

**For Immediate Release**

December 16, 2008

**For More Information, Contact:**

Charles Sheketoff (503) 873-1201  
Michael Leachman (503) 873-1201  
Joy Margheim (503) 873-1201  
Juan Carlos Ordóñez (503) 873-1201

## **“Build an Oregon That Works for Working Families,” OCPP Says**

### **Report Outlines Strategies for Reviving Economic Opportunity**

(Silverton) — It used to be that economic growth and increased productivity translated into gains for ordinary working families, but no longer. During the economic expansion that preceded the current recession, most Oregon workers lost ground. That predicament and how to confront it are the focus of a major report released today by the Oregon Center for Public Policy.

“The recession has intensified the pressure that was already squeezing working families,” said Michael Leachman, OCPP policy analyst and co-author of the 2008-2009 edition of OCPP’s series *The State of Working Oregon*. “The right policy choices now can ease some of that strain, but more importantly, they can help usher in a new era of shared prosperity and opportunity when economic growth returns.”

The report released today, *Rolling Up Our Sleeves: Building an Oregon That Works for Working Families*, lays out a broad policy framework and specific proposals intended to increase economic opportunity.

By some measures, Oregon’s economy performed very well during the seven-year economic cycle that ended in early 2008. According to the report, Oregon’s economy grew at an annual rate of 4 percent during the cycle, outpacing the nation’s 2.5 percent growth rate. Oregon led all states in terms of worker productivity growth.

But underneath the rosy top-line numbers lurked a darker picture. For instance, the amount of bad debt — unpaid bills — written off by Oregon hospitals tripled from 2000 through 2008, according to the report. And from 2001 through 2007, roughly the last business cycle, Oregon recorded nearly twice as many personal bankruptcy filings as bachelor’s degrees awarded at its public universities.

According to the OCPP report issued today, by the end of the economic cycle, the lowest-income 60 percent of Oregon workers had seen their paychecks

## **“Build an Oregon That Works for Working Families” OCPP Says**

**December 16, 2008**

**Page 2 of 3**

shrink in inflation-adjusted terms and fewer workers overall could count on health care coverage.

“We’ve had an unbalanced economy in which the benefits of growth and increased worker productivity have flowed upward,” said Leachman.

Estimated corporate profits more than doubled and the incomes of well-off Oregonians soared between 2000 and 2007, according to OCPP.

OCPP calculated that in 2006, Oregon’s wealthiest 1,500 households — who together would fill less than a third of the seats in Portland’s Rose Garden Arena — made as much money as 450,000 households, as many households as live in 28 of Oregon’s 36 counties, combined.

“The fact that so few captured the gains shows that the foundations of economic opportunity have broken down,” said Leachman. “How to begin rebuilding those foundations is the main focus of our report.”

*Rolling Up Our Sleeves* sets out specific recommendations within three broad categories: strengthening the public sector, securing the incomes of working families and reforming the tax system.

The first strategy emphasizes the ways that public sector spending can help ease the pain of the current downturn and lay a foundation for long-term economic growth. The report highlights the payoffs in reducing child poverty and upgrading public infrastructure.

“The actual economic benefits of sustaining public spending during a recession outweigh any potential adverse effects from a tax increase targeted to very wealthy individuals or profitable corporations,” said Leachman.

The report also argues that the state can use the power of the public purse to make sure that the companies it does business with provide good wages and respect union organizing efforts.

For its second strategy — improving structures that provide economic security — OCPP recommends enacting universal, comprehensive and affordable health care coverage, modernizing the state’s unemployment insurance system, making the workplace more family friendly and helping workers save for retirement.

## **“Build an Oregon That Works for Working Families” OCPP Says**

**December 16, 2008**

**Page 3 of 3**

The report’s final strategy calls for reforming the tax system to make it fairer for working families and to generate revenue for public systems that create opportunity.

Oregon’s poorest families today pay the largest share of their income to state and local taxes, while the richest families pay the smallest share, according to the report.

Among the tax fixes the report calls for is reforming the corporate income tax to raise upwards of \$750 million per biennium, not just a token increase in the \$10 minimum corporate income tax as Governor Kulongoski has proposed.

“Individuals and small businesses have been picking up the tax responsibilities that large, profitable corporations have been shedding over the years,” said Leachman. “We need meaningful reform of our corporate tax system, not mere window dressing.”

Leachman sounded hopeful in anticipating the reception that the report would get among lawmakers. “Oregonians have shown political leadership and innovation many times,” he said. “We just need to roll up our sleeves and get to work.”

The Oregon Center for Public Policy is a non-partisan research institute that does in-depth research and analysis on budget, tax and economic issues. The Center’s goal is to improve decision making and generate more opportunities for all Oregonians.