

Gap widens between rich and poor in R.I., Conn.
Southern New England at top of list in growth of disparity
By Emily Dupuis
(Created: Wednesday, April 9, 2008 12:01 PM EDT)

The growth of the income gap between Rhode Island and Connecticut rich and poor in the past two decades are the highest in the nation, according to a study released today.

The report released by the Washington-based Center on Budget and Policy Priorities and the Economic Policy Institute has prompted officials from one Rhode Island non-partisan organization to call on the governor and legislature to invest in adult education, job training and social services that help families to work.

Ellen Frank, an economist at The Poverty Institute, pointed to the growth in the ratio between the average income of the top and bottom fifth of Rhode Island residents as the most “startling” finding in the study, “Pulling Apart.” Over the past two decades, the gap has grown faster in Rhode Island than all states but Connecticut.

Connecticut ranked first, while Massachusetts ranked third, according to the study.

Rhode Island ranks eighth in the country for growth in inequality between the top and middle fifths of its earners over the past two decades.

Overall, the state’s gap between its richest and poorest residents is 12th largest in the country, with the state’s richest 20 percent of families earning annually 7.5 times as much as the state’s poorest 20 percent of families.

According to the study, between the late 1980s and 2004, the average after-tax income of the top one-fifth of Rhode Island earners rose by 43.5 percent — the 11th largest number in the nation. Those residents average an after-tax income of \$143,211 — the sixth highest in the nation.

At the other end of the spectrum, Rhode Island was one of only two states that showed negative income growth in the bottom fifth of earners over that period. The average annual income of the bottom bracket is \$18,000, Frank said.

And the middle class — with a current reported average income of \$56,000 — has not fared much better over the past 20 years, seeing a growth in average

income six times smaller than the top fifth of earners. Middle class average income grew by \$6,744 over that period. The gap between the state's richest and its middle class is the 24th largest in the nation, according to the study.

Officials said they suspect the inequality is even greater than reported because the study does not factor capital gains income, which typically goes to the top fifth bracket.

Frank said the inequality is, in part, due to the state's shift from a manufacturing to a service-based economy and the large wage disparities in the service industries. She pointed specifically to the health care and financial industries.

There is a "tremendous need" to pay attention to the report as the state faces budget strains and the country heads into a recession, Frank added.

Linda Katz, policy director at the Poverty Institute, said the state should invest in moving the bottom fifth up through adult education, job training and work support programs like subsidized childcare. The governor's Workforce Investment Board has begun efforts, she added.

Katz said 142,000 Rhode Island adults lack high school diplomas, 35,000 of whom have limited English proficiency. Around 10,000 of those individuals have job skills, but need English language services to succeed, she said.

Katz also expressed concern with the governor's proposal on the Family Independence Program, or welfare, which provides avenues for low-skilled parents to get job training. Gov. Donald Carcieri has proposed requiring these parents to seek work first, before receiving the training.

The governor has also proposed rolling back Rite Care, the state's Medicare managed health care program, eligibility from families of four earning \$39,000 to those earning \$28,000.

"What we really need to be doing is giving people at the bottom the skills to be able to move up the job ladder," Katz said.

The study draws from Census data that has been adjusted for inflation, federal taxes and the cash value of food stamps, subsidized school lunches and housing vouchers.

The Poverty Institute, based out of Rhode Island College's School of Social Work, develops and promotes policies on economic security of low and modest-income Rhode Island residents.

(Go to thewesterlysun.com to view the poverty report and other associated

information.)

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