Macroeconomic Backdrop
Business Cycle Indicators: Up and to the Right

Total Nonfarm Employment (SA)

Real Personal Income ex Transfer Payments

Industrial Production

Real Manufacturing and Trade Sales
Steady As She Goes

U.S. Employment Growth

U.S. Real GDP Growth
Housing States Coming Back

Housing States:
AZ, CA, DE, FL, HI, MD, NV, NJ, OR, RI, WA

Nonhousing States

Jan-05 Jan-08 Jan-11 Jan-14
The Bigger the Better

Dec-07  Jan-10  Jan-12
-7%  -6%  -5%  -4%  -3%  -2%  -1%  0%  1%

Metro with 1+ million population
Metro with 250k - 1 million population
Metro with <250k population
Nonmetro

Jan-80  Jan-85  Jan-90  Jan-95  Jan-00  Jan-05  Jan-10  Jan-15
-6%  -4%  0%  2%  4%  6%  8%  10%

Metro with 1 million or more population
Metro with 250k - 1 million population
Metro with <250k population
Nonmetro
Oregon: Recent Performance
Oregon’s Looking Good Too
Oregon’s Job Growth Advantage Has Returned
Oregon: Near-Term Outlook
Outlook: As Good As It Gets?

Oregon Employment
Year-over-Year Job Gains

- Forecast -->

Private  Public  Growth Rate (rhs)
Oregon: What’s Missing?
Few Middle-Wage Jobs

**Occupations & Median Wages**

- Management
- Legal
- Health Practitioners
- Arch / Eng
- Comp / Math
- Business & Finance
- Scientists
- Construction
- Protective Service
- Teachers
- Install, Maint, Repair
- Arts, Design, Ent
- Community Service
- Admin Support
- Production
- Health Support*
- Transportation
- Sales
- Bldg Maint
- Personal Care
- Agriculture
- Food Prep

State: $35,850

**Job Growth 2010-2013**

- -5%
- 0%
- 5%
- 10%
- 15%
- 20%
- 25%

State: 4.5%
Regional: The Bigger the Better

Oregon Employment: Metro and Nonmetro

- Portland
- Oregon
- Nonmetro

Bend, Corvallis, Eugene
Medford, Salem

Jan-07 Jan-09 Jan-11 Jan-13 Jan-15

-12% -10% -8% -6% -4% -2% 0% 2%
Regional: Exposure to Hard-Hit Sectors

Housing and Government in Oregon
Share of Local Payroll, 2013

<table>
<thead>
<tr>
<th></th>
<th>Housing</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro</td>
<td>7.5%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Oregon</td>
<td>7.9%</td>
<td>17.2%</td>
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<tr>
<td>Rural</td>
<td>9.6%</td>
<td>24.9%</td>
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</tbody>
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Regional: Job Recovery by County

Oregon Employment by County

Share of Lost Jobs Regained by July 2014

Great Recession Job Losses

-20% -15% -10% -5% 0%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

All Regained
Majority Regained
About Half Regained
About 1 in 4 Regained
Less than 1 in 10
Risks and Long-run Outlook
Manufacturing: Changing of the Guard

Oregon Employment, 1976-2014

Oregon Wages, 1976-2014

Industry Share of State Total

Oregon Employment Department, Oregon Office of Economic Analysis

DAS
DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF ECONOMIC ANALYSIS
Migration Flows to Oregon
Return

Number of Driver's Licenses Surrendered

- From Other States
- From California
- From Washington
Oregon: Gain/Loss of Aggregate Gross Income due to Migration
2000-2011 Average, $ millions

- West Region (excluding CA, ID, WA) +$692.7
  - -$138.3
  - -$15.3
  - $6.9

- Midwest Region +$96.6
  - $15.3

- South Region +$66.5
  - $54.9

- Northeast Region +$54.9

- Total Domestic: +764.0
- Foreign: +$4.0
Domestic Net Migration: Oregon’s Comparative Advantage

Net Migration of Tax Filers:
Number per 1,000 Tax Returns, 1995-2011
Domestic Migration Across Time: Coos County

Net Migration of Tax Filers: Coos County
Number per 1,000 Tax Returns, 1995-2011

Gains from other states outstrip losses to Oregon counties

Losses to Oregon counties outstrip gains from other states

0 5 10 15 20 25
Net Migration from Other States

-20 -15 -10 -5 0
Net Migration from Other Areas in Oregon

Oregon’s Employment Outlook

Oregon Nonfarm Employment Growth (Y/Y)

- Recession
- Employment
- Expansion Average

January 1960 to January 2020
Revenue Outlook
Forecast Evolution: No More Wiggle Room

2013-15 BN Personal Kicker Base

-2% Kicker Threshold

$27 Million (0.2%)

-251 Million (-1.7%)

Expenditures -->

<--COS Forecast
The Tricky Part

Growth in Year-End Personal Income Tax Payments, April-June Quarter, %

- 1998: 8.4%
- 1999: 0.2%
- 2000: 11.9%
- 2001: 15.2%
- 2002: 5.3%
- 2003: 11.2%
- 2004: 30.8%
- 2005: 49.4%
- 2006: 24.6%
- 2007: 17.9%
- 2008: 3.3%
- 2009: 25.1%
- 2010: 22.8%
- 2011: -10%
- 2012: -2.8%
- 2013: -45.4%
- 2014: -7.0%
- 2015: 30.8%
Personal Income Tax Forecast

$ billions, 4 quarter moving sum

- 2013-15: +$34.8 million
- 2015-17: -$14.2
- 2017-19: -$70.4
- 2020-21: -$81.1
- 2021-23: -$49.0
Effective Reserves

Oregon Budgetary Reserves ($millions)

- General Fund Ending Balance
- Education Stability Fund
- Rainy Day Fund
- Percent of General Fund, rhs
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