

Northeast Ohio Poverty Rates Well Below National Average

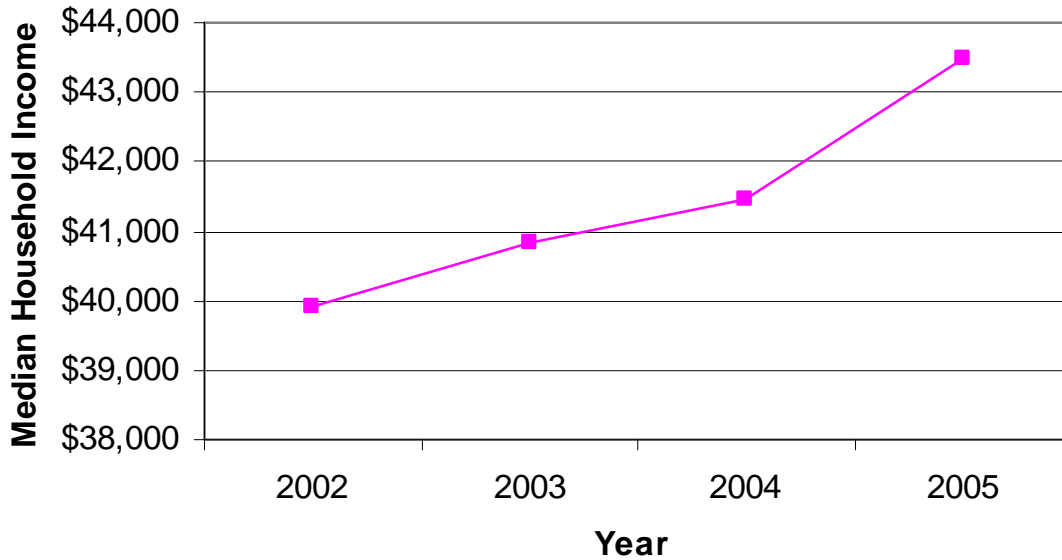
Why is the glass always half empty?

The release of the 2005 American Community Survey by the United States Census Bureau has caused quite a stir in Northeast Ohio. Cleveland was ranked the poorest large city in the US for the second time in three years, edging out Detroit and Miami. As is often the case, however, it seems that only one side of the story has been told. The challenges facing the city of Cleveland may be overshadowing better news for the Northeast Ohio region.

One of the statistics that stands out from recent reports is that median income for the 8 counties surrounding Cleveland has *fallen* by \$1,778 over the past 5 years. It is difficult to say whether this should be cause for concern because it is unclear from where this number was derived. Data made available on the US Census Bureau website from the American Community Survey provides county breakouts beginning in 2002. Breakouts for Geauga, Lake, Medina, and Portage Counties, some of the counties most likely to be included in the statistic reported above, were not reported prior to 2006. This suggests that the median income statistic, which presumably uses data from 2001 for the 8 counties it includes, came from a data source other than the American Community Survey. It is always risky to compare numbers from different sources, as the sampling method may be different.

The chart below depicts the median household income for Cuyahoga, Lorain, Stark, and Summit Counties over the past four years. The median income for these four counties has *risen* by \$3,572 during this time frame.

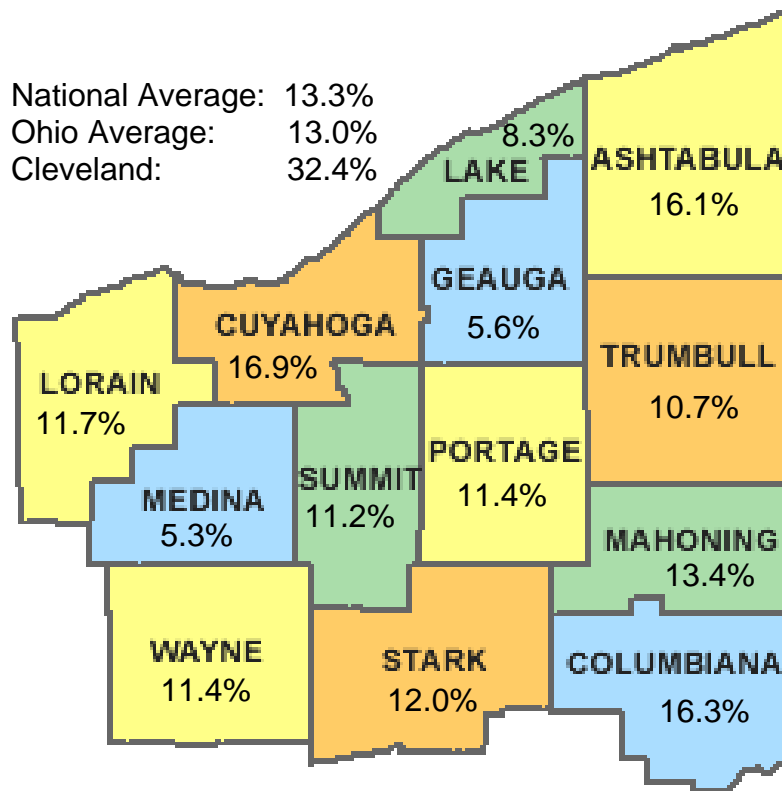
Median Income: Average of Cuyahoga, Lorain, Stark, and Summit Counties



Source: 2005 American Community Survey

Despite Cleveland's high reported poverty rate (32.4%), the rate for Cuyahoga County as a whole was a comparatively low 16.9%. The adjacent counties all boast rates at least 1.6 percentage points below the national average, while Medina County is a full 8 percent lower. In fact, of the 13 Northeast Ohio counties included on the map on the following page, only 4 have poverty rates that exceed the national average.

Percentage of Residents Living in Poverty



Data Source: 2005 American Community Survey

When a report is quoted in an article it is important to consider the source. The US Census Bureau is certainly credible, but they are the first to indicate there are limitations to the reported data. It would be impractical to survey every household in the US each year, so samples are used to approximate the result of surveying the entire population. This leads to data points that are reported with errors. As an example, Cuyahoga County has a reported poverty rate of 16.9%, plus or minus 1.0%. Every other data point in the report has a similar error. One percent might not sound important, but you may be surprised the difference it can make. At 16.9%, Cuyahoga County was ranked as the 144th poorest county in the US. When you account for the error present in the data, the real poverty rank could fall anywhere from 49th to 330th out of the 774 counties for which data was reported.

Another point to consider is the 774 counties included in the study. There are 3,141 counties and county equivalents in the US, which means that the American Community Survey represents less than a quarter of the country's total number of counties. This is likely due to insufficient data, but it is still an important limitation. Only 38 of the 88 Ohio counties were included in the data set.

Some local media sources also misquoted statistics from the report. One recent article explained, "Ohio's poverty rate of 13 percent was slightly higher than the national rate of 12.6%." The national rate is not 12.6%, it is 13.3%. Ohio's poverty rate is actually *below* the national average according to the 2005 American Community Survey.

As you can see, the outlook for Northeast Ohio is significantly brighter than you may have been led to believe. The difference between national and Northeast Ohio median incomes has held constant over the past four years, while the cost of living nationally has risen faster than for Northeast Ohio. Not only is the poverty rate in Northeast Ohio lower than the national and state average, median household income is increasing by a greater percentage and the cost of living is rising less when compared to national figures. This may come as a surprise to those who read the newspaper each day, but not so for many of the 4.5 million residents of Northeast Ohio already know it is a great place to live and work.

Want more good news about the region? Check out the recent report provided by the [Northeast Ohio International Business Network](#), the [Northeast Ohio - A Great Place to Live and Work](#) website, and the latest winners of NorthCoast 99 at www.northcoast99.org.

There is plenty of good news about this region - sometimes we just need to look beyond the headlines.