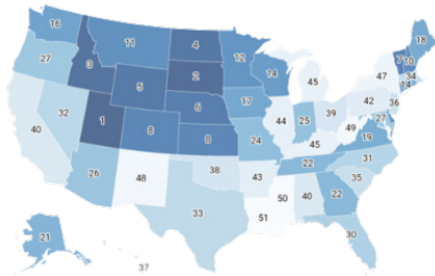




2023 CSI Economic Performance Index Rankings



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Oregon's 2023 Economic Performance Index

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About the Author



Steven L. Byers is a Senior Economist for the Common Sense Institute. Prior to joining CSI, Steven spent three years working for the Coalition for a Prosperous America, a nonprofit organization consisting of manufacturing, agricultural, labor, consumer, and citizen interest groups, where he conducted research on the U.S. economy, international trade, and tariffs. Highlights of this research include a paper titled, “Decoupling from China – An Economic Analysis of the Impact on the U.S. Economy of a Permanent Tariff on Chinese Imports” for which he and a co-author won the National Association for Business Economics Edmund A. Mennis Contributed Paper Award.

Steven’s experience as an economist spans twenty-three years, including work at federal regulatory agencies (SEC, CFTC, PCAOB) and quantitative economic analysis supporting international trade litigation cases brought before the U.S. International Trade Commission. His Ph.D. dissertation topic was based on a computable general equilibrium model (CGE) he developed to evaluate the economic impact of regional tax incentives in a small city (Fort Collins, CO).

About Common Sense Institute

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Oregon's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Oregonians. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Oregonians are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

Common Sense Institute Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Oregonians are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

Introduction

The economic performance of a state is generally measured by economic growth (GDP), unemployment, and labor force participation, among others. CSI developed the Economic Performance Index to assess the relative economic performance of 50 states and the District of Columbia. It is comprised of seven metrics: GDP per capita, labor force participation rate for people aged 18 to 64 years, net business creation, inequality as measured by the Gini Index, the percentage of people of all ages in poverty, the median household, and net interstate migration.

The index starts in 2011 and is calculated annually. Construction of the index involves ranking each of the seven component metrics across 50 states and D.C. for each year and subtracting the rank from 100. Therefore, higher (lower) index values indicate the state is more (less) competitive. To arrive at the Economic Performance Index, each of the seven component metrics is weighted evenly. The indices for each state and D.C. are then ranked with 1 equaling the highest index value and 51 equaling the lowest index value.

CSI's Free Enterprise Indices rely on the data available as of October of the previous year. Therefore, current data across policy areas may be different than that reported in the annual Free Enterprise Report. CSI updates and releases the report in December every year.

Key Findings

- Oregon's relative economic performance ranks 27th nationally, down from 26th in 2011.
- Oregon's economy as measured by GDP per capita has grown 74% since 2011 and ranks 23rd nationally.
- Inequality has increased by 2% from 2011 to 2023. Oregon ranks 23rd nationally.
- The percentage of all people in poverty has decreased 5.1 percentage points from 17.3% in 2011 to 12.2% in 2023. Oregon ranks 28th lowest nationally.
- Median household income increased 58.9% from \$51,526 in 2011 to \$81,855 in 2023, higher than the 46.1% increase in inflation over the same period. Oregon ranks 30th highest nationally in median household income.
- Labor force participation increased 3.9 percentage points from 77.3% in 2011 to 81.2% in 2023. Oregon ranks 8th nationally.
- Net business creation per 100,000 residents has increased from 13.7 in 2018 to 62.2 in 2023. However, Oregon ranks 27th nationwide, down from 22nd in 2011.

- Net interstate migration was 18,111 in 2011 and has been decreasing since 2019. Net interstate migration was -29,370 in 2023. Oregon now ranks 44th nationally, down from 10th in 2011.

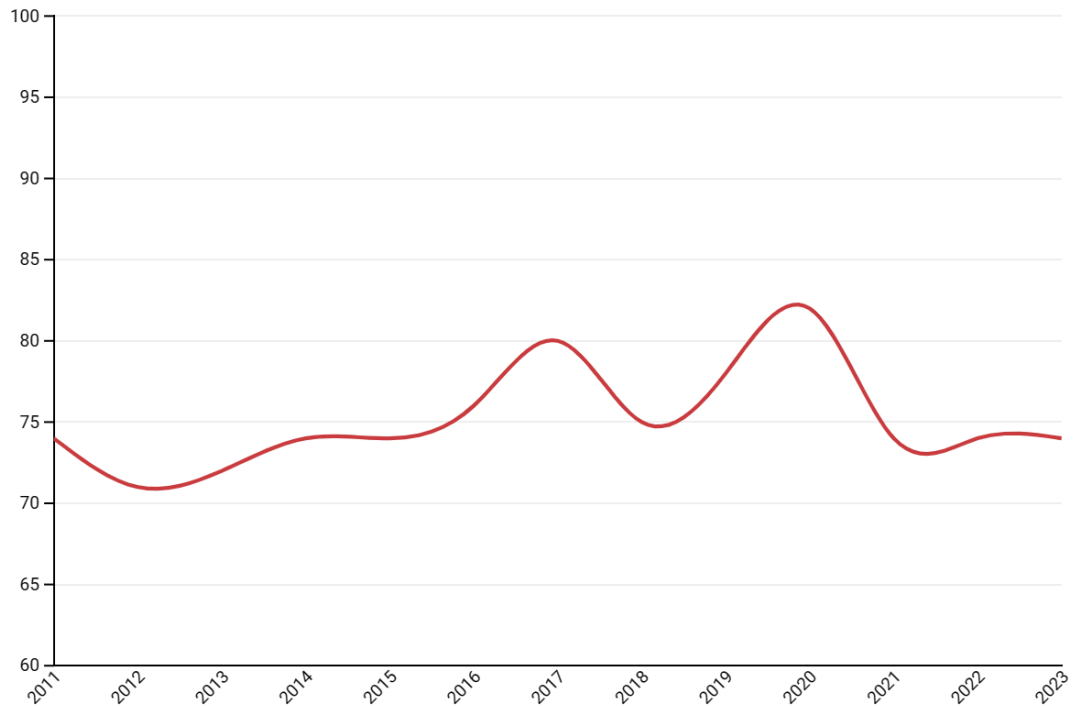
Oregon's Economic Performance Index

It is especially important to recognize that the Economic Performance Index is measuring Oregon's performance relative to 49 other states and the District of Columbia and not the performance of Oregon in isolation. As shown in figure 1, the Oregon Economic Performance Index was 73.6 in 2011, and it peaked in 2020 at 82.1 before declining 10% from 2020 through 2023 to 73.9. The net result was that Oregon's economic performance rose 0.4 percent and its rank relative to all other states went from 26th in 2011 to 27th in 2023.

Oregon's overall economic performance relative to other states and D.C. is slightly higher in 2023 than in 2011. However, the drop in rank from 26th to 27th indicates its relative performance has declined. As discussed later in this report, the industrial composition of Oregon's economy differs from the nation as a whole in ways that possibly make it

Figure 1

CSI Economic Performance Index - Oregon



difficult for it to be among the top state economies. For instance, Oregon's agricultural sector is a larger share of its economy than many states, and this sector tends to be among the lowest for income derived from salaries and wages. Similarly, Oregon's professional-scientific-technical and information sectors are a smaller share of the economy than many states, and these sectors tend to be among the highest for income derived from salaries and wages.

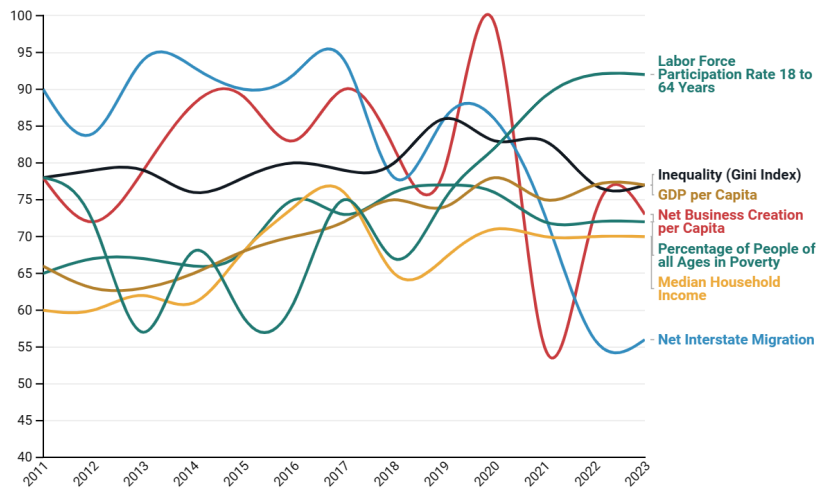
Oregon's Economic Performance Index Component Metrics

Figures 2 and 3 show the evolution of the economic performance component metrics between 2011 and 2023 as measured on the relative index. Three metrics experienced declines: net business creation decreased 6.4 percent, net interstate migration fell 37.8 percent, and inequality dropped 1.3 percent. Four metrics increased: the percentage of people of all ages in poverty increased 10.8 percent, median household income rose 16.7 percent, GDP per capita increased 16.7 percent, and labor force participation gained 17.9 percent.

Net interstate migration was the only performance metric that declined as a result of a decline in the underlying data for Oregon. In 2017, Oregon's net interstate migration was 40,059, but in 2023 it was -29,370, a reversal of -69,429. The underlying data for Oregon's other economic performance indicators all improved, but the state's relative performance may have improved or worsened due to lower or higher performance in other states. For instance, inequality in Oregon, as measured by the Gini coefficient decreased from 0.459 to 0.451 yet their relative performance fell from 78 to 77.

Figure 2

CSI Economic Performance Index Components - Oregon



The performance metric may rise at the state level, however, it may fall relative to the other 49 states and D.C, thus decreasing Iowa's overall competitiveness. The inverse may also be true.

Figure 3

Oregon Economic Performance Index Component Metrics								
	Net Business Creation per Capita	Net Interstate Migration	Inequality	Percentage of People of all Ages in Poverty	Median Household Income	GDP per Capita	Labor Force Participation Rate 18 to 64 (IPUMS)	Jobs & Economy Competitive Index
Change 2011 to 2023	-5.0	-34.0	-1.0	7.0	10.0	11.0	14.0	0.3
% Change 2011 to 2023	-6.4%	-37.8%	-1.3%	10.8%	16.7%	16.7%	17.9%	0.4%

The Composition of Oregon's Economy

The composition of a state's industry has a large impact on the performance of its economy relative to other states. The composition of Oregon's and the U.S. GDP by industrial sector is shown in Figure 4. Additionally, a comparison of Oregon's industrial share distribution is compared to the U.S. share distribution, shown in the column labeled the relative share. The real estate-rental-leasing sector is the largest single contributor to GDP with 13.4 percent of GDP, followed by government & government enterprises at 11.5 percent, and manufacturing at 10.2 percent.

Oregon's current industrial composition differs from the U.S. overall in some key areas where GDP and wage growth is high, these include a much smaller share of professional, scientific, and technical services, 7.3 percent compared to 9.2 percent nationally, information sector is 5.8 percent versus 7.1 percent nationally. On the other hand, Oregon's management of companies and enterprises sector's share of the economy is 4.4 percent, 82 percent larger than for the U.S. overall and the agriculture sector is 1.26 times larger than the U.S. share.

Figure 4

Oregon and U.S. Sector Share of Real GDP 2023 Q1 through Q3					
Industry	Oregon Share of Real GDP	Rank Within Oregon	U.S. Share of Real GDP	Rank Within U.S.	Relative Share - Oregon to U.S.
Private industries	86.7%		88.5%		
Agriculture, forestry, fishing, and hunting	1.8%	16	0.8%	20	2.26
Mining, quarrying, and oil and gas Extraction	0.1%	20	1.3%	17	0.10
Utilities	1.2%	17	1.5%	16	0.81
Construction	4.5%	9	3.7%	10	1.22
Manufacturing	11.8%	3	10.2%	3	1.16
Durable goods manufacturing	9.2%		5.9%		1.57
Nondurable goods manufacturing	2.6%		4.3%		0.60
Wholesale trade	4.7%	8	5.1%	9	0.91
Retail trade	5.7%	7	5.7%	8	1.00
Transportation and warehousing	2.9%	14	3.3%	11	0.87

Information	5.8%	6	7.1%	6	0.81
Finance and Insurance	4.1%	11	6.9%	7	0.59
Real estate and rental and leasing	13.6%	1	13.4%	1	1.01
Professional, scientific, and technical services	7.3%	5	9.2%	4	0.79
Management of companies and enterprises	4.4%	10	2.4%	14	1.82
Administrative and support and waste management and remediation services	3.0%	13	3.2%	12	0.92
Educational services	0.8%	19	1.2%	18	0.65
Health care and social assistance	9.1%	4	7.8%	5	1.17
Arts, entertainment, and recreation	1.1%	18	1.2%	19	0.94
Accommodation and food services	3.5%	12	3.0%	13	1.16
Other services (except government and government enterprises)	2.0%	15	1.9%	15	1.03
Government & Government Enterprises	13.4%	2	11.5%	2	1.16

Figure 5 shows Oregon's and the U.S.'s share of employment by each industrial sector. Oregon's share of employment in forestry is 2.7 times larger than the U.S. average. Income from salaries and wages tends to be among the lowest in this sector as shown in Figure 6.

Figure 5

Oregon's Distribution of Employment by Industry – 2022					
	Oregon – Employment Distribution	Oregon - % of Total Private Sector Employment	U.S. – Employment Distribution	U.S. - % of Total Private Sector Employment	Relative Share - Oregon to U.S.
Farm	57,344	2.4%	2,567,000	1.4%	1.8
Forestry, fishing, and related activities	32,859	1.4%	966,800	0.5%	2.7
Mining, quarrying, and oil and gas extraction	4,621	0.2%	1,050,200	0.6%	0.4
Utilities	5,299	0.2%	605,600	0.3%	0.7
Construction	153,517	6.5%	11,867,800	6.3%	1.0
Manufacturing	206,906	8.7%	13,523,700	7.2%	1.2
Wholesale trade	86,064	3.6%	6,757,300	3.6%	1.0
Retail trade	264,677	11.2%	19,510,300	10.4%	1.1
Transportation and Warehousing	132,623	5.6%	11,473,500	6.1%	0.9
Information	49,275	2.1%	3,861,900	2.1%	1.0
Finance and insurance	108,772	4.6%	12,982,300	6.9%	0.7
Real estate and rental and leasing	143,199	6.1%	11,832,200	6.3%	1.0
Professional, scientific, and technical Services	187,980	7.9%	15,978,400	8.5%	0.9
Management of companies and enterprises	52,792	2.2%	2,953,800	1.6%	1.4

Administrative and support and waste management and remediation services	136,310	5.8%	13,058,300	6.9%	0.8
Educational services	50,885	2.2%	4,885,700	2.6%	0.8
Health care and social assistance	312,843	13.2%	23,545,500	12.5%	1.1
Arts, entertainment, and recreation	60,435	2.6%	4,457,300	2.4%	1.1
Accommodation and food services	190,276	8.0%	14,750,300	7.8%	1.0
Other services (except government and government enterprises)	129,476	5.5%	11,616,100	6.2%	0.9
Total Private		100.0%		100.0%	

Figure 6

Oregon's Distribution of Income from Wages and Salary by Industry -2022					
	Oregon - Average Income from Wages and Salaries by Sector	Oregon - % Share of Average Income from Wages and Salaries by Sector	U.S. - Average Income from Wages and Salaries by Sector	U.S. - % Share of Average Income from Wages and Salaries by Sector	Relative Share – Oregon to U.S.
Farm	\$15,359	1.5%	\$10,169	0.9%	1.6
Forestry, fishing, and related activities	\$34,309	3.3%	\$25,859	2.1%	1.4

Mining, quarrying, and oil and gas extraction	\$27,333	2.6%	\$63,214	5.2%	0.5
Utilities	\$117,731	11.3%	\$116,344	11.2%	1.1
Construction	\$58,574	5.6%	\$49,559	5.1%	1.3
Manufacturing	\$79,500	7.6%	\$76,518	7.7%	1.1
Wholesale trade	\$83,760	8.1%	\$85,653	8.4%	1.1
Retail trade	\$33,456	3.2%	\$33,109	3.0%	1.1
Transportation and warehousing	\$33,661	3.2%	\$36,510	4.5%	1.0
Information	\$87,839	8.4%	\$115,704	6.2%	0.8
Finance and Insurance	\$55,475	5.3%	\$68,296	7.2%	0.9
Real estate and rental and leasing	\$12,958	1.2%	\$15,461	1.1%	0.9
Professional, scientific, and technical services	\$57,809	5.6%	\$78,619	6.1%	0.8
Management of companies and enterprises	\$134,458	12.9%	\$124,310	11.3%	1.2
Administrative and support and waste management and remediation services	\$43,311	4.2%	\$41,015	4.1%	1.1
Educational services	\$29,016	2.8%	\$40,082	3.2%	0.8

Health care and social assistance	\$55,681	5.4%	\$54,386	5.4%	1.1
Arts, entertainment, and recreation	\$17,069	1.6%	\$27,847	1.6%	0.7
Accommodation and food services	\$30,107	2.9%	\$29,790	2.6%	1.1
Other services (except government and government enterprises)	\$32,613	3.1%	\$29,249	3.1%	1.2
Total Private		100.0%		100.0%	

Economic Performance Index Components

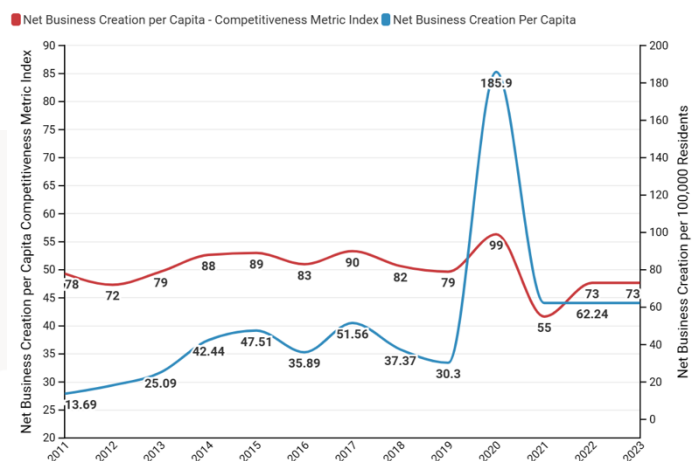
To illustrate the idea that a state's Economic Performance Index is a relative measure, each component metric index and metric value is evaluated below.

Net Business Creation per Capita

Net business creation per capita increased from 13.69 in 2011 to 62.24 in 2023. In 2020, net business creation per capita jumped up to 185.9 which is surely an anomaly due to the Covid-19 pandemic. Based on the competitiveness metric index relative to other states it declined from 78 in 2011 to 73 in 2023, thus one can conclude that net business creation per capita in other states was more robust.

Figure 7

Net Business Creation per Capita - Oregon

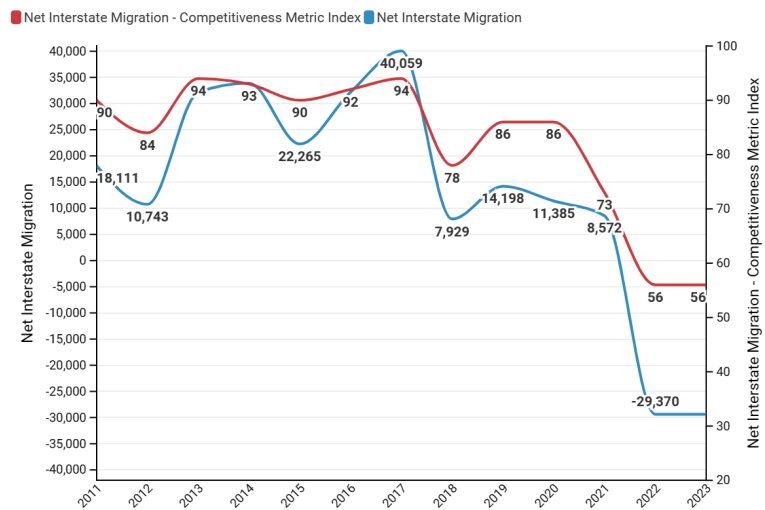


Net Interstate Migration

Net interstate migration fluctuates year to year but on average it has been decreasing in Oregon over the past 13 years. There has been a sharp reversal since 2021 from positive net migration of 8,572 to -29,370 in 2022. Relative to all other states and D.C. based on the competitiveness metric index Oregon has declined from 90 in 2011 to 56 in 2023 and is now in the lowest quintile nationally.

Figure 8

Net Interstate Migration- Oregon



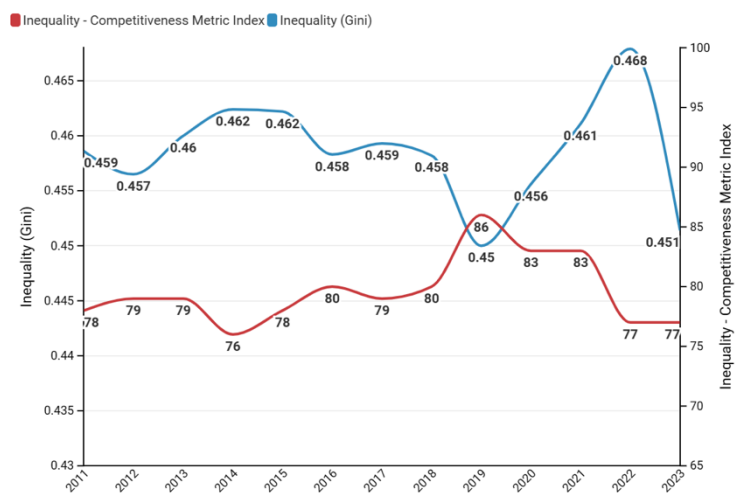
Inequality

CSI utilizes the Gini coefficient to measure inequality. A Gini coefficient of 0 reflects perfect equality, where all income or wealth values are the same, while a Gini coefficient of 1 reflects maximal inequality among values, a situation where a single individual has all the income while all others have none.

Inequality in Oregon as measured by the Gini coefficient has decreased by 1.74 percent from 0.459 in 2011 to 0.451 in 2023. Despite this, Oregon's relative performance in inequality dropped from 78 to 77 and is ranked 23rd, in the fourth quintile of all fifty states, and D.C.

Figure 9

Inequality- Oregon

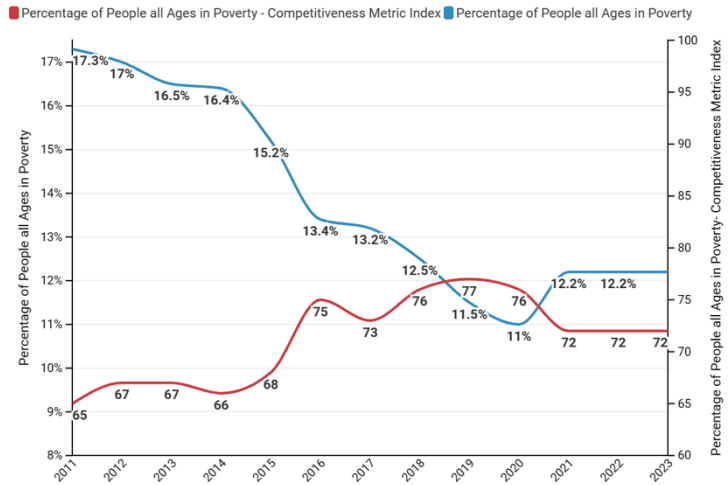


Percentage of People of All Ages in Poverty

The percentage of all people in poverty in Oregon has improved since 2011, falling from 17.3 percent to 12.2 percent in 2023. Accordingly, relative to all 49 other states and D.C., it has improved as shown by the competitiveness metric index, which has increased from 65 in 2011 to 72 in 2023.

Figure 10

Percentage of People all Ages in Poverty - Oregon



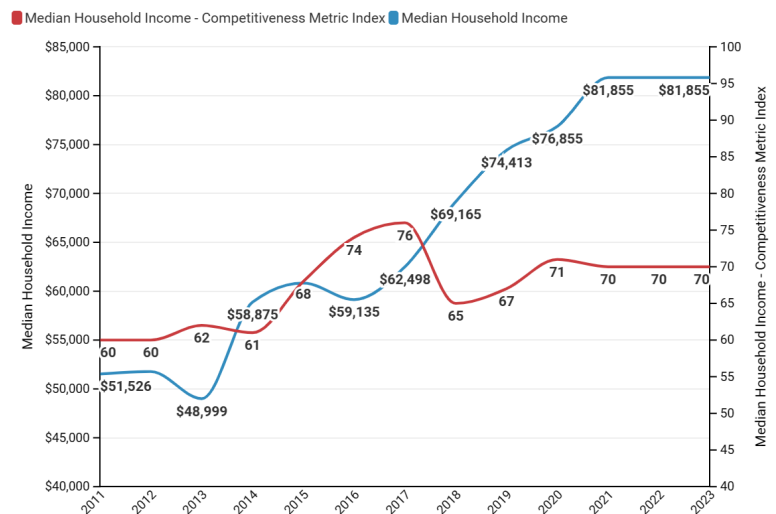
Median Household income

Median household income in Oregon has increased 58.9 percent from \$51,526 in 2011 to \$81,855 in 2023. This is higher than the 46.1 percent increase in inflation in the Western region over the same period.

Relative to 49 other states and D.C., as measured by the competitiveness metric, Oregon has risen from 60 in 2011 to 70 in 2023.

Figure 11

Median Household Income - Oregon

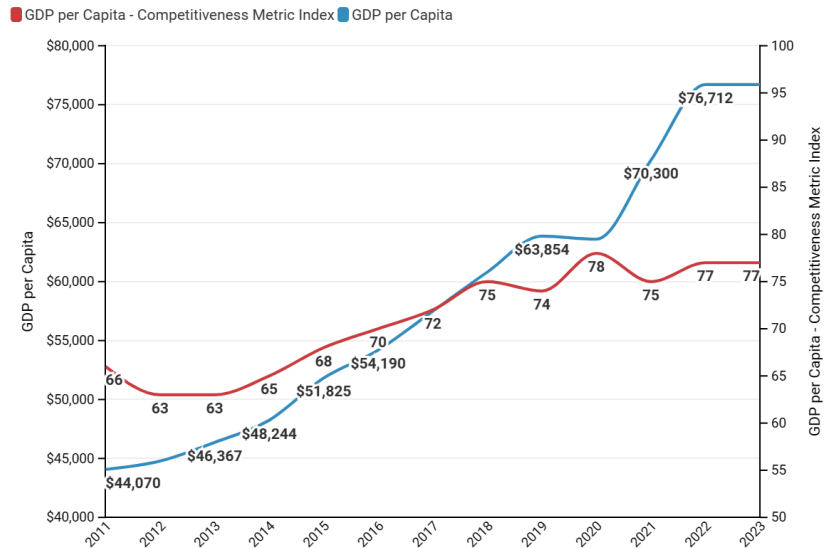


GDP per Capita

Oregon's per capita GDP increased 74 percent from \$44,070 in 2011 to \$76,712 in 2023. This resulted in an increase in their relative performance from 66 to 77. Oregon is now ranked 23rd and is in the 4th quintile nationally for GDP per capita.

Figure 12

GDP per Capita - Oregon



Labor Force Participation

Labor force participation in Oregon increased 3.9 percentage points from 77.3 percent in 2011 to 81.2 percent in 2023. Compared to 49 other states and D.C., Oregon's labor force participation rate is ranked 8th and is in the top quintile (5th) with the competitiveness metric rising from 78 to 92.

Figure 13

Labor Force Participation - Oregon

