

## Low-income Immigrant Women and Wealth Building

### Immigrants in the U.S. Economy

Throughout American history, low-income, low-wealth first generation immigrants who arrive as adults have helped strengthen our economy. The necessity of immigrant labor in times of industrial expansion or labor shortage is recognized. But even in times of economic recession and high unemployment such as we are experiencing today, research shows that bringing immigrants into the economic mainstream raises wages, increases consumption, creates jobs, and brings in additional tax revenue that fuels economic recovery.<sup>1</sup>

But it is not simply their wages and consumption that benefit the economy. When low-income, low-wealth immigrants engage in wealth building activities like saving, buying a home, and starting a business, their positive economic effect multiplies. And women immigrants, far from being dependent on men or the government, are vigorous actors in expanding economic activity.

The financial behaviors of today's immigrants reflect the core American values of thrift, innovation and entrepreneurship. Immigrants are proven savers who live within their means and who use their savings not only to improve their own lives, but to help family members and strengthen their communities. Many are innovative entrepreneurs who often first succeed in ethnic markets, then expand to reach the American mainstream. Moreover, their understanding of other languages and cultures and their transnational connections are invaluable forms of human capital that have the potential to increase U.S. competitiveness in the global marketplace.

Unfortunately, women immigrants of color face greater hurdles than other segments of the population to turn work into wealth. By creating asset building opportunities for immigrant women, we would speed the nation's economic recovery.

### The Relationship of Race, Gender, Immigrant Status, and Wealth

People of color have much less wealth than white people, and women have much less wealth than men, regardless of color. Due largely to historical and current structures, today's typical family of color has only sixteen cents of wealth compared to the typical white family's dollar,<sup>2</sup> and single women of all races have less than half the wealth of single men.<sup>3</sup> Surprisingly however, first generation immigrants are almost equally successful as native born people of the same race in the gradual acquisition of assets such as homes and businesses. Throughout their life span, foreign-born blacks, Latinos, whites, and Asians accumulate wealth at rates similar to native-born people of the same race, demonstrating that immigrants work hard and do achieve.<sup>4</sup> *It is the compounding of race and gender effects that are more significant to immigrant women of color*

*than immigration status.*<sup>5</sup> The median wealth for single women of color is only one penny compared to the dollar owned by single men of their same race or to single white women.

But there are also specific economic barriers facing immigrant women that make them the least economically secure population in America. These factors include occupational segregation in jobs without health or retirement benefits, language and cultural differences, legal complexities due to their immigration status and that of their spouses and/or children, lack of eligibility for public benefit programs, responsibility for providing income to extended family members, and living in segregated neighborhoods that often lack federally insured financial institutions. Access to loans and credit are hard to come by, and immigrant women are subject to the exorbitant interest rates extracted not only by payday lenders, but also by remittance service providers.

## Immigrant Women, Wealth, and Economic Expansion

Newcomer women are survivors, risk takers, innovators, and entrepreneurs with enormous potential to build the American economy, as evidenced by the following facts.

### Self-Employment and Entrepreneurship

- Latino(a) self-employment and microenterprises with five or less employees grew 30% in the 90's, while growth in that sector for the entire U.S. population grew only 3.9%.<sup>6</sup>
- Ethnic enterprises and minority small businesses (those with fewer than 500 employees) grew exponentially in the 1990's with women-owned business leading this growth spurt. For example, privately held, majority Latina-owned businesses in Texas, New Mexico, Arizona, and California grew by 206%, their sales rose by 534%, and their job creation rate grew by 487% over a ten-year period. These businesses in turn accounted for \$29.4 billion in receipts and employed 198,000 workers.<sup>7</sup>
- Two out of every three Asians is an immigrant, yet foreign-born Asian business ownership rates are the highest among all non-white groups. While Asian men are more likely to be self-employed than Asian women, nearly four in ten Asian businesses are women-owned.<sup>8</sup>
- Immigrant women identify their connection to their home country as a business asset, allowing the pooling of resources and market penetration across borders.<sup>9</sup>

### Savings

- Women, particularly immigrant women, want to save. For example, *Assets for Independence* is a federally funded matched savings program that utilizes an asset-based approach to lifting people from poverty. Over an 8 year period, participants in the program saved \$45.3 million. Seventy-five percent of these savers are women, and new immigrants are over-represented.<sup>10</sup>
- Immigrant women save money even when they are "unbanked." In a recent study by the Mission Asset Fund, a non-profit organization working to expand access to financial opportunities for low-income and immigrant families in San Francisco's Mission District, half of the Latinas surveyed engage in saving, lending, and capital accumulation activities such as peer lending circles. These rotating savings accounts are a traditional method of savings based on trust among the circle members, and are common in Latino, Korean, Jamaican, Vietnamese, and other communities.<sup>11</sup>

## Policy Recommendations

Immigrant women need *information* about how the U.S. financial system works and about their rights within that system. They need *education and training* to meet requirements for better jobs, access to prime rate loans, homeownership, bank accounts, and business start up. They need these services from organizations that exhibit *cultural competence*; for example, those that create family centered rather than individually centered interventions. Support for deeply rooted community based organizations to deliver these services is an essential strategy for speeding the entry of immigrant women into the economic mainstream.

Access to better jobs with career paths is the first order of business for immigrant women. In part because decent jobs are hard to find, self-employment is an excellent alternative, and one well-suited to the strengths of immigrant women. While they are good at saving, they need access to opportunities for those savings to grow. The following recommendations would facilitate asset building activities by immigrant women:

### Employment

- Apply wage rates, unemployment benefits, and health and safety standards to all workers, including immigrants regardless of status.
- Target good jobs in emerging sectors to women of color including immigrant women.

### Self-employment and Microenterprise

- Target Small Business Administration assistance to microenterprises which often do not have access to mainstream loans, and who would benefit from technical and legal assistance.
- Fund financial education, counseling, business training, and connection to mainstream resources provided by community based organizations in immigrant communities.

### Savings and Financial Services

- Expand allowable expenditures for matched Independent Development Accounts in the Assets for Independence program to meet a greater range of asset needs.
- Fund new matched savings accounts for children similar to the ASPIRE proposal, and allow additional contributions by people other than parents; children are seen by immigrant women as their most important asset.
- Create a new Consumer Financial Protection Agency, tasked with ensuring that safe, sound, and culturally appropriate financial products be developed to reach all segments of the population.

### Data collection

- Collect data disaggregated by race, ethnicity, and gender to better understand who is being served and what segments are under-represented. Data would illuminate what is working and for whom, and allow targeting and tailoring of resources to specific segments of our increasingly diverse population.

## Conclusion

Immigrant women are here to stay. Their potential for generating economic growth is largely unrealized due to practices and policies that hold back their economic efforts. Gathering information about this population and targeting assistance to facilitate their engagement in effective asset building activities would improve the lives of immigrant families, contribute to economic recovery, and tap a valuable resource to help us compete in the global marketplace.

## About Us

**The Insight Center for Community Economic Development** is a national research, consulting and legal organization dedicated to building economic health in vulnerable communities.

This factsheet was produced as part of our **Closing the Racial Wealth Gap Initiative**, a national effort to close the racial wealth gap for the next generation that leaves the average American family of color with only 16 cents for every dollars owned by the average white family. To close this gap, we have brought together over 150 scholars, advocates and practitioners of color to inform the national economic debate with diverse perspectives and provide policy solutions to create a more inclusive and equitable future for all Americans. Experts of color on the issue of immigrants and wealth include: Rudy Arredondo, Fran Calpotura, Dennis Campa, Maggie Cervantes, Deyanira Del Rio, Luis Granados, Lingxin Hao, Tarry Hum, Abdulkadir Hussein, Hyepin Im, Hassan Jaber, Jose Quinonez, Bea Stotzer, and Doua Thor.

For more information visit [www.racialwealthgap.org](http://www.racialwealthgap.org) and [www.expertsofcolor.org](http://www.expertsofcolor.org).

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<sup>1</sup> Raul Hinojosa-Ojeda. (January 2010). "Raising the Floor for All American Workers: The Economic Benefits of Comprehensive Immigration Reform." Center for American Progress and the Immigration Policy Council. [http://www.americanprogress.org/issues/2010/01/raising\\_the\\_floor.html](http://www.americanprogress.org/issues/2010/01/raising_the_floor.html)

<sup>2</sup> Federal Reserve Board. (2009). 2007 Survey of Consumer Finances, Full Public Data Set. <http://www.federalreserve.gov/pubs/oss/oss2/2007/scf2007home.html>

<sup>3</sup> Mariko Chang. (March 2010). "Lifting as We Climb: Women of Color, Wealth, and America's Future," Insight Center for Community Economic Development.

<sup>4</sup> Linxing Hao, *Color Lines, Country Lines: Race, Immigration, and Wealth Stratification in the United States*, Russell Sage Foundation, New York, 2007, pp. 67 – 69.

<sup>5</sup> Ibid.

<sup>6</sup> Barbara J. Robles. (2008). "Latina Entrepreneurship in the Borderlands," in *Transformations of La Familia on the U.S.-Mexico Border*. Edited by Raquel R. Márquez and Harriett D. Romo, University of Notre Dame Press, p. 255.

<sup>7</sup> Ibid, p. 255.

<sup>8</sup> Poon, O., Tran, L., & Ong, P. (February 2009). The State of Asian American Businesses. UCLA Asian American Justice Center.

<sup>9</sup> Barbara J. Robles. (2007). "Latino Legacy Communities and Latino Immigrants: Social Justice Anchored in Economic Opportunity," *Inequality Matters*, Demos, p. 4.

<sup>10</sup> Findings from the Report to Congress: Assets for Independence Program Stats at the Conclusion of the Eighth Year. (September 2007). Office of Community Services, Administration for Children and Families, U.S. Department of Health and Human Services. [http://www.acf.hhs.gov/programs/ocs/afi/Final\\_AFI\\_8th\\_Report.pdf](http://www.acf.hhs.gov/programs/ocs/afi/Final_AFI_8th_Report.pdf)

<sup>11</sup> The Mission Asset Fund (2009). Immigrant Financial Integration Initiative: Understanding the Financial Behaviors and Attitudes of Latino/a Immigrant. Survey Brief #2.

[http://www.missionassetfund.org/files/MAF%20Survey%20Brief%20Number%202%20-%20Latina%20Immigrants\\_0.pdf](http://www.missionassetfund.org/files/MAF%20Survey%20Brief%20Number%202%20-%20Latina%20Immigrants_0.pdf)