



Budget Digest – Week of September 20th

Restoring the Trust for Families and Working-Age Americans

Restoring the Trust for America’s Families. Federal automatic spending programs are doing more than just contributing to an untenable fiscal trajectory; in fact, they are distorting markets. Due to distortions caused by government policies, expenditures for health care, housing, and education are growing rapidly. Moreover, prices continue to rise without a corresponding increase in value or improvements in quality. The result is prices for basic needs in the household budget are growing faster than wages and squeezing the middle class.

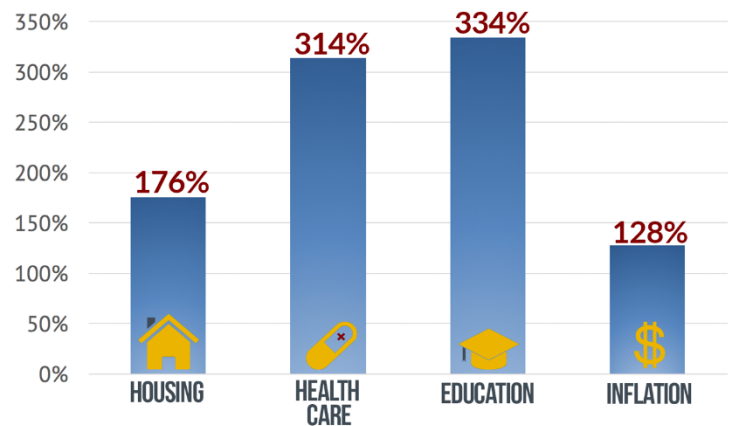
What’s the Problem? Health care, housing, and education have accounted for 88 percent of U.S. inflation since 1990, largely due to government policies that subsidize demand and restrict supply. In the health care sector, costs for families continue to rise, without gains in quality and value. Competition and innovation are stifled, and providers are spending an increasing amount of time completing paperwork instead of caring for patients.

In the housing sector, government programs and regulations increase the cost of building new housing while limiting supply, causing consumers to take on more housing debt.

In higher education, the Federal Reserve Bank of New York reports that every additional dollar of student aid increases tuition by 65 cents making college even more expensive. Meanwhile, the accreditation system and other regulations act as barriers to entrepreneurial education providers.

Solutions. Government programs and tax policies should be designed to reinforce markets and competition and not unduly restrict consumer choices. In order to have a working marketplace with stable prices, it is necessary to allow entrepreneurs to meet the demand of consumers. While some regulations are necessary, burdensome rules and policies ought to be eliminated wherever possible so consumers will have more choices. The Federal Budget should foster and support such solutions.

INCREASES IN FAMILY SPENDING, 1984-2015



Authorized by Chairman Tom Price, M.D., House Budget Committee

Source: Bureau of Labor Statistics