

## **INCOME INEQUALITY HAS INCREASED IN THE DISTRICT OF COLUMBIA SINCE THE 1970s**

Inequality has increased in the District of Columbia over the past two decades. This can be observed by ranking all D.C. 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 21.6 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 4.3 times as large as the middle 20 percent of families.

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

Since the late 1970s, income inequality has increased in the District of Columbia. 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 12.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 21.6.

- The average income of the poorest fifth of families decreased by \$40 between the late 1970s and the late 1990s, from \$9,440 to \$9,400.<sup>1</sup>
- The average income of the middle fifth of families increased by \$9,180 between the late 1970s and the late 1990s, from \$37,680 to \$46,860.
- The average income of the richest fifth of families increased by \$88,850 between the late 1970s and the late 1990s, from \$114,330 to \$203,190.

### **The Recent Trend**

Over the past decade, income inequality has increased in the District of Columbia.

In the late 1980s, the richest 20 percent of families had average incomes 16.4 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 21.6.

- The average income of the poorest fifth of families increased by \$300 between the late 1980s and the late 1990s, from \$9,100 to \$9,400.<sup>1</sup>
- The average income of the middle fifth of families increased by \$3,540 between the late 1980s and the late 1990s, from \$43,320 to \$46,860.
- The average income of the richest fifth of families increased by \$53,490 between the late 1980s and the late 1990s, from \$149,690 to \$203,190.

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

# District of Columbia

## Income Inequality Among Families In District of Columbia Has Increased Since the 1970s

### Income Gaps, Late 1990s

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

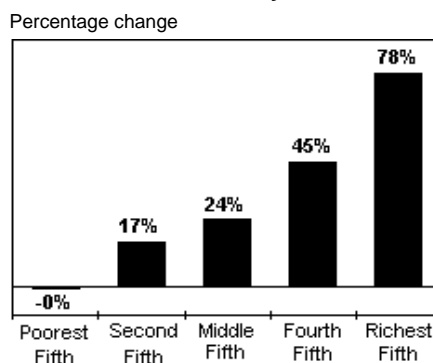
### Income Gaps, Late 1990s

	Ratio
Richest fifth vs. poorest fifth	21.6
Richest fifth vs. middle fifth	4.3

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

	Dollar Change	% Change	
Poorest Fifth . . .	-40	-0.4%	+
Middle Fifth . . . .	9,180 *	24.4%	+
Richest Fifth . . . .	88,850 *	77.7%	

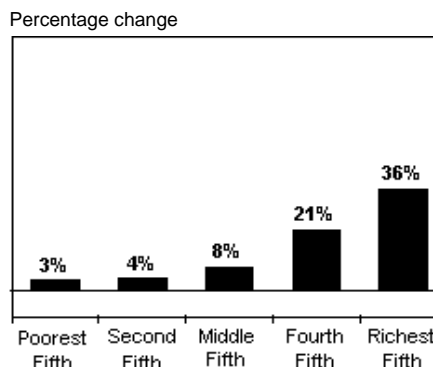
### Income Changes for District of Columbia Families Late 1970s to Late 1990s, by Fifth of Families



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

	Dollar Change	% Change	
Poorest Fifth . . .	300	3.3%	+
Middle Fifth . . . .	3,540 *	8.2%	+
Richest Fifth . . . .	53,490 *	35.7%	

### Income Changes for District of Columbia 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.