

Update on the Kansas Economy

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KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

Overview

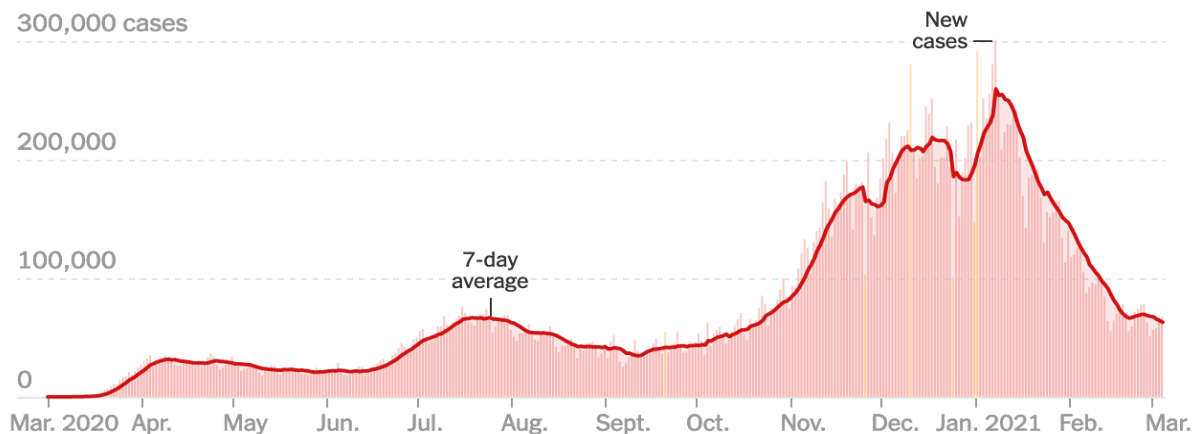
- Update on COVID-19 in Kansas and the United States
- What's happened to the US & Kansas economies so far?
- Is Kansas at Full Employment?
- What will our economy look like after COVID?

We Have Exceeded 28.8 Million Cases & 520,000 Deaths

Coronavirus in the U.S.: Latest Map and Case Count

Updated March 5, 2021, 9:21 A.M. E.T.

[Leer en español](#)



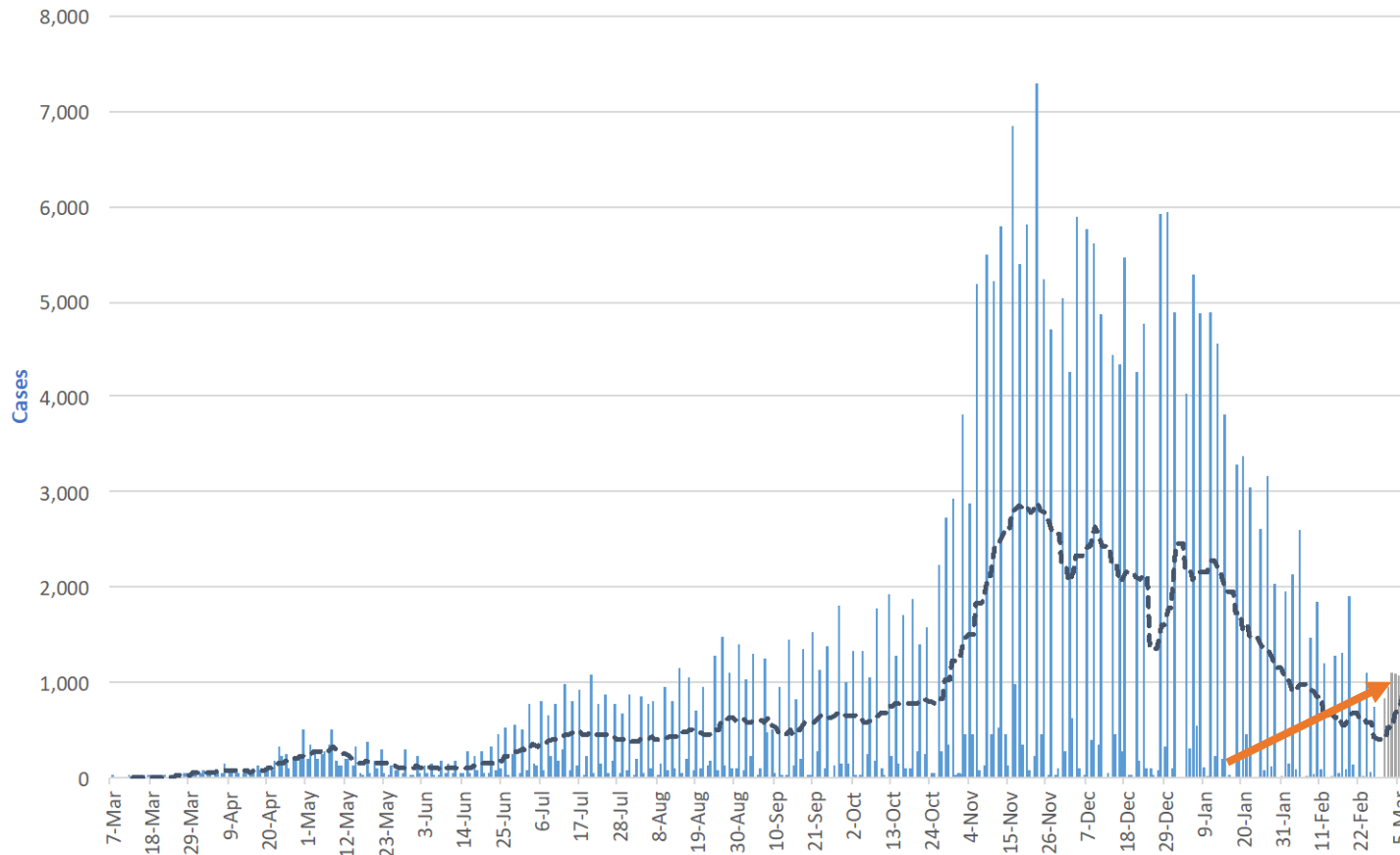
	TOTAL REPORTED	ON MARCH 4	14-DAY CHANGE
Cases	28.8 million+	67,415	-14% →
Deaths	520,028	1,949	Flat →
Hospitalized		44,172	-29% →

■ Day with reporting anomaly. Hospitalization data from the Covid Tracking Project; 14-day change trends use 7-day averages.

- In the past week we've averaged 62,924 cases per day.
- This is a decrease of 14% compared in the last two weeks/
- 2,369 deaths on March 4th
- Cases are beginning to plateau.

Kansas Daily Cases Are Decreasing

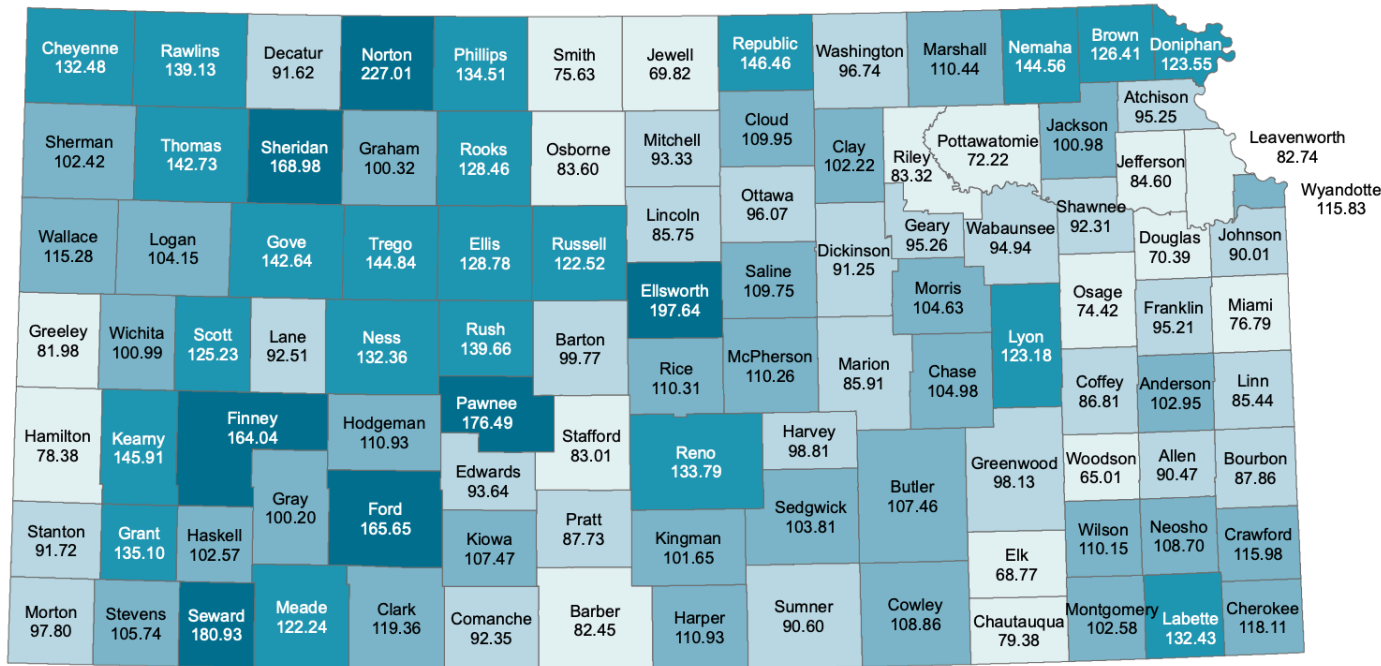
New COVID-19 Cases and 7-day Trend Line in Kansas



- The 7-day moving average of new cases trended down in the past weeks.
- Cases are decreasing:
 - Cases are forecast to increase.
- Kansas has had 296,798 cases and 4,735 deaths

Case Rates by County

COVID-19 Cases per 1,000 People in Kansas, by County as of February 28, 2021

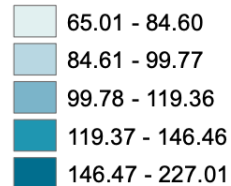


• Darker colors indicate that these counties have higher case rates:

- Ford, Seward, and Finney Counties have case rates that are > 164 per 1,000
- Douglas, Sedgwick & Johnson Counties have case rates of 70–103 per 1,000
- Leavenworth & Wyandotte Counties have case rates of 82–115 per 1,000

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

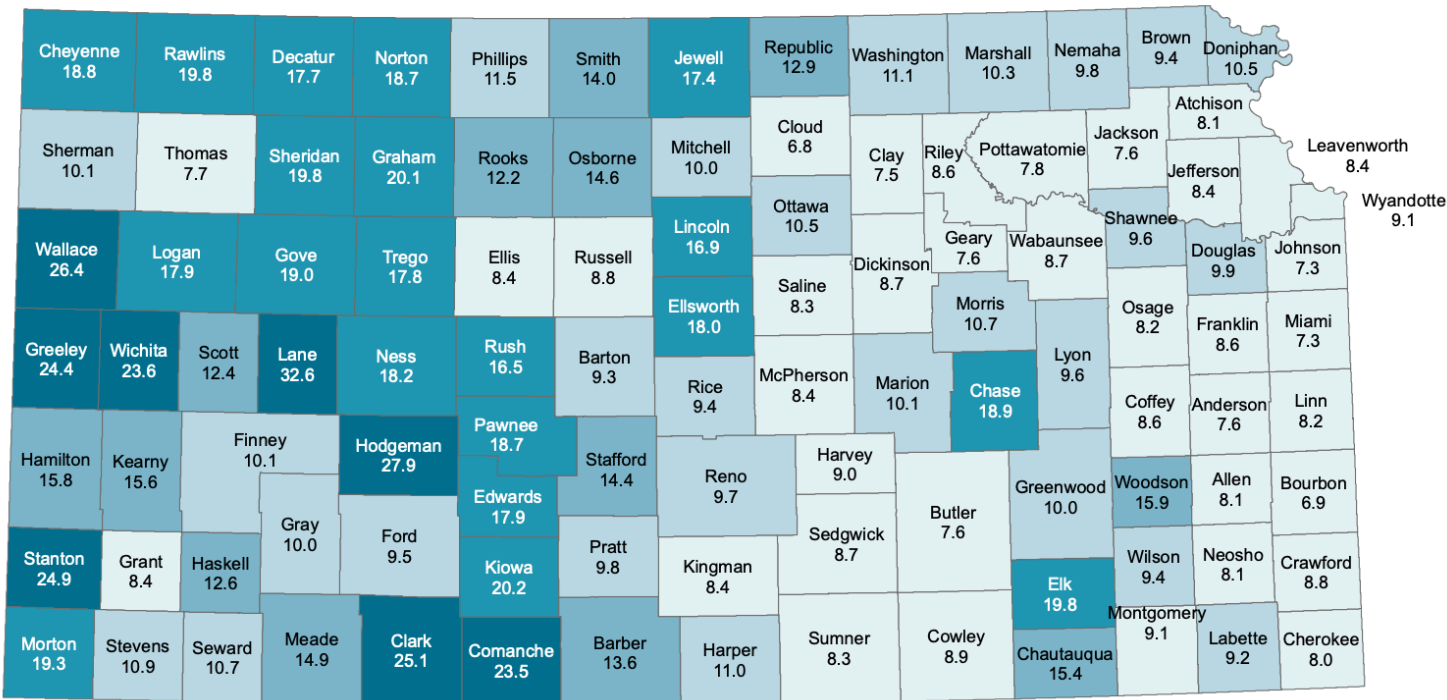
Cases per 1,000 people



Source: New York Times & US Census Bureau

Covid Vaccines per 100 People per County

COVID-19 Vaccines Distributed per 100 People in Kansas, by County as of February 22, 2021



Despite What Texas has done, COVID's not Over Yet

The Washington Post

Health

'Masks required' signs are coming down after Texas, Mississippi lift coronavirus restrictions

Impact of rescinding mandates is immediate, and Biden blasts governors' 'Neanderthal thinking'

- “They should wear masks until we actually prove that vaccines prevent transmission,” said Dr. Anthony S. Fauci, director of the National Institute for Allergy and Infectious Diseases (NY Times).

It Ain't Over Til It's Over

- Three Variants of Concern:
 - B.1.1.7—UK Variant. More virulent and more deadly. Vaccine protects against this.
 - B.351—South African Variant. More virulent. Current vaccines do not work as well on this.
 - P1—Brazilian Variant. More virulent. Preliminary evidence suggests that neither current vaccine nor prior infections protect against this variant.
- All Three variants have been found in the US.

A Race Between Vaccines & the Variants of Concern

Johnson & Johnson



- The tough issue here is that, much like [staying home](#) or [mask-wearing](#), a significant benefit of getting vaccinated is *to protect other people*. The more Americans who get vaccinated, the less likely the disease can spread (Daniel Dresner, Washington Post).

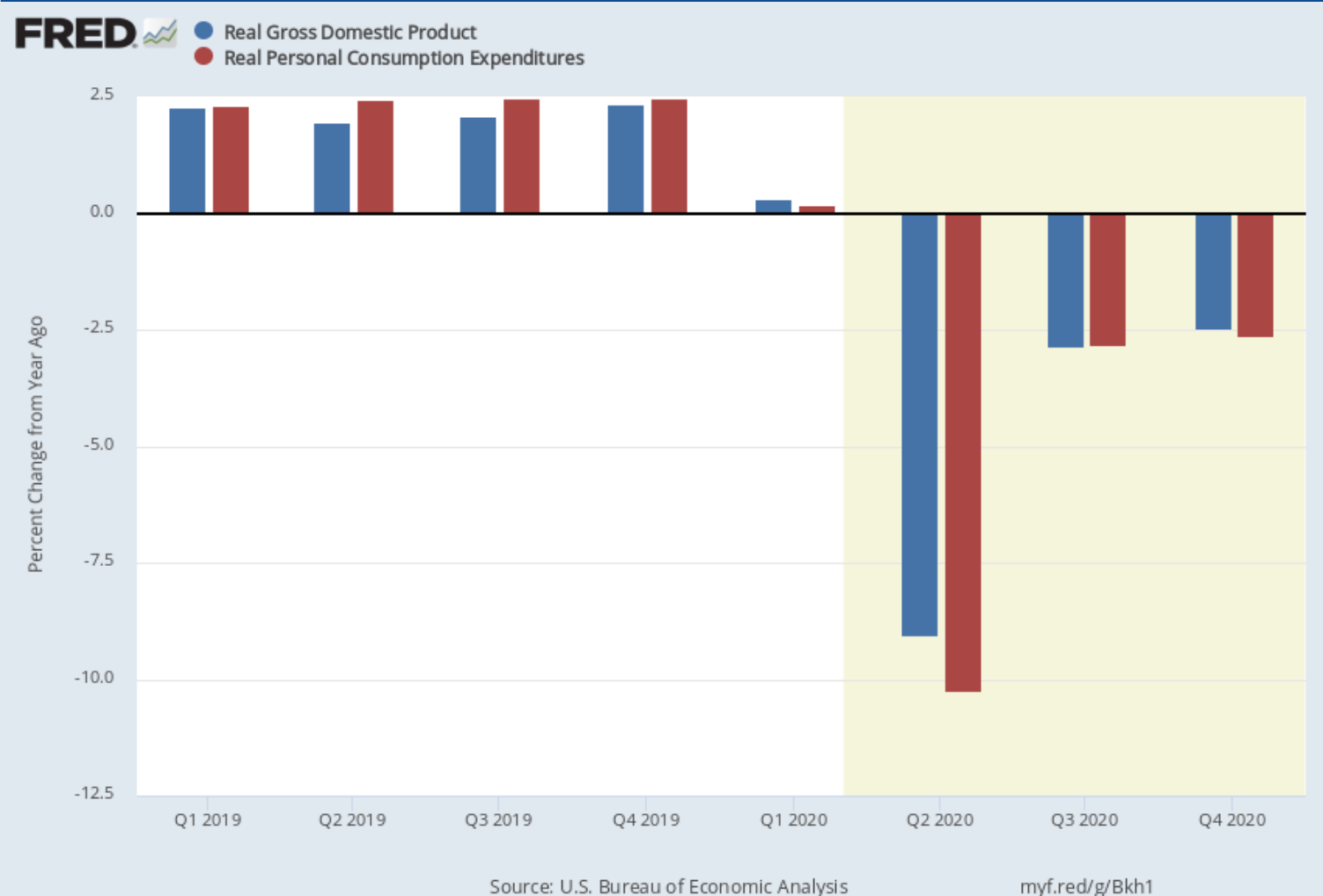
Source: Washington Post



COVID-19 and the US & Kansas Economies

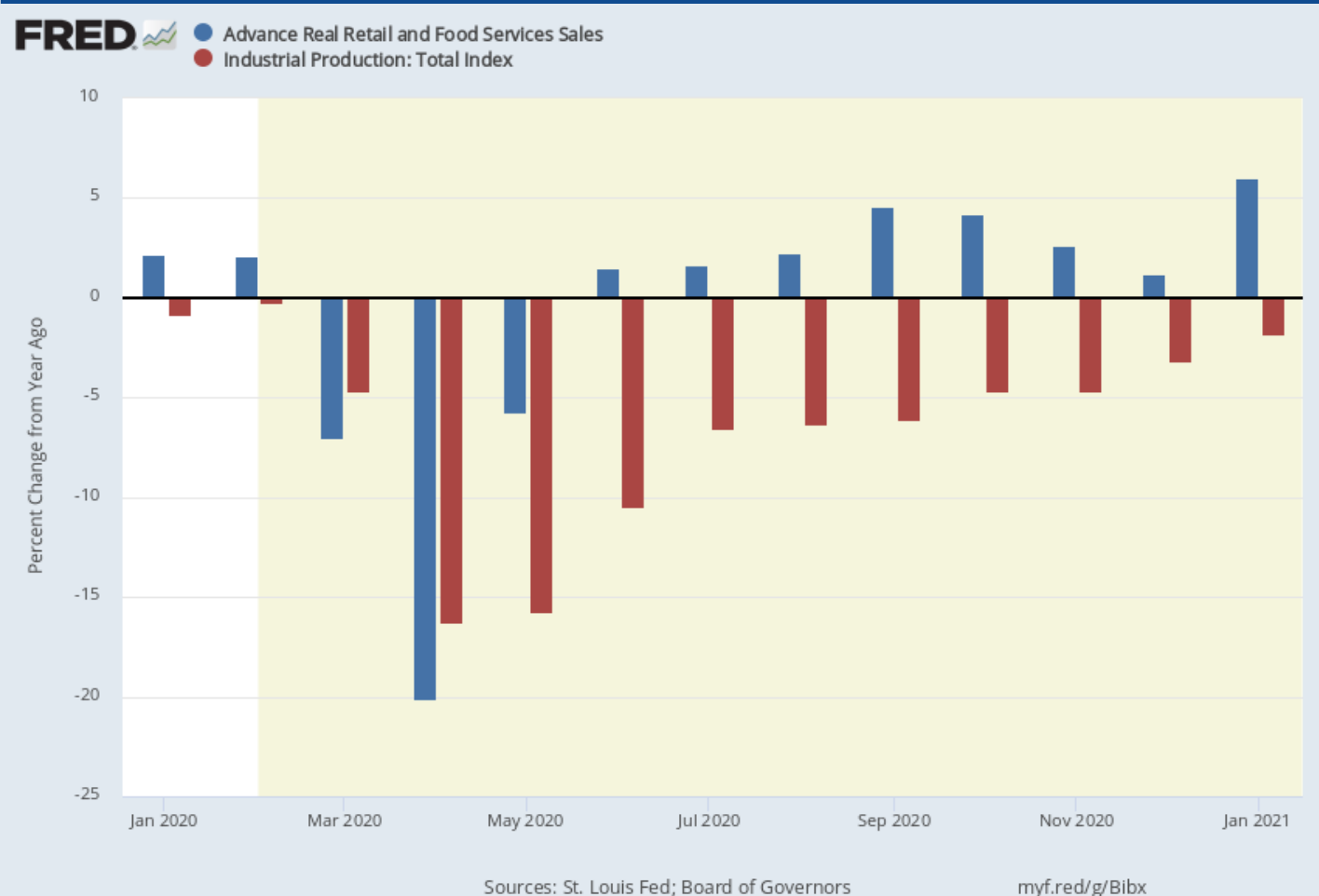
A Stalling Recovery

US Gross Domestic Product & Consumption Annual Rate



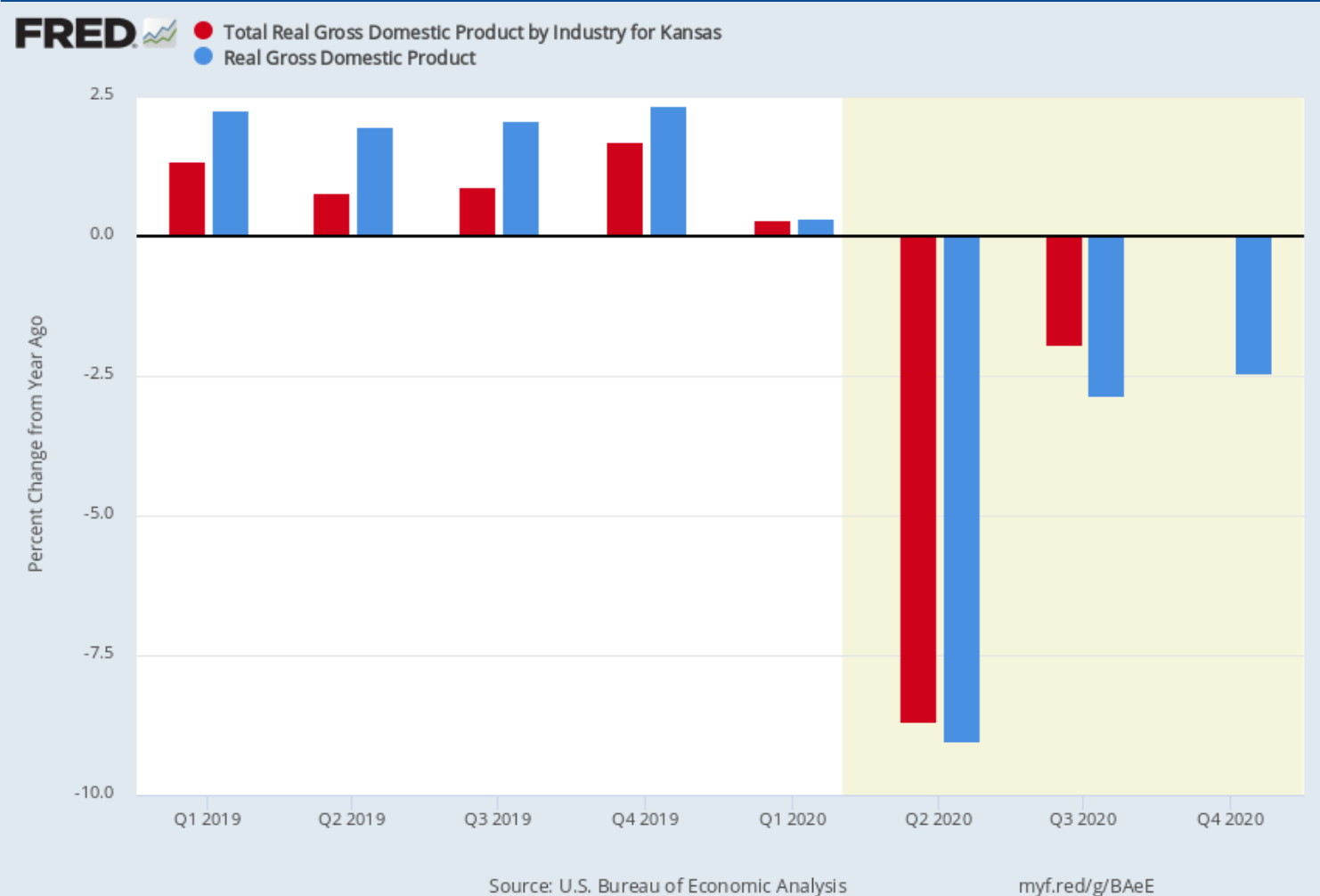
- Gross Domestic Product was still down 2.5% from a year ago in Q4.
- Consumption was down 2.6% in Q4.
- GDP grew 0.99% in Q4 compared to Q3.

Industrial Production & Retail Sales in January



- Compared to a year ago, retail sales are up 6%.
- Compared to a year ago, industrial production is down 1.8%.
- Although sales have recovered, production has not.

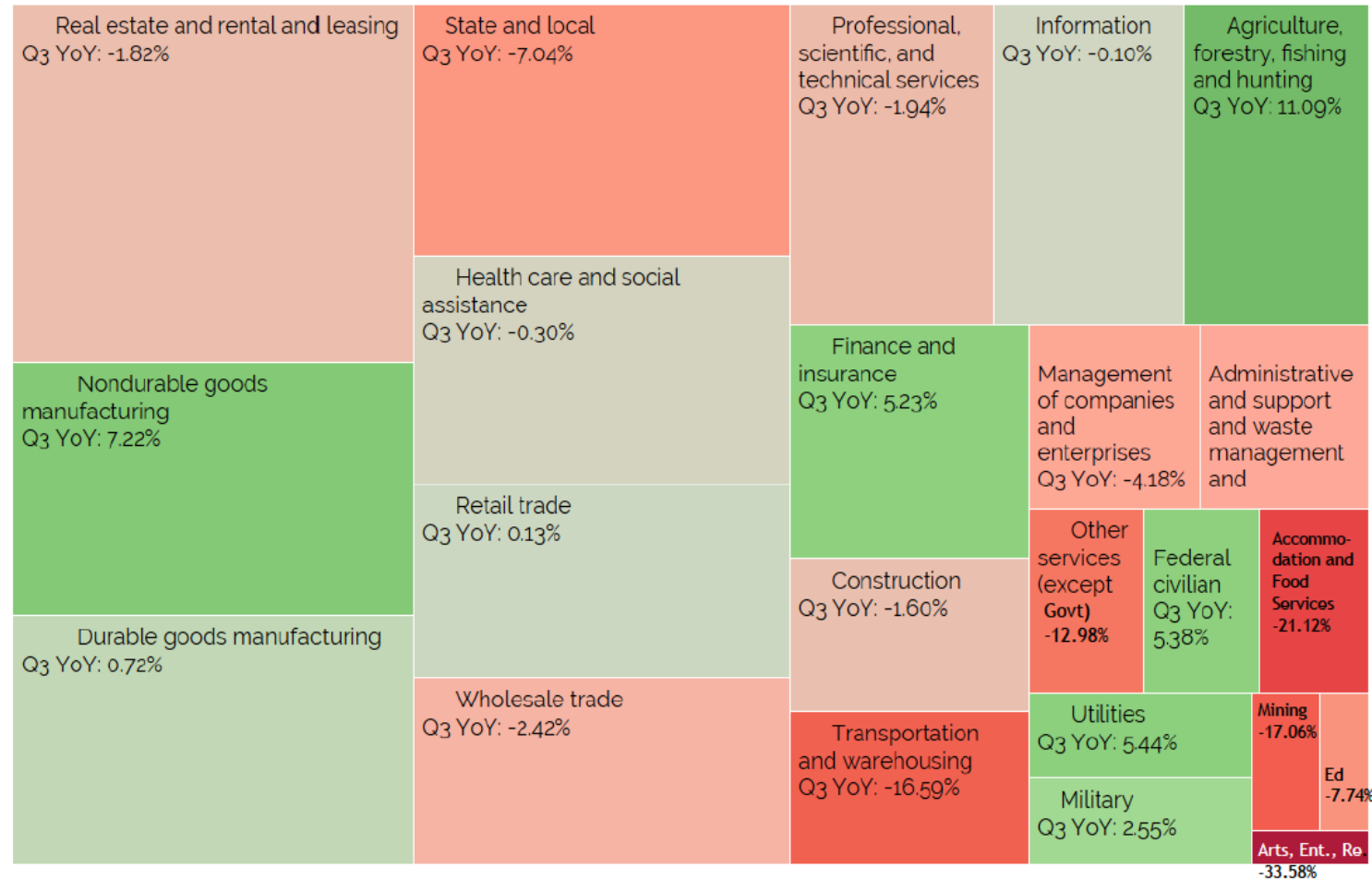
US & Kansas Gross Domestic Product



- Gross Domestic Product was still down 2.5% from a year ago in Q4.
- Kansas Gross State Product was down 1.9% in Q3 compared to a year ago.

Kansas Economy Had Uneven Growth in Q3

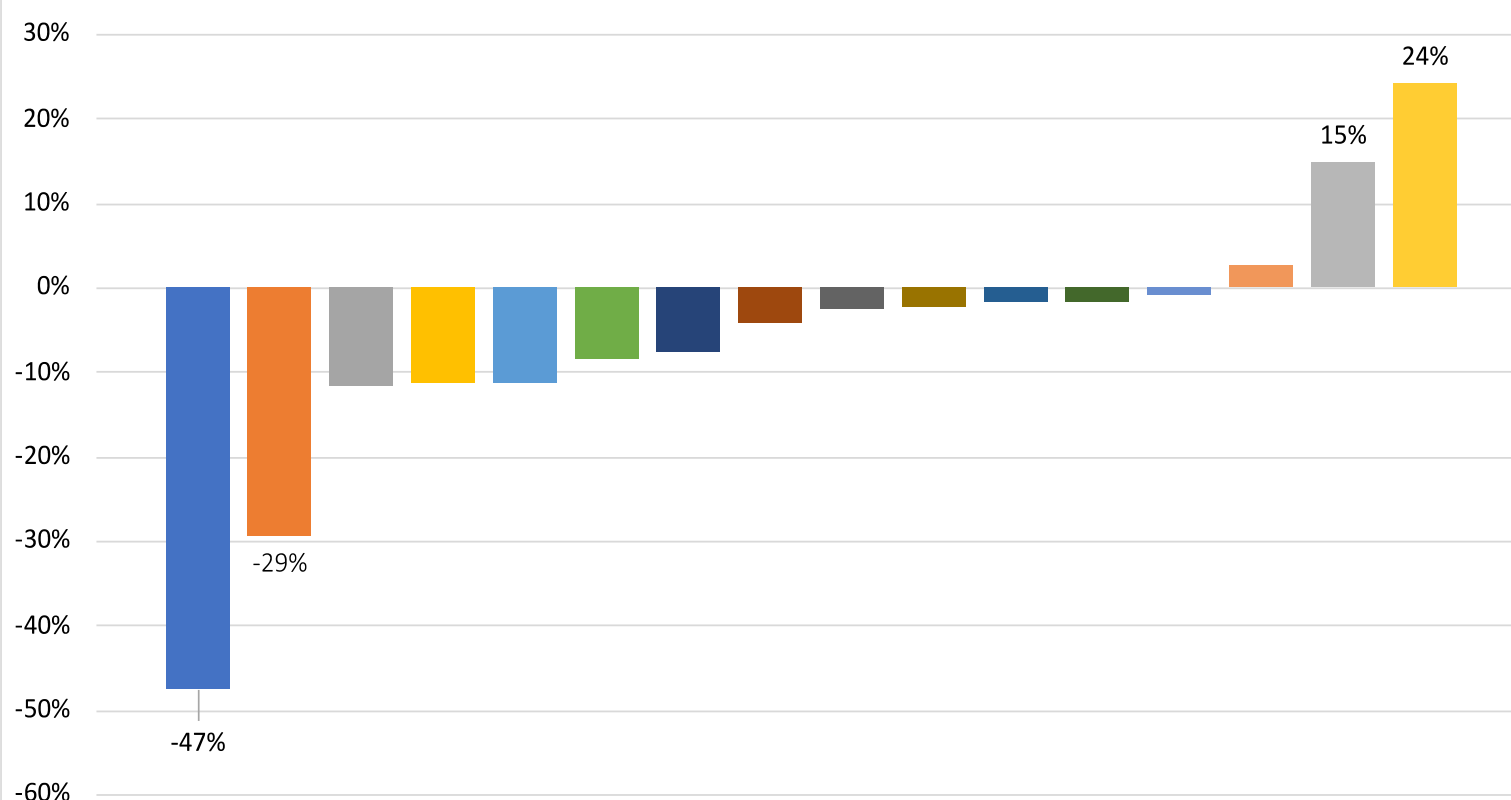
Kansas GDP by Sector, Q3 2020



- Green is growth
- Red is contraction
- Growth:
 - Agriculture up 11%
 - Nondurable manufacturing up 7%
- Contraction:
 - Accommodation & Food -21%
 - Transportation & Warehousing -17%
 - State & Local -7%

Change in Sales Tax Revenue by Industry Underscores Changes to the Kansas Economy

Sales Tax Growth (March-November 2019 vs. March-November 2020)



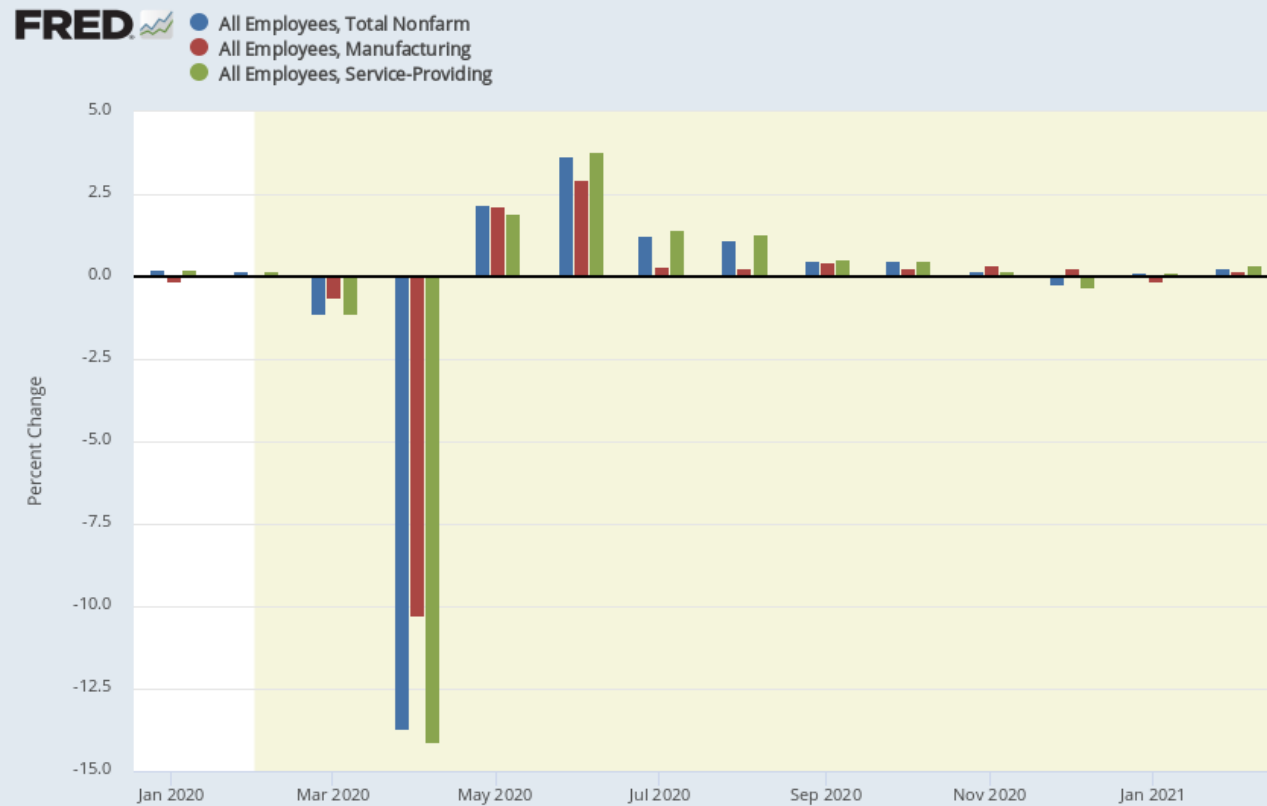
- Accommodation receipts are down 47%
- Food & Drinking Places are down 11%
- Groceries are up 15%
- Building Material and Garden Supply receipts are up 24%

■ Accommodation	■ Clothing	■ Food & Drinking Places
■ Rental & Leasing	■ Telecommunications	■ Specialty Trade Contractors
■ Utilities	■ Repair and Maintenance	■ Gasoline Stations
■ Motor Vehicle and Parts	■ Furniture & Home Furnishings	■ Miscellaneous Retailers
■ Wholesalers, Durable Goods	■ General Merchandise	■ Food and Beverage Stores
■ Building Material & Garden Supply		



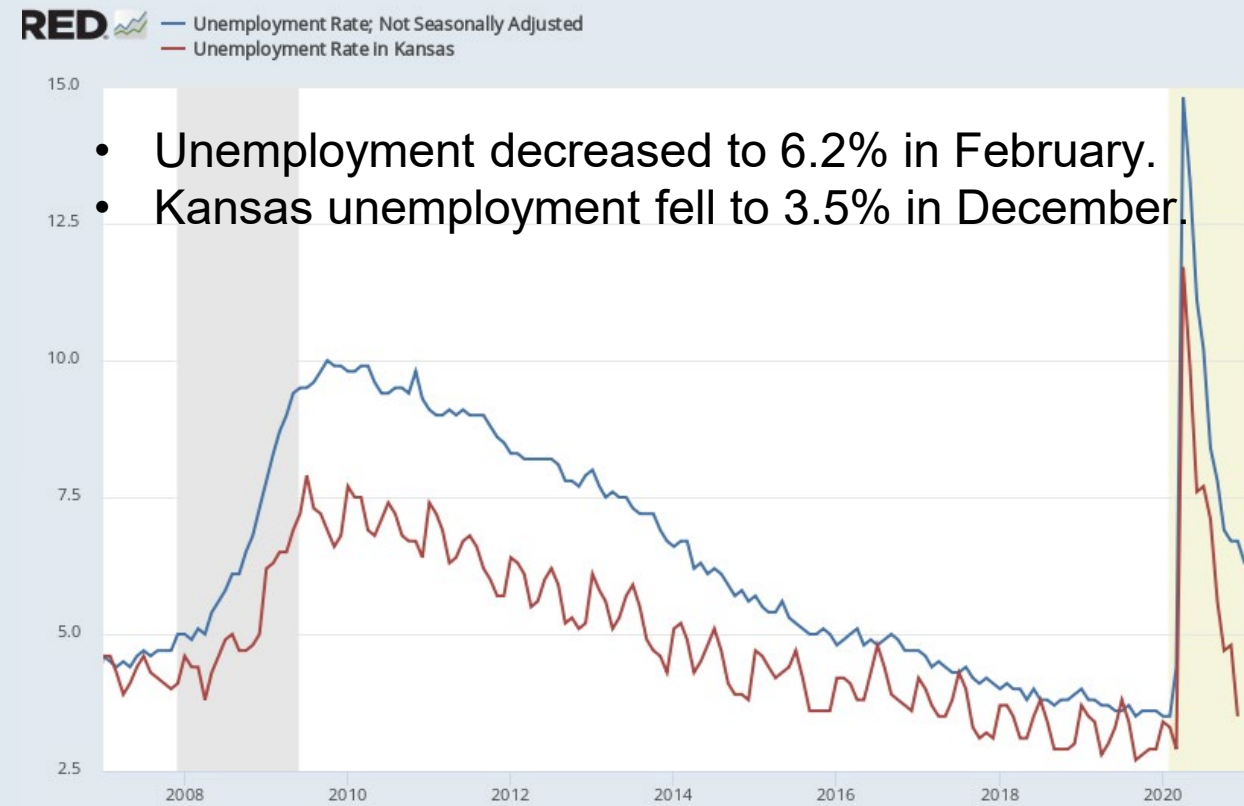
Is Kansas at Full Employment?

Employment & Unemployment in February 2021



Source: U.S. Bureau of Labor Statistics

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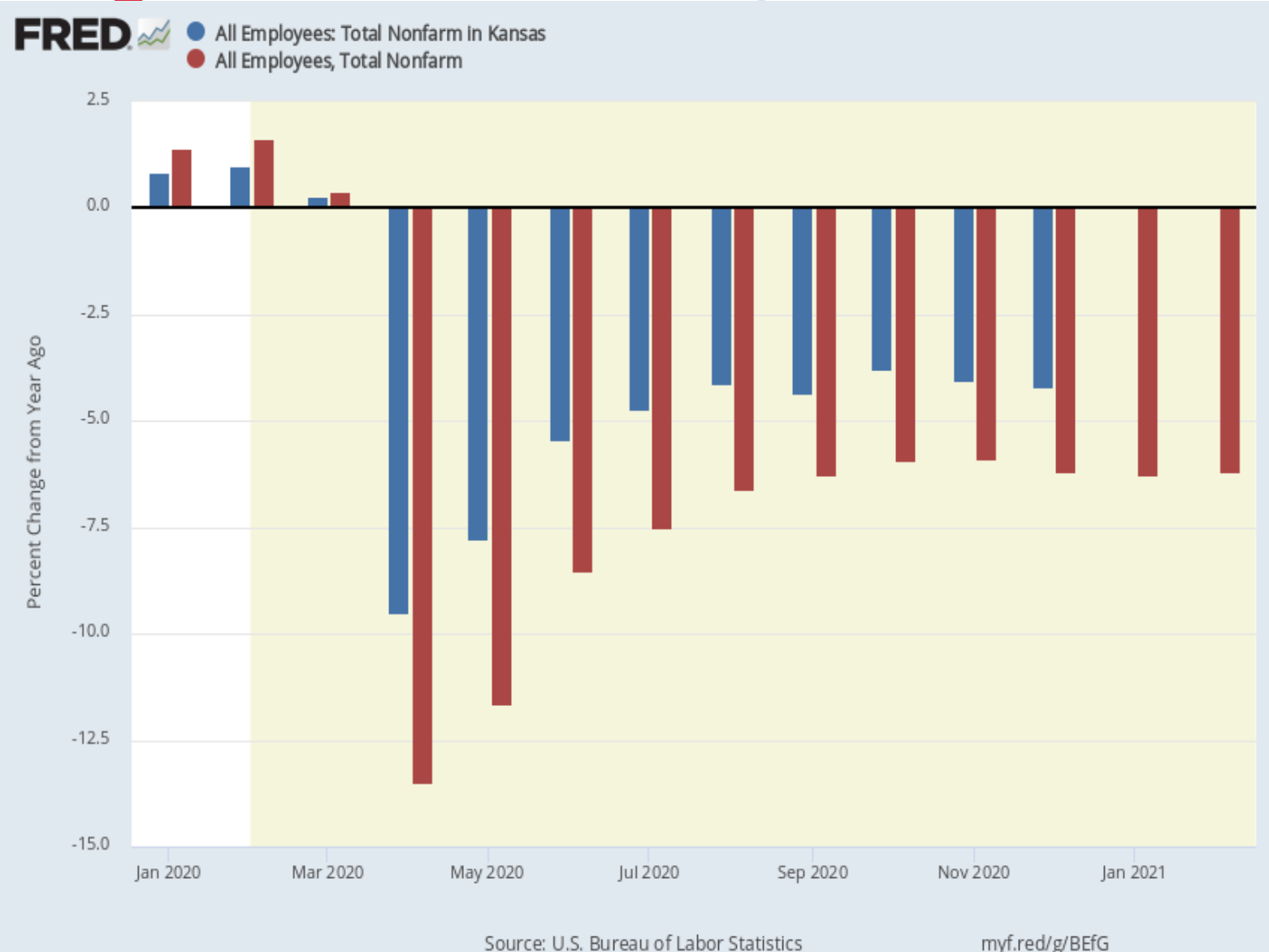


Source: U.S. Bureau of Labor Statistics

myf.red/g/BEeB

- Employment rose by 0.79% in February.
- Service employment rose by 0.15 %.
- Economy added 379,000 new jobs.

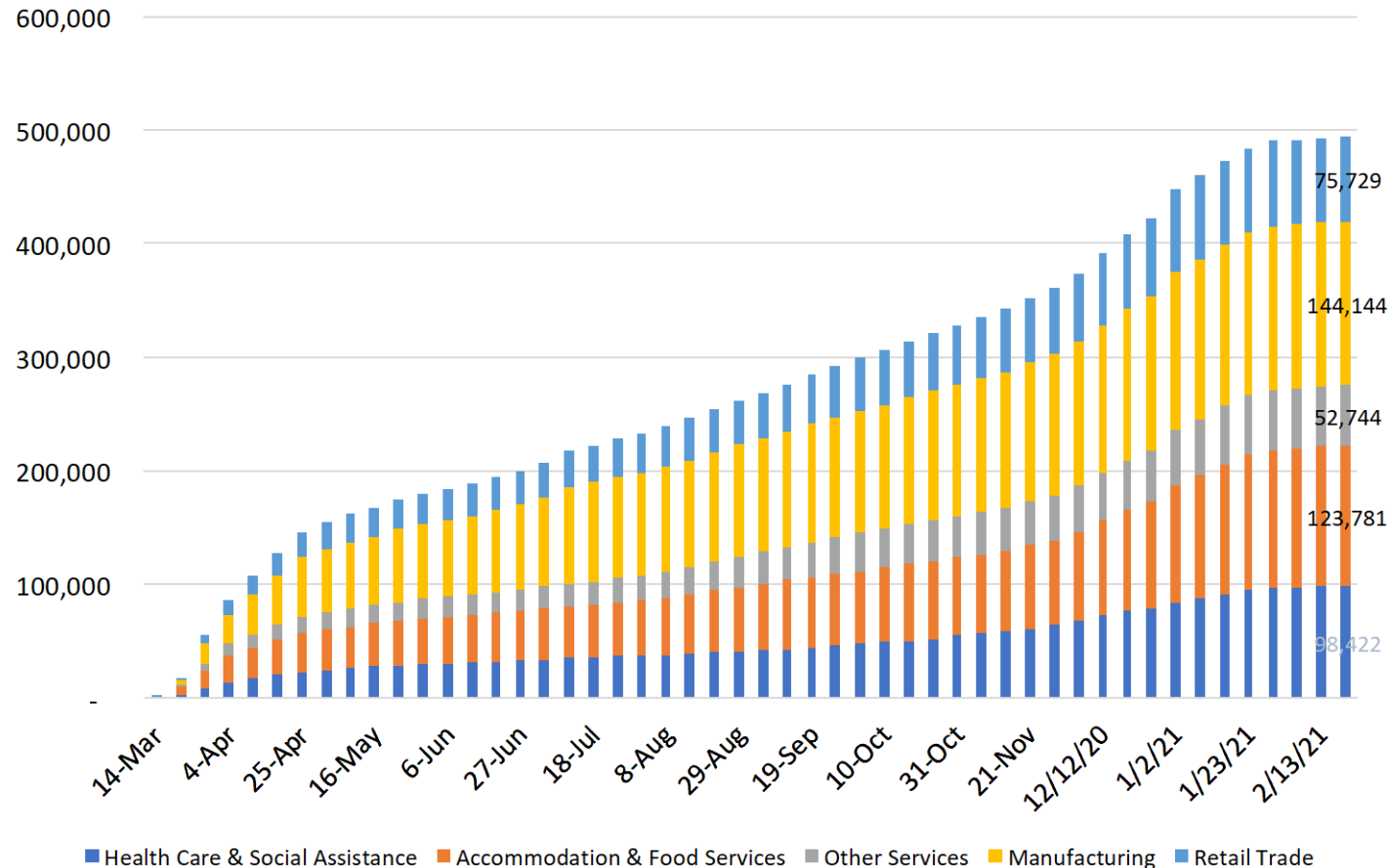
Employment in Kansas and US Compared to a Year Ago



- Kansas employment was down 4.2% from a year ago in December.
- US employment was down 6.2% compared to a year ago in January.
- The economy added 379,000 jobs in February.
- Now we're only down 9.5 million jobs compared to March 2020.

Cumulative Initial Unemployment Claims by Industry

Kansas Industries with Largest Cumulative Job Losses March 14 - February 20th

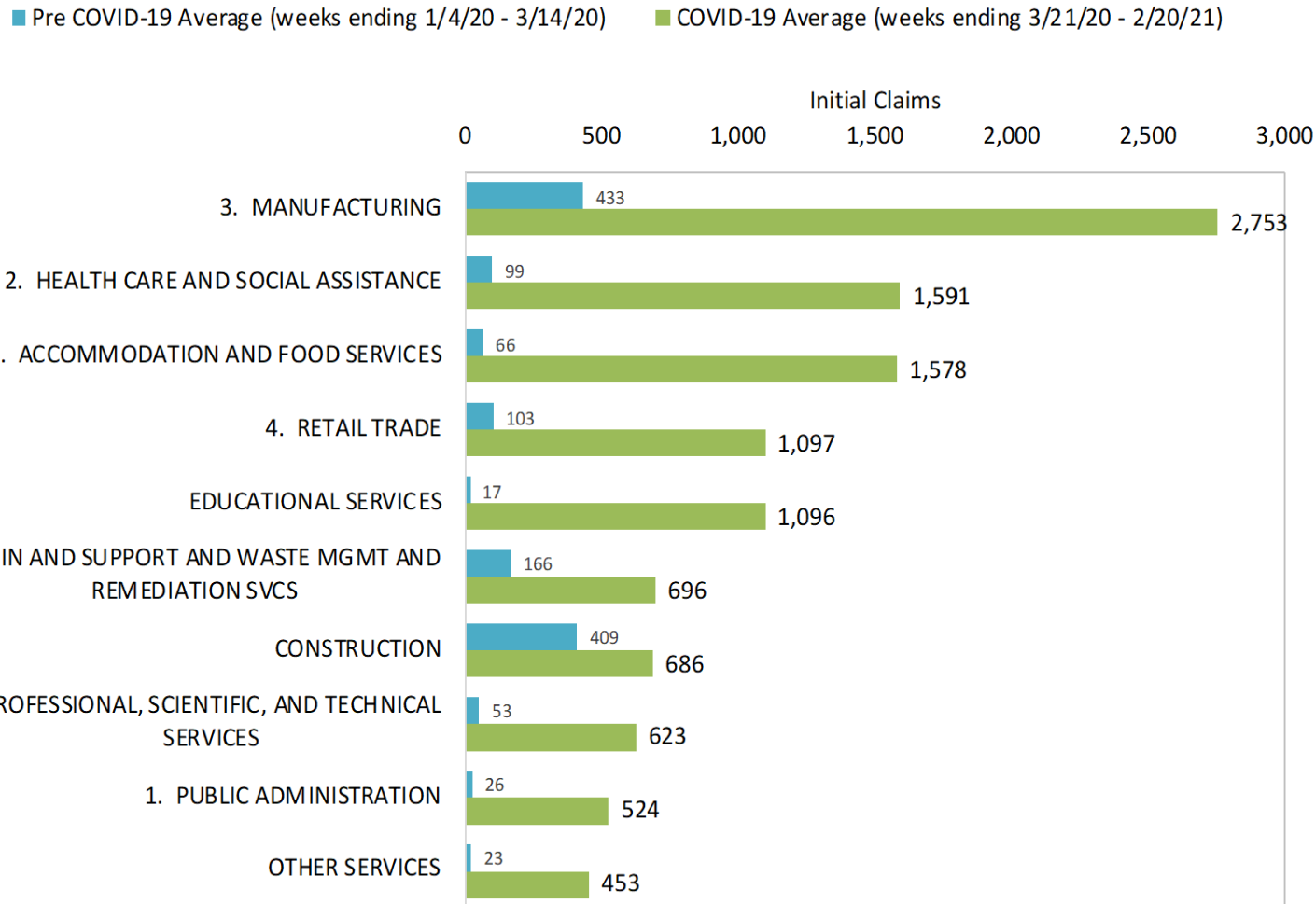


- Industries hardest hit include:
 - Manufacturing: 144,144
 - Accommodation & Food Services: 123,781
 - Health care & Social Assistance: 98,422
 - Retail Trade: 75,729
 - Other Services: 52,744
- These five industries account for 60% of people who have lost their jobs.

Average Initial Unemployment Claims by Industry

Kansas Initial Claims by Industry

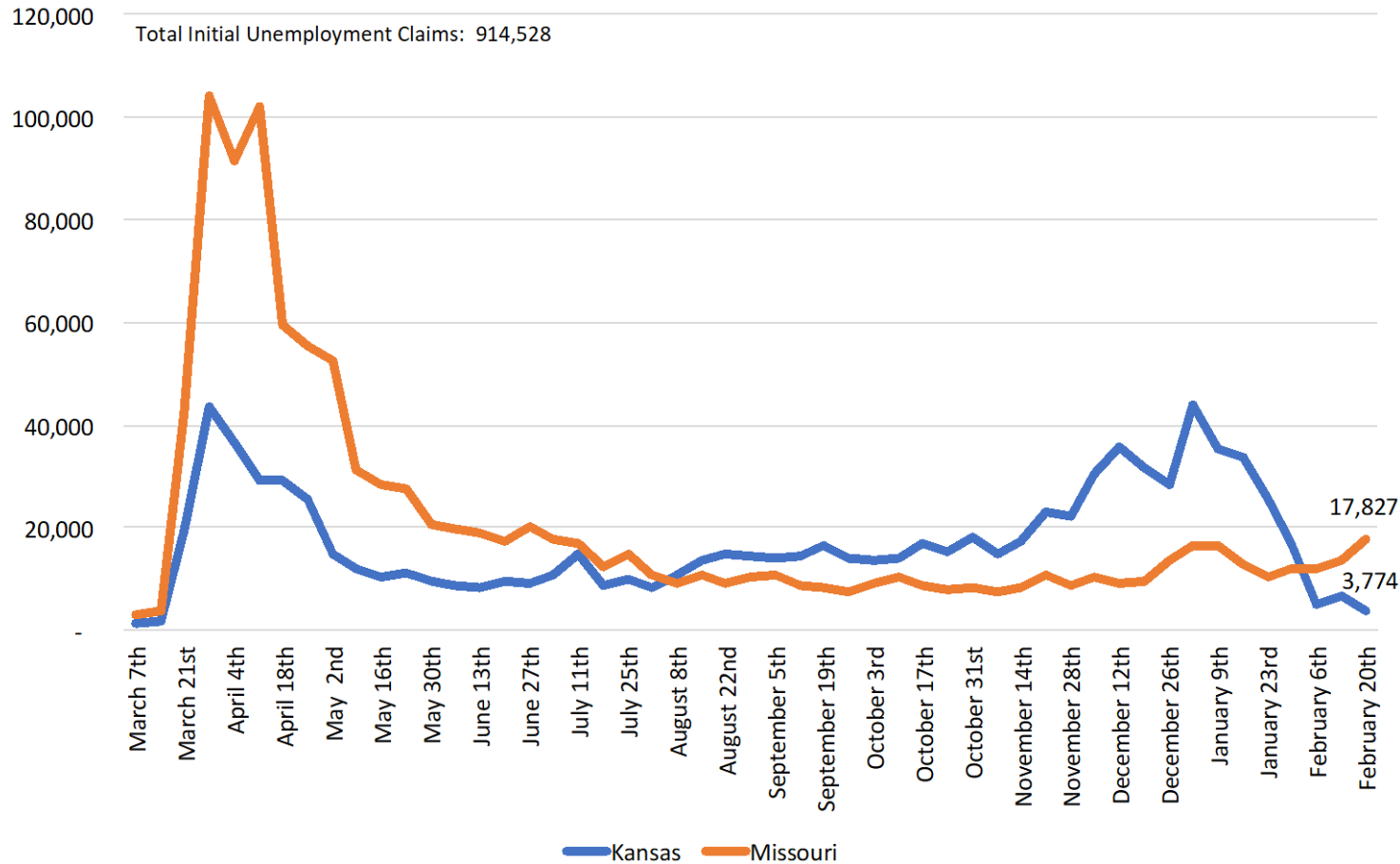
Top 10 for Weeks Ending 3/21/20 - 2/20/21



- Our Five Largest Industries by Employment:
 - Public Administration
 - Health Care
 - Manufacturing
 - Retail
 - Accommodation & Food Service

Unemployment in Kansas Remains High

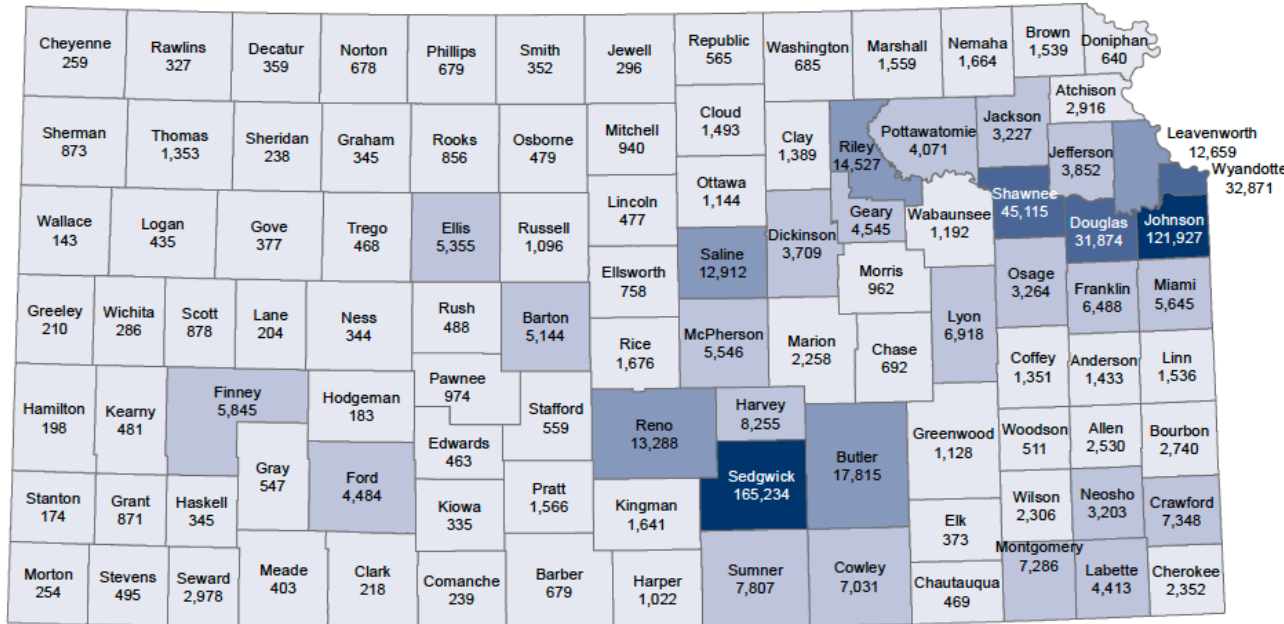
Initial Unemployment Claims in Kansas and Missouri, March - August 2020



- Kansas continuing and initial unemployment claims remain high.
- There are 3,774 new initial claims as of the week ending Feb 20th.
- State Unemployment ~3.8%.

Cumulative Unemployment Claims by County

Initial Jobless Claims in Kansas, by County
March 21, 2020 - February 20, 2021



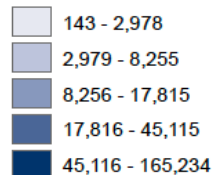
Top 5 Counties by Cumulative Initial Claims:

- Sedgwick 165,234
- Johnson 121,927
- Wyandotte 32,871
- Shawnee 45,115
- Douglas 31,874

Data calculated March 21, 2020 – February 20, 2021.

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

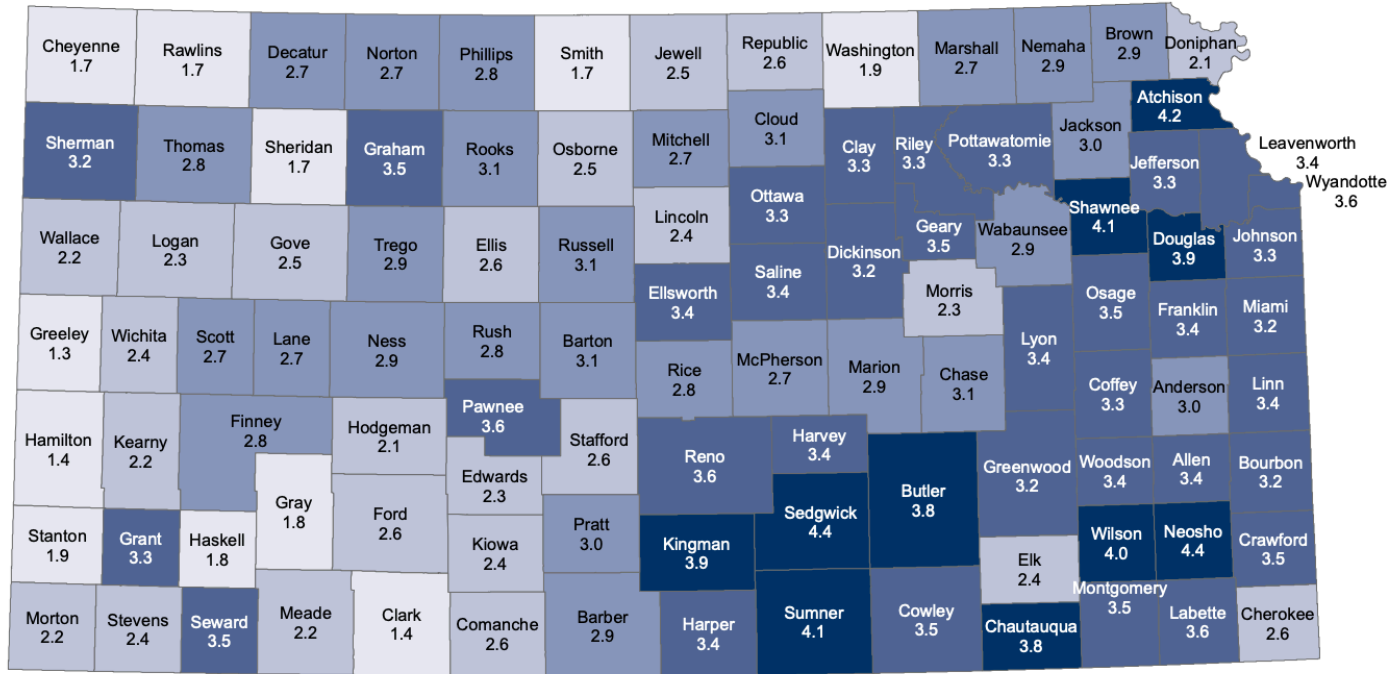
Initial Claims, March 21 - Feb 20



Source: IPSR calculations using Kansas Department of Labor Data

December Kansas Unemployment Rate 3.5%

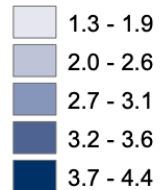
Unemployment Rate in Kansas, by County
December 2020



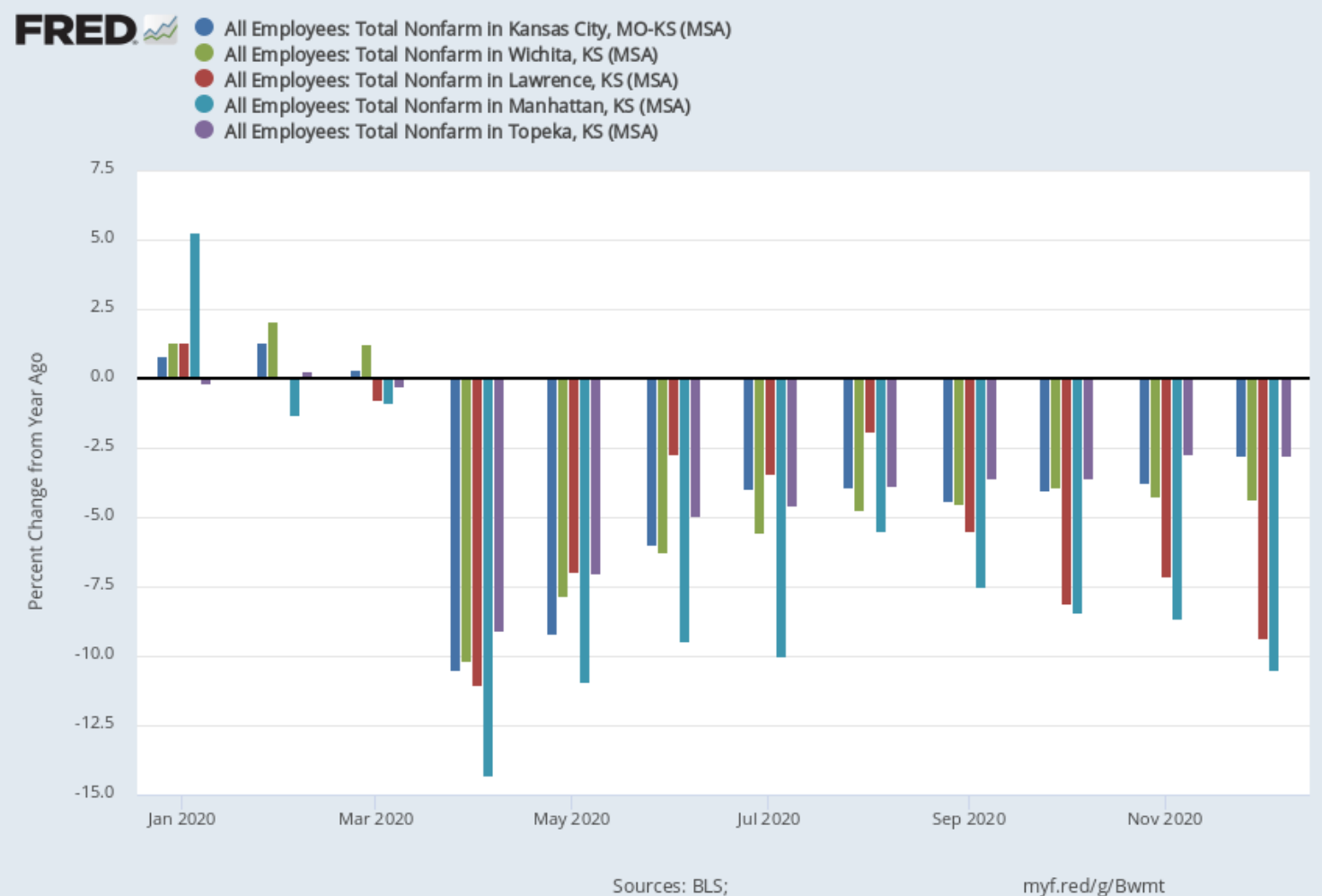
- Uneven impact across the state:
 - Sedgwick County 4.4%
 - Douglas 3.9 %
 - Johnson 3.3%
 - Wyandotte 3.6%
 - Shawnee 4.1%
- Unemployment decreased compared to November.

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

Unemployment Rate



Employment by Major City in Kansas Through December 2020



- Kansas City MSA is down 2.8% from a year ago.
- Wichita is down 4.3%.
- Lawrence is down 9.4%.
- Manhattan is down 10.5%.
- Topeka is down 2.8%.

A Quick Economics Lesson on the Unemployment Rate

- Unemployment Rate = $\frac{\text{People Looking for Work}}{\text{Labor Force}}$
- Labor Force = Employed + People Looking For Work
- Who's Missing?
 - People who left the labor force, discouraged workers, and those marginally attached to the labor force.

The Fed is Rethinking Full Employment

- The Fed and Treasury are taking the official unemployment rate and adding people who (a) have dropped out of the labor market since February 2020 or (b) are misclassified because of a pandemic-tied reporting quirk.
- On Tuesday, Powell said that when the Fed thinks about “full employment,” it thinks about the employment-to-population rate, not just the unemployment rate. It underlined that officials are very aware that the plain-vanilla jobless rate doesn’t capture the entire labor market picture.

ON POLITICS

How Is the Fed Thinking About Unemployment?

Our economics reporter gives a rundown on the real unemployment rate, stimulus checks and inflation.

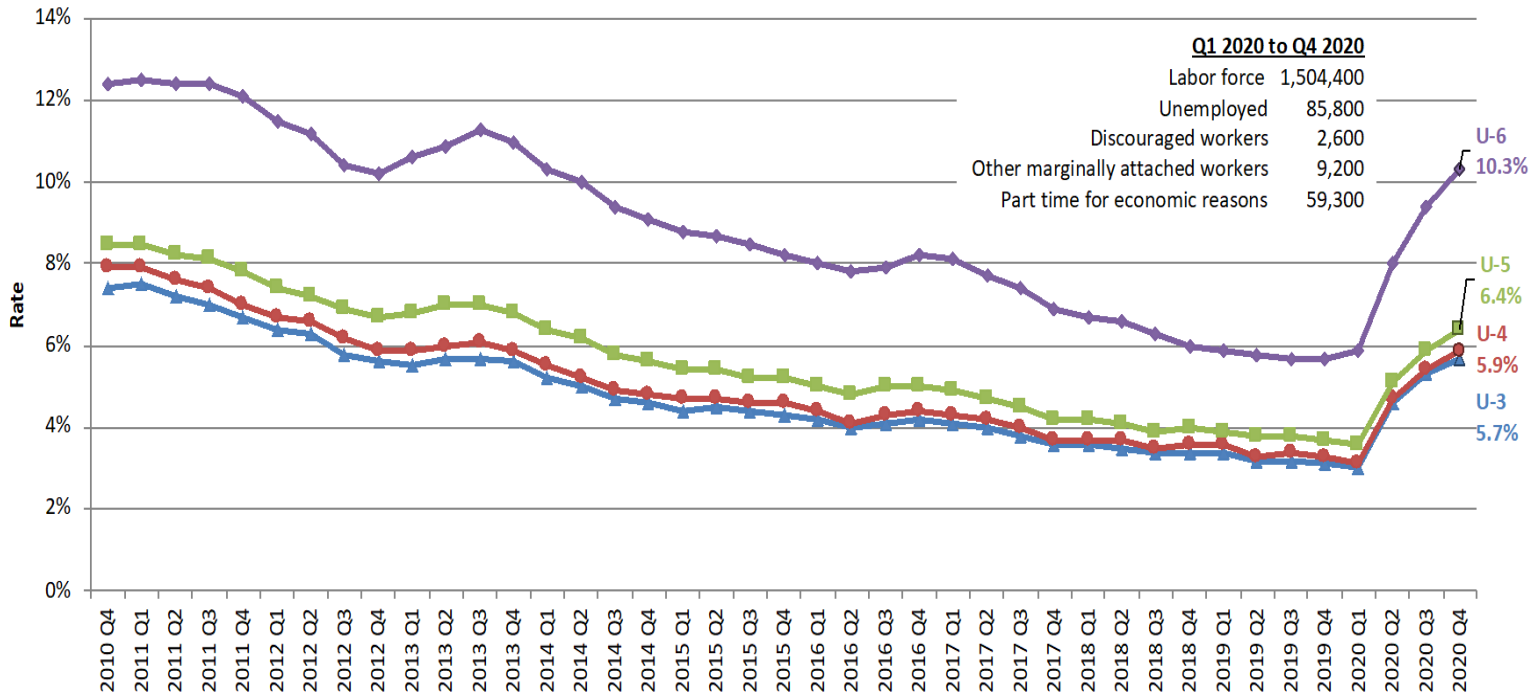


By Giovanni Russonello

Published Feb. 23, 2021 Updated March 1, 2021

Kansas is not at Full Employment

Kansas Labor Underutilization (4 qtr Rolling Average)



- Using the U-6 measure that captures labor underutilization, the Kansas unemployment rate is **10.3%** as of Q4 2020.

- 59,000 workers are part-time for economic reasons.

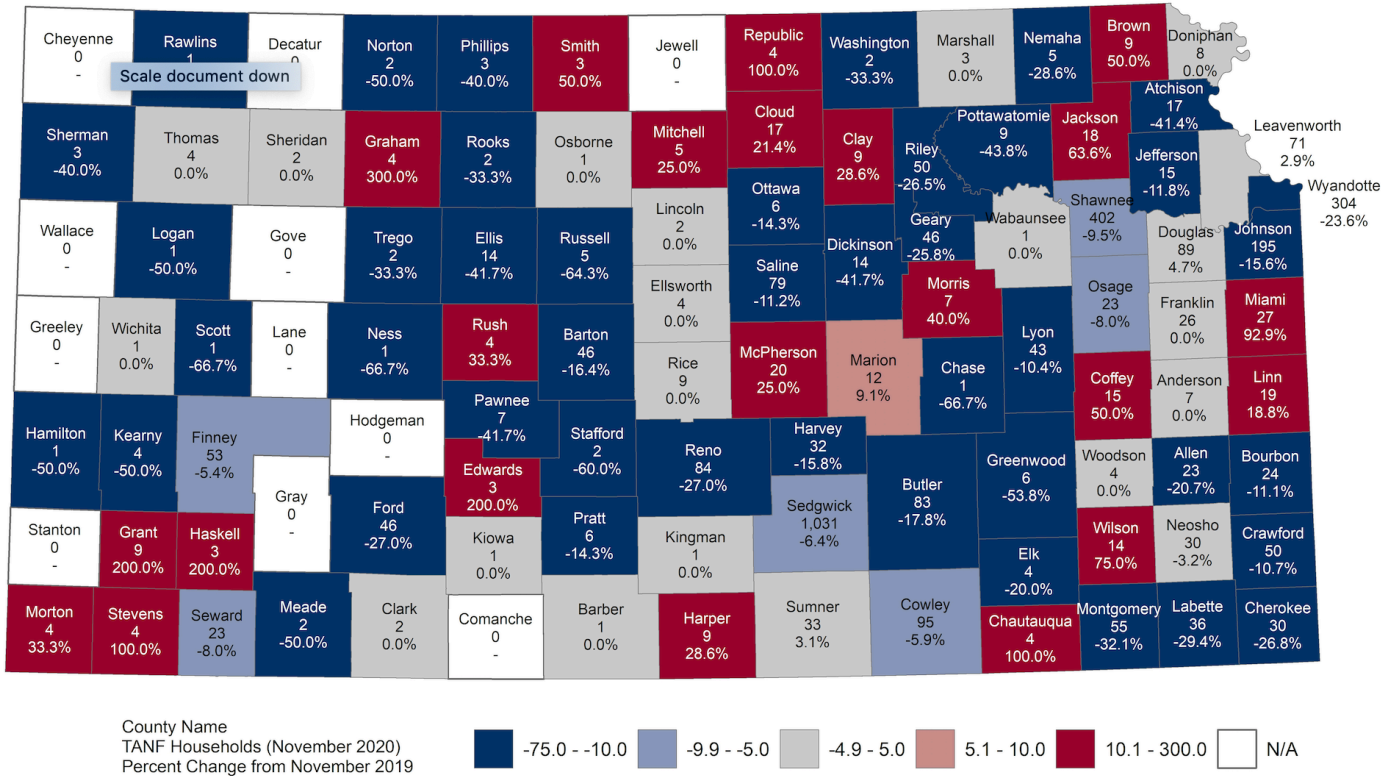
- The US U-6 rate is **11.1%**

U-3, Total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate).
U-4, Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.
U-5, Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers.
U-6, Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Source: Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Current Population Survey (CPS)

Demand for Social Assistance Has Fallen BUT

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



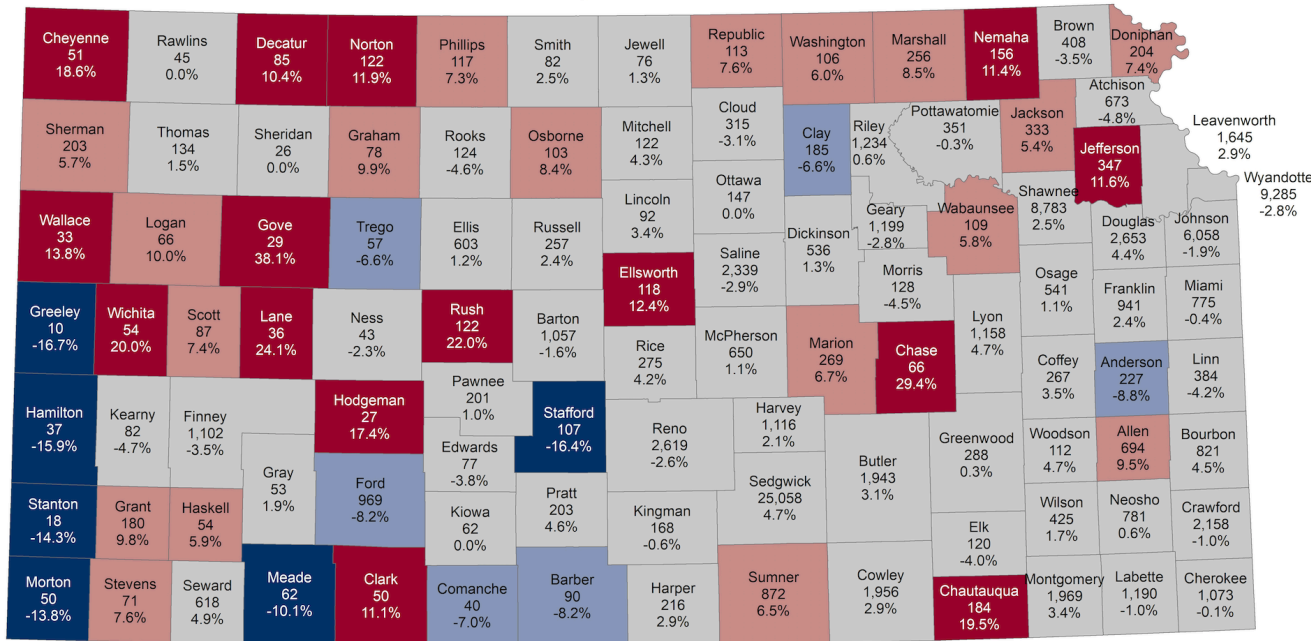
- Percent change in households receiving TANF by county, November 2019 – November 2020.
- Dark red counties indicate an increase of 10% or more.
 - Caseloads have decreased by 9.5% in Shawnee County & increased by 4.7% in Douglas County.

TANF Caseloads Appear to be Falling BUT

- We know that employment is down, especially among low-wage workers.
- Why are TANF cases falling?
- It's not employment.
- **Because of the HOPE Act.**
- DCF Queried database and found 376 TANF cases that were denied/closed.
- 227 (60.3%) were denied/closed because of time limits.
- **~500 people lost TANF due to HOPE Act restricting benefits to 24 months.**

Demand for SNAP Benefits Have Also increased

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



- Percent change in households receiving SNAP benefits by county, November 2019 – November 2020
- Dark red counties indicate an increase of 10.1% or more.
- Expect these numbers to increase.

County Name
SNAP Households (November 2020)
Percent Change from November 2019



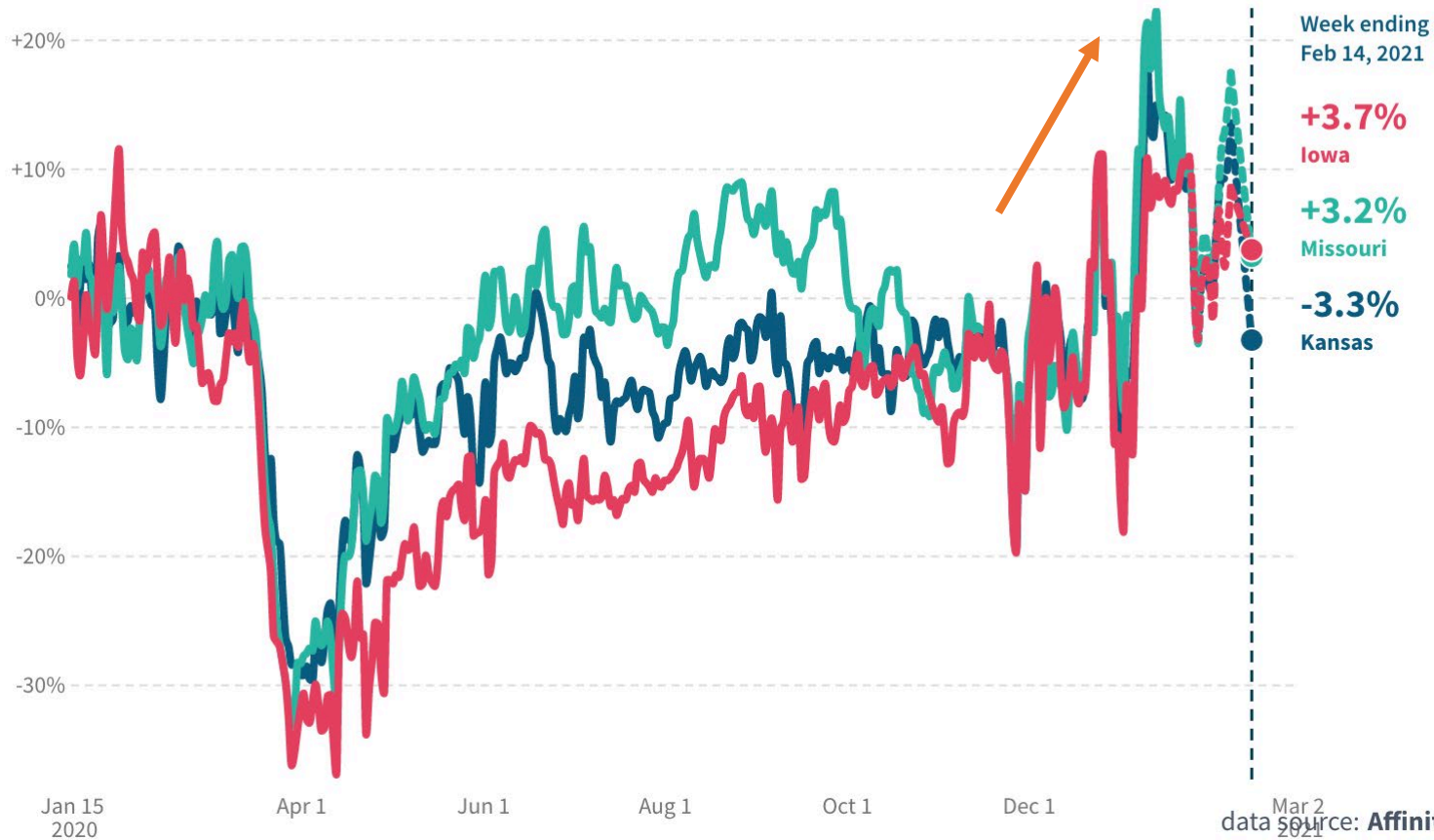


How Does Kansas Compare?

Kansas Consumption is Down after Increasing in December

In **Kansas**, as of February 14, 2021, total spending by all consumers decreased by **3.3%** compared to January 2020.

DOWNLOAD CHART 



- Kansas consumption expenditures are worse than Missouri and Iowa.

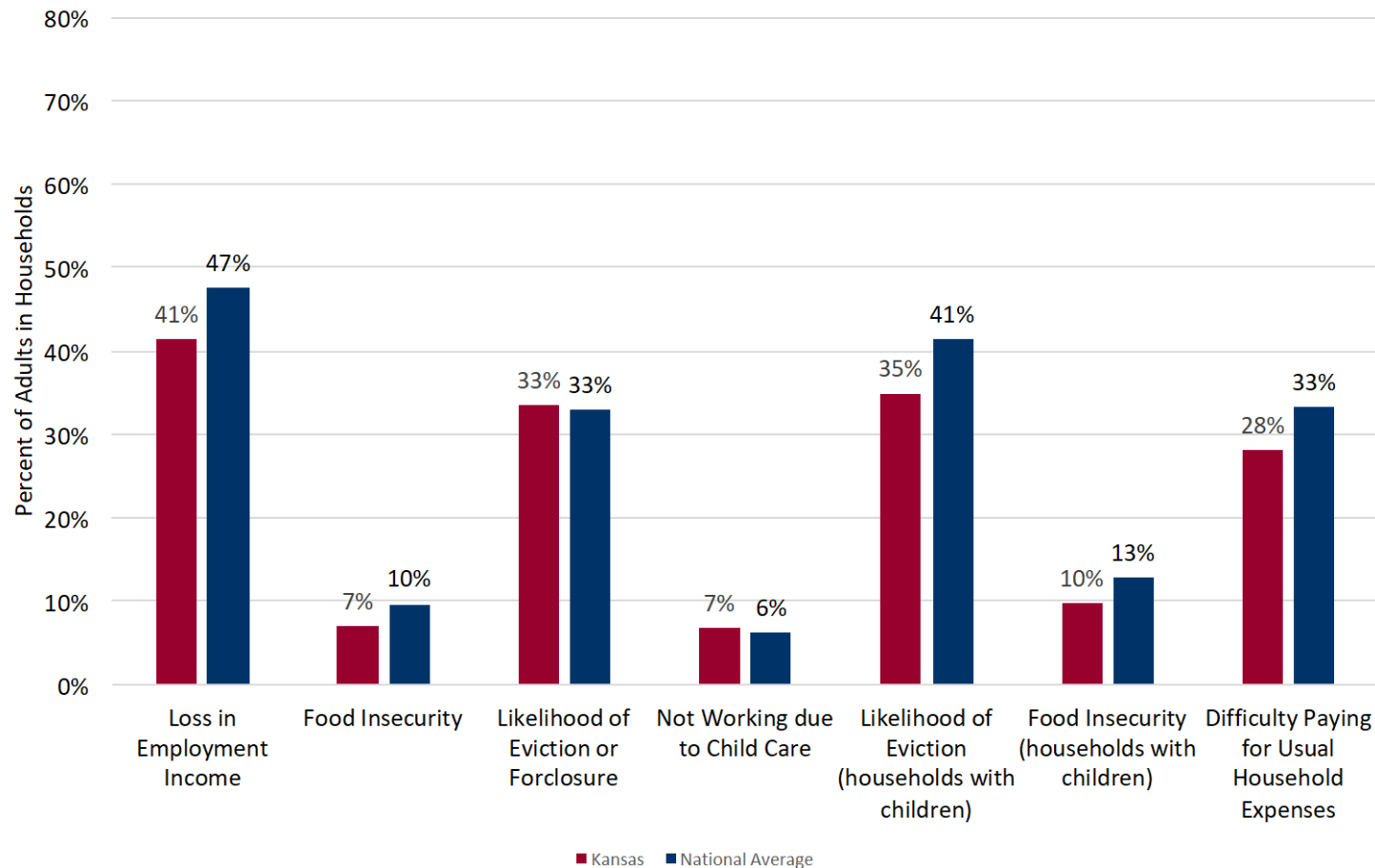
- Kansas down -3.3%
- Missouri up 3.2%
- Iowa up 3.7%
- US up 1.7%

- December increase:

- Holidays
- **\$600 Stimulus checks**

Kansas and US Household Comparison February 1st

US Census Household Pulse Survey



41% of Kansas households faced loss in employment income

- 10% of Kansas households with children report likely or somewhat likely eviction
- 10% of Kansas households with children are food insecure

32% of Kansas Small Businesses Have Closed Since 2020

In **Kansas**, as of February 10 2021, the number of small businesses open decreased by **32.4%** compared to January 2020.

DOWNLOAD CHART 



The number of small businesses open in Kansas has fallen by 32.4% since January, 2020

- In the US, the number is -38%
- Kansas is doing worse than Missouri: -28.9% and better than Iowa: 34.5%

Jan 15 2020

Apr 1

Jun 1

Aug 1

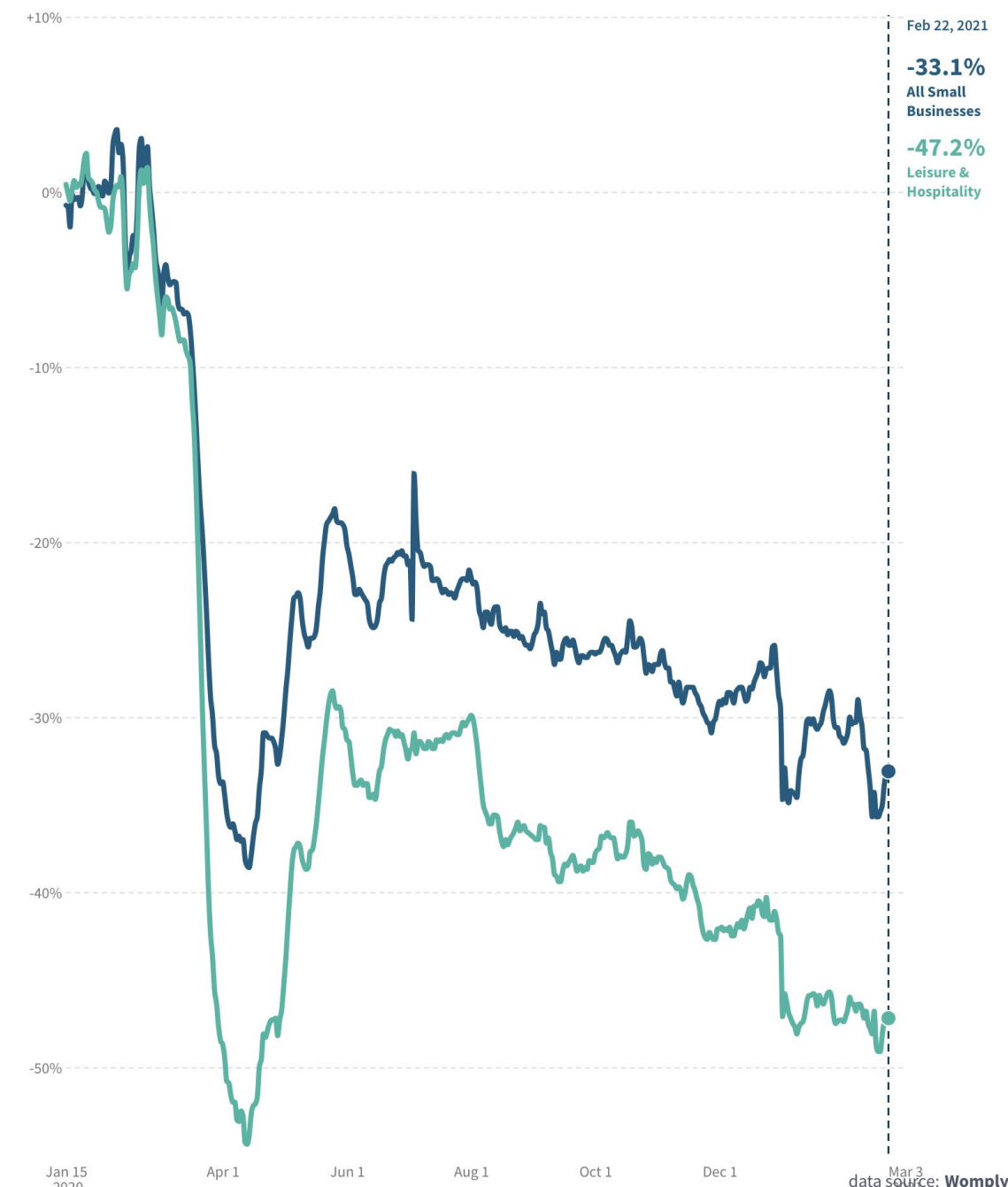
Oct 1

Dec 1

data source: Womply
Mar 2 2021

In **Kansas**, as of February 22 2021, the number of small businesses open decreased by **33.1%** compared to January 2020.

DOWNLOAD CHART



Almost Half of Restaurants & Hotels Have Closed

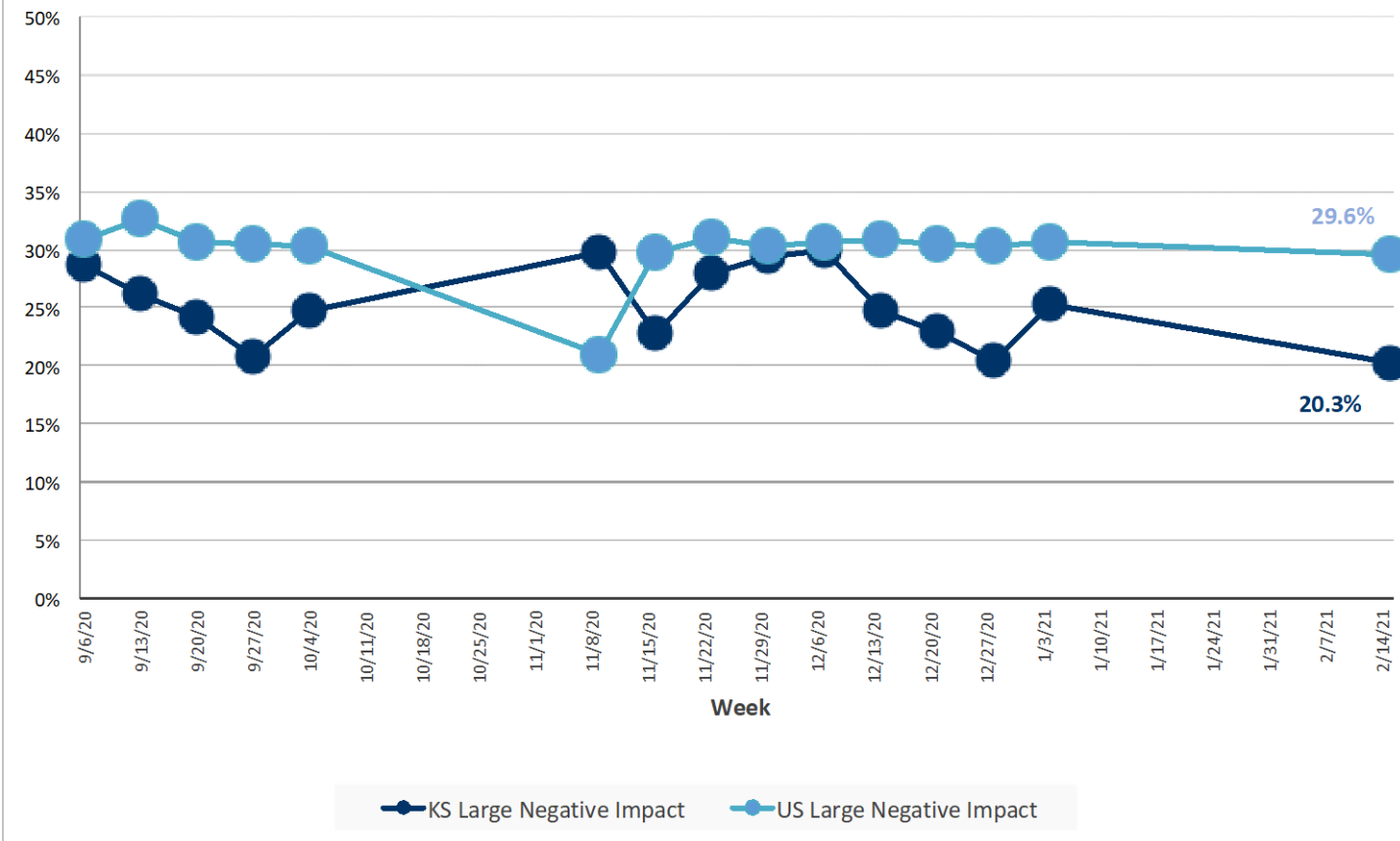
- In Kansas, **33%** of small businesses have closed since January, 2020
- **47%** of Leisure and Hospitality Businesses in Kansas have closed since that time.
 - This is a huge source of jobs for low skilled individuals.
- This is better than in the US (53% have closed).

recovery.org/



Small Business Pulse Data

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

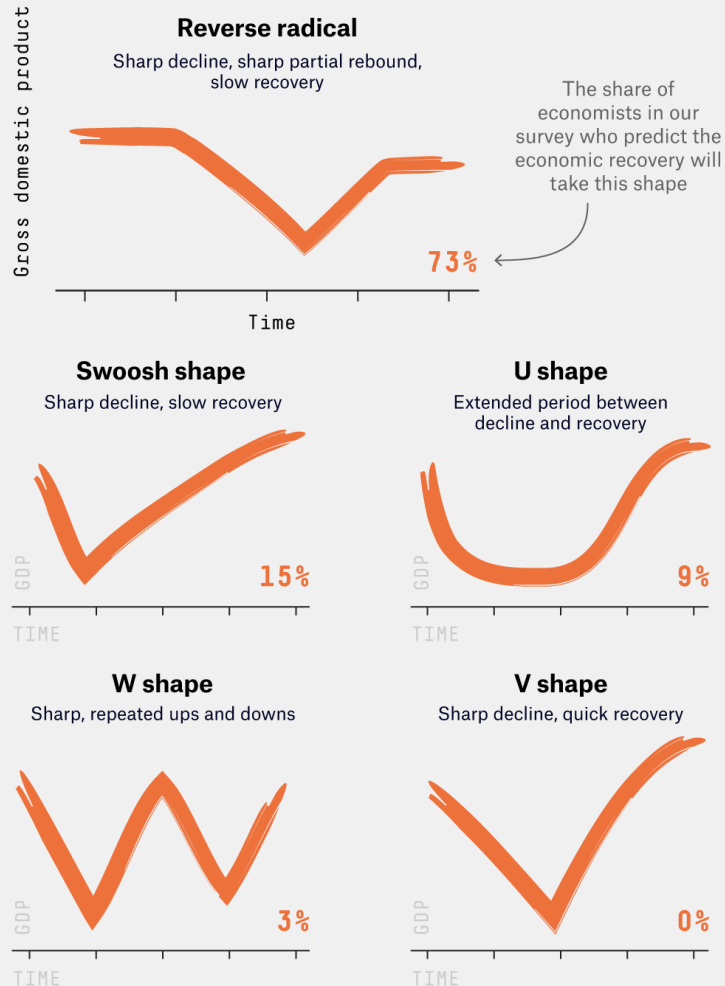


- Dark Blue: Kansas small businesses
- Light Blue: US small businesses
- 20.3% of Kansas small businesses reported a large negative impact from the pandemic in the most recent week.
- Better than the share of US businesses reporting a large negative impact.

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



FiveThirtyEight

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC OUTLOOK SURVEY

- 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 K-shaped recovery.

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

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

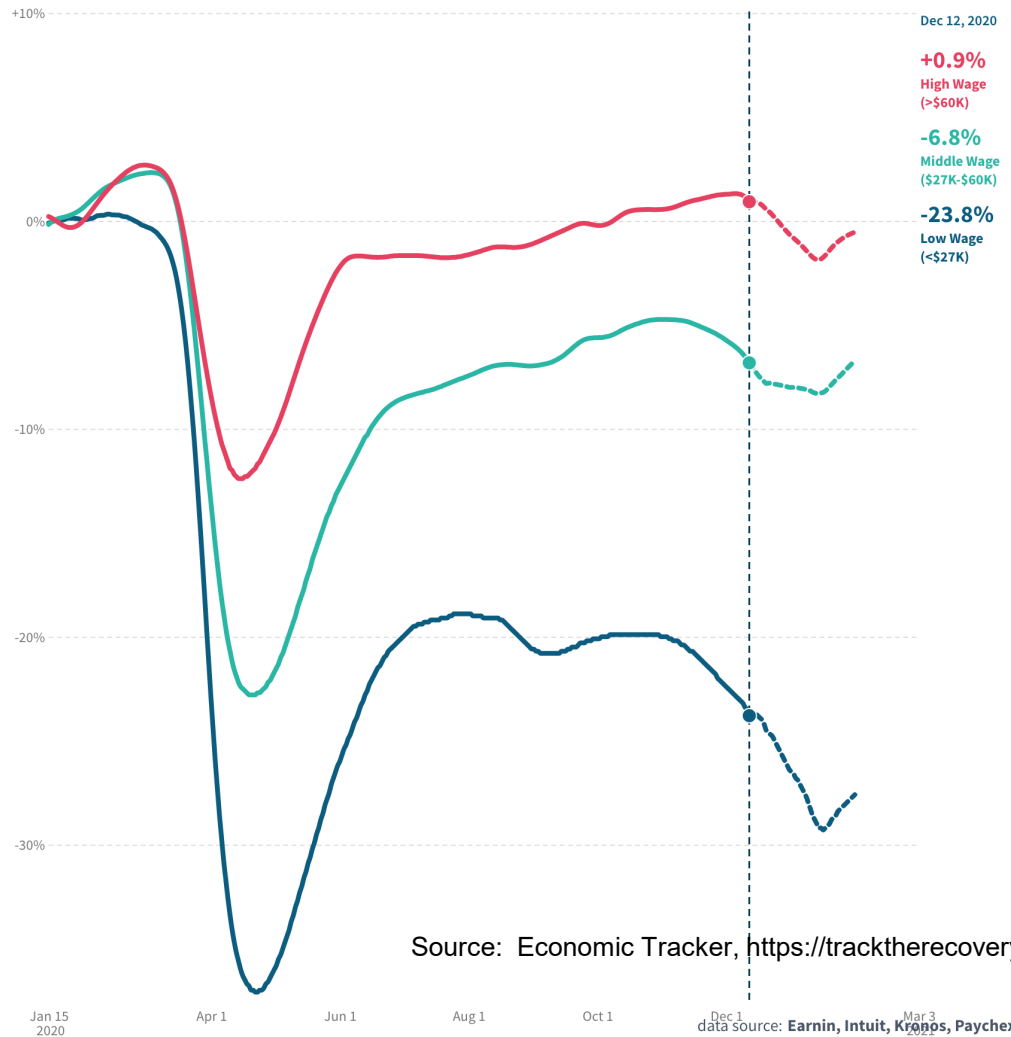
The stock market and home values are back at record levels, while jobs remain scarce for those earning less than \$20 an hour

August 13, 2020

Is This a K-shaped Recovery? Yes, in the US, but No in Kansas

In the **United States**, as of December 12 2020, employment rates among workers in the bottom wage quartile decreased by **23.8%** compared to January 2020 (not seasonally adjusted).

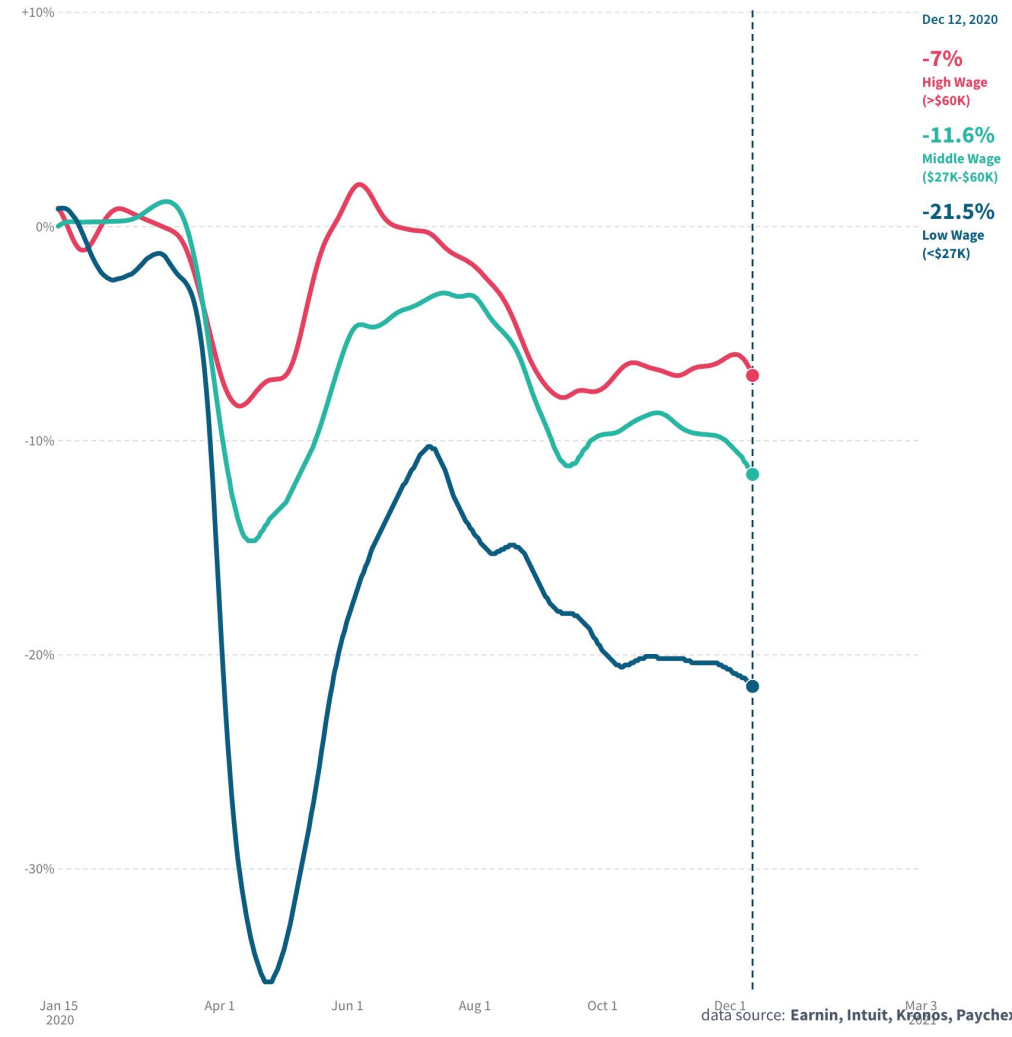
DOWNLOAD CHART



Source: Economic Tracker, <https://tracktherecovery.org/>

In **Kansas**, as of December 12 2020, employment rates among workers in the bottom wage quartile decreased by **21.5%** compared to January 2020 (not seasonally adjusted).

DOWNLOAD CHART



Kansas is losing More High wage and Middle wage jobs than in the US.

Job losses of Lower Wage jobs are somewhat smaller.

The loss of High and Middle wage jobs may reflect the shrinking of state and local employment.

This is the most worrisome figure that I have shared today.



What Will Our Economy Look Like After COVID

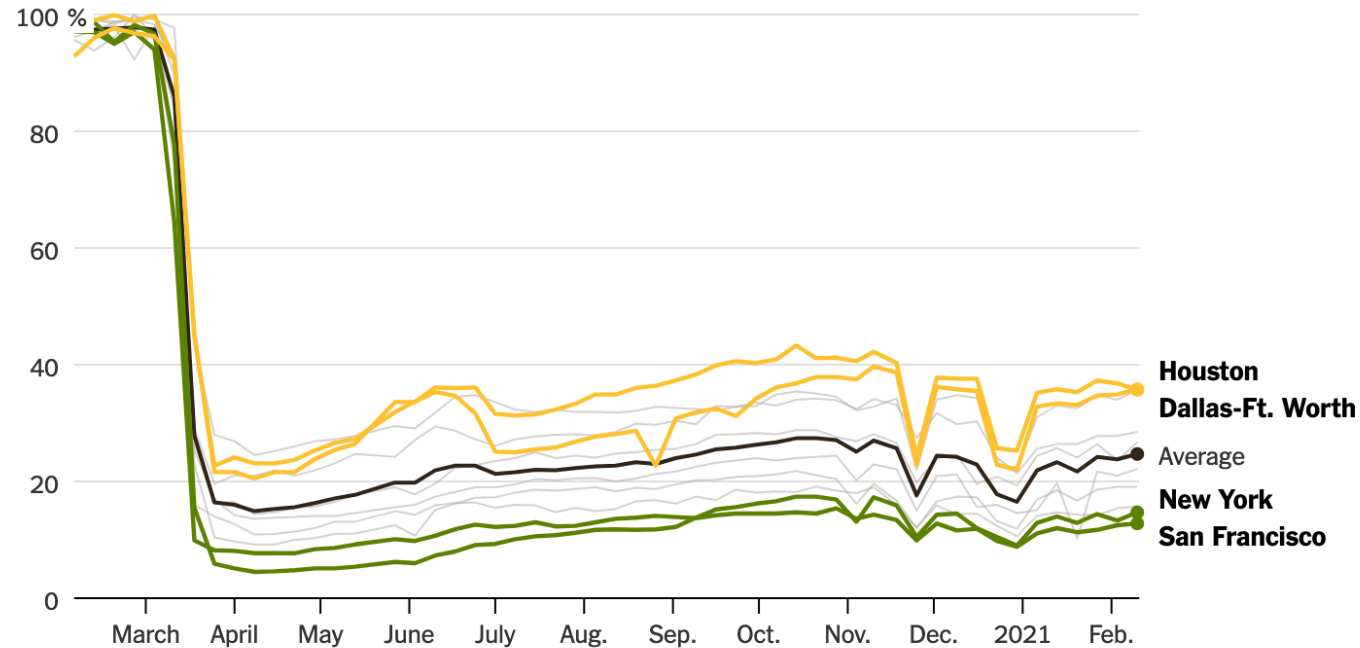
It will be different

What Happens Next for Our Economy?

- We've been in a COVID Economy for a year.
 - Big and lasting changes are underway for our economy.
- Will we ever go back to the office to work?
- Will people continue to live in large cities?
- So many small businesses have closed. Will they reopen?
- Or will large corporations grab more market share?

Office Occupancy Rate

Weekly occupancy rate for offices in 10 major metro areas

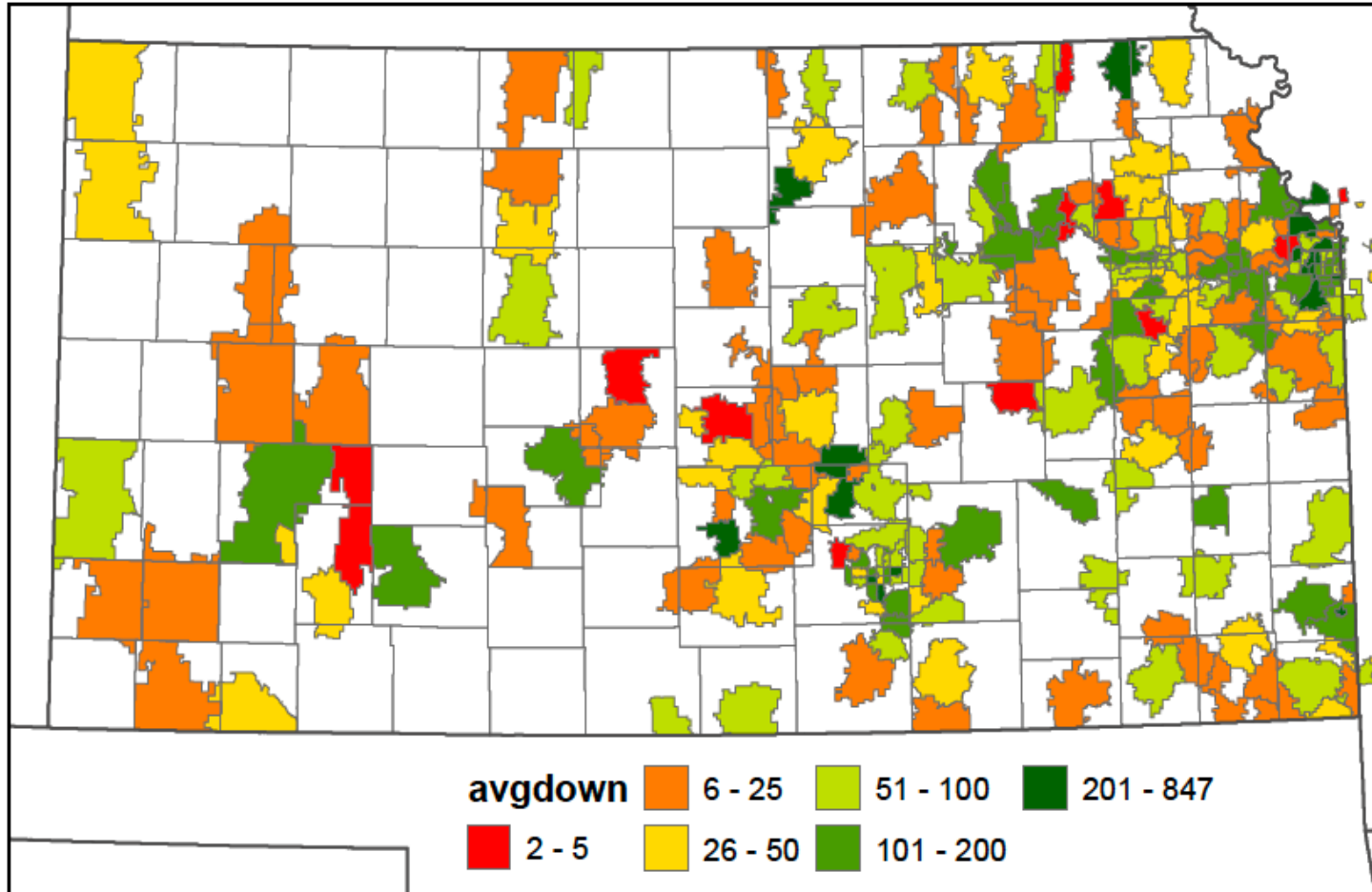


Source: Kastle Systems · Note: Locations are defined by core-based statistical areas, which include urban areas of at least 50,000 people and surrounding regions. · By The New York Times

Source: <https://www.nytimes.com/2021/03/03/business/return-to-work-coronavirus.html?searchResultPosition=1>

- Where we work may have changed permanently.
- **Problem:** Decrease in the value of commercial real estate.
- **Opportunity:** Increase number of people living in Kansas but working elsewhere.

Attracting People to Kansas Will Require Better Broadband



- IPSR Survey of Download Speeds (N=2600)
- People need > 25 Megabytes per second to stream, telecommute etc.
- Red, yellow and orange are lower speeds.

Source: IPSR

One Thought: Investments in the Skilled Technical Workforce

- Many low-skilled, service sector jobs will not return.
- These workers will need retraining for the jobs of the future.
- Community college enrollments are down at a time when people potentially have the time to invest in retraining.
- If Kansas receives federal funding, resources could be devoted to addressing this need.

Thank You!

Thank You *Mahalo*
Kiitos
Tack
Grazie **Thanks**
Toda
Obrigado
Takk **Gracias**
Danke **Merci**