



## **Covering the Inflation Reduction Act of 2022**

Will IRA 2022 Really Reduce Inflation  
for Families and Businesses?

By

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The Inflation Reduction Act of 2022 (IRA 2022) is now law. It was a narrow victory for Democrats in the Senate (51-50) and the House of Representatives (220-207). President Biden signed the Act into law last week.

Disagreements among experts means it's time for journalists to quickly move into the next phase of covering this big story — how the IRA of 2022 will impact your readers, listeners, and viewers. Will the new law actually reduce the pressure of inflation for them and their families or will things only get worse?

Here's how Democrats explained their reasoning for the Act —

The *Inflation Reduction Act of 2022* will make a historic down payment on deficit reduction to fight inflation, invest in domestic energy production and manufacturing, and reduce carbon emissions by roughly 40 percent by 2030. The bill will also finally allow Medicare to negotiate for prescription drug prices and extend the expanded Affordable Care Act program for three years, through 2025.

The new proposal for the FY2022 Budget Reconciliation bill will invest approximately \$300 billion in Deficit Reduction and \$369 billion in Energy Security and Climate Change programs over the next ten years.

Additionally, the agreement calls for comprehensive Permitting reform legislation to be passed before the end of the fiscal year. Permitting reform is essential to unlocking domestic energy and transmission projects, which will lower costs for consumers and help us meet our long-term emissions goals.

Here's how Republicans responded to the Senate vote —

The last time Senate Democrats tried to remake the economy on party lines, they shoved American families into the worst inflation in 40 years. Democrats got all-you-can-eat liberal spending and working families got stuck with the bill.

In President Biden's America, the average family is either paying thousands of dollars extra per year to tread water or watching their standard of living dissolve before their eyes.

Democrats' policies have torn down the savings, the stability, and the lifestyles that families worked and sacrificed for years to build up. The effect of this one-party government has been an economic assault on the American middle class.

That's why only 18 percent of Americans say the economy Democrats have created is 'good.' That's why President Biden got the worst approval rating at the 18-month mark of any President in more than 75 years.

With straight faces, Democrats argued the damage from their first reckless taxing and spending spree was a good excuse to ram through another.

Democrats' response to the recession they caused is giant job-killing tax hikes and doubling the IRS.

Democrats' response to the energy crisis they've exacerbated is a war on American fossil fuel to fund Green New Deal giveaways for their rich friends.

And their response to the runaway inflation they've created is a bill that experts say will not meaningfully cut inflation at all.

The American people are clear about their priorities.

Environmental regulation is a 3% issue. Americans want solutions for inflation, crime, and the border.

Here is a portion of President Biden's response to the Senate's passage of the bill —

This bill also makes the largest investment ever in combatting the existential crisis of climate change. It addresses the climate crisis and strengthens our energy security, creating jobs manufacturing solar panels, wind turbines, and electric vehicles in America with American workers. It lowers families' energy costs by hundreds of dollars each year.

Finally, it pays for all this by establishing a minimum corporate tax so that our richest corporations start to pay their fair share. It does not raise taxes on those making under \$400,000 a year – not one cent.

The political and economic debates about this will probably continue for a long time. Some economic experts question naming it the *Inflation Reduction Act of 2022* because they believe it will do little to reduce inflation, and might even increase inflationary pressures.

The Congressional Budget Office (CBO) responded to questions from the Senate's Committee on the Budget about how the *Inflation Reduction Act 2022* would impact inflation —

In calendar year 2022, enacting the bill would have a negligible effect on inflation, in CBO's assessment. In calendar year 2023, inflation would probably be between 0.1 percentage point lower and 0.1 percentage point higher under the bill than it would be under current law, CBO estimates. That range of likely outcomes reflects uncertainty about how various provisions of the bill would affect overall demand and output, the supply of labor, the persistence of disruptions in the supply of goods and services, and how the Federal Reserve would respond to offset any increase in inflationary pressure. Phillip L. Swagel, CBO Director

Other experts say it will reduce inflation over time.

All of the major components of this bill would reduce inflation, contrary to conservative claims. From expanding the supply of energy and addressing the skyrocketing costs of prescription drugs to reducing demand through taxing the rich.

Despite finding that the IRA wouldn't contribute to inflation, some economic models, like **Penn Wharton's** and **Moody's**, are skeptical of the IRA's ability to fight inflation in the near term.

We should be skeptical about that skepticism. The impact on inflation will likely be greater than currently envisioned in those models, for four main reasons:

- Progressive taxation will collect more money than the models project;
- Public financing can bring more energy investment than projected;
- Efforts in the 2010s to address health-care costs reduced inflation; and



- Strong policy can set forward-looking expectations.

Roosevelt Institute

## The Process

The Inflation Reduction Act of 2022 is a massive spending law designed to accomplish many goals the Democrats believe are important to the American public. Journalists serve the American public, so there's a lot of work ahead of you. Though the document is 755 pages long, I recommend you read the entire document or at least do a key-word search to see how it might impact your community.

First, “follow the money.” I believe the news media has done a poor job in following the money involved in many expensive government programs from the past few years that have added trillions of dollars to U.S. Government debt (e.g. American Rescue Plan, Disaster Relief Fund, Coronavirus Aid, Relief, and Economic Security (CARES) Act, Infrastructure Investment and Jobs Act). How many stories have you or your colleagues done to follow how monies from those and other massive government spending laws have been spent in your community, county, state, or region? I've seen very little coverage from local newspapers, radio stations, and TV stations. The national news media has done only slightly better — mostly

because of having full-time business and financial journalists and analysts.

The facts are that many states have not spent all of the money earmarked for them from recent government programs. I did a quick online search and found that tens of billions of dollars remain unspent around the country. Some of the monies may never be spent because of missing deadlines written into the laws. Do you know how much money is still unspent in your state? Your community? If not, why not? If so, what kind of stories have you done to explain why and what government officials plan to do with the money? Do you know what happens to unspent government money? Does it return to the federal government? If so, how can you follow that process?

You are in a unique position as a journalist to hold those officials accountable for how and when they spend federal taxpayer money earmarked from these trillion-dollar government programs.

State and local governments may have good reasons for not spending millions or billions of dollars the federal government gave them for these programs. If so, do stories that help your readers, listeners, and viewers understand why and how soon people may receive the financial relief intended for them. If local and state governments don't have good reasons for withholding funds, explain that to your audience. Also, find out how the federal government will handle unspent funds. What's the process for making sure taxpayer money is not wasted or mis-spent?

I'll say it again — Journalists are in a unique position to hold government officials accountable for how they spend taxpayer money.

Contact your U.S. senators and congresspersons (if you cover multiple congressional districts) and let them know that you would like to meet with them in person about how money from IRA 2022 and other recent expensive government programs will impact people in your area. You may want to read the new law and/or the Congressional Budget Office's (CBO) financial report about the law before meeting with your Congressional representatives. The

more you know about what's involved in the story, the better you will be able to do your job as a journalist.

Once you have met with your senators, representative(s), and their aides in person, you'll find future contacts with their offices will be easier. When you meet with them, ask for the following —

- Senate or Congressional documents explaining how the monies will be used for their area
- The senators or congressperson's written responses to those communiques
- Spreadsheets being used to track monies received and spent — ask for a regular mailing (or emailing) of future spreadsheets on at least a monthly basis
- On-the-record interviews covering all of the matters listed above. This will give you official comments from elected officials plus records to present to the officials at future times when necessary (e.g. in case they say they never said that — you have them on record). Even if you are print media, I recommend you record their comments on tape.

Also contact local, county, and state officials (elected and appointed) to discover how to hold them accountable for spending the federal monies. Be curious and skeptical, while being objective and accurate, but by all means don't stop following the money! Elected and appointed officials are counting on journalists becoming too busy to stay on top of the financial process. Show them you are a journalist who is going to stay on top of it.

# Big Money



\$739 Billion is what I call BIG MONEY. Every part of IRA 2022 is important, but be sure you know about the largest financial parts of the law and how those parts will impact news consumers in your community. Those include —

- addressing climate change
- hiring tens of thousands of new IRS agents
- lowering health care costs
- expanding health care coverage
- establishing a 15% corporate minimum tax on companies that make \$1 Billion or more in annual income

- reducing the national debt

Another big part is President Biden's pledge that IRA 2022 will not increase the taxes of anyone making less than \$400,000 a year.

That's something journalists can confirm or deny by following several families and family-owned businesses making less than \$400,000 a year during the next few years. Those people would need to agree to your reporting some of their personal financial information in order to discover whether their taxes go up or down if their income remains under \$400,000 a year.

Also, keep your eyes out for who the IRS audits in your community. Democrats say the tens of thousands of new IRS agents will be auditing wealthy Americans and corporations, not people making less than \$400,000 a year. Report how many IRS agents work in your area now. Check regularly during the coming months to see how many agents are added to your local IRS office(s). Learn as much as you can about how the new law affects your local IRS presence and share what you learn with your readers, listeners, and viewers.



Truth is always available “if” you stay on top of the story. Be skeptical and ask tough questions. Hold officials accountable for what they say they’re going to do and what they actually do.

## Inflation Reduction

Remember that one of the big arguments for the Inflation Reduction Act 2022 was that it will *reduce inflation*. Democrats say the Act will reduce inflation. Republicans say the law will increase inflation. How do you cover that other than just wait to see which way inflation goes?

Talk to economists in your community — experts in a variety of financial fields. Include university economic professors and other local financial experts. Be sure to get both sides of the story. Some economists say the new law will reduce inflation. Some economists say the new law will make inflation worse. Be sure you talk with economists on both sides of thinking concerning inflation. Don't take sides. That's not your job as a journalist. No matter what you think about this personally, present your findings fairly and accurately. All sides need to be heard. Taxpayers are counting on you.

## Personalize

Remember to personalize this story. Who does IRA 2022 impact? Talk with people in your area. Explain the impact so your readers, listeners, and viewers understand the human impact — good and bad. Most everyone in your community will feel the effect of IRA 2022. If it's their personal budget, explain that. If it's their employment, explain that. If it's their small business, explain that. Look for ways to do original reporting. We need a lot more of that in journalism today.

## Continuing Coverage

Covering government spending, whether local or federal, should be continual. What I mean by that is re-visiting the issue on a regular basis. Some print and broadcast media have featured reporting on economic issues. I certainly think the spending of trillions of U.S. taxpayer dollars is worthy of a featured report — whether it's weekly, bi-weekly, or monthly. Journalists should be like bulldogs when they get their teeth into big stories. Don't let go and don't let anyone tear the story away from you. Keep digging and your audience will thank you for it.



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