



Growing wage inequality in the Portland Region



Bureau of Planning and Sustainability
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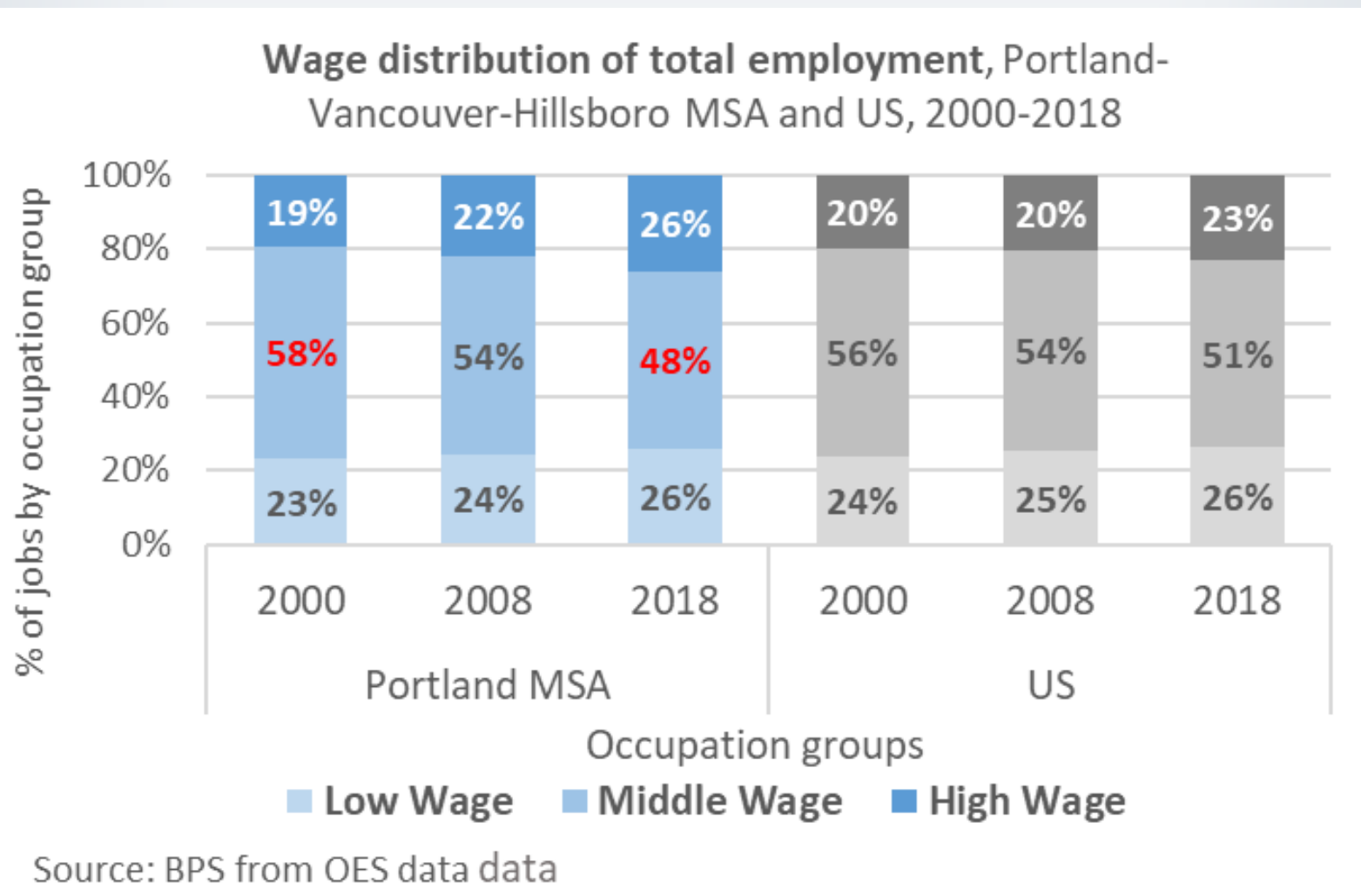


1. Growth-led wage inequality -

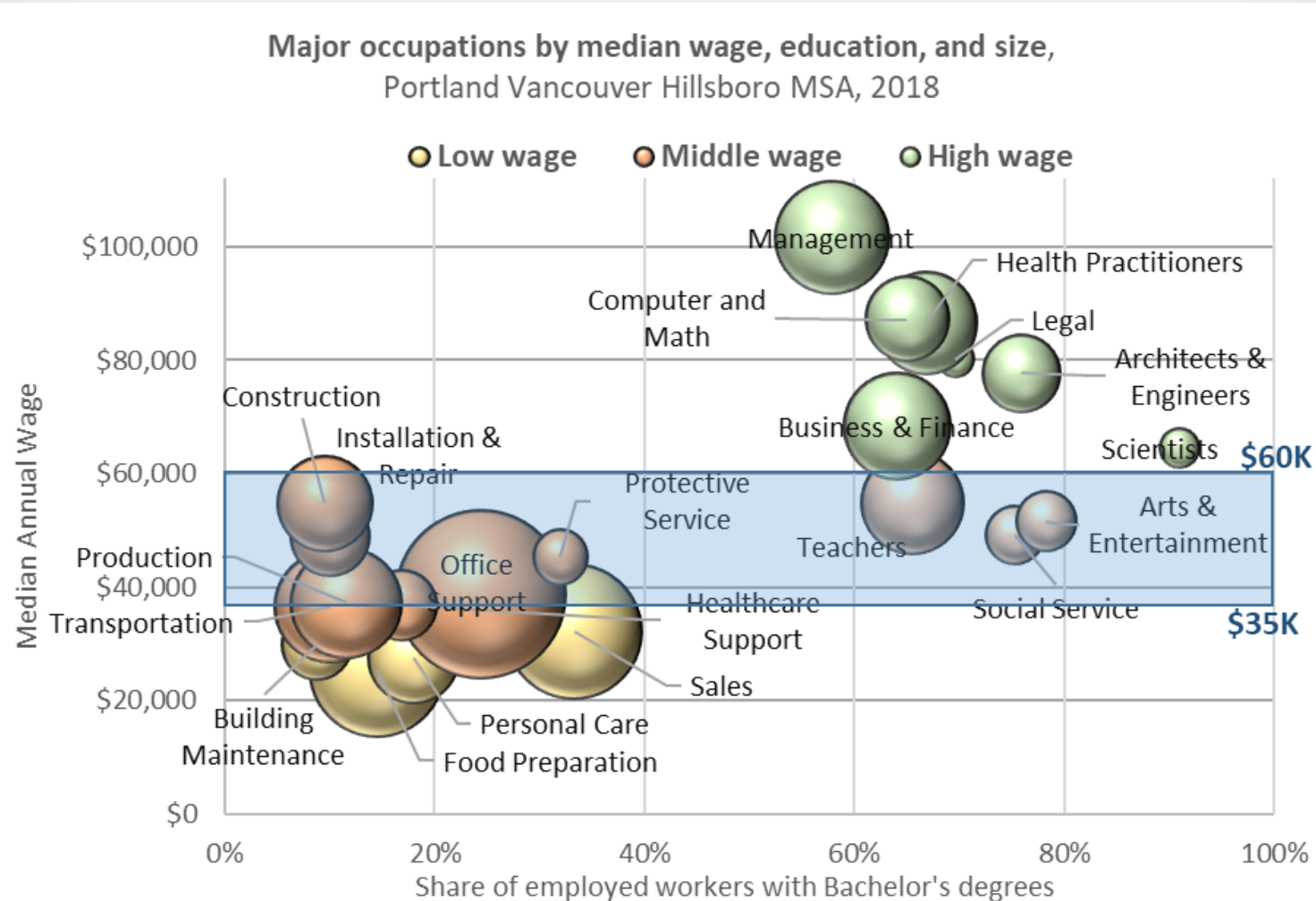
- Region's mix of growing jobs is widening inequality, bidding up prices.
- Workers without bachelor's degrees face fewer family-wage jobs, flat wages, and rising prices.

The middle of the wage distribution is shrinking

- especially in this region

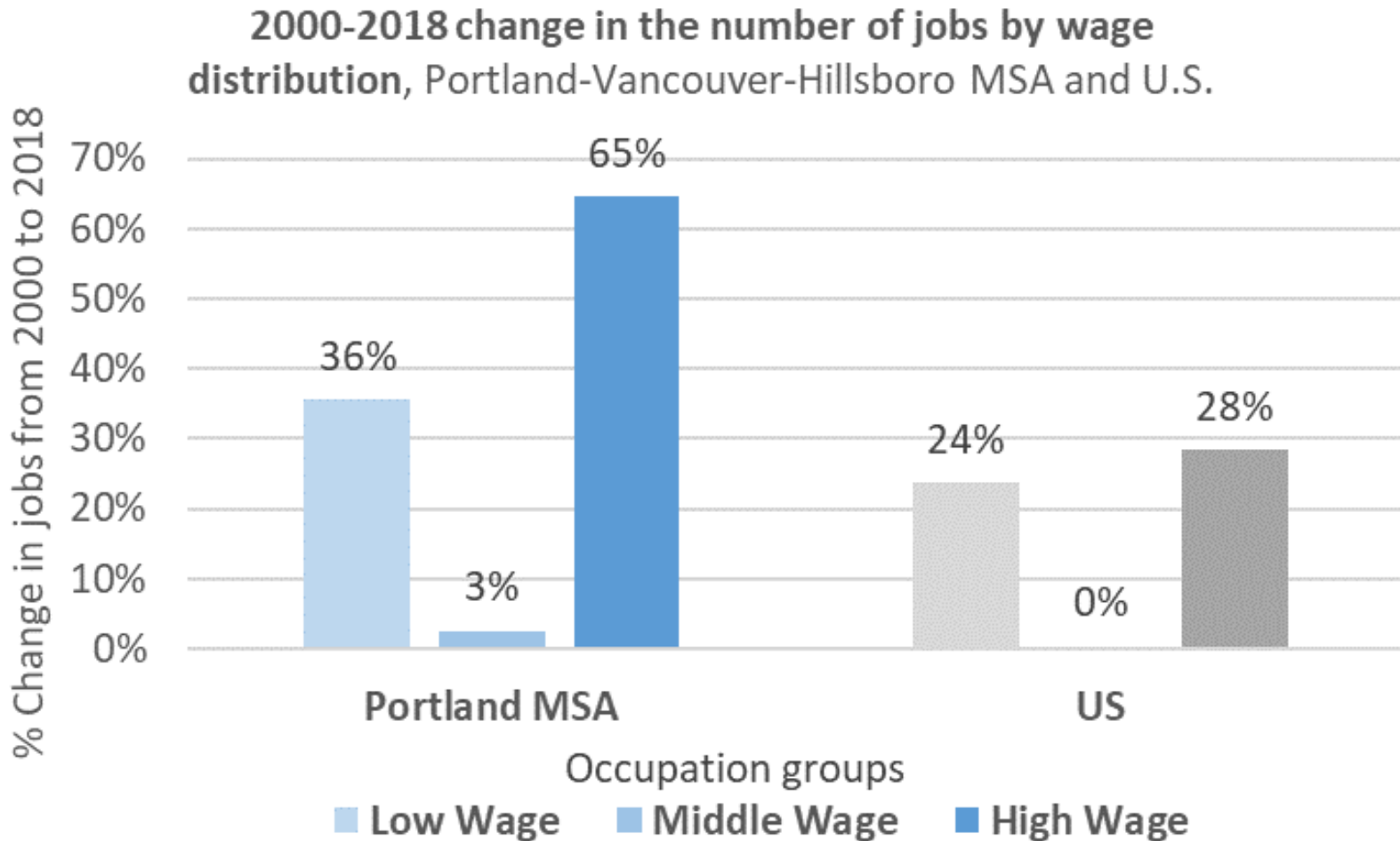


Wage distribution is shaped by a region's mix of occupations - and their education requirements



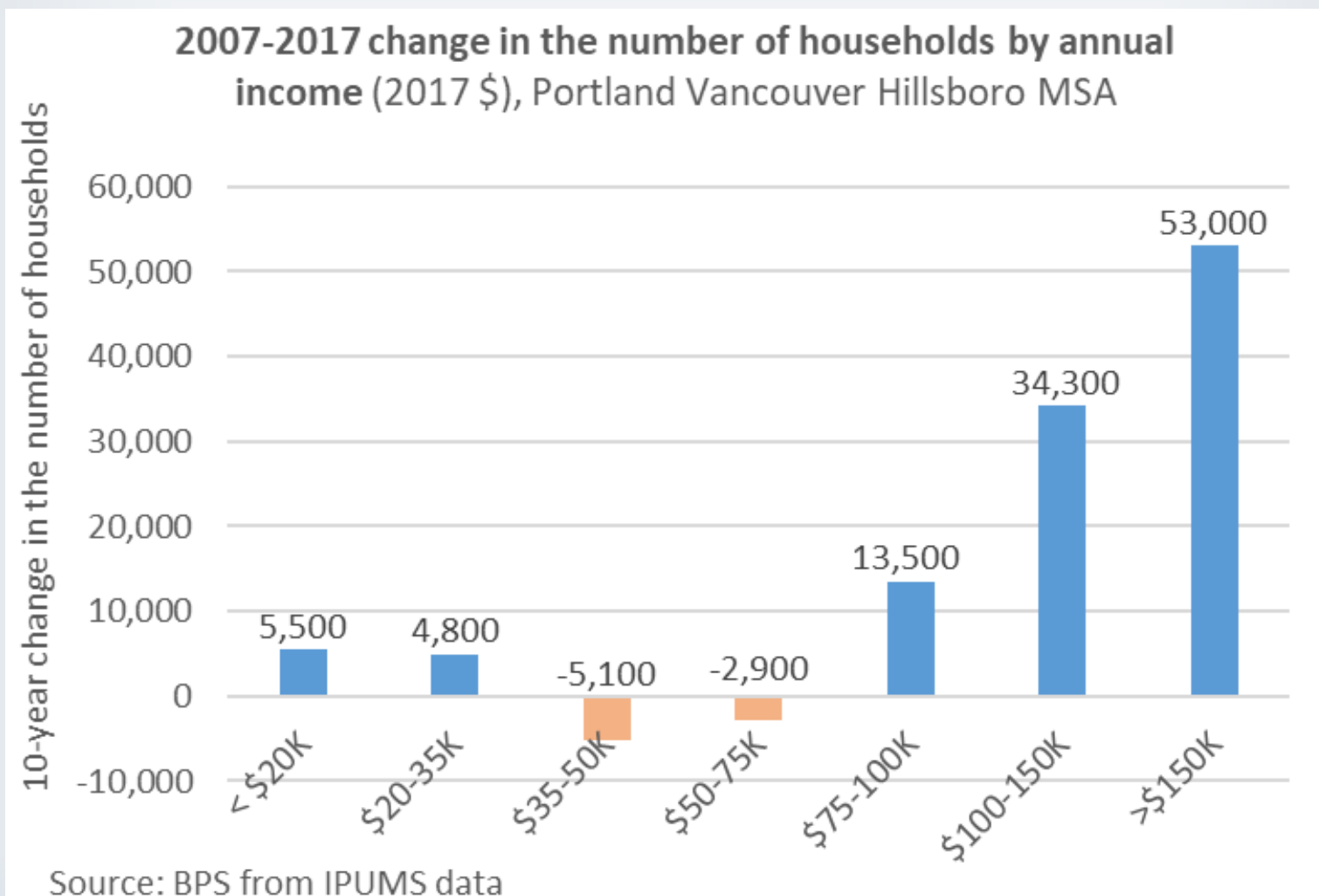
Wage-polarized job growth -

J-shaped wage distribution of net added jobs in region



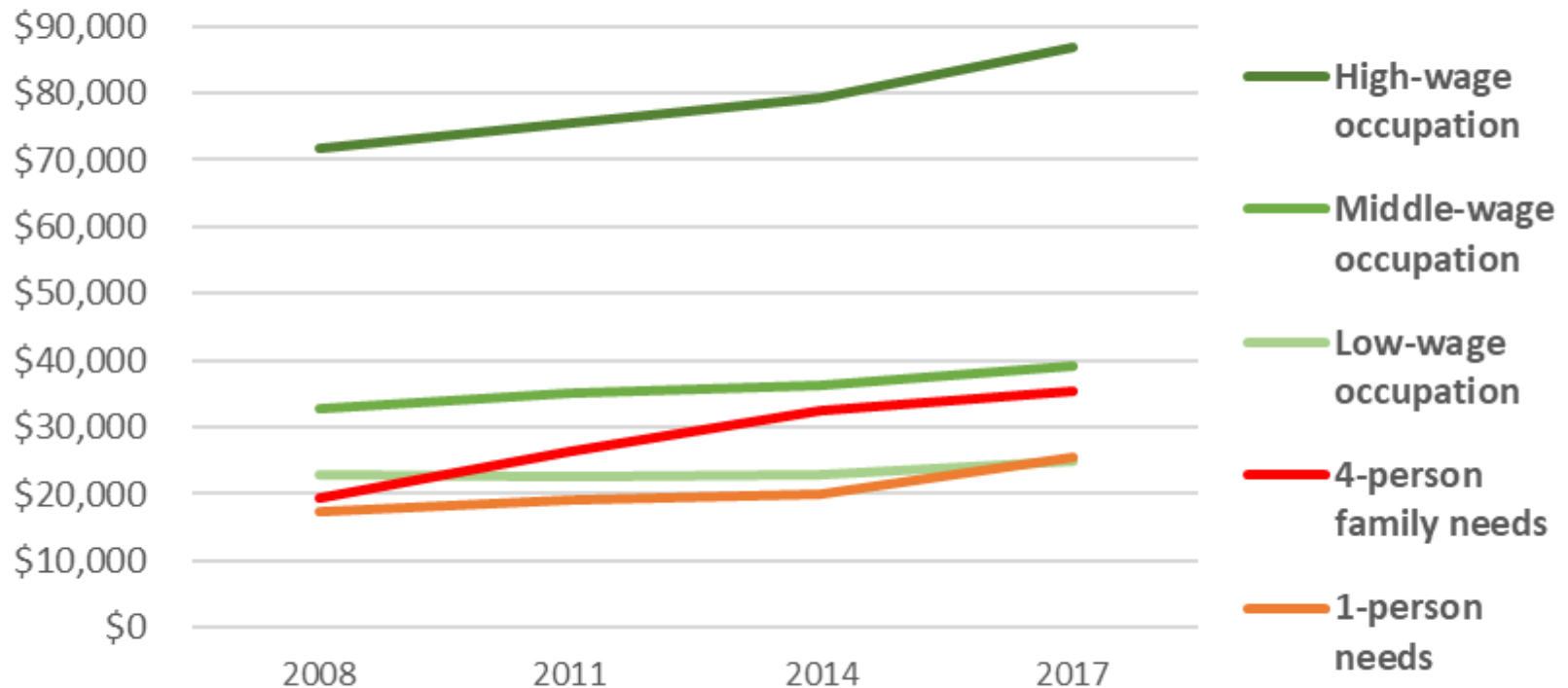
Source: BPS from OES data

Income-polarized population growth - the J-shaped income distribution of net added households



Local cost of living is outpacing wages of most jobs - a widening wage gap with college-credential workers

Local prices outpacing wages: Comparing median regional wages in low-, middle-, and high-wage occupations with Income Self-Sufficiency needs of an adult and an example family in Multnomah County

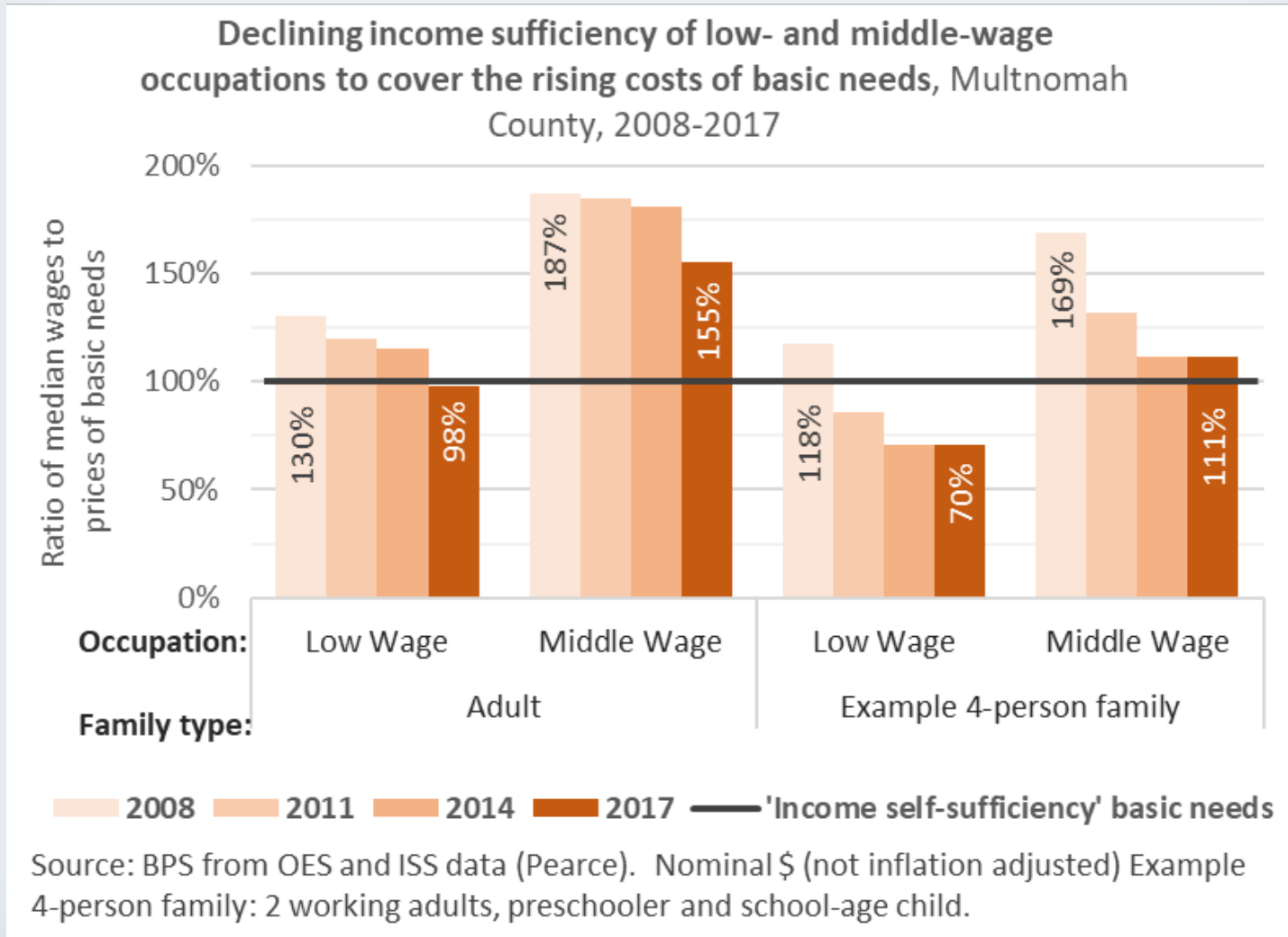


Source: BPS from OES and ISS data (Pearce). Nominal \$ (not inflation adjusted) Example 4-person family: 2 working adults, preschooler and school-age child.

2. Widening income disparities -

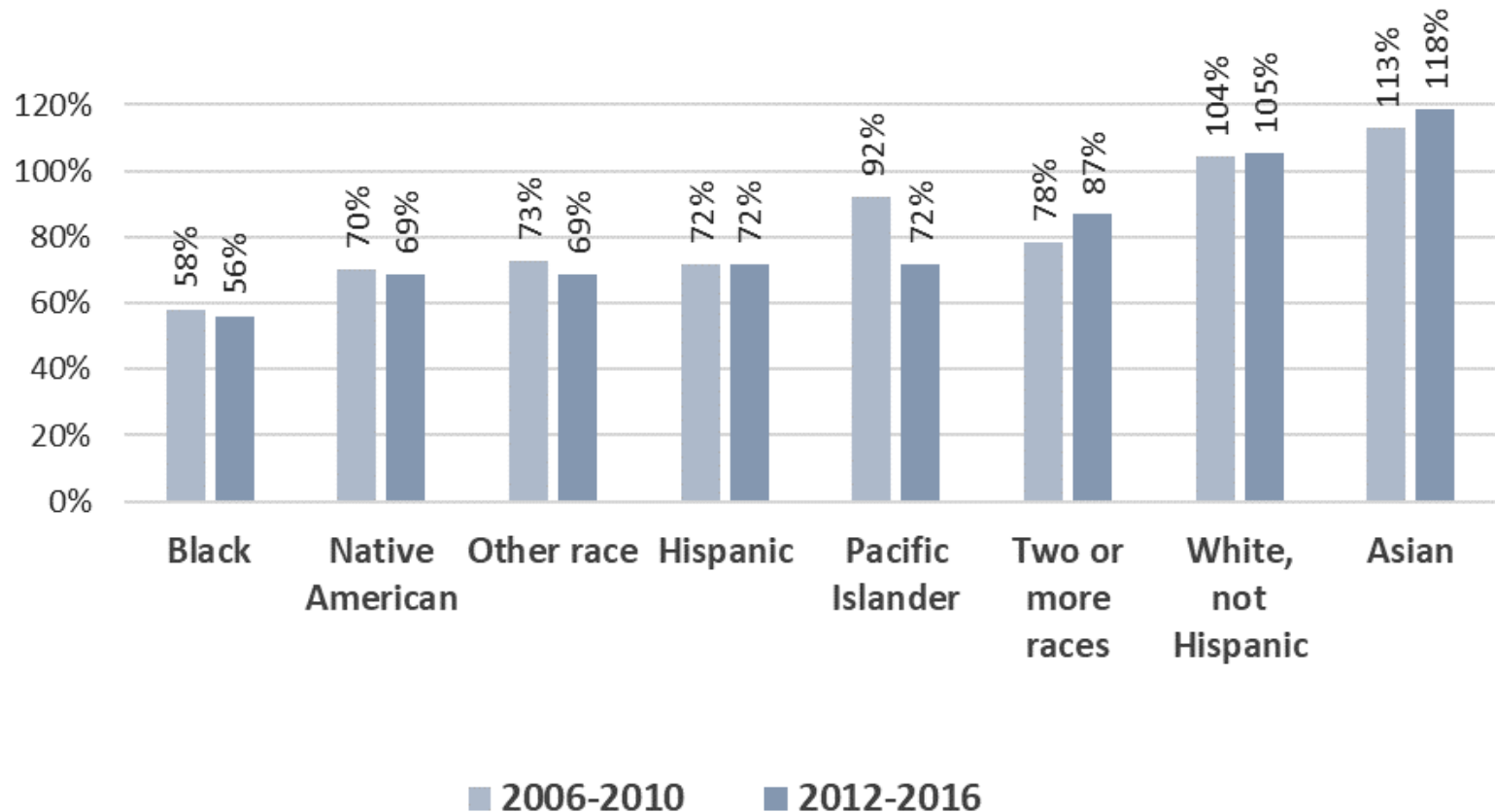
- Declining income self-sufficiency
- Widening racial disparities
- Less upward mobility
- Low-income health disparities

More households are struggling - approaching or falling below income self-sufficiency



Widening racial income disparities - most people of color getting poorer

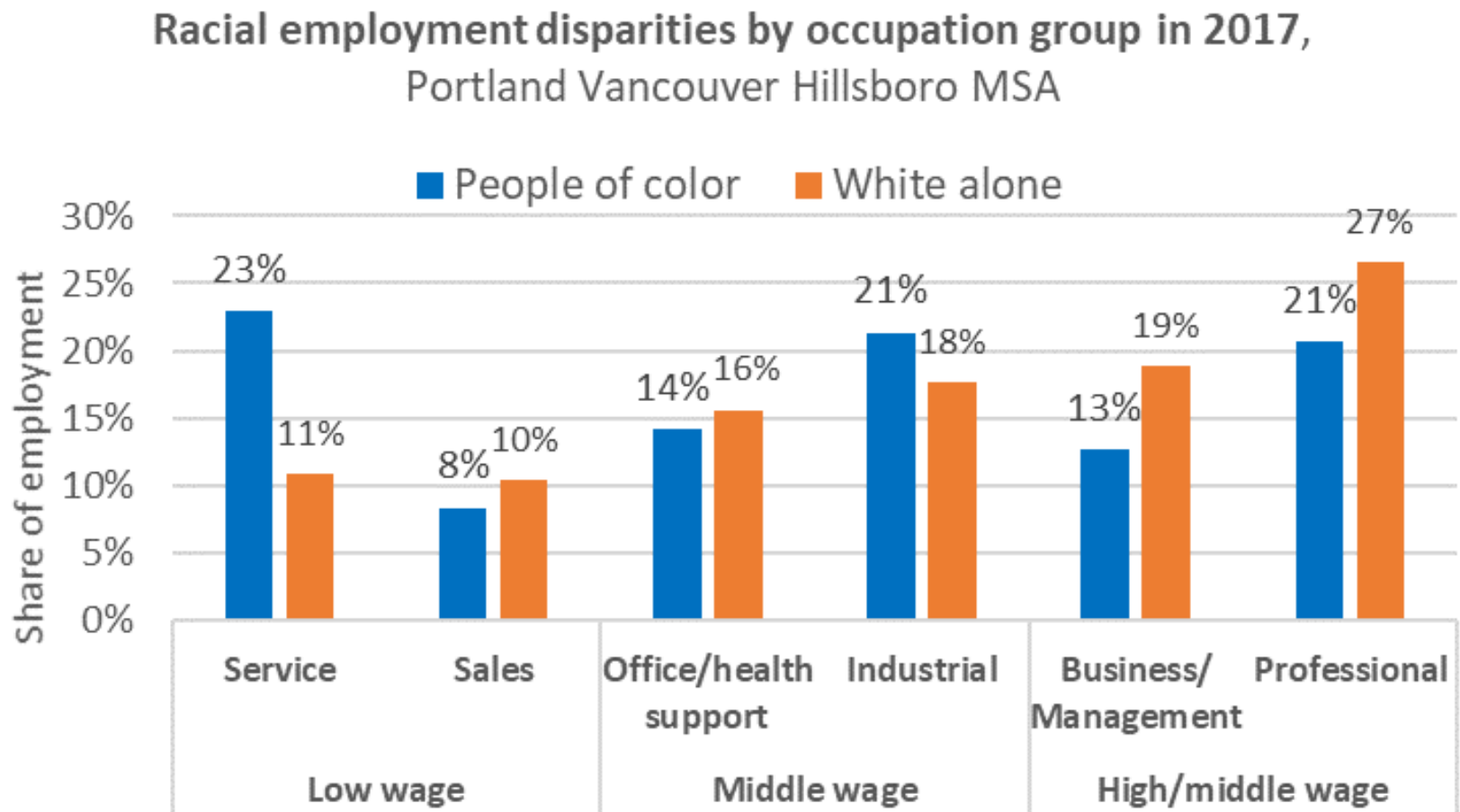
Race/ethnicity disparities in median household income relative to all regional households, Portland Vancouver Hillsboro MSA



Source: BPS from ACS data

Job polarization increases racial disparities

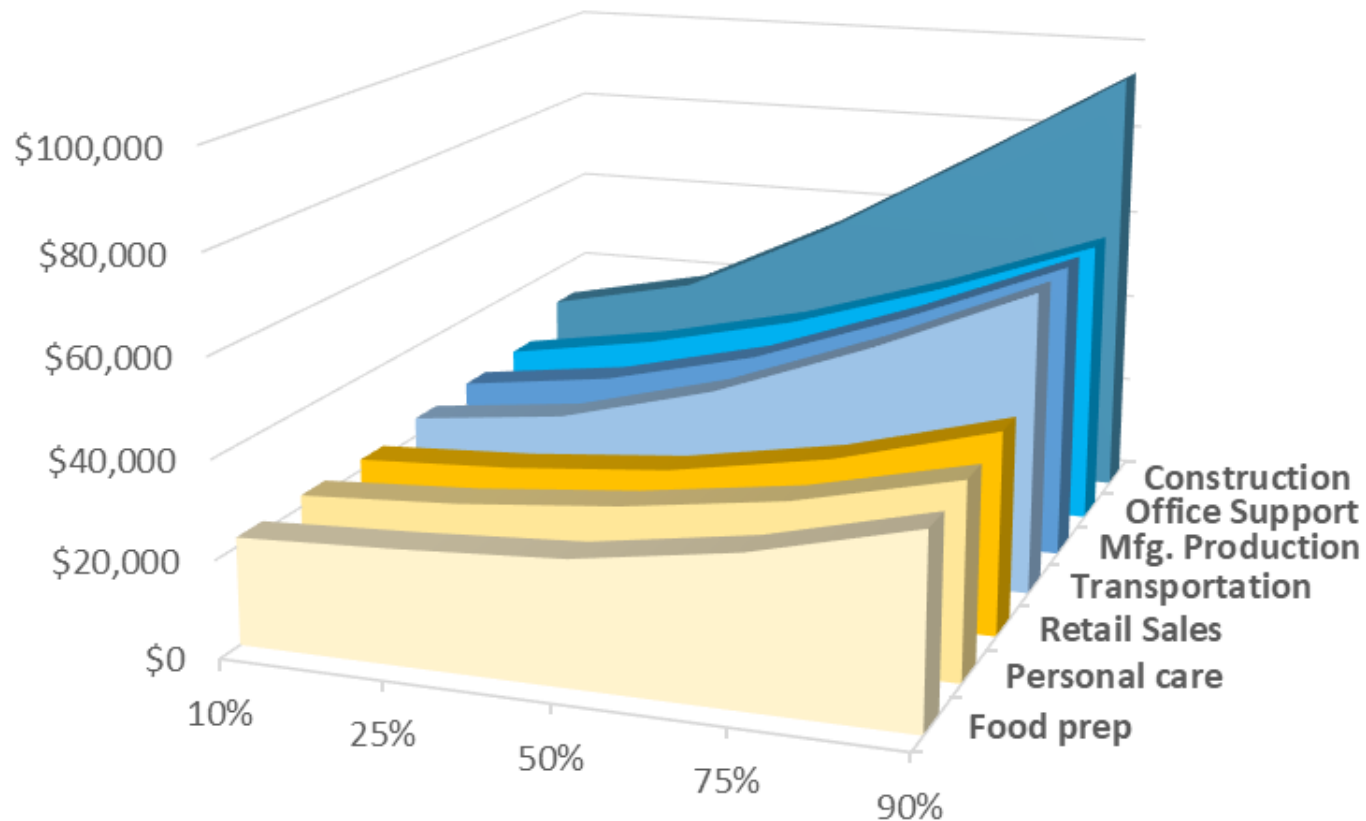
- and high-wage jobs particularly benefit white workers



Source: BPS from ACS data

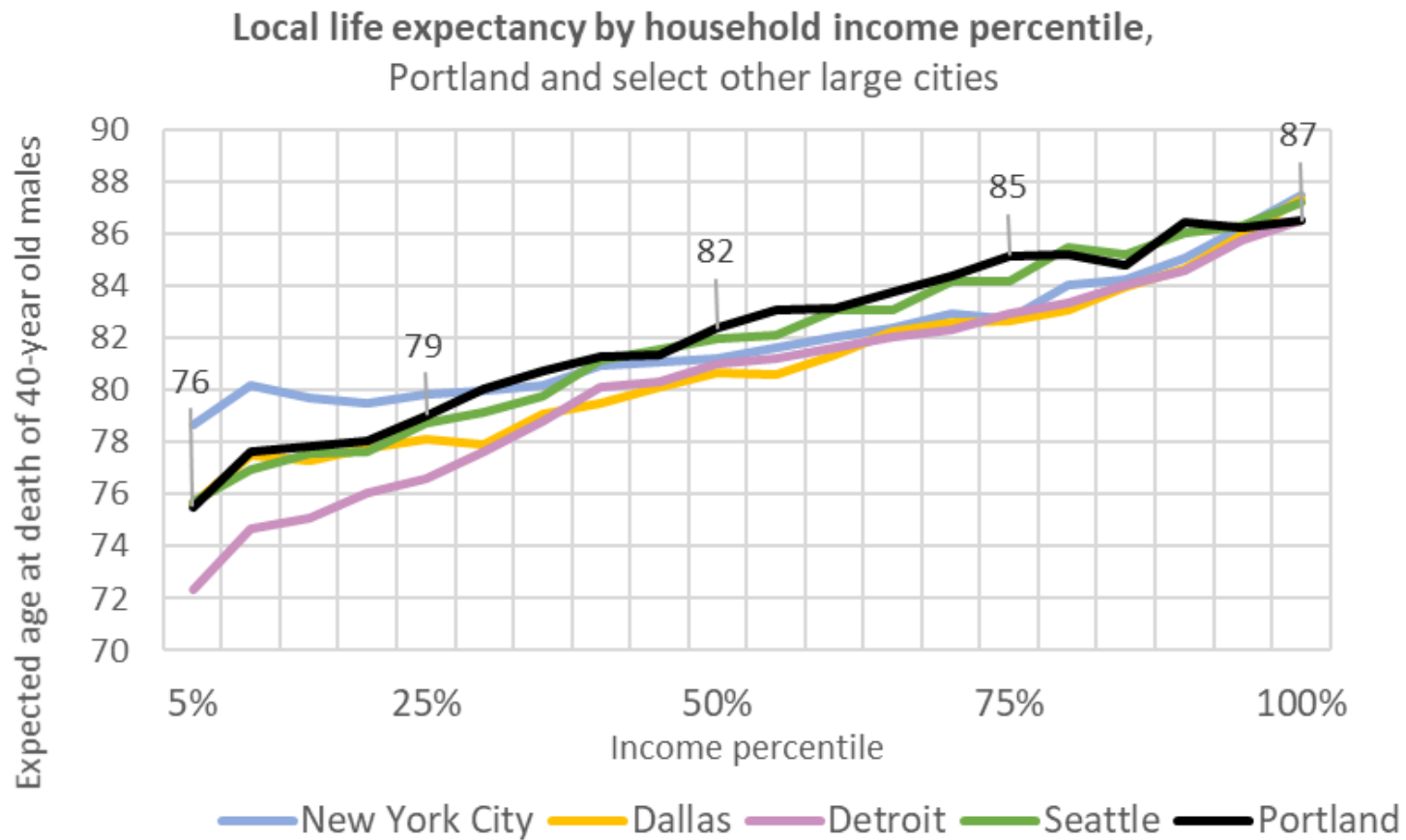
Job polarization reduces upward mobility - hardening class boundaries

Occupational job ladders: Percentile of jobs by annual wage in major low- and middle-wage occupations, Portland MSA, 2018



Source: BPS from OES data

Income distribution shapes life expectancy - people at the 75th income percentile live 6 years longer than people at the 25th percentile in Portland

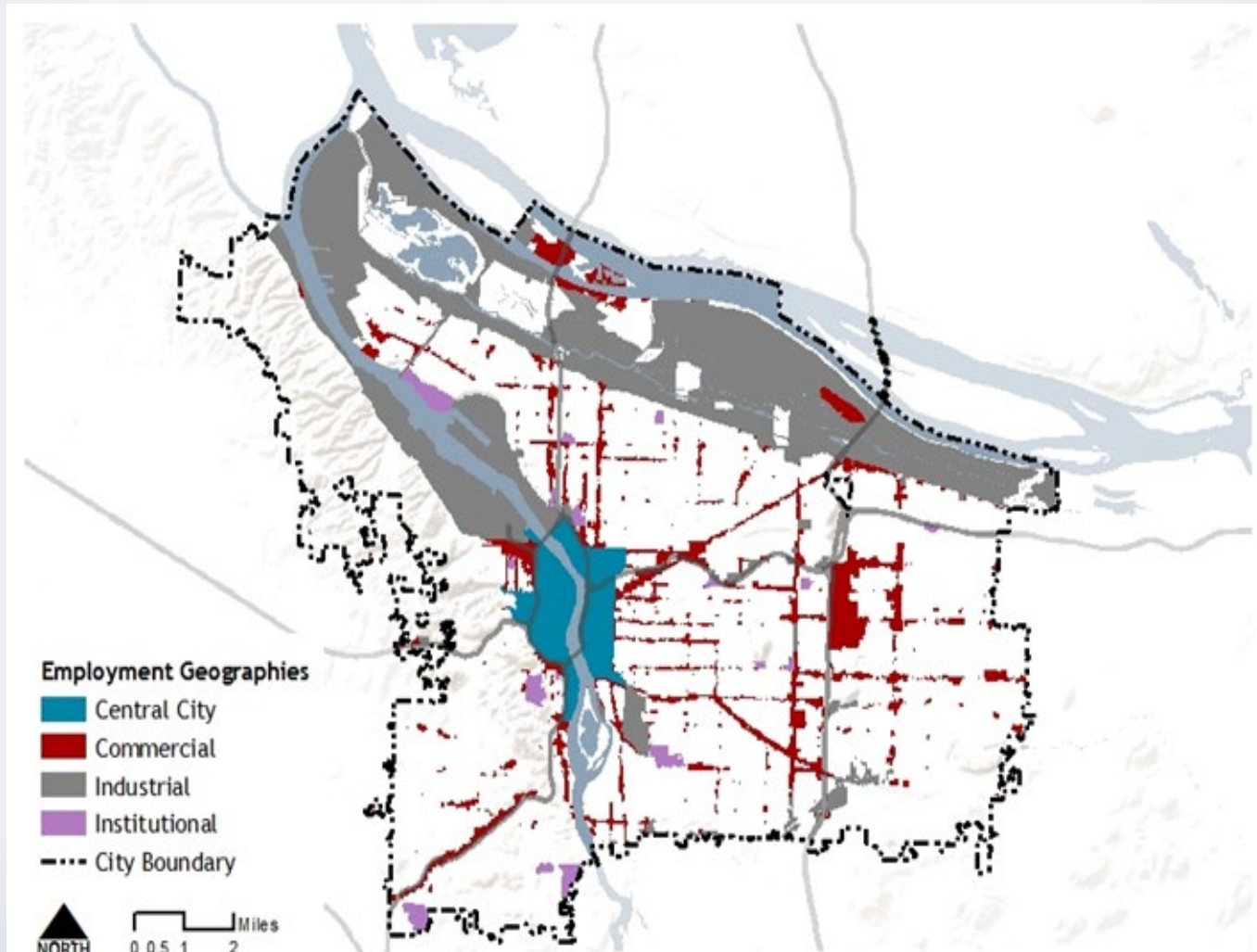


Source: Chetty, et al., 2016, race-adjusted

3. Wage inequality of compact growth

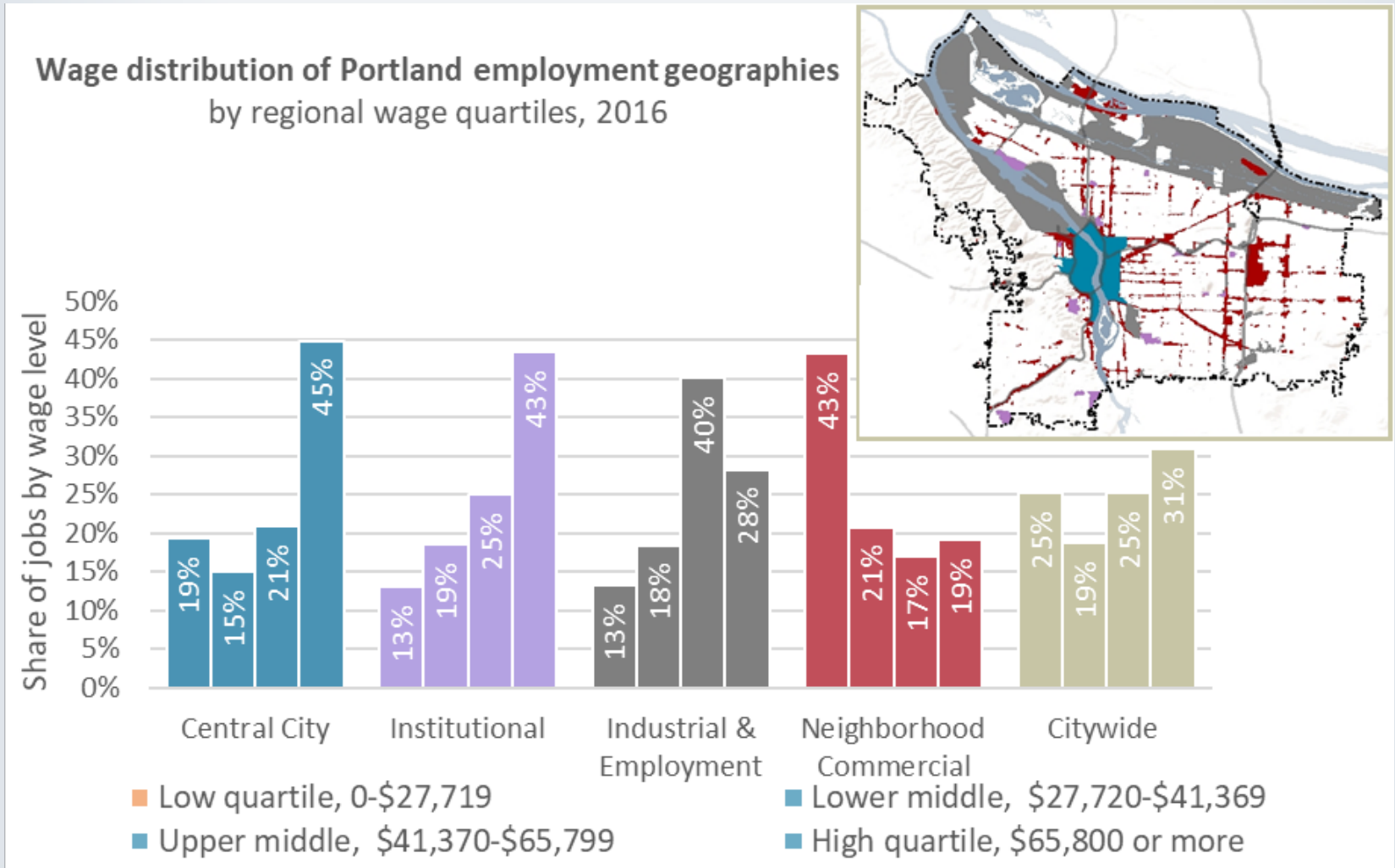
- Faster-growing mixed-use districts are wage-polarized
- Growth is constrained in middle-wage industrial, back-office and hospital districts

Business districts are specialized -
office, retail-related, industrial, and institutional

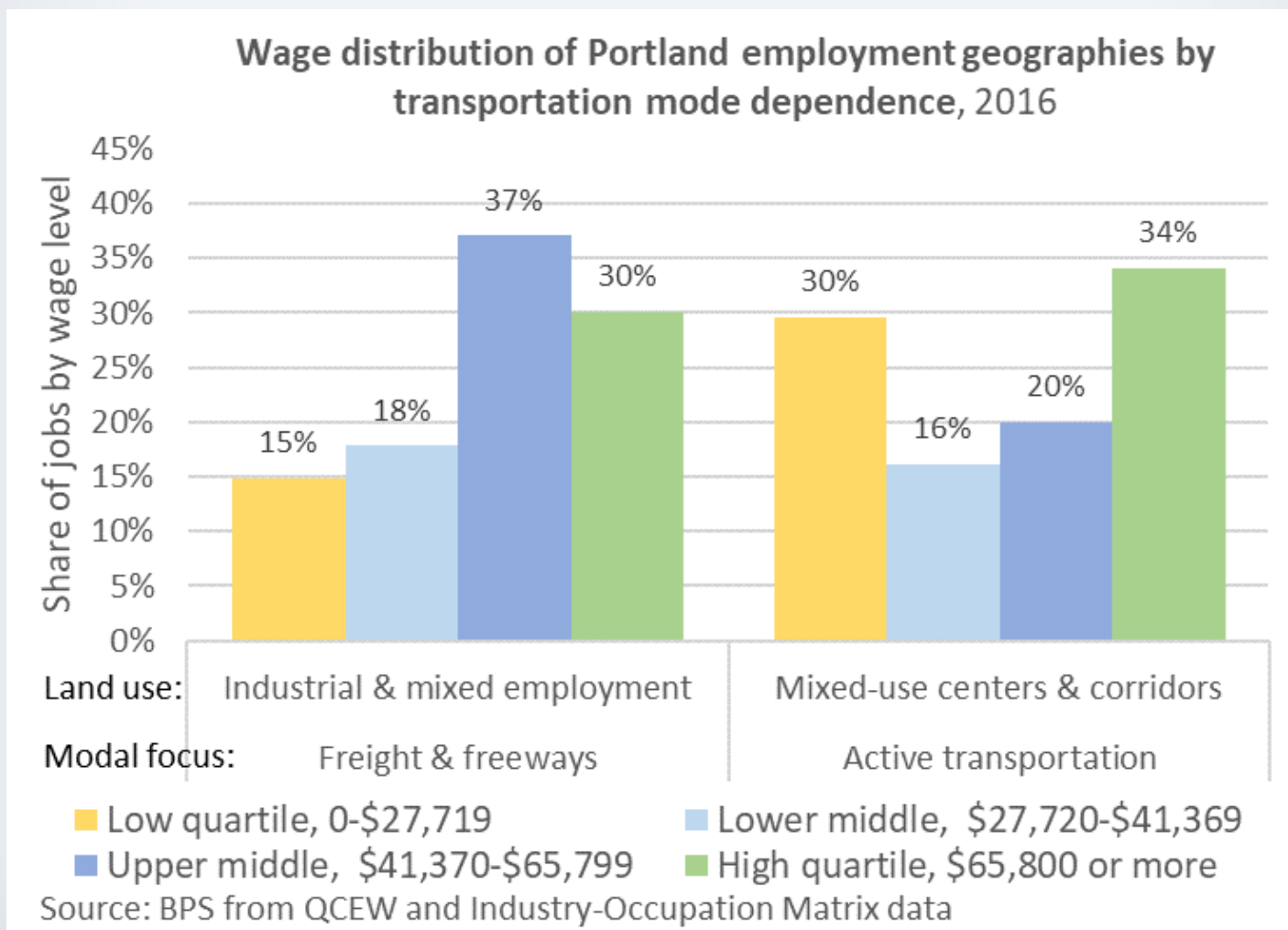


Wage distribution varies by business district

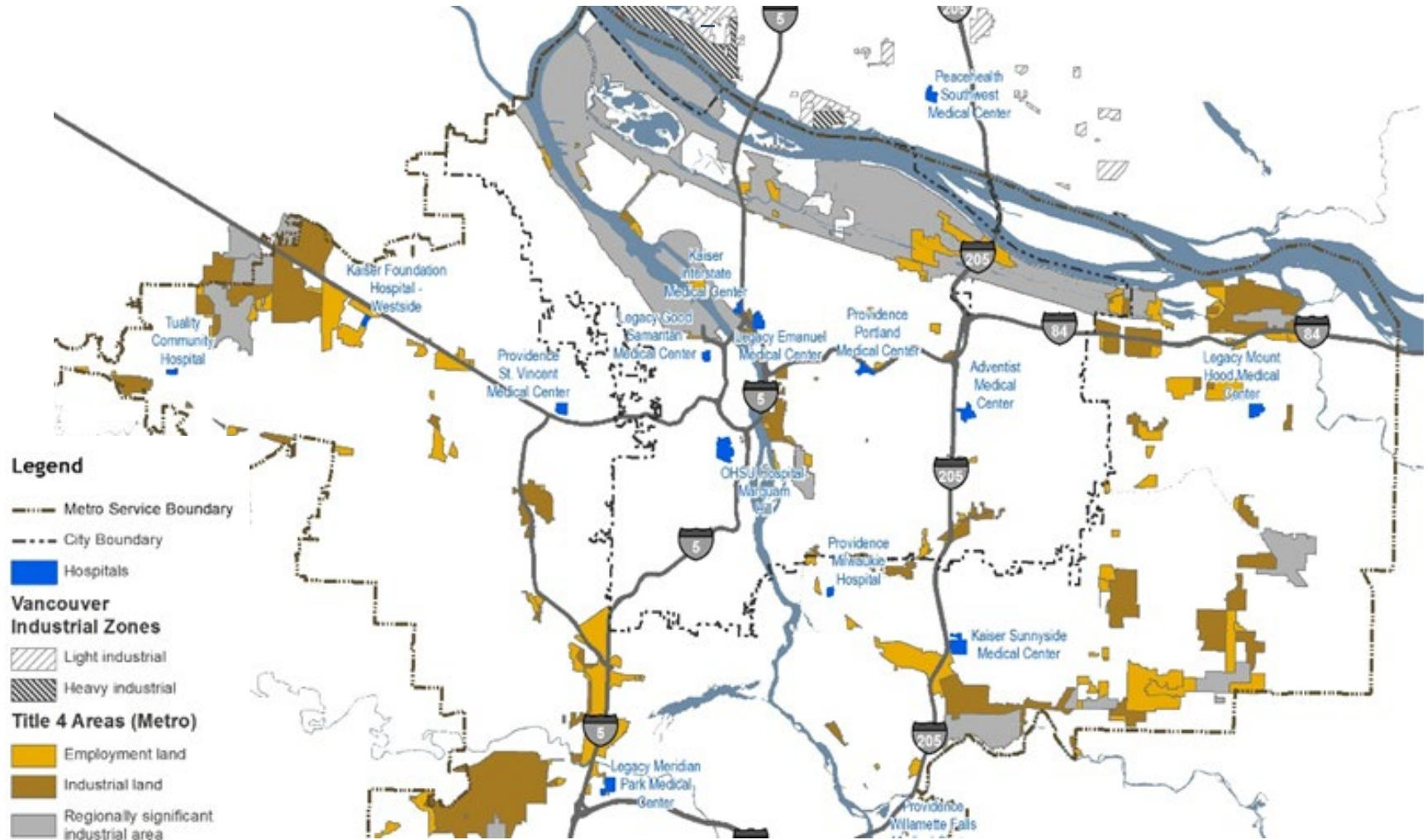
- where jobs grow shapes regional wage inequality



Higher density job growth is wage polarized

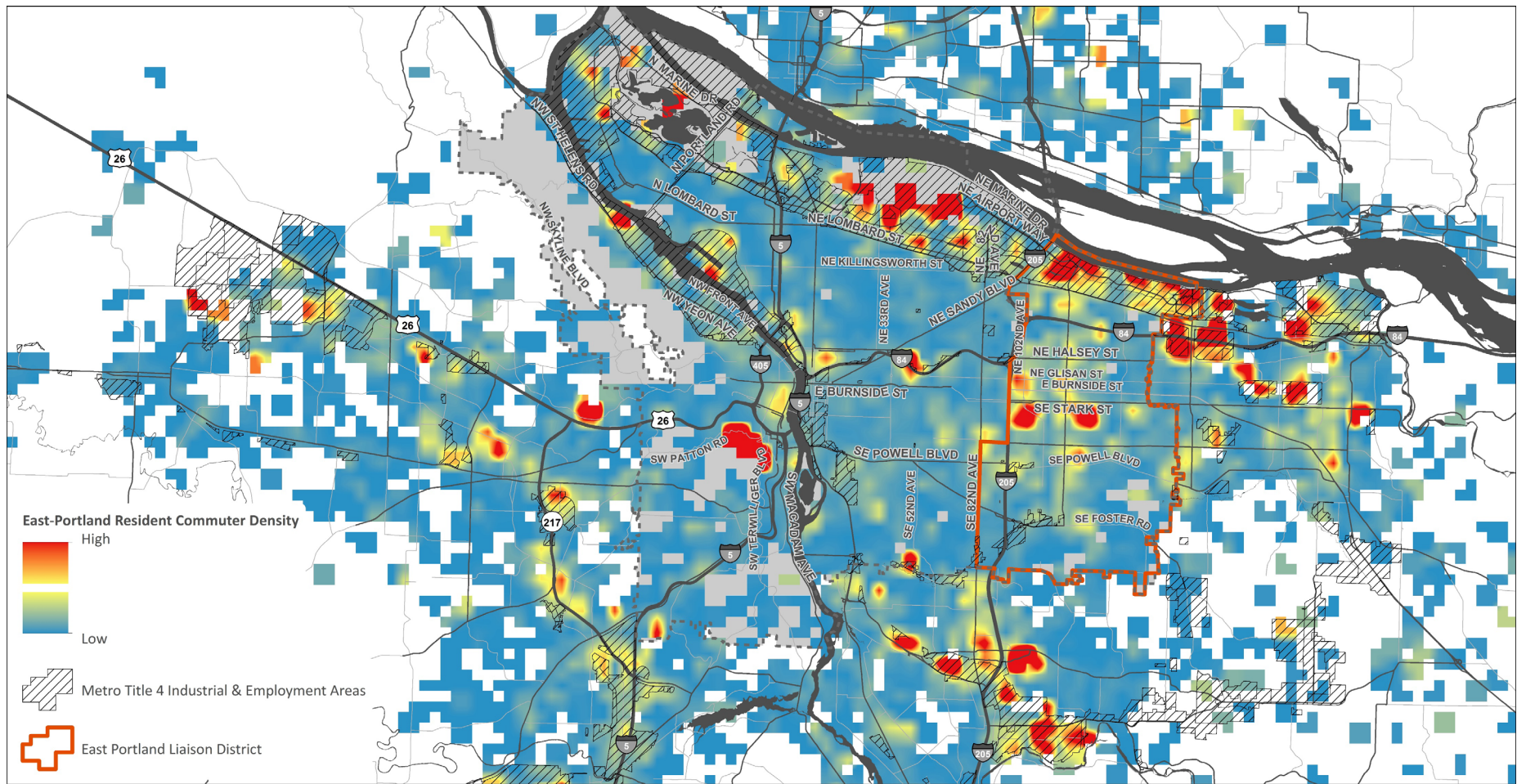


Middle-wage business districts - Industrial, back office, and hospitals



East Portlander commute-sheds align with industrial, back office, and hospital districts

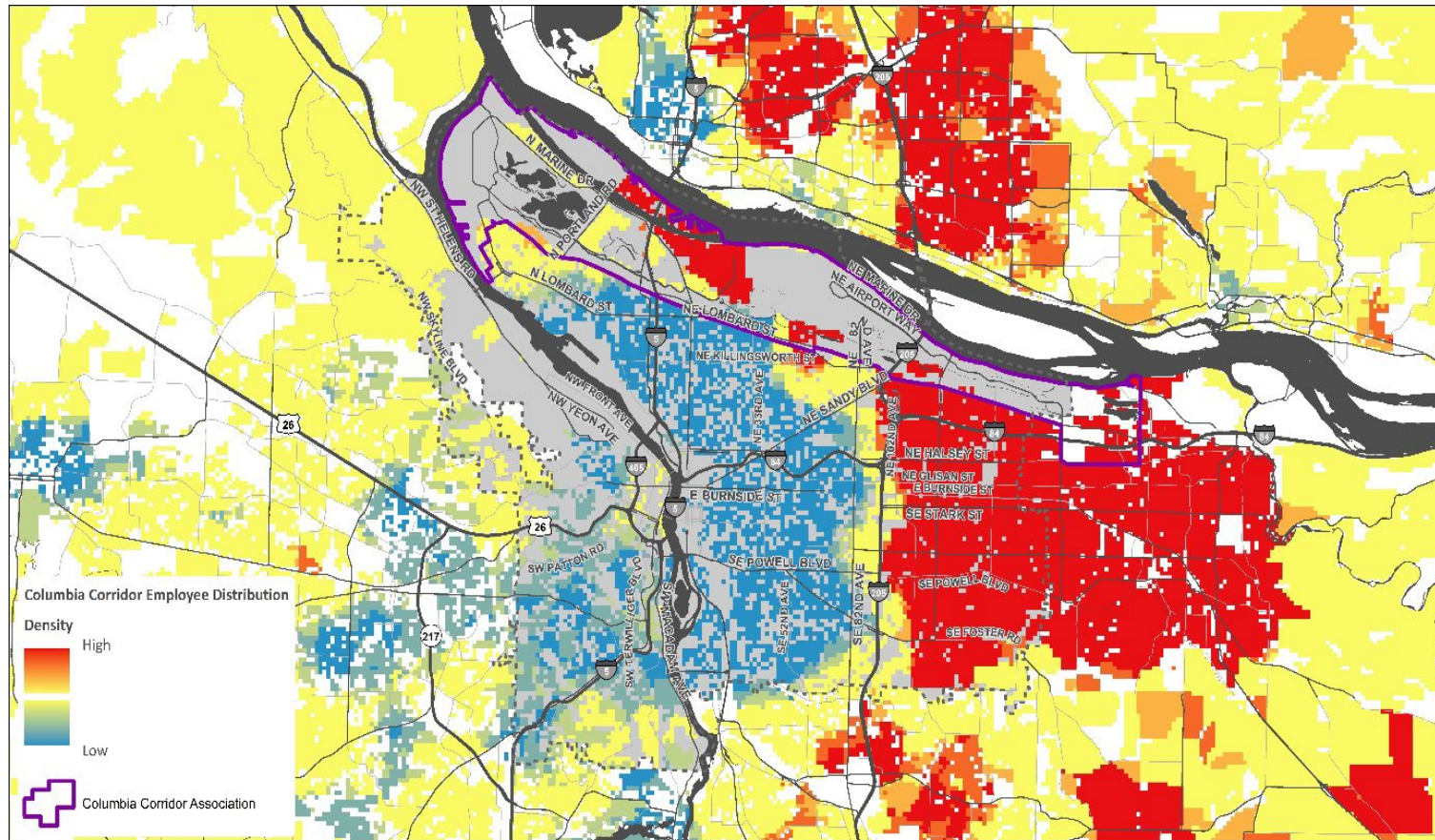
Where East Portland residents work



Middle-wage districts have working class laborsheds

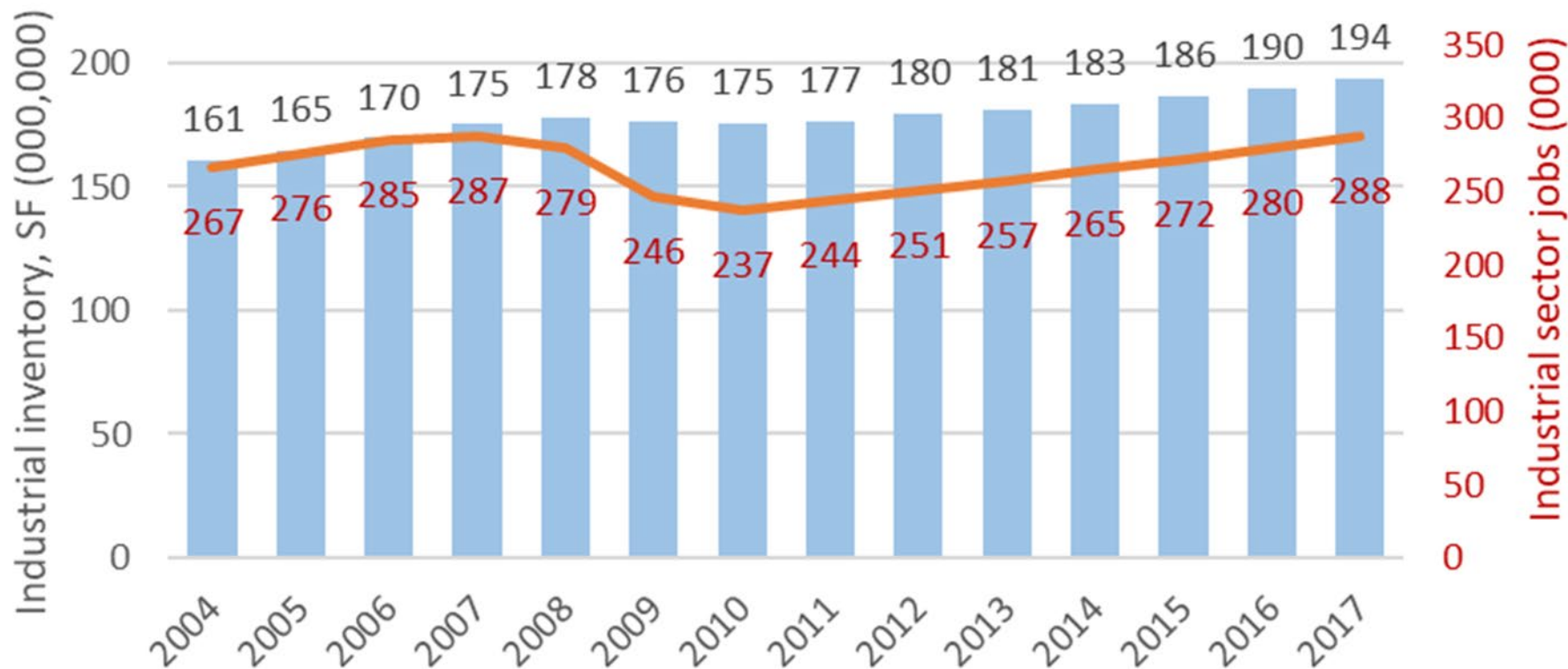
- neighborhood affordability and occupational segregation

Where Columbia Corridor workers tend to live



Expanding regional demand for industrial land - 1.0% annual growth in building area, 0.4% in jobs, since 2007

Occupied industrial building inventory and industrial jobs,
Portland Vancouver Hillsboro MSA, 2003-2017

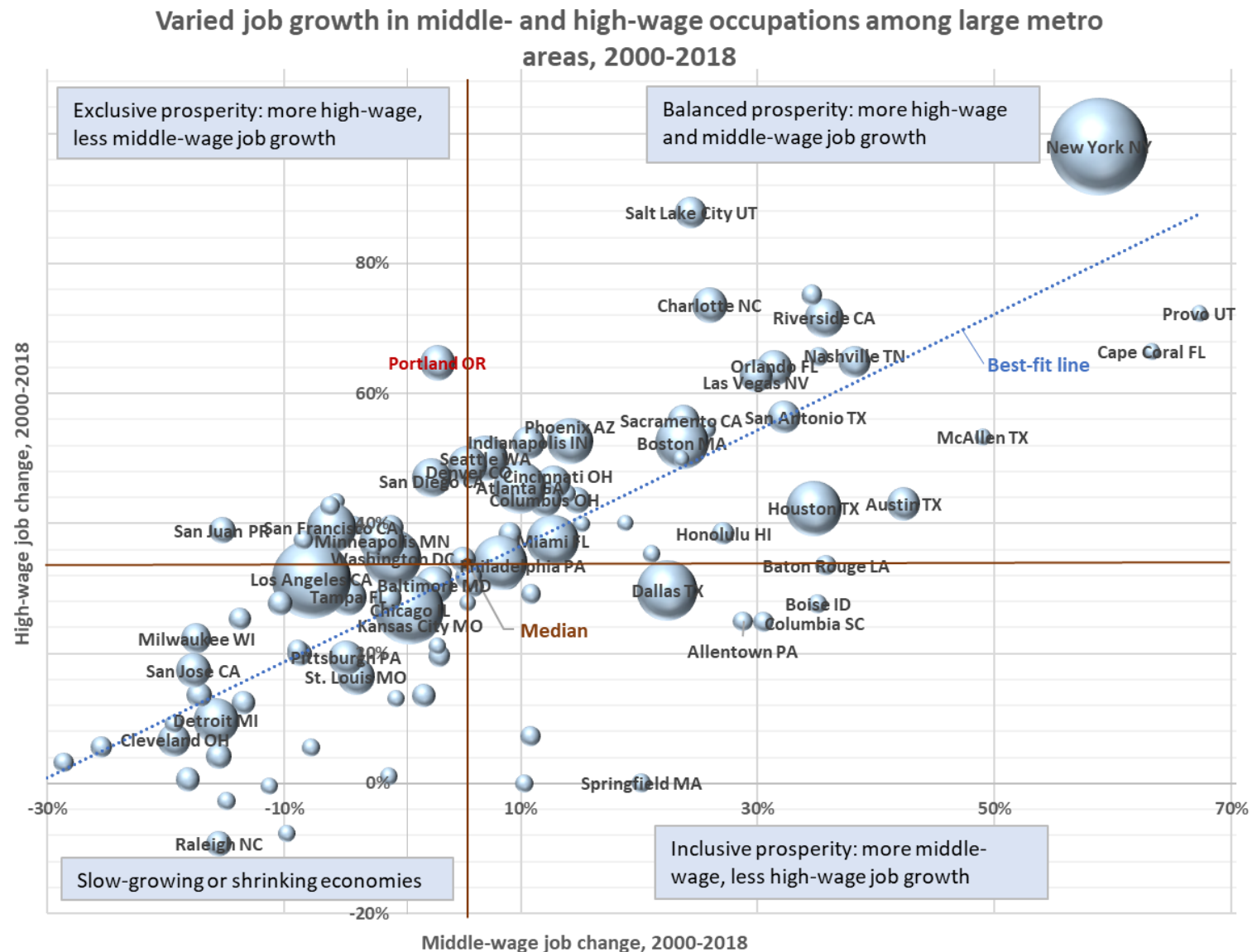


Source: BPS from CoStar data

4. Middle-wage policy gaps -

Most growing regions have more middle-wage job growth. State and local growth policies constrain middle-wage growth.

Wage polarized growth varies widely by region – many regions have had strong middle-wage job growth



Source: BPS from OES data. The R-squared value of the best-fit line is .458

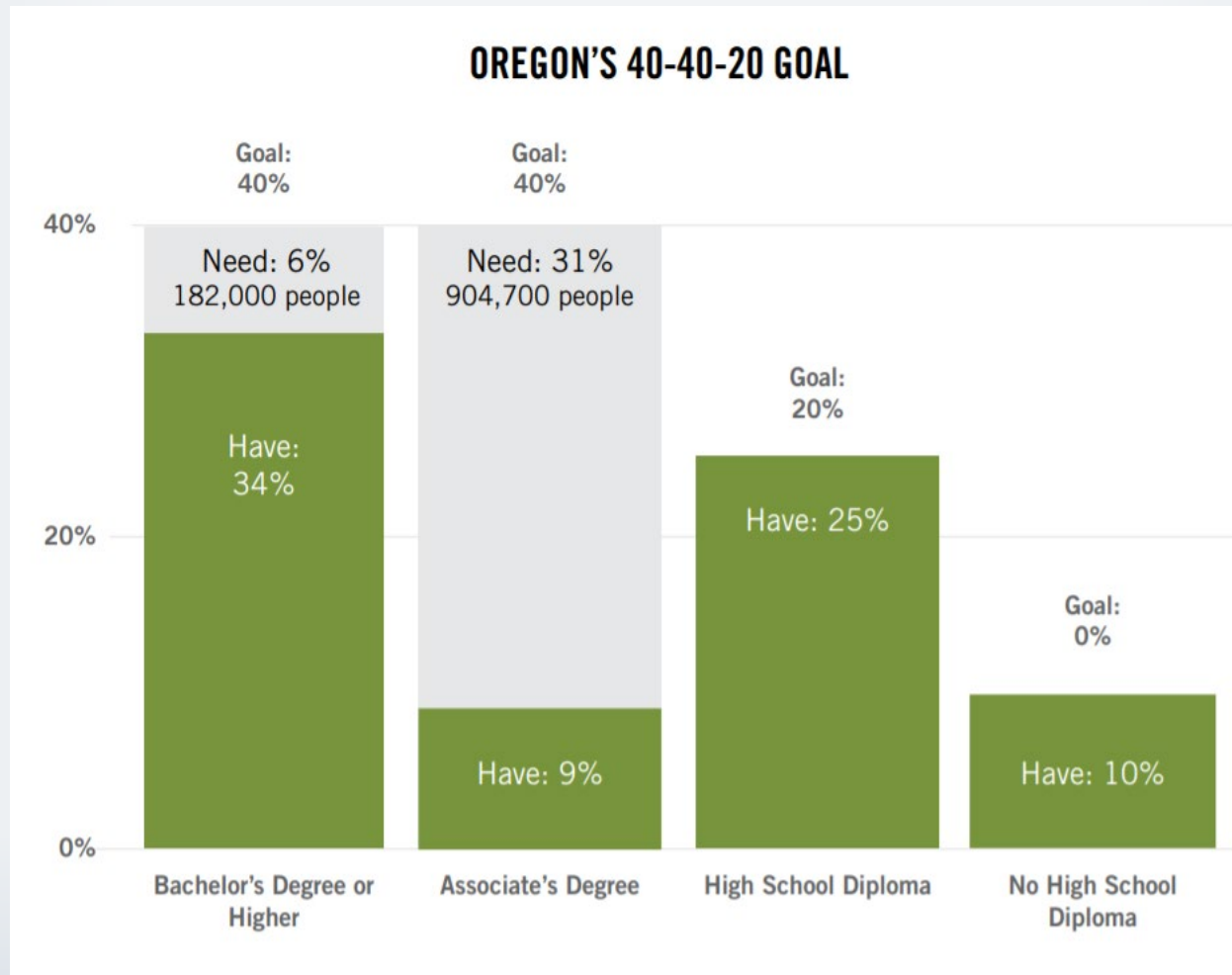
Middle-wage job growth opportunities - in office support, maintenance/repair, and transportation

Middle-wage job growth variation in comparable metro areas, 2000-2018

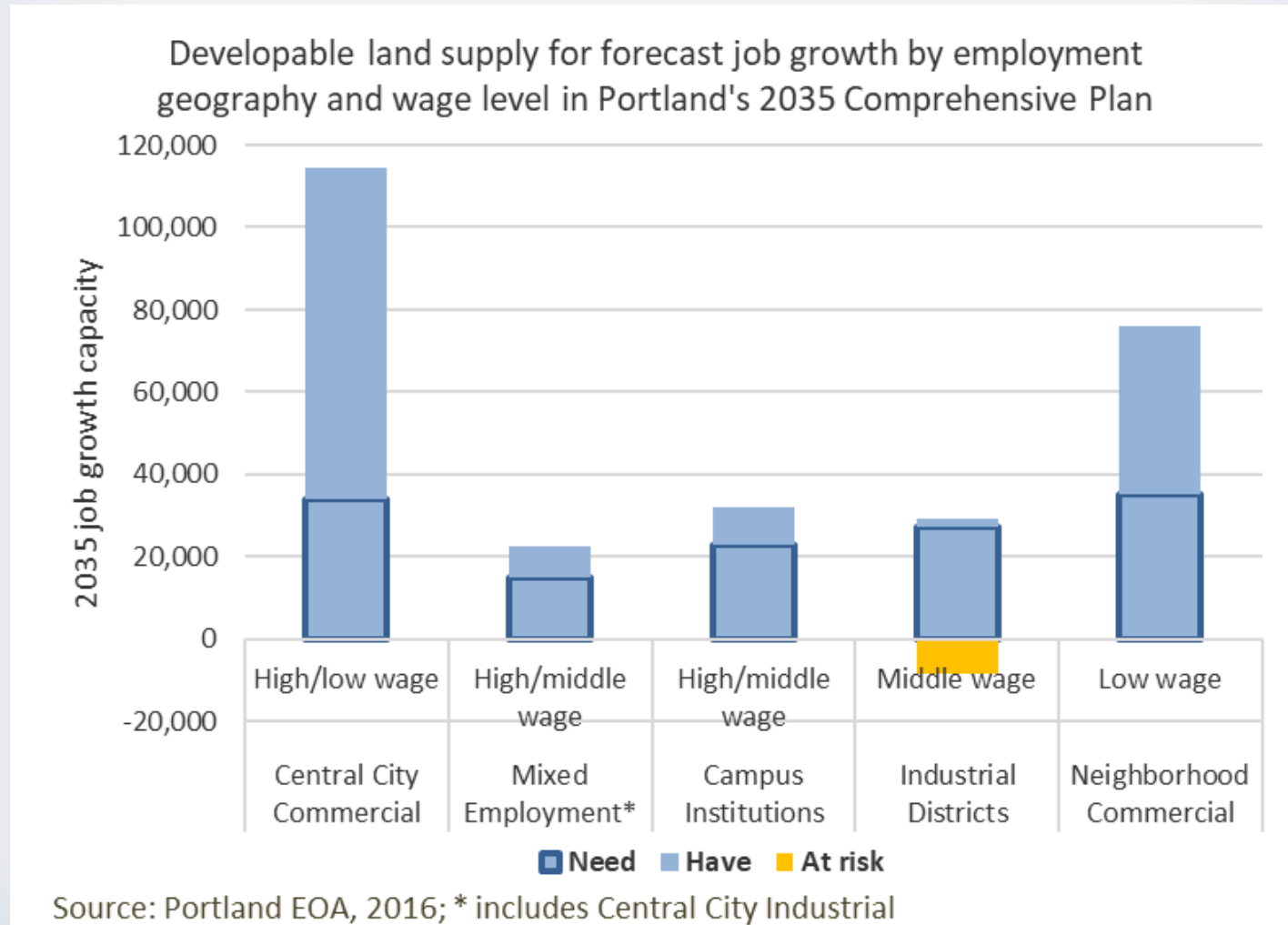
	Portland	Seattle	Austin	Charlotte	Riverside	Nashville	Orlando
Size rank in jobs	24	13	32	23	16	36	22
Percent change in total jobs by occupation group, 2000-2018							
High wage	65%	50%	43%	74%	72%	65%	64%
Middle wage	3%	7%	42%	26%	35%	38%	31%
Office support	0%	-8%	40%	21%	31%	44%	27%
Maint. & repair	-4%	5%	25%	46%	44%	72%	35%
Transportation	-2%	15%	68%	27%	86%	41%	32%

Tight education capacity for middle-wage growth

- university-oriented education supports high-wage growth

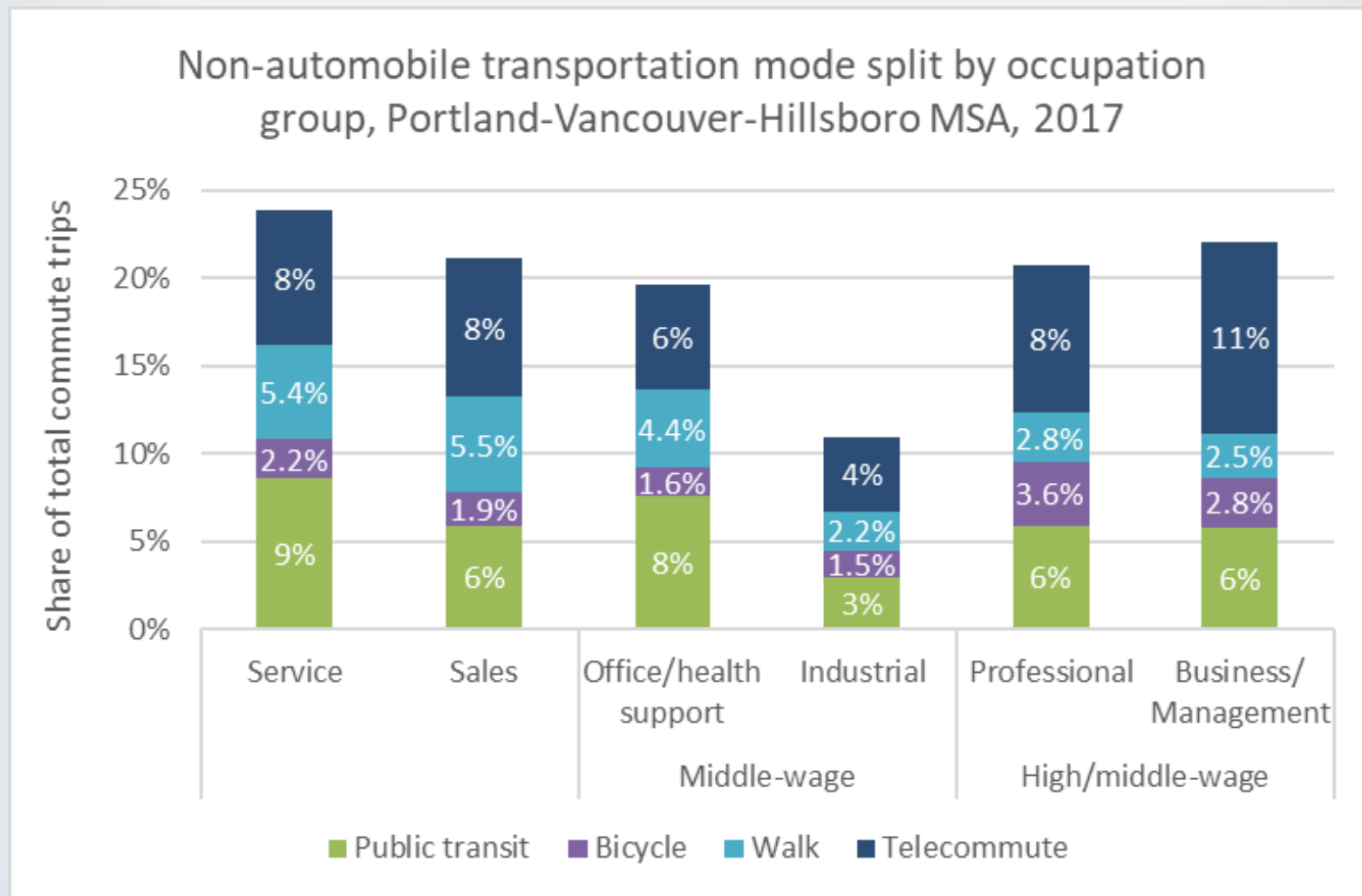


Tight land supply for middle-wage growth - compact development is wage-polarized



Tight road capacity for middle-wage growth

- active transportation commuters are wage polarized



Five growth-policy proposals to moderate wage inequality

1. New data and narratives on wage distribution
2. 40-40-20 goal for employment land
3. 40-40-20 goal for transportation infrastructure
4. 40-40-20 goal for workforce development
5. Middle-wage job retention

New data and narratives to elevate wage distribution

- Expand local wage-distribution data to replace average-wage metrics - the shape of the curve shows who benefits
- Create prosperity narratives that support middle-wage growth
- Acknowledge the wage-polarization tradeoffs of growth policies
- Track inclusive-prosperity metrics

40-40-20 Goal to rethink equitable growth capacity

- workforce, land, and infrastructure

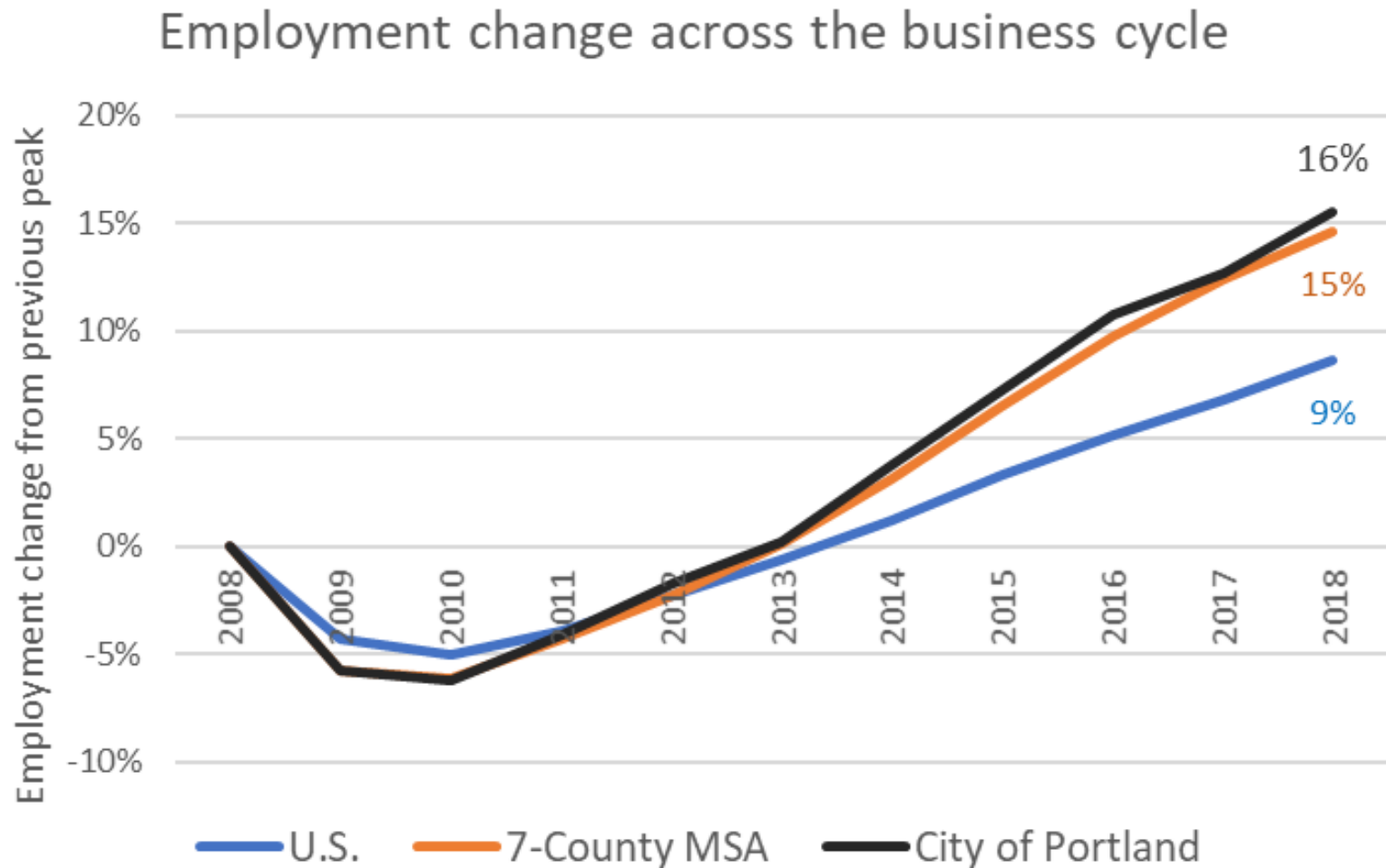
- Frame growth capacity equitably across the wage distribution
- Middle-40 job growth capacity:
 - Industry, back office, and hospital land supply
 - Freight and low-density regional commute infrastructure
 - Career & technical education
- Reduce middle-wage hiring barriers (such as language, discrimination)

Middle-wage job retention

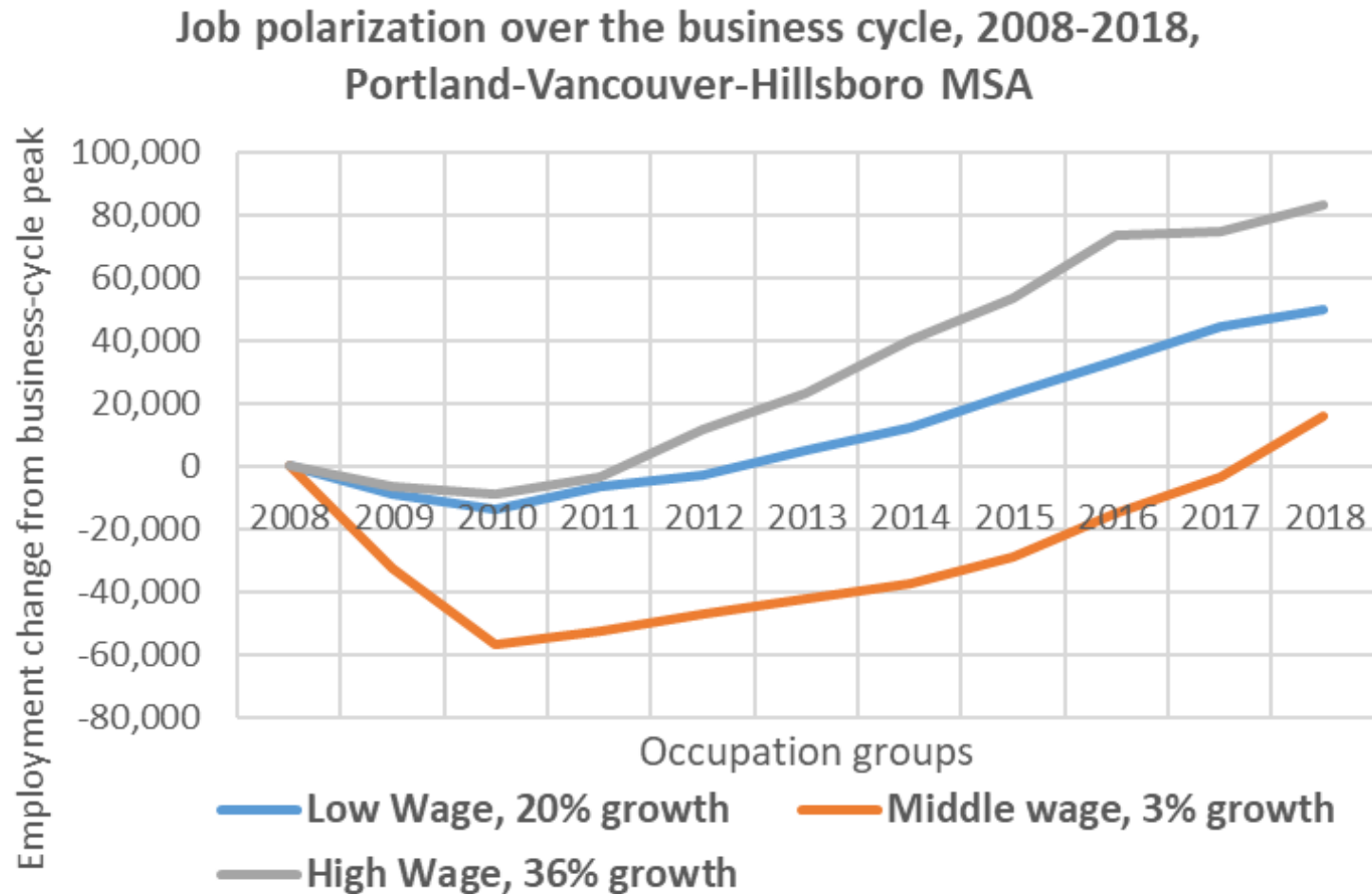
- No net loss of development-capacity in industrial and back-office districts
- Track the policy tradeoffs of displacing middle-wage jobs
- Regulatory improvements to facilitate industrial and back-office reinvestment
- Public investment to leverage private reinvestment in middle-wage districts

Questions

Local job growth outpacing nation



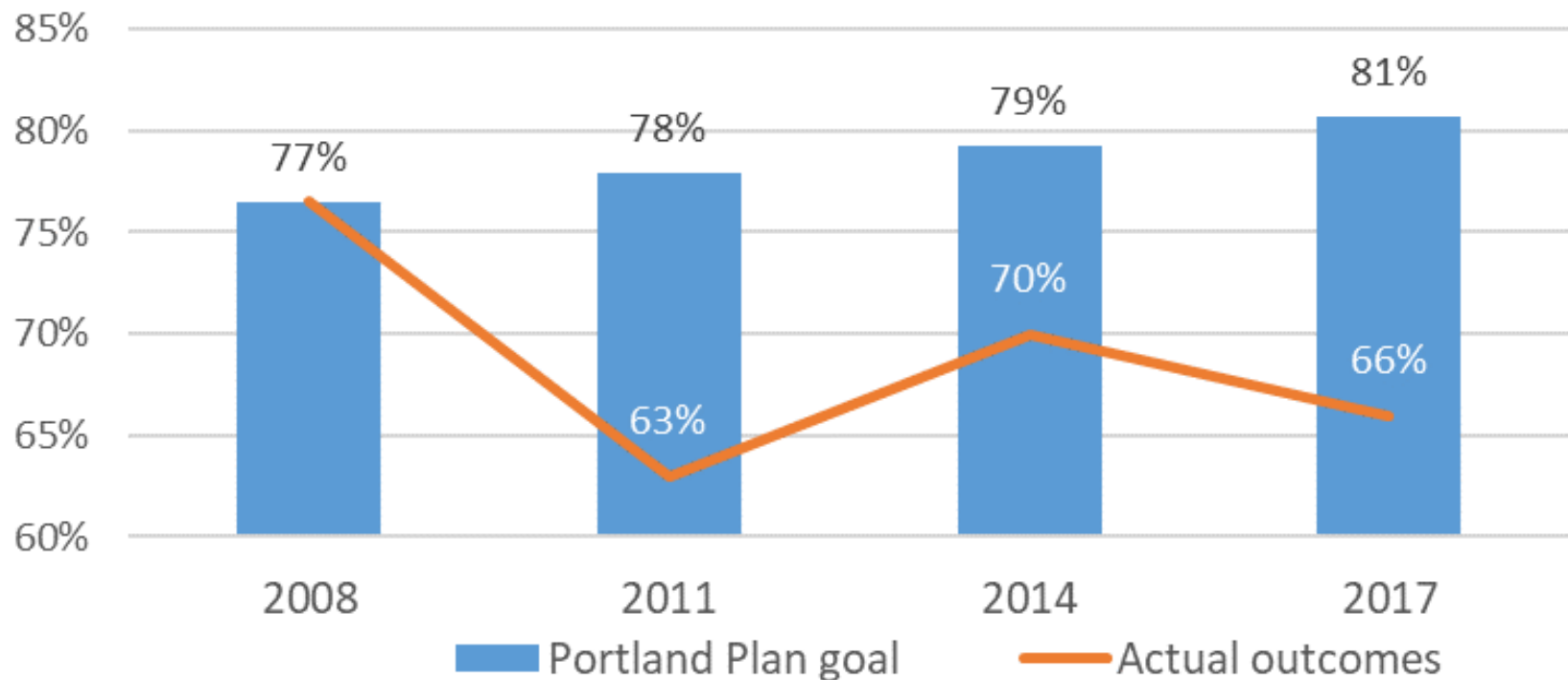
Shedding middle-wage jobs in recessions



Source: BPS from OES data

Declining income self-sufficiency - a third of Multnomah County households were poor in 2017

Share of households meeting the Income Self-Sufficiency
Standard in Multnomah County, 2008-2017



Source: BPS ACS data and Income Self-Sufficiency Standard (Pearce)