



The Iowa Policy Project

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EDITOR'S NOTE: This report, "*The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012*," by Estelle Sommeiller and Mark Price is available on the Economic Policy Institute website at <http://www.epi.org/publication/income-inequality-by-state-1917-to-2012/>. Also see this fact sheet: <http://www.epi.org/files/2014/unequalstates/pdf/Iowa.pdf>

1 Percenters Biggest Gainers in Iowa

In 39 states, majority of income growth went to the top from 2009-12

IOWA CITY, Iowa (Jan. 26, 2015) — The top 1 percent of earners captured almost two-thirds of income growth in Iowa during the recovery from the last recession, a new report shows.

Iowa's top 1 percent saw a 39.3 percent increase in average real income growth from 2009 to 2012. Other Iowans did not do so well — and only 14 states showed as great an increase at the top.

The Economic Analysis Research Network report illustrates how growing income inequality of recent decades intensified as the nation rebounded from what became known as the Great Recession.

"Americans who agree on a concept of shared prosperity will not find comfort in this report," said Peter Fisher, research director of the nonpartisan Iowa Policy Project. "The findings are troublesome for Iowans, where the gap between the very rich and most others has grown.

"The report shows slow income growth for most Iowans over the same period in which jobs have grown at a sluggish pace, while the wealthy have done quite well."

The report, "*The Increasingly Unequal States of America*," found that while Iowa's top 1 percent gained almost 40 percent in income from 2009 to 2012, incomes of the bottom 99 percent grew only 2.8 percent. The highest 1 percent took 65 percent of overall income growth in that period.

Fisher said the findings matter because state lawmakers need to understand the impact of policy on services and taxes in the state. "They should not make these decisions in a philosophical vacuum," Fisher said. "Other research shows state and local tax policy already favors the wealthiest Iowans when services critical to economic opportunity for other Iowans have suffered."

The brightest note in the report for Iowa is that most states have greater income disparities than what is found in Iowa.

“It’s kind of a back-handed compliment to Iowa’s economy to say our income disparity is less than most states. It is still very significant, and we all would be better off with a stronger recovery and less income inequality for the bottom 99 percent across the nation,” Fisher said.

Iowa’s income disparity ranks 45th nationally — with an average income of the top 1 percent at \$855,918, about 17.6 times as large as the average income of the other 99 percent of Iowans at \$48,739.

“That is a large disparity — even while less than that of most other states,” Fisher said. “Iowa’s better rank may be partly a result of Iowa not being home to many CEOs and other top income earners, and partly a result of the state’s lower than average poverty rate.

Among other noteworthy numbers in the report:

- In 17 states — not Iowa — the top 1 percent captured all income growth between 2009 and 2012.
- Iowa was among 22 more states in which the top 1 percent captured more than half of income growth. In Iowa, that share was 65 percent.
- From 1979 to 2007, incomes of Iowa’s bottom 99 percent grew by 23.7 percent, while the top 1 percent saw their incomes more than double (110.5 percent growth).

The report is available at www.epi.org.

The Iowa Policy Project (IPP) is a member of the Economic Analysis Research Network, or EARN. IPP is a nonpartisan, nonprofit public policy analysis and research organization based in Iowa City. Reports are at www.iowapolicyproject.org.

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