

## *Promising Practices in Promoting Economic Mobility*

“...[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.”

—**Ben Bernanke, Chairman, Board of Governors of the United States Federal Reserve, “Financial Access for Immigrants: Learning from Diverse Perspectives” Conference, April 16, 2004**

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## INTRODUCTION

Most newcomers, whether they voluntarily left their native countries or were forced to migrate, come to America in search of economic opportunities and the chance to build a better life. While the prospect of higher wages and better educational opportunities has drawn many immigrants to the United States, their ability to realize these aspirations depends on a combination of their own skills, experience, and determination as well as the opportunities and services offered by receiving communities.

Economic success and mobility are not only motivators for immigrants, but they are also key benchmarks of how well immigrant integration is occurring in receiving communities. Higher wages and financial stability are often required before immigrants can develop stronger ties to the broader community. Moreover, economic success for newcomers is usually accompanied by other indicia of integration,

such as English acquisition, higher education attainment, citizenship, and civic engagement.

**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.**

Newcomers' economic motivations, combined with U.S. employers' strong demand for foreign workers, have made immigrants an increasingly important force within the U.S. economy. Immigrants make up one in eight workers in the United States<sup>1</sup> and are expected to account for most of the nation's workforce growth between 2006 and 2035. But their economic contributions reach beyond the workforce. In many urban areas, small businesses operated by immigrants have played an important role in revitalizing neighborhoods and providing jobs and stability for local residents. Immigrant workers also provide critical support to the U.S. tax base. For instance, a 1997 study by the National Academy of Sciences found that immigrants paid more than \$50 billion of taxes annually to all levels of government.<sup>2</sup>

The growth of the immigrant population has been accompanied by numerous stories of individual success, consistent with the American folklore of how newcomers can achieve financial success through hard work and ingenuity.



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Indeed, because the U.S. immigration system favors legal migration by highly skilled individuals, nearly one-quarter of the foreign-born population holds professional or managerial jobs,<sup>3</sup> and some ethnic groups have household incomes that are significantly higher than the national average.

However, these success stories cannot hide the economic challenges faced by the fastest-growing segment of the newcomer population, which includes individuals with relatively limited education or English skills and large numbers of undocumented immigrants. For these immigrants, most of whom work in low-wage industries, current economic trends and existing government policies present numerous barriers that impede their economic mobility.

1. Schmidley, Diane. *Profile of the Foreign-Born Population in the United States: 2000*. U.S. Census Bureau, Current Population Reports, Special Studies No. P23-206. December 2001.

2. National Academy of Sciences. 1997. *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington, D.C.: National Academy of Sciences. The same study also found that immigrants' contributions will play a huge role in keeping the Social Security system viable for all Americans. The net benefit to the Social Security system if immigration levels remain constant is expected to be \$500 billion between 1998 through 2022 and nearly \$2 trillion through 2072. A more recent study found that undocumented immigrants, alone, contribute at least seven billion dollars annually to the social security system even though they are not entitled to collect benefits. See Rosenbaum, David and Robin Toner. 2005. "To Social Security Debate, Add Variable: Immigration," *The New York Times*, February 16.

3. Moran, Tyler and Daranee Petsod. 2003. *Newcomers in the American Workplace: Improving Employment Outcomes for Low-Wage Immigrants and Refugees*. Sebastopol, CA: Grantmakers Concerned with Immigrants and Refugees and Neighborhood Funders Group.

Traditionally, immigrants achieve upward economic mobility in two ways. First, individual immigrants improve their wages over their lifetime as they gain training and experience in the U.S. job market. Second, each succeeding generation earns more than their parents, so that, over time, they come to resemble their native-born counterparts. Through high rates of workforce participation and the formation of new businesses, immigrants support their families as well the communities where they live by generating tax revenues.

But for recently arrived immigrants with limited English skills and educational attainment, working long hours is not enough to stave off poverty. Forty-three percent of immigrant families with at least one full-time worker have incomes below 200 percent of the federal poverty level compared to 26 percent of native-born workers.<sup>4</sup>

Having access mostly to low-paying jobs is a primary reason many immigrants live in working poverty. Nearly half of immigrant workers earn less than twice the federal minimum wage,<sup>5</sup> and 63 percent of foreign-born workers, primarily from Mexico and Latin America, work in service, manufacturing, and agricultural occupations.<sup>6</sup> These industries not only pay low wages, but the jobs are often part-time or seasonal and generally do not provide health insurance or other benefits. Consequently, only 26 percent of foreign-born workers receive job-based health insurance compared to 42 percent for U.S. citizens. As discussed below, the lack of employer-based health insurance is an especially difficult barrier for low-income families to overcome.

In addition, federal policies that severely restrict access to critical health and social services such as Medicaid or Food Stamps impede the ability of immigrant families to achieve economic mobility. As detailed below, when Congress passed welfare legislation in 1996, it made virtually all immigrants arriving in the United States after August 22, 1996 ineligible for major federal public benefits programs for at least their first five



years in the United States. Congress has since made some exceptions to this rule, and a growing number of states, recognizing that such restrictive policies are harmful and costly, have enacted their own immigrant-specific health and social services programs. Nevertheless, low-income immigrants generally have less access to public resources, such as health care, that are critical for achieving economic self-sufficiency. They also have few family members or social networks that can help cushion an economic blow such as job loss.

In response to the unique challenges facing immigrants with limited English skills and low educational attainment, foundations can play an important role in supporting programs that help increase this population's economic mobility.

This section describes how funders can improve immigrants' economic mobility by supporting programs that strengthen immigrants' ability to successfully enter and advance in the labor market; increase their knowledge of financial planning and how to obtain affordable services, including credit, from banks and other financial institutions; and encourage their participation in tax credit programs intended to support working poor families.

**Nearly half of immigrant workers earn less than twice the federal minimum wage, and only 26 percent receive job-based health insurance, compared to 42 percent of U.S.-born workers.**

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4. Fix, Michael E. and Jeffrey S. Passel. 2002. *Immigrants and Welfare Reform*. Washington, D.C.: Urban Institute.  
5. Capps, Randy, et. al. 2003. *A Profile of Low-Wage Immigrant Workforce*. Washington, D.C.: Urban Institute.  
6. Schmidley, 2001.

## IMPROVING IMMIGRANTS' EMPLOYMENT PROSPECTS

### CHALLENGES AND FUNDING OPPORTUNITIES

Despite their pivotal role in the U.S. economy, many immigrant workers face enormous challenges in the labor force. Nearly half earn less than the minimum wage, compared to about one-third of native-born workers. For example, the average low-wage immigrant worker earned \$14,400 in 2001.<sup>7</sup> Many of the issues facing low-wage immigrant workers are discussed in other sections of the toolkit; therefore, this section provides only a brief summary of critical employment barriers and how funders can support employment mobility for newcomer populations.<sup>8</sup>

DVD

#### **Watch the DVD Rain in a Dry Land: Affordable Housing**

*Safe, affordable housing can make a critical difference in gaining an economic foothold for immigrant families. Visit the subsidized apartment that brought optimism and a sense of genuine possibility into the difficult lives of one refugee family.*

- **Many immigrants have limited English proficiency, vocational skills, and education.** Consequently, their access to good jobs that pay family-sustaining wages and provide opportunities for advancement are severely limited. To address these challenges, funders can support innovative English acquisition, adult education, and vocational training programs, as well as policy efforts to increase resources available to help immigrants improve their skills.<sup>9</sup>

- **Many job training and placement programs are not accessible to or meet the unique needs of immigrant and other limited English proficient (LEP) workers.** Funders can expand the supply of programs that provide linguistically and culturally competent vocational and other training programs specifically designed to help newcomers. See the “Promising Practices in English Acquisition” section of the toolkit for effective program models.

- **Low-wage immigrant workers are the least likely among all workers to receive job-based benefits.** To increase health coverage, funders can support strategies that expand immigrants' eligibility for and access to public health insurance programs and health services. See the “Promising Practices in Promoting Health and Well-Being” section for details on successful program and policy strategies.

- **Many low-wage immigrants suffer discrimination and exploitation in the workplace.** Common realities include low wages, long hours, poor working conditions, and denial of labor rights, such as union representation and collective bargaining. Strategies for addressing discrimination and exploitation of immigrant workers are described in the “Promising Practices in Equal Treatment and Opportunity” section of this publication.

- **Undocumented workers, due to their lack of work authorization, have limited options for moving out of low-wage jobs.** Funders interested in improving economic outcomes for this population can consider funding worker-owned cooperatives, as well as policy advocacy efforts to expand legal immigration channels for low-skilled workers, including guestworker programs and programs that offer pathways to permanent residency status and citizenship.

- **Many skilled immigrants cannot use their previous training, education, or work experience to secure employment in their field in the United States.** This is due to their limited English skills, lack of familiarity with American workplace culture and norms, the tendency of U.S. employers to discount foreign work experience, and/or different credentialing requirements. The Welcome Back Initiative in this section offers one promising practice to help skilled immigrants find employment in their field.



© Harry Cutting Photography

7. Capps, Randy, Michael Fix, Jeffrey S. Passel, Jason Ost, and Dan Perez-Lopez. 2003. *A Profile of the Low-Wage Immigrant Workforce*. Washington, D.C.: Urban Institute.

8. See also Moran and Petsod, 2003.

9. Wrigley, Heide Spruck, Elise Richer, Karin Martinson, Hitomi Kubo, and Julie Strawn. 2003. *The Language of Opportunity: Expanding Employment Prospects for Adults with Limited English Skills*. Washington, D.C.: Center for Law and Social Policy.

## PROVIDING ACCESSIBLE WORKFORCE DEVELOPMENT SERVICES

**New Iowan Centers**  
**Des Moines, Iowa**  
[www.iowaworkforce.org/centers/newiowan](http://www.iowaworkforce.org/centers/newiowan)

Recognizing the growing importance of immigrant workers to their local economies, some state and local governments have begun to coordinate workforce development services to newcomers to help them achieve economic self-sufficiency. A good example is the New Iowan Centers (NICs) started by Iowa's Workforce Development Agency in 2001. Based at existing state Workforce Development Centers in eight locations throughout the state, NICs provide "one-stop" services to immigrant workers, including assistance with immigration forms, job counseling and placement services, and referrals for housing, child care, interpretation, and legal services.

Through a partnership with local community colleges, several NICs offer ESL

**"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."**

and basic adult education courses. NICs also try to protect immigrant workers against exploitation: They provide bilingual (Spanish/English) information

about their workplace rights and assist workers in filing complaints with labor enforcement agencies. All NICs have bilingual staff who can communicate with Spanish-speaking workers.

NICs also offer services and trainings to employers to help them understand the benefits, responsibilities, and challenges of hiring immigrant workers. These human resource services cover a wide range of issues, including the recruitment of new employees, immigration laws that apply to the workplace, non-discrimination and labor enforce-

ment laws, cultural diversity issues, and the challenges of communicating with and training Spanish-speaking employees. "Our goal," says Barbara Bobb, bureau chief of the agency's Targeted Services, "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."

**DVD** **Watch the DVD**  
**Rain in a Dry Land:**  
**Goodwill Industries**

*Many immigrants, particularly those from rural countries, come to the United States lacking the skills necessary to secure even basic employment. Get some on-the-job training with an industrious single mother, and experience the triumph of her first pay day.*



© Nebraska Applesseed Center for Law in the Public Interest

## HELPING IMMIGRANTS USE PREVIOUS TRAINING AND EXPERIENCE

**Welcome Back Initiative**  
**San Francisco, California**  
[www.e-welcomeback.org](http://www.e-welcomeback.org)

Many immigrants arrive in the United States with substantial vocational skills and employment experience. However, they often have difficulty putting their experience to work due to unfamiliarity with the U.S. workplace, the tendency of employers to discount foreign work experience, and the need to obtain new credentials for professional work. The Welcome Back Initiative, a California-wide project, has successfully helped thousands of health professionals trained outside of the United States to enter the health workforce, while infusing the health care system with culturally and linguistically competent workers to serve the state's growing immigrant population.

With centers located in San Francisco, Los Angeles, and San Diego, the Welcome Back Initiative helps immigrant health professionals gain familiarity with the U.S. health care system, improve their vocational English, obtain required licenses and credentials, and find jobs through the centers' well-developed relationships with employers. The centers' services, available to all foreign-trained health workers who reside in California, include:

- **Career assessment and plan.**

A case manager conducts an assessment of each individual's educational background, English proficiency, vocational goals, and work history, both in the United States and the country of origin, in order to develop a career path plan to facilitate entry into a health care profession in the United States.

- **Case management and counseling.**

The centers help newcomers secure transcripts and school records from abroad, obtain licensing information, connect with agencies that help validate credentials, enroll in specific ESL or training programs, as well as obtain financial aid and job counseling and placement services. Case managers meet regularly with participants to problem solve, develop short-term plans, and provide support and motivation.

- **Education and training.** The centers offer various educational programs, including courses that provide an introduction to the U.S. health care system and licensing preparation courses in nursing and other health occupations. The centers have also partnered with community colleges and universities to develop specific training programs to help foreign-trained health professionals transition into the U.S. workforce. For example, recognizing that many of its participants need to improve their English skills and learn health-related vocabulary, the San Francisco Welcome Back Center, in partnership with City College of San Francisco, has developed an innovative one-year vocational ESL curriculum that teaches language and

communication skills needed for interacting with patients, patients' families, and co-workers. In addition to offering courses, the centers refer participants to other institutions that provide ESL and vocational training.

- **Group support activities.** The centers offer various support groups and workshops to help participants learn more about specific professions within the health care sector. Group activities are also intended to motivate participants and create a peer network that helps them become health professionals in the United States.

Between 2002 and 2005, the centers served more than 5,900 participants from more than 100 countries. The participants previously worked abroad as physicians, nurses, dentists, and other health professionals. Approximately 70 percent of them are women, and the median age is slightly above 40. Many participants are still studying or training to re-enter their previous professions, but the program has already helped over 1,300 participants to validate their professional credentials. Almost half of its clientele, approximately 2,800 individuals, hold health care jobs and are playing a critical role in making California's health care system more accessible to immigrants.

The program's success can also be described in more personal terms. As Maria, a physician from Morocco, said upon completing the program, "I have improved my English, I learned a lot about the health care workplace, but

above all, I regained self-confidence. Now I know what I want to do. I have no doubt I can work in this country, pursue my education, and be successful."

With funding from The California Endowment, The California Wellness Foundation, The San Francisco Foundation, and Kaiser Permanente, among others, the Welcome Back Initiative plans to expand its work. Beyond providing direct services, the centers have already begun to engage policymakers on how to reduce barriers that prevent skilled health workers from entering their professions in the United States. The centers also plan to help other groups across the country start similar programs, with one such program launched in Boston in 2005 and other projects in the planning stages in New York City and Montgomery County, Maryland.

DVD

**Watch the DVD**  
**The New Americans:**  
**The Nwidors at Work**

*The American food, hospitality, and other service industries rely heavily on an immigrant workforce. Go behind the swinging hotel doors with one refugee couple: a chemical engineer who washes dishes and his wife, a chambermaid who will soon enter nursing school.*



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## MOUNTING PUBLIC CAMPAIGNS TO IMPROVE WAGES AND WORK CONDITIONS

### Los Angeles Alliance for a New Economy Los Angeles, California [www.laane.org](http://www.laane.org)

Immigrants with limited education or English skills often hold jobs that are low-paying, lack health benefits, and do not have unions or other institutions through which they can address poor work conditions. But in recent years, community organizations have improved low-wage employment sectors through innovative community organizing and advocacy. These efforts have led to the passage of numerous living-wage laws, as well as the creation of neighborhood development projects. In localities where immigrants make up an increasingly large portion of the working poor, these strategies have the potential to benefit large numbers of newcomers. They also offer opportunities for immigrants to work with other low-income residents and communities of color to organize towards a shared goal.<sup>10</sup>

Founded in 1993, the Los Angeles Alliance for a New Economy (LAANE) has been a national leader in developing model campaigns to improve conditions for the working poor. Its model combines research, community organizing, communications, and policy advocacy.

“We often partner with low-wage workers who are organizing in their workplace,” says Vivian Rothstein, LAANE’s deputy director. “Our strategy is to connect them with allies and resources, mobilize community engagement in their efforts, and change policies to improve workplaces over the long run.”

LAANE has helped win living wages for tens of thousands of workers and negotiated development agreements that have created economic benefits to residents throughout Los Angeles. Its victories to date include successful campaigns in the late-1990s that enacted a living-wage law in Los Angeles, which raised wages for 15,000 municipal workers, improved wages and work conditions for

thousands of employees at Los Angeles International Airport (LAX), and passed a Los Angeles Superstore Ordinance that gives communities more control over the construction of large retail stores.

LAANE is currently working with a coalition of community, religious, labor, and education leaders to improve workplace conditions and build a better economy for thousands of workers and residents along the Century Corridor area near LAX. The area has 13 major hotels that employ more than 4,000 workers, mostly immigrants who receive significantly lower wages and benefits than those of hospitality workers in other parts of Los Angeles County. None of the hotels are unionized, and past organizing efforts have not succeeded. LAANE has been building a coalition to unite workers across various hotels with community members who are concerned that these low-wage jobs contribute to poverty and other problems in their neighborhood.

As part of its effort to improve conditions for local hospitality workers, LAANE has proposed an economic development plan to increase business at the hotels over the long term so they will be in better position to raise wages and provide benefits. Its proposal asks the city to upgrade the Corridor through the creation of shops, restaurants, a mini conference center, and other tourist sites. To build support for this idea, LAANE and community allies convened a blue-ribbon commission consisting of community leaders and elected officials, which issued a report in February 2006 detailing recommendations for creating a “win-win” solution for workers, the tourism industry, and local residents.<sup>11</sup>

LAANE has also done similarly innovative work in helping immigrant communities shape neighborhood development projects to generate living-wage jobs and address community needs. The group, since 2003, has been working with residents of the Adams La Brea neighborhood, a low-income community with a predominately Latino and African-American population.

LAANE initially helped residents halt a major commercial development that would have displaced over 70 families and is now working with LA Voice PICO to organize residents and help them reach consensus on possible criteria for future development projects.

“The goal is have publicly subsidized development be revitalizing rather than have a damaging effect on the neighborhood,” explains Roxana Tynan, project director for Accountable Development at LAANE.

The strong neighborhood coalition that formed persuaded the Los Angeles Community Redevelopment Agency to include community-benefit requirements in future proposed neighborhood developments. Specifically, any new development must generate a minimum of 250 living-wage jobs, provide job training to facilitate the hiring of local residents, make affordable at least 20 percent of any new housing and pay relocation benefits to displaced tenants and property owners. Critics who argued that these requirements would drive

**“The community residents demonstrated that when they joined together and organized themselves they could have a powerful voice in decisions that affect their community.”**

developers away were silenced when five solid proposals were received.

The ability of neighborhood leaders to facilitate cooperation and respectful dialogue among Latino and African-American residents has been critical to the project’s success.

“The community residents demonstrated that when they joined together and organized themselves,” says Tynan, “they could have a powerful voice in decisions that affect their community.”

10. In addition to the organization described in this section, other examples of this type of advocacy can be found in the description of Workers Centers in the “Promising Practices in Equal Treatment and Opportunity” section of this publication.

11. The report is available at [www.centurycommission.net](http://www.centurycommission.net).



## SUPPORTING IMMIGRANT ENTREPRENEURSHIP

[www.thaicdc.org](http://www.thaicdc.org)  
[www.ledc-mn.org](http://www.ledc-mn.org)  
[www.vietaid.org](http://www.vietaid.org)

DVD

### *Watch the DVD Maid in America: Dynamic Workers, LLC*

*Despite their limited skills and work experience, some newcomers are looking to entrepreneurship as a pathway to achieve economic mobility. Attend a business meeting of a collective of mostly Spanish-speaking domestic workers, who are reaching for the American Dream by starting a house-cleaning cooperative.*

## NEWCOMERS AS ENGINES FOR COMMUNITY DEVELOPMENT

### The Role of Ethnic-Based Community Development Corporations

Whether paying taxes, buying goods, starting businesses, or revitalizing old neighborhoods, immigrants contribute significantly to the U.S. economy. And immigrant-based community organizations play a central role in promoting much of this immigrant enterprise.

In recent years, ethnic-based community development corporations (CDCs) have played a critical role in facilitating immigrants' economic integration. Tapping into immigrants' entrepreneurial spirit, these CDCs help newcomers develop small businesses and improve their economic mobility.

Thai CDC in Los Angeles, the Vietnamese American Initiative for Development (Viet-AID) in Boston, and the Latino Economic Development Center (LEDC) in Minneapolis are three ethnic-based CDCs whose work illustrates promising strategies that improve economic mobility for immigrants in ways that also strengthen economic outcomes for the broader community.

Thai CDC's program educates entrepreneurs on financial literacy, wage-and-hour laws, taxes, business structure, site selection, and other topics while also providing technical assistance and counseling. Through Thai CDC's help, a new entrepreneur with \$1,000 can obtain a 2:1 federal match and triple that amount. Since its founding, Thai CDC has helped start more than 150 small businesses.

Viet-AID has a similar Small Business Assistance Program that has provided assistance to over 40 businesses in the past three years, helped start seven new businesses, and assisted in helping five businesses secure loans and grants totaling over \$400,000.

"The rate of entrepreneurship is extremely high among immigrants, especially Asian immigrants," says Chanchanit Martorell, the executive director of Thai CDC. "The fact that we use anti-immigrant sentiment and bias to deny them an opportunity is denying ourselves economic growth contributed by immigrants who own and operate their own small business."

LEDC holds a micro-entrepreneur training course in which students write business plans and then learn about bookkeeping, marketing, obtaining licenses and permits, and making various economic projections. LEDC, like Thai CDC and Viet-AID, have consultants who work with would-be business owners and provide ongoing support and advice. In addition, LEDC holds English-Spanish workshops on taxes, labor laws, and other business issues.

One strategy employed by each of these CDCs is creating a commercial area where small immigrant-owned businesses have the opportunity to establish presence, fulfill a need in the neighborhood, and thrive. These areas are generally in low-income parts of the city that have become rundown over the years; new businesses and economic activity act to revitalize the community for everyone, not just immigrants but long-term residents as well.



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When Thai CDC was established in 1994, it had long-term economic mobility for Thais as a core mission. Its first step was to create a Thai Town in decaying East Hollywood, which, according to the 2000 census, has a poverty rate of 31 percent compared to California's rate of 14 percent.

"Given that the historical port of entry for Thais is the East Hollywood area, we decided we could use that as a launching pad to begin a campaign to basically address all of the needs within the East Hollywood area," Martorell explains. "The whole Thai Town idea was to improve the amenities, the public infrastructure, and create services and really generate some capital and investments in the area."

After years of campaigning and promoting this would-be cultural and tourist center, Thai CDC in 1999 won official designation from the City of Los Angeles for an official Thai Town in East Hollywood.

"With Thai Town, there's a lot more foot traffic in East Hollywood, more tourists and pedestrians," Martorell says. "We've put the Thai community on the map. This is the first and only Thai Town in the world."

Viet-AID has pursued community development in Fields Corner, a low-income neighborhood in Boston's Dorchester area, where over 70 percent of residents are minorities. An estimated 10,000 Vietnamese newcomers live in Dorchester, giving it the largest concentration of Vietnamese in Greater Boston. Today, Vietnamese-owned businesses, many of which started with help from Viet-AID, comprise 50 percent of the total businesses in Fields Corner and Savin Hill (another Dorchester neighborhood). Viet-AID has also created the Win-Win Cleaning Cooperative, a commercial cleaning operation, which now generates more than \$233,000 in annual gross revenue.

Lake Street, in Minneapolis, is another example of an area that had deteriorated over the years, but thanks to efforts by LEDC and others, the street and its



*Chanchanit Martorell of Thai CDC*

surroundings are now bustling with energy. Starting with a recognition of the demand for ethnic goods and services in the area, LEDC helped start Mercado Central, a business cooperative in a three-story building that currently includes 47 businesses. Much is particular to Latino residents, such as Latino videos, items for first communion, specialized grocery options, and planning for "quinceañeras," a traditional fifteenth birthday celebration for Latina girls.

"I think that the developers of Mercado Central really came together and believed that they could do it. They looked at and built on their assets rather than focusing on the barriers. They saw what they could bring to the community, not just the Latino community but the larger community," says Ruby Lee, a program officer at The Saint Paul Foundation.

As the Mercado Central flourished rapidly, a snowball effect took place: The formerly lifeless Lake Street became an economic corridor lined with restaurants, markets, flower shops, and specialty stores.

**"Business development is one way for people to get integrated and accepted into society by financially contributing."**

"Many of these businesses are also involved in their neighborhood and business associations, which is something I'm proud to say," notes Ramón León, executive director of LEDC. "Creating this corridor was intended to help fully integrate immigrants into the system, making business something that is socially responsible."

Affordable housing development by the CDCs has also revitalized the area. In 1997, Thai CDC completed a \$5 million renovation of the Halifax Apartments, creating 46 units of affordable housing. After its completion, Thai CDC began the development of Palm Village Apartments, a \$9 million project that will generate 60 units of affordable housing for seniors. Thai CDC is also working to develop another 100-plus units of affordable senior housing in the Westlake area of Los Angeles.

"Because low-income families are only paying 30 percent for rent [in these rental units], 70 percent of their income can be spent on children, education, and so on. That's critical to stabilizing families," Martorell says.

In Fields Corner, a former drug house has been converted by Viet-AID into three affordable housing units. Work like this clearly reflects Viet-AID's aim in housing development: creating affordable housing for low-income immigrant families that also strengthens the community and improves upon the physical environment of the neighborhood. Viet-AID has just begun work on its largest property development task to date: developing a mixed-use commercial and residential property. Besides building, Viet-AID also provides informational resources, home-buying classes, and referral services to those searching for an affordable place to live.

In addition to developing affordable housing and promoting community economic development, ethnic-based CDCs utilize other strategies to help immigrants gain financial footing in their new community. Each CDC has a variety of different such projects, including:

- **Thai CDC's Community Health Leadership Program.** Thai CDC identified the health care industry as fast-growing and in high demand for workers, so it launched workforce development that specifically prepares Thais for jobs in health care.

- **Thai CDC's Summer Activist Training.** This training provides an opportunity for Asian Pacific college students to gain grassroots organizing skills.

- **Viet-AID's Youth Leadership Development.** The program builds future leadership by giving high school and college students the opportunity to fundraise, work with residents, and participate in other organizing work.

- **Viet-AID's Comprehensive Child Care Initiative.** Viet-AID is currently working to expand and develop its Family Childcare Program and Au Co Pre-School. The child care program trains women to be family child care providers to low-income and ethnically diverse families. Viet-AID runs the Au

Co Pre-School, which ensures high-quality, culturally competent early education.

- **LEDC's Latino Scholarship Program.** Scholarships are offered each year to two students from Minnesota who have demonstrated financial need, academic achievement, and leadership in the Latino community.

These CDCs believe that the most effective way newcomers can improve their quality of life is to integrate economically and make concrete contributions to the broader community.

"We felt that, in the long run, generating wealth and building community asset would have the most impact," Martorell says. "Affordable housing, job development, financial literacy, entrepreneur

training, and neighborhood development emerged as priorities [for us]."

In addition to promoting self-sufficiency and better living standard for immigrants, economic development helps immigrant communities gain respect. As Jocelyn Ancheta, a program officer at the Blue Cross and Blue Shield of Minnesota Foundation, puts it:

"Mainstream Americans see that as long as the refugees and immigrants are contributing to the system rather than taking money out of it, it's okay for them to be here. Business development is one way for people to get integrated and accepted into society by financially contributing."



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## COOPERATIVES: ECONOMIC MOBILITY STRATEGY FOR IMMIGRANT WOMEN

**WAGES: Women's Action to Gain Economic Security**  
San Francisco, California  
[www.wagescooperatives.org](http://www.wagescooperatives.org)

Formed in 1995, WAGES seeks to improve the economic mobility of low-income immigrant women in the San Francisco Bay Area by helping them start up eco-friendly housecleaning cooperatives. The cooperatives, structured as limited liability corporations, are owned by the women who do the housecleaning, and all profits belong to them. These worker-owners also play a key role in managing and running the cooperatives.

As a cooperative is formed and then begins to operate, WAGES offers a comprehensive package of support:

- **Technical assistance.** WAGES provides advice on legal structure and works with the women to secure loans, create business plans, prepare tax filings, etc.



© WAGES

- **Governance training.** Each cooperative has a board of directors that includes worker-owners. WAGES offers training to educate boards on their legal responsibilities and to assist them in operating smoothly and effectively.

- **Management services.** WAGES provides a professional manager to each cooperative for the first three years of operation. In addition to managing the cooperative, the manager helps cooperative members develop business skills.

- **Education.** WAGES trains cooperative members in areas such as the use of eco-friendly products, housecleaning techniques, communication, financial literacy, decision making, customer satisfaction, and marketing.

WAGES has developed five cooperatives in all and is preparing to launch a sixth. The three cooperatives currently operating independently are Emma's Eco-Clean, Eco-Care Professional Housecleaning, and Natural Home Cleaning Professionals. Each cooperative has approximately 15 members, the majority of whom are immigrant women from Mexico and Central America. Each cooperative boasts gross revenues ranging from \$300,000 to more than \$600,000. Their success is especially remarkable given the fact that very few of the members speak English, and some are recent immigrants.

Hilary Abell, executive director of WAGES, sees many benefits to the cooperative model. First, of course, is an economic benefit: On average, the cooperatives increase household incomes by 40 percent since all profits are shared equally among the members. WAGES estimates that members, making \$11 to \$14 per hour, earn 50 to 100 percent more than they would working at a conventional cleaning company. In addition, they receive fringe benefits, such as paid holidays and health insurance.

A portion of the profits are kept in the cooperative under each member's name, and when a member leaves, the money is given to her.

There is also a social benefit. Each woman has a voice in the workplace and participates in decision making that affects her business. The cooperative allows the women to develop leadership abilities and provides them emotional support.

"Being the owners gives them a powerful sense of pride in the work. They see cleaning as a profession and something to be valued. It's nothing to be ashamed of, even though it is sometimes looked down on in our society," Abell explains.

Although being a worker-owner is one of the advantages of a cooperative, it simultaneously presents significant challenges for the women.

"They don't have a direct supervisor on the job, so it requires a lot of maturity to work with each other to make business decisions. They've never had the opportunity before to do this, so we provide a lot of education and they do a great job of rising to the occasion," Abell observes.

The women do grassroots fundraising, like selling tamales, to raise start-up funding. Once the cooperatives are up and running, operating costs are covered through sales, membership fees (\$400 per person over a period of time), and a small business loan. The support services offered by WAGES, free to the cooperatives, are funded by grants from foundations and individuals. Supporters of WAGES include the Zellerbach Family Foundation, The California Wellness Foundation, the Levi Strauss Foundation, and the F.B. Heron Foundation.

Abell believes the WAGES model is highly replicable and can benefit communities outside the Bay Area in places like Los Angeles, Texas, and New York that have expressed interest. However, growth will only be possible with more funding.

“What we do is unique and I think that has helped us,” Abell notes. “Funders understand that the economic impact is very real, and they really support what we do.”

Another goal is the creation of an association of eco-friendly cleaning cooperatives through which WAGES can provide ongoing technical assistance and training. Currently, cooperatives become independent of WAGES when the cooperative has achieved financial stability, typically after three years of operation. All cooperatives still participate in a peer leadership program, but they are otherwise quite independent.

The existing cooperatives have continued to thrive as demand for environmentally friendly housecleaning services grows. Especially successful is Emma’s Eco-Clean, which opened in Redwood City in 1999 and has grown to a membership of 18 women. In 2005, it grossed more than \$600,000, and its members enjoy health and dental insurance and three weeks of paid vacation annually.

“Emma’s,” says Abell, “is our shining example of what’s possible.”



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**“Being the owners gives them a powerful sense of pride in the work. They see cleaning as a profession and something to be valued. It’s nothing to be ashamed of, even though it is sometimes looked down on in our society.”**

## 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.<sup>12</sup>

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

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, 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.

### ELEMENTS OF PROMISING PRACTICES

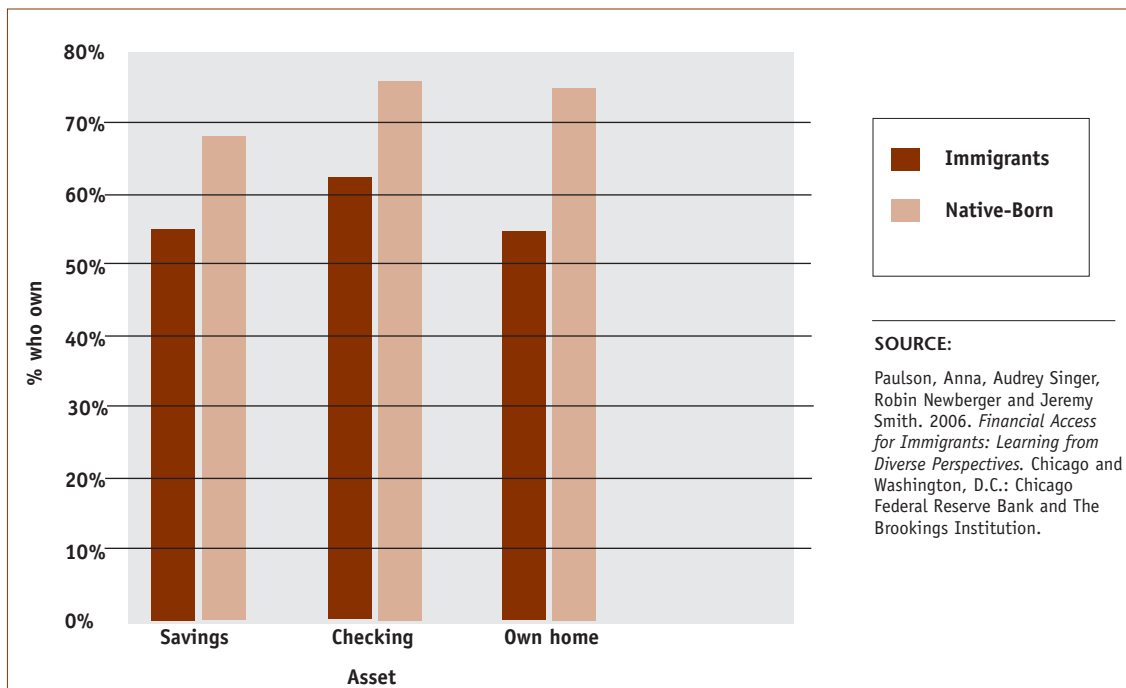
In recent years, banks, government regulators, and community organizations have paid increasing attention to the growing immigrant population in their communities. In many cities, collaborative efforts are underway to expand newcomers’ access to mainstream financial services. These efforts seek to increase the capacity and responsiveness of financial institutions to immigrants and educate them about available financial services. Activities include:

- 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.



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12. While these generalizations apply to immigrants as a group, there are significant variations among their use of financial services. Their access to these services differs based on a number of factors, including their education level, income, length of residency in the United States, immigration status, and financial practices in their native countries. See generally Singer, Audrey, and Anna Paulson. 2004. *Financial Access for Immigrants: Learning From Diverse Perspectives*. Washington, D.C.: Brookings Institution.



**Figure 1: Financial Activities of Immigrant and Native-born Heads of Households**

- 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 (see box below).

- 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.

The promising practices described below range from modest efforts—helping banks develop multilingual workforces and providing immigrants with basic information about financial services—to more ambitious, multi-sector efforts to change the behavior of both new immigrants and financial institutions so that they can develop mutually beneficial relationships.

### ALTERNATIVE IDENTIFICATION DOCUMENTS FOR ESTABLISHING BANK ACCOUNTS

Under the U.S.A. PATRIOT Act, banks must collect certain identifying information from their customers (e.g., name, address, and tax identification number) and verify their identity. Typically, banks require their customers to provide a Social Security number to be used for reporting interest and other financial information to the federal government. But 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.

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## DIVERSIFYING THE WORKFORCE OF FINANCIAL INSTITUTIONS

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**Minneapolis Community and Technical College's Financial Careers Institute**  
*Minneapolis, Minnesota*  
[www.minneapolis.edu/cect/financial\\_careers.cfm](http://www.minneapolis.edu/cect/financial_careers.cfm)

In 2003, Minneapolis Community and Technical College (MCTC), U.S. Bank, and two community organizations—Goodwill Easter Seals and Project for Pride in Living—formed a partnership to help financial institutions develop a more diverse workforce to serve the community's growing immigrant population. The partnership has two program components: (1) an associate degree program to train low-income residents and immigrants who are interested in becoming financial professionals, and (2) a model program to help existing bank employees learn cultural and language skills to improve their communication with immigrant customers.

To support these programs, MCTC formed the Financial Career Institute within the college to offer a certificate or associate degree in banking and financial

services. The Institute is designed to prepare students for a career path and advance into management positions. Students who complete an associate degree can then pursue a BA and an MBA at Metropolitan State University. Although open to the public, the Institute targets newcomers from the Latino, Somali, and Hmong communities, and many of the referrals come from the two community partners. As a result, the partnership has increased workforce diversity at local banks, while giving newcomers and other residents the skills needed to begin or advance careers in financial services.

With funding from the Minnesota Job Skills Partnership, MCTC also provides training to U.S. Bank employees on cultural diversity, banking principles, and Spanish. As of early 2006, 38 U.S. Bank employees had participated in this program and learned Spanish vocabulary that is commonly used in the banking industry, e.g., basic greetings and helping customers open bank accounts and conduct other simple transactions. Participants who have completed the program are now successfully serving Spanish-speaking customers.



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## INCREASING IMMIGRANTS' ACCESS TO MAINSTREAM FINANCIAL SERVICES

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**FDIC's New Alliance Task Force**  
*Chicago, Illinois*

More and more banks have begun to recognize the financial benefits of working with the rapidly growing immigrant market. The New Alliance Task Force (NATF) of the Federal Deposit Insurance Corporation (FDIC) has successfully tapped into this interest by helping numerous banks open their doors to immigrants through financial education programs, effective outreach, and financial services that meet immigrants' unique needs. Many of the innovative practices developed by NATF have been adopted by financial institutions across the country.

Originally started by the Chicago office of the FDIC and the Consulate General of Mexico, NATF eventually became a broad coalition of over 60 banks, community organizations, and government agencies interested in increasing immigrants' access to financial services. The Task Force has a two-pronged education goal: (1) to inform immigrants of the workings and benefits of utilizing the U.S. banking system, and (2) to provide financial institutions with information on how they can serve immigrant customers.

With so many immigrants in Chicago and the Midwest without the identification documents typically required by banks, one of the first efforts undertaken by NATF was to educate its members about documents acceptable under the U.S.A. PATRIOT Act for opening bank accounts.<sup>13</sup> Some of the members, for instance, were surprised to learn that federal laws do not prohibit banks from providing services to undocumented immigrants. As the U.S. Office of the Comptroller of Currency stated: "Banks are not an arm of the immigration department. As long as those getting [services] meet the requirements of being authorized bank customers, including proper ID, it would be discriminatory not to service them."<sup>14</sup>

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13. See "Alternative Identification Documents" sidebar on page 139.

14. Bergsman, Steve. 2005. "Banks are Quietly Wooing Undocumented Immigrants." *US Banker*, June.



When NATF was first formed, many financial institutions were unfamiliar with both ITINs and the matricula identification card issued by the Mexican government.<sup>15</sup> But the presence of federal regulators on the Task Force helped reassure banks that they could indeed rely on such documents to meet federal banking requirements.

Recognizing that banks could be motivated to provide financial services to immigrants, some NATF members helped develop model bank products to attract new immigrant customers. For example, two members of the Task Force—Second Federal Savings and Loan and First Bank of the Americas—were among the first community banks in the country to accept the matricula card and to develop low-fee remittance services using dual-use ATM cards that allowed both immigrants in the United States and their family members abroad to withdraw money directly from a U.S. bank account. In addition, 18 NATF member banks in the Midwest currently participate in “Directo a México,” a pilot program of the Federal Reserve Bank of Atlanta and the Banco de México to provide a cost-effective alternative to expensive wire transfers to

**The combination of educating banks and immigrant communities about the mutual benefits of working together has significantly increased newcomers’ access to mainstream banks.**

Mexico. NATF also developed a model loan product that could be used by individuals who pay taxes with an ITIN, along with specific guidance on how banks should evaluate the credit worthiness of people without a Social Security number or traditional credit history.

At the same time that they worked with banks, Task Force members also undertook campaigns to educate the newcomer community about using financial services. In collaboration with community organizations, churches, community colleges, and financial institutions, the FDIC created Money Smart, a Spanish-language adult financial education curriculum made available to 10,000 immigrants in Illinois. The Mexican Consulate



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of Chicago also launched its own financial education program in Spanish, using ATMs donated by local banks to train immigrants on banking technologies.

The combination of educating banks and immigrant communities about the mutual benefits of working together has

significantly increased newcomers’ access to mainstream banks in the Midwest. For example, out of approximately 400 banks nationally that accept the matricula,<sup>16</sup> a high number are in this region, resulting in numerous new accounts opened by immigrants.<sup>17</sup> A survey undertaken by the FDIC found that, since 2003, at least 185,000 bank accounts with deposits totaling over \$300 million have been opened in eight Midwestern states by customers using alternate forms of identification.<sup>18</sup> The Task Force’s model mortgage product has also been widely adopted by a number of banks, with newspaper accounts suggesting that it has generated hundreds of millions of dollars in new loans

to families who were previously shut out of the home-buying market.<sup>19</sup>

Michael Frias, NATF national coordinator, attributes the project’s success to its timeliness and its ability to bring a broad cross section of the community together to address shared interests. “Market forces—a large and rapidly growing immigrant population and banks’ need to expand their markets—provided strong incentives for businesses to participate,” says Frias. “But the broad range of participants gave us the capacity to bring banks and different immigrant communities together in mutually beneficial ways.” The Task Force’s success has led to the creation of similar FDIC-led projects in New York City, Boston, Austin, Los Angeles, Kansas City, as well as in the new immigrant destination states of Iowa and North Carolina.

15. Ibid.

16. Grow, Brian. 2005. “Embracing Illegals.” *Business Week*, July 18, 56-64.

17. Frias, Michael. 2004. “Linking International Remittance Flows to Financial Services: Tapping the Latino Immigrant Market.” *Supervisory Insights*. Volume 1, Issue 2, Winter. Washington, D.C.: Federal Deposit Insurance Corporation.

18. Interview by Ted Wang with Michael Frias, FDIC Community Affairs Officer, Chicago Region. Mar. 29, 2006. The eight states are Illinois, Wisconsin, Indiana, Missouri, Nebraska, Iowa, and Kansas.

19. Reynolds Lewis, Katherine. 2005. “Banks Find Mortgage Clientele in Undocumented Immigrants.” *Newhouse News Service*, March 14.

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## DEVELOPING IMMIGRANT-SERVING FINANCIAL INSTITUTIONS

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**Cooperativa Comunitaria Latina de Credito**  
**The Latino Community Credit Union**  
*Durham, North Carolina*  
[www.cooperativalatina.org](http://www.cooperativalatina.org)

Established in 2000, the Latino Community Credit Union has become a national model for developing full-service, immigrant-based financial institutions. In 2006, it had over \$31 million in assets, offices in five cities, and more than 43,000 members, making it the fastest-growing credit union in the United States.

The credit union's CEO, Luis Pastor, attributes its success to a number of factors: the rapid population growth of Latinos in North Carolina, many of whom were unable to open accounts at traditional banks; the vision of the credit union's founders to build a financial institution whose mission includes providing community services; and financial and in-kind help provided by numerous local institutions that value the contributions of newcomers to the state.

"Our initial supporters," says Pastor, "understood that access to banking services is a critical step to integrating

**"We have demonstrated that helping immigrants access financial services is not only good for the community, but it also makes good business sense."**

immigrants into their new communities." Key supporters that helped the credit union open its doors included the Center for Community Self-Help, a leading community lender that has historically focused on African-American and low-income communities, the State Employees Credit Union, the North Carolina Minority Support Center, and a number of foundations.<sup>20</sup>

From the start, the credit union recognized that the largest barrier to serving Latino newcomers was their lack of access to identification documents, i.e., a Social Security number and a driver's license, which are required by almost all banks. To succeed, the credit union needed to identify alternative documents that were both acceptable to federal regulators and could be easily obtained by immigrants, including undocumented individuals. With cooperation from federal regulators, the credit union became a regional leader in demonstrating how ITINs and matricula cards can be utilized in opening accounts for newcomers. At all five branch offices, the cooperative's staff spends considerable time explaining to new members how to apply for and utilize ITINs and the responsibilities of this decision, including paying taxes and filing yearly returns.

The cooperative also has been a national leader among credit unions in developing alternative criteria for evaluating the credit worthiness of individuals who do not have traditional credit histories. It provides a range of consumer loan products as well mortgages to people who do not have Social Security numbers but do have ITINs.

In addition to traditional banking services, the credit union provides low-fee remittance services and emphasizes community education. It offers bi-monthly financial education classes on how to write checks, manage bank accounts, use ATMs, develop "Its members also have access to free financial counseling services on topics such as credit problems and taxes. Its English-Spanish financial education curriculum is widely used by local community organizations and adult education schools serving immigrants.



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Although the credit union was originally started with grants and assistance from other institutions, it has developed a strong financial track record. State regulators have recognized it as among the most reliable credit unions in the state.<sup>21</sup> Its bad-loan rates are better than comparable credit unions that do not serve undocumented immigrants.<sup>22</sup> As of 2005, only about 10 percent of its revenues came from grants, and the credit union expects that its programs and services will soon be completely supported by business revenues.

"We have demonstrated that helping immigrants access financial services is not only good for the community, but it also makes good business sense," says Pastor. To help other communities benefit from its experience, the Latino Community Credit Union is working with emerging credit unions in Tennessee, Oregon, and California to provide similar services to new immigrants.

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20. Foundation supporters have included The Stewards Fund, Z. Smith Reynolds Foundation, National Credit Union Foundation, Carolinas Credit Union Foundation, Community Development Financial Institutions Fund, National Endowment for Financial Education, American Express Foundation, and Ford Foundation.

21. Perez, Evan. 2003. "Banking on Immigrants." *The Wall Street Journal*, May 9.

22. Interview by Ted Wang with Luis Pastor. December 18, 2005.

## USING TAX SERVICES AND CREDITS TO INCREASE FAMILY INCOME

### ELEMENTS OF PROMISING PRACTICES

Helping eligible immigrant families properly complete their tax returns and claim two common tax credits—the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC)—can substantially boost their household income. EITC is the largest federal program that helps boost income for working-poor families. In 2003, about one quarter of the more than 20 million taxpayers who claimed this credit were lifted above the poverty line.<sup>23</sup>

Many legal immigrants can qualify for EITC if they work and meet the income requirements. In addition, U.S. residents, regardless of their immigration status, are eligible to claim the Child Tax Credit<sup>24</sup> if their children live in the United States and are claimed as dependents. However, studies suggest that eligible immigrants utilize tax credits at a much lower rate than native-born residents.<sup>25</sup> There are many possible reasons for their low participation, including trouble understanding complex tax rules and fear that claiming a tax credit could affect their immigration status or their ability to become citizens in the future.



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In recent years, a number of immigrant and community development organizations have developed effective outreach and tax preparation programs to increase immigrants' understanding of tax credit programs and how they can benefit. Two organizations—the Center for Economic Progress' National Community Tax Coalition<sup>26</sup> and the Center on Budget and Policy Priorities—have developed written materials describing promising practices as well as kits to help local groups increase immigrants' participation in EITC and CTC programs. Some of the key elements found in successful outreach programs include:

- 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.

23. Berube, Alan. 2005. *¿Tienes EITC? A Study of the Earned Income Tax Credit in Immigrant Communities*. Washington, D.C.: Brookings Institution. For instance, workers with two or more children and earning below the federally defined levels (\$35,263 for single parents and \$37,263 for married parents in 2005) are eligible for a credit of up to \$4,400.

24. Immigrant workers may qualify for the CTC if they earned more than \$11,000 in 2005. Unlike the EITC, which requires that the person and his or her dependents claiming the credit have a valid Social Security number, the CTC can be claimed by using an Individual Taxpayer Identification Number, thereby allowing newcomers of various immigration statuses to benefit from the program.

25. Phillips, Katherin Ross. 2001. *Who Knows about the Earned Income Tax Credit?* Washington, D.C.: Urban Institute.

26. With over 500 affiliates, the coalition provides policy advocacy and technical assistance to promote tax credit opportunities that benefit low- and moderate-income taxpayers, including tools for free tax preparation and financial service programs that target immigrants.

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## A PROMISING PRACTICE

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**East Harbor Community Development Corporation**  
*Baltimore, Maryland*  
[www.ehcdc.org](http://www.ehcdc.org)

East Harbor Community Development Corporation (EHDCDC) provides a range of promising programs to assist low-income immigrant families. Supported by grants from the Annie E. Casey Foundation, Goldseker Foundation, and the Internal Revenue Service, EHDCDC has developed a project that increases community awareness of tax laws among low-income, Spanish-speaking residents.

According to Lourdes Montes, manager of EHDCDC's Latino Services, "The goal is not only to provide tax preparation services but also to empower these families by helping them learn about the tax process so that they can eventually file returns by themselves." Montes notes that there are few tax-preparation resources available to newcomers, and many existing services are operated by unscrupulous proprietors who have limited knowledge of tax laws and often exploit immigrants through high fees and predatory practices.

EHDCDC programs include:

- Outreach through the Spanish-language media and community organizations about tax requirements and available services.
- Tax workshops in Spanish to help Latino immigrants learn how to accurately file tax returns using both SSNs and ITINs, understand EITC and CTC eligibility, and avoid predatory tax preparers.
- Free tax-preparation services by bilingual accountants and IRS-certified volunteers who are supervised by experienced staff.

In 2006, EHDCDC helped more than 200 Spanish-speaking families file tax returns and obtained ITINs for over half of these families. In actively encouraging immigrant families to file tax returns, regardless of their immigration status, EHDCDC not only emphasizes immigrants' responsibilities but helps to put hundreds of thousands of tax-credit dollars back into the local community.

## EVALUATION

In order for immigrants to integrate into their new environment, it is important for them to have decent-paying jobs, understand the U.S. economic system and how to navigate it, and gain access to opportunities that improve their economic stability and mobility.

As this section described, there are many ways to improve immigrants' economic mobility, from enhancing their employment prospects to increasing their access to financial services and tax credits. Such efforts can result in a wide range of outcomes within both the immigrant and the receiving community.

The following indicators, associated with outcomes above, can help determine if your efforts to improve the economic mobility of immigrants are succeeding:

- Number and percent of immigrant-owned businesses (data can be obtained from the Small Business Administration and the U.S. Census Bureau).
- Percent of immigrant business owners who belong to the local or ethnic chamber of commerce or merchant association (e.g., Hispanic Chamber of Commerce, Asian American Hotel Owners Associations).
- Extent of economically revitalized areas due to new immigrant-owned businesses.
- Number of jobs created by immigrant-owned businesses for both immigrants and non-immigrants (data can be obtained from the Small Business Administration).
- Number and percent of immigrants who open savings and checking accounts (data can be obtained through an arrangement with local banks and credit unions).
- Distribution of immigrants across occupations (e.g., construction, accommodation and food services, professional and technical services, agriculture) and levels (administrative support, middle management, top management).
- Percent of qualifying immigrants who purchase cars and homes (see for example "Moving to America-Moving to Homeownership 1994-1996" report by the U.S. Census Bureau).
- Number and percent of immigrants who are aware of and claim EITC and CTC each year.
- Percent of immigrant clients served by banks and real estate agencies (data can be obtained through an arrangement with local banks, credit unions, and real estate agencies).
- Numbers of immigrants participating in policy advocacy campaigns that pursue "win-win" solutions for immigrant and receiving community members.
- Positive attitudes about immigrants and their contributions to the local economy, as indicated by press coverage or opinion polling.

## 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.



These outputs lead to the following outcomes, which in turn encourage these outputs to become more widespread.



## 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).

### 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.



These outcomes encourage integration, and as integration gradually occurs, these outcomes will also become more widespread.



IMMIGRANT INTEGRATION

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