



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

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In this white paper, we have gathered thoughts on how policymakers, economic development professionals, and other stakeholders can organize around economic continuity and recovery during the COVID-19 pandemic. Even as communities are still dealing with the immediate health impacts, businesses are shuttered, and the initial wave of federal money flows in, local governments should start planning for recovery now. To jumpstart planning, we offer a framework for organizing longer-term continuity and recovery activities. We 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 across a spectrum of public and private economic development partners.

We are aware that some regions and local governments are already implementing some of the strategies discussed in this paper. We encourage others to consider them, understanding there is no single structure that will work for everyone. We also recognize that we are in a very fluid time and events are evolving rapidly. We share these thoughts in the spirit of learning of learning together as we go. We hope that it will open up productive conversations that lead to improved collaboration during recovery and beyond. We're all in this together.

Imagine that Oregon's economic development community embraces a consistent and wholistic strategy to coordinate implementation of economic recovery efforts across lines: public and private, local and state, urban and rural. What benefits would that bring and what organizational framework would support it?

Summary

The response to the COVID-19 pandemic and associated stay-at-home orders have led to skyrocketing unemployment and other economic impacts; some economists have described the current situation as an economic coma. It is 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 cannot yet be reliably projected. What is clear is that economic damage will be lasting, and the recovery period will extend for years.

Without effective business-oriented recovery efforts, the impacts on businesses will be devastating. 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. We acknowledge that these numbers will vary by region. Further, it is unknown how closely the business impacts from this global crisis will match data from past, largely regional, disaster events. Regardless, business failures are expected and those will cause a ripple effect of unemployment and economic instability.

Oregon's economic development ecosystem will be responsible for designing and implementing those recovery efforts. This ecosystem consists of many players that operate in loosely connected networks with limited central coordination, including federal and state agencies, local governments, private sector, education, and nonprofits. These players are critical to a successful recovery. They connect people to jobs, jobs to communities, and businesses to supportive funding and resources. They provide infrastructure and workforce development. And they create the policy and regulatory frameworks that all businesses rely on to thrive. Because these players are housed so many disparate entities that are themselves facing the fallout of the COVID-19 pandemic, even the most well-intentioned efforts risk being uncoordinated. Oregon's uncoordinated recovery systems risks failure in the key mission of the economic development ecosystem: to support struggling businesses and address economic hardship.

To respond to the economic fallout of the pandemic, economic development agencies must respond to the economic impacts of the pandemic with effective coordination, centralized leadership, and efficient decision-making. They must forge new partnerships to undertake the necessary planning to organize continuity and recovery efforts. Without this effort at the outset, our communities will struggle to recover, and many may not be able to return to pre-COVID levels of economic activity.

No playbook or set of tested strategies exist to respond to this crisis—we will need to develop the playbook as the crisis unfolds. We recommend establishing a few core principles to guide the efforts:

- Establish separate, but linked organizational structures that can lead response, continuity, and recovery efforts.

- Identify clear, centralized regional leadership for economic continuity and recovery efforts to report up to the State Disaster Recovery Coordinator.
- Activate State Economic Recovery Support Functions and establish a group mandated to plan for continuity and recovery.
- Convene regional economic continuity and recovery teams and get this work moving ASAP.
- Develop a clear playbook of actions to coordinate efforts of all actors in the economic development ecosystem. The playbook should identify key outcomes, action pathways, and actor roles and responsibilities.

We recommend starting by establishing continuity and recovery teams that focus on strategies that can be implemented as the initial federal response funding diminishes and is replaced with an unknown amount and type of new federal and state resources. Those teams should include analysts and economists that can interpret the incoming economic data to understand key vulnerabilities and strengths across Oregon’s industry sectors. While the process is scalable (e.g., makes room for and builds from the efforts of regional and local teams), the efforts need to be vertically integrated—that is, connected to everyone from on-the-ground doers to the highest levels of leadership. The teams should consider difficult questions:

- Given an assessment of industry and economic development challenges, what recovery outcomes should we be striving for?
- What activities will have the biggest impact?
- What priorities should exist to support the most impactful recovery outcomes?
- How can local governments deploy federal, state, and local investments in a coordinated effort to achieve agreed-upon recovery outcomes and meaningful impacts?
- How do we mobilize networks for action?

While the window to prepare for the shock has closed, local governments can still use core principles to guide their actions and have a positive impact on local recovery. Now is the time to act. Like the response to the health impacts of COVID-19, every day is critical. Establishing a clear organizational structure using agile strategies¹ can help guide Oregon’s economic recovery.

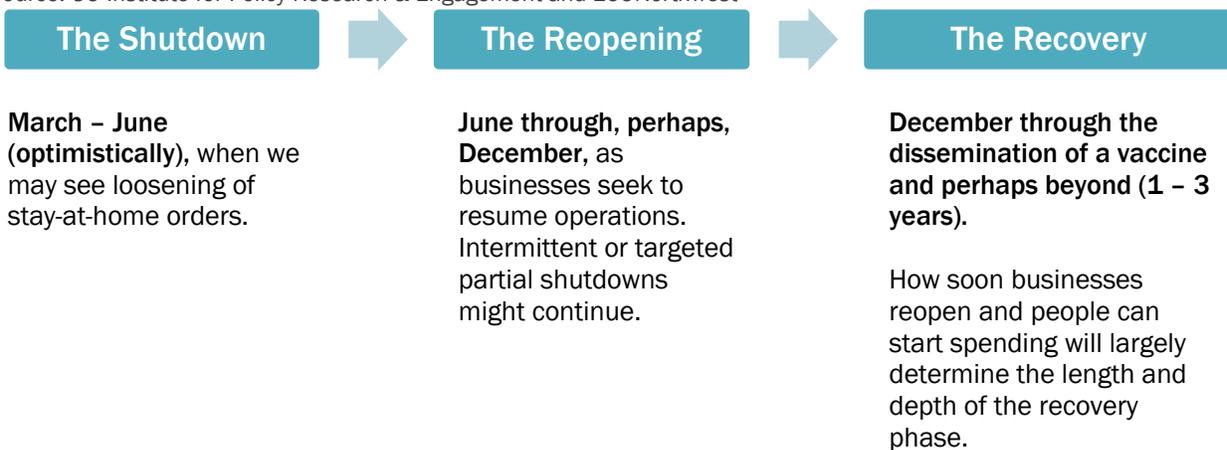
¹ Agile strategy turns strategic planning on its head and builds on rapid iterations of “think-do” cycles. The core principles of Strategic Doing™¹ provide an action-oriented framework that identifies desired outcomes and focuses on pathways to achieving those outcomes. Strategic doing is a structured framework to link, leverage, and align existing assets.

Overview

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



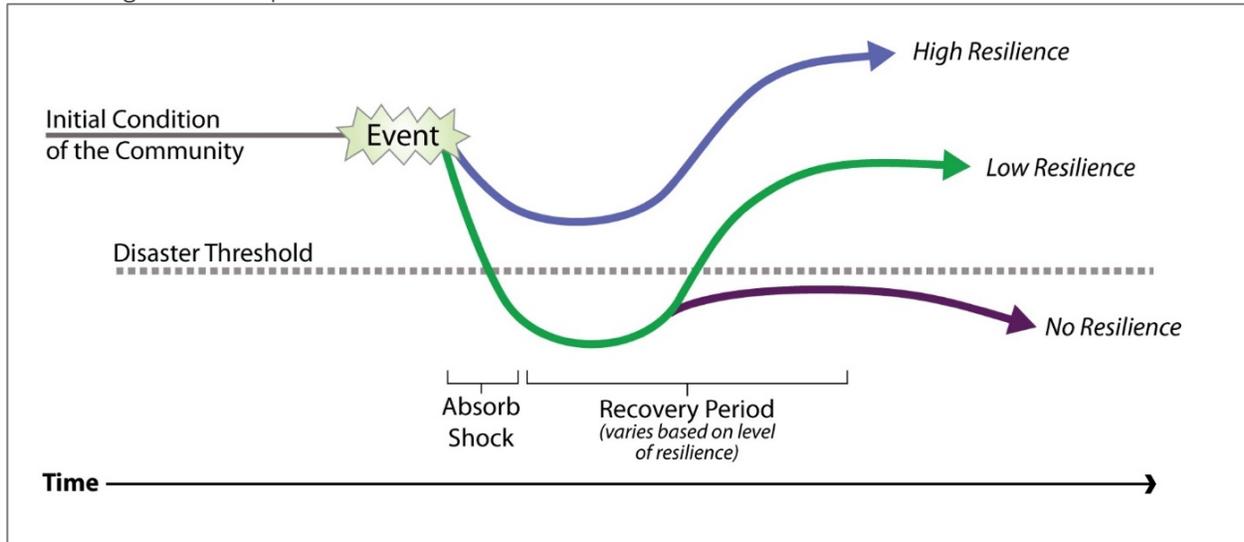
Economic resilience is the process of reducing vulnerabilities and increasing adaptive capacities in the local economy. In a 2019 needs assessment for the Cascades West Economic Development District, the UO Institute for Policy Research and Engagement (IPRE) identified a number of obstacles to achieving 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.
- Fragmented messaging compromised the ability of some regions to take advantage of the economic opportunity.
- Many organizations show 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.

The intent of resilience planning is to shorten the recovery period and the degree of impact. Exhibit 2 shows resilience and recovery trajectories relative to disaster thresholds. In the case of the pandemic, the impact has already been incredibly damaging for many businesses, and the recovery period could be long. Local economic resilience efforts can shorten the length of the recovery period by increasing the tools that local businesses have to respond. 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



Responding to an Economic Crisis with Emergency Response Leadership

The Federal Emergency Management Agency (FEMA) has developed clear protocols for emergency response. This approach could translate to how economic development professionals in Oregon work together to respond to this crisis. The standard approach, called the National Incident Management System (NIMS),² 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).³

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. As a result, what we are seeing at this point are a lot of well-intentioned but uncoordinated efforts to shore up struggling businesses and address economic hardship.

² <https://www.fema.gov/national-incident-management-system>

³ <https://www.fema.gov/incident-command-system-resources>

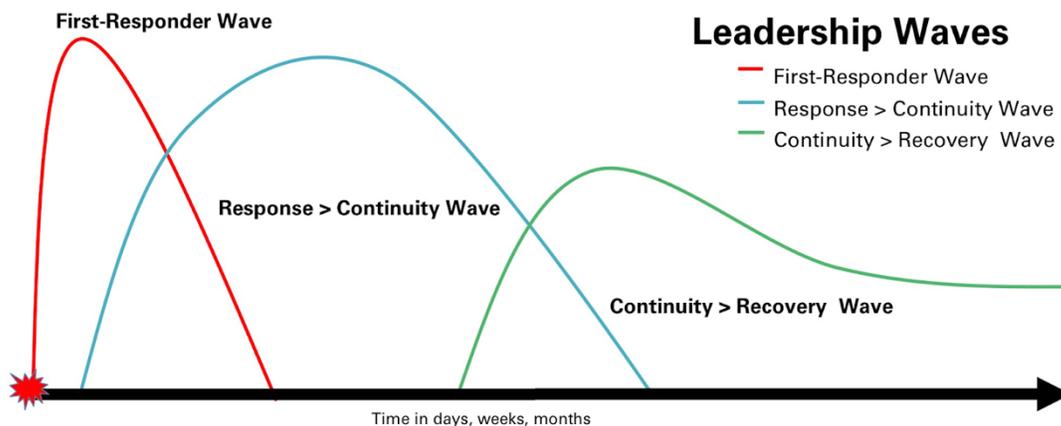
To respond to the economic fallout of the pandemic, economic development agencies must respond to the economic impacts of the pandemic with effective coordination, centralized leadership, and efficient decision-making. They must forge new partnerships to undertake the necessary planning to organize continuity and recovery efforts. Without this effort at the outset, our communities may not recover.

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 overlap after an economic shock.

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

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.”

Disaster Leadership Waves



The first-responder wave is already underway. Governor Brown established the Joint Special Committee On Coronavirus Response⁴ 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), substantial resources will be flowing to the state. Processing the small business relief and other measures will stretch state and local agencies to the breaking point. The mission of Governor Brown’s Coronavirus Economic Advisory Council⁵ is broad; it

⁴ <https://olis.oregonlegislature.gov/liz/2019I1/Committees/JSCLR/Overview>

⁵ <https://www.oregon.gov/gov/policy/Documents/March162020-CEACcharter-final.pdf#page=1&zoom=auto,-134,529>

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.

This group needs to be supplemented with recovery-oriented planning and decision-making bodies that have a specific charge of understanding the economic situation for Oregon's industries and across its varied economies, assessing and recommending policy and investment interventions, and communicating priorities and needs to decision-makers.

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 term. Agencies can draw upon the lessons learned in the wake of past disasters, using resources like the IEDC's Restore Your Economy⁶ resources, and add in new thinking of the best economists and economic development professionals in the state. We also recommend that the state name a State Disaster Recover Coordinator and activate State Recovery Function 2: Economic Recovery.⁷

This effort will require some hard choices that need to be made immediately. To shift the recovery trajectory, rapid response is critical. Small teams need to be mobilized that have the authority to set objectives. Partners need to quickly align around those objectives for a coherent response to be possible. Oregon is known for prolonged community discussion, which has led to many productive, value-based community decision-making processes in the past decades. We must build upon the good work of these community conversations (the "Oregon way") to quickly identify and transparently communicate how these values will be translated into action as decisions about recovery are made. This will require high degree of trust among diverse stakeholders, which can only be achieved through transparency, explicit connection to agreed-upon values that derive from prior community conversations, and an emphasis on the fact that we all depend on each other and will need community to recover.

In summary, what we propose for the continuity and recovery phase 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.

⁶ <https://restoreyoureconomy.org/index.php?src=gendocs&ref=338&category=Main>

⁷

https://www.oregon.gov/gov/policy/Documents/WFC_Economic%20Recovery_Pages%20from%20OR_RECOVERY_PLAN_MARCH_2018-2.pdf

As a starting place for agencies working on these issues, the IEDC Leadership in a Time of Crisis Toolkit⁸ recommends the following specific tasks for economic recovery:

Short-term Strategies

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

Long-term Strategies

NOTE: Long-term strategies will need sustained support from multiple community stakeholders. The economic development organization 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

To carve out a space for continuity and recovery efforts, we recommend establishing a few core principles to guide the effort:

- Establish separate, but linked organizational structures that can lead response, continuity, and recovery efforts.
- Identify clear, centralized regional leadership for economic continuity and recovery efforts to report up to the State Disaster Recovery Coordinator.

⁸ <https://restoreyoureconomy.org/clientuploads/2015/03/IEDC-Leadership-in-Times-of-Crisis-Toolkit.pdf>

- Activate State Economic Recovery Support Functions and establish a group mandated to plan for continuity and recovery.
- Convene regional economic continuity and recovery teams and get this work moving ASAP.
- Develop a clear playbook of actions to coordinate efforts of all actors in the economic development ecosystem. The playbook should identify key outcomes, action pathways, and actor roles and responsibilities.

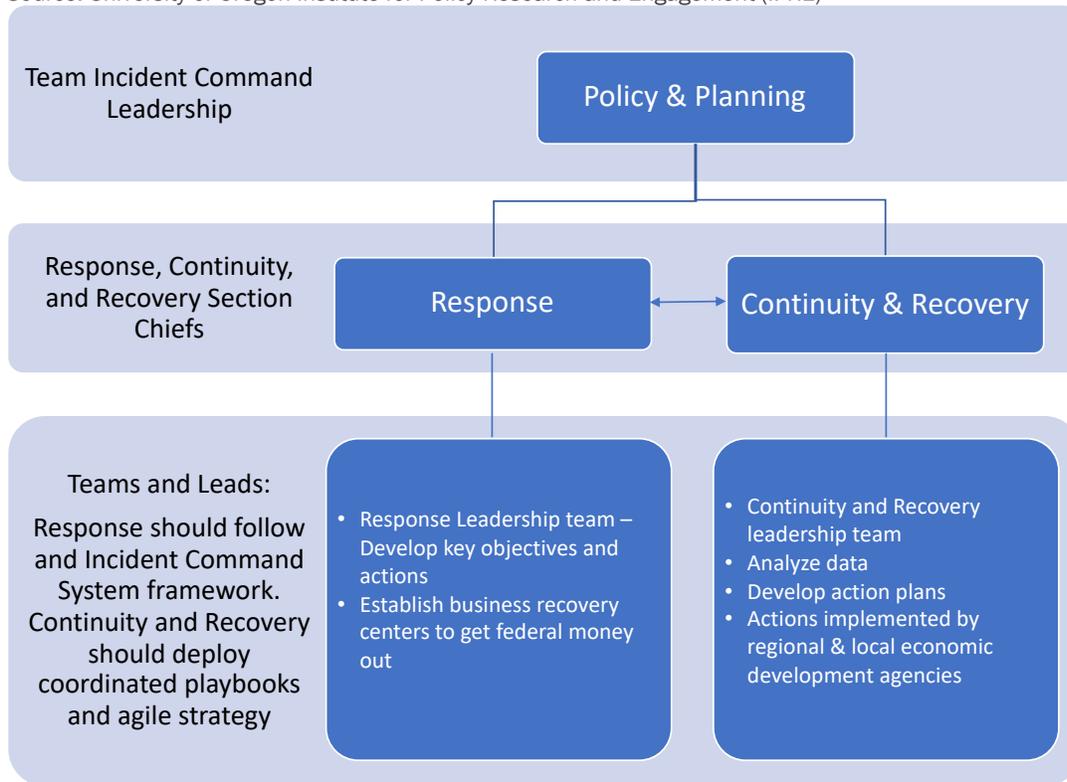
Ideally, these efforts would occur at the regional and local levels with appropriate direction at the state level. We recommend applying principles from National Incident Management System (NIMS) and Incident Command System (ICS) to coordinate the efforts. The ICS is a standardized approach to incident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

Using ICS as a guide, Exhibit 4 shows the general structure of our proposed framework. The structure contains groups that run in parallel—one Response team and one Continuity & Recovery team. At the top of the structure is the Incident Command Leadership team, which provides direction to all efforts through the planning and policy development efforts.

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



Identifying and Prioritizing Action

A lot of unknowns exist with respect to government response to the COVID-19—strategies are constantly evolving, and we expect that will continue in the coming months. Epidemiologists estimate that a vaccine is 12 to 18 months away. Until that time, we expect 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:

- Given an assessment of industry and economic development challenges, what recovery outcomes should we be striving for?
- What activities will have the biggest impact?
- What priorities should exist to support the most impactful recovery outcomes?
- How can local governments deploy federal, state, and local investments in a coordinated effort to achieve agreed-upon recovery outcomes and meaningful impacts?
- 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. The literature on economic resilience identifies six focus 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.

What Should be Done Right Now?

We are facing a 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 this critical response action.
2. **Mobilize for continuity and recovery action.** Set up a coordinated continuity and recovery 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.** Circumstances now dictate that we need to work with the assets at hand and avoid actions that assume new assets will magically appear.
4. **Analyze areas of risk.** The Brookings Institute recently published white papers on how at-risk metropolitan areas 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™⁹ provide an action-oriented framework that identifies desired outcomes and focuses on pathways to achieving those outcomes. Strategic doing is a structured framework to link, leverage, and align existing assets.
6. **Get started!**

Though much critical thinking and work remains to be done, now is the time to act with the information we have now. We can begin by establishing a structured framework for continuity and recovery that is supported by clear lines of communication and action. Establishing a clear structure using agile strategy can help guide Oregon's economic recovery.

⁹ <https://strategicdoing.net/>