Public-Goods Viability and Demographic Fragility in Oregon

Concept paper and policy recommendations

Prepared as a draft exploratory policy-analysis tool by Catalyst Public Policy Advisors. Updated 2026-05-16.

Purpose

This concept paper accompanies the Oregon Socioeconomic Risk screen and adds a draft public-goods viability subindex to the demographic fragility work. The purpose is not to replace Business Oregon's statutory distressed-area model, which is grounded in economic indicators and is used to prioritize technical assistance, programs, and project funding (Business Oregon). The purpose is to test whether Oregon needs a supplemental early-warning layer that captures the ability of places to sustain public services as population, age structure, property-tax base, and tract-level patterns change.

Why add public-goods viability

The Business Oregon distressed-area designation is valuable because it measures economic distress with consistent statewide indicators, but it does not directly measure whether a community has enough taxable base, population scale, or fiscal room to sustain the everyday public goods that make revitalization plausible. Oregon Department of Revenue property-tax tables provide county-level assessed value, market value, levies imposed, and detailed property-tax statistics, which makes them a useful first authoritative source for a fiscal-capacity screen (Oregon Department of Revenue). PSU's Population Research Center forecasts county and UGB population by age, sex, race and ethnicity, and small area geography, making those forecasts a strong demographic anchor for long-run risk analysis (Portland State University PRC).

Draft subindex design

The public-goods viability subindex is a 0-100 risk score. It is intentionally simple at this stage, equally weighting five dimensions so that each can be stress-tested later:

- **Net assessed value per capita**: lower taxable assessed value per resident suggests a weaker county-level public finance base.
- **Measure 5 value per capita**: lower broader property value per resident suggests thinner property wealth and weaker fiscal capacity.
- **Property tax imposed per capita**: lower realized tax support per resident suggests less fiscal yield for local public goods.
- **Average tax rate on NAV base**: higher rates may indicate heavier fiscal effort or constrained room relative to the base.
- **Population scale pressure**: smaller counties face higher fixed-cost and administrative-capacity pressure.

The index should be treated as a screening instrument rather than a finding of fact. Consistent with composite-index practice, the next step should document normalization, weighting, sensitivity tests, indicator redundancy, missing-data handling, and year-to-year replication procedures (OECD composite-indicator handbook).

Findings

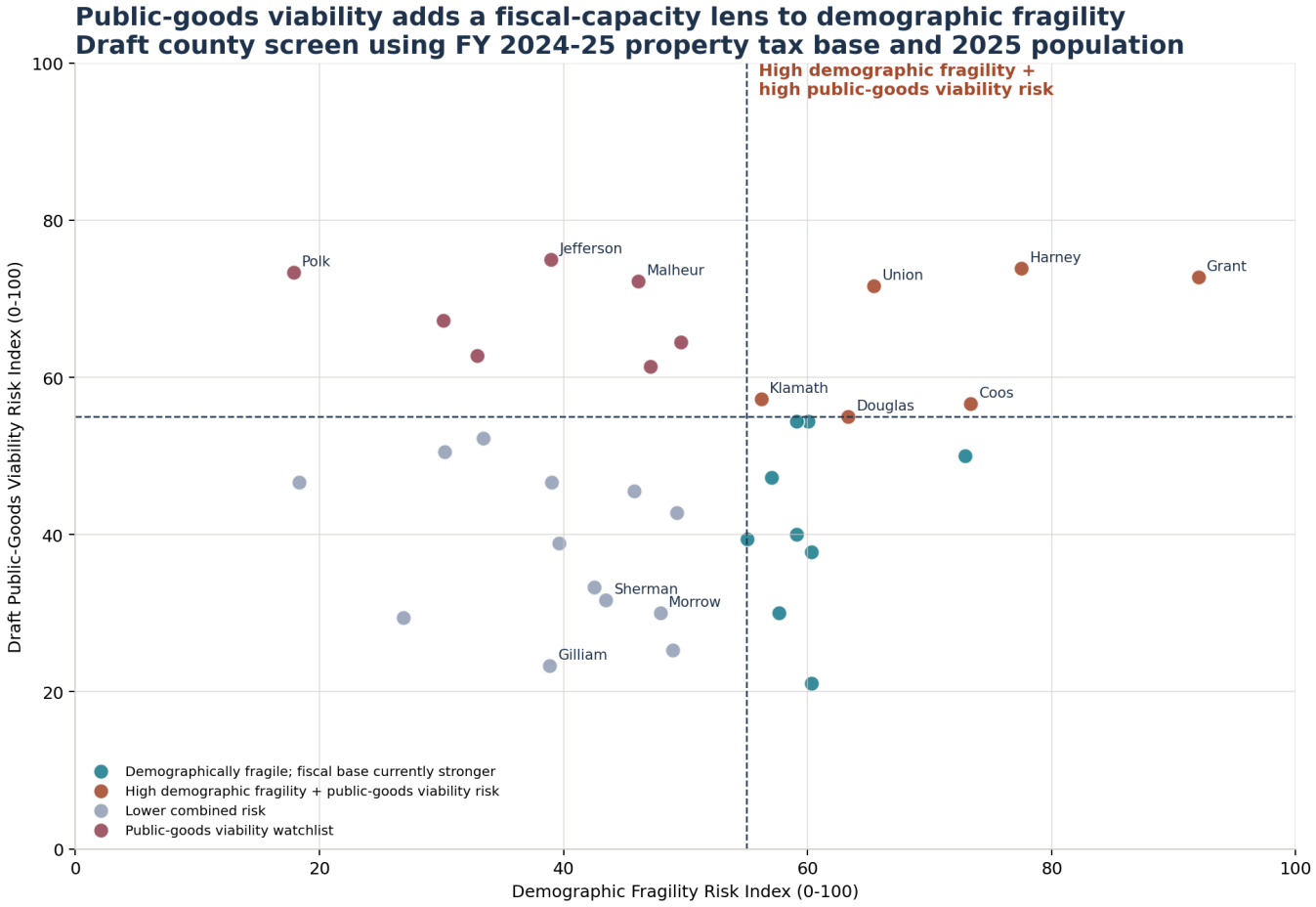
The counties with the highest combined demographic fragility and public-goods viability risk are Grant, Harney, Union, Coos, Baker, Malheur, Douglas, Josephine, Umatilla, Jefferson, Wheeler, and Klamath. The highest-overlap set, where both demographic fragility and public-goods viability risk are elevated, includes Grant, Harney, Union, Coos, Douglas, and Klamath. These are not the only counties that deserve policy attention, but they are the places where population structure and public-goods capacity appear to be pointing in the same direction.

County	Demographic fragility	Public-goods viability	Combined risk	Typology	NAV per capita	Property tax imposed per capita
Grant	92.0	72.8	82.4	High demographic fragility + public-goods viability risk	$101,452	$1,319.72
Harney	77.5	73.9	75.7	High demographic fragility + public-goods viability risk	$99,921	$1,421.00
Union	65.4	71.7	68.5	High demographic fragility + public-goods viability risk	$96,249	$1,332.63
Coos	73.4	56.7	65.0	High demographic fragility + public-goods viability risk	$102,819	$1,309.54
Baker	72.9	50.0	61.4	Demographically fragile; fiscal base currently stronger	$123,949	$1,696.96
Malheur	46.1	72.2	59.2	Public-goods viability watchlist	$89,938	$1,196.77
Douglas	63.3	55.0	59.2	High demographic fragility + public-goods viability risk	$107,736	$1,186.62
Josephine	60.1	54.4	57.2	Demographically fragile; fiscal base currently stronger	$110,622	$1,120.50
Umatilla	49.6	64.4	57.0	Public-goods viability watchlist	$100,581	$1,618.14
Jefferson	39.0	75.0	57.0	Public-goods viability watchlist	$85,835	$1,476.69

The second screen is a public-goods viability watchlist. Jefferson, Polk, Malheur, Marion, Umatilla, Linn, and Lake score high on the fiscal-capacity screen even where the demographic-fragility score is not always high. That distinction matters because fast-growing or demographically mixed counties can still face public-goods stress if the taxable base, service load, and fiscal yield do not keep pace with population and infrastructure needs.

County	Public-goods viability risk	Demographic fragility	Combined risk	Typology	Distress status
Jefferson	75.0	39.0	57.0	Public-goods viability watchlist	Distressed
Harney	73.9	77.5	75.7	High demographic fragility + public-goods viability risk	Distressed
Polk	73.3	17.9	45.6	Public-goods viability watchlist	Distressed
Grant	72.8	92.0	82.4	High demographic fragility + public-goods viability risk	Distressed
Malheur	72.2	46.1	59.2	Public-goods viability watchlist	Distressed
Union	71.7	65.4	68.5	High demographic fragility + public-goods viability risk	Distressed

County	Public-goods viability risk	Demographic fragility	Combined risk	Typology	Distress status
Marion	67.2	30.2	48.7	Public-goods viability watchlist	Distressed
Umatilla	64.4	49.6	57.0	Public-goods viability watchlist	Distressed
Linn	62.8	32.9	47.8	Public-goods viability watchlist	Distressed
Lake	61.4	47.1	54.3	Public-goods viability watchlist	Distressed



Source: Oregon Department of Revenue FY 2024-25 Property Tax Statistics Detail Tables; 2025 population and demographic fragility variables from the Oregon socioeconomic risk dataset. Draft PGV score equally weights low NAV per capita, low Measure 5 value per capita, low property tax imposed per capita, high NAV-base tax rate, and small population scale.

From economic distress to public-goods viability

Christopher Ellis and Silke Friedrich's "Public Goods and the Dissolution of States" is not a rural-development paper, and its state-dissolution model should not be imported literally into Oregon policy; its value here is conceptual. The paper frames political units as public-goods communities, where larger units can spread fixed costs across a broader tax base, but where heterogeneity, conflict, and fiscal concessions can make a unified arrangement less stable (Ellis and Friedrich). Translated into Oregon's rural context, the relevant question is not whether a county is merely poor, aging, or declining. The stronger question is whether the county can still sustain the public-goods platform that makes recovery plausible: roads, EMS, schools, water and sewer systems, broadband, healthcare access, housing infrastructure, planning capacity, and basic local administration.

This distinction is important because population decline is not automatically a policy failure, and growth is not automatically a sign of resilience. Decline becomes dangerous when it weakens the tax base, workforce, institutional capacity, and service geography needed to maintain fixed public goods. Growth can also be fragile when it produces infrastructure, housing, health-service, or administrative demand that exceeds the capacity of local institutions. The purpose of the public-goods viability screen is therefore not to moralize decline, but to identify where demographic change and fiscal capacity may be moving out of alignment.

The highest-overlap counties in this first screen illustrate why a typology is more useful than a single rank. Grant and Harney look like scale-and-decline cases: both show very high tract-level decline, weak taxable-base capacity relative to their service geography, and limited population scale over which to spread fixed public costs. Grant is the clearest warning signal because it combines the highest demographic fragility score, a negative 2025-2045 population forecast, a high older-adult share, and complete tract-level decline in the matched tract data. Harney has a somewhat less severe long-range forecast, but still shows high public-goods viability risk and universal tract-level decline.

Coos and Douglas look different. They appear less like pure collapse cases and more like aging-and-transition counties, where the public-goods risk may emerge through internal tract decline, coastal or resource-economy transition, healthcare access, housing mismatch, and the challenge of sustaining services across dispersed communities. Union and Klamath are different again: both have mildly positive long-range population forecasts, but both still appear in the high-overlap screen because fiscal-capacity and service-scale indicators remain elevated. Their inclusion is a useful guardrail against confirmation bias because it shows that the screen is not simply rewarding population decline as risk. It is identifying counties where the public-goods platform may be stressed even when population projections are not uniformly negative.

Ellis and Friedrich's devolution lesson also matters for Oregon. The paper suggests that decentralization does not necessarily solve public-goods problems when smaller units can free-ride or under-contribute to shared public goods (Ellis and Friedrich). Oregon's rural governance landscape is similarly fragmented: counties, cities, school districts, fire districts, EMS providers, ports, tribes, CCOs, special districts, state agencies, and regional intermediaries may all touch the same public-goods ecosystem. Local control may be necessary, but it is not sufficient if no institution has the scale, staff, taxable base, or grant-administration capacity to carry the work.

That has direct implications for Opportunity Zone 2.0 nominations and other place-based interventions. A designation may be justified in a high-risk rural tract, but the designation alone will not reverse demographic fragility if the local water system is constrained, EMS coverage is thin, school enrollment is falling, workforce housing is unavailable, or the local government lacks planning and transaction capacity. The state should therefore ask not only whether a place is eligible or distressed, but whether the intervention will strengthen the local public-goods platform. In the highest-overlap counties, the most defensible policy package may pair designation with technical assistance, infrastructure sequencing, housing production or rehabilitation, healthcare and EMS stabilization, regional administrative capacity, and local-match support.

The qualitative lesson is that Oregon should distinguish four related but separate concepts. Economic distress measures current labor-market and income weakness. Demographic fragility measures whether population structure is weakening. Public-goods viability measures whether the fiscal and institutional base can sustain essential services. Policy readiness measures whether a community can absorb and convert state or federal tools into durable local capacity. Counties where all four concerns overlap should not simply be labeled distressed; they should trigger a deeper diagnostic review before major policy designations, infrastructure allocations, or rural investment strategies are finalized.

Recommendations

- **Use the subindex as a supplemental screen, not a replacement**: Business Oregon's statutory model should remain the official economic-distress trigger unless the legislature changes it, but a supplemental demographic and public-goods screen can help policymakers see what the statutory model is not designed to see.
- **Preserve the subindex components separately**: A single blended score is useful for communication, but policy decisions should show the underlying component values so communities can distinguish aging risk, tract-level decline, weak taxable base, high fiscal effort, and service-scale pressure.
- **Build a state watchlist protocol**: Counties that score high on demographic fragility, high on public-goods viability, or high on both should trigger a deeper review before policy designations, infrastructure allocations, housing incentives, or Opportunity Zone 2.0 nominations are finalized.
- **Stress-test before codification**: Before using the index in state policy, Oregon should test alternate weights, drop-one-variable scenarios, multi-year replication, rural/urban split performance, county-size sensitivity, and correlations with independent outcomes such as school enrollment, EMS access, hospital travel time, broadband gaps, housing vacancy, rent burden, and local match capacity.
- **Add service-delivery indicators next**: The next version should incorporate school enrollment trends, road miles per capita, EMS and hospital access, broadband access, special-district fiscal stress, infrastructure backlog, local match capacity, and grant-administration capacity.

Sources and methods

The screen uses Business Oregon's distressed-area designation as the official economic-distress reference point (Business Oregon). It uses Oregon Department of Revenue FY 2024-25 property-tax statistics to approximate county-level taxable base and fiscal yield (Oregon Department of Revenue). It uses PSU Population Research Center forecasts for county and UGB demographic trajectories (Portland State University PRC). It uses U.S. Census Bureau county population estimates for annual population baselines and the American Community Survey for tract-level demographic and housing indicators (Census county estimates; ACS data-user handbooks).

The current index is exploratory and should not be treated as an official state classification. For policy use, the full method should be versioned, reproducible, and replicated annually with authoritative source tables.