

## **Economic Insecurity: Tougher conditions for the Northwest's workers, middle class**

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By Eric de Place, Senior Researcher

### **SUMMARY**

- ◆ New Census figures released today show that nearly 1 in 6 Northwest children lived in poverty in 2008. Oregon reported the region's highest child poverty rate with more than 18 percent of the state's children living in households below the poverty line.
- ◆ Sightline's economic security index shows worsening prospects for ordinary families in the Northwest. In 2008, the region's economic security deteriorated for the second consecutive year. (Sightline's index is a four-part composite based on unemployment rates, median incomes, poverty rates, and the share of children living below the poverty line.)
- ◆ Headlines about GDP dominate the news, but there are few measures of economic well-being for ordinary families. According to Sightline's index, middle-class and low-income northwesterners have seen virtually no net progress in economic security since 1990.
- ◆ Middle class wages have declined more last year than they have in nearly a decade. As of 2008, middle-income northwesterners earned about \$3,000 less, adjusted for inflation, than they did in 1998.
- ◆ The share of northwesterners in poverty remained statistically unchanged between 2007 and 2008, yet in both years the Northwest's poverty rate remained higher than it was in 1990.
- ◆ The most recent federal unemployment figures are a warning sign that conditions may worsen further. Mimicking national trends, each state in the Northwest saw an increase in its monthly unemployment rate – and the unemployment rate in Oregon is now the highest in the state's history.

### **RESULTS IN DETAIL**

New Census figures released today show that the Northwest's child poverty rate was statistically unchanged from 2007 with nearly 1 in 6 Northwest children in poverty. Oregon reported the region's highest child poverty rate with more than 18 percent of the state's children living in households below the poverty line, a level comparable to the national average.

	Child poverty rate, 2008	Margin of error
Idaho	15.8	+/-1.5
Oregon	18.1	+/-1.2
Washington	14.3	+/-0.8
Northwest	15.7	
United States	18.2	+/-0.2

Table 1. *Nearly 1 in 6 children in the Northwest live in poverty.*

Sightline’s index of economic security combines child poverty rates with measures of unemployment, middle-class (or median) income, and overall poverty rates. Together, these four indicators give more complete picture of well-being for middle- and lower-income northwesterners than do many prevailing economic indicators, such as stock market index or the Gross Domestic Product. (See “Appendix B: Sources and Methods” for more information on how Sightline’s economic security index works.)



Figure 1. *Recent declines have virtually wiped out the modest economic security gains made since 1990.*

Since 1990, ordinary families in the Northwest have experienced two periods of improvement in economic security, from 1992 through 2000, and again from 2003 through 2006. But the gains proved to be short-lived, erased first by the collapse of the dot-com bubble in 2000 and then by the housing- and financial-sector bust in 2008. By 2008, higher unemployment and poverty rates put middle- and lower-income northwesterners exactly where they were when they started: on shaky financial ground.

If recent unemployment numbers are any indication, economic security will have weakened further in 2009. Mimicking national trends, each state in the Northwest saw an increase in its monthly unemployment rate. Neither Idaho nor Washington have experienced such high rates of unemployment in more than a decade, but Oregon workers have been especially hard hit. Oregon's unemployment rate climbed to 12.2 percent in May and reached that level again in August, the highest in the state's history and among the highest in the nation.

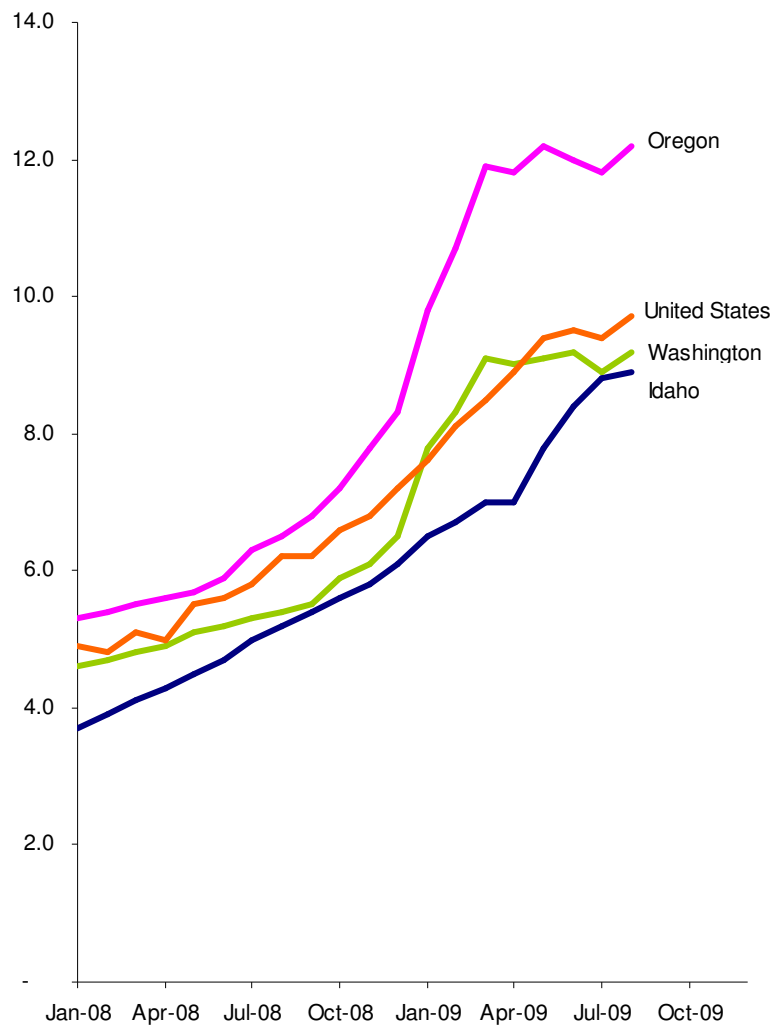


Figure 2. *An ominous sign: the most recent figures show sharply higher unemployment rates for the Northwest states in 2009.*

High unemployment rates are likely a harbinger of worsening economic security in the Northwest. Nationally, the measures in Sightline's index tend to

move in tandem: when unemployment goes up, poverty and child poverty tend to rise and median income tends to fall. So it is likely that the economic turmoil that began in 2008 has further reduced median incomes and increased poverty rates -- but we will have to wait until the fall of 2010 to learn how the middle class fared in 2009 because reliable income and poverty statistics are released only after a lengthy delay.

Yet before 2009 figures become available, Sightline's index shows that middle-class and lower-income residents of the Northwest have seen virtually no net improvement in economic security since 1990. In fact, after years of ups and downs, by 2008 the poverty rate in the Northwest states was higher than it was in 1990. So too, rates of unemployment had worsened. And while median income has increased since 1990, middle-class households in the Northwest states have never experienced a return to the high-water mark of prosperity in 1998. In fact, 2008 was a hard year for middle-class incomes; the Northwest saw the biggest single-year decline in nearly a decade.

	Idaho	Oregon	Washington	U.S.
<b>2007</b>	\$51,074	\$52,166	\$60,312	\$52,163
<b>2008</b>	\$47,420	\$51,727	\$56,631	\$50,303
<b>Decline</b>	<b>\$3,654</b>	<b>\$439</b>	<b>\$3,681</b>	<b>\$1,860</b>

Table 2. *Middle class income declined in every state in the Northwest.*

Not all economic indicators have declined, however. Headline-dominating figures such as GDP have shown tremendous growth since 1990. In fact, between 1990 and 2008, the Northwest's combined economic output—its gross regional product—soared by more than 100 percent, even after accounting for the recent recession and adjusting for inflation. Meanwhile, the region's total personal income rose an inflation-adjusted 70 percent. But the benefits of these phenomenal gains were highly concentrated among a relative handful of northwesterners at the top of the income ladder.

Sightline's economic security index shows that the phenomenal growth as measured by GDP and total personal income does not always go hand-in-hand with rising economic well-being for ordinary families. While economic security for ordinary families has fluctuated with economic cycles, it has posted neither significant gains nor significant losses since 1990. As the region charts its way forward in a turbulent economy, it has the opportunity to rise to a singular challenge: ensuring that the economic recovery is broadly shared, and genuinely improves the lives and livelihoods of all northwesterners.

*The economic security index is part of Sightline's Cascadia Scorecard project, the Pacific Northwest's sustainability report card. The full Cascadia Scorecard is available online at [scorecard.sightline.org](http://scorecard.sightline.org).*

## Appendix A: Data supplement

### Northwest states (Idaho, Oregon, and Washington)

	Poverty Rate	Child Poverty Rate	Unemployment Rate	Median income	Sightline's Index
1990	9.7	17.7	5.2	48,554	100.0
1991	11.3	17.6	6.3	49,072	99.3
1992	11.7	17.5	7.1	48,926	98.9
1993	12.1	17.4	6.9	50,320	99.0
1994	11.8	16.5	6.0	46,867	99.4
1995	12.3	15.7	5.7	49,777	100.1
1996	11.9	16.9	5.7	49,269	99.6
1997	10.6	15.8	5.2	54,641	101.2
1998	11.4	15.2	5.1	57,284	101.5
1999	11.1	14.4	5.0	55,218	101.8
2000	11.0	14.1	5.0	52,408	101.7
2001	11.2	13.9	6.1	50,565	101.2
2002	11.0	14.2	7.2	51,673	100.9
2003	12.3	16.1	7.4	52,659	99.7
2004	11.3	16.1	6.4	52,848	100.3
2005	10.7	16.5	5.5	52,665	100.6
2006	9.4	15.8	4.8	54,675	101.7
2007	11.0	15.7	4.5	56,524	101.5
2008	10.7	15.7	5.6	53,881	101.0

### Idaho\*

	Poverty rate	Child poverty rate	Unemployment rate	Median Income
1990	14.9	17.9	5.5	40,411
1991	13.9	17.1	5.9	40,263
1992	15.2	16.3	6.4	41,655
1993	13.1	15.5	6.1	45,501
1994	12.0	16.0	5.4	45,305
1995	14.5	16.5	5.2	45,839
1996	11.9	15.9	5.3	47,429
1997	14.7	17.3	5.1	44,680
1998	13.0	17.4	5.1	48,386
1999	14.1	16.8	4.9	46,261
2000	12.5	15.2	4.6	47,025
2001	11.5	15.2	4.9	46,507
2002	11.3	14.9	5.4	45,138
2003	10.2	16.0	5.2	49,604
2004	9.9	16.0	4.6	50,562
2005	9.9	17.7	3.9	48,721
2006	9.5	15.1	3.2	49,350
2007	9.9	15.9	2.7	51,074
2008	12.2	15.8	4.9	47,420

**Oregon\***

	Poverty rate	Child poverty rate	Unemployment rate	Median Income
1990	9.2	19.0	5.4	46,761
1991	13.5	18.8	6.4	46,544
1992	11.4	18.5	7.3	48,004
1993	11.8	18.3	6.9	48,623
1994	11.8	17.4	5.5	45,190
1995	11.2	16.4	4.9	51,027
1996	11.8	17.6	5.6	48,499
1997	11.6	16.3	5.6	49,820
1998	15.0	16.9	5.7	51,535
1999	12.6	15.7	5.5	52,488
2000	10.9	15.1	5.1	53,136
2001	11.8	15.1	6.4	50,194
2002	10.9	15.1	7.6	50,029
2003	12.5	17.4	8.1	48,745
2004	11.8	17.4	7.3	46,728
2005	12.0	18.4	6.2	48,703
2006	11.8	16.8	5.4	50,288
2007	12.8	16.9	5.2	52,166
2008	10.6	18.1	5.3	51,727

**Washington\***

	Poverty rate	Child poverty rate	Unemployment rate	Median Income
1990	8.9	16.9	5.1	51,282
1991	9.5	17.0	6.3	52,371
1992	11.2	17.2	7.2	50,971
1993	12.1	17.3	7.1	52,316
1994	11.7	16.2	6.5	48,174
1995	12.5	15.1	6.3	49,896
1996	11.9	16.7	5.9	50,116
1997	9.2	15.2	4.9	59,605
1998	8.9	13.7	4.8	62,555
1999	9.6	13.1	4.8	58,760
2000	10.8	13.2	5.0	53,169
2001	10.7	13.0	6.2	51,674
2002	11.0	13.6	7.3	54,076
2003	12.6	15.3	7.4	55,617
2004	11.4	15.3	6.2	56,905
2005	10.2	15.1	5.5	55,857
2006	8.0	15.4	4.9	58,438
2007	10.2	15.0	4.5	60,312
2008	10.4	14.3	6.4	56,631

\* Figures above are those reported by the federal government, but these tables omit standard errors, margins of error, and other qualifying information. Sightline urges caution when reporting single-year data for an individual state.

## Appendix B: Sources & Methods

Northwest regional figures are calculated using weighted averages based on current population numbers in each state.

**Sightline's economic security index** is derived from four components: poverty rates, child poverty rates, unemployment rates, and inflation-adjusted median household incomes. Each component represents an important and distinct facet of economic security; data are credible and available on an annual basis at the state level; and the components tend to vary in tandem, thereby mitigating statistical anomalies. The components are aggregated using a method similar to that used by the Conference Board to calculate the Index of Leading Economic Indicators, [www.conference-board.org/economics/bci/methodology.cfm](http://www.conference-board.org/economics/bci/methodology.cfm). Each component in the index is assigned a weighting factor based on its statistical variability; wide fluctuations earn a component a lower weighting. The year-to-year changes in each component are weighted and summed, and then put on a scale in which the figure for 1990 is equal to 100. In practice, a one point increase in the economic security index is roughly equivalent to a one percentage point decline in poverty, child poverty, and unemployment.

**Poverty rates** from US Census Bureau, Historical Poverty Tables, "Table 21: Number of Poor and Poverty Rate By State," [www.census.gov/hhes/www/poverty/histpov/perindex.html](http://www.census.gov/hhes/www/poverty/histpov/perindex.html).

**Child poverty rates** for 2005 through 2008 from US Census Bureau, American Community Survey's 2005, 2006, 2007, and 2008 reports, "R1704. Percent of Children Under 18 Years Below Poverty Level in the Past 12 Months (For Whom Poverty Status is Determined)," [factfinder.census.gov/servlet/GRTSelectServlet?ds\\_name=ACS\\_2007\\_1YR\\_G00](http://factfinder.census.gov/servlet/GRTSelectServlet?ds_name=ACS_2007_1YR_G00). Earlier child poverty figures from US Census Bureau, "Small Area Income and Poverty Estimates" [www.census.gov//did/www/saipe](http://www.census.gov//did/www/saipe). Sightline also consulted the following sources: US Current Population Survey, March Supplement data, (including "Table 23: Single Years of Age: Poverty Status of People in 1999," "POV46: Poverty Status by State: 2002: Below 100% and 125% of Poverty: People Under 18 Years of Age," and "POV46: Poverty Status by State: 2003: Below 100% and 125% of Poverty: People Under 18 Years of Age"); US Census Bureau, "Poverty in the United States: 2002," [www.census.gov/hhes/www/poverty/poverty02.html](http://www.census.gov/hhes/www/poverty/poverty02.html); and the American Community Survey's annual data profiles, [www.census.gov/acs/www/Products/index.htm](http://www.census.gov/acs/www/Products/index.htm). Some historical figures for poverty and child poverty are estimated by Sightline based on consulting several other US Census Bureau sources.

**Median income** from US Census Bureau, "Historical Income Tables: Households, Table H-8: Median Household Income by State," [www.census.gov/hhes/www/income/histinc/inchhtoc.html](http://www.census.gov/hhes/www/income/histinc/inchhtoc.html). All figures are adjusted for inflation into 2008 dollars. Sightline also the American Community Survey's annual data profiles, "Table 3: Selected Economic Characteristics," [www.census.gov/acs/www/Products/Profiles/Single/2002/ACS/index.htm](http://www.census.gov/acs/www/Products/Profiles/Single/2002/ACS/index.htm) and the US Census Bureau, "Small Area Income and Poverty Estimates," [www.census.gov//did/www/saipe](http://www.census.gov//did/www/saipe).

**Unemployment rates** from US Bureau of Labor Statistics, Local Area Unemployment Statistics, historical data by state, [www.bls.gov/lau/](http://www.bls.gov/lau/); and US Bureau of Labor Statistics, "Current Unemployment Rates for States and Historical Highs/Lows," [www.bls.gov/web/lauhsthl.htm](http://www.bls.gov/web/lauhsthl.htm).

**Gross domestic product** from US Bureau of Economic Analysis, "Real GDP By State (Millions of Chained 2000 Dollars): All Industry Total," using SIC and NAICS data series, [www.bea.gov/regional/gsp/default.cfm](http://www.bea.gov/regional/gsp/default.cfm).

**Personal income** from US Bureau of Economic Analysis, "SA04: Personal Income: Thousands of Dollars," [www.bea.gov/regional/spi/default.cfm](http://www.bea.gov/regional/spi/default.cfm) and adjusted for inflation by Sightline using the inflation calculator from the US Bureau of Labor Statistics, [data.bls.gov/cgi-bin/cpicalc.pl](http://data.bls.gov/cgi-bin/cpicalc.pl).