

Pursuant to Executive Order 14091 (February 16, 2023) on "Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government"

## 2023 Equity Action Plan Summary

# U.S. Department of the Treasury

## Delivering equity through Treasury

The mission of the U.S. Department of the Treasury (Treasury) 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.

## New strategies to advance equity

Treasury has identified six areas of focus for its 2023 Equity Action Plan through visits to communities, listening sessions, and roundtables with people impacted by or interested in these issues, Tribal consultations, formal written invitations for comment, advisory committees, and more. Treasury will continue to engage the public on these action areas, its progress, and next steps throughout the year and beyond.

**1. Repair economic damage of COVID-19 and ensure all communities have access to the high-quality modern infrastructure needed to access critical services.** *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. To address these barriers and others, Treasury will:*

- Approve additional state plans for the [Capital Projects Fund \(CPF\)](#), 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.

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- Assist state governments in targeting their [Homeowner Assistance Funds](#) for eligible homeowners, in particular meeting the needs of low-income homeowners. This focus on assisting the most in-need homeowners makes addressing barriers to equitable access a key consideration in the program's implementation.
- Support state, local, Tribal, and territorial governments in deploying any remaining unobligated [State and Local Fiscal Recovery Funds \(SLFRF\)](#) 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 [Emergency Rental Assistance \(ERA\) program](#), including people of color, women, and families with children.
- Pursue equity-focused evaluation questions outlined in Treasury's [Office of Capital Access \(OCA\) Learning Agenda](#), to understand the impact of economic recovery programs and learn lessons for future similar efforts.

**2. Scale capital delivery and technical assistance to support small businesses and community assets.** *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. Community Development Financial Institutions (CDFI) and Minority Depository Institutions (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*

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*provide much needed services to their communities. To address these barriers and others, 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 Department's Community Development Financial Institutions Fund (CDFI Fund) will also establish a process for designating CDFIs as Minority Lending Institutions (MLIs) after reviewing public comments.
- Continue to approve plans for the [State Small Business Credit Initiative \(SSBCI\)](#), 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 [Interagency Community Investment Committee \(ICIC\)](#) 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.
- Convene CDFIs and other relevant stakeholders to share information and best practices to [facilitate capital flow and support to childcare providers](#).

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### **3. Improve financial health of underserved individuals and communities.**

*Historical exclusion from and lack of access to capital has led to poor outcomes for individuals and communities of color, women, rural areas, and counties with persistent poverty, resulting in economic disparities. 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. To address these barriers and others, 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.
- Engage with regulatory agencies, financial sector participants, non-profits, 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.
- Manage the [Emergency Capital Investment Program \(ECIP\)](#), 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](#).

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- 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.

**4. Ensure all Americans receive income-boosting tax credits for which they are eligible.** *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 refunds or the benefit of refundable credits. Many taxpayers often also 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. To address these barriers and others, 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 Inflation Reduction Act of 2022 (IRA)-related provisions.
- Ensure that with its critical, long-term funding from the IRA, the Internal Revenue Service (IRS) will improve services to help taxpayers meet obligations and receive the benefit of tax incentives for which they are eligible by making interactions with the IRS easier and more convenient.

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Moreover, 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 tax 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.

**5. Increase procurement with underrepresented businesses.**

*Stakeholders 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. To address these barriers and others, Treasury will:*

- Continue the work of the Treasury Procurement Equity Council and align with recommendations from the Treasury Advisory Committee for Racial Equity (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

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- Identify procurements that could be converted to small and socioeconomically challenged business awards using Treasury's Equity Heat Map and Socioeconomic Category Spend Tables.
- 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 website content on how to do business with Treasury to provide accurate, business-friendly information to lower barriers to entry.
- Increase engagement with vendors, while including Treasury's program / technical teams, to ensure vendors understand categorization of contract needs and opportunities available to them.
- 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



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federal government, and improving website content to provide accurate, business-friendly information to lower barriers to entry.

**6. Ensure environmental benefits of IRA reach underserved and Tribal communities.** *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. To address these barriers and others, Treasury will:*

- Increase access and education to IRA resources through ongoing stakeholder engagement and partnership building.
- 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 state, local, Tribal, tax exempt, and other specified entities to invest, claim, and monetize credits directly.
- Explore options to address with certainty the federal tax status of Tribally chartered corporations, which has been pending for thirty years and impacts Tribal access to clean energy 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.

## What Treasury accomplished

Below is a sampling of Treasury's progress delivering on equity and racial justice since its first Equity Action Plan in 2022.

- ***Approved 54 out of 56 state and territory applications for SSBCI Capital Programs, totaling over \$8.2 billion in allocations, and announced the approval of more than \$159 million in funding allocated to 63 Tribal governments (as of December 2023).***

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 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.

- ***Leveraged the ERA program to create the first-ever nationwide infrastructure to prevent eviction.***

More than 12.3 million household payments were made to families at risk of eviction as of June 30, 2023. The program has been [particularly effective](#) at reaching low-income and / or traditionally underserved renters, including Black and women-headed households.

What Treasury accomplished

- ***Awarded \$951 million in FY 2022 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.

- ***Collaborated with 12 national Hispanic and Latino organizations to host the first Treasury summit on investing in the economic future of the Latino community in June 2023.***

The Latino Economic Summit brought together nearly 100 leaders from the private, nonprofit, and government sectors to elevate challenges and identify opportunities to unleash the potential of the Latino community and the entire economy.

- ***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.