

Democrats Are Working to Fight Inflation, Lower Costs and Address Supply Shortages

While Americans continue to feel the burden of higher prices, Democrats in Congress and the Biden administration are working to bring down costs for families now and in the long term.

Higher inflation underscores the importance of making investments to lower costs for workers and families, ensure households can make ends meet now and get the goods they need and build overall economic resilience. President Biden and Democrats in Congress are using every tool at their disposal to help lower these costs.

To help households navigate higher prices and get needed goods, Democrats are deploying a wide range of tools.

To Fight Inflation Head On, the Biden Administration and Congressional Democrats Are:

Working to pass the Inflation Reduction Act to lower costs and cut the deficit

- **Reducing the deficit to ease long term inflationary pressure:** The *Inflation Reduction Act* will bring down the budget deficit and stabilize excess demand, which will reduce inflationary pressure. The Congressional Budget Office (CBO) estimated ahead of the Senate vote that the *Inflation Reduction Act* will reduce the deficit by more than [\\$300 billion](#) over the next decade, while the non-partisan Committee for a Responsible Federal Budget estimated that the Act will reduce deficits by almost [\\$2 trillion](#) over two decades. A bipartisan group of 126 leading economists, including Nobel Laureates and former Treasury secretaries, Federal Reserve vice chairs and Council of Economic Advisors chairs, all [agree](#) that by reducing the deficit, the Act will place downward pressure on inflation.
- **Investing in clean energy production and manufacturing to help stabilize energy prices:** The *Inflation Reduction Act* will increase energy supply and affordability for the long term by incentivizing private industry and public utilities to produce more clean energy. The Act [includes](#) \$260 billion in clean-energy tax credits to incentivize investment in solar, wind, hydropower and other forms of renewable energy.

Importantly, these investments will help stabilize prices by making green energy cheaper and will mitigate the economic losses that result from climate change. These investments will also reduce dependency on fossil fuels, which leave the United States vulnerable to global oil price shocks and have been one of the main drivers of current inflation.

- **Cutting household spending on energy by more than \$300 per year:** The *Inflation Reduction Act* will lower households' spending on energy in the near term by providing tax credits and rebates. Together, these credits and rebates will reduce a household's

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spending on energy by an estimated [more than \\$300](#) per year on average. Many Americans will be eligible for consumer rebates that will subsidize the installation of more efficient home energy sources such as heat pumps and solar panels, as well as a \$7,500 tax credit for the purchase of a new electric vehicle or a \$4,000 tax credit for a used electric vehicle.

- **Reducing or eliminating health insurance premiums for millions:** The *Inflation Reduction Act* will extend cuts to health insurance premiums for [nearly 13 million](#) low- and middle-income Americans who receive their insurance through the *Affordable Care Act* (ACA) by extending the enhanced premium tax credits for three years, through 2025. Recipients of these credits saved an average of [\\$800](#) in 2021. Importantly, the extension of these credits will also prevent [3 million](#) people from becoming uninsured.
- **Lowering prescription drug costs for millions:** The *Inflation Reduction Act* will enable Medicare to negotiate prescription drug prices for the first time, lowering the prices seniors pay and saving the program billions. Additionally, the Act will cap total annual prescription drug spending for seniors under Medicare at \$2,000, enabling many of Medicare's 64 million enrollees to spend less out of pocket for prescription drugs. The Act will also penalize drug companies if they increase the price they charge Medicare patients faster than inflation.

Working to increase oil supply and decrease prices at the pump

- **Increasing the oil supply:** The Biden administration coordinated the largest-ever releases of both domestic and international oil reserves to aggressively expand oil supply and temper gas price increases. President Biden [announced](#) that the U.S. would release one million barrels a day from the Strategic Petroleum Reserve (SPR) for six months.

The U.S. also coordinated with other countries to collectively release a total of 240 million barrels of oil, an unprecedented total that includes the largest release from the United States and the largest release from other International Energy Agency (IEA) countries in history. The Treasury Department [estimates](#) this unprecedented SPR release that was coordinated with IEA partners has lowered gasoline prices by up to about 40 cents per gallon.

The Biden administration is also [advancing](#) a proposal to change its oil acquisition procedures to incentivize greater oil production and bring down costs for consumers now. By allowing crude oil producers to enter into fixed-price contracts for the oil they provide to the SPR, producers will be able to lock in oil prices at the time a contract for supply is made, rather than being subject to the volatility of crude oil markets and risking losses if prices drop in the future. This will help oil producers set more reliable expectations for future profits when resupplying the SPR and jumpstart production. Increased supply as a result of the new policy will also promote energy security and ensure the SPR is better able to respond to future oil needs.

- **Combatting and investigating corporate profiteering by the oil industry:** House Democrats recently passed the *Consumer Fuel Price Gouging Prevention Act*, which

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would make it illegal to sell consumer fuels at an excessive or exploitative price during an energy emergency and give the Federal Trade Commission additional enforcement power to investigate wholesalers and retailers for price gouging. The Senate is considering companion legislation.

President Biden also [directed](#) the Federal Trade Commission to investigate whether oil and gas companies are participating in illegal conduct to push up gas prices.

- **Making affordable fuel more accessible:** The Biden administration [issued](#) an emergency waiver for higher-ethanol gasoline and will allow it to be sold during the summer. This blend of gasoline (E15) is about 10 cents per gallon cheaper on average than other blends.
- **Increasing mileage reimbursement for business purposes:** The Internal Revenue Service increased the [standard mileage rate deduction](#) to 62.5 cents per mile for the second half of 2022 due to higher gas prices so that taxpayers can deduct more for operating a vehicle for business purposes. The midyear increase—the first since 2011—will provide relief to the self-employed and small business owners who use personal vehicles for work purposes, as well as truckers, rideshare drivers and delivery drivers.

Taking action to lower food prices

- **Boosting food production:** The Biden administration [announced](#) a series of actions to lower costs for farmers, maximize yields to boost production and increase food affordability and availability for U.S. workers and families. These actions include expanding access to insurance for double cropping, providing assistance to farmers for more efficient nutrient management and doubling funding for fertilizer production in the U.S. to \$500 million—all of which will enable farmers to grow more crops and lower their costs.
- **Expanding meat processing capacity:** The Biden administration has dedicated \$1 billion from the *American Rescue Plan* to [expand](#) independent meat processor capacity to increase competition in the highly concentrated meatpacking industry. The Biden administration is also working to strengthen financing options for independent processors.
- **Extending free school lunches:** Congress [extended](#) free school lunches for children through summer 2022 by passing the *Keep Kids Fed Act*. About 30 million children a day received free school meals in the 2021-22 school year, and as food prices remain elevated, this legislation will ensure kids and families have continued access to meals at no cost to them.

Working to solve supply-chain disruptions that have been a major driver of higher prices

- **Clearing supply-chain backlogs:** The Biden administration has made tremendous progress in working with ports—particularly two of the largest U.S. ports in Los Angeles and Long Beach—to [clear](#) container backlogs and ease supply-chain disruptions in order to get goods to consumers faster.

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Congress also passed the *Ocean Shipping Reform Act* to [address](#) price gouging by the highly consolidated shipping industry. By expanding oversight of international ocean carriers, preventing carriers from refusing American cargo and cracking down on unfair shipping charges, Congress is bringing down costs for businesses, farmers and consumers alike.

- **Improving supply-chain resilience:** The Bipartisan Infrastructure Law [invests](#) \$550 billion to help reverse years of inadequate federal investment in critical infrastructure such as roads, bridges, rail, broadband, airports, ports and water pipelines to create jobs, enhance productivity and improve supply-chain resilience.
- **Bolstering domestic manufacturing and funding innovation:** Congress recently passed the *CHIPS and Science Act* of 2022, [providing](#) more than \$50 billion to support and expand domestic semiconductor manufacturing and innovation. This investment will help lower the cost of products that rely on semiconductors, such as computers, cars and household appliances by easing chip shortages that have driven recent price spikes.

Ensuring that the institution best positioned to fight inflation—the Federal Reserve Board—is fully staffed

- **Confirming Fed nominees:** The Biden administration and Democrats in Congress have worked together to confirm a slate of highly qualified Federal Reserve Board nominees, who are critical to advancing the Fed’s mission including efforts to fight inflation. Despite obstruction efforts by the Republicans, the Senate has confirmed Chair Jerome Powell for a second term, as well as three of the remaining four nominees, to restore the Fed’s full strength.

To Help Lower Household Costs and Keep Money in People’s Pockets, the Biden Administration and Congressional Democrats Are:

Taking action to lower housing costs

- **Preventing evictions and foreclosures:** Congress and the Biden administration have helped families in need avoid eviction or foreclosure in the near term by funding for Emergency Rental Assistance (ERA) and creating a new Homeowner Assistance Fund through the *American Rescue Plan*. The ERA program [provided](#) nearly \$22 billion to states and local governments to assist renters who cannot afford rent or utility payments, and over 4 million renters received ERA payments in 2021. The Homeowner Assistance Fund [provided](#) nearly \$10 billion to states and territories to help homeowners avoid mortgage delinquencies and defaults, foreclosures, utility shutoffs and displacement.
- **Improving housing affordability:** President Biden [announced](#) a Housing Supply Action Plan to help close America’s housing supply shortfall in five years and lower housing costs for families who own or rent their homes. The plan includes incentivizing local jurisdictions to make land use and zoning reforms, expanding existing federal financing

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for housing, setting up new financing mechanisms and ensuring that new housing goes to residential owners rather than investors.

Helping households afford their utility bills

- **Providing relief for energy bills:** Congress and the Biden administration are [providing](#) home energy and utility relief to low-income families through the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Rental Assistance (ERA) programs. The Biden administration will provide more than \$8.3 billion in LIHEAP assistance—the most in any year since the program’s inception in 1981—to reduce heating and cooling costs in 2022.
- **Expanding access to affordable clean water:** Congress and the Biden administration [expanded](#) the Low Income Household Water Assistance Program to assist low-income households with water bills.
- **Improving household energy efficiency:** The Bipartisan Infrastructure Law [included](#) \$3.5 billion for weatherization assistance to reduce energy costs for low-income households.
- **Expanding affordable broadband:** Congress and the Biden administration [expanded](#) broadband access and made it more affordable for millions through the Bipartisan Infrastructure Law’s Affordable Connectivity Program. Under the program, which currently serves over 10 million households, low-income families can receive as much as \$30 per month toward the cost of internet.

Reducing out-of-pocket costs for health care

- **Lowering health insurance premiums:** Congress and the Biden administration have [lowered](#) monthly premiums and out-of-pocket health care costs via the enhanced premium tax credits in the *American Rescue Plan*. Many of the record 14.5 million families who got their health insurance through the *Affordable Care Act* marketplaces during the 2022 open enrollment period are now spending less on health care. Monthly premiums are estimated to [decrease](#), on average, by \$50 per person, and four out of five *Affordable Care Act* (ACA) enrollees can find a plan for \$10 or less per month after premium tax credits.

Extending the student loan pause

- **Pausing student loan repayment:** The Biden administration [paused](#) federal student loan repayment until September 2022, providing relief to 41 million borrowers—many of whom are still recovering from the economic disruption caused by the pandemic. Federal Reserve analysis [suggests](#) that millions of student loan borrowers would face significant economic hardship if repayment resumed, and delinquencies and defaults could threaten their financial stability.

The Biden Administration and Congressional Democrats Have a Plan to Help Families Keep More of Their Hard-Earned Dollars in the Long Term:

Investing in child care and pre-k programs

- **Making child care more affordable for families:** Fully covering child care costs for the most low-income families and capping these expenses at a certain percentage of income for middle-income families will save families thousands of dollars each year and enable parents to participate more fully in the labor force.
- **Expanding pre-k to three- and four-year olds:** Providing universal pre-k to all three- and four-year olds at no cost to families will improve lifelong educational attainment for millions of children and increase labor force participation among parents.

Reducing health care costs by allowing Medicare to negotiate drug prices and by capping monthly costs for insulin

- **Allowing Medicare to negotiate drug prices:** Democrats support allowing the federal government to negotiate prices for prescription drugs covered by Medicare, lowering costs for millions of seniors and disabled Americans.
- **Capping the price of insulin:** Democrats in the House [passed](#) a measure with unanimous support to cap the cost of insulin at \$35 a month. The cap would provide a substantial benefit to many of the nearly 30 million Americans with diabetes. An estimated one in five Americans with private insurance who take insulin would [save](#) money with this cap.

Reducing the cost of health insurance

- **Expanding access to affordable health insurance:** Delivering health insurance coverage by extending enhanced premium tax credits and closing the Medicaid coverage gap will reduce premiums for millions of Americans, with many qualifying for a \$0 premium.

Making housing more affordable by increasing supply and lowering costs

- **Increasing housing supply and lowering housing costs:** Investing in housing construction and supply while also lowering the costs homeowners pay through tax credits, grants and loans will increase the availability and affordability of homes amid a national housing shortage.

Instituting a national paid leave policy to better support workers

- **Providing paid leave for workers:** Extending paid medical and sick leave to millions of private-sector workers will enable them to balance family responsibilities and medical needs while remaining in the labor force.

Investing in workforce development and skills training to build a more productive workforce

- **Expanding access to apprenticeships and skills training:** Expanding registered apprenticeships and skills training for high growth jobs in sectors like manufacturing, health care and transportation will create opportunities for workers to move into better jobs with better pay while also increasing overall productivity and economic growth.

Addressing climate change to reduce the effect of international crises and extreme weather events on energy prices

- **Combatting climate change and accelerating the transition to clean energy:** Investing in clean energy infrastructure will create good-paying jobs, electrifying and weatherizing homes will improve energy efficiency and reduce energy costs, funding climate resilience programs will reduce the damage from storms and floods and increasing international climate financing will accelerate the U.S. and global energy transition. Clean energy investments will also [reduce](#) dependence on foreign oil, which has been one of the primary drivers of increased inflation.

Republicans have no plan to fight inflation or help families manage expenses

Republicans have not provided *any* policy solutions to fight inflation and have repeatedly blocked or voted against measures, such as the *Consumer Fuel Price Gouging Prevention Act*, *American Rescue Plan*, *Build Back Better Act* and *Inflation Reduction Act*, that would help families weather the impact of increased prices or that would lower inflationary pressure long term.