

# The Rich Stay Rich Among Indiana's Counties

**T**he most widely accepted measure of economic well-being is real per capita personal income (see sidebar below left).

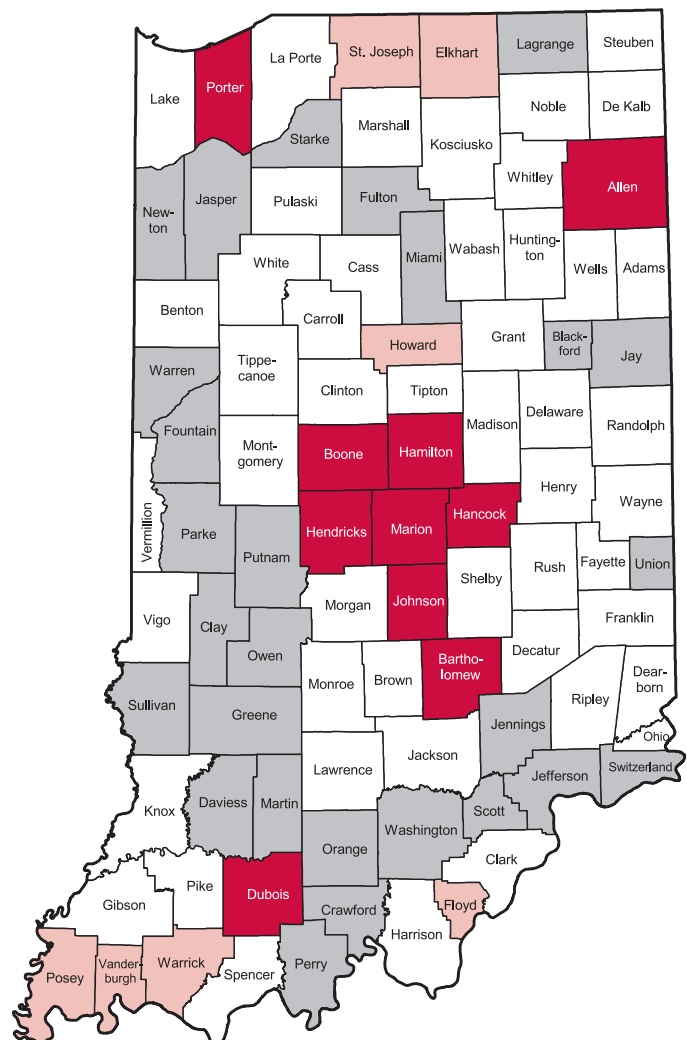
In 1998, the latest year for which county level data are available from the U.S. Bureau of Economic Analysis, Indiana's real per capita personal income (PCPI) was \$24,446— 7.5 percent below the national figure of \$26,427. That simple figure does not tell the

full story. As seen in **Figure 1**, ten Indiana counties, six of which are in the Indianapolis metro area, had PCPI levels above the U.S. Only seven other counties, for a total of 17, were above the state's PCPI level. That left 75 counties in the lower ranges of PCPI, with 27 counties failing to be within 25 percent of the national level.

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**Figure 1**  
**Real Per Capita Income 1998**



- Greater than U.S. – \$26,427 (10)
- Less than U.S., but Greater than Indiana – \$24,446 (7)
- Below Indiana, but Greater than 75% of U.S. (48)
- Less than 75% of U.S. – \$19,820 (27)

## Sidebar

**Real Per Capita Personal Income (PCPI)**  
for a county, state or nation is:

The sum of:

- earnings
- + dividends, interest and rent
- + transfer payments

divided by population and adjusted  
for changes in consumer prices

In this article, all dollar figures are  
expressed in constant 1996 dollars

Note: **Earnings** include wages, salaries, employer paid benefits and proprietors' income. **Transfer payments** include social security, welfare, and unemployment compensation.

The disparity of PCPI among Indiana counties has been growing over the years, as seen in **Figure 2**. The six wealthiest counties in 1969 (Hamilton, Porter, Elkhart, Allen, Bartholomew, and Marion) averaged a PCPI of \$15,614. The six poorest counties (Owen, Crawford, Jennings, Switzerland, Martin, and Perry) averaged just \$10,294 in the same year. The difference was more than \$5,300.

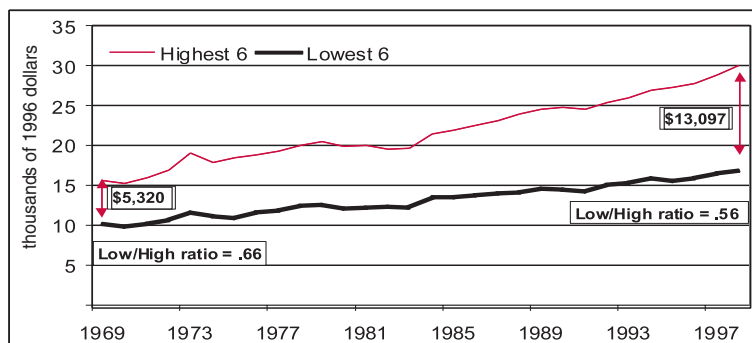
By 1998 this differential had grown to \$13,100. Where the average citizen in the poorest counties in 1969 had 66 cents for each dollar enjoyed by residents of the wealthiest counties, that ratio had fallen to just 56 cents per dollar in 1998.

The fact is that the poor stay poor and the rich stay rich. **Figure 3** shows how many times each county has been in either the highest or the lowest

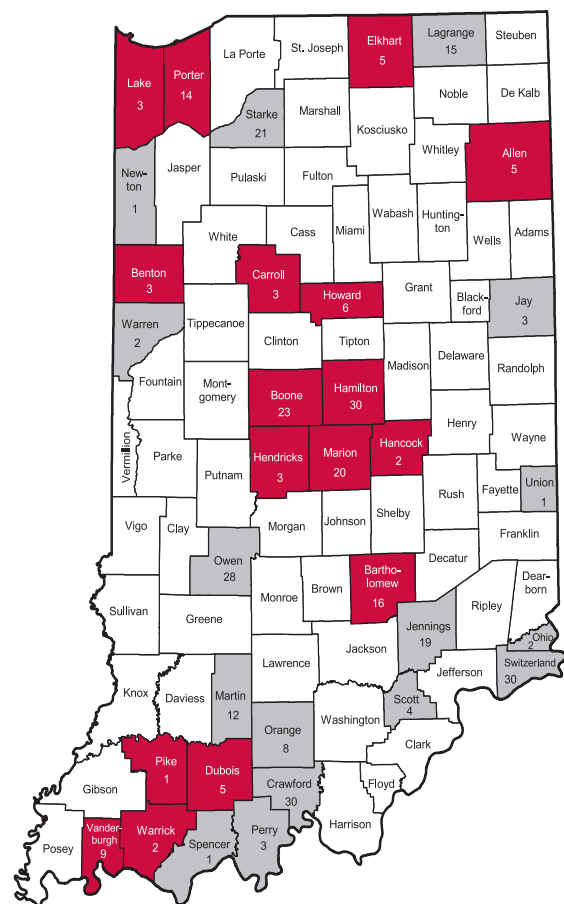
six counties over the 30 year period 1969 to 1998. Hamilton County has never been out of the highest six group. Boone and Marion counties were in that rarified atmosphere 20 or more times. In early 1970s, years of exceptional prosperity for farmers, Benton and Carroll made the elite list. When a power plant was under construction and coal prices boomed in the same era (due to high petroleum prices) Pike joined the top six for one year.

Less fortunate have been Crawford and Switzerland which have never escaped the lowest six counties on the list. Owen has been among the lowest income counties in 28 of the 30 years. Eleven of the 16 counties on the list of lowest PCPI are in southern Indiana.

**Figure 2**  
Growing Disparity of Income (over time)



**Figure 3**  
Counties with Highest/Lowest PCPI, 1969-1998



Number of Times Among Highest or Lowest 6 in Per Capita Income

- Highest Six (17)
- Never in Either Group (59)
- Lowest Six (16)

**Table 1**  
**Winners and Losers**

Over a period of 30 years many changes take place. The well-being of counties relative to each other rises and falls. Small changes are of little consequence. But as **Table 1** shows, there have been some dramatic changes in rank among the 92 counties of Indiana between 1969 and 1998. Brown climbed from 73<sup>rd</sup> place in the state to 25<sup>th</sup>, a rise of 48 places. At the same time Union and Newton each fell more than 70 places.

Three counties (Hamilton #1, Allen #5, and Orange #83) had no change in their relative positions in the state. If there is any pattern to these rank order changes, it seems that rural counties had the greatest rank order changes, although there are enough exceptions to call that generalization into question.

Gaining Counties				Losing Counties			
Rank 1969	Rank 1998	Pos. change		Rank 1969	Rank 1998	Neg. change	
+				-			
Brown	73	25	48	Union	13	88	-75
Monroe	85	45	40	Newton	15	85	-70
Dubois	45	6	39	Benton	7	58	-51
Steuben	59	24	35	White	17	54	-37
Dearborn	65	31	34	Jasper	32	69	-37
Decatur	63	33	30	Miami	35	68	-33
Ohio	79	49	30	Randolph	30	61	-31
Harrison	75	48	27	Daviess	44	73	-29
Gibson	58	32	26	Warren	51	80	-29
Ripley	61	35	26	Clinton	23	50	-27
Knox	77	51	26	Wayne	19	39	-20
Tippecanoe	54	29	25	Jay	64	84	-20
Delaware	55	30	25	Jackson	41	60	-19
Warrick	40	16	24	Fulton	50	66	-16
Franklin	86	63	23	La Porte	22	37	-15
Jennings	90	67	23	Cass	27	42	-15
Posey	38	17	21	Marshall	31	46	-15
Martin	88	70	18	Fountain	57	71	-14
Spencer	82	65	17	Rush	43	56	-13
De Kalb	39	23	16	Elkhart	3	15	-12
Vigo	68	52	16	Blackford	62	74	-12
Floyd	28	13	15	Madison	26	36	-10
Vanderburgh	25	11	14	Washington	71	81	-10
Pulaski	66	53	13	Lagrange	78	87	-9
Morgan	46	34	12	Lake	12	20	-8
Perry	87	75	12	Grant	47	55	-8
Noble	53	43	10	Sullivan	74	82	-8
Whitley	33	26	7	Starke	84	92	-8
Boone	8	2	6	Porter	2	9	-7
Hancock	10	4	6	Parke	70	77	-7
Huntington	34	28	6	Scott	72	79	-7
Adams	49	44	5	Fayette	52	5	-5
Vermillion	67	62	5	Green	81	86	-5
Johnson	14	10	4	Pike	60	64	-4
St. Joseph	18	14	4	Howard	9	12	-3
Jefferson	80	76	4	Henry	37	40	-3
Hendricks	11	8	3	Lawrence	56	59	-3
Tipton	21	19	2	Putnam	69	72	-3
Clark	24	22	2	Kosciusko	16	18	-2
Shelby	29	27	2	Carroll	36	38	-2
Crawford	91	89	2	Clay	76	78	-2
Owen	92	90	2	Switzerland	89	91	-2
Marion	4	3	1	Bartholomew	6	7	-1
Montgomery	42	41	1	Wells	20	21	-1
Wabash	48	47	1				
Hamilton	1	1	No Change				
Allen	5	5	No Change				
Orange	83	83	No Change				

Rank order changes are the result of different growth rates in real per capita income. Indiana counties at all levels of income have had very diverse growth rate experiences. This is demonstrated in **Table 2** where the 92 counties have been divided two ways: across the table, counties are categorized by their income level in 1969, while down the table they are grouped by their PCPI growth rates from 1969 to 1998.

In the upper right box of **Table 2** are the most fortunate counties, those which were in the top quarter of all Indiana counties in 1969 and had the highest growth rates from then through 1998. Five of

these seven counties are suburban Indianapolis with Bartholomew and Allen rounding out the set. At the other extreme are the poor six counties (Greene, Scott, Washington, Lagrange, Switzerland, and Starke) with very low growth rates over three decades.

The remaining 79 counties were spread all over the table. In fact, the correlation between a county's PCPI rank in 1969 and its PCPI growth rate for the period 1969 to 1998 was -.66, which means there was a weak negative relationship. In other words, high PCPI was weakly related to slow growth, while strong growth was weakly related to more rapid growth.

**Table 2**  
**Indiana Counties by Level of PCPI**

1969 Level of Real PCPI															
High Top 23				Medium Next 23				Low Next 23				Very low Next 23			
1st quartile 3.01% to 2.08%				2nd quartile 2.07% to 1.85%				3rd quartile 1.84% to 1.61%				4th quartile 1.61% to 0.75%			
Rank				Rank				Rank				Rank			
High PCPI= \$16,144 To \$13,751	Hamilton	3.01	1	Dubois	2.59	3	Steuben	2.19	10	Monroe	2.45	4			
	Boone	2.67	2	Vanderburgh	2.28	7	Dearborn	2.15	16	Brown	2.41	5			
	Hancock	2.19	11	Warrick	2.20	9	Decatur	2.11	20	Jennings	2.28	6			
	Johnson	2.17	13	Posey	2.17	14	Ripley	2.08	23	Ohio	2.23	8			
	Hendricks	2.14	18	Floyd	2.16	15				Harrison	2.18	12			
	Bartholomew	2.11	21							Knox	2.14	17			
	Allen	2.11	22							Franklin	2.14	19			
Medium PCPI= \$13,702 to \$12,966	St. Joseph	2.01	30	De Kalb	2.03	29	Gibson	2.07	24	Spencer	2.04	25			
	Marion	2.01	31	Morgan	1.95	35	Delaware	2.04	26	Martin	2.04	27			
	Howard	1.98	33	Clark	1.94	37	Tippecanoe	2.03	28	Perry	1.98	32			
	Tipton	1.94	36	Whitley	1.92	38	Vigo	1.97	34	Crawford	1.85	46			
	Wells	1.92	39	Huntington	1.90	40	Noble	1.89	41						
	Kosciusko	1.88	42	Shelby	1.86	44	Pulaski	1.88	43						
Low PCPI= \$12,954 to \$11,933	Porter	1.80	51	Montgomery	1.83	48	Wabash	1.81	49	Owen	1.84	47			
	Lake	1.79	54	Carroll	1.80	52	Vermillion	1.78	55	Jefferson	1.81	50			
	La Porte	1.69	58	Henry	1.80	53	Lawrence	1.65	62	Orange	1.73	57			
	Wayne	1.63	67	Madison	1.74	56	Grant	1.64	63	Clay	1.69	59			
				Cass	1.68	60	Fayette	1.64	64	Parke	1.61	68			
				Marshall	1.68	61	Putnam	1.63	65	Sullivan	1.61	69			
Very low PCPI= \$11,896 to \$9,828	Elkhart	1.55	75	Rush	1.59	72	Fulton	1.49	79	Greene	1.61	70			
	Clinton	1.53	76	Jackson	1.53	77	Blackford	1.47	80	Scott	1.60	71			
	White	1.36	83	Randolph	1.42	82	Fountain	1.43	81	Washington	1.57	73			
	Benton	1.13	90	Daviess	1.33	84	Jay	1.31	86	Lagrange	1.56	74			
	Newton	0.79	91	Miami	1.32	85	Warren	1.27	87	Switzerland	1.52	78			
	Union	0.75	92	Jasper	1.26	88				Starke	1.25	89			

**Table 3**  
**Average Annual Percent Change in Income, 1969-1998**

	Real Total Personal Income		Population		Real Per Capita Personal Income			Real Total Personal Income		Population		Real Per Capita Personal Income	
	Income	Rank		Rank	Income	Rank		Income	Rank		Rank	Income	Rank
United States	3.16		1.02		2.12								
Indiana	2.46		0.48		1.97								
Adams	2.61	37	0.74	40	1.86	45	Lawrence	2.30	46	0.64	46	1.65	62
Allen	2.58	38	0.46	51	2.11	22	Madison	1.58	78	-0.16	79	1.74	56
Bartholomew	2.85	29	0.73	41	2.11	21	Marion	2.14	54	0.13	67	2.01	31
Benton	0.61	92	-0.51	91	1.13	90	Marshall	2.63	36	0.94	27	1.68	61
Blackford	1.03	89	-0.43	89	1.47	80	Martin	1.88	66	-0.15	78	2.04	27
Boone	3.96	7	1.25	17	2.67	2	Miami	0.77	91	-0.54	92	1.32	85
Brown	4.50	2	2.04	5	2.41	5	Monroe	3.70	12	1.22	19	2.45	4
Carroll	2.23	50	0.43	54	1.80	52	Montgomery	2.10	58	0.26	59	1.83	48
Cass	1.53	80	-0.15	77	1.68	60	Morgan	3.43	16	1.46	13	1.95	35
Clark	2.75	32	0.80	36	1.94	37	Newton	1.64	75	0.84	34	0.79	91
Clay	2.07	59	0.37	55	1.69	59	Noble	3.00	23	1.09	22	1.89	41
Clinton	1.82	69	0.28	58	1.53	76	Ohio	3.09	20	0.84	35	2.23	8
Crawford	2.81	30	0.94	25	1.85	46	Orange	2.23	51	0.50	49	1.73	57
Daviess	1.62	77	0.29	57	1.33	84	Owen	3.69	13	1.82	8	1.84	47
Dearborn	3.83	9	1.64	10	2.15	16	Parke	2.11	57	0.49	50	1.61	68
Decatur	2.56	39	0.44	53	2.11	20	Perry	2.05	60	0.07	68	1.98	32
De Kalb	2.91	25	0.86	33	2.03	29	Pike	1.79	71	0.16	66	1.63	66
Delaware	1.71	73	-0.32	85	2.04	26	Porter	3.77	11	1.93	6	1.80	51
Dubois	3.50	15	0.89	29	2.59	3	Posey	2.90	26	0.72	43	2.17	14
Elkhart	2.70	33	1.13	20	1.55	75	Pulaski	2.12	56	0.24	60	1.88	43
Fayette	1.63	76	-0.01	73	1.64	64	Putnam	2.53	40	0.88	30	1.63	65
Floyd	3.09	19	0.91	28	2.16	15	Randolph	1.24	84	-0.17	80	1.42	82
Fountain	1.44	81	0.00	72	1.43	81	Ripley	2.98	24	0.88	31	2.08	23
Franklin	3.02	21	0.87	32	2.14	19	Rush	1.20	85	-0.38	87	1.59	72
Fulton	2.18	53	0.68	44	1.49	79	St. Joseph	2.20	52	0.19	64	2.01	30
Gibson	2.26	48	0.19	63	2.07	24	Scott	2.69	34	1.07	23	1.60	71
Grant	1.17	86	-0.47	90	1.64	63	Shelby	2.37	44	0.50	48	1.86	44
Greene	2.37	45	0.75	39	1.61	70	Spencer	2.78	31	0.72	42	2.04	25
Hamilton	7.07	1	3.94	1	3.01	1	Starke	2.03	63	0.77	37	1.25	89
Hancock	3.84	8	1.62	11	2.19	11	Steuben	3.82	10	1.59	12	2.19	10
Harrison	4.07	6	1.85	7	2.18	12	Sullivan	1.82	68	0.21	62	1.61	69
Hendricks	4.26	5	2.08	4	2.14	18	Switzerland	2.66	35	1.13	21	1.52	78
Henry	1.54	79	-0.25	82	1.80	53	Tippecanoe	3.00	22	0.95	24	2.03	28
Howard	2.04	61	0.06	69	1.98	33	Tipton	1.95	64	0.01	71	1.94	36
Huntington	2.13	55	0.23	61	1.90	40	Union	1.09	88	0.33	56	0.75	92
Jackson	2.30	47	0.76	38	1.53	77	Vanderburgh	2.26	49	-0.02	74	2.28	7
Jasper	2.53	41	1.25	18	1.26	88	Vermillion	1.80	70	0.02	70	1.78	55
Jay	1.03	90	-0.27	83	1.31	86	Vigo	1.65	74	-0.31	84	1.97	34
Jefferson	2.38	43	0.56	47	1.81	50	Wabash	1.74	72	-0.07	75	1.81	49
Jennings	3.59	14	1.27	16	2.28	6	Warren	1.12	87	-0.15	76	1.27	87
Johnson	4.41	4	2.19	2	2.17	13	Warrick	4.43	3	2.18	3	2.20	9
Knox	1.94	65	-0.20	81	2.14	17	Washington	2.88	28	1.29	15	1.57	73
Kosciusko	3.32	17	1.41	14	1.88	42	Wayne	1.29	83	-0.33	86	1.63	67
Lagrange	3.27	18	1.68	9	1.56	74	Wells	2.38	42	0.45	52	1.92	39
Lake	1.36	82	-0.42	88	1.79	54	White	2.03	62	0.67	45	1.36	83
La Porte	1.87	67	0.17	65	1.69	58	Whitley	2.88	27	0.94	26	1.92	38

- As stated in the sidebar on page one, **real per capita personal income** is:

real total personal income  
divided by  
population

- Roughly speaking, then: **percent change in PCPI** is:

percent change in real total personal income  
minus  
percent change in population

ranked 6<sup>th</sup> in population growth (1.93%) and ended up in 51<sup>st</sup> place in PCPI growth. By contrast, Boone grew slightly faster in income (3.96%) and slightly slower in population (1.25%) than did Porter and ended up with the second fastest growth in PCPI in the state.

Growth of aggregate income and population are both desirable traits, but they can lead to great difficulties in interpreting growth in PCPI in some cases. However, in general, population and income growth are highly related to each other. For example, 17 of the 18 Indiana counties that surpassed the national average for total income growth also were ahead of the nation in population growth. Only Dubois failed to have this double distinction.

The relationship between income and population growth rates in Indiana counties between 1969 and 1998 is very strong:

	Income	Population	PCPI
<b>Income</b>	<b>1.00</b>	<b>0.94</b>	<b>0.72</b>
<b>Population</b>		<b>1.00</b>	<b>0.45</b>

The perverse nature of the above arithmetic truth is that PCPI may grow faster in counties that are declining in population than in counties experiencing strong population growth. What is driving PCPI growth in Indiana counties?

Consider the counties of Whitley and Washington. Both grew in real personal income by approximately 2.88 percent and ranked 27<sup>th</sup> and 28<sup>th</sup> respectively in that factor between 1969 and 1998 (see **Table 3**). But Whitley's population growth was 26<sup>th</sup> in the state (0.94%) while Washington County came in 16<sup>th</sup> (1.29%). The result was Whitley's PCPI growth was 1.92 percent (38<sup>th</sup> in the state) and Washington trailed down in 73<sup>rd</sup> position at 1.57 percent.

A higher rate of population growth is normally considered a favorable factor in assessing a community's performance. But when PCPI is the ultimate indicator, population growth has a negative influence.

**Table 3** shows 20 counties (highlighted in gray) in which PCPI was boosted by declining population in the period 1969 to 1998. Rapid growth in real personal income does not assure rapid growth in PCPI. Indiana had 18 counties (highlighted in red) exceed the national growth rate for personal income of 3.16 percent. Hamilton ranked first in both growth of total personal income and population. The difference between the two still left Hamilton the fastest growing county in PCPI.

Others in that elite group did not fare as well. For example, Porter's income growth rate of 3.77 percent was good enough for 11<sup>th</sup> place, but the county also

As population rises so does total personal income. But growing personal income or growing population does not have as strong a relationship with rising PCPI. The data suggests that if one were to have an opportunity to choose, the effort should be made to increase income (seek high paying jobs) rather than increasing population (babies and retirees do not help PCPI).