African American Financial Capability Initiative

An Implementation Blueprint

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Why Invest in African American-Led Organizations to Address Growing Racial Economic Inequality?

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RACIAL WEALTH DIVIDE INITIATIVE
Racial Wealth Divide Initiative
Guiding Principles

Structural economic inequality, not individual deficiency, is the root of racial income and wealth disparity—it is the cause and consequence.

Disinvestment exists at all levels - individual, organizational and institutional—impacting entire communities.

Life outcomes are predictable by race and class.
**Racial Wealth Divide Initiative**

**Three Strategies**

- **Strengthen** all of Prosperity Now's programs’ ability to address racial wealth inequality and develop stronger analysis of asset poverty in communities of color.

- **Launch and implement** specific projects that highlight best practices in bridging racial wealth inequality working in collaboration with local and regional organizations.

- **Elevate** Prosperity Now and its partners as influential voices that drive policy solutions to tackling racial economic inequality at the national, state and local levels.
Racial Wealth Divide Initiative
What is our Approach?

Racial Wealth Equity Process
- 5 Overarching PN RWE Goals
- Coaching/Advising 13 Teams

Project Implementation
- Building High Impact Nonprofits of Color
- African American Financial Capability Initiative

Elevate Voice
- Research Reports, Data Profiles, Briefs, Opeds, Snapshots, Blueprint
- Media (Podcasts, Social & Traditional)
Our work represents an ecosystem of over 75 nonprofits of color. We define an organization of color as one where most the executive leadership are people of color and has historically been people of color. In addition, the organization is focused on serving communities of color.
Who are we working with?

What Services Do the Organizations Offer?

Comprehensive Social Services → Community Development Financial Institutions → Workforce Development

Housing → Economic Development → Youth Engagement

There is no silver bullet to addressing the growing racial wealth divide so we partner with diverse direct service organizations with varying objectives and goals.
Racial Wealth Divide Initiative

Strategic Advantage & Key Performance Indicators

1. Empowering leaders of color and connecting them with resources and opportunities that they would not otherwise leverage on their own.

2. Identifying the organizational challenges nonprofits need to address in order to better service and train their constituents.

3. Increasing the visibility of the issue of growing racial economic inequality and offering a pathway for organizations and cities to engage the issue.

4. Increasing the visibility of the nonprofits of color to prepare them to apply for, qualify for, and garner national foundation grants.

5. Scaling the project model in multiple cities.

6. All Racial Wealth Divide Initiative staff have experience working in communities of color at the intersection of policy, practice, research and advocacy.
African American Financial Capability Initiative
Implementation Blueprint Overview

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Senior Program Manager,
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RACIAL WEALTH DIVIDE INITIATIVE
Northwest Area Foundation Region

8 States, 75 Native Nations

RACIAL WEALTH DIVIDE INITIATIVE
African American Financial Capability
Theory of Change

IF

We support organizations led by African Americans to identify community resources, strengthen and coordinate service delivery, advocate for asset-building policies and engage in asset-building networks

Then

Organizations will be better positioned to address the complex and unique financial challenges facing African Americans in target cities. The conditions these organizations are operating in will shift as relevant stakeholders learn about the causes and consequences of the racial wealth divide and how to partner with African American-led nonprofits to address it
Racial Economic Inequality: By the Numbers

Demographics
There are approximately 244,454 African Americans in the current AAFCI cohort cities – Des Moines, IA; Minneapolis, MN; Portland, OR; Seattle and Tacoma, WA; and St. Paul, MN - compared to 1,553,494 White Americans. This translates into 10.1% and 64.5% of the total AAFCI cohort cities’ population for African Americans and their White counterparts, respectively. Nationally, African Americans make up 12.3% of the population compared to White Americans, who make up 62.0% of the country’s population.

Income and Cost of Living
The typical annual median family income for African American families in the AAFCI cohort cities is $36,284, which is 2.5 times less than the $89,417 income for White families. The national typical annual median family income is $44,531 and $76,714 for African American and White families, respectively. Simultaneously, living in the AAFCI cohort cities costs 21% more, on average than the nation. The average cost of living index for the AAFCI cohort cities is 121 compared to the national cost of living index of 100.

Homeownership
25.9% of African Americans own a home in the cohort cities, which is 2.2 times less than the 57.7% White homeownership rate. Nationally, 41.9% of African Americans own a home compared to 71.4% of their White counterparts.
Racial Economic Inequality: By the Numbers

Employment and Unemployment
On average, African Americans faced an unemployment rate of 11.6% throughout the AAFCI cohort cities in 2016 compared to an unemployment rate of 4.4% for their White counterparts. Nationally, 10.1% of African Americans were unemployed compared to 4.6% of their White counterparts.

Educational Attainment
When it comes to college education, 17.9% of African Americans above the age of 25 have a bachelor’s degree compared to 48.2% of their White counterparts. By comparison, 20.0% of African Americans and 33.8% of White Americans, nationally, have a bachelor’s degree.

Wealth
In the AAFCI cohort cities, 58.8% of African American households are asset poor compared to 22.9% of White households. 37.2% of African American households have zero or negative net worth compared to 17.4% of White households. Nationally, 30.1% of African American households have zero or negative net worth compared to 13.1% of White households. Meanwhile, 44.5% of African American households are asset poor compared to 19.0% of White households.
African American Financial Capability Initiative
Targeted Universalist Approach

1. Each community of practice had a universal goal of achieving economic and asset prosperity for African Americans.

2. They furthered their own understanding of the financial capability and security challenges by conducting additional research and releasing reports on the state of economic equity in their cities.

3. They disaggregated national, state and city data by race to help inform the strategic design and development of projects addressing the most pervasive economic issues among African Americans and the rest of the residents.

4. Each CoP sought to map how structural factors – social, economic and political – impact African American progress towards achieving financial stability, which then influenced program and policy analyses into how systems help or harm African American progress and drove cross-sector partnership strategies.

5. Each group designed and implemented targeted strategies and approaches within their CoP’s sphere of influence using existing programs, capacity building and policy advocacy tools to challenge and solve for the economic insecurity for African Americans in their respective cities.
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• Peacemaking is essential to Placemaking and Placekeeping
• Unrestricted funding enables self-determination
• Systemic causes thwart community capacity and power
• We are truly stronger together
• Transactional to Transformational
• Individual to Institutional
• Competition to Collaboration
Questions & Answers

RACIAL WEALTH DIVIDE INITIATIVE
Grassroots + Grasstops | Programs + Policy

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Racial Wealth Divide Initiative
Future of Philanthropy
Lunch Livestream
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Thank you!!!
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#Race&Wealth