American Economic Strength

ON THE WORLD STAGE

OFFICE OF PUBLIC AFFAIRS
U.S. DEPARTMENT OF THE TREASURY
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"America's economic strength and competitiveness is a bright spot in the world."

Steven T. Mnuchin
Secretary of the Treasury

Treasury's Implementation of President Trump's Agenda Delivered Record Breaking Results for the American People Prior to the Coronavirus Pandemic

"I am proud of all of the work we have done to create conditions for greater economic growth, more and better opportunities for working families, and higher wages for all Americans." - Secretary Steven T. Mnuchin

Prior to the COVID-19 pandemic, President Trump presided over the longest economic expansion on record.

PROMOTING ECONOMIC PROSPERITY FOR ALL: President Trump's pro-growth policies have led to an economic boom that is lifting up Americans of all backgrounds.

- In the first 3 years of President Trump's and Secretary Mnuchin's leadership, 6.84 million jobs were added to the economy.
- For the first time on record there were more job openings than unemployed Americans.
  - In February 2020, there were 7 million job openings, outnumbering job seekers by 1.2 million.
  - Just prior to the pandemic, two-thirds of Americans rated that it was a good time to find a quality job, empowering more Americans with rewarding careers.
- Prior to the pandemic, the unemployment rate fell to its lowest level in half a century.
- As of February 2020, the unemployment rate had held at or below 4 percent for 24 consecutive months.
  - The unemployment rate for women reached its lowest rate in 66 years.
  - Jobless claims in early 2020 hit their lowest level in half a century.
- Prior to COVID-19, the number of people claiming unemployment insurance as a share of the population fell to the lowest level on record.

- American workers of all backgrounds were thriving under Treasury's pro-growth policies before the pandemic hit.
  - The unemployment rates for African Americans, Hispanic Americans, Asian Americans, veterans, individuals with disabilities, and those without a high school diploma all reached record lows.·
- Through February 2020, the booming economy put more money in Americans' pockets.
  - Wage growth accelerated, rising at the fastest rate in a decade, with year-over-year wage gains exceeding 3 percent for the first time since 2009.
  - February 2020 marked the 19th consecutive month that wages rose at an annual rate of at or over 3 percent.
  - Real median household income grew by a record 6.8% to surpass $68,700 in 2019 – the highest level on record.
- Americans have come off the sidelines and back into the workforce.
  - Through February 2020, the prime age labor force grew by 2.2 million.
  - In the fourth quarter of 2019, 74 percent of workers entering employment came from out of the labor force rather than from unemployment, the highest share since the series began in1990.
- Treasury's pro-growth agenda helped businesses of all sizes thrive like never before.
  - Small business optimism rose to a record high level in 2018 and remained at historically high levels through February 2020.

    - The DOW, S&P 500, and NASDAQ have all repeatedly notched record highs.
- These economic policies have revitalized American manufacturing, with more than a half million manufacturing jobs added since the 2016 election through early 2020.·
- Secretary Mnuchin has prioritized workforce development to ensure American workers are prepared to fill high quality jobs.
    - Secretary Mnuchin contributed to the National Council for the American Worker, tasked with developing a workforce strategy for the jobs of the future.
    - Secretary Mnuchin co-chaired the White House's Pledge to America's Workers, which was signed by over 430 companies pledging to provide more than 16 million employment and training opportunities.
    - Treasury implemented its piece of the National Cyber Strategy by helping safeguard the financial system against malign cyber activity and confronting and countering those that perpetrate it.
- Through the Financial Literacy and Education Commission (FLEC), Treasury is ensuring Americans have skills they need to make informed financial decisions.o
    - Treasury is executing its national strategy to reform federal financial literacy and educations activities.
    - In June 2019, FLEC released its report on Best Practices for Financial Literacy and Education in Institutions of Higher Education.

  - In July 2019, Treasury released its report, Federal Financial Literacy Reform: Coordinating and Improving Financial Literacy Efforts, to identify ways to efficiently and effectively deliver financial education to all Americans and make recommendations to improve federal efforts in this space.
  - Throughout the COVID-19 pandemic, FLEC and Treasury worked together to educate consumers, including small businesses and sole proprietorships, on the financial resources available to support them through the pandemic.
  - Treasury released FLEC's National Strategy for Financial Literacy in September 2020, providing a framework that will promote access to quality financial literacy and education tools for all Americans.
- Treasury led an interagency task force on the regulation of long-term care insurance (LTCI), which resulted in an August 2020 report.
  - The report's recommendations, when implemented, will remove barriers to innovation and increase regulatory efficiency and alignment.
  - These reforms could make LTCI more affordable and accessible while allowing the market to continue shaping the evolution of this product line.
  - Since the report'srelease, Treasury has been coordinating and monitoring implementation of the recommendations.
- Secretary Mnuchin has been a key part of the Trump Administration's work to ensure that America is prepared to lead the world in the industries of the future, by promoting American leadership in emerging technologies like 5G and AI.
  - The Administration named artificial intelligence, quantum information science, and 5G, among other emerging technologies, as national research and development priorities.
  - Secretary Mnuchin introduced a focus on AI to the Administration which led to establishingthe American AI Initiative to invest in AI research, unleash innovation, and build the American workforce of thefuture.
- Secretary Mnuchin has made supporting working families a priority of Treasury's agenda.o Secretary Mnuchin helped secure historic levels of funding for the Child Care and Development Block Grant, helping low-income families access child care.
  - Secretary Mnuchin has joined the President in calling on Congress to pass a nationwide paid family leave plan.
  - Secretary Mnuchin also played a role in passing 12-weeks of paid parental leave for federal workers.

  - TCJA provided a new tax credit to incentivize businesses to offer paid family leave to their employees and doubled the child tax credit, benefitting nearly 40 million American families with an average of over $2,200 dollars in 2019.

REVITALIZING UNDERSERVED COMMUNITIES AND SUPPORTING LOW INCOME WORKERS: Treasury's policies have helped Americans that need it most.

- Enactment of pro-growth policies are helping forgotten Americans across the country prosper, driving down income inequality.
  - On a Q4/Q4 basis in 2019, wages rose fastest for low-income workers.o Middle-class and low-income workers enjoyed faster wage growth than high- earners in 2019.
  - When measured as the share of income earned by the top 20 percent, income inequality fell in 2018 by the largestamount in over adecade and edged lower in 2019.
- Americans were lifted out of poverty as a result of the booming economy.
  - Since 2017, over 6.6 million Americans have been lifted out of poverty through 2019.
  - Poverty rates for African Americans and Hispanic Americans reached record lows in 2019.
  - 6.3 million Americanshave been lifted off of foodstamps through February 2020.

- Treasury is a key agency helping to revitalize distressed communities through Opportunity Zones, which encourage investment and growth in underserved communities.
  - More than 8,760 communities in all 50 States, the District of Columbia, and 5 Territories have been designated as Opportunity Zones, which Treasury certified.
  - Treasury issued two sets of rules on Opportunity Zones to ensure sound and transparent implementation.
  - Treasury and the White House Opportunity and Revitalization Council have taken 175 actions to encourage investment and promote growth within Opportunity Zones.
  - Treasury and the White House Opportunity and Revitalization Council are engaging all levels of government to identify best practices and assist leaders, investors, and entrepreneurs in using the Opportunity Zone incentive to revitalize low-income communities.
- Treasury is also modernizing the Community Reinvestment Act (CRA) to better align CRA activity with the needs of the communities that banks serve.
- Treasury is implementing and administering the Social Impact Partnerships to Pay for Results Act (SIPPRA), a new, $100 million competitive federal grant program.
  - SIPPRA will enable state and local governments to find new, innovative, and data-driven ways to solve entrenched social problems, including homelessness, recidivism, unemployment, family instability, and health care.

LIFTING THE BURDEN OF OVERREGULATION: Secretary Mnuchin has implemented the President's historic deregulation efforts to drive economic growth, cut unnecessary costs, and increase transparency.

- Treasury has helped roll back nearly eight regulations for every new significant one, slashing regulatory costs by more than $50 billion.
- In the coming years, the average American household is projected to see an income gain of $3,100 per year thanks to the historic regulatory reform.
- Once fully in effect, 20 major deregulatory actions undertaken by the Administration are expected to save American consumers and businesses over $220 billion per year.
- Treasury worked with President Trump to sign 16 pieces of deregulatory legislation that are expected to result in a $40 billion increase in annual real incomes.
- The Trump Administration established the Governors Initiative on Regulatory Innovation.
  - This initiative is working to reduce outdated regulations at the State, local, and tribal levels, advance occupational licensing reform, and align Federal and State regulation.
- Treasury assisted the President in eliminating regulatory barriers that made offering retirement benefits difficult for small businesses.
- Secretary Mnuchin and the Trump Administration took action to increase transparency in Federal agencies and protect Americans from administrative abuse.
- Treasury has implemented the President's promise to repeal the Obama-era Waters of the United States Rule, lifting a burden off American farmers.
- Secretary Mnuchin contributed to the White House Council on Reducing Regulatory Barriers to Affordable Housing Development to bring down the costs of housing across the country.· Treasury's deregulatory actions are removing government barriers to personal freedom and consumer choice in healthcare.

ROLLING BACK DODD-FRANK: Secretary Mnuchin helped community banks by implementing legislation that rolled back costly provisions of Dodd-Frank.

- Through a series of Treasury recommendations made pursuant to Executive Order 13772 on Core Principles for Regulating the United States Financial System, Secretary Mnuchin drove changes that provided meaningful relief to the banks and credit unions that serve local communities across America
- Secretary Mnuchin advocated for tailoring regulation based on the size and complexity of regulated firms to make it more efficient and effective. These changes included, among others:
    - Simplifying the regulatory regime for community banks by implementing the Community Bank Leverage Ratio;
    - Providing capital flexibility for community banks by raising the asset threshold for the Federal Reserve's Small Bank Holding Company Policy Statement; and
    - Reforming the Volcker Rule by exempting community banks that do not engage in significant proprietary trading.

FIGHTING FOR FAIRER TRADE: Secretary Mnuchin is working with and on behalf of President Trump to help negotiate fairer, more reciprocal trade deals for the American people.

- Secretary Mnuchin worked with Ambassador Lighthizer to help secure the U.S.-Mexico-Canada agreement (USMCA) to replace the outdated North American Free Trade Agreement (NAFTA).
    - USMCA includes tremendous wins for American workers, farmers, ranchers, manufacturers, and businesses, generating over $68 billion in economic activity and creating 176,000 new jobs.
    - Secretary Mnuchin worked frequently with his Mexican and Canadian counterparts on the currency and financial services chapters of the USMCA.
    - As part of the negotiations, Secretary Mnuchin updated and signed a new Exchange Stabilization Agreement with Mexico, modernizing the previous agreement that was 24 years old.
    - Treasury will continue to work frequently with its counterparts to monitor and enforce the USMCA.
- Treasury played a large role in reaching the historic Phase One trade agreement with China that will begin rebalancing our countries' trade relationship.
- As a result of the Administration's leadership, China has agreed to structural reforms in areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange.
    - China is making substantial purchases of American agricultural products, marking a monumental win for American farmers.

Treasury Implemented the Tax Cuts and Jobs Act, Delivering Real, Tangible Benefits to All Americans

"We are focused on the cornerstone of our pro-growth economic program: comprehensive tax reform. We are simplifying the process, eliminating special interest deductions, and providing a tax cut for middle income families."
– Secretary Steven T. Mnuchin

LEADING TAX REFORM: Secretary Mnuchin played a leading role in the fight to reform our outdated, broken tax code.·

- Secretary Mnuchin helped to lead on tax reform negotiations, interagency meetings, and industry engagements from February to December 2017.
- The Tax Cuts and Jobs Act was signed into law by President Trump on December 22, 2017 and immediately began generating economic activity that led to strong growth.

LETTING AMERICANS KEEP THEIR HARD-EARNED MONEY: The Tax Cuts and Jobs Act (TCJA) led to increased wages and lower tax bills for hardworking Americans.

- Thanks to the tax cuts, more than 6 million American workers received wage increases, bonuses, andincreased benefits.
  - As of February 2020, wages grew by 3% year-over-year for 19 straight months.
- The typical family earning $75,000 received a tax cut of over $2,000.
- The Census Bureau's Current Population Survey's income inequality measure declined in 2018.
- With the passage of TCJA, the stock market has reached unprecedented heights, allowing the average American to put away more money for their retirement.

ENABLING AMERICAN BUSINESSES TO THRIVE: TCJA created economic conditions favorable for building and growing American businesses.

- Due to TCJA's corporate tax policies, businesses have been able to invest more in workers and U.S. business operations.
- Corporations brought back to the country $1.4 trillion following the comprehensive tax reform.

CONTINUING AGGRESSIVE IMPLEMENTATION: Treasury's commitment to implementing tax reform for the American people remains steadfast and unwavering.

- Secretary Mnuchin played a critical role in designing and passing TCJA in 2017 – the largest tax reform package in history.
  - Secretary Mnuchin frequently met with Members of Congress to provide analysis and shape the bill.
  - Secretary Mnuchin met with industry groups and business leaders to ensure the bill met the needs of American workers and businesses.
- Once TCJA was passed by Congress and signed into law by the President, Treasury worked around the clock to implement its changes in record time.
  - As of August 2020, Treasury issued over 419 items of guidance related to TCJA implementation.

Treasury is Implementing the Largest Economic Relief Packages in U.S. History in Response to the Coronavirus Pandemic

"The bipartisan CARES Act is the biggest economic relief package in American history. It is having a tremendous impact on the economy, leading to increases in jobs, retail sales, business activity and home sales."
– Secretary Steven T. Mnuchin

DELIVERED IMMEDIATE RELIEF: Secretary Mnuchin led the Congressional negotiations to achieve the two initial pieces of economic relief legislation before the U.S. economy was greatly impacted by the pandemic.

- On March 6, 2020, prior to the World Health Organization declaring COVID-19 a pandemic, President Trump signed into law a bill providing $8.3 billion in emergency funding to combat the virus. Secretary Mnuchin worked with Congress on a bipartisan basis to get this bill passed quickly.
- On March 18, 2020, the President signed the Families First Coronavirus Response Act into law, which Secretary Mnuchin negotiated, to provide supplemental appropriations related to COVID-19, assistance for Federal nutrition programs, employment-related protections and benefits, health programs and insurance coverage requirements, and related tax credits.

SECURED THE LARGEST ECONOMIC RELIEF PACKAGE IN HISTORY: Secretary Mnuchin negotiated with Congress on a bipartisan basis to secure the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a $2.2 trillion package.

- The CARES Act passed unanimously in the U.S. Senate, 96-0, on March 25, 2020, and it was passed in the House the next day via voice vote.

- This $2.2 trillion relief package has delivered on Treasury's commitment to support the American people through the economic impacts of COVID-19.
- Treasury worked around the clock to implement the CARES Act's critical programs to provide relief to Americans in record time.

NEGOTIATED ADDITIONAL RELIEF: Secretary Mnuchin negotiated with Congress on a bipartisan basis to secure $900 billion in additional COVID relief.

- The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 passed on an overwhelmingly bipartisan basis, and President Trump signed the bill into law on December 27, 2020.
- The Act provided $900 billion in critical additional economic assistance for American workers, families, and small businesses, and preserves jobs for American industries.
- Treasury continues to work with unprecedented speed and efficiency to implement this new relief package as quickly as possible and ensure our robust economic recovery continues.

PROVIDED CASH DIRECTLY TO AMERICANS: Treasury delivered direct payments and enhanced unemployment benefits to millions of Americans, providing a financial lifeline.

- The CARES Act provided tax free economic impact payments—treated as a refundable tax credit—to Americans, giving families the immediate financial support they need.
    - Couples earning up to $150,000 received $2,400, plus an additional $500 for each child.
    - Individuals earning up to $75,000 received $1,200, plus an additional $500 for each child.
    - These payments phased out for those earning over $75,000, $112,500 for head of household filers, and $150,000 for married couples filing joint tax returns.
- The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 provided a second round of Economic Impact Payments for Americans still impacted by the pandemic.
    - Couples earning up to $150,000 received $1,200, plus an additional $600 for each child.
    - Individuals earning up to $75,000 received $600, plus an additional $600 for each child.
    - These payments phased out for those earning over $75,000, $112,500 for head of household filers, and $150,000 for married couples filing joint tax returns.
- The relief packages provided much needed assistance to Americans out of work.
    - The CARES Act allowed States to temporarily increase unemployment benefits and receive Federal reimbursement for the additional amount.

  - Encouraged States to waive the typical one week waiting period and provided an additional 13 weeks of benefits.
  - Created a new program to assist the self-employed and independent contractors who are unemployed due to the pandemic.
  - The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 renewed these programs to provide Americans unemployed due to COVID-19 with vital financial assistance in 2021.

SUPPORTED SMALL BUSINESSES, WORKERS, AND JOBS: Less than one week after the passing of the CARES Act, the Treasury and SBA stood up the Paycheck Protection Program, an unprecedented program.

- PPP supplied critical economic aid to America's small businesses.
- PPP prioritized the needs of workers by requiring borrowers to spend at least 60% of PPP funds on payroll costs, keeping workers employed and connected to their health insurance.
- The average PPP loan size has been $100,000, showing that the Program has supported even the smallest of businesses.
- Treasury and SBA recruited an army of lenders to ensure the broadest possible segment of small businesses could access the PPP, particularly businesses in historically underserved communities.
  - These efforts increased the number of participating lenders from the 1,700 that participated in SBA 7(a) lending in 2019 to nearly 5,500 lenders participating in the PPP.
  - Treasury and SBA secured participation fromCDFIs, MDIs, and minority, women, veteran, or military-owned lenders due to their unmatched ability to reach underserved communities.
  - As of August 8, 2020, when the first round of PPP closed to new loan applications, 432 MDIs and CDFIs had participated from across the country, providing over 221,000 loans for more than $16.4 billion.
  - PPP delivered $133 billion of loans to businesses in Historically Underutilized Business Zones, accounting for more than 25 percent of all PPP funding in its first round.
- In January 2021, PPP re-opened for new first draw borrowers and allowed eligible borrowers who had previously received a PPP loan to receive a Second Draw PPP Loan.
  - Treasury and SBA worked around the clock to launch the second round within 10 days of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 becoming law.

  - During the second round, Treasury and SBA took additional measures to ensure historically underserved communities could easily access the PPP, including only accepting loans from CDFIs and MDIs in the first few days of the Program's re-opening.
  - Due to their efforts, up to an additional $284 billion will go to small businesses in need, providing support for millions of more jobs.

SUPPLIED $150 BILLION TO STATE AND LOCAL GOVERNMENTS: Treasury has supported state and local governments' fight against COVID-19.

- Through the Coronavirus Relief Fund, Treasury delivered nearly $150 billion to state, local, and tribal governments before the date required by the CARES Act and with as much flexibility as possible to cover costs incurred due to the pandemic.
- Treasury stood up the Emergency Rental Assistance Program quickly and efficiently to keep Americans struggling to pay rent in their homes.
  - The Emergency Rental Assistance Program made available $25 billion to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic.
  - Treasury provided the funds directly to States, local governments, U.S. Territories and Tribal governments.
  - Recipient governments then use the funds to provide assistance to eligible households through existing or newly created rental assistance programs.

RELIEVED THE UNPRECEDENTED STRAIN ON U.S. AIRLINES: Treasury acted decisively to support aviation workers and preserve the strategically important airline industry.

- The CARES Act established two large programs to support aviation workers: the Payroll Support Program (PSP) and a loan program.
- These programs have supported hundreds of thousands of aviation industry jobs, keeping workers employed and connected to their healthcare, and played a critical role in stabilizing and preserving the U.S. airline industry.
- The PSP, which Treasury implemented quickly and effectively, provided $28 billion in its first round to eligible companies that can only be used to pay employee wages, salaries, and benefits.
- The PSP re-opened on January 8, 2021 following the passage of the Consolidated Appropriations Act, 2021.
- The PSP and the loan program have supported hundreds of thousands of jobs in the aviation industry and will continue to do so in 2021.

SUPPORTED LOW- AND MODERATE-INCOME COMMUNITIES: Treasury launched the Emergency Capital Investment Program (ECIP) to provide low-cost, long-term capital investments to MDIs and CDFIs.

- Under the ECIP, Treasury will provide up to $9 billion in capital for loans, grants, and forbearance for small businesses, minority-owned businesses, and consumers, especially in low-income and underserved communities.

INJECTED LIQUIDITY: CARES Act programs are ensured credit markets, households, businesses, non-profits, and state and local governments remain liquid.

- The Federal Reserve, with Treasury's approval, implemented 13 unique 13(3) lending facilities in record time, enabling up to $454 billion to be injected into the economy.
- This included the Main Street Lending Program, a unique lending facility designed to support small and mid-sized businesses.
- Businesses have used these facilities to support jobs and continue providing services to the American people.

TOOK EXECUTIVE ACTION WHEN CONGRESS FAILED TO ACT: Throughout the pandemic, the Trump Administration has never stopped fighting to support the American people.

- When Congress failed to act on a fourth COVID relief package in late summer 2020, President Trump signed executive orders providing the American people with lost wages assistance, student loan relief, an eviction moratorium, and a payroll tax holiday.

SECURED PHASE FOUR ECONOMIC RELIEF FOR THE AMERICAN PEOPLE: Secretary Mnuchin continued to work with Congress on a bipartisan basis to secure the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 to deliver additional economic assistance to the American people.

Treasury is Leading the Fastest Economic Recovery from any Crisis in American History

"The bipartisan CARES Act is the biggest economic relief package in American history. It is having a tremendous impact on the economy, leading to increases in jobs, retail sales, business activity and home sales."
– Secretary Steven T. Mnuchin

HELPING TO PUT AMERICANS BACK TO WORK: Treasury's unprecedented implementation of the CARES Act has led to record employment gains, halving the unemployment rate since the height of the pandemic.

- In just the four months from May to August 2020, the Trump Administration saw the U.S. economy regain more jobs than were regained in nearly five years following the 2008 financial crisis under the Obama-Biden Administration.
    - This job growth is an all-time high, shattering the previous record set at the end of WWII.
    - Over 55% of all job losses from March and April 2020 have been recovered.
- In November 2020, the unemployment rate decreased to 6.7% - a rate not expected to be achieved until the end of 2021.
    - This is a notable achievement considering many projections anticipated up to 17% unemployment at the height of the pandemic.
- The Paycheck Protection Program has supported over 51 million jobs by delivering 5.2 million loans, worth over $525 billion, to small businesses in need.
    - Studies have shown that PPP was instrumental in keeping Americans connected to their health insurance during the pandemic.
- The Payroll Support Program has preserved hundreds of thousands of jobs by providing $28 billion to over 500 airlines and other aviation businesses.
- Even the hardest hit industries are recovering: leisure and hospitality firms added nearly 4.9 million jobs from April through November 2020, and retail trade firms added 1.8 million jobs during that same period.

CREATED THE LARGEST GDP GROWTH IN OUR NATION'S HISTORY: Aggressive implementation of the CARES Act enabled our economy to grow by 33.1% at an annual rate in Q3 2020.

- Crushing all expectations, this figure was nearly twice the previous record that was set in 1950.
- This unprecedented, monster GDP growth indicated that America's historic economic comeback is well underway.

SUPPORTED STRONG CONSUMER CONSUMPTION: COVID-19 relief programs, such as Economic Impact Payments, lost wages assistance, and PPP, have enabled a strong economic rebound.

- In September 2020, retail sales reached a new all-time high, with growth more than double market expectations, and coming in 5.4% higher than retail sales in September 2019.
- As consumer confidence has increased, Americans have spent more on big ticket items. In September 2020, spending on durable goods, such as cars and appliances, was 15.5% above its February level.
- New home sales recently peaked at 999,000 in October 2020. This was 41.5% higher than October 2019 and the highest volume of sales since late 2005.

INCREASING AMERICANS' WEALTH: Due to Treasury's implementation of pro-growth policies and the CARES Act, Americans are experiencing record prosperity.

- Personal incomes reached an all-time high in April, due income support through the CARES Act.
- Household net worth has risen by almost 7% in the second quarter to new all-time highs.

REBOUNDING THE MANUFACTURING SECTOR: Secretary Mnuchin's commitment to American manufacturing continues.

- In October 2020, manufacturers reported continued and fast than expected growth in new orders for durable goods.
- As of October 2020, new orders for core capital goods were 14.2% higher than in April and 5.4% above pre-pandemic levels.
- As of October 2020, total new manufacturing orders have risen for six consecutive months and are now only 2.2% below pre-pandemic levels.

CONTINUING IMPLEMENTATION OF CRITICAL RELIEF PROGRAMS: Secretary Mnuchin used his final days in office to ensure the COVID relief programs passed in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 were implemented with speed and efficiency, ensuring our robust economic recovery continues.

Treasury is Ensuring the Stability, Prosperity, and Trustworthiness of America's Financial System

"The Administration's policies of regulatory reform and corporate tax reform have succeeded in lowering barriers to investment, thereby priming the economy for faster growth." - Secretary Steven T. Mnuchin

DELIVERING A STABLE, TRUSTED FINANCIAL SYSTEM: Under Secretary Mnuchin's leadership, Treasury is ensuring our country has a safe, reliable, and trusted financial system.

- Secretary Mnuchin has chaired 24 Financial Stability Oversight Council (FSOC) meetings, resulting in reforms and actions that protect the stability of our financial system.
  - Actions include reforming FSOC's approach to addressing risks to financial stability by emphasizing an activities-based approach and shifting FSOC's focus to regulatory coordination and simplification.
- Treasury created a Cybersecurity Management Steering Group to promote cybersecurity, resiliency, and fraud prevention in High Value Assets.
- Secretary Mnuchin has focused on cybersecurity, supporting the security and resilience of financial sector critical infrastructure.
  - Secretary Mnuchin increased meetings of the Financial Banking Information Infrastructure Committee (FBIIC) to a quarterly basis to advance work on regulatory harmonization, mutual assistance, and financial sector vulnerability assessment.

  - Treasury developed several tools that create a uniform way for the public and private sectors to identify the severity of an incident and develop an appropriate response, including the following
    - Worked closely with the private sector to create an incident severity assessment methodology, which enables the rapid, consistent, and independent assessment of an incident and guides appropriate response actions throughout.
    - In 2020, Treasury implemented an incident response playbook that enables unity of action across U.S. government stakeholders in response to disruptive cyber incidents impacting the financial sector.
    - Treasury also participates in the G-7 Cyber Expert Group, which developed a guide that outlines the best practices for establishing a cyber-exercise program for a financial sector organization.
- Fulfilling a congressional request, Treasury completed a comprehensive study on the Current Expected Credit Loss (CECL) Accounting Standard, which provided six recommendations for prudential regulators.
- Marking a large-scale structural change, Treasury is facilitating the market transition from U.S. dollar (USD) London Interbank Offered Rate (LIBOR) to create a safe and stable market for investment.
- Treasury continues to support responsible innovation in the financial sector, such as cryptocurrencies, that could improve efficiency, enhance competition, and expand access.o Under Secretary Mnuchin's leadership, FSOC established the Working Group on Digital Assets to evaluate risks associated with digital assets.
  - Treasury has implemented the necessary mechanisms to ensure that innovation does not come at the expense of the integrity of our financial system or national security.
  - Treasury, in partnership with the SEC and the CFTC, has monitored the market for digital assets to ensure consumer safety.
- Treasury enhanced the Treasury Inflation Protected Securities (TIPS) Program to accommodate the potential for an additional five-year Committee on Uniform Securities Identification Procedures.
  - In 2019, Treasury added a five-year TIPS maturity; increased total TIPS issuance by approximately $20-30 billion; and modified the TIPS auction calendar to accommodate market demand.

RESPONSIBLY MANAGING FEDERAL FINANCES: Treasury is using every tool at its disposal to ensure America's financial future is bright.

- Treasury continues to modernize the mechanisms for government borrowing to finance current government spending and provide more options to the American public.
  - Treasury has modernized the savings bond program by launching a new and efficient system that provides innovative products and services to the American public.
  - Recognizing the need for additional bond programs to finance government debt, Treasury offered the eight-week bill, a short-term bill to help address projected funding gaps, meet investor demand, smooth cash balances, and reduce auction settlement risks.
  - Treasury has also increased transparency of Treasury securities by analyzing and enhancing the available transaction data.
- In April 2018, Treasury released 10-year vision for the future of federal financial management.
  - This vision transforms federal financial management and maximizes the government-wide efficiency and effectiveness of common financial processes (disbursing, collections, reporting, and administrative operations) through standardization, consolidation, and automation.
  - Treasury regularly meets with other agencies to advance federal financial management initiatives.
- Treasury is modernizing the Internal Revenue Service (IRS) to improve service and enforcement.
  - In April 2019, Treasury submitted to Congress an IRS business operations and technology modernization plan that provides a six-year plan to fundamentally transform IRS operations and technology infrastructure.
  - The IRS made significant progress in the first year, deploying an online identity verification tool for taxpayers affected by identity theft, a callback option on the balance due phone line to reduce taxpayer wait times, and a secure text chat option for taxpayers seeking help with automated collection notices.
  - As of October 2020, the IRS has delivered 60 new capabilities in just two years, and taxpayers are beginning to experience visible improvements in their ability to interact with the IRS.

- Treasury is leading a task force to ensure the financial health of the United States Postal Service (USPS), which has been on an unsustainable financial path for over a decade.
  - In a December 2018 report, Treasury provided a series of recommendations to reform the USPS business model to return it to a sustainable path without burdening taxpayers with additional costs.
  - Treasury continues to work with USPS management to encourage adoption of the report's recommendations.
  - In July 2020, Treasury signed a term sheet with the USPS to establish a $10 billion line of credit per the CARES Act lending authority, ensuring the operating effectiveness of the USPS throughout the COVID-19 pandemic.
- Treasury is coordinating with federal partners to appropriately address Puerto Rico's financial issues.
  - Following Hurricane Maria in 2017, Treasury enabled deliveries of cash and checks to Puerto Rico and activated the Financial and Banking Information Infrastructure Committee (FBIIC) communications protocols to monitor financial sector infrastructure.
  - Treasury worked with Puerto Rico on potential Opportunity Zone projects to spur investment, economic development, and growth.
  - In partnership with the Government of Puerto Rico, Treasury has reformed the property tax system to improve the fiscal sustainability of municipalities on the Island.
- Treasury is implementing the Digital Accountability and Transparency (DATA) Act to improve spending transparency and data quality on USAspending.gov, improving taxpayer accountability.
  - The USAspending.gov website, launched in May 2017, allows taxpayers to examine nearly $4 trillion in federal spending and see how this money flows from congressional appropriations to local communities and businesses.
  - Efforts continue to increase data accuracy and develop analytic tools to help government agencies make more informed, strategic decisions about allocating funds.
- Treasury is working to build a smaller, more efficient currency manufacturing facility that will reduce the federal footprint.

DRIVING HOUSING FINANCE REFORM: Treasury is committed to delivering comprehensive housing finance reform, enabling Americans to achieve the American dream.

- Since entering office, Secretary Mnuchin has been a leader in developing a long-term housing finance policy.
- From February – April 2019, Treasury met with over 55 organizations to solicit input on housing finance reform.
- In September 2019, Treasury released the Housing Finance Reform plan and Secretary Mnuchin testified before the Senate Banking Committee on the report's findings.
- Executing the report's recommendations, Treasury and FHFA negotiated a letter agreement that would amend each Preferred Stock Purchase Agreement to permit each Government-Sponsored Enterprises to retain capital in excess of the maximum $3 billion dollar capital reserve amount.
- In September 2020, Secretary Mnuchin led a meeting of the FSOC focused on the financial stability of Fannie Mae and Freddie Mac.
- Treasury continues to work with Congress and the interagency to achieve housing finance reform.

Treasury is Supporting U.S. Economic Prosperity by Strengthening the External Environment for U.S. Growth, Preventing and Mitigating Global Financial Instability, and Managing Key Global Challenges

"The United States economy is built on the strength of open, competitive markets that stimulate private sector investment. This philosophy has already delivered results for our partners, and we are seeking to build on that success." - Secretary Steven T. Mnuchin

LEADING ON THE WORLD STAGE: Treasury closely engages with international organizations to promote free enterprise, human rights, and economic opportunity.

THE G7 PRESIDENCY

- The United States held the G7 presidency in 2020. Treasury is making the most of this leadership role, convening the G7 as a critical forum to coordinate international and domestic responses to COVID-19.
  - Under Treasury's leadership, in March 2020, G7 Finance Ministers and Central Bank Governors outlined policy actions and committed to do "whatever is necessary" to counter COVID-19 instability.
- Throughout the pandemic, the G7 has coordinated on domestic policy responses and the international response to promote global financial stability.
  - The international policy response has centered on the G20 Debt Service Suspension Initiative (DSSI) and the G20 Common Framework for Debt Treatments.

    - G7 Finance Ministers issued two statements, in June and September, on the DSSI, the Common Framework, and debt issues more broadly.
- Treasury has focused the G7 on furthering work on digital payments.
    - Treasury established a working-level G7 Digital Payments Experts Group to discuss digital payments issues.
    - Based on this technical work, G7 Finance Ministers and Central Bank Governors culminated in the release of a statement at the end of the year that touched on a number of issues that the group discussed, including:
        - The role of the public vs. private sector in payments systems;
        - Central bank digital currencies;
        - Global stablecoins;
        - Ransomware; and
        - Supporting the ongoing work of standard-setting bodies in areas like improving payment systems.
- Ongoing G7 work in various other areas and through several technical expert groups also continued to advance under our presidency.

THE G20

- The United States has engaged at the G20 to improve global cooperation on key economic issues.
    - In response to the COVID-19 pandemic, the G20 provided an important forum for international economic cooperation and policy response.
    - With strong support from the United States and the G7, the G20 developed and is implementing the Debt Service Suspension Initiative (DSSI) to provide official bilateral debt service suspension to low-income countries.
    - The G20 also endorsed the Common Framework for Debt Treatments beyond the DSSI, which will provide a framework for official bilateral and private creditors to coordinate on debt restructurings for low-income countries in the context of IMF programs on a case-by-case basis.
    - With U.S. support, in 2019, the G20 endorsed a set of principles for Quality Infrastructure Investment, which will catalyze responsible, growth-enhancing investment around the world to strengthen the global economy.
    - With other G20 members, the United States led in tasking the Financial Stability Board and the Financial Action Task Force to deepen their work on global stablecoins and financial innovation.

THE OECD

- Treasury has actively participated in discussions at the G20 and Organization for Economic Co-operation and Development (OECD) in an effort to reach an international consensus regarding taxation of the modern global economy.
  - The proposal, referred to as “pillar 1,” would reform the international tax system to allocate greater taxing rights to market jurisdictions, without singling out United States digital firms.
  - Treasury proposed that only companies that voluntarily elect to be subject to pillar 1 rules would be subject to the new system.
- Treasury led the G20 and OECD to embrace minimum levels of taxation to put an end to harmful tax competition and a “race to the bottom” on global income tax rates.
  - The OECD’s minimum tax proposal, referred to as “pillar 2,” builds on the U.S. global minimum tax rules, the Global Intangible Low-Taxed Income (or GILTI), enacted as part of the Tax Cuts and Jobs Act.
- Treasury negotiated an agreement with France to defer the collection of a harmful and discriminatory French digital service tax (DST) and defer the imposition of counter measures.
  - Treasury has also actively coordinated with the United States Trade Representative on responses to other foreign governments’ DSTs.

THE INTERNATIONAL MONETARY FUND

- Through Treasury, the United States continued its leadership at the IMF, supporting the continuation of the IMF’s critical role in the global financial system.
  - Treasury participated in an increase in the IMF’s auxiliary resources, the New Arrangements to Borrow, safeguarding the adequacy of the IMF assets in response to possible crises and maintaining our ability to influence IMF lending.
  - The IMF, with U.S. support, undertook a major reform of its lending conditionality that included a greater focus on good governance by borrowing countries to ensure IMF funds are safeguarded.

  - The United States has also supported the IMF's efforts to increase public debt transparency, including through the incorporation in IMF documents of a debt holder's profile broken down on a creditor-by-creditor basis.
  - The United States led several countries in pressing successfully for comprehensive reform of the IMF's employee compensation program to bring it in line with industry norms and ensure the continued quality of IMF staff while reducing overall costs.
  - Since the onset of COVID-19 crisis, the IMF has provided $102 billion in emergency and precautionary financing to 81 countries, and $490 million in debt service relief to 29 hard-hit low-income countries.
  - During the last four years the United States has supported IMF engagement on the economic transformations of key U.S. partners, including Jordan (3 programs, $1.83 billion in financing), Egypt (3 programs, $20 billion in financing), Ukraine (2 programs, $4.3 billion in financing), and Pakistan (2 programs, $2.8 billion in financing.)
  - The IMF, with U.S. support, bolstered its framework for evaluating exchange rates and external positions through a number of modeling refinements, providing more rigorous assessments of global imbalances.

THE WORLD BANK

- Treasury has led U.S. engagement with the World Bank to further international finance policies.
  - The World Bank, with U.S. support, launched the Sustainable Development Financing Policy, which seeks to incentivize International Development Association (IDA)-eligible countries to move toward transparent and sustainable financing and promote coordination between IDA and other creditors.
  - The U.S. strongly supported the release of the World Bank's DSSI website that reports the debt stocks and payments of DSSI-eligible countries on an official bilateral creditor-by-creditor basis.

THE WORLD ECONOMIC FORUM

- Secretary Mnuchin led the U.S. delegation to the World Economic Forum (WEF) in Davos, Switzerland in 2017 and 2019.
- He participated in official WEF programs on the global economy, the American economy, trade, and other issues; engaged with his international counterparts; and addressed future economic challenges.

ENSURING THE UNITED STATES IS THE GREATEST PLACE IN THE WORLD TO BRING FOREIGN CAPITAL: Treasury modernized its CFIUS process to encourage benign foreign investment while protecting national security interests.

- In 2017 and 2018, Secretary Mnuchin worked with Congress on a bipartisan basis to modernize the Committee on Foreign Investment in the United States (CFIUS) process with the Foreign Investment Risk Review Modernization Act (FIRRMA).
  - FIRRMA passed Congress with overwhelming bipartisan support and was signed into law in August 2018.
- Immediately after FIRRMA's passage, Treasury updated CFIUS regulations, implementing the new authority to review investments in U.S. businesses with critical technology, critical infrastructure, or sensitive personal data.
  - This new and modernized process ensures the protection of U.S. national security interests, while also welcoming and encourage benign foreign investment.
  - In 2019, CFIUS initiatedassessments for 113 declarations under the new authorities.
  - Since FIRRMA's enactment, CFIUS has cleared transactions totaling more than $400 billion in value.

LIFTING UP OUR PARTNERS: Treasury is working tirelessly to develop solutions to economic issues around the globe, working to increase global economic opportunity and prosperity.

- Treasury is instrumental in implementing the Abraham Accords, the landmark peace agreement between Israel and the United Arab Emirates, Bahrain, and Sudan.
  - Under the Abraham Accords, Israel will work with each nation to develop full economic relations, spurring greater prosperity and security for the region.
  - Secretary Mnuchin traveled to the region in October 2020 and January 2021 to facilitate implementation of the economic and security relationships.
- In Greece, Treasury has been actively involved in supporting a solution for Greece that includes Greece's commitment to robust reforms and significant debt relief from Europe, putting Greece's economy on a sustainable path.
  - Secretary Mnuchin has engaged with G7 Finance Ministers, the IMF, and Greek leadership numerous times since May 2017 to raise the importance of this issue and contribute to solutions.
- Following Argentina's request for financial assistance from the IMF in May 2018, Treasury has been a staunch ally in helping Argentina address near-term financing pressures and lay a strong basis for sustainable growth.
  - In Central America, Treasury has been focused on accelerating growth- and security-enhancing reforms in El Salvador, Guatemala, and Honduras.
  - Through a series of international meetings, Treasury helped to obtain the approval of multilateral development projects in Guatemala and El Salvador, which will spur economic growth for Guatemalans and El Salvadorans.
  - Treasury's efforts have also helped address the drivers of illegal immigration to the United States in northern Central America.
- Treasury has worked closely with Brazil, Latin America's largest economy and a key market for U.S. firms, to strengthen the bilateral relationship.
  - On October 19, 2020, the United States and Brazil signed the U.S.-Brazil Protocol on Trade Rules and Transparency. This builds on the U.S.-Brazil Agreement on Trade and Economic Cooperation by agreeing to the standard set by USMCA in three areas: Good Regulatory Practices, Customs Administration and Trade Facilitation, and Anti-Corruption.

- In Jordan, Treasury has engaged with the Government of Jordan, donors, and IFIs to set Jordan on a sustainable economic path.
- In Venezuela, Treasury has been working closely with the international financial community to assist the new sovereign government under Interim President Juan Guaido and enable Venezuela to begin the process of economic recovery as soon as political conditions permit.

GERD

- Treasury led efforts on behalf of the U.S. Government to facilitate a trilateral agreement between Egypt, Ethiopia, Sudan on the filling and operation of the Grand Ethiopian Renaissance Dam (GERD).
    - Secretary Mnuchin led the ‘Washington Process’ convening with the Foreign Ministers and Water Ministers of Egypt, Ethiopia, and Sudan in a series of high level meetings to address key issues.
    - Secretary Mnuchin traveled to Egypt and Sudan in January 2021 to support the negotiation process, and Treasury will continue to encourage the three countries to reach a fair agreement.

REVITALIZING GLOBAL INVESTMENT: Treasury is working with its international partners to drive investment in global markets.

- Since 2018, Treasury has actively supported the development of energy and infrastructure markets in Latin America through the Growth in the Americas initiative.
  - Secretary Mnuchin helped formally launch the initiative at the White House in December 2019 in front of representatives from 35 countries across the region.
  - Treasury has negotiated and executed bilateral energy and infrastructure cooperation frameworks with Panama (August 17, 2018), Chile (September 27, 2018), Jamaica (November 28, 2018), Argentina (November 30, 2018), Colombia (November 29, 2019), Brazil (March 12, 2020), and Guyana (September 18, 2020). Treasury also supported Growth in the Americas MOU signings with the Governments of El Salvador (January 30, 2020), Ecuador (February 12, 2020), Honduras (July 21, 2020), and the Dominican Republic (October 15, 2020).
  - Results include successful assistance to Panama's electric utility to increase the credit rating, saving the country upto $50 million in borrowing costs.
- In Asia, Treasury commenced negotiations with nine priority countries to build frameworks to support the infrastructure finance markets.
  - Treasury has negotiated and executed frameworks with Singapore (October 16, 2019), the Republic of Korea (October 17, 2019), Vietnam (November 6, 2019), Japan (February 4, 2020), Taiwan (September 17, 2020), Indonesia (September 18, 2020), and Thailand (September 22, 2020).

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