President Joe Biden Unveils $1.8 Trillion Plan for Low- and Middle-income Families

The American Families Plan will boost federal funding to support families with childcare, education and tax cuts.

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President Joe Biden unveiled on Wednesday a $1.8 trillion plan that will help low- and middle-income families access better childcare and education, among other benefits. His American Families Plan proposal will cover childcare expenses, expand paid leave and offer tax cuts, according to a statement by the White House.

Biden plans to cover the expenses of these programs by raising income tax rates on America's richest to 39.6% from 37%.

His goal "is to build a stronger economy that doesn't leave anyone behind," the White House said in the statement.

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In an effort to improve the education system, the administration will also provide up to $1,400 in additional assistance to low-income students by expanding the Pell Grant by 20%, the White House said.

The Families Plan will additionally provide other forms of educational assistance, including two years of free community

college to all Americans.

The administration will launch a national paid leave program that will provide extended leaves to those who need time to care for a child or loved one or to recover from illness, among other reasons. Paid leave will extend to up to 10 weeks by the program's 10th year.

"This past year has really underscored the importance of paid leave for families for economic security," said Heather Boushey, a member of the White House Council of Economic Advisers told the *Wall Street Journal.* "You've seen what's happened to people that don't have access to leave, what that does for their job security and their families, both health and financial security."

Per the plan, Biden will also extend the expanded tax credit for child care through 2025. The child tax credit will also be refundable permanently, which will help low-income families receive money even if they didn't earn income.

Under the tax expansion for 2021, families with children under the age of six will receive $3,600 per child, while each child between the ages of six and 17 will get $3,000. This figure is up from the previous maximum of $2,000 per child under the age of 17.

To fund these programs, the administration will need to raise the top rate on capital gains and dividends to 39.6% from 20% for those making $1 million.

Additionally, heirs of wealthy Americans receive large tax breaks at the moment, according to *CNN*, and Biden wants to change that by adjusting how capital gains are taxed at death.

This adjustment includes requiring estates to pay taxes on unrealized gains of over $1 million per person or $2.5 million per couple. Family-owned businesses and farms are exempted from taxes when passed on to heirs who continue to operate the

business.

The plan will need $700 billion at the administration expects to generate in revenue by also doubling down on IRS staffing over 10 years and requiring banks to submit more details about money transactions made by individuals and businesses.

The American Families Plan comes amid Biden’s 100th day in office. He is set to address Congress on Wednesday to recap previous achievements and the continuing legislative work.

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