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HOUSEHOLD INCOME ROSE IN 2007\ BUT INFLATION ERASED MOST OF REGION'S FINANCIAL GAINS

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Working as a prep cook at a SeaTac restaurant, James Hale has earned the same wage - \$10 per hour - since February 2006.

His wife relies on Medicare for treatment for muscular dystrophy. Hale, 48, can't afford health insurance for himself.

"My rent went up \$135 from a couple of months ago," he said Wednesday as he drove to work. "Utilities are going sky high. So is food. So I really juggle."

Data released this week from the Census Bureau's American Community Survey show that median household income in 2007 rose from the previous year in Washington and the greater Seattle region, and that the poverty level dipped slightly. But inflation erased most of the income gain, and the poverty figures are misleading, some analysts say.

Those factors are hampering workers such as Hale, who took in his brother-in-law to help pay nearly \$1,000 a month for rent and water for his Des Moines apartment.

King, Snohomish and Pierce counties had a 2007 median household income of \$63,895, an increase of \$3,232 from the previous year.

When adjusted for inflation, the regional gain was only \$878, or 1.4 percent, said Howard Greenwich, research director for Puget Sound Sage, a Seattle nonprofit organization that started as a coalition of labor, faith and community groups.

"The economy was really going strong last year. Unemployment picked up a bit, but was not much greater than 2006, so I expected median earnings to go up a bit. It's a little surprising it went flat," Greenwich said.

The data from 2008 might be worse, said Bob Plotnick, a public affairs professor at the University of Washington's West Coast Poverty Center.

"The first seven to eight months in the state have been rough going," he said, with signs that the economy will "really (be) putting the brakes on."

Median full-time income for men in 2007 was \$54,735, comparable to the previous year in the three-county region.

Regional median full-time income for women dropped 1.8 percent to \$41,558.

"The economy hasn't tanked but hasn't gone very far," Plotnick said.

The 20 percent of households with the highest median incomes in King, Snohomish and Pierce counties earned 48 percent of the income in the region in 2007, while the lowest 20 percent made only 4 percent.

"That's pretty consistent with national figures," Plotnick said.

Even about 20 years ago, the top fifth of households earned 46 percent of the income, with the bottom fifth accounting for less than 4 percent, he said.

The pattern primarily shows "a concentration of wealth among those who are risk-takers," the entrepreneurs who take chances in search of high rewards, said Bob Baker, a senior forecast analyst for the state Office of Financial Management.

Among other factors, the uneven income distribution may be attributed to the loss of manufacturing and union-represented jobs that tended to be better paid, he said.

Poverty levels remained flat at slightly below 10 percent for the region. Statewide, the poverty levels for all people, children and people 65 and older each dipped less than 1 percent.

While that might not sound like a setback, the problem is the measuring stick, said Kris Stadelman, chief executive officer of the nonprofit Workforce Development Council of Seattle-King County.

The federal poverty guidelines are outdated and inadequate because they are based solely on food costs, she said, and fail to take into consideration the rising costs of housing, health care, child care, transportation and taxes.

A person's income could be twice the federal poverty level - \$16,705 for a family of three - and still qualify for subsidized housing, Stadelman said.

She said a better measure is the "**self-sufficiency standard**" developed by UW senior lecturer Diana Pearce of the Center for Women's Welfare. That standard includes household expenses as well as geographic location and a family's size and makeup.

Under the **self-sufficiency standard**, a family of three with one wage earner would need to make \$50,151 to survive without government assistance.

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