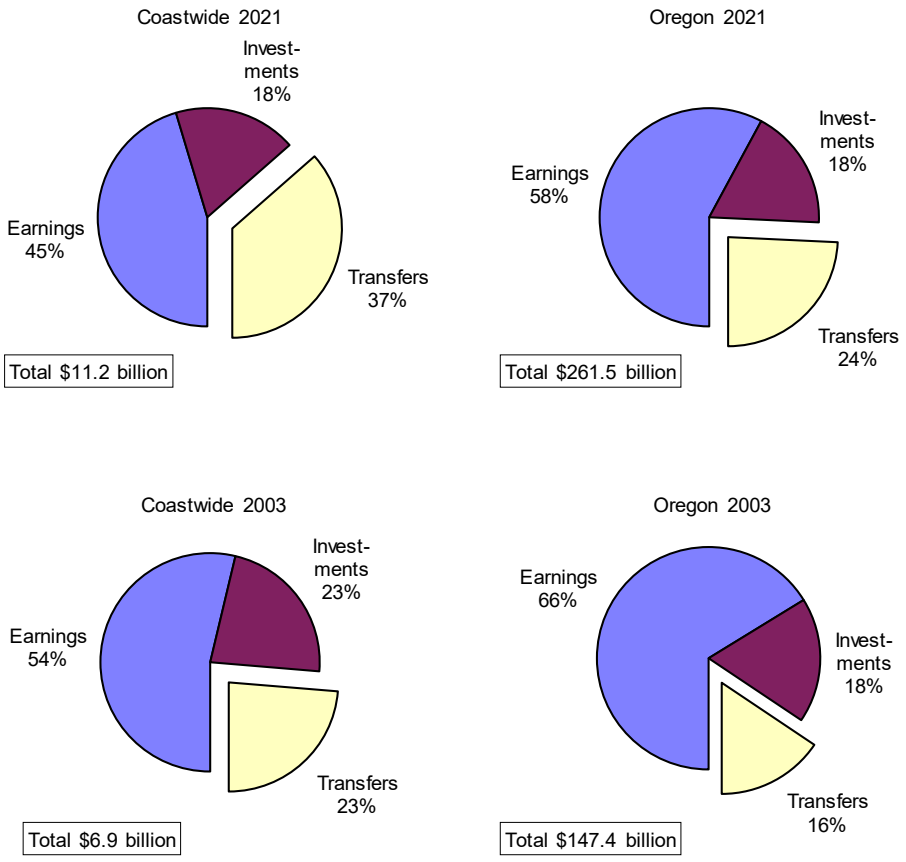
OREGON COAST YEAR 2021 SOURCES OF INCOME STUDY
Briefing Report

Share of Personal Income Sources in 2003 and 2021



Note: Personal income in billions adjusted to 2021 dollars.

Oregon Coast Visitors Association
January 2024

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Oregon Coast Visitors Association
The Oregon Coast Visitors Association (OCVA) is the official Regional Destination Management Organization for the entire Oregon Coast as designated by the Oregon Tourism Commission (dba Travel Oregon). OCVA inspires travel and strengthens collaboration to create and steward a sustainable coastal economy.

January 2024

Transmittal Message

The OCVA sponsored an economic study that investigated what drives coastal counties economies. We are pleased to provide a briefing report and one-page, county-level summaries showing social indicators and economy driver characteristics. The indicator and driver information is from relevant decennial census and other serial sources of data as well as from results for modeling the unique set of industry categories that define the Coast's economy. The Coast study area is Clatsop, Tillamook, Lincoln, Coos, and Curry counties and the coastal portions of Lane and Douglas counties. Separate statistics are provided for Columbia County. The information was put together by The Research Group, LLC, Corvallis, Oregon. The principal author was Shannon Davis who was assisted by Hans Radtke.

Background

The same indicators and analysis methods were first used in a 1994 study (data year 1991) that was sponsored by the Oregon Coastal Zone Management Association (OCZMA). The OCZMA undertook several updates to the original study ending with a 2006 report (data year 2003). The study reports were well received as they showed the importance of industry categories displayed side-by-side. This puts in perspective the business types that drive local economies. This is a crucial consideration when advocates are vying for scarce funds and priorities for their own projects and programs. The industry categories are shown in a larger context of the overall economy.

Retiree Effect

The growth of personal income transfer payments (such as Social Security, medical benefits, unemployment insurance, food assistance, education/training, veterans programs, etc.), particularly for retirees, represents a major and increasing source of purchasing power in many coastal areas. Coastal areas that capture an increasing share of consumption afforded by retirement related income will stimulate economic development and employment stability. However, not enough is known about these retirees spending patterns, effects on an area's infrastructure and public services, and living needs. Additional original research should be undertaken. When available, the information will help develop strategies to take advantage of the increased purchasing power.

Useful Information

This study's publications organize data about the Oregon Coast from a variety of sources and analyses and puts it into a single document. The information will have many applications but leaves social and economic command and development recommendations to planners and policy makers. Efforts for determining desired economic development goals, objectives, and programs can be focused rather than having to generate background information. The information can support and help understand the implications of change and how proper planning can sustain and acceptably grow coastal economies, protect coastal livability, and manage human and environmental resources.

Marcus Hinz, Executive Director

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OREGON COAST YEAR 2021 SOURCES OF INCOME STUDY
BRIEFING REPORT
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Study Purpose

This study updates information from a series of reports originally sponsored by the Oregon Coastal Zone Management Association (OCZMA) that contained a comprehensive look at the Oregon Coast's social and economic trends. The last one was in 2006 (data year 2003).[1] The series was undertaken in the interest of providing consistent, accurate, and relevant information for member governments. Now two decades years later, the Oregon Coast Visitors Association (OCVA) has sponsored this study to address the changes that have recently taken place in the Oregon Coast's economies and population base. These changes impact public services, schools, and the business environment.

Study Approach

The study dissects the three components of total personal income accruing to households and individuals living on the Oregon Coast. The net earnings component is broken down by six unique industry categories particular to Oregon Coast economies. The other two components for investment income and transfer payments are looked at from a consumption perspective that demonstrate purchasing power.

The net earnings unique industry categories are used in an economic base model.[2] The categories are non-standard industry classifications that are distinctive to Oregon Coast economies. Traditional sources of employment information do not always describe all of the employment or income contributed by the basic industries.[3] The adopted economic contribution measurement for the modeling is income. It could just as well have been other measurements such as business output, but the income metric was selected because it is comprehensible for policy making. The scale for the model's calculations are for the coastwide economy.

The narrative box shows the three total personal income components and the six unique industry categories associated with the net earnings component.

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1. The report is TRG (2006). See bibliography section for full citation.
2. Economic base model theory assumes a regional economy is divided into two sectors: basic (such as commercial fishing and timber) and all others (such as trade and services). The basic sector (also known as the export sector) depends on sales that occur outside the regional economy. The non-basic industries depend on selling within the local economy. Actually there are crossover businesses; some sales will be exported out-of-area and other sales will be local. However, the bifurcation serves to explain the tenants of how economies work. The struggle for this modeling approach is the calculation of the basic sectors total economic contributions within the regional economy. The regional economy's total activity is widely reported by government sources (like the U.S. Bureau of Economic Analysis) and the aggregation of the basic sectors economic contributions cannot exceed that checksum.
3. Industry employment data keys off wages and salary positions that are subject to unemployment insurance coverage. The Oregon Coast has comparatively many sole proprietorships that are uncovered, hence left out of the traditional employment information. Further, the classification system itself will not always reflect business activity within observed industries.

Total Personal Income Components and Net Earnings Unique Industry Categories

1. Net earnings
    - 1.1. Identified industries
        - 1.1.1. Commercial fishing
        - 1.1.2. Agriculture
        - 1.1.3. Timber
        - 1.1.4. Travel tourism
        - 1.1.5. Other identified industries
            - 1.1.5.1. Paper and paperboard mills
            - 1.1.5.2. Water transportation and marine cargo handling
            - 1.1.5.3. Ship building, steel fabrication, heavy manufacturing, and construction
            - 1.1.5.4. Mining
        - 1.1.6. Other identifiable industries (higher education, research, public health, tribal services, etc.)
    - 1.2. Other not identified industries
2. Investments income (dividend, interest, rent, 401k plan disbursements, etc.)
3. Transfer payments (Social Security, Medicare, income maintenance, education/training, veterans benefits, etc.)

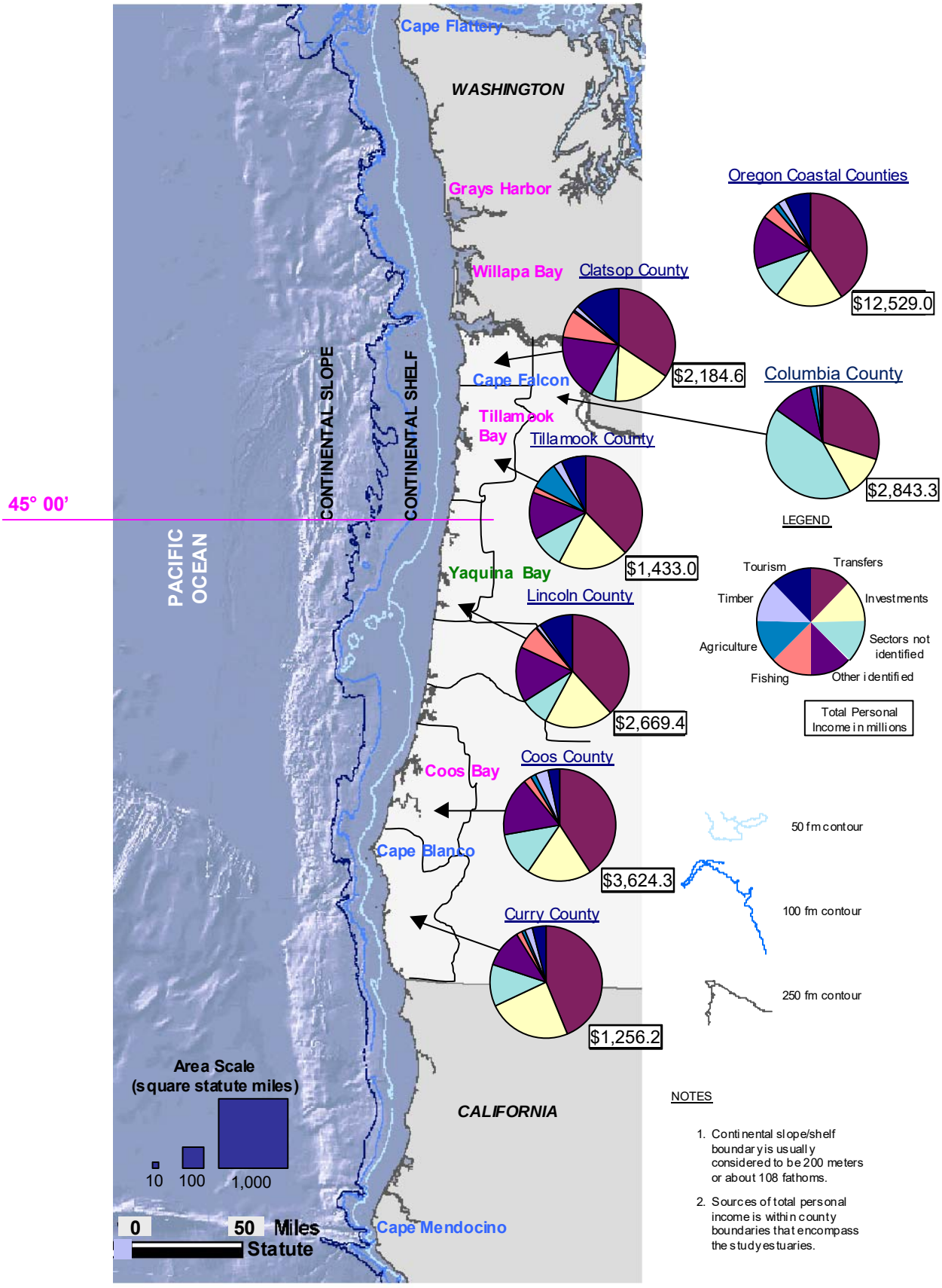
The economic base model provides estimates for the six identifiable industry categories' direct, indirect, and induced income at the county level. The first four industry categories estimates are from statewide economic studies that use economic input-output model response coefficients from IMPLAN.[1,2,3] The other two industry categories employ economic base modeling methods that use a crosswalk of industry classifications populated with employment/payroll data provided by the Oregon Employment Department. Economy response coefficients are from the U.S. Bureau of Economic Analysis (BEA) Regional Input-Output Modeling System known as RIMS II.

The calculation of investment and transfer economic contributions include a coastwide out-of-area purchase coefficient and a household sector consumption multiplier. This means the modeling shows all the economic contributions for spending from these two components. This is different from other references to this data that just tell the components receipts.

The information is presented at the coastwide level and itemized for counties. When of interest, data categories are compared to the state and nation. The coastwide area is the sum of the seven counties fronting the Pacific Ocean. The demarcation of coastal Lane and Douglas counties uses zip code boundaries. Information is also provided separately for Columbia County. Map BR.1 depicts the study boundaries and shows personal income component shares for each county.

1. The four statewide studies are (see bibliography section for full citations): TRG (December 2023), Oregon State University College of Agricultural Sciences (August 2021), Oregon Forest Resources Institute (2019), and Dean Runyan Associates (2022). It was sometimes necessary to itemize statewide studies' results for common primary business activity, convert economic activity metrics, and adjust to 2021 dollar year.
2. The Impact Analysis for Planning (IMPLAN) is an input-output model. The model is a product of IMPLAN Group LLC, 16740 Birkdale Commons Parkway, Suite 212, Huntersville, NC 28078.
3. These four basic industry categories production chain is through primary processing such as commercial fishing processing and timber dimension cut and plywood mills. Secondary manufacturing in these four categories is included in the other identified categories.

Map BR.1
Coastal County Locations and Total Personal Income Sources in 2021



Much of the social indicator data is from the U.S. Bureau of Census Year 2020 decennial census information and the American Community Survey (ACS). The Oregon Office of Rural Health provided county health profiles. The Oregon Education Department, Office of Research, Assessment, Data, Accountability, and Reporting provided school enrollment data. Economic information such as personal income is from the BEA, employment data from the U.S. Bureau of Labor Statistics (BLS), and employment/payroll data provided by the Oregon Employment Department. The latter source is the State's data for the BLS Quarterly Census of Employment and Wages program (commonly referred to as the ES-202 Program).[1]

Current ACS data can be representative of a range of years, but the data is portrayed as a single year in this report. ACS data is drawn from a sample of residents, so the smaller the area being described will result in higher variance than for larger populated areas. Personal income is generally from the BEA source. However, coastal Lane and Douglas counties depend on ACS zip code data and it is necessary to adjust for the differences between BEA and ACS personal income definitions.

Social trends are itemized for demographic, housing, health and well being indicators. An interpretive task overlaps the economic and social analysis - emerging economic development issues, influences and consequences of natural resource management, and how descriptive indicators can be used for policy and planning are discussed.

The study's analysis target year is 2021. It was the most recent data year from most sources at study start. This year coincides with the coronavirus pandemic duration that has general economy and social relief program influences. Some indicators have data years prior and subsequent to the analysis target year. Their applicable years are distinguished on figures and tables.

The data compilations are presented without attribution for readability convenience. The study's technical supplement report has full bibliographies for data sources and narrative attributions.

Social Indicators

Demographic Descriptions

From 1970 through 2020, the population of Oregon has been growing faster than the population of the United States (Table BR.1). There has been overall growth in coastal counties, but at a slower pace than Oregon. The exceptions are Lincoln, coastal Lane, and Curry counties which

1. The other identified and identifiable industry categories have large business representation along the Oregon Coast. However, when itemizing the subcategories by county, confidentiality rules (showing jobs and payroll when the numbers represent fewer than three businesses) accompanying the ES-202 data comes into play. It was necessary to interview the businesses to procure their declarations of job numbers or to use published information about the business. No interviewed business refused to reveal job numbers. Industry average wages were used to estimate payroll costs for those embargoed businesses.

Table BR.1
Population Percent Change During 1970 to 2020 for U.S., Oregon, and Coastal Counties

		Percent Change				
	2020	1970-1980	1980-1990	1990-2000	2000-2010	2010-2020
Clatsop	41,072	14%	2%	7%	4%	11%
Tillamook	27,390	17%	2%	12%	4%	8%
Lincoln	50,395	37%	10%	14%	3%	9%
Coastal Lane	9,396	96%	17%	42%	15%	11%
Coastal Douglas	4,310	23%	-4%	-9%	-5%	4%
Coos	64,929	13%	-6%	4%	0%	3%
Curry	23,446	31%	14%	9%	6%	5%
Coast	220,938	21%	2%	9%	3%	7%
Oregon	4,237,256	26%	8%	20%	12%	11%
U.S.	331,449,281	11%	10%	13%	10%	7%

Notes: 1. Cities of Florence and Reedsport represent coastal Lane and coastal Douglas counties, respectively.

have grown almost as fast as Oregon's population in the last three decades. The population of coastal Douglas and Coos counties have been growing much slower than the Coast and the State.

There has been an interruption to these general population growth trends in recent years. Using Portland State University, Population Research Center estimates on July 1, the coastal counties population growth from 2020 to 2023 was 6.4%. The State change during this period was 0.5%.

Generally, coastal counties have an overall out-migration of young adults who leave the region to find education and employment opportunities. With these migration patterns alone, coastal areas would experience significant shifts in their demographic structure. However, this trend is exacerbated by in-migration patterns. The national population is "aging" with large population cohorts moving into middle and older age groups. The people in these retirement age cohorts are moving to the Oregon Coast. The trend is the same for Oregon, but more so for most coastal counties.

A snapshot in Year 2021 of the Coast's age cohorts is shown in Figure BR.1. Among the coastal counties, Lincoln and Curry counties have the highest proportion of retirement age people.

Net migration (individuals moving out minus those moving into an area) has oscillated between positive and negative in intercensal periods as shown on Figure BR.2. The growth in population due to natural increases (births minus deaths) has declined steadily since 1950, reaching a negative value between 1990 and 2000.

Geographic Density

The State and coastal counties have similar population densities at 43.8 and 32.9 persons per square mile, respectively, in 2021. Since Oregon's land area includes vast unpopulated areas east of the Cascades, the coastal counties' density would indicate that density is very low. By

Figure BR.1
Coastal Counties, State, and U.S. Age of Population in 2021

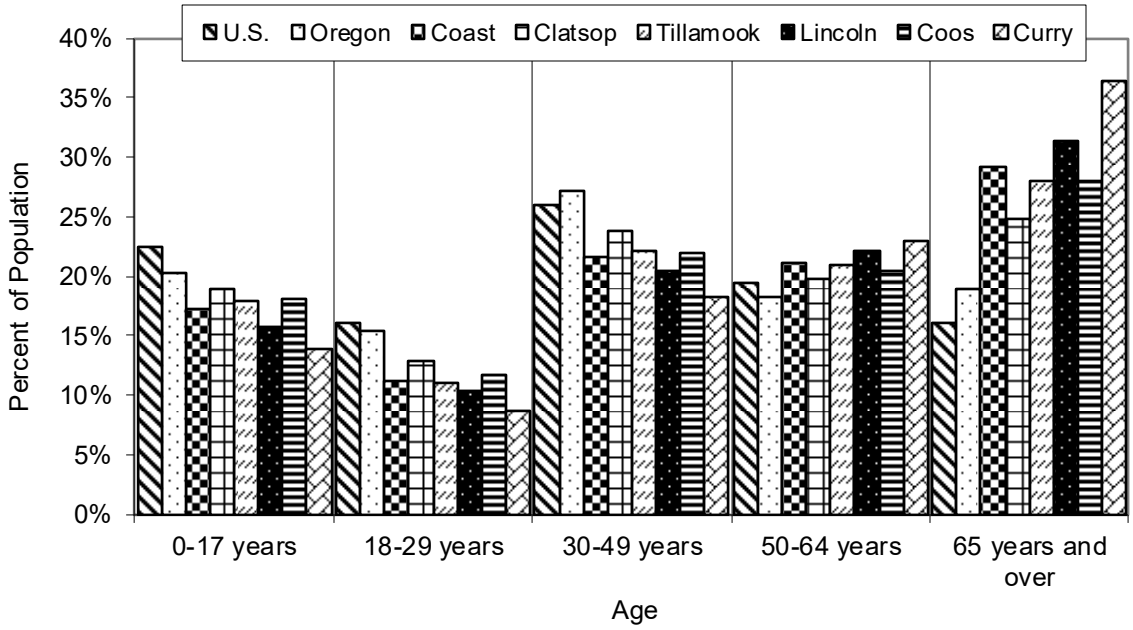
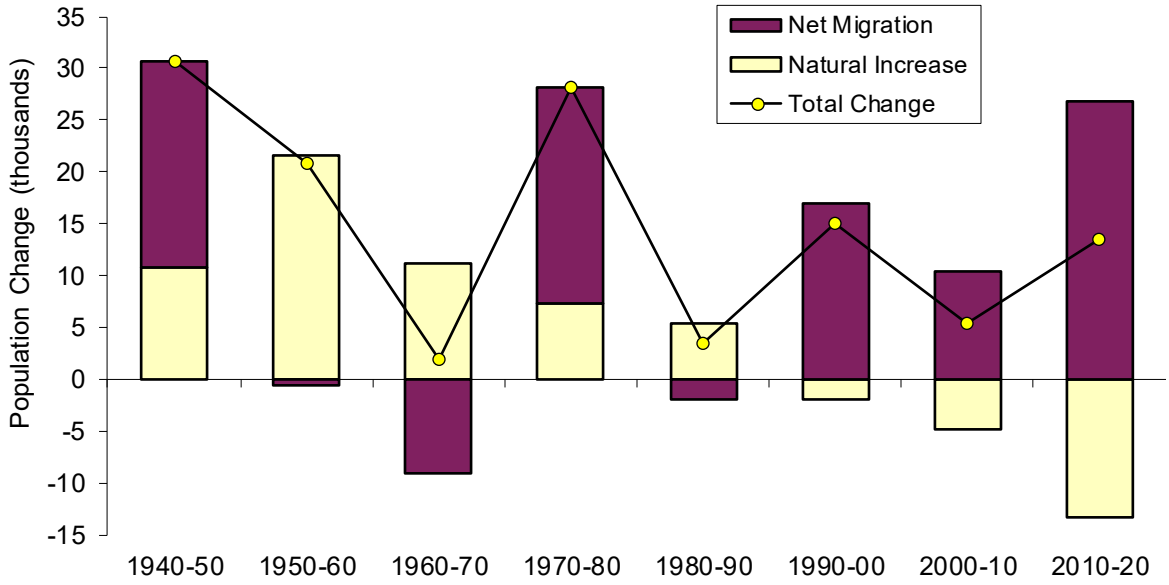


Figure BR.2
Coastal Counties Population Change by Component During Years 1940 to 2020



Notes:
1. Net migration equals in-migrants minus out-migrants.
2. Natural increase equals births minus deaths.
3. Coast is exclusive of coastal Lane and coastal Douglas counties.

comparison, the population density of the Portland Metropolitan Statistical Area (includes land area and population in Clark County, Washington) is 375.3 in 2022.

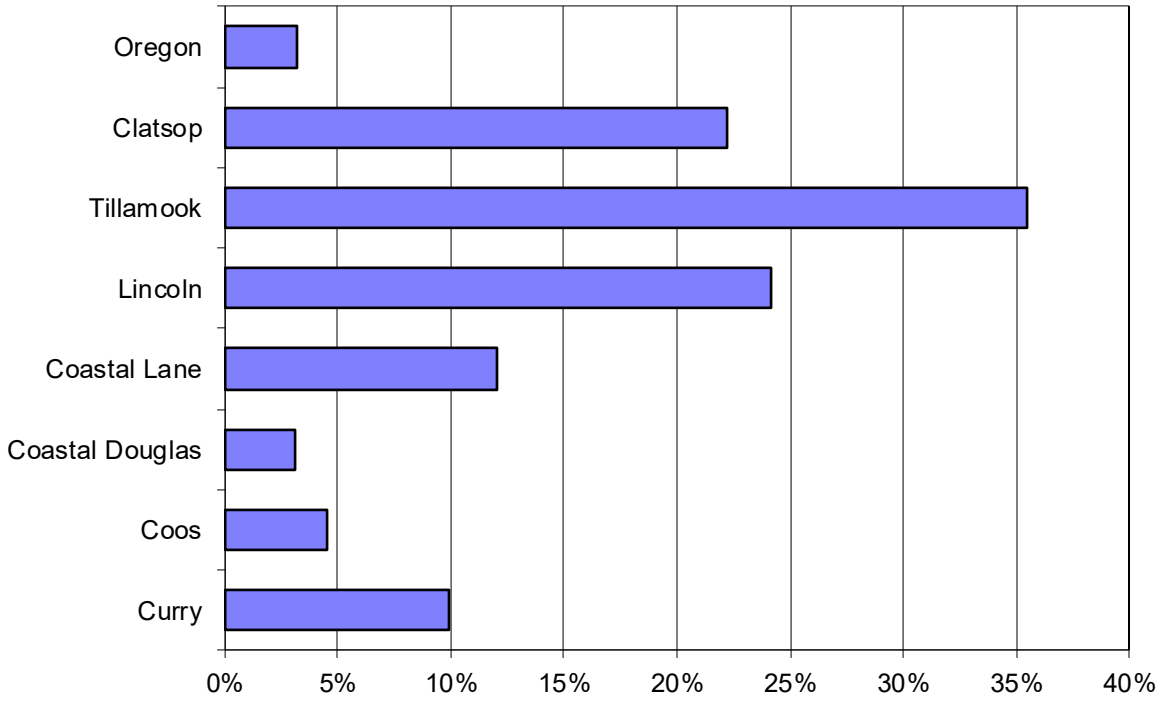
Housing Stock

The housing stock for the Oregon Coast is generally older than for the State. This is so despite the recent growth of second homes and condominiums. The proportion of housing that is older than 50 years is 36 percent on the Coast and 33 percent for the State in 2021 (Table BR.2).

The usual statistic to measure housing availability is misleading for the Oregon Coast. Most counties' overall vacancy rates are substantially higher than the State's. This is because the census defined total vacancy rate includes vacant units market ready and vacant units which serve as a second home. Coastal counties' housing stock includes a much higher proportion of second homes than the State (Figure BR.3). Tillamook County has the highest percentage of second homes of all the coastal counties.

The median value of owner occupied homes on the Coast in 2021 (Table BR.2) is less ($286,588) than the State ($362,200). But, the residential assessed value per capita is much higher ($88,782 versus $56,461). This demonstrates the presence of higher-valued second homes on the Coast than in the rest of the State.

Figure BR.3
Second Homes as a Percent of Total Housing Units for Oregon and Coastal Counties in 2021



Employment

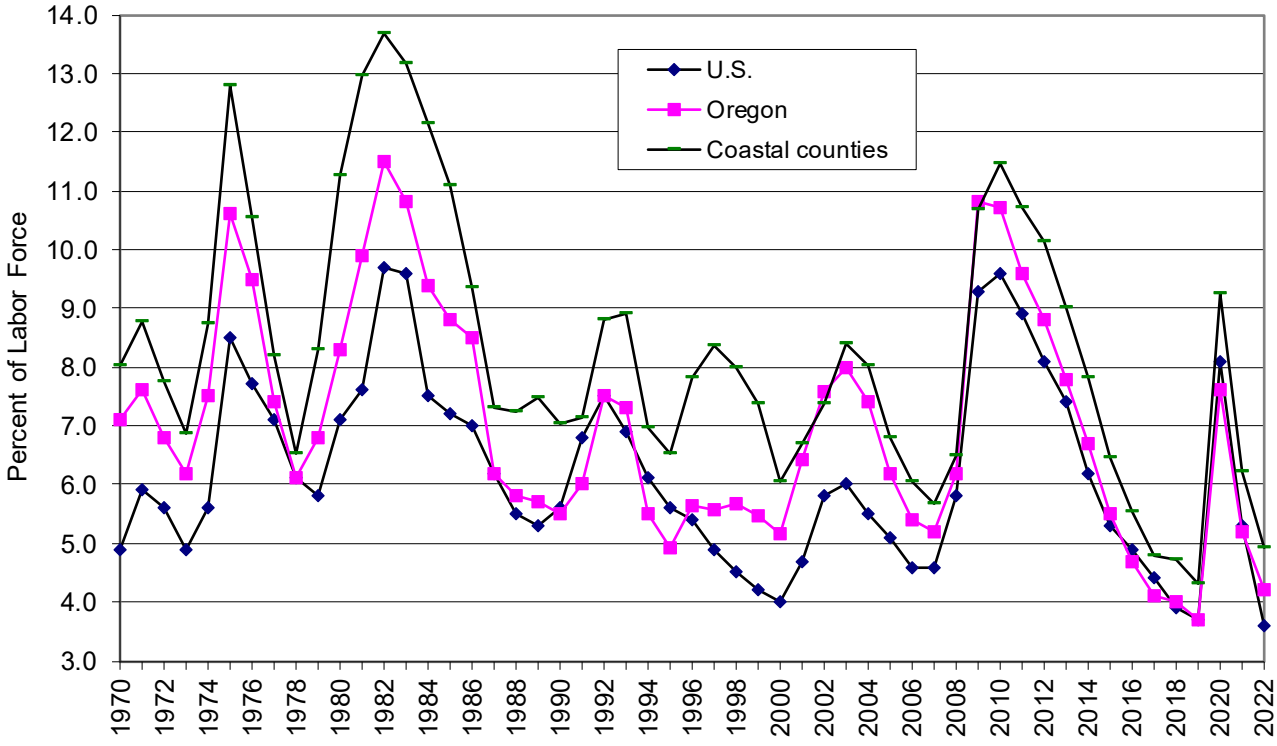
Oregon's coastal areas have in the last two decades undergone significant economic and demographic transitions. Traditional resource-based industries like commercial fishing and wood products have declined in relative importance. Trade and service jobs associated with businesses serving tourism and retirees have increased. Because of the influence of the dairy industry in Tillamook County, agriculture has remained fairly constant. There has been an increase of "other" industries in these counties, which replaced the relative importance of natural resource industries.

The flip side of employment is unemployment. In the past, coastal counties were much more vulnerable to recessions than the State and U.S., such as the downturn in the early 1980's (Figure BR.4). Coastal counties experienced worse unemployment. Unemployment rates had spikes during the Great Recession (2008-2009) and pandemic (2020-2022) years. In the last decade, coastal counties have closer unemployment rates to those in the rest of the State and U.S.

Income

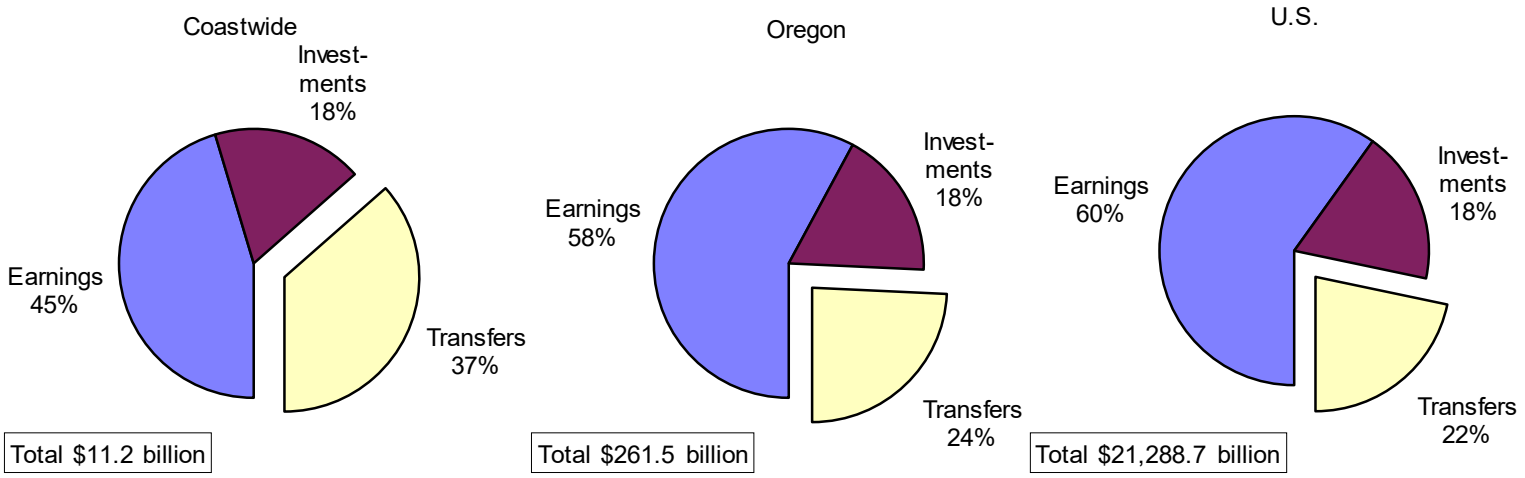
Investments income has narrowed in importance while transfer payments have broadened. There is a higher proportion of transfer payments on the Coast than in Oregon or the nation (Figures BR.5, BR.6, and BR.7). This is mostly a function of the increase in retirees collecting age-

Figure BR.4
Unemployment Rate in 1970 to 2022



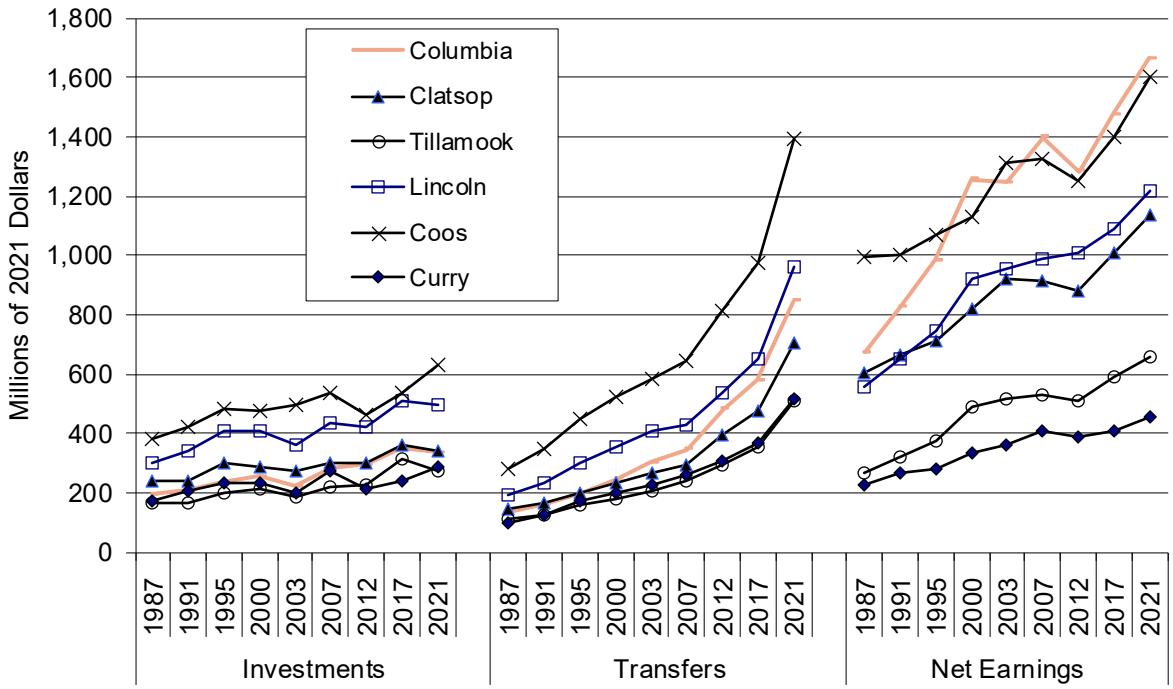
Notes: 1. Coastal counties are inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry.
2. There was a change in measuring unemployment rate starting in 1990. A time series model was used rather than a handbook method.

Figure BR.5
Share of Personal Income Sources for Coastal Counties, Oregon, and U.S. in 2021



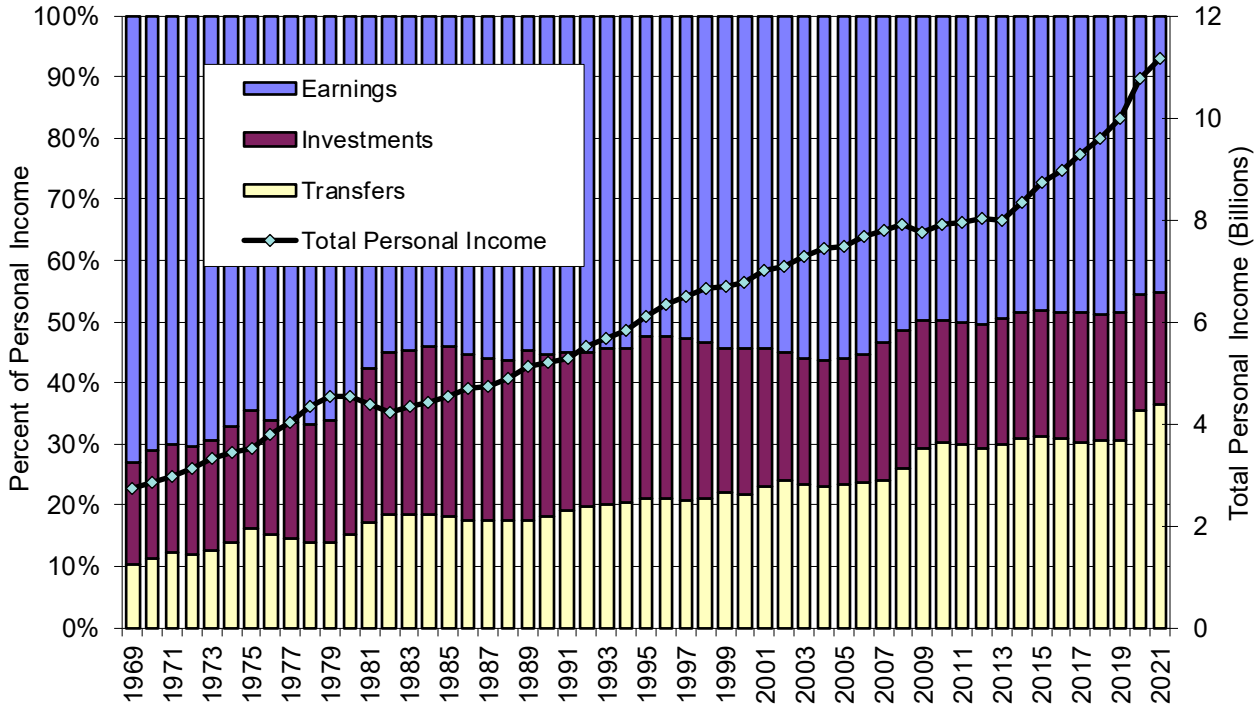
Notes: 1. Personal income in billions of nominal dollars.
2. Coastal counties includes Clatsop, Tillamook, Lincoln, Coos, and Curry counties.

Figure BR.6
Oregon Coast Trends in Personal Income From Net Earnings, Investments, and Transfers in 1987 to 2021



Notes: 1. Personal income in millions adjusted to 2021 dollars using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.
Source: U.S. Bureau of Economic Analysis and Study.

Figure BR.7
Total and Shares in Sources of Total Personal Income for Coastal Counties in 1969 to 2021



Notes: 1. Total personal income in billions adjusted to Year 2021 dollars using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.
2. Coast is inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry counties.

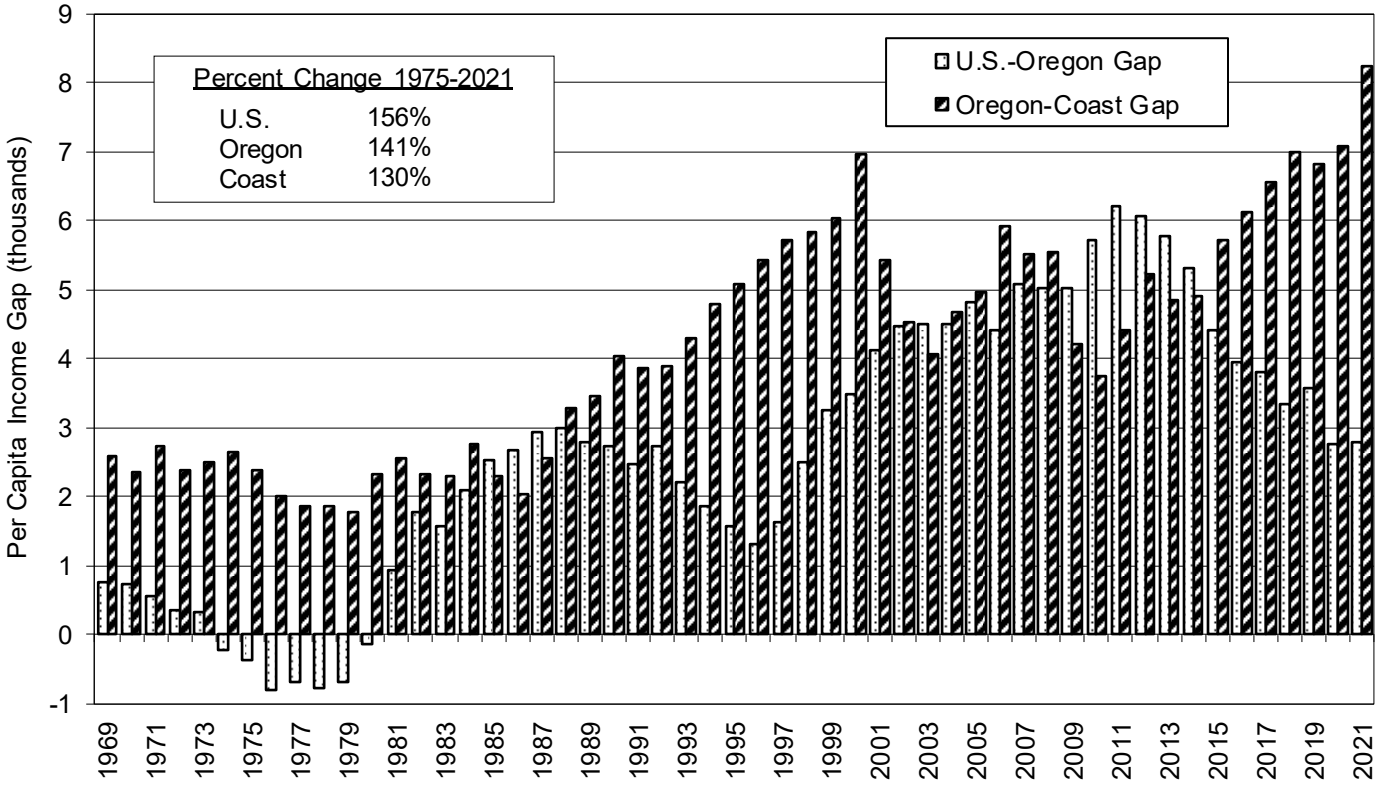
related transfer payments.[1] Almost two-thirds of transfer payments are from age-related programs. While total personal income has increased, the share of total personal income from net earnings has decreased. This means a lot of spending on the Oregon Coast is not tied to employee compensation and proprietorship income from local businesses or industries.

Per capita income is one of the most telling indicators of economic well-being. It is the total of income from all sources - wages, interest earnings, dividends, business profits, unemployment compensation, and retirement - divided by the total population. The per capita income in the coastal counties is still well below per capita income at the State or national level. The Oregon-Coast gap has been increasing in recent years (Figure BR.8).

Average wage and salaries received in covered jobs is less along the Coast and in Oregon.[2] Measured in real 2021 dollars, the average Coast worker earned about $45,670; the average Oregon worker earned $63,989 (Table BR.2).

1. The trend figure's ending year is 2021. Years 2020 and 2021 had a bump in non-age related transfer payments due to rounds of federal coronavirus relief.
2. Covered jobs are those requiring unemployment insurance. The self-employed are not included in the worker data.

Figure BR.8
Coastal Counties Income Maintenance in 1969 to 2021



Notes:
1. Per capita income is average annual per capita personal income. This includes household income from all sources (net earnings, investments, and transfers) divided by population.
2. Dollars adjusted to 2021 using the GDP implicit price deflator developed by the U.S. Bureau of Economic Analysis.
3. Coastal counties are inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry.

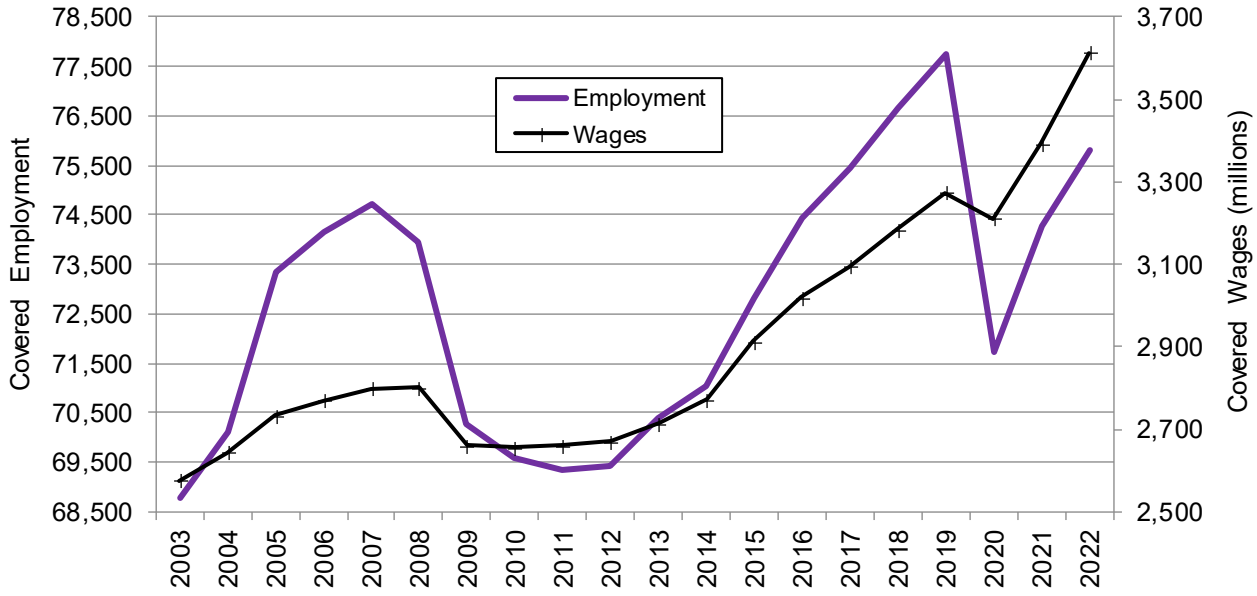
Annual covered employment and wage trends are shown in Figure BR.9. The Great Recession and pandemic years downturns are prominent features on the figure. Both employment and wages are on the upswing since 2020.

Income inequality statistics can be misleading when averages are used as indicators. A few households in very high income brackets can mask the effects of many households in lower income brackets. The income brackets by county are shown in Figure BR.10. All coastal counties have far fewer households in the highest income brackets than the State. Lincoln and Coos counties have the highest proportion of households in the lowest income bracket.

Another indicator which shows coastal counties are skewed towards lower household incomes than the State is the proportion of people living below poverty level. The proportion of families in poverty in coastal counties is 8.8 percent, compared to the State's 7.5 percent in 2021.

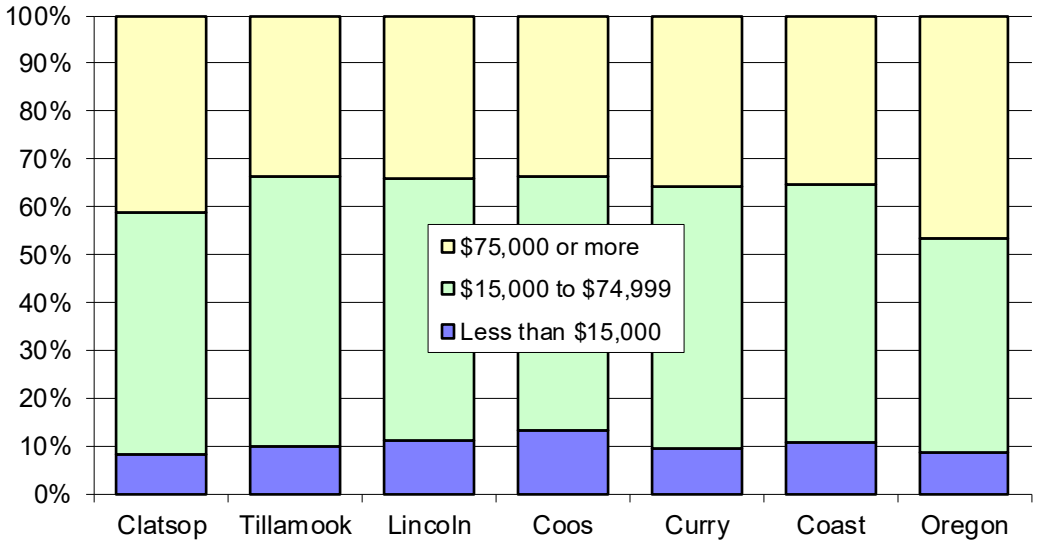
Lagging wages contribute to the housing problem along much of the Coast. Many potential workers are unable to secure affordable housing as rising demand for coastal property has priced

Figure BR.9
Coastal Counties Annual Covered Employment and Wages in 2003 to 2022



Notes: 1. Covered wages are adjusted to 2021 dollars using the GDP price deflator developed by the U.S. Bureau of Economic Analysis. Year 2022 is nominal.
2. Coastal counties are inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry.

Figure BR.10
Household Income Distribution by Coastal Counties and Oregon in 2021



homes and rentals out of their reach. This lack of workforce housing in turn makes it more difficult for employers to attract and retain workers in occupations such as trade and service workers. This is especially true for businesses oriented towards the tourism industry.

School Enrollment

School enrollment when summed for the Oregon Coast has remained steady in the last 12 years despite a growing population. This is a concern to school districts trying to improve education opportunities as State support is partially based on enrollment. Per capita enrollment has gone down which reflects the decreasing proportion of family age households and increasing proportion of retirement age population.

Well-being and Prosperity Measures

The Oregon Coast is distinguished by its health and well-being characteristics as shown on Figure BR.11. Indicators for educational attainment, access to health services, the proportion of substandard housing, and the crime rate for the Oregon Coast are compared to the State. All statistics show the Coast is quite different than the State.

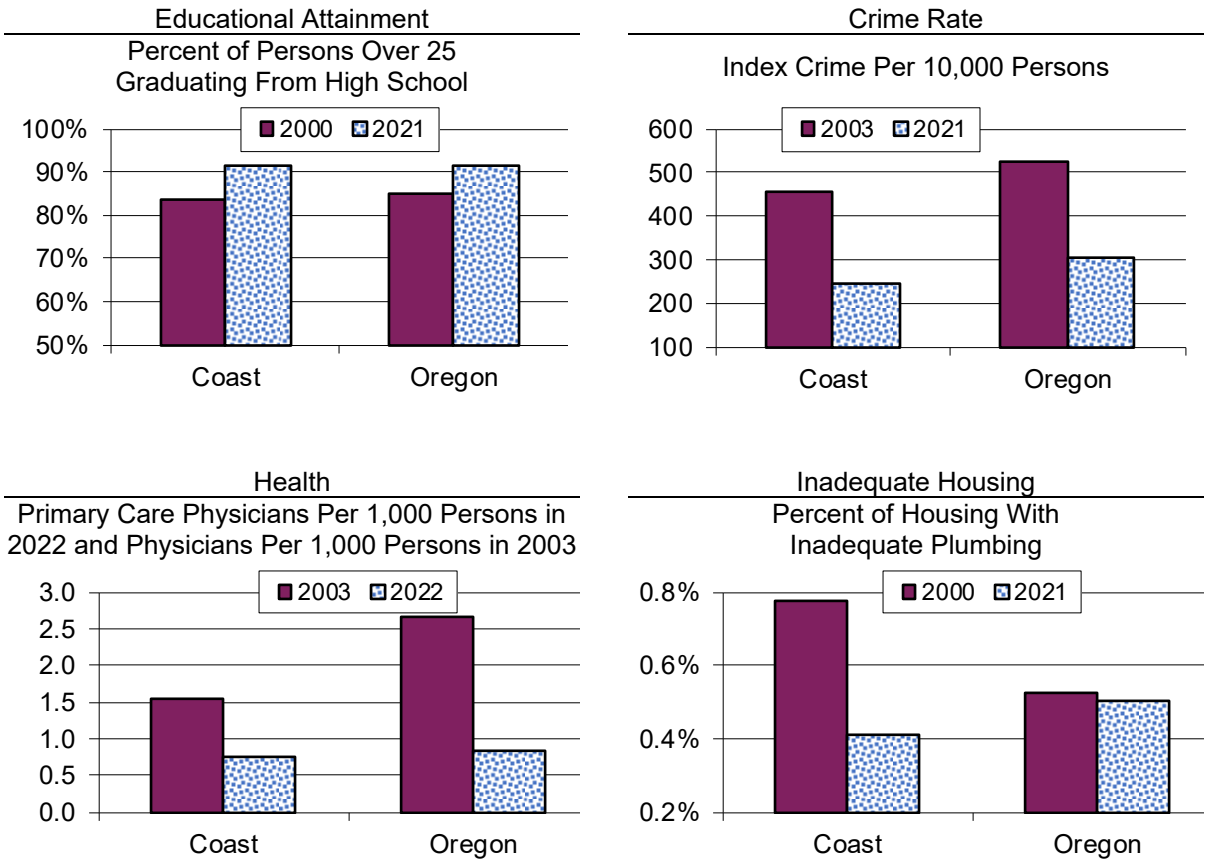
Indicators of prosperity for coastal residents compared to the rest of the State are shown in Table BR.2. The effective buying income (equivalent to the federal government's disposable personal income and a bulk measure of retail market potential) is less for the Coast than the State. Bank deposits per capita are less on the Coast than for the State. This can be worsened by retiree age immigrants willing to bank online using accounts left at their previous residence banks. Retail sales per household coastwide is less than the State. A contributing factor is the sales leakages that occurs when coastal residents travel to large urban centers along the I-5 Corridor where price and product selection is better than on the Coast. An offsetting factor is a higher proportion of tourism spending on the Coast. The counties with big box businesses and serving as trade centers (such as Clatsop County) have higher rates for this indicator.

Economy Driver Characteristics

Six major industry categories were used to explain the sources of the net earnings component of total personal income for county residents: commercial fishing, agriculture, timber, travel tourism, "other identified," and "other identifiable" industries. There is another "not identified" industry category that is a residual calculation using total personal income less economic contribution from identified industries less economic contributions from purchases afforded by investment income and transfer payments. It is assumed that all other goods and services industries economic contributions are the result of the net earnings basic industries, investments, and transfers categories.

Tracing the net earnings source of income shows that natural resource related industries such as commercial fishing, agriculture, and timber continue to be important. The contributions from these industries to each county's economy for the year 2021 is shown on Table BR.3. Fishing (including oyster culture) makes up as much as seven to eight percent of the total personal

Figure BR.11
Coastal Counties and Oregon Social Characteristics and Decadal Changes



Notes: 1. Data for coastal counties are inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry counties.
2. The index crime statistic was created by the FBI to provide a general measure of crime rates across jurisdictions and over time. Index crimes include the person crimes of murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault and the property crimes of burglary, larceny-theft, motor-vehicle theft, and arson.

income of coastal residents in areas such as Lincoln and Clatsop counties, respectively. Agriculture makes up as much as eight percent in Tillamook County. The timber industry contributes one to four percent of personal income in the coastal counties. Clatsop and Lincoln counties have pulp and paper mills, marine transportation sectors, and sizable ship building sectors. These identified sectors contribute up to 10 percent of total personal income to these counties. Visitor tourism is a significant contributor to coastal areas, contributing as much as 13 percent of total personal income in Clatsop County.

The not identified industry category is seven to 13 percent of total personal income in the coastal counties. There are many small manufacturing and service companies that export their product. Such industries as foundries, plastic injection mold manufacturers, computer hardware and software developers, writers, and artists sell products outside the coastal area and bring income

Table BR.2
Coastal Counties and Oregon Prosperity Measures in 2021

	Coast	State
Property Value		
Assessed value per capita		
Residential	$88,782	$56,461
Commercial/industrial/multi-housing	$21,864	$23,384
Utilities	$5,175	$5,796
Other	$31,379	$23,915
Total	$147,201	$109,555
Net property tax rate	1.301%	1.700%
Wealth		
Bank deposits per capita	$22,848	$26,782
Effective buying income per household (2023)	$73,974	$88,455
Retail sales per household (2017 data adjusted to 2021 dollars)	$37,321	$43,332
Average wage per worker	$45,670	$63,989
Housing Stock		
Median monthly housing costs to owners		
With mortgage	$1,520	$1,840
Without mortgage	$481	$587
Median monthly housing costs to renters	$953	$1,250
Median value of owner occupied homes	$286,588	$362,200
Percent of housing units built before 1970	36.3%	33.0%
Vacancy rate	23.9%	7.8%

Notes: 1. Average wage per worker is for unemployment insurance covered employment in 2021.
2. Coastal counties are inclusive of Clatsop, Tillamook, Lincoln, Coos, and Curry counties, except bank deposits per capita also include coastal Lane and coastal Douglas counties.

back to regional economies for spending. Such small industries are important when summed together. However, they are too dispersed to be identified in this study. Commuting to out-of-area places of work would be another not identified industry category contributor. For example, workers residing in Clatsop County and working at the paper mill in Columbia County. The high security California State prison in northern California is another example for the category contributor in Curry County.

The modeled industries proportions of coastwide net earnings are shown on Figure BR.12 pie graph. The comparative sizes of each counties industries are shown the figure's bar graph. Coos County has the largest absolute value of net earnings followed by Lincoln then Clatsop counties.

Retirement Related Income Effects

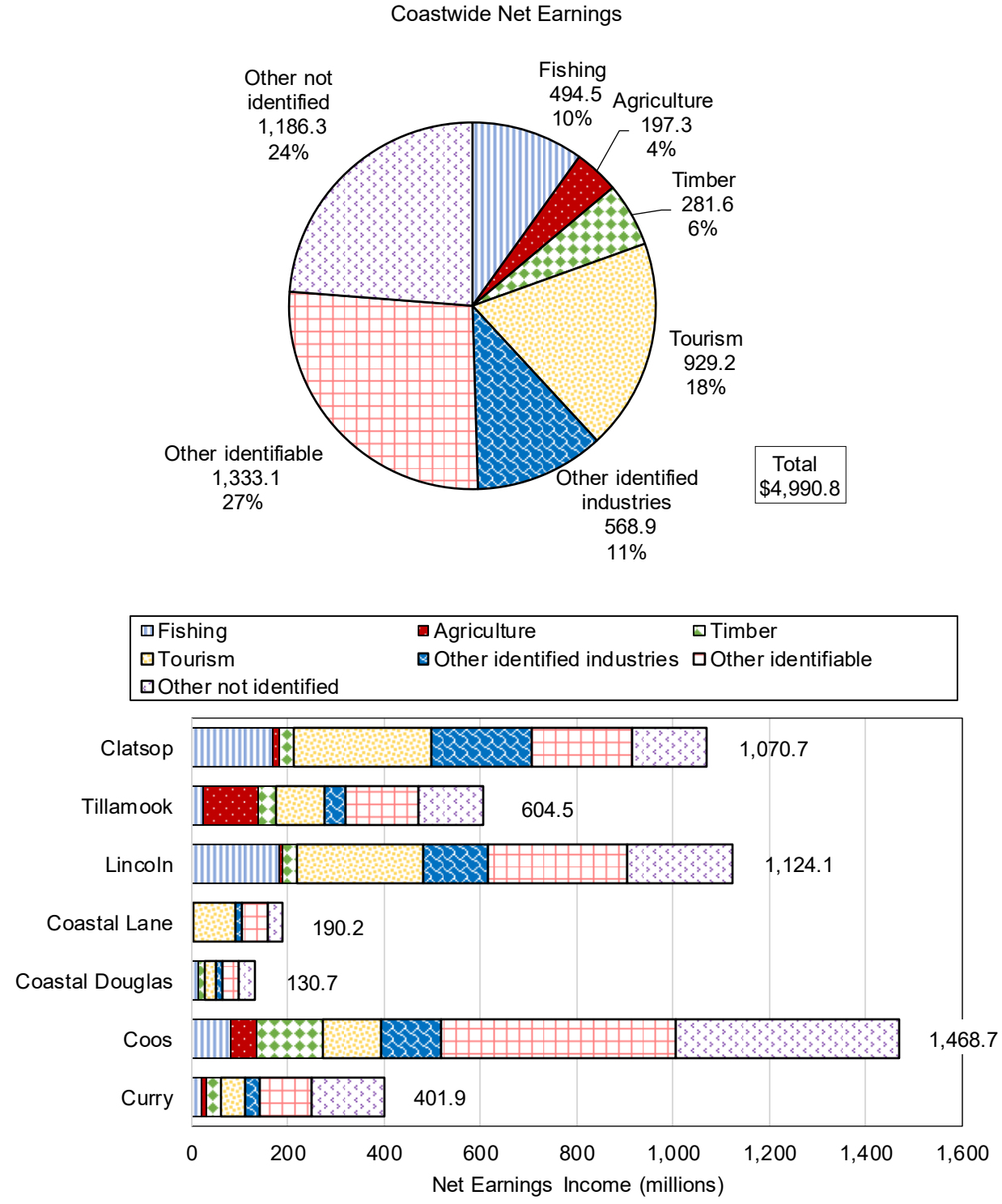
Retirement income in coastal counties is related to income earned in earlier years. It is either present day income of residents electing to stay during their retirement years or it is income that

Table BR.3
Sources of Total Personal Income in Coastal Counties in 2021

	Clatsop		Tillamook		Lincoln		Coastal Lane		Coastal Douglas		Coos		Curry		Coastwide	
	Income	%	Income	%	Income	%	Income	%	Income	%	Income	%	Income	%	Income	%
Total Personal Income	2,184.6	100.0%	1,433.0	100.0%	2,669.4	100.0%	1,042.2	100.0%	319.3	100.0%	3,624.3	100.0%	1,256.2	100.0%	12,529.0	100.0%
1. Net Earnings	1,070.7	49.0%	604.5	42.2%	1,124.1	42.1%	190.2	18.3%	130.7	40.9%	1,468.7	40.5%	401.9	32.0%	4,990.8	39.8%
1.1. Identified industries	915.7	41.9%	469.6	32.8%	906.3	34.0%	157.9	15.1%	98.5	30.8%	1,006.2	27.8%	250.4	19.9%	3,804.5	30.4%
1.1.1. Commercial fishing	170.3	7.8%	24.4	1.7%	182.8	6.8%	0.1	0.0%	14.0	4.4%	81.9	2.3%	21.1	1.7%	494.5	3.9%
1.1.2. Agriculture	11.9	0.5%	112.9	7.9%	7.1	0.3%	--	--	--	--	53.8	1.5%	11.6	0.9%	197.3	1.6%
1.1.3. Timber	31.1	1.4%	36.6	2.6%	29.9	1.1%	4.8	0.5%	14.0	4.4%	136.8	3.8%	28.4	2.3%	281.6	2.2%
1.1.4. Travel tourism	284.5	13.0%	101.4	7.1%	261.5	9.8%	86.8	8.3%	24.8	7.8%	120.7	3.3%	49.4	3.9%	929.2	7.4%
1.1.5. Other identified industries	207.6	9.5%	45.4	3.2%	135.8	5.1%	13.3	1.3%	10.9	3.4%	124.1	3.4%	31.7	2.5%	568.9	4.5%
1.1.5.1. Paper and paperboard mills	115.4	5.3%	--	--	75.3	2.8%	--	--	--	--	--	--	--	--	190.7	1.5%
1.1.5.2. Water transp. and marine cargo	5.6	0.3%	1.4	0.1%	--	--	0.5	0.0%	0.2	0.1%	16.6	0.5%	0.8	0.1%	25.1	0.2%
1.1.5.3. Ship building, fabric., heavy manuf. and constr.	85.9	3.9%	44.0	3.1%	57.6	2.2%	12.9	1.2%	10.7	3.3%	104.2	2.9%	28.7	2.3%	343.9	2.7%
1.1.5.4. Mining	0.8	0.0%	--	--	2.9	0.1%	--	--	--	--	3.2	0.1%	2.2	0.2%	9.2	0.1%
1.1.6. Other identifiable	210.2	9.6%	148.8	10.4%	289.2	10.8%	52.9	5.1%	34.9	10.9%	488.9	13.5%	108.2	8.6%	1,333.1	10.6%
1.1.6.1. Higher ed., research, and training	9.8	0.5%	4.2	0.3%	36.2	1.4%	--	--	--	--	16.8	0.5%	0.9	0.1%	67.9	0.5%
1.1.6.2. Public health	8.1	0.4%	4.5	0.3%	7.7	0.3%	--	--	17.6	5.5%	146.8	4.0%	36.4	2.9%	221.1	1.8%
1.1.6.3. Tribal	--	--	--	--	24.0	0.9%	3.0	0.3%	--	--	22.9	0.6%	--	--	49.8	0.4%
1.1.6.4. Other	192.3	8.8%	140.2	9.8%	221.3	8.3%	49.9	4.8%	17.2	5.4%	302.4	8.3%	70.9	5.6%	994.2	7.9%
1.2. Other not identified	155.0	7.1%	134.9	9.4%	217.8	8.2%	32.3	3.1%	32.3	10.1%	462.5	12.8%	151.4	12.1%	1,186.3	9.5%
2. Investments	362.9	16.6%	288.7	20.1%	525.4	19.7%	242.7	23.3%	40.6	12.7%	674.1	18.6%	304.1	24.2%	2,438.4	19.5%
3. Transfers	751.0	34.4%	539.8	37.7%	1,019.9	38.2%	609.4	58.5%	148.0	46.4%	1,481.4	40.9%	550.3	43.8%	5,099.7	40.7%
Total Employment	25,093		14,172		25,757		5,438		2,249		31,898		10,590		115,197	
Unemployment Rate	5.9		5.5		6.7		7.2		3.4		6.3		6.6		6.2	
Per Capita Personal Income	52,250		51,643		52,482		60,167		51,058		55,759		53,044		53,847	
Population	41,810		27,748		50,862		17,322		6,254		64,999		23,683		232,678	

Notes:
1. Personal income in millions of nominal dollars. Dashes can represent positive values, but are not sufficiently significant to show.
2. Net earnings, investments, and transfers include the "multiplier effect."
3. Investment and transfer economic contributions in coastal counties includes an out-of-area purchase factor.

Figure BR.12
Net Earnings Industry Income in Coastal Counties in 2021



Note: Net earnings income expressed in millions of dollars.

is transferred to the coastal areas by retiree aged people moving to the Coast. The income origin can be from investments, transfer payments, or other drawdowns on accumulated wealth. For estimating purposes, it is assumed that all retirement related income is within the BEA personal income components of investments and transfer payments. This can be considered an over simplification as households comprised of non-retirement aged people also have some income from the BEA component. Table BR.4 has itemization of the receipts for these personal income components.

Table BR.4
Personal Income Investments and Transfer Payments Components in 2022

	Coast	Oregon
Proportion of Total Personal Income	53.5%	40.1%
Investment income	20.6%	19.2%
Age-Related Transfer Payments	19.4%	10.9%
Social Security	11.5%	6.6%
Medicare	7.8%	4.3%
Hardship-Related Payments	9.3%	7.4%
Medicaid	6.4%	5.2%
Income maintenance	2.7%	2.0%
Unemployment compensation	0.2%	0.2%
Other Transfer Payments	4.2%	2.6%
Veterans benefits	2.3%	1.0%
Education and training assistance	0.2%	0.3%
All other	1.6%	1.3%

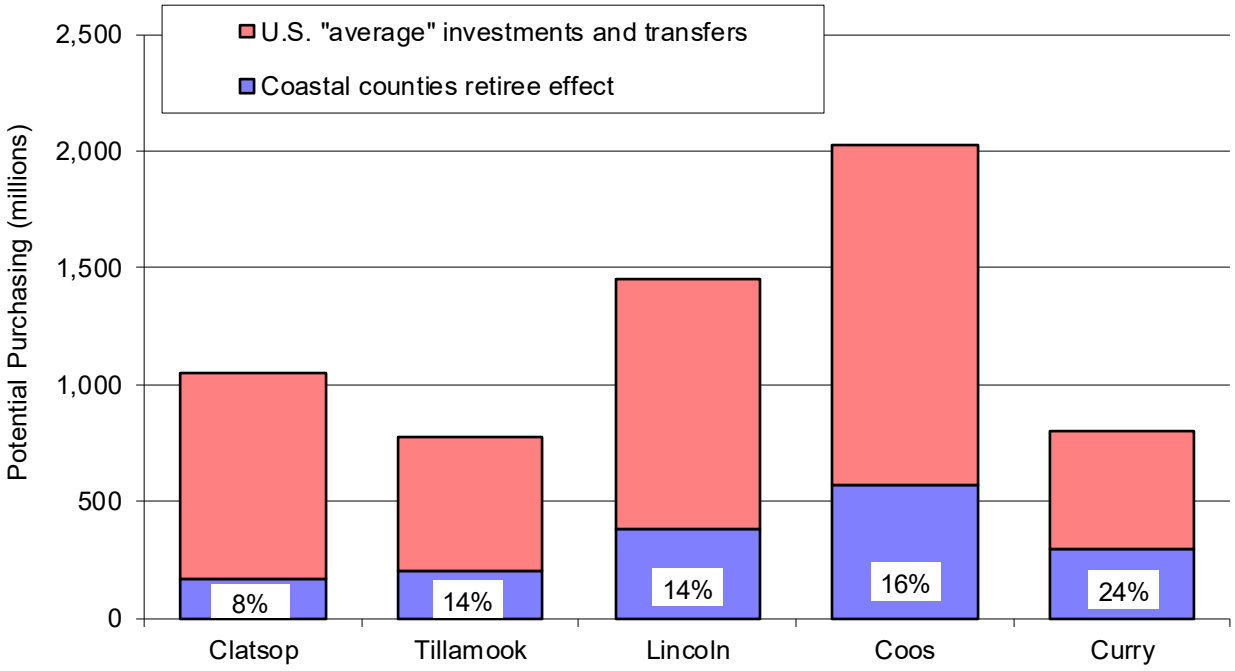
Note: Shares are based on receipts and not economic contribution.

The defined retiree effect is calculated to be the investment income and transfer payments proportion over and above the U.S. average. The retiree effect becomes a new portion of what was excess of the U.S. average portion of personal income. It is called potential purchasing in Figure BR.13 because not enough is known about how much of receipts are saved and the spending patterns on the Oregon Coast for the retiree demographic cohort. The definition for the local retiree effect ranges from eight percent for Clatsop County to 24 percent for Curry County.

Residents in smaller communities do not spend all of their income in these communities. They are likely to travel to other, larger areas for some purchases. An assumed out-of-area purchase factor was used in the economic base modeling whose results are shown in Table BR.3. A 10 percent placeholder assumption was used. This means 90 percent of spending for personal need items, health care, transportation, entertainment, etc. are assumed to take place within local economies by retirees.

The in-migration of retirees has helped increase total personal income in coastal counties. The in-migration and the growth of income from retirement programs represents a major and increasing source of purchasing power in many coastal areas. Coastal areas that capture an

Figure BR.13
Coastal Counties Retiree Effect Potential Purchasing in 2021



increasing share of the retirement related local spending can further economic development and promote employment stability.

Research of the consumption patterns in local coastal areas as well as demand for local services by age and income groups is needed to provide information on business and local government fiscal impacts for this growing population cohort.[1] For economic development policy in coastal communities, the comparison should be made between the benefits of attracting this cohort with the overall cost in public services, changes to land use demands, and other impacts.

Trends Discussion

This study addressed the changes that have recently taken place in Oregon Coast's economies and population base. Findings are:

- The continued absolute and proportional growth of transfer payments and the continued decline of proportional net earnings. In the last two decades, coastwide transfer payments increased from 24 percent of total personal income to 37 percent. Net earnings proportions decreased from 53 percent to 46 percent. Investment income absolute was steady, but proportions decreased from 23 percent and 17 percent. So taken together, investment income and transfer payments make up 54

1. The BLS does maintain a consumer expenditure survey program, but it is national level sampling. Results are shown for four U.S. regions, but cannot be assumed to apply to the Oregon Coast situation.

percent of the total personal income in 2021 on the Oregon Coast. This share is compared to 42 percent for Oregon and 40 percent for the U.S. Given the reliance on these income sources, this finding demonstrates how important retiree spending has become to the Oregon Coast economy.

- Using shares of net earnings in 2021, commercial fishing is 10 percent, agriculture is 4 percent, timber is 6 percent, and travel tourism is 18 percent. These shares vary a lot at the county level in 2021. For example, Clatsop County commercial fishing is 16 percent and Tillamook County agriculture is 19 percent.

- The relative importance of natural resource based industries as a source of personal income has declined as other industries have increased in the last two decades. Some reasons are: (a) Decreasing availability of natural resource for harvests due to new demands for using natural resources for recreation. (b) Increasing management attention for ecosystem conservation and harvest sustainability. (c) Increasing use of technology and processing centralization which has replaced labor requirements in natural resource industries.

- The changing demographic of coastal areas has led to a shift in income and employment opportunities. As the population of coastal counties has continued to age in the last two decades, income from transfer payments has risen. This cohort's purchasing power coupled with travel tourism spending has increased proportional employment in the trade and services industries.

- Increases in economic growth cannot be assigned to any single industry. Rather, the growth seems to be occurring through a variety of small businesses. This represents a welcome trend toward economic diversification of the Oregon Coast.

- The Great Recession (years 2008-2009) and the pandemic (years 2020-2022) interrupted the trend of economic growth. In each case, aggregate overall growth trends have returned to recent years increasing trajectories.

- The Oregon Coast has become less susceptible to dramatic swings in unemployment which was caused in the past by dependence on natural resource industries affected by national economic business cycles. In the last decade, coastal counties have closer unemployment rates to those in the rest of the State and U.S.

- There has been a boom in the market for "second homes" on the Oregon Coast. In some coastal communities, 50 percent of the housing stock are second homes. The median value of owner-occupied homes is less than Oregon, but the residential assessed value per capita is much higher. These second homes increase the property tax base, but also increase public service costs for residents. The strong demand for second homes is pricing many coastal residents out of the housing market.

- Looking at demographics, the Coast's population continues accelerating away from young families raising children and moving toward retirement age population who

have either stayed-in or relocated to the region to enjoy the environment and quality of life.

- The population is growing on the Oregon Coast. However, the increases are in older age groups. Natural population increase (births minus deaths) decreased to negative for the first time in Oregon coastal counties during the 1990-00 intercensal period. The net migration growth is coming from the national "boomer generation" age cohorts. As these people reach retirement age, they are coming to the Oregon Coast seeking a higher quality of life. Most migration is coming from California. Curry County has the highest growth of retirees but all coastal counties are experiencing an aging of the population.

- Wealth, when defined by total personal income, has increased on the Oregon Coast because both population and per capita income have increased in recent years. However, household incomes are lower along the Oregon Coast than the rest of Oregon. There are more people working in lower wage brackets. In addition, there are more part-time jobs on the Oregon Coast than statewide. The poverty rate on the Oregon Coast is higher than the rest of Oregon.

- Because of broadband availability, more people will consider moving to the Oregon Coast to live and work— not just older retirees. Telecommuters are using the Internet to communicate with home offices located off the Oregon Coast. This trend was spurred during the pandemic years and will be a staying change to workplace arrangements.

Lessons Learned From Economic Dependence on Natural Resources

The economic growth of the American West was highly dependent on the availability of cheap or free natural resources. For most of the 19th century the emphasis on public land management was simply to move land from federal to private ownership. During this formative period, many Americans viewed federal lands as a vast resource to be settled and exploited. Driving economic interests were fur trading, homesteading, agriculture, mining, fishing, and forest use.

The West's once-important natural resource industries declined dramatically in terms of jobs and incomes. These industries historically supported European settlement. They are still widely believed to be the economic lifeblood of the region's rural areas and small cities. Their decline still provokes deep anxiety. The fear is the region will become more depressed and more residents will be forced to leave. Despite these fears, the changing industrial structure has not triggered an overall decline in jobs, income, or residents in the region. On the contrary, as industrial transformation proceeded, in-migration, employment, and aggregate real income have increased.

Challenges to Economic Development in Coastal Communities

The challenges facing economic development in coastal communities include dealing with its unique social and economic characteristics and geographical setting. The following challenges list are generalized and not all items are applicable to all coastal areas. Further, there are local, State and federal sponsored organizations with programs (both strategic planning and initiatives) that are addressing threats and opportunities for economic development.

- Problems of distance and accessibility to producer's markets.
- Narrower bases of economic activity, making it vulnerable to cyclical swings.
- Lower levels of available labor, skill sets, and education/training facilities albeit there are many organizational efforts to provide workforce training and education programs.
- Gaps in communication and transportation networks.
- Lower population densities that deny "critical mass" levels for certain businesses, public services, and organizations.
- Public services water supply and wastewater treatment infrastructure is at or reaching capacity for many Coast's providers.
- Smaller tax bases, making the provision of public infrastructure and services more difficult to finance.
- Less access to and local control over private investment capital. Although, Oregon has active economic development districts that offer entrepreneurial support and small business financing.
- Unexplored need and impact assessment for the growing retirement age population.
- Movement towards technology for natural resource use, i.e. substitution of capital for labor will require a more educated workforce.
- Weather directed summer season tourism can overwhelm transportation systems and public services during the short summer season, putting emphasis on strategies using demand pricing and attraction promotions to favor shoulder seasons and winter events.
- Consolidation and centralization in commercial fishing, agriculture, and timber industries.
- Existing power rates are comparatively low and Bonneville Power Administration (BPA) pricing plan through 2025 is flat. However, there may be local utility and BPA budget pressures due to purchase arrangements with renewable energy generating providers that will lead to higher rates.
- Low provision of EV charging stations and gaps in access to high speed broadband.
- Lack of affordable housing for lower wage level job workers.
- Climate change related sea level rise and flooding, planning and mitigation for shoreline erosion, and tsunami preparedness.
- Dependence on a small circle of leaders who are often volunteers serving a variety of roles.
- Dealing with higher quality of life (lower crime rates, cleaner environment, scenic views, and less congestion) requires sophisticated planning and management to preserve.

Oregon coastal communities in closer proximity to large metropolitan areas are faring better economically than the more remote communities. Natural resource extractive industries are still

important in these areas, but the commodity value is no longer an automatic comparative advantage for economic development. These areas have other advantages for economic growth: high quality of life being in a rural setting, sufficient medical, shopping, and other services, and comparably low land values. They also have transportation systems that allow a convenient driving distance to higher levels of education, medical services, airports, etc.

Policies to increase economic activity should seek to smooth out the business activity seasonal roller coaster. Infrastructure requirements designed for peak load are expensive, but not providing services at the peak level discourages private investments.

In economic terms, an area may have a "comparative advantage" over another area for reasons of proximity to production inputs (land and natural resources), capital incentives, ready markets, labor availability, intermodal transportation systems, and communication networks. Sometimes not recognizing what are the comparative advantages in changing market conditions will lead development efforts astray. Strategies can be costly for communities when unrequited. Economic development promotion efforts especially those addressing trying to change comparative advantages are tricky and need to be well studied for feasibility.

Local economic policy should treat the community's site-specific characteristics, both public services and the quality of the natural and social environments, as important determinants of both citizen well-being and local economic vitality. In turn, visitors will be attracted from metropolitan areas for ecological and cultural based tourism. This will make public goods an important part of the local economic base, and attract desired economic growth. Economic growth can occur from distinctive places with a high quality of life:

- A resource base is still important, but no longer an automatic comparative advantage.
- Traditionally, more capital and more labor is what made economies grow. Technology is replacing those requirements.
- An extraordinary quality of life can attract and retain talented people.
- Knowledge businesses can occur anywhere, but adequate telecommunication infrastructure is required to take full advantage of these opportunities.
- Talented and skilled people are key to supporting a knowledge economy. Opportunities for educational enrichment are needed from kindergarten through life.

Large expanses of timberlands, water vistas, low density development, and footloose business opportunities (not tied to nearness of manufacturing input and market centers) will draw visitors and permanent residents. Knowledge based industries dependent on reliable and robust broadband services will be attracted to the quality of life amenities available to owners and workers in these coastal areas. The challenge will be to maintain these amenities as the region experiences growth.

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