**The District Moves Toward a More Inclusive Economy for Black Workers, Communities, and Businessowners**

By Doni Crawford

Due to a long history of structural racism, employment discrimination, and economic exploitation, Black workers face longer rates of unemployment both during the peak of recessions and economic recovery. Throughout the year and a half of the pandemic-induced economic downturn, DC has consistently held the highest Black unemployment rate and the largest Black-white unemployment ratio in the nation.1 Historic wealth deprivation and imposed inequality has left Black business owners with unequal access to the capital needed to withstand the pandemic, leading to higher rates of Black business closure.2 This toolkit analyzes District investments with a particular eye toward how they benefit Black workers and business owners.

In the approved fiscal year (FY) 2022 budget, District leaders considerably expanded investments to support workers and small business owners, making it more likely that they will recover from the pandemic’s economic hardships and succeed. In addition to the expansion of worker supports such as the DC’s Paid Family Leave program and aid for excluded workers, noteworthy new investments in the budget include “baby bonds,” a guaranteed income pilot, an LGBTQIA+ Community Center, and a commercial acquisition fund. These investments move the city toward an inclusive economy – one in which economic growth leads to shared prosperity and every resident has economic security and the resources to build wealth.

### Budget Expands Cash Assistance for Unemployed Workers and Job Benefits for Workers on Leave

**Excluded Workers Receive Critical Support, though More is Needed**

The District allocated a total of $41 million for excluded workers in two budgets — $15 million in the FY 2021 supplemental budget and $26 million in the FY 2022 budget. Events DC and Greater Washington

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**FISCAL YEAR 2022 APPROVED BUDGET SUMMARY: INCLUSIVE ECONOMY**

- $41 million added for excluded workers in FY 2021 and FY 2022.
- $5 million provided in one-time $500 payments for 10,000 people who waited more than 60 days for unemployment insurance benefits.
- Creates a permanent local tax exemption of unemployment insurance benefits.
- Expands and makes program improvements to DC’s Paid Family Leave program.
- $32 million added across financial plans to implement the Child Wealth Building Act of 2021, known as “baby bonds.”
- $1.5 million set aside for a Guaranteed Income Pilot Program.
- $40 million provided to the Small Business Rent Relief Program.
- $4 million set aside for a Commercial Acquisition Fund.
- $1 million added for Community Financial Institutions and/or Minority Depository Institutions located in DC.
- More than $22 million in noteworthy investments to support remaining citizens and LGBTQIA+ residents, including the creation of an LGBTQIA+ Community Center.
- $33.5 million added across the financial plan for the Food Access Fund.
Community Foundation’s DC CARES program will continue to administer this cash assistance, which will roughly amount to $3,000-3,500 per person. Excluded workers are ineligible for federal relief that provides vital cash assistance for workers who have lost income, like unemployment insurance (UI). They include immigrants who are undocumented, workers in the informal cash economy such as day laborers, sex workers, and street vendors, and returning citizens. District leaders heard excluded workers’ demand for inclusion and allocated $41 million, or about three times the investment made in 2020.\(^3\)

But most of DC’s roughly 15,000 excluded workers are Black and brown people who will likely continue to face economic hardship long after the city begins to recover from the pandemic. Excluded workers asked for $200 million as a partial replacement of lost wages, so the $41 million secured is important but not enough. Achieving full parity with workers eligible for UI benefits would require a total investment of $511 million (Table 1).

### TABLE 1.
**What Workers in DC Received in Unemployment Benefits**
DC Workers Who Were Eligible for DC and Federal Unemployment Assistance throughout the First Year of the Pandemic Received, on Average, $34,046 in Benefits

<table>
<thead>
<tr>
<th></th>
<th>Number of Weeks</th>
<th>Average DC Weekly Benefit</th>
<th>Federal Boost</th>
<th>Total Weekly Benefit</th>
<th>Total Benefit Per Worker (w/o Fed. Boost)</th>
<th>Total Benefit Per Worker (with Fed. Boost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 29 – July 25, 2020</td>
<td>17</td>
<td>$359</td>
<td>$600</td>
<td>$959</td>
<td>$6,103</td>
<td>$16,303</td>
</tr>
<tr>
<td>July 26 – Sept 5</td>
<td>6</td>
<td>$347</td>
<td>$300</td>
<td>$647</td>
<td>$2,082</td>
<td>$3,882</td>
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<tr>
<td>Sept 6 – Dec 26</td>
<td>16</td>
<td>$339</td>
<td>$0</td>
<td>$339</td>
<td>$5,424</td>
<td>$5,424</td>
</tr>
<tr>
<td>Dec 27 – March 27, 2021</td>
<td>13</td>
<td>$349</td>
<td>$300</td>
<td>$649</td>
<td>$4,537</td>
<td>$8,437</td>
</tr>
<tr>
<td><strong>1-Year Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$18,146</strong></td>
<td><strong>$34,046</strong></td>
</tr>
<tr>
<td>March 28 – Sept 4, 2021</td>
<td>23</td>
<td>$366</td>
<td>$300</td>
<td>$666</td>
<td>$8,418</td>
<td>$15,318</td>
</tr>
<tr>
<td><strong>Total for Pandemic Relief Period (March 2020 to Sept 2021)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$26,564</strong></td>
<td><strong>$49,364</strong></td>
</tr>
</tbody>
</table>


**One-Time Unemployment Insurance Payments Make Amends to Workers and Unemployment Benefits Permanently Exempted from Local Income Tax**

The approved budget includes $5 million in American Rescue Plan (ARP) dollars to the UI Trust Fund to provide one-time $500 payments for 10,000 people who waited more than 60 days after their initial application to receive their first UI payment. The budget also sets aside $100,000 in local funds to the Department of Employment Services (DOES) to pay for the cost of administrating these payments. Workers of color represent roughly 75 percent of the 250,000 claims filed by workers in the District since March 2020.\(^4,5\) That means workers of color — who tend to earn less and hold less wealth than white
workers — likely made up a large share of those who waited for benefits and, as a result, those who fell behind on rent and bills and incurred debt while DOES processed their claims.\(^6\) These payments are a small way for the District to make amends for the harms caused by delayed processing.

The District also included a permanent local tax exemption of UI benefits in the approved budget. This means that all workers will not have to pay local income taxes when they receive UI benefits. DC will lose $29 million in revenue over the next four years because of this exemption — an amount that could have been lower if policymakers had targeted the exemption to only include people with low incomes.

**Expansion of DC’s Paid Family Leave Program Will Largely Benefit Workers of Color**

The Council rejected the Executive’s proposal to reduce the employer payroll tax rate at a one-year revenue loss of $168 million. Instead, District leaders expanded and improved DC’s Paid Family Leave program. In FY 2022, the program offers up to two weeks of prenatal medical leave for pregnant claimants prior to the birth of their child. The budget also expands medical leave for workers to care for their own health needs from two to six weeks in FY 2022. Additional program improvements include eliminating the one-week waiting period before a claimant can receive benefits until one year after the public health emergency and allowing for retroactive benefits. The budget also lays the groundwork for extending benefits gradually in the future to 12 weeks for each component of the program: parental leave, family leave, and medical leave.

These expansions and program improvements will largely benefit workers of color at a time when having access to paid time off to care for personal and family health needs is more vital than ever. For example, during the first six months of the program, about 56 percent of all medical leave claims were from Black workers.\(^7\)

**New Investments Aim to Reduce the Racial Wealth Gap and Provide Stability for Residents and Small Businessowners**

**Budget Funds New “Baby Bonds” Program but Improvements to Legislation are Needed**

District leaders allocated $32 million to the Office of the Chief Financial Officer (OCFO) and the Department of Healthcare Finance to implement the Child Wealth Building Act of 2021 — commonly referred to as “baby bonds” – across the financial plan. As proposed, the program would provide eligible children born into DC families with lower incomes with a government-sponsored trust fund account. The Committee on Business and Economic Development marked up the bill this summer, but the Council will have to pass and enact the legislation this fall when they return from recess. If adopted, the District would provide an initial deposit of $500 beginning in tax year 2022 and make annual deposits of up to $1,000 until the child turns 18 years old, if they continue to meet eligibility requirements. The savings could then be spent on a limited list of eligible purposes including education, homeownership, retirement, and business ownership and investment.

Scholars have long advocated for baby bonds as a long-term solution to closing the racial wealth gap.\(^8\) In DC, white households have a net worth that is 81 times greater than the net worth of Black households due
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to a long history of anti-Black racism and Black wealth deprivation. The Council Office of Racial Equity (CORE) determined that this bill has the potential to advance racial equity by improving economic outcomes for enrolled residents but that the program’s structure will likely limit its potential.

One concerning feature of the bill is its strict residency and income requirements, which will likely make it harder for Black residents to benefit from the program. Rising housing and living costs in the District may force many to leave and forego receipt of the savings. New census data already show that DC lost 19,315 Black residents over the past decade. And the income requirements demonstrate the tension between income and wealth, as Black families and other families of color have significantly less wealth no matter their income. A better design would extend children’s eligibility to receive contributions even as their families’ incomes increase or base eligibility on wealth. The bill does allow DC families who become ineligible for contributions during the life of the program (i.e. if their income increases above the federal poverty guidelines or they are no longer enrolled in DC Medicaid) to still receive savings accrued up to that point upon the child reaching 18 years old. Councilmembers should also consider allowing for the portability of all savings accrued for children in families pushed out of the District by rising housing costs. District leaders should continue to work with CORE to improve program structure before bill passage this fall.

**Guaranteed Income Pilot Program Will Provide Direct Cash Assistance**

The approved FY 2022 budget includes $1.5 million to support a guaranteed income pilot program in DC. Direct, unrestricted cash assistance is essential to family and community stability and children’s outcomes. The Budget Support Act (BSA) authorizes the Office of the Deputy Mayor for Planning and Economic Development (DMPED) to issue a grant to one or more nonprofit organizations to support the program. Participating nonprofits will be able to structure the program and eligibility requirements as they see fit. DMPED will submit a report to Council on the efficacy of cash assistance programs by December 1, 2022.

Research has shown that flexible cash assistance provides stability for individuals and children, reduces stress, and averts extreme hardship. From December 2020 to April 2021, flexible cash assistance from the federal government to U.S. households corresponded with major declines in food insufficiency, financial instability, and adverse mental health symptoms, according to researchers from the University of Michigan. Results from two guaranteed income pilot programs demonstrate that unrestricted cash provides Black women and mothers safety, security, and choice for themselves and their families — all of which amount to a form of care for Black women, according to the Economic Security Project. Providing that assistance defies the “strong Black woman” trope that simultaneously demands strength, caregiving, and resiliency from Black women while denying their need for care and support.

In DC, the THRIVE East of the River program has also shown how direct, unrestricted cash assistance enabled many Black families in Ward 8 to withstand the pandemic’s harsh economic effects. Families used the assistance to pay rent and utilities, buy groceries, and cover their bills.
Federal Funds Go Towards Rent Relief for Small Business Owners and Acquisition Capital to Help Equity Impact Enterprises Own Commercial Real Estate

District policymakers included $40 million in ARP funds to establish the Small Business Rent Relief Program in the FY 2022 approved budget to help small businesses recover from pandemic-related losses and hardships. The BSA authorizes DMPED to award grants to small businesses operating a restaurant, tavern, nightclub, entertainment venue, or retail establishment on leased property to pay one-third of the applicant’s past-due rent for the period of April 1, 2020 through June 30, 2021. The BSA also includes grant eligibility criteria that includes giving preference to businesses that did not receive a Paycheck Protection Program (PPP) loan from the federal government. Due to discriminatory financial lending practices and original PPP loan requirements, Black business owners were less likely to receive those loans. This rent relief program supplements the District reduction of several classes of business fees, including general business licensing fees, down to $99.

The pandemic further demonstrates the importance of access to capital and ownership opportunities for the retention of small business owners of color in the District. The approved budget includes $4 million in ARP funds to DMPED to support the establishment of a Commercial Acquisition Fund. This fund would provide grants for commercial down payment assistance for equity impact enterprises of up to $750,000 or 25 percent of the purchase price, whichever is less. Eligible businesses must have fewer than 100 employees, annual revenues under $15 million, and commit to owning and operating a business in at least 25 percent of the acquired property for at least seven years.

What is an Equity Impact Enterprise?

An equity impact enterprise is defined as a business that is resident-owned and a small business enterprise that is at least 51 percent owned by an individual or a majority of individuals who are economically disadvantaged individuals, or individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. An economically disadvantaged individual has been previously defined in DC law as an individual whose ability to compete in the free enterprise system is impaired because of diminished opportunities to obtain capital and credit as compared to others in the same line of business where such impairment is related to the individual’s status as socially disadvantaged.

The approved budget also included $1 million for Community Development Financial Institutions (CDFI) and/or Minority Depository Institutions (MDI) located in DC. Equity impact enterprises are more likely to bank with CDFIs due to the widespread discriminatory financial lending practices at traditional banks. This support is intended to fuel activities that encourage equitable economic recovery and increase access to capital for Black-owned and people of color-owned businesses.

Budget Includes Noteworthy Funding for Returning Citizens and LGBTQIA+ residents

Investments Support Returning Citizens with Reentry and Business Endeavors

The approved budget includes a number of investments to support returning citizens in DC, who are overwhelming Black men due to racism and discrimination in police interactions, arrests, and sentencing. DC Council allocated a total of $10.1 million in flexible ARP funds to reentry service providers through the Office of Victim Services and Justice Grants (OVSJG) to assist returning citizens with cash assistance, coaching, and peer navigators. OVSJG’s Justice Grants program also includes $400,000 for community-based reentry services grants and $150,000 for reentry services for transgender returning citizens.
District leaders also allocated $300,000 to the Department of Small and Local Business Development (DSLBD) to provide financial and technical assistance to District residents who want to establish medical cannabis enterprises, including returning citizens and veterans. Returning citizens and District agencies cited the lack of financial capital for returning citizens seeking to own businesses within the cannabis industry as a key barrier to inclusion during spring Council legislative deliberations and performance and budget oversight hearings. To maximize the impact of this important $300,000 investment, the funding must include grants and not just loans. It’s also important that the District allocate additional resources in future years and continue to pass inclusive legislation to ensure that returning citizens can successfully participate in the industry and compete for DC cannabis licenses, if desired.

**Funding Goes Towards an LGBTQIA+ Community Center and Support for LGBTQIA+ Veterans, Businesses and Housing**

LGBTQIA+ residents, especially Black queer and trans people, face some of the highest rates of employment discrimination and isolation, prompting them to make loud demands this budget season. In response to their advocacy, the District allocated $1 million to establish a new community center for LGBTQIA+ organizations and residents. The BSA authorizes DMPED to issue a grant to support the buildout or acquisition of office and community space for this purpose. Currently, two organizations that work on LGBTQIA+ issues are housed in the DC-owned Frank D. Reeves Center, but it will soon be redeveloped. Advocates had been calling for this $1 million investment to support the relocation of at least four organizations and establish a central location for DC’s LGBTQIA+ community to access these organizations’ services and events.

The approved budget also includes $196,000 in additional local funds for a full-time LGBTQ Coordinator for veterans, especially veterans of color and veterans experiencing homelessness, in the Office of Veterans’ Affairs and $150,000 for the Office of LGBTQ Affairs to conduct a study on LGBTQ community businesses and provide recommendations on strengthening and retaining them. The modest income tax increase approved in this budget also allocates $433,340 to the DC Housing Authority for 20 Local Rent Supplement Program tenant-based vouchers for returning citizens. $175,000 in new funds for the Aspire to Entrepreneurship program to assist with business creation.

**Additional Investments for Returning Citizens in the Approved FY 2022 Budget**

- $4.4 million in ARP funds to the Department of Insurance, Securities, and Banking for financial coaching for returning citizens through the expansion of DC Opportunity Accounts.
- $2.5 million total operating budget for the Office on Returning Citizen Affairs.
- $1.3 million to the DC Housing Authority for 60 Local Rent Supplement Program Tenant-Based vouchers for returning citizens.
- $1.1 million for the second year of the Reentry Housing Pilot Program at the Office of Victim Services and Justice Grants.
- $532,000 to fund the first year of the Restore the Vote Amendment Act of 2020, a law that restores and expands the right to vote to incarcerated residents.
- $175,000 in new funds for the Aspire to Entrepreneurship program to assist with business creation.

**Budget Makes Minor Changes to Address Food Apartheid in Wards 7 and 8**

**DC’s Supermarket Tax Incentive Program Undergoes Changes**

More than 160,000 mostly Black residents living in Wards 7 and 8 experience food apartheid as they were served by just three full-service grocery stores with long lines and empty shelves during the height of the pandemic.
and 8, however, has 14 full-service grocery stores (Figure 1). As a result, families living in Ward 7 and 8 are more likely to have to travel and spend money on transportation to find a reliable food source outside of their communities.

In the BSA, District leaders made legislative changes to the Supermarket Tax Incentive Program, which offers tax incentives to supermarkets that locate in certain areas to decrease the number of food deserts. This program has existed for more than twenty years, but the OCFO determined that the $29 million in incentives from 2010 to 2017 have not “affected supermarkets’ location decisions, generally, or produced economic or other benefits that would not have happened but for the incentives." Only two supermarkets receiving incentives opened in Wards 7 and 8 between 2000 and 2015, and one of those closed after two years.

The legislative changes to the program include:

- Amending the definition of eligible area for the tax incentives from six specific census tracts and a historically underutilized business zone to properties within or abutting low-income census tracts where a significant number of residents are more than one-half mile from the nearest supermarket or properties within or abutting neighborhoods with over 20 percent participation in the Supplemental Nutrition Assistance Program (SNAP) or other public assistance programs;
- Allowing the mayor to submit a detailed plan by resolution to the Council for review if she identifies an area for investment outside of the eligible areas;
- Expanding the types of foods and beverages that supermarkets must carry to receive the incentive and requires supermarkets also accept SNAP and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits; and,
- Requiring supermarkets to conduct a community listening session on the store’s product offerings and operations at least once every two years.

The DC Fiscal Policy Institute (DCFPI) proposed geographic targeting limited to the highest need areas in Wards 5, 7, and 8. Unfortunately, as written and approved, the CFO found that the amended legislation is not likely to significantly change supermarket decisions within the financial plan period because of the time it takes to plan and open a supermarket, and the fact that the monetary value of the tax incentive has not changed.
New Grants Aim to Grow Food Businesses in Wards 7 and 8

The Food Access Fund is a grant and loan program that aims to support the equitable distribution of food businesses in Wards 7 and 8 by focusing on start-up, growth, and long-term sustainability. The four-year financial plan includes a total of $33.5 million for the Food Access Fund, including $23.6 million in the FY 2021 supplemental budget in local funds. But the bill language as written allows DMPED to issue grants and loans to food businesses located outside of Wards 7 and 8, including technical assistance to food businesses and individuals seeking to establish food businesses anywhere in the District. DCFPI will monitor whether this program actually achieves its intended impact in practice and centers equity for neglected parts of the city.35

The approved FY 2022 budget also includes $300,000 in one-time new local money to DSLBD to support businesses more broadly in Wards 7 and 8 through the Dream Grants program. Dream Grants is a micro loan program providing grants of up to $10,000 for small business entrepreneurs, specifically in Wards 7 and 8.

1 Kyle K. Moore, Black-white and Hispanic-white inequality persists amid labor market recovery, Economic Policy Institute, Updated July 2021.
2 Dedrick Asante-Muhammad, Dr. Jared Ball, Jamie Buell, and Joshua Devine, Black Entrepreneurship’s Lethal Pre-Existing Condition: The Racial Wealth Divide During The COVID Crisis, National Community Reinvestment Coalition, April 6, 2021.
3 Doni Crawford, Excluded Workers Demand Inclusion: $200 Million Investment is Essential Though Less than Half of What’s Needed, DC Fiscal Policy Institute, June 24, 2021.
7 DC Government, Report and Recommendations of the Committee on Labor and Workforce Development on the Fiscal Year 2022 Budget for Agencies Under Its Purview, Committee on Labor and Workforce Development, June 30, 2021, pg. 127
12 Marissa J. Lang and Ted Mellnik, Census data shows Maryland is now the East Coast’s most diverse state, while D.C. is Whiter, The Washington Post, August 12, 2021.


For more information on housing investments for returning citizens and LGBTQ residents, see the affordable housing and homeless services toolkits.


For this allocation, the Chairperson converted $1 million in Pay-Go capital funds to operating local funds which rankled some Councilmembers and the public, given that informal budget rules prohibited Council committee chairs from using this same budget mechanism to find money for other priorities.


Supermarkets only have to accept WIC benefits as payment if they are approved by the Department of Health to do so.


In his September 4, 2021 newsletter, Councilmember Vincent Gray wrote that the $23.6 million allocation will bring a full-service grocery store to the Capitol Gateway site in Ward 7. To see more information on this project, see Alex Koma in Washington Business Journal here: *D.C. officials are trying to get Capitol Gateway Marketplace back on track, years after Walmart walked away*, July 1, 2021.