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Electric vehicle industry will persist, experts say, despite Trump funding cuts

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Long planning times and increasing competition internationally mean U.S. carmakers will continue to develop electric cars, despite funding cuts from the Trump administration, experts say. (Photo by Terrence McDonald/New Jersey Monitor)

Despite hostility from the new Trump administration, electric vehicles will eventually become a major part of the nation's vehicle fleet, experts and researchers say.

"There's not an automaker out there that I have spoken with, or a supplier out there, who said that electrification in some form or fashion isn't going to be part of the future," said Todd Cassidy, a managing director at investment firm Brown Gibbons Lang & Company who specializes in the auto market. "It's just how soon it's part of the future and how big of a part of the future it's going to be."

Under President Joe Biden's Infrastructure Investment and Jobs Act and the Inflation Reduction Act, billions were earmarked to incentivize consumers to purchase electric vehicles, fund charging station installation, purchase electric vehicles for federal government use and fund manufacturing and supply chain programs. He

also set a non-binding goal that half of all new vehicles would be electric by 2030, to help offset the U.S.' carbon emissions.

But on his first day in office, Trump signed an executive order repealing the incorrectly labeled "electric vehicle mandate" by the Biden administration, instead promoting "consumer choice" around electric vehicles. In the executive order, he also aims to eliminate subsidies, and some state emissions waivers, like California's.

Last month, Trump also paused a $3 billion project to expand the network of electric vehicle charging stations. The actions are similar to ones he took his first time in office, rolling back emission standards set by President Barack Obama.

Though Trump's policies will likely have some effect on how the EV industry continues to develop over the next few years, the auto industry has a long "gestation period," Cassidy said.

It can take years for a product to get from idea stage to the consumer market, so companies that are already heavily invested in electric vehicles won't likely reverse course easily, Cassidy said. And with or without federal support, automakers are still racing to compete with electric vehicle production around the world.

EV growth in US

There are three main kinds of vehicles on the roads right now, Jim Rampton, a lecturer at the University of Michigan's School of Information, said. Most common are internal combustion engine (ICE) cars, which use gasoline, or another petroleum-based fuel to power them. Electric vehicles use rechargeable batteries to power their movement, and hybrid cars rely on both battery-powered energy and combustion engines.

Hybrid and battery-powered vehicles accounted for 19% of new vehicle sales by mid-2024, and electric-only vehicles were 7% of total new car sales, the U.S. Energy Information Administration reported. Electric vehicles made up a much larger share of luxury vehicle sales, with 33% of sales, and the average price of a battery-powered electric vehicle sitting at $56,371 in the summer 2024.

Though EVs have gained commercial popularity in the last decade, auto manufacturers have been chasing the goal of wider-spread electric vehicles for decades, said Alan Taub, a professor of mechanical engineering and the director of the Electric Vehicle Center at the University of Michigan.

Automotive manufacturers began pursuing electric-powered vehicles as early as the early 1900s, but neither the batteries nor motors available at the time were as capable of long-haul travel as their ICE counterparts, he said. The introduction and production of rechargeable lithium ion batteries in the 1990s made producing electric vehicles more achievable, and research and development from major auto manufacturers has ramped up in the last decade, Taub said.

"The industry had been trying to make that work," Taub said. "These new battery chemistries really offered the ability to package the vehicle to deliver what the consumer wanted."

Taub, who is a former executive at General Motors and former researcher at Ford and General Electric, called EVs a "better vehicle," for their ability to operate with fewer parts, faster acceleration, a lower center of gravity, and for operating more quietly than ICE vehicles.

Much of what makes electric vehicles innovative is not just the engineering of the battery technology that powers the engine, but also in the software that runs the car, Rampton said.

"There are more lines of code right now in a car than there are across the internet," Rampton said. "And most of what electric vehicles are managed by are just giant computers."

Taub's team at the EV center works with auto industry giants to find holes in the current labor market, and while he said some people worry that there will be a loss of jobs in a move toward EV production, it's really just an upskilling of jobs.

“Battery electric vehicles have fewer moving parts, but with the expected continued growth in the number of vehicles, productivity is always there in any manufacturing plan,” he said.

Currently, the labor force is short of electrical engineers, Taub said — it’s a problem facing many other parts of the tech industry. But the research, development and manufacturing of EVs creates a lot of jobs, and Taub hopes that Michigan and the United States stays competitive in the global market.

Environmental and economic incentives

What usually incentivizes buyers toward electric vehicles is the environmental impact — EVs drastically cut back the amount of carbon dioxide emitted into the atmosphere compared to ICE vehicles. Transportation is the largest contributor of greenhouse gas emissions in the U.S.

Because consumer cars are the leading emitter of carbon monoxide, moving to majority electric vehicles could reduce U.S. emissions by 50%, said Usha Haley, the W. Frank Barton distinguished chair in international business at the W. Barton School of Business at Wichita State University.

It doesn’t mean that electric cars come without other environmental costs, she said. Lithium for batteries, for example, is difficult to mine and the batteries are hard to dispose of. Electric vehicles also move some of the resource strain to energy grids, rather than oil supply. But as technology evolves, and more research is focused on the batteries, there is a “real benefit, a tangible benefit,” to the environment from owning an EV, Haley said.

Competition from a growing demand for electric vehicles also pushes manufacturers to make ICE cars more fuel efficient, which also helps reduce pollutants into the air, said Mark James, the interim director of the Institute for Energy and the Environment at Vermont Law and Graduate School.

While the environmental impacts are clear, electric vehicles remain pricier to purchase — usually about $10,000 more — than gas-powered ones, James said.

As part of Biden’s Inflation Reduction Act, the former president made a tax credit for up to $7,500 available for purchasers of new electric vehicles. It’s not clear what will happen with these existing tax credits under the Trump administration, as policy experts suggest an executive order can’t necessarily roll back funding that has already been specified by Congress.

But even if it does, states may take their own approach, James said. California set its own emission standards years ago, and many states have since followed suit.

While electric vehicles have a higher cost up front, research is showing that cost over time is likely very similar to gas-powered vehicles. If states have a goal of reducing greenhouse gasses, they could maintain their own financial incentives, whether through a tax or grant program, to get their residents to move to electric cars, James said.

Industry growth vs. federal support

Even if Trump rolls back the Biden-era tax incentives, cuts federal spending on charging locations and removes an ideal minimum for EV production, electric vehicles are here to stay, researchers and industry professionals say.

Taub predicts that by 2030, the cost of ownership of a battery electric vehicle will be equal or less than a gas powered car. He does think even if Trump takes a hands-off approach with the industry, the government still has some responsibility in supporting the transition to EVs, in reduction of CO2 and in the global race for auto leadership.

“Can the government completely step away from supporting that transition in a global world? No,” Taub said. “What form that takes can be different in different administrations. So it's important to keep driving the research and development, both in the companies and in academia and the national labs.”

Rampton believes the responsibility to build infrastructure for charging will shift to automakers. If the government is not funding the installment, he believes we’ll see more partnerships between auto companies, like when Ford customers gained access to Tesla chargers in 2023.

“I think EVs are definitely here to stay, and I think they definitely have a very, very strong future,” Rampton said. “It's just now more pressure we put on automakers to make that happen.”

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