



MARCH 07, 2024

# FACT SHEET: President Biden Is Taking Action to Lower Costs for Families and Fight Corporate Rip-Offs

BRIEFING ROOM STATEMENTS AND RELEASES

President Biden is fighting to lower costs for American consumers—and he is taking action to address corporate price gouging. Congressional Republicans have no plan to lower costs for Americans and have instead proposed giveaways to the wealthy, big corporations, and Big Pharma that will increase the cost of prescription drugs, utility bills, health insurance premiums, and student loan payments for millions.

American families went through a lot as prices surged due to supply chain disruptions during the pandemic and Putin's energy and food price shock. The Administration took action to get supply chains back to normal and inflation has declined by two-thirds from its peak. Wage growth since pre-pandemic has outpaced inflation, and prices have fallen over the past year for key household purchases like gas, milk, eggs, toys, appliances, car rentals, and airfares.

But some companies are keeping prices high even though input costs are falling and supply chains are back to normal. President Biden is calling on corporations to pass along savings to consumers by bringing prices down. He is cracking down on corporate rip-offs, including junk fees, price gouging and shrinking packages to hide price increases—"shrinkflation." The Administration has taken on Big Pharma to lower prescription drug costs and cap insulin at \$35 a month, Big Banks to bring down overdraft fees from \$35 to \$4, and major airlines to eliminate family seating fees.

## Lowering Costs for Working Families

President Biden is taking on corporate price gouging by banning hidden junk fees and calling on corporations to pass the savings from their reduced costs onto consumers. Instead of supporting efforts to lower costs for consumers, Republicans are [defending junk fees](#) and seeking to eliminate and defund federal consumer watchdogs and the antitrust [enforcement](#) agencies.

The Biden-Harris Administration is protecting consumers by:

- Cracking down on unfair pricing.** President Biden is tired of seeing corporations rip off consumers, especially when they break the law while at the same time keeping prices high. It's wrong, and that's why the President announced this week the launch of a new Strike Force on Unfair and Illegal Pricing co-chaired by the Department of Justice (DOJ) and the Federal Trade Commission (FTC). This Strike Force, which will also include other agencies, will strengthen work to root out and end illegal corporate behavior that raises prices for Americans through anti-competitive, unfair, deceptive, or fraudulent business practices. The members of the Strike Force will focus their collaborative efforts on critical sectors including housing, prescription drugs and health care, food and grocery, transportation, financial services, and more.
- Saving Americans more than \$20 billion annually in junk fees.** Americans pay [\\$90 billion each year](#) in junk fees. These hidden fees are everywhere, making it [harder](#) to comparison shop and leading consumers to pay up to [twenty percent more](#). The President is using every tool available to combat these fees. The Administration has banned bait-and-switch marketing tactics in the car buying process and cut credit card late fees from the current average of \$32 down to \$8. And, the Administration is on track to finalize rules that would, if finalized as proposed, [reduce bank overdraft fees](#); [require airlines to provide automatic refunds](#) and [disclose upfront fees for checked bags and changing flights](#); and [ban hidden and misleading fees and require upfront pricing across the economy](#). The President has secured [enforceable commitments](#) by the biggest airlines to compensate travelers for preventable delays and cancellations. According to the Council of Economic Advisers, the Biden-Harris Administration's actions to date and going forward will save consumers more than \$20 billion annually.
- Reducing the biggest junk fees in the banking industry by two-thirds.** In 2019, the banking industry collected nearly \$30 billion annually in overdraft, bounced check, and credit card late fees. Since the Consumer Financial Protection Bureau [announced](#) increased scrutiny of banks that are heavily dependent on junk fees in late 2021, many banks have eliminated these kinds of fees, resulting in [a decline of \\$5.5 billion](#) in these rip-offs annually—that's \$170 in annual savings for the tens of millions of households that pay them each year. The agency's recently proposed rule on [overdraft fees](#) would save consumers another \$3.5 billion, and its [final rule](#) on credit card late fees will slash fees to \$8, reducing overall late fees by more than \$10 billion, translating into \$220 in annual savings for the more than 45 million Americans who pay these fees each year. Together, these actions will cut these banking junk fees by nearly \$20 billion annually—a two-thirds reduction from pre-pandemic levels. Congressional Republicans have sided with the big banks every step of the way, defending these junk fees while working to eliminate the Consumer Financial Protection Bureau.
- Taking on exploitative practices with branded credit cards, points, and miles.** Branded retailer and airline credit cards too often rely on late fee revenue and adopt other questionable practices, like devaluing points and miles and luring in consumers with misleading deferred interest products that cause charges later. Under the Biden-Harris Administration, the CFPB is protecting consumers by slashing credit card late fees, making it easier to shop for cards free from self-dealing, and taking additional actions to crack down on other exploitative practices with branded credit cards, points, and miles.
- Standing up for consumers against shrinkflation.** Shrinkflation occurs when companies hide increases in unit prices from consumers by reducing the amount of the product in a package while maintaining or increasing its price. According to the [Bureau of Labor Statistics](#), this sneaky practice is common in consumer goods, including potato chips, paper towels, cereal, cleaning supplies, diapers, and candy. For some products, it is responsible for over 25% of price increases compared to 2019. Even as inflation comes down, companies continue to shrink product sizes to hide price inflation while padding profits. President Biden supports the [Shrinkflation Prevention Act of 2024](#), which would direct the FTC to act against companies that engage in shrinkflation.
- Countering middlemen who raise prescription drug prices.** The Administration will work to lower drug prices by addressing the practices of middlemen who influence which drugs are covered by insurance plans and purchased by healthcare providers and how much they cost. Although middlemen can play a role in keeping costs down, a few dominant firms have the power to collect big payouts, sometimes going so far as to drive patients away from generic or biosimilar drugs and toward more expensive options at the pharmacy. The Department of Health and Human Services (HHS) and the Federal Trade Commission are [seeking information](#) on how pharmaceutical drug middlemen may affect generic drug shortages, innovation, and prices. HHS will also work to increase access to lower-cost generic drugs, including in the Medicare Part D program.
- Promoting competition in healthcare.** Lack of competition in healthcare can leave patients with fewer choices and higher costs, while also limiting medical professionals' employment options. This week, the Department of Justice, Federal Trade Commission, and the Department of Health and Human Services released a new request seeking information and recommendations with respect to growing trend of anti-competitive acquisitions that raise drug and healthcare costs. This will inform the Administration's ongoing work to make healthcare markets more competitive across the board—improving opportunities for patients, doctor, and nurses.
- Working with companies to provide millions of consumers with the full price up front.** Following the President's calls to action, a number of private sector companies have taken voluntary actions to address junk fees in their sectors. Private sector companies in the [live event ticketing](#), [short-term rentals](#), and [hotel](#) and [lodging](#) sectors have changed how they display prices so that the all-in price is more readily available to consumers. DOT published a [dashboard](#) of airline policies when flights are delayed or cancelled due to issues under the airlines' control, leading 9 airlines to change policies to guarantee coverage of hotels and 10 airlines to guarantee coverage of meals, none of which was guaranteed before. And, since the President called out family seating fees, [four airlines](#) now guarantee fee-free family seating. In addition, [major rental housing platforms](#) have launched tools to help providers with the total upfront cost information on rental properties.

## Reducing the Cost of College and Eliminating Student Debt

As Congressional Republicans oppose student debt relief, President Biden is working to fix the student loan system and make sure higher education is a pathway to the middle class, and not a barrier to opportunity, by:

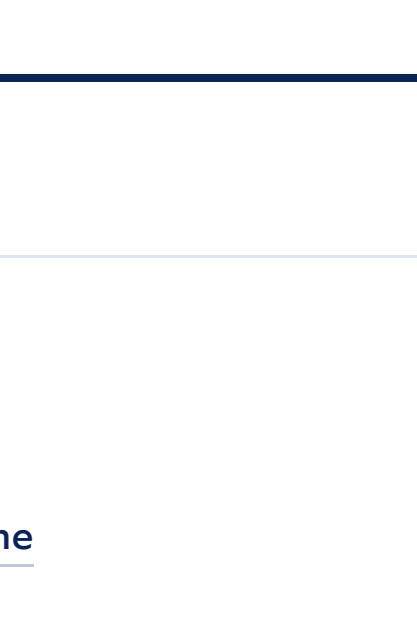
- Cracking down on junk fees in higher education.** Each year, college students incur millions in fees or additional credit costs for unused meal account funds and using a college-sponsored credit card or banking account. These fees and unnecessary practices cost real money and are a source of major frustration for millions of students and borrowers. The Department of Education is developing proposed regulations that would put an end to harmful fees, including nonsufficient funds, maintenance, and closure fees for college banking products, and stop colleges from pocketing students' unused meal plan dollars at the end of the school year.
- Launching the most affordable loan repayment program ever.** Last year, President Biden launched the Saving on a Valuable Education (SAVE) plan—the most affordable repayment plan ever. Under the SAVE plan, monthly payments are based on a borrower's income and family size, not their loan balance. The SAVE plan ensures that if borrowers are making their monthly payments, their balances cannot grow because of interest. Starting in July, undergraduate loan payments will be cut in half, capping a borrower's loan payment at 5% of their discretionary income. Already, 7.5 million borrowers are enrolled in the SAVE Plan, and 4.3 million borrowers have a \$0 monthly payment. Congressional Republicans are working to repeal the SAVE program, which would raise monthly debt payments for 7.5 million borrowers.
- Forgiving nearly \$138 billion in student debt for nearly 3.9 million Americans through various actions.** Since taking office, the Biden-Harris Administration has approved debt cancellation for nearly 3.9 million Americans, totaling nearly \$138 billion in debt relief through various actions. These actions including fixing administrative errors and flaws in the Public Service Loan Forgiveness and Income-Driven Repayment programs that prevent millions from receiving the relief that they earned. This also includes relief to borrowers whose schools suddenly closed or who were defrauded by an institution. This relief has given borrowers critical breathing room in their daily lives, allowing them to afford other expenses, buy homes, start businesses, or pursue dreams they had to put on hold because of the burden of student loan debt. President Biden remains committed to providing debt relief to as many borrowers as possible, and won't stop fighting to deliver relief to more Americans.
- Pursuing a path to deliver student debt relief to as many borrowers as possible.** Following the Supreme Court's decision to invalidate the Administration's original student debt plan, the President announced that the Department of Education launched new efforts to open an alternative path to provide debt relief to as many borrowers as possible. Last month, the Department of Education released proposed regulatory text to cancel student debt for borrowers who are experiencing hardship paying back their student loans. And last year, the Department also put forward proposals to provide student debt relief for borrowers whose balances have grown because of runaway interest; borrowers who first entered repayment 20 or 25 years ago; borrowers who attended low quality programs; and borrowers who would be eligible for loan forgiveness through income-driven repayment programs like SAVE but have not applied.
- Reducing the cost of education pathways that connect to growing jobs.** The President's upcoming budget includes a \$12 billion mandatory Reducing the Costs of College Fund that will support strategies to lower college costs for students, including a new program, Classroom to Career, to enable students to more affordably obtain postsecondary degrees and certificates. Classroom to Career provides states with matching funds to offer at least 12 no-cost postsecondary credits through career-connected dual enrollment to all interested students. Research shows that when done well, high-quality career-related dual enrollment programs improve both high school and postsecondary education outcomes.

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# FACT SHEET: Biden-Harris Administration Continues the Fight for Reproductive Freedom

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