

## INCOME INEQUALITY HAS INCREASED IN CALIFORNIA OVER THE PAST TWO DECADES

The United States was built on the ideal that hard work should pay off, that individuals who contribute to the nation's economic growth should reap the benefits of that growth. Over the past two decades, however, the benefits of economic growth have been skewed in favor of the wealthiest members of society. In California, the incomes of the richest families climbed substantially, while the incomes of the middle- and lower-income families saw only modest increases.

- In the early 2000s, the *richest* 20 percent of families had average incomes **7.6** times as large as the *poorest* 20 percent of families. This is up from a ratio of **5.7** in the early 1980s. This growth in income inequality was the **16<sup>th</sup>** largest in the nation.
- In the early 2000s, the *richest* five percent of families had average incomes **12.4** times as large as the *poorest* 20 percent of families. This is up from a ratio of **8.0** in the early 1980s.
- In the early 2000s, the *richest* 20 percent of families had average incomes **2.7** times as large as the *middle* 20 percent of families. This is up from a ratio of **2.2** in the early 1980s. This growth in income inequality was the **23<sup>rd</sup>** largest in the nation.
- In the early 2000s, the *richest* five percent of families had average incomes **4.3** times as large as the *middle* 20 percent of families. This is up from a ratio of **3.1** in the early 1980s.
- In the early 2000s, the income gap between the *richest* 20 percent of families and the *poorest* 20 percent was **6<sup>th</sup>** largest in the nation. The income gap between the *richest* 20 percent of families and the *middle* 20 percent was **10<sup>th</sup>** largest in the nation.

Between the early 1980s and the early 2000s, in dollar terms

- The average income of the *poorest* fifth of families increased by **\$1,721**, from \$15,053 to \$16,773. This is roughly an increase of \$80/yr.
- The average income of the *middle* fifth of families increased by **\$9,181**, from \$38,927 to \$48,108. This is roughly an increase of \$435/yr.
- The average income of the *richest* fifth of families increased by **\$42,472**, from \$85,093 to \$127,564. This is roughly an increase of \$2,020/yr.
- The average income of the *richest* five percent of families increased by **\$87,694**, from \$119,668 to \$207,363. This is roughly an increase of \$4,180/yr.

The chart shows these dollar changes in percentage terms.

