

U.S. DEPARTMENT OF THE TREASURY

Testimony of Secretary of the Treasury Janet L. Yellen Before the Committee on Finance, U.S. Senate

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As Prepared for Delivery

Chairman Wyden, Ranking Member Crapo, and members of the Committee: thank you for inviting me here today.

I'd like to begin with an update on the recent developments in the banking system. This week, the government took decisive and forceful actions to strengthen public confidence in our banking system.

First, we worked with the Federal Reserve and FDIC to protect all depositors of the two failed banks. On Monday morning, customers were able to access all of the money in their deposit accounts so they could make payroll and pay the bills. Shareholders and debtholders are not being protected by the government. Importantly, no taxpayer money is being used or put at risk with this action. Deposit protection is provided by the Deposit Insurance Fund, which is funded by fees on banks.

Second, the Federal Reserve is providing additional support to the banking system with a new lending facility. This will help financial institutions meet the needs of all of their depositors.

I can reassure the members of the Committee that our banking system remains sound, and that Americans can feel confident that their deposits will be there when they need them. This week's actions demonstrate our resolute commitment to ensure that depositors' savings remain safe.

Now, let me turn to the topic of this hearing: the President's Fiscal Year 2024 Budget.

Over the past two years, the United States has experienced a historic economic recovery. In January 2021, our country was in the middle of an economic calamity triggered by the coronavirus pandemic. But Congress and the President took decisive action through the American Rescue Plan and our vaccination campaign. Today, our unemployment rate is near historic lows. And we've seen the strongest two years of business creation in history.

Now, our task is to navigate our economy's transition from rapid recovery to sustainable growth. This includes bringing down inflation. We have seen some moderation in headline inflation, but

more work needs to be done. Our Administration will continue to build on the actions we've taken to expand supply and provide cost relief in areas like energy and healthcare.

With your partnership, we've also laid a foundation for long-term economic growth. In just the past two years alone, Congress passed three transformational laws: a generational investment in infrastructure; a historic expansion of American semiconductor manufacturing; and the largest investment in clean energy in our nation's history.

A strategic priority for our Administration this year is to work with you to effectively implement these laws. We are seeing the early results. In just seven months, there's been a wave of investments in clean energy manufacturing across the country. And our new resources for the IRS are already paying off. Taxpayers are getting drastically improved customer service this year. For example, we've answered hundreds of thousands more phone calls during this filing season than at this time last year.

Our proposed budget builds on our economic progress by making smart, fiscally responsible investments. These investments would be more than fully paid for by requiring corporations and the wealthiest to pay their fair share. Fiscal discipline remains a central priority in our budget. We've proposed a minimum income tax of 25 percent on taxpayers with wealth in excess of \$100 million. We've also proposed an increase of the corporate tax rate to 28 percent from the current 21 percent. And it will come as no surprise that I hope Congress will implement the United States' part of the global minimum tax deal.

On the spending side, we suggest additional investments to boost our long-term growth potential. This includes improving the availability of high-quality childcare, providing free and universal pre-school, and boosting the supply of affordable housing. We also propose restoring the Child Tax Credit and Earned Income Tax Credit expansions that were enacted in 2021 but have since expired. Importantly, with the proposed tax reforms, we estimate that this budget will deliver deficit reduction of nearly \$3 trillion over the next 10 years.

Thank you, and I look forward to taking your questions.

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