

# AMERICAN FAMILIES PLAN

## *The Need for Action in California*

The American Families Plan is an investment in California's children and families – because when American families do well, our nation thrives. The American Families Plan is a once-in-a-generation investment in the foundations of middle-class prosperity: education, health care, and child care. It will help families cover the basic expenses that so many struggle with now, lower health insurance premiums, and continue the American Rescue Plan's historic reductions in child poverty. It will yield significant economic returns – boosting productivity and economic growth, supporting a larger, more productive, and healthier workforce on a sustained basis, and generating savings to states and the federal government.

- **HIGHER EDUCATION:** Higher education is key to unlocking opportunity in the new economy, but the average cost of a 2-year degree in California is \$1,400 per year. High costs are part of the reason just 53 percent of students in California are able to complete a postsecondary degree of any kind within 6 years of enrolling, and across the United States, high-minority and high-poverty high schools have seen 9.4 percent and 11.4 percent declines in college enrollment, respectively. To make higher education more accessible, the American Families Plan will provide at least two years of free community college to all students, including DREAMers. It will also increase the maximum Pell Grant awards by approximately \$1,400 to support the 945,000 students in California who rely on Pell for their education, and provide grants to increase college retention and completion. In addition, the American Families Plan will provide support to minority-serving institutions (MSIs) and the students they serve across the country, like Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Hispanic-serving institutions (HSIs). This includes 222 MSIs in California.
- **UNIVERSAL PRE-SCHOOL:** Pre-school is critical to ensuring that children start kindergarten with the skills and supports that set them up for success in school. But today, only 362,000 or 37 percent of the 981,000 3- and 4-year-olds in California are enrolled in publicly-funded pre-school. The American Families Plan will provide access to free, high-quality pre-school to all 3- and 4-year-olds in California, boosting their educational outcomes and allowing more parents to go back to work. In addition, the American Families Plan will ensure that all employees in funded pre-school programs are paid a \$15 minimum wage and provide compensation and benefits comparable to kindergarten educators to those with similar qualifications.
- **INVESTING IN TEACHERS:** Even before the pandemic, our nation's schools faced an estimated shortage of more than 100,000 teachers, resulting in

teachers either teaching out of their subject area or positions going unfilled. California has seen a 33 percent decline in new teacher supply. In high-need areas like special education and bilingual education, the lack of qualified teachers is worsening educational disparities for students with disabilities and English-learners. And while we know that having teachers reflect the communities they serve is critical to student performance, in California just 39 percent of teachers are teachers of color, while students of color make up 77 percent of the student population. The American Families Plan will invest \$9 billion in our teachers so we address teacher shortages, improve teacher preparation, recruit and develop more teachers of color, and leverage our veteran teachers to help support and train new teachers.

- **CHILD CARE:** Affordable child care is a barrier for many Californians. The average annual cost of a child care center for an infant in California is \$17,400, meaning that a two-parent household would on average need to spend 18 percent of their income on care for one child every year. The lack of affordable child care also makes it more difficult for women to remain in their jobs, contributing to the 26 percent gender gap in workforce participation between mothers and fathers in California. And access to care is just as important as cost, especially for the 60 percent of Californians living in areas without enough child care options to meet the need. The American Families Plan will enable low and middle-income families to pay no more than 7 percent of their income on high-quality child care, generating lifetime benefits for 813,000 children under 5 in California and helping working families make ends meet. We must also make sure child care is a source of good jobs for California, where the median hourly wage of child care workers is just \$13.43. The American Families Plan will ensure a \$15 minimum wage for early childhood educators and provide compensation and benefits comparable to kindergarten educators to those with similar qualifications.
- **PAID LEAVE:** California is a leader in offering paid family and medical leave statewide, but nationally more than 110 million workers lack paid family leave and nearly 84 million lack paid medical leave. For the country's lowest-wage workers, many of whom are women and workers of color, 95 percent are without paid family leave and 91 percent without paid medical leave. The American Families Plan will coordinate with California to make sure all workers in the state receive greater access to paid family and medical leave as it creates a national, comprehensive program to expand those benefits across the country.
- **CHILD NUTRITION:** A good diet is critical to a child's health and ability to succeed in school, but 13 percent of children in California live in food insecure households and 31 percent are obese. The American Families Plan will ensure that the nutritional needs of California's children are met by expanding access to

free school meals to an additional 1.3 million students and providing 3.9 million students with resources to purchase food over the summer.

- **HEALTH CARE:** Health care should be a right, not a privilege, and Californians facing illness should never have to worry about how they are going to pay for their treatment. President Biden has a plan to build on the Affordable Care Act to lower prescription drug costs, reduce premiums, lower the Medicare enrollment age to 60, create a public option, and close the Medicaid coverage gap to help millions of Americans gain health insurance. The American Rescue Plan provided two years of lower health insurance premiums for those who buy coverage on their own; the American Families Plan will make those premium reductions permanent. In California, that means 419,000 uninsured people will gain coverage and 451,000 will on average save hundreds of dollars per year on their premiums. The average American family will save \$50 per person per month on health coverage. In addition, the American Families Plan will support maternal health and the families of veterans receiving health care services, key parts of a historic investment in health care affordability for all Americans.
  
- **TAX CUTS FOR CALIFORNIA'S FAMILIES AND WORKERS.** There are 1.7 million children or 19 percent of children under the age of 18 in California who are considered poor. The American Families Plan will bolster financial security and spur economic growth in California by reducing taxes on the middle class and those striving to break into it.
  - The American Families Plan will extend through 2025 the American Rescue Plan's Child Tax Credit (CTC) increases to \$3,000 per child 6-years old and above and \$3,600 per child under 6. It will also make the credit fully refundable so that low-income families can now receive the same credit as middle-income families. This extension will benefit 7,844,000 children in California, including 6,088,000 children of color. This proposal is estimated to lift 582,000 children out of poverty in California and reduce child poverty in the state by 34 percent.
  - To support families with child care needs, the American Families Plan will provide a permanent increase to the temporary Child and Dependent Care Tax Credit expansion enacted in the American Rescue Plan. Families will get back as a tax credit as much as half of their spending on child care for children under age 13, so they can receive a total of up to \$4,000 for one child or \$8,000 for two or more children. The full 50 percent reimbursement will be available to families making less than \$125,000 a year and all families making between \$125,000 and \$400,000 will receive a partial credit.

- The American Families Plan will also make the Earned Income Tax Credit Expansion (EITC) for childless workers permanent to support low-wage workers. This will benefit 2,070,000 workers in California, many of whom are essential workers, and 68 percent of whom are people of color.