

# Zero Migration

*An Oregon demographic alternative scenario*



PNREC: May 23<sup>rd</sup>, 2024

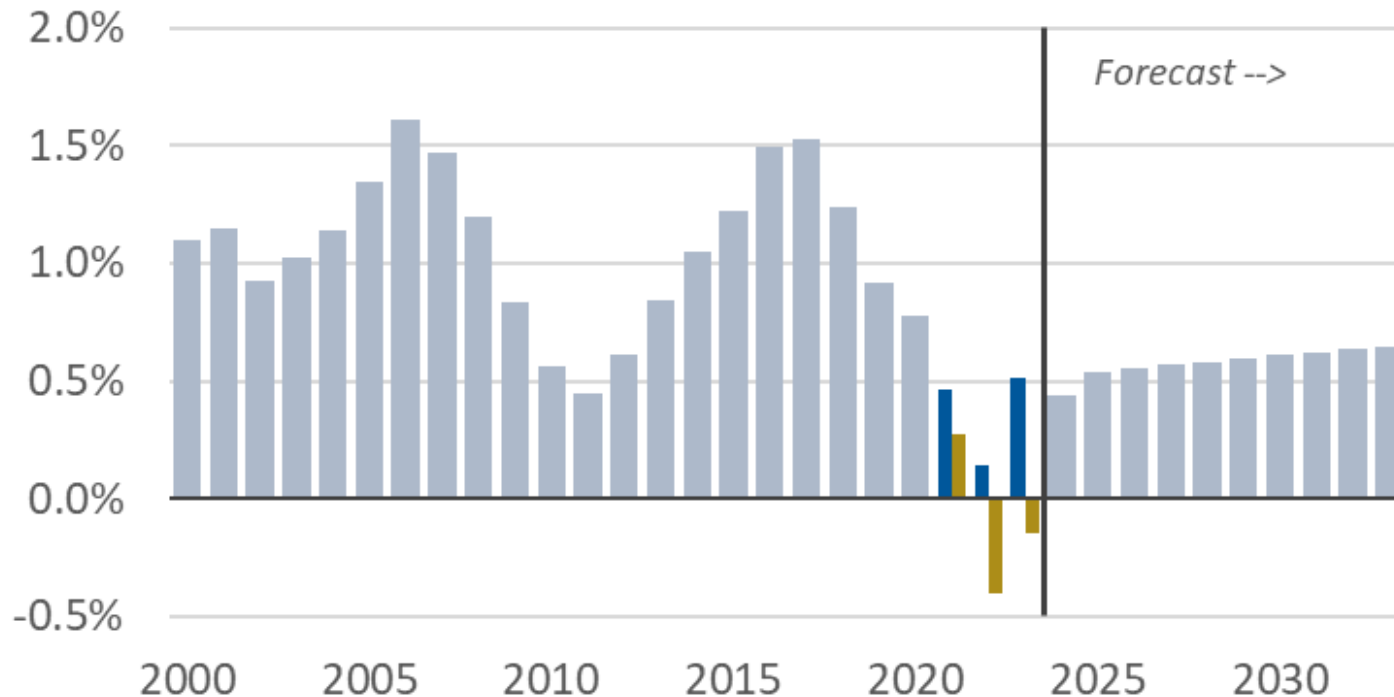
# Population growth slowly returns



## Oregon Population Growth

Annual change in total state population

OEA History and Forecast, **Portland State Estimates**, **Census Estimates**



Latest: 2023 | Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

- Migration is the primary reason Oregon grows faster than the U.S. It allows local businesses to hire and expand at a faster rate
- 2023 population estimates differed again with PSU up, Census down
  - Losses driven by out-migration across most socio-economic groups, except 18-24 yr olds
- Forecast
  - Migration has historically been pro-cyclical
  - Total growth slower in part due to deaths outnumbering birth
  - Average annual growth 2023-2033 is 0.6%
- Developed a Zero Migration demographic alternative scenario

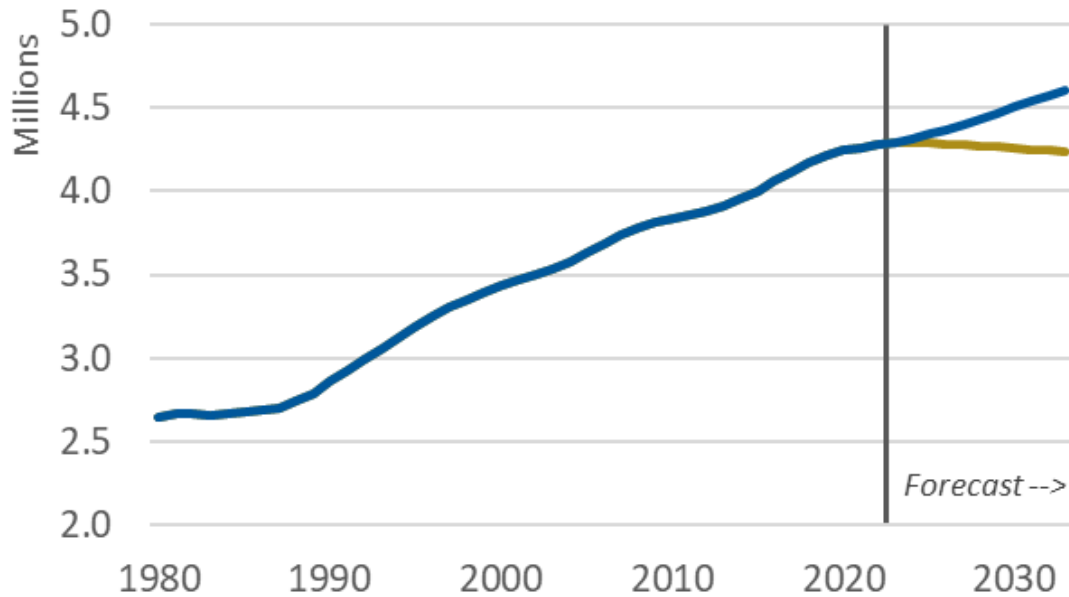
# Demographic Changes



## Oregon Population

Number of Oregon residents, all ages

Baseline Forecast | Zero Migration Scenario

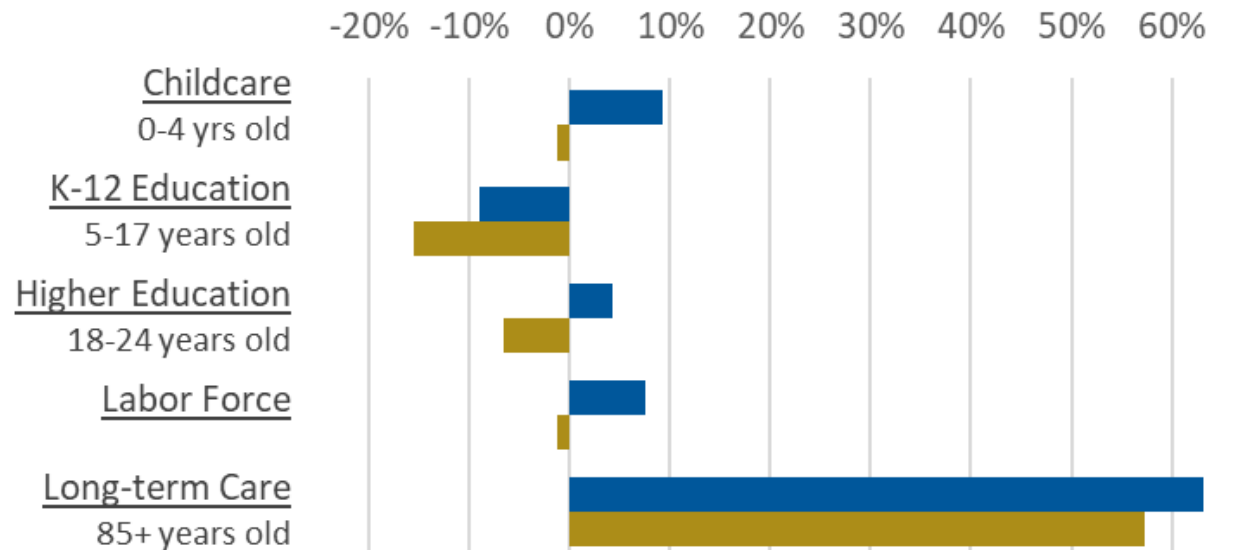


Latest Data: 2022 | Source: Oregon Office of Economic Analysis

## Oregon Budget Driver Demographics

Percent change 2023-2033 in underlying demographics impacting each cohort

Baseline Forecast | Zero Migration Scenario



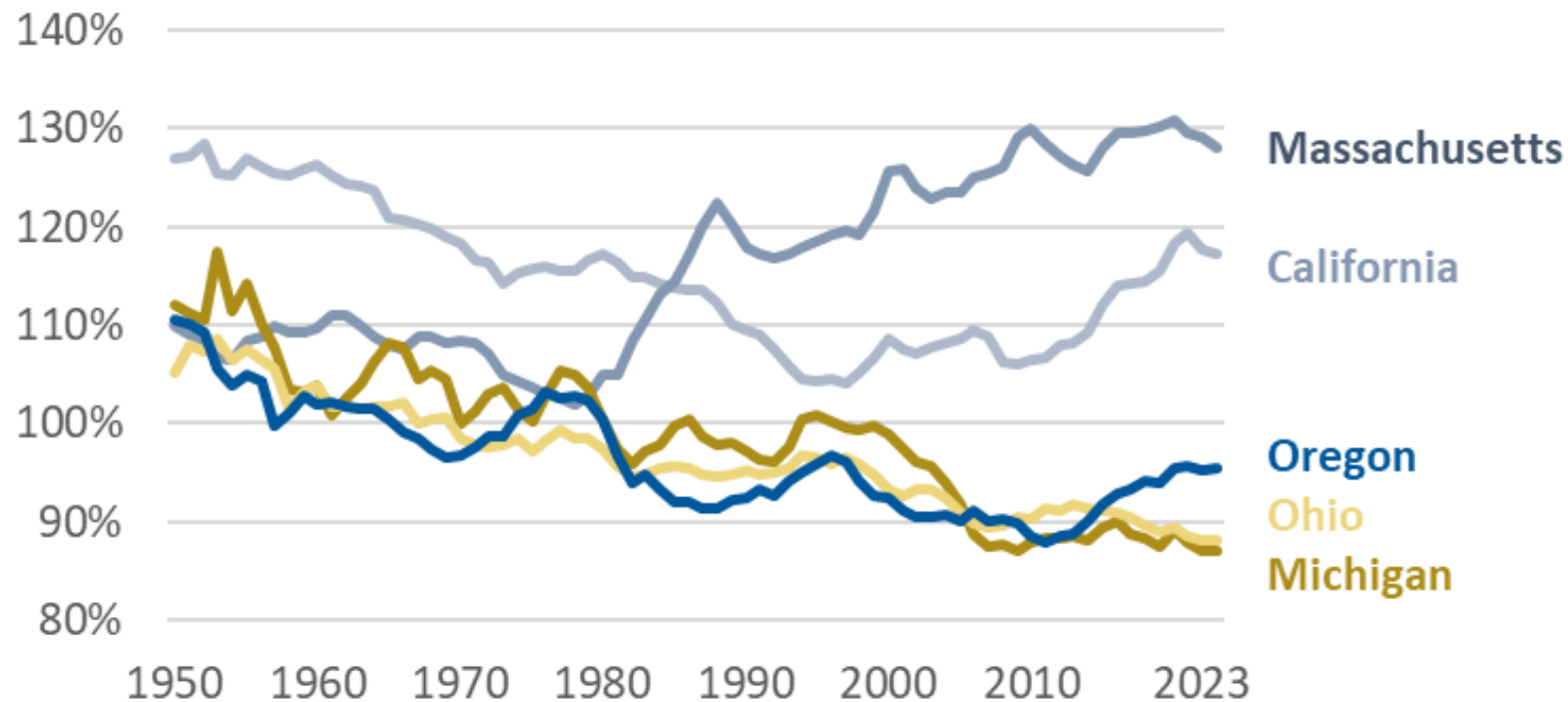
Source: Oregon Office of Economic Analysis

# Stagnant population can lead to different economic outcomes



## Per Capita Personal Income

*Percent share of U.S. (U.S. = 100%)*



Source: BEA, Oregon Office of Economic Analysis

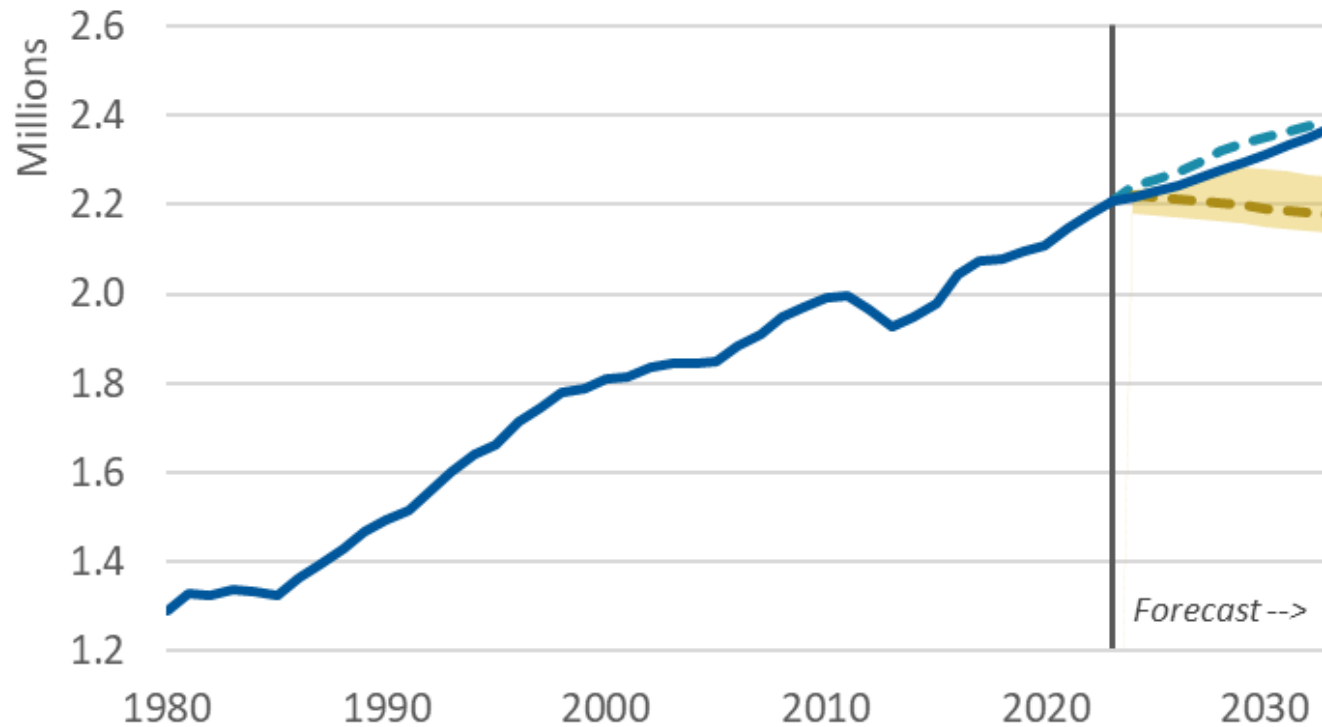
# Labor Market Implications



## Oregon's Labor Force

Number of Oregon residents with a job or actively looking for work

Baseline | Zero Migration | Zero Migration Latent Labor Force



Latest Data: 2022 | Source: Oregon Office of Economic Analysis

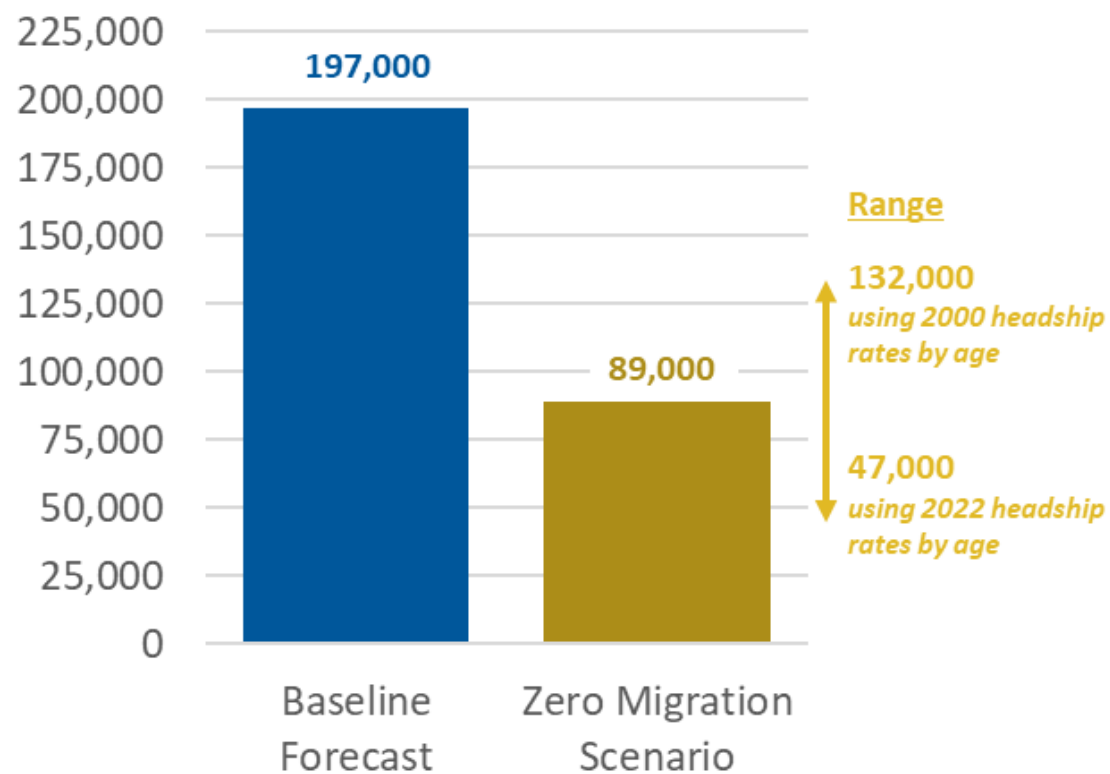
- With a smaller working-age population, Oregon's labor force is likely to decline in the years ahead, putting increased pressure on local businesses looking to hire or expand
- From 2023 to 2033, Oregon's potential labor force will decline by 1.4 percent (30,000 workers), leaving it 8.3% (196,000) below the baseline
- Increases in the Latent Labor Force based on historical disparities by age, educational attainment, race and ethnicity, and sex could more than offset underlying population losses



# Housing Demand Impacts

## Oregon Housing Demand

Change in the number of households from 2023 to 2033



Source: IPUMS-USA, Oregon Office of Economic Analysis

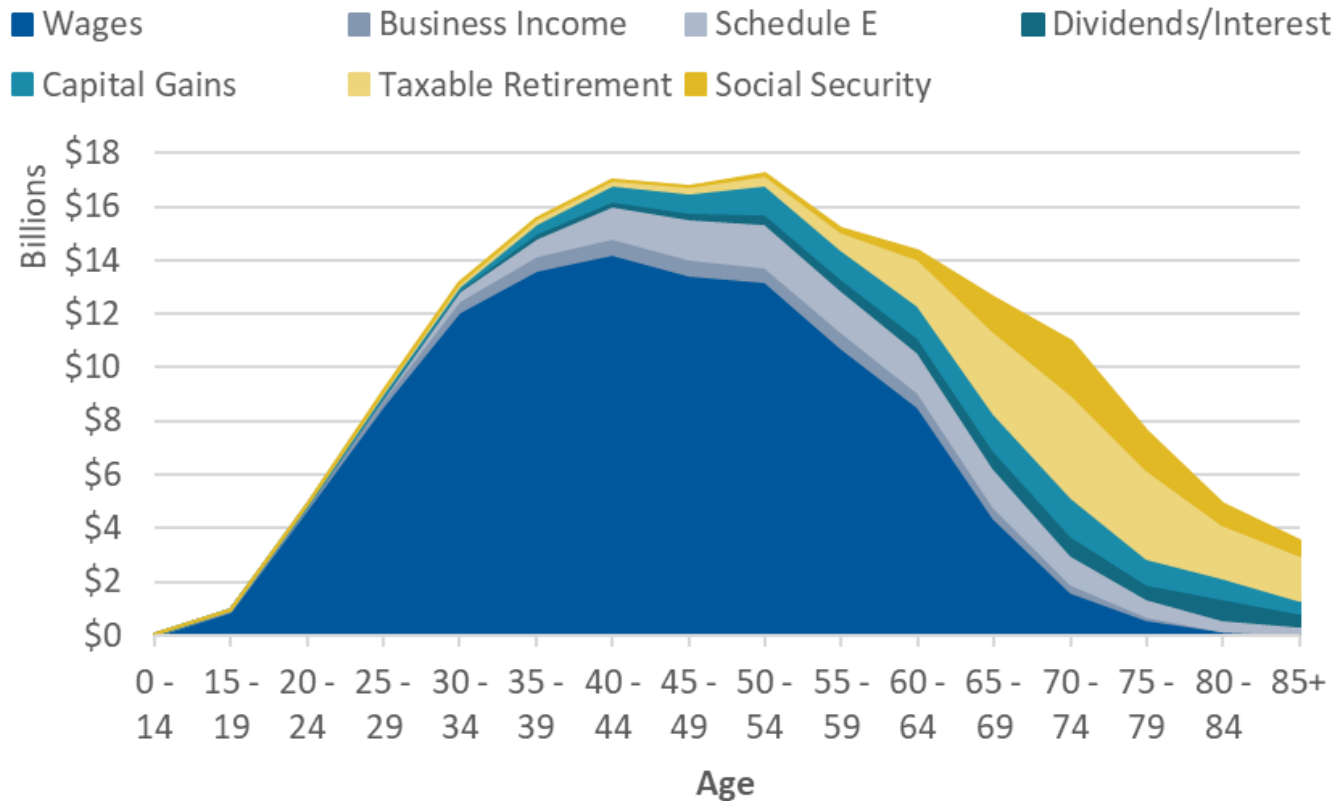
- Household formation will still increase even in a Zero Migration scenario given underlying demographics as the Millennials continue to age into their higher household formation and homebuying years
- Household formation will be lower relative to the baseline, indicating the state's future housing needs will be smaller as well
- However, given the state's historical underproduction of housing, even in a Zero Migration scenario, the pace of new construction still need to increase compared to recent trends

# General Fund Revenue Impacts



## Oregon Adjusted Gross Income by Age

2022 Full-Year Returns by Component of Income



Source: Oregon Department of Revenue, Oregon Office of Economic Analysis

- The overall revenue impacts in a zero-migration scenario are not terribly severe
- Revenue losses are limited by the fact that the baseline outlook for migration is already weak, and that most migrants are young and will not hit their peak earning years until the end of the 10-year outlook
- Reductions in corporate income taxes are limited as well given that not all C-Corporations are in consumer-based industries
- Out-migration of wealthy residents presents a risk to capital gains and estate tax collections

# Revenue Impacts



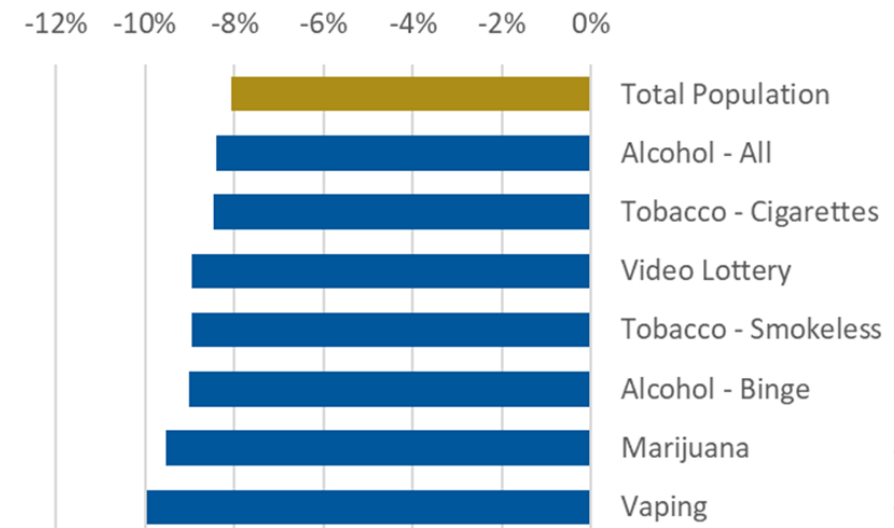
## Zero Migration Alternative Scenario

*\$ millions, change from the baseline forecast*

	23-25	25-27	27-29	29-31	31-33	Cumulative
<b>General Fund</b>	<b>-\$120</b>	<b>-\$604</b>	<b>-\$1,267</b>	<b>-\$2,149</b>	<b>-\$3,242</b>	<b>-\$7,382</b>
Lottery	-\$5	-\$31	-\$68	-\$113	-\$164	-\$380
CAT	-\$19	-\$61	-\$124	-\$204	-\$302	-\$710
Marijuana	-\$1	-\$6	-\$14	-\$25	-\$38	-\$85
<b>Total Revenue</b>	<b>-\$145</b>	<b>-\$702</b>	<b>-\$1,473</b>	<b>-\$2,491</b>	<b>-\$3,747</b>	<b>-\$8,558</b>
	<b>0%</b>	<b>-2%</b>	<b>-3%</b>	<b>-5%</b>	<b>-7%</b>	<b>-4%</b>

## Oregon Vice and Zero Migration

*Percent difference in 2033 consumer base in the Zero Migration Scenario compared to the Baseline Forecast*



Source: Oregon Office of Economic Analysis



# Contact Information

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