

# 2019 AFRICAN AMERICAN FINANCIAL CAPABILITY INITIATIVE

The African American Financial Capability Initiative highlights and tackles the structural causes and community consequences of the racial wealth gap.



# OUR STORY & BACKGROUND

Rising economic inequality and a growing racial wealth gap drives intergenerational poverty in Black communities. The racial wealth gap is the difference in asset ownership (wealth) between Black and White households.

A recent report by Prosperity Now and the Institute for Policy Studies, estimates that at current rates it will take 228 years for Black wealth to catch up to current levels of White wealth. The gap also exists for Latinos who need 84 years to catch up. The racial wealth gap leaves communities of color with the obstacle of “starting over” or from scratch with each new generation. Meanwhile, White households often benefit from being able to build on the security and wealth of their parents.

In 2016, Tacoma and five other cities nationwide were selected by the Northwest Area Foundation for the African American Financial Capability Initiative (AAFCI) to address racial economic inequality and the racial wealth gap. Technical assistance to sites was provided by Prosperity Now’s Racial Wealth Divide Initiative.

## OUR WORK

Tacoma’s AAFCI, is a Community of Practice working collaboratively with residents using a Community Based Participatory Action Research model (CBPAR). The model’s effectiveness is due to engaging those most impacted by the issue in research, design and implementation of solutions to their own problems.





The first phase of work included a community assessment of socio-economic indicators, an online survey of 1,000+ residents, and focus groups that revealed a culturally specific narrative: Blacks have less income and wealth than most; are generally less apt to discuss their financial state with strangers; and across generations, are generally distrustful of the financial industry. Twenty-five residents were recruited from the focus groups to form a Cohort that partnered with the Community of Practice to identify and implement goals and activities.

Together, the Cohort and Community of Practice discovered that there are not enough financial capability services offered by Black-led entities in Tacoma. Additionally, the services that are available are “one size fits all”. While the local financial industry offers products and services equally, they may not be offered equitably – according to what the consumer needs based on their experiences and challenges.

These discoveries led the team to:

**CREATE** responsive financial capability programs that are culturally anchored so that Black Tacomans can “get ahead”;

**CHAMPION** equitable practices and policies that move the needle on entrenched disparities that deepen poverty. Historical and structural policies in home ownership, education, and employment have contributed to the racial wealth gap. By educating residents and consumers to become advocates with amplified voices – the AAFCI can bring accountability and oversight to those providing services to the Black community;

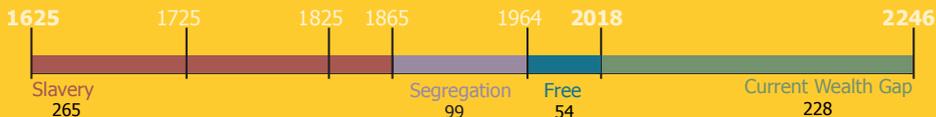
**CONNECT** and sustain reciprocal relationships between the Black community and the private and public sector that are effective, mutually informed and decrease the racial wealth gap.

A photograph of a Black family of four. On the left, a man in a blue shirt holds a young girl in a pink and white plaid shirt. In the center, a woman in a grey patterned top holds a baby in a blue shirt. On the right, a young boy in a light blue shirt is smiling. The background is a bright, out-of-focus indoor setting.

# NEW BLACK EMPOWERMENT CENTER

The Black Empowerment Center will be operated by the Tacoma Urban League which is located at 2550 South Yakima Avenue in Tacoma. Most classes, services and activities will be held there. The space is conducive for training and service provision, with a computer lab available.

# 228 YEARS



## ABOUT THE CENTER

The Tacoma AAFCI launches the Black Empowerment Center as an answer to the racial wealth gap. It is comprised of three distinct service strategies designed to increase the financial capability and mobility of African Americans. The service strategies are: Stabilization services to reduce debt, improve credit and navigate individuals through the financial industry; Asset Development to incentivize saving and offer collective investment opportunities and Cultural Reinforcement activities such as leadership development, advocacy and liberation education. Financial capability is the knowledge, skills, and access to manage financial resources effectively. The Black Empowerment Center offers culturally anchored classes, activities and services that strengthen the economic capacity of the Black community. The Center helps 100 individuals/households each year in Stabilization and Asset Development services. Cultural Reinforcement activities are open to the public and may serve 1000+ annually.

There are no eligibility requirements outside of an expressed commitment to completion of the curriculum requirements. Individuals/households at any income level are welcome to partake in the menu of services. Many individuals need credit restoration services and just as many need savings plans. Equally important, Tacoma needs a hub for African American mobility, a place to learn, grow and become empowered for generations to come.

## PARTNERS

The Community of Practice and the Cohort – researched, planned and designed the Black Empowerment Center. The Cohort represents community members who are affected by the racial wealth gap and dedicated their time and talent to the effort. The Community of Practice includes the Tacoma Urban League, NAACP Tacoma Chapter, Tacoma Ministerial Alliance, United Way of Pierce County, and most recently Sound Outreach and Hilltop Urban Gardens. These practitioners and residents collaborate to affect lasting positive economic change for the Black community. Others are encouraged to join the work.

## IMPACT

The long-term impact of the Black Empowerment Center is to increase the net worth of African Americans in Tacoma. The economic disparity for African Americans is so severe which is why the Black Empowerment Center emphasizes assistance to Black people – the investment must match the problem. However, everyone is welcome and able to receive services.

Initially, the services of the Black Empowerment Center will reduce debt and improve credit scores. Those outcomes are defined as immediate and estimated at actualizing between 3-12 months. Then the expectation is to track the amount of aggregated savings accumulated by all participants. Participation in Cultural Reinforcement activities will lead to greater civic engagement by African Americans, increased advocacy and increased racial/cultural pride by participants.



# TACOMA SCORECARD

— PROSPERITY NOW 2018 LOCAL REPORT <sup>1</sup> —

## INCOME

Income poverty by Race is 2.3x higher for households of color

## EMPLOYMENT

Unemployment rate by Race is 1.6x higher for workers of color

## REAL ESTATE

Homeownership by Race is 1.4x higher for White households

## EDUCATION

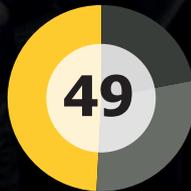
Four-year Degree by Race is 1.3x higher for White adults

## HEALTH CARE

Uninsured by Race is 1.6x higher for people of color

— TACOMA AFRICAN AMERICAN HOUSEHOLDS —

## INCOME



49% Above Cost of Living <sup>2</sup>  
51% Below Cost of Living <sup>2</sup>

## EMPLOYMENT



64% Labor Participation <sup>3</sup>  
7.8% Unemployed <sup>3</sup>

## OWN A HOME



33% Own a Home <sup>4</sup>

## EDUCATION



16% Bachelors or Higher <sup>4</sup>  
90% Completed HS <sup>4</sup>

## CREDIT



59% Approved for Credit <sup>5</sup>

1. Institute for Policy Studies (IPS) and the Corporation For Economic Development (CFED)

2. United Way 2018 ALICE Report Washington

3. City of Tacoma Community Needs Assessment

4. American Community Survey 2017 (5 Year Estimates)

5. Federal Reserve 2016 Economic Well Being of US Households

# CODIFIED RACISM

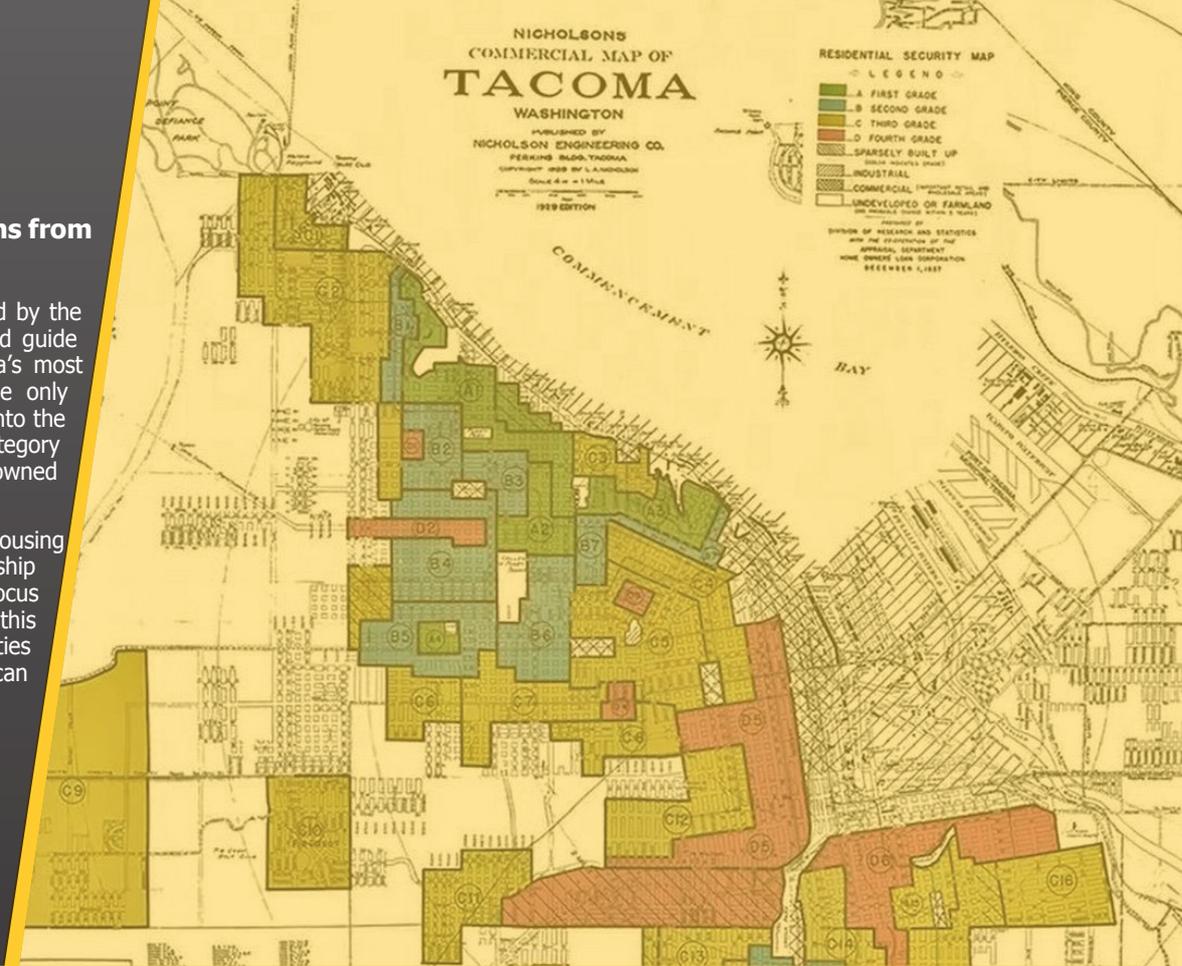
## Racism kept Black Tacomans from buying houses for decades

This color-coded map commissioned by the federal government in 1930s helped guide home-buyers and banks to Tacoma's most desirable neighborhoods. Often the only factor that placed a neighborhood into the "hazardous" (or fourth grade) category was the presence of a single home owned by a black family.

There is a legacy of discrimination in housing that is still reflected in homeownership statistics today, but with continued focus and working together, we can turn this around to provide new opportunities for homeownership within the African American community.

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Tacoma  
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NAACP  
TACOMA, WA BRANCH 253

SOUND  
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primary, pediatric, registered diet.



United  
Way  
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