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### **Missouri Ranks among Worst States for Increase in Income Inequality Between Top and Middle Income Earners from late 1990s to mid 2000s**

**St. Louis, Missouri** —The gap between the incomes of Missouri’s richest households and middle-income households had the 7<sup>th</sup> largest increase in the nation, according to a new report by the Center on Budget and Policy Priorities and the Economic Policy Institute.

“Growing income inequality in Missouri is compromising the ability of all Missourians to succeed. As policymakers prepare for a new state legislative session, they should prioritize investing in the services that lay the foundation of opportunity for all Missourians and avoid shortsighted tax changes that only benefit the wealthy” said Amy Blouin, executive director of the Missouri Budget Project.

As of the late 2000s (2008-2010, the most recent data available), a snapshot of how households at different income levels are doing in Missouri provides a troubling picture of income inequality:

- The average income for the richest fifth of households was 7.3 times greater than the poorest
- Similarly, income gaps between Missouri’s high- and *middle*-income households are large: the average income of the richest fifth of Missouri households was 2.6 times that of the middle fifth.
- The gap between the very richest and the poor is even larger: the top 5 *percent* of Missouri households had an average income 11.7 times that of the bottom fifth.

The report, *Pulling Apart: A State-by-State Analysis of Income Trends*, released in Missouri in coordination with the Missouri Budget Project, finds that low- and moderate-income Missouri families did not share in the most recent economic expansion. Over the course of the last economic cycle, from the late 1990s to the mid-2000s, income gaps widened:

- **The incomes of the richest fifth of households grew by 6.9 percent while those of the poorest fifth fell by 8.8 percent**
- In the late 1990s, the incomes of the richest fifth of Missouri households were 6.5 times the incomes of the poorest fifth, but by the mid-2000s that ratio had grown to 7.6.
- Income inequality in Missouri grew not only between low- and high-income households but also between *middle*- and high-income households. Middle-income households saw their incomes *fall by 4.6 percent* (-\$2,898), while the top fifth saw their income *rise* by 6.9 percent (\$10,318).

“The drop in incomes among Missouri’s poorest households is particularly troubling,” said Amy Blouin, executive director of the Missouri Budget Project. “Income inequality makes it harder for Missouri to create the future workforce we will need in order to compete in tomorrow’s economy. Falling incomes make it

hard families to focus on education, kids often struggle in school and there's evidence this affects their future prospects”.

Many of the reasons for growing income inequality are outside of the control of states. However, Missouri policymakers can take a number of steps to help address the disparity between the rich and poor. Recommendations include making Missouri's tax system more progressive, so that low-income people are not paying a higher share of their income in state taxes, and investing in the services that benefit all Missourians and support working families.

The joint CBPP/EPI report, as well as a press release and state fact sheets, are available here:  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=3860>