Alabama Income Inequality Grew in Alabama Over the Past Two Decades

Alabama’s Richest Families vs. Poorest Families
- The richest 20 percent of families have average incomes 8.5 times as large as the poorest 20 percent of families.
- This ratio was 6.3 in the late 1980s.
- This growth in income inequality is the 4th largest in the nation.
- The very richest families — top 5% — have average incomes 13.5 times as large as the poorest 20 percent of families.

The gap between Alabama’s richest and poorest families is 2nd largest in the nation.

Alabama’s Richest Families vs. Families in the Middle
- The richest 20 percent of families have average incomes 2.6 times as large as the middle 20 percent of families.
- This ratio was 2.3 in the late 1980s.
- This growth in income inequality is the 30th largest in the nation.

The gap between Alabama’s richest families and families in the middle is 18th largest in the nation.

A Closer Look: Short- and Long-term Trends

Late 1990s to mid-2000s
- The average income of the poorest fifth of families decreased by $2,791, from $16,070 to $13,280.
- The average income of the middle fifth of families did not change significantly.
- The average income of the richest fifth of families did not change significantly.

Late 1980s to mid-2000s
- The average income of the poorest fifth of families did not increase significantly.
- The average income of the middle fifth of families increased by $8,777, from $34,668 to $43,445.
- The average income of the richest fifth of families increased by $33,760, from $79,043 to $112,804.

ALABAMA: Richest Families Had Greatest Income Gains Over Last Two Decades

<table>
<thead>
<tr>
<th>Family Income Group</th>
<th>Change in Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom 20%</td>
<td>-17.4%</td>
</tr>
<tr>
<td>Middle 20%</td>
<td>-2.8%*</td>
</tr>
<tr>
<td>Top 20%</td>
<td>9.6%*</td>
</tr>
</tbody>
</table>

* Not statistically significant at a 90 percent level of confidence

Based on the latest available data (2004-2006)
Source: Center on Budget and Policy Priorities and Economic Policy Institute
Pulling Apart: A State By State Analysis of Income Trends
Available at: http://www.cbpp.org/4-9-08sfp.htm