

INCOME INEQUALITY HAS INCREASED IN WASHINGTON SINCE THE 1970s

Inequality has increased in Washington over the past two decades. This can be observed by ranking all Washington 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 8.6 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 Washington. 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 8.6.

- The average income of the poorest fifth of families increased by \$2,870 between the late 1970s and the late 1990s, from \$14,590 to \$17,450.
- The average income of the middle fifth of families increased by \$9,780 between the late 1970s and the late 1990s, from \$45,820 to \$55,600.
- The average income of the richest fifth of families increased by \$44,850 between the late 1970s and the late 1990s, from \$104,780 to \$149,630.

The Recent Trend

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

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 8.6. This increase in inequality was the 12th greatest in the nation. The gap between the rich and the middle class also increased. This increase was the 12th greatest in the nation.

- The average income of the poorest fifth of families increased by \$670 between the late 1980s and the late 1990s, from \$16,780 to \$17,450.¹
- The average income of the middle fifth of families increased by \$5,520 between the late 1980s and the late 1990s, from \$50,080 to \$55,600.
- The average income of the richest fifth of families increased by \$32,270 between the late 1980s and the late 1990s, from \$117,360 to \$149,630.

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

Washington

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

Income Gaps, Late 1990s

| | Rank (1 is most unequal) |
|---------------------------------|-----------------------------|
| Richest fifth vs. poorest fifth | 32 |
| Richest fifth vs. middle fifth | 27 |

Income Gaps, Late 1990s

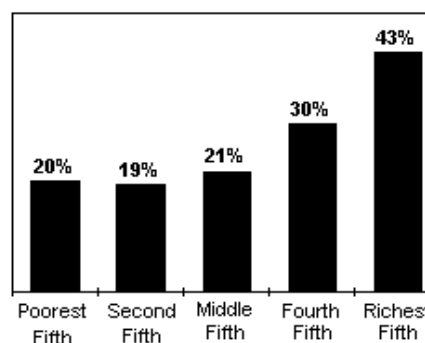
| | Ratio |
|---------------------------------|-------|
| Richest fifth vs. poorest fifth | 8.6 |
| Richest fifth vs. middle fifth | 2.7 |

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

| | Dollar Change | % Change |
|-----------------------|---------------|----------|
| Poorest Fifth . . . | 2,870 * | 19.6% + |
| Middle Fifth | 9,780 * | 21.4% + |
| Richest Fifth | 44,850 * | 42.8% |

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

Percentage change

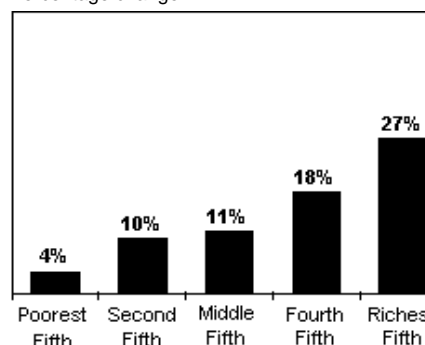


Inflation-Adjusted Change in Incomes Late 1980s to Late 1990s

| | Dollar Change | % Change |
|-----------------------|---------------|----------|
| Poorest Fifth . . . | 670 | 4.0% + |
| Middle Fifth | 5,520 * | 11.0% + |
| Richest Fifth | 32,270 * | 27.5% |

Income Change for Washington 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.