For Love of Country: A Path for the Federal Government to Advance Racial Equity
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Working in public service means believing that our best days are ahead. From teachers to community leaders to the thousands of employees across the government, our country is made up of people dedicated to making a difference in their communities and country. While there are moments when the work is heavy and our belief in what's possible gets tested, we push ahead because we understand this is what it takes to make change. This perseverance and dedication to something greater than ourselves is what it means to love our country and all who live here.

Now, we are living through a moment in our nation's history that requires we ignite this love. Long before the pandemic, tens of millions of people in this country were unable to attain a basic standard of living, while millions more balanced precariously on the edge, where a short-term illness, loss of income, or emergency expense could be insurmountable. The events of the past year were a worst-case scenario for the 100 million people living in economic insecurity and exacerbated the country's deep racial and economic disparities. We cannot afford to go back to a time when this was considered normal.

Federal employees are uniquely positioned to lead our country out of this crisis stronger than we were going into it. But it will require working in new ways. Federal leaders must deepen their understanding of the impact of past policies, address root drivers of current disparities, and be clear about who has been left behind. This requires that government leaders at all levels confront racism in our institutions and fully embrace the charge of advancing racial equity.

We understand that talking about race can be uncomfortable. No one wants to say the wrong things; we want others to recognize that our individual experiences matter, and we hope other people understand we have good intentions. We also understand the impulse to focus on class as a proxy for race. But talking around challenging issues has only gotten us so far. We need to understand the full story to ensure that all people are receiving the support they need to live in a society where they can participate, prosper, and reach their full potential. That is the promise of racial equity.

To be clear, racial equity is not about supporting people of color at the expense of White people but rather ensuring that all people live in a country that serves their needs. The barriers that have long harmed people of color—social and economic exclusion, community disinvestment, and government neglect—have been allowed to fester and are hurting more people than ever before, including more than 52 million people of color and 48 million White people. If any group is excluded, the strength of
our country is undermined. To transform our nation’s institutions to be able to tap into the potential of all people requires that no one is being left behind.

This is a multiyear journey that begins now. There are no easy answers or silver bullet solutions, but this is the work. Federal leaders have already demonstrated that they are up for the task with the work underway to bring a whole-of-government equity agenda to life. And the federal government doesn’t need to go it alone. Equity leaders across the country—from the local to the national level—are ready and willing to partner and seize this opportunity for change. This resource is a step toward building out such support.

This report offers a blueprint for how federal agencies and individual employees can begin the journey toward building a more racially equitable society. Specifically, it lays out:

- Several key roles the federal government can use to shape racial equity
- The transformative potential equity presents for key socioeconomic outcomes
- Guiding principles that can serve as a common foundation for the work across the federal government
- A starter tool for conducting and refining an initial equity assessment
- A tool for agencies to develop a strategic vision and action plan to advance equity
- Guidance on how to launch this journey

With a shared understanding of our nation’s challenges, a common vocabulary for having honest conversations, and the right tools to help us navigate this difficult terrain, we can make tackling these massive issues possible. Federal employees, for so long, have lived the mission of the government to help all people and played an important role in driving equity. Today, we offer a way to accelerate this work.

Michael McAfee,
President and CEO, PolicyLink
ACKNOWLEDGMENTS

This work was led by a core team of PolicyLink members, including Michael McAfee, Josh Kirschenbaum, Ashleigh Gardere, Tracey Ross, Shaibya Dalal, Vanice Dunn, Sarah Treuhaft, and Chione Flegal. We appreciate the many individuals and advisers who provided thoughtful feedback and guidance on this work—among them, the PolicyLink program staff, our cross-sector and federal government focus group participants, and the federal employees who participated in our survey. Additionally, we are grateful for the long-standing partnership with Race Forward in shaping the racial equity concepts and recommendations in this report, as well as the Government Alliance on Race and Equity Network member jurisdictions for developing the breakthrough model in advancing racial equity in local and state governments.

PolicyLink is grateful for the generous support it receives from the Annie E. Casey Foundation, the Ballmer Group, the Ford Foundation, The JPB Foundation, the W.K. Kellogg Foundation, MacKenzie Scott, Open Society Foundations, Salesforce, and the Skoll Foundation which allowed it to produce For the Love of Country: A Path for the Federal Government to Advance Racial Equity and the accompanying assessment tool for federal agencies.

We would also like to thank McKinsey & Company's Institute for Black Economic Mobility for providing the data and analysis that supported PolicyLink’s conclusions and recommendations within this report.

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http://www.policylink.org
NAVIGATING THIS DOCUMENT

This body of work is intended to act as a resource that supports government entities along their journeys to realize racial equity. While these journeys are long-term, these resources can help leaders begin this critical work today as well as underpin subsequent action over the coming decades.

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A. THE IMPORTANCE OF THIS MOMENT: The case for racial equity
THE IMPORTANCE OF THIS MOMENT: The case for racial equity

The United States finds itself at a crossroads. Our country continues to grapple with the compounding effects of a global pandemic, worsening economic inequality, and a changing climate, which have highlighted and exacerbated the reality of the racism that has been present since our nation’s founding and preserved in our institutions. Such structural racism—the system of policies, institutional practices, and cultural representations that reinforce racial inequity—shapes opportunities and outcomes for people of color in America. Further, the murders of Breonna Taylor, George Floyd, and too many others launched a historic movement for racial justice that has forced a national reckoning on racial inequity in America. Now, our country’s leaders must make a choice: use these ongoing hardships to reimagine a more just and resilient future or ignore these realities and continue business as usual. We believe seizing this opportunity and overcoming these challenges is the only way to work toward a more perfect union.

This moment provides an opportunity for America to finally live up to its highest ideals. Since the founding of our democracy, the principles of liberty and equity have been woven into the fabric of our nation. The Declaration of Independence asserted that “all men are created equal...with certain unalienable Rights, that among these are life, liberty, and the pursuit of happiness.” A century later, the U.S. Constitution codified these principles in the Equal Protection Clause of the 14th Amendment, which declared that all people shall have equal protection of the laws.

Our founding documents and ideals serve as an invitation, and responsibility, to continuously improve our democracy, and all are invited to join in the effort of perfecting our union. The reality is that despite its founding promises, our democracy has not adequately served all of us. People of color, in particular, have often been excluded—implicitly and explicitly—from the political, social, and economic systems that support thriving families. This has not only harmed people of color but everyone in society.
The National Equity Atlas shows that despite living in one of the wealthiest nations in the world, nearly 100 million people, or one in three, are “economically insecure”—defined as having a household income below 200 percent of the federal poverty line. Among this 100 million, 52 million are people of color; they represent 52 percent of the economically insecure despite only accounting for 38 percent of the overall population.⁴ The other 48 million are White.

Total U.S. population and economically insecure population by race/ethnicity, 2015

Figure 1: National Equity Atlas, “100 Million and Counting: A Portrait of Economic Insecurity in the United States”

A more just and equitable America is possible. Empowered by a deep love for this country and all who live here, we can pursue equity, which is the work of our democracy. Achieving a just and fair society where all can participate, prosper, and reach their full potential is within our grasp if we work together to imagine a new future, understand the root causes of racial inequity, and design a nation where race no longer predicts outcomes. This work would not only improve our current reality but also reverberate for future generations.
A history of exclusion that now hurts all

The founding principles of our country embody equity, yet a history of discriminatory policies undermines our country’s highest ideals. Throughout the 20th Century, the federal government invested in the strength and stability of the White middle-class, but many racial groups were left out of key programs and wealth-building opportunities. For example, beginning in the 1930s, because of federal “redlining” policies, many neighborhoods that were predominantly Black, Jewish, Catholic, or filled with immigrants from Asia and southern Europe were deemed undesirable. This often led to challenges for these households to receive home loans from banks. After World War II, the expanding highway system cut through many low-income, mostly Black communities and displaced thousands of residents and small businesses. In the 1950s and 1960s, the federal government’s Urban Renewal Program gave local governments and private developers free rein to develop downtowns, but this led to the displacement of many residents without a clear policy for relocation.

Today, the barriers that have been imposed on too many in America, particularly people of color, have grown more entrenched. This was evident during the 2008 mortgage crisis, when the long history of lending disparities took on a new form, impacting over ten million Americans. A history of punitive drug laws has disproportionately targeted Black communities—Black individuals are six times more likely to be incarcerated for drug-related offenses today compared to White individuals. Addressing structural racism means addressing the root drivers of inequity within a system and better serving all people.

Our nation has not yet achieved its promises nor the results necessary to transform the nation so that it serves all people. As the architect and enforcer of the nation’s policies, the federal government can create transformative change for the entire population.

This report offers a potential blueprint for how the federal government, including the agencies within the Executive Branch, can begin the multiyear journey to build a more racially equitable society. This effort requires that they understand the past, how it has shaped the present, and the opportunities of the future. The report that follows offers a potential path forward, including details on:

- The critical leadership role that the federal government could play in driving racial equity
- The magnitude of opportunity at hand, including the current state of several of the critical socioeconomic outcomes that all families need to thrive
• A blueprint for federal agencies to approach racial equity work, including a set of guiding principles and clear steps for developing a robust and tangible strategy and execution path forward

Defining equity

Racial equity is defined as a society in which all can participate, prosper, and reach their full potential. This requires the “consistent and systematic fair, just, and impartial treatment of all individuals,” as outlined in the Executive Order on Advancing Racial Equity.

While many definitions of equity exist, there are two consistent themes that we hold close in this work—racial equity.

• Benefits all people, not just people of color
• Requires addressing structures and systems in our society

Equity is critical to the well-being of all Americans

An equitable nation, where who you are or what you look like does not determine opportunity, is what the United States was always meant to be. The Constitution rests on the understanding that the country can evolve, and that we have an obligation to make it better. We can realize a multiracial democracy that works for all.

Equity is critical to the health of our democracy. Achieving equity will require lifting up the 100 million of our people left behind by a society that never managed to support all. We thrive as a country when everyone is included. We can heal together by creating a nation that matches the Founders’ aspirations.

Expanding equity can also have a strong impact on our economy. An estimated 40 percent of our GDP growth between 1960 and 2010 is linked directly to increased participation in the labor force by women and people of color. Achieving equity can create significant economic opportunities, including the potential to add $1.5 trillion to the economy by closing the Black-White wealth gap. The National Equity Atlas reveals how much stronger the economies of all 50 states and the 150 largest metropolitan regions would be with racial equity in income.

By contrast, inequities over the past 20 years have cost the nation nearly $16 trillion and could depress the U.S. economy by as much as $5 trillion over the next five years. Our growing diversity represents an asset that can fuel the nation’s growth, but it can enable progress only if people of color can access the resources and opportunities needed to participate more fully in our economy and democracy.

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Refers to the ~100 million individuals in the United States facing economic insecurity, overwhelmingly people of color.

For Love of Country: A Path for the Federal Government to Advance Racial Equity

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This moment is an opportunity for action and will be the work of many generations. While racial equity has long been an urgent issue, the ongoing challenges our country faces amid a historic movement for social justice offers a critical opportunity to launch committed, long-term action.

The Executive Order on Racial Equity paves the way for the federal government to spearhead change. The January 2021 Federal Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government reinforced the notion that equity is the work of the federal government, and created a formal mechanism to advance this charge. The Order authorizes federal agencies and entities to "pursue a comprehensive approach to advancing equity for all," including identifying ways to assess equity, conducting equity assessments, and promoting equitable delivery of government benefits and opportunities. The Order marks one of the first formal government-wide efforts to prioritize racial equity, emphasizes the burning platform for change today, and provides a path for government to make equity the norm over the next several decades.

The country is experiencing a widespread reckoning on race. By 2020, violence against communities of color, particularly Asian American and Black communities, increased to the highest levels in more than a decade. The country saw a rapid rise in anti-Asian hate crimes—up almost 150 percent over 2019. Black lives were lost disproportionately to police brutality.

In the face of this growing violence, public momentum for racial equity has mounted rapidly. Many of the deaths connected to police brutality—including those of George Floyd and Breonna Taylor—sparked nationwide protests demanding racial justice and accountability. George Floyd’s murder in early 2020 brought the largest protests in U.S. history, with an estimated 15–26 million people participating in demonstrations across all 50 states. This momentum reached the private sector as Fortune 1000 companies committed over $60 billion to racial equity initiatives, many of which will require multiyear efforts.

Public perceptions of racial justice reflect this societal shift. In mid-2020, three times as many White American respondents to a CNN/SSRS poll called racism a big problem than respondents to a November 2011 CNN/Kaiser Family Foundation poll had (60 percent vs. 21 percent). Employees and consumers overwhelmingly expect employers to take more equitable approaches. For example, over 60 percent
of respondents to a JUST Capital survey agreed that workplace policies to provide diverse, equitable, and inclusive workplace environments—such as providing a living wage, analyzing wages/pay by race, and increasing business with Black-owned suppliers—are somewhat or very important.23

**Accelerated by the global pandemic, racial inequities are growing rapidly and will only worsen without action.** The COVID-19 pandemic has revealed the underlying structural gaps that have historically created inequities in socioeconomic outcomes in our country, particularly across lives, livelihoods, and learning. While all people are at risk, people of color have felt the brunt of the effects of COVID-19. People of color are overrepresented among essential workers, suffer from many underlying health conditions, and are more likely to receive inadequate treatment in the healthcare system. COVID-19 deaths disproportionately affected people of color, with Black, American Indian, and Hispanic/Latinx people experiencing two- or three-times higher mortality rates than White Americans (roughly 160 million deaths among people of color overall).24,25

The economic fallout of the pandemic worsened both risks and gaps in employment and overall financial stability, with people of color overrepresented in the occupations that were most vulnerable to job loss and layoffs, where they represent close to 40 percent of the workforce.26 In addition, the loss of in-person learning widened gaps in achievement and education for most students but had particularly dire implications for Black, Hispanic, Indigenous, and rural communities who are also more likely to suffer from the digital divide. It is estimated that by the end of 2021, students could lose five to nine months of learning on average; for students of color, this estimate is nearly six to 12 months.27

**This is the start of a long-term journey.** While the opportunity to advance racial equity at this moment is real, significant progress will take time, commitment, and accountability.

The starting point for this work is to systematically initiate efforts to address the root causes of our current gaps—which are often intractable and embedded deeply in our systems, institutions, and mindsets—and mitigate the intergenerational consequences of inaction. These actions can proceed within the constraints of our capacities as individuals and institutions, at the level of the federal government,
and across society. Federal employees—both career staff and newly appointed officials—could play a significant leadership role in advancing racial equity.

We understand that people need the right tools to equip them for success. In a PolicyLink sample of 82 former and current federal employees, only 42 percent of survey respondents reported feeling their agencies are prepared to address racial equity.¹⁸ Their responses, and what we have heard from agency engagements and focus groups, point to the need for further goal setting and capability building at the agency level to achieve the vision set in the Executive Order on Advancing Racial Equity and launch the long-term journey to racial equity.
B. THE FEDERAL IMPERATIVE: The case for the federal government leading the way
THE FEDERAL IMPERATIVE: The case for the federal government leading the way

The federal government can play a critical role in creating a more perfect union and has the scope, reach, and resources to do so. The federal government employs almost nine million people (about 6 percent of the U.S. workforce) and spends more than $4 trillion (some 20 percent of gross GDP) on programs, policies, and regulations that address nearly every issue that affects the public. Whether building a robust social safety net program, increasing market stability, or expanding job access, the federal government has had and continues to have wide-reaching impact on the more than 300 million people in this nation.

PolicyLink sampled a set of 82 current and former federal government employees to understand their perspectives on the government’s potential role and impact on racial equity as well as the barriers to and opportunities for federal action.

The double-blind sample asked questions to and received voluntary responses from a cross-functional, cross-tenure set of federal employees primarily in the Executive Branch. Respondents represented 13 Cabinet-level departments and several independent agencies or offices. The average tenure of respondents was 12.7 years (roughly in line with the average tenure of federal civilian employees) with representation across various political affiliations. Respondents were majority White (55 percent) with some representation across other races, including Black (26 percent), Asian (5 percent), Hispanic (5 percent), and Other / multiracial (10 percent).

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c Respondents were able to choose one or more federal departments, agencies, or offices that they currently or formerly worked for. There was at least one respondent from each Cabinet-level executive department except for the U.S. Department of Labor. Independent agencies and offices represented include the Environmental Protection Agency, General Services Administration, and the Executive Office of the President.
d The average tenure of the civilian federal workforce is 13.5 years, according to the U.S. Office of Personnel Management. The sample included Democrats (50 percent), Independents (32 percent), and Republicans (17 percent), but overrepresented federal employees who self-affiliated with the Democratic party. One respondent chose Other (1 percent) for their political affiliation.
e According to the U.S. Office of Personnel Management, in 2017 the federal Executive Branch workforce was 63.3 percent White, 18.2 percent Black, 8.8 percent Hispanic, 6.0 percent Asian, 0.5 percent Native Hawaiian / Other Pacific Islander, and 1.7 percent Native American. Our sample also overrepresented males, who made up 66 percent of survey respondents. In comparison, the Executive Branch is 57 percent male and 43 percent female.
The federal government has always served the American people and assumed accountability for meeting their needs. Serving the people means all the people, including those long left behind. Success will require taking concerted action to continuously improve our democracy and develop a more equitable society. Research suggests that enhancing economic well-being and human development, both necessary to a healthy democracy, will require government investment in health and human capital.31 The facts show that race continues to be a determinant of socioeconomic outcomes—as we highlight in “The Equity Opportunity” section—and the federal government is one of the most influential institutions to address the potential for equity.

As the body that sets the direction and agenda for the country, the Executive Branch could lead the effort to address racial equity. Tasked with executing all laws, federal agencies of the Executive Branch can translate its direction and agenda into reality. These efforts can only achieve their full potential when done in conjunction with the Judicial and Legislative Branches, which enable and reinforce the equity direction and agenda set by the Executive Branch.

This report delves into the blueprint for action we developed to help federal agencies within the Executive Branch accelerate the work of racial equity, including a set of guiding principles, a roadmap to build a strategic vision and action plan, and key best practices around the additional enablers needed to reach success in this work.

The federal government has proven its ability to lead transformative change. For example, the Servicemen’s Readjustment Act of 1944, or GI Bill, enabled eight million veterans to attend college and provided access to low-interest home loans that boosted homeownership from 44 percent before the war to 60 percent by the mid-1950s.32 Historians estimate that for every $1 invested in returning World War II veterans, the country recouped $8.33 The benefits are arguably incalculable, given the number of beneficiaries of the GI Bill who became Nobel Prize winners, Supreme Court justices, presidents, senators, doctors, scientists, teachers, engineers, and entertainers.34

The legislation played a major role in creating the White middle class and demonstrated the power of the federal government to make targeted, transformative investments that reshape the country. Similar investments in racial equity can fuel another generation of transformative change.
Is racial equity a core responsibility of federal government?

In our PolicyLink sample of federal employees, 70 percent of the respondents agreed that advancing racial equity was a core responsibility of the federal government. Asked to explain their perspective, respondents wrote that the federal government should be accountable to all people, that racial equity is critical to Americans’ collective well-being, and that the federal government has the power to address the issue on a national scale.

Major themes and representative responses

ACCOUNTABILITY TO ALL PEOPLE

“Because [federal government] represents all people.”

“All citizens under governmental rule deserve equal access, opportunity, and legal protection by law.”

COLLECTIVE WELL-BEING

“It is necessary for a healthy society.”

“Because it is essential to a prosperous and just society, reflective of the ideals and values our society has chosen to represent, as enshrined in the Constitution.”

“It is the only way to care for all Americans.”

POWER OF FEDERAL GOVERNMENT

“It has to start from the top down.”

“Because we drive policy and are extremely visible in the public eye. We also have an extremely diverse workforce that could be used as a model going forward.”

“The buck stops here.”
The federal government could play several roles to shape racial equity effectively

In its day-to-day actions, the federal government plays a number of roles to shape our society and the livelihood of the American public. In the same way that these roles have collectively enabled the government to achieve change and impact in the past, they could serve as critical levers to drive toward equity, particularly for the Executive Branch and its agencies.

As illustrated, these roles are interdependent and complementary and achieve the highest impact when used collectively. Take, for example, the time the federal government addressed smoking through a multifaceted set of roles, including influencer, researcher, and policymaker. In 1964, the Surgeon General issued the first comprehensive report on smoking and health, viewed widely by historians as a watershed moment in driving down smoking rates.\(^{35}\) Public service announcements and policies that restricted advertising and mandated the first Surgeon General’s warning on cigarette packages reinforced the report; smoking rates and associated deaths declined drastically. In the 1960s, 40 percent of Americans, including 53 percent of men, smoked regularly.\(^ {36}\) Today, only 14 percent of people in the U.S. smoke regularly—a decline of more than 2.5 times.\(^ {37}\)
The federal government plays a number of roles as the architect of an equitable nation

Examples of how roles can shape equity

**Policymaker**
Sets agency strategy and policies, helping to shape economy and market, and providing two-way feedback with Legislature
*Example: Centering racial equity and highest-need communities within agency’s policy agenda and mission*

**Watchdog and Enforcer**
Ensures enactment and accountability for laws and regulations
*Example: Creating mechanisms to quickly and consistently enforce environmental standards to reduce sources to pollution in communities of color*

**Funder**
Provides capital through grants, budget allocations, and incentives
*Example: Tying funding for state / local housing and infrastructure programs to clear racial equity outcomes*

**Direct Provider**
Delivers programs and facilitates operations directly
*Example: Partnering with community leaders in climate-vulnerable communities on disaster preparedness and aid plans tailored to community’s needs*

**Researcher and Data Provider**
Aggregates and provides publicly available data
*Example: Mandating racially disaggregated data in outcome tracking across agencies and for all federal programs*

**Convener and Coordinator**
Convenes stakeholders across sectors in service of action
*Example: Bringing together private sector, foundations, and community leaders to develop workforce reskilling programs in highest-need communities with job guarantees*

**Influencer**
Builds national community, represents cultural values, and provides best practices to influence actions
*Example: Using national platform to share a coherent narrative of the need for racial reconciliation and to address structural barriers to inequities*

**Employer**
Hires staff to execute agency strategy and administer programs
*Example: Building federal government-wide leadership capability and mentorship program to grow pipeline for employees of color (e.g., GS-14 and below) into leadership positions*

**Buyer**
Purchases goods and services and contracts with non-government entities
*Example: Partnering with women-of-color-owned start ups to co-develop a product solution and act as an ‘early adopter’*
C. THE EQUITY OPPORTUNITY: The critical outcomes for an equitable society
THE EQUITY OPPORTUNITY: The critical outcomes for an equitable society

As we design a path toward a more equitable nation, understanding the current state of our society is essential. A vibrant society where all individuals and families have the opportunity to prosper can be gauged by how well people perform across a set of socioeconomic outcomes that capture everything individuals and families need to thrive, including measures of health, education, employment, and safety. To ensure federal leaders put people at the center of their decisions and actions, the federal government needs a deep understanding of these critical socioeconomic outcomes—including gaps and disparities in the overall outcomes, the structural root drivers underlying gaps and disparities, and the historical timeline of action that has shaped our current reality. Leading research has established that these outcomes help determine a person’s quality of life and economic mobility.\textsuperscript{38}

As reflected in its actions across administrations, from the Equal Rights Act to a federal minimum wage and COVID-19 relief, the federal government has long played a central role in shaping socioeconomic outcomes. Racial equity offers a once-in-a-generation opportunity to do so again. Improving socioeconomic outcomes will strengthen the economy and our democracy. From the estimated 100 million economically insecure Americans to the top 1 percent, all Americans stand to benefit from improvements in our nation’s collective safety, health, education, and more. Enhancing socioeconomic outcomes promises to generate trillions of dollars in economic growth and strengthen the moral fabric of our nation, bringing us closer to that “more perfect union.”\textsuperscript{39}
Socioeconomic outcomes that matter for racial equity

Creating engaged communities of opportunity
Supporting systems, rules, and norms that enable development and govern residents, shaping communities of opportunity

- Transportation and digital infrastructure: Access to affordable, high-performance transportation and broadband networks
- Environmental health and resilience: Protection from pollution and environmental disasters
- Housing security: Access to affordable, stable, safe and quality homes
- Food security and nutrition: Access to enough quality food to live an active, healthy life
- Pre-K–12 education: Ability to succeed for all children across all learning environments
- Public safety: Ability to feel safe at home, in communities, and workplaces
- Civic engagement and participation: Ability to meaningfully participate in shaping community governance and institutions

Unlocking human potential
Systems that govern work and consumption, driving productive and resilient human capital and income and helping to unlock human potential

- Health and well-being: Opportunity to live the healthiest life possible, regardless of place, identity, or income
- Higher education and skill attainment: Access and ability to succeed and participate fully in higher educational and non-academic opportunities
- Employment and wages: Access to quality job opportunities and equal pay for equal work

Driving an equitable economy
Business and related systems that support investment, innovation, and business activity, helping shape an equitable economy

- Business and sector development: Ability to grow profitable businesses, capture a fair share of revenue, and create jobs
- Entrepreneurship: Ability to start new businesses, access start-up capital, and maintain or grow early-stage businesses
- Research and innovation: Ability to participate in development and advancement of knowledge

Ensuring equitable financial services and social supports
Finance and resource allocation systems that reduce economic volatility and support family savings and investment, helping families build and sustain wealth

- Financial inclusion: Access to affordable financial products and services that promote economic participation and stability
- Social safety net and supports: Access to effective services and benefits that enable families in poverty to meet their basic needs and maintain financial stability
Socioeconomic outcomes and economic mobility

The socioeconomic outcomes discussed in this report will dictate whether members of each generation can enjoy opportunities for upward social and economic mobility and democratic stability.

Today’s generation has seen economic mobility decline. Over 90 percent of children born in the 1940s earned more than their parents at the age of 30. Today, only 50 percent of 30-year-olds “those born throughout the 1980s” can say the same. Rates of mobility also vary considerably by race. White and Asian American people are more likely to enjoy upward economic mobility than other racial groups. Among children born into households in the bottom 20 percent of national income distribution, White children have an 11 percent chance of reaching the top fifth as adults and Asian American children have a 26 percent chance. In contrast, rates for non-Asian children of color are much lower (7 percent for Hispanic, 3 percent for American Indian, and 3 percent for Black people). Even when born into families in the top 20 percent of the income distribution, only 18 percent of Black children and 23 percent of American Indian children will remain there as adults.

These socioeconomic outcomes are also critical to our nation’s democratic stability. Data and studies across the political spectrum highlight the enduring connections among economic growth, the persistence of the middle class, and the strength of democracy. These studies show the links between increasing income inequality and political and social unrest and the impact of poverty on democratic participation. Increasing inequality correlates strongly with increased poverty and social unrest.

15 socioeconomic outcomes that matter for racial equity

We have distilled a list of 15 socioeconomic outcomes that all families need to participate, prosper, and reach their full potential. These outcomes are anchored by decades of research by economists, scholars, and institutions like PolicyLink. The list is neither hierarchical nor exhaustive, instead reflecting the breadth of factors that shape the reality of families and contribute to their well-being and quality of life.

The outcomes are linked to four societal systems that influence our nation’s moral and economic well-being:

- Creating engaged communities of opportunity: Systems and norms that shape the communities where people live (e.g., the quality of housing, transit, and the environment) and the kinds of opportunities that residents can access from these communities (e.g., pre-K–12 education, quality jobs) as well as how they can

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\[f\] From 1970 to 2018, the share of aggregate income going to middle-class U.S. households fell from 62 percent to 43 percent and from 10 percent to 9 percent for lower-income households. Over the same period, the share of income held by upper-income households rose from 29 percent to 48 percent.
contribute to their communities. Together, these outcomes help create communities of opportunity that support human development.45

• **Unlocking human potential:** Systems that shape talent, skills, work, and career pathways, creating productive and resilient workers and helping unlock human potential (e.g., health, employment). These outcomes also deliver benefits to individuals and families that support their building of lifetime wealth and well-being.46

• **Driving an equitable economy:** Businesses, organizations, and activities across the private, public, and social sectors that support investment, innovation, and economic activity (e.g., business development, entrepreneurship). These outcomes create jobs that support communities and families.47

• **Ensuring equitable financial services and social supports:** Finance and resource allocation systems administrated by the government, businesses, and the social sector that reduce economic volatility and enable families to save and create investments that help build and sustain wealth (e.g., financial inclusion). These outcomes are critical to balancing human welfare with economic needs and keeping families from falling into poverty.48

Research highlights the importance of these systems and outcomes for both personal growth and national development. For example, health—a prerequisite for high quality of life—also correlates strongly with GDP growth, reduced unemployment rates, and lower health-system costs.49 Higher educational attainment that typically translates into higher lifetime earnings for individuals also fuels economic growth. One study attributed over 50 percent of GDP growth in OECD countries from 2000–2010 to labor income growth by tertiary (college)-educated individuals.50

Today, many Americans—including the 100 million economically insecure Americans—experience gaps in these outcomes, hindering the collective well-being of our nation. These gaps in equity create tremendous human costs that negatively affect families’ lives day-in and day-out. Outcomes like food and housing insecurity spell the difference between peace of mind and
An illustrative journey of the impacts of rent burden and housing insecurity

Jo, Ali, and their child, Jack, are a family of color living in an underserved neighborhood in Long Island, NY

High housing costs and location in an underserved area have cascading impacts on the family

Pre-K–12 education: Jack attends a low-performing school in a district where the high school graduation rate is only 40%

Higher education: Jo is unable to save enough to go back to school for her bachelor’s

Transportation: Ali commutes >50 minutes each way to work, limiting the time he spends with family

Environmental safety: They are one of millions of families that live in a high-risk flood-zone, and among the 51% of low-income Americans in these zones without flood insurance

Financial inclusion: They are among the 18% of families considered underbanked, relying on costly services such as check-cashing and money orders that limit their savings

These costs also impact long-term savings and intergenerational mobility

Savings: Limited savings makes them vulnerable to economic shocks like COVID-19 and the Great Recession

Debt: Hardships posed by COVID-19 have pushed the family into rent debt, alongside 5.7 million other renter households

Homeownership: Owning a home remains out of reach, limiting their ability to build long-term wealth, which is an average of 40 times higher for homeowners than renters

Mobility: As an adult, Jack’s chances of experiencing upward economic mobility are less than 10%

These hardships represent the realities of over 100 million Americans today who are economically insecure. The government has a moral and economic imperative to address these gaps so that families like Jo, Ali, and Jack have the opportunity to thrive.
constant anxiety. Life expectancy for Black and African Americans is shorter than for White and Hispanic or Latinx individuals. These gaps reinforce and often exacerbate each other. For example, lack of quality education can limit employment prospects, and failure to secure a well-paying job can increase food and housing insecurity and health issues.

Appendix A of this report provides a detailed examination of critical gaps across these socioeconomic outcomes and the human costs of these gaps. It is imperative that the federal government understand where these gaps exist, and their downstream implications, as it begins to determine where to intervene.

To effectively act and address structures and systems, it is important that the government understand the underlying root drivers of these gaps. As detailed in Appendix B, these root drivers exist at the individual and institutional levels and include:

- Inequitably designed and implemented laws, policies, and programs that drive inequitable outcomes
- Uneven distribution of resources for both individuals and institutions/programs
- Limiting mindsets and beliefs that manifest as racism, biases/discrimination, and limited cultural/social contexts

Understanding root drivers ensures that efforts will improve indicators of the critical socioeconomic outcomes and deliver results that benefit all people in a long-term, sustainable manner, rather than just temporarily alleviating symptoms.

Many state and local government efforts offer precedents for how to address root drivers. For example:

- **Pre-K education:** In 2019, the state of Texas approved Early Education Allotment funding in House Bill 3 (L.Taylor, 2019), including $835 million in the first year, to provide free pre-kindergarten for Texas children who are low-income and/or learning English as a second language. By prioritizing these children for additional funding, Texas is addressing the uneven distribution of resources to early childhood education and helping close the gaps in literacy and math proficiency among low-income children and students of color.
• **Homeownership:** In 2019, Evanston, IL became the first city to approve funding for local housing reparations to Black residents. These took the form of $25,000 grants for down payments or home repairs. The goal was to reconcile historical, biased policies on eligibility and risk assessment, such as redlining, and uneven distribution of resources that prevented Black residents from owning homes.55

• **Transportation infrastructure:** In 2017, Rochester, NY replaced a portion of the Inner Loop highway with 6.5 acres of walkable streets, affordable housing, retail spaces, and a local museum for Black residents. The reconstruction addressed the uneven geographical constraints and pollution burden that Black neighborhoods had carried since the initial highway construction in the 1960s.56

**Addressing socioeconomic outcomes is a major opportunity for equity**

Given the impact these systems and outcomes have on our daily lives and the nation’s economic future, closing gaps across the outcomes would create a major opportunity to build a more inclusive, thriving nation, with greater prosperity and economic growth for all.57 Our nation would see millions more high-school and college graduates, hundreds of thousands more small businesses, and millions more jobs. No longer financially burdened by the costs of healthcare and housing, millions of people could stimulate the economy through consumer spending. Everyone in our nation would have the opportunity to realize their full potential.

The federal government has what it takes to translate this vision into reality. In our sample of 82 current and former federal government officials, most said that the federal government could have “high” or “very high” impact on each of the 15 socioeconomic outcomes identified in this work.58 History also highlights the federal government’s ability to move these socioeconomic outcomes, as illustrated in the timeline in Appendix C.

**Understanding this current state is a critical component of the journey federal agencies can take to address racial equity in the long-term.** The rest of this report will focus on how the federal government can begin to pursue racial equity and build a long-term strategy and implementation plan to address the root drivers of existing gaps and inequities. As we discuss in the remainder of the report, achieving these outcomes will also require reconfiguring embedded change management processes (the “how”) to bring about lasting change.
The equity opportunity

Creating engaged communities of opportunity that enable equitable place-based and community development and provide the necessary resources for human development

+19 million renter households who are no longer struggling to pay rent\(^g\)\(^59\)

+30 million households who no longer have to worry about their next meal\(^h\)\(^60\)

+500 thousand additional high-school graduates annually\(^i\)\(^61\)

+42 million individuals who have access to home high-speed broadband\(^j\)\(^62\)

+63 million people with continuous access to clean drinking water\(^k\)\(^63\)

+141 million individuals with sustained access to safe air\(^l\)\(^64\)

Unlocking human potential to enable people to flourish, support their productivity, and create greater socioeconomic mobility

+28 million people with access to health insurance who can afford needed medical care\(^m\)\(^65\)

+450 thousand additional college graduates with a bachelor's degree annually\(^n\)\(^66\)

+$4,000 additional annual earnings for workers of color with a high-school diploma or above\(^o\)\(^67\)

\(g\) Impact of eliminating rent burden in the U.S.: In 2019, 19.88 million U.S. renter households experienced rent burden, paying >30 percent monthly pre-tax income in rent.

\(h\) Impact of eliminating food insecurity in the U.S.: In 2019, approximately 10.5 percent or 13.7 million American households experienced food insecurity.

\(i\) Impact of reaching 100 percent graduation rate: In 2019, the high-school graduation rate was 84.6 percent, with 3.2 million high-school graduates; reaching a 100 percent graduation rate would have yielded an additional 492 thousand graduates in 2019.

\(j\) Impact of reaching 100 percent home-broadband access.

\(k\) Impact of reducing U.S. clean drinking water violations to zero.

\(l\) Impact of keeping concentration of air pollutants nationwide below safe thresholds.

\(m\) Impact of reaching 100 percent insurance coverage rates: In 2019, 28.9 million, or 10.9 percent of Americans were uninsured.

\(n\) Impact of reaching 100 percent 6-year graduation rate at 4-year institutions. In 2018, the 6-year graduation rate student cohort that entered in 2012 was 62.4 percent, or 1.2 million students.
The equity opportunity

Driving an equitable economy to speed up investment and innovation, and create jobs in the private sector

- **+9 million** jobs created through growth of minority-owned small businesses\(^6^8\)
- **+100 thousand** new Black businesses opened annually\(^6^9\)
- **+2,000** additional patents filed annually\(^6^5\),\(7^0\)

Ensuring equitable financial services and social support through policies and programs that enable wealth building and reduce financial volatility

- **+14 million** additional individuals with access to a bank account\(^7^1\)
- **+105 million** additional Americans with a retirement-savings account\(^7^2\)
- **+10 million** food insecure families with access to nutrition assistance programs\(^7^3\)
- **+10 million** children lifted out of poverty\(^7^4\)

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p  Impact of increasing rate of new business starts by Black Americans to reach parity with White new business founders: In 2019, the rate of new entrepreneurs was highest for Hispanic people (0.44 percent) followed by Asian (0.30 percent) and White (0.29 percent). The rate for Black residents lagged behind (0.24 percent).

q  Impact of reducing disparities in the number of patents filed by individuals with families in the Top 1 percent (8.5 per 1,000 patents) versus those with parents below the median income distribution (.85 per 1,000 patents). Over 300 thousand patents are granted annually.

r  Impact of reducing number of unbanked American households to zero. Unbanked rates are highest among people of color.

s  Impact of reaching an 80 percent penetration rate for Americans with a retirement account. Currently, only 57 percent of Americans have a retirement account.

t  Impact of eliminating the coverage gap for food insecurity, which Feeding America estimates at 11.9 million households, or 32 percent of all households who experience food insecurity but are not covered by federal assistance programs.

u  Impact of eliminating child poverty, which includes >10 million children, via social safety net supports.
D.

A BLUEPRINT FOR EQUITY: Charting a path toward equity
A BLUEPRINT FOR EQUITY: Charting a path toward equity

As we discuss throughout this report, the federal government has a unique opportunity to usher in a new era for equity in our nation—one where all can participate, prosper, and reach their full potential. The effort can start by reimagining and transforming federal agencies so their hardworking and dedicated employees can have the resources they need to create a more perfect union.

Every transformative journey needs guiding principles and a plan of action. Even more than that, we have learned that the federal government could benefit from a

Federal agencies have an opportunity to build readiness for equity work

<table>
<thead>
<tr>
<th>In your view, how prepared is the agency you were most recently affiliated with to address racial equity?</th>
<th>How prepared are you, as an individual, to take on the work of addressing racial equity?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of preparedness, % of respondents</td>
<td>Level of preparedness, % of respondents</td>
</tr>
<tr>
<td>Extremely unprepared</td>
<td>Extremely unprepared</td>
</tr>
<tr>
<td>Unprepared</td>
<td>Unprepared</td>
</tr>
<tr>
<td>Neither prepared nor unprepared</td>
<td>Neither prepared nor unprepared</td>
</tr>
<tr>
<td>Prepared</td>
<td>Prepared</td>
</tr>
<tr>
<td>Extremely prepared</td>
<td>Extremely prepared</td>
</tr>
</tbody>
</table>

42% of respondents said their current or former federal agency is prepared or extremely prepared to address racial equity

71% of respondents felt personally prepared or extremely prepared to address racial equity
Respondents in our PolicyLink sample selected strong leadership as essential to getting the journey toward racial equity started.28

Question: “What do you think the federal government needs to get started on the journey to creating a more equitable society?”

- 40 percent chose strong leadership to drive momentum as a top priority. Agency leaders and Cabinet officials can signal leadership on racial equity by socializing and adopting its guiding principles in all their departments.

- 26 percent chose right set of tools, processes, and procedures to act on racial equity as a top priority. The implementation framework in this report can help develop these tools and processes.

set of tactical tools and resources as it begins this work. Our panel of current and former federal employees highlighted gaps in how prepared the government is to tackle racial equity. Only 40 percent of respondents felt that their affiliated federal agency was prepared or extremely prepared to address racial equity, although a majority (~70 percent) also said they were personally prepared or extremely prepared to begin the work.75 This blueprint lays out the set of tools and resources, as well as operational considerations, to help deliver on the commitment the government has made toward racial equity.

Recognizing the opportunity and need to build resources for federal employees, the following pages chart a potential blueprint for how to achieve racial equity at the federal level, including:

- Guiding principles that can create a common foundation for consistent and coherent racial equity efforts across federal agencies and serve as the guidepost for all racial equity work.

- Strategic vision and action plan that maps what each agency will do to advance equity, including the role of equity in the agency’s mission, equity goals, and flagship initiatives.

- Execution and enabling infrastructure that ensures agencies have the tools, capabilities, and accountability mechanisms needed to deliver results.

Respondents chose one answer from a list of five, including "strong leadership to drive momentum," "the right set of tools," "knowledge around what populations to focus on / topics to address," "guidance of how to take tactical action," and “other [free response]."
A blueprint for federal action

North Star
A nation where all people can participate, prosper, and reach their full potential

Consistent across federal government

Guiding Principles
Set of common principles that serve as a timeless touchstone and guide a consistent, coherent approach

Understand the past, present, and your influence
Consistently address root drivers
Work in partnership with impact in relevant communities
Adopt a continuous learning and adaptive approach
Be transparent and accountable

Agency-specific

Strategic Vision and Action Plan
Concrete roadmap for how to address racial equity strategically at the agency level, created through five steps

1. Understand mission and role in shaping racial equity
2. Understand starting point and the root causes of inequity
3. Set a bolder, reimagined future aspiration for the agency's path to equity
4. Define strategic goals and flagship initiatives that can drive change
5. Create a roadmap for execution to drive results

Execution and Enabling Infrastructure
Execution of the strategic vision and action plan and development of the enabling infrastructure of capabilities, tools, and stakeholder engagement to enable success and accountability

Build skills, capacity, and change mindsets
Reinforce strategic goals through processes
Implement mechanisms to monitor and course-correct
Set a concrete plan and cadence for engaging a wide range of stakeholders

Set of common principles that serve as a timeless touchstone and guide a consistent, coherent approach
Guiding principles can provide a consistent, enduring direction for action

Many organizations that have tackled major societal issues and conducted large transformations set guiding principles to help steer their work. These guiding principles often share several themes, including a focus on thinking big and improving systems, community engagement, data-driven decision making, and long-term accountability.

Leading organizational research highlights the importance of guiding principles to sound decision-making, long-term success, and the delivery of results, especially in complex and changing environments. The federal government can leverage these guiding principles in its racial equity work and use them to guide consistent decision-making, strategy, and actions across agencies.

We have defined five guiding principles for achieving transformative racial equity. They build on well-established research and consistent themes from leaders across sectors that focus on advancing equity. Their common core is the goal of achieving results for all people and communities across our nation by encouraging actions that improve socioeconomic outcomes for and support the diversity and aspirations of all people.

More specifically, these guiding principles can:

• **Ensure a common approach and ways of working across agencies** that keep efforts across federal agencies consistent and facilitate collaboration with communities, residents, the private sector, the social sector, etc.

• **Provide a timeless touchstone** that maintains momentum and keeps agencies’ equity efforts grounded in their original intent when federal administrations and agency leadership change.

• **Support execution and effective decision-making** by providing high-level guidance on designing and implementing a racial equity strategy.
Five guiding principles for federal action on racial equity

Collectively, these principles support the North Star of a nation where all people can participate, prosper, and reach their full potential

**Principle 1. Understand the past, present, and your influence**

Understand and acknowledge the federal government’s role in impacting society at a wide scale to this day—whether positive, negative, or seemingly neutral.

**Principle 2. Consistently address root drivers**

Target the fundamental root drivers of gaps and inequities and prioritize the people who have traditionally been excluded, recognizing these investments will benefit all.

**Principle 3. Work in partnership with impact in relevant communities**

Leverage the expertise and experiences of all to promote equity, particularly leaders of color and their communities.

**Principle 4. Adopt a continuous learning and adaptive approach**

Acknowledge that the scale and complexity of reaching racial equity will require ongoing commitment, action, and ongoing adjustments to drive meaningful change and strengthen our democracy.

**Principle 5. Be transparent and accountable**

Build public trust and accountability in the long-term commitment for racial equity through data-driven decision-making and outcome tracking.
Organizations in multiple sectors of society have used racial equity principles to guide their work

**Public sector.** State and local governments, from Spartanburg, NC to Fort Collins, CO, have adopted racial equity principles. Spartanburg made ten commitments to advancing racial equity, such as: “We will identify clear goals and objectives...to assess progress and capitalize on opportunities to further advance racial equity.”

**Private sector.** Companies have stepped up to build a more inclusive economy—guided by principles that center equity and justice. For example, Cisco has espoused five social-justice beliefs, including “Culture of Coalescence: We believe in fostering a culture that is beneficial to all...And we will encourage our employees, suppliers, communities, and partners to join us in working alongside diverse communities.”

**Social sector.** Nonprofit and advocacy organizations have embraced the principle of racial equity as a path to deliver results for all Americans. For example, Race Forward’s Principles for Racially Equitable Policy Platforms include a focus on collecting data to enable accountability: “All policies should include a commitment to track and disaggregate data with a race-explicit, but not race-exclusive, approach... we cannot solve inequities without understanding who is most negatively impacted and why.”

---

**Principle 1. Understand the past, present, and your influence.** The federal government and its agencies can understand and embrace their role in influencing racial equity in our society yesterday, today, and tomorrow. This requires exploring the power of the federal government in shaping our society and the positive, negative, and seemingly neutral impact of actions that have helped and hindered equity. Agencies can inventory the past and present and identify the impact of major laws, policies, and programs on demographic groups (e.g., groups identified by race, gender identity, and income).

**Principle 2. Consistently address root causes.** Ensuring that action on racial equity delivers results requires that agencies use their laws, policies, and programs to target the root causes of gaps and inequities and prioritize the people who have traditionally been excluded. These investments will benefit all, as explained in the Curb-Cut Effect.  

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w  Phenomenon that highlights how an investment in one group can cascade to and benefit all groups. Specifically refers to the impact of sidewalk indentations created for people in wheelchairs on all populations (e.g., those pushing strollers, people with suitcases, etc.)
Agencies can use the themes highlighted in “The Equity Opportunity” and “Appendix B” to evaluate whether interventions really address the root causes of disparities (e.g., inequitable laws, policies, and programs; uneven distribution of resources; and limiting mindsets and beliefs). This will ensure that interventions make sustainable changes in the systems and processes that produce inequities rather than simply addressing the symptoms of inequity.

**Principle 3. Work in partnership with impact in relevant communities.** Creating equitable laws, policies, and programs requires consistent engagement with affected communities. Agencies can tap the expertise and experiences of all, especially leaders and members of communities of color, to promote equity. Too often, program design and decision-making fail to consult these communities adequately. Engaging them from initial identification of problems through design and implementation of solutions will help ensure that the federal government is investing its resources in the most important interventions.

**Principle 4. Adopt a continuous learning and adaptive approach.** The federal government can recognize that achieving full racial equity will require ongoing commitment, action, and adjustments to make and sustain meaningful change and strengthen our democracy. Agencies can review data regularly to assess and adjust policies, programs, and systems that do not achieve racially equitable outcomes.

**Principle 5. Be transparent and accountable.** Remaining accountable and consistently demonstrating long-term commitment to racial equity will build the public’s trust, both in racial equity and broader government efforts. The federal government can signal accountability and commitment by conducting annual public audits of progress against the agency’s racial equity goals, including positive and negative changes in outcomes.

**The strategic vision and action plan define what to achieve and how to do it**

Anchored in the guiding principles, the strategic plan defines the vision and strategy for achieving racial equity and the key steps required for success. The following pages outline a blueprint with five steps, with particular attention to the first two steps so agency action planning gets off to a strong start.
Our sample of federal employees pointed out the need to build actionable understanding at the agency level. Most reported that their agencies have some, little, or no understanding of how their roles, missions, and programs support racial equity. The five-step approach can help build the requisite understanding.¹

### Q: Based on your experience, how well do federal agencies understand each of the following? (Choose one)

<table>
<thead>
<tr>
<th>Minimal understanding</th>
<th>Good understanding</th>
<th>Strong understanding</th>
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<tbody>
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<td>Little understanding</td>
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<td></td>
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<tr>
<td>Some understanding</td>
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#### Setting a vision and strategy for action

<table>
<thead>
<tr>
<th>Level of understanding, % of respondents</th>
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</thead>
<tbody>
<tr>
<td>The current state and root causes of racial inequity</td>
</tr>
<tr>
<td>How their programs and policies could advance racial equity</td>
</tr>
<tr>
<td>How their agency’s mission connects to racial equity</td>
</tr>
<tr>
<td>Their agency’s role in supporting racial equity</td>
</tr>
</tbody>
</table>

#### Designing an implementation and execution roadmap

| How to operationalize racial equity in their work | 79% 16 28 35 13 7 20% |

The five steps outlined in this blueprint focus on developing the agency’s vision and strategy for action—what the agency will do to achieve equity, including specific goals and initiatives, and how they will translate these goals into action.

**Step 1. Understand mission and role in shaping racial equity.** What is the relationship between the agency’s mission and racial equity? As stewards of our democracy, the federal government and its agencies have a core imperative of achieving equity. Each agency needs to be able to pinpoint the intersection between its mission and racial equity; only then can it serve all the people of this nation.
With this nuanced understanding of its mission, the agency can then identify what roles it played in the past and plays today and whether those increase or decrease equity. This sets the stage for developing an actionable vision and designing feasible, effective strategic initiatives to effect change—ones that fully leverage the agency’s strengths. As a starting point for this work, we have created a potential tool for how federal agencies can inventory their missions and roles in shaping racial equity and developed a user guide for how to leverage this tool.

**Step 2. Understand starting point and the root causes of inequity.** The agency can build a deep understanding of its starting point—its current impact on critical socioeconomic outcomes—and identify the root causes of gaps in its outcomes.

Data discussed in Appendix A and Appendix B can support this analysis and equip agency leaders and staff to answer such questions as:

- Which of the 15 outcomes do our agency’s policies and programs affect?
- How does our impact across these outcomes differ across demographic groups?

The agency can explore the root causes of gaps across demographic groups at a program level by answering such questions as:

- How does a specific program address the root causes of gaps?
- Do the agency’s laws, policies, and programs address the root causes collectively and comprehensively?
- What initiative(s) might we need to launch to address gaps?

The federal government may also look to state and local entities for inspiration. For example, the city government of Dubuque, IA has made concerted efforts to understand current gaps in residents' life outcomes and discuss the perceived root causes with their constituents. Some municipalities, such as Austin, TX, already use racial equity assessment tools to help policymakers evaluate programs and policies.
As a starting point, agencies can reflect on their roles in helping (or hindering) equity

Impact can be evaluated at the agency and major program levels

For your agency ...
• In what ways is your agency important for driving racial equity?
• What is your mission? How does that mission serve to advance (or hinder) a society in which all people can prosper, participate, and reach their full potential, regardless of race?
• What are the role(s) your agency plays in delivering this mission?
• What would your agency need to do differently to accelerate progress in order to improve racial equity outcomes? (e.g., create new processes, build incentives, embed cultural changes, collaborate with other agencies and government branches)

For your agency’s top 3 major programs (based on spend, impact, or reach) ...
• How does this program serve to advance (or hinder) a society in which all people can prosper, participate, and reach their full potential, regardless of race?
• What role(s) does your agency play as it delivers this program?
• What racial groups are positively affected by these programs? Which groups may be negatively affected? What drives these different outcomes for different groups?
• What data is collected to measure progress for this program? Is racial equity a factor? Does the program measure racially disaggregated data?
• How could the program be changed or accelerated to ensure all people benefit to the same extent, regardless of race or other identity?
• What are the major, high-impact opportunities for change in the next 1 year? 5 years? 10 years?
Step 3. Set a bolder, reimagined future aspiration for the agency’s path to equity. Armed with a deep understanding of its current impact on socioeconomic outcomes and the root causes of gaps, the agency can develop a clear five- and ten-year vision for how it will advance racial equity. Grounded in the facts collected to date, this vision should set aspirations for making changes in laws, policies, and programs that will promote racial equity in our society and its institutions.

Step 4. Define strategic goals and flagship initiatives that can drive change. Bold, reimagined aspirations require translation into concrete, measurable goals and flagship initiatives to achieve them.
Case study

Reimagining racial equity aspirations in Long Beach, CA.
The City Council of Long Beach engaged community members in crafting the municipality's racial equity aspirations. After the murder of George Floyd, the City Council unanimously adopted a framework to guide its racial equity transformation. The framework defines four key steps: acknowledge systemic racism, listen to experiences of racial inequity, convene stakeholders to analyze feedback and shape reforms, and catalyze action. The City Council engaged over 560 community members in initial listening sessions and published a detailed public report on residents’ concerns and potential actions to address them. In late 2020, Long Beach created city working groups and community advisory structures to translate the potential actions into a strategic plan addressing inequities in the city’s internal governance, community safety, health, and wellness.86

These goals should reflect understanding of the current gaps and their root causes across socioeconomic outcomes. Making the goals SMART—specific, measurable, attainable, relevant, and time-based—facilitates using them to track progress and maintain accountability.

The agency can also prepare to launch flagship initiatives—large-scale, visible efforts that will help meet those goals. These initiatives can create short-term impact and “quick wins” for the overall racial equity strategy, while generating momentum and confidence among the staff and the public. Such initiatives can also provide powerful communication tools by delivering clear, tangible icons for the overall equity strategy.

Past and present flagship initiatives by the federal government include the Apollo 11 Mission, the Americans with Disabilities Act, and Operation Warp Speed. Their common hallmark is that each is widely recognizable and mobilized Americans in support of shared national goals—landing on the moon, expanding Civil Rights for Americans with disabilities, and developing COVID-19 vaccines in record time. The effort to advance racial equity may benefit by following suit.
Step 5. Create a roadmap for execution to drive results

Once agencies develop their strategic vision and action plan outlining what they will do to advance equity, they can develop a corresponding execution roadmap. This roadmap defines how the agency will translate its vision and strategy into the reality of racial equity. As a starting point, the agency can map the key milestones for each flagship initiative and assign responsibility for executing each initiative to departments and individuals within the agency.

Enabling infrastructure can drive success and enduring change

With robust strategic visions and action plans, agencies can begin execution work from day one to achieve impact.

Success in any significant change effort—like embedding a new approach to racial equity—requires that change stick. This section highlights best practices for creating stickiness. Agency leaders may ask themselves:

**Case studies**

**Setting agency-level procurement goals for spend with diverse businesses through the U.S. Small Business Administration (SBA).** For several decades, the SBA has managed the federal government’s goal setting for contracts with small and diverse businesses (e.g., at least 5 percent of federal contracting dollars must go to women-owned small businesses every year). The SBA meets with each federal agency annually to set goals aligned with the federal government’s overall targets and to collect detailed spend data (e.g., agency-level spend with veteran-owned businesses).87

**Reviewing the racial equity impact of policies and programs in King County, WA.** The Equity Impact Review checklist helps local policymakers evaluate the impact of county policies and programs on racial equity. For example, the checklist instructs users to review maps of King County’s demographics, determine the impact of policies/programs on specific people and places, and “consider in particular low-income populations, communities of color, and limited-English speaking residents.”88 The checklist includes a community engagement and evaluation process to refine policymakers’ understanding and ensure mitigation of negative impacts and enhancement of positive ones.89
• What relevant knowledge do the agency and its people have currently? What additional knowledge or information is needed?

• Does the agency have the right tools, capabilities, and processes to do the work?

• What systems does the agency have that are working well and can support this effort? What systems need to change? What new systems do we need?

Build skills, capacity, and change mindsets. A strategy is only as good as its implementation, and implementation success depends on people having the knowledge and capabilities required for execution and, just as importantly, the desire to engage in the effort. Implementing best practices starts by assessing whether people bring these success factors to the table and, if not, launching early initiatives to develop them.

Federal agencies looking to build the knowledge, skills, and mindsets required for racial equity might take several steps, including:

• **Investing in building staff knowledge of racial equity**, such as the current state of critical outcomes, the opportunity that equity represents, and the historical role of the agency in shaping racial equity.

• **Conducting capability-building sessions** to equip staff with the tools needed to do the work (e.g., collaborating with equity leaders or using equity assessment tools).

• **Fostering mindsets that support genuine engagement with racial equity work**, including the use of frequent, consistent communications to reinforce the rationale for and benefits of this work through frequent, consistent communications.

Reinforce strategic goals through processes. Embedding a racial equity focus in the day-to-day processes of agencies could keep racial equity top of mind and ensure its consideration in decision-making and operations. Eventually, agencies can apply this equity lens to all processes, but the shift might start small by focusing on a few key processes, such as performance reviews (e.g., targeted criteria on racial equity) and policy approvals.
Shifting mindsets to focus on racial equity is seen as critical to delivering results for all.

- Our sample of federal employees showed that mindsets need to shift to ensure that all federal agencies share the aspiration for racial equity and understand their roles and responsibilities.

- More than 70 percent of the sample respondents associated racial equity with “equal opportunity” and/or “fair treatment,” but only some acknowledged the need to eliminate barriers that exclude certain groups from accessing equal opportunity and achieving equitable life outcomes.\(^\text{28}\)

- Most respondents agreed that the federal government should create a fair society where all can prosper, but fewer agreed that advancing racial equity is a core responsibility of the federal government.\(^\text{28}\)

**Implement mechanisms to monitor and course-correct.** The long journey required to achieve racial equity makes monitoring progress and shifting course essential, when needed.

Federal agencies might implement this best practice, which is anchored in the guiding principle of embracing iteration and adaptability, in various ways, including:

- **Launching pilots when introducing major new programs and policies** to measure impact and make adjustments before scaling the effort.

- **Creating dashboards** to monitor key performance indicators and results on an ongoing basis and identify potential roadblocks to success.

- **Building mechanisms to get feedback from agency staff** (e.g., surveys and meetings) to gauge the progress of internal change efforts and understand ways to adjust implementation going forward.

Such feedback loops also provide a tool for ensuring accountability to and transparency for other stakeholders, including other agencies and branches of the federal government and the public.

**Set a concrete plan and cadence for engaging a wide range of stakeholders.** Significant change efforts typically require the engagement of a multitude of stakeholders; embedding a new approach to racial equity will be no exception. Agencies will have to engage with their federal counterparts, movement leaders, and state and local governments to ensure consistency and coordination across racial equity efforts.
Case studies

Making COVID-19 vaccine distribution more equitable in Chicago, IL. In the early days of the vaccine rollout, Black and Hispanic residents of Chicago received only 18 percent of vaccines—even though they represent over half of the population. To address this inequity, the city piloted the Protect Chicago Plus program in the westside community of Belmont Cragin, partnering with local clinics to help residents get appointments and vaccinations at convenient locations on weekends. Protect Chicago Plus expanded to more than a dozen minority-majority communities, with adjustments like increased collaboration with community organizations, faith leaders, and healthcare providers to build trust in COVID-19 vaccines, and the addition of workplace and mobile clinics to make vaccinations more accessible. As a result of the city’s iterative efforts, the percent of doses administered to Black and Hispanic residents increased to around 50 percent by late February 2021.

Providing transparency and accountability in PEPFAR’s robust public reports and databases. Since 2003, the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR) program has supported the international fight against HIV/AIDS. PEPFAR’s database tracks testing, prevention, and treatment activities by patient age, gender, and country. PEPFAR also reports disaggregated budgets and compliance results from site inspections and publishes an annual report that tracks declines in HIV infection. The historical records and detail in the program’s dashboards and reports have established PEPFAR in the international development community as a reputable, reliable public-health program.

Creating a dashboard to streamline and increase accountability in federal-permitting processes for infrastructure projects. Both the Obama and the Trump administrations worked to streamline federal-permitting processes that are often slowed by red tape and inefficiency. Launched in 2015, the Permitting Dashboard improves coordination and accountability in the environmental review and authorization process for large infrastructure projects (e.g., road and bridge construction and energy development). The dashboard tracks the status of permits project-by-project. The U.S. Office of Management and Budget uses the dashboard to evaluate how efficiently federal agencies process permit requirements and meet milestone target dates and then escalates delays to senior agency officials.
Case studies

Involving community leaders in racial equity efforts in Lexington, KY. Lexington founded the Commission for Racial Justice and Equity in July 2020 to create space for community members to discuss and find ways to dismantle systemic racism in the city. The Commission established subcommittees of community leaders and advocates who convene regularly and publish recommendations on six topics, including education and economic opportunity, health disparities, and housing and gentrification. The subcommittees also collect broader community input in regular town halls. Subcommittee reports inform Lexington’s policies, programs, and budgets.

Creating community boards to facilitate direct engagement with veterans and their families. The more than 120 Community Veterans Engagement Boards (CVEBs) created by the U.S. Department of Veterans Affairs enable military and veteran families, community service providers, and stakeholders across the nation to collaborate on setting community goals and escalate shortcomings in local service delivery. Veterans Affairs works with CVEBs to intervene with local service providers and adjust programs to improve veteran outcomes.

Soliciting input on potential Federal Communications Commission rules. The FCC uses a “notice and comment” process that gives the public an opportunity to comment on potential new or modified rules before the agency makes its decision. The FCC posts potential rules online and invites the public to submit comments, review other comments, and respond to comments in the online forum. Occasionally the FCC posts questions to gather public input on specific aspects of a rule.
E. **CALL TO ACTION:**
Launching the journey to equity
CALL TO ACTION: Launching the journey to equity

The journey to achieving racial equity will be long but is well worth taking. The sailing will not always be smooth, and course corrections will be necessary along the way. This report offers a frame to help the federal government and its agencies understand the importance of the journey and their role in charting a course to equity.

Agencies can take steps to launch the journey

As we said at the beginning of this report, this is the moment to address racial equity and ensure that our country finally lives up to its highest ideals. Federal agencies can consider these steps today and over the next few months to jumpstart the effort:

- **Embrace the five guiding principles throughout the agency** by socializing them with all agency staff and beginning to discuss what it could look like to “live” them

- **Discuss the agency’s equity mission and roles**, starting with agency leadership and then cascading throughout the organization
  - Reflect on the agency’s mission and role in shaping racial equity
  - Begin to define the agency’s aspiration in embarking on its equity journey
  - Conduct an equity assessment of the agency’s most critical programs and policies to understand who they have benefitted and harmed and whether underserved communities face systemic barriers to accessing the intended benefits and opportunities

- **Pause programs that have significantly harmed people and begin to develop an equity action plan**, including ways to address barriers that may prevent some people from benefitting from agency programs or policies
In all decisions going forward—such as policy making, budgeting, and other internal processes—agencies can apply an equity lens by asking questions that probe the underlying dynamics of federal actions:

- Who will benefit?
- Who may be harmed?
- Who is the decision maker?
- Who drives funding?
- Who leads and governs?

**At the same time, agencies can think long-term**

While focusing on the immediate actions that will get the equity effort off to a strong start and achieve some quick wins, agencies can continue planning the longer journey that may take decades to complete. To serve as inspiration for agency planning today, the following page illustrates potential phases and example actions that can take place with federal agencies, beginning tomorrow and building long into the future.

**Federal agencies and employees can use this report to take on the opportunity racial equity presents and better understand their role in helping bring it to life.** Agencies can start small and take initial steps, using the blueprint laid out in Section D of this report to lay the foundation to do this work successfully over the coming decades.

Above all else, the federal government, its employees, and affiliates can ensure that their work continually strives to improve outcomes and deliver results for all Americans—including those who have been historically underserved. Achieving racial equity in America is not only possible, but critical to further our great nation’s progress and protect the enduring stability of our multiracial democracy.
### Illustrative actions across the multiyear racial equity journey

<table>
<thead>
<tr>
<th>Illustrative timing</th>
<th>Guiding principles</th>
<th>Strategic vision and action plan</th>
<th>Execution and enabling infrastructure</th>
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</thead>
<tbody>
<tr>
<td><strong>Immediate term: Setting the foundation &amp; achieving quick wins</strong>&lt;br&gt;&lt;br&gt;Present to 6 months</td>
<td>Socialize the five guiding principles with agency staff and engage them on what it could look like to “live” them</td>
<td>Hold leadership and staff discussions on agency’s mission &amp; role in racial equity</td>
<td>Begin to establish feedback loops with key stakeholders (e.g., community advisory committees)</td>
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<td></td>
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<td>Define agency’s racial equity aspiration</td>
<td>Understand the current state of agency knowledge and capabilities to address racial equity (e.g., survey staff to understand new capabilities needed)</td>
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<td>Examine top 3–5 programs (based on budget and/or level of importance for agency) to understand who benefits, who is harmed, and who controls funding or decision-making</td>
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<td></td>
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<td>Pause programs where agency has identified significant harms to populations</td>
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<tr>
<td><strong>Short term: Building a comprehensive strategy &amp; implementing processes</strong>&lt;br&gt;&lt;br&gt;6 months to 2 years</td>
<td>Embed guiding principles in agency processes (e.g., reiterate principles at internal meetings, host frequent discussions on how agency is “living” its guiding principles)</td>
<td>Make a public commitment to racial equity aspiration</td>
<td>Build staff capabilities and mindsets (e.g., through trainings with equity organizations)</td>
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<td>Assess equity impact of entire portfolio of agency programs and report impact findings publicly</td>
<td>Use feedback loops to engage with stakeholders in (re)design of agency programs and policies that align with racial equity aspiration</td>
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<td>Embed equity impact assessments in agency policymaking and budgeting</td>
<td>Establish dashboards to track major agency activities and impact of flagship initiatives</td>
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<td>Develop strategic action plan with SMART goals and flagship initiatives, then pilot actions to advance them</td>
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<tr>
<td><strong>Medium term: Measuring progress and adjusting approach</strong></td>
<td><strong>Continue to reinforce the principles</strong> throughout agencies (e.g., recognize best practice examples in agency-wide internal communications)</td>
<td><strong>Codify the lessons learned so far to ensure continuity across leadership transitions, and adjust programs, policies, and processes as needed</strong></td>
<td><strong>Engage stakeholders</strong> to understand root causes of persistent gaps and coordinate across all branches and levels of government to address them</td>
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<tr>
<td>2 to 10 years</td>
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<td><strong>Adjust strategic goals as needed</strong>, based on progress and roadblocks identified so far</td>
<td><strong>Refine processes that support equity work</strong> (e.g., pilot equity initiatives, public and staff feedback mechanisms)</td>
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<td><strong>Update public performance dashboards</strong> annually to track major agency activities and progress against strategic goals</td>
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<tr>
<td><strong>Long term: Evaluating outcomes and sustaining momentum</strong></td>
<td><strong>Assess how well each agency is living the five guiding principles, and identify opportunities to further integrate them in the agency’s work</strong></td>
<td><strong>Assess state of racial equity for all 15 outcomes and set a cross-agency 10-year equity plan</strong></td>
<td><strong>Maintain consistent feedback loops</strong> with other agencies and stakeholders (e.g., Congress)</td>
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<tr>
<td>10+ years</td>
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<td><strong>Refresh strategic goals</strong> based on progress and new societal needs, and launch new cross-agency flagship initiatives that holistically redesign policies and programs to remove persistent barriers</td>
<td><strong>Foster continual improvement mindset and staff capability building</strong> to fully realize the opportunity of racial equity</td>
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Appendix A.
The human costs of inequity
Creating engaged communities of opportunity

30% of Native Americans and 25 percent of Black Americans lack access to high-speed broadband at home.\footnote{101}

Transportation and digital infrastructure: Access to affordable, high-performing transportation and broadband networks

Transportation and digital infrastructure connects people to employment, education, healthcare, and much more. Despite our nation’s vast network of roads, traffic congestion and commute times are increasing. Congestion costs the U.S. an estimated $88 billion per year in lost productivity\footnote{98}, as severe congestion slows about 30 percent of U.S. commuter trips.\footnote{99} Under-investment in public transit means there are few convenient alternatives to private vehicles and millions of people who rely on these systems, including people of color, who account for an estimated 60 percent of public transit trips, are disenfranchised.\footnote{100}

Limited private provision of affordable broadband means that many communities, particularly in rural and tribal areas, have low digital connectivity. The lack of reliable investment in infrastructure, coupled with an emphasis on network expansion, rather than operations and maintenance, has created many of the current gaps in access and quality. The complex mix of federal, state, and local government and private infrastructure stakeholders constricts incentives and the ability to coordinate expansion of accessible infrastructure.

24M people live within one mile of a hazardous chemical site, including 10 percent of people of color and 6 percent of White Americans.\footnote{104}

Environmental health and resilience: Protection from pollution and environmental disasters

Environmental health and resilience are critical to the health and well-being of our nation’s families and can significantly reduce the human and economic toll of climate change and natural disasters. Millions of people live near hazardous chemical sites, breathe polluted air, and drink contaminated water, and people of color suffer disproportionately from insufficient environmental management and disaster preparedness. Researchers estimate that ambient fine particulate matter air pollution (PM2.5) is responsible for 85,000 to 200,000 excess deaths per year in the United States.
On average, Black, Hispanic, and Asian people are exposed disproportionately to PM2.5 from most emission sources, including industry, vehicles, and construction.\textsuperscript{102}

Pollutants and natural disasters also cost our economy an estimated $95 billion in 2020, thanks to limited enforcement of standards, lack of political will to enact new regulations, and limited funding for disaster preparedness.\textsuperscript{103}

\textbf{Housing security:} Access to affordable, stable, safe, and quality homes

Housing security is a fundamental support for thriving neighborhoods and families so they can pursue education, health, and employment opportunities. Approximately 20 million households that rent housing are rent burdened.\textsuperscript{105} More than 30 percent of their monthly pre-tax income goes to rent, which significantly limits their ability to invest in other parts of their lives. On average, severely cost-burdened renters—those who spend more than 50 percent of their monthly income on rent—spend 37 percent less per month on food, 60 percent less on transit, and 77 percent less on healthcare than other households, which stifles human development and economic growth. Renters of color often face additional challenges due to embedded biases and income discrimination in the real estate market. One study found that Black renters who contact agents about recently advertised housing units learn about 11.4 percent fewer available units than equally qualified White renters.\textsuperscript{106, 107}

Location of affordable housing in cities plays a critical role in development, as movement to high-opportunity neighborhoods is associated strongly with increased lifetime earnings. Limited supply and construction of affordable units in these neighborhoods, the rising cost of land, and stagnating wages that increase the demand for affordable units account for the lack of quality, affordable housing. Average housing starts per household have declined from .98 to .72 starts since 2010,\textsuperscript{108} and growth in the median home price has outpaced growth in the median household income, at 29 vs. 19 percent.\textsuperscript{109}

\textsuperscript{102} Pollutants and natural disasters also cost our economy an estimated $95 billion in 2020, thanks to limited enforcement of standards, lack of political will to enact new regulations, and limited funding for disaster preparedness.\textsuperscript{103}

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Food security and nutrition: Consistent access to enough quality food to live an active, healthy life

Food security is a basic human need and key enabler of human development activities like education and employment. Many food-insecure households report making tradeoffs between food and these activities—over 50 percent reported having to make tradeoffs between paying for food and utilities, transit, medicine, and/or housing in the previous 12 months. Food insecurity has a particularly strong impact on children. Food insecure children are 1.4 times more likely to develop asthma and 1.6 times more likely to suffer developmental delays than their food-secure counterparts. More than 30 million households experienced food insecurity in 2019, with Black and Hispanic households affected disproportionately.

Key factors in food insecurity include the proliferation of food deserts, rising food costs, and low income. Nearly 13 percent of people in the U.S. live in food deserts, including more than 26 percent of Native Americans and 21 percent of Black Americans. Moreover, the cost of food at home rose approximately 2 percent a year between 2001 and 2020, while the annualized wage increase for the bottom 10 percent of earners was only 0.5 percent.

Civic engagement and participation: Ability to participate meaningfully in shaping community governance and institutions

The Constitution and the design of our electoral system put civic engagement at the core of our democracy. Civic engagement involves working to make a difference and to promote quality of life in a community through both political and non-political processes—from voting and volunteering to community organizing and leadership.

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x Census tracts that are designated by USDA as a food desert. USDA defines “food deserts” as census tracts that are both low-income and low-access. The criteria for identifying a low-income census tract are the same as the definitions used for the New Markets Tax Credit program (NMTC). Low access is defined as being far from a supermarket or grocery store. A census tract is considered low-access if at least 500 people or 33 percent of the population are far away from a supermarket. There are four different distance measures of low access; the measure utilized here is 1 mile in urban areas and 10 miles in rural areas.
Many citizens of our nation face barriers to civic engagement that result in lower representation in elected office, fewer appointed federal positions, and less voting. Key barriers include financial constraints, inability to take time off to vote, and language barriers.

15% of children do not graduate from high school within four years after starting 9th grade.

$2,226 less funding per student to primarily non-White school districts compared to primarily White school districts.

Pre-K to 12 education: Opportunity for all children to succeed across all learning environments

Pre-K, elementary, and secondary schools develop the skills needed to help build a thriving democracy and economy. Despite advances in ensuring access to education (in 2020, 56.4 million students attended Pre-K to 12 classes in the U.S.) quality of education varies widely. Pre-K enrollment is 21 percent lower for Hispanic 3–5-year-olds than it is for White ones. On average, Black children attend Pre-K programs that score .55 standard deviations lower on CLASS, a leading tool for assessing quality, than programs attended by White students. Graduation rates reflect these quality gaps. Graduation rates are 11 percent lower for Black students and 17 percent lower for American Indian students than for White students.

Local laws and school-funding formulas that perpetuate disparities between high-poverty, low-poverty, and/or minority school districts create many of these gaps. Local funding provides 45 percent of public-school funding and is derived primarily from property taxes. Accordingly, poorer districts with smaller tax bases have lower per-pupil funding to pay for teachers, school infrastructure, curricula, and other resources. The impact of poverty on school districts is especially pronounced in communities of color, where high-poverty non-White school districts receive $11,500 per student, compared with $12,987 per student in high-poverty White school districts.

For Love of Country: A Path for the Federal Government to Advance Racial Equity
Public safety: Ability to feel safe at home, in the community, and in the workplace⁠¹³⁰

People rely on institutions like the police, courts, offices of neighborhood safety, and nonprofits and other community organizations to make them feel safe in their communities.

Recent events highlight significant gaps in public safety. Over 20 percent of Hispanic, Asian, and Black Americans report not feeling safe when walking alone at night in their communities.¹³¹ More than 30 percent of non-White people—40 million people—lack confidence in the police.¹³² Non-White people experience a disproportionate share of negative interactions with public safety institutions. Black Americans are five times more likely to be stopped by police and five times more likely to be incarcerated than White Americans.¹³³

These gaps have implications for both individual and community development. For example, students exposed to police killings in the 9th-grade are 4 percent less likely to graduate from high school and 3 percent less likely to enroll in college than students without such exposure.¹³⁴

Limited incentives and funding to develop community-oriented public safety systems that prioritize crime prevention rather than response contribute significantly to these gaps. The Justice Assistance Grants, the federal government’s largest public-safety formula-grant program, earmarks over 69 percent of funds for the police, courts, and criminal justice system and only 6 percent for crime prevention.¹³⁵

Unlocking human potential

Health and well-being: Opportunity to live the healthiest life possible, regardless of place, identity, or income⁠¹³⁸

Enabling well-being and achievement, health is the most fundamental building block of life. Good health correlates with GDP growth, less unemployment, lower poverty rates, and reduced health system costs.¹³⁹
Many in our nation do not enjoy the full benefits of health and face challenges in healthcare access, affordability, quality, and experience. Black children are 2.5 times more likely to lack a consistent healthcare provider than White children. Over 8 percent of people report delaying or not receiving needed medical care in the past 12 months due to cost, including more than 12 percent of Black Americans. Life expectancy is shorter and maternal mortality is higher for Black Americans and Native Americans than for White Americans.

While factors like entrenched mistrust and bias in the medical system play a role, the gaps mentioned above are primarily attributable to adverse social determinants of health. These determinants are conditions in the environment where people live and work that increase health risks, especially for people of color (e.g., unsafe housing, food insecurity, and environmental pollution). This is evidenced by the fact that life expectancy can vary by more than 30 years for people living in neighborhoods just ten miles apart. Life expectancy for a person in the low-income neighborhood of Barry Park, outside of Washington D.C., is 63.2 years, while life expectancy in the high-income neighborhood of Friendship Heights, north of D.C., is 96.1 years.

Higher educational attainment remains a significant engine for individual upward economic mobility and societal economic growth. Success in higher education correlates with improved employment and income and drives the development of products and intellectual property that stimulate the economy.

Today, many students, particularly low-income students of color, face challenges that limit their opportunity to reap these benefits. Students of color enroll in and complete college at lower rates than their White classmates. On average, Black college graduates also accrue $25,000 more student debt four years after graduation than White graduates.

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\( z \) Average in student debt four years after graduating with a bachelor’s degree, 2018; Black bachelor’s graduates have an average of $52,726 in student debt, compared to $28,006 for the typical White bachelor’s graduate.
Factors accounting for these gaps include the increased likelihood that students of color will be first-generation students who face challenges navigating university life, gaps in the quality of Pre-K to 12 education that limit college readiness, and historical underfunding of minority-serving institutions (e.g., HBCUs, or Historically Black Colleges and Universities) that reduces their access and affordability. Market influence also plays a role, as prominent college-ranking systems fail to adopt metrics that motivate universities to improve graduation rates among students of color.

$27.81\text{ average hourly wage for a Black worker with a college degree, compared to$35.90 for a White worker with a college degree}^{151}$

7.5% executive positions in the U.S. held by Black and Hispanic people, despite comprising >30% of the population$^{aa, 152}$

**Employment and wages: Access to quality job opportunities and equal pay for equal work**

For most people, employment is the primary way to generate income that creates wealth and a high-quality life. Despite advances in workforce diversity and safety, significant opportunities remain to improve equity in our nation’s employment. Workforce participation is significantly below the national average for Black men, and people of color are disproportionately likely to lose their employment during economic shocks like the Great Recession and COVID-19 pandemic.

Among the employed, people of color are underrepresented in high-growth, high-wage industries like financial services$^{148}$ and overrepresented in occupations susceptible to automation like food service and office support.$^{149}$ Across all levels of educational attainment, average hourly wages are lower for people of color—more than $8 lower for Black workers with a college degree than for their White counterparts.$^{150}$

Factors driving these gaps include limited market incentives for major employers to locate operations outside of existing large, high-growth metro areas, leaving people in smaller metro and rural areas with limited employment opportunities and people of color with limited access to cultural and social networks that facilitate job opportunities.
Driving an equitable economy

9% of U.S. firms that employ people have a Black, Hispanic, or Native American owner

5% of U.S. business revenues captured by Black, Hispanic, and Native American-owned businesses

9.2% of businesses started in 2019 had Black founders

**Business and sector development: Ability to grow profitable businesses, capture a fair share of revenue, and create jobs, especially in high-growth, high-margin sectors**

Equitable business and sector development builds wealth and catalyzes investment in communities to the benefit of the American economy. Currently, Black and Hispanic businesses are considerably smaller and less profitable than White-owned businesses, largely because they have less access to capital, customers, and business expertise. Black and Hispanic businesses are also more likely to be concentrated in lower-revenue sectors. An estimated 72 percent of Black businesses and 59 percent of Hispanic businesses are concentrated in five sectors that generate only 20 percent of U.S. revenue.

Discriminatory lending and investment practices, uneven access to resource networks and business expertise, and difficulty reaching customers help account for these gaps. Reaching customers is particularly challenging for businesses located in low-income communities of color and for businesses seeking contracts with large firms and government entities, because they often lack the resources and expertise necessary to navigate complex contracting and procurement processes.

**Entrepreneurship: Ability to start, maintain, and grow early-stage businesses**

New businesses stimulate innovation and investment and keep communities vibrant by creating jobs and income and expanding the tax base. Supporting founders of color is critical to building the pipeline of scaled, minority-owned businesses.

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ab The five industries include Healthcare and social assistance; Professional, scientific, and technical services; Administrative, support and waste management; Construction; and Accommodation and food service.
But today, entrepreneurs of color are underrepresented in new business starts, and are more likely than White entrepreneurs to close their businesses within the first five years of operations.

Factors in these gaps include unequal access to personal resources and networks and difficulty reaching customers. A recent JPMorgan study found Black-owned start-ups are 1.2 times more likely to close before their fifth year of operations than White-owned start-ups. But this gap closes after controlling for revenues and cash reserves, indicating that less access to capital and customers limit the survival prospects of Black-owned start-ups.

In 2019, the rate of new business starts was highest for Hispanic people (0.44 percent) followed by Asian Americans (0.30 percent) and White (0.29 percent), but lagged behind for Black residents (0.24 percent). Racial disparities in the percentages of venture capital-backed start-ups—which represent the small fraction of total new business starts that are poised for exponential growth—were pronounced for all people of color.

Research and innovation are critical to solving society’s most pressing problems. By enriching knowledge with new theories, concepts, and ideas, research and innovation also fuel economic growth, with ripple effects on social and economic outcomes. Experts estimate that every dollar invested in National Institutes of Health (NIH) research generates a 2.2 times return on investment in goods and services. Recent innovations, including the COVID-19 vaccines and decarbonization technology, demonstrate how critical innovation can be to solving the most daunting problems.

Unfortunately, innovation has slowed in recent years, and wide racial inequities exist across the research and innovation pipeline. Disparities between White and Asian groups and Black and Hispanic groups begin as early as STEM education. Black and Hispanic groups—or “underrepresented minorities”—reflect about 18 percent of STEM PhDs. These gaps are clear in federal research funding expenditures.

In 2019, the rate of new business starts was highest for Hispanic people (0.44 percent) followed by Asian Americans (0.30 percent) and White (0.29 percent), but lagged behind for Black residents (0.24 percent). Racial disparities in the percentages of venture capital-backed start-ups—which represent the small fraction of total new business starts that are poised for exponential growth—were pronounced for all people of color.
Only 7 percent of NIH R01 grants (the largest grants) go to Black and Hispanic researchers; 93 percent go to White and Asian researchers.\textsuperscript{161} Recent studies also show that Black inventors are 46 percent less likely to receive patents than non-Black inventors.\textsuperscript{ad,162}

Key factors in these inequities include the historical exclusion of people of color from STEM\textsuperscript{ae} education and biases embedded in the decision-making processes for research grants and patents.\textsuperscript{163}

**Ensuring equitable financial services and social supports**

2\textsuperscript{x} as many Black and Hispanic households as White households reported difficulty paying their usual expenses one year into the COVID-19 pandemic.

5–7\textsuperscript{x} higher median wealth held by White households ($188,000) compared to Black ($24,000) and Hispanic ($36,000) households.

**Financial inclusion: Access to affordable financial products and services that promote economic participation and stability**

Financial inclusion enables people to benefit from economic participation, prepare for major expenses, and accumulate wealth. Financial products like investments, mortgages, savings, credit, and insurance are key levers of financial inclusion.

Today, people of color have less access to these products and services and make less use of them than White people do, contributing to the racial wealth gap. People of color are more likely to be unbanked or denied credit and less likely to have a retirement account or own their home. For example, non-White borrowers are 1.2 to 1.4 times more likely to be denied a home mortgage than White borrowers, when adjusted for credit profiles.\textsuperscript{165}

Factors in these gaps include lack of incentives for financial institutions to offer low-cost services, inequitable eligibility and risk assessment policies, and mistrust of institutions among consumers of color.

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\textsuperscript{ad} Odds are calculated relative to assignment to an individual.  
\textsuperscript{ae} Stands for “Science, Technology, Engineering, and Math.”
Social safety net and supports: Access to effective services and benefits that enable families in poverty to meet their basic needs and maintain financial stability

The social safety net—cash and in-kind transfers like the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Temporary Assistance for Needy Families (TANF)—offers the last line of defense for the neediest people in our country. The safety net provides an important resource for weathering economic shocks and is, at its best, a platform for climbing out of poverty. Thanks in part to the social safety net, poverty rates dropped in recent years, from 15.5 percent to 12.0 percent of the population between 2013 and 2019.\textsuperscript{165}

Studies show that social programs also have significant impact on other socioeconomic outcomes. These include better educational outcomes, improved emotional stability, better health, and higher long-term wages.\textsuperscript{166}

But major gaps remain in access to the safety net and the ability to climb out of poverty, particularly for people of color. For example, in recent years the percentage of families in poverty receiving TANF assistance has decreased, especially in states with large Black populations. The 25 states with the lowest TANF-to-poverty ratios are home to the majority of the Black population (about 50 percent) but less than half of the non-Hispanic White population (about 46 percent).\textsuperscript{167}

Factors in these gaps are both top-down, such as inconsistent eligibility requirements for receiving welfare across states, and bottom-up, such as challenges in accessing services and the stigma of receiving welfare.

\textsuperscript{af} Based on Census Bureau definition of poverty threshold (family with two adults and one child, $20,578 in 2019); Kellogg Family Foundation estimates based on 2008-2019 American Community Survey 1-Year Estimates; excludes Puerto Rico from US total
Appendix B.

Root drivers of gaps and disparities across outcomes
Root drivers of gaps and disparities across outcomes

Across the most critical socioeconomic outcomes, we find three consistent root drivers of gaps: inequitable laws, policies, and programs; uneven distribution of resources; and limiting mindsets and beliefs. Similar to the gaps in outcomes, these root causes are interdependent and mutually reinforcing. Addressing them is critical in order to improve outcomes long-term and sustain these improvements.

These drivers are multifaceted and manifest as challenges for both individuals and institutions.

• **For individuals, these drivers create challenges that negatively impact their quality of life.** Examples include the persistent lack of financial resources that breeds food or housing insecurity, or the embedded biases and racism that can make it difficult to advance at work. Individuals at the intersection of demographic classifications such as race, gender identity, and ability may experience particularly pronounced challenges.

• **For institutions, these drivers create challenges that both create gaps and impede them as they take action to reduce gaps in outcomes.** They create barriers to change for institutions across the public, private, and social sectors—be it government agencies, corporations, or nonprofits. Examples include funding constraints faced by state and local governments wanting to expand benefit programs, or the lack of market incentives that encourage grocery stores to locate in food deserts.
Cross-cutting drivers of gaps and inequities across socioeconomic outcomes

Examples of how these drivers can manifest at the individual and institutional level

**Inequitable design and implementation of programs and policies**

*Individual*: Complex and bureaucratic processes (e.g., inability to access and enroll in government procurement vehicles due to complexity)

*Institution*: Lack of coordination across programs, which produce inconsistent effects on residents (e.g., local control in planning and state-determined social safety net benefit eligibility)

**Lack of incentives for change**

*Individual*: High opportunity and upfront costs that deter systems changes (e.g., lack of financial incentives for affordable housing development)

*Institution*: Market and/or political contexts that disincentivize equity (e.g., broadband providers have few incentives to expand access to low-income residents)

**Lack of political influence and decision-making power**

*Individual*: Lack of “voice” and underrepresentation in political decisions (e.g., voter disenfranchisement)

*Institution*: Limited ability to shift institutions given political pressure and/or lack of decision-making will

**Limited financial resources**

*Individual*: Inability to afford goods/services (e.g., poverty)

*Institution*: Limited/constrained funding (e.g., unequal per capita spend)

**Unequal physical and geographic constraints**

*Individual*: Concentration in lower-opportunity neighborhoods (e.g., living in areas with limited physical assets key to family well-being)

*Higher risk exposure* (e.g., climate displacement, environmental risk)

*Institution*: Natural causes or physical barriers create unchangeable structures in communities (e.g., irreversible impact of historical city planning/structures)

**Embedded biases and ideals**

*Individual*: Biases/discrimination within interpersonal interactions (e.g., sanctions from social safety caseworkers more likely for Black individuals)

*Mistrust in institutions due to past experiences* (e.g., mistrust in financial institutions may inhibit participation in lending)

*Institution*: Programs and policies benefit those perceived to have higher merits without regard for unequal starting points (e.g., access to high-paying employment tied to level/prestige of education) Processes reiterate biases, often due to historical legacies (e.g., credit score assessments fail to consider other underlying factors)

**Limited cultural and social context**

*Individual*: Minimal exposure to knowledge and role models that highlight opportunity (e.g., decreased likelihood of college enrollment for children without college-educated parents)

*Language and/or cultural barriers* (e.g., inability to communicate with doctors)

*Institution*: Lack of culturally-competent approaches (e.g., worse health outcomes due to lack of culturally-competent care)
An illustrative journey of utilizing rental assistance vouchers

Jo, Ali, and Jack qualify for rental assistance vouchers and are on the local housing authority wait list.

After two years of waiting, they receive a voucher and have six months to use it.

They browse apartment listings online and meet with three landlords, all of whom say that they do not accept vouchers.

More than a month has passed so the family has less than four weeks to find a landlord who will accept the voucher.

Another round of searching finds a landlord who will accept the voucher.

The apartment is even further away from the city center, in a neighborhood with fewer opportunities.

Ali’s commute to work now takes over an hour.

Opportunities to find a new, well-paying job are limited.

Jack attends school in an underperforming district.

Inequitable laws, policies, and programs include inequitable program design, limited incentives for change, and uneven distribution of political and economic decision-making power. All reinforce the status quo and help explain why well-intentioned policies often fall flat and why effecting change in public and private sector policy is so difficult.

Consider housing security. In theory, rental assistance vouchers are a key tool for alleviating individuals’ rent burden, but program design leaves many who are eligible for vouchers facing administrative challenges when they try to sign up for and access the benefits. Those who do get vouchers often have difficulty finding landlords who will accept them and face the threat of voucher expiration if they do not use the vouchers, typically within 60–90 days. The chronic shortage of affordable housing supply in many major cities creates limited incentives for landlords to accept vouchers when they can get other tenants. Furthermore, voucher recipients have limited political capital to secure policy changes that would outlaw source-of-income discrimination, evidenced by the more than 20 states where this discrimination is legal.

While solving the affordable housing challenge will ultimately require addressing both supply and demand issues, this example highlights embedded inequities in policies and programs.

Uneven distribution of resources refers to the challenges created by limited financial and physical/geographic resources. Resource limitations shape inequities across families and between communities. These limitations are a major component of why life expectancy can be decades longer in neighborhoods less than ten miles apart and why high-income White children are more likely to graduate.
from college and be upwardly mobile than low-income non-White children. Issues including wage stagnation and increasing rates of economic inequality have exacerbated the uneven distribution of resources across racial and demographic groups.  

Limited financial resources leave families struggling to cover basic needs like food, healthcare, and housing, and depending on critical but uneven public programs like SNAP and Medicaid. Physical and geographic resource constraints are reflected in the uneven distribution of jobs, thriving small businesses, and high-quality schools in high- vs. low-income neighborhoods.

**Limiting mindsets and beliefs** are the embedded biases and ideals that feed both intentional and unintentional discrimination and the exclusion of many in our society. They explain the myth of meritocracy and the notion in our society that hard work or bootstrapping alone will spell success. These beliefs do not acknowledge the fact that millions of people in the U.S. operate in a system where hard work alone cannot overcome the obstacles in their way.

Cultural and social exclusion means that many young people of color have fewer professional, college-educated people in their networks, which research suggests decreases the likelihood that they themselves will attend and graduate from college. For those who do graduate and enter the workforce, particularly women of color and LGBTQ+ individuals, embedded biases decrease the likelihood of being hired and advancing at leading firms.
Appendix C.
Timeline of federal actions that have shaped equity outcomes
Time periods are arranged chronologically by start date

**1865–1877**

**Reconstruction:** The federal government recognizes formerly enslaved people as citizens, an important step toward recognizing that “all men are created equal,” as stated in the Declaration of Independence

The Freedmen’s Bureau is established in 1865 as a federal agency, distributing rations to approximately 20 million Americans after the Civil War

Congress establishes the Freedman’s Trust Savings Bank in 1865, in response to traditional financial institutions refusing to serve Black customers. The Bank’s collapse in 1874 wipes out $2.9 million in deposits by Black customers

The 14th Amendment, ratified in 1868, grants citizenship to “all persons born or naturalized in the United States,” including former slaves

The Civil Rights Act and Enforcement Acts of 1870 and 1871 outlaw discrimination by state officials in voter registration on the basis of race, color, or previous servitude

Hiram Revels and Joseph Rainey become first Black Americans elected to U.S. Congress in 1870

**1876–1965**

**Jim Crow:** Supreme Court rulings and state legislation lead to segregation and disenfranchisement, primarily for Black people, undermining the gains of Reconstruction

Laws like poll taxes and literacy requirements drastically limit participation by Americans of color

The *Plessy v. Ferguson* decision in 1896 makes racially segregated facilities, including schools, legal

Ratification of the 19th Amendment in 1920 gives women the right to vote, but women of color remain subject to Jim Crow laws

**1914–1918**

War efforts and industrialization turn federal attention to labor
The Federal Department of Labor and National War Labor Board are established in 1913 and 1918, respectively.\textsuperscript{187}

The Smith-Hughes Act of 1917 provides federal financing to states for precollegiate vocational education in agricultural and industrial trades and home economics, partly in response to skilled labor shortages.\textsuperscript{188}

Congress establishes the National Parks System in 1916.\textsuperscript{189}

**New Deal: The federal government invests in major social programs and reforms after the Great Depression**

The Public Health Service launches the 40-year Tuskegee syphilis trials in 1932 to study the natural progression of syphilis; hundreds of Black men are not informed of their diagnosis and do not receive medical treatment.\textsuperscript{190}

President Roosevelt launches federal jobs programs and agencies beginning in 1933, including the Civilian Conservation Corps and Works Progress Administration that employ more than eight million Americans and build over 29,000 bridges, 280,000 miles of roads, and 9,000 miles of sewers.\textsuperscript{191}

The National Housing Act of 1934 creates the Federal Housing Administration, Fannie Mae, and Federal Savings and Loan Insurance Corporation, boosting homeownership through federal insurance of mortgages.\textsuperscript{192}

The Wagner-Steagall Housing Act of 1937 establishes the nation's public housing system, providing federal subsidies for urban development and local housing.\textsuperscript{193}

The Fair Labor Standards Act of 1938 sets standards for minimum wage, overtime pay, recordkeeping, and youth employment that affect employers and employees across the private sector and levels of government.\textsuperscript{194}

The Food Stamps Plan, a precursor to today's SNAP program, is implemented in 1939.\textsuperscript{195}

**World War II: The GI Bill creates a boom in college enrollment and homeownership and helps build the middle class**

President Roosevelt issues an executive order in 1941 prohibiting discrimination in the defense industry and creates the Fair Employment Practices Committee to monitor hiring practices.\textsuperscript{196}
The 1944 Servicemen’s Readjustment Act (GI Bill) provides federal financial aid for higher education and low-cost home mortgages; however, benefits accrue disproportionately to White veterans due to redlining and institutional discrimination.

**Post WW II: Increased federal investment in housing and infrastructure fosters development of the American suburbs**

The National School Lunch Act of 1946 establishes federally-financed free or reduced-price lunches for public school children and prohibits discrimination based on race or gender.

The American Housing Act of 1949 expands federal funding to municipalities for slum clearance and revitalization and creation of public housing, resulting in a disproportionate migration of Black families and the “ghettoization” of public housing.

Increased federal investment in highway construction contributes to suburbanization and de facto segregation of neighborhoods of color.

The Small Business Administration (SBA) is established as a federal agency in 1953 and tasked with ensuring that small businesses receive fair and equal federal contract opportunities.

**Cold War: International affairs lead to expanded investment in math and science education as well as federal funding for research and innovation**

Driven by wartime needs and the defense buildup, the federal government creates a new funding model for science and innovation, which were previously led by industry and corporate funding.

The National Science Foundation Act of 1950 establishes the National Science Foundation and the NSF Minority Science and Engineering Improvement Program, providing science and engineering education grants to minority institutions.

Civil Rights: Federal legislation and Supreme Court rulings spur a new era of liberty, rights, and public services for all Americans

The *Brown v. Board of Education* ruling in 1954 finds school segregation unconstitutional; in 1957, the “Little Rock Nine” become the first Black students to attend a previously all-White high school in the Jim Crow South.

The Civil Rights Act of 1957 establishes the Civil Rights Division of the Department of Justice.

The Equal Pay Act of 1963 mandates equal pay for equal work across genders.

The Civil Rights Act of 1964 outlaws discrimination on the basis of race, sex, religion, color, or national origin in voting, schools, employment, and public accommodations.

President Johnson declares the “War on Poverty” in 1964. Passage of the Economic Opportunity Act creates the federal Job Corps, work study, HeadStart, and VISTA (Volunteers in Service to America).

The Medicare and Medicaid programs are established in 1965 as basic insurance programs for Americans without health insurance.

The Higher Education Act of 1965 establishes and expands federal financial aid programs, including Pell Grants and funding for universities.

The Elementary and Secondary Education Act of 1965 establishes the Title I program and channels funding to poor urban and rural schools.

The Voting Rights Act of 1965 prohibits literacy tests and other methods that exclude Black Americans from voting.

The Fair Housing Act of 1968 prohibits discrimination in selling, renting, and financing housing.

Late Vietnam War: The federal government addresses growing environmental concerns and expands support for minority-owned businesses and financial inclusion.
President Nixon establishes the Office of Minority Business Enterprise in 1969, providing funding and expertise to support and expand the number of minority-owned businesses. The Clean Air Act and amendments to the Clean Water Act pass in 1970 and 1972 due to growing research and concern over the economic and health implications of pollution.

The National Environmental Policy Act of 1970 requires federal agencies to consider the environmental consequences of proposed actions and inform the public, laying the groundwork for community engagement in transit and infrastructure planning.

The Equal Credit Opportunity Act of 1974 prohibits lending discrimination on the basis of race, sex, and other demographics.

Late 20th century: Continued federal action on poverty leads to the creation of policies and programs that are still in effect, including the Community Reinvestment Act and Temporary Assistance for Needy Families.


The Department of Health and Human Services releases its Report on Black and Minority Health in 1985 (aka the Heckler Report), leading to the creation of the Office of Minority Health.

The Americans With Disabilities Act of 1990 outlaws discrimination on the basis of disability.

The National Voters Registration Act of 1993 helps to increase voter registration by mandating that states provide registration opportunities at driver's license appointments and public assistance offices.

The Violent Crime Control and Law Enforcement Act of 1994 passes as the largest crime-control bill in U.S. history, instituting the “three strikes” mandatory life sentence for repeat offenders of violent crimes and drug trafficking, increasing funding for prisons and police officers, and creating the Office of Community Oriented Policing.
The Temporary Assistance for Needy Families program is established in 1996, creating federal block grants to support families with children experiencing poverty.\(^{223}\)

**2000 and post-9/11: Federal investment across human development outcomes continues, with research funding reaching an all-time high**

Congress passes the Minority Health and Health Disparities Research and Education Act in 2000, supporting biomedical and behavioral research on minority health and medical training for practitioners of color.\(^{224}\)

The No Child Left Behind Act of 2002 becomes the primary federal law governing public education. It increases school choice, funds charter schools, mandates testing, and sets federal standards for reading and math.\(^{225}\)

The Department of Justice issues guidance in 2003 that prohibits use of race by federal law-enforcement officers in making routine or spontaneous law enforcement decisions, such as ordinary traffic stops.\(^{226}\)

The College Cost Reduction and Access Act of 2007 creates public service loan forgiveness programs. The Higher Education Opportunity Act of 2008 reforms federal student aid and makes cost more transparent by requiring institutions that accept federal financial student aid to post net-cost calculators.\(^{227}\)

Post-9/11 expansion of GI Bill increases federal education funding for veterans by 250 percent.\(^{228}\)

Passage of the Lilly Ledbetter Fair Pay Act of 2009 allows people who face pay discrimination to seek rectification under federal anti-discrimination laws and strengthens worker protections.\(^{229}\)

Federal investment in university-based research almost doubles (compared with the 1960s), with an emphasis on basic and applied research.\(^{230}\)

**2009–today: Federal action focuses on recovery from the Great Recession and the COVID-19 pandemic**

The Affordable Care Act passes in 2010, making healthcare more affordable by subsidizing insurance for households below 400 percent of the federal poverty line and expanding Medicaid to cover households below 138 percent of the poverty line.

The Dodd-Frank Act passes in 2010 and reforms regulation of the financial industry. It creates the Consumer Financial Protection Bureau, charged with protecting consumers from abuses related to credit cards, mortgages, and other financial products.

The Small Business Jobs Act of 2010 authorizes millions of dollars in additional grant funding and loan guarantees for American small businesses.

The Centers for Disease Control places a temporary federal moratorium on evictions in response to COVID-19 in 2020, postponing most evictions for non-payment of rent.

The CARES Act of 2020 and American Rescue Plan Act of 2021 provide trillions of dollars in stimulus funding to expand unemployment benefits, food assistance benefits, low-cost small business loans, and health financing in response to the COVID-19 pandemic.

President Biden issues an executive order in 2021 that prohibits renewal of federal contracts with private prisons.

President Biden issues an executive order on advancing racial equity in 2021 that directs the federal government to “pursue a comprehensive approach to advancing equity for all,” in recognition of the fact that “affirmatively advancing equity, civil rights, racial justice, and equal opportunity is the responsibility of the whole of our government.”
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Root drivers of gaps and disparities across outcomes


Appendix C:
Timeline of federal actions that have shaped equity outcomes


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## Addendum:

**Fact base of socioeconomic outcomes**

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Part 1:
Creating engaged communities of opportunity
**Outcome:** Transportation and digital infrastructure

**What it means:** Access to affordable, high-performing transportation and broadband networks

**Key performance indicators:** Access to public transit, commute times, rates of traffic congestion, and access to high-speed broadband

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**Critical gaps**

**People of color make up 60% of U.S. public transit users, with the highest usage among Black populations.**

Percent of public transit trips by passenger race/ethnicity, (2008–2015), by percentage

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<tr>
<th>Race/Ethnicity</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
<th>API</th>
<th>Native American</th>
<th>Other</th>
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<tbody>
<tr>
<td>Percent</td>
<td>40%</td>
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<td>19%</td>
<td>9%</td>
<td>1%</td>
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Share of U.S. population

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<td>63%</td>
<td>12%</td>
<td>17%</td>
<td>&lt;6%</td>
<td>1%</td>
<td>&lt;2%</td>
</tr>
</tbody>
</table>

**Over 1 in 5 Native American, Black, and Hispanic households do not have home high-speed internet, compared to 13% of White households.**

Percent of households without a high-speed Internet subscription, by race/ethnicity (2018), by percentage

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Native American</th>
<th>Black</th>
<th>Hispanic</th>
<th>White</th>
<th>API</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>30%</td>
<td>25%</td>
<td>20%</td>
<td>13%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Households without a subscription that cite cost as a barrier:

50%

---

**Root drivers**

**Inequitable laws, policies, and programs**

- Complex mix of institutional stakeholders undermines reforms and creates challenges with a unified long-term vision (e.g., infrastructure development often includes private and public stakeholders across project pipeline).

**Uneven resource distribution**

- Lack of reliable investment or budgets for transportation infrastructure, particularly public transit (e.g., spending as a percent of GDP is at the lowest level in over 60 years).

- Transportation and broadband costs are high for individuals, limiting use or driving people to use less efficient alternatives (e.g., 50 percent of households without broadband cite cost as a barrier).

**Limiting beliefs and mindsets**

- Federal emphasis on network growth over maintenance and operations (e.g., in 2014, 71 percent, or $69 billion, of federal funding for transportation and water infrastructure went to capital expenses vs. 30 percent, or $27 billion, for operations and maintenance).
Federal actions over time, by role

New Deal: Road and bridge infrastructure built
1933–1939 / Direct provider and employer: The federal Works Progress Administration employs 8.5 million Americans to build 29,000 bridges and pave or repair 280,000 miles of roads.

Jim Crow Era: Development of national highways

Civil Rights: Rise of subsidized public transit
1964–Present / Funder: New federal subsidies for public transit agencies support the rise of public trains and bus routes in American cities and benefit people of color who disproportionately rely on public transit. Prior to 1964, private bus companies dominated transit provision.

2009 to present day: Expansion of rural broadband with federal subsidies
2013–Present / Funder: The FCC and Department of Agriculture spend $50+ billion to motivate the broadband/telecommunications industry to build out their networks in rural and underserved areas.

Late 20th century: Loss of funding for public transit operating expenses
1998–Present / Policymaker: Federal Transit Act restricts urban areas from using federal dollars to help defray operating expenses. As a result, state and local jurisdictions with <200,000 population must use transit fares or their own subsidies to cover operating expenses.

The opportunity at stake

Addressing gaps in transportation and broadband access could result in...

+$44 billion
Increase in annual productivity if road traffic congestion were cut in half.

+$42 million
Additional individuals with access to home high-speed broadband.

i Based on data compiled from 211 separate passenger survey reports (each containing thousands of responses) between 2008 and 2015, representing the services of 163 public transit systems throughout the U.S.

ii High-speed internet subscriptions include cable, fiber optic internet, cellular data plan, satellite, or a fixed wireless subscription.

iii Institutional stakeholders from federal (e.g., Congress, Department of Transportation, Environmental Protection Agency), state (e.g., state legislature), and local (e.g., City Council, local zoning committee) governments, as well as private stakeholders (e.g., broadband providers, road construction companies) exert control across stages of infrastructure value chain through ownership, operation, regulation, and funding.

iv Two-thirds of U.S. public transit users earn less than $50,000 in annual income.

v The average cost of a monthly broadband subscription is $58 (“International Broadband Data Report”, FCC, 2018), but focus groups with low-income Americans revealed they can only afford $10 per month (“Our Broadband Moment”, Benton Foundation, March 2020).
Part 1: Creating engaged communities of opportunity

Outcome: Environmental health and resilience

What it means: Protection from pollution and environmental disasters

Key performance indicators: Air pollutant concentrations, safe drinking water violations, and distribution of natural disaster aid

Critical gaps

Safe drinking water violations are concentrated in communities of color.\(^{16}\)

171,000

Health-based drinking water violations from June 2016 to 2019\(^{16}\)

24,000

Community water systems affected by these contamination events

At the county level, the strongest predictor of a higher rate of drinking violations is the percent of the population who are people of color and non-native English speakers.\(^{16,17}\)

Root drivers

Inequitable laws, policies, and programs

- Source polluters do not have adequate incentives to reduce their pollution, given the lack of enforcement\(^{19}\)—e.g., in 2019, rate of serious noncompliance with standards that limit pollutant discharge into national waterways was over 16 percent.\(^{20}\)
- Lack of political will or alignment to pass environmental standards that explicitly aim to reduce pollution or natural disaster vulnerability in underserved communities.\(^{21}\)
- Programs and policies to distribute recovery aid after natural disasters often do not allocate to highest-need communities, (e.g., FEMA awards for damages based on property values, not level of need).\(^{22}\)

Uneven resource distribution

- Lack of resources confine disadvantaged individuals and groups to low-cost areas, which are more likely to be near hazardous sites and source polluters (e.g., 23 million Americans live within one mile of a hazardous chemical site—including 10 percent of all people of color and 6 percent of all White Americans).\(^{23}\)
- Low quality water and sanitation infrastructure due to lack of funding for maintenance or repair—a majority of Safe Drinking Water Act violations occur in small water systems where revenues from user fees are low, which exacerbates the gap from shrinking federal funding (from 63 percent in 1977 to 9 percent of total capital spending in 2017).\(^{24}\)
Federal actions over time, by role

Late Vietnam War: Regulation improves nation’s clean air and clean water
- **1970 / Watchdog and enforcer**: Environmental Protection Agency is created to enforce new environmental standards.
- **1970s / Policymaker**: The Clean Air, Clean Water, and Safe Drinking Water Acts set new pollution control requirements which significantly reduces contamination (e.g., air pollution decreased by 68 percent from 1970 to 2011).\(^{25}\)

Late 20th Century: Environmental Protection Agency expands authority, but its focus on environmental justice is limited
- **1980 / Watchdog and enforcer**: Congress grants EPA authority to regulate ‘Superfund sites’ containing hazardous chemicals and hold individuals or companies liable for toxic exposure events.\(^{28}\)
- **1992 / Convener and coordinator**: EPA’s Office of Environmental Justice is established to assist with the environmental needs of vulnerable populations. It convenes stakeholders and publishes tools but controls only small grant programs ($28 million awarded from 1994 to 2020) and has limited influence on policy.\(^{29}\)

2000 and Post 9/11: Government response to increasingly expensive natural disasters
- **2005–2014 / Funder and direct provider**: FEMA spends $145 billion on disaster response from 2005 to 2014.\(^{26}\) The cost of damages from natural disasters has increased 5 percent annually since 1980, increasing federal spending.\(^{27}\)

The opportunity at stake

Addressing gaps in environmental health and pollution control could result in...

+63 million
Additional people with continuous access to clean drinking water.\(^{10, 30}\)

+141 million
Additional people with sustained healthy air quality.\(^{16, 31}\)

---

vi Drinking water systems incur health-based drinking water violations when they are found to exceed legal thresholds of dangerous chemicals in drinking water.

vii Researchers compared location data of health-based drinking water violations with factors included in Centers for Disease Control’s 2016 Social Vulnerability Index.

viii Impact of reducing U.S. clean drinking water violations to zero.

ix Impact of maintaining concentration of air pollutants nationwide below safe thresholds.
Part 1: Creating engaged communities of opportunity

**Outcome:** Housing security

**What it means:** Access to an affordable, stable, safe and quality shelter

**Key performance indicators:** Rent burden, severe rent burden, and homelessness rates

---

**Critical gaps**

_Nearly half of American renters are cost burdened, with Black and Hispanic households disproportionately impacted._

Rent Burden of U.S. Households by Race, 2019 (thousands)^32

<table>
<thead>
<tr>
<th>Race</th>
<th>Rent Burden</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>4,647</td>
</tr>
<tr>
<td>Hispanic</td>
<td>4,495</td>
</tr>
<tr>
<td>Native American</td>
<td>992</td>
</tr>
<tr>
<td>API</td>
<td>142</td>
</tr>
<tr>
<td>White</td>
<td>9,515</td>
</tr>
</tbody>
</table>

Percentage of renter occupied housing units, 2019

- **Severely burdened**
- **Moderately burdened**

---

**Root drivers**^33

- **Inequitable laws, policies, and programs**
  Significant source of income discrimination in housing and inconsistent enforcement of laws that outlaw it (e.g., Texas permits landlords to determine tenancy based on source of income, with one study finding 78 percent of landlords in Fort Worth, TX did not accept housing vouchers).

- **Uneven resource distribution**
  - Lack of reliable investments or budgets limits construction and supply of affordable units (e.g., since 2010, housing starts declined from 0.98 to 0.72 starts; the market’s share of affordable units also fell).
  - Limited supply of affordable housing, particularly in high-opportunity neighborhoods (e.g., 68 percent of Black households live in census tracts with >20 percent poverty, compared to 33 percent of White households).

- **Limiting beliefs and mindsets**
  Real estate market bias (e.g. Black renters who contact agents about recently advertised housing units learn about 11.4 percent fewer available units than equally qualified White individuals).
Federal actions over time, by role

New Deal: Federal housing programs established

1937 and 1938 / Policymaker and funder: Legislation establishes the nation's Public Housing System and the Federal Housing Administration.

Post-WWII: Federal investment drives suburbanization

• 1949 / Policymaker and funder: American Housing Act of 1949 expands federal funding to municipalities for slum clearance and revitalization, leading to migration of Black families.

• 1950’s / Funder: Federal highway investments have spillover effects that increase suburbanization and displace many low-income communities.

Civil Rights Era: Housing discrimination outlawed

1968 / Policymaker: Civil Rights Act of 1968 prohibits discrimination in housing sales and rentals on the basis of race and other demographic characteristics.

Late 20th Century: Rent supplement and LIHTC programs established

• 1974 / Funder and direct provider: Initial federal rent supplement programs (precursor to housing voucher program) established at HUD.


• 1986 / Policymaker and funder: Tax Reform Act of 1986 creates the Low-Income Housing Tax Credit program, incentivizing private investment in affordable housing development.

2000’s: Affordable housing investment continues

2008 / Policymaker: Housing and Economic Recovery Act of 2008 establishes the Housing Trust Fund, providing funds to states to use for affordable housing activities, with a focus on producing rental housing for extremely low-income households.

The opportunity at stake

Addressing gaps in housing security and leveraging the full federal platform could result in...

+19 million

Households who are no longer rent burdened.

A nation with an adequate supply of affordable housing in high-opportunity neighborhoods.

x Impact of eliminating rent burden among U.S. households.
Part 1: Creating engaged communities of opportunity

Outcome: Food security

What it means: Consistent access to enough quality food to live an active, healthy life

Key performance indicators: Food insecure households

Critical gaps

Food insecurity impacts over 30 million American households annually.

Households experiencing food insecurity, by race/ethnicity, 2019 (thousands)\(^{35}\)

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black, non-Hispanic</td>
<td>3,148</td>
</tr>
<tr>
<td>Hispanic</td>
<td>2,819</td>
</tr>
<tr>
<td>Other, non-Hispanic</td>
<td>937</td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>6,758</td>
</tr>
</tbody>
</table>

1 in 10

Households experienced food insecurity in 2019, with that number estimated to have climbed to 1 in 8 in 2020 due to the COVID-19 pandemic.\(^{40}\)

Root drivers

Uneven resource distribution

- Proliferation of food deserts,\(^{36}\) limiting access to full service supermarkets, especially for families in low-income census tracts (13 percent of the U.S. population lives in a food desert, including 27 percent of the American Indian and 21 percent of the Black population).\(^{36}\)

- Rising cost of food relative to increases in income\(^{40}\) limits many families' ability to afford food, especially low-income families (e.g., the cost of food-at-home\(^{40}\) rose 2 percent annually between 2001–2020; in the same period, wages for the bottom 10th percentile of workers rose only 0.5 percent a year).\(^{37}\)
### Federal actions over time, by role

**Great Depression: Federal food assistance programs established**

1939 / **Direct provider**: Federal government launches the first federal food assistance program in response to dual challenges of urban hunger and farm surpluses.

**Post-WWII: Focus on child hunger**

1946 / **Policymaker and funder**: National School Lunch Act establishes program to provide free or reduced price lunches to all public school children, and prohibits discrimination based on race or gender.

**Civil Rights Era: Food assistance programs expanded**

- 1961 / **Direct provider**: Food stamp programs re-introduced but without designation of food stamps for surplus commodities.
- 1968 / **Funder**: Concern over hunger in America mounts, leading to creation of the Summer Food Service Program.

**Late 20th Century: Food assistance prioritized for women, children and minorities**

- 1973 / **Policymaker**: Federal food stamp program is revised to expand access to minority communities and included in the 1973 Farm Bill.
- 1975 / **Direct provider**: Additional food subsidies and benefits are introduced, including the Special Supplemental Food Program for Women, Infants, and Children (WIC).

**2000’s+: Food quality and nutrition prioritized**

- 2008 / **Policymaker**: Amendments to federal benefit programs increasingly try to incentivize purchases of healthy foods (e.g., EBT acceptance at farmers’ markets).
- 2008–2016 / **Influencer**: First Lady Michelle Obama launches campaigns to end childhood obesity through improved access and affordability of healthy foods.

### The opportunity at stake

**Addressing gaps in food security could result in...**

**+30 million**

Individuals who no longer have to worry about their next meal. A healthier nation with decreased healthcare costs, where children and adults are better able to pursue opportunities.

---

xi USDA defines “food deserts” as census tracts that are both low-income and low-access. Low access is defined as being far from a supermarket or grocery store. A census tract is considered low access if at least 500 people or 33 percent of the population are far away from a supermarket, defined as one mile in urban areas and 10 miles in rural areas.

xii Measured as the USDA consumer grocery basket.

xiii Impact of eliminating food insecurity.
Part 1: Creating engaged communities of opportunity

**Outcome:** Pre-K–12 education

**What it means:** Ability to succeed for all children across all learning environments

**Key performance indicators:** Pre-K enrollment, high-school graduation rate, and reported college readiness

---

**Critical gaps**

Significant gaps exist in early childhood education and high-school graduation rates across races and ethnicities.

Percent of three- to five-year-olds enrolled in preschool or kindergarten programs, 2018

<table>
<thead>
<tr>
<th>Race</th>
<th>Enrollment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>68%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>65%</td>
</tr>
<tr>
<td>Black</td>
<td>63%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>59%</td>
</tr>
<tr>
<td>API</td>
<td>58%</td>
</tr>
<tr>
<td>Native American</td>
<td>53%</td>
</tr>
</tbody>
</table>

Percent adjusted cohort public high-school graduation rates, 2017–2018

<table>
<thead>
<tr>
<th>Race</th>
<th>Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>92%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>89%</td>
</tr>
<tr>
<td>Black</td>
<td>81%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>79%</td>
</tr>
<tr>
<td>Native American</td>
<td>74%</td>
</tr>
</tbody>
</table>

---

**Root drivers**

**Inequitable laws, policies, and programs**

Inequitable school-funding-formula laws perpetuate disparities between high-poverty and low-poverty school districts (e.g., over 45 percent of school funding is sourced locally, creating wide disparities between schools in high-income and low-income neighborhoods).

**Limiting beliefs and mindsets**

Uneven application of discipline measures, including suspension and detention, leads to learning loss (e.g., Black K–12 students miss an average of 1.6X more school days than White students annually due to out-of-school suspension).

**Uneven resource distribution**

Limited funding in high-poverty school districts limits access to resources for student success such as teachers, books, and technology (e.g., average spending per student is $2,226 lower in school districts where > 25 percent of students are not White than in districts with > 75 percent White students).
Federal actions over time, by role

Jim Crow Era: Supreme Court upholds school segregation
1896 / Policymaker: Plessy v. Ferguson decision rules that racially segregated facilities, including schools, were legally permissible as long as they were equal in quality.

Cold War: Math and science education prioritized

Civil Rights Era: Supreme Court finds segregation unconstitutional and federal government increases school investment
- 1965 / Policymaker and funder: Elementary and Secondary Education Act establishes Title I program of federal aid to disadvantaged children to address the problems of poor urban and rural areas.
- 1965 / Funder: President Johnson creates HeadStart, the first federally funded pre-K program for children from low-income families.

2000’s: Testing and school reform prioritized
- 2002 / Policymaker: No Child Left Behind Act becomes the primary federal law on public education, increasing school choice and charter school funding. It also sets federal standards for reading and math and mandates testing and increased school district flexibility.
- 2004 / Policymaker: Individuals with Disabilities Education Act ensures free, appropriate public education is available to children with disabilities.

2010’s+: Education reform continues
- 2015 / Policymaker: Every Student Succeeds Act replaces No Child Left Behind as the primary federal law on public education, enhancing the link between early childhood and K–12 system. It includes a Preschool Development Grant Program and mandates development of performance plans for underperforming schools.

The opportunity at stake

Addressing gaps in pre-k–12 education could mean...

+2 million
Additional three- to five-year-olds enrolled in Pre-K or kindergarten programs annually.

+500,000
Additional high-school graduates annually.

xv Impact of increasing enrollment rate of three-to-five year-olds in pre-school or kindergarten nationally from 64 percent to 80 percent (three-to-five year-old population was 12.1 million in 2018).
Part 1: Creating engaged communities of opportunity

**Outcome:** Public safety

**What it means:** Ability to feel safe at home, in the community, and in the workplace

**Key performance indicators:** Feelings of safety, trust in institutions, crime rate, and incarceration rate

### Critical gaps

People of color are less likely to feel safe and less likely to have confidence in the local police.

Percent of Americans who report “feeling safe” walking alone at night in their communities, 2020

Percent who report “a great deal/quite a lot of confidence” in the police, 2020

![Histogram showing percentages of white, Hispanic, API, and Black individuals](chart.png)

### Root drivers

**Inequitable laws, policies, and programs**

Inequitable criminal justice statutes (e.g., sentencing requirements for crack offenses are 18 times higher than for powder cocaine, where the majority of users are Black vs. White).  

![Chart showing inequitable criminal justice statutes](chart.png)

**Uneven resource distribution**

Limited funding and incentives to develop alternative public-safety approaches that focus on crime prevention, rather than punishment (e.g., only 6 percent of federal Justice Assistance Grant funding for states was spent on crime prevention programs, while 51 percent was spent on law enforcement).

![Chart showing uneven resource distribution](chart.png)

**Limiting beliefs and mindsets**

Embedded biases and racism within law enforcement drive uneven application of punitive measures (e.g., lifetime chance of going to prison is 32 percent for African American men, compared to the average of 6 percent for all Americans).
Federal actions over time, by role

Reconstruction: 14th Amendment passed
- 1868 / Policymaker: 14th Amendment is passed prohibiting states to “deny to any person within its jurisdiction the equal protection of the laws.”
- 1870 / Policymaker and watchdog: Enforcement Acts of 1870 and 1871 established to help enforce compliance with the 14th Amendment.

Civil Rights Era: Civil Rights Division of DOJ established
- 1957 / Policymaker and watchdog: Civil Rights Act of 1957 establishes the Civil Rights Division of the Department of Justice.

Late 20th Century: Crime control prioritized
- 1970 / Policymaker: Controlled Substances Act classifies drugs based on their medical application and potential for abuse.
- 1994 / Policymaker: Violent Crime Control and Law Enforcement Act implements the “three strikes” mandatory life sentence for certain repeat offenders, increases funding for prisons and police officers, and creates the Office of Community-Oriented Policing.

2000s: Reducing racial bias in federal law enforcement prioritized
- 2001 / Influencer: President Bush directs the DOJ to review the use of race by federal law enforcement agencies.
- 2003 / Policymaker: DOJ issues guidance that prohibits use of race by federal law enforcement officers in making routine or spontaneous law enforcement decisions (e.g., in traffic stops).

2010s+: Justice reform prioritized
- 2010 / Policymaker: Fair Sentencing Act (FSA) reduces the discrepancy between crack and powder cocaine offenses from 100:1 to 18:1.
- 2021 / Buyer: President Biden issues an executive order prohibiting renewal of federal contracts with private prisons.

The opportunity at stake

Addressing gaps in public safety could result in...

+10 million

Additional individuals who feel safe walking in their communities at night.

Safer, more vibrant communities with increased community and business activity.

impact of increasing feeling of safety walking alone at night for Black Americans from 60 percent to 80 percent, for Hispanic Americans from 77 percent to 80 percent, and for Asian Americans from 75 to 80 percent.
Part 1: Creating engaged communities of opportunity

Outcome: Civic engagement and participation

What it means: Ability to meaningfully participate in shaping community governance and institutions

Key performance indicators: Diversity of federal appointees, candidacy for office, and voter participation

Critical gaps

Black, Hispanic, Indigenous, and Asian individuals—particularly women—are less likely to be registered voters, to vote in federal elections, and to run for the House of Representatives compared to White individuals.

Voter registration and turnout rates by racial group, 2018

- Registered voters as share of voter population, percent
- Individuals who voted as share of voter population, percent

Root drivers

Inequitable laws, policies, and programs
Limited institutional enforcement of voting rights provisions (e.g., > 300 state bills have been introduced in 2021 that could inhibit voting by limiting access to mail-in or absentee ballots and ID requirements).

Uneven resource distribution
- Personal financial constraints that impede running for office or taking time off work to vote or volunteer (e.g., median net worth of members of Congress in 2018 was >$1 million).

- Limited government funding to expand election administration locations, creating logistical challenges for individuals going to vote.

Limiting beliefs and mindsets
Perception that a limited pool of qualified candidates of color exists for federal appointee positions (e.g., only 28 percent of federal appointees within the first 100 days in office for Presidents Bush, Obama, and Trump were people of color, despite comprising >50 percent of the population).
Federal actions over time, by role

**Reconstruction: 15th Amendment grants former slaves Voting Rights**

1870 / Policymaker: 15th Amendment is passed, granting the right to vote to former slaves.

**Jim Crow Era: Rise of state-level restrictions for voters ~1890s–1950s / Policymaker:** Jim Crow Era laws pass, restricting civic participation and engagement, particularly in the South (e.g., segregation, poll taxes, literacy requirements).

**Civil Rights Era: Barriers to voter disenfranchisement are significantly reduced through the Voting Rights Act**

- 1962 / Policymaker: 24th Amendment abolishes poll taxes.
- 1965 / Policymaker and watchdog: Voting Rights Act prohibits literacy tests and other methods of excluding POC from voting.

**Late 20th century: Voting rights further expanded for the elderly and disabled**

- 1984 / Policymaker: Voting Accessibility for the Elderly and Handicapped Act requires polling places and registration locations to be accessible to disabled and elderly or provide an alternative to voters.
- 1993 / Policymaker: National Voter Registration Act makes voting registration easier by mandating state provision of registration opportunities at driver’s license application, driver’s license renewal, and public offices that provide public assistance and services for persons with disabilities.

**2000’s: Election administration is prioritized**

2002 / Policymaker: Help America Vote Act creates U.S. Election Assistance Committee and provides federal funds for election administration.

The opportunity at stake

**Addressing gaps in civic engagement and participation and leveraging the full federal platform could result in...**

+350

Additional candidates running for federal office in each midterm election cycle.

Increased resident participation in shaping community and governance institutions.

---

xvii Impact of reaching similar levels of candidacy in U.S. House of Representatives elections for Black, Latino, AAPI, and Indigenous Americans compared to White Americans, proportional to representation in the U.S. population.

xviii Asian American / Pacific Islander.
Part 2:
Driving an equitable economy
Part 2: Driving an equitable economy

**Outcome:** Business and sector development

**What it means:** Ability to grow profitable businesses, capture a fair share of revenue, and create jobs

**Key performance indicators:** Size of businesses (share of revenue capture, number of employees), profitability of businesses, and share of representation in high-growth, high-margin sectors

---

**Critical gaps**

Black, Hispanic, and Native Americans represent >30% of U.S. population, but their businesses receive less than 5% of revenues.  

Percent share of U.S. revenue captured by employer firms, by race/ethnicity, 2018<sup>66</sup>

- White: 88.9%
- Hispanic: 6.4%
- API: 3.4%
- Black: 1.0%
- Native American: 0.3%

$0.16

Average revenue per dollar received by Black businesses compared to non-Black businesses.

---

**Root drivers**

**Inequitable laws, policies, and programs**
- Complex financial and contracting processes with unwritten “rules of the game” make capital and large customers more difficult to access.
- Procurement departments have incentives to purchase from large, established businesses (e.g., to fill high-volume contracts, to lower costs) which often disadvantages businesses that face barriers to growth.<sup>51</sup>

**Uneven resource distribution**
- Lack of access to capital sources means Black and Hispanic-owned businesses have less growth capital. This is often driven by biased lending practices (e.g., non-racially diverse investor boards directed <6 percent of investments to minority-led companies, compared to 13 percent if the investor board was racially diverse).<sup>62</sup>

- On average, people of color have fewer resources in their network (e.g., less than half of Black Americans have family or a friend who could lend them $3,000<sup>60</sup>), limiting their access to paying customers and business / technical resources (e.g., financial advisory).<sup>63</sup>

**Limiting beliefs and mindsets**
- Gaps in labor market representation and skills (e.g., Black and Hispanic professionals account for only 15 percent of tech workforce) confine some entrepreneurs to low-growth sectors.<sup>35, 64</sup>
- Growth capital lending and investment benefit those perceived to have higher merits, which can propagate inequalities (e.g., minority-owned businesses with slower growth due to lack of customer access may also receive less investment).
Federal actions over time, by role

**Post-WWII: Formalized federal contracting with small businesses**

1953 / **Buyer:** Small Business Administration (SBA) established as a federal agency with oversight of federal contracts and tasked with ensuring small businesses were given a fair and equal opportunity to bid on and win federal contracts.

**Civil Rights: Founded Minority Business Development Agency**

1969 / **Convener and coordinator:** President Nixon creates national and regional Minority Business Development Councils to certify minority businesses and provide business expertise and networks.

**Late 20th century: Enhanced commitment and support for small businesses in federal contracting**

- **1997–Present / Buyer:** Federal government sets procurement spend commitment for small businesses to 23 percent of total spend, including 5 percent each of total spending with minority and women-owned businesses. In 2020, the SBA helped award $62.4 billion (10 percent of total spending) in federal contracts to disadvantaged businesses.
- **1998–Present / Convener and coordinator:** SBA Mentor-Protégé Program pairs small- and mid-size businesses with large, experienced federal contractors to provide mentorship and business development guidance.

The opportunity at stake

**Addressing gaps in business and sector development could result in...**

+$290 billion

Increase in U.S. business equity by growing non-White businesses to revenue parity.

+9 million

Jobs created through growth of minority-owned small businesses.

---

xix Employer firms refers to businesses with one or more paid employee. Revenue refers to share of sales, value of shipments.

xx People of color are overrepresented in lower-wage occupations (e.g., construction, accommodation, and food services) and have fewer opportunities to gain higher education and skills (e.g., computer coding) which may be needed to start a business in higher-margin, higher-growth industries.

xxi Impact of reaching parity in average number of employees hired by minority vs. non-minority small employer firms. Entails increasing the average number of employees at the nation’s one million minority-owned small businesses from current average of 7.9 employees to 11.9 employees, the average number hired at non-minority owned small businesses. Excludes non-employer small businesses with no paid employees.
Part 2: Driving an equitable economy

Outcome: Entrepreneurship

**What it means:** Ability to start new businesses, access start-up capital, and maintain or grow early-stage businesses

**Key performance indicators:** New business starts, total start-up capital, five-year business survival rate and profitability

Critical gaps

Entrepreneurship includes both “small business” start-ups and “scalable” start-ups that seek to disrupt markets and grow.\(^7^0\)

<table>
<thead>
<tr>
<th>Small-business entrepreneurship</th>
<th>Scalable entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal is to become stable and support owner and their family</td>
<td>Goal is to establish and grow rapidly, potentially disrupt or create new markets</td>
</tr>
<tr>
<td>Seek funding from family/friends and small business loans</td>
<td>May seek funding through venture capital and angel investors, in addition to personal networks and business loans</td>
</tr>
<tr>
<td>Limited revenue growth potential</td>
<td>High revenue growth potential</td>
</tr>
</tbody>
</table>

*Example: local restaurant* *Example: ride-sharing platform*

- Only 1 in 100 start-ups are “scalable.”
- Small business entrepreneurs are vastly more common.

Root drivers

**Inequitable laws, policies, and programs**

Eligibility criteria for business lending, investment, and grants prioritize factors with known racial disparities (e.g., median Black American has credit score 76 points lower than median White American) without sufficient consideration of other factors.\(^7^2\)

**Uneven resource distribution**

- Lack of access to networks and expertise (e.g., 58 percent of Black business owners accessed professional services vs. 70 percent of White business owners, often due to lack of affordability or trust).\(^7^3\)

- Institutions designed to serve disadvantaged small businesses control a disproportionately small amount of dollars (e.g., CDFIs controlled $174 billion in total assets in 2019, a tiny fraction compared to $9,275 billion owned by the five largest U.S. banks).\(^7^4\)

**Limiting beliefs and mindsets**

- Gaps in labor market representation and skills. Traditional institutions and investors see fewer incentives to provide capital for new businesses in under-resourced neighborhoods.\(^7^5\)
- Discriminatory lending practices when lenders base credit decisions on factors other than creditworthiness, particularly race.\(^7^6\)

---

Percent of start-ups that closed before fifth year, by race/ethnicity of founder, % of companies in JPMorgan sample (2013 and 2014)\(^7^1\)

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>Hispanic</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41%</td>
<td>37%</td>
<td>33%</td>
</tr>
</tbody>
</table>

- Black-owned start-ups in the sample were 1.2x more likely to close than White-owned start-ups.
- Gap closes if revenues and cash reserves are held constant—indicating lower access to capital and customers drives variability in survival.
Federal actions over time, by role

Late 20th century: Federal investment in small business innovation

1982–Present / Funder: Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs award American entrepreneurs up to $750,000 to invest in R&D with the potential for commercialization, often promoting partnerships with major research institutions. The SBIR program has awarded over $50+ billion since its founding.77

2009-Present: Federal efforts to increase capital and resources to support start-ups

• 2012 / Policymaker: Bipartisan Jumpstart Our Business Startups Act encourages private investment in small businesses by easing regulations so start-ups can raise capital from small VCs and investors without a SEC regulatory burden.78

• 2012 / Funder, direct provider, convener, and coordinator: The Startup America initiative aims to increase the size and number of scalable start-ups by leveraging a range of federal government roles such as funder (e.g., $2 billion match to private sector investment in scalable start-ups), direct provider (e.g., Veterans Affairs launched a business incubator), convener and coordinator, and more.79

• 2014 / Funder: Small Business Administration’s Growth Accelerator Fund competition awards $3 million annually to innovative small business accelerators and incubators. In 2019, the SBA sets a requirement that recipients must use at least 60 percent of the funds to support entrepreneurs from socio-economically disadvantaged demographics or geographies.80

The opportunity at stake

Addressing gaps in entrepreneurship could result in...

+100,000

New Black businesses created annually.xxii,81

+1,300

Venture-backed Black and Hispanic start-ups.xxiii

xxii Impact of increasing the percent of venture-backed start-ups with Black and Hispanic founders to reach population parity (i.e., if 13 percent of venture-backed firms had Black founders and 17 percent had Hispanic founders). Currently, 1 percent of venture-backed start-ups are Black-led and <2 percent are Hispanic-led, compared to 2 percent Middle Eastern, 18 percent Asian, and 77 percent White-led).

xxiii Impact of increasing rate of new business starts by Black Americans to reach parity with White founders. In 2019, the rate of new entrepreneurs was highest for Hispanic (0.44 percent) followed by Asian (0.30 percent) and White (0.29 percent) but lagged behind for Black residents (0.24 percent).
Part 2: Driving an equitable economy

**Outcome:** Research and Innovation

**What it means:** The development and advancement of knowledge through new theories, concepts, and ideas

**Key performance indicators:** Representation in STEM education, federal grant application and award rates, patent rates

---

**Critical gaps**

*Early broken pipeline for Black and Latino/Hispanic innovators begins as early as STEM education...*

STEM PhDs, 2019

- **URM**
  - 18%
- **White + Asian**
  - 82%

Black inventors’ assignment odds of patents are

**46% lower**

than the odds of non-Black inventors.84

---

**Root drivers**

**Inequitable laws, policies, and programs**

Potential biases in federal funding award processes that disproportionately disadvantage researchers of color (e.g., fewer Black scientists discussed on average, Black scientists more likely to focus on population and community research, which have lower award rates).85

**Uneven resource distribution**

Major correlations between parental income and likelihood to be an inventor later in life.86

---

**Limiting beliefs and mindsets**

Individual social context (e.g., education and encouragement) drives differences in STEM representation among people of color (e.g., compounding impact of lower access to quality education, less likely to be encouraged to pursue these subjects from early age).87
Federal actions over time, by role

Wartime: Development of new model for federal funding for science and innovation
- **1940s / Funder:** Prior to WWII, government funding for research limited, but declining industry/corporate funding—spurred by the crash of the Stock Market—creates wartime concerns about the U.S.'s research capabilities.
- **1950s / Funder, policymaker, and influencer:** Creation of the National Science Foundation focuses on developing a national policy for basic research.

Late 20th Century: Rewarded research-focused private, university, and corporate funding
- **1970s / Funder, influencer, and policymaker:** Federal funding spikes with the defense buildup while federal incentives and tax credits also drove increased private R&D spending.
- **1980 / Policymaker:** The Bayh-Dole Act of 1980 permits universities and corporations to own and commercialize any patents earned as a result of federal research funding.

21st Century: Rising emphasis on investment in university research
- **2000s / Funder:** Federal investments in development begins to drop while funding for basic research increased, concentrated primarily at universities.

The opportunity at stake

Addressing gaps in research and innovation could result in...

+2,000
Patents filed annually.xxvi, xxx

Rise in innovative and diverse solutions to tackle society's most critical problems.

---

xxiv Refers to Research Project Grant at the National Institutes for Health; provides support for health-related research and development.

xxv Includes Black and Latino / Hispanic students.

xxvi Impact of reducing disparities in the number of patents filed between individuals with families in the Top 1 percent (8.5 per 1,000 patents) versus those with parents below the median income distribution (.85 per 1,000 patents); >300,000 annual patents granted.
Part 3: Unlocking human potential
Part 3: Unlocking human potential

**Outcome:** Health and well-being

**What it means:** Opportunity to live the healthiest life possible, regardless of place, identity, or income

**Key performance indicators:** Uninsured rate, access to healthcare, life expectancy, and maternal mortality rate

---

**Critical gaps**

**There are stark inequities in life expectancy at birth and insurance coverage rates, particularly for people of color.**

Life expectancy at birth in years, by race/ethnicity, 2020

![Graph showing life expectancy at birth for different races/ethnicities in 2020](image)

Percent of the non-elderly population that is uninsured, by race/ethnicity, 2018

![Graph showing uninsured rate by race/ethnicity in 2018](image)

---

**Root drivers**

**Inequitable laws, policies, and programs**
Inconsistent expansion of coverage for key healthcare benefits (e.g., 12 states have not yet adopted Medicaid expansion; doing so can significantly reduce the uninsured rate).92

**Uneven resource distribution**
Link between poverty and adverse health outcomes, including limited affordability and access to healthcare, food, stable housing, etc. (e.g., people born in the low-income Barry Farm neighborhood in Washington, D.C. live an average of 33 years less than people born into the neighboring high-income neighborhood of Friendship Heights).93

**Limiting beliefs and mindsets**
Embedded racial biases in healthcare diagnoses, training, and medical device design (e.g., pulse oximeters are three times more likely to overestimate blood-oxygen saturation in Black people than in White people).94
Federal actions over time, by role

Great depression: NIH founded
1930 / Policymaker, data provider, and researcher: National Institute of Health founded as the nation’s medical and behavioral research steward.

Post-WWII: CDC and HHS founded to guide federal health action
• 1946 / Policymaker and coordinator: CDC founded to “provide science-based assistance to state and local health departments to control and prevent disease, injury, and disability.”
• 1953 / Policymaker: The Cabinet-level Department of Health, Education, and Welfare is founded (name changed to Health and Human Services in 1980).

Civil Rights Era: Medicaid established to provide basic insurance
1965 / Funder and direct provider: Medicare and Medicaid started as basic insurance programs for Americans who didn’t have health insurance. They were later enacted into a law that protected the health and well-being of millions of American families.

Late 20th Century: Minority health prioritized following publication of Heckler Report
• 1985 / Researcher and data provider: HHS releases its Report on Black and Minority Health (a.k.a the Heckler Report), mobilizing the HHS to eliminate health and healthcare disparities.
• 1986 / Policymaker: HHS Office of Minority Health established in response to the Heckler Report.
• 1993 / Policymaker and funder: Widespread measles outbreak leads to creation of the Vaccines for Children program, which provides free vaccines to eligible low-income children for preventable diseases.

2000’s: Affordable Care Act passed, increasing healthcare affordability for low-income households
2010 / Policymaker and funder: Affordable Care Act enacted, making healthcare more affordable through subsidies to households between 100 percent and 400 percent of the federal poverty line and expansion of Medicaid to cover households below 138 percent of the poverty line.

The opportunity at stake

Addressing gaps in health and well-being could result in...

+28 million
Additional people with access to health insurance who can afford needed medical care.xxx

+252 million
Collective life years added if life expectancy at birth for Black Americans reached parity with life expectancy for White Americans.xxxi

xxvii Includes individuals aged 0–64.
xxviii American Indian/Alaska Native.
xxix Native Hawaiian or Pacific Islander.
xxx Impact of reaching 100 percent insurance coverage rates. In 2019, 28.9 million, or 10.9 percent of Americans, were uninsured (Kaiser Family Foundation, “Key Facts About the Uninsured Population,” 2020).
xxxi Impact of increasing life expectancy for Black Americans (72 years) to that of White Americans (78 years) for the Black population (42 million people).
Part 3: Unlocking human potential

**Outcome:** Higher education and skill attainment

**What it means:** Access and ability to succeed and participate fully in higher educational opportunities

**Key performance indicators:** College and vocational education enrollment rates, completion rates, and average student debt

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### Critical gaps

**Higher-education enrollment and graduation rates are lower for Black, Hispanic, and American Indian students.**

Percent college enrollment of 18 to 24 year-olds, 2018

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>59%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>44%</td>
</tr>
<tr>
<td>White</td>
<td>42%</td>
</tr>
<tr>
<td>Black</td>
<td>37%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>36%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>24%</td>
</tr>
<tr>
<td>American Indian</td>
<td>24%</td>
</tr>
</tbody>
</table>

Percent 6-year graduation rate for bachelor’s students, 2012 cohort

<table>
<thead>
<tr>
<th>Race</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>53%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>53%</td>
</tr>
<tr>
<td>White</td>
<td>48%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>39%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>34%</td>
</tr>
<tr>
<td>American Indian</td>
<td>24%</td>
</tr>
<tr>
<td>Black</td>
<td>24%</td>
</tr>
</tbody>
</table>

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### Root drivers

**Inequitable laws, policies, and programs**

- College admissions practices often disadvantage students of color (e.g., students of color are less likely to benefit from legacy and athletics-related admissions).98
- Historic exclusion of people of color from higher educational institutions limits likelihood of college enrollment and graduation for first-generation students (e.g., college students whose parents had graduated college are 30 percent more likely to earn a degree within six years than first-generation students).99

**Uneven resource distribution**

- Poverty limits the ability of many students to enroll in and afford college (19 percent of students in a recent survey reported cost of attendance as the reason for not attending their first-choice college).100
- Underfunding of institutions that historically serve students of color (e.g., historically black colleges and universities) limits access to these institutions.101
Federal actions over time, by role

Post-WWII: GI Bill creates boom in college enrollment

1944 / Policymaker: Servicemen’s Readjustment Act (GI Bill)—provides federal financial aid for use at qualified institutions and leads to boom in college enrollment; many Black veterans are excluded.

Civil rights era: Federal financing for higher education is expanded

1965 / Funder and direct provider: Higher Education Act establishes and expands federal financial aid programs (e.g., Pell Grants) and federal funding for universities.

Late 20th century: Supreme Court mandates desegregation of public higher education

• 1977 / Policymaker and funder: Supreme Court mandates that the federal government establish criteria for state desegregation of public higher education, which calls for increased HBCU funding.
• 1990 / Policymaker: Americans with Disabilities Act outlaws discrimination, including in higher education.

2000’s: Federal student aid reform prioritized

• 2007 / Policymaker: College Cost Reduction and Access Act creates Public Service Loan Forgiveness program and a new Income-Based Repayment plan (IBR) for the repayment of federal loans.
• 2008 / Policymaker: Higher Education Opportunity Act reforms federal student aid and associated requirements (e.g., institutions that accept federal financial student aid have to post a net-cost calculator for students on their website, and federal financial aid for students with disabilities expands).

2010’s +: Student aid expansion continues

• 2010 / Funder and direct provider: Student Aid and Fiscal Responsibility Act increased maximum Pell Grant awards (passed as part of an Affordable Care Act amendment).
• 2015 / Funder: Every Student Succeeds Act expanded federal grant funding for college readiness for low-income students (e.g., funding for textbooks and scholarships).

The opportunity at stake

Addressing gaps in higher education and skill attainment could result in...

+2.5 million
Additional 18–24 year-olds enrolled in college

+450,000
Additional college graduates with a bachelor’s degree annually

xxxii Includes enrollment in 2- and 4-year higher educational institutions.

xxxiii Graduation rates within six years among students who started as full-time, first-time bachelor’s degree students in 2012.

xxxiv Impact of raising national college enrollment rate for 18–24 year-olds (30 million total) from 41 percent to 50 percent.

xxxv Impact of reaching 100 percent 6-year graduation rate at 4-year institutions; in 2018, the 6-year graduation rate for the 2012 entering student cohort was 62.4 percent, or 1.2M students.
Outcomes: Employment and wages

What it means: Access to quality job opportunities and equal pay for equal work

Key performance indicators: Labor force participation rate, unemployment rate, average wages, and industry representation

Critical gaps

Workers of color are more likely to be unemployed, and paid lower wages on average.

Unemployment rate, March 2021¹⁰³

<table>
<thead>
<tr>
<th>Race</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>9.6%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>7.9%</td>
</tr>
<tr>
<td>Asian</td>
<td>5.9%</td>
</tr>
<tr>
<td>White</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Average hourly wages in U.S. Dollars, by educational attainment, 2019¹⁰⁴

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>White/Asian</th>
<th>Hispanic</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>14</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>High school</td>
<td>20</td>
<td>18</td>
<td>16</td>
</tr>
<tr>
<td>Some college</td>
<td>22</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>College</td>
<td>36</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Advanced degree</td>
<td>45</td>
<td>41</td>
<td>37</td>
</tr>
</tbody>
</table>

Root drivers¹⁰⁵

Uneven resource distribution

- Disproportionate representation of workers of color in low-growth, low-wage service industries (45 percent of Black private-sector workers work in healthcare, accommodation, and food service).
- Limited availability of high-quality jobs in geographies with high concentrations of people of color (less than 10 percent of Black workers are located in the nation’s fastest growing cities and counties).

Limiting beliefs and mindsets

- Higher rates of mistrust of employers among workers of color (Black employees are 1.7 times more likely than Hispanic and Asian employees to perceive that their race will make it harder to achieve their goals).
- Embedded biases and racism towards hiring formerly incarcerated persons or color (Black workers are twice as likely to be unemployed than formerly incarcerated White workers).
- Limited access to workplace sponsorship (only 23 percent of Black employees and 30 percent of White employees believe they get “a lot” or “quite a bit” of support to advance).
Federal actions over time, by role

Great Depression: Launch of unprecedented federal jobs programs
- **1933–1939 / Employer**: New Deal jobs programs established by President Roosevelt in response to the Great Depression.
- **1938 / Policymaker and buyer**: Walsh-Healey Public Contracts Act requires government contractors to establish an 8-hour day and assure safe working conditions.

WWII: Defense industry regulation and wage controls established
- **1941 / Policymaker**: Executive order prohibits discrimination in the defense industry.
- **1942–1945 / Policymaker**: National War Labor Board institutes wage controls for national industries such as automobiles, shipping, railways, airlines, telegraph lines, and mining.

Civil Rights Era: Equal Employment Opportunity Commission established
- **1961 / Policymaker**: Executive order establishes the Committee on Equal Employment Opportunity (now EEOC) and mandates that federally financed projects take affirmative action to eliminate racial bias.
- **1963 / Policymaker**: Equal Pay Act mandates equal pay for equal work by men and women.
- **1964 / Policymaker**: Title VII of the Civil Rights Act of 1964 prohibits discrimination by all large private employers (defined as employers with greater than 15 employees).

1980’s and 90’s: Fair pay legislation passed
- **1991 / Policymaker**: Lilly Ledbetter Fair Pay Act allows individuals who face pay discrimination—on the basis of age, religion, national origin, race, sex, and disability—to seek rectification under federal anti-discrimination laws, bolstering worker protections against pay discrimination.

2000’s: Federal contract data disaggregated
- **2000 / Researcher and data provider, watchdog and enforcer**: Department of Labor mandates federal contractors report hiring, termination, promotions, and compensation data by minority status and gender.

The opportunity at stake
Addressing gaps in employment could result in...

+$4,000

Additional average annual earnings for workers of color with a high-school diploma or above xxxvi

An equitable economy with increased opportunities for all workers to access and advance in well-paying jobs.

---

xxxvi Impact of closing wage gap between White and Hispanic workers with a high school diploma. On average, White workers with a high school diploma earn $20.04 per hour, while Hispanic workers earn $17.88, a difference of $2.16. Achieving parity with White workers would yield an additional $4,320, assuming a 40-hour work week for 50 weeks per year. This represents a minimum impact for closing the wage gap across educational attainment levels and races, as this is the lowest difference when comparing average hourly wages across races or education levels above a high-school degree.
Part 4:
Ensuring equitable financial and resource distribution systems
Part 4: Ensuring equitable financial and resource distribution systems

Outcome: Financial inclusion

What it means: Access to affordable financial products and services that promote economic participation, stability, and wealth building

Key performance indicators: Unbanked rates, credit denial rates, rates of un-insurance, retirement savings participation, and home mortgage access

Components of financial inclusion

Products and services that support five financial capabilities

Root drivers

Inequitable laws, policies, and programs

- Eligibility and risk-assessment policies prioritize criteria with known racial disparities (e.g., credit score, income) without considering other factors.
- Poorly designed policies that allowed race to be used as a factor in decision-making (e.g., redlining) contributed to the intergenerational racial wealth gap.

Uneven resource distribution

- People of color have lower incomes on average, resulting in lower savings and wealth-building opportunities.
- Few to no incentives for financial institutions to provide low-cost options and locate in or serve communities of color.

Limiting beliefs and mindsets

- Distrust in financial institutions is driven by historical exclusion and racism, and contributes to lower financial participation (e.g., 1 in 8 households of color are unbanked; 16 percent of them cite distrust in banks as a reason).
- Discriminatory lending practices as lenders based credit decisions on factors other than creditworthiness, particularly race.

Critical gaps

Non-White borrowers are 1.2–1.4x more likely to be denied a home mortgage than White borrowers when adjusted for credit profile.

Home mortgage denial rates adjusted for lower credit profiles, by borrower race/ethnicity, 2017

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>37%</th>
<th>33%</th>
<th>43%</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>API</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share of total home loan applicants with lower credit profiles by borrower race/ethnicity, 2017

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>47%</th>
<th>40%</th>
<th>24%</th>
<th>29%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hispanic</td>
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<td></td>
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<td>API</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Federal actions over time, by role

Reconstruction: Savings bank founded for Black individuals collapses
1865–1874 / Direct provider: Congress creates the Freedmen’s Savings bank to serve Black Americans because traditional banks refused. In 1874, Freedmen’s collapses due to corrupt management and leads to loss of $2.9 million in deposits from 60,000 Black customers.

Jim Crow: Federal mortgages and redlining disproportionately leave out Americans of color
• 1934 / Policymaker: Congress passes the National Housing Act, which establishes the Federal Housing Administration.
• 1934–1962 / Funder: Federal government backs $120 billion in mortgages to help millions of people purchase a home; less than 2 percent of them go to people of color.

Civil Rights: Fair housing regulation enacted but White flight continues
1960s–1970s / Policymaker: Congress prohibits home mortgage and rental discrimination with the Fair Housing Act of 1968, but housing remains segregated as White Americans move to the suburbs, leaving urban Black neighborhoods with fewer resources or opportunities.

Late Vietnam War: Rise of anti-discriminatory lending laws
1974 / Policymaker: Congress passes Equal Credit Opportunity Act prohibiting discriminatory lending, but enforcement limited for the first several decades.

The opportunity at stake

Removing barriers that exclude Americans from accessing financial products and services could result in...

+14 million
Additional Americans with access to a bank account

+23 million
Additional Americans who have life insurance

+105 million
Additional Americans with a retirement savings account

xxxxv Methodology controls for credit profile differences among borrowers and highlights denial rates among lower-credit-profile borrowers (e.g., low credit score, high debt-to-income ratio).

xxxxviii Average median household wealth is $188,000 for White Americans, compared to only $36,000 for Hispanic Americans and $25,000 for Black Americans.

xxxxix Impact of reducing number of unbanked American households to zero.

xxx Impact of reaching an 80 percent penetration rate for Americans with a retirement account. Currently, only 57 percent of White families, 35 percent of Black families, and 26 percent of Hispanic families have a retirement account.

xli Impact of reaching 25 percent penetration rate for Americans with a life insurance policy. Currently, only 21 percent of White families, 22 percent of Black families, and 6 percent of Hispanic families have a retirement account.
Part 4: Ensuring equitable financial and resource distribution systems

**Outcome:** Social safety net

**What it means:** Access to effective safety net programs that ensure financial security and address needs

**Key performance indicators:** Rates of safety net distribution and poverty rate

---

**Critical gaps**

There continue to be gaps in social safety net access for families in poverty and disparities across racial groups in impact of social safety net on poverty eradication.

Number of families receiving AFDC/TANF benefits in every 100 families with children in poverty

- **1975:** 82
- **1980:** 68
- **1996:** 68
- **2019:** 23

Total individuals with social safety net assistance lifted out of poverty in 2014

- **White:** 6.2M
- **Black:** 2.8M
- **Hispanic:** 2.4M
- **Other:** 0.7M

Percent lifted out of poverty rate

- **White:** 44%
- **Black:** 43%
- **Hispanic:** 28%
- **Other:** 37%

---

**Root drivers**

**Inequitable laws, policies, and programs**

- States’ variations in spending and eligibility requirements often disproportionately disadvantage people of color (e.g., in all but two states, families with earnings at the federal poverty level earn too much to qualify for cash assistance through TANF).

- Complex program administration and service distribution make access more difficult for safety net recipients (e.g., technological barriers, long waits, unclear processes).

**Uneven resource distribution**

Declining expenditures and funding restrictions may impact reach and effect of the social safety net programs (e.g., over past two decades, TANF spending has been increasingly allocated to services not limited to low-income families).

**Limiting beliefs and mindsets**

- Means-based eligibility requirements reinforce biases about employment and create cycles of dependence.

- Evidence of bias and discrimination in service provision potentially creates more barriers, particularly for people of color (e.g., studies have found that every additional 5 percentage points in the Black American’s share of a state’s population makes harsher sanctions 10 percentage points more likely).
Federal actions over time, by role

The War on Poverty: Rise of greater social safety assistance that builds on New Deal Programs
1960s / Direct provider: Government creates new social safety programs (e.g., food stamps, Community Health Centers).

1970s: Expansion of social safety net coupled with rising public backlash
1970s / Direct provider: Development of new programs around nutrition, healthcare, and housing (e.g., SSI).

1980s and 1990s: Welfare reform shifts responsibility to states, changing the financing and benefit structure of assistance
1980s / Policymaker: Inclusion of more mandatory work programs in social safety net programs.
1990s / Policymaker: Personal Responsibility and Work Opportunity Reconciliation Act gives states more control over welfare.
1990s / Funder: Introduction of TANF program creates more federal block grants for states.

2000s: Renewed focus on welfare reform
2009 / Policymaker: Establishment of American Recovery and Reinvestment Act (ARRA), which expands the safety net.
2021 / Policymaker and funder: American Rescue Plan includes significant potential for welfare reform and reduction in childhood poverty.

The opportunity at stake

A world in which all people have financial stability and access to basic needs

73%
of children living in poverty are children of color

>60%
of Americans will benefit from the social safety net at some point in their lives

---

xlii TANF = Temporary Assistance for Needy Families, AFDC = Aid to Families with Dependent Children
Notes


15 John Busby, Julia Tanberk, and Tyler Cooper, “BroadbandNow estimates availability for all 50 states; Confirms that more than 42 million Americans do not have access to broadband”, BroadbandNow, May 12, 2021, https://broadbandnow.com/research/fcc-underestimates-unerved-by-50-percent.


97 National Center for Education Statistics, “Graduation rate from first institution attended for first-time, full-time bachelor’s degree- seeking students at 4-year postsecondary institutions (Table 326.10);” Accessed May 2021, https://nces.ed.gov/programs/digest/d16/tables/dt16_326.10.asp.


