



Empire State of Inequality: New York's Growing Wealth Divide

Poverty in the United States is growing.¹ Across the nation, more families struggle to pay for energy bills and school supplies, rent and groceries. Over 25 million workers struggle with partial employment or unemployment. Another 1.3 million Americans have become so discouraged that they've given up job hunting.²

But not everyone worries about putting food on the table. Top earners are doing quite well. They're claiming a greater and greater share of the country's income for themselves, leaving everyone else in the dust.

The trend towards inequality – that is, the trend towards concentrating more of the nation's income in the pockets of elites – has picked up steam. In 2006, the richest ten percent claimed a whopping half the nation's income, surpassing the modern record set in 1928.

This didn't happen naturally. The economy isn't like the

weather, and we don't have to wait for bad times to pass. Inequality is a result of policy choices: dismantling worker protections, deregulating financial industries, and giving tax breaks to the rich at the expense of the many.

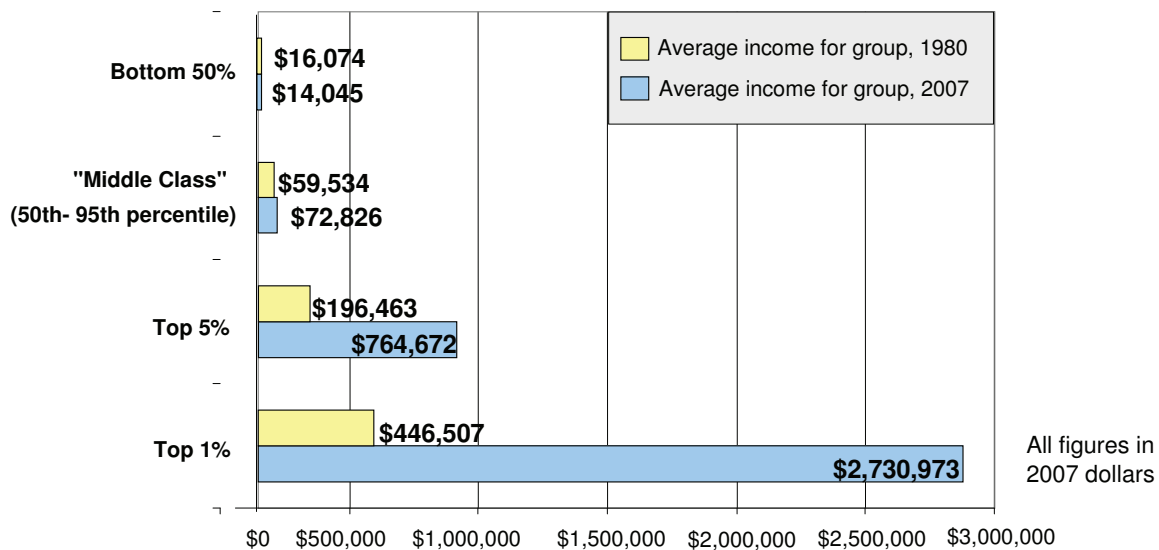
New York State: Number One in Inequality

New York is the most unequal state in the nation. The wealthiest 20 percent earn more than eight times the bottom 20 percent.³

Most Unequal States in the US

1	New York
2	Connecticut
3	Texas
4	Louisiana
5	Mississippi

Change in average New York State incomes by group, 1980-2007



Incomes for the richest one percent of New Yorkers have grown 10 times as fast as incomes for middle-class New Yorkers. Incomes for half of all New Yorkers – the poorer half – are actually lower than they were in 1980.

Source: Fiscal Policy Institute analysis, "Grow Together or Pull Further Apart? Income Concentration Trends in New York"

What does inequality in New York look like? Between 1980 and 2007:

- The average incomes of nannies, dish washers, and other low wage workers – the bottom half of New York earners – actually decreased.
- Middle class households saw a tiny increase of \$13,000 in average incomes.
- The average income of the top one percent skyrocketed, from about \$447,000 to \$2.731 million.

Who's in the top one percent? Tea Party funder David Koch and real estate tycoon Richard Lefrak. Their combined net worth – \$25.8 billion -- equals 460,879 times the median New York State income.

New York City's not all glitz and glam

Manhattan is the most unequal county in the most unequal state in the US. New York City's wealth distribution puts us on par with Honduras.⁴ Symptoms of New Yorkers' financial struggles are evident everywhere:

- The proportion of New York City residents receiving food stamps rose to 17.2 percent from 14.9 percent in 2008.
- The proportion of New York City households paying more than 35 percent of income to rent rose to a stunning 42 percent from 2006 to 2009
- The foreclosure crisis continued to devastate working families, with low income communities of color hit especially hard.⁵

And it's not just New York City that faces big income disparities.

NYS's Most Unequal Counties	
1	Manhattan
2	Westchester
3	Brooklyn
4	Bronx
5	Tompkins
6	Erie
7-14 (tie)	Nassau, Greene, Onondaga, Columbia, Broome, Chemung and Monroe

Income inequality harms everyone

Clearly, the income divide hurts those who struggle to pay the mortgage and buy groceries. But it also harms those who enjoy economic security.

In fact, middle income people in a less equal society are more likely to suffer bad health than middle income people in a more equal society.⁶

Consider this:⁷

- Counties where income inequality was growing the most rapidly showed the greatest increase in bankruptcy filings.
- Declining incomes cause families to move to transit-deprived areas where housing is cheaper, lengthening commute times and increasing pollution.
- Declining incomes hurt families: studies show correlations between divorce and financial distress.

The solutions are clear

New York's elected leaders must:

- Extend the high-end income tax surcharge on New York's wealthiest 3 percent
- Ease low- and middle-income New Yorkers' burdens by implementing an income-sensitive property tax circuit breaker that helps renters and homeowners
- Move the tax burden off the backs of the poor. Reduce state reliance on sales and excise taxes – which take a big bite out of small budgets – and increase rates on the highest incomes.
- Close tax loopholes on corporations.
- Vigorously enforce protections against wage theft, forced overtime and other employer abuses



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Endnotes

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