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Income Inequality Grew Significantly in Rhode Island Since Recovery

New report finds income inequality grew in every state

Providence, RI (February 19, 2014). Rhode Island's growth in income inequality was below the national average from 1979-2007, but since the recovery (2009 -2011) the Ocean State is among nine states where only the top one percent experienced real income growth, according to a new report published by the Economic Policy Institute in Washington, D.C. The report finds that all 50 states have experienced widening income inequality in recent decades.

In *The Increasingly Unequal States of America: Income Inequality by State*, Estelle Sommeiller, and Mark Price conduct a state-level analysis of income trends from 1917-2011. They show that between 1979 and 2007 all states reflected the national pattern of extreme income inequality growth, with the top 1 percent of taxpayers capturing 53.9 percent of all income growth. The average income of the bottom 99 percent of U.S. taxpayers grew by 18.9 percent, while the average income of the top 1 percent grew over 10 times as much—by 200.5 percent. After incomes at all levels declined as a result of the Great Recession, lopsided income growth has reemerged since the recovery began in 2009, with the top 1 percent capturing an alarming share of economic growth.

Among the key findings for Rhode Island:

- Between 1979 and 2007, income growth was 170.3 percent for the top 1% and 40.4 percent for the rest of Rhode Islanders. The top 1% captured 32.6 percent of overall income growth during this period compared to the national average of 53.9 percent.



- The share of income held by the top 1% grew from 10.3 percent in 1979 to 18.1 percent in 2007.
- More recently, between 2009 and 2011, income growth was 17.3 percent for the top 1%, while the bottom 99 percent suffered a 4.3 percent loss in income; Rhode Island was among nine states where only the top 1% experienced income growth during this time period.
- From 2009 to 2011, the share of income held by the top one percent grew from 14.3 percent to 17 percent.

“Rhode Island has not escaped the disturbing trend of growing inequality over the past decades and sadly, since the recovery began only the top one percent has enjoyed any income growth. We call on leaders in Washington and here at home to put in place policies that increase income for the majority and help close the income gap,” said Kate Brewster, executive director of The Economic Progress Institute.

“The levels of inequality we are seeing across the country provide more proof that the economy is not working for the vast majority of Americans and has not for decades,” said Price, an economist at the Keystone Research Center, “It is unconscionable that most of America’s families have shared in so little of the country’s prosperity over the last several decades.”

The Economic Progress Institute is a nonpartisan research and policy organization dedicated to improving the economic well-being of low- and modest-income Rhode Islanders. For more information visit www.economicprogressri.org.

The Economic Policy Institute. The Economic Policy Institute (EPI), a non-profit, non-partisan think tank, was created in 1986 to broaden discussions about economic policy to include the needs of low- and middle-income workers. EPI believes every working person deserves a good job with fair pay, affordable health care, and retirement security. To achieve this goal, EPI conducts research and analysis on the economic status of working America. EPI proposes public policies that protect and improve the economic conditions of low- and middle-income workers and assesses policies with respect to how they affect those workers.