

Oregon's Economic and Lottery Outlook



Economic Outlook

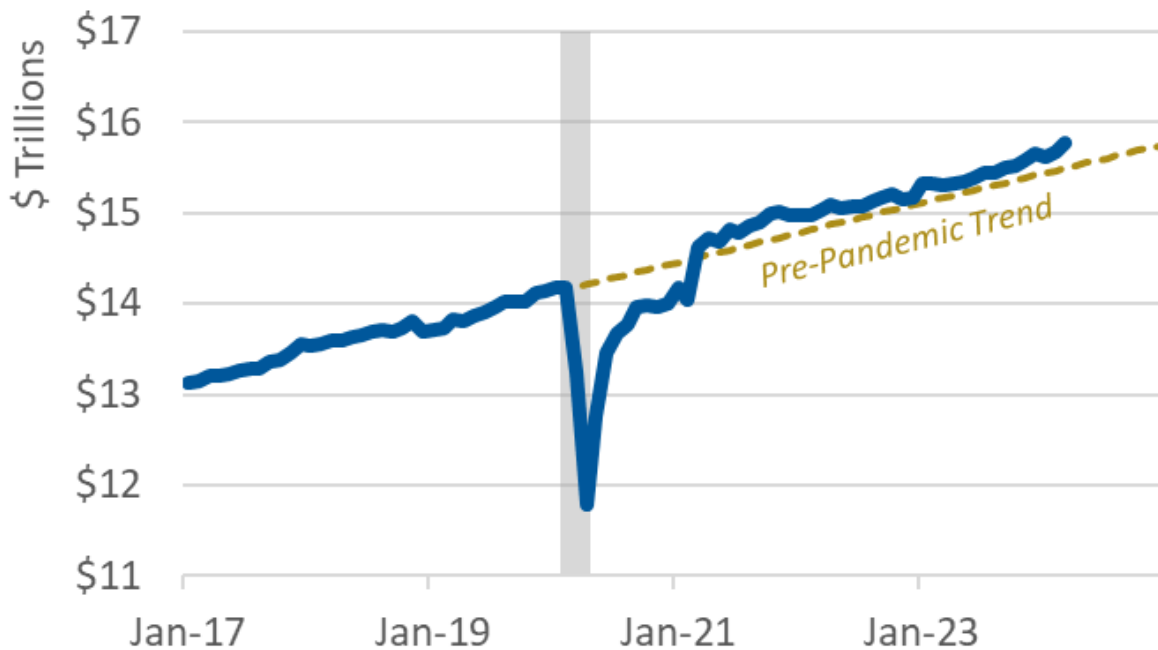


Economy: Growth remains strong, inflation still too high, Fed delays cuts



Real Consumer Spending

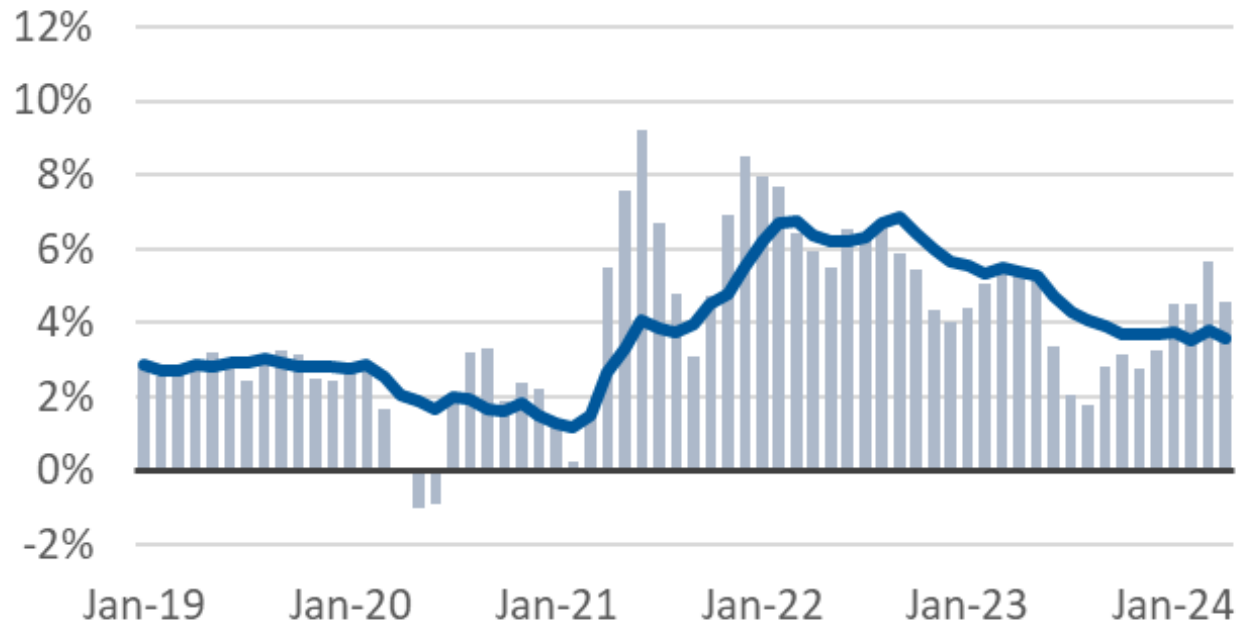
Inflation-adjusted personal consumption expenditures



Latest Data: Mar 2024 | Source: BEA, Oregon Office of Economic Analysis

Inflation progress stalled

*West Region Consumer Price Index excluding Food and Energy (Core CPI)
Percent change, **Year-over-Year** and **3 Month (annualized rate)***



Latest: April 2024 | Source: BLS, Oregon Office of Economic Analysis

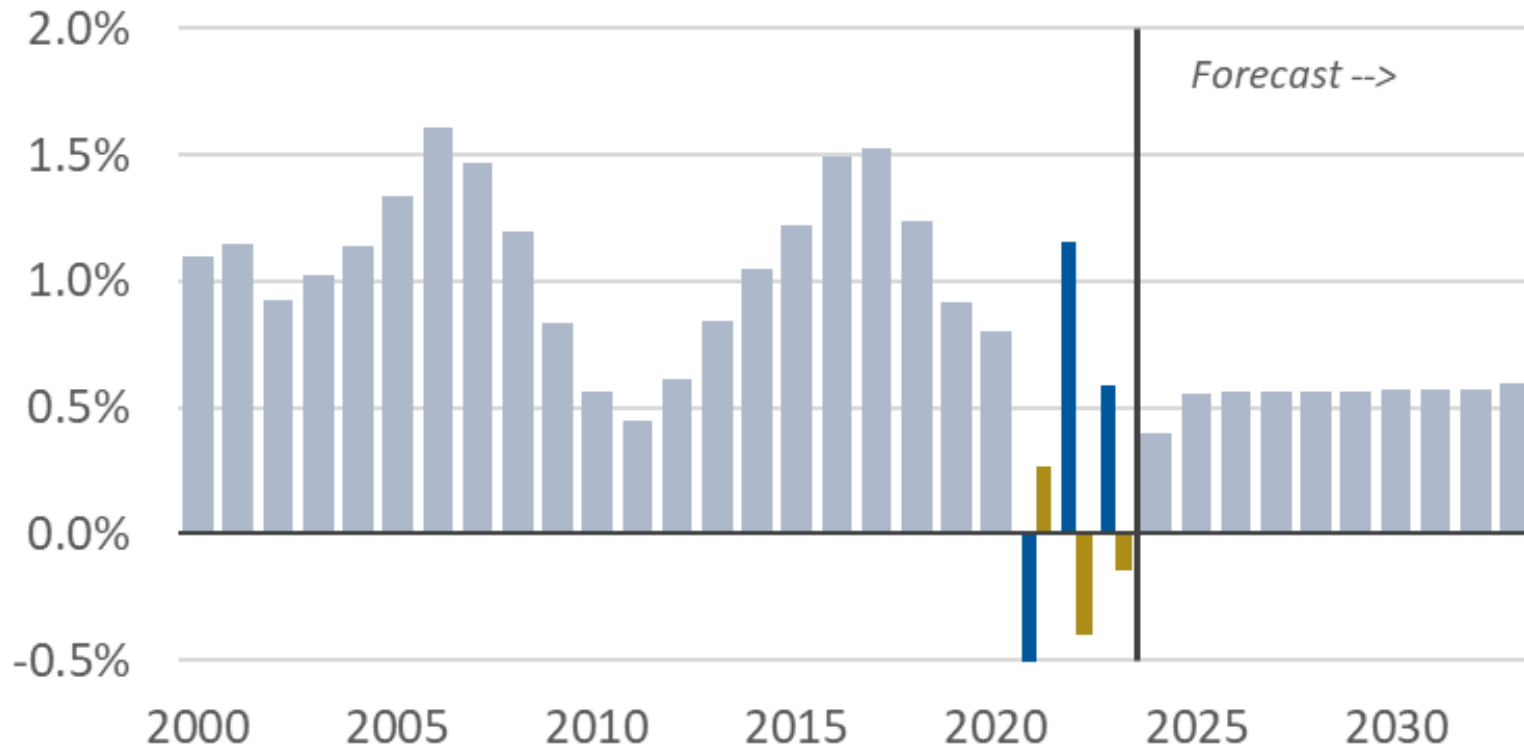
Oregon's population forecast is essentially unchanged, at least for now



Oregon Population Growth

Annual change in total state population

OEA History and Forecast, **Portland State Estimates**, **Census Estimates**



Latest: 2023 | Source: Census, Portland State Population Research Center, Oregon Office of Economic Analysis

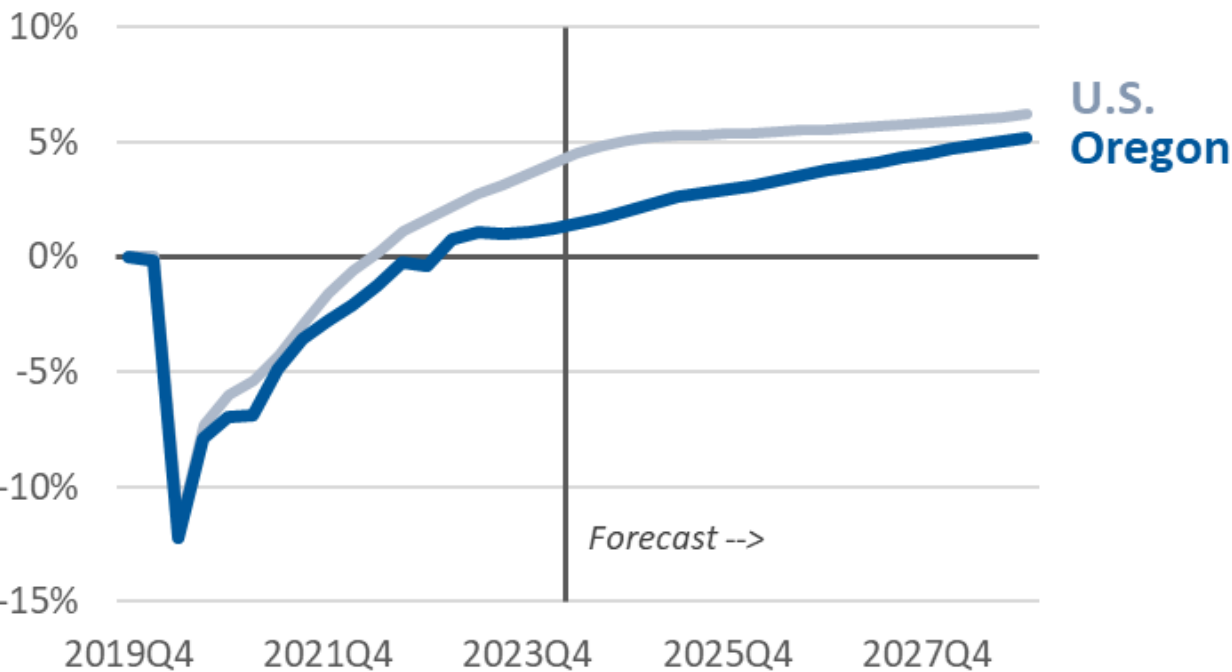
- Migration is the primary reason Oregon grows faster than the U.S. It allows local businesses to hire and expand at a faster rate
- 2023 population estimates differed again with PSU up, Census down
 - Losses driven by out-migration across most socio-economic groups, except 18-24 yr olds
- Forecast
 - Migration has historically been pro-cyclical
 - Total growth slower in part due to deaths outnumbering births
 - Average annual growth 2023-2033 is 0.6%
- Developed a Zero Migration demographic alternative scenario

Macro vs Micro: Labor Market



Job Growth Since the Pandemic

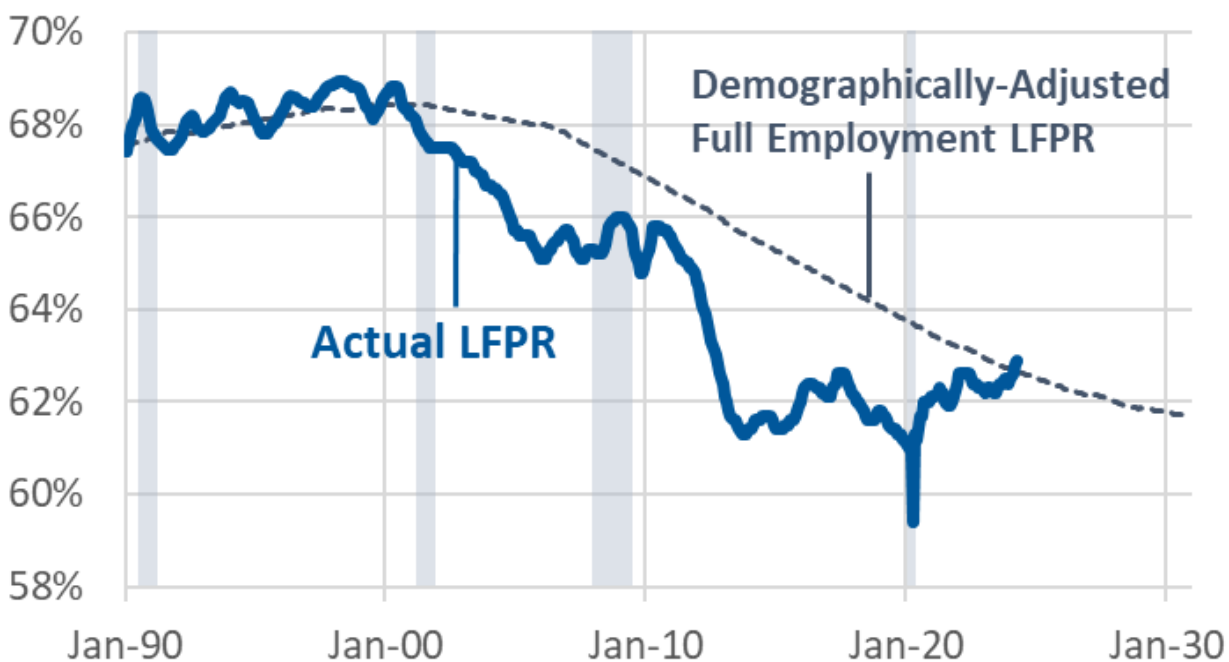
Percent change in employment from 2019q4



Latest Data: 2024q1 | Source: BLS, Oregon Office of Economic Analysis

Oregon's Labor Force Participation

Share of all Oregonians 16 years and older with a job or looking for work



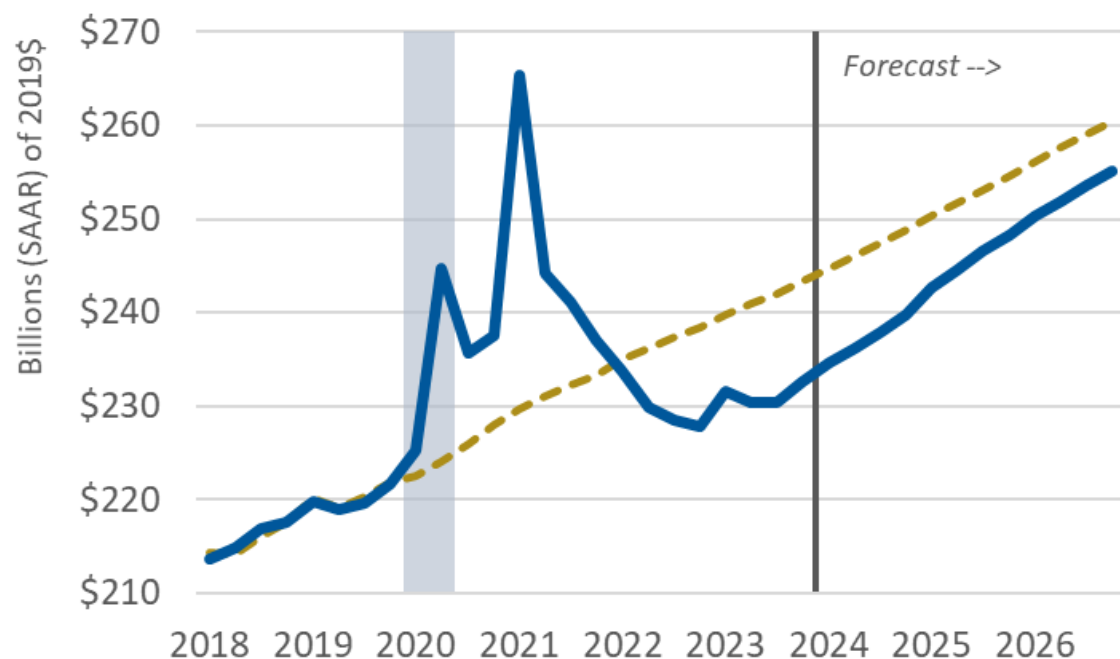
Latest Actual: April 2024 | Source: BLS, Census, Oregon Office of Economic Analysis

Macro vs Micro: Personal Income



Oregon Real Personal Income

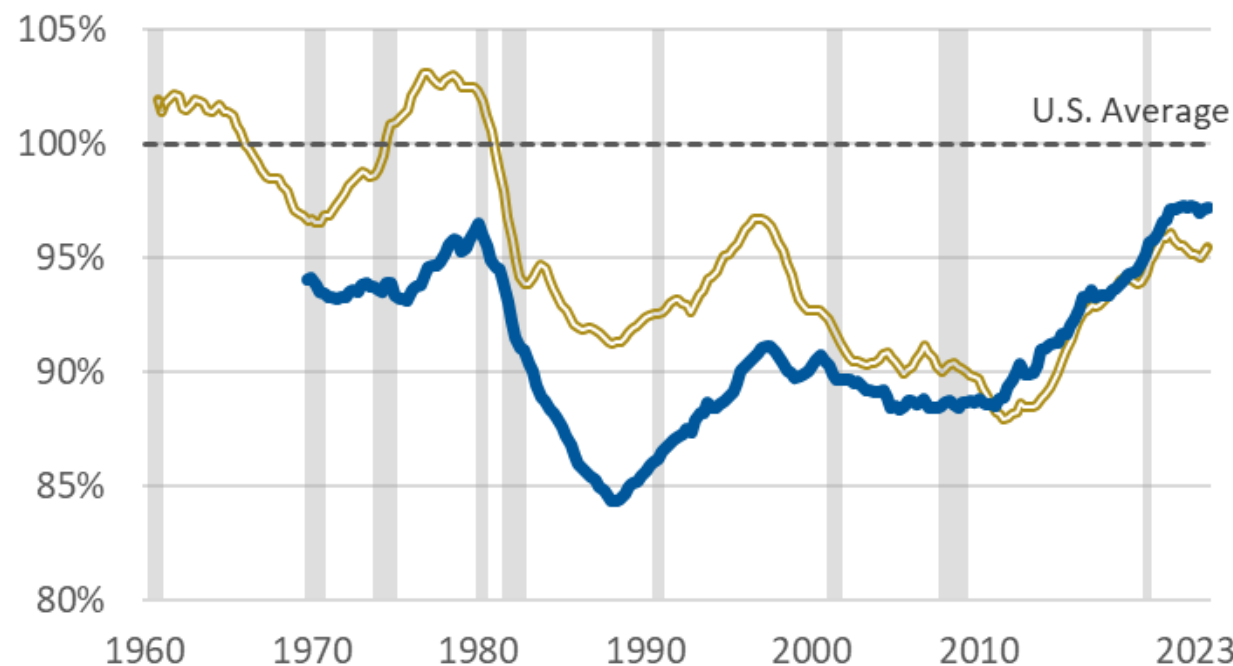
Current Forecast | Pre-Pandemic Forecast



Inflation adjustment made using West Region CPI (All Items), Pre-pandemic forecast adjusted for historical income revisions by BEA | Latest Actual: 2023q4 | Source: BEA, Oregon Office of Economic Analysis

Oregon Income, Share of U.S. Average

Per Capita Personal Income | Average Wage



Latest data: 2023q4 | Source: BEA, S&P Global, Oregon Office of Economic Analysis

Lottery Outlook



Revenue Forecast Update



2023-25 Oregon Lottery Revenue Forecast

(in millions of dollars)

	2023 Close of Session	June 2024 Forecast	Forecast Change	
Traditional Lottery	\$163.7	\$195.1	\$31.4	19%
Video Lottery	\$1,625.0	\$1,580.6	-\$44.4	-3%
Sports Betting	\$44.3	\$58.3	\$14.0	32%
Administrative Actions	\$0.0	\$9.2	\$9.2	
Total Transfers	\$1,833.0	\$1,843.1	\$10.1	1%

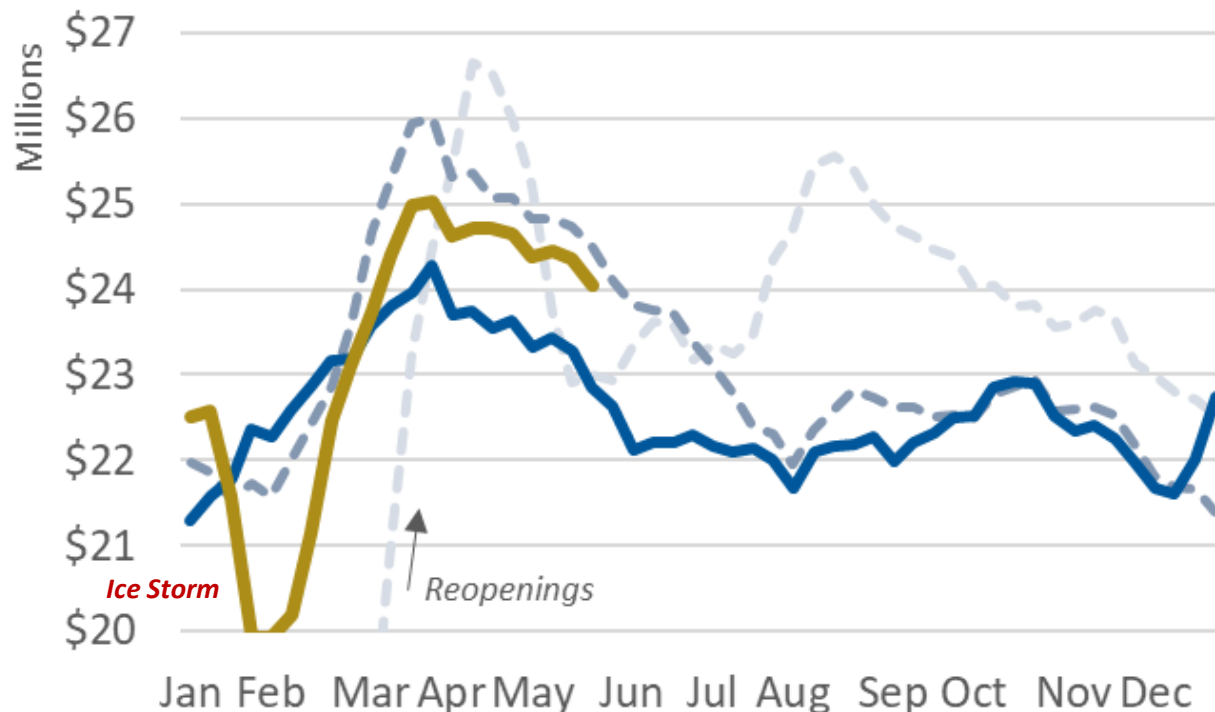
Source: Oregon Lottery, Oregon Office of Economic Analysis

Video sales are rising, nearly back to reopening highs, but below forecast



Oregon Video Lottery Sales

2021 | 2022 | 2023 | 2024



Latest Data: May 18, 2024 | Source: Oregon Lottery, Oregon Office of Economic Analysis

Oregon Video Lottery Sales

Percent change year-over-year



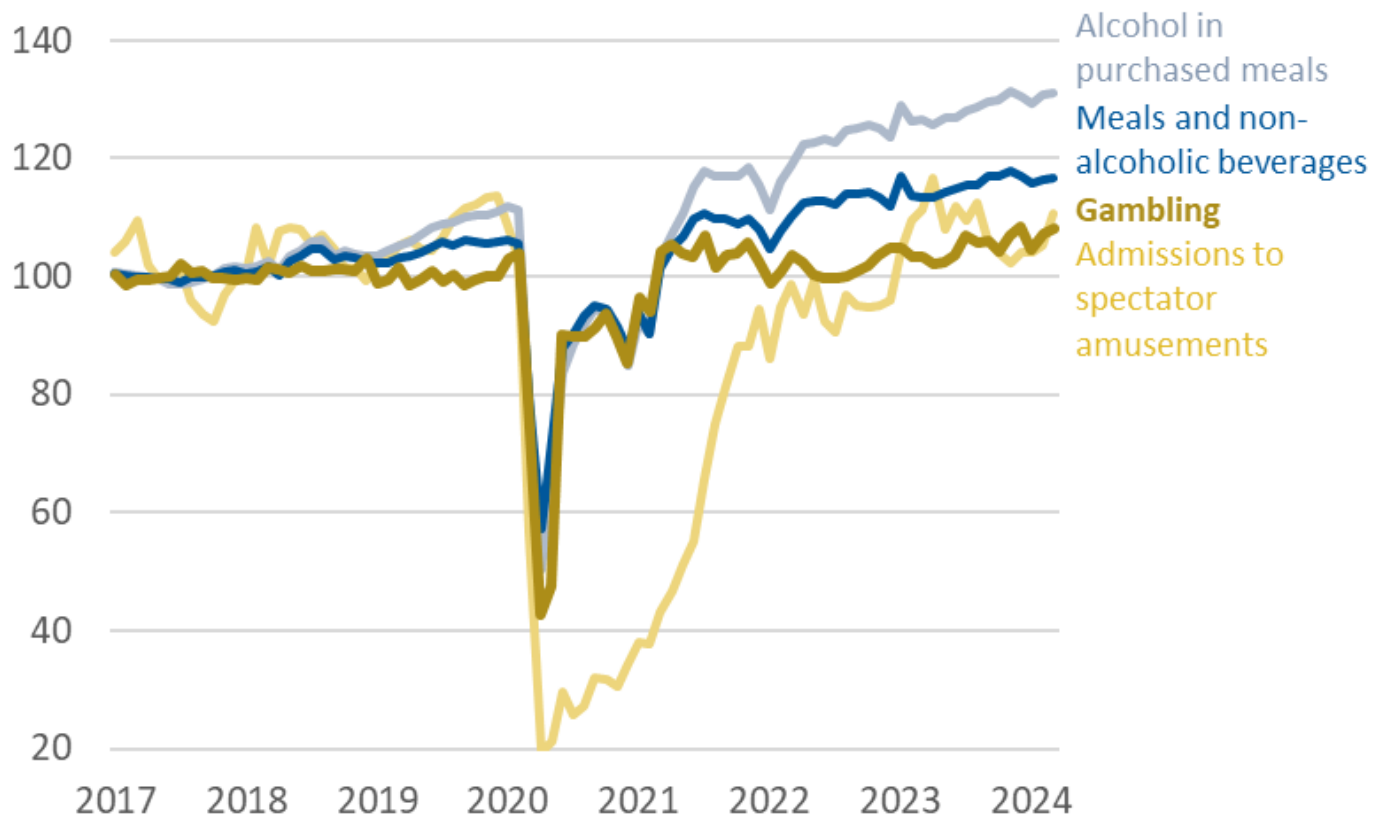
Latest Data: May 18, 2024 | Source: Oregon Lottery, Oregon Office of Economic Analysis

U.S. gaming activity stable, what is the impact of high inflation?



U.S. Quantity Indexes for select categories

2017=100



Latest Data: March 2024 | Source: BEA, Oregon Office of Economic Analysis

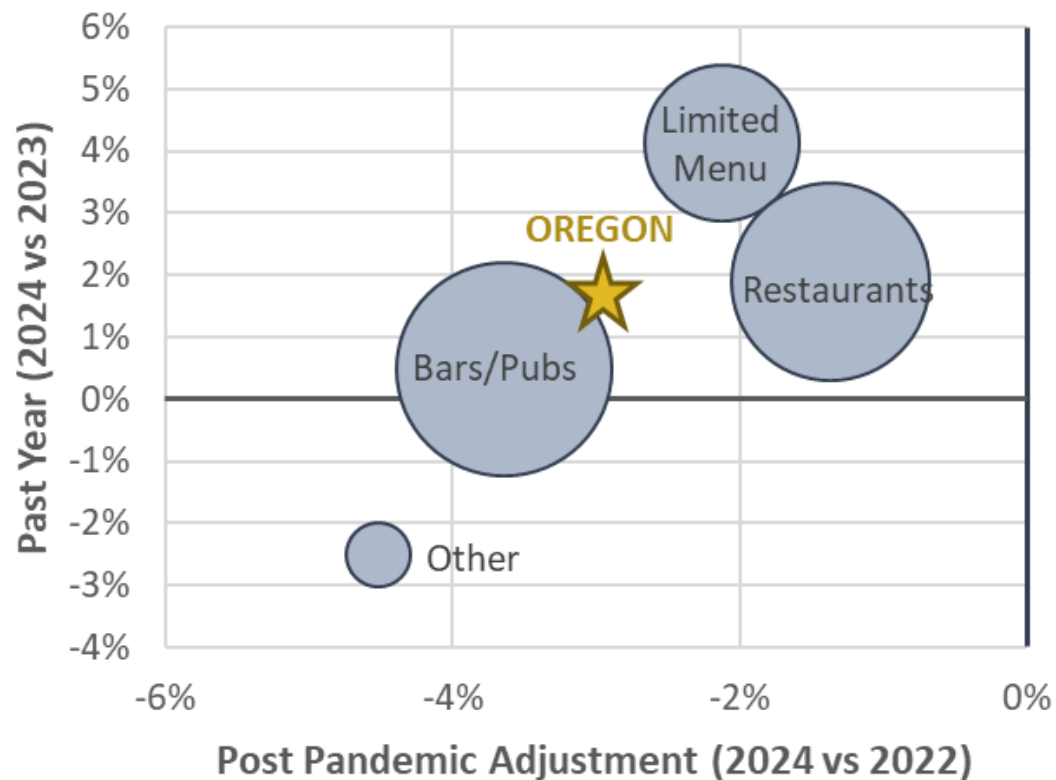
- Gaming nationwide rebounded quickly during reopening, but has leveled off
- How much is due to increased entertainment options, vs impact of inflation and higher cost of living?
- Americans continue to go out to eat in record numbers, is that crowding out other spending categories?
- Note: In 1970s, the largest spending (\$) increases were among the high-inflation categories, while the largest spending (volumes) increases were among low-inflation categories

Recent video lottery sales



Oregon Video Lottery Sales

Peak season sales each year (12 weeks from early Feb thru late Apr)



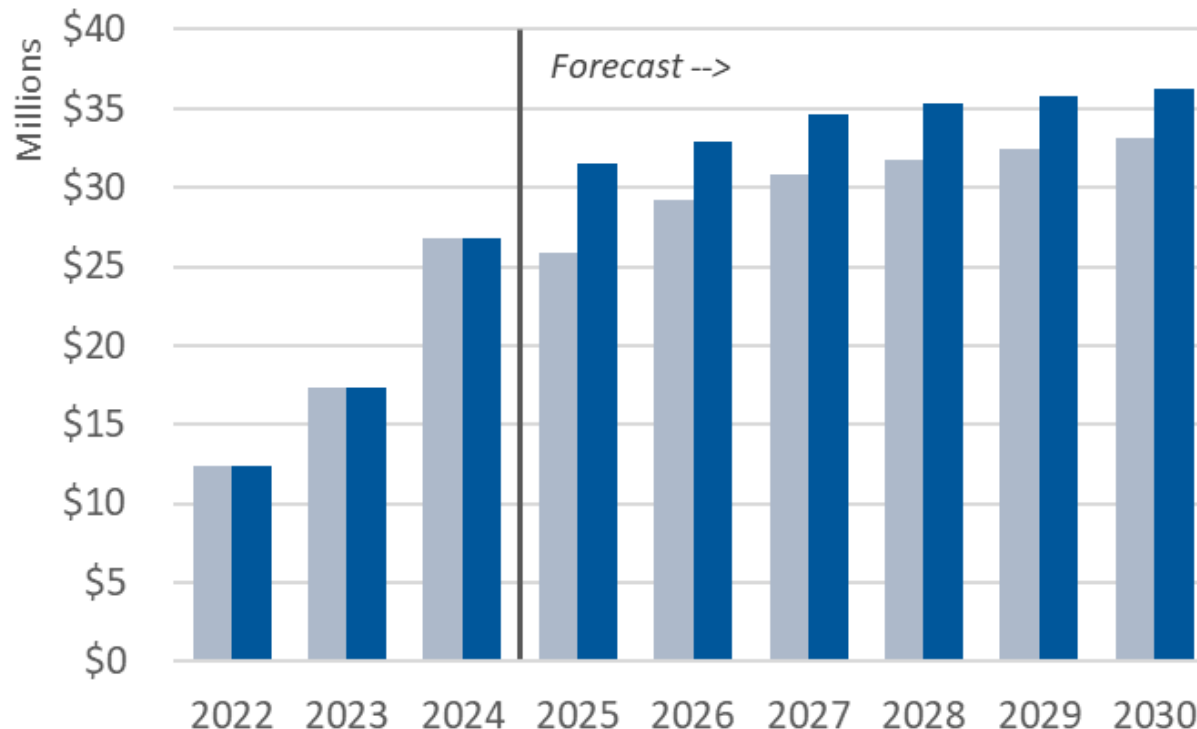
- Chart: Compares spring video sales by major retailer types in recent years.
 - Horizontal Axis: Two year change going from record highs in spring 2022 to current spring 2024 sales
 - Vertical Axis: One year change from spring 2023 to current spring 2024 sales
- Findings:
 - Not huge variations, but relative strength in restaurants points toward going out to eat not necessarily crowding out gaming
 - Limited Menu Retailers strongest in past year, could be some kicker impacts

Sports Betting



Sports Betting Transfers by Fiscal Year

Mar '24 Forecast | Jun '24 Forecast



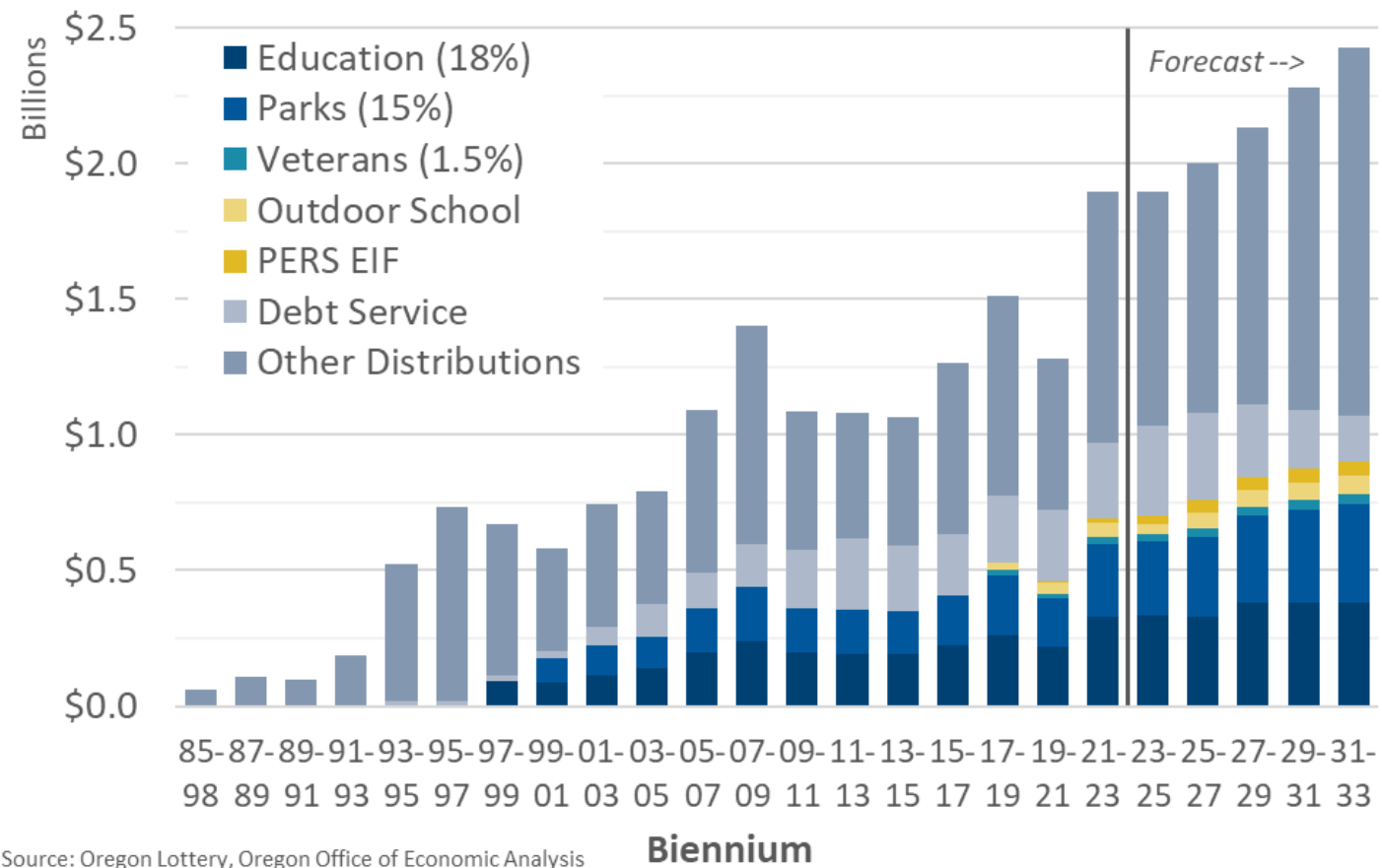
Latest Actual: FY2024 | Source: Oregon Lottery, Oregon Office of Economic Analysis

- Sports Betting forecast raised 32% since start of 2023-25 biennium
- Sports Betting continues to beat forecast in both sales and profitability
 - Profitability comes from both higher margin/win from the bets, and the transfer rate from Lottery based on admin costs
- Eventually market will mature, growth will slow, but hard to know exactly when during ramp-up period
 - Forecast: FY25 one more year of strong gains, FY26-27 moderate increases, FY28-33 minimal increases

Lottery Revenue Forecast



Lottery Resources and Distributions



- 2023-25 revenues are essentially unchanged from 2021-23 due to coming off reopening record sales, creates operational challenges in high inflation economy
- Modest 3-4% annual growth in decade ahead (FY2024-FY2033)

Contact Information

Josh Lehner

(971) 209-5929

joshua.lehner@das.oregon.gov

www.OregonEconomicAnalysis.com

[@lehnerjw](#)

