

## **INCOME INEQUALITY HAS DECREASED IN ALASKA SINCE THE 1970s**

Inequality has decreased in Alaska over the past two decades. This can be observed by ranking all Alaska 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 8.2 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 2.6 times as large as the middle 20 percent of families.

### **The Long-Term Trend**

Since the late 1970s, income inequality has decreased in Alaska. Unlike in the vast majority of states, the average income of the bottom fifth of families grew faster than the income of the top fifth of families.

In the late 1970s, the richest 20 percent of families had average incomes 9.3 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had fallen to 8.2.

- The average income of the poorest fifth of families increased by \$3,460 between the late 1970s and the late 1990s, from \$15,360 to \$18,820.
- The average income of the middle fifth of families increased by \$1,850 between the late 1970s and the late 1990s, from \$56,670 to \$58,520.
- The average income of the richest fifth of families increased by \$12,320 between the late 1970s and the late 1990s, from \$142,340 to \$154,650.

### **The Recent Trend**

Over the past decade, income inequality has decreased in Alaska.

In the late 1980s, the richest 20 percent of families had average incomes 9.6 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had fallen to 8.2.

- The average income of the poorest fifth of families increased by \$4,410 between the late 1980s and the late 1990s, from \$14,410 to \$18,820.
- The average income of the middle fifth of families increased by \$2,860 between the late 1980s and the late 1990s, from \$55,670 to \$58,520.
- The average income of the richest fifth of families increased by \$15,990 between the late 1980s and the late 1990s, from \$138,670 to \$154,650.

# Alaska

## Income Inequality Among Families In Alaska Has Decreased Since the 1970s

### Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	39
Richest fifth vs. middle fifth	34

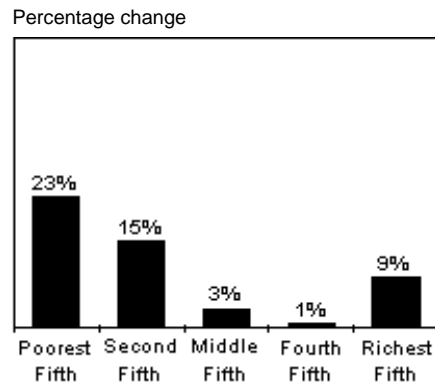
### Income Gaps, Late 1990s

	Ratio
Richest fifth vs. poorest fifth	8.2
Richest fifth vs. middle fifth	2.6

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

	Dollar Change	% Change
Poorest Fifth . . .	3,460 *	22.5% +
Middle Fifth . . . .	1,850 *	3.3%
Richest Fifth . . . .	12,320 *	8.7%

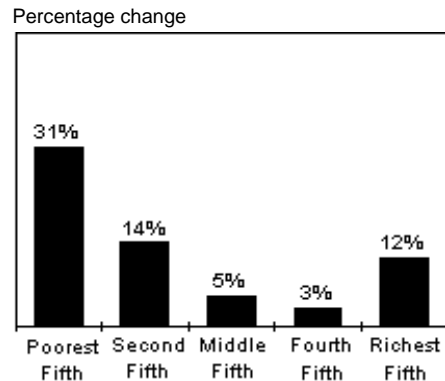
### Income Changes for Alaska Families Late 1970s to Late 1990s, by Fifth of Families



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

	Dollar Change	% Change
Poorest Fifth . . .	4,410 *	30.6% +
Middle Fifth . . . .	2,860 *	5.1%
Richest Fifth . . . .	15,990 *	11.5%

### Income Changes for Alaska 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.