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Fact Sheet

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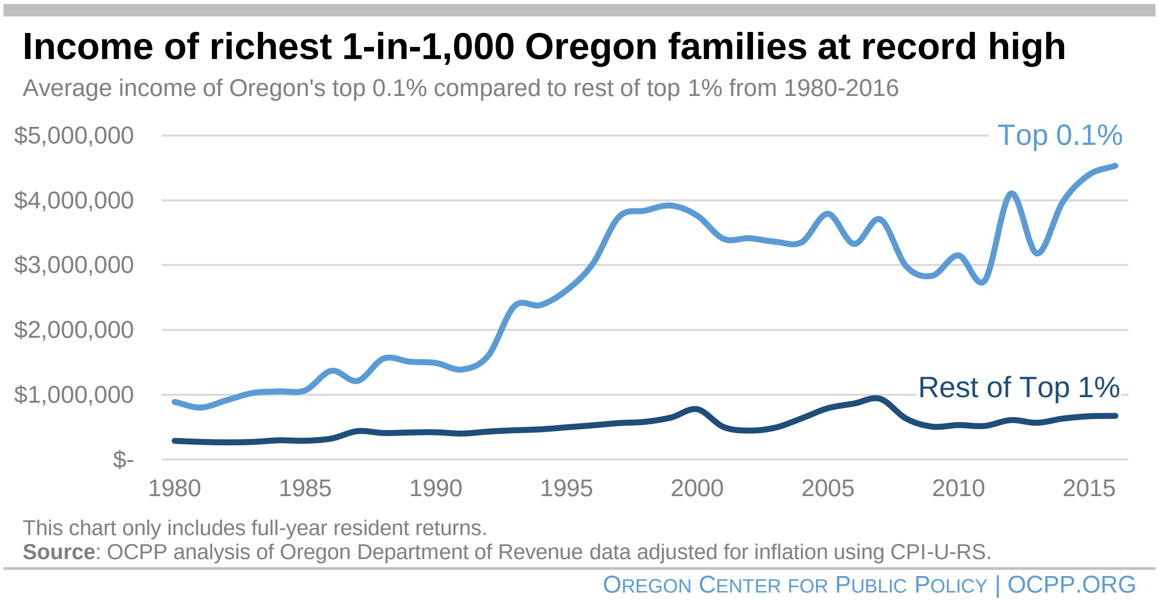
Oregon’s Ultra-Rich Continue to Pull Away

A View of the State of Working Oregon

by Daniel Hauser and Juan Carlos Ordóñez

Income inequality in Oregon has reached yet another record high. In 2016, the year with the most recently available data, the average income of the richest 0.1 percent — the top one-tenth of 1 percent — rose to $4.5 million, the highest ever. Never has the gap between the richest Oregonians and the typical Oregonian been so wide.[1]

Confronting income inequality is arguably the greatest challenge facing Oregon today. A growing body of research indicates that income inequality not only limits the ability of working families to get ahead, it also undermines economic growth.[2] Lawmakers must avoid exacerbating income inequality and enact policies that reduce inequality, to ensure all Oregonians have the opportunity to flourish.

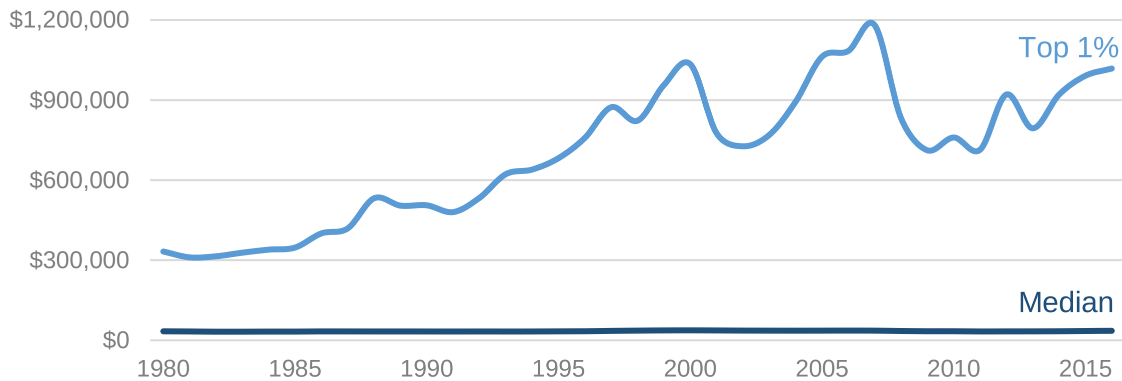


The income of those at the very top of the income ladder — the highest earning 1-in-1,000 Oregonians — is at an all-time high, after adjusting for inflation. To be among the 1,751 households in this group in 2016 (the tax year with the most recent data), a taxpayer needed to earn at least $1.6 million.[3] The average income of this top group was $4.5 million, the highest on record, and five times their inflation-adjusted average income of $889,000 in 1980. While this tiny group has largely fueled the rise of the top 1 percent as a whole, the rest of the top 1 percent saw their average inflation-adjusted income more than double between 1980 and 2016.[4]

A View of the State of Working Oregon is a series of OCPP fact sheets examining Oregon’s economy from the perspective of working families.

Income of top 1% soars while typical Oregonian's does not

Average income of Oregon's top 1% compared to Oregon's median income from 1980-2016



This chart only includes full-year resident returns.
Source: OCPP analysis of Oregon Department of Revenue data adjusted for inflation using CPI-U-RS.

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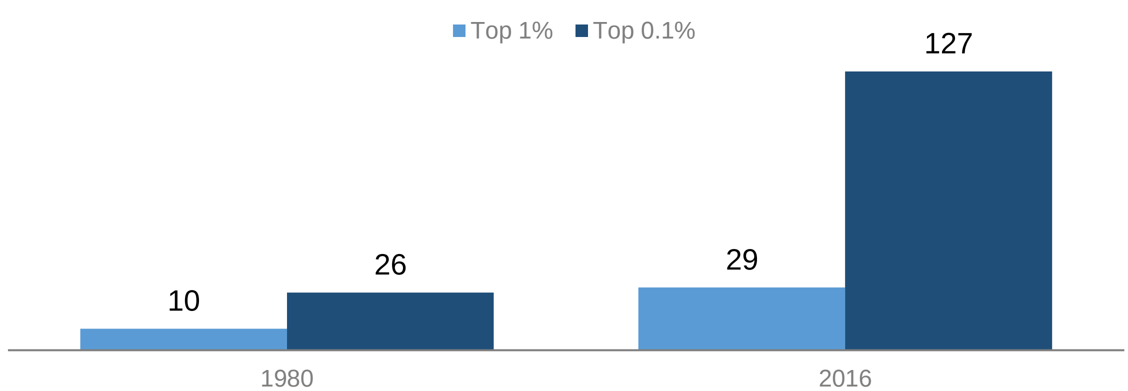
To be among the top 1 percent of earners in Oregon in 2016, a taxpayer had to earn at least $401,160. Their average income was $1,018,000 that year, more than triple its inflation-adjusted average income in 1980 of $333,000. Meanwhile, the income of the typical (median) Oregonian stagnated. The median Oregon income was $35,600 in 2016, just $1,850 higher than in 1980, after adjusting for inflation.

Gap between middle-income and richest has never been wider

Number of median-income workers needed to equal income of the average top 0.1% and 1% Oregonian



This chart only includes full-year resident returns.
Source: OCPP analysis of Oregon Department of Revenue data adjusted for inflation using CPI-U-RS.

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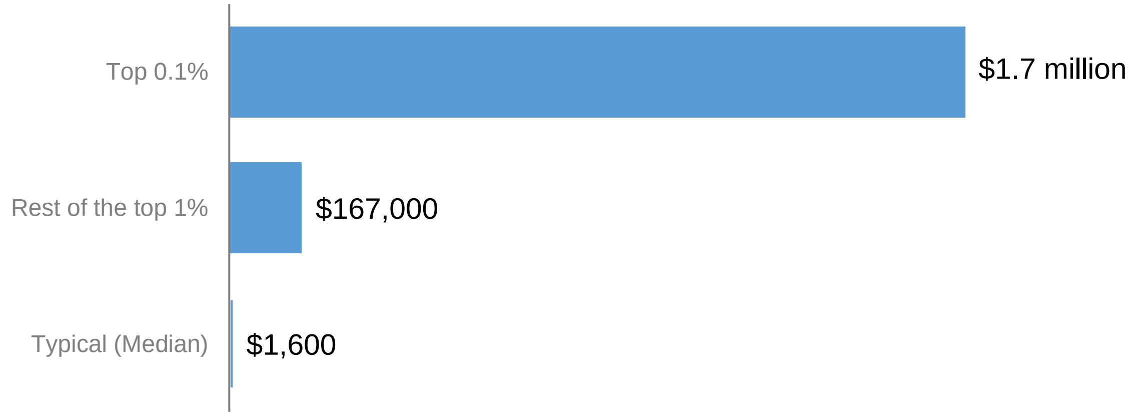
The income gap separating those Oregonians in the middle of the income ladder and those at the very top has never been wider. In 1980, it took 26 typical (median income) Oregonians to equal the average income of the highest-earning 1 in 1,000 taxpayers.[5] By 2016, this had grown to 127 typical Oregonians.[6] That is nearly a five-fold increase. The top 1 percent — highest-earning 1 in 100 taxpayers — have also seen their earnings rise much faster than the typical Oregonian. In 1980, it took the combined incomes of 10 typical Oregonians to equal the income of the average member of the top 1 percent. The gap rose to about 29 median households in 2016, a nearly three-fold increase.

Since recession, big income gains at top, not so for middle

Change in average income in Oregon from 2009 to 2016 by income group



Source: OCPP analysis of Oregon Department of Revenue data adjusted for inflation using CPI-R-US.

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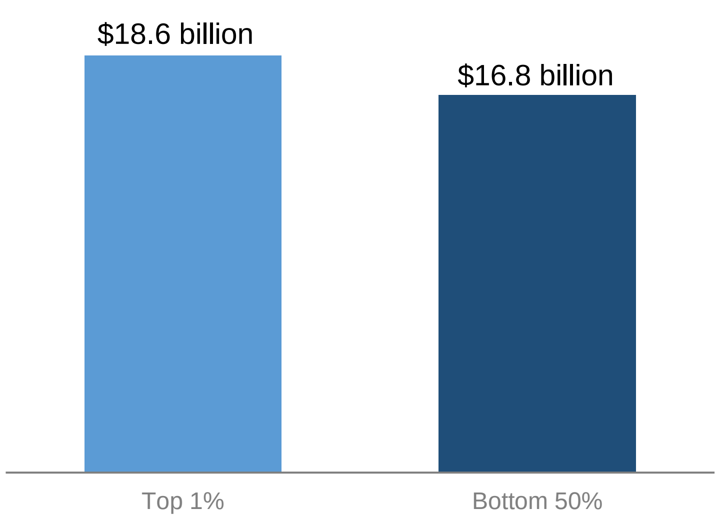
The Great Recession officially ended in 2009. Since then, the average income of the top one-tenth of 1 percent in Oregon increased by about $1.7 million, after adjusting for inflation. It would take the typical Oregonian nearly 48 years to make that much money. The average member of the top 1 percent as a whole saw their income increase by about $167,000. Over that same time period, the typical Oregonian saw a $1,600 increase in income.

Top 1% makes more than bottom 50%

Total income by Oregon income group in 2016



This chart only includes full-year resident returns.
Source: OCPP analysis of Oregon Department of Revenue data.

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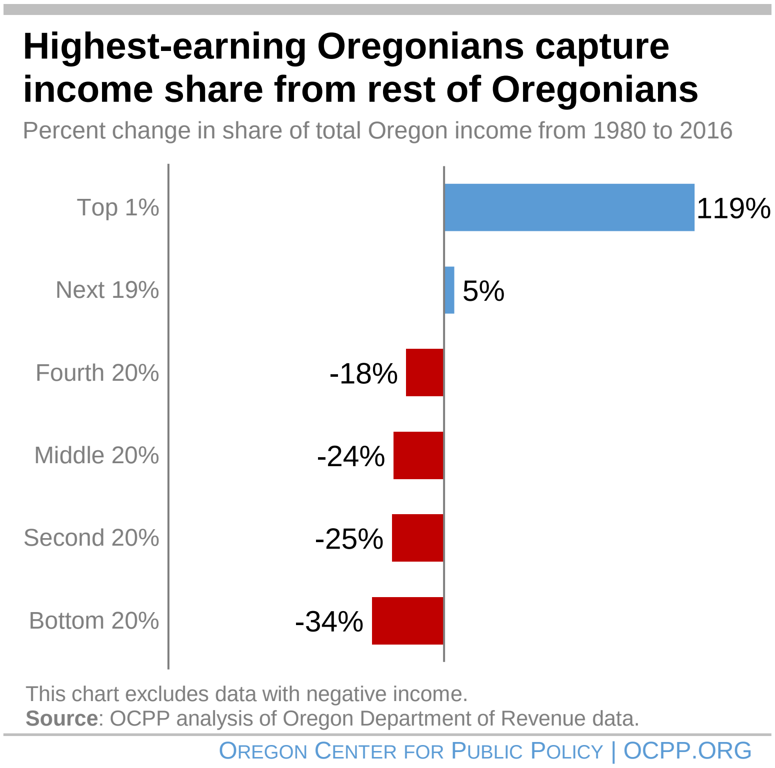
In 2016, Oregon's highest earning 1 percent took in more income than the entire bottom half of Oregonians.[7]

That year, the top 1 percent together had income of $18.6 billion. The lowest-earning 50 percent of Oregonians, together, earned $16.8 billion.



Oregon's top 1 percent has seen their share of total state income more than double over recent decades, increasing by 119 percent from 1980 to 2016.

The bottom 80 percent of Oregonians saw declines in their share of total income over that same time.[8] The further down the income ladder, the more severe the decline in income share.

In addition to the top 1 percent, the next 19 percent was the only other group to see an increase in its share of Oregon income, a 5 percent increase from 1980 to 2016.

Conclusion

The highest earning 1-in-1,000 Oregonians are hauling in record amounts of income, at a time when the income of the typical Oregonian has stagnated — and when many struggle to afford housing, child care, and other essentials. As the latest data underscores, income inequality remains "the defining challenge of our time."[9]

Endnotes

[1] This fact sheet uses the terms "Oregonians" and "taxpayers" interchangeably. Unless otherwise noted, these refer to all Oregon income tax filers. In some instances, Oregon Department of Revenue data is only available for full-year resident income tax filers. In those instances, we note that the data is for full-year filers in the chart's footer with an endnote.

[2] Berg, Andrew G. and Jonathan D. Ostry, "Equality and Efficiency," *Finance & Development*, Vol. 48, No. 3, September 2011, http://www.imf.org/external/pubs/ft/fandd/2011/09/pdf/berg.pdf; Ostry, Jonathan D., Andrew Berg and Charalambos G. Tsangarides, *Redistribution, Inequality, and Growth*, International Monetary Fund, February 2014, http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf; Boushey, Heather and Carter C. Price, *How Are Economic Inequality and Growth Connected? A Review of Recent Research*, Washington Center for Equitable Growth, October 2014, available at http://equitablegrowth.org/wp-content/uploads/2014/10/100914-ineq-growth.pdf; Ryder, Guy, *Urgent Action Needed to Break Out of Slow Growth Trap*, International Monetary and Financial Committee, International Monetary Fund, Thirty-Third Meeting, April 16, 2016, available at http://www.imf.org/external/spring/2016/imfc/statement/eng/ilo.pdf; Dabla-Norris, Era, Kalpana Kochhar, Nujin Suphaphiphat, Frantisek Ricka, Evridiki Tsount, *Causes and Consequences of Income Inequality: A Global Perspective*, June 2015, available at https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf; "Trends in Income Inequality and its Impacts on Economic Growth," *OECD Social, Employment and Migration Working Papers*, No. 163, OECD Publishing, 2014; Orrson, James, *Income Inequality in America: A Call for Action and Effective Policy*, White Paper, May 2015.

[3] Calculations for top one-tenth of 1 percent and the rest of the top 1 percent are based on total income for full-year returns because of limitations in data availability of other types of returns.

[4] The inflation-adjusted average income of the rest of the top 1 percent was $288,300 in 1980 and $674,098 in 2016.

[5] Data in this section includes only full-year returns because of limitations in data availability.

[6] This is similar to the more common comparison of worker to CEO pay, as in how many employees does it take to equal the pay of the CEO. See Mishel, Lawrence and Schieder, Jessica, *Pay Remains High Relative to the Pay of Typical Workers and High-Wage Earners*, Economic Policy Institute, July 2017, available at http://www.epi.org/publication/ceo-pay-remains-high-relative-to-the-pay-of-typical-workers-and-high-wage-earners/.

[7] Data in this section includes only full-year returns because of limitations in data availability.

[8] Tax returns with negative adjusted gross income have been excluded.

[9] President Barack Obama, "Remarks by the President on Economic Mobility," December 4, 2013, available at https://www.whitehouse.gov/the-press-office/2013/12/04/remarks-president-economic-mobility.

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