

## **INCOME INEQUALITY HAS INCREASED IN MONTANA SINCE THE 1970s**

Inequality has increased in Montana over the past two decades. This can be observed by ranking all Montana 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 8.9 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 increased in Montana. 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 7.7 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 8.9.

- The average income of the poorest fifth of families decreased by \$790 between the late 1970s and the late 1990s, from \$12,460 to \$11,670.<sup>1</sup>
- The average income of the middle fifth of families increased by \$100 between the late 1970s and the late 1990s, from \$40,550 to \$40,640.<sup>1</sup>
- The average income of the richest fifth of families increased by \$7,930 between the late 1970s and the late 1990s, from \$95,770 to \$103,700.<sup>1</sup>

### **The Recent Trend**

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

In the late 1980s, the richest 20 percent of families had average incomes 7.2 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 8.9. This increase in inequality was the 11th greatest in the nation.

- The average income of the poorest fifth of families decreased by \$490 between the late 1980s and the late 1990s, from \$12,150 to \$11,670.<sup>1</sup>
- The average income of the middle fifth of families increased by \$2,420 between the late 1980s and the late 1990s, from \$38,220 to \$40,640.
- The average income of the richest fifth of families increased by \$15,970 between the late 1980s and the late 1990s, from \$87,730 to \$103,700.

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

# Montana

## Income Inequality Among Families In Montana Has Increased Since the 1970s

### Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	26
Richest fifth vs. middle fifth	40

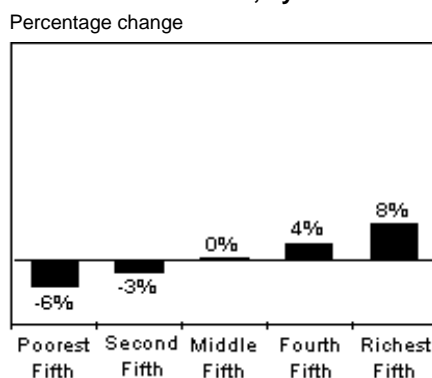
### Income Gaps, Late 1990s

	Ratio
Richest fifth vs. poorest fifth	8.9
Richest fifth vs. middle fifth	2.6

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

	Dollar Change	% Change	
Poorest Fifth . . .	-790	-6.3%	+
Middle Fifth . . . .	100	0.2%	
Richest Fifth . . . .	7,930	8.3%	

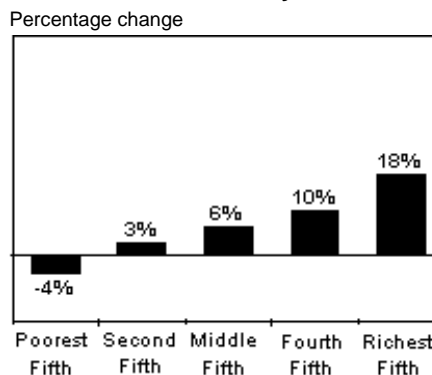
### Income Changes for Montana Families Late 1970s to Late 1990s, by Fifth of Families



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

	Dollar Change	% Change	
Poorest Fifth . . .	-490	-4.0%	+
Middle Fifth . . . .	2,420 *	6.3%	+
Richest Fifth . . . .	15,970 *	18.2%	

### Income Changes for Montana 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.