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Pulling Apart: New Report from COWS and the Wisconsin Budget Project Shows Growing Income Inequality in Wisconsin

The income disparity between Wisconsin’s richest and poorest families continues to widen, according to a [new report](#) by the Center on Wisconsin Strategy (COWS) and the Wisconsin Budget Project. Their analysis of Wisconsin Department of Revenue data finds that Wisconsin’s richest residents have experienced dramatic increases in inflation-adjusted income since the mid-1990s, while middle- and lower-income Wisconsinites saw their incomes stagnate or decrease.

Between 1996 and 2010, the bottom 40% of Wisconsin earners experienced an average decrease of \$2,407 in their adjusted gross income, measured in 2012 dollars. The top fifth of income tax filers saw an increase in earnings of more than \$17,000 over this period.

The top 1% of filers experienced tremendous gains, with incomes that grew an average of \$168,773 per tax return, an increase of more than \$12,000 per year between 1996 and 2010.

**Table 1: Income Per Tax Return of the Poorest and Richest Wisconsinites
 Change in adjusted gross income, 1996-2010, in 2012 dollars**

	Bottom 40 Percent	Top 20 Percent	Richest 1 Percent
Income in 1996	\$16,002	\$130,997	\$595,497
Income in 2010	\$13,595	\$148,824	\$764,270
Change 1996-2010	-\$2,407	\$17,286	\$168,773
Average change per year	-\$172	\$1,273	\$12,055

The [new analysis](#) follows on the heels of a [report](#) last week by [Center on Budget and Policy Priorities](#) and the [Economic Policy Institute](#), which found that income inequality has been widening in Wisconsin and across the country since the mid-1970s, though Wisconsin’s gap remains smaller than all but five other states.

“Wisconsin’s income distribution is less skewed than that of most other states, but like the rest of the country we’re seeing dramatic increases in inequality,” said Laura Dresser. “By the late 2000s, Wisconsin had more income inequality than the most unequal state did 30 years ago.”

Key findings of the report include:

- Six of every ten dollars of income in Wisconsin flows to just two of every ten residents – the richest fifth of the population.
- The 20% of Wisconsinites with the lowest income bring in just three cents of every \$100 earned in the state
- Between 1996 and 2010, adjusting for inflation, the incomes of Wisconsin's poorest two-fifths of residents decreased by 5%. Middle-income earners saw limited growth, and the richest fifth enjoyed more than a 25% increase in income.
- The incomes of the top 1% of earners in Wisconsin increased by 43% from 1996 to 2010.

"The divide between low-income and wealthy families is growing, but there are things we can do to put us on a better course," said Wisconsin Budget Project analyst Tamarine Cornelius. "For example, we should raise the minimum wage and adjust it annually for inflation; use the federal health care reform law to improve access to affordable health insurance; and help our workers match their skills to today's jobs."

In the late 1990s and early 2000s, income inequality in Wisconsin stayed relatively stable. But since 2002, inequality has grown every year, as measured by the ratio of total income of the top fifth of Wisconsin earners to the income of the middle fifth of earners. In 2002, the total income of the top fifth was 4.2 times that of the middle fifth of Wisconsin earners. By 2010, the top fifth of earners brought in nearly five times (4.9) what the state's middle earners made.

The full Wisconsin report is available [here](#).

The national report by CBPP and EPI, as well as their press release and state fact sheets, is available [here](#).

The [Center on Wisconsin Strategy](#) is a research and policy center based at the University of Wisconsin-Madison dedicated to improving economic performance and living standards in the state.

The [Wisconsin Budget Project](#), which is an initiative of the [Wisconsin Council on Children and Families](#), is a nonpartisan research group focusing on tax and budget policy.

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