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The state of income inequality: Yakima County's top 1% makes 20.3 times more than the other 99%

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Yakima County ranks third in the state for worst income inequality, with the top 1 percent of income earners making 20.3 times more than income earners in the bottom 99 percent.

Typically, high income inequality occurs because the top 1 percent in a given area have incomes that are substantially higher than the bottom 99 percent. Yakima's numbers tell a different story.

"Yakima County has higher income inequality because for a big chunk of population, income is very low," labor economist Mark Price said. "The top

1 percent is a little less affluent, but the bottom 99 is a lot less affluent."

Price co-authored "The New Gilded Age," an Economic Policy Institute report that analyzed 2015 tax data recently released by the Internal Revenue Service.

The report shows that the average annual income of top 1 percent earners statewide is $1,383,223, while the bottom 99 percent earners' average income is $57,100.

In comparison, the average annual income of the top 1 percent in Yakima County is $802,384 while the bottom 99 percent's average income is $39,613.

The Yakima metro area, which has the same boundaries as the county, ranks third in the state for worst income inequality: top income earners make 20.3 times more than what income earners in the bottom 99 percent make.

The area is passed only by two others, the Portland-Vancouver-Hillsboro metro area and the Seattle-Tacoma-Bellevue metro area where top 1 percent income earners make 20.6 and 24.7 times more than bottom 99 percent, respectively.

The only metro area in the state where the bottom 99 percent report lower average annual income than Yakima is Aberdeen at $33,348. However, that area's income inequality is much lower, with the top 1 percent making only 12.5 times more.

While income inequality itself is problematic, it also leads to other issues, said Jennifer Romich, director of the West Coast Poverty Center at the University of Washington.

"Income inequality is linked to inequality in other areas: health, education, opportunity," Romich said. "Research shows high inequality is bad for collective well-being; it's also contrary to the American belief in fundamental equality."

Price said that research shows that the income disparity especially affects children of low-income families. He said those kids who are otherwise high achievers don't have the resources to pursue their goals as children of high-income families do.

"When you miss an opportunity to invest in someone's skills, you miss the ability for them to create the next Excel or Microsoft Office or new product or become a phenomenal surgeon," Price said.

Price said income inequality is a statewide and nationwide problem. The state fares better than the U.S. average; statewide, the top 1 percent earn 24.2 times more than the bottom 99 percent, compared to 26.3 nationwide.

However, while the state does report lower numbers than the nationwide average, it still was ranked number 10 for worst income inequality in the country and shows a pattern of increasing the gap over time.

Statewide, top income earners in Washington state make more than 20 times what income earners in the bottom 99 percent make — taking home about a fifth of income in the state.

That number is more than twice what it was in 1973, when top income earners were taking home 8.3 percent of income in the state.

The Economic Policy Institute is a Washington, D.C.-based think tank that describes itself as nonpartisan. With about 29 percent of its funding coming from unions, it is viewed as left-of-center, according to a website that checks for bias.

Some organizations have pushed back against using income as an indicator of economic equality. The Cato Institute, a libertarian D.C. think tank, published a 2018 report arguing that official income statistics may not accurately reflect changes in economic well-being.

"Income typically fluctuates more than economic well-being because people can save when income is temporarily high and borrow when it is temporarily low," the report reads. "Consequently, income provides a narrow, short-term view of how well-being has changed."

The report said those official statistics do not account for taxes, transfers and consumption of durables such as housing and cars.