



# (FSIC)

FINANCIAL SERVICES INNOVATION COALITION



## MODERN ECONOMIC JOURNAL

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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

## June Crossroads: A Budget Battle with Everyday Consequences

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

This June, the nation's attention turns to the sweeping budget bill being litigated in Congress and the courts. While billed as reform, many provisions risk deepening inequality by cutting essential programs, raising costs for families, and limiting the ability of ordinary people to hold government accountable.

For small businesses, nonprofits, and working families, the stakes are high. Reduced support for healthcare and education, coupled with new barriers to justice, would hit hardest in the very communities that drive innovation and resilience in our economy.

There are better paths forward. Proposals like the All-American Tax Relief Act of 2025 (HR2927) would expand the Earned Income Tax Credit, increase the child tax credit, allow deductions for medical, daycare, and commuting costs, and make the wealthy pay their fair share. These measures strengthen the foundation for shared prosperity.

We remain committed to informing, advocating, and fighting for a fair economy built from the ground up. Together, we can ensure policy reflects the needs of people, not just the powerful.

Kevin B. Kimble, Esq. - Chief Editor

## The Silver Tsunami represents the single greatest opportunity to transfer wealth to American workers

*By: Alberto Tarajano, Founder and Trustee, Custos Fiduciary Services*  
*June 2025*

The looming "Silver Tsunami" is set to reshape the American business landscape as millions of Baby Boomer business owners retire. With six out of ten owners planning to sell in the next decade, the fate of nearly 32 million employees hangs in the balance. This transition presents both challenges and opportunities, particularly in how these businesses will be passed on.



A key question is whether future administrations will endorse employee ownership structures as a viable solution for this wave of ownership and workforce transition. Among the most promising options are Employee Stock Ownership Plans (ESOPs), which offer tax advantages and a structured path for employees to take ownership of their companies. Regulated by the Department of Labor (DOL) and the IRS, ESOPs ensure that both companies and their employees are protected throughout the process.

The benefits of employee ownership are profound. Research from the National Center for Employee Ownership (NCEO) shows that employees in ESOPs enjoy significantly higher wages, increased wealth, and greater job security compared to their counterparts in non-employee-owned companies. For example, workers of color earn 30% higher average wages in employee-owned businesses, and single parents see a 43% wage increase. Additionally, these employees have 1.9 times greater median household wealth and 2.3 times more retirement plan assets. The social impact of such ownership structures is clear, with lower turnover rates, longer job tenures, and broader wealth distribution.

**Employee ownership is a bipartisan solution to growing the economy from the middle out.**

As the DOL moves forward with rulemaking for ESOP regulations, it's crucial that new policies encourage the growth of these plans rather than hinder them. A bipartisan group of Senators has petitioned the DOL to involve the Treasury Department in the rulemaking process and to ensure a robust comment period. This will allow the

employee ownership community to provide valuable input, shaping regulations that foster the expansion of ESOPs and, by extension, the wealth and stability of millions of American workers.

In conclusion, as the Silver Tsunami approaches, the emphasis should be on promoting employee ownership structures like ESOPs. These plans not only provide a smooth transition for retiring business owners but also empower workers, create wealth, and contribute to a more equitable society. By supporting and expanding ESOPs, we can turn this wave of retirements into an opportunity for widespread economic growth and stability.



## Op-ed Block Grants, Broken Promises: How Federal Funds Failed Mississippi's Most Vulnerable

*By: FSIC Staff*

Mississippi's water and sewer crisis is not just an infrastructure failure. It is a moral and social justice failure rooted in the misuse and mismanagement of federal block grants. Funds meant to uplift vulnerable communities have been delayed or diverted, leaving Black and low-income residents to bear the cost of broken promises.

Block grants like the Community Development Block Grant (CDBG) and the Coronavirus State and Local Fiscal Recovery Funds were designed to empower communities. Their flexibility can be powerful, but in Mississippi, it has too often allowed leaders to stall or misallocate resources. The result is canceled projects and communities left in crisis.

Nowhere is this clearer than in Jackson, a majority-Black city where decades of disinvestment culminated in the 2022 water disaster. A failure at the O.B. Curtis Water Plant left 150,000 residents without safe water. Federal block grant funds that could have addressed critical sewer upgrades were caught in state-level bureaucracy instead of flowing to the neighborhoods most in need.



This is environmental racism in practice. Jackson's population is more than 80 percent Black, and nearly a quarter live below the poverty line. When funds for basic water and sewer access are denied or delayed, it is not just a policy failure. It is targeted neglect that deepens health disparities, forcing residents to live with unsafe water and higher rates of disease.

Meanwhile, block grants have been used to fund projects elsewhere in the state, including multimillion-dollar wastewater improvements on the Gulf Coast. Jackson remains starved of the investment it needs, exposing the inequities in how these supposedly flexible funds are distributed.

The lesson is clear. Block grants should not be tools for exclusion or political punishment. They must be administered with transparency and equity, ensuring that Section 3 requirements for local and minority labor are enforced and that community-led oversight has a real say in how funds are spent.

To reclaim the promise of block grants, the federal government must intervene when states obstruct essential aid. Communities like Jackson deserve more than empty promises. They deserve clean water, safe sewers, and a government that values their lives as much as any others.

Infrastructure is not just concrete and pipes. It is about justice, dignity, and equality. Until block grants are reformed to ensure accountability and fairness, Mississippi's most vulnerable will remain at the mercy of a system that was supposed to protect them.



# NORTHERN ELITE

## WORKFORCE AND EDUCATION

Connecting Educators, Workers and Employers

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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