

PRESIDENT TRUMP'S 2025 JOINT ADDRESS TO CONGRESS – AND EPIC'S PROPOSED SOLUTIONS

Economic Policy Innovation Center
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An Optimistic Joint Address

On March 4, 2025, President Donald J. Trump addressed Congress and the nation in his second Administration's first Joint Address to Congress (functionally the first State of the Union address of the 47th presidency). President Trump began his speech by powerfully reminding the country that “the American Dream is unstoppable.”

The Economic Policy Innovation Center (EPIC) agrees – the American Dream is unstoppable. As President Trump outlined his vision for the next four years, EPIC's experts provided practical policy responses to many of the key issues he raised, with the shared goal of keeping the American Dream achievable for all Americans.

Growing the Economy

In the fight to defeat inflation, the President emphasized the need to make America affordable again. President Trump rightly noted, “we inherited from the last Administration an economic catastrophe and an inflation nightmare.” Between the Biden Administration's out-of-control spending spree and overregulation, wages have not been able to keep pace with the cost of living. President Trump referenced the price of basic groceries as an example of the detrimental impact of inflation on the lives of everyday Americans – and promised he would work hard to bring costs back down and “end the flagrant waste of taxpayer dollars.”

Congress must do its part by substantially reducing budget deficits, which have done more to distort our price system and fuel inflation over the last four years than any other factor. Congress can help the Federal Reserve take action to defeat this inflation by exercising greater fiscal prudence and signaling lower future deficits.

Not only are working families challenged by lost purchasing power, but they also face an increasing unemployment rate and a declining number of job openings. Given these threats, it is little wonder that many American wage earners are concerned about their economic future. Policymakers must constantly focus on how best to enhance worker productivity, pay, and living conditions.

Taken together, reducing our deficits and improving the labor market – along with the higher productivity and economic growth that will likely result from the other policies outlined by President Trump in his address – will go a long way in raising the standard of living for working Americans across the country.

Take this example: An [EPIC analysis](#) found that an able-bodied idle individual can cost the federal government \$4,200 per month in lost revenues plus welfare payments. To combat that drain on resources, our analysis provides 10 policy recommendations that will help grow the economy by getting more people off welfare and back to work.

Reducing Waste & Federal Spending through DOGE

Congress and President Trump should work together to cut waste, fraud, and abuse out of all federal spending. This starts with taking a hard look at the annual [appropriations](#) bills. While autopilot spending (including on programs that drive our deficit increases, such as Medicaid) is the biggest culprit, discretionary spending reform is also a key piece of the equation when it comes to reducing spending.

The American people have a right to demand Congress regain their trust by limiting wasteful spending at the agency level, as has been suggested by the Department of Government Efficiency (DOGE). Congress must reprioritize spending away from woke projects and defund wasteful programs that do not match Americans' priorities.

In just a few weeks, DOGE has saved billions of dollars by [trimming the federal bureaucracy](#), cancelling ineffectual contracts, disposing of unused buildings and licenses, upgrading to more cost-effective technologies, and much more. DOGE is also working to remove volumes of red tape regulations that have held businesses back. Getting rid of these economic shackles will mean more jobs and real wage growth after years of [Bidenflation](#).

However, Congress also plays a key role in shrinking the federal footprint. Congress should focus on deficit reduction and stop [unsustainable discretionary spending](#) increases altogether. Increases in spending through the appropriations bills should be paired with meaningful offsets. This must also be the case for emergency spending, which should be predicated on states making needed regulatory and budgeting reforms to prevent federal taxpayers from being taken for a ride. Critically, Congress must also cut trillions of dollars of [wasteful](#) and unnecessary spending as part of the budget reconciliation bill.

Ensuring the Defense of Our Nation

President Trump highlighted the need for a strong national defense, and national defense spending is indeed important. But what is even more important for ensuring our nation's safety and security is addressing our national debt. Right now, our interest payments *alone* on the national debt amount to more than our annual defense spending. This is unsustainable, irresponsible, and dangerous.

On top of this, reported improper payments in 2023 – totaling \$236 billion – were \$50 billion more than the entire budget of the U.S. Army. Congress must address this government mismanagement as a matter of national security. It should do so by carefully reviewing waste in the defense budget and instituting more stringent checks to prevent improper payments. If we don't, no amount of defense spending will keep our nation secure as we drown in debt.

Unleashing American Energy

A key component of bringing the cost of living down for working Americans is getting our energy costs under control. To restore affordable and reliable energy access, President Trump signed an executive order declaring a national energy emergency and opening up federal lands for emergency approvals of drilling and mining permits.

The President also targeted the Inflation Reduction Act “green” energy initiatives. These tax credits, which subsidize solar, wind, and geothermal energies, as well as electric vehicles (EVs) and EV charging stations, are already harming the nation's energy grid due to the intermittent nature of wind and solar energy. Retaining these credits would encourage overproduction of these types of energy, placing more strain on the electrical grid and crowding out investments in more reliable traditional energy sources, including natural gas.

Additionally, the President highlighted his revocation of the damaging Biden-Harris executive order establishing a nationwide EV mandate. Congress should follow up on this by overturning California's EV mandate through the Congressional Review Act process and blockading this too-broad rule once and for all.

Congress should work to fulfill President Trump's pro-growth energy agenda and fully repeal these harmful energy tax credits through the reconciliation process.

Preserving and Expanding Tax Cuts

The Tax Cuts and Jobs Act signed by President Trump in 2017 was a [landmark policy win](#) for America. It not only provided relief to the vast majority of taxpayers, but also included dozens of reforms to make the tax code fairer and promote economic growth.

President Trump is right to say that the pro-investment, pro-family tax policies instituted in 2017 under his leadership must become [permanent](#). Congress has vital work to do this year to preserve and expand tax reforms – and most importantly, to prevent an automatic increase in taxes on most working families across the country. In addition, American businesses still face higher [corporate taxes](#) than competing nations, even that of communist China. Making the tax code better for businesses would help create jobs and push wages higher for American workers.

Additionally, Congress should eliminate unfair subsidies that are really just spending programs hidden in the tax code. The Biden Administration’s “green” [energy tax credits](#) are not only a very expensive form of corporate welfare but also threaten to undermine the electrical grid, distort energy markets, and raise prices for American families.

This year’s tax deal can and should be the biggest win for hardworking Americans yet. Congress will play a huge part in making sure American families are not left behind.

Improving the Social Security Situation

In his address, President Trump called for cutting taxes on Social Security benefits. This can be done by getting rid of Social Security’s Retirement Earnings Test, which discourages work because of its high effective marginal income tax rates of up to 84 percent. Taking this action would be pro-work, pro-growth, and [improve Social Security’s](#) long-term finances.

The unfortunate reality is that Social Security is broken. The Biden Administration and the 118th Congress worsened the situation by blowing an additional [\\$200 billion hole](#) in the program by rewarding public sector workers with benefits exempt from Social Security taxes. As a result of this and other poor policy decisions, current estimates show that Social Security will be [insolvent in eight years](#). Despite this troubling projection, some still want to massively increase taxes on families and small businesses, expanding the broken program and expediting Social Security insolvency at an even faster rate. This approach would dramatically reduce economic growth.

There are more effective ways to [prevent benefit cuts](#) for seniors, including through policies that would increase household incomes and grow the economy. A more effectively targeted program paired with an ownership option would increase personal incomes and opportunities – a win-win for the economy and American seniors.

Reforming Health Care Spending

Federal health spending is one of the biggest drivers of our debt and deficit. Unfortunately, this spending does not translate into high quality care for patients, whether they are vulnerable Americans in the Medicaid program, the elderly on Medicare, or those grappling with the unaffordability of healthcare thanks to the false promises of Obamacare subsidies.

President Trump acknowledged this disconnect and demonstrated his commitment to reprioritizing spending within these programs to focus on the patient first while eliminating waste, fraud, and abuse. He also emphasized the need for transparency across the health sector, from prices to regulatory improvements.

Congress should work with President Trump on this effort and take advantage of the opportunity in reconciliation this year to improve the Medicaid program for those it was originally intended to help. This can be accomplished by strengthening work requirements, removing ineligible individuals from the program (including illegal immigrants), and ending the incentives that encourage states to increase Medicaid costs such as the provider tax credit. Additionally, Congress should root out improper payments in the Medicaid program and enforce repercussions on states that have consistently high improper payment rates.

Rescoping the Federal Workforce

President Trump has taken unparalleled steps to ensure that the federal workforce, whose salaries are paid for by American taxpayers, is serving the American people. Actions have included requiring federal workers to show up to the office in-person and respond to leadership requests about the work they are doing – much the same as is required of their counterparts in the private sector.

The federal workforce lacks accountability and efficiency, and that reality is becoming more and more obvious. Only 32 percent of federal employees say that “steps are taken, in their work unit, to deal with a poor performer who cannot or will not improve.” That lack of accountability hurts employee morale, wastes taxpayer dollars, and diminishes the value of government service. The Trump Administration is using its role as the head of the Executive Branch to change that.

Building on multiple improvements already taken, just last week, President Trump issued a memo directing agencies to collect and report data on the number of federal employees who are given paid leave from their jobs to instead work on behalf of their unions, including instances of nurses at the Veteran’s Administration working 100 percent of the time for their union instead of treating veterans under their care.

A recent [EPIC testimony](#) and [publication](#) highlighted and called for an end to this practice of “official time.” Congress should take action to enact policies that rescope the federal workforce and require bureaucrats to put public service ahead of personal benefits.

Addressing Border Security and Illegal Immigration

President Trump highlighted the negative impacts of the surge of illegal immigration that has occurred over the past four years, which also increased the flow of dangerous drugs across the border. Tragically, illegal immigration costs American taxpayers in more ways than just economically, including through heinous crimes committed by illegal immigrants who have brutally and unnecessarily taken the lives of innocent American citizens. The President called on Congress to finish the job he started in his first term and provide the necessary resources to invest in border security and immigration enforcement.

Congress can take [serious action through the reconciliation process](#) to secure the border. Investments in physical barriers and technological infrastructure should be prioritized, including the completion of the border wall system. Additional Border Patrol, Immigration and Customs Enforcement, and judicial personnel and capabilities should be funded, including additional detention beds and enforcement of the Migrant Protection Protocols. Fines and fees should be increased on those who break our nation’s laws by entering the country illegally.

Finally, the economic pull factors for illegal immigrants must be ended, including [billions in welfare](#) and other public benefits. Loopholes in the welfare system currently allow public benefits to flow to illegal immigrants through programs including: Food Stamps, the Earned Income Tax Credit, the Child Tax Credit, Obamacare, Medicare, Medicaid, student loans, public housing, and the Coronavirus State and Local Fiscal Recovery Fund.

Congress should use the reconciliation process to remove as many of these illegal immigration incentives as possible, as well as to implement clear restrictions across the rest of government programs. Combining these funding limitations with critical investments at the border cannot be delayed.

Enacting Regulatory Reform

President Trump is right to prioritize and be aggressive about regulatory reform. Deregulation was one of the greatest accomplishments of his first administration, and continued efforts to drastically reduce the burden of unnecessary overregulation has the

potential to drive massive economic growth in his second term. President Trump will accomplish even more on this front if Congress partners with him to drive key reforms.

In his first term, President Trump promised to get rid of two old rules for each new rule, but actually overdelivered on that promise by eliminating five and a half old rules for each new rule promulgated. His new target for federal agencies is to eliminate 10 old rules for each new rule. Doing so will result in massive economic growth and reduce costs for Americans in their daily lives.

Congress should be aggressive in its use of the [Congressional Review Act \(CRA\)](#) to work with the Trump Administration to overturn as many rules as possible. One clear action they can take is to [supercharge the CRA](#) through the Midnight Rules Relief Act, which has already been passed by the House.

Moving Forward with Reconciliation

President Trump presented Congress with several key policies for inclusion in his big, beautiful [reconciliation bill](#). Reconciliation is the [best way for Congress to enact his agenda](#) of securing the border, dealing with inflation, extending and expanding on the 2017 tax cuts, making work pay, and draining the swamp.

The [House and Senate](#) have both passed budget resolutions, which is the first step of the reconciliation process. Now, the two chambers need to work to adopt the final budget resolution, unlocking the path forward for this vital reconciliation bill.

Looking Ahead To What's Next: New Opportunities

Policymakers have a unique opportunity ahead to build on the momentum of President Trump's first six weeks in office in his second term by enacting a bold set of pro-growth policies, including through the [2025 reconciliation bill](#).

President Trump noted in this Joint Address to Congress that across all of his proposed policies, "common sense has become a common theme." In keeping with that theme, Congress and the Administration should work together to root out waste, fraud, and abuse at every level across government, whether in spending bills or autopilot programs, across the vast bureaucracy or buried in massive overregulation.

As President Trump concluded his speech, he rallied Americans by saying, "this will be our greatest era... we are going to renew the unlimited promise of the American Dream." EPIC couldn't agree more. **Let's get to work!**