



NEWS RELEASE

FOR IMMEDIATE RELEASE: Revised July 23, 2004

CONTACT: Ed Lazere 202-408-1080

INCOME GAP IS WIDER IN DC THAN IN ANY OTHER MAJOR U.S. CITY, NEW STUDY FINDS

The gap between high-income and low-income households in the District of Columbia is wider than in any other major U.S. city, according to a new analysis of Census data by the DC Fiscal Policy Institute. The study found that the average income of the top fifth of DC's households equaled \$186,830 in 1999. This was 31 times higher than the average income of the bottom fifth of households —\$6,126.

While Atlanta and Miami have income gaps similar to DC's, income inequality is much less pronounced in most other cities. In the typical city in the analysis — which includes central cities of the nation's 40 largest metro areas — the income of the top fifth of households is 18 times the income of the bottom fifth.

The study found that the income of the top fifth of households in DC was higher than in all but two cities (San Francisco and San Jose). At the same time, the average income of the bottom fifth of DC households was lower than in 27 of the 40 cities.

Income inequality widened in the District in the 1990s. The average income for the top fifth of DC households grew 36 percent during this period, adjusting for inflation, while the average income of the bottom fifth of households rose just three percent.

Cities with Widest Income Gaps

Table with 5 columns: Rank, City, Avg Income Bottom Fifth of Households In 1999, Avg Income Top Fifth Of Households In 1999, Top-to-Bottom Ratio. Lists 10 cities including Washington, DC, Atlanta, GA, Miami, FL, etc.

“Stark poverty alongside stunning wealth in the District of Columbia is a serious cause for concern,” said Angie Rodgers, a policy analyst at the DC Fiscal Policy Institute and an author of the study. “The wave of economic progress is bypassing many DC residents.”

The District's substantial high-income population is, in many ways, good news. It strengthens DC's tax base and suggests that the city is an attractive place to live. At the same time, the increase in incomes at the top has led to gentrification and rising home prices in many parts of the city, leaving low-income residents with fewer affordable housing options. Other Census data show that DC's poor residents are increasingly living

in high-poverty neighborhoods, which tend to have higher crime rates and poorer quality schools, and often are far from employment centers.

The study also found that DC's substantial low-income population partly reflects the fact that an especially large share of the Washington metropolitan area's low-income households live in the city. The DC poverty rate in 1999 — 20.2 percent — was 3.5 times higher than the 5.8 percent poverty rate in the metro area's

suburbs. This city-suburban poverty gap was higher than in all but eight other large metropolitan areas. Because the District is a separate jurisdiction from the Maryland and Virginia suburbs, the costs of providing services to low-income residents are not shared across the metro area.

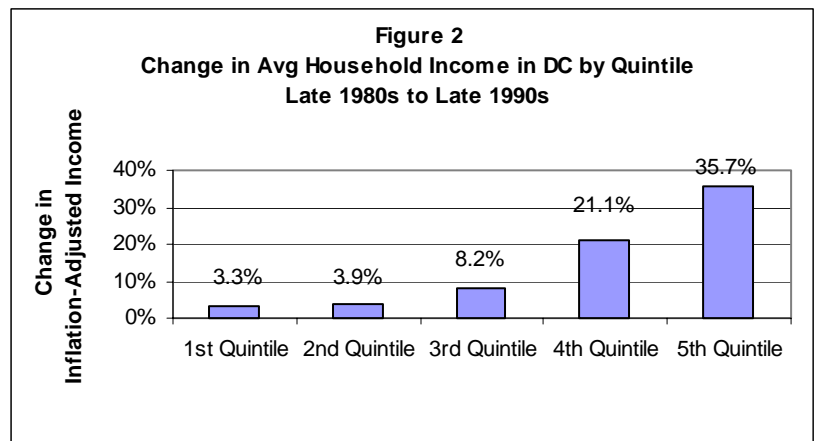
The analysis identifies several steps that the District could take to reduce income inequality, in addition to policies that have been adopted already such as the DC Earned Income Tax Credit. The policy recommendations include:

- increasing the minimum wage;
- adopting a “living wage” requirement;
- using economic development programs to promote creation of good-paying jobs;
- expanding child care and other supports for low-wage workers; and
- increasing public assistance benefits for families that are not able to work or are preparing to enter the work force.

The DCFPI analysis concludes with a cautionary note about current efforts to increase the District’s population by 100,000 over the next decade. If successful, these efforts could spur further gentrification and displacement of low-income residents if they are not coupled with policies to reverse the trend of falling or stagnant incomes for the poorest residents.

“The District cannot rely on continued economic expansion alone to reduce income inequality,” said Ed Lazere, DCFPI’s executive director. “Income inequality in DC will widen further as the city's economic revival continues unless there are efforts to provide greater opportunities to existing low-income residents.”

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The [DC Fiscal Policy Institute](#) conducts research and public education on budget and tax issues in the District of Columbia, with a particular emphasis on issues that affect low- and moderate-income residents.