

**U.S. DEPARTMENT OF THE TREASURY
OFFICE OF DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY (ODEIA)
TREASURY ADVISORY COMMITTEE ON RACIAL EQUITY (TACRE)**

April 18, 2024

Minutes from the Treasury Advisory Committee on Racial Equity (TACRE) which convened at 1:15 PM on 18 April 2024 in the Mayor's Reception Room, City Hall, 1400 John F. Kennedy Boulevard, Philadelphia, Pennsylvania, Michael Nutter, Chair, presiding.

Committee Members Present

MICHAEL NUTTER, Columbia University and former Mayor of Philadelphia, Chair
FELICIA WONG, The Roosevelt Institute, Vice Chair
NICOLE ANAND, Inclusive Action for the City
JANIE BARRERA, CEO, Kirpa Tech
NICOLE BORROMEO, Alaska Federation of Natives
DOROTHY BROWN, Georgetown University
WILLIAM BYNUM, Hope Enterprise Corporation, Hope Federal Credit Union, Hope Policy Institute
DAVID CLUNIE, Black Economic Alliance, Edward Jones
GARY CUNNINGHAM, Momentous Capital
NICOLE ELAM, National Bankers Association
JOHN FRIEDMAN, Brown University
BULBUL GUPTA, Pacific Community Ventures
DARRICK HAMILTON, Institute on Race, Power, and Political Economy, The New School
MICHAEL MCAFEE, President & CEO, PolicyLink
GINA NISBETH, 9th & Clinton Advisory
JOSE QUINONEZ, Mission Asset Fund
CARLOS RANGEL, W.K. Kellogg Foundation
VALERIE RED-HORSE MOHL, Co-Founder, Known Holdings
AMANDA RENTERIA, Code for America
CHILLING TONG, National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship
BARIKA WILLIAMS, Association for Neighborhood Housing & Development

Department of Treasury Staff Present

WALLY ADEYEMO, Treasury Deputy Secretary
ERIC VAN NOSTRAND, performing the duties of (P.D.O.) Asst. Secretary for Economic Policy
JANIS BOWDLER, Counselor for Racial Equity
SNIDER PAGE, Designated Federal Official
LAUREL BLATCHFORD, IRA Chief Implementation Officer
RHIANNA ROGERS, Chief DEIA Officer
DIANE LIM, Director, Equity Hub
NICOLE GORE, Sr. Advisor
REBECCA THOMPSON, Sr. Advisor (ADFO)
KSENIA SHADRINA, Sr. Policy Advisor (ADFO)
ELAINE MAAG, Sr. Advisor (ADFO)
MICHAEL SEBASTIANI, Sr. Advisor (ADFO)

Other Invited Guests Also Present

CHERELLE PARKER, Mayor of Philadelphia
BYRON GARRETT, Executive Vice-President of Government Partnerships, United Way Worldwide

GAYLE JENNINGS-O'BYRNE, CEO & Founder, WOCstar Fund
JAMES WANG, President and CEO, Asian Bank
DANIEL BETANCOURT, CEO, Communities First Fund
TROY DUFFIE, Director of MI Finance, Milken Institute
MARINA GARCIA, Direct File user and Program Manager, RAISE Texas

At 1:15 p.m., DFO Page called the meeting to order and requested roll call from all in-person and virtual attending members of the Treasury Advisory Committee on Racial Equity (TACRE) and Treasury officials sitting at the table.

Chair and Vice Chair Remarks

Chair Nutter welcomed everyone to the TACRE meeting in Philadelphia—remarking that this is the first time the Committee is meeting outside of Washington, DC and expressing his appreciation and pride that Treasury picked Philadelphia for the location. He spoke of the focus of this meeting being on impact and outcomes and that Members had had the chance in the morning to go on a tour to see a variety of people and resources in action, to see first-hand some of the person- and business-level impacts of the Inflation Reduction Act (IRA) and several other federally funded programs in Philadelphia. He thanked Treasury officials, especially Counselor Bowdler, and staff for their work in completing two reports responding to the 2023 TACRE recommendations—while stressing that the Committee’s work continues. He then turned it over to Vice Chair Wong.

Vice Chair Wong thanked Chair Nutter, echoed thanks to Committee members and Treasury staff and added thanks to Mayor Parker for hosting the meeting in her city. She noted that it is always uplifting to meet in person with the Committee but is especially great to be in Philadelphia, Mayor Nutter’s home city, this time. She mentioned the various trips taken around the city in the morning, to homes of Philadelphians and clean energy and workforce nonprofit organizations, as testament to the fact that authentic and real community engagement has been important to TACRE and remains very important to the Treasury Department under the leadership of Secretary Yellen and Deputy Secretary Adeyemo—and that this commitment to further developing such efforts comes out very clearly in the two reports that Treasury has completed. She then turned it back over to Chair Nutter.

Chair Nutter then thanked City of Philadelphia officials and staff for their support in hosting the TACRE meeting in City Hall, and he introduced Mayor Chelle Parker for her remarks.

Remarks by Mayor Parker

Mayor Parker welcomed Chair Nutter back home and noted that the relationships he has with young people around the city, put on display today in front of his Treasury colleagues, are testament of the work and impact he achieved when he was Mayor. Mayor Parker then thanked Treasury officials and staff in involving the city in the TACRE work, given how important collaboration is tackling the tough economic policy issues that TACRE focuses on. She mentioned much overlap of TACRE issues with those her office works on, such as financial inclusion, access to capital, housing stability, federal supplier diversity, overall economic development, and growing small businesses. She spoke of the important role of Community Development Financial Institutions (CDFIs) and the contributions of Asian Bank, which the City has been proud to partner with. She announced two new elements of the economic development strategy that she proposed in the budget: (i) investing \$1 million in the “accelerator fund” that provides access to capital to developers that come from historically disadvantaged groups and another \$1 million to the Innovate Capital Growth Fund, run by the Enterprise Center; and (ii) a \$10 million proposed investment in workforce development and apprenticeship programs that to be eligible must guarantee employment at the end of training. Mayor Parker also announced that she has created an office for

Minority Business Success, directed by Rachel Branson, to connect underserved, underrepresented entrepreneurs in the city with resources in the intergovernmental, private sector, and philanthropic ecosystem.

Chair Nutter thanked Mayor Parker and turned it over to Counselor Janis Bowdler.

Remarks by Counselor Bowdler

Counselor Bowdler explained that the reports that Treasury staff produced for the Committee are intended to show progress to date—to put down “mile markers” and show “milestones”—but in no way are saying our work is done. Moving forward we have the chance to deepen our own collaboration, deepen our conversations, lift up the best of what’s happening, showcase what we want to see more of, and further our conversation about how we can drive to scale and replicability. As part of those deeper conversations and collaborations, TACRE will hear about how local lenders are furthering small business access to capital, in a panel discussion led by Member Bulbul Gupta.

Counselor Bowdler turned it over to Member Gupta to kick off the panel discussion, “Empowering Local Lenders.”

Panel on Empowering Local Lenders

Moderator: Member Gupta

Speakers: James Wang, President and CEO of Asian Bank; Daniel Betancourt, President and CEO of Community First Fund; Gayle Jennings O’Byrne, Cofounder of the Women of Color Star Fund (or “WOCstar”)

Member Gupta opened the panel to discuss Treasury’s recent historic efforts to deploy capital to support mission-driven financial institutions. She listed some of Treasury’s programs that the panel would discuss and that the Financial Health and Access to Capital Subcommittee has been largely focused on the Emergency Capital Investment Program (ECIP), the State Small Business Credit Initiative (SSBCI), the CDFI Fund, and the Equitable Recovery Program (ERP). The subcommittee has been exploring ways to provide better access to capital for communities that have faced different historical exclusions or barriers, and how to hold more lending institutions and capital deployers accountable to better track and measure where their capital is deployed. The subcommittee is also working on recommendations that could support Treasury expanding access to capital to a greater diversity of institutions and fund managers.

Mr. Wang spoke about how ECIP has impacted Asian Bank’s work, facilitating \$66 million in loanable funds which were deployed within the first half year of receipt, and allowing the company to develop new programs, increase their staffing, and open additional branches to better serve the local Philadelphia community. The investments that ECIP makes possible are long-term and patient in nature and generational in impact. He also discussed how Asian Bank, a minority depository institution (MDI), in the last couple years made the decision to become a CDFI, which allowed the bank to amplify their impact with the use of CDFI funding.

Mr. Betancourt discussed the ERP funding and ways it allowed his CDFI to reach more historically underserved people in his community by providing “game-changer” amounts of additional capital. Mr. Betancourt also spoke about how forming the Pennsylvania CDFI Network, bringing the individual CDFIs together in applying for funding, has resulted in greater success.

Ms. Jennings O’Byrne spoke about her venture fund’s participation in the SSBCI program. She underlined the benefits of participation in SSBCI including as a way of partnering with the government to better ensure success, as well as a convening power and validating signal to the market that these investments are worthy of capital. Ms. Jennings O’Byrne also suggested that the capital can be leveraged more successfully if paired with technical assistance funding.

Panel Discussion on Early Insights from Direct File

Moderator: Member Renteria, CEO

Speakers: Laurel Blatchford, IRA Chief Implementation Officer (CIO); Byron Garrett, Executive VP of Government Partnerships, United Way Worldwide; and Marina Garcia (over Zoom), Direct File user and Program Manager, RAISE Texas

Member Renteria led off the panel with an overview of the Inflation Reduction Act (IRA) and IRS modernization being a major focus of the legislation, and the IRS developing its own option for taxpayers to file their taxes online for free an important component of the modernization plan. The IRA provided the IRS with \$15 million and directed it to conduct a feasibility study of a free, direct e-file program (Direct File). The legislation also required an independent third party to provide their opinions on the overall feasibility, cost, and IRS’s capacity to deliver such a system. The full report and independent third-party analysis were provided to Congress on May 16, 2023. The report found that most taxpayers are interested in using an IRS-provided tool to prepare and file their taxes. In response, the Treasury Department asked the IRS to develop a free file option to pilot in Filing Season 2024.

Member Renteria explained that this was an exciting development, especially for her Code for America team, as they believe in a future where every person receives the flexible cash they deserve from the tax system, and where accessing those tax benefits is easy, dignified, and mostly automatic.

Ms. Garcia shared her experience filing her taxes with Direct File, said the online user interface was easy to understand and navigate, and liked that it was ad free unlike other free tax filing options. She also mentioned that it offered her peace of mind in providing the information directly to the federal government/IRS.

CIO Blatchford explained how Direct File came to be, why it’s so important, and what the early/initial results she’s seen indicate about how successful the pilot was. She indicated that the pilot had been built out in a very thoughtful, measured manner, with lots of testing along the way, and with the help of many (over 600) national and local partners ended up surpassing participation goals—exceeding 100,000 Direct File filers as of the date of the meeting (4/18).

Mr. Garrett spoke about how United Way emerged as a significant outreach partner for Direct File, having an established presence in most communities across the country and already providing tax filing services to low-income households through the VITA program. He explained that establishing trust with the people coming in for help with their taxes is very important to how the Direct File pilot has been able to reach so many people.

Members and panelists engaged in some follow-up questions and discussion.

Remarks by Mr. Van Nostrand, P.D.O. Assistant Secretary, on the Economic Impacts of the Inflation Reduction Act

Vice Chair Wong introduced Mr. Van Nostrand to speak to the Committee on the evidence so far on IRA’s overall impact on the U.S. economy and insights on its likely distributional and place-based effects. Mr. Van Nostrand emphasized that the IRA is the most significant investment in reducing carbon emissions in American history, and it supports investment and economic growth more generally by steering investments to disadvantaged communities. The IRA also makes sure that the people who currently live in these communities will benefit from these new investments. Mr. Van Nostrand reported that the data coming in provide evidence that IRA investments are landing where intended and that by going to under-utilized, under-invested places, this investment strategy proves it is possible to both combat climate change and spur economic growth. He described how Treasury is analyzing the geographic and socioeconomic distribution of IRA clean energy investments using a tool called the Clean Investment Monitor developed by the Massachusetts Institute of Technology (MIT) and the Rhodium Group. That research indicates that 75 percent of post-IRA clean investment announcements have gone to counties with wages below the national average, and more than 80 percent have gone to counties with below average college graduation rates—across all regions of the country. And while more investments are going to rural vs. urban counties, and rural geographies are more white than urban ones, if one looks within the rural counties, more than half of investments announced in rural counties so far are in counties where nonwhite population shares are higher than the U.S aggregate rural nonwhite population share. Mr. Van Nostrand also explained that Treasury expects that IRA investments will have a positive impact on many Black, Latino, and other communities, in at least two important ways: (i) by reducing business-cycle economic volatility through investments directed to areas with high unemployment; and (ii) by combatting climate change and reducing air pollution, including in urban areas that are more exposed to local pollution.

Several members asked Mr. Van Nostrand some follow-up questions, and he provided responses.

Remarks by Deputy Secretary Adeyemo

Vice Chair Wong introduced Deputy Secretary Adeyemo, who thanked the TACRE Co-chairs and Committee members for their service. He pointed to the Treasury Progress Report on Racial Equity, released today (4/18/24), which reflects many of the recommendations received from TACRE and describes how Treasury is applying the Committee’s advice to the work we have done and continue to do. He explained how important it was to get out of Washington, DC for this meeting, to come to a place where people are doing the work on the ground in a real way—from solar installation, to community service providers, and to financial institutions making investments in small businesses. He thanked the Committee and Treasury staff for the hard work and dedication in making progress on these issues as not just the right thing to do but also something critical to our nation’s economic agenda.

Member Clunie asked about how conversation with the business community is or is not changing considering current politics around racial equity and what can be done to continue to make the business case for investing in under-served, under-represented communities. Deputy Secretary Adeyemo said we’ve got to lean in even more to remind businesses of the commitments they’ve made—not just to the world or to their employees, but to their customers. He described some of his meetings on this trip with members of the Economic Opportunity Coalition and local small businesses. Member Gupta voiced a concern about the “missing middle financing gap”—between where micro businesses would graduate to and where venture capital picks up. Deputy Secretary Adeyemo commented that a challenge to the effectiveness of our economic programs is in the design that’s often in the hands of the states and in the

coordination of implementation and execution where different federal agencies have different parts of programs. Member Williams brought up the topic of housing and whether Treasury will focus more on the issue going forward. Deputy Secretary Adeyemo responded that yes, Treasury would continue to focus on how best to improve housing affordability for a broader segment of the population than those that currently benefit from low-income housing programs and the tax subsidies for “market-rate housing.”

Subcommittee Reports

- **IRA Implementation Subcommittee:** Member and Subcommittee Chair Renteria reported the subcommittee had not met since the prior full-committee meeting.
- **Internal Staffing and Culture Subcommittee:** Member and Subcommittee McAfee reported the subcommittee had not met since the prior full-committee meeting.
- **Research and Data Equity Subcommittee:** Members and Subcommittee Co-Chairs Brown (in person) and Friedman (over Zoom) introduced a new recommendation regarding racial equity/distributional analysis in the Greenbook: to include any racial equity analysis within the FY2026 Greenbook (not only as an addendum), and to conduct and include such distributional analysis for more of the proposals in the Greenbook. The proposed recommendation was moved, seconded, and approved unanimously by the full Committee.
- **Financial Health and Access to Capital Subcommittee:** Member and Subcommittee Co-Chair Gupta reported that this subcommittee continues to work with Treasury staff on recommendations previously submitted, and that Member Anand had been working on a potential new recommendation she would like to discuss with the full Committee—focused on supporting aging immigrant taxpayers. Member Renteria commented that she would like the IRA subcommittee to work with the Financial Health subcommittee to further develop the recommendation by the next TACRE meeting (in September).

New Business

- **New Subcommittee on Audit Disparities.** Member Clunie proposed that TACRE convene a new Subcommittee on Audit Disparities, to explore aspects of tax filing that can lead to inequitable outcomes where they exist for Black and other taxpayers, to identify the types of challenges taxpayers are experiencing during audits, and to identify factors that may contribute to disparities in audit selection that the IRS can investigate further. Besides Member Clunie who volunteered to serve as the Subcommittee Chair, other members who have volunteered to serve on the new subcommittee are Nicole Anand, Gary Cunningham, Darrick Hamilton, and Michael McAfee. Member Clunie mentioned that IRS had announced a similar subcommittee “on tax fairness” within the IRS Advisory Council (IRSAC), and he thanked other TACRE members (especially Member Brown) and Treasury staff for their leadership and support. Several members of the Committee expressed their enthusiasm and support. The proposal to establish the new subcommittee was moved, seconded, and unanimously approved with Member Clunie serving as the Subcommittee Chair.
- **Member recruitment for next TACRE.** Counselor Bowdler brought up the call for nominations/applications for new membership on TACRE, which has a deadline of May 20, and some discussion followed about the smaller membership size and perhaps different focus areas of next year’s Committee.

Hearing no further new business, Chair Nutter adjourned the meeting at 5:09 p.m.