Remarks by Secretary of the Treasury Janet L. Yellen on the Anniversary of the American Rescue Plan Act in Denver, Colorado

March 11, 2022

As prepared for delivery

I want to extend my sincerest thanks to Mi Casa Resource Center for having us here today. I just spoke with participants in the small business and workforce programs and I am very impressed with their work. I want to thank Angeles Ortega, Mi Casa’s CEO for hosting us. And my thanks to Governor Polis, Lieutenant Governor Primavera, and Deputy Mayor Hanlon, and Council Woman Jamie Torres for being here. I want to thank the Second Gentleman for joining me in Denver. And, I also want to thank Senators Bennett and Hickenlooper, Congresswoman Degette and Congressmen Perlmutter, Crow, and Neguse for all they have done for Colorado and the country in passing ARP.

While it is not the focus of my remarks today, I wanted to start out by saying that my thoughts continue to be with the people of Ukraine as they fight back against an unprovoked invasion of their homeland. The United States and our partners and allies have already leveled significant costs on the Russian economy and President Putin, including more today, and we will continue to do so if he furthers his invasion. This continues to be a top priority for President Biden and our entire Administration.

Almost exactly a year ago, President Biden signed into law the American Rescue Plan. But, to tell the story of our recovery, it’s worth winding the clock back a little bit further.

Fifty days prior to the signing of ARP, I was at the Capitol to watch President Biden and Vice President Harris take the Oath of Office. It was a historic day, but it was also an uncertain one.

The country was in its worst wave of COVID deaths. Vaccines had yet to become widely available. More Americans were applying for unemployment insurance each week than during the worst week of the Great Recession.
In the midst of the winter COVID surge, the direction of the next year felt like it was up to chance.

When the President signed the American Rescue Plan into law two months later, there was still a sense of unease about the future. While we had made progress – millions more were vaccinated – we didn't know what was to come, and it felt entirely possible that March 2022 would look a lot like March 2021.

Of course, that never materialized. For one, look around: We are here, in person. But it’s also the strength of our economy, which bears little resemblance to the dark opening days of the pandemic. Last year, our economy grew at its fastest rate in 40 years. Unemployment has fallen to 3.8%.

March 2022 looks nothing like March 2020, or even March 2021.

It’s easy to think of this as inevitable, that we were assured to have a strong labor market and a stable recovery. But there is a very real counterfactual where any of the numerous challenges we have faced could have stalled our economy. Delta could have sent more kids home from school. We could’ve had a sky-high unemployment rate that Omicron sent higher. Foreclosures and evictions could have been widespread.

But we now know that this didn’t happen – and we know why. There are many reasons, of course, but I think one of the undeniable ones – one of the most important ones – is the American Rescue Plan. The plan provided a comprehensive response to a once-in-a-generation pandemic by investing in vaccines and public health infrastructure, putting money in the pockets of families, and supporting communities and small businesses.

The full suite of programs in the American Rescue Plan – or ARP – didn’t just protect us from the problems we had encountered; it prepared us for what we didn’t know was coming. In some ways, the ARP acted like a vaccine for the American economy, ensuring that we were inoculated from the possibility of new variants or unforeseen circumstances.

When we passed the ARP, we did not know which challenges would come, but we did know that new challenges would come. We designed the package first and foremost so different communities with different needs could meet the different challenges they would face.

The core of that was the State and Local Fiscal Recovery Funds program, which helped communities make it to the other side of the pandemic. States and localities used the funding to tackle the public health challenge of the pandemic headfirst. Governments nationwide
reported nearly 2,000 distinct projects to fight COVID-19 through vaccinations, testing, surge capacity at hospitals, nursing home protections, additional PPE, and many other efforts.

And that funding did much more than just respond to the immediate health impacts of the pandemic. Over 740,000 essential workers – like teachers, nurses, police officers and grocery workers – have received premium pay or bonus pay on top of their regular wages. Premium pay offers these workers extra compensation to recognize their risk and sacrifice during the pandemic.

Take where we are, for instance. At the outset of the pandemic, Denver’s challenges were daunting.

Facing the possibility of tax collections shrinking by 12%, roughly double the hit caused by the Great Recession, city department heads were asked to find 7.5% worth of cuts in their budgets. Public employees – including the mayor – were furloughed for eight days to save funds.

There was a real possibility that the history of 2008 – where state government employment didn’t recover for a decade – would repeat itself.

But we know that didn’t happen. Thanks to $67 million in public sector capacity investments, Denver was able to rehire 265 city staff positions left vacant because of pandemic-related cuts. The city is returning this year to 2020 spending levels, which then, Chief Financial Officer Brendan Hanlon said was in part due to federal financial support. Senators Bennet and Hickenlooper, Governor Polis, Mayor Hancock, and the Colorado congressional delegation have been crucial parts of building that support.

The ARP – and specifically the State and Local Fiscal Recovery Funds – allowed places like Denver to help fill the gaps, nurse people back to health, and keep workers on the job. If you got sick or needed to quarantine, the ARP offered tax credits to help employers cover paid leave. Or, if you owned a small business, you were eligible for relief to keep employees on payroll.

The programs, in their totality, allowed Colorado and the country to recover. Think of Pueblo, Colorado, which used $280,000 to increase housing stability for homeless and low-income individuals. Or Fort Collins, which allocated $400,000 for a multicultural business and entrepreneur center to address gaps in the current business support system that affect small businesses owned by entrepreneurs of color, women, and low-income individuals.
It is undeniably true that communities in Denver and across Colorado – and indeed, the entire country – are better off today than we would be without the American Rescue Plan. But what’s also true is that we will be better off tomorrow, and years to come, because of this legislation.

We learned some difficult lessons from prior recessions, and one of the most important ones was that economic scarring – which I’d define as prolonged, negative impacts owing to a recession – can have severe and long-lasting impacts on broad swaths of people. We saw this in the last recession, when millions of Americans struggled with long-term unemployment, housing instability, financial insecurity, and diminished access to nutrition support and health care.

Avoiding these harmful outcomes was a core aspiration of the legislation. The ARP, for example, expanded Earned Income Tax Credit and the Child Tax Credit to put additional money in families’ pockets to keep their financial lives intact. The Emergency Rental Assistance played a key role in preventing a tsunami of evictions, which disrupts people’s ability to keep or find work and uproots children from schools. Expanded nutrition support kept rising rates of food insecurity at bay, and more generous subsidies for health insurance helped Americans to afford health care.

Ultimately, one of the guiding principles was to preserve the existing economy – whether we’re talking about families, small businesses, or state and local governments – so that we hit the ground running as we emerged from the pandemic, while foregoing all of the scarring from prior recessions.

Just think of what’s happened here in Denver. Places like where we are today - the Mi Casa Resource Center - are supporting small businesses thanks to ARP funds received from the City of Denver’s Economic Development and Opportunity Department. Beyond that: the City of Denver and the State of Colorado have used these recovery funds to provide $18 million to recruit, retain, and train a behavioral health workforce, fund a Child Tax Credit/Earned Income Tax Credit outreach arm of your Preventive Services Division, finance the development and preservation of affordable housing units, and invest $25 million in reskilling, upskilling, and next-skilling workers whose jobs may have been affected by the pandemic.

This is what economic policymaking is about: Making sure people have all the tools at their disposal to succeed. And, when individuals are supported, communities are supported, and the country is better off.
The strength of our economy also allows us to better respond to any crises that come our way—whether those crises are an invasion of Ukraine by Russia or some other unforeseen circumstance. Our world is interconnected, and our ambition to ensure that Russia pays a high price for its unprovoked invasion has already impacted us at home. America is better able to handle these turbulent times because our economy is historically strong, and the American economy is historically strong because of the ARP and the resiliency of the American people.

Thank you again for having me here.