

Remarks by Secretary of the Treasury Janet L. Yellen Before the Treasury Advisory Committee on Racial Equity

June 8, 2023

As Prepared for Delivery

Good afternoon, everyone. Thank you for being here at the third meeting of the Treasury Advisory Committee on Racial Equity.

As I've said to you before, your work comes at a critical time. The Treasury Department is charged with implementing major components of the American Rescue Plan and the Inflation Reduction Act. These two laws, as well as other critical work at the Department, have great potential to address structural inequities in our economy. True structural changes will only come with intentional policy decisions. We need the advice and support of this group throughout the implementation process.

In the three months since the last TACRE meeting, we have taken meaningful steps forward. I want to highlight a few areas of work that are particularly notable.

KEY AREAS OF PROGRESS

First, we continue to prioritize equitable implementation of the Inflation Reduction Act. As an example, last week, we released proposed rules for the law's bonus credit for low-income communities. This program boosts the investment tax credit for solar and wind energy projects in underserved communities by up to 20 percentage points. It serves as a key feature to help ensure that all communities benefit from the growth of the clean energy economy. Last week's release takes us one step closer to opening applications later this year.

We are also making significant progress in creating a modern and fairer tax system that can better deliver for underserved communities. In April, the IRS finalized its new Strategic Operating Plan. The plan lays the foundation for a tax system that serves all taxpayers more fairly and equitably. Indeed, we know that tax benefits can play a critical role in supporting financial health and security. But every year, millions of Americans – including people of color and those in low-income and rural communities – miss out on taking advantage of credits and deductions for which they are

eligible. We are committed to removing barriers to make it easier for all taxpayers to access their credits and deductions.

This filing season, the IRS began to demonstrate what a difference resources can make for taxpayers. It answered two million more calls through live assistance. It cut phone wait times to four minutes from 27 minutes last year. And it served 100,000 more taxpayers in person. A team of translators has already published tax guides in 20 foreign languages, with more materials on the way. And we expect that all Taxpayer Assistance Centers nationwide will be fully staffed and open for additional hours next year so that working families can access in-person services. These efforts will help ensure that no community is left behind.

I am very pleased that Congress has passed legislation to address the debt limit. Although the bipartisan agreement redirects some IRS funding to other areas of the federal budget, I want to assure you that the IRS has the resources it needs in the near term – to modernize customer service and improve enforcement among high earners and large corporations that are not paying the taxes they owe. We plan to continue to advocate for additional resources to make service improvements and help ensure that high-end taxpayers pay their fair share.

Second, I would like to note that programs launched to aid our recovery from the pandemic continue to promote equity. Take the Emergency Rental Assistance (ERA) Program. This program has been a resounding success: it has made nearly 11 million payments to families at risk of eviction. And it has done so in a historically equitable manner. Large portions of the funds have gone to households of color, women-headed households, and extremely low-income renters.

In April, Treasury awarded state and local grantees more than \$520 million in reallocated funds to assist renters facing financial hardship. These funds may have otherwise gone unused in the ERA Program. We intentionally reallocated them to programs that have demonstrated particular success putting more funds into the hands of families facing urgent need. In total, we have reallocated nearly \$5 billion of ERA funds. This has maximized the impact of this assistance for millions of families across the country.

We have seen one of the strongest economic recoveries in modern history – in large part because of our American Rescue Plan and other efforts. Importantly, this recovery has been historically inclusive and broad-based. The Hispanic unemployment rate hit a record low last September, for instance. And the Black unemployment rate did the same earlier this year. While we saw an uptick in the rate in last week's jobs report, there is significant volatility in each month's report. The Black unemployment rate remains at one of its historically lowest levels.

Third, I'm pleased to share that this week, we sent all Treasury bureaus and offices an explicit framework for promoting fair and equitable compliance and enforcement practices. Treasury is responsible for delivering key services, payments, and benefits to millions of Americans. And we are also responsible for enforcing rules and procedures to safeguard against waste, fraud, and abuse – and to make sure that obligations are being met. The framework is intended to ensure that our offices and bureaus go about this work in a way that promotes fairness, trust, and accountability. This includes addressing known disparities in audit rates. Bureaus and offices have been asked to review their existing policies, consult with relevant stakeholders, and regularly report back to us on their efforts. This initiative is part of our larger commitment to providing fair and impartial service that promotes public confidence in the critical work that we do.

All of these efforts build on our existing work. For example, we continue to channel resources to Community Development Financial Institutions (CDFIs) and Minority Depository Institutions. In April, we made the largest grant in the CDFI Fund's history. We awarded more than \$1.7 billion to more than 600 CDFIs. And we have been studying how our policies and programs are living up to our equity goals. In May, a team that included Treasury researchers published a report examining the receipt of Economic Impact Payments across demographic groups. I was pleased to see that these payments quickly and effectively reached underserved communities.

TACRE'S WORK

As we continue our work, guidance from experts from a wide range of backgrounds is very valuable. That's why this Committee and all of you in this room are so important. We are committed to supporting you in your efforts.

I was pleased in April when you published cross-cutting principles to guide your work, along with priorities for the sub-committees. It is a testament to all of your devotion and hard work that you developed two recommendations related to data equity and research so quickly after the launch of this Committee. Please know that we deeply value your advice. I understand that our teams are already working to consider and follow up on the recommendations you have sent.

Thank you again for volunteering your time to this important work.

###