



# Income Distribution

## MEASURE

Gini coefficient for income inequality

This measure ranges from 0.0 to 1.0. When the index is at 0, total income is shared equally between all people; when it is at 1.0, one person or group owns all income and all others have none. Here, income is defined as new revenues and economic resources received by individuals and families during the course of a year.

## DATA SOURCE

American Community Survey

**YEARS** 2017-2019

## REASON FOR MEASURE

In general, this measure is used to examine the extent of inequality, and the number itself does not imply value — neither 0 nor

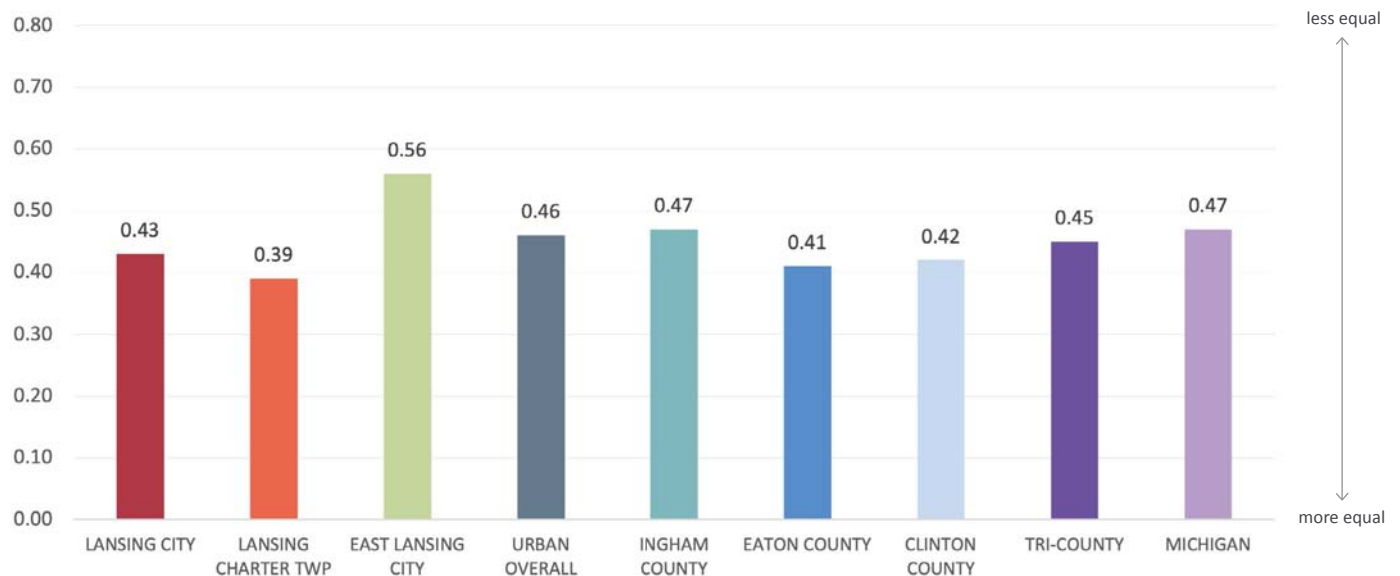
1 would be “ideal”. However, places with high-income inequality (Gini coefficients ranging from 0.5 and above), such as countries in sub-Saharan Africa and many South American countries, generally have poorer health outcomes and greater societal instability than places with relatively low-income inequality (Gini coefficients less than 0.35), such as Europe, Australia, Canada, and Scandinavia.

Across a region or community, high levels of income inequality may lead to a sense of relative deprivation (being continually reminded of your ‘poverty’; feeling like you cannot get ahead; or that you are not financially secure compared to those around you).

Relative deprivation is associated with variety of adverse outcomes, including poor mental health, poor physical health, and social discontent. In addition to relative deprivation, income inequity may also be an indication of absolute deprivation, which can lead to reduced tax revenue for an area, charitable and cultural investment, and business investment. Diversity in incomes among neighbors can enhance the social environment by improving distribution of role models and providing positive social networking opportunities.

## GINI COEFFICIENT FOR INCOME INEQUALITY, 2019

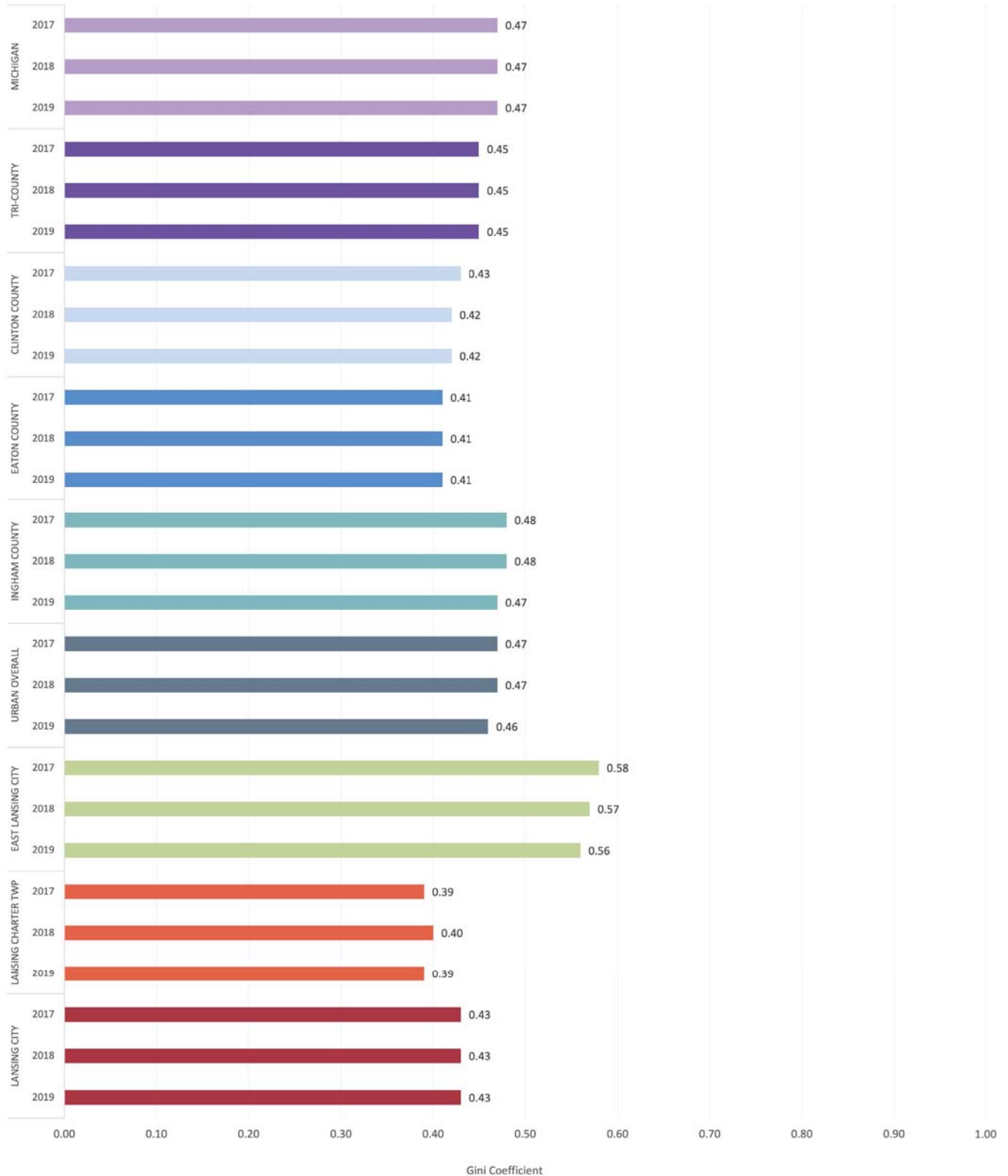
Income inequality is similar throughout the majority of the tri-county area, ranging from 0.39 to 0.47 for most geographic areas. However, there are some exceptions, as Lansing Charter Township has more income equity than the surrounding areas. The highest level of income inequality is seen in the City of East Lansing. The unusually high number for East Lansing, compared to the rest of the region, is due in large part to the presence of students attending Michigan State University.



## Income Distribution

### TREND IN GINI COEFFICIENT FOR INCOME INEQUALITY, 2017-2019

Income inequity is typically stable in our region. Over the previous three years, most areas did not experience a significant change in income inequity at all. Interestingly, income inequality in the City of East Lansing has decreased in each of the last two years despite still being the area with the highest level of income inequality.





# Income

## MEASURE

Percent of households below the ALICE Threshold

## DATA SOURCE

2017 Michigan United Way ALICE Report

## YEARS

2010-2019

## REASON FOR MEASURE

ALICE stands for Asset Limited, Income Constrained, and Emloyed. ALICE households have incomes above the Federal Poverty Level, but below the basic cost of living for their area. The basic cost of living includes necessities like housing, childcare, food, healthcare, and transportation. It does not include savings, entertainment, dining out, or leisure activities. ALICE households may appear to be middle-class and have

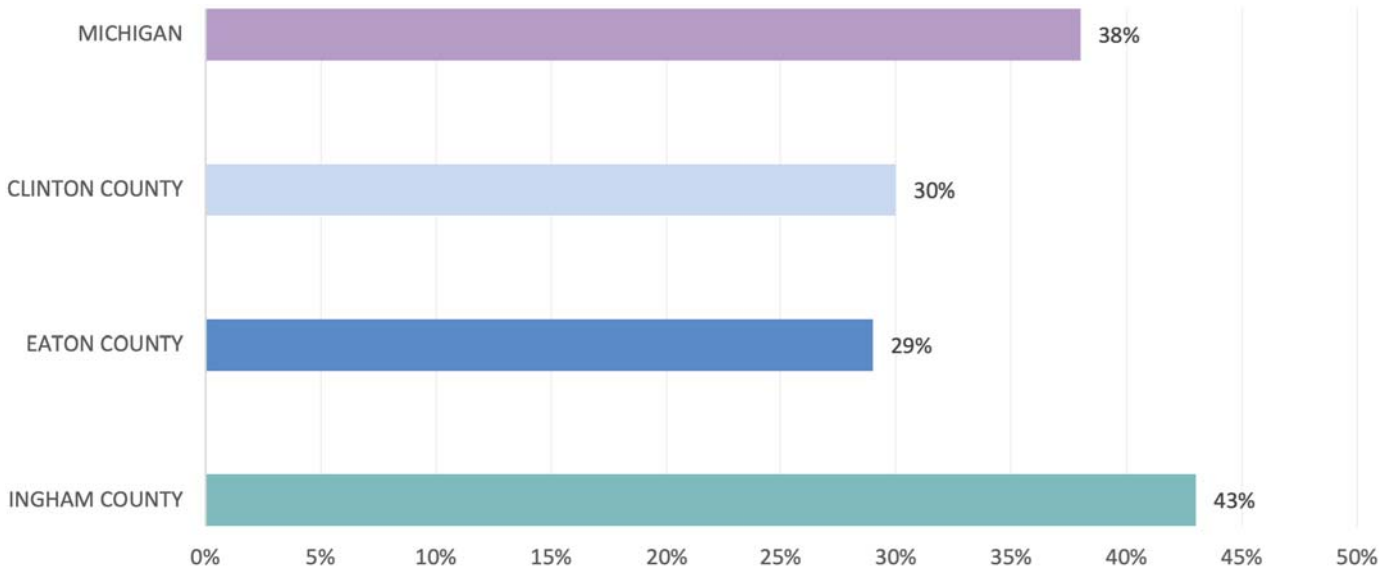
members who have a college education and are steadily employed. However, because they are making just enough to meet their expenses, they are at risk of financial difficulties and poverty if they experience an unforeseen financial expense (e.g. a major car repair). Calculating the percent of households that are below the ALICE Threshold is an attempt to more accurately capture the proportion of households that are at risk of financial ruin or are already impoverished.

What usually surprises many people about the ALICE Threshold is learning the basic cost of living. For example, in Eaton County in 2019, the household survival budget (includes childcare, taxes, and healthcare,

but no luxuries or savings) was \$64,704 annually or \$5,392 each month for a family of four including a two children in child care. In Ingham County, that same family of four would have to make \$72,228 a year (\$6,019 monthly) to meet their basic expenses. Without savings or an adequate social safety net, this family, who may not appear impoverished, could be at high risk of becoming financially unstable as a result of unexpected expenses.

### PERCENT OF HOUSEHOLDS BELOW THE ALICE THRESHOLD (2019)

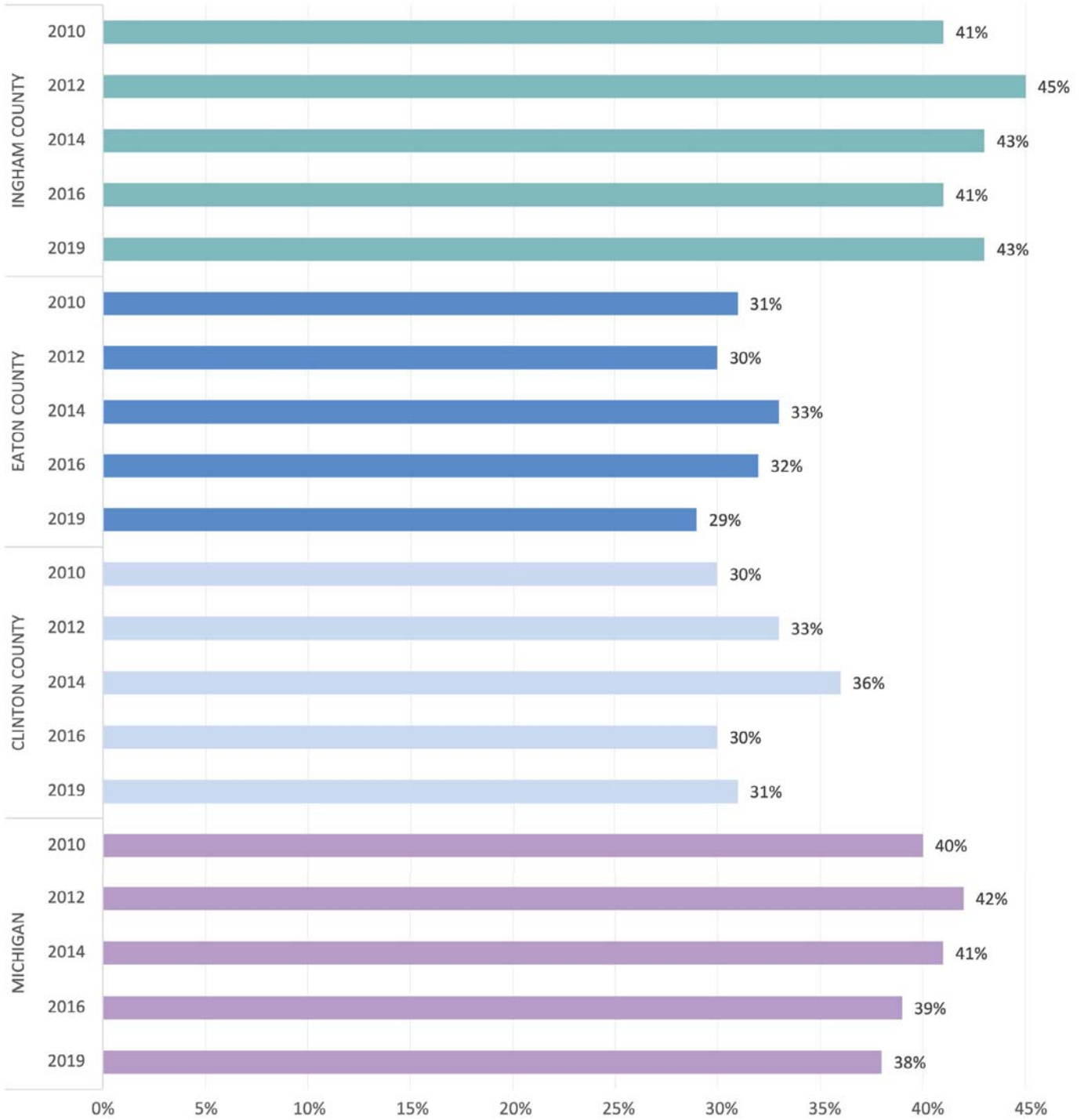
In many areas in our region, about one-third of households are either impoverished or at risk of financial instability because their household income is below the ALICE Threshold. In Ingham County, more than 40% of households are either impoverished or at risk of becoming impoverished, especially for people of color.



**Income**

**TREND IN PERCENT OF HOUSEHOLD BELOW THE ALICE THRESHOLD (2013-2019)**

In Michigan there has been a trend in since 2012 in a decreasing number of households below the ALICE threshold. For the Tri-County area, the percentage of households below the ALICE threshold has remained fairly steady since 2010 with Ingham County generally having more households below the ALICE threshold compared to Eaton and Clinton Counties.



## Income

### PERCENT OF HOUSEHOLDS BELOW ALICE THRESHOLD BY RACE/ETHNICITY, 2019

When examining the ALICE data by race and ethnicity, there are clear disparities present. In all three counties, White households are least likely to be below the ALICE threshold than Black and Hispanic households with the biggest disparity present in Clinton County. Approximately half of Hispanic households and 60% of Black households in Ingham County fall under the ALICE threshold, while in Eaton County those numbers are 39% and 45%, respectively.

