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Income Inequality in Oregon Rises Again

Income inequality in Oregon is on the rise once again, according to new analysis of state income data by the Oregon Center for Public Policy.

The first full year of economic recovery, 2010, saw the average income of the wealthiest 1 percent of Oregon taxpayers jump by about \$44,000 to reach a total of about \$689,000. That amounted to a 6.8 percent increase from the previous year after adjusting for inflation, according to OCPP policy analyst Jason Gettel, who examined Oregon Department of Revenue data.

That one-year gain by Oregon's wealthiest 1 percent was more than what the typical Oregonian earned in total in 2010. That year Oregon's median income was virtually unchanged at about \$30,839, just \$15 more than in 2009, OCPP estimated.

"In the first full year of economic recovery, by-and-large only the rich enjoyed any real gains," said Gettel. "The term 'recovery' rang hollow for the typical Oregonian."

Oregon's top one-tenth of 1 percent — the wealthiest 1 out of every 1,000 taxpayers — also saw large gains in the first full year after the recession. The average income for that group increased to almost \$2.9 million in 2010.

It took over \$1.1 million in income during 2010 to be among the 1,600 Oregon households in the top one-tenth of 1 percent. And it took at least \$295,479 to be counted among the households in the top 1 percent.

The income gap that separates Oregon's wealthiest from those in the middle narrowed during the recession that began in late 2007. Although all income groups saw their earnings shrink, the wealthiest experienced a sharper decline. In 2010, income inequality again increased but was still below its 2007 pre-recession peak.

Over the past three decades, income inequality has trended upward, even as it has paused during recessions, according to Gettel.

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“Income inequality destabilizes our economy,” Gettel said. “At the very least, lawmakers need to make sure they do not exacerbate the problem by granting tax cuts and favoritism for the wealthy.”

He added that lawmakers should look to enact policies that strengthen low- and middle-income families, including extending and expanding the Oregon Earned Income Tax Credit and investing more in education and health care.

The Oregon Center for Public Policy is a non-partisan, non-profit 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.