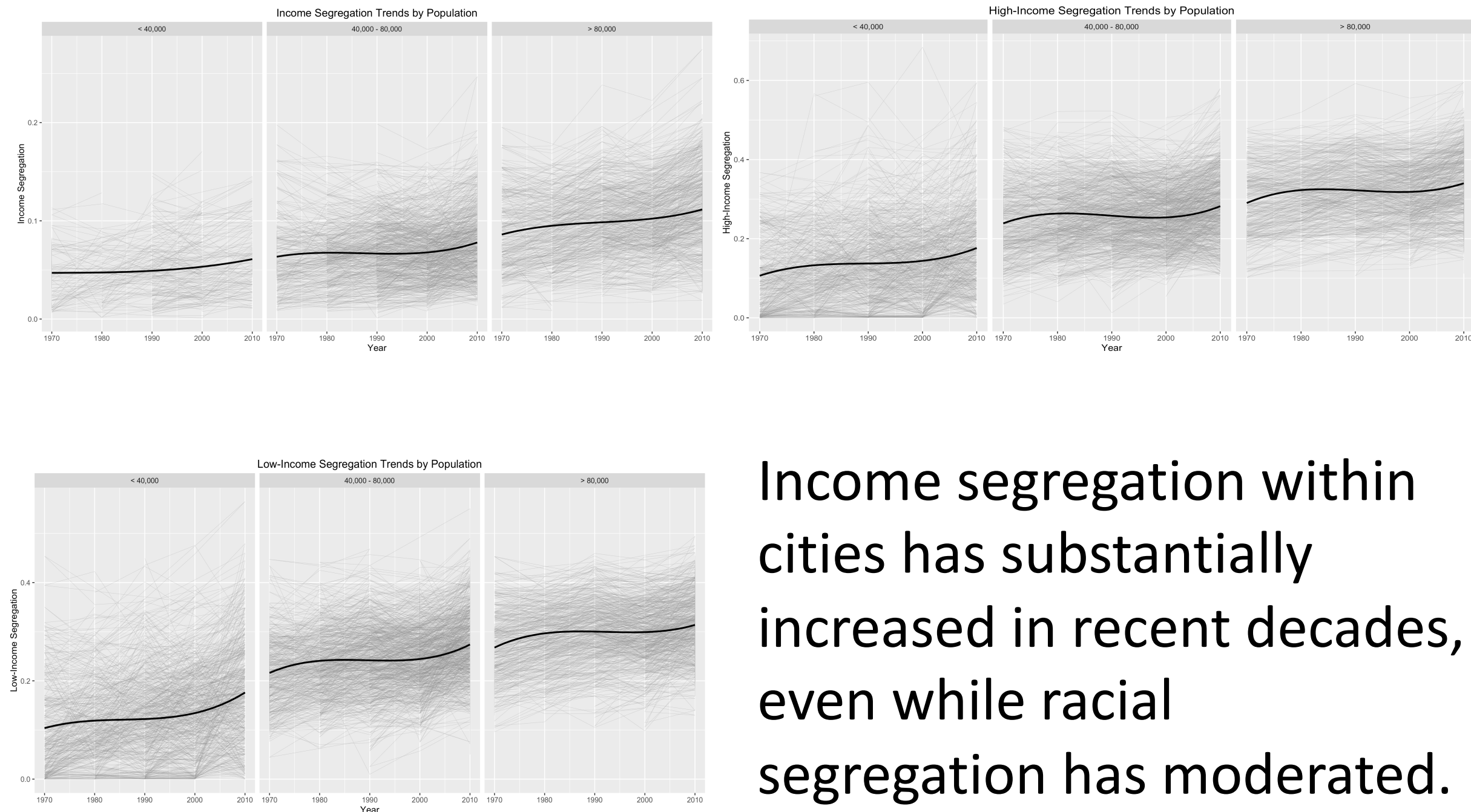


Income Segregation and Local Public Goods Spending

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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.

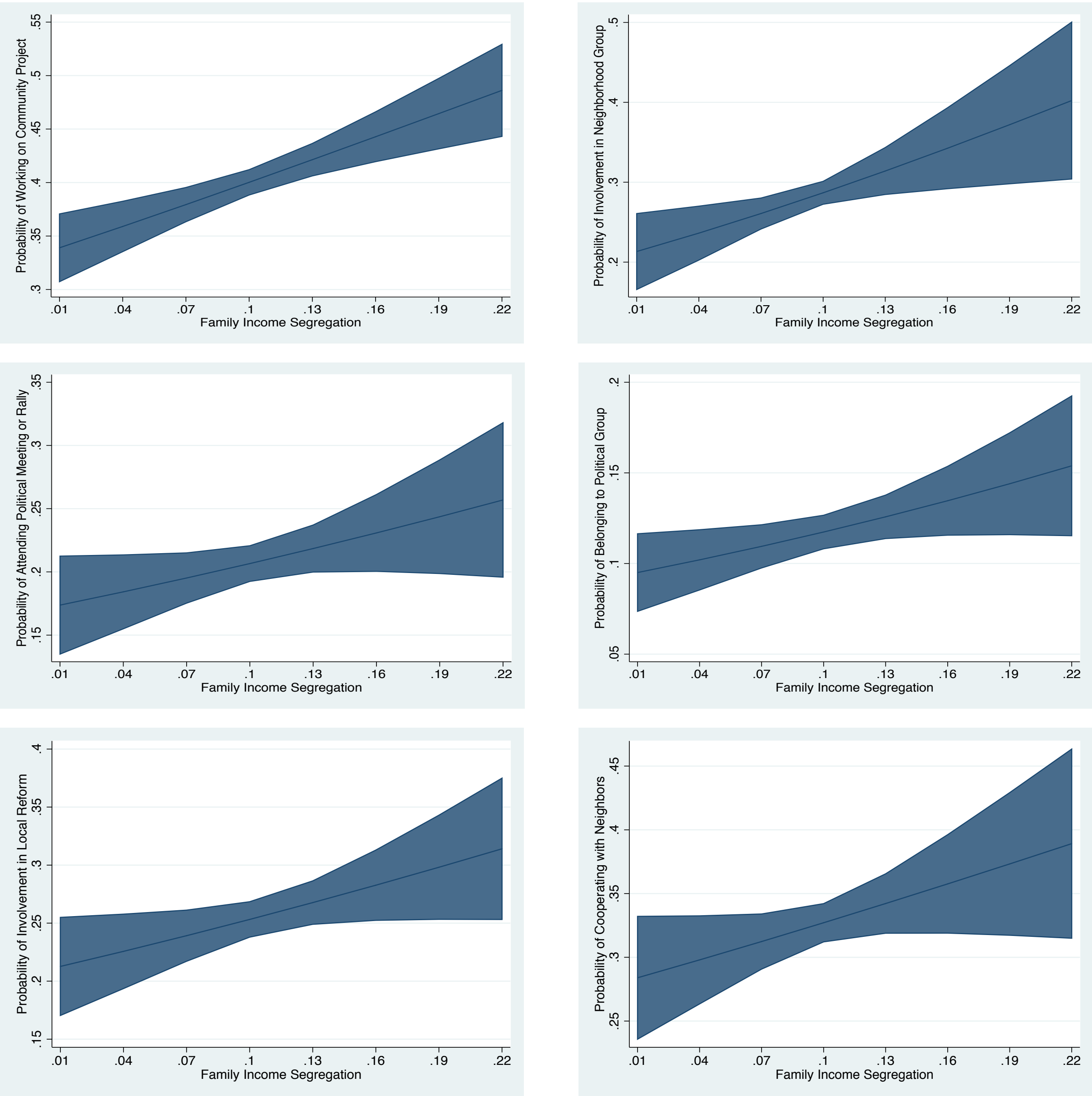
Data

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

Social Capital Benchmark Survey (2000) for political and community-based activity.

Census of Governments for local spending data.

Political and Community-Based Activity



Logistic regression, clustered SEs by city. Controls for city- and individual-level characteristics, including racial segregation. All coefficients on income segregation are significant at $p < 0.1$.

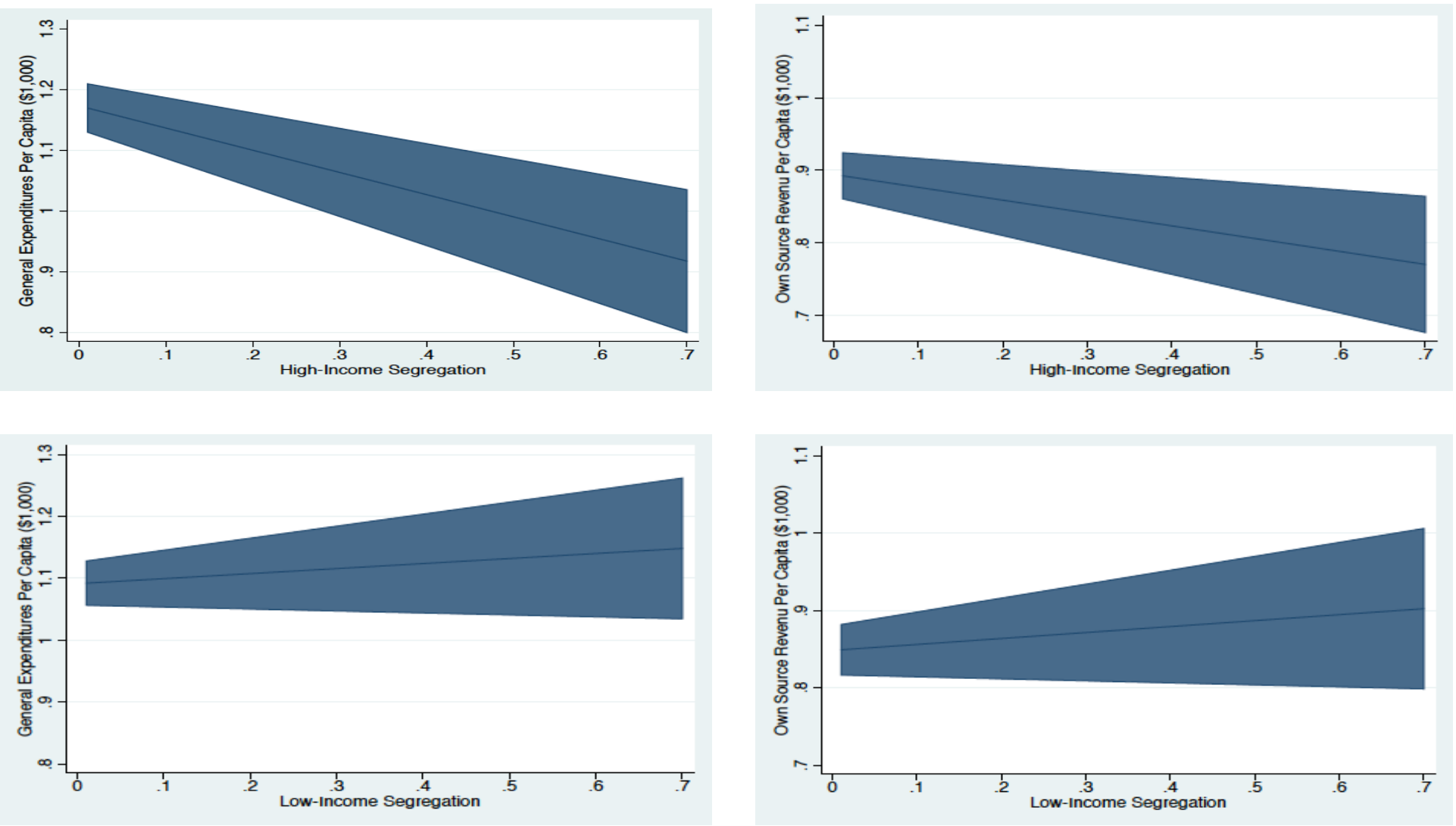
Local Public Goods Spending

Table 1: Segregation and City Finances

	<i>Dependent variable:</i>					
	Direct General Expenditures			Own-Source Revenue		
	(1)	(2)	(3)	(4)	(5)	(6)
Low Inc. Seg.	0.193* (0.113)	0.123 (0.111)	0.081 (0.110)	0.163 (0.104)	0.102 (0.101)	0.077 (0.101)
High Inc. Seg.	-0.298** (0.118)	-0.326*** (0.116)	-0.365*** (0.117)	-0.129 (0.095)	-0.153* (0.093)	-0.177* (0.093)
Racial Seg.	-1.447*** (0.239)	-0.766*** (0.247)	-0.631** (0.249)	-0.869*** (0.155)	-0.272* (0.160)	-0.191 (0.162)
Year FE	No	No	Yes	No	No	Yes
Place FE	Yes	Yes	Yes	Yes	Yes	Yes
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Observations	7888	7888	7888	7888	7888	7888

Note:

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$



High-income city-level segregation leads to a decrease in per capita local spending. This suggests that a concentration of affluent residents may lead to the inability to reach policy consensus or to a decrease in spending in certain policy areas.

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.