The Shutdown, the Reopening, and the Path to Recovery

July 2020

ECONorthwest
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How did the shutdown affect Oregon workers and businesses?

How, and to what extent, did the federal CARES Act mitigate the economic crisis?

How has the economy performed in the initial weeks of the reopening?

What is the economic outlook for the rest of 2020 and beyond?
How did the shutdown affect Oregon workers and businesses?
Closing the economy to save it

All Employees: Total Nonfarm in Oregon, Thousands of Persons, Seasonally Adjusted

Source: Federal Reserve Bank of St. Louis, FRED
Continuing claims in May as expressed as a share of pre-COVID employment, by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>1%</td>
</tr>
<tr>
<td>Financial activities</td>
<td>6%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>6%</td>
</tr>
<tr>
<td>Management of companies</td>
<td>6%</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>7%</td>
</tr>
<tr>
<td>Government</td>
<td>7%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8%</td>
</tr>
<tr>
<td>Education and health services</td>
<td>9%</td>
</tr>
<tr>
<td>Real estate</td>
<td>10%</td>
</tr>
<tr>
<td>Information</td>
<td>11%</td>
</tr>
<tr>
<td>Total nonfarm employment</td>
<td>11%</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>16%</td>
</tr>
<tr>
<td>Other services</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Oregon Employment Department, May CES
Continuing claims in May as expressed as a share of pre-COVID employment, Manufacturing sectors

Source: Oregon Employment Department, May CES
Initial claims more likely in lower income occupations

**Initial Claims by Occupational Group as a Share of Total Employment**

- **Food Preparation and Serving**
- **Farming, Fishing, and Forestry**
- **Personal Care and Service**
- **Building and Grounds Cleaning and Maintenance**
- **Healthcare Support**
- **Production**
- **Sales and Related**
- **Transportation and Material Moving**
- **Office and Administrative Support**
- **Construction and Extraction**
- **Arts, Design, Entertainment, Sports, and Media**
- **Installation, Maintenance, and Repair**
- **Education, Training, and Library**
- **Protective Service**
- **Community and Social Service**
- **Life, Physical, and Social Science**
- **Management**
- **Healthcare Practitioners**
- **Business and Financial Operations**
- **Architecture and Engineering**
- **Legal**
- **Computer and Mathematical**

**Median Hourly Wage**
- Less than $15.00
- $15.00 - $19.99
- $20.00 - $29.99
- Greater than $30.00

*Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the 12 weeks ending June 6, 2020.*
UI claims as share of workforce vary by county

Initial Unemployment Insurance Claims as a Share of Labor Force

Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the 12 weeks ending June 6, 2020.
Workers with H.S. education twice as likely to be laid off

Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the 12 weeks ending June 6, 2020.
Workers 25-34 most likely to experience job loss

Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the 12 weeks ending June 6, 2020.
UI initial claims by race and ethnicity

Source: Oregon Employment Department, initial Unemployment Insurance claims processed in the 12 weeks ending June 6, 2020.
## Monthly economic impacts

Data through week ending 6/13

<table>
<thead>
<tr>
<th>Economic Indicator</th>
<th>Continuing claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Revenue ($Billion)</td>
<td>$2.9</td>
</tr>
<tr>
<td>Wages ($Million)</td>
<td>$920</td>
</tr>
<tr>
<td>Number of continuing claims</td>
<td>275,768</td>
</tr>
<tr>
<td>Est. Unemployment Rate</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

Source: Oregon Employment Department, IMPLAN
How, and to what extent, did the federal CARES Act mitigate the economic crisis?
Unprecedented stimulus

Stimulus Covers Historic Loss of Income

Source: Bureau of Economic Analysis, Haver Analytics
As of May 20
Spike in after-tax income

Real Disposable Personal Income, Billions of Chained 2012 Dollars, Monthly, Seasonally Adjusted Annual Rate

CARES Act Recovery Rebates in Oregon

1.5 million eligible households and $3.4 billion in rebates

Total CARES Act rebates by binned household income

Source: 2018 1-yr ACS PUMS
Pandemic Unemployment Payments

Annual income

- $175,000 -
  - $648 (19%)
  - $600 (18%)
  - Replacement ratio: 37%

- $125,000 -
  - $648 (27%)
  - $600 (25%)
  - Replacement ratio: 52%

- $87,500 -
  - $648 (39%)
  - $600 (36%)
  - Replacement ratio: 74%

- $62,500 -
  - $648 (54%)
  - $600 (50%)
  - Replacement ratio: 104%

- $40,000 -
  - $499 (65%)
  - $600 (78%)
  - Replacement ratio: 143%

- $22,500 -
  - $281 (65%)
  - $600 (139%)
  - Replacement ratio: 204%

- $7,500 -
  - $151 (105%)
  - $600 (416%)
  - Replacement ratio: 521%

Weekly benefit

Benefit source

- Federal CARES Act
- State unemployment

Source: Oregon Employment Department
Oregon PPP loans by industry

Source: SBA, Oregon Office of Economic Analysis
How has the economy performed in the initial weeks of the reopening?
Unemployment declining from its May peak

Source: Opportunity Insights
May-June employment gains are widespread

Source: Oregon Employment Department, May and June CES
Consumer spending closing the gap with US

Spending by all consumers relative to January 2020

Source: Opportunity Insights
Restaurant/hotel spending off the US pace

Restaurant/hotel spending by all consumers relative to January 2020

Source: Opportunity Insights
Outbreaks depress restaurant/hotel spending

Restaurant/hotel spending by all consumers relative to January 2020

Source: Opportunity Insights
What is the economic outlook for the rest of 2020 and beyond?
Concerns about August rent

Slight or No Confidence in Ability to Make August's Payment for Renter-Occupied Housing Units, U.S.

- Hispanic or Latino (may be of any race)
- White alone, not Hispanic
- Black alone, not Hispanic
- Asian alone, not Hispanic
- Two or more races + Other races, not Hispanic

Source: U.S. Census Bureau Household Pulse Survey, Week 11.
How much time will pass before small businesses return to normal operations?

In your opinion, how much time do you think will pass before this business returns to its normal level of operations relative to one year ago?

Data Collected 6/21 to 6/27

- 1 month or less: 2%
- 2-3 months: 12%
- 4-6 months: 16%
- More than 6 months: 44%
- I do not believe this business will return to its normal level of operations relative to one year ago: 18%
- There has been little or no effect on this business’s normal level of operations relative to one year ago: 10%

Survey Response

- National
- State OR

Source: U.S. Census Small Business Pulse Survey
Big range: the Fed’s unemployment outlook (June 10, 2020)

Unemployment rate


Updated: 6/12/20
1. The virus is calling the shots. Control the pandemic, and the economy will grow. Lose control of the pandemic, and the economy will contract.
2. We’re operating in a “90% economy” for the foreseeable future. The leisure and hospitality sector won’t have an opportunity to fully recover until after the virus is eradicated. The challenge during this phase is optimizing economic outcomes under sub-optimal conditions—taking what the virus will give us.
3. The CARES Act is the largest stimulus package in U.S. history and designed around an expectation of a “V” shaped recovery that is not playing out. Key features of the Act are set to expire this week.
4. The pandemic has exacerbated labor market inequities. Job losses are disproportionately concentrated among young, low-wage workers.
5. Consumers and businesses are taking risks with the virus in the background. Better risk quantification and mitigation would aid the reopening.