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For More Information, Contact:  
Michael Leachman, 503-873-1201  
Chuck Sheketoff, 503-873-1201

## **Who's Getting Ahead this Labor Day?**

### ***"Not enough of us" according to new report***

(Silverton) Even though Oregon has one of the best performing economies in the nation, this Labor Day Oregon's workers have too few opportunities to improve their economic status.

Who's getting ahead in Oregon's hot economy? "Not enough of us," according to the non-partisan Oregon Center for Public Policy's latest biennial look at Oregon's economy. The OCPP's new report, ***Who's Getting Ahead? Opportunity in a Growing Economy***, is the first comprehensive look at the economic conditions facing workers in this period of strong economic growth.

### **Income and earnings gains are going to high-income Oregonians**

"We are outpacing much of the nation on a number of key economic measures. Oregon's workers are producing goods and services much more efficiently than we were a few years ago. With the economy on an upswing, all of Oregon's workers should be seeing increased economic opportunities, but the numbers show they're not," said Michael Leachman a policy analyst at the Oregon Center for Public Policy and lead author of the study released today.

"The highest-paid fifth of workers have reaped *all* of the real earnings gains since the recovery began," he added. "Everyone else is slipping backwards."

Leachman noted, "since 2002, the typical CEO of an Oregon-based company has seen a 20 percent real increase in compensation at a time when most workers have seen their wages fall relative to inflation."

### **New data on income inequality in Oregon**

"Since 1980, Oregon has seen rising inequality among the rich, as well as rising inequality between the rich and the rest of us," said Leachman.

"The ultra-rich top one-tenth of one percent of Oregonians have seen their income nearly quadruple since 1980, even after adjusting for inflation, while the rest of the top one percent have seen their incomes merely double." The report also found that the median Oregon household has lost \$73 to inflation since 1980.

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### **Jobs are in low-wage industries, and lack health insurance and guaranteed retirement benefits**

The report shows that the jobs Oregon has produced since the end of the 1990s economic boom have been predominantly in low-wage industries. "Nearly two-thirds of the new jobs we've created pay less than \$30,000 a year," said Leachman.

Just 56.8 percent of Oregon workers had at least part of their health insurance paid by their employers in 2002-04, down from 63.7 percent in 1997-99. In 2005, 31 percent of private-sector employers in Oregon offered 401(k)-type retirement plans, while just 10 percent provided guaranteed pensions. Most Oregon employers do not offer retirement plans.

### **Work not lifting families with children out of poverty**

The report found that work is less likely to lift families with children out of poverty than a generation ago. In 2004-05, 6.5 percent of Oregon families with children in which parents worked full-time, year-round were poor, despite their work effort. This rate is double the rate of the late 1970s.

### **Key investments for families trying to get ahead are less affordable**

The report also found that child care and college are less affordable than they used to be. "The cost of full-time child care for a toddler in Oregon is now about \$4,000 more annually than the cost of tuition and fees for an undergraduate at the University of Oregon," said Leachman, "and that's not because college costs have gone down. All forms of higher education are less affordable for Oregonians than they were in the early 1990s, pushing college out of reach for too many Oregonians at a time when a college education is increasingly important."

In the last year and a half, rising housing prices and interest rates have pushed home purchases increasingly out of reach for Oregon families. "A Portland family needs nearly \$7,200 more annually to cover a mortgage on the typical home than they did just three years ago," said Leachman.

### **Oregonians are struggling with debt**

The biennial report notes that Oregon made some progress addressing payday loans, but that debt problems are still troubling, and the legislation passed earlier this year was not sufficient. "Oregon needs to put a reasonable cap on the interest rates and fees that usurious lenders can charge. Otherwise, these irresponsible outfits will continue to find ways around the law," said Leachman

The report found that Oregon now has more payday loan shops than McDonald's and 7-Elevens combined. Oregon payday lenders made nearly 746,000 loans in 2004. That amounts to one payday loan for every four Oregon adults.

"Oregon workers are producing more efficiently on the job, but many still have to visit a loan shark on their way home," said Leachman. He also noted that Oregon is still producing more bankruptcy filings each year than college degrees.

## **Public investments and public policies can increase opportunities for workers**

While the report offers sobering news this Labor Day, the researchers are optimistic that Oregonians can solve the problems. The report notes, "public policies can also ameliorate the impact of private market decisions that threaten the common good."

According to Leachman, "the public wants public policies to address the rise in uninsurance and the affordability of health care for workers outside the executive suite. Workers are seeing that their health insurance is being scaled back even as their employers reward their CEOs with lavish pay and retirement packages."

"Oregonians know that when the CEOs win as big as they have in recent years, the workers lose," he added. "That's motivating many Oregonians to demand public policies that help workers."

The public policy research institute hopes the report is also helpful for people making decisions this election year.

"Some political actors today in Oregon are misinforming the public that Oregon's economy is weak. They then use this false claim to push public policies that would make it harder for middle- and low-income Oregonians to get ahead or that further enrich the wealthy few who are already reaping the lion's share of the economy's gains," said Charles Sheketoff, executive director of the public policy research institute.

He said that politicians and others who are calling for cutting the state's income tax on capital gains or supporting the two ballot initiatives that create a complicated tax cut for some Oregonians, Measure 41, and a Colorado-styled state spending limit, Measure 48, "would be making matters worse for working Oregonians."

"Politicians from across the political spectrum need to support public policies that will channel more of the economy's benefits to middle- and low-income families - the majority of Oregonians - who are struggling, not policies that will exacerbate the current imbalance," said Sheketoff.

"Oregonians can, and should, choose to support public policies that assure opportunities for all in a growing economy," he concluded.

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. OCPP's work, including reports on Measures 41 and 48, are available at [www.ocpp.org](http://www.ocpp.org).

### **Note to reporters and editors:**

The copy of the report available for the embargo is the "printer's proof." Prior to actually going to press in mid-September, OCPP will be updating a few more data points based on Tuesday's release of new data by Census and other recently available data.