

# Summary: The American Families Plan

APRIL 28, 2021



## SUMMARY

The American Families Plan consists of about \$1 trillion in investments and \$800 billion in tax cuts for families. The proposal also includes a set of measures to make sure that the wealthiest Americans pay their share in taxes. The Plan would:

## MAKE COLLEGE MORE AFFORDABLE

- \$109 billion for two years of free community college. **Based on population, Alameda County might expect about \$380 million.**
- \$80 billion for Pell Grants. **Based on population, Alameda County might expect about \$280 million.**
- \$62 billion to invest in evidence-based strategies to strengthen completion and retention rates at community colleges and institutions that serve students from disadvantaged communities.

## UNIVERSAL PRESCHOOL FOR ALL THREE- AND FOUR-YEAR-OLDS

- \$200 billion for a national partnership with states to offer free, high-quality, preschool to all three- and four-year-olds. Proposal to prioritize high-need areas allow family choice. **Based on population, Alameda County might expect about \$700 million. Recent Assembly Appropriations Committee analysis of AB 22 (McCarty) suggest that full implementation of TK for all four-year-olds would come at a statewide annual cost of \$3.4 billion.**
- \$15 minimum wage for all employees in participating pre-K programs and Head Start, and those with comparable qualifications will receive compensation commensurate with that of kindergarten teachers. **In Alameda County today, 59% of Family Child Care Providers and 20% for child care center providers report earning less than \$15 per hour. By January 1, 2023, the minimum wage for all employers in California will be \$15 per hour.**

## EDUCATION AND PREPARATION FOR TEACHERS

- Double scholarships for future teachers and expand access to include early childhood educators. **87% of ECE educators in Alameda County are considered very low income for the region.**
- \$1.6 billion to help current teachers earn credentials like special education, bilingual education.
- \$2 billion for teacher leadership including mentorship for new teachers and teachers of color.

## PROVIDE DIRECT SUPPORT TO CHILDREN AND FAMILIES

### CHILD CARE

\$225 billion to:

- Make care more affordable. Families will pay only a portion of their income based on a sliding scale ranging from full coverage of child care costs up to no more than 7% of family income for families earning 1.5 times their state median income. **In Alameda**

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**County today, a family with one preschooler in center-based care and one infant/toddler in family child care would need to make \$605,229 per year to have child care cost no more than 7% of their income.**

- Invest in high-quality care including developmentally appropriate curriculums, small class sizes, and inclusive environments.
- Provide workforce supports including job-embedded coaching and professional development.

## PAID LEAVE

- Create a paid family and medical leave program that guarantees twelve weeks of paid parental, family, and personal illness/safe leave by year 10 of the program, and also provides three days of bereavement leave per year. Will provide workers up to \$4,000 a month, with a minimum of two-thirds of average weekly wages replaced, rising to 80% for the lowest wage workers.

## NUTRITION

Invest \$45 billion to:

- Expand summer EBT to all eligible children nationwide. **In Alameda County today, an estimated 11.1% of children live in a household that has experiences food insecurity in the past year.**
- Expand free meals for children in districts with at least 40% of students participating in SNAP by reimbursing a higher percentage of meals at the free reimbursement rate through Community Eligibility Provision (CEP). Additionally, the plan will expand free meals for children in elementary schools by reimbursing an even higher percentage of meals at the free reimbursement through CEP and lowering the threshold for CEP eligibility for elementary schools to 25% of students participating in SNAP.
- Expand certification to auto-enroll students for school meals based on Medicaid and SSI data.
- Facilitate re-entry for formerly incarcerated individuals through SNAP eligibility.

## TAX CUTS FOR AMERICA'S FAMILIES AND WORKERS

- \$200 billion to extend expanded ACA premiums tax credits and lowered health insurance premiums introduced in the American Rescue Plan (ARP). **Based on population, Alameda County might expect about \$700 million.**
- Extend the Child Tax Credit increases in the ARP through 2025 and make the Child Tax Credit permanently fully refundable, make 17-year-olds eligible. **Approximately 1 in 10 children under age 5 in Alameda County lived below the Federal Poverty Level in 2019. Combined with the CA Golden State Stimulus, this refund could bring up to \$8,400 for a family of four.**
- Make permanent the Child and Dependent Care Tax Credit expansion enacted in the ARP.
- Make permanent the EITC expansion for childless workers introduced in ARP.
- Authorize the IRS to regulate paid tax preparers.

## TAX REFORM

Raise an estimated \$1.5 trillion within a decade by:

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- Require financial institutions to report earnings from investments and business more like wages.
- Fund the IRS to increase enforcement against those with income over \$400,000.
- Restores the top tax bracket to what it was before the 2017 changes, at 39.6%.
- End the policy where the tax rate the wealthy pay on capital gains and dividends is less than the tax rate that middle income earners pay on wages.
- Eliminate policies allowing wealthiest Americans to avoid taxes by passing wealth down to heirs.
- Reform carried interest policies so that hedge fund partners will pay ordinary income rates comparable to other workers.
- End the special real estate tax break—that allows real estate investors to defer taxation when they exchange property—for gains greater than \$500,000.