

Income inequality threatens Minnesota's future

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The income gap between Minnesota's richest and poorest families continues to widen, according to a national report released today.

[Pulling Apart: A State-by-State Analysis of Income Trends](#) found that the richest 20 percent of Minnesota households have average incomes seven times larger than the poorest 20 percent. The income gap increased significantly between the late 1970s and the mid-2000s.

According to the analysis by the Center for Budget and Policy Priorities and the Economic Policy Institute, Minnesota saw a significant increase in income inequality from the late 1990s to the mid-2000s, when the incomes of high-income households grew while low- and middle-income households saw their earnings fall.

The poorest 20 percent of households in the state experienced an \$800 decrease in their incomes over the business cycle when adjusted for inflation, while the richest 20 percent saw an almost \$10,000 increase. The difference in income between the richest and poorest households in the state grew by almost \$11,000.

"Growing income inequality contradicts some of our country's most deeply held values," said Minnesota Budget Project Director Nan Madden. "Americans believe that hard work should pay off, that people who work full time should be able to support their families, and that everyone should have the opportunity to succeed."

According to the analysis, the reasons for the increasing gap include rising wage inequality and the increasing value of investment income.

"Minnesota's future depends on reducing these gaps," said Madden. "Economic growth alone will not solve the problem. State policymakers can narrow the gap by making our tax system fairer, supporting low-wage workers through policies like increasing the minimum wage and increasing access to affordable health care."

The Minnesota Budget Project has released an [issue brief](#) with more Minnesota-specific information from the study.

<http://www.mnbudgetproject.org/research-analysis/economic-security/poverty-income/income-inequality-grows-in-minnesota>