

Wisconsin Budget Project: Income inequality near record levels

Posted on Tuesday, Aug 8, 2017

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The income gap between the rich and the poor remains near its highest level ever, according to a new report by the Wisconsin Budget Project and COWS at UW Madison. The wide chasm between the very highest earners and everyone else poses hardships for Wisconsin's families, communities, and businesses.

In 2014, 1 out of every 6 dollars of income in Wisconsin wound up in the pockets of the top 1 percent of earners. The top 1 percent of earners had income of \$335,000 or higher in 2014. The top .01 percent in Wisconsin – the top 1 out of 10,000 – had incomes of at least \$6.5 million. The share of income going to the top 1 percent in Wisconsin has more than doubled since the 1970s.

“Everyone in Wisconsin deserves the opportunity to succeed if they work hard,” said Tamarine Cornelius of the Wisconsin Budget Project. “But when nearly all the income gains go only to a select few, too many Wisconsin families are deprived of their shot at achieving their full economic potential.”

Key findings of the report include:

- Between 1979 and 2014, the average income of the top 1 percent in Wisconsin grew over 130 percent, while the average income of the remaining 99 percent grew by only 9 percent.
- The top 1 percent in Wisconsin had an average income of \$933,000 in 2014, more than 19 times the average income of the remaining 99 percent.
- The gap is even wider at the national level, with the top 1 percent making 27.4 times as much as the average income of the 99 percent.
- The top .01 percent in Wisconsin – the top 1 out of 10,000 – took home 3.4 percent of total income in Wisconsin and had an average income of \$19.2

million.

Income inequality in Wisconsin continues to grow after the Great Recession. Between 2009 and 2014, the top 1 percent in Wisconsin claimed 25.7 percent of total income growth. The average incomes of the top 1 percent grew by 17.5 percent during this period, compared to just 9.2 percent growth in the average income for the remaining 99 percent.

The report outlines a number of strategies for mitigating the effects of growing income inequality:

- Raising the minimum wage to give a boost to the lowest-paid workers and strengthen labor standards.
- Building the skills and education of Wisconsin's workforce by investing in technical colleges and improving the connections between training and employment.
- Supporting working families. Paid family leave and sick time will help more Wisconsin residents succeed in the workforce, as will a strong child care system and improvements to tax credits for working families.
- Removing unrealistic Wisconsin Shares work hours requirements. Hours requirements do not make sense given the proliferation of jobs with unpredictable schedules. These rules prevent low-wage working parents from receiving child care subsidies provided by the state.
- Ensuring that workers have access to affordable health care.
- Making state taxes more equal across income groups. People with high incomes should pay at least as much taxes relative to income as people with lower incomes do.
- Easing driving suspensions that create barriers to work for people who are unable to pay state or local fines.

"Building more broadly shared prosperity is possible," said Laura Dresser of COWS. "But it requires attention and policy focused consistently on promoting equity and opportunity."

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The full Wisconsin report is available [here](#). This analysis is based on figures in *Income inequality in the U.S. by state, metropolitan area, and county, 1917-2014*, developed by Estelle Sommeiller, Mark Price, and Ellis Wazeter for the Economic

Analysis and Research Network.

[COWS](#) is a research and policy center based at the University of Wisconsin-Madison dedicated to improving economic performance and living standards in the state. The [Wisconsin Budget Project](#), which is an initiative of [Kids Forward](#), is a nonpartisan research group focusing on tax and budget policy.