Data Hit

California Budget & Policy Center

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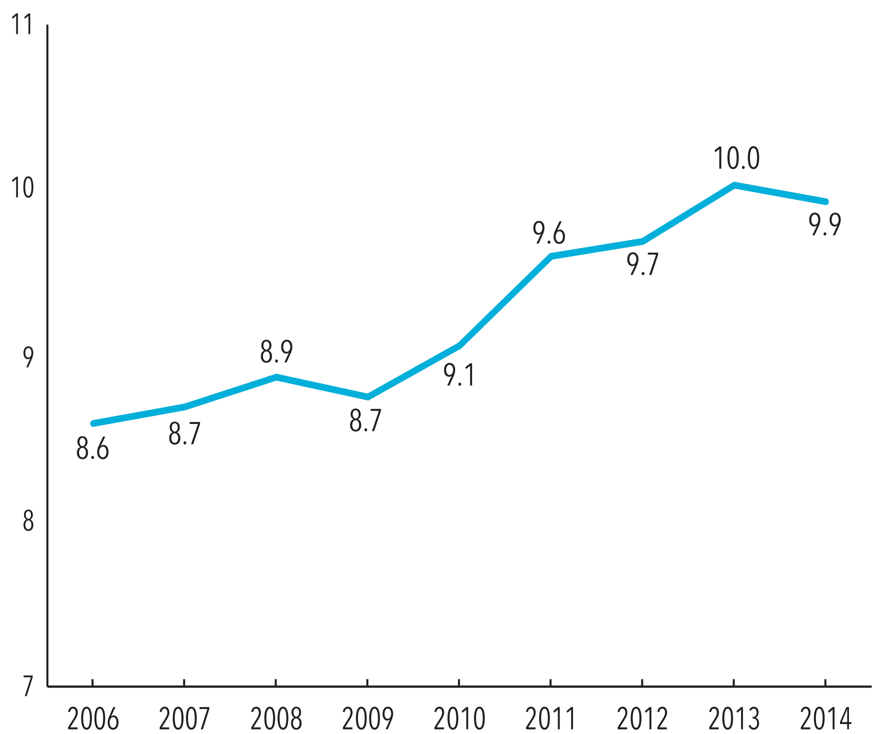
The Gap Between California's High- and Low-Income Households Stopped Widening in 2014

Ratio of 95th Percentile Household Income to the 20th Percentile Household Income



Note: The change in the 95/20 ratio from 2013 to 2014 was not statistically significant.
Source: US Census Bureau

- **A widely used measure of income inequality shows that the gap between California's high-income and low-income households stopped widening last year.** In 2014, a household at the 95th percentile of the income distribution ($243,843 in annual income) had 9.9 times more income than a household at the 20th percentile ($24,563 in annual income). This ratio – also called the "95/20 ratio" – was down slightly from 10.0 in 2013, but this decline was not statistically significant.

- **Despite last year's moderation, the 95/20 ratio remains much higher than before the Great Recession began.** The 95/20 ratio was 8.6 in 2006, and it grew one-sixth by 2013.

- **State policy can better ensure that households at all income levels benefit from economic growth.** The right public policies can help ensure that economic gains are broadly shared. These could include boosting the state's minimum wage, combatting wage theft, and expanding access to training programs and higher education.

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