



## Oregon Department of Administrative Services

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# News Release

For Immediate Release

August 26, 2010

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Revenues are lower and recovery is slow, State Economist says  
Recession may be over, but pain remains for jobless, Tom Potiowsky says

Salem—State Economist Tom Potiowsky told legislators today that the current economic recovery is one of the “slowest on record,” and projected a decrease of \$377.5 million in state revenues since the June 2010 forecast.

In his presentation of the September economic and revenue forecast to the legislature’s revenue committees, Potiowsky said the overall forecast for the 2009-11 biennium is now \$1.3 billion below the forecast issued at the close of the last legislative session. “The prolonged plunge in personal income taxes more than accounts for the decrease associated with this forecast,” Potiowsky told legislators.

Last June’s forecast triggered a transfer of money from the state’s Rainy Day Fund, which brings the total available resources to \$12.5 billion. Projected lottery earnings will reach \$1.1 billion, an increase of \$4.6 million from the previous forecast, Potiowsky said in his report. Lottery revenues have generally stabilized with growth returning after nearly 18 months of decreases.

The unemployment rate for Oregon sits at 10.6 percent for July, essentially unchanged for the past nine months. Potiowsky pointed out that the unemployment rate tends to be one of the last measurements to improve as the economy enters recovery.

Manufacturing jobs were flat, while increases occurred in wood product jobs and other durable goods. Losses occurred in other sectors, however. The service sector showed disappointing job losses in professional and business services, health services, financial activities and retail trade. Some gains did occur in other service-sector jobs.

“Depending on the outcome of further spending packages from the US Congress, we may see further large job cuts at the state and local government levels,” Potiowsky reported. “The expected slowdown in US economic growth due to slowing stimulus spending and

winding down of manufacturing inventory cycle is similarly impacting the Oregon economy. Given the rather lackluster employment picture, saying the recession is over gives little solace to those still looking for work.”

Note: The full text of the September Economic and Revenue Forecast is available at:

<http://www.oregon.gov/DAS/OEA/index.shtml>