# Oregon's Labor Force:

# What Slower Population Growth and Increasing Retirements Mean for the Workforce

July 2024

## Questions?

Please direct workforce data questions regarding this publication to Gail Krumenauer at [Gail.K.Krumenauer@employ.oregon.gov](mailto:Gail.K.Krumenauer@employ.oregon.gov) or 971-301-3771.


## Special thanks to those whose work contributed to this report

Nick Beleiciks
Anna Johnson
Jessica Nelson
Kathi Riddell
Paul Schafer-Marche
Bob Uhlenkott
Amy Vander Vliet
Molly Hendrickson

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.



**Need help?**
The Oregon Employment Department (OED) is an equal opportunity agency. OED provides free help so you can use our services. Some examples are sign language and spoken-language interpreters, written materials in other languages, large print, audio, and other formats. To get help, please call 833-854-0166 (toll free).
TTY users call 711.

**¿Necesita ayuda?**
El Departamento de Empleo de Oregon (OED) es una agencia de igualdad de oportunidades. El OED proporciona ayuda gratuita para que usted pueda utilizar nuestros servicios. Algunos ejemplos son intérpretes de lengua de señas e idiomas hablados, materiales escritos en otros idiomas, letra grande, audio y otros formatos. Para obtener ayuda, por favor llame al 833-854-0166 (gratuito). Usuarios de TTY pueden llamar al 711.

# Table of Contents

# Executive Summary

The youngest members of the large Baby Boom Generation, born between1946 and 1964, turn 60 years old in 2024. Workers in this age group have been, and are expected to continue, shifting into retirement and taking their skills and experience with them.

- In 1990, one out of 10 job holders in Oregon was at least 55 years old. By 2022, that share grew to 24%.
- In 2023, the number of Oregonians not in the labor force due to retirement reached 786,000, an all-time high. Over the past decade, the number of Oregonians not in the labor force due to retirement grew by 160,000 or 26%.

The workforce is aging nationally as well, but Oregon has been at a workforce advantage in boosting its labor force. Decades of population growth – driven primarily by net in-migration – has helped fuel labor force growth, even as the workforce has aged and overall labor force participation rates have generally declined.

- Oregon's population grew by 40% between 1993 and 2023, compared with 30% for the U.S.
- Oregon's natural increase in population turned negative in 2021 and 2022, with fewer births than deaths, as the COVID-19 pandemic met the long-term trends of an aging population and lower birth rates.
- In 2021, for the first time in almost four decades, population estimates showed negative net migration, and an overall decline in Oregon's population.

The declines in natural increase, net migration, and population have contributed to slower labor force growth. Slower gains may be somewhat offset by greater labor force participation among the existing population.

- Oregon's labor force participation rate was 62.4% in 2023, the highest in a decade. That's still well below the peak of 68.9% in 1998.

During periods like the past couple of years, with low unemployment, where employers typically have relatively large numbers of job openings, and when there's slow labor force growth, workers may have greater advantages in the labor market. In turn, that creates a tighter labor market for Oregon employers, where it's hard to find enough workers to fill all their job openings.

Oregon's slowing labor force growth and low unemployment rate likely contributed to our slower job growth in recent years compared to the U.S. Nationally, total nonfarm payroll employment expanded by 3.4% between 2019 and 2023, while Oregon's expanded jobs by 1.2%. This is a change from prior decades when Oregon's job (and labor force) growth surpassed the nation's over business cycles.
If recent labor force and unemployment trends continue, they might further limit Oregon's growth potential relative to historic norms and the nation.

# Slowing Growth and an Aging Workforce

The youngest members of the large Baby Boom Generation, born 1946 to 1964, turn 60 years old in 2024. These workers have been, and are expected to continue, shifting into retirement, and taking their skills and experience with them.

Oregon is not alone in this trend. The U.S. also faces the dynamics of an aging workforce and increasing retirements. However, Oregon has been at a competitive advantage over much of the past four decades: the state's labor force has grown faster than the nation's even as labor force participation has retreated with an aging population, and with youth pursuing more education and/or extracurricular activities instead of jobs.

That advantage has been driven by positive net in-migration: more people moving into Oregon from other areas than leaving in any given year. Decades of positive net in-migration has helped fuel labor force growth, even as the workforce has aged, and overall labor force participation rates have generally declined.

Oregon's net in-migration has declined notably in recent years, even prior to the pandemic recession. During the pandemic recession and recovery years, population gains slowed further – and showed an outright decline – for the first time since the 1980s. In-migration is not providing as much of a source of labor for Oregon employers as it did for most of the past four decades.

Historically, Oregon's relatively strong net in-migration has also helped enable the state to grow jobs at a faster rate than the U.S. Since the pandemic recession, this trend has reversed. Oregon's jobs recovery and expansion has lagged the U.S. over the past four years.

Looking forward, Oregon's Office of Economic Analysis projects a rebound in the state's population growth. Oregon's labor force is also projected to grow over the next decade. These gains are not expected to match stronger historical trends.

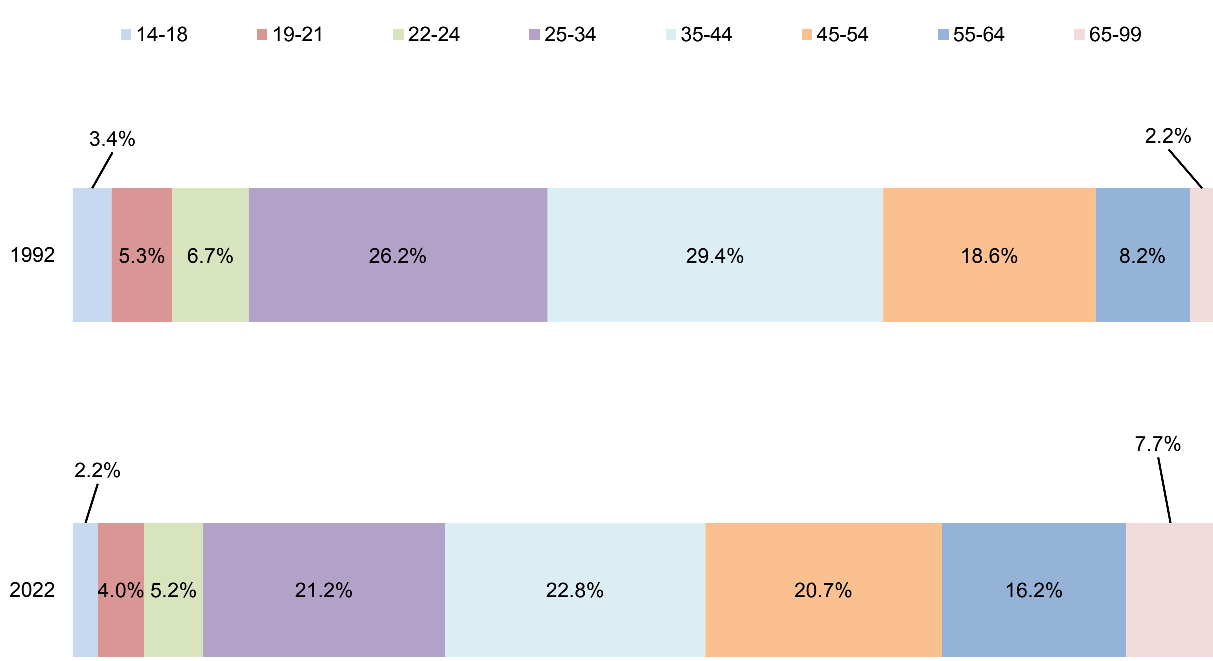
Slower labor force gains affect workers, employers, and Oregon's labor market in varying ways. Workers have greater leverage in a labor market with ongoing, low unemployment rates, relatively large numbers of job openings, and slow labor force growth.

Employers, on the other hand, may experience greater difficulty finding enough workers to fill job openings. Companies may need to layer recruitment and retention strategies for their workforce. Those may include raising wages; adding benefits, perks, or job flexibility; relaxing experience requirements; increasing recruitment intensity; or relying more on remote workers. Even with these efforts, if slower labor force growth persists in the future, Oregon's labor market could experience slower job gains than historical norms.

## An Aging Workforce

Over the past 30 years, employment in Oregon grew by more than 684,000 jobs, to a total of 1.9 million. That's an increase of 56% between 1992 and 2022 (the most recent full year of data available by industry and age category). Over that time, there are notable shifts in the shares of jobs held by workers across age categories. The only age groups of workers in Oregon whose growth outpaced overall employment growth were those ages 45 and older. Workers 45 and older were also the only age cohorts whose share of the workforce grew over the past three decades. Teens, workers in their 20s and early 30s, and workers ages 35 to 44 all made up smaller shares of job holders in 2022 than they did in 1992.

**Oregon Workers by Age Category, 1992 and 2022**




*Source: Oregon Employment Department and U.S. Census Bureau, Quarterly Workforce Indicators*

The greatest reversal among Oregon's job holders over the past 30 years is among the youngest and oldest segments of the workforce. In 1992, Oregon teens ages 14 to 18 held nearly 42,000 jobs; 1.5 times the number held by those ages 65 and older (- 27,000). Three decades later, teens held 43,000 jobs, an increase of just 1,000 (or 2.5%). One the other end of the spectrum, jobs held by Oregonians ages 65 and older increased by 121,000 jobs, for a growth rate of 452%, the fastest growth of any age group over this period. By 2022, there were more than three times as many jobs held by workers 65 and older than by workers ages 14 to 18.

In the early 1990s, one out of every 10 jobs in Oregon was held by a worker ages 55 or older. By 2022, that share more than doubled to 24%. As of 2022, there were nearly 456,000 jobs held by workers who might be looking towards retirement in the coming decade.

Oregon's trend matches the U.S. In the early 1990s, one out of 10 jobs nationwide was held by a worker age 55 and older. By 2022, the U.S. share of jobs held by workers 55 and older was 24%. Neighboring states have had similar changes, and by 2022, older workers accounted for at least one out of five workers: California (24%); Nevada (23%); Washington (22%); and Idaho (21%).

Across the U.S. and in Oregon, an aging workforce impacts employers, industries, and regions to varying degrees. The pace of retirements will likely be faster in industries and areas that have an older workforce profile.

## Some Industries Have Many Workers Close to Retirement

Workers ages 55 and over traditionally may be within a decade of retirement. While the volume of older workers is particularly concentrated in some industries, all industries are aging to some degree. In 2022, the share of workers ages 55 plus ranged from 17% in accommodation and food services (29,200 workers) to 33% in agriculture, forestry, fishing and hunting (17,000 workers).

Health care (both private and public) stands out for the size of its aging workforce, with nearly 70,000 workers ages 55 and over. Other industries with large numbers of workers nearing retirement age include manufacturing (49,000 workers), retail trade (48,000), and private and public educational services (38,000).

**Workers Ages 55+ Could Be Within a Decade of Retirement**

| Oregon Jobs in 2022 | All Workers | Age 55+ | % Age 55+ |
|---|---|---|---|
| **All Sectors** | **1,908,164** | **455,792** | **24%** |
| Agriculture, Forestry, Fishing and Hunting | 52,269 | 17,026 | 33% |
| Mining, Quarrying, and Oil and Gas Extraction | 1,787 | 574 | 32% |
| Real Estate and Rental and Leasing | 30,756 | 8,795 | 29% |
| Utilities | 8,025 | 2,230 | 28% |
| Other Services | 65,394 | 17,780 | 27% |
| Public Administration | 75,343 | 20,117 | 27% |
| Wholesale Trade | 77,229 | 20,205 | 26% |
| Educational Services | 144,633 | 37,806 | 26% |
| Manufacturing | 188,469 | 49,178 | 26% |
| Transportation and Warehousing | 80,059 | 20,392 | 25% |
| Finance and Insurance | 55,032 | 13,480 | 24% |
| Health Care and Social Assistance | 284,182 | 69,324 | 24% |
| Retail Trade | 209,208 | 47,907 | 23% |
| Administrative and Waste Services | 108,487 | 24,775 | 23% |
| Construction | 122,998 | 28,005 | 23% |
| Professional, Scientific, and Technical Services | 111,361 | 24,248 | 22% |
| Arts, Entertainment, and Recreation | 29,817 | 6,345 | 21% |
| Management of Companies and Enterprises | 51,883 | 10,705 | 21% |
| Information | 41,014 | 7,684 | 19% |
| Accommodation and Food Services | 170,218 | 29,216 | 17% |

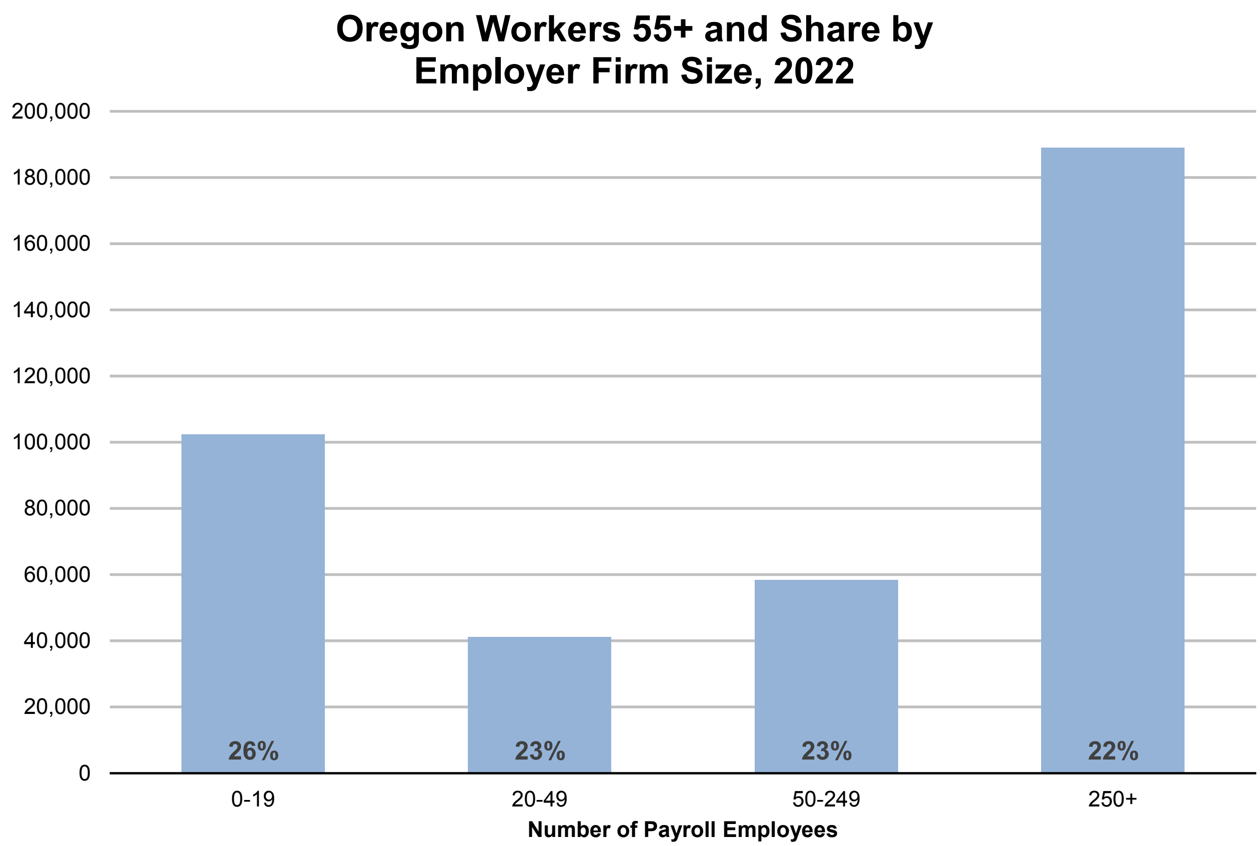
*Source: Oregon Employment Department and U.S. Census Bureau, Quarterly Workforce Indicators*

One out of three jobs (33%) in the agriculture, forestry, fishing and hunting sector are held by workers 55 and older. Although mining and quarrying, utilities, and real estate have higher-than-average concentrations of older workers, they employ fewer workers than many industries and thus are expected to require relatively fewer replacement workers.

Workers ages 55 and over aren't going to stick with their jobs forever. Employers in all industries need to plan for how they are going to retain current workers, as well as attract new workers, especially for jobs that require significant training.

## Largest Employers Have Largest Group of Workers 55+

The share of the workforce ages 55 and over looks similar across smaller and larger companies. The smallest firms had the highest share of 55+ workers, at 26%, while the largest firms had the lowest share, at 22%.

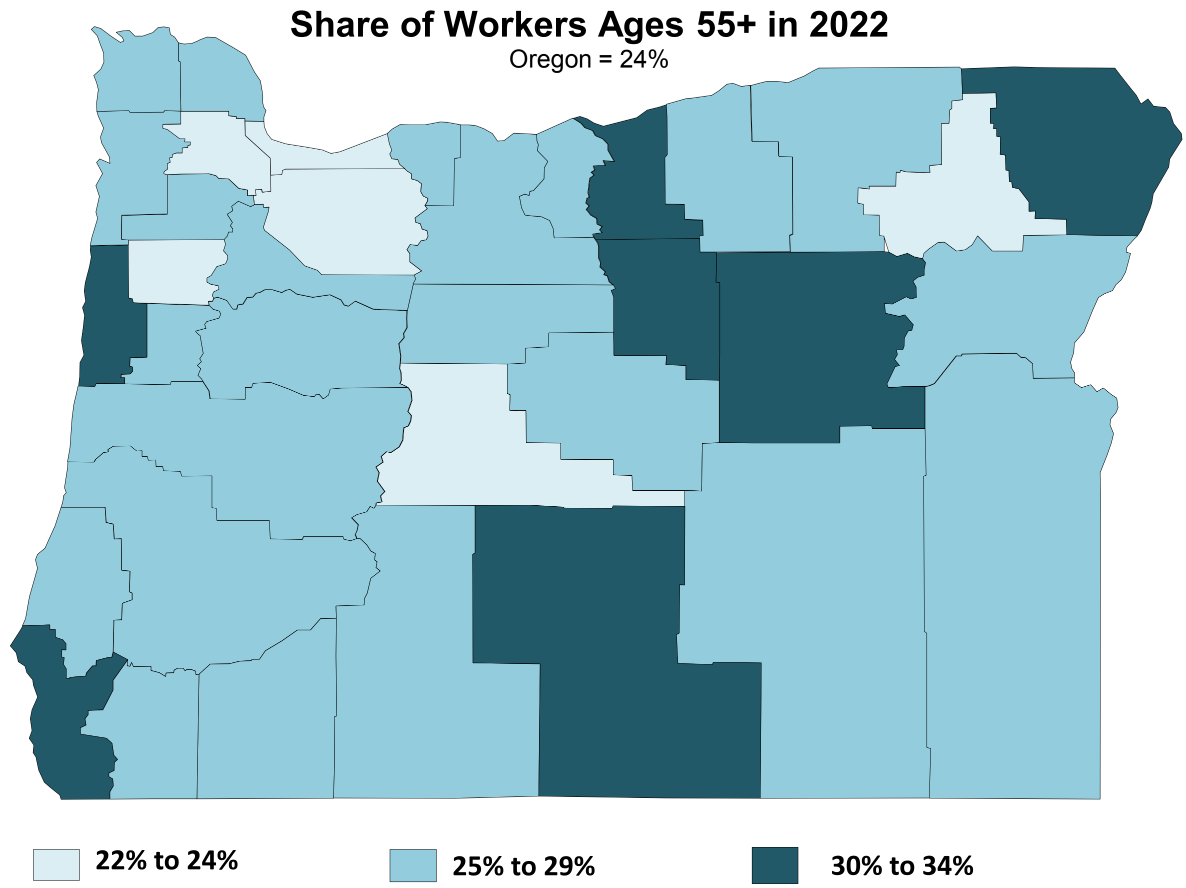



*Source: Oregon Employment Department and U.S. Census Bureau, Quarterly Workforce Indicators*

Large firms (250 or more employees) accounted for the bulk of older workers at 189,000 in 2022. Another 102,400 workers age 55 and over worked in firms with less than 19 employees. At firms large and small, employers will need to prepare to lose sizeable shares of their workforce to retirement, including many of their most experienced and knowledgeable workers. Particularly for small firms, a single worker may be more likely to wear many hats. For roles that require significant industry knowledge, experience, or education, employers should strategize now to retain and train current employees, and consider where they will tap into the next generation of their workforce.

## Rural Oregon Has Higher Share of Workers Ages 55 and Over

Rural counties tend to have higher shares of older workers and could feel the impact of the aging workforce more than metro counties. More than one out of four jobs (27%) were held by workers 55 years or older in rural areas. That represents approximately 66,000 workers in rural Oregon who may be looking to retire within the next decade.



Source: Oregon Employment Department and U.S. Census Bureau, Quarterly Workforce Indicators

Seven counties had 30% or more of their jobs held by workers ages 55 and over. All seven are rural counties at significant distances from urban centers: Curry, Gilliam, Grant, Lake, Lincoln, Wallowa, and Wheeler.

Although older workers are a smaller share of the workforce (23%) in metro counties, there are a lot more of them. Multnomah County alone has more workers ages 55 and older (111,000 workers) than all of rural Oregon combined (66,000). Multnomah County also has nearly as many jobs held by workers ages 45 to 54 (107,000) as those 55 and older. Meanwhile, rural Oregon has fewer jobs held by workers ages 45 to 54 (49,000) than workers ages 55 and older.

In other words, employers in metro counties will have a larger pool of younger workers to recruit from when replacing retiring workers. Rural counties will need to either recruit workers from other areas or increase labor force participation within the existing local population who aren't actively in the labor force, just to maintain the size of their current workforces.

**Larger Shares of Jobs Held by Workers Ages 55+ in Rural Areas, 2022**
**Oregon = 24%**

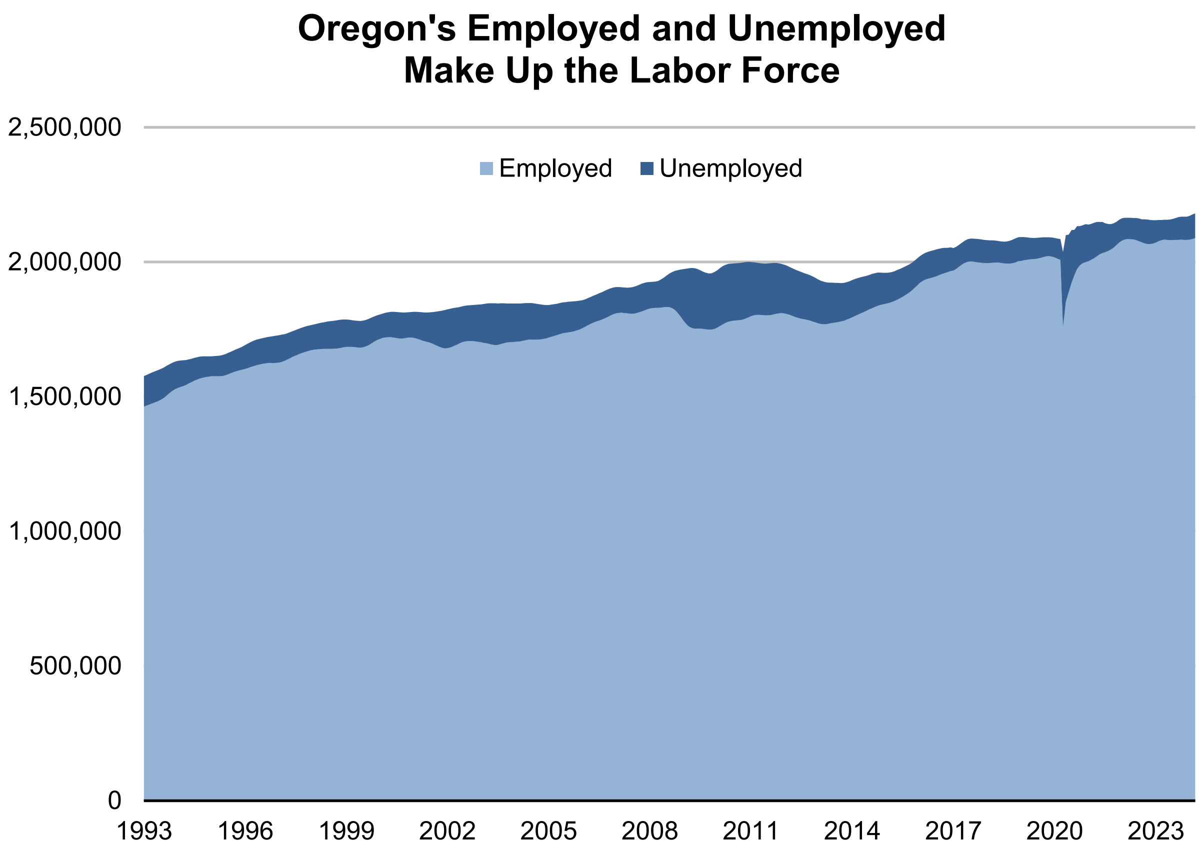
| Area | Ages 55+ | % Ages 55+ |
|---|---|---|
| Wheeler | 111 | 34% |
| Grant | 668 | 32% |
| Lake | 703 | 31% |
| Wallowa | 903 | 31% |
| Gilliam | 241 | 31% |
| Curry | 1,907 | 31% |
| Lincoln | 4,869 | 30% |
| Coos | 6,355 | 29% |
| Harney | 703 | 29% |
| Jefferson | 1,701 | 29% |
| Baker | 1,616 | 28% |
| Tillamook | 2,493 | 28% |
| Clatsop | 4,591 | 27% |
| Wasco | 2,770 | 27% |
| Josephine | 7,772 | 27% |
| Douglas | 9,640 | 27% |
| Hood River | 3,577 | 27% |
| Malheur | 3,541 | 27% |

| Area | Ages 55+ | % Ages 55+ |
|---|---|---|
| Sherman | 211 | 27% |
| Klamath | 5,781 | 26% |
| Yamhill | 9,381 | 26% |
| Marion | 42,614 | 26% |
| Columbia | 2,845 | 26% |
| Jackson | 22,345 | 25% |
| Linn | 11,804 | 25% |
| Crook | 1,684 | 25% |
| Umatilla | 7,903 | 25% |
| Lane | 37,649 | 25% |
| Benton | 9,086 | 25% |
| Morrow | 1,406 | 25% |
| Clackamas | 42,539 | 24% |
| Polk | 5,168 | 24% |
| Union | 2,341 | 24% |
| Deschutes | 19,414 | 23% |
| Washington | 69,020 | 22% |
| Multnomah | 110,549 | 22% |

*Source: Oregon Employment Department and U.S. Census Bureau, Quarterly Workforce Indicators*

## Slower Labor Force Growth

The labor force consists of two parts: employed workers and the unemployed. The employed part of the labor force, which amounted to 2.1 million Oregonians in 2023, includes anyone 16 and older who lives in Oregon, is not active military or in an institution, and either works for an employer, is self-employed, or works on a farm. The unemployed part of the labor force, which amounted to 80,500 in 2023 (the lowest level since 1989), includes individuals who are not working, but are able and available to work, and actively seeking work. People 16 and older who are neither employed nor unemployed are not considered part of the labor force. Around 1.3 million Oregonians fell into this category in 2023.

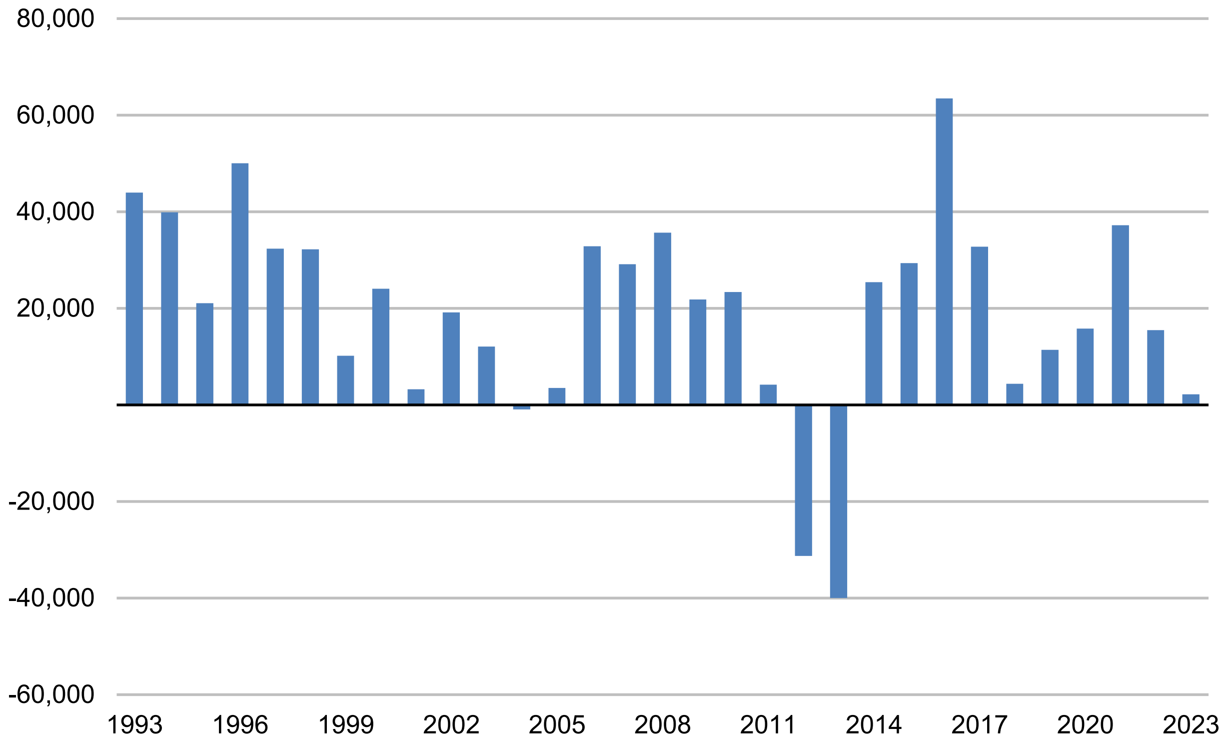



*Source: Oregon Employment Department, Local Area Unemployment Statistics*

The labor force reached a higher total in 2023 than ever before, at 2.2 million workers. The overall size of Oregon's labor force rebounded from the pandemic recession and has continued to grow. Yet, annual labor force growth has slowed notably since the mid-2010s.

In 2023, Oregon added 2,200 people to the labor force, a gain of 0.1%. Over the past 30 years, Oregon has experienced an annual average decline in labor force three times. All three of those years followed a recession. Aside from those three years, the 2023 labor force increase in Oregon was the slowest since at least 1990.

Annual Labor Force Change in Oregon, 1993 - 2023




*Source: Oregon Employment Department, Local Area Unemployment Statistics*

## The Labor Force Keeps Getting Older

Over the past 30 years, the share of the “prime age” labor force (ages 25-54) declined from three-fourths of all workers to two-thirds. Meanwhile, the share of the labor force ages 65 and older more than doubled from 3% in 1993 to 7% in 2023. The teen (ages 16-19) share of the labor force was between 5% and 6% in the early 1990s and slid to 4% of the labor force by 2023. In 1978, when labor force records first became available for Oregon, teen workers made up 10% of the labor force.

**Oregon Labor Force by Age, 1993 and 2023**

| | 1993 | | 2023 | |
|---|---|---|---|---|
| | Labor Force | Share | Labor Force | Share |
| 16 to 19 years | 79,000 | 5.0% | 90,000 | 4.2% |
| 20 to 24 years | 155,000 | 9.7% | 191,000 | 8.9% |
| 25 to 34 years | 372,000 | 23.3% | 479,000 | 22.4% |
| 35 to 44 years | 494,000 | 31.0% | 506,000 | 23.6% |
| 45 to 54 years | 321,000 | 20.1% | 448,000 | 20.9% |
| 55 to 64 years | 134,000 | 8.4% | 275,000 | 12.9% |
| 65 years and over | 40,000 | 2.5% | 151,000 | 7.1% |
| Prime Age 25-54 | 1,187,000 | 74.4% | 1,433,000 | 67.0% |

*Source: Oregon Employment Department, Local Area Unemployment Statistics*

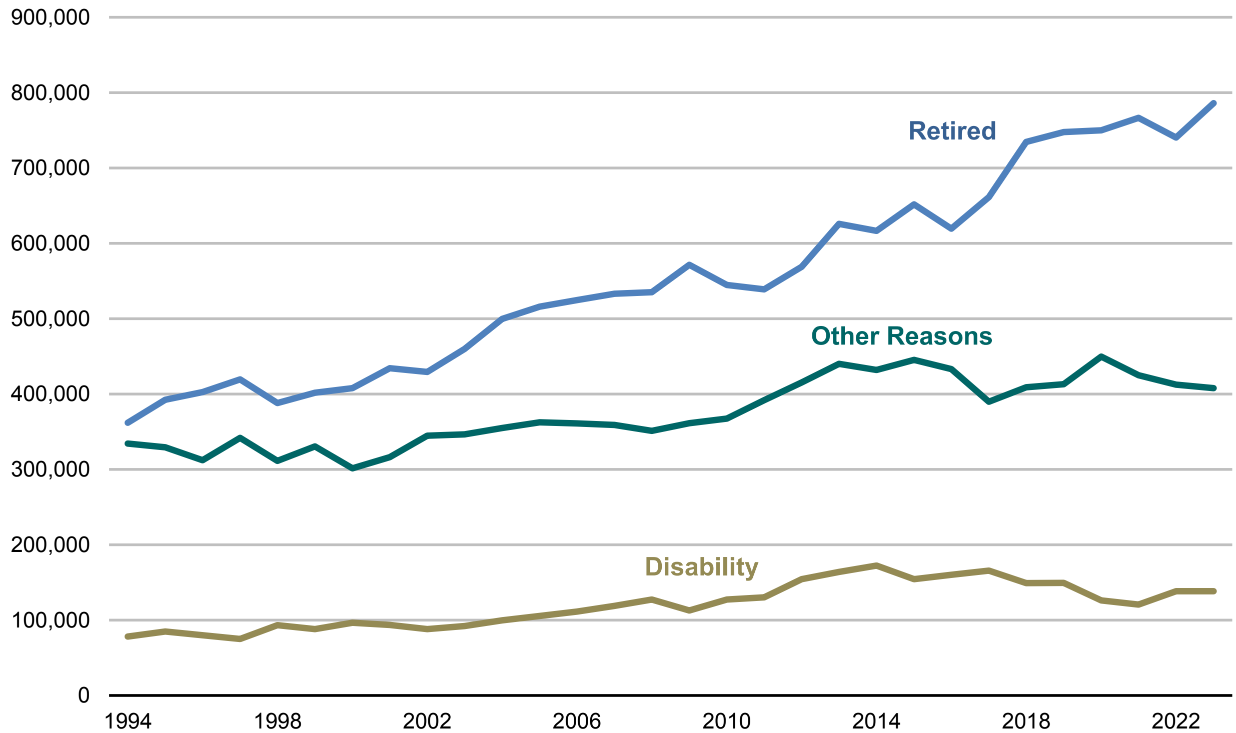
The aging workforce leading to more Oregonians moving into retirement could be one cause for the slowdown in labor force growth.

## More Retirees Not in the Labor Force

Although there are record numbers of workers in Oregon ages 55 and older, there are also record numbers of adults who are no longer participating in the labor force because they have retired. The largest group of Oregon adults who are not in the labor force are retired, although some may be younger than 65. The number of people reported as not being in Oregon's labor force due to retirement rose by 38,000, or 5%, from 748,000 in 2019 to 786,000 in 2023. Looking over the past decade, the number of Oregonians not in the labor force due to retirement grew by 160,000 or 26%.

Another group of Oregonians do not participate in the labor force for "other reasons." This age group includes teens and young adults, so some may be focusing on high school or higher education. Others may be out of the labor force due to family or home care obligations, or other priorities. While this number has risen since the 2000s, the number of people in Oregon who were out of the labor force for other reasons was similar in 2019 (413,000) and 2023 (408,000).

**Reasons Oregonians Ages 16+ are Not in Labor Force**
**Annual Average, 1994-2023**




*Source: Oregon Employment Department, Local Area Unemployment Statistics*

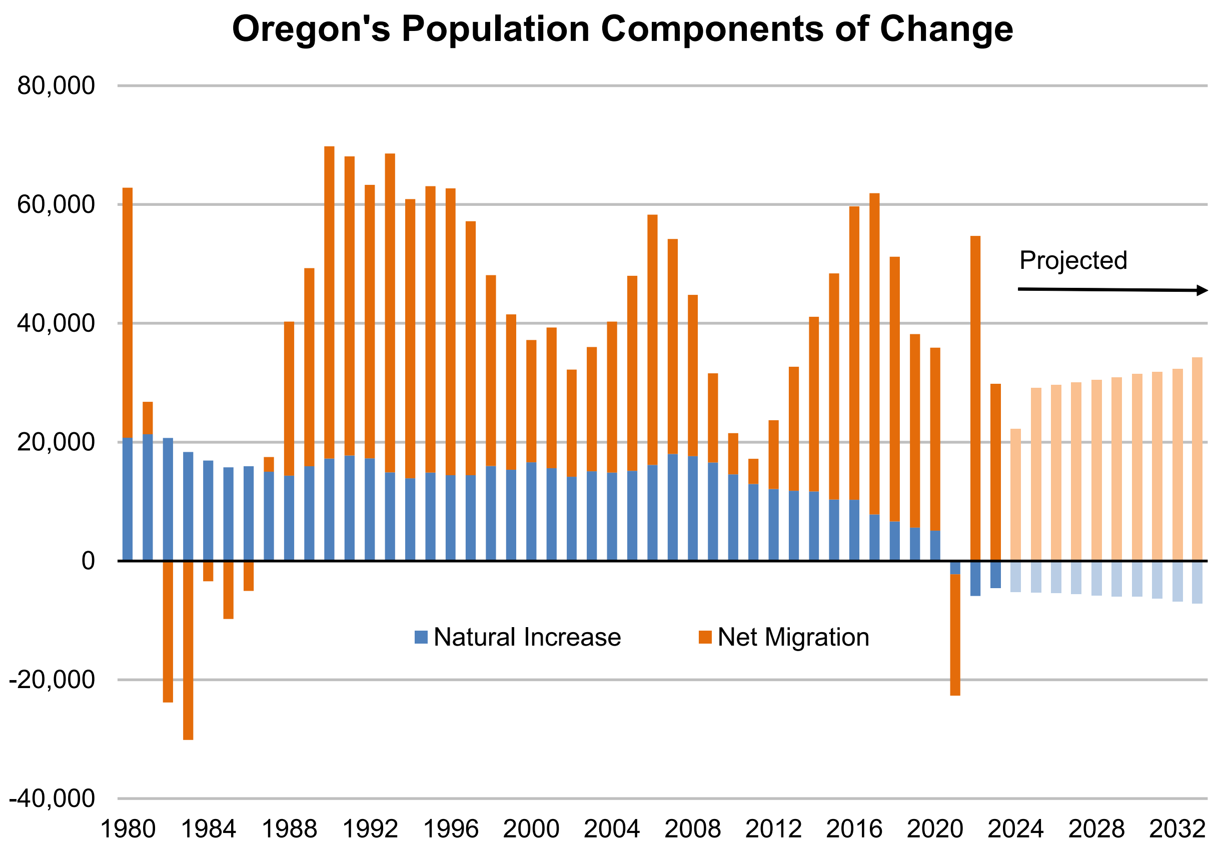
Some Oregonians with disabilities also are not in the labor force. While their numbers have risen over time, the share of those not in the workforce has hovered between 10% and 14%.

Overall, what's changed the most in terms of reasons for not participating in the labor force is that more Oregonians are retired than at any time in the past. While some who are out of the labor force may be enticed to work with the right pay, perks, or job situation, it is unlikely that retirees will return to fill jobs in the future, at least in large enough numbers to considerably increase labor availability.

## Slower Net In-Migration

In addition to an aging workforce and more retirements, a decline in net in-migration could be another cause for the slowdown in labor force growth. For decades, Oregon's labor force growth has been fueled by a growing population. The state's population grew by 40% between 1993 and 2023, compared with 30% for the U.S. Those stronger gains helped Oregon employers to add jobs more quickly than average, too. Population growth consists of two parts: natural increase is the difference between births and deaths; net migration is the difference between people moving into and out of an area.

Net in-migration has meant larger population gains than Oregon would otherwise have seen through natural increase. Each year from the mid-1980s until 2021, more people moved into Oregon from other places than left in any given year. While not all who have migrated to Oregon over the decades were working-age, many were. So as the number of births slowed, and has and more workers reached aged, Oregon was still able to workers to the labor force.




*Source: Oregon Employment Department, Oregon Office of Economic Analysis*

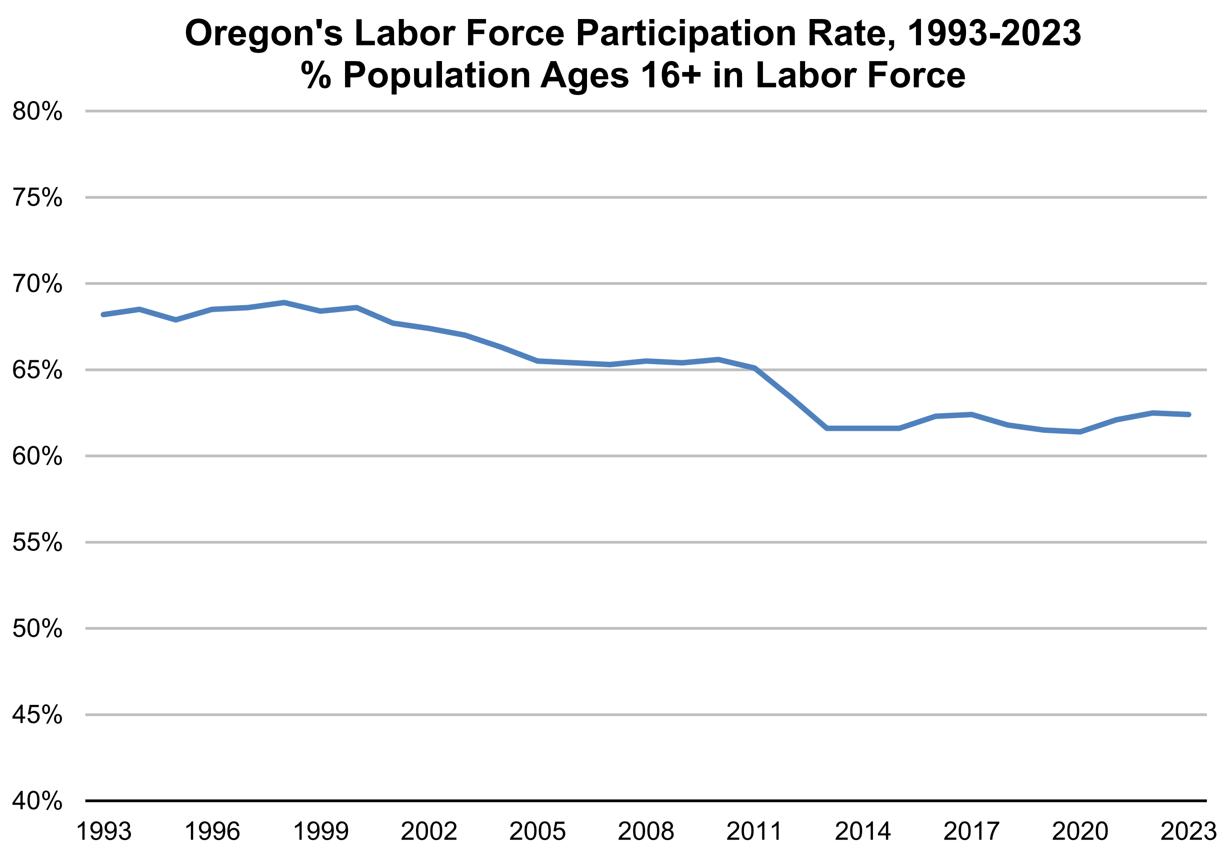
Historically, net in-migration has been relatively strong in Oregon during economic expansion periods. Yet in the mid- to late-2010s, annual net in-migration started to decline during a time of relatively strong job growth and low unemployment. In 2021, for the first time in almost four decades, the population estimates showed negative net migration, leading to an overall decline in Oregon's population.

The declines net migration and overall population may have contributed to slower labor force growth and a tighter labor market for Oregon employers in recent years. Population estimates show a net in-migration rebound in 2022, and slower, but positive, net in-migration in 2023. Projections from Oregon's Office of Economic Analysis (OEA) show the natural decrease continuing into the future, and relatively slower net in-migration trends.

# Labor Force Participation Rates

Oregon's labor force may be able to continue growing despite slower population growth and lower net in-migration as long as labor force participation rates within the existing population rise. Oregon's labor force participation rate is the share of the overall population ages 16 and older who are either working, or unemployed but actively seeking work, and available and able to take a job.

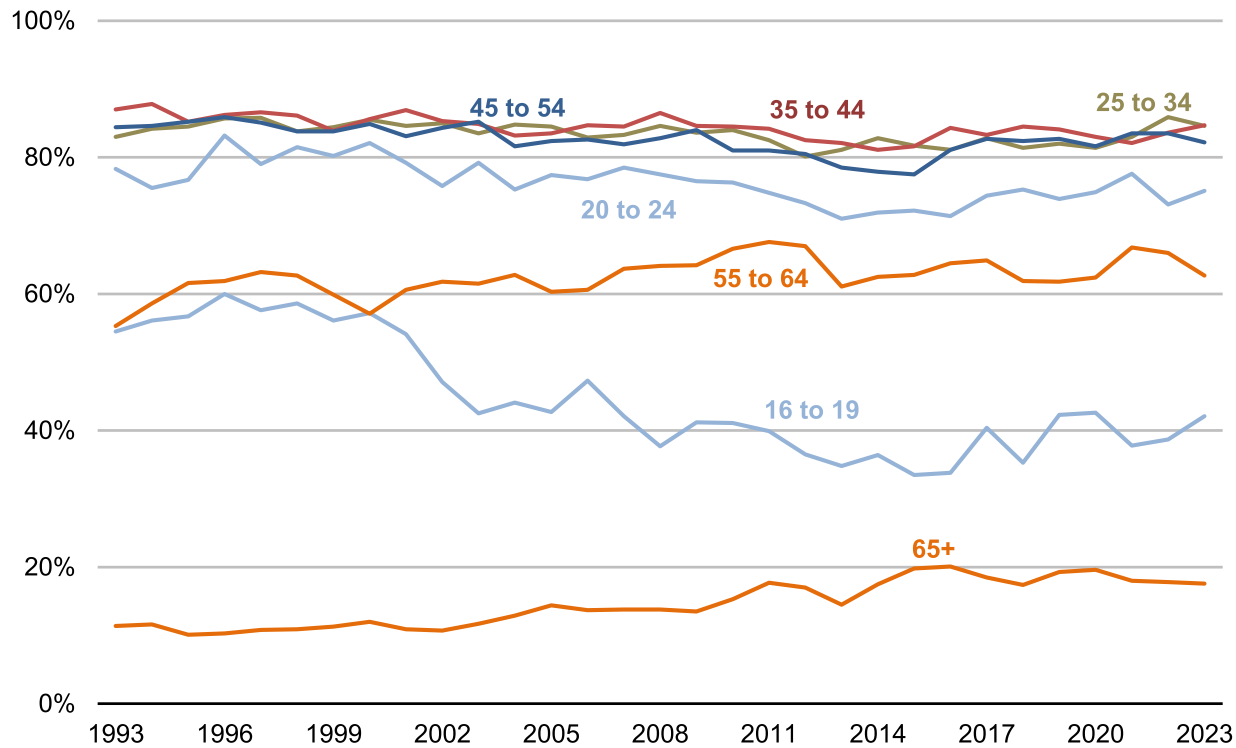
Oregon's labor force participation rate peaked at 68.9% in 1998. The participation rate has since declined, both in Oregon and the U.S., due largely to demographic changes. In addition, some people ages 16 to 24 have delayed entry into the labor force due to greater participation in education and school-related activities than in the past. Still, Oregon's labor force participation rate was 62.4% in 2023. That's a stronger participation rate than Oregon had in seven of the past 10 years, and matched the state's participation rate in 2017.




*Source: Oregon Employment Department, Local Area Unemployment Statistics*

By age category, Oregon's labor force participation rates are strongest in the prime age worker groups between 25 and 54 years old. These age categories also generally have steady participation rates above 80% over the years. As with worker and labor force trends, the most notable changes are among Oregon's youngest and oldest workers.

**Oregon Labor Force Participation Rates by Age Category, 1993 - 2023**




*Source: Oregon Employment Department, Local Area Unemployment Statistics*

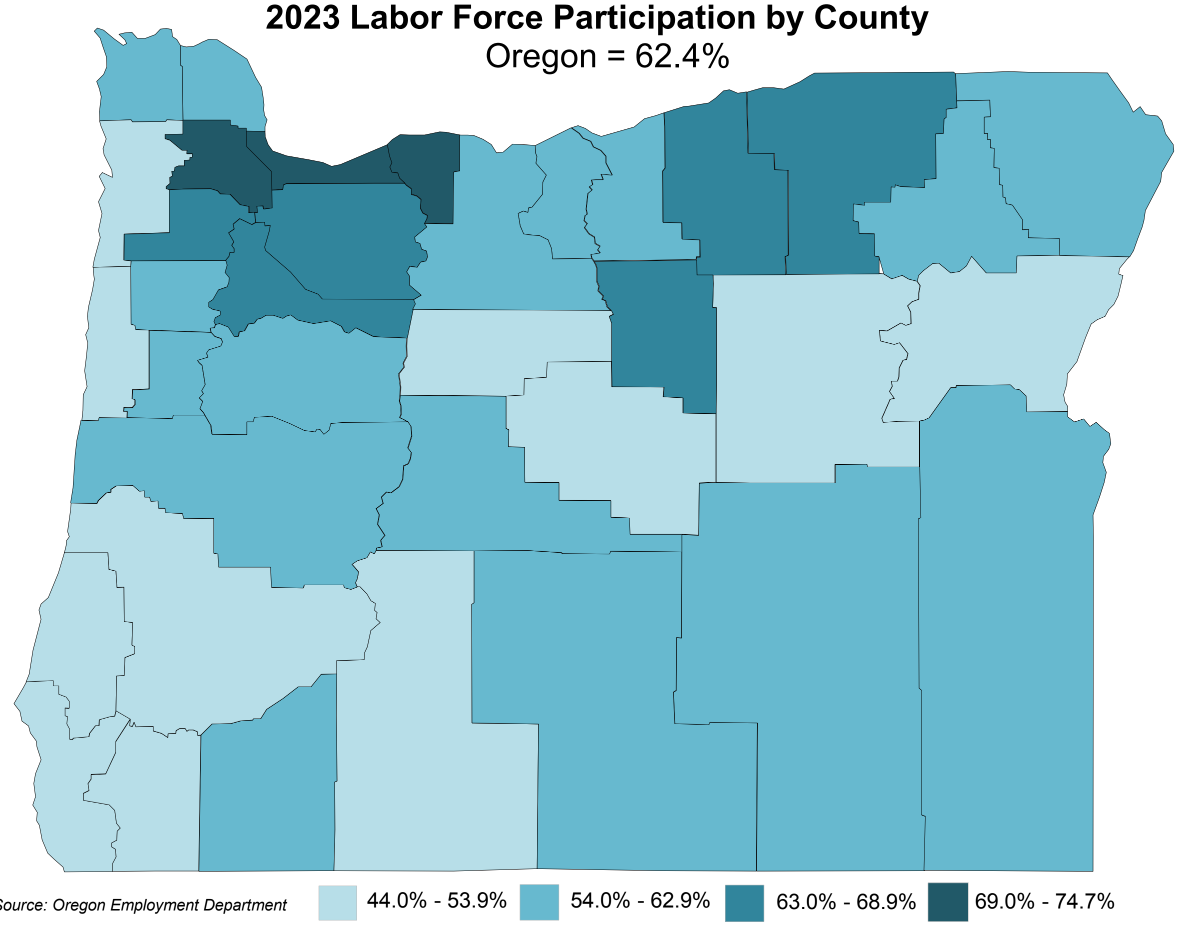
Prior to 2002, more than half of teenagers ages 16 to 19 were in the labor force. Fewer teens work today, and while their labor force participation rate has trended up slightly in recent years, it's still averaged less than 40% over the past decade. Teens are the only age group with a large and sustained drop in labor force participation since this data became available in 1978.

The other group to see a large change in labor force participation is older workers, but they've moved in the opposite direction from teens, with more workers ages 55 and older participating in the labor force than in decades past. Labor force participation among those ages 55 to 64 increased from 55% in the early 1990s to between 62% and 64% so far in the 2020s. Among workers ages 65 and older, participation increased from 11% in the early 1990s to between 18% and 19% in the early 2020s.

Not only are workers ages 55 and older participating in the labor force more frequently than in the past, but there are a lot more of them as well, resulting in a large increase in the share of the workforce that is 55 and older.

Labor force participation varies widely and has differing impacts among Oregon's counties. In 2023, labor force participation rates ranged from a low of 44% in Curry County to a high of 74.7% in Hood River County. Counties with larger shares of population either 65 or older, or between the ages of 16 and 24, tend to have lower labor force participation rates.

**2023 Labor Force Participation by County**
Oregon = 62.4%

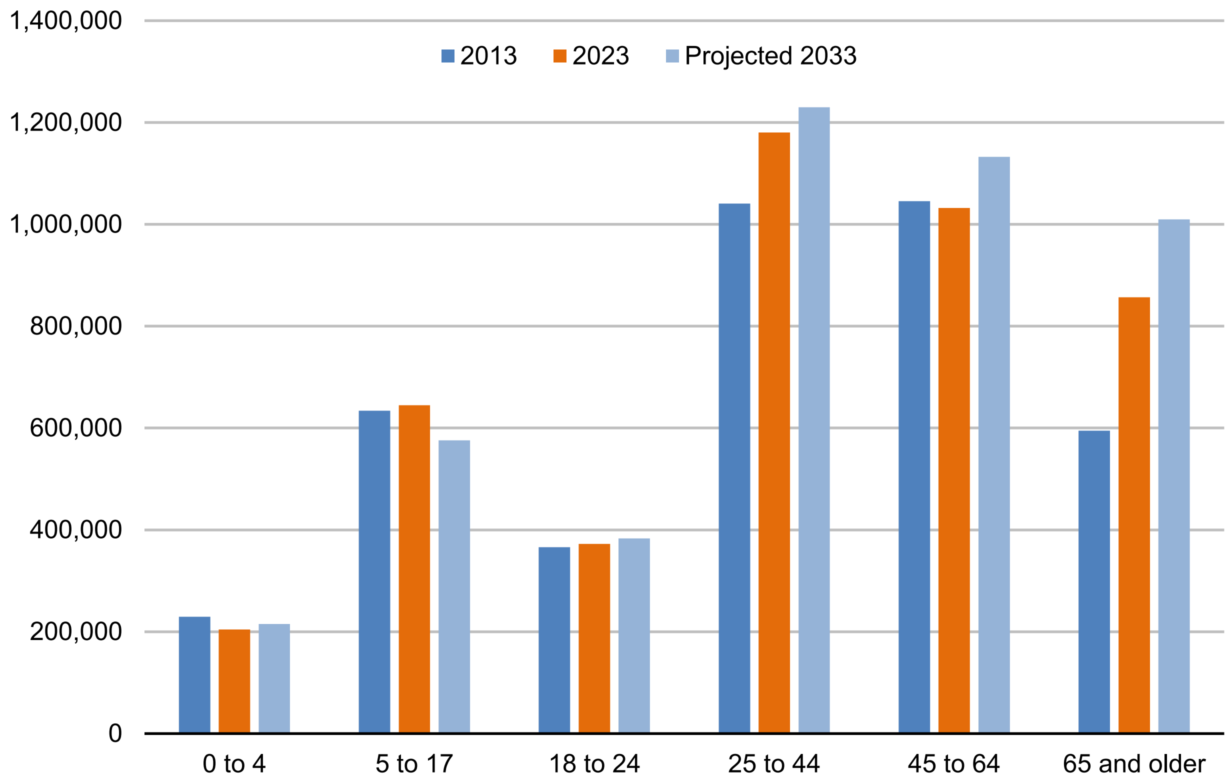



*Source: Oregon Employment Department*

# Population and Labor Force Outlook

Population growth over the coming decade will be concentrated among the older population. Oregonians ages 65 and over will number 1.0 million by 2033. This population cohort will grow by 18%, which is three times faster than the overall projected population growth (6%). With the child and youth population projected to see a slow decline due to falling birth rates, the number of Oregonians under the age of 25 will be slightly less than 1.2 million in 2033.

**Oregon Population Ages 25+ Projected to Increase**




*Source: Oregon Employment Department, Oregon Office of Economic Analysis*

Oregon's Office of Economic Analysis (OEA) expects that growth in net in-migration – and in turn population – will rebound over the next decade. Those gains will be slower than in the 1990s, or 2000s.

Relatedly, the growth in potential wage earners ages 25 and older in Oregon should be higher than in the past few years, but fall short of stronger historical gains. In the 1990s, the number of wage earners ages 25 to 64 rose by 356,500 in Oregon. That number rose by 261,700 in the 2000s. Between 2023 and 2033, OEA forecasts an increase of 149,600 wage earners between 25 and 64 years old.

**Historical and Forecast Changes in Oregon Wage Earners by Age Category**

| | Ages 25 - 44 | | Ages 45 - 64 | |
|---|---|---|---|---|
| Years | Change | % Change | Change | % Change |
| 1990 - 2000 | 70,174 | 7.6% | 286,329 | 53.9% |
| 2000 - 2010 | 29,278 | 2.9% | 232,431 | 28.4% |
| 2010 - 2020 | 137,401 | 13.4% | -4,013 | -0.4% |
| 2020 - 2023 | 17,370 | 1.5% | -13,704 | -1.3% |
| 2023 - 2033* | 49,306 | 9.7% | 100,299 | 9.7% |

*Source: Oregon Employment Department and Oregon Office of Economic Analysis, *forecasted estimate*

In early 2024, the Office of Economic Analysis also estimated the labor force outcomes if Oregon continues to experience little or net-zero growth, similar to the aggregate of the past few years. If Oregon's population gains continue to stagnate, OEA expects there to be 30,000 fewer workers in Oregon's labor force in 2033 than in 2023. As OEA notes, that's not a large decline, but it would result in nearly 200,000 fewer workers than otherwise expected with the current forecasted rebounds.

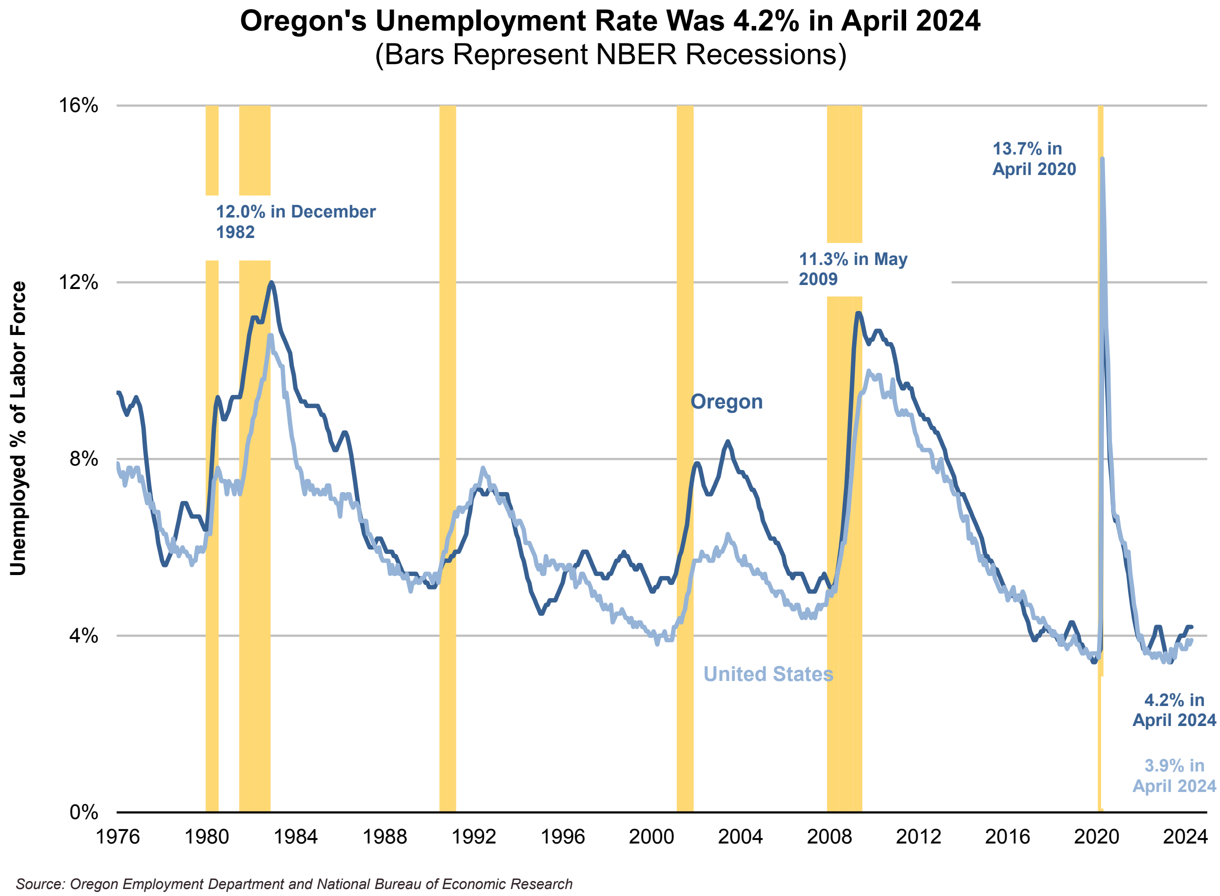
## Potential Impacts on Workers and Employers

The number of people who say they're not in Oregon's labor force because they've retired has grown, and hit an all-time high in 2023. And still, nearly one-fourth of all job holders are 55 or older, and possibly looking towards retirement in the coming decade.

Meanwhile labor force growth in Oregon has slowed. Despite labor force participation rebounding to the highest rate in more than a decade, growth in the overall size of Oregon's labor force has slowed in recent years, and was nearly unchanged from 2022 to 2023.

In a situation where there's low unemployment, employers have relatively large numbers of job openings, and there's slow labor force growth, the workers may have greater advantages in the labor market. These conditions have been present in Oregon over the past couple of years, and it's been a job seekers' market.

Oregon's unemployment rate has been at or near a record low in recent years, staying below 4.5% from September 2021 through April 2024. There have only been a few periods of time when Oregon's unemployment rate has been this low. Going back to 1976, those times were January and February of 1995, the 3.5 years prior to the pandemic recession in 2020, and now.

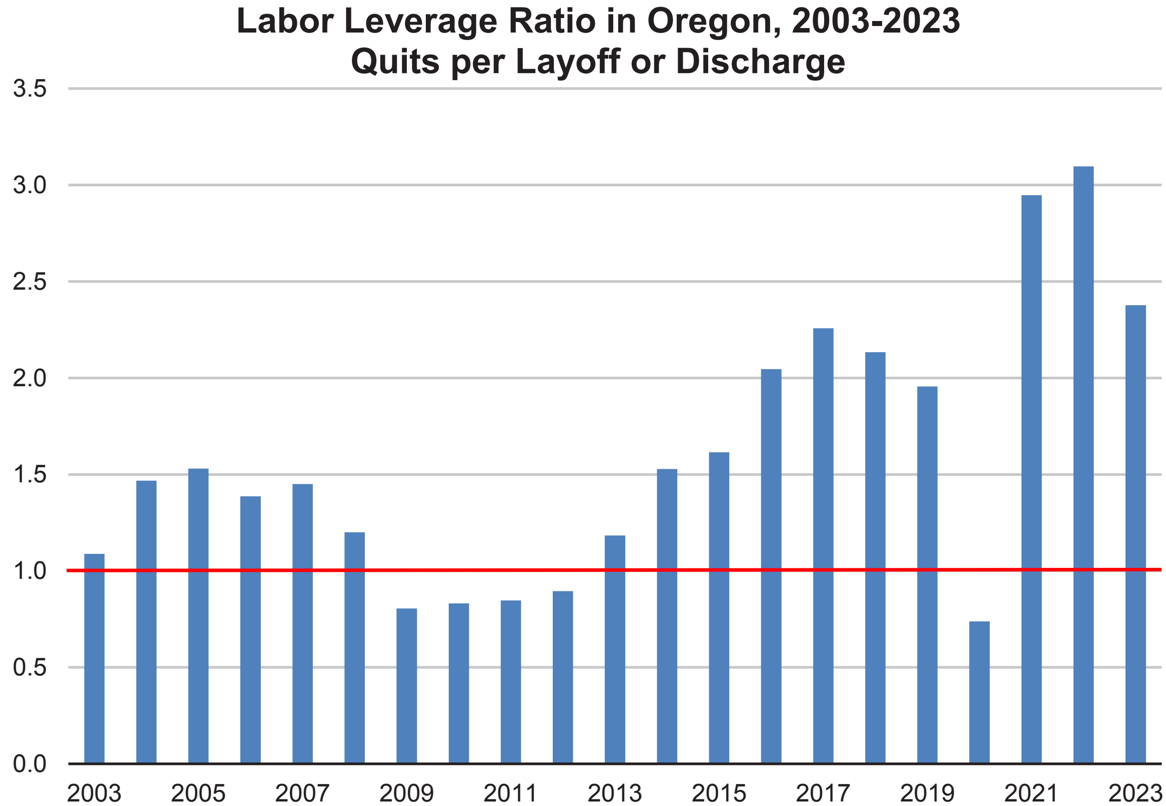



While Oregon's unemployment rate fell below 4.5% in fall 2021, and returned to pre-pandemic record lows in spring 2023, the number of job openings remained elevated. At similarly low rates of unemployment to 2019, Oregon employers were still looking to fill nearly 27% more job openings in 2023.

## Labor Leverage

The labor leverage ratio is a measure of worker versus employer bargaining power developed by Aaron Sojourner at the Upjohn Institute. It compares the number of workers quitting their jobs to the number of layoffs and discharges initiated by employers. Workers are more likely to quit jobs in stronger labor market conditions, when they are confident of their job prospects. When quits outnumber layoffs or discharges, the labor leverage ratio is above 1.00, which is an indicator of a strong labor market.

During weaker economic times and downturns, the number of quits declines while layoffs rise. When layoffs and firings outnumber quits, the labor leverage ratio is below 1.00. This is a sign of a weaker labor market.




*Source: Oregon Employment Department and U.S. Bureau of Labor Statistics; Upjohn Institute, Soujourner*

Oregon's labor leverage ratio reached a record high in 2022, with more than three quits by workers for every discharge or layoff initiated by an employer. Although the ratio eased to 2.4 quits per layoff or discharge in 2023, that's still slightly above the pre-pandemic high of 2.3 in 2017.

Between 2022 and 2023, the number of quits in Oregon fell from a high of 675,000 down to 233,000, which was the lowest number in at least 20 years. Layoffs and discharges also plummeted, from 218,000 in 2022 to 98,000 in 2023. Layoffs and discharges in Oregon have reached a new low every year in 2021, 2022, and 2023.

The advantages of worker leverage aren't necessarily felt evenly across the economy though. They may be concentrated in growing industries with many job openings, or for types of job openings that are particularly hard to fill.

# Tight Labor Market

Despite recent slowing in job growth, unemployment remains low and the number of job openings remain elevated. Aside from the sheer volume of vacancies, most other characteristics of job openings in Oregon remained the same over the past five years. Each year, nearly all job vacancies were for permanent positions, and about four out of five were full-time. Each year, slightly more than half of all job vacancies required previous work experience.

**Oregon Job Vacancies and Unemployment Rates, 2019-2023**

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| **Vacancies** | **57,241** | **44,408** | **96,887** | **103,977** | **72,815** |
| Average Hourly Wage (in 2023$) | $22.42 | $21.25 | $22.14 | $22.55 | $25.13 |
| Full-time Positions | 77% | 79% | 78% | 81% | 82% |
| Permanent Positions | 93% | 92% | 93% | 94% | 94% |
| Requiring Education Beyond High School | 34% | 33% | 30% | 29% | 39% |
| Requiring Previous Experience | 57% | 53% | 53% | 52% | 58% |
| Difficult to Fill | 57% | 51% | 72% | 72% | 61% |
| Unemployment Rate | 3.8% | 7.8% | 5.2% | 4.2% | 3.7% |

*Sources: Oregon Employment Department; Job Vacancy Survey, Local Area Unemployment Statistics*

What did change most notably in the past few years was the average starting wage offered for job openings, and employers' difficulty filling vacancies. During the rapid hiring and return to low unemployment between 2021 and 2023, employers increased the average wage for job openings by $5.44, from $19.69 per hour to $25.13 per hour. After adjusting for inflation, which ran high for part of this time, real gains in average starting wages rose by $2.99 per hour (or 14%).

Employers' reported difficulty filling job vacancies also rose notably during the peak job vacancy period and return to low unemployment. Oregon employers reported seven out of 10 job openings as hard to fill at any given time in 2021 and 2022. That difficulty eased slightly to six out of 10 job openings in 2023. Rising wages and difficulty filling job vacancies are indicators of a tight labor market, or a job-seekers' market, where employers compete for a relatively low available workforce.

# Attracting and Retaining Workers in a Tight Labor Market

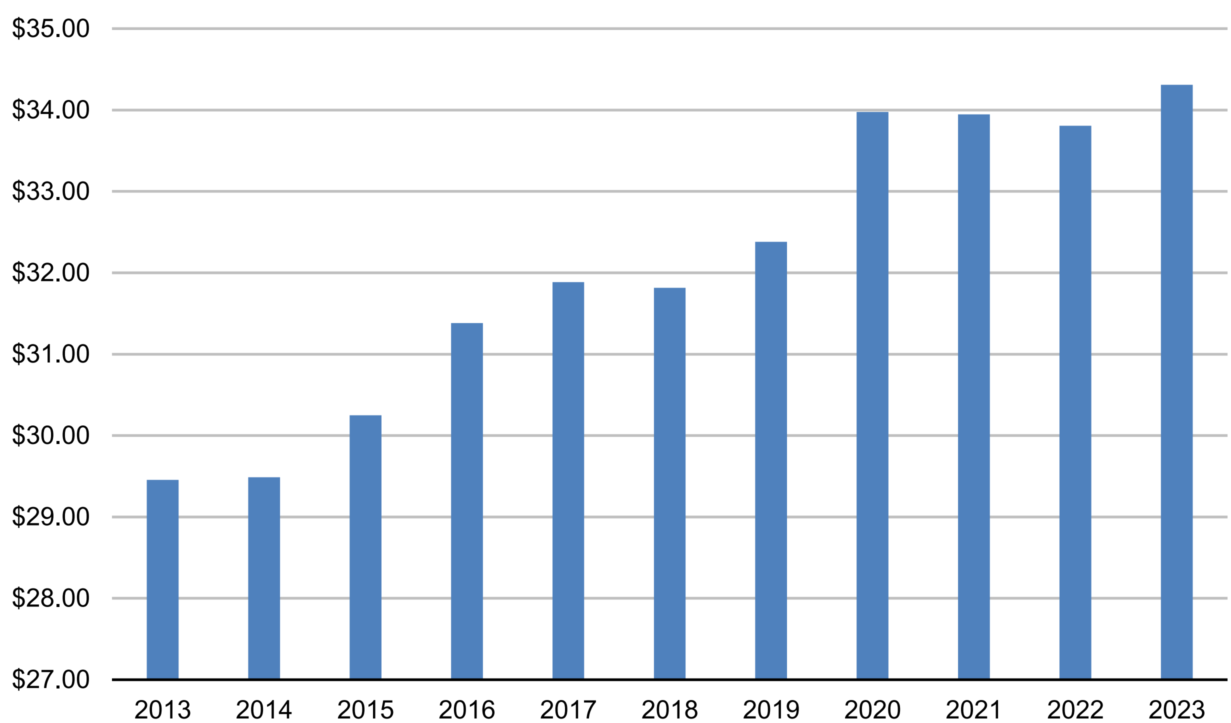
A tight labor market favors job seekers, giving them more leverage – choices and bargaining advantage – among available job openings. These conditions may increase efforts employers need to make to attract and retain workers.

## More Money

Higher wages are one way to attract job seekers. Wage increases can also help retain existing workers. While the real average starting wage for workers at private companies in Oregon rose by 14% between 2021 and 2023, to $25.13 per hour, gains have been slower for incumbent workers. Once adjusted for inflation, the average hourly earnings for incumbent workers in Oregon reached an all-time high at $34.31 in 2023. Yet their hourly wage declined in both 2021 and 2022.

The mix of jobs being added back into Oregon's economy may have influenced the 2021 and 2022 declines, as lower-paying industries had particularly strong job gains during the pandemic recession recovery. Still, looking just at 2023, after much of the large recovery

**Real Average Hourly Earnings of All Private Employees in Oregon (2023 Dollars)**




*Source: Oregon Employment Department and U.S. Bureau of Labor Statistics* in lower-wage industries had already occurred, new hires saw an average increase of $2.58 per hour (11%). Incumbent employees saw an average hourly increase of 50 cents per hour (1.5%) over the same period. It has taken more than eight years for the average hourly earnings of incumbent employees to see a similar-sized gain (13%) to that of average starting wages in just the past two years.

## More Benefits

Not all employers can raise wages. Alternative options employers might use to make their jobs more competitive include additional benefits or perks.

In 2018, Oregon's private employers reported health, retirement, paid holidays, and paid vacation as being among the most commonly offered benefits to employees. Taking a longer-term look at benefits, the National Compensation Survey provides U.S.-level data on worker access to various benefits over the past decade.

**Share of U.S. Workers With Access to Selected Benefits, by Employer Class Size**

| | | Employer Size Class | | | | |
|---|---|---|---|---|---|---|
| | **Year** | **All** | **Less than 50** | **50 - 99** | **100 - 499** | **500+** |
| Paid Vacation | 2013 | 77% | 66% | 76% | 84% | 90% |
| | 2023 | 79% | 71% | 76% | 86% | 91% |
| Paid Holidays | 2013 | 77% | 67% | 74% | 85% | 91% |
| | 2023 | 80% | 73% | 75% | 86% | 92% |
| Health Insurance | 2013 | 70% | 53% | 69% | 83% | 89% |
| | 2023 | 72% | 56% | 75% | 85% | 90% |
| Retirement Benefits | 2013 | 64% | 45% | 63% | 79% | 87% |
| | 2023 | 70% | 53% | 71% | 83% | 91% |

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

Between 2013 and 2023, the share of all U.S. private industry workers with access to paid vacation, paid holidays, health insurance, and retirement benefits all increased. The largest increase among these benefits was in retirement offerings. Overall, the share of private-industry workers with access to retirement benefits rose to 70%, an increase of 6 percentage points from 2013. Shares of workers with access to paid vacation, paid holidays, and health insurance also edged up over the decade.

As the size of firms increases, so too does the share of employees with access to these four benefit types. Although smaller employers (with less than 50 employees) were less likely to offer various benefits, they made increased shares of worker benefit access the most between 2013 and 2023. Despite these gains, slightly more than half of smaller employers' workers had access to employer-provided health insurance (56%) and retirement (53%) benefits in 2023. That's still well below the access rate for workers at the nation's largest employers. Employers with at least 500 workers offered health insurance, retirement benefits, paid holidays, and paid vacation to at least 9 out of every 10 employees.

## Greater Flexibility

Some employers might also be able to make some job openings more competitive by offering greater job flexibility, such as scheduling or hybrid/remote work. According to estimates from the U.S. Census Bureau's American Community Survey, a small share (16%) of U.S. employers offered flexible work schedules to private employees.

Oregon ranks favorably in terms of workers who primarily work from home. In 2022, nearly one-fifth (19%) of all workers usually worked from home. That was the sixth highest rate among all states and D.C.

## Work Experience Requirements

Most jobs typically cannot be worked remotely. So as another recruiting strategy, some employers may consider relaxing their previous experience requirements for positions. If it's safe to do so, reducing the required number of years of previous work experience, or any other requirements not inherent to the job, can expand the pool of eligible candidates for job openings. Even amid record job openings, record low unemployment rates, and record difficulty filling job vacancies in recent years, the majority of all job vacancies in Oregon still required some previous work experience.

**Top 10 States by Share of Those Working from Home in 2022**

| Area | Worked from Home |
|---|---:|
| District of Columbia | 33.8% |
| Colorado | 21.2% |
| Washington | 20.5% |
| Maryland | 19.2% |
| Arizona | 19.2% |
| Oregon | 19.0% |
| Massachusetts | 18.4% |
| Virginia | 18.2% |
| Utah | 18.0% |
| New Hampshire | 17.3% |

*Source: Oregon Employment Department and U.S. Census Bureau, American Community Survey*

## Recruitment Intensity

In tight labor markets, employers can also increase the geographic range and intensity of their recruitment efforts. They may layer help wanted signs with other efforts such as posting with online job boards and working with recruiters outside of their immediate geographical area. This includes listing job openings with WorkSource Oregon, where tens of thousands of workers are registered in a job matching system. Any layering employers can do with their hiring and retention strategies can help them find and keep more workers in a tight labor market.

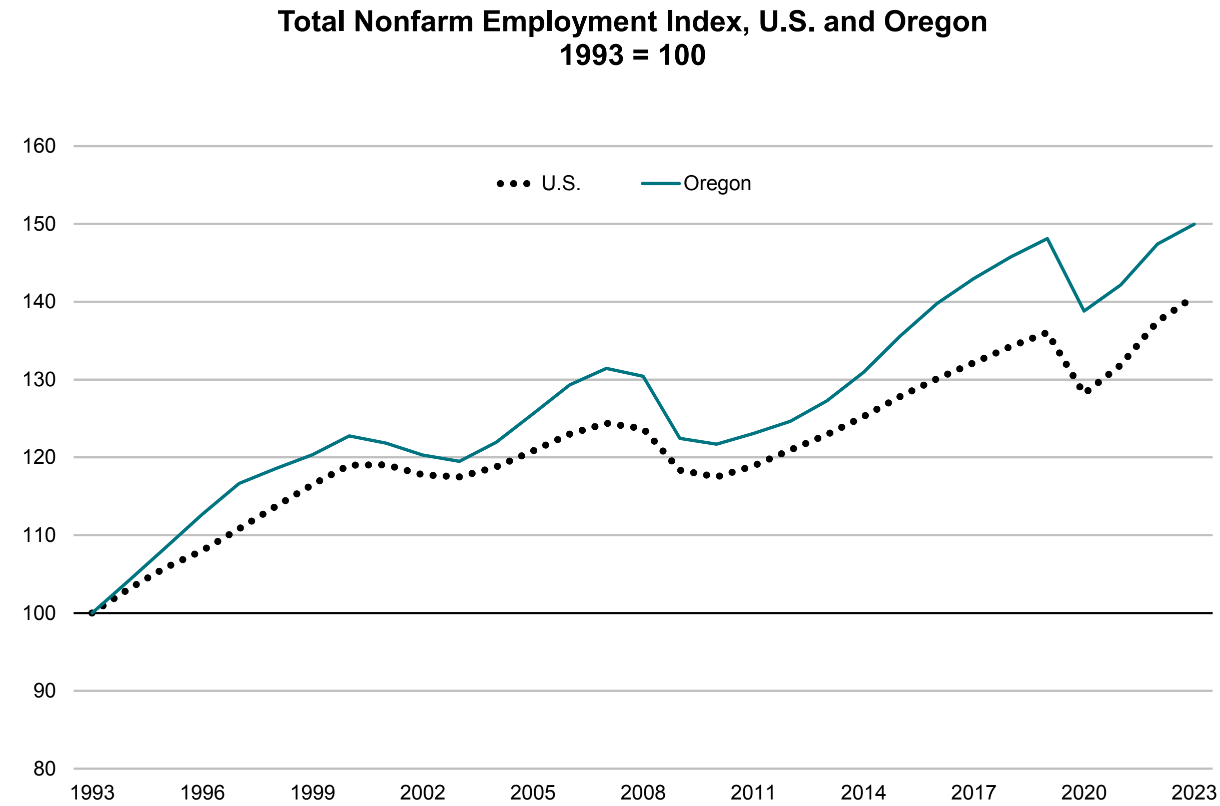
## Potential Impacts to Oregon

Longer, ongoing trends of an aging workforce, more retirements, and slower population and labor force growth have implications for workers, and employers. These trends could also affect Oregon's job growth potential.

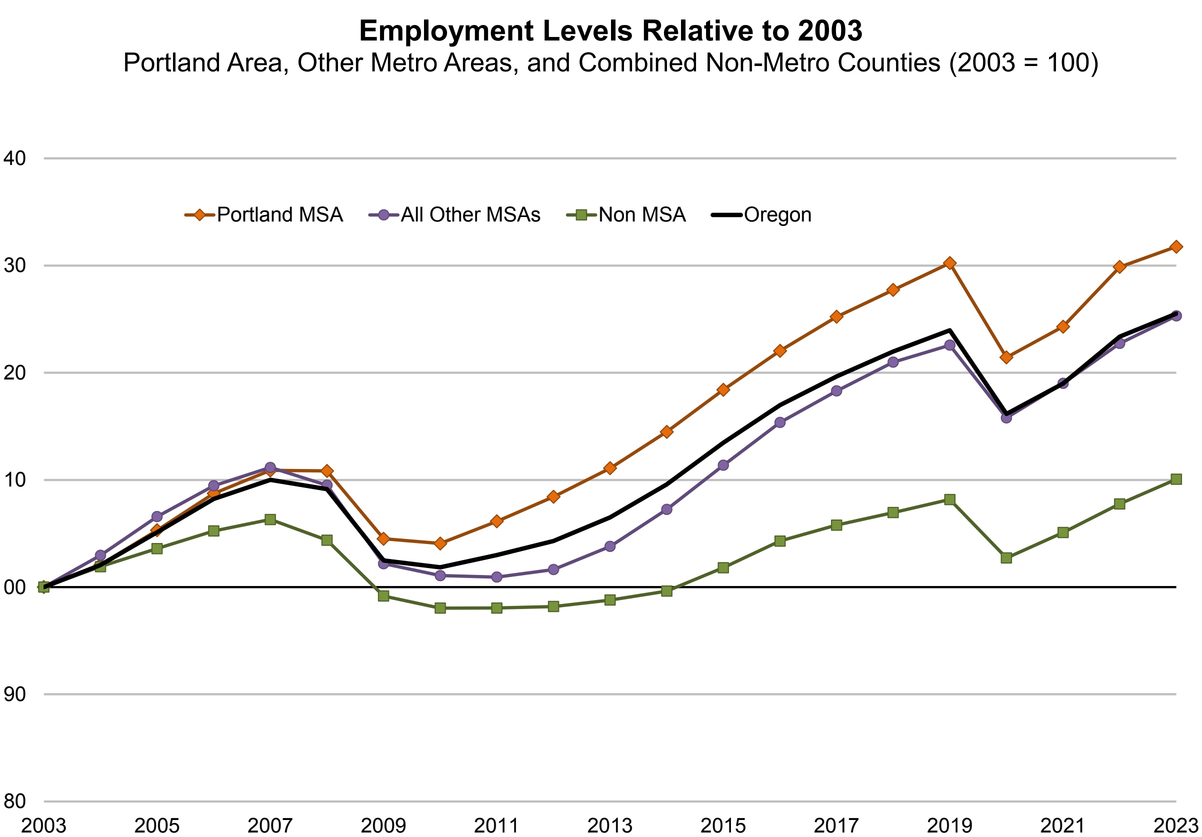
Oregon and the U.S. have experienced three recessions over the past 30 years. During downturns, Oregon tends to lose a larger share of jobs than the U.S. During recovery and expansion periods, Oregon has outpaced the U.S. in job growth. Since there are more months of recovery and expansion than recession over the course of business cycles, Oregon has had stronger long-term job growth. Oregon's annual average total nonfarm employment grew by 50% between 1993 and 2023. Meanwhile, U.S. employment grew by 41%.

More recently, that gap narrows, and reverses. Oregon's annual average total nonfarm employment grew by 26% between 2003 and 2023. Meanwhile, U.S. employment grew by 20%. Since the pandemic recession, Oregon's job growth has actually lagged behind the U.S. Nationally, total nonfarm payroll employment in 2023 was 3.4% above the 2019 level. Oregon's 2023 employment was 1.2% above the 2019 level.

Jobs expansion over time varies across different areas of Oregon. In the longer-term, Oregon's metropolitan areas have experienced stronger growth than non-metro areas of the state. Between 2003 and 2023, the Portland Metropolitan Statistical Area (MSA) had the strongest growth (32%), and outpaced Oregon overall (26%). Oregon also has seven other metropolitan statistical areas: Albany, Bend, Corvallis, Eugene, Grants Pass, Medford, and Salem. Together, they had a combined growth rate of 25% over the 20-year period. The 23 counties in Oregon's nonmetro areas grew by a combined 10%.




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




*Source: Oregon Employment Department, Current Employment Statistics*

These job growth dynamics look different over the past four years. Comparing pre- and post-pandemic recession employment, the non-Portland metro areas show the strongest growth, with a combined gain of 2.2% between 2019 and 2023. Among these metros, Bend (8.0%) rebounded fastest, followed by Salem (4.5%) and Corvallis (2.6%). The nonmetro counties grew by a combined 1.8%, and the Portland metro area added 1.2% to its employment total.

## Changing Labor Force Trends and Future Growth

Changing labor force dynamics have impacts on Oregon's workers, employers, and overall labor market. Oregon's workforce – like the U.S. – is has aged over the past few decades. Record numbers of Oregonians are not in the labor force due to retirement. Areas and industries with larger shares of workers approaching or reaching retirement need to plan for their future workforce needs.

Those plans may look different in the coming years than they have in the past. The primary way Oregon's labor force has grown, despite an aging workforce and a long-term decline in labor force participation, has been through strong population gains. Those gains are driven by net in-migration. As those trends have weakened in recent years, population and labor force growth in Oregon have stagnated.

In a labor market where unemployment remains relatively low, and job openings remain relatively high, the slowdown in labor force growth creates extra competition for employers looking to hire – and extra leverage for Oregon's job seekers. For the overall labor market, ongoing slower labor force growth may also limit the state's employment growth potential compared with historical norms.

# Appendix A: References


Office of Economic Analysis. 2024. Demographic Forecast. Oregon Department of Administrative Services. https://www.oregon.gov/das/oea/Documents/appendixc.pdf

Monthly Labor Review. 2017. Teen Labor Force Participation Before and After the Great Recession and Beyond. U.S. Bureau of Labor Statistics. https://www.bls.gov/opub/mlr/2017/article/teen-labor-force-participation-before-and-after-the-great-recession.htm

Sojourner. 2023. Labor Leverage Ratio. Upjohn Institute for Employment Research. https://www.upjohn.org/labor-leverage-ratio

State of Oregon
Employment
Department

oregon.gov/employ
RSPUB299 (0724)

State of Oregon
Employment Department