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Income Inequality in New York State

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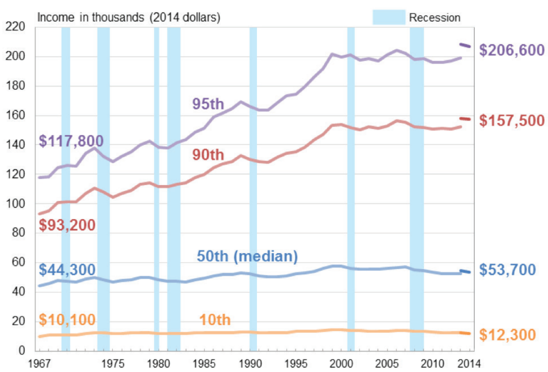
Real Household Income at Selected Percentiles: United States, 1967 to 2014

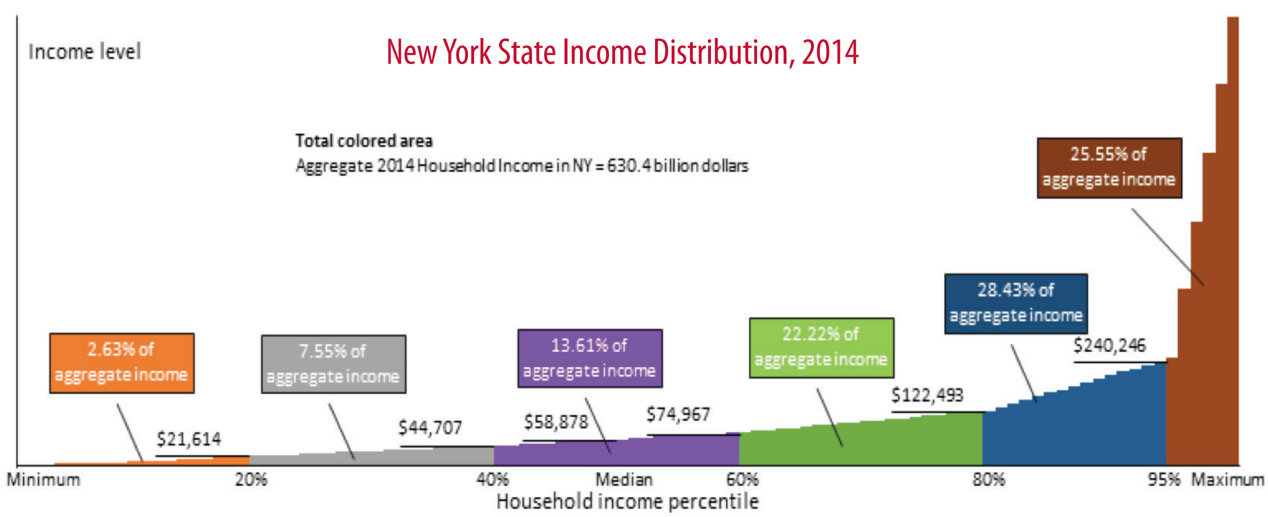


Source: American Community Survey, U.S. Census Bureau

The topic of income inequality has received increased attention in recent years, and has been highlighted in the current presidential campaign. But what exactly *is* income inequality, how is it measured, and what are some recent trends?

Income inequality refers to the degree to which income is unevenly distributed across a group or population. *Increasing* income inequality indicates a growing gap between higher and lower income people and households. The chart to the left shows national-level trends in real household income over the past almost 5 decades (measured in constant dollars). We can see that over time the gap between the bottom 10th percentile and the top 95th percentile of household income has widened dramatically.

One of the most common ways to measure income inequality is the *Gini coefficient*, a ratio which ranges from 0 (where all households earn the same income and therefore are equal) to 1.0 (where one person earns all the income and the rest of the population earns none – total inequality). In 2014 the Gini coefficient for New York State (NYS) as a whole was 0.511, ranging from a high of 0.598 in New York County to a low of 0.385 in Schuyler County. A lower Gini ratio does not necessarily indicate more economic well-being, however. While it does indicate more *even* distribution of income across a population, the entire population may be similarly low-income. It is also important to note that different measures or metrics of income inequality can lead to different conclusions. Using another perspective, in NYS in 2014, the bottom 20% of households earned only 2.63% of total aggregate income compared to the top 5% which earned over 25% of all income (see chart below).



Source: Cornell Program on Applied Demographics: https://pad.human.cornell.edu/index.cfm

Additional Resources (click on title for link)

http://researchmatters.blogs.census.gov/2016/04/02/separate-but-unequal-the-nature-of-income-inequality-in-u-s-metropolitan-statistical-areas/?cid=16O85
For NYS County-level measures, visit: https://pad.human.cornell.edu/NYMinutes/NYMinute72stats.cfm
http://www.pewresearch.org/fact-tank/2015/09/22/the-many-ways-to-measure-economic-inequality/

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