

# THE BUILD BACK BETTER ACT: TRANSFORMATIVE INVESTMENTS IN AMERICA'S FAMILIES & ECONOMY

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The American people have always been our nation's greatest resource. But decades of underinvestment in everything from health care and schooling to workforce development and housing has created serious deficits in our communities. For too long, the economy has worked great for those at the top, while working families have been left behind.

Many of the challenges we face as a nation predate the pandemic, but the threat and impact they present have only compounded in recent years. America faces an inflection point, where the cost of inaction is too great. With the Build Back Better Act, Congress will deliver the transformational investments necessary to meet the needs of the American people, address dangerous deficits in our society, improve our economic outlook, and set America up to compete and win in the decades ahead.

The Build Back Better Act makes essential investments in family care, health care, and combatting the climate crisis. It will overhaul and reimagine sectors of our economy and society so that everyone - not just those at the top - benefit from a growing economy. The Build Back Better Act will implement key reforms to make our tax system more equitable. This plan is prudently paid for by ensuring the wealthiest Americans and most profitable corporations pay their fair share of taxes. Americans making less than \$400,000 a year will not see their taxes increase by a penny. Additionally, it is estimated that the Build Back Better Act will ease longer-term inflationary pressures and stimulate future economic growth, further offsetting the cost of the plan.

With these historic, forward-looking, and transformative investments, the Build Back Better Act will set the United States on course to meet its climate goals, create good-paying jobs, enable more Americans to join and remain in the labor force, and lay the foundation for strong economic growth and shared prosperity for decades to come.

***Life-Changing Investments in Families and Children*** — The lack of affordable child care is driving parents – especially women – out of the labor force in record numbers. While many other nations have created strong systems of universal, high-quality, affordable child care, the shortage here at home has only worsened – and working families are suffering. The Build Back Better Act’s life-changing investments will address this major shortcoming and it will also provide paid leave, cut taxes and lower other costs for working families, increase opportunities for workers, deliver two years of free universal pre-school, create jobs, and more. The Act:

- **Lowers child care costs for working families** to help put affordable, high-quality child care within reach.
- **Establishes free high-quality universal pre-school** programs for all three- and four-year-olds.
- **Permanently authorizes the first-ever national paid family and medical leave guarantee for U.S. workers**, providing up to four weeks of paid leave for parental bonding or to deal with their own or a loved one’s serious medical condition.
- **Extends the expanded Child Tax Credit**, first enacted in the American Rescue Plan, to make sure nearly 40 million American families – covering almost 90 percent of children – continue to receive this tax cut. It will also ensure lower-income families are permanently eligible for full benefits, helping to cut child poverty nearly in half.
- **Extends the expanded Earned Income Tax Credit (EITC)** to provide financial support to millions of low-wage workers, including millions of essential workers.
- **Increases the maximum Pell Grant** by \$550 for more than 5 million students and expands access to DREAMers.
- **Makes historic investments in Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and minority-serving institutions (MSIs)** to build capacity, modernize research infrastructure, and provide financial aid to low-income students.
- **Provides for Home and Community-Based Services** with an investment of \$150 billion to expand access to quality home-based care for millions of older adults and people with disabilities. This funding includes resources to improve our national care infrastructure by strengthening the direct care workforce.

- **Addresses our nation's urgent housing needs**, including the homelessness crisis, by investing \$150 billion with targeted funding streams for new construction and preservation of housing, rental and down payment assistance, sustainable and resilient housing, and fair housing enforcement, among other investments.
- **Invests in workforce development** to make it easier for workers to train and get good-paying jobs to help support their families. These investments will support dislocated workers, help adults train, support youth apprenticeships, and more.
- **Supports Small Business Administration programs** with an investment of \$5 billion to increase access to capital, foster entrepreneurial development, expand federal procurement opportunities, and drive innovation.
- **Reconnects and revitalizes communities and neighborhoods** that were divided by previous highway projects and funds several programs to expand access to clean drinking water and treat wastewater in our communities.
- **Invests in connectivity** to advance communications technologies and increase access to affordable broadband for low- and middle-income consumers. It also provides additional funding for the Emergency Connectivity Fund so schools and libraries can provide access to internet and connected devices.
- **Provides supply chain investments** of \$5 billion to safeguard our economy and support domestic job growth.
- **Supports child nutrition** by investing \$10 billion to expand eligibility and eliminate paperwork so more children can receive free school meals, while also funding a nationwide program to help more children receive healthy nutrition over the summer.
- **Expands the Supplemental Security Income (SSI) program for U.S. territories** to ensure that territories have full access to the SSI program. When enacted, U.S. nationals will be treated equally to U.S. citizens in SSI.
- **Provides temporary parole protection for millions of undocumented immigrants** who entered the U.S. before 2011.
- **Strengthens Trade Adjustment Assistance** for workers adversely impacted by competition overseas.

- **Provides State and Local Tax (SALT) deduction relief** by increasing and applying the cap over the long-term, allowing states and counties to raise more revenue to deliver essential public services such as emergency response services, public health services, and infrastructure development.

**Monumental Step Toward Universal Affordable Health Coverage** – Too many Americans are forced to choose between medical care and putting food on the table or affording other necessities. Americans, especially seniors, need better, affordable access to quality prescription drugs. Millions of people are locked out of Medicaid because of some states’ refusal to expand the program under the Affordable Care Act (ACA), and health insurance – even with premium subsidies – is still too expensive for many families. The Build Back Better Act lowers the cost of prescription drugs and delivers critical investments in the health and well-being of our nation and its families. The Act:

- **Lowers the cost of prescription drugs** by allowing Medicare to negotiate lower drug prices, reducing out-of-pocket co-pays, establishing a \$35 out-of-pocket maximum for insulin, and creating a new \$2,000 out-of-pocket limit for seniors’ expenses in Medicare Part D among other transformational reforms.
- **Extends the expanded ACA Premium Tax Credit**, reducing premiums for 9 million Americans. Experts predict that this will help more than 3 million people who would otherwise be uninsured gain health insurance.
- **Closes the Medicaid coverage gap** by providing access to health care coverage to 4 million uninsured Americans living in states that have locked them out of Medicaid.
- **Reduces out-of-pocket costs** by providing enhanced cost-sharing reduction assistance to low-income individuals and creating a new Health Insurance Affordability Fund, which will allow states to establish a reinsurance program or help with reducing out-of-pocket costs.
- **Strengthens Medicaid** by expanding access to behavioral and maternal health services, permanently increasing federal funding for U.S. territories, and making other program improvements.
- **Makes Investments in Seniors and People with Disabilities** by expanding Medicare coverage to include hearing services and hearing aids, investing in nursing home transparency and staffing standards, and bolstering funding for the Elder Justice Act programs.

- **Permanently extends the Children’s Health Insurance Program (CHIP)** to ensure children have access to quality, affordable health insurance, regardless of their family’s income.
- **Invests in the Health Profession Opportunity Grant Program (HPOG)** to train tens of thousands of Americans across the country for health professions, expanding opportunities for workers while addressing local health care workforce shortages.
- **Rebuilds and improves the Department of Veterans Affairs’ (VA) medical facilities** and invests in the VA’s health care workforce to deliver 21st century care to our veterans.

***History-Making Investments to Tackle the Climate Crisis*** — Protecting our communities and strengthening our resilience in the face of worsening climate-related disasters requires a whole-of-government approach. The climate crisis is an existential threat that must be handled immediately if we are to avoid the most catastrophic consequences. Postponing action will only make life harder for millions of families and endanger more lives and livelihoods as extreme weather events intensify. The Build Back Better Act invests more than \$550 billion to deliver the largest effort to combat climate change in American history. The Act:

- **Extends and expands clean energy tax credits** to invest more than \$300 billion to support clean energy investments and deployment, improve energy efficiency, and encourage vehicle electrification to help combat climate change while creating good, well-paying jobs. These incentives will not only reduce carbon pollution but also save the average American family hundreds of dollars per year in energy costs.
- **Reduces greenhouse gas pollution** by providing \$29 billion for a new Greenhouse Gas Reduction Fund that will enable nonprofit, state, and local climate finance institutions to leverage private-sector investments and rapidly deploy low- and zero-emission technologies, including zero-emission vehicle supply equipment, with at least 40 percent of investments in low-income and disadvantaged communities.
- **Accelerates the clean energy transition** by funding grants, rebates, and loans to commercialize emerging clean energy technologies, reinvest in energy communities, support state and local climate pollution reduction plans, and reduce methane emissions and waste from oil and natural gas operations.

- **Transforms the transportation sector to reduce carbon pollution.**

Investments include: high-speed rail projects that would reduce reliance on higher-emission cars and planes; grant programs to integrate low-carbon materials into transportation projects and develop low-emission aviation fuels and technology; Community Climate Incentive Grants to help states and localities pursue carbon reduction strategies in the transportation area; and funding for sustainable port infrastructure and supply chain resilience.

- **Drives progress toward widespread zero-emissions vehicle use** through \$12.5 billion for grants and loans that support domestic auto manufacturing, clean heavy-duty vehicles, and zero-emissions vehicle infrastructure, as well as \$9 billion for electrifying the federal and U.S. Postal Service vehicle fleets.

- **Lowers energy costs and decreases emissions across homes and factories** by investing \$19 billion in home energy efficiency and electrification rebates for consumers, advanced technology to reduce emissions in energy-intensive industrial and manufacturing facilities, and new high-capacity transmission lines for reliable delivery of clean energy.

- **Accelerates climate and clean energy research and development,** including climate science, weather observation and forecasting, wildfire and hurricane research, climate-smart agricultural innovation and adaptation, and clean energy demonstration projects.

- **Addresses environmental and climate justice** by supporting neighborhood equity, safety, and affordable transportation access; economic development for energy and industrial transition communities; community-led projects and capacity-building centers in low-income and disadvantaged areas to address the disproportionate harms of pollution and climate change; and nearly \$20 billion for national service and workforce development in support of climate resilience and mitigation projects across the country.

- **Strengthens the resilience of communities, farms, fisheries, and ecosystems** through historic investments in coastal restoration, public lands, forest management, wildfire threat reduction, soil health, and agricultural conservation.

- **Supports rural development** and invests \$16 billion to help rural electric cooperatives, rural businesses, and farmers transition to clean energy, increase energy efficiency, and improve biofuel infrastructure and market access.

- **Protects the nation's public resources** by permanently withdrawing the Arctic National Wildlife Refuge and federal waters in the Pacific, Atlantic, and Eastern Gulf from further oil and gas drilling.
- **Reforms oil and gas fees and royalties** for the extraction of resources on public lands, to raise revenues fairly, responsibly, and without unnecessary industry giveaways.

**Fiscal Responsibility and Inclusive Growth** – With income inequality and the stock market at all-time highs, it is long past time the wealthiest few and the biggest corporations paid their fair share. The Build Back Better Act will deliver one of the largest middle-class tax cuts in history and provide a level of fairness to our tax code. It will lower costs for working families and create good-paying jobs here at home – all without adding to the nation's debt. The Build Back Better Act will generate long-term inclusive growth and ensure our economy works for all Americans, not just those at the top. The Act:

- **Ensures large, profitable corporations pay their fair share** so we can make historic investments in our families and our economic future. For example, the bill requires companies that report over \$1 billion in profits to shareholders to pay at least a 15 percent tax rate on those gigantic profits. It is fundamentally unfair for large, highly profitable companies to pay nothing in federal taxes, as they have done in recent years, while working Americans like nurses and firefighters pay taxes with every paycheck. The bill also imposes a 1 percent excise tax on publicly traded U.S. corporations for the value of their stock buybacks, which enrich their shareholders rather than invest in their companies or workers.
- **Ensures the wealthiest Americans pay their fair share** by improving the tax code to prevent tax avoidance. The improvements include imposing a 5 percent surtax on individuals with incomes over \$10 million and an extra 3 percent surtax on incomes over \$25 million, which applies to the richest 0.02 percent of taxpayers. The bill also closes loopholes that some wealthy taxpayers have used to avoid paying the 3.8 percent Medicare tax on their trade or business income.
- **Makes critical investments to close the more than \$7 trillion projected 10-year tax gap** that is largely a product of tax evasion by the wealthy. The bill ensures the wealthy pay the taxes they owe by strengthening the IRS's ability to audit those with the highest incomes. This investment will not only help build a more equitable tax system, but also help close the tax gap and generate savings to pay for historic investments.

*This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.*