

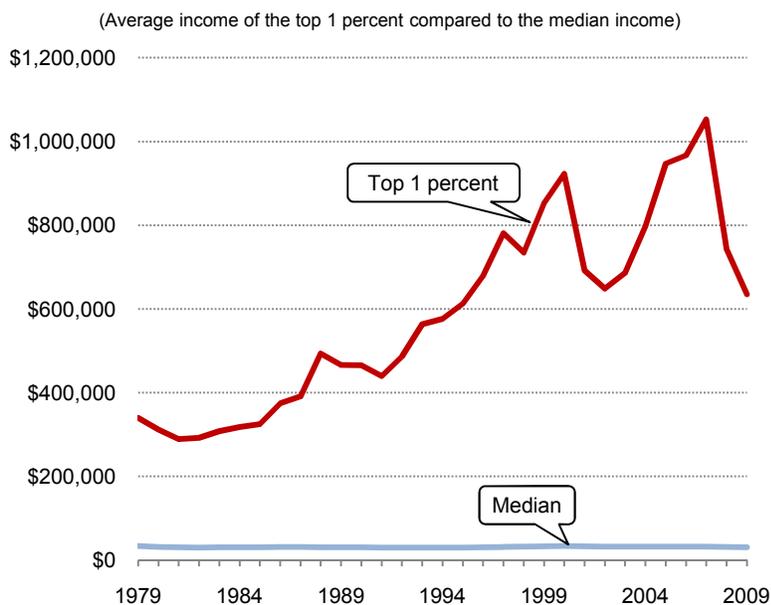
## Economic Gains Flow to the Top as Oregon Income Inequality Soars

### *A View of the State of Working Oregon*

The past three decades in Oregon, as elsewhere, are in large measure a story of surging income inequality. As the income of the fortunate few at the top has soared, the income of most Oregonians has stagnated or declined. If many Oregonians feel that they are struggling to keep up or falling behind, it is because they are.

The surge in income inequality has occurred even as Oregon's economy has expanded.<sup>1</sup> This shows that economic growth alone does not and will not create economic opportunity and security for many Oregonians. Policymakers need to confront the structures that channel economic gains largely to the wealthy and exclude, in large part, most Oregonians.

#### Top 1 percent's income soars; middle's erodes



All Oregon income tax filers. Adjusted for inflation using CPI-U.  
Source: OCPP analysis of Oregon Department of Revenue data.

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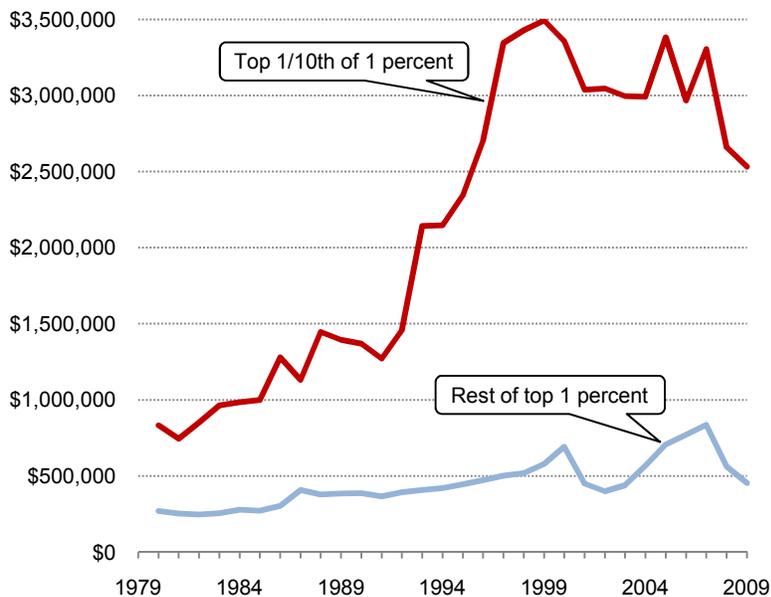
Those at the top of Oregon's income scale — the wealthiest 1 percent of taxpayers — collectively have seen their income soar over the past three decades. Although down from the pre-recession peak in 2007, the average income of the top 1 percent was about \$635,000 in 2009, the most recent year with data available.<sup>2</sup> That's nearly double the inflation-adjusted average of about \$340,000 for the top 1 percent in 1979. (To belong to Oregon's top 1 percent, you had to make at least \$278,150 in 2009.)

By contrast, the typical Oregon taxpayer has endured income erosion by inflation over the past three decades. In 2009, Oregon's median income was \$30,327, about 10 percent less than it was in 1979 after adjusting for inflation.

***A View of the State of Working Oregon*** is a series of occasional OCPP fact sheets published to help explain Oregon's economy from the perspective of working families.

**Top one-tenth of 1 percent's gains dwarf rest of top 1 percent's gains**

(Average income of the top 1/10th of 1 percent compared to the average income of the rest of the top 1 percent)



Full-year resident income tax filers. Adjusted for inflation using CPI-U. Source: OCPP analysis of Oregon Department of Revenue data.

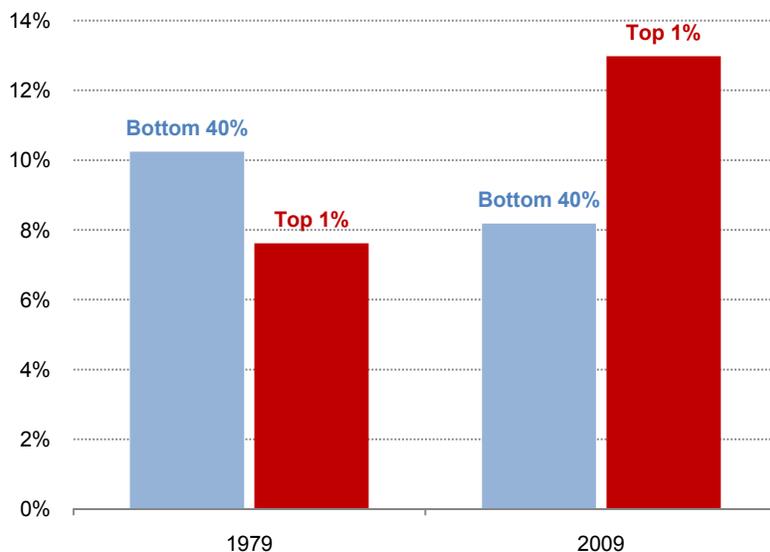
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Although as a group the entire 1 percent has done fabulously well over the past three decades, the income gains by the tiny sliver at the top of the heap — about 1,600 of the wealthiest taxpayers — dwarf even the rest of the top 1 percent.

The average income of the top one-tenth of 1 percent, the wealthiest 1 out of every 1,000 Oregon taxpayers, stood at \$2.5 million in 2009, more than triple the inflation-adjusted amount of three decades prior. Over the same period, the rest of the top 1 percent saw their average income grow nearly 70 percent, from about \$270,000 to about \$450,000.

**Top 1 percent's income share overtakes lowest 40 percent's share**

(Share of total income in 1979 and 2009)



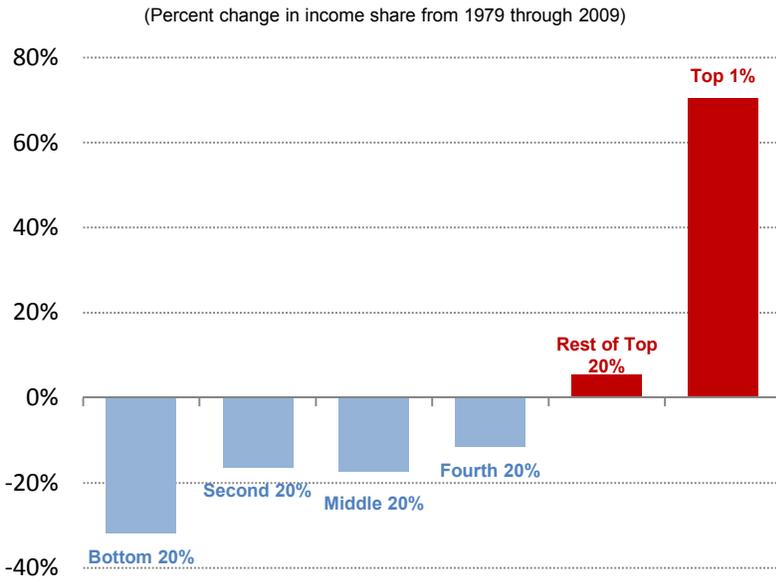
Source: OCPP analysis of Oregon Department of Revenue data.

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Over the past three decades, the collective income share of the wealthiest 1 percent of Oregon taxpayers shot up well above the collective income of Oregon's lowest earning 40 percent.

In 1979, the bottom 40 percent of Oregon taxpayers together collected 10.2 percent of all income, while the top 1 percent together collected 7.6 percent. But by 2009, the collective share of the bottom 40 percent had dropped to 8.2 percent, while the collective share of the top 1 percent had risen to 13 percent.

**As top gains income share others lose share**



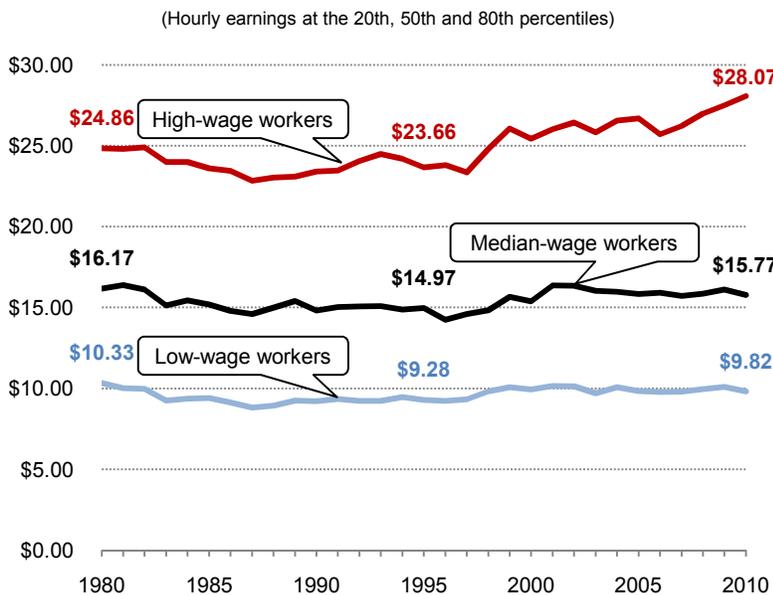
Source: OCPP analysis of Oregon Department of Revenue data.

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Oregon’s wealthiest 1 percent of taxpayers have seen their slice of total state income expand dramatically over the last 30 years, while the slices of nearly all other income groups have shrunk. Specifically, the share of total state income collected by the top 1 percent increased by 70 percent from 1979 to 2009. The only other group to have gained total income share was the rest of the top 20 percent (the top fifth excluding the top 1 percent).

As the share of total income rises for some, it necessarily declines for others. From 1979 to 2009, the bottom 80 percent of Oregon taxpayers saw their income share decline. That was especially the case for the lowest-earning 20 percent, who lost about a third of their income share over the course of the last three decades.

**High wages rise; median and low wages do not**



Adjusted for inflation using CPI-U. Source: Economic Policy Institute analysis of Current Population Survey data.

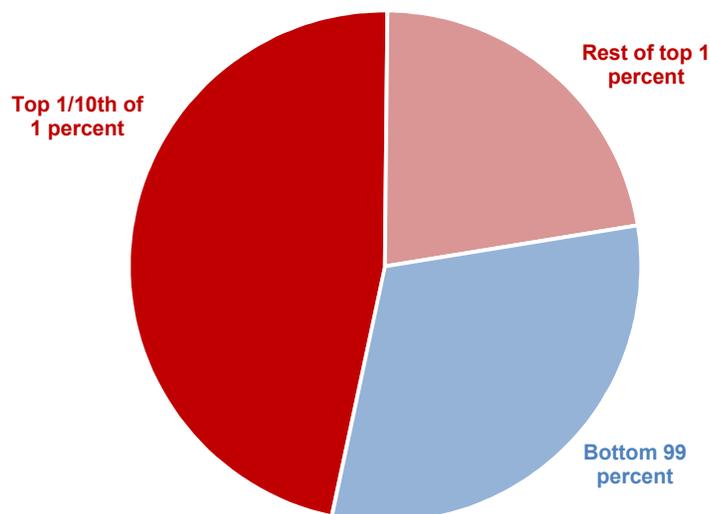
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The increase in income inequality is in part explained by the fact that over the past three decades, high-wage workers have seen their paychecks grow, while median and low-wage workers have not.<sup>3</sup> The hourly wage of high-wage workers rose from \$24.86 in 1980 to \$28.07 in 2010, when adjusted for inflation.

Over the same time period, wages have stagnated or fallen for other groups of Oregon workers. For example, in 2010 the median, or typical, hourly wage was \$15.77, below the \$16.17 inflation-adjusted median wage 30 years earlier. Similarly, low-wage workers earned just \$9.82 per hour in 2010, less than the \$10.33 they made in 1980 in inflation-adjusted terms.

### Top one-tenth of 1 percent take about half of all capital gains income

(Share of Oregon capital gains income by income group)



Full-year resident income tax filers.  
Source: OCPP analysis of Oregon Department of Revenue data.

Capital gains income is concentrated at the very top of the income scale.<sup>4</sup> In 2009, the top one-tenth of 1 percent — the wealthiest 1 out of every 1,000 Oregon taxpayers — collected nearly half (47 percent) of all capital gains income. The rest of the top 1 percent took in another 22 percent. Together, the entire top 1 percent collected a little more than two-thirds (69 percent) of all capital gains income in Oregon.

The rest of Oregon taxpayers were left to share the remaining third (31 percent). In fact, the top one-tenth of 1 percent — consisting of only about 1,600 tax filers — together took in more than the remaining 99 percent.

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### Endnotes

<sup>1</sup> Uniform Gross State Product (GSP) data from the United States Bureau of Economic Analysis (BEA) dates back only to 1997. But while state-level BEA data does not allow for confident comparison of the pre-1997 period, BEA's Gross Domestic Product (GDP) data shows that the national economy has expanded fairly steadily over the course of the past three decades, even if interrupted by intervening recessions. Specifically, U.S. GDP more than doubled over the last 30 years (see data available at <http://bea.gov/national/index.htm#gdp>); and since 1997, Oregon's GSP has tended to outperform growth in national GDP during economic expansions (see Oregon Center for Public Policy, *If Economic Growth Assured Well-Being, Oregonians Would be Thriving*, Fact Sheet, December 14, 2011, available at <http://www.ocpp.org/2011/12/14/if-economic-growth-assured-well-being-oregonians-w/>).

<sup>2</sup> "Income" here is based on Oregon Department of Revenue data on adjusted gross income.

<sup>3</sup> Here, wage levels correspond to percentiles. "High-wage" refers to the 80<sup>th</sup> percentile, meaning the worker whose wages were higher than 80 percent of all workers (and lower than 20 percent of all workers). "Median" refers to the worker in the 50<sup>th</sup> percentile, with half of Oregon workers earning more and half earning less. And "low-wage" refers to the 20<sup>th</sup> percentile, meaning the worker whose wages are higher than 20 percent of all workers (and lower than 80 percent of all workers).

<sup>4</sup> Capital gains income comes from the profitable sale of assets such as stocks, bonds and real estate.

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