THE BROOKINGS INSTITUTION

WEBINAR

CLOSING THE LATINO WEALTH GAP:

EXAMINING REGIONAL DIFFERENCES IN LATINO COMMUNITIES

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WELCOMING REMARKS:

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KEYNOTE REMARKS:

THE HON. ALEX PADILLA
Member (D-Calif.)
U.S. Senate

PANEL DISCUSSION:

NOEL POYO
Deputy Assistant Secretary for Community Economic Development
U.S. Department of Treasury

SYLVIA PUENTE
President and Chief Executive Officer
Latino Policy Forum

JOE SCANTLEBURY
President and Chief Executive Officer
Living Cities

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CARMONA: Good afternoon, everybody. My name is Tonantzin Carmona, a fellow at Brookings Metro, and it is such a pleasure to welcome you all to today's event, co-hosted with the Latino Policy Forum: "Closing the Latino wealth gap: Examining regional differences in Latino communities." Over the next hour, we will discuss Latino wealth, a topic near and dear to my heart and one that I've been passionate in examining at every possible angle. I published a series of reports on the topic that ranges from understanding Latino wealth to today's recently published report coauthored with my wonderful partner and colleague, Noreen Sugrue of the Latino Policy Forum. Today's conversation is based on that report. Today, we will hear from leaders across different sectors on topics such as wealth building, wealth gaps, ways to address wealth disparities. While we will do our best to touch on as much as we possibly can in the allotted time, please know that this is one of many conversations that we hope to hold at Brookings Metro on the topic of Latino wealth.

That said, before diving right in, I'd like to level set, and share some context from the report. If we can see some slides... Thank you so much. First, as we discuss wealth gaps, it's important to note that the net worth asset and debt differences among Latinos reflect a range of people and place-based factors that we have to keep into account. And so if we think about Latino wealth, we're going to see differences if we're examining factors such as national origin, race, length of time Latinos have been in the United States, immigration or citizenship status, initial socioeconomic status of migrant groups upon entry into the U.S., and even regional differences. And it's important to take into account the various policy factors that intersect with these different factors. And so if you think about, for example, differences in wealth between different national origin groups or again, by these other factors, you have to take into account the context of immigration, the policy factors that influence that context of immigration, including foreign policies. If you want to examine Latino wealth, then in the United States too, it's important to think about then public policy is including domestic immigration policies, state and local public policies that have influenced the context of reception in the United States. And even then, you have to think about the context of time and place.

This report aims to zero in on the regional differences, which is again one of many factors, but we hope that it creates more ideas and more conversation, and it unearths more questions around Latino wealth and thinking about the state and local policies that have influenced wealth disparities, either wealth building opportunities or barriers. It helps us think about place and maybe gets us to ask more questions about what we might see if we zoom in further at the metro level or even community level. Next slide.

In our report, we examined Latino wealth, assets, and debt in six states: Illinois, Texas, North Carolina, Florida, California, and New York. We find that Latino assets varied across all the six states. And we also find, while there are certainly wealth gaps between Latino wealth and that of white households, we also see that there are places where Latinos are faring better, at least when it comes to different asset types. And so that leads us to ask more questions, like what's going on here? Where are their opportunities to grow, to close gaps? And what can we learn about people and place-based policies that are working that we can implement elsewhere? Again, this is one of many examples to get us thinking about the importance of examining Latino wealth at different angles. To get our conversation started, I'm delighted to welcome Senator Alex Padilla. Senator Padilla is a brilliant problem solver, a champion of Latino families, a son of immigrants, and the first Latino to represent the U.S. Senate-- to represent the great state of California in the U.S. Senate. And so now, Senator Padilla's remarks.

PADILLA: Hi, I'm Senator Alex Padilla. It's a pleasure to join the Brookings Institution and the Latino Policy Forum for this important discussion on how to close the Latino wealth gap in America. I want to begin by saying I'm grateful for all that you're doing today to examine this pervasive disparity, including by looking at case studies in places like my home state of California, and I'm eager to hear more about your findings. In 2022, Latinos represented nearly 20% of the U.S. population. The economic output from Latinos alone would make up the fifth largest economy in the world, comparable to the entire economy of the state of California. So we can't overstate just how important Latinos are to our nation and to our economy. And I'll emphasize not just as workforce, but as consumers and as entrepreneurs. Yet Latinos still face enormous disparities when it comes to family wealth, with the average white family having five times the wealth of the average Latino family.

Today's panel is critically important to helping further examine these disparities and the opportunities and responsibilities that we all have to address barriers and close that gap. Unleashing the full economic potential of Latinos could have a multitrillion-dollar impact. Now, we often begin this discussion with a conversation about homeownership, and for good reason. It's one of the best ways for families to accumulate wealth and pass that wealth along to the next generation. So when we look at the high cost of housing, the first thing we need to think about is increasing the supply to meet our growing population to help address the housing affordability challenge. But we can't limit this conversation simply to the housing market, we need to look at other ways the Latino community builds wealth, too. Part of that is by building support for entrepreneurs in our communities because many Latinos build wealth by establishing and growing their own business. Latinos have the highest rate of entrepreneurship, starting more businesses per capita than any other racial or ethnic group. Yet. the share and performance of Latino-owned businesses falls trillions of dollars short of their potential. We have to think about how we can help foster an economic environment that's supportive of those businesses and provide equal access to financing, and reasonable terms for that financing.

And we cannot successfully address economic disparities without addressing the systematic barriers that prevent Latinos from building wealth in the first place. Even for many homeowners and business owners, Latinos in America don't always have the support systems around them or roadmaps ahead of them to build long-term financial prosperity. We must continue the conversation about overall financial wellness in Latino communities. As you all know well, it's not enough to expand financial literacy. We have to both engage with Latino individuals and families in conversations about financial well-being, but also equip them with the financial tools to build wealth. And that means more than just making sure we have a bank account set up, it means empowering Latino households with things like savings accounts, retirement accounts, and investment accounts, or the connections to capital that will help them be successful. There's much more work left to do in order to empower Latinos to become full participants in our economy, and it's going to take hard work and thoughtful discussions at events like this to inform policymaking. So thank you again for being willing to put in the time to do just that. And again, I'm looking forward to hearing more about your findings and your recommendations. Thank you.

CARMONA: Wonderful. Okay, so now I am so excited to introduce our esteemed panelists. First, we have Noel Poyo, deputy assistant secretary for community economic development at the U.S. Department of Treasury. Welcome, Noel. We have Sylvia Puente, the president and CEO of the Latino Policy Forum. Welcome, Sylvia, and thank you so much for co-hosting this event with us. And then we have Joe Scantlebury, the president and CEO of Living Cities. So great to have you, Joe. Before I get started, I just want to remind viewers that you can submit questions via X, formerly known as Twitter, using the hashtag, hashtag LatinoWealthGap, or by emailing us at events@brookings.edu. We also received a lot of questions in advance, and so we're so grateful for those folks that submitted some at the point of registration. To get us started, so, you know, I touched a little bit about Latino diversity and all of the different regional factors, but also all of the other factors that one should take into account when thinking about Latino wealth. This report very much focuses on the regional differences or factors to consider. Why is it critical to examine Latino wealth gaps or just wealth building in the context of accounting for these various people and place-based factors? I don't know if maybe, Sylvia, where you would like to start. Oh, I think you're on mute.

PUENTE: Thanks, Tonantzin. Before I get started, I want to address just a couple of questions. First of all, let me just reiterate our thanks to this collaboration with the Brookings Institute and being able to work on this study, and we're very excited about it. The Latino Policy Forum is just a very small organization in Chicago that works on policy issues to promote equity in the Latino community. And I just have to give a shout-out to Dr. Noreen Sugrue who collaborated with Tonantzin on this and really did the heavy lifting in terms of the research and the analysis. Tonantzin, to sort of level set, I thought it was important-- and while we're talking about assets and the wealth of the Latino community, I wanted to just underscore for the listeners that this study looks at people with assets and doesn't include people that don't have assets, right? And as we as we looked at it and we examined the various both assets and debts, what we really don't know is what proportion of the Latino population has no assets in the states that we looked at. We know that you know, we can make some—as certain some of this when we look at those that have assets in home ownership or financial institutions.

But again, I want to underscore that while we're looking at Latino wealth overall, it's for the sector of the community that has assets, and we really don't know the size of those that don't. And I particularly wanted to highlight that the [inaudible] looks pretty good compared to a lot of these other states. And certainly, we're very privileged to live in Illinois and appreciate that that's, that that's the case. I also just want to say that I think that's really important to think about this, because as I was looking at the findings and understanding and unpacking the findings of this report, one of the things that really struck me is that we know there's a lot of analysis of how many Americans are really living in the margins and have less than $1,000 dollars in liquid assets. And during COVID, we were able to do surveys that showed in our state, two-thirds of the Latino population have less than $500 in assets in the bank. So, again, to underscore that, well, that what we're looking here at wealth and assets, there's also a sizable portion of the community, although we don't know to what degree, that really is still struggling. And when we look at what's happening and with the regional differences that are, in addition to everything that you said, one of the things that I wanted to highlight is I think it's important to really understand the the state climate, the state policy environment for what can contribute and lay some of the foundation for asset building. And I'm not going to elaborate a lot, but just a couple of things. We know that education funding really varies across the nation by, by state, and some states have much higher investment in education funding and many states lower. Not going to call out any state or names, but when we look at the foundation for asset building, it is people's human capital and their ability to have an education. And while certainly entrepreneurship is a path to wealth building, we know that in people's lifetimes, those with a college degree earned substantially more than those that don't.

So I think when we look at regional differences, education policy is really important. I think it's also really important to look at housing costs, and we really see variations there across the different states, and not only in homeownership rates, but we know the value of what it takes to buy a home in California and New York these days are really, really high housing costs. And again, that also contributes to how, to how we think about overall why it's important to understand regional differences. And then, as you mentioned, Tonantzin, when we look at citizenship and policies towards people who are especially not citizens or undocumented in this nation, that also makes a really big difference in setting the foundation. Illinois is a welcoming state. Chicago is a welcoming city. We have done things in our state. When we invested during the COVID crisis in helping people to get both rental assistance and housing assistance out of ARPA dollars that came, and other dollars that came to the state, that was available for everyone in Illinois, regardless of their citizenship status. And again, these, I think understanding the local context of the state policy environment is a key regional difference when we look at some of the differences here.

CARMONA: Thank you so much. I saw Noel and Joe, you were nodding your heads. I was wondering if one of you wants to chime in next.

POYO: I'll follow on. I also just want to say my thanks to Brookings and Latino Policy Forum for having us and for putting this all together. And, you know, to understand why at the Treasury Department, we think so hard about this question of like, why does it matter that we understand communities in their, in their specific diversity, right, understand the differences regionally, demographically, lo que sea? And so it starts at the top of the house with us. It turns out that one of the great labor economists of the past-- very long time runs the Treasury Department. And Secretary Yellen has outlined a strategy that she calls modern supply-side economics. And, and the focus there is boosting economic productivity for the nation as a whole by addressing inequality and making investments in people and places and infrastructure that have not had access, right? And so I am among the people who have been charged with implementing this approach.

I joined the Treasury Department in the earliest days. I was in charge of standing up the Rental Assistance Program that was just mentioned and the Homeowner Assistance Fund and a variety of other investment programs targeted to low-income and financially underserved communities. And one of the things that we asked ourselves in the middle of the pandemic was-- you know, timing was obviously a huge concern, right? The clock was ticking. In many ways, we felt like the clock was ticking against us because people's lives were at stake in many cases because we were in the middle of a of a deadly pandemic. And, and so, how do you get resources to various communities? Well, to understand how to do that, you need to understand what the circumstances of those communities are. And it just doesn't cut it to say, "You know, todos los Latinos, you know, all of them," right? And we need to get down to what is different between the Mexicano community in Chicago and the Mexicano community in San Antonio, much less the Puerto Rican community on the island versus, you know, Central Americans in Washington State, right? And, and so, we-- one of the things that we did-- you know, we didn't have a lot of time to do research, right? We needed to get this money out.

And so talking to communities, right, is first and foremost, I think, how-- what helped to guide us. Obviously, we had, we had plenty of data to look at and we want to be always data-driven, but we also-- it was incredibly important for us to hear from communities on a real-time basis. We were making policy and changing policy on a monthly basis at times, and in order to be responsive to what we were hearing about circumstances in the field. And, and so I look forward to talking more about sort of some of the results of all of that. But, but it it really is rooted in this this fundamental approach that recognizes that effectively reaching communities that have been underserved or don't have access is yes, good for those communities, but it is foundational for our economy as a whole. So I'll toss it back to you, Tonantzin.

CARMONA: Absolutely, I love that. Joe, I see you're nodding. So excited to hear from you.

SCANTLEBURY: Well, I won't repeat the brilliance that I've heard so far. I will say that what's been really gratifying about the reports — I'm grateful to both you and to the Latino Policy Forum for putting this together and for bringing us together — is that we're no longer in a place of invisibility. I think it's very clear that we, as Latinos, are here, we're present. And now, really starting to understand who we are, how we are, and how we thrive and contribute is really the question of the day. I was very impressed by — and this is something that we all know — the Bureau of Labor statistics highlights, you know, our labor participation rates, right? And that's, that's in the formal economy, much less the informal economy, right? So we know that we work hard, we're contributing. That's a common value, if not even this day a stereotype, right, that, you know, we're doing every job everywhere. And during the pandemic, that was very obvious.

The question now is whether or not, with all the labor, with all the efforts, with all the contributions, are we able to retain wealth once we've. once we've generated that wealth. I thought the figure of a 7% wealth growth annually was pretty startling. I was surprised to see that. I was happy to see it, but I love the fact that it was disaggregation. And what does that really mean? Yes, we're owning homes at a higher rate than, than some other groups and I think that will continue to rise. But what is the quality of the homes that we're owning? Are they sustainable where they are? Are they being developed in ways that add value over time or do they just give us higher debt? Should we be looking at the nature of capital with regard to our home ownership rates? Exactly what are the mortgage terms that we're signing on for? It seems like we're paying higher rates, more penalties, more fees. We should examine those differences.

At Living Cities, we are a collaboration of foundations and financial institutions committed to racial equity, and we're committed to seeing the emergence of an inclusive and equitable economy by 2045. Because by 2045, we know this will no longer be a nation where we'll be talking about minorities. We'll be talking about multiethnic, multiracial pluralities. And the question mark is whether or not we're still going to have an economy that is tied to privilege, tied to privilege so that all people can't live economically sustainable, thriving, abundant, connected, and healthy lives. We believe that we can achieve that. So this conversation — and I know we'll get into some deeper questions so I'm not gonna filibuster here today — but I really am eager for us to really think about how the fact that we're no longer invisible, what do we wanna do with that, and how do we want to talk about that, and how do we want to study beyond the stereotypes who we are and how we contribute?

CARMONA: Absolutely.

PUENTE: Tonantzin, could I build on just a couple of things that Joe said?

CARMONA: Absolutely.

PUENTE: And Joe, I want to agree with you about the invisibility question, but I don't want to say that it only gets a total given. There's still a lot of work to do. And certainly, in my home state, you know, making sure that we have equity for the Latino community is still a balancing act when so many of the issues are so defined in terms of the black and white population. And I totally, as an institution, and personally, we're very committed to investment in both and communities, and not an either-or, but sometimes, you know, we have to remind folks of that. And-- go ahead if you want to come it on that.

No, you're absolutely right. And I think we have to change the paradigm, Sylvia. I think we have to change the paradigm very critically. Yep, there are historical trends and tendencies. But if we begin to unlock why some groups thrive, some don't, and even ones in so-called groups, there are patterns. So one of the things the study calls out, and I want to speak to the invisibility, is the nature of race within the Latino community and how we think about, how we manifest anti-blackness, right? How we think about anybody else, how we talk about “mejorar la raza” and all of that within our own families, right? We, we can change this paradigm ourselves. And in so doing, really call the question around a critical element — and I know Noel will go crazy on this one in a good way — how we get access to the capital we need to invest in our communities and our growth because that growth will be the growth of the nation.

Absolutely, and we know that's from what other analysis has been done, how Latinos are the growing demographic in the nation are driving growth. And if you'll permit me, Tonantzin, and I'll be quiet after this, I want to build on-- I don't want to say it's a myth buster, but we at the Latino Policy Forum recently did an analysis looking at what we know about Latinos who live in the suburbs of Chicago. That's where the majority of our Latino community lives right now. And what we found is while there are decent levels of homeownership and homeownership in suburban municipalities is larger than it is in the city of Chicago, we found that three out of every four Latinos was living in one of the census tracts… was living in two census tracts, were living in the census tracts with the lowest home values. And so we traditionally say that homeownership is a way to wealth accumula-- accumulation. But to the point, what else do we need to be looking at, because if we're buying homes in very low-wealth communities, then how does that impact that wealth-building and our access to capital? And to me, that was just something that we need to look at a little further.

CARMONA: Absolutely. No, I appreciate all of these comments. I'm like, we're passionate about this topic. And it's actually, you know, what brings me to this next question is that, you know, when I was thinking about having an event, holding this type of discussion cross-sector, I immediately thought of you three. You each come from different sectors, provide different perspectives, and have done, in your own way, work to either close racial wealth gap, build Latino wealth or wealth for all communities across races and ethnicities. What do you believe, what do you believe could help assist Latinos in building that wealth, be it household or community wealth, and why? It can be based on your own experiences or maybe more forward-looking in terms of what you're thinking now. I would actually love to toss it back to Noel because you started to allude to some of these in your initial remarks.

POYO: Thank you Tonantzin, and both-- well, you know, I mean, I think we we have heard a lot in recent years, and including, you know, in Spanish and Latino communities, about how government, government doesn't serve us, and it doesn't work, right? This is a message that's out there. And, you know, if there's one thing that we can say about this last several years is that the intervention by government in the time of the pandemic was meaningful. It impacted a lot of lives, right? And I think it is hard to hold that when many of us lost our family, right? When many of us watched our, our people go to work, predictably get sick, and not come home, right? But, but where we would have been, you know? I think back on the days when I joined the administration, February of 2021, this sort of economic freefall that we were in. And who was losing their job first? t was the most recent people into the job, right? It was people in the service sector. It was people at the lower end of the economic spectrum. And so I will say that there have been two things that we have focused on at the Treasury Department that were enormous blips. One was, was digging out of the pandemic, stabilizing, you know, just dealing with economic recovery. But, but that is something that from day one — I don't mean sort of after a little while — from day one, the president and the secretary challenged the team to say, "We are not just here to do recovery. We're here to change how growth, economic growth happens in this economy. We're here to do equitable growth." And that, that word has been at the center of a lot of our policymaking.

And so, you know, I, I led the standup of the Emergency Rental Assistance Program, for example, $46 billion dollars of just-in-time eviction prevention. This is the first time ever in our country's history that we have had a scaled eviction prevention program. One-third of the payments made under that program were made to Latino households. Now, that is, that is significant. That does not happen by accident. And if you are a student of Latino participation rates in federal government programs, you will know that federal-- that Latino participation rates tend to be significantly below our share of the population, and one-third is above the share of population by a significant amount. There is a reason for that, right?

And the Treasury Department also implemented a variety of tax provisions, including the child tax credit. And so for the first time, we had this opportunity, the child tax credit, which was refundable. And I'd like to focus particularly-- remember that in Puerto Rico, that the tax obligations of Puerto Ricans look different. And there are many people, low-income people who do not have to file in Puerto Rico and do not have a history of filing. And so to take advantage of a child tax credit, right, money that was available, you had to file. And that was a substantial challenge on the island because there were many people who did not — completely legally, right —they had no obligation to file and did not have a relationship with the IRS, and so it took an enormous effort. So the result was that more than 250,000 families on the island received the child tax credit with an average benefit of 4,700 per family. Now, for a low-income family, eso es algo, that that can be a game changer. And we know that at least during the period where the child tax credit was impacting families lives, we dramatically reduced child poverty. And we know how to do this, right? Now, in order to continue that, obviously, we would need an appropriation to allow that to continue to happen. We would need a law to move us forward. But, but these are things that happened in the recovery that characterized an equitable recovery.

On the, on the investment side — I appreciate Joe bringing up the point of of investment — and I, sort of the other side of my portfolio, I've led the CDFI Fund, the Emergency Capital Investment Program, a range of community finance programs that work through financial institutions that are mission-driven and certified as CDFIs or designated as minority depository institutions. And so the Treasury Department invested more than $8.5 billion dollars in CDFIs and NDIs with the Emergency Capital Investment loan. 1.6 billion of that went to Latino-designated NDIs. That is, that is not that is not a bad number. And, and what we project is over a ten-year period, that total ESIP investment, that 8.5 billion dollars is, at this point, we think conservatively, conservatively going to generate $50 billion dollars in new lending in Latino communities, right?

In the Equitable Recovery Program, so named because, because that, that was at the center of our policy, this is a grant program the CDFI fund put out to designate CDFIs as financial institutions that are lending in communities. And again, to go back to Puerto Rico, where there is, there is not a strong, long track record, right, of CDFI dollars flowing to Puerto Rico, that has been changing in recent years. And under the $1.73 billion dollars that was put out through the Equitable Recovery Program, many Latino communities and Latino CDFIs in this country benefited, but $226 million of that went to CDFIs on the island. We've never seen dollars like that flow on the island. And so I'm choosing, I'm highlighting a little bit Puerto Rico in these examples simply to illustrate the point that this was a particularly difficult place to get money to flow. Now, it is true in many other communities, Latino and others in this country, but I'm using that one just to illustrate that it, it takes intentional effort to get there. Government is able to do this, right?

It, it matters, however, who is driving policy and who is implementing this, right? And so I will just say that that's-- these are the kinds of efforts within a wide range, obviously, of investments for the American Rescue Plan, now to the IRA and the Bipartisan Infrastructure Law, the CHIPS Act, you know, investments in microprocessors. Do you think that's not about Latinos? It is all about Latinos. Latinos are going to get jobs out of out of the CHIPS Act. It's gonna hit-- invest in states where Latinos are heavy, heavy parts of the population. Each of these things are about the economic potential and reality of Latino communities.

CARMONA: Wow, Noel. Just listening to you, I'm like, wow, what a massive portfolio. When do you sleep? Like, I don't sleep. Well, thank you for your service. Joe, I know you look like you wanted to chime in a little bit on this.

SCANTLEBURY: Yeah. So, Noel, thank you. And truly, you know, I know redirecting public dollars with the kind of intentionality that meets legal muster is really a difficult thing to do, but I'm glad that it was done. The thing that I want to lift up is that, you know, in harmony with the public investment and the public vision around building an economy that is inclusive and built on growth that is inclusive. Because when you think about CHIPS, when you think about IRA, ran on through all of those provisions, Justice40, all of them speak to-- including those who are almost never included. So that kind of intentionality is key, particularly at the federal level. How it shows up locally in states, different question, different challenge, but it's something that we should be intentional about unlocking and paying attention to why those resources don't always show up in the ways that we intend or as quickly as they come.

The thing that I want to pivot to, however, is the private equity and venture capital space as well, because, for all of the money that the federal government can issue in any period of time, it's dwarfed by the $86 trillion dollars in private equity, less than 2% of which sits in the hands of women and BIPOC people. Less than 2% of 86 trillion. Those are the resources that actually drive our economy. Those are the investments that, at the end of the day, either continue to privilege or contin-- or give us an opportunity to create a new economy. And simply put, I mentioned earlier that we're no longer invisible. What I would say is that we still suffer from the desire to make us invisible, okay? In other words, yes, we're working in every industry, everywhere. Even in the census mapping, you know, the identifying where we are, we can see the concentrations around urban centers in certain regions of the country. But if you take a drive across any, any long drive in the country, we are there. And I feel like it's like "The Grapes of Wrath." We are there. You know, we're everywhere, okay? We're in places. And how do you know this? You know this from just what people are consuming. You know this from where people are working. You know this in every industry.

But now the question is while we're working in all these places, are we able to own, are we able to build, are we able to create industries and businesses, and not just small businesses? Are we able to buy legacy businesses whose owners are ready to retire and ready to move on? Are we able to own property that maybe we didn't vision when we came? I have relatives who live in Utah. Nobody who left Panama thought about Utah before they got here, okay? They're in Utah. They're in Arizona. They're in Oklahoma. Nobody thought about those states before they got here. We came to New York, we landed, and then we discovered America, and we went where the opportunities were.

The question mark that I just raised is, as we see the stories and we see the evidence of success from the federal investments, can we also begin to change the narrative around us being more than workers, more than willing workers, but co-owners, co-investors, partners in building? Can we have that conversation and not simply be staying in a narrative of just additional labor or necessary labor? Because I think the evidence is clear — you know, and I say this from looking at the maquiladoras in Juarez — we certainly know how to invest in other places. What about investing here to build the economy we need here?

CARMONA: Thank you for that. And, you know, there is a long history and context for why Latinos have been viewed in many respects as just laborers. There's a forthcoming report from Brookings Metro that I'm working on that tries to highlight a lot of this historical context across time and place. And I think I would just add to your point of like changing narratives of Latinos as just workers, laborers. I'd also add consumers. We're more than just consumers. We build, we create, we're entrepreneurs, you know, and so shifting those narratives is really important. I know Sylvia, you wanted to add--.

PUENTE: And along those lines, lines, it's important to shift the narrative for external partners. It's also important to share that that narrative within our communities. There were a number of focus groups and community conversations that were had as a result of this study. And when participants were asked, "How do you build wealth in America? “Most of them said, "Take another job," right? So that our notions still of ourselves is I've gotta-- or it is that I've got to work harder, I've got to work more, right? So that it still is through our labor where we know that most wealth accumulation is not happening from people who are getting their hands, toiling in their hands, doing anything, right? It's how many bills have [inaudible] type of money. So part of it is helping people understand the dynamics of what wealth is and how to build it. So that, to me, was, I think, really striking when we heard that from so many of the participants. But the issue for them really was that we've just got to work harder. And Noel, I wanted to build on something that you were saying, and I'm so happy to hear that the rental on the homeownership investment was 33% nationally across the nation, but it was only about half that — at least the last study that we looked at — was only about half that. In Illinois, where, you know, we're about 20% of-- almost 20% of the state's population, only about 17% of those dollars went to Latino communities despite all of the partnership efforts, despite all the outreach efforts, despite everything we did. And when we ask people, "Why?" they — and it's going back to something one of you said earlier —they thought it was too good to be true. They thought that it was too good to be true. "What, I'm gonna get--" two things around that. "What? I'm gonna get free money?" They didn't believe — where's the hook, where's the hitch, what's the catch — they didn't really believe that it was free money. But the other thing that we found is because there is— I don't want to disparage any community — but what we found is people weren't eligible because they would go without eating in order to pay their rent, right? I mean, they, they knew that maintaining their household was so important that they made every other sacrifice, pooled resources so they weren't quite falling behind in rent, even though their economic gains were very meager, and they were struggling for all the reasons that you said during the pandemic that so many were displaced from from the workforce.

So your original question is around what do we do locally? As I mentioned earlier, the Latino Policy Forum is a small non-profit organization. So to the issue of the narrative, we try to elevate the narrative with this kind of research and analysis and other work that we do to policymakers, stakeholders, and to philanthropy. And then we advocate, right? What do we need to be doing at the local level — and we're very parochial, we're very Illinois focused — right? How do we advocate to ensure that there is equitable investment in Latino communities? And what I've learned just in my travels is that there aren't a lot of organizations like the Latino Policy Forum that focus on state-level policy across the nation. There's maybe ten or so in various states that foc-- and most of them focus on health or education or another issue. So we also need to think in the whole ecosystem-- I mean, we've got the national groups that are working on this, right? But when we look at local policy, when we look at the ecosystem, how do we really have investment and opportunity for an organization like ours to be replicated in other states, to really have the dialog that's necessary with local policymakers so that we can think about what investment or wealth building opportunities are?

CARMONA: That's wonderful. And I would just add that in the second part of the report, it's-- we highlight findings or insights based on community conversations. But towards the end of that, there are example public policies that could be pursued at the federal, state, and local level to give folks some ideas and examples of what that could look like to achieve several goals that can lead to wealth building for communities. Shifting gears a little bit, I would love to get your thoughts on how do we ensure capital reaches Latino communities and Latino households. I would love to turn this to Joe [inaudible].

SCANTLEBURY: Sure, sure. So, so two things, and I'm going to tag team Noelle here for a minute because I think the CDFI, and the local capital allocator market is really a key component here. To Sylvia's point about the narratives, it's important for us to, first of all, seek support from philanthropy and from others to invest in the civic infrastructure in our communities so that we have credible messengers around the use of public dollars. I'll start there. Public dollars and public resources and public policies are what created the wealth that we see with the white middle class in this country. That didn't just happen through sweat equity. That happened because they had exclusive equity that was exclusive to them. and everyone else was excluded from participation. And so we need to just be really transparent about that. And the legacy of that continues till today. Now, when we begin to invest in local capital allocators, many of whom find it, I think, find the terms for the capital that they receive to be just as hard and constraining, so they're able to make small loans or fewer loans. We've got to grow that pool and continue to grow that pool and insist that it be grown so that people have a chance to try to put their assets, their intellect, their ingenuity into founding businesses, founding new opportunities, and frankly, investing in opportunities that are looking to change hands, right?

So that's one thing. The other thing — and this is something that we're very committed to in Living Cities — is how do we actually change the nature of who the fund managers are themselves? So we've seen that when you have fund managers who are and I-- aware of opportunities in communities, they inevitably invest in businesses that can't be seen by mainstream fund managers, just can't be, okay? I know there's a narrative now around, "We're going to be race-neutral somehow, right? You know, "We're going to be race-neutral, and we don't want to say race." Well, I'm sorry. It's embedded in the water. It's who we are. It's how we are. Now, the question is, how do we turn it into a strength? And the strength is, how do we actually label men and women who are thinking about opportunity, thinking of-- thinking about how they can contribute? How do we, first of all, give them the knowledge capital, and then giving them access to the financial capital necessary to actually start new enterprises? That's the key for our community. That's the key for this country. And if we're able to do that, what we'll see is we'll see some businesses fail, but they don't have to fail to such a degree where families are left in such horrid debt. We'll see some businesses thrive and new ideas come about that we don't see today, and that'll be part of the growth that we see.

We've got to make that the current narrative. We've got to invest in — and Sylvia started with education early on — and a big part of our education has got to be that, you know, we're not just going to school to just get a great job, that's a good thing. My mother would be proud to know that I have a great job, but she'd be shocked to know that I'm trying to help other people build jobs, create jobs. Now, the irony was that she was a public servant in New York City for her whole life, but she also had a lot of side gigs. She ran a club, don't ask me how. She was the president of a trucking business, she doesn't have a driver's license, but, but she figured out how to add her assets and her value to other businesses. And when you think about how our families and this is very much a narrative that I, you know, that we've seen. How many of us have had family members say, "Here. This is what I'm doing. Help me out with this friend and family loan." Well, very often we're giving sweat equity and effort to help our families' businesses. What would it look like if they had the access to capital to hire, capital to build, capital to improve? What would that look like? So I'll stop there. But Noel, I know that you really have the expertise in this space, and I want to just invoke your voice if I can because I think it's important for people to hear that there is a way in which both public and private capital can be accessible to our communities in ways that have yet to be fully unlocked.

POYO: Tonantzin, if it's okay, I'll jump in.

CARMONA: Of course.

POYO: Well, so I want to say a word about about supply and demand here, and pick up something that Joe said and something that Sylvia said. So, you know, in terms of how, how we put capital into communities, Joe, you mentioned earlier that that it is that is a challenge to direct capital in ways that pass legal muster. But I think when we get down to really looking at the economic terms of what we are trying to do, policy becomes clearer. And so one of the things we've done to the Treasury Department is to find within, within sort of the world of qualified or lending that is, that is perfectly okay to do as a community development financial institution. If you are a mission lender, you can do a variety of things and they're all, they're all good. But among those, some achieve the purpose of the statutes that authorize that money better.

And when you get right down to it, it is about looking at where there are financial incentives and disincentives. When we're talking about capital flowing, we're talking about lending, we're talking about investing. And no matter how mission-driven you are, you can't lend in a way that is-- that isn't, that doesn't look at — is not financially responsible — doesn't look at the underlying financial terms. And so if you want to lend to someone who needs more preparation to receive that loan, and you want to make a smaller loan at concessionary rates, at a lower rate, that's a loan that will cost you more and will produce less revenue for you, right? Does that mean it's a bad loan? No, it doesn't mean it's a bad loan. It may, in fact, be a very good credit risk. But there is a financial incentive not to do that loan, right? And so what we've done with our deep impact lending policy is to say we can provide either an incentive or some other benefit to recognize when an institution is doing lending that is going to likely cost them more and produce less revenue so that we can begin to not fully balance the scales, but at least lessen that disincentive. And that, that loan, that loan is a loan that's going to go to somebody that is not gonna get a chance somewhere else, and that is new growth in our economy. That is growth that we're, that we're walking by-- in the past, we were walking by. We can do more of that. We are growing our economy.

On the, on the demand side, though, Sylvia made this very important point about so many people in our community say, "Well, you know, that doesn't make sense. I don't believe it. The government really doesn't want to give that money to me, they want to give it-- that’s for somebody else," right? And so we have to talk to our community about, "Do you, do you think this big policy is about whether you deserve it or not?" Yeah, the economy is falling down, and we need to make sure that a bunch of people don't end up evicted and out in the street or are-- we're gonna actually-- in a globally competitive economy, our people are the, are the differentiator. We're going to be that that extra point of growth. We're-- you know, there is a reason behind these policies that are not about your individual deserving or not, y si estas llenando tus impuestos. If you gotta fill out your taxes, then you're taking the mortgage interest deduction, right? So why does that one work for you and this one doesn't, right? And so talking with our communities about about the ‘why,’ right? And, and so often, the orgullo that comes with, "Well, you know, I just need to work harder." Yeah, but that's neither here nor there because this is about something bigger, and we need you not to have to work harder on just surviving. We need you to work harder to grow, to take us all on your back and and move us all forward, right? And so that, that conversation, I think, is getting lost in our community. And, of course, there's a lot of intentional messaging to make sure that that gets lost, right? But, but we need to bring our people along so that on the, on the demand side our people know when that opportunity is really about something bigger and the role that they playing, right? There are people playing.

PUENTE: And I think I totally concur, Noel, but I also want to add and just emphasize and underscore that it's also importance that our institutions have defined metrics because everybody's talking about equity these days. And certainly having done this work for a very long time, I love it. But when I ask, "What is your metric of equity?" and "Is there equitable distribution of equity across all the communities that you deal with?" Very, very few institutions, whether they be financial institutions, philanthropic institutions, have that metric of equity. And so I really think it's really important to hold our public institutions, our government institutions, our corporations that are foundations accountable to how are they defining equity and what is their investment.

And I won't name names, but we had a conversation with a major local financial institution, and we were looking at… I'll just say they're lending, right? And we saw there was really, even, that they were using, using the term 'people of color' clouds opportunity and investment in black and Latino communities, right? And then I think we really need to disaggregate it, and we have to have accountable metrics. That may not matter as much in California, but it certainly matters in Chicago, which is still very, very, very known for its segregation. So we have to really be, I think, intentional in how we think about that when we look especially at investment at the local level. Tonantzin, I want to turn the tide a little bit. We didn't plan for this, but what did you find the most surprising in this study? I think this kind of analysis is very novel and I think it's been certainly done at this stage. What was surprising or what was a new learning for you?

CARMONA: Gosh, there's so much. I wasn't anticipating to see Illinois with the median net worth that it had, the asset values that it had. I do believe, in general, just the numbers that we arrived at, to me, what that was saying is like, there's more to study here. And some of it is quantitative, like zeroing in on specific metro areas. So, for example, like Florida, I was expecting to see higher net worth in Florida, but I imagine because of Miami when it comes to Latinos, we have such diverse population in Miami. And so what I would say is like, this is giving us a snapshot, but there's more that we can find by zooming into metro area, even community level. There's more conversations, less on the quantitative side and more on the qualitative side to be had too. So that's what I would say that I found interesting. I was gonna also just pivot to audience questions because we're obviously coming at time and I want to make sure we get some audience questions and feel free to, again, submit them via Twitter using the hashtag, hashtag LatinoWealthGap —sorry X, not Twitter, formerly known as Twitter — or events@brookings.edu. I have a few that I kind of grouped together based on what we were seeing from the ones we received ahead of time. Again and again, people want to know what is the biggest obstacle to Latino communities building wealth, and what types of solutions are needed, either public or private. And if we're talking public, people were curious at the federal, state, and local level. I don't know if anyone wants to chime in with that one.

SCANTLEBURY: I'll step in and just say I believe it's access to capital, and easy clear access to capital, and the support around access to capital. We're not, I-- you know, we're not all “ay bendito”, right? We have a lot of means and insight. But if tomorrow I show up with my great credit history, I show up tomorrow with a great idea and experience from having worked really, really hard with other institutions not owned by Latinos, financial institution sometimes are hard-pressed to see me as a worthwhile investee, right? No matter my experience, no matter my knowledge, no matter my credentials, I may still find myself on the outside looking in. And some of that is because, as Stevie Wonder would say, "You can't cash in your face," right? You show up and you’re brown and you're black, and automatically you're a risk. And even though there are rules and laws that I'm sure are well complied with, the data says otherwise. The data says otherwise. The data says that we are still least likely to get access the first go-round, or even the second go-round, or even after having a track record. So we need to examine that, be clear about that, and demand a different kind of response from the capital sector.

POYO: While it may be obvious, I just want to draw the line directly between what Sylvia said earlier about accountability and metrics, and what Joe just, just said about the truth of why people do and don't get access to capital at various points. And if we are not collecting disaggregated data, disaggregated by demographic categories and a variety of others, we can't even begin to have goals with those metrics, right? We can't, we can't have an ambitious metric if if that data doesn't exist. So there is a lot of discussion happening now around a variety of data collection in the financial services space. And if we are unable to get access to that information, we, we are in a very challenging position to set ambitious goals about opening access to capital. The only other thing I would say about obstacles is that the same obstacle to every person in this country, the big macroeconomic issues affect the Latino community. So we need to be focused, obviously, on what is going on with the macroeconomy because it affects our people just like it affects everybody in this country.

CARMONA: Absolutely. I don't know if you wanted to add to that, Sylvia.

PUENTE: Let's go ahead to the next question. It's fine.

CARMONA: The other one was — we didn't talk a lot about this, but we've had a lot of folks interested in the small business component. And again, there will be future discussions we can dive specifically into this issue. But I was wondering if anyone wanted to chime in on how should we be considering small business development and entrepreneurship in the context of wealth building.

PUENTE: Yes, yes.

CARMONA: Great, we can all go.

PUENTE: Well, you know, I'm sure a lot of the participants know this. I mean, the fastest grouping--fastest growing group of entrepreneurs in the nation are Latino women, right? And for me, it's just, it's a dichotomy because at the same time, we're the fastest growing group of entrepreneurs, and on the capital stage as well, there'll be wealth accumulation. We also know that they're some of the poorest women in society, and we really need to think about investment, especially with women who have children, and how do we help promote their economic mobility as well.

POYO: And what I want to see is Latinas being the fastest group of entrepreneurs to pass $10 million dollars in annual revenue. When we're there, then we've got a different [inaudible].

CARMONA: Yes, I want to see that too, as my father is a small business owner, my sister's a small business owner, and like, I wish that for them, and all Latino business owners, all business owners in general. Joe, if you wanted to add anything else?

SCANTLEBURY: I was just going to say orale.

CARMONA: All right. Well, I invite any closing thoughts before we take off. This has been a wonderful discussion. I know we have a million other questions, so we hope to hold more conversations on the topic.

SCANTLEBURY: Well-- I'm sorry, Sylvia. So the one thing I do want to just celebrate is the disaggregation of race in the analysis within the Latino community. I appreciated seeing that because I go back to invisibility again. Sometimes we hide behind mestizaje mythology. Sometimes we hide behind whether or not we can pass in a society where one drop of whiteness makes you white and one drop of black makes you black, and we don't really know how to navigate that. But it was good to see the data that pointed the distinction between Latinos within groups: black Cubans versus white Cubans versus white boricuas and so on. I thought that was a really novel analysis that I had not seen before done in that way, and I think it helps us have an internal conversation that we need to continue to have. We have to change the paradigm for the country, okay? And we might have struggled in ourselves in our own dialog.

PUENTE: We've talked a lot about the policy solutions that are that are put forth in the report, so I just want to encourage the viewers to read the report. There's just a lot in here that we didn't get to address and it's important. And as significant of contributions as I think this is helping us to understand the Latino wealth and equity in all of its facets, just the reminder of it doesn't include everybody because it doesn't include those that don't have assets and we don't know much about that population. We don't know how large population is with respect to those that do have answers.

CARMONA: Thank you.

POYO: I'll only say a word of gratitude. It's, it is so nice to have this conversation entre familia. I think it's so necessary. And to have conversation at this at this level is a real privilege. So Tonantzin, thanks for bringing us together and moderating this.

CARMONA: Thank you so much. No, I am so grateful to all of you for your time. Thank you to the audience that joined us, or that we'll be joining when they view this after the fact. Again, this is one of many conversations we hope to have on the topic of Latino wealth at Brookings Metro and, just thank you, and we hope you have a great rest of your day.