

INCOME INEQUALITY HAS INCREASED IN CONNECTICUT SINCE THE 1970s

Inequality has increased in Connecticut over the past two decades. This can be observed by ranking all Connecticut 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 9.4 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 2.7 times as large as the middle 20 percent of families.

The Long-Term Trend

Since the late 1970s, income inequality has increased in Connecticut. 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 6.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 9.4. This increase in inequality was the sixth greatest in the nation.

- The average income of the poorest fifth of families increased by \$1,130 between the late 1970s and the late 1990s, from \$18,220 to \$19,350.¹
- The average income of the middle fifth of families increased by \$16,160 between the late 1970s and the late 1990s, from \$49,990 to \$66,150.
- The average income of the richest fifth of families increased by \$70,150 between the late 1970s and the late 1990s, from \$111,040 to \$181,190.

The Recent Trend

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

In the late 1980s, the richest 20 percent of families had average incomes 6.2 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 9.4. This increase in inequality was the largest in the nation. The gap between the rich and the middle class also increased. This increase was the fifth greatest in the nation.

- The average income of the poorest fifth of families decreased by \$4,670 between the late 1980s and the late 1990s, from \$24,020 to \$19,350.
- The average income of the middle fifth of families increased by \$1,020 between the late 1980s and the late 1990s, from \$65,130 to \$66,150.¹
- The average income of the richest fifth of families increased by \$31,640 between the late 1980s and the late 1990s, from \$149,560 to \$181,190.

¹ The direction of this change is not statistically significant at the 95 percent level of confidence.

Connecticut

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

Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	20
Richest fifth vs. middle fifth	21

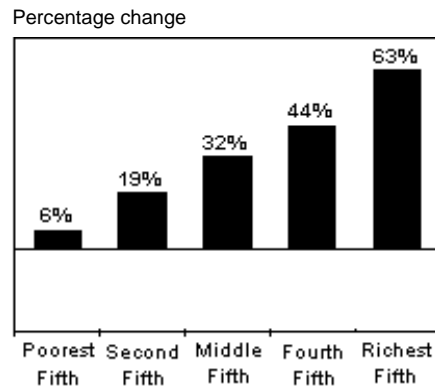
Income Gaps, Late 1990s

	Ratio
Richest fifth vs. poorest fifth	9.4
Richest fifth vs. middle fifth	2.7

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

	Dollar Change	% Change	
Poorest Fifth . . .	1,130	6.2%	+
Middle Fifth	16,160 *	32.3%	+
Richest Fifth	70,150 *	63.2%	

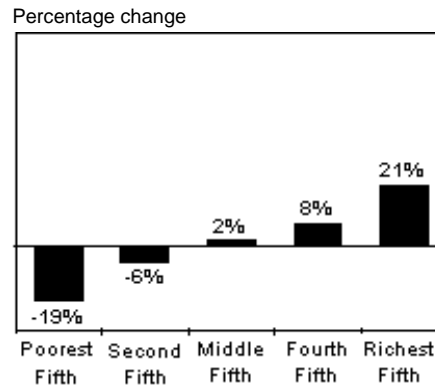
Income Changes for Connecticut Families Late 1970s to Late 1990s, by Fifth of Families



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

	Dollar Change	% Change	
Poorest Fifth . . .	-4,670 *	-19.4%	+
Middle Fifth	1,020	1.6%	+
Richest Fifth	31,640 *	21.2%	

Income Changes for Connecticut 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.