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Policy For Good

Financial Services Innovation Coalition's (FSIC) Modern Economic Journal focuses on the policy changes that can ensure all communities have a chance to thrive in the modern economy

Through a combination of research, programming, and advocacy, we aim to bridge gaps, empower underserved groups, and create opportunities for inclusive growth. Join us as we explore actionable insights, innovative strategies, and collaborative efforts that pave the way for more equitable participation in today's dynamic economic landscape.

Learn more about FSIC

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Letter from the Editor in Chief

The Price of Inequality: Why Our Economy Can't Wait

By: Kevin B. Kimble, Esq. Editor in Chief
May 2025

Dear Readers,

As we honor the innovation and resilience of small businesses and workers across the country, we must also face a difficult truth: current economic policies often leave these communities behind.

Budgets and tax laws reflect our national values, but today's proposals risk deepening inequality by raising costs and limiting access to essential resources for small businesses, nonprofits, and working- and middle-class families. This month, we're launching a four-part series to examine how these policies impact everyday Americans and vital systems, including healthcare, education, housing, and the cost of living.

We're also taking action by offering policy recommendations aimed at equity, stability, and opportunity. One example is the All-Americans Tax Relief Act of 2025 (HR2927), which would support individuals earning under $129,000 and families earning under $250,000. It's time to invest in people and communities, not just corporations.

Some of the key provisions of HR2927 would provide a more equitable tax system by:

- **Allowing deductibles for medical, daycare and commuting costs**
- **Significantly expand the EITC**
- **Increasing the child tax credit**
- **Establishing a $2,500 deduction for credit card debt interest payments**
- **Making the wealthy pay their fair share by increasing the top capital gains rate from 20% to 25%**

This work demands vigilance, clarity, and collective strength. We are thankful to stand with you, the talented and dedicated entrepreneurs, nonprofit advocates, organizers, and community members, who recognize that a just and fair economy must be built from the ground up.

Together, we will keep informing, advocating for, and fighting for a future where everyone, not just the powerful, has a seat at the table.

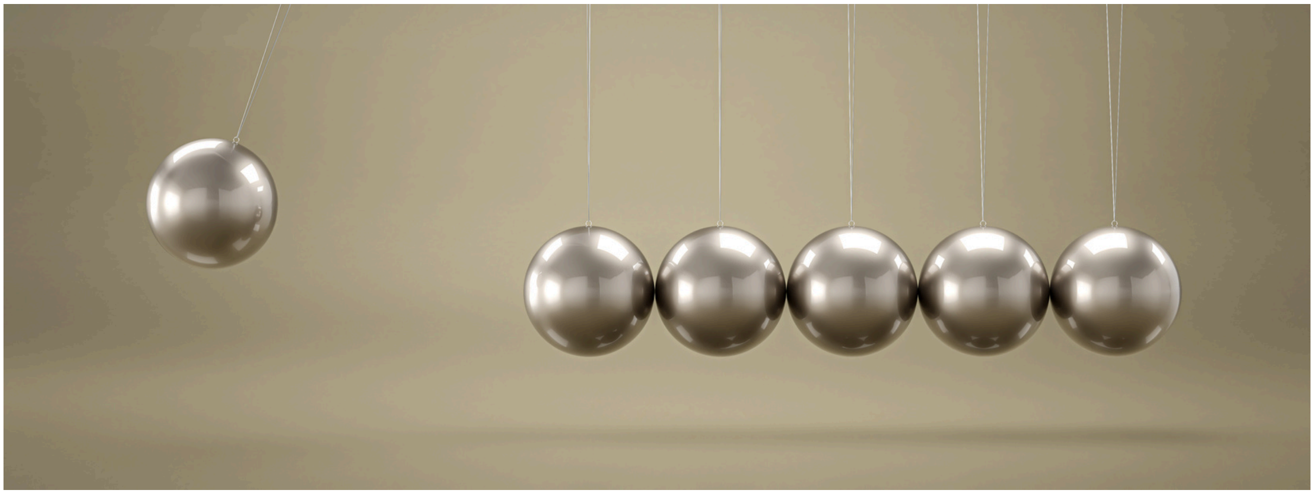
Kevin B. Kimble, Esq. - Chief Editor

From Inclusion to Exclusion: DEI Rollback and its Compounding Effect in Procurement, Antitrust, and Small Businesses

By: R. Lynn Pingol, MaKee Company
May 2025

The removal of Diversity, Equity, and Inclusion (DEI) initiatives in procurement contracting is not just a policy shift—it is a fundamental challenge to the principles of fairness, competition, and innovation that underpin a thriving marketplace. Historically, procurement systems have disproportionately favored large, well-established firms due to entrenched inequities in access to capital, networks, and expertise. DEI programs play a pivotal role in addressing these systemic barriers, enabling small businesses—especially those owned by minorities and women—to compete on a more level playing field.

These initiatives are not only ethically important but also economically beneficial. They stimulate local economies, foster innovation, and ensure a broader distribution of opportunities across industries. Conversely, the removal of DEI programs risks reversing this progress by fostering market concentration, stifling innovation, and exacerbating socioeconomic disparities.



From a legal perspective, dismantling DEI initiatives poses potential challenges under antitrust law. Antitrust legislation, which seeks to prevent monopolistic practices and promote competitive markets, aligns naturally with the goals of DEI programs. By eliminating these initiatives, policymakers may inadvertently create an environment where market power is consolidated within a few dominant firms, leading to less competition and reduced consumer choice. This paper explores the interplay between DEI programs and antitrust principles, highlighting the detrimental effects of removing these initiatives on small businesses and underserved communities.

The Role of Antitrust Laws in Supporting Small Businesses

Antitrust laws are critical for protecting small businesses from unfair practices and ensuring that markets remain competitive. These laws complement DEI initiatives by addressing systemic inequities and preventing monopolistic behavior. Following are some of the key elements analyzed:

<u>Preventing Market Concentration</u>

Antitrust laws discourage practices that lead to market concentration, such as exclusive contracts or mergers that reduce competition. DEI programs reinforce these protections by distributing procurement opportunities more equitably.

- *Case Study:* In Illinois, antitrust regulators successfully challenged an exclusive procurement deal that excluded small businesses from bidding. The introduction of DEI provisions ensured a more inclusive contracting process, benefiting over 50 small firms.

<u>Promoting Fair Competition</u>

Antitrust laws aim to create a level playing field for all market participants. DEI programs enhance this by addressing barriers that disproportionately affect disadvantaged businesses.

- *Statistics:* A 2024 report from the Federal Trade Commission found that industries with robust DEI initiatives experienced a 25% reduction in anticompetitive practices compared to those without such programs.

<u>Encouraging Innovation and Consumer Choice</u>

Antitrust laws protect consumers by fostering diverse market participation, leading to greater innovation and improved products. DEI programs achieve similar outcomes by ensuring a diverse supplier base.

- *Case Study:* A tech startup specializing in AI-driven public safety solutions attributed its breakthrough to mentorship and funding provided under a DEI program. The company's innovative product gained national recognition, disrupting a market previously controlled by two major firms.

The reality is this: Antitrust laws and DEI initiatives work in tandem to ensure fair competition and innovation. Their removal undermines these protections, leading to less competitive and less dynamic markets.

Antitrust Law and DEI in Procurement

Antitrust laws, such as the Sherman Act (1890) and the Clayton Act (1914), are designed to maintain fair competition, prevent monopolistic practices, and protect consumers from the adverse effects of market concentration. DEI initiatives align closely with these objectives by proactively diversifying the supplier base and reducing systemic inequities that hinder competition.

Expanded Analysis

Encouraging Market Entry
DEI initiatives act as an essential bridge for small businesses attempting to enter markets dominated by large firms. These programs address structural barriers, such as limited access to financial resources and mentorship, by allocating specific opportunities for disadvantaged businesses. This fosters a diverse and competitive marketplace.

- *Case Study:* The City of Toronto's Social Procurement Program, launched in 2016, significantly increased the participation of diverse suppliers in city contracts. By 2022, over 20% of the city's contracts were awarded to diverse suppliers, compared to just 5% before the program began. This success was driven by targeted outreach, capacity-building workshops, and the inclusion of diversity criteria in requests for proposals (RFPs).

Preventing Market Concentration
By broadening access to procurement opportunities, DEI programs distribute economic resources more evenly, preventing large firms from dominating the market. This directly aligns with antitrust goals of preserving competition.

- *Case Study:* Atlanta's Equal Business Opportunity (EBO) Program has been particularly successful in the construction sector, where minority- and women-owned businesses were awarded nearly 35% of all city contracts in 2021. This proactive approach to breaking down barriers demonstrates the power of comprehensive support for diverse suppliers.

Promoting Innovation

1. Diverse suppliers often introduce unique perspectives, innovative solutions, and cost efficiencies that benefit the marketplace as a whole. DEI initiatives encourage this diversity by ensuring opportunities are distributed equitably.

   - *Case Study:* A tech startup specializing in AI-driven public safety solutions attributed its breakthrough to mentorship and funding provided under a DEI program. The company's innovative product gained national recognition, disrupting a market previously controlled by two major firms.

Why Financial Literacy Should Be Income-Level Specific

By: FSIC Editors
April 2025

When we talk about financial literacy, we often treat it like it's one-size-fits-all. Open a savings account. Start a retirement fund. Set up automatic payments. Avoid credit card debt. All good advice, but the truth is, not everyone is starting from the same place. For millions of Americans living paycheck to paycheck, the financial advice they hear doesn't always match the financial reality they're living. That's why financial literacy should be income-level specific. If we really want to help people build financial stability, we have to meet them where they are, not where we think they should be.

The Problem with Generic Advice

Here's a simple example: imagine you're earning $30,000 a year and someone tells you to save 20% of your income for retirement. That's $6,000. For a person struggling to pay rent, put food on the table, and maybe cover a bus pass or car note, saving that much isn't just hard, it's nearly impossible. So when financial advice doesn't reflect someone's lived experience, it stops being helpful and starts sounding like judgment.

According to the Federal Reserve's 2023 report on economic well-being, about 37% of adults couldn't cover a $400 emergency expense without borrowing or selling something. That number jumps even higher in communities of color and among lower-income families. For these folks, "build an emergency fund" is a fine long-term goal, but the first step might be something more basic, like learning how to stretch a dollar at the grocery store or understanding how to avoid predatory payday lenders.

On the other end of the spectrum, financial literacy looks different for people making six figures. They might need guidance on tax-efficient investing, estate planning, or diversifying assets, not how to avoid overdraft fees or set up a basic checking account.

Different Ladders, Different Rungs

Think of financial literacy as a ladder. If someone is near the bottom rung, you don't hand them tools for the top. You give them tools to move to the next rung. For someone making $25,000 a year, that might mean understanding how public benefits interact with wages, how to prioritize which bills to pay when money is tight, or how to negotiate medical debt.

These are real-life, everyday financial decisions that can make or break someone's stability.

Then, as income grows, financial education should grow with it. When someone starts earning more, maybe after completing a training program or landing a better job, that's the perfect time to introduce new topics: saving for big goals, building credit, or even thinking about a retirement plan.

Tailoring Content Makes it Stick

Research shows that people are more likely to retain and apply financial knowledge when it feels relevant to their lives. The Consumer Financial Protection Bureau (CFPB) found that tailored financial coaching had a greater impact on behavior than generic financial literacy programs. That means talking about budgeting in a way that makes sense for a single parent earning minimum wage, or explaining investment basics to someone who just started their first salaried job after years of hourly work.

It also means recognizing systemic challenges. Many low-income individuals have faced years, sometimes generations, of financial exclusion. Redlining, predatory lending, and wage gaps aren't abstract concepts; they are lived experiences. So the way we talk about money in underserved communities has to acknowledge that history and build trust, not shame.

Designing for Real Life

So, what would income-specific financial literacy actually look like?

- For low-income earners: Help understand how to read a pay stub, avoid fees, navigate public benefits, manage variable income, and access affordable financial services. Focus on stability, not wealth-building right away.
- For moderate earners: Introduce budgeting tools, debt reduction strategies, credit-building, emergency savings, and employer-sponsored benefits like 401(k)s or HSAs.
- For higher-income households: Teach about investing, taxes, insurance, estate planning, and philanthropy. Explore asset protection and long-term financial planning.

Each group deserves relevant tools, clear language, and respect for their realities.

Meeting People Where They Are

We've seen firsthand how income-specific financial literacy can change lives. When you walk into a room in a low-income neighborhood and talk about financial goals that make sense for that audience, like avoiding payday loans or how to stretch SNAP dollars, it's empowering, not overwhelming. And when someone completes a training program and gets their first good-paying job, it's the perfect moment to introduce budgeting, credit, and savings in a way that matches their new income. Financial literacy is powerful. But it only works when it's personal, practical, and possible.

Addressing Financial Trauma to Close the Wealth Gap for Black Women

By: Carrie Gibson
April 2025

As we continue to advance equitable economic policies, it is critical to recognize the unique and systemic financial barriers facing Black women. According to new research from Georgetown Law's Initiative on Gender Justice and Opportunity, Black women are disproportionately affected by financial trauma, abuse, and shaming, harms that are both historical and ongoing (Georgetown Law Center, 2024).

In the recent fact sheet Black Women's Financial Trauma by Chloe B. McKenzie, it is made clear that traditional financial literacy programs often fail to address the specific needs of Black women. Financial trauma, or the cumulative harm to an individual's wealth-building capabilities, is compounded by structural inequities like redlining, discriminatory lending, and the almost complete exclusion of Black women from venture capital markets (Georgetown Law Center, 2024).

McKenzie also highlights how financial abuse and cultural shaming perpetuate harmful myths, such as the "welfare queen" narrative, further isolating Black women from wealth-building opportunities. These harmful narratives conflate a person's value with their net worth and disregard the systemic barriers Black women face (Georgetown Law Center, 2024).

Current financial education frameworks fail to recognize these realities and risk re-traumatizing Black women rather than empowering them. The report calls for a reimagined approach to financial literacy that is trauma-informed, culturally competent, and intersectional. It urges policymakers to study the effects of financial trauma more rigorously, integrate trauma-responsive practices into financial education, and acknowledge the need for structural repair (Georgetown Law Center, 2024).

At FSIC, we recognize that financial empowerment is not possible without financial and economic justice. Addressing the roots of financial trauma is essential to creating a truly inclusive and equitable economy.

To access the full fact sheet and learn more about this vital research, visit the **Georgetown Law Initiative on Gender Justice and Opportunity.** **Access to the Fact Sheet.**

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AIOF's Northern Elite Program connects employers and educational institutions with large groups of individuals living in poor and underserved communities. Through its award-winning approach, AIOF has shown that with the right guidance and resources, these often-forgotten workers and students will prove their value to employers and educators. Given the opportunity, their desire to succeed shines.

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FINANCIAL SERVICES INNOVATION COALITION (FSIC)

WHAT WE DO

Research & Policy

"Finding Solutions"

FSIC researches issues related to economic empowerment in underserved communities and develops solutions based on this research.

Programs

"Solutions in Action"

AIOF has created award winning programs in many rural and minority communities and has successfully impacted many individuals and families.

Advocacy

"Educating Policy Makers"

FSIC forms coalitions to advocate for legislation at the federal, state, and local levels, with the aim of reducing barriers and improving access to wealth building opportunities