



Race, Ethnicity, and the Economy: How Improving Economic Opportunity Benefits All (1/20/2022)

While the United States was founded on the idea that all are created equal, our nation is constantly seeking to live up to this simple yet extraordinary principle. Even today, race and ethnicity are highly correlated with educational attainment, labor market outcomes, lifetime earnings, and economic mobility—a fact that is antithetical to the concept of the American Dream. Many of these inequities remain even when controlling for age, education, occupation, and industry. The Federal Reserve has found that starting at birth, ramifications from historic discriminatory and exclusionary policies limit communities of color from reaching their full economic potential, negatively impacting the whole nation. Society and government have made much progress, particularly over the past century, to end longstanding economic disparities, but much still must be done to address the legacy of our past and fully live up to the framework laid out in the U.S. Constitution.



On January 20, 2022, the Select Committee on Economic Disparity and Fairness in Growth held a hearing entitled “Race, Ethnicity, and the Economy: How Improving Economic Opportunity Benefits All” to examine how the structural barriers to full economic mobility faced by Americans of color not only harm Black and Brown communities, but also hold back the entire U.S. economy.

Potential Policy Proposals

Experts offered the following recommendations for consideration:

Expand Economic Opportunity

- Establish a national Baby Bonds program in which every child in the U.S. is provided a savings account initially seeded with \$1000 and annually supplemented with deposits of up to \$2000 depending on familial income.
- Improve and expand the Child Tax Credit and restore eligibility for those that file taxes with an individual tax identification number.
- Educate young people about ways to access capital and build wealth.
- Strengthen labor unions to amplify the collective voices of workers advocating for higher pay, better benefits, training and promotional opportunities, and protections against discrimination and harassment.
- Fund community-based organizations with culturally competent practices to provide information about government programs and services.

CHAIRMAN JIM HIMES (CT-04)

RANKING MEMBER BRYAN STEIL (WI-01)

- Fund down payment assistance for first-time homebuyers, invest in the availability of affordable housing, provide culturally competent housing counseling, and strengthen the Fair Housing Act and the Community Reinvestment Act.
- Decouple access to health, nutrition, and housing assistance programs from both employment and immigration status.
- Provide a pathway to citizenship for undocumented immigrants.
- Require schools to provide students with information that will help them find success in life through the development of pilot evidence-based curricula and that will help them understand the likely rewards and consequences associated with different series of life decisions.
- Implement a framework of inclusive economic rights to counterbalance accrued economic and racialized private power in which economic markets are incapable to redress, including universal and quality healthcare, housing, schooling, financial services, capital, and free mobility.
- Ensure that every parent has the right to choose an education that meets their children's needs.

Eliminate Structural Biases and Barriers

- Provide meaningful accountability for discrimination through policies that encourage employer transparency; fund federal, state, and local enforcement agencies; relieve the overly onerous burden of proof faced by workers; and protect workers against practices that coerce employees to waive rights to challenge unfair treatment.
- Remediate and address the credit rating algorithms that unfairly penalize those living in poverty and make accessible to those with limited English proficiency the full range of consumer protections and programs related to consumer finances.
- Bolster data infrastructure to better monitor, document and address disparate treatment.
- Eliminate policies that create financial disincentives deterring couples from getting married.

Hearing Panelists

The following experts provided the potential policy recommendations listed above:



- **Dr. Valerie Wilson**, Director of the Program on Race, Ethnicity, and the Economy, Economic Policy Institute
- **Dr Darrick Hamilton**, Henry Cohen Professor of Economics and Urban Policy; Founding Director of the Institute for the Study of Race, Power, and Political Economy, the New School
- **Janet Murguía**, President and CEO, UnidosUS
- **Dr. Jamie Riley**, Director of Race and Justice, National Association for the Advancement of Colored People
- **Ian Rowe**, Senior Fellow, American Enterprise Institute