

The background of the slide features a large, faint, circular seal of the Oregon Office 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 visible. The words "OFFICE OF ECONOMIC ANALYSIS" are written around the perimeter of the seal.

September 2020 Economic and Revenue Forecast

September 23rd, 2020

Oregon Office of Economic Analysis

Mark McMullen

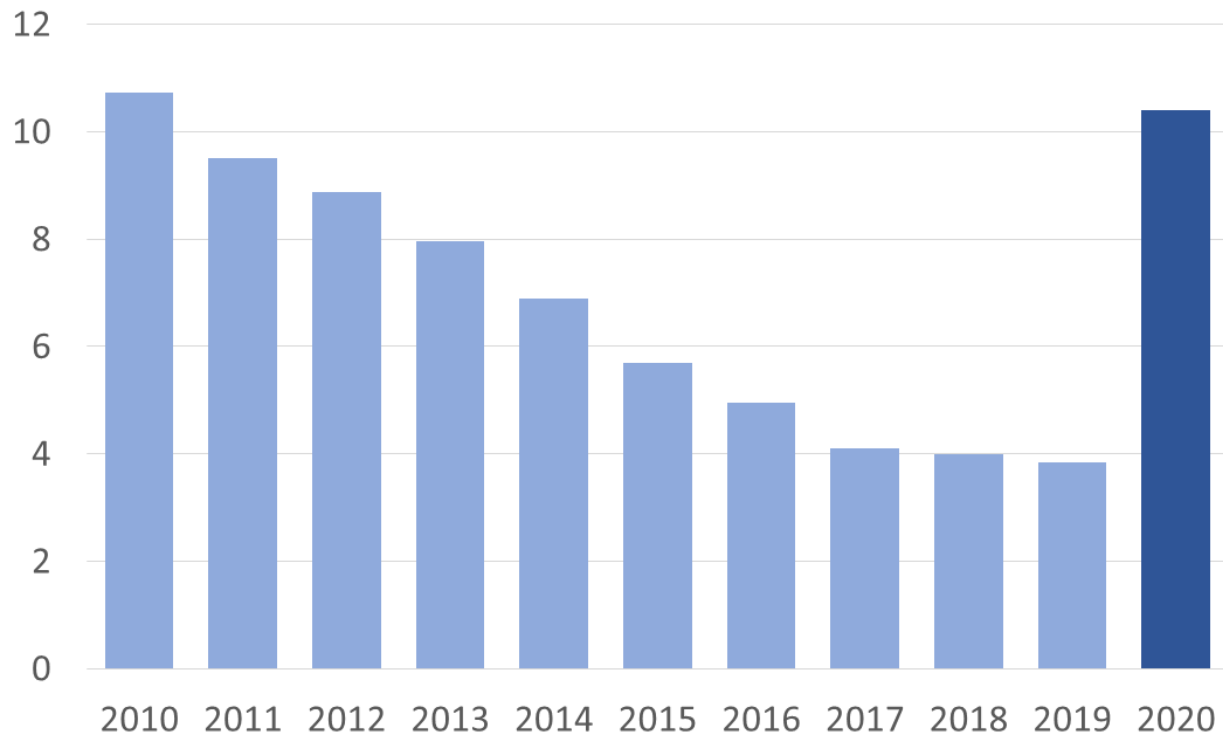
Josh Lehner



Economy in bad shape but tax collections yet to show impacts

Oregon Unemployment Rate

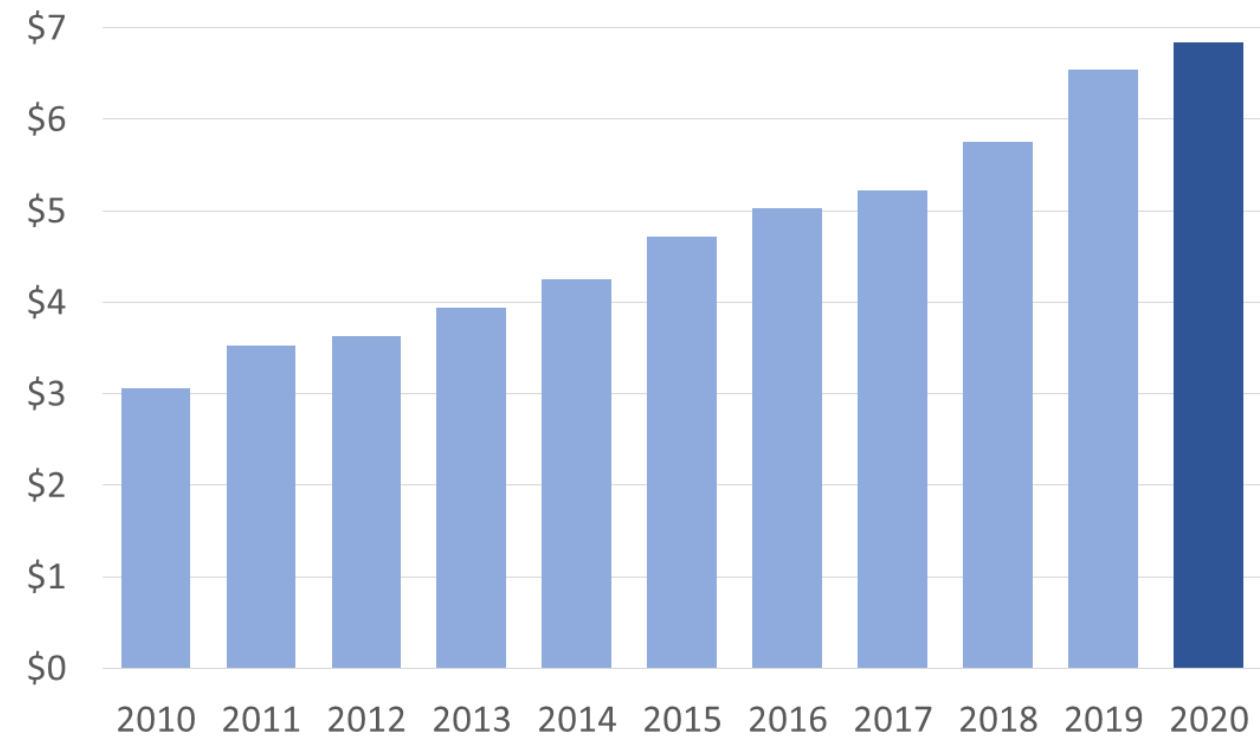
March thru August Average, %



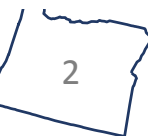
Source: Oregon Employment, Department, Oregon Office of Economic Analysis

Personal Income Tax Collections

March thru September, \$ billions, Net of Kicker Credits



Oregon Office of
Economic Analysis





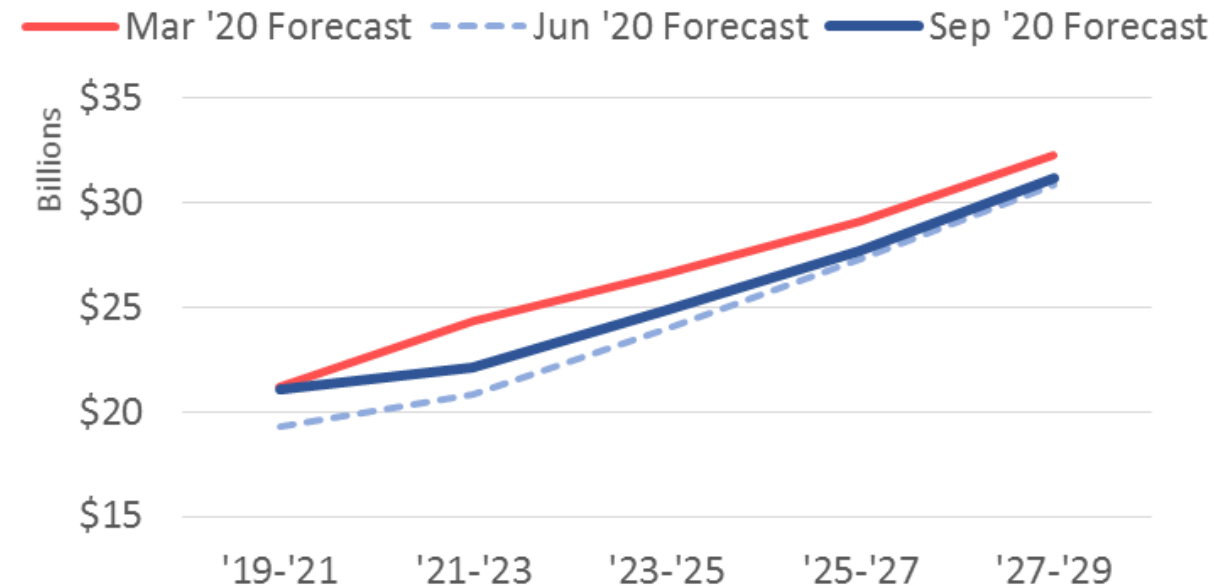
Revenues up significantly but remain lower than pre-COVID forecasts

General Fund Revenues	\$ Millions from June		
	19-21	21-23	23-25
Personal Income Taxes	1,296	1,185	850
Corporate Income Taxes	394	92	43
Other	124	4	1
Total	1,814	1,280	894

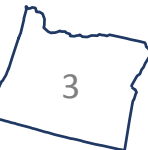
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Oregon Net General Fund Revenues



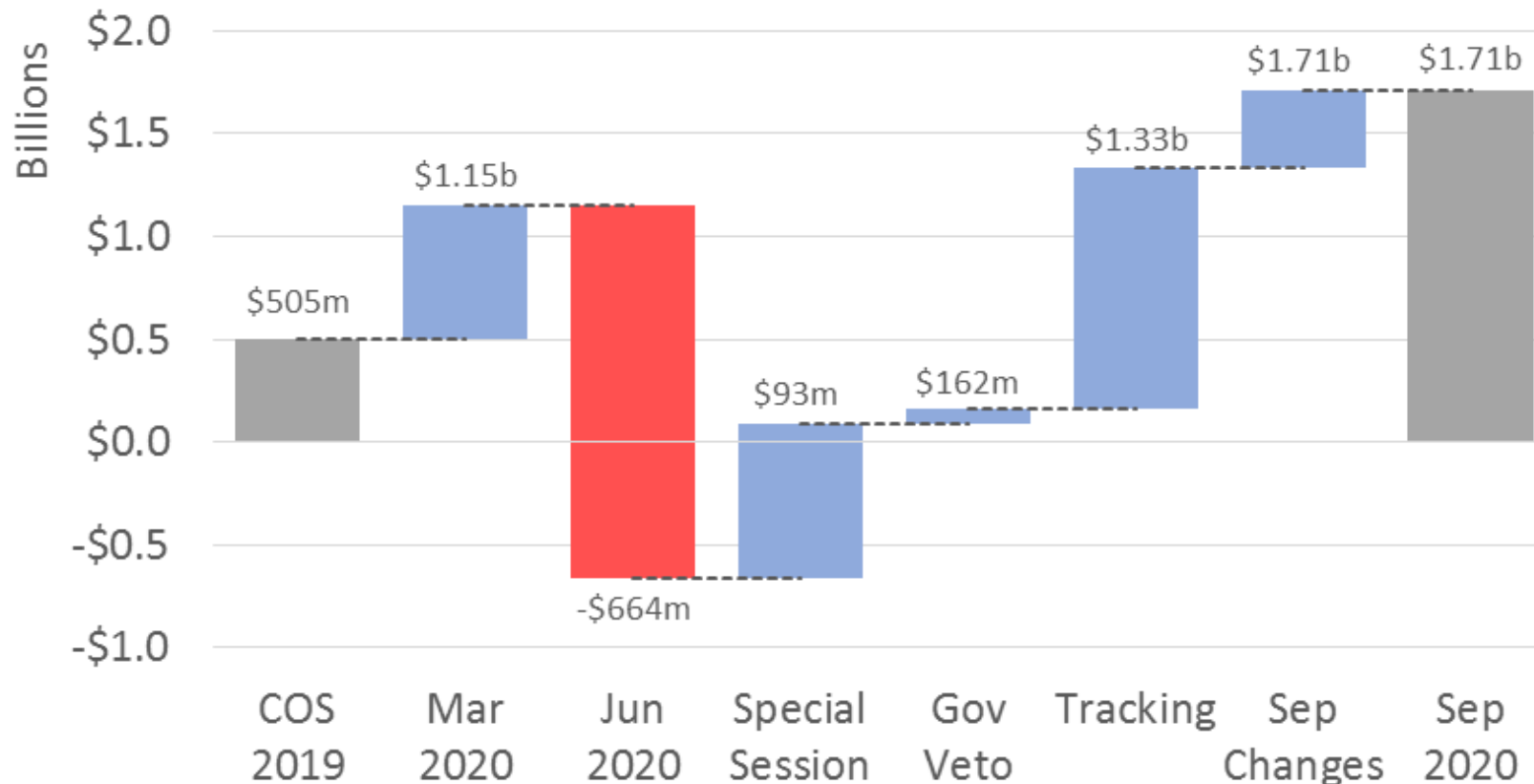
Source: Oregon Office of Economic Analysis





2019-21 General Fund is restored

General Fund Ending Balance Evolution for the 2019-21 BN



The background features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, a ship on the water, a rising sun, a plow, and a sheaf of wheat. The text "STATE OF OREGON" is written around the top inner edge, and "1859" is at the bottom. A banner in the center reads "THE UNION".

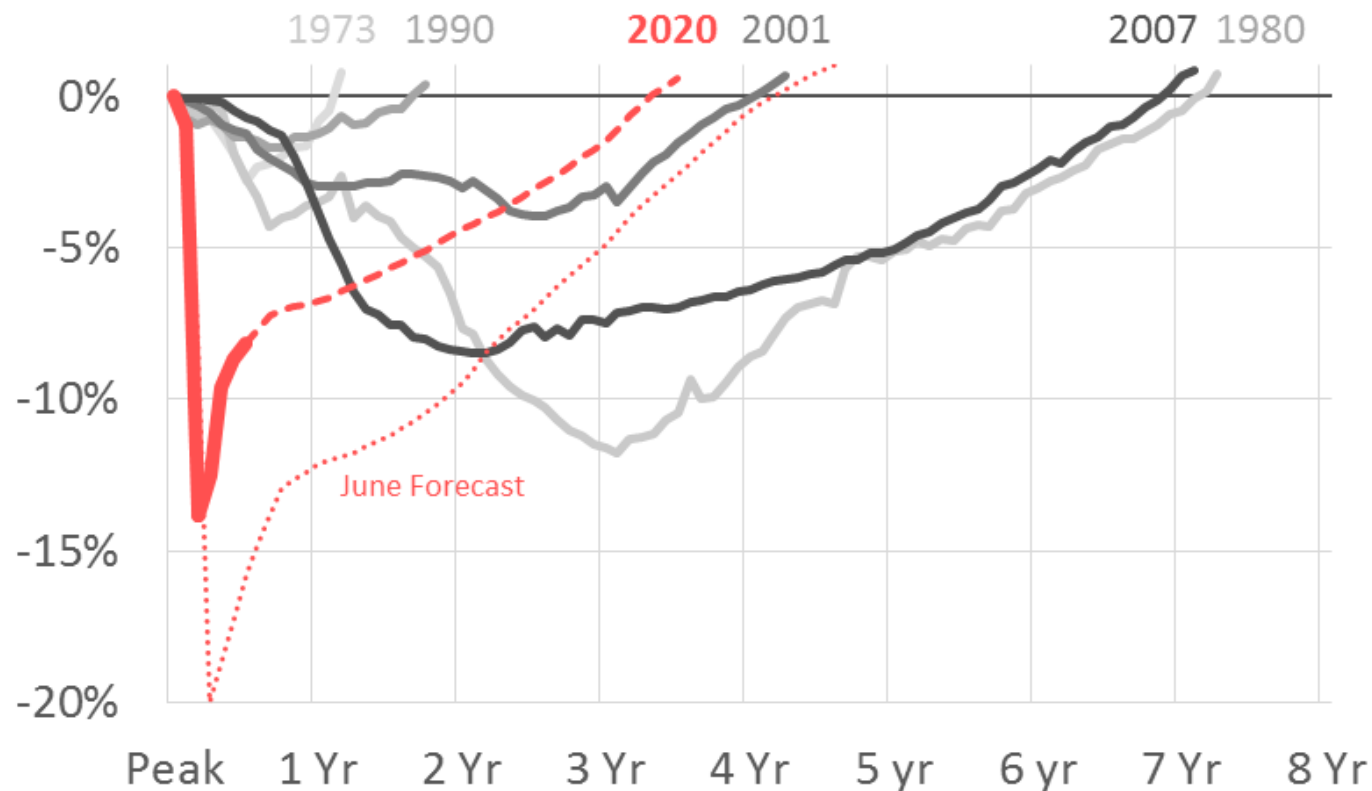
What's Going On?



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

Oregon Employment Loss by Recession

Percent Change from Pre-Recession Peak



- Only available data at time of previous forecast was the tidal wave of initial claims for unemployment insurance
- Forecasted 21% job loss and 4 year recovery
- Actual job losses of 14%, and new forecast is for a 3 year recovery



Source: Oregon Employment Department, Oregon Office of Economic Analysis

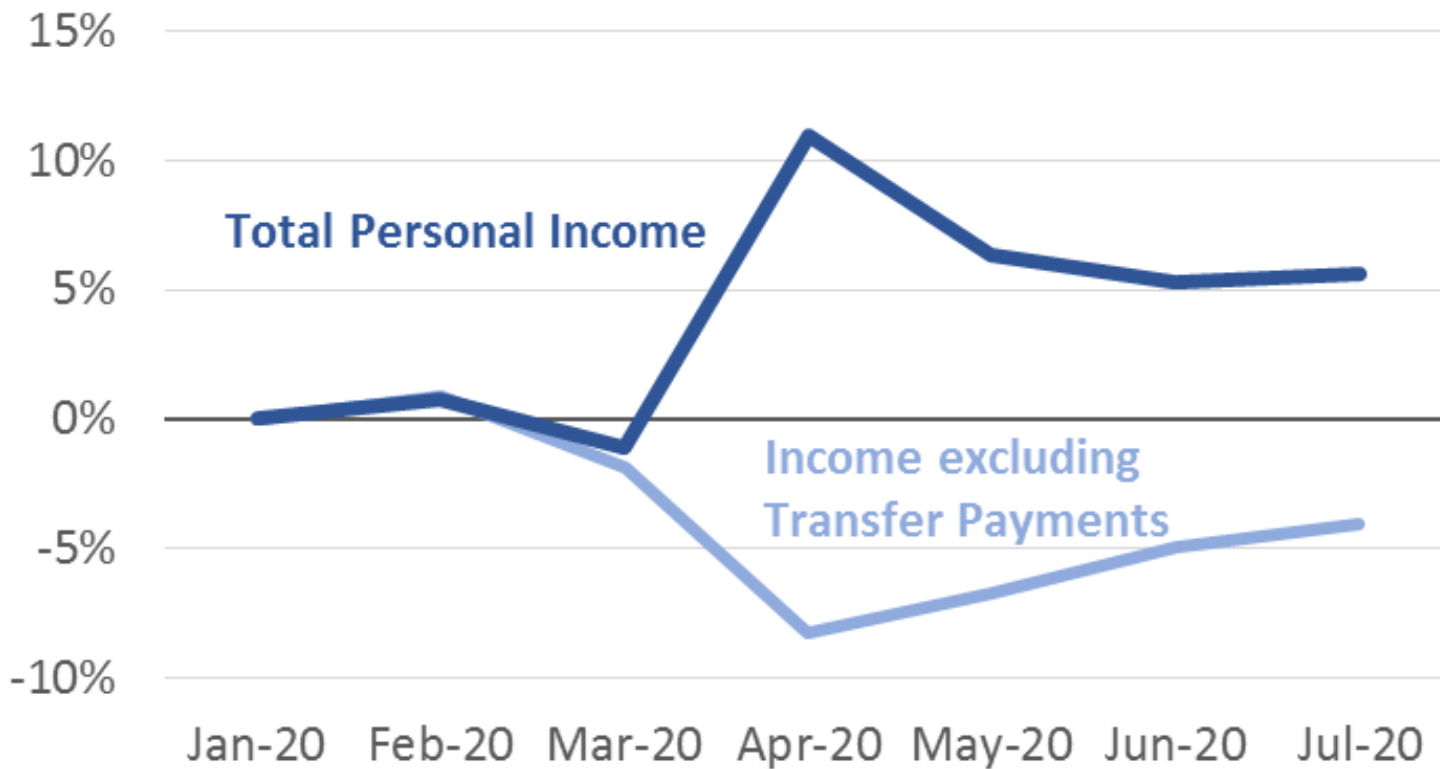




Federal aid matters

Federal Aid Boosts U.S. Personal Income

Percent Change from January 2020



- CARES Act infused \$14 billion into Oregon economy
 - \$7 billion in recovery rebates and increased unemployment insurance benefits
 - \$7 billion Paycheck Protection Program Loans



Source: BEA, Oregon Office of Economic Analysis

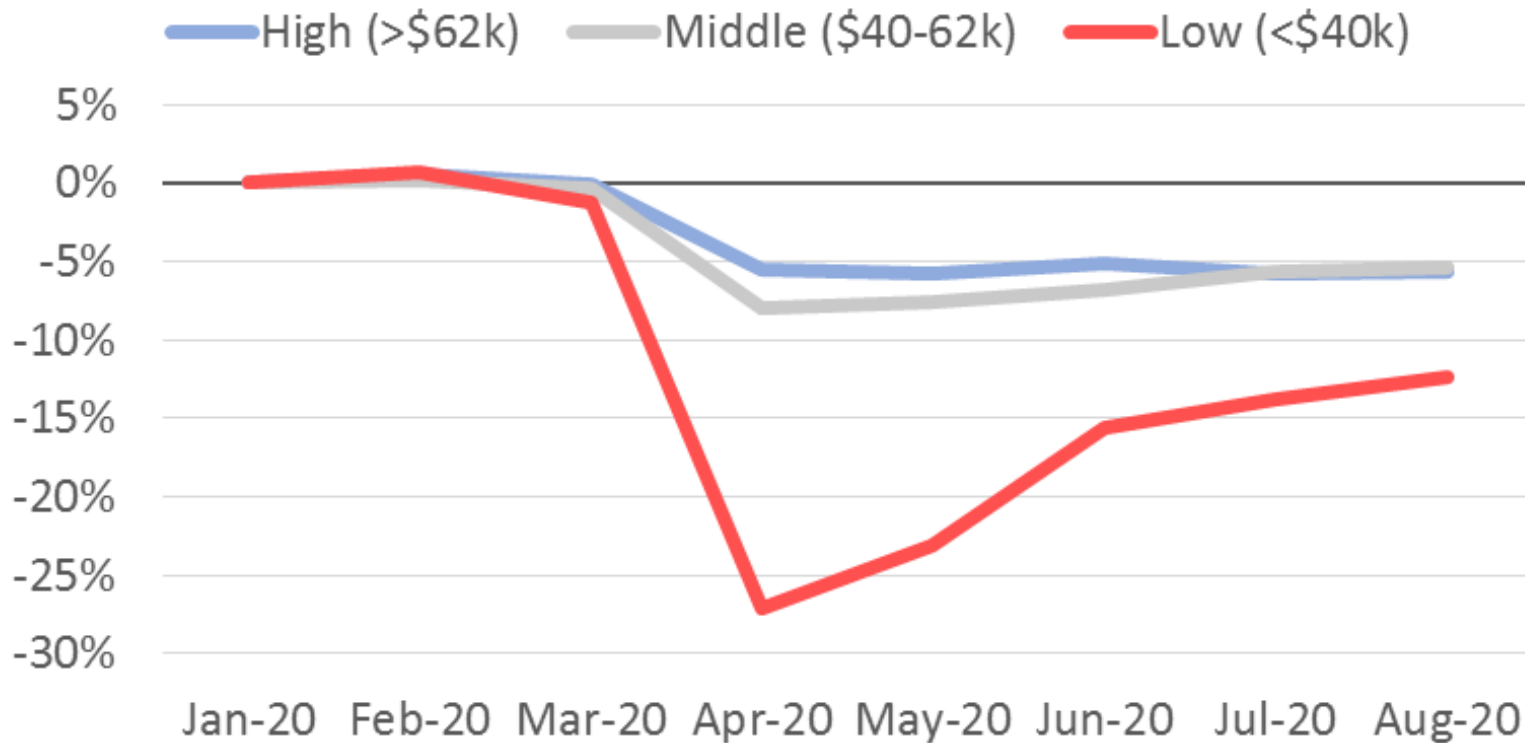




Nature of layoffs

Oregon Employment by Wage

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



- Inequality leading to stronger topline income and spending numbers than employment indicates
- Low-wage workers bear the brunt of the recession
- Middle- and high-wage sectors suffer large losses, and are not growing yet as the recessionary shock reverberates through the economy



Source: Oregon Employment Department, Oregon Office of Economic Analysis

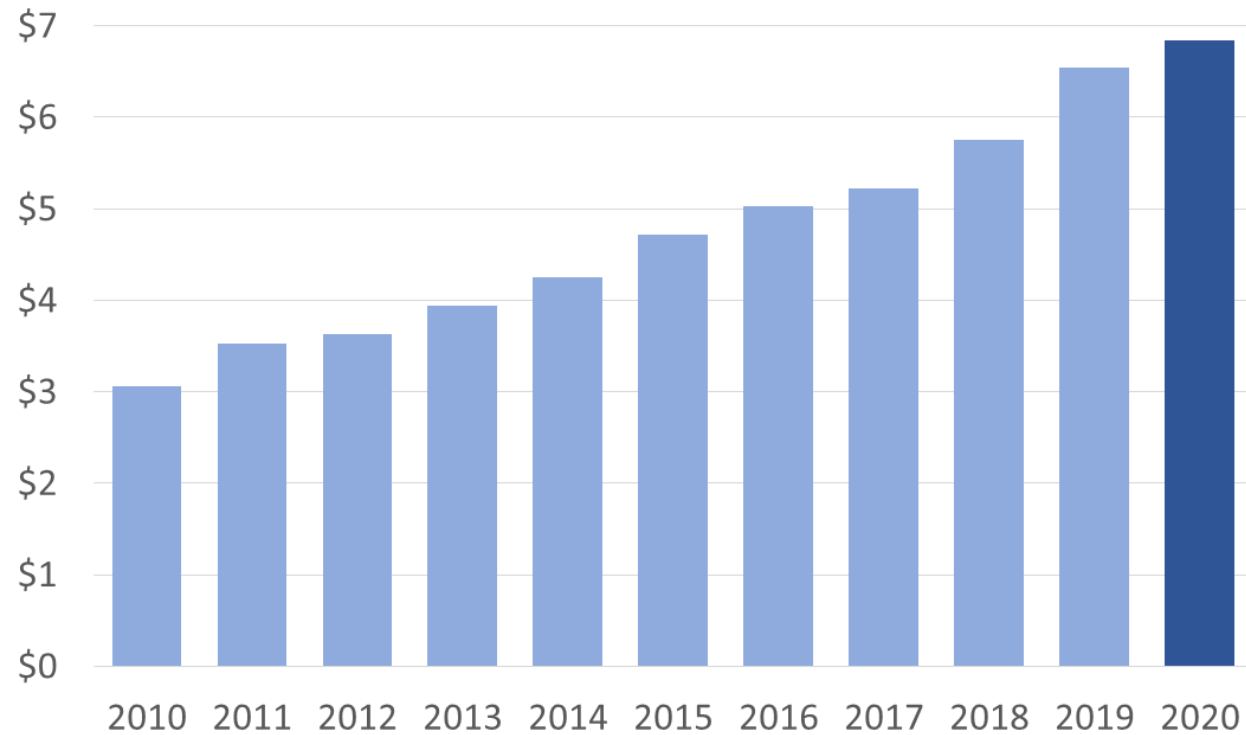




Tax collections are up

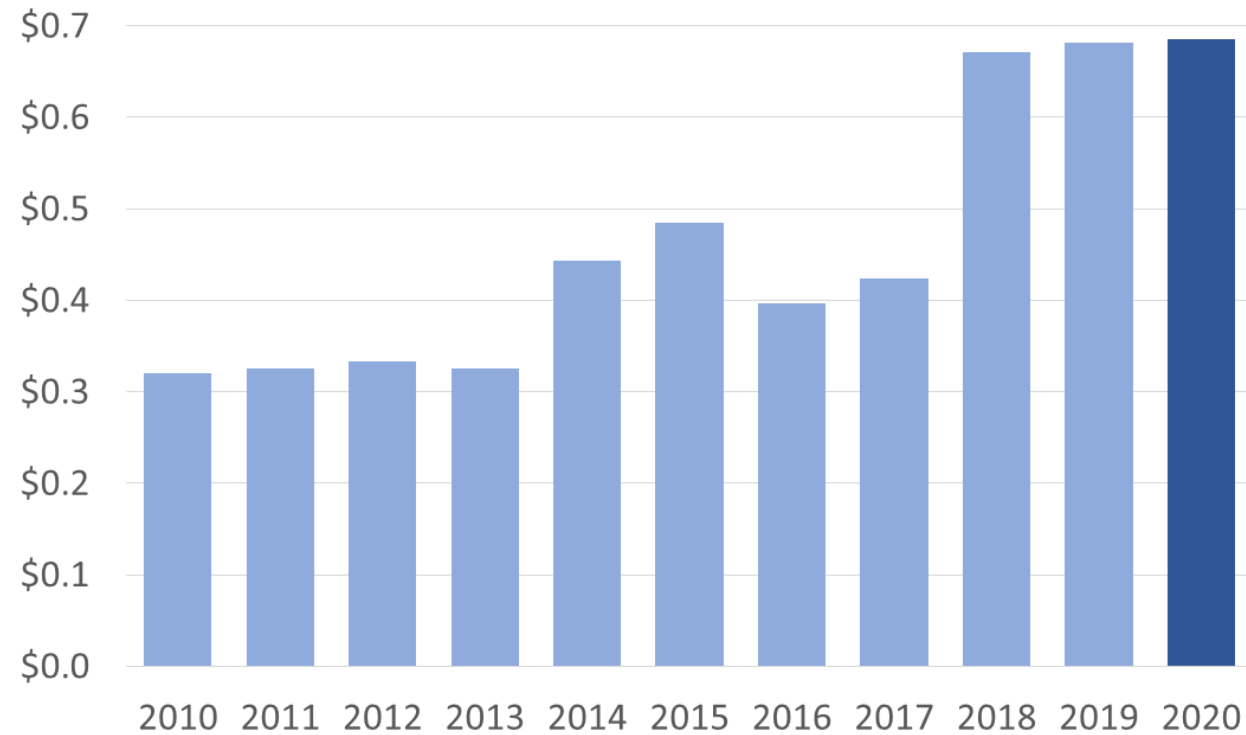
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Corporate Tax Collections

March thru September, \$ billions

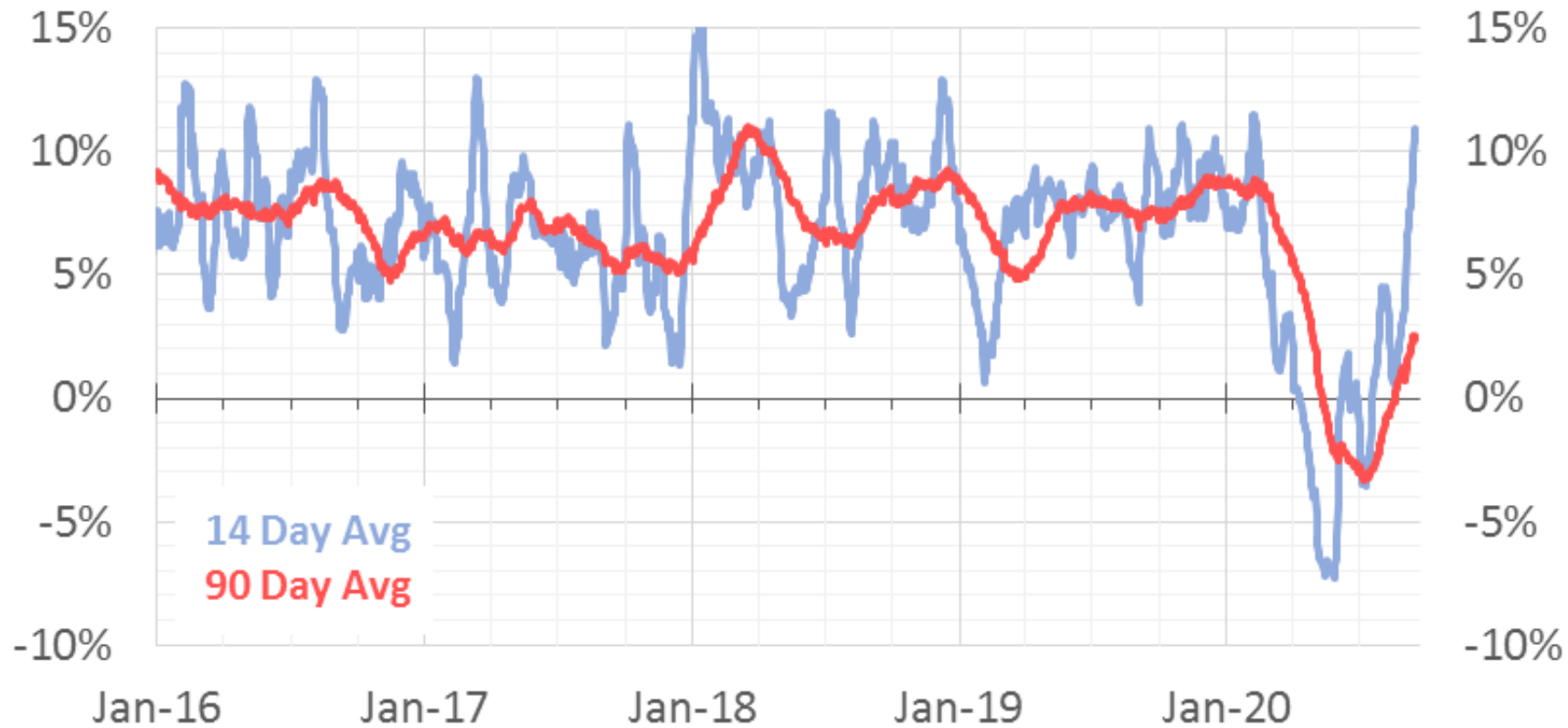




Withholdings strengthen further

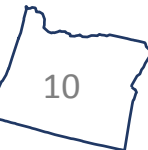
Oregon Withholding

30 Day Rolling Sum of Collections, Year-over-Year Change



Oregon Office of
Economic Analysis

Latest Data: Sep 15, 2020 | Source: Oregon Dept. of Revenue, Oregon Office of Economic Analysis

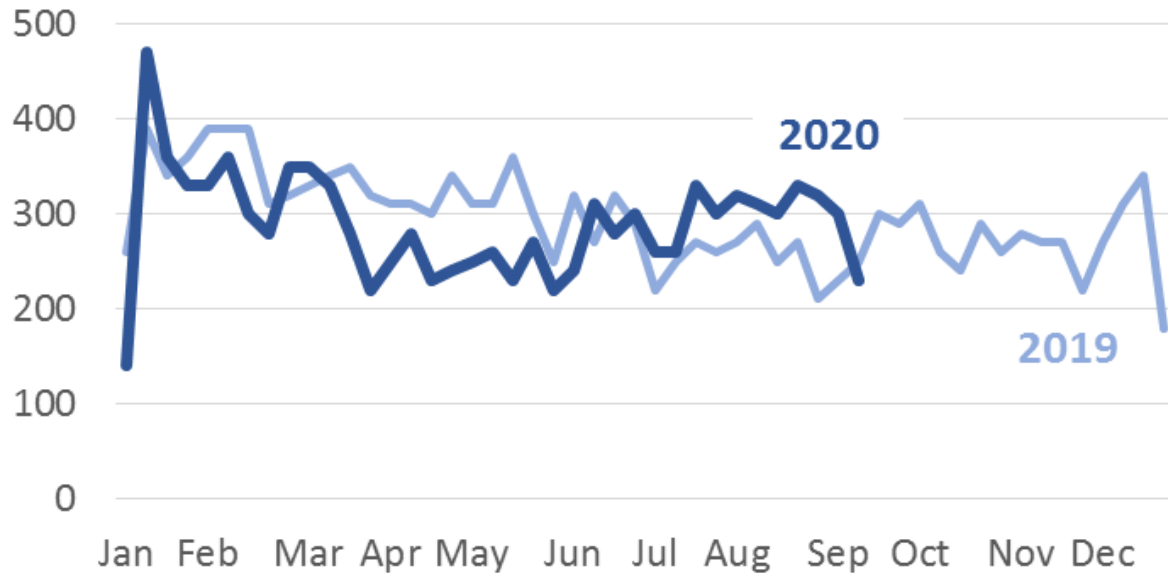




Permanent damage remains key risk

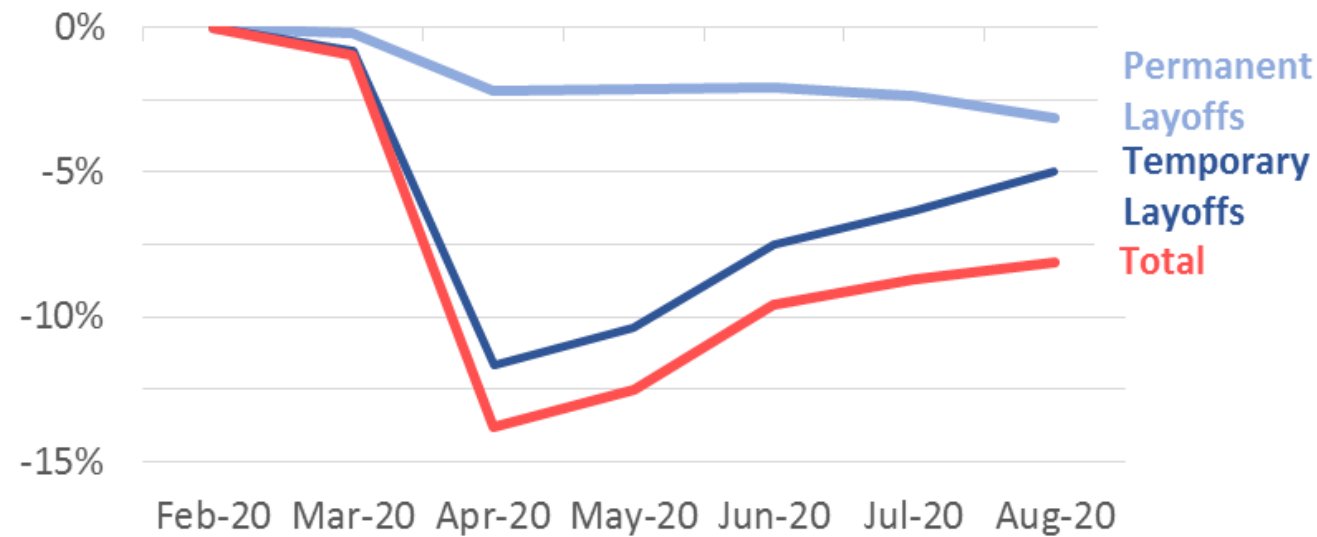
New Oregon Businesses

Weekly High-Propensity Business Applications



Layoffs Still Mostly Temporary

Percent Change in Employment from Pre-COVID Peak



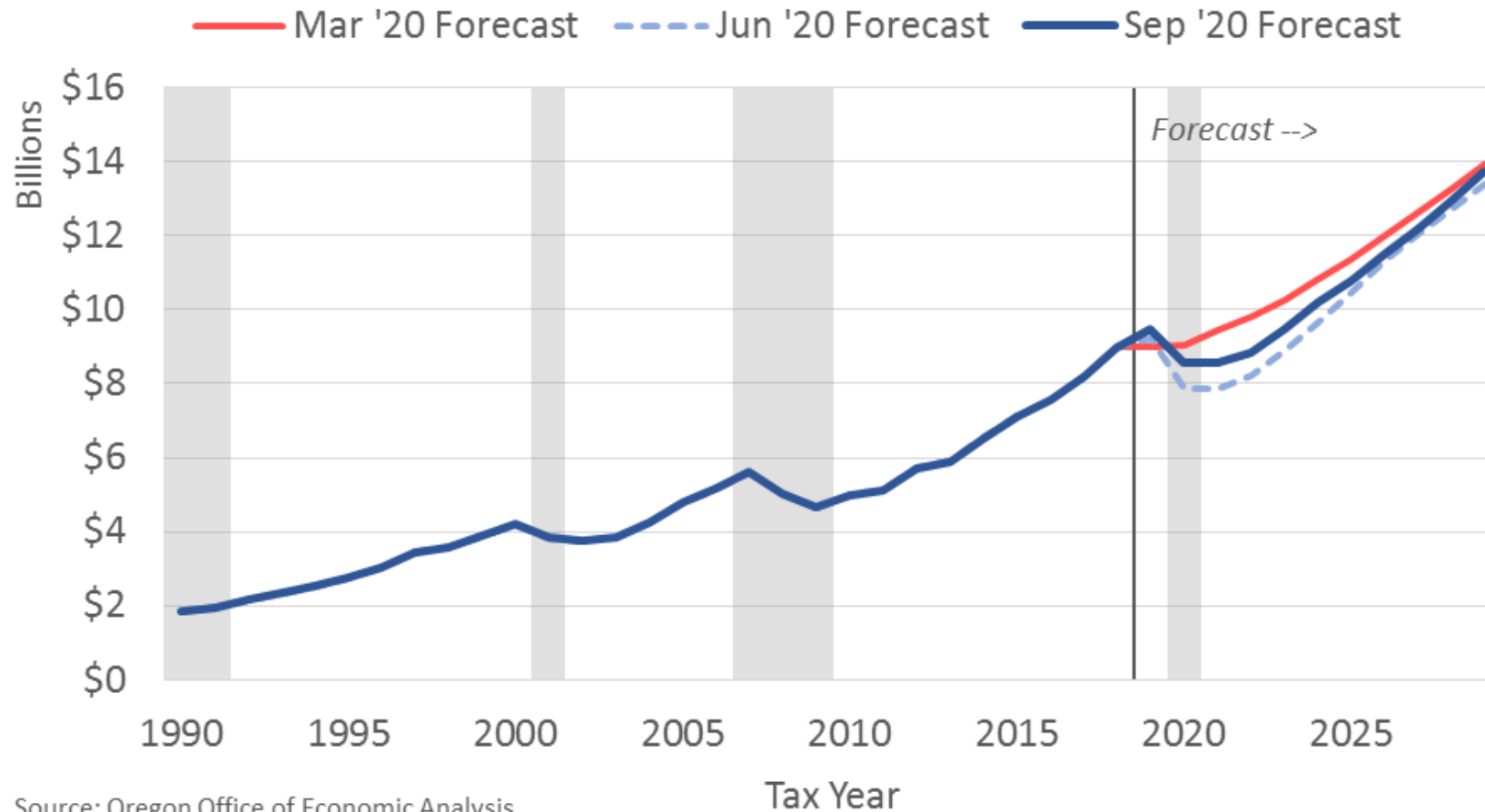
Includes applications from corporate entities, those indicating hiring employees, purchasing a business, changing organization type, provides first wages-paid data, and/or are in manufacturing, retail, health care
Latest Data: Sep 12, 2020 | Source: Census, Oregon Office of Economic Analysis

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



Underlying outlook has improved and income tax liability follows the economic forecast

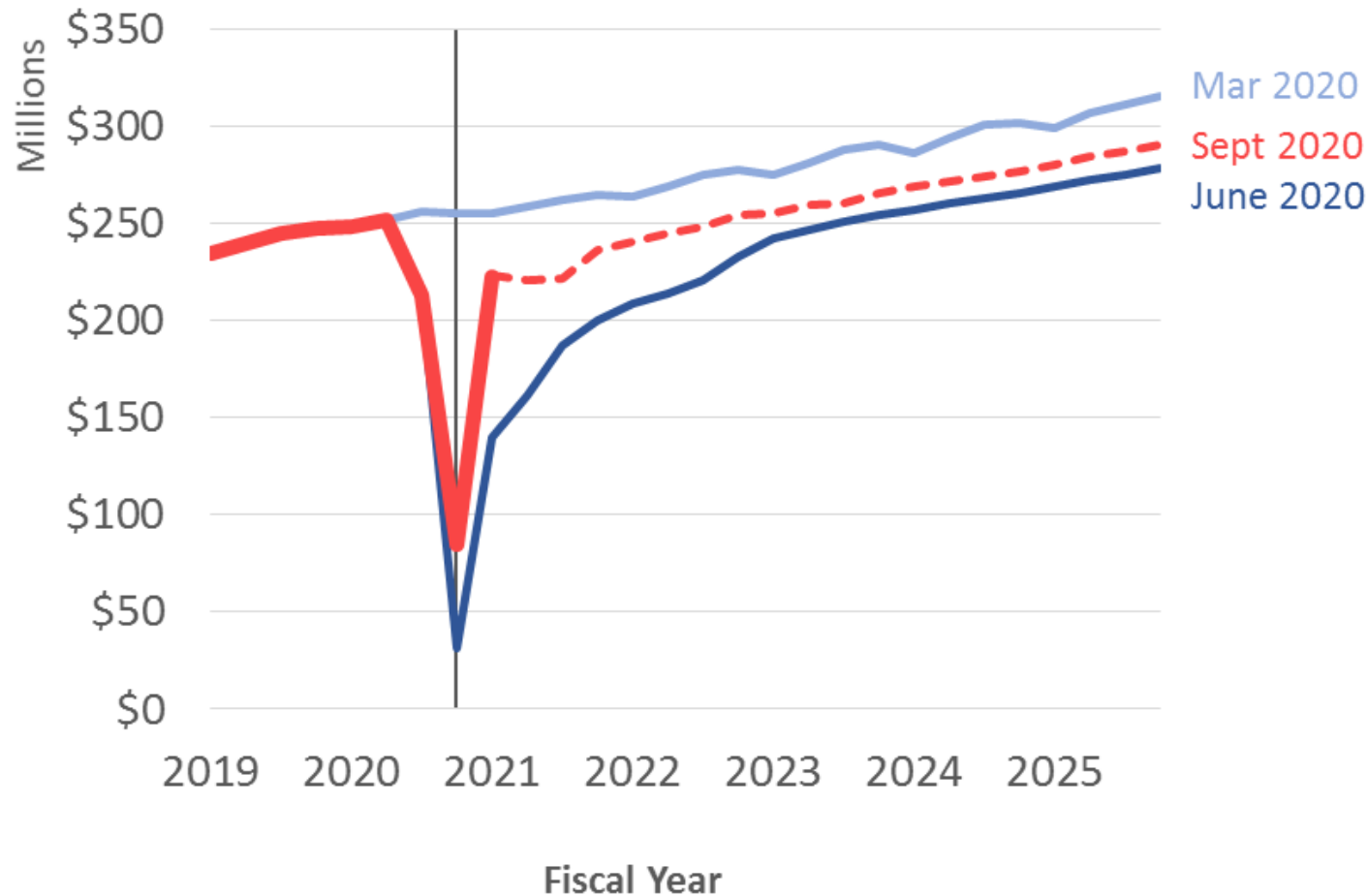
Oregon Personal Income Tax Liability





Lottery outlook follows suit

Quarterly Video Lottery Sales



- Lottery sales bounced back overnight as bars and restaurants reopened
- Higher incomes, pent-up demand for gaming and lack of other entertainment options all factors
- Pattern seen nationwide, not just in Oregon
- September forecast buys back about 40% of the declines built into the June forecast





What Hath 2020 Wrought



Wildfires

	Total	Public	Private	Public %	Private %
Clackamas	183,200	111,100	72,100	61%	39%
Douglas	125,600	62,500	63,100	50%	50%
Hood River	300	0	300	0	100%
Jackson	35,700	14,500	21,200	41%	59%
Josephine	33,900	32,500	1,400	96%	4%
Lane	154,600	41,100	113,500	27%	73%
Lincoln	2,500	400	2,100	16%	68%
Linn	41,900	13,600	28,300	32%	68%
Marion	219,300	151,100	68,200	69%	31%
TOTAL	797,200	427,000	370,200	54%	46%

- Evacuated Areas*
 - ~85,000 Oregonians (2% of state)
 - ~\$6-7 billion in RMV (1%)
 - ~20,000 jobs (1%)
- Impacts built into forecast
 - 2,000 housing starts
 - 2,100 housing-related jobs
 - \$18 million in CAT revenue
- Long-Term Risk of slower growth due to less migration, increased uncertainty and/or costs of doing business

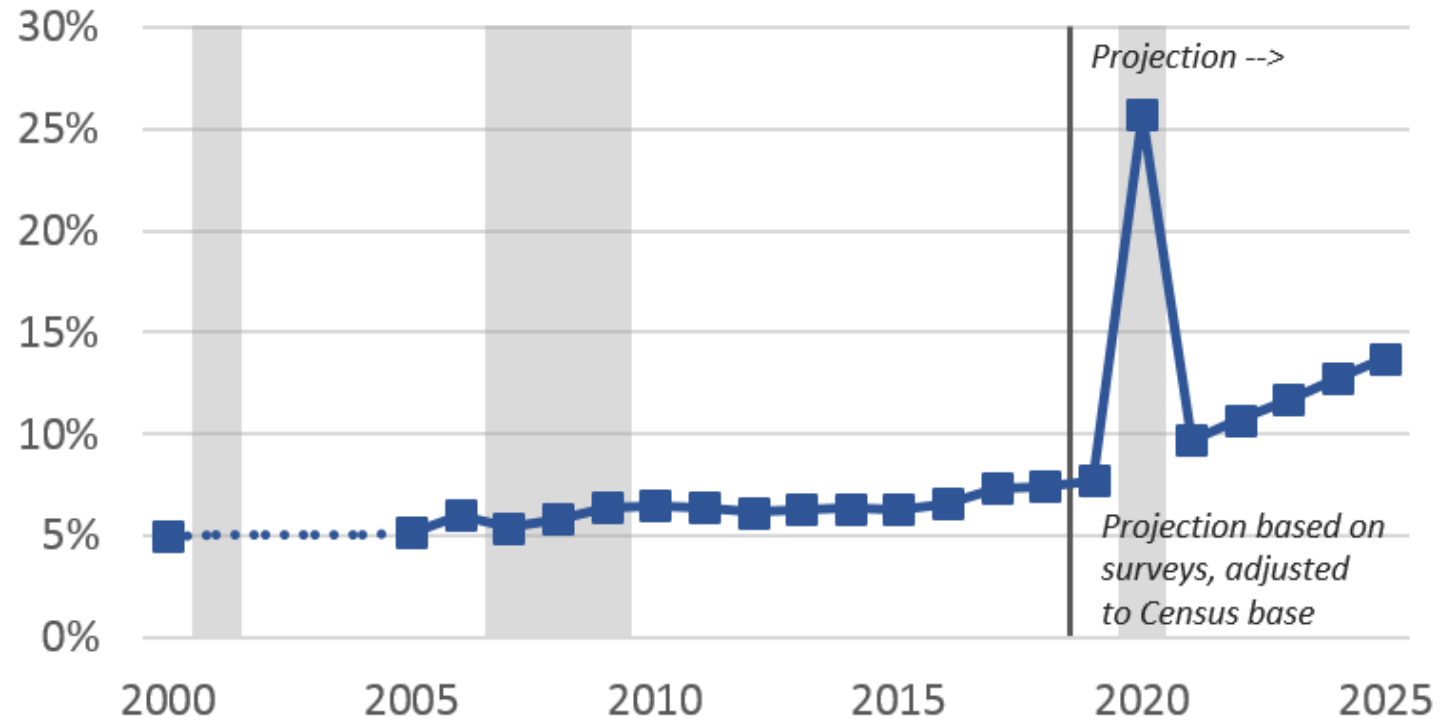
Source: Mason, Bruce & Girard, Inc. Based on fire perimeters on Sep 15, 2020.



What else hath 2020 wrought

- Pandemic
- Protests
- 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



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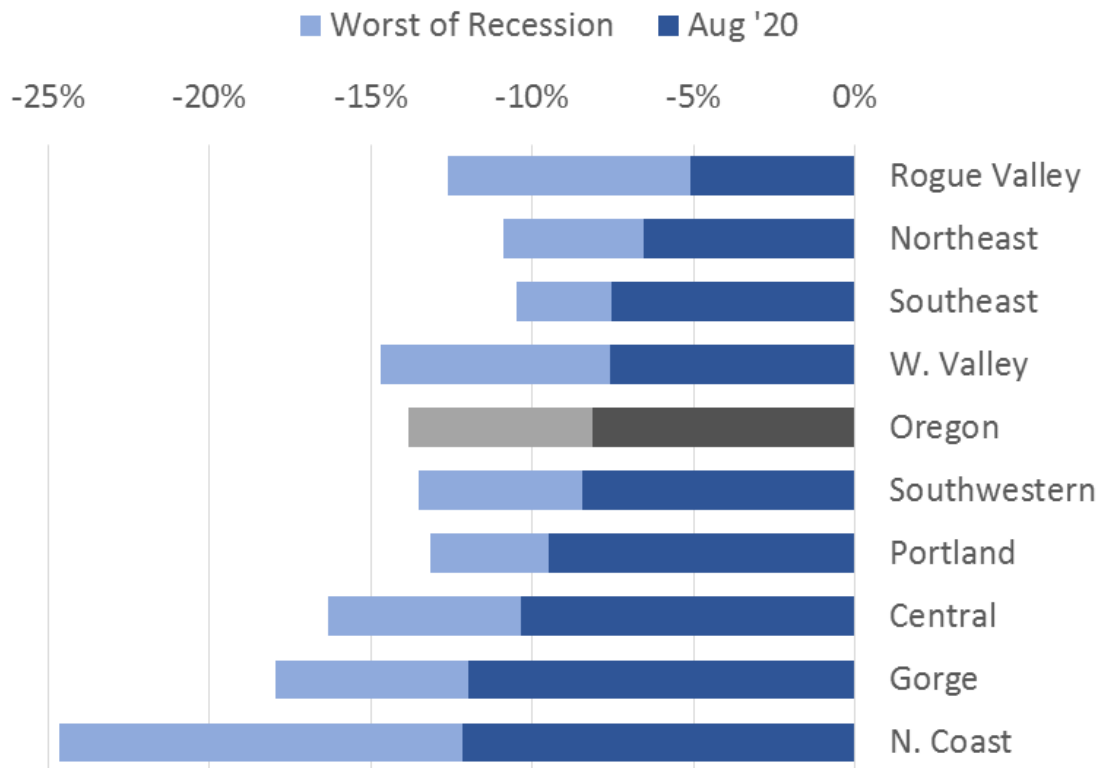
Economic Disparities



Regional recessions vary

Employment Loss by Region

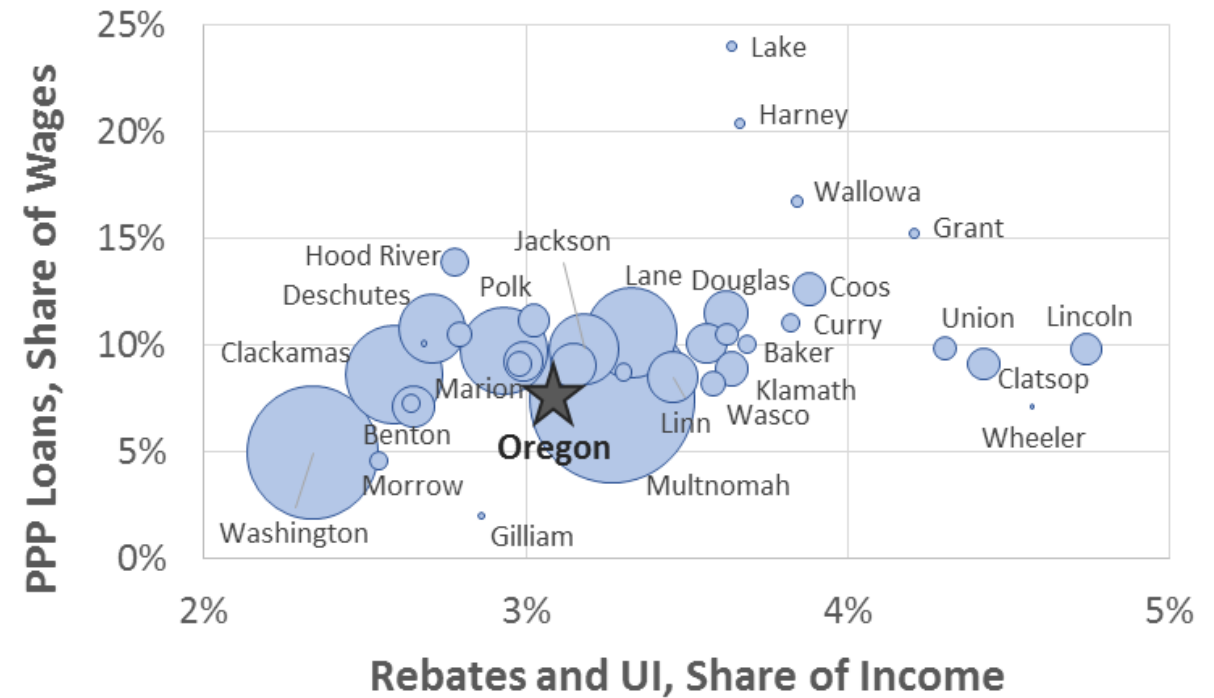
Percent Change from pre-COVID Peak



Source: Oregon Employment Department, Oregon Office of Economic Analysis
ECONOMIC ANALYSIS



CARES Support by County



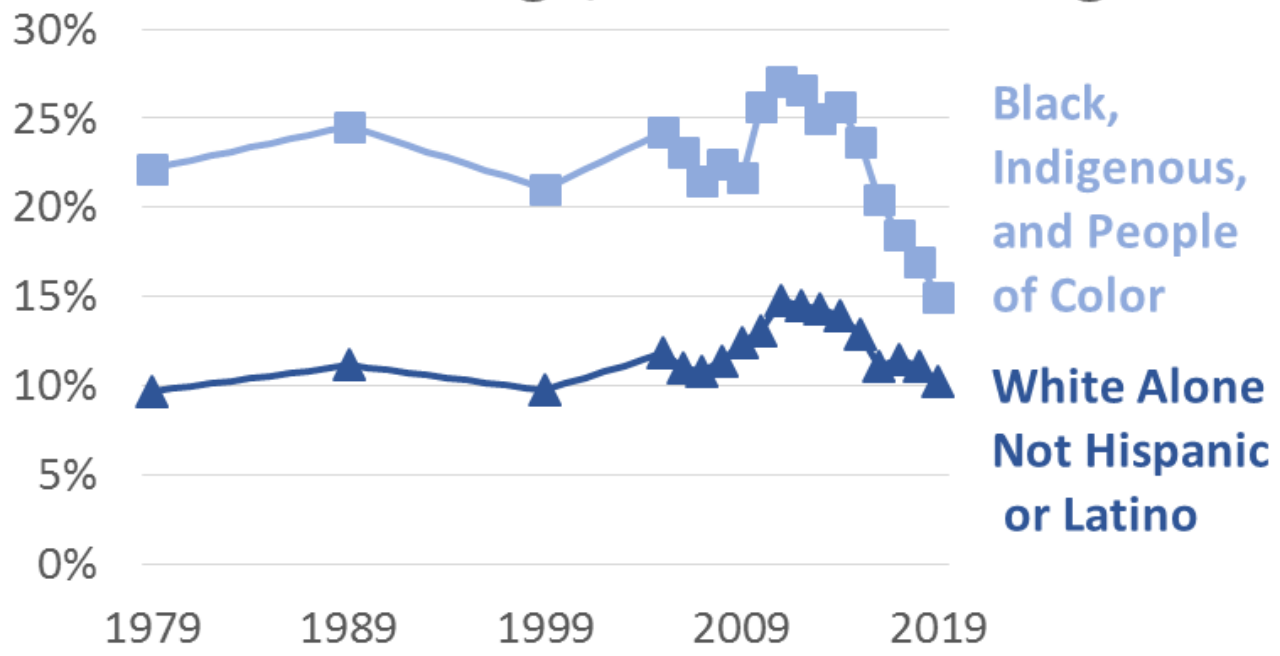
Source: BEA, BLS, SBA, Oregon Office of Economic Analysis



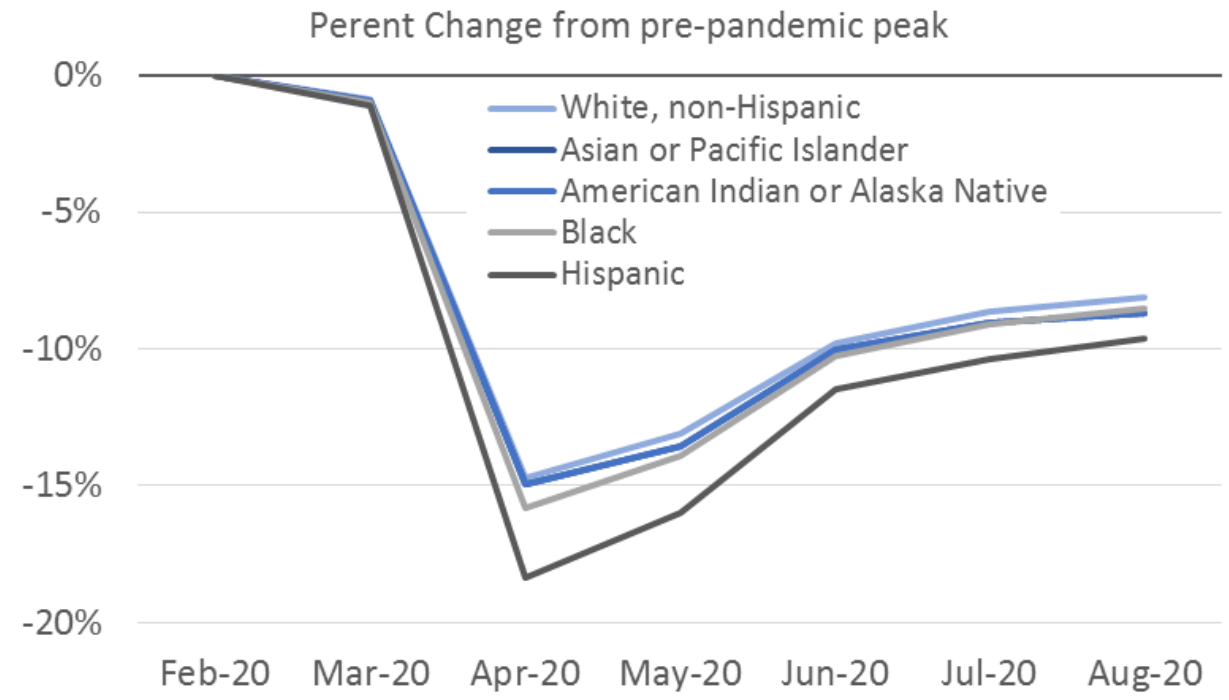


COVID's economic impact on racial disparities still to be determined

Oregon's Racial Poverty Gap Remains Large, But is Narrowing



Projected Employment Losses by Race and Ethnicity based on Industrial Mix



Source: Census, IPUMS-USA, Oregon Office of Economic Analysis

Source: IPUMS-USA, Oregon Employment Department, Oregon Office of Economic Analysis

The background of the image is a dark blue gradient. Centered in the background is a large, faint, light blue watermark of the Seal of the State of Oregon. The seal is circular and contains the following elements: an eagle with wings spread at the top; a central scene with a sun rising over a body of water with a ship; a plow and a sheaf of wheat below the water; and a banner with the words "THE UNION" across the bottom. The words "STATE OF OREGON" are written in a circular path around the inner border, and the year "1859" is at the very bottom.

Bottom Line



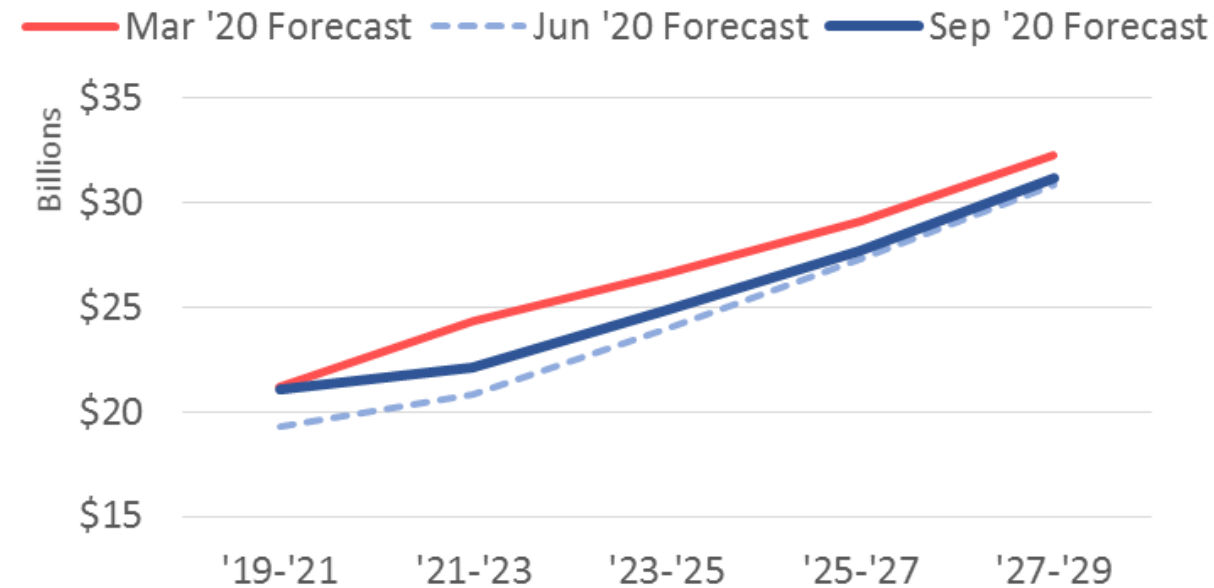
Revenue bottom line

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Oregon Net General Fund Revenues



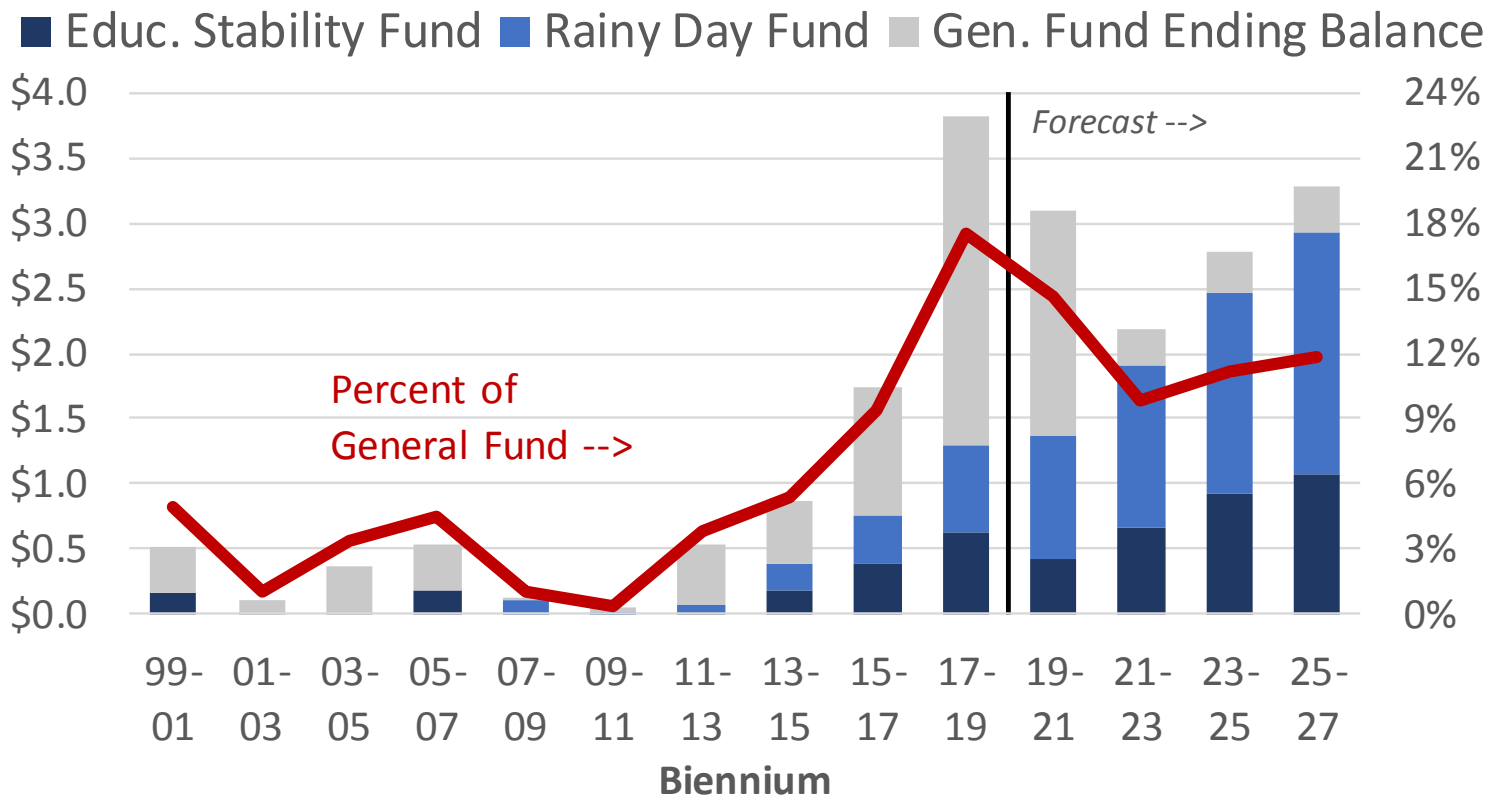
Source: Oregon Office of Economic Analysis





Sizable reserves remain

Oregon Budgetary Reserves (billions)



Effective Reserves (\$ millions)

	July 2020	End 2019-21
ESF	\$734	\$424
RDF	\$881	\$952
Reserves	\$1,615	\$1,377
Ending Balance	\$1,714	\$1,714
Total	\$3,328	\$3,090
% of GF	15.7%	14.6%

Source: Oregon Office of Economic Analysis

Oregon Office of Economic Analysis





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