



KENTUCKY YOUTH ADVOCATES - Media Release

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Contact:

Terry Brooks

502-905-8167 ext. 113

cell: 502-235-2396

INCOME INEQUALITY GROWING IN KENTUCKY AND NATION Commonwealth Ranks Tenth In Gap between Rich and Poor

Louisville, KY- The gap between rich and poor is growing in the United States, and at a particularly high pace in Kentucky. According to a study released today, Kentucky ranks sixth in the nation in the growth in inequality between the top and bottom fifth of income levels over the past twenty years. What's more, Kentucky's gap between the richest and poorest families is 10th largest in the nation.

"It is easy to cop out on this news and attribute income inequality to international trends like globalization or changes in the national economy. However, that kind of analysis diverts attention from what Kentuckians can do," asserts Terry Brooks, Executive Director of Kentucky Youth Advocates.

"The General Assembly could have worked to close this gap through the passage of a state-level Earned Income Tax Credit or through revisions in the tax code to make it fairer to low income Kentuckians, but it didn't," says Brooks. "There is still one step the General Assembly can take during this legislative session. It can pass HB 500 to tighten the ways in which payday lenders do their business, and at least help low-income Kentuckians keep more of what they earn."

The study, co-released by the Center on Budget and Policy Priorities and the Economic Policy Institute, uses inflation-adjusted Census data to examine income inequality at the state level. It finds that the gap between the richest and poorest families, and between the richest and middle-income families, grew significantly in most states over the past two decades. Kentucky Youth Advocates partners with the Center on Budget and Policy Priorities through its work in the State Fiscal Analysis Initiative.

The study finds that since the 1990s, income inequality continued to grow in the United States, despite several recent years of economic prosperity. The poorest fifth of families saw their income fall by 2.5% while incomes of those in the middle saw modest gains of 1.3%. In the meantime, the richest fifth saw their incomes climb nine percent.

Compared to the national trend, Kentucky's poorest families and families in the middle fared worse. Over the past decade, the poorest 20% saw their incomes fall by 9.7% while families in the middle income range saw decreases of 5.8%. See the table below.

Change in Average Income from late 1990s to Mid 2000s			
	Bottom Quintile	Middle Quintile	Top Quintile
Kentucky	-9.7%	-5.8%	No change
United States	-2.5%	1.3%	9.1%

Source: Economic Policy Institute/Center on Budget and Policy Priorities, Pulling Apart: A State-by State Analysis of Income Trends, January 2007

“This kind of disparity is not some remote social injustice. It afflicts every aspect of life in Kentucky. Talk to folks in schoolhouses. Talk to health care professionals. Talk to leaders in faith communities. The income gap hurts Kentucky’s economic and civic life,” Brooks observed.

An examination of the incomes of families at the highest reaches of the income scale illustrates the gap between rich and poor even more dramatically. The average income of the top 5% of families in Kentucky is \$173,392, or twelve times greater than average income of the bottom fifth of families in Kentucky (\$14,318).

The joint CBPP/EPI report, as well as a press release and state fact sheets, are available under embargo by visiting: <http://www.cbpp.org/4-9-08sfp.htm>. These materials will remain under embargo until 12:01 a.m. (ET) on Wednesday, April 9.

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Kentucky Youth Advocates is a non-partisan, non-profit, children's advocacy organization. KYA represents a voice for Kentucky's most precious asset – its youth. We believe that Kentucky's youth deserve the opportunities and resources necessary to ensure their productive development and health.