Statement by

Janet L. Yellen

Secretary

United States Department of the Treasury

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Chairwoman Waters, Ranking Member McHenry, members of the committee: It's a pleasure to testify today.

We are in the midst of a fragile, but rapid recovery from the pandemic-induced recession. While our economy continues to expand and recapture a substantial share of the jobs lost during 2020, significant challenges from the Delta variant continue to suppress the speed of the recovery and present substantial barriers to a vibrant economy. Still, I remain optimistic about the medium-term trajectory of our economy, and I expect we will return to full employment next year.

A rebound like this was never a foregone conclusion. In fact, the American recovery is stronger than those of other wealthy nations. One key factor for our overperformance is the policy choices that Congress has made over the past 18 months. Those choices include the passage of the CARES Act, the Consolidated Appropriations Act, and the American Rescue Plan.

Treasury, as you know, was tasked with administering a large portion of the relief dollars in those bills, and when we last met, our Department was busy standing up programs to help individual families, state governments, and organizations of every size in between. While we still have much more work to do, we have made significant progress, and I wanted to give you an update.

Let's start with families. In July, our Department started sending the monthly expanded Child Tax Credit payments to the families of nearly 60 million children across the country. To date, $46 billion dollars in payments have been made, and we're already seeing the impact. Analysis by the Census Bureau found that after the first payments in July, food insecurity among families with children dropped 24 percent.

As for state, local, tribal, and territorial governments, COVID-19 decimated their budgets. There were mass layoffs, and to end the health and economic emergencies, we knew that communities would need funding to hire educators to bring kids back to school, for example, or frontline workers to administer the vaccine. The American Rescue Plan included $350 billion to that end, and those dollars are indeed helping the machinery of local governments get up-and-running. States and localities can rely on relief money that is available instead of resorting to painful budget cuts.

Congress rightly designed the state and local program with flexibility in mind. I think many of us knew the recovery could run up against some unforeseen challenges, and we wanted communities to be able to devote resources where and when they saw fit. I want to note that this flexibility is paying off now, especially with the spread of the Delta variant. Harris County, Texas, for instance, has used this funding to boost its immunization rate, offering $100 to each person who gets their first vaccine dose.

For the relief dollars not yet out the door, Treasury is doing everything it can to expedite their delivery. The Emergency Rental Assistance Program is one example. Prior to the pandemic, there was essentially no national infrastructure to get money from government coffers to renters and landlords. Building that infrastructure has been a massive undertaking for states, localities, and tribes.

The program is scaling up quickly, with 1.4 million payments made to help struggling renters keep a roof over their heads. Still, too much of the money remains bottlenecked at the state and local levels. That's why our Treasury team has worked to eliminate every piece of red tape possible in order to ensure more payments can get to renters and landlords, but states and localities must also work to remove barriers that can speed up distribution of rental assistance funds.

I'll end my remarks there except to say this: It is imperative that Congress address the debt limit. If not, our current estimate is that Treasury will likely exhaust its extraordinary measures by October 18. At that point, we expect Treasury would be left with very limited resources that would be depleted quickly. America would default for the first time in history. The full faith and credit of the United States would be impaired, and our country would likely face a financial crisis and economic recession as a result.

We must address this issue to honor commitments made by this – and prior – Congresses, including those made to address the health and economic impact of the pandemic. It's necessary to avert a catastrophic event for our economy.

Representatives, the debt ceiling has been raised or suspended 78 times since 1960, almost always on a bipartisan basis. My hope is that we can work together to do so again; and to build a stronger American economy for future generations. Thank you, and I'm pleased to take your questions.