

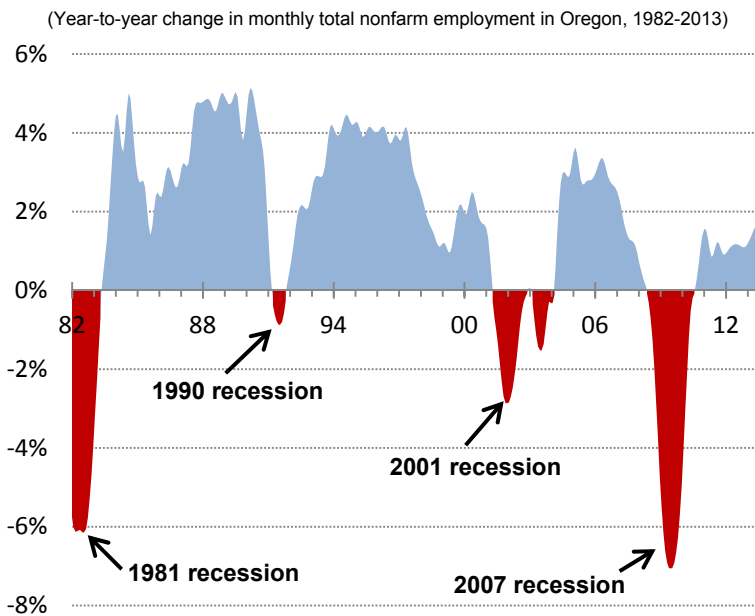
A Long Road Ahead for Oregon Workers

A View of the State of Working Oregon

Despite improvement from the worst levels, Oregon’s labor market and employment levels remain depressed. Jobs are scarce — a situation that’s not expected to improve quickly. A weak labor market makes it tough not only for Oregonians looking for work, but also for those employed, who find it more difficult to bargain for better wages.

Although right now it looks like workers will endure a long road before returning to a healthy job market, the right public policies — a robust federal jobs program in particular — would get us to that destination much more quickly.

Recession was deep; recovery has been slow



Source: OCPP analysis of data from Moody's Analytics.

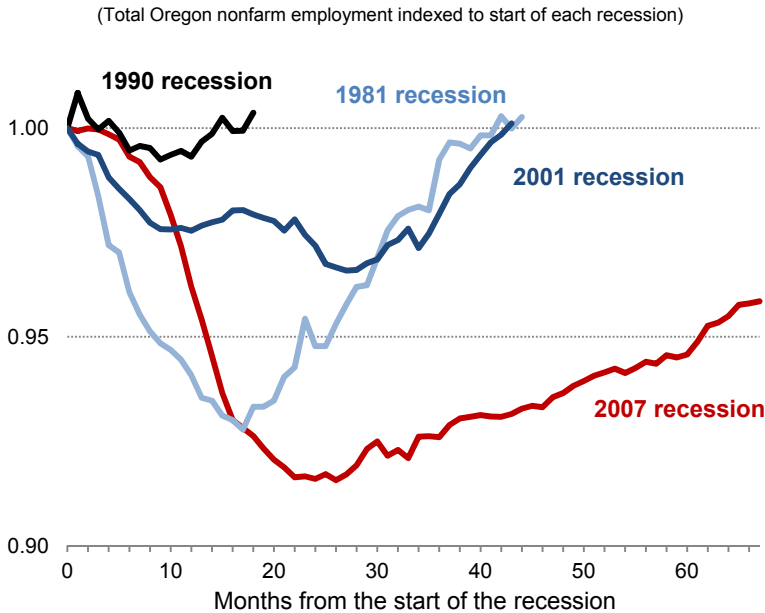
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Following the Great Recession, the deepest recession in decades, Oregon’s economy has been slowly adding jobs for about three years.

In mid-2009, Oregon’s economy had about 7 percent fewer jobs than a year earlier. Since then, employment growth has hovered around an annual rate of about 1.1 percent. That is less than half of the average employment growth rate for each of the previous three economic recoveries.¹

A View of the State of Working Oregon is a series of occasional OCPP fact sheets published to help explain Oregon’s economy from the perspective of working families.

Recovery taking longer than after prior slumps



Source: OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics data.

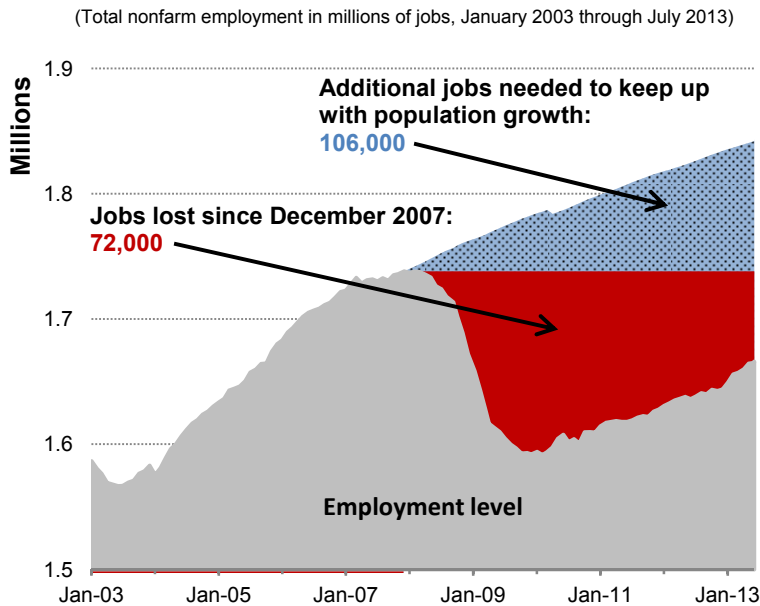
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The depth of the Great Recession has meant that this recovery began in a deeper employment hole. Digging out is taking longer compared to the three prior recessions.

More than five years – 67 months – after the start of the Great Recession, total Oregon nonfarm employment remains over 4 percent below its 2007 pre-recession peak.

It took less than four years – 44 and 43 months respectively – following the start of the 1981 and 2001 recessions for Oregon's total nonfarm employment to exceed pre-recession levels. Total nonfarm employment surpassed its previous peak only a year and a half after the 1990 recession started.²

Population growth deepens jobs hole to 178,000



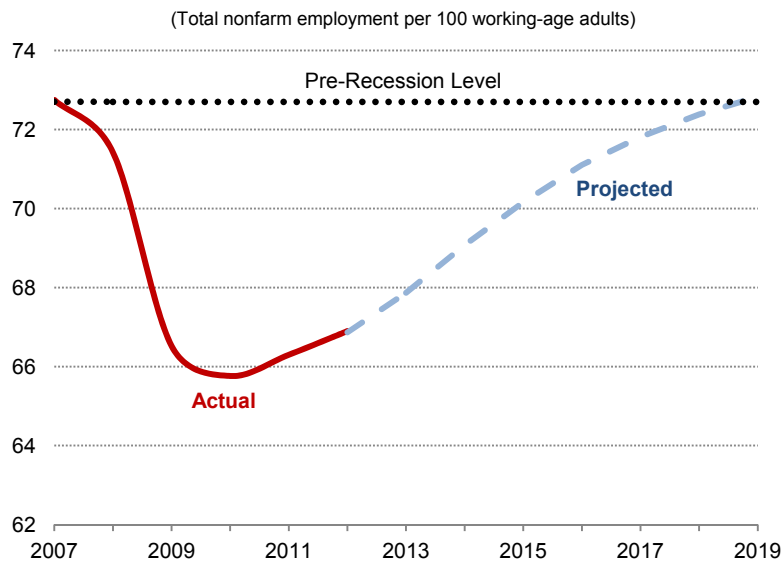
Source: OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics data.

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In December 2007, when the Great Recession began, Oregon had about 1,740,000 jobs. Employment bottomed at around 1,590,000 in 2009. Our economy has been adding jobs since then but progress has been slow. With over three years of job growth, we are still about 72,000 jobs below where we were before the recession struck.

The real jobs hole, however, is deeper than that. After accounting for population growth, Oregon is about 178,000 jobs below the pre-recession level of employment.³

Jobs recovery for working-age Oregonians expected to take five more years



Source: OCPP analysis of Oregon Office of Economic Analysis data.

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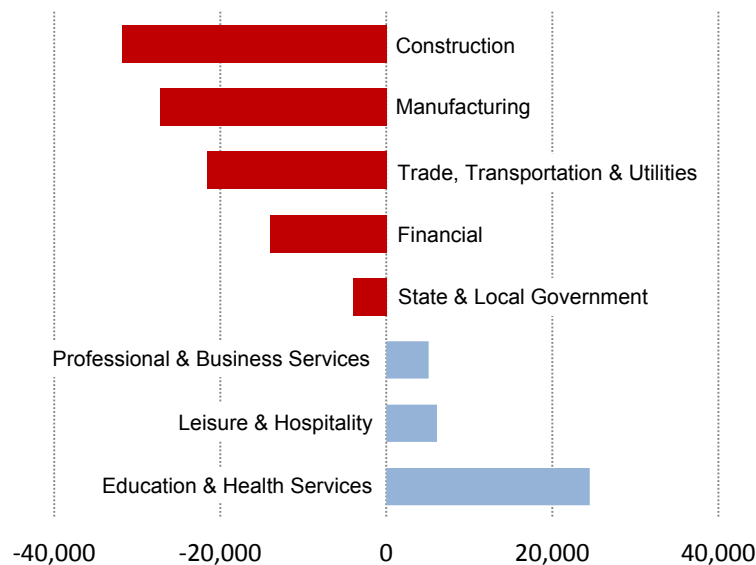
It will likely take until 2018 for the number of jobs per 100 working-age Oregonians to return to pre-recession levels.

Heading into the recession, there were about 72.7 jobs per 100 working-age Oregonians. That figure dropped to 65.8 during the recession and has been slow to recover. Oregon’s economy is not expected to surpass the 72.7 jobs-to-workers ratio until about 2018.⁴

The lower the ratio — the more scarce jobs are — the harder it is for workers to find work and bargain for higher wages.

Job gains and losses vary by industry

(Net Oregon jobs gained or lost in major industries from December 2007 through July 2013)



Source: OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics data.

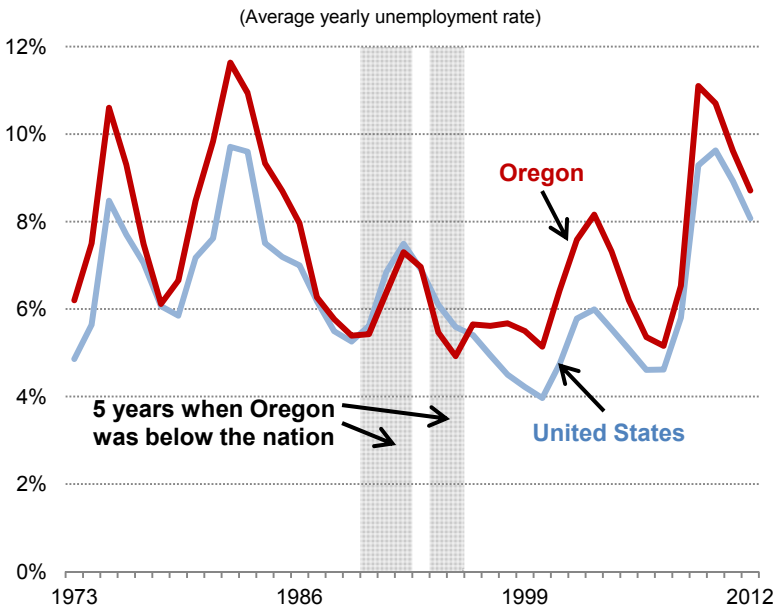
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The jobs gained during the recovery haven’t been the same jobs that disappeared during the downturn.

As of July 2013, the construction (-31,900), manufacturing (-27,300) and trade, transportation and utilities (-21,600) industries remain the hardest hit in terms of job losses since the recession. The financial industry and state and local government also still had fewer jobs.

Over the same time period, education and health services gained the most jobs (24,500) while the professional and business services, and leisure and hospitality industries also added jobs.⁵

Oregon unemployment is rarely below the U.S.



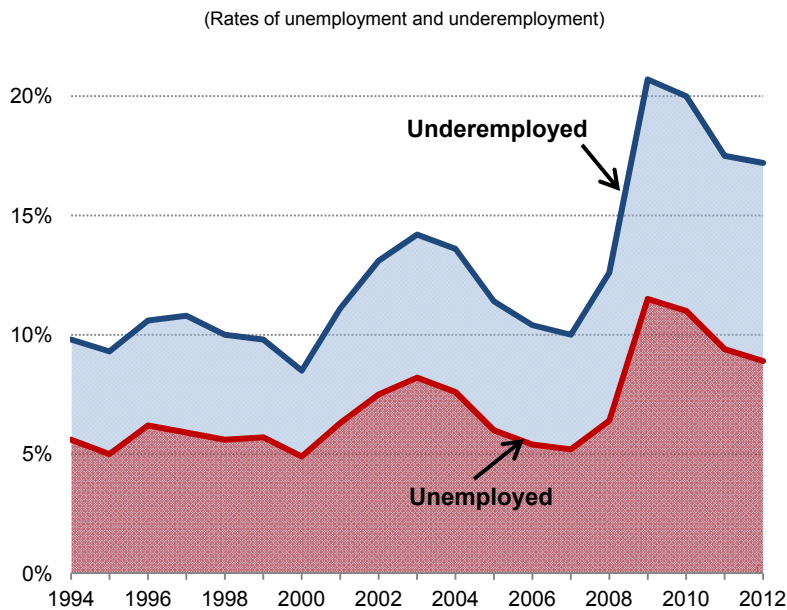
Source: OCPP analysis of Bureau of Labor Statistics data.

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Although Oregon’s unemployment rate has generally followed the national pattern, Oregon’s average annual unemployment rate has been below the national rate in only 5 of the last 40 years, all during the early- to mid-1990s.⁶

Structural factors in our economy — not all of them necessarily negative — account for this tendency toward unemployment higher than the national average. Among the factors: faster population growth and in-migration; many isolated rural communities with natural resource-based economies; and a significant share of seasonal jobs.

Many remain unemployed and underemployed



Source: OCPP and Economic Policy Institute analysis of Current Population Survey data.

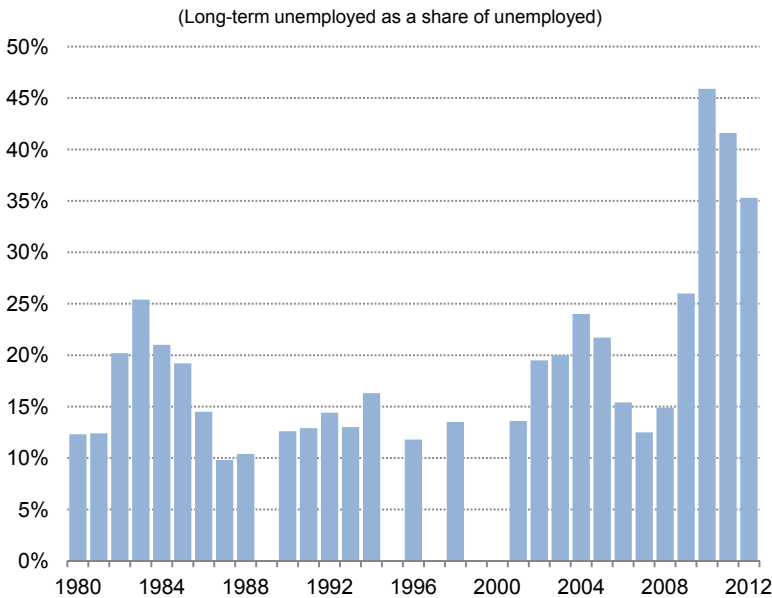
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While Oregon’s rates of unemployment and underemployment are improving, they remain unacceptably high.

Oregon’s unemployment rate was 8.9 percent in 2012, down from its 11.5 percent peak in 2009. Those figures, however, exclude workers who are working part time because they were unable to find full-time work, and workers who are “marginally attached” to the labor force — those who want to work and have been in the job hunt but haven’t recently searched for work.

Including these workers, Oregon’s unemployment and underemployment rate stood at 17.2 percent in 2012 — down from a 20.7 percent peak in 2009.⁷

Long-term unemployment remains high



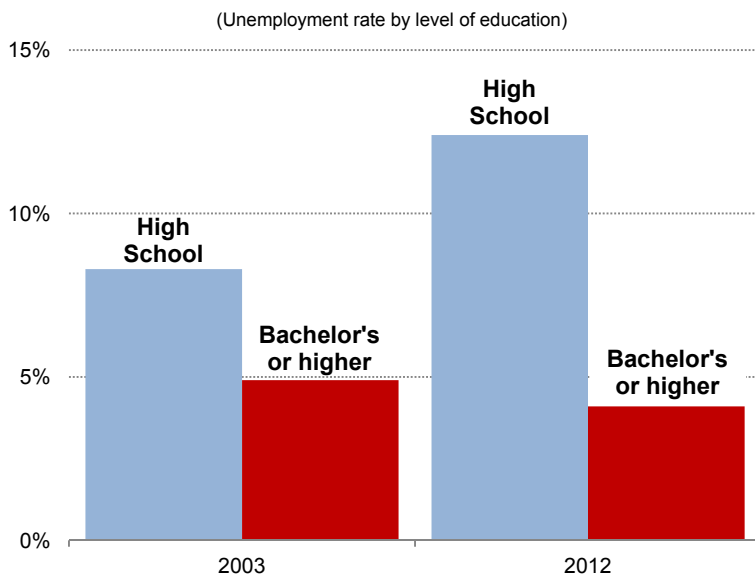
Note: Missing data is due to insufficient sample size.
 Source: OCPP and Economic Policy Institute analysis of Current Population Survey data.

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In 2012, over a third (35 percent) of Oregon’s unemployed workers met the definition of “long-term unemployed” — having been out of work for 27 weeks or longer.

Aside from the Great Recession years, the rate of long-term unemployment in 2012 was at least 10 percentage points higher than any year dating back to 1980, the earliest data available. In 2010 long-term unemployment peaked at 46 percent of all unemployed workers.⁸

Unemployment still high for high school grads



Note: There is no statistically significant difference between the unemployment rate for workers with at least a bachelor’s degree in 2003 and the rate in 2012. All other differences are statistically significant at a 90 percent confidence interval.
 Source: OCPP and Economic Policy Institute analysis of Current Population Survey data.

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Unemployment among college graduates is about the same as it was at the height of the last recession. But for workers that do not have a college education, the rate remains higher than its last peak.

In 2012, the unemployment rate for workers with at least a bachelor’s degree was 4.1 percent, not significantly different from the rate in 2003, the highest unemployment year of the previous recession.

However, workers with only a high school diploma still faced an unemployment rate of 12.4 percent in 2012, more than 4 percentage points higher than in 2003.⁹

Public Policy Choices Can Strengthen the Job Market

The prolonged and severe weakness in the job market, which spells hardship for the unemployed as well as those with a job, cries out for action. Policymakers have tools at their disposal that can assist workers struggling to find work and can strengthen the job market. They just need to use them.

At the state level, policymakers can blunt some of the worst effects of the weak job market. For example, Oregon lawmakers could improve the affordability of and access to child care. The inability to obtain child care should not be a barrier to employment for any Oregonian and an increase in child care jobs could help fill the jobs gap.

Lawmakers could also improve the state's unemployment insurance system, making it available to more workers, and invest more in job training programs that help those currently outside the workforce gain skills employers are seeking.

Oregon could also lay the foundation for a stronger economy by investing in education to improve educational attainment. The better educated a state's workers are, the more productive a state's workforce is and the more a typical worker earns.¹⁰

While the state has an important role to play in addressing the weak job market, to significantly boost the number of jobs in the near term there is no substitute for federal action. Oregon and the nation need a robust federal jobs program that will put people back to work. Though jobs are in short supply, there is no shortage of work that needs to be done: repairing the nation's crumbling infrastructure, teaching in overcrowded classrooms, caring for our elderly and our children. A robust federal jobs program can shorten the long road to recovery for Oregon's workers.

Conclusion

Oregon workers, much like workers across the nation, face a long road ahead to get back to a strong labor market. The deepest recession in decades dug a deep jobs hole out of which we have not yet climbed, and a growing population makes the hole even deeper and the road to recovery longer. Jobs for working-age Oregonians are scarce, which makes it tougher for the unemployed to find a job and more difficult for the employed to bargain for higher wages.

The right public policies — a robust federal jobs program in particular — can create a shorter path to a stronger labor market.

Endnotes

- ¹ OCPP analysis of data from Moody's Analytics.
- ² OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics and U.S. Census Bureau Current Establishment Survey data.
- ³ OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics and U.S. Census Bureau Current Establishment Survey data.
- ⁴ OCPP analysis of data from the Oregon Office of Economic Analysis, *Oregon Economic and Revenue Forecast*, May 2013.
- ⁵ OCPP and Economic Policy Institute analysis of Bureau of Labor Statistics and U.S. Census Bureau Current Establishment Survey data. By number of employees, these are the largest industries in Oregon, excluding the federal government.
- ⁶ OCPP analysis of Bureau of Labor Statistics and U.S. Census Bureau Current Establishment Survey data. More specifically, between 1976 and 2012, Oregon's unemployment rate was below the national average in only 74 of 444 months (monthly data are not available for 1973-75).
- ⁷ OCPP and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey data.
- ⁸ OCPP and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey data.
- ⁹ OCPP and Economic Policy Institute analysis of U.S. Census Bureau Current Population Survey data.
- ¹⁰ Berger, Noah and Peter Fisher, *A Well-Educated Workforce Is Key to State Prosperity*, Economic Policy Institute, August 22, 2013.

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