Independent® Women's Forum

Testimony to the United States House of Representatives
Committee on Energy and Commerce
Subcommittee on Energy, Climate, and Grid Security

Hearing: "From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda"

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Chairs Rogers and Duncan, Ranking Members Pallone and DeGette, and Members of the Committee thank you for inviting me to appear today.

My name is Patrice Onwuka, and I am the director of the Center for Economic Opportunity at Independent Women's Forum. We are a nonprofit organization, committed to increasing the number of women who value free markets and personal liberty. We advance policies that enhance people's freedom, opportunities, and well-being.

Too many hard-working Americans are struggling today and fear that the American tradition of climbing the economic ladder has been lost. Grocery, energy, and housing prices remain frustratingly high for most households. Many households are straining under the weight of high prices and rising costs for energy that cut down their disposable income and force some to make disheartening choices. People worry about a recession and the potential to lose their jobs, and to not be able to find one at the same level again. This hearing offers a timely opportunity to explore the impacts of the Biden-Harris energy agenda on American households.

I will address the following points:

- Persistent inflation and elevated prices affect all families and businesses but disproportionately burden low-income, minority, and rural households.
- Affordable energy is critical to household economic stability and small business sustainability.
- Federal policy should prioritize expanding domestic energy production and innovation and overturning the regulatory agenda hiking costs for critical household essentials.

The Impact of Persistent Rising Costs on Households & Small Businesses

Energy is the lifeblood of commerce and society in our nation. Everything grown, manufactured, produced, packaged, and transported depends on energy. As energy prices rise, consumers are forced to pay more for the goods and services they depend on.

Small businesses are similarly affected by rising energy costs to heat buildings, run equipment, and ship products. They also face cost increases from suppliers and are forced to pass higher costs on to customers. The National Federation of Independent Businesses finds that energy costs are one of the top three business expenses in 35% of small businesses.[1]

American households and businesses are acutely sensitive to changes in prices for a gallon of gas or monthly utility bills. According to the Consumer Price Index (CPI), inflation on all items rose 2.9% over the past twelve months ending in July.[2] Energy prices rose 1.1% and food prices 2.2%. While these lower inflation rates are a welcome change from June 2022 highs,[3] overall prices are up 19.4% over the 3.5 years of the Biden-Harris administration.[4] Home heating oil is up 36%,[5] electricity is up 32%,[6] and natural gas is up 25%.[7]

Meanwhile, real wage declines have eroded Americans' purchasing power. The average household has lost roughly $2,000 of purchasing power since January 2021.[8]

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[1] "Energy." National Federation of Independent Businesses. https://www.nfib.com/advocacy/energy/.
[2] Consumer Price Index - July 2024." U.S. Bureau of Labor Statistics. https://www.bls.gov/news.release/cpi.nr0.htm.
[3] TED: The Economics Daily. "Consumer prices up 9.1 percent over the year ended June 2022, largest increase in 40 years." U.S. Bureau of Labor Statistics. July 18, 2022. https://www.bls.gov/opub/ted/2022/consumer-prices-up-9-1-percent-over-the-year-ended-june-2022-largest-increase-in-40-years.htm#:~:text=FONT%20SIZE:%20PRINT:-,Consumer%20prices%20up%209.1%20percent%20over%20the%20year%20ended%20June,largest%20increase%20in%2040%20years&text=Over%20the%2012%20months%20ended,month%20period%20ending%20November%201981.
[4] "All items in U.S. city average, all urban consumers, not seasonally adjusted." U.S. Bureau of Labor Statistics. 2014-2024. https://data.bls.gov/timeseries/CUUR0000SA0.
[5] "Fuel oil and other fuels in U.S. city average, all urban consumers, not seasonally adjusted." U.S. Bureau of Labor Statistics. 2022-2024. https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHE.
[6] "Electricity in U.S. city average, all urban consumers, not seasonally adjusted." U.S. Burseau of Labor Statistics. 2022-2024. https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHF01.
[7] "Utility (piped) gas service in U.S. city average, all urban consumers, not seasonally adjusted." U.S. Bureau of Labor Statistics. 2022-2024. https://data.bls.gov/dataViewer/view/timeseries/CUUR0000SEHF02.
[8] Stephan Moore, "Biden-Harris Have a Sixth Sense the Economy Is in Trouble – They're Probably Right." Center for Individual Freedom. August 21, 2024. https://cfif.org/v/index.php/commentary/43-taxes-and-economy/6937-biden-harris-have-a-sixth-sense-the-economy-is-in-trouble--theyre-probably-right.

Americans spend a monthly average of $429.33 per month on utilities or $5,151.96 per year on utilities, according to the Consumer Expenditure Survey by the U.S. Bureau of Labor Statistics.[9]

As a result, American households are in a more tenuous financial position now than they were before inflation took off in early 2021:

- The average middle-class household lost at least $33,000 in real wealth.[10]
- Year-over-year real average hourly earnings and real average weekly earnings were negative for 25 months.[11]
- Personal savings since January 2021 have fallen by nearly $3 trillion.
- Collective credit card balances are at an all-time high of $1.1 trillion.[12]
- The monthly costs of the median-priced home in the U.S. are the highest in more than 30 years.[13]

Demographics Uniquely Impacted by High Energy Costs

Rising energy and household goods prices affect all households, but some more harshly than others. Poor and working-class families spend disproportionately more of their incomes on essential items such as food and energy than higher-income households. Yet, these households are least likely to be able to meet basic household heating, cooling, and other energy needs.

According to Census survey data, over a third (37%) of households nationwide reported difficulty paying for usual household expenses in July 2024.[14] Some 44% of

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[9] Ana Durrani, "Monthly Utility Costs In The U.S. By State." Forbes. July 26, 2024. https://www.forbes.com/home-improvement/living/monthly-utility-costs-by-state/.
[10] Shawn Donnan, Claire Ballentine, Alexandre Tanzi and Christopher Cannon, "The US Middle Class's Economic Anxiety Will Decide the 2024 Election." Bloomberg. July 5, 2023. https://www.bloomberg.com/graphics/2023-bidenomics-middle-class-economic-anxiety-2024-election/?leadSource=uverify%20wall.
[11] "Average hourly earnings of all employees, 1982-1984 dollars, total private, seasonally adjusted." U.S. Bureau for Labor Statistics. 2014-2024. https://data.bls.gov/timeseries/CES0500000013?output_view=pct_12mths.
[12] "HOUSEHOLD DEBT AND CREDIT REPORT (Q2 2024)." Federal Reserve Bank of New York. https://www.newyorkfed.org/microeconomics/hhdc.
[13] "The State of the Nation's Housing 2024." Joint Center for Housing Studies of Harvard University. 2024. https://www.jchs.harvard.edu/sites/default/files/interactive-item/files/Harvard_JCHS_State_of_the_Nations_Housing_2024_Key_Facts.pdf.
[14] "Household Pulse Survey: Measuring Emergent Social and Economic Matters Facing U.S. Households." United States Census Bureau. July 23, 2024. https://www.census.gov/data/experimental-data-products/household-pulse-survey.html.

households living near or below the federal poverty line experience challenges financially meeting their energy needs.[15]

Lower-income families, according to research, face housing with heating and electrical problems, experience heating equipment breakdowns, interruptions in utility service, inadequate insulation, and insufficient heating capacity.[16] Families' rising energy costs can diminish their quality of life and place them in unhealthy or dangerous situations. These families often face a "heat or eat" dilemma that no American household should face. Lower-income Americans express a desire to responsibly pay their bills, but many simply cannot afford the monthly utility payments or often fall behind.

Lower-income black households experienced the highest rates of energy challenges (35% of households in 2011) compared to Hispanic (21%), White (14%), and Asian (9%) households.[17] A separate study on household energy consumption found that black households' energy consumption exceeded that of other demographics on average.[18] This is driven by space heater usage.

Regionally, low-income people in the southeast states are also disproportionately likely to face energy hardships.

Virtually everyone must prioritize how to spend their limited income or make tradeoffs. However, some households face existential choices such as paying for utilities or buying food, medicine, and shelter. For example, as a low-income earner when surveyed noted:

> *If I had to choose between paying my rent, paying my utilities, and feeding my children, I'd feed my children and I'd worry about that later. But I do. My rent's always paid. He'll tell you. My rent's right there. Because I figure, at least I've got a roof over their head, you know.*[19]

Other working poor Americans employ other avenues to keep the heat and lights on, such as pawning possessions, borrowing, incurring overdraft fees on their bank accounts, using other appliances such as space heaters or ovens to keep warm, setting home temperatures at unsafe levels, and forgoing paying utility bills—often racking up thousands of unpaid debts.

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[15] Hernández, Diana et al. "Energy Insecurity among Families with Children." National Center for Chidren in Poverty. January 2014. https://www.nccp.org/wp-content/uploads/2020/05/text_1086.pdf.
[16] Ibid.
[17] Ibid.
[18] Baik, Sosung et al. "Racial disparities in the energy burden beyond socio-economic inequality." ScienceDirect. November 2023. https://www.sciencedirect.com/science/article/abs/pii/S0140988323005960.
[19] Hernández, Diana. "Understanding 'energy insecurity' and why it matters to health." ScienceDirect. October 2016. https://www.sciencedirect.com/science/article/pii/S0277953616304658?ref=pdf_download&fr=RR-2&rr=8c059bd5fa2505b0#bbib23.

Given record-breaking rent price increases over the past few years, renters are left with little disposable income for energy and utilities. In 2024, one in four low-income renters (earning below $25,000) reported sometimes or often going without enough to eat.[20] About a quarter also regularly kept their homes at unsafe or unhealthy temperatures.

Among racial demographics, Minneapolis Federal Reserve Bank analysis found that while one in ten white households found reducing food and medicine in order to pay their energy bills, the shares of black and Hispanic households who did the same were 3 and 2.5 times higher, respectively.[21] More of these households also reported keeping their homes at unsafe temperatures compared to their white counterparts.

Federal Policy

Today's inflation and elevated prices are the consequences of unsustainable federal spending and burdensome regulations on energy.

Economists on the left and right agree that the $1.9 trillion American Rescue Plan Act fueled inflation by injecting the economy with stimulus funding to spur spending when the supply of goods and services could not keep up. Former Obama administration economist Larry Summers warned before the bill was passed that "macroeconomic stimulus on a scale closer to World War II levels than normal recession levels will set off inflationary pressures of a kind we have not seen in a generation."[22] This should be a cautionary tale about excessive spending.

After CPI skyrocketed to 9.1% in 2022, the Biden-Harris administration pushed for Congress to pass the Inflation Reduction Act, under the guise of reducing inflation. President Biden has finally admitted the IRA was never intended to reduce inflation, but instead advance his net-zero climate agenda.[23] This supposedly $369 billion bill will likely cost upwards of $800 billion to even above $1 trillion once the policies are fully implemented.[24]

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[20] Wedeen, Sophia. "Renters Struggle with Competing Costs of Food, Energy, and Housing." Joint Center for Housing Studies of Harvard University. August 8, 2024. https://www.jchs.harvard.edu/blog/renters-struggle-competing-costs-food-energy-and-housing.

[21] Luna, Erick Garcia. "Rising household energy costs affect lower-income and non-White residents most." Federal Reserve Bank of Minneapolis. March 1, 2023. https://www.minneapolisfed.org/article/2023/rising-household-energy-costs-affect-lower-income-and-non-white-residents-most.

[22] Summers, Lawrence. "The Biden stimulus is admirably ambitious. But it brings some big risks, too." The Washington Post. February 4, 2021. https://www.washingtonpost.com/opinions/2021/02/04/larry-summers-biden-covid-stimulus/.

[23] "Remarks by President Biden Highlighting How His Investing in America Agenda is Benefitting Communities Across Wisconsin and Ensuring Americans Have a Brighter, More Prosperous Future." The White House. September 5, 2024. https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/09/05/remarks-by-president-biden-highlighting-how-his-investing-in-america-agenda-is-benefitting-communities-across-wisconsin-and-ensuring-americans-have-a-brighter-more-prosperous-future-westby-wi/.

[24] "The Inflation Reduction Act's Benefits and Costs." United States Department of the Treasury. March 1, 2024.

The Biden-Harris climate agenda has focused on undermining domestic energy production, causing energy costs to rise. It has also pursued a carbon-reducing regulatory agenda that forces households to switch to costly appliances.

From day one, President Biden promised "no new drilling, period," a promise he had to backtrack on after the realities of climbing energy costs took a toll on American households. Yet, the Biden-Harris administration has canceled pipelines, taken hundreds of thousands of acres off-line for drilling, and instituted restrictive new environmental standards that raise the cost of drilling.

The administration also launched a war on household appliances through a regulatory agenda intended to dictate what appliances Americans can own. According to some estimates, Americans are paying 34% more for appliances compared to 15 years ago.[25] By targeting more than 15 consumer appliances, the Department of Energy could drive costs even higher.[26]

The first eight months of 2023 saw proposed new efficiency standards for stoves, refrigerators, air conditioners,[27] clothes washers, ceiling fans, dishwashers, and water heaters.[28] The regulations would narrow the range of available appliances, making fewer options available to consumers. The up-front cost of installing the new appliances would be cost-prohibitive to many households, so they would forgo any purported energy savings. Consumers would also have to compromise on features, performance, and results. To retrofit their homes with so-called climate-friendly alternatives, the average household is expected to pay an additional $9,000 notwithstanding the other negative economic and environmental trade-offs.[29]

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https://home.treasury.gov/news/featured-stories/the-inflation-reduction-acts-benefits-and-costs#:~:text=In%20November%202022%2C%20Credit%20Suisse,be%20$780%20billion%20through%202031.

[25] Dickler, Jessica and Solá, Ana Teresa. "Household appliances don't last like they used to, experts say. Consider this before calling a repair service." CNBC. March 1, 2024. https://www.cnbc.com/2024/03/01/household-appliances-cost-more-but-dont-last-like-they-used-to.html.

[26] Hoffman, Gabriella. "Net-zero policies drive up household appliance costs." Washington Examiner. July 9, 2024. https://www.washingtonexaminer.com/restoring-america/courage-strength-optimism/3073545/net-zero-policies-drive-up-household-appliance-costs/.

[27] Hoffman, Gabriella. "Don't Ditch Your AC to Be Environmentally Friendly." Independent Women's Network. September 5, 2024. https://www.iwf.org/2024/09/05/dont-ditch-your-ac-to-be-environmentally-friendly/.

[28] "Get Uncle Sam Out of My Home Action Center Sources." Independent Women's Voice. https://iwnetwork.com/get-uncle-sam-out-of-my-home-action-center-sources/.

[29] Bedard, Paul. "Consumer watchdog: Biden regulations add $9,100 to homes." Washington Examiner. October 27, 2023. https://www.washingtonexaminer.com/news/washington-secrets/2449334/consumer-watchdog-biden-regulations-add-9100-to-homes/.

If about half of Americans can't afford a $1,000 emergency, and one in three can't afford even a $400 unexpected expense, how will people shell out thousands of dollars to comply with green climate mandates? Americans should be able to choose—not be forced to buy—the appliances that best suit their needs and budgets.

Conclusion

Americans' persistent pessimism over the economy and prospects for upward mobility grow worse each year. The share of Americans in 2024 who still think the American dream is attainable shrank to just one in three (34%) because of the affordability crisis, down steeply from 2012, when over half (53%) believed so.[30]

High grocery and energy prices have eroded their quality of life, while high housing costs place the dream of homeownership out of reach for many. Even those with homes face the federal government's heavy-handed regulations mandating costly updates.

Policymakers should undo the regulatory burdens implemented over the past few years by rescinding pending regulations and reversing those enacted to ease households' and businesses' hardships.

Policymakers should also repeal regulations that needlessly restrict energy production, supply, and innovation.

Finally, clawback unspent funding from ARPA and the IRA to defund the spending agendas that fuel inflation.

Thank you for your time.

[30] Wolfe, Rachel. "The American Dream Feels Out of Reach for Most." The Wall Street Journal. August 28, 2024. https://www.wsj.com/economy/consumers/american-dream-poll-us-economy-e5ddf640.