

INCOME INEQUALITY IN ARKANSAS

The gap between the incomes of the poorest families and those of the richest families has remained about the same in Arkansas over the past two decades. This can be observed by ranking all Arkansas 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 8.5 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, the gap between the poorest families and the richest families has remained about the same in Arkansas. Unlike in the vast majority of states, the average income of the bottom fifth of families and the top fifth of families increased at about the same rate over the last two decades. At the same time, the incomes of the middle fifth of families grew more slowly than those of the richest families, widening the gap between the middle fifth of families and the richest fifth.

- The average income of the poorest fifth of families increased by \$3,020 between the late 1970s and the late 1990s, from \$9,250 to \$12,270.
- The average income of the middle fifth of families increased by \$5,900 between the late 1970s and the late 1990s, from \$31,790 to \$37,690.
- The average income of the richest fifth of families increased by \$25,580 between the late 1970s and the late 1990s, from \$79,160 to \$104,740.

The Recent Trend

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

- The average income of the poorest fifth of families increased by \$3,110 between the late 1980s and the late 1990s, from \$9,160 to \$12,270.
- The average income of the middle fifth of families increased by \$4,690 between the late 1980s and the late 1990s, from \$33,000 to \$37,690.
- The average income of the richest fifth of families increased by \$19,530 between the late 1980s and the late 1990s, from \$85,220 to \$104,740.

Arkansas

Income Inequality Among Families In Arkansas

Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	34
Richest fifth vs. middle fifth	18

Income Gaps, Late 1990s

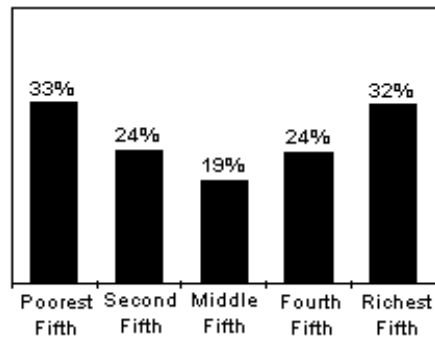
	Ratio
Richest fifth vs. poorest fifth	8.5
Richest fifth vs. middle fifth	2.8

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

	Dollar Change		% Change
Poorest Fifth . . .	3,020	*	32.7%
Middle Fifth	5,900	*	18.6% +
Richest Fifth	25,580	*	32.3%

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

Percentage change

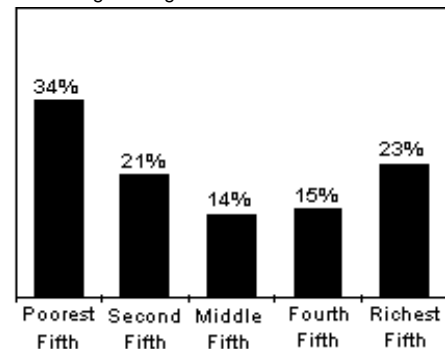


Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change		% Change
Poorest Fifth . . .	3,110	*	33.9%
Middle Fifth	4,690	*	14.2%
Richest Fifth	19,530	*	22.9%

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

Percentage change



* 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.