

Department of Treasury Equity Action Plan 2023 Update

Executive Order 14091

EXECUTIVE ORDER 14091: EQUITY ACTION PLAN
*Further Advancing Racial Equity and Support
for Underserved Communities Through the
Federal Government*



Report Contents

Message from the Secretary	1
Advancing Equity through Agency Mission	3
Executive Summary of Equity Action Plan	3
Equity Progress Update and Accomplishments	5
Strategies to Advance Equity in FY 2024	9
Strategy #1: Repair economic damage of COVID-19 and ensure all communities have access to the high-quality modern infrastructure needed to access critical services	9
Strategy #2: Scale capital delivery and technical assistance to support small businesses and community assets	11
Strategy #3: Improve financial health of underserved individuals and communities	14
Strategy #4: Ensure all Americans receive income-boosting tax credits for which they are eligible	16
Strategy #5: Increase procurement with underrepresented businesses.	19
Strategy #6: Ensure environmental benefits of IRA reach underserved and Tribal communities	21

EXECUTIVE ORDER 14091: EQUITY ACTION PLAN

AGENCY NAME: Department of the Treasury

Message from the Secretary

Promoting economic growth and prosperity that benefits all Americans is a core goal of the Department of the Treasury (Treasury). During my tenure as Treasury Secretary, Treasury has taken significant steps to build a fairer economy, recognizing that advancing equity for underserved people and places benefits our entire country. This Equity Action Plan reflects Treasury's ongoing efforts to drive one of the most equitable recoveries on record and highlights implementation of new resources and policies to reinforce and build upon the progress already made.

Supporting an Equitable Recovery

When President Biden took office in January 2021, the COVID-19 pandemic was causing immense economic hardship in communities across the country, particularly for women, rural communities, and communities of color. On March 11, 2021, the President signed the American Rescue Plan (ARP) Act of 2021 (H.R. 1319) into law to help communities recover and put our economy back on the path to stable growth. The ARP tasked the Treasury Department with implementing major initiatives, such as the Child Tax Credit, Emergency Rental Assistance (ERA) program, State and Local Fiscal Recovery Funds (SLFRF), Capital Projects Fund (CPF), and Homeowner Assistance Fund. These initiatives have delivered much needed resources to vulnerable families and historically marginalized communities, including those in rural areas, Tribal communities, communities of color, and children living in poverty.

The ARP has contributed to historic economic gains for Americans in just over two years. For example, the ARP helped drive the strongest two-year job growth in history. Black unemployment saw its largest one-year drop since 1984 in 2022 and is now near record lows; Hispanic unemployment saw its fastest one-year drop in 2021 and fell to a historic low in 2022. Treasury's support to renters helped prevent what many feared would be a crisis of evictions in Black, Latino, and low-income communities. For example, in 2021, [eviction filing rates in Black and Latino neighborhoods](#) were just 5.3 and 3.6 percent respectively, below half of historical averages.

Treasury has also worked to expand capital access for small businesses and community infrastructure such as housing, childcare centers, and health clinics, which drives improvements in household well-being, economic mobility, and equitable access to the workforce. The State Small Business Credit Initiative (SSBCI), reauthorized and expanded by the ARP, reserves \$2.5 billion specifically for funding and incentives to support underserved businesses and jurisdictions that successfully reach those businesses, representing a key part of the Administration's strategy to strengthen small businesses. Through the [Emergency Capital](#)

[Investment Program](#) (ECIP), the Department has invested over \$8.5 billion in financial institutions with a track record of reaching underserved neighborhoods, communities of color, and rural areas, such as Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs). Through ECIP, investments of \$3.2 billion in MDIs have helped to incentivize lending to low-income and minority borrowers, as well as underserved small businesses. Treasury's Community Development Financial Institutions Fund (CDFI Fund) has also deployed historic amounts in grants to CDFIs and MDIs, including \$1.73 billion in CDFI grants earlier this year through the [CDFI Equitable Recovery Program](#) (CDFI ERP). Treasury also collaborated with [private sector organizations and foundations](#) to encourage them to make more than \$1 billion in deposits into these financial institutions, complementing Treasury's capital investments so that CDFIs and MDIs can have maximum impact.

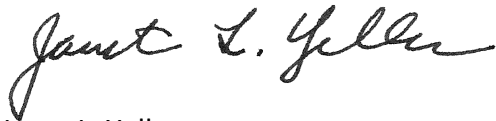
Reinforcing and Advancing Progress

These are meaningful milestones that demonstrate Treasury's commitment to bolstering economic opportunity across the country. Our economic recovery from the pandemic was just the beginning of this work. Treasury is now deeply engaged in efforts to foster inclusive, equitable growth through government investments that unleash the economic potential of historically marginalized and under-resourced people and places. For instance, Treasury is delivering on President Biden's goal of closing the digital divide. In the [rural South](#) and dense [urban areas](#) alike, Black Americans are about twice as likely as their white counterparts to lack high-speed internet access. Treasury has awarded over \$8 billion for broadband projects to connect millions of Americans across the country to high-speed internet. As another example, as of September 2023, Treasury has approved 54 out of 56 state and territory applications for SSBCI, representing plans totaling over \$8 billion to support the boom in small business creation.

Treasury is also taking concerted steps to ensure that the economic opportunities created by the Inflation Reduction Act (IRA) and the transition to the clean energy economy are shared by all Americans, including communities of color, rural areas, and communities harmed by pollution. For example, the investment tax credit for solar and wind projects includes a substantial bonus for facilities built in low-income communities. According to outside estimates, the IRA will support [new clean energy jobs](#), as well as incentivize the use of registered apprenticeships and the payment of prevailing wages to strengthen America's energy and economic security. And Internal Revenue Service (IRS) transformation will improve customer service, help taxpayers access credits and expenditures that enhance financial security, and promote fairer tax enforcement, all while strengthening the revenue generation that supports the essential work of government.

There are deep commonalities in the challenges facing underserved populations and communities—including women, many rural Americans, as well as many communities of color who struggle to access economic opportunity. Taking action to serve one vulnerable community can create benefits that spill across the economy and uplift others. By investing in communities and populations that have for too long been left on the sidelines and unable to fully participate

in the economy, Treasury is working to build an economy that works for everyone and fosters strong and sustainable economic growth.



Janet L. Yellen

Advancing Equity Through Agency Mission

The Department's mission is to maintain a strong economy by promoting conditions that enable equitable and sustainable economic growth at home and abroad, combating threats to, and protecting the integrity of the financial system, and managing the U.S. government's finances and resources effectively.

To achieve this mission, Treasury must address the legacy of structural racism, gender-based discrimination, economic disadvantages facing rural communities, and economic exclusion that continue to keep some people, businesses, and communities from fully participating in and benefiting from our nation's economic growth and prosperity. Treasury is working to unleash the economic potential of historically marginalized communities, leading to greater financial security across generations and more broadly shared prosperity for all.

Executive Summary of Equity Action Plan

When all Americans have the tools and resources needed to fully participate in our nation's investments in manufacturing, infrastructure development, and climate transition, economic growth is more broadly shared and our entire economy benefits. The Department is working to deliver capital, tax incentives, housing and workforce support, and community investments that bolster economic opportunity for underserved families, businesses, and neighborhoods with the goal of addressing historical and persistent racial wealth gaps, gender inequity, and other barriers. The *Investing in America* Agenda, including the American Rescue Plan and other legislation, offers a unique opportunity to address the structural and systemic barriers in our economy that sideline the talent and undermine the productivity of Black, Hispanic, Asian American, Native Hawaiian, Pacific Islander, and Native communities, as well as others that have experienced limits on their economic opportunity such as women, the LGBTQIA+ community, and rural areas. When we address these barriers, we can unlock the economic potential of communities that have been held back for far too long and build a stronger economy for everyone.

The Department has identified six strategies to address inequity, focusing on long-standing barriers to building wealth among marginalized communities:

1. **Repair economic damage of COVID-19 and ensure all communities have access to the high-quality modern infrastructure needed to access critical services.** Treasury is committed to continuing the most [equitable recovery](#) in recent history.

2. **Scale capital delivery and technical assistance to support small businesses and community assets.** Treasury will provide underserved communities the access to capital they need to continue growing markets and building neighborhood essentials.
3. **Improve financial health of underserved individuals and communities.** Treasury will work to promote financial health for underserved individuals and communities by creating and implementing a National Strategy for Financial Inclusion, providing resources for creating new businesses, and facilitating other capital investments to boost household finances.
4. **Ensure all Americans receive income-boosting tax credits for which they are eligible.** Treasury will evaluate tax systems, processes, and strategies to make it clearer to all Americans how and when they can take advantage of tax credits.
5. **Increase procurement with underrepresented businesses.** Treasury will continue efforts to expand procurement opportunities for small and disadvantaged businesses that want to do business with the federal government.
6. **Ensure environmental benefits of IRA reach underserved and Tribal communities.** Treasury will continue working to ensure low-income and underserved communities take advantage of credits and opportunities to generate clean energy, while providing access to well-paying green energy jobs.

Cutting across each of these strategies is a commitment to enforce applicable civil rights laws to ensure Treasury's programs are accessible and serve all Americans.

The Deputy Secretary serves as the Executive Sponsor and provides oversight of the Department's implementation of the Equity Action Plan. The Counselor for Racial Equity leads a Steering Committee consisting of Treasury's senior leaders to drive a comprehensive agenda that mitigates barriers and creates meaningful opportunities for historically marginalized groups to fully participate in and benefit from Treasury's policies and programs. In addition, the Counselor facilitates the Treasury Advisory Committee for Racial Equity (TACRE), which is made up of leaders in the financial services industry. Their mission is to provide advice and recommendations toward advancing racial equity and addressing acute disparities for communities of color who have been historically underserved, marginalized, and adversely impacted by persistent poverty. This work is further bolstered by the Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA), which drives the Department's DEIA policy, workforce, procurement, and civil rights enforcement efforts.

Finally, Treasury's FY 2022-2026 [Strategic Plan](#) includes specific goals and objectives for advancing equity across mission areas and in Treasury's operations. By elevating equity in the Strategic Plan, Treasury is emphasizing the organizational importance of this work and holding itself accountable through the regular Strategic Plan progress reporting process, including quarterly and annual organizational performance review sessions with its major operating units.

Equity Progress Update and Accomplishments

2022 Equity Action Plan Update (pursuant to EO 13985): Since the first Equity Action Plan launched in April 2022, Treasury has made significant progress toward fostering an equitable recovery from the pandemic; ensuring the flow of mission-driven capital to those who need it most; improving the tax system to make it easier for all Americans to receive the benefits for which they are eligible; reforming debt collection practices to reduce burdens on underserved communities; and expanding opportunity for small businesses through procurement and contracting. For instance, Treasury's Office of Procurement created an Equity Heat Map to identify upcoming opportunities more easily for small, socioeconomically disadvantaged, or underserved businesses to compete for contracts. Treasury researchers developed a method for imputing race and ethnicity data in tax data, which has enabled multiple ongoing and completed studies, including one on audit disparities between Black and non-Black taxpayers and one on the distribution of tax expenditures by race and ethnicity. In addition, a collaborative effort among Treasury, the IRS, and the Census Bureau allowed for evaluation of the demographics of the recipients of the first round of Economic Impact Payments in 2020.

Treasury's Office of Capital Access (OCA), formerly known as the Office of Recovery Programs, continues to implement economic recovery programs with a focus on equitable recovery. As detailed in the White House report on [Advancing Equity Through The American Rescue Plan](#), OCA incorporated numerous equity features into its design of recovery programs. These innovative and equity focused features include [streamlining application processes](#) for tenants as part of the ERA program and permitting a [wider array of services](#) in disproportionately impacted communities as part of the SLFRF, among other areas. To measure impact and identify opportunities for continuous improvement OCA has conducted extensive research with the General Services Administration's Office of Evaluation Sciences (OES) focused on the efficiency, effectiveness, and equity of its programs. This includes studies evaluating [the experience of low-capacity governments with SLFRF reporting](#) and [effective ways of communicating to recipients](#), as well as examining the result of these engagement efforts through studies such as [Equity in the Distribution of the Emergency Rental Assistance Program](#).

Environmental Justice (pursuant to section 223 of EO 14008): Treasury recognizes the importance of achieving greater equity through addressing environmental impacts among underserved and overburdened communities, while also expanding opportunities in the clean energy economy for workers and businesses in those communities.

For instance, Treasury is implementing a variety of tax incentives and provisions in the IRA to build a clean energy economy. The IRA increases the amount of the Investment Tax Credit available for solar and wind facilities built in low-income communities, on Indian Land, or directly serving low-income households, as well as additional place-based incentives such as the energy community bonus for eligible investments in legacy coal and energy communities. In addition, Treasury's Office of Community and Economic Development and the CDFI Fund hosted a convening on climate-focused community finance for CDFIs, their partners and investors, and researchers in May 2023. This convening cast a spotlight on an emerging segment of the broader field of community finance that focuses on achieving environmental

benefits, with a focus on lower-income and/or financially underserved communities. Finally, Treasury released a [report](#) on the financial impact of climate change at the household level. The report synthesizes research and data from governmental and academic sources to identify how climate change impacts household finance, illustrates the populations and places that may face heightened impacts, and provides high-level recommendations for consumers and policymakers to mitigate financial harm, particularly for the most vulnerable populations.

Additional Efforts to Advance Equity: In addition to its 2022 Equity Action Plan strategies, Treasury continues to make strides toward achieving equity goals in other ways.

- Treasury has established the Equity Hub within the Office of Diversity, Equity, Inclusion, and Accessibility to lead research and policy analysis that supports the Department in its effort to drive toward a more fair and equitable economy.
- In recognition of the sovereignty of, and our partnership with, Tribal Nations, Treasury's Office of Tribal and Native Affairs is responsible for advising on departmental issues related to Tribal governments and Native communities, including the administration of \$30 billion in direct Tribal set-asides to the benefit of over 2.5 million Tribal citizens. The Office also conducts consultations with Tribes and coordinates outreach. As of June 2023, the Office has hosted over 45 formal consultations and 700 Tribal engagement sessions.
- Treasury has made significant efforts to engage with stakeholders and the public on topics related to equity. For instance, in December 2022, the Department held the first [TACRE](#) meeting, with subsequent meetings in March, June, and September 2023. Since their first convening, the Committee established cross-cutting principles and priorities and has submitted 13 recommendations to Treasury. Recommendations are currently under review and address issues such as data transparency, taxpayer access to Direct File, direct engagement with taxpayers who could benefit from tax credits and working with CDFIs to promote diversification through the certification and re-certification processes.
- The Department collaborated with 12 national Hispanic and Latino organizations to host the first Treasury Department summit on investing in the economic future of the Latino community in June 2023 to elevate challenges and opportunities facing that community. The Latino Economic Summit brought together nearly 100 leaders from the private, non-profit, and government sectors to identify opportunities to unleash the potential of the Latino community and the entire economy. Treasury's Office of Civil Rights and Equal Employment Opportunity (OCRE) continues to work with the White House to encourage the appointment of Latino staff and continues working with community leaders to unlock potential that had previously been sidelined. The result will be economic growth within the Latino community, as well as shared prosperity for everyone.
- Treasury launched a [blog series](#) detailing the origins of racial economic disparities and the implications for the national economy.
- OCRE has made significant efforts to increase civil rights compliance and equal opportunity throughout the Department with the implementation of a new external civil rights language access plan and complaint tracking system. OCRE also worked with the CDFI Fund to implement pre-award civil rights compliance reviews in their financial assistance award process. Specifically, the CDFI Fund began using a pre-award data collection form in August

2023. The purpose of the form is to collect civil rights compliance data and to use the form to ensure compliance with applicable regulations prior to the approval of financial assistance. Finally, OCRE has also collaborated with OCA to begin planning a pilot program with the purpose of establishing post-award compliance reviews of recipients who received financial assistance from OCA.

Key Legislation that Advances Equity:

- Under the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021, Treasury supported the economic recovery for communities and individuals impacted by COVID-19 through the ARP. For example, the Department and the CDFI Fund have deployed historic amounts of capital to CDFIs and MDIs – institutions that have a demonstrated track record of reaching financially underserved borrowers. In addition, through the ECIP, Treasury has made close to \$8.4 billion in investments in 170 community financial institutions, in addition to over \$1.73 billion in grants through the CDFI ERP, and a historic \$226 million investment in 68 Puerto Rican cooperativas, or cooperative community financial institutions. New ECIP reporting data made available in October 2023, reflecting lending in the final six months of 2022, showed that ECIP lenders originated a total of approximately \$26 billion in loans, of which approximately 75% went to low- and moderate-income borrowers, borrowers in rural communities and other categories of qualified lending. Approximately one third of their total originations, \$8.6 billion, were “deep impact” loans, made to the hardest-to-serve borrowers, including those that are low-income, residents on Tribal lands and in US Territories and owners of very small businesses.
- Treasury leveraged the ERA program to create the first-ever nationwide infrastructure to prevent eviction, with more than 12.3 million household payments to families at risk of eviction as of June 30, 2023. This program has been [particularly effective](#) at reaching low-income and/or traditionally underserved renters, including Black and women-headed households.
- By reimagining how the IRS serves families, the IRS delivered half of the expanded Child Tax Credit (CTC) via monthly payments from July to December 2021. Treasury also collaborated with Code for America, a non-governmental non-profit, to build a streamlined, mobile-friendly portal in English and Spanish to make it easier for families to access the expanded CTC. New [Census data](#) released in 2022 showed that the expanded CTC was the leading driver behind a 46 percent decline in child poverty in 2021 – cutting the annual child poverty rate to its lowest-ever recorded level including record lows in Black, Hispanic, Native American, Asian, and white child poverty. Additionally, the permanent lifting of restrictions that prevented some Puerto Rican families from receiving the CTC led to 200,000 more Puerto Rican families receiving the credit when they filed taxes in 2022 compared to the year prior.
- As of September 2023, Treasury has approved 54 out of 56 state and territory applications for [SSBCI](#) Capital Programs totaling over \$8.2 billion in allocations, and has announced approvals of up to \$73 million corresponding to applications representing 39 Tribes. SSBCI

has also been issuing awards for formula technical assistance grants to jurisdictions that participate in the SSBCI Capital Program, which will be used to provide legal, accounting, and financial advisory services to underserved and very small businesses. As of August 2023, \$57 million had been approved for 12 states under the SSBCI Technical Assistance Grant Program. In addition, \$125 million was transferred to the Minority Business Development Agency for the Capital Readiness Program, which builds a nationwide network of 43 technical assistance providers to support underserved entrepreneurs in launching or scaling businesses and accessing SSBCI and other government capital programs for small businesses. In October 2023, Treasury announced the availability of an additional \$75 million in competitive grant funding through the [Investing in America Small Business Opportunity Program](#), available to SSBCI jurisdictions with a more specific focus on reaching very small and underserved businesses aligned with federal legislation such as infrastructure, manufacturing, and clean energy. Of the nearly \$10 billion program, \$2.5 billion in Capital Program funds is reserved to support underserved businesses and incentivize jurisdictions to reach underserved businesses. SSBCI investments are a key part of the Administration's efforts to [fuel the small business boom](#) by providing small businesses and entrepreneurs the resources they need to succeed.

- In FY 2022, Treasury awarded \$951 million to small, disadvantaged businesses, representing for the first time over 10% of eligible small business dollars available for Treasury contracts. In addition, Treasury awarded women-owned businesses \$693 million, and minority-owned businesses \$902 million, regardless of the business size.

Collaborating Agencies:

Working with key collaborators is an essential component of a successful equity action plan. This means identifying ways to cross-pollinate the exchange of knowledge, data, ideas, and best practices across agencies to break down silos that inhibit swift and measurable success. We recognize that working in partnership with collaborating agencies is a key driver that will enable us to successfully attain our goals. For example, the [Interagency Community Investment Committee \(ICIC\)](#) is a collaboration between the Department of Agriculture, Department of Commerce, Department of Housing and Urban Development, Department of Treasury, Department of Transportation, the Small Business Administration, Department of Energy, and the Environmental Protection Agency to strengthen capital delivery systems for communities and support the flow of community development capital and resources to underserved communities. The ICIC partners work with corporate and philanthropic organizations to align resources in a way that will magnify the impact of public investments.

Strategies to Advance Equity in FY 2024

Strategy #1: Repair economic damage of COVID-19 and ensure all communities have access to the high-quality modern infrastructure needed to access critical services.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.
- **Housing Justice and Community Investment:** Invest in communities and populations where Federal policies have historically impeded equal opportunity — both rural and urban — in ways that mitigate economic displacement, expand access to capital, preserve housing and neighborhood affordability, root out discrimination in the housing market, and build community wealth.

Collaborating Agencies:

- Department of Housing and Urban Development
- Small Business Administration
- Department of Commerce
- U.S. Department of Agriculture

Barriers to Equity:

- COVID-19 [disproportionately impacted women, individuals of color, and communities of color](#) in terms of their economic resilience, risk of foreclosure and housing stability, and access to capital.
- Individuals and communities of color, rural areas, and counties with persistent poverty have historically lacked investment in programs such as broadband access, necessary to jumpstart economic development and growth. This lack of access leads to higher costs among certain communities, and challenges in aspects of daily living, such as remote work, education, and telehealth.

Evidence Base to Support Strategy:

- Economic effects from the pandemic led to a 400 percent increase in the number of housing loans that were seriously delinquent, and threatened to undo increases in homeownership among women, Black, and Hispanic households over the decade prior.
- Treasury used data from public comment processes, stakeholder engagement sessions, beneficiary roundtables, process evaluations, and conferences to design Homeowner Assistance Fund programs.
 - For instance, by incorporating feedback on how the states took on policy issues such as housing counseling, legal services, etc., the states can learn what programs were most effective.
 - By studying the ways to most effectively reach homeowners, the program encouraged outreach resources to be used for more effective methods that aimed to increase uptake by underserved homeowners.
- [Research](#) on past economic downturns found that state and local government budget cuts were a drag on the overall economy during the Great Recession and that

disadvantaged communities (people of color, women, rural residents) were those [most impacted](#) by these economic challenges.

- Joint Treasury/OES studies to understand how to effectively implement SLFRF including examining [the experience of low-capacity governments with reporting](#) and determining [effective ways of communicating to recipients](#). Other research also examined the result of Treasury's equity focused efforts to help tenants through a study on [equity in the distribution of the Emergency Rental Assistance Program](#).

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Approve additional state plans for the [CPF](#), which is providing high-speed reliable broadband to communities currently lacking high-speed internet access, digital connectivity projects, and multi-purpose community facility projects; this will help to address the [lack of high speed internet](#) for the millions of households, small businesses, and communities with unreliable internet access. CPF also requires each state to participate in the Federal Communication Commission's Affordable Connectivity Program, which provide discounts of up to \$30 per month (or up to \$75 per eligible household on Tribal lands) for internet access.
- Assist state governments in targeting their [Homeowner Assistance Funds](#) for eligible homeowners, in particular meeting the needs of low-income homeowners. Taken together with program features that permit payments for a wide range of expenses (including utilities and homeowners association fees), allow for a variety of supports for homeowners (legal services and housing counseling), and encourage culturally competent outreach strategies, this focus on assisting the most in-need homeowners makes addressing barriers to equitable access a key consideration in the program's implementation.
- Deploy any remaining unobligated [SLFRF](#) funds in ways that are aligned with Treasury's [Equity and Outcomes Resource Guide](#) to allow for greater investment in underserved communities who were disproportionately impacted by the pandemic.
- [Reach the most vulnerable renters](#) via the ERA program, including people of color, women, and families with children.
- The Department has developed an [OCA Learning Agenda](#), which outlines the important equity-focused evaluation questions the Department is interested in pursuing to understand the impact of economic recovery programs and learn lessons for future similar efforts. Evaluation priorities include understanding the impact of recovery funds on low-income Americans, the long-term impact on housing stability for tenants and homeowners, and how the CPF is closing gaps in broadband access.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

Treasury has developed a robust suite of [equity focused metrics](#) to measure the equity impact of its programs. These metrics include outputs such as the following:

- Increase in number of locations served with high-speed reliable broadband

- Increase in percentage of low-income and/or socially disadvantaged homeowners receiving assistance to prevent foreclosure
- Number of governments using SLFRF funding to support affordable housing, which the Administration has [identified](#) as a core priority that promotes equity
- Number of ERA payments to households (output) and percent of eviction filings since moratorium expiration compared to historical averages (outcome)

Longer-Term (Outcomes)The [OCA Learning Agenda](#) contains a number of long-term research priorities to assess the impact of economic recovery funds, including evaluation questions focused on:

- Change in ERA tenants’ housing stability and other measures of well-being
- Impact of SLFRF funds on key economic or fiscal indicators for state and local governments
- Changes in the housing and fiscal stability of homeowners

Public Participation and Community Engagement:

Treasury will continue regularly engaging with a diverse set of stakeholders through a wide range of roundtables, webinars, meetings, and conferences. Past examples include:

- Listening sessions, such as the [convening on leveraging SLFRF](#) to support workforce inclusion.
- Meetings, such as the Deputy Secretary’s roundtable discussion with [ERA program grantees](#) and calls with national advocacy and housing organizations.
- Beneficiary roundtables to discuss the impact that the ARP’s historic [investments in rental assistance have had for hard-hit communities](#).
- Tribal consultations, such as the [consultations on the IRA’s provision to expand clean energy incentives to Tribal governments](#).
- Conference sessions, such as the one at the [U.S. Conference of Mayors’ 2023 Winter Meeting](#) to provide an update on recovery programs.
- Collaborations with private enterprise, nonprofit organizations, and other federal agencies, as well as local, state, territorial, and Tribal governments to share best practices for reaching and serving vulnerable populations.
- Programs designed to address unique needs of Tribal governments and communities through increased collaboration with Treasury’s Office of Tribal and Native Affairs.

Strategy #2: Scale capital delivery and technical assistance to support small businesses and community assets.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.

Collaborating Agencies:

- Department of Housing and Urban Development
- U.S. Department of Agriculture
- Department of Commerce
- Small Business Administration

Barriers to Equity:

- Underserved small businesses often lack the access to capital they need to expand and grow the products and services they provide, often within the underserved communities they support. Businesses often need financial documentation, a business plan, accounting capacity, or a legal structure to apply for and receive commercial loans. These requirements are often beyond the capacity of underserved small businesses.
- Underserved communities lack financing for neighborhood essentials, such as schools, childcare, housing, and health-care clinics. As noted by the [Urban Institute](#), CDFIs struggle to meet all needs for community development. While they can support some development needs, they look for additional resources to support the overall community ecosystem.
- CDFIs and MDIs that serve under-resourced stakeholders lack access to flexible capital to pass along to the communities they serve to not only help businesses grow but to also provide much needed services to their communities.
- The [Congressional Research Service](#) describes the challenges with data collection that limit our ability to measure CDFI effectiveness, which makes it difficult to demonstrate the value they provide to underserved communities.

Evidence Base to Support Strategy:

- As described in [this Urban Institute analysis](#), CDFIs have been successful at earning returns for investors while delivering access to capital and social benefits to underserved communities, yet CDFIs have struggled to keep up with demand for their services in ways that continue to benefit the underserved communities they aim to serve.
 - While growth can sometimes help with efficiency, some CDFIs note those efficiencies don't always come with that growth.
 - CDFIs often look to public-sector programs to help them balance the scale and size of their objectives, allowing them to originate smaller loans, for instance in hard-to-serve rural communities.

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Publish an updated CDFI certification application that will strengthen CDFIs' focus on delivering high impact financial services in low-income and targeted communities. The CDFI fund will also establish a process for designating CDFIs as Minority Lending Institutions after reviewing public comments.
- Continue to approve plans for the [SSBCI](#), which includes \$2.5 billion in funding and incentives to support underserved small business owners, as well as technical assistance grants to help small businesses secure and maximize capital.
- Work with the [ICIC](#) to pilot the gathering and use of data from across ICIC agencies to better understand how federal investments flow into local communities in both urban and rural settings.

- Work with CDFIs and private sector investors to better understand how to measure market development, secondary market access, and the value of CDFIs among the communities they serve.
- Gather data and highlight how CDFIs and MDIs use resources from ECIP and the CDFI Equitable Recovery Program to open access to capital in financially underserved communities.
- Convene CDFIs and other relevant stakeholders to share information and best practices to [facilitate capital flow and support to childcare providers](#).
- Treasury will continue to monitor progress across jurisdictions within each program to better understand how to reach underserved communities.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

- New data collected by CDFI Fund for all CDFIs, including key demographic and loan portfolio data
- Percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the total dollar amount of loans originated by awardees
- Percentage of loans and investments originated in eligible distressed communities or made to underserved populations, as measured against the total number of loans originated by awardees
- Number and dollar amount of small business loans to underserved business owners
- Percent of SSBCI funds expended for transactions to underserved businesses
- Performance data for businesses that received SSBCI financing

Longer-Term (*Outcomes*)

- Change in number of robust and sustainable capital delivery networks that provide financing and resources to underserved businesses and neighborhoods
- Change in number of businesses that receive support, thrive, and scale, becoming economic multipliers in their communities
- Change in number of neighborhood infrastructure projects such as affordable housing, health clinics, and childcare centers that provide essential services that improve outcomes for local residents

Public Participation and Community Engagement:

Treasury will continue hosting and participating in roundtables, conferences, and stakeholder meetings with underserved communities about the ways the Department has provided access to capital. Some recent examples of these types of events include:

- [White House roundtable](#) to discuss how to expand access to capital for small businesses.
- [Meeting](#) with private sector and philanthropic leaders to discuss economic opportunity and access to capital.
- Asian American, Native Hawaiian, and Pacific Islander Small Business [roundtable](#) to discuss access to capital.

- [Roundtable discussion](#) with California Financial Institutions serving low-income and minority communities.
- Hosting a SSBCI Southeast Regional Conference in August 2023 to share information and engage in peer learning.

This strategy has also been named a priority by the [TACRE](#) and is the focus of one of the subcommittees. This is another avenue for Treasury to receive community feedback.

Strategy #3: Improve financial health of underserved individuals and communities.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.

Collaborating Agencies:

- U.S. Department of Commerce
- Member agencies (24) of the Financial Literacy and Education Commission ([FLEC](#))

Barriers to Equity:

- Historical exclusion from and lack of access to capital for individuals and communities of color, women, rural areas, and counties with persistent poverty, resulting in insufficient wealth to start businesses, purchase property, finance education or other investments that increase income, or to sustain economic downturns
- Historic exclusion from and lack of access to mainstream financial products and services, including affordable credit, savings tools, insurance products, and other financial products and services that facilitate full participation in the economy for individuals and communities of color, women, rural communities, and others
- Constraints of existing financial infrastructure in serving low-income consumers (for example, the digital divide inhibits access to financial products and services increasingly offered online; while real-time payments are growing more common, they are not universally accessible, etc.)

Evidence Base to Support Strategy:

- The 2022 [Survey of Household Economics and Decision-making](#) indicates several challenges for Americans' financial wellbeing, including data points such as 37% who said they could not cover an emergency expense of \$400 with cash, and 31% who thought their retirement savings were on track, down from 40% in 2021.
- According to the [2021 FDIC National Survey of Unbanked and Underbanked Households](#) 11% of Black households, and 9% of Hispanic households lacked bank accounts. Persistent disparities are found in unbanked rates across all income levels. Over 14% of households were "underbanked," meaning respondents had a bank account but also used often-costly alternative financial services, such as check cashing or payday lending, within the past year to meet other financial needs. Underbanked households were more likely to belong to racial and ethnic minority groups, have lower incomes, or have a

disability. For those unable to access the financial products and services they need, managing day-to-day finances can be difficult and expensive.

- Beyond un- and under-banked rates, there are disparities among different groups in access to and use of financial products and services including tax-advantaged retirement accounts, stock market investments, insurance, and small business loans. (See, for example: Treasury [blog post](#) describing disparities in non-housing investments.)
- A novel study of the Black-white wealth gap, [Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020](#), demonstrates disparities in wealth across races and highlights growing inequality. According to data from the Federal Reserve Board's most recent [Survey of Consumer Finances](#), home equity and net business equity were the primary drivers of recent modest increases in wealth for Black and Hispanic households. Access to the financial system, including sources of credit, is a prerequisite for most households to pursue homeownership or business development opportunities.

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Develop a National Financial Inclusion Strategy as a catalyst for reducing disparities and ensuring that consumers, in particular those from underserved populations, including low-income communities, communities of color, women and others, have equitable access to financial information, products, and services that support them in meeting their financial needs and goals, such as by building financial security and wealth, including building financial security and wealth.
- Engage external and USG stakeholders on specific efforts to promote access to safe, low-cost bank accounts and other financial services and products for financially excluded populations, including justice-involved individuals, New Americans, and Tribal and Native communities.
- Engage with regulatory agencies, financial sector participants, non-profit, and other non-governmental organizations to explore ways to ensure existing financial regulatory policies and bank practices are responsive to the financial needs of formerly incarcerated individuals and people with criminal convictions.
- Support the FLEC in efforts to promote information on emerging areas in consumer finance such as digital and crypto-assets, and to improve financial well-being through education and literacy
- Manage [ECIP](#), which is providing up to \$9 billion to encourage low- and moderate-income community financial institutions to augment their efforts to support small businesses and consumers in their communities.
- Provide place-based incentives for solar and wind facilities built in low-income communities through the Low-Income Communities Bonus Credit Program.
- Finalize the development of the Treasury Sexual Orientation and Gender Identity Action Plan to better identify the LGBTQIA+ population and to ultimately better understand the impact of Treasury policies on this community.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

- Percentage increase in qualified lending by financial institutions that received funds from ECIP
- Number of Low-income Communities Bonus Credit Program applications received for energy facilities in low-income census tracts, on Indian land, and in areas with high-energy burdens or persistent poverty
- Number of Low-income Communities Bonus Credit Program applications received for energy facilities let by new emerging market participants that provide solar technology in low-income communities
- Timely publication of National Financial Inclusion Strategy
- Number of stakeholders consulted in development of National Financial Inclusion Strategy

Longer-Term (*Outcomes*)

- Progress toward decreasing number of unbanked and underbanked consumers
- Change in number of energy facility installations in low-income census tracts, on Indian land, in areas with high-energy burdens or persistent poverty

Public Participation and Community Engagement:

Treasury will continue conducting community engagement activities, such as the following:

- [Public comment process](#) for the ICIC
- Quarterly meetings of the TACRE
- Continued participation in IRS-sponsored Tax Forums
- Stakeholder roundtables and public Request for Information on key topics in financial inclusion to inform drafting of National Strategy
- Tri-annual public meetings of the interagency FLEC

Strategy #4: Ensure all Americans receive income-boosting tax credits for which they are eligible.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.

Barriers to Equity:

- There is a lack of awareness of and access to the capital and resources needed to develop and initiate projects eligible for IRA green energy credits among historically marginalized and underserved communities.
- High costs associated with processing paper tax returns at the IRS compete with resources to improve services to taxpayers.
- Due to a highly complex tax system and the processes to support that complexity, it is difficult for taxpayers to file their taxes independently, without a third-party vendor or tax preparer. As a result, taxpayers spend too much time and money preparing and submitting their tax returns.

- When errors or issues arise in a taxpayer’s filing, it can be difficult to identify and resolve them promptly, which may delay or prevent taxpayers from receiving their credits.
- Taxpayers often don’t claim or receive the benefits for which they are eligible via the tax system, likely due to issues like lack of awareness, difficulties understanding complex or unfamiliar processes, fear of enforcement activity, language barriers, and difficulties providing needed documentation.

Evidence Base to Support Strategy:

- Office of Tax Analysis study on [Disparities in the Benefits of Tax Expenditures by Race and Ethnicity](#).
- While the IRS doesn’t have access to race data, racial disparities in audit rates mean that Black taxpayers are audited at three to five times the rate of non-Black taxpayers. As described in a [memo](#) from the Commissioner of Internal Revenue Daniel Werfel to Senator Ronald Wyden, this disparate impact is believed to be driven by correspondence audits among taxpayers who claim the Earned Income Tax Credit (EITC).
- Filing of tax returns accounts for [63% of the annual federal paperwork burden](#), including costs for preparing tax returns, as well as filing through software or third-party preparers.
- Americans often [miss out on tax credits](#) for which they are eligible, such as the estimated 5 million individuals who miss out on the [EITC](#), which is roughly 80 percent of those eligible.

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Develop and execute a strategic plan for outreach and stakeholder engagement among target audiences (including consumers, state and local governments, Tribal leaders, small business owners, and labor), who are least likely to have an awareness of and access to the capital and resources to take advantage of the IRA-related provisions.
- Work with the IRS to ensure that with its critical, long-term funding from the IRA, the IRS will:
 - Modernize its legacy systems and improve upon antiquated processes to administer the green credits and associated tax provisions of the IRA efficiently and effectively.
 - Improve services to help taxpayers meet obligations and receive tax incentives for which they are eligible by making interactions with the IRS easier and more convenient, improving communications between the IRS and taxpayers, and providing taxpayers with the tools needed to interact with the agency via their preferred communication channels.
 - Quickly resolve taxpayer issues when they arise.

The IRS will:

- Develop procedures to regularly evaluate systems, selection tools, programs, compliance strategies, and treatments for equitability of enforcement actions.

- Make it easier for all Americans to understand and comply with their tax obligations and receive the benefits for which they are eligible. The IRS will use analytics to assess how many taxpayers don't take advantage of the credits and deductions for which they are eligible and publish those results.
- Pilot a free, voluntary, IRS-run electronic filing system ("Direct File") for filing season 2024 that helps the IRS process tax returns and refunds more quickly and reduces IRS costs at the same time.
- Use data to help taxpayers understand and take advantage of the various incentives and programs for which they are eligible.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

- Decrease IRS return processing costs
- Increase levels of service (e.g., phone wait times, phone coverage rates) for all taxpayers and comparable access to services across diverse taxpayer segments
- Tax credit utilization rates
- Participation in and lessons learned from the Direct File pilot

Longer-Term (*Outcomes*)

- Reductions in average taxpayer burden (amount of time and money taxpayers expend to comply with their tax obligations)
- Percent of enforcement actions that appropriately reflect risk and level of noncompliance and address enforcement disparities
- Increased engagement and tax credit utilization among historically marginalized and traditionally underserved individuals and communities by measuring the gap in credits and deductions available to taxpayers relative to what they actually claimed

Public Participation and Community Engagement:

Treasury and the IRS will continue public engagement to better understand the needs of the customers we serve through programs such as these that have recently been conducted:

- Provided educational briefings at state and local annual summer conferences, such as the National Governor's Association and the National Association of Counties.
- Participated in Bloomberg Philanthropies webinar for Mayors and senior staff.
- Participated in Rewiring America Elective Pay briefing with National League of Cities and New York University Tax Law Center with participants from Climate Mayors, the Urban Sustainability Directors Network, C40 Cities and others.
- Organized Treasury-led train-the-trainer webinar for our interagency partners.
- Participated at the U.S. Black Chamber of Commerce Convention.
- Briefed Communities First Infrastructure Alliance, a group focused on centering communities for racial & climate justice.

Strategy #5: Increase procurement with underrepresented businesses.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.

Collaborating Agencies:

- Office of Management and Budget
- General Services Administration
- Small Business Administration
- United States Digital Service
- Chief Financial Officers (CFO) Act agencies through interagency forums and workgroups

Barriers to Equity:

- Small, minority-owned, and underserved businesses often do not know how to find suitable federal contracting opportunities.
- Significant portions of Treasury bureau contracting opportunities are unavailable for small businesses, including U.S. Mint metals and large transformation efforts at the IRS.
- Contractor onboarding process takes too long (over 90 days) and small businesses lack the infrastructure and equity to float employees in overhead waiting for onboarding.
- Procurement processes are often opaque and lack clear guidance on how to get started in Government contracting, resulting in difficulties for small and disadvantaged businesses navigating the application process.

Evidence Base to Support Strategy:

- Procurement data in government-wide systems including the Federal Procurement Data System (FPDS) analyzed through Treasury tools (e.g., the Equity Heat Map) show that significant Treasury bureau contract needs are unavailable for small businesses.
- Stakeholder feedback via national conferences focusing on several underserved groups, as well as direct industry engagements with individual vendors, have communicated that underserved businesses often do not know how to find suitable federal contracting opportunities, do not understand Federal procurement processes, and that they often lack financial resources and infrastructure to comply with complex mandates.
- Program evaluations of acquisition processes have shown that the contractor onboarding process at Treasury takes too long.
- Office of Management and Budget [M-22-03](#) notes that the Federal Government, as the world's largest consumer of goods and services, has the purchasing power to advance equity and build generational wealth throughout the United States.

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Continue the work of the Treasury Procurement Equity Council and align with recommendations from the TACRE to identify and replicate actions that increase procurement equity across Treasury bureaus and lower barriers to entry for underserved communities.
 - Incorporate equity considerations into acquisition planning oversight processes including the Major Acquisition Review process where bureaus refine acquisition strategy through discussions with Treasury leaders.
 - Identify procurements that could be converted to small and socioeconomically challenged business awards using Treasury's Equity Heat Map and Socioeconomic Category Spend Tables.
 - Improve Treasury's forecasting to assist underserved businesses in finding suitable federal contracting opportunities.
 - Simplify and streamline procurement processes, including usage of the Periodic Table of Acquisition Innovations, which includes innovative acquisition techniques that have been demonstrated to reduce burden and facilitate access for small and under-resourced businesses.
- Improve information and awareness regarding procurement opportunities among Treasury programs.
 - Increase engagement with vendors, while including Treasury's program/technical teams, to ensure vendors understand categorization of contract needs and opportunities available to them.
 - Improve website content on how to do business with Treasury to provide accurate, business-friendly information to lower barriers to entry.
- Gather data and analyze the contractor fitness determination process for vetting Treasury contractors and implement actions to improve the timeliness of processing. For instance, the IRS has issued a physical security contract to help alleviate additional onboarding constraints impacting mission needs across the agency.
- Continue participation in conferences and initiatives focusing on minority groups and underrepresented businesses to discuss issues such as access to capital, how to respond to Requests for Information (RFIs)/Requests for Proposal (RFPs), access to procurement opportunities, and language barriers. In addition to providing information, Treasury is offering training on topics such as how to respond to RFIs/RFPs and how to do business with the federal government.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

- Number of small and disadvantaged businesses reached through outreach
- Number of new entrants to Treasury contracting
- Percent of contract dollars and actions awarded to small and disadvantaged businesses

Public Participation and Community Engagement:

Treasury will continue participating in conferences and initiatives focusing on minority groups and underrepresented businesses. In 2023, Treasury participated in engagements with a variety of audiences such as the following:

- VETS 2 National Conference for service-disabled veteran-owned small businesses
- White House Initiatives on Asian American, Native Hawaiians, Pacific Islanders regional conference
- National 8(a) Conference
- Women’s Business Enterprise National Conference
- Association for Enterprise Opportunities Conference
- CelebrASIAN Conference
- US Black Chambers National Conference
- National LGBT Chamber of Commerce International Business & Leadership Conference

Strategy #6: Ensure environmental benefits of IRA reach underserved and Tribal communities.

Whole-of-Government Equity Objective(s):

- **Economic Justice:** Build a strong, fair, and inclusive workforce and economy.
- **Environmental Justice:** Secure environmental justice and spur economic opportunity by addressing disproportionate and adverse health and environmental impacts, including from climate change and cumulative impacts, on marginalized and overburdened communities. Support the goals of the Justice40 Initiative to channel 40 percent of the overall benefits of certain Federal investments, e.g., in clean energy, climate, pollution reduction, and critical infrastructure, flow to disadvantaged communities across rural, urban, and Tribal areas.

Barriers to Equity:

- The cost of transitioning to wind and solar energy can be cost prohibitive for many lower-income families and communities that might otherwise benefit from access to those energy sources.
- Private sector clean energy investments in local and regional areas may not benefit local residents, particularly workers in underemployed populations and underserved communities that need access to well-paying jobs, including green energy jobs.

Evidence Base to Support Strategy:

- Treasury has hosted multiple roundtables with community-based organizations, Tribal representatives, small businesses, housing developers, and environmental justice advocates, among other stakeholders to inform the Low-Income Communities Bonus Credit Program and IRA implementation to understand access to capital issues and the need for technical assistance to support mission-driven stakeholders who can participate in the clean energy economy.

- External researchers have concluded that solar and other renewable energy adoption rates are [relatively low among low-income communities](#), which also reflects racial differences in adoption rates.
- Research indicates [other social challenges](#) such as policies that favor green energy adoption only among higher-income individuals, lack of trust in key institutions such as utility companies, and adoption challenges for renters and occupants of multifamily housing.

Actions to Achieve Equity:

To address these barriers, Treasury will:

- Increase access and education to IRA resources through ongoing stakeholder engagement and partnership building.
- Provide credits to minimize costs associated with renewable energy:
 - Implement the Low-Income Communities Bonus Credit Program as one of the provisions in the IRA directly intended to increase the adoption of and access to renewable energy facilities in low-income and other communities harmed by pollution.
 - Implement novel provisions in the IRA like “Elective Pay” which significantly expands the reach of the IRA’s credits by allowing many states, local, Tribal, tax-exempt, and other specified entities to invest, claim, and monetize credits directly. This will significantly expand the range of actors undertaking clean energy investments, as well as the range of projects and communities receiving associated benefits through the tax code.
- Explore options to address the Federal tax status of Tribally chartered corporations, which has been pending for thirty years and impacts Tribal access to clean energy tax credits.
- Increase access to well-paying, green energy jobs:
 - Implement prevailing wage and apprenticeship provisions for key tax credits.
 - Implement the energy community bonus to increase credit amounts for eligible investments, which will drive investment in coal communities, historical energy communities, and communities that have borne the brunt of pollution.

Proposed Metrics (Outputs and Outcomes):

Near- to Medium-Term (*Likely to be mostly outputs*)

- Number of deliverables completed timely for guidance issued on [Prevailing Wage and Apprenticeships](#), [Low-Income Communities Bonus Credit Program](#), [Energy Community Bonus](#), and [Elective Pay](#)[Energy Community Bonus](#), and [Energy Community Bonus](#), and [Energy Community Bonus](#), and [Energy Community Bonus](#), and [Energy Community Bonus](#), and [Energy Community Bonus](#), and [Energy Community Bonus](#)
- Number of online processes completed timely for Low-income Communities Bonus Credit Program Allocations (or allocation awards depending on timing), and Elective Pay and Transferability

- Number of entities that are already building clean energy projects that claim Elective Pay during the 2024 tax filing season

Longer-Term (Outcomes)

- Changes in the number of historically underserved communities that undertake clean energy projects through the tax code

Public Participation and Community Engagement:

Treasury and the IRS will continue public engagement to better understand the needs of the customers we serve through programs such as these that have recently been conducted:

- Organized and led Treasury/White House stakeholder webinars that reached over 5,000 participants, in addition to holding a Treasury Tribal Consultation on Elective Pay and a briefing for State and Local Recovery Program Office stakeholders
- Provided educational briefings at state and local annual summer conferences, such as the National Governor’s Association and the National Association of Counties
- Participated in Bloomberg Philanthropies webinar for mayors and senior staff
- Participated in Rewiring America Elective Pay briefing with National League of Cities and NYU Tax Law Center with participants from Climate Mayors, the Urban Sustainability Directors Network, C40 Cities, and others
- Organized Treasury-led train-the-trainer webinar for our interagency partners
- Provided support for U.S. Department of Agriculture, Environmental Protection Agency, and other Administration-led conversations and briefings about Elective Pay, including presenting at a Department of Commerce non-profit summit
- Participation at the U.S. Black Chamber of Commerce Convention
- Briefing Communities First Infrastructure Alliance, a group focused on centering communities for racial and climate justice