WORKSOURCE OREGON EMPLOYMENT DEPARTMENT

Oregon Labor Trends

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The Expansion of Oregon's Destination Resorts

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In 2001, Oregon had six destination resorts that employed about 300 workers each.

The travel industry and the nation as a whole changed in 2001. In addition to the onset of the recession, the attacks in September changed the lives of many Americans and hurt the travel industry. Overall, Oregon's leisure and hospitality employment was essentially unchanged between 2001 and 2002, while its accommodations portion lost 200 jobs in 2001 and has yet to regain its employment level of 21,900 in 2000. The recession resulted in 64,000 lost jobs in Oregon and affected almost all industries.

The combined effects of the recession and the attacks of Sept. 11, 2001, put a squeeze on many families' budgets and travel plans. Many of them turned to shorter vacations that were closer to home and did not involve the added security measures imposed at the nation's airports. This often meant packing up the family automobile and heading for a vacation spot within a day's drive, which for many families in the Northwest meant heading to or staying in Oregon.

In This Issue

Oregon is known for its beauty and a number of wonderful recreation spots. Many of these areas attracted tourism-related development, but development in Oregon has been shaped by land use planning since the early 1970s. Oregon's land use planning accommodates tourism-related development in its "Goal 8." One of 19 statewide planning goals, Goal 8 allows the siting of both small and large recreational developments known as "destination resorts."

A small number of resorts in Oregon match the criteria set out in Goal 8. Throughout this paper we will discuss their employment impacts in Oregon.

In consultation with Oregon's Land Conservation and Development Commission (LCDC) and county planning departments as of 2006, it was determined that Oregon had five operating destination resorts that were sited on destination resort zoned land.

A few of Oregon's established resorts that were developed before the time of Goal 8 more than likely could have been developed only on land zoned for destination resorts if built later. That brings the total number of destination resorts to eight.

Oregon Destination Resorts *(on land zoned for that purpose):*

- **Eagle Crest Resort** west of Redmond
- **Running Y Ranch** north of Klamath Falls
- **Bandon Dunes Golf Resort** north of Bandon
- **Pronghorn** northeast of Bend
- **Brasada Ranch** in Powell Butte

Oregon's Established Resorts *(developed prior to Goal 8):*

- **Sunriver Resort** south of Bend
- **Salishan Spa & Golf Resort** south of Lincoln City
- **Black Butte Ranch** west of Sisters

Increased Employment at Oregon's Destination Resorts

Because Oregon's destination resorts are a subset of a much larger industry, historical data is difficult to piece together. However, firm-level employment is easily captured back to 2001, and even in that short time period an interesting picture has developed.

In 2001, Oregon had six destination resorts that employed roughly 1,842 workers or about 300 workers each. The group's employment added only 17 workers in 2002, 37 in 2003, and 2004 saw the addition of 44 workers and one new resort in Central Oregon. In 2005, a second new resort sprouted from the sagebrush and juniper of Central Oregon, and the year saw a boom in resort employment. By 2005, Oregon had eight destination resorts and employment surpassed the 2,000 mark. The year saw growth of over seven percent with the addition of 139 workers (Graph 1).

Oregon Land Use Planning

Since 1973, Oregon's statewide land development has relied on the foundation of 19 statewide planning goals. These goals express the state's policies on land use and provide guidelines on how the goals may be applied.

Goal 8 provides suggestions and guidelines on how Oregon cities and counties can establish land use planning to meet the recreational needs of Oregonians and visitors. One of the ways to accomplish this is through the development of "destination resorts."

In 1984, LCDC first amended Goal 8 to allow destination resorts, under recommendation by the 1982 Governor's Task Force on Land Use Planning. Under the amendment, destination resorts were allowed in certain areas zoned for farm or forest use, which under existing planning ordinances could not be developed for recreational use. Written into state law in 1987, an additional requirement added that destination resorts include permanent overnight accommodations such as hotel rooms, cabins, and time-share units, in addition to permanent residential dwellings.

According to Goal 8, destination resorts in Oregon must be sited in a setting with high natural amenities. Land can not be mapped for a destination resort if it is within 24 air miles of an urban growth boundary with an existing population of 100,000 or more unless residential uses are limited to those necessary for the staff and management of the resort.

In essence, these destination resorts cannot be near Oregon's largest cities like Portland, Salem and Eugene.

For more information on Oregon's planning goals, visit www.Oregon.gov/LCD/goals.shtml.

Table 1

Destination Resort Employment in Oregon: 2005

Location	Resorts	Employment	Payroll	Average Pay
Central Oregon	5	1,299	$37,031,029	$28,507
Rest of Oregon	3	779	$17,271,526	$22,171
Total	**8**	**2,078**	**$54,302,555**	**$26,132**

The growth has not stopped there. Comparing the first three quarters of employment in 2006 to those in 2005, the group continues to grow. Employment was up an additional seven percent in the first nine months, and for the year will presumably be much stronger than in 2005. The growth was the result not only of a ramp up in employment at the two newer resorts on the Oregon landscape; three of Oregon's longstanding resorts also experienced strong employment growth.

Strong Payroll

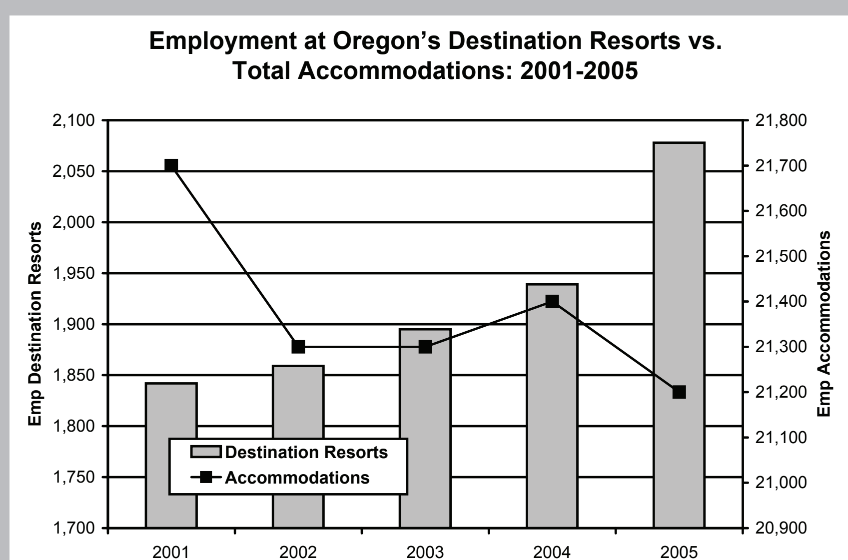
When it comes to pay, Oregon's eight destination resorts outpace the industry average. In 2005, the group's payroll was $54.3 million and on average paid $26,132 per employee. This was more than 1.7 times the average for the broader leisure and hospitality industry at $15,099. Leisure and hospitality is an industry known for lower pay, in part because many of the workers in this industry do not work full-time year-round and food services workers (the largest portion of the industry) are known for earning near the minimum wage. Even though destination resorts have higher pay on average than leisure and hospitality, their employment is also very seasonal.

Pay in the destination resort business lags the statewide all industry average by about 30 percent. Total average pay in Oregon for 2005 was nearly $36,600 and has consistently outpaced pay in destination resorts in the past few years. However, the gap has narrowed by about 10 percent since 2001. In 2001, destination resorts paid $20,632 on average, while total average pay was $33,202. That is a gap of about 38 percent between destination resorts and the total (Graph 2).

Oregon's Resort Concentration

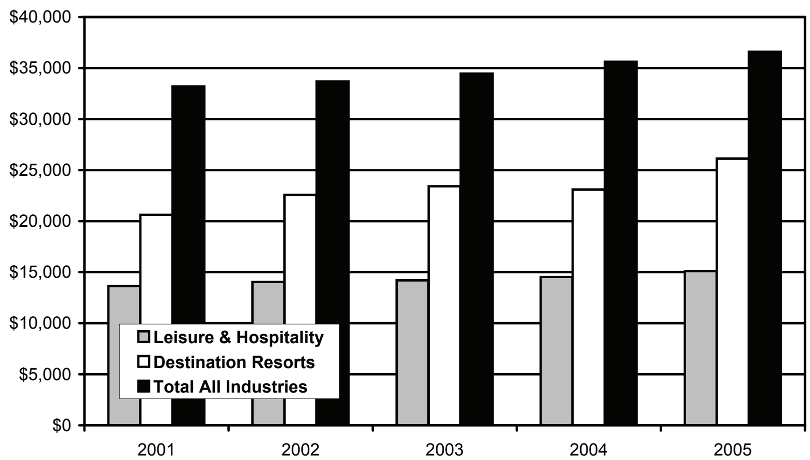
Of the eight destination resorts in Oregon, five are located in Central Oregon, two are along Oregon's coast,

Graph 1



Graph 2

Oregon's Average Pay in Leisure & Hospiality, Destination Resorts and All Industries: 2001-2005



and one is along Upper Klamath Lake in South Central Oregon.

The five destination resorts in Central Oregon employed roughly two-thirds of the workers in this industry and had slightly more than two-thirds of the industry's payroll. The five destination resorts and roughly 1,300 workers cater to guests and owners that enjoy numerous recreational opportunities including golfing, biking and hiking paths, health spas, and swimming pools plus numerous off-site activities including skiing, rafting, fishing and shopping in the greater Central Oregon region.

The remaining three destination resorts located outside of Central Oregon had a combined payroll of almost $17.3 million in 2005 and aggressively added to their workforce during the year. Employment jumped at these resorts by over 100 workers in 2005 to bring the total employment at the three destination resorts to almost 780 (Table 1). These destinations also offer many recreational opportunities for their guests and owners including world-class golfing, biking and hiking paths, fine dining and health spas.

Resorts Spur Numerous Other Enterprises

Oregon's destination resorts often do not exist all by themselves, especially those well-established resorts. These destination resorts often act as little cities and communities all on their own and thus have many amenities that other cities or communities in Oregon have to offer. Over time, many supporting businesses, service providers, shopping centers, and even business parks have grown up around these destination resorts.

Employment data for Oregon reveals that within a two-mile radius of seven

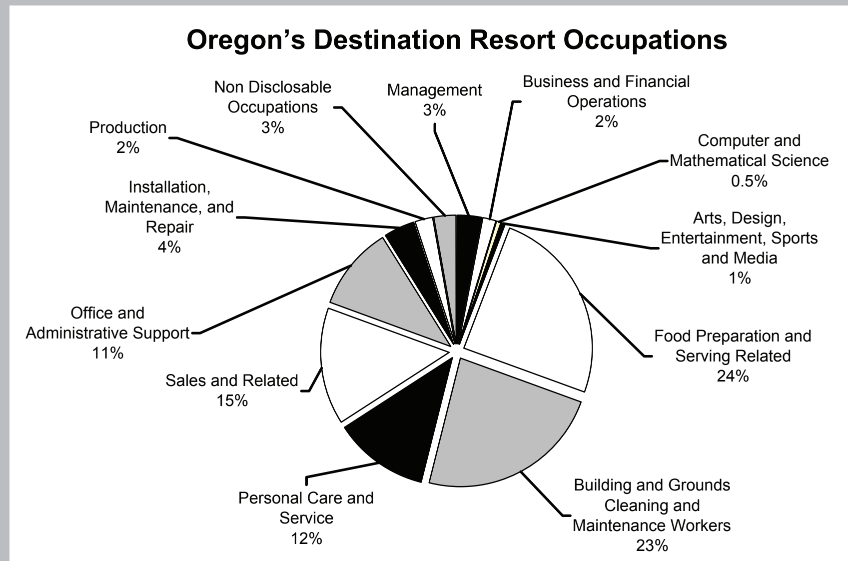
Table 2

Industries Located Near Oregon's Destination Resorts: 2005

Industry	Firms	Employment	Payroll	Average Pay
Accomodation and Food Services	25	321	$5,127,549	$15,974
Construction	54	191	$6,006,874	$31,450
Real Estate and Rental and Leasing	17	183	$4,108,952	$22,453
Retail Trade	12	172	$3,119,862	$18,139
Administrative and Support and Waste Management	20	105	$2,486,397	$23,680
Non Disclosable Industries	14	71	$2,751,712	$38,757
Other Services	20	55	$1,230,956	$22,381
Health Care and Social Assistance	10	54	$1,550,621	$28,715
Educational Services	4	48	$1,724,404	$35,925
Arts, Entertainment and Recreation	6	35	$357,148	$10,204
Information	6	22	$832,799	$37,855
Utilities	5	20	$702,300	$35,115
Wholesale Trade	11	14	$784,331	$56,024
Professional, Scientific and Technical Services	15	12	$741,878	$61,823
Total	**219**	**1,303**	**$31,525,783**	**$24,195**

**Industry employment includes public and private ownership* of Oregon's destination resorts, and a three-mile radius of Sunriver, there were an additional 219 firms supporting just over 1,300 jobs in 2005 (Table 2). These 219 firms were in a multitude of industries ranging from, as expected, retail trade and recreational services to public administration and health care. These firms supplied more than $31.5 million in payroll to their workers during 2005. Combined with the $54.3 million the destination resorts paid out in 2005 brings the total payroll of all these businesses to more than $85 million.

Graph 3



It is true that not all the businesses included in these two- or three-mile buffer zones exist because of the destination resort. For example, many could have existed in their location well before the destination resort was developed, or are in industries that do not directly benefit from a destination resort, like agriculture or manufacturing. In other instances, the resorts are fairly close to other populated areas and the firms within the buffer zones draw customers from these other areas as well. This is probably true of Eagle Crest, which is set just on the outskirts of Redmond, and Salishan, which also has a lot of nearby development in the Gleneden Beach area to its south.

Roughly one-quarter of the workers employed by destination resorts work in the many food and beverage operations run by the destination resorts.

However, it is likely that many of these companies have positioned themselves to grow right along with the development of these destination resorts. Prime examples of this are the 54 construction firms that are located within the buffer zones. Construction firms are found in the buffer zones of five of these resorts and range from new single-family housing construction to residential site preparation and from plumbing and HVAC contractors to residential remodelers. These construction firms employed 191 workers in 2005 with average pay of nearly $31,500.

There are also high concentrations of employment in retail trade, real estate, administrative and support services, and food services. For obvious reasons, these 67 businesses cater not only to the permanent and part-time residents at these resorts but also to the many vacationers that visit these destinations. They are typically clustered in the resorts' shopping districts like the Sunriver Village Mall or the Shops at Salishan. Many of the firms in administrative and support services are in the business of landscaping or janitorial services. These companies likely help to maintain many of the privately owned but partially rented vacation homes and condos at the destination resorts.

Resort Workers

Not unlike cities, destination resorts and the supporting businesses that have sprouted up around them employ all types of workers. From the Occupational Employment Statistics survey, we are able to glean the various types of occupations needed to run a destination resort. Staffing patterns from five of the eight destination resorts in Oregon reveal that the largest category of workers is food preparation and serving occupations (Graph 3).

Roughly one-quarter of the workers employed by destination resorts work in the many food and beverage operations run by the destination resorts. For example, Bandon Dunes' Web site lists two sit-down restaurants and three full-service lounges or bars, and Black Butte Ranch's site lists three restaurants ranging from elegant dining to a family friendly bistro. In addition, many of the destination resorts offer full-service catering at their meeting and conference centers for everything from weddings to business conferences. Of these workers, about one-third, the largest portion, are waiters and waitresses followed by smaller shares of dining room and cafeteria attendants and bartender helpers.

About one-quarter of those in the food and beverage operations are working behind the scenes preparing the meals. These workers include everybody from the chefs and head cooks to restaurant cooks and supervisors of food preparation and serving workers.

A second large grouping of workers is in the business of keeping the resort's facilities in tip-top shape. From maintaining the destination resort's property or spiffing up the guest rooms, these workers keep the resorts looking nice. Almost one-quarter of a destination resort's employment is in building and grounds cleaning and maintenance. Of these, the largest occupations are maids and housekeepers followed by landscaping and groundskeepers.

Not unlike the destination resort workers on the restaurant side, many of these jobs are highly seasonal and fluctuate with the demand seen at the destination resort. The slow months appear to be during the winter when destination resort employment is at about 80 percent of the year's average or about 1,525 workers. The high season in the destination resort business is July and August when they employ about 30 percent more workers than the year's average or about 2,725 workers. This falls directly in line with the high season in most tourism related industries. It is when the kids are on summer break and many families can enjoy quality vacation time together.

Oregon's eight destination resorts have a combined 16 golf courses, and greenskeepers who maintain these courses fit into the occupational category of landscaping and groundkeeping workers. The workers in this category, along with their supervisors and managers, make up roughly 10 percent of all employment at the destination resorts.

Golf courses typically have pro shops and golf pros, and pro shops need sales people. About 15 percent of a destination resort's employees are in sales, ranging from the retail salesperson who might work in a pro shop or a gift shop to those involved in group-sales for weddings and conventions. Meanwhile golf pros fit into amusement and recreation attendants, which make up only about 5 percent of a resort's employment. Amusement and recreation attendants could also be scheduling and conducting horseback rides or providing guest services at any of the destination resort's recreational facilities.

The remaining positions range from management (about 3%) and office support (about 11%) to business and financial (about 2%) and production (about 2%). Occupations in management include sales, financial, food service, lodging and general/operations managers. These managers keep the day-to-day operations running smoothly and the guests happy, because a big part of what companies are selling in the tourism business is their customer service and the guest experience, not just the amenities the destination resort has to offer.

Oregon is expected to see the development of five new destination resorts in Central Oregon along with continued expansion at Bandon Dunes, Brasada Ranch and Pronghorn.

Resorts Benefit Local Communities

Aside from employing nearly 2,100 workers in 2005, these eight destination resorts are some of the largest contributors to their home counties' property tax base. This is in large part due to the value of the land where these resorts are sited that typically increases because of the resort. Most of the county's property taxes are levied and paid on real property (land and anything affixed to it). In the 2006-07 tax year, Oregon's eight destination resorts paid over $2.8 million in county property taxes. This works out to roughly 0.7 percent of their counties' total tax bill.

"By and large, destination resorts add value to the county and at the same time do not require a lot of services from the county," according to Deschutes County Commissioner Dennis Luke. Moreover, in Deschutes County alone the four destination resorts put over $1.8 million into the county coffers. Three of the resorts are on the county's 'Top 10 Taxpayer' list: Pronghorn Investors LLC (3rd), Eagle Crest Inc. (5th), and Sunriver Resort Limited Partnership (7th). Outside of Deschutes County, both Bandon Dunes and Brasada Ranch are also on the top 10 lists in their respective counties.

Aside from property taxes, room taxes are collected on overnight lodging throughout much of Oregon. These taxes typically go to promote local tourism efforts or to the state's Oregon Tourism Commission to support tourism efforts at the state level and the current *'Oregon. We Love Dreamers'* campaign. In 2005, Deschutes County alone garnered $6.4 million in lodging tax receipts according to the Central Oregon Visitors Association, some of which originated at the county's destination resorts.

Many New Destination Resorts on Oregon's Horizon

Destination resorts are expected to have an even greater impact on a number of communities in Oregon over the coming years. According to numerous planning documents and a number of published news reports, Oregon is expected to see the development of five new destination resorts in Central Oregon along with continued expansion at Bandon Dunes, Brasada Ranch and Pronghorn. Jefferson County has even entered the game by revising their comprehensive plan and zoning ordinances to allow for destination resorts on land in and adjacent to the Deschutes National Forest's Metolius Conservation Area.

The build out of these resorts and the economic impact could be felt for years to come. Of the five resorts in Central Oregon that are in the planning stages, each would include at least one golf course along with other amenities like biking and hiking paths, equestrian facilities, health spas and dining. These five resorts could include over 5,100 permanent residential home sites and over 2,400 overnight units. That is about half the number of overnight units currently available in and around Bend and Sunriver. The area has more than 4,000 overnight units, the largest cluster of overnight rooms outside the Portland area.

The employment demands created by these destination resorts will be great. If the new resorts hold to the current industry ratio of about 260 to 300 workers per resort, it could lead to a need for an additional 1,300 to 1,500 resort workers. This could grow employment in the industry by well over 60 percent, once the new resorts are up and running. ■

Hospitality's Convention Service Managers

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According to the Hospitality Sales & Marketing Association International, "revenues generated for the hospitality industry by meetings and conventions are expected to grow to $175 billion by 2008, compared with $164 billion in 2006 (worldwide)." With that kind of money on the line it takes a skilled professional to pull these events off without a hitch.

It's no wonder that these professionals play a key role in Oregon's hospitality industry. A resort's convention marketing and sales department brings in business by packaging meeting and banquet space with guest rooms and recreational offerings such as golf, white water rafting, challenge rope courses and sightseeing. And the whole package must fit the conference theme. The professionals needed for this smooth operation are convention service managers, people who are responsible for planning, coordinating, and acting as the liaison between the resort staff and convention participants.

Many employers prefer a person with a bachelor's degree because the work and responsibilities are becoming more complex, causing employers to prefer workers with a more formal education.

Skills and Working Conditions

The work of convention service managers may be considered either stressful or energizing, but there is no question that it is fast-paced and demanding. A convention service manager oversees multiple events at one time, faces numerous deadlines, and directs the activities of several different groups of resort staff. It is not uncommon for these professionals to coordinate several large business conferences, work with a wedding planner on a lavish wedding, and organize a charity golf event all at the same time.

Convention service managers must have excellent communication and interpersonal skills. They must be detail oriented with exceptional organizational skills, and be able to multi-task, meet tight deadlines, and maintain composure under pressure in a fast-paced environment.

It is important that these professionals possess the aptitude to formulate and follow budgets and understand and negotiate contracts. Computer skills are a must to navigate financial and registration software along with the Internet. Being bilingual is an asset, as planners may need to communicate with attendees from around the world.

Working hours can be long and irregular, with planners working more than 40 hours per week in the time leading up to a meeting. They can start work early in the morning and continue through midnight during an event. They may work weekends while a convention is in progress.

Training, Qualifications, and Advancement Opportunities

Convention service managers qualify for their jobs through a variety of methods. Many migrate into the occupation from past employment where they were given meeting planning duties in addition to their other job duties. Others enter the occupation after working in hospitality sales, marketing or catering positions. A large portion of the skills and knowledge needed are learned on the job and through experience, especially in sales, food, and beverage operations.

Many employers prefer a person with a bachelor's degree because the work and responsibilities are becoming more complex, causing employers to prefer workers with a more formal education. Useful undergraduate majors are marketing, public relations, communications, business and hotel/hospitality management.

To advance in this occupation, convention service managers must demonstrate skill on the job, stellar customer service, exercise discretion and independent judgment, and gain the respect of others within the organiza-

For more information…

The *Convention Industry Council's* 32 member organizations represent more than 103,500 individuals, as well as 17,300 firms and properties involved in the meetings, conventions and exhibitions industries. The CIC facilitates the exchange of information and develops programs to promote professionalism within the industry and educates the public on its economic impact.

http://www.conventionindustry.org/

The Professional Convention Management Association is a nonprofit international association of professionals in the meetings industry whose mission is to deliver breakthrough education and promote the value of professional convention management.

http://www.pcma.org/

Table 1

Oregon Employment Growth Projections for Meeting and Convention Planners

2004 Employment	2014 Employment	Net Change	Percent Change
410	480	70	17.1%

tion. Advancement solely on education is uncommon. However, education may improve work performance, and therefore may be an important factor in career development.

Meeting and convention planners can be found in a variety of industries such as hotels and hospitality establishments; convention and meeting facilities; religious, civic, training and professional organizations; public and private universities; corporations; government; or self-employed running their own event planning business.

With significant experience, convention service managers may be hired by a corporation as an in-house planner, may serve as an executive director for an association, or start their own event planning/public relations firm.

Employment Outlook and Wages

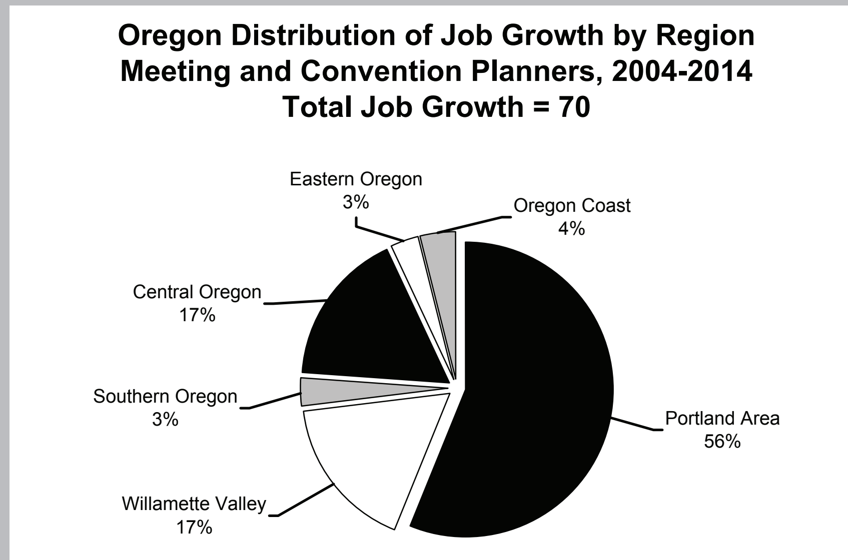
For those interested in pursuing a career as a meeting planner, employment opportunities exist in Oregon and the U.S. Employment projections made by the Oregon Employment Department indicate growth above the 15-percent pace of all jobs from 2004-2014 (Table 1).

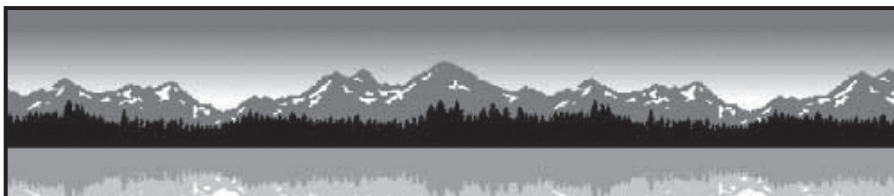
In Oregon, employment is expected to increase by 70 (+17.1%) and national projections show an increase of 43,000 (+22%) over the 10-year period for almost 10,000 growth openings. The Portland area, along with the Willamette Valley and Central Oregon, should see the majority of growth openings for meeting planners within the state (Graph 1). However, it is interesting to see the projection of job gains even in much less populous areas of Oregon.

Meeting planners in Oregon earn an average wage of approximately $37,237, assuming full-time, year-round work. This is very close to the average annual pay for all workers – both full time and part time – who are covered by unemployment insurance. Hourly wages range from about $12 to $24.

Working as a convention service manager in the hospitality industry offers a wide range of advantages and opportunities, with each day filled with diverse activities. This occupation can serve as an excellent stepping stone towards career development both in hospitality and beyond. ■

Graph 1





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Economy Shows Heart in February

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Oregon's workforce grew substantially in February, after two months of activity which fell below seasonal expectations. This broke a flattening trend observed since September 2006. Future data will reveal whether this dynamic continues.

Demand for professional and business services workers was up considerably in February

A total of 18,600 jobs were added in February, contributing to a 2 percent growth rate over the past 12 months. The seasonally adjusted unemployment rate was 5.3 percent in February compared to 5.2 percent in January. Oregon's unemployment rate has been between 5.5 and 5.2 percent since January 2006.

Tracy Morrissette, the state Local Area Unemployment Statistics coordinator said, "When you see the unemployment rate decline and remain in the lower 5 percent range for several months, it's a sign of a solid economy. The lower 5 percent range is historically where Oregon's unemployment rate 'bottoms-out' during economic expansions."

The U.S. seasonally adjusted unemployment rate was 4.5 percent in February and 4.6 percent in January.

Got Temps?

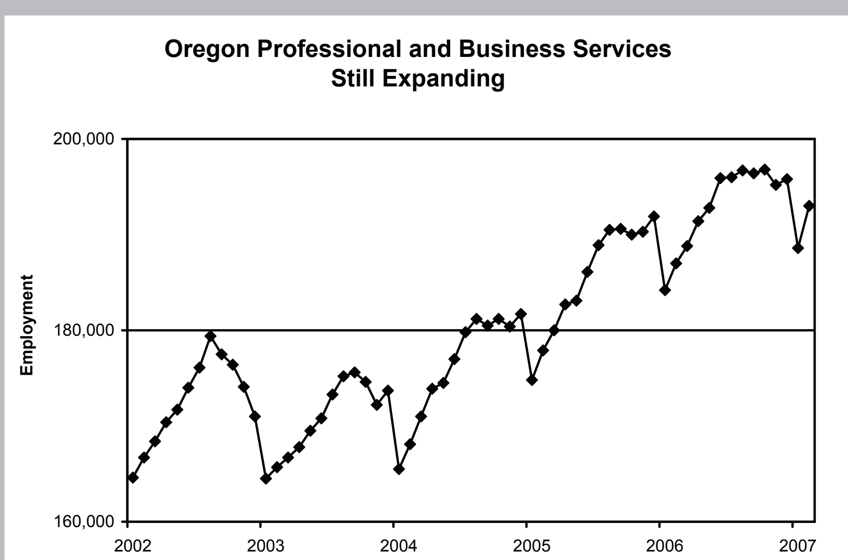
Demand for professional and business services workers was up considerably in February. A gain of 2,100 jobs in employment services was the primary driver. Gains of 900 jobs each were reported in professional and technical services and in services to buildings and dwellings. These contributed to an overall gain of 4,400 jobs in the professional and business services sector. This sector has reported some of the hottest growth in Oregon. Over the past 12 months it has grown by 6,000 jobs, or 3.2 percent (Graph 1).

Manufacturing in Decline

Oregon's manufacturing sector reflected the ongoing weakness manifested at the national level. It cut 1,100 jobs in February when normally it would have gained 800. February was the sixth consecutive month of below-seasonal growth for the sector. Reductions were concentrated in food manufacturing, which lost 600 jobs. Manufacturing industries showing marked declines since the end of summer 2006 include computer and electronic products, transportation equipment, and wood products.

Wood product manufacturing shed 200 jobs in February and was down 2,800 jobs or 8.5 percent over the past 12 months. Media sources reported layoffs at Georgia-Pacific and Bright Wood Corp. Not all indicators for the industry are negative, however. Brian Rooney, regional labor economist for Lane and Douglas counties, said, "After showing weakness in the fourth quarter of 2006, wood products employment seems to have stabilized in the first quarter of 2007."

Graph 1



Construction Adds Jobs

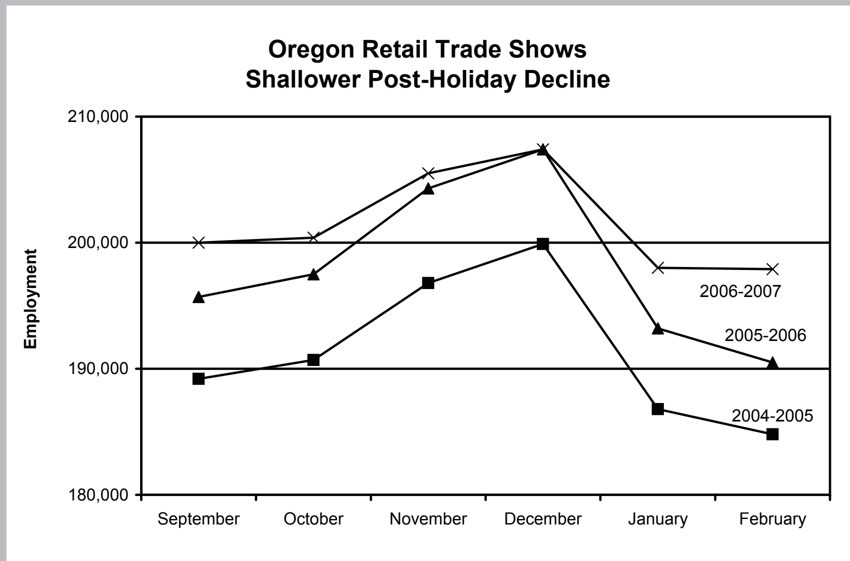
An unexpected 1,300 construction jobs were added in February. Normally, seasonal growth for construction is around 400 this time of year. The sector had been showing weakness over the prior five months. February's growth appeared in two component industries: nonresidential building construction added 600 jobs and building equipment contractors gained 500 jobs.

Residential building construction reported no employment change over the month. However, there were reports of residential proposals being approved, including a townhouse project in Eugene and a hotel-condominium in Prineville. Over the year, total construction employment was up by 2,800 jobs .

Trade Holds the Line

Trade, transportation, and utilities added 400 jobs in February. Given that a loss of 2,800 jobs would have been more typical, last month's data came as a surprise. The sector was up 9,500 jobs over its February 2006 level.

Graph 2



The seasonally adjusted unemployment rate was little changed at 5.3 percent. Significant ups and downs were felt at the industry level: professional and business services sustained its upward trend and construction experienced a one-month surge, while manufacturing continued to decline. ■

Retail trade lost only 100 jobs in February, much smaller than is usual post-holiday downsizing. The data suggested retail trade did not ramp-up employment during the holiday season to the degree seen in past years, thus it had a lower degree of decline afterwards (Graph 2).

Retail industries reported countervailing data. Losses of 800 jobs in general merchandise stores and 300 in motor vehicle and parts dealers were offset by moderate gains elsewhere. These included a 400-job gain in miscellaneous store retailers, and gains of 200 jobs in both food and beverage stores and building material and garden supply stores. Wholesale trade added 500 jobs due to growth among nondurable goods wholesalers.

Transportation, warehousing, and utilities employment was essentially unchanged from the month prior. Industry developments included the groundbreaking of the Southwest Oregon Regional Airport in North Bend.

Other Activity

Leisure and hospitality grew by 1,400 jobs in February, or about 500 above normal seasonal gains. Full-service restaurants alone added 800 jobs, suggesting increased consumer demand. The media noted the opening of new food service and drinking places throughout Oregon, including operations in Clackamas, Grants Pass, Gresham, Medford, McMinnville, Eugene, and Coos Bay.

Educational and health services grew in line with seasonal trends and added 5,500 jobs in February. Educational services accounted for 4,000 of the job gains. In health services an 800-job gain was reported in social assistance. Ambulatory health care services grew by 400 jobs and hospitals added 300. Anecdotal reports of growth in health services included: the groundbreaking of an expansion for the Columbia Memorial Hospital in Astoria and the opening of a satellite clinic of the Umpqua Community Health Center in Drain.

The public sector added 5,000 jobs in February, consistent with seasonal expectations. The gains were concentrated in state and local government education, which reported 1,500 and 3,000 jobs added, respectively.

Summary

February was a good month overall for Oregon's economy. A total of 18,600 new jobs were added, which was 7,000 above normal seasonal gains.

February 2007 Unemployment Rates

(Preliminary; not seasonally adjusted)

United States	4.9
Oregon	6.2
Counties	
Grant	11.9
Harney	10.1
Lake	10.1
Klamath	9.4
Douglas	9.3
Wheeler	9.0
Wallowa	8.8
Baker	8.5
Curry	8.4
Josephine	8.4
Jefferson	8.3
Crook	8.2
Umatilla	8.0
Linn	7.7
Coos	7.6
Malheur	7.6
Sherman	7.4
Union	7.2
Morrow	7.1
Lincoln	7.0
Jackson	6.9
Wasco	6.9
Marion	6.7
Columbia	6.6
Tillamook	6.4
Lane	6.3
Polk	6.1
Gilliam	6.0
Yamhill	5.9
Clatsop	5.8
Deschutes	5.8
Hood River	5.7
Multnomah	5.6
Clackamas	5.1
Benton	5.0
Washington	4.9

Will Oregon Have Enough Workers?

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Have you heard people say there may be a shortage of workers in the near future? Perhaps you're an employer who is concerned about finding qualified new workers to replace your older employees who will retire soon. Maybe you already have unfilled positions and equipment sitting idle or customers waiting impatiently.

Much has been written recently about the coming retirement of the baby boom generation. The oldest boomers turned 60 years old in 2006. Many boomers will reach traditional retirement age within the next 10 years. This raises fears of a possible labor shortage. Most analysis has focused on national statistics. But what about Oregon's labor supply in the coming years?

The older members of the Baby Boom generation are nearing traditional retirement age and are likely to create many job openings as they retire.

The Coming Decline in Labor Availability

The older members of the Baby Boom generation are nearing traditional retirement age and are likely to create many job openings as they retire. If this generation retired at ages similar to those at which their parents retired, then the share of all employees in Oregon retiring each year would rise from about 1.8 percent in 2000 to a peak of about 2.3 percent in 2015.

An increase in the pace of retirement will put pressure on many employers to do more recruiting and training of new workers and to find ways to keep older workers, or at least to pass on their knowledge to their replacements before they retire. There is also some reason to believe many Boomers will continue to work – but on a reduced schedule – past traditional retirement age due either to financial need or preference to keep active.

With people living longer, we can expect an increase in the number of people in older age groups and in their share of the total population. This means that people of typical working age will be a smaller share of the total population.

In 2000, there were about 56 working-age people (for this analysis, age 20 to 59) for every 100 people in Oregon (Graph 1). By 2030, despite growth in the total number of people in the working-age group, even more rapid growth in the non-working-age group means that the working-age share of the population is projected to decline to 51 people per 100 population. This suggests that, in the future, each worker will have to support a larger number of other people than in the recent past. Projections show the situation approaching but remaining somewhat more favorable than in the 1960s and 1970s, when there were only 47 or 48 working-age people per 100 people in Oregon.

Expect Lots of Replacement Openings

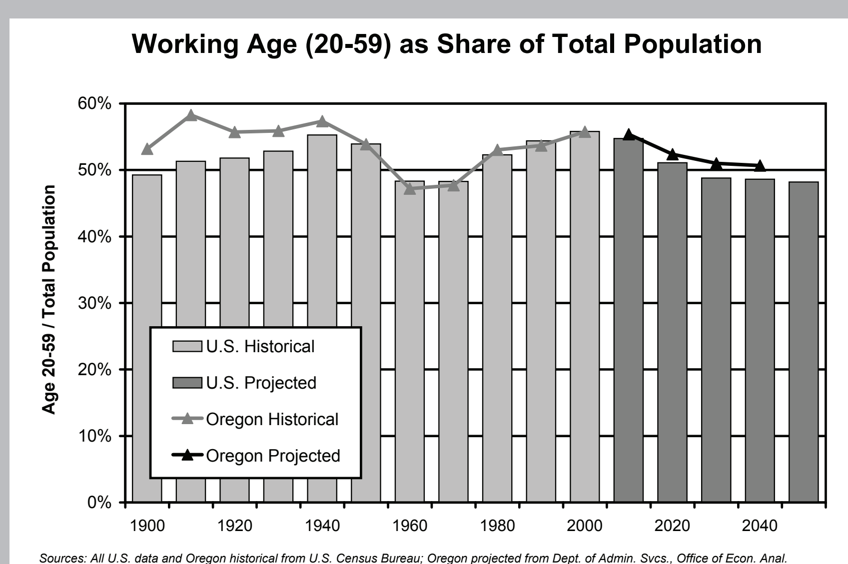
Between 2004 and 2014, we expect a large number of job openings in Oregon due to people retiring or leaving their occupations for other reasons. Such job openings are called replacement openings because they involve the need to replace a worker who has left the occupation. Over the decade about 419,000 openings will be replacement openings. In addition, about 245,000 job openings will be created due to economic growth. Many additional job openings – not included in our projections – will result from people changing jobs while remaining within the same occupation.

While large and fast-growing industries should have the most growth and replacement openings, even some slow-growing industries are likely to have substantial numbers of job openings as older workers retire. For example, although we expect manufacturing to grow only a little during the period, the industry should have many replacement openings due to retirement of older workers (Graph 2). Thus, even industries with slow net growth may have difficulty filling their many replacement job openings.

Some Employers Face Greater Challenges Than Others

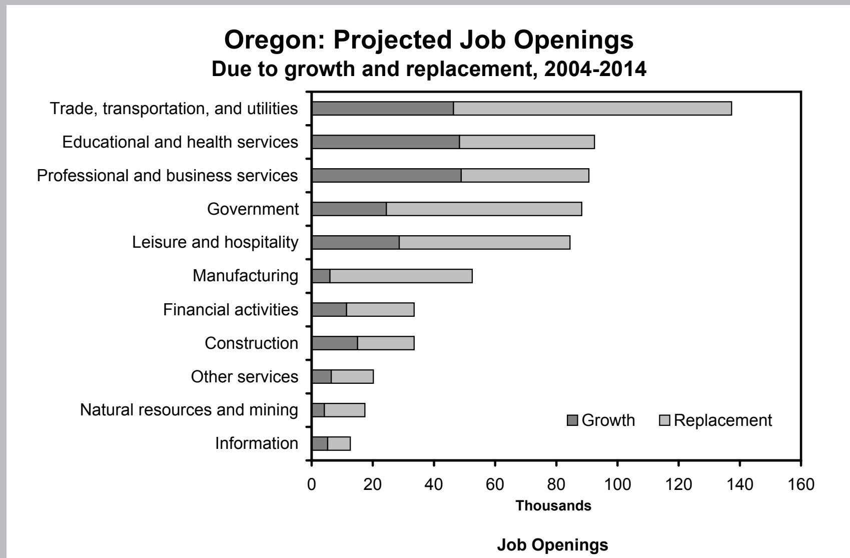
Oregon currently has a larger share of its population in working ages than it did during the 1960s, and a larger share of those working-age people are actually working. Nevertheless,

Graph 1



employers in some industries report difficulty finding workers with certain skills at affordable levels of compensation. Why? Several reasons are likely.

Graph 2



In our 2004 employer survey on training and retaining, employers having a problem with turnover said many of their workers left for jobs with higher pay or better benefits at other companies. The inability to match competitors' wage and benefit offers may be a symptom of low profits. In turn, low profits may be a symptom that other employers are either more efficient or are selling a product or service that the market values more highly.

Another reason seems to be contradictory: the pace of growth. Employers in rapidly growing industries often have difficulty finding qualified job applicants. While businesses in such industries may be highly profitable, they are more likely to have difficulty finding qualified employees if the jobs require specialized training. A current example of a fast-growing industry with lots of unfilled job openings is the health care industry, in which 17 occupations are facing worker shortages in Oregon, according to a recent study.

Other reasons entire industries or occupations – or individual businesses – may face greater difficulty hiring workers include undesirable work schedules or working conditions (mentioned by employers in our 2004 survey), a negative reputation among potential employees, very few people in training, and many current workers retiring or leaving for another reason. Similarly, regions may develop tight labor markets if they have rapid economic growth, a high cost of living, or an older age structure with many people retiring. For example, high housing costs and rapid economic growth have tightened Central Oregon's labor market.

Do Nothing and Let the Market Adjust?

Economists believe the market will adjust to changes in labor availability, but it does so partly by employers taking action. This action involves effort and expense, but the alternative may be much worse. In our 2004 survey, many employers with high turnover said they had increased wages and made schedules more flexible in order to reduce turnover. A smaller but still substantial number said they had increased various benefits. About half of all employers said treating their employees well is the most effective way to increase employee retention. What works for retention is likely to work for attracting workers as well.
Employers also search for improvements in labor productivity, typically through automation. The nation's employers have increased labor productivity rapidly over the past decade. More increases may be profitable in the future as the cost of labor is likely to rise with decreased labor availability. In addition, employers may decide they can reduce their hiring criteria by increasing training programs, drug counseling, schedule flexibility, and workplace accommodations for older workers or those with disabilities. If all else fails, businesses may relocate the jobs to places with more available labor. Outsourcing and offshoring have been in the news over the past decade.

In addition to actions employers may take, workers themselves tend to help loosen a tight labor market if provided with incentives to do so. Up to a point, as wages and benefits rise, more people enter or remain in the workforce, thus making labor more available.
In addition, occupations with higher wages and benefits – as well as better working conditions, and job opportunities – tend to attract workers to pursue the training or education required for these occupations.

Unfortunately, the labor market's adjustment to changes in demand for workers in a particular occupation may take years to accomplish if the desired training and experience takes years to obtain. Economists speak of the "cobweb model" of labor supply and demand in which long training periods cause a substantial lag between demand and supply, potentially resulting in the two being mismatched for extended periods.

When local labor supply doesn't fill the need, migration from other areas with greater labor availability is likely to meet some of the demand for workers. Almost 170,000 people moved into Oregon between 2004 and 2005, according to the U.S. Census Bureau's 2005 American Community Survey. This is almost 5 percent of the state's population. About three-of-five recent in-migrants age 18 or older were in the labor force. Of course, some people leave Oregon each year. Net migration of about 33,000 in 2005 indicates that about 137,000 people, no doubt many of them in the labor force, moved out of Oregon between 2004 and 2005. One important reason for moving is to take a new job. Thus, migration is likely to have an influence on the availability of workers with needed skills.

The actions of employers and workers may be joined by changes in government policy to address the issue. Oregon's age structure in 2015 is projected to be very similar to Japan's in 2000. Japan has taken several actions to help address its employers' need for workers. It has expanded its support network for working parents, encouraged flexible work schedules and phased rather than abrupt retirement, expanded internship programs for vocational school students, and reformed laws to encourage employment of people with disabilities.

About one-third of [Oregon] businesses have taken action to prepare for a potential labor shortage.

Adjustment to tighter labor market conditions are underway already. For example, some business associations have launched worker training and certification programs, and some employers are aggressively recruiting older workers. A recent AARP survey of 400 Oregon employers indicates that about one-third of businesses have taken action to prepare for a potential labor shortage. Common actions include improving technology, increasing training, and adjusting work schedules.

Summary

The upcoming retirement of baby boomers will reduce workers' share of the total population to a level approaching that of the 1960s and 1970s. Many employers will need to adjust to this change by using a variety of strategies. Government policies may also help address the issue, as they have in Japan. The labor market itself should adjust as employers respond to the change and people decide to delay or phase in their retirement, enter the labor force to take advantage of more attractive job offers, obtain the training needed to shift occupations, move to locations with higher demand for labor, and make similar changes in response to market forces. Finally, the future should include at least short periods of slower job growth or of job decline during which tight labor market conditions will ease. ■

Minimum-Wage Jobs Common in Border Counties

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Oregon's minimum wage is now $7.80 per hour, second only to Washington's $7.93. The high ranking attracts attention, including a desire to know how many of Oregon's minimum-wage jobs are in a particular county. Although we don't have a reliable direct count of such jobs by county, we can estimate how many are likely to be in each county. The estimates are rough, but they give a good idea of which counties have a higher or lower concentration of minimum-wage jobs.

In general, the state's less populous counties have fewer minimum-wage jobs simply because they have fewer jobs in all wage levels. However, in such counties – especially those that are home to abundant recreational activity – minimum-wage jobs are a larger share of all jobs than they are in large urban counties.

About 10 percent of all nonfarm payroll jobs in Oregon paid at or close to minimum wage in 2005. County-level shares ranged from close to 20 percent in Hood River and Wasco counties to about 8 percent in Multnomah and Washington counties.

About 10 percent of all nonfarm payroll jobs in Oregon paid at or close to minimum wage in 2005.

Most of the 10 counties with higher shares of minimum-wage jobs were along the state's borders. Along the coast, Curry, Clatsop, and Lincoln counties saw minimum-wage shares close to 15 percent. Further east, Hood River, Wasco, Sherman, Malheur, Gilliam, Wheeler, and Morrow counties had shares ranging from 14 to 21 percent.

For the most part, shares of minimum-wage jobs in the remaining counties were distributed the way you might expect – shares are smaller in metropolitan areas with high prevailing wages and larger in rural regions.

Crook and Jefferson counties, however, showed some unusual results. These are mostly rural counties in central Oregon, but their shares of minimum-wage jobs resembled those of the more urban Lane and Clackamas counties. Why? Because the estimates are based on industry-level data, unusual industry behavior can affect the results. Both Crook and Jefferson counties had higher-than-average concentrations of employment in wood products and wholesale trade and these industries had lower-than-average percentages of minimum-wage jobs. As a result, shares of minimum-wage jobs in these rural counties were unexpectedly low.

Although the data are only rough estimates, they make an interesting point – minimum-wage jobs are scattered throughout the state, and urban-rural wage patterns aren't always what you'd expect.

Many Minimum-Wage Jobs in the Food Services Industry

More than one-quarter of Oregon's low-wage jobs are in the food services and drinking places industry. This industry includes both full-service restaurants and limited-service eating places, as well as drinking places such as bars and taverns. Limited-service eating places – "fast food" establishments – accounted for 14 percent of jobs paying less than $7.50 per hour in 2005 when Oregon's minimum wage was $7.25 per hour. Full-service restaurants accounted for 11 percent.

Other industries with the largest shares of Oregon's low-wage jobs included administrative and support services (8%, primarily in employment services), agricultural crop production (7%), food and beverage stores (6%), accommodations such as hotels and motels (5%), general merchandise stores (4%), and gasoline stations (4%).

A Few Assumptions Were Necessary

Our estimates of county-level minimum-wage jobs came from a combination of data sets. We began with county-level data on the number of jobs by industry. Unfortunately, these data do not include information on the wage distribution of jobs in each industry, so we had to use a statewide data set to estimate the share of each industry's jobs that were low-wage jobs.

For a given industry, the share of low-wage jobs is likely to vary from county to county. Therefore, for each county, we adjusted each industry's share in low-wage jobs by the ratio of statewide to county average pay per worker in the industry. This produced estimates of higher shares of low-wage workers for counties with relatively low wages and lower shares of low-wage workers for counties with relatively high wages. ■

Estimated Jobs Paying <$7.50 per Hour, by County, 2005
Sorted by Percent of all Nonfarm Payroll Jobs

Area	Jobs	Percent	Area	Jobs	Percent
Oregon	165,400	10%			
Hood River	2,330	21%	Lake	290	12%
Wasco	1,970	20%	Columbia	1,240	12%
Sherman	120	19%	Coos	2,820	12%
Lincoln	2,790	16%	Klamath	2,740	12%
Malheur	1,930	15%	Josephine	2,870	12%
Clatsop	2,460	15%	Marion	15,670	12%
Curry	1,040	15%	Jackson	9,420	11%
Gilliam	110	14%	Deschutes	7,130	11%
Wheeler	40	14%	Grant	300	11%
Morrow	530	14%	Benton	3,650	10%
Harney	330	13%	Douglas	4,080	10%
Polk	2,230	13%	Linn	4,310	10%
Tillamook	1,100	13%	Lane	15,110	10%
Wallowa	300	13%	Jefferson	690	10%
Union	1,190	13%	Clackamas	13,710	10%
Yamhill	3,880	12%	Crook	600	9%
Baker	640	12%	Washington	19,430	8%
Umatilla	3,580	12%	Multnomah	34,810	8%

Local Highlights

Recent Expansion Bypasses Oregon's Southeast Corner

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Oregon's annual average nonfarm job count exceeded 1.7 million in 2006, the highest tally ever. The state added nearly 48,000 payroll jobs last year.

For workforce program purposes, Oregon is divided into 15 geographic regions. Fourteen of those 15 regions shared in the state's 2006 employment gains. One – Region 14 – did not.

Region 14 consists of Grant, Harney, and Malheur counties in Oregon's southeast corner. It's by far the largest workforce region, encompassing more than one-fourth of the state's area. One could argue that it also faces the state's greatest economic challenges.

Grant County lost 40 nonfarm jobs, on average, in 2006, a 1.5-percent decline. The 2006 job loss was concentrated in the public sector – federal, state, and local governments each shed workers. Over the past two decades, Grant County reported annual job losses more frequently than job gains. The 2006 average of 2,600 payroll jobs was Grant County's lowest since the 1980s.

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Harney County lost 30 nonfarm jobs, on average, in 2006, a 1.2-percent decline. The local manufacturing industry accounted for that entire shortfall and then some, dropping 50 workers from 2005 to 2006. Nonfarm employment fell in 2006 to its lowest level since 2003 and remains 17 percent below its 1999 peak.

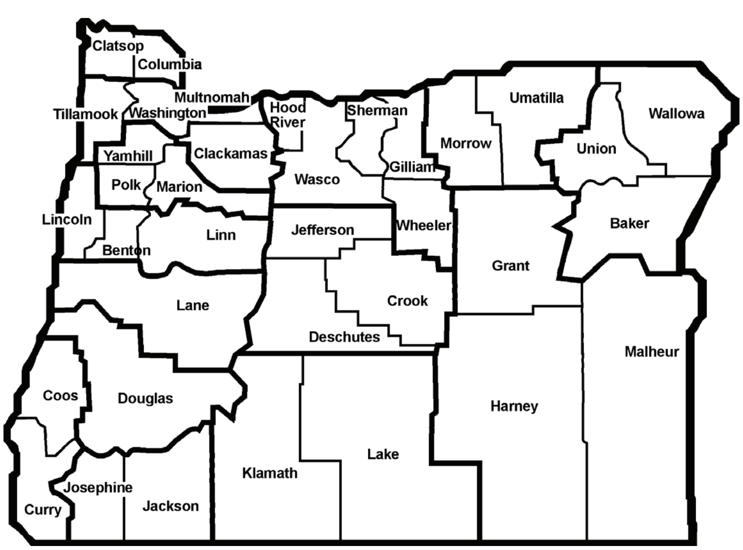
Within Region 14, Malheur County came closest to posting an employment increase, losing an average of only 10 jobs from 2005 to 2006. Nevertheless, the slight reduction pushed Malheur County's job counts down to their lowest levels in 10 years, with manufacturing once again the hardest-hit industry.

Ironically, all three Region 14 counties saw unemployment rates subside in 2006, mostly due to a dwindling labor force.

A handful of other Oregon counties lost jobs in 2006 even while their broader workforce regions grew. Counties in that boat included Curry, Morrow, Sherman, and Wheeler. Among those four, though, only Wheeler shares the same plight as Region 14's counties, with multiyear employment lows. Wheeler County's 2006 nonfarm job count was the smallest since 1994.

It's rewarding to know that Oregon has more job opportunities than ever before. It will be more satisfying when those opportunities extend to Southeast Oregon.

For more information on specific regions, visit www.QualityInfo.org, select "Regions" from the list on the screen's left, then choose an area on the map or from the drop-down list under the map. ■



Are you interested in current economic and workforce information about your local area?

A ***Local Labor Trends*** newsletter is published each month for each of thirteen regions within the state, and each contain the most recent information on local area employment and unemployment trends.

You can find the ***Local Labor Trends*** for your area by visiting www.QualityInfo.org and selecting the Publications tab. Or, to be added to the mailing list to receive a copy of your ***Local Labor Trends*** contact Curtis.M.Thrapp@state.or.us or call (503) 947-1204.

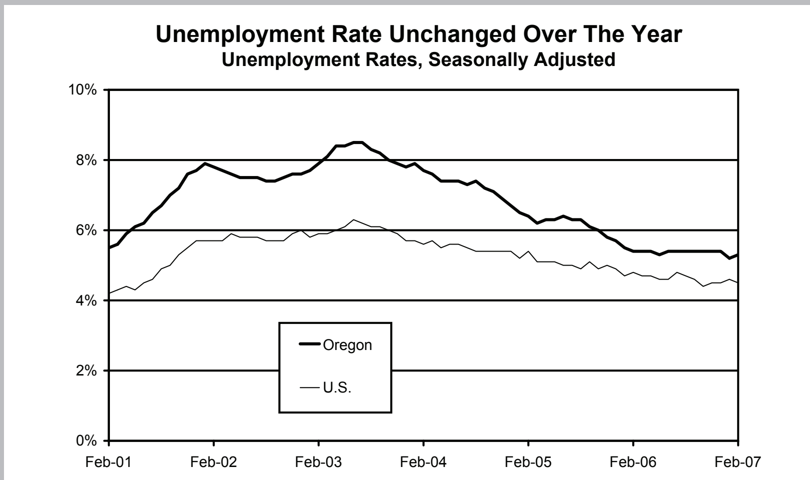
Oregon Current Labor Force and Industry Employment

	February 2007	January 2007	February 2006	Change From January 2007	Change From February 2006
Labor Force Status					
Civilian labor force	1,916,368	1,905,670	1,873,404	10,698	42,964
Unemployed	118,381	114,753	120,279	3,628	-1,898
Unemployment rate	6.2	6.0	6.4	0.2	-0.2
Unemployment rate, seasonally adjusted	5.3	5.2	5.4	0.1	-0.1
Employed	1,797,987	1,790,917	1,753,125	7,070	44,862
Nonfarm Payroll Employment					
Total nonfarm payroll employment	1,699,300	1,680,700	1,665,200	18,600	34,100
Total private	1,406,200	1,392,600	1,374,600	13,600	31,600
Natural resources and mining	8,500	8,000	9,000	500	-500
Construction	96,100	94,800	93,300	1,300	2,800
Manufacturing	199,500	200,600	203,100	-1,100	-3,600
Durable goods	149,000	149,200	153,200	-200	-4,200
Nondurable goods	50,500	51,400	49,900	-900	600
Trade, transportation, and utilities	336,400	336,000	326,900	400	9,500
Wholesale trade	81,900	81,400	78,900	500	3,000
Retail trade	197,900	198,000	190,500	-100	7,400
Transportation, warehousing, and utilities	56,600	56,600	57,500	0	-900
Information	35,900	35,400	34,500	500	1,400
Financial activities	104,400	103,900	103,800	500	600
Professional and business services	193,000	188,600	187,000	4,400	6,000
Professional and technical services	71,400	70,500	68,200	900	3,200
Management of companies and enterprises	27,500	27,500	27,500	0	0
Administrative and waste services	94,100	90,600	91,300	3,500	2,800
Educational and health services	208,700	203,200	204,100	5,500	4,600
Educational services	30,300	26,300	29,900	4,000	400
Health care and social assistance	178,400	176,900	174,200	1,500	4,200
Leisure and hospitality	164,300	162,900	155,500	1,400	8,800
Other services	59,400	59,200	57,400	200	2,000
Government	293,100	288,100	290,600	5,000	2,500
Federal government	28,000	28,100	28,000	-100	0
State government	75,800	74,100	76,100	1,700	-300
State education	29,000	27,500	29,100	1,500	-100
Local government	189,300	185,900	186,500	3,400	2,800
Local education	102,500	99,500	101,700	3,000	800
Labor-management disputes	0	0	0	0	0

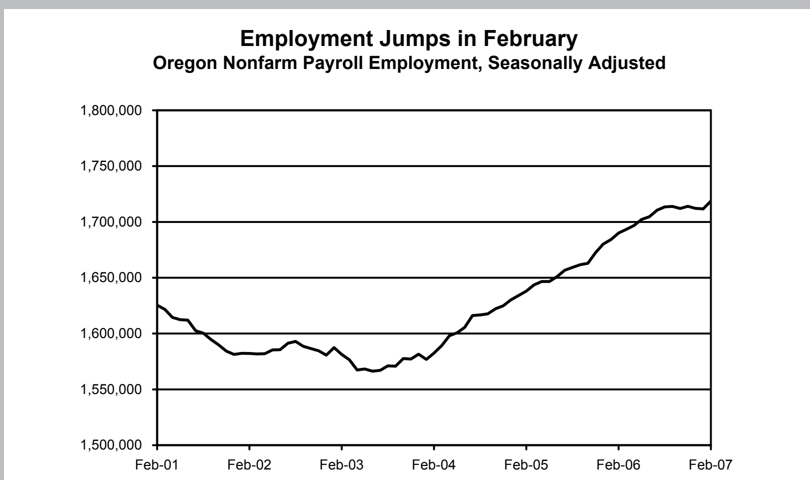
The most recent month is preliminary, the prior month is revised. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Labor Force Status: Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. Unemployment rate is calculated by dividing unemployed by civilian labor force.
Nonfarm Payroll Employment: Data are by place of work and cover full- and part-time employees who worked or received pay for the pay period that includes the 12th of the month. The data exclude the self-employed, volunteers, unpaid family workers, and domestics.

Unemployment Rates



Total Nonfarm Payroll Employment



Indicators

Unemployment Rate
(Seasonally adjusted)

	Oregon	U.S.
Feb. 2007	5.3	4.5
Jan. 2007	5.2	4.6
Feb. 2006	5.4	4.8

Seasonally Adjusted Employment
(Total Nonfarm Payroll Jobs)

	Oregon	U.S.
Feb. 2007	1,718,700	137,410,000
Jan. 2007	1,711,700	137,313,000
Feb. 2006	1,690,100	135,410,000
Change From Feb. 2006	28,600	2,000,000
% Change	1.7%	1.5%

Consumer Price Index (CPI)
(All urban consumers, 1982-84=100)

Port.-Salem, OR-WA	Index	Yearly Change
July-Dec. 2006	202.5	2.5%
Annual Average 2006	201.1	2.6%
United States		
Feb. 2007	203.5	2.4%
Annual Average 2006	201.6	3.2%

OREGON LABOR TRENDS

Oregon Labor Trends is published by the Workforce & Economic Research Division of the Oregon Employment Department. *Oregon Labor Trends* can be found under "Publications" on OED's labor market information Web site, www.QualityInfo.org.

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