

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, perched on a shield. 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 written around the perimeter of the seal.

March 2020 Economic & Revenue Outlook

February 12th, 2020

Oregon Office of Economic Analysis

Mark McMullen

Josh Lehner

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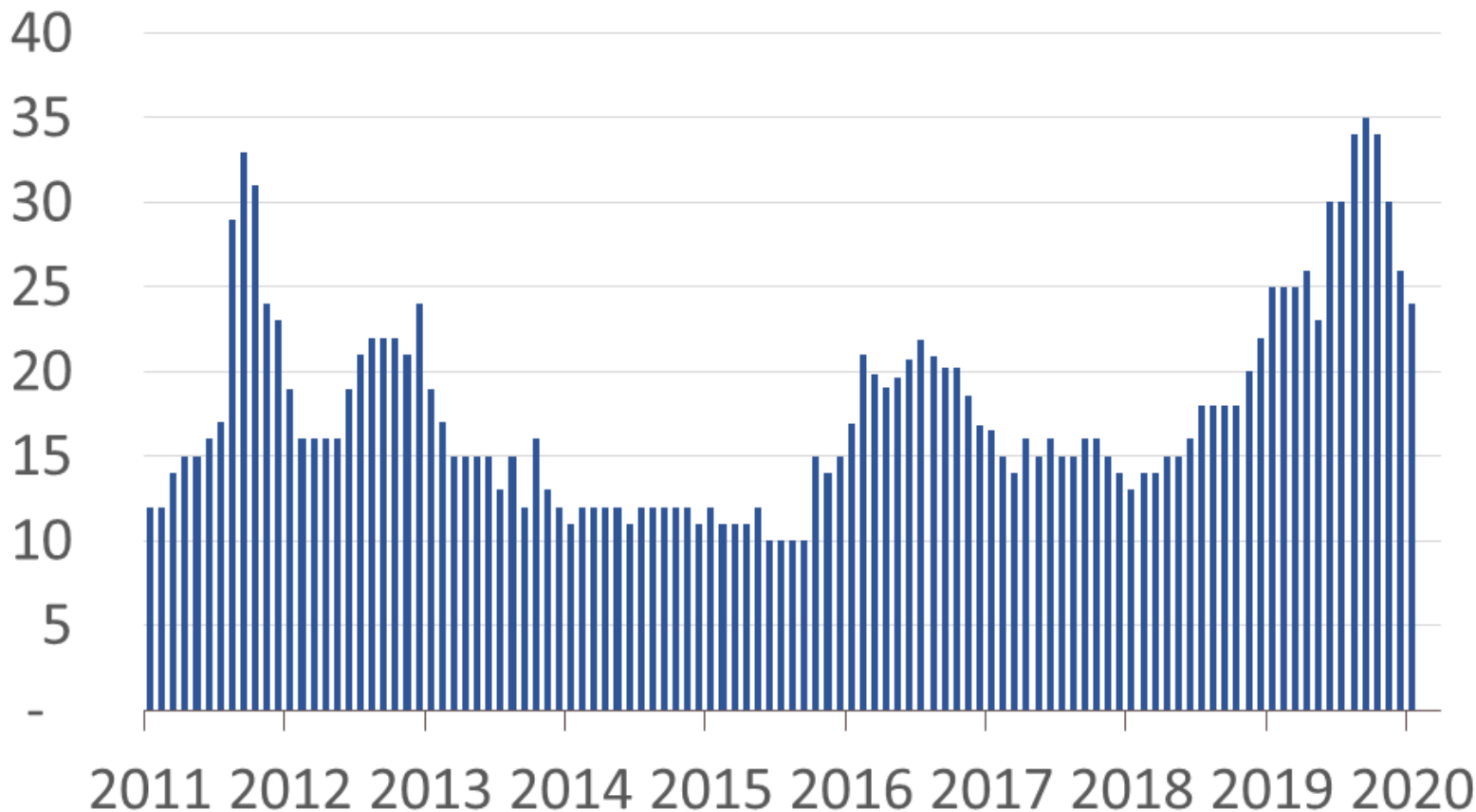
Economic Update and Outlook



Outlook Concerns Still Elevated but Improving

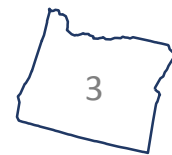
Risk of Recession

Percent Probability U.S. Entering Recession in Next Year



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Ecc

Latest Data: January 2020 | Source: Wall Street Journal

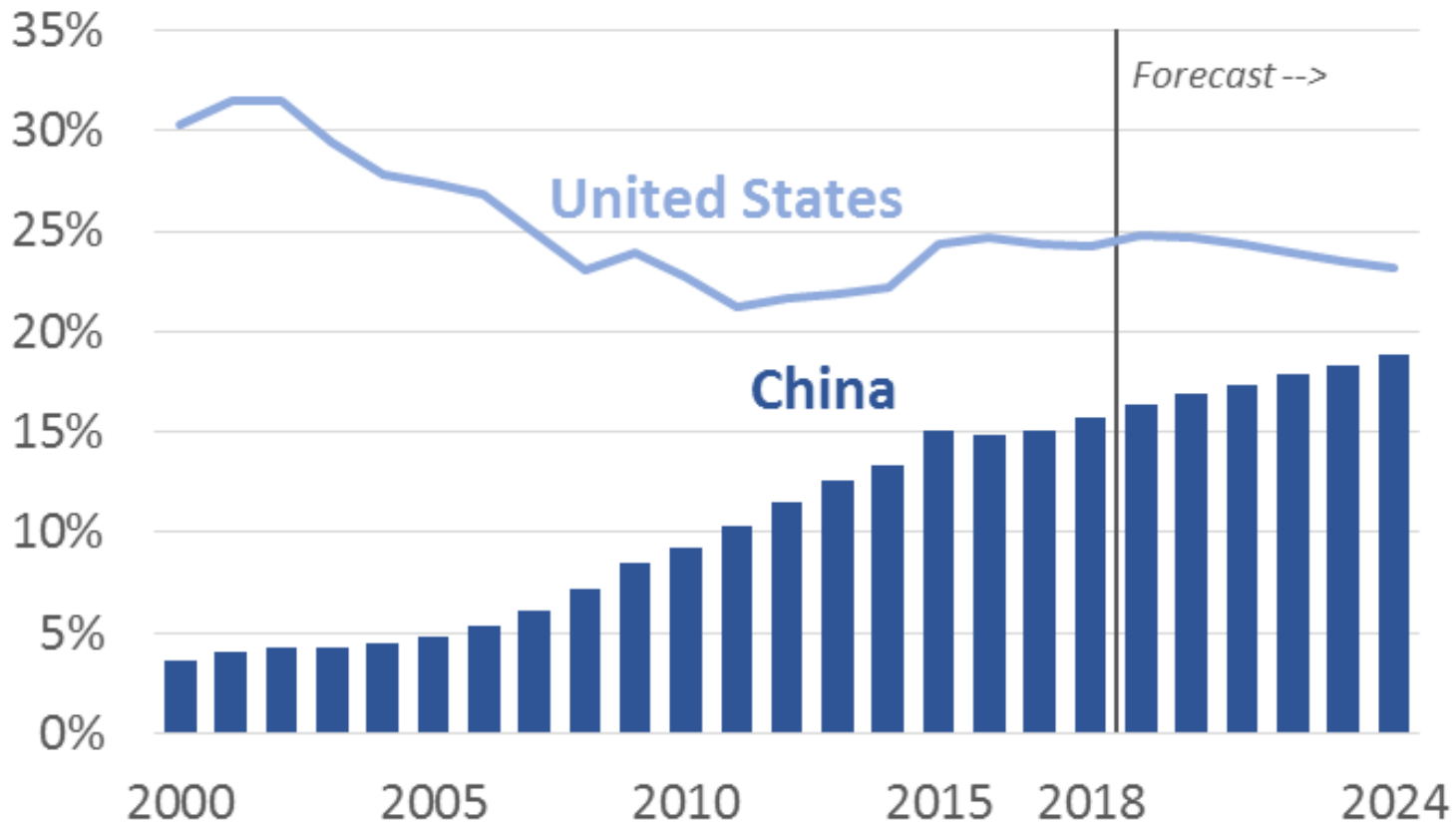




Coronavirus: Human, Social, and Economic Risks

Global Economic Powers

Share of World GDP, \$USD Basis



Latest Data: 2018 | Source: IMF, Oregon Office of Economic Analysis



Oregon Economic Development

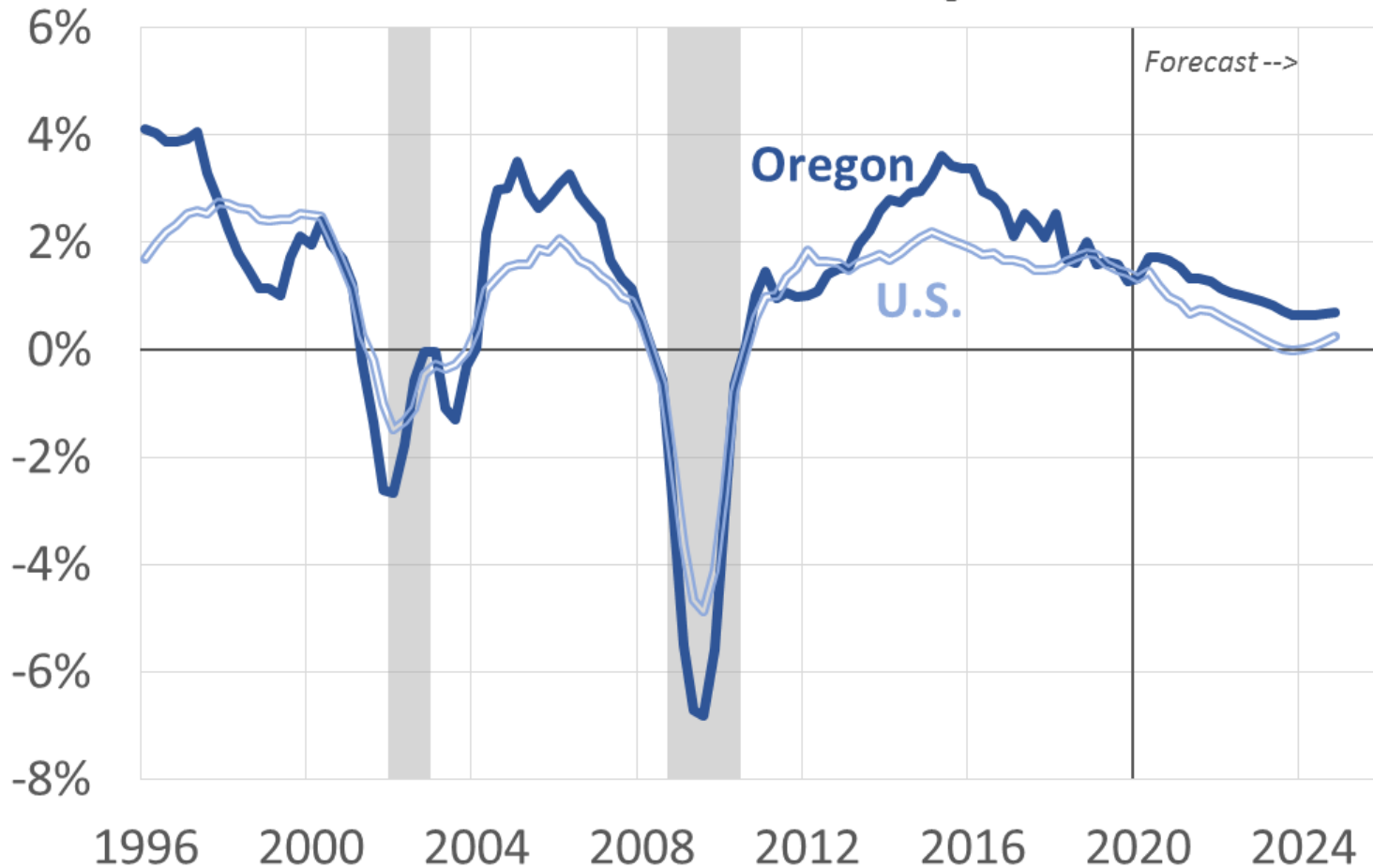




Stable Outlook but Slower Job Growth will Continue

Total Nonfarm Employment

Year-over-Year Percent Change

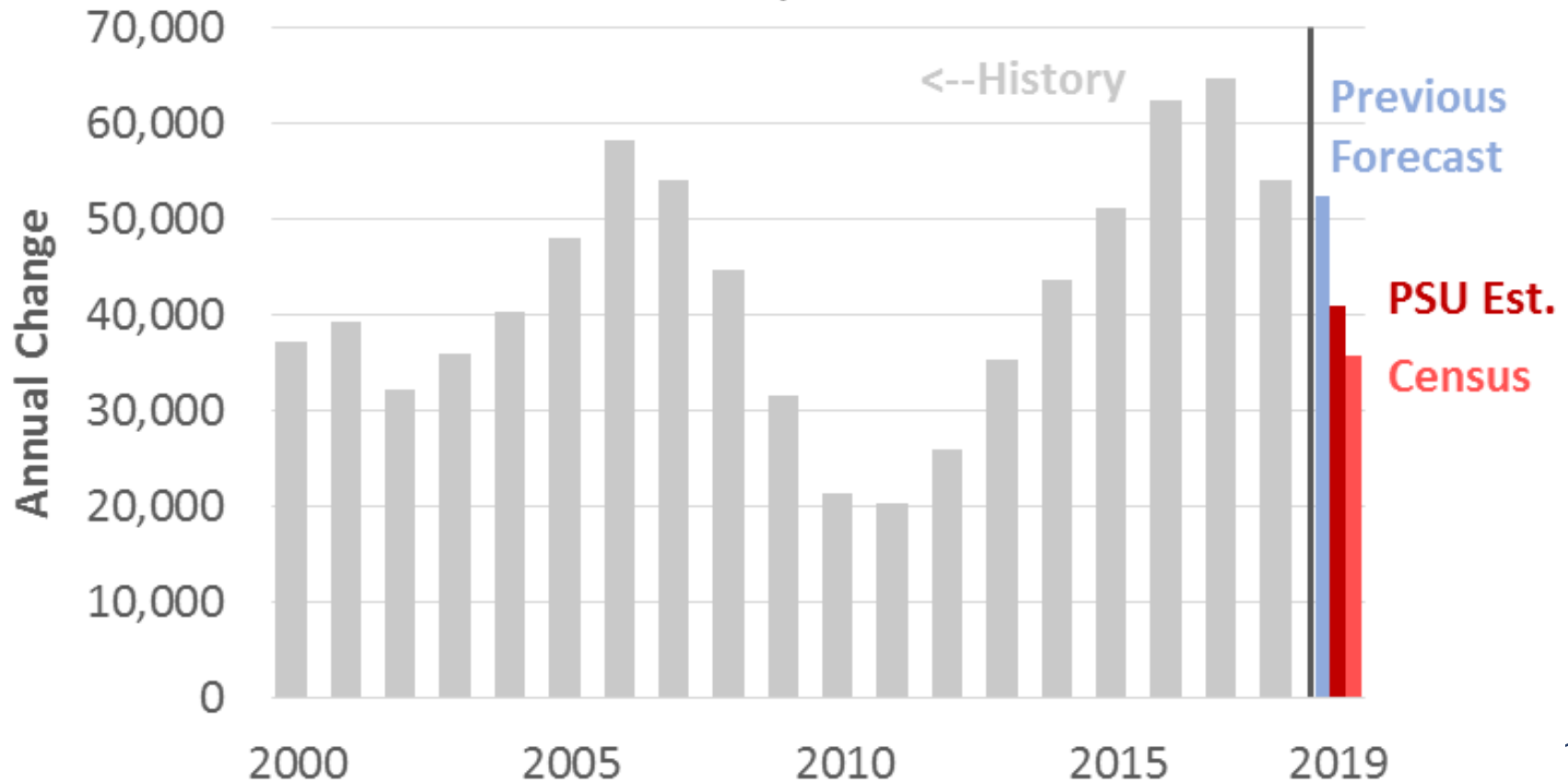




Slower Migration Results in Slower Labor Force Gains

Oregon's Population Growth is Slowing

Question is By How Much?



Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

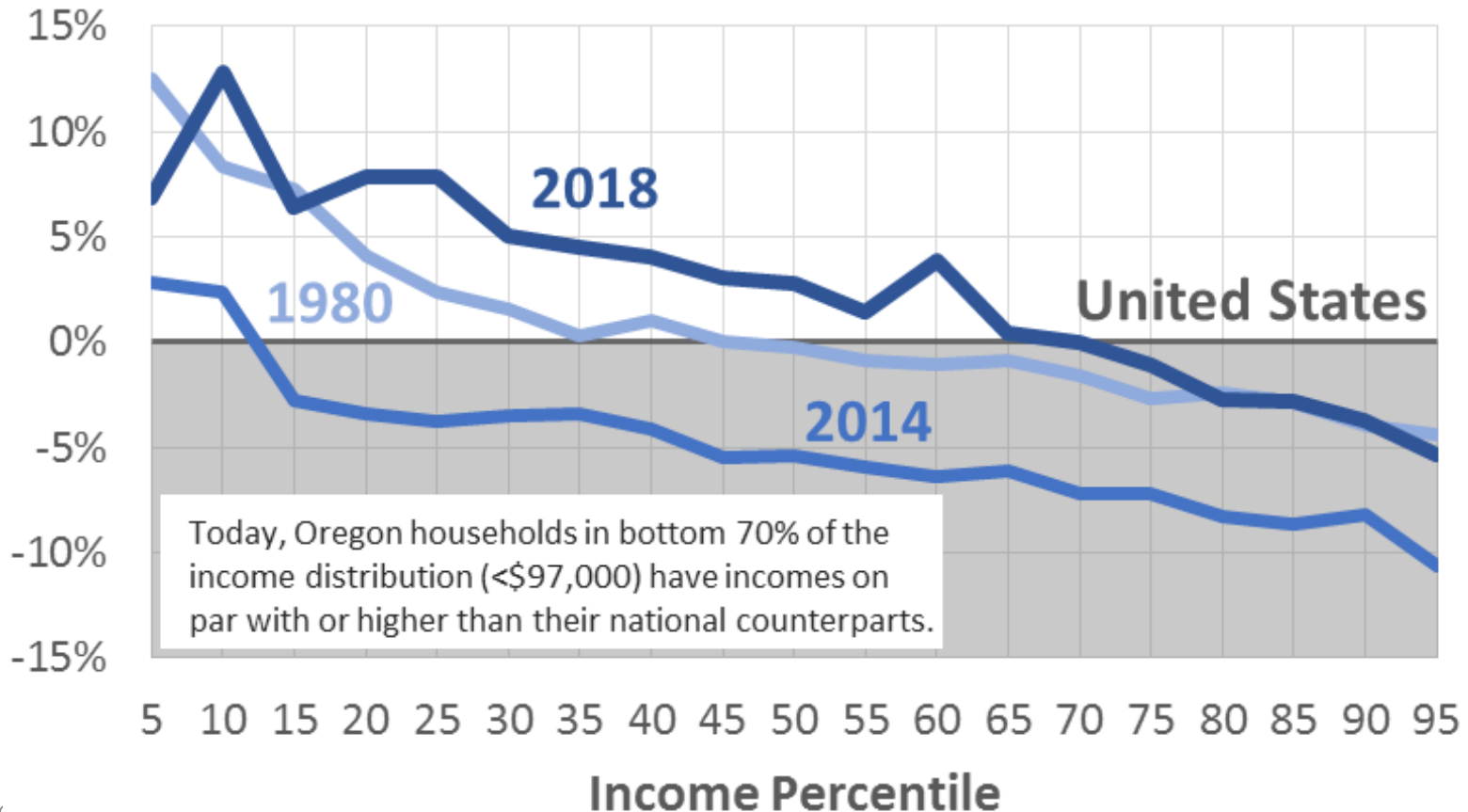




Strong Income Growth Across the Distribution

Oregon Household Income

Income Distribution Relative to U.S.



Oregon Economic Development

Source: IPUMS-USA, Oregon Office of Economic Analysis



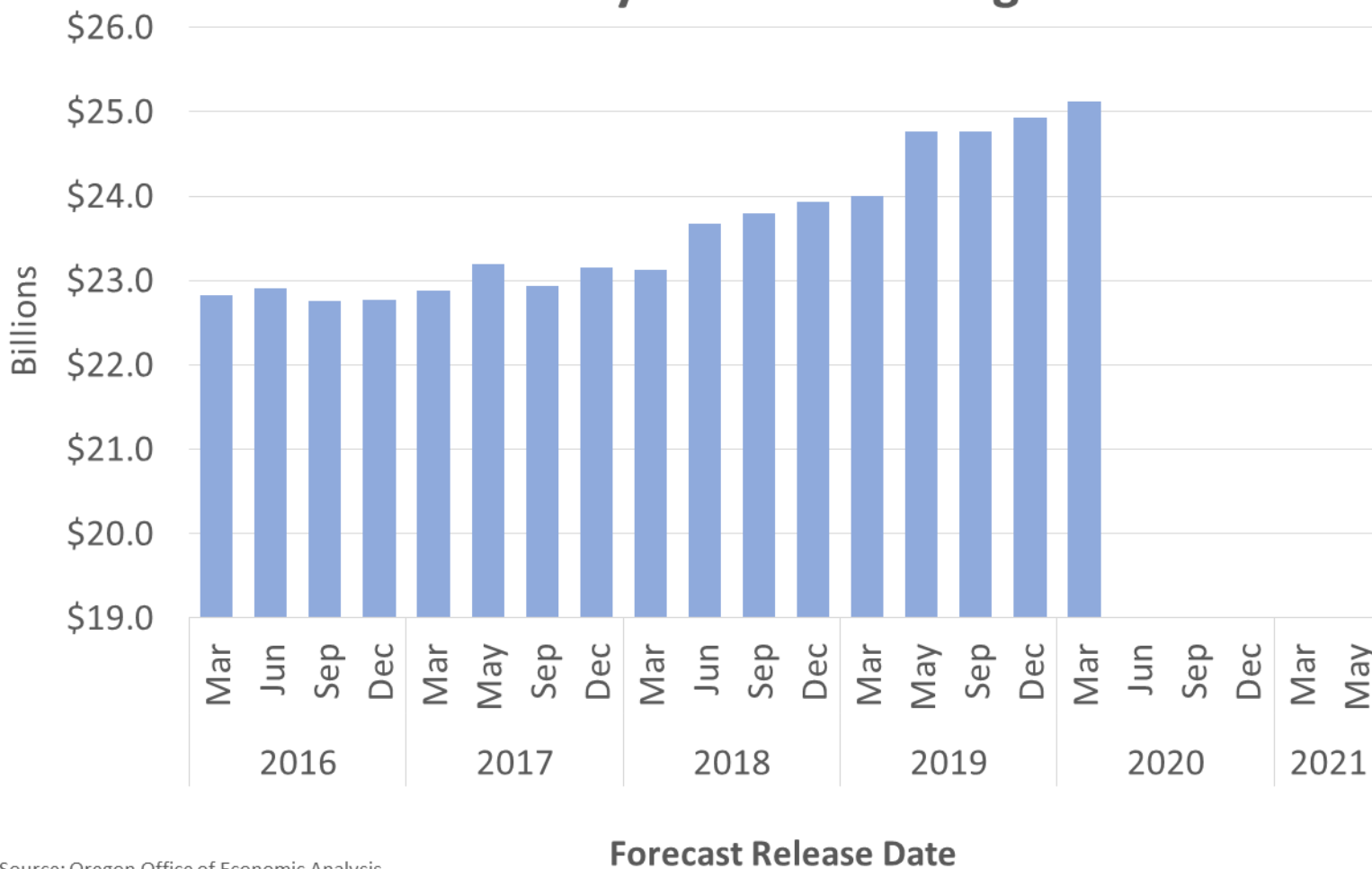
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Revenue Update and Outlook



Forecast Evolution

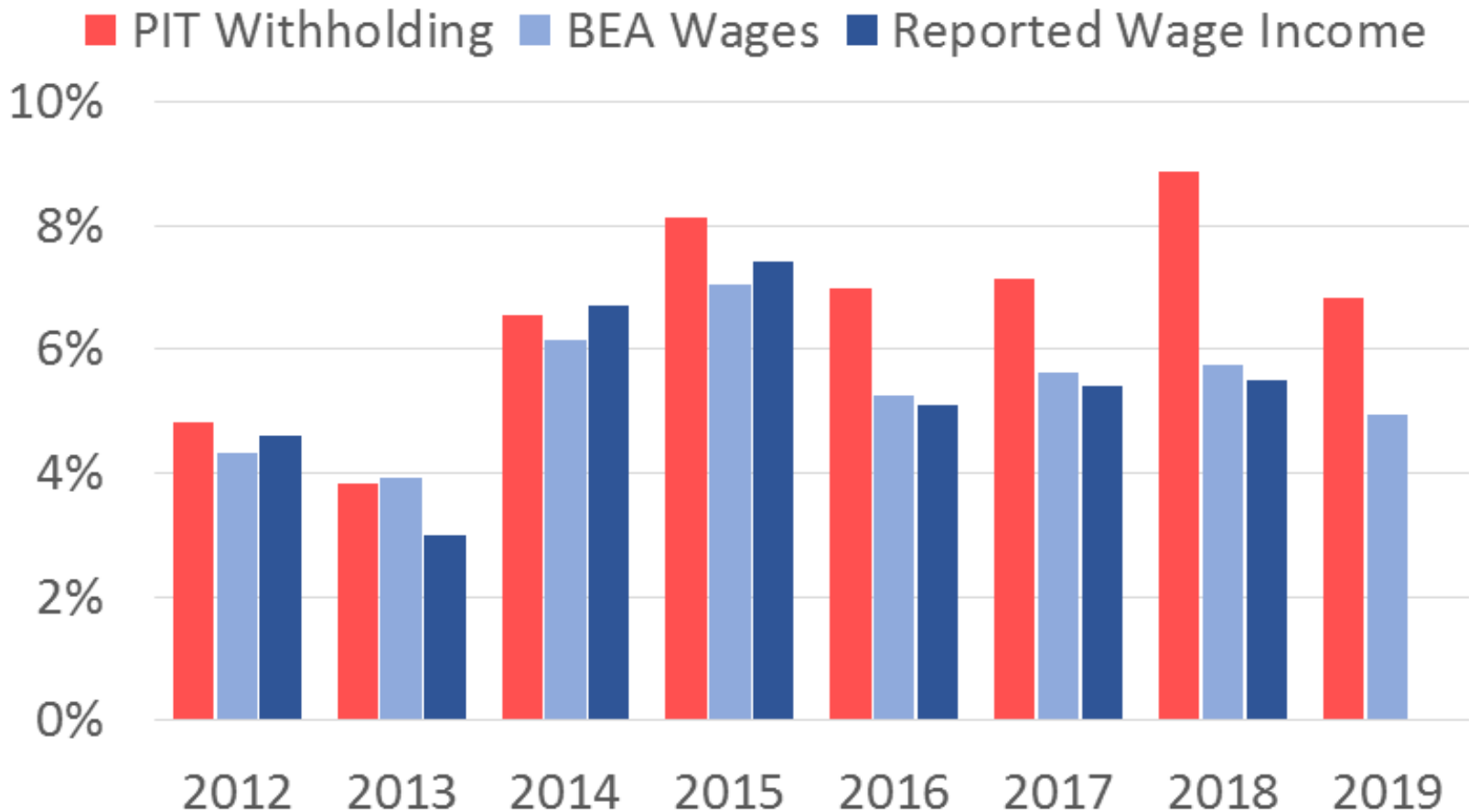
2019-21 General and Lottery Fund Resource Estimates by Forecast Vintage





Withholdings Outstrip Underlying Economy

Annual Oregon Wage Growth



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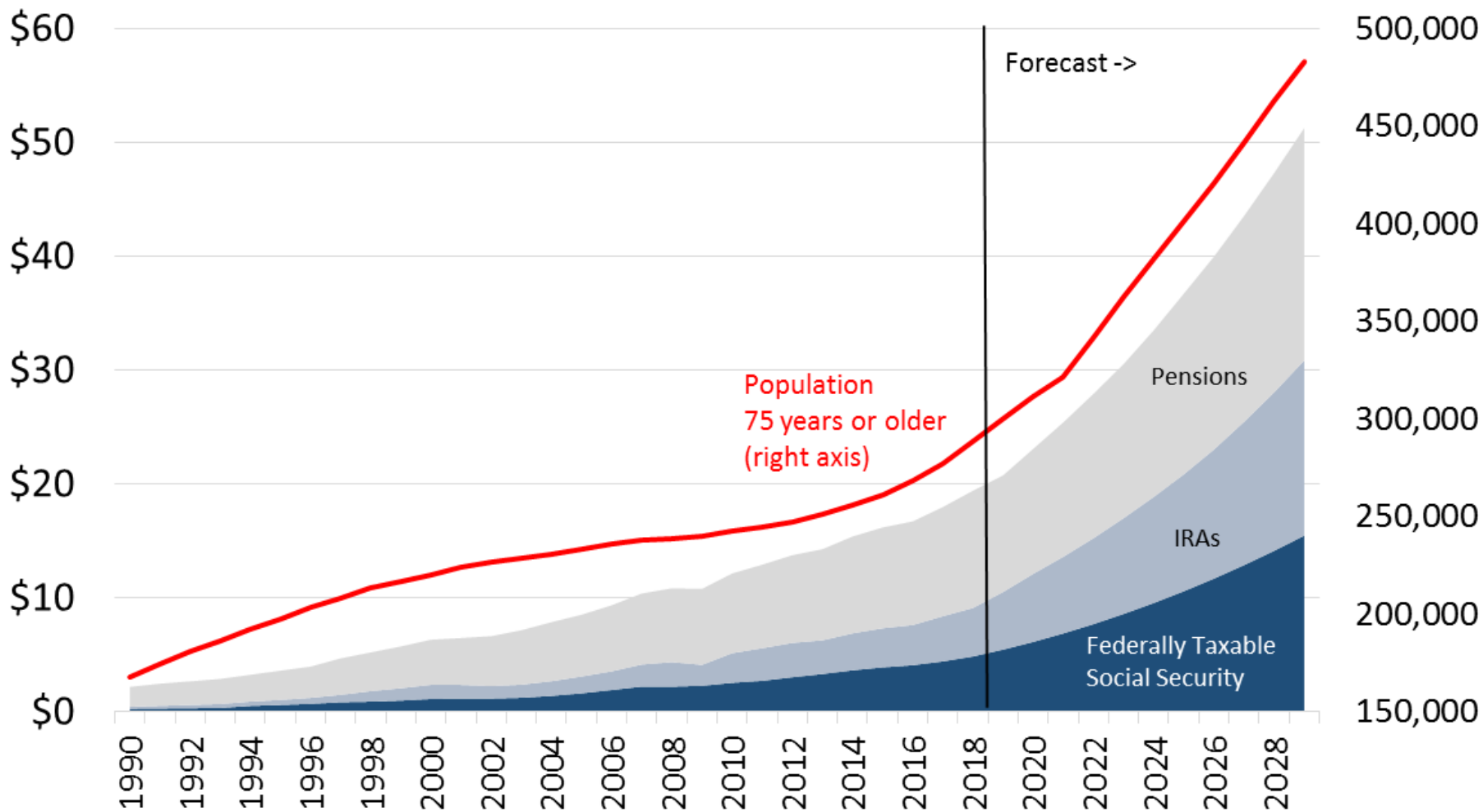
Source: BEA, Oregon Dept of Revenue, Oregon Office of Economic Analysis





A Piece to the Puzzle

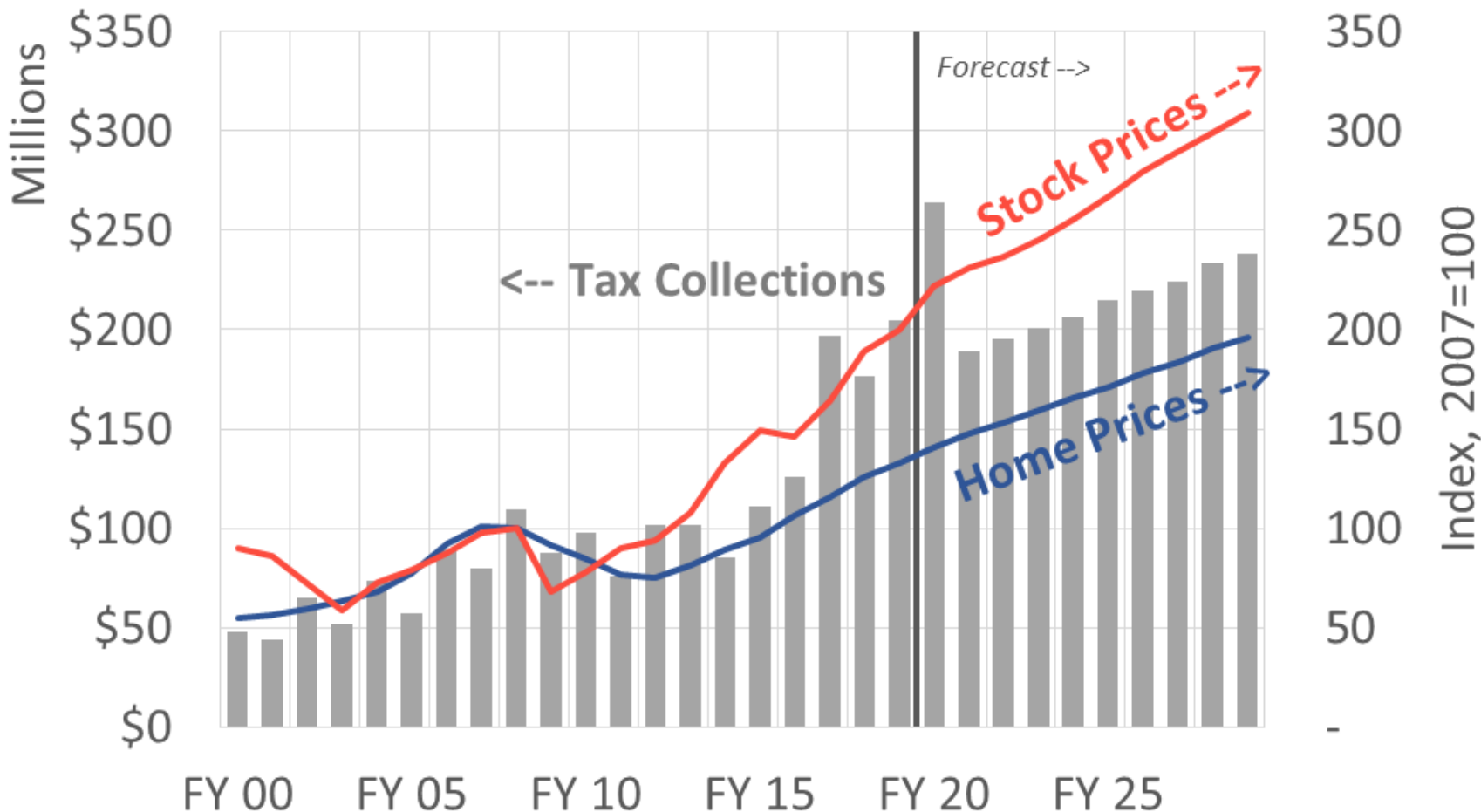
Outlook for Retirement Income





Record Collections Driven by Small Number of Estates

Oregon Estate Taxes



Latest Data: FY 2019 | Source: IHS Markit, Oregon DOR, Oregon Office of Economic Analysis





Additional Resources for the Current Biennium

2019-21

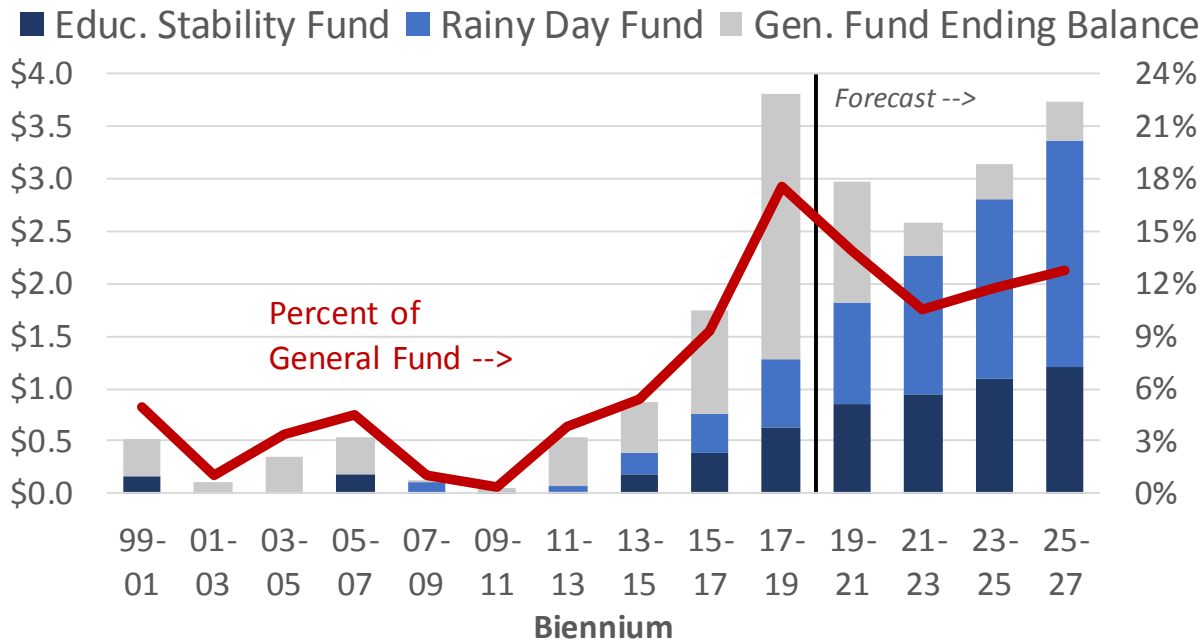
| | <u>Current Forecast</u> | <u>Change Since Last Forecast</u> | <u>Change Since Close of Session</u> |
|---|-----------------------------|---------------------------------------|--|
| Taxes | | | |
| Personal Income Taxes | 18,472,592,000 | 186,824,000 | 189,084,000 |
| Film and Video and Transfer to Counties | (45,262,000) | 0 | 0 |
| Corporate Income Taxes | 1,312,661,000 | (13,215,000) | 121,856,000 |
| Transfer to Rainy Day Fund & PERS UAL | (209,046,000) | (45,243,000) | (50,792,000) |
| Other Revenues | 1,672,674,000 | 115,310,000 | 126,592,000 |
| Net General Fund Revenues | 21,203,619,000 | 243,676,000 | 386,740,000 |
| Plus Beginning Balance | 2,579,398,712 | (71,100,000) | 260,954,000 |
| Appropriations | 22,409,455,625 | 0 | 0 |
| Estimated Ending Balance | 1,153,751,594 | 173,696,543 | 648,814,543 |





Recessionary Buffer

Oregon Budgetary Reserves (billions)



Source: Oregon Office of Economic Analysis

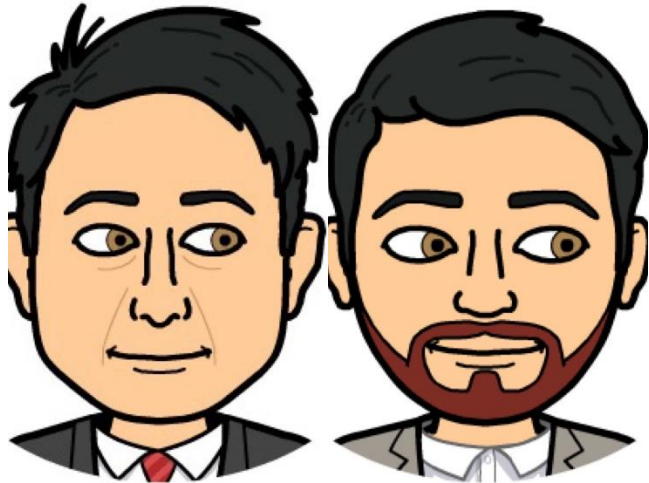
Effective Reserves (\$ millions)

| | January 2020 | End 2019-21 |
|----------------|------------------|------------------|
| ESF | \$678.8 | \$860.3 |
| RDF | \$675.1 | \$962.8 |
| Reserves | \$1,353.9 | \$1,823.1 |
| Ending Balance | \$1,153.8 | \$1,153.8 |
| Total | \$2,507.6 | \$2,976.8 |
| % of GF | 11.7% | 13.9% |





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