



Responding to the Economic Impacts of Coronavirus: A Proposed Oregon Economic Recovery and Resilience Framework

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In this white paper, the authors gathered thoughts on how policymakers, economic development professionals, and other stakeholders organize around economic continuity and recovery (C&R). While these activities will occur after the initial wave of federal money and businesses begin to reopen, it is critical to start C&R planning now. The concepts and systems discussed in the white paper are both reliable and scalable. We describe a framework for organizing C&R activities but stop short of recommending specific objectives or actions. Those should be regionally identified and should be vertically implemented at all levels. Effective continuity and recovery efforts will require an unprecedented level of collaboration among economic development organizations.

Imagine Oregon embraces the use of established economic recovery and agile strategy principles to emerge from the COVID-19 crisis with a more resilient and equitable economy. What would that look like?

Summary

The Coronavirus pandemic has resulted in entire sectors of the economy put on pause. Given present circumstances, it seems likely that full recovery could take five to ten years and that the economy will establish a new equilibrium (e.g., a “new normal”) as a result. Anticipating what that new equilibrium will be is difficult.

It is a fundamental truth that the economic development ecosystem consists of multiple agencies that operate in loosely connected networks with limited central coordination. This becomes a problem in the current climate where a high degree of coordination is critical to mounting effective response, continuity and recovery efforts. In short, a key challenge for economic development agencies responding to the economic impacts of the pandemic is

effective coordination, centralized leadership, and efficient decision-making. No playbook exists to respond to this crisis—we will need to develop the playbook as the crisis unfolds.

What we see in the Economic Development ecosystem at this point is a lot of well-intentioned, but uncoordinated efforts. Moreover, unless a space is carved out to undertake the necessary planning to organize continuity and recovery efforts, our communities may not realize long-term recovery outcomes that could have been achieved otherwise. We recommend establishing a few core principles to guide the efforts:

- Establish separate, but linked efforts for response, continuity and recovery.
- Establish a group mandated to do the necessary planning for continuity and recovery.
- Establish an economic continuity and recovery team and get this work moving ASAP.
- Identify clear, centralized regional leadership for continuity and recovery efforts.
- Identify key outcomes and pathways using a clear playbook to coordinate efforts of all actors in the economic development ecosystem.

We recommend starting by establishing continuity and recovery teams. Those teams should include economists and others that can help with data to understand key vulnerabilities and strengths. While the process is scalable (e.g., makes room for regional and local teams), the efforts need to be vertically integrated. The teams should consider difficult questions:

- What activities will have the biggest impact?
- What priorities should exist to support the most impactful recovery outcomes?
- How can federal, state, and local investments be deployed?
- How do we mobilize networks for action?

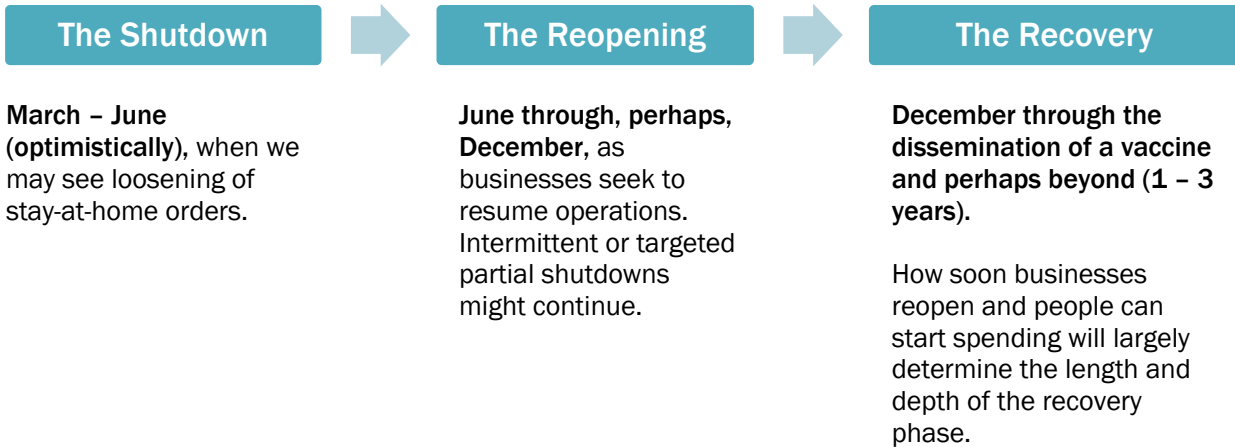
While the window to prepare for the shock has closed, it is critical that efforts are guided by core principles and result in impactful activity. Now is the time to act—like the response to the health impacts of Coronavirus, every day is critical. Establishing a clear organizational structure using agile strategy can help guide Oregon’s economic recovery.

Overview

The response to the CoVid-19 pandemic is having unprecedented economic impacts due to social distancing and shelter in place orders. Shelter in place orders are a prudent and necessary step to slow the spread of the virus but come with significant economic impacts. Some economists characterize the economy as being in a coma. It’s not clear when the shelter in place orders will be lifted, and even less clear how the economy will recover—it depends on a lot of factors related to the pandemic that nobody can predict. There is no precedent for this. What is clear is that economic damage will be lasting, and the recovery period will extend for years.

Exhibit 1 provides a conceptual diagram of phases of the pandemic and its economic impacts. We are currently in what we call the “shutdown” phase where entire sectors of the economy are shuttered. We expect that to last until June, and possibly longer. The shutdown phase will eventually become the reopening phase where shuttered businesses begin to reopen but certain limitations still exist on activities. A key question during this phase is how fast demand will return for businesses that rely on social gatherings. The recovery phase will not begin until the pandemic is abated, and populations attain “herd immunity” due to large numbers of infections and/or a vaccination.

Exhibit 1: Phases of the Coronavirus Pandemic
 Source: UO Institute for Policy Research & Engagement and ECONorthwest



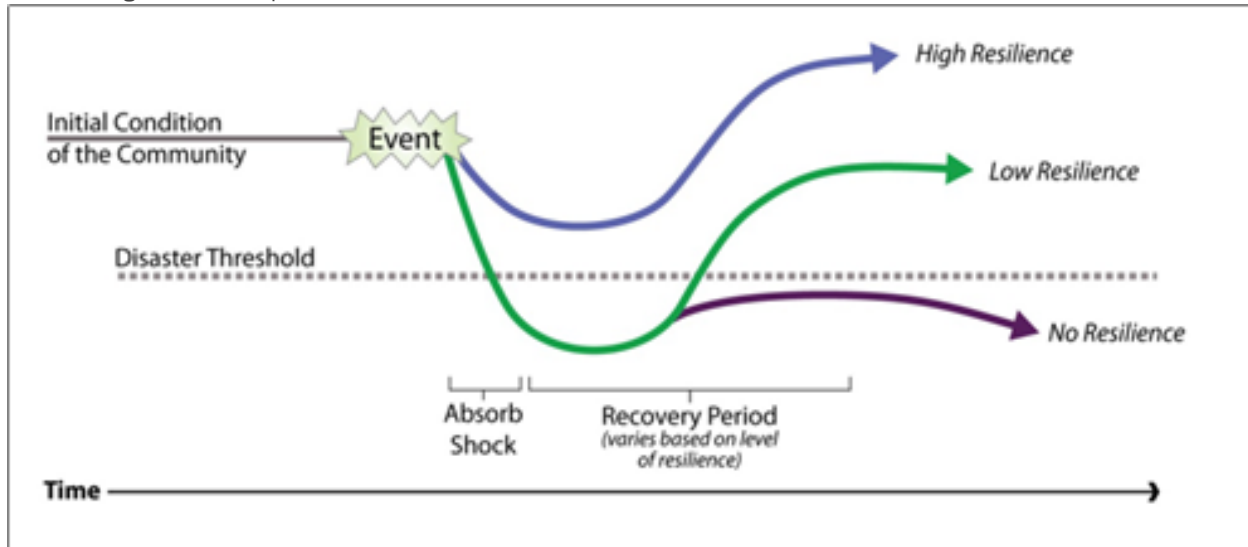
What happens to businesses in disasters? According to the Federal Emergency Management Agency (FEMA), **over 40% of businesses do not reopen after a disaster**. Of those businesses that do reopen, roughly **25% fail within one year**, and the Small Business Administration (SBA) estimates that **over 90% fail within two-years** of a disaster event. These failures cause a ripple effect of unemployment and economic instability.

Economic resilience is the process of reducing vulnerabilities and increasing adaptive capacities in the local economy. In a recent needs assessment, the UO Institute for Policy Research and Engagement (IPRE) identified a number of obstacles to achieving economic resilience. While professionals from different agencies and jurisdictions worked well together, they noted that they rarely collaborate unless there is a specific impetus. This lack of coordination impedes the sharing of knowledge and expertise and reduces the efficiency of resource networks. The assessment likewise revealed that fragmented messaging compromised the ability of some regions to take advantage of the economic opportunity. Finally, IPRE’s assessment also revealed a lack of confidence in cross-training and role-redundancy. Interviewees and survey respondents indicated that it is difficult to find people to fill in when others are unavailable.

Exhibit 2 shows resilience and recovery trajectories relative to disaster thresholds. In this instance the threshold is incredibly damaging, and the recovery period will be long. The intent of resilience planning is to shorten the recovery period and the degree of impact. The resilience and recovery trajectories can be mapped to the phases of the pandemic shown in Exhibit 1.

Exhibit 2. Resilience and Recovery Trajectories

Source: Oregon Partnership for Disaster Resilience



Emergency Response Leadership

The Federal Emergency Management Agency (FEMA) has developed clear protocols for emergency response. The standard approach, called the National Incident Management System (NIMS)¹, uses a consistent and structured response framework that is applicable to any emergency. NIMS is implemented through a set of protocols called the Incident Command System (ICS)².

According to FEMA, “the Incident Command System (ICS) is a management system designed to enable effective and efficient domestic incident management by integrating a combination of facilities, equipment, personnel, procedures, and communications operating within a common organizational structure. ICS is normally structured to facilitate activities in five major functional areas: command, operations, planning, logistics, Intelligence & Investigations, finance and administration. It is a fundamental form of management, with the purpose of enabling incident managers to identify the key concerns associated with the incident—often under urgent conditions—without sacrificing attention to any component of the command system.”

¹ <https://www.fema.gov/national-incident-management-system>

² <https://www.fema.gov/incident-command-system-resources>

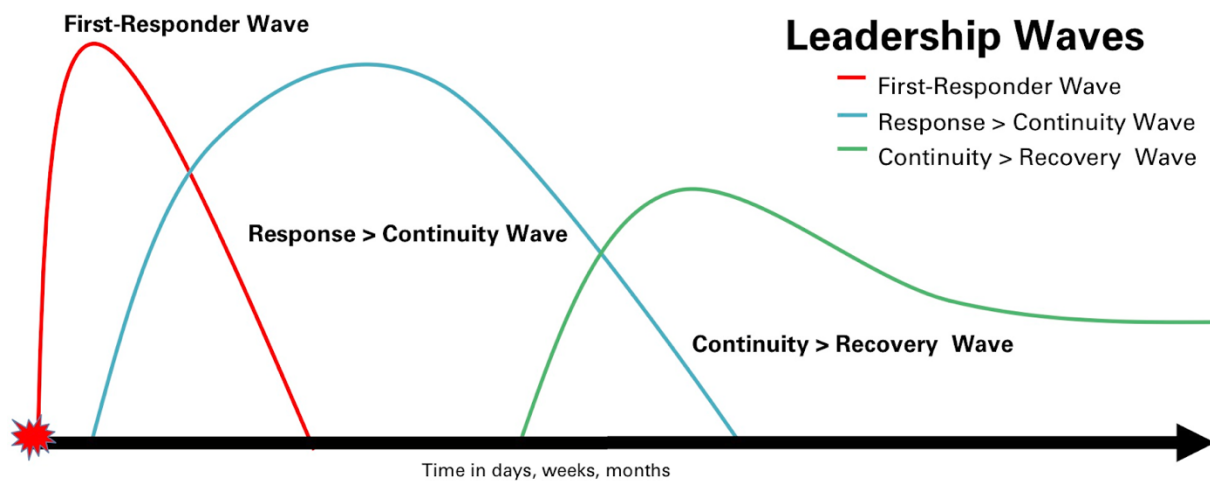
Economic development is a team sport. No single agency or organization can provide all the functions that are required to implement an economic development strategy. An entire ecosystem of organizations exists around economic development including federal agencies, state agencies, local governments, private sector, education, and nonprofits.

It is a fundamental truth that the economic development ecosystem consists of multiple agencies that operate in loosely connected networks with no central coordination. This becomes a problem in the current climate where a high degree of coordination is critical to mounting an effective response. In short, a key issue with economic development agencies responding to the economic impacts of the pandemic is a lack of coordination and centralized leadership. No playbook exists to respond to this crisis. Response to the crisis will require an unprecedented level of coordination among economic development organizations.

Emergency response requires clear, decisive leadership. It is helpful to think about leadership in the context of three waves: (1) first responders; (2) continuity (e.g., continuing operations); and (3) recovery (e.g., resuming normal operations or achieving the new normal). Exhibit 3 shows how these waves link temporally after an economic shock.

Exhibit 3. Disaster Leadership Waves
Source: Oregon Partnership for Disaster Resilience

Disaster Leadership Waves



The initial response wave is already underway. Governor Brown established the Joint Special Committee On Coronavirus Response³ and charged the Regional Solutions directors to establish regional economic recovery councils. With President Trump’s signing of the CARES Act (the \$2T Coronavirus relief package), a literal tsunami of money will be flowing to the state. Processing the small business relief and other measures will stretch state and local agencies to the point of breaking. The mission of Governor Brown’s Coronavirus Economic Advisory

³ <https://olis.oregonlegislature.gov/liz/201911/Committees/JSCVR/Overview>

Council⁴ is broad enough that it includes continuity and recovery. Given the rapidly evolving situation, the Council will likely have its hands full with immediate response efforts. Moreover, the Council is represented primarily by industry and state agencies. It is, however, important to note that economic development agencies will be on the front lines for continuity (the reopening) and recovery. Additional waves of federal support will likely follow but will eventually dry up.

To be effective, continuity and recovery efforts will require considerable planning and sustained effort. This is where we think economic development agencies should focus their energy in the immediate short term using a coordinated playbook that builds from the IEDC's Restore Your Economy⁵ resources as well as the thinking of the best economists and economic development professionals in the state. This effort will require some hard choices.

An initial hard choice should be to suspend doing things “the Oregon way.” What we are referring to is the propensity to process issues in a manner that requires prolonged discussion and protracted decision-making processes. While that approach is culturally appropriate and embedded in our ways of doing, it will not work in this environment where rapid response is critical. Small teams need to be mobilized that have the authority to set objectives and partners need to align with those objectives. This will require a higher degree of trust than exists in many places.

In summary, what we propose is distinct from the response wave—we propose teams of economic development professionals and economists that have specific, actionable knowledge of the regions they represent focused on continuity and recovery. To provide the necessary focus and capacity, the teams should be separate from, but connected to teams working on response efforts. As the response wave subsides, the continuity and recovery teams should ramp up. Now is the time to establish regional and local continuity and recovery teams—every day that passes is a day lost in planning and coordination. The IEDC Leadership in a Time of Crisis Toolkit recommends the following specific tasks for economic recovery:

Short-term Strategies

- Marketing and communication (e.g., addressing brand damage)
- Economic development capacity/coordinated response (e.g., managing communications infrastructure)
- Small business assistance/access to capital (e.g., continuity plans)
- Business retention (e.g., performing outreach campaigns)
- Economic impact assessment and analysis

⁴ <https://www.oregon.gov/gov/policy/Documents/March162020-CEACcharter-final.pdf#page=1&zoom=auto,-134,529>

⁵ <https://restoreyoureconomy.org/index.php?src=gendocs&ref=338&category=Main>

- Workforce development (e.g., connecting displaced workers)

Long-term Strategies

NOTE: Long-term strategies will need sustained support from multiple community stakeholders. The EDO should clearly define its role in long-term economic recovery initiatives from the start of the recovery process. A summary of long-term recovery strategies that should be considered post-disaster includes:

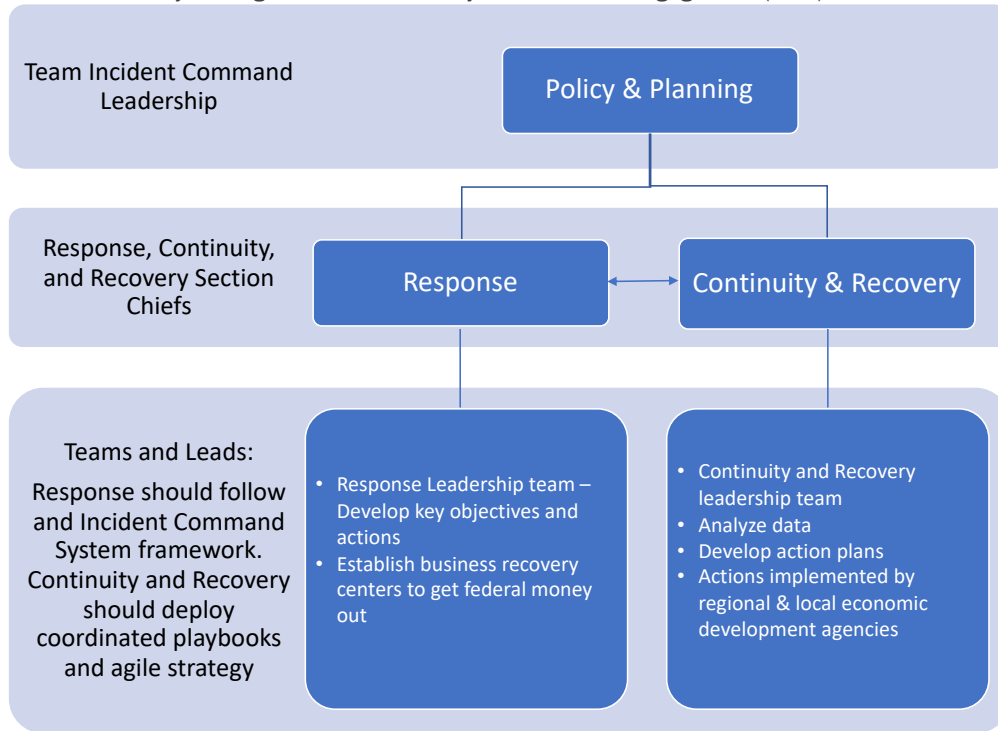
- Economic diversification (e.g., value-added industries)
- Economic development capacity/strategic planning (e.g., re-evaluating vision and mission)
- Small business development (e.g., economic gardening)
- Entrepreneurship support (e.g., technology transfer)
- Workforce development (e.g., customized curricula)
- Business retention, expansion, and attraction
- Marketing, communications, and infrastructure

Recommended Framework for Continuity and Recovery

What we see in the Economic Development ecosystem at this point is a lot of well-intentioned, but uncoordinated effort. Moreover, unless a space is carved out to do the necessary planning to organize continuity and recovery efforts, little of value will happen. We recommend establishing a few core principles to guide the effort:

- Establish separate, but linked efforts for response, continuity and recovery (Exhibit 4)
- Establish a group mandated to do the necessary planning for continuity and recovery
- Establish an economic continuity and recovery team established and moving ASAP
- Identify clear, centralized regional leadership for continuity and recovery efforts
- Identify key outcomes and pathways using a clear playbook to coordinate efforts of all actors in the economic development ecosystem.

Exhibit 4. Economic Response, Continuity, & Recovery Framework
 Source: University of Oregon Institute for Policy Research and Engagement (IPRE)



Ideally, these efforts would occur at the regional and local levels with appropriate direction at the state level. We recommend applying principles from NIMS and ICS to coordinate the efforts. The Incident Command System (ICS) is a standardized approach to incident management that:

- Is used for all kinds of incidents by all types of organizations and at all levels of government; ICS is applicable to small incidents as well as large and complex ones.
- Can be used not only for emergencies, but also for planned events.
- Enables a coordinated response among various jurisdictions and agencies.
- Establishes common processes for incident-level planning and resource management.
- Allows for the integration of resources (such as facilities, equipment, personnel) within a common organizational structure.

As a system, ICS is extremely useful. Not only does it provide an organizational structure for incident management, but it also guides the process for planning, building, and adapting that structure. Moreover, while most actors in the economic development ecosystem are likely unfamiliar with ICS, the structure is easily deployed and requires minimal training. The biggest challenge will be getting regional and local organizations to buy into the framework.

Identifying and Prioritizing Action

A lot of unknowns exist with respect to government response to the Coronavirus—strategies are constantly evolving, and we expect that will continue in the coming weeks. Epidemiologists estimate that a vaccine is 12-18 months away; until that time we expect some continued economic impact.

Exhibit 4 recommends starting by establishing regional continuity and recovery teams. Those teams should include regional economists and others that can help with data to understand key vulnerabilities and strengths. The teams should consider difficult questions:

- What activities will have the biggest impact?
- What priorities should exist to support the most impactful recovery outcomes?
- How can federal, state, and local investments be deployed?
- How do we mobilize networks of action?

While the window to prepare for the shock has closed, it is critical that efforts are guided by core principles and result in impactful activity. The literature on economic resilience identifies six focal areas:

- **Economic Diversity** - According to the International Economic Development Council (IEDC), having a diversity of sectors in an economy is essential to resilience and a key measure for mitigating the effects of natural disasters and economic shocks.
- **Business Engagement** - Resilience is more than just preparedness and recovery for the business community, it also includes access to opportunity, and capacity building. It is critical that economic development organizations and government agencies communicate with businesses swiftly and frequently to support long-term recovery and to build actions based on the needs of businesses. Most small businesses lack a robust continuity of operations plan for both natural hazards and economic shocks.
- **Adaptive Infrastructure** - Prepared and adaptive infrastructure is critical for regional economic resilience. Aecom.com suggests a six-step plan for addressing infrastructure resilience and encourages leaders to, “act now, team up and prioritize,” in order to ensure critical infrastructure systems such as water, electricity and internet are prepared for disruptions from natural hazards and other events. Infrastructure systems such as water, electricity, and broadband are critical to supporting long-term recovery for regions throughout Oregon. Strategic infrastructure investment can support our regions’ ability to adapt and support economic resilience in response to foundational economic disruptions.
- **Adaptive Workforce & Housing** - Workforce training and education play a key role in training workers not just for the current job pool, but also for the jobs of the future. An adaptive, robust workforce cannot be separated from basic needs and quality of life issues. In addition to supporting the skill-development needs of a workforce, a resilient

economy also offers its workers a good standard of living, a critical component of which is housing. We know that stable housing is needed to support economic resilience, but for many Oregonians facing uncertainties from Covid-19, stable housing is now in question, insecure living situations have worsened, and those without homes are facing dire circumstances.

- **Resilient Financing** - Funding is central for disaster preparation, mitigation and recovery. Restore Your Economy promotes business financing with a resiliency lens, “Traditional loans are considered high-risk for small business financing in the immediate aftermath of a disaster. Small businesses need access to gap/bridge financing, as well as low-interest, flexible terms and/or forgivable loans, particularly during risky economic times.”
- **Communication** - Strong regional connectivity, collaboration, and communication to ensure clear leadership after an economic shock adds to a region’s resilience. This includes convening organizations that can help, identifying how recovery partners will communicate, and designating one group to lead coordination and communication.

A key question is what should be done right now? That is a difficult question to answer in view of the high level of uncertainty. Focusing on activities that set the stage for rapid decision making will create efficiencies in the future:

1. **Get the federal money out!** Networks around the country are already activated around what is the most critical response action.
2. **Mobilize for continuity and recovery action.** Set up a coordinated C&R framework using principles described in this white paper. Identifying core teams of less than 10 individuals to guide efforts will increase efficiency. Map out key players in your network and identify where they fit in.
3. **Map your assets.** Every community has assets. Circumstances now dictate that we will need to work with the assets at hand—actions that assume new assets will magically appear will only divert needed energy and attention.
4. **Analyze areas of risk.** The Brookings Institute recently published white papers on how at-risk metros are from the coronavirus. Regional economists from the Oregon Employment Department can estimate how many businesses and jobs are at risk and in which sectors. This data can help focus action on areas that are most in need and investments that will have the biggest long-term impacts.
5. **Apply principles of agile strategy.** Typical strategic planning frameworks are far too cumbersome for present circumstances. Agile strategy turns strategic planning on its head and builds on rapid iterations of think→do cycles. The core principles of Strategic Doing™⁶ provide an action-oriented framework by identifying desired outcomes and

⁶ <https://strategicdoing.net/>

focusing on pathways to achieve those outcomes. Strategic doing is a structured framework to link, leverage, and align existing assets.

6. Get started!

Now is the time to act – like the response to the health impacts of Coronavirus, every day is critical. Establishing a clear structure using agile strategy can help guide Oregon’s economic recovery. Much critical thinking and work remains to be done, by establishing structured framework for continuity and recovery, that thinking will be supported by clear lines of communication and action.