



Income Inequities

Income, Wealth, Mobility, & Economic Security

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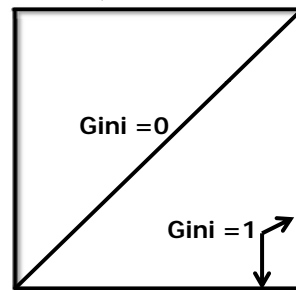
Outline for today

- ^ Income patterns**
- ^ Wealth patterns**
- ^ Economic mobility**
- ^ Issues to consider**
- ^ Caveat: some data don't capture the recession**



How do we measure inequality?

- ▲ Shares of income by quintile
 - Bottom 20%, next 20%, etc.
- ▲ Gini coefficient
 - Number between 0 and 1; lower is more equality
- ▲ Consider transfers
- ▲ Effect of taxes



Sources of inequality

- ▲ Degree of urbanization
- ▲ Skill distribution
- ▲ Education
- ▲ Immigration

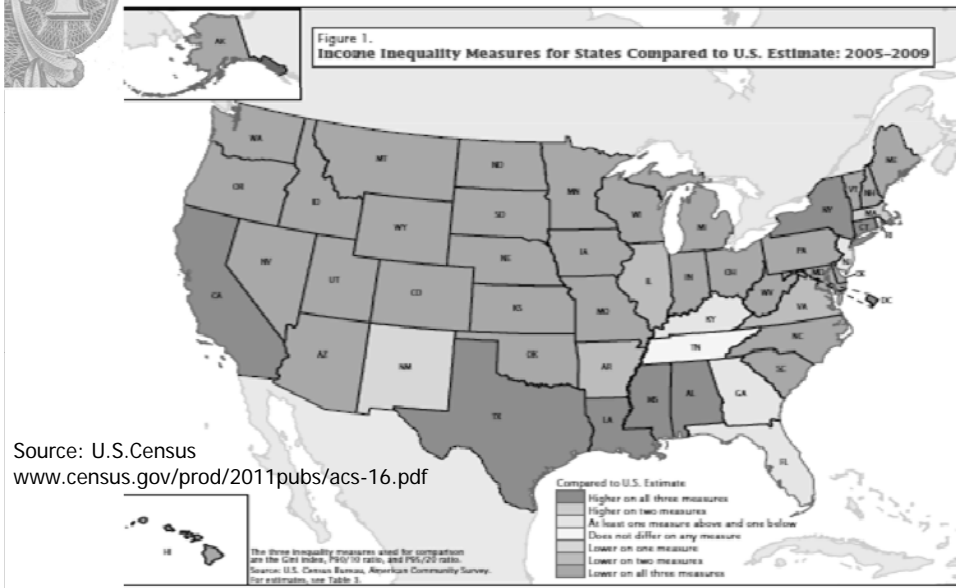


Consequences of inequality

- ▲ Local economic growth lags
 - Slower income & population growth
- ▲ Crime rates
- ▲ Satisfaction & happiness



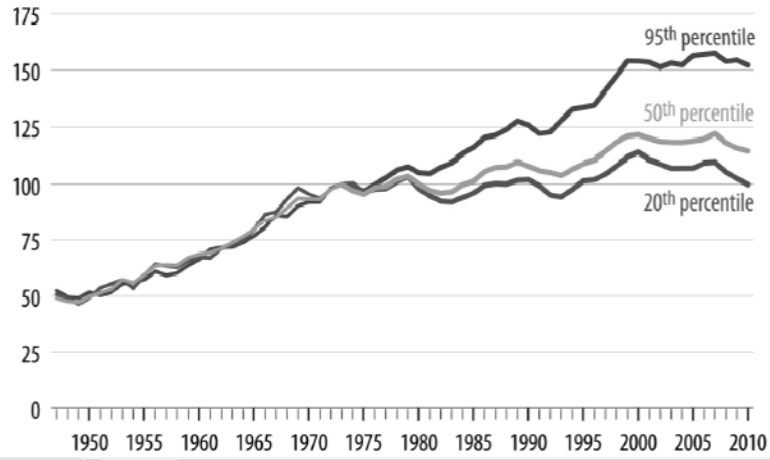
How does NM fare?





Income trends

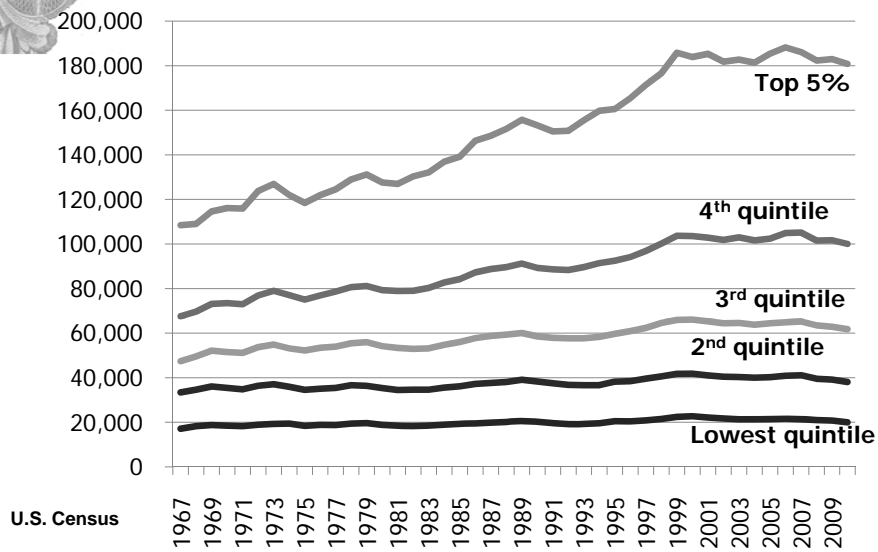
Index of real family income at select percentiles each year (as a percent of 1973 level)



Source: U.S. Census Bureau



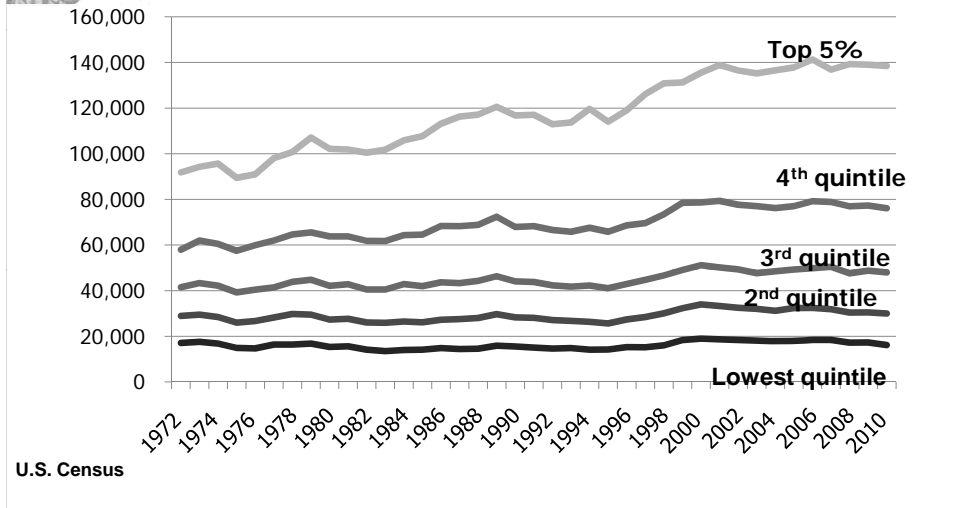
Income trends – all households (2010 constant \$)



U.S. Census



Income trends for Latinos (2010 constant \$)

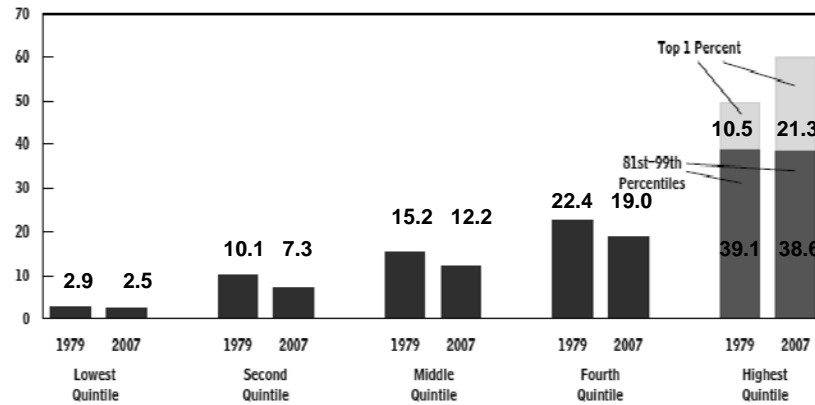


Income distribution

Summary Figure 2.

Shares of Market Income, 1979 and 2007

(Percent)



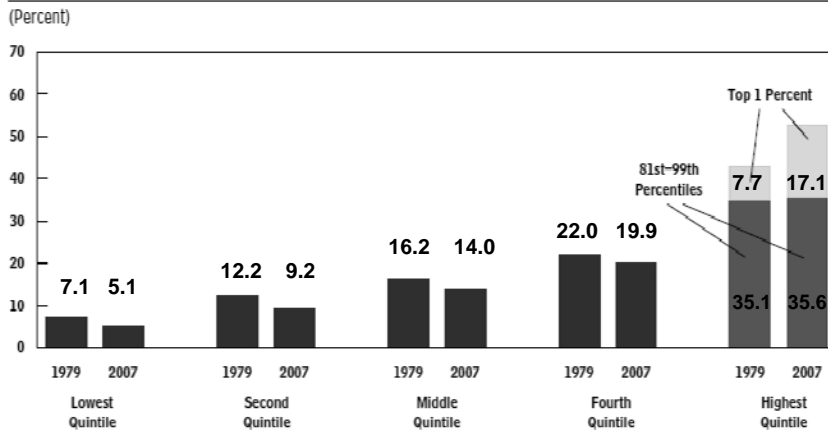
Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



Income distribution

Summary Figure 3.

Shares of Income After Transfers and Federal Taxes, 1979 and 2007

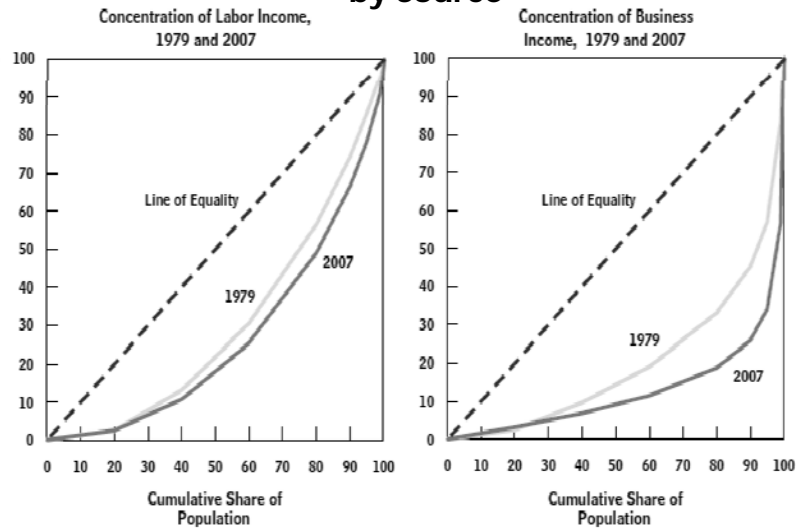


Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



Income concentration

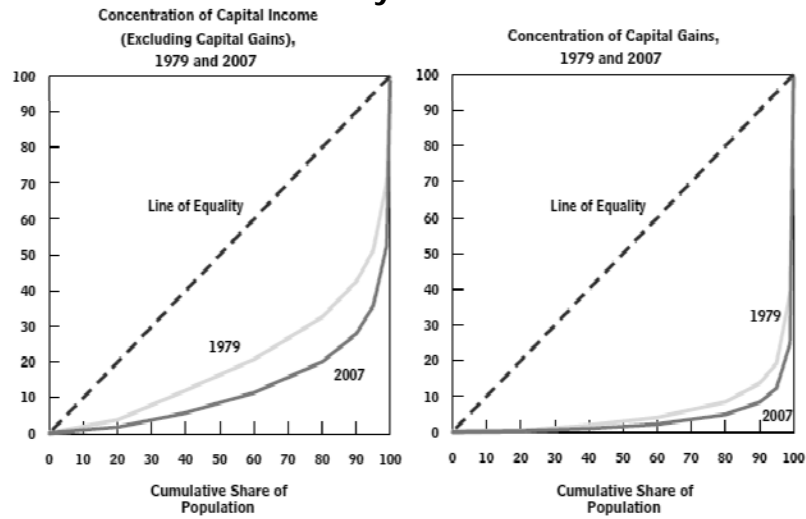
by source



Source: Congressional Budget Office , <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



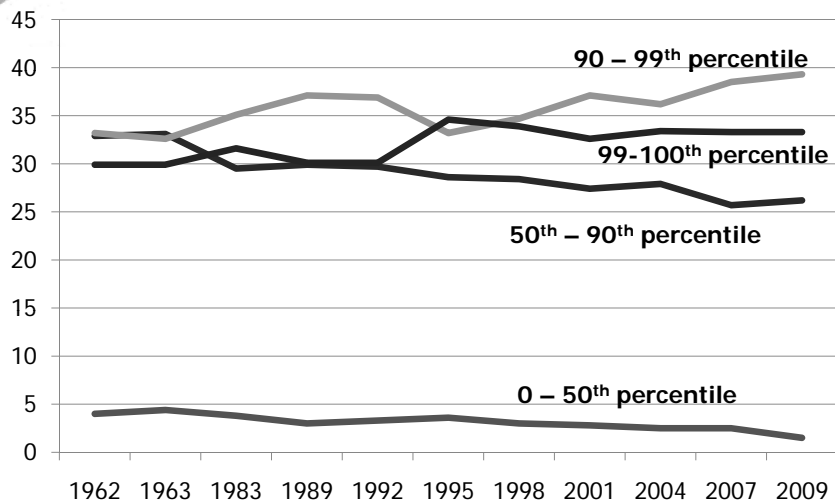
Income concentration by source



Source: Congressional Budget Office, <http://www.cbo.gov/ftpdocs/124xx/doc12485/10-25-HouseholdIncome.pdf>



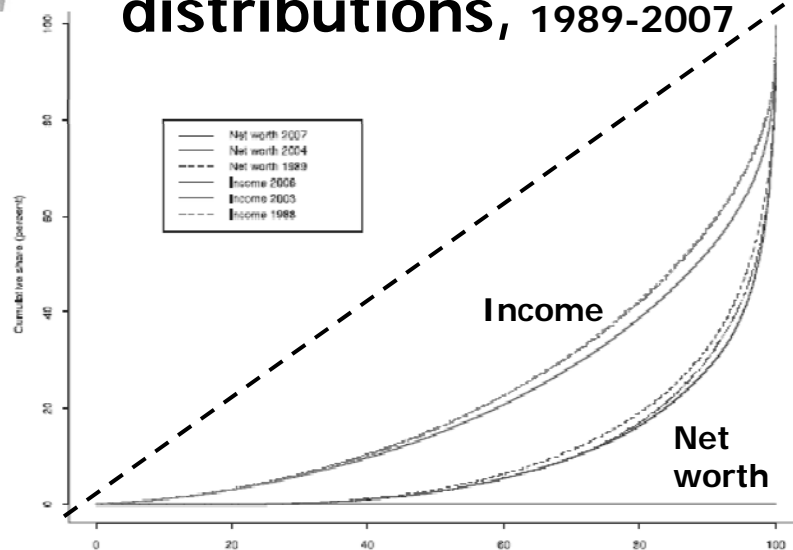
Wealth trends shares of wealth by percentile



Source: Survey of Consumer Finances



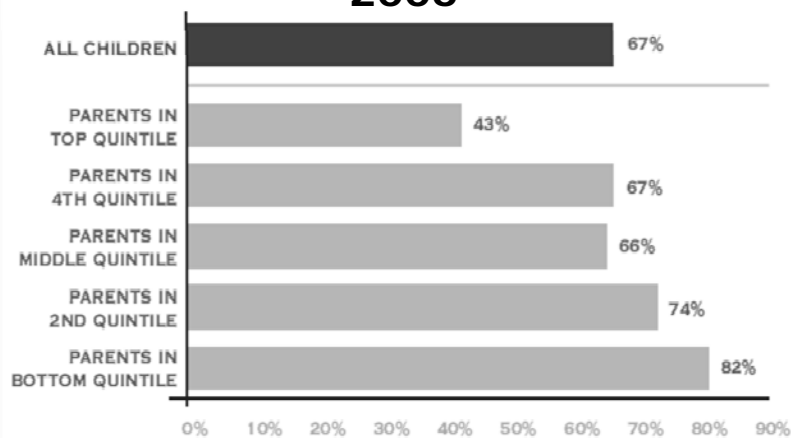
Income & net worth distributions, 1989-2007



Source: FEDS paper,
<http://www.federalreserve.gov/pubs/feds/2009/200913/200913pap.pdf>



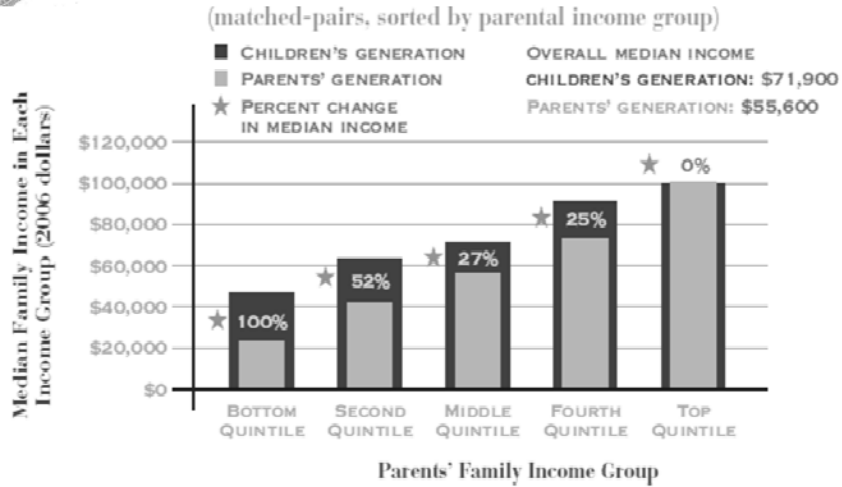
Children with family income above parents 2006



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



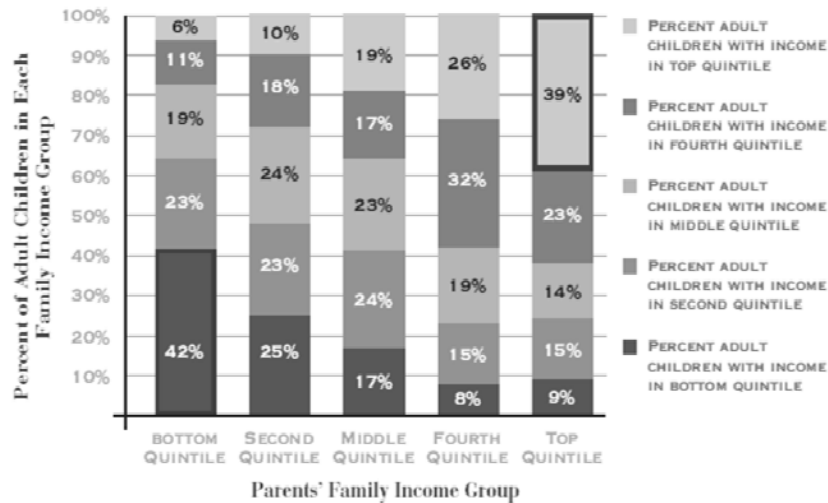
Changes in median family income by generation (2006)



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



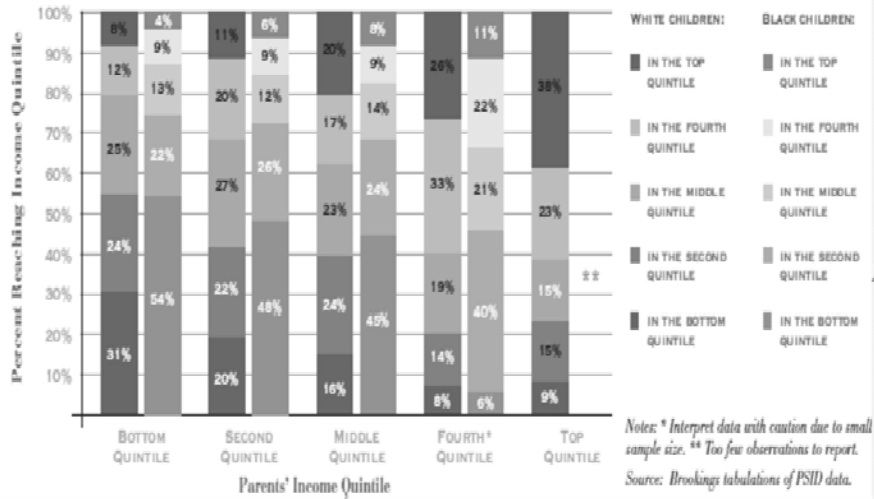
Children's income by parent's income (2006)



Source: Pew Economic Mobility Project,
http://www.economicmobility.org/assets/pdfs/EMP_FamiliesAcrossGenerations_Chapter1.pdf



Changes in income by parents' income & race (2006)



Source: Pew Economic Mobility Project, http://www.economicmobility.org/assets/pdfs/EMP_BlackandWhite_ChapterVI.pdf



How much income does it take?

Basic Economic Security Tables (Workers with Employment-based Benefits)	
New Mexico	
Monthly Expenses for: 2 Workers, 1 Preschooler, 1 Schoolchild	
Housing	\$503
Utilities	\$115
Food	\$698
Transportation	\$912
Child Care	\$1,066
Personal & Household Items	\$355
Health Care	\$478
Emergency Savings	\$120
Retirement Savings	\$20
Taxes	\$744
Tax Credits	-\$305
Monthly Total (per Worker)	\$2,353
Annual Total	\$56,472
Hourly Wage (per Worker)	\$13.37
Additional Asset Building Savings	
Children's Higher Education	\$35
Homeownership	\$102

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Basic Economic Security Tables (Workers with Employment-based Benefits)	
New Mexico	
Monthly Expenses for: 2 Workers, 3 Teenagers	
Housing	\$631
Utilities	\$145
Food	\$953
Transportation	\$912
Child Care	\$0
Personal & Household Items	\$466
Health Care	\$558
Emergency Savings	\$100
Retirement Savings	\$20
Taxes	\$489
Tax Credits	-\$334
Monthly Total (per Worker)	\$1,970
Annual Total	\$47,280
Hourly Wage (per Worker)	\$11.19
Additional Asset Building Savings	
Children's Higher Education	\$53
Homeownership	\$170

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Source: Wider Opportunities for Women, www.wowonline.org/documents/BasicEconomicSecurityTablesIndexforNewMexico2010_000.pdf



How much income does it take?

Basic Economic Security Tables (Workers with Employment-based Benefits)	
Bernalillo County, NM	
Monthly Expenses for: 2 Workers, 1 Preschooler, 1 Schoolchild	
Housing	\$640
Utilities	\$141
Food	\$687
Transportation	\$911
Child Care	\$1,147
Personal & Household Items	\$396
Health Care	\$478
Emergency Savings	\$130
Retirement Savings	\$13
Taxes	\$850
Tax Credits	-\$313
Monthly Total (per Worker)	\$2,540
Annual Total	\$60,960
Hourly Wage (per Worker)	\$14.43
Additional Asset Building Savings	
Children's Higher Education	\$30
Homeownership	\$157

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Basic Economic Security Tables (Workers with Employment-based Benefits)	
Bernalillo County, NM	
Monthly Expenses for: 2 Workers, 3 Teenagers	
Housing	\$933
Utilities	\$205
Food	\$939
Transportation	\$911
Child Care	\$0
Personal & Household Items	\$560
Health Care	\$558
Emergency Savings	\$116
Retirement Savings	\$13
Taxes	\$648
Tax Credits	-\$317
Monthly Total (per Worker)	\$2,283
Annual Total	\$54,792
Hourly Wage (per Worker)	\$12.97
Additional Asset Building Savings	
Children's Higher Education	\$45
Homeownership	\$262

Note: "Benefits" include unemployment insurance and employment-based health insurance and retirement plans.

Source: Wider Opportunities for Women, www.wowonline.org/documents/BasicEconomicSecurityTablesIndexforNewMexico2010_000.pdf



Financial capability metrics

	New Mexico	U.S.
Overdraw checking account	33%	26%
Late more than once with mortgage	18%	13%
Paid late fee for credit card	30%	26%
Don't have emergency fund	65%	60%
Used payday loan, pawn	31%	24%



Issues to consider

- ^ **Links between education, jobs, and income**
- ^ **Role of transfers & taxes**
- ^ **Benefits: healthcare & health insurance, retirement plans**
- ^ **Family stability, number of earners**
- ^ **Financial capability to optimize resources**



Questions?

Thank you!

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