
III. The Recent Trend: The Late 1980s to the Late 1990s

The economic recovery of the 1990s has been referred to as one of the most robust periods of economic growth in the postwar period in the United States. A close look at income growth over the past decade, however, reveals a sobering trend; the benefits of the strong economy of the last decade have done little to turn around the longer-term trend toward increasing income inequality. In fact, income inequality grew in most states in the 1990s. Moreover, income growth over the period covered in this report — the late 1980s to the late 1990s — was not especially favorable. For instance, the incomes of the bottom fifth grew by an insignificant amount — \$100 or 0.8 percent nationwide — and fell in 15 states. Incomes in the middle fifth grew by 1.7 percent or \$780 nationwide and fell in 12 states including California and New York.

It is only in the last two years that real wages have grown significantly for workers at all levels and this growth has not been sufficient to counteract the two-decade long patterns of stagnant or declining wages. The gains that low- and middle-income families have made during the most recent recovery have not made up for the losses suffered by these families during the last recession; in most states income inequality grew during the 1990s.

Income Trends: Differences Between High- and Low-Income Families

Table 9 shows how the average incomes of the top and bottom fifths of families changed between the late 1980s and the late 1990s in every state. In 15 states, high-income families grew richer while poor families became poorer over the past decade.¹ In Kansas, for example, the average income of families in the bottom fifth of the distribution fell by \$1,140, a decline of

¹ In four states — New Hampshire, New Mexico, Vermont, and Wyoming — the increases in the average income of the top fifth of families were not statistically significant.

Table 9

Dollar and Percent Change in Average Income of Bottom and Top Fifths of Families, '88-'90 to '96-'98

State	Bottom Fifth		Top Fifth	
15 States Where Bottom Fifth Grew Poorer and the Top Fifth Grew Richer				
Connecticut	(\$6,160)*	-25.9%	26,138 *	17.7%
Rhode Island	(\$3,781)*	-21.8%	35,146 *	28.1%
New Hampshire	(\$2,767)*	-14.1%	12,497	9.2%
Oregon	(\$2,067)*	-13.8%	39,798 *	38.1%
New York	(\$1,969)*	-15.5%	19,675 *	14.8%
Arizona	(\$1,914)*	-15.1%	24,511 *	21.0%
Vermont	(\$1,857)*	-11.4%	846	0.7%
Wyoming	(\$1,764)*	-11.8%	4,998	4.8%
Washington	(\$1,485)*	-8.9%	22,645 *	19.5%
Massachusetts	(\$1,412)*	-8.4%	12,101 *	8.4%
California	(\$1,408)*	-10.3%	12,017 *	9.0%
New Jersey	(\$1,339)*	-7.1%	13,639 *	9.0%
Montana	(\$1,266)*	-10.5%	13,078 *	15.1%
Kansas	(\$1,142)*	-7.3%	32,850 *	30.1%
New Mexico	(\$1,134)*	-11.5%	7,447	7.2%
22 States Where Incomes of the Top Fifth Grew Faster Than Incomes of the Bottom Fifth				
Delaware	(\$742)	-4.5%	25,228 *	22.8%
North Dakota	(\$444)	-3.2%	11,335 *	11.9%
Virginia	(\$424)	-2.9%	17,948 *	13.5%
Florida	(\$349)	-2.9%	14,275 *	12.9%
Nevada	(\$256)	-1.6%	21,986 *	19.9%
Wisconsin	(\$170)	-1.0%	28,261 *	26.1%
North Carolina	(\$57)	-0.5%	20,540 *	19.4%
West Virginia	\$150	1.6%	16,802 *	19.7%
Idaho	\$157	1.2%	18,571 *	19.7%
Nebraska	\$244	1.7%	21,284 *	20.9%
Pennsylvania	\$258	1.8%	25,165 *	21.8%
Texas	\$339	3.1%	18,547 *	16.6%
Ohio	\$362	2.7%	23,080 *	20.4%
Iowa	\$559	3.8%	16,599 *	17.4%
Maryland	\$753	4.4%	30,930 *	23.1%
Kentucky	\$1,212 *	11.9%	33,714 *	36.6%
Utah	\$1,355 *	8.1%	24,871 *	24.6%
Illinois	\$1,446 *	10.9%	14,204 *	11.2%
Michigan	\$1,493 *	11.4%	18,100 *	15.5%
Minnesota	\$1,544 *	10.4%	29,684 *	25.8%
Alabama	\$1,744 *	18.4%	26,613 *	28.7%
South Dakota	\$1,943 *	15.2%	39,472 *	42.3%
4 States Where the Incomes of the Bottom Fifth and Top Fifth Remained About the Same				
Hawaii	(\$784)	-4.9%	2,982	2.0%
Maine	(\$266)	-1.9%	5,102	4.9%
Georgia	\$121	1.1%	5,157	4.4%
Oklahoma	\$221	2.0%	8,436	7.9%
9 States Where Incomes of the Bottom Fifth Grew Faster Than Incomes of the Top Fifth				
Missouri	\$1,433 *	11.2%	14,673	13.0%
Arkansas	\$1,704 *	18.8%	15,183	18.0%
South Carolina	\$1,827 *	15.8%	8,168	7.6%
Louisiana	\$1,930 *	26.2%	(3,469)	-3.0%
Mississippi	\$2,116 *	25.9%	16,262 *	18.2%
Tennessee	\$2,224 *	23.4%	10,259 *	10.4%
Alaska	\$4,001 *	28.1%	10,201 *	7.4%
Indiana	\$4,029 *	31.9%	22,696 *	22.9%
Colorado	\$5,660 *	44.3%	39,726 *	36.4%
District of Columbia	(\$1,509)*	-16.8%	54,968 *	37.1%
Total U.S.	\$103	0.8%	17,867 *	14.9%
* Dollar changes marked with an asterisk are statistically significant. The direction of the change is known with 95 percent certainty. See the footnote in Table 1 for details.				
Source: Economic Policy Institute/ Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.				

seven percent. Over the same period, the richest fifth of families saw their incomes rise by \$32,850, an increase of 30 percent.

The average income of the bottom fifth of families rose or remained the same over the decade in 35 states. In 22 of these 35 states, however, the incomes of the richest families grew faster than the incomes of the poor. In Minnesota, for example, the average income of the poorest fifth of families increased from \$14,920 to \$16,460, which is a gain of \$1,540 or 10 percent. The average income of the richest fifth of families, in contrast, increased from \$115,240 to \$144,920 — a gain of \$29,680 or 26 percent.

In four states, the average incomes of both the bottom fifth and middle fifth of families remained about the same over the past decade. Neither increased by a statistically significant amount.

In the remaining nine states the average income of the poorest families increased significantly while the incomes of the richest families remained the same or grew more slowly than those of the poorest families. These states are Alaska, Arkansas, Colorado, Indiana, Mississippi, Missouri, South Carolina, Tennessee, and Louisiana. Higher growth in the incomes of the poorest families than in that of the richest families would tend to reduce income inequality.

For example, in Colorado, the average income of the poorest fifth of families increased from \$12,790 in the late 1980s to \$18,450 by the late 1990s, a 44 percent increase. By contrast, incomes of the richest 20 percent of Colorado's families increased from \$109,090 in the late 1980s to \$148,810 in the late 1990s, an increase of about 36 percent. Since the rate of growth in the incomes of the poorest fifth of families was more rapid than the income growth for the highest income families in the state, income inequality could have lessened between the late 1980s and the late 1990s. (Note, however, that while the percentage gain is greater for the lower income families, the \$5,660 average income gain for the bottom fifth was much smaller than the \$39,730 gain for the top fifth. In addition, the change in the top-to-bottom ratio was not statistically significant. It also should be pointed out that the gains over the past decade did not reverse the longer-term trend. By the 1990s, the poorest fifth of families in Colorado had incomes only nine percent above their late 1970s level, while the incomes of the richest fifth of families had increased by 31 percent in income since the 1970s — more than three times as much.) As Table 10 below will show, a significant decline in income inequality occurred in only a handful of states.

The average income of the richest five percent of families grew dramatically from the late 1980s to the late 1990s. These changes are shown in Table 9A for 11 large states. In each of these 11 large states, income inequality widened as the incomes of the richest five percent of families grew dramatically. The increases in the average income of the top five percent of families ranged from \$32,690, or 16.3 percent, in Illinois to \$67,680, or 38.4 percent, in Pennsylvania. While the incomes of the richest families were growing rapidly, the amount of

Table 9A
Dollar and Percent Change in Average Income of Bottom Fifth and Top 5% of Families,
'88-'90 to '96-'98

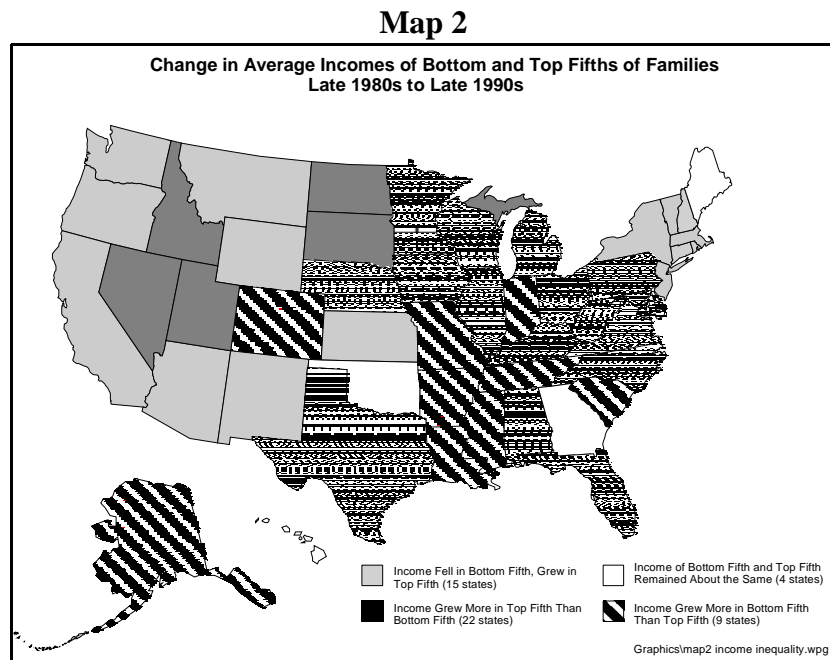
State	Bottom Fifth		Top 5%	
4 Large States Where Bottom Fifth Grew Poorer and the Top 5% Grew Richer				
California	(\$1,408) *	-10.3%	\$38,190 *	18.0%
Massachusetts	(\$1,412) *	-8.4%	\$38,672 *	17.7%
New Jersey	(\$1,339) *	-7.1%	\$40,381 *	17.3%
New York	(\$1,969) *	-15.5%	\$63,583 *	30.9%
7 Large States Where Incomes of the Top 5% Grew Faster Than Incomes of the Bottom Fifth				
Florida	(\$349)	-2.9%	\$37,529 *	21.1%
Illinois	\$1,446 *	10.9%	\$32,692 *	16.3%
Michigan	\$1,493 *	11.4%	\$53,139 *	31.2%
North Carolina	(\$57)	-0.5%	\$42,261 *	24.7%
Ohio	\$362	2.7%	\$57,371 *	32.8%
Pennsylvania	\$258	1.8%	\$67,676 *	38.4%
Texas	\$339	3.1%	\$55,987 *	33.0%
Total U.S.	\$103	0.8%	\$50,759 *	27.2%

* Dollar changes marked with an asterisk are statistically significant. The direction of the change is known with 95 percent certainty. See the footnote in Table 1 for details.

Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

income available to the poorest fifth of families either declined or grew very little; the largest increase in average income for the poorest families was just under \$1,500, or 11 percent, in Michigan. In four of the 11 large states, income declined significantly for the lowest income fifth of families.

Map 2 shows how the average incomes of the top and bottom fifths of families changed between the late 1980s and the late 1990s in every state. The states where high-income families grew richer and poor families became poorer are concentrated in the West and the Northeast. The states where the incomes of the bottom fifth of families grew faster than the incomes of the top fifth of families are primarily in the South.



Changes in Income Gaps

As discussed above, one way to assess income gaps is to compare the average income of the top fifth of families to the average income of the bottom fifth of families. Table 10 presents the top-to-bottom ratio for each state in the late 1980s compared to the ratio in the late 1990s and shows that the gap in income between the poorest fifth of families and the richest fifth of families increased by a statistically significant amount in 33 states. In many states, the increase in inequality was substantial.

The table ranks the states by size of change in the income gap over the past decade. As shown, the gap between the richest 20 percent of families and the poorest 20 percent grew most in Rhode Island, followed by Oregon, Arizona, New York, and Connecticut. In Rhode Island, the top fifth of families in the late 1980s had incomes seven times as large as the bottom fifth. By the late 1990s, the richest fifth of Rhode Island families had incomes almost 12 times as large as the poorest fifth of families.

The growth in the gap between the families at the very top of the income scale and the bottom fifth was even more dramatic. Table 10A shows the change in the ratio of the average income of the top five percent of families to the bottom 20 percent for eleven large states. The increase was most dramatic in New York where the ratio of the average income of the top five percent of families to the bottom fifth of families increased by more than 50 percent between the late 1980s and the late

1990s, from 16.1 to 25.0. In the late 1980s, New York was the only state among these eleven states in which the ratio of the average income of the top five percent of families to the bottom fifth of families was 16 or higher. By the late 1990s, the average income of the richest five percent of families was more than 16 times the average income of the poorest 20 percent in eight of these eleven states.

Changes in Income Shares

Trends over the past decade in the share of total family income held by families in each quintile also illustrate the

Table 10A
Change in Ratio of Incomes of Top 5% and Bottom Fifth of Families,
'88-'90 to '96-'98

State	Top-to-Bottom ratio '88-'90	Top-to-Bottom ratio '96-'98	Change in Top/Bottom ratio
California	15.5	20.5	4.9 *
Florida	14.6	18.2	3.6 *
Illinois	15.2	15.9	0.7
Massachusetts	13.0	16.8	3.7 *
Michigan	13.0	15.3	2.3 *
New Jersey	12.4	15.7	3.3 *
New York	16.1	25.0	8.9 *
North Carolina	13.5	16.9	3.4 *
Ohio	12.8	16.6	3.8 *
Pennsylvania	12.0	16.4	4.3 *
Texas	15.6	20.1	4.5 *
Total U.S.	14.5	18.3	3.8 *

* The direction of the changes in the top/bottom ratio marked with an asterisk are statistically significant at the 95 percent level of confidence. That is, one can say with 95 percent certainty that the increases shown in the table are true increases in income inequality.

Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

Table 10
Change in Ratio of Incomes of Top and Bottom Fifths of Families,
'88-'90 to '96-'98

State	Rank	Top-to-bottom ratio '88-'90	Top-to-bottom ratio '96-'98	Change in top/bottom ratio
Rhode Island	1	7.2	11.8	4.6 *
Oregon	2	7.0	11.2	4.2 *
Arizona	3	9.2	13.1	3.9 *
New York	4	10.4	14.1	3.7 *
Connecticut	5	6.2	9.9	3.7 *
Kansas	6	7.0	9.8	2.8 *
New Mexico	7	10.5	12.8	2.2 *
Washington	8	7.0	9.2	2.2 *
California	9	9.8	11.9	2.1 *
Montana	10	7.2	9.3	2.1 *
Kentucky	11	9.1	11.1	2.0 *
Delaware	12	6.7	8.7	1.9 *
New Hampshire	13	6.9	8.8	1.9 *
Wisconsin	14	6.4	8.2	1.8 *
South Dakota	15	7.3	9.0	1.7 *
North Carolina	16	8.4	10.0	1.7 *
Massachusetts	17	8.6	10.2	1.6 *
West Virginia	18	8.8	10.4	1.6 *
Pennsylvania	19	7.9	9.4	1.6 *
Virginia	20	9.1	10.7	1.5 *
Nevada	21	6.9	8.5	1.5 *
Florida	22	9.1	10.6	1.5 *
Ohio	23	8.3	9.7	1.4 *
New Jersey	24	8.1	9.5	1.4 *
Maryland	25	7.8	9.2	1.4 *
Texas	26	10.3	11.6	1.3 *
Nebraska	27	7.0	8.4	1.3 *
Idaho	28	7.1	8.5	1.3 *
Wyoming	29	6.9	8.2	1.3 *
Minnesota	30	7.7	8.8	1.1 *
North Dakota	31	6.8	7.9	1.1 *
Vermont	32	7.4	8.4	1.0
Utah	33	6.0	6.9	0.9 *
Iowa	34	6.5	7.4	0.9 *
Alabama	35	9.8	10.6	0.8
Hawaii	36	9.1	9.8	0.7
Oklahoma	37	9.4	10.0	0.5
Maine	38	7.6	8.1	0.5
Georgia	39	10.3	10.6	0.3
Michigan	40	8.9	9.2	0.3
Missouri	41	8.9	9.0	0.1
Illinois	42	9.6	9.6	0.0
Arkansas	43	9.3	9.2	-0.1
Colorado	44	8.5	8.1	-0.5
Indiana	45	7.9	7.3	-0.5
South Carolina	46	9.3	8.7	-0.7
Mississippi	47	10.9	10.3	-0.7
Tennessee	48	10.3	9.3	-1.1 *
Alaska	49	9.6	8.1	-1.5 *
Louisiana	50	15.6	12.0	-3.6 *
District of Columbia		16.4	27.1	10.6 *
Total U.S.		9.3	10.6	1.3 *

* The direction of the changes in the top/bottom ratio marked with an asterisk are statistically significant at the 95 percent level of confidence. That is, one can say with 95 percent certainty that increases shown in the table are true increases in income inequality.

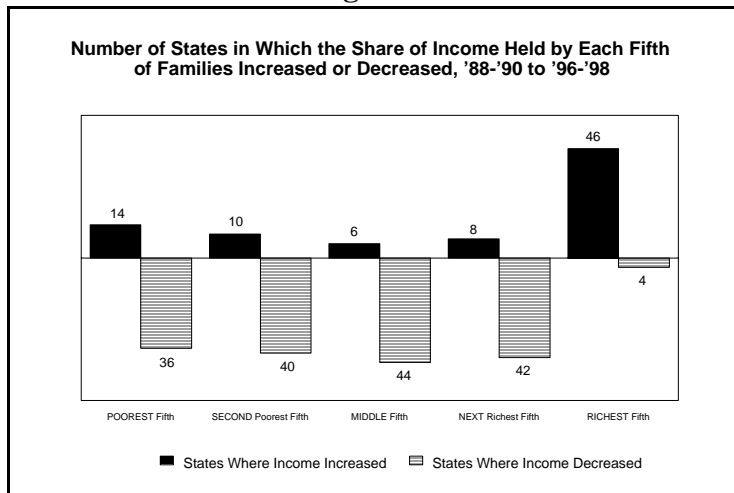
Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

degree to which the recent economic expansion has benefitted the richest fifth of the population more than low- or middle-income families.

Table 11 shows the share of income held by the bottom and top quintiles of the income distribution in both the late 1980s and the late 1990s. Over the past decade, the proportion of total family income held by the bottom 20 percent of families has continued to fall overall, from 5.3 percent to 4.9 percent in the United States as a whole, whereas the share held by the richest fifth of families has increased from 42.1 percent to 45.4 percent over the same period.

The trend is widespread across states. For each quintile, Figure 2 shows the number of states where the share of income held by families in that quintile either decreased or increased. Although there were 14 states in which the share of income held by the poorest fifth of families rose, the share of income held by the poorest fifth of families fell in 36 states, or close to three quarters of all the states. Families in the second, third and fourth quintiles also lost ground in the vast majority of states. By contrast, the share of income held by the top fifth of the distribution increased in 46 states.

Figure 2



Income Trends: Differences Between High- and Middle-Income Families

The recent trend toward increasing income inequality, like the longer-term trend, is not limited to the increasing gap between low- and high-income families. Income disparities between middle class and high-income families also have been on the rise over the past decade. Table 12 shows the amount by which the incomes of families in the middle and top fifths of the income distribution rose or fell over the past decade in each state.

In 12 states the middle class became poorer while high-income families became richer or maintained the same income. In Massachusetts, for example, the average income of the middle 20 percent of families fell from \$59,970 to \$57,420 between the late 1980s and the late 1990s, a decline of over four percent.

The average income of the richest 20 percent of families rose from \$144,510 to \$156,610 over the same period, an increase of over eight percent.

Table 11
Share of Income Held by Bottom and Top Fifths of Families,
'88-'90 through '96-'98

State	Share of Income held by bottom fifth		Share of Income held by top fifth	
	'88-'90	'96-'98	'88-'90	'96-'98
Alabama	5.2%	4.8%	43.1%	45.2%
Alaska	4.9%	6.3%	41.5%	42.4%
Arizona	4.8%	3.9%	45.2%	50.8%
Arkansas	4.8%	5.6%	42.3%	44.6%
California	4.9%	4.2%	44.5%	48.6%
Colorado	5.2%	6.0%	41.4%	43.6%
Connecticut	8.1%	5.2%	38.0%	44.4%
Delaware	6.7%	5.6%	37.8%	44.4%
Florida	5.3%	4.9%	43.3%	45.0%
Georgia	5.0%	4.4%	43.1%	44.3%
Hawaii	5.1%	6.0%	40.7%	39.1%
Idaho	6.6%	5.8%	40.4%	42.4%
Illinois	5.0%	5.3%	42.2%	43.4%
Indiana	6.1%	7.0%	37.5%	42.0%
Iowa	7.3%	6.8%	37.6%	41.0%
Kansas	6.8%	5.9%	39.4%	46.4%
Kentucky	5.2%	4.7%	41.2%	44.5%
Louisiana	3.2%	4.2%	48.4%	46.1%
Maine	6.2%	6.4%	38.7%	42.1%
Maryland	5.7%	5.3%	39.5%	45.0%
Massachusetts	5.9%	5.3%	38.8%	43.4%
Michigan	5.4%	5.5%	39.9%	42.2%
Minnesota	5.9%	5.7%	39.8%	41.3%
Mississippi	4.4%	5.1%	44.1%	47.3%
Missouri	5.5%	5.8%	41.9%	42.7%
Montana	6.2%	5.2%	39.7%	42.2%
Nebraska	6.6%	6.2%	38.8%	42.7%
Nevada	6.6%	5.8%	39.0%	44.7%
New Hampshire	7.0%	6.2%	39.0%	45.0%
New Jersey	6.4%	5.5%	39.5%	43.4%
New Mexico	4.6%	3.8%	47.0%	50.3%
New York	4.8%	3.8%	42.4%	48.7%
North Carolina	5.9%	5.1%	41.0%	44.6%
North Dakota	6.9%	6.5%	38.7%	40.8%
Ohio	5.7%	5.4%	39.9%	43.1%
Oklahoma	5.3%	5.1%	43.4%	45.8%
Oregon	7.0%	5.0%	39.0%	48.1%
Pennsylvania	6.1%	5.6%	40.4%	44.0%
Rhode Island	7.4%	4.7%	37.7%	47.6%
South Carolina	5.2%	5.7%	44.0%	43.5%
South Dakota	6.8%	6.8%	40.8%	44.8%
Tennessee	4.7%	5.6%	44.0%	43.7%
Texas	4.6%	4.3%	44.1%	48.7%
Utah	8.2%	7.4%	36.5%	41.2%
Vermont	6.8%	5.9%	38.8%	42.2%
Virginia	5.4%	5.1%	41.2%	44.5%
Washington	6.7%	5.6%	39.2%	41.9%
West Virginia	5.5%	5.0%	40.7%	43.7%
Wisconsin	7.5%	6.3%	37.5%	41.9%
Wyoming	7.0%	6.3%	39.3%	41.9%
Dist. of Col.	3.5%	2.1%	49.7%	61.6%
Total U.S.	5.3%	4.9%	42.1%	45.4%

Source: Economic Policy Institute/ Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

Table 12
Dollar and Percent Change in Average Income of Middle and Top Fifths of Families, '88-'90 to '96-'98

State	Middle Fifth		Top Fifth	
12 States Where the Middle Fifth Grew Poorer and the Top Fifth Grew Richer				
New Hampshire	(5,821)*	-10.0%	12,497	9.2%
Wyoming	(4,769)*	-10.3%	4,998	4.8%
Hawaii	(4,619)*	-8.1%	2,982	2.0%
Arizona	(3,708)*	-8.8%	24,511 *	21.0%
Vermont	(3,607)*	-7.3%	846	0.7%
New York	(3,472)*	-6.9%	19,675 *	14.8%
Connecticut	(2,992)*	-4.6%	26,138 *	17.7%
Maine	(2,691)*	-6.1%	5,102	4.9%
Massachusetts	(2,550)*	-4.3%	12,101 *	8.4%
California	(2,252)*	-4.7%	12,017 *	9.0%
New Jersey	(1,833)*	-2.9%	13,639 *	9.0%
Montana	(663)*	-1.8%	13,078 *	15.1%
31 States Where Incomes of the Top Fifth Grew Faster Than Incomes of the Middle Fifth				
Virginia	(775)	-1.5%	17,948 *	13.5%
Rhode Island	(752)	-1.5%	35,146 *	28.1%
Nevada	155	0.3%	21,986 *	19.9%
Oregon	276	0.6%	39,798 *	38.1%
West Virginia	447	1.3%	16,802 *	19.7%
Kansas	558	1.2%	32,850 *	30.1%
Iowa	598	1.4%	16,599 *	17.4%
Florida	814 *	2.0%	14,275 *	12.9%
Texas	949 *	2.4%	18,547 *	16.6%
North Dakota	1,089 *	2.6%	11,335 *	11.9%
Alaska	1,104 *	2.0%	10,201 *	7.4%
Delaware	1,221 *	2.5%	25,228 *	22.8%
Maryland	1,542 *	2.6%	30,930 *	23.1%
North Carolina	1,715 *	4.1%	20,540 *	19.4%
Ohio	1,782 *	3.8%	23,080 *	20.4%
Illinois	1,785 *	3.6%	14,204 *	11.2%
Idaho	1,968 *	5.0%	18,571 *	19.7%
Washington	1,976 *	4.0%	22,645 *	19.5%
Wisconsin	2,199 *	4.4%	28,261 *	26.1%
Nebraska	2,414 *	5.6%	21,284 *	20.9%
South Dakota	2,797 *	7.1%	39,472 *	42.3%
Pennsylvania	2,837 *	6.2%	25,165 *	21.8%
Michigan	3,203 *	6.6%	18,100 *	15.5%
Mississippi	3,493 *	11.1%	16,262 *	18.2%
Tennessee	3,530 *	9.8%	10,259 *	10.4%
Utah	4,274 *	9.6%	24,871 *	24.6%
Indiana	4,791 *	11.1%	22,696 *	22.9%
Kentucky	6,264 *	16.7%	33,714 *	36.6%
Minnesota	6,273 *	13.0%	29,684 *	25.8%
Alabama	8,026 *	23.1%	26,613 *	28.7%
Colorado	9,013 *	19.9%	39,726 *	36.4%
2 States Where Incomes of the Bottom Fifth and the Top Fifth Remained About the Same				
New Mexico	(278)	-0.8%	7,447	7.2%
Georgia	518	1.2%	5,157	4.4%
5 States Where Incomes of the Middle Fifth Grew Faster Than Incomes of the Top Fifth				
Louisiana	987 *	2.7%	(3,469)	-3.0%
Arkansas	1,298 *	4.0%	15,183	18.0%
Oklahoma	1,364 *	3.6%	8,436	7.9%
South Carolina	3,351 *	8.3%	8,168	7.6%
Missouri	4,366 *	10.2%	14,673	13.0%
District of Columbia	(5,952)*	-13.9%	54,968 *	37.1%
Total U.S.	779 *	1.7%	17,867 *	14.9%
* Dollar changes marked with an asterisk are statistically significant. The direction of the change is known with 95 percent certainty. See the footnote in Table 1 for details.				
Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.				

In 31 of the remaining states, the average income of families in the middle of the income distribution either remained the same or increased while the incomes of the top fifth of families increased by a larger percentage. In Ohio, for example, the average income of the middle fifth of families increased from \$47,350 to \$49,140. This less than four percent increase, however, is modest when compared to the increase in the average income of the richest fifth of families. The top 20 percent of families saw their average income rise from \$113,180 to \$136,260, an increase of more than 20 percent.

In two states — New Mexico and Georgia — the incomes of both the middle fifth of families and the top fifth remained about the same.

In the five remaining states, families in the middle fifth of the distribution did marginally better than families in the top fifth.

Changes in Income Gaps

The increase in the income gaps between middle class and high-income families in the majority of states can be seen in Table 13, which shows how the ratio of the average income of the top fifth of families to the average income of the middle fifth of families has changed over the past decade. As shown, the gap in income between middle class and high-income families increased by a statistically significant amount in 36 states. In 12 additional states, the ratio increased but not by a statistically significant amount. The gap between the middle fifth and top fifth did not decline by a statistically significant amount in any state.²

Changes in Income Shares

The share of total income held by middle class families has fallen in virtually every state over the past decade. Since the late 1980s, the share of income held by the middle fifth of families has fallen in 44 states. There were only four states — Hawaii, Louisiana, Minnesota, and Virginia — where the share of income held by the middle quintile increased modestly over the decade and two states — Illinois and Tennessee — where the share did not change. By contrast, the share of income held by the top fifth of families increased in all but four states, Hawaii, Louisiana, South Carolina, and Tennessee.

Table 14 shows the share of income held by families in the middle and top quintiles in the late 1980s and the late 1990s. In the United States as a whole, the share of income held by the middle fifth of families fell from 17.2 percent to 16.2 percent. The share of total family income held by the top fifth of families increased from 42.1 percent to 45.4 percent over the same period.

² In Table 13, a small increase in the top-to-middle ratio in Tennessee and a small decrease in the ratio in South Carolina are shown as zero as the result of rounding.

Table 13
Change in Ratio of Incomes of Top and Middle Fifths of Families,
'88-'90 to '96-'98

State	Rank	Top-to-middle ratio '88-'90	Top-to-middle ratio '96-'98	Change in top/middle ratio
Arizona	1	2.8	3.7	0.9 *
Oregon	2	2.3	3.2	0.9 *
South Dakota	3	2.4	3.2	0.8 *
Rhode Island	4	2.4	3.1	0.7 *
Kansas	5	2.4	3.0	0.7 *
New York	6	2.6	3.3	0.6 *
Connecticut	7	2.3	2.8	0.5 *
New Hampshire	8	2.3	2.8	0.5 *
Nevada	9	2.4	2.9	0.5 *
Maryland	10	2.3	2.8	0.5 *
Wisconsin	11	2.2	2.6	0.5 *
West Virginia	12	2.5	2.9	0.5 *
Delaware	13	2.2	2.7	0.4 *
Kentucky	14	2.5	2.9	0.4 *
California	15	2.8	3.2	0.4 *
Montana	16	2.3	2.7	0.4 *
Virginia	17	2.6	2.9	0.4 *
Texas	18	2.8	3.2	0.4 *
Ohio	19	2.4	2.8	0.4 *
Wyoming	20	2.2	2.6	0.4 *
North Carolina	21	2.5	2.9	0.4 *
Pennsylvania	22	2.5	2.9	0.4 *
Washington	23	2.3	2.7	0.3 *
Iowa	24	2.2	2.6	0.3 *
Arkansas	25	2.6	2.9	0.3
Nebraska	26	2.3	2.7	0.3 *
Idaho	27	2.4	2.7	0.3 *
Colorado	28	2.4	2.7	0.3 *
Massachusetts	29	2.4	2.7	0.3 *
Utah	30	2.3	2.6	0.3 *
New Jersey	31	2.4	2.7	0.3 *
Florida	32	2.8	3.0	0.3 *
Hawaii	33	2.6	2.8	0.3
Maine	34	2.4	2.6	0.3 *
Minnesota	35	2.4	2.7	0.3 *
New Mexico	36	3.0	3.3	0.2
Indiana	37	2.3	2.5	0.2 *
Vermont	38	2.4	2.6	0.2
North Dakota	39	2.3	2.5	0.2
Michigan	40	2.4	2.6	0.2 *
Illinois	41	2.6	2.7	0.2 *
Mississippi	42	2.8	3.0	0.2
Alaska	43	2.5	2.6	0.1
Alabama	44	2.7	2.8	0.1
Oklahoma	45	2.8	2.9	0.1
Georgia	46	2.7	2.8	0.1
Missouri	47	2.6	2.7	0.1
Tennessee	48	2.7	2.7	0.0
South Carolina	49	2.7	2.6	-0.0
Louisiana	50	3.1	3.0	-0.2
District of Columbia		3.5	5.5	2.0 *
Total U.S.		2.6	3.0	0.3 *

* The direction of the changes in the top/middle ratio marked with an asterisk are statistically significant at the 95 percent level of confidence. That is, one can say with 95 percent certainty that the increases shown in the table are true increases in income inequality.

Source: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

Table 14
Share of Income Held by Middle and Top Fifths of Families,
'88-'90 through '96-'98

State	Share of Income held by middle fifth		Share of Income held by top fifth	
	'88-'90	'96-'98	'88-'90	'96-'98
Alabama	17.2%	16.2%	43.1%	45.2%
Alaska	17.8%	15.9%	41.5%	42.4%
Arizona	16.6%	14.4%	45.2%	50.8%
Arkansas	16.6%	15.6%	42.3%	44.6%
California	16.5%	15.1%	44.5%	48.6%
Colorado	17.2%	16.4%	41.4%	43.6%
Connecticut	17.7%	16.7%	38.0%	44.4%
Delaware	17.9%	16.0%	37.8%	44.4%
Florida	16.7%	16.1%	43.3%	45.0%
Georgia	17.2%	17.0%	43.1%	44.3%
Hawaii	17.6%	18.3%	40.7%	39.1%
Idaho	17.4%	16.6%	40.4%	42.4%
Illinois	17.0%	17.0%	42.2%	43.4%
Indiana	19.0%	16.5%	37.5%	42.0%
Iowa	17.9%	17.0%	37.6%	41.0%
Kansas	18.0%	15.4%	39.4%	46.4%
Kentucky	17.6%	16.6%	41.2%	44.5%
Louisiana	16.1%	16.2%	48.4%	46.1%
Maine	18.1%	17.0%	38.7%	42.1%
Maryland	18.5%	16.9%	39.5%	45.0%
Massachusetts	18.0%	17.4%	38.8%	43.4%
Michigan	17.9%	17.0%	39.9%	42.2%
Minnesota	17.3%	17.6%	39.8%	41.3%
Mississippi	16.7%	15.1%	44.1%	47.3%
Missouri	18.3%	17.1%	41.9%	42.7%
Montana	17.8%	17.2%	39.7%	42.2%
Nebraska	18.1%	17.0%	38.8%	42.7%
Nevada	17.3%	15.8%	39.0%	44.7%
New Hampshire	17.1%	16.0%	39.0%	45.0%
New Jersey	17.8%	16.9%	39.5%	43.4%
New Mexico	15.8%	14.0%	47.0%	50.3%
New York	17.3%	15.4%	42.4%	48.7%
North Carolina	17.6%	16.2%	41.0%	44.6%
North Dakota	17.8%	17.6%	38.7%	40.8%
Ohio	18.0%	17.1%	39.9%	43.1%
Oklahoma	16.3%	15.4%	43.4%	45.8%
Oregon	18.5%	15.2%	39.0%	48.1%
Pennsylvania	17.3%	16.5%	40.4%	44.0%
Rhode Island	18.1%	15.4%	37.7%	47.6%
South Carolina	17.1%	16.5%	44.0%	43.5%
South Dakota	16.8%	15.6%	40.8%	44.8%
Tennessee	17.2%	17.2%	44.0%	43.7%
Texas	16.5%	14.7%	44.1%	48.7%
Utah	17.6%	17.0%	36.5%	41.2%
Vermont	17.4%	17.1%	38.8%	42.2%
Virginia	16.8%	17.4%	41.2%	44.5%
Washington	17.9%	16.8%	39.2%	41.9%
West Virginia	17.6%	16.4%	40.7%	43.7%
Wisconsin	18.0%	16.8%	37.5%	41.9%
Wyoming	17.8%	16.8%	39.3%	41.9%
Dist. of Col.	15.1%	11.1%	49.7%	61.6%
Total U.S.	17.2%	16.2%	42.1%	45.4%

Source: Economic Policy Institute/ Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.