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OREGON'S GROWTH GAP: WHAT SLOWER ECONOMIC GROWTH MEANS FOR JOBS, WAGES, AND PUBLIC REVENUE

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INTRODUCTION

During the post WWII period, Oregon has consistently outperformed other states in terms of economic output and job growth during every nationwide economic expansion. This has not been the case during the post-pandemic period, as Oregon has seen growth stagnate. The analysis quantifies what that slower growth means for jobs, GDP, and Oregonians overall standard of living.

Oregon's traditional growth advantages have been twofold. First, Oregon remains a place that makes things. Although resource and manufacturing industries are not as large a part of the economy as they were in past decades, Oregon continues to depend on them to a larger extent than does the typical state. These industries are volatile and are closely tied to the national business cycle. However, during the current expansion, Oregon has experienced a manufacturing recession despite nationwide growth.

Oregon's second primary comparative advantage has been in population and labor force growth. This has been missing in recent years as well, with net migration slowing to a crawl.

The following report represents an attempt to quantify what Oregon's recent poor performance means for the broader economy. The study focuses on GDP (output) growth given that it is the broadest measure of economic activity that is available. While GDP growth is a good summary measure, it should not be used as a performance metric given that it is largely driven by factors that are out of the hands of state policymakers. As such, the following study drills further down into employment and income trends across industries.

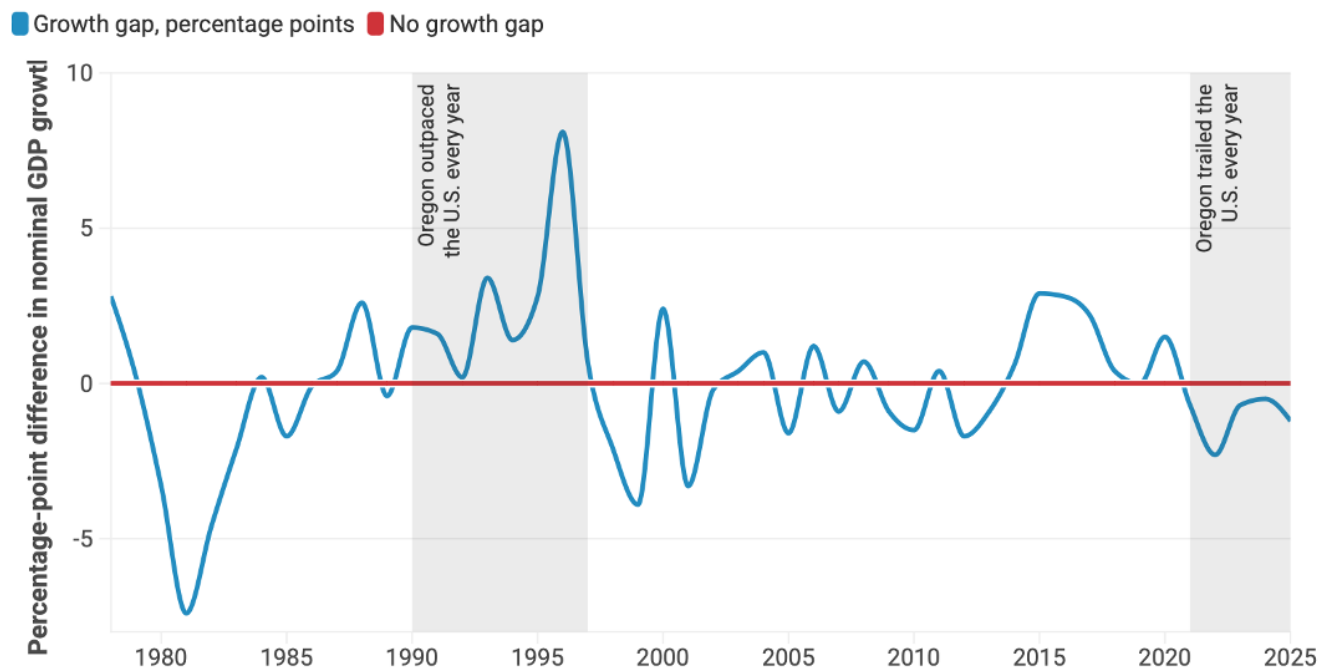
GDP is a flow variable that measures the value of goods and services produced within an economy. When output grows faster, an economy generally has more capacity to support job growth, wage gains, business activity, and public revenues.

Small differences in annual growth rates can become much more significant when sustained over time. A one-percentage-point difference in growth may seem modest in a single year, but over several years it can translate into meaningfully different levels of economic activity, employment, income, and associated personal income tax revenue.

FIGURE 1: OREGON'S NOMINAL GDP GROWTH RELATIVE TO US

Oregon's GDP Growth Relative to the U.S., 1978–2025

Annual nominal GDP growth in Oregon minus U.S. nominal GDP growth, shown in percentage points. Values above zero mean Oregon grew faster than the nation; values below zero mean Oregon trailed.



Source: Bureau of Economic Analysis; Federal Reserve Bank of St. Louis (FRED) • Values for 1998 and earlier were adjusted to the newer series using the 1997 overlap year as a scaling factor.

Oregon's own economic history shows how much growth trajectories can change when a state's economic base shifts. For much of the postwar period, Oregon's economy was closely tied to timber, wood products, agriculture, and other natural-resource industries. That model produced periods of strong growth, but it also left the state highly exposed to national housing cycles, commodity markets, and interest rates. The early 1980s exposed that vulnerability, as the wood-products market weakened, timber-dependent communities faced severe job losses, and the state's older resource-based growth model began to restructure.

Oregon adapted. Over the following decade, the state's economy increasingly shifted away from timber dependence and toward a more diversified base centered on manufacturing, services, and high technology. The rise of the Portland-area "Silicon Forest" helped define Oregon's 1990s growth story and demonstrated that the state was capable of replacing an older growth model with new high-productivity industries.

The longer-run data reinforce this point. Comparing Oregon's nominal GDP growth with the national economy back to 1978 shows that the state's strongest sustained period of relative growth occurred during the 1990s. From 1990 through 1997, Oregon outpaced the U.S. economy every year. That period

matters because much of Oregon's technology-related growth has historically appeared in manufacturing rather than information: Oregon's tech sector has been more closely tied to hardware production than software. As a result, trends in manufacturing are especially important for understanding Oregon's broader growth story.

That history matters today. Oregon has successfully navigated structural change before, but past transitions were accompanied by the emergence of new growth engines. The concern today is not simply that Oregon is growing more slowly, but that some of the sectors that historically supported stronger growth — especially manufacturing and related high-productivity industries — are contributing less to statewide growth than they did in earlier periods.

The implications of slower growth can be seen both over decades and in the shorter run. For instance, suppose Oregon grew 1 percentage point slower than a faster-growing peer state such as Idaho over the coming five years. The growth deficit would equate to roughly 12,000 fewer jobs, about \$1.07 billion less in wages, and approximately \$108 million less in associated personal income tax revenue by 2030. This is particularly relevant for Oregon today, where growth has slowed to approximately 1% — roughly half the national rate and below several faster-growing peer states.

This report asks a straightforward but important question: What would Oregon's economy look like if it grew just 1 percentage point faster? We examine this in three parts: first, documenting the growth gap that has opened between Oregon and the national economy since 2022; second, estimating what one additional percentage point of growth would have meant in 2025 alone; and third, projecting what sustained differences in growth rates would mean for Oregon through 2030.

KEY FINDINGS

- Oregon's economy grew by 1% in 2025 — roughly half the national rate and below several faster-growing peer states.
- Had Oregon simply kept pace with the national economy since 2022, its economy would be approximately \$11.8 billion larger in real terms today — equivalent to roughly \$2,700 per Oregon resident.
- A single percentage point of additional growth in 2025 alone would have been associated with nearly **12,000 more jobs, \$879 million more in wages, and about \$88 million in associated personal income tax revenue.**
- By 2030, the difference between Oregon's current 1% trajectory and a moderate 2% growth path is associated with approximately **12,000 more jobs, \$1.07 billion more in wages, and an illustrative \$108 million more in annual personal income tax revenue.**
- Under a 3% growth scenario — a rate Oregon has achieved in stronger growth periods — those gains more than double: approximately **25,000 more jobs, \$2.19 billion in additional wages, and an illustrative \$220 million in additional annual personal income tax revenue by 2030.**
- Oregon's strongest sustained period of relative growth occurred during the 1990s, when the state outpaced the U.S. economy every year from 1990 through 1997.
- Manufacturing now plays a larger role in Oregon's economy than it did two decades ago, making the sector's recent slowdown especially consequential for statewide growth. This is particularly important because much of Oregon's technology-related output has historically been tied to hardware, electronics, and semiconductor manufacturing.
- During Oregon's peak growth years, expansion was broad-based across Manufacturing, Professional Services, Construction, and Finance. Today, growth is increasingly concentrated in a narrower set of industries.

A NOTE ON GDP AS A MEASURE

GDP is one of the broadest available measures of economic output, but it should not be interpreted as a complete measure of well-being or as a simple performance metric for state policy. GDP captures the value of goods and services produced within an economy; it does not directly measure affordability, environmental quality, public safety, distributional outcomes, or other factors that also shape quality of life.

GDP is also influenced by many factors outside state control, including national business cycles, global demand, interest rates, federal policy, commodity markets, supply-chain disruptions, and major shocks such as pandemics. In addition, GDP data are released with a lag and are subject to revision. For those reasons, this report uses GDP to evaluate changes in Oregon's economic output and production capacity, not as a comprehensive measure of overall well-being or policy success.

OREGON'S RECENT GROWTH PERFORMANCE

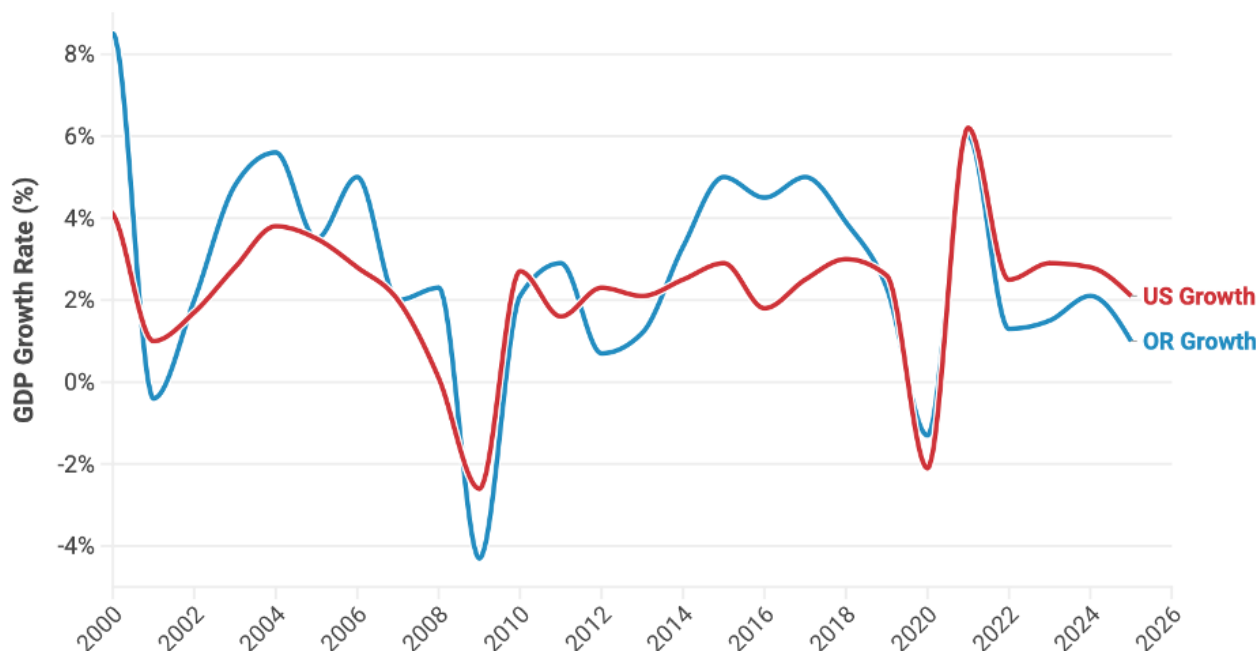
In 2025, Oregon's real GDP (chained 2017 dollars) was approximately \$266.0 billion, reflecting growth of just 1.0% from \$263.3 billion in 2024. The national economy, by comparison, grew at 2.1% over the same period — more than twice Oregon's rate. This level of output supported roughly 1.98 million nonfarm jobs, about \$156 billion in total wages, and approximately \$20.5 billion in state tax collections. These figures provide broad context for Oregon's 2025 economic baseline; the scenario calculations below use Oregon Employment Department wage data and a personal-income-tax-to-wages ratio to estimate wage and revenue impacts.

Oregon's recent slowdown is not simply a reflection of national conditions. As shown in Figure 1, while Oregon and the U.S. tracked closely through much of the post-recession period, a persistent gap has emerged since 2022. Oregon's growth has consistently lagged the national rate, and the divergence has widened each year.

FIGURE 2: OREGON VS. U.S. ANNUAL REAL GDP GROWTH RATES, 2000–2025

Oregon GDP Growth Has Lagged the U.S. in Recent Years

Oregon's growth once exceeded the U.S., but recent years show a sustained slowdown relative to the national economy.



Source: BEA via FRED • Growth rates are year-over-year percent changes in real GDP (chained 2017 dollars), annual data.



Oregon vs. the National Economy: The Emerging Gap, 2021–2025

To quantify the cost of Oregon's slower growth, we construct a straightforward counterfactual: starting from Oregon's actual 2021 GDP of \$250.9 billion, we project forward each year using the actual U.S. growth rate. The result represents what Oregon's economy would have produced had it simply kept pace with the national economy — not outperformed it, just matched it.

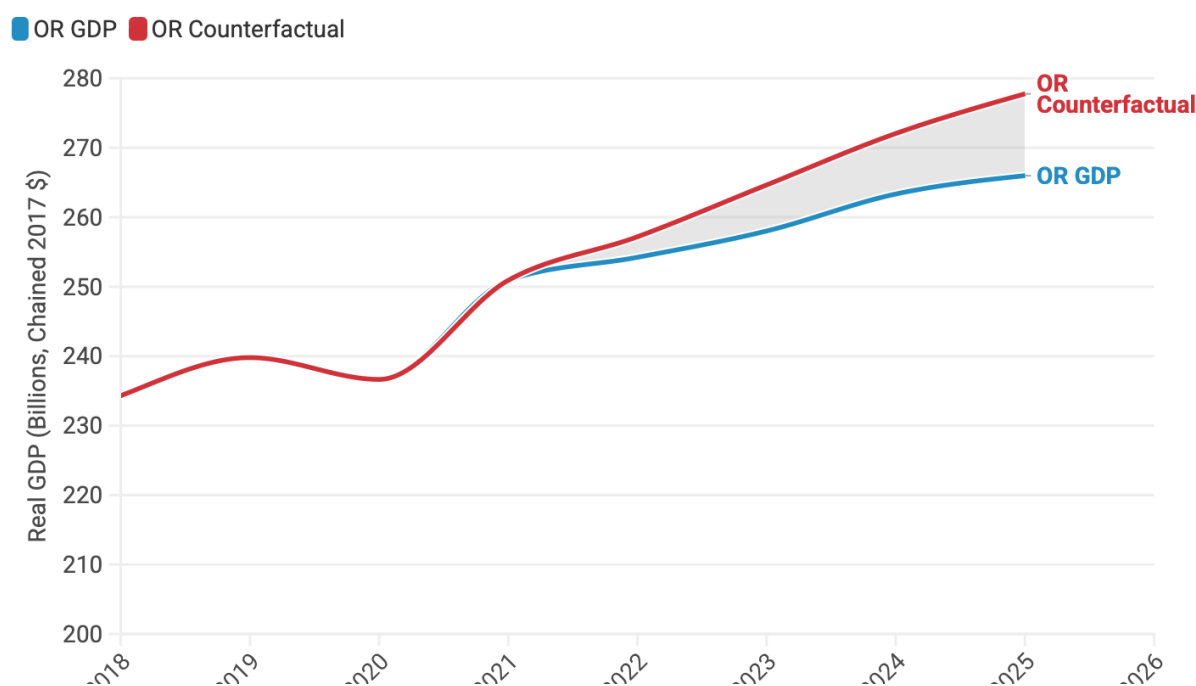
We use 2021 as the base year deliberately. By that point, both the Oregon and U.S. economies had absorbed the initial COVID-19 shock and the subsequent rebound. Starting in 2022, the divergence between Oregon and the nation reflects structural differences in growth performance rather than pandemic timing.

The results are striking. By 2025, the gap between Oregon's counterfactual real GDP and its actual GDP had grown to approximately \$11.8 billion in chained 2017 dollars. On a per-capita basis, that amounts to roughly \$2,700 less economic output per Oregon resident. In current dollars, the gap was approximately \$15.5 billion.

FIGURE 3: OREGON ACTUAL VS. COUNTERFACTUAL GDP, 2022–2025 (REAL GDP, BILLIONS OF 2017 DOLLARS)

Oregon's Missing \$11.8 Billion

Had Oregon matched the national growth rate since 2021, its economy would be nearly \$12 billion larger today.



Source: BEA via FRED • Growth rates are year-over-year percent changes in real GDP (chained 2017 dollars), annual data.

This \$11.8 billion represents output Oregon did not generate because its economy grew slower than the national average. It is not a forecast or a projection — it is a straightforward accounting of what slower growth costs.

Notably, the gap is not only large but accelerating. Oregon fell \$2.9 billion short of the national growth path in 2022, \$6.6 billion short by 2023, and \$8.7 billion short by 2024. The widening trajectory suggests that without a change in growth fundamentals, the cumulative cost will continue to compound.

WHAT WOULD 1% MORE GROWTH HAVE MEANT IN 2025?

Setting aside the multi-year gap, consider just a single year. If Oregon's real GDP had grown at 2% in 2025 instead of the actual 1%, what would the economy have looked like?

Using 2024 GDP as the base, a 2% growth rate implies 2025 output of approximately \$268.6 billion — about \$2.6 billion more than the actual \$266.0 billion. To translate that additional output into employment and wage impacts, we apply an Oregon-specific employment-output coefficient of 0.599, estimated from Oregon annual data spanning 2001–2025 excluding pandemic distortion years. A coefficient of 0.599 means that a 1 percentage point increase in GDP growth is associated with approximately 0.6 percentage points of additional employment growth. That additional growth translates into concrete economic activity:

- **JOBS:** Approximately **11,900 additional jobs**. Applied to Oregon's 2024 nonfarm employment base of approximately **1.99 million jobs**, the estimated 0.6 percentage point increase in employment growth implies roughly **11,900 additional jobs** in 2025. Oregon's 2024 annual nonfarm employment base was 1,991,200 jobs.
- **WAGES:** Approximately **\$879 million more in total wages**. Applying Oregon's 2025 average annual wage of **\$73,748** to the estimated **11,900 additional jobs** yields approximately **\$879 million** in additional wage income.
- **TAX REVENUE:** Approximately **\$88 million in additional annual personal income tax revenue**. This estimate applies Oregon's implied personal income tax-to-wages ratio of approximately **10.05%** to the estimated **\$879 million** in additional wage income. The ratio is calculated using Oregon personal income tax collections of **\$14.720 billion** relative to total Oregon wages of **\$146.4 billion**. This estimate is illustrative and should not be interpreted as a formal revenue forecast.

These estimates assume constant labor productivity, a stable relationship between output and employment, and a stable relationship between wage income and personal income tax collections. They are intentionally conservative; they do not account for multiplier effects, induced economic activity, corporate tax effects, or other revenue sources that could accompany a sustained increase in growth.

LOOKING FORWARD: GROWTH SCENARIOS 2026–2030

The single-year analysis above illustrates the immediate cost of slow growth. But the more powerful argument for prioritizing economic growth is the compounding effect over time — the same underlying mechanism operates over five-year windows as well.

To illustrate this, we project Oregon's economy forward from 2026 through 2030 under three scenarios:

- **1% annual growth, Current Trajectory** — Oregon's current path, representing a continuation of recent sluggishness and roughly half the national growth rate.
- **2% annual growth, Moderate Growth** — Approximately matching the recent national average, representing a meaningful but achievable improvement.
- **3% annual growth, Strong Growth** — An aspirational rate consistent with stronger peer states and Oregon's own historical performance in stronger years.

To translate GDP growth into employment outcomes, we estimate an Oregon-specific employment-output elasticity — the relationship between real GDP growth and nonfarm employment growth. This approach draws on the same underlying intuition as Okun's Law, which documents the empirical regularity between output and labor market conditions, but applies it directly to employment growth rather than unemployment rate changes, which is more appropriate for scenario-based projections at the state level.

We estimate this relationship using ordinary least squares regression of Oregon nonfarm employment growth on Oregon real GDP growth, using annual data spanning 2001 to 2025 and excluding pandemic distortion years: 2020, 2021, and 2022. The resulting coefficient is 0.599, meaning each additional percentage point of GDP growth corresponds to approximately 0.6 percentage points of employment growth in Oregon. This estimate is statistically significant, with $p < 0.001$, an R^2 of 0.50, and a 95% confidence interval of [0.34, 0.86], and is consistent with the broader empirical literature on employment-output relationships at the state level.

Wage impacts are estimated by applying projected 2030 average annual wages to the employment differential under each scenario. Oregon's average annual wage increased from \$66,342 in 2022 to \$73,748 in 2025, implying annualized nominal wage growth of approximately 3.6%. Applying that recent wage-growth rate forward produces an estimated 2030 average annual wage of roughly \$87,974. Personal income tax revenue impacts are then estimated by applying Oregon's implied personal income tax-to-wages ratio of approximately 10.05% to projected wage income. This ratio is derived from Oregon personal income tax collections of \$14.720 billion relative to total Oregon wages of \$146.4 billion. These revenue estimates are illustrative and should not be interpreted as formal revenue forecasts.

The results are shown in Table 1. By 2030, the difference between Oregon's current trajectory and even a moderate improvement in growth is substantial. Under the 1% current trajectory, Oregon would reach approximately \$279.6 billion in real GDP and about 2.04 million nonfarm jobs by 2030. Applying the projected 2030 average wage produces approximately \$179.7 billion in total wages and about \$18.1 billion in associated personal income tax revenue.

Growing at 2% instead of 1% would support approximately 12,000 more jobs and generate about \$1.07 billion more in total wages by 2030. Applying Oregon's implied personal income tax-to-wages ratio to that additional wage income suggests approximately \$108 million in additional annual personal income tax revenue. Under a 3% growth scenario, those figures rise to roughly 25,000 additional jobs, \$2.19 billion in additional wages, and approximately \$220 million in additional personal income tax revenue by 2030.

TABLE 1: OREGON ECONOMIC OUTCOMES IN 2030 UNDER ALTERNATIVE GROWTH SCENARIOS

Oregon Economic Outcomes in 2030 Under Alternative Growth Scenarios

	Current Trajectory	Moderate Growth	Strong Growth
	1% Baseline	2% Scenario	3% Scenario
GDP (2030)	\$279.6 B	+\$14.1 B	+\$28.8 B
Total Jobs	2,042,286	+12,161	+24,907
Total Wages	\$179.7 B	+1.07 B	+2.19 B
Personal Income Tax Revenue (Annual)	\$18.1 B	+108 M	+220 M

Last two columns represent difference relative to 1% baseline. Jobs estimated using Oregon-specific coefficient (0.599). Average wage held constant at \$73,748 (OED, 2025). Tax revenue estimated using Oregon's implied personal income tax-to-wages ratio of approximately 10.05%, derived from Oregon personal income tax collections of \$14.720 billion relative to Oregon Employment Department total wages of \$146.4 billion.



These figures underscore a central point: the difference between 1% and 2% annual growth is not merely a technicality. Compounded over five years, it represents tens of thousands of jobs and billions of dollars in economic activity that Oregon either generates or forgoes. The personal income tax estimates capture only the revenue associated with additional wage income and do not include potential corporate tax effects, business tax collections, multiplier effects, or induced economic activity that could accompany a sustained increase in growth.

WHAT'S BEHIND OREGON'S SLOW GROWTH? A SECTORAL ANALYSIS

Oregon's recent growth slowdown is not simply a reflection of national conditions — it reflects a meaningful structural shift in which industries are driving the state's economy. To examine this, we analyze Oregon's industry composition and sectoral contributions to growth across two periods: 2015–2017, when Oregon ranked among the top three states in GDP growth nationally, and 2022–2025, when Oregon fell to the bottom ten.

Oregon's Declining National Ranking

Oregon's growth performance relative to other states has deteriorated significantly in recent years. Averaging growth rankings across multi-year periods to reduce year-to-year volatility, Oregon ranked 11th among all states from 1997 to 2007 and 9th from 2008 to 2017 — solidly in the top quartile of state economies. Since 2018, Oregon has fallen to 28th, dropping to below-average performance for the first time in decades — a decline of 19 ranking positions from the prior period.

This decline is Oregon-specific rather than regional. Neighboring states have not seen comparable drops over the same period: Washington slipped only modestly, from 2nd to 6th, and Idaho actually improved, from 21st to 4th. California also declined, from 5th to 18th, suggesting some broader West Coast headwinds — but Oregon's decline of 19 ranking positions is still far steeper than any neighbor's.

TABLE 2: OREGON'S RANKING AMONG ALL STATES, SELECTED PERIODS

Oregon GDP Growth Ranking Among All States (1 = Fastest Growing)

State	1997-2007	2008-2017	2018-2025
Alaska	44	39	37
California	8	5	18
Hawaii	39	23	49
Idaho	4	21	4
Oregon	11	9	28
Washington	17	2	6

Source: U.S. Bureau of Economic Analysis, "SAGDP9 Real GDP by state" • Rankings averaged across multi-year periods to reduce year-to-year volatility.

Sectoral Contributions to Growth

To understand the drivers behind Oregon's peak performance and subsequent cooling, we decompose real GDP growth into sectoral contributions.

Each sector's contribution is calculated by multiplying its annual growth rate by its share of the total economy from the previous year. Formally, the contribution of sector i at time t is defined as:

$$C_{i,t} = \left(\frac{Sector_{i,t} - Sector_{i,t-1}}{Sector_{i,t-1}} \right) \times \left(\frac{Sector_{i,t-1}}{GDP_{t-1}} \right)$$

This approach isolates how much each industry specifically added to—or subtracted from—Oregon's headline growth rate.

2015–2017: THE ERA OF BROAD-BASED EXPANSION

During Oregon's peak growth years, the state's economic engine was firing on all cylinders. Growth was remarkably diversified across high-value industries:

- **Finance, Insurance, and Real Estate:** Contributed **+0.80 percentage points**, reflecting a surging property market and financial services expansion.
- **Professional and Business Services:** Added **+0.73 percentage points**, signaling high demand for “knowledge economy” roles.
- **Manufacturing:** Contributed an average of **+0.68 percentage points** annually—historically the bedrock of Oregon's industrial strength.
- **Construction & Information:** Provided a combined boost of **+0.64 percentage points**, consistent with a booming development environment.

2022–PRESENT: A NARROWING GROWTH BASE

Since 2022, the drivers of Oregon's economy have shifted significantly. The once-broad base has narrowed, with several former leaders losing momentum:

- **Manufacturing:** This sector has swung from the primary growth driver to a net drag, averaging **-0.22 percentage points**.
- **Professional and Business Services:** Contribution has plummeted to **+0.22 percentage points**—less than a third of its peak impact.
- **Construction:** Reflecting broader interest rate sensitivities, the sector has turned slightly negative at **-0.07 percentage points**.

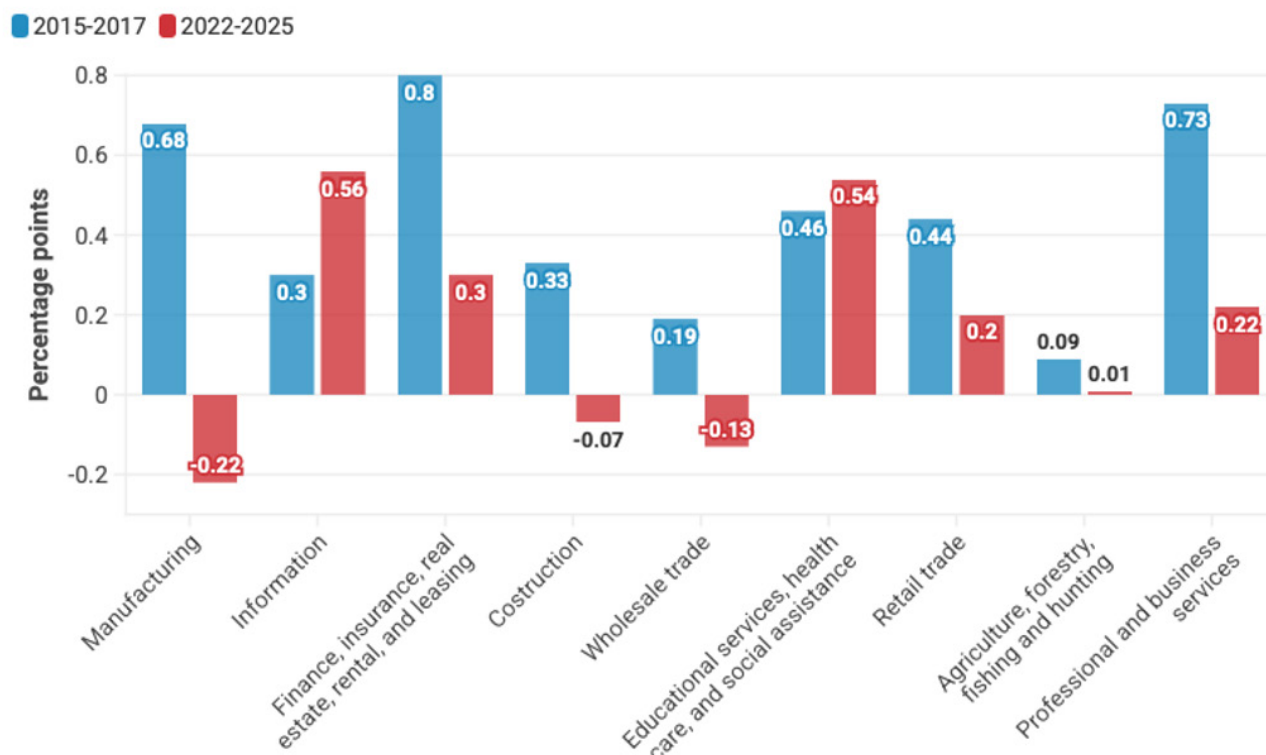
THE NEW PILLARS OF STABILITY

Despite the cooling in traditional sectors, two industries have emerged as the primary anchors of the current economy:

- **Information:** This sector has accelerated to **+0.56 percentage points**, overtaking all others to become Oregon's single largest positive contributor.
- **Education and Health Care:** This sector has remained a beacon of stability at **+0.54 percentage points**, providing a consistent floor for economic activity.

FIGURE 4: SECTORAL CONTRIBUTIONS TO OREGON GDP GROWTH, 2015–2017 VS. 2022–2025

Sectoral Contributions to Oregon GDP Growth, 2015–2017 vs. 2022–2025



Source: BEA Table SAGDP9; CSI's calculations.



Oregon's Shifting Industry Composition

To complement the growth contribution analysis, we examine Location Quotients (LQ)—a metric that measures a sector's concentration in Oregon relative to the national average.

- **LQ > 1.0:** The sector is more concentrated in Oregon than the U.S. average (a potential “export” industry).
- **LQ < 1.0:** The sector is underrepresented in Oregon relative to the national economy.

Analyzing the shift from 1997 to 2025 reveals several structural transformations:

- **Agriculture:** While still a comparative advantage for the state, this sector has seen the sharpest decline in relative concentration. The LQ fell from **2.76 in 1997 to 1.89 in 2025**. While Oregon remains “specialized” in agriculture, its relative weight in the state economy has significantly diminished.
- **Wholesale Trade:** This sector has moved from a position of strength to underrepresentation, with its LQ falling from **1.26 to 0.91**. Oregon is now less concentrated in wholesale trade than the average U.S. state.
- **Manufacturing:** In a reversal of national trends, Oregon's manufacturing concentration has risen significantly from **0.56 to 1.13**. Oregon is now more manufacturing-intensive than the U.S. as a whole. This structural shift makes the sector's recent growth slowdown particularly concerning for the state's overall economic health.
- **Information:** Oregon's Information sector has remained below parity, moving only slightly from **0.83 to 0.87**. This should not be interpreted as evidence that Oregon lacks a technology base. Much of Oregon's technology-related activity has historically been tied to hardware production and semiconductor manufacturing, which appear in Manufacturing rather than Information. While Information has become an important recent growth contributor, it captures only part of Oregon's broader technology story.
- **Education and Health Care:** This sector has shown steady, “defensive” growth, with its LQ increasing from **1.09 to 1.19**, reflecting Oregon's growing reliance on these services.

FIGURE 5: THE STRUCTURAL TRANSFORMATION OF OREGON'S ECONOMY (1997–2025)

The Structural Transformation of Oregon's Economy (1997–2025)

This chart illustrates the change in Oregon's Location Quotient over nearly three decades, measuring *sectoral concentration relative to the United States*. A move toward the right indicates increasing specialization, while a move toward the left represents a decline in relative concentration. Notable shifts include the doubling of Oregon's **Manufacturing** intensity and the significant narrowing of its historical **Agricultural** comparative advantage.

● Year of 1997 ● Year of 2025



Source: U.S. Bureau of Economic Analysis (BEA), "Real GDP by State (SAGDP9)." Location Quotients calculated by CSI

The matrix on the next page cross-references long-term structural shifts (LQ change since 1997) with recent economic performance (Growth Contribution since 2022). This allows us to identify which sectors are becoming more central to Oregon's economic identity and how they are currently performing.

TABLE 3: OREGON'S SECTORAL PERFORMANCE MATRIX

	Positive Growth Contribution (2022–2025)	Negative Growth Contribution (2022–2025)
LQ Rising	Increasing Concentration / Positive Recent Growth Information Education & Health Care Leisure & Hospitality	Increasing Concentration / Recent Weakness Manufacturing Utilities Other Services
LQ Falling	Declining Concentration / Positive Recent Growth Finance & Real Estate Retail Trade Prof. & business services Govt. and govt. enterprises Agriculture* Transportation & warehousing*	Declining Concentration / Recent Weakness Mining, quarrying, and oil & gas extraction Construction Wholesale trade

Note: LQ Change reflects the shift in concentration from 1997 to 2025. Growth contributions reflect the 2022–2025 average.
 *Agriculture and Transportation & Warehousing provided marginal positive contributions (less than 0.01 percentage points).

Source: Author’s calculations based on BEA Table SAGDP9.

The sectoral performance matrix highlights the importance of interpreting Manufacturing and Information carefully. In Oregon, technology-related activity has historically been tied not only to software and information services, but also to hardware, electronics, and semiconductor manufacturing. The following employment snapshot provides additional context for that hardware-oriented technology base.

EMPLOYMENT SNAPSHOT: OREGON'S HARDWARE-ORIENTED TECH SECTOR

QCEW employment data provide a useful labor-market snapshot of Oregon's hardware-oriented technology base. Oregon's "Silicon Forest" emerged as the state was moving away from its older timber-centered growth model, and semiconductor and related high-tech manufacturers became an important part of the state's traded-sector economy.

Historical employment data illustrate that shift. Under the SIC system, employment in Electronic Components and Accessories rose from fewer than 1,000 jobs in 1975 to more than 33,000 by 2000, reflecting the rapid expansion of Oregon's electronics manufacturing base. After the transition to NAICS, Computer and Electronic Product Manufacturing remained a large employment sector, but its employment footprint no longer followed the same growth trajectory: NAICS 334 employment declined from about 49,500 jobs in 2001 to about 39,500 in 2024.

This does not mean the sector stopped mattering. Employment and output measure different dimensions of economic activity, and computers and electronics manufacturing is a high-productivity sector. Prior research on Oregon's semiconductor industry notes that computers and electronics manufacturing generates much higher GDP per worker than the statewide industry average and that Oregon has been highly concentrated in this industry relative to the nation. For that reason, the employment data should be read as evidence of a changing labor footprint, not as a full measure of the sector's economic contribution.

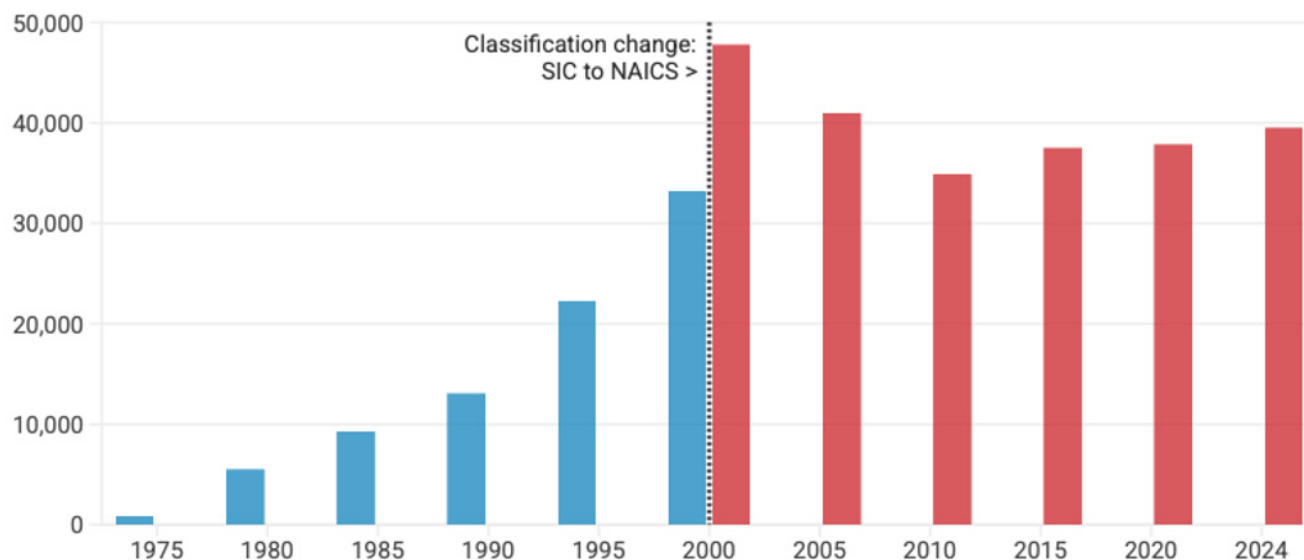
The broader employment pattern also shows how Oregon's economic base has shifted. From 2001 to 2024, manufacturing employment declined to roughly 86% of its 2001 level, while wood product manufacturing declined to about 67%. At the same time, professional, scientific, and technical services increased to about 167% of its 2001 level, and management of companies and enterprises increased to about 184%. Taken together, these trends suggest that Oregon's employment growth has increasingly shifted toward professional, technical, and headquarters-related services, while several historically important production sectors have become smaller employers.

FIGURE 6: OREGON'S HARDWARE ORIENTED TECH EMPLOYMENT (1975–2025)

Oregon's Hardware-Oriented Tech Employment, Selected Years

SIC 367 Electronic Components and Accessories, 1975–2000; NAICS 334 Computer and Electronic Product Manufacturing, 2000–2024. Series are not directly comparable.

■ SIC 367 Electronic Components and Accessories ■ 334 - Computer and Electronic Product Manufacturing



Source: BLS



WHAT THIS MEANS

Taken together, the sectoral analysis suggests that Oregon's recent slowdown reflects a shift from broad-based growth to a narrower and more uneven growth profile. Oregon's peak performance in 2015–2017 was supported by multiple high-value sectors — Manufacturing, Professional Services, Construction, and Finance — contributing simultaneously. Since 2022, several of those earlier growth contributors have weakened, while recent gains have become more concentrated in fewer industries.

Manufacturing Concentration and Recent Weakness: Oregon is more manufacturing-intensive today than at any point in the last 30 years, with Manufacturing's location quotient rising to 1.13. However, this increased concentration has coincided with the sector shifting from a major growth contributor in 2015–2017 (+0.68 percentage points) to a net drag since 2022 (-0.22 percentage points). This creates an important exposure for statewide growth, especially because Oregon's technology-related output has historically been tied closely to hardware, electronics, and semiconductor manufacturing.

Information Growth and Scale: Information is currently Oregon's strongest recent growth contributor (+0.56 percentage points), yet it remains underrepresented relative to the national economy, with an LQ of 0.87. This suggests that while Information has become an important source of recent growth, it has not yet reached the relative scale needed to fully offset weakness in other historically important traded sectors.

A Shift Toward More Stable, Locally Driven Growth: As traditional traded sectors such as Agriculture (LQ down from 2.76 to 1.89) and Wholesale Trade (LQ below 1.0) have lost relative weight, Oregon's recent growth has leaned more heavily on Education and Health Care. That sector has provided a steady positive contribution (+0.54 percentage points), but it is generally more closely tied to local demographic demand than to export-oriented expansion.

Overall, Oregon appears to be in another period of structural transition. The state has navigated economic transitions before, most notably during the shift from a timber-centered economy toward a more diversified manufacturing and technology base. The question today is whether Oregon's current growth drivers can broaden enough to support stronger statewide growth, or whether weakness in several historically important sectors will continue to weigh on overall performance.

Methodological Notes

- Coefficient of **0.599** estimated via OLS regression of Oregon employment growth on Oregon real GDP growth, annual data 2001–2025 excluding 2020, 2021, and 2022. $R^2 = 0.50$, $p < 0.001$, 95% confidence interval: [0.34, 0.86].
- Average annual wage of **\$73,748** from Oregon Employment Department QCEW data, 2025. For the 2026–2030 scenario analysis, average wages are projected forward using recent Oregon average annual wage growth. Oregon's average annual wage increased **from** \$66,342 in 2022 **to** \$73,748 in **2025**, implying annualized nominal wage growth of approximately **3.6%** and a projected 2030 average annual wage of approximately \$87,974.
- All personal income tax revenue estimates in this report (\$88 million, \$108 million, \$220 million) represent annual figures for the stated year, not cumulative totals across the projection period.
- Personal income tax revenue estimates are illustrative and based on applying Oregon's implied personal-income-tax-to-wages ratio of approximately 10.05% to projected wage income. The ratio is derived from Oregon personal income tax collections of \$14.720 billion relative to Oregon Employment Department total wages of \$146.4 billion. These estimates are not formal revenue forecasts and do not include corporate tax effects, business tax collections, multiplier effects, or induced economic activity.
- Historical SIC and NAICS employment categories are not directly comparable. SIC 367 is used as a historical indicator of Oregon's electronics manufacturing base, while NAICS 334 captures the broader computer and electronic product manufacturing sector in the more recent period.