

And Inequality for All

HOW DO WE RESOLVE LANE COUNTY'S GREAT INCOME DIVIDE?

BY KEVIN SULLIVAN

Tonya Bunning became a single parent of two teenagers when her husband left. She remembers thinking, "Oh, crap. What do I do? Where do I go?" Bunning and her children went to live with her family in Arizona for a year and a half, but her severe asthma and unhappy children led her back to Oregon. The family of three sold all they could, fit the rest in their van and drove to Eugene.

Here in Oregon, Bunning says she was fired from Dari Mart after she developed a bone spur, despite having a doctor's note in hand. She says the store told her it needed an employee with the use of both arms and, because of her injury, she only had use of one. They paid her for the extra half hour that it took to fire her and then she left.

For the last few weeks, Bunning and her family have lived in their car without an income. During the day they turn to First Place Family Center, sandwiched between Civic Stadium and South Eugene High School. The center provides them with toiletries, laundry utilities and computers for job and housing searches.

Most of the families utilizing First Place Family Center are at about 30 percent area median income, meaning that an average family of two makes roughly \$1,000 a month, according to Assistant Director Diana Wise. "Welfare helps, but it won't rent you an apartment," she says.

Nearly 200 families visit the First Place Family Center each month, yet funding for the center is decreasing. Roughly half of the center's funding comes from government money, but just like schools in Lane County and around Oregon, First Place is receiving less and less each year.

Look around. Income inequality, when the wealthy in a society become richer and the poor become poorer, is rampant. Ronald Reagan's trickle-down economics promised us that America would prosper by giving tax breaks to businesses and the upper class. But ask the 99 percent: Have Reaganomics worked? The answer is resoundingly no.

Juan Carlos Ordóñez, communications director of the Oregon Center for Public Policy (OCP), a progressive think tank based out of Silverton, says the three primary things that exacerbate income inequality in Oregon are the state's less-than-progressive income tax, lack of prioritization of public education and the decline in labor unions. To fix the income gap and stop the sinking of the middle class and the poor, Oregon needs to repair its tax system, support its students and let labor do its job.

SOME ARE MORE EQUAL THAN OTHERS

The plight of the unhoused is well known in Eugene. If you want to know how poor a city or a county is, just look at the poverty rate, the number of families on welfare, free lunch statistics and so on. The status of the impoverished is well documented.



TONYA BUNNING

It is near impossible, however, to draw a bead on the wealthiest Eugeneans. In fact, Oregon state laws protect individual corporations and the citizens from having to unveil how much they pay in income tax. What can be told is the low tax rate paid by the wealthiest Oregonians and the amount corporations in Oregon are not paying.

According to Pulitzer Prize-winning journalist David Cay Johnston since 2000 the median income of all Americans has slipped, "proof that tax cuts for the rich do not create general prosperity." Between 1979 and 2007 the income of the top 1 percent of households cumulatively rose by 240.5 percent, while the income for the bottom fifth grew by only 10.8 percent, according to the Economic Policy Institute.

You might not associate income inequality with Eugene, but in 2012 Eugene was ranked the 22nd worst city in the nation for income inequality and 36th for poverty, according to research by the financial media company Bloomberg.

Drive a few miles from First Place, and you will find homes worth up to \$1 million in the south hills. An hour's trek west boasts a home in Blachly worth nearly \$4 million, according to local real estate broker Sally Nunn. And, on any given day, one of the more than 400 private aircrafts owned by residents of Lane County might be flying overhead.

During the recession, the Emerald City and the rest of Lane County lost thousands of middle-class manufacturing jobs only to be replaced by low-wage service sector employment and high-income jobs, says Brian Rooney of the Oregon Employment Department.

Loss of middle-class jobs is certainly one logical explanation for the inequality felt in Eugene. However, long before the Great Recession, problematic trends at both the state and national level were unfolding, casting a

shadow from Spencer Butte to Autzen Stadium. Especially in the last two years, tax cuts for the wealthiest Oregonians and corporations have considerably reduced state funding.

PAYING TAXES IS SO 1975

Con-way, a multi-national freight transportation and logistics company based in Eugene, earned a reported \$79 million profit in 2009. The next year, Oregon's Measure 67 raised the minimum corporate tax. Con-way succeeded in getting out of a \$75,000 minimum corporate tax it owed Oregon by using a Business Energy Tax Credit, thanks to a ruling by the Oregon Supreme Court in 2013.

Using this tax loophole, no less than 24 profitable corporations paid no Oregon income tax in tax year 2011, according to OCPP. This puts more pressure on lower-income Oregonians, Ordóñez says. "When you cut taxes on the rich it means you cut public funds like public education or it means you pass on the taxes to someone else," he says. "What makes the most sense is to have the most well-off and corporations contribute more."

The Con-way loophole will cost the state \$40 million during this budget period, according to the Oregon Legislative Revenue Office. In the next two budget periods it will cost Oregon \$18 million and \$19 million respectively. The reason it's costing Oregon so much right now is that corporations are using the Con-way case to get tax returns from previous years.

What this means for people like Tonya Bunning is that publicly funded facilities, such as the shelter she and her family need to help them get back on their feet, will likely face more cuts due to lack of state revenue.

Oregon is actually projected to get more funds from