OCPP OREGON CENTER for PUBLIC POLICY

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News Release

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Report Highlights "Woes and Wishes" for Workers This Labor Day

(Silverton) — This Labor Day Oregon workers confront near record-high unemployment, falling wages and a safety net with holes. That's the assessment of the latest economic data in a report released today by the Oregon Center for Public Policy.

Current economic woes, said OCPP, follow on the heels of an economic expansion that saw income inequality grow further and wages for most Oregon families stagnate or shrink.

According to OCPP's report, *Labor Day Woes and Wishes,* 107,800 jobs vanished in Oregon from December 2007 to July 2009, wiping out all job gains this decade.

"There's not much for workers to celebrate this Labor Day," said OCPP policy analyst Joy Margheim. "But Oregon can begin to lay a path toward shared economic prosperity by adopting the right policies."

Those policies include the revenue measures targeted at corporations and wealthy Oregonians enacted by the 2009 legislature, said Margheim. Voters will decide whether the measures are upheld if opponents gather enough signatures.

"The revenue from the targeted tax increases will prevent further cuts to schools, health and public safety," she said. "Cutting services would make the recession worse by reducing economic activity within the state, while putting the most vulnerable Oregonians at greater risk."

Among the programs that could see deeper cuts if the revenue-raising measures fail is Temporary Assistance for Needy Families (TANF), which helps poor families with children make ends meet and get back into the workforce.

The revenue measures allow Oregon to utilize a provision in the federal stimulus legislation to draw down from the federal government $4 for every $1 the state spends responding to increased demand for TANF services. Margheim worried that, "without the revenue measures, federal dollars designed to help the poor and boost Oregon's economy would be left on the table in Washington, D.C., and some of Oregon's most vulnerable families will be left without temporary cash assistance."

Besides preserving revenue measures that prevent cuts in services and federal dollars, OCPP called for a congressional extension of unemployment benefits. Margheim said that without such an extension "thousands of unemployed Oregonians will run out of benefits after January 2010, leaving those workers and the economy in a more precarious condition."

Not all workers find themselves in a precarious position, particularly CEOs, whose compensation has held up well, OCPP found. Their report notes that average pay among Oregon's 40 highest-paid CEOs of public companies was $2.05 million in 2008, down only 0.4 percent — about $7,400 — from 2007.

According to OCPP, the wealthiest one-tenth of 1 percent of Oregon families (one out of every 1,000 families in the state) reported a total of $5.2 billion in income in 2007. OCPP calculated that that equals the total income reported that year by the lowest-earning 506,000 households, who make up about 30 percent of Oregon taxpayers.

"The economy had been delivering disproportionate gains to a relative few before the recession struck," said Margheim. "We need economic policies that expand opportunity for all working families."

One such policy would be increasing the state's Earned Income Tax Credit, according to Margheim, who called it "a tax credit that helps low-income workers make ends meet."

Another crucial policy, said the OCPP analyst, is bolstering the Oregon Rainy Day Fund by scrapping the "kicker" law that sends back unanticipated revenue.

"We'll have brighter Labor Days in the future if we, as a state, act prudently and save more money to help ride out economic downturns," Margheim said.

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.