

INCOME INEQUALITY HAS INCREASED IN KENTUCKY SINCE THE 1970s

Inequality has increased in Kentucky over the past two decades. This can be observed by ranking all Kentucky 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 10.4 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 Kentucky. 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 7.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 10.4. This increase in inequality was the seventh greatest in the nation. The gap between the rich and the middle class also increased. This increase was the fourth greatest in the nation.

- The average income of the poorest fifth of families increased by \$1,000 between the late 1970s and the late 1990s, from \$11,600 to \$12,600.
- The average income of the middle fifth of families increased by \$7,640 between the late 1970s and the late 1990s, from \$38,540 to \$46,180.
- The average income of the richest fifth of families increased by \$47,960 between the late 1970s and the late 1990s, from \$82,870 to \$130,820.

The Recent Trend

Over the past decade, income inequality has increased in Kentucky.

In the late 1980s, the richest 20 percent of families had average incomes 9.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 10.4. The gap between the rich and the middle class also increased. This increase was the tenth greatest in the nation.

- The average income of the poorest fifth of families increased by \$2,340 between the late 1980s and the late 1990s, from \$10,260 to \$12,600.
- The average income of the middle fifth of families increased by \$8,330 between the late 1980s and the late 1990s, from \$37,850 to \$46,180.
- The average income of the richest fifth of families increased by \$37,780 between the late 1980s and the late 1990s, from \$93,050 to \$130,820.

Kentucky

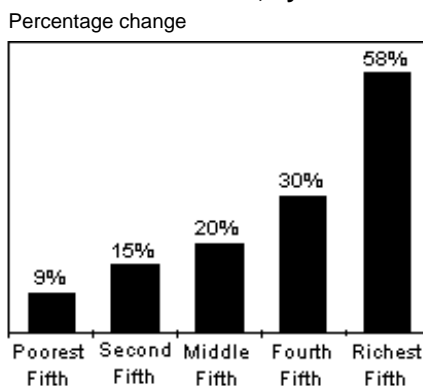
Income Inequality Among Families In Kentucky Has Increased Since the 1970s

Income Gaps, Late 1990s		Income Gaps, Late 1990s	
	Rank (1 is most unequal)		Ratio
Richest fifth vs. poorest fifth	7	Richest fifth vs. poorest fifth	10.4
Richest fifth vs. middle fifth	12	Richest fifth vs. middle fifth	2.8

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

	Dollar Change	% Change	
Poorest Fifth . . .	1,000 *	8.6%	+
Middle Fifth	7,640 *	19.8%	+
Richest Fifth	47,960 *	57.9%	

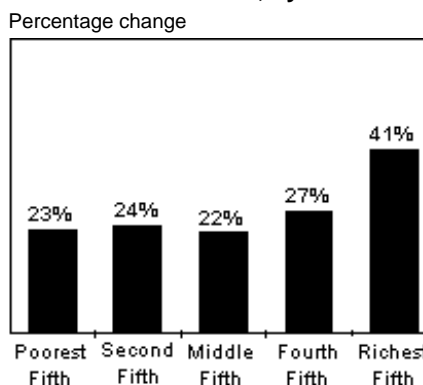
Income Changes for Kentucky Families Late 1970s to Late 1990s, by Fifth of Families



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

	Dollar Change	% Change	
Poorest Fifth . . .	2,340 *	22.8%	+
Middle Fifth	8,330 *	22.0%	+
Richest Fifth	37,780 *	40.6%	

Income Changes for Kentucky 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.