



# The Racial Wealth Gap 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



**OKLAHOMA ASSETS**

Building financial foundations for Oklahomans and their communities

# 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

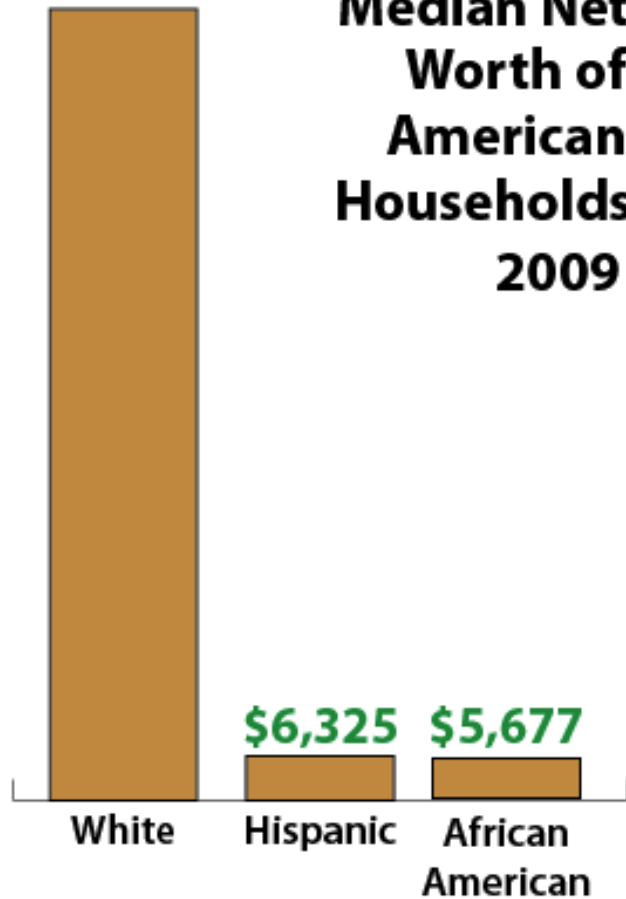
## Measuring 'Race' & Wealth

<b>Ethnicity:</b>	<input type="checkbox"/> Hispanic or Latino	<input type="checkbox"/> Not Hispanic or Latino	
<b>Race:</b>	<input type="checkbox"/> American Indian or Alaska native	<input type="checkbox"/> Asian	<input type="checkbox"/> Black or African American
	<input type="checkbox"/> Native Hawaiian or Other Pacific Islander	<input type="checkbox"/> White	

- ✧ 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

\$113,149

## Median Net Worth of American Households 2009



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

## 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

## What is Wealth?

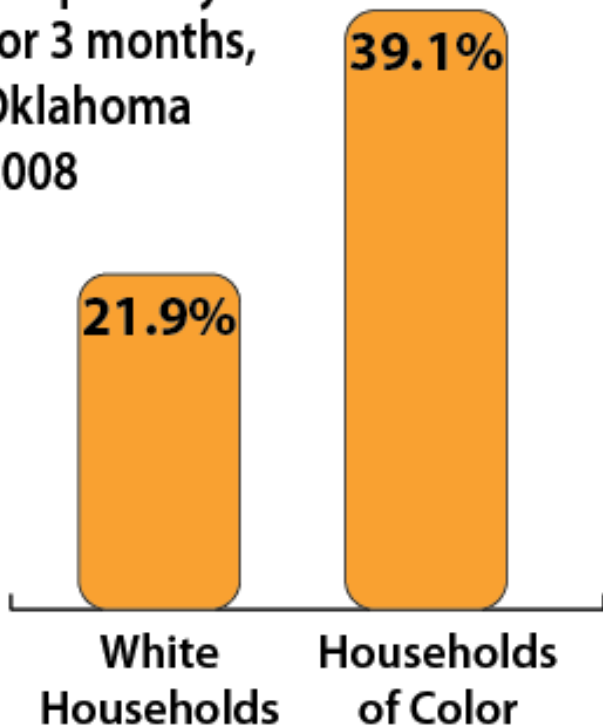
- ✧ **Wealth is distinct from income**

- ✧ 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)

Households without sufficient net worth to subsist at the poverty level for 3 months, Oklahoma 2008



Source: Survey of Income and Program Participation, 2008 Panel, Wave 4. Washington, DC: U.S. Department of Commerce, Census Bureau, 2009

## 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 to farmers

## THE OSAGE INDIAN MURDERS



The true story of a multiple murder plot  
to acquire the estates of wealthy  
Osage Tribe members

## 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



✧ G.I. Bill



## Historical Roots of the Gap

✧ Mortgage interest deduction



## Historical Roots of the Gap

### ✧ Intergenerational **Wealth** Transfers

#### **Grandparents A**

House on 20 acres



**Parents:** Paid for college & law school



**You** earn significant income & build assets

#### **Grandparents B**

\$35,000



**Parents:** Bought a house



**You** rent the house for monthly income

## II. Measuring the Racial Wealth Gap

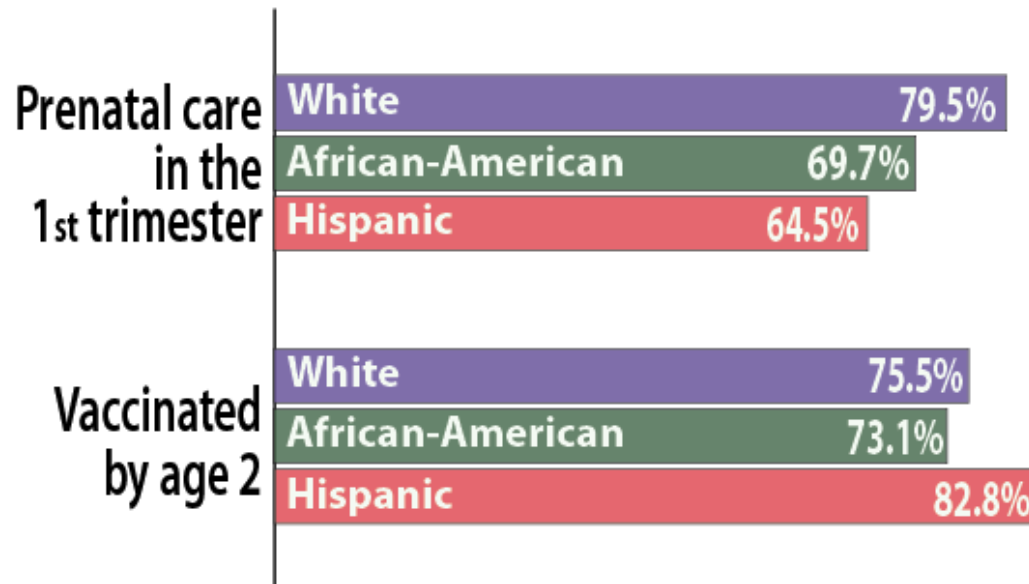
- 1 Foundational Assets** (health, education, transportation)  
Prerequisites to employment that generates income
- 2 Generative Assets** (employment, income)  
The cash flow that enables financial security and asset-building
- 3 Regenerative Assets** (savings, homeownership)  
Assets that generate wealth 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



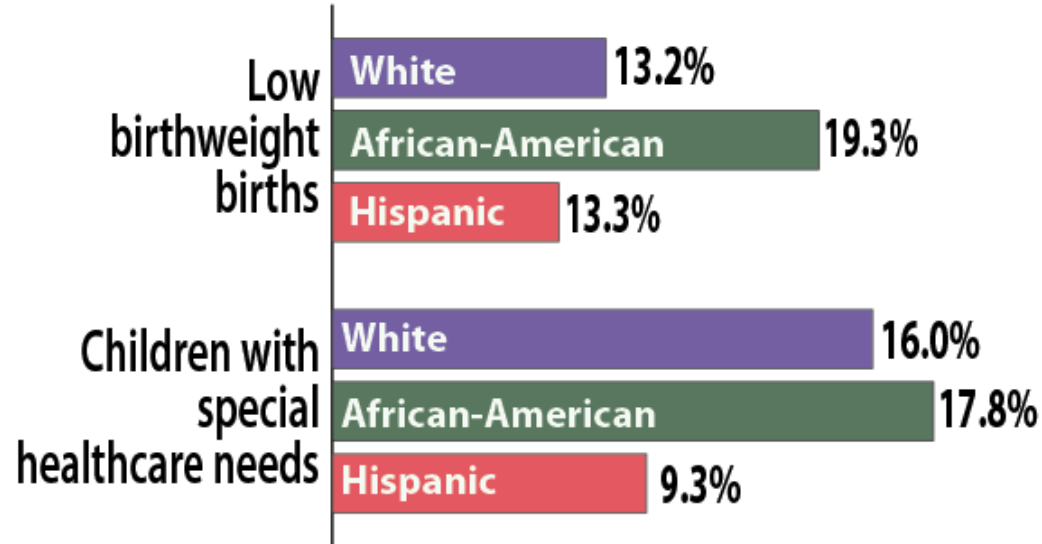
## Childhood Health



- White mothers are accessing prenatal care at the highest rate
- Hispanic children are accessing vaccinations at the highest rate
- African-American families are accessing both prenatal care & vaccinations at the lowest rates



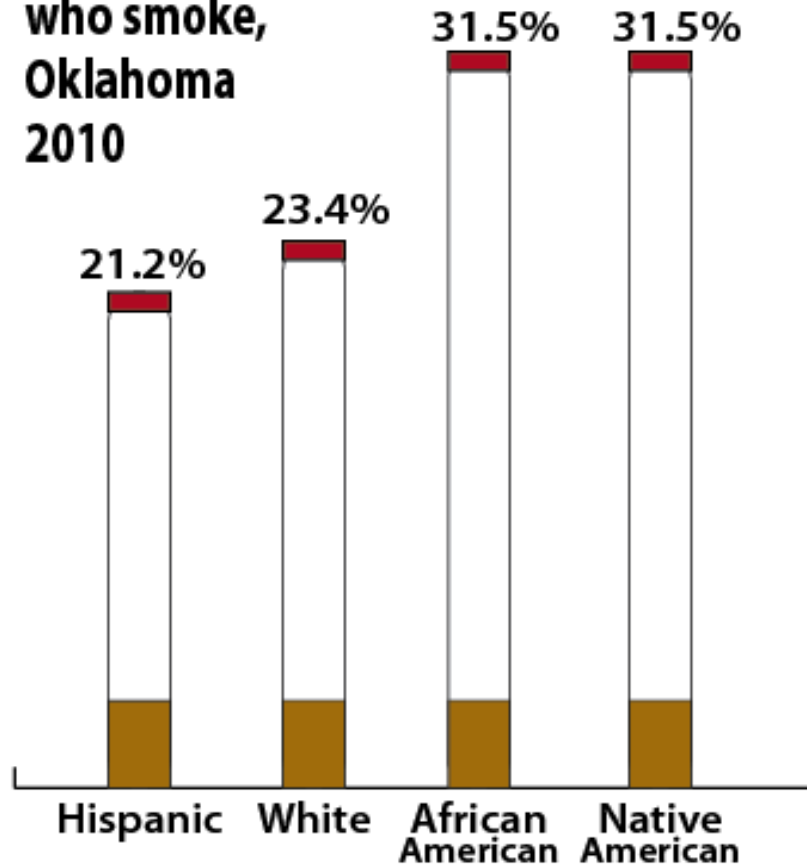
## Childhood Health



- African American children have the highest rate of low birthweight births and children with special healthcare needs
- Hispanic children have the lowest rate of children with special healthcare needs

## Smoking

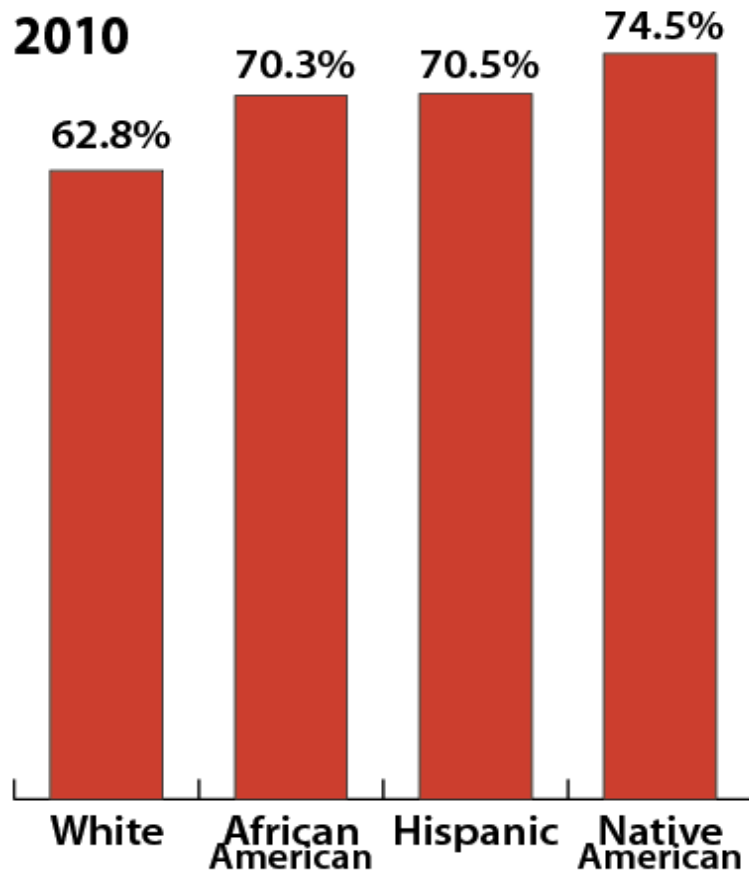
Percentage of adults  
who smoke,  
Oklahoma  
2010



Source: Centers for Disease Control and Prevention

- African-Americans and Native Americans have the highest smoking rates

## Percentage of obese adults, Oklahoma 2010



Source: Centers for Disease Control and Prevention

## Obesity

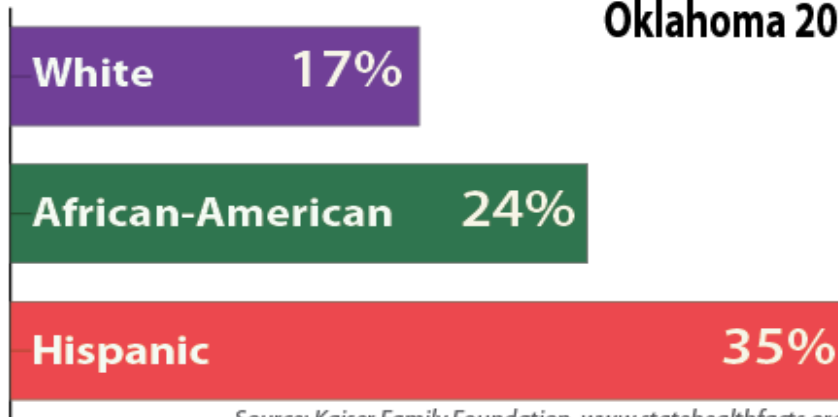
- By 2018, Oklahoma will have the highest obesity rate in the nation
  - The obesity rate is highest among people of color

## 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**

## Access to & Quality of Care

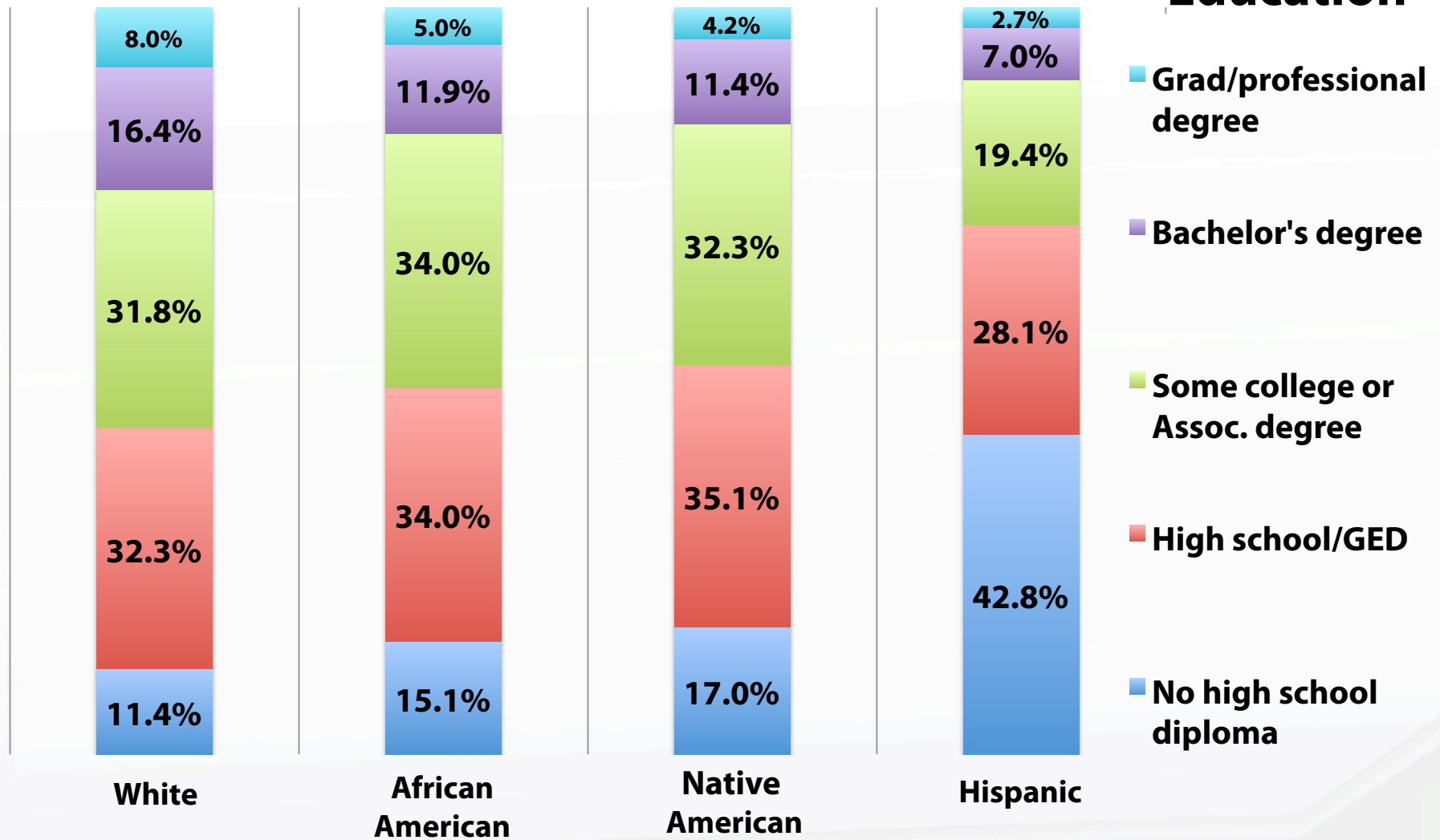
Percentage of nonelderly adults who are uninsured,  
Oklahoma 2010



Source: Kaiser Family Foundation, [www.statehealthfacts.org](http://www.statehealthfacts.org)

- 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

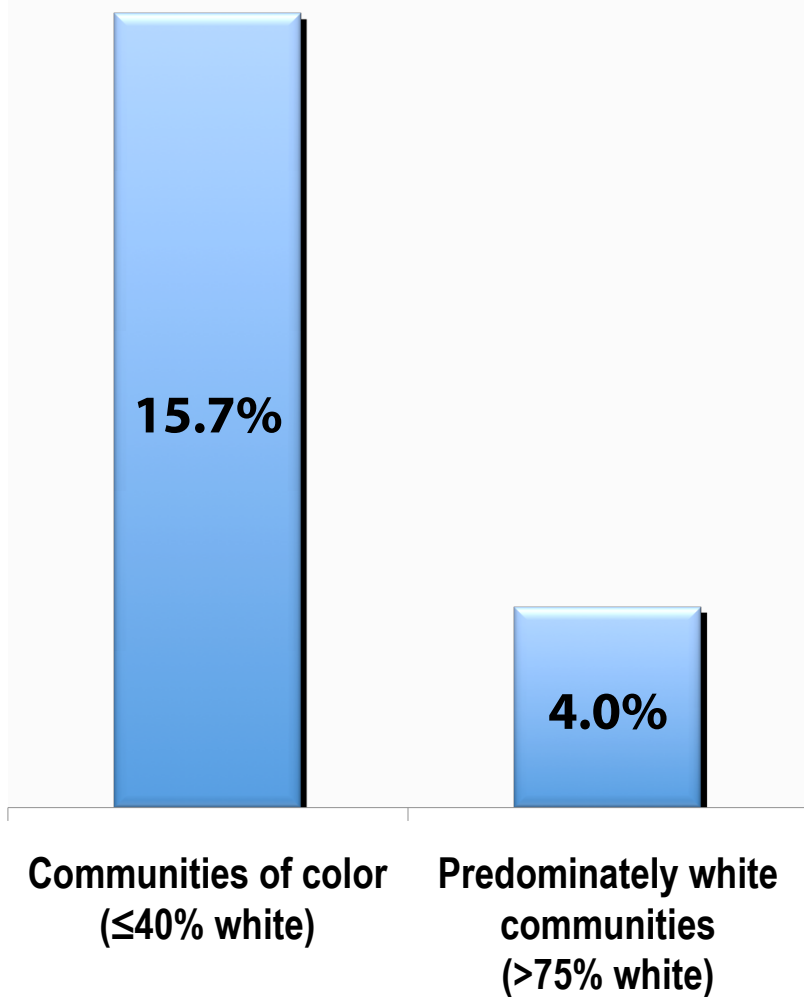
## Education



**Educational Attainment, 25 yrs. and older, Oklahoma 2010**

## Education

- Hispanic Oklahomans face the widest gap in educational attainment
- 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
  - The average gap in graduation rates between white students and students of color is **11 percentage points**
  - Northwestern Oklahoma State University and Langston University have achieved parity



## Transportation

- Households in communities of color are nearly **4x** as likely as households in predominately white communities to report having no access to a vehicle



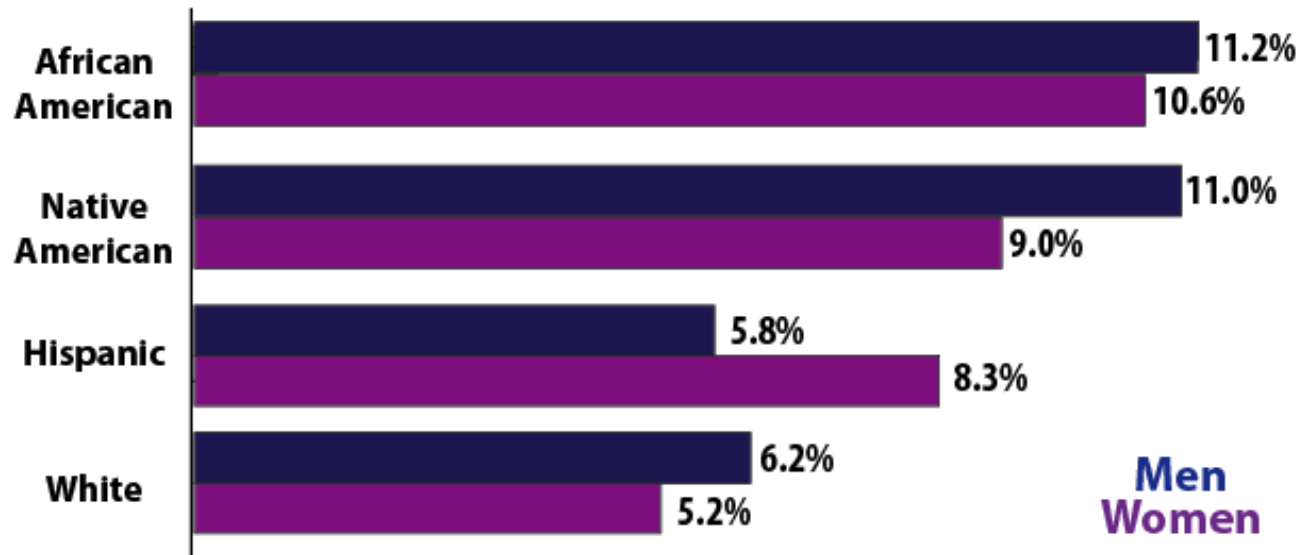


## 2. Generative Assets

- ✧ Generating sufficient cash flow is a prerequisite to asset-building
- ✧ Measuring the generative assets gap
  - ✧ Employment
  - ✧ Income

# Employment

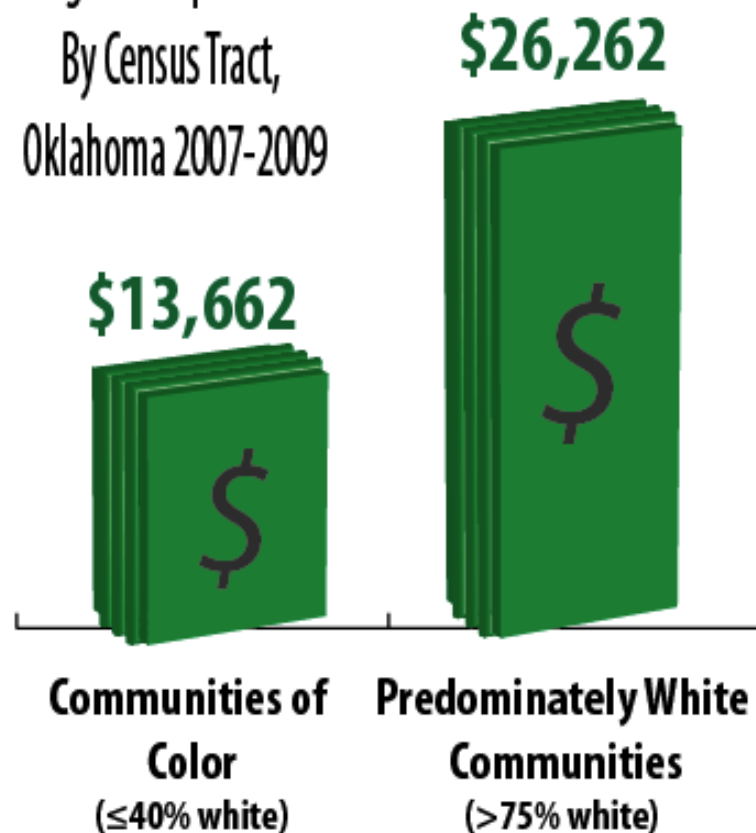
## Unemployment Rate in Oklahoma by Sex and Race/Ethnicity, 2008-2010



*Source: U.S. Census Bureau, 2008-2010 American Community Survey 3-Year Estimates, Unemployment rate for the working age population (16 - 64 yrs)*

- Native American and African American workers are unemployed at **nearly twice the rate** of White workers

Average Per Capita Income  
By Census Tract,  
Oklahoma 2007-2009

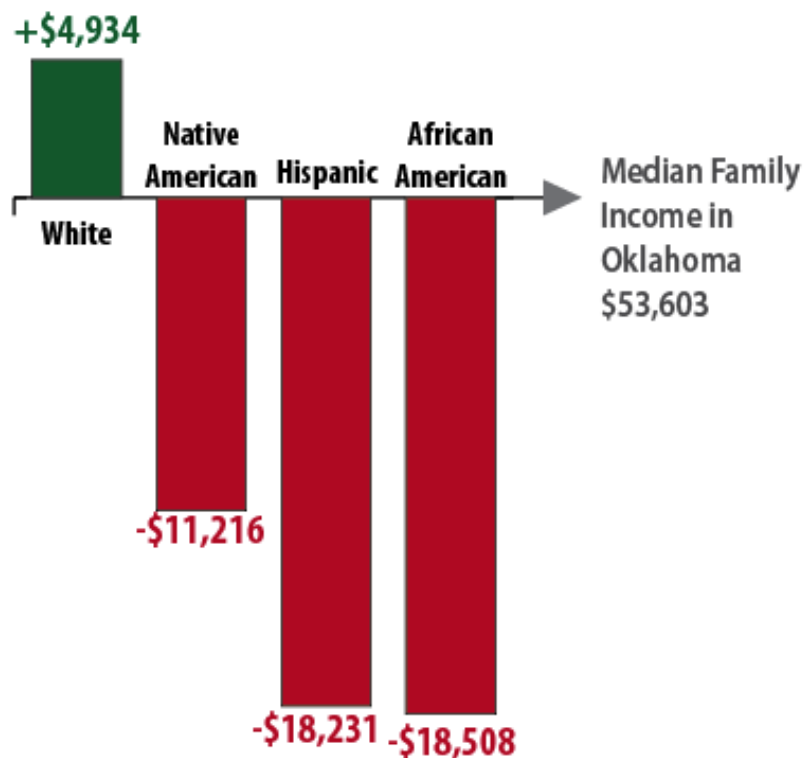


## Income

- Predominately white communities earn nearly **twice as much income per capita** as communities of color

Source: U.S. Census Bureau, 2007-2009 American Community Survey 3-Year Estimates, Average per capita income in the past 12 months (in 2009 inflation-adjusted dollars) by census tract

## Median Family Income Gap by Race/Ethnicity, Oklahoma 2008-2010

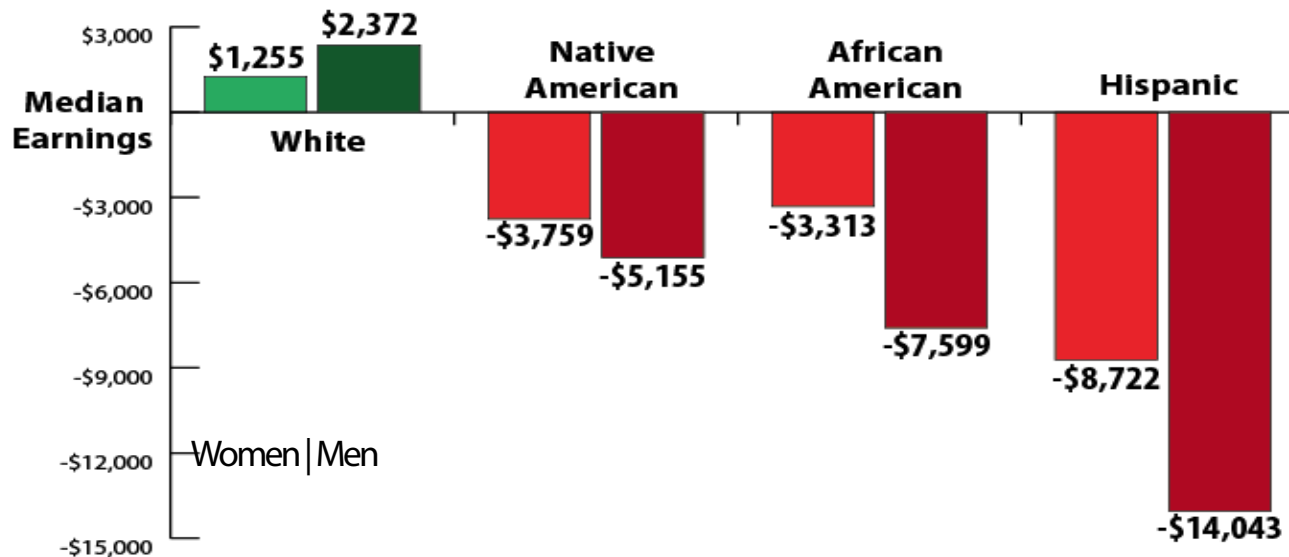


Source: U.S. Census Bureau, 2008-2010 American Community Survey 3-Year Estimates  
Median family income in the past 12 months (in 2010 inflation-adjusted dollars)

## Income

- The median income for White families is nearly **\$5k** more than the median income for all Oklahoma families
- Minority families 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



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

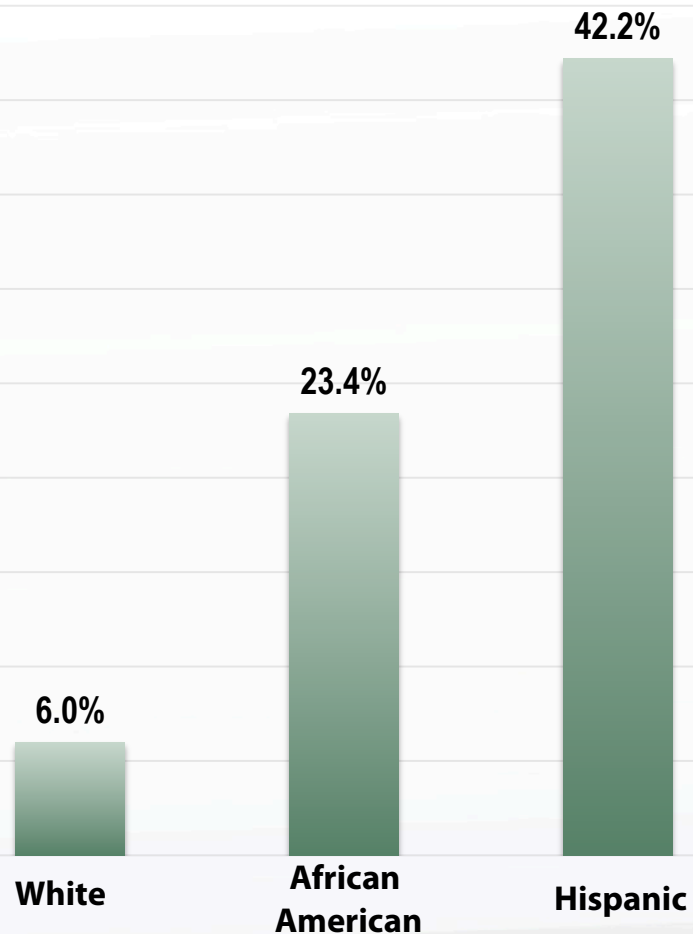
- Hispanic workers have the lowest median earnings, while White workers have the highest

### **3. Regenerative Assets**

- ✧ These assets yield income not earned directly through labor
- ✧ Measuring the regenerative assets gap
  - ✧ Savings & Investment
  - ✧ Homeownership

## Banking

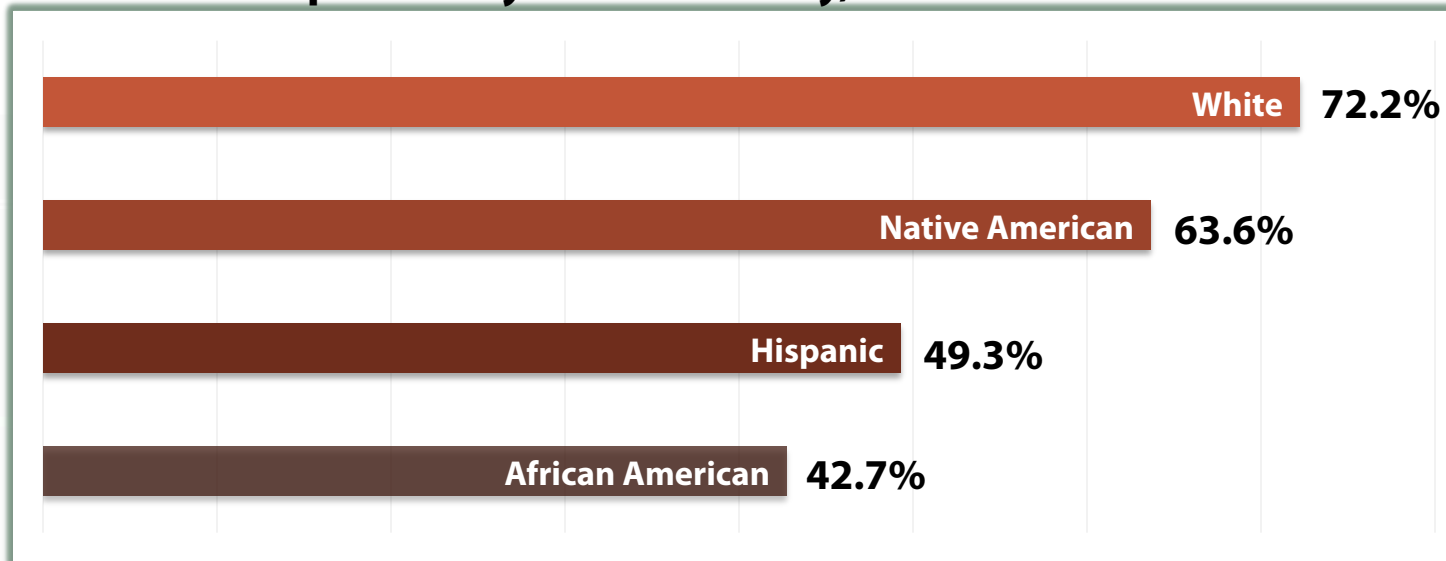
Percent of Households that are Unbanked in Oklahoma, 2009



- Just under **half** of Hispanic households are unbanked
- Just under a **quarter** of African-American households are unbanked

# Homeownership

## Homeownership Rates by Race/Ethnicity, Oklahoma 2010



- 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



# 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
- ❑ Preserve Equal Opportunity Employment
- ❑ 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