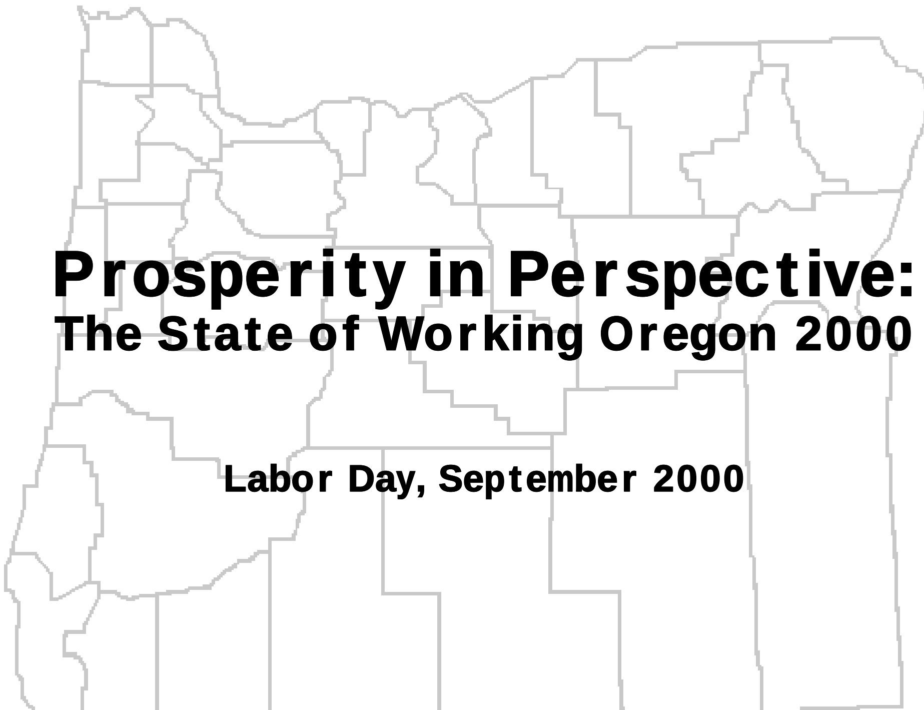

Prosperity in Perspective:
The State of Working Oregon 2000

Labor Day, September 2000

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About the Oregon Center for Public Policy

The Oregon Center for Public Policy is a research and education organization established to assist low- and moderate-income Oregonians by expanding the debate on a variety of fiscal issues.

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Executive Summary

Most Oregonians have benefited from the last few years of economic expansion. Incomes and wages are up, and unemployment has remained relatively low.

Using a wide range of economic data, ***Prosperity in Perspective: The State of Working Oregon 2000*** documents that, while the economic expansion of the late 1990s helped many working Oregonians, it did not reverse the hard times of the 1980s and early 1990s. In an economy thought to be "as good as it gets," many working people have simply been left out.

When examined against the experience of the last three decades, Oregon's current expansion leaves much to be desired. The expansion of the late 1990s failed to overturn many long-term changes in Oregon's economy that have damaged the ability of most working people to benefit fully from economic growth. The report examines trends in wages, income, poverty, hours of work, health insurance coverage, hunger, housing affordability, and tax burdens.

The report's major findings include:

- **Despite gains in the late 1990s, the wages and incomes of Oregon workers show no improvement over ten and twenty years ago.** Wages are still lower than during previous expansions. In 1999, Oregon's median hourly wage of $11.98 was still two percent lower than in 1989 and nine percent lower than in 1979. Income has risen since 1997 for households and for four-person families, but only to the levels of the late-1970s and late-1980s. Moreover, Oregon's working households have had to work additional hours to maintain steady incomes.

- **The poverty rate among working families with children increased substantially over the 1990s, despite increases to Oregon's minimum wage**. By the late 1990s, one in seven working families with children in the state lived in poverty. More than one in nine of all working households in Oregon were not always sure of being able to meet their food needs.

- **Growing income inequality has channeled the benefits of economic growth into the hands of fewer and fewer Oregonians**. Over the last two decades, incomes of the most affluent Oregonians grew more than 50 percent while middle income families stagnated and low income families fell behind. The share of income going to upper income households grew from 38 percent in the late 1970s to 48 percent in the late 1990s.

Prosperity in Perspective: The State of Working Oregon 2000 also contains a great deal of data on other issues that are important to the well-being of workers in Oregon:

- Housing became much less affordable, as home price inflation grew twice as fast as incomes from the mid-1980s through the 1990s.

- Despite the emergence and rapid growth of the high tech industry, Oregon's economy is increasingly comprised of low-paying jobs. Thirty-five percent of jobs in Oregon were classified as "low-paying" in 1998, up from only 30 percent in 1978.

- Partly because of the Oregon Health Plan, health insurance coverage in Oregon expanded over the 1990s. Since 1996, however, uninsurance has remained at 12 percent for non-elderly Oregonians. A smaller share of Oregonians receive employer-provided coverage than ten years ago.

- The burden of taxation remained constant in Oregon over the last twenty years. In 1998, six percent of total personal income was required to finance public goods and services through household property and income taxes.

Prosperity in Perspective: The State of Working Oregon 2000 is a detailed story about the status of individuals and families working in Oregon. It is designed to stimulate public discussion and to encourage the reader to take action and to make informed decisions. It is meant to be a resource today, Labor Day 2000, and over the months ahead. As Oregon voters consider their choices on the ballot this fall, and as legislators consider policies during the 2001 legislative session, ***Prosperity in Perspective: The State of Working Oregon 2000*** will be a useful resource helping to inform a variety of public policy debates.

Foreward

This is a detailed story about the status of individuals and families working in Oregon. It is designed to stimulate public discussion and to encourage the reader to take action and to make informed decisions. It is meant to be a resource today, Labor Day 2000, and over the months ahead. As Oregon voters consider their choices on the ballot this fall, and as legislators consider policies in the 2001 legislative session starting in January, ***Prosperity in Perspective: The State of Working Oregon 2000*** will be a useful resource that helps to inform public policy debates and decisions on a variety of economic issues.

This is a report filled with data and statistics – lots of them. Some of it good news, some of it not, but it is all meant to be probed, studied, and most importantly, used. The data are provided with context and explanations for the stories they tell and do not tell. In most instances, dollar values have been adjusted for inflation; we indicate where we have not adjusted for inflation.

We encourage readers of this report to underline and dog-ear pages as they consider the course of tax and budget policies, economic policies, and other decisions that will guide Oregon in the months ahead.

Much of the information here is new, fresh analysis of the economic health of working Oregonians. Some aspects of the story, such as income inequality, increasing work hours, and poverty despite work, have been presented before with older data. Many working Oregonians hope even our new analysis will soon become old and out of date. If the proper policy choices are made, the increasing share of workers in poverty, hunger despite work, and growing income inequality can become facts of history and not indicators of the present. Regrettably, despite prosperity these issues have become the familiar refrain of recent periodic checks of Oregon’s economy.

The report can help Oregonians determine who needs help from tax reform in an era of economic prosperity. Before Oregonians vote to give tax breaks to the wealthiest and little or no benefit to the majority of Oregonians (middle income and low-income Oregonians), they can review the data in this report to see who has benefited most from the economic prosperity, and who has not. The story you are about to read shows that many working Oregonians have not received the full benefits of prosperity and the tax system has not become more onerous for the typical taxpayer.

People concerned with education will find wage and earnings data that confirm the value of education. Education clearly pays, and the growth in poverty despite work in the 1990s demonstrates the dangers of a welfare reform program that eschews education for poor parents. The so-called “education premium” is made clear; education is necessary but not sufficient to reap fully the benefits of the economy today.

Human services advocates will find data important for their efforts to address the most fundamental needs of low income Oregonians. This report documents problems with housing affordability and hunger. The detailed findings about the work effort among the poor in the late 1990s should help elevate policy discussions about child care assistance, the minimum wage, and employer provided health insurance.

Each of the tables, charts, and data calculations can easily be linked to public policy proposals. This report, however, generally avoids discussing the public policy options that would address the problems highlighted. With the exception of the minimum wage, those options are left to future reports with additional, more targeted research and analysis. The minimum wage is the chief exception because Oregon has proved to be a useful laboratory for the impact of raising the minimum wage. Moreover, as the foundation for all wages, the minimum wage plays an increasingly important role in the story of working Oregonians. The fact that the minimum wage will continue to fall unless it is pegged to inflation could not go unnoticed.

Although *Prosperity in Perspective* does not discuss policy options, we reject the notion that current trends should be allowed to run their course without public policy intervention. In many cases, too little intervention has allowed some trends to undermine the work of working Oregonians. For example, under-funding of the Oregon Health Plan has contributed to its stalling, which has left a still unacceptably high level of people without health insurance. The data on health insurance in this report are particularly timely as Governor Kitzhaber convenes a statewide conference to begin to tackle the problem.

The problems identified here speak to the need for comprehensive, long-term solutions. The growing pace of income inequality documented in this report, for example, should prompt discussions about using the tax system to mitigate the problem with after-tax income adjustments and about making sure the minimum wage is not eroded. Likewise, the report's discussion of the changing nature of the Oregon economy should trigger discussion of potential changes to the unemployment insurance system to better reflect the economy, job market, and Oregon's workforce of the 21st Century.

This report analyzes a variety of federal and state data sources to put the economic expansion of the 1990s into perspective. It confirms that the 1990s were an impressive period for Oregon's economy. The typical economic triumphalism, however, ignores a number of underlying economic issues that impact many working Oregonians. The report finds that even in an economy commonly thought to be "as good as it gets" many working people have simply been left out.

Chapter 1. Introduction

Oregon's economy soared during the 1990s. Hardly phased by the early 1990s recession, Oregon consistently posted solid growth rates, produced thousands of new jobs and had relatively low rates of unemployment. Most Oregonians have heard the story: we are in a boom time. Some rural parts of the state have not done quite as well, but in general Oregon seems prosperous. Economic data from the last several years point to this conclusion: unemployment is down, wages and incomes are up, and more Oregonians have health insurance.

Oregon's economic performance has been rightly hailed, but there are many unanswered questions, including:

- How high are wages compared to ten and twenty years ago?
- What happened to middle and low-income families during this recent boom?
- Have incomes kept up with the rising costs of housing and health care?
- Who has benefited the most from economic growth?
- Has recent economic growth significantly reduced poverty?

This report, ***Prosperity in Perspective: The State of Working Oregon 2000,*** examines these and other questions. Reviewing a wide range of data, the report documents that, while the economic expansion of the late 1990s delivered benefits to many working Oregonians, there is still a long way to go before we reverse the hard times of the 1980s and early 1990s. The report also finds that, even in an economy commonly thought to be "as good as it gets," many working people have simply been left out.

When examined against the experience of the last three decades, Oregon's current expansion leaves much to be desired. This is because the expansion of the late 1990s failed to overturn many long-term changes in Oregon’s economy that have damaged the ability of most working people to benefit from economic growth.

- Growing income and wage inequality have concentrated economic gains into the hands of fewer Oregonians.
- A growing share of jobs pay low wages.
- Thousands of jobs have been created, but fewer of them are unionized, making it harder for workers to press for wage increases.
- Recent increases have helped thousands of workers, but Oregon’s minimum wage still remains below levels from the late 1960s and 1970s.

This report examines these changes in detail. The second chapter, “The State of Working Oregon,” examines data on hourly wages, annual earnings, family and household income, hours worked, health insurance coverage, housing affordability, and tax burdens. The third chapter, “Oregon’s Working Poor,” focuses on the state’s most vulnerable workers, providing estimates of the number of working families that remain in poverty and experience food insecurity and hunger. The fourth chapter, “Oregon’s Changing Economy,” examines how shifts in the state economy have undermined the benefits of economic growth for typical Oregonians. Relatively low unemployment and an increased minimum wage have pushed wages up in the last few years, but Oregon’s overall economic growth has been accompanied by increasing wage and income inequality, declining job quality, and a less unionized workforce.

The major points of each chapter are as follows:

Chapter 2 – The State of Working Oregon

Hourly Wages

Hourly wages rose during the last few years of the 1990s’ expansion, but not enough to return workers to pay levels of the late 1970s and 1980s. The typical Oregon wage earner made $11.98 in 1999, which was up from 1996 but still less than previous business cycle peaks. This pattern was also identified among low-wage workers and across most industries in Oregon.

Annual Earnings

Average annual earnings have increased in the last several years, rising to $29,599 in 1998. Average earnings, however, remain nine percent below levels from the 1970s and also overstate gains experienced by the typical worker. Median annual earnings were stagnant over most of the 1990s and remained 27 percent lower than "average" earnings in 1998.

Income

The income of the typical Oregon household rose in the late 1990s, as it did in each of the last several economic expansions. The median income of four-person families was $55,579 in 1997-98. The gains of these families and all Oregon households, however, have succeeded only in returning income to levels seen in the late 1970s and late 1980s. Before the 1980s, Oregon families experienced long-term real income growth. Since then, the best we have done is to catch up to the last cyclical peak before another recession hits.

Hours Worked

To maintain consistent incomes, Oregon's working households have had to work additional hours. Between the late-1970s and late-1990s, the average working household in Oregon boosted work hours by 278 hours, amounting to nearly seven additional weeks of work in a year. Growth of paid work effort of female household members helped negate some of the effects of continued wage erosion. With the average working Oregon household containing nearly two full-time, full-year workers, it seems that additional work effort will not be able to counteract falling wages for much longer, if at all.

Health Insurance

The share of non-elderly Oregonians going without health insurance fell from 18.3 percent in 1990 to 12.1 percent in 1998. This trend, which separates us from the rest of the nation, is partly due to the implementation of the Oregon Health Plan (OHP). Unfortunately, a smaller share of Oregonians receives employer-provided coverage than ten years ago. Also, budget constraints and other policy changes have limited the capacity of the OHP to drive uninsurance rates any lower than 12 percent, where it has been stuck since 1996.

Housing Affordability

Housing has become considerably less affordable in Oregon. Single-family home prices grew nearly 150 percent between the mid-1980s and late-1990s, but household income grew by only half as much. After stagnating over most of the 1980s, housing prices exploded in the 1990s. Homeowners benefited through increasing net worth, but typical Oregon households have had to dedicate more of their income to housing, and more low-income families are facing serious housing problems.

Tax Burden

Despite anti-tax activists' cries of government as an insatiable tax monster, the burden of taxation remained constant in Oregon over the last twenty years. In 1997-98, nearly 6 percent of total personal income was required to finance the public goods and services paid for with household property and income taxes. This effective tax rate remained nearly unchanged over the 1980s and 1990s. Oregon's tax burden has not prevented families from moving to Oregon, has not prevented businesses from succeeding in this state, and is not responsible for the economic difficulties facing working people.

Chapter 3 – Oregon's Working Poor

Work Among Poor Families

Most poor families in Oregon are working families. Eighty-four percent of poor children in the state live with parents who work at some point during the year. One in five poor families with children have parents that work full-time, year-round.

Poverty Among Working Families

The poverty rate among working families with children grew substantially during the 1990s, rising from 9.7 percent in the late 1980s to 15.2 percent in the late 1990s. In the late 1990s, one in seven working families with children in Oregon lived in poverty.

Working and Hungry

Getting by on low incomes often has serious consequences. In 40,000 working households in Oregon, adults and some children are going hungry at times because they do not have enough money for food. Low-income working households are even more likely to go hungry, despite their work effort.

Chapter 4 - Oregon's Changing Economy

Despite recent good times, over the last thirty years Oregon's economy has changed in a number of ways that have prevented working people from capturing a fair share of the benefits of economic growth.

Recent Labor Market Changes

One of most worker-friendly developments in Oregon in the late 1990s was the voter-enacted increase in the minimum wage. The large increase in the minimum wage helped lift three-person households with one full-time worker nearly to the poverty line. This most recent episode is the happiest one in a generally somber story of continued erosion of the minimum wage's purchasing power. From the late 1960s to the 1990s, the minimum wage generally fell behind inflation. If voters or the legislature do not index the minimum wage to inflation, this pattern will reassert itself.

While not as low as the national average, Oregon's unemployment rate has been relatively low during the 1990s' expansion, particularly when measured against the state's historical performance. Unemployment in Oregon was 5.7 percent in 1999. Relatively low unemployment, combined with continued employment growth, a slow-down in labor force and population growth and the economic recovery of neighboring states have combined to help push Oregon's wages up in the last few years of the 1990s.

Growing Income and Wage Inequality

In Oregon and the rest of the country the fruits of economic growth are being shared more and more unequally. High wage earners and high-income families have captured the bulk of increases from the economic expansions of the 1980s and 1990s, leading to a wider gulf between the rich and everyone else. The richest fifth of Oregon families held 38 percent of all income in the late 1970s, and their share of income grew to 48 percent by the late 1990s.

Changing Quality of Jobs

Despite the emergence and rapid growth of the high-tech industry, Oregon's economy is increasingly comprised of low-paying jobs. High-paying industries have declined relative to the rest of the economy, and low-paying industries have surged, becoming the largest industries in the state. Thirty-five percent of jobs in Oregon were classified as "low-paying" in 1998, up from only 30 percent in 1978.

The Declining Ranks of Organized Labor

Collective bargaining is a powerful tool that workers in Oregon have used to extract wage gains and workplace improvements from employers. Over the last twenty years, fewer workers have engaged in collective bargaining, due to the shrinking ranks of organized labor. Fewer unions represent fewer workers: only one out of seven employees in Oregon was a union member in 1999, down from one in four in 1980.

Chapter 2—The State of Working Oregon

By most measures, working people in Oregon have done well during recent years. Incomes and wages are up; unemployment is down. Our current period of prosperity has been rightly celebrated, but we should not forget that it comes at the tail end of a long downward slide in the well-being of working people in Oregon and around the country.

A detailed examination of the state of working Oregon shows that, when placed in the perspective of recent history, our current prosperity leaves much to be desired. While many Oregonians have benefited from recent economic growth, workers' wages still have not recovered to the levels seen in the 1970s or the late 1980s. By the late 1990s, income levels for Oregonians had finally returned to levels seen at the peaks before the previous two recessions. To achieve the same incomes, however, working households have had to work longer hours.

In addition to wages and income, this chapter examines a number of other measures of well-being, including health insurance coverage, housing affordability, and tax burden:

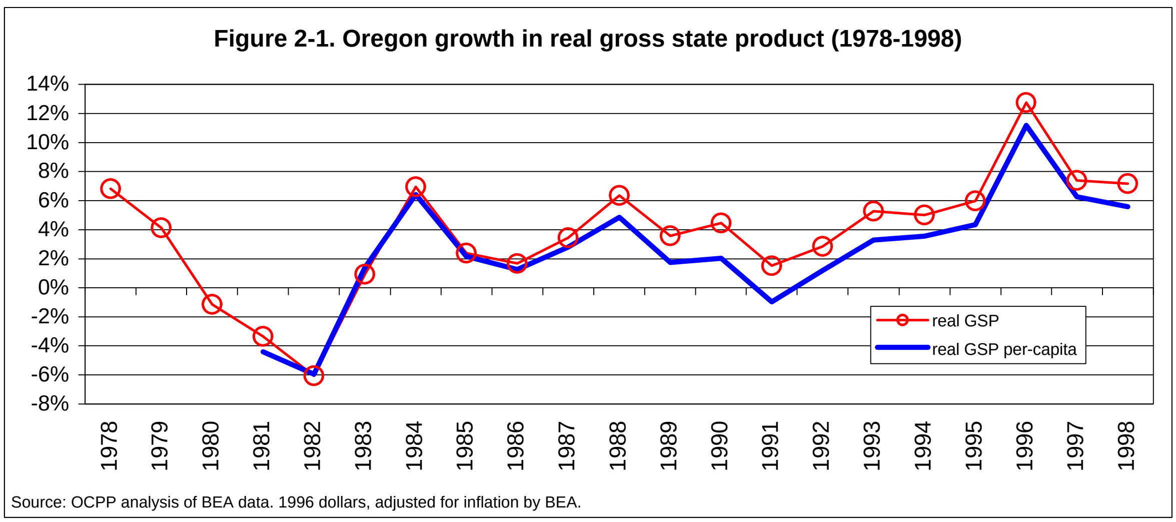
- The share of the population lacking health insurance in Oregon is significantly lower than during the early 1990s and the implementation of the Oregon Health Plan (OHP) is partly responsible. At the same time, however, employer-provided coverage declined and, due to budget constraints and administrative changes, the OHP is unlikely to expand health insurance coverage any further.
- Housing is less affordable for workers in Oregon as income growth lagged behind housing cost inflation during the 1990s. Although home price increases slowed in the last few years, affordability problems remain, particularly for those with low incomes.

- Taxes are a perennial political issue, but the impact of taxes on workers' economic well-being is vastly overstated. Tax burdens in Oregon remained constant over the last twenty years.

Together these factors paint a portrait of the state of working Oregon. The picture that emerges confirms the widespread nature of the current prosperity, but also clearly demonstrates that these few years have not overturned the long-term decline in the situation of most working Oregonians.

Oregon's Economic Performance

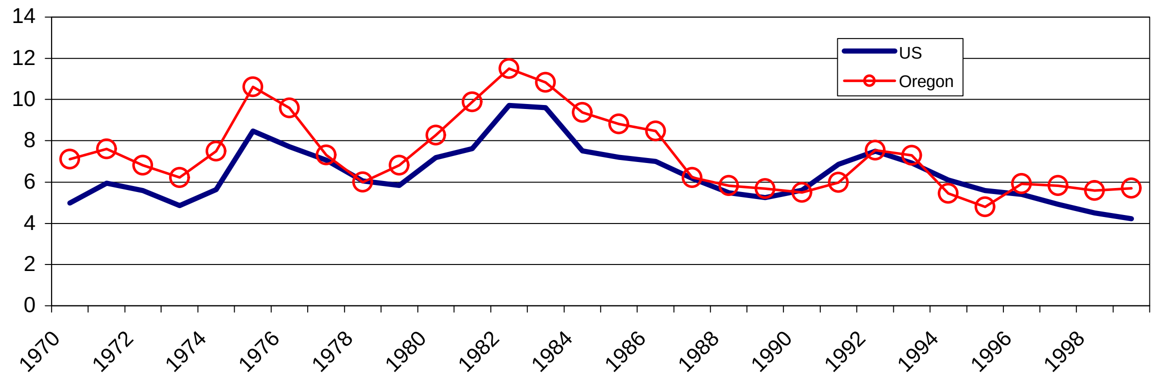
The performance of Oregon's economy in recent years, and over much of the last two decades in general, has been impressive. While it slowed briefly during the early-1990s recession, Oregon's economy has grown steadily since the mid-1980s. Population growth and heavy investments in the high-tech sector made Oregon the fastest growing state economy in 1997.[1] In 1998, Oregon's Gross State Product (GSP) expanded at an inflation-adjusted 7.2 percent. As Figure 2-1 shows, the economy has grown close to or higher than four percent in ten of the last twelve years.



Oregon's economy grew faster than the U.S. in every year from 1988 through 1998.[2] It grew faster than the average of Western states in all but one of those years. Even after removing the impacts of population growth (real GSP per-capita), economic growth in Oregon has been particularly strong over the expansion. Real GSP per-capita declined in 1991, but growth remained above four percent between 1994 and 1998.[3]

Oregon's unemployment rate was 5.7 percent in 1999. This rate was higher than the U.S., but Oregon's unemployment has been lower than the national average in only five of the last thirty years. Unemployment in Oregon remains relatively low when measured against the state's historical performance. For the last six years, unemployment has been less than six percent, a sign of all economic expansions in Oregon since the early 1970s.

Figure 2-2. Unemployment rate in Oregon and the U.S.



Source: OCPP presentation of BLS data.

In ten of the last twelve years unemployment has been at or below six percent, a threshold only crossed for a single year during the two expansions of the 1970s, when wages in Oregon were considerably higher.

Non farm employment in the state more than doubled between 1970 and 1999. In the last three decades Oregon added 863,000 jobs. Approximately 360,000 of these were created in the 1990s.[4]

While general economic growth and unemployment rates help demonstrate the strength of the economy, they do not indicate how well or how poorly working people are fairing. The rest of this section is devoted to presenting and analyzing a range of indicators that directly measure the state of working people in Oregon, including: hourly wages, annual earnings, incomes, hours worked, health insurance coverage, housing affordability, and tax burdens.

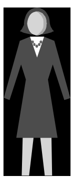
Hourly Wages

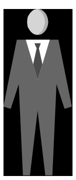
Hourly wages are the foundation of the well-being of working people — everything else builds on them. Falling wages mean that workers must either spend less or must work more hours to achieve the same standard of living. Higher wages mean that workers can afford more or work less for the same standard of living. Working people in Oregon have experienced both of these situations, with falling wages being the dominant trend in recent decades.

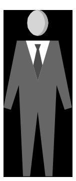
Welcome to:

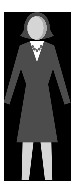
Average Income:
$42,500

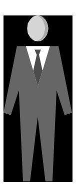
Median Income:
$32,500

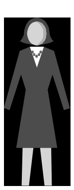

Citizen 1
Income:
$20,000
per year

Citizen 2
Income:
$30,000
per year



Citizen 3
Income:
$30,000
per year

Citizen 4
Income:
$35,000
per year



Citizen 5
Income:
$40,000
per year

Citizen 6
Income:
$100,000
per year


Average (Mean) and Median

Throughout this report we use a number of different statistics to describe the general condition of the state of working Oregon. Some people confuse two of these: *average* (the name we commonly give to the "arithmetic mean") and *median*. The decision to use one or the other can paint a very different picture. Take for example the case of Verysmall Village (pop. 6):

To find the *average*, add up the values you are examining and divide the total by the number of values you are examining. To find the average income of Verysmall Village, add together the incomes of each person and divide by the number of people:

$20,000 + $30,000 + $30,000 + $35,000 + $40,000 + $100,000 = $255,000; divided by 6 equals $42,500.

The average income is $42,500; only one resident has an income that is equal to or higher than the average.

The *median* is the *middle value*, after you've arranged the values in order (from lowest to highest for example), *or the average of the two middle values if you have an even number of values*. There are six people in Verysmall Village with incomes of (lowest to highest):

$20,000 $30,000 $30,000 $35,000 $40,000 $100,000

The two middle values are $30,000 and $35,000. The average of these two values is $32,500. Therefore, the median is $32,500. Half of Verysmall Village residents have incomes equal to or higher than the median income of $32,500, and half have incomes equal to or lower than the median.

Should we use average or median to describe the "typical" resident of Verysmall Village?

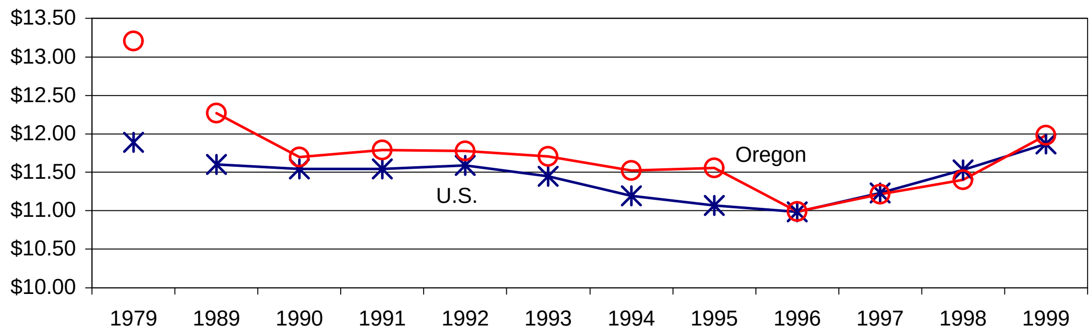
A small number of very high or very low values can pull an average higher or lower. This is often the case with income analysis. Saying the "average income in Verysmall Village is $42,500" does not paint a very accurate picture of the typical Verysmall Village resident: only one person has an income at or above the average. However, an equal number of people have incomes at or below and at or above the *median* of $32,500. The *median* gives a more accurate picture of the typical villager's income.

In this report we try to use medians when describing income and other data with a range of values. Sometimes we will report both the median and the average. Sometimes, however, only average figures can be calculated from the available data.

Median Hourly Wage

Beginning in 1997, hourly wages for the typical worker in Oregon finally responded to the economic expansion. Figure 2-3 shows that the median hourly wage in Oregon fell from $13.21 in 1979 to $10.99 in 1996, before rebounding to $11.98 in 1999.[5]

Figure 2-3. Median hourly wage: Oregon and the U.S.



Source: OCPP analysis of EPI/Census data. Inflation-adjusted 1999 dollars with US CPI-U.

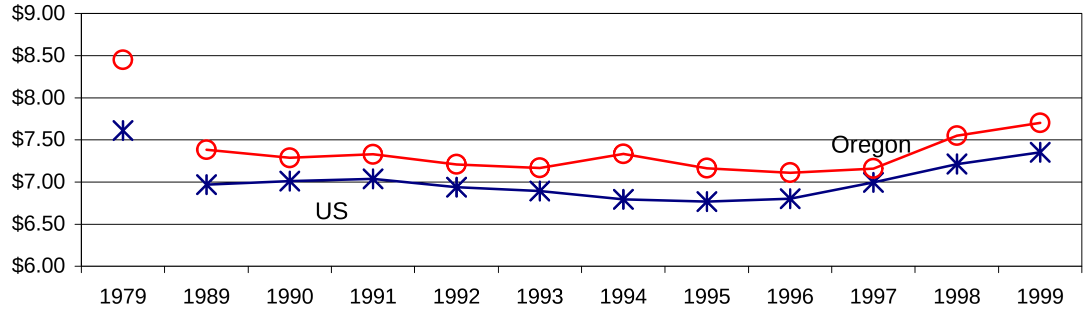
The 1999 median hourly wage is nine percent higher than the 1996 low, but remains two percent below wages from the previous business cycle peak in 1989. The 1999 median remains nine percent lower than in 1979. During most of the 1990s' expansion the median wage fell, reversing course only in the last three years. Over the 1980s and most of the 1990s, Oregon's median hourly wage was higher than the U.S. Since 1996, however, the two have been nearly indistinguishable.

Low-Wage Workers

Low-wage workers, those workers at the 20th percentile (20 percent of workers have lower and 80 percent have higher wages), have followed a similar pattern. As Figure 2-4 illustrates, the wages of low-wage workers fell through the 1980s and stagnated during the 1990s, rising only in the last two years. Low-end wages in Oregon and the rest of the nation rose in part because of the late-1990s minimum wage increases.

The hourly wage at the 20th percentile was $7.70 in 1999; this was eight percent higher than the 1996 low and four percent higher than in 1989. It remains considerably lower (almost 9 percent), however, than the 1979 inflation adjusted level of $8.45.

Figure 2-4. 20th percentile hourly wage: Oregon and the US



Source: OCPP analysis of EPI/Census data. Inflation-adjusted 1999 dollars with US CPI-U.

Average Hourly Wage by Industry

The wages of workers in most of Oregon's major industries followed a similar pattern over the last 30 years. Workers in high-paying industries saw real wage losses, as did workers in low-paying industries. Table 2-1 shows that wages declined from 1972 through 1996 for production and non-supervisory workers in each of the major industry groups tracked by the Oregon Employment Department.[6] Over these years, durable manufacturing wages fell by 23 percent and wages in retail trade declined by more than 35 percent. Only the communications and utilities industry avoided this trend; inflation-adjusted wages in this industry group fluctuated very little.

Table 2-1. Oregon average hourly wages for production/non-supervisory workers

						Percent Change			
	1972	1979	1989	1996	1999	1972-99	1972-96	1989-99	1996-99
Durable Manufacturing	$18.49	$18.22	$15.68	$14.22	$14.79	-20.0%	-23%	-5.7%	4.0%
Non-durable Manufacturing	$17.18	$16.09	$14.92	$13.97	$14.14	-17.7%	-19%	-5.2%	1.2%
Construction	$28.26	$26.67	$21.60	$21.10	$20.78	-26.5%	-25%	-3.8%	-1.5%
Communications and Utilities	$19.93	$18.65	$19.11	$19.71	$20.18	1.3%	-1%	5.6%	2.4%
Wholesale Trade	$18.15	$16.90	$15.94	$13.93	$14.44	-20.4%	-23%	-9.4%	3.7%
Retail Trade	$14.55	$13.18	$11.53	$9.39	$10.00	-31.3%	-35%	-13.2%	6.5%

Source: OCPP analysis of OED data, 1999 dollars deflated with Portland CPI-U.

Since 1996, average wages have risen in every industry except construction. Although average construction wages remain higher than in other industries, by 1999 they had slipped below 1996 levels. Workers in the retail trade industry experienced the greatest increase, growing 6.5 percent between 1996 and 1999. This is not surprising, given that over half of all minimum wage workers are employed in retail trade, and that Oregon's minimum wage increased by almost one-third between 1996 and 1999.[7]

Despite gains since 1996, hourly wages remain considerably below levels from the 1970s and late 1980s. Average retail trade wages remain 31 percent lower than in 1972 and 13 percent lower than in 1989. Non-durable manufacturing wages are now one percent higher than in 1996, but remain nearly 18 percent under 1972 wage levels.

All of the different measures of hourly wages reveal the same trend. Recent increases in wages are encouraging, but they are still far short of their levels from the 1970s.

Hourly Wage by Demographic Group

Wages vary not just by industry, but also by a range of demographic characteristics. As in the rest of the nation, men have higher wages than women, whites have higher wages than non-whites, and the more educated have higher wages than the less educated (Table 2-2). In the final two years of the 1990s, male workers between the ages of 18 and 64 had a median hourly wage of $13.34. Female workers earned just $10.12 per hour, only 76 percent of men's hourly wages.[8]

White workers had a median hourly wage of $11.66, while the typical non-white worker made $10.61. College graduates typically earned $17.18 per hour, 42 percent more than high school graduates. High school graduates made 21 percent more per hour than those with less than a high school degree.

Table 2-2. Oregon hourly wages by demographic group

Gender	**1998-99**
Male	$13.28
Female	$10.12
Race	
White	$11.66
Non-White	$10.61
Ethnicity	
Hispanic	$8.46
Non-Hispanic	$11.90
Highest Education	
More than College	$21.04
College Only	$17.19
Some College/2-year	$11.93
HS or GED only	$9.96
Less than HS	$7.83

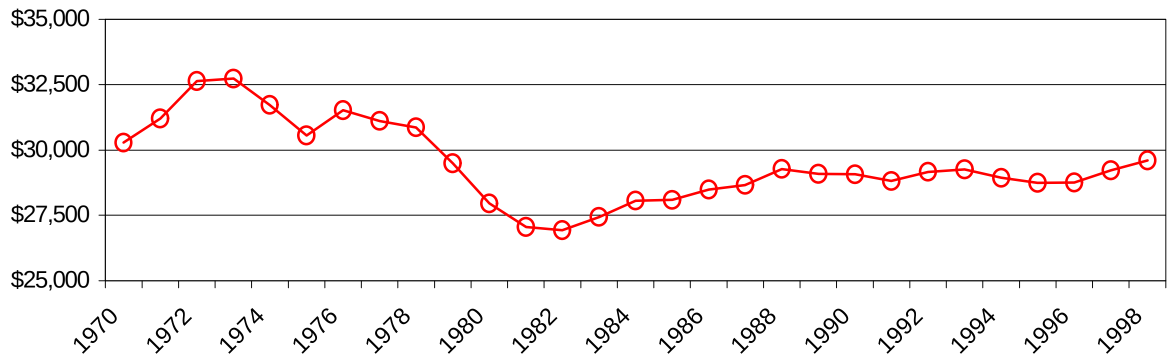
Source: OCPP analysis of Census Monthly CPS. Inflation-adjusted 1999 dollars with U.S. CPI-U.

Annual Earnings

Wages are the hourly rate at which workers are paid, and annual earnings are the total amount of wages earned in a year.[9] Trends in hourly wages and annual earnings differ based on hours worked per week and number of weeks worked per year. In 1998, the average Oregon worker earned $29,599.[10] Figure 2-5 shows that average annual earnings were three percent higher in 1998 than the 1995 low point, and one percent higher than in 1997.

Despite recent increases, however, average annual earnings remain considerably below levels seen in the 1970s. In 1976, earnings were six percent higher than 1998. Average earnings in 1972 were nine percent higher. Recent increases follow eight years of stagnation in average annual earnings during the 1990s.

Figure 2-5. Oregon: average earnings of all employees



Source: OCPP analysis of BEA data. Inflation-adjusted 1998 dollars with Portland CPI-U.

Earnings vary widely in different parts of the state. The average earner in the Portland area made $32,448 in 1998 while in Eastern Oregon average annual earnings were only $22,671.[11]

Table 2-3 Oregon average annual earnings by region.

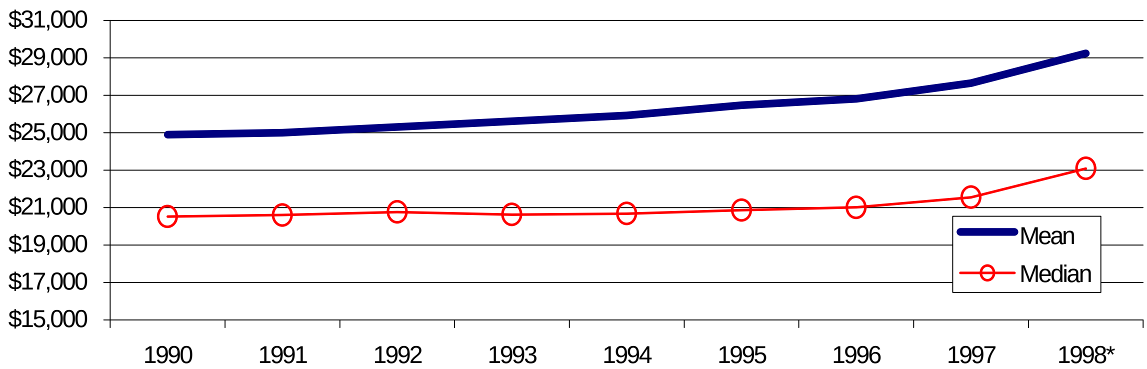
						Percent Change		
	1976	1979	1989	1996	1998	1976 to 1998	1989 to 1996	1996 to 1998
Portland Area	$32,090	$29,390	$29,997	$31,105	$32,448	1.1%	3.7%	4.3%
Coast	$28,926	$28,256	$23,152	$22,128	$22,652	-21.7%	-4.4%	2.4%
Willamette Valley	$29,760	$28,431	$24,858	$25,658	$26,721	-10.2%	3.2%	4.1%
Southern	$29,359	$28,270	$23,838	$23,507	$24,182	-17.6%	-1.4%	2.9%
Central/Columbia Gorge	$27,915	$26,899	$23,153	$23,081	$23,838	-14.6%	-0.3%	3.3%
Eastern	$26,477	$25,714	$21,318	$21,362	$22,671	-14.4%	0.2%	6.1%

Source: OCPP analysis of OED data. Inflation-adjusted 1998 dollars.
Inflation-adjusted 1998 dollars. Portland area adjusted with PDX CPI-U. All others with US CPI-U.

The earnings gap between Portland and the rest of the state is sizeable and has become wider over time. Average earnings in Portland and the Willamette Valley stagnated in the 1980s through the mid-1990s, but earnings in the rest of the state fell steadily during that period. Earnings in the Portland area turned around in 1995. The other regions of the state followed suit in 1997. Only the Portland area has regained its high earnings levels from the 1970s.

Because of the very high earnings of those at the top, “average earnings” overstate what the typical worker actually makes. Earnings data for workers employed year-round (in all four quarters) show that in 1998 the typical Oregonian earned $21,554.[12] Average annual earnings, however, were $29,239. Average earnings were 21 percent higher than the median. Average earnings were only 21 percent higher than the median in 1990 and 27 percent higher in 1998.

Figure 2-6. Oregon: median and mean annual earnings of year-round workers



Source: OCPP presentation of OED data. Inflation-adjusted 1998 dollars with US CPI-U. * Figure for 1998 is preliminary

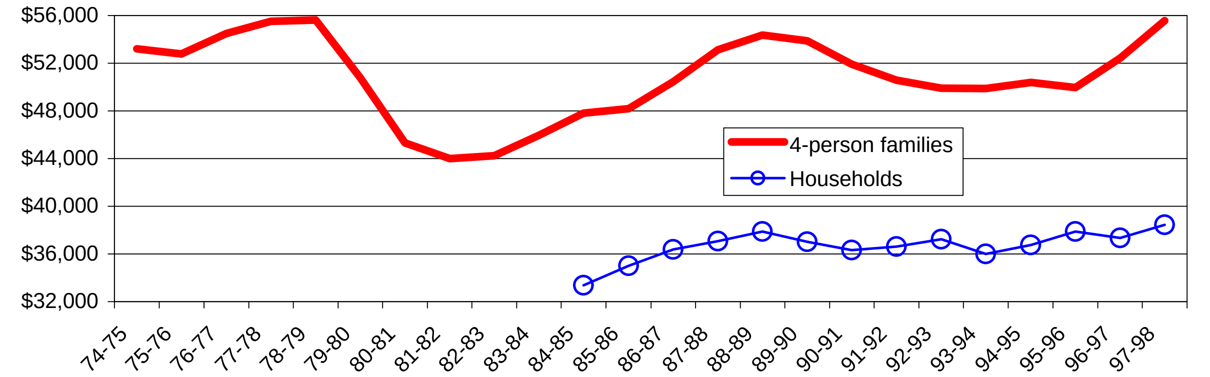
Between 1990 and 1996 *average* annual earnings grew by 1.2 percent per year, while *median* earnings grew less than one-half of one percent per year. Median earnings growth of year-round Oregon workers was slow over most of the 1990s, but it increased rapidly in 1997 and 1998. Median annual earnings grew by 5 percent per year and average annual earnings grew by 4.5 percent per year during 1997 and 1998.

Income

Wages are the largest source of income available to Oregon families and households. Additional types of income include rental, retirement, public assistance, and investment income other than capital gains.[13] Together the various types of income shape the budgets of Oregon families.

Income growth in Oregon has not been impressive over the last twenty-five years, but income has not declined in the same manner as wages. The long-term trend in wages is downward, but the last several decades reveal little change in median income when comparing business cycle peaks. As Figure 2-7 shows, the median income of four-person families in Oregon has fallen in recessions and risen during periods of economic expansion.[14]

Figure 2-7. Oregon median income.



Source: OCPP analysis of Census data. Inflation-adjusted 1997-98 dollars with US CPI-U

Each of the three recent peaks returned family income in Oregon to roughly the same level. So, while the median four-person family income rose over the last several years, reaching $55,579 in 1997-98, it is just two percent higher than its level from ten years ago and is no higher than in 1978-79. Across the last three business cycles, four-person family income kept up with inflation, but did not grow along with the expanding economy or increasing productivity. Oregon families seem to be stuck playing a game of “catch up,” putting in more hours to compensate for reduced wages. Just when median income recovers from the last recession, another one comes along.

Figure 2-7 also shows the trend for median household income.[15] The median income of Oregon households is lower than that of four-person families - reaching $38,447 in 1997-98 - but it follows a similar trend.[16] By 1997-98, the median income of Oregon households narrowly passed the high-point from the peak of the 1980s economic expansion.

Unlike the 1970s and 1980s, income growth came late in the 1990s’ expansion. Following the early 1980s’ recession, four-person family and household median incomes grew along with the economy. In the 1990s, however, median family and household income were stagnant while the economy continued to grow. In fact, income grew faster in the 1980s despite a slower growing economy. Like wages, four-person family and household median incomes grew only in the late 1990s.

Table 2-4. Median family income from decennial census

	1959	1969	1979	1989
Oregon	$30,393	$39,249	$44,114	$42,506
$ change from previous census		$8,856	$4,865	-$1,608
% change from previous census		29.1%	12.4%	-3.6%

OCPP presentation of Census data. Income in inflation-adjusted 1998 dollars with U.S. CPI-U.

The income stagnation witnessed over the last twenty-five years was not present in earlier decades. In the past, the typical Oregon family did better with each passing decade. Data from the last four decennial censuses show that median income for families of all sizes grew across the 1960s and 1970s, before falling in the 1980s (Table 2-4).[17]

Both 1969 and 1979 were business cycle peaks, and each registered growth over the previous decade. Median family income grew 29.1 percent over the 1960s and 12.4 percent over the 1970s. Ten years later, 1989, was also the high-point of a business cycle, but it showed a decline in real median family income over 1979. Consistent growth in median family income came to a halt during the 1980s.

Oregonians' incomes rose and fell repeatedly over the last few decades, bringing up important questions about expectations for future growth. Only late in the current expansion have family and household median incomes matched levels from previous cyclical highs. Has our current prosperity returned us to a pattern of long-term growth, or will the gains of recent years soon be lost in another recession? Only time will tell.

Hours Worked

Incomes did not decline to the same degree as wages in part because workers in Oregon are putting in more hours each year. Most of the increase stems from more women in the workforce, and working women putting in more weeks each year and more hours each week. Men's annual hours increased as well, but their increases were much smaller than women's.

Table 2-5. Average annual hours worked in Oregon

	Households	All workers	Male	Female
1979-80	3,021	1,758	1,990	1,462
1988-89	3,212	1,857	2,091	1,599
1997-98	3,299	1,895	2,086	1,673
Growth in Annual Hours Worked				
1979-80 to 88-89	191	99	101	137
1988-89 to 97-98	87	39	-5	74
1979-80 to 97-98	278	137	96	211

Source: OCPP analysis of March CPS data, provided by EPI.

Oregon's working households averaged 3,021 annual hours of work in 1979-80.[18] By 1997-98 average annual hours worked had grown to 3,299, an increase of 278 hours. This additional work effort represents another seven weeks of work for Oregon's working households each year.

Oregon's average working household had the equivalent of 1.5 full-time, full-year workers in 1979-80. By 1997-98 the average working household had 1.7 full-time, full-year equivalents.[19] With almost two full-time, full-year equivalents per working household, there is little room left for additional work effort.

Individual workers between the ages of 24 and 65 worked 1,758 hours per year in 1979-80, an effort that increased to 1,895 hours in 1997-98. This additional 137 hours translates into more than three additional weeks of full-time work per year. While annual hours worked are different for male and female workers, both are working more hours than in the late 1970s. For female

Contingent Work

The growth of "contingent" — temporary, part-time, self-employment, and on-call work — is a hallmark of the 1990s economy. According to the Government Accounting Office, nearly one third of all American workers (29.9 percent) were in some form of "contingent" work arrangement in 1999.[20] The situation is no different in Oregon. In 1998-99, 31 percent of all employment in Oregon was either part-time, through a temporary help firm, or self-employment. Employment in temporary staffing firms exploded during the 1990s, growing 176 percent while total employment grew only 18 percent.[21] Temporary staffing firms represent a small share of overall employment, employing 40,000 in 1998, but the share of the workforce employed by these firms is growing, expanding from 1.2 percent to 2.5 percent of nonfarm employment between 1990 and 1998.

While temporary staffing employment exploded, the share of Oregonians who work part-time remained relatively stable. The share of workers who are part-time has changed little since the late 1970s, fluctuating between 19 and 25 percent of the workforce.[22] In 1998-99, 20 percent of Oregon workers worked part-time (less than 35 hours per week).[23] While most voluntarily choose to work part-time, nearly one in five Oregon part-time workers wants to work full-time but cannot find full-time work.[24]

Early in the 1990s, when the recession was still a recent event and "down-sizing" was the watch-word, mulitiple job holding also became a concern. The joke went: "The economy has created millions of new jobs. I know, I've got three of them…" According to an analysis by the Oregon Employment Department, nearly one in ten Oregon workers held more than one job in 1995.[25] During the expansion, the multiple job-holding rate declined, falling from 8.7 percent in 1995 to 6.3 percent in 1998. High and middle-wage workers were almost as likely as low-wage workers to hold multiple jobs, but over 40 percent of multiple job holders did so in order to meet regular household expenses and to pay debts.

While some workers may prefer the "flexibility" of part-time and other "non-standard" work arrangements, it is not without cost. Around the country part-time, temporary and self-employed workers earn lower wages and are less likely to have important benefits, like health insurance, than other workers.[26]

Debt

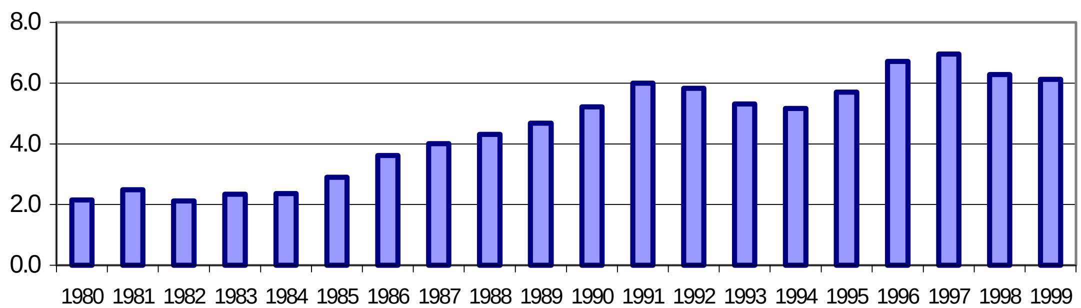
In much the same way that increasing hours of work has partially offset declining wages and helped maintain family incomes, working people in Oregon and the rest of the country have also used debt to maintain standards of living. In America, the total amount of debt is now greater than disposable income.[27]

Debt itself is not always a bad thing. Many households go into debt to buy homes (mortgages) and to make other worthy investments. More than one-fifth of debt, however, is consumer debt (credit cards, lines of credit, and short-term loans).[28] And just as debt represents an opportunity, it is also a burden. That burden is much heavier for middle and low-income families. Lower-income households have higher debt payment-to-income ratios, are more likely to face extreme debt-service burdens, and also have greater difficulties paying their bills.[29]

Most of the information on debt and the burdens of debt is only available at the national level. One available source of state level data, consumer bankruptcy data, demonstrates the potential hardships associated with credit card and other kinds of debt.[30]

Figure 2-8. Oregon personal bankruptcy rate

Non-business filings per 1,000 Adults



Source: OCPP analysis of American Bankruptcy Institute data.

Oregon's personal bankruptcy rate grew across the last half of the 1980s and during the mid-1990s (Figure 2-8). Just over six of every thousand adults in Oregon declared bankruptcy in 1999. The bankruptcy rate in Oregon is similar to the national average. Oregon's bankruptcy rate was higher than the national average in the early 1990s, but saw slower growth in the mid-1990s and has since fallen in line with the rest of the country.

Despite the broad-based benefits associated with our current economic expansion and Oregon's improvement relative to the U.S., 1996 through 1999 were the four highest bankruptcy years among the last twenty. According to the owner of Collections Inc., a Portland-area collection agency, "the consumer is up to his ears in debt…they're paying whoever screams the loudest."[31]

workers the increase was steady, rising 137 hours between 1979-80 and 1988-89, and 74 hours between 1988-89 and 1997-98. Male workers saw all of their increase between the late 1970s and the late 1980s. Annual hours worked for men rose 101 hours between 1979-80 and 1988-89, and declined by five hours between 1988-89 and 1997-98.

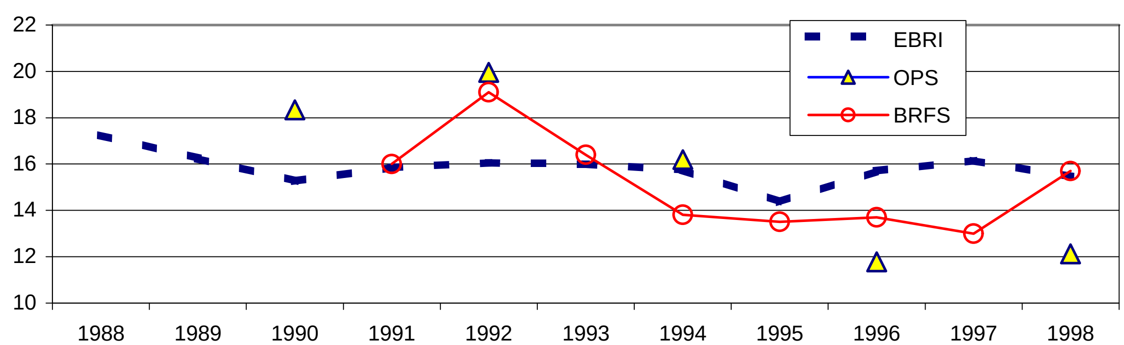
There has been considerable debate among economists over whether *individual* workers are putting in more hours each week.[32] There is little doubt, though, that *households* are working more.[33] More household members are going to work, and those who are working are putting in longer hours and are working more of the year.

Households and individual workers are putting in more hours of work, but the rate of increase is slowing. With almost two full-time, full-year workers per household, the room to work additional hours is shrinking and the ability of Oregon's working families to maintain their incomes by working more hours is vanishing.

Health Insurance

Health insurance coverage is a major policy issue in Oregon and is also a crucial measure of the well-being of working people. Whether it provides health insurance is one of the most common ways of identifying a job as "good" or "bad." The absence of health insurance is not just the mark of a bad job, but is also strongly correlated with poor health.[34] Over the 1990s Oregon has been successful at expanding health insurance coverage. Fewer Oregonians are going without coverage, but, at the same time, fewer are receiving coverage from an employer. Annual cost increases have slowed in recent years, but health insurance remains expensive.

Figure 2-9. Percent of non-elderly uninsured in Oregon -- different data sources



Source: OCPP analysis of BRFS and OPS data, presentation of EBRI data.

The Oregon Health Plan

In 1989 the Oregon Legislative Assembly enacted a series of bills aimed at creating a health care system that provided access to affordable health insurance for every Oregonian. The Oregon Health Plan (OHP) included:

- OHP-Medicaid, an expansion of Medicaid eligibility to all Oregonians in poverty, with costs controlled by managed care and a prioritized list of treatments;
- Oregon Medical Insurance Pool (OMIP), a “high risk insurance pool” that covers individuals turned down for insurance due to pre-existing conditions;
- A small business purchasing pool to make coverage more affordable;
- Market reforms in the small employer market, such as guaranteed issue portability and limits on rate variation, and;
- An employer mandate.

The most highly publicized component of the OHP, the Medicaid expansion, went into effect in February 1994. Since that time, more than 1 million Oregonians have been covered by the plan. The OHP’s average monthly caseload, however, declined steadily beginning in 1995. Some of this decline is due to the decision by the Governor and the legislature to restrict eligibility to persons with limited cash assets, disallow some college students, require premiums, and use three months of income (versus one month) to determine eligibility, and some of the decline is because income eligibility limits have not kept pace with changes in the state’s minimum wage.

Previously Medicaid provided health coverage to people receiving public assistance, some low-income women and young children, and to certain people with disabilities. Under the OHP-Medicaid, theoretically all Oregonians below the federal poverty level, and low-income pregnant women and children, qualify for health insurance. Responding to a successful 1996 tobacco tax initiative, the legislature expanded coverage for pregnant women and young children, and created a small (less than 7,000 individuals) program to subsidize the purchase of insurance by a limited number of low-income families. This Family Health Insurance Assistance Program, coupled with the OHP-Medicaid expansion, and the 1997 enactment of the federal Children's Health Insurance Program (CHIP), meant more Oregonians were eligible for insurance in the late 1990s.

Enacted in 1989, the “employer mandate” never received necessary authorization from Congress, and was allowed to expire by the Oregon legislature. The employer mandate was a key element in moving Oregon toward universal health care. As it is currently designed, the Oregon Health Plan cannot achieve universal access to health insurance.

The Uninsured in Oregon

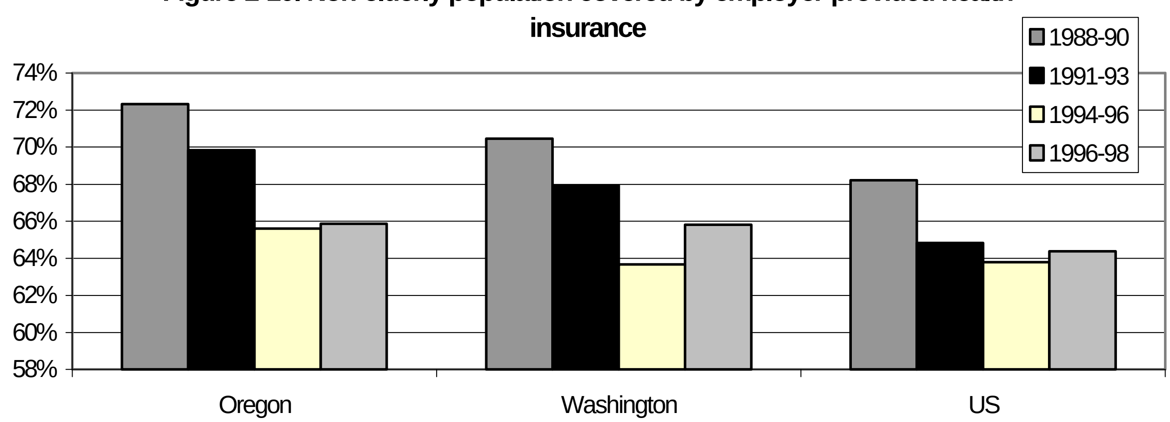
In the 1990s, Oregon departed from the national trend of falling rates of health insurance coverage. Nationwide, the share of the non-elderly population without health insurance increased each year between 1987 and 1998, going from 14.8 percent (31.8 million people) to 18.4 percent (43.9 million people). In Oregon, however, the percent of the non-elderly without insurance fell.[35]

Figure 2-9 includes estimates of Oregon's uninsured population from three different data sources. The Oregon Population Survey (OPS) and the Behavior Risk Factor Survey (BRFS) both show that, after rising during the early 1990s, the share of Oregon’s population lacking health insurance declined.[36] The OPS shows that the uninsurance rate of non-elderly Oregonians fell from 18.3 percent in 1990 to 12.1 percent in 1998. The BRFS data show that the non-elderly adult uninsurance rate fell between the early and mid-1990s, but rose between 1997 and 1998. The 1998 non-elderly adult uninsurance rate of 15.7 percent was no different than in 1991. The Census Data analyzed by the Employee Benefit Research Institute (EBRI) shows no increase in the percent of non-elderly Oregonians going without insurance.

Employer-Provided Coverage

More Oregonians were covered by some form of health insurance over the 1990s, but the share receiving employer-provided coverage fell. Between the late-1980s and the late-1990s, the percent of non-elderly Oregonians with employer-provided health insurance fell from 72 percent to 66 percent.[37]

Figure 2-10. Non-elderly population covered by employer-provided health insurance



Source: OCPP analysis of EBRI data

Claims of the OHPPR

The long-term trend toward declining employer-provided coverage abated over the last few years. In recent reports, however, the State of Oregon claims that employer-provided insurance coverage is growing. Neither of these reports, however, actually shows that more Oregonians are receiving employer-provided coverage.

Claim One. In "The Oregon Health Plan and Oregon's Health Care Market: A Report to the 71st Legislative Assembly," the Office for Oregon Health Plan Policy and Research (OHPPR) cites a study using Medical Expenditure Panel Survey (MEPS) data from *Health Affairs* showing that 56 percent of Oregon employers offered coverage to their employees in 1996, up from 52 percent in 1993.[38] Revised MEPS data now show that in 1996 nearly 62 percent of employers were offering coverage.[39]

The fact that more employers offer insurance, however, does not necessarily mean that more workers are covered. Because many employers have shifted premium costs to workers and because premium rates are generally rising, it is often difficult for workers to afford the coverage offered to them. In addition, if offer rates are shifting among different size employers (larger employers dropping coverage and smaller employers offering coverage, for example), there could be a higher share of employers offering with fewer workers being offered insurance.

In any case, the most recent figures for the MEPS data cited by the state indicate that the gains seen in 1996 employer offer rates have been wiped out. MEPS data show that only 55 percent of Oregon employers offered health insurance to their employees in 1997, not significantly different from 1993.

Table 2-6. Source of health insurance: Oregon Population Survey

	1994	1996	1998
Total Employer	55.5%	71.8%	71.4%
own employer		33.4%	35.3%
spouse/partner employer		15.5%	14.4%
parent's employer		22.9%	21.7%
Total Government	20.7%	17.1%	16.8%
Medicare		9.8%	9.8%
Medicaid		7.3%	7.0%
Other gov't.			0.6%
Self	10.4%	9.2%	8.4%
Other Family Member	13.5%	0.4%	0.5%
"Other"		1.5%	2.3%

Source: OCPP analysis of Oregon Population Survey

Claim Two. The OHPPR also recently claimed that the percent of insured Oregonians receiving coverage from an employer grew from 56 percent in 1994 to 72 percent in 1998.[40] One problem with OHPPR's claim is that among *covered* adults the share with employer coverage automatically rises if the number with publicly-provided insurance declines. A drop in the number of adult recipients of the Oregon Health Plan, which did occur between 1996 and 1998, might explain this change.

More importantly, however, the increase in employer-provided coverage appears to be the result of a change in the question asked on the Oregon Population Survey.

Continued on next page...

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Between the 1994 and 1996 surveys, the question on source of health insurance was expanded, providing several new categories to capture different types of employer-provided insurance, including “own employer,” “spouse’s employer” and “parents’ employer.” It appears that these new categories picked up many responses that in 1994 would have been coded as “other family member” (Table 2-6). Husbands and wives with health insurance coverage through their spouse would likely have been coded with “other family member” as the source of their insurance in 1994 and as “spouse’s employer” in 1996 and 1998. This is probably the reason that the share of Oregonians getting their insurance through “other family member” fell from 13.5 percent in 1994 to less than one-half of one percent in 1996.

Combining the “other family member” responses in 1994 with “employer-provided” raises the share of insured Oregonians with employer-provided coverage in 1994 to 69 percent. Once this correction is made, there is no significant increase in employer-provided coverage between 1994 and 1998.

Oregon, Washington, and the U.S. experienced similar patterns in employer-provided coverage (Figure 2-10). In Oregon, Washington, and the U.S., employer-provided health insurance coverage fell between the late-1980s and the mid-1990s. In the last several years this trend reversed in Washington and the U.S. and has at least stopped in Oregon.

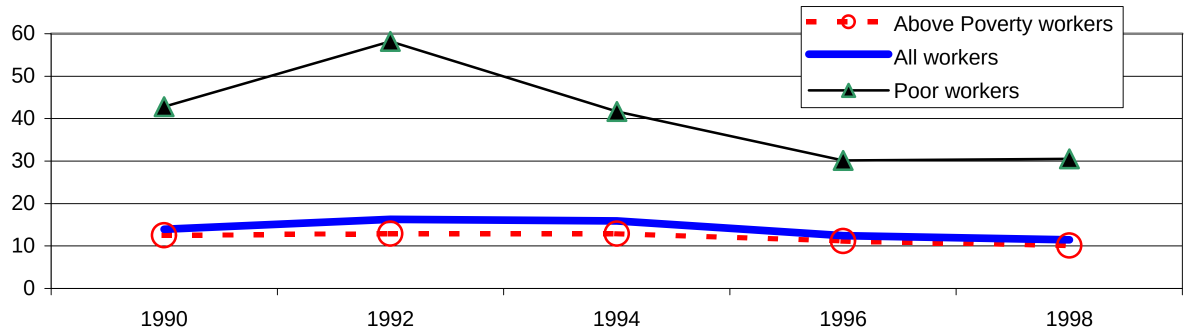
The Impact of the Oregon Health Plan

With more Oregonians finding health insurance and with a declining portion receiving employer-provided coverage, Oregon's health insurance gains in the 1990s must have some other source. The Oregon Health Plan (OHP) is probably the most important factor.[41] Implemented in 1994, the OHP is what separates Oregon from the rest of the country.

More than 130,000 low-income Oregonians previously ineligible for Medicaid were receiving health insurance through the OHP by August 1995.[42] The OHP Medicaid expansion made thousands of low-income workers eligible for publicly-provided health insurance. These “new eligibles” are a significant portion of the increase of health insurance coverage among low-income workers.

The share of workers who lacked insurance dropped during the 1990s, falling from 13.9 percent in 1990 to 11.5 percent in 1998. The change among workers in poor households was dramatic (Figure 2-11).[43]

Figure 2-11. Uninsured workers in Oregon
(share of employed Oregonians 18 to 64 without any health insurance)



Source: OCPP analysis of Oregon Population Survey

In 1992, 58 percent of workers in poor households had no health insurance; by 1996, only 30 percent lacked insurance. Uninsurance rates were unchanged between 1996 and 1998. Other evidence of the impact of the OHP can be found in the declining number of Oregonians failing to receive medical treatment because of limited funds. In 1992, 16 percent of Oregon adults said that they needed to see a doctor but did not because they could not pay; fewer than 11 percent did not receive treatment for the same reason in 1998.[44]

Health Insurance Costs

Over the last twenty years employer-provided insurance has become much less of a "benefit." More workers are paying for their "employer-provided" health insurance, and those that pay are paying more. Nationally, only 26 percent of workers in medium and large companies had to pay anything for single-person health insurance coverage in 1980; by 1997, 69 percent had to pay.[45] Eighty percent of workers in these companies were required to pay for family coverage in 1997, up from 46 percent in 1980.

Trends in the rising costs of health care and the increasing employee-share of premium costs have been well documented at the national level. A 1998 study by the Lewin Group showed that the national average annual premium for employer-provided single-person coverage was $1,153 in 1988 and rose to $2,059 in 1996 (not adjusted for inflation).[46] Employees were responsible for 10 percent of single-person premium costs in 1988 and 22 percent by 1996. Family coverage premiums rose from $2,530 in 1988 to $5,349 in 1996. The employee share grew from 26 percent to 30.2 percent for family coverage.

After adjusting for inflation, family coverage premiums rose by 78 percent, and single-coverage grew by 46 percent between 1988 and 1996. All of that growth, however, came before the mid-1990s. Between 1994 and 1996, single and family-coverage premiums both grew more slowly than inflation.

Unfortunately, much of the data on health insurance premiums and other expenses are not available or have not been analyzed at the state level. One exception is the Medical Expenditure Panel Survey (MEPS). Data from the MEPS, however, only cover a few recent years.[47] The most recent MEPS data show that in 1996-97, single-person coverage premiums averaged $1,963 in Oregon and $2,022 in the U.S.[48] Family-coverage premiums were $4,719 in Oregon and $5,143 in the U.S. In Oregon, employees were responsible for 11.3 percent of single coverage and 26.2 percent of family coverage.[49] Across the U.S., employees picked up 16.4 percent of single-person coverage and 25.1 percent of family coverage. Health insurance costs faced by Oregon workers are mostly similar to those faced by workers around the country, except that the employee share of single-coverage costs is lower in Oregon.

After growing rapidly across most of the 1980s and early 1990s, medical care and health insurance cost inflation slowed in the mid-late 1990s.[50] Slower health care inflation benefited working people to some degree but increased cost shifting from employers to workers and the accumulated cost increases of the last decades left workers in Oregon and the U.S. paying more for health care.

The Outlook for Health Insurance in Oregon

With the implementation of the OHP and the economic recovery, uninsurance rates fell and employer coverage ceased to decline by the late 1990s. At the same time, however, employer coverage remains below levels from ten years earlier, and the OHP-fueled expansion of health insurance coverage seems to be faltering.

Employer-provided health coverage pulled out of its free-fall in part due to tight labor markets and a lapse in the long-term price pressures on health insurance premiums. Worker-starved employers have been forced to upgrade benefits packages to attract employees.[51] Both of these factors are likely temporary, and do not erase the declines in employer-provided coverage over the last ten years. When labor markets slacken and health insurance costs rise again, more employers will likely withdraw health care coverage.

Recent national publications examining the long-term erosion in employer-provided health coverage show that many employers responded to increasing insurance costs by raising premium costs for workers, ceasing coverage altogether, and making some workers ineligible for coverage.[52] Many workers responded to rising costs by declining coverage offered by their employers.

The share of Oregonians receiving health insurance through an employer is no longer falling; however the percentage of Oregonians without health insurance has also stopped falling. Uninsurance among non-elderly Oregonians was 11.8

percent in 1996 and 12.1 percent in 1998, essentially the same.[53] Among working poor Oregonians, the uninsurance rate was 30.2 percent in 1996 and 30.6 percent in 1998.[54] Health insurance coverage in Oregon is no longer growing because the main driver of expansion, the Oregon Health Plan, stopped expanding. Noting that the uninsurance rate “plateaued” between 1996 and 1998, OHPPR concluded that in the future “extending coverage to the uninsured may be a more difficult task than it has been up to now.”[55]

The task is made more difficult because the OHP has entered a stage of retrenchment. The Health Plan provided insurance to 134,000 low-income Oregonians in 1995, but the number of “new eligibles” receiving insurance through OHP fell to 78,000 by the end of 1999. OHP coverage declined in part because income and asset eligibility rules were tightened, premiums were implemented, and income eligibility levels have not kept pace with changes in the state’s minimum wage.

With a growing population and a stationary uninsurance rate, the number of Oregonians without health insurance is rising again. The number of Oregonians going without any insurance declined from 450,000 in 1990 to 340,000 in 1996, but it had risen to nearly 363,000 by 1998.[56]

Pensions

Another important benefit earned through work is a pension. Unlike the near-universal coverage of Social Security, private-sector retirement plans reach fewer than half of all workers. In Oregon only 46 percent of all workers were covered in 1997-98.[57]

Through widespread adoption of defined-contribution retirement plans, like the 401(k), retirement plans are now being offered by more employers. In the late 1970s, 54 percent of Oregon workers surveyed said that their employer offered some form of retirement plan; this share grew to 58 percent in the late 1990s. Among those working for businesses that offered retirement plans, however, a declining portion were covered. Over 86 percent were enrolled in their employer’s plan in the late-1970s, and fewer than 80 percent were enrolled in the late-1990s.

More experienced workers (those between the ages of 30 and 64 working more than 20 weeks per year) are more likely to be employed by businesses offering some type of retirement plan. Roughly 64 percent of experienced workers had employers that offered retirement plans in the late-1970s, 1980s and 1990s. Because the share of experienced workers who were “on the plan,” declined, however, the portion covered by an employer-provided pension plan fell. Fifty-nine percent of experienced workers were covered in the late-1970s, and fewer than 56 percent were covered in the late-1990s.

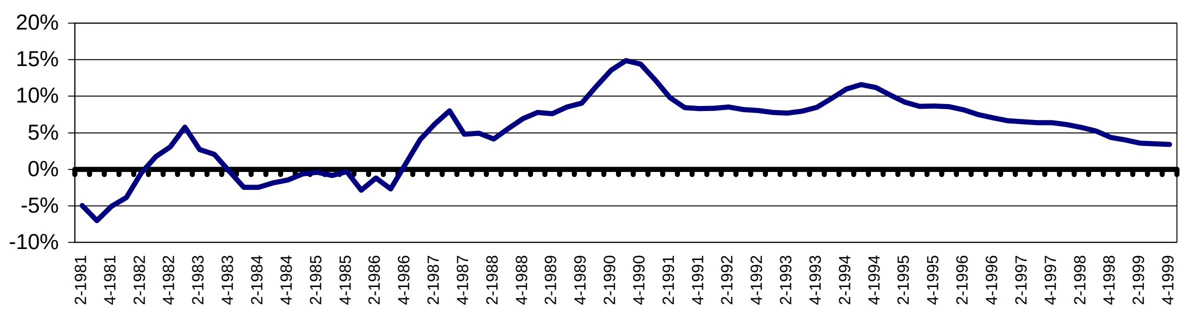
Housing

Along with health insurance, housing affordability is an important non-wage barometer of well-being. Unfortunately for working people in Oregon, housing is much less affordable than it was ten or fifteen years ago because income growth lagged behind growing housing prices across the 1990s.

Single-Family Home Prices

Hit hard by the early-1980s recession and the ensuing population loss, home prices in Oregon were stagnant over most of the 1980s.[58] This situation began to change by the late-1980s, when economic expansion and rapid population growth began driving property values up. While Oregon's economy slowed only briefly during the recession of the early 1990s, California experienced hard times associated with cutbacks in the defense industry. California's continued recession and Oregon's mid-1990s high-tech boom brought a flood of relatively affluent job seekers to the state.[59]

Figure 2-12. Oregon single-family home price change
(3-quarter moving average)



Source: OCPP analysis of OFHEO data. Price change is percent change in OFHEO Housing Price Index from same quarter in previous year.

To the surprise of many potential home buyers, and the joy of home sellers, annual price appreciation for single-family homes went as high as 15 percent and hovered around 10 percent during the first half of the 1990s.[60] Over the last several years, home price inflation began to slow, although it continued at a healthy four percent clip in 1999. Data collected by the National Association of Realtors (NAR) confirm that this trend can be seen in different housing markets within Oregon.[61]

The median sale price of single-family homes in both the Portland and Eugene areas grew dramatically between 1990 and 1996 (Table 2-7).[62] The Portland-area median single-family home sale price was under $80,000 in 1990, but

Table 2-7. Median sale price of existing single-family homes

	1990	1996	1999	% change 90-96	% change 96-99	% change 90-99	avg. annual % change 90-96	avg. annual % change 96-99	avg. annual % change 90-99
United States	$95,500	$118,200	$133,300	24%	13%	40%	4%	4%	4%
Western Region	$139,600	$152,900	$173,900	10%	14%	25%	2%	4%	3%
Eugene/Springfield	$66,600	$116,200	$129,500	74%	11%	94%	10%	4%	8%
Portland	$79,500	$141,500	$165,000	78%	17%	108%	10%	5%	8%

Source: OCPP presentation of NAR data contained in Mitchell and the Oregon Housing Cost Study.

rose to more than $141,000 by 1996, a growth of 78 percent. Over the same period, home prices in the Eugene area grew by 74 percent. These price increases outpaced the rest of the country and the combined Western states.

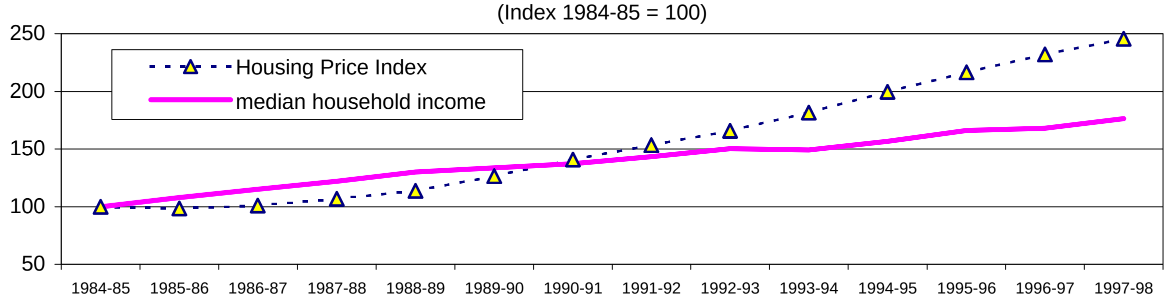
Over the last several years, however, single-family home price appreciation slowed, falling back in line with the rest of the country and with other Western states. The average annual price increase between 1996 and 1999 was five percent in Portland and four percent in Eugene, equal to the annual growth rates of the region and the country as a whole. In 1998 and 1999, housing inflation in the Portland area was below the average of all Western states. Despite very rapid growth in the 1990s, Oregon's single-family home prices remain below the average of Western states.

Affordability of Single-family Homes

The high cost of housing remains a problem for many working Oregonians, particularly those in lower-income households. While residential real estate price appreciation may have fallen back to "normal" levels, housing inflation between the late-1980s and mid-1990s drove a wedge between income and housing prices that significantly altered housing affordability in Oregon. Between 1984-85 and 1997-98, single-family home prices in Oregon increased 146 percent (Figure 2-13).[63] Over this same period, median household income rose only 76 percent (not adjusted for inflation), roughly half as much as home prices.[64]

Figure 2-13. Oregon: home prices and household incomes

(Index 1984-85 = 100)



Source: OCPP analysis of OFHEO and Census data.

Household median income rose faster than home prices during the late-1980s, but this trend reversed in the 1990s. With income growth falling behind home price increases, households had to devote more of their budget to cover housing costs.[65] In 1984-85, the median household income was 47 percent of the median single-family home sale price.[66] By 1997-98 median income was 33 percent of the median sales price. While home buyers obviously face a more expensive market than they did fifteen years ago, many home owners have enjoyed a substantial boost in their net worth as a result of Oregon's rising home prices.

Rental Housing Affordability

The situation facing renters is straightforward. Many of the factors affecting home prices also drove rents higher. Between 1990 and 1998, the median rent in Oregon increased from $345 to $500 (not adjusted for inflation).[67] This 45 percent increase in median rent outpaced inflation, which rose only 31 percent. As with single-family home prices, rent inflation slowed in the later 1990s. Between 1996 and 1998, median rents only grew 2.6 percent per-year, slightly lower than inflation. Over the 1990s as a whole, however, rent became more costly, growing faster than wages. Between 1990 and 1998, Oregon's median hourly wage grew 22 percent (not adjusted for inflation), while rent increased by 45 percent. Rental housing affordability has been particularly problematic for low-income households, which are more likely to rent.

The Oregon office of the Housing and Urban Development (HUD) agency reported a substantial growth in "unmet housing needs" across the 1990s.[68] HUD estimates that in 1990 there were 63,556 Oregon households, representing over five percent of the state's population, with "extreme housing needs," paying more than 50 percent of their income in rent.[69] By 1999, 78,207 families in Oregon were paying more than 50 percent of their income in rent. While Oregon's population grew by 16 percent between 1990 and 1999, the number of families paying more than half of their income for housing expanded by 23 percent, indicating a growing share of households with extreme housing needs.[70]

Growing unaffordability for both single and multi-family housing is the result of stagnant incomes combined with rising rents and home prices. There is some evidence, however, that the future of housing affordability may not be so bleak. The forces that fueled rapid real estate inflation in the 1990s, identified by economist Eban Goodstein as rapid population growth and a strong dose of housing speculation, seem to have played themselves out.[71] Population growth and housing inflation in Oregon both slowed toward the end of the 1990s. If incomes are able to make up some lost ground, housing will again become more affordable for Oregon's working families.

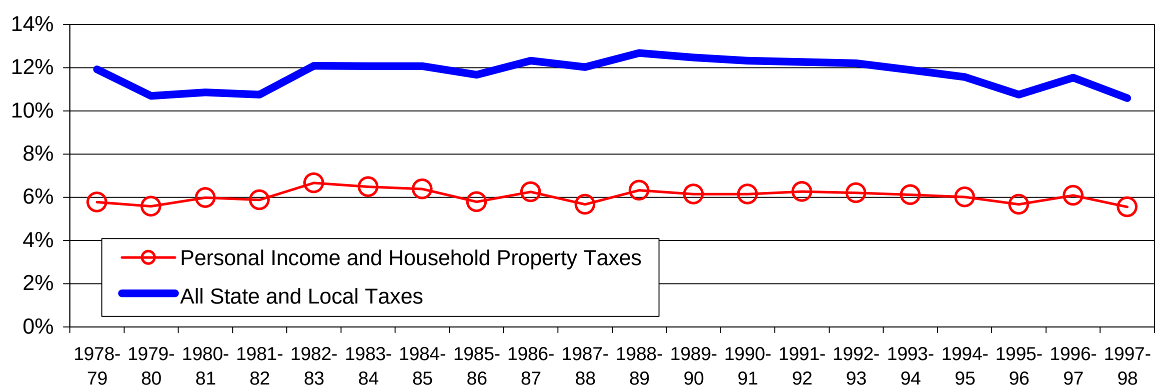
The Tax Burden in Oregon

Taxes impact the well-being of working people in two basic ways. The first is that taxes lower spendable income, thereby decreasing private consumption. The second is that public goods and services funded by taxes increase consumption and enhance the quality of life of people as citizens. With any investment or expenditure, the amount and quality of the product or service purchased should always be weighed against the expense. The same is true of taxes. This presentation, however, will focus exclusively on the tax burden and not the accompanying benefits, such as public education, health care, care for the aged and disabled, and job training for the unemployed. Because it does not address these benefits, the discussion will necessarily be incomplete.

Total State and Local Tax Burden

By most measures Oregonians are paying the same share of their income in taxes as they were paying almost twenty years ago. Figure 2-14 contains two different measures of the effective tax rate for state and local taxes in Oregon.

Figure 2-14. Oregon: state and local taxes as a share of personal income



Source: OCPP analysis of LRO data.

The higher of the two measures presents all state and local taxes collected in Oregon divided as a share of the state's personal income.[72] In fiscal year 1997-98 all state and local taxes were equivalent to 10.6 percent of Oregon's personal income.[73] This measure of effective tax rate declined during the last several years, but has hovered around 12 percent since 1979.

This measure doesn't effectively express the tax burden faced by households in Oregon, because it includes a number of taxes not paid by households, including corporate income taxes and business property taxes. Figure 2-14 also contains a measure of effective tax burden that only includes personal income taxes and the property taxes paid by households.[74] According to this measure, which excludes a number of taxes not paid by households, the effective personal income and property tax rate for Oregon households was 5.6 percent in fiscal year 1997-98. This measure of effective tax burden has been approximately six percent since the 1970s.

Table 2-8. Total effective tax burden in Oregon

	Household	Business
1984-85	6.9%	3.6%
88-89	7.4%	3.6%
90-91	7.7%	3.4%
93-94	8.0%	3.0%
95-96	7.1%	2.5%
97-98	7.1%	2.3%

Source: Utah State Tax Commission
Households: State and local taxes as percent of income
Business: Taxes as percent of Gross State Product

The Utah State Tax Commission conducted a study in 1999 analyzing the state and local tax burden of households and businesses, including all taxes paid by both groups.[75] The Tax Commission's findings (Table 2-8) show that the effective tax burden on households has fluctuated little over the last fifteen years, ranging between seven and eight percent. Oregon's 1997-98 tax rate for households was in the middle of the seven Western states studied.[76]

The Tax Commission's research also showed that, while the tax burden of households in Oregon remained relatively constant, the effective tax rate for Oregon businesses declined by one third during the 1990s.[77] Oregon's 1997-98 effective business tax burden was the lowest among the seven states studied by the Commission. These divergent trends in effective tax rates indicate a shift in Oregon taxes away from businesses and toward households. According to the Legislative Revenue Office, Oregon businesses paid 45 percent of all Oregon taxes in 1983-84 and only 39 percent in 1997-98. Businesses paid 57 percent of all Oregon property taxes in 1983-84 and only 46 percent in 1997-98.[78]

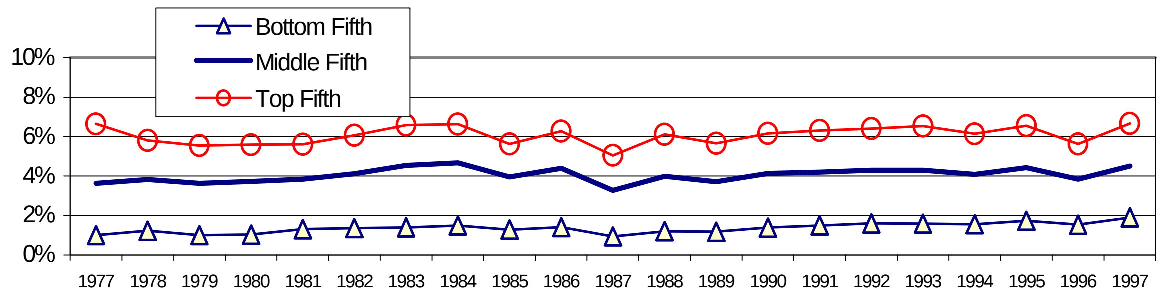
An important limitation of this kind of tax burden measurement (presenting total taxes as a share of total income) is that it obscures the fact that different taxpayers pay different rates.[79] When taxes and tax rates apply differently to varying groups, per-capita or average measures can overstate the tax burden faced by the typical taxpayer. Income tax statistics available through the Oregon Department of Revenue can be used to calculate the tax burdens of different income groups.

Personal Income Tax Burden

The personal income tax is the single largest tax in Oregon. The average effective personal income tax rate was extremely stable over the last twenty years.[80] Between 1977 and 1997, the effective income tax rate (total tax due as a share of adjusted gross income), of the average Oregon tax payer fluctuated around five percent, never rising as high as six percent and never dropping to four percent.[81] Because Oregon's income tax is slightly progressive, those with higher incomes have slightly higher marginal and effective tax rates.

Figure 2-15 illustrates the effective state personal income tax burdens for high, middle and low-income households in Oregon.[82] While the income tax burden of each group has remained steady, those with lower incomes pay a lower rate.

Figure 2-15. Oregon personal income tax as percent of income
(by selected quintile)



Source: OCPP analysis of ODR data. Income is Adjusted Gross Income. Negative returns not included.

The middle fifth of taxpayers paid Oregon personal income taxes approximately equal to four percent of their adjusted gross income in each year since 1977. The richest fifth of taxpayers consistently paid around six percent. The bottom 20 percent of filers in Oregon paid between one and two percent of their adjusted gross income in taxes.

The effective income tax rate of low-income Oregonians held steady over the last 20 years, but compared to other states Oregon has relatively high taxes on low-income working families.[82] The income tax burden borne by working poor families of four was the ninth highest in the nation in 1999. The income tax burden for families earning slightly higher than poverty incomes is especially heavy in Oregon compared to other states. For example, a two-parent family of four earning 125 percent of poverty paid $679 in state income taxes, an amount exceeded in only two other states and the District of Columbia.

Oregon's heavy income tax burden on poor and near-poor taxpayers is due in part to the state's low tax threshold, the income at which a family starts paying state income taxes. Oregon's income tax threshold was the 15th lowest in the nation in 1999. Unlike the majority of states with income taxes, Oregon taxes four-person families with incomes below poverty. The creation of a limited state earned income tax credit in 1997 helped raise the tax threshold, but it remains below the poverty level for three- and four-person working families.[84]

Distribution of Oregon's Total Tax Burden

While Oregon's income tax burden is slightly progressive (rates are based on ability to pay), other state and local taxes are regressive (higher effective rates on lower-income tax payers). Even though Oregon does not have a sales tax, which is highly regressive, the state does have a number of excise taxes including gasoline, cigarettes, and other items. Using its micro-simulation model, the Institute for Taxation and Economic Policy (ITEP) calculated the effective rates for all of the state and local taxes paid by low, middle and high-income married-couple families in Oregon (Table 2-9).[85]

Table 2-9. Oregon state and local taxes as a share of family income for non-elderly married couples - 1995

					TOP 5th		
	Bottom 5th	Second 5th	Middle 5th	Fourth 5th	Next 15%	Next 4%	Top 1%
Sales and Excise Tax	1.2%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%
Property Tax	6.9%	3.8%	3.8%	3.9%	3.8%	3.4%	2.3%
Income Tax	2.8%	4.8%	5.5%	6.2%	6.5%	6.6%	7.8%
Total Taxes	10.9%	9.4%	9.9%	10.6%	10.7%	10.2%	10.2%
Federal Deduction Offset	-0.1%	-0.3%	-0.7%	-1.4%	-2.2%	-2.6%	-3.2%
Total After Offset	10.8%	9.1%	9.2%	9.2%	8.5%	7.6%	7.0%

Source: OCPP presentation of ITEP data.

ITEP showed that (for 1995) even though some elements of Oregon's state and local tax structure are progressive, the overall system is regressive. The richest one percent of married-couple families in Oregon paid 7.0 percent of their income in state and local taxes, while the middle fifth of families paid 9.2 percent and the bottom fifth paid 10.8 percent.

Upper income married-couple families face higher effective personal income tax rates, but have a lower property and excise tax burden. Most importantly, the deduction for federal income taxes paid significantly reduces the overall effective tax rates of upper-income married-couple families. Without the federal deduction, Oregon's overall tax structure would be flat, taking roughly the same share of income from all income groups. This deduction makes Oregon's system regressive, requiring upper income households to pay a lower effective rate than those with low incomes. Increasing the deduction for federal taxes would make the system even more regressive.

The data analyzed for this section show that the share of income required to fund government services in Oregon has remained steady over the last two decades. The chief source of the stresses facing working Oregonians is not in the taxes that workers pay, but in the hours they are putting in at work, and the wages and incomes they earn before taxes.

Endnotes, Chapter 2.

[1] *Gross State Product: New Estimates for 1997 and Revised Estimates for 1995-96*, news release, Bureau of Economic Analysis, Department of Commerce, June 7, 1999. Available on the Internet at www.bea.doc.gov/bea/newsrel/gsp_0699.htm.

[2] OCPP analysis of the Bureau of Economic Analysis' Real Gross State Product (GSP) data for all states. State-by-state GSP data available on the Internet at www.bea.doc.gov/bea/regional/gsp/real.htm.

[3] Gross state product data for 1998 were released on September 5, 2000.

[4] Total employment in Oregon was 709,200 in 1970; 1,250,800 in 1989; and 1,572,400 in 1999.

[5] Median and 20th percentile hourly wages for 1979, 1989 and 1999 are contained in *State of Working America 2000-2001*, Economic Policy Institute. Median wage figures for all other years for Oregon are contained in *Tax Cut No Cure for Middle Class Economic Woes*, EPI. Other years for the U.S. are calculated using median hourly wage data from EPI's *Quarterly Wage and Employment Series 1999:1*. All of these data are based on inflation-adjusted 1999 dollars using the U.S. CPI-u xi. Hourly wage figures are from the Outgoing Rotation Group files of the Census Bureau's Current Population Survey (CPS). The CPS includes interviews with over 700 Oregon households every month, including telephone and in-person interviews.

[6] The Oregon Employment Department's (OED) average hourly wage by industry series is for production and non-supervisory workers only. While OED does not track hourly wages in the service industry, the six industries shown in table 2-1 account for almost 70 percent of all workers in the state as of 1999.

[7] Fifteen percent of all retail trade workers are paid the national average. This figure is for the nation as a whole and likely understates the impact of Oregon's minimum wage on retail trade. Article by Jeff Hannum in *Oregon Labor Tends*, Oregon Employment Department, December 1998, p. 3.

[8] The method for calculating median hourly wages follows the *State of Working America*, EPI, Appendix B, and includes workers ages 18 to 64, excludes outlier responses, and excludes the wages of the unincorporated self-employed. Because of sample size constraints, and the fact that only seven percent of Oregonians are non-white, neither the Monthly Current Population Survey or the Oregon Population Survey yield reliable wage figures for racial groups using a single year of data.

[9] Annual earnings are actually calculated by summing the total wages and salaries that industries report paying in a given year, and dividing them by the average number of workers they employ across the year.

[10] Average annual earnings data are from the Bureau of Economic Analysis, and are available on the Internet at www.bea.doc.gov.

[11] Regional definitions used in this chapter are adopted from *Oregon: A State of Diversity*, Oregon Employment Department. The Oregon Coast includes Clatsop, Coos, Curry, Lincoln, and Tillamook counties. The Willamette Valley includes Benton, Lane, Linn, Marion, and Polk counties. Southern Oregon includes Douglas, Jackson, and Josephine counties. Central Oregon includes Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman,

Wasco, and Wheeler counties. Eastern Oregon includes Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa counties. The Portland area includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties.

12 Data on year-round workers are from the Oregon Employment Department and have been tabulated from Unemployment Insurance Tax records. As of this writing, 1998 figures should still be considered preliminary.

13 Census money income, which is used here, does not include capital gains.

14 Four-person family income statistics are created by the Census Bureau, and can be found on the Internet at www.census.gov/hhes/income/4person.html. These are composite figures that combine factors from the March Current Population Survey (CPS) and the decennial census of population conducted by the Bureau of the Census, as well as per capita personal income estimates produced by the Bureau of Economic Analysis. They have been adjusted for inflation using the U.S. CPI-u and are presented here in 1997-98 dollars.

15 Household income is from the March Supplement to the Census Bureau's Current Population Survey (CPS). The Census Bureau reports these figures on the Internet at www.census.gov/hhes/income/histinc/histinctb.html. Household income is the median income of households in the state and is adjusted for inflation using the U.S. CPI-U xi, presented here in 1997-98 dollars.

16 Households include single person households, married couple families and single-parent families. Four-person families are a sub-set of households.

17 This Census data on median family income is for all family sizes and can be found on the Internet at www.census.gov/hhes/income/histinc/state/state2.html

18 Average annual hours worked is calculated from the March CPS. Hours worked are for employed persons between the ages of 24 and 65 with positive earnings. Hours worked per week are multiplied by number of weeks worked during the year to obtain annual hours. March CPS data were obtained through the Economic Policy Institute.

19 Full-time full-year work is equivalent to 2,000 hours per year, representing 40 hours per week at 50 weeks. Equivalent measures are 1.51 for 1979-80; 1.61 for 1988-89; and 1.65 for 1997-98.

20 *Contingent Workers: Incomes and Benefits Lag Behind Those of Rest of Workforce.* GAO, June 2000. HEHS-00-76.

21 *Oregon Regional Economic Profile 2000*, Oregon Employment Department, page 25.

22 OCPP analysis of March CPS data from 1979 to 1998 for workers aged 18-65. Findings are also confirmed by OED: *Oregon Regional Economic Profile 2000*, Oregon Employment Department, page 26.

23 Economic Policy Institute analysis of 1999 monthly Current Population Survey.

24 Ibid.

25 Bailey, Julie, "Myths of Multiple Job Holders," *Oregon Labor Trends*, Oregon Employment Department, May 1999.

26 Information on the compensation of workers in "contingent" work arrangements is also contained in *No Shortage of 'Nonstandard' Jobs*, Economic Policy Institute, December 1999.

27 *The State of Working America 2000-01*, p. 276.

[28] Ibid., pg. 276.

[29] Ibid., pp. 281-282. Households with debt service payments more than 40 percent of income are considered to face "extreme" debt burdens.

[30] Data on business and non-business bankruptcy filings are available from the American Bankruptcy Institute and can be found on the Internet at www.abiworld.org/stats/newstatsfront.html.

[31] "Bill Collector's Forecast: Dark Clouds of Debt." Mike Consol in the *Portland Business Journal*, 4/14/97.

[32] The debate over hours per week is reviewed in *The Report on the American Workforce*, Department of Labor, 1999; and in Bluestone, Barry and Stephen Rose, "Overworked and Underemployed: Unraveling an Economic Enigma," *American Prospect*, March-April 1997.

[33] The rise in annual hours worked among families is documented extensively in *The State of Working America 2000-01*.

[34] An extensive review by the American College of Physicians and the American Society of Internal Medicine of scientific research completed to date strongly links lack of health insurance with poor health. Results can be obtained on the Internet at www.acponline.org/uninsured/lack-exec.htm.

[35] Nationwide health insurance coverage data are from the Employee Benefit Research Institute's analysis of the March CPS. Fronstin, Paul, *Sources of Health Insurance and Characteristics of the Uninsured*, Employee Benefit Research Institute (EBRI), 1997, 1998, and 1999.

[36] Data in figure 2-9 come from a number of different sources. The Behavioral Risk Factor Surveillance System (BRFSS) is an annual survey of the population that reaches approximately 2,000 Oregon adult householders each year. Summary data from the BRFSS can be found on the Internet at www.cdc.gov/nccdphp/brfss/. The non-elderly adult uninsurance rate excludes those age 65 and over. It also corrects for the share of respondents that initially respond by saying they don't have health insurance, but when reminded of the possible sources of insurance remember that they are covered. Without this correction the non-elderly uninsurance rate would be 18.2 percent in 1998, instead of 15.7 percent. The Oregon Population Survey (OPS) is conducted every other year during spring and summer months and reaches approximately 5,000 households. OPS documentation and data are available on the Internet at www.econ.state.or.us/opb/opsinex.htm. The EBRI provides annual analysis of health insurance data from the March Current Population Survey. Uninsurance estimates from the CPS have been combined into two-year averages to improve accuracy due to a relatively small sample size. Accordingly, the EBRI estimate for 1998 is actually an average of 1997 and 1998. Each year over 700 Oregon households are interviewed for the March CPS.

[37] Employer-provided insurance coverage is Census March Current Population data as analyzed by the Employee Benefit Research Institute. With the March, 1995, survey, representing 1994 data, the Census Bureau instituted a series of question changes impacting measures of health insurance. Katherine Swartz analyzed these survey changes and concluded that they may have raised estimates of employer-provided and other private sources of health insurance. Swartz, Katherine, "Changes in the 1995 Current Population Survey and Estimates of Health Insurance Coverage," *Inquiry*, Spring 1997.

[38] Branscome, James, et. al, "Private Employer-Sponsored Health Insurance: New Estimates by State," *Health Affairs*, January/February 2000.

[39] Data available on the Internet at www.meps.ahcpr.gov/data.htm.

[40] The claim was made in a grant application to the Human Resources and Services Administration on July 7, 2000.

[41] *The Uninsured in Oregon*, Oregon Health Plan Policy and Research (OHPPR), April 1999. Available on the Internet at www.ohppr.state.or.us/Documents/Uninsured%201998.pdf.

[42] *June 2000 Enrollment and Disenrollment Reports*, Office of Medical Assistance Programs Enrollment Reports, Department of Human Resources, August 18, 2000.

[43] The share of workers without health insurance is calculated by OCPP using the Oregon Population Survey. The sample includes individuals between 18 and 64 who reported having worked within the week before the survey.

[44] OCPP analysis of BRFS.

[45] Employee contribution requirements for workers in large and medium companies is from the Bureau of Labor Statistics Employee Benefits Survey, available on the Internet at http://www.bls.gov/ebshome.htm.

[46] Figures on health insurance premiums and employee share are from a study conducted by the Lewin Group entitled "Paying More and Losing Ground: How Employer Cost-Shifting Is Eroding Health Coverage of Working Families," for the AFL-CIO in 1998.

[47] The Medical Expenditure Panel Survey (MEPS) was formerly known as the National Employer Health Insurance Survey.

[48] MEPS data are available in single-years, but have been combined here into two-year averages by OCPP to reduce the margin of error of the results.

[49] Oregon MEPS data are cited in Branscome, James M., et. al., "Private Employer-Sponsored Health Insurance: New Estimates by State," *Health Affairs,* January/February 2000; *Employer-Sponsored Health Insurance: State and National Estimates*, National Center for Health Statistics, DHHS pub. no. (PHS) 98-1017; and on the Internet at www.meps.ahcpr.gov/data.htm.

[50] Schwenk, Albert, "Trends in Health Insurance Costs," *Compensation and Working Conditions*, Spring 1999.

[51] These developments are discussed in *Oregon Labor Trends*, July 2000.

[52] Thorpe, Kenneth and Curtis Florence, "Why are Workers Uninsured?" March/April, 1999; Budetti et. al. "Can't Afford to Get Sick: A Reality for Millions of Working Americans," Commonwealth Fund, September 1999.

[53] Non-elderly uninsurance rates from OCPP analysis of the Oregon Population Survey.

[54] In the mid-1990s (1995-96-97), 34 percent of Oregon's 58,000 working parents with income below 100 percent of the federal poverty level lacked health insurance coverage. *Employed But Not Insured, A State by State Analysis of the Number of Low-Income Working Parents Who Lack Health Insurance,* February, 1999, Center on Budget and Policy Priorities.

[55] *The Uninsured in Oregon 1998,* p. 2.

[56] OCPP analysis is based on the OPS uninsurance rate for all ages times state population estimate for each year.

[57] OCPP analysis of March Current population survey for 1979, 1980, 1988, 1989, 1997, and 1998.

[58] Housing price data are from the Office of Federal Housing Enterprise Oversight (OFHEO). Prices are calculated from the FANNIE/FREDDIE database of home sales/refinancing. The OFHEO database includes over 12.5 million transactions, making it the most comprehensive source for housing price changes. OFHEO housing price data are available on the web at www.ofheo.gov/house/.

[59] *1999 Oregon In-Migrant Study*, Oregon Employment Department(OED). The OED estimates that 43 percent of in-migrants to Oregon were from California in 1992. By 1998, 33 percent of in-migrants were Californians.

[60] Federal tax law, since changed, encouraged people selling expensive homes in California to purchase expensive homes in Oregon.

[61] National Association of Realtors data on median sales price of single-family homes is contained in Mitchell, John, *Territory 2000 -- Western Region,* U.S. Bank; and in the *Oregon Housing Costs Study,* commissioned by the Committee to Study Housing Affordability, conducted by the consulting firm Bay Area Economics and available from the Oregon Building Industry Association.

[62] 1990 is the first year for this data series.

[63] OCPP calculations with OFHEO data.

[64] Because household and four-person family median incomes have risen and fallen together, it makes no difference to use four-person families in this graph.

[65] Lower interest rates in recent years have offset to some degree the extent to which stagnant incomes and rising housing prices have translated into declining affordability.

[66] Median household income as a percent of median single-family home sales price was computed by OCPP. Median household income is from Census. Median sales price of single-family home for Oregon was computed using the OFHEO housing price index for Oregon and the 1990 Census figure for median value of owner-occupied home, which was listed at $66,800. Using this method, the median sale price in 1997-98 was $116,452.

[67] Median monthly rent for Oregon is from the Oregon Population Survey, estimates published in Vaidya, Kanhaiya, *1998 Oregon Population Survey Summary of Findings*, February 15, 1999. Available on the Internet at www.econ.state.or.us/opb/.

[68] *Unmet Rental Housing Need*, Housing and Urban Development (HUD) report, 2000. Available on the Internet at www.hud.gov/local/por/unmet/unmetneedupdate.html.

[69] According to the Portland HUD, the average household is assumed to have 2.4 persons. Number of households is multiplied by average persons per household and then divided by the total state population to obtain the “share of state population with extreme housing needs.”

[70] According to the Center for Population Research at Portland State University, Oregon’s population was 2,842,321 in 1990 and 3,300,800 in 1999.

[71] Goodstein, Eban and Justin Phillips, “Growth Management and Housing Prices: the Case of Portland, Oregon," *Contemporary Economic Policy*, July 2000.

[72] Data on total taxes as a share of income is available through the Oregon Department of Revenue, and the statistics are compiled by the Census Bureau's Government Finances section. The figure for 1998 is from Legislative Revenue Office (LRO) calculations. Total taxes includes personal income tax, corporate income tax, excise taxes, property taxes and more.

[73] Figures for total state and local taxes as a share of personal income are from the fiscal year.

[74] Household property and income tax burden calculated by OCPP with Oregon Legislative Revenue Office (LRO), data. The measure takes household property and personal income tax collections (LRO) and divides this by the personal income.

[75] *Western States' Tax Burdens: Fiscal Year 1997-98*, Utah State Tax Commission, Research Publication 99-17. Utah's measure of household tax burden includes a broader range of taxes, including state and local excise taxes.

[76] Other states studied by the Utah State Tax Commission include Arizona, Washington, Utah, Idaho, California, and Colorado.

[77] The business tax burden measured by the Utah State Tax Commission is "initial taxes paid by businesses as a percent of gross state product." *Western States' Tax Burdens*, p. 3.

[78] Legislative Revenue data provided for the *Review of Oregon's Tax System* by the Governor's Tax Review Technical Advisory Committee, June 1998. Updates for 1997-98 provided by Legislative Revenue Office.

[79] An additional problem with this type of measure is that "personal income" does not include capital gains. Income taxes paid, however, do include taxes paid on capital gains. In the 1990s, the growth of capital gains income has likely placed an upward bias to this measure of effective tax burden.

[80] Taking federal income taxes into consideration does not change the trend of long-term stability in effective tax rates. A Center on Budget and Policy Priorities analysis of Congressional Budget Office data shows that the effective federal tax rate of middle-income families changed very little between 1977 and 1999. In each year the effective federal tax rate of the middle twenty percent of families was at or less than 20 percent. *Taxes on Middle-Income Families Are Declining*, CBPP, April 1999.

[81] Personal income tax burdens are estimated from data on all returns in Annual Income Tax Statistics publications from the Oregon Department of Revenue over various years. This estimate of tax burden is also published by the Oregon Department of Revenue in its Personal Income Tax Statistics publications.

[82] Personal income tax burden by quintile is calculated by OCPP following methodology used by the Portland State University Institute for Metropolitan Studies. See *Progress of a Region: the Metropolitan Portland Economy in the 1990s: Technical Report of the Regional Connection Project,* Portland State University, April 1999, p. 2.34.

[83] *State Income Tax Burdens on Low-Income Families in 1999: Assessing the Burden and Opportunities for Relief*, March 2000, Center on Budget and Policy Priorities. The data in this report concerns tax year 1999, taxes paid on 1999 income.

[84] In 1999, for a family of four income taxes began with income at only 85 percent of poverty.

[85] Tax rates by income quintile published in *Who Pays?,* Institute for Taxation and Economic Policy, 1996.

Chapter 3. Oregon’s Working Poor

About the Data in this Chapter

Many of the findings presented in this section come from a special tabulation of the most recently available data from the U.S. Census Bureau’s Current Population Survey (CPS). The CPS is a survey conducted every month of roughly 50,000 households nationwide. The data on poverty among working families and individuals in this report are from the CPS conducted each March, which includes questions on income and employment in the previous calendar year. (In other months, the CPS is limited primarily to questions related to monthly labor force activity.) The CPS is the source of official data on income, poverty, and unemployment in the United States. This section presents the averages of March CPS data covering the calendar years 1996 through 1998, the three most recent years for which CPS data are available. Although the CPS is intended to provide both national and state-level data, the number of households surveyed in Oregon is relatively small. Combining data for three years provides a larger sample for Oregon and thus provides more reliable findings. It is a method used and endorsed by the Census Bureau. Throughout this report, the data will be desribed as covering the "late 1990s."

At the end of this section, we describe findings regarding the extent of hunger and food insecurity in Oregon. These data are from a second special tabulation of the Current Population Survey, but not from the March survey. The data were collected through the basic monthly surveys in September 1996, April 1997, and August 1998 and through a special Food Security Supplement to the surveys in each of those months. This data is also sometimes described in this section as covering the “late 1990s.”

It is commonly assumed that those who work are not poor, and conversely that the poor do not work. Neither of these assumptions is correct. Even at the peak of Oregon’s current economic expansion, thousands of working families remain poor. Most poor families in the state are working.

Nationally, the story is much the same, as the title of a recent Conference Board report suggests: "Does a Rising Tide Lift All Boats? America's Full-Time Working Poor Reap Limited Gains in the New Economy." [1] The Conference Board found that "poverty has risen in both number and as a share of those employed full-time and year-round since 1973." In addition, the Conference Board found that "since the mid-1970s, economic growth has had little impact on poverty among full-time workers." Nationally, while the number of full-time workers making poverty wages declined dramatically in the 1960s and early 1970s (from 4.8 percent in 1966 to two percent in 1973), there have been no gains since then. In fact, nationally the proportion of full-time workers making poverty wages rose to 2.9 percent in 1998.

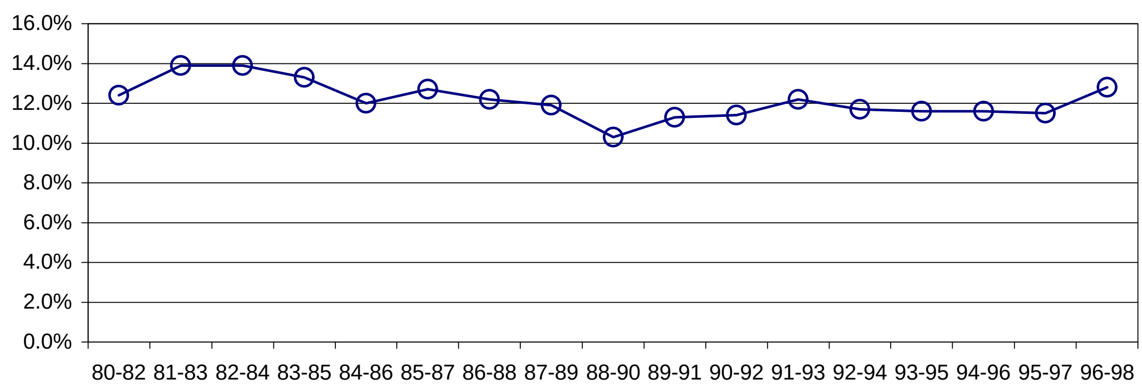
In Oregon, the poverty rate among working families with children increased substantially over the 1990s, despite two minimum wage increases and a powerful, wealth-generating economy. Work does not guarantee protection from poverty or the difficulties associated with it. Thousands of Oregon families go hungry at times even though they are working. Indeed, the US Department of Agriculture ranked Oregon's hunger rate in the late 1990s as the worst in the nation.

The 1990s were also the decade of welfare reform in Oregon. Welfare caseloads are down 62 percent since March 1994. The long term success of welfare reform, however, is not measured by caseload size. Success depends in large part on whether former and potential welfare recipients find and maintain employment that provides adequate support for their families. Adequate support must mean, at a minimum, freedom from hunger and food insecurity and an income in excess of poverty. While the goal of reducing the welfare roles has been achieved, the poverty rates among children and among working families with children have not declined.

Poverty in Oregon

Neither economic prosperity nor welfare reform have affected the state's poverty rate. About 13 percent of all Oregonians were poor in the late 1990s, a percentage not substantially different from the poverty rate in the deep recession of the early 1980s.[2] In fact, over the last twenty years, the poverty rate has not changed much, fluctuating between ten and fourteen percent (Figure 3-1).[3]

Figure 3-1. Poverty rate in Oregon, 1980-82 through 1996-98



Source: OCPP presentation of US Bureau of the Census data.

What is the "poverty line?"

When people talk about the "federal poverty level," or "federal poverty line," they are usually referring to guidelines adjusted annually for inflation and issued by the U.S. Department of Health and Human Services early each year. The poverty line varies by family size, as the 2000 guidelines below indicate.

When analyzing Census and other data, researchers, including this report's authors, generally use the poverty "thresholds" established by the Census Bureau each year. The definition of income used to estimate the poverty thresholds includes the earned and unearned income of all family residents. Earned income includes wages and salaries, income from farm employment, and income from self-employment. Unearned income includes cash income from public assistance (TANF, and SSI), Social Security benefits, investment income, rental income, and retirement income. The Census Bureau's income measure does not include the value of in-kind benefits, such as food stamps, or the effect of taxes such as payroll taxes or the Earned Income Tax Credit on family incomes. The poverty line varies by family size and is adjusted annually for inflation. In this report, each family's income in a given year is compared with the poverty threshold for that year for a family of that size.

Table 3-1. Federal poverty guidelines, 2000 for the 48 contiguous states and the District of Columbia

Number in family	Gross yearly income	Gross monthly income
1	$8,350	$696
2	$11,250	$938
3	$14,150	$1,179
4	$17,050	$1,421
5	$19,950	$1,663
6	$22,850	$1,904
7	$25,750	$2,146
8	$28,650	$2,388
Over 8 add for each child	+$2,900	+$242

Source: *Federal Register* v.65 n.3, 2/15/2000, pp. 7555-7557. Monthly data calculated by the OCPP and is rounded to the nearest dollar.

Some critics point out that, by failing to include income that many low-income people receive in the form of public assistance, the federal poverty line overstates the amount of poverty. However, the federal poverty line is based on out-of-date assumptions about the costs of living that cause the measure to underestimate poverty overall.

The original measure was formulated in the 1960s using a survey conducted of American families in 1955. Most survey respondents at the time had one wage-earner and a spouse who did not work for pay. These families were spending about one-third of their income on food, so researchers set the poverty line at three times the cost of a minimal food budget. Forty-five years later, spending patterns have changed in America. Families no longer spend one-third of their income on food and two-thirds on other basic needs. Furthermore, expenses most families now regard as crucial elements of their household budget are simply excluded from consideration in the poverty calculation. The increased costs of child care, commuting, housing, and work-related expenses now have a more significant impact on family budgets. These additional basic expenses mean that more money is required to maintain the same standard of living in today's world. The poverty measure ignores these factors, and underestimates poverty as a result.

Adults in most poor families and individual households are working, but the economic boom has not greatly benefited them. Despite their work effort, these poor families and individuals do not have enough income to feed, clothe, and house themselves adequately.

Poverty Despite Work

More than three out of every four (77.9 percent) non-elderly poor families and individual households in Oregon include an adult who works some time during the year (Table 3-2).[4] On average, Oregon's working poor families and individuals work more than 34 weeks a year.[5] Some of these workers have seasonal jobs such as those on farms and in canneries. In approximately 28,000 non-elderly families and individual households in the state, adults are working full-time, year-round, but still are not making enough to escape poverty.

Table 3-2. Non-elderly poor families and individuals in Oregon, by extent of work[6]

Non-elderly poor families and individuals	Percent	Number
Total number	--	171,000
Working some time during the year	77.9 %	133,000
Working more than 13 weeks a year	62.4 %	107,000
Working full-time, year-round[7]	15.7 %	28,000

Note: The percentages in this table are based on unrounded numbers, though the figures in the table are rounded to the nearest thousand.

Source: OCPP analysis of March Current Population Survey data for 1996-98

The malicious effects of poverty are not limited to the parents of poor families; children bear much of the burden. As of the late 1990s, over 19 percent of all children in Oregon (about one in five) were poor.[8] Yet 84 percent of these poor children live with parents who work.[9]

Poor Families With Children

Poor families with children in Oregon are especially likely to be working. About 87 percent of poor families with children include an adult who works some time during the year (Table 3-3).[10] In 16,000 families with children, parents are working full-time, year round, but still cannot earn enough to provide for their families' most basic needs. On average, working poor families with children in Oregon work more than 36 weeks per year.

For thousands of Oregon's working families, work has not been a ticket out of poverty, even in good economic times. As shown in Figure 3-2, in the late 1990s, one in seven working families with children in Oregon lived in poverty.

Working families with children in Oregon were not always so likely to be poor. The poverty rate among working families with children in Oregon grew from 7.3 percent in the late 1970s to 15.2 percent in the late 1990s.[11] Most of the increase occurred during the 1990s, a decade during which voters enacted two minimum wage increases. Without these two increases in the minimum wage, the percentage of working families who are poor in Oregon would likely have increased more drastically.

Table 3-3. Poor families with children in Oregon, by extent of work

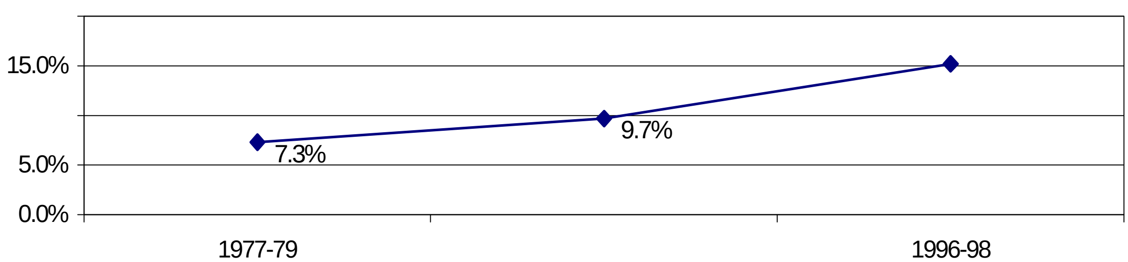
Poor families with children	Percent	Number
Total number[12]	--	74,000
Working some time during the year	86.5 %	63,000
Working more than 13 weeks a year	71.9 %	53,000
Working full-time, year-round[13]	20.7 %	16,000

Note: The percentages in this table are based on unrounded numbers, though the figures in the table are rounded to the nearest thousand.

Source: OCPP analysis of March Current Population Survey data for 1996-98

Oregon's major welfare program, Temporary Assistance for Needy Families, provides assistance only to families with children. The dramatic increase over the 1990s in poverty among working families with children suggests that the state's welfare reform efforts, implemented during the decade, failed to pull poor families out of poverty.

Figure 3-2. Poverty rate among working families with children,



Source: For 1996-98 figures, OCPP analysis of March Current Population Survey. For 1977-79 and 1987-89, presentation of Center on Budget and Policy Priorities data.

Poor families with children in Oregon cannot easily be divided into workers and recipients of public assistance. Poor families often rely on public assistance for short periods as they overcome job loss, family crises, or illnesses. Indeed, 87 percent of families with children in Oregon that receive public assistance at some point in a given year include a parent who also worked during the year. Three out of four poor families with children in Oregon (75.7 percent) receive more than half of their annual income from

Welfare Reform

The 1990s were not just a decade of prosperity. They were also the decade of major welfare reform.

Oregon and other states began the 1990s working to implement the 1988 Family Support Act, which established a welfare-to-work program nationwide, the Job Opportunities and Basic Skills (JOBS) program. The Oregon welfare-to-work JOBS program of the early 1990s purportedly was focused on helping people find "good jobs," not just any job.[14]

By 1995, however, Oregon's welfare agency did an about-face, turning its back on boosting the skills of welfare recipients and embracing a "work first" philosophy and a return to the early 1980s' goal of caseload reduction.[15] Any job, regardless of quality, became the focus, with caseload reduction (whether caused by increasing employment) the primary goal.

By the time that the Federal welfare reform legislation was signed in August, 1996, Oregon had already reduced its average monthly caseload by one-third, providing cash and job training assistance to nearly 14,000 fewer families with children. Between March 1994 and July 2000, the average monthly caseload had declined by over 27,000 cases, a 62 percent reduction.[16] The state was helping about 77,000 fewer women and children each month. With the advent of welfare reform, those still able to get help from the state were less likely to be receiving education and training assistance. The percent of JOBS participants in training and education activities in Oregon had declined as a result of welfare reform by 62 percent from 1994 (44.4 percent) to 1997 (27.5 percent).[17]

The long term success of welfare reform is not measured by caseload size. Success depends in large part on whether former and potential welfare recipients find and maintain employment that provides adequate support for their families. At a minimum, adequate support provides freedom from hunger and food insecurity and income in excess of poverty. While the goal of reducing the welfare roles has been achieved, the reduction is not accounted for by job placements, and the poverty rates among children and among working families with children have not declined.

earnings. Just 12.7 percent rely on public assistance for the majority of their income.[18] Most poor families with children earn the majority of their income from work, not from public assistance.

Over the course of the 1990s it became increasingly difficult for working families to obtain public assistance. In July 1991, the gross income limit (the limit before allowable deductions and exemptions) for a three-person family to obtain cash assistance was set at $616 per month. This means a three-person working family with income above 62 percent of the federal poverty guideline ($928 per month in 1991), or working 30 hours at minimum wage, was not eligible for welfare. Due in large part to budget constraints and the related effort to reduce welfare caseloads, the state has frozen the income limit at $616. As a result, today a family has to be poorer and work fewer hours to be eligible for cash assistance. By 2000, the freeze shrank eligibility to 52 percent of the federal poverty level, making a three-person family working 22 hours at minimum wage ineligible.

Oregon's low eligibility limit means that very few families earning income from work continue to receive assistance, although such assistance might help poor families stay in the work force. Fewer than seven percent of the current welfare caseload has earnings from work.

Working But Hungry

In October 1999, the U.S. Department of Agriculture released the most thorough study yet completed of hunger in the 50 states.[19] Oregon's hunger rate in the late 1990s, according to this study, was the worst in the nation.

The Census data analyzed by USDA showed that nearly 74,000 Oregon households were so financially stressed that family members sometimes went hungry. [20] Members of these households sometimes skipped meals or reduced the size of their meals because they did not have enough money for food.

An additional 86,000 households in Oregon in the late 1990s were not always sure of being able to meet their food needs. These households were generally managing to feed themselves, but their capacity to remain adequately fed was fragile. Some turned to emergency food sources to augment their food supply; most juggled other household bills and reduced the quality and variety of their diets to avoid actual hunger.

In total, 160,000 Oregon households (12.6 percent) were "food insecure," a designation that includes both those with members going hungry at times and those whose ability to remain adequately fed is sometimes uncertain. Food insecure households include those families going hungry today, and those who may be going hungry tomorrow.

USDA did not analyze the role of work in preventing food insecurity and hunger. Analysis of the data reveals, however, that many thousands of working households in Oregon were food insecure. More than one in nine (11.9 percent) of all working households in Oregon were food insecure (see Table 3-4). Nearly two-thirds (63.9 percent; 102,000 households) of the food insecure households in Oregon worked. In approximately 74,000 food insecure households, the household head was working full-time at the time the survey was taken.

Work does not guarantee protection from hunger. Adults and some children in approximately 40,000 working households in Oregon in the late 1990s were sometimes forced to go hungry. In approximately 31,000 (three-quarters) of these households, the household head was working full-time at the time the survey was taken.[22]

Table 3-4. Percentage and number of all working households in Oregon that are food insecure, hungry[21]

All working households	Percent	Number
Working and "food insecure" (includes those going hungry)	11.9 %	102,000
Working full-time and "food insecure" (includes those going hungry)	--	74,000
Working with members going hungry	4.6 %	40,000
Working full-time with members going hungry	--	31,000

Note: Figures in this table have been rounded to the nearest thousand, though the percentages were based on unrounded numbers.

Source: OCPP analysis of 1996-98 Food Security Supplements to Current Population Survey

Hunger In Low-Income, Working Households

Hunger and food insecurity, as one might expect, are associated with low incomes (see Table 3-5). More than one in three working households with incomes under 185 percent of poverty are food insecure. Because they did not have enough money, adults in these households could not be certain that they would be able to eat nutritionally adequate meals throughout the year. More than one in eight (12.7 percent) low income working households experienced hunger in the late 1990s. Adults and some children in these households were forced at times to go hungry despite work.

Poor families and individuals in Oregon are working, but thousands are still not able to escape poverty or even always to put food on the table. Clearly, the state's robust economic growth and low unemployment in the 1990s have not resolved these problems. At the end of a decade of economic expansion and welfare reform, one in five children in Oregon are poor and the percentage of working families with children who are poor has increased.

Table 3-5. Percentage and number of low-income working households in Oregon that are food insecure, hungry[23]

Low-income working households	Percent	Number
Working and "food insecure" (includes those going hungry)	34.8 %	74,000
Working with members going hungry	12.7 %	28,000

Note: Figures in this table have been rounded to the nearest thousand, though the percentages were based on unrounded numbers.

Source: OCPP analysis of 1996-98 Food Security Supplements to the Current Population Survey

Endnotes, Chapter 3.

[1] *Does a Rising Tide Lift All Boats? America's Full-Time Working Poor Reap Limited Gains in the New Economy*, The Conference Board, Research Report 1271-00-RR, 2000.

[2] In 1980-82, 12.4 percent of all Oregonians were poor. In 1996-98, the figure was 12.8 percent.

[3] The U.S. Bureau of the Census reports the poverty rate for states as three-year averages to increase the reliability of their data.

[4] Excludes only families in which all adults parents are ill, disabled, or retired. In families with two adults, both adults must be ill, disabled, or retired to be excluded. In approximately 27,000 poor non-elderly families and individual households in Oregon, all adults are ill, disabled, or retired.

[5] This figure incorporates the work effort of both parents in two-parent households.

[6] For married-couple families, this table combines the work of both parents. Also, the table includes only families in which parents are not ill, disabled, or retired. If just one parent in a two-parent family is ill, disabled, or retired, the family was included in the analysis.

[7] As defined by the U.S. Bureau of the Census, full-time, year-round work means 50 or more weeks of work in a year for at least 35 hours per week.

[8] Based on the March Current Population Survey for 1996-98, the latest figures available, the poverty rate among “related” children in Oregon 19.3 percent. “Related” children means children related to the head of the family with whom they live by blood, marriage (including stepchildren), or adoption. The U.S. Bureau of the Census considers about 98 percent of all children to be “related” children. Also, this figure includes children living in families whose parents are ill, disabled, or retired. The poverty rate among all persons under 18 in Oregon (including those not living with relatives and those who are themselves parents, heads of households, or spouses) from 1996-98 was 21.7 percent.

[9] Approximately 162,000 “related” children in the state live in families with incomes under the poverty line. Most of these children (84%) are living with parents who work.

[10] In the previous paragraph we reported that 84 percent of *poor children* live with parents who work. In this section we report that 87 percent of *poor families with children* include adults who work.

[11] The increase in the poverty rate from 1977-79 to 1996-98 is statistically significant. The rate’s increase from 1987-89 to 1996-98 is also statistically significant. The increase from 1977-79 to 1987-89 is not.

[12] This table combines the work of both parents in married-couple families. Also, the table includes only families in which parents are not ill, disabled, or retired. If just one parent in a two-parent family is ill, disabled, or retired, the family was included in the analysis.

[13] As defined by the U.S. Bureau of the Census, full-time, year-round work means 50 or more weeks of work in a year for at least 35 hours per week.

[14] *National Welfare-to-Work Strategies, Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program*, Manpower Demonstration Research Corporation, May 1998. "Good" jobs are defined by the authors as "full-time jobs paying above the minimum wage, with benefits and potential for advancement. Page 15.

[15] 1995 Oregon Laws Ch. 816. A caseload reduction goal was established in Section 30.

[16] *Public Assistance Data Charts,"* Adult and Family Services Division, available on the web at http://www.afs.hr.state.or.us/grnbk.pdf, with prior months' editions available at http://www.afs.hr.state.or.us/papage.html. Also known as "the green book" by its former cover color.

[17] *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence*, U.S. General Accounting Office, GAO/HEHS-98-109, June 1998. The report also shows that subsidized employment grew by 3,850 percent (from 0.2 percent in 1994 to 7.9 percent in 1997).

[18] As stated in this paragraph, about 76 percent of poor families receive the majority of their annual income from earnings, while 13 percent receive the majority of their annual income from public assistance. Some readers may wonder why these figures do not add to 100 percent. Some families may receive the majority of their income from other sources; others may not receive more than 50 percent of their income from a single source.

[19] Nord, Mark, Kyle Jemison, and Gary Bickel. Prevalence of Food Insecurity and Hunger by State, 1996-98. Food and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture, Food Assistance and Nutrition Research Report No. 2. September 1999. For more information, and for a full copy of the report, visit the Food Security and Hunger Briefing Room at www.econ.ag.gov/briefing/FoodSecurity. The USDA merged three years of data (1996-98) to obtain a sample size sufficient to measure food security and hunger at the state level. See also *How Many Hungry Oregonians? Measuring Food Insecurity and Hunger*, Oregon Center for Public Policy, November 1999, available at http://www.ocpp.org/1999/rpt991130.pdf.

[20] "Family members" means an adult or adults and in some cases one or more children. Research on the issue suggests that, in most financially stressed households, adults will go hungry and keep the children fed. As the situation becomes more severe, adults are forced to continue skipping meals themselves and to require their children to go hungry as well. These more severe situations, as one would expect, occur least often. The exact number of children going hungry is unknown, because the USDA’s study relied on data that did not capture enough information at the state level to make a reliable estimation on this question.

[21] Households are listed as “working” in this analysis if the household reference person described himself or herself as “employed” at the time the survey was taken. Households are listed as working “full-time” if, at the time the survey was taken, the household head was working 35 hours per week or more.

[22] At the time the survey was taken the household head was working 35 hours per week or more.

[23] Households are listed as “working” in this analysis if the household reference person was employed at the time the survey was taken.

Chapter 4. Oregon’s Changing Economy

After enduring almost two decades of falling wages, working people in Oregon are now experiencing the best economic times in a generation. Since 1997, incomes are up and wage gains have been widespread. Recent improvements are partly due to labor market conditions that have been favorable to Oregon workers, including an increased minimum wage and generally low unemployment.

Most working people in Oregon have benefited from recent changes. A few good years, however, have not reversed nearly twenty years of hard times for Oregon workers. The growth in family income over the last few years has only been enough to match the standard of living before the last recession. Wages gains have also been isolated to a few years, and wages remain beneath levels from the 1970s and the late 1980s. Indeed, in an economic era that has been called “as good as it gets,” one in seven working families with children is poor, substantially higher than ten years ago.

The data analyzed for this report show that, when placed in historical perspective, Oregon’s current prosperity leaves much to be desired. This is because our economy has changed in ways that have diminished the ability of working people to benefit from economic growth. Some of the long-term changes discussed in this chapter include:

- Growing income and wage inequality;
- The declining quality of jobs, and;
- Decreasing union representation.

In Oregon and in the United States, the economy has created increasing inequality in income and wages over the last twenty years. High-income families have pulled away from the rest of the population, controlling an increasing share of the state's income. The gains of high-wage workers have outstripped those of other workers.

The type of work available to Oregonians has changed as well. The high-tech sector has expanded rapidly and timber is far less important to Oregon's economy. Despite the dawning of the "new economy," however, industry shifts over the last several decades left Oregon with a greater share of low-paying jobs.

Moreover, important institutions that help Oregon workers protect and advance their interests have lost ground. Fewer workers are organized in unions, eroding the ability of workers to bargain collectively with employers.

This chapter will discuss these important changes and the ways that they impact working people.

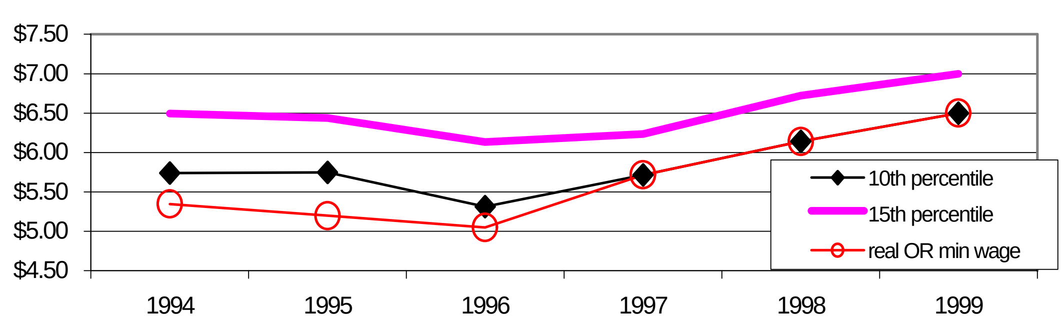
Short-Term Changes in Oregon's Labor Market

Low unemployment and broad-based real wage gains have prompted numerous commentators to declare that our nation's economy is "as good as it gets." According to the Economic Policy Institute, "sustained low unemployment" and several increases in the federal minimum wage are among the primary factors driving wages upward in the late 1990s. To varying degrees both of these factors also influenced wages in Oregon.

Minimum Wage Increases

One important reinforcement to wage levels during the last few years has been the increased minimum wage. Oregon's 1996 voter-enacted minimum wage increase brought relief to thousands of low-wage workers and their families. Rising from \$4.75 to \$6.50 over three years, the minimum wage came close to reaching the poverty line for a family of three at full-time work in 1999.[1]

Figure 4-1. Low-end pay and the Oregon minimum wage



Source: OCPP analysis of Census Current Population Survey. 1999 dollars adjusted for inflation with PDX CPI-U.

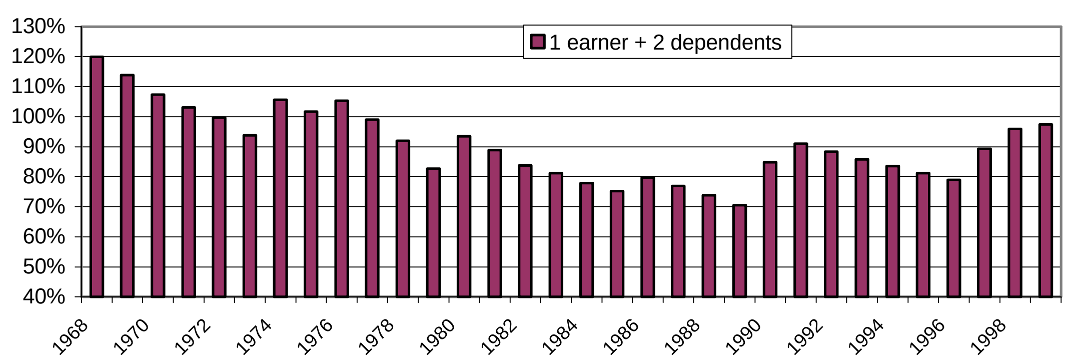
Although the minimum wage is set too low to impact most working people directly, Oregon's recent increases have been important to the lowest-paid workers. Following the 1997, 1998, and 1999 increases, wages rose for those at the 10th percentile of the wage distribution and also for former welfare recipients entering the world of work.[2] The 10th percentile wage grew from $5.32 in 1996 to $6.50 in 1999 (Figure 4-1).[3]

Prior to the minimum wage increase, wages were falling for workers at the 10th percentile and for those leaving welfare for work. Even though unemployment was lower and employment grew faster in the mid-1990s, low-end wages fell during those years. After the minimum wage increases were implemented, however, these wages began to rise. With the increases, Oregon's minimum wage has once again become an effective wage floor, lifting wages at the bottom of the distribution. The minimum wage increase likely influenced wages as high as the 15th and 20th percentiles.

Recent minimum wage increases, however, are a happy episode in a generally somber story. Prior to 1996, Oregon's minimum wage had been steadily eroded by inflation (Figure 4-2).[4] From the late 1960s through the mid-1970s Oregon's minimum wage was high enough to lift a three-person (one earner) family up to the poverty level at forty hours of work per week.[5]

Figure 4-2. Minimum wage and poverty in Oregon

Full-time work at minimum wage as percent of poverty level



Source: OCPP. Full time work is 40 hrs per week for 52 weeks. Federal Poverty Levels from Census/DHS.

During the 1980s and much of the 1990s this same level of work left three-person families far below the poverty level. Despite several small increases, the minimum wage was permitted to fall against inflation over the 1980s. In 1989 it hit a modern low, representing 70 percent of the federal poverty level for a three-person family working full-time year-round.

The three-stage increase enacted in 1996 brought the purchasing power of Oregon's minimum close to levels seen in the late 1960s and mid 1970s, but there is still a way to go before it is fully restored. In addition, the value of Oregon's minimum wage began falling again in 1999. Unless it is pegged to inflation, the minimum wage will continue to fall in real terms.

Allowing the minimum wage to fall removes an important support for low-end workers. As Oregon's recent experience demonstrates, when the minimum wage falls, wages at the bottom fall as well.

Oregon's Labor Market

Oregon's unemployment rate failed to match the remarkable performance of the rest of the country, running a full point higher than the US average in the late 1990s (Table 4-1). Nevertheless, unemployment has remained relatively low in Oregon. Other indicators suggest that tighter labor markets in the late 1990s have led to wage increases. Labor markets in some parts of the state have been tighter than others, but in the last few years wages have risen across Oregon.

That Oregon's unemployment rate is higher than the US average should come as no surprise. Oregon's unemployment rate was lower than the U.S. as a whole in only five of the last thirty years. Unemployment in Oregon averaged 5.7 percent in 1997-99 and 5.4 percent in 1994-96. The unemployment rate remained below six percent in each of the last six years.

Oregon's unemployment rate was 5.4 percent in the mid-1990s, but average annual earnings rose by only eight tenths of one percent per year and the median hourly wage fell by 2.1 percent per year. In the late 1990s unemployment averaged 5.7 percent, while the median hourly wage rose 2.9 percent per year and annual earnings grew by 1.6 percent per year.

Should this lead us to conclude that lower unemployment depresses wage gains? Probably not. For one thing, wage growth is influenced by a number of other factors including productivity growth, minimum wage increases and more. Also, the unemployment rate likely is not picking up some of the labor market pressures affecting wages.

Anectdotal evidence certainly suggests that labor markets in Oregon have been tight. Headlines like "Bosses Improve Bait as Power Shifts to Workers" have been common in Oregon newspapers during the last few years.[6] Also, periodic surveys of the Oregon Employment Department's employment service managers have shown that employers around the state continue to express difficulty in finding workers for a wide range occupations, including electricians, nurses, cooks, home health care aides, and truck drivers.[7]

There are several indicators in addition to unemployment that suggest the labor market in Oregon may be tighter in the late-1990s. Compared to the early and mid-1990s, Oregon's population, labor force, and prime working age population all grew more slowly in the late 1990s (Table 4-2). Oregon's labor force expanded by 2.5 percent per year in the mid-1990s, but by less than one percent per year in the late-1990s. In fact, the "prime" working age population (ages 25 to 54) declined by one-half of one-percent per year in the late 1990s after growing more than 4 percent on average during the mid-1990s.

Nonfarm employment growth also slowed in the late 1990s, but not to the same degree as labor force and prime working-age population growth. The late-1990s' nonfarm employment growth rate of 2.2 percent per year was 46

Long-term Demographic Changes in Oregon's Workforce

Oregon's economy is changing and its workforce is changing, as well. Over the last twenty years, Oregon's workforce has become older, more diverse, and more highly educated.

Since the late 1980s, the share of Hispanics and non-whites among Oregon's working population has increased. By the late 1990s, nearly seven percent were Hispanic and almost eight percent of Oregon workers were non-white. The share of females among the full-time workforce also continued to rise during the last twenty years.

Since the late 1970s, the median age rose from 34 to 38.7. The share of workers with a college degree or higher level of education rose from 23 percent in the late 1970s to 30 percent in the late 1990s. While the share with low levels of education has fallen, a majority of workers (70 percent) still do not have a college degree.

Table 4-1. Oregon's Changing Workforce

	1979-81	1988-90	1996-98
White non-Hispanic	94.0%	93.0%	85.6%
Non-white non-Hispanic	4.3%	4.2%	7.6%
Hispanic	1.7%	2.8%	6.8%
Male*	62.2%	60.4%	59.4%
Female	37.8%	39.6%	40.6%
Median age	34	36.3	38.7
Mean age	36.5	37.3	38.9
Less than HS degree	13.9%	10.5%	11.0%
HS or GED only	36.3%	34.4%	27.7%
Some college or two-year degree	26.6%	29.2%	31.1%
Bachelor's degree and higher	23.2%	25.9%	30.2%

Source: OCPP analysis of March CPS.

Workforce is Oregonians between 18 and 65 working one or more hours per week.

*Gender distribution is only among those working thirty or more hours per week.

percent lower than the average rate of growth from the mid-1990s. Labor force growth was 68 percent lower in the late-1990s. And, while nonfarm emloyment growth did slow, it continued to grow at a similar rate as the national average. Nonfarm employment grew as a share of the working age population (ages 18-64), rising from 74.5 percent in the mid-1990s to 77.1 percent in the late-1990s. All of these measures suggest that there is less "slack" in the labor market than the unemployment rate indicates.

One reason for the slower population and labor force growth in Oregon is the recovery of California's economy. In the mid-1990s California was still mired in recession, with unemployment averaging 7.9 percent between 1994 and 1996. Surveys conducted by the Oregon Employment Department show that in 1992, 43 percent of migration to Oregon was from California.[8] By 1998, the total number of in-migrants and the share from California both dropped. In 1998, only 33 percent of people moving to Oregon were from California. The influx of workers from California made Oregon's mid-1990s rapid employment growth possible, but also provided a steady flow of new workers that kept labor markets looser than the unemployment rate from the mid-1990s suggests.

Table 4-2. Oregon's labor market

Unemployment Rates	**1990-93**	**1994-96**	**1997-99**
Oregon	6.6%	5.4%	5.7%
US	6.7%	5.7%	4.6%
California	8.1%	7.9%	5.8%
	Average Annual Growth Rate		
Nonfarm Employment	**1990-93**	**1994-96**	**1997-99**
Oregon	2.0%	4.1%	2.2%
US	0.4%	2.6%	2.5%
	Average Annual Growth Rate		
Oregon Labor Force	**1990-93**	**1994-96**	**1997-99**
change in population	2.1%	1.5%	1.2%
change in labor force	2.0%	2.5%	0.8%
change in prime working age population (25-54)	2.4%	4.3%	-0.5%
	1990-93	**1994-96**	**1997-99**
Nonfarm Employment as % of 18-64 population	71.1%	74.5%	77.1%
	Real Average Annual Growth Rate		
Oregon Wages	**1990-93**	**1994-96**	**1997-99**
Average Annual Earnings	-0.3%	0.8%	1.6%
Median Hourly Wages	-1.2%	-2.1%	2.9%

Source: OCPP analysis of OED, Census, OEA and BLS data.

Regional Differences in Unemployment

One limitation of the unemployment rate for the entire state is that it does not reveal labor market developments in different regions of the state. As expected, the parts of Oregon that have seen the lowest unemployment have also experienced the most rapid wage growth. Unemployment in the Portland metropolitan region was below 4.5 percent in each year between 1994 and 1999, and this area experienced continued wage growth (Table 4-3).[9]

At the same time, however, all regions of the state experienced earnings gains during the late 1990s.[10] Average annual earnings in Southern Oregon for example grew on average 1.7 percent per year between 1997 and 1999.

It appears that the labor market dynamics identified for the state as a whole - slowing population and labor force growth along with continued nonfarm employment growth – are evident in the different regions of the state and have likely contributed to wage growth.

In Central Oregon, the average unemployment rate rose from 7.9 percent in the mid-1990s to 8.1 percent in the late-1990s. Average annual population and labor force growth both slowed considerably, and nonfarm employment continued to grow at 2.9 percent per year. After declining four tenths of one percent per year in the mid-1990s, average annual earnings in Central Oregon rose by 1.4 percent per year in the late 1990s.

Throughout the state the average annual rate of employment growth of employment slowed between the mid and late-1990s, but population and labor force growth slowed to an even greater degree. Nonfarm employment grew as a share of the labor force in all parts of Oregon, indicating tighter labor markets in the late-1990s. This tightening is one of the factors influencing wage gains in the late-1990s.

Long-term Changes in Oregon’s Economy

The minimum wage increases, low unemployment, and tight labor markets of recent years that helped raise wages in Oregon have been a welcome development. Over the long-term, however, many changes in Oregon’s economy have served to depress the wages and incomes of typical workers.

Growing Inequality in Oregon

Rising inequality is one of the most well documented economic trends in the last two decades. Since the 1970s the distribution of income and wages has become increasingly unequal in Oregon and throughout the country. High-wage workers and high-income families have captured most of the benefits from the economic boom, leaving most Oregonians behind.

Table 4-3. Oregon labor market by region

UNEMPLOYMENT RATE	1990-93	1994-96	1997-99	NONFARM EMPLOYMENT average annual growth 1990-93	1994-96	1997-99
Portland	5.4%	4.2%	4.4%	2.4%	4.7%	2.5%
Willamette Valley	6.6%	5.2%	5.7%	1.7%	3.7%	1.8%
Oregon Coast	8.0%	7.1%	7.9%	1.4%	2.6%	0.5%
Southern Oregon	8.8%	8.0%	7.9%	1.2%	3.3%	2.5%
Central Oregon	8.3%	7.9%	8.1%	2.8%	3.5%	2.9%
Eastern Oregon	8.4%	8.0%	8.1%	2.2%	1.8%	2.9%

LABOR FORCE average annual growth	1990-93	1994-96	1997-99	POPULATION average annual growth 1990-93	1994-96	1997-99
Portland	2.7%	3.3%	1.5%	2.5%	1.6%	1.4%
Willamette Valley	1.5%	2.5%	0.5%	2.0%	1.4%	1.2%
Oregon Coast	0.2%	1.2%	-1.1%	1.3%	0.5%	0.3%
Southern Oregon	0.8%	1.9%	0.8%	1.7%	2.0%	1.1%
Central Oregon	2.7%	2.6%	0.8%	2.8%	2.6%	1.6%
Eastern Oregon	1.3%	0.7%	1.0%	1.7%	1.1%	1.6%

NONFARM EMPLOYMENT TO LABOR FORCE RATIO	1990-93	1994-96	1997-99	AVERAGE ANNUAL EARNINGS average annual growth rate 1990-93	1994-96	1997-99
Portland	85.2%	87.0%	89.6%	0.0%	1.3%	1.9%
Willamette Valley	71.2%	72.6%	75.5%	0.3%	0.6%	1.8%
Oregon Coast	73.0%	75.0%	78.0%	-0.8%	-0.4%	1.3%
Southern Oregon	73.5%	75.4%	78.7%	-0.4%	0.1%	1.7%
Central Oregon	74.8%	76.1%	78.8%	0.2%	-0.4%	1.4%
Eastern Oregon	69.7%	71.7%	74.6%	0.2%	-0.2%	3.0%

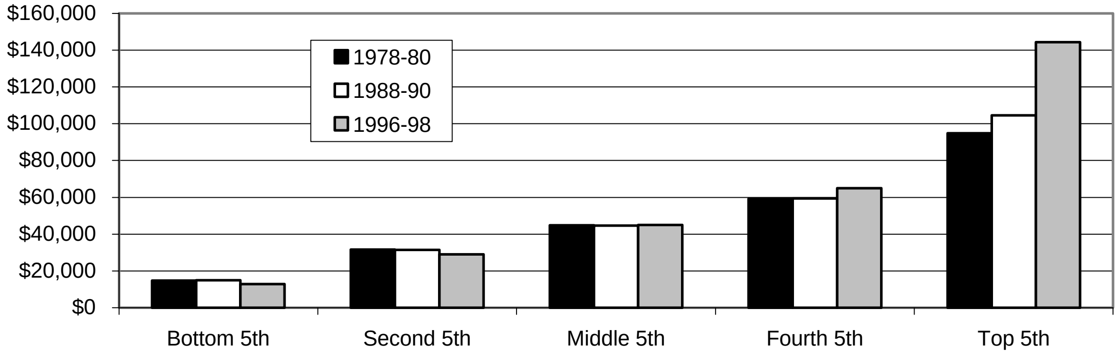
Source: OCPP analysis of OED data.

Family Income Inequality

A recent study conducted by the Economic Policy Institute and the Center on Budget and Policy Priorities (EPI/CBPP) shows that Oregon is experiencing one of the highest levels of income inequality and growth in income inequality in the nation.[11] Incomes of the richest families grew considerably over the last twenty years, while those in the middle and at the bottom stagnated and declined.

As Figure 4-3 shows, average incomes of the top twenty percent of families went from $94,782 in the late 1970s to $144,300 by the late 1990s. The most affluent families saw their incomes grow by more than 50 percent over this period, while the lowest income families saw declining incomes and middle income families saw no change whatsoever. The poorest fifth of Oregon families saw their average income fall from $14,835 to $12,902.

Figure 4-3. Oregon: average family income by fifth.



Source: OCPP presentation of EPI/CBPP findings. Inflation-adjusted 1998 dollars with US CPI-U.

These divergent growth trends have led to an increasing concentration of income. Between the late 1980s and the late 1990s, the share of income held by the state's richest families grew from 39 percent to 48 percent (Table 4-4). The income share of the bottom fifth of families dropped from seven percent to five percent. Families in the middle held 18.5 percent of Oregon's income in the late 1980s, but only 15.2 percent by the late 1990s.

As family income became more concentrated at the top, the gap between the richest Oregonians and everyone else widened. In the late 1980s the highest-income families had seven times as much income as the poorest families, and 2.3 times as much as those in the middle. By the late 1990s, Oregon's wealthy had 11.2 times as much income as the low-income and 3.2 times as much as the middle-income families. Over this period, the gap between rich and poor grew by 75 percent and the gap between rich and middle grew nearly 52 percent.

Table 4-4. Income inequality in Oregon

Family Income Share by Fifth					
	Bottom 5th	Second 5th	Middle 5th	Fourth 5th	Top 5th
1978-80	7.5%	14.1%	17.5%	23.2%	37.6%
1988-90	7.0%	12.7%	18.5%	22.9%	39.0%
1996-98	5.0%	10.3%	15.2%	21.4%	48.1%
Ratios of Average Family Income					
	Top 5th/ Bottom 5th		Top 5th/ Middle 5th		Middle 5th/ Bottom 5th
1978-80	6.4		2.1		3.0
1988-90	7.0		2.3		3.0
1996-98	11.2		3.2		3.5

Source: OCPP presentation of EPI/CBPP analysis of Census March CPS.

The Gini Index for Income Inequality

The "gini" index is another common way to measure income inequality. This index measures the degree of concentration across the distribution of income, and ranges from zero (indicating perfect equality) to one (indicating absolute inequality.) Gini index figures from the decennial census for Oregon confirm that income distribution has become increasingly unequal over the last few decades (Table 4-5).

Table 4-5. Oregon income inequality - Gini Index

	1969	1979	1989	Percent Change 69 to 79	Percent Change 79 to 89
Household	-	.394	.421	-	6.9%
Family	.345	.353	.390	2.3%	10.5%

Source: OCPP presentation of US Census Bureau data.

Among Oregon families, inequality grew slightly across the 1970s, but expanded dramatically in the 1980s. The gini measure for Oregon families grew by 10.5 percent between 1979 and 1989. Across those same years, household income inequality grew by nearly seven percent.

Income Distribution with Oregon Tax Return Data

Data collected by the Oregon Department of Revenue also confirm the long-term trend toward greater income inequality. Table 4-6 shows that the richest fifth of taxpayers in Oregon dramatically increased their share of Oregon's income over the last twenty years.[12] While the top fifth received 49.1 percent of Adjusted Gross Income (AGI) in 1979, they controlled 57.1 percent by 1997.[13]

Table 4-6. Income distribution in Oregon—tax return data

Share of Adjusted Gross Income by Quintile

	Bottom 5th	Second 5th	Middle 5th	Fourth 5th	Top 5th
1979	2.6%	7.9%	15.2%	25.3%	49.1%
1989	2.4%	7.4%	14.0%	23.5%	52.8%
1997	2.0%	6.7%	12.6%	21.6%	57.1%
Percent Change					
1979 to 1989	-10.6%	-5.7%	-8.1%	-7.0%	7.5%
1989 to 1997	-13.2%	-10.4%	-10.2%	-8.0%	8.3%
1979 to 1997	-22.4%	-15.5%	-17.5%	-14.4%	16.5%

Source: OCPP analysis of ODR tax tables.

The share of Adjusted Gross Income received by middle and low-income taxpayers declined. By 1997, the middle 60 percent of Oregon taxpayers had 40.8 percent of AGI, down from 44.9 percent in 1989 and 48.4 percent in 1979. The already low share of AGI among low-income taxpayers also dwindled over this period, falling by more than 22 percent. The richest fifth was the only group to see its share of AGI rise during the 1980s or 1990s.

Some economists believe that the long-term trends toward increasing income inequality have slowed in the last few years. This view is supported by the most recent *Economic Report of the President*.[14] Although wage and income increases in the late 1990s slowed the growth of inequality at the national level, these increases have not stopped inequality or reversed its course. Inequality at the peak of our current expansion is still considerably greater than inequality experienced in previous economic expansions.

Wage Inequality

Oregon has experienced growing inequality in the distribution of wages as well as income. Because wages are the largest source of income, wage inequality drives trends in income inequality to a large degree.

A recent study by economists from Dartmouth College and the Census Bureau indicates that Oregon experienced the nation's greatest growth in wage inequality between 1969 and 1989.[15] During this period, the wage gap between workers at the 90th and 10th percentiles grew 24.5 percent—more than any other state.

One important implication of the study is that the growth in wage inequality cannot be blamed on a shortage of college-educated workers. Wage inequality grew 24.5 percent even after statistically controlling for the impacts of differences in education, work experience, race and other factors.[16] The gap between workers at the 90th and 10th percentiles grew despite the fact that the "pay-off" for additional education was nearly identical in both years. The wages of college-educated workers were 33.6 percent higher than those with only a high school degree in 1969 and 33.9 percent higher in 1989.[17] The college/high school "wage premium" remained the same in both years, and is not responsible for the growth in wage inequality.

Gini Index of Wage Inequality

Over the last several economic expansions the gini index for wages grew in Oregon, indicating greater inequality (Table 4-6). In 1979-80 the gini index was .280 for male workers between the ages of 19 and 64 and .297 for females.[18] By 1997-98, the gini index for males had risen 55 percent to .435, and for females it had increased 31 percent to .390.

Understanding Income Inequality

Recent reports on income inequality have generated a range of responses. While few dispute that income inequality has increased, some downplay the significance of the findings, suggesting that the increase is a result of benign demographic trends. In response to the release of the EPI/CBPP study, for example, one commentator claimed that the increase in inequality was due to large numbers of college students with low incomes.[19] The EPI/CBPP study actually examined the growth of inequality among *families*, a type of household that does not include the single individual and non-related households in which college students typically reside. An earlier study by CBPP showed that these same trends in income inequality can be seen just as clearly when focusing on families with children.[20]

The bulk of the research on inequality suggests that demographic factors, such as the aging of the population and trends in educational attainment, have actually slowed the slide toward worsening inequality.[21] In a recent review of the national data on income inequality, the Economic Policy Institute showed that:

- Demographic changes, like education and the growth of single-parent families, cannot account for changes in family income inequality; demographic shifts were stronger when inequality was growing more slowly, and when inequality was growing most demographic changes were less prevalent.[22]
- The decline in average family size does not decrease the importance of income inequality; inequality has grown even after adjusting for family size.
- Income mobility can offset income inequality, but only if it is growing at the same rate as inequality; there is no evidence that income mobility has increased, but inequality has grown considerably.

Income inequality has grown among households, families, families with children, across genders, age groups, education levels and more. While not all researchers agree on the exact causes of inequality growth, it is commonly believed that its roots are in a number of important economic changes that cannot be reduced to demographics – the decline of high-paying manufacturing jobs, the increase in globalization, the onset of “skill-biased” technological change, declining union representation, and a falling minimum wage.[23]

Table 4-7. Oregon wage inequality - Gini Index measure				Percent Change		
	1979-80	**1988-89**	**1997-98**	**79-80 to 88-89**	**88-89 to 97-98**	**79-80 to 97-98**
Male Workers, Age 19-64	.280	.335	.435	19.6%	29.9%	55.4%
Female Workers, Age 19-64	.297	.323	.390	8.8%	20.7%	31.3%
Male Workers, Age 30-59 some college or more	.240	.291	.423	21.3%	45.4%	76.3%
Female Workers, Age 30-59 some college or more	.284	.297	.347	4.6%	16.8%	22.2%
Source: OCPP analysis of March CPS data provided by EPI.						

The inequality record was no better among the more experienced and highly educated. Males between the ages of 30 and 59 with at least some college education saw their gini figure rise 76 percent between 1979-80 and 1997-98, going from .240 to .423. Highly educated females experienced a 22 percent increase in wage inequality, with their gini rising from .284 to .347. For each group of workers in Table 4-7 wage inequality grew more during the 1990s than the 1980s.

Wage Percentiles

Comparing workers at the 80th and 20th percentiles of the wage distribution also indicates growing inequality. As shown in table 4-8, the ratio of the 80th percentile wage to the 20th percentile rose by over nine percent between 1979 and 1999.

Table 4-8. Oregon Wage Inequality – Wage Percentiles[24]					change		
	1979	1989	1999		79 to 89	89 to 99	79 to 99
20th	$ 8.45	$ 7.38	$ 7.70		-12.6%	4.3%	-8.9%
50th	$ 13.21	$ 12.27	$ 11.98		-7.1%	-2.4%	-9.3%
80th	$ 20.04	$ 18.41	$ 19.95		-8.1%	8.4%	-0.4%
80/20 ratio	2.4	2.5	2.6		5.1%	3.9%	9.2%
80/50 ratio	1.5	1.5	1.7		-1.1%	11.0%	9.8%
Source: OCPP presentation of EPI data. Inflation-adjusted 1999 dollars with US CPI-U.							

The gap between high-wage earners and the median earner also widened over the last twenty years. In 1979, earners at the 80th percentile of the distribution had wages 50 percent higher than the median. In 1999, these earners had wages 70 percent above the median. By 1999, wage earners at the 80th percentile had regained earnings lost during the 1980s, while earners at the 50th and 20th percentiles were still nine percent below 1979 levels.

Wealth Inequality in America

Wealth in America is distributed even more unequally than income. And as income distribution has worsened, so has the distribution of wealth.

The phenomenal stock market performance of the 1990s has created many millionaires, and led some to believe that there is a new "democratic" stock market in which everyone benefits. However, most American households still have no stock holdings whatsoever. Only 48 percent own any stock, and 64 percent of all households have $5,000 or less (including $0) in any form of stock, including 401(k) and other retirement plans.[25] For the bottom 90 percent of households, the principle residence remains the most important asset, representing 69 percent of these households' net worth in 1998.[26]

Stocks boomed in the 1990s, but most of the gains were captured by the already wealthy. The top one-percent of American households received nearly 45 percent of the increase in stock value between 1989 and 1998. The top ten percent of households received 82 percent of stock gains.[27]

Stock gains among wealthy households helped fuel the trend toward general wealth inequality. By 1998, the top one-percent of households had greater net worth (assets minus liabilities) than the bottom 90 percent of households combined. In 1989, the top one-percent had 30.2 percent of America's net worth, and the bottom 90 percent had 32.7 percent. By 1998, the top one-percent held 34 percent and the bottom 90 percent held 31.3 percent.

Changing Quality of Jobs

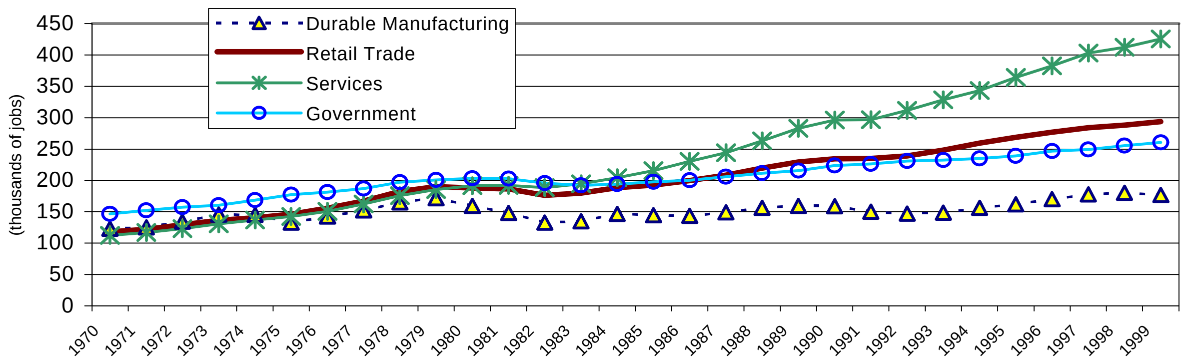
Despite the emergence of high-tech as a leading industry, there are relatively fewer high-paying jobs in Oregon than there were ten or twenty years ago and relatively more low-paying ones. And, while there are many high-paying service-sector jobs, the rise of Oregon's service industry generally has fueled the increasing share of low-paying jobs.[28]

Employment Change by Industry

Figure 4-4 demonstrates the growth of Oregon's four largest industries since 1970. In 1970, the state's two largest industries (durable manufacturing and government) were among the highest paying industries.

The situation changed dramatically over the past thirty years. By the late 1990s, services and retail trade, two of the lowest-paying industries were state's the largest industries.

Figure 4-4. Oregon employment by selected industry



Source: OCPP presentation of OED data

Table 4-9 presents data from the peaks of Oregon's three most recent business cycles, illustrating the shifts in industry employment and earnings over the last twenty years.[29]

Table 4-9. Oregon: industry employment and earnings

	Share of Employment			Average Annual Earnings
	1978	1988	1998	1998
Durable Manufacturing	16.4%	13.6%	11.6%	$41,208
Non-Durable Manufacturing	5.3%	5.0%	4.2%	$25,917
Construction	4.8%	3.5%	5.3%	$35,505
Transportation, Communication and Utilities	5.6%	5.0%	4.9%	$35,717
Wholesale Trade	6.3%	6.3%	6.2%	$39,585
Retail Trade	18.1%	19.0%	18.6%	$17,465
Finance, Insurance and Real Estate	6.4%	6.1%	6.1%	$36,976
Services	17.4%	22.8%	26.6%	$25,915
Government	19.5%	18.3%	16.5%	$32,370
All Industries				$29,548

Source: OCPP analysis of OED data. Earnings in 1998 dollars.

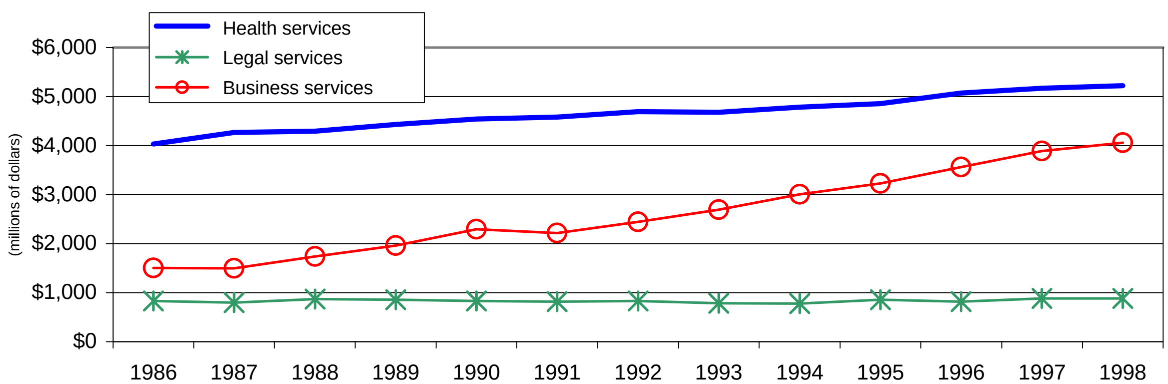
Between 1978 and 1998 durable manufacturing's share of employment declined by over one-third, while the service sector's share grew by roughly one-half. The two industries that experienced noticeable decline in employment share between 1978 and 1998 had above average annual earnings. Durable manufacturing, with average earnings of $41,208, employed only 11.6 percent of the state's workers by 1998. The employment share of federal, state and local governments, with average earnings of $32,374, fell by over 15 percent between 1978 and 1998.

By 1998, services and retail trade were Oregon's largest industries. Both of these industries had earnings below the state average. Employing more than one quarter of Oregon's workers, average earnings in the service industry were $25,915. Accounting for nearly 19 percent of employment, retail trade had average earnings of $17,465. The unmistakable trend in Oregon's employment has been toward industries that pay lower wages.

The Service Sector

Now Oregon's largest industry, the service sector is more a conglomeration of industries than an industry itself. By no means a simple collection of bad jobs, service sector workers range from lawyers and doctors to temporary workers and hotel maids. Health services and business services are the largest components of the service sector (Figure 4-5). Health services accounted for $5.2 billion of Oregon's Gross State Product in 1998 and employed 107,400 workers in 1999. [30]

Figure 4-5. Oregon: gross state product, selected service industries



Source: OCPP presentation of BEA data. 1996 dollars, adjusted for inflation by BEA.

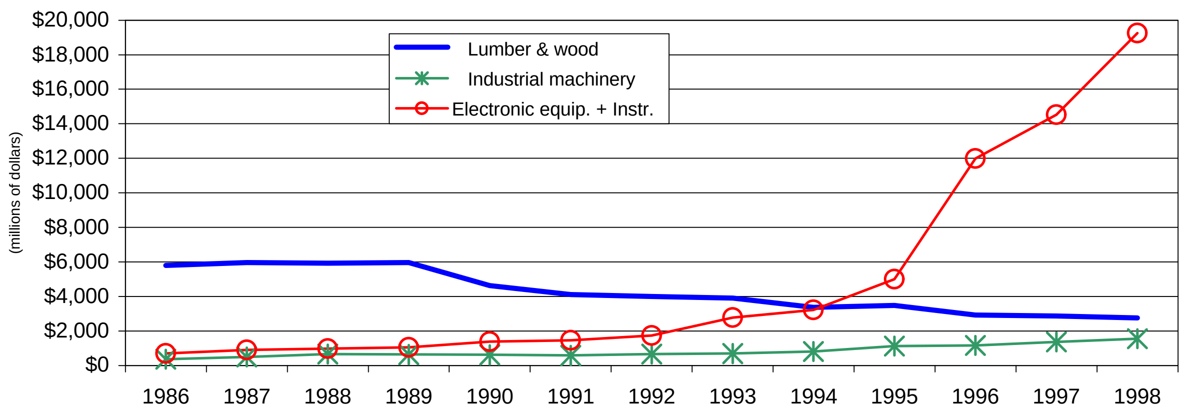
The fastest growing component of the service sector during the 1990s has been business services. Business services, which include temporary workers, employed 93,700 in 1998, with average annual earnings of $27,154.[31] Temporary help supply firms employed 40,000 workers and paid an average of $18,018.[32]

The High-tech Sector

The high-tech sector is one of Oregon's most dynamic industries. The dominance and rapid growth of Oregon's high-tech industry are illustrated in figure 4-6. The largest segment of Oregon's high-tech sector, classified as "Electronic equipment and instruments," which includes semiconductors, accounted for approximately $19 billion of the Gross State Product in 1998. This was up from less than $2 billion in 1992, a 1,000 percent increase over five years.

High-tech, however, remains just one of many industries. According to the Oregon Employment Department, the high-tech industry employed 72,500 people in 1999, accounting for 4.6 percent of total nonfarm employment.[33] And while jobs in this industry are relatively high-paying, averaging $54,507

Figure 4-6. Oregon: gross state product, selected durable manufacturing industries



Source: OCPP presentation of BEA data. 1996 dollars adjusted for inflation by BEA.

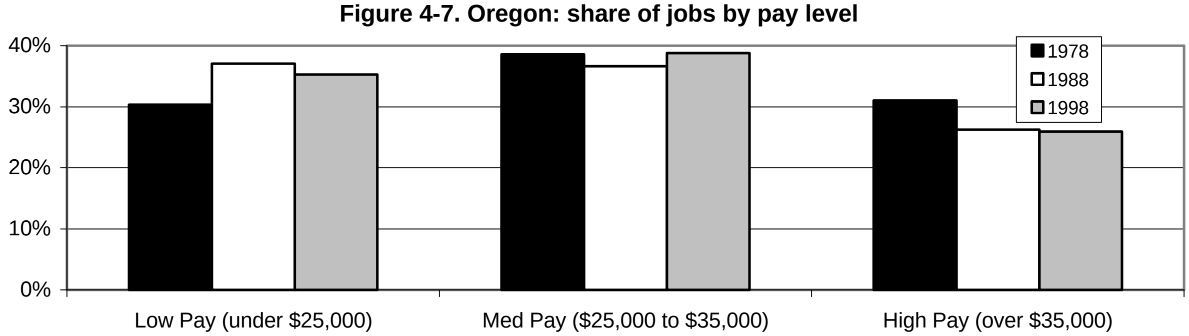
in 1998 according to the American Electronics Association, 51 percent of high-tech industry employment is in manufacturing and clerical jobs.[34] Semiconductor processors are one of the larger occupations in the high-tech sector, accounting for 6,800 workers, with average annual earnings of $24,590 in 1998.[35]

Although an important sub-set of the new jobs created in Oregon over the past thirty years have been high-paying, on balance the shift has been toward low-paying industries. For every employee of a computer system design firm, there are sixty restaurant workers.[36]

Shifting Job Quality

The share of jobs in Oregon that are considered high-paying has decreased over the last twenty years (Figure 4-7).[37] In 1978, 31 percent of jobs in Oregon were considered "high-paying," with annual earnings over $35,000 - in inflation-adjusted 1998 dollars.[38] By 1998, the portion of high-paying jobs had fallen to 26 percent.[39]

Figure 4-7. Oregon: share of jobs by pay level



Source: OCPP analysis of OED industry employment data. Employment share based on 1998 dollars.

Low-paying jobs, with average earnings under $25,000, made up 30 percent of the state's jobs in 1978 and had grown to 35 percent by 1998.[40] The percentage of low-paying jobs fell slightly during the 1990s, but remains considerably higher than in 1978.

Despite total employment growth, high-paying jobs declined in real numbers, falling by nearly 5,000 over the 1980s (Table 4-10). The number of high-paying jobs grew during the 1990s, but at a slower rate than overall job growth. Between 1978 and 1998, the number of high-paying jobs increased by 33 percent, but the number of low-paying jobs rose 85 percent.

Table 4-10. Oregon - jobs by wage level

	Total Employment		
	1978	1988	1998
low pay	293,832	417,008	544,120
med pay	373,896	411,843	597,874
high pay	300,425	295,449	399,616
total	968,153	1,124,300	1,541,611
	# Employment Change		
	78 to 88	88 to 98	78 to 98
low pay	123,175	127,113	250,288
med pay	37,948	186,031	223,979
high pay	-4,976	104,167	99,191
total	156,147	417,311	573,458
	% Employment Change		
	78 to 88	88 to 98	78 to 98
low pay	41.9%	30.5%	85.2%
med pay	10.1%	45.2%	59.9%
high pay	-1.7%	35.3%	33.0%
total	16.1%	37.1%	59.2%

Source: OCPP analysis of OED data.

On balance, employment in Oregon has become increasingly dominated by lower-paying jobs. This unfortunate fact stands despite the incredible growth of high-tech firms in Oregon and the dawning of "the new economy."

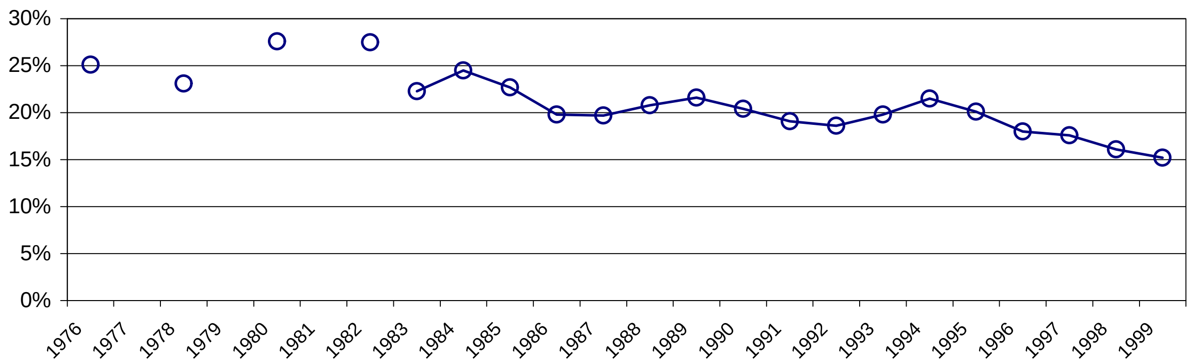
Organized Labor in Oregon

By bargaining collectively with employers, unionized workers have been able to increase wages and benefits and improve the conditions of work. During the 1980s and 1990s, however, the share of workers organized in unions declined (Figure 4-8). In 1980, more than one in four Oregon workers belonged to a labor union.[41] By 1999, roughly one in seven were union members.

Oregon's workforce has faced two distinct periods of declining union representation. The union share fell in the early 1980s, as heavily unionized sectors lost employment, and in the latter-half of the 1990s, when employment growth was concentrated in areas with lower union coverage. The number of union members has stayed roughly the same (approximately 232,000 members in 1985 and in 1998), with gains from organizing apparently being offset by attrition elsewhere.

Those workers that are organized in unions have higher wages and better benefits. According to the Economic Policy Institute, union workers' wages

Figure 4-8. Oregon: union members as share of total workforce



Source: OCPP presentation of Census data from BNA and Statistical Abstracts.

were 15 percent higher than non-union workers in 1997, even after controlling for differences in work experience, education, region of the country, industry, occupation, and marital status.[42] As explained in a 1997 *Oregonian* article, "From a pocketbook perspective, workers are absolutely better off joining a union. Economists across the spectrum agree: turning a nonunion job into a union job probably will have a bigger effect on lifetime finances than all the advice employees ever will read about investing their 401(k) plans, buying a home or otherwise making more [out] of what they earn."[43]

In recent years, labor unions have re-dedicated themselves to organizing new workers. National union leaders have pledged additional resources for organizing. Recently unions in Oregon have worked to organize high-tech and retail trade companies as well as home health care aides and social service agencies, all areas that have traditionally not been represented by unions. The national drive to organize more workers began to pay off in 1999, with enough new union members to maintain a steady share of the workforce.[44] Whether Oregon's unions can organize enough workers to recover their lost share of the workforce remains to be seen.

Endnotes, Chapter 4.

[1] The federal poverty level for three person families was $13,880 in 1999.

[2] *Oregon's Increasing Minimum Wage Brings Raises to Former Welfare Recipients and Other Low-Wage Workers Without Job Losses*, Oregon Center for Public Policy (OCPP), June 2, 1999.

[3] Wages by percentile are calculated by OCPP using the monthly Current Population Survey. Hourly wages, including those from workers reporting weekly wages, for workers between 18 and 64 are included. Outlier wages are excluded, following the method used by EPI in *The State of Working America 2000-01*, appendix B.

[4] Figure 4-1 is calculated by dividing the annual equivalent of full-time minimum wage work (hourly minimum wage multiplied by 2080 hours) by the federal poverty level for a three-person family.

[5] In the late 1960s and early 1970s, the federal minimum wage was the controlling minimum wage in Oregon, because it was higher than Oregon's statutory minimum at the time.

[6] "Bosses Improve Bait as Power Shifts to Workers," Portland Business Journal, 7/13/98.

[7] "I Need Workers...NOW!" *Oregon Labor Trends*, Oregon Employment Department, July 1999.

[8] *1999 Oregon In-Migration Study*, Oregon Employment Department.

[9] Portland metropolitan area unemployment includes Clark County, Washington.

[10] Regional definitions used in this chapter and in Table 4-2 are adopted from *Oregon: A State of Diversity*, Oregon Employment Department. The Oregon Coast includes Clatsop, Coos, Curry, Lincoln, and Tillamook counties. The Willamette Valley includes Benton, Lane, Linn, Marion, and Polk counties. Southern Oregon includes Douglas, Jackson, and Josephine counties. Central Oregon includes Crook, Deschutes, Gilliam, Hood River, Jefferson, Klamath, Lake, Sherman, Wasco, and Wheeler counties. Eastern Oregon includes Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa counties. The Portland area includes Clackamas, Columbia, Multnomah, Washington, and Yamhill counties. The unemployment rate for the Portland-area includes Clark County, Washington.

[11] *Pulling Apart: A State-by-State Analysis of Income Trends*, Economic Policy Institute and the Center on Budget and Policy Priorities (EPI/CBPP), January 2000. This report is available on the Internet at www.cbpp.org/1-18-00spf.htm

[12] Share of Adjusted Gross Income (AGI) is from OCPP analysis of the Oregon Department of Revenue (ODR) tax tables from 1977 through 1998. AGI is a form of income used to determine taxes due. AGI is income from all sources minus exempt income (including non-taxable social security income, welfare payments and IRA interest earnings) and adjustments (including IRA contributions, moving expenses and a portion of self-employment tax). The method used in calculating income shares by quintile is adopted from the Portland State University (PSU) Institute for Metropolitan Studies. See endnote 73 in Chapter Two .

[13] Income shares by quintile using data provided by the Oregon Department of Revenue differ from those analyzed by EPI/CBPP for a number of reasons. The unit of analysis is different. EPI/CBPP look at family, while ODR presents data on taxpayers. Also, the definition of income is different. EPI/CBPP study Census Bureau money income of families, which does not include capital gains and some types of public assistance. ODR measures Adjusted Gross Income, which is a calculated field used in tax returns. Also, both sets of data have a different source. ODR's data come from Oregon tax returns for all residents. The EPI/CBPP

data are from the March Current Population Survey. Shifts in the distribution of adjusted gross income can be affected by changes in tax laws in addition to trends in income inequality. One relevant portion of the law defines who has to file an Oregon income tax return. Because the cut-off for filers rose considerably (going from $500 to over $2,000), the number of extremely low-income households filing state tax returns likely fell. All else equal, a drop in the number of extremely low-income filers would decrease the share of income held by the top fifth of filers. Because of this change, it is possible that changes in income distribution between 1979 and 1997 are understated.

[14] *The 2000 Economic Report of the President,* The White House Council of Economic Advisers, February 2000. Available on the Internet at w3.access.gpo.gov/eop/.

[15] Bernard, Andrew and J. Bradford Jensen, "Understanding Increasing and Decreasing Wage Inequality," *International Trade and Wages*, 1999.

[16] *ibid*.

[17] *ibid*.

[18] These figures are based on OCPP analysis of March Current Population Survey for Oregon, made available by the Economic Policy Institute. Gini indexes were calculated for inflation-adjusted hourly wages in 1998 dollars using the Portland CPI-U. Weekly wages were converted to hourly wages.

[19] One local analyst made this claim on Oregon Public Broadcasting (OPB) radio on January 18, 2000. His comments are available on the Internet at www.opb.org/nwnews/iestudy2orcon.asp.

[20] *Pulling Apart: A State-by-State Analysis of Income Trends*, edition 1, Center on Budget and Policy Priorities, December 16, 1997.

[21] See Karoly, Lynn A., "Growing Economic Disparity in the U.S.: Assessing the Problem and the Policy Options," in Auerback, James A., and Richard S. Belous, eds., *The Inequality Paradox: Growth of Income Disparity* (Washington, DC: National Policy Association, 1998); and *State of Working America 2000-01.*

[22] The Economic Policy Institute's discussion of income inequality is contained in *The State of Working America 2000-01*.

[23] Inequality research relied on for this study include: *State of Working America 2000-01*; Bluestone, Barry & Bennett Harrison *Growing Prosperity: The Battle for Growth with Equity in the 21st Century* (Boston: Houghton Mifflin, 2000); Karoly, Lynn A., "Growing Economic Disparity in the U.S.: Assessing the Problem and Policy Options"; Hyclak, Thomas, *Rising Wage Inequality in Urban Labor Markets*, July 2000; DiNardo, John, Nicole M. Fortin and Thomas Lemieux, "Labor Market Institutions and the Distribution of Wages," *Journal of Economic Perspective, 1997*; Freeman, Richard, "How Much Has De-Unionization Contributed to the Rise in Male Earnings Inequality" in Danziger, Sheldon and Peter Gottschalk, *Uneven Tides* (New York, NY: Russell Sage Foundation, 1993); Danziger, Sheldon and Peter Gottschalk, "Family Income Mobility - How Much Is There, and Has It Changed?" in *The Inequality Paradox: Growth of Income Disparity*.

[24] Ratios of wage percentiles in the table are rounded to the first decimal point. This is the reason why the percent change between 1.5 in 1979 and 1.5 in 1989 is not zero.

[25] *State of Working America 2000-01*, p. 266.

[26] Calculations from Survey on Consumer Finances (SCF) data presented in Kennickel, Arthur, *An Examination of Changes in the Distribution of Wealth from 1989 to 1998: Evidence from the Survey of Consumer Finances*, Jerome Levy Economics Institute, July 2000.

[27] OCPP analysis of SCF data presented in Kennickel, 2000.

[28] This section focuses on wages by industry and shifts in industry employment. Occupational data are not discussed for a number of reasons. Data on earnings by occupation in Oregon are not as readily available as that of industry. Also, occupational employment data, (which Oregon Employment Department has going back to 1985), indicate that between the mid-1980s and late 1990s, there has been less shifting among summary occupation categories. For example, service occupations employed 15.3 percent of Oregonians in 1985 and 15.6 percent in 1998. The two categories seeing the most change were clerical and administrative support occupations, which fell from 18.4 percent of employment in 1985 to 16 percent in 1998; and professional and technical jobs, which rose from 19.2 percent to 20.7 percent. These figures are based on OCPP analysis of occupational employment data provided by the Oregon Employment Department (OED).

[29] Average annual earnings estimates in table 4-7 are for “covered” employment. The figures are different from those presented in Chapter Two. The earnings data from Chapter Two are calculated by the Bureau of Economic Analysis, and are available over the entire period of the 1970s. Both data series indicate the same trend, even though the precise estimates are not identical.

[30] Oregon’s total Gross State Product (GSP) in 1998 was over $105 billion (expressed in chained 1996 dollars). Available at www.bea.doc.gov.

[31] OCPP calculations with OED data. Business services annual earnings expressed in 1999 dollars.

[32] *Oregon Economic Profile 2000*, Oregon Employment Department, p. 25.

[33] High Tech employment for 1998 was pegged at 71,400 by the American Electronics Association (AEA) in its *Oregon Technology Benchmarks: State of the Industry Report*, 1999.

[34] *ibid.*, p. i and 29.

[35] The Semiconductor Processor average annual wage is based on average hourly earnings multiplied by 2080 hours. This figure is from *Oregon Wage Information 2000*, Oregon Employment Department. The wages is from the last quarter of 1998, and the employment figure is for 1998.

[36] *1998 Covered Employment and Payrolls*, Oregon Employment Department. SIC 7373, the computer integrated systems design sector, employs 1,632 people with average annual earnings of $64,199. SIC 5812, eating and drinking places, employs 97,976 workers with annual earnings of $10,991.

[37] The Oregon Employment Department uses the following categories to measure job wage quality: less than $25,000 (in inflation adjusted 1998 dollars) is called “low-paying;” between $25,000 and $34,999 is called “medium paying;” and above $35,000 is called “high-paying.” See *2000 Regional Economic Profile*, Oregon Employment Department, November 1999, p. 67.

[38] Because figure 4-7 is based only on covered employment for industries with available average earnings data, the employment totals do not match totals published elsewhere by the Employment Department.

[39] The share of jobs in the high-paying, low-paying and medium-paying categories has been calculated by OCPP from data supplied by the Oregon Employment Department. This table reflects the numbers of jobs, falling into the wage categories discussed in endnote 36 of this section, aggregated at the industry and county (not state) level.

[40] In its *Oregon Economic Profile 2000* publication, the Oregon Employment Department estimates that the share of jobs with wages under $25,000 was greater than 50 percent in 1998 (page 64). The differences between the estimates calculated by the OED and those presented here are: (1) here we use annual earnings by industry, while OED uses occupational wage information; and (2) not all industries are included in our calculations. Industries without available wage data have been excluded.

[41] Union representation data for 1983-1999 from the AFL-CIO research department, Bureau of National Affairs data book. Data for earlier years from *Statistical Abstracts*, various years.

[42] The union wage premium is for 1997 hourly wages, *State of Working America 2000-01*, p. 183. The union wage premium appears considerably larger when not controlling for factors such as age and industry. BLS data show that in 1998 union workers nationally had weekly earnings 34 percent higher than non-union workers. The union wage premium is evident across gender, age, industry and more. Data presented in *The Union Difference: Fast Facts on Union Membership and Pay 1998*, AFL-CIO.

[43] “Union Members Have the Edge on Payday,” *Oregonian*, 8/31/97.

[44] “Unions Draw More Members in ’99,” *Oregonian*, 1/20/00.