

INCOME INEQUALITY HAS INCREASED IN MAINE SINCE THE 1970s

Inequality has increased in Maine over the past two decades. This can be observed by ranking all Maine families according to their income level, dividing them into five groups (or fifths) of equal size, and calculating the average income of each fifth of families. This analysis shows by the late 1990s:

- The richest 20 percent of families had average incomes 8.3 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 2.8 times as large as the middle 20 percent of families.

The Long-Term Trend

Since the late 1970s, income inequality has increased in Maine. The economic growth of the 1980s and 1990s was not shared evenly among the poor, the rich, and the middle class. Instead, the top fifth of families fared substantially better than other income groups.

In the late 1970s, the richest 20 percent of families had average incomes 6.6 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 8.3.

- The average income of the poorest fifth of families increased by \$2,900 between the late 1970s and the late 1990s, from \$13,080 to \$15,980.
- The average income of the middle fifth of families increased by \$10,940 between the late 1970s and the late 1990s, from \$36,670 to \$47,610.
- The average income of the richest fifth of families increased by \$47,030 between the late 1970s and the late 1990s, from \$86,020 to \$133,050.

The Recent Trend

Over the past decade, income inequality has remained about the same in Maine.

- The average income of the poorest fifth of families increased by \$2,030 between the late 1980s and the late 1990s, from \$13,950 to \$15,980.
- The average income of the middle fifth of families increased by \$2,710 between the late 1980s and the late 1990s, from \$44,910 to \$47,610.
- The average income of the richest fifth of families increased by \$27,440 between the late 1980s and the late 1990s, from \$105,610 to \$133,050.

Maine

Income Inequality Among Families In Maine Has Increased Since the 1970s

Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	37
Richest fifth vs. middle fifth	15

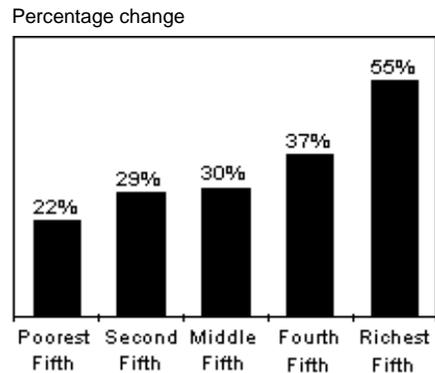
Income Gaps, Late 1990s

	Ratio
Richest fifth vs. poorest fifth	8.3
Richest fifth vs. middle fifth	2.8

Inflation-Adjusted Change in Incomes Late 1970s to Late 1990s

	Dollar Change		% Change	
Poorest Fifth . . .	2,900	*	22.2%	+
Middle Fifth	10,940	*	29.8%	+
Richest Fifth	47,030	*	54.7%	

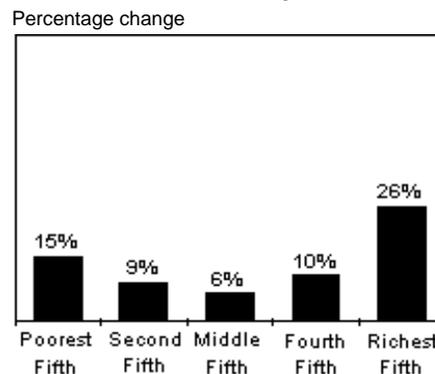
Income Changes for Maine Families Late 1970s to Late 1990s, by Fifth of Families



Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change		% Change	
Poorest Fifth . . .	2,030	*	14.6%	
Middle Fifth	2,710	*	6.0%	+
Richest Fifth	27,440	*	26.0%	

Income Changes for Maine Families Late 1980s to Late 1990s, by Fifth of Families



* Change is statistically significant at the 95% confidence level.

+ Difference between this change and the percent change in the income of the top fifth is statistically significant at the 95% confidence level.

Source: Economic Policy Institute/Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends*, April 2002.