



# **The Recession Generation, the Racial Wealth Gap, and Restoring American Prosperity: A Visionary Agenda**

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## About the Vision

The ideas contained in this paper were developed by the members of the Experts of Color Network, a national network of the leading minds on asset building from the African American, Asian American, Latino, and Native American communities. More information on the process for developing the agenda can be found in the report.

## About the Closing the Racial Wealth Gap Initiative

The Closing the Racial Wealth Gap Initiative is a national effort to build awareness and support for efforts to address the racial and ethnic wealth inequalities. To achieve this goal, we have brought together scholars, advocates, and other experts of color to inform the national economic debate with diverse perspectives to develop universal and targeted policy solutions to assure economic inclusion.

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

## Acknowledgements

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## Fifty in 2050: The Recession Generation and the Color of Change

Our nation is undergoing a sea change.

By 2023, the majority of children born in this country will be of color, and by 2050, the majority of all Americans will no longer be white. Racial and ethnic minority groups account for a staggering 80 percent of our nation's population growth this decade alone. Recent data from the Census Bureau confirm that in 2009, for the first time since this annual data series has been released, less than one half of all the three year-old children were white.<sup>1</sup> Asians and Latinos will experience the most dramatic increases, with the Asian population nearly doubling to constitute 9% of the population<sup>2</sup> and Latinos who will also double to become 29% of the total population by mid-century.<sup>3</sup>

The effects of this "Great Recession" are not over. Unemployment and foreclosures continue to threaten to destabilize and shrink the American middle class, while at the same time, globalization is testing our edge as China and other Asian countries increase their capacity for innovation and production.

In the context of our changing demographics and increasingly competitive global economy, it is troubling to note that the economic gap between whites and populations of color is still very much with us, and is in fact growing. Currently, one in ten white children live below the Federal Poverty Line (a measure that has been shown to be outdated and inaccurate), compared to one in three black, Hispanic, and Native American children, and one in six Asian children. Sixty percent of white households with young children live with the stability of parental homeownership, compared to only 22% of black families. Professor Trina Shanks from the University of Michigan, in research done for the Closing the Racial Wealth Gap Initiative, found that national data show that low household wealth is correlated with lower rates of math and reading readiness, higher rates of children "acting out," and higher rates of asthma. Most disturbing is the finding that between 2000 and 2007, the gap in wealth between black and white families grew, which places children of different races on diverging economic pathways.<sup>4</sup> The effects of these economic disadvantages will follow children from birth to death, and negatively affect their potential to contribute to the national economy.

Increasing racial economic disparities coupled with the demographic shifts are two trends on a collision course. It is the children of today, the "Recession Generation," on whom our nation must focus to avoid a crash, because come 2050 when they are middle aged and in their prime earning years, they will bear responsibility for our nation's economic and social well-being. Unfortunately, if current trends continue, few of them will have been adequately prepared to meet our future economic challenges, because they grew up in household with little to no wealth and thus, with little to no economic opportunity and mobility.

With unemployment levels still painfully high, ensuring that families have a stable income would seem to be the only task at hand. However, that conclusion would be shortsighted. Wealth is a better indicator of long term economic well-being because it comprises the total economic resources available to its holder. Therefore, the loss of wealth – defined as the total value of assets minus debts – will have longer term and more damaging effects. Wealth can be a cushion when incomes are cut, it can generate more income through investments, and it has been shown to increase civic participation. Most importantly, wealth can be used by parents to provide pathways to mobility and security for their children. It's been found that children of parents with even modest amounts of wealth experience greater opportunity to become and remain economically secure throughout their lives.

With the twin engines of equal opportunity and economic growth stalled, moving our nation forward will require a more comprehensive policy strategy to get both engines firing. We have an enormous amount of untapped human potential that can be fuel for our economic growth. But it will require a set of aggressive wealth building policies that remove obstacles to productive economic activity over the life course to enable children of the



Recession Generation to restore American leadership and prosperity by mid-century. The recommendations in this paper are examples of what it will take to achieve that goal.

## **Closing the Racial Wealth Gap to Restore Prosperity**

People of all races and ethnicities had the rug pulled out from under them by the recession. But for many people of color, economic hardship was the norm even before the recession. To take one example, unemployment on Indian reservations was close to 22% in 2000.<sup>5</sup> Since the late 1990s, children of color have increasingly been born to parents with low levels of wealth. While income and employment gaps narrowed in the 1960s and 1970s, wealth inequality grew from the 1980s to the 2000s. A study by Tom Shapiro in 2010 found that the gap between the typical African American family's wealth and the typical white family's wealth *quadrupled* between 1983 and 2007 (from \$20K to \$93K).<sup>6</sup> This gap widened regardless of income: in fact, high income African American families' median level of wealth became less than that of middle income white families' (\$18K compared to \$74K). This wealth gap is not just black and white. While the median African American family has just a dime to the white dollar, Latinos do only a little bit better, at 12 cents. In 2007, families of all non-white races and ethnicities at the median had just 16 cents to the white family's dollar.

For the growing percentage of children who live with single mothers, their situation is the most alarming. In 2007, single white women with children under the age of 18 had a median asset level of \$7,970, compared to black and Latina mothers whose median wealth was zero. These mothers of color don't even have enough savings to send their child on a school field trip, and in turn their children are growing up in poverty and with limited opportunities for social, educational, and economic mobility.<sup>7</sup>

Developing policies that help individuals and families build assets is nothing new. In fact, the government has a long history of providing financial asset building assistance to its people, and those investments have always paid off for the country. For example, for every dollar spent on Montgomery G.I. Bill educational and home purchase benefits after World War II, seven dollars were returned to the economy. Such an investment was intended not only to help individuals, but to benefit the national economy – and they worked. Unfortunately, such investments were made for only part of our population, leaving people of color poorer, and leaving our economy with wasted human resources. The 21<sup>st</sup> century economy will require the inclusion of all our people.

## **A Vision for the 21<sup>st</sup> Century**

Our children are our nation's future. By both improving economic security and mobility for all Americans *and* bridging the racial gaps in economic opportunity, we can tap into an enormous and growing reserve of human energy and potential, and provide our children with the resources they will need to meet the challenges of the 21<sup>st</sup> century. By endowing them with the capacity to live up to their highest abilities and aspirations, we can maximize our human resources, rebuild the middle class, become a more globally competitive economy, and create a society in which race no longer matters.

## **A Sketch, Not a Blueprint**

Given the urgency of restoring economic prosperity and making it inclusive, the growing body of research on racial disparities, and the knowledge communities have of policies and programs that work, the Closing the Racial Wealth Gap Initiative at the Insight Center for Community Economic Development was tasked with finding a compelling set of policy ideas that could close the gap. We embarked on a process that tapped the experts in our national network of researchers, community practitioners, and policy advocates from Native American, African American, Latino, Asian and Pacific Islander communities to help us choose and develop these policies. In 2007, we formed eight task forces on various asset areas, including financial services, home ownership, and tax policy (among others). Each group developed an analysis of the racial gap in that area and made

recommendations to narrow the gap. We researched and discussed the gap between racial and gender groups as well as immigrant populations in order to develop inclusive policies that lead to better outcomes for all. Out of this process, and an analysis of recent federal economic policy proposals, five were selected for deeper discussion. Thirty-five experts were interviewed individually, and then small groups around each of the five recommendations discussed them further to develop this document.

The bold ideas we propose may not be politically practical or feasible in the near future; but as Proverbs says, “Without a vision, the people perish.” These policies seek to aggressively close the racial wealth gap and realize opportunity for all. They are offered in the spirit of a preliminary sketch of the house we’d like to live in, knowing that the devil is in the engineering. For now, we’ll let the devil alone, but we hope these ideas will spur further discussion and thinking to develop bigger and/or more practical ideas for a 21<sup>st</sup> century economy that puts the well-being of America’s peoples first. As the work of the Initiative moves forward in the coming years, these recommendations will serve as starting points for engagement with all those who share our desire to develop a comprehensive blueprint that will convert vision into reality.

## **The Five by 2050**

Restoring American prosperity and building an expansive and inclusive middle class demands new rules and investment for a 21st Century economy that connects all communities to economic opportunity. For children born in during the “Great Recession,” the task is urgent. The following five bold policy recommendations are needed to close the racial wealth gap by 2050 and allow each child, regardless of race and ethnicity, to put their talents and energies to work to restore American prosperity.

### ***1. Birth: A Wealth Account for Every Child***

*Parental economic circumstances should not hamper a child's capacity to reach its full potential. A baby cannot choose its parents, but we as a nation can provide every American newborn with a wealth account so it can choose its future. A government funded savings account would create endowed trusts for every American child at birth, with a progressive structure of contribution based on household asset levels. Closing the racial wealth gap would require an opening account that would, after compounded interest, would yield up to \$60,000 for children in the lowest asset households by the time they turn 21.*

**Rationale:** The most significant predictor of a person’s wealth is the level of wealth of their parents. In fact, at least 20% and up to 80% of a person’s wealth is due to inheritance.<sup>8</sup> But, while 1 in 4 white Americans will receive an inheritance, only 1 in 20 African Americans will, and they will only receive 8 cents to the white inheritor’s dollar. We know that growing up in a household with wealth translates into higher aspirations and expectations, higher income, higher lifetime earnings, and a more economically secure retirement, compared to those with little or no wealth. Unfortunately, many children born during the “Great Recession” have been born to parents with low or declining wealth. By providing a savings account for children in households that are asset poor, we would enable them to eventually have the resources to follow their dreams – like going to college, starting a business, and buying a home – regardless of the circumstances of their birth. Using asset levels rather than income as the criteria for the amount of the public contribution would help close the inheritance gap, and provide economic opportunity for all children.

**Economic Benefit:** Our nation requires a new injection of educated, skilled, and innovative workers, thinkers, and entrepreneurs to be competitive in the global marketplace. Research has found that a child with a college savings account is seven times more likely to attend college than a child without an account, regardless of the amount in the account.<sup>9</sup> With a wealth account, every child who wants to go to college and who has the ability

can do so. In addition, every entrepreneurial young person would have access to capital to start a business. Currently, entrepreneurs of color are much more likely than whites to use credit cards to capitalize a new venture, an extremely expensive and risky proposition, compared to business loans or savings. They could also use that capital to invest in the stock market, which would benefit our economy as well.

By investing in wealth accounts for children, local communities would also experience a positive impact. For example, in the UK, after the “Baby Bond” program was implemented and each newborn was endowed with a government funded wealth account, banks began marketing and developing appropriate products to meet the needs of these traditionally underserved populations. The collective sums of money in these accounts, made low-wealth communities players in the financial marketplace for the first time. When it comes to the cost of implementing a proactive investment in our children through wealth accounts, much of it could be offset by the savings incurred by the subsequent decrease in the need to fund the current slew of federal grant and loan programs for education, homeownership, and small business to name a few.

## **2. Childhood: Early Education for All Children**

*As the girls of the recession generation become young adults, their prospects for becoming economically secure are low, particularly when they become mothers. At the same time, critical stages of brain development occur during early years. Rather than waiting until children enter kindergarten to invest in their education, universal high quality early education would enable all children to develop to their full potential, as well as relieve mothers of the financial stress and loss of wealth that motherhood brings.*

**Rationale:** All mothers of children under the age of 6, mostly women in their 20's, incur a huge wealth penalty when they either leave the workforce to provide care for their children, or use most of their earnings for child care costs which range from \$5,000 to \$20,000 per child per year.<sup>10</sup> Our nation needs to modernize our systems to accommodate the new shape of the American family by eliminating barriers to income and wealth building for women. Both low and middle-income mothers lose wealth relative to men when they must reduce work hours due to care giving responsibilities; they will not gain seniority, move up the career ladder, contribute as much to Social Security, or accrue wealth escalator benefits such as health insurance, and employer paid pension contributions. For a variety of reasons, women of color are more likely to be single parents than white women, although the percentages are growing for every segment of our population. Easing the costs associated with caring for children would allow poor mothers to rest-assured knowing that their children have the same developmental opportunities as the children of wealthier mothers. Expanding public education down from age six to birth, would boost school readiness required to achieve economic success later in life, and help build the educated and skilled workforce we for the 21<sup>st</sup> century economy.

**Economic Benefit:** As with every investment, there is an up-front cost, but long-term benefits. For \$10 billion a year, as proposed by then candidate Barack Obama in 2007, a variety of programs could be supported, including expanding the highly successful Head Start program, providing funding for states to adopt universal pre-school, and reforming the Child and Dependent Care Tax Credit by making it refundable, putting needed dollars into the pockets of low-income and low-wealth mothers. The benefits of universal early care and education are of global importance as noted by World Bank economists who in a recent study concluded that it is “the most cost-effective strategy to break the intergenerational transmission of poverty, and improves productivity and social cohesion in the long run.”

Free and universal early care and education would enable women to pursue workforce opportunities at a time when the full participation of American women as academic, business, and political leaders is

needed for a thriving economy. The benefits to children themselves are also well known. According to Ben Bernanke, Chairman of the Federal Reserve Board, “recent research...has documented the high returns that early childhood programs can pay in terms of subsequent educational attainment and in lower rates of social problems, such as teenage pregnancy and welfare dependency.”<sup>11</sup> Nobel-Laureate economist James Heckman is another prominent proponent of the economic rationale for targeting high-quality early education programs to disadvantaged families. Heckman cites research that demonstrates that early interventions can prevent disparities in cognitive and social-emotional skills that are far less costly than the use of programs to remediate such gaps later in life. Heckman notes that early education programs are one of the most promising interventions to improve the nation’s human capital.<sup>12</sup> In local communities, through economic impact reports conducted in over 40 U.S. communities, it has been found that investments in early education brought positive economic returns. Finally, early education is a moving train around the globe, as other countries begin to make investments to gain competitive advantage through a well educated workforce. World Bank economists in a recent study in China concluded that universal early education “yields economic returns of 7 to 18 percent, much higher than the returns generated by investing in financial capital. In one of the best known American pre-school programs, for every dollar invested, over \$8 in benefits were returned.”<sup>13</sup>

### ***3. Young Adults: A Guaranteed Jobs Program***

*As members of the recession generation become young adults, they will need jobs that prepare them for the 21st century economy. A permanent federal guaranteed jobs program with the government the employer of last resort would allow all adults to work in jobs that tackle critical issues our country faces; for example, those that restore our deteriorating physical infrastructure or address human needs. Workers would be paid a living wage and benefits, thereby providing both income and assets for the future. Young adults between the ages of 16 and 24 would also receive college preparation, job training, apprenticeships, certificate programs, and entrepreneurial training to promote workforce attachment, entry into the private sector, and other career opportunities.*

**Rationale:** When work is unavailable, young people lose hope, and fall into unhealthy behaviors. For a decade, we have seen a steady decline in employment for teens. In 2000, half of America’s teens could find work. In 2010, less than a third could. While all teens have seen a decline in employment, teens of color pay a race penalty when it comes to jobs. For example, in the summer of 2010, Hispanic and black teens from middle-income families were less likely to be employed than white teens from poor families.<sup>14</sup> Hispanics and blacks are more likely to be poor and less likely to attend college, and despite having a greater economic need to work at 19, they are less like to find work.

For young adults under the age of 24, including recent college graduates, racial disparities in employment exist. In 2009, college graduates of color under 24 years old were more likely to be unemployed than white graduates: the unemployment rate for white grads was 7.9%, for Asians, 13.5%, for Latinos 13.8%, and for blacks 15.8%. Given the continuing racial employment bias that is evident from the data, nothing short of investing in a Guaranteed Jobs Program would help us create the workforce of the future. Today, 30% of working people have a poverty level income, which means that taxpayers subsidize employers for the cost of their employee’s health care, because their income qualifies them for Medicaid.<sup>15</sup> Full employment would improve wages and benefits in all jobs since there would no longer be a pool of desperately unemployed workers eager to take a job regardless of its pay. This program would help build greater worker productivity, increase wages, and rebuild the middle class.

**Economic Benefit:** If we choose not to invest in job creation, we will continue to spend money on remediation and punishment, and the hidden costs associated with unemployment. We know that unemployment increases

domestic violence incidents, drug and alcohol abuse, and depression which we pay for in our healthcare and social service systems. In addition, when only one in three young African Americans can find a job accessible from his neighborhood, it is a recipe for unproductive activity. To deal with those effects, we've created a "criminal justice" system where the cost of incarcerating a young person is the same as sending them to Harvard. If we instead invested in our country by implementing a Guaranteed Jobs Program to create full employment, it would increase dollars circulating in the economy, fix our aging infrastructure, address human needs, and deliver economic security to the American people.

#### **4. Working Adults: Home Ownership for Economic Stability**

*The Recession Generation can rebuild the middle class by increasing homeownership for all Americans. Extending the principles embedded in the Community Reinvestment Act of 1977 to all financial institutions in the primary and secondary markets can literally "open doors." Banks, mortgage companies and other non-bank lending institutions, Wall Street investment banks and securities firms, insurance companies, and credit unions should be required to provide safe and sound mortgage products designed to meet the unique needs of our diverse populations, and to serve all populations without bias.*

**Rationale:** While there are many forms of financial assets that mature workers might possess such as business ownership and investment accounts, home ownership is still the most important asset for middle class families. For families of color, it comprises the largest portion of their asset holdings and is a critical asset for families with children. Research has found that Latino families with children who lost their homes to foreclosure endure long-term psychological and social trauma. Losing a home led to a downward spiral of multiple changes of neighborhood and schools, marital discord, anxiety and depression, poorer school performance, and the loss of savings. These effects are likely to be similar for all racial and ethnic groups.<sup>16</sup>

Home ownership has always been recognized as important to the stability and security of the nation's people. The Federal Housing Administration was created during the last major economic crisis, the Great Depression, to subsidize mortgages. But of \$120 billion in home loans financed by the VA and FHA between 1934 and 1962, less than 2% went to buyers of color, and then only in segregated neighborhoods.<sup>17</sup> The effects of those rules are reflected in current homeownership rates: while nearly three out of four white families are homeowners, two out of three Asian and Native families and only one out of two African American and Latino families are. Native American and Pacific Islander Americans face unique barriers to obtaining loans because they seek to own homes on land held in trust. The immoral but not illegal targeting of minority communities for predatory home loans meant that nearly 8% of both African Americans and Latinos have lost their homes to foreclosure, compared to just 4.5% of whites.<sup>18</sup>

Fair lending rules that protect against discrimination and deceptive practices should be at the core of reshaping the housing finance market. Such rules work: after the CRA was passed in 1977 requiring that banks serve all segments of their communities, lending increased to minorities but also to all low-income borrowers: between 1993 and 2002, home mortgage lending increased 79.5% to African Americans, 185.8% to Hispanics, and 90.6% to all low-income borrowers, compared to a 51.4% increase to middle-income borrowers. When financially qualified Americans have the security of owning their own homes and access to increasing home equity, family and community stability necessary for the well-being of children is enhanced.

**Economic Benefit:** Expanding the availability of responsible, flexible mortgage products will also expand business in the housing sector. For example, Self-Help Credit Union, a community economic development lender with a focus on low-wealth populations, has almost \$6 billion in investments. It has found innovative ways to help minority, immigrant, and low-income/low-asset families buy homes, start businesses, save for college,



and build assets. As policymakers consider reforms to our national housing finance system, they must protect this kind of innovative lending and seek to eradicate unfairness in the secondary and primary mortgage and housing markets. Doing so will lead to a steady stream of sustainable credit into communities of color, create jobs, and contribute to family economic security.

With the market free from discrimination, families can feel assured that there will be no surprises in the terms of their loans. Such sustainability will protect against the kinds of losses experienced in our current foreclosure crisis. For example, banks covered by CRA made fewer subprime loans and their CRA loans enjoyed lower foreclosure rates than non-CRA loans. Increasing the number of mortgages for low and moderate income people will have ripple effects in the housing market, spurring the construction of affordable homes and the rebuilding of neighborhoods that have deteriorated during the foreclosure crisis. It would dampen the emphasis on building high-end high-profit homes for the very wealthy, and restore our country's commitment to providing pathways to the middle class.

## ***5. Elders: Modernize Social Security for the 21st Century and Beyond***

*When members of the Recession Generation reach old age, most of their retirement security will be dependent on Social Security benefits, which have been proven to be the most reliable and most widespread source of retirement income for American elders. To meet the needs of the growing populations of color within our changing demographics, and to take into account changes in the American family structure, Social Security needs modernization. A minimum benefit should be instituted so that Social Security's goal of ensuring that elders do not live in poverty is maintained. To enable caregivers to leave the workforce, in whole or in part, to care for family members who would otherwise need paid care, a caregivers' credit, a new provision mostly boosting elderly women's benefits who are more likely than men to be poor, should be added to Social Security.*

**Rationale:** People of color and foreign born Americans in particular, are disproportionately concentrated in low wage jobs. Although they adhere to the American ideal of hard work, it does not lead to economic security in their old age. In fact, 30% of retired beneficiaries living in poverty have at least 30 years of covered work.<sup>19</sup> When elders do not receive enough income to meet basic needs, it means that their children must spend down their own savings to help their parents, and the pipeline to intergenerational poverty continues to operate. Raising the minimum benefit would ameliorate the current inadequacy of income for people doing the right thing, but still unable to achieve security. Elderly women are more likely to be poor than men; for 45% of women compared to 18.6% of men Social Security retirement benefits did not exceed the aged poverty threshold. This is due to differences in their work histories. Women often work intermittently or part time, negatively affecting their earnings record. While there are various reasons for lower work quarters and lower lifetime earnings, a key reason is that mothers are usually the parent who takes time off from work to care for children, parents, or a spouse. Such care giving work fills a public need in that, if the woman did not give the care voluntarily, it would have to be paid for by either the family or the public. We are long past the days when long term marriage was the norm, and the husband's wages were expected to also cover his wife's unpaid labor at home. Of many changes needed, we feel that the Social Security caregiver credit would be one of the most significant ways to close the gender wealth gap.

**Economic Benefit:** Social Security is the most valuable asset held by many low-asset individuals, disproportionately people of color. While they may not get the same pension benefits as white workers due to occupational segregation, or be able to afford individual retirement accounts, they can count on receiving Social Security, whose progressive structure works in their favor. In addition, payroll taxes entitle workers' families to survivor's benefits, providing life insurance protection worth over \$433,000. Such a plan would be unaffordable to them in the private marketplace.<sup>20</sup> For 75 years, Social Security has been the bedrock piece of economic

security for older Americans. Paid for by the workers themselves, it does not contribute to the deficit or require tax funded expenditures. If we chisel away at this bedrock instead of modernizing it, it will cost more in public dollars to provide the services necessary for the survival of our aging population in the long run.

## Conclusion

In the 21<sup>st</sup> century, a color coded economy is not a viable economic system. Every nation is becoming more diverse, and every nation will have to marshal all of its human resources in order to grow their economies and better provide for the nation as a whole.

When taken together, the ideas we have proposed can unleash the power of our nation's human resources. With a wealth account growing while they do, children whose parents have no wealth will have choices at the age of 18. Many will use the money to go to college, others may start businesses, but all will be critical to upgrade the skills of the American workforce. For young women with children, free and universal quality early childhood education for their children will ease the cost of child care and allow mothers to pursue their own dreams, knowing that their children are being well-prepared for success in school.

A job is essential to self-worth, and critical for entry into mainstream America. A Guaranteed Jobs Program coupled with educational supports would help all young people attain economic mobility. For adults, owning a home more than anything else signifies economic security, but also creates an interest in improving the community they live in. With comprehensive policies in place that help individuals build assets over the life course, members of today's Recession Generation should be able to reach their retirement years with adequate income; but with a new minimum benefit and changes to give credit to women workers for unpaid work as caregivers would ensure that no one is left behind.

Again, the recommendations put forward in this paper are not intended to be immediately politically feasible, nor are they developed fully enough to draft legislation. They are instead a set of audacious policies to change our children's and our nation's future, and reflect the severity of the racial wealth gap facing the Recession Generation and the urgency of investing in today's children to ensure they have opportunities.

In order to turn vision to reality, the Closing the Racial Wealth Gap Initiative will delve deeper into the research and policy details with its national network of experts and allies. A national campaign for equity and opportunity with short, medium and long-term policy goals and proposals to close the gap will result.

Our nation has never been afraid of bold new ideas. Instead, we are energized by challenges. If we pay attention now to the sea changes happening under our boat, we can make the appropriate changes in our course to provide new opportunities for the Recession Generation, create an economy in which all Americans share in the work and the rewards, and restore American prosperity.

## **Asset Building Policy Principles for the 21<sup>st</sup> Century Economy**

Our policy goal is not to have everyone in the race for a more prosperous American future to take one step forward, but to have the whole team reach the finish line. The policies of the 21<sup>st</sup> century must invest in all Americans, and they must intentionally close racial gaps. In order to meet this goal, we developed a set of common principles are at the heart of our agenda, and draw upon the pioneering work of many organizations and individuals in the field. We hope that these principles, taken collectively, offer the field a comprehensive vision of what policies could and should look like to create economic equity.

### ***Policies must be designed to change the structures of economic opportunity.***

It is our country's institutions and economic structures that have created a racial hierarchy of opportunity, not individual choices. We must create policies that re-structure opportunity, rather than ones that focus on changing individual behaviors.

### ***Policies must build assets over the life course.***

There is no one magic formula that will, like "open sesame," throw open the doors of opportunity. In each stage of life, there are different asset building needs. While one intervention may not be enough to build assets and address economic inequities, multiple policies over the life course can.

### ***Policies must build community wealth.***

Individuals are embedded in families and communities which structures their opportunities. Therefore, new policies should contribute to de-segregation in poor neighborhoods and create neighborhoods of opportunities in all communities. Concentrated pockets of racialized poverty create conditions that constrict the opportunities of all residents. By building community assets, more money can circulate in local communities and have positive multiplier effects on local economies.

### ***Policies need to be both universal AND targeted in order to address the goal of helping all low-asset individuals and families build wealth, and close the opportunity gap between whites and people of color.***

Policies should be designed to produce quality of results and not create disparities. They should be flexible enough to be implemented in ways that are inclusive, and that build on the cultural practices and strengths of each sub-population. Particularly for the foreign born and those who do not speak English as their first language, ensuring there is funding for community based organizations to implement culturally competent delivery systems is vitally important. On the other hand, some programs are also needed that specifically target the most marginal populations.

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