

The background features a large, faint, circular seal of the Oregon Office of Economic Analysis. The seal contains an eagle with wings spread, a plow, and a sheaf of wheat. The text "OFFICE OF ECONOMIC ANALYSIS" is written around the top inner edge, "OREGON" is at the bottom, and "1859" is at the very bottom. A banner across the center of the seal reads "THE UNION".

June 2020 Economic and Revenue Forecast

May 29th, 2020

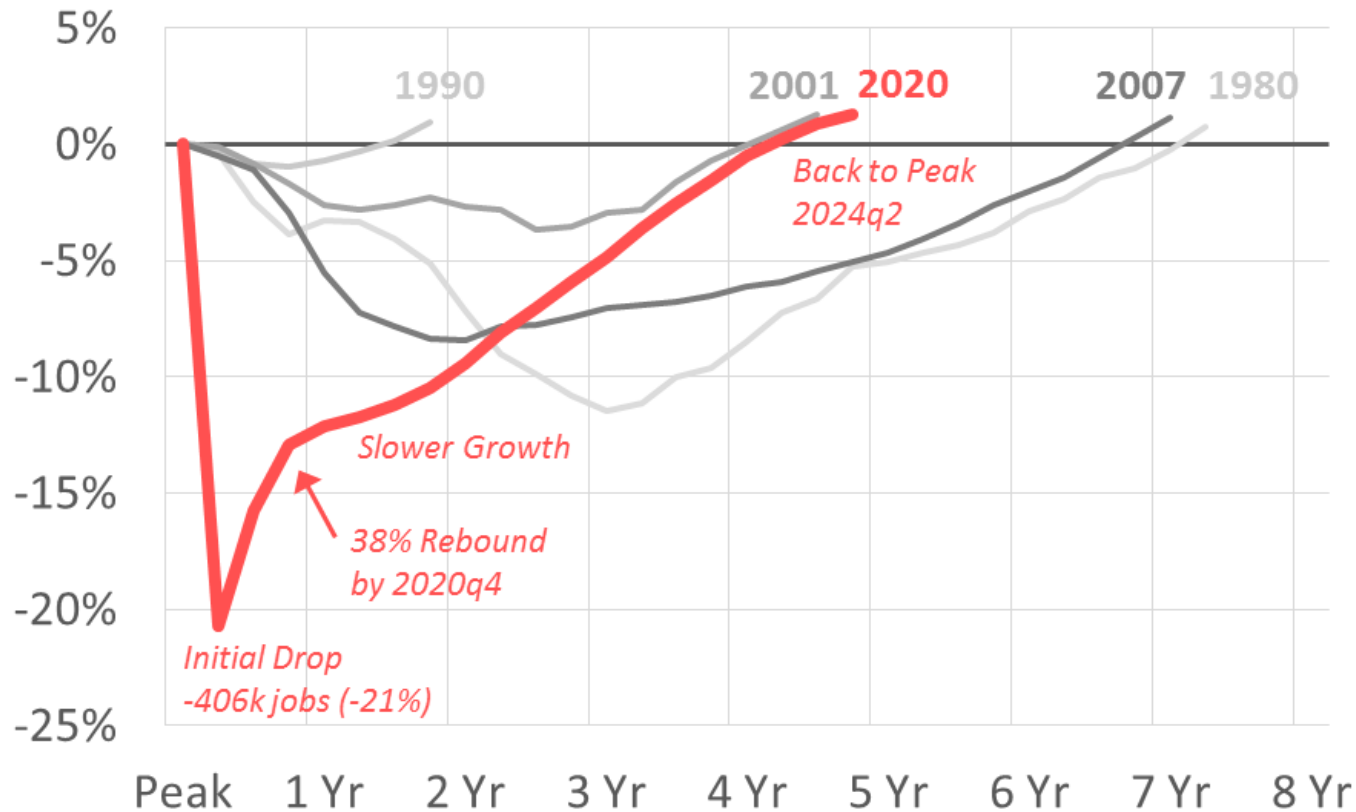
Oregon Office of Economic Analysis
Josh Lehner



It Takes Years to Recover from Severe Recessions

Oregon Recession Comparison

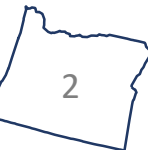
Employment Percent Change from Pre-Recession Peak



- Severe recession; economic activity suppressed
- As restrictions lift, strong but incomplete bounce back
- Slower growth until medical treatment available
- Economy returns to health by mid-decade
- Lottery Risk: social distancing impacts retailers considerably



Source: Oregon Employment Department, Oregon Office of Economic Analysis

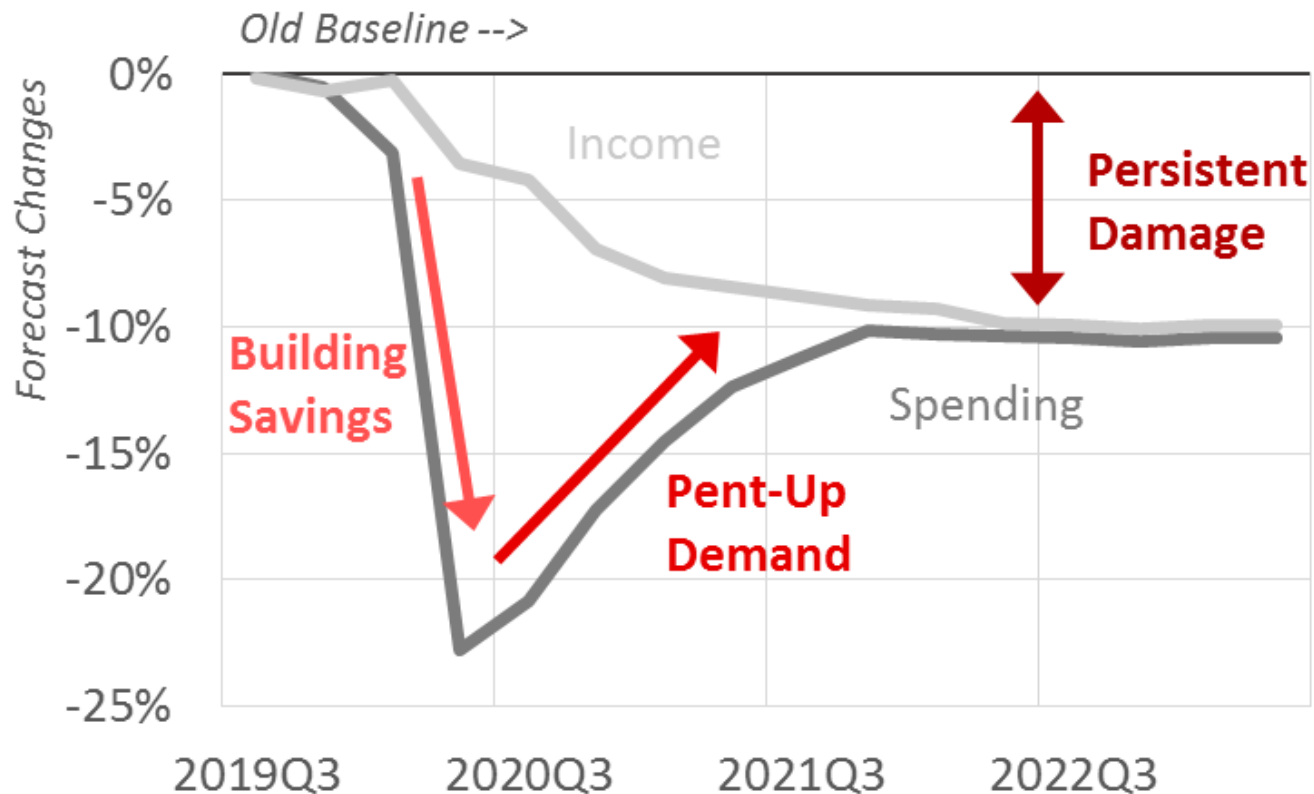




Anatomy of a Recovery

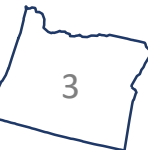
Spending and Income Revised Lower

Changes from Previous Forecast



- Households are building savings today as economic activity is suppressed
- As social distancing restrictions lift, pent-up demand will be unleashed
- Longer-run the outlook is reduced due to a weaker economy
- Lottery Risk: discretionary spending relative to income

Source: Oregon Office of Economic Analysis

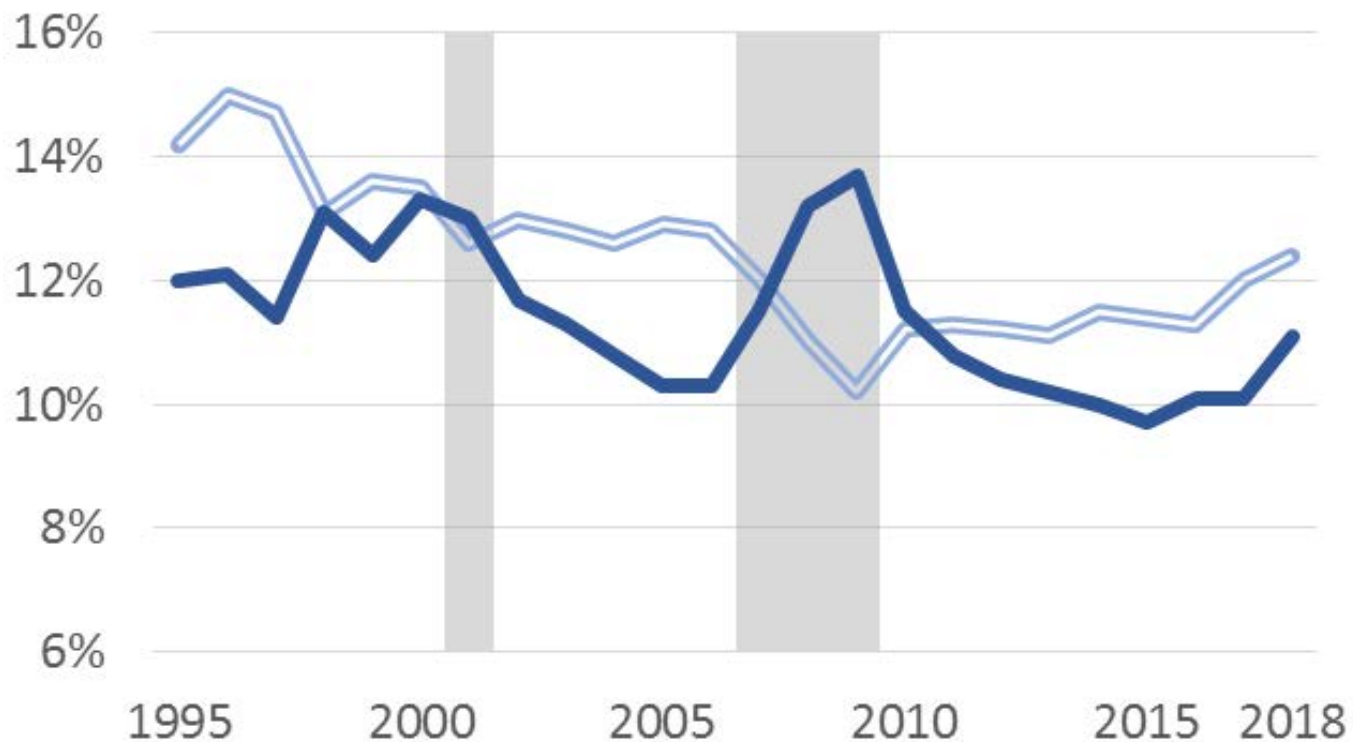




Permanent Damage & Federal Policy

Oregon Business Dynamics

Establishment **Births** and **Deaths**, Share of Total



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

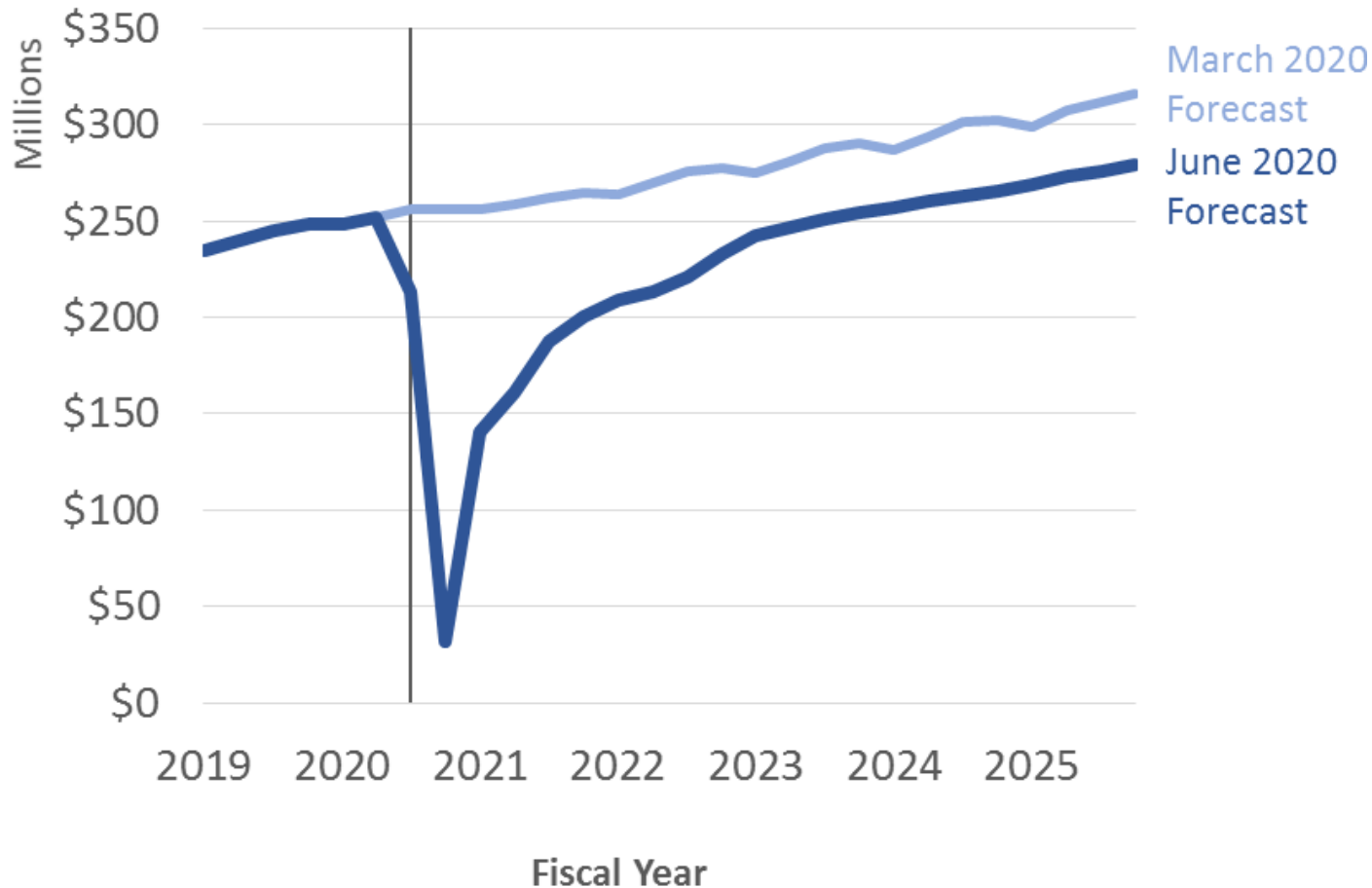
- Recovery Rebates
 - Nearly \$4b to Oregon households
- Unemployment Insurance
 - Nearly \$7b total given recession and expanded program
- Paycheck Protection Program (PPP)
 - 55,900 small Oregon businesses have been approved for \$6.8b in loans through 5/16/2020
- Lottery Risk: Retailer Failure
 - Sales not made up elsewhere
 - Depressed start-up activity to replace lost bars & restaurants





Video Sales Suppressed, Come Back as Customers Return to Retailers

Quarterly Video Lottery Sales



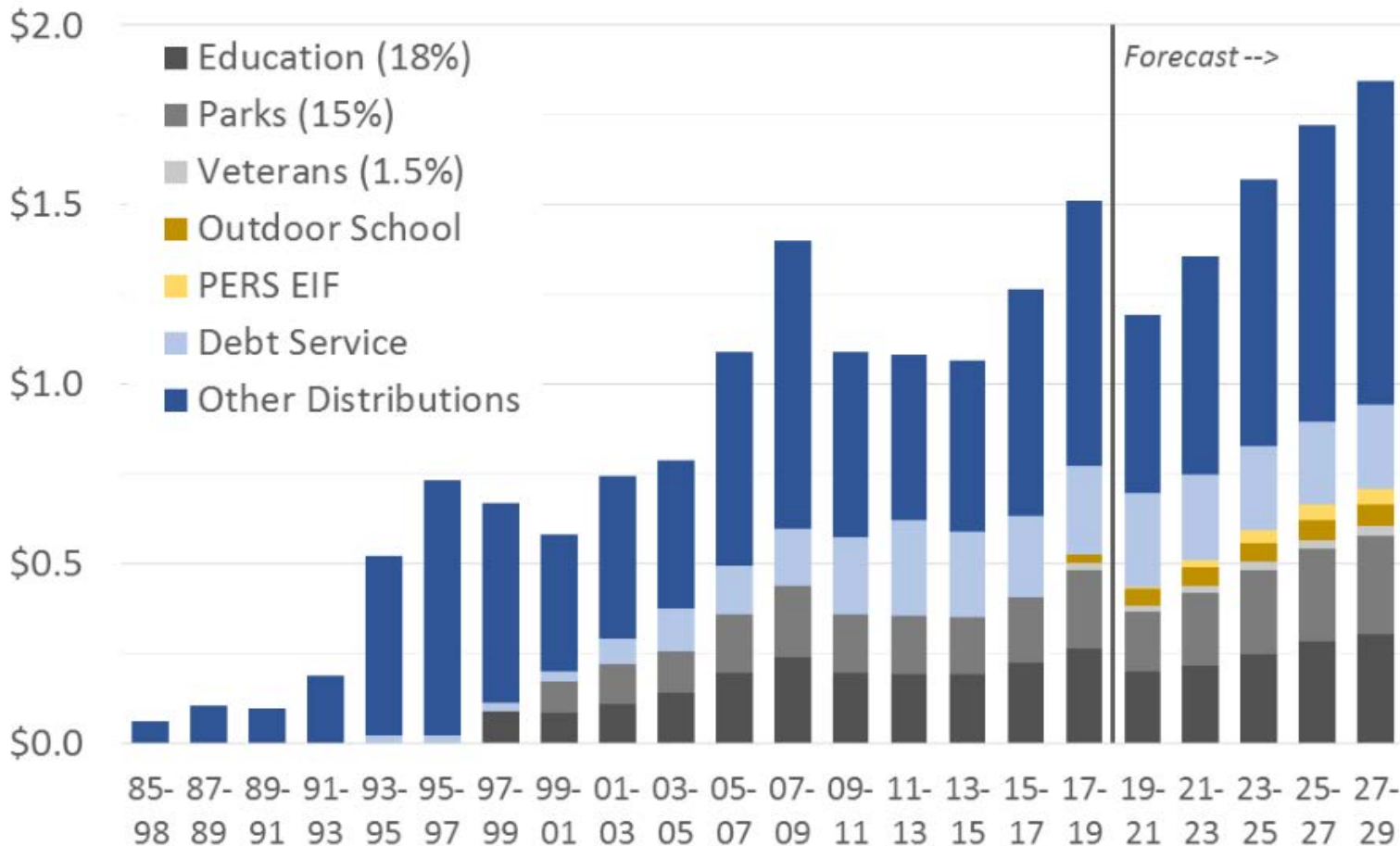
- Near-term risks to the upside
 - More counties, retailers open
 - Larger pent-up demand
- Medium-term risks balanced
 - Health and confidence improves quicker or it deteriorates
- Long-term risks to the downside
 - Industry competition, demographics, alternative entertainment options





Recovery Will Take Some Time

Lottery Resources and Distributions (\$ billions)



- 2019-21 Forecast Change

- Traditional: -\$5m
- Sports: -\$5m
- Video: -\$361m
- TOTAL: -\$371m (-25%)

- 2021-23 Forecast Change

- Traditional: -\$2m
- Sports: -\$10m
- Video: -\$248m
- TOTAL: -\$259m (-16%)

- Double-dip recession another -\$150-200m





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