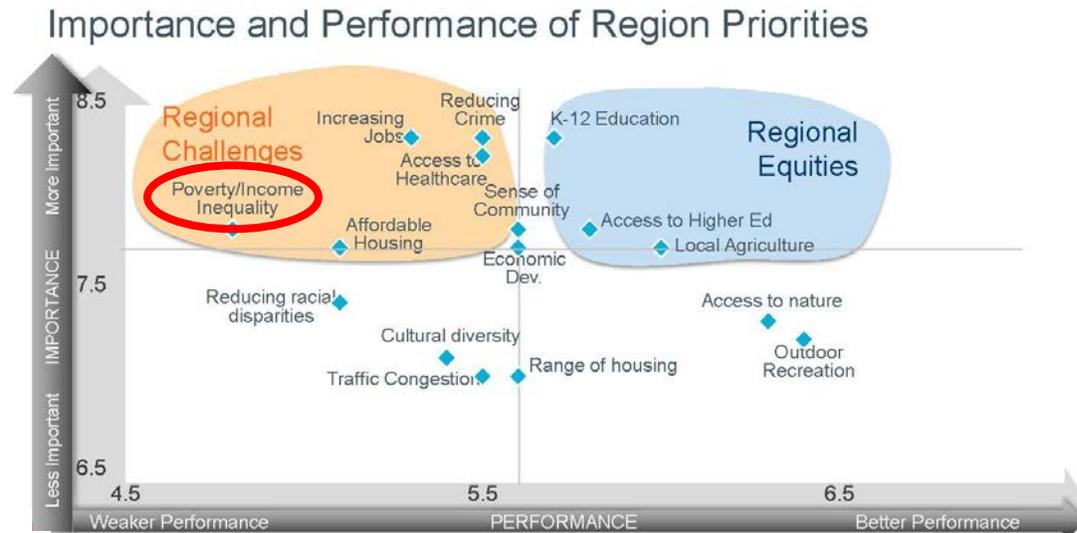


Income Inequality in Greater Madison: How Does the Region Fare Now and What Will Growth Bring in the Future?

A Greater Madison Vision seeks to develop a vision and plan for the future because *How We Grow Matters* [LINK]. The initiative kicked off efforts a couple years ago with a regional “values” survey. People told us that poverty and income inequality were among the region’s top concerns.



Survey respondents ranked issues on the basis of relative importance and performance (how well the region overall was doing in addressing the issues)

A recent [study](#) by the Brookings Institute sheds some light on how the Madison area compares to other areas when it comes to income inequality. The study examined household income data to measure and compare levels of income inequality in the 100 largest U.S. cities and metro areas in 2014 and 2016.

Researchers looked at the ratio between households with income at the 95th percentile of distribution (i.e. where only 5 percent of households earn more) and the 20th percentile (i.e. where 20 percent of households earn less). A ratio of 10 means that households with incomes at the 95th percentile earn 10 times as much as those at the 20th percentile.

They found that more cities saw declines in income inequality from 2014 to 2016 than saw increases. However, at the larger metropolitan level, increases in income inequality outnumbered declines.

How does Madison stack up?

Pretty well by this measure of household income disparities. The City of Madison had the 12th lowest inequality ratio in 2016 among the 100 largest cities. In that year, Madison households at the 20th percentile had incomes of \$26,383, while those at the 95th percentile had incomes of \$206,109. Both the city’s ratio and rank improved from 2014.

Madison	2014 Ratio	2014 Rank	2016 Ratio	2016 Rank
City	8.5	20	7.8	12
Metro	7.4	14	7.1	6

The four-county Madison metropolitan area (Columbia, Dane, Green, and Iowa counties) fared even better, relative to other areas. In 2016 the Madison metro region had the 6th lowest ratio of income inequality, an improvement from 14th place two years earlier.

Problem Solved?

In a word, no. First, the short-term national comparison masks larger national and long term trends towards increasing inequality. While Madison compared favorably, a gap of \$179,726 between households at the 20th and 95th income percentiles is nothing to celebrate. And second, this measure of inequality does not reflect racial disparities. By that measure, Madison typically performs near the bottom of national rankings. Survey respondents in Dane County ranked racial disparities as one of the area’s key regional challenges.

Gaps in access to opportunity and economic outcomes by income and race will likely continue to be key concerns for people in Greater Madison. How we grow – how and where the 160,000 additional people along with houses, roads, businesses and more – could help reduce or increase inequalities. The choices will be up to us. Go to AGMV.vision to learn more.