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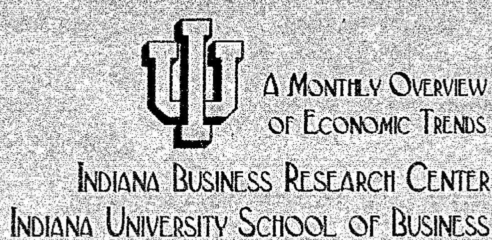
INDIANA UPDATE

BUSINESS REVIEW



A MONTHLY OVERVIEW OF ECONOMIC TRENDS
INDIANA BUSINESS RESEARCH CENTER
INDIANA UNIVERSITY SCHOOL OF BUSINESS

$ *LATEST COUNTY INCOME DATA*

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What do they mean? Per capita personal income (PCPI) is often used to measure economic well-being. The U.S. Bureau of Economic Analysis has just released the 1995 data for Indiana counties. Before we look at the results, let's consider what the data represent.

PCPI is total personal income divided by population. Income can remain unchanged and PCPI can move because of population changes. If the population of a county grows, with income constant, PCPI declines. When children leave home, but parents continue earning as before, PCPI can rise dramatically.

But PCPI can also decline while the population remains constant. If the people of the county get older and stop working, the population may be unchanged, but income drops, hence PCPI falls. Yet the community may be as prosperous as before. The retired people may now be using their savings and pensions, which can be spent but which do not count as income.

The data. Between 1985 and 1995, Indiana's per capita personal income, adjusted for inflation, grew by 17.7%. Jennings County led the state with a 28.4% increase while Newton County trailed with a 7.5% decline.

Hamilton County led the state in PCPI in both '85 and '95. With $27,040 in 1985, Hamilton was 47.9% over the state level of $18,278. By 1995, Hamilton ($33,163) had pulled to 54.1% above the state ($21,517).

This is in contrast with the poorest county (Crawford) which sank from 31.6% below the state PCPI in '85 to 34.2% below the state in '95. Thus, the spread between the wealthiest county in Indiana and the poorest **increased from $14,545 in 1985 to $19,009 ten years later.** *-mjm*

Figure 1. PCPI Rate of Growth, 1985 to 1995