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Income Inequality in Wisconsin Reaches Record Levels

The share of income in Wisconsin going to the top 1% has reached its highest level ever, according to a new report by the Center on Wisconsin Strategy (COWS) and the Wisconsin Budget Project. The widening chasm between the very highest earners and everyone else poses hardships for Wisconsin’s families, communities, and businesses.

In 2012, 18.2% – nearly 1 out of every 5 dollars of income in Wisconsin – wound up in the pockets of the top 1%. That group has an average income of $975,000. The share of income going to the top 1% in Wisconsin has more than doubled since the 1970s.

“Wisconsin families and businesses can’t thrive when income growth is nearly non-existent for everyone except those at the top,” said Tamarine Cornelius of the Wisconsin Budget Project. “If we want our economy to be on a solid footing, we need to make sure everyone benefits from gains in productivity.”

Key findings of the report include:

- Between 1979 and 2012, the average income of the top 1% in Wisconsin grew by 149%, while the average income of the remaining 99% grew by only 1%.
- The top 1% in Wisconsin had an average income of $975,000 in 2012, more than 22 times the average income of the remaining 99%.
- The top .01% in Wisconsin – the top 1 out of 10,000 – took home 4% of total income in Wisconsin and had an average income of $22 million.

In the aftermath of the recession, income inequality in Wisconsin continues to grow. Between 2009 and 2012, the top 1% in Wisconsin claimed 70% of the total income growth. The average incomes of the top 1% grew by almost 27% during this period, compared to just 2% growth in average income for the remaining 99%.

Wisconsin can mitigate the effects of growing income inequality by:

- Raising the minimum wage and giving a boost to the lowest-paid workers.
- Ensuring that workers have access to affordable health care.
- Building the skills and education of Wisconsin’s workforce by investing in technical colleges and improving the connections between training and employment.
• Supporting working families. Paid family leave and sick time will help more Wisconsin residents succeed in the workforce, as will a strong child care system and improvements to tax credits for working families.

• Making state taxes more equal across income groups. People with high incomes should pay at least as much taxes relative to income as people with lower incomes do.

• Easing driving suspensions that create barriers to work for people who are unable to pay state or local fines.

The full Wisconsin report is available here: Pulling Apart 2015: Focus on Wisconsin’s 1%.

This analysis is based on figures in The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012, written for the Economic Research and Analysis Network.

COWS 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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