

***Is Portland Really the Place Where Young People Go To Retire?
Analyzing Labor Market Outcomes for Portland's Young and College-Educated***

Greg Schrock and Jason Jurjevich
Nohad A. Toulan School of Urban Studies & Planning
Portland State University
September 2012

Executive Summary

Few segments of the population are more critical to Portland's future economic vitality than the young and college-educated (YCE). In the last several decades the Portland metropolitan region has become a magnet for YCEs nationally, boasting one of the country's highest net migration rates for college-educated individuals under the age of 40, a trend that has continued in good economic times and bad. The infusion of human capital from other regions has undoubtedly been a benefit to Portland, especially given Oregon's historically low levels of investment in higher education.

However, in recent years there has been growing concern about the poor labor market prospects for Portland's YCEs, in particular the problem of underemployment. The television show *Portlandia* has amusingly captured this concern, dubbing Portland "a city where young people go to retire." To the extent that Portland's YCEs face a chronically difficult job market, there is cause for concern that college graduates will stop moving to Portland, or that those who have moved here won't stay.

What are the facts? In this paper we draw upon Census Bureau data from the 2000 Census and more recent American Community Surveys from 2005-07 and 2008-10, comparing the labor market outcomes for Portland's YCE population against those of the other 50 largest metropolitan regions in the United States. Based on our analysis, we find that:

- Portland is gaining ground on other metros in the YCE share of the workforce, but remains in the second-tier among metros in adult educational attainment rates. Portland's progress on this front can be attributed to attraction and retention of YCE migrants, as well as increased college degree production locally.
- Contrary to the "*Portlandia* hypothesis," Portland's YCEs are active in the labor market at rates that are comparable to other major metros.
- However, the unemployment rate for Portland's YCEs has been among the highest of all major metros in each of the three periods studied. In the most recent period, 5.4 percent of YCEs were unemployed, more than a percentage point higher than the average for all large metros.
- Portland's YCEs experience some of the highest rates of part-time employment and self-employment nationally. In the most recent period, nearly one in five YCEs was working part-time, and nearly one in ten was self-employed.

- Portland's YCEs are somewhat more likely to work in "non-college" occupations, especially in service occupations like health care and food service.
- The typical Portland YCE earns less than what she or he would in other major metros, due in part to the prevalence of part-time employment. In the most recent period, the typical YCE earned 84 percent of the average for all large metros.

In short, we find relatively little evidence that young people come to Portland to retire – but they probably are not coming here to get rich either. What is striking about our findings is their consistency. While most of the indicators worsened somewhat during the recent recession, Portland's YCEs have faced a consistently tough job market for at least the past decade, suggesting that this is not simply a short-run phenomenon. But almost equally striking is that the fact these poor labor market outcomes do not seem to be causing a wave of outmigration to other metros– at least not yet.

So is this really a problem? On one hand, one could interpret the findings as compelling evidence of the region's high quality of life and amenity value, for which Portland's YCEs are willing to forego more lucrative opportunities elsewhere. And indeed, the region's high rate of self-employment suggests that Portland's YCEs are highly entrepreneurial – whether by choice or by necessity. But if this trend continues, Portland may become a place that is only accessible to an increasingly self-selected group of individuals who are "willing to pay" for the region's distinctive quality of life – which could cause Portland to become less diverse of a place over time. At the same time, we are concerned that a consistently poor job market for young college graduates will have negative effects on the job prospects for workers without a college degree, and lessen their incentives to pursue a college education at a time when the costs of doing so continue to go up.

The bottom line is that Portland needs to find ways to capitalize better upon its "brain gain." To the extent that Portland has a talent pool that is willing to accept lower wages than other regions like the Bay Area or Seattle, Portland's employers benefit from this, making it an especially attractive place for businesses in search of college-educated workers – something that economic development officials could do more to communicate to prospective employers. But the region's high rate of self-employment suggests that at least some share of Portland's YCEs are attracted to less traditional career paths, and so efforts to promote entrepreneurship – whether in high-tech sectors like software, cultural and "artisan" products like apparel, beer, or arts, or local-serving retail like food carts – would contribute to the region's economic vitality. Creating good work for Portland's entire workforce is absolutely critical, but we hope that this report will call attention to the particular challenges and opportunities facing this important segment of the workforce.