

1972

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Recommended Citation

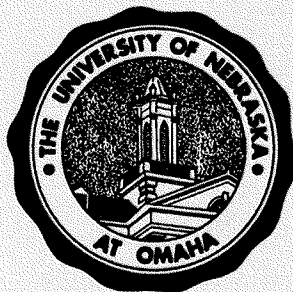
Todd, Ralph H., "Changing Income Patterns of the Omaha Metropolitan Area Black Populations" (1972).
Publications Archives, 1963-2000. 40.
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CHANGING INCOME PATTERNS OF THE OMAHA
METROPOLITAN AREA BLACK POPULATION

Ralph H. Todd, Ph.D.



CENTER FOR APPLIED URBAN RESEARCH

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December 1972

CHANGING INCOME PATTERNS OF THE OMAHA METROPOLITAN AREA BLACK POPULATION

This study investigates the changing income patterns of black families and unrelated individuals in the Omaha metropolitan area.¹ The study carried out at the Center for Applied Urban Research is based upon 1960 and 1970 census statistics and involves comparing the distribution of reported incomes for 1959 with those in 1969, making adjustments for inflation. The adjusting factor employed in this process is the Consumer Price Index for the Kansas City Region produced by the Bureau of Labor statistics.

The general findings of the Center's income analysis of the Omaha area are as follows: (1) the black middle-upper income population increased sharply between 1960 and 1970, (2) the number of black families below the poverty level by federal standards also increased sharply during this period. (3) income in 1969 was more unequally distributed in the black community than in the white community, (4) the distribution of black family income was more unequal in 1969 than in 1959, (5) income levels were significantly higher in 1969 for black families residing outside the City of Omaha, (6) the majority of low income black families and unrelated individuals on or below the poverty level in 1969 did not receive public assistance or welfare payment, (7) the black/"all" ratio of median income for both families and unrelated individuals indicate that there may have been a movement away from full racial equality of personal income between 1959 and 1969, and (8) in North Central United States only 3 out of 68 SMSA's have a black/"all" ratio of median income less than that found in the Omaha metropolitan area.

¹Includes Douglas and Sarpy Counties in Nebraska and Pottawattamie County in Iowa.

Black Middle-Upper Income Families Nearly Triple During Decade²

In 1970, 1,865 black families in the Omaha metropolitan area earned incomes of \$10,000 and over (see Table I). That was nearly three times the estimated 669 "black and other" families with such incomes in 1960.³ Growth in the black middle-upper income population is a positive sign for the area's economic future.

Increase Recorded in Low-Income Brackets

One-fourth of the metropolitan areas black families have not shared in the abundance which has been granted to many. Although the largest net increase among black families over the 10 year period (1,196 families) was at the upper end of the income distribution, there was also an increase of 680 families in the under \$10,000 income category. The largest percentage increase in the low income brackets was recorded by families with incomes under \$1,000, with such families nearly doubling from 243 in 1959 to 434 in 1969. The increase in both poverty level groups and middle-upper income families had the effect of widening the spread of black family income. (See Table I)

Income of Unrelated Individuals

Family income is only part of the picture. In addition to 7,957 black families in 1970, the area's black population included 3,472 "unrelated individuals." These are persons unrelated to anyone else in the household and persons living in group quarters other than institutions.

²Middle-Upper income population is used in this study to refer to those families with incomes of \$10,000 or more.

³In the 1960 census, statistics on blacks included "other races", as defined by the Bureau of the Census, but since there numbers are so small we have used the term "black" in 1960 as virtually synonymous with "black and other".

TABLE I

FAMILY INCOME DISTRIBUTION AND CHANGES IN INCOME DISTRIBUTION
FROM 1959 TO 1969: OMAHA BLACK POPULATION

Income	1959 ^a		1969		Change from 1959 to 1969	
	Number of Families	Percent of all Families	Number of Families	Percent of all Families	Number	Percent
Under \$1,000	243	4.0	434	5.5	+ 191	+ 78.6
1,000 - 3,999	1,824	30.0	1,836	23.1	+ 12	+ 0.7
4,000 - 7,999	2,615	43.0	2,741	34.4	+ 126	+ 4.8
8,000 - 9,999	730	12.0	1,081	13.6	+ 351	+ 48.1
10,000 & over	<u>669</u>	<u>11.0</u>	<u>1,865</u>	<u>23.4</u>	<u>+ 1,196</u>	<u>+ 178.8</u>
Total	6,081	100.0	7,957	100.0	+ 1,875	+ 30.9

a/ Family income distribution for 1959 was estimated by interpolation from a cumulative income curve with intervals adjusted to 1969 levels using the Consumer Price Index.

These individuals have a median income of only \$1,900 versus the black family median income of \$6,451.

Changing Income Patterns of White Families

In 1970, 65,766 white families in the Omaha metropolitan area earned incomes of \$10,000 and over (see Table II). This was 77 percent more than the estimated 37,125 white families in that income bracket in 1960. Unlike the income distribution associated with black families there was a reduction of 20 percent in the number of families with incomes under \$10,000. While black families with incomes under \$1,000 increased 79 percent, the number of white families with incomes under \$1,000 decreased by 17 percent.

TABLE II
INCOME DISTRIBUTION OF WHITE FAMILIES, 1959-1969
(in 1969 dollars)

Income	Number of Families 1959	Change 1959-1969 (No.)	Change 1959-1969 (%)
Under \$1,000	2,184	- 362	-16.5
1,000 - 3,999	12,012	-2,211	-18.4
4,000 - 7,999	36,034	-9,035	-25.1
8,000 - 9,999	21,838	-2,748	-12.6
10,000 and over	<u>37,125</u>	<u>+28,641</u>	<u>+77.1</u>
Totals	109,193	+14,285	+13.1

When median family income of black families is compared with median incomes of all families the black/"all" ratio drops from 68 percent

in 1959 to 63 percent in 1969 (See Table III). The drop is much more pronounced among "unrelated individuals". In this category, median income of blacks was 91 percent of the median income for all unrelated individuals in 1959 and 69 percent in 1969.

The change in the black/"all" ratio of median income in the Omaha metropolitan area is just opposite of the results for the United States as a whole. U.S. income data show a sharp increase in the rate of improvement of the ratio of median income for both black families and unrelated individuals (see Table III).

Income Inequality Greatest Among Black Population

Contrary to conventional wisdom, income is more unequally distributed in the black community than it is in the white community.⁴ Since property incomes are the prime contributor to income inequality and since whites command most of the property incomes it would be expected that income inequality among whites exceed that of blacks. In Omaha the reverse is true. In Figure I, the degree of income inequality in the black community is compared with that in the nonblack community. The line of inequality (Lorenz Curve) is obtained by plotting the cumulative percent of families in both black and nonblack communities on the X axis against the cumulative percent of the aggregate income accounted for by these families on the Y

⁴In Omaha there are two cogent opposing forces acting to widen family inequality among blacks. First, a rather significant portion of the black families are headed by women (31 percent versus 9 percent for nonblacks) who earn disproportionately low wages. The matriarchal families provide a downward pressure on income. At the same time, husband-wife family income, which is considerably higher than female-headed family income to begin with, is buoyed up even higher by the large number and greater contribution to income of working wives.

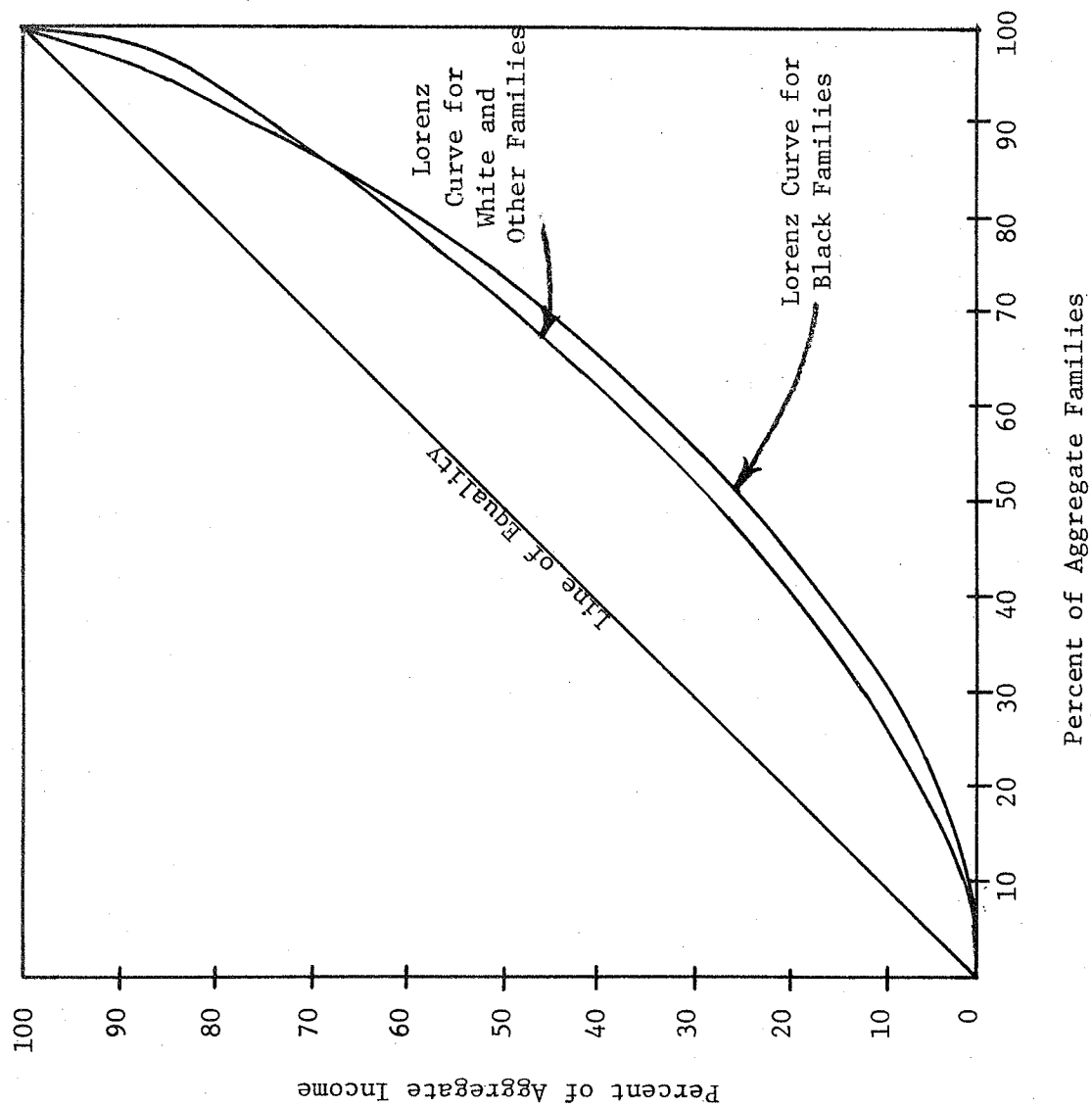
TABLE III

MEDIAN INCOMES OF FAMILIES AND UNRELATED INDIVIDUALS
FOR OMAHA SMSA AND U.S. URBAN AREAS, 1959-1969

Description	Omaha SMSA ^{a/}		Black as a % of All Races		Urban United States Families and Unrelated Individuals		Black as a % of All Races
	All Races	Black	All Races	Black	All Races	Black	
Number of Families							
1960	115,274	6,081	5.3		31,940,042	3,228,964	10.1
1970	131,435	7,957	6.1		37,452,876	4,465,917	11.9
Median Family Income							
1959	6,221	4,202	67.5		6,166	3,711	60.2
1969	10,204	6,451	63.2		10,196	6,839	67.1
Number of unrelated Individuals							
1960	36,527	2,614	7.2		10,434,480	1,440,269	13.8
1970	49,262	3,472	7.1		15,653,316	2,113,012	13.5
Median Income of Unrelated Individuals							
1959	1,845	1,676	91.0		1,745	1,373	78.7
1969	2,798	1,940	69.3		2,650	2,153	81.2

^{a/} Since a large number of the nation's population characterized as nonwhite in the 1960 census were not black, the comparisons for the black population in both 1960 and 1970 are based on nonwhite data instead of black data. For Omaha, the differences are very small and the 1960 totals include nonwhites other than blacks in the black column while the totals for 1970 are limited exclusively to the black population.

Extent of Income Inequality
Among Black and NonBlack Families
in the Omaha Metropolitan Area, 1969



axis. If all families had identical incomes, the Lorenz Curve would be represented by the diagonal line shown in Figure I. The greater the inequality in the distribution of income, the greater the area between the diagonal line and the Lorenz Curve.

Relative inequality is obtained by reading the percentages corresponding to black and "white and other" lines of inequality. For example, 10 percent of the aggregate income is distributed among 25 percent of "white and other" families whereas 25 percent of the aggregate black family income is shared by 30 percent of the black families. The relative lack of wealthy black families is indicated by the shape of the Lorenz Curve at the upper right section of Figure I. Examination of this part of the Lorenz Curve suggests that about 6 percent of the "white and other" families have about 20 percent of the aggregate "white and other" income, whereas about 6 percent of the black families have a little over 15 percent of the aggregate black income.

Poverty and the Black Population

The poverty level income as defined by the U.S. Bureau of the Census is based on family income adjusted for such factors as size of family, sex of head of household, number of children under 18 years old, and farm and non-farm residence. At the core of this definition of poverty is a nutritionally adequate food plan (economy plan) designed by the Department of Agriculture for emergency or temporary use when funds are low. The poverty income cutoffs are revised annually to allow for changes in the cost of living as reflected in the Consumer Price Index. The low income threshold for a non-farm family of 4 was \$3,968 in 1970. Approximately one-fourth of black families and 46 percent of black individuals residing in the Omaha metropolitan area were classified as living with poverty incomes in 1969.

Contrary to accepted thought most of the low income population was not receiving public assistance. The number and percentage of low income families receiving public assistance as reported in the 1970 census are given in Table IV.

TABLE IV
LOW INCOME POPULATION AND THOSE RECEIVING PUBLIC ASSISTANCE IN 1969^{a/}

	Black	All Races
Low Income Families	2,022	8,964
Number of Families Receiving Public Assistance	754	1,856
Percent of Low Income Families Receiving Public Assistance	37.3	20.7
Low Income Unrelated Individuals	1,579	15,514
Number of Unrelated Individuals Receiving Public Assistance	268	1,132
Percent of Low Income Unrelated Individuals Receiving Public Assistance	16.9	7.3

^{a/} - Public assistance as reported includes cash receipts of payments made under the following public assistance programs: aid to families with dependent children, old age assistance, general assistance, aid to the blind, and aid to the permanently and totally disabled. Separate payments received for hospital or other medical care are excluded from this item.

Black Family Income Greater Outside the City of Omaha

Overall, the income levels for black families residing outside the central city are greater than for black families in the city of Omaha (see Table V). The area outside the city of Omaha has 6 percent of all area black families but a larger percentage of area black family income. Of all black families outside the city of Omaha, 34 percent had incomes over \$10,000 compared to 23 percent for residents of the city. Fewer than 14 percent were

below the poverty levels by federal standards, compared with over 26 percent in the City.

TABLE V
BLACK FAMILIES IN AND OUTSIDE THE CITY OF OMAHA, 1969

	Outside Omaha		Omaha	
	Number of Families	Percent of Families	Number of Families	Percent of Families
Under \$1,000	23	5.1	411	5.5
1,000 - 3,999	41	9.0	1,795	23.9
4,000 - 7,999	161	35.5	2,580	34.4
8,000 - 9,999	75	16.6	1,006	13.4
10,000 and over	<u>153</u>	<u>33.8</u>	<u>1,712</u>	<u>22.8</u>
Total	453	100.0	7,504	100.0

Income of Black Families in Omaha Compared to Black Families in Metropolitan Areas of North Central United States.

Table VI presents income data from the 1970 Census for black families in Standard Metropolitan Statistical Areas of North Central United States. When compared to the other 67 metropolitan areas, Omaha has a relatively high percent of black families with poverty level incomes and a relatively low percent with incomes over \$10,000. Of the 68 metropolitan areas, 57 have a smaller percent of black families with incomes less than the poverty level. Forty-nine have a larger percent of black families with incomes over \$10,000.

The 1970 Census data indicates that Omaha families (regardless of race) rank 41st in median income. Even more distressing is the fact that Omaha

black families rank 58th in median income. When the black/"all" ratio is computed Omaha drops to 65th in the rankings. Only three metropolitan areas (Evansville, Wheeling, and Bloomington) have black/"all" ratios lower than Omaha's.

The evidence indicates a need for improvement in the relative income position of black families. For this to occur, Omaha's black families must receive a greater share of future income gains.

TABLE VI

INCOME OF BLACK FAMILIES IN OMAHA AND METROPOLITAN AREAS
OF NORTH CENTRAL UNITED STATES, 1969

	Black Families As a % of Total Families	% of Black Families with Income less Than Poverty Level	% of Black Families with Income Over \$10,000	Median Income of Black Families	Median Income of All Families	Median Income of Black Families as a Percent of Median All Families
Columbia, Missouri	4.9	22.9	22.1	6,115	9,605	63.7
Kansas City, Missouri-Kansas	10.3	21.5	29.2	7,105	10,568	67.2
St. Joseph, Missouri	2.1	25.8	24.3	6,847	8,379	81.7
Springfield, Missouri	1.3	20.5	14.2	5,914	8,215	72.0
St. Louis, Missouri-Illinois	13.8	26.1	26.6	6,666	10,504	63.5
Omaha, Nebraska-Iowa*	6.1(22)	25.4(11)	26.0(50)	6,451(58)	10,204(41)	63.2(65)
Lincoln, Nebraska	1.1	20.7	25.6	6,780	9,777	69.3
Topeka, Kansas	6.5	20.6	26.3	6,466	9,661	66.9
Wichita, Kansas	5.8	27.0	21.9	6,137	9,413	65.2
Waterloo, Iowa	4.2	25.5	26.2	6,532	10,054	65.0
Sioux City, Iowa-Nebraska	.9	17.0	21.3	5,848	8,979	65.1
Des Moines, Iowa	3.7	20.9	28.0	6,998	10,682	65.5
Davenport-Rock Island- Moline, Iowa-Illinois	1.9	25.0	23.4	6,937	10,504	66.0
Cedar Rapids, Iowa	1.0	18.1	29.9	7,671	10,721	71.6
Duluth, Minnesota	.3	17.5	31.1	7,275	8,906	81.7
Minneapolis, St. Paul, Minn	1.6	19.8	35.1	7,665	11,682	65.6
Rochester, Minnesota	.2	0	71.0	13,500	10,972	123.0
Fargo-Moorhead, North Dakota	.1	0	100.0	13,000	9,599	135.4
Sioux Falls, South Dakota	.1	0	30.3	7,864	9,320	84.4

TABLE VI (Continued)

INCOME OF BLACK FAMILIES IN OMAHA AND METROPOLITAN AREAS
OF NORTH CENTRAL UNITED STATES, 1969

	Black Families As a % of Total Families	% of Black Families with Income less Than Poverty Level	% of Black Families with Income Over \$10,000	Median Income of Black Families	Median Income of All Families	Median Income of Black Families as a Percent of Median All Families
Akron, Ohio	7.1	23.3	34.0	7,767	11,047	70.3
Canton, Ohio	5.0	21.0	32.3	7,804	10,249	76.1
Cincinnati, Ohio-Kentucky- Indiana	10.0	24.8	26.2	6,818	10,257	66.5
Cleveland, Ohio	14.8	21.5	24.9	8,014	11,407	70.3
Columbus, Ohio	10.5	20.8	34.3	7,667	10,460	73.3
Dayton, Ohio	9.6	17.1	41.1	8,834	11,234	78.6
Hamilton-Middletown, Ohio	4.3	21.9	32.4	7,766	10,388	74.8
Huntington-Ashland, West Virginia-Kentucky-Ohio	2.3	29.0	17.7	5,991	7,973	75.1
Lima, Ohio	4.4	24.5	27.4	7,078	9,752	72.6
Lorain-Elyria, Ohio	5.7	19.0	37.0	8,562	10,801	79.3
Mansfield, Ohio	5.0	21.4	35.4	7,722	10,117	76.3
Springfield, Ohio	7.6	18.0	34.7	7,890	9,996	78.9
Steubenville-Weirton, Ohio	3.6	24.0	25.7	6,703	9,568	70.1
Toledo, Ohio-Michigan	7.3	23.5	20.5	7,617	10,932	69.7
Wheeling, Ohio-West Virginia	1.8	32.2	14.0	5,313	8,560	62.1
Youngstown-Warren, Ohio	8.6	22.3	30.4	7,548	10,390	72.6
Appleton-Oshkosh, Wisconsin	.02	0	71.4	11,000	10,251	107.3
Racine, Wisconsin	5.4	23.2	36.5	7,714	10,968	70.3
Kenosha, Wisconsin	1.4	19.6	31.8	7,344	10,380	70.8
LaCrosse, Wisconsin	.1	0	41.2	9,000	9,182	98.0
Madison, Wisconsin	.8	22.4	32.1	7,345	11,263	65.2
Milwaukee, Wisconsin	6.5	24.7	32.3	7,532	11,338	66.4

TABLE VI (Continued)

INCOME OF BLACK FAMILIES IN OMAHA AND METROPOLITAN AREAS
OF NORTH CENTRAL UNITED STATES, 1969

	Black Families As a % of Total Families	% of Black Families with Income less Than Poverty Level	% of Black Families with Income Over \$10,000	Median Income of Black Families	Median Income of All Families	Median Income of Black Families as a Percent of Median of All Families
Ann Arbor, Michigan	7.1	12.7	44.8	9,238	12,294	75.1
Bay City, Michigan	5.5	14.8	21.3	6,685	10,408	64.2
Detroit, Michigan	16.4	18.5	40.3	8,643	12,117	71.3
Flint, Michigan	10.9	17.5	41.2	8,960	11,172	80.2
Grand Rapids, Michigan	3.8	27.1	27.1	6,779	10,630	63.8
Jackson, Michigan	3.9	21.7	31.8	7,244	10,726	67.5
Kalamazoo, Michigan	4.1	18.5	33.3	7,659	11,037	69.4
Lansing, Michigan	3.5	20.5	39.6	8,435	11,213	75.2
Muskegon-Muskegon Heights, Michigan	8.8	25.5	32.7	7,546	9,757	77.3
Saginaw, Michigan	10.5	24.6	34.3	7,956	10,878	73.1
Bloomington-Normal, Illinois	1.4	26.4	24.4	5,786	10,183	56.8
Champaign-Urbana, Illinois	6.0	24.5	26.9	6,686	10,147	65.9
Chicago, Illinois	15.6	19.9	36.8	8,033	11,931	67.3
Decatur, Illinois	6.5	25.1	29.8	7,293	10,325	70.6
Peoria, Illinois	3.7	23.2	27.3	7,105	10,641	66.8
Rockford, Illinois	4.9	22.4	32.7	7,612	11,057	68.8
Springfield, Illinois	4.2	24.3	28.2	6,598	10,302	64.0
Anderson, Indiana	3.9	20.9	34.4	7,938	10,346	76.7
Evansville, Indiana-Kentucky	5.2	27.7	13.4	5,581	8,983	62.1
Fort Wayne, Indiana	5.9	18.4	35.5	8,228	11,010	74.7
Gary-Hammond, E. Chicago, Indiana	15.9	19.3	38.2	8,525	11,015	77.4

TABLE VI (Continued)
INCOME OF BLACK FAMILIES IN OMAHA AND METROPOLITAN AREAS
OF NORTH CENTRAL UNITED STATES, 1969

	Black Families As a % of Total Families	% of Black Families with Income less Than Poverty Level	% of Black Families with Income Over \$10,000	Median Income of Black Families	Median Income of All Families	Median Income of Black Families as a Percent of Median All Families
Indianapolis, Indiana	10.8	17.9	34.9	7,868	10,754	73.2
Lafayette-W. Lafayette, Indiana	.8	11.9	38.7	8,200	10,120	81.0
Louisville, Kentucky-Indiana	10.8	27.4	20.1	6,342	9,814	64.6
Muncie, Indiana	4.9	21.7	24.0	6,737	9,578	70.3
South Bend, Indiana	5.5	22.2	27.3	7,300	10,264	71.1
Terre Haute, Indiana	2.5	23.3	16.0	5,698	8,609	66.2

* The number in the parenthesis indicates rank of Omaha, (high to low).