

News

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W.Va. income gap is among widest **State's poorest see earning fall since late 1990s**

By **Tara Tuckwiller**
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The richest West Virginians are pulling away from the poor - and the middle class - faster than in the rest of the United States, according to a new study by two Washington, D.C., nonprofit groups.

West Virginia's poorest families have seen their income decline by more than \$1,000 since the late 1990s, after adjusting for inflation.

"That's not surprising," said Ted Boettner, executive director of the nonprofit West Virginia Center on Budget and Policy. "The lack of wage increases in West Virginia is just dramatic.

"The typical worker in West Virginia makes almost \$1 less per hour today than 30 years ago," after adjusting for inflation, he said.

The study, "Pulling Apart," by the Economic Policy Institute and the Center on Budget and Policy Priorities, looked at income data dating back to the late 1980s.

The study found that during the late 1990s, incomes grew for both rich and poor. But the 2001 economic downturn ended that. Incomes stagnated or fell for poor and middle-income families, but rich families recovered - partly thanks to the federal tax cuts of the early 2000s, the report states.

With recession looming again, there are already signs that low- and middle-income families will be hit hard, said Elizabeth McNichol, senior fellow at the Center on Budget and Policy Priorities, who co-authored the report.

"The combination of slow growth, and low wages at the bottom end, and inflation picking up [are] signs we're seeing now," she said.

And last week, the U.S. Department of Labor reported unemployment is up. "That's going to hit people at the bottom," McNichol said.

In West Virginia, the study found:

- The income gap between West Virginia's richest and poorest families grew faster than in all but seven other states since the 1990s.
- Only Alabama's poor are poorer than West Virginia's. The bottom 20 percent of families here earns an average of \$13,941 a year.
- Only Arkansas' and Mississippi's middle class earn less than West Virginia's. The middle 20 percent of families here earn an average of \$40,976 per year.

Although West Virginia's per capita income has gone up, Boettner said, workers still earn less per hour than 30 years ago, adjusted for inflation.

"They're keeping up their incomes - by working a whole lot more," he said. "More women are working, and people are working longer hours."

The study accounted for inflation, federal taxes, food stamps, subsidized school lunches, housing vouchers, Social Security and welfare - but not for capital gains, which usually go to the wealthy.

"That means the gap [between rich and poor] is probably much wider" than the study shows, Boettner said.

Some states have managed to cushion the blow to the poor, McNichol said. For example, some states have their own minimum wage which is higher than the federal minimum wage. Others cut sales taxes, which the report says disproportionately hurt the poor. Twenty-three states offer an earned-income tax credit to the poorest workers, similar to the federal earned-income credit.

"The earned-income credit really rewards people who are working," Boettner said. "There are tools available to state lawmakers to help curb this growing inequality."

The report is available at the Center on Budget and Policy Priorities' Web site, www.cbpp.org.

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