



# H.R. 2543, the *Financial Services Racial Equity, Inclusion, and Economic Justice Act*

House Financial Services Committee Republicans

**Top Line: Instead of addressing the many crises their policies have created, Democrats are trying to jam through a partisan package that politicizes our financial system and harms the very Americans they claim to want to help.**

## **H.R. 2543: Bad Policy, Bad Politics, and Bad Process**

H.R. 2543 is the compilation of 13 bills, including eight partisan bills, and five bills which received some Republican support either in Committee or on the floor in previous Congresses.

- Instead of working with Republicans on policies that could see bipartisan support in the House and become law, Democrats are focused on scoring their own political “wins” before the midterms. This is not regular order, this is not good legislating, and this bill will not become law.

## **The Greatest Hits in H.R. 2543**

H.R. 2543 will make credit more expensive and less accessible to those who need it most at a time when Democrat policies are making everyday life unaffordable. Specifically, this bill will:

- **Inject politics into the historically independent Federal Reserve.** Under Democrats’ bill, the Federal Reserve will be tasked with closing socio-economic disparities rather than focusing on its dual mandate of maximum sustainable employment and price stability.
  - This will threaten the stability of monetary policy and add uncertainty and risk into the Fed’s responsibilities.
- **Pile regulatory costs on small businesses.** Under the Democrats’ bill, small businesses will be required to shift resources away from business operations to report on diversity and inclusion data.
  - Currently, businesses are able to self-assess the makeup of their workforce. This bill would impose a one-size-fits-all mandate on businesses.
- **Prop up an unaccountable CFPB.** H.R. 2543 expands the regulatory and enforcement authorities of the Consumer Financial Protection Bureau by creating a new Office of Fair Lending Testing. The Office would be staffed by a director who is authorized under the bill to make enforcement recommendations directly to the Department of Justice.
- **Create a boon for trial lawyers.** The bill expands the population of individuals who can sue under the Equal Credit Opportunity Act. This will create uncertainty in the credit markets, ultimately increasing the cost of credit and making it more difficult to access by the very individuals the bill claims to help.
- **Add additional costs for home applicants.** H.R. 2543 will impose additional costs on creditors and servicers, many of which are small businesses still recovering from the pandemic. Businesses will be required to provide documents and oral translation services in up to 12 different languages.
  - The bill fails to address how miscommunication or misunderstandings may be addressed and who may be liable.



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## Democrats Deflect on Economy

**Before the COVID-19 pandemic, Americans experienced the best economy in decades thanks to Republicans' pro-growth policies.**

- In 2019, U.S. unemployment reached a 50-year low of 3.5 percent, with minority unemployment dropping to the lowest levels on record.

**Now under Democrats' one-party rule, their reckless spending has unleashed inflation not seen in four decades and slowed our economic recovery—hurting American families and workers.**

- Democrats want to blame everything from Putin to so-called 'corporate profiteering' for this crisis of their own creation. But the American people know Democrats' irresponsible fiscal policies are directly fueling the rise in prices.
  - Even the left-leaning San Francisco Fed found that the American Rescue Plan (ARP) contributed to price increases.
  - AEI economist Michael Strain estimates the ARP added a full 3% to inflation.
- CPI reached 8.6% for the past 12 months through May, the highest level in more than 40-years.
  - 80% of Americans say inflation is the most important issue facing the country, according to a recent poll from ABC News and Ipsos.
- Inflation is eating into hardworking Americans' paychecks. According to Bloomberg Economics, families will spend an extra \$5,200 this year compared to last for the same basket of goods and services.
  - Real wages have fallen 3.4%, as consumer prices increase faster than wage gains.
- U.S. GDP shrank in the first three months of this year for the first time since the COVID-related shocks in Q2 of 2020.
- According to a recent WSJ/NORC survey, 83% of respondents rated current economic conditions as "poor or not so good."
  - More than one-third of Americans say their financial situation has gotten worse over the last few years, the highest level since the great recession.
  - 35% said they aren't satisfied at all with their financial situation, the most ever recorded since the question started being tracked by NORC in 1972.
- On Friday (6/10), the national average for the price of a gallon of gas hit \$4.99 according to AAA, as energy prices continue to climb.
  - Just over the past two weeks, gas prices rose almost 50 cents per gallon.
  - Gas prices have more than doubled since President Biden took office.
  - According to a poll from ABC News and Ipsos, 72% of Americans disapprove of Biden's handling of soaring gas prices.

**Bottom line: Instead of addressing 40-year high inflation, Democrats are attempting to advance H.R. 2543, which will do nothing to bring down consumer prices, strengthen economic mobility for Americans, make homes more affordable, or help close socio-economic gaps.**