

Federal Reserve Racial and Economic Equity Act

Background

Gaps in economic outcomes for individuals of different races and ethnicities have persisted throughout different economic cycles*. In [January 2020](#), for example, the white unemployment rate was 3.1 percent, while Black unemployment was nearly double at 6.0 percent and the Hispanic unemployment rate was 4.3 percent. These disturbing gaps have been [heightened](#) by the COVID-19 pandemic, and Federal Reserve (Fed) Chair Powell himself has [acknowledged](#) how communities of color have been disproportionately impacted by the current recession.

The bill's introduction comes amid growing calls for the Federal Reserve to take a more active role in addressing racial inequality, including in recent op-eds from [Janelle Jones and Jared Bernstein](#), and [Raphael Bostic](#), President of the Federal Reserve Bank of Atlanta.

The Federal Reserve Racial and Economic Equity Act

The Federal Reserve Racial and Economic Equity Act will require the Federal Reserve System (Fed) to use its existing authorities to address the ongoing crisis of racial inequality and disparities in economic outcomes. This bill has three primary components:

1. **Makes Reducing Inequality Part of the Fed's Mission:** This bill adds a new section to the Federal Reserve Act that would require the Fed to carry out its functions in a way that “minimizes and eliminates racial disparities in employment, wages, wealth, and access to affordable credit.”
2. **Ensures that Racial Economic Disparities are Not Ignored:** This legislation requires the Federal Reserve Chair to identify in his or her semiannual testimony before Congress: (1) the existing disparities in employment, income and wealth across racial and ethnic groups and (2) how the Fed is using its authorities to reduce these disparities.
3. **Requires Robust Reporting on Disparities in Labor Force Trends:** This bill requires the Fed's Semiannual Monetary Policy Report that the Fed releases in conjunction with the Chair's testimony to include recent labor force trends with “a comparison among different demographic groups, including race, gender, and educational attainment.”

* Much of the data available doesn't let us fully describe the experiences of people with different and overlapping identities in the workforce.