In the Shadows of the Recovery

The State of Working Oregon 2004

by Michael Leachman

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Executive Summary

In the Shadows of the Recovery: The State of Working Oregon 2004

Oregon's economic picture may be brightening, but too many of Oregon's working families still labor in shadows cast by the economic downturn. Personal bankruptcies, home foreclosures, and debt to high-cost lenders soared after the recession hit. Household incomes fell sharply while family costs rose for health care, housing, child care, gasoline, and higher education tuition. Cuts to public assistance programs have made rising health care and other costs even more painful for lower income families. Economic recovery may be underway, but healing Oregon's families from the effects of the last few years will be a long-term process.

Incomes slide backwards

- The typical Oregon household lost nearly $3,000 during the downturn, as the real median household income fell from $45,100 in 1999-00 to $42,200 in 2002-03.
- Average annual earnings for Oregon workers in 2003 were $34,442, down nearly $600 from the 2000 peak, and over $100 less than in 1976 in real terms.
- While the wages of median- and low-pay workers have fallen behind where they were in 1979, high-wage workers in 2003 were 12 percent ahead of their 1979 wage.
- Through August 2004, Oregon still has fewer jobs than it did when the downturn started more than three and a half years ago. After the previous recession of the early 1990s, by contrast, it took only one year and 8 months for jobs to recover to their pre-recession levels.

Inequality growth hits speed bump

- The capital gains bust in 2001 and 2002 tightened the gap between the richest Oregonians and the typical family. Still, compared to 1979, the real adjusted gross incomes of the richest one percent of Oregon taxpayers in 2002 were up 91 percent, while the average income of the middle fifth of taxpayers was down 3.6 percent.
- Over the eighties and nineties, the income gap between the richest one percent and middle-income families shrank in only two of the 33 counties with data. In 2002, Crook County held the distinction of being Oregon's most unequal.

Poverty among workers remains high

- Despite some recent improvement, the percent of working families who are poor remains nearly double the rate of the late 1970s.
- Just eight percent of poor families with children in Oregon received the majority of their income from cash assistance in 2002-03. About 64 percent of poor families with children worked at least one quarter of the year, and 27 percent worked full-time, year-round.

Rising costs delay recovery

Health care and insurance costs skyrocket

- In 2002-03, about 562,000 Oregonians went a full year without health insurance, an increase of 105,500 from before the downturn in 1999-00.
- The percent of Oregon employees required to pay part of their own health coverage rose from 36 percent in 1993 to 60 percent in 2002.
- The value of charity care reported by Oregon hospitals shot up 70 percent in 2003 after rising 39 percent in 2002.

Housing costs squeezing more families

- In 2001-02, 87 percent of Oregon renters with incomes under $20,000 had unaffordable rental costs.
- In Multnomah County, the share of renters paying more than half their income to rent rose from 21 percent in 1999-00 to 27 percent in 2002-03.
- A surge in home purchases by modest-income buyers in 2003 helped push Oregon's homeownership rate up to the national rate.

Other costs rise, too

- For the 2004-05 school year, fees and tuition at the University of Oregon will cost $5,670, a jump of 48 percent in just four years.
- Taxes for most have become more affordable. Oregon households paid 6.8 percent of their income to state and local taxes in 2002, compared to 7.4 percent in 1989. For low-income households, though, the state and local tax burden is up.

Debt problems skyrocket

- The personal bankruptcy filing rate during the recent economic downturn was four times the rate during the early 1980s downturn. There were more bankruptcy filings in Oregon than new college degrees awarded in 2002.
- Oregon went from a state with relatively few foreclosures on prime mortgages in the late 1990s to one with foreclosure rates well above the national rate after the downturn hit.
- Compared to 1993, the value of subprime loans in Oregon has grown 99 times. At the peak of the downturn, nearly one in ten subprime mortgage loans in Oregon was in foreclosure.
- Total loans made by payday lenders in Oregon nearly tripled in three years, rising from $64 million in 1999 to $175 million in 2002. There are now substantially more payday lenders in Oregon than McDonald's.
- The fees collected by pawnbrokers soared during the downturn, rising 62% between 2000 and 2003.
- The percentage of low-income working families losing money to high-cost, rapid tax refund loans has been rising. The zip code with the highest share of low-income working families with rapid refund loans is in Warm Springs.
- The value of bad debt reported by Oregon hospitals nearly doubled during the economic downturn.