

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

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As prepared for delivery

Chairman Brown, Ranking Member Toomey, members of the Committee: It is a pleasure to testify today.

November has been a very significant month for our economy, and Congress is a large part of the reason why. Our economy has needed updated roads, ports, and broadband networks for many years now, and I am very grateful that on the night of November 5, members of both parties came together to pass the largest infrastructure package in American history.

November 5th, it turned out, was a particularly consequential day because earlier that morning we received a very favorable jobs report— 531,000 jobs added. It's never wise to make too much of one piece of economic data, but in this case, it was an addition to a mounting body of evidence that points to a clear conclusion: Our economic recovery is on track. We're averaging half a million new jobs per month since January. GDP now exceeds its pre-pandemic levels. Our unemployment rate is at its lowest level since the start of the pandemic, and our economy is on pace to reach full employment two years faster than the Congressional Budget Office had estimated.

Of course, the progress of our economic recovery can't be separated from our progress against the pandemic, and I know that we're all following the news about the Omicron variant. As the President said yesterday, we're still waiting for more data, but what remains true is that our best protection against the virus is the vaccine. People should get vaccinated and boosted.

At this point, I am confident that our recovery remains strong and is even quite remarkable when put it in context. We should not forget that last winter, there was a risk that our economy was going to slip into a prolonged recession, and there is an alternate reality where, right now, millions more people cannot find a job or are losing the roofs over their heads.

It's clear that what has separated us from that counterfactual are the bold relief measures Congress has enacted during the crisis: the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan Act. And it is not just the passage of these laws that has made the difference, but their effective implementation.

Treasury, as you know, was tasked with administering a large portion of the relief funds provided by Congress under those bills. During our last quarterly hearing, I spoke extensively about the state and local relief program, but I wanted to update you on some other measures.

First, the American Rescue Plan's expanded Child Tax Credit has been sent out every month since July, putting about \$77 billion in the pockets of families of more than 61 million children. Families are using these funds for essential needs like food, and in fact, according to the Census Bureau, food insecurity among families with children dropped 24 percent after the July payments, which is a profound economic and moral victory for the country.

Meanwhile, the Emergency Rental Assistance Program has significantly expanded, providing much-needed assistance to over 2 million households. This assistance has helped keep eviction rates below pre-pandemic levels.

This month, we also released guidelines for the \$10 billion State Small Business Credit Initiative program, which will provide targeted lending and investments that will help small businesses grow and create well-paying jobs.

As consequential as November was, December promises to be more so. There are two decisions facing Congress that could send our economy in very different directions.

The first is the debt limit. I cannot overstate how critical it is that Congress address this issue. America must pay its bills on time and in full. If we do not, we will eviscerate our current recovery. In a matter of days, the majority of Americans would suffer financial pain as critical payments, like Social Security checks and military paychecks, would not reach their bank accounts, and that would likely be followed by a deep recession.

The second action involves the Build Back Better legislation. I applaud the House for passing the bill and am hopeful that the Senate will soon follow. Build Back Better is the right economic decision for many reasons. It will, for example, end the childcare crisis in this country, letting parents return to work. These investments, we expect, will lead to a GDP increase over the long-term without increasing the national debt or deficit by a dollar. In fact, the offsets in these bills mean they actually reduce annual deficits over time.

Thanks to your work, we've ensured that America will recover from this pandemic. Now, with this bill, we have the chance to ensure America thrives in a post-pandemic world.

With that, I'm happy to take your questions.

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