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
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 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"
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)
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
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

**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
- 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

- **Low birthweight births**
  - White: 13.2%
  - African-American: 19.3%
  - Hispanic: 13.3%

- **Children with special healthcare needs**
  - White: 16.0%
  - African-American: 17.8%
  - Hispanic: 9.3%

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

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

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**
Access to & Quality of Care

- 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

Percentage of nonelderly adults who are uninsured, Oklahoma 2010

- White: 17%
- African-American: 24%
- Hispanic: 35%

Source: Kaiser Family Foundation, www.statehealthfacts.org
Educational Attainment, 25 yrs. and older, Oklahoma 2010

- **Grad/professional degree**
- **Bachelor's degree**
- **Some college or Assoc. degree**
- **High school/GED**
- **No high school diploma**
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.

<table>
<thead>
<tr>
<th>Communities of color (≤40% white)</th>
<th>Predominately white communities (&gt;75% white)</th>
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<tbody>
<tr>
<td>15.7%</td>
<td>4.0%</td>
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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.
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.
Hispanic workers have the lowest median earnings, while White workers have the highest.
3. Renerative 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.
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