

Pulling Apart: The
Continuing Impact of
Income Polarization in
New York State

Embargoed
for 12:01 AM
Thursday, Nov. 15, 2012



A Fiscal Policy Institute Report
www.fiscalspolicy.org

November 15, 2012

Acknowledgements

The primary author of this report is Dr. James Parrott, the Fiscal Policy Institute's Deputy Director and Chief Economist. Frank Mauro, David Dyssegaard Kallick, Carolyn Boldiston, Dr. Brent Kramer, and Dr. Hee-Young Shin assisted Dr. Parrott in the analysis of the data presented in the report and in the editing of the final report.

Special thanks are due to Elizabeth C. McNichol of the Center on Budget and Policy Priorities and Dr. Douglas Hall of the Economic Policy Institute for sharing with us the data from the state-by-state analysis of income trends that they completed for the new national *Pulling Apart* report being published by their two organizations.

This report would not have been possible without the support of the Ford and Charles Stewart Mott Foundations and the many labor, religious, human services, community and other organizations that support and disseminate the Fiscal Policy Institute's analytical work.

For more information on the Fiscal Policy Institute and its work, please visit our web site at www.fiscalspolicy.org.

Embargoed
for 12:01 AM
Thursday, Nov. 15, 2012

Highlights

In the three decades following World War II, broadly shared prosperity drew millions up from low-wage work into the middle class and lifted living standards for the vast majority of Americans. The country grew together. From the mid 1970s to today, the United States has seen more moderate overall economic growth, with the benefits concentrated in the hands of the wealthy few—the country has been pulling apart.

- Various income measures all point toward the same conclusions: polarization has intensified and New York has been at the center of this polarization. No state is more polarized than New York, and no large city is more polarized than New York City.
- While the income share of the top one percent of taxpayers has receded a little from its 2007 high point, tax data indicate that New York's income polarization increased in 2010 and has likely moved higher since then.
- Median family income, adjusted for inflation, declined each year from 2008 to 2011. In New York State, median income fell by nearly 6%, and in New York City, by 8%.
- From the late 1970s to the mid 2000s (just before the Great Recession, 2005-07), inflation-adjusted average household incomes didn't grow at all in New York for those in the bottom 20%. For those in the middle 20%, incomes increased one percent a year. Among the wealthiest 5%, average incomes more than doubled between the late 1970s and the mid 2000s, increasing four times as fast as middle incomes.
- The average incomes of New York's top 5% were 17 times as great as the average incomes of the bottom 20% in the mid 2000s, and more than five times the incomes of the middle 20%. New York's top-to-bottom ratio increased the most among all state from the late 1970s to the mid-2000s, and its top-to-middle ratio showed the second greatest increase among all states.
- From 1980 to 2006, New York's inflation-adjusted Gross Domestic Product per worker increased by slightly over 60 percent, an average growth rate of two percent a year. However, the inflation-adjusted income of the average household in the middle of New York's income distribution grew by about one percent a year. If there had been broadly shared prosperity in New York State over the past three decades, this productivity gain would have translated into an average household income for those in the middle of \$75,000 to \$80,000 in the mid-2000s rather than the actual figure of \$63,000.
- New York City's federal poverty rate is about the same as it was three decades ago in 1980. For the state overall, poverty is up nearly two percentage points since the early 1980s.
- Poverty rates are far higher in the major upstate cities than in New York City or the state overall. Half of all children in Syracuse, Rochester, Buffalo and Schenectady live in poverty.
- Many actions will be needed to reverse New York's income polarization. An important step currently being considered in Albany is boosting the state's minimum wage, which has lost 30% of its purchasing power since the early 1970s. Eighteen states already have a higher minimum wage than New York.

Introduction

For three decades after World War II, from 1945 through the early 1970s, strong economic growth translated into rising living standards across the board—the country was growing together. Since then, from the mid 1970s to today, the United States has seen more moderate overall economic growth, with the benefits concentrated in the hands of the wealthy few—the country has been pulling apart. As concerns spread about this economic polarization, there has been an increasing recognition that the problem is not due primarily to technology or to globalization, but rather is largely the result of poor policy choices made in Washington and in state capitals.

New York has been at the center of this polarization: no state is more polarized than New York and no large city is more polarized than New York City, using the broadest measure of economic polarization. This is in part because poverty is greater in New York State and City than in the nation overall, and partly because the finance sector with its sky-high pay levels is such a prominent part of the local economy. Other factors are also important, but these are the two that “bookend” New York’s polarization.

While the income share of the top one percent may have receded a little from its 2007 high point, tax data indicate that the income polarization trend resumed in 2010 and has likely moved higher since then. This much is clear: an unusually large proportion of the increase in GDP has gone to corporate profits rather than labor compensation—which, in a normal recovery, fuels hiring and wage gains. In New York, the top one percent receives half of corporate dividends and 85 percent of capital gains. As the economy began to recover in 2010, the top one percent nationally garnered an estimated 93 percent of the growth in income, according to economist Emmanuel Saez. Meanwhile, the typical family’s real income declined each year from 2008 to 2011, the latest year for which data are available.

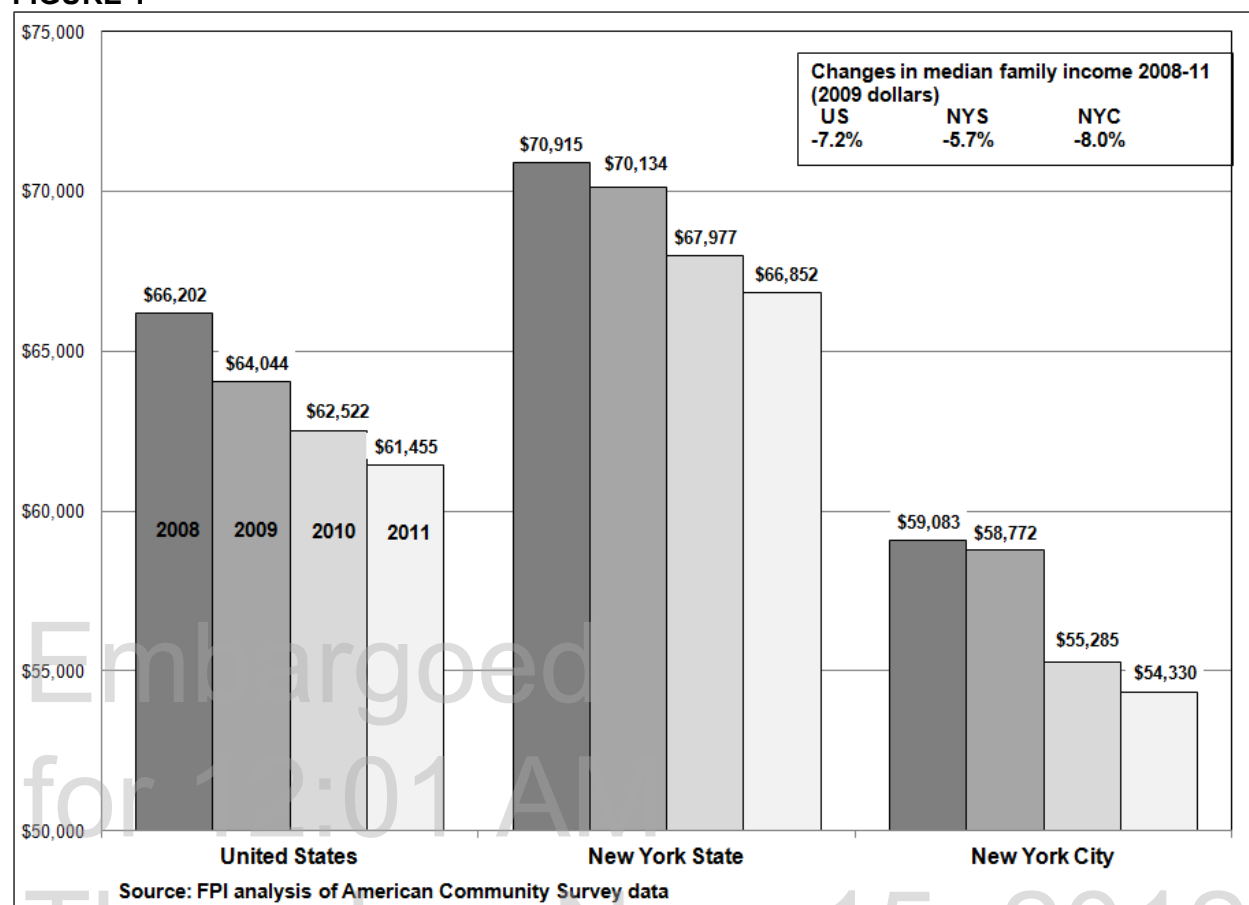
FPI has documented this “pulling apart” trend in several reports over the past decade. Many of those reports, issued in most even-numbered years from 2000 through 2008, were based mainly on data compiled by household surveys conducted by the U.S. Bureau of the Census. In December 2010, FPI issued a report analyzing state income tax data to document the concentration of income in the state and city since 1980.¹ Because it includes a more accurate indication of capital gains income and high incomes generally, income tax data provide a more accurate picture of income trends.

This report draws from a new national study by the Center on Budget and Policy Priorities and the Economic Policy Institute as well as FPI’s own analysis of Census Bureau survey data and income tax data, to provide an updated perspective on income distribution in New York since the onset of the Great Recession.

¹ Fiscal Policy Institute, *Grow Together or Pull Further Apart? Income Concentration Trends in New York*, December 7, 2010.

Median family income has fallen nationally and in New York since the 2008-09 Great Recession

FIGURE 1

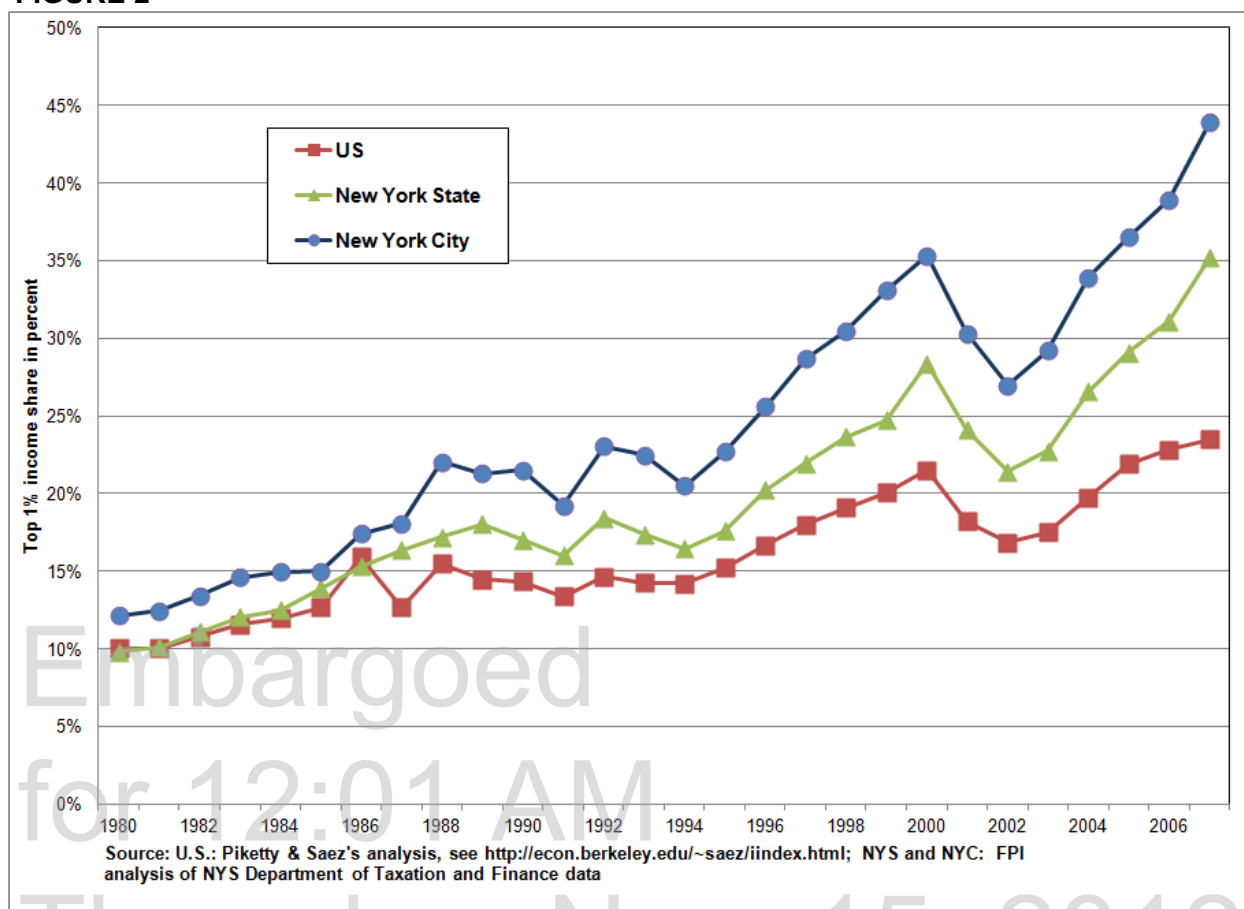


Median family income, adjusted for inflation, declined each year from 2008 to 2011. In New York State, median income fell by nearly six percent over these three years, slightly less than the seven percent decline for the nation as a whole. In New York City, median family income dropped by eight percent over this period. Continued high unemployment, weak or non-existent wage gains, and the concentration of job growth in low-wage industries help account for the erosion in median family incomes.

The current recovery, which started in mid-2009, is the weakest on record since the 1930s. In the first three years of recovery, from the second quarter of 2009 through the second quarter of 2012, real Gross Domestic Product grew at an annual average pace of 2.2 percent, little better than half of the 4.0 percent average for the seven previous recoveries. U.S. nonfarm payroll job growth was 2.4 percent over this period, only about one-third the average for prior recoveries.

The share of total income going to the top 1% in NYS and NYC rose sharply between 1980 and 2007, surpassing the national income polarization trend

FIGURE 2



The richest one percent of the population in New York State saw its share of total income rise from about 10 percent in 1980—roughly the same as the national average—to 17 percent in 1990, and to 28 percent in 2000. After dipping briefly following the early 2000s recession, the top one percent's share jumped to 35 percent in 2007, the peak year before the 2008-09 Great Recession. Nationally, the one percent's share rose from 10 percent in 1980 to nearly 24 percent in 2007. For New York City, the top one percent's share increased from 12 percent in 1980 to 44 percent in 2007. Slightly over half of the state's millionaires (22,516 out of 44,070) were New York City residents in 2007.

These estimates for New York State and City are based on income tax return data and were first published by FPI in 2010. Prior analyses of income distribution in New York relied on survey or decennial census data from the Bureau of the Census. Census Bureau data provide limited information on the full range of income sources, such as capital gains, and do not provide sufficient sampling to closely analyze income trends among the top one percent at a state level.

Census Bureau data on household incomes show much faster gains among the top 5% from the late-1970s to the mid-2000s than among the bottom or middle income quintiles in New York State and in the United States

FIGURE 3

Average Household Income (2009 Dollars)*			
NYS	Bottom Quintile	Middle Quintile	Top 5%
Late 1970s	19,213	48,889	142,754
Late 1990s	19,568	61,143	289,804
Mid 2000s	19,439	63,007	336,630
Percent Change	1.2%**	28.9%	135.8%
U.S.	Bottom Quintile	Middle Quintile	Top 5%
Late 1970s	19,329	48,961	136,269
Late 1990s	21,938	61,395	256,006
Mid 2000s	20,660	62,137	291,704
Percent Change	6.9%	26.9%	114.1%
* In this table, household income is adjusted for household size and income reflects federal individual income taxes and credits (including the EITC) and the cash value of food stamps and housing subsidies.			
**Not significantly different from zero (no change)			
Source: Economic Policy Institute/Center on Budget and Policy Priorities, <i>Pulling Apart: A State-by-State Analysis of Income Trends</i> , Nov. 2012.			

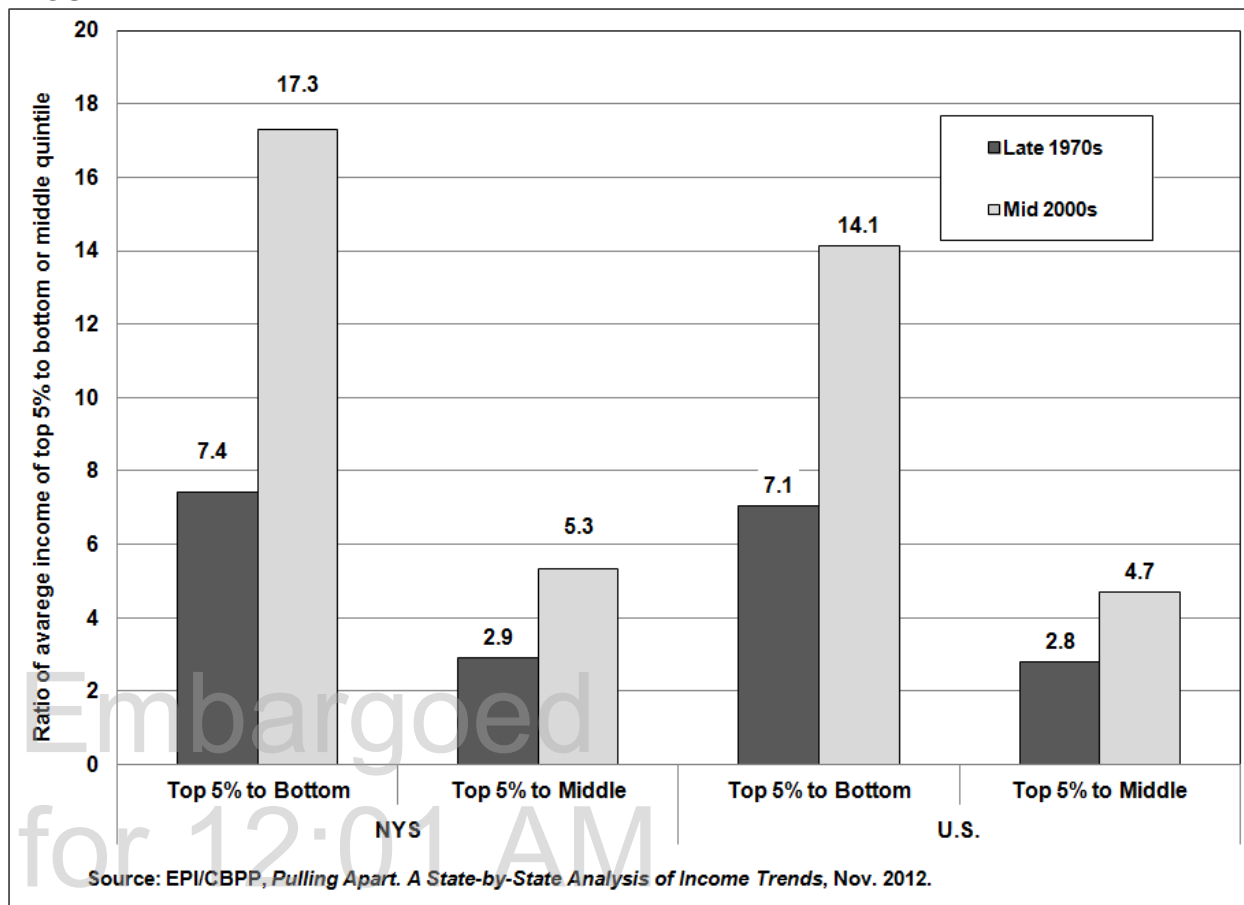
In the 28 years from the late 1970s (1977-79) to the mid 2000s (2005-07), inflation-adjusted average household incomes barely budged for those in the bottom quintile (fifth) of the income distribution. This is true for both the U.S. overall and for New York State. For those in the middle quintile, average incomes increased about one percent a year during this period.

At the top of the income distribution, among the richest five percent, Census Bureau data indicate that average incomes more than doubled between the late 1970s and the mid 2000s, increasing four times as fast as middle incomes. And as indicated in both income tax data and Census data, incomes for those at the top (the top one percent in Figure 2, the top five percent in Figure 3), rose faster in New York than in the nation overall.

The data in the table above are from the Current Population Survey, augmented by EPI/CBPP using Census Bureau data on individual income taxes and credits and the cash value of food stamps and housing subsidies. Household income was adjusted for family size. This modified after-tax income series does not include realized capital gains.

Income polarization grew faster in New York State from the late 1970s to the mid 2000s than in other states

FIGURE 4

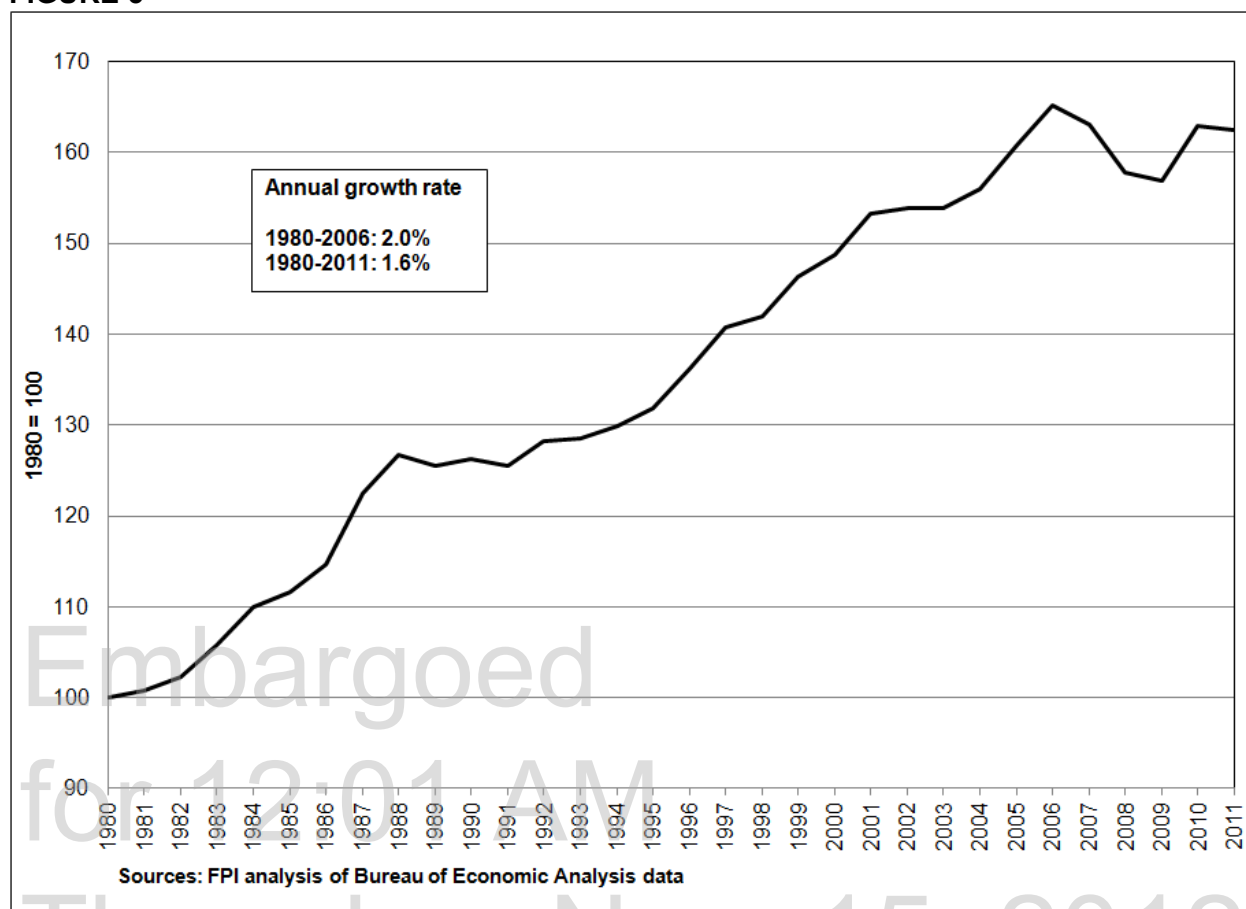


Another way to gauge income polarization is by the ratio of the average incomes of those in the top five percent to incomes of those in the bottom quintile or the middle quintile. By the mid 2000s, incomes of New York's top five percent were over 17 times as great as the average incomes of those in the bottom quintile. Relative to the incomes of those in the middle fifth of the distribution, incomes of the top five percent in New York were more than five times as great.

Based on data from the Current Population Survey, this data series permits comparisons across states. Both of these ratios rose greatly since the late 1970s, with New York's top-to-bottom ratio increasing the most among all 50 states, and its top-to-middle ratio increasing faster than in all but one other state.

From 1980 to 2006, real GDP per worker in New York State increased by over 60%, twice the rate of growth in the average income of households in the middle quintile

FIGURE 5

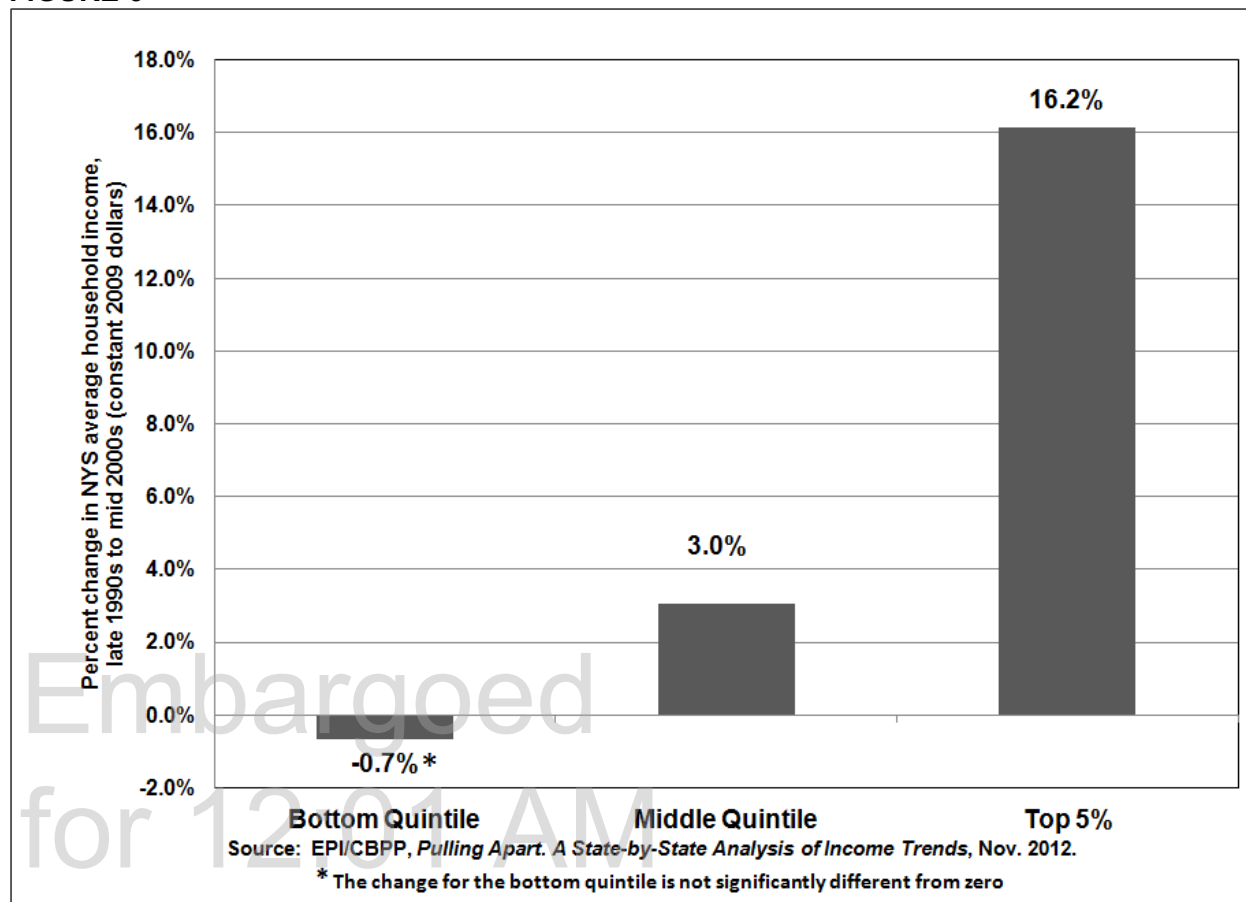


Over the past two decades, New York State's economy has grown, but most workers have not shared in that growth. From 1980 to 2006, New York's real Gross Domestic Product per worker increased by slightly over 60 percent, an average growth rate of two percent a year. However, as Figure 3 showed, the inflation-adjusted income of the average household in the middle of the New York income distribution grew by about one percent a year.

If there had been broadly shared prosperity in New York State over the past three decades, the average household income of those in the middle would have been \$75,000 to \$80,000 in the mid-2000s rather than \$63,000.

Most of the gains in the period from the late 1990s to the mid 2000s flowed to the richest 5% of households in New York State

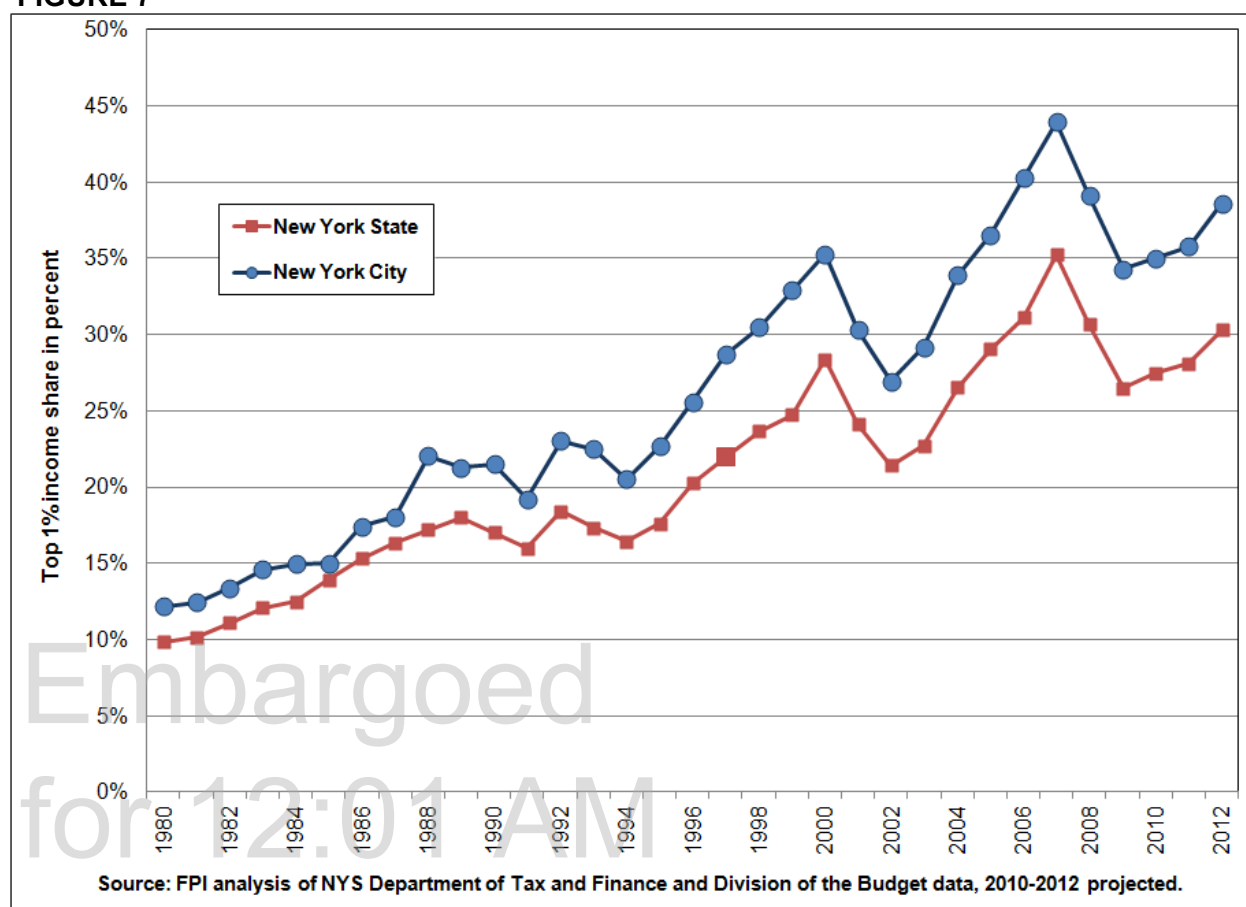
FIGURE 6



Between the late 1990s and the mid 2000s, those in the top five percent of New York households saw their incomes increase, on average, from \$290,000 to \$337,000 (a gain of \$47,000, or 16 percent). Those in the middle quintile, on the other hand, experienced a much smaller \$1,900 gain (or just 3 percent), with their incomes, on average, inching ahead from \$61,100 to \$63,000. And for those in the bottom quintile saw no meaningful income increase over this period, with their incomes remaining around \$19,500.

Polarization is not over: the income share of the top 1% in New York has started to rise again, as was the case after previous recessions

FIGURE 7

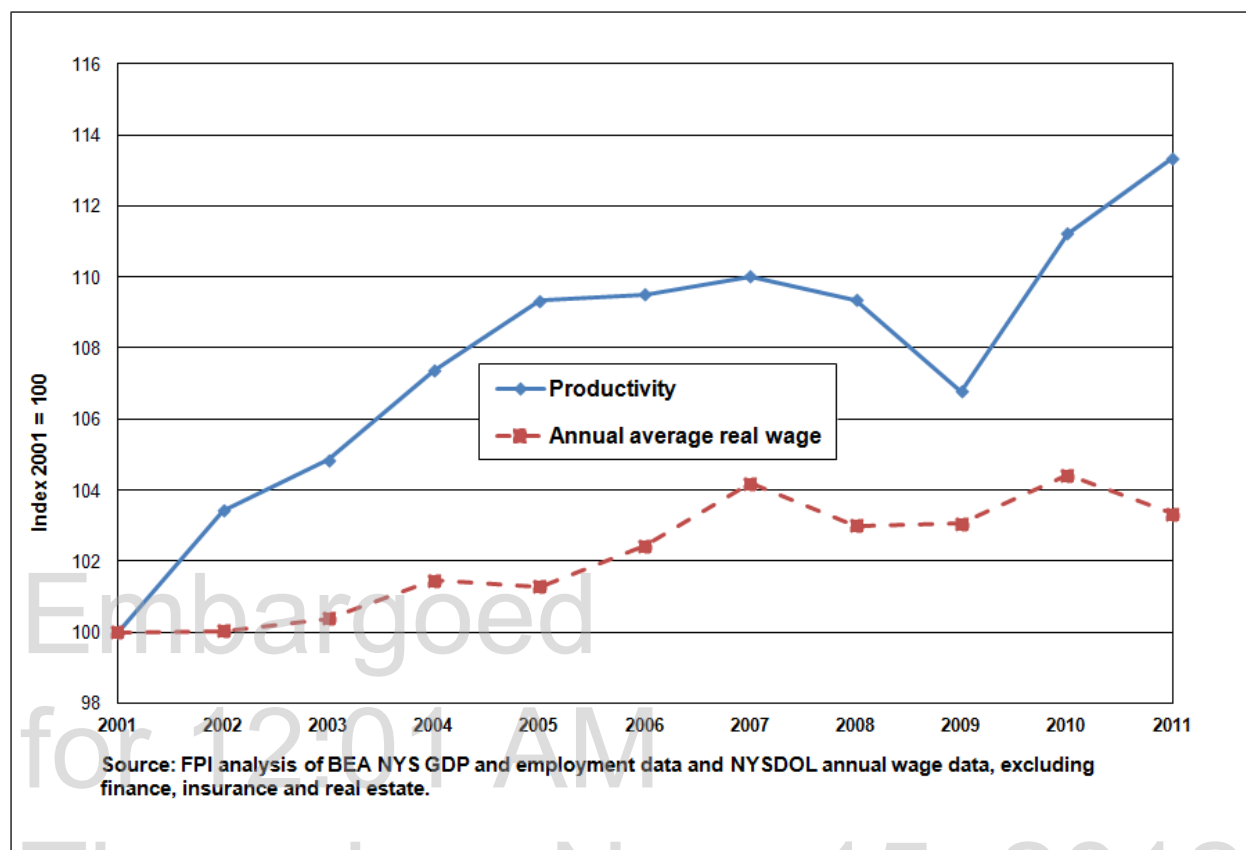


Some have said that since many top incomes dropped in the recession, polarization has gone in reverse and is no longer such a great concern. However, for the U.S. as a whole, economists Thomas Piketty and Emmanuel Saez estimate that the income share of the top 1% rose in 2010 following declines from the 2007 peak in 2008 and 2009. Similarly, using 2010-2012 New York State income tax projections from the state Division of the Budget², we estimate that the top 1% income shares in New York State and New York City started to rise again in 2010. The Budget Division expects capital gains and business and partnership income—forms of income disproportionately accruing to those at the top—to increase by a greater dollar amount than total wages between 2009 and 2012.

² NYS Division of the Budget tax liability projections for the top 1% include estimates based on “permanent tax law,” i.e., the rate structure in effect for 1995-2002 and 2006-2008, and currently scheduled to be in effect again beginning in 2015. NYS Division of the Budget, *2012-13 Executive Budget Economic and Revenue Outlook*, p. 198.

Average wages for New York workers have not kept pace with productivity over the past decade; productivity gains have boosted profits instead

FIGURE 8



Despite the early 2000s recession and the 2008-09 recession, New York's non-financial economy—we leave out the volatile and highly lucrative finance sector to get a better picture of New York's broader economic performance—grew at an annual average rate of 1.6 percent from 2001 to 2011. Despite this overall growth, the fruits of economic growth have not been widely shared; the wages of the typical worker have not risen along with New York's broader economic growth. One indication is that average wages have failed to keep pace with the growth in productivity, or GDP per worker. From 2001 to 2011, productivity grew more than three times as fast as average annual wages.

In addition, it is important to keep in mind that the wage data presented above include the salaries of highly-paid executives. If the average annual wage trend reflected only non-executive wages and salaries, its growth would be even less than that shown above.

New York State has the greatest degree of income inequality among the 50 states

Based on the Gini index, a commonly used measure of inequality³, the latest data from the American Community Survey (ACS) show that New York State tops all other states in inequality. As part of its annual ACS, the Bureau of the Census computes the Gini index based on pre-tax income without adjustments for non-cash benefits such as food stamps or housing assistance. (Income data reported by the ACS do not include realized capital gains.)

In the ACS pooled data for three years (2009-2011), the Gini index for the U.S. was 0.470, and for New York State it was 0.500. Annual ACS data indicate that since 2007, there has been no statistically significant change in New York's Gini ratio. Keep in mind that, according to income tax data, the top 1% in New York State accounted for 35 percent of income in 2007.

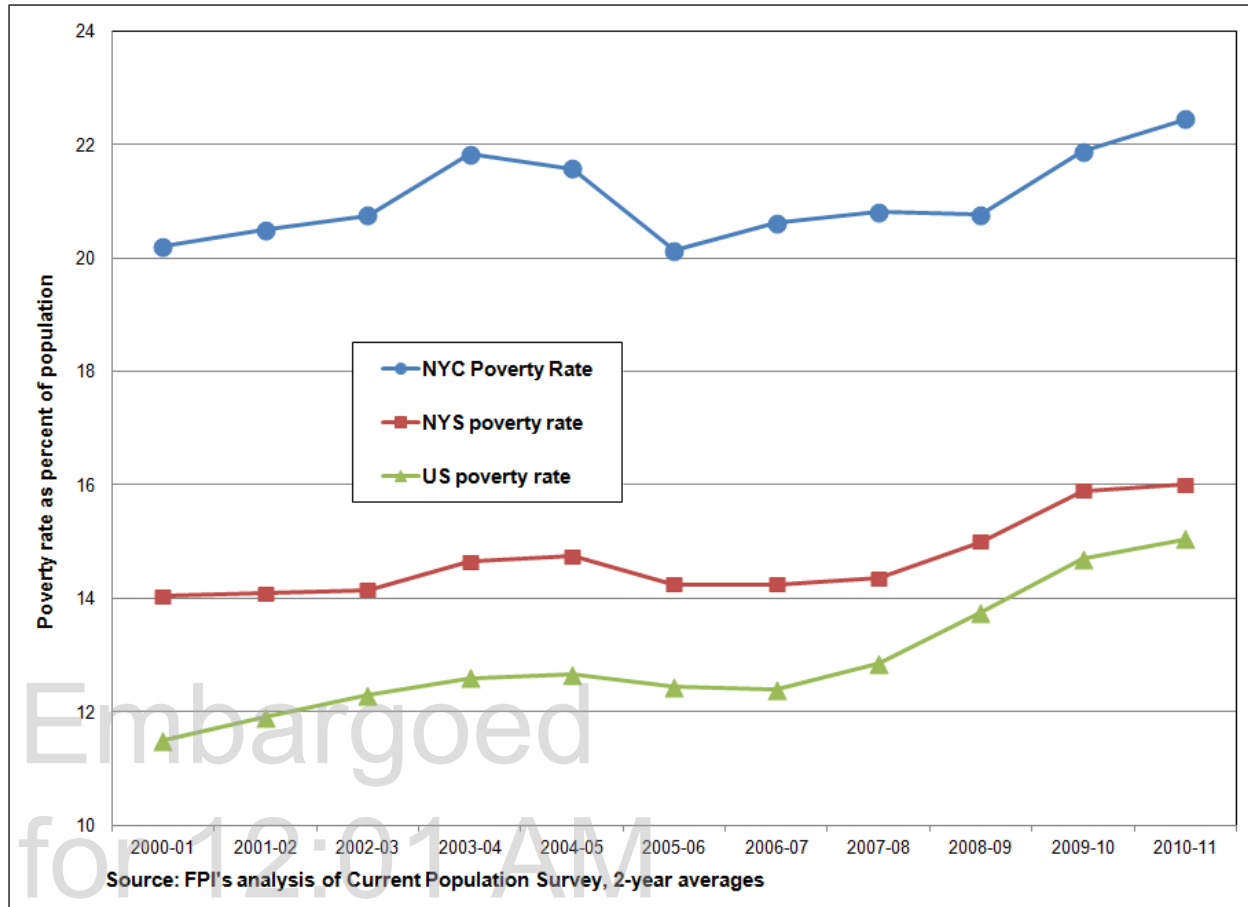
None of the largest cities in the U.S. has a greater degree of income polarization than New York City

Among the 25 largest cities in the U.S., New York City (Gini of 0.539), Boston (0.536) and Dallas (0.533) have the highest Gini indices, and New York City's level of inequality is significantly higher than all the rest of the largest cities. As with New York State, there has been no statistically significant lessening of income inequality in New York City from 2007 to 2011 as indicated by American Community Survey pre-tax income data. For New York City, income tax data cited earlier show that the top 1% had 44 percent of all income in 2007.

³ Under the Gini inequality index, a state in which household incomes were all equal would have an index of zero while one with extreme inequality (one household with all the income) would have an index of one. The higher the index, the more inequality.

Poverty rates have stayed high for decades and have risen since the recession began

FIGURE 9

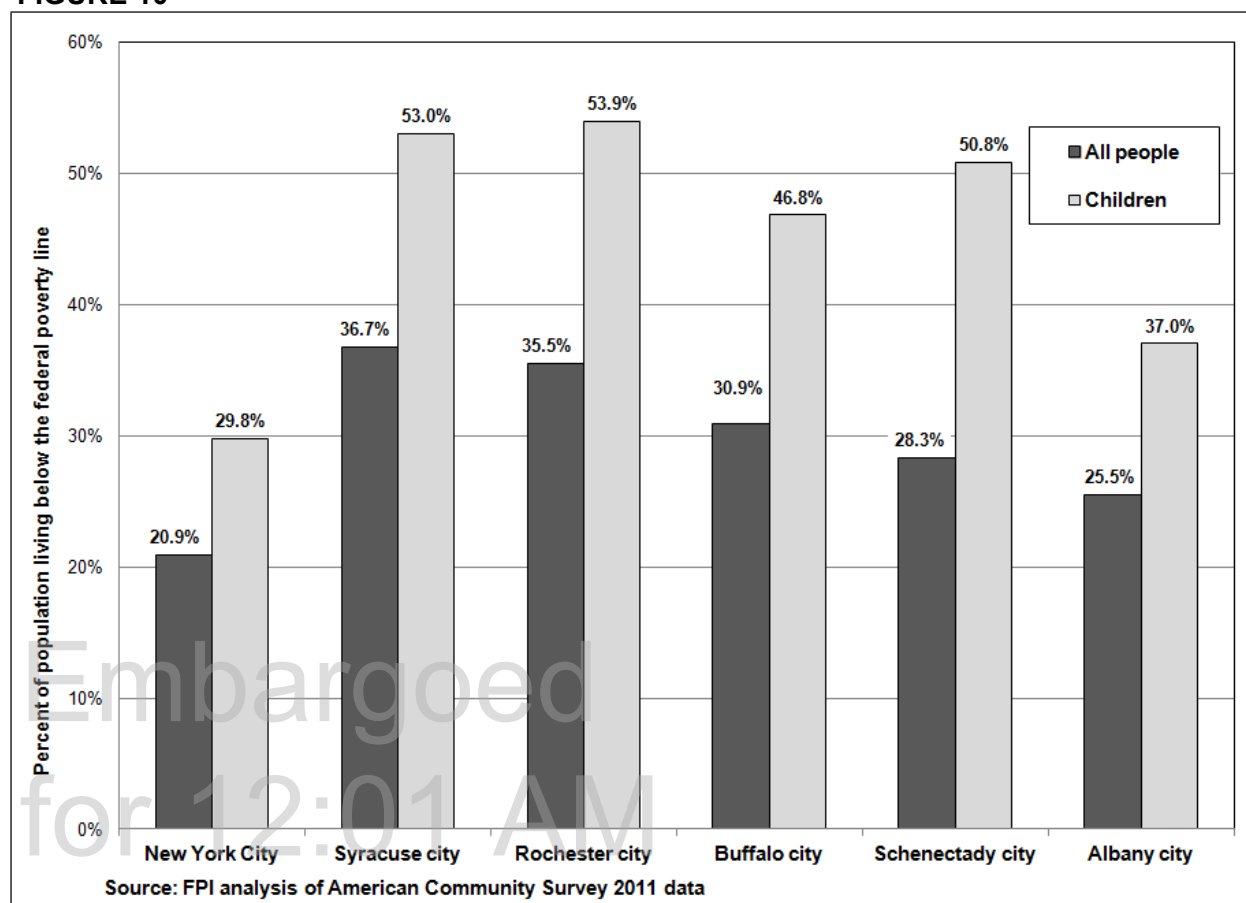


Based on the federal poverty standard, which is uniform across the country, irrespective of differences in living costs, New York State's 2010-11 poverty rate was 15.9 percent and the national poverty rate was 14.8 percent. New York City's 2010-11 poverty rate was 22.5 percent. Poverty in all three regions has climbed since the recession began

New York City's federal poverty rate is about the same as it was three decades ago in 1980. For the state overall, poverty is up nearly two percentage points since the early 1980s.

Poverty rates are far higher in the major upstate cities than in New York City or the state overall, and half of all children in Syracuse, Rochester, Buffalo and Schenectady live in poverty

FIGURE 10



For at least the past two decades, the major upstate cities have seen a continued decline in manufacturing which has long been critical to the economic base of most upstate metropolitan areas. These cities have also been affected by continued suburban sprawl, even in the absence of significant metro area growth. By many measures of economic well-being—e.g., poverty, median household income, proportion of college graduates, and housing vacancy—disparities have widened between upstate cities and their surrounding suburban areas.

Since local property taxes are heavily relied on to fund K-12 schools, this widening central city-suburban income disparity often translates into disparities in the quality of schools, and in turn, growing differences in the educational opportunities available to inner city children compared to their suburban counterparts.

Causes

Among the factors that help explain New York's widening income disparities, three things stand out: growth in wage inequality, a range of government policies, and the expansion of capital income relative to labor income.

In New York, wages account for roughly three-fourths of total adjusted gross income shown on state tax returns. Over the past two decades, there has been a widening divide between the wage and salary income received by those at the top compared to workers in the middle and at the bottom. Within the top 20 percent, those at the very top (the highest-paid one percent or tenth-of-a-percent) have received much greater increases than others in the top quintile. The tremendous rise in CEO pay is one dimension of this trend. Within New York, a vast gulf exists between Wall Street pay and the average pay for everyone else. In 2011, 190,000 Wall Streeters were paid an average of \$348,000 while the average for the other 8.3 million New York workers was \$55,000. For about one-fourth of those 8.3 million non-Wall Street workers, hourly wages were not sufficient for a full-time worker to support a 4-person family above the federal poverty threshold.

The low unemployment levels of the late 1990s, coupled with federal minimum wage increases, created an environment more conducive to wage gains for the typical worker. The high unemployment levels during and since the 2008-09 Great Recession has substantially weakened the bargaining power of the typical wage earner, making wage gains fewer and smaller.

Government policies affect income inequality in both direct and indirect ways. For example, tax policies that reduce taxes on the wealthy effectively redistribute the costs of government away from the wealthy toward everyone else. Government policies such international trade, labor market, and regulatory policies affect businesses and labor in different ways and have an indirect effect on income inequality. For example, the purchasing power of the federal minimum wage has been eroded by inflation over the years, weakening the wage floor and dampening relative wages for most low-wage workers. Or, to take another example, Congress has not acted to close loopholes in the national labor relations act that have made it more difficult for workers to exercise their right to form unions and bargain collectively with their employers.

A third factor contributing to income polarization is the increasing share of capital income relative to labor income. Capital income takes the form of dividends, interest, rent, royalties, business and partnership income, and realized capital gains. Labor income includes wages and salaries and the value of fringe benefits such as health insurance or pensions. Capital income reflects the ownership of financial, real property and business assets, and is highly concentrated at the very top. For example, in 2007, the wealthiest 1% in New York State received slightly over 50 percent of dividends and interest income, 60 percent of business income, and 85 percent of realized capital gains (they also received nearly 20 percent of all wage income.) Indicative of the growing capital income share of total income, capital gains averaged less than four percent of New York State adjusted gross income in the early 1990s, but almost 11 percent in the latter half of the 2000s.

Federal, state and local policies can mitigate the effects of income polarization

Policy changes are needed in New York and at the national level both to stimulate more robust growth and to reverse income polarization. Not all of these are politically possible in the immediate term, but it is hard to see how the economy can fundamentally improve in the absence of significant changes that move us toward more broadly shared prosperity.

The kinds of policies that would help include:

- **Increasing the minimum wage.** The lowest-wage earners are the ones most severely affected by the polarized economy. Putting a strong floor under wages is a time-tested way to improve the living standards of low-wage workers.
- **Strengthening enforcement of labor law.** Wage and hours laws need enforcement in order to be respected. New York State has made large steps toward better enforcement of the law and recuperation of wage theft by employers, but further investments in enforcement are an important way to shore up the wage floor.
- **Expanding living wage agreements.** In certain instances, workers are covered by laws that require employers to pay workers a living wage that is above the minimum wage. This is often in connection with public funds being used, and is a way of guaranteeing that government money is not subsidizing a polarized economy. A living wage measure adopted by the New York City Council over a Mayoral veto is being challenged by the Mayor.
- **Increasing labor union membership.** Unions were central to the expansion of the middle class in the post-war years, and de-unionization was a key factor in the erosion of mid-level wages and increase in polarization since 1980. Project labor agreements, card-check requirements, and—although it has slipped off the federal agenda since 2009—the passage at the federal level of the Employee Free Choice Act would all help increase union membership and thereby increase the wages of low- and mid-level workers.
- **Making investments in economic recovery and growth.** In this historically weak recovery, like in a recession, the federal government must temporarily step in and increase spending to keep the economy moving and to reduce wasteful unemployment. One of the biggest drags on the recovery has been the decline in state and local government spending and employment over the past two years. Federal aid to states is needed to remove that brake on economic recovery. For New York, New Jersey and other states struggling to deal with the devastation wrought by Hurricane Sandy, federal aid is essential to help communities recovery and help states rebuild essential infrastructure.
- **Helping small businesses grow.** It is increasingly clear that access to capital is one of the significant factors constraining the growth of small businesses. At a time when the government is lending money to large banks at extraordinarily low rates, making sure that small businesses with good credit can borrow money should not be a heavy lift, and it could provide significant opportunity.
- **Investing in public higher education.** One of the best ways to deal with a slack labor market is to expand the ranks of people in higher education. Doing so takes them out of the labor market

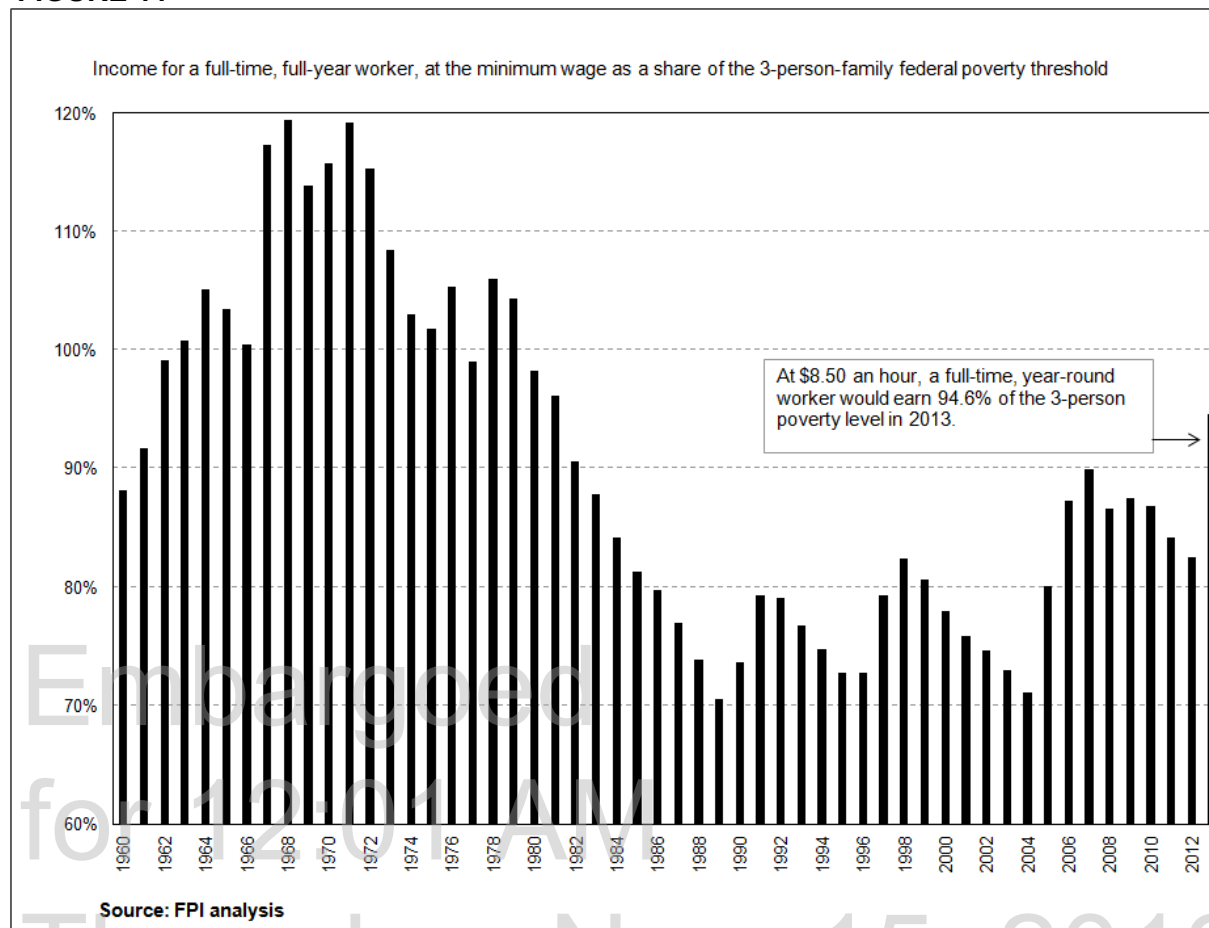
and improves their skills so they can re-enter at a higher level when the economy has improved. The CUNY and SUNY systems play this important role in New York State, providing affordable and high-quality education. Funding to CUNY and SUNY should be increased, not cut, to allow the systems to continue to provide good education as enrollment expands. Expanding affordable and quality public higher education is critical to improve opportunities.

• **Implementing fair federal, state, and local tax policies.** The people who have benefited so richly from the extraordinary concentration of wealth documented here should have no difficulty in paying their fair share of taxes and still maintaining a very comfortable lifestyle. While it is true that top earners pay a lot in taxes, generally they are paying less than their proportionate share of federal, state and local taxes given their extraordinarily high income.

Embargoed
for 12:01 AM
Thursday, Nov. 15, 2012

The New York State minimum wage falls far short of the federal poverty threshold. An \$8.50 minimum would bring the income of a full-time minimum wage worker to nearly 95% of the poverty level

FIGURE 11



Since July 2009, New York's minimum wage has been the same as the federal minimum wage, \$7.25 an hour. New York State last passed an increase in its minimum wage in December 2004, when a three-step increase to \$7.15 an hour was enacted that phased in increases effective in 2005, 2006 and 2007. The applicable minimum wage then increased by a dime more in July 2009 when the third and final stage of an increase in the federal minimum wage took effect. Eighteen states spread across all regions of the country have a higher minimum wage than New York and the federal minimum.

The purchasing power of New York's minimum wage is well below the levels that existed for most of the 1960s and 1970s when a full-time, full-year worker earning the minimum wage had an income sufficient to support a three-person family well above the poverty threshold. Over the past thirty years, New York's minimum wage has not enabled a full-time worker to rise above the 3-person federal poverty threshold. In 2012, a full-time minimum wage worker earns only 83 percent of the 3-person federal poverty threshold. That is 30 percent less than the peak purchasing power level reached in 1968 and 1971.

Conclusion

Income polarization has grown tremendously over the past three decades. The economy has grown but most workers and their families have not shared fully in the benefits created by that growth. This situation is untenable and harmful for reasons of economic fairness, sustainable growth, and social cohesion, and because it undermines the democratic foundations of our society.

In the three decades following World War II, broadly shared prosperity drew millions up from the bottom into the middle class and lifted living standards for the vast majority of Americans. Opportunities expanded and parents could see that their children and grandchildren were headed for lives of greater economic well-being and security. However, as polarization has intensified over the last three decades, it is no longer a given that the next generation will do better. The promise of progress has been foreclosed.

It doesn't have to be this way. There is nothing about technological change or globalization that dictates this outcome. It is a matter of the policy choices we decide to make. Returning to broadly shared prosperity requires thousands of steps, and it will take time. But our leaders at the local, state and national level need to start taking those steps. How we rebuild after Sandy and fix our infrastructure will make a big difference. How we address our budget challenges—city, state and federal—and pay for the investments we can no longer avoid matters a lot. The agenda we set for ourselves as the 2013 New York City elections approach could represent a major step. But most importantly, we need to take that first step.

Embargoed
for 12:01 AM
Thursday, Nov. 15, 2012

Appendix

STATE: NEW YORK

Average Household Income (2009 Dollars)*

	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Late 1970s	19,213	48,889	103,917	142,754
Late 1990s	19,568	61,143	171,122	289,804
Mid 2000s	19,439	63,007	188,544	336,630

* Income is post-tax and includes the value of the EITC and the cash value of food stamps and housing subsidies.

Change in Household Average Income

("No change" indicates changes are not statistically significant at the 90%.)

Long-term change: Late 1970s to Mid 2000s

	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Dollar Change	226	14,118	84,626	193,877
Percent Change	1.2%	28.9%	81.4%	135.8%
Annual Dollar Change	8	504	3,022	6,924

More recent change: Late 1990s to Mid 2000s

	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Dollar Change	(129)	1,864	17,421	46,826
Percent Change	-0.7%	3.0%	10.2%	16.2%

Did average household incomes change at the same pace?

("Same rate" means differences in percent change are not significant at the 90% level)

	Top vs. Bottom	Top vs. Middle	Top 5% vs. Bottom	Top 5% vs. Middle
Late 1970s to Mid 2000s	Top grew faster	Top grew faster	Top 5% grew faster	Top 5% grew faster
Late 1990s to Mid 2000s	Top grew faster	Top grew faster	Top 5% grew faster	Top 5% grew faster

Income Ratios

(Calculated by dividing the average household income of the Top Quintile or Top 5% by the average household income of the Bottom or Middle Quintile.)

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Late 1970s	5.4	2.1	7.4	2.9
Late 1990s	8.7	2.8	14.8	4.7
Mid 2000s	9.7	3.0	17.3	5.3

Change in Income Ratios

("No change" means changes are not statistically significant at the 90% Level.)

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Late 1970s to Mid 2000s	4.3	0.9	9.9	2.4
Late 1990s to Mid 2000s	1.0	0.2	2.5	0.6

Rankings of Income Ratios and Change in Income Ratios*

("No change" means changes are not statistically significant at the 90% Level.)

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Late 2000s	5	6	5	9
Change from Late 1970s to Mid 2000s	3	4	1	2
Change from Late 1990s to Mid 2000s	24	19	6	4

* Rankings are from largest to smallest, such that 1st signifies the most income inequality or the greatest increase in income inequality.

Snapshot of Late 2000s

	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Average Income	19,296	61,568	177,587	301,187
	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Income Ratio	9.2	2.9	15.6	4.9

Source: Source: Economic Policy Institute/Center on Budget and Policy Priorities, Pulling Apart: A State-by-State Analysis of Income Trends, November 2012.

Embargoed
for 12:01 AM
Thursday, Nov. 15, 2012

The Fiscal Policy Institute (www.fiscalspolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.