

Executive Summary

A recent report from the Center on Urban & Metropolitan Policy, “A Decade of Mixed Blessings: Urban and Suburban Poverty in Census 2000”, notes that a slight overall decline in poverty nationwide during the 1990s conceals strong differences by region, as well as between cities and suburbs. This report examines the issue of income differentials at the local level, focusing on the counties and communities of Northwest Indiana. The focus is on the extent of income differentials, and why those differences exist.

Key findings

- ▶ Porter County is relatively wealthy in comparison to Lake and LaPorte counties. It has higher median family income, median household income, and per capita income, and a lower poverty rate. Per capita income for Porter County is over \$4,000 higher than either of the other two counties.
- ▶ While income differences between counties are great, there is a larger disparity between communities within the counties. Per capita income figures for Lake County communities vary by more than \$17,000. This is considerably higher than the difference between Porter County and LaPorte County on this measure (\$5,044).
- ▶ Additional differences are evident within each county. Major differences still exist between the major racial/ethnic groups, with white residents typically faring better than blacks or Hispanics. In Lake County, blacks have a poverty rate nearly four times that of whites, and the rate for Hispanics is more than double that for whites.
- ▶ Residents of the region had higher income (controlled for inflation) in 2000 than they had in 1990. The income gap between whites and blacks narrowed during the 1990s. However, Hispanics lost ground to whites in all three counties, and to blacks in two counties (Lake and Porter).
- ▶ Analysis shows racial variables (percent black and percent Hispanic) are not predictive of per capita income, once one has controlled for other factors that influence income, such as education, occupation, and unemployment.
- ▶ The ability of racial variables to predict poverty rate is mixed. While the percentage of Hispanics in the communities did not significantly predict poverty when other factors were controlled, the percentage of blacks did. Despite controlling for education and unemployment, there is still a positive association between the percentage of blacks and poverty rate. Thus, communities with higher percentages of black residents tend to have higher poverty rates.

Implications

- ▶ Race is only one of a variety of factors influencing differences in income and poverty. While one cannot discount the impact of race on income, the evidence suggests that this impact is primarily indirect rather than direct.
- ▶ The factor most influencing both per capita income and poverty rates is education. Communities with higher percentages of adults having a Bachelor's degree or more, and lower percentages of adults with less than a high school diploma, had higher levels of per capita income and lower poverty rates. It is incumbent on those who form policy in the region to work toward providing a quality education for all residents at all levels of the education system.
- ▶ Occupational differences contribute to differences in income. Communities with higher percentages of workers in professional/managerial positions were better off than those with lower numbers in those occupations. Efforts must be made to bring more of these higher paying occupations to the region by strongly promoting the region and its assets to business owners.
- ▶ The differences across the region, and within individual counties, underscore that these are not only problems for specific communities. Any attempt to solve the problem must have a regional focus. If the region is to be strong, all communities in the region must share in that strength—if any are left behind, the strategy fails. ❖