



AMERICAN CONSUMER COUNCIL

A Non-Profit Consumer Information Organization

## *Consumer News & Views*



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### **Bigger tax break for households with kids**

Under current law, most taxpayers can reduce their federal income tax bill by up to \$2,000 per child. The package moving through the House would increase the tax break to \$3,000 for every child age 6 to 17 and \$3,600 for every child under the age of 6.

The legislation also calls for the payments to be delivered monthly instead of in one lump sum. If the secretary of the Treasury determines that isn't feasible, then the payments are to be made as frequently as possible.

Also, families would get the full credit regardless of how little they make in a year, even just a few hundred dollars, leading to criticism that the changes would serve as a disincentive to work. Add in the \$1,400 per individual checks and other items in the proposal, and the legislation would reduce the number of children living in poverty by more than half, according to an analysis from the Center on Poverty and Social Policy at Columbia University.



### **Aid to states and cities**

The legislation would send \$350 billion to state and local governments and tribal governments. While Republicans in Congress have largely objected to this initiative, Biden's push has some GOP support among governors and mayors.

Many communities have taken hits to their tax base as millions of people have lost their jobs and as people stay home and avoid restaurants and stores to prevent getting COVID-19. Many areas have also seen expenses rise as they work to treat the sick and ramp up vaccinations.

But the impact varies from state to state and from town to town. Critics say the funding is not appropriately targeted and is far more than necessary with billions of dollars allocated last spring to states and communities still unspent.

### **Aid to schools**

The bill calls for \$130 billion in additional help to schools for students in kindergarten through 12th grade. The money would be used to reduce class sizes and modify classrooms to enhance social distancing, install ventilation systems and purchase personal protective equipment. The money could also be used to increase the hiring of nurses, counselors and to provide summer school.

Spending for colleges and universities would be boosted by \$40 billion, with the money used to defray an institution's pandemic-related expenses and to provide emergency aid to students to cover expenses such as food and housing and computer equipment.

### **Aid to businesses**

The bill provides another round of relief for airlines and eligible contractors, \$15 billion, so long as they refrain from furloughing workers or cutting pay through September. It's the third round of support for airlines.

A new program for restaurants and bars hurt by the pandemic would receive \$25 billion. The grants provide up to \$10 million per entity with a limit of \$5 million per physical location. The grants can be used to cover payroll, rent, utilities and other operational expenses.

The bill also provides another \$7.25 billion for the Paycheck Protection Program, a tiny fraction of what was allocated in previous legislation. The loans are designed to help borrowers meet their payroll and operating costs and can potentially be forgiven.

### **Aid to the unemployed**

Expanded unemployment benefits from the federal government would be extended, with an increase from \$300 a week to \$400 a week. That's on top of what beneficiaries are getting through their state unemployment insurance program.

### **Health care**

The bill provides money for key elements of the Biden administration's COVID-19 response, while also trying to advance longstanding Democratic priorities like increasing coverage under the Obama-era Affordable Care Act.

On "Obamacare," it dangles a fiscal carrot in front of a dozen states, mainly in the South, that have not yet taken up the law's Medicaid expansion to cover more low-income adults. Whether such a sweetener would be enough to start wearing down longstanding Republican opposition to Medicaid expansion is uncertain.

The bill provides \$46 billion to expand federal, state and local testing for COVID-19 and to enhance contact tracing capabilities with new investments to expand laboratory capacity and set up mobile testing units. It also contains about \$14 billion to speed up the distribution and administration of COVID-19 vaccines across the country.

### **Raising the minimum wage**

The bill will not include an increase in the federal minimum wage that was proposed by President Biden and endorsed by House Democrats. This part of the bill will be considered separately. It would gradually raise the federal minimum wage to \$15 per hour by June 2025 and then adjust it to increase at the same rate as median hourly wages. The Senate parliamentarian ruled that it cannot be included in the COVID-19 economic relief package under the process Democrats chose to undertake to get a bill passed with a simple majority.

Biden had predicted such a result. The nonpartisan Congressional Budget Office had projected the new federal minimum wage would lift some 900,000 people out of poverty once it was fully in place. But Republicans said the mandatory wage hikes would make it harder for small businesses to survive and they pointed to the CBO's projection that about 1.4 million jobs would be lost as employers looked for ways to offset their higher personnel costs.



### **Consumer Confidence Improves in February 2021.**

The Conference Board *Consumer Confidence Index*® improved again in February, after increasing in January. The Index now stands at 91.3 (1985=100), up from 88.9 in January. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—climbed from 85.5 to 92.0. However, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—fell marginally, from 91.2 last month to 90.8 in February.

The monthly *Consumer Confidence Survey*®, based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The cutoff date for the preliminary results was February 11. The survey results did not fully capture the events surrounding the Texas power crisis nor the loosening of dining restrictions in NYC.



“After three months of consecutive declines in the Present Situation Index, consumers’ assessment of current conditions improved in February,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. “This course reversal suggests economic growth has not slowed further. While the Expectations Index fell marginally in February, consumers remain cautiously optimistic, on the whole, about the outlook for the coming months. Notably, vacation intentions—particularly, plans to travel outside the U.S. and via air—saw an uptick this month, and are poised to improve further as vaccination efforts expand.”

Consumers’ assessment of current conditions improved in February. The percentage of consumers claiming business conditions are “good” increased from 15.8 percent to 16.5 percent, while the proportion claiming business conditions are “bad” fell from 42.4 percent to 39.9 percent. Consumers’ assessment of the labor market also improved. The percentage of consumers saying jobs are “plentiful” increased from 20.0 percent to 21.9 percent, while those claiming jobs are “hard to get” declined from 22.5 percent to 21.2 percent.

Consumers, however, were marginally less optimistic about the short-term outlook in February. The percentage of consumers expecting business conditions will improve over the next six months fell from 34.1 percent to 31.0 percent; however, the proportion expecting business conditions will worsen also declined, from 19.0 percent to 17.7 percent. Likewise, consumers’ outlook regarding the job market was somewhat mixed. The proportion expecting more jobs in the months ahead decreased from 30.4 percent to 26.1 percent; however, those anticipating fewer jobs also declined, from 22.1 percent to 20.6 percent. Regarding short-term income prospects, 15.2 percent of consumers expect their incomes to increase in the next six months, down slightly from 15.8 percent in January. Conversely, 13.2 percent expect their incomes to decrease, down from 15.5 percent last month.

Source: February 2021 **Consumer Confidence Survey**<sup>®</sup>



## **Financial Education Series:**

### **Financial Education Video Series Will Focus on “How to Recover From the COVID-19 Pandemic.”**

The American Consumer Council will soon release a new video series as part of its financial education series that focuses on “How to Recover From the COVID-19 Pandemic.” This video and five other financial education programs will mark the fifth year ACC has focused on topics impacting Millennials and Gen Z’ers. ACC’s last video, which targets Millennials and Gen Z’ers, is entitled, *“How to Ask Your Boss for a Raise!”* Members can view it at: <https://www.youtube.com/watch?v=kjkREPO3-GU>



ACC also released three other videos as part of its series to help Millennials feel more confident about their financial dealings.

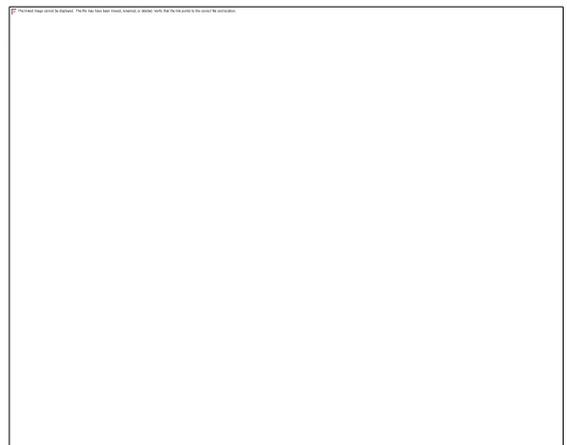
Those videos are: "***How to Have a Great Vacation... on the Cheap!***" Members can view it at: <https://www.youtube.com/watch?v=eJo0UjLINKk&feature=youtu.be> The second video is entitled, "**Money Topics Every Couple Must Discuss.**" It can be viewed at: <https://www.youtube.com/watch?v=qsGb3Gr1aMY&feature=youtu.be> The third video is "**What Consumers Should Know About Time Shares Before Signing on the Dotted Line.**" It can be viewed at: <https://www.youtube.com/watch?v=F2OX0hnFq8k>

ACC's financial education video series is designed to help consumers, especially Millennials, better manage their finances and get access to financial services. The free series is available online at

<http://www.americanconsumercouncil.org/videos.asp> and features certified financial planner and author, Kimberly Curtis, who is a popular author, speaker and the CEO of *The Wealth Legacy Institute* in Denver, Colorado.

The video series has been well received by Millennials (18-35 year olds) and has encouraged over 12,200 Millennials to join credit unions through ACC since September 1, 2016.

The other video topics include: **Paying for the Cost of College; Paying Off Debt While Building Wealth; Home-Buying Mistakes to Avoid; Goals to Reach by Age 30; Money Mistakes Everyone Makes; and, "How to Prevent Identity Theft."** Click on any of the links to watch these videos.



The American Consumer Council's president Thomas Hinton, stated "Millennials (ages 18-30) want timely information delivered through short videos to help them better manage their money and debts. This series answers many of their questions and encourages Millennials to seek out the services of credit unions that are skilled at providing a broad range of financial services at very competitive rates."

According to ACC's research, there are over 75 million Millennials in the United States and nearly 42% have not established any financial services relationship with an insured financial institution.

The American Consumer Council is currently promoting a series of financial education videos for Millennials that will be continue into 2021. ACC expects a strong response to the video series given the number of inquiries ACC has received from its 312,000+ members.



## **ACC's *Friend of the Consumer Award* Recognizes Outstanding Businesses.**

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally mandated standards and are touted by consumers as "consumer friendly."



Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."

To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.html>



### **Green C<sup>SM</sup> Certification Accepting Applications for Winter 2021 Cycle:**

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C<sup>SM</sup> Certification**. Applications for the Winter 2021 application cycle are now being accepted through March 31, 2021.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green C<sup>SM</sup> Certification** criteria can be viewed at ACC's website located at: [www.americanconsumercouncil.org/green](http://www.americanconsumercouncil.org/green)



For more information, please call ACC at 1-800-544-0414 or visit ACC's website by [clicking here](#). To become a member of the American Consumer Council, visit us at: [www.americanconsumercouncil.org](http://www.americanconsumercouncil.org)



