

The background features a large, faint, circular seal of the Oregon State Board of Economic Advisors. The seal contains an eagle with wings spread, a plow, and a sheaf of wheat. The text around the seal includes 'BOARD OF ECONOMIC ADVISORS', 'OREGON', and '1859'.

# Economic and Federal Policy Update

Prepared for:  
GCEAC  
July 10<sup>th</sup>, 2020

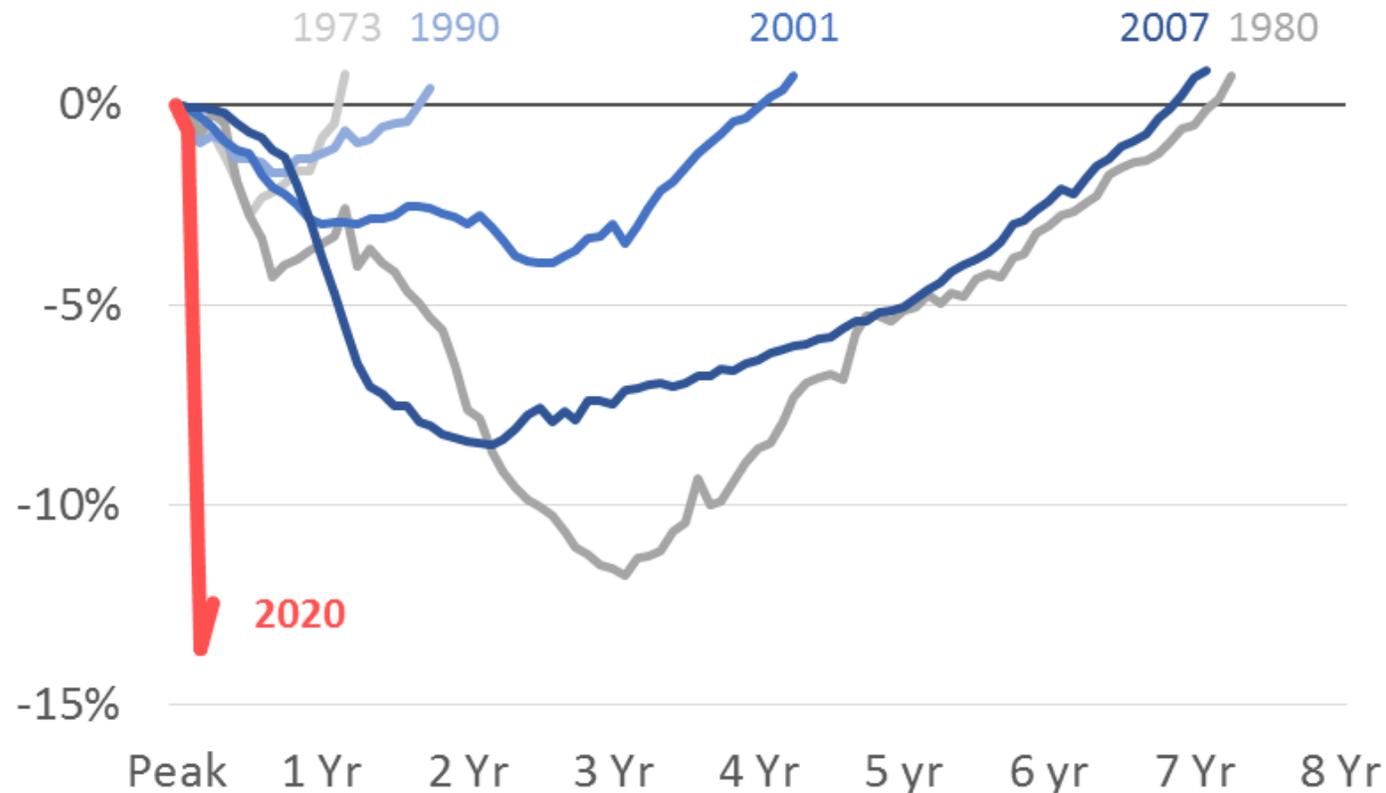
Mark McMullen  
Oregon State Economist



# The Good News: May and June Were Not As Bad As Was Feared

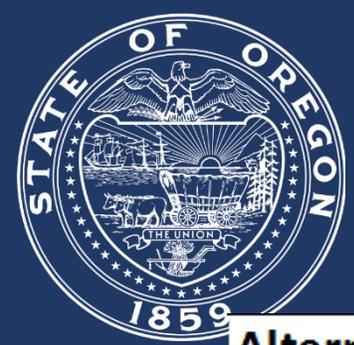
## Oregon Employment Loss by Recession

Percent Change from Pre-Recession Peak



- While damage has been severe, economic losses are no longer mounting
- Oregon recovered 1 out of 12 lost jobs in May, with more improvement expected in June
- Public policies and measurement issues both played roles in the improved job numbers

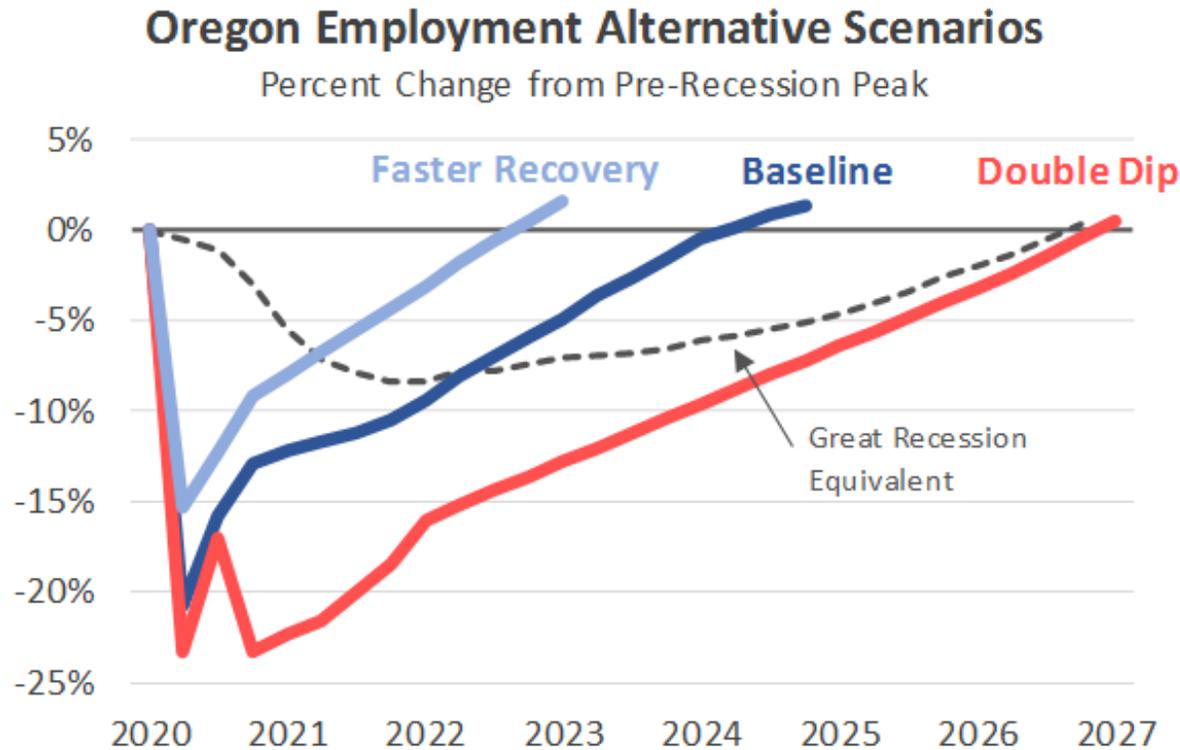




# The Bad News: A False Dawn Seems Increasingly Likely

## Alternative Scenarios

Jun 2020



	2020	2021	2022	2023
<b>Employment</b>				
Baseline	-11.6%	1.1%	4.2%	4.8%
Faster Recovery	-8.4%	3.4%	5.2%	4.4%
Double Dip	-15.1%	-5.6%	7.3%	3.8%
<b>Unemployment Rate</b>				
Baseline	15.3%	14.7%	11.4%	7.6%
Faster Recovery	12.3%	9.8%	5.8%	4.2%
Double Dip	18.5%	22.7%	17.6%	14.8%
<b>Personal Income</b>				
Baseline	1.0%	0.2%	4.7%	5.3%
Faster Recovery	1.9%	1.4%	6.6%	5.6%
Double Dip	-2.1%	-3.1%	4.5%	5.1%

- Pessimistic Scenario—Double Dip Recession:** A second wave of cases surge this fall resulting in another round of strict social distancing. The recession is deeper and more prolonged, while the overall recovery is also slower. The resurgence in cases may be due to a seasonal component of the virus, an economy that reopens too soon, or people simply ignoring the ongoing public health guidelines. Regardless of the exact reason, under the double-dip scenario, Oregon's economy does not fully return to health until late 2027, putting it on the same timeline or trajectory as the aftermath of the Great Recession and the early 1980s recessions.

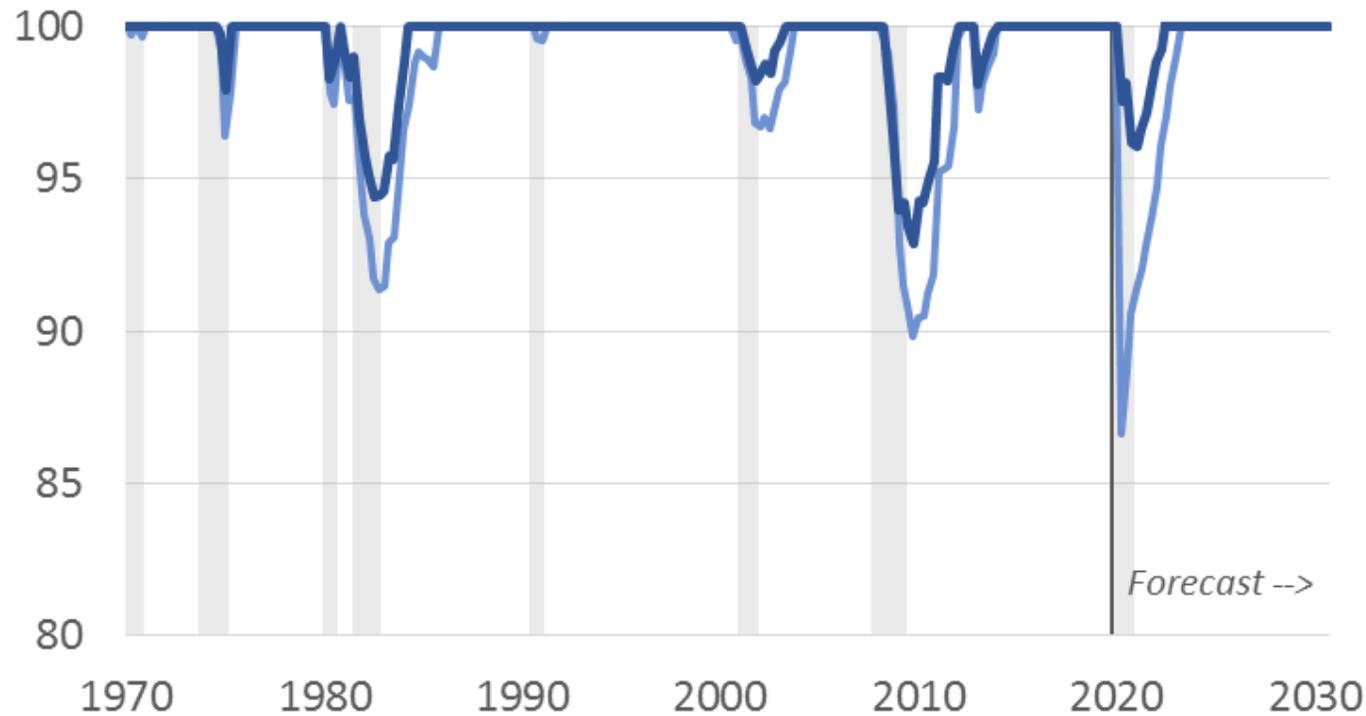




# Unprecedented Aid to Households

## Oregon Income Losses

Inflation-Adjusted Income as Percent of Pre-Recession Peak  
**Total Personal Income** | **Excluding Transfer Payments**



Latest Data: 2019q4 | Source: BEA, Oregon Office of Economic Analysis



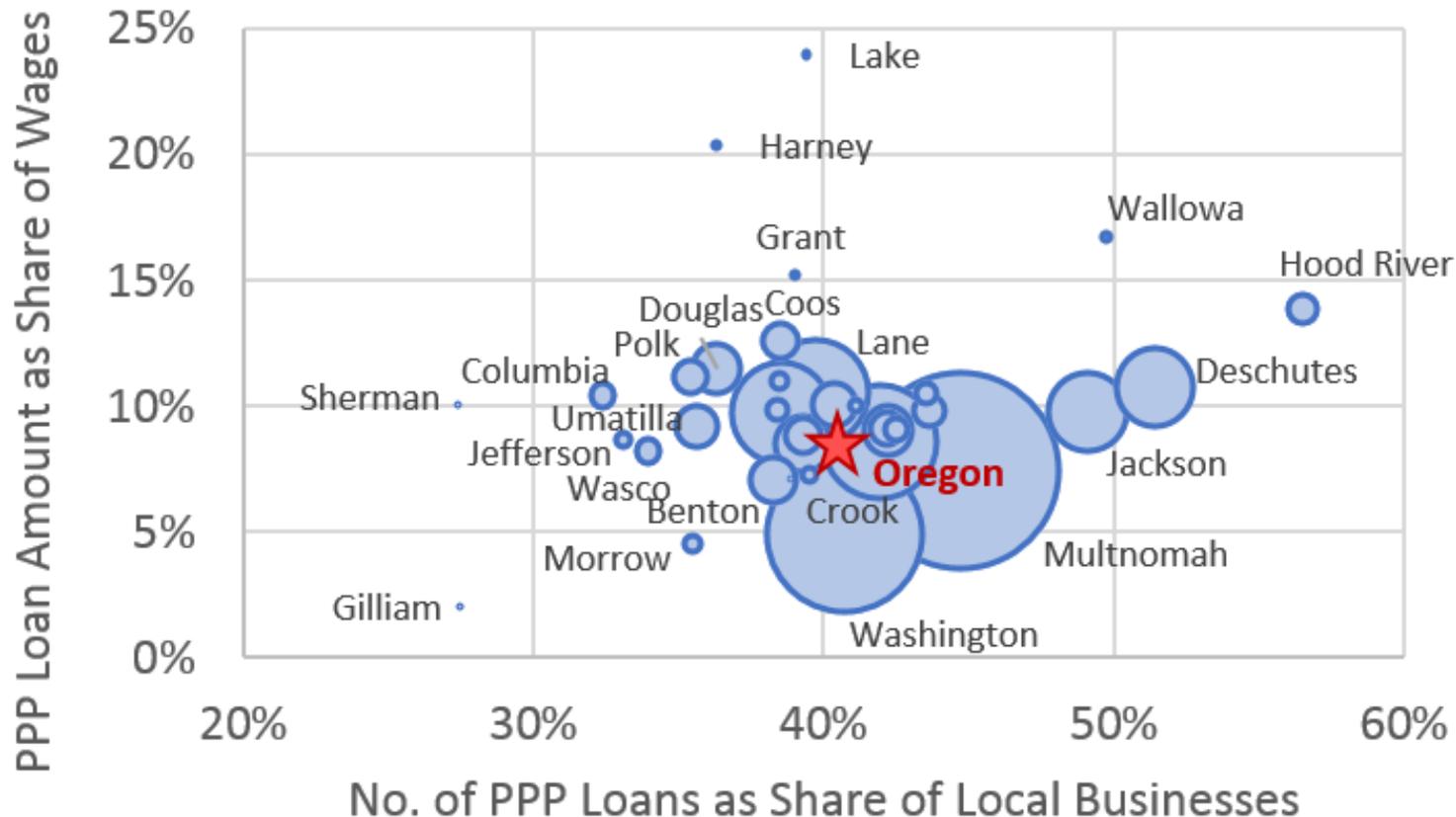
Oregon Office of  
Economic Analysis





# Oregon's PPP Loans: Regions

## Oregon PPP Loans by County



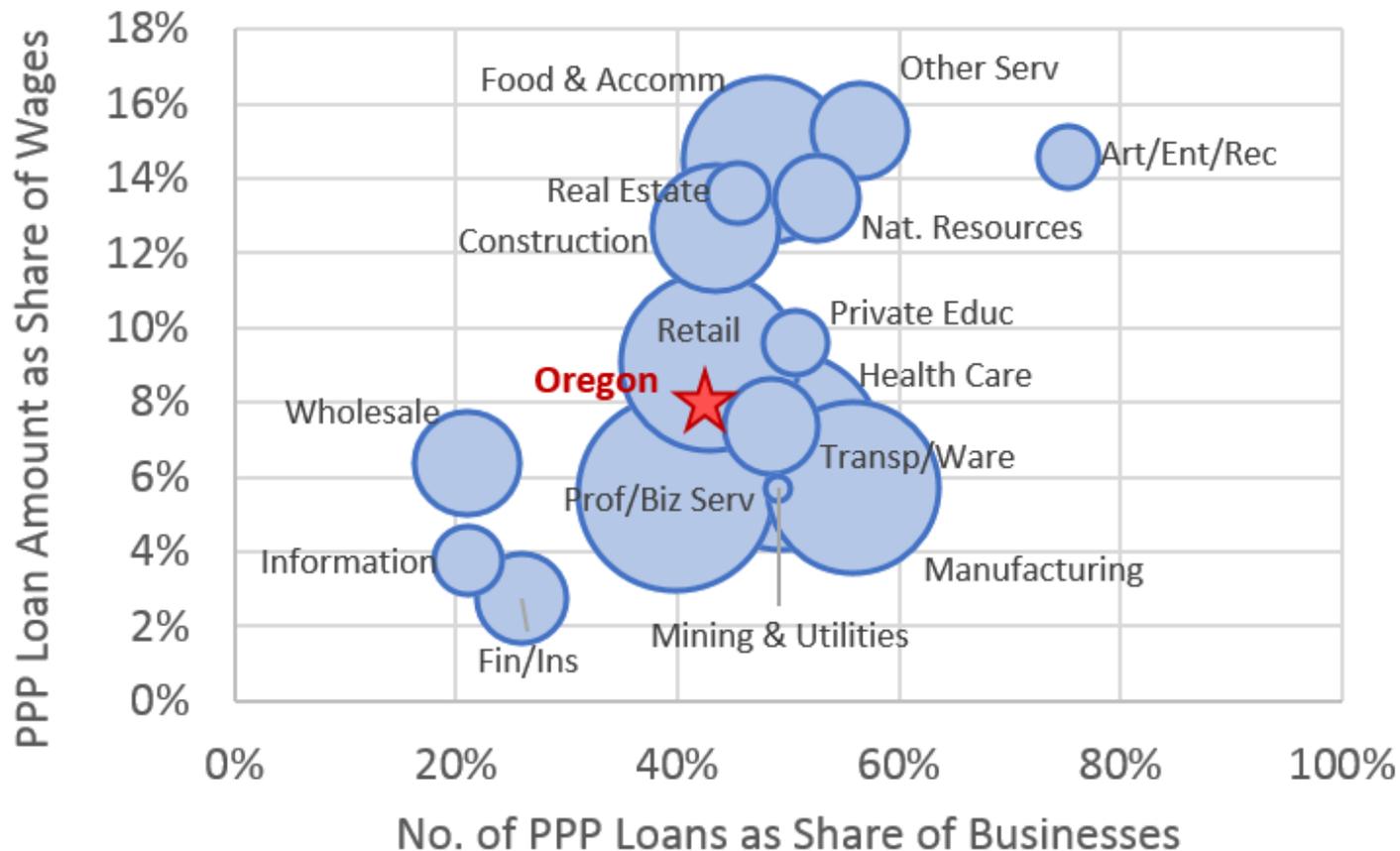
- Jackson, Deschutes and Hood River counties saw the most lending activity due to large hospitality sectors
- Coastal counties also saw a lot of lending among hospitality firms, but less in other industries
- The largest relative loan amounts were seen in smaller eastern counties driven by regional health care providers





# Oregon's PPP Loans: Industries

## Oregon PPP Loans by Industry



- All large industries in Oregon have taken advantage of PPP loans, with relatively little variation in the participation rate
- Loan amounts showed greater differences, with hospitality and other service firms borrowing relatively large amounts
- Large manufacturing operations including technology firms and metal makers have borrowed less

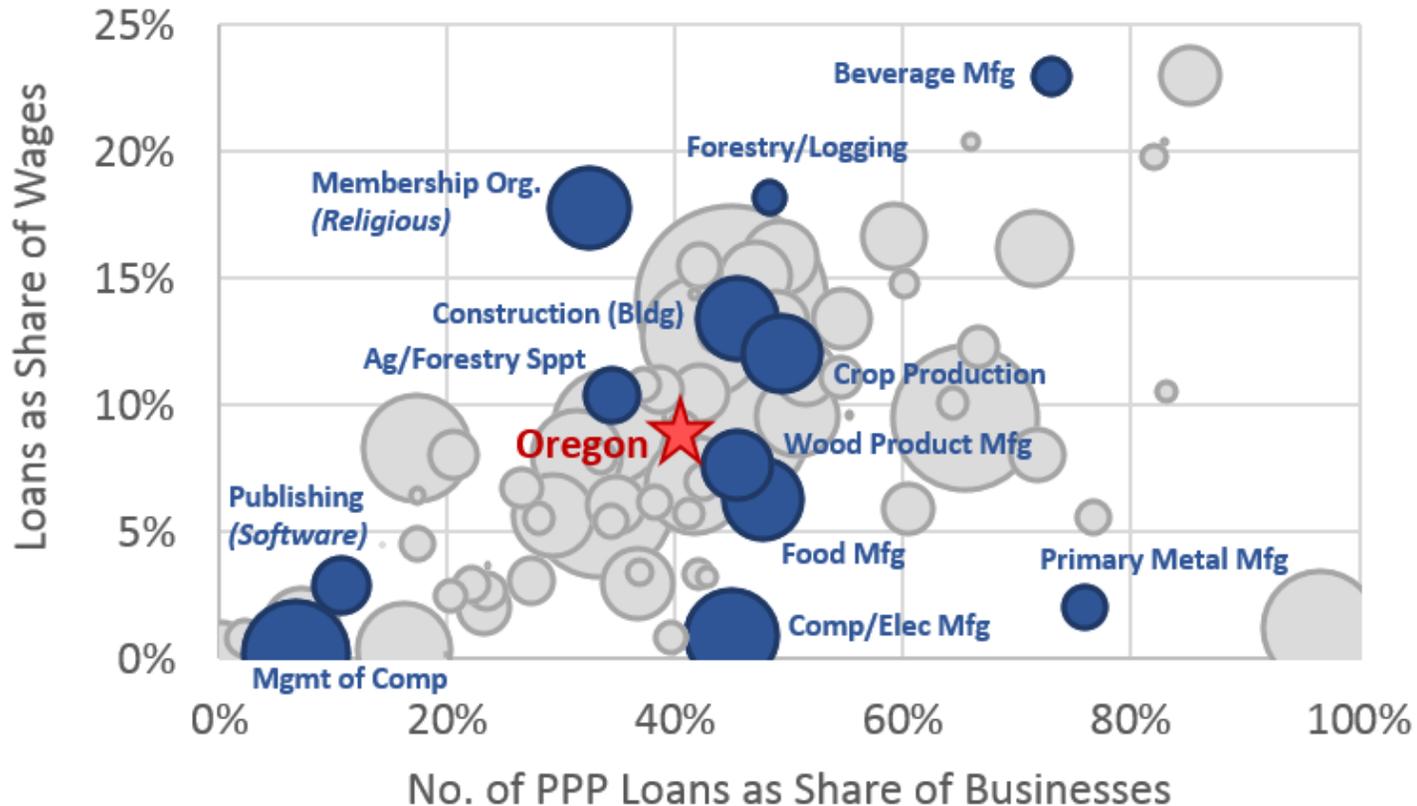




# Oregon's PPP Loans: Detailed Industries

## Oregon PPP Loans by Industry

Industries in which Oregon has 40%+ Concentration Relative to U.S.



- Oregon's wood product firms have taken advantage of PPP loans to a great extent
- Other large manufacturers have borrowed less
- After the second round of lending, religious organizations and other nonprofits participated at higher rates
- Oregon's beverage manufacturers have taken advantage of the program in all regions of the state





# Oregon's PPP Loans: Equity and Ownership

## Oregon PPP Loans by Self-Reported Business Ownership

	Number of Loans	Average Amount	Jobs Retained*
American Indian or Alaska Native	40	\$ 127,762	35
Asian	442	\$ 103,178	414
Black or African American	36	\$ 130,964	32
Hispanic	199	\$ 94,627	183
White	2,965	\$ 179,460	2,606
Unanswered	59,093	\$ 108,465	53,011
<b>Total</b>	<b>62,775</b>	<b>\$ 111,763</b>	<b>56,281</b>

\* Retained jobs are self reported by borrowers with a 90% response rate

Sources: U.S. Small Business Association, Oregon Office of Economic Analysis

Business Type	Share of Oregon PPP Lending Volume
Cooperative	0.3%
Corporation	39.5%
Employee Stock Ownership Plan(ESOP)	0.0%
Independent Contractors	0.2%
Joint Venture	0.0%
Limited Liability Company(LLC)	25.5%
Limited Liability Partnership	0.8%
Non-Profit Childcare Center	0.1%
Non-Profit Organization	7.4%
Partnership	1.3%
Professional Association	0.6%
Self-Employed Individuals	0.2%
Sole Proprietorship	3.3%
Subchapter S Corporation	20.4%
Trust	0.0%
Tenant in Common	0.0%
Blank	0.2%
Grand Total	100.0%





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