



# NEWS RELEASE

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## **New Report Shows Oregon Taxes More Affordable While Other Household Costs Rise**

As Oregonians finish filing their income taxes, a new report released today by the Oregon Center for Public Policy finds that taxes are not the source of the budget squeeze felt by many families. The report shows that taxes have become more affordable, but the costs of other household budget items, including housing, health care, child care, and higher education, have risen faster than Oregonians' income.

"Over the last fifteen years, state, local, and federal taxes have declined as a share of income," said Jeff Thompson, economist and policy analyst with the Oregon Center for Public Policy. "During the booming 1990s, taxes rose more slowly than income, and since 2001 taxes have declined even farther as a share of income."

"Despite the impulse of the anti-tax crowd to blame all of our woes on government, the squeeze that so many Oregon households feel is not due to taxes," said Thompson. "Taxes have become more affordable, but other household budget items have risen fast, outstripping many families' ability to pay for them."

The report documents the rapidly rising costs of housing, health care, child care, and higher education in Oregon. For each of these key household budget items, costs have risen faster than income, putting a squeeze on families.

"Housing prices in Oregon shot through the roof in the 1990s, making it less affordable for most Oregonians, and unaffordable for many families," commented Thompson.

The report shows that the share of Oregon homeowners paying more than 30 percent of their income in homeownership costs rose from 18 percent in 1990 to 25 percent by 2000. Over the same period, the share of renters paying more than 30 percent of their income to rent rose from 39 percent to 42 percent.

"Health care is another necessity that has become increasingly more expensive," noted Thompson. "For those lucky enough to be covered by health insurance, more workers now have to pay for an increasingly large portion of their 'employer-provided' benefit."

The report shows that in 2001, the average employee contribution for family health insurance coverage in Oregon was \$1,925, up from \$1,043 in 1993.

“Health care inflation has returned with a vengeance, and it is hitting workers in more than just premiums, impacting co-pays, deductibles, and drug costs as well,” Thompson added.

“For the one-third of families with children that rely on paid child care, it is a huge expense and one that has become less affordable,” said Thompson.

The report shows that monthly child care costs for the average Oregon family were \$439 in 2002, a 66 percent increase compared with 1992. Average worker earnings rose only 43 percent over the same period.

“Higher education has also become less affordable, with state university and community college tuition and fees rising faster than income,” noted Thompson.

“These household budget items are all becoming less affordable, but it is taxes that so often are blamed for putting the squeeze on Oregonians' wallets,” said Thompson. “Not only is blaming taxes incorrect, but it undermines support for public policies that might be used to effectively address the true sources of the squeeze.”

“In each of these areas—housing, health care, child care, and higher education—public policies could be marshaled to help families cope with the higher costs that are now squeezing them,” said Thompson.

“At the same time, policy makers need to be careful not to shift taxes to low-income households and off of the affluent ones, as happened during the last decade,” concluded Thompson.

The Oregon Center for Public Policy uses research and analysis to advance policies and practices that improve the economic and social prospects of low- and moderate-income Oregonians, the majority of Oregonians.

**NOTE TO EDITORS AND REPORTERS:**

The full text of the report, ***The Real Squeeze: Taxes Are More Affordable While Other Household Costs Rise***, is available at the OCPP website, <http://www.ocpp.org/2004/rpt040413.pdf>.