

## INCOME AND WEALTH INEQUALITY

# 39%

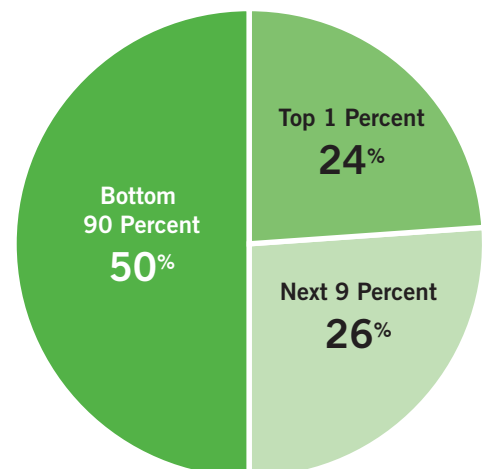
THE PERCENT OF TOTAL U.S. WEALTH HELD BY THE RICHEST 1 PERCENT OF HOUSEHOLDS

Income inequality in the U.S. continues to rise as it has done over the past 40 years, driven largely by rapid income growth at the very top of the income distribution. Income is money a person or family receives while wealth or net worth is the total value of a person or family's money, property and other assets excluding any debt they may owe. Income inequality often contributes to wealth inequality.

The rise in income inequality is evident when assessing the gap between Americans who have the highest and lowest incomes. Although the median household income in 2016 was the highest in recorded history, the income of poor Americans has not increased over time at the same rate as the income of the rich. In 1975 the average household income of the top 20 percent of Americans was 10 times that of the bottom 20 percent; in 2015 the average household income of the top 20 percent was 16 times that of the bottom 20 percent, which suggests income inequality has increased over the past 40 years.<sup>1</sup>

- Since the end of the Great Recession, the incomes of the top 1 percent of Americans have grown by 27 percent while incomes of the bottom 99 percent have only grown by 8 percent. Families in the bottom 99 percent have recovered only about 60 percent of their economic losses from the recession.<sup>2</sup> Between 2014 and 2015 alone, incomes of the top 1 percent of Americans grew by 8 percent, almost two times as much as those of the bottom 99 percent, which grew only 4 percent.<sup>3</sup>
- In 2016 the share of total income going to the top 10 percent was 50 percent and the share going to the top 1 percent was 24 percent (see **Figure 1**).<sup>4</sup>
- Absolute income mobility has steadily declined since 1940, meaning children born into low-income families may make less money than their parents, causing income inequality to worsen going forward.<sup>5</sup>

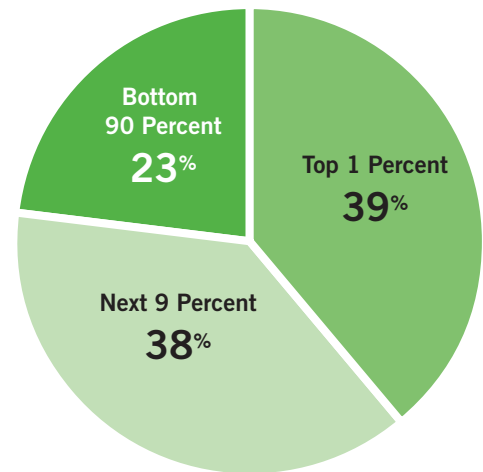
**Figure 1: Share of Total U.S. Income Held by Income Group, 2016**



Wealth inequality has also been rising fast and reached levels last seen only during the late 1800s. The wealth gap shows wealth is even more concentrated than income.<sup>6</sup>

- In 2016, as contrasted with 1989, the share of wealth held by the top 1 percent of Americans grew to 39 percent of all wealth and the share held by the bottom 90 percent fell from 33 to 23 percent.<sup>7</sup> The top 10 percent of Americans owned more than 75 percent of all wealth in 2016 (see **Figure 2**).<sup>8</sup>
- Wealth for the top 1 percent also comes from different and more profitable sources. The top 1 percent holds almost half of the national wealth invested in stocks and mutual funds, while the wealth of the bottom 90 percent comes from residential property, the asset category that lost the most value during the Great Recession.<sup>9</sup>
- Families in the bottom 10 percent went from having no wealth on average in 1963 to having \$1,000 worth of debt in 2016.<sup>10</sup>

**Figure 2: Share of Total U.S. Wealth Held by Income Group, 2016**



Income and wealth inequality not only exists between the rich and poor but also between different racial/ethnic groups.

- In 2015 the median family income of White households with children (\$80,800) was about two times that of Black (\$35,900) and Hispanic households with children (\$41,000) (see **Table 7**).
- For every \$1 earned by the median White household in 2016, the median Black household only earned \$0.61 and the median Hispanic household, \$0.73.<sup>11</sup>
- In 2016, the average wealth of White families (\$919,000) was seven times more than Black families (\$140,000) and five times more than Hispanic families (\$192,000).<sup>12</sup>
- Differences in the percent of Whites and people of color who own a home and have a four-year college degree have worsened wealth inequality between racial/ethnic groups.<sup>13</sup> Less than half of Black (42 percent) and Hispanic households (46 percent) owned their home in 2016 compared with 72 percent of White households. Nearly one-third of the racial wealth gap is explained by differences in homeownership rates.<sup>14</sup>

Inequality is a global phenomenon, but the U.S. does not fare well even when compared with other industrialized countries. In 2016 the U.S. held the largest share of the world's wealth (33 percent).<sup>15</sup> Studies suggest, however, that the U.S. has the highest level of wealth inequality and third-highest level of income inequality when measured using the Gini coefficient.<sup>16</sup>

In 2015, the median income of Black (\$35,900), Hispanic (\$41,000) and American Indian/Alaska Native (\$38,800) families with children was about half the median income of White families with children (\$80,800).

**Table 7: Median Family Income among Households with Children by Race/Ethnicity, 2015**

	Total	White	Hispanic	Black	Asian/Pacific Islander	Two or More Races	American Indian/ Alaska Native
Alabama	\$53,100	\$67,500	\$29,300	\$28,400	\$52,400	\$44,300	S
Alaska	75,500	91,300	59,200	56,400	56,600	72,200	43,600
Arizona	55,600	75,000	37,000	50,200	95,100	53,200	31,900
Arkansas	50,300	61,200	35,500	27,000	75,500	45,800	S
California	66,400	101,300	43,500	44,900	102,200	69,400	42,200
Colorado	76,600	92,500	43,700	47,400	84,100	80,100	35,600
Connecticut	89,900	115,200	39,100	40,700	101,600	52,700	S
Delaware	71,600	78,200	40,200	47,200	106,800	S	S
District of Columbia	79,700	206,700	56,100	32,900	S	S	S
Florida	52,900	70,300	41,200	36,600	78,800	50,700	47,000
Georgia	57,000	76,400	34,700	37,300	89,500	55,700	S
Hawaii	78,000	82,500	56,600	78,600	80,500	80,800	S
Idaho	57,300	61,600	42,000	S	S	55,800	38,900
Illinois	70,400	90,200	46,100	32,200	97,400	55,200	41,600
Indiana	60,900	67,900	36,900	29,100	73,900	45,700	S
Iowa	68,700	74,100	33,800	26,900	61,500	54,100	S
Kansas	65,900	76,200	38,200	40,500	80,600	44,500	45,100
Kentucky	53,600	58,500	34,200	28,200	65,400	37,700	S
Louisiana	54,800	78,400	40,500	25,300	67,000	51,900	56,500
Maine	60,500	61,500	S	S	S	27,000	S
Maryland	88,900	111,700	53,300	62,200	108,200	74,000	S
Massachusetts	92,000	110,800	31,800	41,100	100,900	51,400	S
Michigan	61,600	71,600	39,000	27,200	96,400	37,600	45,500
Minnesota	80,300	90,500	38,000	32,100	70,900	50,900	41,300
Mississippi	44,900	65,300	39,200	25,900	70,400	S	S
Missouri	61,300	69,500	41,000	29,600	80,700	46,100	S
Montana	64,500	67,200	49,400	S	S	34,800	29,500
Nebraska	68,600	77,100	37,400	32,100	61,500	45,700	37,900
Nevada	56,100	74,700	42,200	33,300	69,400	54,100	34,200
New Hampshire	86,900	88,000	66,400	S	120,500	S	S
New Jersey	90,300	117,200	43,100	47,900	127,900	57,100	S
New Mexico	49,200	73,200	38,700	41,100	57,900	55,600	34,200
New York	67,900	91,900	38,200	43,200	68,000	49,700	34,000
North Carolina	55,400	73,200	31,200	33,400	91,000	45,000	37,200
North Dakota	78,200	85,000	S	S	S	S	25,900
Ohio	62,100	71,200	34,200	25,200	90,500	32,900	S
Oklahoma	54,700	63,900	38,400	29,100	71,700	50,200	45,400
Oregon	62,500	71,000	39,000	24,900	90,500	53,000	30,600
Pennsylvania	70,400	80,600	32,000	31,400	78,700	46,300	S
Rhode Island	70,100	87,200	36,800	35,200	67,000	S	S
South Carolina	55,300	70,500	37,400	31,100	61,600	62,100	S
South Dakota	64,200	71,500	40,300	S	S	23,800	25,000
Tennessee	52,400	62,100	32,100	31,800	67,000	42,500	S
Texas	60,400	90,800	41,300	42,000	100,500	65,500	51,600
Utah	70,800	77,200	44,600	36,700	66,200	57,900	54,300
Vermont	75,100	76,000	S	S	S	S	S
Virginia	79,400	91,400	54,100	44,700	115,700	75,100	S
Washington	72,500	81,100	40,800	49,600	99,900	62,400	40,700
West Virginia	53,000	55,100	S	26,800	S	S	S
Wisconsin	70,700	79,400	35,800	26,700	71,700	39,300	33,400
Wyoming	72,900	77,000	45,200	S	S	S	S
<b>United States</b>	<b>\$64,700</b>	<b>\$80,800</b>	<b>\$41,000</b>	<b>\$35,900</b>	<b>\$93,700</b>	<b>\$56,100</b>	<b>\$38,800</b>

Notes: "S" means estimates were suppressed when the confidence interval around the percent was greater than or equal to 10 percentage points. Racial/ethnic categories are presented in the order of their share in the child population.

Source: The Annie E. Casey Foundation, KIDS COUNT Data Center. 2016. "Median Family Income among Households with Children by Race and Ethnicity." <http://datacenter.kidscount.org/data/tables/8782-median-family-income-among-households-with-children-by-race-and-ethnicity#detailed/2/2-52/false/573/4038,4040,4039,2638,2597,4758,1353/17618>.