The Asset Building Coalition of Greater LA and USC Center for the Study of Immigrant Integration Presents

Understanding Change, Making the Case: The Economics of Immigrant Integration in Los Angeles

Panel: The Real Economics & Business Case for Immigrant Integration

Presented by Chanchanit Martorell Executive Director, Thai CDC

Friday, August 5, 2011 8:30 am – 11 am

Federal Reserve Bank of SF, LA Branch
“...[F]ull economic integration of immigrants requires that they have access not only to the informal financial sector but also to the formal one, including banking, insurance, pension funds, and other institutions. Only by using such institutions will immigrants successfully expand their range as entrepreneurs, become homeowners, build credit histories, save for retirement, and insure against financial and other risks.”

Thai Community Development Center: The Role of Ethnic Based Community Development Corporations in Immigrant Integration

Ethnic-based CDCs utilize different strategies to help immigrants gain financial footing in their new community such as developing affordable housing, providing financial literacy classes and, entrepreneurship training, creating small businesses, and promoting community economic development.
History of Thai CDC

The Thai Community Development Center was founded in 1994 on the idea that all peoples have a basic right to a decent standard of living and quality of life. Since its establishments, Thai CDC has addressed the multifaceted needs of Thai and other disadvantaged immigrants faced with substandard housing conditions and lack of access to basic health services, education, and quality employment opportunities.
Mission of Thai CDC:

"to advance the social and economic well-being of low and moderate income Thais and other ethnic communities in the greater Los Angeles area through a comprehensive community development strategy including human rights advocacy, affordable housing, access to healthcare, promotion of small businesses, neighborhood empowerment, and social enterprises."
Thai Community Development Center
Core Programs and Services

I. Community Asset Building
   - Affordable Housing
   - Micro/Small Business Development
   - Social Enterprises

II. Human Rights Advocacy
    - SERI Project

III. Healthy Communities and Community Empowerment
    - Neighborhood Development such as Thai Town Development
    - Hollywood Family Source Center
    - East Hollywood Farmers’ Market
    - Live, Work and Play in East Hollywood Consumer Resource and Health Fair
    - Youth Programs

IV. Cultural Tourism and Placemaking
    - API Preserve America Neighborhood Coalition
    - Thai New Year’s Day Songkran Festival
    - East Hollywood Streetscape
Thai Community Development Center

Goals

Our community economic development strategy consists of ten separate but integrated goals:

- 1. To empower and improve working conditions for low-income and exploited workers, especially those working in inhumane conditions;
- 2. To promote the rights of Thai Americans, as well as advocate for fair labor and immigration policies;
- 3. To provide and ensure access to culturally sensitive social services;
- 4. To develop leadership among Thai Americans through community service;
- 5. To find innovative ways to uplift low income individuals;
- 6. To promote economic stability through financial literacy, entrepreneurship training, small business development, and individual development accounts;
- 7. To engage in community asset building that will create jobs and provide micro-enterprise opportunities;
- 8. To develop affordable housing;
- 9. To revitalize public space through reinvestment, community beautification, and placemaking projects; and
- 10. To utilize cultural tourism and heritage marketing activities as a vehicle for economic development.
Thai Town Designation as a Strategy for Economic Development and Immigrant Integration

In many urban areas, small businesses operated by immigrants have played an important role in revitalizing neighborhoods and providing jobs and stability to local residents.

Vision of Thai Town:

- Places the well-being of people and quality of life within the area as paramount

- The development of Thai Town should address the fundamental needs of its residents for decent jobs, economic security, and decent and affordable housing
Thai Town can achieve the three *E’s*

- *empowerment*
- *education*
- *entrepreneurship*
Thai Town Contributes to the Local Economy

- Entrepreneurship plays a crucial role in the sustenance and vitality of Thai Town.
- Overall, the goal of Thai Town is to improve the financial well-being of economically disadvantaged people through fostering economic independence and self-reliance.
- Thai Town emphasizes exchange and equity, focusing on the community’s current skills, abilities and resources.
- Thai Town can improve the area’s economic and social strength.
- Thai Town can develop resources that will nourish households and neighborhoods by encouraging for example neighborhood banking and local purchases so that dollars are being circulated in the community.
Newcomers should be viewed as engines for community development.

Business development is one way for immigrants to get integrated and accepted into society by financially contributing.
IMPROVING IMMIGRANTS’ EMPLOYMENT PROSPECTS

- Many immigrants have limited English proficiency, vocational skills, and education.

- Many job training and placement programs are not accessible to or meet the unique needs of immigrant and other limited English proficient (LEP) workers.

- Low-wage immigrant workers are the least likely among all workers to receive job-based benefits.

- Many low-wage immigrants suffer discrimination and exploitation in the workplace.

- Undocumented workers, due to their lack of work authorization, have limited options for moving out of low-wage jobs.

- Many skilled immigrants cannot use their previous training, education, or work experience to secure employment in their field in the United States.
“Our goal is to help immigrants, employers, and the community work together to achieve their goals so they all benefit from the energy and productivity that this new population brings to the state.” says Barbara Bobb, bureau chief of the agency’s Targeted Services, New Iowan Centers, Des Moines, Iowa

HELPING IMMIGRANTS USE PREVIOUS TRAINING AND EXPERIENCE

- Career assessment and plan
- Case management and counseling
- Education and training
- Group support activities

MOUNTING PUBLIC CAMPAIGNS TO IMPROVE WAGE AND WORK CONDITIONS

- LA Alliance for a New Economy (LAANE)
- Thai CDC
INCREASING IMMIGRANTS’ ACCESS TO FINANCIAL SERVICES

CHALLENGES

- Immigrants are significantly less likely than native-born residents to use financial services and have regular contact with banks and other formal financial institutions.

- Research by the Brookings Institution shows that immigrants are about 20 percent less likely than U.S.-born residents to have a saving or checking account, and that they also have less access to home mortgages, business loans, and other banking services that support economic mobility.

GCIR Immigrant Integration Toolkit, 2006
AVOIDING THE "GHETTO ECONOMY"

- For low-income immigrants, gaining access to affordable financial services represents an important step towards achieving self sufficiency and economic integration.

- Without access to mainstream banks, immigrant families often turn to check cashers, predatory lenders, pawn shops, and other "fringe" financial service providers whose high costs can easily drain these families’ limited income and savings.

- Opening a bank account is also the first step toward establishing credit and gaining access to other important services, such as inexpensive wire transfers for sending money to family members abroad.

GCIR Immigrant Integration Toolkit, 2006
ELEMENTS OF PROMISING PRACTICES

- Developing financial institutions’ language capacity and cultural familiarity with immigrant communities so that they can provide accessible services.

- Helping financial institutions develop products and services that will meet the needs of immigrant customers.

- Urging financial institutions to develop appropriate loan criteria for immigrants who have relatively little formal credit history but can often demonstrate credit worthiness in other ways.

GCIR Immigrant Integration Toolkit, 2006
ELEMENTS OF PROMISING PRACTICES (Continue)

- Educating financial institutions about acceptable forms of alternative identification documents for opening new accounts. Many undocumented immigrants and some legal immigrants have difficulty opening bank accounts because they do not have traditionally required identification documents, i.e., driver’s license and a Social Security Number.

- Educating immigrants about U.S. financial services (e.g., the services offered by banks and credit unions), as well as helping them develop financial planning skills that can lead to home purchases, college savings, and other financial goals.

GCIR Immigrant Integration Toolkit, 2006
ELEMENTS OF PROMISING PRACTICES (Continue)

- Diversifying the workforce of financial institutions
- Increasing Immigrants’ Access to Mainstream Financial Services
- Developing Immigrant Serving Financial Institutions

“We have demonstrated that helping immigrants access financial services is not only good for the community, but it also makes good business sense,” Luis Pastor, CEO, Cooperativa Comunitaria Latina de Credito The Latino Community Credit Union, Durham, North Carolina

GCIR Immigrant Integration Toolkit, 2006
ELEMENTS OF PROMISING PRACTICES (Continue)

Using tax services and credits to increase family income

- Promoting public awareness of tax credits through the ethnic media.

- Providing tax information to various community organizations that serve newcomers.

- Developing multilingual materials to inform immigrants of their rights and responsibilities as taxpayers.

- Offering financial and tax workshops to help newcomers understand the tax filing process.

- Providing free tax-preparation services to low-income immigrants.

GCIR Immigrant Integration Toolkit, 2006
ALTERNATIVE IDENTIFICATION DOCUMENTS FOR ESTABLISHING BANK ACCOUNTS

- For non-U.S. citizens, federal regulations specifically allow banks to rely upon an Internal Revenue Service-issued individual taxpayer identification number (ITIN).

  The ITIN allows people who are not eligible for a Social Security number to file tax returns. While many people who use an ITIN are undocumented, the identification number is also used by individuals who are in the process of applying for legal status and have yet to obtain authorization to work in the U.S.

- To verify identity, most banks require customers to provide a state-issued driver’s license or identification card.

- However, PATRIOT Act regulations also allow banks to rely on photo identification documents issued by foreign governments. The most well known of these documents is the Mexican “matricula consular” card which is issued by Mexican consulates to individuals of Mexican nationality who live abroad.

- According to the Mexican government, as of 2005, more than 400 banks allowed the use of the matricula card to open bank accounts.

GCIR Immigrant Integration Toolkit, 2006
Outcomes of Immigration Integration

**OUTPUTS**

- More financial education programs for immigrants (e.g., tax credits, mortgage, small business loans, bank accounts, direct deposits).

- More loan programs for immigrants.

- More organizations, such as CDCs, supporting immigrant entrepreneurs and cooperatives, economic development, and affordable housing development.

- More advocacy efforts, e.g., litigation and organizing, to win policy changes.

- Increased number and diversity of vocational training and job placement programs for immigrants.

- Language training programs linked to employment opportunities and offered by more employers.

- Improved enforcement of fair practices in lending and real estate.

**OUTCOMES**

*For immigrants:*

- Improved understanding and navigation of economic system.

- Increased use of mainstream financial institutions.

- Less dependence on predatory vendors (e.g., payday lenders, check cashers).

- Increased small business ownership among immigrants.

- Representation of immigrants in a wider variety of occupations.

- Increased car ownership.

- Increased home ownership.

- Increased employability of immigrants (better prepared and skilled for jobs).
Outcomes of Immigrant Integration

For receiving community:

- Improved perceptions of immigrant contribution to local economy and community.
- Non-discriminatory practices in lending and real estate practices.
- Expanded economic contributions of immigrants-as workers, consumers, taxpayers, and entrepreneurs-to the local economies.
- Increased economic vitality of blighted neighborhoods, with greater availability of resources to all residents.