

Socioeconomics of Poverty Panel

Ecumenical Ministries of Oregon's 39th Collins Conference and
Lecture

First United Methodist Church
1838 SW Jefferson St
Portland

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Thank you for the opportunity to be a part of this panel.

Albert Einstein once said: “The **definition of insanity** is doing the same thing over and over again and expecting different results.”

Our current system hasn't produced a better quality of life for people experiencing poverty.

It's time to stop doing the same thing over and over again. To get different results, we need a different strategy.

We need a strategy that recognizes that every Oregonian deserves to take part in the promise of a better Oregon.

Economic well-being isn't a zero sum game in which the rich get ahead and the poor fall farther behind.

The subprime mortgage crisis has reminded us that our recent recovery did not reach every family.

For those at the bottom of the economic spectrum, and, in fact, much of the middle class, economic good times remain elusive.

Inflation – particularly in energy and health care – has eaten up any wage increases the working poor may have received.

Oregon traditionally is the first state to fall into recession and the last to emerge.

The latest data from the US Census bears this out.

- Oregonians continue to lag behind their west coast neighbors in median income. The percentage of people living in poverty is higher in Oregon than it is in any of the neighboring states, Alaska and Hawaii, standing at 13.3 percent in 2006.

Here, in the beautiful state of Oregon, the gap between rich and poor has grown steadily since the 1970s.

In fact, this gap had the second largest increase among the states between the late 1980s and the late 1990s.

While some people experience good times, others fall farther and farther behind.

- When adjusted for inflation, income for the poorest fifth of Oregon's population actually fell more than 6 percent while income grew nearly 34 percent in the same period for the richest fifth.

Inflation adjusted wage gains of the 1990s lost ground during the 2001-03 recession.

- And, while wages increased for 98 percent of workers between 1900 and 2003, the 2 percent who earned the lowest wages, experienced wage stagnation or actual decreases in their pay.

But Oregon's economy still isn't out of the woods.

The Oregon Center for Public Policy's recent report, *An Economy for the Few*, points out that despite recent economic growth in the state, many households still do not bring home incomes equivalent to their pre-recession paychecks.

Let me share with you some facts that illustrate the price we pay for our failures.

- The percentage of renters in Oregon paying more than 30 percent of their income for housing increased from 45.5 percent in 2000 to 54.9 percent in 2005.
- The National Low Income Housing Coalition ranked Oregon the third most unaffordable rental market among the states in 2003.

- In 2006, a person working 40 hours a week in Oregon had to earn \$13.46 an hour to afford a two-bedroom unit at fair market rent. Yet, the average renter's wage is actually two dollars short at \$11.44 an hour.
- During the 1990s, low-income Oregonians faced a growing shortage of affordable housing units. While the need for affordable housing grew, the number of affordable units dropped.
- For traditional housing programs, such as Section 8, and for manufactured dwelling parks, Oregon's rising property values provide the financial incentive to convert properties to market-based structures.
- Federal support for affordable housing has dropped during the last 30 years. The federal housing assistance budget authority has decreased 48 percent since 1976.
- Federal assistance for low-income renters continues to lag behind the need. In 2004, approximately five million households received rental assistance while nearly eight million households paid more than 50 percent of their income on housing.

- **Most shocking - during the last one-night-shelter count conducted last January, we identified more than 13,000 Oregonians who didn't have a place to call home.**

Sixty percent were families with children!

- Children age 5 and younger represented 14 percent of people counted as homeless.
- More than 40 percent of the people counted had been continuously homeless for one year or had four episodes of homelessness in the past three years.

Like poverty, homelessness affects Oregon's ethnic and racial minorities disproportionately.

- Human services cuts have exacerbated poverty and homelessness. During the special legislative sessions of 2001 and 2002, many programs saw cuts that devastated systems serving people with mental health problems, developmental disabilities, and addictions.
- The Oregon Health Plan standard program, which served people at or below 110 percent of the poverty threshold, provided a dramatic illustration of the impact of the revenue shortfalls.

After a series of benefit reductions—the elimination of dental, vision, prescription drug, mental health, and chemical dependency

coverage—the Legislature eventually capped enrollment in the Oregon Health Plan.

- Health plan enrollment has fallen by about 100,000 and is not available to people new to poverty.
- Another casualty of the state’s budget woes: The state’s medically needy program, which provided critical support to approximately 8,000 people with disabilities and extraordinary medical expenses was eliminated.

Oregon’s general assistance program historically provided a medical and financial safety net for adults with short- and long-term disabilities who were unable to work.

- Budget problems led to the total elimination of the general assistance program, leaving unemployable adults with few options.
- Budget cuts totaling nearly \$842 million affected programs and providers across Oregon’s human services system.

And who paid the price? The people who needed and continue to need those services.

- It’s no surprise that 52 percent of the homeless people counted in January faced mental health problems, addictions or both.
- Another 13 percent have a physical disability.

Cuts in human services show up as homelessness. The people don't go away, but their suffering increases.

Without a robust, integrated **human services / housing system**, what hope can we offer?

If we do not change our approach, aren't we building and maintaining a fragmented set of industries that perpetuates poverty?

Albert Einstein also said, "We can't solve problems by using the same kind of thinking we used when we created them."

- At Oregon Housing and Community Services, we believe Oregon is ready to think differently. Here is our evidence:
- The 2007 Legislature approved \$16 million in lottery backed bonds to fund the development and operation of a new model of affordable housing – Housing Plus.
- The Governor's Ending Homelessness Advisory Council has begun to chart a course for addressing the systems barriers that hamper our efforts to help people experiencing homelessness.
- Over the past year, OHCS has had a unique opportunity to work with Oregon Thrives, a consortium of organizations (including Ecumenical Ministries) dedicated to helping all Oregonians prosper.

- Preservation -- \$8.2M
- Food Bank -- \$1.2M

I look forward to working alongside you as we build a better future for every Oregonian.

We have the resources, the question is, do we have the will?