



## **2021-2024 Policy Platform -- Economic Opportunity Policy Proposals**

*Last Updated: November 25, 2020*

These policy proposals are presented to provide specific examples of the types of policies that National CAPACD will advocate for under our 2021-2024 Policy Platform. As such, all policy proposals will be consistent with the values, vision, and framework of the 2021-2024 Policy Platform. This document may be updated from time to time.

### **Our Values and Vision**

Wealth and income inequality have reached unacceptable levels in this country. People should not have to choose between feeding their family or keeping their homes. To address this dire economic inequity, Federal policy should support low-income people to have tangible and accessible opportunities to build wealth. This includes policies and programs such as job creation, job training, labor protections, access to capital for low-income people, financial capabilities coaching, equitable tax policies, childcare, access to public transit, etc. Of these broad array of policies and programs, National CAPACD focuses on financial and tax reform, programmatic support for financial capabilities and economic empowerment, and programmatic support for community-serving small businesses and micro-enterprises.

### **Crisis Response**

In a time of extreme economic crisis where there has been massive job losses due to circumstances beyond any one person's control, workers, students, and small businesses will need a broad and comprehensive variety of income support, supportive service and technical assistance, debt forgiveness, and protection from predatory lending and abusive debt collection practices. In the design and implementation of these programs, we strongly recommend that priority be given to lower-income people (whether workers, seniors, students, unemployed, etc.) and to micro-businesses (firms with 10 employees or less) -- i.e., that priority be given to classes of people and firms that were already the most vulnerable.

### **Beyond the Pandemic**

In the context of building us towards racial and economic justice, Federal policy should establish a fair framework in which past inequities can be addressed (e.g., closing the racial wealth gap) and that economic

opportunity is more inclusive and accessible for all, especially including low-income communities of color. In the context of our overall policy advocacy, we generally will prioritize the following:

Expand Economic Opportunity through Financial Reform: Ongoing financial regulatory reform includes many good opportunities to incorporate policies and incentives which increase the economic well-being of low-income people and communities. Likewise, consumer financial protections should be strengthened, especially as related to the needs of low-income people. Examples include:

- *Modernize the CRA:* Any CRA modernization should be true to the original intent of the CRA: to provide resources to underinvested, low-income communities that is to the direct benefit of low- and middle-income people living in such communities. In addition, any CRA reform should include an analysis of race, gender, and language access.
- *Strengthen the CFPB:* The Consumer Financial Protection Bureau (CFPB) should be protected and strengthened. For example, the full power of the Office of Fair Lending and Equal Opportunity should be restored. And, as another example, the CFPB should be empowered to address the ways in which the credit reporting system contributes to economic disparities along racial lines.
- *Restore the “Disparate Impact” Standard:* Financial institutions should be held accountable for discriminatory lending practices. In bringing such cases, the burden of proof should not be about the intent of the institution but about the impact of their actions.
- *Regulate Lending Practices to Make Financial Markets more Equitable and Accessible for Low-Income Consumers:* We recommend a variety of financial reforms to protect low-income consumers, including a federal rate cap on all small dollar loans, restoring the FDIC’s guidance on small dollar lending, and prohibitions against “rent-a-bank” high-cost predatory lending.

Make the Tax Code More Equitable: Tax policy can be an important tool to increase financial security and economic opportunity for low-income people. National CAPACD supports policies which reform the tax system through increasing taxes for those best able to pay and increasing access to programs that directly benefit low-income people, including the following:

- *Roll Back the Tax Cuts and Jobs Act of 2017:* Revisit the regressive tax policies enacted by congress a few years ago and make our overall tax system less weighted towards low- and middle-income taxpayers.
- *Increase Tax Credits that Benefit Low-Income People:* Increase programs and incentives that directly benefit low-income people such as the Earned Income Tax Credit, Child Tax Credits, and Dependent Care Tax Credits.
- *Increase Funding for VITA:* Increase funding for the Volunteer Income Tax Assistance program with emphasis on partnering with community-based nonprofit organizations.

Support Community-serving Small Businesses: According to [National CAPACD research](#), entrepreneurship is the primary source of income and serves as a ladder for economic opportunity for many low-income immigrant and refugee AAPIs. That is, small business ownership -- micro-entrepreneurship, especially -- is an employment and anti-poverty strategy for many AAPIs. Furthermore, as an essential part of a healthy, thriving neighborhood, small businesses are often the anchor of AAPI neighborhoods. They provide goods and services not available elsewhere. Restaurants, corner stores, salons and barber shops, etc. are beloved community gathering points. Federal programs providing technical assistance and resources to

micro-entrepreneurs in language and via culturally competent organizations are key to supporting economic opportunity in AAPI communities. In this context, we advocate for the following:

- *Increase Funding for Technical Assistance for Micro-Entrepreneurs:* Increase funding available for technical assistance for micro-entrepreneurs (e.g., the Small Business Administration’s PRIME program) and assure that AAPI and other communities-of-color-serving CBOs receive an equitable share of funding. We should not end up in a situation as happened with the 2020 CARES Act, where the vast majority of small businesses TA resources flowed to Small Business Development Centers which collectively have a track record of serving less than 28% “minority” businesses.
- *Expand Grants and Subsidized Lending for Micro-Entrepreneurs:* Increase the funds available through the SBA’s Microloan program. Expand the use of CDFIs as vehicles to reach small businesses in low-income communities and communities of color. Expand direct assistance grants to minority-owned micro businesses, especially during the recovery period post-pandemic.
- *Disaggregate Small Business Lending Data:* Small business lending data should be disaggregated by race, ethnicity, age, and gender parallel to HMDA data collection with improvements including the expansion of the number of racial subgroups tracked and collecting data on borrowers' English proficiency and preferred language.

Expand and Coordinate Investments in Job Creation and Job Training: As we recover from the pandemic, we will need substantial federal investments to rebuild our economy. These increased investments will likely include shoring up our healthcare systems and expanding and improving our infrastructure, especially in terms of green, sustainable infrastructure (e.g., clean energy systems, transit). It is important that low-income communities -- particularly those impacted by the pandemic -- have full access to the jobs created by these federal investments. This means investing in the following:

- *Prioritize Impacted Communities within Targeted Growth Industries:* Post-pandemic, in the sectors of our economy that are targeted for recovery and growth (e.g., healthcare, green infrastructure, affordable housing), public policy should ensure that these industries employ people from the communities that have been most impacted by the pandemic. That is, job created should be prioritized for people of color, immigrants, and women. Public investments in targeted industries should include resources, technical assistance, and policy guidance for racial equity and inclusion. And, the jobs created should be livable, sustainable careers.
- *Provide Comprehensive Job Training and Supportive Services for Impacted Communities:* In targeted industries, there must be expanded federal support for job training programs that include comprehensive training *and* supportive services for people as they complete the programs and search for a job placement (e.g., childcare, job development). These job training programs should be industry-specific, connected to local employers, and provide outreach and services in multiple languages and in a culturally competent manner.

Provide Programmatic Support for Financial Capabilities and Economic Empowerment: Low-income people face unnecessary barriers to accessing mainstream financial services and asset building opportunities. As a result, many low-income AAPIs turn to check cashing services, payday lenders, and other fringe and predatory lending services that systematically drain wealth from low-income communities. In addition to strengthening consumer financial protections, National CAPACD supports the following:

- *Expand Federal Financial Capabilities Programming:* For example, there should be expanded programming and increased Federal funding for programs such as Individual Development Accounts -- that assist low-income families to build assets. In all programs which partner with or subgrant to nonprofit organizations for the delivery of services, preference should be given to CBOs with linguistic and cultural competency that reflect local needs.
- *Increase Funding for Outreach and Education:* In order to provide more materials and to have more outreach in more languages, there should be more resources dedicated to translation for information about public benefits, consumer financial protections, financial literacy, and financial empowerment coaching.
- *Now is the Time to Be Bold:* The Federal government should explore bold, innovative ways to close the racial wealth gap. Possible programs could include a baby bond/opportunity account, universal basic income, and reparations for African Americans.