U.S. DEPARTMENT OF THE TREASURY

Remarks by Secretary of the Treasury Janet L. Yellen at National Association of Counties 2023 Legislative Conference

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As Prepared for Delivery

Thank you for that introduction. It's a privilege to be here with so many great county leaders. Many jobs in public service are difficult. But there are very few jobs where you are more tested on your ability to deliver — day in and day out — than leading a local government. That's certainly been true over the past three years. So, thank you for your tireless work.

I also want to thank NACo for its strong partnership. We have worked hand-in-hand at every step of our recovery over the past two years. President Winfrey, thank you for your leadership — both at NACo and Will County. Thank you to Past President Johnson. I'm also grateful to Matt Chase and the whole NACo team for their stewardship of this organization. Without the voices of our counties, the American Rescue Plan would have undoubtedly looked quite different. As a result, our recovery would have looked quite different, too.

Two years ago, I spoke to local leaders ahead of the passage of the Rescue Plan. My hope, I said, was that the law would "finally allow us to do what most of us came to government for — not simply to fight fires and resolve crises, but to build a better country." Today, I can unequivocally say that we have done just that. The Rescue Plan provided critical relief and helped drive a historic recovery. Just as importantly, it has strengthened the future of our counties and our country.

Specifically, the Rescue Plan has been transformative in tackling some of the persistent challenges facing our counties — from child poverty to housing security. And it has set the stage for the passage and successful implementation of our Administration's historic long-term investments. The Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act will position us for economic success in the coming decades.

Let me first take us back two years ago — when the Rescue Plan was still being debated in the halls of Congress. Our country was in the middle of a public health crisis. We were losing more American lives a week to the virus than at any other point since the pandemic began. And the public health catastrophe had triggered an economic calamity. Millions of jobs had been lost. More Americans were applying for unemployment insurance each week than during the worst week of the Great Recession. And all of us were haunted by the fresh memories of Americans in long lines outside of food banks and unemployment offices. I'm sure you remember this vividly — because many of you were there, helping your residents.

You also knew of the growing crisis facing your governments during the pandemic. Counties across the country vary in their needs. But they play a major role in providing critical services to Americans — from managing public health and safety to maintaining public infrastructure. In mid-2020, over 70 percent of counties were estimated to had cut or delayed capital investments. And over two-thirds had cut or delayed their county services. In other words, you were facing the profound challenge of responding to a once-in-a-century crisis with very few resources.

Then, thanks to our joint effort, came the American Rescue Plan and our vaccination campaign. The Rescue Plan initiated bold and timely action — delivered at a moment when we faced grave uncertainty about the direction of our economy. We knew it was important to provide direct and flexible aid to state and local governments. Critically, we had to avoid the mistakes of the Great Recession, when state and local austerity was a drag on GDP growth for the first 14 quarters of the recovery. So, we did what had never been done at this scale: deliver relief to over 3,000 counties in the United States. We also provided our recipients with sustained and flexible funding. It was clear that this crisis would evolve with new variants, and that it would affect each jurisdiction differently. A one-size-fits-all approach would not have sufficed.

Our plan worked. Our economic recovery has been one of the strongest in modern history. The past two years have seen the largest jobs gains on record. We've also seen the creation of 10 million new businesses. That's the strongest two years in history. And real GDP per capita is at an all-time high. Our recovery has also been historically inclusive. The unemployment rate has been near record lows for Black and Hispanic Americans. And it reached an all-time low for people with disabilities in December. Of course, we still face significant global headwinds. But the American economy is more resilient today because of our robust recovery.

Importantly, we placed a deliberate focus on preventing the "scarring" that we've seen in past recessions. The Great Recession cast a long shadow on the 2010s. In that crisis, the long-term unemployment rate — the share of those long-term unemployed among all unemployed — peaked in April 2010 and never fully recovered for the rest of the decade. This time, the rate returned to pre-pandemic levels less than a year and a half after its peak. Our recovery saved many Americans from long-term unemployment — a crippling fate that results in severe financial stress on those out of work and their families.

And thanks to you, our counties have returned to normal operations. Soon after the Rescue Plan's passage, we saw state and local governments cancelling planned layoffs and furloughs of their workers. Many have gone further and invested in new staff with Rescue Plan dollars. We have also provided additional revenue support to counties with federal public lands — about two-thirds of all counties in the United States. Some of these counties have long suffered from inconsistent receipts.

Typically, the aftermath of recessions leaves more pain: more child poverty, more hunger, more housing instability. Not only did the Rescue Plan alleviate that pain — it also made bold progress on some of the greatest challenges we faced.

Economists have long understood the importance of financial support for families with children. It's associated with significant improvements in long-term health, higher school enrollment and graduation rates, and a reduction in poverty-related stress. Support was particularly vital in the middle of a pandemic, which had swept millions of households into poverty. So, the President signed into the law the most significant Child Tax Credit ever. This included monthly advance payments to more than 37 million households. Crucially, the Credit was fully refundable. This meant that lower-income families could reap its full benefits.

The results were extraordinary — particularly when combined with our other policy interventions. In 2021, child poverty was cut nearly in half — to a record low of 5.2 percent.

This was possible not only because of the law but because of its implementation. We disbursed payments automatically to those we could. For those we couldn't, we made it simple for families to file a claim. Importantly, we relied on our counties to get the word out. And you did — ensuring that these benefits reached every single corner of America. As you heard from the President at the State of the Union last week, our Administration is fighting very hard to restore this enhanced Child Tax Credit.

Just as we faced the prospect of a spike in child poverty, the pandemic also posed the very real possibility of a tsunami of evictions. So, our emergency rental assistance program did what had never been done before: it created the first nationwide infrastructure for eviction prevention. We delivered federal relief to millions of households across the country — through close partnership with states, localities, and organizations like NACo. Over 80 percent of that assistance has gone to very low-income households.

But the legacy of our program extends far beyond the immediate lifeline it gave to renters. By our count, 180 jurisdictions across 36 states have now created or enhanced structures and policies for eviction prevention — much of which will last beyond the expiration of federal funds. Jurisdictions are taking their own actions to continue this work. Memphis and Shelby County, Tennessee are helping provide legal services to tenants facing evictions. They are also establishing a data-sharing relationship with the local court system with the goal of diverting potential evictions. Eviction Lab founder Matt Desmond has said that the Administration's actions have "formed the most important federal housing policy in the last decade" and together represent "the most important eviction prevention policy in American history."

We advanced economic security for Americans in many other ways. One of the most underappreciated achievements of the Rescue Plan was securing pension benefits for millions of workers and retirees. Prior to the law, over 200 multiemployer pension plans were on pace to become insolvent. Millions of Americans were facing the very real threat that their benefits would get slashed. It's a loss that would have permanently degraded the quality of their hard-earned retirement. But we intervened — ensuring that these workers will get the benefits that they worked so hard for.

It's also important to me to highlight how counties are taking on some of the greatest challenges facing their rural residents. In doing so, they are setting themselves up for new economic opportunities. Lewis and Clark County, Montana is expanding its water wells and upgrading its piping systems. This is helping ensure that its residents have more consistent access to drinking water. Walworth County, Wisconsin funded a public health mobile unit to provide COVID and other health services to its most underserved rural communities. We also know that mental health and substance use challenges too often devastate families in rural areas. So, we've seen counties from Idaho to New York use Rescue Plan dollars to pay for crisis hotlines, community response hubs, and sober living programs.

By stabilizing our economy and tackling longstanding challenges, the Rescue Plan also laid the foundation for the passage of our Administration's historic long-term investments — in infrastructure, semiconductor manufacturing, and clean energy.

The Rescue Plan significantly improved the livelihoods of Americans as we recovered from the pandemic crisis. Rather than soaring long-term unemployment, we have the lowest unemployment rate in more than 50 years. Rather than widespread foreclosures and bankruptcies, American households have the funds to pay their bills. Rather than being forced into budget cuts and layoffs, local governments are able to provide services that their residents need to stay on their feet.

In short, without the American Rescue Plan, our federal government would likely still be focused squarely on putting out the fire instead of rebuilding our house. And counties might still be struggling with restoring their operations to normal levels — rather than thinking about new investments that will shape the future of their economies. The strong recovery of the past two years has not only meant that Americans are better off today. It has allowed us to focus on what our economy will look like in 2030 — not just 2023.

Indeed, we've heard from local officials that the Rescue Plan was a foundational policy that set the stage for the trifecta of legislation we are implementing now: the Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act.

We know that laws don't implement themselves. Turning a law into action requires close partnership between the federal government, state and local governments, workers and unions, businesses, and non-profits.

Across the country, we are seeing the Rescue Plan contribute to ongoing implementation of these laws. It is helping counties develop their communities into the kinds of places that can create and attract the jobs of the future — whether the county is an urban center, in the suburbs, or in a rural area. I believe this is particularly important for counties that have remarkable promise but have suffered from disinvestment over the years.

There are two priority areas where we've seen particularly transformative investments. We urge counties to continue to focus on these areas with their State and Local Fiscal Recovery Funds.

The first is workforce. Last summer, our Administration launched a Talent Pipeline Challenge to surge our workforce development efforts. The goal was to train a highly skilled, diverse workforce to implement the historic Bipartisan Infrastructure Law. Many state and local governments answered that call with Rescue Plan investments. Franklin County, Ohio is funding a pre-apprenticeship program to prepare workers for careers in the skilled construction trades. Rescue Plan dollars are also being spent to train workers in innovative industries like semiconductor manufacturing. And many jurisdictions are supporting programs to increase labor-force participation. We've seen expansions of childcare facilities and new job training programs for underserved populations — like those experiencing homelessness or those formerly incarcerated.

The second is affordable housing. Our suite of new legislation is creating new manufacturing hubs and economic centers across the country. As it does, it's vital that workers are able to afford quality housing near their workplace. Yet, according to Moody's, there is a shortfall of over 1.5 million homes in the United States. Our Administration is working with many of you to implement a Housing Supply Action Plan — which includes calling on Congress to take additional actions. The goal is to close the housing supply shortfall by 2027. As part of this Action Plan, we announced a series of steps that would make it easier for our recipients to use State and Local Fiscal Recovery Funds for affordable housing construction and preservation. This includes permitting governments to use these funds to fully finance long-term affordable housing loans. Many counties have taken advantage of this flexibility. For example, New Hanover County, North Carolina has since announced progress in developing a 278-unit apartment complex. It's scheduled to break ground this year.

As of last year, governments have budgeted over $14 billion of State and Local Fiscal Recovery Funds for over 1,800 projects focused on housing. And this is just the beginning.

Looking forward, Treasury will continue to support jurisdictions as they make investments in these areas. I know our team — led by Chief Recovery Officer Jacob Leibenluft — is looking for opportunities to highlight your best practices.

I've spoken today about what we've been able to achieve together through the Rescue Plan. But I'd be remiss if I did not speak about a pressing issue that could threaten all the progress that we've made over the past two years.

As many of you know, I have asked Congress to raise or suspend the debt limit. Since 1789, the United States has paid all of our bills on time. It should stay that way. In my assessment — and that of economists across the board — a default on our debt would produce an economic and financial catastrophe. Many of your residents could ultimately lose their jobs. Household payments on mortgages, auto loans, and credit cards would rise, and American businesses would see credit markets deteriorate. On top of that, it is unlikely that the federal government would be able to issue payments to millions of Americans, including our military families and seniors who rely on Social Security. In the longer term, a default would raise the cost of borrowing into perpetuity. Future investments — including public investments — would become substantially more costly.

This economic catastrophe is preventable. The solution is simple: Congress must vote to raise or suspend the debt limit. It should do so without conditions. And it should not wait until the last minute. I believe it is a basic responsibility of our nation's leaders to get this done.

I want to end by thanking you for the work that you do.

Over the course of my career, the United States has endured several recessions. The origins and nature of these crises have varied. But the responses to all of them have required people of good will to work collaboratively, under tremendous pressure, to deliver decisively on behalf of the American people.

Over the past few years, many of us have been in the trenches together. We've faced down a devastating public health crisis. We've rescued the American economy. And we are now investing in our future.

None of this has been easy. Particularly for you — the county leaders of America. But the progress we've made is proof of what we can do when our counties and our federal government come together. Not only to fight fires, but to build a better world after the crisis.

Of the many legacies that each of us will leave, this is one that all of us should be very proud of. I look forward to building on this legacy with you in the months and years to come.

Thank you.