

## **Ellen Frank: Wealthy doing great in R.I.**

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The number of Rhode Island taxpayers reporting incomes of \$100,000 and above rose by 19 percent in 2003-2005, while those with incomes above \$200,000 rose by 34 percent. At the same time, Rhode Islanders with incomes below \$50,000 fell by 2.5 percent.

These figures, which come from the IRS, contradict those cited by Justin Katz in an April 5 Commentary piece (“R.I.’s economic clock runs down,” April 5). Katz cites data from the U.S. Census Bureau to conclude that Rhode Island lost middle- and upper-middle-class taxpayers in 2003-2005. The Census data he cites, however, do not support his conclusions. Because the Census relies on surveys of only a sample of Rhode Islanders, the data have substantial margins of error, so that most year-to-year comparisons are invalid. IRS data are much more reliable, since they include all income-tax returns filed, not just a representative sample.

Further evidence that upper-income households are thriving in Rhode Island comes from “Pulling Apart,” a recent study by the Economic Policy Institute and the Center on Budget and Policy Priorities. Their research found that the top one-fifth of Rhode Island households had an average income of \$143,211 — the sixth highest in the nation. This represents income growth of 43 percent since the late 1980s, after adjusting for inflation. During the same years, the lower one-fifth of Rhode Island households saw no increase in income at all.

Upper-income Rhode Islanders have done remarkably well in recent years, according to most available data. They have even been the beneficiaries of two sizable tax cuts, enacted in 2006 and 2007, the very years when Rhode Island’s economic performance weakened. Apparently upper-income gains are failing to “trickle down,” as Katz seems to imply they should.

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