

Remarks by Secretary of the Treasury Janet L. Yellen at Roxbury Community College in Boston, Massachusetts

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As Prepared for Delivery

Good afternoon. Thank you, President Jenkins-Scott, for the introduction. I'm very glad to be here in Boston with Governor Healey and Mayor Wu to tour Roxbury Community College and see its groundbreaking energy projects and student training programs.

I learned while touring that RCC has a “tri-level renewable solution.” It uses geothermal wells to circulate fluid deep below the ground then push it back up to cool the facility in the summer months. These wells sit below a parking lot with electric vehicle charging stations. And the parking lot sits below a canopy of solar panels that generate energy for the campus.

Solutions put in place across the campus are estimated to create savings of up to \$800,000 per year for RCC. Those are funds being freed up to better serve students. At the same time, the solutions are shrinking RCC's carbon footprint by an estimated over 5 million pounds of carbon dioxide annually. I'm here because this is a model for what we are seeing more and more of around the country due to Biden Administration policies: solutions that cut costs—for schools, businesses, and families—while advancing our nation's climate and energy security goals.

In my remarks today, I'll talk about these policies and where they're leading. But first, at the start of this new year, let me step back to talk about how far we've come over the past twelve months.

Instead of the recession many predicted, during the first three quarters of 2023, annualized growth of the U.S. economy averaged around 3 percent. Inflation is now near 3 percent and the prices of many key goods have fallen, from televisions—down 28 percent from their peak, to used cars and trucks—down 11 percent. Gasoline prices are down too—by around \$1.90 per gallon from June 2022.

The typical middle-class American household now has more wealth, higher earnings, and more purchasing power than before the pandemic. Because wages have risen more than prices since

2019, the median family can today buy the same basket of goods and services as in 2019, but now with nearly \$1,000 left over to save or spend. Household consumption has also been strong as families put their extra income and accumulated pandemic-era savings back into the economy.

This is due to the Biden Administration's policies—beginning with the American Rescue Plan and continuing with a historic trifecta of legislation: the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act.

But despite how far we've come, we know significant work remains to be done. For too many families, prices for goods that matter—such as groceries, rents, and prescription drugs—are high. At the Treasury Department and across the Administration, we're using all tools at our disposal to bring these costs down so that families have more breathing room.

This starts with healthcare. The Biden Administration has already capped insulin costs for Americans on Medicare at \$35 per month, meaning an individual will save \$500 per year on average. We're lowering the price of prescription drugs for seniors. That's estimated to create savings of \$400 per year.

Energy costs also pose significant challenges for American families, including families in New England. Here in Massachusetts, it's estimated that households using natural gas, or over half of Bay State households in 2021, will spend \$900 this winter. Households using oil, one in four households in 2021, will spend over \$2,000. Using electricity instead of fuel oil to heat your home here can save over \$1,000 a year. Using electricity instead of propane can save you more than \$800. That's money parents can use for other daily expenses or put toward their kids' college education or their own retirement.

And reliance on gas and oil for heating isn't just expensive—it's energy insecure. When prices spike due to geopolitical events, consumers are on the hook to pay unless government acts quickly. We saw this in 2022 when Russia invaded Ukraine. The Biden Administration responded rapidly, releasing 180 million barrels from the Strategic Petroleum Reserve and working with a coalition of partners to put in place a novel price cap on Russian oil. This kept global energy markets well-supplied and costs lower than they could have been.

But Americans are still vulnerable to future volatility. The pain is often most acute for lower income and middle-class families, including those living paycheck to paycheck. For them, energy—electricity, heating fuel, and gasoline—account for a significant share of their monthly budgets. An oil price shock can mean choosing whether to put food on the table or

stay warm, while shifting to clean energy means families will be better shielded from global events and more energy independent.

We're working to address energy costs and volatility, including through the Inflation Reduction Act. The IRA is the most important climate and energy law in U.S. history. It's driving changes in how America produces and consumes energy, including through tax incentives. Some of these tax breaks support manufacturers—and they're working, boosting investment in factories across the U.S. that produce solar panels, batteries, and electric vehicles. Other provisions support the deployment of clean power generation—resulting in a record year for solar power plant additions in 2023. Since the start of the Administration, companies have announced over \$600 billion in manufacturing and clean energy investments. And over the past year, I've seen these investments firsthand, such as in November, when I traveled to North Carolina to tour the country's largest lithium hydroxide production facility and see new cutting-edge lithium products that will power the domestic electric vehicle supply chain. And because it's now cheaper to produce clean energy and manufacture clean energy products here in the United States, production will increase and costs will drop over time. This will make clean energy even more affordable for American consumers, and for consumers globally.

But the IRA is also about lowering costs for American families in the short-term, allowing them to shrink and stabilize their energy bills right away, and it's this I'd like to talk about now.

The IRA provides taxpayers a tax credit of \$150 to put toward energy audits of their homes. These assessments can serve as roadmaps for determining where you'll see the highest rate of return on your energy-efficiency investments—whether that's replacing windows or doors or installing better insulation.

You can use other IRA credits to offset up to \$1,200 for these improvements. New windows and doors may not be high tech, but they can result in significant, immediate cost savings.

You can also discount by up to 30 percent the cost of putting solar panels on your roof or batteries in your garage to store the energy those panels produce.

You can get up to \$2,000 for installing a heat pump. That allows you to shift from oil or gas-based heat to electricity instead. You can also take advantage of rebates for water heaters, home insulation, and many other energy-efficient home improvements at the time of sale and covering 100 percent of relevant costs for low-income households. This is alongside a generous state program for rebates here in Massachusetts.

The popularity of heat pumps is growing. Heat pump sales exceeded the sales of gas furnaces in the United States in 2022 for the first time. We're also seeing growing demand around the world—including in Eastern Europe, where countries including Poland have sought to reduce their reliance on Russian-supplied gas. As the IRA's incentives drive down costs of clean energy technologies over time, they'll help our allies and trading partners continue making progress toward meeting their climate, energy security, and affordability goals, too.

Beyond energy, you can save up to \$7,500 when purchasing an electric vehicle.

And for these credits, there's no lifetime limit: for the home energy credits in particular, you can claim the credit every year you make improvements for the next decade.

And I'll briefly mention there's support not just for households, but for others, from incentives for landlords and developers for energy-efficiency improvements to certain multifamily buildings to funds for states and local governments to update building codes.

We know it's not enough merely to create credits, so we're also working to make accessing them as easy as possible. For example, starting just last week, consumers can transfer their clean vehicle credit to the dealer in exchange for a discount when they buy their car. This means you don't have to wait to claim the credit on your tax return—you get an upfront downpayment.

Thanks to IRA funding, access to credits will also be supported by the massive modernization of the Internal Revenue Service, which is helping taxpayers get the support they need. This filing season, which starts next week, increased support to taxpayers will include call lines with wait times of five minutes or less and expanded in-person assistance at centers around the country.

I'll end by addressing another exciting development I saw here at Roxbury Community College today, one that's also at the heart of President Biden's economic agenda. Building our clean-energy future requires a skilled workforce, and RCC's Center for Smart Building Technology provides training so students can green the buildings of the future with technologies that are environmentally sustainable and low cost. Similar programs are increasingly emerging at community colleges across the country, and beyond community colleges, as I saw when I visited the IBEW training center in Nevada last summer on the one-year anniversary of the IRA's passage.

This focus on workforce development reflects President Biden's commitment to building our economy from the middle out and bottom up. You shouldn't need a four-year college degree

to support your family. IRA-related investments are going to the communities that need them most—communities that have historically been left behind—creating jobs for workers who may not have college degrees. And through IRA provisions like the prevailing wage and apprenticeship requirements and this Administration’s support to unions, we’re fighting to make sure these jobs are good ones.

Being here today is inspiring. The Inflation Reduction Act makes what happened at Roxbury Community College—cost savings that also propel us toward a clean energy future—possible, for Massachusetts residents and for middle-class Americans across the country. We’ve already driven a historic recovery, and now we’re focused on easing financial pressures on American families. The IRA provides us with a pathway to do just that, and I look forward to seeing the transformation it’ll drive.

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