

# FACT SHEET: The Biden-Harris Administration Continues to Advance Economic Opportunity for Black Households, Businesses, and Communities

February 15, 2024

Starting from day one, advancing equity for historically underserved people and places has been central to the Biden-Harris Administration. At the start of the Administration, COVID-19 still presented dual economic and health threats to all Americans, especially those with health challenges and working in frontline jobs. The economic challenges had an acute impact on Black Americans. The Black unemployment rate peaked at 16.9 percent in April 2020, spurring concerns about evictions that would further exacerbate financial stress and economic scarring.

The Treasury Department worked alongside other agencies to respond swiftly and head off the long-term damage that has often prevented Black families and others from underserved communities from full economic recovery. The Department designed and implemented policies to meet the needs of our most vulnerable citizens. In doing so, the Department not only helped drive a historic recovery for Black families but also demonstrated that focusing on the most underserved ultimately benefits wide swaths of Americans of all races and backgrounds. This approach is emblematic of Secretary Yellen’s *Modern Supply Side Economics* approach that inclusive investment leads to a stronger American economy.

## Advancing support for Black families, businesses, and financial assets

The recovery from the COVID-19 pandemic and the economic downturn is the [most equitable recovery in recent history](#). The strong and speedy recovery was particularly important for Black Americans, who have been historically among the most disadvantaged during economic downturns, particularly the COVID downturn. The Biden-Harris Administration and the Department of the Treasury’s quick action to deliver broad-based aid resulted in strong outcomes for Black families. To date, these include:

- ◆ A narrowed wealth gap and increase of median family wealth by 60% from 2019 to 2023;
- ◆ [Increased median Black worker wages](#) by 5.0% from 2019 to 2023;
- ◆ The rate of Black [business ownership skyrocketing](#) in this recession, rising between 2019 and 2022 by 6.2 percentage points to its highest recorded level at 11.0%.

**This fact sheet outlines how Treasury continues to support Black families and communities through:**



# I. Strategic Program Implementation

While administering large portions of the American Rescue Plan Act (ARPA) and the Inflation Reduction Act (IRA), Treasury focused its implementation approach on [people, places, and infrastructure](#). The goal is to meet local needs and create strong, sustainable economic growth not only in the communities receiving investments, but across the entire economy. Using this approach to shape the implementation of ARPA, IRA, and other programs, Treasury has been able to work with local leaders and other partners with proven track records of reaching Black communities and other underserved areas to ensure these historic investments are effective and reach the people who need them the most.

## Implementing the Inflation Reduction Act (IRA)

Treasury is now implementing the Inflation Reduction Act (IRA) – which not only accelerates our country’s ability to address climate change, but also creates American jobs and small business opportunities as we transition to a clean-energy economy, allows Medicare to negotiate drug prices for seniors for the first time, and provides much needed funding to transform the IRS to better serve taxpayers and collect the revenue needed to fund the work of government. The IRA also includes novel mechanisms like elective pay and transferability that help underinvested communities to take advantage of the clean energy tax incentives, including the major investment and production tax credits for power generation and tax credits for clean vehicles and charging stations. It also includes incentives like the Low-Income Communities Bonus Credit Program and the Energy Communities Bonus to invest in underserved communities and communities that have been at the forefront of fossil fuel production or have borne the brunt of historic pollution. Finally, in addition to earlier announcements focused on further improving taxpayer service during the [upcoming 2024 filing season](#), the IRS has focused IRA resources on strengthening enforcement to pursue complex partnerships, large corporations, and high-income, high-wealth individuals who do not pay what they owe.

## Supporting Black families and workers

### Connecting Black tax filers with the benefits for which they are eligible

Treasury used available information to quickly deliver Economic Impact Payments and the Advanced Child Tax Credit in 2020 and 2021 to eligible families, in most cases requiring no action on the part of the taxpayer. In the case of the Advance Child Tax Credit, tens of millions of eligible families received between \$250 and \$300 per child in monthly support from July to December 2021.

- ◆ Data released in 2022 by the Census Bureau showed that the expanded Child Tax Credit was the leading driver behind a 46 percent decline in child poverty in 2021 – cutting the annual child supplemental poverty rate to its lowest-ever recorded level including record lows in Black poverty. For Black children, the [supplemental poverty rate dropped by over 50 percent](#). The Biden-Harris Administration continues to advocate to make this expanded Child Tax Credit permanent.

### Helping Black families to remain homeowners

As part of the Homeowner Assistance Fund (HAF), Treasury required recipient governments to target assistance based on data-driven assessments and community-informed plans of homeowner needs, with an emphasis on data that identifies disparate hardships across demographic groups. These efforts have helped to produce substantially broader reach to economically vulnerable and traditionally underserved homeowners than prior federal mortgage assistance and foreclosure prevention programs:

- ◆ As of September 30, 2023, 50 percent of HAF assistance was delivered to very low-income homeowners (those earning 50 percent of area median income and below); 35 percent of HAF homeowners self-identified as Black and 19 percent self-identified as Hispanic/Latino; and 59 percent of HAF beneficiaries self-identified as female applicants.

## Growing Black-owned businesses

### Investing in Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) with a track record of delivering capital to Black communities and businesses.

As of April 2023, Treasury's Community Development Financial Institutions (CDFI) Fund has also awarded over \$1.73 billion in grants to 604 CDFIs across the country through the [CDFI Equitable Recovery Program](#) (CDFI ERP). Of the award recipients, 179 are prioritizing serving minority individuals or minority-owned or minority-controlled businesses with their award. An additional 222 recipients are prioritizing serving low-to-moderate income majority minority communities.

### Expanding financing and technical assistance for Black businesses.

The [State Small Business Credit Initiative \(SSBCI\)](#), reauthorized and expanded by the American Rescue Plan, provides nearly \$10 billion to states, territories, D.C., and Tribal governments for investments in small business to expand access to capital, to promote economic resiliency, and to create new jobs and economic opportunity. The SSBCI program allocates \$1.5 billion of this funding to jurisdictions to support underserved businesses. Treasury's SSBCI implementation includes \$275 million for state, territory, and Tribal technical assistance programs, and \$125 million to support the Minority Business Development Agency's (MBDA's) Capital Readiness Program.

## Increasing commitments from the private sector and philanthropy

### The Initiative for Inclusive Entrepreneurship (IIE)

[The Initiative for Inclusive Entrepreneurship \(IIE\)](#), is a \$100 million national effort to expand access to capital for small businesses owned by people of color. The IIE was announced at the 2022 Freedman's Bank Forum, and is launching an investment fund to leverage \$80 million in private and philanthropic capital to help the SSBCI expand access to capital for underserved small businesses.

### The Economic Opportunity Coalition

The [Economic Opportunity Coalition](#) (EOC) is a coalition of 30 companies and foundations that are collaborating to align investments that build upon those made in community banks, small businesses, and affordable housing by the Biden-Harris Administration, and was announced by Vice President Harris in July 2022.

- The EOC has reached \$1 billion in committed deposits to CDFIs and Minority Depository Institutions (MDIs) in June 2023 and committed to an additional \$2 billion by October 2024. These pledged deposits in community lenders help to bring down loan-to-deposit ratios at CDFIs and MDIs, allowing them to increase lending reach while ensuring adequate liquidity. The EOC is also working with companies to advance supplier diversity procurement spending pledges.

## II. Measuring Impact and Success

### Collecting program data by race and ethnicity

To better understand people's experiences in the financial services marketplace and in the impact of Treasury's efforts to advance economic opportunity for underserved people and places, the department collects data on race and ethnicity across several programs, to the extent possible.

For example, jurisdictions participating in SSBCI are required to request granular demographic information from small businesses that receive capital through the program, including data on race, ethnicity, sexual orientation, and gender identity. Treasury intends to begin reporting based on this demographic data in 2024. Further, in the new CDFI certification application, the CDFI Fund will collect data on the race and ethnicity of board members and executive leadership of CDFIs, which will help provide a better picture of the leadership in the CDFI industry.

## III. Sustaining Progress at Treasury

### Doing business with Black-owned companies

Procurement with government agencies plays an important role for many minority-owned businesses. The Biden-Harris administration has set a goal to increase the federal government's contracts with small businesses owned and controlled by socially and economically disadvantaged individuals to 15 percent by 2025.

- ◆ Treasury has increased the dollar amount of Treasury prime contracts awarded to Black-owned businesses by 60 percent since FY 2020.
- ◆ In FY 2020, Treasury awarded a total of \$113 million to Black-owned businesses.
- ◆ By FY 2022, Treasury awarded over \$188 million to Black-owned businesses. Treasury has also designated two minority-owned financial institutions as financial agents of the government.
- ◆ The Internal Revenue Service for the first time has committed to spend 19% of its overall procurement on small and disadvantaged businesses in 2024.

### Engaging with experts

The Treasury Advisory Committee on Racial Equity (TACRE) was established in 2022 to provide advice, ideas, and recommendations to advance the Department's efforts to foster a more inclusive economy. Committee Members have made recommendations on topics such as fairness in tax administration, new analysis to examine the impact of tax policies by race and ethnicity, improving the flow of capital to communities of color, fair and equitable implementation of the Inflation Reduction Act, and strengthening internal diversity and inclusion practices.

### Boosting internal capacity

The Department has increased the institutional capacity to maintain deep attention to addressing structural inequity in our economy.

- ◆ In January 2024, the Department named its first Chief Diversity, Equity, Inclusion and Accessibility (DEIA) Officer. The Office of DEIA office will promote data-driven policy; support internal workplace diversity, equity, and inclusion for women, veterans, LGBTQIA+ people, people with disabilities, and people of color; and facilitate business and procurement equity.