



The American Rescue Plan Act of 2021 (H.R.1319)

On February 27 the U.S. House of Representatives passed the [American Rescue Plan Act of 2021, H.R. 1319](#) by a vote of 219 to 212. The following employer provisions are included in the house-passed bill. The Senate may take up the legislation as early as this week to avoid the risk of missing the March 14 deadline to extend expiring emergency benefits.

Federal Minimum Wage (Expected to be removed in the Senate citing the Parliamentarian ruling)

- Raises the minimum wage incrementally to \$15/hour by 2025.
 - Eliminates sub-minimum wages paid to individuals with disabilities and increases incrementally to meet the new wage standard by 2025.
 - Raises the minimum wage for tipped workers by and employees under age 20 over a seven-year period (by 2027) to the new minimum wage requirement.
- Prohibits issuance of new 14(c) special certificates to employers.
- Sunsets existing certificates on the date of scheduled expiration or for five years after the measure takes effect – whichever is first.

COBRA Continuation Coverage

- Subsidizes 85% of premiums for eligible COBRA recipients for continuation coverage if they lose their job through Sept. 30 and no longer available once an individual becomes eligible for coverage under another group health plan or Medicare.
- The employee would pay 15% of the premium and the employer or health plan could claim a refundable tax credit against its Medicare payroll tax liability for paying the remaining amount.

Modification to Paycheck Protection Program

- Increases funding total to a little under \$814B.
- Maintains eligibility for 501(c)(3) and 501(c)(6) organizations.
- Expands eligibility to labor organizations, social/recreational clubs, and fraternal benefit societies.

Veteran Rapid Retraining Assistance Program

- Provides \$386 million for rapid retraining program to reskill unemployed veterans for high-demand jobs or in high-technology programs.

Extension of CARES Act Unemployment Provisions

- Extends CARES benefits to August 29, 2021.
 - Increases the total number of weeks from 50 weeks to 74 weeks.
- Extends benefits of individuals that exhausted benefits under the Pandemic Emergency Unemployment Compensation program from 24 weeks to 48 weeks.

Extension of Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations

- Extends CARES Act provision providing 50 percent subsidy for costs incurred by employers providing unemployment benefits on a reimbursable basis through August 29, 2021.
- Increases Federal payments to nonprofits and government agencies from 50 percent to 75 percent for weeks after March 31, 2021, through August 29, 2021, for the cost of providing unemployment benefits.

Extension of Federal Pandemic Unemployment Assistance

- Extended to August 29, 2021
- Increases benefit from \$300/week to \$400/week between March 14, 2021, through August 29, 2021.
- No changes to eligibility to benefits for individuals that don't qualify for state unemployment benefits (e.g., self-employed, gig workers, and others in non-traditional employment).

Extension of FFCRA Unemployment Provisions

Extension of Full Federal Funding of Extended Unemployment Compensation

- Extends FFCRA benefits to high unemployment states through August 29, 2021.

Credits for Paid Sick and Family Leave

Extension of Tax Credits

- Extend to September 30, 2021, for employer-provided paid sick and family leave – established under FFCRA.
- Qualified Family Leave covered wages increased from \$10K to \$12K per employee.
- Increases the number of days of paid leave for self-employed from 50 days to 60 days.
- Expands the paid family leave credit to cover COVID-19 diagnosis or caregiving for quarantined individuals.
- Adds employer restrictions on receiving credits if paid leave policies favor highly compensated employees, full-time workers, or employees based on tenure.

Paid Leave Credits Allowed for Leave for COVID-Vaccination

- Expands leave credits vaccinations or wait times for tests or diagnosis.
 - Also applies to self-employed individuals.

Application of Non-Discrimination Rules

- Bars employers from receiving credits if their paid leave favors highly compensated employees, full-time workers, or employees based on tenure.

Effective Date(s)

- Proposed amendments to the credits apply after March 31, 2021; except
- Self-employed tax credits will apply to taxable years beginning after December 31, 2020.

Employee Retention Credit

- Extends the employee retention credit through December 31, 2021. The employee retention credit was originally enacted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, and it allows eligible employers to claim a credit for paying qualified wages to employees.