Closing the Opportunity Gap: Building Equity in Oklahoma

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Oklahoma Policy Institute is a nonprofit, nonpartisan think tank that provides data-driven information, analysis, and ideas on state policy issues.
Building Economic Security
Over a Lifetime
Overview

I. Key Concepts
- Measuring ‘race’ and wealth
- What is the wealth gap?
- Historical roots of the gap

II. Measuring the Racial Wealth Gap in Oklahoma
1. Foundational Assets
2. Generative Assets
3. Regenerative Assets

III. Closing the Gap
Measuring ‘Race‘ & Wealth

- Racial categories are not fixed or essential demographic markers
- ‘Race’ is constructed by social, cultural, & political forces
- There is no direct causal relationship between race and wealth
What is Wealth?

- **Wealth is distinct from income**
  - This changes our conception of poverty
  - **Income** poverty vs. **asset** poverty

- **Wealth is measured in terms of assets**
  - Tangible financial assets (i.e. savings account, property)
  - Intangible assets (i.e. education, health)
What is the Wealth Gap?

Assets - Liabilities = Net Worth

White households possess **18x** more wealth than Hispanic households and **20x** more wealth than African American households.

Source: Pew Research Center, 2011
"Wealth Gaps Rise to Record Highs Between Whites, Blacks, Hispanics"
Asset poverty in Oklahoma

The asset poverty rate for households of color in Oklahoma is nearly double the rate for White households.
Historical Roots of the Gap

- Homestead Act (1862)
- Large scale redistribution of land from autonomous tribes and people of color, to white farmers and settlers
**Historical Roots of the Gap**

✧ Osage Reign of Terror (1920s)

✧ Mineral holdings were violently stripped from Osage members
Historical Roots of the Gap

✧ Tulsa Race Riot (1921)
✧ In a single day, hundreds of homes, banks, and businesses in North Tulsa were destroyed
Historical Roots of the Gap

- G.I. Bill
- Mortgage interest deduction
Historical Roots of the Gap
Historical Roots of the Gap

💛 Intergenerational Wealth Transfers

Grandparents A
House on 20 acres

Your parents: Paid for your college & law school

You earn significant income & build assets

Grandparents B
$35,000

Your parents: Paid the downpayment on your house

You rent the house for monthly income
II. Measuring the Racial Wealth Gap

1. **Foundational Assets** (health, education, transportation)
   Prerequisites to employment that generates income

2. **Generative Assets** (employment, income)
   The cash flow that enables financial security and asset-building

3. **Regenerative Assets** (savings, homeownership)
   Assets that generate wealth without labor
1. Foundational Assets: Health

✧ Health is your most fundamental asset

✧ Poor health lowers quality of life, inhibits employment, and drains income

✧ Measuring the health gap
  ✧ Childhood health
  ✧ Smoking & obesity
  ✧ Chronic disease
  ✧ Access to & quality of Care
### Childhood Health

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African-American</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prenatal care in the 1st trimester</strong></td>
<td>79.5%</td>
<td>69.7%</td>
<td>64.5%</td>
</tr>
<tr>
<td><strong>Vaccinated by age 2</strong></td>
<td>75.5%</td>
<td>73.1%</td>
<td>82.8%</td>
</tr>
</tbody>
</table>
Percentage of obese adults, Oklahoma 2010

- White: 62.8%
- African American: 70.3%
- Hispanic: 70.5%
- Native American: 74.5%

Source: Centers for Disease Control and Prevention
Chronic Disease

- African-American residents are more likely than White and Hispanic residents to develop cancer and die from the disease.

- African-American residents have the highest mortality rate for heart disease and are more than twice as likely to die from diabetes as White residents.

- Native Americans (15.1%) and African-Americans (14.7%) have the highest prevalence of diabetes.
Hispanic adults have the highest rate of uninsurance

Treatment disparities also contribute to the health gap

Even insured adults face barriers, i.e. underinsurance, low incomes, lack of transportation, time off work, availability of PCP
Educational Attainment, 25 yrs. and older, Oklahoma 2008-2010

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>White</th>
<th>African American</th>
<th>Native American</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grad/professional degree</td>
<td>8.0%</td>
<td>5.0%</td>
<td>11.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>16.4%</td>
<td>34.0%</td>
<td>34.0%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Some college or Assoc. degree</td>
<td>31.8%</td>
<td>34.0%</td>
<td>32.3%</td>
<td>28.1%</td>
</tr>
<tr>
<td>High school/GED</td>
<td>32.3%</td>
<td>15.1%</td>
<td>35.1%</td>
<td>42.8%</td>
</tr>
<tr>
<td>No high school diploma</td>
<td>11.4%</td>
<td></td>
<td>17.0%</td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey 2008-2010
Education

- Enrollment in higher education reflects the state’s demographics, with the exception of Hispanic students.
- However, there are still significant gaps in graduation rates from 4-yr colleges and universities.
Households in communities of color are nearly 4x as likely as households in predominately white communities to report having no access to a vehicle.
2. Generative Assets

- Generating sufficient cash flow is a prerequisite to asset-building
- Measuring the generative assets gap
  - Employment
  - Income
Native American and African American workers are unemployed at nearly twice the rate of White workers.
Predominately white communities earn nearly twice as much income per capita as communities of color.

Average Per Capita Income by Census Tract, Oklahoma 2007-2009:
- Communities of Color (≤40% white): $13,662
- Predominately White Communities (>75% white): $26,262

Families of color earn between $11k and $19k less than the state’s median family income.
Median Earnings Gap for Full-Time Year-Round Workers in Oklahoma by Sex by Race/Ethnicity, 2008-2010

Median Earnings

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>$1,255</td>
<td>$2,372</td>
</tr>
<tr>
<td>Native American</td>
<td>-$3,759</td>
<td>-$5,155</td>
</tr>
<tr>
<td>African American</td>
<td>-$3,313</td>
<td>-$7,599</td>
</tr>
<tr>
<td>Hispanic</td>
<td>-$8,722</td>
<td>-$14,043</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, 2008-2010 American Community Survey 3-Year Estimates,
Median earnings in the past 12 months (in 2010 inflation-adjusted dollars)
by sex by work experience for the population 16 years and over with earnings in the past 12 months.
3. Regenerative Assets

- These assets yield income not earned directly through labor
- Measuring the regenerative assets gap
  - Savings & Investment
  - Homeownership
Just under half of Hispanic households are unbanked.
Just under a quarter of African-American households are unbanked.
Just under **half** of Hispanic and African American households own homes.

Between 1970 and 2004, the gap in homeownership rates between White and African American residents of Oklahoma City more than doubled.

### Homeownership Rates by Race/Ethnicity, Oklahoma 2010

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>72.2%</td>
</tr>
<tr>
<td>Native American</td>
<td>63.6%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>49.3%</td>
</tr>
<tr>
<td>African American</td>
<td>42.7%</td>
</tr>
</tbody>
</table>
III. Closing the Gap

1. Foundational Assets
   - Invest in early childhood health
   - Expand health coverage and improving access
   - College completion initiatives targeting students of color and colleges/universities
   - Broaden public transportation infrastructure
   - Control the cost of borrowing to boost vehicle ownership

2. Generative Assets
   - Invest in Workforce Oklahoma
   - Reform discriminatory policing tactics and sentencing policies & reduce overincarceration
   - Reduce hiring discrimination in the private sector
III. Closing the Gap

3. Regenerative Assets

- Encourage use of traditional financial sector and encourage traditional banks to expand into underserved communities

- Homeowner education, foreclosure prevention, and homebuyer assistance