

<u>Continuing the Reduction of the Federal</u> <u>Bureaucracy</u>

Presidential Action

Date Issued: March 14, 2025

Topic: Economic Opportunity, Education, Global Affairs, Housing

WHAT DOES THIS PRESIDENTIAL ACTION DO?

- This action eliminates the non-statutory components and reduces the statutory functions and workforce of the following government entities:
 - o The Community Development Financial Institutions Fund
 - o The Federal Mediation and Conciliation Service
 - The Institute of Museum and Library Services
 - The Minority Business Development Agency
 - The United States Agency for Global Media
 - The United States Interagency Council on Homelessness
 - The Woodrow Wilson International Center for Scholars in the Smithsonian Institution

HOW WILL THIS PRESIDENTIAL ACTION BE ENFORCED?

- This action significantly reduces the functions of seven federal agencies that President Trump deemed to be "a waste of taxpayer dollars."
- The action mandates that the heads of the affected agencies send a report to the Director of the Office of Management and Budget (OMB) affirming their full compliance with the order and outlining the statutorily required functions of their entity by March 21, 2025.
- The action also instructs the Director of OMB and other entities that oversee grants to reject any funding requests from the aforementioned agencies if they are inconsistent with this order.



HOW DOES THIS IMPACT BLACK COMMUNITIES?

This action guts seven government entities that provide Black communities with everything from access to educational materials to economic empowerment. Of the agencies listed within this presidential action, the five outlined below have the most consequential policy implications for Black Americans.

Community Development Financial Institutions Fund

• Congress passed the Community Development Financial Institutions Fund (CDFI Fund) under the Riegle Community Development and Regulatory Improvement Act of 1994 and has been in operation for 30 years. The CDFI Fund is part of the Treasury Department and uses federal resources to attract private sector funds that are then invested in low-income communities. Community-based organizations lead CDFI Fund allocation, which has been used to develop affordable housing, create small businesses, and expand on community facilities. The CDFI Fund currently provides financial backing for over 1,400 small lenders that service areas that lack a major banking institution. CDFIs support Black communities but also are popular in less diverse, rural areas. By moving to eliminate this program, President Trump is limiting economic opportunity in some of the poorest areas in the country, including in communities that overwhelmingly voted for him in the 2025 election.

<u>Institute of Museum and Library Services</u>

• Congress established the Institute of Museum and Library Services (IMLS) in 1996 and was most recently reauthorized in 2018. As the sole federal agency that supports America's libraries, the IMLS goes beyond lending books, funding literacy programs for children and providing accessible materials for people with disabilities, like braille texts and audiobooks. A Pew Research Center study found that over 50% of Black people visit a library at least once a year, and this executive order will shutter public library services across the country. The IMLS also provides grants to museums and non-profit organizations that uplift Black communities. The organization had allocated \$6 million of its 2025 budget to support African American history museums, and this action puts that funding in jeopardy. This is especially perilous given that Black history is also being removed from school curriculums and federal training programs.

HOW DOES THIS IMPACT BLACK COMMUNITIES?

<u>Minority Business Development Agency</u>

- President Richard Nixon established the Minority Business Development Agency (MDBA) through an executive order in 1969, acknowledging the "significant contributions of minority business enterprises to the nation's economy and overall welfare." Minority business enterprises (MBEs) are defined as for-profit businesses that are primarily owned or managed by a U.S. resident who is "socially or economically disadvantaged." In 2024, a federal judge ruled that race and ethnicity could not be included in grantmaking decisions by the MBDA, which ignores the disparities that exist. For example, less than 3% of employer-owned firms in 2021 were operated by Black people.
- The MBDA's mission is to "promote the growth and global competitiveness of Minority Business Enterprises (MBEs) in order to unlock the country's full economic potential." Over the fifty-five plus years since its creation, it has had great success in doing so. In 2024, the MDBA had a network of over 100 grants that supported 9.7 million minority-owned businesses in all U.S. states and territories. In the 2023 fiscal year, the MBDA supported MBEs in creating or maintaining nearly 20,000 jobs and leveraging \$1.5 billion in capital to earn over \$3.8 billion worth of contracts.
- According to a 2022 Pew Research Center survey, nearly 60% of Black
 <u>Americans</u> see support for Black-owned businesses as a very effective
 strategy for achieving racial equality. By eliminating crucial personnel and
 denying the MBDA's funding requests, the Trump Administration is putting
 thousands of Black businesses in jeopardy, which could have long-term
 impacts on the economic mobility of Black Americans.

HOW DOES THIS IMPACT BLACK COMMUNITIES?

United States Agency for Global Media

Congress founded the U.S. Agency for Global Media (USAGM) in 1999 as a provision in the <u>International Broadcasting Act</u>. Its mission is to "inform, engage, and connect people around the world in support of freedom and democracy." The agency oversees several international media organizations that produce unbiased journalism in regions of the world that do not have free speech, including the Middle East and North Africa. This presidential action leaves members of the global Black community vulnerable to political disinformation by cutting the funding required to maintain these newsrooms.

<u>United States Interagency Council on Homelessness</u>

Congress established the U.S. Interagency Council on Homelessness
(USICH) as a part of the Stewart B. McKinney Homeless Assistance Act of
1987 and was most recently reauthorized in 2009. The organization was
founded to consolidate federal efforts to combat homelessness and to
foster public-private partnerships at the local level to involve all
stakeholders in the fight against homelessness. Over 40% of the unhoused
population in the United States is Black, and this racial disparity has not
improved over the last decade. This action would suspend funding for
strategic work to address homelessness across the United States, which
will have a disproportionate impact on Black communities.

HOW ARE CBC MEMBERS RESPONDING?

The Congressional Black Caucus (CBC) has demonstrated a commitment to economic empowerment in Black communities for decades.

- In 2024, the CBC issued this <u>statement</u> in response to a federal judge's ruling that <u>race</u> cannot be factored into the MBDA grant process:
 - "The Department of Justice's decision to not appeal the ruling in Nuziard v. MBDA is unfortunate. This ruling adds to the ongoing efforts to cut off access to capital for Black and minority business enterprises. In March, a federal court acknowledged that minority business enterprises 'have far less access to capital and credit...due to racial discrimination in lending markets,' however, it still ruled that Congress violated the Constitution by requiring the MBDA to presume that members of specified racial or ethnic groups were eligible for MBDA Business Center services on the basis of discrimination or impaired ability to compete due to lack of capital and credit opportunities. While the MBDA will be able to continue its important work, the CBC disagrees with this decision whole-heartedly and will continue our work to remove barriers and provide access to capital and opportunities to ensure that Black business owners are able to compete in the 21st century economy."
- In March of 2025, seventeen CBC Members signed onto a letter urging Scott Turner, the Trump Administration's Secretary of Housing and Urban Development, to resume distribution of congressionally appropriated funds for grant recipients working to fight homelessness:
 - "Large and small homeless service providers alike across rural, suburban, and urban communities are largely funded by the Continuum of Care program, and this lack of financial certainty is actively causing them to reevaluate their ability to provide services to their communities. This, in turn, has the potential to increase homelessness across the country. We urge HUD to finish processing FY2024 homelessness funding and comply with the two-year funding cycle authorized by Congress." Full Statement