

Current Summary

Build Back Better Act

Key Nonprofit and Civic Infrastructure Provisions
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Key Provisions Impacting Individuals

Child Tax Credit (Sections 137101-137103) - One-year extension of the current expanded child tax credit as enacted in the American Rescue Plan, and a continuation of advance payments through 2022. This results in a credit of \$3,000 (\$3,600 for children under age 6), and for most taxpayers, the credit is advanceable. However, in 2022, only taxpayers with incomes below \$150,000 (for joint filers), \$112,500 (for heads of household), and \$75,000 (for all other files) will receive advance payments.

The SSN requirement for qualifying children, added as part of the TCJA, is eliminated. The expanded credit begins to phase out for households with income above \$150,000 for joint filers, \$112,500 for heads of household, and \$75,000 for all other filers. The credit becomes fully refundable for taxable years after 2022 with no earned income phase-in.

Earned Income Tax Credit (Sections 137201-137202) - One-year extension of the current expanded earned income tax credit (EITC) included in the American Rescue Plan for childless workers through 2022. The expansions include reducing the minimum age to claim the childless EITC from 25 to 19, except for certain full-time students, and the upper age limit is eliminated. The amount of the EITC is increased raising the income at which the maximum credit amount is reached to \$9,820, and increasing the income at which the phaseout begins to \$11,610 for non-joint filers. The provision also contains special rules to allow the credit to former foster youth and homeless youth.

Paid Family and Medical Leave (Sections 130001-130004) – provides 4 weeks of paid leave for all eligible full-time, part-time, self-employed and gig workers for any qualifying reason under the Family and Medical Leave Act, with a more expansive definition of a “qualified family member”. The weekly benefit amount is determined by a sliding scale, replacing roughly 90% of the first \$290 in average weekly earnings, 73% from \$290 to \$659, and 53% from \$659 to \$1192, with bracket amounts indexed in future years.

States with already-enacted paid family and medical leave laws have the option to continue operating their programs and be reimbursed by the federal government. Grants begin in 2025 for benefits paid in calendar year 2024, when benefits start under the federal comprehensive paid leave program. Employers that provide paid leave may also be reimbursed for the lesser of 90 percent of their costs or 90 percent of the average national cost per individual in the federal program.

Tax Provisions Impacting Nonprofit Organizations

Net Investment Income Tax (Section 138201) - Expands the net investment income tax to cover net investment income derived in the ordinary course of a trade or business for taxpayers with greater than \$400,000 in taxable income for single filers or \$500,000 for joint filers. The provision also applies to trusts and estates. This provision has the potential to reduce charitable giving from taxpayers subject to the expansion of the NIIT.

Limitations on Excess Business Losses of Noncorporate Taxpayers (Section 138202) - Amends § 461(l) to permanently disallow excess business losses for non-corporate taxpayers. Disallowed losses can be carried forward to the next succeeding taxable year.

Surtax on High Income Individuals, Estates, and Trusts (Section 138203) - Taxpayers will be subject to a 5% tax on their modified AGI in excess of \$10 million and an additional tax of 3% in excess of \$25 million. This provision has the potential to reduce charitable giving from individuals, estates, and trusts subject to the surtax as charitable contributions are not allowed as a deduction to reduce the surtax.

Limitations on Individual Retirement Accounts (Section 138301 and 138302) - Contributions to a Roth or traditional IRA for a taxable year are prohibited if the contributions would cause the total value of an individual's IRA and defined contribution retirement accounts as of the end of the prior taxable year to exceed or further exceed \$10 million. If an individual's combined traditional IRA, Roth IRA and defined contribution retirement account balances exceed \$10 million at the end of a taxable year, a minimum distribution would be required for the following year. The limit on contributions and required distribution only apply to single taxpayers with income over \$400,000, married taxpayers filing jointly with income over \$450,000, and heads of households with income over \$425,000 (all indexed for inflation). Alternatively, taxpayers could satisfy this required minimum distribution through a qualified charitable rollover, which has the potential to increase charitable giving.

Small Business and Nonprofit Employers

Veteran Federal Procurement Entrepreneurship Training Program (Section 100101) - \$35 million for the creation of a new grant program for non-profits with track record of helping veterans to operate federal procurement entrepreneurship training programs to assist veteran owned small businesses with Federal contracts.

Funding for Community Advantage Loan Program (Section 100501) - \$275.9 million to enhance, improve, and expand the Community Advantage program to provide loans in underserved areas; give SBA authority to partner with mission-oriented, nonprofit lenders to deliver capital through the 7(a) Loan Program; and provide free or low-cost program training.

Extension of Temporary Fee Reductions (Section 100503) - Extend through September 30, 2026 the reduction of fees under the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act which apply for the SBA 7(a) and 504 lending programs. Funding is available to reduce or waive fees for loans less than or equal to \$2 million.

Reentry Entrepreneurship Counseling and Training For Incarcerated and Formerly Incarcerated Individuals (Section 100601) - \$70 million to invest in initiatives through Women Business Centers, Small Business Development Centers, and other entities for formally incarcerated individuals, including trainings covering how to start or expand a small business and the tools, skills, and knowledge necessary to identify a business opportunity and mentoring formerly incarcerated individuals.

New Start Entrepreneurial Development Program for Formerly Incarcerated Individuals (Section 100602) - \$35 million for the SBA to establish a pilot program to award grants to organizations or partnerships of organizations to support existing entrepreneurial development programs for formerly incarcerated individuals to gain assistance to job training, business assistance, and access to capital.

Child Care and Preschool

Affordable Child Care (Section 23001) - Over \$100 billion to support high quality child care during the first three years and such sums in the following three years via a new child care and early learning entitlement program to provide high-quality, affordable child care for children ages birth to five, increase wages for the early childhood workforce, and invests in child care quality and supply (including facilities).

Universal Preschool (Section 23002) - Over \$18 billion to carry out a universal, high-quality, free, inclusive, and mixed delivery preschool program. Eligible providers include licensed child care programs; Head Start grantees; local educational agencies; or a consortium of those entities. Requires states to develop and implement state preschool standards, and ensure all eligible providers meet such standards. Additionally, requires states to roll out universal preschool programs in high-need communities first, before expanding throughout the rest of the state.

Broadband Internet Access

Affordability Pilot Program (Section 31203) - \$300 million to provide grants to public-private partnerships for projects that increase access to affordable broadband service in urban communities, including communities of color and to low- and middle-income consumers, through long-term solutions.

Access to Devices (Section 31204) - \$500 million to provide households with free or reduced cost connected devices

Emergency Connectivity Fund (Section 31205) - \$300 million for schools and libraries to provide internet connectivity

Education and Workforce Development

Institutional Aid (Section 20025) - \$6 billion to increase mandatory appropriations to HBCUs, TCUs, and MSIs to award need-based financial aid to low-income students.

Research and Development Infrastructure at Minority-Serving Institutions (Section 20026) - \$3 billion to improve the research capacity and research and development infrastructure at four-year HBCUs, TCUs, and MSIs.

Increase in OSHA penalties (Section 21004) - includes increase of the maximum penalty to \$700,000 for willful and repeat violations and increase of the minimum penalty to \$50,000 for willful violations.

Workforce Development (Section 22001 – 22402) - \$20 billion including:

- Dislocated Worker State grants - \$2 billion
- Adult Employment and Training Activities - \$1 billion
- Youth Workforce Investments Activities - \$1.5 billion
- Reentry Employment Opportunities - \$500 million
- Registered Apprenticeships, Youth Apprenticeships, and Pre-Apprenticeships - \$1 billion, with half reserved for programs serving high numbers of individuals with barriers to employment
- Industry or Sector Partnership Grants - \$5 billion
- Job Corps - \$500 million
- Native American Programs - \$50 million
- YouthBuild - \$15 million
- Senior Community Service Employment Program - \$35 million
- Community College and Industry Partnership Grants - \$5 billion
- Grants to Support the Direct Care Workforce - \$1 billion to eligible entities including states, tribes, labor organizations, and nonprofit organizations.

National Service and Workforce Development for Climate Resilience and Mitigation

Corporation for National and Community Service and the National Service Trust (Section 26001)

\$15.2 billion, including:

- National service projects related to climate resilience and mitigation - \$6.9 billion
- Americorps State and National Program increased living allowance - \$3.2 billion
- State Commissions on National and Community Service - \$400 million
- National Civilian Community Corps (NCCC) increased living allowance - \$80 million
- Volunteers in Service to America (VISTA) - \$600 million
- Recruitment from underrepresented communities - \$50 million
- Education awards for participants in programs that address climate - \$1.15 billion
- Education awards for all national service participants - \$1.66 billion

Department of Labor (Section 26002) - \$4,28 billion, including:

- YouthBuild - \$450 million
- Job Corps - \$450 million
- Pre-apprenticeship programs - \$1.95 billion
- Reentry Employment Opportunities - \$1 billion
- Youth employment activities - \$350 million

Reconnecting Communities

Neighborhood Access and Equity Grant Program (section 110003) - \$4 billion to support neighborhood equity, safety, and affordable transportation access. This includes roughly \$2.4 billion for competitive grants to reconnect communities divided by existing infrastructure barriers and mitigate negative impacts on disadvantaged communities. It includes an additional \$1.6 billion dedicated to disadvantaged communities or with policies to prevent displacement of existing residents.

Clean Energy and Climate Investments

Rural Partnership Programs (Section 12008) - \$873 million for partnerships between local or Tribal governments in rural areas and nonprofit or for-profit organizations to conduct comprehensive rural development and pre-development activities

Environmental and Climate Justice Block Grants (Section 30202) - \$3 billion for investments in community led projects in disadvantaged communities to address disproportionate environmental and public health harms related to pollution and climate change.

Lead Remediation Projects (Section 30301) - \$9 billion for lead service line replacement and other lead remediation activities

Water Assistance Program (Section 30302) - \$225 million

Home Energy Efficiency Rebates and Training (Section 30411) - \$6.25 billion, largely through state energy offices

Public and Nonprofit Buildings (Section 30421) - \$500 million for state programs to increase energy efficiency and energy resilience at public and nonprofit buildings.

Greenhouse Gas Reduction Fund (Section 30103) - \$29 billion to support the rapid deployment of low- and zero-emission technologies, including:

- \$20 billion in nonprofit financing institutions designed to support projects that reduce or avoid emissions, with 40 percent of these investments benefitting low-income and disadvantaged communities.
- \$7 billion to state, local, and nonprofit programs to install zero-emission distributed technologies in low-income and disadvantaged communities, and
- \$2 billion in state, local, and nonprofit efforts to install zero-emission vehicle charging or fueling infrastructure.

Urban Parks (Section 70706) - \$100 million for grants to localities for land acquisition or development of recreation facilities to increase access to parks or outdoor recreation in urban areas.

Environmental Justice Credit (Section 136601) - up to \$1 billion per year to institutions of higher education for environmental justice programs. The credit rate is higher for minority-serving institutions.

Housing

HOME Investment Partnerships Program (Section 40002) - \$10 billion to fund the construction, purchase, or rehabilitation of affordable homes for low-income people. Also provides \$15 billion to support the preservation and creation of rental homes affordable to the lowest income households.

Housing Investment Fund (Section 40003) - \$750 million to a new fund called the Housing Investment Fund within the Community Development Financial Institutions (CDFI) Fund to provide competitive grants to CDFIs and nonprofit developers.

Housing Vouchers (Section 40009) - \$24 billion for Housing Choice Vouchers and supportive services.

Native American Affordable Housing Activities (Section 40011) - \$1 billion

Community Development Block Grant (Section 40101) - \$3 billion for affordable housing and infrastructure

Community Restoration and Revitalization Fund (Section 40105) - \$3 billion in competitive grants to eligible local partnerships that are led by nonprofits to conduct affordable, accessible housing activities and neighborhood revitalization activities in rural, suburban and urban localities

Community-led Capacity Building (Section 40302) - \$100 million in competitive grants to nonprofit entities to provide technical assistance and capacity building to community development corporations, community housing development organizations, community land trusts, and other mission-driven and nonprofit organizations.

Other Noteworthy Programs and Investments

Nonprofit Security Grant Program (Section 50003) - \$100 million

U.S Postal Service Clean Fleet (Section 80003) - \$6 billion for electric vehicles and related infrastructure