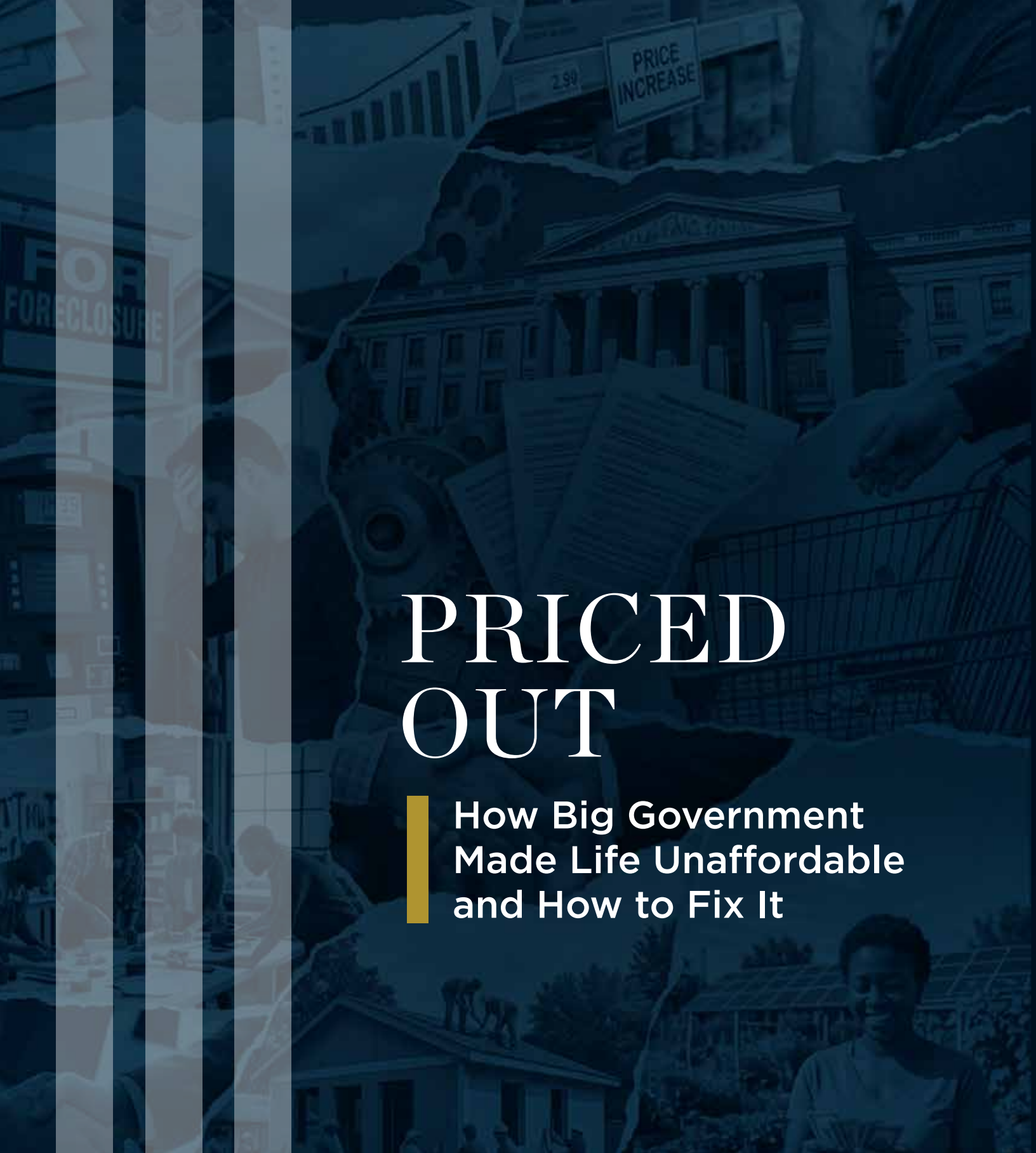




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How Big Government
Made Life Unaffordable
and How to Fix It

1

Introduction Affordability in Context: Big Government and Big Debt Driving Big Costs

BRITTANY MADNI

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Strategies LLC

PAGE 1

2

The Hidden Tax: Inflation, Deficits, and the True Cost of Big Government

VERONIQUE DE RUGY

*George Gibbs Chair in Political
Economy, Mercatus Center at
George Mason University*

PAGE 9

3

The Housing Barrier: How Government Drives Up Costs and How to Tear It Down

JASON SORENS

*Senior Research Fellow,
American Institute for
Economic Research*

PAGE 17

4

Delivering Affordability Through Energy Abundance

GABRIELLA HOFFMAN

*Director, Center for Energy and
Conservation at Independent
Women*

PAGE 29

5

Prescription for Affordability: Restoring Patient Power

CHRIS JACOBS

*Founder & CEO, Juniper
Research Group*

PAGE 37

6

Home Economics: Policies to Strengthen the American Family

PATRICE ONWUKA

*Vice President, Economic Policy,
and Director, Center for Economic
Opportunity, Independent Women*

PAGE 49

7

Freedom to Earn: Affordability and the American Worker

JONATHAN WOLFSON

*Visiting Fellow, Institute for the
American Worker*

PAGE 61

1

INTRODUCTION **Affordability** **in Context:** ***Big Government*** ***and Big Debt*** ***Driving Big Costs***

BY BRITTANY MADNI

President & Founder, Madni Strategies, LLC

THE CLUB FOR
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How Big Government Made Life
Unaffordable and How to Fix It



INTRODUCTION

AFFORDABILITY IN CONTEXT: BIG GOVERNMENT AND BIG DEBT DRIVING BIG COSTS

By Brittany Madni

Affordability Is on Everyone's Mind.

Politics today is anchored to affordability—or rather, unaffordability. The term is unavoidable and the tension behind it drives the current policymaking environment.

This is largely reactionary to how the American people have internalized the high cost of living, lingering effects of inflation, and concerns about the future. For many, that future looks challenging if not bleak; they worry the American Dream is slipping away if it was ever really there for the taking.

Economic uncertainty is pervasive and has resulted in an undercurrent of policies aimed at improving not only the actual pricing and accessibility of goods and services but also public perception. Consumer sentiment is near historic lows.

In other words, the affordability vibes are bad, and policymakers want to fix it. A word of caution, however: government efforts to “fix” damaged sectors are largely how we got into this precarious situation, and it will not get us out of it. Quick-fix reactions to shifting public sentiment and political pressure will only worsen the problem.

The fiscal state of the nation is dire, and the economic impacts of federal fiscal policy decisions can no longer be ignored.

According to the most recent Congressional Budget Office baseline, “[t]otal deficits, net outlays for interest, and primary deficits are all projected to be large by historical standards.”¹ The massive increase in recent deficit spending, particularly during the Biden Administration years, directly contributed to broad inflation.² Matthew Dickerson found that “the average worker has seen the purchasing power of their take home pay fall by about \$2,230 since the Biden Administration’s policies began.”³

Just the interest payments alone on our national debt for fiscal year (FY) 2025 totaled a greater sum than the gross domestic products (GDPs) of every country in the world but 16.⁴ At \$1.22 trillion, the United States’s debt service costs for FY 2025 were approximately equal to the size of the Saudi Arabian economy.⁵ This contextualizes the scope and scale of government spending as Americans continue to pay the price (literally) of bad policy choices by policymakers who may not even be in office anymore.

Both parties share responsibility for greater federal overreach and the recent explosion of spending that has wrecked the economy and lopsided the federal budget. At the same time, today’s “affordability crisis” impacting even quotidian experiences like ringing up a full cart of groceries largely stems from the Biden regime’s spending binge.⁶ Perhaps a better way to discuss “affordability” is to question what made so much of American life cost prohibitive in the first place. When the Biden Administration sparked massive

inflation through a combination of exponentially higher deficit spending and stifling overregulation, it did so in contravention of the American people’s primary needs and interests. Another layer of concern is a compliant Congress that rubber-stamped an extreme Leftist agenda under the false guise of COVID relief.

An Accountability Crisis

Perhaps one of the worst culprits of this frivolity is the Bidenomics Slush Fund, officially known as the Coronavirus State and Local Fiscal Recovery Fund.⁷ This \$350 billion program was enacted through the American Rescue Plan Act, ostensibly for COVID response and recovery efforts. From funding pickleball courts to circuses to New York City’s trash bins,⁸ this supposedly critical deficit spending was never in line with Americans’ priorities for their tax dollars. This same program was even used to hand out \$1,000 cash payments to illegal immigrants in Washington State, funneled through Planned Parenthood.⁹

Of course, the lesson here was that the government is happy to “take care of” any wants (not just Constitutionally acceptable needs), if you are willing to pay the price in the form of both your paycheck shrinking and your freedom being trampled. With waste and abuse of taxpayers running rampant through the federal budget, the so-called affordability problem has only worsened. The reality of the situation is that at

1 Congressional Budget Office, “The Budget and Economic Outlook: 2026 to 2036,” February 2026, <https://www.cbo.gov/system/files/2026-02/61882-Outlook-2026.pdf>.

2 William W. Beach, D. Phil., “Is Inflation the Result of Excessive Deficit Spending?,” Economic Policy Innovation Center, February 9, 2024, <https://epicforamerica.org/the-economy/is-inflation-the-result-of-excessive-deficit-spending/>.

3 Matthew Dickerson and Amelia Kuntzman, “The Biden-Harris Administration’s Spending Binge,” Economic Policy Innovation Center, October 23, 2024, <https://epicforamerica.org/federal-budget/the-biden-harris-spending-binge/>.

4 Brittany Madni, “Interest Payments on the Debt Outpace Most Countries’ GDPs,” Economic Policy Innovation Center, December 3, 2025, <https://epicforamerica.org/federal-budget/interest-payments-on-the-debt-outpace-most-countries-gdps/>.

5 Ibid.

6 Dickerson and Kuntzman, “The Biden-Harris Administration’s Spending Binge,” Economic Policy Innovation Center, October 23, 2024, <https://epicforamerica.org/federal-budget/the-biden-harris-spending-binge/>.

7 Paul Winfree, Ph.D., and Brittany Madni, “The Bidenomics Slush Fund: How \$350 Billion Is Being Misappropriated,” Economic Policy Innovation Center, December 3, 2023, <https://epicforamerica.org/federal-budget/bidenomics-slush-fund/>.

8 Brittany Madni, “Bidenomics Slush Fund Subsidizes NYC Trash – Literally,” Economic Policy Innovation Center, July 9, 2024, <https://epicforamerica.org/federal-budget/bidenomics-subsidizes-nyc-trash/>.

9 Brittany Madni, “Bidenomics Slush Fund Subsidizes ‘Undocumented’ Immigration,” Economic Policy Innovation Center, February 2, 2024, <https://epicforamerica.org/federal-budget/bidenomics-slush-fund-subsidizes-undocumented-immigration/>.

the heart of the affordability crisis is the real problem: an accountability crisis. Collectively, this greater deficit spending stifled economic freedom, drove federal outlays to historic levels, and contributed to the most significant inflationary surge in four decades. The cumulative effect is a federal government larger in scope and spending than ever, more closely resembling failed socialist experiments than a dynamic, market-driven government that enables every American to achieve prosperity and self-sufficiency.

Our Current Debt Picture

The U.S. national debt sits at \$39 trillion at the time of this writing.¹⁰ That translates to approximately \$289,000 per household across America. When you add in the unfunded liabilities across Social Security and Medicare, and the added debt service costs due to our ballooning interest payments, the total burden grows to \$875,000 per household.¹¹

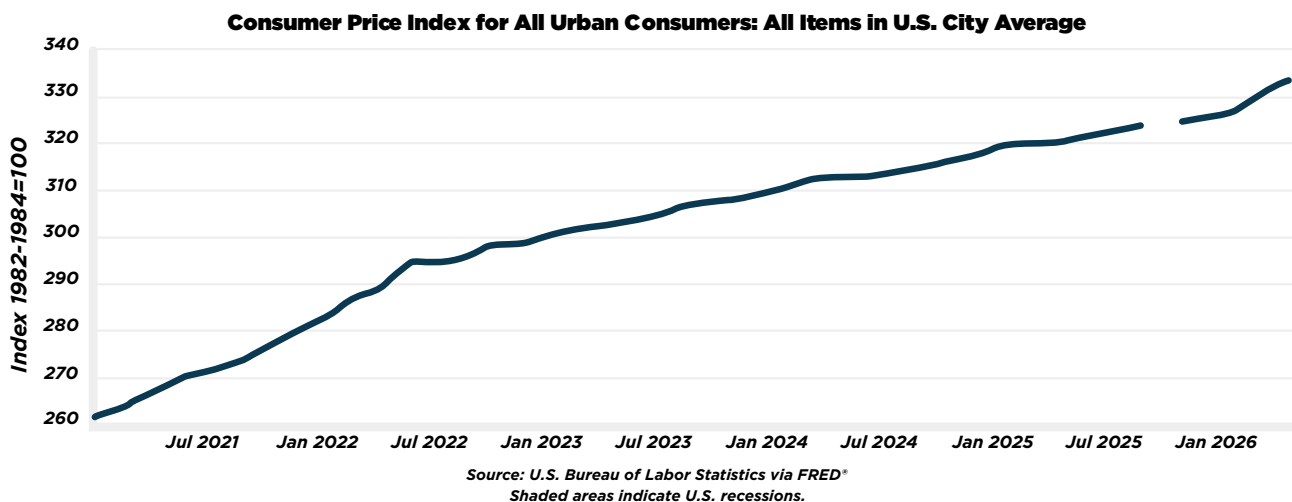
Every American will suffer under this burden – be it from higher future taxes, higher inflation, or diminished attention to other critical government functions.

Every dollar spent on government programs also grows the size and therefore influence of government in citizens' daily lives. Our massive federal debt is already causing real impact: raising interest rates on Americans, dragging economic growth, and resulting in transfer payments that cause upward inflationary pressure on key sectors.

Rather than making prudent budget decisions to mitigate these negative consequences, the federal government is still running a \$1.9 trillion deficit this fiscal year and continuing a trajectory of spending beyond our means.¹² This is a clear failure of prioritization.

So how does this play out in real life? Unfortunately for the American people, the consequences come in the form of higher costs where it hurts the most.

Since the start of the Biden Administration in January 2021, consumer prices have jumped over 27%.¹³



¹⁰ David Ditch, "National Debt Tops \$39 Trillion," Economic Policy Innovation Center, March 18, 2026, <https://epicforamerica.org/federal-budget/national-debt-tops-39-trillion/>.

¹¹ Ibid.

¹² Ibid.

¹³ Author's calculations using data from the BLS and Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average (CPIAUCSL)," <https://fred.stlouisfed.org/series/CPIAUCSL>.

In January 2021, a pound of ground beef cost \$4.31. The latest U.S. Bureau of Labor Statistics (BLS) data shows the same ground beef now costs \$6.72 – a 56% increase for what used to be an affordable source of grocery store protein.¹⁴ The national gas price average the day before President Biden took office was \$2.38; today it is roughly \$4.50 for a regular unleaded gallon—though, as the energy chapter details, the latest spike stems largely from the closure of the Strait of Hormuz and will ease as that shock resolves.¹⁵ The same week in January 2021, the 30-year fixed rate mortgage averaged 2.77%; as of mid-June 2026, that number has jumped to 6.52%.¹⁶

Clearly, government intervention to “solve” the cost challenges across sectors Americans interact with every day has failed spectacularly.

Government Is the Problem

As President Ronald Reagan said, “Government is not the solution to our problem; government is the problem.” This is evidenced by increasing costs spreading and worsening across every sector the federal government attempts to “fix” with misguided policies.

From healthcare to housing, from education to energy, when government has involved itself, costs have increased while access has decreased. The federal government’s tentacles now creep into every part of American life like never before, threatening the opportunities available in a free market-driven economic system.

When politicians hear concerns from constituents about affordability and the high cost of living, many respond with fervor that subsidies must be deployed.

This is the exact wrong tactic, as demonstrated by the so-called Affordable Care Act’s premium tax credits (PTCs, or “Obamacare subsidies”) and the recently expired enhanced-PTCs that were active under the Biden Administration. As the enhanced-PTCs’ sunset date approached, many lawmakers – particularly on the Left – scrambled to continue or even expand them further. Their fear stemmed from actuarial estimates of premium “increases” following the expiration, but these “increases” simply reveal the true expense driven by the Obamacare system.

As with all subsidies, the Obamacare subsidies enabled the federal government to make healthcare appear more affordable while actually increasing overall market prices and exerting major regulatory control over the personal healthcare decisions of every American. The federal government’s attempts to solve the healthcare affordability crisis failed to improve the situation because these policies were focused on masking the symptoms of a broken system rather than resolving its inherent challenges. In the case of healthcare, the bigger issue is not whether it seems too expensive for mass coverage, but whether quality, personalized care is accessible and truly affordable. Intervention, particularly through subsidies, resulted in poorly structured plans and narrow networks that limit care, further reducing access.¹⁷ Additionally, it spiked out-of-pocket costs, drove premiums higher, and opened the door to massive fraud.¹⁸

Subsidies and regulation function as a back door for government control and involvement in private industry. The only way to address the affordability crisis

14 Author’s calculations using BLS data. U.S. Bureau of Labor Statistics, Consumer Price Index, “Average price data (in U.S. dollars), selected items,” <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-average-price-data.htm>.

15 AAA, “Fuel Prices,” <https://gasprices.aaa.com/>.

16 Freddie Mac, “Primary Mortgage Market Survey Results,” <https://www.freddiemac.com/pmms>.

17 Brittany Madni and Sarah Wagoner, “The Biden COVID Credit Scheme,” Economic Policy Innovation Center, October 1, 2025, <https://epicforamerica.org/federal-bud-get/the-biden-covid-credit-scheme/>.

18 Brian Blase, Chris Medrano, Niklas Kleinworth, and Jackson Hammond, Paragon Health Institute, “The Greater Obamacare Enrollment Fraud,” June 2025, <https://paragoninstitute.org/private-health/the-greater-obamacare-enrollment-fraud/>.

properly is to undo misguided government intervention and stop pretending more of the same will suddenly work.

So, how can the government get things back on track with affordability? By doing less, taking more accountability, and reorienting policy around the principles of economic freedom.

Refocus on the American Spirit

A natural outcome of more federal spending – particularly deficit spending – is bigger government.

Higher outlays, no matter how well-intentioned, provide the government with greater influence and contribute to a paternalistic societal model. This, of course, is the antithesis of the American spirit.

Limited government, on the other hand, primarily achieved through less spending and regulation, not only helps our debt and deficit picture, but also protects freedom. Freedom is at the heart of the American way of life, opening up innovation, productivity, efficiency, human dignity, prosperity, and uniquely American opportunity.

To address the affordability crisis, we must first recognize it for what it truly is: a marker of reduced freedom and excess government control masquerading as a solution to a problem that government created.

Conclusion

The affordability question reveals the next stage of the government spending conundrum. The more the citizenry feels the pain of poor fiscal decisions, the more policymakers are tempted to paper over the problems with spending on short-term fixes. That, however, will only worsen the crisis.

Why does this matter? The costs of bad governance are not abstract. They are felt by Americans every day in their grocery bills, mortgage rates, insurance premiums, and diminished economic mobility. The American people feel abandoned by policymakers in Washington, D.C., who are increasingly out of touch with how their decisions cause real harm. When special interests capture policymaking and distort outcomes, the result is not only economic inefficiency but an erosion of civic trust that breeds resentment for our neighbors. The effects are far-reaching and damaging to the social contract as a whole, breaking down the communal bonds that build stronger local and state government that can be more responsive to the day-to-day needs of the American people. Sustained overreach by the federal government, particularly during the COVID and Biden years, has compounded this dynamic. Progress has been made, but lasting improvements require Washington to meet the moment and commit to the structural reforms we desperately need.

This handbook provides pragmatic, sustainable solutions rooted in first principles to the problems underlying the high cost of living. It is only through deliberate, careful policymaking and reduced government spending that a freedom-forward option will re-emerge in troubled sectors. And with it, a more certain economy and renewed hope for the future.



About the Author

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Most recently, Madni was the Executive Vice President of the Economic Policy Innovation Center (EPIC). In that capacity, she published 40 articles, research papers, and educational resources on federal budget policy. Additionally, she was responsible for strategic engagement with Capitol Hill and daily management of the EPIC team. Madni's work has been cited by major outlets like the *Wall Street Journal* and she has testified as an expert witness before multiple Congressional committees. Previously, she served as a Congressional aide and trusted senior advisor on Capitol Hill for over a decade, developing a nuanced understanding of the legislative process with an

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- Brittany Madni

2

The Hidden Tax: Inflation, Deficits, and the True Cost of Big Government

BY VERONIQUE DE RUGY, PH.D.,

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How Big Government Made Life Unaffordable and How to Fix It

INTRODUCTION

Ask most economists about American living standards since 2020, and they will point to recovery: the 2021–2022 inflation retreated, real wages rose, and unemployment stayed low. Yet in April 2026, more than half of Americans said their financial situation was getting worse, a level of pessimism not seen since the Great Recession, with nearly a third citing inflation and high prices as their single biggest problem.¹

The explanation is simple and politically inconvenient: inflation does not reverse itself when it slows. Inflation pushed prices up and kept them there: prices rose roughly 20% during the 2021–2022 surge alone, and, measured from 2019, the cumulative increase is closer to 28%. A family that needed \$60,000 in 2019 needs roughly \$77,000 today to buy the same things. For the large share of working- and middle-class households whose wages did not fully keep pace, that gap is the affordability crisis the aggregate statistics keep missing.

Some prices rise for reasons specific to their sector, such as zoning laws that strangle housing supply, pharmaceutical regulation that limits competition, and energy permitting that drags on for years. The other chapters in this volume take up those supply-side failures directly. But beneath every sector-specific price problem lies a common macroeconomic foundation: the purchasing power of money. No amount of sector-by-sector reform can deliver lasting affordability if the currency itself is losing value.

That is the disease this chapter addresses. Unfortunately, the conditions that produced the inflation surge in the first place have not disappeared.²

¹ Gallup, "Affordability Still Dominates Americans' Financial Worries," April 28, 2026, <https://news.gallup.com/poll/708905/affordability-dominates-americans-financial-worries.aspx>.

² Veronique de Rugy, "Expectations, Policy, and the Anatomy of Recent Inflation," *The Unseen and The Unsaid* (Substack), March 19, 2026, <https://www.theunseenandtheunsaid.com/p/expectations-policy-and-the-anatomy>.

What Actually Caused the Inflation Surge

Some accounts attribute the 2021–2022 inflation surge to supply-chain disruptions, the war in Ukraine, or corporate greed. The first two were minor contributing factors; the third is scapegoating. The principal cause was a fiscal decision: between 2020 and 2021, Congress committed roughly \$6 trillion in deficit-financed transfers to American households,³ with no credible plan to pay for it through higher future taxes (which would hurt economic growth) or lower future spending (which would wreak havoc among D.C. special interest groups).⁴

That last part is what matters. When people receive money from the government, the key question is whether they expect to be taxed back for it later. If they do, they save it. If they don't, they spend it. During the pandemic, Congress made no gesture toward future restraint. In fact, unlike President Obama, who promised he would cut the deficit in half within five years after the Great Recession, the Biden administration doubled down on deficit spending after a deluge of emergency spending in 2020 under President Trump and well after the COVID emergency was over.⁵ The Federal Reserve reinforced the message by holding interest rates near zero and absorbing roughly \$3.7 trillion in Treasury debt, confirming that no correction was coming. Households rationally concluded the transfers were permanent additions to their real wealth and spent them accordingly. The government had issued far more in promises than its fiscal trajectory could credibly back. Prices rose to close the gap, acting as the adjustment Congress refused to make through legislation.

By the time inflation peaked at 9.1% in June 2022, the real value of government debt had fallen by roughly 10 percentage points of GDP. The fiscal adjustment Congress refused to legislate was delivered instead through the destruction of household purchasing power. As a result, American consumers are still paying that price today.

Inflation Is a Regressive Tax

Inflation is not neutral. It falls hardest on people who are least equipped to fight back: those without assets, without bargaining power, and without the financial sophistication to protect themselves. As economist Arnold Kling puts it, “[Inflation] rewards the most alert and aggressive economic actors, and it punishes people who are passive and habitual; it interacts with the tax system to reduce productive investment; and it makes planning for the future difficult, particularly when it comes to buying a home.”⁶

Start with wages. When prices rise, employers adjust pay for new hires and for workers who push for raises. Passive workers, those who stay put and don't ask for a raise, get hurt the most. Those who look for a new job may find that other employers are willing to pay them more. The result is wage distortion that has nothing to do with merit or productivity.

The distributional damage goes deeper. A family spending nearly everything it earns on rent, food, and utilities has no buffer. A wealthier household with money in equities, real estate, and inflation-protected assets is at least partially shielded. The deficit spending that caused the inflation was sold

3 Committee for a Responsible Federal Budget, COVID Money Tracker, <https://www.covidmoneytracker.org/>.

4 Jack Salmon, “Important Lessons from the 2021–24 Inflation Surge: Demand, not supply, drove the post-pandemic price spike,” The Unseen and The Unsaid (Substack), July 7, 2025, <https://www.theunseenandtheunsaid.com/p/important-lessons-from-the-202124>.

5 Committee for a Responsible Federal Budget, “The Biden Administration Has Approved \$4.8 Trillion in New Borrowing,” CRFB.org, September 13, 2022, <https://www.crfb.org/blogs/biden-administration-has-approved-48-trillion-new-borrowing>.

6 Arnold Kling, “What's Wrong with Inflation? The Media Try to Sensationalize It. Inflation Does Cause Serious Economic Damage, but in Subtle Ways,” Arnold Kling's Substack, June 12, 2021, <https://arnoldkling.substack.com/p/whats-wrong-with-inflation>.

as helping working Americans. Its actual effect was to erode their purchasing power while inflating the balance sheets of people who could have withstood the economic turmoil without help.

People with fixed and slowly adjusting incomes bear the heaviest burden. Retirees on fixed annuities, workers with little bargaining power, and anyone holding savings in cash or low-yield instruments watched the real value of their assets shrink year after year. Social Security is inflation-indexed, but many of the other income streams that older Americans depend on are not. Further, even indexed adjustments typically lag actual prices long enough to cause lasting damage.

The tax code makes it worse. When wages rise nominally to keep pace with inflation, bracket creep pushes households into higher tax brackets even though their real purchasing power has not improved. The government collects a windfall from the very inflation it helped create. Savers are hit twice: inflation erodes the real value of their savings, and then the tax code taxes the full nominal return, including the portion that merely compensated for inflation. After taxes, many savers lose ground entirely.

Finally, when people sell assets, whether a home or an investment, they owe capital gains tax on the full nominal appreciation, including the portion that simply reflects currency depreciation, not real wealth creation. That is not a tax on gains, but a second penalty for the government's own fiscal irresponsibility.

The Debt-Inflation Feedback Loop

The inflation surge of 2021–2022 left American

households with a price level roughly 20% higher than before that surge. Groceries, rent, utilities, insurance: the bills that consume the largest share of a working family's income are permanently larger. The more urgent question is what comes next, because the fiscal conditions that produced the last inflation surge have not been resolved. They have worsened.

With the exception of Social Security payments, federal interest payments have now surpassed all other spending, including defense.⁷ The national debt is now larger than the economy. The CBO's long-run projections show this trajectory continuing without limit, driven not by defense budgets or discretionary programs but by the compounding cost of Social Security, Medicare, and Medicaid. These are the financial conditions that determine whether the dollars in your wallet hold their value or quietly lose it.

Short of another emergency in which Washington decides to respond with a rescue plan on the order of 25% of GDP, the next fiscal pressure point arrives in the early 2030s, when the Social Security and Medicare trust funds are projected to be exhausted.⁸ At that moment, Congress will face a choice it has spent decades avoiding. Current law requires automatic benefit cuts to match available payroll tax revenues. The alternatives are raising taxes sharply, borrowing the entire shortfall, which economist Jessica Riedl calculated would add roughly \$115 trillion to the deficit over thirty years (\$124 trillion in shortfall plus interest minus the surplus of the rest of the budget), or enacting genuine structural reform.⁹ Unfortunately, Washington's track record strongly suggests the path of least resistance will be borrowing, at least initially.

For ordinary Americans, this danger is neither abstract nor distant. The moment investors conclude

⁷ Visual Capitalist, "America Now Spends More on Interest Than Defense," <https://www.visualcapitalist.com/america-spends-more-on-interest-than-defense/>.

⁸ Veronique de Rugy, "When the Trust Funds Run Dry: The Price Level May Do the Adjusting If Congress Doesn't," The Unseen and The Unsaid (Substack), November 19, 2025, <https://veroderugy.substack.com/p/when-the-trust-funds-run-dry>.

⁹ Jessica Riedl, "A Comprehensive Federal Budget Plan to Avert a Debt Crisis," Manhattan Institute, June 2024, <https://media4.manhattan-institute.org/wp-content/uploads/a-comprehensive-federal-budget-plan-to-avert-a-debt-crisis-2024.pdf>.

that Congress has committed to borrowing its way through the entitlement shortfall with no credible plan to close the gap, the repricing begins immediately. Bond values will fall, the dollar will weaken, and inflation will return, potentially faster and harder than last time. The same families that absorbed a 20% increase in their cost of living during COVID would face another round before recovering from the first.

Unfortunately, when the Federal Reserve raises rates to fight inflation, government borrowing costs rise with them. As existing debt matures and rolls over at higher rates, the deficit widens further, intensifying the very fiscal pressure that caused the inflation. At current debt levels, aggressive rate increases become fiscally destabilizing rather than stabilizing, and the political pressure on the Fed to back off becomes overwhelming.

Economists call this fiscal dominance: the point at which monetary policy stops serving price stability and starts accommodating the government's fiscal position. The United States has not fully arrived there, but it is closer than at any point since 1951, when the Fed was legally required to peg Treasury yields and had no independent ability to fight inflation. Fed independence is not a permanent institutional feature. It is a function of fiscal conditions that Congress controls, and Congress is eroding those conditions year by year.

The bottom line is simple: the debt trajectory is the single most important determinant of whether the cost of living stabilizes or continues to climb. Every dollar of deficit spending without credible future repayment is a future price increase waiting to arrive.

Why the Intuitive Fixes Make Things Worse

Washington's response to the affordability crisis has been to propose more of what caused that crisis. The pattern is consistent: governments subsidize demand for goods whose supply they simultaneously restrict, thereby bidding prices higher, then propose additional subsidies to offset the prices they have raised, and finally consider price controls when the subsidies prove insufficient. Each step of this sequence makes the underlying problem worse.

Stimulus payments, billions of dollars in tax expenditures,¹⁰ and expanded transfer programs deliver purchasing power to households without expanding the supply of what those households wish to buy. In a well-functioning market with elastic supply, demand-side support can be absorbed without large price increases. But in an economy where supply has been systematically suppressed by regulation, the spending simply bids up prices. The people it is meant to help are frequently made worse off in real terms once the general equilibrium effects work through.

Price controls mark the terminal failure of this logic. When governments prohibit sellers from charging market-clearing prices, the predictable result is shortages: supply contracts, quality deteriorates, and black markets emerge to clear the transactions that the official price forbids. This is not a matter of ideological dispute. It is among the most thoroughly documented findings in the history of economics. Wage and price controls were tried in the 1970s and failed completely, ultimately abandoned in favor of the actual, durable solution of genuine monetary and fiscal adjustment.

¹⁰ Veronique de Rugy and Jack Salmon, "Introduction: A Principled Approach to Tax Expenditures: A Roadmap for a More Efficient, Fair, and Growth-Oriented Tax Code," Policy Brief, Mercatus Center at George Mason University, April 7, 2025, <https://www.mercatus.org/research/policy-briefs/introduction-principled-approach-tax-expenditures>.

The political appeal of price controls and other short-term apparent fixes is understandable. They offer the appearance of action without seeming to demand the genuine sacrifice that structural reform requires. But the appearance is just that: an appearance with no basis in reality. Each round of demand-side relief postpones the supply-side reckoning and adds to the fiscal pressure that drives long-run inflation risk.

Solutions: Fiscal Discipline and Credible Commitment

The path back to genuine affordability at the macro level is not complicated in logic, though it is difficult in politics. Price stability requires fiscal credibility. Fiscal credibility requires a government that spends within the limits of what it can plausibly collect and repay. The United States government does not currently meet that standard, and the gap widens every year. Closing it requires honest, hard choices about spending, not the fantasy that revenue increases alone can outrun a structural entitlement trajectory.

First and most urgently, Congress should reform Social Security and Medicare. This is not an optional item on the fiscal agenda; it is the fiscal agenda. No other spending category comes close to driving the long-run deficit path. Reforming Social Security should include adjusting eligibility ages to reflect longer lifespans and offering workers the option of private investment accounts. Unlike the current system, where payroll taxes are spent immediately, and the so-called trust fund holds nothing but IOUs from the Treasury to itself, private accounts would allow workers to own real assets that compound over time. The historical record is unambiguous: a

diversified portfolio of stocks and bonds, held over a working lifetime, generates returns that dwarf what Social Security's pay-as-you-go structure can ever promise. Workers would build actual wealth they could pass on to their children, rather than a political promise that the next generation may struggle to keep. For those who remain concerned about the most vulnerable, a modest flat benefit serving as a poverty-prevention backstop for the lowest earners could complement these reforms, ensuring a final safety net without eliminating meaningful benefits for the broad middle class.¹¹ Reining in federal Medicare spending requires more than trimming at the margins. Congress should cap spending growth and transform Medicare from an open-ended entitlement into a defined-contribution system, channeling risk- and income-adjusted payments directly to enrollees.¹² When paired with free-market reforms, as discussed by Chris Jacobs in the healthcare chapter of this handbook, Medicare reforms can enhance patient choice and competition, resulting in lower costs and higher-quality care.

Second, Congress should adopt binding fiscal rules with enforceable targets. A primary balanced budget requirement (meaning revenues covering non-interest spending) or a hard ceiling on the debt-to-GDP ratio, ideally anchored in statute or constitutional amendment, would force the discipline that discretionary appropriations processes have consistently failed to provide. The mechanism matters less than the credibility. Rules that are routinely waived through emergency designations or budget gimmicks do not anchor expectations; they erode them.

Third, Congress must bring emergency and supplemental spending designations to heel.¹³ For three decades, lawmakers have stretched the definition

11 Romina Boccia and Ivane Nachkebia, "Rethinking Social Security from a Global Perspective: What Congress Can Learn from the Experiences of Canada, Germany, New Zealand, and Sweden," Policy Analysis no. 998, Cato Institute, Washington, DC, June 23, 2025, <https://www.cato.org/policy-analysis/rethinking-social-security-global-perspective>.

12 Michael F. Cannon, "How to Eliminate Waste, Fraud, and Abuse in Medicare," Cato Institute, June 6, 2025, <https://www.cato.org/blog/how-eliminate-waste-fraud-abuse-medicare>.

13 Dominik Lett, "The \$15 Trillion Emergency Spending Loophole: Federal Emergency Spending: 1991–2025," Policy Analysis no. 1004, Cato Institute, September 16, 2025, <https://www.cato.org/policy-analysis/15-trillion-emergency-spending-loophole>.

of “crisis” to route spending off-budget and around their own fiscal rules. The fix is straightforward: properly define the term “emergency” and ensure that any new emergency spending is fully offset.

Fourth, Congress should establish a fiscal commission.

Entitlement reform is politically difficult, not because it lacks majority support in the abstract, but because no individual legislator wants to be the one who votes to change benefits. The 1983 Social Security Commission offers a precedent: facing imminent trust fund insolvency, Congress delegated the hard choices to the commission and then accepted its recommendations. That model could be repeated if Members of Congress lack the courage to take tough votes.

Fifth, Congress should restore the conditions for Federal Reserve independence by reducing the debt that makes independence structurally implausible.¹⁴

The Fed cannot be fully independent when the government’s interest costs are high enough that rate increases trigger immediate political crises. Monetary credibility ultimately rests on fiscal credibility. The way to protect the Fed from political interference is not to issue more strongly worded statements about central-bank autonomy; it is to put the federal balance sheet on a path that makes the Fed’s job manageable.

None of this requires overnight austerity or sharp immediate cuts to current beneficiaries. What it does require is a credible commitment to visibly shift our trajectory. Good news on the fiscal front can deliver real relief faster than most people assume, because confidence in future surpluses stabilizes the dollar’s real value today. The 1980s disinflation demonstrated this reality: once markets came to believe that the fiscal and monetary trajectory had genuinely improved, inflation expectations collapsed more quickly than the underlying data alone would have predicted.

The Bill Always Arrives

Americans are right to feel that something has gone fundamentally wrong with the cost of living.

The affordability crisis is not a mystery caused by impersonal economic forces or corporate greed. It is the predictable result of decisions made in Washington over decades to spend beyond what taxes can sustain, to suppress the supply of housing, medical care, and education through regulation while subsidizing their demand, and to meet the resulting fiscal gap with borrowing rather than reform.

Inflation is the steep bill for that set of choices. The macroeconomic solution is the same as the solution in every sector this book examines: the government should stop making the problem worse; it should get out of the way of the market forces that would solve it.

¹⁴ Veronique de Rugy, “The Illusion of Fed Independence: How Fiscal Pressures Will Continue to Shape Monetary Policies Even Absent Donald Trump,” The Unseen and The Unsaid (Substack), September 4, 2025, <https://veroderugy.substack.com/p/the-illusion-of-fed-independence>.



About the Author

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Previously, de Rugy has been a resident fellow at the American Enterprise Institute, a policy analyst at the Cato Institute, and a research fellow at the Atlas Economic Research Foundation. Before moving to the United States, she oversaw academic programs in France for the Institute for Humane Studies Europe. She received her MA in economics from the Paris Dauphine University and her PhD in economics from the Panthéon-Sorbonne University.

3

The Housing Barrier: How Government Drives Up Costs and How to Tear It Down

BY JASON SORENS, PH.D.,

*Distinguished Fellow in Political Economy,
American Institute for Economic Research*

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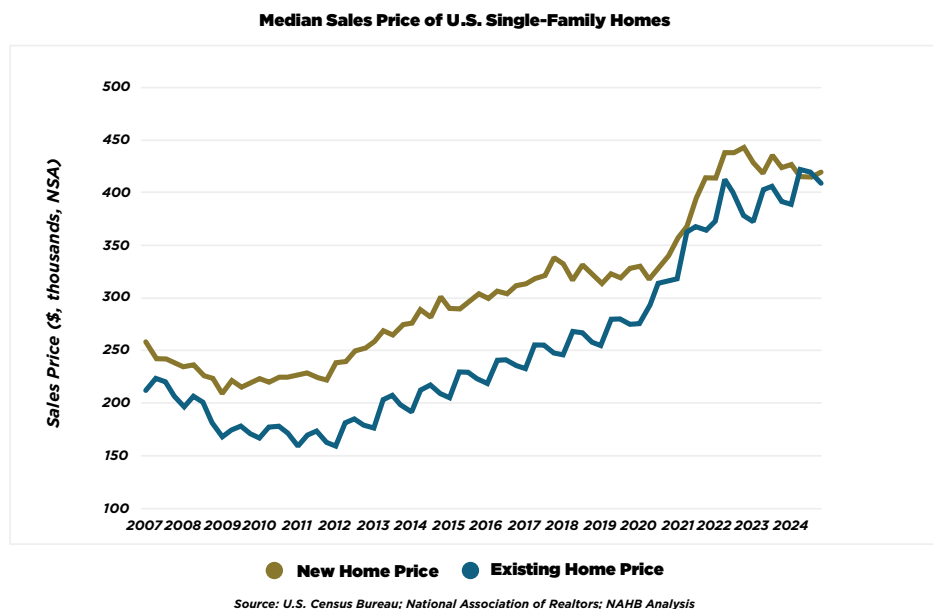
How Big Government Made Life
Unaffordable and How to Fix It

INTRODUCTION

Americans are rightly worried about the cost and availability of housing. During the pandemic, prices of both new and existing homes began rising at rates unprecedented in recent memory (Figure 1). Rents of primary residences grew more than 30% between January 2020 and February 2026, far faster than the general rate of inflation.¹

As Figure 1 shows, existing homes surpassed new homes in price in early 2024, a possible indication that something was going awry in U.S. real estate markets. One plausible explanation is that new homes are disproportionately being built in places that are already affordable, while regions with restricted housing supply continue to suffer from high costs. Historically low inventories of for-sale homes and vacancy rates in rental housing have also contributed to the public's unease about housing.²

FIGURE 1: Single-Family House Prices Since 2007



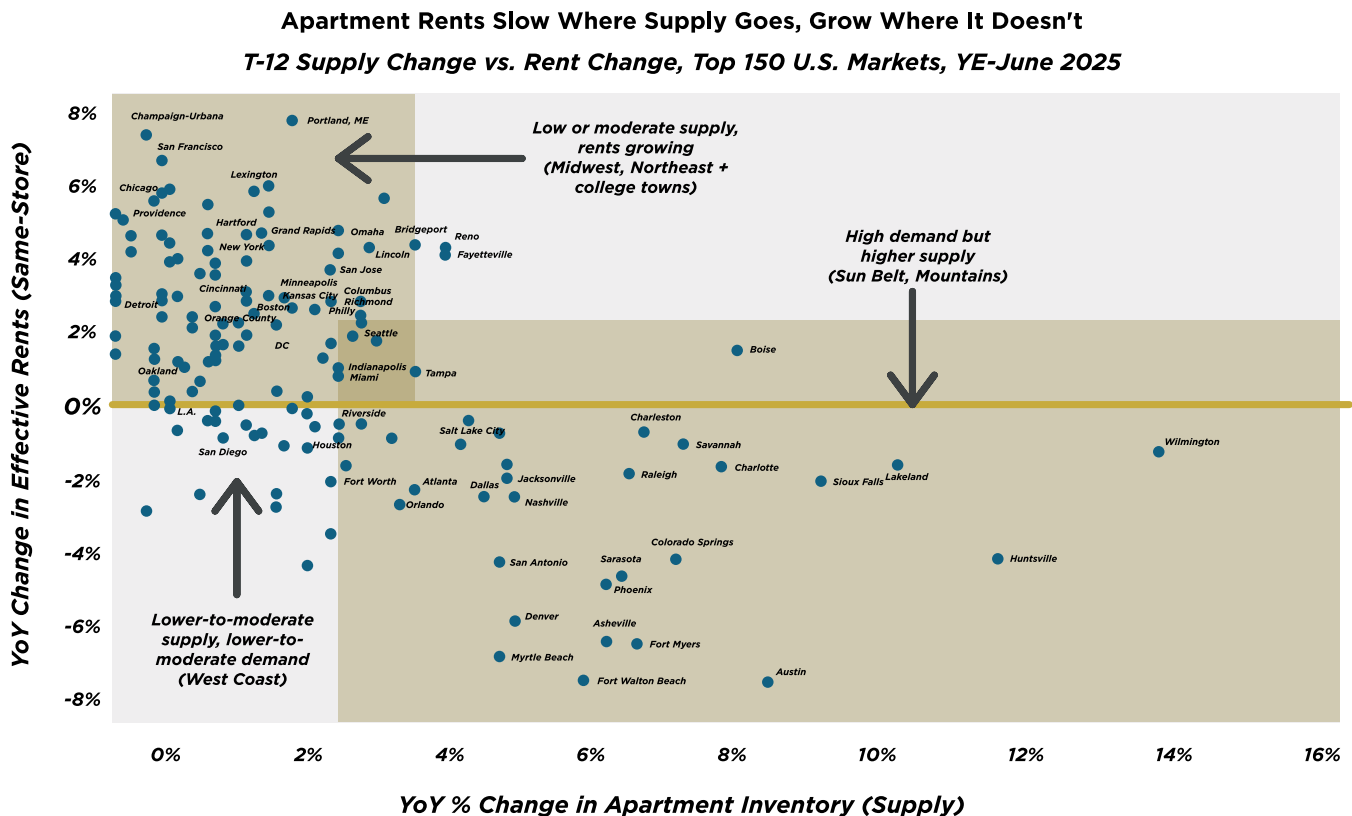
1 U.S. Bureau of Labor Statistics, "Consumer Price Index for All Urban Consumers: Rent of Primary Residence in U.S. City Average," FRED, Federal Reserve Bank of St. Louis, n.d., <https://fred.stlouisfed.org/series/CUUR0000SEHA>.

2 National Association of Realtors, Existing-Home Sales (months' supply/inventory), <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>; and U.S. Census Bureau, Housing Vacancies and Homeownership (CPS/HVS), <https://www.census.gov/housing/hvs/>.

A surge in homelessness has accompanied this rise in housing costs. While myriad factors contribute to homelessness, housing availability and affordability remain one of the most consistent predictors. Initially suppressed by an unsustainable eviction moratorium, U.S. homelessness counts rose 12.1% between January 2022 and January 2023, and a further 18.1% between January 2023 and January 2024.³ Cities with higher housing costs also have higher homelessness counts.⁴

The housing crunch in America is a local and regional problem. Low-demand parts of the country have not seen significant price increases, but high-demand areas, particularly in desirable locations in the Rockies, New England, the Pacific coast, and the Sun Belt, saw prices skyrocket in the early 2020s. Places that subsequently built more housing, chiefly in the South and Southwest, then saw house prices and rents moderate (Figure 2).

FIGURE 2: Apartment Inventory and Rent Change, First Half of 2025



Source: Waymaker research, RealPage Market Analytics

3 U.S. Department of Housing and Urban Development, "2024 AHAR: Part 1 Point-in-Time Estimates," n.d., <https://www.huduser.gov/portal/datasets/ahar/2024-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>.

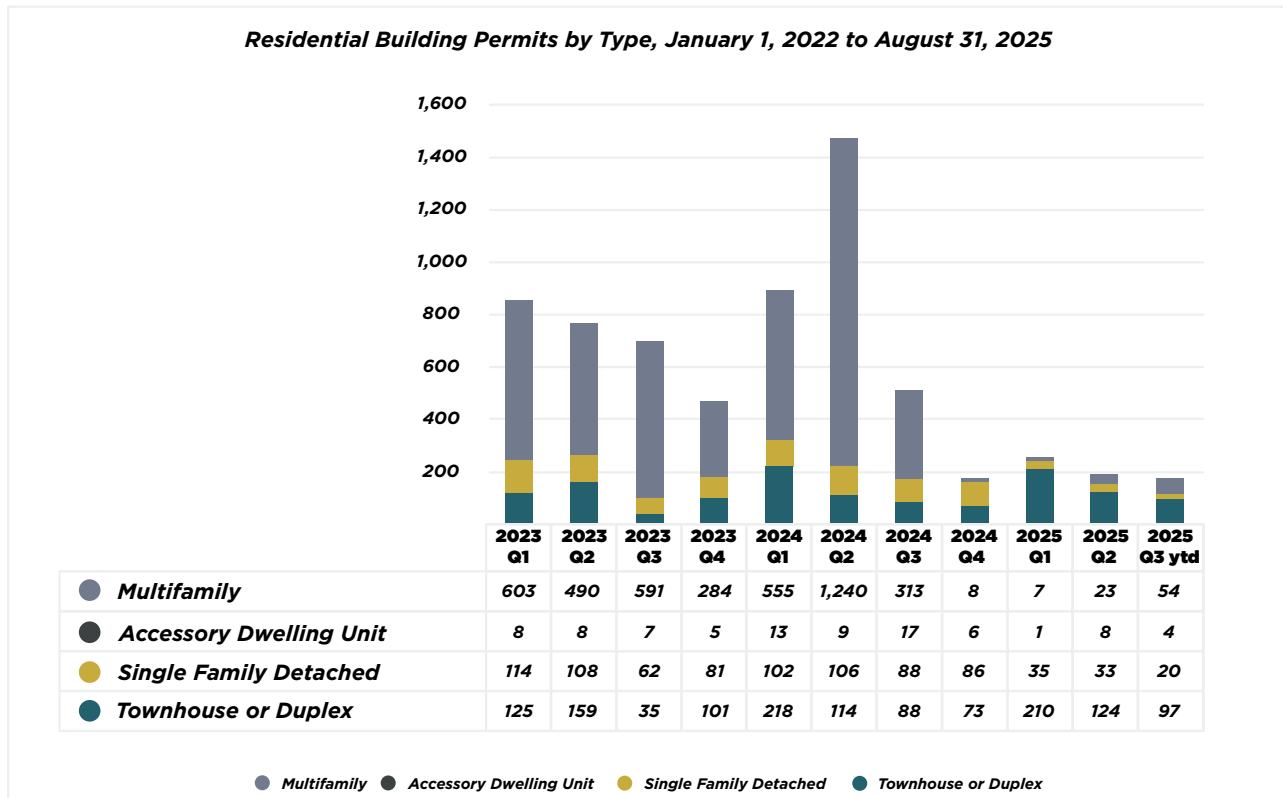
4 Rebecca Baird-Remba and Alex Horowitz, How States and Cities Decimated Americans' Lowest-Cost Housing Option (Pew Research Center, 2025), <https://www.pew.org/en/research-and-analysis/issue-briefs/2025/07/how-states-and-cities-decimated-americans-lowest-cost-housing-option>; Hanna Love and Tracy Hadden Loh, Homelessness in U.S. Cities and Downtowns: The Perception, the Reality, and How to Address Both (Brookings Institution, 2023), <https://www.brookings.edu/articles/homelessness-in-us-cities-and-downtowns/>.

The key to more available and affordable housing is boosting supply, by which economists mean increasing the housing output produced per unit of land, capital, and effort, and reducing per-unit costs. When construction productivity grows, builders can deliver more housing at lower cost and still make a profit in a competitive market.

Two “solutions” to high housing costs do not work: subsidizing demand and hiding the costs. Subsidizing demand through homebuyer incentives, rental subsidies, and the like while supply is constrained does little to help renters and homebuyers; existing property owners capture most of the benefits through higher prices.

Rent control and rent stabilization laws do not reduce the cost of rental housing; they merely hide it. Rent control causes landlords to skimp on maintenance and pass on every fee they can to tenants. Landlords will also take advantage of every available legal provision to evict tenants and/or reset rents (for example, through major renovations), or will convert rental housing to offices or condominiums. Rent control encourages queuing among prospective tenants and locks existing tenants into housing that may no longer make sense for their work or family situation. The prospect of rent control discourages builders from developing housing in the first place, as Montgomery County, Maryland, recently discovered (Figure 3). As a result, in the long run most tenants themselves lose out from rent control.⁵

FIGURE 3: Residential Permitting in Montgomery County, Maryland (Rent Control Enacted July 2024)



Source: Montgomery County Department of Permitting Services, tabulated by Montgomery Planning 9/15/25; data subject to revision

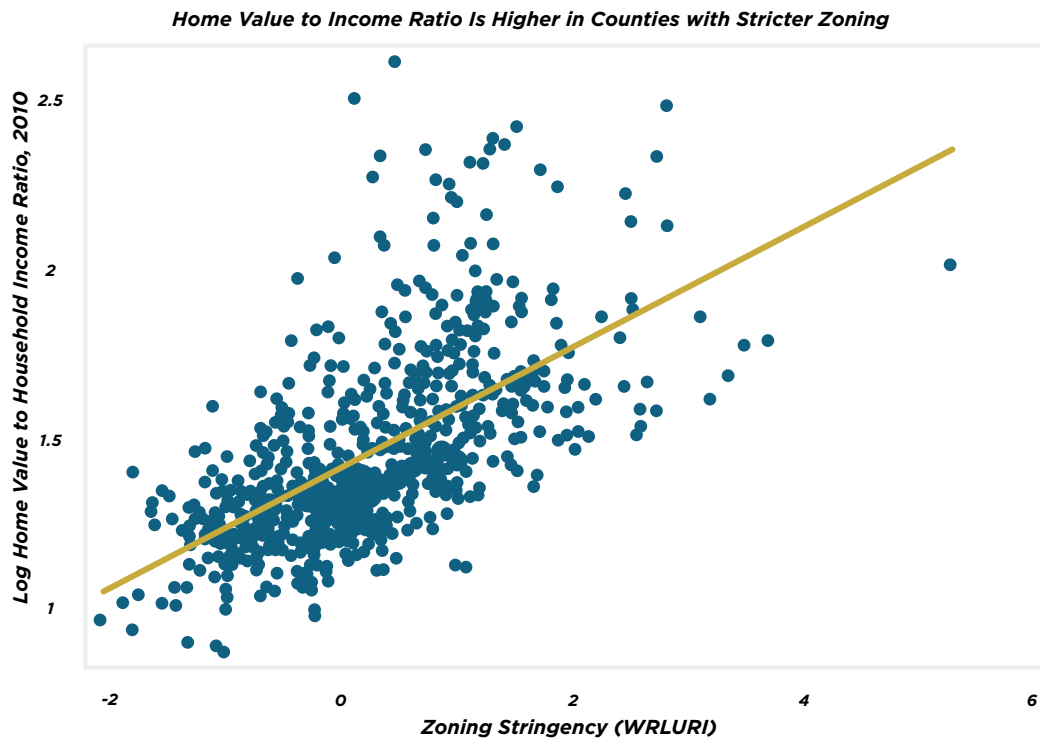
⁵ Joseph Gyourko and Peter Linneman, “Equity and Efficiency Aspects of Rent Control: An Empirical Study of New York City,” *Journal of Urban Economics* 26, no. 1 (1989): 54–74; Dirk W. Early, “Rent Control, Rental Housing Supply, and the Distribution of Tenant Benefits,” *Journal of Urban Economics* 48, no. 2 (2000): 185–204.

A growing body of evidence shows how reducing certain government regulations affects new housing construction and housing costs. There are three types of regulations that need reform: (a) limits on how much housing you can build per unit of land, (b) requirements that housing include features not demanded by consumers, such as energy-efficiency mandates, and (c) unnecessary costs and delays in the building permit process. Reforming these regulations

generates housing abundance not just in the jurisdiction enacting the reform, but in the broader housing market around that jurisdiction.⁶

In the United States, housing costs are closely related to zoning regulations at the county level (Figure 4). Causation could go both ways here, but these statistics are consistent with the economic literature that carefully distinguishes cause and effect.

FIGURE 4: Zoning Stringency and Housing Affordability, U.S. Counties, 2005–2010



If these regulations are so bad, why do we have them? Starting in the late 1960s, the United States and most other industrialized countries shifted from a “we can build it” attitude to a fear of change.⁷ Some of this

fear stemmed from environmental concerns.⁸ Adding layers of review, requiring more studies, giving self-selected members of the public more opportunities to voice opposition, and empowering interest groups to

6 Simon Büchler and Elena Lutz, “Making Housing Affordable? The Local Effects of Relaxing Land-Use Regulation,” *Journal of Urban Economics* 143 (2024): 103689; Ryan Greenaway-McGrevy, “Can Zoning Reform Reduce Housing Costs? Evidence from Rents in Auckland,” Working Paper No. 16, preprint, University of Auckland Economic Policy Centre, 2023; Ryan Greenaway-McGrevy, “Evaluating the Long-Run Effects of Zoning Reform on Urban Development,” *Regional Science and Urban Economics* 111 (2025): 104062; Vincent Rollet, Zoning and the Dynamics of Urban Redevelopment, Working Paper / Technical Report (Massachusetts Institute of Technology, 2025), https://vrollet.github.io/files/city_structure.pdf.

7 Alan Cole, “Why America Can’t Build Quickly Anymore,” *Full Stack Economics*, March 17, 2022, <https://www.fullstackeconomics.com/p/why-america-cant-build-big-things-any-more>.

8 William A. Fischel, “The Rise of the Homevoters: How the Growth Machine Was Subverted by OPEC and Earth Day,” paper presented at Kreisman Initiative conference “Bringing It All Back Home: Evidence and Innovation in Housing Law & Policy,” University of Chicago, June 2016.

sue the government for allowing private individuals to use their own land all promised to ensure that “nothing bad will happen.”

But stopping land development doesn’t stop change.

Instead, “America’s frozen neighborhoods,” as Yale law professor Robert Ellickson puts it, have priced out most Americans and become havens of privilege and wealth.⁹ Without new homes for new generations of Americans, some of the most productive cities on earth have simply locked out most young people and middle- and lower-income workers.

We can reform land-use and building regulations and processes without harming the environment or threatening the amenities that existing homeowners enjoy in their neighborhoods.

To boost housing supply, policymakers should focus on policies that address the most important costs that deter building or make housing expensive. The most important are the costs of land, legal compliance, labor, and materials. Policies that enable more efficient use of land, buildings, and materials help lower per-unit costs of new housing.

Here are some of the most significant policy ideas for addressing each of these costs, grouped by federal, state, and local opportunities.

Federal Opportunities

The role of the federal government in housing policy should be narrow and focused on protecting property rights.

Decisions about where housing is built belong to developers, lenders, and consumers in the marketplace. To the extent regulation is needed to limit nuisances or prevent abuses, state and local governments are better situated to provide it than is the federal government.

The problem is that federal policy has driven housing

costs upward: deficit spending and easy money from the Fed pushed inflation up and supercharged housing demand during the pandemic;

Davis-Bacon wage mandates inflate construction labor costs on federally contracted projects; National Environmental Policy Act (NEPA) review requirements add years and millions of dollars to federally funded developments; tariffs on lumber and steel raise materials prices nationwide; and federal transportation grants flow freely to localities that actively restrict housing growth, effectively subsidizing the obstruction. Federal reforms should remove regulatory barriers and unleash the private sector to build.

On the land side, the federal government should sell land with no significant conservation value in high-pressure markets such as Las Vegas and Salt Lake City. Increasing the supply of developable land directly reduces land costs across each market.

On the legal and financial side, Congress should allow immediate expensing of residential construction costs and eliminate NEPA review requirements for housing developments that receive federal funding.

It should also reduce federal transportation grants to localities with below-average per capita housing permitting rates despite above-average housing costs—a targeted incentive for localities to permit more housing development.

Workforce and materials cost reforms round out the federal agenda.

All federally subsidized housing development should be exempt from prevailing wage requirements under Davis-Bacon that drive up labor costs. Currently, only projects that rehabilitate or build seven or fewer units are exempt.¹⁰

⁹ Robert C. Ellickson, *America’s Frozen Neighborhoods: The Abuse of Zoning* (Yale University Press, 2022).

¹⁰ HUD, “When Do Davis-Bacon Requirements Apply to Construction on Residential Property?,” 2015, <https://www.hudexchange.info/faqs/2252/when-do-davis-bacon-requirements-apply-to-construction-on-residential/>.

On materials, the Administration should reduce or eliminate tariffs on building materials such as lumber and steel, cease incentivizing states to adopt expensive new energy codes, and follow up President Trump's recent Executive Order on stormwater regulation with legislation to codify its intent and prevent future EPA reversal—regulations that require expensive mitigation measures such as retention ponds even though in many cases these measures probably do not measurably reduce harmful runoff.¹¹

State Opportunities

Within a framework of free markets and limited government, states should check overreach by both federal and local governments. They should resist unfunded mandates and regulatory strings attached to federal dollars while also limiting local government attempts to weaponize land-use rules to push growth onto their neighbors. Most states have failed on both counts, adding their own layer of costs through environmental review mandates, occupational licensing, and unnecessarily complex building codes, while leaving localities a free hand to obstruct growth. The following reforms would dissolve much of this dysfunction.

The most consequential state-level changes involve land use. States should legalize starter-home developments (single-family houses on small lots) in places with adequate infrastructure, and should similarly legalize lot splits and conversions of single-family homes into apartments in such places. This and other “zoning” reforms that allow more housing to be built on a given amount of land will reduce land costs per unit built.

Multifamily housing should be allowed in areas

already zoned for general commercial purposes like professional offices and retail. Accessory dwelling units (ADUs) should be permitted by right on single-family lots, limiting localities' ability to impose additional dimensional or parking regulations. ADU legalization has proven popular among suburban homeowners, giving them a clear stake in increased housing supply.

Where strict urban growth boundaries exist, such as those in Hawaii, Maine, Oregon, and Washington, they should be relaxed or eliminated. States should also smooth the way for infrastructure improvements by allowing developers to pay to extend or upgrade water and sewer lines and by limiting local ability to arbitrarily refuse utility connections.

On the legal and regulatory side, states should exempt housing developments from state environmental review laws like those currently in force in Washington, Vermont, New York, and California. They should forbid local rent control and mandatory inclusionary zoning, which effectively taxes new development by requiring multifamily developers to offer a certain percentage of units at below-market rents.

States should also enact a regulatory takings compensation law modeled after Arizona's, which requires local and state governments to compensate a landowner for new land-use regulations that diminish land value by removing development rights without consent. This law would place a “price” on local governments' decisions to revoke development rights. They could still do so, but would have an incentive to do it only when they can create large benefits for their residents.

States can also significantly streamline the permitting process. A “housing appeals board” could quickly and affordably adjudicate disputes between property

¹¹ Judge Glock, “Building a New House? This Little-Known Rule Could Cost You Thousands,” Washington Post, February 4, 2026, <https://www.washingtonpost.com/opinions/2026/02/04/housing-stormwater-regulations/>; The White House, “Removing Regulatory Barriers to Affordable Home Construction,” March 13, 2026, <https://www.whitehouse.gov/presidential-actions/2026/03/removing-regulatory-barriers-to-affordable-home-construction/>.

owners and local governments on housing development matters. Carefully defining site plan review and subdivision approval processes in law would allow them to be handled by technical experts and, to the extent possible, exempted from public hearings and discretionary review by elected officials. Authorizing third-party private inspections of documents and structures as an alternative to public building inspector approval and setting firm deadlines (“shot-clocks”) on state and local review of permit applications would further reduce the delay. Exempting more housing developments from state permitting requirements like endangered species, driveways on state highways, terrain modification, etc., and centralizing permitting in one or two state agencies, would reduce complexity and cost.

Property tax structure matters too, and should encourage rather than discourage development.

Homestead exemptions, assessment caps, and poorly designed revenue or spending caps that do not exclude new development violate this principle, as do school finance schemes that redistribute from high-value to low-value localities. When the fiscal benefit of new development is redistributed away, a locality has less incentive to welcome growth. States should design tax systems that reward growth, not penalize it, and should reduce state funding to localities with below-average per capita housing permitting rates despite above-average housing costs.

On labor costs, states should ease or eliminate the burden of occupational licensing on construction contractors. Half of states already do not license general contractors, and several states, including Kansas, Missouri, Nebraska, New York, and Pennsylvania, do not even license electricians, plumbers, or both. There is no evidence of worse safety outcomes in those states, but

licensing contractors limits the supply of professionals and increases their cost.¹² States should also preempt arbitrary local requirements such as mandates that a licensed engineer be physically present during all multifamily construction.

On material costs, states should adopt uniform statewide building codes that limit local government technical amendments, and should modernize those codes to reduce construction costs in three specific ways: allowing the construction of new single-stair multifamily buildings up to six stories provided they have modern fire safety features;¹³ allowing small multifamily structures to be built under the International Residential Code rather than the International Building Code;¹⁴ allowing the construction of smaller elevators under European standards.¹⁵ States should also legalize manufactured housing in residential districts, cap localities’ minimum unit sizes, which can often be used to discourage manufactured housing, and eliminate or cap parking minimums on residential developments. Parking minimums encourage too much paving, which has environmental, economic, and aesthetic costs.

Local Opportunities

Local governments are closest to the people and closest to the housing problem. They should make zoning and permitting decisions based on the best interests of the whole community rather than the demands of the tiny but highly motivated anti-change groups that disproportionately turn out for local elections and development hearings.

A principled framework at the local level would plan infrastructure to accommodate growth and use land-use rules intelligently to limit true nuisances and

12 Morris M. Kleiner and Evan J. Soltas, “A Welfare Analysis of Occupational Licensing in US States,” *Review of Economic Studies* 90, no. 5 (2023): 2481–516.

13 Seva Rodnyansky et al., *Small Single-Stairway Apartment Buildings Have Strong Safety Record* (Pew Research Center, 2025), <https://www.pew.org/en/research-and-analysis/reports/2025/02/small-single-stairway-apartment-buildings-have-strong-safety-record>.

14 John Zeanah, *Beyond Zoning: Hidden Code Barriers to Middle-Scale Housing* (Center for Building in North America, 2026), <https://admin.centerforbuilding.org/cfb-publication/beyond-zoninghidden-code-barriers-to-middle-scale-housing/>.

15 Stephen Smith, *Elevators* (Center for Building in North America, 2024), <https://centerforbuilding.org/publication/elevators>.

ensure that new development pays its own way. All too often, however, local governments cater to loud voices that want to stop any growth at all, thus pushing that growth further and further away from the jobs and amenities that attract new residents and keep young people in the community. They do this through irrational mandates like parking minimums, sprawl-inducing minimum lot sizes and maximum densities, and costly, time-consuming discretionary reviews. The following reforms would reorient local policy toward housing abundance:

On land costs, localities should allow mixed-use buildings wherever general commercial development is permitted, and reduce or eliminate minimum road frontage requirements that constrain how land can be assembled and developed. Density bonuses tied to clustering and permanent conservation can simultaneously reduce road costs and build public support for new housing in suburban and rural areas. Local road standards should also be examined: narrower widths can enhance both safety and neighborhood aesthetics while opening space for buildings. Some fire departments oppose these changes because their existing fleets require wider clearances. Local officials should accordingly investigate and evaluate the comparative safety costs and benefits of wide roads.¹⁶

On legal costs, the central reform is straightforward: allow more development “by right” rather than by discretionary permits that give anti-growth interests multiple opportunities to delay or block projects. Impact fees, where they exist, should be properly calibrated to “make development pay its own way,” giving residents an incentive not to oppose new development but also not unduly discouraging development.

On material costs, localities can go further than state law requires on parking. Beyond eliminating all parking minimums, they can allow on-street parking

in more places, set market prices on on-street parking to ensure availability, and return parking revenues to the block where they are collected (the “Shoup solution”).¹⁷ Localities should also legalize single-room occupancies in downtown areas. These shared-kitchen, shared-bathroom arrangements are the lowest rung on the housing ladder and can meaningfully reduce homelessness. Finally, though some aesthetic standards may be appropriate in established or historic neighborhoods, local governments should refrain from applying aesthetic standards that significantly increase construction costs in new subdivisions—bans on vinyl siding, granite curb mandates, and similar requirements add cost without adding proportionate value.

Conclusion

The American people are demanding solutions to scarce housing and soaring housing costs. We can solve these problems at minimal cost to taxpayers by simply getting the government out of the way. Governments at all levels have put heavy burdens on private land development, especially for residential uses. While many of these restrictions have been well-intentioned, they have caused a great deal of harm, especially to the young and to the working class. Fortunately, policymakers have a large menu of reform options from which to choose. If the American dream is to be a realistic opportunity for rising generations, we must tear down the barriers preventing them from attaining affordable, stable housing.

¹⁶ Laura Bliss, “The Fire Trucks Are Too Damn Big,” Bloomberg CityLab, December 11, 2018, <https://www.bloomberg.com/news/articles/2018-12-11/fire-trucks-and-engines-are-too-big-let-s-shrink-them>.

¹⁷ Donald Shoup, *The High Cost of Free Parking* (Planners Press, American Planning Association, 2005).



About the Author

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4

Delivering Affordability Through Energy Abundance

BY GABRIELLA HOFFMAN

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INTRODUCTION

In the past year, the United States has reclaimed its spot as the world's top energy producer. This is not by accident.

After four years of aggressive net-zero and renewable-energy mandates that led to energy inflation and higher costs, the Trump administration has embraced energy abundance as policy.¹ Abundance means expanding the production and consumption of reliable energy sources like coal, natural gas, geothermal, and nuclear energy, largely through the free market and deregulation—not government subsidies.²

Producing more abundant, reliable, secure energy through energy addition (energy abundance)—not energy subtraction (net-zero decarbonization)—here at home has manifold benefits, including delivering affordability in the form of lower energy costs and utility bills. Lower energy prices have positive downstream effects on industries including shipping, transportation, agriculture, and electricity.

The federal government has adopted this energy abundance posture; more U.S. states would benefit from embracing it as well.

When Americans think about energy affordability, their thoughts often jump to the price at the pump. The price has risen sharply since late February 2026, when the national average for regular unleaded gasoline was about \$2.98 per gallon. As of the writing of this paper, it sits near \$4.50—a 50% increase in a matter of months. This is a real cost-of-living burden, and it's worth understanding why prices rose. Gasoline is refined from crude oil, and crude is priced on a global market. Even though the

1 A. Bhole, "Energy Prices Soar Almost 30 Percent Under Biden—13 Times Faster than Previous 7 Years: Analysis," New York Post, April 12, 2024, <https://nypost.com/2024/04/12/us-news/electricity-costs-soar-under-biden-administration-energy-prices-soar-under-biden-administration/>

2 Gabriella Hoffman and C. Sheffield, "Energy Abundance: How America Can Lead the World in Energy Production While Creating a Better, Cleaner Environment," Independent Women, 2025, <https://www.independentwomen.com/wp-content/uploads/2025/10/Energy-Abundance-Report.pdf>

United States is the world's top producer, the price an American pays at the pump is set by a world market that responds to events far from American shores. The single largest driver of the current spike is the Iran war and Iran's closure of the Strait of Hormuz, the chokepoint through which roughly one-fifth of the world's oil passes. When that waterway closed, global crude prices jumped, and American pump prices followed—not because domestic abundance policy failed, but because no level of domestic production can fully insulate a globally traded commodity from a supply shock of this magnitude.

This is the proper way to understand the relationship between energy policy and energy prices. Producing more here at home is the right long-term goal, and the United States has met it. We are the world's leading producer of oil and natural gas and a net energy exporter. But independence does not equal immunity. The same administration pursuing abundance at home is also conducting a foreign policy that, in the short run, moves global markets and therefore domestic costs. That tension is temporary. As the war moves toward its conclusion with the Strait's eventual reopening, the supply shock will ease and prices will fall, though consumers should expect the relief to lag crude markets in the short term. The durability of lower prices depends on staying the course: if permitting reform, deregulation, and production gains described in this report are sustained rather than reversed, the United States will return to a low-price baseline and be better positioned to absorb the next geopolitical shock.

In the meantime, the administration has wisely reached for targeted, market-oriented tools to blunt the shock rather than for price controls or demand restrictions. It has temporarily waived the Jones Act, the 1920 law requiring goods shipped between U.S. ports to travel on American-flagged vessels, freeing foreign-flagged tankers to move crude and fuel domestically. This waiver, first issued in March 2026, has been extended

through mid-August 2026. It has also eased sanctions on Venezuela's state oil company, reopening a major source of heavy crude to American refiners, and U.S. imports of Venezuelan oil have since climbed to their highest level in more than a year, helping offset the barrels stranded by the Hormuz closure. These are abundance-oriented responses in miniature: adding supply rather than rationing it, and they are exactly the kind of policy that brings prices back down without sacrificing the long-run goal.

Energy Abundance, Not Net-Zero, is the Backbone of Affordability

Encouraging the production of abundant, reliable, and secure energy sources will usher in affordability.

In a notable concession, Heatmap, a climate-focused news outlet, acknowledged in fall 2025 the affordability tension at the heart of progressive climate policies:

The transition to clean energy will be expensive today, even if it'll be cheaper in the long run.

Democrats have embraced a new theory of how to win: run on affordability and cost-of-living concerns while hammering Donald Trump for failing to bring down inflation. There's only one problem: their own climate policies.³

The free market—not government—should ultimately decide which energy sources credibly compete in the marketplace. At this time, due to rising electricity demand, sources like natural gas, nuclear (fission and fusion), geothermal, and even coal are helping to keep costs down amid surging energy use and geopolitical events.

³ R. Meyer, "Democrats' New Affordability Message Is Complicating Climate Policy," Heatmap News, November 18, 2025, <https://heatmap.news/politics/democrats-affordability-climate>

Overreliance on government subsidies burdens taxpayers, while preventing energy technologies from becoming competitive and being adopted at scale.

For example, wind and solar energy—intermittent energy sources that only generate power when the wind blows and sun shines, respectively—have been subsidized for decades by federal and state governments. Renewable energy mandates require states and private entities to replace coal, oil, and natural gas with wind, solar, electric vehicles, and batteries by 2050. For the past several decades, these energy forms received billions in taxpayer dollars but haven't replaced reliable natural gas (43%), nuclear (18.6%), or coal (16.2%) to supply our electricity.⁴ Subsidized solar energy has received 15 Investment Tax Credit (ITC) extensions and merely accounts for 3.9% of net U.S. electricity generation, while subsidized wind energy has received 12 Production Tax Credit (PTC) extensions and accounts for 11% of net U.S. electricity generation.⁵

The One Big Beautiful Bill Act (OBBBA) passed in summer 2025 phased out the majority of solar ITC and wind PTC from the deceptively named Inflation Reduction Act of 2022.⁶ This ensures that all energy forms can operate on an equal playing field and compete for private investment dollars.

Approving new natural gas and nuclear energy projects, for example, will save ratepayers billions in energy costs, compared to subsidized wind and solar. This is especially true in New England, a region that has experienced a 29% surge in electricity costs between 2019 and 2024 due to green mandates such as 100% renewable energy targets, renewable portfolio

standards (RPS), and membership in the cap-and-trade program called the Regional Greenhouse Gas Initiative (RGGI).⁷

A recent Always On Energy Research report, “Alternatives to New England’s Energy Affordability Crisis,” found that building new natural gas and nuclear projects instead of wind and solar would save New England ratepayers up to \$708 billion through 2050 (via natural gas; roughly \$400 billion via nuclear), avoiding most of the \$815 billion in added costs the renewables-only path would impose over the same timeframe.⁸ Always On Energy Research analyzes the high costs of transitioning to 100% renewables by 2050. Their modeling provides state-specific data and analysis that reveals the true costs of energy-related policies and their real-world impact on a state’s electric grid.

Permitting Reform Will Usher in Affordability

In order to meet America’s abundance moment and lower prices, there must be more domestic production of reliable and abundant energy sources.

On Day One of the second Trump term, the White House announced decisive steps to reform the National Environmental Policy Act (NEPA) by repealing 60-year-old Council on Environmental Quality (CEQ) regulations, deprioritizing climate considerations, and streamlining environmental review.⁹ Previously, energy projects took 7 to 10 years to permit and new mines faced development timelines as long as 29 years. If these changes hold, the Interior Department’s

4 U.S. Energy Information Administration, “Frequently Asked Questions (FAQs),” <https://www.eia.gov/tools/faqs/faq.php?id=427&t=8>.

5 R. Bradley, “Solar Tax Credits: 1978–2025 (Never Enough),” Master Resource, June 30, 2025, <https://www.masterresource.org/solar-power-issues/solar-tax-credits-1978-2025/>.

6 A. Muresianu, “How the One Big Beautiful Bill Changes Green Energy Tax Credits,” Tax Foundation, August 12, 2025, <https://taxfoundation.org/blog/big-beautiful-bill-green-energy-tax-credit-changes/>.

7 T. Higgins, “New Federal Study Documents Electricity Price Hikes in RGGI States,” Pittsburgh Works Together, November 5, 2025, <https://pghworks.com/new-federal-study-documents-electricity-price-hikes-in-rggi-states/>.

8 Always On Energy Research, “Alternatives to New England’s Energy Affordability Crisis,” February 9, 2026, <https://www.aoenrgy.org/work/total-system-cost-wind-and-solar-new-england/>.

9 The White House, “Unleashing American Energy,” January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-american-energy/>.

emergency procedures can cut permitting review to as little as 28 days.¹⁰

With rising demand for reliable domestic energy and critical minerals supplies, permitting reform will allow new projects to come online faster. Unless these regulatory changes are made permanent by Congress, through efforts like the SPEED Act, the U.S. could squander this opportunity and not have enough new capacity available to meet rising electricity demand. This bill would codify many of these reforms in statute, making them durable against future executive reversal by different administrations.

Failure to streamline the permitting process could lead to higher energy costs and discourage private investment in new technologies.

Market Innovation Will Lead to Energy Affordability Without Environmental Ruin

Innovation—not climate regulation—is the key to unlocking energy affordability without threatening clean air, water, and land quality.

The shale boom of the 2000s to 2010s is a prime example of this. Between 2008 and 2015, the U.S. increased domestic oil and gas production through hydraulic fracturing (fracking) and horizontal drilling. It cut American dependence on foreign oil and gas imports and subsequently lowered costs here at home. This transition to natural gas is also “responsible for 62% of cumulative carbon dioxide emissions savings.”¹¹

Nuclear (fission and fusion) power and geothermal are also poised to undergo a similar renaissance due to demand for reliable energy sources.

The U.S. has set an ambitious goal of 400 gigawatts (GW) of total nuclear capacity by 2050—enough to power hundreds of millions of people. The federal government is reforming the Nuclear Regulatory Commission (NRC) and expediting permitting to ensure both nuclear energy forms can come online and power the nation.

Fission energy is a clean and reliable energy source, working nearly 24/7 and functionally operating for 93% of the year. A standard one gigawatt (GW) fission plant also occupies about one square mile of land—a fraction compared to utility-scale wind and solar. Small modular reactors (SMRs) and microreactors are being fast-tracked for NRC approval, with several currently under development across the country.¹²

Even more promising is fusion energy. Compared to fission, fusion doesn’t produce any long-lived radioactive waste and creates four times as much energy. It’s described as having the potential to produce “limitless” clean, abundant energy.¹³ In fact, the U.S. is poised to build and operate the world’s first commercial fusion power plant by the 2030s in Virginia.

Geothermal energy is the second most reliable energy source after nuclear energy. Geothermal power plants “use hot water from the Earth’s crust to generate steam to power a turbine for electricity generation.” The aforementioned horizontal drilling and hydraulic fracturing technology employed for natural gas is also being utilized here. Unlike other renewables, geothermal is abundant and reliable. Like natural gas and nuclear,

10 S&P Global, “United States Ranks Next to Last in Development Time for New Mines that Produce Critical Minerals for Energy Transition, S&P Global Finds,” July 18, 2024, <https://press.spglobal.com/2024-07-18-United-States-Ranks-Next-to-Last-in-Development-Time-for-New-Mines-that-Produce-Critical-Minerals-for-Energy-Transition,-SP-Global-Finds>; U.S. Department of the Interior, “Department of the Interior Implements Emergency Permitting Procedures to Strengthen Domestic Energy Supply,” June 4, 2025, <https://www.doi.gov/pressreleases/departement-interior-implements-emergency-permitting-procedures-strengthen-domestic>

11 American Gas Association, “Climate Change Commitment,” May 12, 2023, <https://www.aga.org/natural-gas/environment/climate-change-commitment/>

12 Nuclear Energy Institute, “Land Needs for Wind, Solar Dwarf Nuclear Plant’s Footprint,” July 2015, <https://www.nei.org/news/2015/land-needs-for-wind-solar-dwarf-nuclear-plants>

13 “Why Fusion?,” US Fusion Energy, <https://usfusionenergy.org/why-fusion>.

geothermal—a source that works optimally for 90% of the year—is also being used to provide electricity for AI data centers.¹⁴

AI Data Centers & Consumer-Regulated Electricity

Rising AI energy demand has created an affordability concern and, without proper market structures, the electricity needs of large data centers could be socialized onto ordinary ratepayers. AI data centers, however, revealed that part-time subsidized energy sources like wind and solar can't adequately power the future. That's why natural gas, nuclear, geothermal, and even coal could supply the electricity needed for these power centers.¹⁵

Electricity demand is rising not only on account of AI data centers, but also due to manufacturing, defense capabilities, technology usage, and even air conditioning.

To balance concerns about AI data centers and rising electricity rates, a practical solution has emerged: consumer-regulated electricity (CRE). The Cato Institute argues that private electricity networks, under a CRE framework, would allow data centers to generate electricity on a parallel electric grid without transferring costs onto existing customers:

CRE would resolve a central tension in today's electricity policy: how to welcome new industrial investment without

*socializing its costs. By creating a parallel track for new load growth, CRE would allow states to attract new electricity-intensive industries at zero cost to taxpayers and ratepayers. At the same time, CRE would create space for rapid innovation in generation, transmission, and system design—experimentation that is nearly impossible within the highly risk-averse regulated grid.*¹⁶

In August 2025, New Hampshire became the first state in the U.S. to adopt this framework as policy.

¹⁷ In January of this year, Senator Tom Cotton (R-AR) introduced a federal companion bill in Congress specifically aimed at lowering energy costs.¹⁸

During his recent State of the Union Address, President Trump announced companies specializing in AI data centers “have the obligation to provide for their own power needs. They can build their own power plants as part of their factory so that no one's prices will go up.”¹⁹

In response to affordability concerns, many major technology companies were already heading in this direction before the Trump administration announced its Ratepayer Protection Pledge Proclamation.²⁰ Google, Meta, Amazon, and other technology companies are already committed to this “Bring Your Own Power” (BYOP) concept to not pass costs down onto worried consumers. Essentially, tech companies are co-locating their data centers next to power generation sources—e.g., gas turbines or nuclear

14 “Geothermal and Data Centers,” [Energy.gov](https://www.energy.gov/hgeo/geothermal/geothermal-and-data-centers), <https://www.energy.gov/hgeo/geothermal/geothermal-and-data-centers>.

15 S. Kimball, “Trump Wants Coal to Power AI Data Centers. The Tech Industry May Need to Make Peace with That for Now,” CNBC, May 17, 2025, <https://www.cnbc.com/2025/05/17/trump-wants-coal-to-power-ai-data-centers-the-tech-industry-is-wary-.html>

16 T. Fisher, “The Case for Consumer-Regulated Electricity: Private Electricity Grids Offer a Parallel Path to Energy Abundance,” Cato Institute, February 3, 2026, <https://www.cato.org/briefing-paper/case-consumer-regulated-electricity-private-electricity-grids-offer-parallel-path>

17 T. Fisher and G. Lyons, “New Hampshire Sparks a Revolution in Electricity Supply,” Wall Street Journal, September 26, 2025, <https://www.wsj.com/opinion/new-hampshire-sparks-a-revolution-in-electricity-supply-dab10a8d>

18 Office of U.S. Senator Tom Cotton, “Cotton Introduces Bill to Lower Energy Costs for Arkansans,” January 8, 2026, <https://www.cotton.senate.gov/news/press-releases/cotton-introduces-bill-to-lower-energy-costs-for-arkansans>

19 S. Kimball, “Big Tech Companies to Meet Trump at White House to Sign Pledge on Data Center Power Costs,” CNBC, February 25, 2026, <https://www.cnbc.com/2026/02/25/trump-tech-ai-data-center-electricity-price-pledge.html>

20 The White House, “Ratepayer Protection Pledge Proclamation,” March 2026, <https://www.whitehouse.gov/presidential-actions/2026/03/ratepayer-protection-pledge-proclamation/>

reactors—to not overwhelm existing electric grids. To conserve precious water resources, especially in states out West, data center operators are using closed-loop cooling systems to reduce reliance on freshwater by up to 70%.²¹

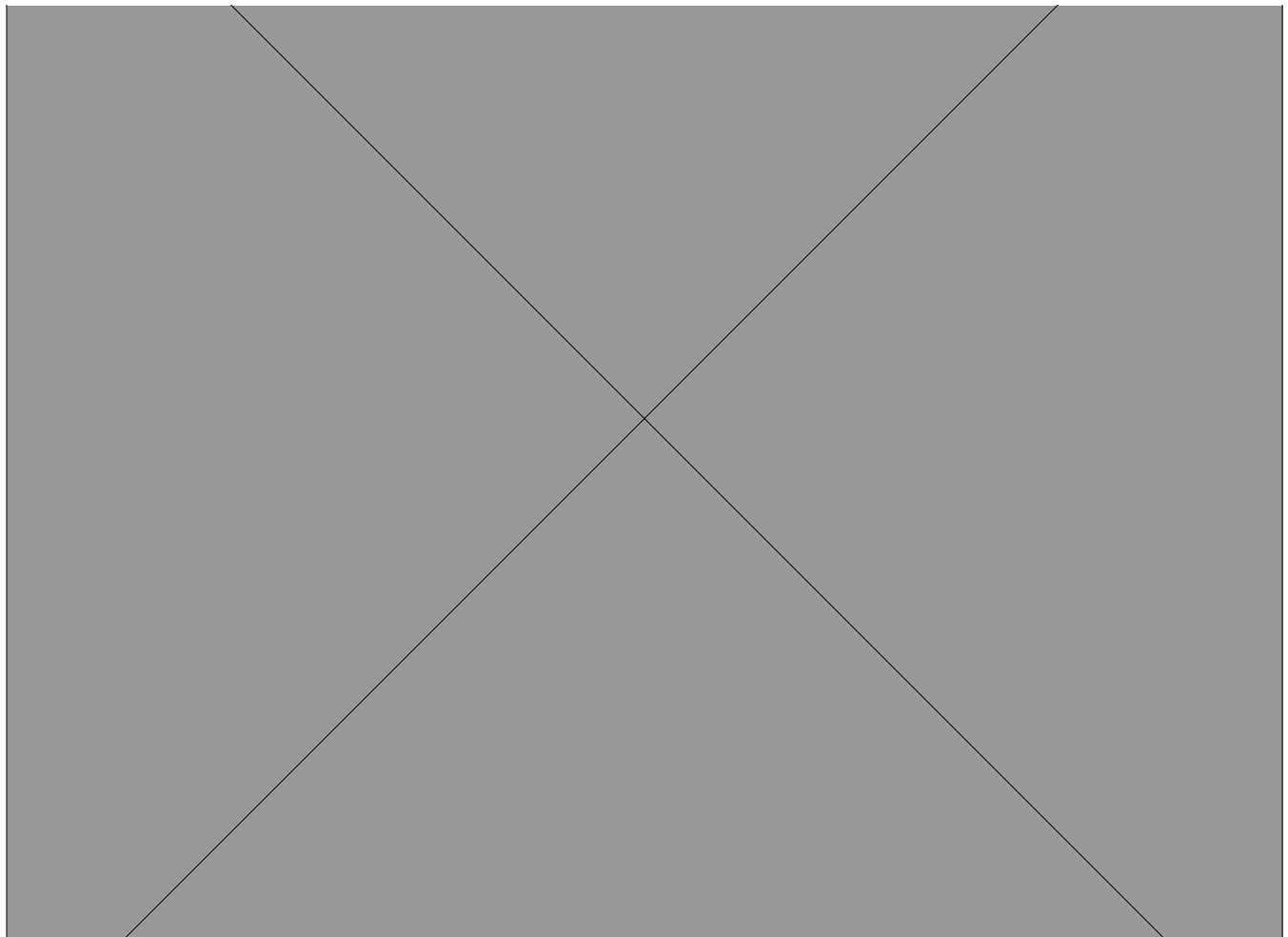
Conclusion

Due to American energy abundance policies, the U.S. is producing record amounts of oil and gas.

In 2025, we became the first nation to export 100 million metric tons of liquefied natural gas (LNG) in a year²²—solidifying our status as a net energy exporter.

And deregulatory measures by the Trump administration are reforming the permitting process that is necessary to build new infrastructure projects. As energy prices decrease, cost savings will trickle down to consumers in the form of cheaper fuel, food, and transportation costs.

But there is room for improvement to achieve affordability on electricity prices. A combination of deregulation—the repeal of costly green mandates in states—and innovating electricity markets with consumer-regulated electricity (CRE) reforms can effectively deliver lower energy prices without harming the environment.



21 M. Yañez-Barnuevo, “Data Centers and Water Consumption,” Environmental and Energy Study Institute, June 25, 2025, <https://www.eesi.org/articles/view/data-centers-and-water-consumption>.

22 Preliminary LSEG/Reuters data; see Independent Women, “U.S. Sets LNG Export Record in 2025,” January 6, 2026, <https://www.independentwomen.com/2026/01/06/u-s-sets-lng-export-record-in-2025/>.



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Gabriella credits her Lithuanian parents, Soviet Union escapees, for instilling a love of freedom, liberty, and limited government in her.

5

Prescription for Affordability: Restoring Patient Power

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**THE CLUB FOR
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PRICED OUT

How Big Government Made Life
Unaffordable and How to Fix It

INTRODUCTION

In last year's debate over enhanced Obamacare subsidies, many Members of Congress took the entirely wrong approach, beginning with the very language they employed. For instance, last June, Sen. Thom Tillis (R-NC) said that "with the ACA subsidies and other things, we should start thinking about a stream of bipartisan bills that we can work on."¹

Rather than challenging a failing law, Tillis and others like him reveal exactly how far the debate has shifted. Calling the 2010 healthcare law the "Affordable Care Act" represents more than a semantic concession; it endorses a thoroughly refuted premise. Obamacare has proven anything but affordable—for patients or taxpayers. The law singularly failed to deliver on candidate Obama's 2008 promise that his signature legislation would "bring down premiums by \$2,500 for the typical family."²

Indeed, within the first four years after Obamacare took full effect, premiums on the individual health insurance market more than doubled.³ And in the time since, premiums for individual health insurance have continued to rise at a faster pace than those for employer-provided health coverage.⁴

Proposed legislation to permanently extend the Biden-era COVID subsidies would have cost taxpayers \$350 billion, plus interest, at a time when the federal government faces \$39 trillion in debt.⁵ Democrats thought their plan such a political winner that they forced the longest government shutdown in history for 43 days, from October 1 to November 12, 2025. Their plan sought to double down on Obamacare's failed

1 Sahil Kapur, "Republicans Face New Pressure to Extend Expiring Obamacare Tax Credits," NBC News June 2, 2025, <https://www.nbcnews.com/politics/congress/republicans-face-new-pressure-extend-expiring-obamacare-tax-credits-rcna209281>.

2 Quoted in Kevin Sack, "Health Plan from Obama Spurs Debate," New York Times July 23, 2008, <https://www.nytimes.com/2008/07/23/us/23health.html>.

3 Department of Health and Human Services Office of Planning and Evaluation, "ASPE Data Point: Individual Market Premium Changes: 2013-2017," May 23, 2017, <https://aspe.hhs.gov/system/files/pdf/256751/IndividualMarketPremiumChanges.pdf>.

4 Cited in Brian Blase, Testimony before Senate Homeland Security Permanent Subcommittee on Investigations in hearing on "Assessing the Damage Done by Obamacare," November 6, 2025, <https://www.hsgac.senate.gov/wp-content/uploads/Blase-Testimony-2.pdf>, Figure 7, p. 6.

5 Congressional Budget Office, Letter to Sen. Chuck Schumer, et al. regarding selected health coverage policies, September 18, 2025, <https://www.cbo.gov/system/files/2025-09/61734-Health.pdf>; Department of the Treasury, "Debt to the Penny," <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>.

approach—one that layers on costly mandates and regulations that raise the cost of health insurance—then attempts to make that coverage “affordable” by masking the damage with subsidies, perpetuating the underlying dysfunction.

Congress was right to let these enhanced subsidies expire. Now, they must build on that victory rather than simply defending the status quo—by advancing true reforms that focus on the most important concern most Americans have about healthcare—its high cost.

Healthcare’s rising costs have their roots in a system of twisted and perverse incentives. The tax-free treatment of employer-provided health coverage, which will reduce federal revenue by roughly \$6 trillion over the coming decade, has its roots in World War II-era wage and price controls.⁶ This historical anomaly means that most individuals do not select their own insurance policy so much as their employer selects it for them—which, by definition, places actors other than the patient in control of major healthcare decisions.

The tax treatment of health insurance also effectively subsidizes higher health costs. A dollar in employer-provided health coverage that federal law excludes from payroll, income, and (in many cases) state and local taxes has a greater value to an employee than a dollar in taxable cash wages. The distortionary incentive that government provides encourages workers to purchase additional health insurance, and additional healthcare, contributing to rising costs.

Other government policies also distort market principles. For instance, Medicare physician payment rates, which are set via a statutory formula, have declined by approximately one-third on an inflation-adjusted basis this century.⁷ However, in that same

time frame, physicians have performed more services in response, attempting to make up in volume what they lose from government-imposed price declines.⁸ Moreover, continued declines in Medicare payment levels “incentivize providers to increasingly favor commercial patients [i.e., those with private insurance] over Medicare patients.”⁹ These types of hidden cost shifts pervade the healthcare sector, due to disconnects between the payer of services (often the government) and the end user, along with opacity stemming from a lack of transparency.

Policies should realign incentives and empower consumers in ways that can drive down the underlying cost of care. Other changes should focus on making coverage personal and portable, such that people can purchase the insurance they want to buy, not what government dictates. Only fundamental reform—not incremental adjustments to a failed system—can deliver meaningful relief to American families.

Portability: Because most Americans currently obtain their health coverage through their employer, they often face a disconnect between the coverage that they want and what their employer offers. Individuals also have to change their coverage when they switch jobs—a particularly difficult problem when patients face a catastrophic medical situation—a cancer diagnosis, for instance—and risk losing their job and their health coverage simultaneously.

When talking about healthcare, the Left traditionally highlights individuals with pre-existing conditions to justify greater government control of the health system. By contrast, conservatives should emphasize changes that would make it easier for Americans to buy coverage before they develop a pre-existing condition—insurance that individuals can buy, hold,

6 William McBride and Alex Durante, “Federal Revenue and Distributional Impacts of Limiting the Tax Exclusion for Employer-Sponsored Health Insurance Premiums,” Tax Foundation, October 2, 2025, <https://taxfoundation.org/research/all/federal/employer-sponsored-health-insurance-premiums-tax-affordable-care-act/>.

7 American Medical Association, “Medicare Physician Payment Reform: The Urgent Need for Comprehensive Reform,” February 2025, <https://www.ama-assn.org/system/files/2025-mac-medicare-physician-payment-issue-brief.pdf>.

8 Eric Christensen, et al., “Medicare Volume Growth and Shift in Payments From Physicians to Non-Physician Practitioners Under Statutory Budget Neutrality,” Inquiry April 2024, <https://pmc.ncbi.nlm.nih.gov/articles/PMC11055487/>.

9 Ibid.

and keep themselves, without being tied to an employer or place of business.

The first Trump Administration made important progress on the portability front by finalizing rules regarding Health Reimbursement Arrangements (HRAs) for insurance coverage.¹⁰ These rules allow employers to subsidize insurance coverage that the individual, and not the employer, owns—enhancing portability by allowing workers to take that coverage from job to job while retaining their employer subsidy. Congress should codify these rules so that a future Administration cannot undo them.

Additional reforms to enhance portability could codify other alternatives to the failed Obamacare status quo, such as Association Health Plans, cross-state purchasing of health insurance, and short-term, limited-duration insurance. By making coverage portable, these concepts would increase the number of Americans owning their own health insurance policies.

Pre-Existing Conditions: In addition to improving portability, conservative solutions should also provide better policies for people with pre-existing conditions. While not insignificant, this “uninsurable” population is smaller than Obamacare supporters would have the public believe. Surveying the available data at the time of Obamacare’s passage, one study estimated the number of Americans who could not buy health insurance on the individual market due to an underlying health condition at approximately 2-4 million.¹¹

For this group, policymakers could explore restoring the high-risk pools that covered some patients

with high healthcare needs in the years leading up to Obamacare. Before the law’s major insurance regulations took effect, these pools provided coverage to people with pre-existing conditions who could not buy affordable coverage on the individual market. Most of the 35 state-based risk pools capped premiums at 125% to 150% of standard individual market insurance rates.¹²

At the time of Obamacare’s passage, the pools covered approximately 200,000 individuals.¹³ Because premiums paid by enrollees did not cover their sizable health costs, the pools required external sources of funding—assessments on insurers, state appropriations, federal grants, or a combination of the three—to offset their financial losses.¹⁴ Enrollment often varied by state based on the stability of external funding sources. More robust federal funding would allow high-risk pools to offer coverage to individuals who could not buy coverage on the private market—at a cost far cheaper than Obamacare.

The study at the time of Obamacare’s passage estimated that a robust system of high-risk pools would require approximately \$15-20 billion annually in federal funding.¹⁵ Inflation since 2010 would likely push those costs higher, to the tune of several hundred billion dollars over the course of a decade.

But consider that the Congressional Budget Office estimates that spending on Obamacare’s entitlements—Exchange subsidies and Medicaid expansion to able-bodied adults—will total more than \$2.5 trillion over the coming decade.¹⁶ This sizable sum

10 Departments of the Treasury, Labor, and Health and Human Services, Final Rule regarding “Health Reimbursement Arrangements and Other Account-Based Group Health Plans,” Federal Register June 20, 2019, <https://www.govinfo.gov/content/pkg/FR-2019-06-20/pdf/2019-12571.pdf>, pp. 28888-29027.

11 Jim Capretta and Tom Miller, “How to Cover Pre-Existing Conditions,” National Affairs Spring 2010, <https://www.nationalaffairs.com/publications/detail/how-to-cover-pre-existing-conditions>.

12 Ibid.

13 Ibid.

14 Ibid.

15 Ibid.

16 Congressional Budget Office, “Federal Subsidies for Health Insurance,” February 2026, <https://www.cbo.gov/system/files/2026-02/51298-2026-02-healthinsurance.pdf>, Table 2: CBO and JCT’s Projections of Net Subsidies for Health Insurance, p. 4; Congressional Budget Office, “Medicaid Baseline,” February 2026, <https://www.cbo.gov/system/files/2026-02/51301-2026-02-medicaid.pdf>.

does not even include the \$350 billion that Democrats tried, and failed, to get Congress to approve last fall to extend the Biden-era COVID enhanced subsidies.¹⁷

The CBO estimates show how conservative health policies could address the pre-existing condition problem, while saving trillions of dollars compared to Obamacare’s costly mandates and regulations. In

addition, conservative policies that enhance portability would, by providing more ways for Americans to buy coverage before they develop a pre-existing condition, dramatically reduce the pre-existing condition problem over time.

Health Savings Accounts: President Trump’s recent “Great Health Care Plan” contained a key principle to increase competition, expand consumer choice, and ultimately lower costs: “Stop sending big insurance companies billions in extra taxpayer-funded subsidy payments and instead send that money directly to eligible Americans.”¹⁸

Health Savings Accounts, first established in 2003, provide the best vehicle to achieve the President’s vision. HSAs permit individuals to save money for routine medical expenses on a pre-tax basis, allowing them to accumulate savings that they can use in the event of a major emergency. HSAs encourage families to become smart consumers of healthcare.

Major reforms to Health Savings Accounts should include increasing the maximum contribution limit, expanding eligibility, and allowing individuals to use HSA dollars to purchase health insurance.¹⁹ As the President suggested, Congress can use HSAs to redirect existing program dollars from subsidizing

insurers to subsidizing patients directly. When allocating public funds directly to HSAs, Congress should include appropriate restrictions to ensure that subsidy recipients spend these taxpayer dollars only on qualified medical expenses, and that taxpayer dollars do not fund abortions, consistent with the Hyde Amendment’s 50-year-old precedent. Allowing all individuals to contribute to an account, rather than just those with high-deductible health insurance plans, would dramatically expand HSA eligibility.

Price and Quality Transparency: HSAs and empowering patients can only help bring down costs if Americans have the information they need to serve as smart consumers of healthcare. At a recent congressional hearing, multiple witnesses provided examples of how transparency is already working to reduce prices, lower costs, and make the healthcare system more efficient:

- A representative of a healthcare data and analytics firm testified that, thanks to transparency, prices converged in nearly five in six (82.8%) markets between December 2021 and June 2024, suggesting more rational pricing behavior by hospitals;²⁰
- The CEO of an employer coalition noted that “employers with complete claims data access are far more likely to deploy high-value hospital strategies” like direct contracting with providers and designating high-quality hospitals as centers of excellence, illustrating that purchasers can put transparency to work to lower costs and improve care quality;²¹ and
- A researcher cited multiple examples of how policies like reference-based pricing—where an employer

17 CBO, Letter to Sen. Schumer.

18 President Donald J. Trump, “The Great Health Care Plan,” January 15, 2026, <https://www.whitehouse.gov/wp-content/uploads/2026/01/The-Great-Healthcare-Plan.pdf>.

19 Under current law, HSA dollars cannot be used to purchase health insurance, with limited exceptions. See 26 U.S.C. 223(d)(2).

20 Carol Skenes, Testimony before the House Energy and Commerce Subcommittee on Health at a Hearing on “Lowering Health Care Costs for All Americans: Examining Policies to Increase Health Care Transparency,” June 10, 2026, <https://docs.house.gov/meetings/IF/IF14/20260610/119378/HHRG-119-IF14-Wstate-SkenesC-20260610.pdf>, pp. 4-5.

21 Shawn Gremminger, Testimony before the House Energy and Commerce Subcommittee on Health at a Hearing on “Lowering Health Care Costs for All Americans: Examining Policies to Increase Health Care Transparency,” June 10, 2026, <https://docs.house.gov/meetings/IF/IF14/20260610/119378/HHRG-119-IF14-Wstate-GremmingerS-20260610.pdf>, Figure 3, p. 6.

sets a maximum price it will reimburse a hospital for a procedure (e.g., hip replacement)—have lowered the costs of care by double-digit percentages and millions of dollars.²²

These efforts would have even more impact if patients could get full transparency into the cost and quality of care. Although the first Trump Administration acted to make pricing information more transparent for consumers, special interests continue to thwart public disclosure. For instance, hospitals have added special codes to their websites to prevent patients who search on sites like Google from finding their pricing information.²³

Healthcare interests continually resist price disclosure—a fact of life in virtually every other sector of the economy—suggesting the need for legislative action. While lawmakers should take a skeptical view of government mandates, they should consider passing bills such as the Patients Deserve Price Tags Act, which would expand and clarify existing transparency requirements.²⁴

Fighting Waste, Fraud, and Abuse: The industrial-scale fraud unearthed in Minnesota beginning in 2022—in which federal funds meant to feed children during COVID were diverted to luxury cars, overseas real estate, and shell companies—offers a cautionary example of the pervasive fraud endemic to the modern welfare state. A December 2025 Government Accountability

Office report also noted rampant fraud on Obamacare's Exchanges. For instance, one Social Security number was linked to “over 26,000 days (over 71 years of [taxpayer-subsidized] coverage) across 125 insurance policies in 2023.”²⁵

The One Big Beautiful Bill Act (OBBBA), which President Trump signed into law last year, contains several policies that address this problem. For instance, more frequent and rigorous eligibility checks should help alleviate the fraud involving millions of individuals who have improperly claimed tens of billions in Obamacare subsidies each year by falsifying their income.²⁶

However, Congress and states can and should do more to fight waste, fraud, and abuse in government healthcare programs. Congress should codify the common-sense program integrity provisions the Trump Administration finalized in a rule published last year, many of which have been blocked by a federal judge due to a lawsuit by several Democrat cities and interest groups.²⁷ States can do more to fight fraud, from fully staffing their program integrity offices to checking that beneficiaries are not simultaneously enrolled in multiple Medicaid programs.²⁸ States should also cease to expand Medicaid services, which drives up spending on an unsustainable program.²⁹

The ways in which states perpetually expand populations and services to receive more “free”

22 Christopher Whaley, Testimony before the House Energy and Commerce Subcommittee on Health at a Hearing on “Lowering Health Care Costs for All Americans: Examining Policies to Increase Health Care Transparency,” June 10, 2026, <https://docs.house.gov/meetings/IF/IF14/20260610/119378/HHRG-119-IF14-Wstate-WhaleyC-20260610.pdf>, pp. 12-14.

23 Tom McGinty, Anna Wilde Mathews, and Melanie Evans, “Hospitals Hide Pricing Data from Search Results,” The Wall Street Journal March 22, 2021, <https://www.wsj.com/health/healthcare/hospitals-hide-pricing-data-from-search-results-11616405402>.

24 Patients Deserve Price Tags Act, S. 2355 (119th Congress).

25 Government Accountability Office, “Patient Protection and Affordable Care Act: Preliminary Results from Ongoing Review Suggest Fraud Risks in the Advance Premium Tax Credit Persist,” Report GAO-26-108742, December 3, 2025, <https://www.gao.gov/assets/gao-26-108742.pdf>.

26 Congressional Budget Office, Letter to Rep. Jodey Arrington, et al. regarding clarifications of Marketplace coverage and eligibility, August 25, 2025, <https://www.cbo.gov/system/files/2025-08/61506-marketplace.pdf>, p. 7; Brian Blase, et al., “The Greater Obamacare Enrollment Fraud: The Fraud Got Much Worse in 2025,” Paragon Health Institute, June 2025, https://paragoninstitute.org/wp-content/uploads/2025/06/The-Greater-Obamacare-Enrollment-Fraud_RELEASE_V4.pdf.

27 Department of Health and Human Services, Final Rule regarding “Patient Protection and Affordable Care Act: Marketplace Integrity and Affordability,” Federal Register June 25, 2025, <https://www.govinfo.gov/content/pkg/FR-2025-06-25/pdf/2025-11606.pdf>, pp.27074-27224; City of Columbus v. Cochran, 523 F. Supp. 3d 731, 761-763 (D. Md. 2021).

28 Christopher Weaver et al., “Taxpayers Spent Billions Covering the Same Medicaid Patients Twice,” The Wall Street Journal March 26, 2025, <https://www.wsj.com/health/healthcare/mcicaid-double-payments-insurers-states-1c091b41>. Beginning in October 2029, Section 71103 of the One Big Beautiful Bill Act requires states to submit beneficiary names and addresses to a database intended to prevent simultaneous enrollment in multiple state Medicaid programs.

29 Club for Growth Foundation, “The Hidden Medicaid Expansion,” Policy Report No. 9, June 2025, <https://clubforgrowthfoundation.org/policy-reports/the-hidden-medicaid-expansion/>.

federal matching funds illustrate why Congress must change Medicaid’s incentives. For starters, lawmakers should equalize federal Medicaid match rates so that states do not receive a higher match for covering able-bodied adults than for covering seniors and individuals with disabilities, as a first step toward phasing out Obamacare’s Medicaid expansion to able-bodied adults entirely. In addition, reducing or eliminating the minimum 50% federal match for all states would end the system that encourages wealthier states like California and New York to unduly benefit from federal dollars via continual program expansions. Ideally, transforming Medicaid into a block grant or per capita cap would give the federal government funding certainty, reform its incentives, and give states additional regulatory flexibility to innovate.

Telehealth: Since 2020, seniors have increasingly used pandemic-era telehealth options to access care remotely. Particularly in rural areas with limited access to specialist providers, or for individuals with mobility and transportation issues who may have difficulty traveling to the doctor, telehealth provides an important means for patients to receive the personalized care they need.

In recent appropriations legislation, Congress extended these pandemic-era flexibilities through the end of calendar year 2027.³⁰ Lawmakers should go further by examining opportunities to make these flexibilities permanent and considering additional ways medical providers can deliver care remotely, benefitting patients and reducing overall costs. Although this policy change occurred during the government overreaches of the COVID era, preserving telehealth expands choice and competition in the marketplace to give consumers more options, which will help drive costs down.

Antitrust Enforcement: Obamacare led to rising costs in part because it gave insurers, hospitals, and physician practices greater incentives to merge to increase their clout when negotiating rates. For instance, the percentage of physicians employed by hospitals rose from one in four (25.8%) in 2012 to more than half (55.1%) by 2024, with another 22.5% employed by corporate entities such as insurers.³¹

Even Sen. Elizabeth Warren (D-MA) has acknowledged that Obamacare’s medical loss ratio provisions have encouraged consolidation within the sector. Warren has argued that by acquiring physician practices and pharmaceutical benefit managers, big insurance companies can offload revenue from their insurance business—where Obamacare capped their profits—onto other healthcare entities that lack such restrictions.³²

Greater resources devoted to antitrust enforcement may help make healthcare markets more competitive. In addition, empowering patients by redirecting subsidy funds to them will also encourage competition, as innovators will develop new methods to deliver health insurance and healthcare in response to consumer demand.

Drug Prices: Four separate reforms initiated in recent months should, both individually and collectively, help to bring down drug prices. First, President Trump’s proposal to “make more verified safe pharmaceutical drugs available for over-the-counter purchase” should reduce costs, especially if patients can avoid the cost of a doctor visit to obtain medicine.³³ Particularly if accompanied by swifter Food and Drug Administration (FDA) approval of generic alternatives, this reform would increase competition and drive down prices.

30 Section 6209 of the Consolidated Appropriations Act, 2026, P.L. 119-75.

31 Avalere Health, “Updated Report: Hospital and Corporate Acquisition of Physician Practices and Physician Employment 2019-2023,” Report for Physicians Advocacy Institute, April 2024, <https://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/PAI-Research/PAI-Avalere%20Physician%20Employment%20Trends%20Study%202019-2023%20Final.pdf>

32 Sens. Elizabeth Warren and Mike Braun, Letter to Department of Health and Human Services Inspector General Christi Grimm, November 21, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.11.21%20Letter%20to%20HHS%20OIG%20regarding%20MLR%20evasion.pdf>.

33 President Trump, “Great Health Care Plan.”

Second, the FDA has taken action to streamline the often bureaucratic drug approval process. In February, the agency announced that its “default position is that one adequate and well-controlled study, combined with confirmatory evidence, will serve as the basis of marketing authorization of novel products.”³⁴ This move will provide regulatory certainty for pharmaceutical companies, who previously did not know whether the FDA would demand a second clinical trial to approve a new drug. Just as important, it will lower the time and costs associated with obtaining FDA approval, which will give manufacturers incentive to moderate their prices—and conduct clinical trials in the United States rather than China.

Third, selling pharmaceuticals directly to patients has the potential to take out costly middlemen, in the form of pharmaceutical benefit managers (PBMs).³⁵ Direct sales to consumers will eliminate one potential source of friction within the healthcare system, while also making patients more cost-conscious about the prices of the medicines they consume.

Congress has already enacted reforms that expand transparency regarding PBM business practices in the appropriations bill passed earlier this year.³⁶ As with efforts regarding transparency for hospital prices outlined above, more sunlight into pharmaceutical pricing will prevent PBMs from withholding rebates and price discounts from employers and patients, leading to lower costs on prescription drugs.

Fourth, trade agreements like the one President Trump negotiated with the United Kingdom will result in that country increasing what it pays for pharmaceuticals purchased by its National Health Service (NHS).³⁷ Such agreements would reduce or

eliminate the arbitrary price controls that socialized medicine systems place on prescription drugs, potentially allowing drug manufacturers to lower their prices for American patients.

Direct Primary Care: In recent years, many families and medical practices alike have discovered the benefits of a direct primary care (DPC) relationship. In exchange for a modest retainer of \$100-150 per month, individuals receive unlimited visits with a medical practice for their primary care needs; many practices also help coordinate specialist care when necessary. Patients benefit from greater contact and a deeper relationship with their physician, while providers benefit from a sharp reduction in the paperwork and bureaucracy generated by health insurers and government programs.

The One Big Beautiful Bill Act contained several important reforms improving coordination between DPC arrangements and Health Savings Accounts. Specifically, individuals with a DPC can now make contributions to HSAs, provided the monthly cost of such an arrangement does not exceed \$150 for an individual (or \$300 for a family).³⁸ Households can also have the cost of their DPC arrangement reimbursed using pre-tax dollars from their HSA.³⁹

These reforms will expand access to a form of care that does not rely on insurance company middlemen, or indeed any middlemen at all. Direct primary care and Health Savings Accounts will, like the other elements of President Trump’s health plan, empower patients rather than insurance companies.

Scope of Practice: While most of the above reforms involve Congress and federal agencies, states also play an important part in helping to alleviate rising

34 Quoted in Julia Bonavitacola, “FDA Will Require Only One Study to Approve New Drugs, Speeding Up Process,” AJMC February 19, 2026, <https://www.ajmc.com/view/fda-will-require-only-1-study-to-approve-new-drugs-speeding-up-process>.

35 Ibid.

36 See for instance Sections 6701 and 6702 of the Consolidated Appropriations Act, 2026, P.L. 119-75.

37 Nathaniel Weixel, “New Trade Deal Pushes U.K. to Increase Drug Spending to Avoid Trump Tariffs,” The Hill December 1, 2025, <https://thehill.com/policy/health-care/5628347-trump-tariffs-uk-trade-deal-drugs/>.

38 Section 71308 of the One Big Beautiful Bill Act, P.L. 119-21.

39 Ibid.

healthcare costs. In recent years, states have taken an active role on medical licensing and workforce issues, with 34 states and the District of Columbia passing more than 120 bills concerning the licensing of healthcare professionals in 2024 alone.⁴⁰

States can and should continue to reform their licensing laws in ways that allow medical professionals to practice to the fullest scope of their license and training. They should also join interstate compacts that create reciprocity, and in some cases allow health professionals' licenses to cross state lines.⁴¹ Expanding opportunities for professionals like nurse anesthetists, physician assistants, and nurse practitioners will increase the supply of clinicians, particularly in rural areas that face the most acute shortages.

Certificate of Need: Most Americans would be surprised to discover that some types of businesses require a “permission slip” from the government simply to open. Yet many states impose such a requirement for healthcare facilities, in the form of certificate of need laws.

These anti-competitive and archaic laws allow incumbent hospitals or clinics to block the introduction of new competitors by objecting to the issuance of new certificates of need. Unsurprisingly, research demonstrates that these laws reduce the quality of care provided, increase costs, and impede healthcare access.⁴² As with scope-of-practice reforms, states should repeal these unnecessary laws to foster competition in healthcare.

A Better Approach Resulting in Lower Costs

The policies in this paper focus on reducing healthcare costs by harnessing “patient power”—the idea that individuals, not third-party payers or government programs, should control and direct their own care.

While Obamacare's failed policies have expanded big insurers, big government, and big bureaucracy, free-market reforms will place power where it belongs—with the people themselves. When patients are in control, providers must compete for their business on price and quality—the same dynamic that has driven down costs and expanded choice in virtually every other sector of the American economy.

For more than a decade, the American people have suffered from the havoc caused by Obamacare—higher costs for poorer coverage. A better vision for healthcare can deliver the cost relief Americans need and the quality care they deserve.

40 Razan Badr, “In Review: Trends in Scope of Practice Legislation for 2024,” National Council of State Legislatures, February 10, 2025, <https://www.ncsl.org/state-legislatures-news/details/in-review-trends-in-scope-of-practice-legislation-for-2024>.

41 Kelsie George, “Licensure and Interstate Compacts,” National Council of State Legislatures Telehealth Explainer Series, July 2021, https://documents.ncsl.org/ww-ncsl/Health/Licensure-and-interstate-compacts_36242.pdf.

42 Matthew Mitchell, “It's Time for States to Ditch Certificate of Need Laws,” U.S. News and World Report July 9, 2021, <https://www.usnews.com/news/best-states/articles/2021-07-09/on-the-heels-of-the-pandemic-states-should-get-rid-of-certificate-of-need-laws>.



About the Author

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While serving as Policy Director for America Next, Chris contributed to the *Wall Street Journal's Think Tank policy blog*. He has taught part-time on health policy at The American University, where he received his Bachelor's Degree in Political Science and History, Phi Beta Kappa.

6

Home Economics: Policies to Strengthen the American Family

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INTRODUCTION

The American family unit is resilient, despite years of coping with elevated prices and greater restrictions on their ability to earn and retain their earnings. The spotlight on household financial health has only grown brighter as policymakers look for solutions to provide short-term relief and long-term opportunities for upward mobility.

Federal leadership over the past two consecutive presidential terms has taken diametrically opposite approaches to affordability. Left-leaning policymakers view government policy as the equalizing force in society by redistributing wealth, punishing success, increasing government dependency, and forcing behavioral change. Despite rhetoric about shared responsibilities and creating a decent life for all, the Left's solutions are untethered from real outcomes—which end up worse than envisioned or create unintended consequences that harm those they should help.

Increased government control through burdensome regulations, high taxes, and market-distorting subsidies has reduced competition and driven prices higher. This common thread is consistent across issues—from housing and childcare to education and healthcare.

Right-leaning policymakers have been on a course correction. Reducing the size, scope, and influence of government at every level allows the private sector to innovate better options. Decision-making is moving from federal buildings in Washington to kitchen tables, home offices, and factory floors. Reducing tax burdens leaves resources in the hands of individuals and small businesses to determine how best to meet their needs now and plan for the future.

The outcomes of the shift in policy are evident in buoyant household balance sheets, robust consumer spending, small-business growth, and an economy reorienting away from a government-supported model toward one bolstered by the private sector.

The following chapter examines household affordability issues, what creates and sustains them, and the policies that can address the structure and underlying causes. By reducing costs, encouraging independence, and fostering prosperity, policymakers can expand the horizons of everyday Americans to achieve their full potential.

I. Rising Cost of Living

America's prosperous society, grounded in a free-market system, has delivered high standards of living for generations and is worth celebrating during America 250. However, rapid inflation over the past five years has eroded the quality of life for many Americans. Rising costs for shelter, food, energy and utilities, and healthcare outpaced incomes for several years, leaving little room for the discretionary experiences that individuals and families value, such as trips to visit family, vacations, dining out, and hobbies. Low-income households have faced acute financial strain as a greater proportion of their income is spent on mandatory expenses.

Over the past two years, median income growth has finally outpaced inflation, easing some of the burden on households, but financial strain persists. One quarter of American households live paycheck to paycheck, and less than half of Americans can cover a \$1,000 emergency expense with savings.¹ Americans grow pessimistic about their ability to access economic mobility. According to a New York Times poll in early 2026, 65% of voters indicated that the middle-class lifestyle is out of reach, and one-third said they are falling behind financially.²

Housing is the biggest financial pressure on households. Americans are increasingly home burdened, and that crowds out resources for other daily expenses and priorities such as saving for children's education and retirement. In 2024, 23 million renter households (half) and 21 million homeowners (a quarter) spent above the recommended 30% of their income on housing costs.³

Housing costs, including rent, mortgage payments, utility bills, or home maintenance, ranked as the most concerning expense for Americans in late 2025. By focusing policy solutions primarily on housing costs, we can address the biggest factor in unaffordability for Americans.⁴

The housing crisis is essentially an issue of demand and supply. The inadequate production of new homes and limited inventory of existing homes for sale have failed to meet growing housing demand, driving up prices. Large-scale illegal immigration during the Biden years added to housing demand in a market already constrained by inadequate supply.

During the Great Recession (2007-2009), construction of new single-family homes plummeted to a low of barely over 500,000 units, a third of the average each year since 1970. Despite home construction steadily recovering, chronic underbuilding has left our nation with between 1.5 million and 5.5 million fewer homes.⁵

New construction has been restricted due to onerous housing regulations that are often unrelated to public safety and arduous, uncertain permitting processes. Land-use regulations and zoning restrictions make it difficult for builders to pursue new construction opportunities—pushing prices for homes higher in affected areas. Many local jurisdictions prohibit or limit secondary multigeneration living units, such as multifamily homes and living spaces on single-family residential lots (ADUs).

Costly home-building regulations at every level of government account for 23.8% of the final price of

¹ Bank of America Institute, "Paycheck to Paycheck: Slowing but Growing," November 2025, <https://institute.bankofamerica.com/content/dam/economic-insights/pay-check-to-paycheck.pdf>; Bankrate, "Emergency Savings Report," <https://www.bankrate.com/banking/savings/emergency-savings-report/>.

² New York Times, "Times/Siena National Poll Crosstabs," January 26, 2026, <https://www.nytimes.com/interactive/2026/01/26/polls/times-siena-national-poll-crosstabs.html>.

³ Eye on Housing, "Where Renters and Owners Face the Highest Cost Burdens," November 2025, <https://eyeonhousing.org/2025/11/where-renters-and-owners-face-the-highest-cost-burdens/>.

⁴ YouGov, "A Growing Share of Americans Say Their Household Income Is Falling Behind Their Expenses," <https://yougov.com/en-us/articles/53633-a-growing-share-of-americans-say-their-household-income-is-falling-behind-their-expenses>.

⁵ Eye on Housing, "The Size of the Housing Shortage," December 2022, <https://eyeonhousing.org/2022/12/the-size-of-the-housing-shortage-2021-data/>; National Association of Realtors, "Housing Is Critical Infrastructure," June 15, 2021, <https://www.nar.realtor/sites/default/files/documents/Housing-is-Critical-Infrastructure-Social-and-Economic-Benefits-of-Building-More-Housing-6-15-2021.pdf>.

a new single-family home and 40% for multifamily homes, according to the National Association of Home Builders.⁶ On a dollar basis, that amounts to \$93,870 of the final house price for an average price of \$394,300. Biden-era green energy regulations also contributed to new home construction costs. Mandates on 15 consumer appliances contributed up to \$31,000 to the price of a new home.⁷

The inventory of existing homes for sale has also been limited by two factors. First, the Federal Reserve raised interest rates beginning in early 2022 to combat rising inflation. Homeowners who obtained historically low mortgage interest rates before and during the pandemic were hesitant to sell their homes and risk losing those favorable rates. Second, high inflation has lifted asset values on property, creating nominal gains, but real losses and the potential for large tax burdens. In 2025, the National Association of Realtors® found that nearly 29 million households, or roughly one in three homeowners, will experience increased taxable gains when they sell their primary home.⁸ To alleviate this, some policymakers have proposed eliminating capital gains taxation on the sale of residential property.

But millions of homeowners are locked in place due to the status quo regulatory and tax policies of the current housing environment. These are people who might downsize or move into senior facilities, freeing up larger homes for growing families.

Solutions:

To bring down housing costs in the short- and long term, we must expand the housing supply by encouraging the building of new homes through deregulation and unfreezing the existing home market through smart tax policy changes.

Massive deregulation in home building. Governments at all levels must reform or eliminate regulations that make the home-building process protracted, complex, and costly. The federal government cannot preempt state and local laws governing zoning regulations and permitting processes, but it can eliminate costly federal regulations, update outdated programs, remove regulatory roadblocks, increase local flexibility, and incentivize states and localities to regulate. In 2025, Congress took steps to roll back Biden-era energy mandates on homes and appliances through the Congressional Review Act.⁹ Congress can now defund the enforcement of any holdover burdensome regulations that remain.

Rental housing supply can be expanded by enacting reforms that encourage the development of smaller living units on lots with single-family homes: outlaw prohibitions on ADUs, relax zoning and land use regulations, pass permitting reform to allow developers and entrepreneurs to build ADUs, and incentivize construction projects through grants or low-interest loans for adding an ADU to a property.

Index capital gains for inflation. Congress can break the lock-in effect for seniors and encourage sales of existing homes by, at a minimum, indexing capital gains for inflation and updating the exclusion limits to reflect the rapid expansion of home values. Currently, property sellers can exclude up to \$250,000 of gain (and married couples filing jointly up to \$500,000) from taxes. The federal government has not increased these amounts since 1997. Congress has adjusted different tax provisions in response to rising prices in the past, including income tax brackets, income thresholds for some tax credits, and standard deductions.

6 National Association of Home Builders, "Government Regulation in the Price of a New Home," May 2021, <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2021/special-study-government-regulation-in-the-price-of-a-new-home-may-2021.pdf>; National Association of Home Builders, "Regulation: 40 Percent of the Cost of Multifamily Development," June 2022, <https://www.nahb.org/-/media/NAHB/news-and-economics/docs/housing-economics-plus/special-studies/2022/special-study-regulation-40-percent-of-the-cost-of-multifamily-development-june-2022.pdf>.

7 National Association of Home Builders, "Homeowner Energy Freedom Act," August 2025, <https://www.nahb.org/blog/2025/08/homeowner-energy-freedom-act>.

8 National Association of REALTORS, "The Capital Gains Cliff Is Coming: How Reform Can Unlock Housing Supply," 2025, <https://narfocus.com/file/7576.pdf>.

9 Congressional Review Act, H.J.Res. 20, 119th Congress, <https://www.congress.gov/bills/119th-congress/house-joint-resolution/20>.

Cut taxes to leave households with more of their own resources. To better afford essential goods and services and achieve life goals, consumers must retain more of their income. Congress and President Donald Trump deserve commendation for enacting the historic One Big Beautiful Bill Act (OBBBA). This historic law reduced taxes for middle-class families through lowered rates and popular, permanently enhanced tax credits, removed the penalty for hard work among blue-collar workers through a new deduction for tipped and overtime income, and increased take-home pay. Benefits that will expire at the end of 2028 should be made permanent to provide guaranteed relief in the future. While these deductions are not pro-growth in nature, they deliver meaningful, targeted relief to specific categories of workers, such as those earning tips or overtime.

II. Education/School Choice

A good primary and secondary education is unaffordable due to a lack of competition in education funding. Many parents feel left out of the decision-making over their children's education. Households with means can afford to purchase homes in neighborhoods with high-performing schools, while others pay for private education. Poor, working- and middle-class families who are unable to afford private options are forced to accept what their money can buy or take on homeschooling, which isn't necessarily the best educational option for every parent or student. Consequently, many children have been sentenced to an academic career in poor-performing schools.

A common misconception about education in America is that increasing federal funding will solve the nation's academic problems. Yet, despite decades of federal

investment in the education system, student outcomes have worsened. We pour vast sums into the K-12 system (an average of \$17,619 in 2023-2024).¹⁰ Yet, according to the National Assessment of Educational Progress (NAEP) for 2024, 69% of fourth-grade students and 70% of eighth-grade students are not proficient in reading, while 61% of fourth-grade students and 72% of eighth-grade students aren't proficient in math.¹¹ Furthermore, children are indoctrinated with content that is in conflict with—even hostile to—what parents teach at home.

School choice empowers parents to find the school environment that best suits their children and aligns with their family's values. By taking the public funds dedicated to their child, families of all means are free to send their children to the school of their choice, including public schools. This creates market force competition in education that will improve educational opportunities. Schools are incentivized to drive innovation, sharpen priorities, better steward resources, be more responsive to parents, and shift the focus from bureaucratic compliance to providing improved academic instruction.

Data show that as public schools face increased competition, even students remaining in traditional public schools achieve higher test scores and stronger outcomes, in part due to increased accountability for teachers and school administrators.¹²

States are leading the charge in school choice reforms, and the federal government is aiding these efforts. By empowering parents to direct funding to better options and leaving families with more of their resources to spend on education, parents can better afford to give their children the education they deserve.

10 U.S. Census Bureau, "Public School System Finances," press release, 2026, <https://www.census.gov/newsroom/press-releases/2026/school-system-finances.html>.

11 National Assessment of Educational Progress, "The Nation's Report Card 2024," Reading Grade 4: https://www.nationsreportcard.gov/reports/reading/2024/g4_8/?grade=4; Reading Grade 8: https://www.nationsreportcard.gov/reports/reading/2024/g4_8/?grade=8; Mathematics Grades 4 and 8: https://www.nationsreportcard.gov/reports/mathematics/2024/g4_8/.

12 EdChoice, "The 123s of School Choice: What the Research Says About Private School Choice Programs in America," <https://www.edchoice.org/wp-content/uploads/2022/04/123-of-School-Choice.pdf>.

Solutions

Policymakers should free states and districts to direct resources in a student-centered way and encourage innovation in education. Federal and state tax changes can also help families afford educational expenses as their children grow.

Empower parents to direct government funds to different educational options through ESAs and vouchers.

Education savings accounts are government-funded accounts that parents can allocate toward the K-12 education of their children.¹³ Parents and students can use funds to pay for a wide range of educational expenses, including tuition, tutoring, textbooks, curriculum, test fees, therapies for students with special needs, and educational technology. ESAs are considered the gold standard among school choice options because of their flexibility. Currently, 21 ESA programs in 18 states serve nearly half a million students.¹⁴ These programs operate in Alabama, Arizona, Arkansas, Florida (2), Georgia, Indiana, Iowa, Louisiana, Mississippi, Montana, New Hampshire, North Carolina, South Carolina, Tennessee (3), Texas, Utah, West Virginia, and Wyoming. Other states should get on board.

Similarly, states can also implement voucher programs that give parents a portion of the public funding set aside for their children's education to choose private schools. Nearly two dozen (23) voucher programs in 15 states serve about 350,000 students nationwide, including in states not served by ESAs such as Maine, Maryland, Ohio, Oklahoma, Vermont, and Wisconsin, as well as Washington, D.C., and Puerto Rico.¹⁵

Expand school choice through tax credit scholarships and tax credits.

Tax-credit scholarships invite businesses and communities to fund children's potential. Individuals and businesses receive full or partial tax credits when they donate to nonprofits that provide private school scholarships.

The One Big Beautiful Bill Act secured a massive victory for school choice nationwide through the creation of a new \$1,700 federal tax credit for donations to scholarships for K-12 students. This is a 100% non-refundable scholarship tax credit for contributions to scholarship-granting organizations (SGOs). SGOs can award scholarships to eligible students for a variety of education expenses, including tuition, tutoring, transportation, and therapies for students with disabilities. Families can use this credit to pay for their child to attend the best school that fits their needs, including religious and private institutions.

Each state can “opt-in” to the tax credit policy, and even Democratic-led states like New York are choosing to adopt this benefit for their students beginning in 2027.¹⁶ This federal effort substantially increases the number of students served beyond the current 217,000 in 22 tax-credit scholarship programs across 18 states.¹⁷

Empower parents to save for their children's education.

Additionally, Congress and states should provide tax credits, deductions, and savings accounts that provide parents with income tax relief for approved educational expenses. These can include private school tuition, books, supplies, computers, tutors, and transportation. 529 savings plans are state-sponsored, tax-advantaged savings accounts designed for education expenses that allow investments to grow tax-deferred. Tax-free withdrawals for a wide range

¹³ Independent Women, “Policy Focus: Education Savings Accounts,” September 2023, <https://www.independentwomen.com/wp-content/uploads/2023/09/Policy-Focus-Education-Savings-Accounts.pdf>.

¹⁴ EdChoice, “Education Savings Account Programs,” <https://www.edchoice.org/school-choice/education-savings-account/>.

¹⁵ EdChoice, “Voucher Programs,” <https://www.edchoice.org/school-choice/voucher/>.

¹⁶ Alex Zimmerman and Erica Meltzer, “New York Gov. Hochul Plans to Opt into Federal Tax-Credit Scholarship,” Chalkbeat, May 8, 2026, <https://www.chalkbeat.org/newyork/2026/05/08/kathy-hochul-opts-into-federal-tax-scholarship-school-choice/>.

¹⁷ EdChoice, “Tax-Credit Scholarship Programs,” <https://www.edchoice.org/school-choice/tax-credit-scholarship/>.

of education expenses at elementary and secondary schools (K-12) are permitted. The OBBBA expanded 529 use beyond tuition to include books, materials, testing fees, educational therapies, and tutoring costs, and raised the limit on total expenses. In addition, 7 states—Illinois, Indiana, Iowa, Louisiana, Minnesota, Ohio (2), and Wisconsin—offer 8 individual tax credit and deduction programs that serve over 300,000 students.¹⁸

III. Childcare & Eldercare

Millions of households today are raising children. Others are caring for aging parents. Both responsibilities can be costly and place financial demands on household finances for long periods of time. For nearly three-quarters of so-called “sandwich generation” caregivers, supporting both their parents and children, the strain has forced them to adjust their retirement goals.¹⁹ Policies that expand choices for parents and adult children and reduce regulations on providers can bring down costs, which increasingly consume a larger share of household budgets.

Childcare

Childcare is tremendously important for families, businesses, and our society. Parents desire plentiful, high-quality choices for caring for their children. Our nation has an interest and moral obligation to ensure that all children are cared for in a safe, supportive environment when their parents are at work.

Finding accessible, quality, affordable childcare can be a significant challenge for some families. Childcare can be expensive and scarce. The average cost of childcare for one child now approaches \$14,000 per year, varying significantly by state.²⁰ Infant care is even more expensive. Childcare impacts the workforce. Surveys consistently show that high childcare costs push many mothers to leave the workforce or reduce their hours.²¹

Over several decades, childcare regulations at the federal, state, and local levels have expanded tremendously beyond core health and safety standards, adding costs to care without demonstrable improvements in well-being. Health and safety training in specific areas, adherence to building, fire, and health codes, and comprehensive background checks, including fingerprinting, are reasonable. However, strict and complex rules about work-child ratios, rigid staffing mandates, and regulations on facility specifications, including equipment requirements and zoning classifications, increase operating costs without demonstrable improvements in child well-being. A review of childcare regulations around the country revealed rules that dictated the minutiae of daycare facilities were unconnected to safety, such as specific art supplies, the number and size of balls and other toys.²²

Childcare providers that are unable to meet those requirements are forced out of business, leaving fewer options. For over a decade, the number of licensed home-based childcare providers (family childcare homes) has declined steeply, plummeting by over 50% from 2005 to 2017 and continuing to fall by 12%

18 EdChoice, “Individual Tax Credit and Deduction Programs,” <https://www.edchoice.org/school-choice/individual-tax-credit-deduction/>.

19 Athene, “Athene Survey Finds Sandwich Generation’s Retirement Plans Affected by Intergenerational Caregiving,” April 2025, <https://www.athene.com/news/annuities-news/2025/athene-survey-finds-sandwich-generations-retirement-plans-affected-by-intergenerational-caregiving.html>.

20 ChildCare Aware, “The Price Landscape 2024,” <https://www.childcareaware.org/price-landscape24/>; U.S. Department of Labor, Women’s Bureau, “Childcare,” <https://www.dol.gov/agencies/wb/topics/featured-childcare>.

21 Valeska Araujo, Linden McBride, and Danielle H. Sandler, “The Impact of Childcare Costs on Mothers’ Labor Force Participation,” U.S. Census Bureau Center for Economic Studies Working Paper CES-WP-25-25, April 2025, <https://www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf>.

22 Heritage Foundation, “Government Regulation of Child Care,” September 2020, <https://www.heritage.org/sites/default/files/2020-09/BG3526.pdf>.

between 2019 and 2023.²³ This decline only serves to drive up costs. Childcare centers typically operate with slim margins, placing them in a particularly vulnerable position.

Federal aid for poor parents raising children at home can be traced back to social support programs in the New Deal. Over time, aid shifted toward state block grants providing working parents with funding for childcare and other supports through Title XX of the Social Services Amendments in 1974. To receive federal funding grants, childcare facilities must be licensed by the state. Due to the costs associated with the licensing process and compliance with those regulations, licensing consumed 40% of the federal grant money, rather than supporting the provision of care.²⁴

Families need relief, but affordability will not come from layering new mandates onto an already constrained system. Often, parents are forced to choose formal daycare centers, but that is not necessarily their preference. According to a 2022 report by the Bipartisan Policy Center and Morning Consult, nearly six in ten parents preferred informal childcare over formal childcare centers, even when formal care was free and conveniently located.²⁵ Policymakers should seek to help families who need it, not disrupt arrangements that are working for parents.

Increased public spending on childcare through subsidies or tax credits for formal or institutional day care does not bring costs down either. Directing

dollars to families that choose paid childcare over family-based care fails to address structural constraints from overregulation and staffing shortages. Instead, it incentivizes price inflation, discourages innovative and diverse childcare providers, and undermines faith-based childcare centers.

Unaccountable federal spending on childcare subsidies also invites additional problems, such as abuse. The spotlight on childcare providers billing federal programs billions of dollars that are susceptible to fraud, such as for children who do not attend, falsifying enrollment records, or misusing funds intended for childcare services, has been amplified by egregious cases in Minnesota and California.²⁶

Subsidized early learning programs and childcare also fail to deliver strong educational outcomes for children. Head Start, the most well-known childcare program, is a \$12 billion U.S. Department of Health and Human Services initiative that provides early childhood education, health, nutrition, and parent involvement services to low-income children and families.²⁷

However, the program offers limited hours that often don't align with working parents' schedules and costs more than other private options. Concerningly, Congressionally-mandated studies of Head Start have failed to show lasting benefits for participants.²⁸ In Tennessee, a recent study of state-run pre-K revealed long-term negative effects on low-income children's achievement and behavior.²⁹

23 National Association for Family Child Care, "Family Child Care Research Data," <https://nafcc.org/public-policy/family-child-care-research-data/#:~:text=That%20includes%2086%2C309%20small%20family.costs%2C%20and%20aging/retirement>; ChildCare Aware, "The Child Care Standstill," <https://www.childcareaware.org/thechild-carestandstill/>.

24 D. Phillips and E. Zigler, "The Checkered History of Federal Child Care Regulation," Review of Research in Education 14 (1987): 3-41, <https://doi.org/10.2307/1167308>.

25 Bipartisan Policy Center and Morning Consult, "Understanding Employed Parents Using Informal Child Care," June 2022, <https://bipartisanpolicy.org/article/survey-results-what-keeps-employed-parents-out-the-child-care-system/>.

26 U.S. Department of Health and Human Services, Press Release, "HHS Freezes Child Care and Family Assistance Grants in Five States for Fraud Concerns" January 2026, <https://www.hhs.gov/press-room/hhs-freezes-child-care-family-assistance-grants-five-states-fraud-concerns.html>. Office of the Inspector General Report, "Minnesota Could Better Ensure That Childcare Assistance Providers Comply With Attendance Requirements," May 2025, <https://oig.hhs.gov/documents/audit/10320/A-05-24-00001.pdf>. U.S. Attorneys Office of the Southern District of California, Press Release, "President of UMI Learning Center Sentenced to 27 Months in Prison, Ordered to Pay \$3.7 Million back in Stolen Childcare Benefits," August 2024, <https://www.justice.gov/usao-sdca/pr/president-umi-learning-center-sentenced-27-months-prison-ordered-pay-37-million-back>.

27 National Head Start Association, "Statement on FY26 Appropriations for Head Start," <https://nhsa.org/about-nhsa/newsroom/statements/nhsa-statement-on-fy26-appropriations-for-head-start/>.

28 U.S. Department of Health and Human Services, Administration for Children and Families, Head Start Impact Study: Final Report (Washington, DC, January 2010), <https://journalistsresource.org/wp-content/uploads/2011/08/1108HeadStartImpact.pdf>; U.S. Department of Health and Human Services, Third Grade Follow-up to the Head Start Impact Study: Final Report, OPRE Report (2012), https://acf.gov/sites/default/files/documents/opre/head_start_report_0.pdf.

29 Dale C. Farran et al., "Experimental Impacts of a Statewide Pre-K Program," Developmental Psychology, 2022, <https://psycnet.apa.org/doiLanding?doi=10.1037/dev0001301>.

Eldercare

Caring for aging adults is increasingly a difficult financial responsibility for households. Adults 65 and over comprise about 18% of the U.S. population. By 2050, nearly 1 in 4 Americans will be over 65.³⁰

Many older adults require assistance with daily activities such as meals, light chores, and transportation, and others have greater care needs. Caring for aging parents is common but costly. Home care costs are rising at twice the rate of overall inflation.³¹

Currently, more than 40 million Americans provide unpaid care for aging relatives.³² However, caregivers have to make difficult trade-offs that impact their household resources, such as reducing work hours or quitting work, thereby depleting savings to provide support. In-home care is an option most seniors prefer, but the median cost hovers around \$80,000 a year for full-time assistance.³³ The alternative of moving aging adults into managed care is worse. Nursing home care often exceeds \$100,000 annually.³⁴

Proposals to expand Medicare to subsidize in-home, long-term care would be extremely expensive and divert resources from those who truly depend on the Medicare program.

Meanwhile, the regulatory framework governing in-home support has been tightened, raising costs for caregiving families. In 2013, the U.S. Department of Labor reinterpreted the “companionship exemption” under the Fair Labor Standards Act. Live-in companions and those hired through home care or staffing agencies were previously exempt from rigid overtime and wage

provisions. After this exemption was narrowed, it led to additional costs to families and introduced new compliance burdens.

Solutions

Remove excessive regulations unrelated to safety or outcomes. Burdensome regulations do not improve the quality of care, but do raise costs, and become a hurdle for small, informal providers to start or remain in business. Policymakers should streamline licensing processes, modernize zoning rules, and recognize alternative credential pathways for early childhood educators to reduce barriers for new providers—especially small and home-based providers.

A Mercatus Center study found that increasing child-staff ratios by one infant could “reduce the annual cost of child care by between \$850 and \$1,890 per child across all states, on average.”³⁵

Revisiting federal regulations that raise the cost of care, specifically the Department of Labor’s 2013 Home Care Rule, would restore flexibility for families and small providers while maintaining core worker protections.

Innovate eldercare using proven work programs. Home-based care models, including live-in work relationships such as the federal au pair program, can provide a model for eldercare. The existing au pair program allows young adults from abroad to live with U.S. families and provide childcare in exchange for housing and a modest stipend. Policymakers could pursue “American Caregivers” through community-based and entrepreneurial models that increase the

30 U.S. Census Bureau, “Older Americans,” <https://www.census.gov/topics/population/older-aging.html>.

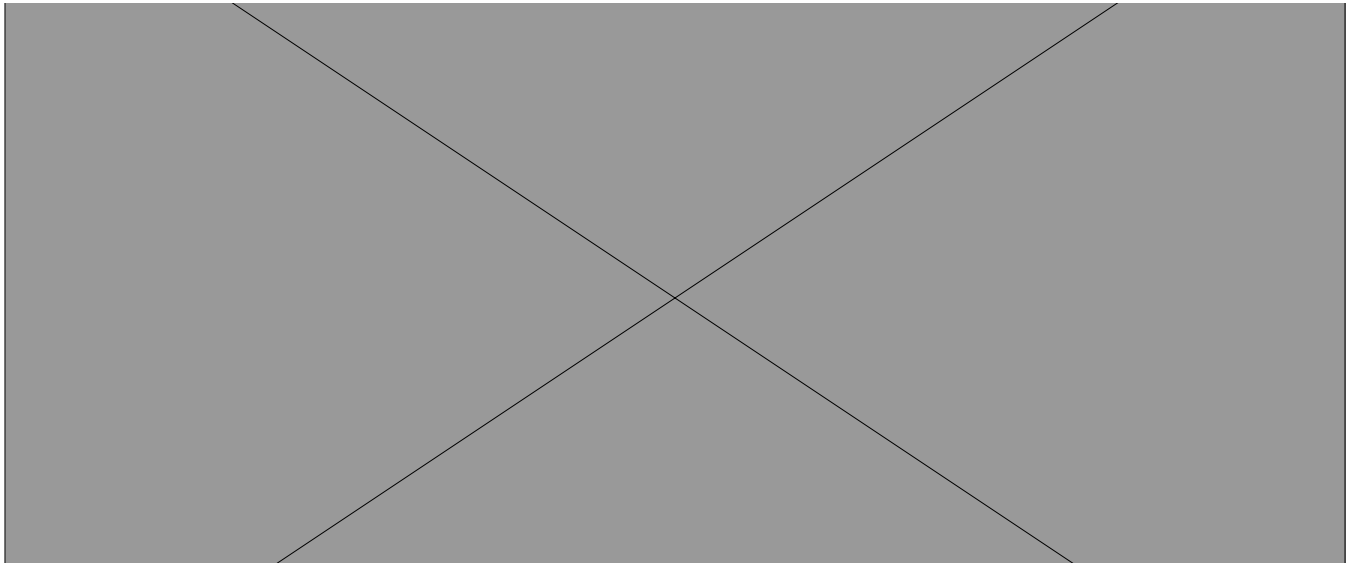
31 Bureau of Labor Statistics, Consumer Price Index, May 2026. (Unadjusted Percentage Change May 2025 - May 2026, “All Items” and “Home Health Care”) <https://www.bls.gov/news.release/cpi.t02.htm>.

32 AARP Public Policy Institute, “Caregiving in the United States,” May 2020, <https://www.aarp.org/content/dam/aarp/ppi/2020/05/executive-summary-caregiving-in-the-united-states.doi.10.26419-2Fppi.00103.003.pdf>.

33 CareScout, “Cost of Care Survey” (in-home care), <https://assets.carescout.com/x/8fcb50422f/282102.pdf>.

34 CareScout, “Cost of Care Survey” (nursing home care), <https://assets.carescout.com/x/8fcb50422f/282102.pdf>.

35 Diana W. Thomas and Devon Gorry, “Regulation and the Cost of Child Care” (Mercatus Working Paper, August 2015), <https://www.mercatus.org/students/research/working-papers/regulation-and-cost-child-care>.



supply of in-home caregivers and provide families with a flexible, affordable alternative to institutional care.³⁶

Protect and promote workplace flexibility. A strong, flexible labor market enables parents and relatives to provide care for children and aging adults. Nearly 73 million people freelanced in 2025, enjoying the flexibility of working on their own schedules.³⁷ For a plurality of freelancers, their situations, including caregiving for children and parents, prevent them from working in traditional employment. Instead of increasing restrictions on independent contracting, policymakers should codify a clear, consistent standard for worker classification under federal and state law.

Unwind childcare subsidies and federal childcare programs. Head Start and other federal childcare programs are costly and inefficient, providing limited hours of care while producing little to no lasting benefits for enrollees. The federal government should explore unwinding these programs and returning resources and oversight of care programs to states and localities, or directly to parents. The federal government continues

to fund childcare; states should, at a minimum, be allowed to make their Head Start dollars portable, allowing them to follow children to any preschool provider of their choice.

Conclusion

The future of the American family is not predetermined by forces beyond its control. It is shaped, for better or worse, by the policy choices made on its behalf. The challenges outlined in this chapter—from housing and education to the rising cost of childcare and eldercare—share a common origin: government overreach that has crowded out competition, inflated costs, and narrowed the choices available to ordinary families.

The corrective path is equally clear. By deregulating, reducing barriers, and modernizing models, policymakers can restore the conditions under which families thrive — not because government has done more for them, but because it has gotten out of their way. The American family is resilient. With the right policy framework in place, its best years are ahead.

³⁶ Independent Women, “An American Caregiver Program,” October 2024, <https://www.independentwomen.com/wp-content/uploads/2024/10/An-American-Caregiver-Program.pdf>.

³⁷ MBO Partners, 2025 State of Independence in America (MBO Partners, September 2025), <https://www.mbopartners.com/state-of-independence/>.



About the Author

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Born in the Caribbean, Patrice immigrated with her family to Boston where she grew up and completed her education. She earned her bachelor's degree in economics and political science from Tufts University and a master's degree in international relations from Boston College. Patrice's unique background fuels her passion to defend freedom and faith in America.

7

Freedom to Earn: Affordability and the American Worker

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How Big Government Made Life
Unaffordable and How to Fix It

INTRODUCTION

Affordability is not merely a question of prices; affordability is first and foremost a question of paychecks. American households and families need to earn a living to meet their needs. Yet the policy environment governing how Americans work remains shackled to laws and frameworks designed for a mid-20th century economy. Worker choice, not top-down mandates, is critical for helping workers and their families earn a living to afford the necessities (and luxuries) of life. Policymakers should focus on keeping open doors of opportunity for workers as one of the most important steps to advance affordability.

In Washington, conversations about affordability often begin and end with prices.

But this framing misses a critical issue. Affordability is about more than just what things like food or gasoline cost. It is about whether individuals and families have the ability to earn enough to purchase what they need and then what they want.

Policymakers must understand this distinction. Policies that attempt to suppress prices without strengthening earning opportunities often distort markets, reduce access, or shift costs elsewhere and may even increase prices and harm affordability. By contrast, policies that expand the ways Americans can earn and remove barriers to work improve affordability in a durable, sustainable way.

Modern American workers navigate a rapidly evolving labor market shaped by technological change, demographic shifts, and new forms of work. Millions of workers are choosing flexible, independent arrangements because those arrangements better align with their lives. And millions of other workers choose employee roles free from the constraints of unions that may not represent the workers' interests. Yet too often, public policy treats these choices as problems to be corrected rather than opportunities to be supported.

A pro-worker affordability agenda must start from a simple premise: when workers have more ways to earn a living, they are better equipped to afford the lives they want. Policymakers should aim to expand the range of options available to them rather than channeling workers into a single model of employment.

I. Affordability Starts with Making a Living

Every day, leaders in Washington, D.C., make decisions about how the American people work. And these decisions affect our families, our health, and our wallets. These decisions are not merely employment or labor law decisions; they are critical decisions about “affordability.” While most conversations about affordability focus on how much things cost, policymakers should ask whether families earn enough to afford what they need. The cost of living is only high or low relative to earnings. So, the critical question of affordability must start with ensuring that American families can earn enough to cover their living costs. Real income growth (income growth relative to inflation) and workers’ opportunity to grow it even more are the critical measuring sticks by which affordability should be judged.

A. An Economy in Transformation

Today’s American workers face an increasingly dynamic and more technologically advanced job market, yet many employment laws are nearly a century old. The share of workers in manufacturing is under 8% today, but it was around 1 in 3 workers during World War II. Note that despite this overall trend, manufacturing employment is still growing in right-to-work states. Approximately 1% of workers are

engaged directly in agriculture today, but over 21% were in agriculture in 1935, when the National Labor Relations Act was enacted.¹

Economist Rachel Greszler put it plainly before the Senate HELP Committee last year: “In the first half of the 20th century, strong unionization, protective regulation, and manufacturing dominance created an environment in which a collective bargaining model could yield broad benefits. But that model rested on cultural norms, economic conditions, and barriers to competition that have largely disappeared.”²

These are not merely statistical footnotes — they speak to a fundamental mismatch between the rules on the books and the economy workers actually inhabit. In the modern economy, more businesses compete for the same workers and consumers. To thrive in this ever-shifting landscape, American workers both need and want more flexibility, not less. Policy frameworks built for one era ought not throttle the opportunities of another.

B. Artificial Intelligence as a New Variable

The rise of artificial intelligence introduces yet another layer of complexity and opportunity into the labor market. AI-driven automation is reshaping job tasks across virtually every industry — from logistics and customer service to healthcare and finance. Workers face uncertain job prospects as skills that commanded premium wages just a decade ago may be augmented or displaced, while entirely new categories of work are created.

The policy response to this disruption must be to maximize worker flexibility and mobility, not to entrench workers in rigid occupational categories or

¹ Austen Bannan, How to Empower Workers: Embracing a Pro-Worker Agenda Built on Choice (Institute for the American Worker, November 2025), https://i4aw.org/wp-content/uploads/2025/11/How-To-Empower-Workers-Report_Final2.pdf.

² Rachel Greszler, “Labor Law Reform Part 1: Diagnosing the Issues, Exploring Current Proposals” (testimony before the U.S. Senate Committee on Health, Education, Labor, and Pensions, October 8, 2025), The Heritage Foundation, <https://www.heritage.org/government-regulation/report/labor-law-reform-part-1-diagnosing-the-issues-exploring-current>.

outdated classifications. Workers need the ability to adapt, to take on consulting work, short-term projects, or gig assignments that let them update their skills and earn income during transitions. Policies that restrict independent work or penalize businesses for engaging non-employee labor make adaptation harder, not easier, precisely when workers need maximum flexibility. For example, many states are adopting occupational licensing reforms to deregulate and expand opportunities for workers.

C. Shifting Family Demands: The Sandwich Generation

Many workers today are members of what demographers call the “sandwich generation” — simultaneously supporting minor children and aging parents who require care. The combination of childcare and eldercare costs, along with rising expenses for everyday life coupled with the changing demands of family, career, and civic organizations, means that millions of households need a job that fits into the rhythms of family life.

The Bureau of Labor Statistics recently found that less than 10% of independent contractors would prefer a traditional work arrangement.³ Many Americans prefer instead to work under contracts, believing that such arrangements allow them to earn higher income, be their own boss, and pursue more meaningful work. They appreciate having flexibility to support their lifestyles, which is especially important to working mothers and people with disabilities who cannot work a typical 9-to-5 job. Independent Women has documented the reality that independent workers are “balancing work with caregiving for children or aging parents, managing personal health conditions, gaining an education, or pursuing entrepreneurial endeavors. In 2023, nine out of 10 female workers who shifted from full-time

employment to independent contract work said they prioritized flexibility.”⁴

D. Keeping Open the Doors of Opportunity

To meet the challenge of affordability, government policy must not close the doors of opportunity that workers are trying to walk through. When overzealous classification rules prevent workers from operating independently, when benefit structures penalize non-traditional arrangements, or when union frameworks impose one-size-fits-all contracts on workers who never voted for them, the result is reduced opportunity. A pro-worker, pro-affordability agenda preserves and expands pathways for Americans to earn their livings.

II. Independent Work as Part of the Solution

Independent work is a growing, chosen, and economically vital part of how Americans earn their living. Nearly 73 million people performed some amount of freelancing work in 2025, and that number continues to rise.⁵ Protecting self-employed work is a critical task to preserve worker opportunity.

A. Independent Work as the American Dream

Owning your own business and being your own boss is an accomplishment synonymous with achieving the American Dream. Independent contractors and freelancers are not second-class workers; they are entrepreneurs. They take on risk in exchange for opportunity. Many have built flourishing small enterprises, serve multiple clients, and create jobs in their communities.

³ Bannan, How to Empower Workers.

⁴ Patrice Onwuka, “Freelancing Is Good. Congress Can Make It Great,” The American Spectator, August 4, 2025, <https://spectator.org/freelancing-is-good-congress-can-make-it-great/>.

⁵ MBO Partners, 2025 State of Independence in America (MBO Partners, September 2025), <https://www.mbopartners.com/state-of-independence/>.

The Institute for the American Worker (I4AW) has emphasized that supporting worker choice means recognizing the dignity found in all pathways of work, union or non-union, employment in a large firm, or self-employment. Policymakers who disparage non-traditional work arrangements implicitly denigrate the choices of tens of millions of Americans.

B. Supplemental Income for Family Needs

Not all independent workers are full-time freelancers. For millions of households, independent work provides supplemental income that fills the gap between a primary paycheck and the actual cost of living. Rideshare driving, delivery work, freelance creative projects, consulting, and countless other gig arrangements allow some workers to earn when they need to — on a day off, after a layoff, or to cover an unexpected expense. This supplemental role is particularly critical for lower-income workers and families. Rather than being a consolation prize, it is a genuine lifeline.

III. Policy Should Respect and Support Independent Work

Too often, laws treat hiring independent contractors as presumptively suspicious, as something to discourage or limit. A genuine pro-worker affordability policy agenda would originate instead from a position of respect for workers' choices.

A. Respect Workers' Decisions to Be Independent

Self-employed workers want government to respect their independent status. The Bureau of Labor Statistics survey found that roughly 92% of independent

contractors prefer their current arrangement over traditional employment.⁶ And a June 2025 survey found that more than 80% of independent workers prefer to stay independent rather than become traditional employees.⁷ Workers have already voted with their feet and public policy should honor their decisions.

California's Assembly Bill 5 (AB5) stands as the nation's starkest cautionary tale of what happens when policymakers decide they know better than workers. Americans for Tax Reform compiled 676 personal testimonials from independent contractors who detailed how AB5 hurt them — from court interpreters to cancer survivors, musicians to truck drivers, all of whom lost the flexible income upon which their families depended.⁸

Dr. Liya Palagashvili and her colleagues at George Mason University's Mercatus Center found that AB5 reduced both self-employment and overall employment, without increasing opportunities for workers across the board.⁹ And Rachel Greszler has warned that restricting independent work disproportionately harms women who rely on flexibility to balance their responsibilities.¹⁰

Unfortunately, many state regulations and recent federal regulatory interpretations treat the mere act of engaging an independent contractor as something that requires detailed explanation to prove the contractor and hiring entity aren't breaking the rules. This presumption inverts the proper relationship between government and economic actors and stifles work opportunities. I4AW has documented how the Biden Department of Labor's independent contractor rule created an anti-worker environment that chilled legitimate business relationships.

6 Bannan, How to Empower Workers.

7 "Is 2026 the Year of Portable Benefits?" Shortlister, February 2026, <https://www.myshortlister.com/insights/portable-benefits-2026>.

8 Americans for Tax Reform, "List of Personal Stories of Those Harmed by California's AB5 Law," <https://www.atr.org/ab5/>.

9 Liya Palagashvili et al., "Assessing the Impact of Worker Reclassification: Employment Outcomes Post-California AB5" (Mercatus Working Paper, Mercatus Center at George Mason University, January 31, 2024), <https://www.mercatus.org/research/working-papers/assessing-impact-worker-reclassification-employment-outcomes-post>.

10 Rachel Greszler, "One Proposal to Modernize Labor Laws Would Benefit Women; Another Could Set Them Back Decades," The Heritage Foundation, May 6, 2022, <https://www.heritage.org/jobs-and-labor/commentary/one-proposal-modernize-labor-laws-would-benefit-women-another-could-set>.

B. Let Workers Access the Benefits They Want — and Don't Punish Businesses That Want to Offer Them

One of the most significant practical barriers to independent work is the benefits gap. Under both federal law and most state frameworks, when a company provides benefits to a worker, regulators can treat that as evidence of an employer-employee relationship. So, if companies offer contractors health insurance, they risk the IRS, Department of Labor, or a state agency reclassifying that contractor as an employee, triggering back taxes, penalties, and lawsuits. This perverse incentive punishes good behavior.

Many independent workers already have access to some benefits through a spouse, parent, or other job. So it is unreasonable to force these workers to accept lower cash compensation to pay for one-size-fits-all benefits they will never use. Instead, independent workers should be allowed to negotiate for the mix of benefits and cash payments that best meet their needs, and if the worker receives payments toward a benefit account, that payment should not affect the independent contractor relationship. The solution when it comes to benefits isn't to force independent workers into traditional employment — it is to remove the legal barriers that prevent them from accessing the benefits they desire on their own terms.

IV. State and Federal Independent Work Policy Levers

A comprehensive agenda for worker affordability and independent work protection requires action at both

the state and federal levels. Fortunately, momentum is building in both spheres. The following policy levers represent the most promising and actionable reforms available to policymakers today.

A. State Portable Benefits

One of the most exciting developments in labor policy over the past three years is the rapid expansion of voluntary portable benefits laws at the state level. Utah passed the first voluntary portable benefits law in 2023, allowing companies to contribute to worker-owned accounts without triggering reclassification. Alabama and Tennessee followed in April 2025. Alabama went further than any state before, creating the nation's first fully tax-advantaged portable benefits framework — companies may deduct 100% of contributions to contractor benefit accounts, and workers pay no state income tax on the value received.

Portable benefits are worker-owned accounts that accumulate based on hours worked or a percentage of transaction fees.¹¹ They can function similarly to a 401(k), paid time off program, or health savings account — but the worker controls them and carries them from job to job.¹² This is precisely the model of worker-centered benefit access that the modern economy demands.

Six states—Georgia, Idaho, Kansas, Louisiana, West Virginia, and Wyoming—enacted portable benefits laws in their 2026 sessions, and a seventh, New Hampshire, is awaiting signature.¹³ Bills are still pending in Connecticut and Hawaii. These bills all have one key thing in common: they allow employers to contribute to an independent contractor's portable benefit accounts without triggering worker reclassification to employee status.

¹¹ Institute for the American Worker and Mercatus Center, "What's So Beneficial about Portable Benefits?" video, May 2026, <https://www.youtube.com/watch?v=An-Nu8GexzdE>.

¹² Bethany S. Wagner, "West Virginia Bill Would Authorize Portable Benefits for Independent Contractors," Ogletree Deakins, March 20, 2026, <https://ogletree.com/insights-resources/blog-posts/west-virginia-bill-would-authorize-portable-benefits-for-independent-contractors/>.

¹³ Independent Women, "Momentum Swells for Independent Workers as Seven States Advance Voluntary Portable Benefits Legislation," January 2026, <https://www.iwvoice.com/2026/01/momentum-swells-for-independent-workers-as-seven-states-advance-voluntary-portable-benefits-legislation/>; Louisiana HB 301, <https://www.legis.la.gov/legis/BillInfo.aspx?s=26rs&b=HB301>.

B. State Independent Contractor Laws

States also have an important role to play in establishing fair, predictable classification standards.

The ABC test, popularized by California’s AB5, has stifled independent work and employment too, attempting to increase opportunities for unionization without actually delivering any new jobs for potential union members to perform. By contrast, states that apply a straightforward control-based test protect legitimate independent contractor relationships without sweeping up genuine entrepreneurs as misclassified employees.

C. Federal Benefit Safe Harbors

The single most important federal legislative action to expand access to independent worker benefits is the creation of a federal benefit safe harbor. House and Senate legislation would create a safe harbor for companies that provide benefits to workers, including independent contractors, ensuring these companies would not be classified as the employer under any federal law simply because they offer access to benefits.¹⁴ These bills address the core practical barrier to businesses offering benefits to independent workers: fear of reclassification.

D. Federal Tax Treatment of Benefit Expenses

The tax code also contains important levers. Alabama’s portable benefits framework allows companies to deduct 100% of their contributions to contractor benefit accounts as a business expense, and workers pay no state income tax on the value received. Federal legislation should follow this model — ensuring that employer contributions to portable benefits accounts are treated as deductible business expenses, and that workers do not pay income tax on eligible benefit contributions, consistent with treatment afforded to

traditional employer-sponsored benefits.

The Independent Retirement Fairness Act takes an important complementary step, empowering independent workers to participate in existing retirement plan pathways like pooled employer plans and SEP-IRAs that current laws and regulations deny to independent contractors.¹⁵ These are not new subsidies — they are the extension of existing tax-advantaged structures to a class of workers currently excluded from them.

V. Respect Worker Choice Regarding Unions

Just as workers deserve the freedom to choose independent work, workers deserve the freedom to choose whether and how they are represented by a union. Worker choice is a critical principle, but it does not mean opposition to unions. It means insisting that unions earn their members’ loyalty rather than compel it, and that workers who choose not to participate are not penalized for that choice.

A. The Worker’s Choice Act

The Worker’s Choice Act addresses one of the most fundamental inequities in current labor law: even in right-to-work states, a worker who opts out of union membership is still bound by union representation in grievances and workplace negotiations.¹⁶ The union calls these workers “free riders.” The Worker’s Choice Act would give workers a genuine choice: remain in the union and accept its representation, or opt out of membership and negotiate individually with the employer — while freeing the union from having to represent non-paying workers.

14 Modern Worker Security Act, H.R. 1320, 119th Cong. (2025); Unlocking Benefits for Independent Workers Act, S. 2210, 119th Cong. (2025); Institute for the American Worker, “Modern Worker Security Act,” <https://i4aw.org/resources/modern-worker-security-act/>.

15 Institute for the American Worker, “The Pro-Worker Agenda,” <https://i4aw.org/proworkeragenda/>.

16 Institute for the American Worker, “Worker’s Choice Act,” <https://i4aw.org/resources/workers-choice-act-2/>.

B. Right to Work

Currently, 26 states have adopted right-to-work laws, which prevent unions from getting private sector workers fired for declining to pay union fees.

The National Right to Work Act would extend this protection to all private sector workers covered by both the National Labor Relations Act and the Railway Labor Act.¹⁷

The case for right to work is not only philosophical; it is economic, too. Manufacturing employment in right-to-work states was up over 10% from 2014 to 2024, while manufacturing employment declined by 0.2% in forced-unionism states.¹⁸ The data show that worker freedom and economic growth are not in tension; they reinforce each other. Additionally, policymakers should reject anti-worker proposals like the PRO Act, which would abolish right to work.

C. Secret Ballot

The secret ballot is a foundational democratic safeguard. Workers should have the right to vote in secret ballot elections so they can express their true preference without outside influence. More than 70% of the public prefers secret ballot elections over card-check campaigns for union organization, and among union households, the preference is even stronger, at 76%.¹⁹

In card-check campaigns, union representatives gather signatures face-to-face — sometimes using intimidation tactics — and then count each signature

as a “yes” vote for unionization rather than merely a “yes” to authorize a secret-ballot election. The Heritage Foundation explained that, under the PRO Act, a card-check election could result in a workplace unionizing even without voting since the workers may only want the opportunity to vote, and do not necessarily want to vote in favor of unionization.²⁰

D. Worker Enfranchisement Act

I4AW has documented that as few as 5% of workers have voted for the unions that currently represent them — the vast majority joined workplaces that were already organized and accepted union representation as a condition of employment.²¹ This democratic deficit is not a small problem. For example, Jetstream Ground Services unionized in 2023 with only 87 out of 339 workers — barely a quarter of the total — voting for the union.²²

The Worker Enfranchisement Act, introduced by Representative Robert F. Oander of Missouri, directly addresses this by amending the National Labor Relations Act to require secret ballots and a two-thirds quorum of eligible employees in unionization elections — if fewer than two-thirds of workers participate, the election results are invalid.²³ I4AW honored Rep. Oander with its 2025 Defender of Worker Freedom Award in part for introducing this legislation.

Recertification elections are a complementary reform. Recurring recertification elections — every three years, or when the workforce has turned over by more than 50% — would ensure unions remain genuinely accountable to the workers they seek to

17 Institute for the American Worker, “The Pro-Worker Agenda,” <https://i4aw.org/proworkeragenda/>.

18 National Right to Work Committee, “The Evidence Is In: Forcing Workers to Join Unions Destroys Good-Paying Jobs,” August 4, 2025, <https://nrtwc.org/the-evidence-is-in-forcing-workers-to-join-unions-destroys-good-paying-jobs/>.

19 Engine Insights, “The Employee Rights Act Public Support,” March 2022, https://employeeightsact.com/wp-content/uploads/2022/03/220317_ERA_PublicSupport_2022.pdf.

20 Rachel Greszler, “6 Ways a Union-Backed Bill Will Upend the Job Market,” The Heritage Foundation, February 5, 2020, <https://www.heritage.org/jobs-and-labor/commentary/6-ways-union-backed-bill-will-upend-the-job-market>.

21 F. Vincent Vernuccio and Akash Chougule, Unions Need Democracy: 95 Percent of Union Workers Never Voted for Their Union (Institute for the American Worker, September 2024), <https://i4aw.org/reports/unions-need-democracy-95-of-union-workers-never-voted-for-their-union/>.

22 National Labor Relations Board, Jetstream Ground Services, Inc., Case 21-RC-296247, <https://www.nlrb.gov/case/21-RC-296247>.

23 Institute for the American Worker, “Worker Enfranchisement Act,” <https://i4aw.org/resources/worker-enfranchisement-act/>.

represent. Recertification models exist in Wisconsin, Iowa, and Florida for government employees and could also be applied to the private sector with new federal legislation.

VI. The Employee Rights Act: Comprehensive Labor Reform

The Employee Rights Act (ERA) of 2025, introduced by Representative Rick Allen of Georgia and Senator Tim Scott of South Carolina, is the crown jewel of legislative reforms in the labor space.²⁴ The ERA is the most comprehensive legislative vehicle currently before Congress to strengthen worker protections. It addresses union democracy, independent contracting, worker privacy, and small business protection in a single, cohesive framework.

A. Strengthening Worker Choice and Workplace Democracy

At its core, the ERA transfers power from institutions like union bureaucracies and government agencies to individual workers. One provision ensures that union members can opt out of having their dues used for political activity without their annual, affirmative consent. This opt-in requirement for political spending is particularly meaningful given that union leaders spent nearly \$1.7 billion on political activism in the 2022 election cycle alone and as much as \$25 billion on public policy,²⁵ overwhelmingly for left-leaning politicians and causes, even though 45% of voters in union households nationally supported President Trump in 2024.²⁶

B. Protecting Secret Ballot Elections and Requiring Periodic Union Recertification

The ERA guarantees the secret ballot in union organizing elections. This provision protects workers from coercion and intimidation while choosing whether to form or participate in union activities. The ERA also includes provisions related to the recertification of union representation, ensuring that workers have a meaningful ongoing opportunity to affirm or reject the union that represents them.

C. Enhancing Worker Privacy and Accountability in Union Representation

Under current law, workers do not have the option to opt out of having their personal contact information (home address, phone number, and personal email) shared with a union that wishes to organize them. The ERA corrects this by empowering workers to choose what contact information is shared with organizing unions. This is a basic privacy right that workers in every other context would take for granted.

The ERA also increases accountability over union dues spending. Given the history of union corruption — including the UAW embezzlement scandals and the recent convictions for misuse of union funds for personal expenses at the Boilermakers Union — workers deserve greater transparency and control over how their dues money is spent.²⁷ Unions would be required to obtain annual written authorization before using dues for purposes other than collective bargaining and contract administration. And as unions continue to spend significant funds on elections, members need this level of control.

²⁴ Institute for the American Worker, “Employee Rights Act Background,” <https://i4aw.org/resources/employee-rights-act-background/>.

²⁵ National Institute for Labor Relations Research, “Union Bosses Admit They Spent \$1.67 Billion on Politics in the 2022 Election Cycle. The Real Number Is Likely Over \$25 Billion,” August 2023, <https://nilrr.org/wp-content/uploads/2023/09/NILRR.org-Labor-Union-spending-report-2023-published.pdf>.

²⁶ Ronald Brownstein, “How Trump Is Giving the Labor Movement the Blue-Collar Blues,” CNN, December 10, 2024, <https://www.cnn.com/2024/12/10/politics/trump-blue-collar-workers-analysis/index.html>.

²⁷ U.S. Attorney’s Office, Eastern District of Michigan, “Former UAW Official Sentenced to 57 Months in Prison for Embezzling Over \$2 Million in Union Funds,” July 26, 2022, <https://www.justice.gov/usao-edmi/pr/former-uaw-official-sentenced-57-months-prison-embezzling-over-2-million-union-funds>; Judy L. Thomas, “3 ex-Boilermakers Convicted of Racketeering, Embezzlement of KC Union’s Funds,” Kansas City Star, June 5, 2026, <https://www.kansascity.com/news/local/article315987107.html>.

D. Ensuring Workers Have a Meaningful Voice in Representation

The ERA also addresses the joint employer standard — a critical protection for small businesses, staffing agencies, franchisors, and the millions of workers, businesses, and customers who depend on them. Franchising alone accounts for more than 820,000 businesses employing nearly 9 million workers.²⁸ Millions of additional workers and small businesses eagerly operate as vendors and contractors to other businesses to earn their living.

The 2023 joint employer standard President Biden’s NLRB put in place cut off these productive relationships and favored unionization and lawsuit campaigns by trial lawyers. But it would be difficult to overstate the positive impact of a stable pro-worker, pro-entrepreneur joint employer policy. The ERA’s provisions from the Save Local Business Act would codify a sensible joint employer standard in law, removing the uncertainty and harmful barriers created by 2023’s regulatory overreach.

E. Protecting Self-Employment and Independent Contracting

Finally, the ERA gives workers the freedom to choose how and when they want to work in self-employment pathways, including in the gig economy. It provides much-needed legal clarity and harmonization by amending the Fair Labor Standards Act (FLSA) and the National Labor Relations Act (NLRA) with a predictable control and economic dependence test. **Specifically, the ERA would codify a two-primary-factor test** — focusing on the nature and degree of control and the opportunity for profit or loss — that is more predictable and more respectful of genuine independent contractor relationships than the multi-factor tests that proliferated under recent regulatory action.

Taken together, the provisions of the Employee Rights Act represent a coherent vision of what labor law should look like in the 21st century: rights-respecting, worker-centered, and hostile to coercion from any direction — whether that coercion comes from an employer who disregards workers’ rights or from a union that presumes to represent workers who never chose them. The ERA would create a permanent standard that helps American small businesses thrive.

Conclusion: A Pro-Worker Affordability Agenda

Affordability is not a single policy problem with a single policy solution. It is the aggregate result of countless individual decisions — by workers about how to earn their living, by businesses about how to structure work, and by governments about how much freedom to grant or restrict in both. And making sure workers can earn a living is a critical first part of the conversation.

The American worker is resilient, adaptable, and entrepreneurial. Workers need a policy environment that respects their decisions, protects their rights, and ensures that the path to earning a living remains open, free from government paternalism. Policymakers should empower workers to associate with the businesses and institutions that help them lead productive and fulfilling lives in the modern economy. That is what affordability, at its core, is really about.

²⁸ International Franchise Association, 2025 Franchising Economic Outlook (FRANdata, February 2025), <https://www.franchise.org/franchising-economic-outlook>



About the Author

Jonathan Wolfson is a distinguished policy advisor, attorney, and author with extensive experience in law and government. His recent policy experience includes: leading policy and legal strategy at the Cicero Institute where he focused his research on regulatory reform, healthcare, labor and employment, education and workforce, and AI policy; leading the Policy office at the U.S. Department of Labor during the first administration of President Donald J. Trump where he oversaw the Department's deregulatory efforts and helped improve the Department's compliance assistance program to assist businesses in following the law; and serving as a policy analyst at the Council of Economic Advisers in the George W. Bush White House.

Jonathan has testified on legislation and legal and policy topics before state and federal legislatures across the country and regularly speaks to groups about policy, law, and regulations. He is a frequent guest on podcasts, and his work has been featured in multiple print publications including *The Wall Street Journal*, *Forbes*, *The Hill*, *National Review*, and *STAT News*.

Jonathan received an A.B. in Economics (Magna Cum Laude) from Washington University in St. Louis and a J.D. from the University of Virginia School of Law, where he was an Olin Law and Economics Fellow and won the John M. Olin Prize for best original law and economics research.

*“Affordability is not merely
a question of prices;
affordability is first and
foremost a question of
paychecks.”*

- Jonathan Wolfson

