

Senator VAN HOLLEN [presiding]. Thank you, Senator Hagerty and let me thank all of our witnesses.

Just briefly, to respond, we are focused on all the efforts the Congress has taken, including the American Rescue Plan, which includes additional resources both to increase the supply of vaccine and also, importantly, to distribute it more quickly and also to deal with the economic fallout.

I will just remind everybody that President Trump was a huge advocate of the individual payments that were included in this bill and the Child Tax Credit is something that we think is desperately needed to help lift kids out of poverty. In fact, I hope, we will extend that.

The rental assistance is also a critical package to prevent eviction and also to make sure that people can make those rental payments. And of course, not every landlord is a big corporation. We want to make sure that landlords are able to pay their bills, as well.

But I want to ask Ms. Parrott, I want to thank you for your testimony, as well as the report that the CBPP issued just yesterday with respect to affordable housing going forward. Right now, we have been working to keep people in their homes and able to pay rent.

Senator Todd Young and I have a proposal to expand the home voucher programs focusing on families with kids and helping them move to areas of greater opportunity. In fact, this is a bipartisan bill that proposes 500,000 additional vouchers. The research has been very clear on how this can really help families expand economic opportunities.

Can you talk a little bit about that in the context of moving forward and what we want to consider as we talk about the better part of Build Back Better?

Ms. PARROTT. Sure. Housing instability is extremely damaging to families and extremely damaging to children. So when parents are worried about their ability to maintain their homes, it raises the level of stress that parents are facing and that children are facing, sometimes to levels that are literally toxic for children's developing bodies.

When housing is unstable, families move a lot and they often are in overcrowded doubled-up situations and sometimes experience homelessness. All of those outcomes mean multiple moves and often multiple school changes for children which sets back their learning. Housing instability is also linked to higher rates of foster care placements and long-term negative effects on children.

But the really good news is that we know that housing vouchers work. Housing vouchers have a marked effect, causative effect, on housing stability. It reduces frequent moves. It reduces overcrowding. And it reduces the share of families that experience homelessness.

And so housing instability is real but the opportunity to make real programs is right in front of us if we are willing to put the resources into housing vouchers that have such a strong track record.

Senator Van Hollen. Right, and there has been a lot of discussion about dealing with the supply side on affordable housing. And I agree that that is a very important element and a necessary element, increasing the supply. But would you agree that, in addition to increasing the supply, we also need to move forward on this issue of housing vouchers?

Ms. PARROTT. That is exactly right. So even—first of all, some communities do not have a particularly large supply problem. Other communities do. But even in communities with adequate supply, there is an affordability problem, and that is where housing vouchers come in.

But even when there is a supply problem, if we invest in affordable housing, that housing by itself is still likely to be out of reach for many low-income families, particularly those with the lowest incomes. And so, marrying a supply strategy with vouchers can really both expand supply and make sure that then families can access that housing and afford it.

Senator VAN HOLLEN Thank you.

Ms. Matsui, I mentioned earlier the CTC and the EITC provisions and I want to thank the Chairman of this Committee, Senator Brown, and others in our caucus for their efforts on that, Senator Warnock. It is something that I have been pleased to co-sponsor for years.

Can you talk about the importance of making that permanent as we go forward?

Ms. MATSUI. Absolutely and thank you so much both for the question and for your leadership, Senator.

So, we know that even in positive economic times, when we are not in the middle of a recession, women and women of color especially make up a disproportionate share of the low-income workforce and the low-wage workforce. These are jobs that offer not only low wages and, for many women, they present significant gender and racial wage gaps as well. But frequently, these jobs are unstable. They do not offer the number of hours that people want and, therefore, it is very difficult for many families, even for women who are working full-time at a minimum wage job to support their families on their paychecks alone.

The Earned Income Tax Credit and the CTC therefore represent an income boost that has significant positive effects for women and

for their families. It increases their ability to work. It increases and improves long-term educational outcomes for children. And it boosts families' health.

So the income increases that are represented by these tax credits, even in regular or normal economic times, do improve the well-being and economic stability of families. And those are reasons that making these tax credit improvements permanent is a good strategy, and equitable strategy, and an effective strategy for improving the economic security and stability of families going forward.

Senator VAN HOLLEN Thank you. It is going to lift 52,000 Maryland children out of poverty and, of course, cut childhood poverty in half in the United States.

Now let me turn it over to somebody who has been a very strong voice for this. Senator Warnock, I am going to turn it over to you, and if you can finish out the hearing.

Senator WARNOCK [presiding]. Thank you so much, Senator Van Hollen and I want to just continue along the lines of what you introduced. I am very excited about the expanded Earned Income Tax Credit, the expanded Child Tax Credit. This will help a million families with children in Georgia alone and will lift 171,000 Georgia children out of poverty.

Can you explain, Ms. Matsui or Ms. Parrott, for those who are saying this is some liberal wish-list, the ways in which the COVID-19 pandemic has both illuminated and exacerbated the disparities that we see and how this expanded Child Tax Credit and Earned Income Tax Credit both helps these families and helps the economy as an appropriate response to the COVID-19 pandemic?

Ms. PARROTT. So thank you for the question.

These expansions are incredibly important. And it is important to talk about both the Earned Income Tax Credit and the Child Tax Credit. The Earned Income Tax Credit expansion is for workers in low-pay jobs that do not have minor children at home. Prior to the expansion, these workers were eligible for a tiny Earned Income Tax Credit. It was so small that we were taxing 5.8 million workers into poverty or deeper into poverty because the Earned Income Tax Credit that was available to them was so low.

The EITC expansion will help 17 million workers overall, 2.8 million Black workers, 2.8 million Latino workers, and almost 700,000 Asian-American workers. And that group of people that we were taxing into poverty is similarly disproportionately workers of color.

The Child Tax Credit expansion does several things. It increases the Child Tax Credit available to most children. And for the first time, it makes the full credit available to 27 million children who, prior to the expansion, got only a partial credit or no credit at all because their families' incomes were too low. We were providing less help to the families that needed it most.

Of those 27 million children, 9.9 million are Latino, 5.7 million are Black, and more than 800,000 are Asian Americans. Fully half of all Black and all Latino children did not get the full Child Tax Credit because their families' incomes were too low prior to the expansion. The expansion is estimated to lift 4.1 million children out of poverty, disproportionately children of color.

The expansion also reduces deep poverty, which is the circumstance of children living far below the poverty line.

Now some have said that this Child Tax Credit expansion is going to discourage work, and so I would like to take just a moment to tell you what the experts at the National Academies of Sciences said about that. They assessed a very similar proposal that was a child allowance, so very similar, that would similarly be available to all poor and low-income children, as well as middle-income children. They assessed that the proposal, that 99 percent of the low- and moderate-income working adults that would see an increase because of the child allowance proposal would remain employed. So there was not going to be, by their expert views, droves of people leaving the workforce. That makes sense because \$250 or \$300 per month per child is not enough to raise a family.

They also found that the vast majority of parents would not reduce their hours of work. And among the small group that they projected may reduce their hours of work, it was an estimated 1 hour per week. And in many cases, those are people who are actually working long hours, often in shift work, where reducing their hours somewhat could have very positive impacts on themselves and their children.

So I think it is really important to focus on the importance and what it does to reduce child poverty, how that changes the opportunity and trajectories of children and not overstate or overblow possible negative impacts that experts have really studied quite extensively and found to be highly unlikely.

Thank you.

Senator WARNOCK. So it seems that this support actually is part of the infrastructure that enables people to work, and that by doing this we provide support for these families but also for the economy. It seems like one more example of what I often say, and that is that quite often the right thing to do is also the smart thing to do. It is good for these families, good for the economy.

Thank you so much.

Chairman BROWN [presiding]. Thank you, Senator Warnock.

Thank you all for your cooperation today.

Senator Toomey, I am not sure if he is still with us. This has been very disjointed, and I apologize, and all four of you have been really good witnesses, being so cooperative.

If Senator Toomey wants to make a couple of closing remarks before we wrap up?

[No response.]

Chairman BROWN. Thank you then.

I hear lots of discussions today. Senator McConnell and Senate Republicans do not decide what is a partisan issue, the American public does. And the—I mean, we have heard some critics grasping at straws trying to find something to criticize on this very popular—popular among Democrats, Independents, and Republicans in our country—very popular rescue plan that Americans have been demanding for more than a year.

Their argument amounts essentially to we should not do anything more than the bare minimum. And here you are, trying to make life better for people than it was a year ago. And we are, and that is the point, and that is what so many of us are very, very proud of.

I would say March 6th, that Saturday after we had been up all night voting, was the best day of my political career. I am so proud of how we all came together in this country and passed the American Rescue Plan.

Thank you again to the witnesses, all four of you, for being here today and providing testimony.

For Senators who wish to submit questions for the record, those questions are due 1 week from today, Thursday, April 1st. The witnesses will have 45 days to respond to any of those questions. So please do that, to the four of you.

Thank you again.

With that, the hearing is adjourned.

[Whereupon, at 11:09 a.m., the hearing was adjourned.]

[Prepared statements supplied for the record follow:]

PREPARED STATEMENT OF CHAIRMAN SHERROD BROWN

Yesterday in this Committee, we heard from Treasury Secretary Yellen and Federal Reserve Chair Powell as they gave their quarterly CARES Act report to Congress.

There was a clear message from their testimony: The American Rescue Plan is the type of fiscal stimulus we need. We grow the economy when we invest in the people who make it work.

That's what we tried to do with the CARES Act, and it's what we did in the American Rescue Plan.

We know what we need: shots in arms, money in families' pockets, children in schools, workers in jobs, and a roof over families' heads.

That's what President Biden promised, and we are delivering immediate results—results that are already transforming people's lives for the better.

We've gotten more than 100 million shots in people's arms, ahead of schedule.

More than 100 million checks have been deposited in Americans' bank accounts.

More schools are bringing students back into the classroom every day.

Yesterday, we talked about how the Rescue Plan will jumpstart our recovery. Today, we look at how that lays the groundwork for a better future.

We've heard some critics grasping at straws, trying to find something to criticize in this popular Rescue Plan that Americans have been demanding for a year.

Their argument amounts to, "we shouldn't do anything more than the bare minimum, and here you are trying to make life better for people than it was a year ago."

Yes, we are—that's the point.

We must aim higher than just returning to the status quo.

If you talk to the workers and families that I do in Ohio, you would know that the status quo wasn't working for a whole lot of people.

It wasn't working for the parents in Cleveland, who are still renting a house with lead in the paint, because their finances never recovered from their 2009 foreclosure.

It wasn't working for the student in the foothills of Appalachia in Jackson County, who had to go to her grandmother's house to do her homework, because it was on a hill and was the only place she could get an internet connection.

It wasn't working for the auto worker in Lordstown, who lost his job when GM abandoned that community and decided to make its latest vehicle in Mexico instead of Ohio.

It wasn't working for the mother in Dayton, who works two nonunion jobs that together don't even cover the bills, and whose childcare costs have gotten so high she's considering a third.

There's a common thread in all of these Ohioans' stories: their hard work doesn't pay off.

For some of them, their hard work doesn't pay off like it used to—like they thought it would, and like it did for their parents.

For others, their hard work, and the work of their parents and grandparents, has never really paid off like it should.

And that growing inequality has only made the pandemic's economic pain worse.

While corporate profits and CEO pay have soared for decades now, 40 percent of Americans reported they wouldn't be able to come up with \$400 in an emergency—if their car breaks down, or they have to take their child to the emergency room, or their hours get cut back.

And that was before the pandemic. Last March, millions of people faced emergencies, all at once. And we saw the damage that did to the economy.

The top-down strategy we've tried over and over since the 1980s doesn't work. It's time to try something different.

We get to decide what kind of recovery we have, and whether the economy we rebuild reflects our values.

We get to decide whether Wall Street continues calling the shots, or whether we begin to remake our economy in a way that grows the middle class.

The American Rescue Plan is a good start.

Instead of funneling money to Wall Street and the largest corporations, and crossing our fingers and hoping they'll pass some of that money on to everyone else, we're getting help to people and communities.

In addition to the vaccines, we passed support for housing, so that families have a roof over their heads, and can keep the lights on, and not fall behind on their rent or mortgage.

We're supporting our transit systems, so that workers can get to work and get to vaccination sites.

And we are giving the vast majority of families more economic security, by giving them checks and expanding the Earned Income Tax Credit and the Child Tax Credit. Ninety-two percent of Ohio kids are going to see more money in their families' pockets because of the Rescue Plan.

We need to build on these investments. Often the greatest progress comes out of the darkest times.

Think back to the 1930s. FDR and his cabinet saw the rise of fascism and the scale of the Depression's damage—and the staggering inequality of the Gilded Age economy that had only made these crises worse.

They didn't just settle for muddling through, they didn't try to take us back to 1928—they built a better system that led to rising prosperity for a broader share of the country, and the strongest middle class the world has ever seen.

We can do the same thing again. We can rebuild that New Deal to reflect the way people live and work today, and we can expand it to all the women and people of color who were left out a century ago.

When we do, we strengthen our democracy and we unleash our economy's full potential.

I hope my colleagues will join me in building back better than we were before.

PREPARED STATEMENT OF SENATOR PATRICK J. TOOMEY

Chairman Brown, thank you.

There are a lot of reasons for optimism about the physical and economic health of our country. On the physical health front, we've put more than 127 million vaccine doses in arms. Around half the U.S. population has either had the virus or been vaccinated. The daily COVID case count is falling.

On the economic health front, the economy is in full recovery. The unemployment rate has dropped from almost 15 percent in April 2020 to 6.2 percent this February. Eighteen States have unemployment rates below 5 percent. GDP has grown the last two quarters, and economic growth is expected to be strong this year.

All of these positive developments were enabled by the resilience of the American people, the ingenuity of the private sector, which produced vaccines in record time, and the spirit of cooperation in Congress that provided almost \$4 trillion in relief through five overwhelmingly bipartisan bills.

Unfortunately, the \$1.9 trillion Democrat spending bill is not a reason for optimism. It was rammed through Congress on a partisan basis, even though a bipartisan deal was possible. It has almost nothing to do with an economic recovery. It has almost nothing to do with COVID.

How do we know for sure this bill has nothing to do with an economic recovery? The nonpartisan Congressional Budget Office says only fraction of the money in the Democrat spending bill can even be spent in 2021. For example, CBO estimates just 5 percent of the \$126 billion for K-12 education can be spent in 2021.

This bill has almost nothing to do with COVID. So what's in it?

\$414 billion for so-called stimulus checks that won't achieve their purported goals. They don't stimulate the economy, as, according to one study, three-quarters of the checks will go to savings. They're terribly untargeted, as millions of Americans that never lost income will receive checks, including some with six figure incomes. To make matters worse, stimulus checks are going to convicted murderers, rapists, and child sex abusers currently in prison. Amazingly, Democrats blocked the Senate from passing legislation to redirect stimulus checks from such criminals to crime victims.

There's also \$350 billion to bail out fiscally mismanaged States and local governments. On the whole, State and local tax collections set a new record in 2020. Despite that, in 2020 the Federal Government sent more than \$500 billion to States and local governments for COVID relief. And on top of that, Democrats insisted on sending them another \$350 billion in this bill. This new spending is truly amazing as it's not needed. In Pennsylvania, a prominent news item across the State has been the story of local governments that are trying to figure out how to spend the unexpected and unnecessary windfall of cash they're receiving.

Some provisions in the Democrat spending bill are so unrelated to COVID, it's hard to read them with a straight face. For example, \$86 billion to bail out multi-employer pensions without requiring any reform, \$270 million for the National Endowments for the Arts and Humanities, and \$4 billion for "reparations"—as the Chairwoman of the Senate Agriculture Committee called a loan forgiveness program for farmers and ranchers that's based purely on race and ethnicity.

Today, we'll hear from two witnesses how the Democrat spending bill contains provisions that are harmful to American families. Rory Cooper is a father of three

public school students who's known as "Mr. Open the Schools." As Mr. Cooper notes, the Democrat stimulus throws \$126 billion dollars at K-12 schools without requiring them to reopen. Many schools remain closed or partially closed due to powerful special interests-the teachers' unions. This is despite the fact that CDC research shows it's safe to re-open schools. School closures are harming students, especially low-income students, and harming parents, particularly women, by preventing them from staying in the workforce.

We'll also hear from Angela Rachidi, a scholar at AEI. She'll describe how the Democrat spending bill abandons Clinton era welfare reforms that have been so successful in reducing poverty. The Democrat spending bill increases welfare benefits in many ways. One example is through the Child Tax Credit, which the bill makes fully refundable and available to parents that do not earn income. This undermines a proven driver of poverty reduction, which is tying welfare benefits to work requirements. The Democrat spending bill also has a plus-up in unemployment benefits that will result in about half of all recipients being paid more not to work than they get paid to work. This creates a disincentive to work that will slow the economic recovery.

In my view, the Democrat stimulus is a cause for concern, not for celebration. While I remain optimistic about the direction of our country, I'm deeply disappointed that President Biden abandoned the path of unity that he pledged at his inauguration and instead chose to ram through a wasteful, partisan spending bill that's largely unrelated to COVID and that slows our economic recovery, undermines successful poverty reduction reforms, and fails to get kids back in classrooms.

PREPARED STATEMENT OF SHARON PARROTT

PRESIDENT, CENTER FOR BUDGET AND POLICY PRIORITIES

MARCH 25, 2021

Chairman Brown, Ranking Member Toomey, Members of the Committee, thank you for the opportunity to testify before you this morning at this important hearing. I am Sharon Parrott, President of the Center on Budget and Policy Priorities, a non-partisan research and policy institute in Washington, D.C.

In the following pages, I will make four main points:

- First, the economy still has a large net loss of jobs, millions are out of work, and millions are struggling to put food on the table and have fallen behind on their rent because of the pandemic and its economic fallout. The crisis has taken a disproportionate toll on low-income workers, their families, and people of color, shining a light on and exacerbating the nation's long-standing racial and economic inequities.
- Second, the American Rescue Plan Act, which builds on the CARES Act and Families First Act of last spring and the December relief package, is providing much needed help for tens of millions of people facing difficulties paying their bills, while also providing important aid to States, localities, territories, and tribes that they can use to fill revenue holes, address COVID-related needs, and address "unfinished learning" that students need to master.
- Third, the nation would have needed fewer stopgap measures during this crisis if we had permanent policies in place that provided sufficient supports for households that struggle to afford the basics, that offered adequate jobless benefits particularly to workers in low-paid jobs who often receive no jobless benefits at all, and that ensured that everyone had health coverage.
- And fourth, the President and Congress will soon have a historic opportunity, through forthcoming recovery legislation, to invest in an equitable recovery that enables everyone to share in its benefits. The nation can afford to make these investments and should start down the road of building a more adequate and fair tax system.

Millions Still Facing Hardship

Over the last year, the global pandemic and resulting economic fallout have taken an enormous toll on the economy and households, imposing steep job losses and great hardship that have fallen disproportionately on people in low-wage jobs and households with children, with particularly steep costs imposed on Black, Latino, immigrant, and Indigenous people.

Lost Jobs and Lost Pay

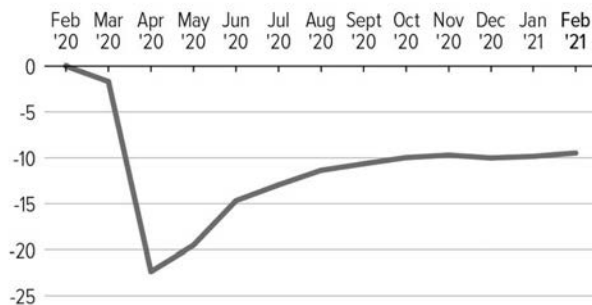
In February 2021 there were still 9.5 million fewer payroll jobs than in February 2020. (See Figure 1.) Black and Latino unemployment stood at 9.9 percent and 8.5

percent, respectively, well above the white unemployment rate of 5.6 percent—which itself is too high. Unemployment is also higher among workers who were born outside the United States, which includes individuals who are now U.S. citizens.

FIGURE 1

Job Deficit Still Nearly 10 Million After February Gains

Change in nonfarm payroll employment since February 2020, in millions



Source: Bureau of Labor Statistics

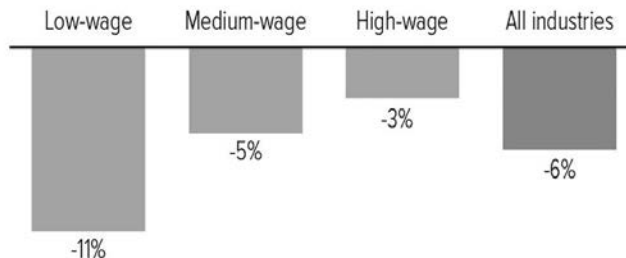
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Most of the jobs lost during COVID-19 and the economic crisis have come in industries that pay low average wages, with the lowest-paying industries accounting for 30 percent of all jobs but 55 percent of the jobs lost from February 2020 to February 2021 (the latest month of Labor Department employment data). Jobs in low-paying industries were down more than twice as much between February 2020 and February 2021 (11.2 percent) as in medium-wage industries (5.1 percent) and more than three times as much as in high-wage industries (3.0 percent). (See Figure 2.)

FIGURE 2

Job Losses Largest in Low-Wage Industries

Percent change in number of jobs, February 2020 to February 2021



Note: Industries were ranked by average wages in February 2020 and divided into three groups containing roughly the same number of jobs.

Source: CBPP calculations of Bureau of Labor Statistics data

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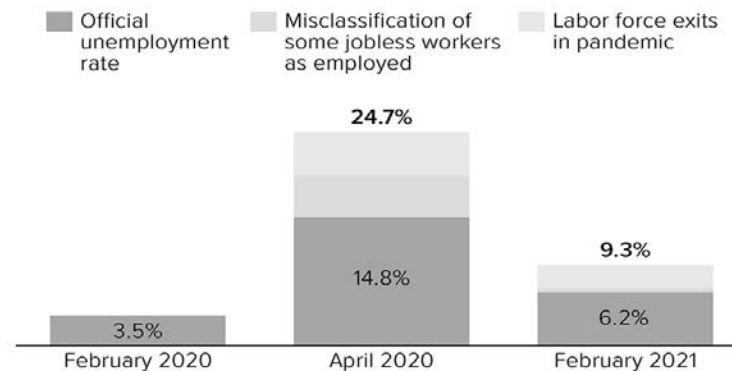
Due to a long history of racism and discrimination and starkly unequal opportunities in education, housing, health care, and employment, Black and Latino workers are disproportionately represented in low-paying industries, a key reason why Black

and Latino unemployment is so much higher than white unemployment. Workers in low-paid industries that kept their jobs were also more likely than others to work on-site rather than remotely, raising their risk of COVID-19.

FIGURE 3

Official Unemployment Rate Understates Pandemic Job Loss

Adding other jobless workers shows more realistic rate



Note: Official unemployment rate is seasonally adjusted; misclassification is BLS estimate of number of workers not working but mistakenly classified as employed; labor force exit for a given month is the difference between the February 2020 labor force and that month's labor force.

Source: CBPP calculations of Bureau of Labor Statistics data

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The impact of joblessness goes well beyond the workers themselves who are out of work. Some 27 million people (including 6.6 million children) either were officially “unemployed” (meaning they actively looked for work in the last four weeks or were temporarily laid off) or lived with an unemployed family member in February, according to the basic monthly Current Population Survey that the Census Bureau released on March 10. But the official definition of “unemployed” understates the weakness in the labor market and the degree of hardship joblessness is causing. (See Figure 3.) The official definition of unemployed leaves out many workers who either lacked work or pay—including 4.2 million jobless workers in February who did not look for work due to COVID-19, according to the Labor Department. This includes workers who are unable to work due to their own health or the health of a family member and substantial numbers of parents, particularly mothers, who are not working because schools and child care are not fully open for in-person school and services. Also omitted are over 700,000 workers who reported that they had a job but that they were absent from work and lost pay in the last four weeks “because their employer closed or lost business due to the coronavirus pandemic,” according to our calculations.

All told, we estimate, as many as 38 million people in February, including nearly 10 million children, lived in a family in which at least one adult did not have paid work in the last week due to unemployment or the pandemic.

High Levels of Hardship

While the Rescue Plan will begin to reduce hardship as stimulus payments, rental assistance, the Child Tax Credit, and other forms of aid begin to reach households, as of February 2021, Census data show tens of millions of households struggle to pay their bills, with hardship rates particularly high among households of color and households with children.

Since late August, the Census Bureau’s Household Pulse Survey has provided data on the number of adults struggling to cover usual household expenses such as food, rent or mortgage, car payments, medical expenses, or student loans—and it paints a distressing picture of ongoing hardship.

Nearly 81 million adults (35 percent of all adults in America) reported between February 17 and March 1 that their household found it somewhat or very difficult

to cover usual expenses in the past seven days, and that figure rises to 41 percent for adults living with children. Black and Latino adults reported higher rates of difficulty covering expenses: 53 percent and 49 percent, respectively, compared to 30 percent for Asian adults and 27 percent for white adults. Grouped together, 47 percent of American Indian, Alaska Native, Native Hawaiian, Pacific Islander, and multiracial adults reported difficulty paying for usual expenses (these groups are reported on together because the sample size for each group individually is too small).

An estimated 42 percent of children live in households that have trouble covering usual expenses, according to our analysis of the Pulse survey data collected from February 3 to 15. They include 61 percent of children in Black households, 52 percent of children in Latino households, 34 percent of children in Asian households, and 33 percent of children in white households.

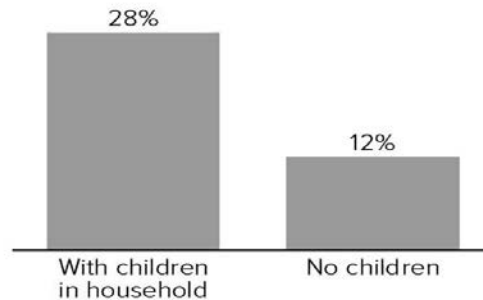
More specifically:

Rent or mortgage. An estimated 13.5 million adults living in rental housing—nearly 1 in 5 adult renters—were not caught up on rent, according to data collected from February 17 to March 1. Renters of color were likelier to report that their household was not caught up on rent: 33 percent of Black renters, 20 percent of Latino renters, and 16 percent of Asian renters reported not being caught up on rent, compared to 13 percent of white renters. The rate was 22 percent for American Indian, Alaska Native, Native Hawaiian, Pacific Islander, and multiracial adults, who are grouped together due to data limitations.

FIGURE 4

Renters Living With Children Are More Than Twice As Likely to Not Be Caught Up on Rent

Share of adult renters saying household is not caught up on last month's rent



Note: Chart excludes renters who did not respond to question.

Source: CBPP analysis of Census Bureau Household Pulse Survey tables for February 17-March 1, 2021

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In addition, 28 percent of renters who are parents or otherwise live with children reported that they were not caught up on rent, compared to 12 percent of adult renters who are not living with anyone under age 18. (See Figure 4.) Children in renter households also face high rates of food hardship: over 1 in 4 children in rental housing live in a household that didn't have enough to eat, according to data for the period February 3 to 15 (the latest available data to make these estimates). And 4 in 10 children in rental housing live in a household that isn't getting enough to eat or isn't caught up on rent.

While households that make mortgage payments typically have higher incomes than renters, they, too, face difficulties, especially if they have lost their jobs or seen their incomes fall significantly. An estimated 10.3 million adults are in a household that is not caught up in its mortgage payment.

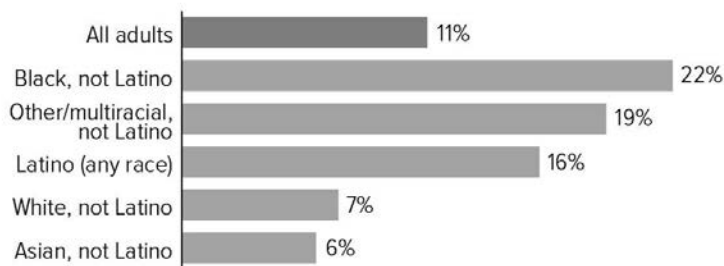
Food. Some 22 million adults (11 percent of all adults) reported that their household sometimes or often didn't have enough to eat in the last seven days, according

to Pulse data collected from February 17 to March 1—which was far above the prepandemic rate: an Agriculture Department survey found that 3.4 percent of adults reported that their household had “not enough to eat” at some point over the full 12 months of 2019.

FIGURE 5

Black and Latino Households Likelier to Experience Food Insufficiency During Pandemic

Share of adults saying that their household sometimes or often did not have enough to eat in the last 7 days



Note: Other/multiracial, not Latino = people identifying as American Indian, Alaska Native, Native Hawaiian or Pacific Islander, or more than one race. Percentages are based on reporting distributions and do not include the populations that did not respond to the question.

Source: CBPP analysis of Census Bureau Household Pulse Survey tables for February 17-March 1, 2021

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Adults in households with children were likelier to report that the household didn't get enough to eat: 14 percent, compared to 8 percent for households without children. And 10 to 15 percent of adults with children reported that their children sometimes or often didn't eat enough in the last 7 days because they couldn't afford it, well above the prepandemic figure. In addition, our analysis of more detailed data from the Pulse Survey from February 3 to 15 shows that 6 to 10 million children live in a household where children didn't eat enough in the last seven days because the household couldn't afford it.

Black and Latino adults were more than twice as likely as white adults to report that their household did not get enough to eat: 22 percent and 16 percent, respectively, compared to 7 percent of white adults. (See Figure 5.) Grouped together, American Indian, Alaska Native, Native Hawaiian, Pacific Islander, or multiracial adults were more than twice as likely (at 19 percent) as white adults to report that their household did not get enough to eat.

The American Rescue Plan Act

The American Rescue Plan Act will provide needed help to tens of millions of people, reduce hardship, help school districts address students' "unfinished learning" (the learning they have missed over the last year because of disruptions to education, remote learning, and other pandemic-related issues), and bolster the economy. Along with the provisions described below, it includes a new round of economic impact (stimulus) payments, public health investments, more child care funding, and aid to businesses.

Helping Jobless Workers

The Rescue Plan will extend critical unemployment benefits that are helping jobless workers pay their bills and care for their families.

The December relief package reinstated a Federal unemployment benefit increase, provided more weeks of benefits so that jobless workers wouldn't lose them while the nation struggled with the current health and economic crisis, and continued the Pandemic Unemployment Assistance (PUA) program, which expands benefit eligibility to more jobless workers. These provisions were slated to expire in mid-March,

and the Rescue Plan extends them through September 6. The early September cutoff is problematic, however. Joblessness—appropriately measured to take into account those who are out of work due to the crisis but not captured by the official unemployment rate—particularly among workers of color and workers without a college degree, will likely remain elevated in the fall. Congress must be prepared to act to extend this unemployment benefit before September 6 if joblessness—overall or among particular groups of workers for whom the recovery is lagging—remains high. It is important to note that even if the labor market overall has rebounded considerably, extended jobless benefits may still be warranted if joblessness remains elevated among particular groups of workers. The early September cutoff date means that Congress will need to act before the end of the fiscal year to avert a cutoff, which would hurt workers and their families and cause needless administrative headaches for State unemployment programs still struggling to effectively administer these expanded benefit programs.

Helping Households Struggling To Make Ends Meet

Housing. The Rescue Plan includes critical housing assistance for millions who are struggling to pay rent and avoid eviction, and badly needed funds for communities to address homelessness during the pandemic.

The housing and homelessness funding in the Rescue Plan will supplement \$25 billion in emergency rental assistance from December's relief package. The Rescue Plan builds on these efforts by providing an additional \$21.6 billion in emergency rental assistance; this \$46.6 billion total investment will enable communities nationwide to help approximately 4 to 6 million households avert eviction and housing instability. The Rescue Plan also includes substantial resources to mitigate the devastating effects of homelessness. The Department of Housing and Urban Development's recently released 2020 Annual Homelessness Assessment Report shows that homelessness—especially unsheltered homelessness—was increasing at an alarming rate even before the pandemic, and communities across the country report that the pandemic has made things even worse. The Rescue Plan includes \$5 billion for approximately 65,000 Housing Choice Vouchers to serve people experiencing or at risk of homelessness, and \$5 billion in HOME Investment Partnerships Program funding to develop approximately 20,500 units of affordable or supportive housing for people experiencing homelessness or at risk of homelessness. These investments will enable communities to put thousands of individuals and families who have been extremely hard hit by the public health and economic impact of the pandemic on the path towards recovery.

The Rescue Plan also includes housing resources for other highly impacted communities, including \$750 million in housing aid for tribal nations and Native Hawaiians; \$139 million for rural housing assistance; \$100 million for housing counseling services for renters and homeowners; and \$20 million to support fair housing activities. It also provides \$10 billion to help homeowners who are experiencing financial hardship due to COVID-19 maintain their mortgage, tax, and utility payments and avoid foreclosure and displacement.

Helping those experiencing homelessness secure housing and helping those behind on rent catch up and avert eviction are critical to fighting the pandemic itself (COVID can be more easily transmitted in congregate shelters, on the streets, or in over-crowded housing), stabilizing families, and preventing children from disruptive moves and school changes. Providing rental assistance to families to prevent evictions and homelessness—which are associated with increased likelihood for children with cognitive and mental health problems, physical health problems such as asthma, physical assaults, and poor school performance—can also have far-reaching implications for children's lives. In addition, rental assistance reduces families' chances of having a child placed into foster care and the frequency with which their children must change schools, and may improve test scores for some categories of children.

Tax credits. The Rescue Plan temporarily makes the full Child Tax Credit available to all poor and low-income children, increases the size of the Child Tax Credit, and provides an expanded Earned Income Tax Credit (EITC) for far more low-paid adults without minor children at home—driving a historic reduction in child poverty and providing timely income support for millions of people. The expansions apply to tax year 2021, with part of the Child Tax Credit being delivered in advance later this year (rather than being delivered next year after households file a tax return).

Prior to the expansion in the Rescue Plan, some 27 million children received a partial Child Tax Credit or no credit at all because their families' incomes were too low. The Rescue Plan makes the full Child Tax Credit available to children in families with low or no earnings, raises the maximum credit from \$2,000 to \$3,000 per child (and \$3,600 for children under age 6), and extends the credit to 17-year-olds. The increase in the maximum amount will begin to phase out for heads of house-

holds making \$112,500 and married couples making \$150,000. The Rescue Plan will lift 4.1 million additional children above the poverty line—cutting the number of children in poverty by more than 40 percent—and lift 1.1 million children above half the poverty line (referred to as “deep poverty”). Among the children that the Child Tax Credit expansion will lift above the poverty line, some 1.2 million are Black and 1.7 million are Latino.

The Rescue Plan also raises the EITC for adults in low-paid jobs who are not raising children at home and now get only a tiny credit or no credit at all. It raises the maximum EITC for these “childless workers” from about \$540 to about \$1,500, raises the income cap for them to qualify from about \$16,000 to at least \$21,000, and expands the age range of those eligible to include younger adults aged 19-24 who aren’t full-time students and those 65 and over. That will provide timely income support to over 17 million people who work for low pay, including the 5.8 million childless workers aged 19-65 (excluding full-time students aged 19-23) who are now the lone group that the Federal tax code taxes into, or deeper into, poverty because their payroll taxes (and, for some, income taxes) exceed any EITC they receive.

These expansions will help push against racial disparities. Before the Rescue Plan, about half of all Black and Latino children were getting only a partial Child Tax Credit or no credit at all because their families’ incomes were too low to qualify for the full credit. That design flaw in the Child Tax Credit came on top of long-standing employment discrimination, unequal opportunity in education and housing, and other factors that leave more Black and Latino households struggling to make ends meet. Similarly, the 5.8 million childless adults in low-paid jobs who are taxed into, or deeper into, poverty are disproportionately people of color: about 26 percent are Latino and 18 percent are Black, compared to 19 percent and 12 percent of the population, respectively.

In two historic firsts, the Rescue Plan also extends a Federal supplement to help Puerto Rico expand its own EITC (which went into effect in 2019) and corrects a long-standing limitation by which only families with three or more children in the Commonwealth can claim the Child Tax Credit. It marks the first time that Puerto Rico receives Federal EITC dollars since the EITC was established in the continental U.S. nearly half a century ago, and the first time that families with one or two children may claim the Child Tax Credit since it was established in the late 1990s. Both credits will provide a crucial boost to hundreds of thousands of families in Puerto Rico, whose poverty rates of 43 percent overall and 57 percent for children are among the nation’s highest.

Food assistance. The Rescue Plan extends and expands nutrition assistance to help address today’s extraordinarily high levels of hunger and hardship.

The Rescue Plan extends, through September, a 15 percent increase in SNAP benefits from December’s relief package that was slated to expire in June. It lets States continue, through the summer and through the end of the COVID-19 public health emergency, the Pandemic EBT (P-EBT) program, which provides grocery benefits to replace meals that children miss when they do not attend school or child care in person. Extending this benefit through the summer is important, providing a bridge to help families until school reopens, hopefully fully in-person, for the next school year. Food insecurity among children often rises in the summer when they aren’t able to access school meals; these benefits will help families afford food over the summer.

The Rescue Plan also provides funds to modernize the WIC nutrition program for low-income women, infants, and children, support innovative service delivery, conduct robust outreach, and temporarily raise the amount of fruit and vegetables that participants can get. These steps will improve a critical program that boosts health and cognitive outcomes for children but that served fewer individuals in fiscal 2020 than the prior year despite a surge in food hardship during the pandemic. And it adds \$1 billion to the capped block grants for food assistance that Puerto Rico, American Samoa, and the Northern Mariana Islands receive instead of SNAP, enabling them to better meet their residents’ food needs over the next several years.

Help for families with the lowest incomes. The Rescue Plan includes \$1 billion for a Pandemic Emergency Assistance fund to enable States, tribes, and territories to help families with the lowest incomes cover their additional pandemic-driven expenses and avert eviction and other hardships. These are funds States can use flexibly to fill in gaps left by other investments.

States, territories, and tribes can use the new fund to provide households with nonrecurrent, short-term benefits—that is, benefits that: (1) address a specific crisis or episode of need; (2) don’t meet recurring or ongoing needs; and (3) don’t extend beyond four months. States could direct funds to the families that most need them, and States need not limit payments to families receiving Temporary Assistance for

Needy Families (TANF) cash assistance. States can use the funds, for instance, to help families that don't get emergency housing assistance pay their back rent and avoid eviction, or help families fleeing domestic violence cover their moving costs and initial rental payments.

Expanding Health Care

The Rescue Plan will make comprehensive health coverage more affordable and accessible for millions of people during the current crisis.

Comprehensive health coverage is important under any circumstance because it improves people's access to care, financial security, and health outcomes. But preserving and extending coverage is even more important now, during COVID-19 and its economic fallout, because it will shield families from financial hardship and support public health efforts, easing people's access to testing, treatment, and vaccines. Prior to the Rescue Plan, the relief measures that policymakers enacted in 2020 did not extend health coverage or make it more affordable.

To make marketplace coverage more affordable, the Rescue Plan eliminates or vastly reduces premiums for many people of low or moderate income who enroll in plans through the Affordable Care Act (ACA) marketplaces, and it provides new help to people with somewhat higher incomes who face high premiums. These provisions lower premiums for most current marketplace enrollees and expand coverage to 1.3 million people who would otherwise be uninsured, according to the

Congressional Budget Office. The Rescue Plan improves affordability and reduces the number of uninsured people in three other ways: (1) protecting marketplace enrollees, especially those whose income fluctuated last year, from having to repay large portions of their Federal premium tax credits; (2) making it easier for those getting unemployment benefits to afford coverage; and (3) assisting people who recently lost their job and want to continue their current coverage to afford what's known as "COBRA" coverage through September.

The Rescue Plan also increases financial incentives for the 14 States that have not implemented the ACA's Medicaid expansion to do so, which would provide critical coverage to nearly 4 million uninsured people (if all States adopted the expansion). And it will strengthen Medicaid coverage in other ways—for instance, with higher Federal matching funds to help more seniors and people with disabilities get services in the community instead of nursing homes, a new State option to extend Medicaid or Children's Health Insurance Program coverage to 12 months after childbirth for postpartum people, and an option to cover uninsured people for testing, vaccines, and treatment of COVID-19.

Boosting States, Strengthening Education

The Rescue Plan provides \$350 billion to help States, localities, tribal governments, and territories cover costs generated by COVID-19 and the economic fallout and offset revenue losses, which are substantial in some places.

The pandemic has imposed significant costs on State and local governments to fight the virus, deliver services despite public-health-related restrictions, and help struggling people and businesses. These costs will continue in the months ahead even if the pandemic is ultimately contained. Many millions of people, particularly low-income people and people of color, are struggling with hunger, have large unpaid rent bills, face mental health challenges as a result of the pandemic, or are enduring other forms of hardship. Millions of children effectively have a year of learning they need to regain that will require time and resources—such as investments in longer school days, extended school years, and intensive tutoring for multiple years—to address. Households, as well as millions of struggling small businesses, will require support to make it through the pandemic and recover from its harm. While Federal support provides important direct assistance, State and local governments will need to deliver a wide range of localized supports and services and sustain them over a long period of time.

While the pandemic's hit on State revenues has been less than feared, revenues in most States remain below prepandemic projections, and some States have experienced severe revenue losses. Most cities and counties received no direct Federal aid prior to the Rescue Plan, and revenue sources they depend upon—including hotel and restaurant charges, parking fees, and business license fees—have been hit particularly hard. Many tribal governments are dependent on casinos and other forms of revenue that have been hit especially hard.

Along with the other costs cited above, States and the other jurisdictions also can use the additional Federal funding to help pay for long overdue investments in broadband (a need that COVID-19 particularly exposed) and for clean water and sewer infrastructure projects, as well as to provide "premium pay" to essential public workers. In addition, the Rescue Plan provides a separate \$10 billion to States,

territories, and tribal nations for capital projects. To help ensure that States spend the Federal aid as intended, the Rescue Plan requires that any State or territory adopting net tax cuts lose an equivalent amount in Federal aid. States remain free to enact tax cuts, but they may lose an equivalent amount of aid if the Treasury Department determines that they used the aid directly or indirectly to fill in for the tax cuts.

With States and localities facing so many other demands on their resources, the Rescue Plan also provides \$123 billion in new, mostly flexible funds that school districts can spend through the 2023–24 school year to address the pandemic and its effects on student learning. This is the largest-ever one-time Federal investment in K–12 education, but entirely appropriate in light of school funding needs.

Historically, K–12 schooling has been funded overwhelmingly by States and localities; they currently provide 92 percent of funding, with the Federal Government providing the rest. COVID–19, however, forced States to cut funding and created enormous financial and educational challenges that States and localities will be hard pressed to meet over the next several years without Federal assistance. K–12 funding comprises about 26 percent of State budgets and, in the absence of the general fiscal aid and the education-specific funding, many States would have found it challenging to shield school funding from cuts. Even before COVID–19, schools endured years of inadequate and inequitable funding. Some 15 to 20 States were still providing less funding for K–12 schools when the pandemic hit than before the Great Recession of a decade ago in per-pupil, inflation-adjusted terms. When COVID–19 hit, schools were employing about 77,000 fewer teachers and other workers while educating about 1.5 million more children.

The CARES Act provided \$13.2 billion for K–12 education and December’s package provided another \$54 billion, but schools will need far more to pay for distance learning, safe in-person instruction, caring for students’ physical and mental health, and, most significantly, helping children catch up from substantial unfinished learning. Schools need to close the “digital divide” so all students and teachers have access to devices and connectivity. They can also use the funding to safely operate in-person schools, which may require more buses and drivers and additional classrooms and teachers to maintain social distancing. A quarter of schools have no full- or part-time nurse, and most schools lack counselling support to help students navigate the mental-health challenges stemming from the pandemic, its economic fallout, and now the return to school for many students.

But beyond addressing the costs of operating remotely and in person, the Rescue Plan’s funds will enable school districts to make critical investments to address widespread unfinished learning that the pandemic and remote learning have caused. Students on average will likely lose nine months of learning by the end of the 2020–21 school year, McKinsey & Company estimates, and students of color may well lose a full year on average. With the requisite resources, schools can lengthen school days and the school year and invest in high-quality tutoring to help students—over the course of the next couple of years—recover what they have lost. The costs of addressing all these needs could easily top \$100 billion over the next few years, based on estimates from the Learning Policy Institute and McKinsey. Along with the \$123 billion, the Rescue Plan includes “maintenance of equity” provisions that require States to avert funding cuts to schools and school districts with high numbers of poor children.

Transit

The Rescue Plan provides \$30.4 billion to transit agencies, primarily by formula grant, to support operating costs and thereby prevent cuts in transit services and layoffs of transit workers.

Transit agencies are facing severe financial stress, as ridership of buses and rail has declined during the pandemic, reducing revenues. Yet public transportation is a lifeline for those without access to cars who need to get to work, including essential workers and others who are not able to work from home or who need to travel to fulfill basic needs, like seeing the doctor or going to the grocery store. Scaling back mass transit services and laying off transit workers not only risks leaving millions of riders stranded, but also would leave transit agencies poorly positioned to support a robust recovery as the pandemic recedes.

The assistance provided by the Rescue Plan should prevent damaging cuts, allow public transit to continue needed services, and respond quickly as ridership increases with a stronger economy. Public transportation is particularly important to low-income communities and communities of color, even as decades of policy choices have left many of these communities under-resourced and with poorer access to public transit. While it is crucial that these communities be protected from cuts in services, policymakers should also focus on designing further investments in public tran-

sit so that they have the potential to increase access to jobs and extend economic opportunity to underserved communities.¹

Our Underlying Policy Gaps Necessitated Large, Stopgap Measures

While the American Rescue Plan Act, along with the relief measures of 2020, will provide substantial help to tens of millions of people who are struggling to make ends meet and access health care during this crisis, we should ask why such large-scale stopgap measures were needed in the first place.

The reason is clear: COVID-19 and its economic fallout have exposed glaring weaknesses in our economy and our public policies that leave too many people unprotected in bad times and too many unable to fully benefit in good times. Before the crisis began, our unemployment insurance system was very weak; we were providing inadequate support for the millions of Americans who struggle every day to pay rent, buy food, and afford other basics; and 29 million people lacked health coverage. We tolerate very high levels of poverty and hardship when households fall on hard times, whether because of a recession or another national crisis, or because, as often occurs, an employer goes out of business or a family member is ill and can't work. The nation would need fewer stopgap measures during hard times if we had stronger permanent policies in place to help households and workers when they need it.

Other wealthy nations do far more to invest in children, to support workers and their households both when they are working for low pay and when they are out of work, to assure more adequate minimum wages, and to ensure that everyone can access health care. The United States can afford these kinds of policies as well. Failure to make these kinds of investments and policy changes has real costs, to individuals and the nation as a whole. Research shows that poverty and the hardships that come with it—housing instability, food insecurity, and high levels of family stress that can become toxic to developing children—can have negative long-term impacts on children's health, education, and earnings. There are negative impacts on adults, as well, when they don't have enough to eat, face eviction, and don't have access to health care.

The Rescue Plan addresses many of these key policy gaps but only temporarily, so much of our progress will reverse once its provisions begin to expire—unless policymakers take steps to extend key provisions and make longer-term investments in key areas. The Rescue Plan also makes crystal clear that we can address the challenges of poverty and hardship if we have the will to do so.

Building a More Equitable Economy

The President and Congress will soon have a historic opportunity to build toward an equitable recovery where all children can reach their full potential, where workers in low-paid jobs and those with fewer job prospects have the supports to help them meet their needs and get ahead, and where everyone has access to affordable health coverage. Achieving these goals requires attacking long-standing disparities in our nation, deeply rooted in racism and discrimination, that have led to starkly unequal opportunities and outcomes in education, employment, health, and housing.

This spring and summer, policymakers will work on another substantial legislative package, this one framed around the nation's recovery. As we invest in infrastructure and take steps to address climate change, we also must invest in an equitable recovery that enables everyone to share in its benefits.

If policymakers don't take this opportunity to create a more equitable recovery, and instead craft a legislative package focused only on physical infrastructure and climate technology, future economic growth may be somewhat higher than if no package were enacted at all, but millions of households will see little benefit from that growth. Most people working in low-paid jobs will continue to struggle to make ends meet, those who lose their jobs will not have help to tide them over, tens of millions of people will still lack health coverage, and child poverty and its attendant hardships will remain high, robbing children of the future they deserve.

Housing investments should be a key component of a recovery package. First, housing vouchers should be expanded toward the goal of ensuring that all households that need rental assistance can receive it. Housing vouchers lower the likelihood that a low-income family lives in crowded housing (by 52 percent) or is homeless (by 74 percent) and reduce their frequency of moving (by 35 percent)²—impor-

¹ Chye-Ching and Roderick Taylor, "Any Federal Infrastructure Package Should Boost Investment in Low-Income Communities", CBPP, updated June 28, 2019, <https://www.cbpp.org/research/federal-budget/any-federal-infrastructure-package-should-boost-investment-in-low-income>.

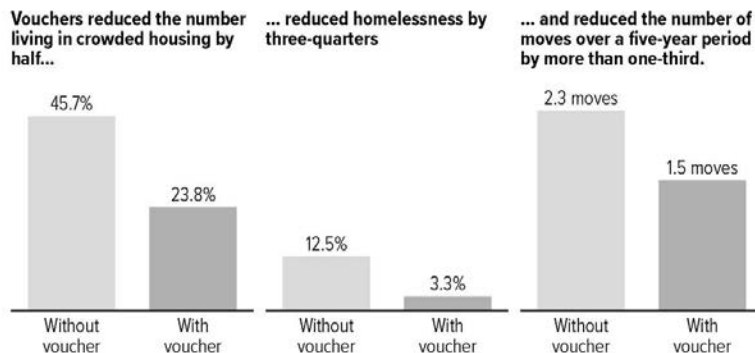
² Michele Wood, Jennifer Turnham, and Gregory Mills, "Housing Affordability and Family Well-Being: Results From the Housing Voucher Evaluation", Housing Policy Debate, Vol. 19, No. 2, January 2008, pp. 367-412.

tant steps for reducing school disruption and other harmful outcomes for children. (See Figure 6.) But just 1 in 4 eligible households receive any Federal rental assistance due to limited funding. Providing vouchers to all eligible households would lift 9.3 million people above the poverty line and cut the child poverty rate by one-third, according to a recent Columbia University study.³ It also would narrow the gap in poverty rates between white and Black households by over a third and the gap between white and Latino households by nearly half.

As the economy recovers, high housing costs will continue to create economic instability and hardship for millions of low-income renters, increasing their risks of housing instability and homelessness and undercutting their children's chances of succeeding over the long term. Housing vouchers make rent affordable for people in low-paying jobs and are highly effective at reducing homelessness. They also serve as an important hedge against housing instability and financial hardship during recessions because the voucher subsidy rises when a household's income falls due to a lost job or work hours.

FIGURE 6

Housing Choice Vouchers Sharply Reduced Crowded Housing, Homelessness, and Frequent Moves, Study Shows



Note: The chart compares the housing status of low-income families in six U.S. cities who were randomly selected to receive a voucher and used it for at least part of the previous year to families in a control group who did not use vouchers. Families experiencing "crowded housing" were living in housing that has less than one room per household member. Number of moves reflects the average moves over a 4.5- to 5-year period since random assignment.

Source: Michelle Wood, Jennifer Turnham, and Gregory Mills, "Housing Affordability and Family Well-Being: Results from the Housing Voucher Evaluation," Housing Policy Debate, 2008.

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Investments in renovating and building affordable housing also have an important role to play, particularly in tight housing markets. Carefully designed investments of this type can make rents more affordable for low-income households, reduce homelessness, improve residents' living conditions and health outcomes, and reduce racial inequities in housing opportunities and housing quality. They also generate jobs and construction activity and can lower greenhouse-gas emissions by making developments more energy efficient. In making such investments, policymakers should place a high priority on renovating the existing public housing stock, creating housing options for people experiencing homelessness, and providing substantial additional resources for affordable housing development through the Indian Housing Block Grant and National Housing Trust Fund.

However, supply interventions alone will not address the affordable housing crisis. Many communities have ample supply of housing but housing remains unaffordable for people with modest incomes. Additionally, supply interventions often do not produce housing with rents that are low enough to be affordable for households with incomes near or below the poverty line—the group that makes up most of the rent-

³Sophie Collyer et al., "Housing Vouchers and Tax Credits: Pairing the Proposals to Transform Section 8 with Expansions to the EITC and Child Tax Credit Could Cut the National Poverty Rate by Half", Columbia University Center on Poverty and Social Policy, October 7, 2020.

ers confronting severe housing affordability challenges⁴—unless those households also receive a voucher or similar rental assistance. Voucher expansion is therefore crucial to ensuring that a recovery package reaches those who most need help to afford stable housing.

Beyond housing, there are other key investments the nation needs to make to build toward an equitable recovery. These include:

- Help for people in low-paid jobs and people out of work. Workers in low-paid jobs struggle to make ends meet, face high child care costs, and often receive no help from unemployment insurance when they lose a job. The recovery package can take important steps to help these workers, including by shoring up our unemployment insurance system so more jobless workers are covered and benefits are more adequate; expanding access to high-quality, affordable child care; making the Rescue Plan’s EITC expansion for low-paid workers without children permanent; creating a paid leave program so workers can afford to take time off for health issues or caregiving responsibilities; and investing in job training and subsidized jobs to help people succeed in the labor market and have opportunities to work.
- Key investments for children. There is strong evidence that poverty, and the hardships that come with it, shortchange children’s long-term health and education outcomes, and that investments in children can improve their trajectories markedly. These include investments such as making the Rescue Plan’s Child Tax Credit expansion permanent, strengthening nutrition programs, and investing in high quality child care and early education.
- Expanded access to health coverage. The United States can get far closer to universal health coverage by making marketplace coverage more affordable, allowing more people to purchase marketplace coverage when employer coverage isn’t affordable, and strengthening Medicaid coverage and ensuring that individuals are able to keep their coverage for a full year.

The United States can afford to make these investments. After two decades of tax cuts, we should start by rebuilding our tax code so that the wealthiest households and large, profitable corporations contribute in a fair way while also rebuilding the IRS so that the taxes owed are collected. This would raise substantial revenue and help fund critical investments that promote broadly shared economic growth, broaden opportunity, and improve well-being among those not already well-heeled.

Conclusion

Over the last year, the President and Congress took bold action, culminating in this year’s American Rescue Plan Act, to help tens of millions of individuals and families that were struggling in the midst of COVID-19 and its economic fallout. The legislation and its likely impact show that we know how to reduce poverty and hardship and how to narrow economic and racial inequities.

But, like the CARES Act and Families First Act of last spring and the relief package of December, the Rescue Plan Act provides only temporary relief. The progress we will make under it in helping workers and their families, in reducing poverty and hardship, in narrowing economic and racial inequities, and in expanding access to health care will largely unravel as its provisions expire.

As the President and Congress turn to economic recovery legislation this spring and summer, however, they have a historic opportunity to make permanent progress by addressing the underlying weaknesses in our economy and our public policies that made the stopgap measures of the last year so necessary.

⁴Seventy-four percent of renter households that paid more than half their income for housing in 2018 had “extremely low-incomes,” defined as incomes below the higher of the Federal poverty line or 30 percent of the local median income. (CBPP analysis of 2018 American Community Survey and 2018 HUD income limit data.)

PREPARED STATEMENT OF AMY K. MATSUI
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 CENTER
 MARCH 25, 2021

Chairman Brown, Ranking Member Toomey, and Members of the Committee, thank you for the opportunity to testify. My name is Amy K. Matsui, and I am the Director of Income Security and Senior Counsel at the National Women's Law Center.

The National Women's Law Center ("the Center") has been fighting for gender justice in the courts, in our government, and in our culture for almost half a century. We have seen time and time again that when we center the experiences of those who are most burdened by injustice—namely women of color and LGBTQ+ communities—in our laws and our policies, we realize prosperity for all of us. Never has that been more important than in this moment. As we begin to shift from relief to recovery from the COVID-19 pandemic, we must remember that policy choices that benefit the elite few are not only unjust—they are not strategic. Our nation can only recover—and prosper—if we highlight the experiences of women of color, and embrace policy solutions that advance racial and gender equity.

My testimony today will address the deep racial, gender, and economic disparities that have been exposed by the COVID-19 pandemic and the impact of the American Rescue Plan Act of 2021 ("ARPA") on the well-being of women and families; gender, racial, and economic inequality; and the economy overall. I will also address further policy recommendations to rebuild the economy so that it works for all of us.

The Economic Security of Women and Families Has Been Devastated by COVID-19

The COVID-19 crisis has laid bare longstanding racial and gender inequities. Women in the U.S. who work full-time, year-round are typically paid only 82 cents for every dollar paid to their male counterparts, and wage gaps are even larger for Black women and Latinas.¹ Black and Latinx households have only a fraction of the wealth owned by white households,² and single women of color likewise face a significant and persistent wealth gap compared to white men.³

¹ National Women's Law Center, *The Wage Gap: The Who, How, Why, and What to Do* (Oct. 2020), <https://nwlc.org/wp-content/uploads/2019/09/Wage-Gap-Who-how.pdf>.

² See generally Angela Hanks, Danyelle Solomon & Christian Weller, Ctr. For Am. Progress, *Systematic Inequality: How America's Structural Racism Helped Create the Black-White Wealth Gap* (2018), <https://www.americanprogress.org/issues/race/reports/2018/02/21/447051/systematic-inequality/>; Asset Building Policy Network, *The Racial Wealth Gap* (2019), available at https://prosperitynow.org/sites/default/files/resources/ABPN_The_Racial_Wealth_Gap_Infographic_FINAL.pdf; Anne Price, Insight Center & Roosevelt Institute, *Don't Fixate on the Racial Wealth Gap: Focus on Undoing Its Root Causes* (February 2020), <https://rooseveltinstitute.org/publications/dont-fixate-on-the-racial-wealth-gap-focus-on-undoing-its-root-causes/#:~:text=In%20Don't%20Fixate%20on,rath%20toward%20a%20fairer%20and>.

³ See, e.g., Heather McCulloch, *Closing the Women's Wealth Gap: What It Is, Why It Matters, and What Can Be Done About It* (2017), <https://womenswealthgap.org/wp-content/uploads/2017/06/Closing-the-Womens-Wealth-Gap-Report-Jan2017.pdf>.

Women are far more likely than men to work in part-time,⁴ low-paid,⁵ and/or tipped jobs in the service sector,⁶ meaning women faced a higher risk of losing their jobs as retail stores, restaurants, and other businesses were forced to lay off workers or close their doors entirely due to COVID-19. And women are overrepresented in the front-line workforce, making up the vast majority of workers risking their lives to provide health care, child care, and other essential services.⁷

One year in, it is clear that the pandemic's economic consequences have disproportionately fallen on women, and particularly on women of color.⁸ For example, women lost more than 12.2 million jobs from February 2020 through April 2020, 11.3 million of which were in April alone. This means one month of the pandemic's losses wiped out nearly an entire decade of women's job gains since the Great Recession.⁹ In February 2021, women were still short nearly 5.1 million jobs compared to February 2020.¹⁰

Since February 2020, moreover, 2.3 million women have left the labor force altogether, meaning they are not working or looking for work.¹¹ Increased caregiving responsibilities are likely to have been a major factor for many of these women, with schools operating remotely, child care providers closed or at reduced capacity, ill or elderly family members also needing care—and women disproportionately shouldering family caregiving responsibilities.¹² Survey

⁴ Claire Ewing-Nelson, National Women's Law Center, *Part-Time Workers Are Paid Less, Have Less Access to Benefits – and Most Are Women* (Feb. 2020), <https://nwlc-clw49tixgw5libab.stackpathdns.com/wp-content/uploads/2020/02/Part-Time-Workers-factsheet-2.26.20.pdf>.

⁵ Jasmine Tucker & Julie Vogtman, National Women's Law Center, *When Hard Work Is Not Enough: Women In Low-Paid Jobs* (Apr. 2020), https://nwlc.org/wp-content/uploads/2020/04/Women-in-Low-Paid-Jobs-report_pp04-FINAL-4.2.pdf.

⁶ National Women's Law Center, *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers* (Feb. 2021), <https://nwlc.org/resources/one-fair-wage/>.

⁷ Hye Jin Rho, Hayley Brown, & Shawn Fremstad, Center on Economic and Policy Research, *A Basic Demographic Profile of Workers in Frontline Industries* (Apr. 2020), <https://cepr.net/wp-content/uploads/2020/04/2020-04-Frontline-Workers.pdf>. Under CEPR's definition, women are 64 percent of all workers in front-line industries, including 77% of all health care workers, and 85% of workers in child care and social services.

⁸ See, e.g., National Women's Law Center, *A Year of Strength and Loss* (March 2021), https://nwlc.org/wp-content/uploads/2021/03/FINAL_NWLC_Press_CovidStats.pdf.

⁹ *Id.*

¹⁰ Claire Ewing-Nelson & Jasmine Tucker, National Women's Law Center, *A Year Into the Pandemic, Women Are Still Short Nearly 5.1 Million Jobs* (March 2021), <https://nwlc.org/wp-content/uploads/2021/03/Feb-Jobs-Day-v2.pdf> [hereinafter NWLC February Jobs Report].

¹¹ *Id.*

¹² See, e.g., Diana Boesch & Shilpa Phadke, Ctr. for American Progress, *When Women Lose All the Jobs: Essential Actions for a Gender-Equitable Recovery* (Feb. 2021), https://cdn.americanprogress.org/content/uploads/2021/01/29041540/WomenLoseJobs-brief.pdf?_ga=2.176240101.1575381012.1616382378-895177019.1605122818; Megan Cerullo, *Nearly 3 million U.S. women have dropped out of the labor force in the past year*, CBS.com (Feb. 5, 2021), <https://www.cbsnews.com/news/covid-crisis-3-million-women-labor-force/>; Helaine Olen, *The pandemic has devastated a generation of women*, Washington Post (Feb. 5, 2021), <https://www.washingtonpost.com/opinions/2021/02/05/pandemic-is-devastating-generation-working-women/>.

data show a strong correlation between the caregiving crisis and women's plummeting workforce participation.¹³

Throughout the pandemic, the overall unemployment rate for women has masked devastatingly high rates for Black women, Latinas, women with disabilities, and younger women (ages 20 through 24).¹⁴ Moreover, reported unemployment rates may appear lower than they actually are partly because people who have left the labor force entirely are no longer counted among those who are unemployed. If all 2.3 million women who have left the labor force since February 2020 rejoined and were counted among those who were unemployed in February 2021, the women's unemployment rate would have been 8.8 percent in February 2021 instead of 5.9 percent.¹⁵

In January, after ten months of widespread unemployment and low labor force participation, more than 61.2 million women (48.4%) reported that their household had lost employment income since March 2020. Latinas (60.1%) and Black, non-Hispanic women (54.5%) were more likely than white, non-Hispanic men (43.6%) and white, non-Hispanic women (43.2%) to report lost work income in their household since March.¹⁶

Many women already had difficulty making ends meet before COVID-19, but millions of families are facing a full-fledged economic disaster after a year of the pandemic. Researchers have estimated that the poverty rate increased from January 2020 to November 2020 (from 10.8% to 11.2%), with almost 8 million additional people falling below the federal poverty threshold between June and November.¹⁷ Women's estimated overall poverty rate in November 2020 (12.4%) exceeded men's (11%).¹⁸

Unprecedented numbers of women across the country are experiencing material hardship. For example, millions of women and families are experiencing housing insecurity. Among renters, about one in five women (20.3%) reported being behind on their rent payment in mid-

¹³ In August 2020, the Census Bureau found, "around one in five (19.6%) of working-age adults said the reason they were not working was because COVID-19 disrupted their childcare arrangements." Of those not working, "women ages 25–44 are almost three times as likely as men to not be working due to childcare." Misty L. Heggeness & Jason M. Fields, United States Census Bureau, *Working Moms Bear Brunt of Home Schooling While Working During COVID-19* (Aug. 2020), <https://www.census.gov/library/stories/2020/08/parents-juggle-work-and-child-care-during-pandemic.html>.

¹⁴ NWLC February Jobs Report, *supra* note 10.

¹⁵ *Id.*

¹⁶ Jasmine Tucker & Claire Ewing-Nelson, National Women's Law Center, *Over 61.2 Million Women Live in a Household That Has Lost Work Income Since March 2020* (Feb. 2021), <https://nwl.org/resources/over-61-2-million-women-live-in-a-household-that-has-lost-work-income-since-march-2020/> [hereinafter NWLC January Pulse Survey Data Analysis].

¹⁷ Jeehoon Han, Bruce D. Meyer & James X. Sullivan, *Real-time Poverty Estimates During the COVID-19 Pandemic through November 2020* (Dec. 15, 2020), https://harris.uchicago.edu/files/monthly_poverty_rates_updated_thru_november_2020_final.pdf.

¹⁸ *Id.*

January.¹⁹ Nearly one in three Black, non-Hispanic women (32.2%) and nearly three in 10 Latinas (29.4%) were behind on their rent in mid-January.²⁰ Among renters with children in the household, nearly two in five Black, non-Hispanic women (39.9%) and more than one in three Latinas (34.4%) reported being behind on rent payments. By comparison, among renters with children in the household, one in five white, non-Hispanic women (20.0%) and 18.3 percent of white, non-Hispanic men reported being behind on rent payments.²¹

In addition, among those with a mortgage, about one in 10 women (10.2%) were behind on their mortgage payment²² in mid-January. Fifteen percent of Latinas, 16 percent of Asian, non-Hispanic women, and 18.9 percent of Black, non-Hispanic women were behind on their mortgage payments.²³ Among homeowners with mortgages with children in the household, one in four Black, non-Hispanic women (25.2%) reported being behind on their mortgage payments. Nearly one in five Latinas (18.1%) and nearly one in six Asian, non-Hispanic women (16.2%) homeowners in households with children reported being behind on their mortgage, compared to 8.2 percent of white, non-Hispanic men and 9.0 percent of white, non-Hispanic women homeowners with children in the household.²⁴

Similarly, in early January, over 12.1 million women (11.1%) reported sometimes or often not having enough food to eat in the prior seven days.²⁵ Black, non-Hispanic women (18.1%) and Latinas (21.5%) were over two times more likely than white, non-Hispanic men (7.9%) and white, non-Hispanic women (7.7%) to report not having enough food in the past week.²⁶ More than one in four Latinas (27.2%) and more than one in five Black, non-Hispanic women (22.9%) with children in the household reported sometimes or always not having enough to eat in the previous week, compared to 9.4 percent of white, non-Hispanic men with children in the household and 10.6 percent of white, non-Hispanic women with children in the household.²⁷

In addition, the pandemic is expected to have devastating long-term effects on the incomes, wealth, health and well-being, education, and overall economic security of women, children, and families. Just to enumerate a few:

- Even before the pandemic, a substantial minority of people were unable to cover their monthly bills in full, or would have been able to meet an unexpected emergency of

¹⁹ NWLC February Jobs Report, *supra* note 10.

²⁰ NWLC January Pulse Survey Data Analysis, *supra* note 16.

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

\$400.²⁸ During this past year, many families have exhausted their savings, gotten behind on bills, or accrued debt.²⁹ Not only will it take time and resources for these families to dig themselves out of this situation, but the accumulated debt may impact their credit, and their future ability to purchase a car or a home, invest in their children's education, or save for their own retirement.

- The majority of U.S. workers are worried about their financial security.³⁰ It may be unsurprising, then, that in January nearly two in five women (39.3%) reported feeling anxiety more than half the days of the prior week and about one in four (25.3%) reported feeling depressed more than half the days of the prior week.³¹
- Unemployment rates for younger women workers have been persistently high throughout the pandemic.³² Research suggests that younger workers entering the job market in a period of high unemployment also may experience reduced earnings for up to 10 years, as well as reduced job mobility, both of which will affect lifetime earnings.³³

²⁸ See, e.g., Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020 (May 2020), available at <https://www.federalreserve.gov/publications/files/2019-report-economic-well-being-us-households-202005.pdf> (40 percent of American households did not have enough cash to meet a \$400 emergency expense in 2019).

²⁹ See, e.g., Kim Parker, Rachel Minkin & Jesse Bennett, Pew Research Center, *Economic Fallout From COVID-19 Continues To Hit Lower-Income Americans the Hardest* (Sept. 24, 2020), <https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>. See also Chris Arnold, *More Americans Pay Rent on Credit Cards as Lowmakers Fail to Pass Relief Bill*, NPR (Nov. 30, 2020), <https://www.npr.org/2020/11/30/938867270/more-americans-pay-rent-on-credit-cards-as-lawmakers-fail-to-pass-relief-bill>; National Association for the Education of Young Children, *Am I Next? Sacrificing to Stay Open, Child Care Providers Face a Bleak Future Without Relief* (Dec. 2020), https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_policy_crisis_coronavirus_december_survey_data.pdf (noting that 42 percent of child care providers surveyed reported accruing credit card debt and almost 40 percent reported dipping into personal savings in order to stay afloat).

³⁰ See, e.g., Prudential, *Pulse of the American Worker Survey: Road to Resiliency* (Jan. 2021), <https://news.prudential.com/presskits/pulse-american-worker-survey-road-to-resiliency.htm> (data drawn from Prudential's Pulse of the American Worker Survey conducted by Morning Consult in November 2020).

³¹ National Women's Law Center, *A Year of Strength and Loss*, *supra* note 8.

³² See, e.g., NWLC February Jobs Report, *supra* note 10 (February 2021 unemployment rate for women ages 20-24 at 9.4 percent, compared to unemployment rate for white, non-Hispanic males at 5.3 percent).

³³ See, e.g., Catherine Bosley, Max Reyes, Jeff Green & Bloomberg, *How Millennials Are Being Set Back by Back-to-Back Financial Crises*, *Fortune* (April 11, 2020), <https://fortune.com/2020/04/11/millennials-coronavirus-great-recession-economy-personal-finance/>; *Facing Adulthood With an Economic Disaster's Lasting Scars*, N.Y. Times (May 19, 2020), <https://www.nytimes.com/2020/05/19/business/economy/coronavirus-young-old.html>; Janet Adamy, *Millennials Slammed by Second Financial Crisis Fall Even Further Behind*, *Wall St. J.* (Aug. 9, 2020), <https://www.wsj.com/articles/millennials-covid-financial-crisis-fall-behind-jobless-11596811470>.

- Older workers who become unemployed during a recession may have a more difficult time finding another job, and may either face prolonged unemployment during their prime earning years or be forced to retire earlier than anticipated.³⁴
- Over 40 percent of unemployed women ages 20 and over have been out of work for six months or longer.³⁵ Research suggests women of color in particular may experience a lag in finding new jobs after a recession,³⁶ especially jobs that are comparable in salary or level of responsibility to those they held previously.
- Women with caregiving responsibilities who will be looking for work when the pandemic abates may face challenges finding care that enables them to work. Many child care providers have reduced capacity to comply with health and safety requirements, been forced to furlough or lay off their workers, or closed altogether.³⁷ Indeed, nearly one in six child care jobs lost since the start of the pandemic have not returned.³⁸
- Even before the pandemic, the gender wage gap alone was causing women to lose over \$400,000 over a 40-year career, with the lifetime loss of earnings for Black women totaling nearly \$1 million, and the lifetime earnings loss for Latinas exceeding \$1.1 million.³⁹ Further disruptions to women's employment and reductions in their lifetime incomes will have additional, deleterious effects on their retirement savings and Social Security contributions, threatening their future retirement security.

Predictably but unfortunately, the women and communities of color who experienced the greatest disadvantages before the pandemic have been hit the hardest by the health and

³⁴ See, e.g., Joint Economic Committee, *The Impact of the Coronavirus Recession on Older Workers* (August 2020), https://www.jec.senate.gov/public/_cache/files/25a2a2f-6458-4d59-8c02-b19e6e0146f9/impact-of-the-coronavirus-recession-on-older-workers-final.pdf (noting that unemployment rates for older workers exceeded those for prime-age workers from March to July 2020).

³⁵ NWLC February Jobs Report, *supra* note 10.

³⁶ See, e.g., Chandra Childers & Gladys McLean, Institute for Women's Policy Research, *Black and Hispanic Women Lag in Recovering from the Recession* (August 2017), <https://wpr.org/wp-issues/race-ethnicity-gender-and-economy/black-and-hispanic-women-lag-in-recovering-from-the-recession/>. See also Jared Bernstein (Center on Budget & Policy Priorities) & Janelle Jones (Groundwork Collaborative), *The Impact of the COVID-19 Recession on the Jobs and Incomes of Persons of Color*, (May 13, 2020), https://groundworkcollaborative.org/wp-content/uploads/2020/05/Groundwork-Bernstein-Jones-paper_5.13.pdf; Megan Cassella, *Black workers, hammered by pandemic, now being left behind in recovery*, POLITICO (Mar. 23, 2021), <https://www.politico.com/news/2021/03/23/black-workers-pandemic-recovery-477640>.

³⁷ See, e.g., Child Care Aware of America, *Picking Up the Pieces: Building a Better Child Care System Post-COVID-19* (2020), <https://www.childcareaware.org/picking-up-the-pieces/#access> (finding that by July 2020, 35% of centers and 21% of family child care programs remained closed nationwide); National Association for the Education of Young Children, *supra* note 29 (reporting that 56% of child care centers surveyed said they are losing money every day that they remain open).

³⁸ NWLC February Jobs Report, *supra* note 10.

³⁹ NWLC, *The Lifetime Wage Gap, State by State* (March 2021), <https://nwlc.org/resources/the-lifetime-wage-gap-state-by-state/>.

economic crisis.⁴⁰ In order to ameliorate the disparate impacts of the pandemic and prevent additional negative consequences in the future, addressing the COVID-19 recession must center the needs of women and their families and provide robust relief that meets the scope of those needs.

The American Rescue Plan Act of 2021 Will Support the Financial Security of Women and Their Families; Help Address Racial, Gender, and Economic Inequities; and Boost the Economy Overall.

The American Rescue Plan Act of 2021 (ARPA) is a historic piece of legislation that will provide much-needed relief for women and families. It will provide housing and nutrition assistance, boost the economic security of women and their families, help stabilize the child care sector, support health care, fund schools, provide fiscal relief to states—and much more.

Some of the key provisions that will benefit women and families include:

- The ARPA provides nearly \$50 billion in **housing and utility assistance**. This includes \$21.55 billion more in emergency rental assistance, \$5 billion for emergency housing vouchers, \$5 billion for homelessness assistance, and \$5 billion for utility and water assistance. The ARPA also provides \$9.96 billion for Treasury to create a Homeowner Assistance Fund—the first COVID relief bill to provide financial relief for homeowners behind on their mortgage payments. It also provides housing relief for rural renters and homeowners, tribal nations, and fair housing activities as well as significant transit relief funding, which benefits low-paid workers, such as essential workers, among whom women are overrepresented.
- The ARPA extends **emergency unemployment insurance (UI) benefits** through September 6, 2021, at \$300 per week. This prevents 11.4 million out-of-work people from losing critical benefits. For families with incomes below \$150,000, it also exempts

⁴⁰ See, e.g., Dominique Derbigny, Closing the Women's Wealth Gap, *On the Margins: Economic Security for Women of Color through the Coronavirus Crisis and Beyond* (April 28, 2020), https://womenswealthgap.org/wp-content/uploads/2020/04/OnTheMargins_April2020_CWWG.pdf; Danyelle Solomon (Center for American Progress) & Derrick Hamilton (Kirwan Institute), *The Coronavirus Pandemic and the Racial Wealth Gap* (March 19, 2020), <https://www.americanprogress.org/issues/race/news/2020/03/19/481962/coronavirus-pandemic-racial-wealth-gap/>; Guillermo Cantor & Lebaron Sims, Prosperity Now, *The Unequal Impact of the COVID-19 Crisis on Households' Financial Stability* (April 2020), <https://prosperitynow.org/resources/unequal-impact-covid-19-crisis-households-financial-stability>; PolicyLink, COVID-19 & Race: Commentary, <https://www.policylink.org/covid19-and-race>; Connor Maxwell, Center for American Progress, *The Coronavirus Crisis Is Worsening Racial Inequality* (June 10, 2020), <https://www.americanprogress.org/issues/race/news/2020/06/10/486095/coronavirus-crisis-worsening-racial-inequality/>; see also Harvard Law School, Petrie-Flom Center, Bill of Health, *COVID-19 is a Perfect Storm of Hardship for US Immigrant Communities* (May 4, 2020), <https://blog.petrieflom.law.harvard.edu/2020/05/04/immigrant-communities-us-covid19-coronavirus/>.

the first \$10,200 of 2020 UI benefits from federal income taxes, saving many struggling families from an unexpected tax liability.

- For tax year 2021, the ARPA makes the **Earned Income Tax Credit (EITC)** more generous and more available for working people who do not claim children for the credit and are currently eligible for only a small EITC. This will provide timely income support to over 17 million low-paid workers.⁴¹
- For tax year 2021, the ARPA increases the amount of the **Child Tax Credit (CTC)** from \$2,000 per child under age 17 to \$3,600 per child under age six, and \$3,000 per child ages six to 17. In addition, the ARPA makes the CTC fully refundable. This will benefit 27 million children in families with low or no earnings, who previously were unable to access the credit.⁴² Starting in July, the IRS will make one or more advance payments of the credit available (totaling up to half of the 2021 CTC amount).
- The ARPA authorizes a third round of **Economic Impact Payments (EIP)**. Families will receive direct payments of up to \$1,400 per eligible person, including children and adult dependents. Importantly, these payments include individuals with Social Security Numbers in mixed-status families—including 1.5 million children.⁴³
- The ARPA provides \$39 billion in **direct funding for child care**, through a \$24 billion stabilization fund for child care providers and \$15 billion in funding for the Child Care and Development Block Grant (CCDBG). This funding will help stabilize the child care industry, and will also help families, particularly women, afford and access the child care they need to work. The ARPA also permanently increased the Child Care Entitlement to States (CCES), which provides guaranteed annual child care funding to states, to \$3.4 billion per year.
- In addition, the ARPA expands the **Child & Dependent Care Tax Credit (CDCTC)** for tax year 2021. The CDCTC provides tax assistance for families with out-of-pocket child care expenses that are incurred so the adults in the family can work or look for work. The ARPA makes the CDCTC refundable, so that low- and moderate-income

⁴¹ Center on Budget & Policy Priorities, *American Rescue Plan Will Help Millions and Bolster the Economy* (Mar. 15, 2021), <https://www.cbpp.org/research/poverty-and-inequality/american-rescue-plan-act-will-help-millions-and-bolster-the-economy#:~:text=any%20other%20program,The%20American%20Rescue%20Plan%20Act%20will%20make%20the%20full%20Child,to%2017%20Year%20olds>.

⁴² *Id.*
⁴³ See Julia Gelatt, et al., Migration Policy Institute, *Nearly 3 Million U.S. Citizens and Legal Immigrants Initially Excluded under the CARES Act Are Covered under the December 2020 COVID-19 Stimulus* (Jan. 2021), <https://www.migrationpolicy.org/news/cares-act-excluded-citizens-immigrants-now-covered>.

families can benefit from the credit, and increases the amount of the credit for tax year 2021—helping millions of families across the country.⁴⁴

- The ARPA expands and extends the tax credits available to employers who **provide emergency paid leave and paid sick days** under the Families First Coronavirus Response Act. While the ARPA does *not* reinstate employees' rights to take leave, the law expanded the qualifying reasons an employee can take leave and "reset the clock" so employees who have already taken leave can take additional time if their qualifying employer chooses to provide leave. Expanding access to paid leave and paid sick days is vital to protect public health and enable women with caregiving responsibilities to care for their families.⁴⁵

The ARPA Will Have a Direct Impact on the Economic Security of Women and Families

These provisions, along with other pieces of the ARPA, will have a direct, and profound, impact on the lives of women and their families. The ARPA will forestall the disastrous effects that families experience when they are unable to meet basic needs like shelter, food, and medical care. It will mitigate the harm that poverty and hardship cause to children's well-being and development. It will put more resources in families' hands, allowing them to make financial choices appropriate to their circumstances. And it will alleviate the extraordinary stress that women and families have experienced during a year of unrelenting economic pain.

The housing assistance provided by the ARPA is a particularly striking example of these beneficial impacts for women and families. Housing represents one of the largest expenses in family budgets, even outside an economic crisis. When women and families spend too much on housing, they have insufficient resources for other essential needs, including food, health insurance, and health care.⁴⁶ The strain that housing costs place on family budgets has only grown during the pandemic, as women have lost jobs and income.

Furthermore, the lack of affordable housing available to survivors of domestic violence, dating violence, sexual assault, and stalking deters survivors from leaving abusive partners out of fear of facing the challenges of homelessness, even when we are not in the midst of a global health

⁴⁴ See Tax Policy Center, Model Estimates: T21-0033 – Child and Dependent Care Tax Credit (CDCTC) Enhancement in the House Ways and Means Committee's Budget Reconciliation Legislative Recommendations by Expanded Cash Income Percentile, 2021 (Feb. 10, 2021), <https://www.taxpolicycenter.org/model-estimates/ways-and-means-committee-budget-reconciliation-legislative-recommendations-7>.

⁴⁵ See, e.g., Stefan Pichler, Katherine Wen, and Nicolas R. Ziebarth, *COVID-19 Emergency Sick Leave Has Helped Flatten The Curve In The United States*, Health Affairs (Oct. 15, 2020), <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.00863>.

⁴⁶ See, e.g., National Women's Law Center, Comment Letter in Response to HUD's Implementation of the Fair Housing Act's Disparate Impact Standard, HUD Docket No. FR-6111-P-02 (Oct. 18, 2019), <https://nwlrc.org/resources/nwlc-comments-to-the-u-s-department-of-housing-and-urban-development-on-disparate-impact/>.

crisis.⁴⁷ These concerns are particularly acute during the pandemic, when the risk of intimate partner violence has spiked and resources for survivors have become more constrained.⁴⁸

The economic crisis spurred by COVID-19 threatens to push more people into homelessness, especially populations like survivors of domestic violence and sexual assault, people of color, LGBTQ people, people with disabilities, and immigrant women and families, all of whom face higher rates of economic insecurity. Eviction and involuntary displacement unleash a cascade of negative effects for women and their families, including upon women's health, employment, and credit ratings,⁴⁹ and children's health, education, and future economic well-being.⁵⁰ Moreover, people experiencing homelessness face a higher risk of contracting COVID-19 because they often have limited access to running water, health care, health and safety supplies, and may face challenges physically distancing and self-quarantining if they or their family members contract the virus.⁵¹

The housing assistance provided by the ARPA will help women and their families catch up on rent and mortgage payments, reducing their chances of experiencing the immediate harms of eviction or foreclosure and homelessness during a global pandemic as well as the long-term

⁴⁷ See, e.g., National Women's Law Center & National Low-Income Housing Coalition, *Gender and Racial Justice in Housing* (Feb. 2021), <https://nwlcc.org/resources/gender-and-racial-justice-in-housing/>.

⁴⁸ See, e.g., Megan L. Evans, M.D., M.P.H., Margo Lindauer, J.D., and Maureen E. Farrell, M.D., *A Pandemic within a Pandemic — Intimate Partner Violence during Covid-19*, *New England Journal of Medicine* (Dec. 10, 2020), <https://www.nejm.org/doi/full/10.1056/NEJMo2024046>.

⁴⁹ See, e.g., Alison Bovell & Megan Sandel, Children's Health Watch, *The Hidden Health Crisis of Eviction* (Oct. 5, 2018), <http://childrenshealthwatch.org/the-hidden-health-crisis-of-eviction/>; Matthew Desmond & Carl Gershenson, *Housing and Employment Insecurity Among the Working Poor*, 2016 *SOCIAL PROBLEMS ADVANCE ACCESS* 0, 1-22, <https://scholar.harvard.edu/files/mdesmond/files/desmondgershenson.sp2016.pdf?m=1452638824>; National Women's Law Center & National Low-Income Housing Coalition, *supra* note 47.

⁵⁰ See, e.g., Opportunity Starts at Home, *Education Advocates Are Housing Advocates* (2018), <https://www.opportunityhome.org/wp-content/uploads/2018/02/Education-Fact-Sheet.pdf>; Children's Health Watch, *Overcrowding and Frequent Moves Undermine Children's Health* (2011), <https://www.issuelab.org/resources/13900/13900.pdf>; Opportunity Starts at Home, *Economic Mobility Advocates Are Housing Advocates* (2018), <https://www.opportunityhome.org/wp-content/uploads/2018/02/Economic-Mobility-Fact-Sheet.pdf>.

⁵¹ Anjalika Nande et al., *The effect of eviction moratoria on the transmission of SARS-CoV-2* (Jan. 19, 2021), available at <https://www.medrxiv.org/content/10.1101/2020.10.27.20220897v2>; Lloyd A.D. Chapman et al., *Comparison of infection control strategies to reduce COVID-19 outbreaks in homeless shelters in the United States: a simulation study* (Oct. 28, 2020), available at <https://www.medrxiv.org/content/10.1101/2020.09.28.20203166v3>. Researchers project that people experiencing homelessness will "be twice as likely to be hospitalized, two to four times as likely to require critical care, and two to three times as likely to die than the general population." Dennis Culhane et al., *Estimated Emergency and Observational/Quarantine Bed Need for the US Homeless Population Related to COVID-19 Exposure by County; Projected Hospitalizations, Intensive Care Units and Mortality* (Mar. 20, 2020), available at <https://endhomelessness.org/resource/estimated-emergency-and-observational-quarantine-bed-need-for-the-us-homeless-population-related-to-covid-19-exposure-by-county-projected-hospitalizations-intensive-care-units-and-mortality/>.

negative consequences of housing instability. It will instead promote the well-being of women and their families, both by supporting safe and stable housing⁵² and by freeing up resources in family budgets to meet other needs. Indeed, along with other direct assistance and income supports provided in the ARPA, the ARPA's housing assistance will go far in relieving the financial pressures that so many women and families are currently experiencing. This will, in turn, help relieve the deep stress those pressures placed on women and families, and ameliorate the impact that intense and sustained stress can have on children.⁵³

The ARPA Will Reduce Gender, Racial, and Economic Inequities

The provisions of the ARPA are designed to address the disparate health and economic impacts that women of color and women more generally, communities of color, and families with low incomes are experiencing during the pandemic. Distributional analysis of the impact of the ARPA shows that the lowest income quintile will experience the greatest benefit (expressed as a percentage of after-tax income) and the highest income quintile the least.⁵⁴ Women supporting families on their own, and families of color, are overrepresented at the bottom of the income scale, and underrepresented at the top.⁵⁵

The ARPA will boost the economic security of likely tens of millions of people with low and moderate incomes across the country. Research has indicated that two federal benefits from previous federal COVID relief legislation (expanded UI benefits and the initial \$1,400 Economic Impact Payments under the CARES Act) lowered poverty rates in 2020 (and, conversely, that poverty rates increased as these policies expired).⁵⁶ It has been estimated that four provisions of the ARPA (extended UI benefits, expanded SNAP benefits, the \$1,400 Economic Impact Payments, and the expanded CTC) will reduce the overall poverty rate in 2021 from 13.7 to 8.7 percent—and will cut the poverty rate in half for children, and for households experiencing job loss.⁵⁷ Notably, this research indicates that these provisions would reduce the disparities in

⁵² See, e.g., National Women's Law Center & National Low-Income Housing Coalition, *supra* note 47.

⁵³ See, e.g., Julie Vogtman & Karen Schulman, National Women's Law Center, *Set Up to Fail: When Low Wage Work Jeopardizes Parents' and Children's Success* (2016), <https://nwlc.org/wp-content/uploads/2016/01/FINAL-Set-Up-To-Fail-When-Low-Wage-Work-Jeopardizes-Parents%E2%80%99-and-Children%E2%80%99s-Success.pdf>.

⁵⁴ Philip Bump, *The difference between the Trump tax cuts and the Biden relief bill, in one chart*, Wash. Post (Mar. 9, 2021), <https://www.washingtonpost.com/politics/2021/03/09/difference-between-trump-tax-cuts-biden-relief-bill-one-chart/>; see also Stephanie Clegg, Institute for Taxation and Economic Policy, *Targeted Relief and the American Rescue Plan in Five Charts* (Mar. 10, 2021), <https://itep.org/targeted-relief-and-the-american-rescue-plan-in-five-charts/>.

⁵⁵ See, e.g., Melissa Boteach, Amy K. Matsui (National Women's Law Center), Indivar Dutta-Gupta, Kali Grant, Funke Aderonmu & Rachel Black (Georgetown Center on Poverty & Inequality, Economic Security and Opportunity Initiative), *A Tax Code for the Rest of Us: A Framework and Recommendations for Advancing Gender and Racial Equity through Tax Credits 8-9* (November 2019), <https://nwlc-ciw49tixpw5libab.stackpathdns.com/wp-content/uploads/2019/11/NWLC-GCPI-Tax-Code-for-the-Rest-of-Us-Nov14.pdf>.

⁵⁶ Han, Meyer & Sullivan, *supra* note 17.

⁵⁷ Laura Wheaton, Sarah Minton, Linda Giannarelli, & Kelly Dwyer, Urban Institute, *2021 Poverty Projections: Assessing Four American Rescue Plan Policies* (Mar. 2021),

poverty rates for Black, non-Hispanic people and Latinx people relative to white, non-Hispanic people.⁵⁸ By reducing the negative impacts of the recession for the individuals, families, and communities already facing discrimination and disadvantage, the ARPA increases racial, gender, and economic equity.

The ARPA Will Strengthen the Economy

Women of color, and women more generally, are the backbone of the economy. Accordingly, the relief that will bolster the economic security of women and their families under the ARPA will, by definition, strengthen the economy.

In addition, the ARPA will forestall the ongoing economic harms that result from the effects of the pandemic on the child care system. Even pre-pandemic, the United States was losing an estimated \$57 billion each year in economic productivity and foregone revenue due to the lack of affordable, high-quality child care.⁵⁹ A recent study by the Century Foundation and the Center for American Progress found that without Congressional action to enact COVID-related relief, the risk of mothers leaving the labor force or reducing work hours in order to assume caretaking responsibilities could amount to more than \$64.5 billion per year in lost wages and economic activity and an additional possible loss of \$12.2 billion in tax revenue.⁶⁰ The child care funding in the ARPA will support providers, strengthen the child care workforce, stabilize child care businesses, fund outreach to ensure equitable access to resources, and lower costs for families—and thus stabilize both the child care sector, and the jobs that rely on it (that is, the economy overall).

https://www.urban.org/sites/default/files/publication/103794/2021-poverty-projections-assessing-four-american-rescue-plan-policies_0_0.pdf (using Supplemental Poverty Measure). Other research suggests that other provisions of the ARPA will reduce poverty rates as well. See, e.g., Arloc Sherman, Center on Budget & Policy Priorities, *The 2009 Recovery Act — Even Better in Preventing Poverty Than We Thought* (October 13, 2011), <https://www.cbpp.org/blog/the-2009-recovery-act-even-better-in-preventing-poverty-than-we-thought> (estimating that, if counted as part of the official poverty measure, the improvements to the EITC and CTC in the American Rescue and Recovery Act of 2009 would have kept the incomes of 1.6 million people above the poverty line in 2009). And while these benefits will accrue to the families who are most in need, their effects will likely touch a broader swath of families. For example, analysts concluded that the tax and other direct assistance, along with increased benefits, provided by the 2009 American Relief and Recovery Act offset much of the loss in middle-class families' market-based income during the Great Recession. Gary Burtless, Brookings, *The Stimulus Program Was a Smashing Success: It Erased Most Middle Class Income Losses in the Recession* (Nov. 25, 2014), <https://www.brookings.edu/opinions/the-stimulus-program-was-a-smashing-success-it-erased-most-middle-class-income-losses-in-the-recession/>.

⁵⁸ Wheaton, Minton, Giannarelli, & Dwyer, *supra* note 57 (stating that poverty rates would fall about 42 percent for Black, non-Hispanic people, 39 percent for Hispanic people, and 34 percent for white, non-Hispanic people).

⁵⁹ Council for a Stronger America, *Want to Grow the Economy? Fix the Child Care Crisis* (Jan 2019).

<https://www.strongernation.org/articles/780-want-to-grow-the-economy-fix-the-child-care-crisis>.

⁶⁰ Julie Kashen, et al., Sarah Jane Glynn & Amanda Novello, *How COVID-10 Sent Women's Workforce Progress Backward: Congress' \$64.5 Billion Mistake* (Oct 2020), <https://tcf.org/content/report/how-covid-19-sent-womens-workforce-progress-backward-congress-64-5-billion-mistake/>.

Other relief provided by the ARPA will stimulate the economy, as benefits land in the hands of women and families in need. Even under normal economic circumstances, families in need who receive refunds from tax credits like the EITC and CTC tend to spend them quickly—because they need to pay bills or rent, or for other necessities.⁶¹ During a recession, families are even more likely to spend income boosts provided by increases in refundable tax credits, stimulus payments, or UI benefits.⁶² These expenditures not only stabilize the economy, but often have a multiplier effect—generating additional economic activity.⁶³ Similarly, researchers have estimated that for every dollar of SNAP spending during an economic downturn, \$1.5 dollars' worth of economic activity is generated, supporting new jobs.⁶⁴

For these, and many other reasons, the ARPA is widely expected to boost economic growth.⁶⁵

In sum, the ARPA provides targeted relief that addresses the challenges faced by women and their families; mitigates gender, racial, and economic inequality; boosts the economy; and lays the groundwork for an equitable recovery.

⁶¹ See, e.g., JP Morgan Chase Institute, *Tax Time: How Families Manage Tax Refunds and Payments* (March 2019), available at <https://institute.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-tax-time-report-full.pdf> (showing that even when the economy is not in crisis, families (and especially families with lower incomes) receiving tax refunds increase their spending and reduce their credit card debt).

⁶² Preliminary research indicates that families who received the first round of Economic Impact Payments in May 2020 spent funds quickly, on food, household goods, and bill payments, including rent. Kellogg School of Management at Northwestern University, Kellogg Insight, *Here's How Americans Are Spending Their Stimulus Checks* (May 5, 2020), <https://insight.kellogg.northwestern.edu/article/stimulus-checks-spending-data-2020-coronavirus-covid>. The households surveyed for this research, whose average income was around \$30,000, spent the EIP funds relatively quickly—especially if they had low levels of cash on hand. *Id.*

⁶³ See Claudia Sahm, The Hamilton Project, *Direct Stimulus Payments to Individuals* (May 2019), available at https://www.hamiltonproject.org/assets/files/Sahm_web_20190506.pdf (stimulus payments made in 2001 and 2008 shows that “payments to individuals increase spending during a recession and help stabilize the economy.”); see also Chuck Marr, Katie Hinggen, Arloc Sherman & Katie Windham, Center on Budget & Policy Priorities, *Temporarily Expanding Child Tax Credit and Earned Income Tax Credit Would Deliver Effective Stimulus, Help Avert Poverty Spike* (May 13, 2020), https://www.cbpp.org/research/federal-tax/temporarily-expanding-child-tax-credit-and-earned-income-tax-credit-would#_ftn2 (noting that the Congressional Budget Office (CBO) estimated that the 2009 expansions of the EITC and CTC and similar tax credits “generated between 60 cents and \$1.50 in economic activity per dollar of cost.”).

⁶⁴ Patrick Canning & Brian Stacy, U.S. Department of Agriculture, *The Supplemental Nutrition Assistance Program (SNAP) and the Economy: New Estimates of the SNAP Multiplier* (July 2019), <https://www.ers.usda.gov/webdocs/publications/93529/err-265.pdf?v=8010>.

⁶⁵ See, e.g., Scott Horsley, *Biden's \$1.9 Trillion Rescue Plan Set To Turbocharge U.S. Economy*, NPR (March 10, 2021), <https://www.npr.org/2021/03/10/975617565/bidens-1-9-trillion-rescue-plan-set-to-turbocharge-u-s-economy>; Indradip Ghosh & Richa Rebello, *Biden's rescue plan will give U.S. economy significant boost: Reuters poll*, Reuters (Jan. 22, 2021), <https://www.reuters.com/article/us-usa-economy-poll/bidens-rescue-plan-will-give-u-s-economy-significant-boost-reuters-poll-idUSKBN29R1F5> (“U.S. President Joe Biden’s proposed fiscal package will boost the coronavirus-hit economy significantly, according to a majority of economists in a Reuters poll, and they expect it to return to its pre-COVID-19 size within a year.”).

Systemic changes that advance racial and gender equity, including making some of the ARPA's provisions permanent, will help rebuild the economy so that it works for all of us.

Even before COVID, women of color were set up to fail in our economy. While the ARPA provides robust relief that addresses gender, racial, and economic inequities, we cannot ignore the deep structural flaws in our economy that made the pandemic so devastating for women of color and their families, and expect an equitable recovery.

Women deserve economic security and the opportunity to create a brighter future for ourselves and our families. We all win when the economy works for all of us. The path forward to shared prosperity requires both structural changes and significant public investments. Several areas of needed policy change that are critical to ensuring the sustained economic well-being of women and their families, and the economy as a whole, are discussed below.

Advancing Structural Reforms to Solve Our Nation's Housing Crisis

While the ARPA provides much-needed housing relief, addressing our nation's affordable housing crisis can help ensure the health and safety and further the economic security of millions of our nation's lowest income people. Policymakers have an opportunity to build on the equitable relief provided in the ARPA, make long-term investments, and improve our policies and systems so that every woman, child, and family can obtain safe, accessible, and affordable housing.⁶⁶ Such improvements include:

- Rental assistance provides critical help so women and their families can afford stable and accessible homes, and avoid housing insecurity. In 2020, 75 percent of households receiving HUD rental assistance were headed by a woman.⁶⁷ Unfortunately, because of chronic underfunding, only one out of four households who qualify for HUD rental assistance receive it. The federal government must expand rental assistance, so all families who struggle with housing costs can access it. In addition, Congress must also reverse its continuous divestment in public housing and fully fund capital repairs for public housing, including addressing health and safety hazards such as deteriorating lead-based paint. These investments will help more women, children, and families live in safe, affordable, and accessible housing.
- In markets with scarce vacant units in existing buildings, the federal government must increase the supply of affordable and accessible homes. This includes significantly increasing funding to the national Housing Trust Fund (HTF) and permitting states and localities to use some of the HTF funds to acquire and convert hotels and motels into permanent supportive housing to provide stable housing for people experiencing homelessness. Congress must ensure that affordable housing policies and tools further

⁶⁶ See generally National Women's Law Center & National Low-Income Housing Coalition, *supra* note 47.

⁶⁷ U.S. Department of Housing and Urban Development, Office of Policy Development & Research, Assisted Housing: National & Local, <https://www.huduser.gov/portal/datasets/assthse.html> (last visited Mar. 23, 2021).

fair housing for women, people of color, and other communities with the greatest needs.

- Even after the pandemic is over, millions of women and families will still be one financial shock away from economic hardship that could lead to eviction, which has detrimental and long-lasting impacts on the health and well-being of women and their families. Congress should proactively create a permanent “National Housing Stabilization Fund” to provide emergency rental assistance to families with low incomes to prevent housing instability and homelessness after a financial shock.
- Congress and the administration should increase homeownership opportunities, particularly for women of color, through rent-to-own programs and a first-time homeowner refundable tax credit, and should fund stronger enforcement of the Equal Credit Opportunity Act against discriminatory lending practices.
- Alongside significant investments in housing solutions, Congress and the administration must strengthen fair housing and civil rights laws and provide robust resources to aggressively advance and enforce those laws. This should include amending the Fair Housing Act (FHA) to more explicitly prohibit discrimination based on source of income, survivor status, marital status, sexual orientation, and gender identity. In addition, Congress and the administration should build partnerships with community-based organizations, especially those led by Black women, Latinas, Asian American women, and Native women, to shape civil rights protections and their implementation to meet communities’ needs.
- The power imbalance between renters and landlords put renters, especially women of color, at greater risk of sexual harassment, housing instability, and homelessness. Congress should enact legislation to better protect renters, such as establishing a national right to counsel for tenants facing eviction, protecting tenants from unfair eviction screening policies, and prohibiting the reporting of evictions to consumer agencies.

Access to safe, affordable, and accessible housing is crucial to women’s health, nutrition, and employment, and the well-being of their families. Ensuring that women and families have access to safe, affordable, and accessible housing supports their economic security, boosts the health of the economy overall, and advances racial and gender equity.⁶⁸

Investing in the Care Economy

The pandemic has revealed that our reliance on the underpaid and undervalued caregiving work of women of color, and women more generally, places an unsustainable burden on women, families, and the economy overall. Care—including child care, home- and community-

⁶⁸ See generally National Women’s Law Center & National Low-Income Housing Coalition, *supra* note 47.

based supports, and paid family and medical leave—is infrastructure. It holds up our economy and makes all other work possible. And like roads, bridges, and broadband, care is a public good, whose benefits we all share.

While several provisions in the ARPA—including the emergency child care stabilization funds, CCDBG and CCES funding, expanded Child and Dependent Care Tax Credit (CDCTC), tax credits for employers who voluntarily provide paid leave, and increased Medicaid funding for home and community-based services (HCBS)—will address immediate needs, we need large-scale public investments in the care infrastructure. This will ensure that families can care for their loved ones, that the women who do this work are paid living wages, and that families can find and afford high-quality care—not just during the pandemic but into the future.

Investing in a care infrastructure will make our economy stronger. Moreover, economists estimate that care investments can have an even more immediate economic impact than “shovel ready” projects since they take less time to deploy labor, funding, and equipment, and can generate twice as many jobs per dollar as traditional infrastructure.⁶⁹

The cost of not making the investments we need, and of returning to the unworkable status quo that was invisible to many prior to the pandemic, is too great. Legislation that re-imagines and makes public investments in child care, paid family and medical leave, and care for older family members and people with disabilities, like the Child Care for Working Families Act or the FAMILY Act, will be crucial to building the long-term care infrastructure that will help women, families, and the economy as a whole to succeed.⁷⁰

Making the ARPA's Improvements to Refundable Tax Credits Permanent

The ARPA's expansions to the CTC, EITC, and CDCTC are equitable and effective relief and stimulus policies. Millions of families across the country will benefit from these expansions.⁷¹ They are particularly well-targeted to boost the incomes of women of color (who especially benefit from refundable tax credits, in part because they make up a disproportionate share of low-paid workers, including essential workers)⁷² and families with low incomes more

⁶⁹ Josephine Kalipeni, et al., *Building Our Care Infrastructure for Equity, Economic Recovery, and Beyond* (Sept. 2020), https://caringacross.org/wp-content/uploads/2020/08/Building-Our-Care-Infrastructure_Aug1_FINAL.pdf.

⁷⁰ See, e.g., *Principles for Child Care: A Vision for Investing in Affordable, High-Quality Child Care* (Oct. 2019), <https://nwlc-clw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/10/Child-Care-Principles-2.pdf>; National Women's Law Center, *Expanding Sick Days and Paid Family and Medical Leave in Response to COVID-19* (April 24, 2020), <https://nwlc.org/resources/expanding-paid-sick-days-and-paid-family-medical-leave-in-response-to-covid-19/>.

⁷¹ See, e.g., Center on Budget & Policy Priorities, *supra* note 41; Tax Policy Center, *supra* note 44.

⁷² See National Women's Law Center, *Expanding Refundable Tax Credits in Response to COVID-19* (Nov. 2020), <https://nwlc.org/wp-content/uploads/2020/04/Expanding-Refundable-Tax-Credits-in-Response-to-COVID-19.pdf>; see generally Chuck Marr & Yixuan Huang, Center on Budget & Policy Priorities, *Women of Color Especially Benefit from Working Family Tax Credits* (September 2019), <https://www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits>.

generally.⁷³ The CTC expansions in the ARPA, in particular, will lift 4.1 million additional children above the poverty line, reducing the remaining number of children in poverty by more than 40 percent.⁷⁴ Seventy percent of the children that the CTC expansion will lift above the poverty line are Black and Latinx.⁷⁵

Refundable tax credits are effective at mitigating the effects of economic recessions.⁷⁶ It is widely expected that the country will still be experiencing the economic impacts of this crisis throughout 2021 and well into 2022,⁷⁷ and those effects are likely to be felt unevenly. The availability of one or more advance payments of up to half of a family's 2021 CTC after July 2021 will provide additional financial resources to families with low incomes in the second half of 2021. And refunds from these tax credits will provide women and families with critical income support when they file their taxes in early 2022.

The ARPA's expansions to refundable tax credits will not only help families make ends meet and reduce gender and racial disparities during the pandemic, but would also help families as the economy is recovering. Improving these credits on a permanent basis will provide ongoing income supports for millions of low- and moderate-income families⁷⁸ whose need for them will likely continue when the recession is officially over. In addition, permanently improving these tax credits will increase racial and gender equity in our tax policies.⁷⁹

⁷³ See, e.g., Center on Budget & Policy Priorities, *supra* note 41; see also Elaine Maag & Donald Marron, Tax Policy Center, Design Changes Can Strengthen the EITC During a Recession (May 18, 2020), https://www.taxpolicycenter.org/sites/default/files/publication/159301/design_changes_can_strengthen_the_eitc_during_recessions.pdf.

⁷⁴ Center on Budget & Policy Priorities, *supra*.

⁷⁵ *Id.*

⁷⁶ See, e.g., National Women's Law Center, *supra* note 72.

⁷⁷ See, e.g., Congressional Budget Office, *An Overview of the Economic Outlook, 2021-2031* (Feb. 2021), <https://www.cbo.gov/system/files/2021-02/56965-Economic-Outlook.pdf> (estimating real Gross Domestic Product to reach pre-pandemic levels in mid-2021 and the labor market to reach pre-pandemic size in 2022).

⁷⁸ See, e.g., Chuck Marr & Yixuan Huang, Center on Budget & Policy Priorities, *Childless Adults Are Lone Group Taxed into Poverty* (March 2, 2020), <https://www.cbpp.org/research/federal-tax/childless-adults-are-lone-group-taxed-into-poverty>; Jacob Leibenluft, Center on Budget & Policy Priorities, *Tax Bill Ends Child Tax Credit for About 1 Million Children* (December 18, 2017), <https://www.cbpp.org/blog/tax-bill-ends-child-tax-credit-for-about-1-million-children>; Sophie Collyer, David Harris & Chris Wimer, Columbia University, Center on Poverty and Social Policy (CPSP) & Children's Research and Education Institute (CREI), *Left Behind: The One-Third of Children in Families Who Earn Too Little to Get the Full Child Tax Credit* (May 2019), available at <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/5cda0024be4e5b0001c6bdc7/1557790757313/Poverty+Social+Policy+Brief+Who+Is+Left+Behind+in+the+Federal+CTC.pdf>; National Women's Law Center, *Improving the Child and Dependent Care Tax Credit Would Help Working Families With the High Cost of Child Care* (December 2018), <https://nwlc-clw49rxw5lbab.stackpathdns.com/wp-content/uploads/2018/12/Improving-the-CDCTC.pdf>.

⁷⁹ See, e.g., Boteach, Matsui, et al., *supra* note 55; Chye-Ching Huang & Roderick Taylor, Center on Budget & Policy Priorities, *How the Federal Tax Code Can Better Advance Racial Equity* (July 2019), <https://www.cbpp.org/research/federal-tax/how-the-federal-tax-code-can-better-advance-racial-equity>; Tax

Raising the Minimum Wage

Raising the federal minimum wage, too, is essential to lift women and their families out of poverty, narrow racial and gender wage and wealth gaps, and spur the consumer demand we need for a strong, shared economic recovery. If enacted, the Raise the Wage Act of 2021 (H.R. 603/S. 53) would do just that: It would increase the federal minimum wage from \$7.25 to \$15 per hour by 2025. It would gradually raise the federal minimum cash wage for tipped workers until it is equal to the regular minimum wage and phase out unfair exemptions that have allowed employers to pay young workers and people with disabilities subminimum wages. And after 2025, it would automatically increase the federal minimum wage to keep pace with wages overall, ensuring that the minimum wage's value never again erodes as it has in recent decades.

The Economic Policy Institute (EPI) estimates that if the minimum wage reached \$15 per hour by 2025, more than 32 million workers would get a raise. Of the total affected workers, almost 19 million (59%) are women, and Black women and Latinas would especially benefit: 34 percent of Black working women and 31 percent of working Latinas would receive higher wages by 2025 under the Raise the Wage Act.⁸⁰ And because women and people of color are the majority of workers who would see their pay go up, increasing the minimum wage could narrow racial and gender wage gaps as well.⁸¹

By adopting a “One Fair Wage” policy nationwide—i.e., ensuring that all workers are entitled to the full minimum wage, regardless of tips—the Raise the Wage Act would also particularly benefit women, who represent 69 percent of tipped workers.⁸² Even before the pandemic, women tipped workers lived in poverty at nearly 2.5 times the rate of the workforce overall.⁸³ But in the seven “One Fair Wage” states where employers are already required to pay their tipped workers the regular minimum wage before tips, the poverty rate for women tipped workers was 30 percent lower than in states with the federal \$2.13 tipped minimum cash wage—and overall, women working full time, year round in One Fair Wage states faced a 33

Policy Center, *Racial Disparities and the Income Tax System (EITC)* (Jan. 2020),

<https://apps.urban.org/features/race-and-taxes/#earned-income-tax-credit>.

⁸⁰ David Cooper, Zane Mokhiber & Ben Zipperer, Econ. Policy Inst., *Raising the Federal Minimum Wage to \$15 by 2025 Would Lift the Pay of 32 Million Workers* (EPI) 30 (March 2021), <https://www.epi.org/files/pdf/171762.pdf> (Table 5).

⁸¹ A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Wage Inequality: Is There a Linkage?*, J. Econ. PERSPECTIVES, Vol. 11, No. 2, 75-96, at 78 (Spring 1997), <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream: Trends in the Gender Wage Differential in the 1980s*, J. LABOR ECON., Vol. 15, No. 1, 1-42, at 28 (Jan. 1997), https://www.istor.org/stable/2535313?seq=1#page_scan_tab_contents; Minimum Wages, Ch. 7.3: Effects on Gender Pay-Gaps, Int'l. LABOUR ORG., https://www.ilo.org/global/topics/wages/minimum-wages/monitoring/WCMS_473657/lang-en/index.htm (accessed March 22, 2021).

⁸² *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers*, supra note 6. By 2025, 83 percent of tipped workers across the country would get a raise under the Raise the Wage Act. Cooper, Mokhiber & Zipperer, supra note 80, at 26 (Table 3).

⁸³ *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers*, supra.

percent smaller gender wage gap than their counterparts in states with a \$2.13 tipped minimum wage.⁸⁴

A \$15 minimum wage would finally begin to reverse decades of growing pay inequality and would, for the first time, bring full-time minimum-wage earnings above the poverty line for a family of four.⁸⁵ EPI estimates that the Raise the Wage Act will lift up to 3.7 million people out of poverty, including up to 1.8 million children.⁸⁶ Because underpaid workers spend much of their extra earnings in their communities, raising the minimum wage can help spur the consumer demand and small business growth that is necessary for a strong, shared recovery from the recession.⁸⁷

Conclusion

The American Rescue Plan Act of 2021 is targeted to help the women of color, communities of color, and individuals and families who are experiencing the greatest economic distress during the COVID-19 recession, and to provide relief at the scale of need. The relief provided by the ARPA will make a concrete and significant difference in the lives of women and families. In addition to mitigating hardship and the long-term consequences of economic insecurity, it will also stimulate economic growth. This is a tremendous moment where our nation has risen to the challenge.

As with relief, our path to recovery requires us to focus on the needs of women of color. Without structural change and significant public investments, those who were most harmed by the economic contraction will also be left out of the recovery. Thus, the only way back to sustainable and broadly shared prosperity is by ensuring that women, especially women of color, are able to succeed.

Policymakers should seize the moment to build on the relief provided by the ARPA and ensure an equitable economic recovery, including by investing in affordable, safe, and accessible housing, investing in the care infrastructure, making the ARPA's expansions to refundable tax

⁸⁴ *Id.*

⁸⁵ Cooper, Mokhiber & Zipperer, *supra* note 80, at 10.

⁸⁶ *Id.* at 11.

⁸⁷ See generally, e.g., Daniel Cooper, Maria José Luengo-Prado & Jonathan A. Parker, *The Local Aggregate Effects of Minimum Wage Increases*, 52 J. MONEY, CREDIT & BANKING 5-35 (Feb. 2020), <https://onlinelibrary.wiley.com/doi/10.1111/jmcb.12684>; Zoe Willingham, CTR. FOR AMER. PROGRESS, *Small Businesses Get a Boost from a \$15 Minimum Wage* (Feb. 25, 2021), <https://www.americanprogress.org/issues/economy/reports/2021/02/25/496355/small-businesses-get-boost-15-minimum-wage/>; Holly Sklar & Alissa Barron-Menza, BUS. FOR A FAIR MINIMUM WAGE, *Raising the Minimum Wage to \$15 Helps Small Business* (Feb. 24, 2021), <https://www.businessforafairminimumwage.org/sites/default/files/BFMW%20Raising%20Min%20Wage%20Helps%20Small%20Business%20Feb%2024%202021.pdf>; William Lester et al., CTR. FOR AMER. PROGRESS, *Raising the Minimum Wage Would Help, Not Hurt, Our Economy* (Dec. 3, 2013), <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>; Daniel Aaronson, Sumit Agarwal & Eric French, FED. RESERVE BANK OF CHICAGO, *The Spending and Debt Responses to Minimum Wage Increases* 10 (Rev. Feb. 2011), http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf.

credits for families permanent, and establishing a \$15 minimum wage. Women and families need and deserve an economy that works for all of us.

PREPARED STATEMENT OF RORY COOPER
PUBLIC SCHOOL PARENT, FAIRFAX COUNTY, VIRGINIA

MARCH 25, 2021

Chairman Brown, Ranking Member Toomey, and Members of this distinguished Committee; thank for you for this opportunity to speak for what I believe are millions of parents. I have three kids currently in 5th grade, 2nd grade and Kindergarten. I love them very much. (I wanted that in the congressional record.) My children and millions of other children have not had access to the education they deserve for over a year.

First, it's important to point out that a majority of students are indeed attending school in-person five days a week. President Biden's goal of having a majority of schools open to some degree in his first 100 days is incomprehensible. It was achieved before he took office.

Two thirds of public-school districts are currently open five days a week. Many of them have done so since the fall. Private schools are offering the same, often a block away from a shuttered public school. The districts that are failing our children are the large metropolitan areas where school boards are heavily controlled by powerful teacher unions, like New York, Chicago, San Francisco, Los Angeles and Washington, D.C.

We know schools are safe because not one person is calling on these open schools to close.

Here in Fairfax County, unreasonable union demands coupled with a flat-footed superintendent and school board have crippled what was once a premier district. The goalposts keep moving as they run out the clock on this school year and leave students behind.

We were told that teachers needed to be vaccinated first. So, Virginia put them at the front of the line with healthcare workers and seniors over the age of 65. And then when all willing teachers in Fairfax were vaccinated, they said they would still not fully reopen.

Then we were told they needed more money. The school districts that are currently closed are some of the best funded in the nation. Fairfax County is in the top ten. And schools that are closed have saved millions of dollars this year, while open schools have lost money. Fairfax County is in fact under Federal investigation for opening their doors to programs that paid them additional cash while keeping their own special needs students locked out.

But America rallied to give them more money anyway. In the CARES Act, Congress appropriated \$13.2 billion for K-12 COVID mitigation. In December, Congress appropriated an additional \$54.3 billion. Despite most of that money remaining unspent in 2021, this Congress pursued an additional \$126 billion in the American Rescue Plan. Nearly none of it to be spent in 2021. Most of this \$193 billion will be spent years after the crisis is over.

All of this money is distributed using Title I formulas. This means that Congress is rewarding large well-funded districts that remain closed with a huge payout while smaller less well-funded districts who provide in-person instruction receive less.

The latest goal post movement has come around the issue of 6-foot distancing. We knew this was overcautious in 2020 because as I mentioned, a majority of school districts were already successfully ignoring it. But districts like Fairfax used it as a crutch to only consider hybrid learning two days a week.

The CDC finally admitted what they already knew and recently reduced it to 3 feet. Randi Weingarten of the American Federation of Teachers said that still was not good enough and they wanted even more money. No science or vaccination or amount of money will ever be good enough. Kids just have to suffer so unions can thrive.

And the kids are suffering greatly. We've seen a terrible spike in suicides, depression, anxiety and a loss of access to nutrition, socialization and physical health. Children with physical and learning disabilities who require additional support have received a minimum of what the law compels schools to offer. So many students are falling behind and failing that Fairfax County eliminated failing grades altogether. These are the outcomes of the union efforts.

My children have had three-day weekends for a year. On Mondays in Fairfax, kids do an hour of homework in the morning and Fairfax counts it as a day of school so they can pretend they're meeting obligations. Finally, as of a week ago, my kids are now in-person two days a week. They are elated on Tuesdays and Wednesdays and dejected on Thursdays and Fridays.

They're actually lucky. Their wonderful teachers returned to the classroom. Many children are in schools but still being taught on laptops and monitored by untrained high school graduates.

Students are leaving public schools altogether. Fairfax County has lost over 10,000 students with more fleeing to parochial and private options. Inequality is skyrocketing and our most vulnerable populations are getting hit the hardest.

I supported school closures in the spring of 2020 because we had very little information. But since then, the data has been vast and clear: Schools are safe. Public health, pediatric and psychological experts have nearly unanimously agreed that school closures are a crisis in their own right and need to end.

It's time for science and common sense to prevail. And let's not wait another day. The fall is not a goal worthy of this country. It's just an excuse for districts like Fairfax to keep falling behind.

We keep hearing we need more money and more time when schools have had plenty of both. If public school systems like Fairfax can simply choose to not offer in-person instruction, perhaps all of these billions of dollars should go to students instead so they can have access better choices.

Thank you, I look forward to your questions.

PREPARED STATEMENT OF ANGELA RACHIDI

ROWE SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

MARCH 25, 2021

Chairman Brown, Ranking Member Toomey, and Members of the Committee. Thank you for the opportunity to testify on the important issue of helping American families emerge strong from the economic hardships of the pandemic. My name is Angela Rachidi and I am the Rowe Scholar in poverty studies at the American Enterprise Institute, where I have spent the past several years researching policies aimed at reducing poverty, increasing employment, and charting pathways to a better life for low-income families. Before I joined AEI, I also served as a Deputy Commissioner for the New York City Department of Social Services, where I evaluated safety net programs for low-income New Yorkers and studied how families experience them.

My testimony covers three main points. First, statistics on poverty and income show that poverty had already fallen below prepandemic rates in the months leading up to the passage of President Biden's American Rescue Plan, which suggests the additional safety net program expansions included in the American Rescue Plan were excessive and poorly targeted to pandemic-related problems. Second, the safety net program expansions included in the American Rescue Plan undermine the successful antipoverty policies of the past quarter century by discouraging work and increasing the likelihood of single parenthood. If made permanent, these policies will make it harder for families to escape poverty and move up the income ladder, while slowing the economic recovery. Third, proponents of the American Rescue Plan have overstated the positive effects of this legislation while understating the true cost. We will see efforts in the coming months to show that this legislation reduced poverty and increased employment—which I have no doubt the short-term data will show. However, these short term gains will mask long-term negative consequences that will be difficult to reverse—such as reduced labor force participation, more children born to single parents, and entrenched poverty for more Americans.

Getting the Context Right

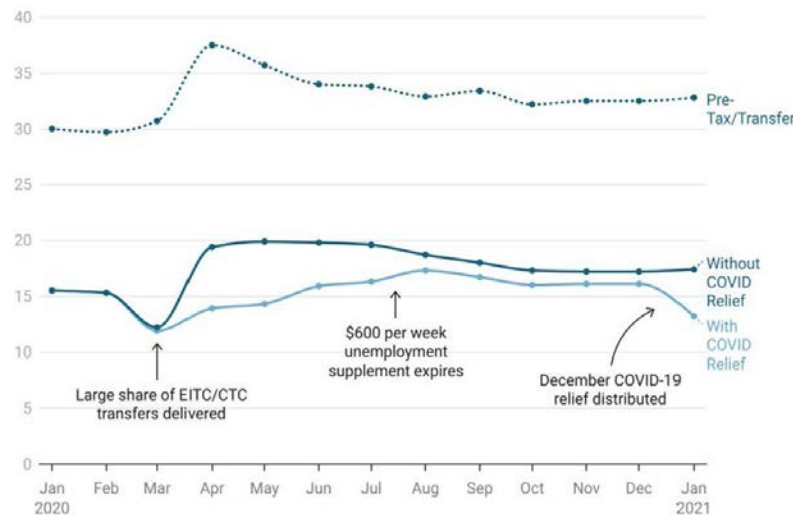
The pandemic that hit in March 2020 was unprecedented and the employment disruptions that followed caused a great deal of hardship for many families. Congress acted swiftly and comprehensively by passing three major pieces of legislation to address the public health crisis and resulting economic fallout—the Families First Act and the CARES Act in March 2020, followed by the Consolidated Appropriations Act in December 2020—totaling \$3.5 trillion in Federal pandemic-related spending over the past year.¹ These packages included tremendous supports for workers and families who faced economic hardships because of the pandemic, including expansions to food assistance, unemployment compensation, housing assistance, and direct payments from the Federal Government, among other things.

As a result, the poverty rate before Congress passed the American Rescue Plan, when properly measured, was even lower than it was before the pandemic. Using

¹“Here’s Everything the Federal Government Has Done to Respond to the Coronavirus So Far”, Peter G. Peterson Foundation, March 15, 2021. <https://www.pgpf.org/blog/2021/03/heres-everything-congress-has-done-to-respond-to-the-coronavirus-so-far>.

a supplemental poverty measure from researchers at Columbia University, which accounts for many important Government benefits that are left out by official poverty measure, the poverty rate in January 2021 (after the December 2020 economic relief package and before the American Rescue Plan) was almost 3 percentage points lower than it was in January 2020.² Even income poverty measures, which fail to account for Government benefits like nutrition assistance, show stable poverty trends over the past year.³

Figure 1. Monthly SPM poverty rates, January 2020 through January 2021



Source: Zachary Parolin and Megan A. Curran, Columbia University Center on Poverty and Social Policy⁴

These trends show that Government relief efforts effectively prevented spikes in poverty and shielded vulnerable families from hardship in the months following the start of the pandemic. Additional research shows that households higher up the income distribution even experienced aggregate income increases in the months following the pandemic, largely due to Government relief efforts such as expanded unemployment insurance.⁵ Government economic relief efforts helped many families weather the economic fallout of the pandemic well through February 2021. This begs the question of why Congress passed such a large “rescue” package in recent weeks.

The American Rescue Plan

As you know, the American Rescue Plan totaled \$1.9 trillion and included many spending provisions aimed at low-income families. Given the context of the data that I just described, these spending programs have very little to do with the pandemic.

²Zachary Parolin and Megan Currie, “Monthly poverty rate declines to 13.2 percent in the United States in January 2021”, Columbia University Center on Poverty and Social Policy, <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/604278f5209e047195f32808/1614969077778/Monthly-Poverty-Factsheet-Jan-2021-CPSP.pdf>.

³Jecheon Han, Bruce Meyer, and James Sullivan, “Real-time Poverty Estimates During the COVID-19 Pandemic Through February 2021”, Wilson Sheehan Lab for Economic Opportunities at the University of Notre Dame and University of Chicago Harris School of Public Policy, March 18, 2021. <http://povertymeasurement.org/wp-content/uploads/2021/03/Monthly-poverty-rates-updated-thru-Feb-2021-v4.pdf>.

⁴Parolin and Curran, “Monthly poverty rate declines to 13.2 percent in the United States in January 2021.”

⁵Natalie Cox, et al., “Initial Impacts of the Pandemic on Consumer Behavior: Evidence From the Linked Income, Spending, and Savings Data”, Brookings Institution, Brookings Papers on Economic Activity, June 25, 2020. <https://www.brookings.edu/wp-content/uploads/2020/06/Cox-et-al-conference-draft-Final.pdf>.

Instead, they expand Federal Government spending in ways that are excessive and undermine the successful antipoverty policies of the past quarter century by weakening the connection between the safety net and employment. We have learned over the past 25 years that employment offers the best path out of poverty and our safety net policies are most effective when they support rather than supplant earnings.

I want to highlight three specific provisions in the American Rescue Plan that I believe have the greatest potential to make economic opportunity harder for families: expansions to the Child Tax Credit, increases in the Supplemental Nutrition Assistance Program (SNAP), and unemployment insurance extensions.

The Child Tax Credit. The American Rescue Plan increased the amount of the Child Tax Credit (CTC) from \$2,000 per child to \$3,600 for children under age 6 and \$3,000 for older children, paid out in regular installments. The American Rescue Plan also extended the full credit to families without any employment in the household. Before, the credit phased in as families started earning income, ensuring the benefit was linked to work.

Expanding the CTC to nonworking families risks reducing employment and impeding the path out of poverty for too many families, especially for the most vulnerable—such as single mothers. Economic theory suggests that cash payments from the Government will decrease employment because they substitute work income, and the literature shows that this risk is real. My colleague at AEI, Scott Winship, recently summarized this literature, highlighting the need for caution when expanding Government benefits in ways that undermine employment.⁶ Without work, families will spend more time in poverty and face fewer options to become self-reliant and move up the income ladder.

I experienced this first-hand after spending much of my career working for the New York City Department of Social Services. Unrestricted Government cash payments proved to be a poor substitute for employment after the welfare reforms of the 1990s. When Government assistance became time limited and connected to work, employment increased and poverty declined in New York and across the country.⁷

My other concern about expanding the CTC to nonworking families is that it will sever the ties that these families have to job training and other critical supports through existing programs, such as the Temporary Assistance for Needy Families (TANF), and will make it less likely that low-income single mothers will access the Child Support Enforcement program.⁸ TANF provides cash assistance, job search assistance, and job training to participating parents, while child support engages noncustodial parents, secures financial support for children, and results in financial and emotional benefits for children. If cash assistance through TANF becomes less necessary, nonworking parents will have less access to important supports that help them enter the labor market and less access to support from the other parent.

The experience of welfare reform also teaches us that unrestricted cash payments from the Government, like the expanded CTC, make single parenthood more likely. A review of the literature on the relationship between the Government assistance and fertility found that unrestricted cash payments increased single parenthood and reduced marriage, although the size of the effects in some cases were small.⁹ The American Rescue Plan returns us to this system. Further, the plan also undermines marriage by providing the full CTC to all low-income families and tripling the childless earned income tax credit (EITC), thus worsening the marriage penalties built into the existing EITC.

Supplemental Nutrition Assistance Program (SNAP). Prior to the American Rescue Plan, Congress had already authorized substantial expansions to the Supplemental Nutrition Assistance Program (SNAP) that addressed the food needs of low-income households. All States received authorization to issue “emergency allotments” through at least this month, which increased average benefits by approximately 40 percent for a total obligated amount for Fiscal Year 2020 (ending September 30, 2020) of \$95.4 billion. This was before Congress authorized an across-the-board 15 percent increase in maximum SNAP benefits in the December 2020 relief package, which Congress extended until September 2021 in the American Rescue Plan. As long as a Federal or State public health emergency remains in effect,

⁶ Scott Winship, “The Conservative Case Against a Child Allowance”, American Enterprise Institute, March 5, 2021. <https://www.aei.org/wp-content/uploads/2021/03/The-conservative-case-against-child-allowances.pdf?x91208>.

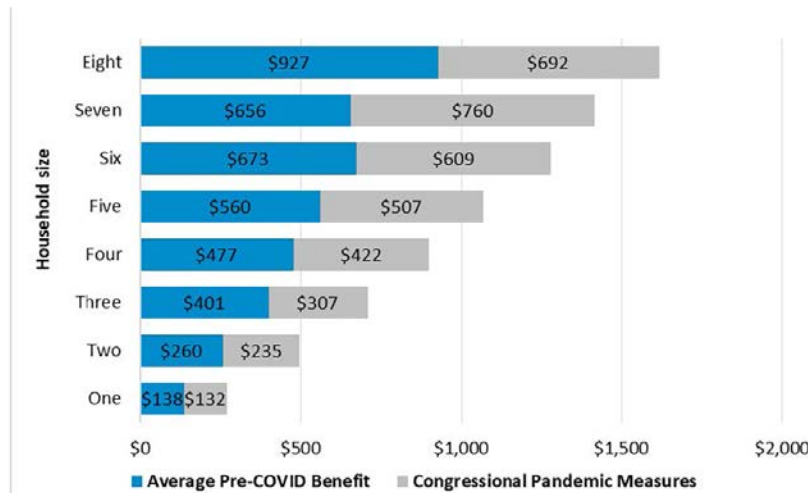
⁷ Angela Rachidi, “Welfare reform cut child poverty in half. What will President Biden’s American Rescue Plan do?”, American Enterprise Institute, AEIdeas, March 12, 2021.

⁸ Angela Rachidi, “The Unintended Downsides of Child Allowance Proposals”, *The Dispatch*, February 25, 2021. <https://thedispatch.com/p/the-unintended-downside-of-childhood>.

⁹ Robert Moffitt, “The Temporary Assistance for Needy Families Program”, in *Means-Tested Transfer Programs in the United States*, 2003.

SNAP households will receive the maximum benefit plus 15 percent, no matter their income.

Figure 2. SNAP increase resulting from congressional pandemic measures, by household size



Source: Supplemental Nutrition Assistance Program (SNAP) Fiscal Year (FY) 2021 Maximum Allotments and Deductions Tables¹⁰

I have two concerns with these SNAP expansions. First, the American Rescue Plan poorly target households that have reported food problems. Second, the SNAP expansions in this package further undermine employment by worsening work disincentives, which will slow the economic recovery and increase the chances that families will remain poor.

My colleague Scott Winship and I found last fall that early reports suggesting doubling and tripling rates of food hardship were exaggerated, and that food access problems among households following the pandemic were only slightly elevated.¹¹ Given this context, expansions to SNAP through the American Rescue Plan have not been justified, and they risk reducing employment for many households, ultimately slowing the economic recovery by making work less important for some households.

The SNAP increases also poorly target the households who have reported problems affording food during the pandemic. According to the COVID Impact Survey, the vast majority of people who reported not having enough food are not SNAP recipients.¹² This suggests that efforts to increase the size and scope of SNAP have little to do with addressing food problems caused by the pandemic and more to do with increasing the footprint of the Federal Government. Research shows that SNAP reduces employment, suggesting that efforts to extend it to a larger share of US households will undermine economic recovery efforts.¹³

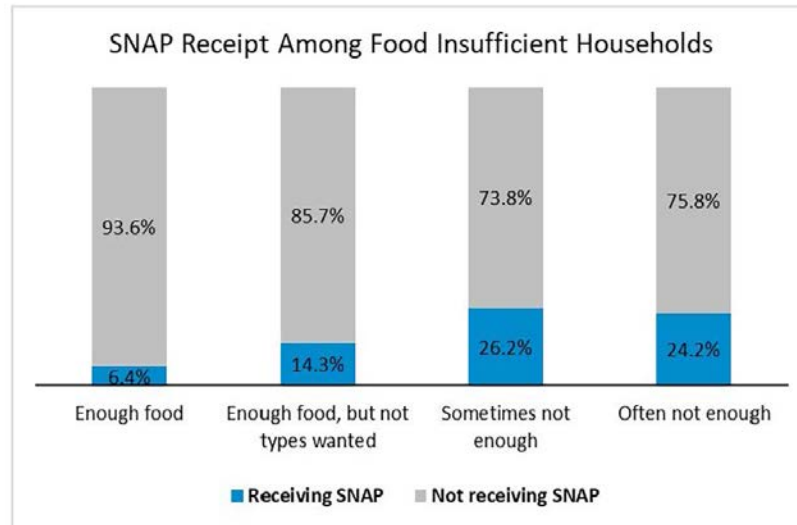
¹⁰ U.S. Department of Agriculture, Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP) Fiscal Year (FY) 2021 Maximum Allotments and Deductions", January 1, 2021. <https://fns-prod.azureedge.net/sites/default/files/media/file/FY21-COVID%20ARPA-Maximum-Allotments-Deductions.pdf>.

¹¹ Scott Winship and Angela Rachidi, "Has Hunger Swelled", American Enterprise Institute, October 22, 2020. <https://www.aei.org/research-products/report/has-hunger-swelled/>; and Lauren Bauer, "The COVID-19 crisis has already left too many children hungry in America," Brookings Institution, May 6, 2020. <https://www.brookings.edu/blog/up-front/2020/05/06/the-covid-19-crisis-has-already-left-too-many-children-hungry-in-america/>

¹² Angela Rachidi, "Food Insufficiency Rates Remain Stable Despite Reduced Federal Assistance", American Enterprise Institute, AEIdeas, September 10, 2020. <https://www.aei.org/poverty-studies/food-insufficiency-rates-remain-stable-despite-reduced-federal-assistance/>.

¹³ Hilary Hoynes and Diane Schzenbach, "Work Incentives and the Food Stamp Program", *Journal of Public Economics* 96, no. 1-2 (2012): 151-162.

Figure 3. Supplemental Nutrition Assistance Program (SNAP) receipt among food insufficient households



Source: Angela Rachidi, American Enterprise Institute¹⁴

Unemployment Insurance. Most economists believe that generous unemployment benefits reduce exits from unemployment, although they debate the precise size of the effect.¹⁵ In a recent paper, economists from the University of Chicago found that the disincentive effects of unemployment compensation expansions shortly after the pandemic were less than expected,¹⁶ leading some commentators to suggest that generous pandemic-related unemployment benefits will not affect employment. However, these findings came during a time when job vacancies were extremely low and there was a great deal of uncertainty around the public health crisis. With the employment situation improving rapidly and the public health situation becoming clearer due to the vaccines, the American Rescue Plan still extended Federal unemployment benefits through September 2021. This will likely influence behavior around job seeking and slow the economic recovery.

Childcare, School Closings and Maternal Labor Force Participation. The economic recovery will also suffer if labor force participation among mothers does not rebound fully. Analysis from the Minneapolis Federal Reserve shows that the labor force participation among fathers and mothers declined in the immediate aftermath of the pandemic, but mothers have been slower to reenter the labor force.¹⁷ This is because the caretaking responsibilities associated with closed or partially closed schools, along with fears over sending young children to childcare centers, has disproportionately fallen on mothers.¹⁸ These labor force participation declines are es-

¹⁴ Rachidi, "Food Insufficiency Rates Remain Stable Despite Reduced Federal Assistance".

¹⁵ See Bruce Meyer and Wallace Mok, "A Short Review of Recent Evidence on the Disincentive Effects of Unemployment Insurance and New Evidence from New York State", *National Tax Journal*, March 2014, <https://harris.uchicago.edu/files/shortreview.pdf>.

¹⁶ Peter Ganong, et al. "Spending and Job Search Impacts of Expanded Unemployment Benefits: Evidence from Administrative Micro Data", BFI Working Paper, February 10, 2021, <https://bfi.uchicago.edu/working-paper/spending-and-job-search-impacts-of-expanded-ui/>.

¹⁷ Tyler Boesch, et al., "Pandemic Pushes Mothers of Young Children Out of the Labor Force", Minneapolis Federal Reserve, February 2, 2021, <https://www.minneapolisfed.org/article/2021/pandemic-pushes-mothers-of-young-children-out-of-the-labor-force>.

¹⁸ Misty Heggeness, "Why Is Mommy So Stressed? Estimating the Immediate Impact of the COVID-19 Shock on Parental Attachment to the Labor Market and the Double Bind of Mothers", Minneapolis Federal Reserve, October 2020, <https://www.minneapolisfed.org/research/institute-working-papers/why-is-mommy-so-stressed-estimating-the-immediate-impact-of-the-covid-19-shock-on-parental-attachment-to-the-labor-market-and-the-double-bind-of-mothers>.

pecially acute for mothers without a college degree, suggesting that low-income mothers are at particular risk for long-term employment challenges.

I can personally attest to the substantial difficulties for families and children when schools fail to open for in-person learning. In fact, I am speaking to you from Morocco (my husband's native country) after relocating my family from the US so that my four children can attend school in person. Until January of this year, my three oldest were attending public school virtually and like so many children, they struggled with virtual learning and lost seven months of critical learning time. My children struggled even though they had two parents at home to offer guidance and supervision. Many low-income children do not have the same supports and they have suffered the most from learning and socialization loss. It is a tragedy that after a full year so many children in the U.S. still do not have access to full-time in-person school. It remains crucial that schools open fully for in-person learning and I urge Congress to do whatever is in your power to make that a reality.

Impacts of the American Rescue Plan on Poverty

Turning to my last point, proponents of the American Rescue Plan overstate the projected impacts of its provisions on poverty, using it as a justification for further Government expansions. Meanwhile, the poverty rates after the December 2020 relief package were already below prepandemic rates. Estimates suggest that the American Rescue Plan as a whole will reduce child poverty by approximately one-half, and because a disproportionate share of children in poverty are Black and Hispanic, the poverty-reducing aspects of the legislation will disproportionately benefit them.¹⁹ However, it is important to distinguish short-term and long-term poverty effects and consider whether the American Rescue Plan will offer children long-term security against poverty.

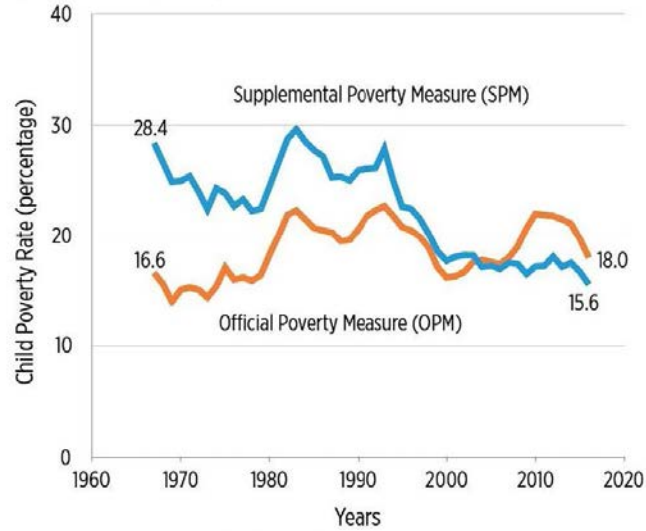
Most of the poverty-reducing aspects of the American Rescue Plan come from the one-time stimulus payments, not from the expanded CTC or other safety net expansions. Thus, making the safety net program expansions in this package permanent would have only a small effect on short-term child poverty, while discouraging employment and making it harder for parents to form intact families. Discouraging employment will mean more low-income people out of the labor market for longer, which can lead to skill atrophy, making it harder for people to reenter the labor market eventually. This will have long-term negative impacts on poverty rates, and will make a strong economic recovery harder.

Even more concerning is that these program expansions directly contradict the policies that have successfully led to child poverty reductions over the past quarter century. The often-cited National Academies of Sciences Roadmap to Reducing Child Poverty concluded that poverty reduced by almost one-half because of policy changes that expanded the EITC and conditioned Government assistance on employment in the 1990s.²⁰ According to the report, the child poverty rate was 28 percent in 1993; by 2016 it was 15.6 percent—a 44 percent reduction.

¹⁹Laura Wheaton, et al., “2021 Poverty Projections: Assessing Four American Rescue Plan Policies”, Urban Institute, March 2021, <https://www.urban.org/sites/default/files/publication/103794/2021-poverty-projections-assessing-four-american-rescue-plan-policies-0-0.pdf>; Zachary Parolin, et al., “The Potential Poverty Reduction Effect of the American Rescue Plan”, Columbia Center on Poverty and Social Policy, March 11, 2021. <https://static1.squarespace.com/static/5743308460b5e922a25a6dc7/t/604aa2465cfc4a35b8a1c236/1615503943944/Poverty-Reduction-Analysis-American-Rescue-Plan-CPSP-2021.pdf>.

²⁰Angela Rachidi, “Welfare Reform Cut Child Poverty in Half. What Will President Biden’s American Rescue Plan do?” American Enterprise Institute, AEIdeas, March 12, 2021. <https://www.aei.org/poverty-studies/welfare-reform-cut-child-poverty-in-half-what-will-president-bidens-american-rescue-plan-do/>

Figure 4. Official Poverty Measure (OPM) and Supplemental Poverty Measure (SPM) child poverty rates, 1967–2016.

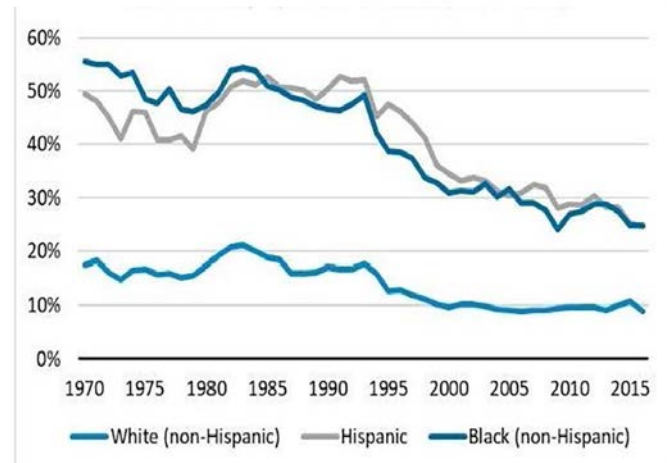


Source: National Academy of Sciences²¹

These historic poverty reductions have disproportionately benefitted Black and Hispanic children. The gap in poverty rates between Black and White children, and Hispanic and White children has narrowed substantially since the welfare reforms of the 1990s, benefitting millions of children. Changes enacted by the American Rescue Plan risk reversing this progress and returning us to high poverty rates of the past.

²¹ National Academies of Sciences, Engineering, and Medicine 2019, "A Roadmap To Reducing Child Poverty", Washington, DC: The *National Academies Press*. <https://doi.org/10.17226/25246>

Figure 5. Child poverty in the US by race / ethnicity



Source: Angela Rachidi, American Enterprise Institute²²

Conclusion

We know how to cut poverty in this country. Policies that support employment and intact families have successfully reduced child poverty in the US by one-half since the welfare reforms of the 1990s. The American Rescue Plan reverses those policies by expanding unconditional cash payments to nonworking families, jeopardizing the policy successes over the past 30 years.

Thank you for the opportunity to comment and I look forward to taking your questions.

²² Angela Rachidi, "The Child Poverty Gap by Race and Ethnicity Has Shrunk in the U.S.", American Enterprise Institute, February 4, 2020. <https://www.aei.org/poverty-studies/the-child-poverty-gap-by-race-and-ethnicity-has-shrunk-in-the-us/>.