

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

Inequality has increased in Pennsylvania over the past two decades. This can be observed by ranking all Pennsylvania 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 8.8 times as large as the poorest 20 percent of families.
- The richest 20 percent of families had average incomes 2.7 times as large as the middle 20 percent of families.

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

Since the late 1970s, income inequality has increased in Pennsylvania. 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 6.4 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 8.8. The gap between the rich and the middle class also increased. This increase was the 14th greatest in the nation.

In the late 1970s, the richest five 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 14.4.

Between the late 1970s and the late 1990s:

- The average income of the poorest fifth of families increased by \$1,490, from \$15,050 to \$16,550.
- The average income of the middle fifth of families increased by \$9,350, from \$44,240 to \$53,590.
- The average income of the richest fifth of families increased by \$49,860, from \$96,450 to \$146,320.
- The average income of the richest five percent of families increased by \$101,360, from \$137,180 to \$238,540.

### **The Recent Trend**

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

In the late 1980s, the richest 20 percent of families had average incomes 7.9 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had increased to 8.8.

In the late 1980s, the richest five percent of families had average incomes 12.0 times as large as the poorest 20 percent of families. By the late 1990s, that ratio had grown to 14.4.

Between the late 1980s and the late 1990s:

- The average income of the poorest fifth of families increased by \$1,750, from \$14,800 to \$16,550.
- The average income of the middle fifth of families increased by \$7,150, from \$46,440 to \$53,590.
- The average income of the richest fifth of families increased by \$29,650, from \$116,670 to \$146,320.
- The average income of the richest five percent of families increased by \$60,360, from \$178,180 to \$238,540.

# Pennsylvania

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

### Income Gaps, Late 1990s

	Rank (1 is most unequal)
Richest fifth vs. poorest fifth	27
Richest fifth vs. middle fifth	23

### Income Gaps, Late 1990s

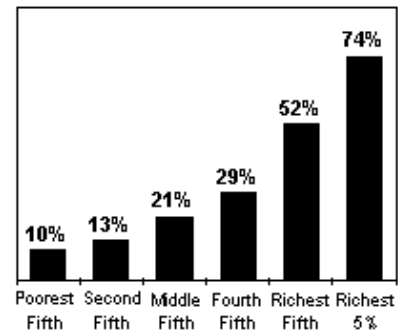
	Ratio
Richest fifth vs. poorest fifth	8.8
Richest fifth vs. middle fifth	2.7

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

	Dollar Change	% Change
Poorest Fifth . . .	\$1,490 *	9.9% +
Middle Fifth . . . .	\$9,350 *	21.1% +
Richest Fifth . . . .	\$49,860 *	51.7%
Richest 5% . . . .	\$101,360 *	73.9% #

### Income Change for Pennsylvania Families Late 1970s to Late 1990s, by Fifth of Families

Percentage Change

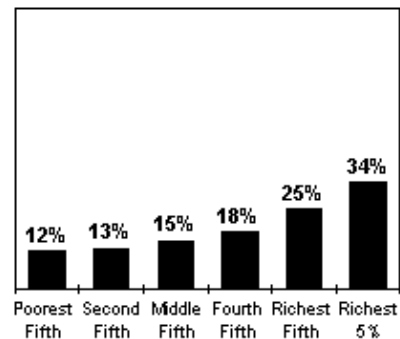


### Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

	Dollar Change	% Change
Poorest Fifth . . .	\$1,750 *	11.8% +
Middle Fifth . . . .	\$7,150 *	15.4% +
Richest Fifth . . . .	\$29,650 *	25.4%
Richest 5% . . . .	\$60,360 *	33.9% #

### Income Change for Pennsylvania 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.

Source: Economic Policy Institute/Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends*, April 2002.