



CONGRESSIONAL BLACK CAUCUS INSTITUTE

21st Century Council

2026

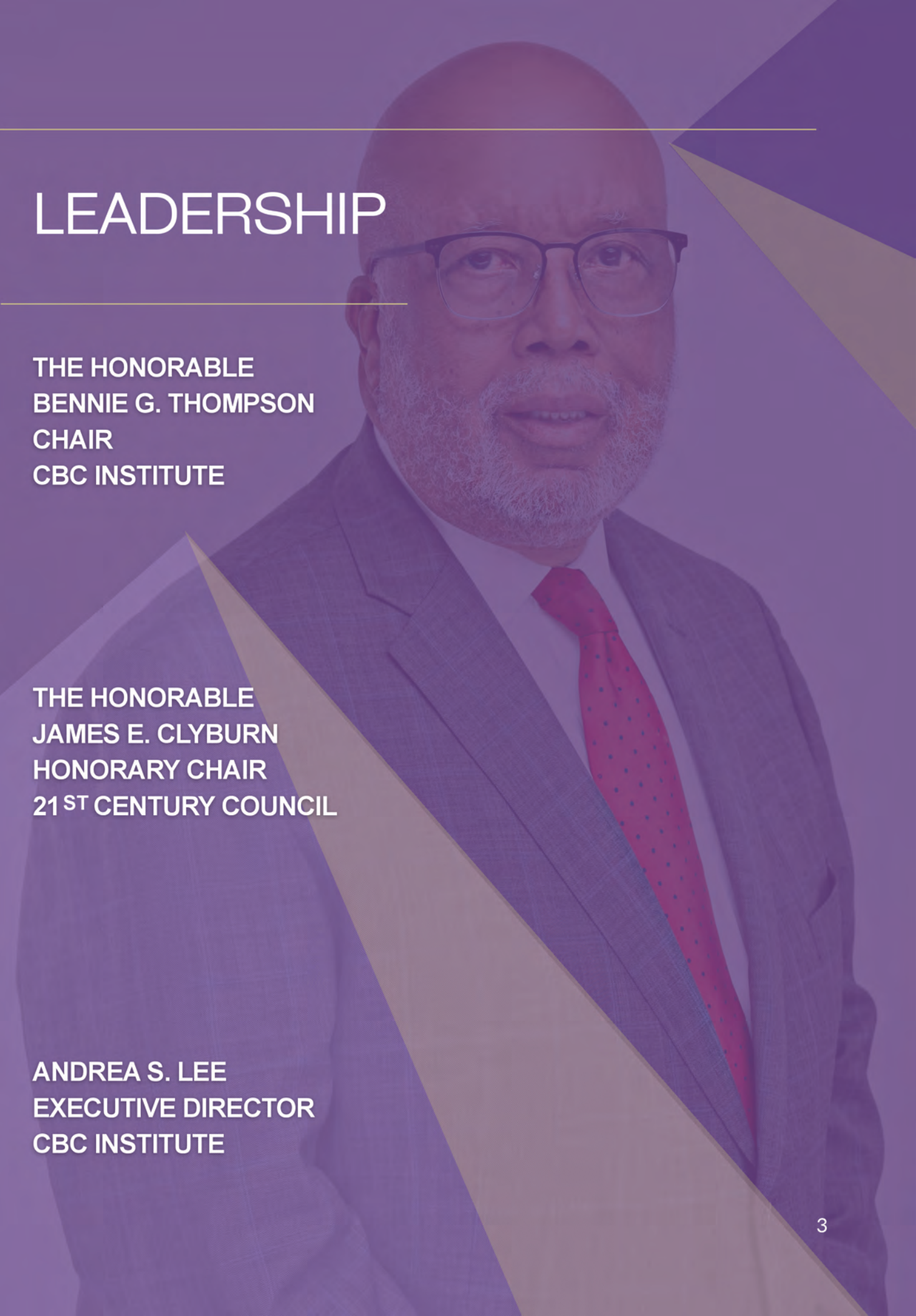
Annual
REPORT

The policy recommendations within this report are the consensus of the member companies of the 21st Century Council, not those of the Congressional Black Caucus Institute or any Congressional Black Caucus entity.



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A portrait of Bennie G. Thompson, a Black man with a grey beard and glasses, wearing a grey suit, white shirt, and red tie. The background is a solid purple color with a large, light-colored geometric shape (a triangle) on the right side. Two horizontal lines are positioned above and below the word 'LEADERSHIP'.

LEADERSHIP

THE HONORABLE
BENNIE G. THOMPSON
CHAIR
CBC INSTITUTE

THE HONORABLE
JAMES E. CLYBURN
HONORARY CHAIR
21ST CENTURY COUNCIL

ANDREA S. LEE
EXECUTIVE DIRECTOR
CBC INSTITUTE

LETTER FROM THE EXECUTIVE DIRECTOR

Andrea S. Lee

As I step into the role of Executive Director, I do so with deep respect for the legacy of this Council and a clear vision for its future. We inherit a strong foundation built on credibility, collaboration, and impact, and we now enter a new chapter defined by urgency, innovation, and decisive leadership. The moment before us demands more than thoughtful dialogue; it requires bold action, strategic alignment, and measurable results.

The challenges facing our nation are interconnected and rapidly evolving. In 2026, we are not merely responding to change; we are shaping it. This Annual Report reflects our commitment to advancing policy solutions that look ahead, are economically sound, and are rooted in practical impact. We remain steadfast in our mission to convene leaders at the intersection of business and policy to drive solutions that strengthen communities and expand opportunity.

Our strength lies in our membership, leaders across industries who bring expertise, influence, and practical insight to today's most pressing issues. Together, we elevate conversations beyond partisanship and toward progress. We ensure that the recommendations we deliver are not theoretical, but actionable and designed to move from paper to policy to measurable impact.

This year's report addresses the pillars that will define the next era of American competitiveness and equity. In communications and technology, we focus on digital equity, infrastructure modernization, and innovation that expands access while safeguarding consumers. In education and workforce development, we prioritize building talent pipelines aligned with the demands of a rapidly transforming economy. In healthcare, public nutrition, and food safety, we advance policies that promote prevention, access, and lasting well being.

Our work in energy and the environment recognizes that sustainability and economic growth must advance together, not in opposition but in partnership. In financial services and regulated consumer products, we examine market access, consumer protections, and policies that foster inclusive economic growth.

We also confront systemic challenges directly. Through efforts to reduce recidivism, we champion pathways to restoration and economic mobility. Through our work in social justice, we reinforce the principle that equitable policy is fundamental to national strength and shared prosperity.

These recommendations will be delivered to Members of the Congressional Black Caucus and to influential leaders across sectors who play a critical role in shaping policy, practice, and progress nationwide.

As we move forward, our commitment is clear: we will be proactive rather than reactive; innovative rather than incremental; and unified in purpose. We are building not just policy recommendations, but momentum that positions this Council as a driving force for pragmatic and transformative change.

To our Council members, Board of Directors, partners, and staff, thank you for your leadership and trust during this transition. The work ahead is significant, and so is our capacity to lead it.

With vision and resolve,



Executive Director, CBC Institute



PLATINUM MEMBERSHIP

- Airbnb
- Altria
- Amazon
- American Federation of Teachers
- Amgen
- Apple
- Boehringer Ingelheim
- BP
- Charter Communications
- Chevron
- Coinbase
- Comcast
- Core Civic
- CTA
- Dominion Energy
- DoorDash
- Entergy
- Exxon Mobil Corp
- GEO Group
- Google
- Intuit
- Mastercard
- Micron
- Microsoft
- Moderna
- National Apartment Association
- Philip Morris International
- Radian Guaranty, Inc.
- RAI Services
- S&P Global
- Toyota
- Uber
- United Food & Commercial Workers
- VMware
- Walgreens
- Walmart
- Wells Fargo

GENERAL MEMBERSHIP

- AbbVie
- Adtalem
- Aflac
- AHIP
- Alliance to End Hunger
- American Beverage Association
- American Cancer Society
- American Chemistry Council
- American Federation of State, County & Municipal Employees
- American Fuel & Petrochemical Manufacturers
- Association of American Medical Colleges
- American Property Casualty Insurance Association
- API
- Association of American Railroads
- Biogen
- Business Roundtable
- Cargill
- Chime
- Cisco
- Con Edison
- Delta
- Edison Electric Institute
- Everytown for Gun Safety
- FS Investments
- General Motors
- H&R Block
- Health Care Services Network
- Hightowers Petroleum
- Hewlett Packard (HP)
- Idemia
- International Paper
- Kipp Foundation
- Live Nation
- Lumen
- Lyft
- National Alliance for Public Charter Schools
- NAFO (National Association of Forest Owners)
- NCTA - Internet & Television
- Neighborhood House Association
- Pepsi Co, Inc.
- PhRMA
- Reworld Waste
- Rocket Companies
- Southern Company
- Stride
- The American Waterways Operators
- Waymo



COMMUNICATIONS

Broadband connectivity and local broadcasting play a critical role in modern life. Reliable broadband reduces barriers to education by minimizing the need for long-distance travel; it also expands access to quality health care and aids participation in the global economy. At the same time, local radio and television stations serve communities with free, over-the-air programming—delivering music, news and public affairs, sports, and entertainment through localized coverage that reflects a wide range of community perspectives. These services also provide essential public safety information that demands safeguarding, including emergency alerts, America’s Missing: Broadcast Emergency Response (AMBER) alerts, and potentially lifesaving weather updates.

Broadband Investment and Deployment

Realizing the importance of broadband, U.S. providers invested more than \$2.2 trillion in broadband networks from 1996 to 2024, according to USTelecom. For fourteen consecutive years (2011-2024), at least three of America’s top 10 investment companies were broadband providers. The Progressive Policy Institute hailed them as “Investment Heroes” as a result. The internet economy has undoubtedly rested on record investment and innovation cycles by America’s broadband providers.

These investments translate directly into American jobs and workforce growth. As of 2024, the cable industry has supported over 1.3 million jobs across the U.S., according to NCTA—The Internet & Television Association. The Fiber Broadband Association and Power & Communication Contractors Association report that between 2025 and 2032—a critical period for implementation of the Broadband Equity Access and Deployment (BEAD) and other federal programs—nearly 60,000 new construction and technician jobs will need to be filled.

Further, these investments have led to the widespread deployment of some of the world’s most advanced broadband networks. The most recent Federal Communications Commission (FCC) data (June 2025) shows that 95% of U.S. residential units have access to fixed broadband at speeds of at least 100 megabits per second (Mbps) downstream and 20 Mbps upstream, and 91% have access to 1 gigabit per second downstream. These speed tiers can easily support simultaneous video calling, cloud data services, and television streaming from multiple devices. By comparison, the European Commission reports that only 79% of European Union homes have access to networks capable of at least 100 Mbps.

This trend is expected to continue in 2026 with the BEAD Program, a \$42.45 billion federal grant program funded through the Infrastructure Investment and Jobs Act (IIJA). Despite delays, BEAD appears poised to finally begin connecting Americans next year. However, continued barriers to deployment such as permitting delays and pole attachment issues may slow down the program and hinder further growth in broadband access. Despite these challenges, however, U.S. broadband investment, along with the related innovations to support it, has laid the groundwork for the unrivaled internet-based economy that has grown and thrived in this country.

Alongside these investments, competition among broadband providers has accelerated the expansion and enhancement of these networks. When the FCC released its National Broadband Plan in 2010, broadband options were largely limited to DSL and cable. Today, national and local providers offer a range of wired, wireless, and low Earth orbit satellite services that compete on speed, price, and quality.

This competition incentivizes ongoing improvements and makes broadband services more accessible and affordable, benefiting both urban and rural populations. Between 2010 and 2024, broadband speeds increased 20-fold, while prices remained well below inflation. In this dynamic environment, the products, services, and companies that support or use the internet are closely interrelated, and interference with any part of this ecosystem affects other parts. However, the foundation of this ecosystem is provided by America's broadband networks, and actions that limit network investment will therefore unintentionally hinder innovation and economic growth, putting jobs at risk.

Consumers and businesses are already benefiting from the widespread deployment of these networks. Internet service providers invest tens of billions of dollars annually to develop next-generation broadband networks. Cable providers are already delivering these services, with 2 gigabits per second symmetric service now being deployed, and continue to densify fiber and provide backhaul services to advance capabilities for 5G wireless services.

The Role of Spectrum in Connectivity

Wireless spectrum has become a cornerstone of modern connectivity, transforming how people and businesses access the digital world. As fixed and mobile networks converge, access to spectrum is even more critical today. With the growing demand for spectrum, coexistence frameworks like unlicensed Wi-Fi and shared-use spectrum like the Citizen Broadband Radio Service (CBRS) have become increasingly important to driving wireless competition and creating value for consumers.

Wi-Fi, which operates on unlicensed spectrum bands, is crucial in delivering high-speed internet access in homes, businesses, and public spaces, reducing the load on mobile networks. Acting as the workhorse of 5G networks, Wi-Fi carries 80-90% of mobile data traffic—more than 8.5 times the amount of traffic carried over licensed mobile spectrum. The annual economic value of Wi-Fi to the American economy will grow rapidly to \$2.4 trillion in 2027, a 33% increase from 2024 (\$1.6 trillion), according to a study by Dr. Raul Katz.

Next-generation Wi-Fi standards, such as Wi-Fi 8, promise to further enhance capacity, reduce latency, and support even more devices, vastly improving consumers' experience and solidifying Wi-Fi's role as a pillar of the digital economy. By amplifying the reach and capabilities of Wi-Fi, the U.S. can unlock even greater economic value, strengthen global competitiveness, and ensure equitable access to connectivity for all communities.

Innovative spectrum-sharing models are also emerging to maximize access to wireless spectrum. CBRS allows many parties to share public airwaves supporting both commercial and government activities. This approach maximizes spectrum utilization, accelerating its availability to consumers while minimizing disruptions to existing users. There is a wide range of CBRS uses, including manufacturing, automotive, agriculture, energy, retail, commercial real estate, communications, media, and supply chains, as well as by schools, libraries, and civil society groups. CBRS is also used by traditional cellular networks. The CBRS band has seen faster and more widespread deployment—and from a diverse range of users—than any other spectrum band in history. Meanwhile, newer mobile competitors are leveraging a combination of unlicensed and CBRS spectrum to bring much-needed competition in the wireless space and address affordability by saving consumers \$1,000/year or more.

Given the importance of unlicensed and shared-use, U.S. policymakers should take an all-of-the-above approach to spectrum policy, expressly including sharing models like CBRS and Wi-

Fi. The One Big Beautiful Bill Act, however, doesn't represent a balanced approach to spectrum policy and, instead, calls for walling off more spectrum for only exclusive-licensed use. Policymakers should correct this imbalance and ensure sufficient spectrum is available for unlicensed and shared spectrum innovation while safeguarding existing unlicensed and CBRS spectrum.

Advancing Digital Opportunity

Even with numbers showing the U.S. is the most technologically advanced country on earth, too many people still lack broadband. As the global pandemic has shown, connectivity isn't a luxury; it's a necessity. Telehealth, online education, telework, and even connecting with family and friends all require access to a secure, reliable, and resilient telecommunications network. According to recent data from Pew Research Center, while 78% of adults in the U.S. have home broadband subscriptions, minorities, those with lower levels of education, and those in households with lower incomes are less likely to subscribe. As of 2025, 81% of white adults in the US have home broadband compared to 71% of African American adults and 68% of Hispanic adults. Among people with a college degree, 92% subscribe to home broadband, compared to 62% of those with a high school degree or less. Similarly, in the United States, only 54% of adults with household incomes below \$30,000 per year subscribe to home-fixed wired broadband.

Researchers from the FCC, NTIA, the Pew Research Center, and other organizations have explored the possible causes of this broadband adoption gap. In order to advance digital equity, stakeholders must address a range of factors including: a perceived lack of relevance of the internet; a lack of basic digital skills; increasing awareness of programs to reduce the costs of internet connections and devices; building trust in available services; and combatting structural limitations closely tied to poverty, such as housing instability.

Toward this goal to support adoption among low-income households, multiple private-sector and community-based programs have shown that spreading awareness of lower-cost service plans and devices, and providing digital skills education help connect more people by addressing the unique barriers to adoption faced by the hardest-to-reach individuals. These efforts are essential for empowering all Americans to participate fully in the digital economy.

Attacking the digital divide can also only happen through relentless, sustained grassroots efforts to educate and engage families at the local level, and is the shared responsibility of multiple stakeholders—including elected officials at all levels, educators, community leaders, non-profits, and businesses. Digital Navigators, or trusted voices based in community organizations, can raise awareness and uptake of low-cost internet programs and address other barriers to adoption. The benefits to society of closing the digital divide are substantial—not just for decreasing inequality, but for the overall economy. A recent Deloitte report found that a 10% increase in broadband penetration in 2014 would have resulted in more than 875,000 additional jobs and \$186 billion more in economic output in 2019 in the United States.

The Value of Broadcasting

Today's media marketplace is highly fragmented and intensely competitive, with consumers spending their media time across an ever-evolving array of platforms including broadcast, cable and satellite television, a variety of free and subscription streaming services, and social media. Despite the large number of options, traditional media outlets continue to play an important role, with broadcast networks and local broadcast stations, cable television networks, and print

outlets investing in professional newsgathering and other high-quality content. Broadcast television and radio remain the primary source of local news, emergency information, and community-focused programming. They hold this position despite trends of consumers increasingly watching video on streaming services that serve both original and licensed content and on user-generated video platforms that algorithmically elevate certain content to promote high engagement.

There are over 33,000 television and radio broadcast stations nationwide that provide Americans with access to sports, news, and entertainment programs. This includes approximately 26,300 AM/FM stations and over 7,200 free local television broadcasters (including Class A, low-power, and translator stations), which deliver national and local information to their communities reflecting the rich diversity of their viewers and listeners.

Television

In such an ever-evolving media environment, where more content choices exist than at any time in history, many consumers rely on free broadcast television as an integral part of their daily lives—providing reliable access to local traffic, weather, and sports—and as a trusted source of information. According to a 2024 TVB study, broadcast still has the widest reach of any media (80%). In addition, 29% of those surveyed cite local broadcast news as their primary news source, and 74% of survey respondents found local broadcast news trustworthy—the most of any media platform—compared to only 40% for social media sources.

Broadcasters are also trusted sources on local weather, providing critical lifelines in emergency weather events. For example, due to their hardened infrastructure, broadcast stations are likely to remain operational even if mobile or internet networks go down. Station news operations also provide on-the-ground coverage of emergency weather events, and life-saving alerts by inserting Emergency Alert System (EAS) messages into their over-the-air broadcasts. Additionally, PBS stations, through PBS WARN (Warning Alert, Response Network) also serve as backup to the nation's Wireless Emergency Alert (WEA) system; if a cyber incident or internet disruption to a carrier facility breaks its primary connection to FEMA, PBS WARN provides an immediate alternate source of inbound WEA messages. As a bonus, local stations dedicate significant time to supporting their local communities, provide abundant exposure opportunities for local businesses, and are committed to consumer protection.

Meanwhile, consumers who receive broadcast channels through cable or satellite services have seen the cost of these channels—which are also available for free, over-the-air—increase by more than 2,000% over the past 15 years as consolidation among large station owners has driven up the retransmission fees charged to TV distributors that are ultimately paid by subscribers. Policymakers focused on reducing the cost of living should consider this statistic as part of their efforts.

RECOMMENDATIONS

- Formulate policies that buoy investment in broadband networks and reduce barriers to deployment in order to continue the economic growth created by the broadband industry. It's equally important to refrain from implementing regulations that would raise costs (and ultimately consumer prices), thereby slowing the pace of investment in improving broadband networks.
- Encourage the FCC to continue prioritizing and promoting broadband deployment via targeted programs that deploy broadband to unserved rural and disadvantaged communities in a timely fashion. The FCC should also act on reforms to permitting and pole attachments so broadband providers are no longer hindered from deployment in unserved areas.
- Create legislative workgroups composed of elected officials, consumers, and the business community to create recommendations to educate minority communities about the benefits of broadband usage and raise awareness of private sector low-cost broadband programs.
- Formulate policies that encourage continued competition, accelerate network deployment, and advance a balanced spectrum policy to ensure that access to additional shared, and unlicensed, spectrum is available to numerous stakeholders to meet consumers' demands for wireless services and lower prices.
- Develop and support legislative and regulatory priorities that incentivize and promote ownership diversity in broadcasting, allowing for greater competition and inclusion of diversity in views.



TECHNOLOGY

The capabilities made available by technology continue to transform and improve our lives in ways once unimaginable. This remarkable transition was made possible by the tech industry's extraordinary investment and innovation. If we want the benefits of technology to improve in the future, we must ensure the momentum for further investment and innovation also continues. These benefits must be widely available to all citizens who need them, not just those who can afford them. Similarly, steps must be taken to expand access and opportunity in the tech industry—and more broadly, throughout the digital economy. The federal government has a significant role to play and can take proactive measures to help achieve these goals.

First, the federal government should continue to make significant investments in research and development and provide continued support for STEM education funding for K-12 students. Future innovation will occur only if the next generation of scientists, engineers and programmers is cultivated. Second, we must recognize that diversity is a strength and fully maximize its potential. Greater investment is needed in communities of color, and more must be done to increase workforce diversity, technical training, and skills development. Increased support and access for African American and other minority-owned businesses will further enable communities of color to participate in the digital economy. Third, we must preserve and protect internet freedom and online communications, which are critically important to the health and welfare of these communities and the movement for racial and social justice, while at the same time protecting Americans from emerging threats like deepfakes. Fourth, the U.S. must remain globally competitive by maintaining a market-based policy and regulatory environment that encourages investment and innovation, enabling consumers to access tech products and services at affordable prices.

Online Freedom

Section 230 of the Communications Decency Act protects online intermediaries that host user-generated content from a range of laws that might otherwise hold them legally responsible for what others say or do. Section 230 safeguards open access to information and free expression online, while also supporting and safeguarding platforms' ability to responsibly manage illegal and potentially harmful content posted to their services. Eliminating this section would irreparably harm the internet and online freedom we cherish. Platforms and websites of all sizes rely on Section 230 to both keep users safe and promote access to information through their services. Without it, the platforms we rely on to create and build our businesses and have a voice in our community could be sued for every decision they make to either allow or remove content from their platforms.

As a result, they would either not be able to moderate content at all—resulting in more offensive online content, including hate, misinformation, spam, and security threats—or these platforms would over-moderate content, restricting access to information including important cases of political speech and free expression. Either scenario harms all users, especially marginalized and vulnerable communities. Platforms would also face new disincentives to invest in technologies to identify harmful content. Changing Section 230 of the Communications Decency Act will only diminish our security, freedom of expression, access to information, human and civil rights, and user safety online.

Artificial Intelligence (AI)

Artificial Intelligence (AI) has long moved from a futuristic concept to a powerful technology that can easily integrate with multiple facets of our lives. Advanced models continue to rapidly transform industries and society, evolving from the capabilities of generating text, images, code

and more, to autonomous agents that can plan, reason and execute multi-step workflows with minimal human intervention. In addition, these advancements are no longer confined to digital screens; the rise of physical AI is merging cognition with mechanics, plus transforming robotics, advanced manufacturing, and real-time environmental sensing.

These foundation models have evolved into sophisticated, multi-modal systems that power the "Autonomous Enterprise," driving productivity not just by generating content, but by operating as digital coworkers. This presents immense opportunities, but also raises the need for responsible development. As AI increasingly automates decisions with significant impacts on people's lives, health, and safety, the U.S. government has an opportunity to cement its important role as a global leader by advancing a balanced regulatory approach that encourages responsible global innovation and promotes the public good.

Further, AI offers tremendous potential for human and societal development; it can promote inclusive growth, improve individuals' welfare and well-being, and enhance global innovation and productivity. It's also the primary engine of a modernized data-driven economy, streamlining supply chains for small businesses plus accelerating breakthroughs in biology and climate modeling. The National Institute of Standards and Technology (NIST) recently expanded its guidance with the Cyber AI Profile, recognizing that AI-enabled systems are now the frontline of both national defense and economic resilience.

Indeed, AI is no longer just a future trend; it's the primary engine of the modern economy. The rapid growth of the AI market and its widespread adoption signal a profound shift in how businesses operate, innovate, and compete. Across industries, AI is driving significant economic growth by streamlining operations, optimizing processes, and boosting productivity. This translates to new job opportunities and a stronger bottom line, particularly for the small businesses that form the backbone of the U.S. economy.

Recent industry data shows that U.S. consumers are increasingly comfortable with embedded AI in daily life, from personalized financial management to preventative healthcare to autonomous home security. However, trust remains the primary differentiator. Consumers today expect the federal government to ensure that these autonomous systems are innovative, verifiable and secure.

The U.S. cannot afford to be complacent about its technological leadership. A federal, consistent risk-based approach is needed to shape a future in which AI and other advanced technologies are developed and deployed to strengthen our economy, protect our national security, and uphold our democratic values. This requires a clear vision and strategic collaboration with our international partners, ensuring technological progress benefits all Americans and strengthens our position on the global stage.

The AI value chain is complex, and consensus is growing that current binary distinctions between developers and deployers may not capture the nuances of this value chain. AI foundation model developers who place their work on the market, for a variety of downstream purposes, are best suited to collect representative and accurate data for model training, plus communicate transparent information to the deployer about the data used, the testing conducted, and more. Deployers are in the best position to control the end use case, and they should have risk-based processes informed by the decisions of those organizations to identify and mitigate risks that such systems may impose on them. Therefore, a consistent and level playing field for every entity developing, deploying, and using AI is essential. Given the complexity and the stakes for innovation and consumer protection, all actors in the value chain

must engage external experts and affected stakeholder communities to guide the development of AI and automated products, services, and policies.

Additionally, government agencies and organizations deploying AI, including SMBs and public-interest advocates, should ensure alignment with existing legal standards on non-discrimination, privacy, and data protection. These standards are necessary to protect rights and reduce bias. U.S. leadership will be a critical foundation for advancing national AI objectives, consistent with sustainable models of global AI governance and equity.

Congress should encourage strong commitments to responsible AI by encouraging companies to commit to developing and using it responsibly, and the National AI Strategy should require others to do the same. Commitment to responsible AI is reflected in how AI services are built and, in the tools and resources provided to consumers to help them achieve their own responsible AI objectives. AI services should account for responsible AI across six key dimensions: fairness and bias, explainability, robustness, governance, privacy and security, and transparency. Companies should also commit to sharing best practices and collaborating on research to ensure AI is developed and deployed responsibly.

Further, AI can be put to an extraordinarily broad range of uses. Efforts to devise a comprehensive, one-size-fits-all regulatory framework are unlikely to be effective and they ignore robust legal frameworks already in place. Rather than pursuing a prescriptive “horizontal” approach to regulation, the Administration should focus on ensuring that agencies charged with enforcing existing technology-neutral laws and sector-specific regulations have the resources and authorities needed to address new risks AI may pose.

Organizations develop and deploy AI systems against the backdrop of an array of existing laws and regulatory requirements that help protect the public against potential unintended consequences. Indeed, a recent Joint Statement from leaders at the Department of Justice, Federal Trade Commission, Equal Employment Opportunity Commission, and Consumer Financial Protection Bureau confirmed that “existing legal authorities apply to the use of automated systems and innovative new technologies just as they apply to other practices.” In issuing the Joint Statement, these agencies affirmed that existing laws vest them with the authority necessary to “protect civil rights, fair competition, consumer protection, and equal opportunity,” and to “monitor the development and use of automated systems and promote responsible innovation.”

While sector-specific regulatory guidance will remain the most effective policy lever for mitigating risk, Congress should also encourage the broader adoption of risk-based AI governance best practices. When AI is used in high-risk ways—such as to automate decisions that will meaningfully impact a person’s health, safety, or eligibility for important life opportunities—organizations should implement governance processes to identify and mitigate the risks such systems may pose. Organizations that develop AI systems specifically designed for high-risk uses and those that deploy them have unique roles to play. Developers of high-risk AI systems should document their internal efforts to evaluate and mitigate potential risks and provide documentation to their customers—such as AI Service Cards—so customers can make informed decisions about how to deploy the system responsibly. Entities that deploy high-risk AI systems are best positioned to identify risks that are specific to their use case or application, and should assess the high-risk use case prior to deployment. AI legislation that ensures organizations adopt these governance-based safeguards will complement any sector-specific rules that may be required.

Finally, AI cannot be responsibly deployed if consumers are unaware of how to use the technology. The government plays a role in educating the public on responsible AI usage to avoid the "digital divide" risks becoming an "intelligence gap" for those without the skills to navigate this new reality. By funding community-based training and creating standardized educational

frameworks through agencies like the Small Business Administration (SBA) and NIST, the federal government can empower citizens to manage AI agents safely, protect their intellectual property, and ensure that the economic engine of AI remains accessible to Main Street, not just Silicon Valley.

AI & Small Business

Emerging technologies, specifically Agentic AI, are fundamentally lowering the barrier to entry for American entrepreneurs. For small businesses, which historically face higher hurdles in capital access and operational scaling, Agentic AI acts as an "autonomous workforce." These tools do more than just generate content; they execute complex financial workflows, manage real-time inventory, and optimize tax strategies with the precision of a corporate department. According to a report by the Bipartisan Policy Center and Morning Consult, 83% of small business owners who have integrated AI into their operations describe the technology as "helpful," specifically for streamlining accounting, customer communication, and complex paperwork.

Every American small business deserves the opportunity to unlock its full potential. AI-driven platforms are particularly transformative for minority-owned businesses, helping them compete with larger enterprises. Recent data from the SBA Office of Advocacy indicates that small firms are rapidly closing the adoption gap, with non-white and younger small business owners leading the surge in AI implementation. AI-driven platforms are particularly transformative for minority-owned businesses. This is critical to minority-owned firms, which have historically faced systemic challenges in accessing traditional banking and marketing channels. Use cases include AI-powered credit scoring models—built on neutral, data-driven principles—that are helping mitigate human bias in lending. AI agents are also assisting solo entrepreneurs in rural and underserved communities to execute global marketing campaigns that were previously cost-prohibitive.

The government can play a critical role in accelerating AI adoption among small business owners and ensuring that small businesses remain competitive with larger enterprises. By increasing AI literacy so that small businesses can responsibly deploy the technology, increasing opportunities for AI tool adoption, and creating a regulatory framework that doesn't overburden small businesses, the government can level the playing field, close adoption gaps and spur growth for the small businesses that continue to be the backbone of our economy.

Cyber Hygiene and Ransomware

Several high-profile cyber-attacks, and increasing personal use of technology, have highlighted the need for increased cybersecurity education and support. While cyber and ransomware attacks are here to stay, the attacks can be minimized by practicing proper "cyber hygiene." In fact, these cyber hygiene principles are embedded in the May 2021 Executive Order on Cybersecurity. These principles include adopting a zero-trust architecture, micro-segmentation, multi-factor authentication, encryption, and patching in an open, interoperable, and standards-based environment. Federal government support—through educational materials and grant

programs—for consumers and small- and medium-sized businesses to adopt cyber hygiene principles is also critical.

From smart TVs to video doorbells, connected devices have revolutionized how we live, work, and play. However, as the Internet of Things (IoT) has made our lives easier, it has also created the possibility for bad actors to exploit consumers' devices. In July 2023, the White House, the Federal Communications Commission (FCC), the National Security Council (NSC), and the National Institute of Standards and Technology (NIST) launched the U.S. Cyber Trust Mark Program, an Internet of Things (IoT) labeling program to give consumers more information about the cybersecurity of the IoT-connected products they buy. This IoT labeling program relies on a voluntary, dynamic product certification program that requires manufacturers to use specific security measures. We believe a public-private collaboration that combines government criteria, industry consensus standards, existing industry assessments, and approval processes will help consumers make wise buying choices and encourage device makers to meet established cybersecurity criteria and reduce risk.

Identity Security and Authentication

As technology becomes more integrated into our daily lives and public systems, secure and inclusive methods of verifying identity are essential to protecting both individual rights and national infrastructure. Identity security and authentication technologies, including biometrics such as fingerprints, facial recognition, and mobile ID verification, are playing a critical role in expanding digital access, safeguarding personal data, and streamlining public service delivery.

Modern identity authentication systems, when deployed responsibly, help prevent identity theft, increase access to benefits, protect voting integrity, and reduce fraud in high-stakes systems like healthcare, border security, and transportation. They are also a foundational element of broader digital modernization efforts, including mobile driver's licenses (mDLs), digital travel credentials, and contactless enrollment at federal facilities and airports.

These systems are guided by internationally recognized privacy and security protocols, including compliance with National Institute of Standards and Technology (NIST) benchmarks, and are increasingly tested to ensure fairness and accuracy across demographic groups. Technology developers are embracing principles such as transparency, opt-in participation, and algorithmic explainability to ensure that individuals' rights are protected.

The benefits to the public are many. Biometric authentication can reduce identity-related fraud in public programs by up to 30%, ensuring benefits and services reach intended recipients. In addition, modern systems increasingly meet or exceed performance benchmarks across different racial, gender, and age groups, supporting equitable access to services. For example, TSA's Credential Authentication Technology with facial recognition (CAT-2) has demonstrated over 99% match accuracy across all tested demographic groups in live airport environments, affirming its reliability and fairness in real-world use.

Greater operational efficiency is also achieved. Digital identity verification systems reduce wait times, automate eligibility checks, and streamline service delivery in areas such as airport screening, benefit enrollment, and federal facility access. Plus, privacy and security are incorporated by design. Compliance with NIST SP 800-63 and SP 800-53 ensures rigorous protections for personal data, while new system architectures incorporate liveness detection and encryption to combat spoofing and deepfakes.

RECOMMENDATIONS

- Increase investment in research and development, and promote American-led innovation, to expand jobs, opportunities, and other technology-related benefits to all communities.
- Increase federal support for helping small-to-medium businesses (SMBs) adopt digital tools. Best practices and new opportunities to create funding pools should be explored to offset the cost of this SMB adoption, building on programs like the U.S. Small Business Administration's State Trade Expansion Program (STEP) grants to help small businesses globalize their digital presence.
- Maintain Section 230 of the Communications Decency Act to safeguard open access to information and free expression online, while also supporting and safeguarding platforms' ability to responsibly manage illegal and potentially harmful content posted to their services.
- Support funding for cloud smart approaches to federal IT modernization that embrace innovative, secure, cross-cloud interoperability, where customers have the choice for one or more commercial cloud environments and will modernize all practical legacy civilian IT systems within a decade.
- Support strong cyber hygiene and ransomware prevention programs to reduce systemic cybersecurity risk to internet infrastructure, users of connected devices and for small-and medium-sized businesses.
- Support federal IT infrastructure modernization to improve government services for all Americans, which may include additional funding for the Technology Modernization Fund with an eye on setting the foundation for innovative government-wide shared services.
- Lead the world on artificial intelligence (AI) policy, innovation, and implementation by promoting a balanced, risk-based framework throughout all entities of the AI value chain.
- Promote technical training and skills development, particularly in areas such as AI literacy, to further support and empower African American and minority-owned business participation in the digital economy.
- Encourage federal agencies and contracted private companies to utilize biometric technology systems that rank highest in the NIST Face Recognition Vendor Test (FRVT) and DHS's Biometric Technology Rally and incorporate liveness detection technology to accurately identify individuals and combat deepfakes.

A photograph of a smiling woman and a young girl working together at a table. The woman is wearing a light-colored blazer and a necklace, and the girl is wearing a blue shirt. They are surrounded by educational toys, including blocks and a small structure. The image is overlaid with a yellow triangle in the top right corner and a purple triangle in the bottom left corner.

EDUCATION

Congress needs to address many aspects of the nation's educational system and structure, including, but not limited to, early childhood, college readiness, public school choice options, technological challenges, global competitiveness, and higher education demands. Further complicating the need for Congressional action: changes currently being pursued by the Administration to “dismantle” the U.S. Department of Education via program transfers to other federal departments and agencies, and the uncertainty around the status of where various programs and offices—like Special Education and the Office of Civil Rights—may ultimately find themselves. Yet every challenge contains an opportunity to propose solutions supported by data, research, and student/family/practitioner satisfaction and success. We remain committed to providing an accurate assessment of the education landscape and propose recommendations that collective expertise and experience dictate will improve upon the current state of federal education policy.

An economy must be built that works for everyone by protecting the right to organize and bargain collectively, and supporting growth and diversity within public education. We remain committed to opening a new world of learning for our students by embracing workforce development and new technology, while closing the achievement gap and expanding success for all learning needs and styles by providing high-quality, high-performing school options for families—regardless of zip code. Further, we remain committed to the belief that by providing the resources and statutory language to support them at the federal level, Congress can play a vital role in creating an ecosystem that promotes achievement in every endeavor for all families—specifically for at-risk families.

Federal Title 1 Funding

As of early 2026, the House Appropriations Committee passed a spending plan that would cut Title I, Part A formula grant funding by roughly \$3.7 billion to \$5 billion for 2026 as compared with 2025 levels. These cuts appear to be part of broader budget proposals that would shrink the Department of Education's overall discretionary budget. Also note that the Senate Appropriations Committee has indicated an intent to largely maintain existing Title I funding levels in the 2026 budget, with modest increases in some areas.

Similar to previous years, Title I funding typically supports instruction for students from low-income families, including, but not limited to, the hiring of more teachers to reduce class size, adding class time, and providing coaching to help teachers improve. Too often, students don't receive the full range of Title I services they need due to outdated and overly complex federal funding formulas that fail to direct resources to the schools serving low-income students.

Most research has found that more money for schools boosts student performance. If Congress follows the House's plan as currently proposed, tens of thousands of public school teachers could lose their jobs nationwide, which is just one damaging implication for the student population least able to withstand such learning deprivation.

Too often, students do not receive the full range of Title I services they need because outdated, overly complex federal funding formulas fail to direct resources to the schools serving low-income students. And any significant cuts to Title I that lead directly to fewer after-school and summer programs, or fewer reading and math intervention supports, would be devastating to communities that have yet to rebound from learning losses associated with the COVID epidemic.

STEM Education

As of early 2026, Congress continues to debate the funding of federal STEM (Science, Technology, Engineering, and Mathematics) programs and initiatives. Even in the House, some proposals to increase Title IV, Part A (Student Support and Academic Enrichment Grants) funding could ideally be used for afterschool STEM programs.

STEM education remains essential for upward mobility in the United States because it equips individuals with the skills and knowledge needed to thrive in high-demand, well-paying careers, especially those that cannot be outsourced internationally. For instance, the semiconductor industry relies on engineers and scientists to design and manufacture advanced chips, which are crucial for modern electronics. Similarly, the pharmaceutical industry depends on biochemists and pharmacologists to develop new medications and treatments. In the clean energy sector, STEM professionals innovate and implement sustainable energy solutions, such as solar panel technology and wind turbines. By providing students with STEM education, we can ensure they are prepared for these lucrative and impactful careers, thereby promoting economic mobility and reducing income inequality—all while investing in our own critical sectors like semiconductors, pharmaceuticals, and clean energy.

Reducing barriers to STEM jobs for minorities involves addressing systemic issues that hinder access to quality education and career opportunities. Increasing funding for schools, scholarships, and mentorship programs is an effective way to improve access to STEM education in underrepresented communities. Additionally, creating inclusive and supportive environments in educational institutions and workplaces can help retain minority students and professionals in STEM fields. This includes promoting diversity and inclusion initiatives, providing role models and mentors, and addressing biases that may impede the progress of minority individuals. By fostering a more inclusive STEM ecosystem, we can help ensure all individuals, regardless of their background, have the opportunity to succeed in these fields.

Programs like the Louis Stokes Alliances for Minority Participation (LSAMP) and the Meyerhoff Scholars Program have successfully supported minority students through scholarships, academic support, and mentorship. Additionally, partnerships between industry and educational institutions can provide hands-on learning experiences and internships, helping students gain practical skills and build professional networks. Encouraging early exposure to STEM through initiatives like after-school programs and camps can also spark interest and build foundational skills in young students. By implementing these strategies, we can create a more diverse and equitable STEM workforce that's essential for driving innovation in critical sectors. This, in turn, helps build a robust innovation ecosystem in the United States, fostering economic growth and maintaining the country's competitive edge in the global market.

Charter Schools

Over the last six years, African American enrollment in public charter schools rose by more than 60,000 students. For these kids—and for every one of the nearly one million African American students learning at charters nationwide—these schools offer more than a choice; they're a pathway to opportunity, beginning with schools where students are challenged, engaged, and prepared for bright futures.

A record number of African American students are enrolled in charter schools, yet policy and investment have yet to catch up. The Charter Schools Program (CSP) is the only dedicated federal funding stream for creating and expanding high-quality public charter

schools. Though it accounts for less than 2% of total federal K-12 spending, the CSP has an outsized impact; nationwide, more than one million students attend CSP-funded schools. In 2025, the U.S. Department of Education announced a \$60 million increase to the CSP, bringing the total investment to \$500 million and representing the program's first boost in six years. With demand for charters at an all-time high, it's essential that Congress fund the CSP at \$500 million this year to maximize the impact of these critical funds. At the same time, the CSP has become one of the most complex federal programs to administer. With new flexibilities, the CSP can better meet the needs of today's schools and reach its full potential for students.

Right now, for example, no consistent source of public funding exists to support the application phase of developing a public charter school. This process can take years, requiring teachers and administrators to leave their jobs to focus full-time on new school applications. One solution is to use existing CSP funds to provide charter school applicants up to \$100,000 over 18 months—consistent with an average teacher salary of \$60,000—giving these professionals the time, space, and resources to bring great schools to more communities.

One of the most pressing challenges facing charter school leaders today is fair access to school buildings. Unlike district schools, charter schools aren't guaranteed access to school buildings or to traditional facilities funding sources, like local property tax dollars. At the same time, charters receive about 30% less per student than traditional public schools. Taken together, these gaps mean charter schools have to use classroom funding to pay for facilities, and often operate without important amenities like gymnasiums, libraries, and science labs. These gaps slow down growth in communities at a time when demand is higher than ever. By unlocking key flexibilities within the CSP, charters can more easily access the facilities funding they need, so all children have access to school buildings that support their success.

By reducing red tape, the CSP can better keep pace with the real-world needs of charter schools and students. With flexible budget management and streamlined processes for schools and staff, charter schools can fully focus on supporting kids—instead of working through piles of overcomplicated paperwork.

Finally, one of the primary reasons for overall charter school success has been school-based management structure and governance. Charter school governing boards should retain the same freedom and autonomy as school districts have to collaborate and contract with a diverse array of organizations—ranging from philanthropies and educational service providers to businesses, industries, and nonprofit groups. These partnerships enable the development of innovative educational programs and provide exceptional educational opportunities for students.

Mental Health and Gun Violence in Schools

As of early 2026, federal funding for priorities like mental health could be caught up in the proposed Administration's large reorganizations and reduction in workforce across health agencies, including the consolidation of Substance Abuse and Mental Health Services Administration (SAMHSA)—and other mental and behavioral health funding—into a new block grant and cuts to CDC prevention research and public health infrastructure. At the same time, Administration-proposed cuts to behavioral workforce funding are creating uncertainty about policy and funding.

Likewise, more than half of federal funding for gun violence prevention grants (roughly \$158 million) was terminated in the 2025 budget, and grants for community violence prevention and hospital-based interventions have been targeted. The CDC's violence prevention research and

public health efforts have also been drastically scaled back. Mental health support for students is vital in today's tumultuous world; it's always been an important part of educating students effectively, but the need has grown in the post-COVID world. Federal funding for schools to add more counselors and nurses is required.

Additionally, students live with the threat of shootings at school and in their communities. According to Education Week, 2025 witnessed 18 school shootings, and 238 school shootings since 2018. Improvements to other gun safety measures will help keep students safer in schools. In particular, encouraging the use of gun locks and proper storage can help prevent a child from taking a caregiver's gun to school or causing other harm. Research shows secure storage practices play a vital role in reducing the risk of gun violence. Storing firearms securely protects children and adults by preventing unintentional shootings, including suicides, and gun theft.

Historically Black Colleges and Universities (HBCUs)

As of early 2026, Historically Black Colleges and Universities' (HBCUs) funding and policy changes have come from the Administration rather than Congress. With additional funding via the FUTURE Act and a significant one-time increase from the U.S. Department of Education (\$495 million), Congress has not significantly weighed in on HBCU policies or funding.

During the 2024-2025 academic year, 8.8% of medical school matriculants were African-American, down from 10% in the 2023-2024 academic year, according to the Association of American Medical Colleges' (AAMC) Matriculants to U.S. Medical Schools Data. This number represents decreases in matriculants in each of the last two years of this report and falls short when compared to the 12.4% of the U.S. population that the African American population accounts for, according to the U.S. Census Bureau's 2020 Census Redistricting Data. This is especially concerning, considering the AAMC's projections of a shortage of up to 86,000 physicians and 40,400 primary care physicians by 2036.

HBCUs play a vital role in increasing the number of African American primary healthcare professionals, thereby expanding patient access to doctors, nurses, and other healthcare providers, strengthening culturally competent care, and improving overall healthcare outcomes in underserved communities. Nearly 70% of African American doctors attended an HBCU, demonstrating the significant impact that HBCUs continue to have on the pathways of future physicians.

As such, the federal government must invest in HBCUs and support pipeline programs. Increasing federal funds for HBCUs and expanding federal financial aid programs, such as Pell Grants, would strengthen institutional infrastructure, improve academic programs, and help alleviate students' financial burdens. Doing so would increase higher education access for future African American health professionals, ultimately advancing health equity. Federal legislation that aims to bolster investments includes the IGNITE HBCU Excellence Act, which would establish a grant program to support long-term improvements for HBCUs, and the Expanding Medical Education Act, which would encourage the recruitment, enrollment, and retention of students from underrepresented backgrounds by providing grants for HBCUs and medical schools in underserved areas.

By maintaining and bolstering our nation's HBCUs, we protect and grow this critical talent pipeline, further advancing health equity across the nation.

RECOMMENDATIONS

- Advocate for Congress to support a full-year 2026 education funding bill that, at a minimum, is at the current funding level in any proposed Senate bill with guardrails to require timely education funding and education programs at the Department of Education, and to protect its constitutional prerogative to set spending levels and authorize programs.
- Work toward Congress considering reforms that make the allocation of Title I dollars fairer, more equitable, and student-centered. These reforms should ensure that funding follows low-income students directly to the schools they attend, providing them with the support they deserve. A streamlined, individualized approach would better target resources to where they are most needed, helping to close educational gaps and improve outcomes for underserved students.
- Advocate for Congress to fully fund STEM-focused programs that have not previously been appropriated.
- Ensure funding for the Charter Schools Program (CSP) at \$500 million in 2026.
- Support bipartisan legislation that provides small pre-planning grants to current educators, to support them as they develop high-quality charter applications.
- Support bipartisan legislation that creates more flexibility within the State Facilities Incentive Grant (SFIG) program within the CSP to better meet charter school facilities' needs.
- Ensure nonprofit charter school governing boards have freedom and autonomy to collaborate and contract with diverse organizations, philanthropies and educational services providers to support their schools and students.
- Ensure Congress continues to support increased funding for the Mental Health Services Professional Demonstration Grant Program and the School-Based Mental Health Services Grant Program.
- Ensure Congress continues to increase investments in HBCUs, and supports pipeline programs, by amplifying federal funding for HBCUs and expanding federal financial aid programs to grow the African American healthcare workforce.
- Support legislation requiring the Secretary of Agriculture to ensure that all income-eligible public school students have fair and equal access to free and reduced-cost meals pursuant to the National School Lunch Act.



HEALTHCARE

Over 130 million Americans, or more than 40% of the population, live with at least one chronic disease, according to the National Health Council. Cardiovascular disease is particularly prevalent, affecting over 120 million adults, according to the American Heart Association. Improved education about treatment options and adequate insurance coverage can significantly enhance health outcomes for these individuals. Essential actions to support our most vulnerable patients include ensuring access to screenings and culturally sensitive education, providing consistent home healthcare, and diversifying our doctor base. Furthermore, Medicaid coverage plays a crucial role in advancing the health of Americans facing chronic conditions.

Diversifying Tomorrow's Doctors

Strong evidence demonstrates that a diverse medical student body improves educational, clinical practice and research environments—and further shows that diversity increases healthcare access for medically underserved communities. Despite these findings, a recent survey by the Association of American Medical Colleges (AAMC) reveals only 7% of practicing United States physicians identified as Hispanic, and only 6% as African American. This statistic isn't reflective of the changing demographics; an estimated 14% of the U.S. population is African American, with 19% being Hispanic.

The current diversity, equity, and inclusion (DEI) policy landscape has created challenges with diversifying the physician and public health workforce. Following the 2023 Supreme Court decision in the Harvard and UNC cases, which deemed “race-conscious admissions unconstitutional,” states are learning to navigate the new parameters. Since the beginning of 2024, state lawmakers have introduced bills to eliminate or restrict DEI programs in 14 states. Federal legislation was also introduced that would prohibit medical schools from receiving federal financial assistance if such schools adopt certain policies and requirements relating to DEI.

Ultimately, successfully diversifying tomorrow's doctors requires supporting efforts to recognize the importance of DEI efforts at medical education institutions, and within the medical field, to promote health equity in the United States. Such efforts can also impact clinical trial enrollment of historically underrepresented communities. Physicians from diverse backgrounds can have a deeper understanding within communities of color and may be more effective in recruiting participants from these communities for clinical research. A more representative workforce can help build trust within communities of color, many of whom may be wary—for historical reasons—of participating in clinical research. Moreover, underrepresented medical physicians are more likely to practice in underserved areas or for underserved populations.

We also need to improve support for the Health Resources and Services Administration (HRSA) Title VII workforce development programs, and enhance funding for the initiatives that are essential in supporting recruitment, education, training and mentorship opportunities for providers and students. Additionally, we need to cultivate and retain the HRSA health diversity programs that invest in K-16 health outreach, and provide scholarships for health professions students from minority and socioeconomically disadvantaged backgrounds.

Advancing Cardiovascular Health

Cardiovascular disease (CVD) is the leading cause of death for men and women, including for racial and ethnic minorities in the United States. According to the Journal of the American Heart Association (JAHA), CVD also accounts for over 30% of pregnancy-related deaths in the United States. Communities of color, especially African Americans, have higher rates of CVD and tend

to develop this condition at an earlier age than non-Hispanic white populations. By the year 2060, projected rates of CVD are expected to increase significantly in the U.S., disproportionately affecting communities of color. Several risk factors contribute to these cardiovascular disparities and substandard health outcomes, including, but not limited to higher rates of low-density lipoprotein cholesterol (LDL-cholesterol, or bad cholesterol), hypertension, obesity, lower awareness of personal risk factors, genetics, geographic location, and inequitable access to care. African Americans and other people of color also saw a disproportionate increase in the number of cardiovascular deaths during the pandemic.

Despite having a higher prevalence of CVD, African American adults are less likely to receive timely screening for LDL-cholesterol, a key risk factor for CVD and heart attack. LDL-cholesterol monitoring is also demonstrably low in patients who have survived a heart attack. According to clinical guidelines, a lipid test should occur four to 12 weeks after a heart attack to gauge the effectiveness and safety indicators of a prescribed statin, a medicine that can reduce the level of LDL-cholesterol in the blood. Despite such clinical guidelines, only 27% of patients hospitalized for a heart attack receive an LDL-cholesterol test in the 90 days following discharge from a hospital, according to JAHA. This gap in care is leading to subsequent cardiovascular events that may be prevented with treatments like statins and advanced CVD therapies like PCSK-9 inhibitors.

Additionally, communities of color continue to experience inequities in the receipt of effective medicines for heart attacks due to utilization management techniques like step therapy and prior authorization protocols. Health insurance companies and pharmacy benefits managers use step therapy protocols, which often require patients to try lower-cost and less efficacious treatments before the insurer or PBM will permit the patient to fill a doctor's prescription for a more advanced CVD medication. According to the Family Heart Foundation, step therapy prolongs CVD patients' exposure to elevated LDL-cholesterol levels and, thus, an increased risk for CVD events like heart attacks and strokes.

Health insurance companies also use a process called prior authorization, which requires approval from a health plan before it agrees to cover a prescription from the patient's doctor. Usually, prior authorizations involve completing lengthy, complex paperwork to determine a patient's eligibility for treatment. However, prior authorization paperwork can be so onerous that subsequent delays, rejections, and appeals can ultimately impact patients' ability to effectively manage their illness and the quality of care a physician can provide. According to the Partnership to Advance Cardiovascular Health, African American and Hispanic patients' prescriptions for advanced CVD medications are routinely rejected by their health insurance provider at higher rates than their white peers. These minority patient groups are disproportionately denied medication that can improve their health and save their lives. Furthermore, research has shown that people at high risk for cardiovascular events experience more heart attacks, strokes and other cardiovascular events when they cannot obtain their prescribed medication.

Due to patients' frustration, confusion, and time constraints, it's not uncommon for patients and providers to simply give up when a prescribed medication is denied by insurers. According to the American Journal of Preventive Cardiology, the prior authorization and appeals process for certain CVD medications can consume twice the resources as compared to the prior authorization and appeals processes for medications treating diabetes. When the American Medical Association conducted a survey of its members on this issue, 89% of respondents indicated prior authorization had a negative impact on patient clinical outcomes and 80% agreed that prior authorization could lead some patients to abandon the recommended treatment. The

American Academy of Family Physicians and other patient advocacy and physician groups believe that prior authorizations “can worsen health disparities and create barriers to care for medically underserved patients, patients of color, LGBTQ+ patients, patients in rural areas, and those at risk for poor health outcomes.”

Literature reviews published by the Mayo Clinic and the American Heart Association indicate that disparities in CVD remain the highest in the southern United States. Structural and systemic barriers and inequities are also contributing to widening CVD disparities. Access, discrimination, and bias play a large role in the growing racial health disparities. In addition, race-based discriminatory attitudes and behaviors by healthcare professionals may contribute to suboptimal diagnoses and management of CVD among patients from minority groups, particularly African Americans. Studies have demonstrated pervasive disparities between the treatment of African Americans and whites in healthcare delivery, leading to worse health outcomes.

Despite these challenges, many studies have shown that care navigation support, including by community-based health workers, can lead to significant improvements in patients’ CVD risk factors and disease management. Navigators and community-based health workers are typically specially trained laypeople who serve as liaisons between under-resourced populations and the health system. The use of community-based health workers has been documented to lead to more efficient healthcare utilization, reduced health system costs, and improved clinical outcomes. Specific to CVD, numerous studies have shown that interventions led by community-based health workers have significantly greater improvements in patients’ lipid profiles, blood pressure, hemoglobin A1C, and global CVD risk. Research conducted by the University of Chicago found patients who received community-based health worker support had a 75% decrease in heart failure-related emergency department visits, an 89% decrease in heart failure-related readmissions, and a significant decrease in inpatient costs for heart failure-related visits.

Home Healthcare Services

According to the Commonwealth Fund, approximately 3.5 million Medicare beneficiaries in the United States receive home healthcare services annually. The sector employs nearly 500,000 registered nurses, licensed practical nurses, home healthcare aides, and other practitioners. Home healthcare services are available for patients who are homebound and require skilled nursing or rehabilitative care. Many healthcare treatments that were once available only in hospitals or physicians’ offices can now be safely, effectively, and efficiently provided in patients’ homes by skilled clinicians. Home healthcare is generally less expensive, more convenient, and as effective as care provided in institutional settings.

Home healthcare can serve as an intermediate level of care for patients who have difficulty accessing outpatient care or who need intensive assistance with an acute or chronic health problem. For example, Medicare beneficiaries returning home after a hospitalization often receive home healthcare to support their transition. Analysis demonstrates that the skilled home healthcare sector has the experience, structure, technology, and transparency best suited to meet patients’ chronic disease management needs. Per the Medicare Payment Advisory Commission (MedPAC), skilled home healthcare visits permit beneficiaries to shorten or avoid post-acute stays at skilled nursing facilities and other higher-cost post-acute care settings. Home healthcare helps patients avoid the inherent risks of hospitalization including infection, delirium, depression, and functional decline.

Home healthcare has also proven to be highly effective for providing comprehensive primary care and reducing healthcare costs. For example, the United States Department of Veterans Affairs (VA) established Home Based Primary Care (HBPC) in response to the anticipated growth of the veteran population with chronic disabling diseases. Through this program, the VA has provided comprehensive primary care services to veterans in their homes since 1972. The program has proven highly effective in reducing preventable emergency room visits and inpatient hospital days, thereby reducing costs.

The United States Census Bureau estimates that approximately 10,000 Americans turn 65 years old every day. Having a population of 51.4 million, seniors compose 16% of the United States population. In 20 years, that number will reach over 70 million, or 20% of the population. As America's population rapidly ages, a greater need will exist for skilled home healthcare services among our nation's seniors. Home healthcare can meet the care needs of a diverse senior population and reduce America's healthcare costs as a low-cost care setting. Plus, a clear majority of American seniors prefer receiving care at home. Recent polling found that nine in ten seniors (91%) and Medicare beneficiaries (91%) would prefer to receive short-term recovery or rehabilitation healthcare at home. Further, older voters, Medicare beneficiaries, and caregivers nearly unanimously agree that it's important for them to choose the setting in which they or a loved one receives short-term recovery or rehabilitation care.

At a time when care provided in patients' homes is more important than ever, and the costs of providing quality services continue to rise, payment stability is needed to ensure access to vital home healthcare services. From our most rural and vulnerable Medicare beneficiaries to our active-duty military and veterans, our beneficiaries require access to care to meet their clinical needs, enabling them to age in place. Care at home, with independence, dignity, and support systems, with pre- and post-acute healthcare, will ensure our aging population has the quality and choice they need to remain safely at home. Recently, home health has been on the front lines of the COVID-19 response, reaching patients in need throughout the pandemic. Supporting home health requires fair and appropriate Medicare payment policies. As we look to the future, support for continued expansion of high-quality, clinically appropriate, cost-effective and efficient home healthcare services for patients is critical.

Ensuring Continuity of Coverage for Medicaid Beneficiaries

Medicaid is a critical component of the United States healthcare system. Currently, 91 million Americans are enrolled in Medicaid. During the pandemic's Public Health Emergency (PHE), Medicaid enrollment increased significantly. According to the Commonwealth Fund, approximately 3.8 million people have lost their Medicaid coverage since the Medicaid continuous coverage requirements ended in April 2023 allowing states to resume checking enrollees' eligibility. By the end of the redetermination process, an estimated 15 million people are expected to have lost Medicaid coverage. Additionally, the Urban Institute concluded that low awareness of Medicaid coverage redetermination following the end of the PHE—nearly two-thirds of adults with family Medicaid enrollment were unaware of the resumption of coverage renewals—may leave states with significant information gaps among enrollees.

Clinical Chronic Kidney Disease Guidelines and Access to Early Screening

Approximately 37 million Americans have chronic kidney disease (CKD), including nearly 800,000 with irreversible kidney failure. Another 80 million Americans are at risk for developing kidney disease from hypertension, diabetes, and other risk factors, and 90% of individuals with CKD are undiagnosed. Chronic kidney disease reaches across racial, ethnic, and culturally

diverse populations in both urban and rural areas. According to 2021 estimates examining population-level data from the 2000 U.S. Census, CKD is more common in non-Hispanic Blacks/African Americans (16%) than in non-Hispanic Whites (13%) or non-Hispanic Asian adults (13%). While patients treated for kidney failure represent only 1% of beneficiaries, they account for 6% of all Medicare Fee-for-service expenditures. Overall, Medicare spends nearly 25% of its annual budget on beneficiaries with a kidney disease diagnosis. More effective diagnosis and care can help reduce the rates of kidney failure and cardiovascular complications for patients and generate substantial savings to the federal government.

Left unchecked, over one million patients are expected to have kidney failure by 2030. Adherence to the most recent clinical CKD guidelines and increasing access to early screening with both eGFR and uACR testing in high-risk individuals will result in earlier diagnosis and treatment for CKD to reduce the risk of disease progression, cardiovascular complications, and lower overall medical spending. It's also critical that patients with end-stage renal disease (ESRD) have access to care that aligns with clinical guidelines.



RECOMMENDATIONS

- Enhance support for the HRSA Title VII Health Professions and Title VIII Nursing Workforce Development programs, which are essential to shaping, educating and bolstering a diverse workforce at all stages.
- Oppose federal legislation that would impact DEI in medical schools and interfere with medical schools determining appropriate medical education.
- Urge the Senate Aging Committee to use its oversight authority to explore how best to prevent recurrent or secondary cardiovascular events and convene a public hearing to examine the issue. The Senate Aging Committee should also investigate the structural and systemic factors that perpetuate disparities in access to screenings, care and treatment of CVD and the role that care navigation, including community-based health workers, can play to improve CVD management and clinical outcomes.
- Urge Congress to request a report from the Health and Human Services Secretary outlining the challenges and barriers facing healthcare providers and patients that contribute to postponed, delayed, or suboptimal treatments for CVD. The report should identify how federal agencies and programs work today to improve the screening and management of patients with cardiovascular disease, and the gaps that remain.
- Urge Congress to recognize the need to invest in culturally and linguistically appropriate educational awareness campaigns about the urgency of testing and treating bad cholesterol to reduce the risk of a heart attack.
- Enhance efforts to address health equity by forming a CVD Racial Disparities Task Force and studying data on marginalized populations impacted by CVD. This is especially important in the wake of the COVID-19 pandemic, which laid bare health inequities among racial and ethnic minorities. Communities of color that are bearing the disproportionate brunt of CVD disparities deserve an urgent, robust, and professional response to the growing public health crisis caused by increasing CVD death rates.
- Urge Congress to support common-sense prior authorization reform that prioritizes equitable access to quality care for everyone, regardless of their socioeconomic status, race, or ethnicity.

RECOMMENDATIONS

- Urge the Health and Human Services Secretary to evaluate methods that promote collaboration with community-based organizations to ensure improvement in clinical outcomes for CVD patients. This would build on recommendations from the Institutes of Medicine and the Centers for Disease Control to utilize community-based health workers for underserved and high-risk communities to improve healthcare delivery.
- Ensure that Medicare home health payment model revisions provide fair and reasonable reimbursement to maintain access to care for all eligible beneficiaries. As the costs of providing quality services continue to rise, payment stability is needed to ensure access to vital home healthcare services.
- Enact innovations for in-home care that ensure patients have alternatives to institutional care. Telehealth, and choice in care delivery and access, will help to ensure high-quality, cost-effective care at home.
- Institute comprehensive support to increase the home care workforce with an adequate supply of qualified, stable clinicians and direct care workforce. It's important to ensure the availability of personnel to meet the growing needs of the baby boom generation, particularly in rural, inner-city, and underserved areas.
- Urge states to help minimize unfair Medicaid coverage losses from administrative churn.
- Urge the Centers for Medicare and Medicaid Services (CMS) to work toward ensuring Medicare benefit guidelines reflect the most recent clinical CKD guidelines and increase access to early screening utilizing both eGFR and uACR testing, diagnosis, and treatment for high-risk populations for CKD, as well as ensure ESRD policies, program oversight, and quality measures support patient access to treatment that is aligned with clinical guidelines.



ENERGY

Domestic energy sources in the United States are abundant, reliable, affordable, and becoming cleaner with rapid technological advancements. Progress in high-efficiency standards, the transition to lower-emission fuels like natural gas and nuclear, the increased adoption of zero-emission sources such as wind and solar, and innovative methods like waste-to-energy and biomass are positioning America to lead in environmental stewardship. Yet global energy demand still outpaces supply, and the anticipated rise in U.S. demand—driven by AI and other emerging technologies—marks a shift from the relatively stable consumption of recent years. To address this shift, it is essential for policymakers in Washington to champion legislation, rulemaking, and policy initiatives that address this demand-supply imbalance, supporting a balanced approach to production that ensures affordability and reliability for consumers.

Energy Landscape

The United States leads the world in many manufacturing sectors, a position bolstered by its abundant, reliable, and affordable energy supply—a major competitive advantage. This progress is driven by significant public and private investments in energy infrastructure and the dedication of millions of Americans who work daily to power the nation forward. For instance, U.S. oil production has surged, surpassing Saudi Arabia as the top global producer six years ago. In 2022, U.S. crude oil production reached a record 20.3 million barrels per day, a remarkable feat given that, until 2017, the U.S. had not produced more than 10 million barrels per day since 1970. In natural gas production, the U.S. overtook Russia in 2010 to become the world's largest producer, according to the U.S. Energy Information Administration (EIA).

This growth in oil and natural gas has transformed the U.S. into a significant net exporter, cutting petroleum net imports to their lowest levels in over 50 years. Following this momentum, Congress lifted the 40-year-old crude oil export ban, enabling U.S. exports to grow without compromising domestic prices, thanks to efficiency gains that have driven production costs to unprecedented lows. Consequently, American households have enjoyed some of the lowest home heating costs in nearly two decades.

In the renewable energy sector, solar and wind capacity continue to grow rapidly. By the beginning of 2025, utility-scale solar capacity had expanded substantially (with solar projected to nearly equal or surpass wind capacity by 2026 according to EIA projections), and the mix of solar and wind now accounts for more than a quarter of total U.S.-installed generating capacity, when utility-scale and distributed (small-scale) systems are included.

Renewable generation's share of U.S. electricity has also climbed; renewables supplied roughly 24.2% of U.S. electricity in 2024 and preliminary 2025 data indicates renewables—including hydropower, biomass, and geothermal—provided roughly 26% of total generation, with wind and solar combined growing faster than nuclear and coal in some quarters.

Solar energy generation and capacity continued strong growth, with solar additions outpacing most other technologies and utility-scale solar installations rising by double-digit percentages year over year. Wind power also expanded, though at a more moderate pace than solar.

Nuclear power also continues to play an important role as a 24/7, zero-emission source. In 2024 and 2025, U.S. nuclear plants provided about 19% of electricity generation, maintaining a significant baseline share even as renewable output grows.

There's also a renewed focus on restarting retired reactors. For example, the Palisades Nuclear Plant in Michigan has been undergoing restart preparations and is on track for operation in early

2026, making it the first U.S. nuclear plant to return to service after decommissioning; similarly, plans are advancing for potential restarts at Three Mile Island in Pennsylvania and the Duane Arnold Energy Center in Iowa.

All this rapid growth in energy production reflects American ingenuity and advanced engineering, particularly through hydraulic fracturing and horizontal drilling. Once deployed primarily for conventional resources, these technologies are optimized to tap deep geologic formations, solidifying the U.S. as a global energy leader. Our energy abundance has driven economic growth, reduced electricity and natural gas costs for communities, and opened new opportunities in both production and exports. This energy independence offers the U.S. a chance to enhance national security by reducing foreign dependence while supplying resources to global allies. The expansion of liquified natural gas (LNG) export projects could add up to 452,000 jobs and contribute between \$50 billion and \$73 billion to the economy.

To address future energy demands and workforce needs, Congress and the Administration should invest in workforce training and STEM education programs, particularly at Historically Black Colleges and Universities (HBCUs). Expanding these programs will ensure a skilled and diverse workforce capable of supporting the construction and operation of advanced energy infrastructure across the country.

Infrastructure Modernization and Expansion

As America's energy landscape transforms, ongoing investments in infrastructure maintenance and expansion are crucial. For example, additional pipelines are needed to transport domestic fuels across the nation, and the energy grid must integrate advanced technology and renewable sources while prioritizing reliability and affordability for all communities. In addition, the US transmission system will need to significantly expand to meet future electricity demand affordably, reliably, and sustainably. Building smarter, more resilient energy infrastructure is essential to support the energy needs of communities, increasing electrification of the economy, and the nation at large.

The aging electricity grid poses challenges to maintaining affordable, reliable energy. Recent legislation has focused on grid improvements, but broader reforms are necessary to keep U.S. electricity price-competitive. Streamlining permitting processes for new wind, solar, natural gas, and other projects, as well as investing in technologies that enhance grid capacity and connectivity (such as Grid Enhancing Technologies or GETs) will help meet rising demand and power the nation's manufacturing and innovation sectors.

Federal support for zero-emission energy, especially in emerging nuclear, battery storage, and emissions-reduction technologies will accelerate private investment. Tax credits and assistance programs, like those in the Inflation Reduction Act, provide a model for future policies that can drive sustainable growth.

Congress should also enable clear, efficient processes for critical energy infrastructure projects. Amending the Natural Gas Act to create a unified approval process for U.S. LNG projects and expediting approval for pending applications will strengthen U.S. energy partnerships abroad. Likewise, streamlining regulations for new nuclear technologies, such as small modular reactors (SMRs), is key to meeting policy goals and addressing rising energy demand.

These investments can create well-paying jobs, boost competitiveness, and enhance national security. To capitalize on these opportunities, policies should support timely project permitting,

cost-effective capital access, and safeguards for community health and environmental standards. As we make these essential infrastructure investments, our focus must remain on ensuring affordability and reliability, equitably balancing economic impacts on consumers with the demands of a growing energy landscape.

Permitting Reform

Modernizing the federal permitting process—including reforms to the National Environmental Policy Act (NEPA) and the Clean Water Act—is essential to powering our economy, protecting the environment, and reducing costs for consumers. Streamlined permitting will accelerate domestic energy and infrastructure development, strengthen communities, support American industries, and deliver benefits that reach every part of the country. Today, companies across the U.S. energy and infrastructure sectors face a common challenge: uncertainty in permitting.

This slows investment, delays critical projects, increases consumer costs, and weakens America's competitive edge. A clear, predictable, and efficient permitting framework is fundamental to sustaining U.S. economic leadership. The need for action is urgent. The explosive growth of artificial intelligence, data centers, and next-generation computing is driving unprecedented levels of energy and electricity demand. Updating the permitting process is no longer a policy option—it's a necessity.

Liquified Natural Gas (LNG)

Natural gas is a versatile, cleaner-burning fuel that can help power modern life with fewer emissions compared to coal. It can be produced in abundance, transported to regions where it's needed, and used to provide essential energy while reducing emissions.

As a reliable energy source, natural gas provides necessary backup power generation when renewable resources such as wind and solar are intermittent—like when the wind isn't blowing and the sun isn't shining. With continued advancements in technology, innovation, and supportive policies, LNG can serve as a long-term contributor to the global energy transition while supporting global economic growth. Especially given that oil and natural gas supply from existing wells naturally declines over time, underscoring the need for sustained investment to ensure energy security and stability.

LIHEAP

Since its inception in 1981, the Low-Income Home Energy Assistance Program (LIHEAP) has been instrumental in helping millions of Americans cover their energy costs. Today, it remains a vital and widely endorsed initiative that provides essential support to some of our nation's most vulnerable populations, including the elderly, disabled individuals, and families with young children.

To qualify for LIHEAP assistance, households must have an annual income at or below 150% of the federal poverty level—approximately \$37,290 for a family of three—or 60% of the state's median income. However, many recipients fall significantly below these thresholds, and currently only one in five eligible households actually receives the aid they need. With ongoing economic challenges and increasingly severe weather events affecting communities nationwide, the demand for energy assistance has never been more urgent.

During the pandemic, Congress responded swiftly by allocating emergency supplemental funding for LIHEAP, totaling \$8.25 billion—marking the highest funding level in the program's history and \$3.1 billion more than previous allocations. This funding boost was critical, yet the need for ongoing support continues to grow each year. As Congress grapples with tough fiscal constraints, difficult budgetary choices must be made. However, reducing LIHEAP funding is not a viable solution, as it would deprive families of essential heating and cooling services—fundamental survival needs. In recent years, Congress has appropriated funds well below LIHEAP's full authorization of \$5.1 billion, leaving families with unmet needs each year once funds dry up. Without this crucial assistance, low-income families, the elderly, and many job seekers could face heart-wrenching decisions between keeping their homes at a safe temperature and affording other necessities such as food, medicine, and clothing. The LIHEAP program plays a key role in stabilizing households and safeguarding the well-being of America's most vulnerable citizens.

Grid Security

Electricity production, transmission, and distribution are essential to both commerce and national security and every facet of our daily life. Electric companies recognize this importance and are investing over \$200 billion annually to strengthen and secure the nation's energy grid, deploying smarter infrastructure throughout transmission and distribution systems to create a more dynamic and resilient network.

In order to protect and build America's energy future, the electric power industry has adopted a "defense-in-depth" strategy, focused on managing risk and safeguarding the grid against all threats, including cyber, physical, natural and manmade. For years, the industry has been preparing for emergencies like the pandemic and numerous other scenarios. Through the CEO-led Electricity Subsector Coordinating Council (ESCC), the electric industry collaborates with government partners to ensure resources are available to keep power running reliably. Working with regulatory bodies, electric companies set and uphold rigorous standards, enabling rapid response and recovery when disruptions occur. They also conduct regular response and recovery drills, simulating emergency scenarios such as pandemics, major weather events, and cyber-attacks, to reinforce the grid's security and resilience.

These efforts are undertaken in coordination with a range of critical partners across the energy sector, including the ESCC, North American Electric Reliability Corporation (NERC), Electric Power Research Institute (EPRI), Department of Defense (DOD), Department of Energy (DOE), Department of Homeland Security (DHS), Federal Bureau of Investigation (FBI), Federal Energy Regulatory Commission (FERC), and local law enforcement agencies. This collaboration ensures a unified, robust approach to securing America's power grid and meeting the energy needs of communities nationwide. As the cyber and physical threat landscape continues to evolve, the energy sector stands ready to continue its partnership with the federal government to prioritize the security and resilience of critical energy infrastructure, including supply chain risk management, cybersecurity regulatory harmonization, and other security priorities.

The electric grid remains a prime target for cyberattacks, particularly from hostile nation-states seeking to disrupt critical infrastructure and undermine national security. Without timely congressional action to strengthen partnerships with utilities, these vulnerabilities risk becoming more severe.

The energy system is highly interconnected, meaning safeguarding it requires continuous intelligence sharing, real-time visibility into emerging threats, and adequate resources to close

security gaps—especially for rural and small utility service areas. Strong coordination among industry stakeholders and government partners at the federal, state, and local levels is essential to both deterring attacks and ensuring preparedness for emergency response.

Policymakers are urged to advance new legislation that expands law enforcement's authority and tools, enabling stronger defenses against emerging threats, including the malicious use of technologies such as drones.

Hydrogen

Hydrogen is emerging as a key part of the global energy transition, offering a versatile solution for decarbonizing various hard-to-abate sectors of the economy, including transportation, manufacturing, and power generation. Hydrogen can be produced using low-carbon methods and is an energy source for a more sustainable future. Its ability to store and deliver energy efficiently makes it particularly valuable in addressing the intermittent nature of renewable energy sources like wind and solar. Regarding energy transition, hydrogen holds significant potential to reduce greenhouse gas emissions, especially in hard-to-decarbonize sectors, making it an essential component of global efforts to meet climate goals.

In order to accelerate the integration of hydrogen into the U.S. energy mix, policymakers should adopt a set of technology and feedstock-neutral, transparent, and carbon-focused policies. First, the U.S. should implement financial incentives that support the production of all low-carbon hydrogen, including from differentiated natural gas, ensuring projects can scale up regardless of the production method. These incentives should be durable and flexible, providing long-term certainty for investors. Second, legislation should promote a cohesive legal framework that governs the entire hydrogen value chain, from production to end-use, while supporting demand-side market development and infrastructure expansion.

Finally, policymakers should establish a definition of “clean” or “low-carbon” hydrogen based on lifecycle assessment (LCA), ensuring that carbon-intensity standards are fair and transparent. Setting an initial standard of 4 kilograms of CO₂ per kilogram of hydrogen would align with the IRA's definition and foster a competitive, innovation-friendly environment. As the hydrogen economy scales up, the standard could be re-evaluated every five years to account for technological advancements. Adopting these recommendations will provide the broad bipartisan support needed to rapidly increase hydrogen support, help the US reach its climate goals more quickly, and support job growth.

Lithium

Lithium is a light metal used to make rechargeable batteries that power EVs and portable electronics. Lithium compounds are found in certain rocks or brine (highly salted water unsuitable for drinking or agriculture). Lithium isn't a rare element, but increased investment in mining and direct lithium extraction will be required to ensure supply keeps pace with demand as the energy transition unfolds.

The auto industry needs more lithium supply optionality; many leading automakers have pledged to achieve net zero, or phase out production of internal combustion engines, by 2050 or sooner. Current domestic production of lithium is relatively low. Global demand is forecasted to quadruple between now and 2030, and keep rising through 2050, to support ambitious global EV adoption goals. By scaling up lithium production in North America, we can enhance the security of supply for the auto and battery makers investing in the U.S., as well as the jobs they

support. Additionally, increased EV adoption will help support U.S. efforts to reduce emissions. EVs of all types, including battery EVs and plug-in hybrid EVs, will play a role in reducing transportation sector emissions. While light-duty vehicles account for about 10% of global energy-related greenhouse gas emissions, they account for a significantly higher share—approximately 25% of total emissions in the U.S., which has the highest rate of car ownership in the world. The projected growth in lithium demand will likely be driven in part by government mandates and incentives encouraging EV adoption.

Federal well-to-wheel fuel and vehicle standards could encourage investments in lowering the carbon intensity of fuels (liquid, compressed/liquefied gas, electricity, hydrogen) supporting a variety of vehicles. Reducing the carbon intensity of the fuel would enable emissions reductions from existing and new vehicles. A technology-neutral policy would foster innovation and competition across all technologies and could ultimately help encourage more effective and lower-cost solutions for consumers and businesses. In the U.S., the Section 45X final regulations on the critical minerals tax credit—which include incentives for extraction and processing—will play a significant role in advancing production.

Resource Adequacy/Artificial Intelligence

Ensuring sufficient energy supply to meet rapidly growing electricity demand is a security and economic imperative for the United States. Data centers supporting artificial intelligence are driving this growth. While estimates vary, data centers are expected to more than double their energy consumption by 2030, and maintaining the United States' competitive advantage in this space depends on ensuring an adequate supply of reliable electricity and resilient infrastructure to support this growth.

In addition to data centers, the onshoring of manufacturing and the broader electrification of the economy—including the electrification of transportation and industrial processes—are contributing to increasing electricity demand. Reindustrialization, and the energy to support this onshoring of manufacturing capacity, will support economic competitiveness and job growth, while providing additional resilience, as well as capacity, in the supply chain for critical manufacturing.

Enhancing the energy grid and building a robust supply chain, especially in North America, to support these increasing demands will require coordination among many government and private sector stakeholders, across several sectors and jurisdictions. Prioritizing the building of new energy grids and other infrastructure to support increased throughput, as well as enhanced resilience, is paramount and likely will require reforms of permitting and siting rules, energy markets, and industrial policies.

Innovation and Technology

Innovations in the energy industry are enhancing the reliability, flexibility, and efficiency of energy generation, resulting in lower fuel use and lower energy costs. For instance, smart grid technology modernizes the electrical system by implementing two-way communication devices and sensors throughout the grid, from power plants to transformers and distribution points. This technology enables the grid to communicate in real time, making adjustments to ensure power is delivered precisely where needed. Additionally, it supports integrating renewable sources, energy storage, microgrids, electric vehicles, and consumer-oriented tools such as smart appliances and thermostats, creating a more adaptable, efficient system.

Electric companies are increasingly adopting technologies like energy storage and microgrids to develop a smarter, safer, and more reliable grid. Energy storage, for example, offers numerous benefits by balancing supply and demand and facilitating the integration of renewable energy sources, such as wind and solar. It also enhances grid stability, reduces transmission bottlenecks, and meets peak demand, contributing to greater electric reliability.

Modernizing the electric grid delivers widespread benefits, from “self-healing” capabilities after power disruptions to creating new services and markets for consumers and enhancing resilience against physical and cyber threats, all while maintaining reliability. Ensuring this progress requires broad investment from all grid users, with vertically integrated electric companies providing a cost-efficient model by managing multiple supply chain stages.

Advances in U.S. oil and natural gas production also stem directly from technological breakthroughs, such as accessing resources in tight sand and shale formations through horizontal drilling and hydraulic fracturing. According to the U.S. Department of Energy, over 4 million oil and gas wells have been drilled nationwide, with hydraulic fracturing accounting for up to 95% of new wells, producing 43% of U.S. oil and 67% of natural gas. These advancements, coupled with robust environmental standards and state programs, offer a balanced approach to resource development and environmental protection, fostering growth while safeguarding natural resources.

The result is an energy landscape where America not only approaches energy independence; it becomes a significant energy exporter. However, continued success hinges on policies grounded in market realities that support a balanced “all-of-the-above” approach to energy production, ensuring long-term benefits for the U.S. economy and energy security.

Natural Disasters and Extreme Weather Events

Extreme weather events, including wildfires, significantly strain the nation’s utility infrastructure, underscoring the need for fortified and resilient systems across all regions. While advancing technology will play a key role, regulatory reform and enhanced emergency response policies are equally important. For instance, reducing barriers to vegetation management for electric companies can help minimize wildfire risks, and temporary waivers to transport fuel during extreme weather events may protect consumers from economic disruptions. Collaboration across all levels of government and the energy industry is essential to mitigate these impacts—particularly for communities of color, which are often disproportionately affected.

As severe weather events become more frequent, a clear need exists for stronger government-industry partnerships to enable swift, efficient responses. Preparation well before weather events occur is critical. For example, ahead of major storms impacting the Gulf Coast—where much of the U.S. fuel and petrochemical production is based—refiners worked closely with government agencies and local emergency responders. Together, they established comprehensive preparedness plans, held routine readiness drills, and engaged in simulations led by agencies like the Department of Homeland Security (DHS), Department of Energy (DOE), U.S. Coast Guard, Pipeline and Hazardous Materials Safety Administration (PHMSA), Department of Transportation (DOT), and the Federal Emergency Management Agency (FEMA), along with state and local regulators.

In contrast, during one of the coldest winters in the Northeast since the 2013-2014 Polar Vortex, bureaucratic delays and outdated infrastructure left some families without heating resources for days, highlighting the consequences of regulatory and infrastructure shortcomings. Meanwhile,

wildfires in the western U.S. continue to intensify. According to the Center for Disaster Philanthropy, 2020 saw the worst wildfire season in 18 years, with nearly 8 million acres burned—1.4 million more acres than the 10-year average—resulting in economic losses and damages estimated between \$130 billion and \$150 billion due to lost workdays, business closures, transportation disruptions, and insurance costs.

Fairness in disaster recovery is essential. When catastrophic events strike, every utility customer—regardless of who owns their utility—deserves equal access to reliable restoration and support. Currently, investor-owned utilities (IOUs) face limitations under the Stafford Act that can create disparities in how quickly and effectively service is restored compared to publicly owned utilities.

Climate Change

The Intergovernmental Panel on Climate Change reports that human-driven climate change, driven by rising greenhouse gas (GHG) emissions, is causing reduced food production, more frequent droughts, and increased weather-related fatalities. The U.S. Environmental Protection Agency (EPA) identifies carbon dioxide (CO₂) as the primary greenhouse gas in the U.S., accounting for 80% of GHG emissions in 2020. Nevertheless, CO₂ emissions in the power sector have steadily declined since 2005, driven by a transition to cleaner fuels. In 2016, natural gas surpassed coal as the leading source of U.S. electricity, and by 2022, natural gas generated 40% of the country's electricity, with coal dropping to 19%. Today, nearly 21% of U.S. electricity comes from carbon-free sources like nuclear, hydropower, solar, and wind. These shifts have significantly lowered emissions: power sector CO₂ emissions were 41% below 2005 levels by the end of 2023, while electricity use significantly increased. As a result, emissions from the electric power sector are no longer the leading source of the nation's CO₂ and have been lower than the emissions from the transportation sector since 2016. The EPA now ranks transportation, not the power sector, as the top source of CO₂ emissions in the U.S.

Unprecedented innovation and collaboration are essential to achieving net-zero emissions. Addressing climate change is not simply an "either/or" scenario; it requires both increased energy supply and reduced greenhouse gas emissions. Fortunately, technology for capturing and storing CO₂ from various sources has been available for over fifty years. It's also been deemed safe and necessary by global organizations like the International Energy Agency, the U.N. Intergovernmental Panel on Climate Change, and the U.S. Department of Energy. Responsible deployment of carbon capture, utilization, and storage (CCUS) will be critical for decarbonizing the global economy, especially in the industrial sector, where emissions are often more challenging to mitigate.

The trend toward cleaner energy continues. Over four dozen power companies have committed to ambitious carbon-reduction goals. The Federal Energy Regulatory Commission (FERC) plays a critical role in ensuring these emissions-reduction initiatives align with infrastructure investments, enabling the sector to maintain reliable service while reducing its carbon footprint. Additionally, the expanded use of domestic natural gas positions the U.S. as a global leader in emissions reduction while meeting energy demands. Notably, 65% of the sector's CO₂ reductions since 2005 are due to fuel switching from coal to natural gas. A study by the New England Coalition for Affordable Energy shows the positive environmental impacts: regional nitrogen oxide emissions decreased by 56%, sulfur dioxide by 91%, and carbon dioxide by 22% between 2006 and 2015.

Environmental and social governance (ESG) initiatives also support these improvements. The Natural Gas Sustainability Initiative (NGSI) is an industry-led program that advances environmental, social, and governance practices across the natural gas supply chain, responding to consumer demands for transparency and accountability. In 2017, the oil and gas industry launched The Environmental Partnership, bringing together over 100 companies to share best practices, reduce emissions, and improve operational transparency. This collaborative effort has led to significant reductions in leak occurrences, increased inspections, and overall decreases in air emissions across the industry.

State and regional transmission organizations are implementing policies that support cleaner energy sources while ensuring grid reliability. Nuclear energy, for example, accounts for about 20% of U.S. electricity supply and plays a central role in emissions-free power generation. Advanced nuclear reactor designs, known as Gen IV, promise even safer, more efficient, and environmentally friendly nuclear power with economic benefits, as they can be manufactured domestically.

Carbon capture and storage (CCS) is another key technology, capturing CO₂ from industrial sources and storing it underground. The Department of Energy (DOE) estimates that the U.S. has the capacity to store up to 2.4 trillion metric tons of CO₂, enough to accommodate centuries' worth of emissions. The Inflation Reduction Act includes a suite of tax credits for CCS and other lower-carbon technologies, positioning the U.S. as a leader in both emission reduction and job creation. Large-scale CCS projects, such as the one in Houston targeting storage of 100 million metric tons of CO₂ annually under the Gulf of Mexico, highlight the potential of CCS technology to meet emissions goals while safeguarding the economy. To maximize CCS's effectiveness, policymakers are exploring regulatory updates to facilitate its deployment. Continued public policy support, including incentives from the Inflation Reduction Act, are critical for scaling low-carbon solutions.

In order to meet climate goals and support the energy transition, streamlined federal policy is needed for CO₂ pipeline permitting and construction. Fragmented regulatory processes cause delays and increase costs, hindering the deployment of CCS infrastructure. Enhanced federal coordination and clear permitting guidelines will create a predictable regulatory environment that accelerates CO₂ pipeline development, attracts investment, and supports job creation—key to achieving emissions targets and advancing environmental equity while safeguarding energy security.

Renewable energy sources such as wind, solar, and biomass also play essential roles in emissions reduction. By 2023, renewables generated over 20% of U.S. electricity, including a significant contribution from wind power. Utility-scale solar capacity has increased by over 500% in recent years, with thousands of megawatts of solar energy now online or under development. Partnerships between public and private sectors continue to drive technological advancements, improve cost-efficiency, and increase fuel efficiency in energy production.

Electrifying transportation, the leading source of greenhouse gas emissions, will further contribute to reductions, while exporting American natural gas will provide a cleaner energy option for developing countries. In addition, continued investment in public education will help consumers reduce their environmental footprint and lower carbon dioxide emissions through eco-conscious choices. Creating incentives and encouraging energy-efficient practices—such as using Energy Star® ratings for appliances—will positively impact overall emissions reductions and contribute to a more sustainable future.

RECOMMENDATIONS

- Encourage taxpayers, homeowners, and businesses to utilize still-available tax credits and rebate programs under the Inflation Reduction Act (IRA). Advocate for continued Congressional appropriations and agency action to reinstate paused funding streams that reduce carbon emissions, create jobs, and deliver tangible community benefits.
- Increase funding for infrastructure modernization, including expanding domestic pipelines and electric grid upgrades, to meet rising energy demands and enhance resilience.
- Establish incentives for smart grid technologies, Grid Enhancing Technologies (GETs), and storage solutions that improve reliability, manage peak demand, and strengthen disaster resilience.
- Streamline permitting processes for grid upgrades and generation projects, and invest in infrastructure that withstands extreme weather events, especially in regions vulnerable to wildfires and hurricanes.
- Expand federal support for non-emitting energy sources like wind, solar, nuclear, and hydrogen, and broaden Inflation Reduction Act incentives to cover the full hydrogen value chain, encouraging production and use in hard-to-decarbonize sectors.
- Establish clear standards for “clean” hydrogen by setting a lifecycle CO₂ threshold (4 kg CO₂ per kg hydrogen) and periodically reassessing this standard to foster technological innovation.
- Support the development of regional carbon capture and storage (CCS) hubs through clear regulatory frameworks and public-private partnerships, building necessary storage capacity.
- Increase workforce development funding through the Department of Energy (DOE), Department of Labor (DOL), and educational partnerships for workforce training and STEM education, especially at Historically Black Colleges and Universities (HBCUs) and community colleges, to meet the needs of a growing energy sector and develop a diverse workforce.
- Amend the Natural Gas Act to create a unified, streamlined approval process for LNG export projects, enabling the U.S. to meet international demand and boost domestic economic growth.
- Support policies that promote lithium extraction and battery production, providing grants and tax credits to strengthen the electric vehicle (EV) supply chain, create jobs, and reduce reliance on foreign sources.

RECOMMENDATIONS

- Allocate additional funding for cybersecurity measures across the electric grid, implementing a “defense-in-depth” strategy with real-time monitoring and resilience-building activities.
- Reauthorize the Cybersecurity and Information Sharing Act of 2015 fully.
- Mandate regular emergency response drills involving electric companies, the Department of Homeland Security (DHS), and the Federal Energy Regulatory Commission (FERC) to prepare for potential cyber, weather, or physical threats.
- Ensure sustained or increased funding for LIHEAP to assist low-income households with energy costs, preventing energy insecurity in vulnerable communities.
- Prioritize policies that address the needs of communities disproportionately affected by climate change and energy transition challenges.
- Encourage policies that reduce landfill methane emissions by converting waste to energy, providing grants or tax incentives for facilities using agricultural, forestry, and municipal waste to generate renewable energy.
- Fund initiatives to establish waste-to-energy microgrids in rural areas to improve local energy security and reduce dependence on centralized grids, supporting local generation and economic growth, especially in regions reliant on energy imports.
- Implement consumer programs that reward eco-friendly choices, such as Energy Star® certifications and home energy audits, and develop public education initiatives to promote energy efficiency and carbon reduction.
- Expand incentives for EV purchases, build charging infrastructure, and enforce comprehensive emissions standards across vehicle fuel types to reduce transportation emissions and align with U.S. climate goals.
- Federal support to encourage the adoption of additional zero-emission energy sources, particularly investments in new and emerging technologies in nuclear energy, battery storage, and emissions abatement, will serve as an accelerator for further private sector investment. Tax credits and federal assistance programs, like those championed in the Inflation Reduction Act, represent a model for future policymaking.

The image features a city skyline with various skyscrapers and buildings. In the foreground, there is a dense, lush green forest. The entire scene is overlaid with a geometric design consisting of large, overlapping triangles in shades of purple and yellow. The word "ENVIRONMENT" is written in white, uppercase letters across the center of the image.

ENVIRONMENT

Extreme weather events and climate-related disasters have cost the U.S. almost \$3 trillion since 1980, according to the National Oceanic and Atmospheric Administration (NOAA), and communities across the country are increasingly challenged with weather-related challenges such as flooding, droughts, and extreme temperatures. These climate impacts are hitting vulnerable populations hardest, with communities of color experiencing higher rates of respiratory illnesses, water contamination, and increased health and safety risks. These effects threaten public health and undermine America's economic resilience.

The Intergovernmental Panel on Climate Change (IPCC) has highlighted the clear links between climate action, poverty eradication, and sustainable development. By working together, businesses and governments can create a low-carbon, climate-resilient future that promotes social justice and equity. Achieving this goal will require a mix of bold short-term solutions and long-term transformation, including limiting global warming to 1.5°C over preindustrial levels by 2050.

In order to make this vision a reality, Congress must restore previously allocated investments in clean energy research, restore grant funding, and accelerate the adoption of sustainable practices across industries. This includes ensuring that policies and regulations to safeguard Americans align with efforts to facilitate the adoption of zero-emission energy to decarbonize America's grid and electrify key sectors such as transportation. By embracing biological strategies such as improved forest management and sustainable agriculture, we can reduce carbon pollution while maintaining the competitiveness of American farmers and businesses. Congress and the Administration must also support companies at the forefront of agricultural innovation and research, ensuring they have the tools to succeed in a changing climate.

Finally, climate change research and policy must address equity to avoid perpetuating existing inequalities. Equity-centered government and business partnerships can drive solutions that benefit all communities, ensuring a just transition to a sustainable, low-carbon economy.

Advanced Recycling

Recycling is crucial for preserving our natural resources by extending their lifespan and protecting rare earth elements and precious minerals. Manufacturers are committed to circularity, aiming to recapture and reuse as many raw materials as possible. By increasing recycling efforts, we reduce the need for new resources, making our way of life more sustainable. However, traditional recycling methods alone cannot fully address the growing volume and complexity of waste in today's world. We must turn to advanced recycling technologies to meet this challenge by processing a wider range of materials and recovering more valuable resources. For instance, electric utilities are collaborating with the Environmental Protection Agency (EPA) to make solar panels and reduce Resource Conservation and Recovery Act (RCRA) universal waste, to simplify end-of-life management and increase the solar panel recycling rate.

Advanced recycling provides the critical technology needed to address the growing plastic waste crisis while supporting a sustainable, low-carbon future. This recycling method uses technology to break down plastic waste into its basic chemical components through processes like pyrolysis, gasification, or depolymerization. Unlike traditional recycling, advanced recycling breaks down the molecular structure of plastic materials, enabling the recovery of valuable raw materials or feedstocks for new product production. Advanced recycling offers several advantages. It can be repeated multiple times without degrading the plastic's quality, supports a circular economy, lowers greenhouse gas emissions, boosts economic opportunities, and

improves resource efficiency. Additionally, for every ton of plastic waste processed through advanced recycling, society reduces the need to process approximately one ton of fossil-derived feedstocks. This drives society more quickly toward a net-zero future.

Policymakers must implement supportive regulatory frameworks that clearly define advanced recycling as a manufacturing process, thereby streamlining regulations and attracting investment. Second, policymakers must provide financial incentives, such as tax credits and subsidies, to offset the high costs of scaling up these technologies. Lastly, policymakers should support public-private partnerships to build the infrastructure needed to collect, sort, and process plastic waste, ensuring the success of advanced recycling initiatives at a commercial scale.

Environmental Justice

Generations of economic and social injustice have placed the most vulnerable communities—those in low-income areas and communities of color—on the frontlines of climate change effects. Environmental injustice demands action through policies that prioritize climate solutions and reduce pollution in these legacy communities, significantly improving public health and quality of life. The government must restore programs that sought to address historical inequities, and also work with businesses to tackle this challenge by aligning public policy with corporate responsibility to create innovative, scalable solutions. By fully funding the EPA, and restoring grant funds that were allocated to address environmental justice concerns in communities historically disenfranchised, we can ensure the agency fulfills its mission to protect human health and the environment. Bold initiatives, such as circular packaging, recycling programs, and other sustainable practices, must be explored to reduce the disproportionate pollution these communities face. Only by working together—government, businesses, and communities—can we address these persistent challenges and achieve environmental justice.

Carbon Capture and Storage

Getting the planet on a path to net zero emissions requires unprecedented innovation and collaboration at an immense scale. Solving this challenge is not an “either/or” proposition; it requires increasing energy supply and reducing greenhouse gas emissions. Today, technology exists to capture and store carbon dioxide (CO₂) from emissions sources across the United States; indeed, it has been in use for more than half a century. Global agencies, including the International Energy Agency, the U.N. Intergovernmental Panel on Climate Change, and the U.S. Department of Energy, have concluded that permanent storage of CO₂ in appropriately selected geological formations is a safe, secure, and necessary option. The previous Administration has noted that avoiding the worst effects of climate change will “require responsible deployment of carbon capture, utilization, and storage,” and that this technology has a “critical role to play in decarbonizing the global economy, particularly the industrial sector, where process emissions are more difficult to address.”

The energy transition is underway, but it’s not yet happening at the scale or timetable required to achieve society’s net-zero ambitions. Continued public policy support is critical. Incentives such as those within the U.S. Inflation Reduction Act provide a necessary catalyst for companies to begin scaling low-carbon solutions. Permitting reform is needed to accelerate the deployment of these solutions. Constructive policy should be stable and transparent so that market participants have sufficient time to adapt to changes. It should also recognize the need to match supply with demand to minimize price spikes that destabilize economies and penalize end users.

Water Equity

Climate change is impacting the water cycle, directly affecting the nation's water quality, supply, and the industries that depend on it. Our water infrastructure is already in critical need of investment, with costs for maintenance and upgrades becoming increasingly difficult for communities to bear. As these costs are passed on to consumers, the affordability crisis deepens—water and wastewater prices have risen over 200%, far outpacing increases in rent, electricity, and gasoline. To address this challenge, the national climate policy agenda must incorporate solutions that account for the strain that climate change places on our already-stressed water infrastructure. Climate solutions should aim to protect our aquifers, lakes, rivers, and oceans without adding further pressure to these vital resources.

According to a study by the Natural Resources Defense Council, one in four Americans rely on drinking water systems that violate the federal Safe Drinking Water Act. Decades of underfunded and poorly maintained water treatment facilities, along with deteriorating pipes, have left many public water systems contaminated with toxic chemicals harmful to health. This is especially prevalent in minority communities, both urban and rural, which experience higher rates of water contamination, stormwater and wastewater overflows, and flooding.

This inequity in access to clean water undermines the principles of equality and justice, with serious consequences for public health. By working together, businesses and government can invest in sustainable water infrastructure that meets today's needs and ensures access to safe, affordable water for all communities.

Waste and Biomass

Globally, over 45% of greenhouse gas (GHG) emissions are from areas (such as industry, agriculture, and land use) that clean energy transitions cannot fully address. The waste sector, however, presents multiple opportunities for decarbonization, while also ranking as the fourth most intensive sector in terms of global GHG emissions. As the world's population continues to grow, so will the extent of waste-related environmental challenges. By 2050, the World Bank projects that global waste will grow by 70% unless significant actions are taken to mitigate waste.

The need to reduce waste does not fall equally on all nations, as industrialized nations generate 34% of global waste despite making up only 16% of the world's population. Furthermore, although comprising only 4% of the global population, the United States produces 12% of global waste, generating nearly 240 million tons of garbage per year.

Although these figures convey the disproportionate impact of industrialized nations on the environment, they also present the need for feasible and scalable solutions to challenges in the waste sector. Fortunately, momentum is building for actively pursuing the benefits of more sustainable waste management to advance climate goals.

The Waste Management Hierarchy (WMH), recognized by the U.S. Environmental Protection Agency, the European Union, and the United Nations Environmental Program, offers guidance on managing waste sustainably. The hierarchy prioritizes source reduction or prevention of waste generation, the only approach that has no impact. Next is reuse, followed by recycling, energy recovery, and landfilling for what is left over. By following the hierarchy, waste can be utilized as a resource, lessening the impacts of pollution from its management. This approach generates environmental benefits to communities—reducing the demand for virgin raw materials

due to reuse, recycling and composting, lessening dependence on energy from fossil fuels due to energy recovery, and crucially keeping materials out of landfills—ultimately reducing GHG emissions.

Despite guidance from the WMH, landfills remain the predominant method of waste management in the United States, particularly for municipal solid waste (MSW) and commercial waste. In the United States, 64% of waste is landfilled, according to the Environmental Research & Education Foundation. In contrast, leading European countries like Germany and Denmark only landfill 1% of waste, Eurostat data says, due primarily to regulatory incentives like landfill taxes that encourage the diversion of MSW to more sustainable waste management systems. When MSW is placed in landfills, the biodegradable portion breaks down anaerobically (without oxygen), generating methane—a greenhouse gas 80 times more potent than carbon dioxide over a 20-year timeframe.

Landfills are the third-largest contributors of anthropogenic methane in the U.S. Recently, EPA and NASA scientists published a comprehensive study that found actual emissions to be 1.4 to 2.7 times greater than those reported in inventories. A prominent NASA study using satellite measurements found a subset of California landfills to be “super-emitters” of methane, even with the strongest gas collection regulations in the country.

Additionally, current waste management practices require significant amounts of waste to be transported long distances to remote areas, such as metropolitan areas to remote landfills, leading to high transportation emissions. Embracing waste as a resource is key to furthering sustainable communities through the waste sector. Sorting and segregation during pre-treatment can recover metals and other valuable materials that would otherwise be lost to landfills. In turn, metals recovery results in avoiding emissions that would have otherwise been emitted during the intensive processes of metal extraction and refining. Another beneficial reuse of waste is treating waste as a fuel source. Many waste management options are available in the United States that beneficially reuse waste as a fuel source. Waste-to-Energy (WTE) facilities combust waste, converting it into steam for electricity generation. Furthermore, non-recyclable materials and fibers from the United States waste stream are used as Alternative Engineered Fuel (AEF) in cement and lime kilns. Through these methods, waste processing can help reduce reliance on fossil fuels.

Managing MSW is crucial for community resilience, especially given the increase in storm events. Embracing waste as a resource is key to enhancing sanitation, energy, and clean water infrastructure. Sorting and segregation during pre-treatment recover valuable metals, reducing emissions from metal extraction and refining. Additionally, treating waste as a fuel source provides renewable energy options beyond solar and wind. WTE facilities convert waste into steam for electricity, while non-recyclable materials serve as AEF in cement and lime kilns—a traditionally emissions-intensive sector. Promoting circularity by recognizing waste as a valuable resource can help decarbonize tough sectors and reduce reliance on fossil fuels, making communities more resilient.

A circular economy transforms waste into a valuable resource, with local economies benefiting from WTE, material recovery, and the production of alternative fuels like AEF. These processes reduce emissions, minimize resource extraction, and create sustainable economic growth. However, the U.S. lacks national policies that incentivize these practices, unlike the European Union where landfill taxes encourage waste diversion and resource recovery. Implementing similar measures in the U.S. could reduce reliance on landfills and promote circularity in communities through the waste sector. By adopting more sustainable waste management

practices, the U.S. can unlock the full potential of the waste sector to drive decarbonization and build resilient local economies, aligning waste management with national climate goals.

Environmental Safeguards.

Our nation's core environmental protections ensure that poorly planned infrastructure projects don't have severe consequences for our natural resources. Key laws such as the Clean Water Act, Safe Drinking Water Act, National Environmental Policy Act, and Endangered Species Act provide crucial safeguards by ensuring that developers assess the environmental impacts of projects before proceeding. These regulations allow developers to pursue infrastructure solutions that are both effective and environmentally sustainable. A federal permitting system that works lowers costs for consumers, protects the environment, and gives project developers the certainty they need.



RECOMMENDATIONS

- Expand funding for clean energy research, advancing the adoption of zero-emission sources across industries to support decarbonization of the energy grid and electrification of key sectors. Policies should encourage sustainable practices, such as improved forest management and sustainable agriculture, to reduce emissions while supporting American farmers and businesses.
- Implement regulations defining advanced recycling as a manufacturing process to streamline processes and attract investment.
- Pass legislation like the Accelerating a Circular Economy for Plastics Act, fostering innovation in recycling and increasing access to recycling services, especially in underserved areas, to boost the recovery of clean materials.
- Codify Executive Order 14096 on environmental justice to mandate federal agencies' involvement in addressing environmental inequities in marginalized communities.
- Fully fund the EPA to ensure its capacity to develop and enforce regulations protecting public health.
- Support CCS deployment with a streamlined permitting process, stable policies, and incentives that match those in the Inflation Reduction Act.
- Address water infrastructure needs by tripling appropriations to the Clean Water and Drinking Water State Revolving Funds, prioritizing grants for disadvantaged communities.
- Fully fund lead service line replacement and prohibit partial replacements, ensuring no cost burden on homeowners and prioritizing low-income areas.
- Encourage water conservation practices through federal partnerships with companies, supporting both sustainability and economic growth.
- Uphold laws such as the Clean Water Act (CWA) and National Environmental Policy Act (NEPA) to protect waterways and ecosystems. CWA and NEPA should ensure that the transition to a cleaner grid and reduced emissions from electricity generation are maximized.
- Require infrastructure projects to incorporate hazard mitigation planning and climate risk assessments, guiding federal investments away from vulnerable floodplains and coastal areas.

RECOMMENDATIONS

- Update the National Flood Insurance Program to include mitigation efforts, risk-based premiums, current flood mapping, and financial aid for low-income homeowners in high-risk areas. These reforms will support at-risk communities and increase overall resilience against climate-related flooding.
- Collaborate with industry to support sustainable agricultural practices that reinforce the health of the U.S. food supply.
- Create a grant program to promote affordable housing that incorporates energy and water efficiency, upgrades, and preservation. Fund technical assistance for low-income residential energy and water efficiency programs to support community-level benchmarking and conservation efforts.
- Prioritize waste prevention and reuse to align with the EPA's Waste Management Hierarchy, emphasizing reducing waste at the source as the most environmentally preferred strategy.
- Promote recycling and composting to reduce GHG emissions, conserve resources, and support sustainable waste management.
- Implement curbside source separation to keep biodegradables and recyclables out of landfills, supported by necessary policies, programs, and infrastructure.
- Enhance sorting and segregation processes to recover valuable metals and materials that would otherwise be lost to landfills.
- Expand the use of Waste-to-Energy (WTE) and Alternative Engineered Fuel (AEF) to reduce reliance on fossil fuels and capture energy from waste.
- Promote policies that support principles of circular economies, transforming waste into a resource for local economic growth and environmental sustainability.
- Implement landfill taxes in the U.S. to discourage disposal and incentivize waste diversion and resource recovery.
- Encourage innovation through reuse, where someone's waste becomes someone else's raw material or purpose.
- Foster innovation through technology to create solutions for residue from waste treatment.
- Accelerate regulatory measures to achieve sustainable waste management swiftly.

A photograph of a group of people in a meeting, with a woman in a teal shirt and a man in a grey sweater and glasses looking at documents on a table. The image is overlaid with semi-transparent geometric shapes in teal, yellow, and purple. The text "FINANCIAL SERVICES" is centered in white.

FINANCIAL SERVICES

Financial security is essential for achieving the “American Dream.” Individuals and families who are financially secure can build generational wealth, stabilize their housing costs, retire comfortably and make further contributions to their communities. More work must be done to better enable the African American community to attain financial security. Policymakers can start by addressing significant gaps in our financial system while enacting policy solutions that promote responsible lending, credit and financial inclusion, which many companies are already doing.

Access to Credit: Protecting Everyday Consumers

The financial markets generally work well for people at the high end of the income scale. In particular, the credit sector’s products and services provide easy access to credit with strong consumer protections for high-income individuals with prime credit scores. They have access to a range of options for well-designed, safe, low-cost credit that, if used properly, is additive to their credit profile. They often have a wider range of options for traditional, well-regulated, low-cost loans.

However, this market is different for consumers who don’t meet these credit thresholds. For example, according to Experian, 60 million Americans are non-prime, with credit scores below 670, and Bankrate found that about 100 million everyday consumers have less than \$1,000 in savings and lack access to credit. Further, the typical consumer may have little banking history, live in a community that isn’t well-served by traditional financial institutions, and have modest savings, earning little interest—or even no savings at all. These consumers have difficulty obtaining a loan from a mainstream financial institution, even if one is available. Their lack of access to affordable, safe and well-regulated services and products exacerbates their financial instability and makes it difficult to take care of unforeseen emergencies.

The credit opportunities available to these consumers are often poorly structured, high-priced, and predatory. However, not every lender that offers a high-interest loan is predatory. Predatory actors exploit a borrower’s desperate situation to impose terms that limit or impede the borrower’s ability to repay the loan, making it difficult for the consumer to repay the loan in full and easy for the borrower to roll the loan over. Many predatory lenders also don’t report to credit bureaus in order to keep consumers from rebuilding their credit. These policies are designed to trap consumers in a long-term cycle of debt, with loans that generate a stream of fees and rollovers for the lender rather than providing opportunities for timely, low-cost repayment by the borrower. Yet striving Americans still deserve access to financial products and services, not just as an offset during a financial emergency, but as an opportunity to make progress toward their financial goals and build their credit along the way.

Fortunately, a growing number of new and traditional small dollar lenders are filling the gap with better solutions for these consumers without predatory features. They’re willing to take a chance on consumers by providing unsecured credit to those who may have a higher risk of default, less-than-optimal credit history, and low-to-moderate income. These lenders are providing safe, transparent loans that have affordable, fixed-term repayment schedules enabling consumers to repay their loans over time and with a clear path out of debt. Such providers are heavily regulated by the state and federal regulators through their bank partners, and provide responsible access to credit with features like:

- No prepayment penalties or balloon fees.

- Underwriting their loans to help ensure the customer can afford payments that pay down the loan principal over time, instead of being trapped in a cycle of debt.
- Providing a supporting servicing experience, including if borrowers are in default.
- Reporting to credit bureaus to help consumers build credit.
- Building a relationship with customers and treating them with respect throughout the process.

These features ensure the loan can resolve a person's potential crisis, is predictable and affordable, and can help the borrower stay current on payments and build better credit. Such loans are designed to be paid off, not rolled over. Proposals to protect consumers from predatory practices through a 36% all-in rate cap would cause more harm than good by limiting consumer access to credit, leading to greater homogenization among financial products, and can be too “one size fits all”. Instead, policymakers should enact policies that curb predatory practices and enable consumers to choose affordable, high-quality credit access.

Low- and moderate-income families can also improve their access to credit by reporting on-time payments for things like rent and utilities to credit bureaus. According to industry research, consumers saw an average increase of 60 points to credit scores, and 60% of renters may experience this increase in the first month of reporting. This is most beneficial to subprime consumers—9% of consumers went from unscorable to scorable with an average credit score of 631 when rent payment tradelines were included in credit files. While the reach of programs in this area is growing, more could be done. Policymakers should support proposals to expand the ability of on-time payments to be gathered and reported so that more Americans have access to credit and at competitive terms.

Small Dollar Lending: Partnerships and Policy

Small dollar loans (SDLs), and lenders who offer them, play an important role in the greater financial services ecosystem by providing borrowers, particularly those with low-to-no-credit history, with access to short-term or small personal loans that can meet a variety of needs. Although several large banks and credit unions have rolled out small installment loans or lines of credit, many borrowers continue to utilize finance companies and small dollar lenders for securing loans for unanticipated expenses. Many small dollar lenders are physically present in communities across America and evaluate consumers holistically to determine their ability to repay and to support their journey to prime credit by taking their perspectives, circumstances, and financial goals into consideration. While some small dollar lenders have brick-and-mortar operations, the industry also strives to modernize as mobile financial technology swiftly advances and becomes more convenient and commonplace. Industry-wide innovations can further expand access to credit and ensure small dollar lending remains a critical tool along the spectrum of financial services for American borrowers. Established banks and new fintech market entrants are competing to provide a wide array of responsible, transparent small dollar lending options for consumers.

There are several reasons that borrowers may need to secure a small dollar loan. As Michael Barr, former vice chair for supervision of the Board of Governors of the Federal Reserve System stated, “Income disruption and unexpected expenses are more common in [low- and moderate-income] households, and quick access to a loan can make all the difference. With proper safeguards, unsecured small dollar credit to consumers with less-than-prime credit scores can be very important in helping people meet this need.” Small dollar loans have origination

amounts of typically less than \$1,000 (but can also be originated in amounts exceeding \$1,000), are unsecured (don't require collateral), and can be repaid by borrowers in up to several installments. Similar to personal loans in general, small-dollar loans are restricted by interest rate ceilings and by small loan laws in each state.

According to Experian, nearly a third of U.S. consumers have nonprime credit scores. Millions of unbanked and underbanked Americans rely upon access to credit from small dollar lenders, and the most significant reason is the lack of access to mainstream banking opportunities. According to the 2024 FDIC's Economic Inclusion Survey & Data, 4.2% of U.S. households were unbanked, meaning that no one in the household had a checking or savings account at a bank or credit union, which represents approximately 5.6 million U.S. households. The unbanked rate among African American households was 10.6%. African American households remained overrepresented among unbanked households, comprising 12.9% of households overall but 32.3% of the unbanked in 2023. Compared with white households, African American households were more than five times as likely to be unbanked, more than twice as likely to be underbanked, and more than twice as likely not to have mainstream credit.

In addition, the FDIC report found that the number one reason the unbanked don't have a bank account—cited by 42.3% of respondents—was that these households “don't have enough money to meet minimum balance requirements,” and “don't trust banks” cited by 15.7%. “Bank account fees are too high” and “Bank account fees are too unpredictable” were cited by 33.4%. The research also revealed that “unbanked rates were higher among lower-income households, less-educated households, African American, Hispanic, American Indian or Alaska Native households; working-age households with a disability; households with income that varied a lot from month to month; and single-parent households.” Differences by race and ethnicity were significant and present at all income levels.

Despite the clear need for and importance of small dollar loans, sometimes the small dollar lending industry is painted with a broad brush. However, the finance companies and small dollar lenders that comprise the industry are quite diverse. Rather than generalizing about lender types or product offerings, it's important to understand the primary difference between a predatory loan and a beneficial one, which is arguably defined by the loan's features. It's either purposefully designed to help the consumer successfully repay or is more likely to discourage and impede the consumer's ability to make timely payments. In other words, the most responsible small dollar lenders are the ones that assess the borrower's need throughout their financial journey, by responsibly underwriting the loan, appropriately structuring the loan, and even facilitating access to products that give consumers decreased rates and increased loan amounts as they prove to be better credit risks over time. Beneficial lenders seek to support borrowers' “journey to prime” by providing a pathway that encourages financial stability and improves access to mainstream financial services. As the FDIC data suggests, many borrowers will continue to rely upon the SDL industry, which offers financial solutions that would otherwise be unavailable or undesirable to these consumers. Given this reliance, it's critical that small dollar lenders are held to appropriate standards, provide transparent and affordable services and disclose relevant guidance and information to potential and returning borrowers.

Some small dollar lenders recognize that utilizing data that may not be available through traditional credit reports can help expand lending opportunities for borrowers. Using non-traditional or alternative data can increase access and provide better rates. A challenging feature of the traditional credit system is that “it takes credit to build credit.” Many lenders rely on a demonstration of past payment history to predict future creditworthiness, meaning that to build good credit, a customer must first be given credit. If they cannot get credit to begin that journey,

then the ability to obtain credit is significantly curtailed. Good payment performance on phone bills or rent, for instance, could provide useful insight into a potential borrower's willingness and ability to repay. Since many small dollar lenders don't solely rely on "traditional" credit reporting data, they can help to create a pathway for the borrower to qualify for better future products, which further rewards the borrower's progress and allows them to achieve more financial stability. In short, small dollar lenders should be encouraged to utilize data and innovation to develop underwriting models to reduce cost and increase credit access for the nonprime consumer.

Lenders that provide these small dollar loans can also create and deliver credit products using customer insights and proof of concepts, including product testing, software prototypes, pilot programs, and data analysis. Small dollar lenders champion accessibility, options for eligibility, and affordability, enabling borrowers with higher risk profiles to obtain credit options that best fit their risk profile. Generally, consumers of all risk profiles want more loan options, financial literacy programming, and money management solutions to help them achieve their financial stability and wellness goals. As a result, small dollar lenders must continue to bridge gaps in credit accessibility by building on more financially inclusive services that increase access, create pathways to mainstream services, and strengthen the lending landscape for the better.

In low-to-moderate income communities that have historically been abandoned or underserved, small dollar lenders also have a unique opportunity to lead a paradigm shift by advancing holistic financial solutions that provide increased access to credit options and combine access to in-person advice and counsel with innovative online platforms. Small dollar lenders also have a unique opportunity to tackle structural barriers and institutional policies by forming partnerships with financial wellness programs, minority deposit institutions (MDIs) and community development financial institutions (CDFIs). These partnerships can start the journey to prime credit and create better customer outcomes while protecting data and privacy using current industry best practices.

Unfortunately, some finance companies and small dollar lenders are limited in their ability to offer more credit solutions to customers due to fragmented state-by-state regulations. In many states, legislation may limit nonprime consumers' credit options by limiting the products lenders can offer. In some states, for example, payday loans are the only type of small dollar loan permitted under state law. In other states where rate caps have been instituted, like Illinois and more recently New Mexico, beneficial finance companies and small dollar lenders can no longer operate and have been forced to shutter business operations, leaving thousands of borrowers without access to safe and affordable credit products that meet their financial needs. State regulations sometimes fail to allow small dollar lenders to offer other appropriate products supporting a consumer's financial journey, which can force consumers to use short-term products for longer-term needs. These state-by-state limitations on products and services restrict access to the "journey to prime" products customers need most. These regulatory approaches can unfairly steer consumers away from products better suited to their needs and limit their access to better options in the short- and long-term.

These federal policy options could improve credit access while protecting consumers:

- Including small dollar lenders and finance companies “at the table” to develop consistent approaches to nonprime consumers’ need for more holistic financial solutions.
- Facilitating and encouraging small dollar lenders to use non-traditional data based on customers’ relevant payment history for credit access.

- Developing guidelines focused on the structure of the loans and the consumer's ability to repay, not broad-based blanket policies such as rate caps, which reduce supply not demand.
- Enhancing access to bank accounts for consumers, thereby addressing the challenges of credit-invisible and under-banked consumers.

Independent Financial Guidance

Independent financial advisors, mostly small-business owners, are instrumental in helping families and businesses achieve financial and retirement goals by providing personalized guidance. As small business owners who work within tight-knit communities, they're seen as local providers of independent advice.

Independent financial guidance can also ensure that crises or economic turbulence don't put families' retirement savings, college plans, home buying, or even basic needs at risk. In marketplace; a financial advisor can demystify the retirement savings landscape and help savers devise strategies to meet their specific goals.

Additionally, various affiliation models to increase the options for working in financial services are a critical tool to diversify the existing population of financial advisors. According to Prudential, only one in ten African Americans work with a financial professional compared with one in four white Americans. Further, Center for Financial Planning data shows an immense lack of African American and Hispanic financial planners, who make up only 3.5% of the country's 80,000 certified financial planners. Many face barriers to entering and advancing in the financial planning profession, and the independent contractor model promotes flexibility and equity in the books of businesses they're building, which may be an additional incentive towards joining the industry.

Diversity and inclusion advocates within financial institutions can continue to promote racial diversity within the financial advice space, by deploying and monitoring targeted initiatives to recruit and develop talent. Further, they can increase awareness of the Securities Industry Essentials (SIE) exam, which is a precursor to the Series 7 exam required to be a Registered Representative of a broker-dealer but does not require firm sponsorship. Diverse individuals should be aware of the option to take the SIE exam before seeking employment, which often makes them a more competitive candidate for employment. The industry should work with HBCUs and other educational institutions to raise awareness of this career path.

More On Independent Advisors

For nearly eight decades, independent broker-dealers (IBDs) and affiliated independent financial advisors have had the option to operate as independent businesses rather than solely under an employee model. Under this model, the independent advisor owns their own book of business as well as their financial planning practice. This independent entrepreneurial business model provides financial advisors with the freedom and flexibility to grow their businesses and have a lasting impact on their community. It also allows them to establish a lasting legacy that can be passed down across generations. Often, independent financial planning practices become family businesses with multiple generations providing personalized advice to clients.

Numerous courts, agencies, and Departments of Labor and state legislatures have recognized the independent model as sustainable. Additionally, the Internal Revenue Service has created a special designation to formally recognize the independent contractor status of many independent financial advisors who choose to affiliate with IBDs so they can own and operate their own small business. However, the proliferation of gig workers—who work for companies for short periods with flexible hours, such as rideshare drivers—has raised concerns about the need to properly classify them. Policies addressing workers in the gig economy should be narrowly focused to avoid unintended consequences that eliminate the independent financial advice space. Undermining the independent business model could limit access to much-needed financial advice and displace thousands of financial advisors and their staff and financially undermine the families and small businesses who depend upon them.

Minority Depository Institutions

Minority Depository Institutions (MDIs) often serve African American, Hispanic, Asian American and Native American communities and low-and-moderate income communities where traditional banking services are scarce. Of roughly 5,000 federal depository institutions in the United States, only around 20 are African American-owned, down from over 100 before the 2008 global financial crisis—a drop of almost 80%. While many companies announced multi-million-dollar deposits and equity investments into African-American MDIs in the wake of the George Floyd murder, vigilance is needed to ensure companies keep their commitments after the 2023 Harvard and UNC case gutting affirmative action in higher education, along with an anti-DEI backlash that still continues. This is all the more important for policymakers to monitor given the Administration's 2025 Executive Orders outlawing DEI in many areas of corporate, finance, government contracting and higher education activity.

Today, MDIs still report the need for technology transfers to modernize consumer digital banking offerings and back-office operations. Many African American MDIs have requested executive swaps with larger financial institutions to share specific expertise in areas MDIs are looking to expand in, such as SBA lending and digital banking platforms. The financial sector should respond accordingly, providing whatever assistance is necessary to preserve these essential institutions, and increase access to capital for diverse communities. Beyond deposits and equity investments, several financial institutions have formed long-term partnerships with MDIs, including technical assistance for certain specialized lending and including MDIs on syndicate deals, among other activities. The banking sector is stronger when banks of all sizes are healthy and thriving.

Small Business Lending

Small businesses are the primary engine of job and economic growth in the United States—a trend even more pronounced in minority communities. However, limited access to capital has been a traditional longstanding barrier for minority-owned small businesses. According to a recent Gallup report, many minority-owned small businesses reported being declined for business credit, resorting to personal credit cards to fund their businesses. In fact, even for traditional financing, white business owners are much more likely to be approved for credit than diverse business owners.

The financial services industry must increase outreach to minority communities and increase access to capital through traditional small business lending as well as SBA lending. Many large banks have stepped up to increase financing to minority small businesses through their own lending platforms and partnering with Community Development Financial Institutions (CDFIs) to

provide grant funding that allows CDFIs to lend to harder-to-reach minority-owned small businesses. Providing much-needed capital to diverse-owned small businesses helps drive job creation and economic growth in minority communities and helps the overall American economy.

Financial Inclusion

Individuals and small businesses must be supported in targeted and innovative ways that help people manage their finances, build long-term financial security, and address issues like poverty and inequality, thus bringing us closer to an inclusive economy. Financial inclusion means that individuals and businesses have access to, and are empowered to use, useful and affordable financial products and services that meet their needs—transactions, payments, savings, credit and insurance—and are delivered responsibly and sustainably.

In a world where digital transactions and online services are vital to participating in the modern economy, making or receiving digital payments is often the first foray into formal financial services. Therefore, access to digital payments is an important step toward building an inclusive, sustainable digital economy for everyone, everywhere. Through various legislative and programmatic efforts, financial inclusion should be established to ensure that minority communities are positioned for, and have the resources for, wealth creation. Financial inclusion helps grow the overall GDP of the American economy and is a worthy goal despite the Administration's attacks on DEI.

Fintech and Artificial Intelligence (AI)

Financial technology (fintech) is revolutionizing how we access and manage financial services. By leveraging data, innovative technologies, and artificial intelligence (AI), fintech empowers individuals and small businesses with greater control, informed decision-making, and access to services previously out of reach. Congress should avoid policies that limit technological innovation, allowing for the continued democratization of financial services.

AI-powered fintech solutions are making financial management more accessible and personalized. By analyzing data and providing insights, these tools empower individuals to make informed financial decisions, understand their financial health, and plan for the future. Partnerships with emerging fintechs, especially those focusing on reaching unbanked communities, will be critical in expanding access to financial services. Again, as the debate continues on the need for and the structure of possible AI regulation moving forward, policymakers should recognize that AI may improve efficiency, cost-effectiveness, and accuracy. Federal policy must not unduly limit innovation or undermine the benefits of new technology tools.

Fintechs often serve smaller businesses and the underbanked. As previously stated, some diverse small business owners and entrepreneurs face daunting challenges in accessing affordable and reliable sources of capital. Many diverse entrepreneurs don't receive adequate capital due to a lack of credit history, lack of business planning and lack of savings and assets. With limited options, businesses in underserved communities need the ability to turn to non-traditional lenders including—but not limited to—fintechs, community banks and CDFIs for help.

Fintechs are uniquely positioned to partner with CDFIs, which traditionally compete for resources and have notoriously antiquated user experiences. However, CDFIs serve the hardest-to-reach small businesses and provide an important service in technical assistance

(TA); many fintechs don't. Combined with the impending economic recovery and many fintechs' commitment to supporting underserved communities and minorities, CDFIs are an important strategic partnership for fintechs.

In addition, fintechs use AI and alternative data to bring financial services to more people, helping ensure that no community is left behind. With AI, fintechs can create more accurate financial predictions that enable anyone, at low or no cost, to quickly understand their own unique data and make confident, actionable choices to improve their financial lives. While the potential of AI and alternative data is immense, it's critical to mitigate potential biases and ensure fair and equitable outcomes. Responsible innovation is crucial and requires ongoing collaboration between government and industry to develop robust testing methods and safeguards.

Bank/Fintech Partnerships

Bank/fintech partnerships are helping improve access to safe financial products, benefiting consumers and the broader banking landscape. Lower-cost technology platforms allow bank partners to reach a larger, more diverse cross-section of consumers—including those otherwise underserved by traditional financial institutions. At the same time, deposits are a stable, low-cost funding source for bank partners, many of whom are community banks. As the broader financial system confronts numerous challenges, many bank/fintech partnership models stand apart by bringing greater confidence to their customers, and greater stability to their bank partners.

Bank/fintech partnerships have sparked disruption in the financial services industry, igniting more competition and creating a more equitable financial landscape for consumers and community banks. Innovation is critical to democratizing financial services; it expands access to low-cost products and services to all Americans, and creates opportunities for community banks to be more competitive in an era of increasing industry consolidation. The move by a leading fintech to offer fee-free overdrafts catalyzed broader change in the industry at large, as some of the largest banks have moved to eliminate overdraft fees. These efforts have helped put billions of dollars back in the pockets of millions of consumers, including individuals otherwise underserved by traditional financial services. This trend is continuing across other products that resulted from fintech innovations. One example: allowing small businesses to access invoice advances and receive funds faster, rather than waiting on net terms.

Partnerships between traditional banks and fintechs have resulted in more innovative, affordable products that better serve consumers who've long been left behind in the financial services system. By leveraging platform investments and leadership in technology-driven financial innovations, bank partners can better compete by expanding their customer base and earning a diversified revenue stream, while providing essential products and services to consumers.

Data Privacy and Breaches

Data plays a vital role in keeping communities safe, enabling efficient fraud prevention and secure payments, and allowing innovative products to enter the market more easily. However, recent data breaches have heightened public concern about protecting sensitive personal information. This necessitates a balanced approach that harnesses the power of data while ensuring robust safeguards for individual privacy. States and international entities are implementing their own consumer protections around data privacy, such as the European

Union’s General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and numerous other state-introduced measures to combat this growing fear.

The payments and financial services sectors are at the forefront of the fight against fraud, but with the growing patchwork of state and international laws they need a strong federal partner to ensure robust data protection for all Americans. Congress must help by passing data privacy and data protection legislation that protects all Americans. A comprehensive federal framework that preempts state laws will eliminate conflicting regulations and empower the payments and financial services industries to better protect consumers’ privacy.

Included security standards should be high-level, flexible and reasonably related to the sensitivity of the data and state of the technology—not prescriptive. Additionally, for financial services companies with existing federal compliance obligations under the Gramm-Leach-Bliley Act (GLBA), standards that mirror the Safeguard Rule—or language indicating compliance with GLBA—are appropriate. Federal legislation should also require all regulated industries to be transparent about how they collect and use personal information. It should also anticipate, and protect against, any discriminatory uses and disparate impacts of data while ensuring that businesses of all sizes and across industry sectors can effectively and efficiently comply.

Legislation should also include an appropriate definition of Personally Identifiable Information (PII) that enables broad-based industry practices to remain viable while encompassing only elements that pose a reasonable risk of harm, such as threats of identity theft or financial harm. Additionally, an exclusion should exist for publicly available information, and information that has been encrypted, redacted or de-identified, thereby creating no reasonable risk of harm to the consumer. An appropriate definition of a data breach connected to a reasonable risk of harm should also be included.

Further, legislation should contain reasonable notification requirements that don’t undermine internal and external investigation policies and procedures, given the potential length of time necessary to conduct a thorough investigation. For example, consumers should be notified of a reportable breach in a reasonably timely manner consistent with nearly all state breach notification laws—which permit maximum flexibility given the complications and uncertainties of responding to a data breach—rather than legislating a specific time period.

Consumer Liquidity and Earned Wage Access

Consumers face several challenges in the short-term liquidity marketplace today. First is the enormous need for safe liquidity options; more than 65% of Americans have low cash balances to withstand any financial shock. Second, many traditional credit options, which are expensive or inaccessible, aren’t always optimal for addressing consumers’ liquidity needs between pay cycles. With most companies today providing payroll every two weeks, billions of dollars of liquidity (\$285 billion each biweekly pay period) that could be tapped to solve these challenges are locked up in legacy pay cycles that aren’t built around convenience or the needs of the everyday worker.

Today, regulators see real-time payments as a way to help the liquidity challenges Americans face. By reducing the two-day settlement delay in payments—which could be three or four days on a holiday weekend—American workers will be better off indeed. However, the promise of real-time payments is not sufficient. We also need payroll innovation, such as real-time access to payroll, to help Americans access the hard-earned funds locked inside their employers’ bank

accounts. Otherwise, Americans who live paycheck to paycheck are essentially lending their money to their employers, then borrowing additional money from somewhere else.

Earned Wage Access (EWA) is the quintessential “liquidity” product. EWA products are designed to help consumers access a portion of their earned wages any time before their next scheduled paycheck. In doing so, consumers can get paid on the same schedule as they work, allowing them to have more control over their finances and peace of mind. EWA products enable access to earned wages, are settled from wages earned and not settled from general funds, have no recourse, and have no credit risk assessment.

The Administration has released Executive Orders on short-term funds access, but additional congressional and regulatory clarity is needed to enable a safe and competitive EWA marketplace while ensuring robust consumer protections are in place.

Auto Loans

Automobiles are among consumers’ largest purchases, usually second only to buying a home. For most households, car ownership isn’t a luxury, it’s a necessity. Historically, for the African American community, owning a vehicle has been an essential element of economic freedom and independence. Vehicle ownership and access affect where people can live, and significantly expands their options for jobs and career advancement. As such, an essential component of wealth-building includes increased access to automobile purchase credit. However, the lingering impacts of inflation on vehicle prices and higher interest rates have severely limited access to automobile credit for African American borrowers.

The good news is that auto lending and information to educate buyers is more widely available through various channels, including virtual marketplaces. Previously, auto financing could only be secured indirectly through a dealership or directly through a bank. The introduction of multiple sources of financing for automobile purchases—credit unions, savings banks, finance companies and online lending—has created a highly competitive marketplace, resulting in lower rates for all consumers. With information on financing rates so readily available, and intense inter-dealership competition, credit sources are forced to offer competitive rates, or risk alienating potential customers.

Given the intense competition in the auto finance industry, consumers need and deserve a better understanding of the benefits of financing offered by manufacturer-owned captive finance companies. In general, a captive finance company is a wholly-owned subsidiary that provides retail and wholesale financing for products manufactured or distributed by its parent company. Although many captive finance companies exist, the most well-known are those associated with motor vehicle and equipment manufacturers.

Captive finance companies and their affiliates differ significantly from many other depository and non-depository institutions in their primary purpose: to assist their parent companies in selling their branded products and to ensure customer satisfaction and loyalty. Making a profit is not their sole objective. The financial products these companies offer are essential to the success of their affiliated manufacturing entities—inclusive of their dealer networks, many of whom are small- and medium-sized businesses. Although other financial institutions provide similar products, captive finance companies, by definition, maintain a narrower business focus than competitors.

In addition, captive finance companies offer straightforward, easy-to-understand financial products, including financing activities on a closed-end basis, meaning they focus on financing

In addition, captive finance companies offer straightforward, easy-to-understand financial products, including financing activities on a closed-end basis, meaning they focus on financing at a set rate within a specific window of time. By offering basic, simple products with pricing readily disclosed and easy for customers to understand, captive finance companies customers to shop for the most competitive loan in the marketplace.

Furthermore, motor vehicle manufacturers often provide incentives that enable their captive finance companies to offer subvention programs—such as subsidized interest rates or cash-back rebates—which make auto financing for specific products more cost-effective for customers. Subvention programs that reduce interest rates have the secondary effect of lowering the rates offered by competitors. As such, increased consumer awareness of manufacturer-supported subvention programs can help reduce the cost of total vehicle ownership for consumers.

Captive finance companies also worked with individual customers experiencing payment disruptions due to COVID-19. Early efforts included halting repossession activity, special credit bureau reporting, and offering payment relief options like late fee waivers, retail and lease payment deferments, lease extensions, and other lease-end options. Additionally, captive finance companies have offered special financing incentives to well-qualified buyers, inclusive of zero-interest financing and zero money down.

Of note, federal regulators such as the CFPB and the Federal Trade Commission (FTC) have developed educational tools and resources to help empower consumers in the car-buying process. These tools enable consumers to see the total cost of a loan and make apples-to-apples comparisons among competing loan products. Various vehicle finance companies have also developed and implemented financial education programs targeted at the car-buying and leasing process, in addition to general consumer financial education programs. Consumers armed with this level of information are better prepared to negotiate the best deal given their individual buying power—yet not everyone is aware of these tools. These financial education programs must be expanded so people in need of assistance can take advantage of the learnings, which are more important than ever given the economic strain some consumers may face.

RECOMMENDATIONS

- Establish appropriate and robust overdraft guardrails to protect consumers while preserving consumers' access to reasonable short-term liquidity options.
- Expand access to financial literacy and education programs developed in the public and private sectors to equip students, plus empower consumers and entrepreneurs in the marketplace, while encouraging wealth building.
- Encourage the financial sector and corporate investors to invest in African American Minority Depository Institutions (MDIs), including equity investments, deposits, technology transfers, and the provision of technical assistance.
- Increase access to capital for minority-owned small businesses in SBA lending, grants to Community Development Financial Institutions (CDFIs) and traditional small business lending.
- Invest in communities of color to rebuild a thriving small business ecosystem in addition to ensuring that all communities have access to a wide variety of lenders—both traditional and non-traditional.
- Promote racial diversity within the financial advice space by partnering with financial institutions to develop best practices for advancing inclusive policies within their workforce.
- Protect consumers' personal data by passing a comprehensive federal data privacy protection framework.
- Ensure a federal standard for privacy exists that pre-empts state laws and recognizes the existing laws financial services companies must comply with, such as the Gramm-Leach-Bliley Act. This will ease the burden on companies while creating clarity for consumers and reassurance that their personal information will remain protected.
- Preserve the model for independent financial advisors by ensuring employer classification laws and regulations related to the “gig economy” don’t inadvertently jeopardize the ability of independent financial advisors to maintain their status as small business owners. Many different affiliation models are available to financial advisors, including being an employee and being an independent contractor. Their right must be protected to choose the model that works best for them, their employees and their clients.



RECOMMENDATIONS

- Expand tax incentives to encourage more employers to provide employer retirement plans to their employees. This should include enhancing the small business tax credit for starting a retirement plan to make starting, and maintaining, a plan more affordable for small business owners. We also encourage establishing a new automatic enrollment safe harbor with a tax credit for small employers.
- Provide safe and transparent auto lending products to consumers either through captive finance companies or traditional lenders at rates that are clear and transparent. Automobiles are among consumers' largest purchases, usually second only to buying a home, so consumers must receive transparent and fair auto loans.



A photograph of a family of four standing on the concrete steps of a house. The father, on the left, is a Black man with a beard, wearing a light blue button-down shirt and dark pants, holding a young girl in a denim jacket. The mother, on the right, is a Black woman wearing a tan jacket and blue jeans, holding a baby in a denim jacket. The house in the background has a red door and white columns. The image is overlaid with semi-transparent geometric shapes in shades of purple, yellow, and white. The word "HOUSING" is written in white, bold, sans-serif capital letters across the center of the image.

HOUSING

The nation continues to grapple with a wide-ranging housing crisis, impacting the availability and affordability of for-sale and rental homes. From 2012 to 2023, about 17.2 million new households were formed, according to Inman.com, but only approximately 10 million single-family homes were started in that period, leaving a 7.2 million gap between single-family home construction and household growth. The rental housing industry also continues to face major obstacles to construction, development, and renovation. According to Freddie Mac, the current supply of rental housing is still insufficient to meet long-term demand, with a shortage of millions of units. The U.S. needs to build 4.3 million apartments by 2035 to meet future demand, account for affordability, and address the current apartment deficit. Yet the number of affordable units (rents less than \$1,000 per month) declined by 4.7 million from 2015 to 2020.

In short, the current supply of housing isn't sufficient, and we aren't building enough to meet future demand. Policymakers must prioritize solutions to this crisis that can close the supply-demand gap and open up housing opportunities for all Americans in every community and at all price points.

Homeownership and Mortgage Credit

Homeownership is a vital goal for many Americans. It's key to unlocking greater opportunities for success, building generational wealth, and enabling individuals to enjoy a fulfilling retirement while making meaningful contributions to their communities. However, substantial actions are still needed to empower the African American community in achieving homeownership, which is critical for fostering financial stability.

More than half a century since the passage of the Fair Housing Act, the picture of homeownership in the U.S. remains unequal. The average (median) age for a first-time homebuyer in the U.S. is around 38 to 40 years old, an all-time high, reflecting challenges with affordability and high prices. For African Americans, homeownership rates lag behind non-Hispanic whites by approximately 30%, according to the Joint Center for Housing Studies at Harvard University. African Americans continue to face challenges in achieving homeownership. Unfortunately, the barriers to African American homeownership grew during the pandemic, given both the disease's disproportionate impact on minorities and the significant increase in home prices, especially for entry-level homes. Interest rates are further squeezing African American mortgage borrowers. Even with these challenges, the opportunity for homeownership remains a priority for many Americans. According to USMI's 2024 Homeownership market survey, nearly 8 in 10 Americans (78%) believe owning a home is very important; 6% higher than in 2021. More than ever, it's critical to ensure as many people as possible can responsibly access affordable and sustainable homeownership—and can access assistance to stay in those homes when difficult times arise.

Affordability and sustainability are core components of the homeownership equation, and—because minority communities are often more exposed to economic volatility—these components must remain at the forefront of policy conversations at every level. Record-high demand in recent years has greatly outpaced supply—with some estimating a housing supply shortage of nearly 4 million units, according to Freddie Mac. Inventory shortages and home price growth have been especially acute in the lowest price quartile, as reflected in price growth over the last decade that's double the rate of the top quartile.

A persistent undersupply of low- and moderately-priced homes continues to challenge the dream of homeownership for millions of African American borrowers, especially first-time homeowners. The public and private sectors must work together to create more inventory,

while remaining mindful that efforts to boost homeownership by further fueling demand may have unintended consequences. Given that demographic trends are expected to continue fueling rising demand from prospective first-time buyers, the long-term path to expanding African American homeownership largely rests on addressing supply—such as removing regulatory barriers for building and zoning residential construction, and other regulatory bottlenecks at the federal, state, and local levels.

Even where entry-level homes are available, many aspiring African American homeowners still face the significant challenge of saving enough money for a down payment, which potential homebuyers most frequently cite as their primary hurdle. In response, the mortgage industry must better educate homebuyers about low down-payment options like mortgage insurance and the various loan products for first-time home buyers, and debunk the enduring myth that a large down payment is always a prerequisite for getting into a home. For example, a 2024 USMI survey found that only one-third of adults know they can qualify for financing with only 3% or 5% down.

Low down payment mortgages—including conventional mortgages with private mortgage insurance, and loans with government mortgage insurance and loan guarantees through the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), and U.S. Department of Agriculture Rural Housing Service (RHS)—have proven critical for helping many first-time, lower-wealth, and minority homebuyers secure financing and attain the American dream of homeownership. These low-down-payment mortgages allow families to buy a home sooner and gain the benefits of homeownership, including creating financial stability and developing multi-generational wealth.

Even with a leg up from mortgage insurance, a down payment can be a major barrier, especially given the rapid growth of home prices, stagnating wages, and the high cost of rent, which makes saving money harder. In addition, less generational wealth among African American families means African Americans have less ability to draw on family support for a down payment. This reduces their chances of achieving homeownership at an early age, thereby affecting their ability to build future wealth. For these reasons, Congress should consider legislative options targeted to support down payments for first-time homeowners.

Today's borrowers are more diverse than those of previous decades, and that trend will likely continue. The housing finance industry must continue to evolve to support borrowers, plus enhance mortgage affordability and accessibility for the African American community and people of color. Making meaningful progress to address the longstanding inequities in homeownership will require a wide variety of approaches, and a focused, persistent effort from many different public and private players. However, the long-term viability and sustainability of the housing industry, and more importantly, the integrity and betterment of our society, depend on getting this right.

Tackling the Homelessness Issue

Data from the Department of Housing and Urban Development (HUD) indicated that the number of people experiencing chronic homelessness, over 771,000 in the United States, continued to climb in 2024, hitting the highest level ever. Families experiencing homelessness increased 16% from 2022 to 2023. These family units accounted for 186,084 individuals belonging to 57,563 family households, according to security.org reporting. They account for nearly one-third of the total homeless population. More than 143,000 individuals were estimated to have experienced chronic homelessness—including people with disabilities who've experienced

homelessness for more than a year and have seen their housing cost burdens rise, including in African American communities. In 2023, nearly one-third of all unhoused individuals, 31%, exhibited chronic patterns of homelessness—defined as individuals with disabilities who’ve been homeless for more than 12 months or have experienced several periods of extended homelessness over the past three years. According to the Center on Budget and Policy Priorities, about two-thirds of people experiencing chronic homelessness are unsheltered, meaning they spend the night in places such as a tent, a car, or on the sidewalk. Those challenges can increase the barriers to finding housing. The number of chronically unhoused individuals has increased annually since 2016.

More than half of Americans experiencing homelessness reside in the nation’s 50 largest cities. African Americans experience homelessness most disproportionately, at a rate nearly triple their population share. Also, over 30% African American veterans are experiencing homelessness even when overall veteran homelessness rates have declined significantly in recent years, according to HUD. This crisis isn’t just an urban issue; rural homelessness is a growing problem as well. In some rural communities around the country, the ongoing addiction epidemic strains the social safety net, putting more rural people at risk of becoming homeless. Yet the scattered and hidden nature of homelessness in rural areas, sometimes called “hidden homelessness” makes the problem especially hard to measure and address. A 2019 poll conducted by NPR, The Robert Wood Johnson Foundation, and the Harvard T.H. Chan School of Public Health found that one out of three rural Americans report homelessness in their community.

Congress should continue to adequately fund voluntary, evidence-based wraparound services that are cost-effective interventions to address homelessness. HUD’s Continuum of Care (CoC) Program is a primary federal framework for such services. Having access to these supportive services is often a key indicator of success to addressing housing stability. These services—such as case management, behavioral health and substance use treatment, employment and workforce supports, and benefits coordination—enable residents to maintain housing, improve health outcomes, and progress toward greater independence.

CoC resources are frequently layered with other federal, state, and private financing tools, including the Low-Income Housing Tax Credit (LIHTC), Community Development Financial Institution (CDFI) investments, and additional public and private capital. These complex financing structures depend on stable and predictable federal support to function as intended. For some housing providers, CoC funding is a critical component of project feasibility, administered in partnership with local governments and non-profits supporting resident services, and bridges the gap between what supportive housing tenants can afford and what fair market rents actually are. By reducing reliance on emergency shelters, hospitals, jails, and other high-cost public systems, supportive housing delivers measurable savings to taxpayers while improving long-term outcomes. Adequate CoC funding allows supportive housing providers to operate sustainably as rental assistance and operating subsidies bridge the gap between extremely low-income tenant contributions and fair market rents, ensuring properties remain financially viable.

Recent expansions of the LIHTC reflect a continued federal commitment to increasing the supply of affordable housing, yet abrupt or unplanned changes to CoC funding would undermine that investment—creating operating shortfalls, delaying construction and rehabilitation timelines, and introducing financial instability across many LIHTC-supported supportive housing developments. Disruptions to grant renewals, in particular, jeopardize housing property operations, threaten housing stability for current residents, and discourage future investment in supportive housing. Such instability would further constrain the already limited supply of

affordable housing and increase financial risk to housing providers and organizations working with residents to maintain housing.

Preserving Affordable Rental Housing

The nation also faces a widespread challenge of rental housing affordability, reflected in the disconnect between supply and demand. In increasingly more communities, a lack of supply drives housing costs upward. According to research by Hoyt Advisory Services and Eigen10 Advisors, LLC, the U.S. faces a pressing need to build 4.3 million new apartment homes by 2035. Key findings of this research:

- The 4.3 million apartment homes needed include an existing shortfall of 600,000 rental units because of underbuilding after the 2008 financial crisis.
- The number of affordable units (rents less than \$1,000 per month) declined by 4.7 million from 2015 to 2020.
- This anticipated apartment demand includes a projected 3.8% increase in the homeownership rate.
- A reversal of the decline in immigration before and since the pandemic would significantly increase apartment demand.

Other pressing factors are also placing increased pressure on rental housing. For new construction, increased financing, material and labor costs drive up prices before the first shovel is put in the ground. For example, 44% of the nation's stock was built pre-1980, requiring costly and significant capital maintenance and repairs to remain operational. Further, for existing properties, significant increases in insurance costs, and state and local property taxes have made the current environment extremely challenging. Expenses for multifamily properties across the nation have surged by 9.3% in the trailing 12-month period ending in June 2023, according to a study by Yardi Matrix. This growth is a staggering 63% higher than the increase seen in the previous year. This spike in expenses translates to an extra \$740 in costs per unit for the average U.S. multifamily property.

While there is no single solution, a multifaceted approach can make a difference. Local, state, and federal lawmakers should prioritize increasing supply and providing adequate housing subsidies for families in need. Changes in tax policy, regulatory relief, and development incentives can also play a substantive role. Deployed together, these solutions will ensure greater housing stability and affordability for renters at various income levels for decades.

Reducing Barriers for Housing Development

Barriers to development are commonplace in nearly every community in America. Even in those areas that want more housing, hurdles persist like zoning restrictions, permitting delays, ill-fitting transportation, restrictions on short-term rentals, parking requirements, and more. According to recent research, regulatory requirements account for an average of 40.6% of multifamily development costs.

Moreover, a 2009 study from researchers at Princeton found that anti-density zoning increases African American residential segregation in U.S. metropolitan areas, by reducing the quantity of affordable housing in white jurisdictions. The study also models the effects of maximum-density zoning on African American segregation. The results indicate a strong cross-sectional

relationship between low-density zoning and racial segregation, even after controlling for other zoning policies and various metropolitan characteristics.

Anti-development, Not In My Backyard (NIMBY) forces also stand broadly in the way of new rental housing development. NIMBYism and local community opposition to development are regularly cited among the top development barriers. While local voices need to be heard on issues impacting the community, well-designed local regulations are critical to minimizing abuse by anti-housing forces and enabling industry to meet supply needs. Smart regulations can complement broader community efforts to address housing affordability challenges and to make critical infrastructure investments.

The bipartisan Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025 in the Senate, and the Housing for the 21st Century Act in the House, aim to address housing supply and affordability issues. They do this by eliminating regulatory and procedural challenges in zoning, land-use, permitting, federal inspection, and environmental areas, among others. Additional recommendations within these bills include updating HUD Programs like the Home Program and rental assistance, raising FHA multifamily loan limits, supporting manufactured and small-dollar mortgages, and offering greater incentives for affordable housing investment, while also strengthening oversight, accountability, and coordination among federal housing agencies. In total, these measures are designed to boost housing production, broaden access to homeownership, and reduce homelessness nationwide. Both bills are endorsed by a broad range of housing advocacy organizations.

Additional federal programs aim to help eliminate barriers to housing development. The HOME Investment Partnerships Program, PRO Housing Grants, and Community Development Block Grant (CDBG) are two federal programs that can help state and local governments expand affordable housing and strengthen communities. The HOME program provides formula funding to create, rehabilitate, and preserve affordable rental and homeownership opportunities for low-income households. HOME is essential in ensuring that the just-enacted expansion of the LIHTC can deliver on the mission of constructing and rehabilitating up to an additional 1.22 million rental units over the next decade. In fact, the program created 32,000 new housing units in 2024. CDBG funding is used by communities, meanwhile, to rehab housing infrastructure and support economic development. HUD has funded programs with PRO Housing Grants to help remove local barriers to production including restrictive zoning, land-use policies, and permitting delays—thereby increasing housing supply and affordability.

Rising Costs to Build and Operate Rental Housing

The cost of renting a home is greatly driven by supply and demand—as well as the cost to produce and operate that supply. Significant cost pressures at all stages of the rental housing life cycle impact the ability to deliver new units across all price points, and the rents that must be charged to keep rental properties viable. At the construction stage, rental housing developers report price increases and construction delays due to limited availability. Construction financing pricing is also escalating, and the reliability of labor is uncertain. The cost of critical building materials and equipment continues to rise, including exterior finishes, roofing, electrical components, appliances, and insulation. In addition, construction labor costs increased more than expected in 2024.

In the current landscape of commercial real estate, labor costs are an increasingly prominent driver of construction expenses. With construction seeing moderate increases, employment in the sector continues to trend upward, driving consistent compensation growth. This has

persisted even in the face of a recent uptick in unemployment, underscoring the robust demand for skilled labor across the industry.

The limited availability of labor fuels upward pressure on costs, creating a baseline growth trajectory that stakeholders must account for in their financial planning. This trend is expected to extend into 2025 and beyond. According to JLL's 2024 Midyear Construction Update and Reforecast, the outlook predicts a continued rise in labor costs, with increases of 3% to 5%, which is moderately higher than the historical rate. Rising labor costs influence every stage of construction and can significantly affect the feasibility of delivering new units at diverse price points.

Meanwhile, data derived from operating statements of properties that have secured loans in Freddie Mac CMBS show that the rental housing industry operates on narrow profit margins. On average, for every rent dollar collected in the U.S., \$0.93 is allocated towards the essential expenses necessary to operate rental communities. These expenses include mortgage payments, property maintenance, employee salaries, property taxes, insurance, and reserves for capital improvements. This financial structure underscores the industry's commitment to providing quality housing while also highlighting its vulnerability to rising operating costs. With such a slim margin, any substantial rise in operating costs can profoundly impact the sustainability of rental housing providers, potentially affecting housing stability for millions of Americans.

In 2023, the rental housing industry faced another challenging year as operating expenses continued to rise, outpacing rent growth. According to the latest Income/Expense IQ benchmarks released in collaboration with multiple industry trade groups, rent growth decelerated to an average of 3.6%, a sharp decline from the previous year. This slowdown in rent increases has placed immense pressure on property owners and operators, who are grappling with escalating costs across various operational areas.

Insurance costs continue to be a significant contributor to rising operating expenses, with an alarming 26.2% increase in 2023 alone, more than double the previous year's rate. Natural disasters, particularly in coastal areas, drove up these costs, but no region has been immune. This surge in insurance expenses has ripple effects throughout the industry, impacting financing activities as lenders become increasingly risk-averse. Repairs and maintenance expenses have also seen a notable rise, increasing by 11.8%. This uptick is driven by higher costs in painting and decorating, janitorial services, elevator repairs, and security measures. These necessary expenditures are vital for maintaining the quality and safety of rental properties but add to the financial burden on property owners. Administrative costs have climbed by 11.7%, reflecting the growing complexity of managing properties amid regulatory changes and market dynamics. Additionally, payroll expenses saw a 5.6% increase, as property managers strive to attract and retain skilled professionals in a competitive labor market. Property taxes, which constitute 26.3% of all operating expenses, experienced a 9.7% increase in 2023, up from 5.3% the previous year. This rise in taxation further strains property owners' budgets, necessitating careful financial planning and resource allocation.

The burden of escalating insurance costs is profoundly more challenging for affordable housing providers, as revealed by a comprehensive survey examining the shifts in these providers' insurance premiums during the policy renewals of 2020, 2021, and 2022. This crucial study, commissioned by the National Leased Housing Association (NLHA) and conducted by ndp | analytics in August and September 2023 showed that affordable housing providers grapple with substantial hikes in premiums across various insurance categories. In the 2022 to 2023 policy

renewal period, a significant 29% of providers faced premium surges of 25% or more, a stark increase from the 17% who faced similar hikes during the previous year's renewal phase. Those trends continue today. Such data underscores the deepening financial challenge confronting those at the forefront of offering affordable housing solutions. Solutions to the insurance crisis in real estate aren't easily designed; finding the answers will require partnership between policymakers, private sector insurance and housing stakeholders.

Environmental Risks' Impact on Affordable Housing

Environmental and climate-related risks are also increasingly threatening housing availability and affordability in the United States. Disasters such as wildfires, hurricanes, and floods are causing higher operating costs, insurance instability, property losses, and displacement, with low-income renters and African American communities facing the greatest challenges.

According to the U.S. Environmental Protection Agency (EPA), African Americans are more likely than other groups to face severe climate-related impacts across multiple metrics, including extreme heat and flooding risks. We also know that roughly 56 % of African Americans live in regions of the U.S. (especially the Southeast and South) more prone to extreme heat, hurricanes, and flooding than other areas. African American communities in the Southeast are also up to 1.8 times more likely than others in the same region to be affected by hurricanes, increasing risks of property damage, displacement, and financial loss.

Also, the U.S. Census Bureau's American Community Survey states that 60% of African American-owned homes are at major risk of extreme wind, and 81% are at risk of extreme heat. Meanwhile wildfire threats continue to grow nationally, with millions of homes across the U.S. at high wildfire risk—particularly in areas where socially vulnerable populations are concentrated. The January 2025 Los Angeles wildfires are an example; they destroyed and damaged thousands of residences across the region, contributing to tens of billions of dollars in property losses and ongoing economic strain on the housing market. Multi-family housing stock experienced significant losses and disruptions, decreasing the supply of rental housing and forcing low-income renters to compete for fewer units. As a result, the reduction in affordable rentals has driven displaced residents into temporary or unstable living situations. The combined impact of structural loss, uneven recovery resources, and market pressures highlights how climate disasters adversely impact housing affordability.

The Community Development Block Grant-Disaster Recovery Program (CDBG-DR) program has been a critical federal funding stream administered by HUD to help state and local governments rebuild and recover after major disasters, including wildfires, hurricanes, floods, and extreme weather events. These funds support housing recovery, infrastructure repair, economic revitalization, and mitigation projects, and are particularly important for multifamily and supportive housing projects that operate on thin financial margins. Similarly, the National Flood Insurance Program (NFIP) provides flood insurance to property owners, renters and businesses; having this coverage helps them recover faster when floodwaters recede.

Owners, operators and developers of all types of multifamily rental housing have been particularly hard hit in recent years as the cost of all lines of insurance (like property, liability, and cyber) have risen dramatically and more natural disasters have occurred. This has resulted in increased coverage limitations and higher deductibles. Sometimes, even the absence of an affordable or viable private insurance market altogether has increased the financial risk borne by housing providers directly and strained property operations. The lack of affordability of insurance options for property owners, of all types, increasingly puts needed insurance

coverage out of reach or limits the ability of property owners to make needed investments in their properties. Housing providers rely on the NFIP to ensure that affordable flood insurance is available in all market conditions for every at-risk rental property. Community Development Block Grant Disaster Recovery (CDBG-DR) and the National Flood Insurance Program (NFIP) are critical to housing providers and housing affordability because they support recovery and resilience, helping communities maintain affordable housing in cities affected by disasters.

Congress should continue to support both programs to help maintain the affordability of rebuilding and rehabilitating housing, protect providers and homeowners from catastrophic flood losses, and keep insurance costs more stable. Together, these programs help housing supply reduce displacement, particularly for low-income Americans, especially in communities at most risk.

Expanding Housing Tax Credits

Tax law enhancements aren't the only solution to the nation's housing affordability challenges, but they can be significant. Elevating existing tax incentive programs and creating new tools could generate strong momentum to place the nation on a strong long-term path toward increasing housing supply across income streams. These tax proposals provide for a proactive, innovative and comprehensive strategy for addressing housing supply shortages across incomes and across communities.

Confronting the nation's housing affordability crisis is essential for driving economic opportunities. It demands immediate collaboration between policymakers and the private sector. A comprehensive approach that includes tax and non-tax strategies is imperative to increasing housing supply, with tax policy as a crucial element of this effort.

Since its inception in 1986, the Low-Income Housing Tax Credit (LIHTC) program has, according to the A Call to Invest in Our Neighborhoods (ACTION) Campaign, developed or preserved over 3.74 million apartments, served over 8.06 million low-income households, supported over 6.08 million jobs for one year, generated over \$239 billion in tax revenue, and produced over \$688.5 billion in wages and income. These statistics strongly suggest that LIHTC is the single most impactful affordable housing production program.

In 2025, Congress passed the OBBB, also known as the reconciliation bill, which included several provisions that would impact housing supply. Notably, the Act permanently increases LIHTC authority by 12% while reducing the 50% bond financing threshold to 25%, which is required to receive the full amount of 4% LIHTCs. These improvements to the LIHTC program will help finance as many as an additional 1.94 million affordable units over 10 years. Additionally, this activity could support nearly 3 million jobs, \$333 billion in wages and business income, and \$115 billion in additional tax revenue.

The reconciliation legislation also expanded the Opportunity Zones program, which has additional promise for the development of new multifamily housing, especially in harder-to-serve areas of the country. In fact, Novogradac & Company (Novogradac) reported in 2024 that residential investment was the leading investment area for Opportunity Funds, which have helped finance over 175,000 homes in more than 200 cities across the United States. The OBBB expansion of Opportunity Zones included:

- Creating rolling 10-year Opportunity Zone designations beginning January 1, 2027, while maintaining the current-law Opportunity Zones designation process.

- Providing a 10% step-up in basis for capital gains invested in traditional opportunity funds and a 30% step-up in basis for capital gains invested in qualified rural opportunity funds. Investments would have to be held for at least five years, and recognition of deferred capital gains would occur in the fifth year.
- Reducing the substantial improvement threshold to 50% (from 100%) in rural areas.

These changes to the LIHTC and Opportunity Zones programs will be invaluable to addressing the nation's housing affordability crisis. However, Congress should consider additional ways to narrow the gap between supply and demand for housing.

Creating a Workforce Housing Tax Credit Act

Housing affordability doesn't just threaten the financial well-being of low-income households. Middle-income households—including teachers, firefighters, nurses, and police officers—are also impacted, because wages aren't keeping pace with housing costs. Harvard University's Joint Center for Housing Studies reported in January 2024 that "[r]enter households with annual incomes of \$45,000 to \$74,000 have seen the fastest growth in their burden rates, both over the longer term and during the pandemic." Congress should comprehensively address housing affordability by considering a workforce housing tax credit to spur the production of multifamily housing targeted to middle-income Americans.

Further, according to the U.S. Census Bureau's Survey of Market Absorption, the median asking rent for apartment units completed in the fourth quarter of 2022 was \$1,863.90. A renter would need to earn at least \$74,520 annually to afford one of those units at the "30% of income" standard. Moreover, the share of apartment households making between \$45,000 and \$74,999 with at least moderate housing cost burdens rose from 30% in 2019 to 34% in 2021. Based on 2021 American Community Survey data, more than a quarter of middle-income renter households (81-100% of HUD Area Median Income) were cost-burdened in 2021. This amounts to more than 1.2 million households.

The Middle-Income Housing Tax Credit (MIHTC) is intended to complement the LIHTC and follows the same model of exchanging dollar-for-dollar reductions in federal tax liability for equity investments to build rental housing. The equity raised would cover 50% of the cost of constructing qualifying units. A development project eligible for MIHTC would have to set aside 60% of units for households earning 100% or less of the Area Median Income and keep them affordable for up to 30 years. The MIHTC could finance 344,000 affordable rental homes over 10 years while also creating 560,400 jobs and generating over \$63.4 billion in wages and business income.

Reusing Underutilized Commercial Properties for Rental Housing

Communities nationwide have a growing supply of underutilized commercial real estate structures, including offices, hotels, and retail spaces. Shifting consumer preferences and online shopping are changing the real estate landscape. Estimates range from several hundred million to 1 billion square feet of surplus and obsolete retail space. Slower post-pandemic business travel is also challenging a portion of the nation's hotel stock.

Some segments of this commercial real estate space could be converted into housing and help address local demand. A February 2023 Urban Land Institute study provided case study examples of successful conversions, and several large jurisdictions, including Washington, DC

and New York City, have recently embarked on plans to incentivize office-to-residential conversions.

Converting commercial real estate into housing can be more challenging and complex than typical ground-up development. Costs associated with property acquisition and conversion, including addressing structural building issues, can quickly add up and make the difference between a viable or unfeasible project. This is in addition to other barriers that may arise, including permitting, zoning rules, and NIMBYism. A federal tax incentive to encourage property conversions would be highly beneficial in helping overcome these obstacles and spur additional housing supply. In addition, it would help revitalize distressed commercial property and stabilize the surrounding communities.

Rehabilitating Multifamily Housing Near Transit

In addition to building new housing and adapting commercial space for housing, an important role exists in rehabilitating existing housing to address housing affordability challenges. Congress could consider tax rehabilitation credits for buildings that are more than 50 years old, not certified as historic structures, and are within one-half of a mile of a public transportation station. Further, it expands credit eligibility to include building expansions on the same block and provides a 25% bonus credit for expenses related to public infrastructure upgrades and rent-restricted housing. These tax proposals provide a proactive, innovative, and comprehensive strategy to address housing supply shortages across income levels and communities.

Preserving Affordable Rental Housing

According to HUD estimates, more than 55,000 landlords left the Housing Choice Voucher (HCV) program from 2010 to 2020. Meanwhile, a 2018 HUD-sponsored study found that 68% of non-participating owners who've previously accepted voucher residents, stopped doing so. These housing providers weren't motivated to leave the program because of the voucher household; they left because of the time and costs associated with the inspection process, a lack of support from the Public Housing Agency (PHA), and the burdensome paperwork and bureaucracy required by the HCV Program.

The inspection process is one of the most burdensome regulatory requirements in the HCV program. It's also one of the top motivators for housing providers who leave the HCV program or opt out entirely. In July 2023, the apartment industry surveyed housing providers about their participation and experiences with the HCV program. Burdensome inspection and approval processes were among the top-ranking reasons to leave the program. Meanwhile, housing provider participants face significant bureaucratic hurdles, including administrative burdens and strict rent and rent increase limits that don't keep pace with market rates. These challenges result in negative housing outcomes for participating renters and limit their housing choices and opportunities for their families.

Another affordable housing barrier is the inability to use vouchers for non-rental items, such as security deposits. In some jurisdictions, the voucher may not cover full rental costs and usually doesn't include a security deposit. Another significant survey finding: a considerable 33.3% of providers that left the program said that their overall operational costs increased between 10% and 25% due to participating in the HCV program.

The public-private partnership of the HCV program has the potential to be the nation's most effective short-term solution to make housing more affordable for African American renters. However, to reach this goal, the program needs improved program administration and enhancements. Congress and the Administration must work together to enhance the Voucher program and advance short- and long-term solutions that responsibly and sustainably address the nation's housing affordability challenges.

Access to Credit: Protecting Everyday Consumers

The financial markets generally work well for people at the high end of the income scale. In particular, the credit sector's products and services provide easy credit access with strong consumer protections for high-income individuals with high credit scores. They offer a range of traditional, well-regulated, low-cost loans. According to TransUnion analysis, when rent payments were included in a consumer's credit file, consumers experienced an average increase of nearly 60 points to their credit score. Furthermore, TransUnion found that 60% of renters could see their credit scores increase as early as the first month of rent payment reporting.

However, this market doesn't provide many choices for consumers who don't meet these credit thresholds. For example, according to Experian, 60 million Americans are non-prime, with a credit score below 670, and Bankrate has found that about 100 million everyday consumers have less than \$1,000 in savings and lack access to credit. Further, the typical consumer may have little banking history, live in a community poorly served by traditional financial institutions, and have modest savings earning little interest—or even no savings at all. These consumers have difficulty obtaining a loan from a mainstream financial institution. Their lack of access to mainstream credit services or loan products exacerbates their financial instability and makes it difficult to cover unforeseen emergencies.

The credit opportunities these consumers face are often predatory. However, not every lender that offers a high-interest loan is predatory. Predatory actors exploit a borrower's desperate situation to impose terms that limit or impede the borrower's ability to repay the loan, making it difficult for the consumer to repay the loan in full and easy for the borrower to roll the loan over. Many predatory lenders also don't report to credit bureaus to keep consumers from rebuilding their credit. These policies are designed to trap consumers in a long-term cycle of debt, with loans that ensure a stream of fees and rollovers to the lender rather than to facilitate repayment by the borrower. Yet striving Americans still deserve access to financial products and services, not just as an offset during a financial emergency, but as an opportunity to progress toward their financial goals and build their credit along the way.

Fortunately, a growing number of small dollar lenders are filling the gap with better solutions for these consumers without predatory features. They're willing to take a chance on consumers by providing unsecured credit to those who may have a higher risk of default, less than optimal credit history, and low to moderate income, but are willing to provide transparent, no-fee loans that have affordable, longer-term repayment schedules enabling consumers to repay their loans at affordable rates over time. These providers are heavily regulated by the state and federal regulators through their bank partners, and provide responsible access to credit with features like:

- No fees, including no prepayment penalties or NSF fees.

- Underwriting their loans to help ensure the customer can afford payments that pay down the loan principal over time, instead of being trapped in a cycle of debt.
- Reporting to credit bureaus to help consumers build credit.
- Treating their customers with respect.

These features ensure the loan can resolve a person's potential crisis, is predictable and affordable, and can help the borrower stay current on payments and build better credit. Such loans are designed to be paid off, not rolled over.

Meanwhile, proposals to protect consumers from predatory practices through a 36% rate cap would cause more harm than help by limiting consumer access to credit. Instead, policymakers should consider enacting policies that stop predatory practices, and enable consumers to have access to affordable, quality credit while curbing the practices that cause consumer harm, such as:

- Required assessment of ability to repay.
- Limitations or prohibitions on fees that can be charged, including no NSF fees or prepayment penalties.
- Reporting positive repayment to credit bureaus, and including alternative data like rental or cell phone payments in credit scoring models, allowing consumers to build credit.

A role clearly exists for small dollar loans. In a hearing before the House Financial Services Committee, Rohit Chopra, the former Director of the Consumer Financial Protection Bureau, said that "small dollar loans can play a positive role in helping consumers meet their credit needs," and "there are many short-term loan products, whether it is a credit card, whether it is any sort of small dollar loan, that play an important role. It would be good to see many more financial institutions offer [these loans]." Several large banks, regional banks and community banks have stepped up in recent months to offer an array of low cost, transparent small dollar loans that can be accessed directly in an app and provide much-needed, short-term and low-cost loans to borrowers who need them.

RECOMMENDATIONS

- Ensure broader access to affordable and sustainable mortgage products for African American borrowers to help close the racial wealth gap.
- Support efforts to preserve homeownership for African American homeowners who face challenges from economic headwinds brought on by pandemic recovery, inflation and rising interest rates.
- Preserve the wide availability and options for low down payment lending, and better educate African American homebuyers about low down payment options such as mortgage insurance.
- Pursue legislative options focused on supporting down payments for first-time homeowners, while avoiding alternatives that may further fuel overheated demand.
- Explore ways to partner with localities to launch pilot projects and increase wrap-around services that expand access to health care, mental and behavioral health, as well as housing vouchers for young people who age out of the foster care system.
- Support adequate Continuum of Care funding, which directly supports communities with rental assistance for people with disabilities, seniors, veterans, and families, as well as services that help them maintain housing and avoid costly institutional settings such as jails, hospitals, foster care, and nursing homes.
- Support Congressional efforts to encourage local jurisdictions to adopt smart goals that can help meet local housing supply needs related to zoning including: reducing barriers to housing production and rehabilitation, streamlining and fast track the entitlement and approval process, prohibiting short-term rental restrictions that discourage development, enabling “by-right” zoning defer taxes and other fees for a set time, and encouraging higher density development near jobs and transportation.
- Enact the Middle-Income Housing Tax Credit (MIHTC) to spur housing production for middle-income families across the United States.
- Raise the Minimal Rental Use Exemption to at least 30 days to enable working-class Americans to share their home to save for a down payment.
- Reuse underutilized commercial properties for rental housing while also considering if certain commercial properties, like shopping centers and hotels, could qualify for tax incentives, and ensure that REITs could utilize the benefit; clarify the credit doesn’t reduce other tax benefits, including the LIHTC.

RECOMMENDATIONS

- Address the critical lack of affordable housing supply by examining the regulatory barriers for building and zoning residential construction, and invest in and enhance established housing subsidy programs like the HCV Program to help support renters with their ongoing housing challenges.
- Promoting the rehabilitation of multifamily housing located near transit.
- Support efforts to include alternative data such as rent and utility payments in the most commonly used credit scoring models. This policy change would help low- or moderate-income renters who have insufficient, unscorable or poor credit history realize the benefits quickly, greatly increasing their access to quality housing opportunities and reach financial security.
- Protect subprime borrowers by enacting strong consumer protections and requiring an assessment of consumers' ability to repay, ensuring these consumers aren't trapped in a predatory lending cycle that exacerbates their financial insecurity instead of creating greater security.
- Encourage Americans to save for retirement by modernizing IRA rules to permit an increase in catch-up contributions beginning at age 60, and change the age to 75 for the required minimum distributions begin. Additionally, conduct a campaign to educate and encourage young Americans to invest in their retirement, and promote the many savings vehicles available.
- Continue funding PRO Housing Grants and explore ways to improve CDBG and the HOME programs to reduce overall administrative burdens and promote the efficient use of HOME funds at the state and local levels.
- Pass both the Renewing Opportunity in the American Dream (ROAD) to Housing Act of 2025, and the Housing for the 21st Century Act, to address housing supply and affordability. Both proposals strengthen communities by expanding affordable housing, improving living conditions, and supporting economic opportunities.
- Provide sustained and predictable Congressional appropriations for CDBGDR I to support recovery, reduce financial stress in high-risk multifamily housing projects, and ensure equitable access to safe, stable, and resilient housing for communities most vulnerable to climate- and disaster-related impacts.
- Enact a long-term reauthorization of the NFIP to give the rental housing market certainty and help owners meet rising rental demand, while implementing reforms that support commercial and rental property owners.

RECOMMENDATIONS

- Reform NFIP, including flexibility to use private flood insurance while maintaining continuity for NFIP rate-setting, expanding coverage to include business interruption for rental properties, offering umbrella policies for owners with multiple properties, providing replacement cost value (RCV) for damaged apartments, and increasing access to funding for flood mitigation.
- Expand tax incentives to encourage more employers to provide employer retirement plans to their employees. This should include enhancing the small-business tax credit for starting a retirement plan, making it more affordable for small business owners to start and maintain a plan. We also encourage establishing a new automatic enrollment safe harbor with a tax credit for small employers.
- Promote racial diversity within the financial advice space by partnering with financial institutions to develop best practices for advancing racial diversity, equity, and inclusion within their workforce.
- Expand access to financial literacy and education programs developed in the public and private sectors to empower consumers in the marketplace while encouraging wealth building.
- Encourage the government and financial industry to jointly build upon current practices, such as disparate impact testing in lending, and invest in research and development to identify new ways to test and mitigate inappropriate biases while expanding access to financial services.
- Establish appropriate and robust overdraft guardrails to protect consumers, while also preserving consumers' access to a reasonable short-term liquidity option.



REDUCING RECIDIVISM

Officially, “recidivism” is defined as a person’s relapse into criminal behavior after already undergoing intervention, typically prison time, for a previous crime. Even more so, recidivism is a national crisis, with significant personal, societal, and financial costs. Every organization with a role in our criminal justice system must proactively face this crisis—whether government, community-based, non-profit, or private sector. No single silver bullet offers a solution; reducing recidivism requires collaboration on and support for evidence-based programs.

According to the U.S. Department of Justice (DOJ), 1.6 million people are currently incarcerated, and almost all of them will eventually re-enter our communities. However, DOJ statistics illustrate a sober reality: three of every four released inmates will be re-arrested within five years, and over half will return to prison during that time. This results in higher costs, lower tax revenue, less stable families, lower productivity, and other factors that harm society.

While incarcerated individuals must consciously decide to maintain a crime-free life, significant barriers exist both within prison and upon returning to the community that greatly stack the odds against carrying out what at first glance appears to be a simple solution. For example, DOJ research has found that 68% of state prison inmates lack a high school diploma, making job-finding difficult. Similarly, many companies disqualify individuals with a criminal record. In addition, 65% of our prison population is classified as suffering from alcohol or drug abuse and addiction. Meanwhile, current society re-entry programs are available, but don’t provide enough resources necessary for success.

Effect of Education

Education is among the most effective ways to reduce recidivism. According to RAND, inmates who obtain GEDs while in prison are 30% less likely to return to prison, and inmates who participate in any educational program in prison are 43% less likely to return. Educational opportunities also improve inmates’ outlook on life, helping them see the potential within themselves. Due to the proven positive effects of education and vocational training, private-sector providers of correctional services have partnered with colleges and universities to offer such opportunities to those in their care. With education comes the ability to generate income, find housing, actively participate in the community, and create a stable family environment—all key factors for re-entering society successfully. In addition, technology should be viewed as a gateway to access remote work and higher learning. Lack of access to technological training in digital skills, especially those easily available to the public, places a marked disadvantage on returning citizens. Investing in technology-based education and skills development will enhance their successful reentry into society.

Economic Opportunity

Job training courses are another important solution. Employers can transform lives by providing work and vocational training in prisons themselves. In fact, employers across the country have partnered with state and local corrections agencies to give inmates access to real-world work opportunities, ranging from circuit board manufacturing to fruit packing.

These partnerships are a win-win. Employers benefit by gaining access to an untapped talent pool. Plus, inmates who complete vocational training are 28% more likely to find a job after release, according to RAND, and employed offenders are half as likely to re-offend as those without a job. This affects more than currently and previously incarcerated individuals; the 1.9 million currently unemployed ex-offenders are costing the country \$87 billion in lost GDP, according to the Center for Economic and Policy Research. Broken down further by region, the

Economic League of Greater Philadelphia found that connecting even just 100 ex-offenders with jobs would produce \$1.2 million in annual earnings and \$55 million in post-release lifetime earnings. The benefits to both the individual and society at large are self-evident.

However, even after receiving job training and re-entering society, employers often aren't eager to hire individuals with criminal histories. This requires that incentives and protections be put in place to embolden employers. For example, the federal Work Opportunity Tax Credit allows employers to claim up to a 40% tax credit on an ex-offender's first-year wages. Some states and municipalities also offer tax credits. However, often employers aren't aware of such opportunities. Promotional funding should be increased and the programs expanded—possibly by raising existing caps on the tax credits—so more businesses are both aware of the credits and eager to use them.

Fortunately, the federal Fair Chance Act was passed into law. The legislation “bans the box,” preventing federal contractors from asking job applicants about their criminal record before making a job offer. It provides critical protection to stop potential employers from discriminating solely based on previous incarceration.

None of this will be as successful without incorporating effective programs designed to help individuals re-enter society in a manner that helps them thrive. By reauthorizing and adding more funding to the Second Chance Act, which provides federal grants to governments and nonprofits that work to improve outcomes for the formerly incarcerated, programs can be expanded that provide education, addiction treatment, residential re-entry facilities and other services. The program can be strengthened even more by requiring a full continuum of services from the during-incarceration period through post-release. Each person should receive an individualized assessment of risks and needs so a custom program can be designed across agencies to increase each person's opportunity for post-release success. Plus, evidence-based programming with proven results should become the norm, not the exception, if re-entry programs are to be truly successful.

Government-contracted operators have strongly advocated for recidivism-reducing policies and invested time, capital, and resources to become industry leaders in this often-neglected space. They have launched a nationwide initiative to advocate for a range of policies reduce recidivism. Those policies included “ban the box,” reducing legal barriers to make it easier and less risky for employers to hire former inmates, increasing funding for reentry programs, and social impact bond programs. An opportunity exists for all companies to expand upon these wins with the national focus on inclusion and equity in the workforce. This has the potential to make lasting change in recidivism reduction for good.

RECOMMENDATIONS

- Pursue policies that encourage companies to partner with prisons and provide inmates with vocational training in various industries, to help combat recidivism and address the skills gap. Incentivize companies to provide virtual training, job shadowing, or mentoring for those formerly incarcerated.
- Encourage companies to display empathy for returning citizens and to look for quantifiable ways to build awareness, education, and a corporate climate of inclusion.
- Press for additional funding for the Shift Back to Society Act and Second Chance Act, providing more support for programs that reduce recidivism via essential assistance services and employer hiring incentives.
- Focus on ensuring quality outcomes for student inmates, now that one of the largest barriers to reentry for incarcerated people has been removed through the restoration of Pell Grant eligibility for incarcerated students.
- Support additional investments in education, on-the-job and technological training, faith-based programs, addiction treatment, soft skills, credentials, and other services that result in a better quality of life for individuals in prison and those formerly incarcerated.
- Increase the use of technology-based educational services that are being offered to those who are incarcerated. The use of virtual instruction will also allow for more incarcerated people to be educated at each prison site.
- Encourage correctional and re-entry facility operators, and the communities in which these facilities reside, to engage in greater collaboration. Operators can tap the potential of various organizations—including educational, faith-based, non-profit, or private—to implement “evidence-based” programs that lead to successful outcomes. Possible programs include: career training in the corrections and rehabilitation field, vocational training, certification for returning citizens, and higher education opportunities.
- Implement a “pay for success” performance-based model to align contractors with public policy objectives for reducing recidivism. Widely successful internationally and in Pennsylvania, this model holds providers accountable for delivering measurable results, allows for “success” payments if recidivism rates improve beyond a certain threshold, and administers penalties for unachieved goals.



RECOMMENDATIONS

- Expand access to parenting education programs for incarcerated and returning individuals to strengthen family bonds, improve parenting skills, and reduce intergenerational involvement in the criminal justice system.
- Increase investment in family reunification services that support safe, structured reconnection with children and families, recognizing family stability as a critical factor in successful reentry and reduced recidivism.
- Ensure comprehensive access to behavioral health services, including mental health assessment, counseling, and continuity of care from incarceration through community reentry, to address underlying conditions that contribute to criminal behavior.
- Support and fund domestic violence prevention and intervention programs that provide education, accountability, and trauma-informed services to promote healthy relationships and enhance community safety.





TRANSPORTATION

Our transportation network is the backbone of the U.S. economy. A strong transportation system is vital for economic growth, job creation, market connection and trade facilitation, while also serving the crucial needs of daily life by providing access to work, school, healthcare, and improving the quality of life for everyday Americans. The transportation industry is constantly evolving, facing a range of opportunities and challenges that will define and transform its future.

Jones Act

The American tugboat, towboat and barge industry—the largest segment of the U.S. domestic maritime industry—plays a vital role in our nation’s economy, supply chain, and national security, and serves as the safest, most environmentally sustainable mode of freight transportation. Every day and every year, nearly 5,000 tugboats and towboats and 30,000 barges navigate America’s inland rivers, coastal waters, Great Lakes, and Alaska, Hawaii and Puerto Rico routes, delivering the commodities that drive economic development in communities across the country. These boats help large commercial and military ships safely enter and exit our nation’s busy ports and support over 275,000 jobs.

The industry offers rewarding, family-wage careers to people from all walks of life, from recent high school graduates, to transitioning military veterans, to formerly incarcerated individuals pursuing second chances. These opportunities come with strong potential for upward career mobility—a recent high school graduate can start as a brand-new deckhand, and within less than a decade, work their way up to become a captain earning an annual salary of over \$100,000.

For people from underserved communities, the industry provides career opportunities that aren’t limited by geography. Mariners live aboard the vessels on which they work for a few days, to several weeks at a time, meaning they need not be constrained by having to live close to their employer.

The industry’s many economic and workforce contributions are made possible by the Jones Act, the foundational law of American maritime operations, requiring that vessels transporting cargo between U.S. ports be American-built, American-owned, and American-crewed. The Jones Act ensures that:

- Vessels navigating on our domestic waters meet the highest safety and environmental standards.
- American communities experiencing natural disasters or other emergencies can count on American vessels to deliver fuel and supplies for recovery.
- Foreign vessel operators answerable to foreign governments aren’t positioned to disrupt our domestic supply chain.
- The nation will have the American vessels and American maritime workforce needed to grow emerging markets like liquified natural gas (LNG) bunkering.

The Jones Act is also critical to our national and homeland security. Jones Act mariners are fully vetted and credentialed U.S. citizens who serve as eyes and ears on the water, supporting the Coast Guard in its homeland security mission and reducing the need to monitor foreign vessels and mariners on our domestic waterways. The law also ensures that American vessels are the ones both helping U.S. military ships safely enter and leave American ports, and transporting

military equipment between U.S. ports—responsibilities that should never be outsourced to foreign operators.

Ensuring Safe and Reliable Navigation Routes

America's waterways make up a network of marine highways on which tugboats, towboats and barges transport vital cargo to communities across the United States, and to American coastal ports for export in global trade. The safety and efficiency of our waterways system depends both on modernized waterways infrastructure—a comprehensive system of locks, dams and dredging vessels to manage water depth and prevent congestion in our rivers and harbors, and Coast Guard buoy tender vessels to maintain aids to navigation that alert mariners to hazards on the waterways—and the availability of safe routes compatible with the needs of commercial navigation.

While the tugboat, towboat and barge industry's close partnerships with the Coast Guard, the U.S. Army Corps of Engineers, and other stakeholders are a critical factor in keeping commerce moving through all sorts of weather conditions throughout the year, investment in ports and waterways infrastructure, along with sensible permitting reform to enable more efficient infrastructure development, are indispensable to maintaining the safety and reliability of waterways transport. Investment in waterways infrastructure is also an investment in mariner safety, the U.S. economy and the American workforce. In order to maximize the benefit from that investment, Congress should pass biennial Water Resource Development Acts (WRDA) to authorize needed waterways infrastructure modernization projects, and invest in the next generation of Coast Guard buoy tenders.

The availability of designated commercial navigation routes is also critical to maintaining safe and efficient maritime commerce. Establishing navigation fairways along the busy Atlantic Coast, and avoiding breaching dams on inland waterways, where doing so would threaten the safety and viability of commercial navigation, are key steps in keeping maritime commerce flowing while protecting mariners and the communities they serve.

Waterways Commerce & Environmental Sustainability

Marine transport is the most environmentally sustainable mode of freight transportation. A single dry cargo barge can move as much cargo as 16 rail cars or 70 trucks. With the goal of building on these environmental advantages, the tugboat, towboat and barge industry is committed to continuously innovating and improving on sustainability by embracing technologies to improve vessel performance, reduce fuel consumption, and run on alternative fuels.

Thoughtful public policy can also play a critical role in improving environmental sustainability in waterways commerce. Marine transport has the capacity for expansion, which means shippers seeking to improve their own environmental performance can do so by moving more freight on the water. Public policies that encourage shippers to transition to marine transport, to take advantage of the many environmental benefits this mode offers, would enable the United States to reduce its emissions overall.

Investment in waterways infrastructure will also improve environmental performance in marine transport by further strengthening the efficiency and resiliency of the marine transportation system. This means investing in modernization of locks and dams, and ensuring that the Coast Guard and U.S. Army Corps of Engineers have the dredges, buoy tenders and other assets needed to keep commerce moving safely and efficiently to reduce idling and lower emissions.

Moreover, domestic marine transport is a diverse industry consisting of hundreds of companies, each with different resource levels and operational profiles. Public policy should recognize this diversity and support vessel owners in their individual sustainability efforts, from removing impediments to technological innovation to helping smaller companies with fewer resources make meaningful progress toward reducing emissions from existing vessels. Focusing on helping individual vessel owners improve their environmental performance will be more effective in reducing overall emissions than imposing a “one-size-fits-all” approach in which everyone must—impossibly—meet the same goals in the same way regardless of individual factors affecting their ability to do so.

Finally, just as it’s important to pursue policies that maximize efficiency on the waterways and help vessel owners on their individual sustainability journeys, our nation must avoid policies that create unworkable regulatory patchworks or impose infeasible timelines or requirements.

Counterfeiting in the Auto Industry

When almost anything can be ordered online, consumers and independent repair shops face a basic threshold question: are the auto parts they’re buying genuine? Counterfeit goods are increasingly prevalent, and third-party e-commerce marketplaces have made it easier than ever for bad actors to distribute unsafe products. U.S. enforcement reporting shows these counterfeits overwhelmingly originate overseas—particularly from China and Hong Kong. The circulation of counterfeit automotive parts in the United States raises serious public health and safety concerns: they’re not made to the specifications of the original manufacturer, are not subject to the same testing and quality controls, and often fail to perform as intended—sometimes with catastrophic, even fatal, consequences. U.S. Customs and Border Protection seizure statistics reveal routine stops of counterfeit safety components like airbags, brake pads, wheels, and suspension parts, underscoring how pervasive the problem has become. Enforcement agencies have also seized counterfeit seat belts, oil and air filters, windshields, microchips, and spark plugs, among other auto parts. Simply put, almost every category of auto part has been counterfeited.

In response, the auto industry and consumer advocates urge Congress to pass legislation that would make online platforms liable for dangers posed by counterfeit goods—placing the e-commerce platforms on even footing with brick-and-mortar retailers. These meaningful reforms would help eliminate the anonymity of sellers by establishing and enforcing basic accountability measures that better protect consumers, and aid law enforcement’s efforts to track organized crime, all while safeguarding American jobs and innovation.

The Right to Repair a Safe Vehicle

Automotive “right to repair” has existed for decades. Automakers provide all repair shops with the information needed to diagnose and repair vehicles, and roughly 75% of post-warranty work is completed outside authorized dealer networks. This access has been reinforced by the Massachusetts right-to-repair law and the 2014 nationwide industry memorandum of understanding, which includes enforceable commitments and dispute-resolution mechanisms if an independent shop cannot access needed information or tools.

As the policy debate continues, Congress should advance a consumer and safety-focused approach like the SAFE Repair Act framework, which preserves parity between franchised dealers and independent repair facilities while adding guardrails to ensure vehicles are repaired safely and properly. In particular, SAFE Repair protects consumers by ensuring they—not

insurers—decide where and how repairs are performed, and by promoting repairs aligned with manufacturer engineering procedures to restore safety systems and structural integrity. It also strengthens transparency and safety by ensuring consumers have a choice of parts, extending recall and safety protections even when non-OEM parts are used, requiring disclosure of prior collision-related alterations when used vehicles are sold, and supporting post-collision and periodic safety inspections.

These protections matter for any community that depends on reliable transportation to access jobs, education, and caregiving and they can be especially meaningful where households are more likely to rely on used vehicles and cost-conscious repairs. By prioritizing consumer choice, transparency, and safe outcomes, SAFE Repair helps protect drivers and families while preserving a competitive repair marketplace.

Economic Growth and Equity Through Electric Vehicles

As personal mobility shifts toward electrification, it's expected to improve air quality and reduce greenhouse gas emissions. Consumers can purchase fuel-efficient ICE models, as well as battery-electric, plug-in hybrid electric, and hybrid vehicles. This pragmatic approach considers current market realities while advancing an all-electric future.

The EV industry is a driver of economic growth, creating opportunities in advanced manufacturing, technology development, and infrastructure deployment. Expanding EV production and charging infrastructure can generate good-paying jobs in historically underserved communities, building opportunities in more places. Investments in training and education are essential to prepare African Americans for the next wave of high-tech, clean energy jobs, ensuring they are at the forefront of this growing industry.

Despite the benefits, barriers remain to EV adoption. Enhanced outreach efforts, paired with investments in workforce training and community engagement, will empower African Americans to embrace EVs as a viable, affordable, and sustainable mobility solution. It's important to support electrification efforts in both urban and rural communities, ensuring everyone benefits from transportation electrification. While progress is being made, Congress must work with the Administration to ensure charging infrastructure continues to expand in all regions, with training opportunities and workforce support. The automotive and manufacturing industries have invested billions of dollars to accelerate their transition to producing zero-emission vehicles, providing thousands of good-paying jobs in predominantly rural communities across the country.

The path forward requires robust collaboration between states, Congress, the Administration, and stakeholders to ensure that EV adoption supports economic growth, and delivers environmental and public health benefits. Together, we can build a cleaner, healthier, and more prosperous future for all Americans.

United States, Canada and Mexico Agreement

In 2020, the United States-Mexico-Canada Agreement (USMCA) entered into force, updating the 25-year-old North American Free Trade Agreement (NAFTA). USMCA remains a critical trade framework for the U.S. auto industry, supporting competitiveness and helping drive significant new investment, production, and jobs in the United States and across North America. Since the USMCA was ratified, private investment in auto fixed assets was 4 times the investment than in the equivalent prior period. These investments help drive jobs for African Americans. In 2024, 16.5% of American autoworkers were African Americans, compared to

12.8% of the overall U.S. workforce. As the Administration conducts the USMCA Joint Review, we encourage the preservation of the agreement's core structure and strong automotive rules of origin, while pursuing targeted refinements, appropriate transition periods, and additional measures that strengthen North American supply chain resilience. USMCA renewal is vital to long-term business planning and continued investment in North American manufacturing.

Autonomous Vehicles

Autonomous Vehicles (AVs) will make our roadways safer for drivers and other roadway users. AVs cannot become distracted, fatigued, or impaired, have a 360-degree view around the vehicle, and use technologies to identify roadway risks easily missed by human drivers. According to the National Highway Traffic Safety Administration, nearly 40,000 people died on U.S. roads in 2024. With fierce and growing global competition in this sector, the U.S. could lose its lead as adversaries and allies begin seizing American AV market share. In order to keep America in the game and accelerate development and scaling in the U.S. rather than abroad, legislation must be passed creating a federal autonomous vehicle framework for development and deployment.

Chinese Automaker Effects on National and Economic Security

The potential entry of Chinese automakers into the North American market—whether through imports or local production—raises important questions for national security, economic competitiveness, jobs, and affordability. Chinese automakers benefit from extensive state support and non-market advantages, creating the risk that an influx of low-priced vehicles would distort competition and undermine investment in domestic manufacturing and innovation; particularly in communities that depend on auto jobs for economic mobility. African American workers are disproportionately represented in the U.S. auto workforce compared to their share of the overall labor force, meaning shocks to the industry are more likely to fall on African American communities and supplier bases. Connected vehicles controlled by China also present major risks of surveillance on Americans and intentional disruption of critical transportation systems upon which communities and businesses depend.

China's track record in other strategic sectors illustrates how market-distortive practices can erode domestic industries over time. In areas like batteries, rare-earth magnets, and critical minerals, aggressive state-backed capacity expansion and below-market pricing have contributed to the loss of manufacturing capacity and know-how in the United States and other countries. If similar patterns are allowed to take hold in automotive manufacturing, higher-value production, engineering, and supplier activity would shift away from North America, with lasting consequences for workers and communities that rely on these jobs. Dependence on China would weaken local supplier ecosystems, reduce the number of skilled, good-paying jobs, and shrink economic benefits for African American communities closely tied to manufacturing corridors and logistics hubs.

Policymakers should act proactively to protect national security, support innovation and investment in local communities, ensure fair competition that doesn't hollow out America's manufacturing and supply base, and ensure that African American communities and other historically underserved communities share in the benefits of a resilient and growing auto industry.

RECOMMENDATIONS

- Strengthen American jobs and American security by supporting the domestic maritime industry and the Jones Act which underpins its foundations.
- Invest in ports and waterways infrastructure to ensure the reliability of navigation routes, supporting American job creation, competitiveness, and environmental sustainability.
- Advance public policies that foster a sustainable marine transportation system by avoiding the adoption of a regulatory patchwork, prescriptive or infeasible requirements, and bureaucratic impediments to technological innovation.
- Enact federal online marketplace accountability legislation that establishes clear liability for counterfeit auto parts listings, and requires verified sellers and basic transparency standards.
- Advance a national SAFE Repair framework that preserves consumer choice while conditioning access to vehicle data/tools on adherence to OEM safety procedures and cybersecurity standards, prohibiting insurer steering, and requiring transparent disclosure of non-OEM parts and prior structural repairs.
- Promote and fund an equitable EV transition by expanding nationwide charging infrastructure while investing in workforce training and community-based outreach, particularly in underserved urban and rural communities (including HBCUs and community colleges), through coordinated action by Congress, the Administration, states, and stakeholders to drive adoption, good-paying jobs, and shared public-health benefits.
- Preserve USMCA's core structure and strong automotive rules of origin in the Joint Review, while pursuing targeted refinements, predictable transition periods, and measures that strengthen North American supply chain resilience to provide the long-term certainty needed for continued investment, production, and jobs in U.S. manufacturing.
- Support the passage of federal legislation that would increase the current statutory cap on exemptions at the National Highway Traffic Safety Administration for manufacturers to build and deploy autonomous vehicles in the United States.
- Act proactively to protect national security, support innovation and investment in local communities, ensure fair competition that does not hollow out America's manufacturing and supply base, and ensure that African American communities and other historically underserved communities share in the benefits of a resilient and growing auto industry.



A photograph of two construction workers on a large grid of rebar, likely for a bridge or large floor slab. The worker on the left is wearing a grey shirt and a white hard hat, leaning over the rebar. The worker on the right is wearing a light-colored shirt and a white hard hat, holding a long vertical rod. The background shows a construction site with some buildings and utility poles in the distance. The image is overlaid with a purple-to-yellow diagonal gradient.

WORKFORCE DEVELOPMENT

A strong workforce helps build stronger communities and a more robust economy. However, the characteristics of today's workforce are evolving, as are the strategies for developing and maintaining a strong workforce across the country. This is especially true given how the pandemic disrupted the nature of work and sped up the move toward a digitally focused future.

After an incredibly challenging time finding and retaining a skilled workforce throughout the pandemic, many employers are starting to see a gradual improvement in the labor market. An increase in candidate applications for some manufacturers in 2023 is sending positive signs, although the labor market remains tight. As employers navigate the current labor market, we must continue to build the pipeline of skilled workers as we look to the future. It's important to engage students earlier in their K-12 careers to be interested in skilled trades like manufacturing. State and federal leaders should seize this opportunity to align resources and training in support of this effort, particularly as the U.S. looks to onshore more manufacturing operations. For job candidates looking to re-enter the workforce after the pandemic, finding childcare remains a roadblock for many parents and keeps many women out of the workforce. In order to develop a U.S. workforce of the future, we must create strong pathways for success to allow individuals and businesses to succeed.

In short, now is the time to change our approach to workforce development. Proper training should be accessible, set individuals up for success, and meet the evolving needs of today's changing workplace. The nature of work should also address people's increasing demands for fair wages and flexibility. Trends include a growing movement toward entrepreneurship, embracing the new tech economy, equipping a diverse workforce with the skills to meet evolving digital and technological needs, and developing mechanisms to enable the evolving future of work. According to 2022 research by Upwork, 57 million people—1 in 3 working Americans—were pursuing an entrepreneurial path, including direct sellers, rideshare drivers, and more. In addition, we need a renewed focus on skilled trades, which are vital to the success of our economy, especially in manufacturing and construction.

Increasing Chances of Success for Marginalized or Low-Income Workers

The pandemic triggered an economic fault line between virtual workers and those required to be on-site. Many are frontline health workers, grocery store clerks, and others who produce and distribute essential goods and services. They have complex economic, health, and family needs and concerns to address as they contemplate returning to work.

Sustaining a strong workforce requires more than connecting someone with an open job slot. A worker has a greater chance of success if their skill set matches their interests in addition to the position requirements. Equally important is addressing pressing family needs that create barriers to employment, such as a lack of childcare or concern about compromised health conditions. Helping individuals *and* their families navigate other needed support services increases their opportunity for success. Making strides in this important area would help ensure existing programs like the Workforce Innovation and Opportunity Act are best structured to successfully engage low-income individuals. It would also help them create careers they feel passionately about, while receiving significant benefits and pay, which would help make strides in this important area.

Skilled Trades

A growing and urgent gap exists in the skilled trades industry. According to the National Center for Construction Education, 40% of the construction workforce is set to retire in the next 10

years. In the same vein, manufacturers continue to face an alarming workforce shortage, which could result in 2.1 million unfilled jobs by 2030, according to a study by The Manufacturing Institute and Deloitte. As reported by the Bureau of Labor Statistics, this spike in retiring skilled laborers will increase the already existing gap of 300,000 open trades jobs to above 3.5 million in the coming years—a gap felt deeply across the skilled trades industry. According to the National Association of Home Builders (NAHB), 94% of Professional Contractors report they're struggling to find skilled workers in their fields.

Additionally, concern is growing regarding diverse American youth choosing the skilled trades as a career path. The NAHB Young Adults & Construction Trades Study reports less than 3% of young people are interested in a career in the trades, and the Bureau of Labor Statistics reports that only 7% of the construction industry is African American. These statistics prompted the 100 Black Men of America, Inc. to work with business and community partners to help increase skilled trades training and career opportunities for African American youth. With the increase in retiring skilled laborers and more Americans seeking higher education and professional jobs, fewer and fewer tradespeople remain to train the next generation in the skilled trades.

The trend is concerning, especially since manufacturers provide safe, family-sustaining jobs with excellent wages and benefits to attract and retain talent. These companies are often the largest employers in the rural communities where they operate. Workforce programs need to have the flexibility to reach the next generation, so they can build the pipeline of manufacturing roles through programs like STEM activities, “shop class” in schools, private sector programs, and traditional career fairs to generate broad interest in manufacturing careers. Working with local workforce boards and allowing flexibility based on what works best in a particular state or region has the potential to unleash a new generation of employees who want to create and build American-made goods and infrastructure.

An Accessible Path to Entrepreneurship

Boosting individual income is effective for preventing the populace from being “taken advantage of” by financial service predators and unfair financial regulations. Entrepreneurship is one such path. Yet founding a business is among the toughest undertakings in America; about 90% of new businesses fail, according to research from Small Biz Trends. The reasons are many. Extensive sacrifice and time away from family are required. Plus, even if an individual has the knowledge and skills to succeed, a comprehensive lack of access to capital can prevent a business’ actual launch.

Direct selling is a viable solution, presenting a meritocratic, part-time, flexible income opportunity for all Americans no matter their race, ethnicity, gender, or background. It is accessible to anyone seeking a low-cost, low-risk entrepreneurship opportunity. In general, most direct selling start-up costs are less than \$100, according to the Direct Selling Association (DSA), and these costs often include retail and sample products, plus training materials.

Direct selling is embarked upon for a variety of reasons. Individuals may enjoy personally obtaining the products at a discount. Others who decide to truly build a business can take advantage of the freedom and flexibility to do so on their own terms. According to the DSA’s National Salesforce Survey, satisfaction with direct selling is high, and the business owner’s satisfaction actually strengthens over time.

Also, just as barriers to entry are low, the ability to exit the direct selling business is easy, further reducing risk for these entrepreneurs. For example, a direct selling wholesaler is required to buy back any unsold inventory for at least 90% of the original net cost within 12 months. Customers are protected, as well, as a requirement of federal and most state laws stating that any sale occurring in the home can be canceled within 3 business days.

In addition to guidance and laws requiring product returns, consumer protections in the direct selling industry are entering a new chapter. In 2019, a third-party, self-regulatory organization administered by the Council of Better Business Bureaus (CBBB) is launching, to ensure the highest standards of integrity and business ethics are followed by all direct selling companies. This organization will actively monitor the marketplace, including the websites and social media of both the direct selling salesforce and their supporting companies. It will also include a process for investigating, and reporting, potentially non-compliant companies to appropriate government agencies, and managing complaint resolution.

Yet despite the many advantages to engaging in this entrepreneurial activity, African Americans are underrepresented in direct selling as a percentage of the American population. 49 million African Americans live in the United States, making up around 14% of the nation's population according to the 2021 Census Bureau estimates. However, only 8% of direct selling representatives are African American, DSA statistics show. Amid the current labor environment of wage stagnation and increasing income inequality, direct selling can be a compelling opportunity for African Americans—especially those searching for supplemental income.

In fact, a consumer attitudes survey indicates that African Americans have a higher favorability rating for direct selling than the broader United States population. Likewise, African Americans are making considerable contributions to the market—in some cases representing more than 50% of the overall spending in key product categories. African Americans also have outsized influence over spending on essential items such as personal soap and bath needs (\$573 million), feminine hygiene products (\$54 million) and men's toiletries (\$61 million), including luxury, non-essential products such as women's fragrances (\$151 million of a \$679 million industry). Most of these same products are sold within the direct selling family. Given that "passion towards the products being sold" is essential for creating entrepreneurial success, African Americans' proclivity towards these products shows how true wealth opportunities exist for those willing to become direct sellers.

The New Tech Economy

Many flexible employment opportunities are now connected through technology platforms, which have eliminated traditional barriers to entry that have kept certain communities from taking advantage of this type of work. Especially considering familiar app-based rideshare and delivery services, this growing part of our economy has democratized transportation and food access, as well as changed the way people get around and interact with their city. Policymakers now have an opportunity to leverage the popularity of these services to strengthen workers' welfare and achieve broader equity and sustainability goals. It's critical that policies enhance the quality of independent work without adding barriers or impacting the flexibility that such workers enjoy.

Future of Work

When working independently, people are their own boss, working when and where they want. Earning in this way provides unparalleled flexibility: the chance to decide your own hours, earn beyond a flat hourly wage or even work with multiple organizations at once, all while still working a traditional full-time job, a part-time job, or serving as a caregiver elsewhere if you choose.

However, regulations supporting this style of work have yet to catch up. For all its strengths, American employment law, written for a different time, currently allows only two paths for American workers: traditional employment—with important benefits but without the independence and flexibility that many self-employed Americans need—or independent contracting, without a way for organizations to provide access to benefits like insurance or paid leave. Furthermore, a patchwork of state worker classification laws creates uncertainty for businesses and workers, which at worst, has led to shuttered businesses and the potential for hundreds of thousands of lost jobs. These laws have made it far more difficult for independent earners to access benefits while preserving the flexibility they want most.

Building a Diverse Workforce for the Digital Future

The rapid shift to telework, telehealth, and tele-education as a result of the pandemic has illustrated the need for a diverse, skilled workforce with the technological abilities necessary to lead the United States into the digital future. However, U.S. employers across industries are facing critical staff shortages of skilled technical professionals that hinder economic development and growth in key areas such as the cloud, development operations, data, mobility, and cybersecurity. In addition, the information security professional association (ISC)² found that only 4% of cybersecurity workers identified as Hispanic, 9% as African American and 24% as women. Undoubtedly, we must solve this issue by supporting technical training and digital jobs skills programs, particularly through public-private partnerships.



RECOMMENDATIONS

- Address pressing family needs that create barriers to unemployment.
- Increase integration between programs so as people inevitably exhaust unemployment insurance and turn to safety net programs like TANF, SNAP, or Medicaid, a partner can facilitate coordination between programs, create efficiencies in the handoff, and offer solutions for agency partners to implement.
- Connect former claimants to local resources offered by the government, the private sector, and community groups to ensure their transition to employment is successful. This allows former claimants to successfully manage all aspects of landing a new job—including childcare, transportation, and pandemic-related hangovers such as mental health stress or late mortgage payments.
- Pass the Jumpstart Our Businesses by Supporting Students (JOBS) Act, which expands Pell Grant eligibility for short-term education and training programs.
- Ensure the Workforce Innovation and Opportunity Act (WIOA) reauthorization is optimized for maximum effectiveness. Its provisions should support public-private partnerships and programs that promote skilled trades, and ensure a streamlined process for organizations to apply for, and report on, their grants to allow more companies to have the bandwidth to participate.
- Further ensure the WIOA provides flexibility for local WIOA boards to assess on-the-ground needs and drive better results for every state. It should also prioritize funding for hands-on training, like simulators, to give real-world experiences.
- Allow for all career seekers to have their education needs met by requiring some WIOA training to be provided in a virtual setting to meet the needs of persons with health, lifestyle, family responsibility, and transportation challenges, and to meet students where they are learning now.
- Increase public and private sector partnerships to support direct selling as an entrepreneurship opportunity.
- Work with government agencies, Congress, and independent third-party groups to suggest direct selling as an entrepreneurship opportunity.
- Support laws that create clarity for direct sellers as independent contractors so they can continue having the freedom and flexibility to build a business.
- Supports laws distinguishing direct selling companies from unscrupulous businesses that can take advantage of individuals and do not provide consumer protections.



RECOMMENDATIONS

- Protect opportunities for African American, Hispanic and other minority communities hit hardest by COVID-19 related unemployment to access self-employment opportunities, such as app-based driving and delivery, and direct selling.
- Allow self-employed freelancers, independent contractors, and sole proprietors to maintain their independence and choice of work while also receiving new benefits.
- Create a federal framework to allow businesses that facilitate work for independent workers to provide portable benefits including paid leave, on-the-job injury insurance, retirement savings, and assistance with healthcare premiums.
- Create a uniform national standard for worker classification that removes the uncertainty of the current patchwork of state worker classification laws, while also preventing traditional employers from improperly converting their existing workforce of W-2 employees into independent contractors.
- Temporarily surge staff at social program agencies, and supplement them with additional resources, allowing agencies to build partnerships, understand employer needs, and connect systems and agencies. This makes pairing the right people with the right programs and resources easier, and faster. Virtual resources can also be used to better meet job seekers' needs, safely and conveniently.
- Facilitate faster, more meaningful connections between employers and job seekers, making it easier for employers to find the types of workers they want.
- Rethink job retraining by focusing on reskilling. This has become an emerging priority amid both job losses across a range of earners and new job growth across a multitude of industries. By reskilling workers, job retraining expands from an emphasis on upskilling low-income earners, evolving to a more holistic approach that helps solve the challenges of the current unemployment situation.
- Support policies and funding that provide for additional public-private partnerships, especially between employers and schools, and creative grants to develop new training modalities at the high school, trade school, and college level to provide for more creative career training for in-demand jobs inside the local community.
- Develop a diverse, skilled IT workforce necessary to lead the U.S. into the digital future by supporting technical training and digital jobs skills programs, particularly through public-private partnerships.





SOCIAL JUSTICE

Gun violence in the United States is a public health epidemic. Every day, 130 Americans are killed with guns and more than 200 are shot and wounded, according to compiled statistics from the Centers for Disease Control and Prevention, National Center for Health Statistics, and WONDER Online Database. These are firearm suicides and gun homicides, domestic violence and intimate partner violence incidents, hate crimes committed with firearms, unintentional shootings, school shootings, mass shootings, and other terrible and tragic acts involving the use of a gun.

Undoubtedly, gun violence tears communities apart—large and small, urban and rural—with nearly 60% of adults reporting they or someone they know or care about has experienced its impact firsthand. Yet African American communities bear a disproportionate impact. That is, in part, because gun violence doesn't happen in a vacuum. There are long-standing structural and systemic inequalities and inequities in health care, education, housing, workforce development, and criminal justice that can drive gun violence. Interpersonal, historical, and intergenerational violence, which create trauma in communities, are also contributing factors.

Recent data from the Centers for Disease Control and Prevention underscores this disproportionate impact: more than 13,000 African Americans are killed with guns each year—nearly three times more likely to die by guns than their white peers. More than 2,000 of those deaths are gun suicides and more than 11,000 are gun homicides—making African Americans more than 12 times more likely than their white peers to die by gun homicide. Every 11 minutes, an African American is shot and wounded. African American communities not only bear a disproportionate burden when it comes to gun violence; they endure more of the resulting trauma, which can contribute to cycles of violence and victimization. The trauma caused by gun violence has far-reaching effects, often leaving communities vulnerable and causing breakdowns in cooperation, solidarity, and trust. That's why gun violence prevention goes beyond stopping gun violence before it happens; it also means helping those most affected navigate their trauma, heal, and work toward rebuilding safer communities after it occurs, breaking the cycle of violence.

No single solution exists that will end gun violence, because prevention requires a comprehensive approach—one informed by public health research and data-driven solutions that aren't centered on criminal punishment or incarceration. That is because gun violence is a public health crisis. This public health approach must involve, among other things, community risk and education prevention strategies, such as supporting and implementing violence intervention programs to support populations at increased risk of gun violence, and addressing structural determinants of health, including housing, education, employment opportunities, and physical environments that can heighten gun violence risks. The approach must also focus on the guns: keeping dangerous firearms off our streets and out of the hands of individuals prohibited from purchasing and possessing guns, expanding background checks to all gun sales and closing loopholes in the background check system, and disarming domestic abusers, white supremacist extremists, and other hate-motivated offenders. In addition, this approach must be matched with a robust effort to hold those who profit off this public health crisis accountable, like those in the industry supply chain responsible for the flow of illegal guns into communities and cities all across the United States.

Moreover, to prevent gun violence, we must stand up and speak out against the gun lobby and gun extremists in Congress who seek to undo the life-saving progress that's been made to turn bigger profits at the expense of the public's health and safety. This includes the landmark Bipartisan Safer Communities Act (BSCA), which contained historic investments in gun violence prevention, mental health, and school safety programs, including violence intervention

programs. Furthermore, it made important changes to federal law to create an enhanced background check process for purchasers under the age of 21, disarm more domestic abusers, and require more gun sellers to become licensed dealers and, in turn, run background checks. These are the same extremists who have defunded and even want to abolish the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the nation's leading federal law enforcement agency whose mission is to protect the public from violent crime and gun violence. Now, these extremists are also pushing dangerous and misguided legislation that would, for instance, create a new federal mandate that would force each state to allow individuals from other states to carry concealed and loaded guns in public—even in states that otherwise wouldn't otherwise let them. Legislation like this "Concealed Carry Mandate" only serves to further the gun lobby's "guns everywhere" agenda, exacerbating gun violence and endangering more lives and communities—especially those already most impacted by gun violence.

Gun extremists would eliminate funding for critical gun violence prevention programs, including the Community Violence Intervention and Prevention Initiative (CVIPI) at the Department of Justice (DOJ) and public health research into the causes of gun deaths and injuries at the Centers for Disease Control and Prevention (CDC) and National Institutes of Health (NIH), as well as ATF. Congress must maintain full and strong support for these programs and the ATF as gun extremists continue to push to defund them.

Violence Intervention Programs

Violence intervention programs provide evidence and community-informed support to individuals at the greatest risk of gun violence, and work to reduce that violence through targeted public health interventions. These programs—led by community members who've earned their community's trust—take many forms to reduce gunshot wounds and deaths in the most impacted neighborhoods: street outreach, group-based, hospital-based, environmental, and youth development and mentorship programs. The common thread: these programs are all community-based, -driven, and -led, and are informed by public health research and solutions.

For example:

- In Ohio, the Cleveland Peacemakers Alliance street outreach program provides community-led violence prevention, intervention & restoration services to youth and young adults.
- In Michigan, the Ceasefire Detroit group intervention program is committed to changing community norms about violence. Through direct outreach and call-ins, the program enforces a message of zero tolerance for violence, emphasizing that participants' current behavior will no longer be accepted by the community or law enforcement.
- In Atlanta, Georgia, the IVYY Project at Grady Health System hospital-based intervention program enlists trained practitioners to provide wraparound services designed to reduce re-injury, retaliation, and trauma symptoms of post-traumatic stress, depression, and anxiety related to potentially traumatic events. IVYY also works closely with community partners to connect them to resources, including after-school, employment, education, court, and legal programs.
- In Houston, Texas, the Revive to Thrive environmental program leverages infrastructure investment to enhance the built environment and secure neighborhoods to produce positive life outcomes.

- In Washington, DC, the TraRon Center youth development and mentorship program provides young survivors with creative therapy to assist with grieving and coping, by using an evidence-based, culturally appropriate peer-to-peer approach to help predominantly African American youth deal with trauma.

Violence intervention programs have historically had strong bipartisan support at the federal, state, and local levels. For instance, Congress has appropriated \$50 million each fiscal year to support these programs since 2022 and made an additional \$250 million investment over five years in BSCA. In 2023, the DOJ awarded over \$76 million under the CVIPI to 33 local government and community-based organizations in 21 states and the District of Columbia. The DOJ has also funded research into the efficacy and implementation of these programs, as well as training and technical assistance provided by nationally recognized practitioners. At the state level, 41 states support these programs independently.

As we look ahead, violence intervention programs need increased support to meet the needs of frontline workers. These critical workers navigate prior traumas and leverage their lived experiences to develop trust with high-risk individuals, including: training and safety, pay, and healing; long-term funding for services capacity-building, and technical assistance; and investments in research to professionalize and standardize them while providing an evidentiary basis for continued support.

Public Health Research

Since 2020, Congress has, on a bipartisan basis, appropriated \$25 million in total for the CDC and NIH to support research on firearm injuries and deaths. This funding supports research to evaluate the effectiveness of strategies to keep communities safe from firearm injury, death, and crime and to develop new innovative prevention strategies. It also supports efforts to improve data collection on gun violence, especially non-fatal incidents of gun violence.

Projects that receive this federal funding provide vital scientific and public health knowledge on the causes of gun violence and prevention strategies. The funded studies analyze unintentional firearm injury and death in early childhood, examine the impacts of firearm access and opioid-related harm on firearm suicide risk, and identify risk factors for improving firearm suicide prevention in minority communities with a focus on African American adults.

Building Support for Critical Gun Violence Prevention Legislation

While gun extremists continue to push their dangerous “guns everywhere” agenda to turn bigger profits—resulting in African American and brown communities paying the price—gun violence prevention champions in Congress are pushing proven solutions to this public health crisis. These solutions would help hold the gun industry accountable, reduce risk and promote responsible gun ownership, block illegal gun access, support community-based interventions, and disarm hate and extremism. It’s more important than ever that Congress build more support for life-saving policies, including three key areas.

First, assault weapons must be banned. These firearms, along with large-capacity magazines, have been used in many of the deadliest mass shootings in our nation’s history. On average, two Americans are shot with an assault weapon each day, and evidence indicates that criminal assault weapon usage is increasing. Both the Gas-Operated Semi-Automatic Firearms

Exclusion (GOSAFE) Act and the Assault Weapons Ban would help regulate these dangerous weapons.

Second, federal gun laws need strengthening. The gun industry has grown exponentially since the 1960s, turning an annual \$9 billion in profit at the expense of public safety while the laws gun dealers must follow have largely remained the same. As a result, unscrupulous dealers funnel guns to traffickers who then funnel them into communities, where they're recovered at crime scenes. It's long past time for these laws to be updated—to prevent gun trafficking, loss, and theft, increase industry oversight and accountability, strengthen the background check system, hold gun dealers to higher standards, and improve gun crime investigations. The Federal Firearm Licensee Act would do just that.

Third, we must address community gun violence, which is a public health crisis disproportionately impacting African American communities. Community-based intervention programs, informed by public health models, that provide culturally competent and trauma-responsive services can help reduce gun violence and improve the outcomes and resiliency of survivors. The Break the Cycle of Violence Act would provide billions of dollars to support these programs.

These policies will help counter the gun industry's indifference to the death and damage their products and business practices have unleashed on communities of color, and help these communities heal and rebuild—stronger and more resilient than ever.

Preventing Armed Extremism

As one of many examples, in 2022 a white supremacist opened fire in the Tops Friendly Market in Buffalo, New York, killing ten people and wounding three others. All ten people killed were African Americans, intentionally targeted by the shooter specifically because of their race. That shooter—driven by racist hate and benefiting from easy access to firearms—exemplifies the danger of armed extremism in America. According to the Attorney General, the greatest domestic threat facing the United States is “racially or ethnically motivated violent extremists.”

Guns and gun rights are central to many extremist movements and are a core method by which extremist movements radicalize their recruits, thus making them even more deadly. Armed extremists are using guns, in particular assault weapons, as tools of intimidation and violence in increasingly open ways. These have included taking advantage of weak state gun laws to brandish weapons at protests, intimidating peaceful protests for racial justice, and planning and acting to kill.

Research with the Armed Conflict Location & Event Data Project (ACLED) on demonstrations in the United States during 18 months documented 560 events where demonstrators, counter-demonstrators, or others were present and carried or brandished firearms. Armed counter-demonstrators and others openly brandishing guns attended many of the protests for racial justice, resulting in the largest spike in demonstrations where firearms were present. The analysis showed that nearly 84% of the armed demonstrations associated with the Black Lives Matter movement included armed groups or individuals who were present to oppose pro-BLM demonstrators.

RECOMMENDATIONS

- Increase support for gun violence prevention policies that support the needs of frontline workers who conduct valuable prevention work. This includes passing the Break the Cycle of Violence Act.
- Strengthen laws regulating the firearms industry. This includes creating minimum physical security measures to prevent firearm theft, like video surveillance, and creating stronger licensing standards, better record keeping and retention, electronic data management, and information sharing with regulators and law enforcement.
- Enact strong gun violence prevention policies to crack down on armed extremists. This includes prohibiting open carry, which is often exploited by white supremacists and members of hate groups as an intimidation tactic, plus enacting extreme risk laws allowing a judge to remove someone's access to guns when there's evidence they're dangerous to others, and maintaining strong state standards for who can carry hidden, loaded guns in public.
- Prohibit guns at demonstrations on public property. While peaceful protest is an essential form of expression and a pillar of American democracy, the presence of armed protesters is a show of intimidation, and the armed extreme right's targets of intimidation are often members of already marginalized communities.
- Hold armed extremists accountable by enforcing unlawful carrying and armed intimidation laws, with a focus on the armed extremists and white supremacists who have abridged civil rights or sought to intimidate democratic institutions, including armed extremists who go to the homes of elected officials and government workers.





PUBLIC NUTRITION & FOOD SECURITY

No one should go hungry in the United States given its abundant food supply. Yet food insecurity exists in every Congressional district in this country. Food insecurity refers to the consistent lack of access to sufficient, nutritious food needed for an active and healthy life for all individuals at all times, according to the United States Department of Agriculture (USDA). The USDA also defines food insecurity as “a household-level economic and social condition of limited or uncertain access to adequate food.”

The root cause of hunger and food insecurity: the lack of resources for people to obtain food. African American, Indigenous and other minority communities in the United States face higher rates of food insecurity than the general population, in part due to historic and systemic discrimination in opportunities to build household wealth. People living in many African American communities have less access to high-quality, affordable foods because of concentrated poverty and resource disinvestment that were the result of discriminatory patterns in appraisal bias and financial lending over generations.

Among racial and ethnic subgroups, 23.3% African American households and 21.9% of Hispanic households experienced food insecurity, which is over double the rate of food insecurity of 9.9% for white households. Food insecurity in the United States worsened, not improved, from 2022 to 2023. The USDA reports approximately 47.4 million people, including 13.8 million children in nearly 18 million households, were food insecure in 2023. Food insecurity increased from 2021 to 2022 and continued to rise in most demographic groups and geographic areas from 2022 to 2023. Households with children under age 18 experienced food insecurity at 17.3% in 2023.

Interestingly, food insecurity rates did not increase during the pandemic despite the previously unknown coronavirus illness’ impacts on daily life, including deaths, disease prevention measures, and systemic shocks to food supply, employment, and transportation systems. The federal government responded to the emergency by supporting people with relief measures including the enhanced Child Tax Credit, economic stimulus payments and enhanced unemployment insurance. Federal nutrition programs helped families meet basic needs including the Pandemic Electronic Benefit Transfer (P-EBT) program, increases in Supplemental Nutrition Assistance Program (SNAP) benefits, and enhancements to the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). However, since these pandemic-era responses ended, food insecurity has increased.

During the pandemic, SNAP Emergency Allotments (EA) increased benefits by a minimum of \$95 per household. SNAP EAs reduced poverty by 9.6% and reduced child poverty by 14%. Additionally, EAs reduced racial and ethnic differences in food hardship, especially for African American and Latino households. The estimated poverty rate for African American and Hispanic people fell by 2.7% and 2.4% respectively, according to research published in a 2022 Urban Institute report. Moreover, EAs also narrowed by 2.2% the difference in the estimated African American and white child poverty rates. The Consolidated Appropriations Act of 2023 terminated EAs in March 2023. Ending SNAP EAs was associated with increased food insufficiency (households sometimes or often did not have enough to eat) and difficulty paying household expenses.

The drastic decrease in pandemic household benefits, along with higher food prices, has impacted food banks and the people they serve. Food banks have reported increased demand and gaps in providing food to community members due to the loss of billions of dollars in purchasing power for families, according to Feeding America.

A period of continued inflation that includes higher food prices, which began during the pandemic, has shown signs of leveling off in 2024. From 2019 to 2023, the Consumer Price Index (CPI) for food rose by 25%. Yet from September 2023 to 2024, food prices increased only 2.3%, as recorded by the CPI.

In order to combat food insecurity and improve nutrition and health, the previous administration created an all-of-government plan for ending hunger and reducing diet-related diseases and disparities: the National Strategy on Hunger, Nutrition, and Health. The Administration has worked across government agencies and coordinated with industry, nonprofit, and faith groups that pledged funding and other resources toward the goals of the national strategy. Further, the Administration issued a “Call to Action for a Whole-of-Society Response” with recommendations for state, local and territorial governments, philanthropy and the private sector.

Improving the reach and effectiveness of the food safety net created by federal nutrition programs is a key part of this strategy. Sixteen federal nutrition programs, including SNAP, WIC and school meal programs provide modest benefits, improve food security, support healthy diets, lift families out of poverty and stimulate the economy, all while supporting the food supply chain from farmers to retailers. In 2023, SNAP lifted 3.4 million people out of poverty, including 1.3 million children, according to the U.S. Census Bureau. Further, SNAP provides food assistance to people and supports economic growth. The USDA estimates that SNAP exerts a multiplier effect on Gross Domestic Product (GDP); in a slowing economy, an increase of \$1 billion in SNAP benefits increases GDP by \$1.54 billion. More, school meals lifted 1.2 million people out of poverty, 651,000 of whom were children. Similarly, WIC lifted 203,000 people out of poverty, including 102,000 children.

Even given the overall importance and effectiveness of federal nutrition programs, current opportunities exist to improve these programs, particularly for African American communities. Hunger continues to linger for millions of underemployed and low-income individuals as they struggle with limited funds to spend on housing, utilities, healthcare, childcare, transportation, food and more. Unfortunately, barriers, like restrictive policies and rules to access to food and nutrition programs jeopardize the support that hungry individuals and families can receive.

Farm Bill Programs

Congress can create and improve policies that put a healthy diet within the reach of all households by addressing root causes and barriers that impede people from obtaining enough healthy food every day. Policymakers have the opportunity to reform policies in the Farm Bill that generally shape five years of our nation’s food and agriculture safety net. Through re-shaping Farm Bill policies, we can address exclusionary and restrictive policies and increase food access in underserved communities. Reforms must prioritize equity in food and nutrition programs and create greater accessibility to and affordability of nutritious foods.

The last Farm Bill, known as the Agriculture Improvement Act of 2018, expired September 30, 2023, and was extended through September 2024. As of November 6, 2024, the U.S. House has yet to vote on a Farm Bill that passed out of committee, and no version of the Farm Bill has been introduced in the Senate.

SNAP is the largest food and nutrition program authorized through the Farm Bill. Several opportunities exist to maintain effectiveness and expand SNAP's reach. For starters, Congress should maintain the increased SNAP benefits based on the 2021 reevaluation of the Thrifty Food Plan that was directed in the 2018 Farm Bill. For the first time since 1975, the USDA

updated the Thrifty Food Plan, which estimates the cost of a healthy diet for families on a limited budget and is used to calculate SNAP benefits, to include purchases of foods that reflect updates in the Dietary Guidelines for Americans and in the ways people eat. Previous updates to the Thrifty Food Plan only adjusted for inflation, but failed to meaningfully account for changes in the ways modern working families buy, eat, and prepare food. The 2021 update—which increased the average SNAP benefit by \$1.19 per person per day—helps SNAP recipients access a healthy diet. Future updates (every five years) should be preserved.

Congress should also fully repeal the SNAP felony drug ban as a matter of fairness, as it disproportionately impacts African American and Hispanic households and makes it more difficult for returning citizens to successfully reenter communities and be positive contributors to society. Current law imposes a lifetime ban on SNAP benefits for anyone with a previous drug-related felony conviction unless a state chooses to remove or modify the ban. Repealing the SNAP felony ban will promote successful reentry, strengthen families and communities, and prevent recidivism. Denying food assistance to individuals with a past drug conviction has no public safety or crime deterrent value, and instead compounds hunger and poverty, hindering a successful transition to the community. Research from Harvard Law School has shown that returning citizens who have been incarcerated for a drug offense are 10% less likely to commit crimes again when provided full access to safety net benefits such as SNAP.

Further, the SNAP three-month time limit for able-bodied adults without dependents (ABAWDs) should be eliminated. ABAWDs are subject to an additional work requirement and time limits in SNAP. Time limits are likely to increase the experience of food insecurity in low-income households that already face job insecurity. Researchers found that stringent work requirements did not impact earnings or employment opportunities; they only made it more difficult for participants to access benefits, according to an Urban Institute study in nine states. SNAP work requirements have no effect on employment, but instead dramatically reduce the number of ABAWDs who participate in SNAP, according to a study by the National Bureau of Economic Research. In fact, SNAP has been shown to help individuals between jobs meet basic needs so they can continue looking for work.

Additionally, the basic allowance for housing (BAH) should be excluded from income for military personnel applying for SNAP. According to the Department of Defense, 24% of active-duty servicemembers are food-insecure. Experts have warned that such food insecurity can negatively affect military readiness, retention, and recruitment. Yet thousands of families are ineligible for assistance because their BAH is counted as income for SNAP eligibility. BAH is a U.S. allowance that provides equitable housing compensation for servicemembers based on local civilian housing costs when government quarters are not provided. The BAH is not counted as income for any other nutrition or economic support program. However, under existing law, servicemembers must include BAH as income for determining SNAP eligibility, creating a barrier to eligibility, and limiting access to SNAP benefits for military families.

In another vein, choice in foods purchased with SNAP benefits should be protected. Plus, hot and prepared meals should be allowed to be purchased with SNAP benefits. Currently, SNAP benefits may be used to purchase most food and drink products, except for alcohol, hot foods, and prepared foods. The prohibition of hot foods from SNAP purchases harms individuals experiencing homelessness or those who might not have access to household heating and refrigeration appliances. Hot and prepared foods also support convenience for working families by saving time in food acquisition, preparation, and cleanup.

As a program that is intended to supplement food budgets, SNAP recipients need more, not fewer, choices to meet their dietary needs. Any additional restrictions on purchases with SNAP benefits would be difficult to implement, increase administrative burdens, and require difficult determinations about which items fall under prohibited categories. Limiting SNAP recipients' choice in food purchases violates their personal autonomy and agency in making their own grocery decisions. It's important that public policy protect the dignity of SNAP participants by not policing their grocery carts.

Meanwhile, in U.S. territories the Nutrition Assistance Program (NAP) should transition to SNAP. From an equity perspective, Puerto Rico, American Samoa, and the Commonwealth of the Northern Mariana Islands are home to thousands of U.S. citizens who aren't provided the same nutritional assistance as their counterparts in U.S. states. Annual funding for NAP, a federally capped block grant, doesn't cover all the U.S. citizens who would be eligible for nutrition assistance in these territories, and extends only reduced assistance to recipients. Puerto Rican citizens receive on average \$116 to \$307 less in food benefits compared to SNAP participants. This policy discriminates against residents of U.S. territories, most of whom are people of color. Since NAP is not need-based like SNAP, citizens living in Puerto Rico receive uneven benefits as enrollment levels fluctuate. Similar to the demographic makeup of SNAP, families with children, older adults, the working poor, and individuals with disabilities represent 80% of all NAP households. Allowing territories full participation in SNAP would provide increased nutrition assistance to thousands of low-income citizens and ensure federal support without delays during economic or natural crises.

Outside of SNAP, several other food and nutrition programs could be improved to expand their reach and achieve greater equity for program participants. For example, Congress should call for the USDA to expand the list of halal and kosher foods in The Emergency Food Assistance Program (TEFAP). Currently, participants following a kosher or halal diet may not be able to accept all items available in TEFAP food packages. There is a limited list of certified kosher and halal food items that are available through TEFAP, especially—but not limited to—protein options. Some USDA foods are certified kosher and halal by an established certifying authority. For halal, implementing legislation and third-party oversight is critical to ensuring a product is truly halal, and to building trust and confidence among Muslim consumers. This ensures the halal claim adheres to established halal standards and guidelines. Like accredited kosher, gluten-free, and organic certification processes, halal must be implemented as a total compliance program across the supply chain. It's essential for the USDA to work with qualified third-party oversight bodies to verify halal products. Local organizations should also consult with Jewish and Muslim leaders on culturally and religiously sensitive dietary options to ensure specific community needs are being met.

Also, a grant program should be authorized by Congress to provide additional funding to state and local Commodity Supplemental Food Program (CSFP) agencies to carry out projects that expand home delivery to recipients facing barriers to access. CSFP serves low-income seniors, and many have little to no means of transportation or face mobility problems. CSFP is a program of last resort for low-income seniors who may not qualify for other forms of nutrition assistance. One strategy, successfully piloted during the pandemic, that can be a long-term solution is to expand home delivery of CSFP food packages. Providing home delivery for CSFP food packages removes barriers to access and ensures homebound seniors have their nutrition needs met, increases convenience, and reduces the risk of stigma. Together, these benefits can help make the program more accessible to potential recipients and help states reach more of their CSFP caseload.

Likewise, the Gus Schumacher Nutrition Incentive Program (GusNIP) should be expanded to better serve minority farmers and food retailers. GusNIP promotes nutrition and health by incentivizing the purchase and consumption of fresh fruits and vegetables for consumers with low incomes. The program is currently administered as a dollar-for-dollar federal match program where community grantees must match federal funds with local resources. The match requirement that must be pooled from local resources can create barriers to participation for communities—such as areas disproportionately impacted by poverty, food insecurity, and unemployment. GusNIP pilot programs are predominantly in urban communities due to their proximity to wealth and resources to meet the state match. Reducing or eliminating the match requirement can increase access to GusNIP for rural communities and farmers/producers.

Additionally, because African American, Hispanic, and Indigenous individuals are underrepresented among farmers and food retail owners, they're also likely underrepresented among the farmers and food producers that participate in GusNIP. Expanding GusNIP in a manner that addresses the root causes of the exclusion and under-representation of African American farmers can advance nutrition security in an equitable way, supporting sustainable food systems for farmers/producers and the communities they feed.

Native American Tribes must be allowed to self-administer federal nutrition programs to allow them to promote culturally relevant foods and culturally sensitive nutrition education materials, and to destigmatize the programs. In some Tribal communities, more than 60% of Native American families depend on some form of food assistance, whether that be SNAP, The Emergency Food Assistance Program (TEFAP) or the Food Distribution Program on Indian Reservations (FDPIR). In addition, Native American families are four times more likely to report not having enough to eat than the average American family. However, federal nutrition programs may not adequately address the needs of Native Americans who live on reservation lands. This is in part because of a lack of Tribal control and federal bureaucracy. Allowing local Tribes to administer these programs will ameliorate these issues and reduce hunger and food insecurity on Tribal reservations. The operation of federal food assistance programs would be consistent with Indian self-determination and self-governance, cornerstones of federal-Tribal relations.

Child Nutrition Programs

Child nutrition programs, including the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) are part of authorizing legislation called Child Nutrition Reauthorization (CNR), separate from the Farm Bill. The most recent CNR was the Healthy, Hunger-Free Kids Act of 2010. The vast majority of child nutrition program operations have continued with funding provided by appropriations acts. While there is no expectation of a CNR in the near future, opportunities exist to modernize WIC.

Meaningful improvements to WIC were made through revisions to the WIC Food Package through a formal rules change process, with the final package of changes announced in April 2024. Improvements include a significant boost to the fruit and vegetable benefit provided to WIC participants, accommodations for individual or cultural food preferences for whole grains, and increasing flexibility in food package options for families. Also in 2024, full funding for WIC through the appropriations process was secured by advocates. Indeed, additional opportunities to improve WIC are possible.

First, Congress should expand telehealth and online options for WIC. These improvements would build on lessons learned from flexibilities provided during the pandemic, such as relaxing

physical presence requirements to allow for remote certifications while preserving WIC's health screenings, allowing remote issuance of benefits on the e-WIC card, and investing in annual funding for WIC technology improvements. During the pandemic, WIC providers could certify new and recurring WIC beneficiaries remotely through phone or video chats. The act of forcing in-person appointments prior to this thwarted the participation of eligible individuals. Making certification easier helps provide benefits—and therefore valuable health and nutrition services—to eligible individuals. According to the National WIC Association, “after physical presence was required starting in 1998, WIC has never reached more than 65% of the eligible population. Children, in particular, phase out of the program as recertifications are required each year. As a result of pandemic-era flexibilities, child participation in WIC increased by 10% during the first year of remote services.”

The USDA also plays a vital role in improving WIC and can take several steps to do so. First, it should expand WIC Online Shopping. In February 2023, the USDA proposed a rule for removing barriers to online ordering and internet-based transactions for WIC. Online ordering has been shown to be convenient, time-saving and less stigmatizing. Many WIC participants face challenges using their benefits in person while managing caregiving responsibilities, transportation, and work, particularly for families with limited mobility or those living in remote or rural areas. A study by the University of Kentucky found that individuals with low incomes, including SNAP recipients, who grocery shopped online spent more on fruits and vegetables than those who shopped in-store without increasing their total grocery bill. Expanding WIC online ordering would promote nutrition security and ensure WIC participants have equitable access to nutritious foods.

In addition, WIC's Approved Product Lists should be streamlined. With each of the 89 WIC state agencies that include distinct products on the Approved Products List (APL)—using various methods and techniques to format APLs, updating the lists on an inconsistent standard cadence, and more—it's extremely difficult to track vendors and manage the APL. The USDA should evaluate how to better standardize the APL process across all states and Indian Tribal Organizations (ITOs). For example, the USDA could require agencies to follow a standard APL format, such as having consistent column descriptions and a consistent number of columns. The USDA could also offer only one document type, such as Excel. The APL could also be updated at the same frequency, such as at the start of each quarter; at a minimum, WIC vendors should be given at least 30 days' notice prior to an APL update. Moreover, the USDA could adopt standardized food categories and utilize the same food category and subcategory ID numbers. Greater standardization will facilitate vendors' ability to work with more agencies and help with minimum stocking requirements (MSR) for multiple APLs, which has deterred vendors from accepting certain WIC programs.

Further, WIC vendor training can be improved. The USDA should amend its regulations governing vendor training of staff. Every agency imposes different requirements regarding which employees must undergo training; the training also varies by agency for format, timing, and material covered. Moreover, the ability of vendor employees to access the training varies by state. The USDA should require agencies to give WIC vendors advance notice of upcoming trainings, and always offer a virtual option. Additionally, as recommended by the WIC task force, the USDA should update its regulations to better enable vendors to inform and train retail personnel on program requirements.

School Meal Programs

In addition to WIC, school meal programs are another critical element to address food insecurity in the U.S. The USDA's Food and Nutrition Service administers the National School Lunch Program (NSLP) and the School Breakfast Programs (SBP), which are federally assisted meal programs providing nutritionally balanced, low-cost or no-cost meals to children each school day in public and nonprofit private schools, plus residential child care institutions (RCCIs). Children may be determined "categorically eligible" for low-cost or no-cost meals through participation in certain Federal Assistance Programs, such as SNAP, or based on their status as a homeless, migrant, runaway, or foster child. Children enrolled in a federally funded Head Start program or a comparable state-funded pre-kindergarten program are also categorically eligible for such meals. Children can also qualify for free or reduced-priced school meals based on household income and family size.

Millions of children rely on free and reduced-cost meals through NSLP and SBP each year. In 2024, NSLP served nearly 30 million children and SBP served nearly 16 million children, according to the Food Research and Action Center, collectively providing nearly 7 billion meals to school-aged children. Numerous sources have documented that school meal programs play a vital role in children's lives, with participation in these programs improving children's well-being, health outcomes, development and growth, and ability to thrive academically in school.

Unfortunately, not all children eligible for free and reduced-cost meals through the NSLP and SBP are able to receive these meals. Children enrolled in full-time online or virtual public schools are precluded from accessing the NSLP and SBP due to the USDA's limited interpretation that meals can only be provided in congregate settings. Toward that end, over 50% of children attending full-time online or virtual public schools, who are eligible for free and reduced-cost meals, are not receiving these meals. Children enroll in full-time online public schools for a variety of reasons, including special health needs, bullying and safety concerns, specialized curriculum, and certain family circumstances (such as military families, rural households, or housing instability). Regardless of the reason, all children eligible for the NSLP and SBP meals deserve equal access to such programs to realize the benefits.

During the COVID-19 pandemic, the USDA used its authority to allow non-congregate meal service. Further, under the Summer Food Service Program, free and reduced-cost meals are permitted in non-congregate settings in primarily rural areas. The USDA should use these precedents to permit access to free and reduced-cost meals in non-congregate settings for all eligible school-aged children attending full-time public schools. More, the USDA should grant states the flexibility to determine how best to provide such meals (such as via home delivery, electronic benefit transfer cards, bulk food distribution, family pick-up, etc.). If the USDA perceives that such action exceeds the agency's current authority, Congress should enact legislation directing the USDA to act accordingly. It's imperative that the USDA and Congress use their regulatory and legislative levers, respectively, and remove the unnecessary barriers to accessing school meals in order to adequately feed our most vulnerable children and address our food insecurity and nutrition challenges.

While these recommendations relate to improving the food and nutrition safety net, it should be noted that in an ideal scenario, food insecurity would be avoided in the first place. Food insecurity in the U.S. is not caused by an insufficiency of food; it is primarily the result of inadequate household resources and environmental factors that restrict access to healthy, affordable foods. Therefore, policies to improve household economic conditions, close the racial

wealth gap and ameliorate food deserts will go a long way to reduce hunger, malnutrition and food insecurity.

Additionally, to end hunger and improve nutrition, all sectors of society must take action. Ending hunger does not have a single solution. A role exists for individuals, institutions, businesses, and every level of government in the United States. At the Congressional level, reauthorizing the Farm Bill would make meaningful impacts toward greater food security; this would put a nutritious diet within the reach of low-income households by prioritizing access, affordability, and equity. Additionally, as a CNR bill remains woefully overdue, Congress should seek opportunities to improve child nutrition programs such as WIC, and school meal programs where it can.



RECOMMENDATIONS

- Help implement the National Strategy on Hunger, Nutrition, and Health.
- Work, through legislative action on the Farm Bill, to improve SNAP by maintaining increased SNAP benefits based on Thrifty Food Plan reevaluation, ending the SNAP drug felony ban, and eliminating the SNAP three-month time limit for ABAWDs. Also take action by excluding the basic allowance for housing as income for military applicants, protecting food choice and allowing hot/prepared meals to be purchased, and transitioning NAP to SNAP in U.S. territories.
- Improve other federal nutrition programs through the Farm Bill by expanding the list of halal and kosher foods in TEFAP, improving home delivery for low-income seniors through CSFP, expanding GusNIP to better serve minority farmers and food retailers, and increasing Tribal self-administration of federal nutrition programs.
- Improve WIC, through USDA action, to streamline WIC's Approved Product Lists and improve training for vendors, plus expand online shopping, and telehealth and online benefits options, for participants.
- Encourage the USDA to revisit its interpretation of current law authorizing the NSLP and SBP, and permit states the flexibility to provide free and reduced-cost meals in non-congregate settings.
- Reauthorize the Child Nutrition Reauthorization Act and codify the USDA's authority to allow NSLP and SBP meals in non-congregate settings. This ensures all eligible children attending full-time online public schools can access school meals.





REGULATED CONSUMER PRODUCTS

Tobacco products should be responsibly marketed to the intended 21 and older adult audience—while helping limit underage access to tobacco products. This is a key tenet the industry believes in and supports, along with harm reduction products for those over 21. In addition, well-meaning policies that unintentionally strengthen illicit markets should be re-examined.

Tobacco Industry Environment

The Family Smoking and Prevention Tobacco Control Act (FSPTCA) was signed into federal law in 2009, granting the Food and Drug Administration (FDA), an executive branch agency, broad authority to regulate the manufacturing, distribution, and marketing of tobacco products. The law also created the Center for Tobacco Products (CTP) to oversee and enforce the implementation of FSPTCA.

The FDA CTP's three priority public health objectives include:

- Preventing Americans, specifically young adults, from becoming tobacco users (Initiation).
- Encouraging current tobacco users to quit (Cessation).
- Reducing the harms of tobacco use.

The FDA utilizes a science-based regulatory approach that addresses public health risks associated with tobacco use. The agency evaluates new tobacco products based on a public health standard that considers the risks and benefits of the tobacco product to the overall population, not just individuals, including users and nonusers.

Youth Access Prevention of Tobacco Products

Further, in 2019 the federal minimum age for tobacco products was raised from 18 to 21, making them illegal for individuals under 21 to purchase. Accordingly, it became illegal for retailers to sell any tobacco product to anyone under 21. The legislation is commonly referred to as Tobacco 21 or "T21," and applies to all tobacco product sales including cigarettes, smokeless tobacco, hookah tobacco, cigars, pipe tobacco, and electronic nicotine delivery systems (including e-cigarettes and e-liquids). FDA's enforcement of the minimum tobacco purchase age is monitored regularly through retailer inspections. These nationwide Undercover Buy retailer inspections use individuals under 21 years of age, accompanied by FDA-commissioned personnel, to initiate tobacco product purchases and determine compliance with federal laws and regulations. If a tobacco product is sold to an underage purchaser during this inspection, the retailer receives a Compliance Check Inspection Notice from the FDA indicating a potentially violative event.

The industry identifies, supports, develops, and executes programs that responsibly market to the intended 21 and older adult audience—while helping limit underage access to tobacco products. In fact, following an unacceptable increase in underage vaping rates, the industry itself advocated for Congress to raise the federal minimum age to 21, creating fewer high school access points for the many high school e-vapor users who received e-vapor products from social sources.

Further, as part of the industry's dedication to maintaining compliance with all legal, regulatory, and policy requirements, youth usage rates are monitored to ensure they continue to remain

low. Coupled with ensuring youth do not have access to new-to-market tobacco products, these activities are fundamental to the industry's prevention and accountability infrastructure. For example, age verification technology prevents anyone under 21 from accessing e-commerce websites, and store clerk training, underage access prevention signage, and point-of-sale age validation technology encourage responsible retailing.

Illicit Markets

Illicit markets for highly-regulated and highly-taxed consumer goods like tobacco products are a predictable and all-too-common reality across the United States. Goods sold in illicit tobacco markets can take the form of both contraband and counterfeit products ultimately sold through the gray or black markets. Typically, illicit markets grow in the absence of nuanced and targeted policy choices over regulated markets. Ultimately, these very policy decisions, which aim to suppress demand for tobacco products, drive otherwise legal consumers to illicit markets and products. These well-intentioned yet short-sighted policies can take many forms. They include punitive increases to purchase costs, as well as the complete removal of product categories—typically flavored tobacco products. Despite their aims, these aggressive measures have a boomerang effect, creating longstanding ramifications for public health, national security and law enforcement, and the local, state and federal economies.

By every metric available, an explicit relationship exists between jurisdictions with high tobacco taxes and the prevalence of illicit markets. As the National Research Council and Institute of Medicine stated, “large tax differentials between jurisdictions increase incentives for participation in existing illicit tobacco markets.” Similarly, the Mackinac Center for Public Policy found a direct correlation between increases in state-level excise taxes on cigarettes and other tobacco products, and increases in the consumption of illicit products. The disparity between state and local tax rates will only be exacerbated by a national punitive tax rate, further channeling law-abiding adult consumers, especially those who are lower-income and price-sensitive, into illicit and unregulated markets.

Worse, policies that create secondary or illicit markets can lead to over-policing, which itself creates tensions that sometimes result in violent or deadly encounters. The end result is often disproportionate enforcement on underserved communities and communities of color. As municipalities, states and federal agencies consider police reforms and social and criminal justice initiatives to improve policing and heal communities, they must also take into account the impact bad policies on regulated products have on bad policing.

In addition, illicit tobacco markets encourage interstate and international criminal smuggling rings. The US Department of State deemed cigarettes the most common smuggled tobacco product, calling them a “growing threat to U.S. National Interests.” In its 2015 report on the global illicit tobacco trade, the department found that illicit markets “remain a lucrative revenue stream for many criminal actors and illicit networks,” and one that “fuels transnational crime, corruption and terrorism.”

Illicit markets also negatively impact local, state and even federal budgets—a result of overly aggressive policies on tobacco products. According to the Department of the Treasury's Alcohol and Tobacco Tax and Trade Bureau, over \$12.3 billion was collected from federal excise taxes on tobacco products in 2020, greater than the federal revenue generated by alcohol. Additionally, billions more were collected in state and local taxes and additional payments. Current proposals under consideration by the FDA to prohibit the sale of flavored cigars and mentholated cigarettes, coupled with tax legislation currently before Congress, could have a

devastating effect on state and local tax revenues, affecting important state and local programs funded by their own excise taxes. Millions in tax dollars for state and local jurisdictions would be lost, while providing only tenuous long-term growth in federal revenues.

Further, according to the Centers for Disease Control (CDC), over a quarter of tobacco product consumers earn below \$35,000 per household annually. Additional taxation on tobacco products would disproportionately fall on these Americans. Unsurprisingly, regressive taxes would likely push price-sensitive populations out of legal, regulated markets toward illegal black and gray markets. This runs counter to any public health aims and undercuts the years-long efforts to install strict regulatory oversight over tobacco product production and sales.

Harm Reduction

Harm reduction is a globally recognized concept initially applied in relation to drug use. According to the World Health Organization (WHO), “harm reduction is a set of policies, programs, services and actions that aim to reduce the harm to individuals, communities and society related to drugs.” Tobacco harm reduction means substituting cigarettes with scientifically-substantiated alternatives among existing adult smokers who would otherwise continue smoking. While the best thing smokers can do is quit tobacco and nicotine altogether, the reality is that many continue smoking, demonstrating why a pragmatic approach is necessary for this large population. WHO predicts over 1 billion people will be smokers by 2025 and beyond, meaning many smokers won’t benefit from tobacco control measures to curb adoption and increase quitting. As a result, a growing number of governments are now complementing traditional tobacco control measures with a harm reduction approach, providing adults who would otherwise continue to smoke with scientifically-substantiated, less harmful products.

U.S. law recognizes that not all tobacco products are the same, and that innovation will happen. As aforementioned, Congress created the CTP under the FDA to regulate and assess all tobacco products, with the intention that scientific evaluation be at the core of its competency to oversee new product assessment and provide scientific review, post-market monitoring, and post-market enforcement. Through the implementation of the FSPTCA law, the FDA has sought to meaningfully reduce the harm caused by smoking through acknowledgment of a continuum of risk in nicotine delivery.

Included in the FSPTCA were new regulatory authorities for the FDA, notably, to authorize the entry of new tobacco products on the market through premarket pathways. The science-based approach to new products—requiring manufacturers to file a premarket tobacco product application (PMTA) with the FDA, providing scientific data to demonstrate the product—is appropriate for the protection of public health. U.S. law also allows a manufacturer to submit an application to the FDA, asking the agency to evaluate whether a modified risk tobacco product (MRTP), which reduces the harm or risk of tobacco-related disease associated with products already on the market, may be sold. This separate pathway is the modified risk tobacco product application (MRTPA) process.

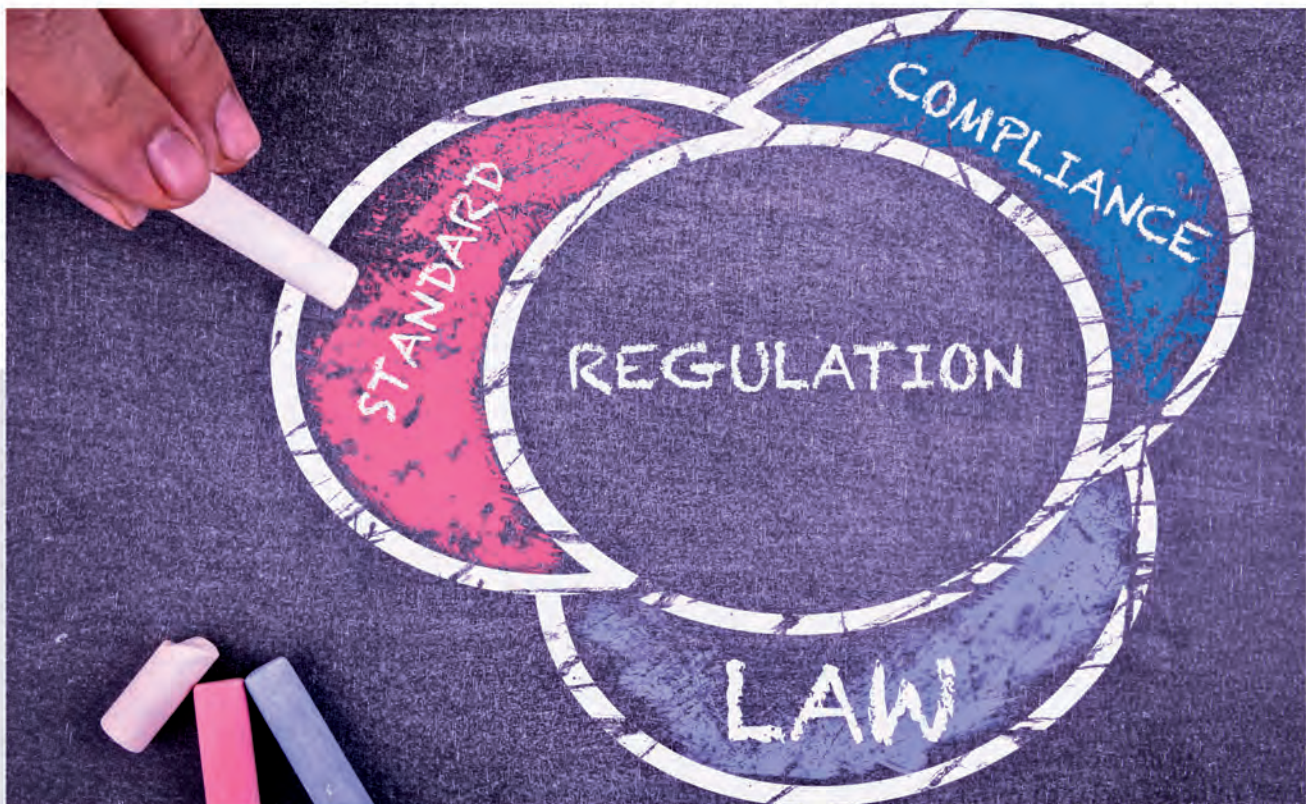
Both the PMTA and MRTP regulatory pathways require the submission of scientific research, with FDA guidance recommending, among other elements:

- Scientific assessment including laboratory and clinical research.
- Consideration of evidence of complete switching.

- Minimizing undesirable use by non-users of tobacco products, including youth and former smokers.

The FDA has conducted a growing number of rigorous scientific reviews, authorizing landmark, scientifically substantiated cigarette alternatives to enter the U.S. market. In addition, the FDA mandates post-market surveillance and studies designed to monitor new product usage by youths. This gives the FDA the ability to withdraw a marketing authorization, and is a powerful tool when a product is deemed to no longer appropriately protect public health.

While these smoke-free products have been on the market for the better part of a decade, many governments are grappling with how to shape policy for these relatively new technologies. The short answer is that there's a growing body of data to aid in that decision-making process. An increasing number of public health institutions, experts, and governments support the role of potentially less harmful alternatives for adult smokers and public health. In fact, the United Kingdom, Canada, New Zealand, Norway and the United States FDA are among governments and regulators who've stated they're aware of reports some flavors could help adult smokers switch to potentially-harm-reducing products. This is significant news among governments that have undertaken initiatives to recognize the different nature of smoke-free products, and set rules to provide smokers with access to, and information about, science-based, less harmful alternatives.



RECOMMENDATIONS

- Encourage continued engagement from Congress regarding tobacco product youth access prevention.
- Consider the unintended consequences of tobacco control policies—especially the effect on the illicit market and resulting negative impacts—and legislate accordingly.
- Continue to support the FDA's current oversight of tobacco and harm-reducing products.



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