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Testimony of Secretary of the Treasury Janet L. Yellen Before the Financial Services and General Government Appropriations, U.S. House

As Prepared for Delivery

Chairman Womack and Ranking Member Hoyer: thank you for inviting me to join you today. I would also like to thank you for your leadership of this subcommittee and support of the Treasury Department.

Two years into this Administration, Treasury continues to serve at the forefront of our nation's response to some of its most urgent challenges. We have advanced our country's domestic and international economic priorities – thanks to the resources that you have provided us.

Our top priority is to protect the health of the U.S. economy. Two weeks ago, we learned of problems at two banks that could have had significant impacts on the broader banking system and the American economy. In the days that followed, Treasury worked with the Federal Reserve and the FDIC to take decisive and forceful actions to strengthen public confidence in the U.S. banking system.

We took actions to protect all depositors at the two failed institutions and provide additional liquidity for banks. This was designed to mitigate risks to the banking system. It's important to be clear: shareholders and debtholders of the failed banks are not being protected by the government. And no losses from the resolution of these banks are being borne by the taxpayer. Deposit protection is provided by the Deposit Insurance Fund, which is funded by fees on insured banks.

As I have said, we have used important tools to act quickly to prevent contagion. And they are tools we could use again. The strong actions we have taken ensure that Americans' deposits are safe. Certainly, we would be prepared to take additional actions if warranted.

Beyond our work on the financial system, Treasury has also led our Administration's broader efforts to recover and stabilize our economy from a once-in-a-century pandemic shock. Our Office of Recovery Programs helped drive the fastest and most inclusive labor market recovery in history by coordinating the effective implementation of American Rescue Plan relief. Today, the unemployment rate is near historic lows. Our economy has added over 12 million jobs since the start of 2021. Our Administration is now building on that progress by effectively implementing long-term investments enacted by Congress.

Internationally, Treasury continues to mount a swift, bold, and enduring response to Russia's illegal war against Ukraine. In my visit to Kyiv a month ago, Ukrainian officials told me firsthand about the critical impact of our work. As part of a broad coalition, we are responsibly disbursing vital economic assistance to Ukraine. Since last February, Treasury has also implemented over 2,500 Russia-related sanctions. We have degraded the Kremlin's ability to replace more than 9,000 pieces of heavy military equipment that it has lost on the battlefield. We have also stabilized global energy markets and cut into the Kremlin's revenues by implementing innovative caps on the price of Russian oil.

The President's Fiscal Year 2024 Budget requests the necessary resources to continue advancing our nation's priorities. I will highlight three imperatives.

First, the budget requests \$14 billion in discretionary resources for the IRS. For too long, the IRS had been woefully underfunded. We are changing that. Our budget request provides steady-state operational funding that will allow taxpayers to receive the best service possible. It will complement the one-time, long-term investment in the IRS from the Inflation Reduction Act. We have already seen our investments pay off. For example, the IRS has answered a million more phone calls during this filing season than at this time last year. Now is the time to build on this progress.

Second, our budget request shores up our capacity to respond to Russia's immoral war and advance other national security priorities. It includes \$244 million for the Office of Terrorism and Financial Intelligence to continue to administer, enforce, and modernize our sanctions regime. It also allows the office to expand financial intelligence and sanctions-related economic analysis. Further, the budget requests \$229 million for FinCEN to support its efforts to address deficiencies that illicit actors exploit to evade scrutiny.

Third, this request enables us to continue our work to bolster the long-term foundations of the American economy. We are requesting \$332 million for Treasury's Departmental Offices, which craft and implement policies to advance our economic priorities and coordinate government-wide efforts to promote financial stability and growth. We are also asking for an increase for the Community Development Financial Institutions Fund, which expands credit and financial support to historically underserved communities.

I want to end by thanking the men and women of the Treasury Department for their service. Their dedication and commitment inspire me every day, and I could not be prouder to call them my colleagues.

With that, I'm happy to take your questions.

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