

EMPOWERMENT ECONOMICS:

A POLICY ADVOCATE'S GUIDE TO COMMUNITY-CENTERED WEALTH BUILDING

People of color own significantly less wealth than do whites. Households of color have approximately one-tenth the median net worth of white households (\$12,377 and \$110,637, respectively)¹. Additionally, wealth disparities are concentrated within each racial group and this is especially true for AAPIs, who are ethnically, demographically, and economically diverse. The wealthiest AAPIs hold 168 times the wealth of the bottom 20% and this wealth gap is larger than for any other racial/ethnic group². AAPIs who are in poverty are the fastest growing population since the Recession, increasing by 10% more than the general poverty population³. The need for new strategies like Empowerment Economics is increasingly urgent, as the wealth gap continues to grow.

WHAT IS EMPOWERMENT ECONOMICS?

Empowerment Economics is a culturally responsive multi-generational approach to financial capability in low-income Asian American and Pacific Islander (AAPI) communities. Traditional financial capability focuses on wealth building at the individual level. In contrast, Empowerment Economics focuses on collective wealth building at the community level. Empowerment Economics creates transformational opportunities for building community self-determination and wealth. It provides a framework of various elements that have been effectively used in low-income AAPI communities. Other low-income communities, especially other communities of color, could benefit from adapting the framework to meet their financial needs.

In AAPI communities cultural values and multi-generational communication strongly inform personal finance and wealth building practices. Empowerment Economics most effectively serves AAPI communities by incorporating these elements into core service methods. In addition, Empowerment Economics emphasizes the role of trusted and known community leaders, peer-to-peer sharing, and shame-free dialogue on topics such

as savings, debt, credit, and income. Empowerment Economics honors existing cultural practices and complex intersectional identities in defining and approaching financial security.



Native Hawaiian families doing Empowerment Economics financial education at Hawaiian Community Assets

IMPLICATIONS FOR COMMUNITIES OF COLOR

Traditional financial capability focuses on individual abilities and structural opportunities that have benefitted some racial/ethnic groups over others. Empowerment Economics challenges the assumption that individuals can change their financial situation solely through their behaviors and includes components which challenge the structural limitations and systemic injustices that disproportionately impact communities of color.

Empowerment Economics has proven to be successful with individual age groups, cultures, geographic areas, and across multiple generations in the same community.

In conjunction with Hawaiian Community Assets (HCA), Council for Native Hawaiian Advancement (CHNA), and Institute on Assets and Social Policy (IASP), National CAPACD published a report, [*Foundations for the Future*](#), on HCA's development and work on Empowerment Economics with Native Hawaiians. Another National CAPACD member organization [*HANA Center*](#), which serves Korean American and other immigrant communities in Chicago, incorporated certain aspects of the Empowerment Economics model to meet the needs of its community.

Further advocacy for social justice-based models like this is important because it holds promise for adaptation and scaling in other communities of color. National CAPACD continues to implement Empowerment Economics with member organizations and is currently developing an evaluation framework to measure the impacts of this new approach.

POLICY RECOMMENDATIONS

For Empowerment Economics to be successful in AAPI communities, policies must align with and actively support multi-generational and community-oriented asset building. National CAPACD has identified several key areas for policies that would further the Empowerment Economics approach focused on family and community wealth-building:

- **Wages and Asset Building** – Increase the federal minimum wage and base eligibility for public programs on alternative poverty metrics, such as the Supplemental Poverty Measure
- **Community Reinvestment** – Preserve and enforce the current requirements for financial institutions to make investments to underserved communities (such as low and moderate income populations, minorities, youth, seniors, limited-English-proficient individuals) through the Community Reinvestment Act
- **Tax** – Expand the Earned Income Tax Credit to younger and older adults and use revenue-generating tax credit funds to increase affordable housing and create a renters' tax credit
- **Consumer Protection** – Support an independent and strong Consumer Financial Protection Bureau, and promote enforcement against discriminatory or predatory lending practices through the Payday Lending Rule
- **Community Engagement and Equitable Development** – Create a cultural district designation program to ensure protections for culturally significant neighborhoods and require a community engagement process for federally-funded development projects and federally developed lands

NEXT STEPS

Contact National CAPACD at lauri@nationalcapacd.org for updated information and ways to support Empowerment Economics.



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1: <https://prosperitynow.org/resources/fact-file-racial-wealth-gap-growing>

2: <http://www.nationalcapacd.org/wp-content/uploads/2017/10/Foundations-for-the-Future-Report.pdf>

3: http://www.nationalcapacd.org/wp-content/uploads/2017/08/aapi_poverty_report.pdf