



JOINT ECONOMIC COMMITTEE
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CHAIRMAN



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AS MEMORIAL DAY DRIVING SEASON BEGINS:
NEW JEC ANALYSIS REVEALS THAT RAISING
FUEL ECONOMY STANDARDS WOULD SAVE
AMERICAN FAMILIES THOUSANDS

Schumer, Klobuchar and Casey Release Joint Economic Cmte Report Revealing that American Households Could Save Thousands if CAFE Standards Were Raised

With Gas Prices at New Record Highs, \$3.23 per Gallon Today, Raising Fuel Efficiency Standards Could Help Bring Prices Back Under Control

JEC Reports that Record Gasoline Prices Will Raise Families' Spending on Gas to Almost \$3,180 This Year Alone

Washington, D.C: As Memorial Day weekend approaches and the average gas prices hit record-highs of \$3.22 a gallon, U.S. Senator Charles E. Schumer (D-NY), Chairman of the Joint Economic Committee, released a report today that reveals that the average American family could save thousands if the federal government increased fuel economy standards. Sen. Schumer was joined by Senators Bob Casey (D-PA) and Amy Klobuchar (D-MN), also member of the Joint Economic Committee. The report entitled "*Money in the Bank, Not in the Tank,*" will also show that the average American family will spend approximately \$3,180 on gas this year alone, due to record-high gas prices.

Sen. Schumer said, "Instead of families sticking a little extra money into their banks, they're sticking lots of extra money into their gas tanks. Increased fuel economy standards for our cars and trucks will save American families thousands of dollars, bring down out of control gas prices, clean our air, and reduce our dependence on foreign oil."

"American families feel it first when gas prices hit record levels – especially during this time of the year when families in my state pack their cars and head up north for what we call 'Lake Season,'" said Sen. Klobuchar. "They deserve real solutions that will reap real savings and raising fuel economy standards can do exactly that."

“That CAFE standards are the same now as they were 20 years ago is a disservice to consumers, the environment and innovation that can reduce our dependence on foreign oil,” said Sen. Casey. “This report makes clear the benefit of increased fuel efficiency to the pocketbooks of Americans struggling to pay gas prices that have doubled since 2001.”

The full report is available at www.jec.senate.gov.

In 1992, the average household spent about \$973 (or 3.26 percent of its budget) on gasoline and motor oil. In every year since 1992, annual average household spending on gasoline has increased faster than the rate of inflation. This year, the average family can expect to spend about \$2,442 on gas, based on the Department of Energy’s (DOE) projected average gas price of \$2.72 per gallon for 2007.

Households that increase their average fuel efficiency to 35 miles per gallon would save about 22 percent of their current expenditures on fuel, and those increasing their average fuel economy to 40 miles per gallon would save about 30 percent. Based on the DOE’s projected average annual gas price of \$2.72 for 2007, families with teenagers can save \$865 a year, or about \$4,300 over five years, by upgrading to vehicles that get 35 mpg; the same families could save \$1,320 a year, or \$6,600 over five years, by driving vehicles with 40 mpg fuel efficiency. These savings only increase in value as gas prices rise.

The U.S. ranks last in the industrialized world when it comes to fuel efficiency. As of 2002, when the U.S. average fuel efficiency was 24.1 mpg, the following countries were far ahead:

- The European Union (EU) fleet fuel efficiency was 37.2 mpg, which may be raised to 51.5 by 2012.
- Canada averaged 25.6 mpg in 2002, which could be raised to 32.0 mpg by 2010.
- Australia averaged 29.1 mpg and is expected to raise its fuel economy to 34.4 mpg by 2010.
- Japan averaged 46.3 mpg, and could be up to 48.0 mpg by 2010.
- China averaged 29.3 mpg in 2002, and is projected to reach 36.7 mpg by 2008.

The current Corporate Average Fuel Economy (CAFE) standards, which were put in place in 1975, require a fuel efficiency standard of only 27.5 miles per gallon, and the overall U.S. fuel economy is only 25.4 miles per gallon, lower than it was in 1987, when overall fuel economy peaked at 26.2 miles per gallon. While this was a 53 percent increase over the average fuel economy of cars 32 years ago, the federal government has done little to increase fuel efficiency for passenger vehicles over the past thirty years.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

www.jec.senate.gov

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