

Board of Directors

## NEWS RELEASE

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### MISSISSIPPI'S INCOME INEQUALITY AMONG NATION'S WORST

The gaps between the incomes of the rich and the poor, and the rich and the middle class, have grown more in Mississippi since the late 1990s than in any other state, according to a new study by the Center on Budget and Policy Priorities and the Economic Policy Institute, two Washington, DC-based think tanks. Only two states have a larger gap between rich and poor families, and only one state has a larger gap between rich and middle-class families.

Since the late 1990s, incomes have stagnated among middle- and low-income families in Mississippi, while rising substantially among those with the highest incomes.

Since the late 1980s, income inequality has increased more in Mississippi than in most other states. Average incomes have grown by roughly \$39,000 for the richest fifth of Mississippi families (to \$117,000), by \$7,000 for families in the middle fifth of the income spectrum (to \$40,000), and by less than \$3,000 for the poorest fifth of families (to \$14,000).

“The findings of the study are particularly relevant in the context of state tax reform,” said Ed Sivak, director of the Mississippi Economic Policy Center. “We have an opportunity to make Mississippi’s taxes more balanced, which will encourage personal responsibility, make work pay and create pathways for working families to move up the economic ladder.”

The study, one of the few to examine income inequality at the state level, finds that income gaps grew significantly in most states over the past two decades. The richest families experienced considerable income gains that far outpaced those of low- and middle-income families.

“Rising inequality doesn’t just raise basic issues of fairness. It also dampens economic prosperity, as incomes stagnate for tens of millions of average Americans, and it threatens to widen the nation’s political cleavages, generating more cynicism about political institutions,” said Elizabeth McNichol, senior fellow at the Center and co-author of the report.

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Sivak listed several steps Mississippi can take to expand economic opportunity. They include:

- enacting a state earned income tax credit,
- reducing the most regressive elements of the sales tax including taxes on groceries,
- exploring options to strengthen the state's income tax, and
- strengthening workforce supports through the expansion of child care, health coverage and the implementation of unemployment insurance that creates opportunities for people to get back to work.

Only New York and Alabama have larger income gaps than Mississippi between the richest and poorest families, the report finds; only Oklahoma has a larger income gap between those with the highest incomes and middle-class families. The study is based on data from the U.S. Census, adjusted for inflation and takes into account the cash value of food stamps, subsidized school lunch, housing subsidies and the effects of the Earned Income Tax Credit.

The Center's report, "Pulling Apart: A State-by-State Analysis of Income Trends," is available at <http://www.cbpp.org/4-9-08sfp.htm>.

Fact sheets for each of the 50 states, including Mississippi, are available at: <http://www.cbpp.org/4-9-08sfp-states.htm>.

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