



# **Counselor for Racial Equity Office**

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**Strategy Overview and Meeting Prep  
December 5, 2022**



- Overview of US Department of the Treasury
- Overview of the Counselor for Racial Equity Office
- Overview of Key Initiatives by Priority Area



# Overview of US Treasury Department

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# Overview of the US Treasury Department: Mission and Vision

## Mission Statement

Maintain a strong economy and create economic and job opportunities by promoting conditions that enable economic growth and stability at home and abroad; strengthen national security by combating threats and protecting the integrity of the financial system; and manage the U.S. government's finances and resources effectively.

## Biden-Harris Administration Vision for the US Economy

Secretary Yellen has outlined a vision for our national economy that emphasizes economic stability, sustainable growth, and economic fairness. When President Biden took office in January 2021, his immediate focus was to restore the economy while protecting Americans from the threat of a deadly virus. At the time of his inauguration, the pandemic had claimed over 400,000 lives and 3,000 additional lives were being lost daily. Our public health crisis had triggered an economic calamity. The unemployment rate was over 6% with more than 800,000 new jobless claims, on average, per week.

The Administration moved swiftly to keep businesses open, to keep Americans in their homes, and to keep local governments well-resourced. As a result of the American Rescue Plan and the Administration's vaccination campaign, the United States experienced the fastest pace of job creation in our history and an inclusive recovery that has outpaced that of many other large economies.

Now, the Administration has turned its attention to an economic growth strategy outlined by Secretary Yellen as "modern supply-side economics," which calls for investing in people, places, and infrastructure that have been inhibited by a lack of opportunity and resources. Recent legislative victories, including the Bipartisan Infrastructure Law, CHIPS Act, and the Inflation Reduction Act are making a generational investment in the strength of our economy and in the prosperity of all Americans. Secretary Yellen has outlined three impacts of these new laws:

- ✓ **Expanding the Productive Capacity of our Economy.** The Bipartisan Infrastructure Law, CHIPS Act, and Inflation Reduction Act will expand the productive capacity of our economy. They will raise the ceiling for what our economy can potentially produce. They will provide a historic injection of funding into investments that have been too-long neglected.
- ✓ **Building Economic Resilience.** The new laws take significant steps toward reducing economic and national security risks created by vulnerable supply chains and global conflict, while maintaining mutually beneficial trading relationships. The CHIPS Act provides around \$40 billion in incentives to onshore semiconductor manufacturing in the United States, while the Inflation Reduction Act represents the largest investment in fighting climate change in our nation's history and will reduce our reliance on fossil fuels.
- ✓ **Economic Fairness.** The traditional approach to supply-side economics focused on providing tax incentives to owners of capital in order to boost private investment, often contributing to income and wealth disparities. This Administration upended the old approach and outlined a new, modern supply-side agenda that is concerned with a broad range of productivity-boosting investments and with a broad distribution across sectors, people, and places. It recognizes that investing in disadvantaged communities often results in higher returns on investment and it boosts growth by tapping all our resources.



# Overview of the US Treasury Department: History

## Foundation

After the American Revolution, Congress realized that funding a war without proper infrastructure and financial discipline presented an enormous challenge to our country's economic stability. Out of the necessity to levy and collect taxes and manage the U.S. government's finances, Congress established the Department of the Treasury on September 2, 1789. President George Washington appointed Alexander Hamilton as Treasury's first Secretary. Since then, more than 70 Secretaries have led the Department.

Throughout its history, Treasury served as the foundation for other federal agencies. For example, the U.S. Postal Service, U.S. Customs Service, Secret Service, Federal Law Enforcement Training Center, and U.S. Coast Guard were all, at one time, under our jurisdiction.

## Today's Treasury and How We Serve the Nation

Treasury is responsible for the nation's debt management, cash production, disbursement of Social Security benefit payments, tax collection, and federal agency financing. We are a trusted policy advisor to the President, formulating and recommending domestic and international financial, economic, and tax policies. Our contributions to policy development shape America's economic health and security.

We also perform a critical and far-reaching role in enhancing national security by targeting rogue regimes, terrorist networks, and other illicit actors. We do this by deploying our national security tools and authorities—including sanctions—to identify, disrupt, and dismantle national security and foreign policy threats, while also protecting the U.S. and international financial system from abuse by illicit actors. We leverage our relationships with our federal partners and work closely with the private sector to develop strategies to identify, detect, and prevent threats to our economic stability. We also work to increase opportunities for small businesses, which are the backbone of our economy. Through our efforts to enhance economic growth and promote access to credit, we support job creation to improve the well-being of U.S. citizens and to safeguard and grow our national economy. We also continue to play a key and influential role in the government's service to the American people, adapting to meet the nation's needs.

Globally, Treasury represents the U.S. in important economic forums and international financial institutions, including the Group of Seven (G7) and the Group of Twenty (G20), which hold annual summits with heads of state to discuss global economic and foreign policy issues. We hold significant responsibility promoting stability and growth in the global economy via our leadership roles in the International Monetary Fund, the World Bank, regional development banks, and other multilateral organizations, such as the Financial Stability Board and the Financial Action Task Force.

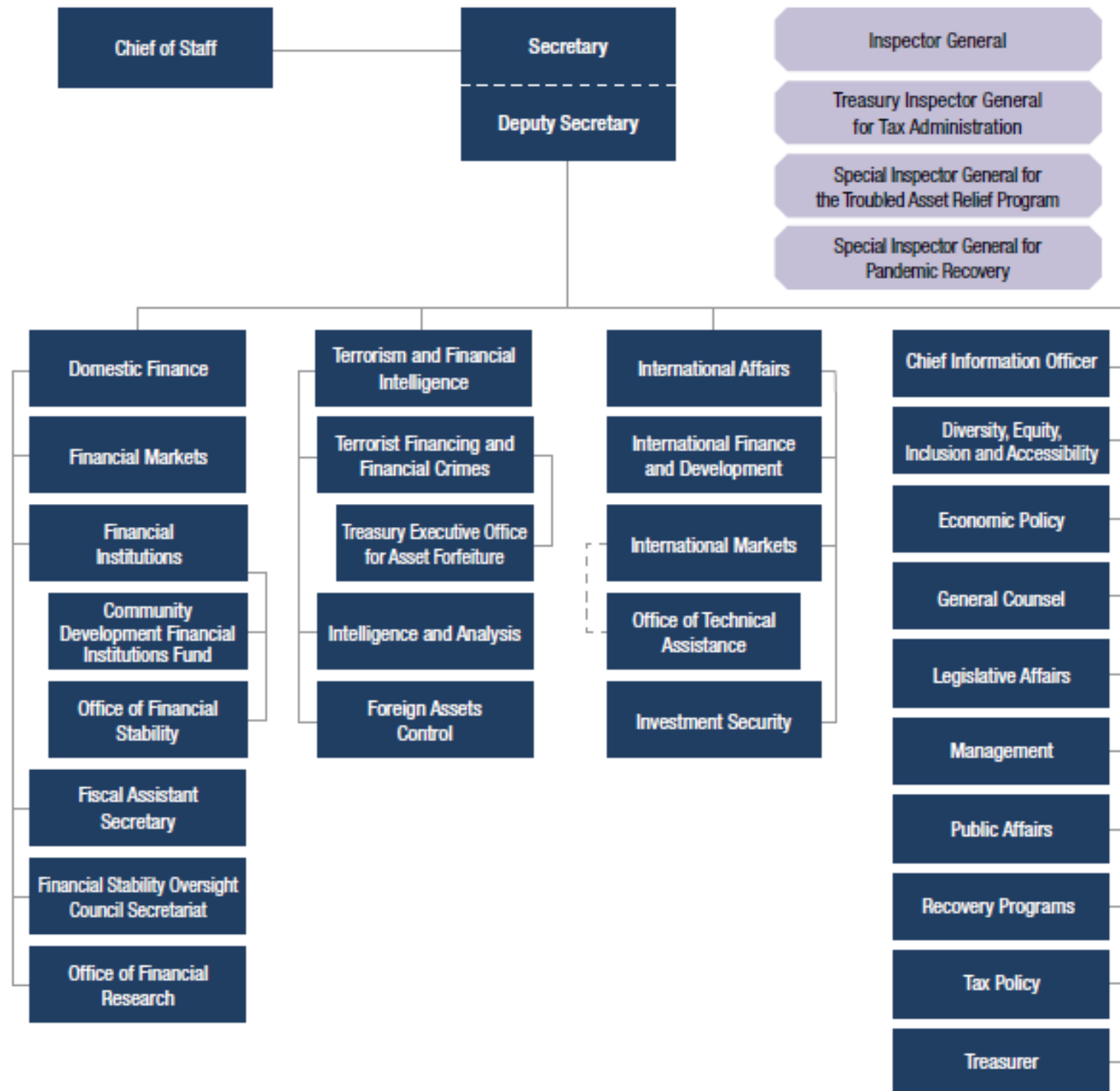
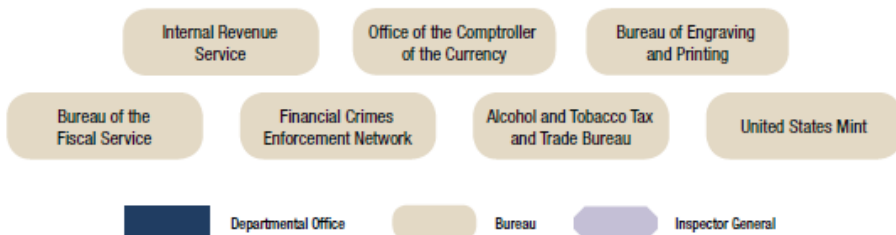
While Treasury adapts to meet the changing needs of our nation, our core mission remains unchanged since 1789. Today, with approximately 100,000 employees, we remain steadfast in our commitment to promote conditions that enable economic growth and stability at home and abroad, to protect the integrity of the financial system, and to effectively manage the U.S. government's finances and resources. We remain the principal steward of the U.S. economy by collecting revenue, meeting financial obligations, and financing government operations.





# Overview of the US Treasury Department: Organization

Treasury is organized into the Departmental Offices, seven bureaus, and four offices of the Inspectors General. The Departmental Offices are primarily responsible for headquarters operations and policy formulation, while the bureaus are the operating units of the organization.





# Overview of the Treasury Department: Departmental Offices



**Domestic Finance** works to support equitable and sustainable economic growth and financial stability through policies that increase the resilience of financial institutions and markets, and which increase access to credit for small businesses and low-to-moderate income communities. It focuses on Treasury Department activities in the areas of financial institutions, federal and municipal debt finance, financial regulation, and capital markets.



**Terrorism and Financial Intelligence (TFI)** uses unique policy, intelligence, enforcement, and regulatory tools and authorities to disrupt and disable terrorists, criminals, and other national security threats while also safeguarding the financial system against abuse by illicit actors.



**International Affairs** protects economic prosperity and national security by working to foster a most favorable external environment for sustained jobs and economic growth.



**Tax Policy** develops and implements tax policies and programs, reviews regulations and rulings to administer the Internal Revenue Code and provides revenue estimates for proposals and receipt estimates for the President's Budget.



**Economic Policy** reports on economic developments and assists in the determination of appropriate economic policies. It also reviews and analyzes domestic economic issues and financial market developments.



The **Treasurer of the United States** serves as a principal advisor to the Secretary, including coordinating Tribal relations across the Department, directly overseeing the U.S. Mint, the Bureau of Engraving and Printing, and liaising with the Federal Reserve.



The **Office of Management and Chief Financial Officer** manages the Department's financial resources and oversees Treasury-wide programs, including human capital, organizational performance, enterprise risk management, information technology, acquisition, diversity programs, and data.



The **Office of Recovery Programs (ORP)** principally focuses on efficiently administering Treasury's programs to support an equitable and swift recovery from the economic challenges precipitated by the COVID-19 pandemic.



**The Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA)** serves as a center of excellence to modernize the Department's overall diversity, equity, inclusion, and accessibility strategy and drives cohesive implementation and accountability across the departmental offices and bureaus.



Other offices within Departmental Offices include **General Counsel**, **Legislative Affairs**, and **Public Affairs**.

# Overview of the Treasury Department: Inspector General and Bureaus



Four Inspectors General—the [Office of Inspector General \(OIG\)](#), the [Treasury Inspector General for Tax Administration \(TIGTA\)](#), the [Special Inspector General for the Troubled Asset Relief Program \(SIGTARP\)](#), and the [Special Inspector General for Pandemic Recovery](#)—provide independent audits, investigations, and oversight of Treasury and our programs.



The [Alcohol and Tobacco Tax and Trade Bureau \(TTB\)](#) collects federal excise taxes on alcohol, tobacco, firearms, and ammunition, while enforcing and administering laws covering the production, use, and distribution of alcohol and tobacco products.



UNITED STATES MINT

The [United States Mint \(U.S. Mint\)](#) designs, mints, and issues U.S. circulating coins, as well as numismatic and bullion coins; in addition to striking Congressional gold medals and other medals of national significance. It maintains physical custody and protection of most of the nation's gold and silver assets.

The [Bureau of the Fiscal Service \(Fiscal Service\)](#) promotes financial integrity and operational efficiency by operating the U.S. government's collections and deposit systems and providing central payment services to the American public on behalf of federal agencies. It also manages the collection of delinquent debt, borrows funds needed to operate the U.S. government through the sale of marketable and special-purpose U.S. Treasury securities, and accounts for the resulting debt. Additionally, it delivers administrative shared services to federal agencies and conducts governmentwide accounting and reporting.



The [Financial Crimes Enforcement Network \(FinCEN\)](#) safeguards the financial system from illicit use, combats money laundering and its related crimes—including terrorism—and promotes national security through the strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.



The [Bureau of Engraving and Printing \(BEP\)](#) develops and produces U.S. currency notes, as well as secure documents for government use.



The [Internal Revenue Service \(IRS\)](#) determines, assesses, and collects U.S. tax revenue and helps taxpayers understand their tax responsibilities, while aiming to prevent tax-related fraud.



The [Office of the Comptroller of the Currency \(OCC\)](#) charters, regulates, and supervises national banks and federal savings associations, as well as federal branches and agencies of foreign banks, to ensure that they operate in a safe and sound manner, provide fair access to financial services, treat customers fairly, and comply with applicable laws and regulations.







# Overview of the Counselor for Racial Equity Office

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# Counselor for Racial Equity Office: Vision & Approach

*Some of the best opportunities for growth occur when we invest in people and places that have been forgotten and overlooked.*

-Remarks by Secretary of the Treasury Janet L. Yellen at Ford Rouge Electric Vehicle Center

Secretary Yellen's Modern Supply Side Economics agenda lays out the importance of investing in historically marginalized people and places, which has significant implications for tackling persistent drivers of racial economic disparities. Inspired by this approach, the Counselor for Racial Equity Office (CREO) seeks to advance ***an economy that unleashes the economic potential of people of color and other historically marginalized communities, leading to greater financial security across generations and more broadly shared prosperity for all.***

To achieve this vision, CREO works collaboratively with policy and administrative teams that are responsible for leading key bodies of policy and program development, design, and implementation, research, evaluation, procurement, and internal practices to consider the needs and experiences of people, businesses, and communities that have struggled to access and benefit from federal policies and investments, including communities of color. This work led CREO to identify **five priorities\*** that align with Treasury's scope and core competencies.

- Further developing our understanding of the implications of racial inequity for our national economy
- Fortifying capital delivery systems that transform neighborhoods and build family and community assets
- Protecting and growing assets to improve financial stability and advance economic mobility
- Promoting economic mobility through a fair tax system
- Developing a Treasury Department that reflects America

\*More information on the initiatives within each priority are detailed in the next section.



# Counselor for Racial Equity Office: Treasury-Wide Action Steps

CREO advises and collaborates with policy and program teams to drive a Department-wide agenda that produced the most equitable recovery in our nation's history. The Department is using those lessons to foster inclusive and equitable economic growth that will create a more prosperous nation for all.

## 2021 Accomplishments

- ✓ Completed Treasury Equity Assessment (EO 13985)
- ✓ Mobilized Covid Crisis Response & Centered in Equity in Implementation
  - Strengthen data metrics and infrastructure
  - Encouraging community engagement
  - Leveraging public –private partnerships to drive better capital outcomes
  - Delivered millions of dollars in relief and support through ARPA programs.
- ✓ Advanced \$92 billion in Child Tax Credit payments to support 60 million children
- ✓ Delivered 80% of ERA assistance to very low-income households. In Q4 of 2021, more than 40% of participants identified as Black and 20% as Latino, and female-headed households represented nearly two-thirds of those that received assistance.
- ✓ Surpassed Women and Minority-Owned contracting and procurement goals
- ✓ Opened doors to community stakeholders to gather local intelligence that informs racial equity policy and strategy
- ✓ Incorporated racial equity goals into the Department's Strategic Plan

## 2022 Actions Underway

- ✓ Launch [Treasury Advisory Committee on Racial Equity](#)
- ✓ Launch and build out [Office of Diversity, Equity, Inclusion, & Accessibility](#)
- ✓ [Delivered \\$8 billion](#) in economic growth capital for CDFIs and MDIs.
- ✓ Engage interagency partners, [private sector, and philanthropy in partnerships](#) that leverage and extend Administration investments in economic opportunity.
- ✓ Launch [blog series](#) detailing the origins of racial economic disparities and the implications for national economy
- ✓ Treasury awarded \$951 million to small disadvantaged businesses, representing for the first time over 10% of eligible small business dollars available for Treasury contracts
- ✓ \$693 million in contracting dollars were awarded to women owned businesses both large and small (7.6%) and \$902 million was awarded to minority owned businesses both large and small (9.9%).
- [State Small Business Credit Initiative](#) eligible jurisdiction plans under review with rolling approvals.
- Producing new data and [research insights](#) on tax data.
- Implementation of the [Inflation Reduction Act](#) (IRA)



# Overview of Key Initiatives by Priority Area

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# Priority #1: Further developing our understanding of the implications of racial inequity for our national economy

## Racial Inequality Blog Series

In partnership with CREO, the Office of Economic Policy is developing a blog series on racial inequality. Each post will highlight important facts, discuss how key outcomes have evolved over time, and emphasize the connections with other components of economic inequality, with the goal of calling attention to areas where more work is needed to advance racial equity. This is the first time the Treasury Department has publicly assessed the impact of racial inequality on the economy.

- Post 1 – [Racial Inequality in the United States](#) (July 21)
- Post 2 – [Racial Differences in Economic Security: The Racial Wealth Gap](#) (September 15)
- Post 3 – [Racial Difference in Economic Security: Housing](#) (November 4)

## EIP Research

The Office of Tax Policy is working with the IRS and Census Bureau to understand the distribution of Economic Impact Payments by race and ethnicity and to assess the nature of any disparities in receipt and the timing of receipt by race and ethnicity. In addition, since the IRS does not collect information about the race/ethnicity of taxpayers, Treasury is developing methods to impute race/ethnicity for use in the analysis of tax policy. [This work is still ongoing, but the initial results look promising.](#)



## Priority #2: Fortifying capital delivery systems that transform neighborhoods and build family and community assets

### Engagement with the Private Sector & Philanthropy

Announced in July 2022, a coalition of 24 companies and foundations have come together through the EOC to align historic investments in underserved communities. The EOC will coordinate across public, private, and social sector organizations to develop and deploy products that solve challenges in getting resources where most needed and drive towards outcomes for meaningful action.

- [FACT SHEET: Vice President Announces New Private and Public Sector Efforts to Align Tens of Billions in Investments in Underserved Communities](#)
- [FACT SHEET: Vice President Harris Announces New Public and Private-Sector Efforts to Advance Racial Equity at Freedman's Bank Forum](#)

At the 2022 Freedman's Bank Forum, Hyphen announced the [Fund for Inclusive Entrepreneurship](#), a \$100 million national initiative to expand access to capital for small businesses owned by people of color. With lead support from JPMorgan Chase and the W.K. Kellogg Foundation, the Fund will offer a two-stage approach: (1) building capacity among high-impact community lenders, and (2) raising private capital to invest alongside federal funding.

### Interagency Community Investment Committee (ICIC)

The Interagency Community Investment Committee (ICIC) is focused on the operations and execution of federal programs that facilitate the flow of capital and the provision of financial resources into historically underserved communities, including communities of color, rural communities, and Tribal nations. The ICIC is composed of representatives from Treasury, SBA, Commerce, Transportation, HUD, and USDA.

A [Request for Information](#) was released in October by ICIC to gather input from the public on how to improve the effectiveness and impact of federal community investment programs. Comments are due December 5 and will inform a white paper to be developed in 2023.

### Office of Community & Economic Development

- The CDFI Fund has published for public comment [criteria designating a certified CDFI as a Minority Lending Institution \(MLI\)](#).
- By early 2023, the CDFI Fund will award approximately \$1.75 billion in grants through the [CDFI Equitable Recovery Program](#), for which the Fund has received more than 650 applications.
- Through the Emergency Capital Investment Program (ECIP), Treasury has made [over \\$8.28 billion in investments in 162 community financial institutions](#).

### State Small Business Credit Initiative (SSBCI)

Reauthorized and expanded by the American Rescue Plan, SSBCI provides \$10 billion to states, territories, and Tribal governments to empower small businesses to access capital needed to invest in job-creating opportunities. Treasury has announced the approval of 31 state plans for approximately \$4.8 billion in SSBCI funding.

- [Treasury Announces Eleven Additional States to Receive up to \\$1 Billion from U.S. Treasury Department to Promote Small Business Growth and Entrepreneurship through the American Rescue Plan](#)



## Priority #3: Protecting and growing assets to improve financial stability and advance economic mobility

### Digital Assets

In September, Treasury [published a report on Section 5 of Executive Order 14067](#) regarding “Ensuring Responsible Development of Digital Assets” that addressed the implications of digital assets for consumer, investors, and businesses. The report discusses implications associated with the use of digital assets for consumers, investors, and businesses with an eye towards those aspects affecting populations vulnerable to disparate impacts. Treasury is currently mapping out future engagement with civil rights and advocacy groups on this report through listening sessions and roundtables.

- [FACT SHEET: Treasury Report on Crypto-Assets: Implications for Consumer, Investors, and Businesses](#)
- [Statement from Secretary of the Treasury Janet L. Yellen on the Release of Reports on Digital Assets](#)

### Office of Recovery Programs

Treasury has released multiple reports that highlight approaches and best practices to racial equity that have emerged from various state and local jurisdictions across the country that are using recovery program resources to invest in historically disadvantaged communities. Many of the practices that were piloted through recovery programs can be replicated and extended as new resources through the Inflation Reduction Act and Bipartisan Infrastructure Law start flowing through communities.

- [FACT SHEET: How Treasury’s Implementation of American Rescue Plan Programs Prioritizes Equity](#)
- [State and Local Fiscal Recovery Funds Equity and Outcomes Resource Guide](#)
- [GSA Office of Evaluation Sciences Study: Equity in the Distribution of the Emergency Rental Assistance Program](#)



## Priority #4: Promoting economic mobility through a fair tax system

### Inflation Reduction Act – Climate Tax Provisions

CREO is focused on four particular areas of the IRA's climate tax provisions:

- Maximizing the targeted place-based incentives that provide bonuses for clean energy projects that are in low-income areas, Tribal land, and areas that have borne the brunt of energy production over the last several decades, as well as bonuses for projects that meet prevailing wage, apprenticeships, domestic content, and energy community requirements;
- Direct payment of certain tax credits to streamline access to key incentives and further incentivize investments in local communities;
- Examining the role of mission-driven lenders in climate finance and how institutions such as CDFIs and MDIs can direct capital and technical assistance made available through the IRA into underserved communities.
- Data collection and evaluation across programs.

[FACT SHEET: Four Ways the Inflation Reduction Act's Tax Incentives Will Support Building an Equitable Clean Energy Economy](#)

IRS has issued several requests for public comment about green credits, available here: [Inflation Reduction Act of 2022 | Internal Revenue Service \(irs.gov\)](#)

### Inflation Reduction Act – IRS Transformation

The Inflation Reduction Act, passed by Congress earlier this year, invests almost \$80 billion in the IRS to transform tax administration in this country. The IRS is currently developing a Strategic Operating Plan, which will set out a path for this historical transformation over the next decade. To inform this plan, Secretary Yellen, Deputy Secretary Adeyemo will hear from stakeholders on how best to improve IRS services, technology, and improve tax fairness.

- [READOUT: Deputy Secretary Adeyemo Convenes Roundtable Discussion on Small Business Priorities for an Improved and Modernized IRS | U.S. Department of the Treasury](#)



# Priority #5: Developing a Treasury Department that reflects America



## Hiring

Treasury is in the process of hiring three positions for the Office of Diversity, Equity, Inclusion, and Accessibility (ODEIA):

- [Chief DEIA Officer](#) (closed November 17)
- Director of Civil Rights and Equal Employment (position not yet advertised)
- Director of the Equity Hub (position not yet advertised)