



STATE OF OREGON

Oregon Job Polarization, the Working Poor and Budget Pressures

May 20th, 2015

Oregon Office of Economic Analysis

Josh Lehner



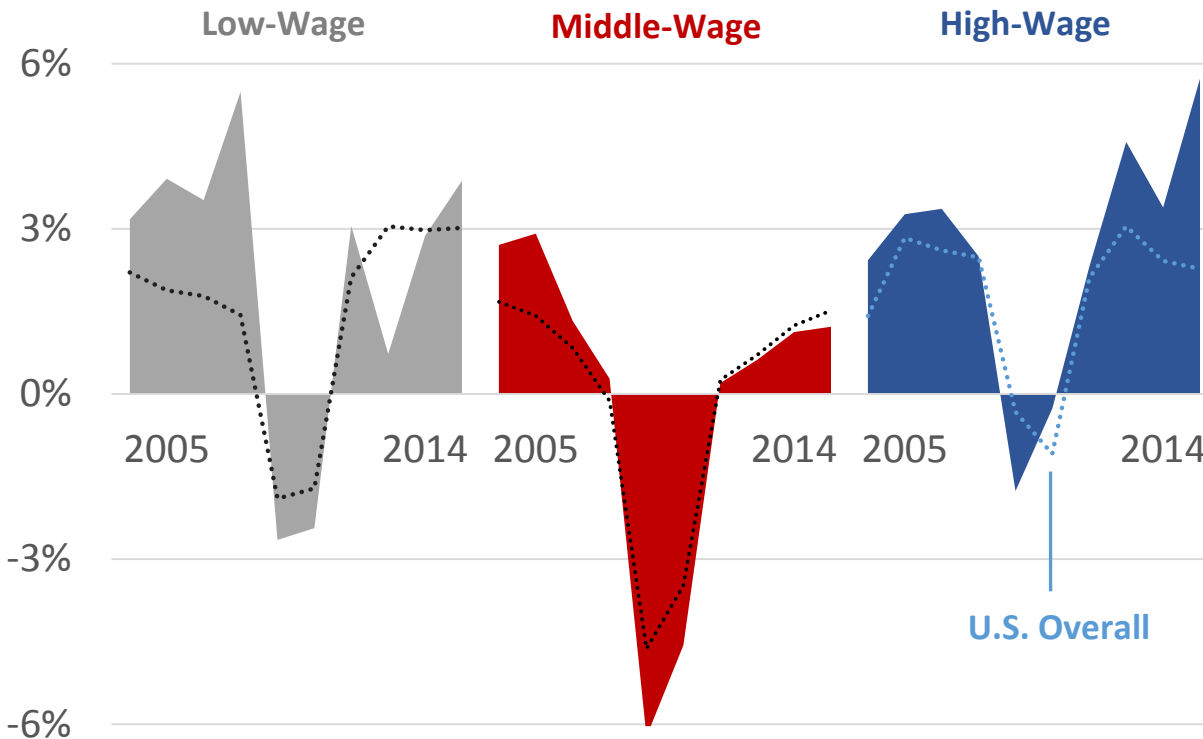
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Job Polarization



Squeezing the Middle

Oregon Job Growth by Wage Group



Categories based on median wage for major occupational groups.
 Source: BLS, Oregon Office of Economic Analysis

High-Wage (\$50k+)

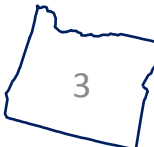
Mgmt | Comp/Math | Legal
 Arch/Eng | Biz/Fin
 Health Pract. | Scientists

Middle-Wage (\$25-50k)

Teachers | Arts/Design/Ent
 Install/Maint/Repair
 Construction | Comm. Serv.
 Protective Serv. | Sales
 Admin Sppt | Health Sppt.

Low-Wage (<\$25k)

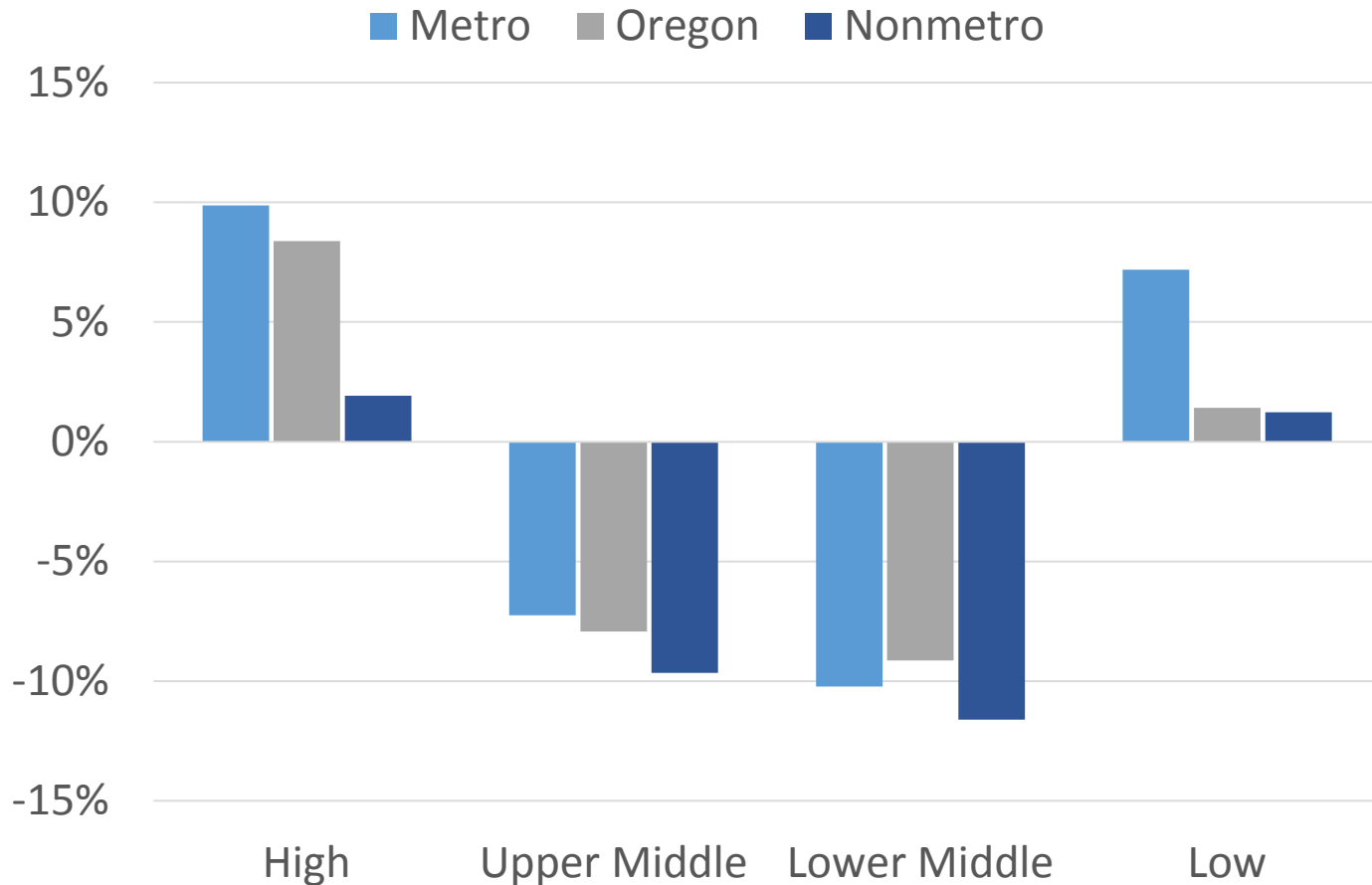
Bldg Maint | Food Prep
 Agric. | Personal Care





Rural Areas Most Impacted

Occupational Change (2008-2013)

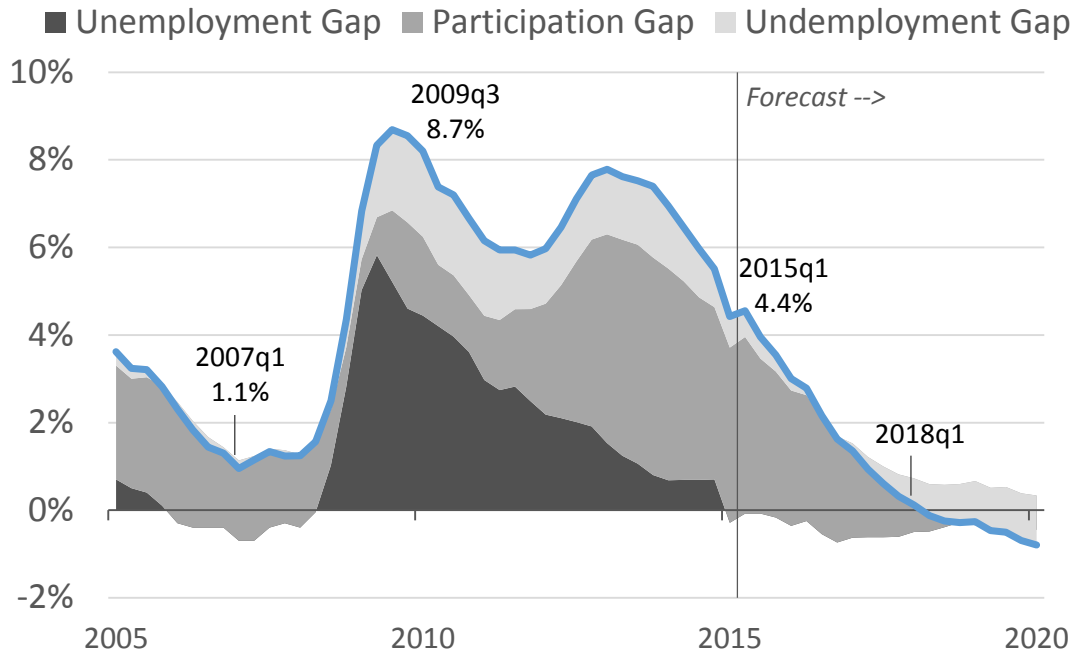




Impacts Economic Potential?

Oregon's Total Employment Gap

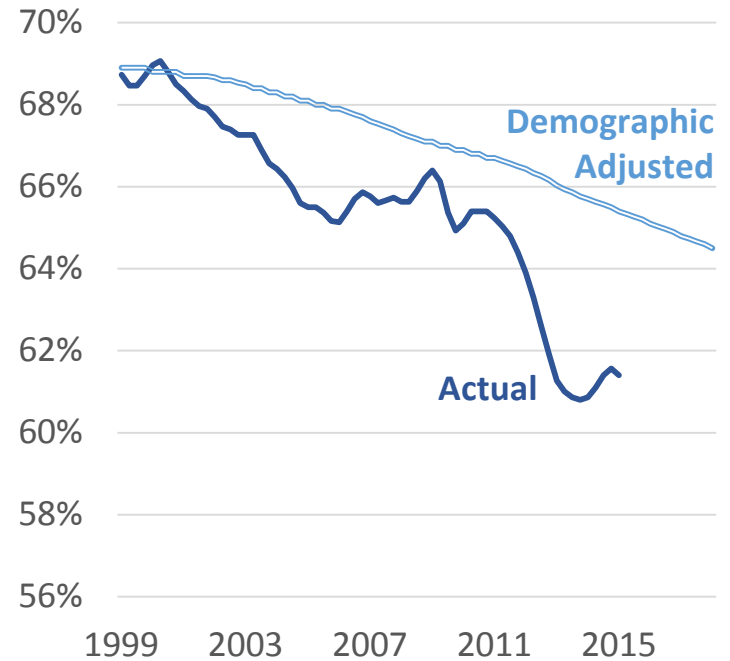
FTE Relative to Full Employment



Source: BLS, CBO, Census, Dartmouth, IMF, OED, Oregon Office of Economic Analysis

Labor Force Participation Rate

Share of Oregonians 16 Years and Older Either Employed or Looking for Work



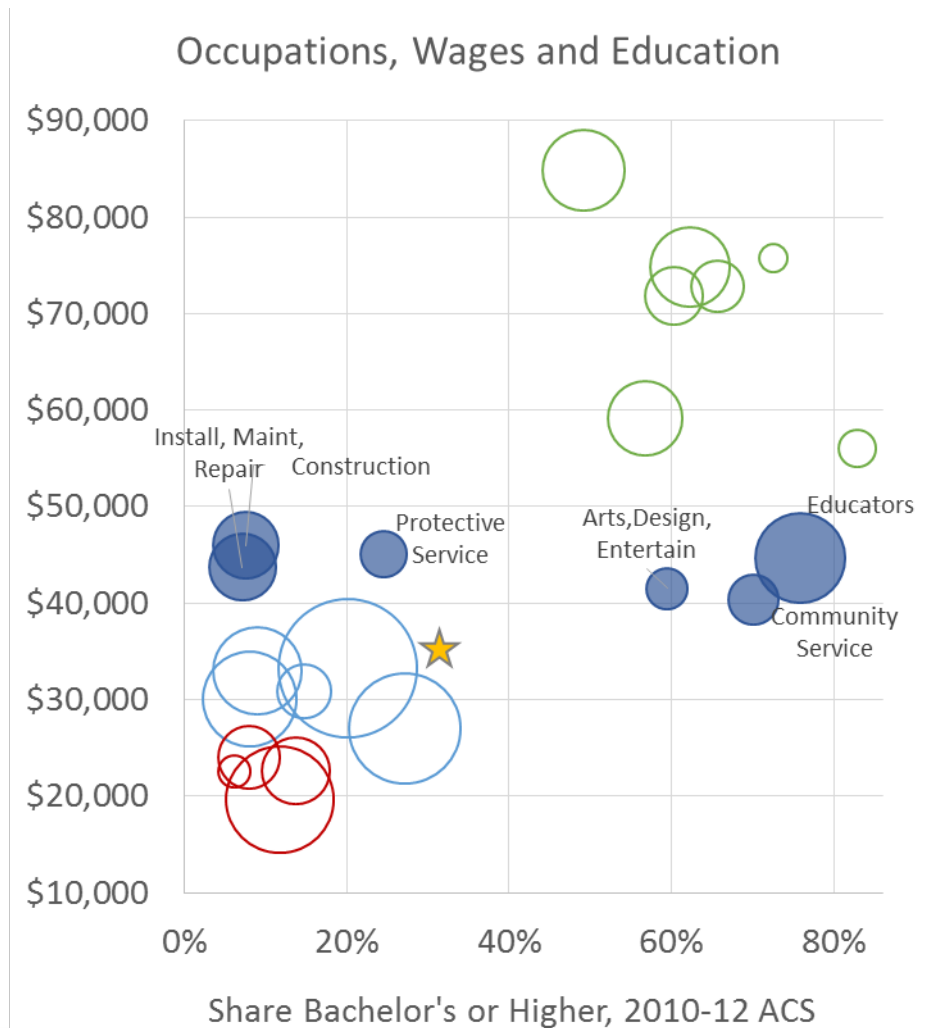


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Education Important, But...



Upper Middle-Wage Jobs

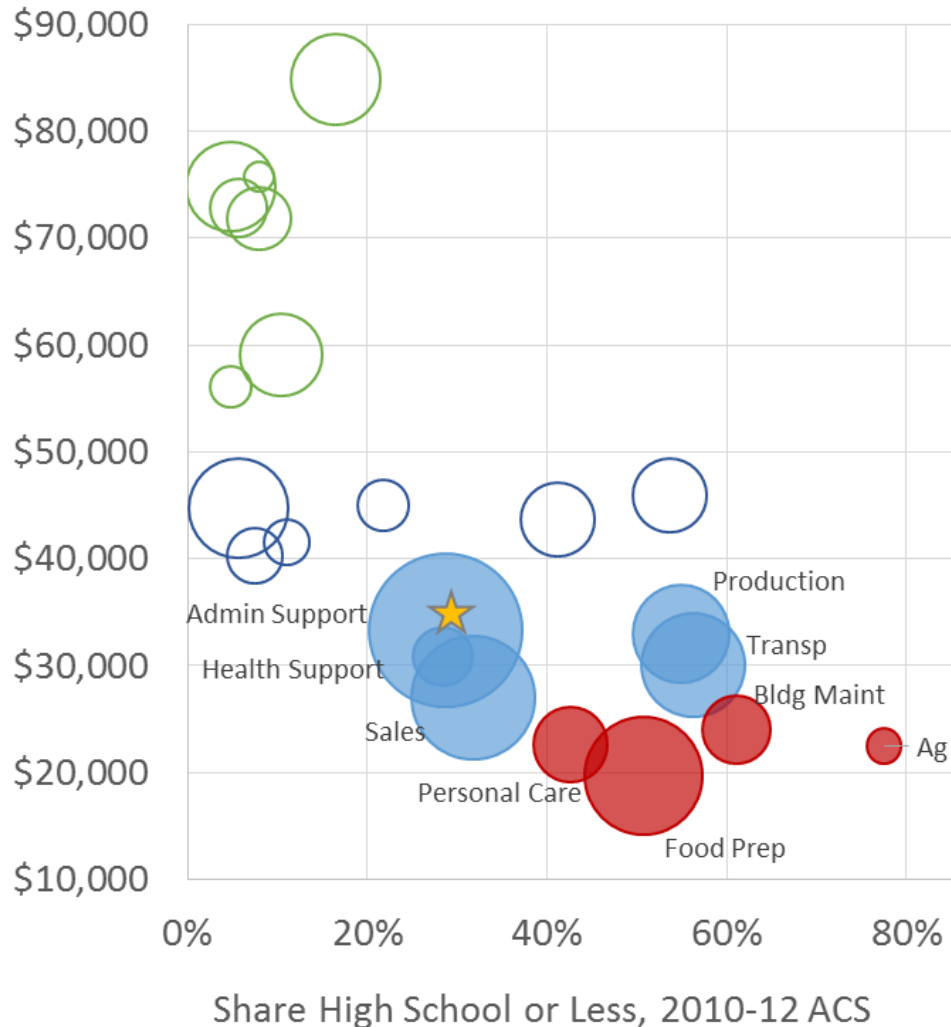


- Skilled labor even if formal education differs
- Blue-collar
 - Repetitive tasks yet situational adaptability
 - Apprenticeships and on the job training important
- Population gains drive job growth



Lower Middle- and Low-Wage Jobs

Occupations, Wages and Education



- Lower Middle-Wage
 - Largest group but most impacted by polarization
 - Repetitive routine tasks
 - HS or Some College
 - Biz Support jobs
- Low-Wage
 - Minimal formal education
 - Face-to-face interactions, situational adaptability and dexterity do insulate from automation today



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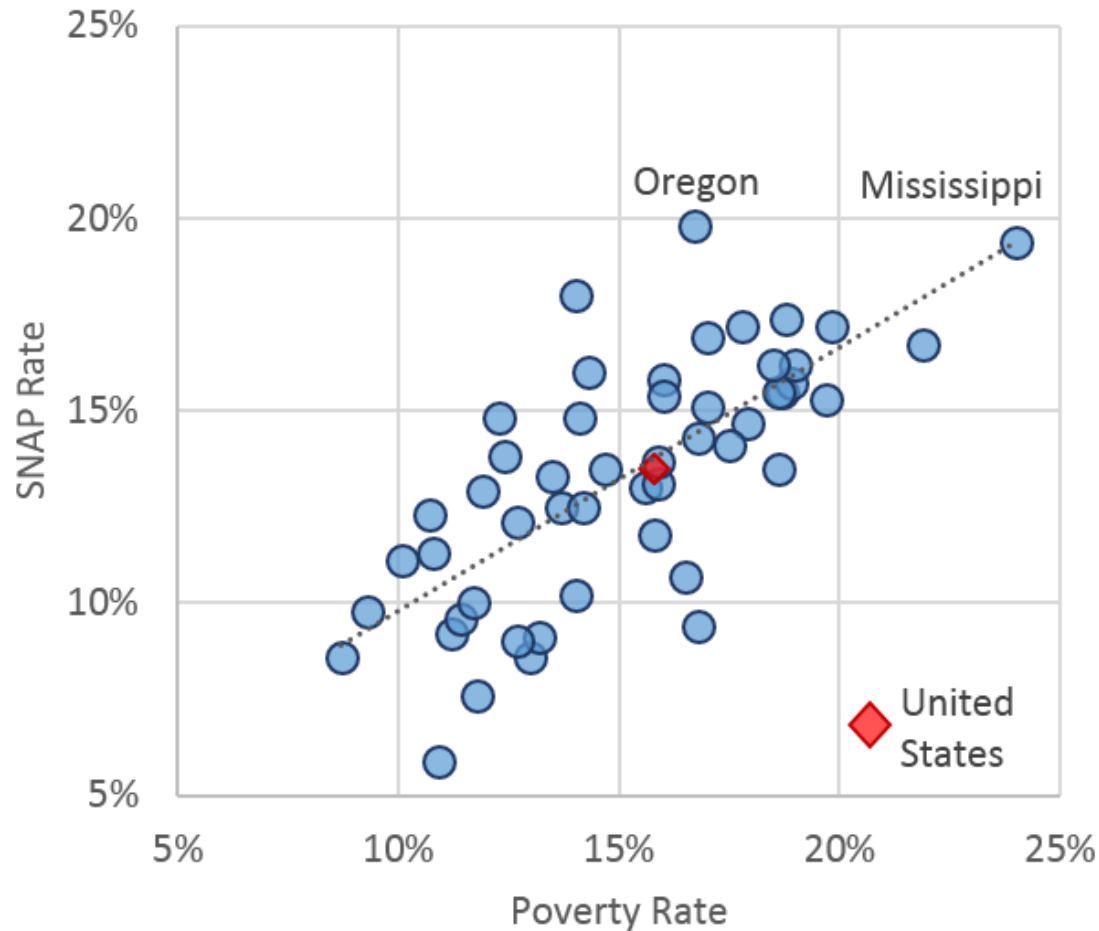
Budget Pressures



Misleading Measures, At Times

Poverty and Food Stamps

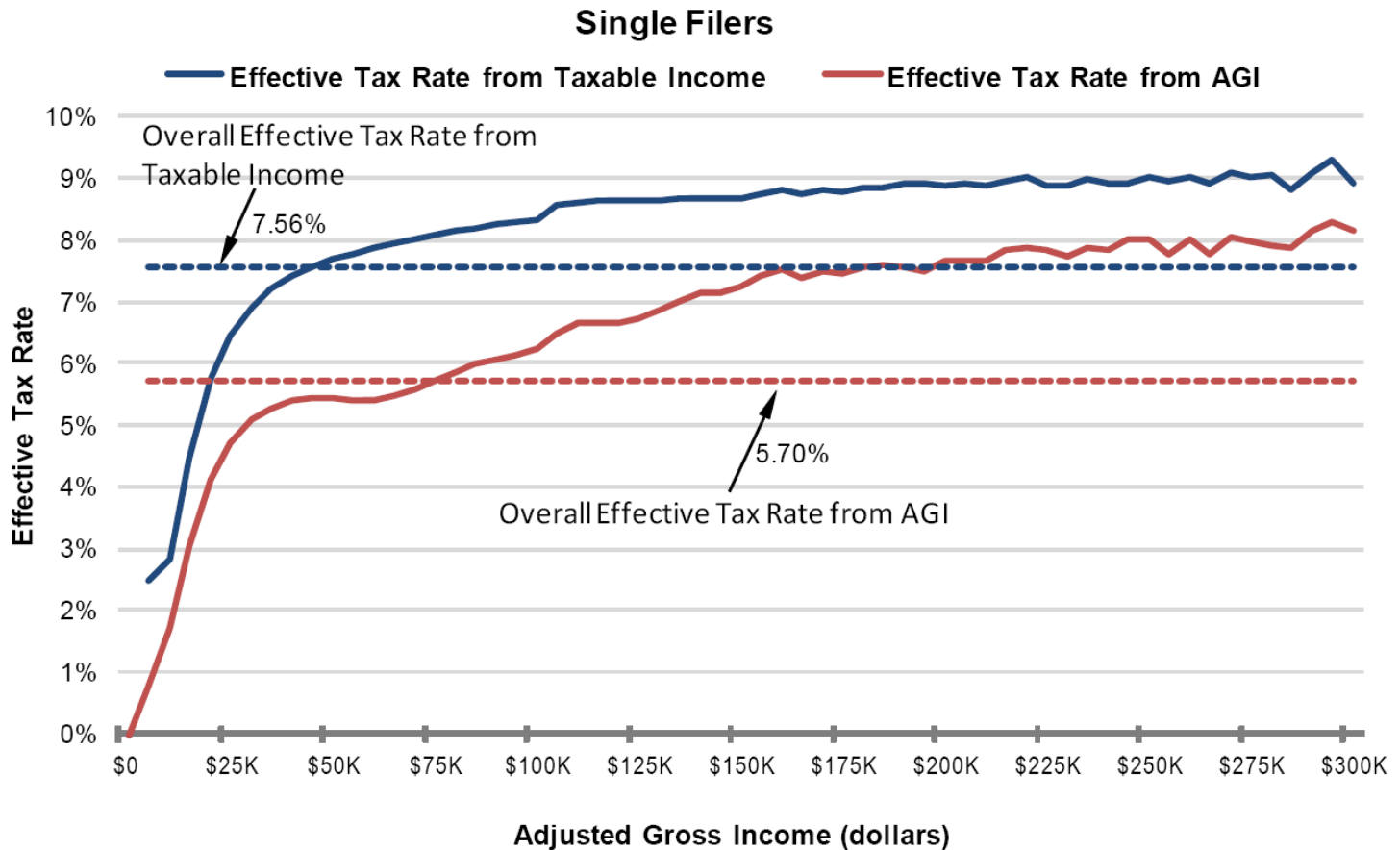
State Comparison, 2013 ACS





Higher Incomes = Higher Taxes

Exhibit 11 - Effective Tax Rates Derived from AGI and Taxable Income
Single and Joint Full-Year Resident Returns - 2013





But Benefits Cliff is Real

Raising the minimum wage: How much would it help?

Oregon's nonpartisan Legislative Revenue Office analyzed the effect on a single parent with two children of raising the minimum wage to different levels. Because eligibility for tax refunds and benefits falls as income rises, simply raising the minimum wage could result in a modest gain or even a loss.



Source: Legislative Revenue Office

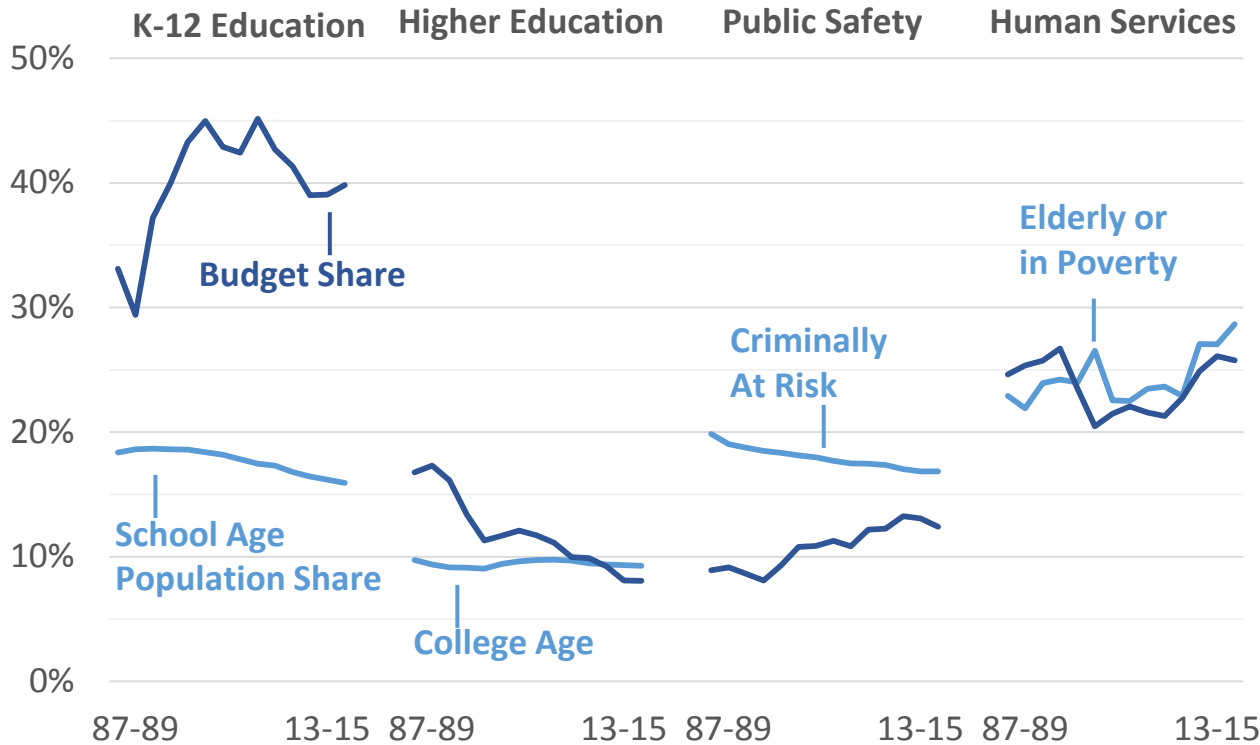
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Budgetary Pressures

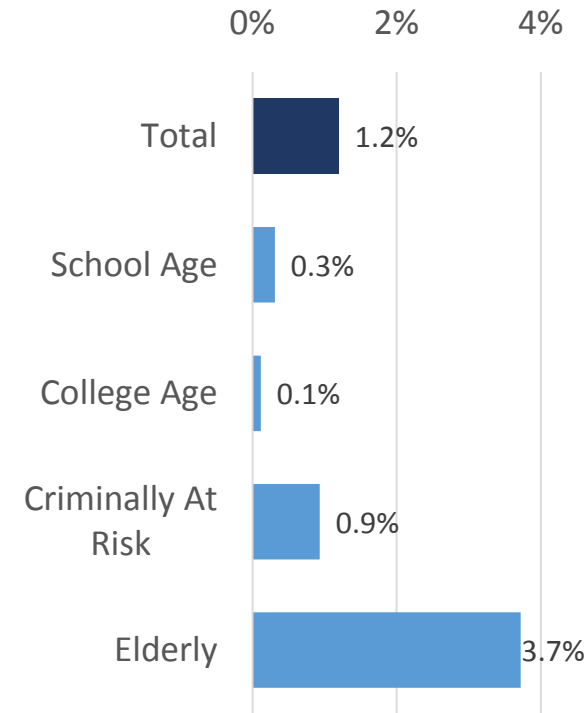
Oregon Budget Evolution

General and Lottery Fund Expenditures, Leg. Adopted Budget



Oregon Population Growth

2015-2025, Annualized Rates



Higher Education is community colleges plus public universities. Other figures taken directly from LAB highlights document. School Age Population 5-17 years old. College Age 18-24 years old. Criminally At Risk 15-39 year old males.

Source: Legislative Fiscal Office, Oregon Office of Economic Analysis



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