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Closing the Racial Wealth Gap: Innovative Solutions for Change

CONFERENCE REPORT

srabc

SOUTHERN REGIONAL ASSET BUILDING COALITION

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srabc
SOUTHERN REGIONAL ASSET BUILDING COALITION

Closing the Racial Wealth Gap: Innovative Solutions for Change

CONFERENCE REPORT

2014 SRABC Conference
September 24-26, 2014
New Orleans, Louisiana

Mardi Gras Indians perform after dinner on the second night.

PARTICIPANTS WORK AND RELAX

The Southern Regional Asset Building Coalition's seventh annual conference drew 229 people from 14 states and the District of Columbia. They focused on the impact of economic disparities and shared solutions for change. Wearing Mardi Gras beads or not, they also enjoyed socializing at meals and during the evenings' entertainment.

Above and below, groups of SRABC participants, panelists, and presenters gather for photos.

EXECUTIVE SUMMARY

"With the new demographic in the South, and a new language, and homegrown indigenous leadership, with transformative movements that are deeply moral and deeply constitutional, anti-racist and anti-poverty, connecting these together we can, in fact, change, state by state. We can change the South. We can break through the old white Southern strategy that has for too long divided us and save the very heart and soul of America," says the Rev. Dr. William J. Barber II.

The Southern Regional Asset Building Coalition (SRABC) held its seventh annual conference, "Closing the Racial Wealth Gap: Innovative Solutions for Change," in New Orleans from September 24–26, 2014. A diverse group of advocates, researchers, activists and elected officials gathered to share solutions for asset building, totaling 229 registrants from 14 states and the District of Columbia.

"Conferences of this nature are designed to bring new and trending information to the Southern region," said Gena G. McClendon, project director at the Center for Social Development at Washington University in St. Louis and SRABC conference organizer.

The conference focused on the impact of economic disparities on low-income families, especially those of color, and offered innovative solutions for change.

Economic fragility

In the opening plenary session, "Social Innovations and Working and Living in the Shadow of Economic Fragility," Professor Michael Sherraden, founder and director of the Center for Social Development at Washington University in St. Louis, explained how assets play a role in the stability of households; incomes are declining among the bottom part of the population; and race strongly affects income and inequality. He stressed that the nation must understand these dynamics to address the issue of economic disparities.

"Wealth is an indicator of economic opportunity, security and overall well-being—an indicator in which blacks and communities of color are most disparate," Sherradan said.

To address the broadening racial wealth gap in the United States, a core topic of the conference, SRABC has developed solutions for improving and sustaining communities that have historically high poverty rates and few assets.

"The notion persists that hard work is rewarded with the prosperity of the American Dream, but it is not true for all racial groups," said Meizhu Lui, former director of the Closing the Racial Wealth Gap Initiative at the Insight Center for Community Economic Development in Oakland, California. "The wealth gap is not behavioral but structural;" therefore, it is not a byproduct of individual action or inaction, Lui told conference participants. "Wealth doesn't mean being wealthy, but being financially secure … and is generated by investing in assets that appreciate over time," Lui said.

> "THE NOTION PERSISTS THAT HARD WORK IS REWARDED WITH THE PROSPERITY OF THE AMERICAN DREAM, BUT IT IS NOT TRUE FOR ALL RACIAL GROUPS."
>
> **Meizhu Lui**, former director of the Closing the Racial Wealth Gap Initiative at the Insight Center for Community Economic Development in Oakland, California

After a comprehensive review of historical and contemporary economic trends, conference presenters educated attendees on several issues that hinder asset accumulation in communities of color.

Racial wealth gap

Thomas Shapiro, director of the Institute on Assets and Social Policy at Brandeis University, revealed that two-thirds of every single dollar in wealth is gained through homeownership. "But even with such strong data in support of homeownership as a means of accumulating wealth, the gap between black and white Americans endures," Shapiro said, "with homeownership driving about 27% of the wealth gap between black and white Americans."

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EXECUTIVE SUMMARY (CONT.)

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Darrick Hamilton, associate professor of economics and urban policy at the Milano School for International Affairs, Management, and Urban Policy at The New School for Public Engagement in New York, said, "Homeownership is an outcome measure.… There are potentially other drivers [of wealth accumulation, such as] intergenerational transfers to purchase an asset."

Though the same issues affect economic growth among black Americans nationwide, Hamilton said the issues should be looked at from a local perspective. "Asset markets are local, [and we] need to look at asset difference from a local context."

Hamilton's research data demonstrated how subgroups of people of color fared differently depending on the area of the country in which they lived. Yet no matter how well or how poorly the group fared, the racial wealth gap still existed between people of color and white people, regardless of where they lived.

The panelists encouraged SRABC advocates to return to their communities and address local and state policies that adversely affect rates of homeownership as a first step to close the gap.

Emerging leaders

Addressing the issues presented at the conference will require a lifetime of dedicated advocates to improve the lives of low-income families. The continuation of this work will require strong and constant leadership. Drawing from a pool of students from universities and young professionals across the South, SRABC initiated its first convening of emerging leaders and a future scholars' panel. Aaron Beswick, a master's student at the Brown School of Social Work at Washington University in St. Louis, led the panel of students and young professionals as they shared original research and proposed solutions for curbing predatory lending, including limiting accessibility, developing alternative loan products, and expanding financial education. The presenters were Sienna Mitchell, MBA student at Florida A&M University; Jazmyne Simmons, MPH, recent graduate of the Florida A&M University Institute of Public Health; Shantell White, MBA, recent graduate of Florida A&M University; Alex S. James, sophomore finance student at Louisiana State University; and Leah Wooden, MEd, doctoral candidate of educational administration at the University of New Orleans.

> "THERE ARE TWO MILLION NONCUSTODIAL PARENTS IN PRISON, AND HALF OF THE NONCUSTODIAL PARENTS WHO ARE NOT IN PRISON ARE UNEMPLOYED."
>
> **Adrienne Hooper-Wooten,** Mississippi state representative and assistant public defender

Family legacies

During the "Building Strong Family Legacies" discussion, panelists addressed the persistent issue of child support and how it plays a major role in diminishing black families' ability to generate and sustain wealth. The experts proposed enacting laws that allow for affordable payments. Such laws would enable parents to sustain themselves and increase their ability to generate wealth and pass it along to their children.

Gabriela Sandoval, director of policy and research with the Insight Center for Community Economic Development, in Oakland, California, and a panel moderator, gave the example of how child support not only fails to build wealth, but also destroys the possibility of wealth accumulation.

Mississippi state representative and assistant public defender Adrienne Hooper-Wooten added more insight to the discussion about child support: "There are two million noncustodial parents in prison, and half of the noncustodial parents who are not in prison are unemployed."

Jacquelyn Boggess, co-director of the Center for Family Policy and Practice, in Madison, Wisconsin, added that fathers go to jail if they do not pay child support. And burdensome child support falls disproportionately on

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EXECUTIVE SUMMARY (CONT.)

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noncustodial parents least able to pay. The majority of parents who owe child support have no job or reported earnings, and those who work make $10,000 or less a year. Of the parents who earned $10,000 or less, the median child-support order was for 83% of their income.

Boggess emphasized that any hope for improvement and positive outcomes must come from the federal government. States have minimal reach regarding child support issues.

The other prevailing issue that inhibits asset accumulation is predatory lending practices, especially payday loans. A number of legislators, including Alabama State Representative Rod Scott and Louisiana State Senator Sharon Weston Broome, have taken up the cause to fight predatory lending in their respective states, but important work remains to be done.

With interest rates that soar as high as 500%, "payday loans do not mitigate financial stress; [payday loans] cause financial difficulty and a higher rate of bankruptcy," said Haydar Kurban, associate professor of economics at Howard University, in Washington, DC.

Change that matters

The conference climaxed with a call to action by the Rev. Dr. William Barber II, organizer of the Moral Mondays movement and president of the North Carolina state conference NAACP. Via video, he admonished:

> Movements are not built from the top down, but from the bottom up. From Birmingham up. From Greensboro up…. That's what we've learned.… We must be in a coalition that is transformative and not transactional, and not until just your issue is won. When we make the issues not about black and white, or conservative versus liberal, but we actually go deeper, into our deeper values, we can build unlikely allies.

The conference ended with attendees breaking into individual state coalition sessions led by the Alabama Asset Building Coalition, Raise Florida Network, Louisiana Building Economic Security Together (LABEST), and the Coalition for a Prosperous Mississippi. The design and purpose of the breakout sessions were to create a call-to-action plan for their respective states.

Conference value

Attendees expressed excitement and the strong urge to forge ahead, bearing the charge to overcome existing barriers and implement initiatives designed to aid individuals to accumulate assets and sustain wealth that can be passed from generation to generation.

"I've never experienced anything like this," said first-time conference attendee Dorothy Maddox, a family self-sufficiency services coordinator at the Daytona Florida Housing Authority. "My view of how to help low-income people of color has widened, and I feel a connectedness that I've never felt before.... Really, [the conference] is changing my life and how I go back to teach and impart."

The SRABC's annual conference is about finding and creating solutions. Previous conference participants reported that they suffered from "problem fatigue." This report focuses not on problems but on solutions.

We hope that the conference presenters responded to your call for practical, usable, and innovative solutions that will positively affect the lives of families and communities you serve. This report features substantive content sections, sidebars, and call-out boxes that highlight innovations discussed at the conference.

Thank you for attending the 2014 SRABC conference, "Closing the Racial Wealth Gap: Innovative Solutions for Change." We look forward to next year's conference as we continue to build coalitions that create opportunities for lifelong change and economic security to families and communities in the southern region.

Sincerely,

The Southern Regional Asset Building Coalition

SOLUTION: Reform Financial Products

Make Them Simple, Safe, Automatic, and Universal

Session: Social Innovations and Working and Living in the Shadow of Economic Fragility

This keynote address provides an overview of recent work to improve economic security for lower-income Americans, with particular attention to innovative interventions.

Presenter: Michael Sherraden

Economic inequality is growing, and imbalances in social policies are at fault, said Professor Michael Sherraden, director of the Center for Social Development (CSD) at the Brown School of Social Work at Washington University in St. Louis. The solution? Simple, safe and automatic financial services for all.

Everyone needs simple, safe financial products; otherwise, "what's out there can wreck your life," Sherraden said. During the subprime mortgage crisis, 90% of such loans were for second mortgages. Lenders targeted people of color, and many of those borrowers later lost their homes. But people with Individual Development Accounts—to build assets in the form of homeownership, postsecondary education, and small business ownership—did better in part because they had solid mortgages, Sherraden said.

"We need solutions for more inclusive asset building: Everybody has to be in," he said. The challenge is to create a new world of safe—not predatory—financial products for everyone. Doing so may seem hard, but it can—and is—being done.

Oklahoma, for example, is testing automatic, universal college savings accounts available from birth. Sherraden and other researchers developed SEED for Oklahoma Kids (SEED OK) to test the accounts for newborns. The research team created the accounts by building on an existing policy platform—the Oklahoma College Savings plan. Each account was opened at birth with a $1,000 deposit and the offer of matched savings for low-income families. Early results are good: SEED OK positively influenced how many families hold an account and positively affected

Michael Sherraden

> "WE NEED SOLUTIONS FOR MORE INCLUSIVE ASSET BUILDING: EVERYBODY HAS TO BE IN."
>
> **Professor Michael Sherraden**, director of the Center for Social Development at the Brown School of Social Work at Washington University in St. Louis

participant savings across all social and economic segments, Sherraden said. The program's effects also go beyond money: Interviews with mothers indicate that having an account reduced depressive symptoms, and children's social-emotional development improved.

Today, at least 12 states have programs to match the savings of low-income families in college savings

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Meizhu Lui

Lifting as We Climb

The first ingredient for wealth is work, but, for too many, work offers few rewards. Stagnant wages, disappearing benefits, and deteriorating working conditions have left many Americans behind. To gain security, workers have only to renew an old idea, said Meizhu Lui, author and independent consultant. She argues that the solidarity and cooperation of labor unions can improve economic conditions and secure greater shares of the industrial profits that workers help create. Beyond collective bargaining, Lui said, unions also tie together workers' moral conditions, making each person responsible to another for rising together. As changing demographics and economic inequities leave greater numbers of workers in marginal positions, labor organizing can build the social and political power to hold the nation accountable for a better future.

When Will We Be Paid for the Work We Have Done?

Throughout history, the U.S. government has intentionally denied Americans of color "three ingredients" necessary for building assets: by (1) limiting stable, safe, and gainful work; (2) forcing communities off their land and separating them from their property; and (3) refusing families seeking better lives the necessary capital to fund their dreams. Because the U.S. government has sponsored each of these enduring traditions of unequal treatment, Meizhu Lui, author and independent consultant, argues that it must provide restitution. Therefore, as it has done on behalf of chosen others, Uncle Sam must institute specific policies and payments to make whole those communities that have been deliberately and continually shortchanged.

SOLUTION: Reform Financial Products (CONT.)

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plans, Sherraden said. In 2014, Nevada announced Child Development Accounts (CDAs) for all children entering kindergarten, and Maine announced an initiative to give children a universal and automatic CDA at birth. Other states are considering similar policies, and CSD is advising most of them.

The way forward is with universal systems, and a good place to start is with children, Sherraden said.

"Use college savings plans in your state," he urged. Louisiana, for example, has a "very progressive" college savings plan. "We can make it better by making it automatic and universal. And these accounts are supported by Republicans. Republicans don't mind children's accounts; everyone can get behind it."

SOLUTION: Improve Fathers' Economic Security

Session: Building Strong Family Legacies

The panelists discussed how policy change can improve opportunity and life outcomes of African-American fathers, their children, and their communities.

Panelists: Jacquelyn Boggess, Gabriela Sandoval, Halbert Sullivan, and Adrienne Hooper-Wooten

Child support enforcement and its role of diminishing families' ability to build and sustain assets is a persistent problem that panelists addressed during the "Building Strong Family Legacies" presentation. They offered these solutions:

- Ban the assessment of interest on child support arrears.
- Support fatherhood programs to improve men's income and stability.
- Ban the imputation of income for low-income men so courts can no longer assign child support payments based on calculations of what noncustodial fathers "should" earn.
- Prohibit the revocation of driver's license when noncustodial fathers fail to pay child support.
- Enact laws that allow for fathers to make payments they can afford.

Children need support emotionally and financially, but child support payment policies limit fathers' abilities to build assets for themselves and their children, said panelist Halbert Sullivan, president and CEO of Fathers' Support Center of St. Louis. "Child support enforcement is broken," he said.

Panelist Jacquelyn Boggess and moderator Gabriela Sandoval both pointed out that a significant portion of the money that fathers owe goes to the government, not to children.

Sandoval, director of policy and research with the Insight Center for Community Economic Development in Oakland, California, gave an example of how current child support policies destroy the possibility of building assets: Nate has a four-year-old daughter, Crystal. Her mother, Sarah, had to sign over rights to the government to receive assistance. Nate's earned income credit was intercepted, and his license was revoked for failing to pay child support. He is faced with chronic unemployment. Because his license is revoked, he has no ability to drive, which threatens the job he does have and limits his income.

Halbert Sullivan

Examples abound of people with stories like Nate's. Adrienne Hooper-Wooten, a Mississippi state representative and assistant public defender, said her state offers no leniency to parents in arrears. "[Mississippi] doesn't care about unemployment, disability, dyslexia, work-related injuries," she said. Fathers must make a down payment on arrearage or face jail.

Boggess, co-director of the Center for Family Policy and Practice in Madison, Wisconsin, said fathers too often go to jail if they do not pay child support. Also, child support disproportionately falls on parents who are least able to pay. The majority of parents who owe child support make $10,000 or less a year, she reported. And 34% of parents who owe had no reported income. Of the parents who earned $10,000 or less, the median child support order was for 83% of their income.

The primary factor that has caused arrears to grow so dramatically has been the routine assessment of interest, Boggess said. She emphasized that any hope for better policies for child support payments must come at the federal level. States have minimal reach regarding child support issues, she said. Among her recommendations are support for fatherhood services, reduced assessment of fees and costs for low-income men and a ban on the assessment of interest on arrears parents owe.

SOLUTION: Stop Abusive Lending Practices

Paycheck to Payday: Consumer Predatory Debt Trap panel members, from left: Haydar Kurban, Stephen Stetson, Diane Standaert, Aracely Panameño, David Gray, and Wilhelmina Leigh

Session: Paycheck to Payday: Consumer Predatory Debt Trap

The panelists identified and defined predatory lending practices—specifically payday lending and title-and-pawn operations — and provided a regional overview, data, and perspectives, including the legislative context for solutions. This session also showcased a short documentary film capturing the voices of payday lending victims.

Panelists: David Gray, Haydar Kurban, Aracely Panameño and Diane Standaert

Payday loans cause more financial stress than they solve, and they strip families and communities of wealth. In fact, the loans drain millions of dollars in fees and interest from communities in reduced consumer spending.

These small loans are marketed as an easy way to tide over borrowers until the next payday. Yet the typical borrower conducts an average of nine payday loan transactions at annual interest rates over 400%, according to the Center for Responsible Lending. Soon the cycle of debt denies money for child care, groceries, utilities, and other household expenses, according to the center.

SOME 76% OF PAYDAY LOANS ARE TO BORROWERS TAKING OUT A NEW LOAN WITHIN TWO WEEKS OF A PREVIOUS LOAN.

And consider this: One in four of the borrowers lives on Social Security or retirement funds, according to the federal Consumer Financial Protection Bureau (CFPB).

Research shows that in every state with payday loans, the lenders charge the maximum allowable rate, said Haydar Kurban, an associate professor of economics at Howard University who participated in the “Paycheck to Payday: Consumer Predatory Debt Trap” presentation. The typical borrower is indebted for more than 200 days a year, more than twice as long as the maximum the Federal Deposit Insurance Corp. recommends, said presenter Diane Standaert, director of state policy at the Center for Responsible Lending based in Durham, North Carolina.

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SOLUTION: Stop Abusive Lending Practices (CONT.)

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Churning drives the business model, Standaert said: Some 76% of payday loans are to borrowers taking out a new loan within two weeks of a previous loan.

The federal CFPB is working on the matter. The following are proposed solutions from the presentation that the CFPB should implement:

- Require lenders to consider borrowers' income and expenses.
- Limit the days of indebtedness to 90 days a year.
- Prevent lender access to borrowers' bank accounts.

The SRABC participants should contact the CFPB if they or someone they know has been treated unfairly over a product or service. Here is the link to submit a complaint: **http://www.consumerfinance.gov/complaint/**

Car title loans and consumer installment loans also are debt traps, Standaert said. The typical car title loan is refinanced eight times, drains more than $4.3 billion in fees a year and strips away twice as much in fees as in credit provided, according to the Center for Responsible Lending.

Aracely Panameño, director of Latino Affairs at the Center for Responsible Lending, presented "Impacts of Abusive Auto Lending Practices on African-Americans and Latinos." The auto lending industry is engaging in predatory practices directed at people of color, extracting resources from those communities. "There's a premium on my skin tone, my hair, my name," Panameño said. Here are some findings:

- African Americans and Latinos negotiate and comparison shop as much as Whites for their car loans, if not more, yet they still end up with higher interest rates. For example, the federal CFPB and the U.S. Department of Justice found that Ally Bank charged African Americans, Latinos, and Asians higher interest rates than Whites with the same credit scores.
- Consumers of color are more likely to receive misleading information from car dealers.
- African Americans and Latinos are nearly twice as likely as white consumers to be sold multiple add-on products.

Here are solutions:

- Prohibit dealer compensation based on dealers' discretion to manipulate interest rates. Interest rates should be set according only to credit worthiness. Currently, financial institutions allow dealers the discretion to increase car loan interest rates before they present them to consumers—and the dealers keep the markup as compensation.
- Require dealers to disclose the actual costs of every add-on product, as well as the car's cost without any add-on purchases. And ban dealers from stating or implying that the buyer must purchase add-ons for the loan's approval.

States Must Cap APRs

States have an important role to play in freeing low-income people from the debt trap of payday loans. States can—and should—set caps on annual percentage rates at 36%, said Diane Standaert, director of state policy at the Center for Responsible Lending. Since 2005, no state has authorized 300% APR payday lending to come into its borders, and many states have since curbed the rates. A 36% APR cap would be an effective reform to reduce the deleterious effects of predatory lending. **Here is the link to a PowerPoint Standaert presented during the panel** "Paycheck to Payday: Consumer Predatory Debt Trap."

Emerging leaders, from left: Sielle Mitchell, Shantell White, Rashada Houston Turner, Leah Wooden, Jazmyne Simmons, and Alex James

Transformative Youth Engagement

Times have changed. Former civic leaders have reached old age, leaving behind what many believe is a crisis of apathy among younger generations. Steven Pargett, communications director for Dream Defenders, finds the problem not with youth but with the institutions interacting with youth.

"Young people are not apathetic," he said. "We live in a world of systems that are apathetic towards us."

Systems are apathetic or worse. A primary culprit is the criminal justice system. Young people, especially those of color, live in a nation that sees them as criminals. Young people want and need this to change to "live in a world where our lives are not criminalized every day," Pargett said. Incremental reforms are not "enough for young people to feel the system works for them." As Pargett argues, "We are not even close to large-scale social and economic change."

More must be done, and to get there, policy change will be just one part of the solution. Only when young people take the lead will their goals be reached. Pargett says the nation needs "the next generation of radical leaders to realize and exercise our independent collective power, [build] alternative systems, and [organize] to disrupt the structures that oppress our communities."

Improve Financial Education and Financial Products

Young adults face a harsh financial landscape. Leah Wooden, MEd, University of New Orleans, argues that students want financial stability and believe college education to be the avenue to that goal; however, few have the resources necessary for a college education. Rashada Houston Turner, MBA, Florida A&M University, documents that 80% of students work to pay tuition, housing costs, and car payments. Yet more than half of students have little to no prior financial education. Seventy-five percent of students Alex James of Louisiana State University surveyed request financial education. Critical elements to reversing these trends are (1) improved financial counseling, particularly for financial aid; (2) tangible and measurable metrics in financial education; and (3) safer financial products. Jazmyne Simmons, MPH, Florida A&M University, argues that safer products are particularly important near historically black colleges and universities, where disproportionate proximity to payday lenders enables student use. Instead, Sielle Mitchell, MBA, and Shantell White, MBA, both of Florida A&M University, propose alternative loan products that better serve students. In the end, young adults' economic security may depend on both improvements to financial education and safer financial products.

SOLUTION: Know How Your State Legislature Works

Session: Paycheck to Payday: Consumer Predatory Debt Trap

The panelists provided a regional overview, data, and perspectives, including the legislative context for solutions.

Panelists: Wilhelmina Leigh and Stephen Stetson

Stephen Stetson

Using Alabama as an example, panelist Stephen Stetson discussed efforts to reform predatory lending. Invented in the 1990s, payday loans were illegal in Alabama until 2003, when the Alabama State Legislature "made what was illegal legal," said Stephen Stetson, an attorney and policy analyst at the Arise Citizen's Policy Project, the policy wing of Alabama Arise.

Support exists to reform predatory lending. Since 2012, advocates have been in the midst of an effort to cap the annual percentage rate at 36% on title and payday lending. It is a difficult battle in part because the industry not only employs in-house lobbyists but also pays local lobbyists to prevent them from lobbying against the industry, Stetson said. He suggested the following tactics:

- Partner with members and institutions from each district of the state to create coalitions that combat predatory lending statewide. Understand the state legislative process well enough to explain it to the public and to partners in reform efforts.

- Know that reforming payday lending is a bipartisan issue. The religious right supports reform on the basis of the biblical prohibition against usury.

- Do your best to engage in good-faith negotiations with the other side as you evaluate the industry's legislative proposals and alternatives.

- Realize that some compromise may be necessary.

Wilhelmina Leigh is a senior research associate at the Joint Center for Political and Economic Studies in Washington, DC. She presented a report that examines the hypothesis that Alabama legislators who represent districts with the largest numbers of licensed payday lending establishments are the most likely to receive contributions from the industry; therefore, they may be more likely to vote for the interests of the industry:

The analysis finds that when … contributions from the payday lending/title loan industry and the number of payday stores are compared, legislators who represent districts with the largest number of payday stores sometimes, but not always, report these contributions. … There is evidence, however, that contributions are more likely to be made by the payday lending/title loan industry to legislators who are members of relevant committees or who hold leadership positions within the state Senate and House.

Leigh said such research can help identify which state legislators to contact and how to approach them about reforms to payday lending and title loans.

Darrick Hamilton

Measuring wealth requires new method

Closing the racial wealth gap will require a method of measurement. If data continue to lump people into monolithic racial groups, however, the true variation within and between groups will be missed. Instead, Darrick Hamilton argues, "as the [nation] gets more plural, we have to count groups in a more plural way."

In the coming decades, demographics in the United States will change dramatically. To keep up, methods of measuring wealth must better capture the nuances of relative asset accumulation within broadly defined racial groups. In particular, given the substantial variation in wealth across and within cities, data must begin to capture the relative asset position of racial groups across geographic locations.

As Hamilton demonstrated, asset markets are local. To best capture variations by locale and racial group, Hamilton and several other colleagues have developed a template for national surveys on household assets: the National Asset Scorecard in Communities of Color.

The scorecard examines asset accumulation hidden in broad "non-white" categories in five diverse cities across the country, allowing for more accurate measurements of wealth and debt in distinct communities of color.

Baby Bonds Can Provide Security

Many African-American and Latino families do not have enough liquid assets to take risks or deal with financial emergencies. During the recession, communities of color suffered the most, and the already extreme racial wealth gap widened even more.

Baby bonds, or endowed trust accounts, can serve as simple, automatic tools for every American at birth. They present a way for the nation to create opportunities for intergenerational transfers of wealth for every citizen, Darrick Hamilton said in the session "Closing the Racial Wealth Gap: History, Research and Stories." Hamilton is an associate professor of economics and urban policy at The New School.

The trust accounts could close the racial wealth gap in two to three generations for about 2% of current federal expenditures a year, he said, helping to provide opportunities for upward mobility and economic security for all.

SOLUTION: Make Your Voice Heard

Session: Communicating a Winning Narrative to Close the Racial Wealth Gap

This session focused on communications, particularly those highlighted in a toolkit from The Opportunity Agenda.

Speaker: Alan Jenkins

Alan Jenkins

Alan Jenkins, executive director of The Opportunity Agenda, shared with conference participants how they can communicate effectively to win support for policy reforms.

It is important to lead with shared values to emphasize solutions and to tell a systemic story, he said. People are immune to facts that do not fit a narrative and require a set of values that they can understand. We must overcome the negative narratives people carry around, so it is important to focus on universal values. The Opportunity Agenda's "Vision, Values and Voice: A Social Communications Toolkit" explains:

> Evoking the narrative of American opportunity … means understanding that most Americans simultaneously hold in their minds great hope and pride about what our country has to offer and real disappointment about what we've failed to do as a nation. Addressing both sets of beliefs is important to engage people in supporting change.

The following are questions to consider when building your own message, according to The Opportunity Agenda:

1. What is the value at stake? Why should your audience care?
2. What is the problem? Document it, describe it.
3. What is the solution?
4. What is the action? What concrete action can your audience take?

Remember VPSA: value, problem, solution, action. Here is effective messaging in action, adapted from the communications toolkit:

> **Value:** We need economic security to make our national economy work. What you look like, where you come from or the accent you have should not determine your chance to achieve that security.
>
> **Problem:** But we are falling short of that goal, and it is holding our economy back. The Recession hit all communities. White people saw their net worth drop 21% between 2005 and 2011. Most people of color were hit harder: Latinos' net worth fell 58%, African Americans' fell 48%, and Asian Americans' fell 45%. Those losses hurt the nation as a whole.
>
> **Solution:** It is time to invest in both greater and more equal opportunity. That means, for example, smart incentives to promote access to college, business development, and homeownership—three pillars of building economic security.
>
> **Action:** Endorse our Seven Principles for Closing the Racial Wealth Gap.

SOLUTION: Move Forward Together

Rev. Dr. William Barber II

Near the conference's conclusion, participants enjoyed a poignant video from the Rev. Dr. William Barber II. He implored the crowd to join together in a new "fusion movement" to thwart the "reactionary, deconstructionist policies" gaining popularity across the nation. In response, Steven Pargett, communications director for Dream Defenders, noted just how far the movement has to go: "People in our communities are not currently fired up enough to be civically engaged.… We do not currently have enough unified, collective power to change enough policy to transform our communities and meet all of the concerns and needs." Louisiana State Senator Sharon Weston Broome said only renewed solidarity will lead to Barber's vision of a fusion movement. "A lot of people don't recognize our interrelationships," she said. Instead, "people are voting their fears, not what's in their hearts."

Broome reminded conference participants that "every challenge provides an opportunity for improvement." For many of the speakers, one way to begin this improvement is with more informed advocacy from policymakers. As Pargett argued, this is only part of the pie.

Another part, as described by Derrick Johnson, president of One Voice, is a new awareness of power and policy. As he put it, "It doesn't matter who's in the seat; it matters if the people know enough to hold [them] accountable." Johnson said communities of color, especially in the South, are too often robbed of their assets because of a limited understanding of the structures that influence their lives. In addition to policymakers, Johnson highlighted nonprofit institutions. Despite their stellar and necessary work in many communities across the nation, there is too often "very little relationship between nonprofit work and policy solutions." To change this reality, "we must understand the structure of the institutions that affect us." Only then can communities advance the kinds of policy change necessary to address problems of low income, low wealth, and political marginalization. Ultimately, whether through grassroots movements, institutional engagement, or both, communities have the ability to change the country for the better.

From left: Derrick Johnson, Sharon Weston Broome, and Steven Pargett

PARTICIPANT FEEDBACK

The 2014 SRABC conference received 119 evaluations. More than half (55%) of the respondents were attending the SRABC conference for the first time. After the first day of the conference, participants agreed on the following key takeaways:

1. The reality and impact of predatory lending
2. The need to organize a strategy to support economic change
3. The importance of financial education

The second day of the conference evoked another four major lessons:

1. The necessity for change now
2. The importance of collective action
3. The importance of identifying specific solutions
4. The power of youth leaders

The portion of the conference participants identified as most important was the individual state coalition meetings, after which 82% of attendees said they left with clear goals for action in the next six months. Eighty-three percent of the respondents rated the presentation of the Opportunity Agenda toolkit, led by Executive Director and Co-Founder Alan Jenkins, JD, as "very informative." Overall, 84% of the participants rated the total conference experience as "very good," and 96% either "agreed" or "strongly agreed" that the conference informed them on developing strategies to pursue policy change in their state and region.

ABOUT SRABC

The mission of SRABC is to support member and asset building coalitions in advancing state, regional and national policies that promote economic security over a lifetime for low- to moderate-wealth individuals and families.

In pursuing its mission, SRABC provides:

- Asset development guidance
- Information that supports policy development
- Support for programs that enhance the quality of life for families across the region

The Southern Regional Asset Building Coalition (SRABC) seeks to raise awareness and advance strategies and policies that address economic challenges in the South. A regional coalition, SRABC is composed of partner coalitions in four states:

- Alabama: The Alabama Asset Building Coalition (AABC)
- Florida: Raise Florida Network (RFN)
- Louisiana Building Economic Security Together (LABEST)
- Mississippi: Coalition for a Prosperous Mississippi (CPM)

SRABC serves as a forum that highlights common challenges among these states, often associated with low- to moderate-wealth individuals who are working to build economic security for themselves and their families.

A core value of SRABC is the inclusion of traditionally marginalized people. Through its state partner coalitions, SRABC engages organizations in the region that represent people of color and those with disabilities. The diverse perspectives of employers, policymakers, business owners and academia are also represented. By leveraging mutual interests and resources, SRABC seeks the removal of structural barriers to asset building and wealth creation activities. The coalition is funded by the Building Economic Security Over a Lifetime (BESOL) initiative of the Ford Foundation.

A southern region with equity and economic security for all.

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