Closing the wealth gap: Building an applied research agenda

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Exploring research on the wealth gap

On November 7, 2007, CSD collaborated with The Center for Latino Family Research, The Kathryn Buder Center for American Indian Studies, and the National Congress of American Indians to convene the first of a series of meetings to develop a unique interdisciplinary perspective that yields applied research and policy innovations to close the wealth gap. At the one-day research meeting, 39 scholars of color explored issues and research questions related to wealth disparities from various disciplinary approaches and from their unique racial/ethnic perspectives. Attendees included undergraduate, master’s level, and students, doctoral students, as well as post doctoral fellows, junior faculty, and national leaders from the field. The keynote speaker, panelists, and other presenters explored a range of issues, concepts, questions, and strategies throughout the day. Participants from African, Asian, Native American, and Latino descent offered their ideas on the unique needs and contributions scholars and communities of color can offer this field of study. Participants also discussed emerging research opportunities and challenges that can be addressed by this group of scholars. While only the first time meeting as a group, these 39 scholars expressed great interest in infusing their unique perspectives into the mainstream dialogue on wealth disparities. Given the current economic upheaval as well as the opportunity presented by a new political administration, this may be a good time to revisit these ideas and consider planning a reconvening.

Keynote speech: A perspective from research on health disparities

To begin this research meeting on wealth disparities, Dr. Thomas LaVeist offered a novel point of view on the intersection of health and wealth disparities. His keynote address challenged participants to think beyond their areas of expertise when exploring opportunities and approaches to close the wealth gap. According to Dr. LaVeist, there is much for health and wealth disparities researchers to learn from one another. In fact, dialogues like this one are key to understanding the world of disparities that spans the fields of health, wealth, education, and criminal justice. Most of Dr. LaVeist’s work acknowledges the socio-economic factors that affect health status, such as the prevalence of liquor stores on corners in low-income communities. For research on topics like health and wealth disparities to make real progress, he notes that scholars “need to disrespect disciplinary boundaries” and to talk about what they are learning across groups. In this way, scholars from different disciplines can complement one another’s strengths, building knowledge greater than the sum of its parts.

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Panel Discussion: The uniqueness of place and community culture in closing the wealth gap

Low-income communities of color challenge the assumptions of the assets field:

Drawing from the findings of four research reports, Stephanie Boddie focused on six assumptions held by the asset field that are challenged or understood differently by low-income residents in communities of color.

* Assumption 1: The poor can save.
Given limited family and community resources in low-income communities, some residents questioned if they would have the surplus money and conditions to save.

* Assumption 2: Homeownership represents the primary asset and foundation for wealth-building for many families.
Residents noted that homes can be a liability when you can’t afford repairs, cost of home and car insurance, and the high prices for local goods and services. In addition, the appreciation value for these homes is often quite low.

* Assumption 3: Families who can save for a home, education, or a business begin to move toward building wealth.
Families reported that, after they acquire assets, they often face challenges in managing, preserving, and leveraging their assets.

* Assumption 4: Institutions facilitate the goals of saving and asset building for families and communities.
Families expressed a preference for trusted and influential institutions like congregations and other community-based organizations that work synergistically with both families and the community.

* Assumption 5: Communities with active investments and wealth-building strategies can attract and retain productive citizens.
Families suggested that community investments must produce tangible and documented results that improve the quality of their lives. For example, new schools must improve the quality of education as well as student performance and outcomes.

* Assumption 6: To close the wealth gap, we need more evidence-based practice that takes into account race/ethnicity, as well as cultural, class, and community context, to guide practice and policy.
Residents from low-income, communities of color often emphasized their unique experiences and habits with regard to spending, saving, and asset building (e.g. use of payday lenders and furniture rental).

Assets have a unique meaning and connection to the community in Indian Country.

–Dana Klar

Alternative understanding of assets emerge in Native communities:

According to Dana Klar, former Director of the Kathryn Buder Center for American Indian Studies, mainstream asset building does not effectively serve American Indian, Alaskan Native, and Native Hawaiian populations. Recent research in native communities in the US reveals that assets have a unique meaning and connection to the community in Indian Country. What emerged from this collaborative participatory research was a definition of assets that emphasized family, youth, and education.

However, research has also determined that Native communities are highly interested in discovering effective ways to build both individual and community assets. They are very interested in discovering ways that their communities can access and participate in ‘mainstream’ financial practices and policies, while retaining tribal identity and integrity.
A working model for wealth creation:

Seeking to spark discussion around a new research agenda, Trina Williams Shanks encouraged participants to consider integrating individual asset-building strategies with community-based economic development strategies as a way to create wealth that specifically benefits communities of color. These strategies should counter key forces within the local community that discourage individual and household investment, and the lasting influence of discrimination and racism. Shanks introduced the following working model for wealth creation that combines a range of strategies for the entire wealth and income continuum. This matrix also outlines roles for institutions that could serve as viable partners for advancing collective wealth creation strategies.

* For Low wealth/income:
Community strategies include shared risk pools for insurance and housing co-ops. Household strategies include Individual Development Accounts (IDAs) and the investment of EITC refunds. Representative institutions include faith-based institutions and neighborhood resident associations.

* For middle wealth/income:
Community strategies include microenterprise and business co-ops, including community development corporations and limited liability corporations. Household strategies include employer-based investment programs such as 401k and 403b plans, as well as 529 College Savings Plans. Representative institutions include civic organizations.

* For high wealth/income:
Community strategies include venture capital partnerships and foundations. Household strategies include trust funds, estate planning, and family endowments. Representative institutions include sororities/fraternities, and Historically Black Colleges and Universities (HBCUs).

Emerging themes from small group discussions

The small group sessions were designed to help participants identify priority research questions and issues to close the wealth gap.

Session 1: Mixed groups
The first small group session consisted of five randomly selected groups.

Session 1 discussion questions:
* To what extent can individual asset-building strategies and community-based economic development models be effectively combined to help close the racial wealth gap?
* What are the most productive lines of inquiry for further developing this work?
* What are useful research issues and questions?

The groups identified the following priority research areas:

* Identify trusted institutions’ definition of wealth and examine existing wealth-building strategies in communities of color to determine a baseline for further study.

* Study the nuances of cultural, community, and class identity in communities of color as it relates to individual and community wealth accumulation strategies.

* Examine specific examples of collective wealth building such as Market Creek Plaza in San Francisco. In particular, examine ways to leverage collective purchasing power and wealth.

* Examine historical methods of building wealth in communities of color. For example, consider what we can learn from Native communities and revenue from casinos.

* Explore housing cooperatives, particularly those that move public housing residents from renting to home ownership program.

* Study personal financial education as a curriculum component at the college level to identify effective elements and how this curriculum affects wealth accumulation.
Session 2: Same-race groups
The second small group session consisted of four groups selected by race: African American, Native American, Asian, and Latino. The purpose of this session was to talk about how these issue areas might affect or impact each particular group.

Session 2 discussion questions:
* Are you aware of examples of community-based economic development models that have helped reduce the racial wealth gap?
* How do we define success or positive outcomes in ways that are culturally appropriate for our own community?
* What data have you used or have access to that can provide evidence to help answer these questions or test particular models?

The ideas reported by each group follow:

Latino Workgroup
* Unique Aspects of Latino Culture
What are some aspects of Latino culture that need to be considered and emphasized in relation to wealth accumulation? How does the Latino community respond when financial and family/cultural concerns overlap/clash – for example, whether to choose to send money to family in country of origin, or to return to the country of origin after securing resources, or to put down roots after attaining some economic security?

* Impact of Immigrants
Some people who come to this country consider their stay here to be temporary and may view their community here differently than their community at home. They send remittances back home to build their wealth there – how do we encourage immigrants to also focus on the Latino community in the US?

Asian Workgroup
* Family-based Businesses Model
In the Asian community, success is measured not by how large one business grows but by how many businesses are started and expanded by the family. We should better understand this approach and apply it to other collective wealth-building models.

* Ethnic Enclaves
Look at the use of ethnic enclaves as a definition of community and a center of community economic development activity. Consider the following:
- How do the sacrificial motivations of the first generation affect the aspirations and motivations of the second generation?
- How do we balance individual and community-level attainment?

African American Workgroups (2 groups reporting)
* Investment Clubs
Start investment clubs in universities with African American students; contribute money for investments and include training, education, and leadership development. Develop related research.

* Study Individuals Who Have Attained Wealth
Find individuals who have closed the wealth gap by successfully building wealth over their lifetimes. Investigate the life path of these individuals – e.g., details of their childhoods; how they secured their wealth; challenges they encountered – and use that information to develop a model of success.

* Behavioral Influences Related to Wealth Accumulation
Investigate our behavior and its origins. Is our behavior a reflection of our values? Or a reaction to a legacy of deprivation? How can we shift away from consumerism and back to more traditional values?

* Re-defining Outcomes
Re-define goals for our community by shifting away from human capacity building and toward capability expansion models. The United Nations study that reports that there are common leanings across poor communities may be instructive here.
Additional priority research issues

In closing, participants offered ideas for additional research priorities and research questions relating to each:

* Explore the other fields outside the traditional areas of research such as child welfare and mental health to learn more about what fields might have an impact on this work.

* Break out of disciplinary silos.

* Broaden definitions of “assets” and “wealth accumulation.”

* Develop strategies to convince philanthropic organizations and others that it is valuable to focus on the unique concerns, strengths, and needs of people of color. How can we make a case that focuses on the unique aspects of people of color as opposed to the commonalities?

* Recognize there may be tension across disciplines as we work to find common research ground. For example, our focus on community-level wealth accumulation may clash with mainstream research that continues to focus on wealth building for individuals.

* Build a research agenda that addresses the intersection of wealth and gender, particularly in relation to women of color.

Native American Workgroup

* Honor Tribal Sovereignty
Economic development needs to honor tribal sovereignty and self-determination that gives control and power to tribes. How does this understanding of economic development affect the wealth accumulation of future generations?

* Community-Level Data
There is little community-level data available. Data needs to be created based on community needs and desires. We recommend developing a matrix of trends that allow for the differences between tribes.

Potential next steps

All participants left the meeting expressing interest in future meetings and collaboration. Possible options include:

* Collaborating on written projects.

* Devising a method for obtaining community input from people who can provide evidence-based knowledge.

* Developing a clearinghouse of information relating to wealth, assets, and other variables of interest. This clearinghouse could provide a resource for researchers seeking to add these variables to existing or future surveys.

* Widening the conversation. We might, for example, bring more historians and qualitative researchers to the table to provide background and the kind of “thick” data needed to understand the nuances related to wealth building.

Notes


