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## Income gap between rich, poor widens

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By Hayley Graham Health and Environment Reporter

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It's a sign of the tough economic times.

People of all income levels have been requesting discount prescription cards from the United Way of Kankakee County.

United Way Executive Director Greg Carrell said more people who once considered the agency's services unnecessary are using them to save money.

"There certainly seems to be a tightening with people looking for every way they can to stretch that dollar," he said.

People are looking for more help, when the places that normally offer it have less to give.

At Catholic Charities the demand for assistance is up 10 percent since last year and the requests are coming from people who never thought they would need charitable help.

People need help with rent, mortgage and utilities, said Greg Harris, director of community services for Kankakee, Iroquois and Ford counties.

"That's very difficult for families who have never been in this situation before," he said.

As a result the agencies "have to make some tough choices ... You have to make the decision of what level of help do you provide," Harris said. "You still may be helping, but you may be helping at a lesser level."

### Economy and the gap

The numbers are clear. As the economy erodes, so does the gap between the rich and poor, which has widened further than it has been in decades.

Income inequality in the United States has been growing in the last 30 years, but since 2002 it hit historically high levels, according to a report on income inequality released this summer by the Center on Budget and Policy Priorities.

In 2006, the average pretax income climbed 5.8 percent, or \$60,000, for the top 1 percent of U.S. households. But income rose just 1.4 percent, or \$430, for the bottom 90 percent, the report says. Income increased by \$1.8 million for the top one-tenth of 1 percent of households.

The analysis of Internal Revenue Service data shows that in 2006, the amount of the country's income flowing to the top 1 percent and top 0.1 percent of households was higher than any year since 1928.

This was the fourth consecutive year that income gains for the nation's wealthiest far outpaced the rate for the rest of the population, the report shows.

But what that means is those who aren't part of the upper brackets are looking for ways to make ends meet.

Bradley West Elementary School teacher Lori Peters never considered using United Way, but decided the discount prescription card would help with her monthly \$1,000 out-of-pocket medication expenses.

Peters, of Bourbonnais, said soaring health care costs are her biggest burden.

"Every time you think you're saving, it goes out somewhere else," she said. "What you would normally be able to save is dissolving in front of your eyes."

### But why?

Chye-Ching Huang, one of the report's authors, said the

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spike could be caused by a number of factors. But one is that most of the population has not recovered from the dot-com bust and the 2001 recession, she said.

"Historically, in recoveries, everybody has been getting a share of the economic gain," Huang said. "Because the bottom of the population has not gained a lot from this past economic recovery, that's putting people in a worse position for the economic downturn."

Taxes have also contributed. Since cuts in 2001-2003, Huang said the tax system has not been pushing back against the disproportionate income flow to the top, as it usually does.

Add to that the type of jobs available and the gap is further explained.

In northeastern Illinois one-third of the job growth is in the low-paying service sector, said Amy Rynell, director of the Heartland Alliance Mid-America Institute on Poverty. Workers who a decade or two ago were making \$25 an hour in production and factories -- which have closed or sent production overseas -- are now working in the service sector making about \$8 an hour.

"We're living in an era where CEO pay is so much greater than worker pay, and as productivity increases, that money is being filtered up and not back down to workers," Rynell said.

The poorest families' incomes have increased \$145 a year over last two decades, increasing from \$15,000 a year to \$18,000. Had their income risen with inflation they would be seeing an increase of \$30,000, she said.

#### **Not as far a stretch**

Carrell said phone calls to the United Way for assistance have quadrupled since June. A majority of people are asking about the FamilyWize prescription card which is available to anyone and can cut most drug costs by 20 percent.

"I really think that has a lot to do with (economic pressures)," he said.

Anyone is eligible for a card; however, it cannot be used on prescriptions already covered by an insurance drug card. "A 20 or 10 percent savings is a huge difference for us because our prescription costs are huge each month," Peters said.

Still, it's not enough. Funds that may have lasted one year only go as far as eight months in some cases at Catholic Charities. With prescriptions, Harris said, where they could fully pay for them in the past, they may now only cover half. "These are difficult times for both our clients and the agencies trying to serve them," he said.

Since most people did not benefit as much from the past good business cycle, they have less of a cushion to fall back on, said Dan Lesser, a senior attorney at the Chicago-based Sargent Shriver National Center on Poverty Law. And the reduction in funding for training and assistance programs in Illinois, has created a greater struggle.

"We don't have the same kind of safety net and skills training programs we used to have, making it harder for people to bounce back," Lesser said.

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#### **Comments**

6 comments on this article

Posted by **Commoncent** at 12:45PM on Monday, 9/8/08

I think it is sad the way things are going. I work downtown and the only well paying jobs are for the professionals such as accountants, lawyers, doctors and etc. Then the only other jobs available are the jobs for people that serve those people. Everyone in my office loves Salad Creations. A person that works at salad creation probably would have to work two hours in order to afford a meal.

Posted by **JFL200** at 4:39PM on Monday, 9/8/08

The answer is education, commoncent. You solved the "problem" yourself. Look at the people you named. They spent money on their Education and now reap what they have sown.

It is sad that those you mentioned are the ony "primary jobs" locally. Service jobs, highly touted locally as job creation, do not cut the mustard with disposable income. It takes two of these type of jobs just to pay for essentials. I didn't support ths "sucking sounds" fo NAFTA and other American jobs give aways, did you?

Posted by **bushman** at 4:55PM on Monday, 9/8/08

The type of jobs you cite, Commoncent, are entry level jobs, never meant to be a career. The answer is for people to show the kind of initiative to better themselves, not to nail the "rich" with punitive tax rates, in order to re-distribute the wealth to those people in those entry level jobs.

I had a first-hand experience as to why some people are 'trapped' in those entry level jobs. I was in a local drug store, waiting patiently at the photo counter, and I had four employees, who, while moving about their jobs in exaggerated slow motion, looked uninterestedly at me like I was a bother and showed no interest in either helping me or finding someone else to do so. If they do not change how they look at their jobs, those people will forever be 'trapped' in one of those entry level jobs. And it will be of their own doing.

Posted by **Commoncent** at 5:01AM on Tuesday, 9/9/08

I know education is the answer but it is the problem too. I had a friend and we both wanted to go to Illinois. His family couldn't afford to send him and he didn't go. Back then it cost my parents \$15000 plus everything else to send me per year. His parents didn't qualify for financial aid either but they didn't have the cash either. I have cousins in the same exact situation. Its sad.

Posted by **JFL200** at 6:21AM on Tuesday, 9/9/08

All kinds of education commoncent. Money is a problem for almost everyone. You are no different than many others out there who have and are working their way thru school.

Over the years I have had to travel to Champaign/Urbana dozens of times. Every time I go down there I run into University students working at motels, coffee shops, McDonalds, you name it. No different than your job here. Scholarships, Federal loans all kinds of assistance out there.

I know a man who quit school at 16, went back, got his GED, then an Associate Degree at KCC and is now only a couple of courses from his B.S.

He didn't make excuses. He wanted an education and he got it, with better jobs along the line.

Try getting off your behind and make something happen. Don't wait for someone to give it to you. You gotta want it!

Posted by **Hermes** at 7:11AM on Tuesday, 9/9/08

While individual initiative is important, one cannot discount the overall job environment. good-paying manufacturing jobs have disappeared, to be off-shored, and more and more professional jobs (accountants, IT specialists) also are open to offshore workers. College education for Americans is not a priority for the federal government; rewarding the military-industrial complex is. In the books vs. bombs debate, students always lose.

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