



General Session:

## **What is Asset Policy & Why Does it Matter?**

**Moderator:** Ben Mangan, Executive Director, EARN

**Panelists:**

- Bob Agres, Executive Director, Hawaii Alliance for Community Based Economic Development
- James Head, Director of Programs, San Francisco Foundation
- Heather McCulloch, Consultant, Asset Building Strategies
- Bea Olvera Stotzer, President, New Economics for Women

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**Question from audience member** (Bill Kennedy): Importance of changing individual behavior from group dynamic (e.g. race). This changes the issue from an individual one which leads to inequity. Colorblind, individual focus doesn't work.

BEA STOTZER: Class is more important than race for Latinos, should be about children, not class. Need methodology/language to tie together around children. Policies we need won't happen for our children's future without establishing emotional connection – not purely intellectual issue.

JAMES HEAD: Yes but more complex. Many African Americans are conservative about asset development because of history – you-can-do-it-without-help mentality. New language – African Americans use other terms – “lending clubs.” Need diversity within organizations doing this work. Race is not a comfortable conversation but we need to freely talk about it.

BEA STOTZER: Diversity is more complex now than before, not just black vs. white, white vs. Hispanic. We need to understand how tax policies have polarized the country – it won't work if we only have a room full of liberals. Must be about the larger context of looking towards the future. Diversity within ethnic groups is important to recognize.

BOB AGRES: Native Hawaiians and Micronesians are worse off than rest of Hawaii. Significant because Hawaii is worse off than California already.

HEATHER MC CULLOCH: About the racial wealth gap – seems shocking now, but it's not really because of history. Homestead Act, GI Bill, for example, had elements of excluding minority groups.

**Question from audience: If we level off playing field for the have-nots won't this reduce what's available for the haves?**

BEA STOTZER: How is my \$1 invested taking away from you? Maybe the question is if minorities become wealthier, what will that mean for white America?



BEN MANGAN reframes question: People assume finite pie to economy – that someone must lose for someone to win.

HEATHER MC CULLOCH: The conversation is about expanding the pie. Consider the opportunity cost to families who can't contribute to the economy and are forced to depend on public benefits – lost economic value.

JAMES HEAD: Look at the impact of policies in real world context – people don't save even up the ladder so everyone can benefit. What are the rights and benefits to bringing more people to self-sufficiency?

CLARENCE WILLIAMS: APIC wants to achieve scale. Non-profits want to change individual behavior, but policy is above the individual. Non-profits must understand the mechanics, can't depend on legislators.

LORI GAY: What is the time horizon? And how do we sell it?

BEA STOTZER: For New Economics for Women, it takes about 8 years for a family to buy their first home. Takes longer for people with serious problems, such as mental.

HEATHER MC CULLOCH: Depends on policy goal, big ideas take time, especially given the California economy now.

BOB AGRES: One phone call got us a state waiver. Connections can lead to immediate results. Now we are organizing, mobilizing effort, capacity-building for larger system change in the future.

**Question: In terms of asset development, how do we deal with people who are afraid of losing power?**

H.M.: Recommends two new good books on the topic: Wealth and Our Commonwealth by Gates, Sr. and the new book by Kevin Phillips. How can we become an "ownership society" when 60% of the population does not own?

**Question (from Dory Rand):** We need good answers to the concern that it's a zero-sum game. A local foundation asked an asset group what to cut in order to fund an asset building project. We need more research on the long-term economic effects of asset building.

B.O.S.: It's a part of the poverty thinking that we talk in terms of zero-sum game. Can the foundation focus on higher wages, savings, child care? We should frame "women's issues" as an economic development issue.



H.M.: We should talk about some of the trade-offs. We should identify the families that don't need to be subsidized. We should talk about expanding the pie and equity issues.

J.H.: No finite solution to the zero-sum game problem. We should anticipate limitations and take this into account when strategizing.

The San Francisco Foundation received \$30 million in grant proposal requests from 800 programs recently. We should be asking ourselves if we can craft a message and an approach that should be a cornerstone strategy.

B.A. Talked about wealth and power and the power of wealth behind foundations. We get pitted against each other when applying for grant money.

**Question: Please talk about asset-development for communities.**

H.M. Good work going on balancing individual asset building with community asset building. Market Creek in San Diego as an example.

**Question/Comment:** Let's get to the timeline answer. Let's work to keep wealth from being stolen (by payday lenders, check cashers, etc.)

Heather: Community Development Arena, look ways for residents to get equity stake in their neighborhoods. Look at who owns assets – correlates to who benefits from public policies related to tax expenditures. There is room for intervention.

Bea: Nobody knew what economic development meant – housing as a catalyst. Childcare on site, social service programs. Creating assets creates hope and different expectations of success.

James: NEDLC, how does this relate to integration for communities of color. Look at Oliver & Shapiro's work – assets matter, not just income. Poor people will save when given the opportunity, and in greater numbers than the rest of us.

Bob: Activists fighting development that didn't make sense but wanting to grow assets. In Hawaii, the cultural aspects are different. Description of the connection to the water, land, wealth, and spirituality - sustainability cannot be polarized from an economic standpoint.

**Q. How do we manage to distinguish asset development from social welfare policies?**



JH: Shouldn't be one or the other – need a continuum. The system should support that growth and development, as families move up and down the economic ladder over the course of one's lifetime. It is not a steady stream one way or the other.

Bea: Welfare is different in that public policy generally penalizes you if not working – that's your incentive. Asset policy focuses on wealth creation, takes something and makes it grow. Welfare ignores the safety net for the lower and middle class, e.g. childcare is not tax-exempt. The cost of housing is critical and at risk, no opportunity to build assets right now the way it is going.

Heather: Reframe the poverty conversation: negative to positive, to economic opportunity. How can asset policies complement – not substitute for other policies in helping move families along in the continuum? What are all the other strategies that allow lower income families to move to economic opportunity?

Bob: Family Independence Initiative recognized that people stuck in the middle of the continuum. Alternative: what if families were given asset-building incentives? The indicators are amazing – families will move forward if there is that support.

Jane: Jacobs Family Foundation. Foundations invented the idea of controlling assets, but are not using their assets to create significant change. What if we tied asset building policy to foundation assets?

### **Q. What is the appropriate mix of public policies?**

Heather: Different policies will help people at different continuum stages, e.g., asset limits discourage families from savings: change it. Home downpayments: support IDAs, state downpayment assistance. Important for us to figure out what the mix is and then to support it.

JH: Asset policies: need general economic stimulation policies. It is time to integrate policies with race and power discussions, getting more of our people being the people in power. There are ways for foundations to intervene besides just in grants, including government relations, donors, and public image. We have to find ways to help with public relations.

SU: We need to consider the language we're using and how we talk about what we're doing: have to shift those perspectives. Middle- and upper-income people have "asset managers," while IDA clients have "case managers." Poor people get "financial literacy" while the non-poor have "financial management."



**Q. Undocumented individuals – how do we bring wealth into these communities?**

Maybe in the home country and not here – how to save, set up lending pools, etc. We have to figure out what ties to their future, what's their incentive – 10# allows them to open an account. Other major issues include credit card abuse, predatory lending. The economic impact of these policies has created the wealth of nations. How does the economy react to various stimuli? This is not a CA issue but a world issue.

Luis: Different policy opportunities. We have to determine what should be front and center vs. 2<sup>nd</sup> tier policies: how to prioritize.

Heather: mix of short, medium, and long-term policies important – tomorrow's discussions will focus on.