

# Inflation Reduction Act Analysis: Key Findings on Jobs, Inflation, and GDP.

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**Labor Energy  
Partnership**

**Energy Futures Initiative & AFL-CIO**



# Major Findings on the Impacts of the IRA: Modeling Results

*“After careful analysis by the AFL-CIO/Energy Futures Initiative team, we conclude that the Inflation Reduction Act is the single most significant step to address the multiple challenges we face on climate, job creation, inflationary pressures, energy security, and energy access.”*

*Liz Shuler, President, AFL-CIO and Ernest J. Moniz, CEO, EFI*



## Increases

- **14.8 million jobs are added by 2030, nearly 1.5 million of these additional jobs are due to the IRA.**
- **Real disposable personal income per capita grows \$3,562 from 2021-2030.**
- **GDP growth is higher in every year of the decade.**  
Annual GDP grows to \$28.5 trillion by 2030, \$250 billion of which is the result of the IRA.
- **Manufacturing jobs grow by 1.1 million -- 150,000 of these jobs as the result of domestic content provisions in the IRA.**



## Decreases

- **Greenhouse gas emissions decline by 37% between 2005 and 2030.**
- **Overall energy demand drops by 5% by 2030 because of efficiency gains and further electrification in the economy.**
- **Residential energy costs decline 1.4% by 2025.**
- **With the IRA, inflation drops rapidly** from its current level, with lowered inflation in 2024 helping stabilize the annual rate for the rest of this decade at about 2%, the Fed’s target for a healthy economy.



# Inflation Reduction Act Modeling Scenario

## Inflation Reduction Act Modeling Assumptions based on 8/3/22 CBO Cost Estimates; 8/5/22 Modifications not expected to make material changes in Modeling Results

- **IRA Revenue Assumptions: \$774 Billion (increased \$6B to \$780 B from 8/5/22 modifications)**
  - **15% Corporate Minimum Tax--\$313B (reduced \$55B to \$258 B in 8/5/22 modification)**
  - **Prescription Drug Pricing--\$305B**
  - **IRS Tax Enforcement--\$124B (Net of \$203B revenue less \$79B increased IRS cost)**
  - **Carried Interest Loophole \$15B (eliminated by 8/5/22 modification)**
  - **Excise Tax on Stock Buybacks (\$74B added in 8/5/22/modifications)**
  - **Methane, Superfund, and other Fees--\$19B**
- **IRA Spending Assumptions: \$470B (no change resulting from 8/5/22 modifications)**
  - **ACA Extension--\$64B**
  - **Climate, Energy, and other Spending--\$406B**
- **Deficit Reduction Assumption--\$304B (increased by \$6B to \$310B resulting from 8/5/22 modifications)**



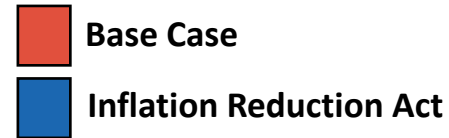
# Jobs Growth from the Inflation Reduction Act



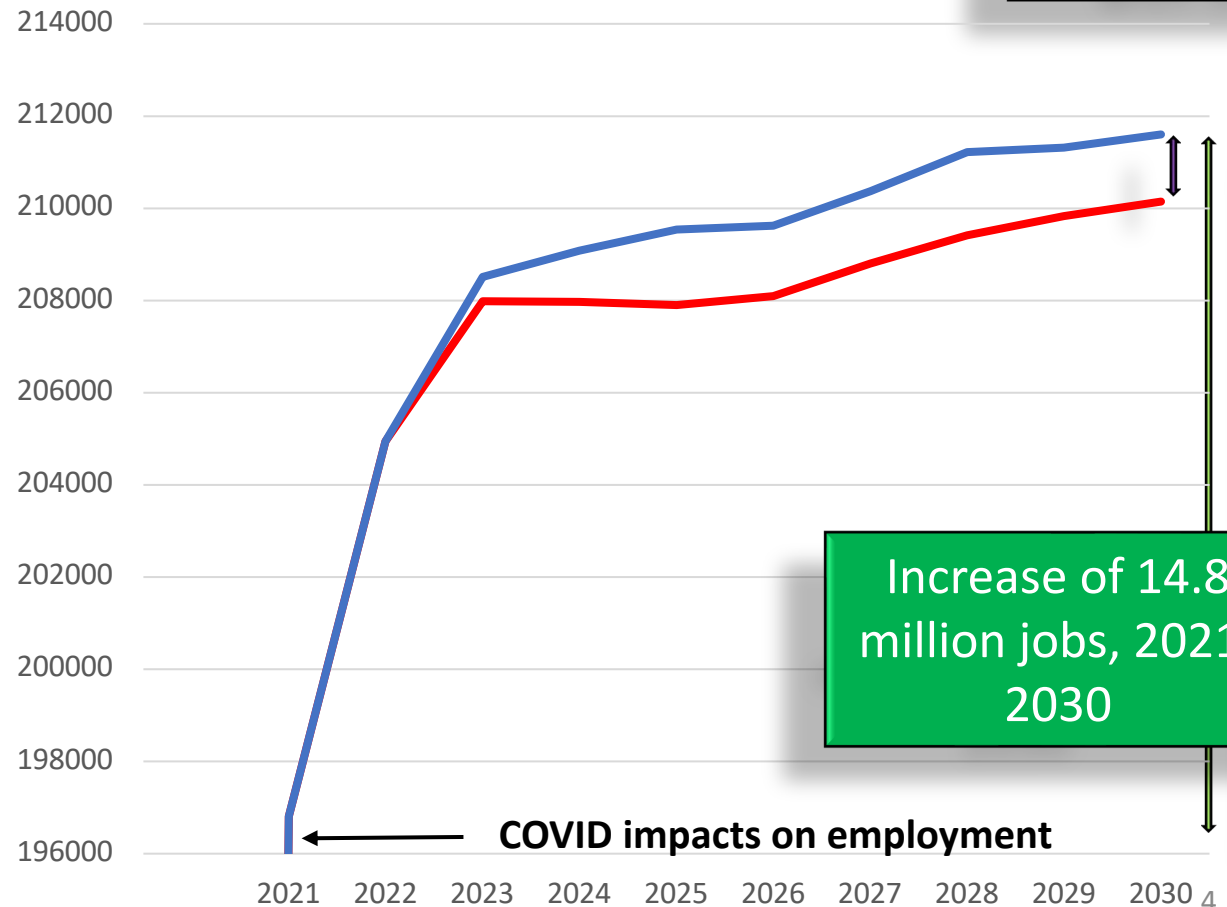
## U. S. Jobs Impacts

- IRA adds **1,457,000** more jobs than the Base Case Scenario.
- **1.16 million construction jobs** are added, **590,000** more than the Base Case Scenario.
- **1.1 million new manufacturing jobs** are added between 2021-2030.
- Nearly **190,000** more jobs in **electric power sector**, than in the Base Case.
- Domestic content rules, sourcing requirements, and EV tax credits result in:
  - **1.1 million Motor Vehicle** manufacturing jobs, a **net increase of 45,000**, including
  - **61,000** new MV battery manufacturing jobs.

## Job Creation By IRA, 2021-2030



1.46 Million  
additional jobs  
with IRA

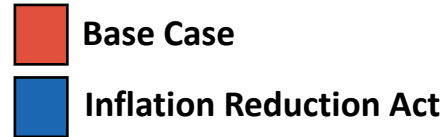




# Gross Domestic Product from the Inflation Reduction Act



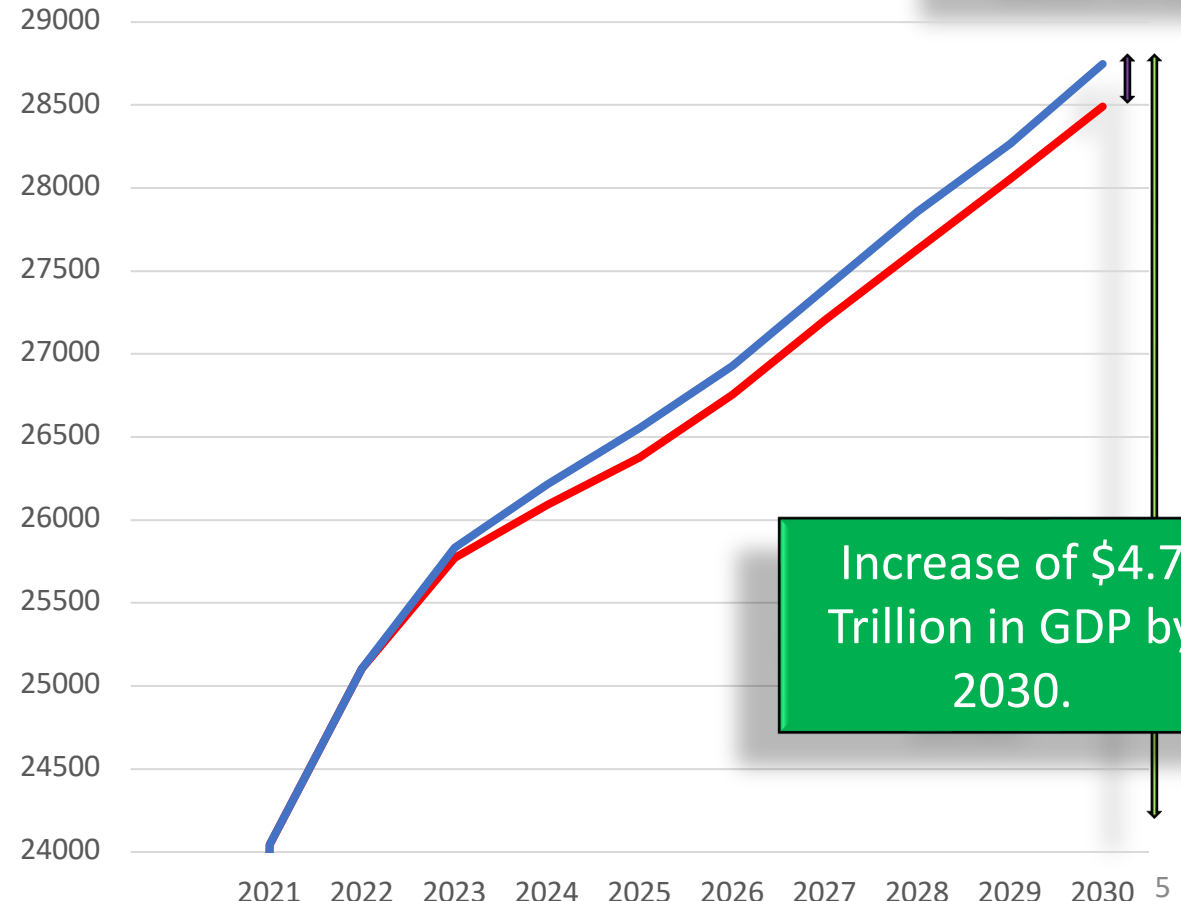
GDP Growth (2022 B\$) from IRA, 2021-2030



GDP increases by \$250B more than Base in 2030.

## GDP Impact of IRA

- IRA increases GDP every year over Base Case.
- GDP increases to \$28.7 Trillion in 2030, \$250B more than Base Case.
- Electric power sector GDP grows by \$180B from 2021-2030 in the IRA Case.
- Construction sector GDP grows to \$1.19T, an increase of \$164B under IRA.



Increase of \$4.7 Trillion in GDP by 2030.



# GHG Reductions from the Inflation Reduction Act



GHG Reductions (MMT CO<sub>2</sub>), 2021-2030

- Base Case
- Inflation Reduction Act

IRA reaches 37% GHG reductions from 2005 in 2030.

## GHG Reductions from 2005 Levels

- IRA removes over 1,000 MMT of CO<sub>2</sub> equivalents by 2030, a 37% reduction from 2005.
- IRA more than triples the amount of GHG reduction between 2021 and 2030, from 291MMT to 1019MMT.

