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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.

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Letter from the Editor in Chief

Budgets as a Moral Test: Defending Equity for Communities of Color

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

As Washington debates yet another government shutdown, the real threat facing our nation is not the pause in operations, it's the devastating cuts buried in the budget bill itself. These cuts target the very institutions that sustain working families and disproportionately harm communities of color.

The appropriations process has been hijacked to push through reductions in housing, education, childcare, and small business support. These are not abstract numbers—they are lifelines for Black and Brown families who already shoulder the greatest burdens in our economy. Passing this bill without addressing those inequities would cement a system that starves the very communities America has long underinvested in.

Republican legislators have moved forward with this budget without input from Democrats, relying on procedural tactics to secure acceptance of spending cuts. These actions could result in long-term disadvantages for people of color, including fewer public contracts for businesses owned by minorities, greater obstacles to obtaining credit, and less civil rights enforcement—even as protections are increasingly necessary.

At FSIC, we believe economic policy should be guided by compassion and equity, not masked inequity. Through our task force, housing and antitrust projects, and state advocacy, we work to ensure budgets benefit all Americans.

The fight ahead is difficult, but silence is not an option. The path to justice runs through fair budgets, accountable governance, and investment in communities too long denied their share of opportunity. FSIC remains committed to ensuring that people of color are not sacrificed in the name of austerity but empowered through equity.

Kevin B. Kimble, Esq.
Chief Editor

Discrimination Against Black Americans Is Higher Than It Has Ever Been Making Supreme Court's Assertion of a "Post-racial" Society Just Plain Wrong

By: FSIC Staff
October 2025

According to a recent research report Black wealth is headed to zero by 2053. Despite narratives of progress and claims that America is now "post-racial," current data on wealth, education, contracting, and legal decisions make clear that discrimination against Black Americans is more deeply rooted and more systemically unaddressed than perhaps ever before. The Supreme Court's recent rulings effectively require that racial disparities be zero for America to count as post-racial. By that standard, Black exclusion remains vast.

Gravely Unequal Wealth & Income

The stark wealth gap is one of the most damning markers. In Atlanta, for example, the median income for white households stands at about $83,722, versus $28,105 for Black households. But income is just part of the equation: white families hold 46 times more wealth than Black families, approximately $238,355 vs. $5,180.

On a national scale, a Princeton study Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020 shows that not long after Emancipation, white per capita wealth was nearly 60 to 1 compared with Black per capita wealth. Today, that ratio may have shrunk, but only to about 6 to 1. The persistence of that gap, over more than 150 years, suggests not merely slow progress, but a structural lock on inequality.
Contracting Disparities in New Jersey: Concrete Examples
Government contracting is another lens through which inequality becomes sharply visible.

From the New Jersey Disparity Study (2024, Mason Tillman Associates):

- Black Americans represent 9.19% of the available construction businesses but received only 0.14% of the dollars on construction contracts valued over $65,000 up to $5,710,000. (nj.gov official report)
- This under-utilization translated into an estimated $209 million in lost potential contract awards for Black-owned construction firms in that contract-size category. (ROI-NJ summary)

These figures are staggering. Even when Black contractors are amply present in the marketplace, almost no contract dollars flow to them in proportion. The gap between potential and realization is not small; it is near total exclusion.

Legal Decisions & the "Post-Racial" Definition

Recent Supreme Court decisions have pulled back the tools available to counteract these disparities. The Court has increasingly endorsed a vision of equal protection that mandates colorblind law, even in a society with deeply unequal starting points.

From Students for Fair Admissions v. Harvard / UNC (2023):

The Court held that the race-based admissions policies of Harvard and UNC "cannot be reconciled with the guarantees of the Equal Protection Clause" because they: "lack sufficiently focused and measurable objectives warranting the use of race, unavoidably employ race in a negative manner, involve racial stereotyping, and lack meaningful endpoints."

- Justice Sotomayor, dissenting, warned: "Ignoring race will not equalize a society that is racially unequal. What was true in the 1860s, and again in 1954, is true today: Equality requires acknowledgment of inequality."
- In Shelby County v. Holder (2013), Chief Justice Roberts likewise justified striking down the Voting Rights Act's preclearance protections by writing that "our country has changed." Yet voter suppression and gerrymandering persist, disproportionately burdening Black Americans.

These decisions don't just concern education or voting, they redefine the legal standard. If America is "post-racial," then racial disparities must already be eradicated. The law now treats race-conscious remedies as suspect, regardless of data showing entrenched inequality.

If "Post-Racial" Means Zero Disparity

By the Court's reasoning, to be "post-racial" means that disparities in wealth, contracts, education, and political access are acceptable. That people in the Black community do not deserve to share in the wealth of this nation or the wealth-building tools of government contracts and home ownership.

But the data demonstrate otherwise:

- Wealth ratios remain 6 to 1 nationally, and 46 to 1 in Atlanta, a predominantly Black city.
- Educational opportunity is narrowed as affirmative action is struck down. Therefore, if Black students cannot gain admission to Ivy League colleges, it is not because they lack legacy admission relationships or connections, but rather because they are unqualified.
- Voting rights enforcement has been gutted while suppression continues.

By any empirical standard, this is exclusion, not parity.

Comparison to the Emancipation Era

It is sobering to note that in 1865, Black Americans began with essentially no wealth. Today, despite decades of supposed progress, the ratios of wealth and opportunity remain closer to those original deficits than to equality.

In NJ, for instance, nearly one in ten construction businesses is Black-owned, yet virtually none of the contract dollars flow to them. That is not "progress" but structural exclusion. The disparities mirror those typical of the Jim Crow era, only now cloaked by a legal doctrine of colorblindness.

Structural Discrimination is Legally Unaddressed and has been exacerbated by recent legal rulings

Discrimination against Black Americans today is higher in the sense that:

- It is baked into wealth inequality, inaccessible capital, and contracting systems.
- Legal tools for redress (affirmative action, preclearance, race-conscious contracting goals) are being dismantled.
- Courts demand proof of certain absolute disparity before remedies are allowed, an impossible standard that ensures continued exclusion.

Declaring America "post-racial" while the data show vast racial gaps is not equality. It is denial. The persistence of disparities in wealth, contracts, education, and voting power proves that discrimination remains as entrenched as ever, arguably higher in effect because law and policy are increasingly blind to it.

When a Government Shutdown Hits, Who Hurts First? Welfare and Food Stamp funding has some protection, Landlords and Businesses not so much

By: Brady J. Buckner, Editor
October 2025

When the federal government shuts down, it can feel like everyone gets hurt equally. But the truth is, businesses and landlords usually take the first and hardest hit, long before most people who rely on welfare or food-stamp programs feel the effects. Understanding why this happens shows how uneven the pain of a shutdown really is.

The Congressional Budget Office estimated that the 2018-2019 shutdown cost the U.S. economy at least *$11 billion,* with $3 billion of that permanently lost (CBO). Those losses mostly came from halted business activity, not reduced welfare payments.

Small businesses and landlords depend on steady cash flow. A government shutdown disrupts that flow immediately. Many small businesses work directly with federal agencies through contracts, and when those agencies close their doors, payments stop. As Forbes recently noted, “small business owners who have contracts with federal agencies and that are not currently being paid are the ones feeling the most negative consequences of the work stoppage” (Forbes). The U.S. Chamber of Commerce warns that small businesses could lose about $100 million in loan financing per day as federal loan programs freeze (U.S. Chamber of Commerce)

Landlords face a similar challenge. Many rely on housing programs backed by the Department of Housing and Urban Development. During a shutdown, the flow of federal rent subsidies slows or stops entirely. Legal analysts point out that “landlords who rely on steady drip rental payments from HUD... will have to look elsewhere to cover the shortfall” if the shutdown drags on (Bornstein Law). Those shortfalls can make it harder to pay mortgages or maintain properties, especially for small housing providers..

The ripple effects can be fast and brutal. Without federal payments, many businesses face cash-flow crises that make it difficult to meet payroll, pay rent, or keep up with supplier bills. Banks also become cautious during shutdowns, pulling back on lending when government agencies that approve or guarantee financing stop operating. (Business News Daily reports that shutdowns “delay approvals, cancel loans, and disrupt small-business financing” (Business News Daily).) As income slows, landlords struggle to collect rent from tenants who are federal workers or contractors suddenly without paychecks. The market tightens all around.

People who rely on welfare programs or food stamps experience a different kind of exposure. In many cases, their benefits are initially protected. The Supplemental Nutrition Assistance Program (SNAP), often called food stamps, usually continues for at least one pay cycle during a shutdown because its funds are pre-allocated. The Food Research & Action Center has said that SNAP benefits for October 2025 are safe because the money was already released before the shutdown began (FRAC).

In other words, while small business owners and landlords immediately feel financial disruption, food-stamp recipients may not see changes right away. States and federal agencies often use emergency or contingency funding to ensure short-term stability in welfare programs. That protection means the initial weeks of a shutdown are often more painful for the commercial side of the economy than for the individuals receiving direct benefits.

The difference comes down to structure. Businesses and landlords have fixed costs, payroll, mortgages, leases, taxes, that must be paid whether income comes in or not. A missed payment from a federal agency or a delayed loan can create a domino effect that leads to layoffs or defaults. Welfare recipients, while vulnerable, are usually not managing large fixed costs tied directly to government disbursements. Their benefits are smaller but more stable in the short term.

The risk for welfare recipients increases if a shutdown lasts longer than a few weeks. States have warned that if the federal government remains closed into November, SNAP benefits could be delayed or cut. Axios reports that “SNAP benefits may not be fully funded if the shutdown continues through November” (Axios). Programs like Women, Infants, and Children (WIC) could run out of money even sooner because they rely on quarterly appropriations (Associated Press). When those funds stop, the consequences become human and immediate, skipped meals, missed formula, worsening poverty.

Still, the short-term imbalance is clear. When the government shuts down, business contracts freeze, loans stall, landlords lose rent, and construction stops. These effects hit the economy's circulatory system first. The Goldman Sachs 10,000 Small Businesses Program found that more than 70 percent of small firms say keeping the government open is critical to their operations (Axios). A slowdown in private activity quickly translates into job freezes and deferred investments, problems that ripple outward.

Real estate markets also suffer. Reuters recently reported that a government shutdown threatens home sales in flood-prone areas because agencies that issue insurance and loan approvals pause their work (Reuters). That kind of disruption affects not just developers and landlords but renters and homeowners too.

What's striking is that the economic machine that supports wages, housing, and food access starts to sputter long before safety-net programs collapse. Businesses and landlords feel the pinch early, which can in turn limit hiring, raise rents, or cause price hikes that eventually hit consumers, including those relying on government benefits. The shutdown may start as a problem for entrepreneurs and property owners, but its effects rarely stay confined there.

No one escapes a prolonged shutdown untouched. People on welfare programs may face food insecurity, while small businesses and landlords may face bankruptcy. But in those crucial first weeks, it's the commercial side, the people keeping payrolls running, maintaining housing, and circulating capital, that shoulders the earliest shock.

So maybe the question isn't just who gets hurt first, but what happens after that. If a shutdown weakens the businesses and landlords who provide jobs and housing, how long before that pain comes back around to the very families those social programs are meant to protect?

The Cost of Letting ACA Subsidies Expire: Impacts on Women and Children of Color

By: Carrie Gibson
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If Democrats concede to Republicans by allowing the Affordable Care Act (ACA) enhanced premium subsidies to expire, the impact on women and children, especially women and children of color, will be severe and far-reaching.

Currently women, and in particular Black women, already face disproportionate barriers in health coverage and outcomes. Before the ACA's major coverage expansions, nearly 14% of Black women ages 18-64 were uninsured compared to about 8% of white women (National Partnership for Women & Families, 2023). Even with improvements, Black adults remain about 25% more likely to be uninsured than white adults (The Century Foundation, 2023). Black women also have higher rates of chronic conditions such as hypertension, diabetes, and cardiovascular disease and yet they receive preventive care at lower rates. For children, insurance coverage and access to care are essential to healthy development; families in low-income or minority communities already face tougher obstacles.

The ACA's marketplace subsidies and Medicaid expansion narrowed many gaps. For example, the enhanced tax credits introduced under the American Rescue Plan Act and extended under the Inflation Reduction Act made coverage more affordable for millions (National Women's Law Center, 2024). But these gains rest on continued subsidy support.

If Congress allows the enhanced subsidies to lapse, average marketplace premiums could more than double according to credible estimates (Wall Street Journal, 2024). The non-partisan Kaiser Family Foundation (KFF) notes that unless action is taken, millions of people may lose eligibility for premium tax credits (KFF, 2024). For women and children this means: fewer families will afford coverage; preventive care and maternal care access will decline; children may face delayed or foregone care.

Since women are more likely to use health insurance for maternity care, preventive screenings (mammograms, Pap tests), and family health services, higher costs or loss of coverage will disproportionately affect them (National Women's Law Center, 2024). Black women in particular will bear a heavier burden. They are more likely to be uninsured, more likely to have cost barriers even when insured, and more likely to rely on marketplace or Medicaid-adjacent coverage (The Century Foundation, 2023). For children in the households of these women, the risks multiply: uninsured or underinsured mothers often delay care, which in turn jeopardizes children's health outcomes, prenatal outcomes, and early childhood development.

Wider insurance pool consequences are on the horizon. Rising premiums don't stay isolated. When premiums spike—say increases of 300%—you get two disastrous effects: healthy individuals drop coverage and the "pool" becomes less balanced; costs shift to those who remain insured, so premiums spiral upward for everyone. For women and children, that means higher household health insurance costs, less disposable income for other needs (childcare, housing, food), and increased risk of losing coverage altogether. Communities of color, already economically disadvantaged and more likely to work jobs without employer-sponsored insurance, are the first and hardest hit (Word in Black, 2025). The result: fewer children insured, more mothers delaying or skipping care, more families exposed to catastrophic health expenses.

If coverage shrinks and costs rise, children's health suffers with higher rates of untreated illnesses, developmental delays and missed school days that reduces future workforce readiness and economic mobility. For women, especially those of color, increased health costs can erase gains in labor force participation, depress earning power, and widen racial and gender income gaps. Insurance systems also become destabilized: when large swaths of lower-cost enrollees exit the marketplace because they can't afford premiums, everyone else subsidizes the sickest. That feedback loop drives up premiums further and threatening marketplace viability.

Letting ACA subsidies expire is not just a budgeting technicality. It's a decision that pumps up health insurance premiums, erodes access to care, and hits women and children of color first and worst. The equitable gains of the last decade risk being reversed. Policymakers must recognize that the cost of inaction is borne not by abstract budgets but by real families, real children, real women. The financial, health, and social costs will ripple through communities, and via the insurance market, into the broader society.

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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