There’s been a lot of news lately about rising income inequality, or how income is distributed across the population. The spike in attention is largely due to a new report by the Congressional Budget Office (CBO) that found that between 1979 and 2007, after-tax income for the nation’s wealthiest households grew significantly more than any other income group. And according to a new poll from The Hill, 55 percent of likely voters say they believe income inequality has become a big problem for the country.

The analysis by the CBO found that for the past thirty years, the distribution of income in the U.S. has become increasingly dispersed, particularly when you take into account how much growth and prosperity the top one percent of earners experienced over that time frame. Specifically, the CBO report states that between 1979 and 2007, income grew by:

- 275 percent for the top 1 percent of households,
- 65 percent for the next 19 percent,
- Just under 40 percent for the next 60 percent, and
- 18 percent for the bottom 20 percent.

Source: Congressional Budget Office [4]

Alongside the trend that a significant portion of income growth was concentrated with the top one percent over the last thirty years, the top fifth of earners now earn a significant portion of overall income. Between 2005 and 2007, the after-tax income received by the top 20 percent of income earners exceeded the after-tax income of the remaining 80 percent.

In addition to the CBO report, The Census Bureau recently released its annual report Income, Poverty, and Health Insurance Coverage in the United States [5], which provides a comprehensive look at income in 2010. Income inequality is one of the many topics discussed in the report. Among other measures, the Census report uses the Gini index, which is an indexed measure of household income inequality to analyze income distribution trends. The Gini index ranges from values of zero (0) to one (1) where zero means that income is distributed perfectly equally and one represents perfect inequality.*

According to the Census Bureau the U.S. fell close to the middle of that spectrum – 0.469 – in 2010. Though the Gini index has its limitations, it can be a useful tool when evaluating income distribution over time or across jurisdictions.

Each year, the Census Bureau (through the American Community Survey) publishes state-level data on income distribution, including the Gini index. Gini values among states range from a low (more equal) of 0.419 in Utah and 0.422 in Alaska to a high (less equal) of 0.486 in Connecticut and 0.499 in
New York. Puerto Rico's Gini index value was 0.537 in 2010.

**Gini Index of Household Income Inequality**


**The CBO describes the Gini index:** “The Gini index ranges in value from zero to one, with zero indicating complete equality (for example, if each percentile of the population, ranked by income, received 1 percent of total income) and one indicating complete inequality (for example, if one household received all the income). A Gini index for household income that increases over time indicates rising inequality of household income.”

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