

INCOME INEQUALITY HAS INCREASED IN LOUISIANA SINCE THE 1970s

Inequality has increased in Louisiana over the past two decades. This can be observed by ranking all Louisiana 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 11.6 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 3.0 times as large as the middle 20 percent of families.

The Long-Term Trend

Since the late 1970s, income inequality has increased in Louisiana. 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 9.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 11.6.

- The average income of the poorest fifth of families decreased by \$440 between the late 1970s and the late 1990s, from \$10,570 to \$10,130.¹
- The average income of the middle fifth of families increased by \$480 between the late 1970s and the late 1990s, from \$38,630 to \$39,110.¹
- The average income of the richest fifth of families increased by \$20,970 between the late 1970s and the late 1990s, from \$96,400 to \$117,370.

The Recent Trend

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

In the late 1980s, the richest 20 percent of families had average incomes 15.6 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had fallen to 11.6.

- The average income of the poorest fifth of families increased by \$2,690 between the late 1980s and the late 1990s, from \$7,440 to \$10,130.
- The average income of the middle fifth of families increased by \$1,950 between the late 1980s and the late 1990s, from \$37,160 to \$39,110.
- The average income of the richest fifth of families increased by \$1,260 between the late 1980s and the late 1990s, from \$116,110 to \$117,370.¹

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

Louisiana

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

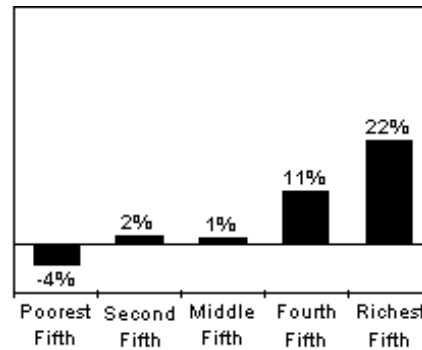
Income Gaps, Late 1990s		Income Gaps, Late 1990s	
	Rank (1 is most unequal)		Ratio
Richest fifth vs. poorest fifth	2	Richest fifth vs. poorest fifth	11.6
Richest fifth vs. middle fifth	5	Richest fifth vs. middle fifth	3.0

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

	Dollar Change	% Change	
Poorest Fifth . . .	-440	-4.2%	+
Middle Fifth	480	1.2%	+
Richest Fifth	20,970 *	21.8%	

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

Percentage change

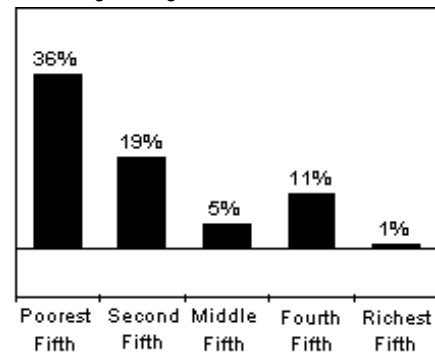


Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change	% Change	
Poorest Fifth . . .	2,690 *	36.2%	+
Middle Fifth	1,950 *	5.2%	
Richest Fifth	1,260	1.1%	

Income Changes for Louisiana 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.