



Kansas in Crisis

COVID-19 Threatens the Economic Recovery

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KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

Caveats

- These slides were completed on June 24, 2020
- Things will have changed by the time you see this presentation.
- This presentation is based on my readings and data from sources noted throughout.

IPSR Goals for COVID-19 Crisis

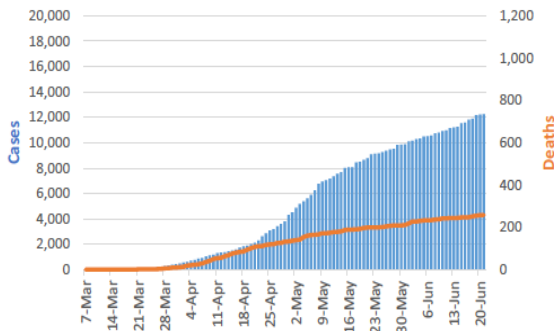
- Synthesize the data on the Coronavirus in Kansas
- Report economic indicators
- Inform the public and policymakers on these issues on a bi-weekly basis.
- Data and briefings available at <http://ipsr.ku.edu/covid19/>
- Thanks to Xan Wedel, Thomas Becker & Lindsay Jorgenson who helped with the data,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

Overview

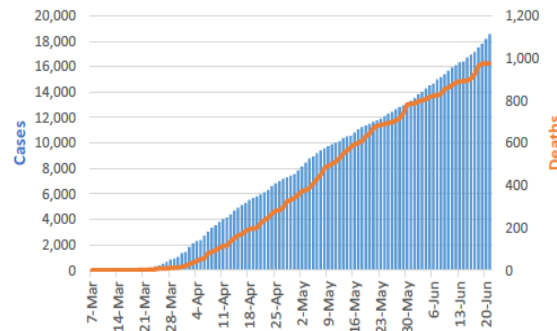
- Update on the Coronavirus in Kansas and the United States
- What's happened to the economy so far?
- How Does Kansas Compare to the Rest of the US?
- What do the new data tell us about the future economy?
 - This is going to take much longer than we would prefer.

COVID Cases are Surging

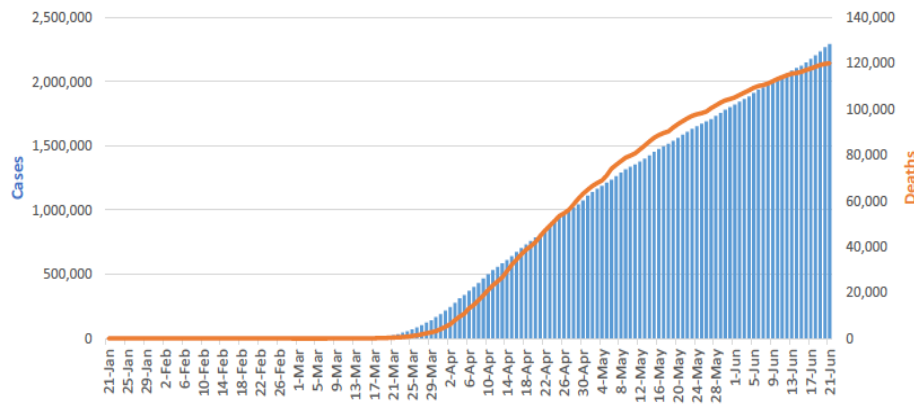
COVID-19 Cases and Deaths in Kansas



COVID-19 Cases and Deaths in Missouri



COVID-19 Cases and Deaths in the U.S.

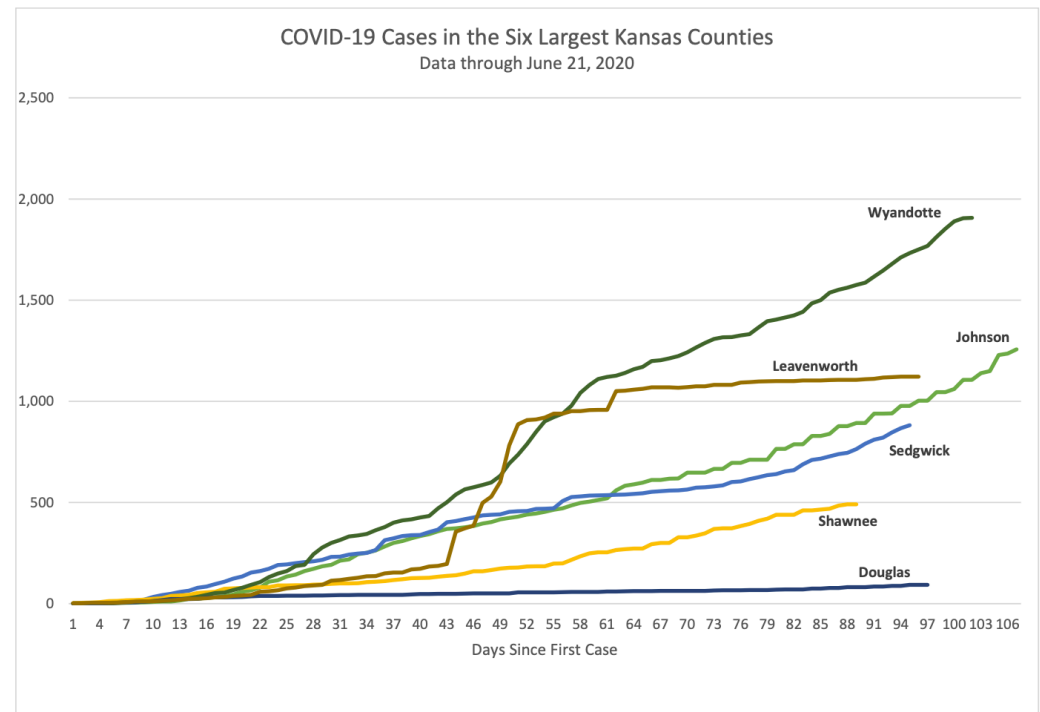


Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times.

- June 24th set a new highest daily record of COVID cases.
- US has 2.38 million cases and 121,895 deaths.
 - Translates to 738 cases per 100,000 people
- Kansas has 13,110 cases
 - 261 cases per 100,000
- Missouri has 19,478 cases
 - 1,001 cases per 100,000

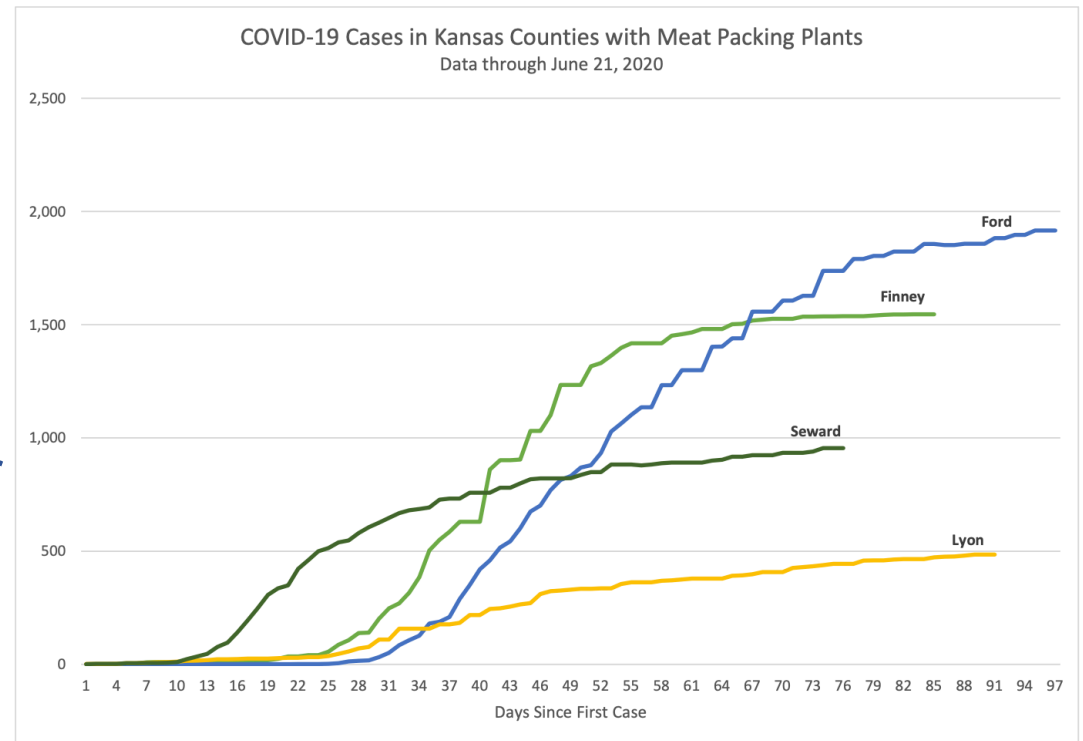
Growth in COVID-19 Cases Has Varied by County

- In the six largest counties, growth rates have varied significantly.
 - All curves except Leavenworth are increasing.
 - Douglas county cases are up 54% since June 2nd.
 - Sedgwick, Johnson & Wyandotte Counties are Accelerating.

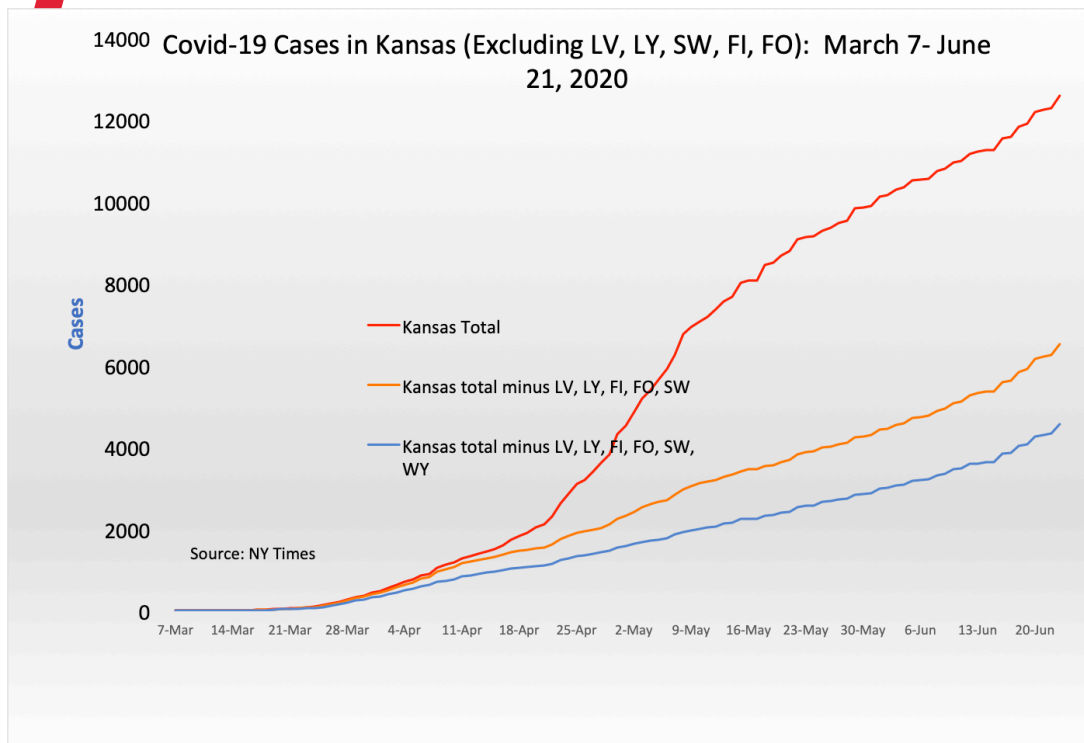


Counties with Meatpacking Have Slowed

- In counties with meatpacking plants cases are growing at a slower rate and we may have bent the curve.
 - Seems to be the case for all of the counties.

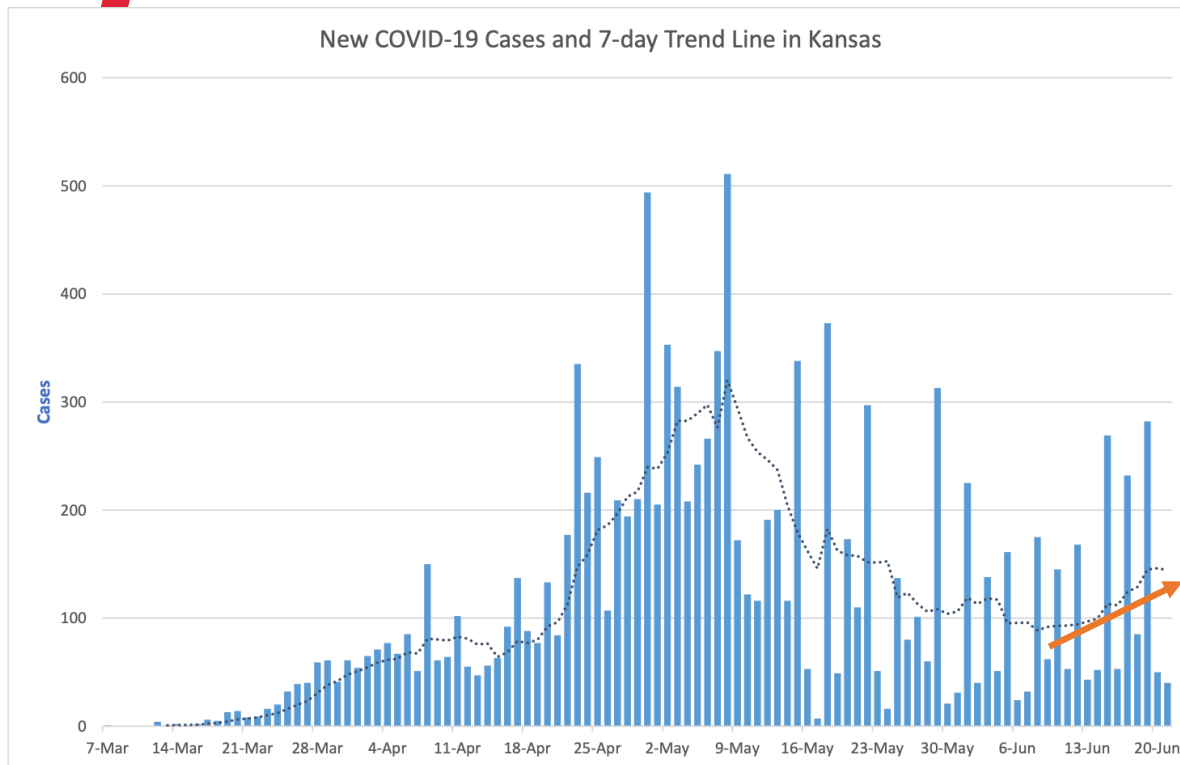


What is the Net Contribution to Overall Kansas Cases?



- Red line—Total Cases
- Orange line—remove meatpacking & prisons
- Blue line—remove meatpacking, prisons & Wyandotte County
- Over one-half of cases are in meatpacking & prisons
 - It's no longer just meatpacking counties.
 - Cases in rest of state are accelerating the past few weeks.

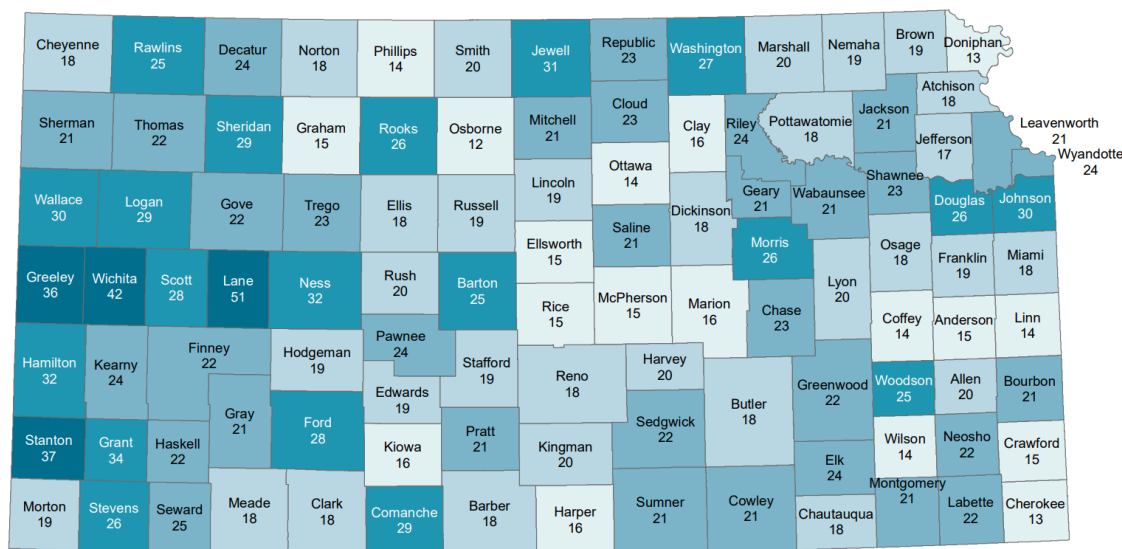
Troubling News: Kansas Daily Cases are Increasing



- The 7-day moving average of new cases trended downwards between May 9 and June 6th.
- Cases are increasing:
 - According to KU Medical Center estimates, this increase in cases does not yet take Memorial Day into account.
 - Cases are likely to increase at a faster rate in coming weeks.
 - Increases in deaths will follow.

Social Distancing by County

Average Social Distancing Index in Kansas, by County
June 6 - 12, 2020

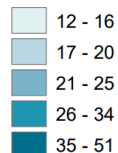


- Darker colors indicate that these counties have higher social distancing
 - Johnson & Douglas counties have reduced social distancing.
 - Leavenworth, Wyandotte have lower social distancing despite higher case rates.
 - Crawford county, a new hotspot has one of the lowest social distancing rates.

Source: Institute for Policy & Social Research, The University of Kansas; data from University of Maryland, COVID-19 Impact Analysis Platform, <https://data.covid.umd.edu/>.

Social Distancing Index is an integer from 0-100 that represents the extent residents and visitors are practicing social distancing. "0" indicates no social distancing is observed in the community, while "100" indicates all residents are staying at home and no visitors are entering the county.

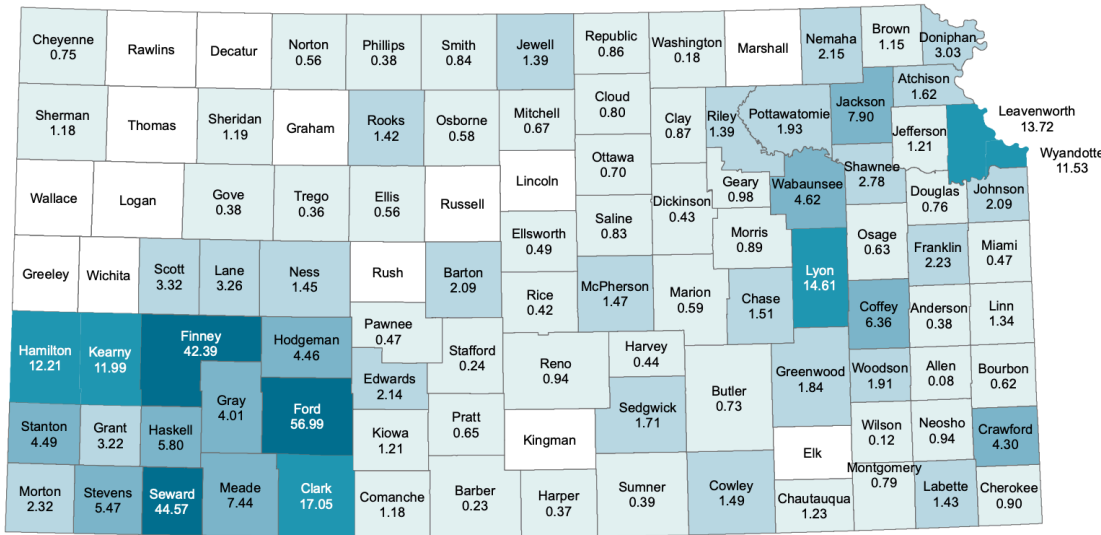
Average Social Distancing Index



Source: University of Maryland Covid 19 Impact Platform

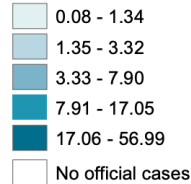
Case Rates by County

COVID-19 Cases per 1,000 People in Kansas, by County as of June 21, 2020



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



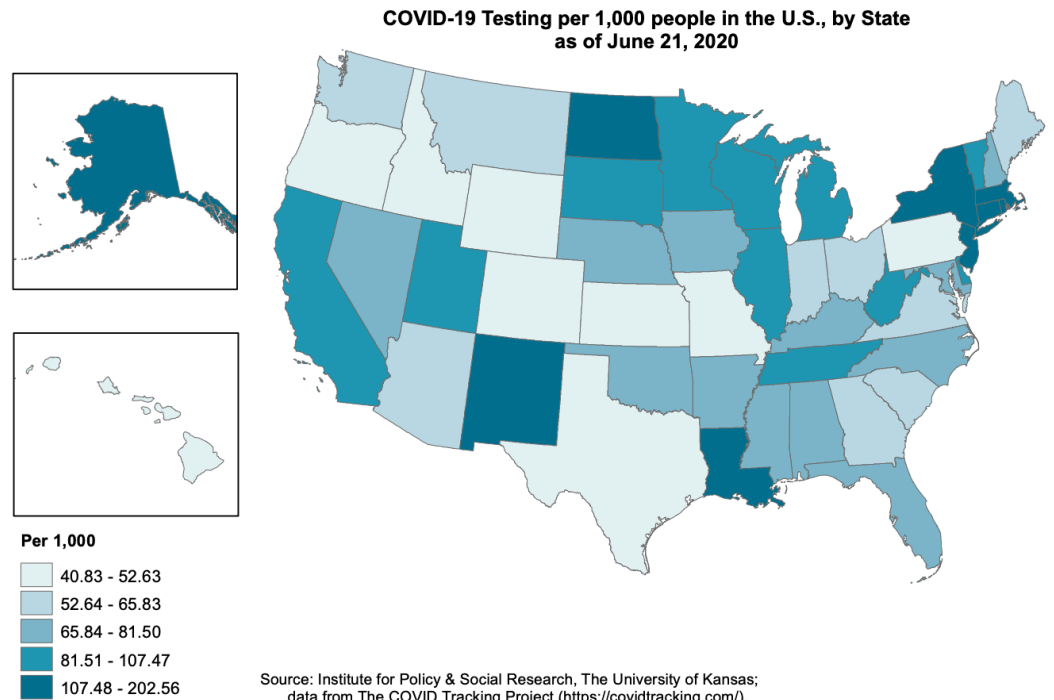
• Darker colors indicate that these counties have higher case rates:

- Ford, Seward, and Finney Counties have case rates that are > 40 per 1,000
- Sedgwick & Johnson Counties ~2 per 1,000
- Leavenworth & Wyandotte Counties have case rates 12-14 per 1,000

Source: New York Times & US Census Bureau

Testing Has Been Uneven Across the Country

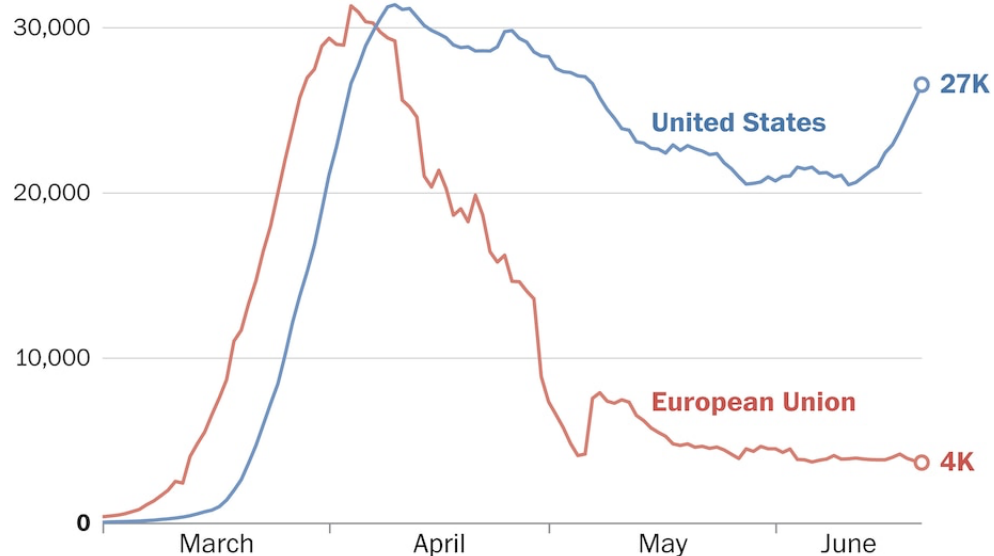
- COVID Tracking Project data used to estimate tests per 1,000 people in each state.
 - Kansas has performed only 51 tests per 1,000 people.
 - The US average is 82 tests per 1,000.
 - 8% of Kansas tests are positive compared to an average of 7% for the US.



Learning to Live with COVID

Coronavirus cases in the United States have not fallen as much as in the European Union

Seven-day rolling average of new coronavirus cases, March 1 to June 21



Source: Johns Hopkins University









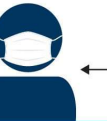



HARRY STEVENS/THE WASHINGTON POST

Coronavirus Live Updates: U.S. Cases Near Record Level as Virus Surges in South and West

New cases in the U.S. have reached their highest daily level since April. Houston's intensive-care units are running out of available beds, the mayor said.

- US Policy response was not sufficient to bend the curve to a manageable level
- Widespread access to a yet-to-be identified vaccine is at least a year off.
- Behavior will need to adapt.

Learning to Live with COVID

Chance of Transmission	Asymptomatic COVID-19 Carrier	Uninfected Person
VERY HIGH		
HIGH		
MEDIUM		
LOW		
VERY LOW	 ← 6+ feet → 	
VIRTUALLY NONE		

- Behavioral change will continue to be necessary to control the virus.
- Mask-wearing is an important and underutilized approach in the US.
- What does the evidence say?

Evidence About Mask-Wearing and COVID-19

JAPAN DISPATCH

Is the Secret to Japan's Virus Success Right in Front of Its Face?

In America, masks have become a weapon in the culture wars. In Japan, wearing one is no big deal, and deaths have stayed low.

By **Motoko Rich** Photographs by **Noriko Hayashi**

Published June 6, 2020 Updated June 12, 2020

The New York Times



DONATE

HEALTH

A Growing Body Of Research Highlights The Importance Of Wearing Face Masks

June 17, 2020 · 4:02 PM ET

Heard on All Things Considered

15 Donna K. Ginther, PhD

The Washington Post

Democracy Dies in Darkness

Coronavirus Live updates U.S. map World map Reopening tracker Lives

The outbreak that didn't happen: Masks credited with preventing coronavirus spread inside Missouri hair salon

Springfield, Mo., health officials braced for an outbreak. Now they say face coverings prevented one.

By **Todd C. Frankel**

June 17, 2020 at 8:49 a.m. CDT



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Evidence About Mask-Wearing and COVID-19

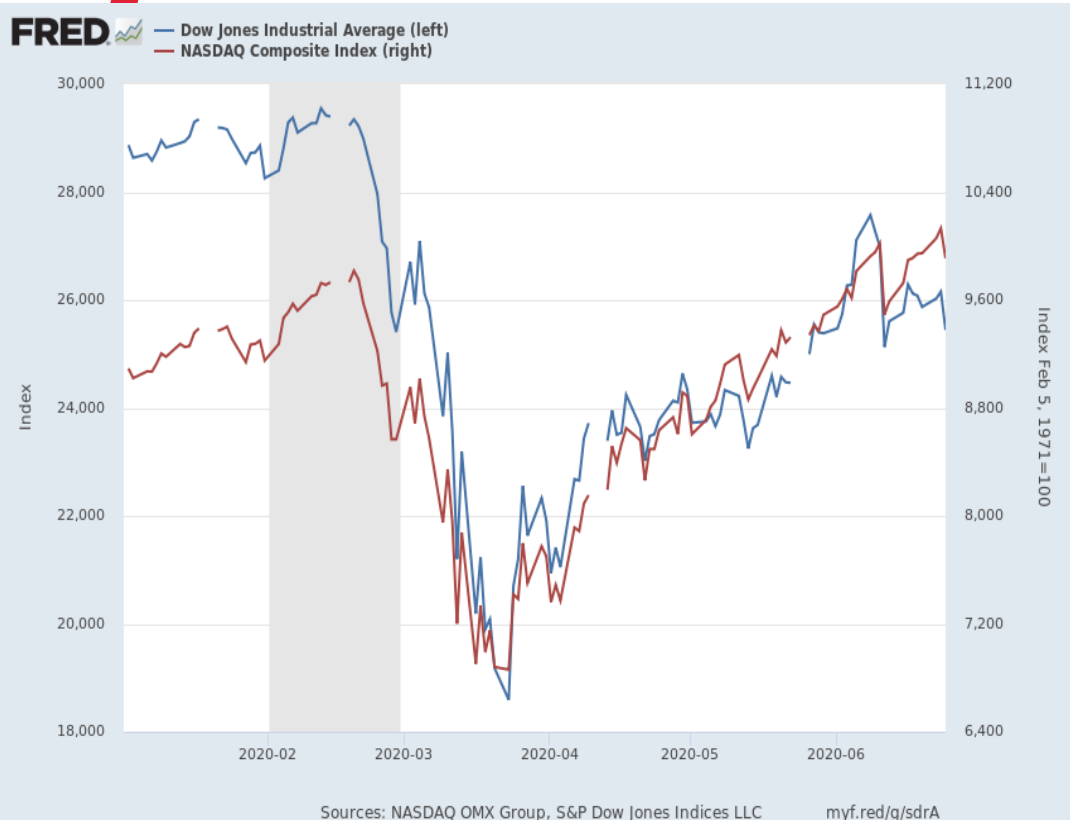
- Linsey Marr, Virginia Tech: “I think we need a combination of [masks,] distancing, avoiding crowds, avoiding poorly ventilated spaces,” says Marr. Even if each of those individual measures is only partially effective, she says, “by the time you add them all on top of each other, you can achieve better numbers for reduction of transmission.”
- Source: <https://www.npr.org/sections/health-shots/2020/06/21/880832213/yes-wearing-masks-helps-heres-why>



COVID-19 and the US & Kansas Economies

Massive Unemployment

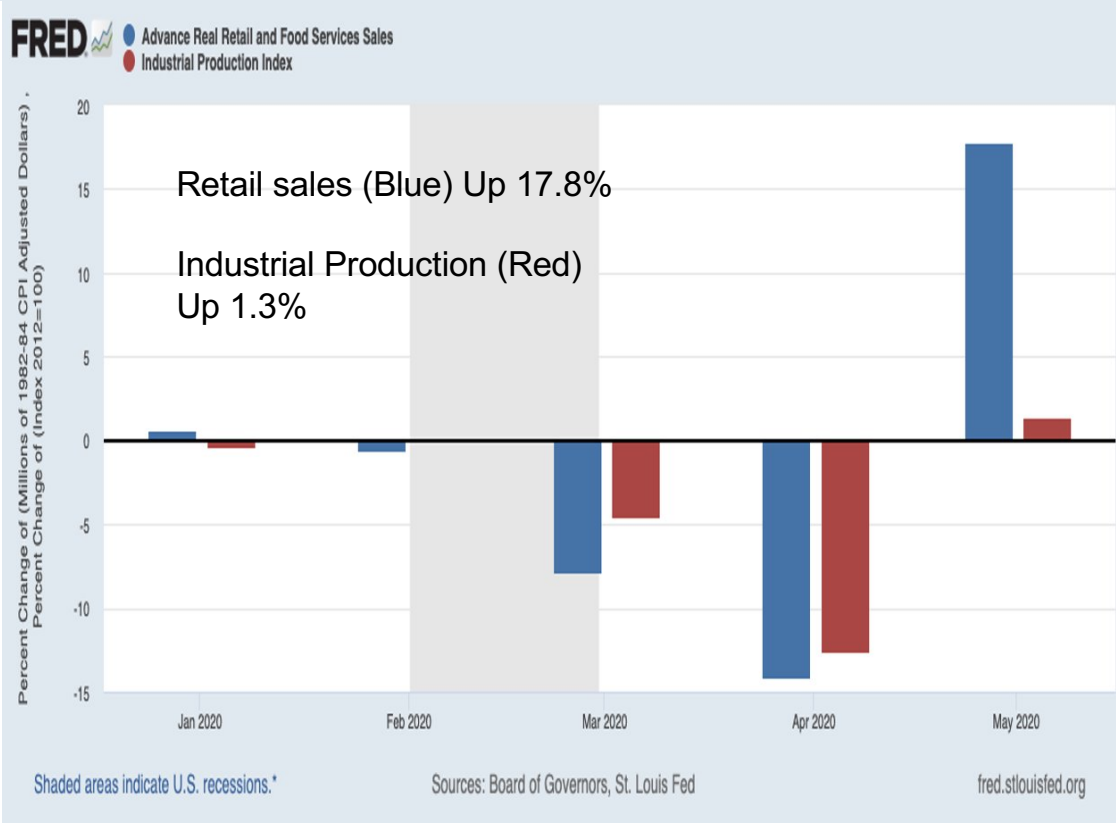
The Stock Market: January 1 – June 24th



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

- The Dow Jones Industrial Average peaked at 29,348 on February 12th.
 - It bottomed out on March 23rd, and has recovered to 25,446 on June 24th (falling 700 points in one day)
 - Down about 13% since the peak
- Nasdaq has tracked the Dow.
- Market continues to be volatile.

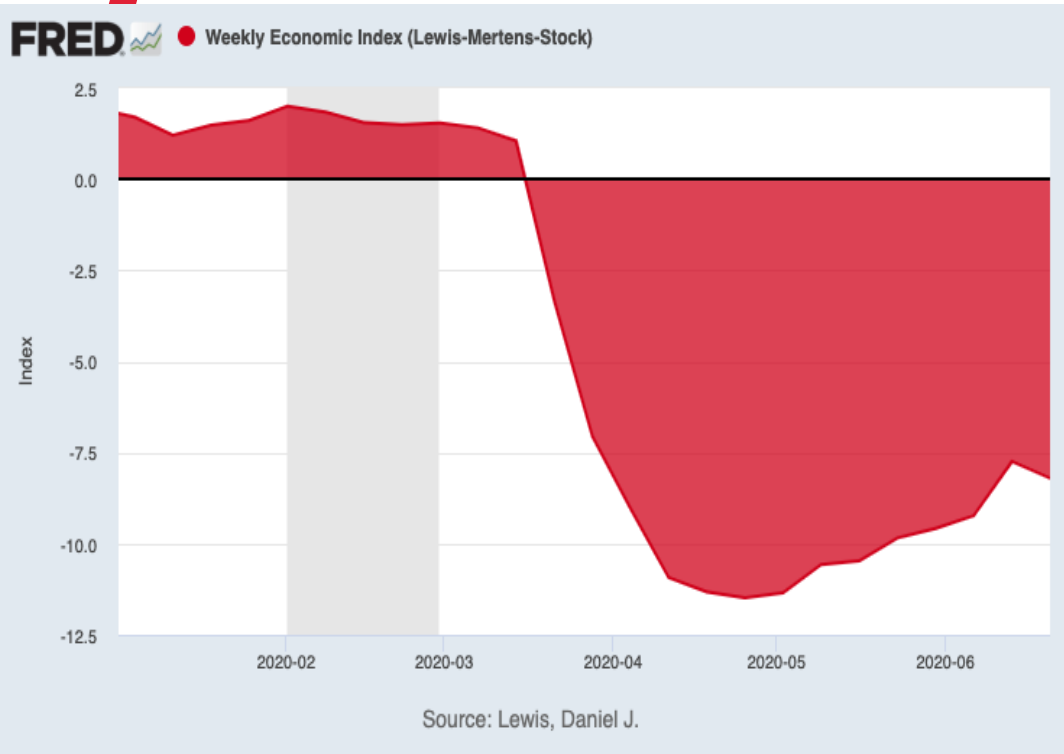
May Economic Data: Industrial Production & Retail Sales



Source: <https://fred.stlouisfed.org>

- Retail sectors up:
 - Clothing 188%
 - Furniture 98%
 - Restaurants/Bars 38%
 - Motor Vehicles 26%
 - Electronics 50%
 - Miscellaneous Retail 13%
- However retail sales were down 6.1% compared to a year ago.

Weekly Economic Activity Index

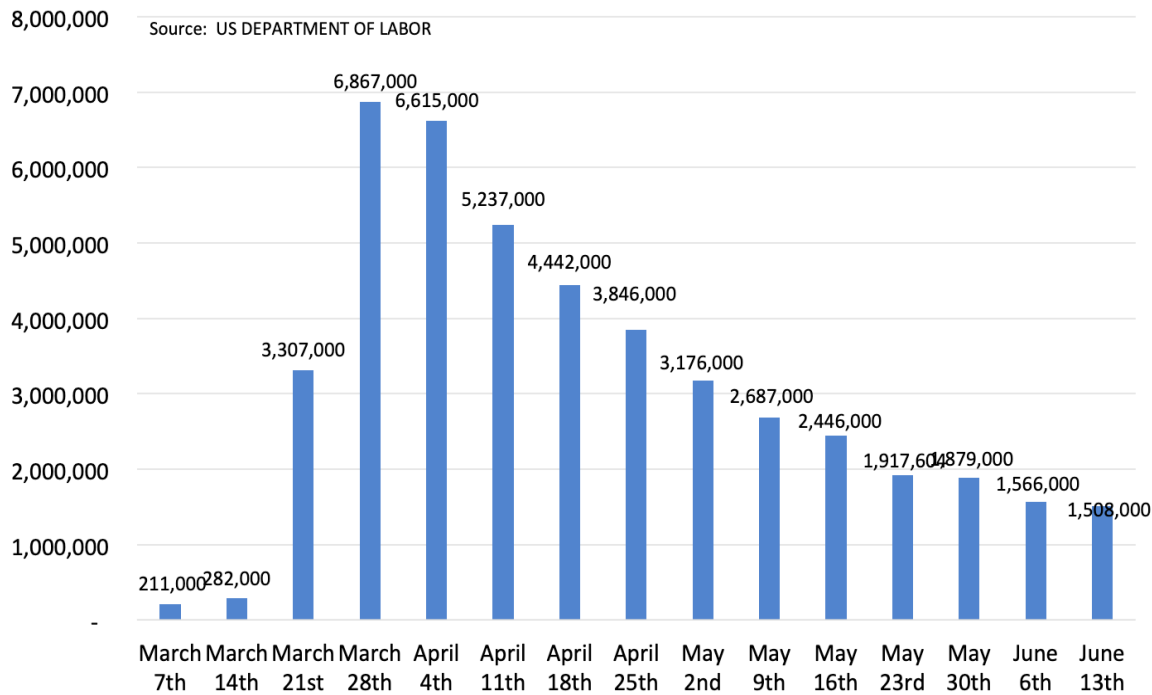


- Lewis, Mertens & Stock have developed a Weekly Economic Activity Index that is scaled to 4th Quarter 2019 GDP growth.
 - The index has dropped to -8.2%
 - This indicates that GDP for this quarter is forecast to be 8.2% lower for Q2.

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.

Initial Unemployment Claims Continue to Grow

Initial Unemployment Claims (Seasonally Adjusted),
Months of March - June 2020

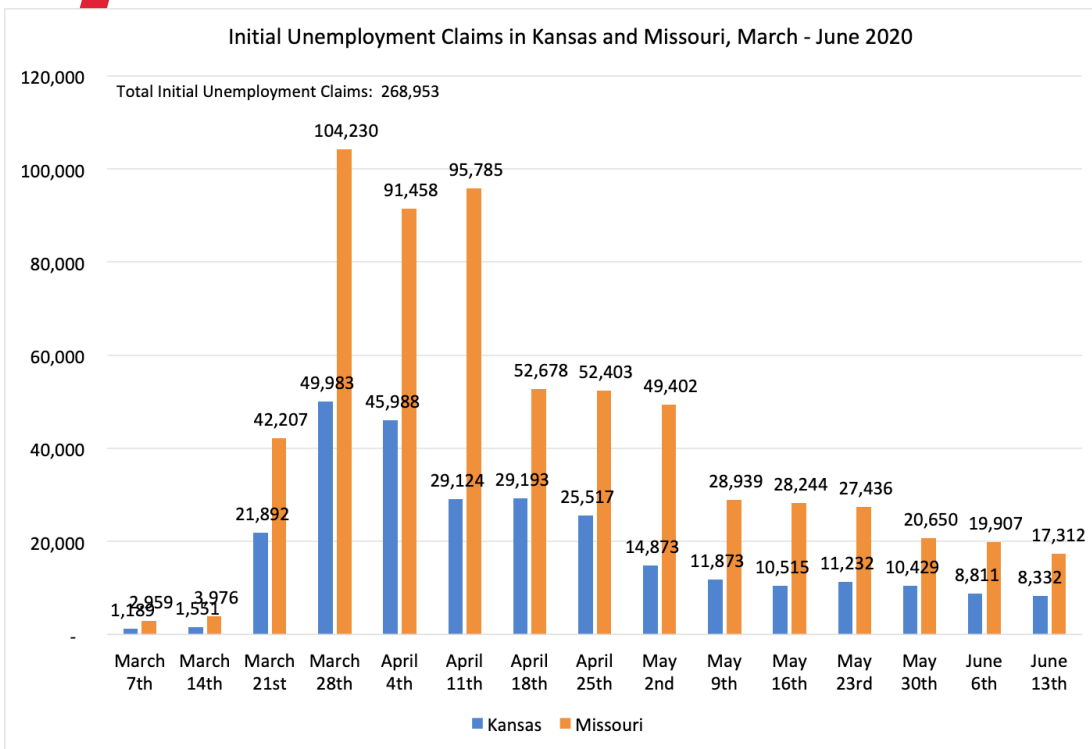


Source: <https://www.dol.gov/ui/data.pdf>

US Initial Unemployment Claims are still at historic highs

- Over 45 million unemployed since March.
- The majority of these workers have lost employer-backed health insurance.

Unemployment Claims in Kansas and Missouri



- Since March 14th a total of 277,934 workers have filed initial unemployment claims in Kansas.
- Initial claims remain stubbornly high.
 - Data from March 14th – June 13th

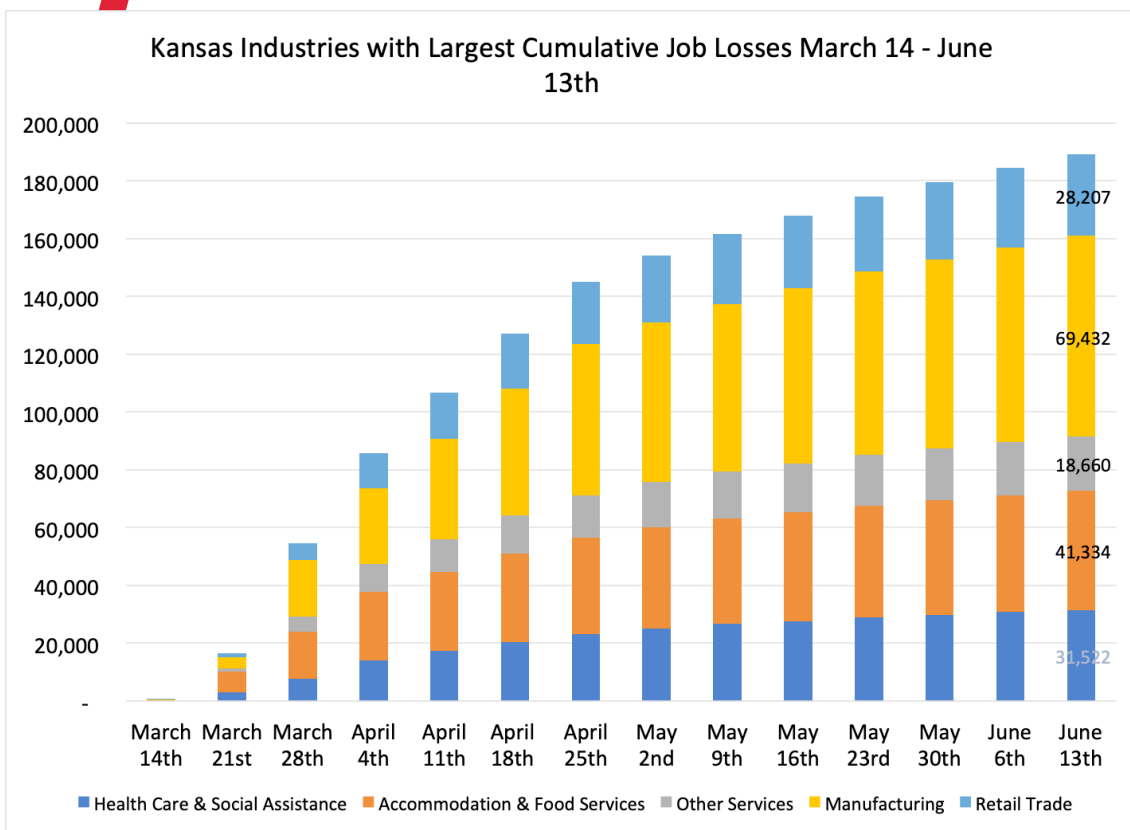
Source: Calculations using KS and MO Department of Labor Data

Kansas Initial Unemployment Claims by Industry as a Share of Total Employment—Data as of June 6th

Industry	Unemployment Within Industry
Government	1.42%
Health	17.08%
Manufacturing	41.28%
Retail	20.16%
Food	37.92%
Professional	11.43%
Administrative	23.30%
Construction	18.23%
Finance	4.27%
Transportation	17.16%
Wholesale	11.04%
Other	36.23%
Management	1.44%
Education	50.15%
Information	17.18%
Real Estate	26.77%
Entertainment	55.00%
Mining	24.45%
Utilities	1.55%

- I calculated the share of initial unemployment claims for all of March – June 13th over total employment by industry in March, 2020.
 - Industries are ranked by share of total employment.
 - Government, health care, manufacturing and retail trade are 53% of total employment in the state.

Cumulative Initial Unemployment Claims by Industry



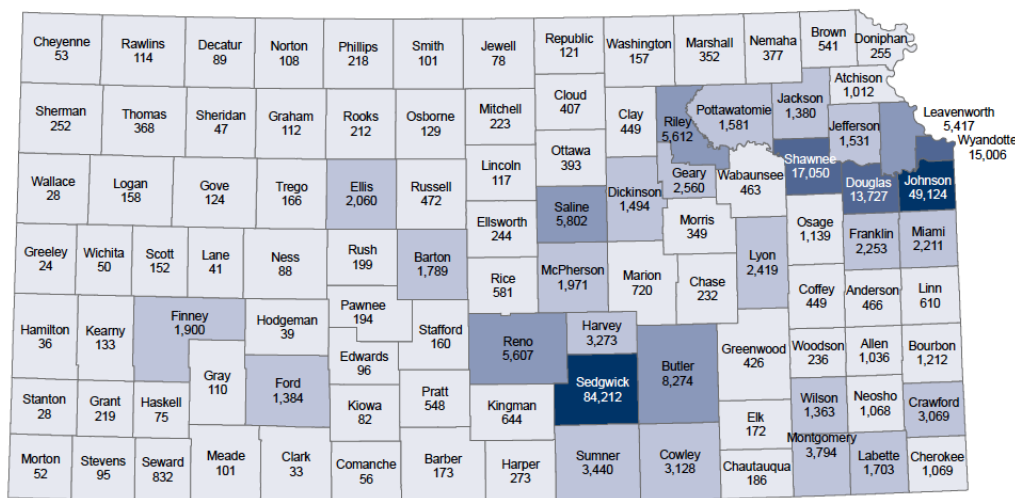
Source: Calculations using KS and MO Department of Labor Data

Industries hardest hit include:

- Manufacturing: 69,432
 - Accommodation & Food Services: 41,334
 - Health care & Social assistance: 31,522
 - Retail Trade: 28,207
 - Other Services: 18,660
- These five industries account for 68% of people who have lost their jobs.

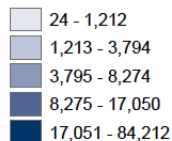
Cumulative Unemployment Claims by County

Initial Jobless Claims in Kansas, by County
March 21 - June 13, 2020



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

Initial Claims, March 21 - June 13



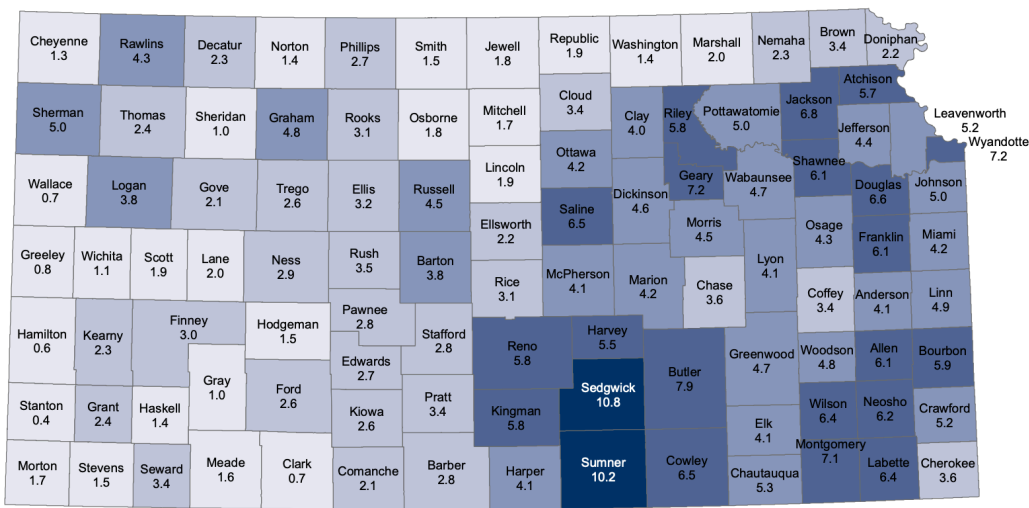
• Top 5 Counties by Cumulative Initial Claims:

- Sedgwick 84,212
- Johnson 49,124
- Shawnee 17,050
- Wyandotte 15,006
- Douglas 13,727
- Data calculated March 21st – June 13th

Source: IPSR calculations using Kansas Department of Labor Data

Initial + Continued Claims as a Share of Labor Force

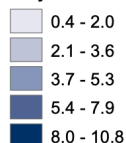
Projected Unemployment Rate in Kansas, by County
June 13, 2020



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 jobs claims as of June 13th and preliminary, not seasonally adjusted, civilian labor force for May 2020.

Projected Unemployment Rate



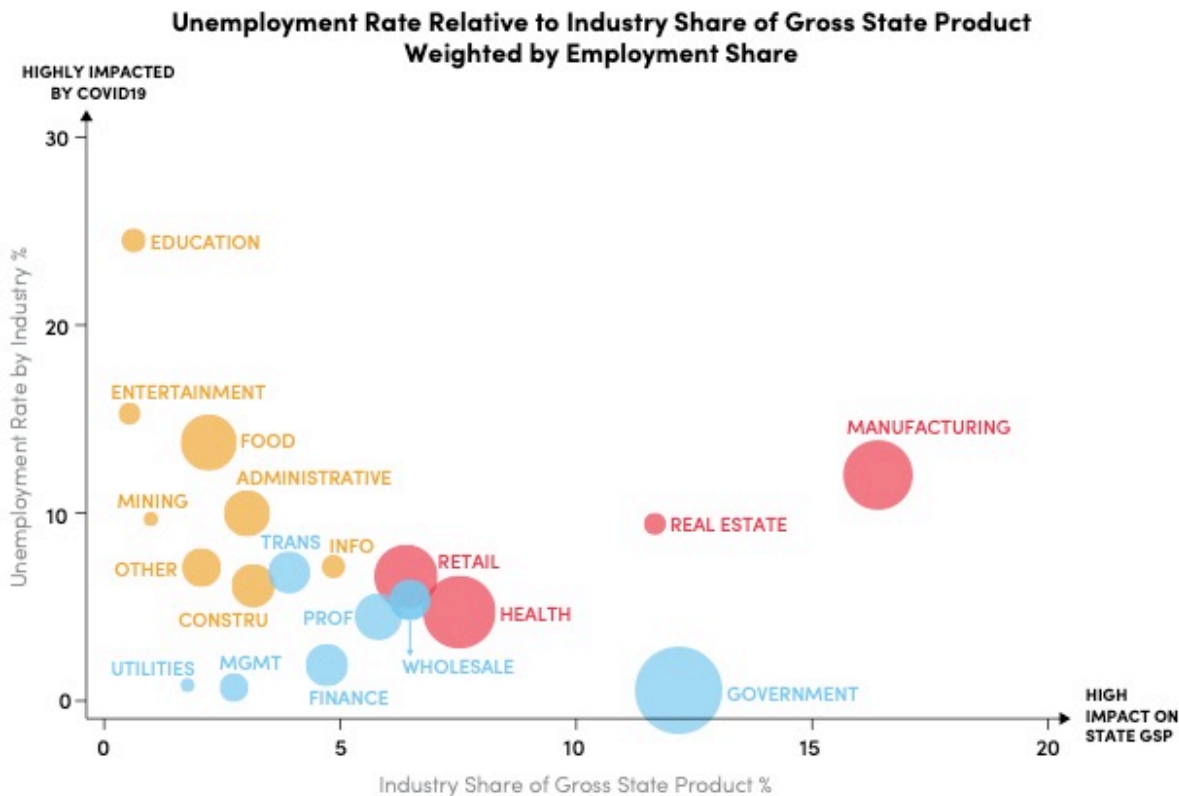
- Top 5 counties by unemployment rate:

- Sedgwick 10.8%
- Sumner 10.2%
- Butler 7.9%
- Geary 7.2%
- Montgomery 7.1%

- This likely understates true unemployment because of people's failure to file for continued claims.

Source: IPSR calculations using Kansas Department of Labor Data

Unemployment Claims Relative to Gross State Product



Sectors that contribute most to Kansas growth with above average unemployment:

- Manufacturing 12% UE & 16% of GSP
- Health Services 5% UE & 7.5% of GSP
- Retail 6.7% UE & 6.4% of GSP

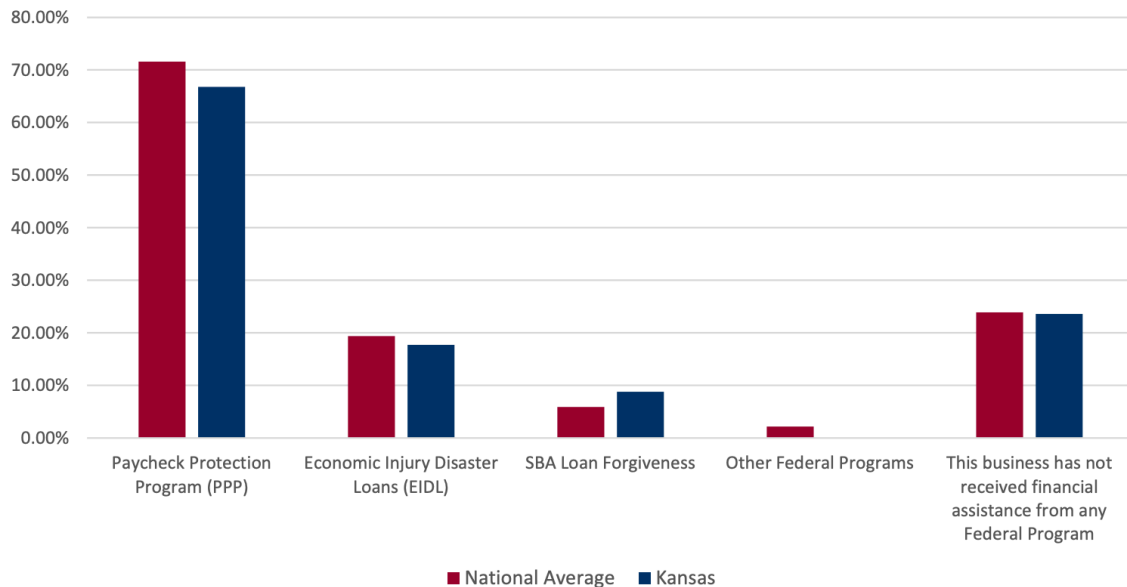


Now for the Good News

Kansas is doing better than other states

Kansas Small Businesses Have Received more Support

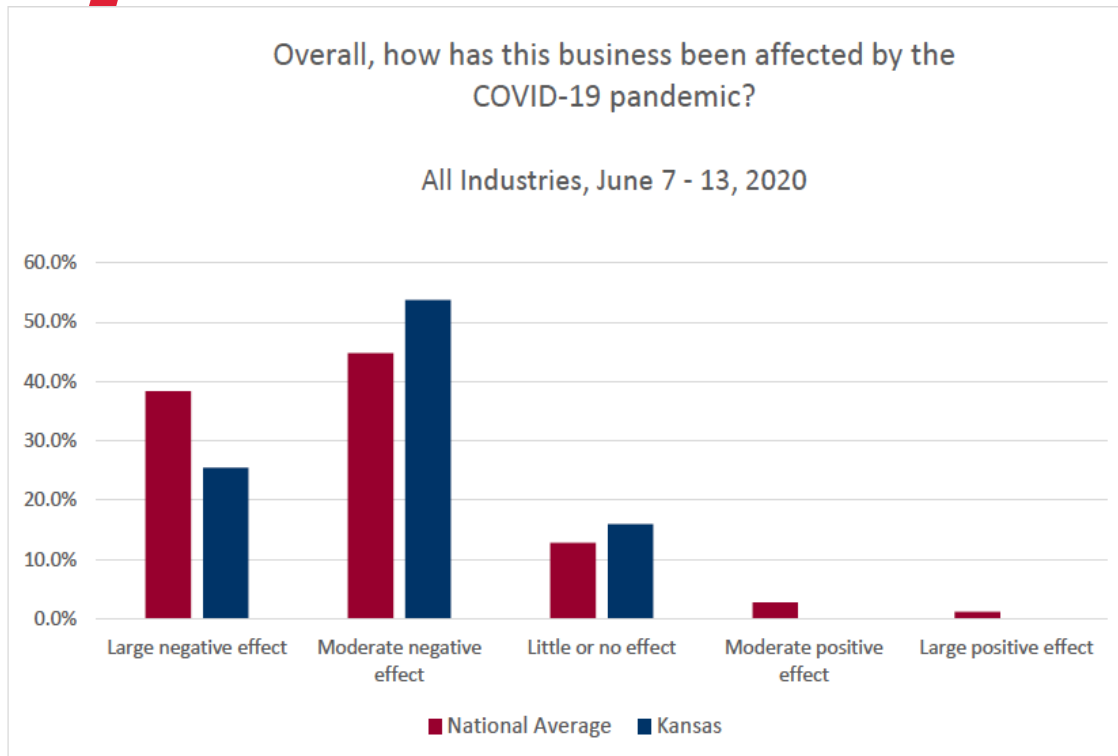
Since March 13, 2020, has this business received financial assistance from any of these programs from the federal government? Select all that apply:



- Kansas small businesses were more likely to receive PPP funding
- Kansas small businesses were more likely to receive some kind of federal assistance

Source: IPSR calculations using Small Business Pulse:
<https://portal.census.gov/pulse/data/>

Kansas Small Businesses are Suffering Less than the US

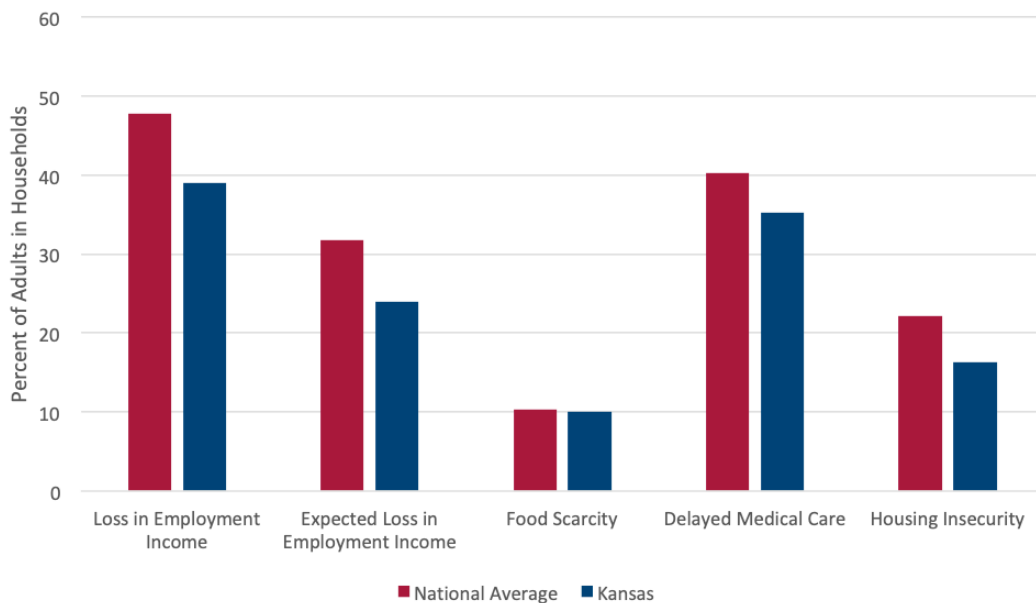


- Kansas small businesses are more likely to report a moderate negative effect or little or no effect compared with the US.

Source: IPSR calculations using Small Business Pulse:
<https://portal.census.gov/pulse/data/>

Kansas Households are Suffering Less than the US

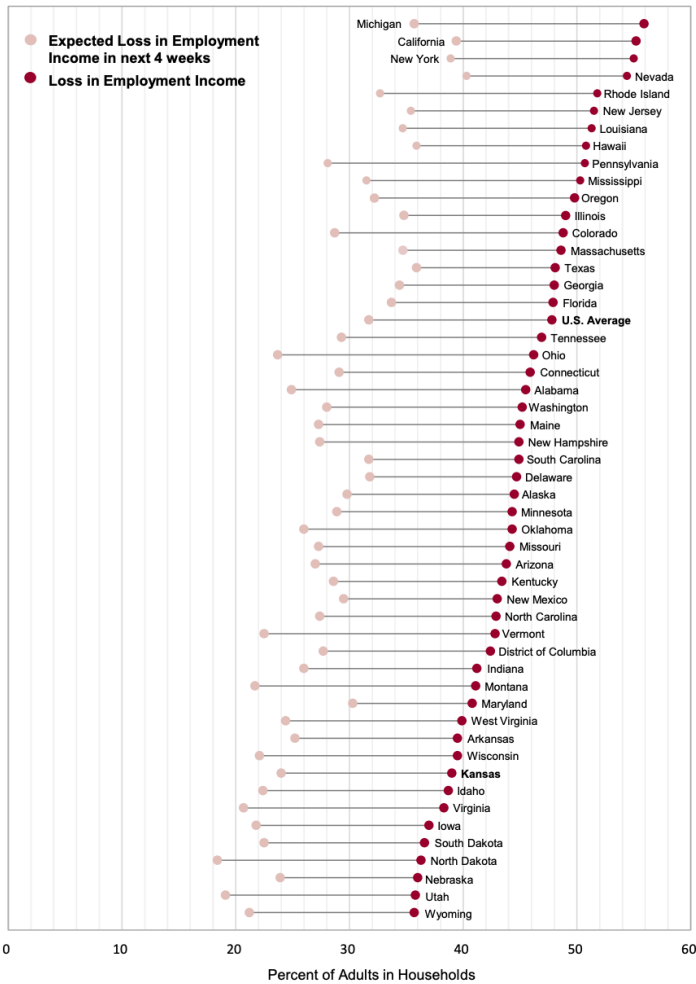
Household Pulse Survey
Week 6



- 47% of US households report loss of employment income compared with 39% of Kansas households
- 10.3% of US households report food scarcity compared to 10% of Kansas households
- Kansans report lower rates of delayed medical care and housing insecurity.

Source: IPSR calculations using Household Pulse:
<https://portal.census.gov/pulse/data/>

Employment Income since March 13, 2020



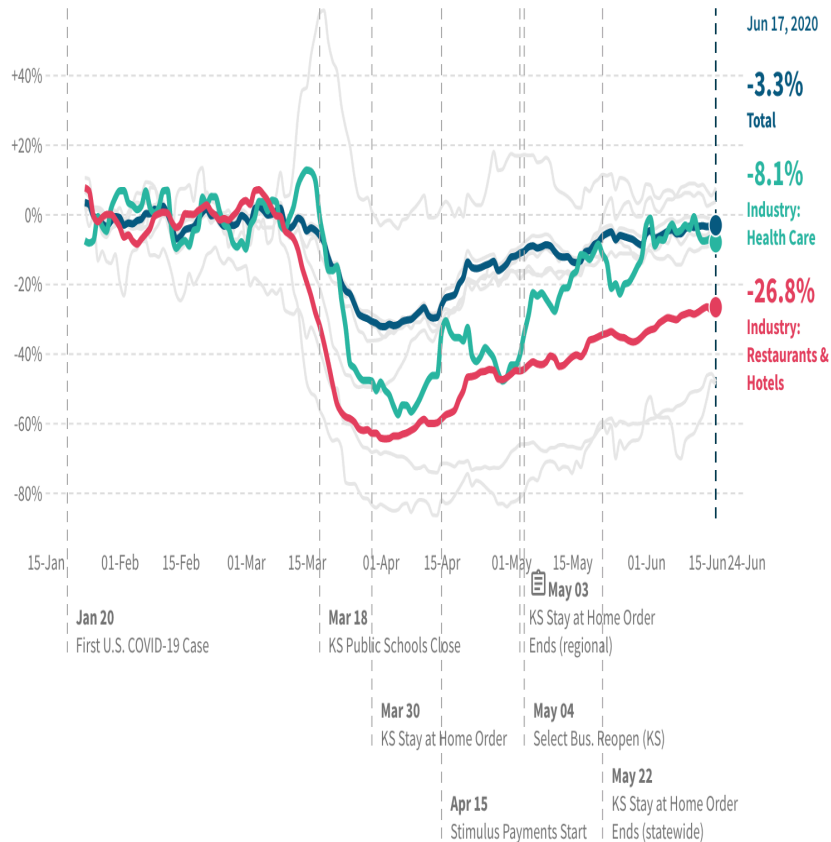
Source: IPSR calculations using Household Pulse:
<https://portal.census.gov/pulse/data/>

Kansas Households are Suffering Less than the US

- Compared to the US Average and all other states, Kansas ranks in the bottom quartile of employment income lost since March 13th.
 - ~44% of Missouri households report employment income loss
 - ~40% of Kansas households



In **Kansas**, as of June 17, 2020, total spending by all consumers decreased by **3.3%** compared to January 2020.



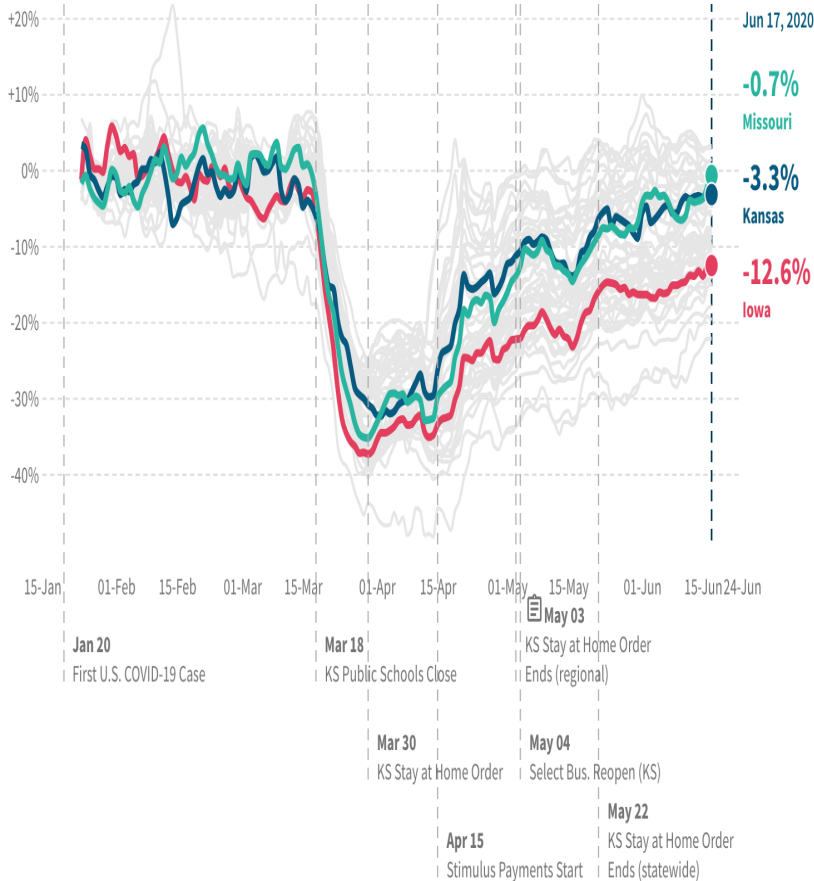
Source: Economic Tracker
<https://tracktherecovery.org/>

Kansas Consumption has Rebounded since April

- Total consumption spending in Kansas fell by over 50% between January and April 1st.
 - It is still down 3.3% since the first of the year.
 - US consumption is down -8.9%
- Two hard-hit sectors:
 - Restaurants -26.8% (-35.6% in US)
 - Healthcare -8.1% (-12.8% in US)
- These data exclude Johnson County

In **Kansas**, as of June 17 2020, total spending by all consumers decreased by **3.3%** compared to January 2020.

DOWNLOAD CHART



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

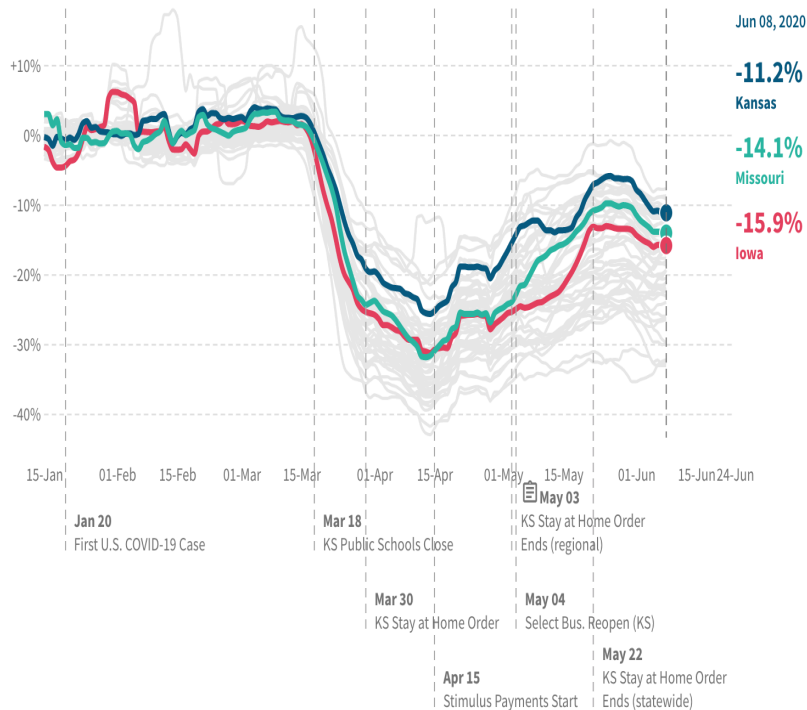
Kansas Consumption has held up Well Compared to other States

- Kansas consumption expenditures are lower than Missouri's but much better than Iowa's.
 - Kansas had more restrictions than either Missouri or Iowa.

Kansas Small Businesses are More Likely to be Open

In **Kansas**, as of June 08 2020, the number of small businesses open decreased by **11.2%** compared to January 2020.

DOWNLOAD CHART 



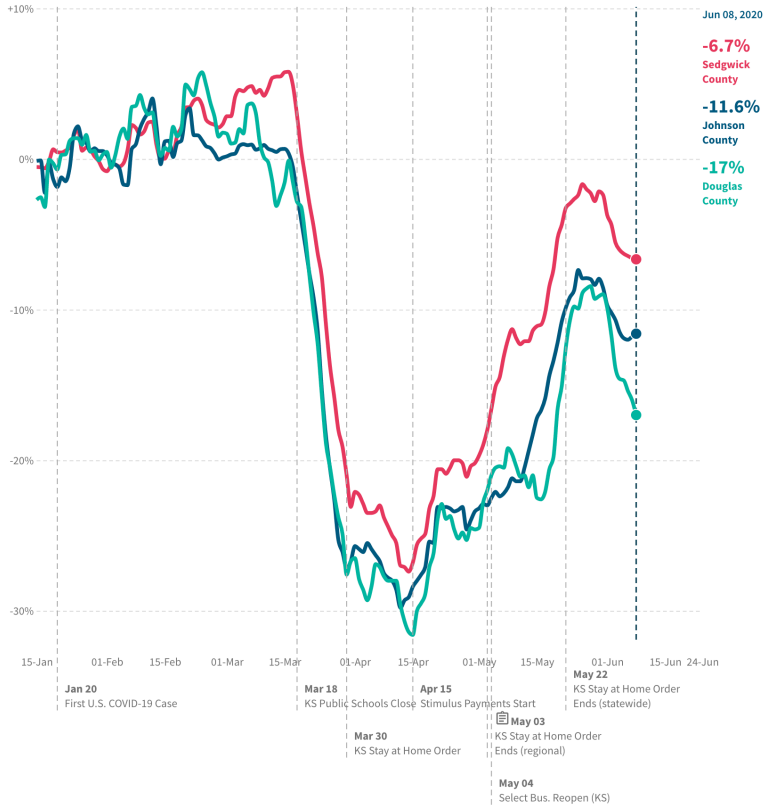
Source: Economic Tracker
<https://tracktherecovery.org/>

- The number of small businesses open in Kansas has fallen by 11.2% since January.
 - In the US, the number is -16.9%
 - Kansas is doing better than Missouri -14.1%
 - and Iowa -15.9%
- At its worst, 25% of Kansas small businesses were closed.

Johnson County Small Businesses Have Rebounded to State Average

In **Johnson County**, as of June 08 2020, the number of small businesses open decreased by **11.6%** compared to January 2020.

DOWNLOAD CHART



<https://tracktherecovery.org/>

- The number of small businesses open in Kansas has fallen by 11.2% since January.
 - In Johnson County there's been a drop of -11.6% of small businesses that are opened.
 - Sedgwick County is doing relatively better
 - Douglas County is doing significantly worse.



It's Officially a Recession

The Fed Warns Against Inaction



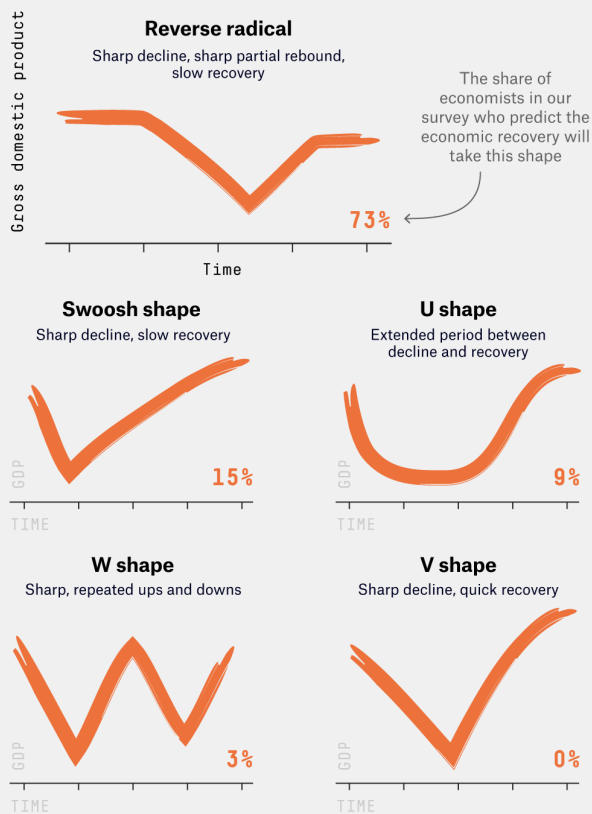
It's Officially a Recession, But What About the Recovery?

NBER Announced that the Recession Started in February 2020.

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



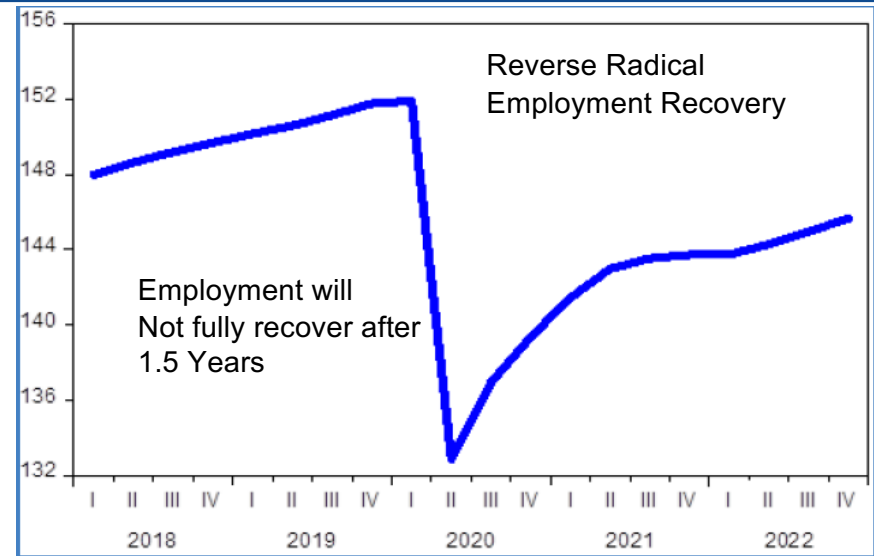
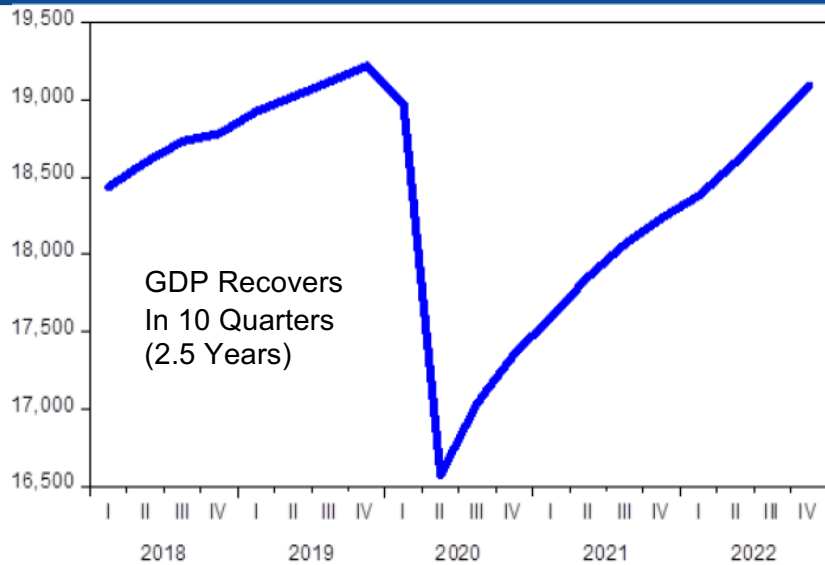
FiveThirtyEight

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC OUTLOOK SURVEY

- Fivethirtyeight.com interviewed top macroeconomists about the recovery.
- No hope for a V-shaped recovery
- Little support for a swoosh.
- 73% of economists expect a reverse radical recovery:
 - Sharp-partial recovery with prolonged lower level.

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

Shape of the Recovery—UCLA Anderson Forecast



- UCLA Anderson Forecasts Recovery of GDP by end of 2022.
- Employment will not fully recover.

Source: http://www.uclaforecast.com/uploads/forecasts/2020/june/june2020_shulman.pdf

We Continue to Face Significant Uncertainty

- The US economy still has a net loss of 19.5 million jobs.
- UCLA Forecast Assumes the creation of a COVID Vaccine in 2021.
- Downturn will be worse and recovery will take longer if we have to return to a significant economic shutdown.
- On August 1st, extended unemployment benefits will end for millions of people, creating economic hardship.

More Fiscal Stimulus is Needed

Facing huge budget gaps, governments have furloughed or laid off more than 1.5 million workers.

The New York Times | <https://nyti.ms/3e0pS9P>

June 15, 2020

- “The Covid-19 pandemic has caused state revenues to fall off the table, creating a fiscal crisis unlike anything states have faced since the Great Depression of the 1930s,” Michael Leachman, the center’s vice president for state fiscal policy, [said in testimony](#) before the House Committee on Education and Labor.
 - Without federal aid, he said, furloughed workers will most likely not get their jobs back, and more public sector workers will be laid off.

<https://www.nytimes.com/2020/06/15/world/coronavirus-usa-world.html?action=click&module=Top%20Stories&pgtype=Homepage#link-612dbb73>

Economic Impacts of COVID-19

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

Thank You!

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

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