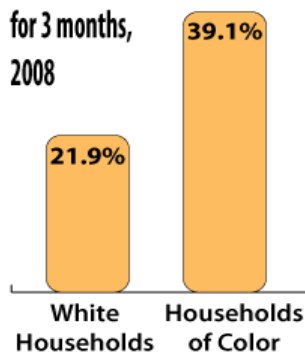




## EXECUTIVE SUMMARY: CLOSING THE OPPORTUNITY GAP: BUILDING EQUITY IN OKLAHOMA

*For the full report go to <http://okpolicy.org/closing-the-gap>*

**Oklahoma Households Without Sufficient Net Worth to Subsist at the Poverty Level for 3 months, 2008**



History is replete with examples of state-sanctioned efforts to appropriate wealth from people of color, the effects of which can still be seen today. When wealth is measured in terms of financial assets, i.e. a home or savings account, White households in the U.S. have nearly twenty times more wealth than Black households and eighteen times more wealth than Hispanic households.

Two out of every five, or 39.1 percent, of the state's households of color are asset poor, nearly double the rate for White households. The asset poverty rate measures the percentage of households without sufficient assets to subsist at the poverty level for at least three months if their income was disrupted. There is mounting evidence that assets – distinct from income – promote financial security, interrupt intergenerational poverty, and improve household health and quality of life.

## THE STATE OF THE GAP: MEASURING DISPARITIES IN CORE ASSETS

Assets are the key to lasting prosperity; they enable individuals to earn, build wealth, and create financial security for themselves and their children. There are three core asset areas: foundational, generative, and regenerative.

### 1. Foundational Assets

Health, education, and transportation are prerequisites to securing employment and generating enough income to meet basic needs and beyond. It's important to note that each core asset area builds upon its predecessor. An individual must be healthy, skilled, and able to physically travel to work to maintain stable employment, thus these fundamental assets are a prerequisite to the second core area, generative assets.

### 2. Generative Assets

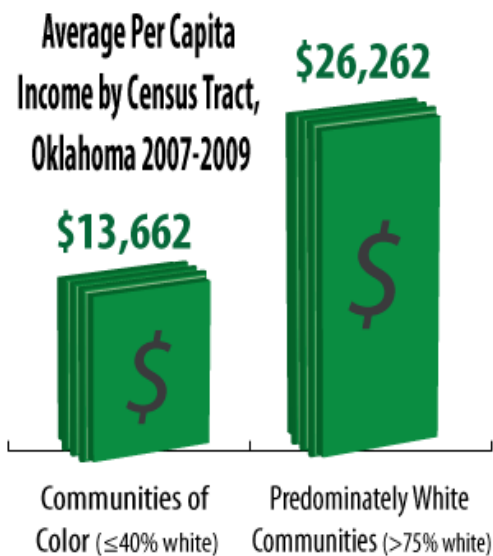
Generative assets refer to the income a person is able to generate through their own labor or productive capacity. Disparities in employment, entrepreneurship, and income in Oklahoma are wide and stubbornly persistent. Unemployment and insufficient income can cripple a household's ability to make ends meet and slowly erode their quality of life.

### 3. Regenerative Assets

Savings, investment, and homeownership are items of value that generate wealth independent of income earned through paid labor. Regenerative assets have appreciative value and earn long-term interest, which provides families with a savings cushion and leverage to borrow during emergencies.

Each of the three main types of assets measured here depends on the degree of actualization in the preceding type. Foundational asset poverty, e.g. poor health or low educational attainment, increases the odds of low earnings and debt in your prime working years. Low earnings in turn translate quite literally into asset poverty, with scant extra household income left over each month to invest in property or save for the future.

## PAST IS FUTURE: INTERGENERATIONAL WEALTH



To grasp the staying power of disparities in core assets, it's essential to recognize the effects of asset and income poverty versus wealth over a lifetime and across generations. Everyone has the capacity to learn, earn, and work their way up the economic ladder, regardless of their original circumstances. Many people successfully move out of poverty and into the ranks of the middle and upper classes. Conversely, some end up financially insecure and asset-poor, even with the benefit of an economically advantaged upbringing and a wealthy family.

However, as we proceed through each stage of life, our ability to build and accumulate wealth contracts or expands in proportion to our opportunities. An infant born into a family that is not able to provide for even its most basic needs, is not equally positioned to achieve the same quality of life into adulthood as an infant born into a family that provided above and beyond those basic needs.

## CLOSING THE GAP: BUILDING EQUITY IN CORE ASSETS

While social safety net programs help households weather hard times, they are designed to be temporary and supplemental and many low-to-moderate income families are not eligible for unemployment, food stamps, Medicaid, or TANF. The way forward demands solutions that address the underlying problem: asset poverty. Programs and policies that support asset building provide low- and moderate-income families the opportunity to secure permanent prosperity.

We can and must invest equitably in each core asset area, to ensure that our communities of color receive benefits in proportion to their contributions. Oklahoma is transforming from a state with a predominately White population, to one that is increasingly diverse. Children of color now comprise a majority of the population of children in 11 of the state's 77 counties, and 44 percent of all children in Oklahoma are racial and ethnic minorities.

Given Oklahoma's rapidly changing demographics, persistent inequality is a structural impediment to development and a drag on economic growth. Diverse communities are inextricably linked by commerce, travel, and investment. Thought leaders and policymakers cannot view equity as a sidebar in their efforts to invest in human and social capital and attract and grow businesses. Closing the opportunity gap for people of color is central, not peripheral, to a prosperous Oklahoma.