HOUSE PASSES THE BUILD BACK BETTER ACT: NEXT STOP, THE SENATE

On Friday, after the Congressional Budget Office released its final cost estimate – a predicate for support by some centrist Democrats, the House passed the Build Back Better Act (220-213, with one Democrat and all Republicans voting against), sending it now to the Senate (where it only needs a majority (put through as budget reconciliation) – but that means that all Senate Democrats must support it), where it no doubt will undergo revisions. It will then need to come back to the House. The BBB Act is the center-piece of the President's economic agenda, with a headline $1.85 trillion price tag (excluding additions to the federal deficit) to tackle health care, education and climate change. There are some critical differences between the House version and the framework endorsed by the President and Senate Democrats at the end of October. The House version, for example, includes the first-ever permanent, national program that provides four weeks of paid parental, sick or caregiving leave ($205 billion).

While the bill is significantly pared back from the original $3.5 trillion price tag, it no doubt would be transformative if its provisions, or even most of them, become law. See Text of H.R. 5376, Section-by-Section Analysis and House Budget Committee Summary. The bill, among other provisions, would:

- Address child poverty by extending by one year the Child Tax Credit enacted under the American Recovery Plan ($3,000 per child 6-17, and $3,600 per child under 6). The credit would remain fully refundable, meaning that families do not need earned income to receive the benefit. The benefit would accrue to close to 40 million families, covering close to 90% of children, and would ensure that lower-income families are permanently eligible for full benefits.
- Provide through a combination of federal and state funds for universal pre-kindergarten education for 3- and 4-year olds.
- Reduce premiums for over 9 million by an average of $600 per person per year. It would also offer four years of subsidized private health insurance on ACA exchanges for 4 million individuals in the so-called "coverage gap" living in states that failed to expand Medicaid coverage such that they do not earn enough to qualify for ACA subsidies but make too much to qualify for Medicaid. It would expand Medicare coverage to include hearing benefits and would expand access to behavioral and maternal health services.
- Lower the cost of prescription drugs by allowing Medicare to negotiate lower prices, reducing out-of-pocket co-pays, establishing a maximum out-of-pocket cost for insulin, and creating a new out-of-pocket limit for seniors' expenses in Medicare Part D.
- Permanently extent the Children's Health Insurance Program to ensure children have access to affordable health insurance, regardless of the family income.
- Provide for investment to rebuild and improve VA medical facilities.
- Extend the expanded earned income tax credit.
- Increase maximum Pell Grants by $550.
- Make investments in Historically Black Colleges and Universities, Tribal Colleges and Universities and minority-serving institutions.
- Provide $150 billion to expand affordable home care under a Medicaid program.
- Include $150 billion in investments for affordable housing. The bill would enable the construction, rehabilitation and improvement of more than 1 million affordable homes, boosting housing supply and reducing price pressures for renters and homeowners. It also

would provide one of the largest investments in down payment assistance in history. According to the National Low Income Housing Coalition, there is a shortage of more than 7 million affordable homes for the nation's 10.8 million extremely low income families, approximately 70% of these families pay more than half their income on rent and over 580,000 Americans are homeless on any given night.

- Provide $555 billion in climate relief, representing the largest clean-energy investment in US history aimed at curbing GHG emissions (and the largest single category in the bill). The investments would be intended to deliver over one gigaton (one billion metric tons, representing nearly one-sixth of current annual U.S. emissions) of GHG emission reduction in 2030 and would set the United States on course to meet its climate target of achieving a 50-52% reduction in GHG emissions below 2005 levels in 2030 (see Rhodium Group Pathways to Paris (policy assessment of 2030 US climate target)). As reported by the New York Times, analysts agreed that of all the climate provisions, the tax credits "would be the most impactful in terms of lowering emissions." The bill's climate provisions would:
    - Extend and expand 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.
    - Reduce GHG emissions by providing $29 billion for a new Greenhouse Gas Reduction Fund that would enable non-profit, 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% of investments in low-income and disadvantaged communities.
    - Accelerate 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.
    - Transform the transportation sector to reduce carbon pollution by funding investments in 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 investments in sustainable port infrastructure and supply chain resilience.
    - Accelerate progress toward widespread zero-emissions vehicle use through $12.5 billion for grants and loans supporting 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.
    - Lower energy costs and decrease 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.
    - Accelerate 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.
    - Address 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.
  - Provide nearly $20 billion for national service and workforce development in support of climate resilience and mitigation projects across the country.
  - Strengthen 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.
  - Support rural development and invest $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.
  - Protect public resources by permanently withdrawing the Arctic National Wildlife Refuge and the federal waters in the Pacific, Atlantic and Eastern Gulf from further oil and gas drilling.
  - Reform oil and gas fees and royalties for the extraction of resources on public lands, to raise revenues fairly, responsibly, and without unnecessary industry giveaways.

The bill did not include the $150 billion Clean Electricity Performance Program (CEPP) (in earlier versions Title III, Subtitle D – Energy, section 30411), which was intended to provide incentive (in the form of subsidies) for electric utilities to transition away from fossil fuels. The CEPP would have rewarded companies that increased their share of renewables by 4% a year, and would have penalized companies that did not. Resources for the Future has projected that if both the CEPP and tax credits contemplated by the proposed Clean Energy for America Act (which would replace a patchwork of more than 40 clean energy tax credits with three categories of technology-neutral tax credits to incentivize clean electricity, clean transportation and energy efficient residential homes and commercial buildings) were enacted, the United States could reduce by 2030 electricity sector emissions by 81% from 2005 levels, compared to 43% without either. However, with the tax credits alone, electricity sector emissions could be reduced by 72%.

Speaking just after the vote in the House, Congressional Progressive Caucus Chair Congresswoman Pramila Jayapal expressed optimism the bill would clear the Senate in December. She acknowledged that the vast majority of the bill is “pre-conferenced” with Senators Manchin and Sinema. Those “few things” that are not pre-conferenced will need to be worked out.

Stay tuned.

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