

# Turning Point 2020: Oregon's Workforce from Expansion to Pandemic



June 2020





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This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.

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## Executive Summary

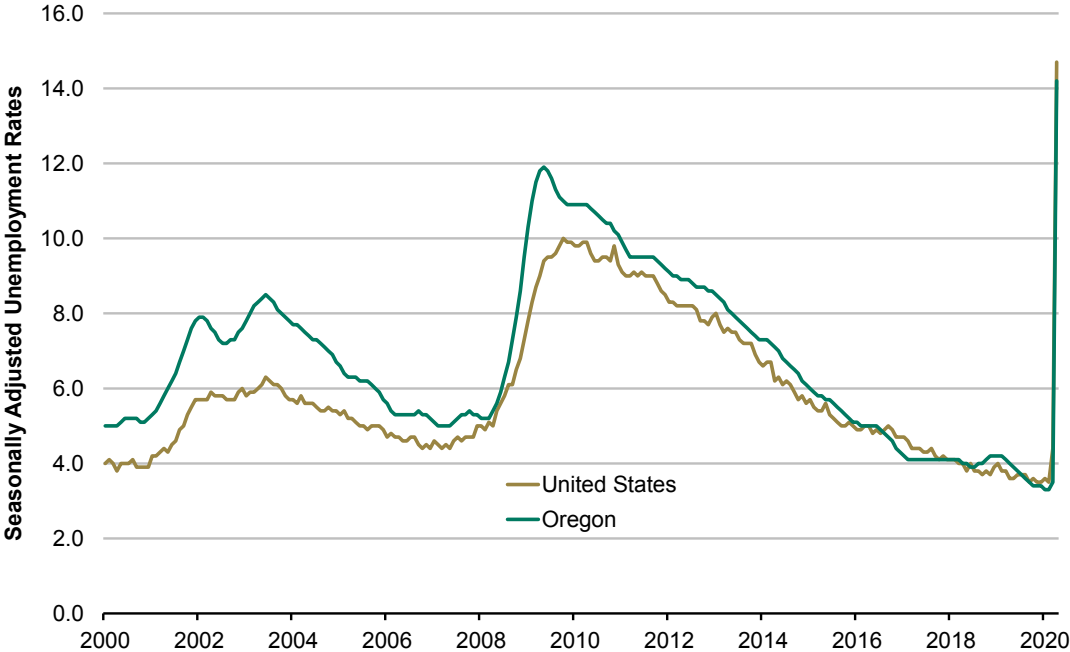
- Oregon's unemployment rate rose from a near-record-low 3.5 percent, as revised, in March to a record-high 14.2 percent in April, as COVID-19 business closures shut down a large portion of the economy.
- Oregon's payroll employers shed nearly 270,000 jobs during March and April. One out of every eight jobs in Oregon was idled or lost in just two months.
- From March 15 through May 16, 2020, the Oregon Employment Department received about 412,000 initial claims for traditional Unemployment Insurance. Job losses were concentrated among younger, lower-wage workers with high school educations or less.
- Oregon's economy faces many of the same demographic challenges seen across the nation, such as the aging of the workforce and baby boomer retirements, fewer young people participating in the labor force, and slower job growth in rural areas.
- The number of unemployed Oregonians was at a record low in early 2020 – still, amidst the lowest unemployment rates on record in Oregon, one out of five unemployed Oregonians had been unemployed for six months or longer.
- Today, nearly one out of four Oregon workers is age 55 or older, adding up to nearly 439,000 workers in 2018. Of those workers 124,000 were age 65 years and older and working past the traditional age of retirement.
- Oregon's rural areas tend to have an older population and workforce. Many of these workers are planning to retire in the next 10 years, taking their skills and experience with them. This will adversely impact employers unless they can recruit skilled workers from other areas to sustain the size of their current workforce and fuel their local economies.
- By 2019 the number of jobs in rural Oregon had barely budged above the levels seen back in 2001; rural Oregon gained just 16,000 jobs, adding 7 percent. The Portland-Vancouver-Hillsboro metro outpaced the rest of the state, with a 25 percent gain between 2001 and 2019, amounting to an additional 247,000 jobs. All other metro areas combined gained 23 percent, adding 117,000 jobs.



# Oregon's Long Economic Expansion Ends and Job Losses Begin

Oregon's unemployment rate rose from a near-record-low 3.5 percent in March to a record-high 14.2 percent in April, as COVID-19 business closures shut down a large portion of the economy. This is the highest rate and the largest over-the-month increase in the history of the series (comparable data are available back to 1976). The U.S. unemployment rate rose from 4.4 percent in March to 14.7 percent in April. The number of unemployed Oregonians rose by 227,500, to reach 300,400 in April. These sharp increases reflect the onset of the coronavirus pandemic and efforts to contain it.

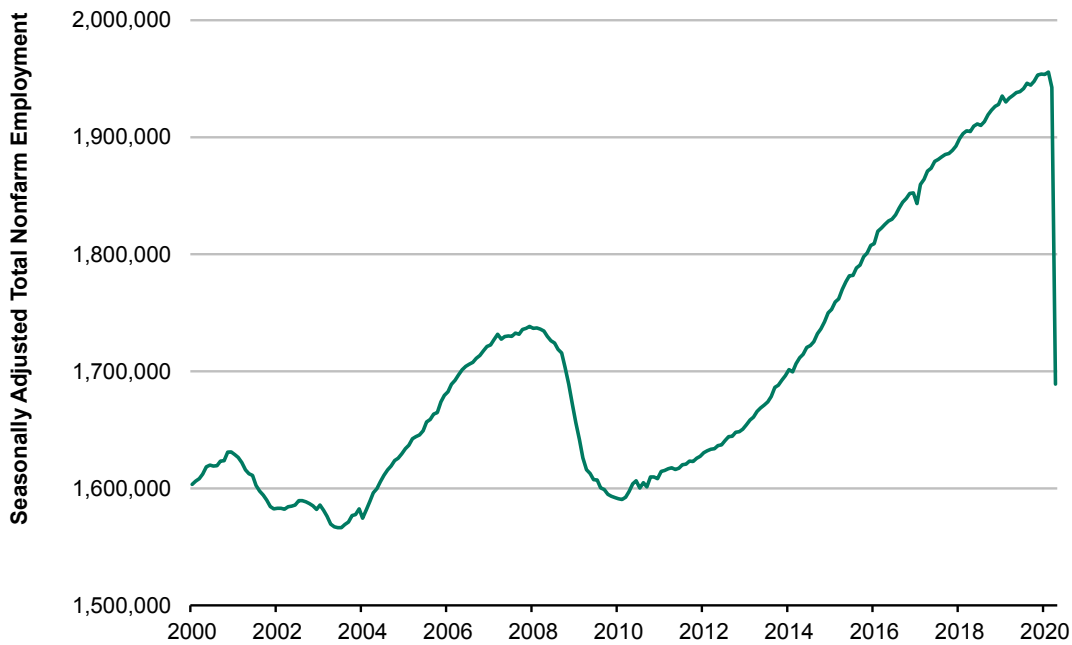
**Unemployment Rates Spike More Than 10 Percentage Points in April 2020**



Source: Oregon Employment Department and U.S. Bureau of Labor Statistics

This is a rapid reversal in economic trend from the record low unemployment rates seen over the past three years. In the past few years, employers reported worries like not finding enough qualified workers for their job openings, or any applicants at all. They planned for recruiting and retaining workers as the baby boomer generation retired in greater numbers. March and April 2020 job losses broke a long streak of job growth and supplanted all of those worries with the immediate effects of record-shattering layoffs. Employment peaked in February 2020 after a 10-year expansion that took employment well above the level prior to the last major recession. At peak in February 2020, Oregon’s job total reached 1,955,700.

### Employment in Oregon Takes a Record Drop in April 2020 after 10 Years of Expansion



Source: Oregon Employment Department and U.S. Bureau of Labor Statistics

Oregon’s payroll employers shed 253,400 jobs in April, following a loss of 13,200 in March. By April, one out of every eight jobs in Oregon was idled or lost. Leisure and hospitality took the brunt of the impact of pandemic-induced closures. The industry lost more than half of its jobs (-55%) in one month. Job losses were widespread throughout the economy though. No sector in Oregon gained jobs in April.

By April, one out of every eight jobs in Oregon was idled or lost. Leisure and hospitality took the brunt of the impact of pandemic-induced closures.

Other industries that were hardest hit in April were health care and social assistance (-26,800 jobs), retail trade (-22,500), professional and business services (-19,200), government (-13,100), other services (-12,900), construction (-12,000), and manufacturing (-11,600).

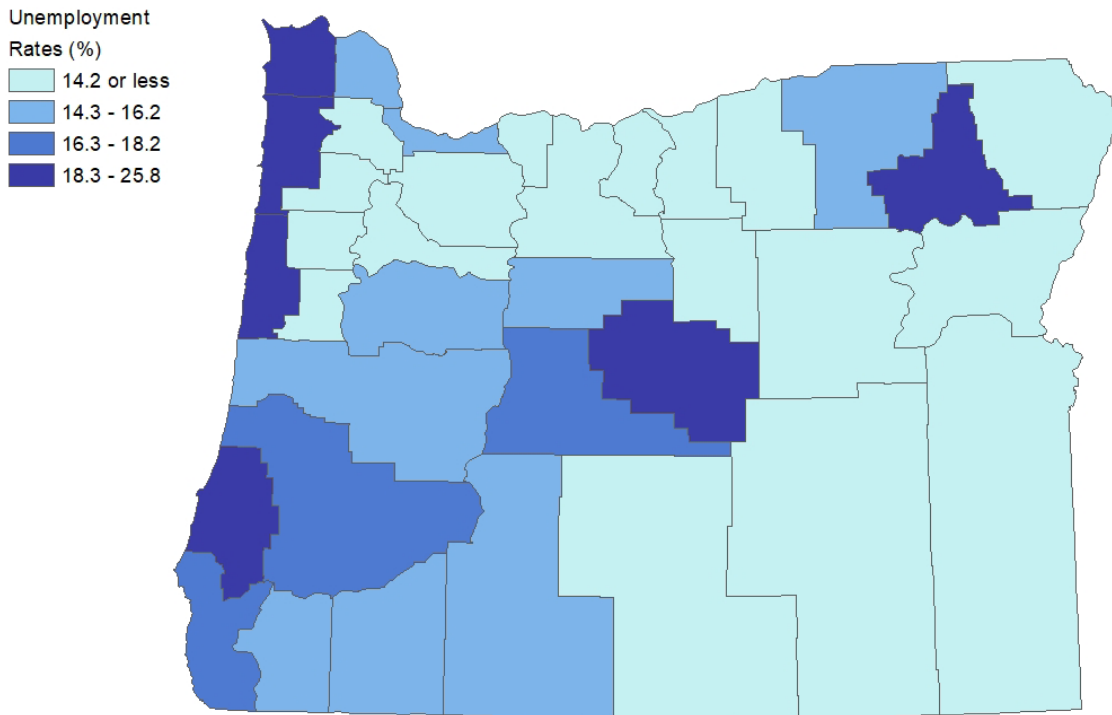
Most local unemployment rates shot up to record levels as well, many from near record lows. In April 2020, all of Oregon’s 36 counties experienced over-the-month increases in

their unemployment rates. Twenty-two of Oregon’s 36 counties experienced over-the-month unemployment rate increases of 10 percentage points or more. Lincoln County had the largest over-the-month increase at 21.9 percentage points. Counties with the smallest percentage-point changes in their unemployment rates since March 2020 include Wheeler (+0.5 pts), Morrow (+4.8 pts), Harney (+5.2 pts), and Malheur (+5.3 pts).

In April 2020, Lincoln County registered the highest unemployment rate for the month at 25.8 percent. Other counties with some of the highest unemployment rates in April were Clatsop (24.3%), Union (19.2%), Crook (18.9%), and Coos (18.8%).

Wheeler County had Oregon’s lowest not seasonally adjusted unemployment rate at 4.0 percent. Other counties with some of the lowest unemployment rates in April include Morrow County (8.4%), and Malheur County (8.8%).

### Seasonally Adjusted Unemployment Rate, April 2020



Source: Oregon Employment Department, Local Area Unemployment Statistics

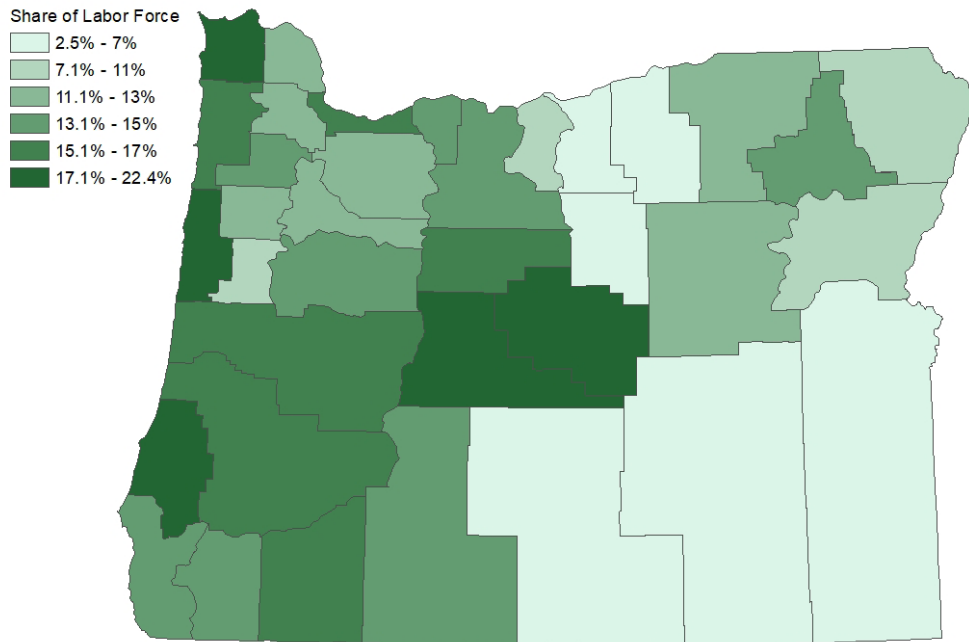


# Unemployment Insurance Claims Surge Amid COVID-19 Pandemic

Public health measures to restrict the spread of COVID-19 began in Oregon in mid-March. One of the most immediate visible impacts of these measures has been mass layoffs. Social distancing practices and workplace and gathering changes have severely impacted business practices in all industries around the state. Now that two months of data about initial claims for unemployment insurance are available, we can take a comprehensive look at how different industries have been impacted.

From March 15 through May 16, 2020, the Oregon Employment Department received about 412,000 initial claims for traditional unemployment insurance. This does not include claims for the newly implemented Pandemic Unemployment Assistance program, which covers the self-employed, contract workers, and gig workers not otherwise covered by Oregon's unemployment insurance program. Currently, we have detailed data for about 303,200 of the processed claims. These data come from the Program for Measuring Insured Unemployed Statistics (PROMIS).

**Initial Unemployment Insurance Claims as a Share of Labor Force**



Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020.



Not surprisingly the most populated counties have the largest number of initial unemployment insurance claims, with Multnomah County (69,100 claims) and Washington County (36,823 claims) in the Portland Metro area topping the list of counties with the highest number of claims processed. However, we can see a clearer picture of the hardest hit counties by looking at the number of initial claims as a share of the total labor force. Counties with large accommodation and food service sectors and tourism destinations were the hardest hit. The number of initial claims in Lincoln County represented over 22 percent of the labor force and around 21 percent of the labor force in Clatsop County. Deschutes County had the highest share of unemployment insurance claims among Oregon’s metropolitan counties, accounting for nearly 18 percent of the Bend MSA labor force.

The counties least impacted nine weeks into the crisis are the least populated in the state. They are likely the least impacted due to proportionally smaller concentration of local employment in restaurants or other businesses directly impacted by the COVID-19 restrictions, including health services and retail trade.

<b>Oregon Unemployment Initial Claims by Industry</b>		
	<b>Total Initial Claims March 15-May 16, 2020</b>	<b>Share of Total Initial Claims</b>
<b>Total</b>	<b>303,207</b>	<b>100%</b>
<b>Natural Resources and Mining</b>	<b>3,716</b>	<b>1.2%</b>
<b>Construction</b>	<b>20,764</b>	<b>6.8%</b>
<b>Manufacturing</b>	<b>31,726</b>	<b>10.5%</b>
<b>Trade, Transportation, and Utilities</b>	<b>55,677</b>	<b>18.4%</b>
Retail Trade	38,300	12.6%
Transportation and Warehousing	9,083	3.0%
Utilities	155	0.1%
Wholesale Trade	8,139	2.7%
<b>Information</b>	<b>3,440</b>	<b>1.1%</b>
<b>Financial Activities</b>	<b>7,171</b>	<b>2.4%</b>
Finance and Insurance	2,277	0.8%
Real Estate	4,894	1.6%
<b>Professional and Business Services</b>	<b>27,373</b>	<b>9.0%</b>
Professional and Technical Services	8,290	2.7%
Management of Companies and Enterprises	1,823	0.6%
Administrative and Waste Services	17,260	5.7%
<b>Education and Health Services</b>	<b>55,056</b>	<b>18.2%</b>
Educational Services	9,760	3.2%
Health Care and Social Assistance	45,296	14.9%
<b>Leisure and Hospitality</b>	<b>79,693</b>	<b>26.3%</b>
Arts, Entertainment, and Recreation	9,176	3.0%
Accommodation and Food Services	70,517	23.3%
<b>Other Services</b>	<b>18,086</b>	<b>6.0%</b>
<b>All Other</b>	<b>505</b>	<b>0.2%</b>

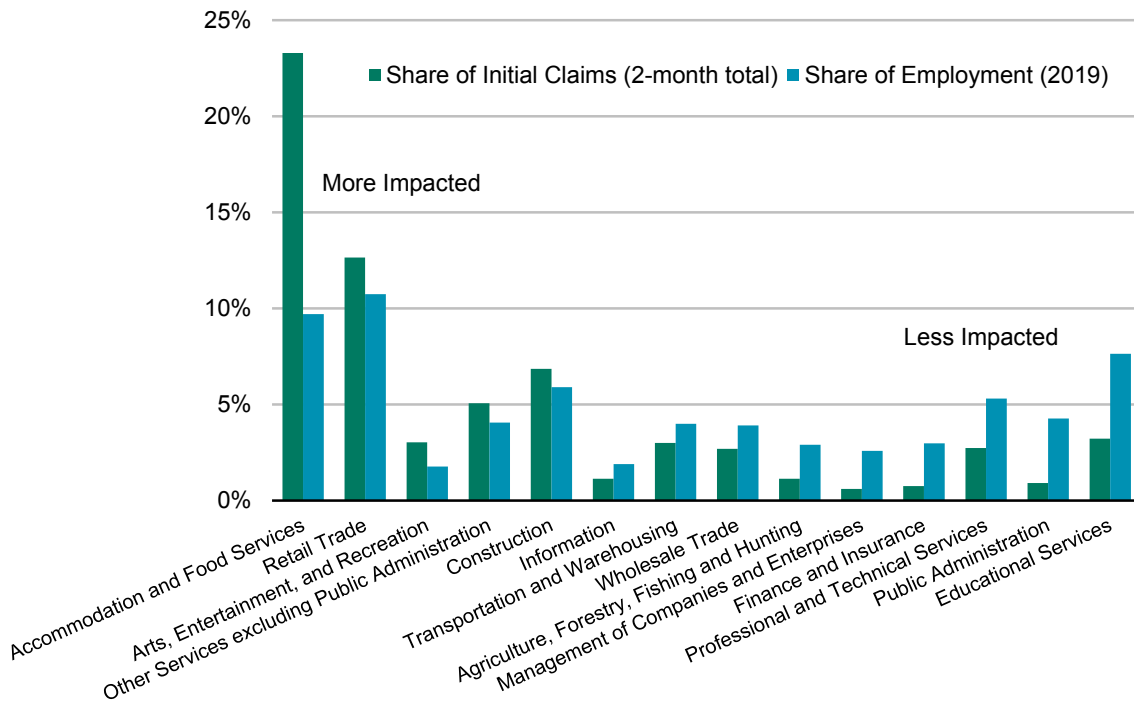
*Source: Oregon Employment Department*

## Layoffs Affect All Industries, Heavily Concentrated in a Few

About half (50.8%) of the processed initial claims from the past two months came from three industries. Accommodation and food services made up 23.3 percent of all processed claims. Bars, restaurants, and hotels were among the first and most severely impacted businesses. Health care and social assistance makes up the second-largest share (14.9%). Elective surgeries, non-urgent care, dental cleanings, and eye exams were on hold through April. Some of these services began to resume on May 1. Retail trade makes up 12.6 percent of initial claims processed in Oregon. Shopping malls and other stores where it is difficult to maintain social distancing have closed. Phase 1 reopening, with certain safety conditions met, began in parts of the state on May 15.

Based on its share of employment in Oregon, the accommodation and food services industry has been hit the hardest. In 2019, this industry made up 9.7 percent of total employment, but it accounts for 23.3 percent of initial claims. On the other end of the spectrum, professional and technical services, public administration, and educational services have fewer initial claims for Unemployment Insurance relative to their share of employment. Workers in these industries may be able to work from home or maintain social distance in the workplace more easily than in the hardest hit industries.

**Share of Initial Claims vs. Share of Employment in Select Industries, Oregon**



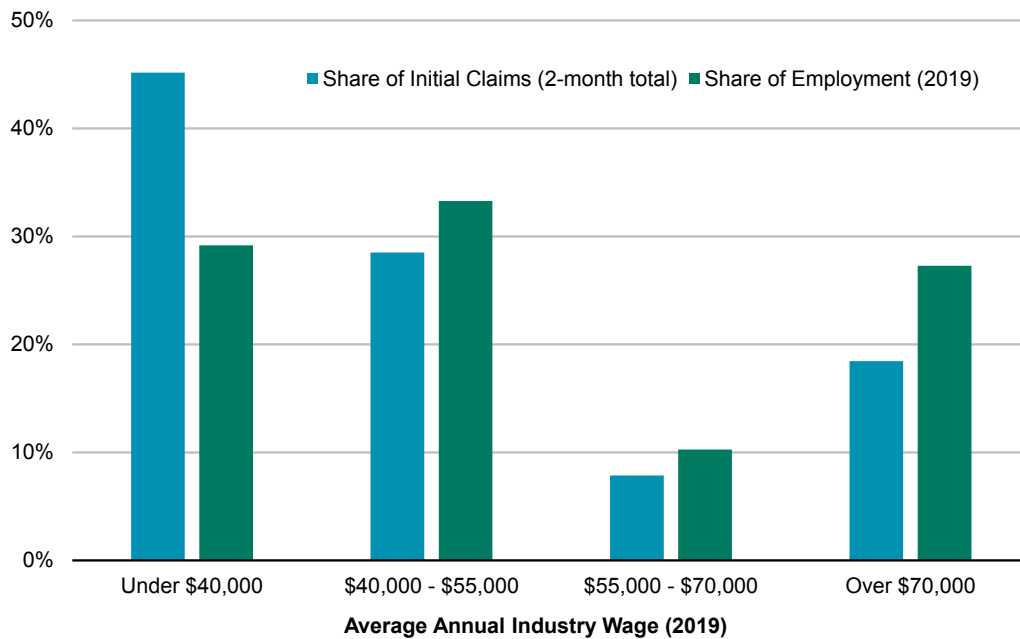
Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020

Over the past two months, all industries across the state have been affected, but not equally. Low-wage industries have been more significantly impacted than higher-paying industries. Almost half (45.2%) of initial claims processed from March 15 through May 16 have come from industries with annual average wages around \$40,000 or less. In 2019, industries that pay less than \$40,000, including accommodation and food services, represented only 29.2 percent of employment in Oregon. Retail trade, another of the hardest hit industries, pays an average wage of less than \$40,000 as well.



Industries with an annual average wage between \$40,000 and \$55,000 represented 28.5 percent of initial unemployment insurance claims and 33.3 percent of 2019 employment in Oregon. Industries with an average wage between \$55,000 and \$70,000 represented 7.9 percent of unemployment insurance initial claims and 10.3 percent of 2019 employment. Industries paying an average over \$70,000, like management of companies and professional and technical services, only had 18.5 percent of the initial unemployment insurance claims over the past two months and 27.3 percent of 2019 employment.

**Share of Initial Claims v. Share of Employment by Average Annual Industry Wage**



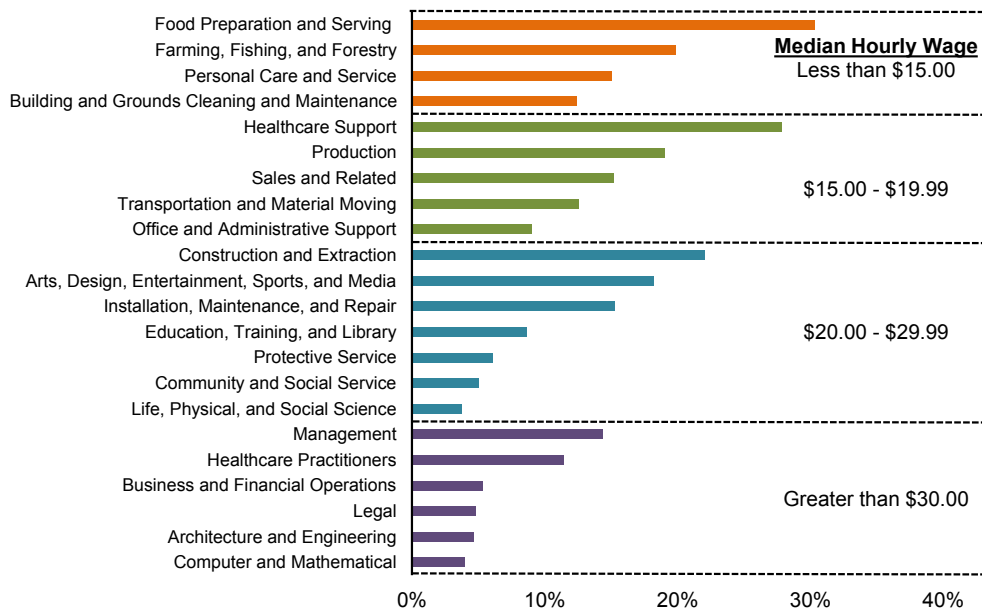
Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020

## Who Are the COVID-19 Unemployed in Oregon?

With two months' worth of claims processed since the onset of the crisis, it is becoming clear that the most economically vulnerable Oregonians are being impacted more significantly. Lower-paying occupational groups posted notably higher shares of layoffs than higher-paying occupational groups. The occupational groups with a median hourly rate of less than \$20 an hour represented around 68 percent of total initial claims for unemployment insurance processed over the first nine weeks. This represents a higher share than the 58 percent of statewide employment these lower-paying occupations account for. Meanwhile, the highest-paying occupational groups, those with a median hourly rate greater than \$30, represent only 14 percent of initial claims processed, but 22 percent of total employment.

The most economically vulnerable Oregonians are being impacted more significantly.

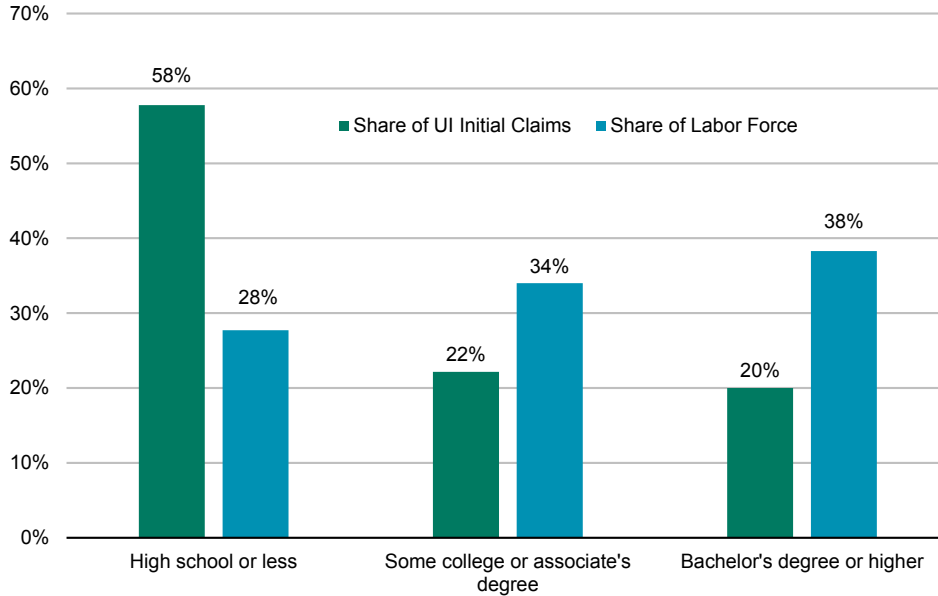
**Initial Claims by Occupational Group as a Share of Total Employment**



Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020.

When comparing the level of education for recent unemployment insurance claimants with the educational attainment of the entire labor force, it's clear that those with lower levels of education have been hit particularly hard. This is likely a reflection of the industries most impacted by COVID-19 related closures, such as leisure and hospitality, construction, retail, and manufacturing, which have a higher concentration of workers with a high school diploma or less. Around 58 percent of recent unemployment insurance claims were by individuals with a high school diploma or less, a significantly higher share than the 28 percent of the labor force they account for.

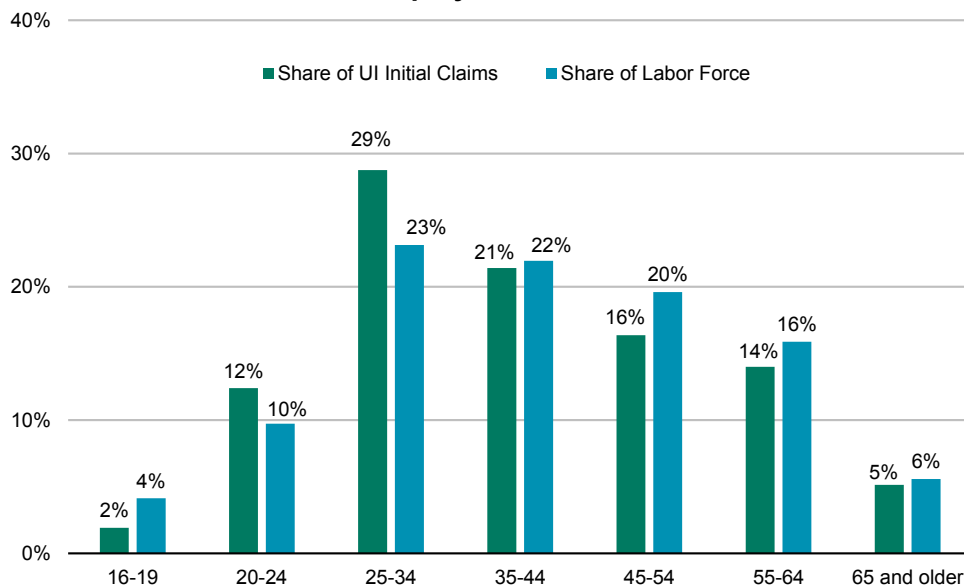
### Those with High School Diploma or Less Have Been Hit Particularly Hard by Layoffs



Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020.

The age distribution of the unemployment insurance claimants is fairly typical of the labor force more broadly, with a few exceptions. Those ages 25 to 34 have been particularly hard hit. They accounted for roughly 29 percent of all unemployment insurance claimants in the past nine weeks, but only 23 percent of the total labor force. This age group accounts for a larger share of the jobs in industries that were most impacted by COVID-19 related closures. It could also be that this group represents workers earlier in their career and they were more susceptible to layoffs than higher-level managers or supervisors. The youngest workers (ages 16 to 19) seem to be the least impacted, accounting for only 2 percent of total claimants. However, this is likely a reflection of lack of unemployment insurance coverage for these young workers who have fewer covered hours in the system.

### Those Ages 25-34 Account for a High Share of Initial Unemployment Insurance Claims



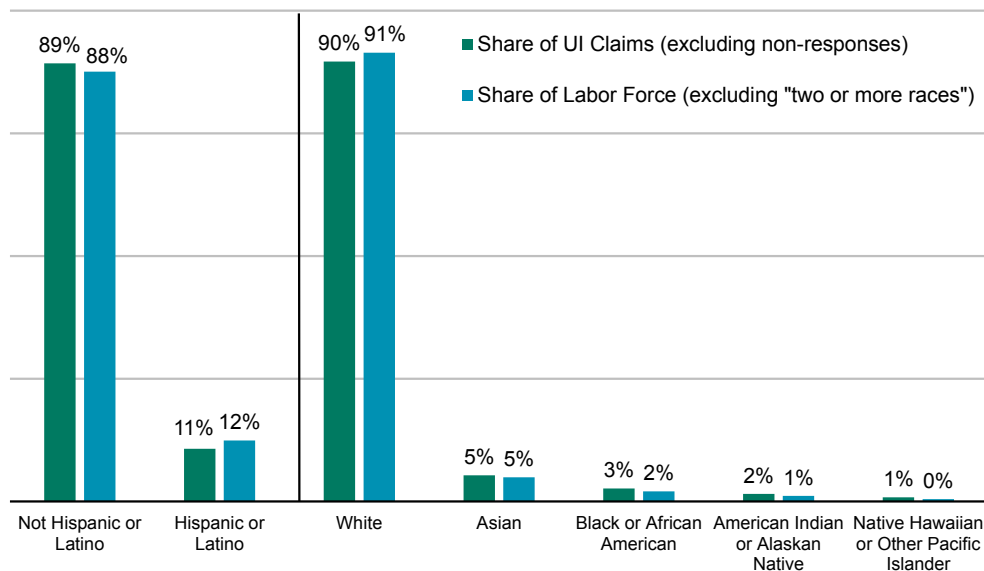
Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020.

While filing for unemployment benefits claimants are asked their gender, race, and ethnicity. These questions are not mandatory, resulting in a significant amount of non-response. For instance, this early look at the data only includes gender information for around 56 percent of the 303,400 initial claims processed. The initial claims processed for men (85,934) were slightly higher than those processed for women (82,947). However, before the COVID crisis women represented just 36 percent of all unemployment insurance claimants. Since March 15 they've represented nearly half of the claims that included gender.

Based on data from the U.S. Census Bureau's American Community Survey, women represent the majority of employed workers in many of the industries hardest hit by recent layoffs, including accommodation and food services (57%); health care and social assistance (76%); and other services (55%). With women also representing a larger share of layoffs than is typical, it is likely that women are being disproportionately impacted by these COVID layoffs.

There are similar non-response issues with race. Roughly 20 percent of the unemployment insurance initial claims that included some demographic information did not include race. Excluding those non-responses, the racial and ethnic breakout of the COVID unemployed looks very similar to Oregon's labor force who identify as a single race. However, similar to gender it is difficult to definitively state that all racial and ethnic groups are being impacted similarly relative to their size, as the non-response rate is high enough to leave open some uncertainty.

### The Race and Ethnicity of Initial Unemployment Insurance Claimants Is Consistent with the Labor Force



Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the nine weeks ending May 16, 2020.



## **Economic and Workforce Conditions As COVID-19 Crisis Takes Hold**

Taking a step back from COVID-19 and the host of unknowns that come with the economic crisis in its wake, Oregon's economy faces many of the same demographic challenges seen across the nation, such as the aging of the workforce and baby boomer retirements, fewer young people participating in the labor force, and slower job growth in rural areas.

Oregon's labor force growth has been relatively slow during the past three years, stabilizing around 2.1 million people. Population growth has driven labor force growth in recent years. This is a result of natural increase (births minus deaths) and net migration. As labor force participation trends down due to increased retirements and lower participation among youth, future labor force growth could be limited to the rate of population growth. There's little doubt that 2020 will bring a pause to in-migration as the pandemic makes it much more difficult to move and changes the availability of jobs that often draw people to Oregon. However, when the economy does pick up again, it's likely in-migration will quickly follow, resuming Oregon's long-term track record of growth.

It's impossible to know how quickly economic activity will resume or what the short- to medium-term effects of the COVID-19 pandemic will be on the Oregon job market. But this broad overview of aspects of the workforce, based on the last few years of data, should prove sound throughout.

### **Long-term Unemployed**

Nearly a decade ago, in the early stages of the economic recovery from the Great Recession, the number of long-term unemployed Oregonians spiked to nearly 102,000, the highest number on record. Long-term unemployed are those who have been unemployed for at least six months.

### **Oregon's Population Approaches 4.2 Million**

The population of Oregon has grown to almost 4.2 million. Our median age is slightly higher than the national average, at 39.6 years, compared with 38.2 years across the U.S. More than nine out of 10 Oregonians ages 25 and over have completed high school or more education, a slightly higher rate than the 88 percent in the U.S. One-third of the Oregon population age 25 and over have at least a bachelor's degree.

The longer an unemployed worker remains unemployed, the less likely they are to find a steady full-time job, and the more likely they are to leave the labor force. Researchers have found that long-term unemployment can lead to a decline in the workers' knowledge, skills, and abilities, making it harder for them to qualify for available jobs. Other studies show that employers discriminate against the long-term unemployed, making it less likely for an unemployed worker to receive an interview. These barriers to employment can exist even in a strong economy.



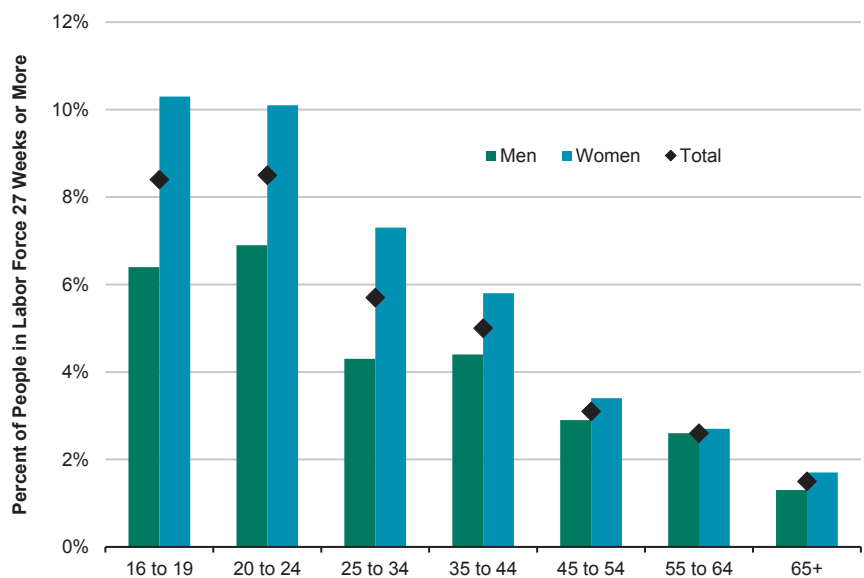
The total number of unemployed Oregonians has been very low recently, dropping below 90,000 for the last three years and reaching a record low of less than 70,000 in January 2020. Long-term unemployment has also returned to levels last seen prior to the Great Recession. Over the past year, the number unemployed for longer than six months averaged 14,600. Still, even amidst the lowest unemployment rates on record in Oregon, one out of five unemployed Oregonians had been unemployed for six months or longer.

Although the number of long-term unemployed Oregonians has fallen below pre-recession levels, it took about seven years of economic recovery to reduce long-term unemployment to its present level. In addition to how persistent long-term unemployment was post-recession, it's unclear from the data whether most of the improvement came from long-term unemployed finding work, or if many left the labor force altogether.

### The Working Poor

The number of working poor in the United States surged up 41 percent between 2007 and 2012 before beginning to decline again in 2013. By 2017, the number of working poor dropped 7 percent below the 2007 level, prior to the Great Recession. The working poor are individuals who were in the labor force for at least 27 weeks during the year, but still had incomes below the official poverty level. About 6.9 million people fit that definition in 2017, finally falling below the pre-recession level

Working Poor Rate of U.S. Workers by Age, 2017



Source: Oregon Employment Department and U.S. Bureau of Labor Statistics



of 7.5 million in 2007. The working poor accounted for 4.5 percent of all people who were in the labor force 27 weeks or more in 2017.

These figures come from the Bureau of Labor Statistics' (BLS) annual *Profile of the Working Poor*.

Those who were usually employed part time were more likely to be among the working poor. The working poor rate was 2.9 percent for those workers who were usually employed full time, while it was 10.9 percent for those usually employed part time.

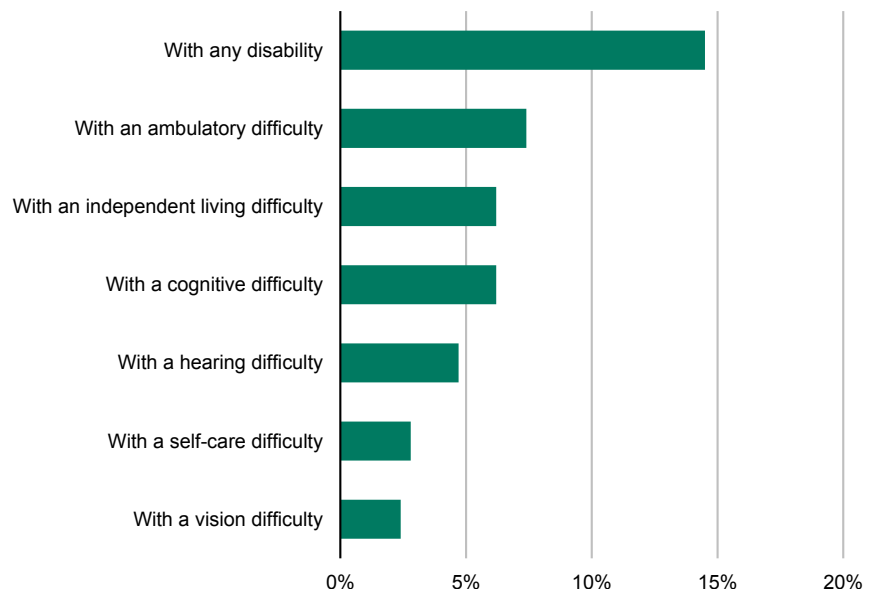
Younger workers were more likely to be poor. In 2017, the working poor rate by age group was highest for those ages 16 to 19 (8.4%) and 20 to 24 (8.5%). It then declined with each successive age group. Fewer than 4 percent of workers over the age of 45 were among the working poor, and the rate dropped to 1.5 percent for workers ages 65 and over. Nationally, slightly more women were considered working poor than men in 2017. In addition, women who head families were more than twice as likely to be among the working poor as men who head families.

Workers with higher levels of education are less likely to be among the working poor. Very few college graduates who were in the labor force for 27 weeks or more in 2017 were among the working poor (1.5%), while 13.7 percent of those with less than a high school diploma were among the working poor.

## Workers with a Disability

In Oregon, there were about 585,000 people with a disability, according to the Census Bureau's American Community Survey. This represented roughly 15 percent of Oregon's civilian noninstitutionalized population. Among the population of working age, those 18 to 64, about 301,000 had a disability. Older people are more likely to have a disability. In Oregon, 51 percent of individuals ages 75 years and older have a disability and about 6 percent of the population ages 5 to 17 have a disability.

Oregon Population by Type of Disability, 2014-2018



Source: Oregon Employment Department and U.S. Census Bureau

According to the U.S. Bureau of Labor Statistics, the unemployment rate for people with a disability was 8.0 percent nationally in 2018, more than twice that of people with no disability (3.7%).

Among the population ages 18 to 64, about 117,000 Oregonians with a disability were employed and 18,000 were unemployed on average between 2014 and 2018. About 166,000 were not in the labor force. There is a big difference in the employment rates between Oregonians with a disability and those without a disability. About 39 percent of Oregonians with disabilities were employed versus 77 percent of those with no disabilities. People who are neither employed nor unemployed are not in the labor force. About 55 percent of Oregonians with disabilities were not in the labor force versus 19 percent of those with no disabilities.

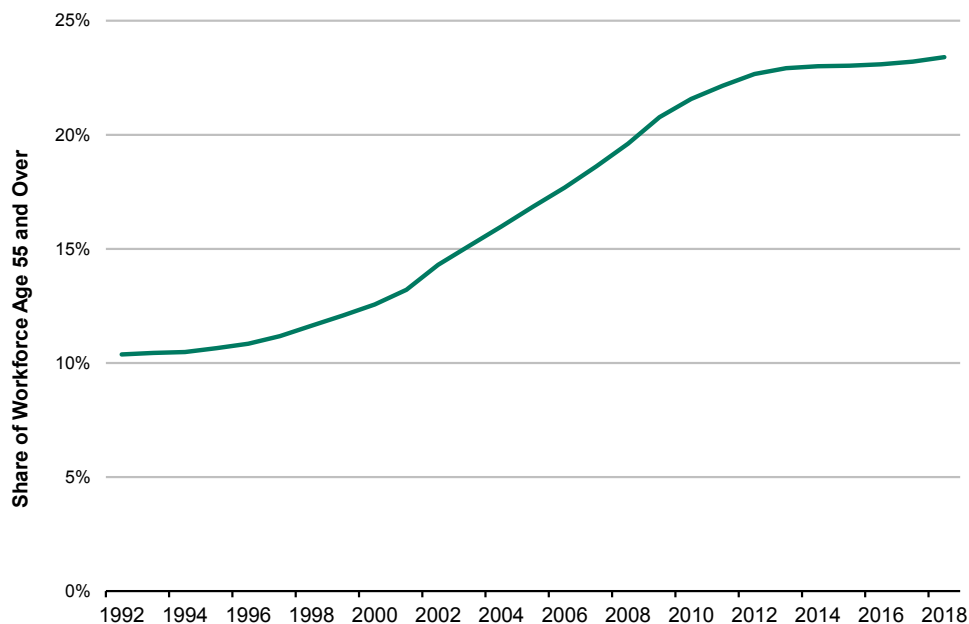
### Aging of the Workforce

Today, nearly one out of four Oregon workers is age 55 or older. Baby boomers have dramatically changed the age structure of Oregon's workforce. In 1998, the oldest baby boomers were just 52 years old and the overall workforce was much younger. Two decades ago, just over 10 percent of Oregon's workforce was age 55 years or older. In 2018, 23 percent of Oregon's workforce was 55 years and over.

Today, nearly one out of four Oregon workers is age 55 or older.

The number of workers in Oregon who were 55 years and over reached nearly 439,000 in 2018. Of those workers 124,000 were age 65 years and older and working past the traditional age of retirement.

**Nearly One out of Four Workers in Oregon Is 55 or Older**



Source: U.S. Census Bureau, Local Employment Dynamics

Older workers can be found in jobs in all industries, of course, but some industries have a large concentration of older workers. In Oregon, the industry sectors with a larger than average share of workers 55 years and older are mining (32%), utilities (31%), agriculture and forestry (31%), real estate (29%), transportation and warehousing (29%), public administration (28%), other services (28%), educational services (28%), wholesale trade (26%), manufacturing (25%), health care (24%), and finance and insurance (24%). These industries may face a tougher time finding enough replacement workers as these older workers head toward retirement. At the same time, older workers looking to remain in the workforce may find job opportunities in these sectors if they have relevant experience.

Rural areas in Oregon also have a large concentration of older workers. In fact, the only counties with a smaller share of older workers than the statewide average are Washington County (21%), Multnomah County (21%), and Deschutes County (22%).



## **Race and Ethnic Diversity in Oregon's Workforce**

Historically, racial and ethnic diversity has not been Oregon's strong suit. The seven-county Portland metro area ranks 44th in diversity out of the 50 most populous metro areas in the U.S., with non-Hispanic white residents making up 73 percent of its population as of the U.S. Census Bureau's 2018 American Community Survey (ACS). With the exception of Asian workers, people of color in Oregon's workforce face higher unemployment rates and lower wages than non-Hispanic white workers, and tend to work in lower-paying industries.

### **Demographics Changing Most in Portland Metro**

Though it is still predominantly white, Oregon's population has started to diversify in recent years. In 2018, the share of people of color in Oregon grew to 25 percent, a 32 percent increase from 2008. This is still 13 percentage points lower than the national average, but the share of people of color in Oregon grew more quickly than the national average over this 10-year span. The share of Hispanic or Latino residents of any race in Oregon has increased more than any other racial or ethnic group, with a 17 percent increase in the past decade.

Despite being one of the least diverse large metro areas in the U.S., the Portland metro area is one of the most diverse regions in the state of Oregon. Twenty-seven percent of the metro's population identified as people of color in 2018. Salem is Oregon's most diverse metro area – one out of three residents are people of color. The least diverse metro regions in Oregon are the Bend-Redmond and Grants Pass metro areas. In both these areas, less than 14 percent of residents are people of color.

The majority of foreign-born Oregon residents are Hispanic or Latino (43%). However, foreign-born Asian residents make up a higher proportion of Oregon's Asian population than foreign-born Hispanic or Latino residents do. More than two-thirds of Oregon's Asian residents are foreign-born (69%), while one-third of Oregon's Hispanic or Latino population are foreign-born (32%). Unlike the overall makeup of the state, the demographics of the foreign-born population have remained nearly the same over the past decade.

## Employment Status Varies by Race and Ethnicity

People of color in Oregon have higher labor force participation rates than white residents. As of the 2018 ACS, the white working-age population had a labor force participation rate of 61 percent, 8 percentage points lower than the labor force participation rate for people of color. Those surveyed that identified as some other race not listed had the highest labor force participation rates, followed by Hispanic or Latino residents.

Unemployment also varies by race and ethnicity. In total, people of color had a higher unemployment rate than the white workforce in 2018. This may be due in part to higher rates of labor force participation since the unemployment rate is a measure of how many workers currently in the labor force are unemployed, yet this explanation does not hold true for every group. Despite their relatively low labor force participation, American Indians reported the highest unemployment rate.

Employment Status by Race and Ethnicity			
Group	Oregon Total	Labor Force Participation Rate	Unemployment Rate
Population 16+	3,313,374	62.2%	6.0%
Non-Hispanic White	2,615,222	60.6%	5.6%
People of Color	698,152	68.8%	7.3%
Black	60,043	65.2%	10.8%
American Indian	36,626	60.0%	12.1%
Asian	146,795	64.0%	4.5%
Some other race	91,661	74.9%	6.8%
Two or more races	121,623	64.5%	9.2%
Hispanic or Latino	353,190	72.5%	7.0%

*Source: Oregon Employment Department and U.S. Census Bureau, 2018 American Community Survey, 5-year estimates, table S2301*

## Wage Disparity

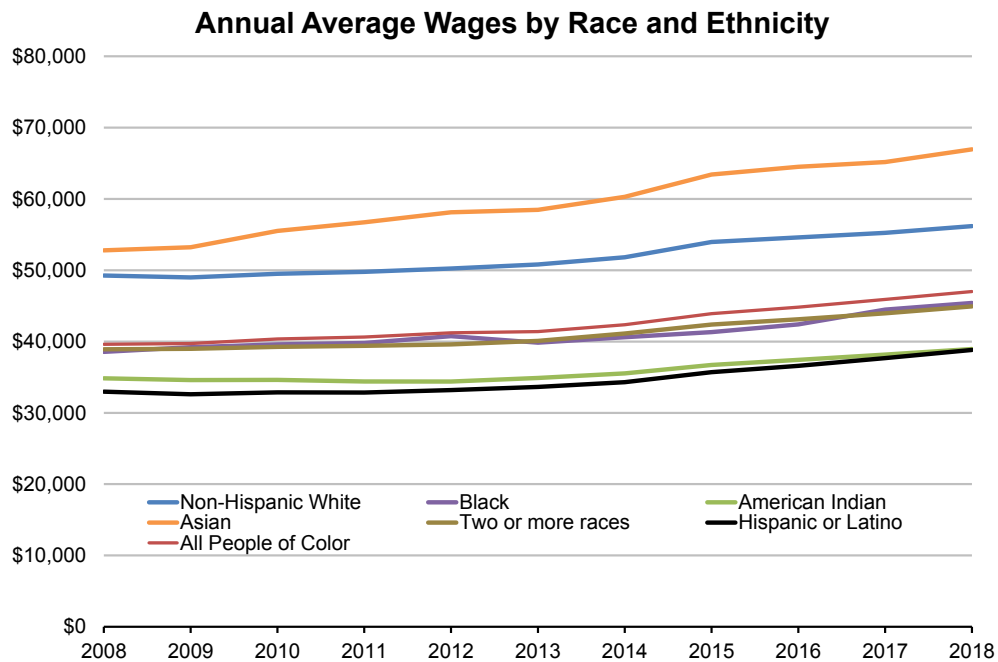
Over the last decade, the wage disparity by race and ethnicity has remained consistent. According to the U.S. Census Bureau’s Longitudinal Employer-Household Dynamics (LEHD), Asian and non-Hispanic white workers have the highest wages. In 2018, wages for black, American Indian, multiracial, and Hispanic or Latino workers of any race ranged between \$39,000 and \$45,000 annually – at least \$10,000 less than white workers and \$20,000 less than Asian workers.

However, real wages have grown faster for Hispanic and Latino and black workers than for non-Hispanic white workers. On average, real wages for Oregon workers grew 13.1 percent from 2008 to 2018, an increase of \$6,256. American Indian workers have seen the lowest real wage growth of 11.8 percent in the last decade. Real wages for all other racial and ethnic groups grew by at least 14 percent. Asian workers have seen the most highest real wage growth at 27 percent, an increase of \$14,160 in annual average wages.

This wage disparity is due in part to the industries of employment for each racial and ethnic group. The largest industry of employment for all groups is education and health services, with an annual average wage of \$51,550 in 2018. However, the breakdown of employment beyond this industry varies. In aggregate, the second most common industry of employment for people of color is leisure and hospitality, which had the lowest annual average wages in 2018 (\$22,754). In contrast, the second most common industry of employment for non-Hispanic white workers is professional and business services, with an annual average wage of \$69,800. Manufacturing, which has one of the highest annual average wages in the state (\$70,652), employs 18 percent of Asian workers, which may help explain Asian workers' higher incomes.



Educational attainment is also a factor. The 2018 ACS reported that 36 percent of non-Hispanic whites over 25 have a bachelor's degree or higher, compared with 27 percent of people of color. However, 51 percent of Asian residents have a bachelor's degree or higher, the highest of any race or ethnicity. Typically, those with higher education qualify for higher-paying jobs, which also factors into the higher annual average wages for Asian and non-Hispanic white workers.



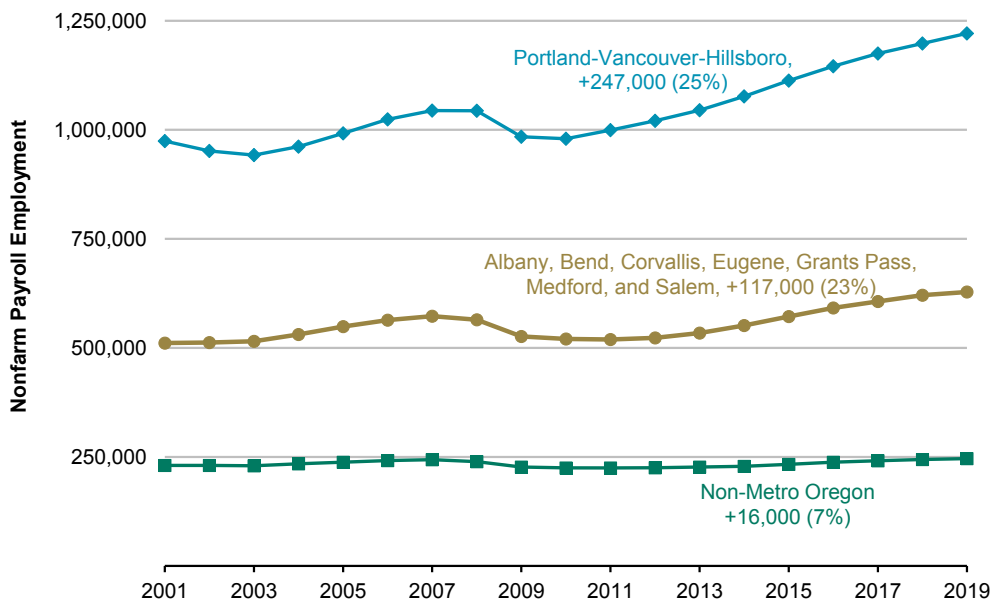
Source: Oregon Employment Department and U.S. Census Bureau, Longitudinal Employer-Household Dynamics (LEHD). Inflation-adjusted to 2018 dollars.



# Economic and Workforce Conditions in Rural Oregon

It took rural areas of Oregon much longer than it took the Portland area to begin adding jobs following the Great Recession. By 2019, the number of jobs in rural Oregon had barely budged above the levels seen back in 2001; rural Oregon gained just 16,000 jobs, adding 7 percent. Meanwhile, job growth in Oregon’s metro areas has been much stronger since 2001. Job growth in the Portland-Vancouver-Hillsboro metro outpaced the rest of the state, with a 25 percent gain between 2001 and 2019, amounting to an additional 247,000 jobs. All other metro areas combined gained 23 percent, adding 117,000 jobs.

**Rural Oregon Added Jobs at a Slow Pace Through 2019  
Portland Area, Other Metro Areas,  
and Combined Non-Metro Counties**



Source: Oregon Employment Department, Current Employment Statistics

Long-term job growth in some areas of rural Oregon is hampered by changes in the economy and an aging population. These slow-growth trends were made worse by the Great Recession. Rural areas with less diverse industrial bases are also potentially more vulnerable to the effects of another recession.

Job growth trends have diverged at the county level. Oregon has 23 rural counties and 13 urban counties. In general, more remote areas have had a tougher time growing, and are in some cases outright declining in terms of the job base. Rural counties in close proximity to metro areas have grown more quickly. Grant County and Harney County in eastern Oregon have lost nearly 10 percent of their job base since 2001. Wheeler, Crook, and Malheur counties have also lost a few jobs since 2001, but remain within 5 percent of their 2001 employment levels.

**The Expansion Was Concentrated in Oregon's Metro Areas  
Oregon Job Growth by Area, 2001 to 2019**

<b>Area</b>	<b>2001</b>	<b>2019</b>	<b>Change</b>	<b>% Change</b>
Oregon	1,605,200	1,940,500	335,300	21%
<b>Metropolitan Areas</b>				
Albany, OR MSA	40,220	46,520	6,300	16%
Bend-Redmond, OR MSA	53,740	86,570	32,830	61%
Corvallis, OR MSA	37,480	44,020	6,540	17%
Eugene, OR MSA	142,900	163,100	20,200	14%
Grants Pass, OR MSA	22,560	27,480	4,920	22%
Medford, OR MSA	74,960	89,020	14,060	19%
Portland-Vancouver-Hillsboro, OR-WA MSA	974,400	1,221,200	246,800	25%
Salem, OR MSA	139,300	171,400	32,100	23%
<b>Nonmetropolitan Areas</b>				
Baker County	5,300	5,530	230	4%
Clatsop County	15,500	19,220	3,720	24%
Coos County	21,170	22,890	1,720	8%
Crook County	6,200	6,060	-140	-2%
Curry County	6,450	6,700	250	4%
Douglas County	37,950	38,410	460	1%
Gilliam County	745	915	170	23%
Grant County	2,690	2,400	-290	-11%
Harney County	2,580	2,370	-210	-8%
Hood River County	8,680	12,080	3,400	39%
Jefferson County	6,200	6,580	380	6%
Klamath County	23,140	22,920	-220	-1%
Lake County	2,240	2,290	50	2%
Lincoln County	17,280	18,650	1,370	8%
Malheur County	12,240	11,900	-340	-3%
Morrow County	3,120	4,960	1,840	59%
Sherman County	645	920	275	43%
Tillamook County	8,000	9,510	1,510	19%
Umatilla County	28,370	28,180	-190	-1%
Union County	10,210	10,510	300	3%
Wallowa County	2,280	2,560	280	12%
Wasco County	8,980	10,200	1,220	14%
Wheeler County	315	300	-15	-5%

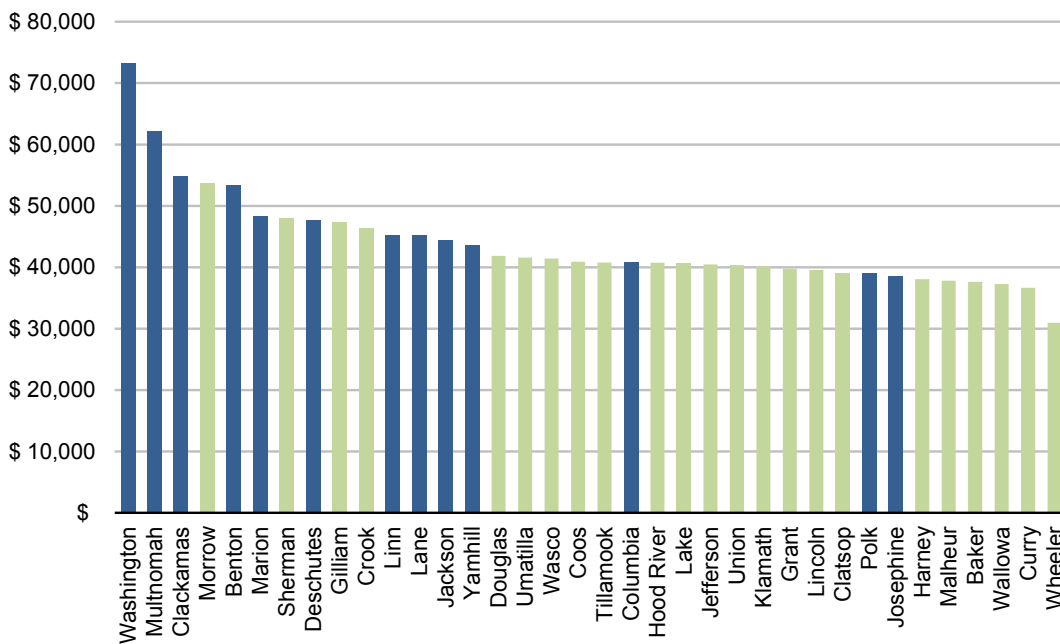
*Source: Oregon Employment Department*



On the other end of the job growth spectrum, Morrow County employment grew 59 percent since 2001, while Hood River County gained 39 percent, Sherman County added 43 percent, and Gilliam County added 23 percent. All of these counties are along Oregon’s northern border and the Columbia Gorge, and linked to the Portland metropolitan area by I-84. The north Oregon coast fared better than the central and south coast in terms of job growth – again showing the power of proximity to the state’s largest metro area. Clatsop County employment grew 24 percent since 2001 and Tillamook added 19 percent. Lincoln gained 8 percent, while Coos added 8 percent and Curry gained 4 percent. In south central Oregon, on the state’s southern border, Lake and Klamath counties’ employment levels are virtually the same as in 2001.

Average wages in rural Oregon are lower than in urban areas of the state. The combined average annual payroll in non-metro counties was just \$40,861, compared with \$56,823 in metro areas in 2019. Just four non-metro counties, Morrow, Sherman, Gilliam, and Crook, have average wages that are similar to metro areas. However, the average wages in these four counties are high due to very high wages for relatively few jobs. This increased the overall average without directly raising the wages of other workers. For example, the information sectors of Crook and Morrow counties include jobs at Internet data centers, and the high wages paid in that industry raise the overall county averages above wages in other rural counties.

**Average Wages Are Higher in Most Metro Counties**  
**2019 Annual Average Metro = \$56,823 and Non-metro = \$40,861**



Source: Oregon Employment Department

There tend to be fewer jobs per person living in rural Oregon than there are in urban areas, and a smaller share of the population in rural counties participates in the labor force. The labor force participation rate is the share of the population age 16 years and older that is employed or unemployed. Over the last 20 years, labor force participation rates have been falling in Oregon and the U.S. as a larger share of the population reaches retirement age and fewer young people enter the labor force.

These trends are particularly strong in many of Oregon’s rural areas. Curry County has the lowest labor force participation rate in the state at 44.7 percent in 2018. That means fewer than half of the county’s population age 16 and over was working or actively looking for job. Other counties with low labor force participation include Crook (48.4%), Coos (48.9%), Josephine (49.5%), and Lincoln (50.0%). Some rural counties have higher labor force participation rates. All of the four rural counties that had participation rates higher than the statewide rate of 62.3 percent were located along the Columbia River. These were Hood River (79.3%), Morrow (65.9%), Umatilla (65.0%), and Wasco (63.6%) counties.

Aging rural populations have a direct effect on the aging of the workforce, as shown by the share of the workforce that is age 55 years and over. Many of these workers are planning to retire in the next 10 years, taking their skills and experience with them, and this will adversely impact employers unless they can recruit skilled workers from other areas to sustain the size of their current workforce and fuel the local economic engine.

Rural Oregon stretches across a vast area and encompasses a variety of industries and economic conditions. Areas of rural Oregon with industries meeting the current needs of the economy are thriving. Other areas of rural Oregon have experienced a long-term reduction in jobs, while the jobs that remain often pay lower wages. Going forward, nearly all of rural Oregon faces the challenges of an aging population and a relatively smaller workforce as fewer members of the communities participate in the labor force.

<b>Area</b>	<b>Number of Workers 55 and Over</b>	<b>Percent of All Ages</b>	<b>Area</b>	<b>Number of Workers 55 and Over</b>	<b>Percent of All Ages</b>
<b>Oregon</b>	<b>438,794</b>	<b>23%</b>			
Wheeler	113	38%	Josephine	7,209	27%
Grant	656	32%	Malheur	3,506	26%
Wallowa	855	32%	Klamath	5,690	26%
Gilliam	234	32%	Hood River	3,360	25%
Lake	689	32%	Union	2,552	25%
Lincoln	5,191	31%	Jackson	22,218	25%
Harney	662	30%	Yamhill	8,833	25%
Curry	1,797	29%	Linn	11,399	25%
Coos	6,338	29%	Marion	39,024	25%
Sherman	181	28%	Benton	9,354	25%
Tillamook	2,638	28%	Columbia	2,644	25%
Baker	1,484	28%	Lane	38,017	25%
Jefferson	1,744	28%	Umatilla	7,467	25%
Clatsop	4,603	27%	Polk	4,918	24%
Wasco	2,920	27%	Clackamas	39,960	24%
Crook	1,440	27%	Deschutes	17,742	22%
Douglas	9,594	27%	Multnomah	108,551	21%
Morrow	1,427	27%	Washington	63,755	21%

*Source: U.S. Census Bureau, Local Employment Dynamics*



## Much Remains Unknown

The COVID-19 pandemic and its effects on the Oregon economy are an emergent situation that continues to evolve. We're currently in the midst of historic levels of job loss and economic turbulence as the rules for economic activity literally change month-to-month. Businesses strive to remake their workplaces, work toward reopening, and maintain a never-before-seen level of connection with the employees they've had to lay off. New unemployment insurance programs are being built from scratch to serve populations previously not covered by the traditional unemployment insurance system. We are pivoting and discovering new strengths and opportunities as a state and as a country.

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We don't know how the COVID-19 situation will resolve. Much remains to be seen, including the spread and future containment of the virus itself, the strength of the fiscal response from governments around the world, and just how long this will all go on. Interruptions to supply chains and changes in consumer demand are additional factors that could affect how widespread the downturn is and how long it lasts.

As unemployment rates abruptly rose to record highs in April 2020 amidst staggering job losses, the Oregon Office of Economic Analysis gave some insight into how the economic trend could unfold in their most recent economic forecast for June 2020. "The forecast calls for strong growth later this year as firms hire back some employees to meet the increase in demand that follows the lifting of social distancing restrictions. While this initial snapback in economic activity should be sizable – more than one-third of the initial losses – it will be far from complete." Annual unemployment rates are assumed in the forecast to reach 15.3 percent in 2020 and persist at 14.7 percent in 2021; these are levels that haven't been experienced previously.

The lack of clear expectations is one of the most alarming things about the current economic situation. Never before in our lifetimes has health and safety played such a prominent role in the stability of the business cycle and economic growth. Employers are working to stay up-to-date on the current restrictions, rework their businesses for social distancing, and plan for a future hidden in the fog of an unfamiliar terrain. They are rapidly attempting to evolve for survival. Some will

succeed, and some businesses will not open again. A few businesses will buck the overall trend and thrive with the changes in consumer demand.

Many workers will delay a change in occupation, new training, or the move they were eyeing to take advantage of economic opportunities in another state. Unemployed workers must decide whether to pursue new opportunities or training, or wait for their employers to re-open...or not. Workers who haven't lost their job may have lost hours or wages. Even for workers who haven't taken much of a financial hit yet, the uncertainty of what's to come in the next couple of years is still distressing.

Students must decide whether to return to campus in the fall, should their campus allow it, and how to pay for school as common student jobs dry up. Recessions are always hard on workers with little work experience, and the onset of this COVID-19 economic crisis has followed this pattern, with the most damage done to workers largely young, with a high school education or less, and who already earned low wages.

Governments must determine how to add programs and services to address the greater social and economic needs of our communities, even as budgets shrink with disturbing speed. Government workers must serve with compassion, even as they too deal with the trauma of current circumstances and the powerless feeling of having so many of our friends and neighbors in need of aid. Educators must learn new ways of teaching, new ways of connecting and building community with students at a distance.

We're all being asked to learn and grow and help each other. We will look back on this time, probably with a strange mingling of regret at what we lost and joy at some things we unexpectedly gained, like a bit more time with quick-growing children or spring gardens, a new understanding of what we're capable of, and maybe a bit more gratitude for the lives we're used to.



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