

Factors Affecting Poverty

Economic Factors

The following pages discuss the impact of various economic factors on the incidence of poverty and the experiences of poor people.

Along with the rest of the nation, Oregon experienced a serious recession beginning in 2001. To understand more fully the current poverty picture, one must look beyond 2000 census data to the more recent impacts of that recession.

Employment

Oregon's unemployment grew substantially from about 4.3 percent in November 2000 to an average of 8.2 percent in 2003. The loss of a job by either parent can push a family from "getting by" to poverty status.

See "Poverty in Oregon and the Nation" for a more detailed discussion of unemployment in Oregon.

Income

The booming economy of the 1990s and the state's relatively low unemployment provided upward pressure on wages. During the 1990s, Oregon's median income grew 50.2 percent, the tenth fastest rate of growth among the 50 states. Through the 1990s, per capita income rose 56 percent through 2000. Once the recession hit Oregon, per capita personal income growth slowed.

During both its boom and its bust, however, Oregon's per capita income remained below the national level.

Oregon's wages have lagged behind the national average. Furthermore, inflation adjusted wage gains of the 1990s were lost during the 2001-03 recession. On a statewide basis, income and wages gains against poverty were short-lived.

Economic Development

The health and diversity of the state's economy directly affect employment, wages, and poverty. Oregon's experience in the most recent recession—and the ongoing high unemployment in many counties—points to the need for increased economic diversity and development of industry in communities across the state.

In particular, the recession dealt a heavy blow to those parts of Oregon dominated by high-tech manufacturing. Earlier in the state's history, natural resource-dependent industries such as timber and fishing faced their own challenges. Workers had few attractive alternatives when they lost their jobs in those industries. Similarly, many displaced manufacturing workers are having difficulty transitioning in today's

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In consideration of the state's experiences, state leaders are seeking ways to expand economic diversity and mitigate the decline in high-tech manufacturing.

The Oregon Economic and Community Development Department provides assistance to businesses and communities.

Assistance programs encompass:

- Project development – streamlined permitting, infrastructure support, project siting
- Workforce development and training—responding to the rapidly changing needs of business and labor
- Business financial programs—credit, capital access, loans, technical help, environmental actions
- Incentives for businesses – tax exemptions and reductions
- Small business assistance — retention, peer learning, education, tools, technical assistance, information

The global economy

Economic changes elsewhere touch the Oregon economy and the job status of its workers. For example:

- Asia's economic wellbeing is important to Oregon because its economies significantly affect our own. Oregon's exports to Asia include agricultural and high technology products, and timber. The Asian financial crisis of 1998 reduced demand for Oregon exports, resulting in the loss of about 8,000 manufacturing jobs in the state.¹
- The Severe Acute Respiratory Syndrome (SARS) epidemic also drove down demand for Oregon goods in Asia and Canada, slowing economies in both regions.
- International trade has also displaced Oregon industries and workers. The North American Free Trade Agreement (NAFTA) provides for "trade adjustment assistance" (TAA) for workers who lose jobs due to international trade. Between 1998 and 2000, the Department of Labor certified that work at 57 plants or portions of plants in Oregon had shifted to Canada or Mexico. Oregon ranked among the 10 highest states in number of NAFTA-TAA certifications.



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Types of jobs available

During the 1990s, the largest employment growth occurred in the services industries, including health care. Other areas that grew in the 1990s included:

- retail and wholesale trade
- finance, insurance, and real estate
- transportation
- construction
- manufacturing

Oregon's recession affected not only the number of jobs but also the types of jobs available. In particular, construction employment—with its typically high wages—fell sharply during the recession. Employment in Oregon's high-tech manufacturing sector, also a source of high paying jobs, dropped dramatically. While state economists predict employment growth in both sectors in the next few years, this recovery will not match the growth of the 1990s boom.

Housing affordability

Measures of poverty give one perspective on the number of people who struggle to make ends meet. Housing affordability and health care

expenses provide additional insight to the experiences of low-income Oregonians.

During the 1990s, Oregon led the nation in housing price gains, with a 57.7 percent increase.² During the same period, homeownership rates increased from 63.1 percent to 64.3 percent.

Good housing is fundamental to a family's dignity and quality of life. Housing presented a greater burden on Oregon's extremely low-income renters in 2000 than in 1990. (An extremely low-income renter's income falls between 0 and 30 percent of the area median income.)

A severely rent-burdened household pays 50 percent or more of its income on housing. Nationally, there was an average 2 percent decrease in the percentage of extremely low-income renters falling into this category. Oregon moved in the opposite direction, with a 1 percent increase. In all, 64 percent of extremely low-income renters are severely rent-burdened.³

During the 1990s, poor Oregonians also faced a growing shortage of affordable housing units. The number of affordable units per 100 extremely low-income renters dropped by four

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units—to 64 affordable units per 100 extremely low-income households.⁴

When a low-income family pays 30 percent or more of income on housing, little remains to cover other costs. Policymakers define this group of people in this situation as “cost-burdened.” For many poor people, housing can eat an even larger share of income. In 1999, more than 19.3 percent of Oregon renters paid 50 percent or more of their income on housing.⁵

The term “housing wage” refers to the hourly wage a full-time worker must earn to afford a two-bedroom unit at fair market rent. Oregon’s non-metro areas saw the nation’s fourth largest increase in the housing wage. In 2003, an individual working 40 hours a week in Oregon had to earn \$13.59 an hour—up from \$13.18 in 2002—to afford a two-bedroom unit. This equals

197 percent of Oregon’s 2003 minimum wage.⁶

In 2001, 18 percent of the nation’s elderly homeowners and 38 percent of elderly renters spent 50 percent of their income or more on housing.⁷ In many cases, the quality of living conditions suffer, as elderly on fixed incomes have difficulties in keeping up with home maintenance and repair.

Rising cost of health care and access to health insurance

Low-income families face extremely limited access to affordable health care. During 2002 alone, health insurance premiums rose six times faster than inflation and four times faster than wages.⁸ As unemployment rises, insurance coverage declines. Even when employers provide access to

According to the members of the congressionally appointed Millennial Housing Commission:

“Decent, affordable, and accessible housing fosters self-sufficiency, brings stability to families and new vitality to distressed communities, and supports overall economic growth. Very particularly, it improves life outcomes for children. In the process, it reduces a host of costly social and economic problems that place enormous strains on the nation’s education, public health, social service, law enforcement, criminal justice, and welfare systems.”⁹



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health insurance, low-wage earners struggle to pay their share of premiums. Part-time workers may not be eligible for employer-provided plans. Oregon's small businesses are less likely than large employers to offer health insurance to employees.

The US Census Bureau released its Annual Social and Economic Supplement to the Current Population Survey in September 2004. This report estimates changes in income, poverty, and health insurance coverage. Reflecting high unemployment rates and declining Oregon Health Plan enrollment, Oregon experienced the second largest increase in the two-year average uninsured rate among the states. The proportion of uninsured grew by 2.2 percentage points: from 13.7 percent in 2001-02 to 15.9 percent in 2002-03.¹⁰

Families USA, a national nonprofit, non-partisan organization recently examined the nation's uninsured population. It found for 2001 and 2002, 437,000 Oregonians under the age of 65 went without health insurance for all or part of those two years. The organization repeated this analysis for 2002 and 2003. It found the number of uninsured Oregonians increased dramatically, to 968,000—or 30.7 percent—of Oregonians under the age of 65.¹¹

In an effort to address the needs of the state's poor and uninsured, Oregon embarked on an innovative redesign of its Medicaid program. Since 1991, the Oregon Health Plan reached beyond the traditional Medicaid population to all Oregonians at or below the federal poverty level, including childless adults. In most other states, Medicaid coverage is not available to childless adults. Oregon's budget crisis, however, resulted in coverage and policy changes in the Health Plan beginning in 2002. The loss of benefits such as mental health and chemical dependency and a more stringent premium requirement contributed to a drop in Oregon Health Plan enrollment. Further restrictions on enrollment enacted by the 2003 Legislature significantly limit the number of poor Oregonians who can access the health plan.

While Medicare covers Oregonians with disabilities and most people over the age of 65, the program lacks a comprehensive prescription drug benefit. Even with the passage of the Medicare Modernization Act, many Medicare beneficiaries will continue to experience gaps in coverage for prescription drugs.



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Measures of poverty based on income alone do not reflect the drain health care costs place on budgets for seniors and other low-income households.

Seniors spend more on prescription drugs than other groups. Between 2000 and 2003, seniors' average annual out-of-pocket spending on prescription drugs grew from \$644 to \$999.¹² Low-income seniors are less likely to have private prescription drug coverage, so face higher out-of-pocket costs.

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Transportation and energy costs

A large share of the average person's budget goes to transportation and energy. Transportation represented 19.1 percent of consumer expenditures in 2002.¹³ Maintaining a fuel-efficient car can be a challenge to a family with a budget already stretched to pay for housing. If affordable housing is not located near available low-wage jobs, transportation costs can pose a disproportionate burden on poor Oregonians.

Between 1999 and 2003, energy prices rose 33.3 percent. This compares with 12.6 percent increase in the price of all goods and services as measured by the

consumer price index.¹⁴

For a low-income person, escalating energy prices stresses the family budget. Budgetary problems are compounded when the family home is not energy efficient.

Endnotes

¹ *US Census Bureau, current Population Survey, 2002 to 2004 Annual Social and Economic Supplements.*

² *Dowell Myers, University of Southern California for the Fannie Mae Foundation, Census Note 8, October 2001.*

³ *National Low Income Housing Coalition, Losing Ground in the Best of Times: Low Income Renters in the 1990s, March 2004, p. 6.*

⁴ *ibid, p. 9.*

⁵ *National Low Income Housing Coalition, Local Area Low Income Housing Database, 2004.*

⁶ *National Low Income Housing Coalition, Out of Reach 2003: America's Housing Wage Climbs, 2003.*



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Endnotes / Resources and Links

⁷ 2001 American Housing Survey cited in Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2004*, p. 27.

⁸ Gerald M Shea, Assistant to the President of the AFL-CIO, "Between a Rock and a Hard Place: Working Family Health Benefits in 2004," March 29, 2004.

⁹ The Bipartisan Millennial Housing Commission, *Meeting our Nation's Housing Challenges, Final Report, May 2002*, p. 10. <http://www.mhc.gov/MHCReport.pdf>

¹⁰ US Census

¹¹ Families USA, *Who's Uninsured in Oregon and Why?*, November 2003 and *The Uninsured: A Closer Look/Oregonians without Health Insurance*, June 2004.

¹² Henry J. Kaiser family Foundation, *Medicare and Prescription Drug Spending Chartpack*, June 2003.

¹³ US Department of Labor, Bureau of Labor Statistics, *Consumer Expenditures in 2002*, Report 974, February 2004, p. 4.

¹⁴ US Department of Labor, Bureau of Labor Statistics, July 2004 CPI Statistics <http://stats.bls.gov/news.release/cpi.nr0.htm>

Resources and Links

Visit Oregon Economic and Community Development at

<http://www.econ.state.or.us/index.htm>

For more on the limits of the current poverty measures, see

<http://www.nap.edu/readingroom/books/poverty/summary.html>

For more on the effects of NAFTA, see

www.ers.usda.gov/publications/wrs0201 and <http://www.qualityinfo.org/olmisj/ArticleReader?itemid=00003017&print>

For more on the Oregon Health Plan, see

<http://www.dhs.state.or.us/healthplan/>



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Unmarried new mothers often live at or near the poverty line.

Research points to higher incidences of health problems, academic challenges, disabilities, abuse, and neglect among the children of teen parents.



The following pages discuss the impact of various social factors on the incidence of poverty and the experiences of people living in poverty.

Marriage status

Unmarried parents are more likely to be in poverty, and they more frequently lack the tools necessary to move out of poverty, such as support from their families, job experience, and education.¹

The nation's unmarried new mothers often live at or near the poverty line—45 percent at or below the poverty level and another 28 percent between 100 and 199 percent of the federal poverty level. Growth in female heads of households has driven recent increases in child poverty.² Unmarried fathers fare only slightly better with 27 percent at or below poverty and another 29 percent of fathers between 100 and 199 percent of the federal poverty line.³

Families with young children have a higher incidence of poverty (5.7 percent) than households without young children (3.4 percent).⁴

Divorce and separation also trigger poverty. The transition from a two-adult family to a single female head of household puts a household at

significant risk. More than 12 percent of families making this transition enter poverty.⁵ After divorce, "Mothers' poverty rate increases dramatically from 11 percent to 38 percent immediately after separation."⁶ In these situations, child support payments help custodial mothers, reducing their poverty rate from 38 percent to 26 percent. In contrast, paying child support increases the poverty rate of non-custodial fathers by 2 percent.⁷

Teen pregnancy

Oregon's teen pregnancy prevention efforts have made great progress. Between 2000 and 2003 the pregnancy rate for 10 to 17 year old girls has fallen from 14 to 10.9 per 1,000. This represents a 22 percent drop in the rate.

Teenagers who have babies often end up on public assistance. These young women often do not finish high school nor do their children thrive. Research points to higher incidences of health problems, academic challenges, disabilities, abuse, and neglect among the children of teen parents. The pattern is also likely to repeat: "The daughters of teen parents are 22 percent more likely to become teen mothers themselves."⁸

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Mental illness

In April 2003, the Department of Human Services estimated that 5.9 percent of the state's population lives with a serious mental health disorder. A smaller percentage of the population, 2.8 percent, suffers from a severe and persistent mental illness and requires lifelong care. Approximately 30 percent of people with mental health problems also have a substance abuse problem.⁹

Living with mental illness can pose significant barriers to educational attainment and employment. The National Alliance of the Mentally Ill recently polled its members with serious mental illnesses. The respondents reported significantly low incomes, with 75 percent reporting annual income of \$20,000 or less. Nearly 20 percent reported annual income under \$5,000.¹⁰

Limited access to effective support services and interventions keeps people with serious mental illness out of employment. In addition, these individuals often face social barriers to employment in mainstream jobs.

In late 2002, actions by a legislative budgetary committee eliminated mental health and chemical dependency treatment for the Oregon Health Plan's standard population. This meant that enrollees (people at

or below 100 percent of the federal poverty level) with mental illness or addiction problems lost treatment services. Tens of thousands of Oregonians lost access for 18 months. Despite the restoration of the benefit in August 2004, access to coverage continues to be limited. Ongoing budget challenges mean that a significantly smaller number of people will be able to enroll in the health plan.

Substance Abuse

According to the Oregon Department of Human Services, 15.2 percent of the state's population abused or was dependent upon alcohol or illicit drugs in 1999.¹¹ People who abuse alcohol and use illicit drugs more frequently commit crimes and have social problems. However, only a small percentage of Oregonians who need treatment actually receive it.

Researchers have examined alcohol and substance abuse among people on welfare. The research shows that, in general, women on welfare are somewhat more likely to be alcohol dependent than the general population. The likelihood of dependence on illicit drugs among these women is twice as high as in the general population.¹² Women on

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welfare who use drugs are at a greater risk of unemployment as well.¹³

Researchers point out that despite the greater prevalence of dependence in the general welfare population, welfare recipients are less likely to use illicit drugs. Only 20 percent of welfare recipients in the US used illicit drugs in the last year.¹⁴ This compares favorably to Oregon Department of Human Services data that show 28 percent of Oregonians using illicit drugs in the past year.¹⁵ They also caution against attributing an individual's economic or social problems to drug use. "For example, adverse experiences, such as childhood trauma or experiences of violence, may lead some women both to seek welfare and to initiate or to increase their substance use."¹⁶

Disability

Having a disability places an individual at higher risk of poverty. The 2000 Census found that 17.6 percent of the nation's population with disabilities lived in poverty. Specifically:

- Among children age 5 to 15, 25 percent of those with disabilities were in poverty, in contrast to a rate of 15.7 percent among children without disabilities.
- People age 16 to 64 were twice

as likely to be in poverty than their counterparts without a disability—18.8 percent versus 9.6.

- For those 65 and older, 13.2 percent of those with disabilities lived in poverty as compared to 7.4 percent of those without disabilities.¹⁷

Disability is the third most common poverty trigger. Loss of a job and families having a small child are the two most common triggers.¹⁸

Education

Income and educational attainment are highly correlated. Census Bureau researchers found that in 1999, "average earnings ranged from \$18,900 for high school dropouts to \$25,900 for high school graduates, and \$99,300 for workers with professional degrees (MD, JD, DDS, or DVM)."¹⁹ In 1999, workers with an advanced degree earned 2.6 times as much as an individual with only a high school diploma.²⁰

On average, Oregonians tend to have a higher level of education. In 1999, 85.1 percent of Oregonians 25 or older had a high school diploma, and 25.1 percent had a bachelor's degree or higher. Nationally, 80.7 percent of US residents had a high school diploma and 22.8 percent a bachelor's degree.²¹



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Immigration

Between 1990 and 2000, Oregon's foreign-born population grew by more than 108 percent.²² Recent immigrants tend to face more economic and social challenges than long-term foreign-born residents do. For example, recent immigrants' homeownership and incomes fall well below those of United States natives. Over time, however, incomes and homeownership among immigrants rise to meet those of natives.

Of particular interest to policymakers is that, "Immigrant families represent an increasing share of the nation's low-income population. One in five children in the United States—and one in four low-income children—lives in an immigrant family. Three quarters of these children are born in the United States, and 80 percent are US citizens."²³

Children of immigrant parents often face challenges, including:

- Poverty
- Lack of health insurance
- Health problems
- Food insecurity
- Limited English proficiency
- Crowded housing
- Less engagement with after-school activities

Researchers also found that children of immigrants are more likely to live with both parents than children of US-born parents and that these immigrant families are more committed to education.

Endnotes

¹ Mary Parker, Center for Law and Social Policy, *Policy Brief: Couple and Marriage Series, Who are "Fragile Families" and what do we know about them?*, January 2004, p. 3.

² Isabel V. Sawhill, The Brookings Institute, *Teen Pregnancy Prevention: Welfare Reform's missing component*, Policy Brief #38, 1998.

³ Mary Parker, Center for Law and Social Policy, *Policy Brief: Couple and Marriage Series, Who are "Fragile Families" and what do we know about them?*, January 2004, p. 3.

⁴ Signe-Mary McKernan and Caroline Ratchliffe, The Urban Institute, *Transition Events in the Dynamics of Poverty*, September 2002, p. 39.

⁵ *ibid.*

⁶ Judi Bartfeld, University of Wisconsin, Department of Consumer Science, *Institute for Research on Poverty*, July 1998, p. 9.

⁷ *ibid.*, p. 11.

⁸ The National Campaign to Prevent Teen Pregnancy, *Not Just Another Single Issue: Teen Pregnancy Prevention's Link to Other Critical Social Issues*, February 2002.

⁹ Oregon Department of Human Services, Office of Mental Health and Addiction Services, *Oregon Data Book*, April 2003, p. 34.

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Endnotes / Resources and Links

¹⁰ Laura Lee Hall, Abigail C. Graf, Michael J. Fitzpatrick, Tom Lane, and Richard C. Birkel, *Treatment/Recovery Information and Advocacy Database, Triad Report, Shattered Lives: Results of a National Survey of NAMI Members Living with Mental Illnesses and Their Families, July 2003*, p. 11.

¹¹ Oregon Department of Human Services, Office of Mental Health and Addiction Services.

¹² Harold A. Pollack, Sheldon Danziger, Kristin Seefeldt, and Rukmalie Jayakody, *Substance Use among Welfare Recipients: Trends and Policy Responses*, p. 16.

¹³ *ibid.*, p. 18.

¹⁴ *ibid.*, p. 24.

¹⁵ Oregon Department of Human Services, Office of Mental Health and Addiction Services, *Oregon Data Book, April 2003*, p. 21.

¹⁶ *ibid.*, p. 13.

¹⁷ Judith Waldrop and Sharon M. Stern, US Census Bureau, *Disability Status: 2000, Census 2000 Brief, March 2003*, p. 10.

¹⁸ Signe-Mary McKernan and Caroline Ratcliffe, The Urban Institute, *Events that Trigger Poverty Entries and Exits*, pp. 16-17.

¹⁹ Jennifer Cheeseman Dan and Eric C. Newburger, US Census Bureau, *Current Population Reports, The Big Payoff: Educational Attainment and Synthetic Estimates of Work Life Earnings, July 2002*, p. 2.

²⁰ *ibid.*, p. 3.

²¹ US Census Bureau, *American FactFinder*, <http://factfinder.census.gov>

²² Source: US Census.

²³ Randy Capps, Jeffrey S. Passel, Daniel Perez-Lopez, Michael Fix, The Urban Institute for the Annie E. Casey Foundation, *The New Neighbors: A User's Guide to Data on Immigrants in US Communities*, p. 15.

Resources and Links

For more about Oregon Health Plan benefits, see <http://www.dhs.state.or.us/healthplan/>



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Policy Factors

Poverty is multi-faceted; its many causes and effects challenge policymakers. Decision-makers wrestle with the issues year after year, and often fail to reach a consensus. A lack of resources to address the problems facing people in poverty compounds the difficulty. This section introduces a few of the many policy issues relating to poverty.

Who will help the poor?

The question of responsibility is at the heart of this debate. Should people in poverty help themselves more or does society have an obligation to offer more help? Must families help before society's resources are used? Should government redistribute wealth to care for those in need? If raising taxes helps low-income individuals, who should pay those taxes and what kind of taxes should they pay? How much should the rich pay compared to the average worker? Should contributions be voluntary or mandatory?

Arguments on every side of these questions abound. Some stress the need for people to be self-sufficient, and criticize existing poverty programs for promoting dependency. Many feel that the path to a productive society is expansion of the economy and an increase in jobs and opportunities.

They believe taxation slows economic growth.

Others believe that social programs address needs that would otherwise be unmet. Advocates stress that investment in the well-being of disadvantaged people benefits society as a whole. They argue that many individuals cannot become productive members of society without help. They point to people who cannot meet basic household needs and still need further education, job training, health care, and adequate housing. Supporters of public assistance programs note some individuals can never become self-sufficient due to age or disability or are too young to be independent.

Tax structure / tax burden and distribution

In a regressive tax structure, people with low incomes pay a higher tax rate than those with high incomes. In contrast, a progressive tax structure taxes those with high incomes at a higher rate than people with low incomes. Under a "flat" tax structure, low- and high-income individuals pay the same tax rate. Policymakers often argue as much about the progressive or regressive nature of a tax as they do about the tax rate.

The question of responsibility is at the heart of this debate.



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Since 69.7 percent of taxpayers fall into the top bracket, Oregon's personal income tax is less progressive than the range suggests.

Oregon's tax system

Oregon collects taxes from a variety of sources. Personal income taxes, corporate income taxes, and property taxes represent the largest sources of tax income. Additional revenue comes from the Oregon Lottery, gasoline taxes, the federal government, and from a variety of fees. Oregon stands as one of only five states without a general sales tax.

Personal income taxes

Oregon's personal income tax schedule is slightly progressive with rates ranging from 5 percent to 9 percent of taxable income. In Oregon, single persons with \$6,400 or more of personal income pay the top 9 percent rate. Since 69.7 percent of taxpayers fall into the top bracket, Oregon's personal income tax is less progressive than the range suggests. Other states approach personal income taxes differently. Some states impose a flat rate (Massachusetts, Michigan). Other states' tax schedules begin at higher income levels (North Dakota at \$28,400; Vermont at \$29,050). Oregon begins to tax residents with \$2,600 in income. Some states use wider ranges of personal income tax rates (California at 1 percent to 9.3 percent and Montana at 2 percent to 11 percent). Allowable exemptions also vary by state. In

summary, states take many approaches to personal income taxes, some more progressive than others.

Impact of federal taxes

The Federal Insurance Contribution Act (FICA), refers to the law establishing the Social Security payroll tax.

FICA combines a 6.2 percent Social Security tax and a 1.45 percent Medicare tax. Wages up to \$87,900 fall under the Social Security tax, while the federal government collects the Medicare tax for all wages.

Self-employed individuals pay a self-employment tax equivalent to FICA. For 2004, they will pay a 12.4 percent OASDI tax (the old age, survivors, and disability insurance or Social Security tax) on the first \$87,900 of self-employment income. Self-employed taxpayers incur a 2.9 percent Medicare tax on all net income.

The cap on the Social Security tax means that no one pays more than \$5,450 per year in tax. In other words, high-income earners escape paying tax on any income over \$87,900 per year. This makes the Social Security tax regressive as only high earners benefit from the cap.



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Oregon's business taxes

Businesses in Oregon pay 6.6 percent of their taxable business income in the form of corporate income taxes with a minimum tax of ten dollars. This is a flat tax rate, although some argue that the rich are in a better position to utilize tax credits, deductions, exemptions, and other facets of the tax laws,—bringing their effective tax rate down. In fact, 65 percent of Oregon's C-corporations (those that pay both state and federal income taxes) paid the minimum state tax of ten dollars.¹ Business owners pay personal income taxes in addition to corporate income taxes.

Property taxes

Local voters establish local property tax rates and the rates vary by community. In general, property taxes consist of flat tax rates applied to the respective property values. In Oregon, several tax initiatives limit the growth of property tax values to 3 percent per year. Consequently, property owners paid taxes on roughly 77 percent of their property's real market value in 2001-02. The property tax initiatives have helped to shift the tax burden away from property owners—and have resulted in slowing overall state and local government spending.

The ballot measures limiting property

taxes also shifted responsibility for public school from local property taxes to the state General Fund. The many demands on the General Fund meant increased competition for resources for public safety, education, and human services.

Effectiveness of poverty programs

As Section 4 discusses, many federal, state, and local programs target low-income and unemployed individuals. In addition, many private, non-profit, volunteer, and faith-based organizations operate social programs—each with their own objectives and client base.

Political campaigns often focus on major social-welfare programs, such as Temporary Assistance for Needy Families, Social Security, Medicaid, and Medicare. Private-sector think tanks, congressional offices and executive branch researchers evaluate programs to determine if programs achieve objectives and operate efficiently, and to identify best practices programs.

Measuring progress in Oregon

The Oregon Progress Board assesses and reports on the state's progress toward achieving key benchmarks.

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Many factors affect the success or failure of a policy objective or social program

State agencies regularly update the Progress Board's database of performance measures. Every two years, the board produces a comprehensive report on the state's progress.² Collectively, these measurements give a picture of progress toward achieving economic, health and social well-being.

The Progress Board reports high-level outcome measures. It is challenging to determine how an individual program affects a particular measure. For example, if the state fell short of its goal of holding unemployment to 5 percent, the measure may not provide insight into why the unemployment rate exceeded that level. Oregon's high unemployment certainly resulted from a variety of factors—the national recession, overseas economic fluctuations, changes in consumer confidence, and regional manufacturing demand shifts. Changes in the administration of unemployment benefits or in employment assistance and training could also affect the state's performance.

Many factors affect the success or failure of a policy objective or social program—some are within the control of administrators and others are well beyond their influence.

Policy Issues

Opinions vary on the best approaches to addressing the issues of people in poverty. The following list, though not comprehensive, demonstrates the wide range of issues facing Oregon policymakers today:

- Who should receive services when resources are tight?
- What is the private sector's role in providing services? Should government provide incentives to private, non-profit, volunteer, or faith-based groups that help low-income Oregonians?
- Can the state afford to maintain the Oregon Health Plan?
- How will the proposed federal cuts to the HUD Section 8 program affect owners' ability to provide affordable housing across Oregon?
- Is Oregon's minimum wage at the right level?
- Should tax rates be restructured to be more progressive? More flat?
- Are Oregon's current tax expenditures (tax deductions and credits) at the right level? Do they achieve priority objectives?
- Are there better ways of having the users of services pay for those services?
- Should state program promote abstinence and marriage in light



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- of data connecting teen pregnancy and single parenthood to income and poverty?
- Should the Legislature restructure Oregon's tax system to protect against economic fluctuations?
- Should Oregon increase tax revenue to avoid service reductions?
- Are pension benefits adequate?
- What level of government should administer programs—federal, state, or local? What is the appropriate role of faith-based and other community organizations?
- In total, does the current level of programs and services overburden workers?

Resources and Links

For further information on program effectiveness and performance measures, see:

<http://egov.oregon.gov/DAS/OPB/>

For further discussion of policy issues surrounding poverty, see:

- Association for Public Policy Analysis and Management (APPAM), Washington, DC, www.appam.org/
- Brookings Institution, www.brook.edu/
- Cascade Policy Institute, www.cascadepolicy.org/
- Cato Institute www.cato.org/

- Center for Policy Research, Syracuse University, www-cpr.maxwell.syr.edu/
- Center for Public Policy, Temple University, www.temple.edu/cpp/
- Center for Urban Policy Research, Rutgers University, www.policy.rutgers.edu/cupr/
- Center on Budget and Policy Priorities, www.cbpp.org/
- Century Foundation (formerly Twentieth Century Fund), www.tcf.org/
- Daniel J. Evans School of Public Affairs, University of Washington, www.evans.washington.edu/
- Economic Policy Institute, www.epinet.org/
- The Heritage Foundation, www.heritage.org/
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- Hudson Institute, www.hudson.org/
- Institute for Policy Research, Northwestern University, www.nwu.edu/IPR/
- Institute for Women's Policy Research, Washington, DC, www.iwpr.org/
- Irving B. Harris Graduate School of Public Policy, University of Chicago, www.harrisschool.uchicago.edu



Factors Affecting Poverty

Policy Factors

- Lyndon B. Johnson School of Public Affairs, University of Texas at Austin, www.utexas.edu/lbj/
- Mathematica Policy Research, www.mathematica-mpr.com/
- Moving Ideas Network (formerly Electronic Policy Network), www.movingideas.org/
- National Academy of Social Insurance, www.nasi.org/
- National Association of Counties, www.naco.org
- National Governors Association, www.nga.org
- Oregon Center for Public Policy, www.ocpp.org/
- Pew Center on the States, University of Richmond, www.stateline.org/
- Public Agenda, www.publicagenda.org
- Public Policy Institute of California, www.ppic.org
- RAND, www.rand.org/
- Robert M. LaFollette School of Public Affairs, University of Wisconsin-Madison, www.lafollette.wisc.edu/
- Rural Policy Research Institute, www.rupri.org
- Urban Institute, Washington, DC, www.urban.org/
- Washington State Institute for Public Policy, www.wsipp.wa.gov/
- Woodrow Wilson School of Public and International Affairs, Princeton University, www.wws.princeton.edu/

Endnotes

¹ Michael Leachman, *Time to Raise the Corporate Minimum Tax: Top execs get pay raises while Oregon gets just \$10*, Oregon Center for Public Policy, Feb., 2004, p. 4.

² See the latest Oregon Progress Board report at <http://egov.oregon.gov/DAS/OPB/docs/2003report/Report/2003BPR.pdf>. Find state agencies' annual performance-measure reports at http://egov.oregon.gov/DAS/OPB/apr_Jan04.shtml.

