

# Lowering the Cost of Living for American Families

CAP's Path Forward agenda would save a typical family \$4,133 a year across housing, health care, groceries, and electricity – beginning almost immediately.

By Emily Gee and Kennedy Andara May 19, 2026

The rising cost of living is top of mind for Americans and their [biggest concern](#) going into the [midterm elections](#). In a [CNN/SSRS poll](#) from May 2026, 76 percent of Americans identified costs of living as their biggest economic concern—a sharp increase from 58 percent in April 2025. Americans are struggling to afford the basics, including housing, groceries, health care, and utility bills. In a [January 2026 New York Times/Siena poll](#), 65 percent of voters said that a middle-class lifestyle was out of reach, and 77 percent said that it was harder to achieve than a generation ago.

Americans' concerns are driven by the fact that costs have risen significantly over the past several years. Health insurance premiums are taking an increasingly bigger bite out of workers' paychecks, [growing three times faster](#) than earnings between 1999 and 2024. Homeownership seems increasingly unattainable: The [median age of a first-time homebuyer](#) is now 40, and the [national median home price](#) was five times the median household income in 2024. Americans around the country are watching their utility bills climb. Energy was one of the [fastest-rising items](#) in family budgets last year, with electricity prices increasing at [more than double the rate](#) of inflation. Household energy costs face upward pressure from the proliferation of [energy-hungry artificial intelligence \(AI\) data centers](#), aging grid infrastructure, and rebuilding after extreme weather.

On top of that, the war in Iran has sent [gas and heating fuel prices soaring](#). And while the lowest-earning workers saw [their wages accelerate](#) after the COVID-19 recession, that boost followed four decades of [slow and unequal wage growth](#). In fact, as of April 2026, inflation had [outpaced wage growth](#) over the previous 12 months, meaning workers' wages are no longer keeping up with rising prices. It is no wonder that a [growing share of Americans](#) say the promise of the American Dream has faded.

The Center for American Progress' "[Path Forward on Affordability](#)" offers solutions to address the rising cost of living across housing, health care, utility bills, and groceries, with policies that would deliver financial relief quickly. CAP's plans include reforms to fix market competition where it is broken, correct underinvestment that has constricted supply or sapped productivity gains, and ultimately help wages catch

up to costs, though such policies would take time. The proposals also include policies that would answer the American people’s demands for relief today, not in the far-off future. CAP’s Path Forward agenda would save a typical family \$4,133 a year across housing, health care, groceries, and electricity—beginning almost immediately.

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## The Trump administration’s policies are further driving up costs for Americans

Against a backdrop of affordability struggles, the policies of President Donald Trump’s administration have made it even harder for Americans to make ends meet. Contrary to Trump’s [campaign pledge](#) to end inflation on “Day 1” of his second term, the administration has imposed sweeping tariffs that have [increased prices](#) for food, clothing, and household goods, as well as [key inputs](#) for American manufacturing. Tariffs [elevated inflation](#) in 2025, and they raised the retail prices of imported goods by an average of [6.8 percentage points](#) above pre-tariff trends. The average family [paid more than \\$1,700](#) in tariff costs from February 2025 to January 2026. Following the U.S. Supreme Court’s [invalidation](#) of the “Liberation Day” tariffs, the Trump administration invoked a different—though again [dubious—authority](#) to impose new global tariffs. If the Liberation Day replacement tariffs are made permanent, they are projected to cost American households [\\$1,200 to \\$1,500](#) annually.

Meanwhile, the [far-reaching consequences](#) of the Trump administration’s war of choice in Iran continue to materialize domestically as [energy shocks](#), in addition to higher costs for [fertilizer](#) and other commodities. The supply shocks have pushed up inflation, with year-over-year inflation reaching [3.8 percent](#) in April 2026—the highest level in nearly three years. The national average gas price stood at [\\$4.52 per gallon](#) as of May 18, about 50 percent higher than it was before the war began. That means families are now paying about [\\$85 more per month](#) for gas for an SUV, based on average annual fuel use of [663 gallons](#) per vehicle. With ship traffic through the Strait of Hormuz still [severely limited](#) and vulnerable to [mines](#) and [attacks](#), U.S. consumers will continue to face [elevated gas prices](#) for months to come.

Taken together, the Trump administration’s policies are placing a [drag on the economy](#), with slower economic growth, lower job creation, and higher inflation than previously forecasted. Most Americans—a record-high [55 percent](#)—think their financial situation is getting worse, according to an April 2026 Gallup poll.

Cash-strapped families will [face further difficulty](#) with health care, food, and energy as the Trump administration’s “[Big Beautiful Bill](#)” takes [full effect](#). The legislation made historic cuts to Supplemental Nutrition Assistance Program (SNAP) funding and slashed nearly [\\$1 trillion](#) from Medicaid, all while [extending tax breaks to the wealthy](#). Since Trump signed the legislation in July 2025, more than [3 million Americans](#) have lost SNAP benefits—and this number is [expected to grow](#).

Meanwhile, the number of Americans without health insurance is projected to [rise by 10.8 million](#) between 2025 and 2036. And the legislation ended investments in clean energy, which will likely result in residents of some states seeing energy costs [increase by more than \\$200](#) annually starting this year.

## CAP’s Path Forward proposals would lower costs for families

To help American families gain a stronger financial footing, policymakers must begin to address structural failures in the economy and provide immediate relief on basic costs of living. Under CAP’s affordability agenda, a typical family could save \$4,133 a year across [housing](#), [health care](#), [utilities](#), and [groceries](#). The table below shows how a family of four renting in an area with high housing costs and, like [most nonelderly Americans](#), covered by job-based health insurance would see their annual costs reduced.

TABLE 1

### CAP’s affordability agenda would save a typical family more than \$4,000 a year

One-year savings for a family of four who rents a home in a high-cost area and has employer-sponsored health insurance

Policy	Savings
<b>Housing</b>	
Launch the Rent Relief for Reform program to provide rent relief to residents and push high-cost communities to remove barriers to building; expand housing supply, reduce junk fees, and prevent collusive pricing	\$1,000
<b>Health care</b>	
Prevent price gouging by health insurance companies	\$528
Lower deductibles by reducing outlier hospital prices	\$933
Lower premiums by reducing hospital price inflation	\$1,308
<b>Utility bills</b>	
Create a rate relief fund for states that freeze or lower residential electricity rates while making cost-lowering investments	\$230
<b>Groceries</b>	
Incentivize grocery price savings with changes such as tariff reductions and expanded Supplemental Nutrition Assistance Program (SNAP) nutrition incentive programs	\$134
<b>Total</b>	<b>\$4,133</b>

*Note: Estimated savings are based on original analyses from the Center for American Progress. The projected reduction in health insurance premiums from reducing hospital price inflation is for 2032. Health care savings assume that the family is covered by a fully insured, employer-sponsored plan and has annual health care expenditures totaling at least the current deductible. The projected utility bill savings were modeled for a scenario in which states participate in the rate relief fund program and hold electricity rates constant starting from 2029 to 2032. Total household savings would provide around \$900 over those four years if electricity rates are held constant, or about \$230 per year.*

Sources: Jared Bernstein and others, [“Build, Baby, Build: A Plan To Lower Housing Costs for All”](#) (Washington: Center for American Progress, 2025); Jared Bernstein and others, [“Stopping Sticker Shock at the Grocery Store: A Plan To Make Food More Affordable”](#) (Washington: Center for American Progress, 2026); Topher Spiro and others, [“A Patients’ Bill of Rights To Lower Health Care Costs”](#) (Washington: Center for American Progress, 2026); Trevor Higgins and others, [“A Plan for American Electricity Affordability”](#) (Washington: Center for American Progress, 2026).

**[“A Plan To Lower Housing Costs for All”](#)** would tame rising rents and put homeownership within reach for more Americans by addressing the fundamental problem: building enough housing to close the [U.S. supply gap of 2 million](#) within five years. CAP’s housing plan would accelerate housing construction by creating a Rent Relief for Reform program that incentivizes taking down local barriers that make it harder to build homes; investing in new financing models and supercharging innovation to build more affordable homes at a lower cost; and protecting consumers and lowering other housing expenses by reducing junk fees and preventing collusive pricing. The plan would save a typical middle-income family renting in a high-cost, low-supply area \$1,000 per year.

**[“A Patients’ Bill of Rights To Lower Health Care Costs”](#)** would deliver Americans immediate relief on health care costs, lowering premiums and deductibles while also combating insurance denials. CAP proposes tightening the regulation of insurance plans to limit excessive premium increases. The plan would also prevent price gouging by health insurance companies, reducing average premiums by up to \$132 per enrollee each year. The main driver of rising private insurance spending has been hospital costs. By limiting the prices charged by hospitals that have the highest commercial rates in concentrated markets, CAP’s plan would cut average employer deductibles in half—lowering the average deductible on a family plan by \$933—and reduce average family premiums for employer-based coverage by \$1,308 per year by 2032. CAP proposes banning prior authorization, the process by which insurance companies can delay or deny medically necessary care, and replacing it with independent clinical review grounded in evidence-based guidelines.

**[“A Plan for American Electricity Affordability”](#)** would offer near-term relief for consumers by creating a federal rate relief fund for states that freeze or lower residential electricity rates over four years. The federal rate relief fund would save residential consumers more than \$125 billion over that period—an average of \$230 per household each year—while supporting additional energy supply, grid modernization, and utility reform, among other investments that improve affordability. In addition, a new fair share policy would prevent utilities and AI companies from shifting costs onto households by requiring that all data centers pay for the energy costs they impose on the system. The plan also includes longer-term reforms to expand energy supply and strengthen the grid by building a bigger, better power system—including accelerating the permitting of new transmission and generation capacity, incentivizing utilities to lower costs, and making public investments in infrastructure and low-cost energy generation.

**[“A Plan To Make Food More Affordable”](#)** is designed to allow Americans’ wages to catch up with food costs while also preventing future price spikes. The plan would offer incentives to the food industry, such as exemptions from tariffs and additional revenue from [nutrition incentive programs](#) that help struggling families purchase additional healthy foods, to save a family of four \$134 per year. It also

proposes increasing competition and protecting consumers and producers from abusive practices while modernizing the U.S. agricultural policy to build resilience and prevent future price shocks by supporting farmers, strengthening supply chains, and investing in innovation.

Removing the Trump administration's tariffs would further lessen cost pressures for American families. Evidence to date shows that, contrary to [the administration's claims](#) that other countries bear the costs, the tariff burden has [almost entirely](#) fallen on [American consumers](#) and businesses. Assuming the administration's current tariff regime costs households [\\$1,200](#) annually, CAP's affordability agenda, combined with revoking the Trump administration's tariffs, would save an American family \$5,333 per year.

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## Conclusion

American families have been struggling to afford essentials such as food, housing, utilities, and health care. The Trump administration's tariffs, reckless war, and cuts to basic needs programs are only adding to Americans' financial stress. As Americans head to the polls this year, policymakers would be wise to propose solutions that offer tangible, near-term relief on the cost of living.

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