

# U.S. DEPARTMENT OF THE TREASURY

## Remarks by the U.S. Treasury Department's Counselor for Racial Equity Janis Bowdler at the Inaugural Meeting of the President's Advisory Commission on Advancing Educational Equity, Excellence, and Economic Opportunity for Hispanics

May 10, 2023

WASHINGTON – Today, Counselor for Racial Equity Janis Bowdler delivered remarks during a panel discussion on “Advancing Economic Opportunity” with senior officials from the White House, Department of Commerce, and Small Business Administration during the inaugural meeting of the President's Advisory Commission on Advancing Educational Equity, Excellence, and Economic Opportunity for Hispanics.

*As Prepared for Delivery*

Good afternoon, my name is Janis Bowdler, and I am thrilled to be here with all of you today. I have the privilege of serving as the U.S. Treasury Department's first Counselor for Racial Equity. Racial equity has been a day-one priority of the Biden-Harris Administration and for Secretary Yellen, with good reason. The failure to invest in communities that have been underserved is money left on the table; it is a drag on our national economy.

Secretary Yellen has been clear on this point: far too often, the economy has not worked well for Black, Latino, Asian American and Native Hawaiian/Pacific Islander, and Native communities. Rural communities, those impacted by climate change and natural disasters, people with disabilities, and many who identify as LGBTQ+ have also seen limits on their ability to participate in the prosperity of our nation. Our goal is to foster an economy where everyone can achieve financial security and reach their full economic potential. We will only get there by fixing the broken systems that sideline too many of our families, businesses, and communities.

### **EQUITABLE RECOVERY**

At the start of the Administration, the country was amid an unprecedented health and economic crisis. We quickly got to work with the goal of the most significant and most equitable recovery possible. The American Rescue Plan represented a historic commitment to

support those most impacted by the pandemic. While the legislation itself embodied this commitment in numerous ways, the key to the success of ARP's programs lay in their implementation.

I will give you two brief examples.

## **EMERGENCY RENTAL ASSISTANCE**

The Emergency Rental Assistance (ERA) program created the first nationwide infrastructure for eviction prevention and delivered federal relief to millions of households across the country. Treasury worked with states and localities, elevated promising practices, and eased burdensome documentation requirements to more easily reach eligible renters in need—among other initiatives which helped avoid cutting off vulnerable populations from accessing assistance. We also encouraged investment in culturally relevant partners, worked with Black and Hispanic media, and convened unions and faith leaders.

The effort paid off. The latest data shows the ERA program made nearly 10.8 million household payments to families at risk of eviction. Studies have also shown that ERA funds have been particularly effective at reaching low-income and/or traditionally underserved renters of color, including Black, Latino, and women-headed households.

## **CHILD TAX CREDIT**

Another crucial aspect of ARP was expanding the Child Tax Credit, providing extraordinary support to families with children, low-income workers, and those burdened with caregiving costs. Unfortunately, families that rely on these supports face two big obstacles. First, tax refunds are paid only once a year, but expenses accrue daily. Second, to get tax credits you must file a tax return, but the lowest-income Americans do not typically file tax returns because it is hard, expensive, and not mandatory for them.

To address these obstacles, Treasury and the IRS reimagined how the IRS serves families. For the first time in history, the IRS delivered half of the Child Tax Credit in monthly payments from July to December 2021. And we collaborated with Code for America, a non-governmental non-profit, to build a streamlined, mobile-friendly portal in English and Spanish to make it easier for families to access the Child Tax Credit. According to a survey of more than 12,000 portal users, 24% had never filed tax returns in their lives and over half were people of color.

By December 2021, Treasury and the IRS had distributed roughly \$93 billion in tax relief to the families of approximately 61 million eligible children. New data released in 2022 by the Census Bureau showed that the expanded Child Tax Credit provided by the ARP was the leading driver behind a 46 percent decline in child poverty in 2021 – cutting the annual child poverty rate to its lowest-ever recorded level including record lows in Black, Hispanic, Native American, Asian, and white child poverty. Additionally, the lifting of restrictions that prevented families with fewer than three age-eligible children from receiving the Child Tax Credit in Puerto Rico led to 200,000 more families in the archipelago receiving the credit when they filed taxes in 2022 compared to a year earlier.

## **SHIFT TO INCLUSIVE GROWTH AND ASSET BUILDING**

As our economy begins to grow once again, the Administration understands that investing in communities that have been economically underserved is advantageous for the U.S. economy and for the entire nation. We're working to foster an economy that unlocks the economic potential of communities of color and other under-invested communities through an approach Secretary Yellen has coined as "Modern Supply Side Economics." This approach calls for boosting economic productivity and addressing inequality by making investments in people, places, and infrastructure that have been constrained by lack of resources and unequal access to opportunity.

Two ways we're doing this is by supporting the delivery of mission capital and implementing the Inflation Reduction Act.

## **DELIVERY OF MISSION CAPITAL**

The American Rescue Plan reauthorized and expanded the State Small Business Credit Initiative (SSBCI), which has been highly successful in increasing access to capital for small businesses and entrepreneurs. The new SSBCI provides nearly \$10 billion to states, the District of Columbia, territories, and Tribal governments to increase access to capital and promote entrepreneurship, including \$2.5 billion in funding and incentives to support underserved businesses. To date, the Treasury Department has approved 52 out of 56 state and territory applications.

The Treasury Department and the Community Development Financial Institutions Fund (CDFI Fund) have also deployed historic amounts of capital to CDFIs and MDIs – institutions that have a demonstrated track record of reaching financially underserved borrowers. Through the

Emergency Capital Investment Program (ECIP), Treasury has made close to \$8.4 billion in investments in 170 community financial institutions. Last month, Deputy Treasury Secretary Wally Adeyemo joined Vice President Harris in announcing over \$1.73 billion in grants through the CDFI Equitable Recovery Program (ERP), the largest CDFI grant program in history. That includes a historic investment in cooperativas, cooperative community financial institutions, in Puerto Rico: \$226 million in grants to 69 cooperativas.

## **INFLATION REDUCTION ACT**

The Inflation Reduction Act (IRA) advances two of the Biden-Harris Administration's highest priorities – responding to climate change and improving equity across the country. A majority of the Inflation Reduction Act's climate investments are delivered via tax incentives. We at Treasury have been working hard, in close partnership with colleagues across the government, to implement these provisions in an equitable manner that allows all Americans, including families, local communities, and businesses, to share in the gains from the transition to a green economy.

The IRA also provides \$80 billion in critical funding to modernize the IRS and transform tax administration for every taxpayer in our country. The recently released IRS Strategic Operating Plan shows how the agency will use IRA resources to provide taxpayers with world-class customer service and reduce our deficit by hundreds of billions by pursuing high-dollar noncompliance. For the first time, the IRS will re-envision benefits delivery to ensure every working family and small business has easy access to the tax credits and deductions for which they are eligible.

## **SUSTAINING OUR SUCCESS**

The investments I described present important opportunities for Latino families, businesses, and communities to share in the prosperity of our nation. When we invest in people and places that have long been underestimated, we jumpstart local economies, create jobs, and reinvigorate neighborhoods – and that will help us build an economy that works for everyone. A key aspect of my role is to ensure that this progress is not fleeting with a single Administration. We are taking steps to weave racial equity into the fabric of Treasury by strengthening our understanding of the challenges facing historically under-invested communities and building a team of career professionals to sustain Treasury's efforts to

incorporate the experiences and needs of historically marginalized communities into our policy design and implementation efforts over the long term.

For example, the Treasury Department has undertaken new research to better understand whether and how government policies and programs expand access to economic opportunity. In January, we released analysis of the impact of tax expenditures on racial and ethnic disparities, which will increase transparency and improve our understanding of how existing tax policies work. And just this week, we published a working paper with the U.S. Census Bureau and IRS which studies the demographic breakdown of Economic Impact Payment recipients to examine potential disparities in the receipt of these payments by race and ethnicity. The Treasury Department will continue to explore opportunities for further research that can help us better understand both the tax code and federal policies more broadly.

With that, I want to thank you all for your time today. I look forward to our conversation and to supporting the important work of this historic Commission.