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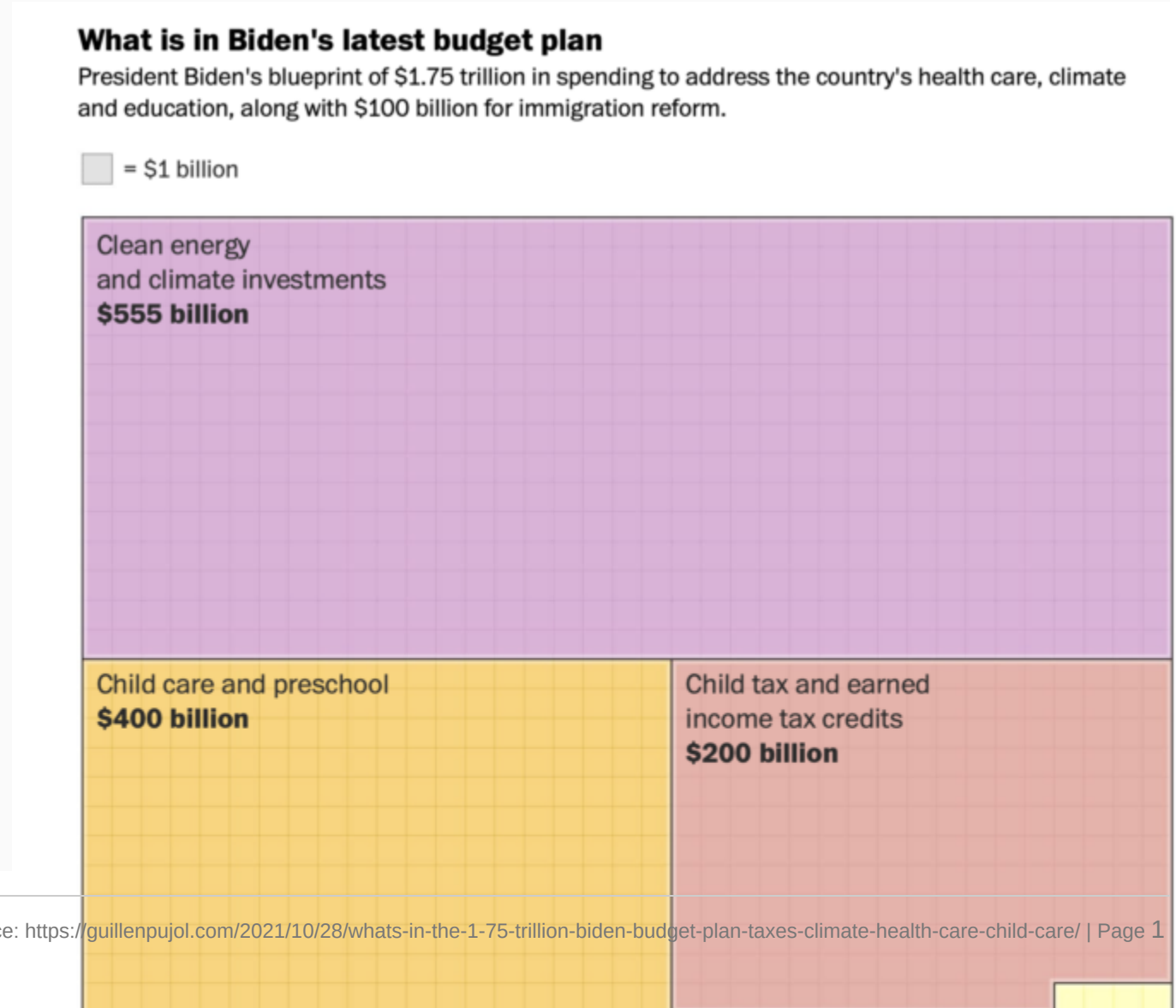
Date: November 14, 2026

What's in the $1.75 trillion Biden budget plan? Taxes, climate, health care, child care.

This is a summary from [The Washington Post piece written by Tony Romm, Amy Goldstein, and Dino Grandoni / Published on Thursday, October 28th, 2021:]

President Joe Biden unveiled on Thursday, October 28th, a $1.75 trillion new proposal that includes money for the country's child care, health care, climate, education, and tax laws.

The plan includes some of Biden's earliest policy priorities, including new spending to enhance child care and offer prekindergarten free to all American families. But it also shelved some of Democrats' most fervent plans, including an effort to provide paid leave to millions of workers — one of many casualties in the party's efforts to reduce its original $3.5 trillion price tag.



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Graphic: Artur Galocha / Washington Post

President Biden presented the plan on Capitol Hill in a private meeting with House Democrats earlier Thursday. He still must convince lawmakers Sens. Joe Manchin III (D-W.Va.) and Kyrsten Sinema (D-Ariz.).

What's in the plan for taxes?

- A new 15% corporate minimum tax on large corporations, part of a broader effort on the part of the White House and Democrats to address the fact some companies reduce their tax burdens to zero
- A new tax targeting companies that perform stock buybacks
- A new tax surcharge targeting the wealthiest Americans. The proposal would impose a new 5% rate on those with incomes above $10 million and an additional 3% surtax on incomes above $25 million
- Roughly $400 billion to empower the Internal Revenue Service to pursue tax cheats, with a focus on Americans at higher incomes

What's in the plan for health care?

The plan is the biggest expansion of affordable care in a decade, according to senior administration officials, predicting the changes would extend coverage to 7 million people. "But the framework is far more modest than the goals that President Biden first proposed. In particular, senior administration officials said the president still wants Medicare to be able to negotiate lower drug prices but could not persuade enough congressional Democrats to support the idea."

- Extension until 2025 of expanded premium subsidies for more Americans who purchase health plans through Affordable Care Act marketplaces, as begun in the spring through the American Rescue Plan law.
- Allow until 2025 low-income people in a dozen states that have not expanded Medicaid to buy ACA health plans without paying a monthly premium.
- Expansion of Medicare benefits for older Americans to include hearing benefits.
- $150 billion for an expansion of home and community-based services for elderly people and others with disabilities – less than the $400 billion Biden initially proposed for this purpose.

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What's in the plan for families?

- Universal, free prekindergarten for all three and four years olds, which the White House has described as the largest expansion in such education programs since the creation of public high school roughly a century ago
- The prekindergarten effort is part of a broader $400 billion bucket of funds to help Americans afford child care, aiming to ensure families who earn less than $300,000 annually pay no more than 7 percent of their income on child care for kids under age 6
- A one-year extension of expanded, refundable child tax credits, which would continue to be paid out on a monthly basis, continuing a pandemic-era relief program
- Roughly $150 billion to construct, rehab and make available roughly 1 million affordable homes, as well as additional aid to provide rental assistance and help first-time home buyers.
- New higher-education aid, including an increase to the maximum Pell Grant by $550 for roughly 5 million students in need, and additional investments to boost Historically Black Colleges and Universities

What's in the plan for climate?

- The bulk of the clean energy measures come in the form of tax breaks for companies and consumers that install solar panels, improve the energy efficiency of buildings, and purchase electric vehicles. The EV tax credit in particular could lower the cost of such a vehicle by $12,500 for a middle-class family, according to the administration.
- Additional financial incentives for making the wind turbines and other clean energy equipment domestically and in union-organized factories.
- A new Civilian Climate Corps to hire perhaps 300,000 young people to restore forests and wetlands and guard against the effects of rising temperatures.

By Thursday morning (October 28th, 2021), Democrats insisted that many of the eliminated provisions remain on the table.

Please remember that many policies had to be removed from the originally $3.5 trillion package plan to make it to the current figure of $1.75 trillion plan, and although Democrats insisted that many of the eliminated

provisions remain on the table, here is a list (also prepared by the Washington Post) that summarizes what was removed from the package:

- **A billionaires tax**: In the late stages of talks, Sinema and Sen. Elizabeth Warren (D-Mass.) emerged with a new idea: A plan to tax roughly 700 of the wealthiest Americans, including the likes of Amazon founder Jeff Bezos (who owns The Washington Post) and Tesla CEO Elon Musk. But they ultimately dropped the idea, a riff on Warren's earlier wealth tax proposal, amid opposition from Democrats about its feasibility. A broader effort to raise taxes on wealthy Americans and corporations, unwinding the tax cuts under former president Donald Trump, had been jettisoned.

- **Prescription drug pricing reform:** Democrats had hoped to empower Medicare to negotiate lower prices for seniors, one of the party's most important campaign promises. But resistance from moderates — and overwhelming lobbying from the drug industry — prompted lawmakers to leave out a measure that would have also raised new money
- **A fulsome Medicare expansion**: The chief advocate for the idea, Sen. Bernie Sanders (I-Vt.) initially had hoped to expand Medicare to cover dental, vision and hearing. In the end, he only achieved hearing, amid opposition from Manchin.
- **Paid family leave**: Even Biden had stressed during the 2020 race that he hoped to address a long-known deficiency in the U.S. safety net, which leaves millions of Americans without paid family or medical leave. Democrats had proposed 12 weeks of benefits, then scaled it down to 4 weeks to the chagrin of some members — before dropping it entirely due to Manchin
- **Clean energy**: Many of the aggressive steps Biden and other Democrats hoped to take to further cut emissions, including a comprehensive program to reward electric utilities for switching to renewable energy, have fallen out of the plan due to opposition from Manchin, who represents a coal heavy state. The legislation alone is unlikely to allow the country to meet Biden's goal of cutting greenhouse gas emissions in half below 2005 levels by the end of the decade.