

The background features a large, faint, circular seal of the Oregon State Board of Economic Analysis. The seal contains an eagle with wings spread, perched on a globe. Below the eagle is a banner with the text "THE UNION". At the bottom of the seal, the year "1859" is inscribed. The words "STATE OF OREGON" are visible around the top edge of the seal, and "BOARD OF ECONOMIC ANALYSIS" is visible around the bottom edge.

Oregon's Economic and Revenue Forecast

November 6th, 2020

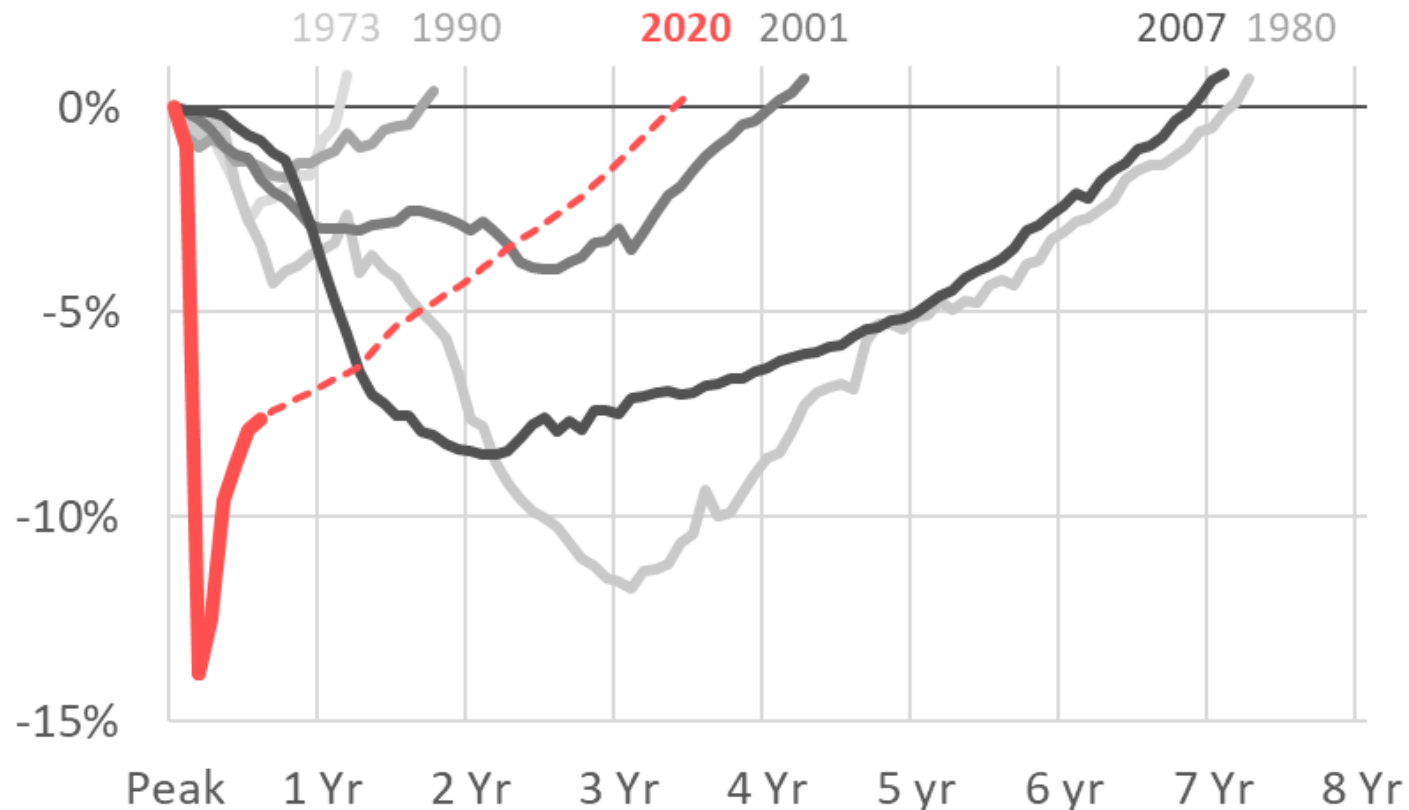
Oregon Office of Economic Analysis
Josh Lehner



Labor market is in bad shape, but not as bad as was first feared

Oregon Employment Loss by Recession

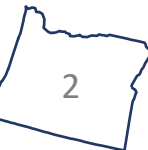
Percent Change from Pre-Recession Peak



- Job losses not as severe as unemployment claims suggest, but job losses currently match bottom of the Great Recession
- An unprecedented amount of federal fiscal aid and the release of pent-up demand are supporting payrolls
- The fact that high-income households have been relatively spared thus far has also supported aggregate indicators



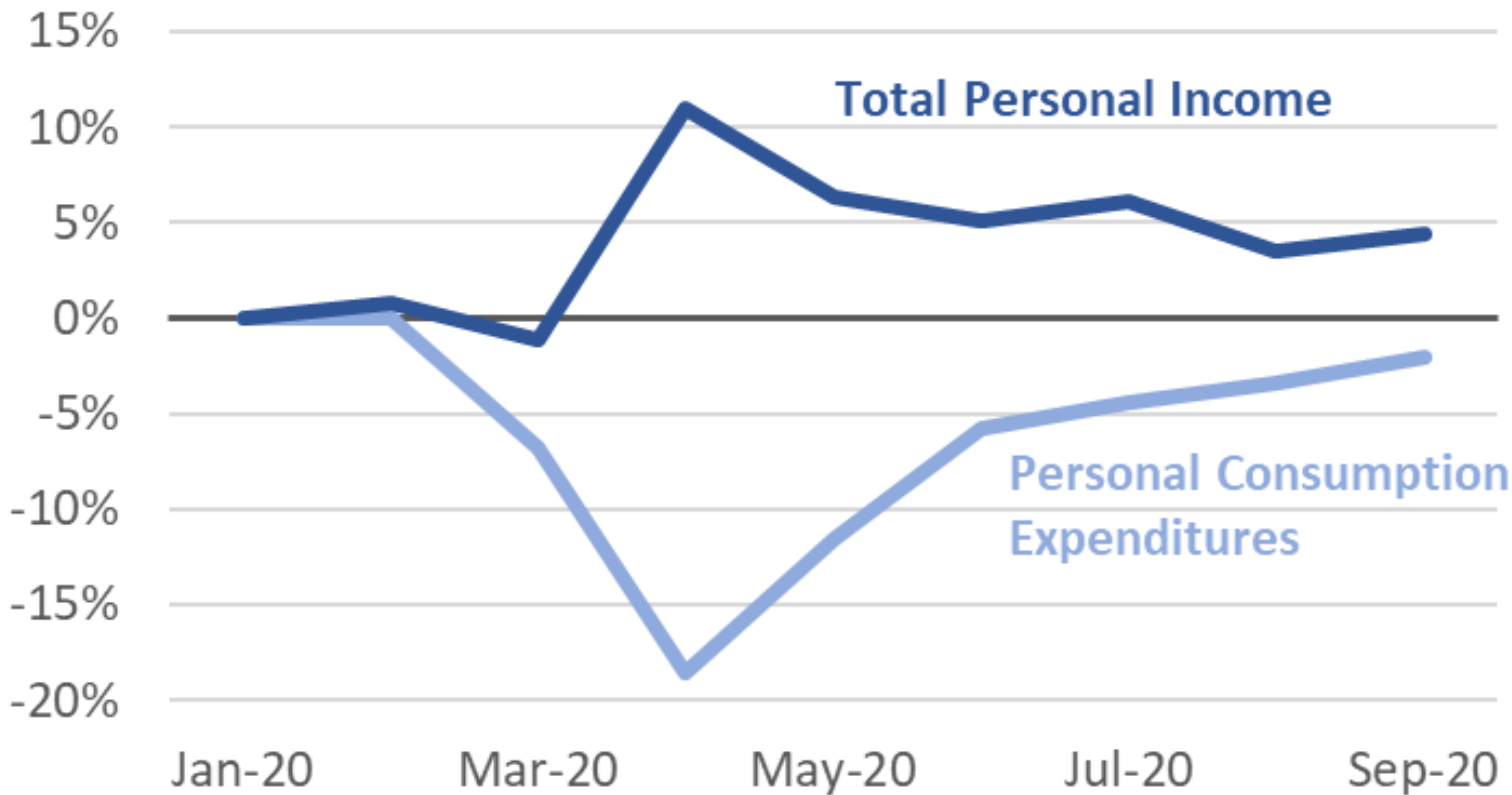
Source: Oregon Employment Department, Oregon Office of Economic Analysis





Unprecedented federal aid

U.S. Income and Spending
Percent Change from January 2020



- Underlying economic and income shock every bit as bad, or worse than Great Recession
- However total personal income *higher* today than pre-COVID due to federal support
- CARES Act infused \$14 billion into Oregon economy
 - \$7 billion in recovery rebates and increased unemployment insurance benefits
 - \$7 billion Paycheck Protection Program Loans
- Federal aid expired in July



Source: BEA, Oregon Office of Economic Analysis

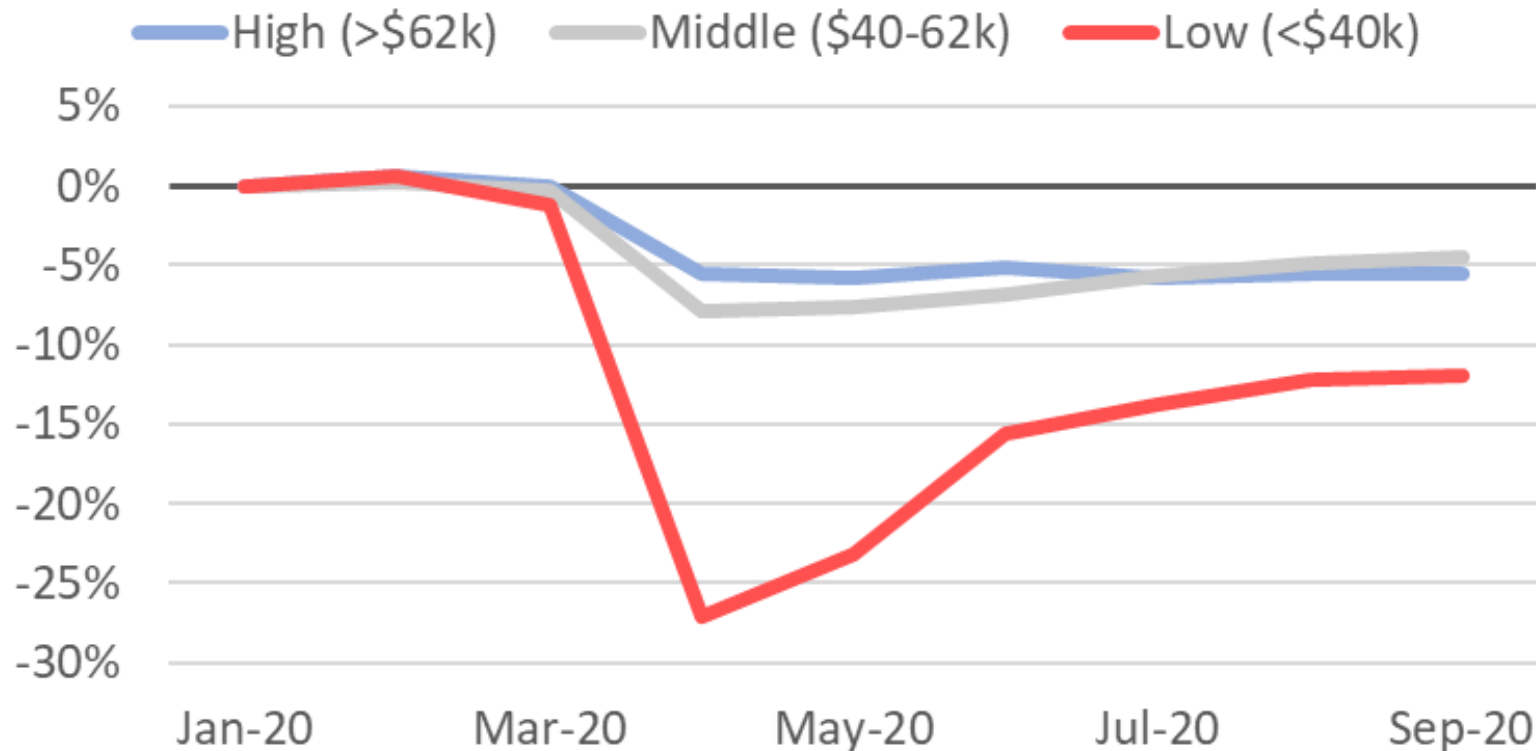




Disproportionate losses among low-wage workers

Oregon Employment by Wage

Percent Change Since January 2020, Terciles Based on Industry Average Wage



- Much of the economic impact of COVID has fallen on low-wage retail and service firms (e.g. leisure, hospitality, personal care, childcare)
- Pain among low-income households is not captured well by most topline economic indicators like total spending, savings and income tax collections.
- Although higher income households have been relatively spared so far, five percent job losses still represent a significant shock.



Source: Oregon Employment Department, Oregon Office of Economic Analysis

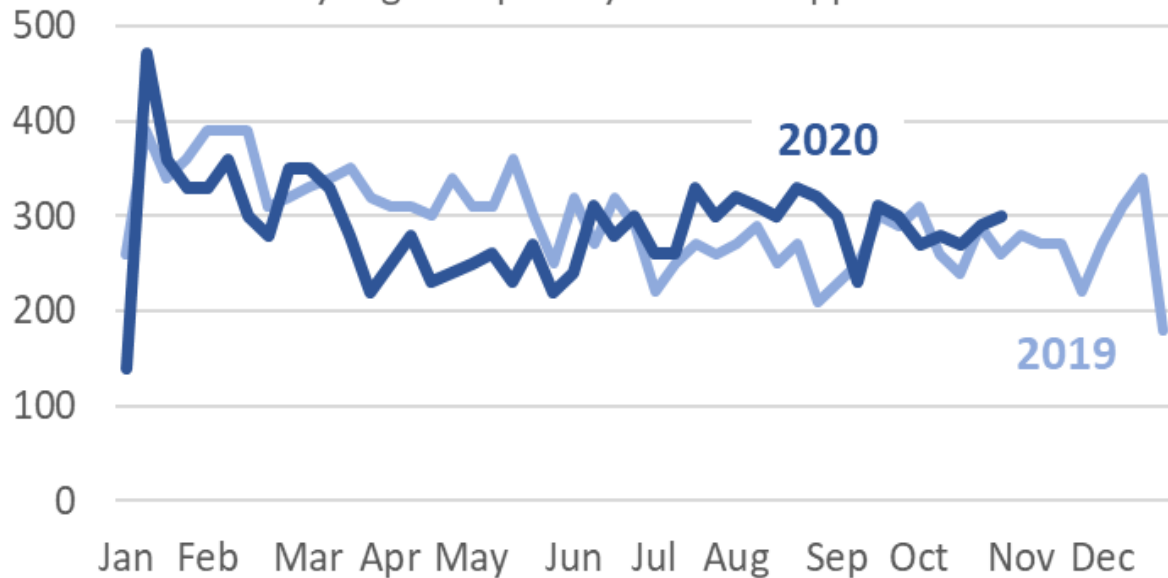




The recession may technically be over, but the long-term damage is building

New Oregon Businesses

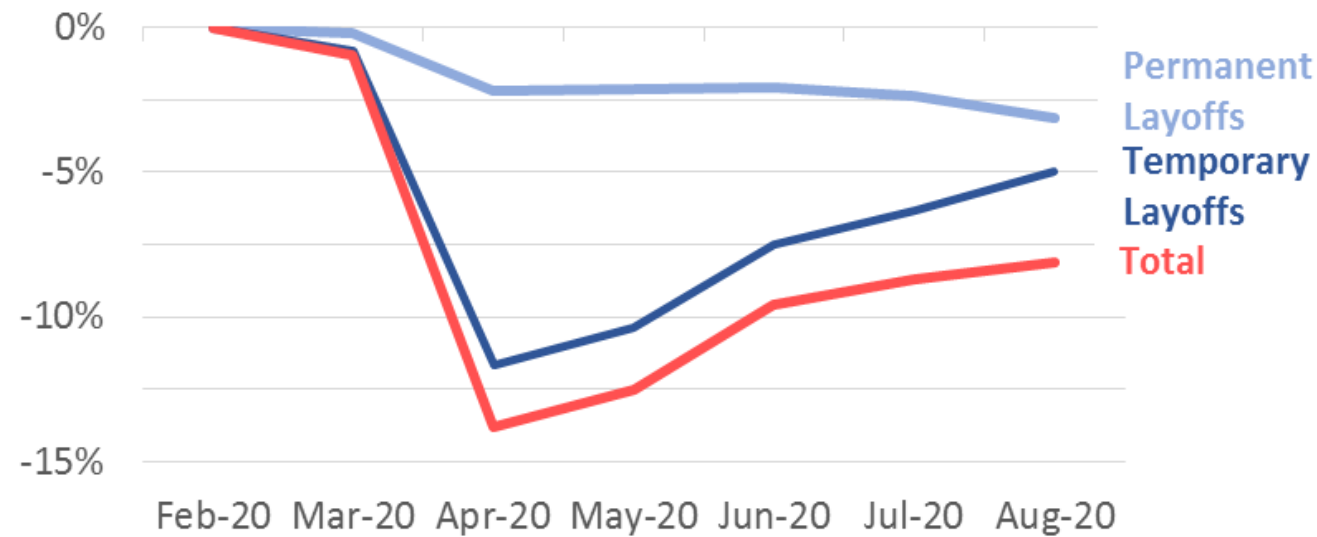
Weekly High-Propensity Business Applications



Includes applications from corporate entities, those indicating hiring employees, purchasing a business, changing organization type, provides first wages-paid data, and/or are in manufacturing, retail, health care
Latest Data: Oct 31, 2020 | Source: Census, Oregon Office of Economic Analysis

Layoffs Still Mostly Temporary

Percent Change in Employment from Pre-COVID Peak



Total employment changes based on the Current Employment Statistics monthly reports. The estimates of permanent and temporary are taken from the household survey and applied to the CES data.
Source: Oregon Employment Department, Oregon Office of Economic Analysis



Oregon Office of
Economic Analysis

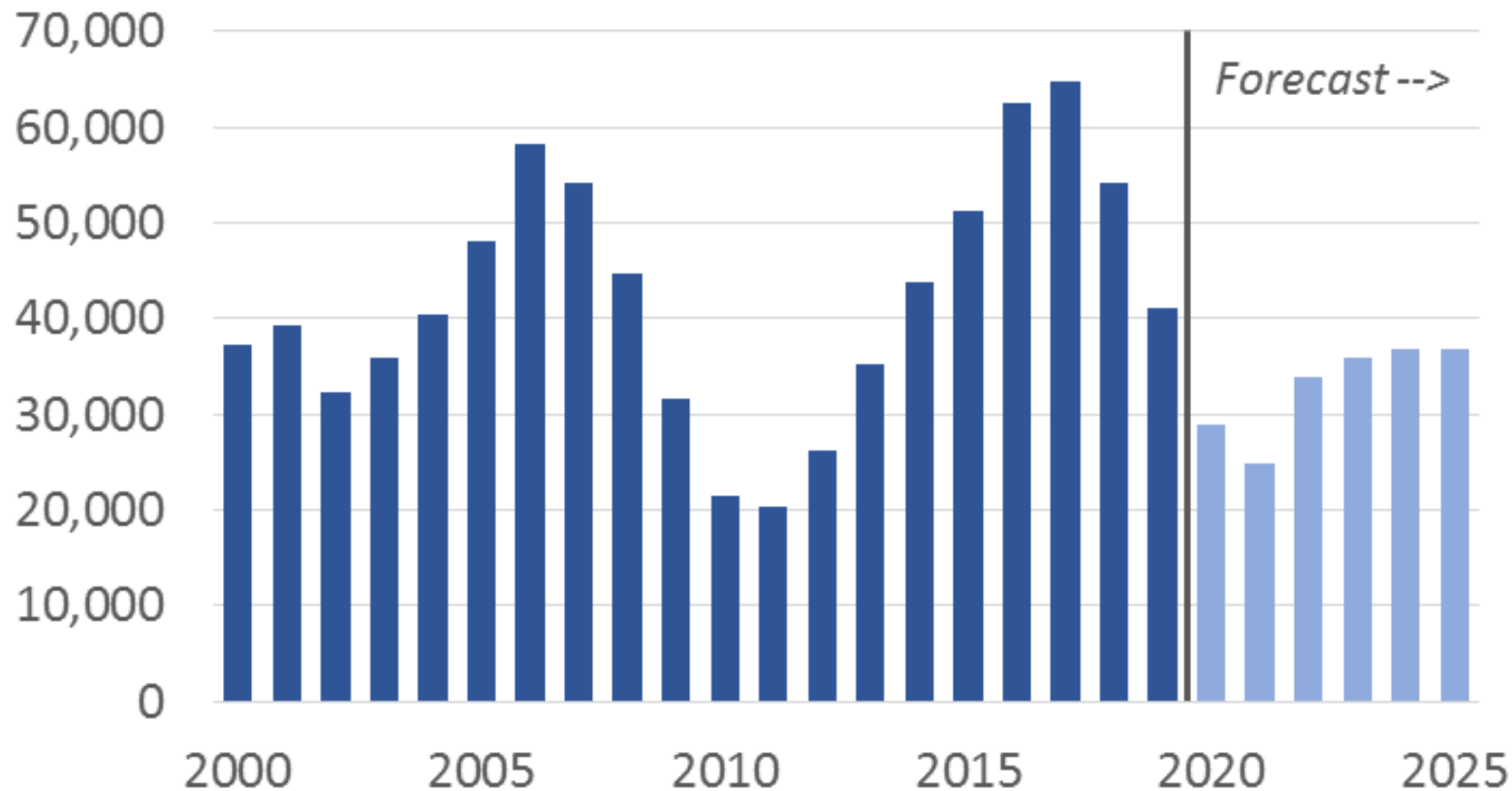




Risk: Slower migration

Oregon Population Growth

Annual Change in the Total Population



- Near Term: no one moved during shelter in place
- Medium Term: migration reduced due to recession
- Long Term: Oregon's ability to attract and retain working-age households is expected to remain intact
- COVID-19 impacts still TBD
 - Oregon vs Rest of Country
 - **Urban vs Rural**
 - Suburbs vs City Center
 - Detached Single Family vs Multifamily

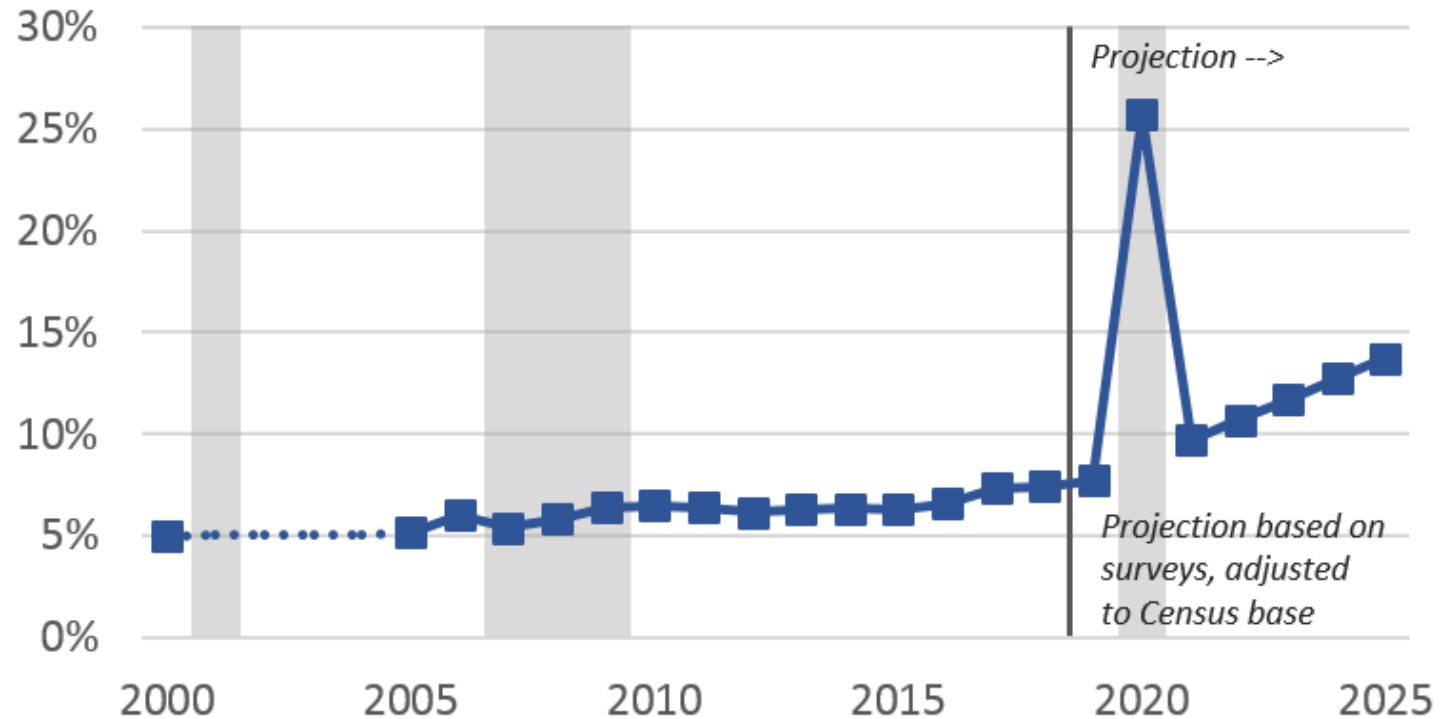




What hath 2020 wrought

- Pandemic
- Protests
- Wildfires
- Drought
- Working from Home

Working at Home on the Rise
Share of Employed Oregonians that Work from Home



Source: Census, Brynjolfsson et al, Upwork, Oregon Office of Economic Analysis

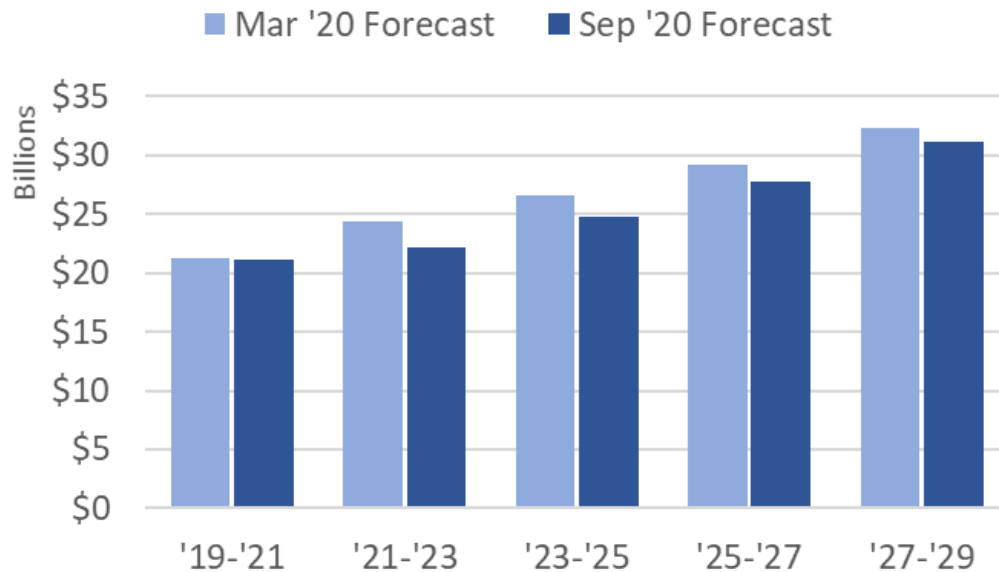




Public revenue bottom line

Oregon's General Fund Outlook

Oregon Net General Fund Revenues



Current revenues much better than expected, some tied to strong 2019 income tax returns, but recessionary impact will hit next year



Major Local Revenue Sources

- Sales Taxes
 - Largely back as consumer spending remains strong, particularly due to spending on goods vs services, although considerable local variation
- Property Taxes
 - Residential values up, risk is ability to pay. Nonresidential values at risk in next couple of years, ability to pay a risk this year if businesses (tenants) close
- Transient Taxes
 - Down, considerable local variation, won't come back until the pandemic is over
- Vice Revenues
 - All largely up, or at least doing better than expected. We are self-medicating through the pandemic.





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