

INCOME INEQUALITY HAS INCREASED IN NORTH CAROLINA SINCE THE 1970s

Inequality has increased in North Carolina over the past two decades. This can be observed by ranking all North Carolina 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 10.0 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, income inequality has increased in North Carolina. 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 7.2 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 10.0. This increase in inequality was the eighth greatest in the nation.

In the late 1970s, the richest five percent of families had average incomes 11.1 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 16.0.

Between the late 1970s and the late 1990s:

- The average income of the poorest fifth of families increased by \$730, from \$12,380 to \$13,110.
- The average income of the middle fifth of families increased by \$8,710, from \$38,400 to \$47,110.
- The average income of the richest fifth of families increased by \$42,400, from \$89,200 to \$131,600.
- The average income of the richest five percent of families increased by \$72,350, from \$138,070 to \$210,420.

The Recent Trend

Over the past decade, income inequality has increased in North Carolina.

In the late 1980s, the richest 20 percent of families had average incomes 8.4 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 10.0. This increase in inequality was the tenth greatest in the nation.

In the late 1980s, the richest five percent of families had average incomes 13.5 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 16.0.

Between the late 1980s and the late 1990s:

- The average income of the poorest fifth of families increased by \$300, from \$12,810 to \$13,110.¹
- The average income of the middle fifth of families increased by \$4,640, from \$42,470 to \$47,110.
- The average income of the richest fifth of families increased by \$24,450, from \$107,150 to \$131,600.
- The average income of the richest five percent of families increased by \$37,560, from \$172,860 to \$210,420.

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

North Carolina

Income Inequality Among Families In North Carolina Has Increased Since the 1970s

Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	10
Richest fifth vs. middle fifth	16

Income Gaps, Late 1990s

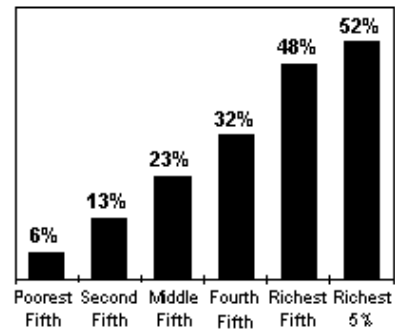
	Ratio
Richest fifth vs. poorest fifth	10.0
Richest fifth vs. middle fifth	2.8

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

	Dollar Change	% Change
Poorest Fifth . . .	\$730 *	5.9% +
Middle Fifth	\$8,710 *	22.7% +
Richest Fifth	\$42,400 *	47.5%
Richest 5%	\$72,350 *	52.4% #

Income Change for North Carolina Families Late 1970s to Late 1990s, by Fifth of Families

Percentage Change

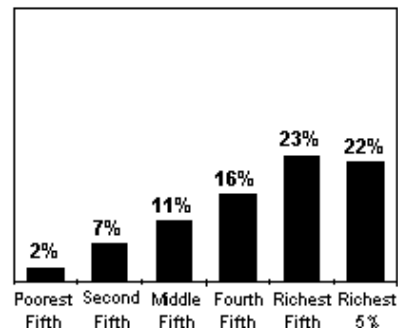


Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change	% Change
Poorest Fifth . . .	\$300	2.4% +
Middle Fifth	\$4,640 *	10.9% +
Richest Fifth	\$24,450 *	22.8%
Richest 5%	\$37,560 *	21.7% #

Income Change for North Carolina 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.

Difference between this change and the percent change in the income of the bottom fifth is statistically significant at the 95% confidence level.