



NEWS from the FISCAL POLICY INSTITUTE

For immediate release

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Gap Between New York's Wealthy and Poor Is Still the Widest in the Nation

New York has the dubious distinction of having the widest income gap between the rich and the poor of all 50 states, according to report released today by the Fiscal Policy Institute in conjunction with a national study by the Center on Budget and Policy Priorities and the Economic Policy Institute. The report also shows that inequality in New York City is even more extreme than in the state as a whole.

Over the past two decades, the gap between rich and poor in New York State has continued to widen. In the late 1980s, families in the top 20 percent made almost seven times as much as those in the bottom 20 percent. By the mid 2000s, the top earners made almost nine times as much. Only four states have had greater increases in top-to-bottom income inequality than New York since the late 1980s.

“There’s no mystery to how this happened,” said Trudi Renwick, Fiscal Policy Institute senior economist and principal author of the study. “Wages at the high end of the spectrum have exploded, while at the low end they’ve grown only slightly.” Renwick noted that this trend was more dramatic in New York than in the rest of the country.

Through two full cycles of expansion and recession in the economy, from the late 1980s through the mid 2000s, the rich in New York got significantly richer, while poor families saw only minimal increases in their standard of living. Measured in 2005 dollars, the average income of the richest 20 percent of New Yorkers increased from \$110,000 to \$148,000—an increase of 35 percent—while the average income of the bottom fifth went just from \$16,200 to \$17,100.

“If the bottom quintile had grown as quickly as the top during these past twenty years, families with incomes of \$17,100 today would instead have incomes of almost \$22,000, an increase of 35 percent instead of 5 percent,” according to James Parrott, deputy director and chief economist of the institute. Parrott also noted that New York’s economy is one of the most highly productive in the country, with high productivity per worker across most industries. “We can afford shared prosperity,” he said.

“Income inequality is not just a fairness issue,” Renwick said. “When low and middle incomes stagnate, the whole economy is affected as families are forced into debt to support themselves. And political fissures widen, making it harder for us as a society to address issues that affect us all—education, health care, immigration and social security.”

FPI’s full report on New York State is available is www.fiscalspolicy.org.

CBPP/EPI’s full report, press release and state fact sheets are available at www.cbpp.org.

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The Fiscal Policy Institute (FPI) is a nonpartisan research and education organization that focuses on the broad range of tax, budget, and economic public policy issues that affect the quality of life and the economic well being of New York State residents.