
Parrott: House Takes Historic Step; Senate Should Get Build Back Better Across Finish Line Without Delay

CBPP today released a statement from Sharon Parrott, President, on the U.S. House of Representatives' passage of Build Back Better legislation:

Today's vote brings us a critical step closer to delivering policy advances that help families meet everyday challenges such as paying rent and putting food on the table, affording child care and preschool, securing health coverage, and paying for college. The proposals in Build Back Better are based on solid research and build on successful federal and state efforts already in place. The package is paid for with sound revenue raisers and savings from lowering prescription drug prices. The Senate should avoid weakening the bill and move swiftly to pass it.

The Build Back Better bill would reduce poverty substantially, particularly among children; narrow our nation's glaring racial disparities, which are the result of our long history of racism and discrimination; and move us toward an economy that works for everyone.

The bill would shrink tax breaks for wealthy households and profitable corporations and give the IRS resources so it can do more to ensure that individuals and corporations pay what they legally owe. These revenue provisions — coupled with the bill's provisions that would reduce the cost of prescription drugs — are important policy advances on their own and would provide needed resources to finance the bill's investments.

The bill would:

- **Help families with the cost of raising children** by extending the American Rescue Plan's increase in the Child Tax Credit amount for one year and *permanently* ensuring that the full credit is available to children in families with the lowest incomes. If this Child Tax Credit provision is enacted, child poverty next year will be *roughly 40 percent lower* than it otherwise would have been.
- **Expand affordable health coverage for millions** by providing coverage through 2025 for people with incomes below the poverty line whose states have refused to adopt the Affordable Care Act's Medicaid expansion and by extending the current increase in premium tax credits for marketplace coverage, also through 2025.

- **Help families afford stable housing and avoid evictions and homelessness**, including by funding new Housing Choice Vouchers for roughly 300,000 households with the lowest incomes.
- **Help young children get a good start** by increasing access to affordable child care and by phasing in a universal pre-K program for 3- and 4-year-olds.
- **Make college more affordable** by increasing the maximum Pell Grant, expanding eligibility to certain immigrants, and investing in colleges that serve large numbers of Black, Indigenous, Latino, and Asian and Pacific Islander students.
- **Help keep children from going hungry** by extending through 2024 a summer grocery benefit for children at risk of hunger when schools are out and by expanding access to free school meals.
- **Help people working for low pay** by extending through 2022 the American Rescue Plan's expansion of the Earned Income Tax Credit for low-paid workers not raising children at home.
- **Provide protections for certain immigrants** by allowing immigrants without a documented status who have been in the U.S. since the end of 2010 to work lawfully and live in the U.S. without fear of deportation through 2031.
- **Enable workers — particularly low-paid workers, women, and workers of color — to take paid time off** from work to care for a new child or an ill loved one or to attend to their own health issue. This should remain in the final package. The United States is alone among similarly wealthy nations in not having a national paid leave program, and its inclusion would be a significant step forward for families.

These investments would narrow racial and ethnic disparities in poverty, health coverage and access, housing, and education stemming from generations of racism and other forms of discrimination, which have systematically limited opportunity for people of color.

The House bill would address some members' interest in increasing the 2017 tax law's \$10,000 cap on the amount of state and local taxes (SALT) that filers can deduct when calculating their federal taxes by raising this cap to \$80,000 through 2030. This would provide wholly unnecessary tax cuts of up to \$25,900 to many of the country's richest people, most of whom saw their overall tax bill shrink substantially under the 2017 tax law despite the SALT cap. The Senate should replace this provision with the alternative approach advanced by Senators Bob Menendez and Bernie Sanders to exempt people below a certain income threshold from the \$10,000 cap. This would limit tax cuts to a much smaller group of people and lower the overall cost substantially.

In most cases, the new investments in Build Back Better would not be permanent policies; to have a lasting impact, policymakers would need to extend them in the future. We are confident that these investments would pay large dividends for the country and prove themselves worthy of being continued. Because the revenue-raising measures and the prescription drug savings are permanent, the bill would improve the longer-run fiscal outlook, reducing deficits and putting the nation in a stronger position to sustain important policy advances into the future.

This nation is wealthy and can well afford to protect more children from hardship, expand health coverage, help more people afford housing, and invest in child care and early learning, workforce development, and higher education. There are ample ways to raise additional revenues in the future to sustain the significant gains made in this legislation, including many sound revenue proposals the Biden Administration and members of Congress considered this year.

Build Back Better should not be further delayed and concerns about its impact on inflation are misguided. As a paid-for series of investments whose costs are spread out over many years and reflect a very small share of the economy, Build Back Better will not meaningfully contribute to inflation. It will, however, help families pay for costly expenses like child care and rent. It will also boost the nation's productivity over time by investing in children and education and by improving access to child care, which will help more parents work. Strengthening the nation's productivity can reduce the risk of inflation in the long run.

The House Build Back Better bill would make transformational investments in children, families, workers, climate, and health coverage in ways that make an enormous difference in families' lives. Now it's time for the Senate to get this legislation across the finish line.

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