

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

June 8, 2023

Minutes from the Treasury Advisory Committee on Racial Equity (TACRE) which convened at 01:00 PM on 8 June 2023 in the Cash Room, Department of the Treasury, with Michael Nutter, Chair, presiding.

Committee Members Present

MICHAEL NUTTER, David N. Dinkins Professor of Professional Practice in Urban and Public Affairs, Columbia University and former Mayor of Philadelphia, Chair

FELICIA WONG, President and Chief Executive Officer, The Roosevelt Institute, Vice Chair

NICOLE ANAND, Deputy Director, Inclusive Action for the City

JANIE BARRERA, President and CEO, LiftFund, Inc.

NICOLE BORROMEO, Executive Vice President & General Counsel, Alaska Federation of Natives

DOROTHY BROWN, Martin D. Ginsburg Chair in Taxation and Professor of Law, Georgetown University

WILLIAM BYNUM, Chief Executive Officer, Hope Enterprise Corporation, Hope Federal Credit Union, Hope Policy Institute

DAVID CLUNIE, Executive Director, Black Economic Alliance

GARY CUNNINGHAM, President & CEO of Prosperity Now

NICOLE ELAM, President and Chief Executive Officer, National Bankers Association (NBA)

JOHN FRIEDMAN, PDBF Distinguished Professor of Economics and International and Public Affairs, Brown University

BULBUL GUPTA, President & CEO, Pacific Community Ventures

DARRICK HAMILTON, University Professor and Henry Cohen Professor of Economics and Urban Policy, The New School

MICHAEL MCAFEE, President and CEO, PolicyLink

GINA NISBETH, Founder and President, 9th & Clinton Advisory

JOSE QUINONEZ, Founding CEO, Mission Asset Fund

CARLOS RANGEL, Chief Investment Officer, W.K. Kellogg Foundation (WKKF)

VALERIE RED-HORSE MOHL, Co-Founder, Known Holdings & CFO, East Bay Community Foundation

AMANDA RENTERIA, Chief Executive Officer, Code for America

JOHN ROGERS, Founder, Chairman & Co-CEO, Ariel Investments

CHILING TON, President and Chief Executive Officer, National Asian/Pacific Islander American Chamber of Commerce & Entrepreneurship (National ACE)

BARIKA WILLIAMS, Executive Director, The Association for Neighborhood Housing & Development (ANHD)

Department of Treasury Staff Present

JANET YELLEN, Secretary

WALLY ADEYEMO, Deputy Secretary

LAUREL BLATCHFORD, Chief Implementation Officer, IRA

JANIS BOWDLER, Racial Equity Counselor

KARNELIS GODETTE, Acting Deputy Director, Equity Hub
SNIDER PAGE, Acting Chief, Office of DEIA/Designated Federal Official
MICHAEL SEBASTIANI, Acting Senior Advisor, Equity Hub
ADITI SOMANI, Special Assistant, Counselor for Racial Equity Office
Dr. LORRAINE COLE, Director, Office of Minority and Women Inclusion
MERICI VINTON, Deputy, Direct File

Also Present

JENNY YANG, Deputy Assistant to the President for Racial Justice and Equity, White House Domestic Policy Council

At 1:07 p.m., Snider Page called the meeting to order and requested introductions from all in-person and virtual attending members of the Treasury Advisory Committee on Racial Equity (TACRE).

Chair and Vice Chair Remarks

Chair Nutter welcomed everyone to the TACRE meeting. He began the meeting with remarks regarding the importance of this meeting and how achieving racial justice can only happen when an honest reckoning occurs and when the history of racial injustice is acknowledged. Chair Nutter broadly mentioned existing initiatives including the Internal Revenue Service (IRS) modernization and the overall importance of including systematically excluded populations.

Vice Chair Wong thanked all the Department of Treasury leadership for their efforts to establish the historic commission on the idea of a whole of government effort on race equity. Vice Chair Wong specifically highlighted two themes making it necessary to address racial equity: a) to achieve racial justice requires an honest reckoning with our history and with our legacy of racial injustice, and b) a critical goal of this movement is to move beyond simply providing opportunity. Vice Chair Wong identified IRS modernization as an important part of the overall racial equity effort and an attempt to rebuild state capacity in one of the most critical parts of our government.

Treasury Counselor for Racial Equity Remarks

Counselor Bowdler thanked everyone for the work they've conducted since the first meeting and expressed appreciation for helping to inform the work of Treasury and helping to build better outcomes for the American people and for communities of color. Counselor Bowdler reiterated that the big priority is ensuring lasting and durable change in policy making and institutions.

Counselor Bowdler introduced Ms. Jenny Yang, Deputy Assistant to the President for Racial Justice and Equity.

Ms. Jenny Yang's Remarks

Ms. Yang began her briefing by emphasizing the importance of continuing to support the Administration's efforts to advance racial justice and equity and how it is one of the foremost priorities of the White House. She discussed the reasoning behind the second executive order (Executive Order 14091, *Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, dated February 16, 2023), which requires all agencies to, each year, engage with underserved communities, carefully study where their policies are contributing to inequities, and release a public plan for how they will address those barriers. She also outlined that a main mission objective for

this work is to promote data equity and transparency to support agencies in innovating and tracking new types of data in order to measure progress and help communities.

Questions for Ms. Yang

Member Rangel inquired about any processes or programs that can help focus on finding appropriate data metrics to measure progress on the Administrations' efforts to advance racial injustice and equity. Ms. Yang remarked that the key issue is data collection and that agencies should recognize the importance of finding relevant information, such as race/ethnicity, to better understand discrimination.

Member Gupta inquired about the availability of interagency programs that are underway in designing agencies' 2023 Equity Action Plans. She highlighted examples of interagency programs that prioritize equity in their work, such as the Property Appraisal and Valuation Equity (PAVE) Interagency Task Force, an effort led by the US Department of Housing and Urban Development (HUD) to address inequity in home appraisals.

Member Bynum asked what the coordination of DEIA efforts would look like between the states (especially those that do not have the structure nor the track record of adequately servicing people of color) and the federal government. Ms. Yang emphasized the importance of sending the relevant federal staff to these areas to provide support.

Member Hamilton had three queries, dealing with data collection efforts and the importance of collecting relevant information about population assets and debt, as well as inquiring about proactively doing audit studies to test and identify discrimination. Ms. Yang explained that through experience, she knows about the value in audit studies and hopes that more agencies apply this in their offices.

Vice Chair Wong questioned the efforts to ensure more race equity in the Inflation Reduction Act (IRA) implementation. She emphasized the importance of an initiative that is nimble and able to keep up with the speed of IRA investment distribution, to which Ms. Yang agreed.

Secretary Yellen's Remarks

Secretary Yellen thanked the members for attending the TACRE meeting. She articulated the importance of the meeting at this time as the Treasury looks to implement components of the American Rescue Plan and the Inflation Reduction Act, which will dramatically aid in the attempt to redress inequities in the economy.

Secretary Yellen noted the achievements that occurred since the last TACRE meeting. The Inflation Reduction Act and the proposed rules to give bonus credit to low-income communities will be beneficial, as well as the boost in investment for tax credits for solar and wind energy projects in underserved communities. She remarked that the IRS finalized a new operating plan with a focus on serving taxpayers more fairly and equitably, especially those who are entitled to credits and deductions. She stated that Congress has also passed legislation to remedy the debt limit, which will allow the IRS to have resources it needs to modernize service and improve enforcement. She added that the Emergency Rental Assistance Program has also been a resounding success, as it has made over 11 million payments to families at risk of eviction, especially households of color and low-income renters. In April, Treasury awarded \$520 million to assist renters in financial hardship.

Secretary Yellen also stated that all Treasury bureaus and offices were sent a framework to ensure equitable compliance and enforcement practices. This includes disparities, such as audit rates, which should be remedied by consulting with relevant stakeholders and reviewing existing policies.

The Secretary's full remarks can be found here: <https://home.treasury.gov/news/press-releases/jy1527>.

Questions for the Secretary

Member Renteria questioned the change in the debt limit, and how exactly that would impact the work being done currently. Secretary Yellen answered that there would be no significant change, although a \$20 billion decrease to the IRS was not ideal, there is time to implement the operating plan.

Member McAfee inquired about the report of disproportionate IRS audits on black taxpayers that can paint a picture about racial bias and whether there are other areas of the Treasury where the same harm can be done. Secretary Yellen stated that this discrepancy is due to an algorithm and was not conscious. Moreover, Secretary Yellen states that IRS Commissioner Werfel is spearheading a remedy for such an issue.

Member Gupta asked a question about navigating racial equity programs while accounting for a K-Shaped recovery. To which Secretary Yellen stated that the focus must be on long-term initiatives that have been passed since the American Rescue Plan. These include the Bipartisan Infrastructure Law, CHIPS (Creating Helpful Incentives to Produce Semiconductors Act), and IRA.

Member Brown asked about recommendations previously submitted by the Research and Data Equity Subcommittee and to what degree of transparency will be present when selecting recommendations. Secretary Yellen stated the previous recommendations were shared with the Office of Tax Analysis, who is expected to review them and provide feedback soon. She also remarked that they will be completely transparent about whatever decision that is made.

Ms. Vinton and Ms. Blatchford's Remarks

Ms. Vinton and Ms. Blatchford discussed three different areas of the Direct File Report as required by IRA. This included the cost of making technology mobile friendly and available in multiple languages. The two looked at federal tax returns and conducted a survey regarding online-based experiences. The result of such studies was a functional prototype of a free mobile friendly tax-paying tool. Responses showed that 72% had an interest in this tool, while 68% indicated that they were very likely to switch over to this tool.

Questions for Ms. Vinton and Ms. Blatchford

Member Cunningham asked about the difference in findings between those that used efilings and those that did not, to which Ms. Vinton said there was no significant difference.

Member Rangel asked about the expense in ingesting the filings in a different format and adding it to the system. Ms. Vinton and Ms. Blatchford stated that the modernized filing would use an API (Application Program Interface) and is part of a larger modernization effort.

Member Cunningham asked about possible competition from the private sector regarding the IRS in-house tool. The question was answered by emphasis on the point that the tool is going through copious

testing and will be viable for many taxpayers. Ms. Vinton stated that the people who used the tool were satisfied with their experience.

Subcommittee Briefing – Financial Health Inclusion and Capital Access

There were three priorities presented.

- 1) Member Red-Horse Mohl identified the first priority: Incentivize large institutions that have some relationship with Treasury (including universities, government contractors, and other government agencies affiliated with Treasury) to move their portfolio investments into minority managers to give business vendors transparency.
- 2) Member Gupta introduced the second: Ensure Treasury’s access to capital and financial health programs are not only measuring outputs, but also measuring outcomes of ensuring they are serving the intended communities based on program design.
- 3) Member Gupta continued with the third priority: Increase transparency and liquidity in Treasury programs by improving “disaggregated data collection.”

There were no questions for the subcommittee. A subsequent motion was made to receive the subcommittee report. There was a motion to second, and the motion passed unanimously.

Subcommittee Briefing – Research and Data Equity

The subcommittee summarized three recommendations.

- 1) Member Brown identified the first recommendation: Increased transparency through annual reporting on racial disparities in audits. Member Brown included six methods to support the recommendation. Member Brown also requested that the IRS Commissioner Daniel Werfel attend the September TACRE to provide a progress report on the geographic audit analysis the subcommittee previously requested and also report to the Secretary by March 2024 on the changes implemented to correct disparities in tax audits.
- 2) Member Friedman identified the second recommendation: Increased volume of independent research by Treasury regarding racial disparities in “tax policy and usage” from teams across the Department. Member Friedman identified three methods to support the recommendation.
- 3) Member Friedman continued with the third recommendation: Increased reporting to have a balanced annual view regarding tax noncompliance across various parts of the tax code. Member Hamilton supported the need to have complete data to understand who is complying with tax law.

There were clarifying questions and discussion among members on how to move forward with allowing the Committee to review and make edits to the recommendations before sending them to Treasury. A motion was made to vote on the directional approval of the recommendations with non-substantive changes being made before they are sent to Treasury. There was a motion to second, and the motion passed unanimously. Member Friedman indicated that the subcommittee would provide the Committee a written copy of the recommendations to review for feedback.

Subcommittee Briefing – IRA Implementation

Member Renteria summarized five priorities without providing any recommendations.

- 1) Data Collection and Metrics, particularly as it relates to the Voluntary Income Tax Assistance (VITA) programs.
- 2) Modernize and transform the IRS, specifically ensuring the pilot process is intentional about low-income communities, racial ethnic communities, and ensuring a human-centered design takes the communities into consideration while building necessary tools and outreach.

- 3) Place-based green credits, specifically a deeper dive into the work that has broadened inclusion for 48(e), Clean Electricity Investment Credit.
- 4) Protecting communities from predation by ensuring the communities understand the new tax credits which involves plan language disclosures, consumer disclosures regarding the tax credits.
- 5) Protecting communities from predation with outreach and utilizing inter-government agency opportunities and non-traditional places of communication.

There was a motion made, which was seconded, to receive the subcommittee report. The motion passed unanimously.

Subcommittee Briefing – Internal Staffing and Culture

Member McAfee summarized four priorities: Inclusive Culture, Best Practices for Employment Transactions, Commitment of Resources, and Equitable Procurement. Member McAfee identified Equitable Procurement as the priority in September.

Member McAfee identified three forthcoming recommendations: Culture, Structural Reforms, and Technical Assistance.

1. Culture, focused in two areas that support staff for transition into effective management roles and to create a culture where staff view themselves as being collaborative consultants.
2. Structural Reforms, including a review of structural barriers, and category management and equity procurement alignment.
3. Technical Assistance, focusing on coaching contractors and contractor retention.

Members discussed the potential overlap between the work by this subcommittee and the work conducted by the Financial Health Inclusion and Capital Access Subcommittee. There was a motion made, which was seconded, to receive the subcommittee report. The motion passed unanimously.

Committee Feedback/Discussion on Subcommittee Briefings

Public Comments

Chair Nutter briefly described the public comments the Committee received for this meeting. The Financial Health Inclusion and Capital Access Subcommittee and Research and Data Subcommittee agreed to take on the Baby Bonds public comments and further work on them.

New Business/Next Meeting (September 19th)

Vice Chair Wong indicated that the next Committee meeting is scheduled for September 19th. The Committee discussed no new business.

Chair Nutter adjourned the meeting at 4:21 PM