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CONTACT:
Howard Greenwich, 206-568-5000 x12
or 206-851-7720

Fall in Earnings by End of 2008 Foretells Hard Times to Come

NEW CENSUS STATISTICS SHOW SOME FAMILIES MORE VULNERABLE TO RECESSION PAIN

Puget Sound – Average earnings for Seattle metro workers dropped 2% between 2007 and 2008, just as the recession began to have an effect on the region, according to an analysis of newly released Census data on poverty and income by Puget Sound Sage, a regional employment policy and advocacy organization.

	2007	2008	Change
Median worker earnings	\$37,680	\$36,985	-1.8%*
Median household income	\$66,580	\$66,465	-0.2%

*Represents statistically significant change from 2007 to 2008

Average household income and poverty rates remained flat between the two years. But, soaring unemployment and job loss since the end of 2008 have put many working families already facing hardship last year into economic crisis this year.

The drop in earnings in 2008 represents the proverbial tip of the recession iceberg. According to the Census, Seattle metro unemployment was only 4.5% in 2008. Over the summer unemployment soared to 9% in the region and 88,000 jobs had been lost since last August, according to the Bureau of Labor Statistics. With predictions of high unemployment to continue through next year, families at the bottom of the economic ladder are vulnerable to slipping into poverty and hardship.

“Last year’s data shows that many families were on shaky ground even before the full recession hit,” commented Howard Greenwich, Research Director for Sage. “Dramatic earnings and income inequality in the region show that families went into this year’s recession with the needle on empty.”

In 2008, nearly two in five households had a household income less than what a family of four, with two earners, needs to make ends meet in the region (also called a “self-sufficiency” income).

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Households in the bottom fifth of the income scale brought in only \$16,175 on average – 13 times less than those at the top. High poverty rates plagued vulnerable groups: African American or Black families (23%), Hispanic or Latino families (19%) and single mother families (28%).

Olufemi Dosunmu, a truck driver at the Port of Seattle, has been directly affected by a sharp drop-off in imports. “If people aren’t buying things from stores, people like me don’t work,” Dosunmu said. “Sometimes I go three days to a week without a load, yet I still have to pay for insurance, maintenance and licenses – all before I put food on the table. I have to go to family members for help.”

Shirley Bronwell, a bartender at the airport, has watched business slow as fewer passengers come through the terminal. “Although tips are down and I’m stretching my dollar by shopping at Goodwill, I’m one of the lucky ones,” she said. “Other food service workers have lost half their hours or been let go. And, because of my union, I still have full-time hours, health insurance and a pension, which I will need soon.”

For more local details on the latest poverty and earnings data, and to interview local workers affected by the recession, contact Howard Greenwich at Sage.