

The Biden-Harris Inflation Plan: *Lowering Costs and Lowering the Deficit*

The United States is in a stronger economic position than any other major advanced economy in the world. At the same time, inflation is too high and is putting a strain on working families. The President's top economic priority is tackling inflation and reducing costs for American families – so we can sustain this historic economic recovery in a way that benefits all Americans.

President Biden has a plan to tackle inflation – by lowering costs that families face and lowering the federal deficit by asking the large corporations and the wealthiest Americans to pay their fair share. Congressional Republicans, led by Senator Rick Scott, have called for a new minimum tax on the middle class – firefighters and teachers – that would mean an average of almost \$1,500 less in families' pockets each year. And, while part of President Biden's plan to lower costs is to strengthen Medicare by giving it the power to negotiate prescription drug prices, the Congressional Republican plan would put Medicare – in addition to Social Security, Medicaid, the Affordable Care Act and other critical programs for American families – on the chopping block every five years.

The President understands that the Federal Reserve is the institution that plays a primary role in fighting inflation. The President has nominated highly qualified individuals to lead the Fed, and is urging the Senate to confirm all these individuals without delay. Beyond the Federal Reserve, President Biden is taking short-, medium-, and long-term actions to lower costs for families and lower the deficit:

Lowering the Cost of Gas and Energy and Achieving Energy Independence: Congressional Republicans have put forward no real plan to lower energy costs. While they point fingers, the President is taking action:

- **Blunting the Impact of Putin's Price Hike:** Addressing Putin's price hike at the pump by releasing 1 million barrels of oil per day from the Strategic Petroleum Reserve for the next 6 months; rallying our allies to release an additional 60 million barrels of oil from other countries' reserves; allowing E15 gasoline (which uses homegrown biofuels) to be sold this summer; and calling on Congress to make companies pay fees on idled wells and non-producing acres on Federal lands – so that companies that continue to sit on excess capacity will have to choose whether to start producing or pay a fee.
- **Lowering Energy Bills:** Calling on Congress to pass clean energy and vehicle tax credits and investments that will reduce our dependence on reckless autocrats like Putin, save families an estimated \$500 per year on their utility bills, and accelerate homegrown clean energy innovation – from producing more clean energy to bolstering our domestic supply chains that are critical for clean energy and clean transportation.
- **Building Real Energy Independence:** Advancing the strongest ever fuel economy standards for cars and trucks to enable drivers to go farther on every gallon, while increasing options for families to make the switch to electric cars via historic investment in charging infrastructure and collaboration with autoworkers and automakers to set America on course to ensure one of every two cars sold in 2030 burns no fossil fuels.

Lowering Other Everyday Costs for American Families: The Congressional Republican plan would increase 75 million middle-class families' taxes by an average of nearly \$1,500 this year alone, and raise taxes on nearly half of small business owners, including 82 percent of those making less than \$50,000 per year. President Biden believes that instead of taking money out of middle-class families' pockets, we should lower their costs, including in the following areas:

Lowering Prescription Drug and Health Care Costs: Saving hundreds of thousands of families hundreds of dollars per month by fixing the Affordable Care Act’s “family glitch,” which has made it impossible for many families to use the premium tax credit to purchase an affordable, high quality Marketplace plan; and calling on Congress to lower prescription drug costs and health care premiums, including allowing Medicare to negotiate drug prices, capping insulin costs, penalizing drug companies that raise prices faster than inflation, and making other needed reforms to lower prices.

- **Lowering Food Prices by Helping American Farmers Grow More, and Compete More Effectively:** Calling for resources to help American farmers boost domestic food production in order to avert a potential global food crisis created by Russia’s unprovoked invasion of Ukraine; taking actions to crack down on illegal price fixing and enforce the antitrust laws in the meat and poultry processing sector; investing federal resources to create more competition in meat-processing; and providing over one billion dollars in relief to small businesses and agricultural workers hurt by COVID-19.
- **Lowering the Cost of Everyday Goods By Repairing Our Infrastructure, Supply Chains, and Manufacturing:** Bringing together business, labor, federal and state governments to address supply chain bottlenecks at ports; helping more workers find good-paying jobs in the trucking industry; taking on unfair practices by global shipping companies; implementing the historic Bipartisan Infrastructure Law, which will mean goods move to market more quickly and cheaper; and fostering new investments in the United States for critical goods that drove up inflation during the pandemic, including by calling on Congress to pass the Bipartisan Innovation Act.
- **Lowering the Cost of Child Care and Long-Term Care:** Calling on Congress to invest in lowering the cost of child care and long-term care, saving families thousands of dollars per year. Child care is one of the biggest costs that families with young children face, and care investments will lower prices across the economy over time by making it easier for parents and others with care responsibilities to join the workforce and be more productive.
- **Lowering Housing Costs by Building More Homes:** Calling on Congress to invest in building more than 1 million affordable homes, including through a set of tax credits that have received bipartisan support; expanding and improving federal financing for the construction of new housing; and using existing federal funding to reward communities that eliminate needless barriers that prevent new housing from being built.

Reducing the Deficit By Asking Large Corporations and the Wealthiest Americans to Pay Their Fair Share: While the federal budget deficit increased every year under President Trump – in part due to a reckless and unpaid for \$2 trillion tax cut benefitting the wealthiest Americans and largest corporations – the deficit fell by \$350 billion in President Biden’s first year in office because he prioritized rebuilding the economy from the bottom up and the middle out. And the deficit is now on track to fall by another \$1.5 trillion this year. This matters to families because one of the main ways Congress and the executive branch can act to lower price pressures is to reduce the federal budget deficit. President Biden’s plan will make the wealthiest Americans and largest corporations pay their fair share, including through a new Billionaires’ Minimum Income Tax. By enacting reforms to make corporations and the wealthiest Americans pay their fair share, Congress can lower the deficit even more, while also lowering costs for families.