

The Honorable Janet Yellen
Secretary of the Treasury

May 31, 2024

The Treasury Advisory Committee on Race Equity (TACRE or the Committee) is pleased to submit a recommendation in support of the Biden Administration's historic whole-of-government racial equity effort. The attached recommendation originated out the Research and Data Equity Subcommittee.

On April 18, 2024, the full Committee came together in Philadelphia, PA to discuss and vote to approve this recommendation. This recommendation adds to a slate of recommendations to advance a comprehensive racial equity agenda within the Treasury Department and its operations that have been previously submitted by TACRE.

We believe the attached recommendations supports the Administration's vision to advance equity in its policies and programs. We look forward to continuing this vital work in the year ahead. Please let us know if you have any questions or concerns.

Mayor Michael Nutter, Chair
Felicia Wong, Vice Chair
Members of the Treasury Advisory Committee on Race Equity

Recommendation: Conduct Additional Distributional Analyses and Include in the Greenbook

- (a) *Include the Racial Equity Analyses in the 2026 Greenbook.*** While the co-temporaneous release of racial equity analysis with the Greenbook is a historic first, the relegation of such analysis to an addendum may give the misleading impression that racial equity itself is an addendum to policy making. Placing this analysis in the Greenbook would make a stronger statement about the centrality of racial equity and would regularize such analyses as a necessary part of all policy proposals and all future Greenbooks. Treasury should also take this opportunity to further promote the importance of racial equity concerns, both narrowly through this inclusion and more broadly through additional communication; since the addendum was not mentioned in the Treasury [Press Release](#) announcing the release of the FY25 Greenbook, many in the tax policy community (who scour the Greenbook upon its release) may not have seen the Addendum.
- (b) *Expand Distributional Analysis of Racial Equity to Include Additional Proposals.*** The FY25 Greenbook included distributional analyses for three important administration priorities: 1) Restore and Make Permanent the 2021 Expansion of the EITC for Childless Adults, 2) Expand the Child Tax Credit and Make Permanent Full Refundability, and 3) Tax Capital Income for High-Income Earners at Ordinary Rates. While these three are very important policy proposals, the committee believes that there are important racial equity concerns among the other 92 proposals for which Treasury did not provide such an analysis. Although some of these proposals may not be finalized until the last minute, in a way that permits only an estimate of their effects on aggregate revenue, we recommend that Treasury take advantage of the next ten months, before the publication of the FY26 Greenbook, to quantitatively analyze additional proposals. In light of the recent [analysis of racial disparities in IRS audits](#), in which Black taxpayers claiming the EITC were 2.9 to 4.4 times more likely to be audited than White taxpayers claiming the EITC, the committee also recommends that Treasury expand its discussion of racial equity to include improper audits as part of its discussion of the EITC and the various proposals to improve tax compliance.