

Facts About the Growth of Inequality in Pennsylvania From the Early 1980s to the Early 2000s

From *Pulling Apart: A State By State Analysis of Income Trends*

Center for Budget and Policy Priorities and Economic Policy Institute, Washington, D.C. : 2006

Average Income in Pennsylvania (2002 dollars)*				
	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Early 1980s	\$15,167	\$37,200	\$73,273	\$99,562
Early 1990s	\$16,178	\$41,589	\$93,983	\$144,420
Early 2000s	\$18,548	\$48,543	\$129,371	\$223,152
* Income is post-tax and includes the the value of the EITC, realized capital gains or losses, and the cash value of food stamps, subsidized school lunch, and housing subsidies. See Tables 7 and 8 of the report for pre-tax income data.				
Change in Average Income in Pennsylvania (Dollar changes in bold are statistically significant at the 95% level.)				
Long-term change: Early 1980s to Early 2000s				
	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Dollar Change	\$3,381	\$11,344	\$56,098	\$123,590
Percent Change	22.3%	30.5%	76.6%	124.1%
More recent change: Early 1990s to Early 2000s				
	Bottom Quintile	Middle Quintile	Top Quintile	Top 5%
Dollar Change	\$2,370	\$6,954	\$35,388	\$78,732
Percent Change	14.7%	16.7%	37.7%	54.5%
Did Average Incomes Change at the Same Pace in Pennsylvania?***				
	Top vs. Bottom	Top vs. Middle	Top 5% vs. Bottom	
Early 1980s to Early 2000s	Top grew faster	Top grew faster	Top grew faster	
Early 1990s to Early 2000s	Top grew faster	Top grew faster	Top grew faster	
***Was the difference in percentage changes significant at the 95% level? If not, the quintiles grew at the same rate.				

Information on average Pennsylvania income ratios on reverse.

The full *Pulling Apart* study is available from www.cbpp.org or www.epinet.org.

This fact sheet was prepared by the Keystone Research Center www.keystoneresearch.org.

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Pennsylvania Income Ratios

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

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Early 1980s	4.8	2.0	6.6	2.7
Early 1990s	5.8	2.3	8.9	
Early 2000s	7.0	2.7	12.0	4.6

Change in Pennsylvania Income Ratios

(Changes not statistically significant at the 95% level are labeled n/a.)

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Early 1980s to Early 2000s Top grew faster	2.1	0.7	5.5	1.9
Early 1990s to Early 2000s Bottom grew faster	1.2	0.4	3.1	

How Pennsylvania's Income Ratios Rank Among the 50 States*

	Top to Bottom	Top to Middle	Top 5% to Bottom	Top 5% to Middle
Early 2000s	20th	7th	10th	
Change from Early 1980s to Early 2000s	11th	2nd		
Change from Early 1990s to Early 2000s	8th	2nd		

* Rankings are from largest to smallest, such that 1st signifies the most income inequality or the greatest increase in income inequality. Rankings labeled as n/a indicate that changes in income ratios were not statistically significant at the 95% level.

Information on average Pennsylvania incomes on reverse.

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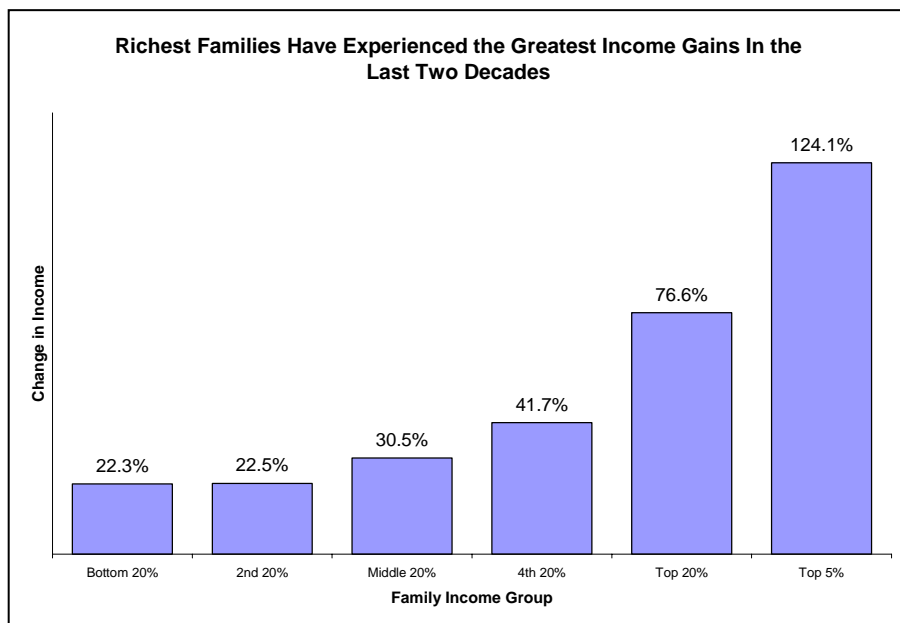
INCOME INEQUALITY HAS INCREASED IN PENNSYLVANIA OVER THE PAST TWO DECADES

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 Pennsylvania, 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 **7.0** times as large as the *poorest* 20 percent of families. This is up from a ratio of **4.8** in the early 1980s. This growth in income inequality was the **11th** largest in the nation.
- In the early 2000s, the *richest* five percent of families had average incomes **12.0** times as large as the *poorest* 20 percent of families. This is up from a ratio of **6.6** 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 **2.0** in the early 1980s. This growth in income inequality was the **2nd** largest in the nation.
- In the early 2000s, the *richest* five percent of families had average incomes **4.6** times as large as the *middle* 20 percent of families. This is up from a ratio of **2.7** in the early 1980s.
- In the early 2000s, the income gap between the *richest* 20 percent of families and the *poorest* 20 percent was **20th** largest in the nation. The income gap between the *richest* 20 percent of families and the *middle* 20 percent was **7th** 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 **\$3,381**, from \$15,167 to \$18,548. This is roughly an increase of \$160/yr.
- The average income of the *middle* fifth of families increased by **\$11,344**, from \$37,200 to \$48,543. This is roughly an increase of \$540/yr.
- The average income of the *richest* fifth of families increased by **\$56,098**, from \$73,237 to \$129,371. This is roughly an increase of \$2,670/yr.
- The average income of the *richest* five percent of families increased by **\$123,590**, from \$99,562 to \$223,152. This is roughly an increase of \$5,890/yr.



The chart shows these dollar changes in percentage terms.

Source: Economic Policy Institute/Center on Budget and Policy Priorities, *Pulling Apart: A State-by-State Analysis of Income Trends*, January 2006.