

Hearing on the President's Fiscal Year 2025 Budget
Senate Committee on Finance
Secretary Janet L. Yellen Testimony
March 21, 2024

Chairman Wyden, Ranking Member Crapo, and Members of the Committee: Thank you for the invitation.

Over the past three years, the Biden Administration has driven a historic economic recovery. GDP growth is strong, inflation has come down significantly, and the labor market is remarkably healthy. Real wages and household median wealth have increased since before the pandemic. Families are putting their additional income and accumulated savings back into the economy, and we see many signs of optimism, from a record 16 million small business filings under this Administration to improved consumer sentiment over the past three months.

President Biden and I recognize that many American families still face challenges such as high prices, so we are taking additional actions to bring down the costs of key household expenses like energy and health care. We're also focused on expanding our economy's capacity to produce and 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 regardless of where they live and whether they have college degrees. And we've seen companies announce \$650 billion in clean energy and manufacturing investments since the start of the Administration.

The modernization of the IRS, made possible by the IRA and discretionary appropriations, is enabling American taxpayers to receive the support they deserve, including by driving significant improvements in customer service. Investments in the IRS are also enabling enforcement actions against tax evasion by the wealthiest Americans that cost our country over \$150 billion a year—actions such as recovering \$500 million in taxes owed by millionaires to launching a new initiative to end abuse of corporate jet write-offs.

The President's Budget proposes additional investments to lower costs for workers and families and strengthen our economy while reducing the deficit. It proposes making health care more affordable for millions of Americans by making permanent the expansion of tax credits for health insurance premiums enacted in the American Rescue Plan and extended in the Inflation Reduction Act. And the Budget includes expanding the Earned Income Tax Credit, Child Tax Credit, and Low-Income Housing Tax Credit—proposals which would contribute to lowering child poverty and giving 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 continue to urge Congress to act so that the United States plays its part in the global minimum tax deal, which is currently being implemented in jurisdictions around the world to end the race to the bottom in corporate taxation. We have also 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. We will also continue to oppose misguided proposals that will grow the deficit by offering large tax breaks to the wealthy and big corporations.

As a whole, the Budget will enable us to continue to grow our economy and support workers and families while upholding our commitment to fiscal responsibility and reducing the deficit.

I will now take your questions.