Income Segregation and Local Public Goods Spending
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Motivation

Income segregation within cities has substantially increased in recent decades, even while racial segregation has moderated.

Research Questions

How does city-level income segregation influence political and community-based activity?

How does city-level income segregation influence local public goods spending?

Hypotheses

High levels of income segregation lead to greater disagreement on local policy and to greater neighborhood attachment, which in turn results in greater community-based and local political activity.

This may result in: (1) the inability for elected officials to reach consensus and therefore lower public goods spending; or (2) greater political resources within affluent neighborhoods, potentially increasing public spending on their preferred policies and/or decreasing spending on other policies. Alternatively, income segregation might have no effect on public spending.

Data

Family income segregation measures calculated using Reardon’s rank-order information theory index and Dissimilarity Index for high and low-income families.


Census of Governments for local spending data.

Local Public Goods Spending

<table>
<thead>
<tr>
<th>Dependent variable:</th>
<th>Own-Source Revenue</th>
<th>Direct General Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Low Inc. Seg.</td>
<td>0.190*</td>
<td>0.123</td>
</tr>
<tr>
<td></td>
<td>(0.111)</td>
<td>(0.111)</td>
</tr>
<tr>
<td>High Inc. Seg.</td>
<td>-0.298**</td>
<td>-0.258**</td>
</tr>
<tr>
<td></td>
<td>(0.118)</td>
<td>(0.116)</td>
</tr>
<tr>
<td>Racial Seg.</td>
<td>-1.467***</td>
<td>-0.759***</td>
</tr>
<tr>
<td></td>
<td>(0.239)</td>
<td>(0.247)</td>
</tr>
</tbody>
</table>

Note: *p<0.1; **p<0.05; ***p<0.01

Future Steps

Obtain data of individual-level local policy preferences.

Use Citizen Participation Study to examine more locally focused political activities.

Develop more robust tests of relationship between income segregation and local spending.