UNDOING THE BIDEN LEGACY OF BIGGER GOVERNMENT AND MORE INFLATION

"Making Washington Work for Seniors: Fighting to End Inflation and Achieve Fiscal Sanity"

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Chairman Scott, Ranking Member Gillibrand, and members of the Committee, thank you for hosting this important hearing. I am Tarren Bragdon, the Chief Executive Officer at the Foundation for Government Accountability (FGA). FGA has worked for many years on a wide variety of policy areas, including welfare, workforce, health care, and more. These have included reforms to help reduce the cost of living for Americans through changes at both the federal and state level. In fact, in 2022, a member of our staff previously testified before this committee at a field hearing in the Villages, Florida on the inflationary challenges American seniors are facing.[1]

Unfortunately, since that time, seniors—and all Americans—have been facing an even more severe cost-of-living crisis. In fact, the inflationary legacy of the Biden administration has done irreparable harm to all Americans. This damaging outcome is the direct result of conscious policy decisions to increase the size and scope of the regulatory state, expand the food stamp program in an unprecedented manner, and make other reckless changes to major federal welfare programs. Only by undoing these policy changes can lawmakers improve prosperity for all Americans.

Overview

Americans across the country are facing a cost-of-living crisis brought on by rampant inflation that has occurred during the entire course of the Biden administration's reckless four-year term. Annual inflation was just 1.3 percent when Joe Biden took office, spiking to 9.1 percent by June 2022.[2] By the end of 2024, prices had grown more than 21 percent under President Biden.[3] The year-over-year price increase of some goods and services—from food to energy to vehicles—reached double digits at its peak in 2022.[4] But the harsh reality for many Americans is that **it is unlikely they will ever regain the purchasing power they lost under the Biden administration**.

The untenable increases in prices have not been "transitory". They have not been brought about by sudden "corporate greed." They are the direct consequence of three major policy failures:

- A massive spike in federal regulations, which has both increased government spending and imposed new costs on businesses and consumers;
- An illegal and unprecedented increase in food stamp benefits that have contributed to rising grocery prices; and
- Unsustainable expansions of federal welfare programs that have caused spending to explode while keeping able-bodied adults out of the workforce.

Together, this trio of failures has brought about reckless inflation. Fortunately, President Trump has already taken steps to begin to address out-of-control spending. And there are additional policy options for both Congress and the executive branch to consider as they seek ways to undo four years' worth of devastating public policy.

Unchecked federal regulations under the Biden administration have driven up costs

Former President Biden issued more costly regulations than any president in modern U.S. history. During his four years in office, Joe Biden finalized more than 300 economically significant regulations—over 40 percent more than even President Obama's record-shattering first term.[5]

This regulatory spree began on Joe Biden's first day. In his first term, President Trump withdrew and delayed more than 1,500 regulatory actions from Obama administration bureaucrats, finalized more than 500 deregulatory actions lowering costs by nearly $200 billion, and implemented new provisions to stem the future growth in regulations.[6]

On his very first day in office, however, then-President Biden issued an executive order undoing the Trump administration's work to establish regulatory budgets for federal agencies and undoing several other regulatory reform initiatives.[7] Over the next four years, the Biden administration published nearly 357,000 pages worth of regulations, executive orders, and agency notices—a record high.[8] Nearly 111,000 of those pages were added in his last year alone—one page of new regulatory material every five minutes.[9]

Considering that, **for every 15 percent increase in federal regulations, the cost of consumer goods and services is hiked by a full percentage point**, it is easy to see how the Biden administration's regulatory overreach drove up the cost of living.[10] And it's not just more federal spending: A larger regulatory burden means more compliance costs faced by businesses, which are ultimately passed on to consumers through price hikes.

Overall, **the Biden administration's expansion of the regulatory state added $1.7 trillion worth of new costs**.[11] From unprecedented student loan forgiveness to gutting program integrity provisions in major federal welfare programs, these regulations have precipitated major increases in costs for everyday Americans.

Biden's illegal food stamp expansion accelerated inflation

In 2021, **the Biden administration pushed through a 27 percent increase in food stamp benefits** by reevaluating the "Thrifty Food Plan."[12] After failing to receive congressional approval for an increase to the Thrifty Food Plan, the Biden administration unilaterally took it upon itself to ram through this $250 billion expansion—the largest in the program's history.[13]

To justify this unprecedented increase in welfare benefits, the Biden administration ignored the U.S. Department of Agriculture's (USDA) 45-year cost neutrality requirement, blatantly violated internal control standards, canceled peer review processes, sidelined the Department's chief economist, and ignored best practices.[14] And just as concerning is that, even though federal law requires federal agencies to submit reports on the cost of proposed rules to Congress and the Government Accountability Office (GAO) before they become effective, the Biden USDA implemented the change to the Thrifty Food Plan before informing Congress.[15]

Why would a government welfare program increase inflation for all Americans? As government spending on food stamps increases, purchases made by food stamp recipients drive up grocery prices through the natural laws of supply and demand.[16] As food stamp benefits become more generous, welfare also becomes more attractive than work—contributing to the nation's labor shortage and further driving up labor costs for employers that are ultimately passed on to consumers.[17]

Researchers at the World Bank reviewed more than a decade of retail scanner data to measure the impact food stamp spending has on food prices.[18] Their review included 2.6 million barcodes with data from more than 20,000 stores, comprising roughly half of all sales at U.S. grocery stores.[19] That research found that **food prices increase by one percent for every 12.5 percent increase in food stamp spending**.[20] When coupling the expansion of the Thrifty Food Plan with pandemic-era increases to the food stamp program, total food stamp spending nearly tripled. As a result—and largely driven by the Thrifty Food Plan reevaluation—**increases in the food stamp program caused grocery prices to skyrocket by more than 15 percent**.[21]

The unlawful Biden-era expansion not only spiked grocery prices directly, but also led to millions of able-bodied adults choosing welfare over work.[22] **An estimated 2.4 million Americans declined employment due to the Thrifty Food Plan reevaluation**.[23] Had these Americans reentered the workforce, they could have filled roughly a quarter of open jobs, further driving costs down by increasing the labor supply and reducing business costs.[24]

Massive expansions of federal welfare programs have exploded government spending

In addition to the changes to the Thrifty Food Plan, the Biden administration promoted and presided over some of the most monumental increases in major federal welfare programs in U.S. history. These include:

- Rescinding Medicaid work requirements;[25]
- Gutting Medicaid program integrity provisions and preventing states from verifying eligibility;[26]
- Continuing pandemic-era policies—such as Medicaid continuous coverage provisions and food stamp emergency allotments—well beyond the time they should have expired;[27-28]
- Expanding refundable tax credits to record levels, such as the Child Tax Credit, the Earned Income Tax Credit, and ObamaCare subsidies;[29-30-31]
- Maximizing exemptions and waivers from food stamp work requirements;[32-33]
- And many more.

Much like the reevaluation of the Thrifty Food Plan, each of these policy decisions has kept Americans from reentering the workforce as welfare remains more lucrative than work. As a result, welfare program enrollment has swelled as labor force participation has declined.

The number of able-bodied people on Medicaid and food stamps is higher today than it was when the unemployment rate was nearly 15 percent during the government-imposed lockdowns at the height of the COVID pandemic.[34] Over the next decade, **these two programs alone are expected to cost taxpayers $8.6 trillion**.[35-36]

Meanwhile, **62 percent of able-bodied adults on Medicaid and 66 percent of able-bodied adults on food stamps do not work at all**.[37] The Biden administration's promotion of welfare over work has contributed to this crisis of dependency among those dependent on government programs.

As a result, the labor force participation rate remains lower than it was before the pandemic—and continuing to struggle.[38]

For every American that chooses welfare over work, not only will Americans be directly subsidizing their decision to stay on the sidelines, but the indirect costs of lower workforce participation will drive up costs as well, as businesses' labor costs rise and those costs are passed on to consumers.

With 8.1 million open jobs nationwide, the Biden administration's failed policies have directly caused a nationwide workforce crisis that will continue to keep costs elevated until and unless it is addressed.[39]

Massive expansions of federal welfare programs have exploded government spending and kept Americans out of the workforce

Thankfully, there are solutions at the disposal of Congress and the executive branch to undo the harm brought about by the Biden administration. Whether as part of the current budget reconciliation process or through executive action, policymakers have a wide array of options at their disposal to help reduce federal spending, shrink the size of the regulatory size, and drive up workforce participation among able-bodied welfare enrollees. These policy options include:

- Requiring congressional approval for costly federal rules that increase taxpayer costs;
- Repealing Biden-era rules that gutted Medicaid program integrity, drastically expanded student loan forgiveness, and more;
- Rolling back the reevaluation of the Thrifty Food Plan by resetting it to FY2020 levels adjusted forward only for inflation;
- Implementing universal work requirements for able-bodied adults without young children across Medicaid and food stamps;
- Phasing out the enhanced ObamaCare match for able-bodied adults on Medicaid;
- Closing exemptions and loopholes to work requirements in the food stamp program;
- Requiring food stamp enrollees to meet federal eligibility standards;
- Verifying eligibility more frequently across welfare programs, including Medicaid;
- Addressing illegal aliens on welfare programs by requiring citizenship verification before enrollment in Medicaid, prohibiting administrative spending on Medicaid for illegal aliens, and adding citizenship verification requirements to the Child Tax Credit;
- And more.

If left unchecked, the Biden administration's legacy of bigger government and more spending will persist indefinitely. Only through bold reforms can policymakers get federal expenditures and inflation under control.

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