

Testimony of Secretary of the Treasury Janet L. Yellen Before the Committee on Ways & Means, U.S. House of Representatives

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As Prepared for Delivery

Chairman Smith, Ranking Member Neal, and Members of the Committee: Thank you for the invitation to testify.

The Biden Administration has driven a historic economic recovery over the past three years. GDP growth has been strong, growing 3.0 percent over the past four quarters. Inflation has decreased significantly since its peak, though we have more work to do. The labor market is also remarkably healthy, with the unemployment rate below four percent for the longest stretch in over 50 years. Real wages and household median wealth have increased since before the pandemic, and families are putting their additional income and accumulated savings back into the economy. Consumer sentiment is up 21 percent from one year ago.

President Biden and I are taking additional actions to bring down the costs of key household expenses like energy, prescription drugs, and housing. We're also focused on expanding our economy's capacity to create good jobs, while reducing the deficit. As we implement the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act, we're creating economic opportunity for Americans across the country, including those without college degrees, and in communities that had historically been overlooked or left behind. Companies have announced over \$675 billion in clean energy and manufacturing investments since the start of this Administration, some of which I've gotten the opportunity to see firsthand.

The modernization of the Internal Revenue Service, made possible by the IRA and discretionary appropriations, has enabled us to combat tax evasion by the wealthiest Americans that costs our country over \$150 billion a year. And it's made it easier for taxpayers to file their taxes and get the credits they're owed. We met or exceeded all the goals we set for this filing season, including reaching an 88 percent level of service, saving taxpayers over 1.4 million hours of hold time, and providing an additional 11,000 hours of in-person assistance compared to last year. We also successfully launched the Direct File Pilot Program,

an easy, free, and secure way to file taxes on a computer or a mobile device, with over 140,000 accepted returns in this first year.

The President's Budget proposes additional investments to lower costs for workers and families and strengthen our economy while reducing the deficit, including making permanent the expansion of tax credits for health insurance premiums enacted in the American Rescue Plan and extended in the IRA and expanding the Earned Income Tax Credit, Child Tax Credit, and Low-Income Housing Tax Credit. These proposals would help make health care more affordable, reduce child poverty, and give working families more breathing room in their household budgets.

We can make these investments while reducing the deficit by \$3 trillion over a decade through a combination of smart savings and tax proposals. President Biden and I have proposed implementing a Billionaire Minimum Tax so that the top .01 percent pay their fair share; raising the tax on corporate stock buybacks to encourage businesses to reinvest profits in their workers and grow their companies; and closing estate and gift tax loopholes that allow wealthy Americans to pay less than they would otherwise owe.

As a whole, the President's Budget will enable us to address costs that families face right now and to bolster our country's economic strength for the years ahead. I'll now take your questions.

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