The Economic Recovery in Kansas: A Work in Progress

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The University of Kansas

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IPSR Goals for COVID-19 Crisis

- Synthesize the data on the coronavirus in Kansas
- Report economic indicators
- Inform the public and policymakers on these issues on a periodic basis
- Data and briefings available at http://ipsr.ku.edu/covid19/.
- Thanks to Xan Wedel, Thomas Becker & Lindsay Jorgenson who helped with the data, visualizations & slides.



What is the Role of Government in an Economic Crisis?



Overview

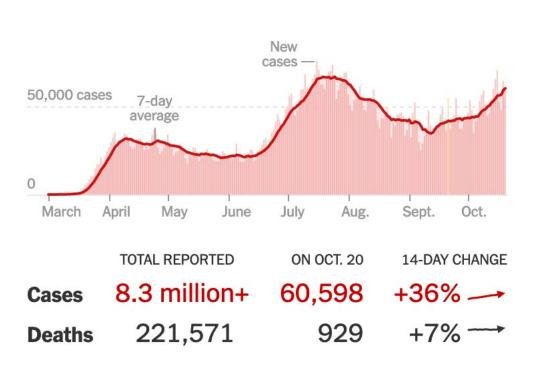
- Update on the coronavirus in Kansas
 - What's happened to the economy so far?
 - What do the new data tell us about the future economy?
 - The shape of the recovery is open to debate.
 - The recovery will take longer than we'd like.
 - What is the role of government in an economic crisis?



We Have Exceeded 8.3 Million Cases & 222,000 Deaths

By The New York Times Updated October 21, 2020, 3:08 P.M. E.T.

Leer en español



Day with data reporting anomaly.

Includes confirmed and probable cases where available. 14-day change trends use 7-day averages.

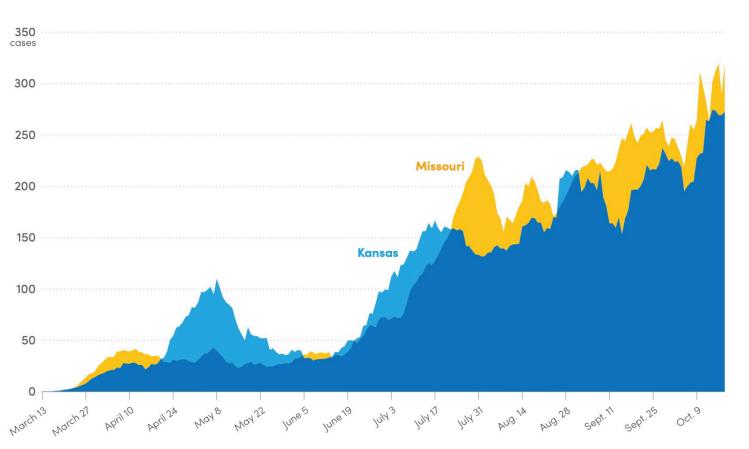
- In the past week we've averaged 59,269 cases per day.
- According to the CDC, if you examine excess deaths, close to 300,000 additional people have died since COVID started.



COVID Cases Are Surging in Our Region

New COVID-19 Cases per Million Residents, 7-Day Rolling Average

Kansas and Missouri population-adjusted cases through October 18th

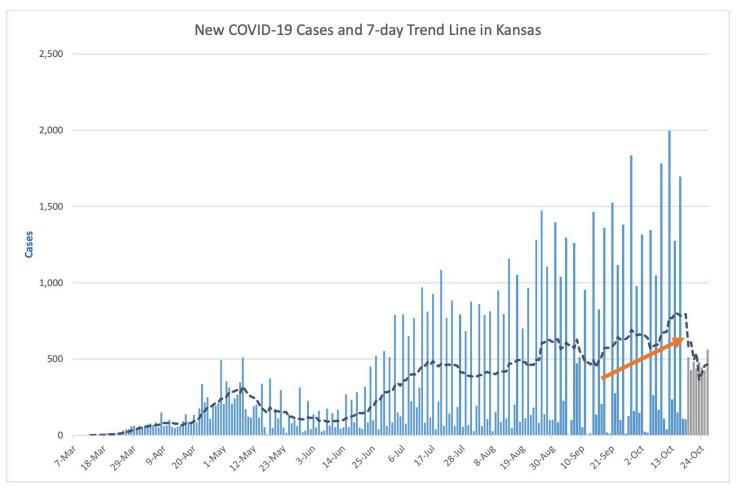


Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times.

- Adjusted Kansas/Missouri cases per million residents.
- Kansas has 5,561 cases in the past week.
 - 191 new cases per 100,000.
- Missouri has 13,675 cases in the past week.
 - 222 new cases per 100,000
 - Missouri and Kansas cases per capita converged at the end of August.



Troubling News: Kansas Daily Cases Are Increasing



Source: Institute for Policy & Social Research, The University of Kansas; cases (blue) from the New York Times and projected cases (grey) from The University of Kansas Medical Center.

- The 7-day moving average of new cases trended up in the past week.
 - The forecast remains high.
- Tragedy in Norton County Kansas:
 - All 62 residents in a longterm care facility were infected and 10 died.
 - Norton County does not have a mask mandate.



Case Rates by County

Cases per 1,000

5.14 - 12.88

12.89 - 20.50 20.51 - 30.96 30.97 - 56.15

56.16 - 96.37

people

COVID-19 Cases per 1,000 People in Kansas, by County as of October 18, 2020

Cheyen 35.38		Rawlins 44.66	Decatur 18.04	Norton 36.93	Phillips 29.04	Smith 5.30	Jewell 7.29	Republic 15.53	Washing 5.18		rshall 5.39	Nemah 23.65	19.07		n		
Sherma 26.87		Thomas 33.43	Sheridan 44.03	Graham 20.15	Rooks 26.63	Osborne 6.43	Mitchell 9.37	Cloud 11.27 Ottawa	Clay 9.37	Riley 27.41	Pottawate 14.23	omie 2	21.71 Jet	28.62 fferson 13.29		enworth).42 Wvandotte	
Wallace 17.79		gan I.83	Gove 56.15	Trego 26.40	Ellis 44.58	Russell 22.46	Lincoln 6.41	18.23	Dickinso	Gear 16.17	mabe	aunsee 1.25	Shawnee 18.29	Douglas 21.99	Johnson 22.26	48.48	
Greeley	Wichita	Scott	Lane	Ness	Rush	Barton	Ellsworth 23.27	17.48	14.40	Mor 9.2	5	Lyon	Osage 9.09	Franklin 19.03	Miami 14.46		
21.92	9.44	38.98	11.73	43.64	30.96 Pawnee	25.99	Rice 11.74	McPherson 10.97	Iviano	Marion 12.37 Cha 34.		35.61	Coffey 17.48	Anderson 15.65	Linn 12.88		
Hamilton 22.06	Kearny 34.13		ney .17	Hodgeman 17.28	64.08 Edwards	Stafford 16.60	Reno 27.76	13	rvey .97	Butler		enwood 1.87	Woodson 8.29	Allen 8.41	Bourbon 18.16		
Stanton 39.88	Grant 55.66	Haskell 39.06	Gray 27.22		Ford 96.37	21.44 Kiowa 18.59	Pratt 11.02	Kingmar 16.64	20	gwick).50	19.34		Elk	Wilson 12.20	Neosho 12.87	Crawford 34.16	
Morton 14.69	Stevens 36.65	Seward 90.49	Meade 38.68	Clark 30.59	Comanche 11.18	Barber 7.91	Harpe 24.47			Cowley 13.81	Cha	5.14 utauqua 7.38	Montgome 19.13	Labette 16.82	Cheroke 30.89	e	

Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times and U.S. Census Bureau.

 Darker colors indicate that these counties have higher case rates:

- Ford, Seward, and Finney Counties have case rates that are > 72 per 1,000.
- Douglas, Sedgwick & Johnson Counties 20-22 per 1,000.
- Leavenworth & Wyandotte Counties have case rates 30-48 per 1,000.



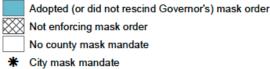
Source: New York Times & US Census Bureau

Do Masks Work?

Brown Doniphan Nemaha Republic Cheyenne Washington Marshall Rawlins Norton Phillips Decatur Smith Jewell tchisor Cloud Jackson Pottawatomie Mitchell Leavenworth Thomas Sherman Graham Rooks Clay Sheridan Osborne Riley Manhattan Wvandotte Jeffersor Ottawa Lincoln Geary Ellis Wabaunsee Wallace Johnso Logan Russell Douglas Gove Trego Salina * Dickinsor * Saline Hays Osage Ellsworth Morris Miami Franklin Rush Greeley Wichita Emporia Scott Iane Ness Barton * Lyon McPherson Marion Rice Chase Coffey Anderson Linn Pawnee Hodgeman Finney Harvey Woodson Hamilton Kearnv Stafford Reno Allen Bourbon Greenwood Edwards Wichita Butler Grav Ford Sedgwick Pratt Neosho Wilson Crawford Stanton Grant Haskell Kiowa Kingman Elk Parsons Meade Cowley Clark Barber Sumner abette Cherokee Morton Seward Stevens Comanche Harper Chautauqua Montgomen

Mask Mandates in Kansas, by County as of August 20, 2020

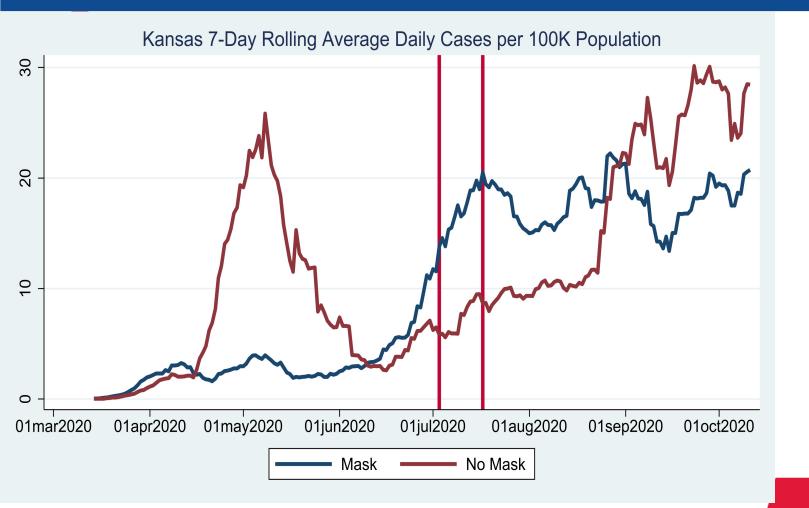
Source: Institute for Policy & Social Research, The University of Kansas; data from the Kansas Chamber and Kansas Health Institute.



- On July 3rd, the Governor implemented a mask mandate for the state of Kansas.
- Counties could opt out of the mandate.
- Some cities imposed a mandate but the surrounding county did not.
 - Manhattan has a mandate but Riley County does not.



Difference-in-Difference Model Estimates



Source: IPSR Zambrana & Ginther

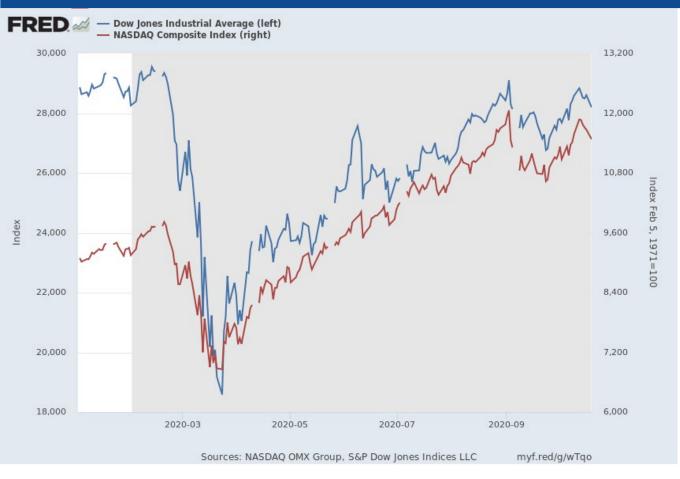
- -7.3 (p<.001) per 100,000 per day, starting 21 days after the mask mandate
- -7.1 (p<.001) per 100,000 per day, starting 21 days after the mask mandate controlling for mobility
- Cases are lower in mask-mandate
 counties.



COVID-19 and the US and Kansas Economies



The Stock Market: January 1 – October 19

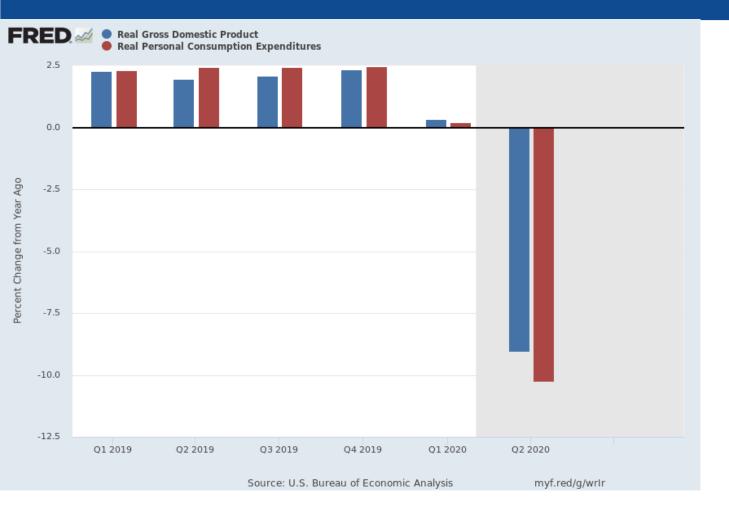


Source: FRED https://fred.stlouisfed.org/series/DJIA

- The Dow Jones Industrial Average peaked at 29,348 on February 12.
 - It bottomed out on March 23, and has recovered to 28,179 on October 19.
 - Down about 4% since the peak.
- Nasdaq is up 27% for the year.
- Market continues to be volatile.



Gross Domestic Product Fell at Historic Rate

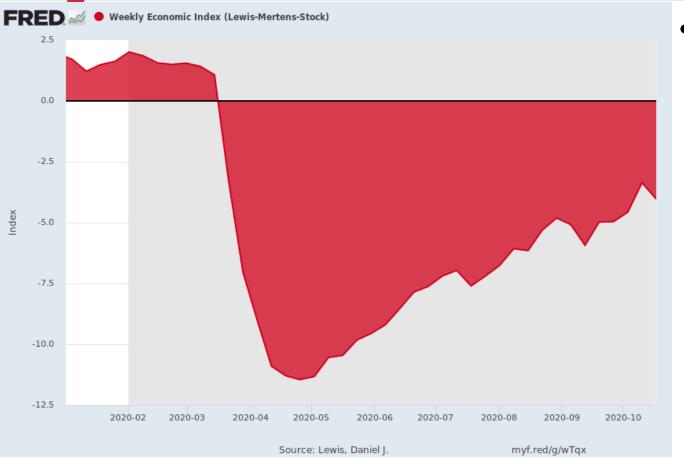


Source: Lewis, FRED, Federal Reserve Bank of St. Louis;

- Gross Domestic Product fell by 9% compared to the previous quarter.
- At an annualized rate, this is -32%.
- Consumption (2/3 of GDP) fell by 10%.
- This makes the Great Recession look like a mere blip.



Weekly Economic Activity Index

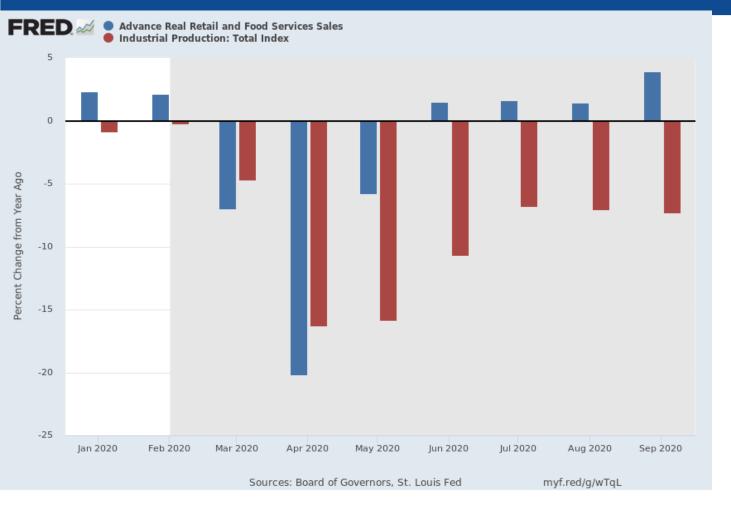


- Lewis, Mertens & Stock have developed a Weekly Economic Activity Index that is scaled to 4th Quarter 2019 GDP growth.
 - The index has risen to -4.03%.
 - This indicates that GDP for this quarter is forecast to be 4.03% lower for Q3.



Source: Lewis, Daniel J., Mertens, Karel and Stock, James H., Weekly Economic Index (Lewis-Mertens-Stock) [WEI], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WEI, May 17, 2020.

Industrial Production & Retail Sales – September



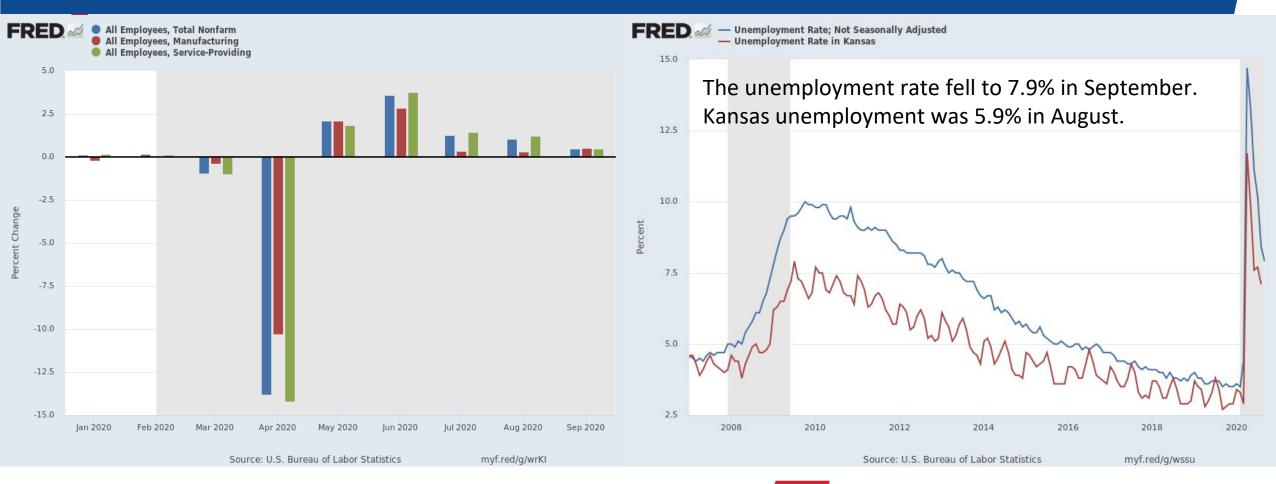
 Compared to a year ago, retail sales are up 3.9%.

- Compared to a year ago, industrial production is down 7.3%.
- Although sales have recovered, production has not.



Source: https://fred.stlouisfed.org

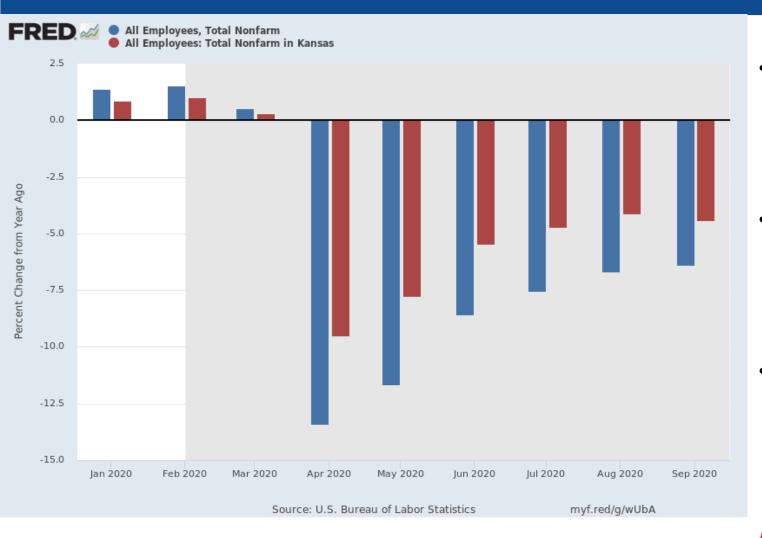
Employment & Unemployment September, 2020



Employment rose by 0.5% in September. Service Employment rose by 0.5%



Employment in Kansas and the US

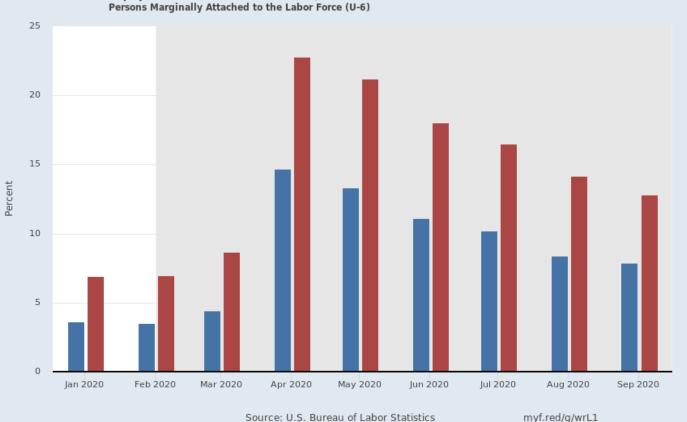


- Kansas employment was down 4.4% from a year ago in September.
- US employment down 6.4% compared to a year ago in September.
- Employment recovery has stalled.



U-3 and U-6 Show Continued Slack in Labor Market

FRED 📈 🌒 Unemployment Rate



Total Unemployment Rate Total Unemployed, Plus All Persons Marginally Attached to the Labor Force, Plus Total Employed Part Time for Economic Reasons, as a Percent of the Civilian Labor Force Plus All Persons Marginally Attached to the Labor Force (U-6)

Sources: <u>https://www.bls.gov/news.release/pdf/empsit.pdf</u> <u>https://www.bls.gov/news.release/archives/empsit_05072010.pdf</u>

- U-6 rate is a broader measure of unemployment.
 - 12.8% in September and 14.2% in August.
- U-6 indicates that a large share of the workforce is experiencing hardship.



A Tale of Two Downturns: This Time Is Different

Unemployment by Characteristic	Sept, 2010	Sept, 2020			
Total	9.6%	7.9%			
Men, Age 20+	9.8%	7.4%			
Women, Age 20+	8.0%	7.7%			
Age 25+					
Less than High School	15.4%	10.6%			
High School	10.0%	9.0%			
Some College	9.1%	8.1%			
Bachelor's Degree +	4.4%	4.8%			
Temporary Layoff	9.1%	36.7%			
U-6	16.9%	16.5%			

Sources: <u>https://www.bls.gov/news.release/pdf/empsit.pdf</u> https://www.bls.gov/news.release/archives/empsit_05072010.pdf

- Women are more likely to be unemployed than men.
 - Since 1980 we've had "Mancessions."
- Only bachelor's degree or higher have lower rates.
- Temporary Layoffs are higher.
 - Temporary Layoffs have dropped between May (73%) and September (36.7%).



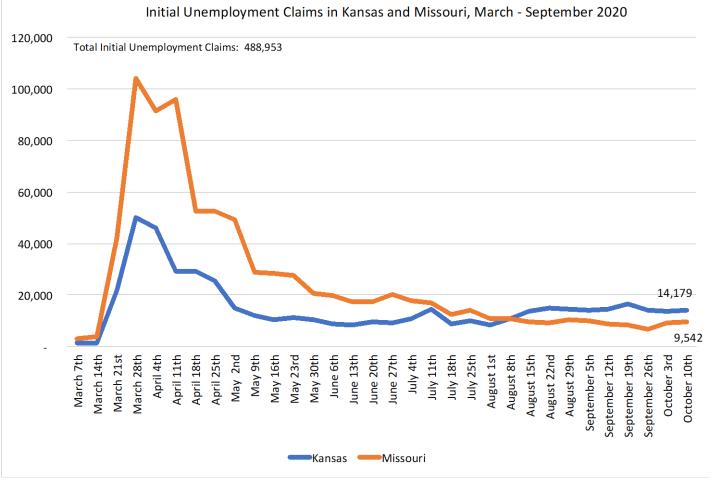
The Underwhelming September Jobs Report

- At Sept's pace, it will take us 17 mon to get back to Feb emp, & 26 mon to get back to pre-COVID trend.
 @ernietedeschi (Evercore ISI Research)
 - Right now we are on track to end 2020 with 400,000 fewer people due to COVID deaths and 9.5 million fewer jobs. @BetseyStevenson (University of Michigan)

https://www.bisnow.com/national/news/economy/september-20202-jobs-report-106184



Unemployment Claims in Kansas and Missouri



Source: Calculations using KS and MO Department of Labor Data

- 14,179 people filed an initial claim in Kansas in the week of October 10.
- Since March 14 a total of 488,953 workers have filed initial unemployment claims in Kansas.
- Initial claims remain stubbornly high.
 - Data from March 14 October 10.



Cumulative Initial Unemployment Claims by Industry

350,000 300,000 250,000 .09<mark>,1</mark>87 200,000 150,000 34,217 100,000 65.716 50,000 May 2nd 9-May 16-May 30-May e-Jun 13-Jun 20-Jun 27-Jun 11-Jul 18-Jul 25-Jul 1-Aug 9-Aug 21-Mar 8-Aug 5-Aug 2-Aug 5-Sep .2-Sep 14-Mar 28-Mar 4-Apr 11-Apr 18-Apr 25-Apr 3-May 4-Jul :6-Sep 3-Oct 0-Oct Health Care & Social Assistance
Accommodation & Food Services
Other Services
Manufacturing
Retail Trade

Kansas Industries with Largest Cumulative Job Losses March 14 - Ocotber

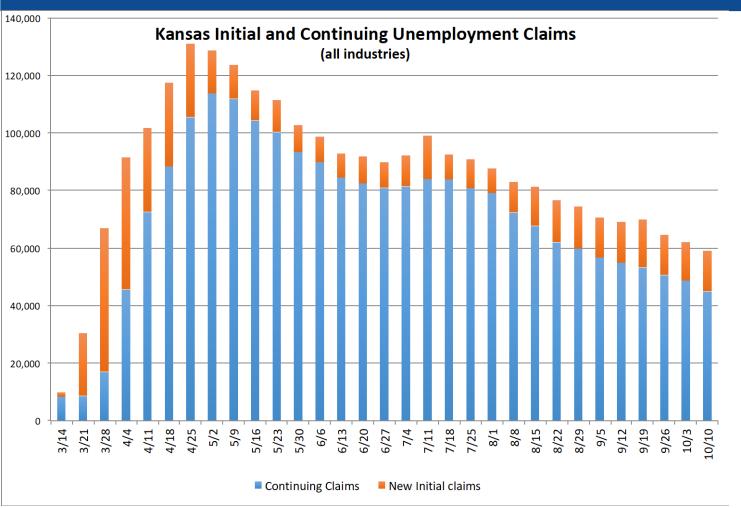
10th

Source: Calculations using KS and MO Department of Labor Data

- Industries hardest hit include:
 - Manufacturing: 109,187
 - Accommodation & Food Services: 65,716
 - Health care & Social assistance: 49,004
 - Retail Trade: 48,326
 - Other Services: 34,217
- These five industries account for 63% of people who have lost their jobs.



Unemployment in Kansas Remains High



- Kansas continuing + initial unemployment claims remain high.
- There are 44,864 continuing claims and 141,179 new initial claims as of the week ending October 10.
- State Unemployment ~6%.



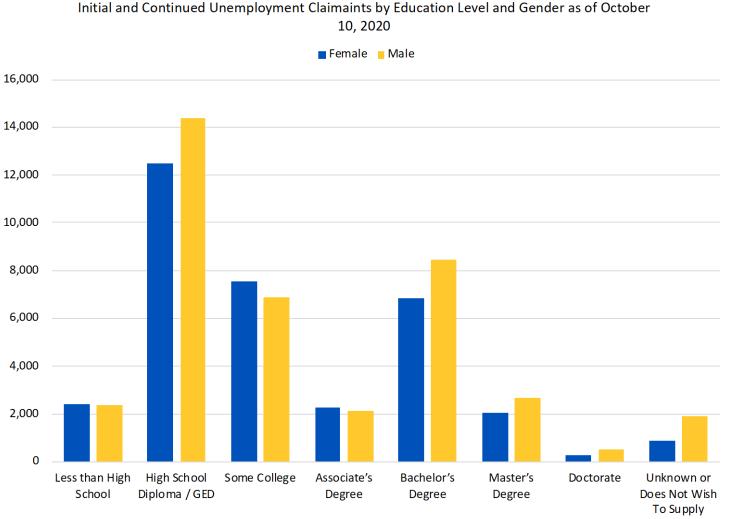
Labor Force Participation Has Dropped in Kansas

1,530,000 1.520.000 1.510.000 1.500.000 490.000 1480.000 1.470.000 1.460.000 1,450,000 1,440,000 1,430,000 2016 ğ SOI 20 ğ 20 õ Ś õ May eptembei January May May May May September January eptember January May May May May May January September January Septembe eptembei January Septembei January Januar January Septembe Septembe anuan Septembe May September anuan

Source: Calculations using KS and MO Department of Labor Data

- Civilian Labor Force in Kansas 1 in 3 Kansans have filed initial unemployment claims this year. The Civilian Labor Force has in Kansas has dropped by 2.1% since March.
 - UTE FOR SEARCH The University of Kansas

Female v. Male Claims by Education as of October 10



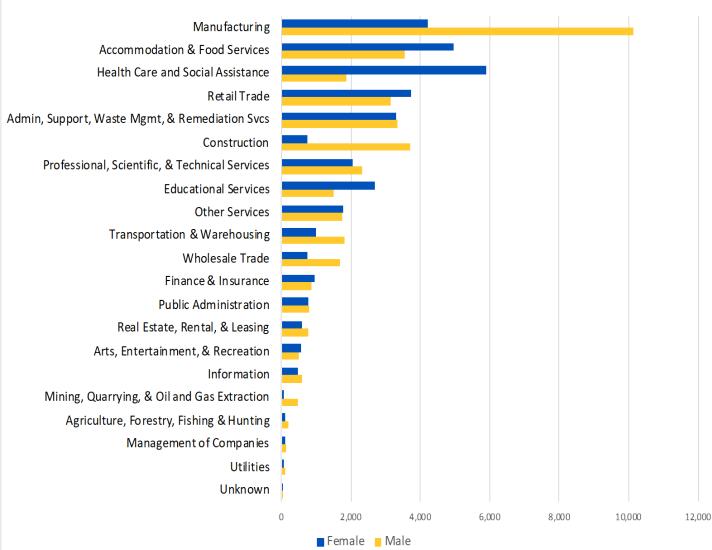
Source: Author's calculations.

- Females with less than high school, some college and associate degrees are more likely to be unemployed than males.
- Females with a high school degree or a bachelor's or more are less likely to be unemployed.



Gender Differences in Unemployment Claims by Industry

Initial and Continued Unemployment Claimants by Industry



- Male Unemployment:
 - Manufacturing
 - Accommodation & Food
 - Construction
- Female Unemployment:
 - Accommodation & Food
 - Health Care
 - Retail Trade
 - Administrative Support



Cumulative Unemployment Claims by County

Initial Jobless Claims in Kansas, by County March 21 - October 10, 2020

Cheyen 137	,	awlins 197	Decatur 202	Norton 326	Phillips 402	Smith 205	Jewell 190	Republic 275	Washingto 317	on Marsh 665	all Nemah 747	1,020		Sec.	
Sherma 493		homas 636	Sheridan 103	Graham 204	Rooks 405	Osborne 246	Mitchell 467	Cloud 856	Clay 957			ackson 2,441 Jet	1,920 fferson 2,494	Leavenwo 9,682	
Wallace 81	Log 25		Gove 202	Trego 255	Ellis 3,293	Russell 714	Lincoln 264	Ottawa 775	Dickinson	1 4 0 0 0	Wabaunsee 749	Shawnee 30,517			9,637
Greeley	Wichita	Scott	Lane	Ness	Rush	Barton	Ellsworth 520	Saline 9,484	2,481	Morris 679	Lyon	Osage 1,985	Franklin 4,313	Miami 3,784	
72	294	382	116	168	332 Pawnee	3,432	Rice 1,155	McPherson 3,494	Marion 1,415	Chas 472	4.291	Coffey 860	Anderson 1,009	Linn 1,134	
Hamilton 130	Kearny 305		ney 169	Hodgeman 119	445 Edwards 280	Stafford 322	Reno 9,509	Har 5,7	79	Butler	 Greenwood 711	Woodson 427	Allen 1,887	Bourbon 2,014	
Stanton 108	Grant 497	Haskell 169	Gray 234	Ford 2,738	Kiowa 176	Pratt 935	Kingman 1,219	135	wick	13,097	Elk	Wilson 1,895	Neosho 2,053	Crawford 5,373	
Morton 166	Stevens 236	Seward 1,622	Meade 184	Clark 174	Comanche 150	Barber 448	Harpe 578	r Sum 5,90		Cowley 5,380	320 Chautauqua 360	Montgome 6,231	Labette 2,951	Cherokee 2,079	

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor, Labor Market Information Services.

Initial Claims, March 21 - Oct 10



Source: IPSR calculations using Kansas Department of Labor Data

- Top 5 Counties by Cumulative Initial Claims:
 - Sedgwick 135,861
 - Johnson 86,642
 - Wyandotte 39,637
 - Shawnee 30,517
 - Douglas 22,245
 - Data calculated March 21 October 10.



September Kansas Unemployment Rate 5.9%

Projected Unemployment Rate in Kansas, by County October 10, 2020

Cheyen 0.9	,	awlins 1.4	Decatur 3.5	Norton 1.8	Phillips 2.1	Smith 1.3	Jewell 1.1	Republic 1.8	Washingto 1.7	n Marsl 1.6			Donipha 1.7 tchison		
Sherma 2.5	an Ti	nomas 1.6	Sheridan 1.0	Graham 3.1	Rooks 3.0	Osborne 1.1	Mitchell 2.1	Cloud 2.8		Riley Pot 3.4	tawatomie 2.4	ackson 3.3	4.6 fferson 3.1	Leavenwor 3.2 Wya	orth andott
Wallace 1.5	Log 1.		Gove 1.5	Trego 1.9	Ellis 2.2	Russell 2.6	Lincoln 2.3	Ottawa 3.3 Saline	Dickinson 3.0	Geary 5.1		Shawnee 4.3	Douglas 3.9		5.8
Greeley 0.6	Wichita	Scott 2.0	Lane 2.5	Ness 1.5	Rush 2.6	Barton	Ellsworth 2.4	3.8 McPherson		Morris 2.8	Lyon 3.2	Osage 3.6	Franklin 3.9	Miami 2.9	
		Fin	ney	Hodgeman	Pawnee 2.9	3.1	Rice 2.5	2.7 Har	3.1 Chas 2.0		se	Coffey 2.8	Anderson 2.8	Linn 3.8	
Hamilton 1.4	rtouring	2	.6 Gray	0.9	Edwards 3.5	Stafford 2.0	Reno 3.7	3. Sedg	5	Butler 4.5	Greenwood 3.3	Woodsor 4.4	Allen 4.0	Bourbon 3.4	
Stanton 1.9	Grant 3.0	Haskell 1.0	1.2	Ford 2.4	Kiowa 2.3	Pratt 2.3	Kingman 4.6	6		4.0	Elk 2.2	Wilson 5.0 Montgome	Neosho 5.8	Crawford 3.9	
Morton 2.2	Stevens 1.8	Seward 2.6	Meade 1.3	Clark 1.9	Comanche 2.6	Barber 1.9	Harpe 3.2	r Sumi 6.4		Cowley 4.1	Chautauqua 3.5	4.9	Labette 4.0	Cherokee 2.4	

Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor, Labor Market Information Services.

Projected unemployment rate derived using initial and continued jobless claims as of October 10th and preliminary, not seasonally adjusted, civilian labor force for September 2020.



Projected Unemployment Rate



• Uneven impact across the state:

- Sedgwick County 6.4%
- Douglas 3.9%
- Johnson 3.3%
- Wyandotte 5.8%
- Shawnee 4.3%
- Eastern half of the state is suffering

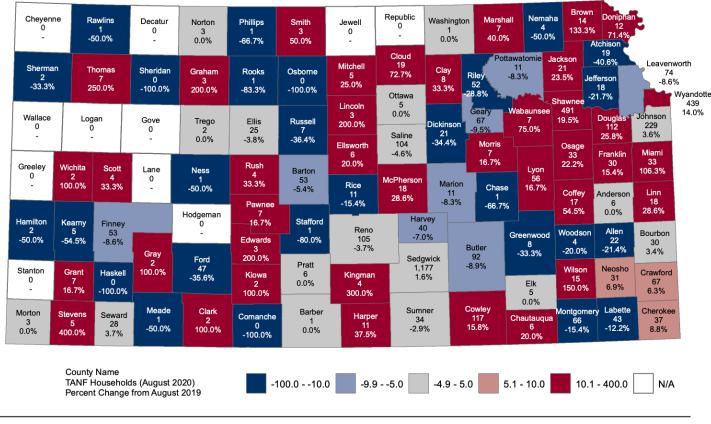


Demand for Social Assistance Has Increased

State of Kansas

Department for Children and Families

Percent Change in Households Receiving Temporary Assistance for Needy Families (TANF) in Kansas, by County August 2019 - August 2020



Kansas

State Data Center

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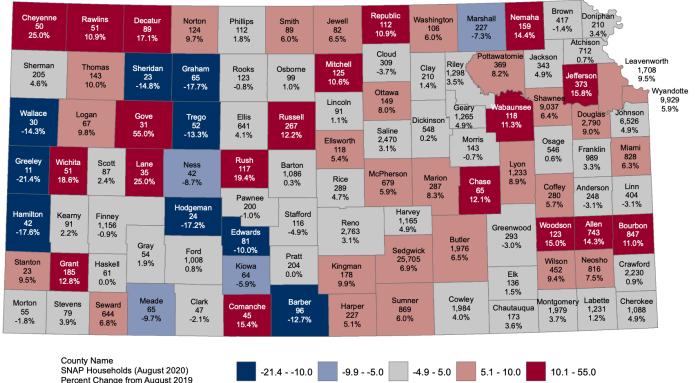
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- Percent change in households receiving TANF by county, August 2019 – August 2020.
- Dark red counties indicate an increase of 10% or more.
 - Caseloads have increased by 19.5% in Shawnee County & 3.6% in Johnson County.



Demand for SNAP Benefits Have Also Increased

Percent Change in Households Receiving Supplemental Nutrition Assistance Program (SNAP) in Kansas, by County August 2019 - August 2020



Kansas

State Data Center

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- Percent change in households receiving SNAP benefits by county, August 2019 – August 2020.
- Dark red counties indicate an increase of 10% or more.
- Expect these numbers to increase.





How Does Kansas Compare?

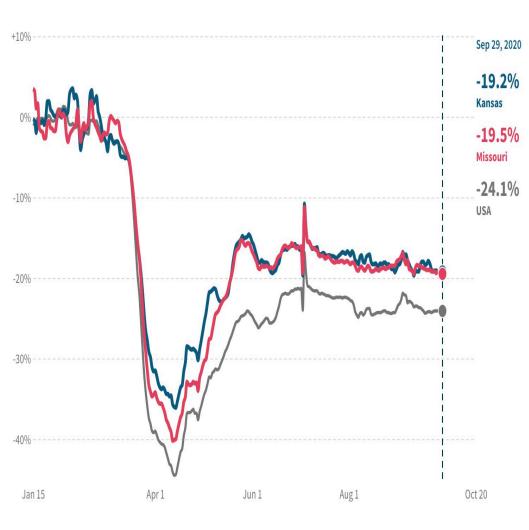
Kansas is doing better than other states.



Kansas Small Businesses Are More Likely To Be Open

DOWNLOAD CHART

In **Kansas**, as of September 29 2020, the number of small businesses open decreased by **19.2%** compared to January 2020.



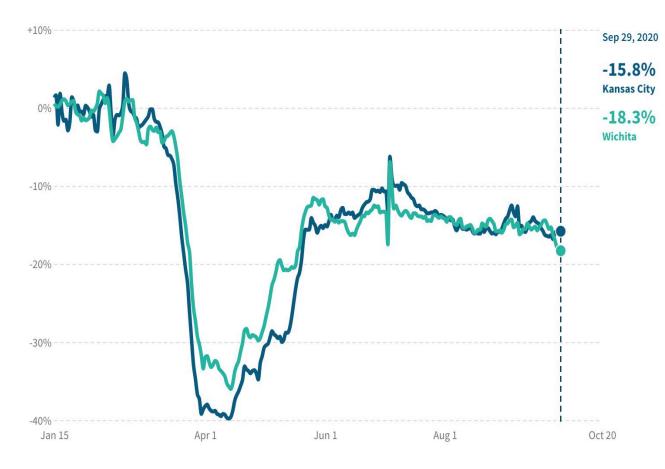
- The number of small businesses open in Kansas has fallen by 19.2% since January.
 - In the US, the number is -24.1%
 - Kansas is doing slightly better than Missouri –19.5%
 - and Iowa –20%
- At its worst, 25% of Kansas small businesses were closed.

Source: Economic Tracker https://tracktherecovery.org/



Kansas City & Wichita Businesses Have Rebounded a Bit Better Than the State Average

In **Kansas City**, as of September 29 2020, the number of small businesses open decreased by **15.8%** compared to January 2020.

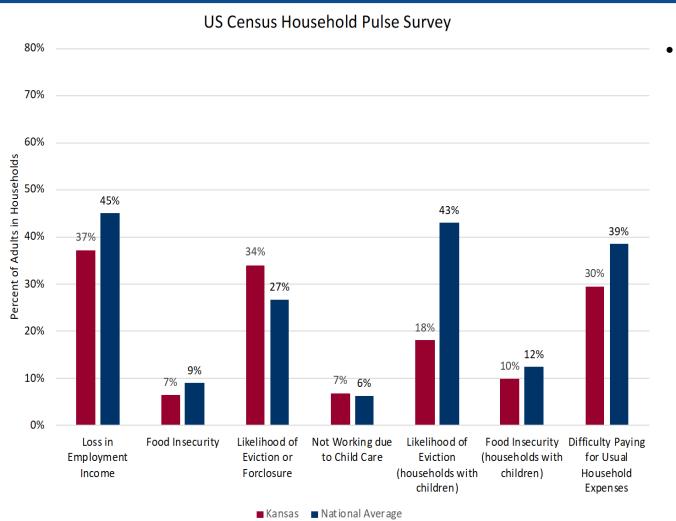


Source: Economic Tracker https://tracktherecovery.org/ DOWNLOAD CHART

- The number of small businesses open in Kansas has fallen by
 - 19.2% since January.
 - Kansas City has a drop of –15.8% of small businesses that are open.
 - -18.3.% in Wichita



Kansas and US Household Comparison



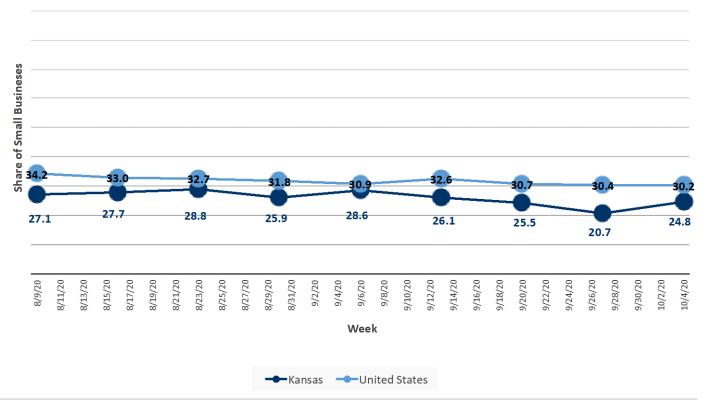
Household Pulse Survey for September 30 – October 12, 2020 Source: https://www.census.gov/programs-surveys/household-pulse-survey/data.html

- 37% of households faced loss in Employment income in the week of September 30th – October 12th.
 - 34% of households report likely or somewhat likely eviction.
 - 10% of households with children are food insecure.



Small Business Pulse Data

Share of Small Businesses Reporting a Large Negative Impact as a Result of the Covid-19 Pandemic



- Dark Blue: Kansas small businesses
- Light Blue: US small businesses
- 24.8% of Kansas small businesses reported a large negative impact from the pandemic in the most recent week.

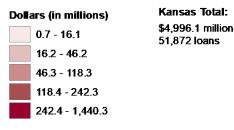


Payroll Protection Program Loans by County

Estimated Amount of PPP Loans in Kansas, by County, as of June 30, 2020

Cheyenne Rawlin: \$4.2 \$4.7			Decatur \$3.8	Norton \$13.1	Phillips \$10.2	Smith \$5.2	Jewell \$2.5	Republic \$7.1	Washing \$9.7	ton Mars \$18		, \$10.1				
Sherma \$10.1		homas \$16.1	Sheridan \$6.0	Graham \$3.3	Rooks \$8.8	Osborne \$6.5	Mitchell \$15.9	Cloud \$11.9	Clay \$11.4	Riley		ackson \$10.5	\$18.7		Leavenworth \$68.3	
Wallace Loga		gan	Gove	Trego	Ellis	Russell	Lincoln \$4.3	Ottawa \$6.1	Dickinso	\$110.0 Geary \$19.5		Shawnee	Douglas Jo	Johnson	Wyandotte \$224.1	
\$2.6	\$6	5.8	\$5.8	\$5.6	\$59.8	\$8.8	Ellsworth \$9.0	Saline \$118.3	\$18.8	Morris \$9.1	4_ ا	Osage \$6,2	\$166.8 Franklin	\$1,440.3 Miami		
Greeley \$4.4	Wichita \$3.6	Scott \$18.6	Lane \$2.9	Ness \$7.8	Rush \$6.0	Barton \$51.4	Rice	McPhersor \$74.2	Mario	∵ ¦ Cna			\$22.4 Anderson	\$52.1 Linn		
Hamilton	Kearny	Finney \$58.6		Hodgeman \$2.6	Pawnee \$4.5	Stafford	\$15.5	Har	vey	² \$2.	5	\$11.0	\$7.3	\$4.9		
\$10.0	\$8.8	8	Gray	Ford	Edwards \$5.9	\$4.7	Reno \$98.9		\$53.7 Sedgwick		Greenwood \$6.4	Woodsor \$2.1	Allen \$16.0	Bourbon \$19.0		
Stanton \$8.2	Grant \$11.6	Haskell \$9.3	\$13.6	\$46.2	Kiowa \$3.8	Pratt \$19.5	Kingman \$11.1	\$1.0	50.5		Elk \$0.7	Wilson \$9.9	Neosho \$20.2	Crawford \$42.9		
Morton \$4.4	Stevens \$9.5	Seward \$25.0	Meade \$9.0	Clark \$4.8	Comanche \$2.4	Barber \$7.6	Harpe \$13.6			Cowley \$28.3	Chautauqua \$2.4	Montgome \$31.9 a	Labette \$32.3	Cherokee \$17.2		

Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Small Business Administration.



Johnson: \$1.4 billion

- Sedgwick: \$1 billion
- Shawnee: \$242 million
- Wyandotte: \$224 million
- Douglas: \$167 million



Jobs Retained with PPP Loans

Jobs Retained with PPP Loans as a Percentage of Civilan Labor Force in Kansas, by County, as of June 30, 2020

Cheyer 40.1		awlins 40.4	Decatur 45.7	Norton 55.3	Phillips 49.4	Smith 47.8	Jewell 32.5	Republic 52.0	Washir 48.	9.0.0	Marshal 41.3	Nemah 78.8	35.7	Doniphar 13.3 tchison	22	
Sherma 46.2		homas 51.5	Sheridan 48.4	Graham 38.0	Rooks 50.3	Osborne 54.0	Mitchell 57.9	Cloud 43.8	Clay 47.8	Riley 37.8		vatomie 3.4	ckson 18.5 Je	30.4 fferson 17.4	Leaver	.3
Wallace 34.1	Log 52		Gove Trego 55.6 68.4		Ellis	Russell	Lincoln 34.0	Ottawa 27.2	Dickinson 21		eary Wa	abaunsee 14.6	Shawnee 28.0		Johnson 38.4	Wyandotte 24.2
			55.6	68.4	39.9	38.8	Ellsworth 40.5	Saline 38.2	21.6	21.6 Mo 39			Osage 14.6	Franklin	Miami 23.2	
Greeley 58.4	Wichita 48.1	Scott 71.1	Lane 51.9	Ness 65.7	Rush 51.0	Barton 41.2	Rice 36.1	McPhersor 53.6	Mar 33		Chase 13.2	Lyon 29.6		Anderson	Linn	
Hamilton 74.5	Kearny	Finney 32.8		Hodgeman 40.8	Pawnee 23.2	Stafford 44.8	Reno	Harvey 38.0					33.5	19.8 Allen	14.4	
	41.8	°	Gray	Ford 32.8	Edwards 47.1		35.7	Sedo	Sedgwick 41.4		Greenwood Butler 23.5 22.1		Woodson 17.7	28.7	Bourbon 32.6	
Stanton 72.9	Grant 31.1	Haskell 45.6	53.1		Kiowa 49.9	Pratt 42.0	Kingman 45.0	4				Elk 13.8	Wilson 29.9	Neosho 45.0	Crawford 29.0	
Morton 71.6	Stevens 41.1	Seward 32.9	Meade 53.5	Clark 67.1	Comanche 41.5	Barber 42.6	Harpe 49.8	Sum 20.			/ley .6 C	hautauqua 20.6	Viontgome 29.3	Labette 30.8	Cherokee 22.1	

Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Small Business Administration and Bureau of Labor Statistics.

Civilian labor force estimates from June 2020.

 Percent
 Kansas: 34.8%

 13.2 - 24.2
 24.3 - 36.1

 36.2 - 46.2
 46.3 - 58.4

 58.5 - 78.8
 58.5 - 78.8

- Kansas: 34.8% of workforce
- Douglas 30%
- Johnson 38%
- Shawnee 28%
- Morton 71.6%
- Scott 71.1%



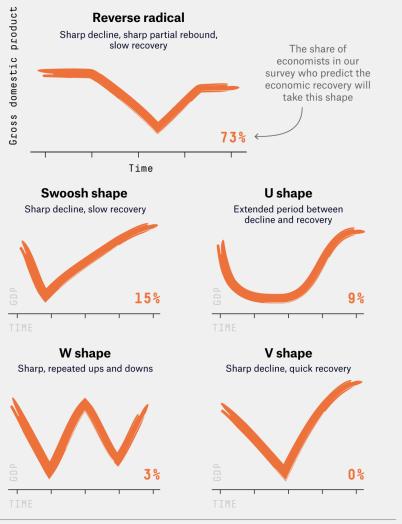
What's the Latest Letter for the Economic Recovery? K is not OK.



Shape of the Recovery – Reverse Radical?

Economists in our survey expect an uneven recovery

Expert predictions for the shape of the U.S. economic recovery



- In June, Fivethirtyeight.com interviewed top macroeconomists about the recovery.
- 73% of economists expect a reverse radical recovery:
 - Sharp-partial recovery with prolonged lower level.
- Now economists are talking about Kshaped recovery

Source: <u>https://fivethirtyeight.com/features/what-economists-fear-most-during-</u> <u>this-recovery/</u>



FiveThirtyEight

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC OUTLOOK SURVEY

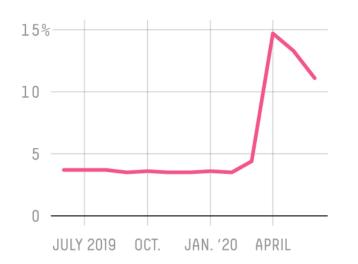
What Indicators Do Economists Watch?

A snapshot of the recovery, three ways

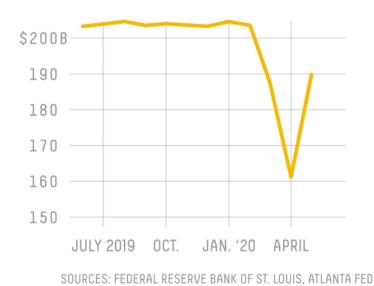
Monthly unemployment rate

Annualized real GDP growth by quarter





Advance real retail and food services sales



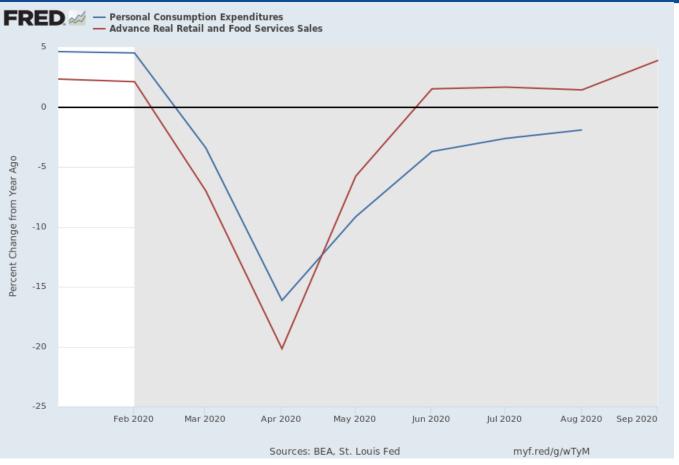
FiveThirtyEight

- GDP down for the foreseeable future
- Unemployment high
- Retail sales have rebounded

Source: https://fivethirtyeight.com/features/how-the-experts-are-measuring-the-economic-recovery/



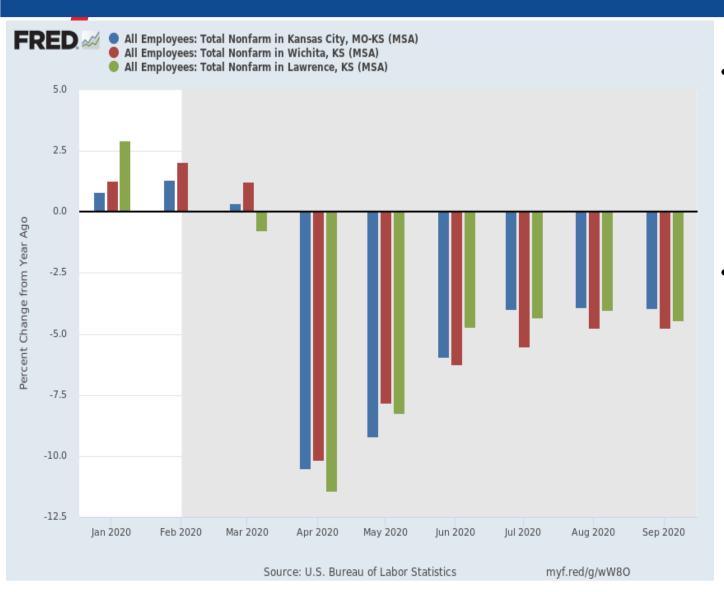
Consumption January – September, 2020



- Consumption is 2/3rds of GDP.
 - 60% of consumption is services (blue line).
 - Swoosh or reverse radical recovery
 - 40% of consumption is goods (red line).
 - V-shaped, partly driven by groceries.



Change in Employment by Major City in Kansas



Compared to a year ago:

- Kansas City MSA down 4%.
- Wichita down 4.7%.
- Lawrence down 4.4%.
- Employment has not recovered.



Is This a K-shaped Recovery?

The Washington Post

Economy

The recession is over for the rich, but the working class is far from recovered

The stock market and home values are back at record levels, while jobs remain scarce for those earning less than \$20 an hour

August 13, 2020

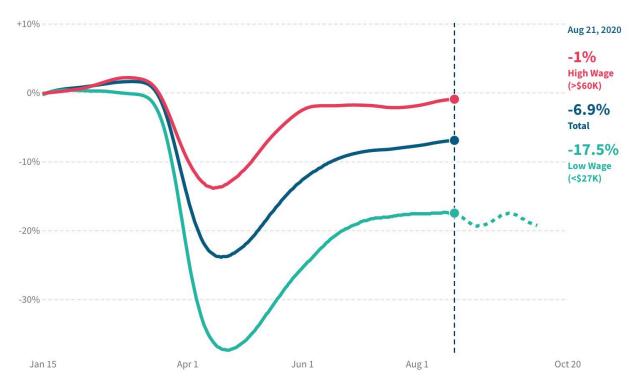
Source: https://www.washingtonpost.com/business/2020/08/13/recession-is-over-rich-working-class-is-far-recovered



Is This a K-shaped Recovery in the US?

DOWNLOAD CHART

In **the United States**, as of August 21 2020, employment rates decreased by **6.9%** compared to January 2020 (not seasonally adjusted).



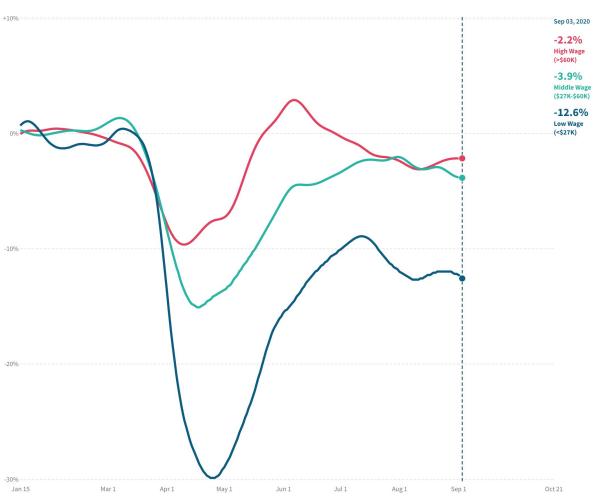
- Jobs for those earning > \$60,000 per year are down only 1%.
- Jobs for low wage workers, earning < \$27,000 per year are down 17.5%.
 - The rich have recovered.
 - The rest have not.



Is This a K-shaped Recovery in Kansas?

DOWNLOAD CHART

In **Kansas**, as of September 03 2020, employment rates among workers in the bottom wage quartile decreased by **12.6%** compared to January 2020 (not seasonally adjusted).



- Jobs for those earning > \$60,000 per year are down only 2.2% and middle wage jobs down 3.9%.
- Jobs for low wage workers, earning <\$27,000 per year are down 12.6%.
 - The rich and middle income have recovered.
 - The low income have not.



What is the Role of Government in an Economic Crisis?

To Support the Economic Recovery



What is the Role of Government in a Crisis?



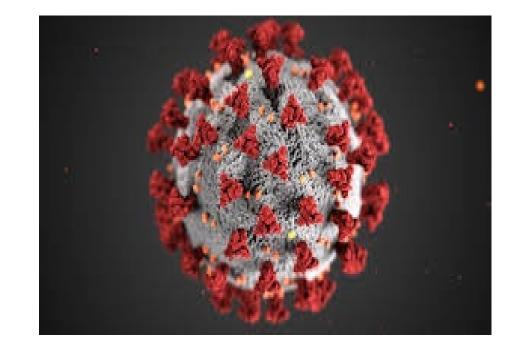
Niccolò Ubalducci / flickr Creative Commons https://www.kmuw.org/post/storms-bring-rare-october-tornadoes-kansas 48 Donna K. Ginther, PhD

- When nature strikes (e.g. tornadoes, hurricanes and floods), we look to the federal government for disaster relief.
 - The government provides social insurance in the case of widespread disasters.



What is the Role of Government in a Crisis?

- Instead of an F5 Tornado leveling Kansas, we have an F5 pandemic leveling the world.
 - The federal government responded in March and the economy recovered through August.
 - It's no accident that the recovery has stalled now that those funds have been spent.

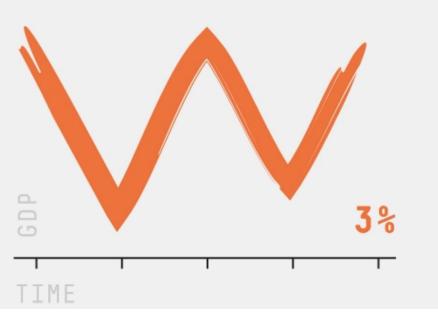




Could the K Turn into a W?

W shape

Sharp, repeated ups and downs



State and Local Budget Pain Looms Over Economy's Future

Providing more aid to struggling governments has become one of the biggest issues tangling up the debate over another pandemic rescue package.

• The Fed chair, Jerome H. Powell, has repeatedly warned that state job cuts could drag down an economic recovery: "It will hold back the economic recovery if they continue to lay people off and if they continue to cut essential services."

Source: August 14, 2020 New York Times. https://www.nytimes.com/2020/08/14/business/economy/ state-local-budget-pain.html

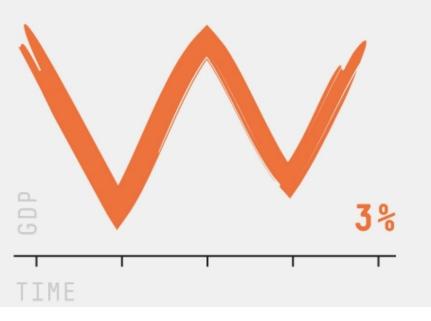


50 Donna K. Ginther, PhD

Could the K Turn into a W?

W shape

Sharp, repeated ups and downs



Anxious for a Lifeline, the U.S. Economy Is Left to Sink or Swim

President Trump cut off negotiations over a new aid package on Tuesday. Economists of all stripes agree that could be a costly mistake.

• The Fed chair, Jerome H. Powell said: "Too little support would lead to a weak recovery, creating unnecessary hardship for households and businesses," he said. "Over time, household insolvencies and business bankruptcies would rise, harming the productive capacity of the economy and holding back wage growth."

Source: October 7, 2020 New York Times. <u>https://www.nytimes.com/2020/10/07</u>/business/second-stimulus-bill-fails-impact.html



Economic Impacts of COVID-19

- We will be posting weekly updates on data.
- We are updating briefings every month to six weeks.
- Data and briefings are featured on the IPSR website: <u>http://ipsr.ku.edu/covid19/</u>
- We will also monitor the policy responses.
- I hope that you all stay healthy!



Thank You!

