(FSIC)

FINANCIAL SERVICES INNOVATION COALITION

MODERN ECONOMIC JOURNAL

Published:
August Edition 13

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

FSICoalition.org

Letter from the Editor in Chief

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

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

Dear Readers,

As we celebrate the resilience of small businesses and workers, we must also confront an urgent truth: housing has become unaffordable for far too many Americans. According to the National Low Income Housing Coalition, there is a shortage of over 7 million affordable homes for low-income renters nationwide, a staggering gap that leaves millions struggling. This crisis impacts not only families but also small businesses, which rely on stable communities for both their workforce and their customers.

Budgets and tax laws reflect societal values. Supporting affordable housing and small businesses is essential: stable housing helps families remain in their communities, providing local businesses with dependable staff and customers for continued growth.

The All-Americans Tax Relief Act of 2025 (HR2927) represents a step toward that principle. Its expanded tax credits could provide an average family with $1,200 more annually, making it easier to cover rent or mortgage payments. The Act also offers relief for debt and requires greater contributions from those who have benefitted most, directly targeting the financial pressures that threaten both housing security and small business stability. These provisions are designed to ease the burden on working families and entrepreneurs alike, giving them the opportunity not just to survive, but to thrive.

Housing is not only an economic issue; it is the bedrock of healthy communities, thriving small businesses, and family stability. Every American deserves the peace of mind that comes with a safe, affordable home. That conviction must guide both our policies and our priorities.

Thank you for your continued readership and for standing with us in the pursuit of a fairer, stronger future.

Kevin B. Kimble, Esq. - Chief Editor

Inequity in the Government Contracting Process

By: Markita Brooks , Class-A Construction Contractor, Smith's Epoxy Coatings, Inc.
July 2025

As a black woman and a class-A contractor in Virginia, I know first-hand how subjective the government procurement process can be. Department heads and procurement officers receive budgets to complete necessary projects within their realm of responsibility. Requests for Proposals (RFPs) are then published, so registered and qualified contractors can submit proposals. Sounds good, right? It becomes challenging right here, as the procurement officers or budget managers then peruse the proposals to choose the most capable contractors for the best price. There is no objective criteria, and those making the decisions are not required to justify their choices. Hence, you may be the lowest bidder and not receive the contract. You may be the most qualified bidder and not receive the contract. This unchecked subjectivity often causes minority contractors not to be chosen to receive contracts with the government, even those who are completely qualified and bid the lowest.

The government also tends to withhold payment until a substantial portion of each project is completed or the entire project is completed, AND they require certified payroll before contractors can receive payment. This means a contractor must have enough capital for their materials and payroll for government projects that usually last for months, with payment from the government not being received until months into the project or even months after the project is completed.

When you add government requirements for costly insurance policies and bonding, this often prices small, minority contractors right out of the bidding process. The government tends to require large liability policies to cover contracted work, as well as large umbrella policies that go beyond the liability insurance. The requirements for a company to be bonded are also hard for small businesses to meet. For this reason, larger businesses that have contracted with the government in the past are often favored to win the contracts.

The US government is aware that contractors must provide a lot in order to qualify for government projects. For this reason, procurement officers ask contractors to include these requirements and inconveniences in the pricing of the projects. Newer, small businesses tend to price their services lower, which is a signal to the government that they are new and small. Government reps then tend to choose the higher bids for projects with the justification that those contractors are prepared for all of the requirements that come with government contracting.

Now I won't say that the government proposal process is designed to exclude minority, small businesses. However, the factors stated above and the subjectivity of those making the decisions about government contracts tends to exclude most minority, small businesses from doing work with the government. This significantly affects the potential success of minority, small businesses, as government contracts are the best way to grow contract businesses. I will add that my construction business did not start receiving government contracts until we removed the pictures of our management and staff from our websites and social media. This reveals again how subjective the government contracting process can be. The removal of DEI takes this process back decades as well, because there were no other efforts in place to address this inequity.

Opinion: The Last Two Tax Bills Put Millionaires First, Not the Middle Class

By: Brady J. Buckner, FSIC
August *2025*

When the last two major tax bills were signed into law, they were sold as historic tax cuts that would lift up ordinary working Americans. We were told that "everybody is better off" thanks to these changes (brookings.edu). Unfortunately, that promise was far from true. In reality, these laws overwhelmingly benefited millionaires and wealthy corporations, while middle-class and lower-income families were left with little, and many may even end up worse off over time (brookings.edu).

Take the 2017 tax overhaul, for example. Yes, it offered a temporary bump for the middle class, a higher standard deduction, and a bigger child tax credit, which provided modest relief. But those crumbs paled in comparison to the feast it served the wealthiest Americans. By 2025, the top 1% of households were projected to pocket an average tax cut of about $61,000 each, while the bottom 60% got an average of less than $500 (econofact.org). Despite promises that corporate tax cuts would trickle down to workers, studies have found that few of those gains ever reached employees' paychecks (econofact.org). Instead, corporations poured their windfalls into stock buybacks and dividends for shareholders. No wonder analysts have labeled these so-called middle-class tax cuts "welfare for the wealthy" (brookings.edu).

The most recent tax bill doubled down on this approach, with even more skewed results. Like its predecessor, the latest law tossed a few token perks to working people (a new deduction for overtime pay, a minor child credit bump), but the lion's share of benefits went to those at the top. Roughly 70% of the tax savings from the new bill will flow to the top 20% of earners (gbpi.org), and the richest 1% alone captures nearly one-quarter of all the cuts (gbpi.org). To pay for those lavish breaks, the bill slashes essential programs that everyday Americans rely on, roughly $1.8 trillion over the next decade, taken from healthcare and food assistance (gbpi.org). As a result, about 10.9 million people are expected to lose health insurance coverage (gbpi.org). In effect, by handing out generous tax benefits to millionaires while stripping support for the vulnerable, this law creates one of the largest upward transfers of wealth from the poor to the rich in modern U.S. history (en.wikipedia.org).

Beyond these immediate inequities, the tax policies also pose long-term threats to middle-class stability. Both of the last two tax bills were financed by heavy deficit spending, essentially borrowing money to fund tax cuts for the wealthy. After the 2017 law, the deficit soared, and its architects immediately pointed to the red ink to justify cuts to federal health care and anti-poverty programs (washingtonpost.com). In short, working families were effectively told they'd pay later for the breaks the wealthy got upfront. The new tax bill follows the same playbook: it balloons the national debt by an estimated $2-$4 trillion (gbpi.org), setting the stage for future pressure to slash public investments or raise taxes. The middle class ultimately ends up footing the bill, whether through reduced services, higher interest rates, or future tax hikes (brookings.edu). Indeed, analyses show that over time virtually all of the gains from these cuts accrue to the rich, while many middle- and lower-income households end up worse off in the long run (brookings.edu) (gbpi.org).

It's time to call these policies what they are. Tax cuts dressed up as "middle-class tax relief" have largely been giveaways to those who need them least (brookings.edu). Meanwhile, the promised benefits for working Americans never fully materialize, even as vital programs and opportunities erode. Far from putting the middle class first, the last two tax bills put the middle class last, effectively asking ordinary families to eventually pay for handouts to millionaires. We must learn from these mistakes. Rather than doubling down on a trickle-down agenda that puts the wealthy over working families, our leaders should pursue tax reforms that genuinely prioritize the middle class. In short, we need tax policies that finally put working Americans first, for once.

Sources:
Keshav Srikant. "Fact Check: Did Trump's 2017 Tax Cuts and Jobs Act confer greater benefits on rich Americans?" EconoFact, 27 Sept. 2024.econofact.orgeconofact.org
Isabel V. Sawhill and Christopher Pulliam. "The middle class needs a tax cut: Trump didn't give it to them." Brookings, 16 Oct. 2018.brookings.edubrookings.edu
Danny Kanso. "The House-Passed Reconciliation Bill Would Increase National Debt, Primarily Benefitting Top Earners, While Cutting Health Care and Food Assistance." Georgia Budget & Policy Institute, 9 June 2025.gbpi.orggbpi.org
One Big Beautiful Bill Act (H.R.1 of 2025), analysis on Wikipedia (citing CBO and expert assessments)en.wikipedia.org
Jeff Stein. "Ryan says Republicans to target welfare, Medicare, Medicaid spending in 2018." Washington Post, 6 Dec. 2017.washingtonpost.com

Old RVs, New Inequality: The Caste System on Wheels

By:Sarah Van Ness, ReloveCycle
August *2025*

In today's America, even an RV can signify your place in the hierarchy of housing justice. The "caste system" of old RVs isn't just about faded paint or squeaky awnings; it's a chilling mirror of a nation where housing costs force marginalized communities into the margins, sometimes literally onto wheels.

Housing costs have driven people out of stable homes. Over the last ten years, U.S. average rents soared from roughly $1,000/month in 2015 to nearly $1,650 in early 2025, an unprecedented 65.9% increase (about 5.2% annually). This dwarfs inflation and outpaces wage growth. In fact, from 2015 to May 2025, the CPI for Rent of Primary Residence rose 54%.

Such dramatic increases mean tenants are stretched thin. In 2022, a staggering 22.4 million renter households, nearly half of all renters, were spending more than 30% of their income on rent, sparking a record number of evictions and stoking homelessness. Meanwhile, housing costs continue to fuel inflation, and shelter remains a major CPI driver, still rising at about 4% annually as of April 2025.

The RV Caste System - Luxury vs. Survival. At the top of this hierarchy sparkle new, high-end Class A motorhomes, the eternal symbols of freedom and choice. But at the bottom are old, battered RVs, which are often the only option for those priced out of traditional housing. Many upscale RV resorts outright ban rigs over ten years old, cloaking economic exclusion in the language of "aesthetics" or "safety."
It's a cruel irony that people using older RVs for necessity, not choice, are the ones facing stigma and exclusion while retirees in $300,000 rigs are celebrated.

Racial Disparities thrive in the the RV Caste system. Low-income and minority families are disproportionately affected. Black and Latino households, whose homeownership rates lag behind white households, are often landlords' first targets when affordability collapses.

As of 2023, Black homeownership stood at 44.7%, compared to 72.4% for White Americans; Hispanic homeownership was at 51.0%. By 2024, Black homeownership peaked at 46.4%, still well below the U.S. average of 65.7%. These gaps reflect decades of housing exclusion and discrimination.

Moreover, 56.2% of Black households spent over 30% of income on housing, compared to just 46.7% of White households. Displaced, rent-burdened individuals, including many in RVs often become targets of criminalization.

For some, being mobile becomes a necessity. What was once romanticized as "van life" now often resembles survival. The glamorized Instagram depictions obscure the reality that many are living mobile because they have no affordable alternatives.

Yet, within this marginalized community lies a fierce resilience. Old RV owners become DIY mechanics, share resources and shelter in solidarities born from necessity, not choice. Their ingenuity is their dignity but should not be their only recourse.

This RV caste system mirrors broader injustices: wealth determines acceptance while poverty invites punishment. As housing becomes the political battleground of our time, with homeownership unaffordable, first-time buyers delayed into the late 30s, and institutional investors snapping up single-family homes, we must recognize RV dwellers as part of the housing conversation. Old RVs may be duct-taped and outdated, but they're also desperately human. Housing is a human right, whether it comes with granite countertops or cracked vinyl siding. To see someone's "home" in an old RV as a problem to banish, while celebrating someone else for doing the same in pristine fiberglass, is a moral failing.

The road belongs to everyone. Until we confront housing inequality head-on, that road will remain partitioned, reserved for the privileged at the cost of those simply trying to survive.

Sources

1. Landlord Studio — Average Rent Increase per Year: https://www.landlordstudio.com/blog/average-rent-increase-per-year
2. Innago — Is Rent Outpacing Inflation?: https://innago.com/investing-is-rent-outpacing-inflation/
3. AP News — Nearly half of US renters spend more than 30% of income on housing: https://apnews.com/article/f5411012e10fa78d0257c137e60c1be3
4. MarketWatch — Shelter costs continue to drive CPI inflation: https://www.marketwatch.com/story/shelter-from-inflation-cpi-not-showing-much-sign-of-it-lately-369a2d39
5. NAR — Black Homeownership Sees Largest Annual Increase: https://www.nar.realtor/newsroom/black-homeownership-rate-sees-largest-annual-increase-among-racial-groups-but-still-trails-white-homeownership-rate
6. Bankrate — Black Homeownership Today: https://www.bankrate.com/homeownership/black-homeownership-today/
7. Wikipedia — Homeownership in the United States: https://en.wikipedia.org/wiki/Homeownership_in_the_United_States
8. Reuters — US household rent burden varies by race: https://www.reuters.com/markets/us/us-household-rent-burden-unchanged-last-year-varied-by-race-census-says-2024-09-12/
9. Financial Times — Institutional investors buying up single-family homes:

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

FSIC CDFI
AMERICAN INNOVATION AND OPPORTUNITY FUND