

INCOME INEQUALITY HAS INCREASED IN NEBRASKA SINCE THE 1970s

Inequality has increased in Nebraska over the past two decades. This can be observed by ranking all Nebraska 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 8.0 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 2.5 times as large as the middle 20 percent of families.

The Long-Term Trend

Since the late 1970s, income inequality has increased in Nebraska. 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 6.6 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 8.0.

- The average income of the poorest fifth of families increased by \$1,990 between the late 1970s and the late 1990s, from \$13,580 to \$15,570.
- The average income of the middle fifth of families increased by \$7,520 between the late 1970s and the late 1990s, from \$42,510 to \$50,040.
- The average income of the richest fifth of families increased by \$35,720 between the late 1970s and the late 1990s, from \$89,540 to \$125,250.

The Recent Trend

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

In the late 1980s, the richest 20 percent of families had average incomes 7.0 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 8.0.

- The average income of the poorest fifth of families increased by \$950 between the late 1980s and the late 1990s, from \$14,620 to \$15,570.¹
- The average income of the middle fifth of families increased by \$6,090 between the late 1980s and the late 1990s, from \$43,950 to \$50,040.
- The average income of the richest fifth of families increased by \$22,450 between the late 1980s and the late 1990s, from \$102,800 to \$125,250.

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

Nebraska

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

Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	43
Richest fifth vs. middle fifth	47

Income Gaps, Late 1990s

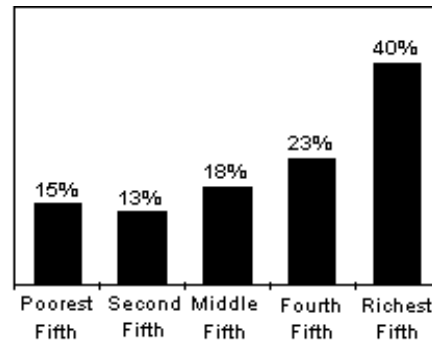
	Ratio
Richest fifth vs. poorest fifth	8.0
Richest fifth vs. middle fifth	2.5

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

	Dollar Change	% Change
Poorest Fifth . . .	1,990 *	14.7% +
Middle Fifth	7,520 *	17.7% +
Richest Fifth	35,720 *	39.9%

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

Percentage change

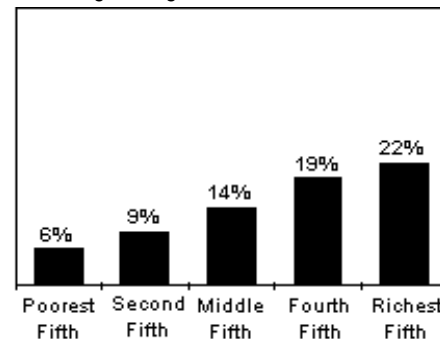


Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change	% Change
Poorest Fifth . . .	950	6.5% +
Middle Fifth	6,090 *	13.9%
Richest Fifth	22,450 *	21.8%

Income Changes for Nebraska 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.