

New U.S. Department of the Treasury Analysis: Inflation Reduction Act Driving Clean Energy Investment to Underserved Communities, Communities at the Forefront of Fossil Fuel Production

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Investments in historical energy communities have grown especially quickly, and most investments are landing in disadvantaged counties

WASHINGTON – Today, the U.S. Department of the Treasury published new analysis on the impact of the Inflation Reduction Act in driving clean energy investment to communities that have been underserved and at the forefront of fossil fuel production.

In the analysis, Treasury economists observe that investments in Inflation Reduction Act-related sectors of the economy since the law passed grew especially quickly in energy communities—communities historically dependent on fossil energy jobs and tax revenues, including areas with closed coal mines or coal-fired power plants, as well as communities that have significant employment or local tax revenues from fossil fuels and higher than average unemployment. This initial data suggests the Inflation Reduction Act is achieving its goal of revitalizing communities at the forefront of fossil fuel production where potential exists, but opportunity has been scarce.

“President Biden’s Investing in America agenda and the Inflation Reduction Act are achieving their goals of revitalizing communities that have been overlooked and need public investment to unlock private capital. Treasury analysis shows that funding is going where it’s needed most across the country, not just to the coasts or to wealthy communities,” said Secretary of the Treasury Janet L. Yellen. “The American economy is more productive when communities can realize their full potential, and more than one year into implementation of the law, there is strong evidence that’s happening.”

The analysis also concluded that investments across all technologies supported by the Inflation Reduction Act have been largely landing in economically disadvantaged counties with below average wages, household incomes, employment rates, and college graduation

rates. This analysis updates earlier studies from the Treasury with more granular data produced by the Massachusetts Institute of Technology and the Rhodium Group.

- **81%** of clean investment dollars announced since the Inflation Reduction Act passed have been for projects in counties with below-average weekly wages.
- **86%** of clean investment dollars since the Inflation Reduction Act passed are landing in counties with below-average college graduation rates.
- **70%** of clean investment dollars since the Inflation Reduction Act passed are in counties where a smaller share of the population is employed.
- **78%** of clean investment dollars since the Inflation Reduction Act passed are in counties with below-average median household incomes.
- The share of clean investment dollars going to low-income counties rose from **68%** to **78%** when the Inflation Reduction Act passed.

Treasury's analysis shows that investments in the clean energy economy are disproportionately benefitting economically disadvantaged communities. This is a prime example of what Secretary Yellen calls "modern supply-side economics," with economic research showing investments in communities like these have the highest "bang for the buck" by unlocking untapped opportunities.

Eric Van Nostrand, P.D.O. Assistant Secretary for Economic Policy and Matthew Ashenfarb, Research Economist in the Office of Climate & Energy write, "Before the Inflation Reduction Act was signed in August 2022, announced bonus-eligible investment was about \$2 billion per month in Energy Communities and \$2.5 billion per month in the rest of the United States. After the IRA was signed, clean energy investment announcements increased to \$5 billion per month in Energy Communities and about \$4 billion per month in non-Energy Communities. Put simply, clean energy investment is booming throughout the United States, and investment is growing even faster in Energy Communities."

[Full text of the analysis is available here.](#)

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