

U.S. DEPARTMENT OF THE TREASURY

Testimony of Secretary of the Treasury Janet L. Yellen, Before the Committee on Banking, Housing, & Urban Affairs, U. S. Senate

March 23, 2021

Chairman Brown, Ranking Member Toomey, members of the Committee, thank you for having me.

We are meeting at a hopeful moment for the economy – but still a daunting one. While we’re seeing signs of recovery, we should be clear-eyed about the hole we’re digging out of: The country is still down nearly 10 million jobs from its pre-pandemic peak.

When Congress passed the CARES and Consolidated Appropriations Acts last year, it gave the federal government some powerful tools to address the crisis. But upon taking office, I worried they weren’t powerful enough. After all, there were – and still are – some very deep pockets of pain in the data.

One-in-ten homeowners with a mortgage are behind on their payments, and almost one-in-five renters are behind on their rent. There are 22 million people who say they don’t have enough food to eat. One-in-ten adults are hungry in America.

I looked at data like these, and I worried that the COVID economy was going to keep hurting millions of people now and haunt them long after the health emergency was over.

We know that when the foundations of someone’s life fall apart – when they lose the roof over their head or the ability to eat dinner every night – the pain can weigh on them for years. Their earning potential is permanently lowered. I worried about this happening on a mass scale.

That’s why I advocated very hard for the American Rescue Plan, and it’s why my first – and most enthusiastic – message today is: Thank you.

With the passage of the Rescue Plan, I am confident that people will reach the other side of this pandemic with the foundations of their lives intact. And I believe they will be met there by a growing economy. In fact, I think we may see a return to full employment next year.

Of course, the speed and strength of our recovery depends, in part, on how we implement the legislation. Treasury is tasked with much of that work, and there is nothing that I – or my team – take more seriously. We appreciate your oversight on this matter, and I want to briefly tell you about how we've been working.

Since taking office two months ago, we have been expediting relief to the areas of greatest need. For example, small businesses – and especially the smallest small businesses, which are disproportionately owned by women and people of color.

The pandemic has hit these businesses hard. The Paycheck Protection Program was an early lifeline, but because of issues with the program's design, the first rounds often didn't reach the smallest sole proprietorships. We're addressing that now. We worked with SBA to tweak how the program was implemented. It's allowing the PPP to reach millions more microbusinesses and entrepreneurs, especially in rural and low-income areas.

We're also building capacity to support these communities over the longer term. Because of the December legislation, Treasury now has \$12 billion to inject into community development financial institutions and minority depository institutions. In turn, these CDFIs and MDIs can lend that capital out, helping people buy homes and start businesses in places that the financial services sector traditionally hasn't served well.

Then, there are the families I spoke about, the ones struggling to keep a roof over their head and food on the table.

The American Rescue Plan provides more than \$30 billion to help renters and homeowners at risk of losing their homes. And we're making sure that assistance flows as efficiently as possible.

For instance, the previous Administration put in place rules that required tenants and landlords to provide quite a bit of documentation to get rental assistance, including detailed statements about their income. But some people don't have access to those documents. We're cutting through the red tape for them, while still taking reasonable steps to prevent fraud and abuse.

And of course, we've been sending direct payments to Americans – a lot of Americans. As of last week, we had issued over 90 million payments.

And all this is just a fraction of Treasury's work. There are so many more relief programs, including one that will provide \$350 billion in aid to state and local governments.

Implementing all of it is more complicated than it sounds, and we are working closely with stakeholders to make sure that these programs are both efficient and effective.

Behind these many relief programs, these millions of transactions, are a staff of very dedicated (and very tired) Treasury and IRS employees. My final word is to them: Thank you. You are putting on a master class in how government should work in the furnace of a crisis. I'm grateful to be your colleague.

With that, I am happy to answer any questions you have.

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