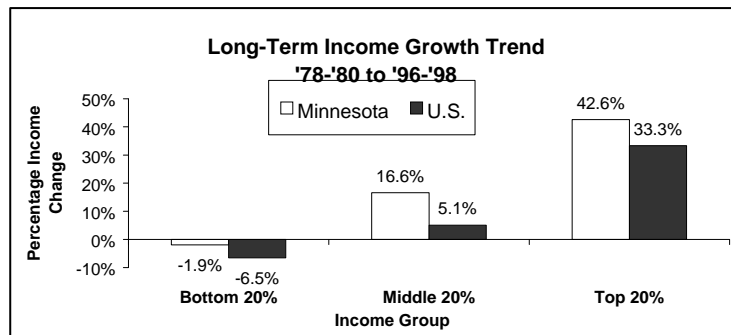


# Income Inequality in Minnesota, 1970s through the 1990s

## The Long-term Trend in Minnesota: Increasing Income Inequality

In *Pulling Apart: A State-by-State Analysis of Income Trends*, the Center on Budget and Policy Priorities and the Economic Policy Institute analyze Census Bureau data on family incomes from the late 70's, late 80's, and late 90's. They found that from the late 70's to the late 90's, the incomes of the poorest 20% of families stagnated while the wealthiest 20% experienced rapid income growth. The middle 20% of families saw their incomes grow, but not as quickly as the top 20%. Combined, these trends result in greater income inequality.

- **The average incomes of the poorest 20% of Minnesota families showed no growth** — making a statistically insignificant drop from \$16,781 to \$16,464,<sup>1</sup> which is close to the federal poverty line for a family of four. Minnesota's poor families did better than their counterparts in the U.S., whose average incomes dropped 6.5%.

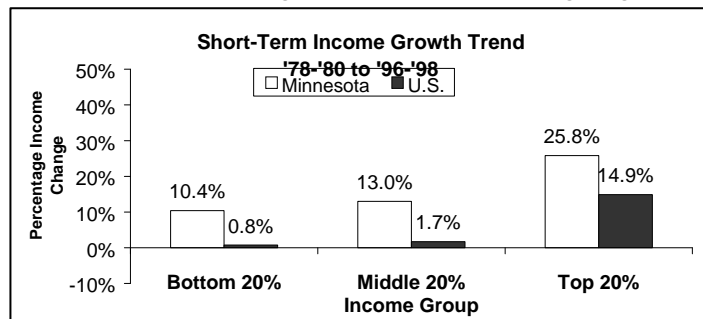


- **The average income of the middle 20% of Minnesota families increased 16.6%**, growing from \$46,843 to \$54,634. This is much stronger growth than in the U.S. as a whole, where the income of the middle 20% increased by 5.1%.
- **The average income of the richest 20% of Minnesota families increased 42.6%**, from \$101,638 to \$144,919. Nationally, the growth rate for the top 20% was 33.3%.

## Recent Trends in Minnesota: All Incomes Increase But The Gap Still Widens

From the late 1980's to late 1990's, Minnesota's low-income families saw their incomes increase; however, the incomes of the middle 20% and top 20% of families grew even faster, leading to greater income inequality.

- **The average income of the poorest 20% of Minnesota families increased 10.4%**, from \$14,919 to \$16,464. Meanwhile, the poorest 20% of U.S. families made no financial progress, seeing only a statistically insignificant increase.



- **The average income of the middle 20% of Minnesota families increased 13.0%**, from \$48,360 to \$54,634. In the U.S., the income of the middle 20% of families grew by 1.7%.
- **The average income of the wealthiest 20% of Minnesota families increased 25.8%**, from \$115,235 to \$144,919. Again, this growth beat the national average increase of 14.9% for the wealthiest 20% of families.

<sup>1</sup> All dollar amounts are expressed in 1997 dollars.