



EXPLAINER

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H.R. 5376, the Build Back Better Act

Current Status and Next Steps

The U.S. House of Representatives has passed the Build Back Better Act, legislation to lower the cost of health care; create good, union jobs; invest in solutions to the climate crisis; unrig the tax code so corporations and the ultra-wealthy pay their fair share; and much more.

Now, the bill moves to the Senate, where it may be amended further. Some provisions in the House bill may be removed because they do not conform to the Senate's rules regarding "[reconciliation](#)"—the process by which Congressional leadership is advancing this bill in order to bypass the filibuster and pass it with a simple majority of Senate votes. The analysis of whether provisions are allowable under the rules of reconciliation is often called a "Byrd bath."

Additionally, individual senators can propose changes to the bill during the lengthy amendment period included in the reconciliation rules. Because this amendment process typically entails continuous votes, it is referred to as a "vote-a-rama."

Should the Senate make any changes, however minor, to the House-passed version of the bill, the House will need to vote on the Senate-modified version before it can be signed by the president and become law.

Below is a brief summary of key policies included in the House-passed version of the Build Back Better Act. Note that this synopsis is not exhaustive and describes only the version of the bill passed in the House of Representatives.

Summary of H.R. 5376, the Build Back Better Act (as passed in the House)

Lower Health Care Costs

The Build Back Better Act will, for the first time, allow Medicare to negotiate lower prices for some of the most expensive prescription drugs—a policy [nearly 90 percent](#) of Americans support. It also caps the amount seniors can pay out-of-pocket for drugs each year at \$2,000, sets a \$35 monthly out-of-pocket cap on the cost of insulin, and penalizes drugmakers if price spikes outpace inflation. The Treasury Department has estimated that these policy changes could save the federal government [approximately \\$250 billion](#).

The bill also makes health insurance more affordable and more comprehensive for seniors. It adds hearing benefits for Americans with Medicare coverage, which currently excludes hearing aids and doctors' visits. Moreover, it invests \$150 billion in

home- and community-based services that allow seniors and Americans living with disabilities to access care in their own homes.

The Build Back Better Act also extends for an extra three years more generous tax credits to bring down the cost of insurance premiums for Americans that purchase health insurance through the Affordable Care Act (ACA) marketplaces. It additionally provides premium tax credits to people living below the poverty line in states that have not expanded Medicaid.

The Build Back Better Act contains numerous other health care provisions, including a permanent reauthorization of the Children's Health Insurance Program (CHIP), ensuring Republican politicians cannot hold kids' health care coverage hostage [as they have in the past](#).

Paid Leave

The Build Back Better Act would, starting in 2024, provide up to four weeks of paid leave for new parents, Americans caring for a family member, or those with their own medical conditions. Currently, [nearly 80 percent of American workers](#) are not afforded paid leave, and the United States is [one of only six countries worldwide](#) that offers no form of paid leave to workers. The progressive benefit will be calculated based on workers' hours and average weekly pay, targeting workers with the greatest need.

Child Care and Universal Pre-K

The Build Back Better Act makes the biggest-ever investment in child care, ensuring no working family making under 2.5x the state median income spends more than 7 percent of its income on child care. This provision is projected to cover [90 percent of American families](#) with young kids. The bill also ensures child care providers make a living wage.

The Build Back Better Act will also provide free, universal preschool for 3-year-olds and 4-year-olds, with similar provider protections.

Taxes

The Build Back Better Act would raise \$1.48 trillion by forcing corporations and the wealthiest Americans to pay their fair share in taxes. The bill would impose a minimum tax of 15 percent on profits reported by billion-dollar corporations. The [American people strongly support](#) this provision, which raises \$319 billion. The bill also raises more than \$120 billion through a tax on stock buybacks, which corporate executives use [to pad their pockets and enrich shareholders](#) rather than invest in their workers.

Furthermore, the Build Back Better Act takes major steps toward ensuring the wealthiest Americans play by the same rules as working families. According to the Treasury Department, the richest 1 percent of Americans [avoid paying more than](#)

[\\$160 billion](#) in taxes each year. This bill gives the Internal Revenue Service (IRS) the resources it needs to better enforce tax laws already in place. Additional revenue comes from higher taxes on multi-millionaires (i.e., those making more than \$10 million a year), ensuring the richest Americans do not evade Medicare taxes, and more.¹

The Build Back Better Act extends the enhanced Child Tax Credit provided through the American Rescue Plan—\$300 monthly for each child under age 6 and \$250 monthly for kids age 6-17—through 2022 and ensures it is fully refundable permanently. This expanded tax credit [kept 3.5 million children out of poverty in August 2021](#) alone and has brought about the [greatest single-year drop in child poverty](#) in history. The bill also extends through 2022 an enhanced Earned Income Tax Credit, lowering the tax burden for [an estimated 17 million](#) low-wage workers.

The Build Back Better Act also raises the current \$10,000 cap on state and local tax (SALT) deductions, set to remain in place until 2025, to \$80,000 through 2030. The cap would return to \$10,000 starting in 2031.

Worker Protections

The Build Back Better Act creates meaningful fines for employers that engage in unfair labor practices. It also enacts harsher penalties for employers that violate laws concerning workplace safety, the minimum wage, and child labor practices. Furthermore, the Build Back Better Act will help workers secure higher-paying jobs, investing nearly \$5 billion for training at community colleges and trade schools, as well as additional funding for apprenticeship programs, dislocated worker grants, and more.

Higher Education

The Build Back Better Act makes college more accessible and affordable by investing \$20 billion in higher education, increasing the maximum Pell Grant by \$550, and allowing DACA, TPS, and DED recipients to access the grant. The bill also provides funding for Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), Hispanic-Serving Institutions (HSIs) and other minority-serving institutions (MSIs), in turn allowing these institutions to lower costs for students.

Climate and Environmental Protection

The Build Back Better Act represents the [largest investment in clean energy in American history](#). The bill is expected to [bolster clean energy manufacturing, broaden access to clean electricity and vehicles, reduce the carbon footprints of schools and homes, and create jobs—including through a Civilian Climate Corps](#). The Build Back Better Act would also replace lead service lines nationwide, reverse the

¹ A full report by the nonpartisan Joint Committee on Taxation regarding revenue raised by the bill's tax policy changes is available [here](#). This report does not consider savings accrued through other measures outside the bill's tax sections.

authorization that allowed drilling in the Arctic National Wildlife Refuge, and create a methane fee on oil and gas pollution.

One provision of the Build Back Better Act that has generated concern is a fossil fuel subsidy that would provide \$85 per ton of captured and sequestered carbon, potentially delaying the necessary transition to clean energy sources.

Housing

The Build Back Better Act invests a historic \$150 billion to improve both access to and the quality of affordable housing. It includes \$65 billion for public housing programs, \$25 billion for project-based and tenant-based rental assistance, \$25 billion to build and renovate affordable homes, \$10 billion to help first-generation homebuyers afford down payments, and more.

Immigration

The Build Back Better Act would offer new protections for most immigrants who arrived in the United States more than a decade ago and have lived here continuously. Around 7 million people—including 1.6 million Dreamers and 3.6 million essential workers—would be eligible for these protections and would be allowed to work and travel without the fear of deportation. These protections would remain in place for five years, or until September 30, 2031. The bill would also “recapture” around 379,000 green cards that went unused between 1992 and 2021 and make them available to others.

The bill’s immigration provisions levy fees of up to thousands of dollars for immigrants who wish to file visa applications or adjust their status, which could serve as a barrier to those unable to afford them.