



NEWS RELEASE

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For more information, contact:
Chris Sanders at (334) 832-9060

Alabama Claims Nation's Second Highest Income Disparity

Average Income Down More Than 17 Percent for State's Low-Income Earners Since Late 1990s, Study Shows

The gap between low- and high-income Alabamians is the nation's second largest and is growing more quickly than in 48 other states, according to *Pulling Apart*, a report released today by the Center on Budget and Policy Priorities and the Economic Policy Institute in conjunction with Arise Citizens' Policy Project. The report finds that growing income inequality over the last two decades threatens the overall economy and leaves middle- and low-income families ill-prepared to weather the current downturn. State policies have played a big role in broadening the gap, the authors note, and sound policy reforms can reverse the trend.

The top fifth of Alabama's income earners made 8.5 times as much as the bottom fifth of earners in 2004-06. That ratio of income disparity is the country's second highest, behind only New York's ratio of 8.7, and is far larger than the national ratio of 7.3. Alabama has seen the nation's second biggest increase in the income gap between the top and bottom fifths since the late 1990s and the fourth largest increase since the late 1980s.

Alabamians in the bottom fifth of earners have seen their average income fall 17.4 percent since the late 1990s, to the lowest in the country, at \$13,280. The national decline was only 2.5 percent for this income group. Like their national counterparts, the state's middle fifth saw their average income stagnate. Meanwhile, the top fifth of income earners nationally have seen an average increase of 9.1 percent since the late 1990s. The figures for Alabama's top fifth cannot be stated to a statistical certainty, but the apparent increase reflects the national trend.

ACPP state coordinator Kimble Forrister called Alabama's growing income disparity troubling. "A middle class doesn't happen by accident," Forrister said. "It takes long-term planning and smart policies to build the middle class that sustains our economy. In Alabama, our tax and budget policies are deepening the economic divide."

Forrister said the report shows the need for the state to make its tax system more progressive and strengthen its social safety nets, which often rank near the bottom in national comparisons of funding and scope. "Low-income Alabamians are working as hard as ever to move up, but the climb keeps getting steeper," Forrister said. "By ending the state grocery tax, raising the income tax threshold and investing more in health care and other social services, we can help ensure that hard work continues to pay off for everyone in Alabama."

The study by the CBPP and EPI uses data from the U.S. Census Bureau and adjusts all figures for inflation. The report, a national press release and state fact sheets are available under embargo by visiting:
<http://www.cbpp.org/4-9-08sfp.htm>.

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Arise Citizens' Policy Project is a nonprofit statewide citizens' organization comprising 152 congregations and community groups dedicated to improving the lives of low-income Alabamians.