Recent Trends in Top Income Shares in the United States: Reconciling Estimates from March CPS and IRS Tax Return Data

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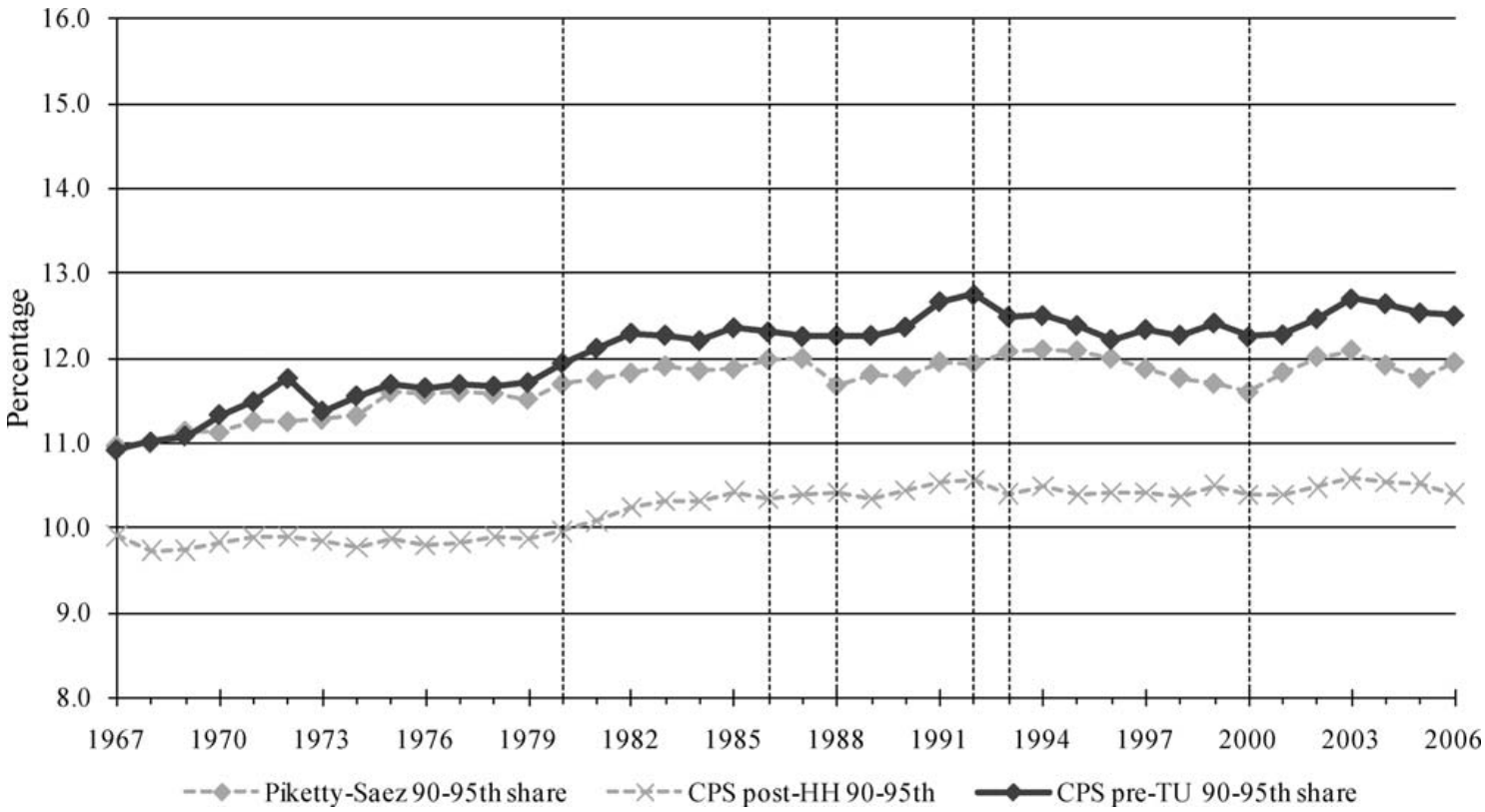
Figure 1: Estimates from CPS and IRS Tax Return Data of the Share of Total Income Held by Units with Incomes Between The 90th and 95th Percentiles, 1967–2006



Vertical lines delineate time periods displayed in table 1 and discussed in the main text.
Source: The Piketty-Saez series is taken from Piketty and Saez (2003, 2008). It refers to the distribution of pretax, pretransfer income among tax units. The CPS-based series were derived by the authors from CPS internal data. The CPS-Pre-TU series was derived using the Piketty-Saez definition; the CPS-Post-HH series refers to the distribution of size-adjusted pretax, posttransfer household income among individuals. See main text for further details.

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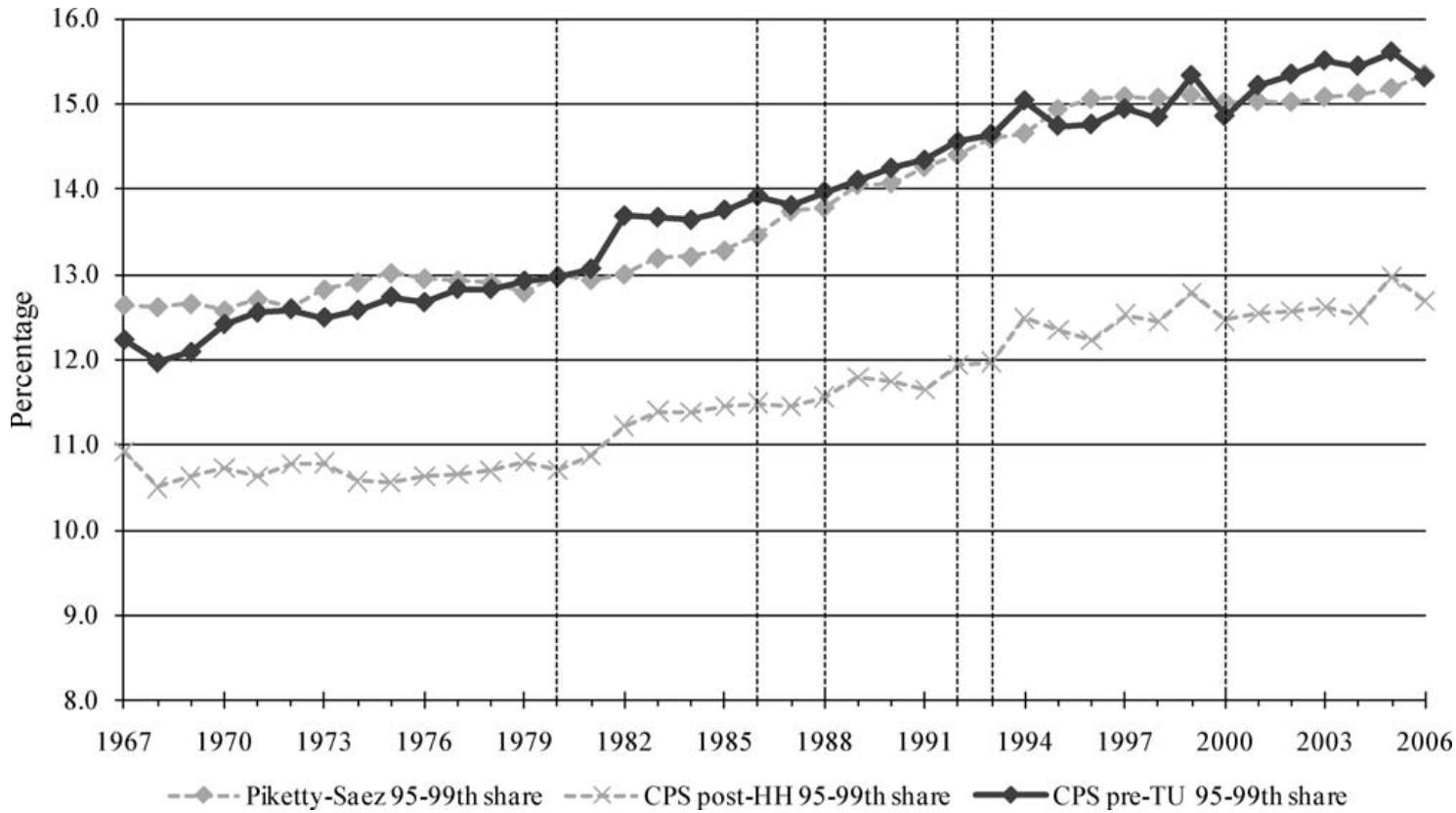
Figure 2: Estimates from CPS and IRS Tax Return Data of the Share of Total Income Held by Units with Incomes between The 95th and 99th Percentiles, 1967–2006



See figure 1 for sources and note.

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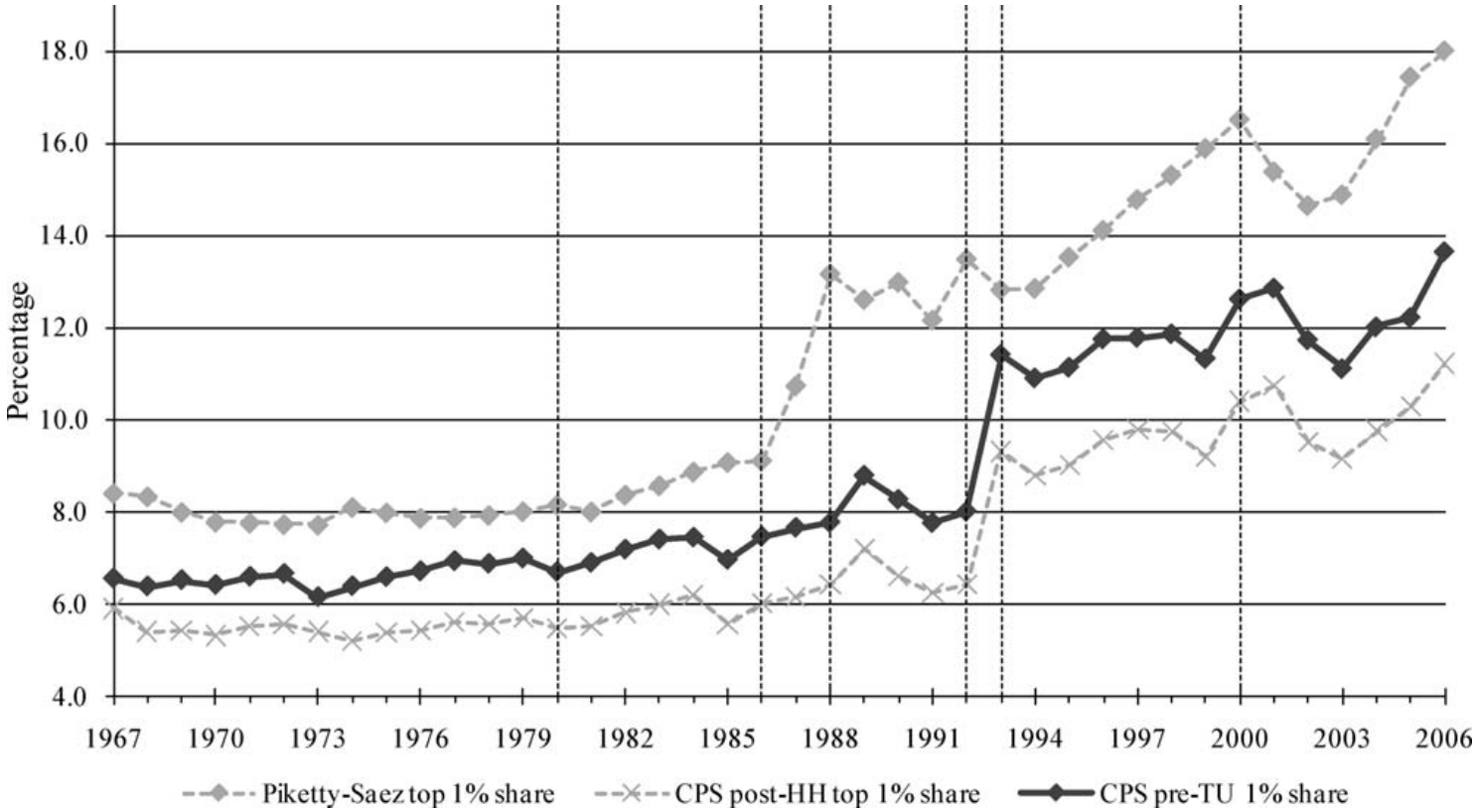
Figure 3: Estimates from CPS and IRS Tax Return Data of the Share of Total Income Held by The Top 1%, 1967–2006



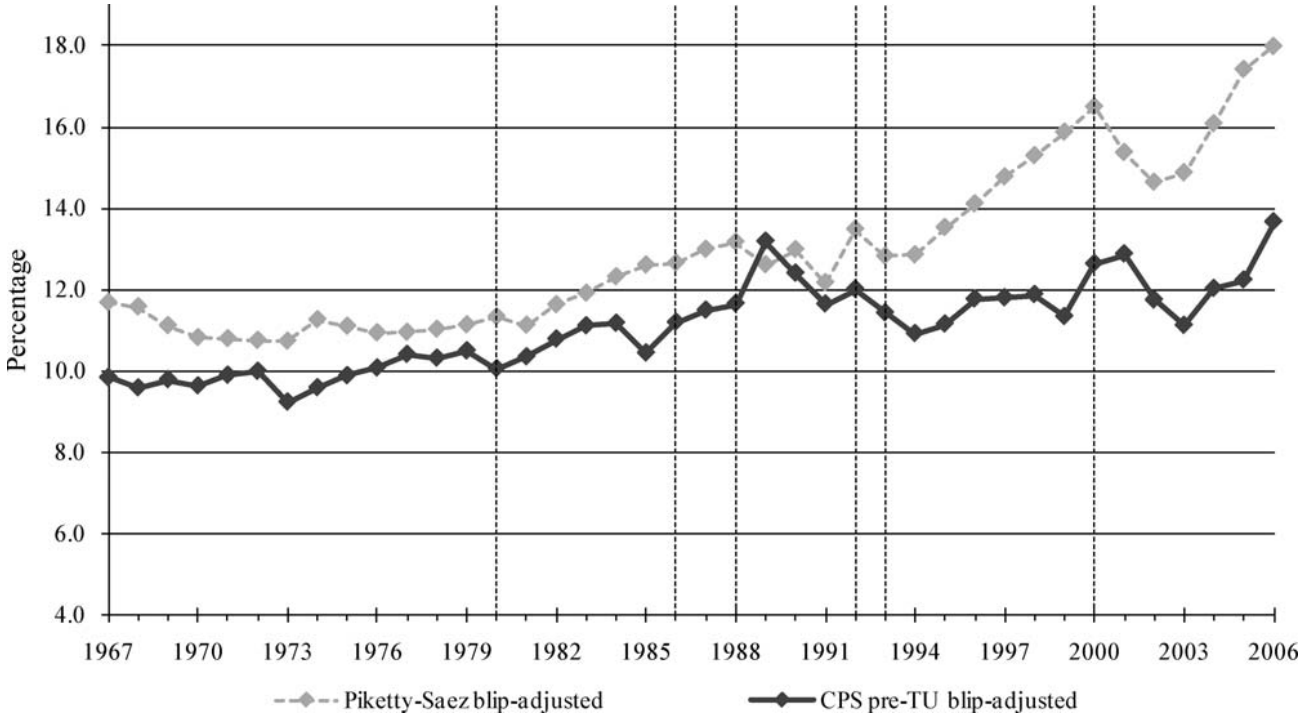
See figure 1 for sources and note.

Table 1: Average Annual Percentage Change in Income Share of the Top 1%, by Subperiod between 1967 and 2006

	March CPS		IRS Tax Return Data
Subperiod	Size-Adjusted Pretax, Posttransfer Household Income among Individuals (CPU-Post-HH)	Pretax, Pretransfer Tax Unit Income among Tax Units (CPU-Pre-TU)	Pretax Pretransfer Tax Unit Income among Tax Units (Piketty-Saez)
1967–1980	−0.5	0.2	−0.2
1980–1986	1.7	1.9	1.9
1986–1988	3.2	2.0	22.1
1988–1992	0.0	0.8	0.6
1992–1993	45.0	42.5	−4.9
1993–2000	1.6	1.5	4.1
2000–2006	1.3	1.4	1.5

See figure 1 for sources and note.

Figure 4: Estimates from CPS and IRS Tax Return Data of the Share of Total Income Held by the Top 1%, 1967–2006, Adjusting for Measurement Changes between 1986–1988 in the IRS Data and between 1992–1993 in the CPS Data



The Piketty-Saez series is adjusted upward prior to 1988 to reflect the systematic undercounting of tax unit income captured in IRS personal income tax records prior to the 1986 Tax Reform Act. The CPS series is adjusted upward prior to 1993 to reflect the systematic undercounting of income from top-income households prior to the 1993 CPS redesign. To control for the difference between these measurement changes and actual changes in the blip years, it was assumed that the change in top 1% income shares from the unaffected data set reflects the actual change in the top income share over the blip years. See also the note and sources for figure 1.

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Table 2: Average Annual Percentage Change in Income Inequality Using Three Inequality Measures, by Subperiod between 1967 and 2006, Adjusting for Measurement Changes in 1992–1993 in the CPS Data

	CPS Post-HH			CPS Pre-TU		
Subperiod	Gini	Share of Top 1%	Share of Top 10%	Gini	Share of Top 1%	Share of Top 10%
1967–1980	0.1	−0.5	−0.2	0.4	0.2	0.5
1980–1986	1.2	1.7	1.1	0.7	1.9	1.1
1986–1988	0.6	3.2	0.9	−0.1	2.0	0.5
1988–1992	0.4	0.0	0.5	0.9	0.8	1.0
1992–1993[a]	−0.8	−4.9	−0.8	−0.8	−4.9	−0.8
1993–2000	0.2	1.6	0.7	0.0	1.5	0.4
2000–2006	0.6	1.3	0.5	0.5	1.4	0.7
1967–2006[b]	0.4	0.6	0.4	0.4	1.0	0.7

For sources, see figure 1.

a. Following the procedure in figure 4, the CPS series is adjusted upward prior to 1993 to reflect the systematic undercounting of income from top-income households prior to the 1993 CPS redesign. The change between 1992 and 1993 is reported as the corresponding change observed by Piketty and Saez (2003) using IRS records. Since the Gini coefficient cannot be calculated in the IRS data, the 1992–1993 change assumed for the Gini coefficient matches that in the IRS tax return data for the top 10% income share. From other years, this appears to be the closest approximation available in the IRS data.

b. Following the procedure in figure 4, the CPS series is adjusted upward prior to 1993 to reflect the systematic undercounting of income from top-income households prior to the 1993 CPS redesign, thus suppressing the 1992–1993 blip and replacing it with the corresponding change observed by Piketty and Saez (2003) using IRS records.

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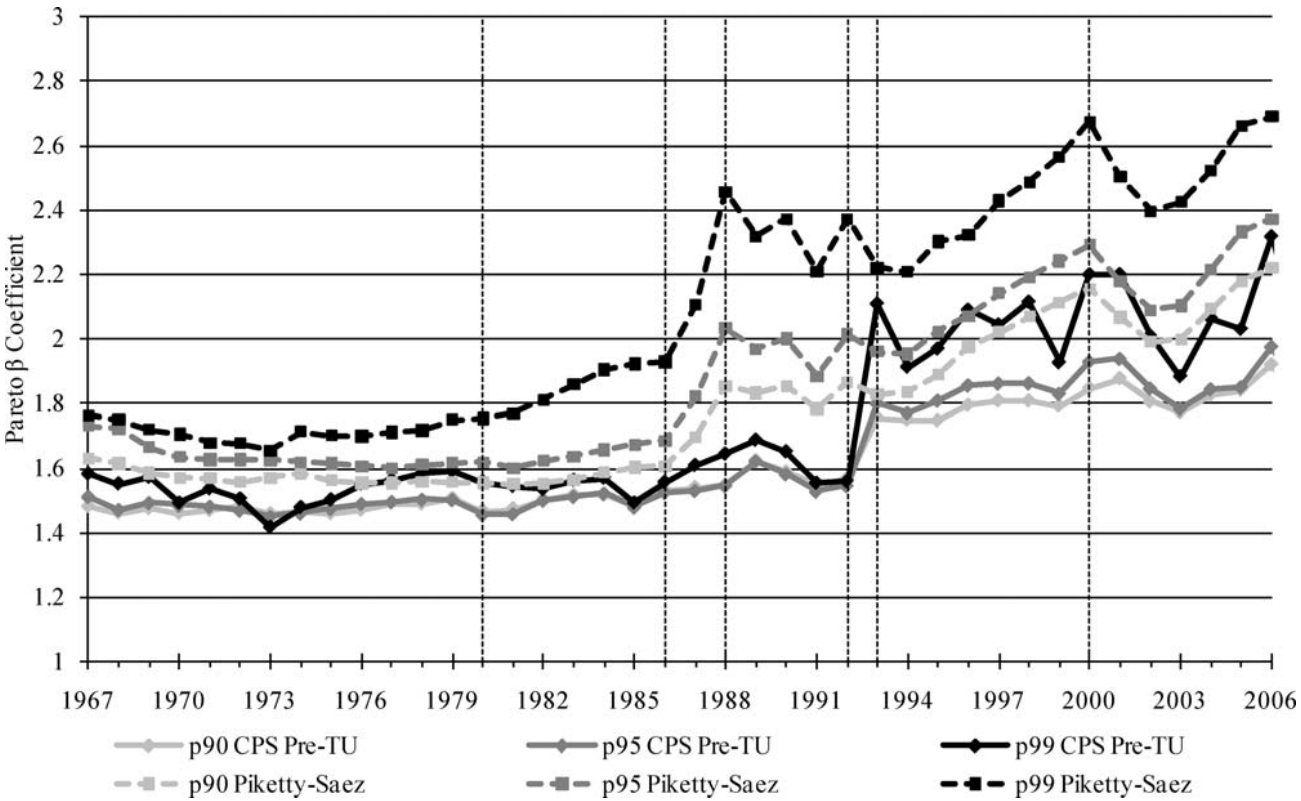
Figure A1: Pareto Beta Coefficients Derived from GB2-Based Multiply Imputed CPS Data and IRS Tax Data, by Top Income Threshold, 1967–2006



Sources: The Piketty-Saez series is taken from Piketty and Saez (2003, 2008). It refers to the distribution of pretax, pretransfer income among tax units. The CPS-based series were derived by the authors from CPS internal data. The CPS-Pre-TU series with the GB2 imputation matches the CPS-Pre-TU series from the main text, using our GB2 imputation to derive censored incomes in the internal data. The CPS-Pre-TU series using unadjusted internal data uses the unadjusted internal data as is. See appendix A and the main text for further details.

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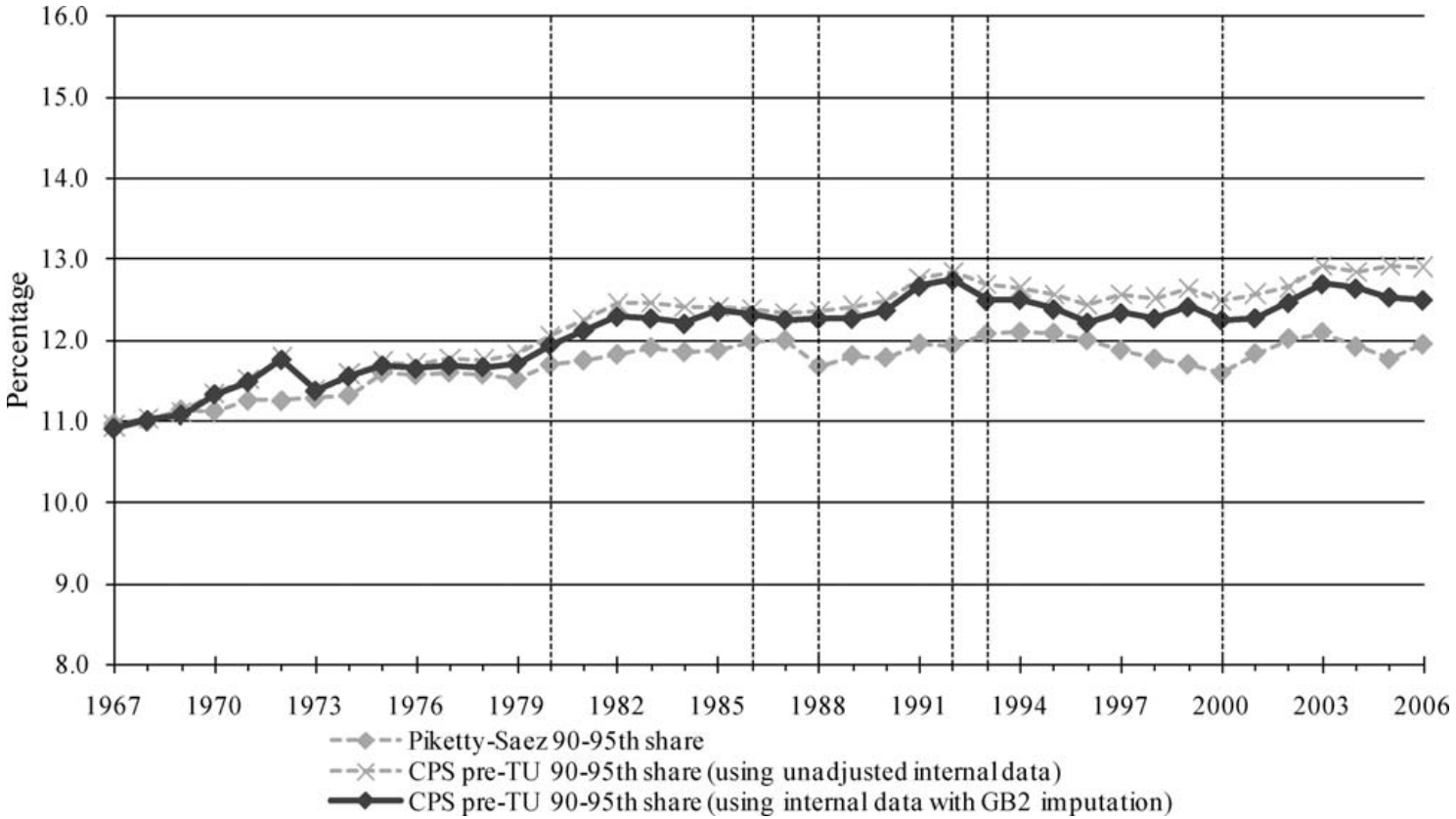
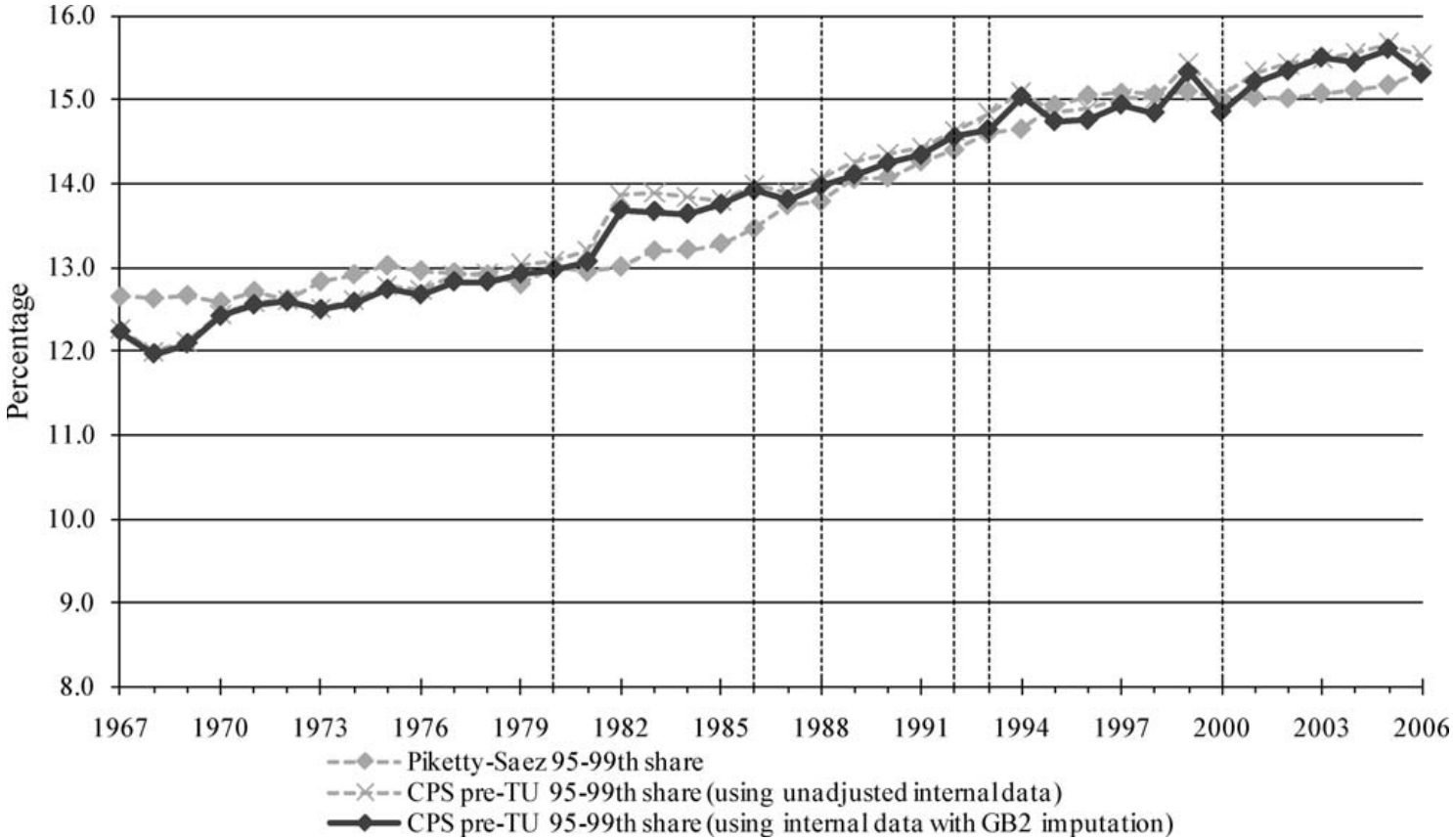
Figure A2: Internal CPS Data Estimates of the Share of Total Income Held by Units with Incomes between the 90th And 95th Percentiles, with and without GB2-Based Multiply Imputed Imputations for Censored Observations, 1967–2006



See the note to figure A1 for sources.

Figure A3: Internal CPS Data Estimates of the Share of Total Income Held by Units with Incomes between the 95th and 99th Percentiles, with and without GB2-Based Multiply Imputed Imputations for Censored Observations, 1967–2006



See the note to figure A1 for sources.

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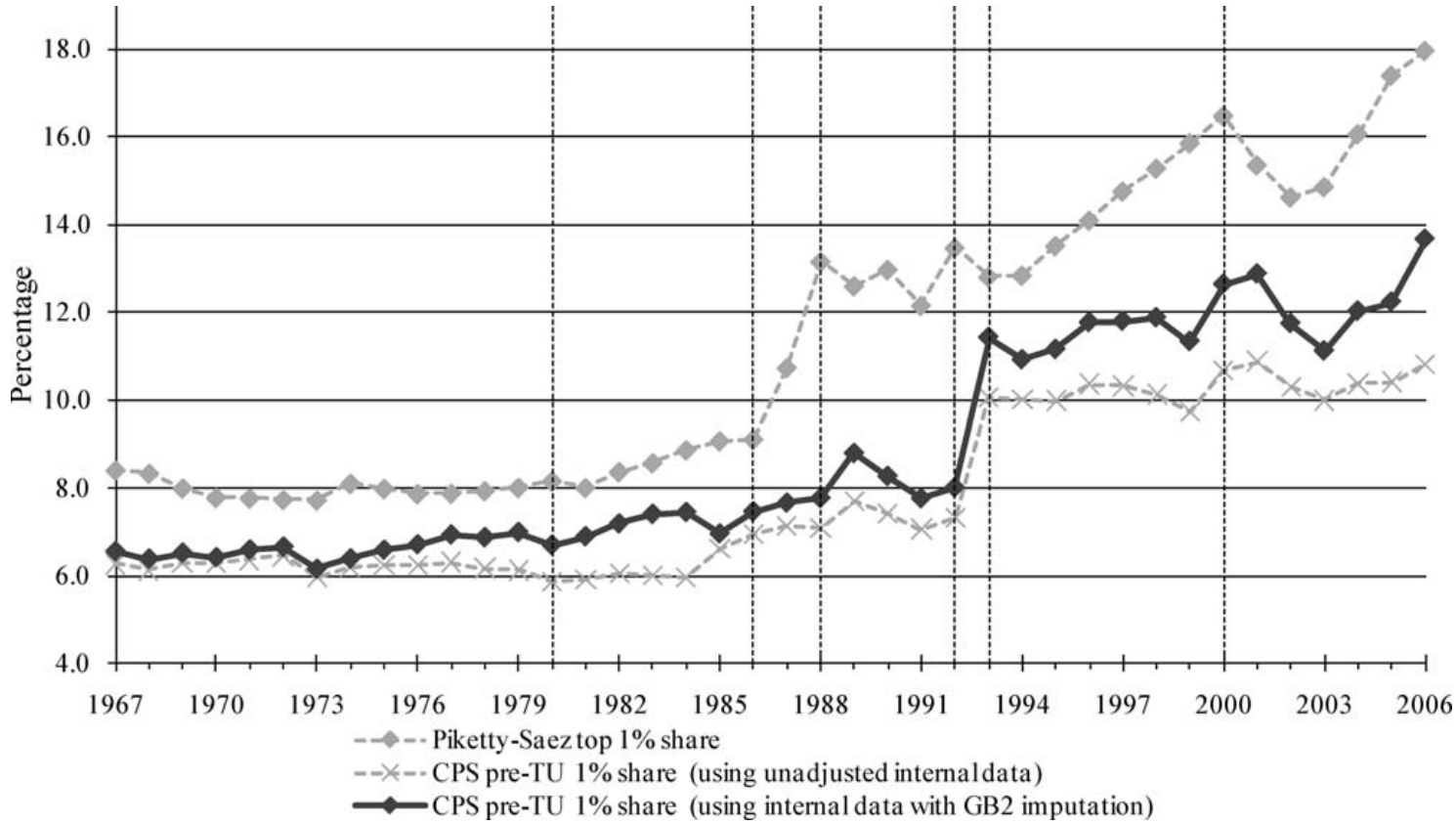
Figure A4: Internal CPS Data Estimates of the Share of Total Income Held by the Top 1% of Units, with and without GB2-Based Multiply Imputed Imputations for Censored Observations, 1967–2006



See the note to figure A1 for sources.

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Table B1: Income Composition by Source for Tax Units with Incomes Between the 90th and 95th Percentiles of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1967	86.3	10.3	3.3	88.2	7.3	4.6
1968	87.3	9.5	3.2	88.6	7.0	4.3
1969	88.8	7.7	3.4	88.6	6.8	4.6
1970	89.3	7.5	3.2	89.2	6.0	4.7
1971	88.1	8.8	3.2	90.1	5.6	4.3
1972	87.9	8.9	3.2	89.6	5.9	4.6
1973	87.3	9.1	3.6	88.8	6.4	4.9
1974	86.9	9.2	3.9	86.9	6.6	6.5
1975	87.5	8.6	3.9	88.7	5.6	5.7
1976	87.9	7.7	4.3	88.4	5.8	5.8
1977	88.2	7.7	4.1	88.7	5.4	5.9
1978	88.7	7.0	4.3	88.4	5.8	5.7
1979	87.8	7.6	4.6	89.1	5.2	5.7
1980	89.1	6.0	5.0	88.6	4.5	6.9
1981	87.3	6.6	6.1	88.1	3.7	8.2
1982	87.2	6.0	6.8	89.2	2.5	8.3
1983	85.1	7.5	7.3	89.5	3.4	7.1
1984	86.2	6.1	7.7	89.9	3.2	6.8
1985	86.9	5.8	7.4	89.9	3.2	6.8
1986	86.9	6.4	6.6	90.1	3.8	6.0
1987	86.5	8.0	5.4	90.1	4.3	5.6

Table B1 (cont.): Income Composition by Source for Tax Units with Incomes Between the 90th and 95th Percentiles of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1988	86.7	6.9	6.4	89.4	4.9	5.8
1989	85.7	7.8	6.5	88.6	4.9	6.5
1990	85.7	7.5	6.8	88.7	4.7	6.6
1991	86.3	7.8	5.9	89.4	4.7	5.9
1992	87.0	7.4	5.7	90.9	4.3	4.8
1993	88.2	6.3	5.6	90.9	5.0	4.2
1994	89.2	5.6	5.2	91.1	5.0	3.9
1995	88.4	5.6	6.0	91.6	4.5	3.9
1996	86.4	6.4	7.2	90.8	4.7	4.6
1997	85.7	6.2	8.2	91.0	4.8	4.2
1998	86.1	6.1	7.8	91.1	4.9	4.0
1999	85.4	6.4	8.2	90.6	5.5	3.9
2000	87.4	5.7	6.9	89.7	5.6	4.7
2001	87.8	5.8	6.5	91.2	5.0	3.8
2002	89.2	5.5	5.3	89.9	6.2	4.0
2003	88.5	5.4	6.0	90.1	6.3	3.6
2004	88.9	5.3	5.8	89.4	6.8	3.8
2005	88.5	5.0	6.5	88.1	7.5	4.4
2006	86.9	6.1	7.1	88.2	6.8	5.1

The Piketty-Saez series is calculated from Piketty and Saez (2007, 2008). The CPS-Pre-TU series using unadjusted internal data uses the unadjusted internal data as is. See Appendix A and the main text for further details. Entrepreneurial income includes self-employment and farm income. Asset income includes interest from interest, dividends, and rents. For comparability with the source decomposition results presented in Piketty and Saez (2007), income from other sources is excluded, and the sum of incomes from wages, entrepreneurial activities, and asset income is scaled to sum to 100%. Other forms of income represent less than 4% of income in all years.

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Table B2: Income Composition by Source for Tax Units with Incomes between the 95th And 99th Percentiles of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1967	74.8	18.8	6.4	73.3	17.4	9.3
1968	76.8	16.8	6.3	73.7	17.2	9.1
1969	77.9	15.3	6.8	75.3	16.1	8.6
1970	78.9	14.7	6.4	77.1	14.1	8.7
1971	79.1	14.6	6.3	77.6	13.4	9.0
1972	77.8	16.1	6.1	76.4	14.6	9.0
1973	75.9	17.3	6.8	74.2	16.0	9.8
1974	78.1	15.3	6.6	74.3	15.5	10.3
1975	78.9	14.7	6.4	77.4	13.3	9.3
1976	79.4	13.7	6.9	77.9	12.7	9.4
1977	79.0	13.9	7.0	78.1	12.4	9.5
1978	77.8	15.4	6.8	78.0	12.6	9.4
1979	78.3	13.1	8.6	78.4	11.5	10.1
1980	80.6	11.2	8.2	79.7	8.5	11.9
1981	79.2	11.0	9.8	80.6	6.1	13.2
1982	79.5	10.6	10.0	81.2	5.4	13.5
1983	78.9	10.8	10.3	83.4	5.7	10.9
1984	78.9	10.3	10.8	81.8	6.3	11.9
1985	81.2	8.7	10.1	82.9	6.6	10.5
1986	81.1	9.9	9.0	83.3	7.3	9.4

Table B2 (cont.): Income Composition by Source for Tax Units with Incomes between the 95th And 99th Percentiles of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1987	80.1	10.5	9.4	81.8	8.9	9.3
1988	80.5	10.6	8.9	80.3	10.4	9.3
1989	78.1	11.3	10.6	79.3	10.3	10.3
1990	78.9	10.3	10.8	80.5	9.8	9.7
1991	79.1	11.0	9.9	80.8	10.2	9.0
1992	82.3	8.7	9.0	82.6	10.5	6.9
1993	80.8	10.3	9.0	83.2	10.7	6.1
1994	81.5	9.4	9.1	82.9	10.8	6.3
1995	82.8	7.2	10.0	82.9	10.8	6.3
1996	81.9	7.8	10.3	82.4	11.1	6.5
1997	78.1	8.7	13.2	82.0	11.0	7.1
1998	78.7	8.2	13.1	82.2	11.4	6.5
1999	76.8	10.5	12.7	82.2	11.3	6.5
2000	81.5	8.9	9.7	82.3	11.0	6.7
2001	83.5	7.5	9.0	83.2	10.9	5.9
2002	85.7	7.6	6.7	84.1	10.6	5.3
2003	84.1	7.8	8.2	84.4	10.6	5.0
2004	83.5	7.7	8.8	83.2	11.5	5.3
2005	83.5	7.3	9.3	81.5	12.6	5.9
2006	82.3	7.4	10.3	80.9	12.2	6.9

See the note to table B1.

Table B3: Income Composition by Source for Tax Units with Incomes in the Top 1% of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1967	55.3	32.6	12.1	41.8	33.1	25.2
1968	52.4	33.5	14.1	42.0	31.5	26.5
1969	49.4	34.1	16.5	43.9	31.1	25.0
1970	56.0	29.6	14.4	45.6	30.0	24.3
1971	52.6	33.6	13.8	47.6	28.8	23.7
1972	55.7	30.9	13.4	49.3	27.2	23.5
1973	56.2	31.4	12.4	49.1	27.2	23.6
1974	54.4	30.3	15.4	49.4	26.2	24.5
1975	57.3	29.2	13.5	52.9	23.4	23.7
1976	57.8	28.2	14.0	54.7	22.0	23.3
1977	56.4	26.2	17.3	56.1	21.0	22.9
1978	59.4	27.5	13.2	58.1	19.6	22.3
1979	61.6	22.6	15.8	59.0	17.0	24.0
1980	63.8	17.9	18.3	60.5	13.3	26.2
1981	66.4	17.1	16.6	62.7	7.8	29.5
1982	65.1	16.9	18.0	62.6	8.2	29.2
1983	62.8	18.4	18.8	65.5	9.8	24.7
1984	59.9	15.8	24.3	66.1	9.9	24.0
1985	68.6	15.0	16.4	63.6	11.0	25.4
1986	68.1	15.1	16.8	65.7	11.1	23.1
1987	70.2	14.5	15.3	63.9	17.2	18.9

Table B3 (cont.): Income Composition by Source for Tax Units with Incomes in the Top 1% of the Income Distribution, 1967–2006

	CPS Pre-TU (Unadjusted)			Piketty-Saez		
Year	Wage	Entrepreneurial	Asset	Wage	Entrepreneurial	Asset
1988	69.5	16.2	14.3	59.8	21.2	19.1
1989	70.4	15.1	14.5	56.7	22.3	21.0
1990	68.2	15.8	16.0	57.9	22.3	19.8
1991	69.7	13.9	16.4	57.4	23.0	19.7
1992	73.0	15.2	11.7	61.6	23.6	14.8
1993	76.8	14.6	8.6	62.1	23.8	14.1
1994	81.6	10.9	7.5	59.1	26.8	14.1
1995	80.2	10.8	9.0	59.2	27.3	13.5
1996	80.7	11.0	8.3	59.7	27.0	13.3
1997	77.7	12.6	9.7	60.3	26.7	13.0
1998	77.3	14.2	8.5	61.1	26.6	12.3
1999	81.7	8.2	10.1	62.1	26.1	11.8
2000	82.0	10.6	7.3	63.0	24.7	12.3
2001	82.9	10.1	7.1	61.7	26.5	11.8
2002	86.9	8.3	4.8	61.2	27.4	11.4
2003	83.5	11.0	5.6	60.2	27.7	12.1
2004	84.7	9.0	6.2	58.4	28.4	13.2
2005	81.8	12.6	5.7	54.8	30.9	14.4
2006	82.0	10.8	7.2	53.5	30.1	16.4

See the note to table B1. Because censoring threshold changes vary by income source, the sources of income in the unadjusted CPS data are particularly sensitive to changes in the top code thresholds and, unlike results in the main text of the paper, these results are not adjusted using the GB2-based multiple imputation procedure. Thus, while income composition results are provided for the top 1% for completeness and as a reference for the reader, we discourage overanalyzing the composition of the top 1% due to these censoring concerns.

Table C1: Gini Coefficients for the Entire Population and the Bottom 99% of the Income Distribution Using the Two CPS-Based Income Definitions, 1967–2006

	Gini Coefficients Entire Population		Gini Coefficients Excluding the Top 1%	
	CPS-Post-HH	CPS-Pre-TU	CPS-Post-HH	CPS-Pre-TU
1967	0.365	0.479	0.339	0.457
1968	0.353	0.474	0.329	0.453
1969	0.354	0.479	0.330	0.458
1970	0.358	0.488	0.335	0.468
1971	0.360	0.496	0.337	0.476
1972	0.363	0.502	0.340	0.481
1973	0.361	0.481	0.338	0.463
1974	0.356	0.492	0.334	0.472
1975	0.361	0.502	0.338	0.482
1976	0.361	0.503	0.338	0.482
1977	0.365	0.505	0.341	0.484
1978	0.365	0.502	0.342	0.481
1979	0.369	0.503	0.345	0.481
1980	0.370	0.506	0.347	0.486
1981	0.376	0.514	0.354	0.493
1982	0.388	0.524	0.364	0.503
1983	0.394	0.526	0.370	0.503
1984	0.395	0.523	0.369	0.500
1985	0.391	0.522	0.369	0.502
1986	0.397	0.526	0.372	0.504

Table C1 (cont.): Gini Coefficients for the Entire Population and the Bottom 99% of the Income Distribution Using the Two CPS-Based Income Definitions, 1967–2006

	Gini Coefficients Entire Population		Gini Coefficients Excluding the Top 1%	
	CPS-Post-HH	CPS-Pre-TU	CPS-Post-HH	CPS-Pre-TU
1987	0.397	0.525	0.372	0.501
1988	0.401	0.526	0.374	0.501
1989	0.408	0.533	0.376	0.503
1990	0.404	0.532	0.375	0.506
1991	0.402	0.536	0.376	0.513
1992	0.408	0.544	0.382	0.520
1993	0.435	0.569	0.392	0.530
1994	0.434	0.569	0.394	0.532
1995	0.431	0.565	0.389	0.526
1996	0.436	0.568	0.391	0.527
1997	0.440	0.569	0.394	0.527
1998	0.439	0.566	0.393	0.523
1999	0.438	0.565	0.395	0.526
2000	0.443	0.570	0.393	0.524
2001	0.448	0.578	0.396	0.532
2002	0.440	0.576	0.396	0.536
2003	0.442	0.576	0.400	0.540
2004	0.445	0.581	0.400	0.541
2005	0.452	0.583	0.404	0.541
2006	0.457	0.588	0.404	0.540

Authors' calculations using Internal March CPS data. No adjustment is made for the blip in the CPS data between 1992 and 1993. A corresponding series adjusting for the 1992–1993 blip using the methods described in the main text of the paper is available on request from the authors.

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