



CHAIR JODEY ARRINGTON

# HOUSE BUDGET COMMITTEE

## House Budget Committee Republicans Meet with Federal Reserve Chair, Discuss Importance of Sound Monetary Policy

WASHINGTON, D.C. – Today, House Budget Committee Republicans met with the Chair of the Board of Governors of the Federal Reserve System, Jerome Powell. House Budget Committee Chairman Jodey Arrington (R-TX) released the following statement about the meeting:

*“House Budget Committee members understand that our nation’s fiscal health is a combination of a strong balance sheet and a growing economy.*

*We had a wide-ranging, substantive discussion with Chairman Powell about how monetary policy has contributed to our country’s current indebtedness, its implications on inflation and our ability to avoid a recession, and lessons learned from over the years.”*



*House Budget Committee Chairman Jodey Arrington (R-TX) and Committee Republicans meet with Federal Reserve Chairman Jerome Powell April 16, 2024. (Photo: House Budget Committee)*



## BACKGROUND

During the 118<sup>th</sup> Congress, the House Budget Committee has led the way in bringing real reform and **“Reversing the Curse”** of our unsustainable fiscal path.

**House Republicans have a [blueprint](#) that balances the budget in ten years and demonstrates a bold vision for brighter days ahead.**

- Our more than \$34 trillion debt makes it clear that Washington’s budget process is **broken**. American families deserve an alternative to endless debt, high taxes, price hikes, and partisan pet projects. We are proud to provide that alternative—our bold vision to save our great nation from ourselves.
- **Our plan will:**
  - Fulfill House Republicans’ Commitment to America by balancing the federal budget in 10 years;
  - Reduce deficits by \$14 trillion over the next decade;
  - Lower interest payments on the debt by \$2.7 trillion over the next 10 years;
  - Create a \$44 billion budget surplus in FY 34; and,
  - Grow the economy by 3 percent a year, higher than the Congressional Budget Office’s (CBO) estimate of 2 percent growth.

### **About the Federal Reserve:**

- The Federal Reserve is the central bank of the United States, created in 1913 to act as a lender-of-last-resort for banks in response to the banking panics of the early 1900s.
- Its role has expanded considerably over time to include its Dual Mandate, control of the money supply and short-term interest rates, and act as financier of government debt.
- The Federal Reserve Reform Act of 1977 gave the Federal Reserve the responsibility of ensuring **“maximum employment”** and **“stable prices,”** the latter of which was the catalyst for the Fed’s 2 percent target rate of inflation.



## **Timeline of Important Dates and Major Federal Reserve Actions During the Biden Administration:**

- American Rescue Plan signed into law
  - **March 11, 2021**
- Onset of Inflation
  - **May 12, 2021** – April 2021 CPI data released, showing year-over-year inflation rose to 4.1 percent, the highest level since 2008.
  - **November 10, 2021** – October 2021 CPI data released, showing year-over-year inflation rose to 6.2 percent, the highest level since 1990.
  - **July 13, 2022** – June 2022 CPI data released, showing year-over-year inflation peak at 9.0 percent, the highest level in over 40 years.
- The Fed's Response
  - **March 16, 2022** – Increased the federal funds rate by 25 basis points, to a lower target of 0.25%.
  - **May 4, 2022** – Increased the federal funds rate by 50 basis points, to a lower target of 0.75%.
  - **June 15, 2022** – Increased the federal funds rate by 75 basis points, to a lower target of 1.50%.
  - **July 27, 2022** – Increased the federal funds rate by 75 basis points, to a lower target of 2.25%.
  - **September 21, 2022** – Increased the federal funds rate by 75 basis points, to a lower target of 3.00%.
  - **November 2, 2022** – Increased the federal funds rate by 75 basis points, to a lower target of 3.75%.
  - **December 14, 2022** – Increased the federal funds rate by 50 basis points, to a lower target of 4.25%.
  - **February 1, 2023** – Increased the federal funds rate by 25 basis points, to a lower target of 4.50%.
  - **March 22, 2023** – Increased the federal funds rate by 25 basis points, to a lower target of 4.75%.
  - **May 3, 2023** – Increased the federal funds rate by 25 basis points, to a lower target of 5.00%.
  - **July 26, 2023** – Increased the federal funds rate by 25 basis points, to a lower target of 5.25%.

