



NEWS RELEASE

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Alabama's growing income gap is bad for its economy, report concludes

Forrister: Medicaid expansion, investments in public education, affordable housing could fuel broader prosperity

The widening income gap between the richest Alabamians and everyone else is reducing consumer spending and hurting the state's economy, according to [a new ACPP report released today as part of *The State of Working Alabama 2014*](#). Alabama is among the top half of states for the severity of its income inequality, and its income gap is increasing at one of the highest rates in the nation.

"People whose hard work and talent make our lives better deserve to be rewarded for their efforts," ACPP executive director Kimble Forrister said. "But when income inequality becomes extreme, it hurts the economy and endangers our future."

Key findings from the report include:

- Between 1979 and 2007, the top 1 percent of Alabamians saw income growth of 158.8 percent, while the incomes of everyone else grew on average by only 20.5 percent.
- Between 2009 and 2011, all income growth in Alabama accrued to the richest 1 percent of the state's population.
- Between 2008 and 2012, the top fifth of Alabamians held more than half of the state's total income, and the top 5 percent alone held 21.4 percent.
- In 22 Alabama counties, the share of income held by the top 5 percent exceeded the state average. In six of those – Clarke, Conecuh, Jefferson, Lamar, Lowndes and Randolph – that share topped 24 percent.

Numerous state policies could reduce the worst effects of Alabama's growing income inequality, Forrister said. Ending the state sales tax on groceries and replacing the revenue responsibly would help families make their paychecks go further, he said, as would closing the health coverage gap by expanding Medicaid to cover nearly 185,000 uninsured Alabama workers.

"Alabama should adopt policies that help everyone share in the benefits of economic growth," Forrister said. "By investing now in education, transportation, affordable housing and other vital infrastructure, Alabama can pave the way for broadly shared prosperity for decades to come."

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Arise Citizens' Policy Project is a nonprofit, nonpartisan coalition of 150 congregations and organizations that promote public policies to improve the lives of low-income Alabamians.