OREGON CENTER FOR PUBLIC POLICY

News Release

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Labor Day Report: Most Workers Left Out of Economic Recovery

(Silverton) – Even though the economy is growing, earnings and health coverage are down for most Oregon workers, while hunger and bankruptcies are up, according to a Labor Day report by the Oregon Center for Public Policy (OCPP). The report, *Losing Ground*, analyzes the latest economic data to conclude that growth is bypassing a large share of Oregon's workers this Labor Day, producing substantial distress for Oregon's families despite the economy's general gains.

"Many Oregon families are seeing their real incomes go down as health care, housing, and other costs rise," said Leachman. "That's a recipe for hunger and financial disaster in families without substantial resources, savings, or other supports."

"Nearly all the earnings gains that happened as the economy has recovered went to the highest paid workers," said Leachman. He said that among workers employed for substantial numbers of hours, low-pay workers lost $93 in real earnings last year, compared to the previous year. Mid-pay workers lost $79. High-pay workers, by contrast, gained $1,261. This high-pay group collected average earnings of $97,529 in 2004.

"Oregon has not yet added enough jobs to tighten the labor market sufficiently for employers to raise wages for most workers," said Leachman. "However, demand for highly skilled workers in certain industries such as health services and construction is pushing up wages at the high end."

The report found that jobs have still not caught up with population growth over the last five years. "Now there are just 74 jobs for every 100 working-age Oregonians," said Leachman. "That's down from 79 jobs per every 100 in November 2000, when jobs peaked before the recession hit."

The report also found that one in five part-time workers in Oregon want full-time work but can't find it. This is the highest rate of any state in the country, according to the OCPP. "Oregon is creating too many part-time jobs," said Leachman.

The report uncovered significant fallout from the economy's failure to reach a large share of Oregon workers. The share of Oregon adults living in a home where someone went hungry at times climbed last year, and near-record levels of Oregonians filed for

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bankruptcy. The report indicated that the typical Oregon household actually lost $1,362 in income last year as the economy improved. Since the end of the boom years in 1999-00, the typical household has lost $4,365.

"In contrast with many Oregon families, the richest of wealthy Oregonians have fared particularly well coming out of the recession, continuing a trend over the last generation," said Leachman. The top one percent of Oregon households saw their real incomes increase by $32,500 in 2003, while the real income of the typical household slipped back.

"It appears that the current period of economic growth will be similar to growth periods in the eighties and nineties, when the richest of the rich fared the best," said Leachman. "These lucky Oregonians have seen extraordinary income gains, while incomes for the typical Oregon household have been stagnant."

Gains in inequality over the last generation are evident in counties across Oregon, the report found. In every Oregon county but two - Morrow and Lake – the incomes of the richest one percent of households at least doubled between 1980 and 2003, even after adjusting for inflation. In 14 Oregon counties the richest Oregonians saw their real average income more than triple.

The ***Oregon Center for Public Policy*** uses research and analysis to advance policies and practices that improve the economic and social opportunities of all Oregonians.

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