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- 2015 Middle-Income Jobs
- 2014 Economic Impacts of Congestion
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About the Value of Jobs Coalition

The Value of Jobs Coalition is based on the premise that in order to have a prosperous, healthy Portland region with a good quality of life, we need more private-sector jobs. The coalition began with an economic study in the fall of 2010, which showed important trends about the Portland-metro economy. A number of other studies have followed that highlight the region’s economic opportunities and challenges.

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Introduction

The Portland-metropolitan area's economic performance in 2015 can be summed up in four words: More of the same. In this seventh year of recovery after the Great Recession, Portland-metro is repeating the trends seen in the region's economic history. When the recession began in 2007, Portland-metro fell faster and harder than comparable metro regions across the U.S. And when recovery began in 2009, the region grew jobs faster than the national average.

Between September 2008 and September 2009, the darkest period of the Great Recession, Portland-metro lost 72,900 jobs. By September 2015, the region had not just regained all of the lost jobs, but it had actually seen significant job growth: the 2015 job count showed 70,700 more jobs than there were in 2007, right before the recession started to erode employment.

Portland also continues to lead in productivity growth, driven largely by the region's very strong electronics industry. The importance of that industry to our economy is also seen in the region's strong export performance, once again demonstrating the importance of trade to the Portland-metro economy.

Despite the very good news about job growth, productivity and exports, the region's median household income was stagnant from 2013 to 2014, and the 2014 total was still only 95 percent of the Portland-metro median household income in 2007. In addition, the region's per capita income continues to lag the national average for metro areas as it has done since well before the recession began. Using a Regional Price Parity model to adjust incomes to cost of living, Portland-metro is falling further behind in the ability of household incomes to meet the increasing cost of living, making the region more and more unaffordable.

Since the Value of Jobs Coalition began looking at the Portland-metro economy in 2010, a persistent issue in every report has been household incomes and per capita wages, and it is particularly troubling that wages have not rebounded even as jobs have surged back.

When considering the future prosperity of Portland-metro families, there has been much discussion around the minimum wage, but earning the "minimum" is not the same as prospering. It is time to put a laser focus on why incomes have not recovered, why the region is increasingly unaffordable and what needs to be done. Is it:

- The mix of jobs in the region? Are there sufficient middle-income jobs that offer families a pathway out of poverty to prosperity?
- Education? Are we properly training workers – or retraining displaced workers – to prepare them for family-wage jobs of the future?
- The business environment? Are we a region that is open to business development – and job creation – that will lead to retention and creation of more middle-income jobs?
- Cost of living? Are we making policy decisions that unnecessarily make it more difficult for families to afford to live here?

This report is a point-in-time look at the Portland-metro economy. The challenge ahead is how we take the information and use it to answer the questions above. The partners in the Value of Jobs Coalition are committed to working together to address these questions and doing our part to make the region a place where families can thrive.

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In the jobs section, data are provided by the BEA and the U.S. Census Bureau. Labor force participation rates and full-time, full-year employment calculations rely on ACS PUMS data.
This is the sixth Economic Check-Up. As in the past, it focuses on three measurements of the Portland-Metropolitan Statistical Area (MSA) economy:

- Employment
- Income
- Gross Metropolitan Product (GMP)

Portland-metro’s economic performance from September 2007 to September 2015 will be compared to the following:

- The average of all U.S. metropolitan areas
- Peer group regions, defined as Sacramento, St. Louis, Cincinnati and Salt Lake City
- Aspirational group regions, Seattle, Denver and Minneapolis

These peer and aspirational regions have been used in past Economic Check-Up reports to get better context for how Portland-metro’s economy compares at the national level.

Job Growth: Strong comeback continues

Looking at job growth alone, Portland-metro continues to excel, experiencing a faster rebound from recessionary job losses than most metro regions across the country. While job growth for all U.S. metro areas averages 4 percent since 2007, Portland-metro is up 7 percent. This is the second year in a row that Portland-metro has outpaced the national average for metro areas in job growth.
Between September 2014 and September 2015, the region added 35,800 new jobs, a new high water mark in job growth. In fact, jobs have grown steadily since 2011 when Portland-metro began to feel the recovery in earnest. The region now has a total of 70,700 new jobs over and above the peak in 2007, before the recession losses. See Figure 1.

**Job Recovery: Portland-metro outpaces peers**

Since the first Economic Check-Up in 2010, the Value of Jobs Coalition has looked at how Portland-metro’s economic performance compares to other metro regions. We have divided those comparator regions in two groups: 1) “peer” regions, St. Louis, Cincinnati, Sacramento and Salt Lake City, which five years ago had economic and population characteristics similar to Portland-metro, and 2) “aspirational” regions, Seattle, Denver and Minneapolis, metros that Portland frequently looks to for best practices.

Portland continues to outpace most of its peer regions in terms of job growth. Only Salt Lake City has grown jobs at a faster pace than Portland-metro since the bottom of the recession in 2009. Of peer regions, Salt Lake City, Portland and Cincinnati have all grown employment to a level greater than the start of the recession. See Figure 2.

Looking at job growth in the aspirational regions, Portland-metro surpassed one of its “aspirational” metros, Minneapolis, for the first time in 2015. Seattle and Denver, on the other hand, continue to grow jobs faster than Portland-metro, but there is no question that all four regions are adding jobs at a strong pace and have grown jobs over and above pre-2007 levels. See Figure 3.

In the Portland region, the professional/business services, trade/transportation/utility, education/health services, leisure/hospitality, manufacturing, financial activities and information sectors all outpaced 2014 statistics in terms of job growth. The government and construction categories continued to add jobs but at a slower pace than 2014. See Figure 4.

Looking at employment changes since 2008, however, the largest gains have been in the professional/business services, education/health services, leisure/hospitality and trade/transportation/utilities categories. Together, those sectors account for 75,400 new jobs in the region and they are responsible for the overall employment gain in the regional economy. Manufacturing, financial activities and construction – though growing now – still have not recovered the jobs lost during the recession. Construction, in particular, continues to lag with a net job loss of 4,300 since 2007.

The industries that are growing jobs are a mix of traded and local sectors, both of which are important to a healthy regional economy. Traded-sector industries consist of those businesses that produce goods and services sold outside the region, thereby bringing new dollars in to support economic growth. This in turn supports local-sector businesses and jobs.

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**Figure 2: Employment change in Portland-metro vs peer MSAs, 2007-2015**

**Source:** BLS, Current Employment Statistics, September Annually.

**Figure 3: Employment change in Portland-metro vs aspirational MSAs, 2007-2015**

**Source:** BLS, Current Employment Statistics, September annually.
that are part of the supply chain for traded-sector businesses or that benefit from increased spending in the community. In 2015, Portland-metro recovered the traded-sector jobs lost in the recession, with employment 4.4 percent higher than in 2007 before the recession losses. This outpaces the U.S. metro average, which shows that traded-sector jobs are 0.2 percent higher than pre-recession levels.

**Gross Metropolitan Product: Still setting Portland-metro ahead**

Once again, Portland-metro shines when it comes to Gross Metropolitan Product (GMP), the market value of all goods and services produced in the Metropolitan Statistical Area. Portland-metro continues to outpace the nation as well as all peer and aspirational regions in GMP growth, landing ninth in the nation for growth in 2015. (The region was third in 2014.)

This strong GMP growth is clearly attributed to manufacturing and, more specifically, manufacturing in the electronics sector. It continues to demonstrate the importance of Intel, Oregon’s largest private-sector employer, not only to the Portland-metro economy but to Oregon overall. If one were to compare manufacturing GMP growth in Portland-metro to U.S. metros overall without the electronics sector, Portland-metro would track the rest of the nation. But with the addition of electronics, Portland-metro’s manufacturing sector outpaces the U.S. metro average. See Figure 5.
Portland-metro also outpaces the U.S. metro average in terms of semiconductor manufacturing as a percentage of overall exports. Some 41 percent of Portland-metro's exports are attributed to the semiconductor manufacturing sector, primarily Intel in this region, compared to 2 percent in the nation overall. Looking at manufacturing overall, some 75 percent of Portland-metro's exports overall are from the manufacturing sector compared to 60 percent nationally. See Figure 6.

These statistics underscore the importance of both manufacturing and trade to Portland-metro. Manufacturing is a major source of middle-income jobs, and growing middle-income jobs is critical to improving household incomes. The 2012 Value of Jobs report on the manufacturing sector showed that individuals in manufacturing jobs earned 8 percent more than those in other sectors with the same level of education. And people of color and those who don't speak English at home earn as much as 50 percent more. Individuals in the electronics manufacturing sector produce even greater incomes.

A large share of the region's manufacturing output is sold in markets overseas. The 2013 Value of Jobs update on international trade found that one-fourth of the region's economic output is exported, and Oregon's manufacturers and their workers depend on foreign markets for one in every four of their sales dollars. These statistics underscore the importance of international trade on job creation and family incomes in the Portland-metro region.

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**Incomes: The nagging concern**

The first Value of Jobs Economic Check-Up in 2010 uncovered a troubling trend in the Portland-metro economy: the region's per capita income started to decline more than a decade before the Great Recession began, falling below the national average for metro areas in 2007. The Value of Jobs Coalition adopted a goal of achieving a per capita income that exceeds the national average for metro areas, which mirrored a statewide goal in the Oregon Business Plan. By 2014, the regional goal had not been met. Portland-metro's per capita income was 96 percent of the national average for metro areas at $45,794. That put the region $1,821 below the national average for metro areas, $47,615 See Figure 7.

Per capita income is one important measure of a region's economic vitality. Another is Median Household Income (MHI), which the Value of Jobs Coalition has been measuring for the last three years. For that measurement, the news is mixed. Portland-metro's real MHI remained essentially stagnant between 2013 and 2014, growing from $60,128 to $60,248. This reflects a national trend of stagnant incomes.

Looking at incomes nationally, Portland-metro actually outpaces the national metro average for median household income, surpassing that average by $3,700. Relative to comparator regions, Portland-metro's MHI is higher than its peer regions, except Salt Lake City, but it continues to lag all of the aspirational regions.

**Figure 7: Real per capita personal income, Portland and U.S. metro average, 2008-2014**

![Figure 7: Real per capita personal income, Portland and U.S. metro average, 2008-2014](source: Bureau of Economic Analysis, Local Area Personal Income and Employment.)
Looking at the trends since 2007, none of the comparator regions have regained the 2007 income level, but Seattle and Denver are close. Portland-metro's MHI is 95 percent of the 2007 level, which is a greater recovery level than all the comparator regions except Seattle, Denver and Salt Lake City. See Figures 8 and 9.

Why the discrepancy between how Portland-metro compares nationally on a per capita income vs. median household income? One clear factor is the region's income distribution. Portland-metro's lowest income earners, the bottom 20 percent, make 19 percent more than the national average, outpacing counterparts in St. Louis, Cincinnati and Sacramento, but under performing all aspirational regions. Interestingly, with the exception of Salt Lake City, the regions with the highest earning individuals at the top end (Seattle, Denver and Minneapolis) also had the strongest earning individuals at the low end, suggesting that a strong regional economy benefits workers on the entire income spectrum.

At the high end, however, Portland-metro's highest earners, the top 20 percent, make 3 percent less than the national average. Among all comparator regions, Portland-metro's highest earners outpace only St. Louis and Salt Lake City, and trail all aspirational regions by more than 5 percent. See Figures 10 and 11 on page 6.

How does this distribution impact income statistics? As shown on page 6, Portland-metro's low-income earners have wages that outpace the U.S. average for metro areas, likely because of the region's relatively high minimum wage. On the other hand, the region's high-income earners bring home less than their peers nationwide. The median represents the exact middle of the region's income distribution. On the other hand, per capita income takes an overall average of all income earners, and the relatively low high-end incomes push that average down compared to other metros.

Both measurements are important indicators of how families and individuals are faring in the region's economy. Portland-metro's goal should be to focus on creating more job opportunities that will lead to both higher per capita income and strong median household income overall.

The region's real per capita personal income has only increased by $740 since 2000.
**Figure 10: Income distribution relative to U.S. metro average, 2013 Portland-metro vs. peer MSAs**

![Graph showing income distribution relative to the U.S. metro average for 2013. The graph compares income distribution for Portland, St. Louis, Cincinnati, Sacramento, Salt Lake City, Minneapolis, and Seattle. Each city is represented by a line graph showing the percent relative to the U.S. metro average across different income percentiles.](image_url)

Source: ECONorthwest calculations; U.S. Census Bureau, ACS PUMS.

**Figure 11: Income distribution relative to U.S. metro average, 2013 Portland vs. aspirational MSAs**

![Graph showing income distribution relative to the U.S. metro average for 2013. The graph compares income distribution for Portland, Seattle, Denver, Minneapolis, and St. Louis. Each city is represented by a line graph showing the percent relative to the U.S. metro average across different income percentiles.](image_url)

Source: ECONorthwest calculations; U.S. Census Bureau, ACS PUMS.

NOTE: The curves displayed above are fitted trend lines to aid in the ease of interpretation and not representative of the raw data points. The raw data was fit using a 2nd degree polynomial trend line.
Jobs: The source of the income problem?

Portland-metro, like other regions in the U.S., has had a long-term decline in the number of jobs in the middle of the income spectrum. In 2015, the Value of Jobs Coalition completed a report on middle-income jobs, which showed how those critically important jobs had declined as a percentage of the region’s overall job count over the last two decades. In 1980, middle-income jobs represented 69 percent of the region’s total employment; in 2013 they made up 57 percent. Those jobs frequently provide a path to prosperity for low-income families, and access to them is especially important as the region’s cost of living rises.

Another troubling issue identified in new data delves more deeply into the types of jobs offered in this region. At first glance, the picture looks rosy. Portland-metro’s labor force participation rate outperforms the U.S. metro average across most age range, particularly for those in prime income earning years. See Figure 12. As a result, Portland-metro surpasses the U.S. metro average in per capita employment data when all employees are included in the calculation. See Figure 13.

However, when we consider only full-time and full-year employees, Portland underperforms the U.S. metro average at every age range. See Figure 14. When removing part time employees from the per capita employment data, Portland metro’s per capita employment for only full-time and full-year employment underperforms the U.S. metro average, and has declined to 47.9 percent of the population, down from 2000.

Figure 12: Labor force participation rate by age, Portland-metro relative to U.S. metro average, 2014

This means Portland-metro area residents are participating in the workforce, but they are more likely to hold part-time jobs than the average U.S. metro area worker. This has implications for the region’s economy, but also for the individuals and families trying to make ends meet.
**Affordability: The big question**

Incomes, by themselves, are only part of the story. As important is how incomes relate to cost of living. In that regard, Portland-metro has cause for concern.

In 2014, the Value of Jobs Coalition introduced “Regional Price Parity” (RPP), which adjusts the buying power of personal incomes to account for regional price differences. For regions with higher costs of living, the RPP would adjust household incomes down, while regions with lower cost of living would see an upward adjustment.

Last year’s report found that Portland-metro had an RPP of essentially zero: the RPP-adjusted median household income was almost the same as the unadjusted income. This year, looking at 2013 statistics, there was a slight negative adjustment, showing that Portland-metro became somewhat less affordable. Given increasing housing prices, coupled with stagnant household wages, Portland-metro’s RPP will likely continue to decline.

Looking at comparator regions, all aspirational regions, as well as Salt Lake City and St. Louis among the peer regions, had stronger RPP-adjusted incomes than Portland-metro. That means that household incomes in those regions had more buying power than those in Portland-metro when measured against cost of living. See Figure 15.

**Why this matters to Oregonians**

This year’s Economic Check-Up is a mixed bag. The good news is that Portland-metro’s job and Gross Metropolitan Product growth are strong. Our traded-sector industries continue to innovate and compete in the global marketplace giving this region an advantage. This bodes well for the region, and yet, disturbing trends related to incomes and affordability continue.

Income stagnation and a decline of middle-income jobs is a trend that is seen in regions throughout the U.S. What this report shows, however, is that Portland-metro has some unique issues that impact the ability of families to prosper and enjoy the quality of life the region has to offer.

Does Portland-metro provide the kinds of jobs needed for families and individuals to get ahead? New data in this year’s Economic Check-Up shows people are working, but a disproportionate number are in part-time jobs that are less likely to offer good wages and benefits needed to own a home, provide for children, stay healthy and save for retirement. Focusing not just on job growth, but ensuring good jobs for individuals across all education levels must be a priority.

Another area that requires significant focus of regional leaders is affordability. Couple income stagnation with rapidly rising housing prices and increases in the cost of living and we have some fundamentally profound changes emerging in the Portland-metro area around who can afford to live here.

Recent discussions of “affordability” have high-centered around minimum wage. It is almost certain that Oregon’s minimum wage policy will be re-examined, but settling for “minimum” at any level is not enough to ensure family prosperity. Instead, the focus must be on growing and maintaining quality middle-income jobs or better that enable families not just to survive but to prosper.

Quality jobs and affordability are the opportunity and the challenge for residents and families in the region, as well as for leaders and decision makers. It is critical we work together to address these issues. We must start now by evaluating each decision through the lens of good jobs, growing incomes and increasing affordability. If we wait, it will be too late to reverse the trend.
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