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Texas leads nation in upper and middle income gap

Poor health insurance and low education levels are to blame, say analysts

By [Asher Price](#), [Claire Osborn](#)
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Texas leads the country in the income gap between upper- and middle-class families, and it comes in second in the gap between those with the highest incomes and those with the lowest, according to a study released Thursday.

The top fifth of Texas families had average incomes of \$118,971, or 2.9 times as large as the average income of the middle fifth of families, which made about \$41,015 a year.

The top fifth of Texas families also made about 8.1 times as much as the bottom fifth of Texas families, who made about \$14,724 a year; only New York had a wider gap. The report, published by the Center on Budget and Policy Priorities and the Economic Policy Institute, both nonpartisan Washington think tanks, uses census data compiled from 2001 through 2003.

"The income gap in most states is like a gully," said Don Baylor, a policy analyst with the Center for Public Policy Priorities, which is dedicated to improving conditions for low- and middle-income Texans, "yet in Texas it looks more like a canyon."

The study showed that income has risen much faster among wealthier Texans than poorer residents over the past 20 years.

"While the United States is thought of as the land of opportunity, there is less income mobility than is usually

assumed," said Elizabeth McNichol, a senior fellow at the Center on Budget and Policy Priorities.

The study's authors recommend raising the minimum wage, broadening health insurance coverage and making more state money available for education.

Those solutions "exacerbate the problem," said Michael Quinn Sullivan, vice president of the Texas Public Policy Foundation, an Austin-based free-market think tank. Trying to "make everyone equal by compressing them downwards doesn't work. When you suppress the economy that limits job growth, and that hurts the people at the margins. The way to improve everyone's lot is to let the market work."

About a quarter of the families who live in the Austin-San Marcos metro area make more than \$100,000 a year, compared with 18 percent statewide, according to a comparable but different census data set. About 20 percent have an income of less than \$30,000, compared with 30 percent statewide.

But the cost of living is higher in Austin. Although the federal poverty guideline in the U.S. for a family of four was \$19,350, it takes more than twice that amount for a family of the same size to meet basic needs in Austin, said Beth Atherton, director of Caritas, which helps homeless and low-income people.


Analysts said the Texas income gap is due to low education levels among the work force and the state's transition from a manufacturing to service economy. They said Texas' influx of immigrants from Mexico plays into the income gap insofar as many are underpaid.

The middle class, Baylor said, "is really just struggling to get by, not to mention save for the future or send their children to college. The middle class is being squeezed and left behind at the same time."

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