

# U.S. DEPARTMENT OF THE TREASURY

## Remarks by Secretary of the Treasury Janet L. Yellen on Centering Equity in Economic Policy at the Essence Festival's Global Black Economic Forum

June 30, 2023

*Secretary Yellen is the first Treasury Secretary to attend and speak at the Essence Festival*

*As Prepared for Delivery*

Hello, everyone. It's good to be with all of you.

Let me first thank the organizers of the Essence Festival for inviting me to be the first Treasury Secretary to join this forum. I appreciate all of you for being here today – and for taking time away from the music and other attractions. I know that hip-hop icons like Megan Thee Stallion are playing in the next few days – and that I am just a warm-up act for them.

Before I begin, I want to express my disappointment in the Supreme Court's decision yesterday, effectively striking down decades of precedent on affirmative action. Diversity is a core strength of our country. I spent a significant part of my career on university campuses – and I know that our entire community benefits when our student bodies reflect all of America. Our Administration has announced swift actions in the wake of the Court's decision. And I believe the decision underscores the urgency of redoubling our work to promote opportunity for all Americans – in and beyond our educational system.

As the Secretary of the Treasury, I am responsible for promoting a strong American economy and expanding economic opportunity for all. My interest in economics started when I was young. I grew up in a working-class neighborhood in Brooklyn. My father was a doctor. His office was on the ground floor of our house. When I was little, his patients would take the bus up from their jobs in the factories or the docks to see him. Over the years, his patients became our friends. I'd learn about their lives as they came by – challenges at work and at home, as well as the heartbreak of losing a job and the difficulty of finding one in the first place. My parents were also children of the Great Depression. From a young age, they taught me about how financial hardship can cause immense pain.

It was an early lesson on why economics is not the dry subject it is typically thought to be. In fact, economic wellbeing has a profound consequence on people's lives and livelihoods.

That is what motivated me to pursue a career in economics. And it is what motivates me every day in my job – to tackle the persistent economic challenges that have long faced underserved communities. I know the people in this room do not need me to tell you, but it’s important that I acknowledge this up front: the economy has never operated on a fair playing field for Black communities and other communities of color. Wealth and income disparities have persisted since I began my work as an economist in the seventies.

During my tenure as Treasury Secretary, we have taken significant steps to build a fairer economy. And even as there is more to do, we have made progress. Over the past couple of years, the Black unemployment rate has fallen to historic lows. The number of Black active business owners jumped 9 percent from the start of 2021 to the end of 2022. And we saw a huge decline in poverty for Black children in 2021, driven in large part by our policies.

Today, I want to share with you what we’ve done – and what more there is to do. I strongly believe that our racial equity work is not just the morally right thing to do. It’s in the best economic interests of our entire country.

Let me begin by taking us back two and a half years ago.

## **A HISTORICALLY EQUITABLE RECOVERY**

When President Biden and I took office in January 2021, the COVID-19 pandemic was still raging. The Black unemployment rate had peaked at over 16 percent during the previous year. We faced the prospect that a significant portion of Americans could remain unemployed for the long term. We also faced the risk of a tsunami of evictions that could have left many Americans without a home. Black women were especially at risk during the pandemic. One in three worked in front-line jobs that put them at dual health and economic risk. During my trips across the country, I heard from Black small business owners about the fear that they felt when the pandemic hit. They told me how the businesses they worked their entire lives to build felt like they were at the brink of collapsing in a matter of weeks.

Put simply, we were at a critical juncture. The financial security of millions of families hung in the balance.

In response, President Biden took decisive action. With the partnership of Congress, we enacted a Rescue Plan to support families, keep businesses open, and ensure that critical services could continue to function.

For example, we’ve delivered nearly 11 million household payments to renters in need. We worked with state and local governments to make sure that funds went to those most in need. For

example, Jefferson County, Alabama partnered with housing counseling agencies with a track record of serving Black households. The results speak for themselves. The vast majority of emergency rental assistance went to very low-income households. More than 40 percent went to Black families. By targeting those most in need, we were able to improve the overall effectiveness of the program. The fact that we averted massive evictions and foreclosures is a particularly enormous achievement in a downturn that was characterized by such a rapid spike in layoffs and furloughs.

Just as we faced the possibility of a tsunami of evictions, the pandemic also threatened to throw many thousands of children into poverty. In response, we expanded the Child Tax Credit in 2021. That enabled tens of millions of families to receive hundreds of dollars per child in monthly support. The program is credited for bringing over 700,000 Black children out of poverty in 2021. And it cut overall child poverty almost in half that year to its lowest level on record.

Today, we can safely say that our economic recovery from the pandemic has been historically inclusive and broad-based. For instance, the Hispanic unemployment rate hit a record low last September. And the Black unemployment rate did the same earlier this year. This is a significant achievement.

And it's not only a big achievement for communities of color. It benefits our entire economy. I believe that intentional policies focused on driving an inclusive recovery have helped our economy withstand the challenges of the past two years. Put simply, our quick and sustained labor market recovery has served as a source of strength not only for local communities – but for the broader U.S. economy as well.

## **LONG-TERM INVESTMENTS IN UNDERSERVED COMMUNITIES**

We are proud of the strength of our economic recovery. But we still have a lot further to go.

Our economy remains fractured by zip code – with persistent disparities by race and ethnicity. We all know the adage: talent is equally distributed, but opportunity is not. President Biden and I are putting in place an ambitious economic plan. Our plan is designed to invest in people and places that are full of potential but lack resources – providing a generational opportunity for these communities to build wealth. By making investments in communities most in need, our plan is putting our federal dollars to best use and catalyzing strong, sustainable economic growth for all.

Let me give a few examples of how we've put this plan into practice.

We have prioritized working with minority-owned banks and others that have a track record of delivering capital to underserved communities. To date, our Emergency Capital Investment Program has invested more than \$1.4 billion in Black-owned and operated banks and credit unions. We project that our program's investments will increase lending in Black communities by nearly \$80 billion over the next decade. In April, we also deployed the largest grant round in our CDFI Fund's history. We distributed \$1.7 billion in awards to over 600 community lenders. This included funding for Liberty Financial Services, which is a part of Liberty Bank. It's one of the nation's largest Black-owned banks – headquartered right here in New Orleans.

We are also enhancing the impact of our public investments through our work with a group of companies and foundations called the Economic Opportunity Coalition. This Coalition recently reached its goal of securing \$1 billion in deposits into community development financial institutions and minority depository institutions. This will enable them to further expand their lending – so families can afford new homes and businesses can grow. Across our programs, we believe that our targeted loans and grants can help fuel the success of underserved communities, including helping build generational wealth.

We are also working through states to deliver financing to Black-owned businesses. Small businesses serve as the backbone of many neighborhoods. They create local jobs and sustain the social fabric of many communities. Our State Small Business Credit Initiative allocates nearly \$10 billion to expand access to capital for small businesses. In Wichita, Kansas, our program helped fund a startup called WorkTorch – a pioneering career platform for service workers. The company's founders are the first Black women in Kansas to raise over \$1 million in seed funding.

Additionally, our Administration has committed to increase the federal government's contracts with minority-owned and other small disadvantaged businesses. We are leveraging the power of the federal government – which is the single largest purchaser of goods and services in the world. Last year, Treasury awarded nearly \$200 million in prime contracts to Black-owned businesses. That's a 60 percent increase from 2020.

Lastly, my Department is working to implement the Inflation Reduction Act. This law is the boldest climate action that the nation has ever taken. It also serves as a historic economic investment. One of the core goals of the Inflation Reduction Act is to ensure that all Americans benefit from the growth of the clean energy economy. To do so, we are implementing provisions that incentivize companies to invest in low-income communities and adopt strong labor standards. Across the country, we are seeing a boom in new projects up and down the clean energy supply chain. These projects are creating new good-paying jobs in some of the most cutting-edge industries.

## **BUILDING INTERNAL CAPACITY**

All of these policies are grounded in Treasury's strongly held belief that an emphasis on equity should begin in our own backyard.

For that reason, we have worked to build our internal capacity. We've established the Treasury Advisory Committee on Racial Equity – a first-of-its-kind committee that brings in outside perspectives to inform our racial equity work. We've hosted important dialogues on community and economic development, including relaunching the annual Freedman's Bank Forum. We've stood up the first Office of Tribal and Native Affairs to strengthen our relationship with Indian Country. We've expanded our demographic data collection and reporting efforts across a broad range of programs. That's helping us determine the impact of our work and hold ourselves accountable for our policies. And I cannot help but mention that Treasury's leadership in this Administration has been the most diverse than at any other point since the Department was founded in 1789.

I'm proud of our Administration's work to deliver for Black and other underserved communities. But little of what I've described to you today would have been possible without our trusted partners – many of whom are in this room. Thank you to those of you who have informed our work; served as our connections to communities across the country; and extended the reach of the historic investments we are making.

Our work is only beginning. And we need the partnership of everyone in this room. The historic investments that our Administration is making are presenting generational opportunities for workers and entrepreneurs across the country. We are committed to working with you to empower Black Americans to seize these opportunities and enable their full participation in our economic future.

We have more work to do. I look forward to our partnership and the road ahead.

Thank you.