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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

Letter from the Editor in Chief

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

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

Dear Readers,

AAs we honor the resilience of small businesses and workers, we must face an urgent truth: our healthcare system is becoming increasingly unaffordable for too many Americans.

From rising premiums and drug prices to limited access in rural and underserved communities, healthcare costs are one of the greatest burdens on working- and middle-class families. These costs ripple through the economy, forcing impossible choices between paying medical bills, covering rent, or saving for the future.
Budgets and tax laws reflect our values, and it's time to realign them with the principle that health is a right, not a privilege. This month, we're launching a four-part series to examine how today's economic policies affect healthcare, education, housing, and the cost of living.

The All-Americans Tax Relief Act of 2025 (HR2927) offers a step toward fairness and equity, with provisions to help families manage healthcare costs while ensuring the wealthiest pay their fair share.
Key benefits include:

- **Allowing deductibles for medical expenses, so out-of-pocket costs don't crush families.**
- **Expanding the Earned Income Tax Credit (EITC), putting more money back into working households.**
- **Increasing the Child Tax Credit, easing the pressure on parents.**
- **Creating a $2,500 deduction for credit card debt interest, recognizing medical bills often fall to credit.**
- **Raising the top capital gains rate from 20% to 25%, ensuring those who benefit most contribute to affordable care.**

Healthcare is not just a policy issue—it's a moral one. Every American deserves quality care without fear of financial ruin. This work demands vigilance and strength, and we are proud to stand with you—entrepreneurs, nonprofit leaders, organizers, and community members—who know a fair economy must prioritize the health of its people.

Together, we will continue to advocate for a future where healthcare is accessible, affordable, and equitable for all—not just the powerful few.

Kevin B. Kimble, Esq. - Chief Editor

When Beauty Is Toxic: How the 'Big Beautiful Bill' Threatens Black Women's Health

By: Carrie Gibson
July 2025

In May 2025, Word In Black raised urgent concerns with its headline: "GOP's 'Beautiful' Bill Endangers Black Women's Health." The article details how the One Big Beautiful Bill (OBBBA), championed by House Republicans and President Trump, poses a threat to Black women's lives by proposing deep cuts to Medicaid and defunding Planned Parenthood, two crucial pillars of healthcare access.

Disproportionate Dependence on Medicaid and Planned Parenthood

Black women are especially reliant on federal safety nets for healthcare. Approximately one in three Black women is enrolled in Medicaid, and nearly half have turned to Planned Parenthood for reproductive services at some point in their lives. These programs are essential, not optional. The OBBBA's proposed $700 billion cut from Medicaid and defunding of Planned Parenthood would sever access to reproductive care, prenatal screenings, cancer detection, and contraception for millions.

Broader Cuts to Public Health and Food Security

The bill's impact extends beyond reproductive health. It contains major reductions to public health agency funding and anti-poverty programs such as SNAP, raising the risk of food insecurity and compromising nutrition for mothers and children. As nonprofit clinics lose reimbursement for providing free or low-cost reproductive care, an already fragile network of support is further strained.

A Cascading Health Risk

The combined effects of Medicaid cuts, clinic closures, and reduced services create steep barriers to care. Delayed preventive screenings increase the risk of late-stage breast cancer diagnoses, a particular threat for Black women. Restrictions on reproductive services heighten pregnancy risks, while lost access to routine care exacerbates chronic illness and financial hardship.

Public Backlash and Scrutiny

Public opinion has been critical of the OBBBA. According to a KFF Health Tracking Poll, 64% of Americans view the bill unfavorably, with Medicaid enrollees especially outspoken. Political divisions are pronounced: MAGA-aligned Republicans support the bill while independents and Democrats overwhelmingly oppose it.

Legislative Pushback and Limitations Explained

In the Senate, the bill encountered significant procedural obstacles. Budget reconciliation is a fast-track process that allows certain budget-related bills to pass with a simple majority in the Senate, but it restricts what types of changes can be included. The Senate parliamentarian interprets these rules and can block provisions that don't meet reconciliation criteria. As a result, proposals like restricting Medicaid eligibility for non-citizens, cutting provider taxes, and blocking gender-affirming care were excluded from the bill. While this ruling prevented some extreme measures, many harmful provisions remain, especially those cutting Medicaid funding and forcing the closure of clinics.

Intersecting Justice: Reproductive and Racial Equity

The OBBBA's impact is both medical and deeply structural. Planned Parenthood's potential defunding undermines reproductive justice, while Medicaid cuts strip away vital social supports. The ripple effect could be stark: maternal mortality may rise, preventive screenings may disappear, and financial strain may deepen existing inequities. Provisions banning gender-affirming care under Medicaid and CHIP would also disproportionately harm Black transgender women.

Research Warns of Preventable Harm

Independent health researchers caution that cuts of this magnitude could result in over 51,000 preventable deaths annually. These statistics from organizations like the CDC and KFF reinforce the devastating human cost embedded in the OBBBA's provisions. The evidence-based approach, supported by recent data, strengthens the credibility and impact of the argument.

A Crisis in Disguise

Behind its positive branding, the OBBBA conceals a dangerous reality: it threatens the systems that sustain Black women's health. By targeting Medicaid, Planned Parenthood, and public health supports, the bill risks reversing decades of progress toward equitable care. Black women have long been denied equal access to healthcare, this legislation is not just misguided, it is perilous.

Sources: Word In Black (2025), https://wordinblack.com/2025/05/gops-beautiful-bill-endangers-black-womens-health/
KFF Health Tracking Poll (2025), Politico (2025), NY Post (2025), CDC (2023), Them (2025)

Comparing Tax Savings Expenditure: Middle-Class, Top 1%, and Businesses

By: Brady J. Buckner, FSIC
July 2025

Tax cuts have long been a central element of economic policy debates in the United States, with proponents arguing they stimulate growth and opponents warning of increased inequality or fiscal deficits. When individuals or entities receive tax savings—defined as reduced tax liabilities leading to higher disposable income or retained earnings—the ways they allocate those funds can vary significantly based on income levels and economic roles. This article examines how tax savings might be spent by the middle class, the top 1% of earners, and businesses, drawing on economic analyses and historical precedents. It also explores who stands to benefit most in each scenario, maintaining a neutral perspective grounded in available data. The focus includes the 2012 Kansas tax cuts under Governor Sam Brownback as a key historical case.

Tax Savings for the Middle Class

Middle-class households, typically defined as those earning between roughly $50,000 and $150,000 annually, depending on location and family size, often direct tax savings toward immediate consumption or essential needs. Economic theory suggests that lower- and middle-income groups have a higher marginal propensity to consume, meaning they are more likely to spend additional income rather than save it. For instance, tax relief could be used for everyday expenses like groceries, housing, healthcare, or education, thereby injecting money directly into local economies through increased demand for goods and services.

Specific tax breaks targeted at this group, such as expanded child care credits or education deductions, encourage spending in those areas. Under policies like the proposed 15% tax cut for those earning $30,000 to $80,000, families might allocate savings to debt reduction, retirement contributions, or home improvements. Additionally, incentives like the Earned Income Tax Credit (EITC) can provide refunds that are often spent on necessities, boosting retail and service sectors. Research indicates that middle-class tax relief can lead to modest wage gains and reduced financial stress, as seen in historical contexts where such cuts supported consumer spending.

Who benefits most? Primarily, the middle-class households themselves gain through improved living standards and financial flexibility. Broader society also profits via economic multipliers: increased spending supports jobs in retail, manufacturing, and services, potentially leading to higher overall growth. However, if tax cuts are debt-financed without offsetting measures, future generations might face higher interest costs or reduced public services.

Tax Savings for the Top 1%

In contrast, the top 1% of earners—those with incomes often exceeding $500,000 annually—tend to allocate tax savings differently, favoring savings, investments, or asset accumulation over immediate consumption. This group has a lower propensity to spend, as their basic needs are already met, leading to funds being directed toward stocks, real estate, or other financial instruments. For example, reductions in capital gains taxes or top marginal rates can result in increased portfolio investments, which may enhance market liquidity but do not always translate to broad economic stimulus.

Analyses of recent policies show that the wealthiest receive disproportionately large shares of tax cuts. Under certain proposals, the top 1% could see average annual savings exceeding $66,000, often reinvested in ways that compound wealth, such as through dividends or buybacks. Studies suggest this can exacerbate inequality, as savings by the rich may fuel asset bubbles rather than wage growth for others. While some argue that such investments drive innovation and job creation via capital markets, evidence is mixed, with much of the benefit accruing to shareholders.

Who benefits most? The top 1% directly gains through wealth preservation and growth, potentially leading to higher returns on investments. Businesses and financial sectors may indirectly benefit from increased capital availability. However, middle- and lower-income groups often see limited trickle-down effects, and public finances can suffer if revenue shortfalls lead to cuts in social programs. In some cases, this has been linked to higher debt levels for non-wealthy households.

Tax Savings for Businesses

Businesses, particularly corporations, typically use tax savings from reduced corporate rates or deductions to enhance profitability and strategic positioning. Common allocations include capital expenditures (e.g., equipment or expansion), share buybacks, dividend payouts, debt reduction, or research and development. The 2017 Tax Cuts and Jobs Act (TCJA), which lowered the corporate rate from 35% to 21%, provides insight: many firms increased investments in physical assets and employment, but a significant portion went to shareholder returns rather than wage hikes.

Economic models indicate that corporate tax cuts can boost overall investment, with goods-producing sectors like manufacturing seeing notable gains in capital spending and jobs. However, critics note that benefits often flow to foreign investors and top executives, with limited pass-through to workers. If cuts are not paired with spending restraints, they can lead to fiscal imbalances.

Who benefits most? Shareholders and executives reap substantial rewards through higher stock values and bonuses. Businesses gain competitiveness, potentially fostering innovation. Employees might see indirect benefits like job creation, but evidence from TCJA shows that top earners captured over 80% of gains. The broader economy could grow, but inequality may rise if wage effects are minimal.

Historical Examples

Historical tax policies offer lessons on these dynamics. The 1964 Revenue Act under Presidents Kennedy and Johnson cut top individual rates from 91% to 70% and corporate rates, aiming to stimulate growth. It benefited middle-class families through broader deductions, leading to increased consumer spending and a booming economy in the 1960s. Similarly, the 1981 Economic Recovery Tax Act under Reagan reduced top rates to 50%, with mixed results: middle-class relief supported recovery, but deficits grew.

For the wealthy and businesses, the 2001 and 2003 Bush tax cuts lowered top rates and capital gains taxes, primarily aiding high earners and corporations. While growth occurred, inequality widened, and revenue shortfalls contributed to deficits. The TCJA further illustrated this: corporate investments rose modestly, but wage growth was limited, and top executives benefited disproportionately.

A stark example is Kansas under Governor Sam Brownback. In 2012, Brownback enacted sweeping tax cuts, slashing top income rates to 4.6% and exempting pass-through business income, inspired by supply-side economics. Proponents anticipated economic booms and job surges. However, revenues plummeted by hundreds of millions, leading to severe budget deficits. The state borrowed heavily, delayed payments, and cut funding for education, infrastructure, and social services. Public schools faced teacher shortages, larger class sizes, and reduced programs, decimating the education system. Economic growth lagged behind neighboring states, with job creation falling short of projections—far from the promised 22,000 additional jobs. By 2017, lawmakers overrode Brownback's veto to partially reverse the cuts, restoring some stability but highlighting the risks of unoffset tax reductions. While some analyses claim partial success in private-sector growth, the consensus points to fiscal harm and minimal broad benefits.

The allocation of tax savings reflects economic priorities: middle-class spending often drives consumption-led growth, benefiting workers and local businesses; top 1% investments may enhance markets but widen gaps; and business uses can spur innovation yet favor owners. Historical cases, including Kansas' near-bankruptcy and education cuts, underscore that without balanced fiscal planning, tax relief can lead to unintended consequences like deficits and inequality. Ultimately, the most advantaged groups vary by policy design, but evidence suggests middle-class-focused cuts provide more equitable stimulus, while those for the wealthy and businesses require careful implementation to avoid disproportionate burdens on public services.

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Sickness and Unequal Care: How Healthcare Disparities Drain the U.S. Economy

By: FSIC Staff
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Healthcare Gaps and the Economy: Why Inequality Hurts Us All

When people don’t get the healthcare they need, it’s not just bad for them, it hurts all of us. The United States spends more on healthcare than any other wealthy country, but millions of Americans still struggle to see a doctor, pay for medicine, or get treatment in time. And those gaps come with a big price tag for the entire economy.

How Unequal Healthcare Hits Our Wallets

Studies show that health disparities cost the U.S. hundreds of billions of dollars each year. One estimate found that racial and ethnic health gaps alone cost the economy more than $450 billion in 2018. That’s money lost in extra medical bills, lost work days, lower productivity, and people dying too soon.

And it’s not just minority communities, rural Americans also face 'medical deserts,' places where the nearest hospital might be 50 miles away. If people can’t get preventive care or early treatment, conditions like diabetes, heart disease, and asthma get worse. That means more ER visits, more expensive hospital stays, and more missed work.

GDP Takes a Hit

The connection between health and the economy is clear. If people are sick more often, they’re less productive on the job. If more people die early, that’s a smaller workforce. And if families are spending their paychecks on medical debt instead of goods and services, that’s less money circulating in the economy. Experts estimate that health inequities drag down GDP by over 1% each year, a huge number when you’re talking about a $25 trillion economy.

Real Numbers, Real Impact

Here are some data points that highlight the cost of healthcare gaps:

- Racial and ethnic health inequities: $421 billion in costs in 2018.
- Health inequities overall: Over $1 trillion in lost output and extra spending in the U.S. economy.
- In the workplace: U.S. employers lose more than $150 billion every year from employees being sick at work (called 'presenteeism') and billions more from missed days.

What Can We Do About It?

The good news: fixing health gaps doesn't just save lives, it boosts the economy. Two key solutions include:

- Expand preventive care and access in underserved areas: Setting up community clinics, mobile care units, and telehealth in rural and urban medical deserts would catch health problems early. That means fewer costly hospital visits later and more people staying healthy enough to work.
- Invest in workplace wellness and support: Companies that invest in employee health, through wellness programs, vaccination drives, flexible sick leave, and mental health support, see big returns. For every dollar spent on wellness, studies show employers can save over $15 in reduced absences and healthcare costs.

A Healthier Country, A Stronger Economy

At the end of the day, health isn't just a personal issue, it's an economic one. When large groups of Americans are cut off from basic healthcare, the whole economy slows down. But when people can see a doctor, afford their medicine, and stay healthy enough to work, everyone benefits. More people working, more money spent in communities, and stronger growth.
If we want a stronger middle class and a more competitive economy, closing health gaps is one of the smartest investments we can make.

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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

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