



ECONOMIC UPDATE

March 15, 2021

Quote of the week

“This historic legislation is about rebuilding the backbone of this country and giving people of this nation, working people, middle-class folks, people who built the country a fighting chance.”

—[President Joe Biden](#)

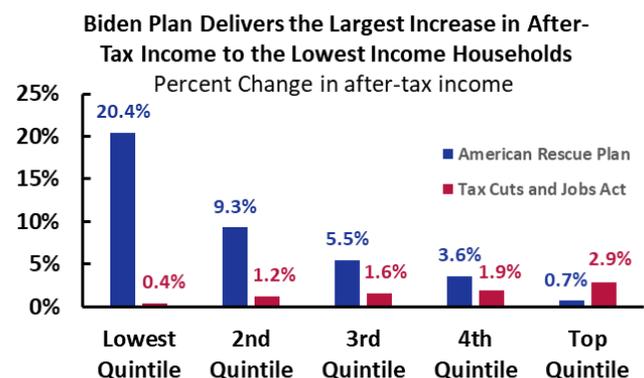
What you need to know

- [The passage of President Biden’s American Rescue Plan \(ARP\)](#) has prompted economists surveyed by the Wall Street Journal to raise their average forecast for 2021 economic growth to 5.95%. This would be the fastest level of growth since 1983, when the economy grew by 7.9%.
- The Biden administration’s [expansion of the child tax credit is expected to lift approximately 10 million children](#) above the poverty line. As a result of this expansion, the full credit will now be available for 27 million children whose families do not currently qualify for it, including around half of Black and Hispanic children. In addition, the credit is increased from \$2,000 to \$3,000 for children between the ages of 6 and 17 and to \$3,600 for children under 6.
- Cecilia Rouse, Chair of the Council of Economic Advisers, finds that the [unemployment rates for Blacks and Latinos would be 14.6% and 12.4% respectively](#) if the published figures included those who have left the labor force and those who were misclassified as employed.
- In an effort to help the 12 million American children experiencing food insecurity, [the U.S. Department of Agriculture announced the extension](#) of waivers that allow all schoolchildren to receive free meals until Sept. 30.

Chart of the week

President Biden’s ARP will provide the greatest tax relief to American households with the lowest incomes, which are expected to see approximately a 20% increase in after-tax income.

Distributional analysis from the Tax Policy Center shows that nearly 70% of the tax benefits from the American Rescue Plan will go to households making \$91K or less. Under the Tax Cuts and Jobs Act, those with the highest incomes saw a 2.9% in after-tax income gains compared to only 0.4% for those with the lowest incomes.



Source: Urban-Brookings Tax Policy Center Microsimulation Model (versions and 0217-1 and 0920-2).

New reports and research

- The Urban Institute finds [the American Rescue Plan will reduce the projected number of people in poverty in 2021 by approximately 16 million](#), from over 44 million to 28 million. Poverty is also projected to fall by 42% for Blacks, 39% for Hispanics compared with 34% for whites.
- The Peterson Institute for International Economics finds that [better Social Security benefits for gig workers and part-time workers can help to support women’s engagement in the labor market](#), particularly during future economic crises.
- [The Economic Policy Institute released an interactive map](#), which shows the impact of raising the minimum wage to \$15 an hour by 2025 by congressional district.

Recommended

- [“Companies are Scaling Back Layoffs Because of Biden’s Stimulus Package,”](#) *The Washington Post*
- [“Inflation Fear Lurks, Even as Officials Say Not to Worry,”](#) *The New York Times*
- [“The Four-Year Swing That Saved America’s Safety Net,”](#) *New York Magazine*
- [“How Biden Funds His Next Bill: Shrink the \\$7.5 Trillion Tax Gap,”](#) *The New York Times*

What to watch during the week

- *Tuesday:* After increasing 5.3% in January, a rise in [Retail Sales](#) in February could indicate that American consumers continue to have confidence in the economy, as they are choosing to spend not save.
- *Wednesday:* [Federal Reserve Chair Powell is scheduled to deliver a speech at 2:30 p.m.](#), after the Federal Open Market Committee’s March meeting where the central bank’s latest projections for the U.S. economy in 2021 will be presented.
- *Thursday:* The House Select Subcommittee on the Coronavirus Crisis will have a hearing on [“From Rescue to Recovery: Building a Thriving and Inclusive Post-Pandemic Economy.”](#) The hearing will feature Nobel Laureate Joseph E. Stiglitz and AFL-CIO Chief Economist William E. Spriggs.

Selected JEC resources

- [The Shrinking Value of the Federal Minimum Wage](#)
- [Response of the Joint Economic Committee Democrats on the 2020 Economic Report of the President](#)
- [Raise the Wage Would Increase Pay for One in Five U.S. Workers](#)
- [National and State-Level Data on the Economic Status of Black Americans](#)

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Contact: nita_somasundaram@jec.senate.gov