

EMPOWERMENT ECONOMICS:

A FUNDER'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

EMPOWERMENT ECONOMICS IN ACTION

National CAPACD member Hawaiian Community Assets (HCA) developed the concept of Empowerment Economics through their work with Native Hawaiians. Empowerment Economics has proven to be highly successful within the Native Hawaiian community, as detailed in National CAPACD's [Foundations for the Future](#) report. One participant noted, "I dragged my dad to the class. I told everyone I could tell about the HCA class. I was like, you have to go. It's very educational in a sense that you can relate to everything that they're going to talk about. So, I feel this program is a great bridge for the people I know and where they want to be." The content of the class was rooted in familiar cultural practices and addressed this woman's family and community multi-generational wealth building goals.

National CAPACD member organization [HANA Center](#) serves Korean American and other immigrant communities in Chicago. HANA Center incorporated certain aspects of the Empowerment Economics model to meet the financial capability needs of its community. Youth at HANA Center participated in traditional financial capability education but felt that practices such as accumulating savings, getting out of debt, or building credit scores are hard to put into practice while they are not earning consistent wages. HANA Center responded to this and pivoted to a collective wealth building

Real life empowerment as shared by Jasmine, a college student from HANA Center's Womxn That Fight (WTF):

"I had learned about making a budget and tracking my spending in school, but I was never asked to practice it until WTF. I found it really helpful to practice tracking my spending because it let me see how much the little things like bubble tea after work added up at the end of the month. It made me see that I could choose to hit some of my savings goals like saving up for textbooks for school if I chose to cut back in spending on things that I wanted but didn't need".

model instead. The youth now learn financial capability through collective budgeting and planning with their program funds. The youth feel a sense of agency, build leadership skills, and are shifting their financial thinking from short to longer term goals. HANA Center reported that youth are building on their newfound skills and applying them to other areas of their lives such as preparing for college expenses.

RECOMMENDATIONS FOR FUNDERS

Funders can support this innovative community-centered wealth building opportunity by sharing the approach with others in the field. More importantly, this is an opportunity for funders to reevaluate their grantmaking strategies and invest in asset building programs for low income communities of color.

Further investment in community-focused wealth building models like Empowerment Economics is important because it holds promise for adaptation and scalability in other communities of color. National CAPACD is also developing an evaluation framework to measure the impacts of this new approach.

Contact National CAPACD at joyce@nationalcapacd.org for updated information and ways to get involved in supporting Empowerment Economics.



Thank you to AARP, JPMorgan Chase & Co, and the W. K. Kellogg Foundation for funding National CAPACD's work on Empowerment Economics

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