



Kansas in Crisis

Update on the Coronavirus

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KU INSTITUTE FOR
POLICY &
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IPSR: Social Science & Policy Research for the State of Kansas

Caveats

- These slides were completed on April 6, 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.

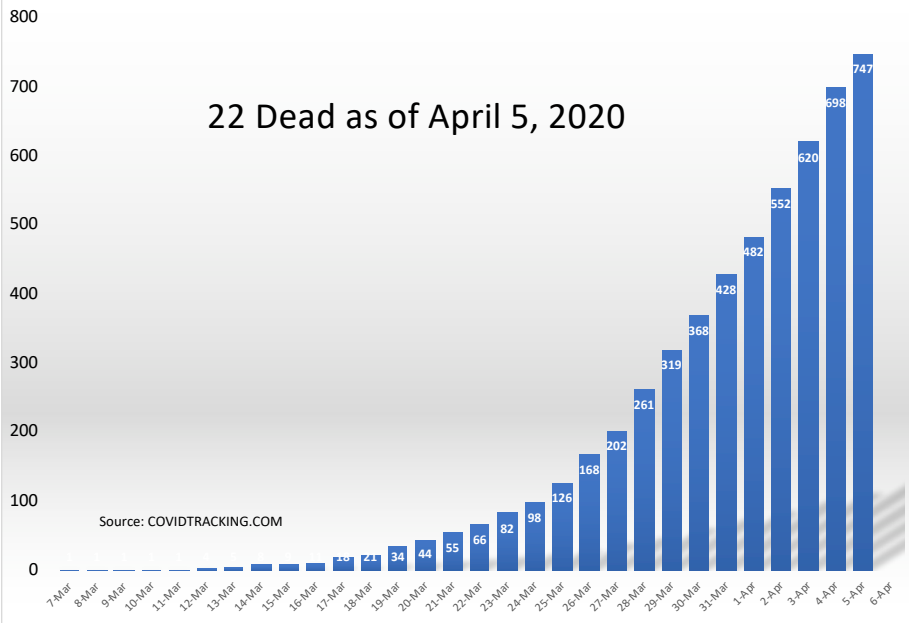
Overview

- Update on the Coronavirus in Kansas and the United States
 - We have not yet bent the curve
 - How bad are we undercounting cases?
- What's happened to the economy so far?
 - Stock Market
 - Unemployment Claims
- Policy responses
 - Mask Wearing Advisory

The US and Kansas have a Pandemic (data through April 5, 2020 4:00 PM)

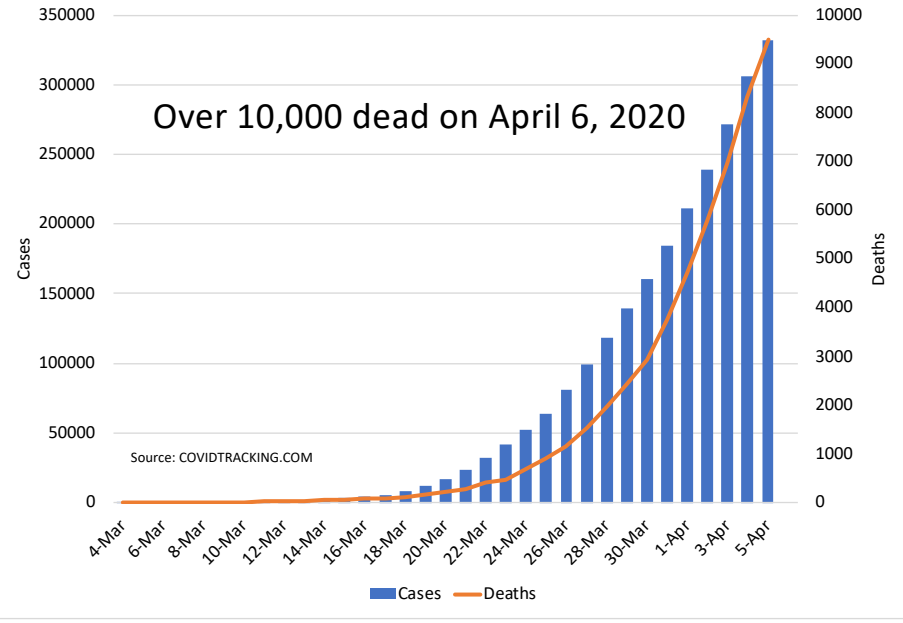
Covid-19 Cases in Kansas: March 7- April 5, 2020

22 Dead as of April 5, 2020



US COVID-19 Cases and Deaths, March 4-30, 2020

Over 10,000 dead on April 6, 2020



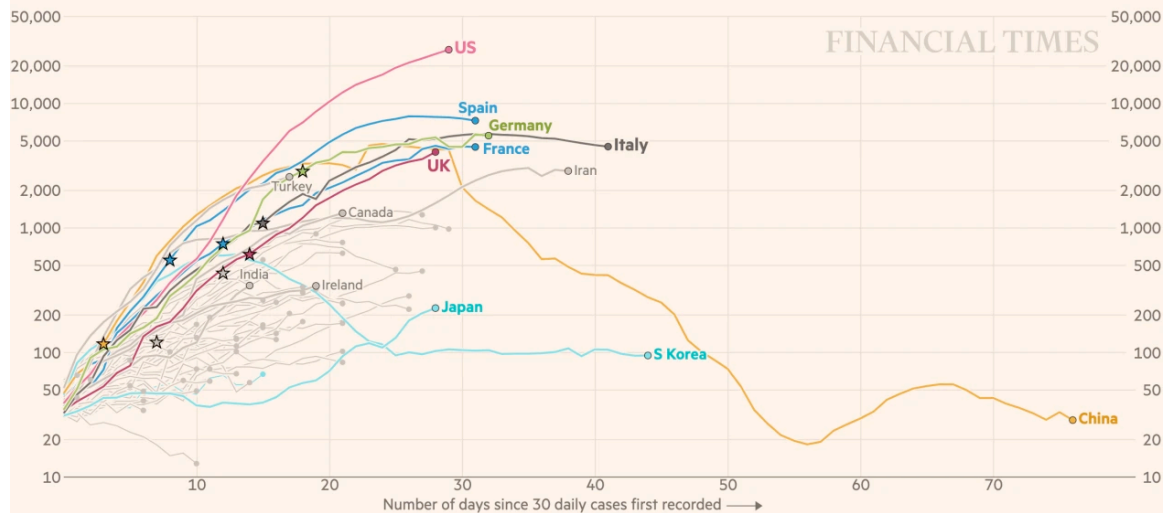
In both Kansas and the US, cases have doubled in the past week.

COVID-19 Deaths by Country

Italy has turned the corner, with numbers of new cases now in decline, following in China's footsteps

Daily confirmed cases (7-day rolling average), by number of days since 30 daily cases first recorded

Stars represent national lockdowns ★

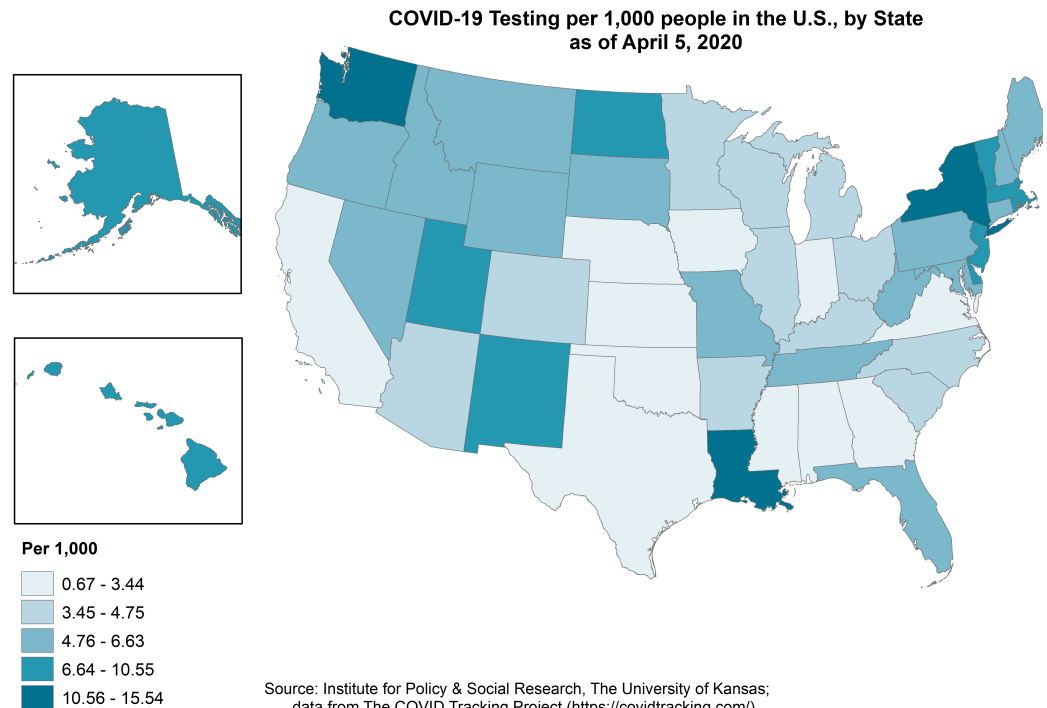


FT graphic: John Burn-Murdoch / @jburnmurdoch
Source: FT analysis of European Centre for Disease Prevention and Control; Worldometers; FT research. Data updated April 05, 19:00 GMT
© FT

- Financial Times shows that US cases are continuing to increase.
- Source: <https://www.ft.com/coronavirus-latest>

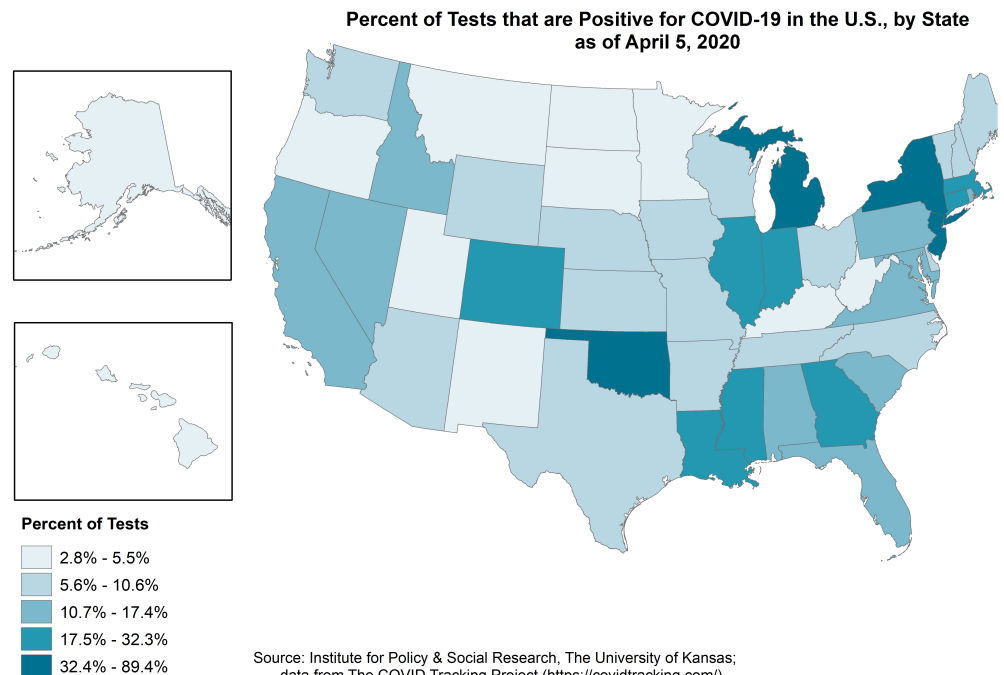
Testing has been uneven across the country

- We used data from the COVID Tracking project to calculate the number of tests per 1,000 people in each state
 - Kansas has performed only 2.82 tests per 1,000 people.
 - Missouri has surpassed Kansas.

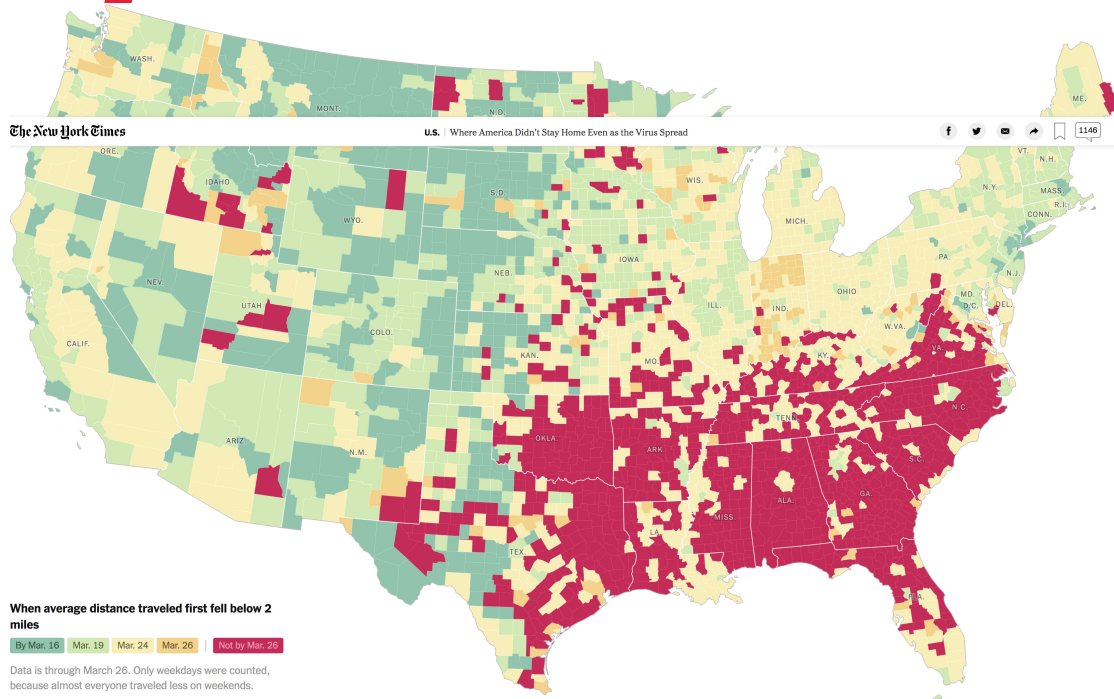


Testing Results are also Uneven

- We used data from the COVID Tracking project to calculate the share of positive tests.
 - 10% of Kansas are positive.
- 30% of tests return a false negative.
 - This also contributes to the undercount.

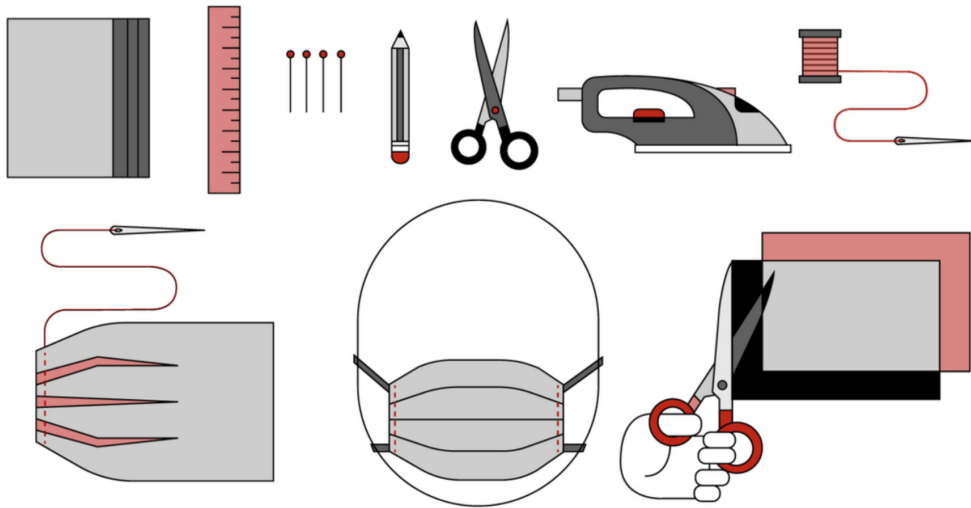


Shelter-in-place Orders are Being Ignored in Some Places



- Red indicates that people are traveling more than 2 miles as of March 26th. This is a measure of not sheltering in place.
- Green indicates sheltering in place started by March 16th.

New Policy Recommendation—Wear a Mask



- Masks help prevent the spread of COVID-19
- Shortage of masks across the country
- Make your own!

How to make your own face mask

Source:

<https://www.cnn.com/2020/04/04/health/how-to-make-your-own-mask-wellness-trnd/index.html>

We're Undercounting Cases in the US

- The following website uses estimates from the Lancet to extrapolate the number of true case in the U.S.
- Given that there are 9,647 deaths as of today (April 6th) and the case fatality rate is .7%
 - Assume that those 9,647 were infected 23 days ago
 - This gives us 1.4 million US cases 23 days ago
 - Extrapolating forward, 4.5 million actual cases in the US today
 - We're only observing 7.5% of US cases
- Source: <https://observablehq.com/@danyx/estimating-sars-cov-2-infections>

We're Undercounting Cases in Kansas

- The following website uses estimates from the Lancet to extrapolate the number of true case in the U.S.
- Given that there are 23 deaths as of today (April 6th) and the case fatality rate is .7%
 - Assume that those 23 were infected 23 days ago
 - This gives 3,286 Kansas cases 23 days ago (March 13th)
 - Extrapolating forward, 13,070 actual cases in Kansas today
 - We only observe 5.8% of total Kansas cases
- Source: <https://observablehq.com/@danyx/estimating-sars-cov-2-infections>

We're Undercounting Deaths

The New York Times

Official Counts Understate the U.S. Coronavirus Death Toll

Inconsistent protocols, limited resources and a patchwork of decision-making has led to an undercounting of people with the coronavirus who have died, health experts say.

By **Sarah Kliff** and **Julie Bosman**

April 5, 2020, 12:36 p.m. ET

- We haven't tested enough.
- Until recently, states did not have guidance on how to attribute cause of death to COVID-19

Source: <https://www.nytimes.com/2020/04/05/us/coronavirus-deaths-undercount.html?action=click&module=Spotlight&pgtype=Homepage>



COVID-19 and the US & Kansas Economies

It's not good.

The Stock Market: January 1 – April 3, 2020



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

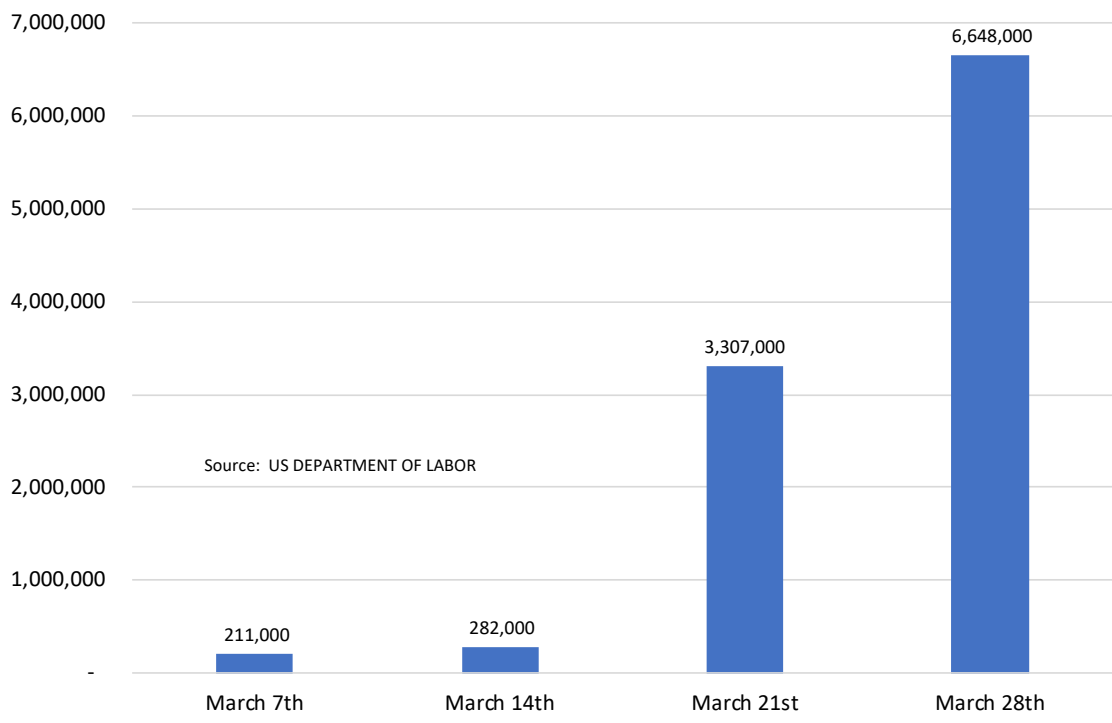
The Dow Jones Industrial Average peaked at 29,348 on February 12th.

- It bottomed out on March 23rd, and recovered to 21,052 on April 3rd.
- Down about 27% since the peak

Nasdaq has followed a similar pattern.

Unemployment Claims Set Another Historic Record

Initial Unemployment Claims (Seasonally Adjusted),
Month of March 2020



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

- US Initial Unemployment Claims set another record 6.6 million for the week of March 21st
 - Double the number of the week before
 - Over 10 million unemployed in two weeks.
- The March Unemployment rate of 4.4% was based on data from the week of March 12th.
 - It is an undercount.

Kansas Initial Unemployment Claims by Industry as a Share of Total Employment

| Industry | Share of Total Employment |
|---|---------------------------|
| Mining | 5.99%*** |
| Utilities | 0.00% |
| Construction | 4.96%*** |
| Wholesale Trade | 1.68% |
| Information | 4.24% |
| Finance and Insurance | 0.66% |
| Real Estate and Rental and Leasing | 5.19%*** |
| Professional, Scientific, and Tech Ser. | 2.19% |
| Management of Companies | 0.28% |
| Administrative and Waste Services | 4.19% |
| Educational Services | 8.93%*** |
| Health Care and Social Assistance | 4.19% |
| Arts, Entertainment and Recreation | 19.07%*** |
| Accommodation and Food Services | 14.33%*** |
| Other Services (except Government) | 10.01%*** |
| Government | 0.14% |
| Manufacturing | 11.76%*** |
| Retail Trade | 4.09% |
| Transportation and Warehousing | 3.99% |

- I calculated the share of initial unemployment claims for all of March over total employment by industry in February, 2020

- The service sector is and will continue to be hammered.
- Manufacturing, Entertainment, Other Services have double-digit unemployment.



Economic Research on COVID-19

- Dingel & Nieman (2020) estimate that only 34% of jobs can be done at home.
 - Source: <https://www.nber.org/papers/w26948>
- Alon et al (2020) argue that women will be more affected by this recession because women are more likely to be employed in the service sector.
 - Source: <https://www.nber.org/papers/w26947>
- Berger, Herkenhoff & Mongey (2020) argue that more testing along with targeted quarantines could reduce the economic impact of the virus.
 - Source: <https://www.nber.org/papers/w26901>

This is Just the Tip of the Iceberg: The US Economy is Rapidly Closing Down

- Stock Market is Volatile
- Unemployment Claims hit Historic Highs
 - Service Sector is hurting
- What Does the Future Hold?
 - Some economic forecasts predict double-digit declines in 2nd Quarter GDP.

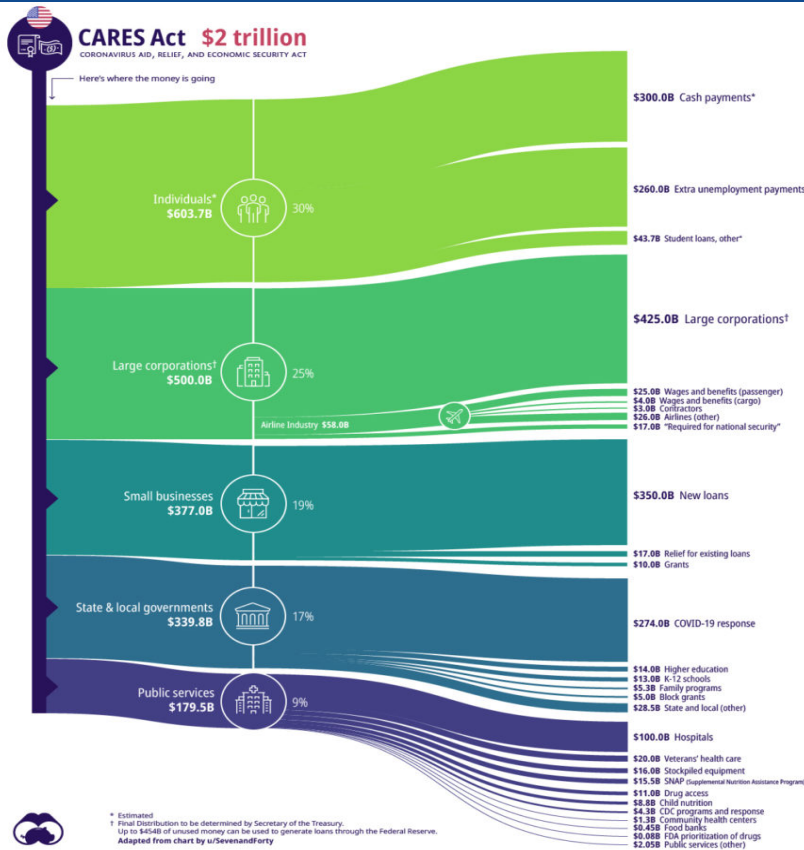




The Policy Response

Still Needing CARE

Coronavirus Aid, Relief and Economic Security (CARES) Act



- Passed last week—provides \$2 Trillion to support all aspects of the US economy.
- Something for everyone



Source: MS Magazine

<https://msmagazine.com/2020/03/31/so-whats-included-in-that-2-2-trillion-coronavirus-stimulus-package-and-whats-missing/>

Still Needing CARE—Health Insurance

- Health Coverage for the Uninsured
 - 27.9 million uninsured
 - 10 million people unemployed will be needing health insurance in coming months
 - Additional funds for the unemployed to purchase health insurance on the marketplaces
 - Expand Medicaid in Kansas and other non-expansion states

Still Needing CARE—SNAP

- SNAP—Supplemental Nutrition Assistance Program
 - Provides \$1.40 per person per meal of food assistance
- CARES Act Expanded SNAP benefits
 - A bit less than \$100 per month per family
 - States can expand SNAP during the public health crisis
 - What about during a slow recovery?
- Food Assistance is a pressing issue.
 - Source: <https://www.cbpp.org/research/economy/cares-act-includes-essential-measures-to-respond-to-public-health-economic-crises>

Still Needing CARE—Food Assistance

LJWORLD.COM®
LAWRENCE JOURNAL-WORLD

April 5, 2020 Lawrence Journal World

Just Food, county food pantries see spike in demand amid pandemic; donations needed



photo by: Kim Callahan

Vehicles back up on East 11th Street as clients wait to pick up food shortly after 12:30 p.m. Friday

- Across the country, food pantries are seeing huge increases in clients
- Mass unemployment is creating a huge need for basic necessities
- CARE Act Unemployment payments and checks haven't yet arrived.

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Still Needing CARE—TANF

- TANF—Temporary Assistance for Needy Families
 - Provides cash welfare to needy families
- During the Great Recession a TANF Emergency Fund was created to help families and children during the economic downturn.
 - Time limits on benefits could be waived until the economy recovers.
 - This was not part of the CARES Act
 - Read more at: <https://www.cbpp.org/research/economy/cares-act-includes-essential-measures-to-respond-to-public-health-economic-crises>

Still Needing CARE—The States

TABLE 1
COVID-19 Pandemic Expected to Cause Sharp Revenue Drops in States

| State | Amount | Percent of Pre-COVID-19 projections | Source | Date |
|--|---|-------------------------------------|--|----------------------|
| Preliminary Estimated General Fund Revenue Declines in Fiscal Year 2020 | | | | |
| Arkansas | \$353 million | 6 percent | Department of Finance and Administration | March 23 |
| Colorado | \$396 million | 3 percent | Office of State Planning and Budgeting | March 16 |
| Michigan | \$1 to \$3 billion | 4–12 percent | Treasury, Budget Office, press report | March 30 |
| Oklahoma | \$219 million | 3 percent | Appropriations Chair | March 31 |
| Vermont | \$224 million | 14 percent | Joint Fiscal Office | March 25 |
| Preliminary Estimated General Fund Revenue Declines in Fiscal Year 2021 | | | | |
| Alaska | \$600 million | 20 percent | Legislative Finance Division, press report | March 13 |
| Colorado | \$750 million | 6 percent | Office of State Planning and Budgeting | March 16 |
| Colorado-recession scenario | \$1.8 billion | 13 percent | Office of State Planning and Budgeting | March 16 |
| Hawaii | \$319 million | 4 percent | Council on Revenues | March 20 |
| Kentucky | \$115 million | 1 percent | House Budget Chair, press report | March 25 |
| Michigan | \$1 to \$4 billion | 4–16 percent | Treasury and Budget Office, press report | March 30 |
| New Mexico | \$1.5-\$2 billion | 20–27 percent | Senate Finance Committee, press report | March 31 |
| New York | \$4 – \$7 billion \$9 - \$15 billion | 5–8 percent 9–17 percent | Comptroller, State Budget Director, press report | March 17 March 24 |
| Oklahoma | \$250 - \$500 million | 4–7 percent | Appropriations Chair | March 31 |
| Virginia | \$1 billion | 4 percent | Secretary of Finance, press report | March 24 |

- By putting the economy in a coma, state tax revenues will drop precipitously.
- Sales taxes are less cyclical than income taxes but will still drop
- This will mean budget cuts unless the Federal Government steps in.



The Economy is Closed for Business

Until Further Notice

The Economy is Closed for Business

The New York Times | <https://nyti.ms/2XgRamL>

U.S. Is Nowhere Close to Reopening the Economy, Experts Say

Here's what economists say the United States needs to start returning to normal amid the coronavirus outbreak — and how the economy can survive in the meantime.



By Jim Tankersley

April 6, 2020 Updated 3:06 p.m. ET

“Essentially, economists say, there won't be a fully functioning economy again until people are confident that they can go about their business without a high risk of catching the virus.”

Source: <https://www.nytimes.com/2020/04/06/business/economy/coronavirus-economy.html?action=click&module=Top%20Stories&pgtype=Homepage>

The Economy is Closed for Business

- We have not bent the curve of COVID-19 cases.
- To determine when to restart activity, said R. Glenn Hubbard, a former top economist under President George W. Bush, “we need more information.”
 - We don’t know what we don’t know because of the lack of testing.
 - Without better testing, we can’t restart the economy

National Coronavirus Response: A Roadmap to Reopening

- In each state needs to be able to:
 - Have hospitals that can safely treat all patients without crisis standards of care
 - Test everyone who has symptoms
 - Monitor confirmed cases and their contacts (e.g. contact tracing)
 - Have a sustained reduction in cases for at least 14 days

Source: Gottlieb et al. <https://www.aei.org/wp-content/uploads/2020/03/National-Coronavirus-Response-a-Road-Map-to-Recovering-2.pdf>

It All Comes Down to Testing

- We need reliable testing
 - For COVID-19
 - For COVID-19 Antibodies
- Without testing we're in economic purgatory.

Economic Impacts of COVID-19

- In future lectures we will continue to monitor the economic fallout from the COVID-19 epidemic.
- 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**

Resources

- <https://msmagazine.com/2020/03/31/so-whats-included-in-that-2-2-trillion-coronavirus-stimulus-package-and-whats-missing/>
- <https://www.cbpp.org/research/economy/cares-act-includes-essential-measures-to-respond-to-public-health-economic-crises>
- <https://tcf.org/content/report/whats-good-whats-missing-congress-3rd-covid19-emergency-response-package/?agreed=1>
- <http://www.igmchicago.org/igm-economic-experts-panel/>
- <https://observablehq.com/@danyx/estimating-sars-cov-2-infections>