Statement by Treasury Secretary Janet L. Yellen on the President's Fiscal Year 2023 Budget and Treasury Strategic Plan for Fiscal Years 2022-2026

March 28, 2022

The President's Budget requests $20.5 billion in discretionary resources for the Department of the Treasury's domestic and international programs to support a fair and equitable tax system, expand access to capital in disadvantaged communities, advance the President's historic climate finance pledge, and safeguard the financial system.

WASHINGTON -- The Biden-Harris Administration today submitted to Congress the President's Budget for FY 2023 and Treasury published its Strategic Plan for FY 2022-2026. The President's Budget details his vision to expand on the historic progress our country has made over the last year and deliver the agenda he laid out in his State of the Union address—to build a better America, reduce the deficit, lower costs for families, and grow the economy from the bottom up and middle out.

"President Biden's Fiscal Year 2023 Budget aspires to improve the livelihoods of working families and keep our economy globally competitive and includes investments that will help achieve both those goals," U.S. Secretary of the Treasury Janet L. Yellen said. "Last year, we experienced a rapid recovery with historic job creation and economic growth. This economic rebound allows us to look beyond the pandemic-induced crisis and provide a roadmap to address future challenges: creating a tax system that is fair to working families, expanding access to capital in disadvantaged communities, and safeguarding the financial system. In addition to the Budget, Treasury's newly released Strategic Plan outlines the Department's long-term goals to promote equitable economic growth, enhance national security, protect financial stability and resiliency, combat climate change, and modernize Treasury operations."

The Budget makes critical investments in the American people that will help lay a stronger foundation for shared growth and prosperity for generations to come, aligning resources to implement the goals in the Treasury Strategic Plan. At Treasury, the Budget would:

- **Improve Taxpayer Experience and Support a Fair and Equitable Tax System**. Last year, the Internal Revenue Service (IRS) delivered more than $600 billion in direct economic relief to American households and businesses through Economic Impact Payments, monthly advance child tax credit payments, and more. Yet the agency's funding and staffing levels have not kept pace with its expanding scope. To ensure that taxpayers receive the highest-quality customer service and that all Americans are treated fairly by the U.S. tax system, the Budget provides a total of $14.1 billion for the IRS. This includes an increase of $798 million above FY 2021 to improve the taxpayer experience and expand customer service outreach to underserved communities and the taxpaying public at large. The Budget also provides $310 million for IRS Business Systems Modernization to accelerate the development of new digital tools to enable better communication between taxpayers and the IRS. Increased funding for the IRS will also facilitate more effective oversight of high income and corporate tax returns. In addition to these resources, the Administration continues to support multiyear investments in IRS tax enforcement to increase tax compliance and revenues that the President has previously proposed. This investment reflects decades of analysis demonstrating that program integrity investments to enforce existing tax laws will increase revenues in a progressive way by closing the tax gap—the difference between taxes owed and taxes paid.
- **Advance the President's Historic Climate Finance Pledge**. The Budget includes over $11 billion in international climate finance, meeting the President's pledge to quadruple international climate finance, a year early. This includes $5.3 billion in appropriations, including a $1.6 billion contribution to the Green Climate Fund, a critical multilateral tool for financing climate adaptation and mitigation projects in developing countries. The Budget also supports a $3.2 billion loan to the Clean Technology Fund to finance clean energy projects in developing countries by increasing energy security in high-emitting markets. U.S. international climate assistance and financing would accelerate the global energy transition to net zero emissions by 2050; help developing countries build resilience to the growing impacts of climate change, including through the *President's Emergency Plan for Adaptation and Resilience (PREPARE)* and other programs; and support the implementation of the *President's Plan to Conserve Global Forests: Critical Carbon Sinks*, while increasing energy independence by decreasing reliance on producers of carbon-intensive non-renewable resources.

- **Restore U.S. Leadership in International Development**. The Budget provides $1.4 billion for the World Bank's International Development Association (IDA). This investment restores the United States' historical role as the largest World Bank donor to support the development of low- and middle-income countries, which benefits the American people by increasing global stability, mitigating climate and health risks, and developing new markets for U.S. exports. The U.S. contribution would also support the United States' $3.5 billion pledge to the next replenishment of the IDA, a critical component of the global response to the devastating impacts of the COVID-19 pandemic on developing countries. The Budget also funds bilateral partner capacity-building efforts in key areas such as judicial sector strengthening, countering and preventing terrorism, and the provision of basic services.
- **Expand Lending in Disadvantaged Communities and Increase Affordable Housing Supply**. The Budget provides $331 million for Treasury's Community Development Financial Institutions (CDFI) Fund. To address the critical shortage of affordable housing in communities, the Budget also proposes $5 billion in long-term mandatory funding for CDFI financing of new construction and substantial rehabilitation that create net new units of affordable rental and for-sale housing. CDFIs provide historically underserved and often low-income communities access to credit, capital, and financial support to grow businesses, increase affordable housing, and reinforce healthy neighborhood development.
- **Increase Corporate Transparency and Safeguard the Financial System**. Treasury plays a leading role in monitoring and disrupting corruption, money laundering, terrorist financing, and the use of the financial system by malicious actors domestically and abroad. Investment in Treasury staff and technical capabilities is critical to these efforts, including closing financial reporting loopholes that allow illicit actors to evade scrutiny, mask their dealings, and undermine corporate accountability. The Budget provides $210 million for the Financial Crimes Enforcement Network (FinCEN) to increase oversight of the financial sector, strengthen corporate accountability, and provide adequate support to law enforcement and investigative entities. In addition, the Budget provides $212 million to Treasury's Office of Terrorism and Financial Intelligence (TFI) to modernize and update the sanctions process consistent with the findings of the Treasury 2021 Sanctions Review.
- **Strengthen Enterprise Cybersecurity**. The Budget provides $215 million to protect

defend sensitive Treasury systems and information, including those designated as high-value assets. The Budget increases centralized funding to strengthen Treasury's overall cybersecurity efforts and establish a Zero Trust Architecture. These investments will protect Treasury systems from future attacks and accelerate Treasury's response to the SolarWinds incident and Log4j vulnerabilities.

- **Restore Critical Agency Capacity**. The Budget provides $293 million for Treasury's Departmental Offices to rebuild institutional capacity and strengthen the role of Treasury's policy offices. Additional funding for Treasury's Climate Hub will support a sustainable economic recovery and advance climate goals both domestically and internationally, including domestic coal transition and engagement with international financial institutions. Increased staffing will also support assessments of climate-related financial risk arising from private insurance coverage gaps in regions of the country particularly vulnerable to the impacts of climate change. The Budget also builds institutional capacity to expand engagement with historically underrepresented and underserved groups and to develop actionable goals to advance equity across all Treasury programs.

The Budget makes these smart investments while also reducing deficits and improving our country's long-term fiscal outlook.

For more information on the President's FY 2023 Budget, please visit: https://www.whitehouse.gov/omb/budget/.

To read the Treasury Strategic Plan for FY 2022-2026, please visit: https://home.treasury.gov/about/budget-financial-reporting-planning-and-performance/strategic-plan

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