

Is Help on the Way for Our Struggling Economy?

Donna K. Ginther

Roy A. Roberts Distinguished Professor of Economics
Director, Institute for Policy & Social Research, University of Kansas
Research Associate, National Bureau of Economic Research

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KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

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.
- 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.

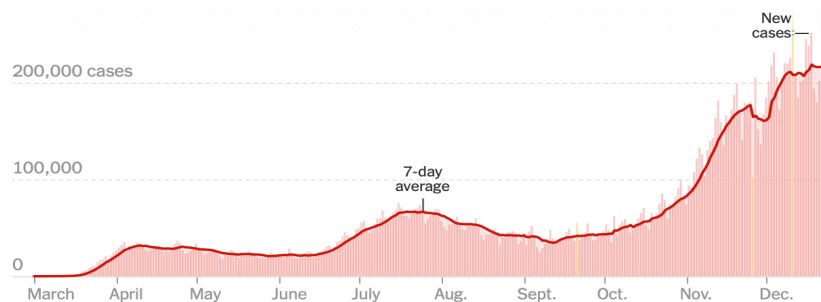
Overview

- Update on COVID-19 in Kansas and the United States
- What's happened to the US & Kansas economies so far?
- What do the new data tell us about the future economy?
- Will Congress Act to prevent a W-shaped recession?
 - If so, will it be enough?

We Have Exceeded 18.2 Million Cases & 323,000 Deaths

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

Updated December 23, 2020, 12:12 A.M. E.T.
[Leer en español](#)

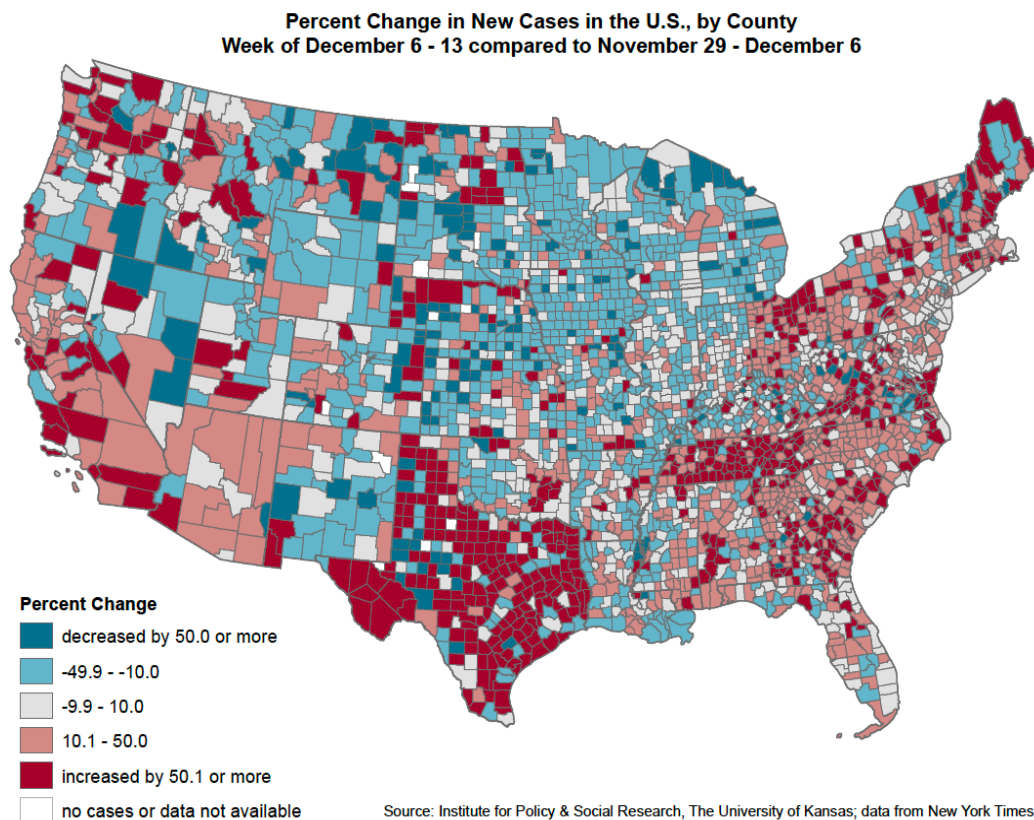


	TOTAL REPORTED	ON DEC. 22	14-DAY CHANGE
Cases	18.2 million+	201,674	+4% →
Deaths	323,002	3,239	+18% →
Hospitalized		117,777	+13% →

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

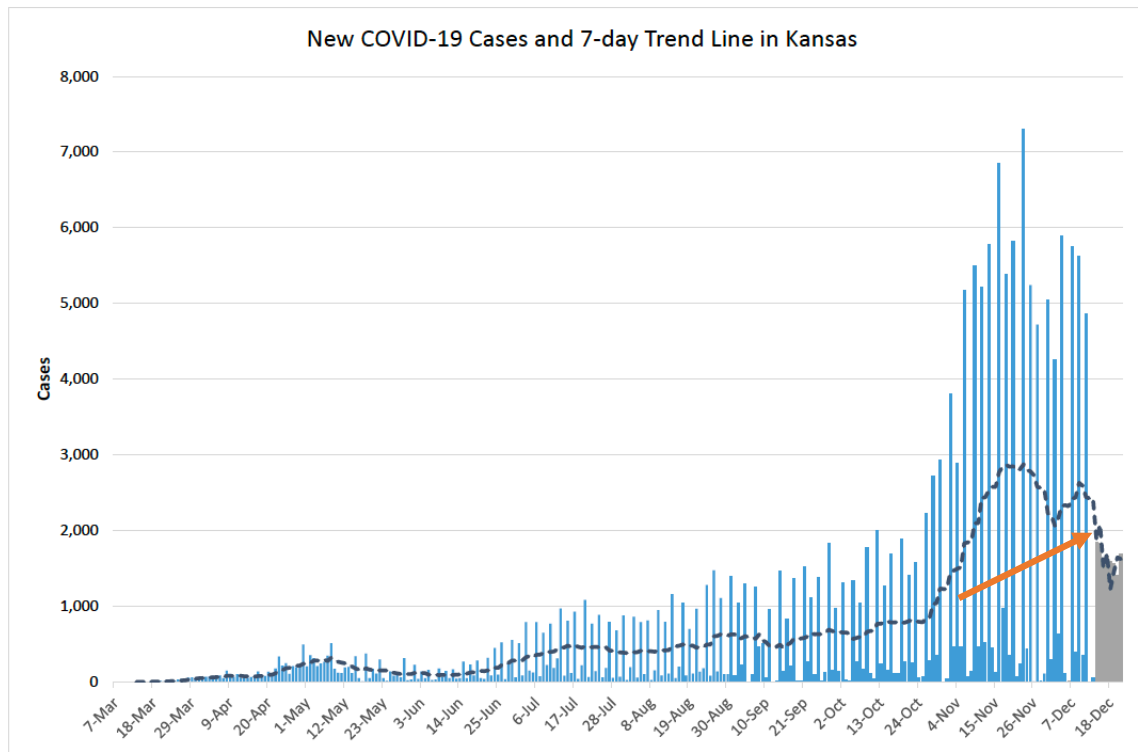
- In the past week we've averaged 216,000 cases per day.
- This is an increase of 18% compared to last week.
- Now over 3,239 deaths per day.

Covid Cases Are Declining in the Midwest



- Map showing the increases in new cases by county between the weeks of December 6th and December 13th
- Dark red counties indicate those that saw an increase of 50% or more
 - Cases are starting to decrease in Western Kansas.

Troubling News: Kansas Daily Cases Are Increasing

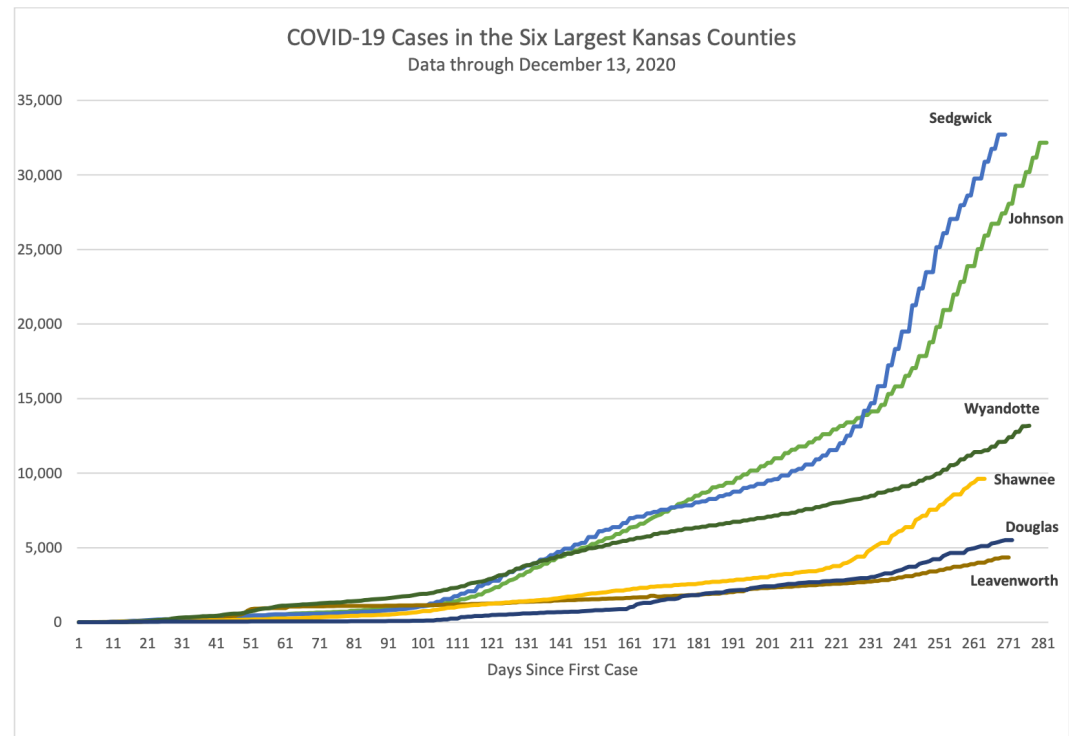


Source: Institute for Policy & Social Research, The University of Kansas; cases (blue) from the New York Times and projected cases (grey) from The University of Kansas Medical Center.

- The 7-day moving average of new cases trended up in the past week.
- Cases are increasing:
 - Cases are forecast to fall but remain at a high level.

Growth in COVID-19 Cases Has Varied by County

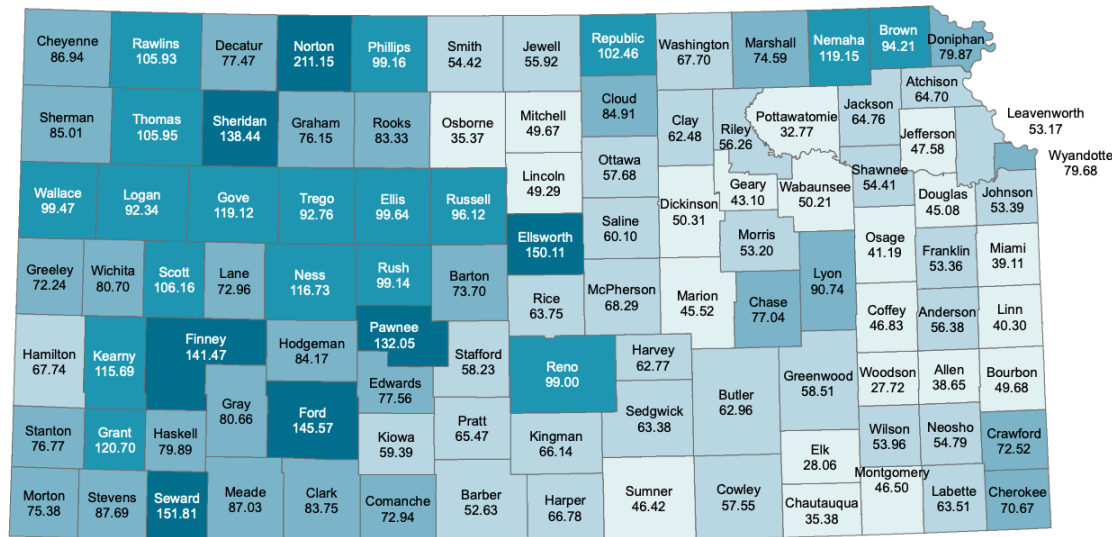
- In the six largest counties, growth rates have varied significantly.
 - All curves are increasing.
 - Douglas County cases are 82 times higher since June 2.
 - Sedgwick, Johnson & Wyandotte Counties are steadily increasing.



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

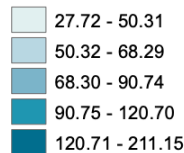
Case Rates by County

COVID-19 Cases per 1,000 People in Kansas, by County
as of December 13, 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:

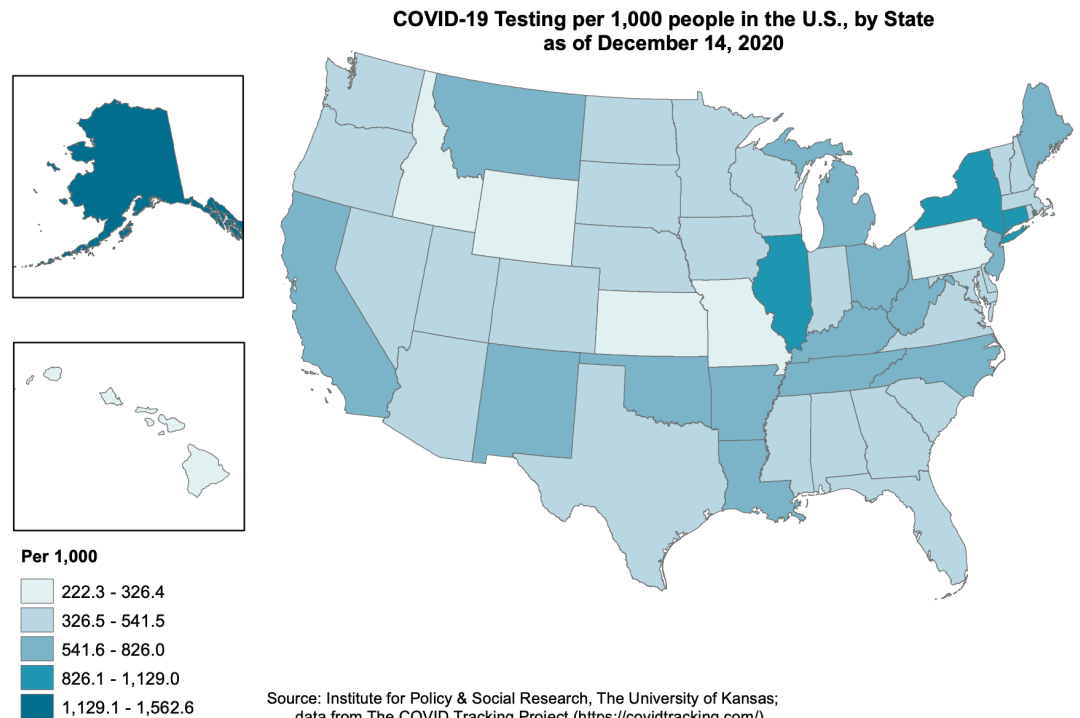
- Ford, Seward, and Finney Counties have case rates that are > 141 per 1,000
- Douglas, Sedgwick & Johnson Counties have case rates of 45-63 per 1,000
- Leavenworth & Wyandotte Counties have case rates of 53-79 per 1,000

Source: New York Times & US Census Bureau

Kansas Has Fewer Tests and Higher Positivity Rates

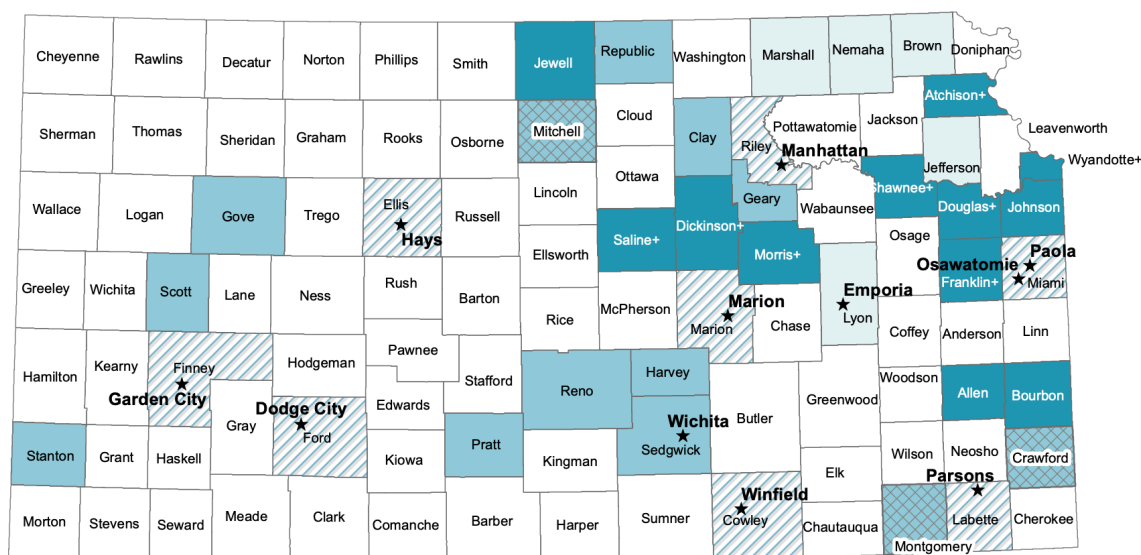
- COVID Tracking Project data used to estimate tests per 1,000 people in each state.

- Kansas has performed only 305 tests per 1,000 people.
- The US average is 569 tests per 1,000.
- 20.8% of Kansas tests are positive which is higher than the US overall average of 8.6%.



Do Masks Work?

**Mask Mandates in Kansas, by County
as of November 17, 2020**



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

+ indicates county has a mask mandate in addition to other preventative policies.

**Mask Mandates by Date
of Implementation**

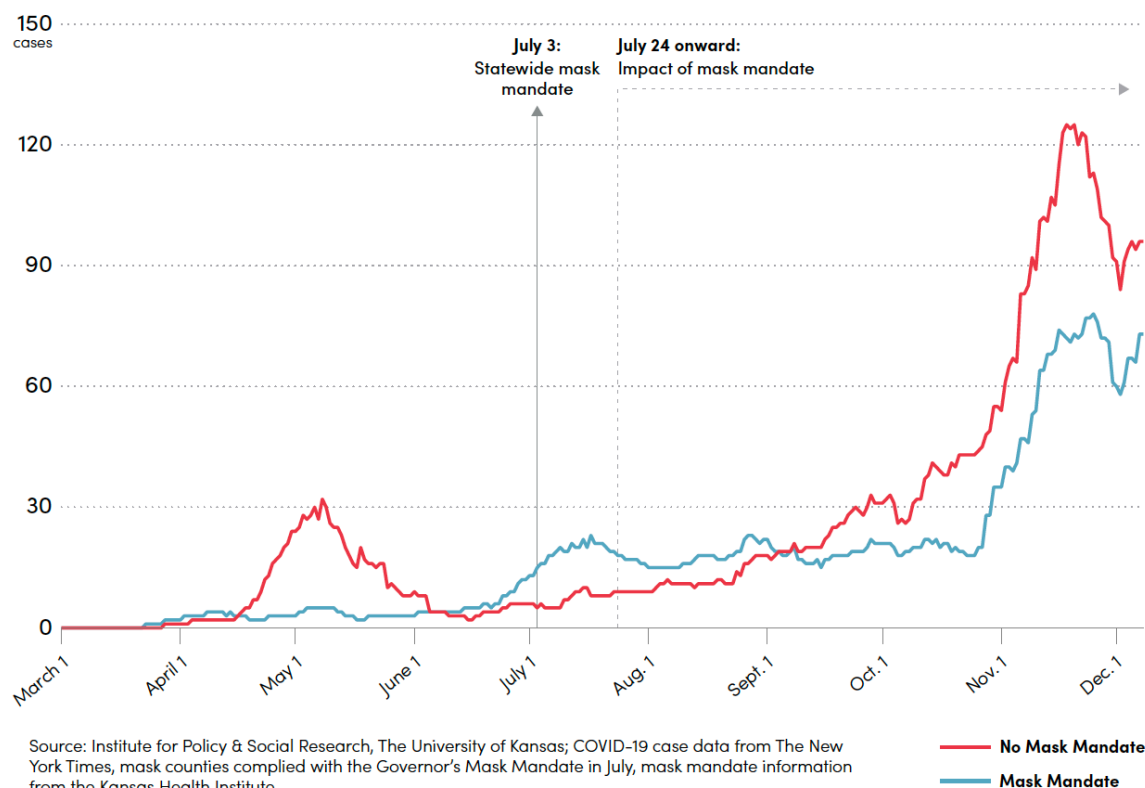


Source: IPSR, data from the Kansas Health Institute

- On July 3, 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.

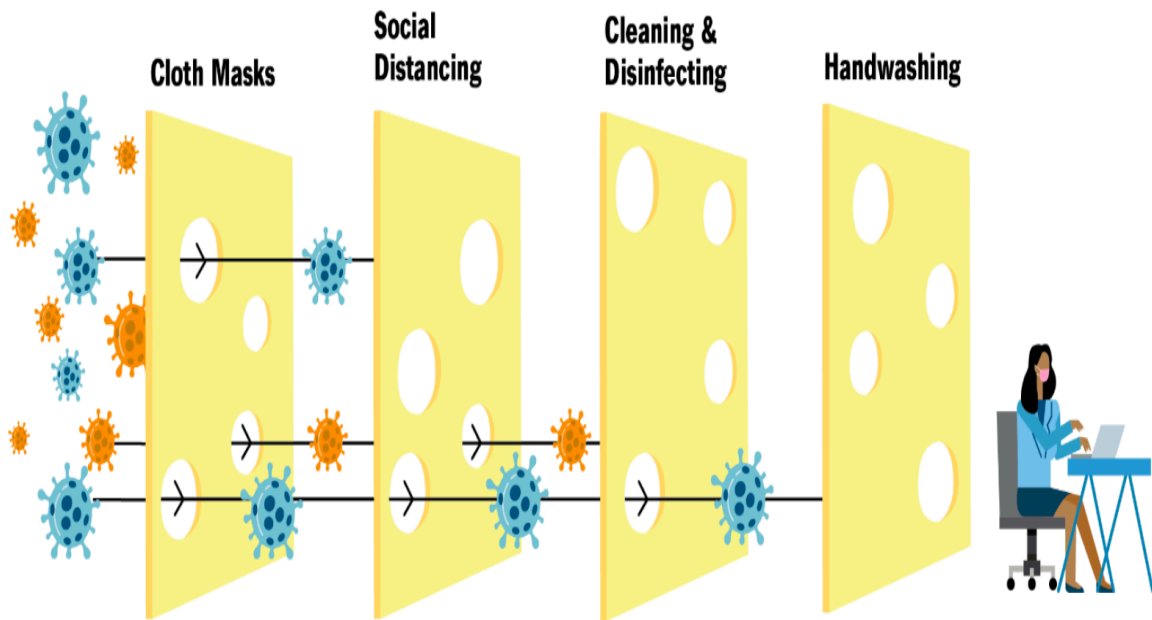
COVID Cases Remain Lower in Counties that had a Mask Mandate in July

Seven Day Moving Average of COVID-19 Cases per 100,000 population in counties with and without Mask Ordinances.
Cases through December 8, 2020




- Counties that adopted a mask mandate in July have significantly lower COVID 19 cases per 100,000 population.
- We estimate that mask mandates have reduced cases by 47% relative to the mean.
 - This means fewer sick people, hospitalizations and deaths!

Swiss Cheese Model of COVID Defense



- No single approach keeps you safe.
- Each intervention (e.g. social distancing) has holes.
- The more layers there are, the safer you are.

Source: <https://my.clevelandclinic.org/-/scassets/files/org/employer-solutions/covid-19-workplace-safety-faqs.ashx>



COVID-19 and the US & Kansas Economies

A Stalling Recovery

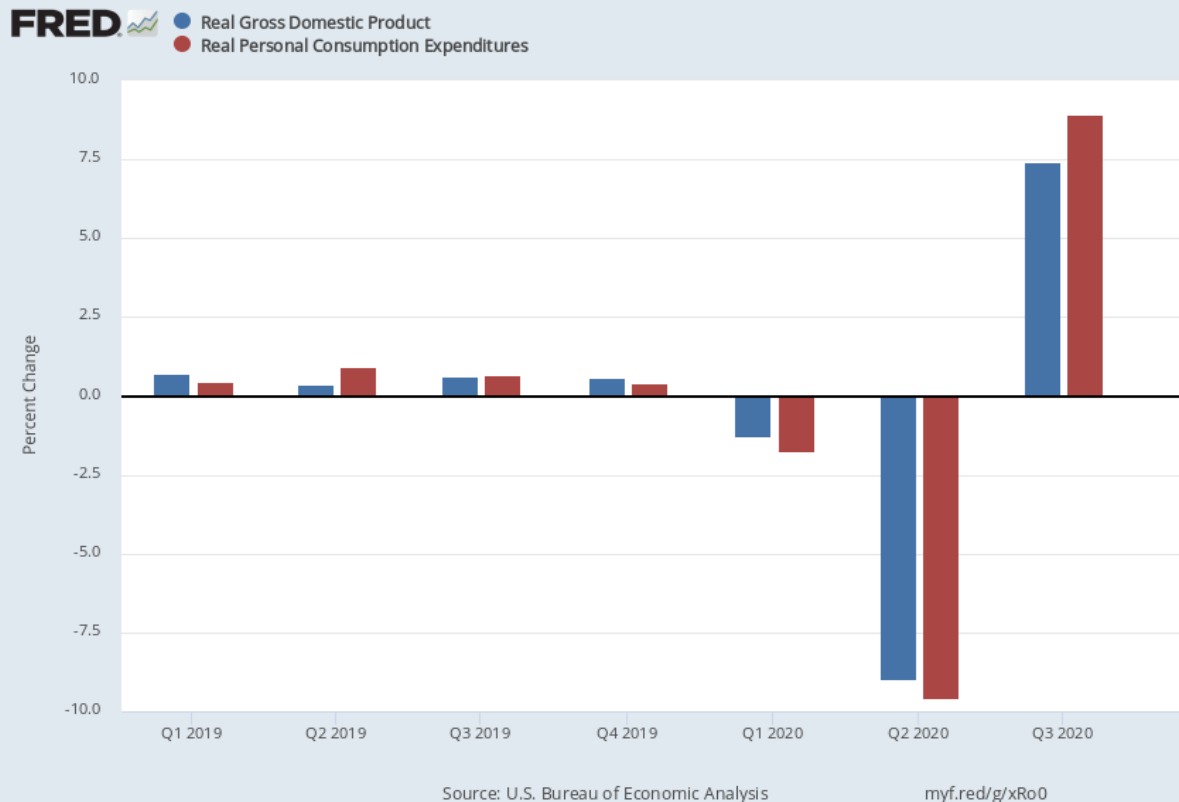
The Stock Market: January 1 – December 18



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

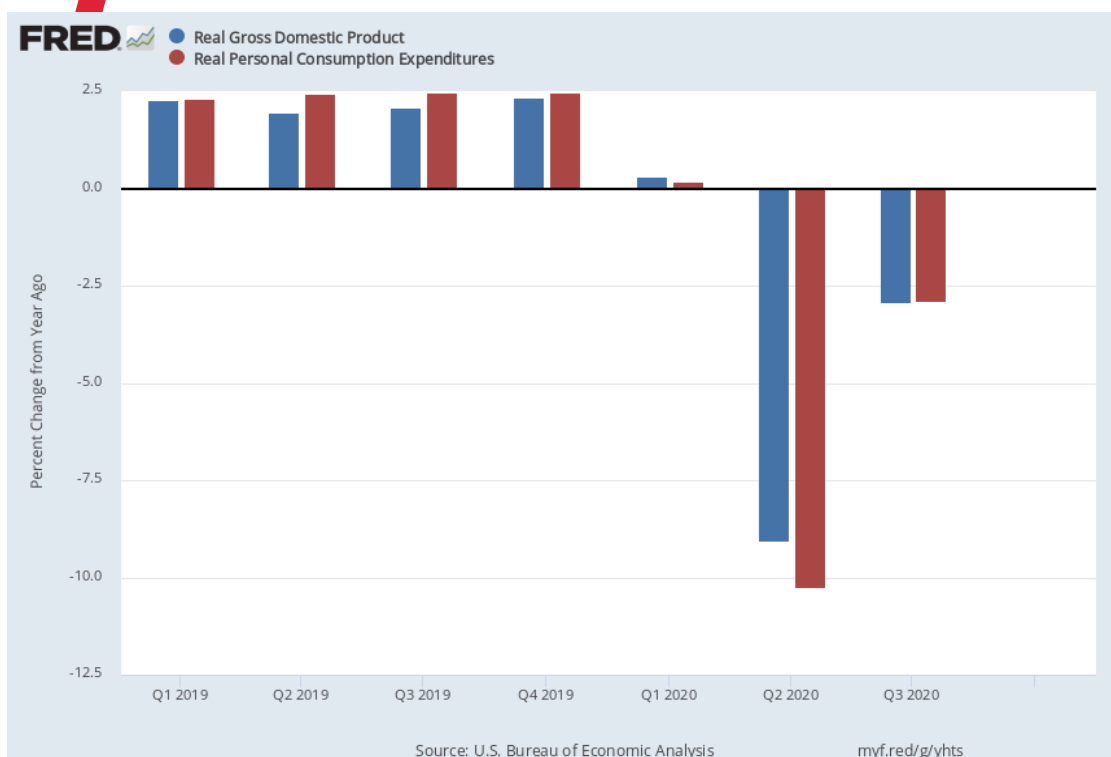
- The Dow Jones Industrial Average peaked at 29,348 on February 12.
 - It bottomed out on March 23, and has recovered to 30,179 on December 14.
 - It's up about 2% since the peak
- Nasdaq is up 36% for the year.
- Market continues to be volatile.

Gross Domestic Product Fell at Historic Rate



- Gross Domestic Product fell by around 9% in Q2.
- At an annualized rate, this is -32%.
- GDP rose 7.4% in Q3.
- Consumption (2/3rds of GDP) fell 9.6%, and then rose by 8.9%.

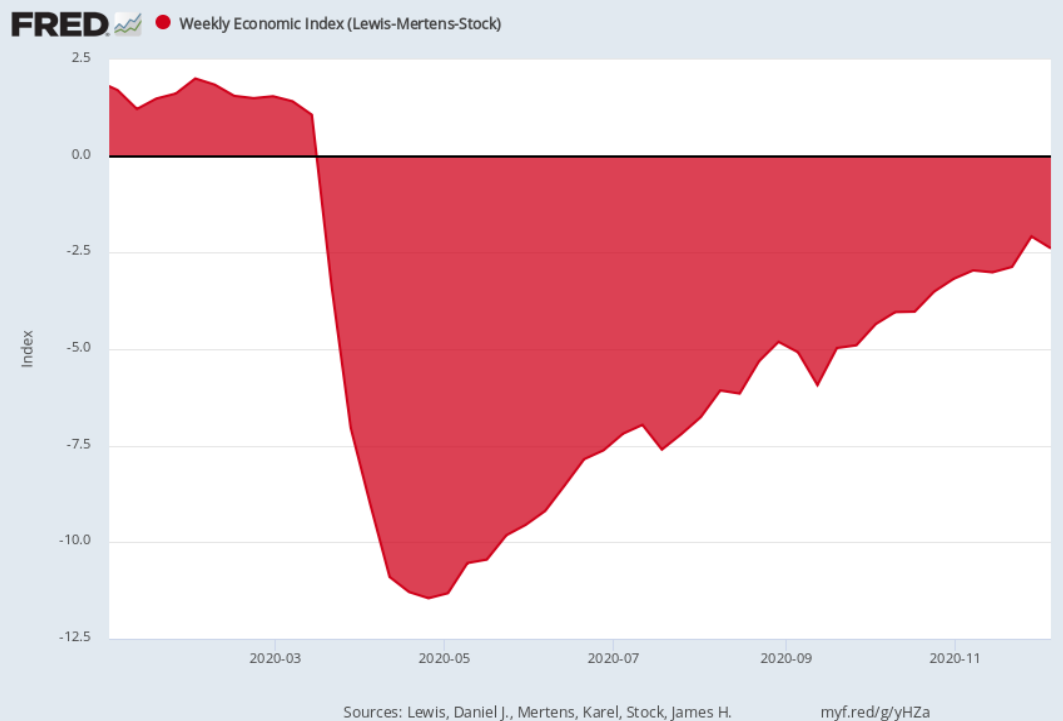
Gross Domestic Product Annual Rate



- Gross Domestic Product was still down 2.9% from a year ago in Q3.
- Consumption is also still down 2.9%

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

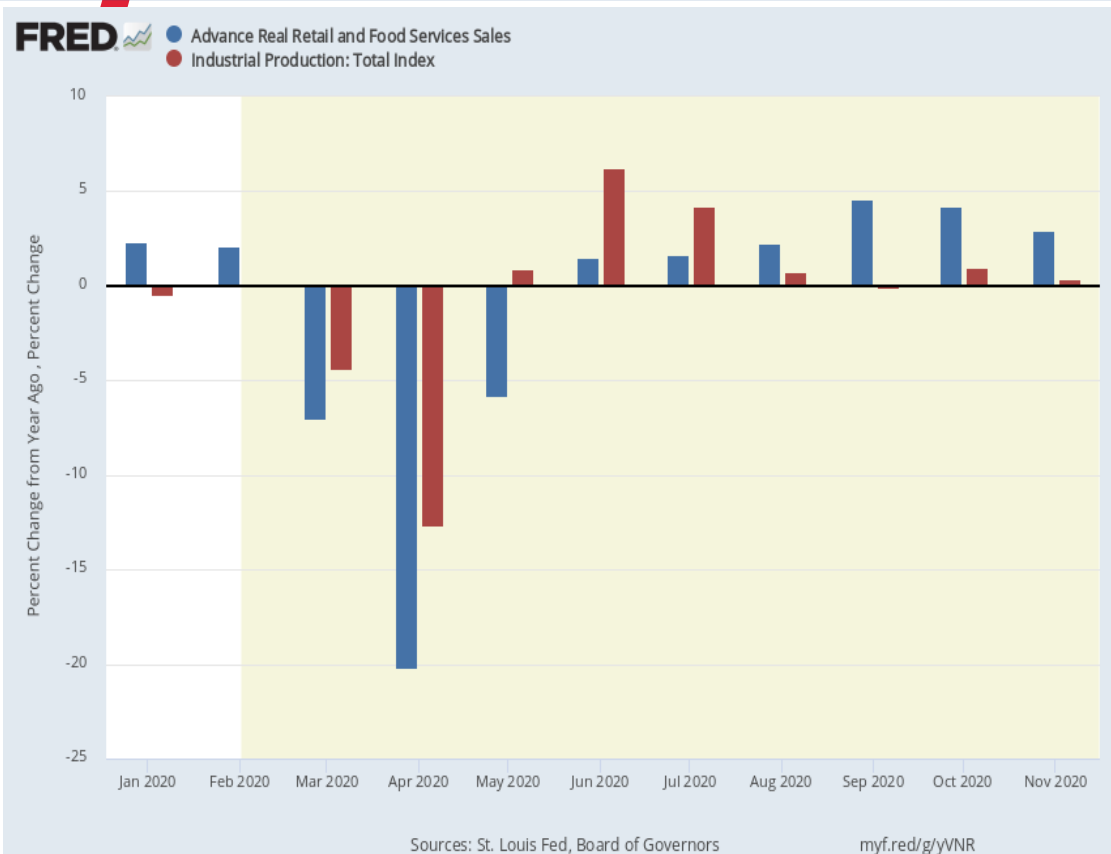
Weekly Economic Activity Index



- Lewis, Mertens & Stock have developed a Weekly Economic Activity Index that is scaled to 4th Quarter 2019 GDP growth.
 - The index has risen to -2.39%
 - This indicates that GDP for this quarter is forecast to be 2.39% lower for Q4.

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 in November



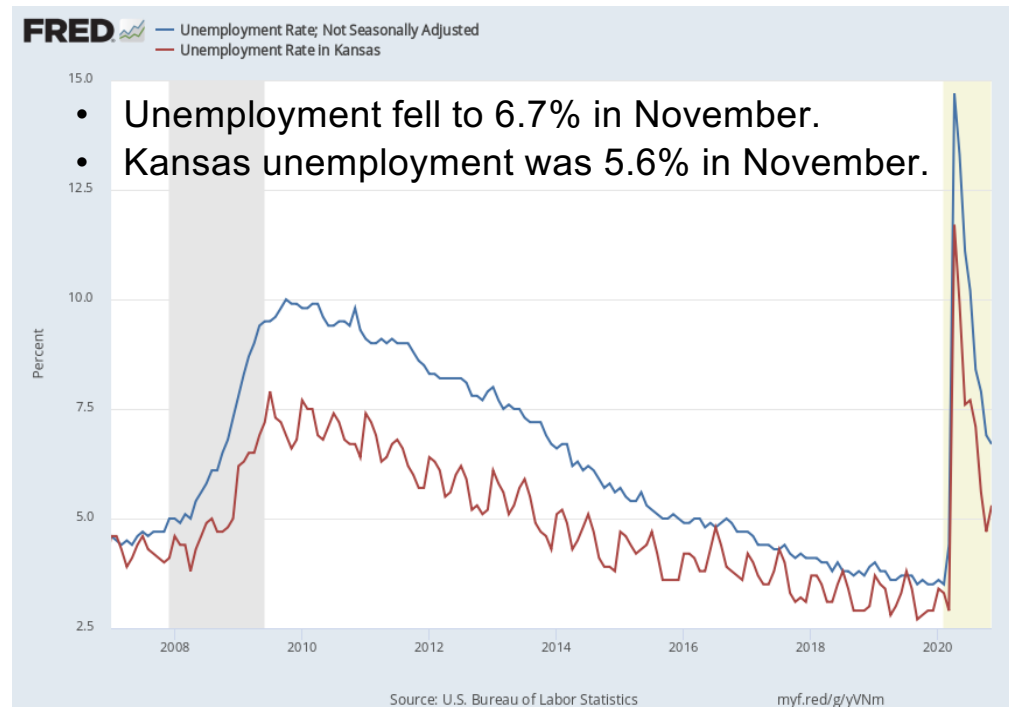
Source: <https://fred.stlouisfed.org>

- Compared to a year ago, retail sales are up 2.9%.
- Compared to a year ago, industrial production is up 0.39%
- Although sales have recovered, production has not.

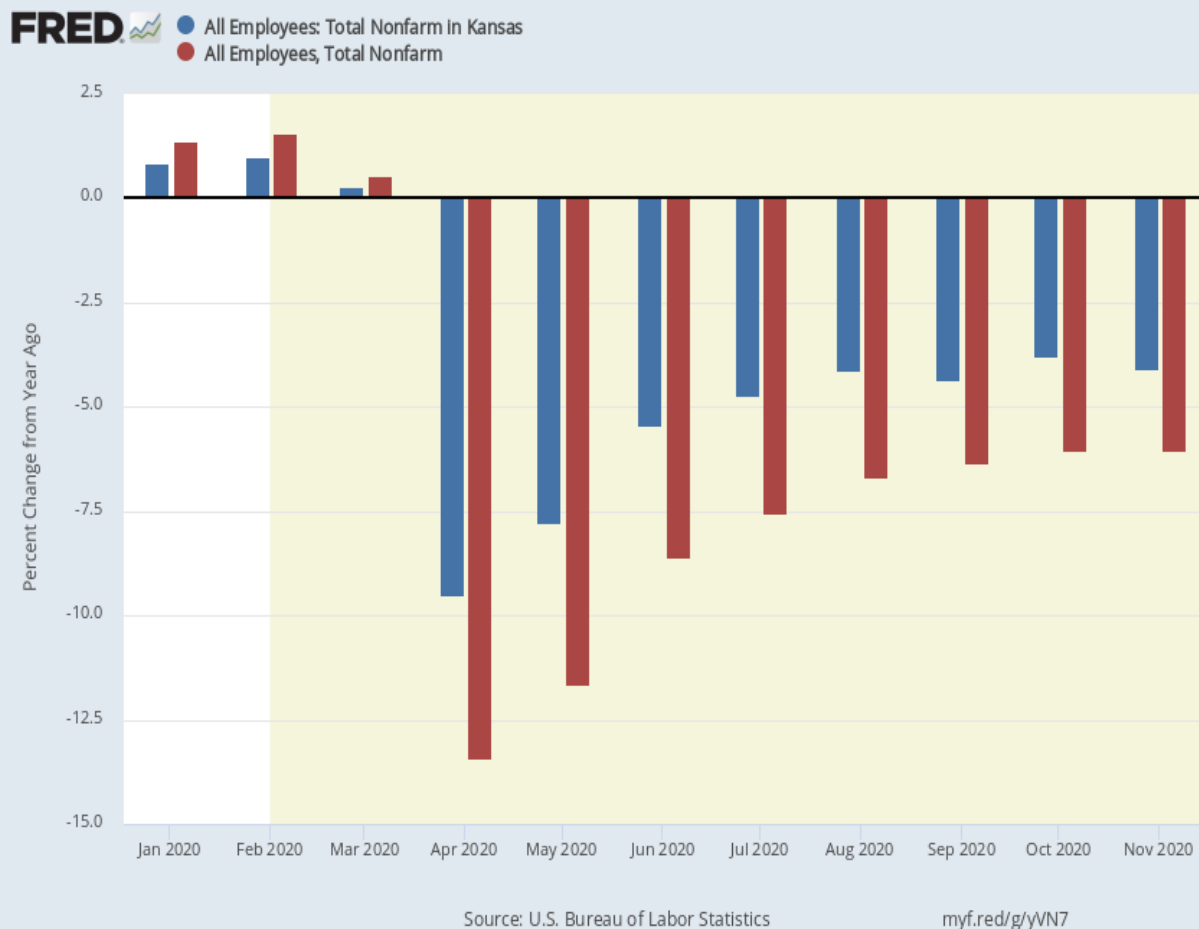
Employment & Unemployment November, 2020



- Employment rose by 0.17% in October.
- Service employment rose by 0.16%.

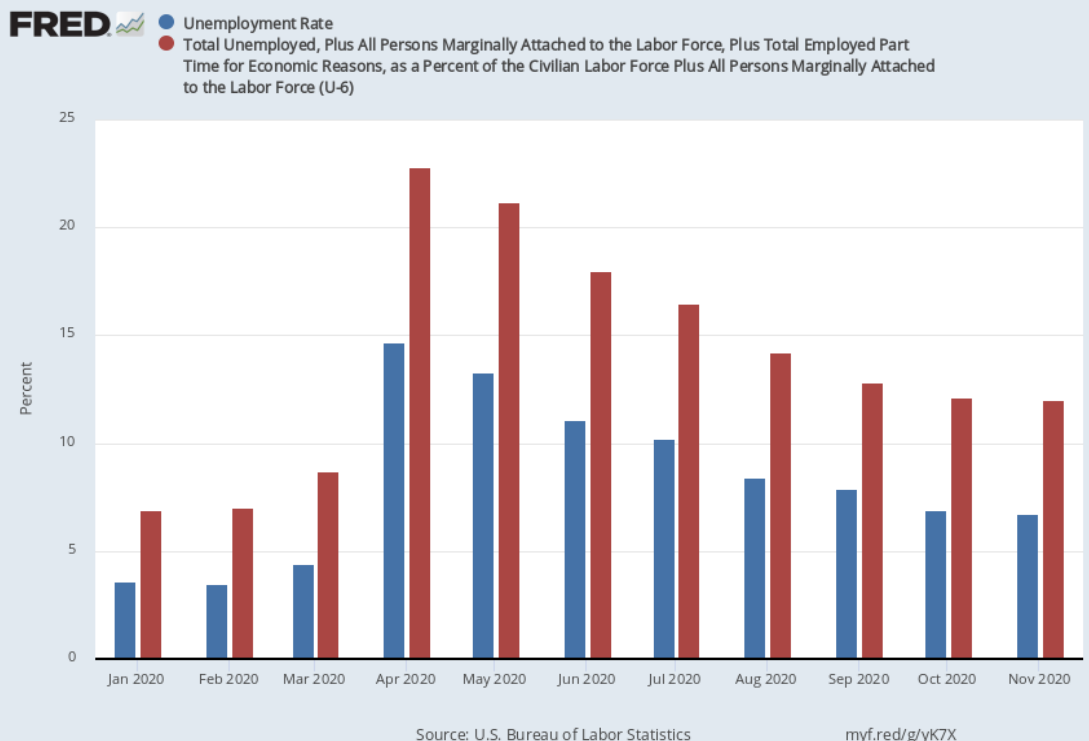


Employment in Kansas and US Compared to a Year Ago



Kansas employment was down 4.1% from a year ago in November. US employment down 6.1% compared to a year ago in November. Employment recovery has stalled.

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



- U-6 rate is a broader measure of unemployment
 - 12.0% in November and 12.1% in October.
- U-6 indicates that a large share of the workforce is experiencing hardship.

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

Prophetic Words from October

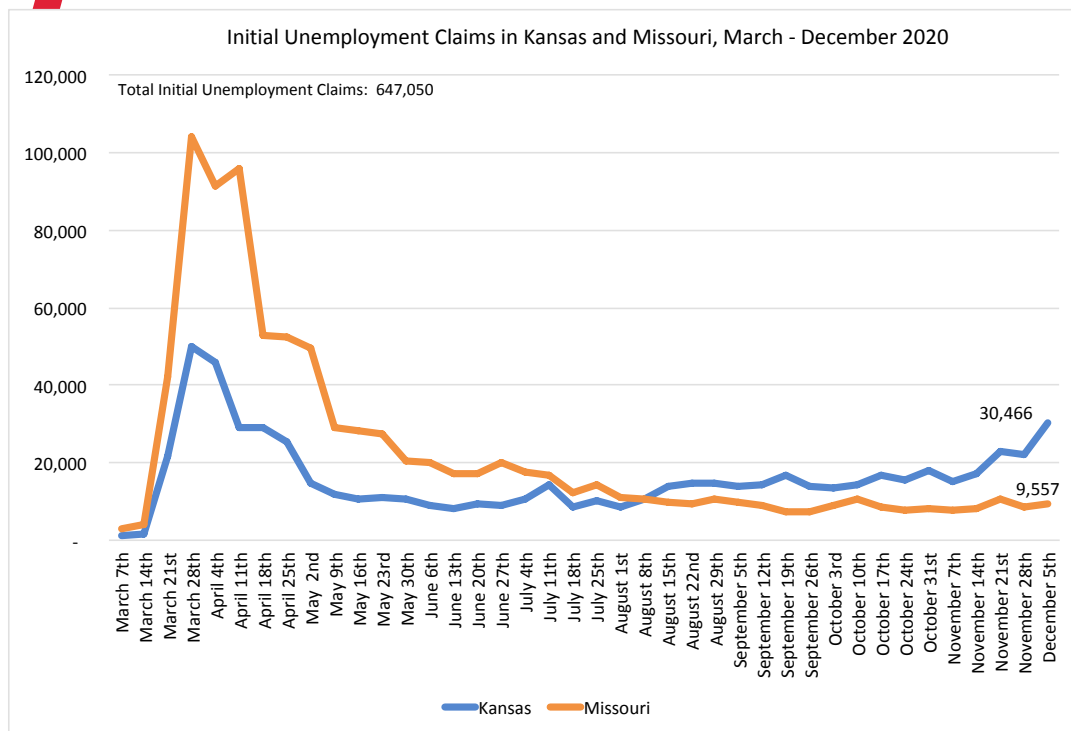


From Betsey Stevenson, University of Michigan

- We're now down 8.8 million fewer jobs
- Up to 315,000 dead

Source: <https://www.bisnow.com/national/news/economy/september-2020-jobs-report-106184>

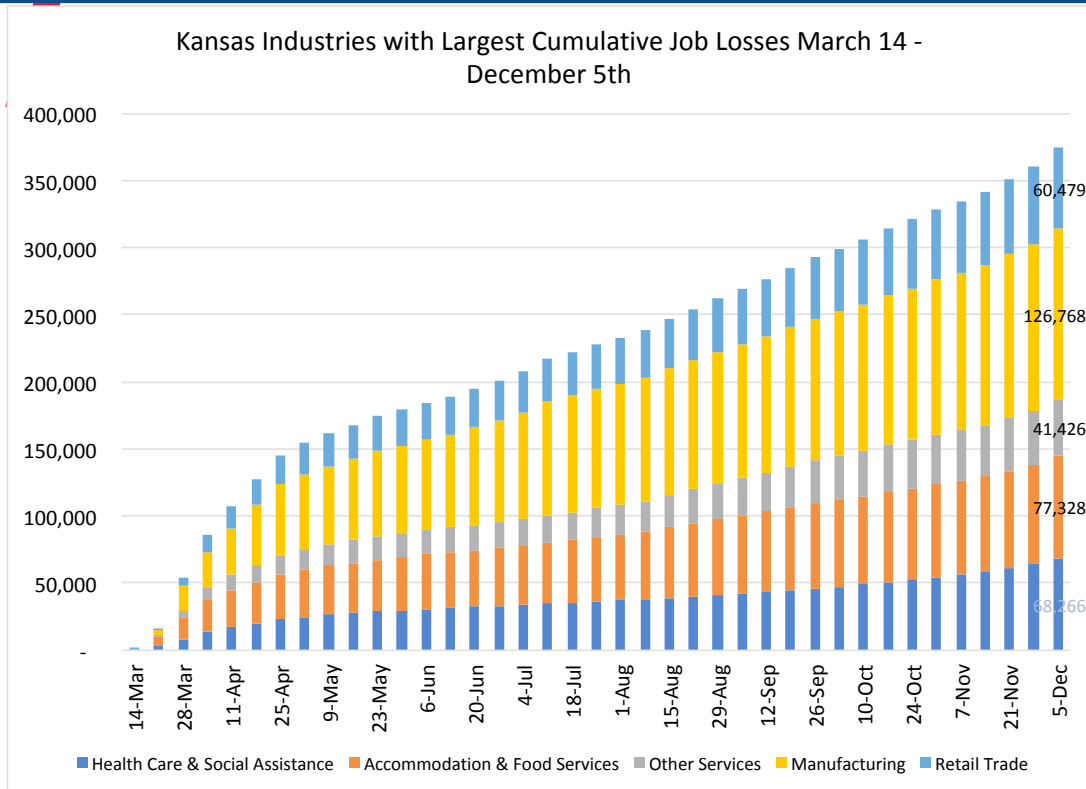
Unemployment Claims in Kansas and Missouri



Source: Calculations using KS and MO Department of Labor Data

- 30,466 people filed an initial claim in Kansas the week of December 5.
- Since March 14 a total of 647,050 workers have filed initial unemployment claims in Kansas.
- Initial claims remain stubbornly high.
 - Data is from March 14 – December 5.

Cumulative Initial Unemployment Claims by Industry

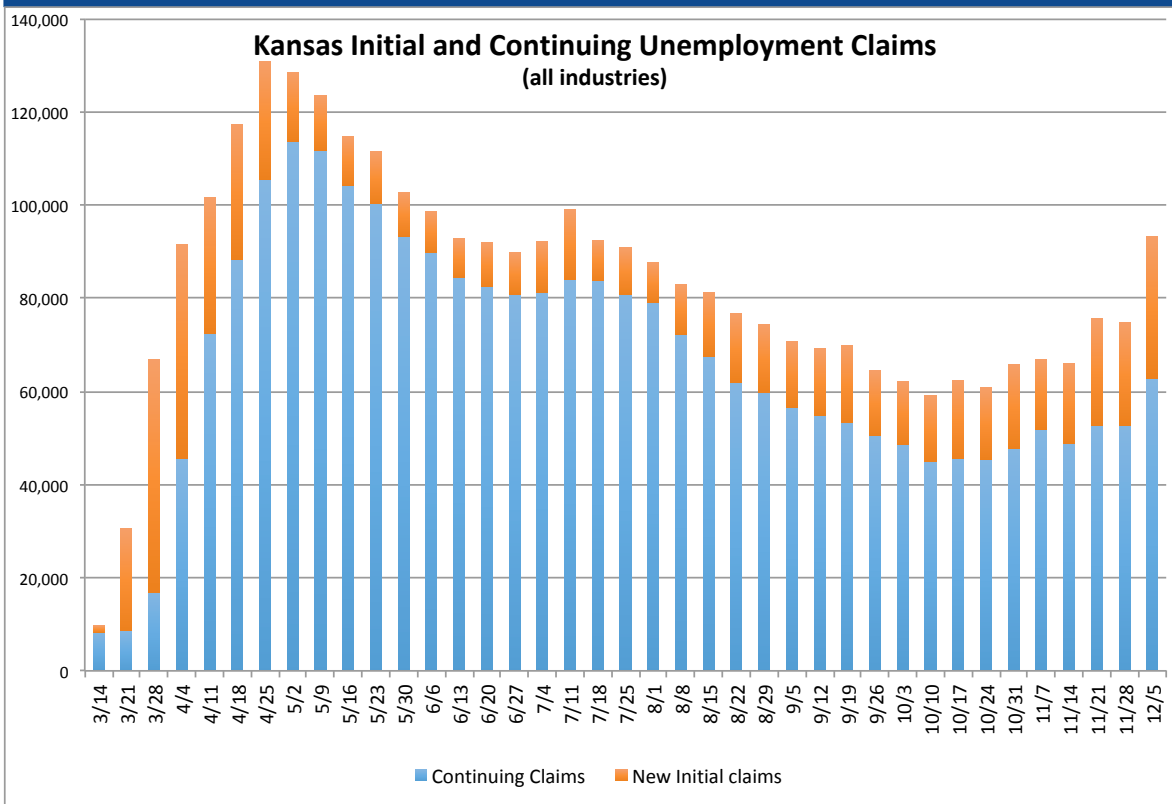


- Industries hardest hit include:

- Manufacturing: 126,768
- Accommodation & Food Services: 77,328
- Health care & Social assistance: 68,266
- Retail Trade: 60,479
- Other Services: 41,426
- These five industries account for 60% of people who have lost their jobs.

Source: Calculations using KS and MO Department of Labor Data

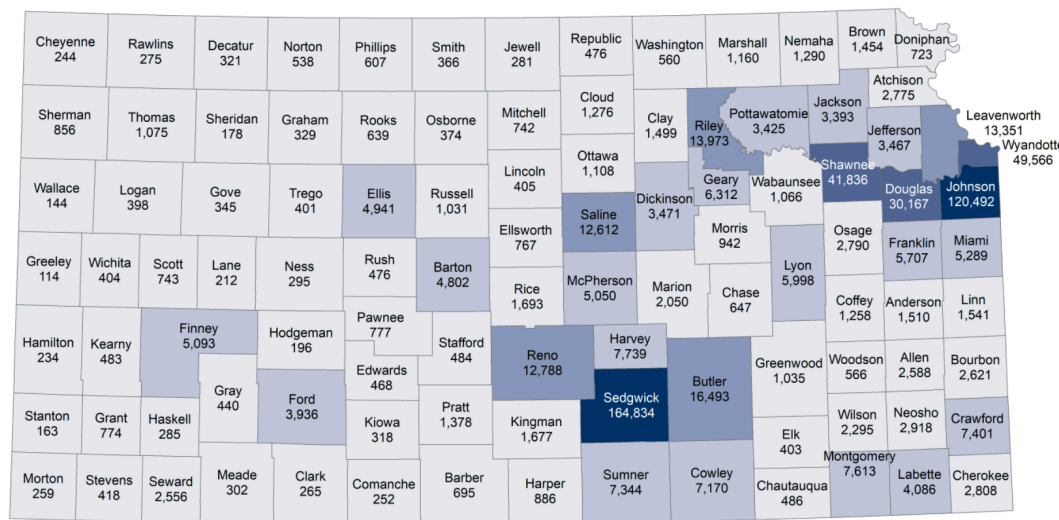
Unemployment in Kansas Remains High



- Kansas continuing and initial unemployment claims remain high.
- There are 51,896 continuing claims and 62,778 new initial claims as of the week ending November 7.
- State Unemployment ~5.5%.

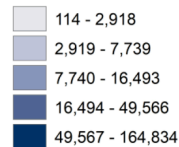
Cumulative Unemployment Claims by County

Initial Jobless Claims in Kansas, by County
March 21 - December 5, 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 - Dec 5



Top 5 Counties by Cumulative Initial Claims:

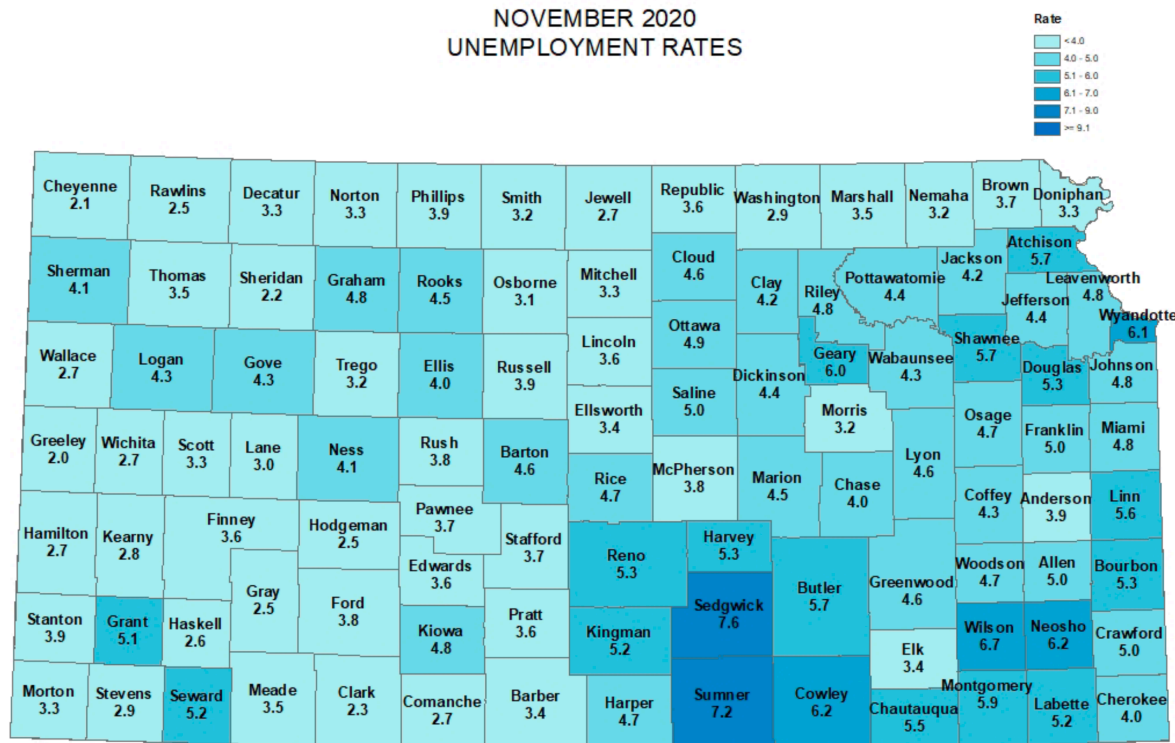
- Sedgwick 164,834
- Johnson 120,492
- Wyandotte 49,566
- Shawnee 41,836
- Douglas 30,167

Data calculated March 21 – December 5.

Source: IPSR calculations using Kansas Department of Labor Data

November Kansas Unemployment Rate 5.6%

NOVEMBER 2020
UNEMPLOYMENT RATES



- Uneven impact across the state:
 - Sedgwick County 7.6%
 - Douglas 5.3 %
 - Johnson 4.8%
 - Wyandotte 6.1%
 - Shawnee 5.7%
- Unemployment increased compared to October.

Note: County unemployment rates are only available not seasonally adjusted

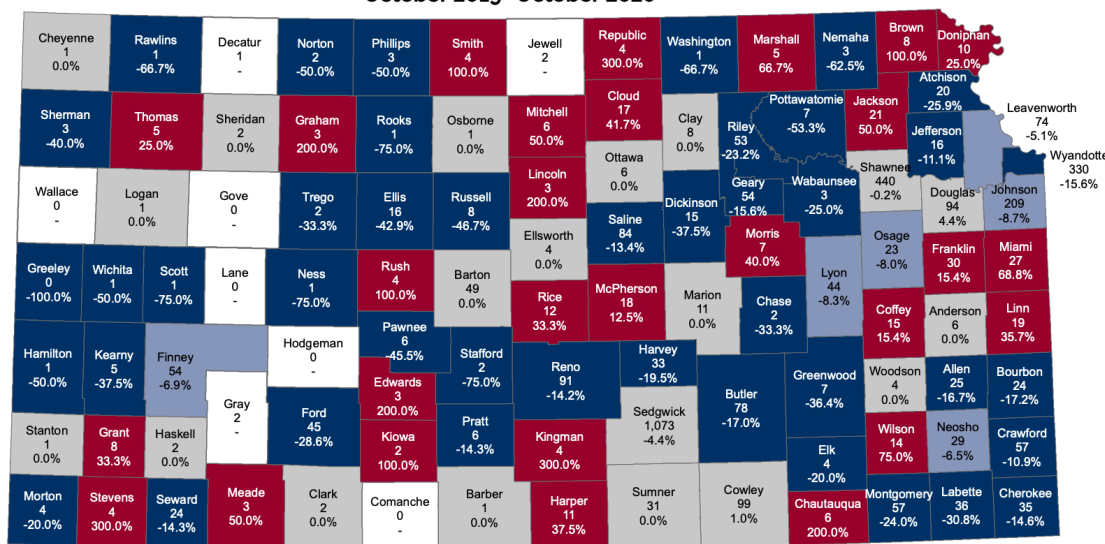
Source: Kansas Department of Labor, Labor Market Information Services and the Bureau of Labor Statistics; Local Area Unemployment Statistics (LAUS)

Created: December 2020

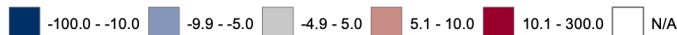
Source: IPSR calculations using Kansas Department of Labor Data

Demand for Social Assistance Has Increased

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



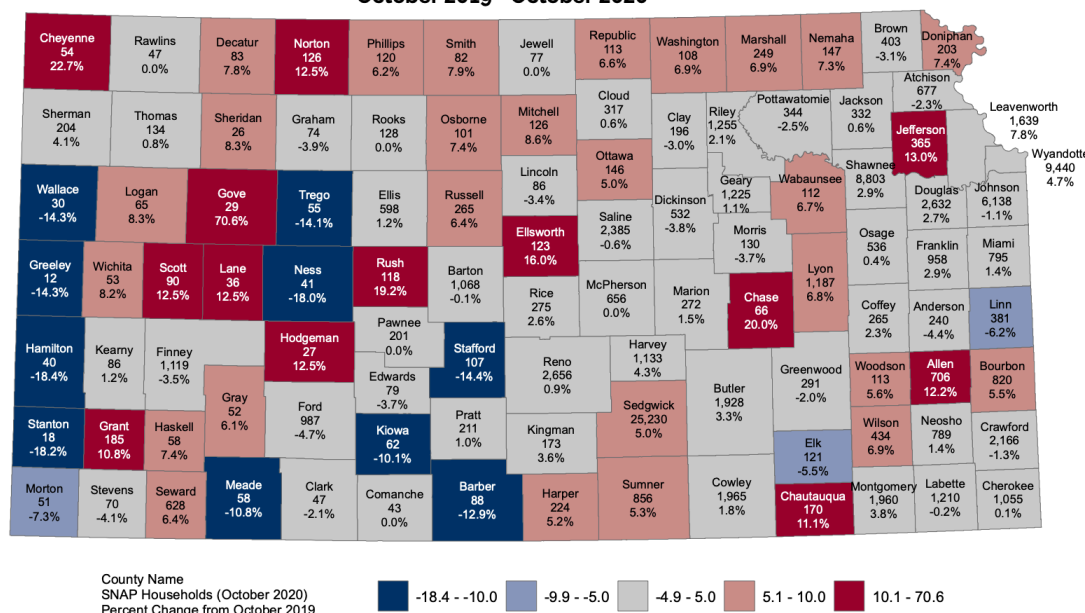
County Name
TANF Households (September 2020)
Percent Change from September 2019



- Percent change in households receiving TANF by county, October 2019 – October 2020.
- Dark red counties indicate an increase of 10% or more.
 - Caseloads have decreased by 0.2% in Shawnee County & increased by 4.4% in Douglas County.

Demand for SNAP Benefits Have Also increased

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



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



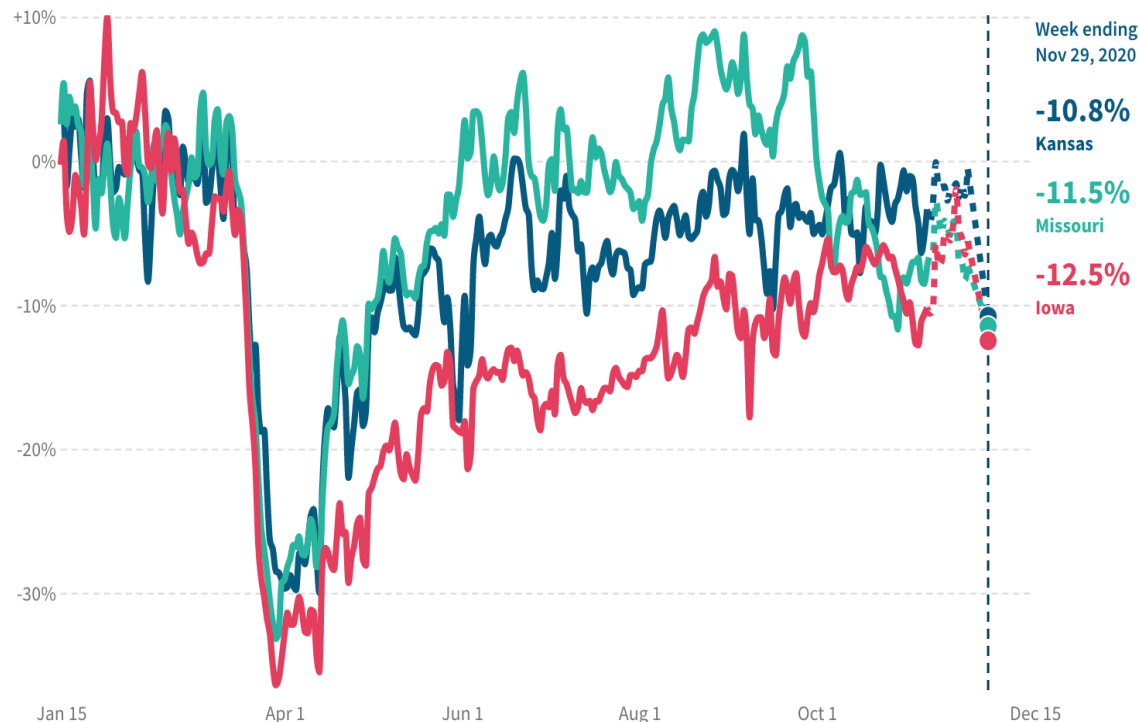
How Does Kansas Compare?

Kansas is doing better than other states.

Kansas Consumption Has Not Held up Well Compared to Other States

In **Kansas**, as of November 29, 2020, total spending by all consumers decreased by **10.8%** compared to January 2020.

DOWNLOAD CHART 



- Kansas consumption expenditures are somewhat better than Missouri and Iowa.
 - Kansas had more restrictions than either Missouri or Iowa.
 - Missouri down -11.5%
 - Iowa down -12.5%

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

Kansas Small Businesses are Less Likely to be Open

In **Kansas**, as of November 30 2020, the number of small businesses open decreased by **26.1%** compared to January 2020.

DOWNLOAD CHART



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

- The number of small businesses open in Kansas has fallen by 26.1% since January.
 - In the US, the number is -25.3%.
 - Kansas is doing worse than Missouri: -22.5%.
 - and Iowa: -25.9%.
- At its worst, 39% of Kansas small businesses were closed.

Kansas City & Wichita Businesses Have Rebounded to State Average

In **Wichita**, as of November 30 2020, the number of small businesses open decreased by **23.3%** compared to January 2020.

DOWNLOAD CHART 

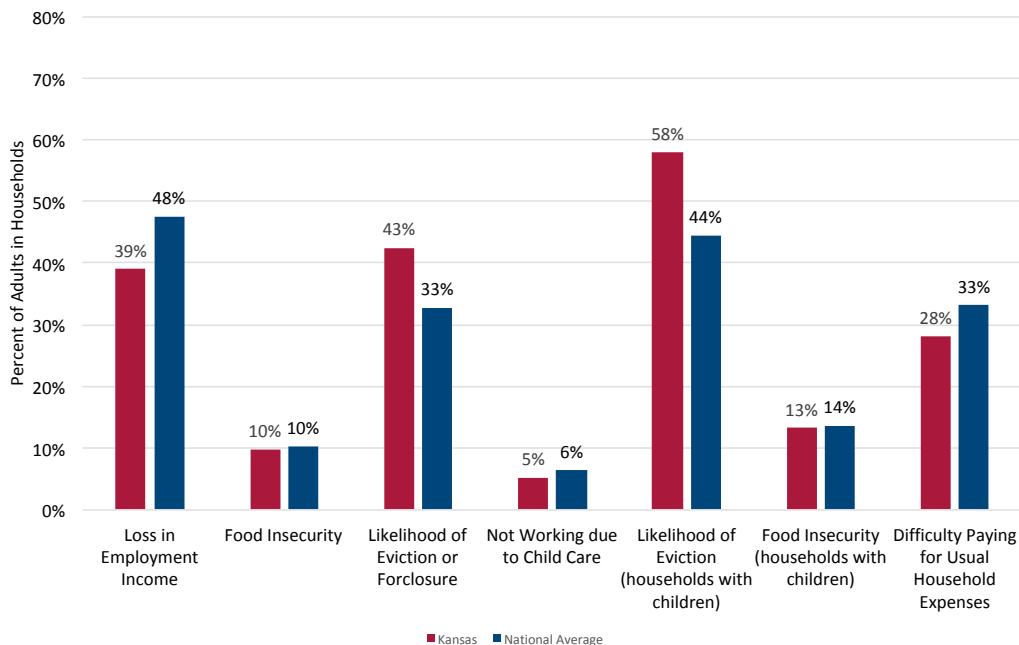


- The number of small businesses open in Kansas has fallen by 26.1% since January.
 - Kansas City has a drop of -16.5% of small businesses that are open.
 - -23.3.% in Wichita.

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

Kansas and US Household Comparison

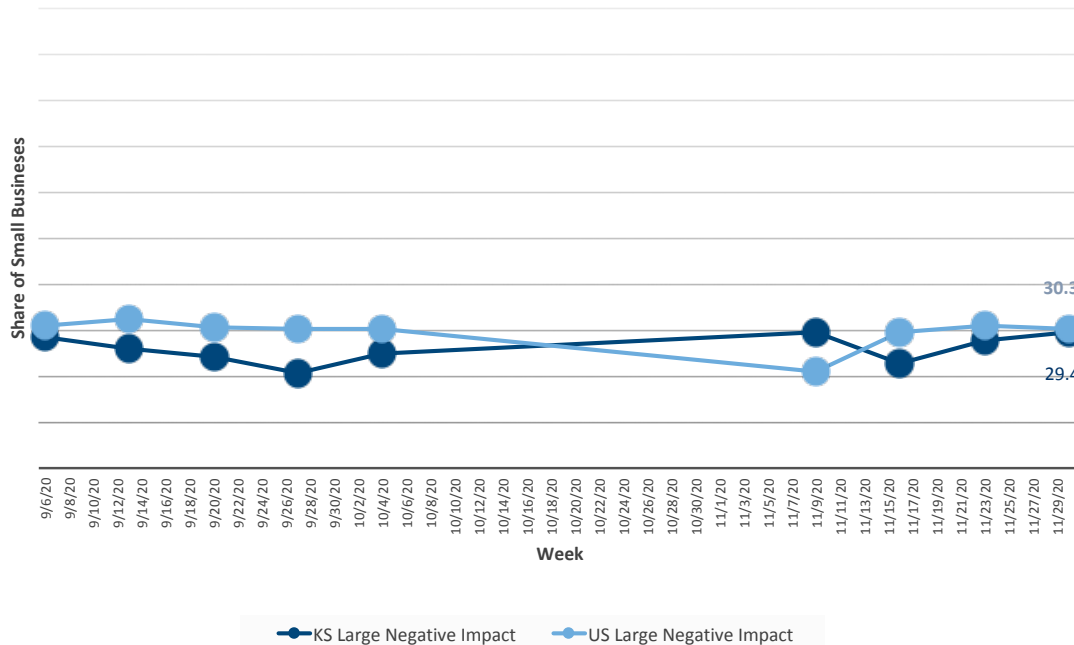
US Census Household Pulse Survey



- 39% of households faced loss in Employment income in the week of November 11-23
 - 44% of households with children report likely or somewhat likely eviction
 - 14% 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
- 29.4% of Kansas small businesses reported a large negative impact from the pandemic in the most recent week.

Source: US Census Bureau

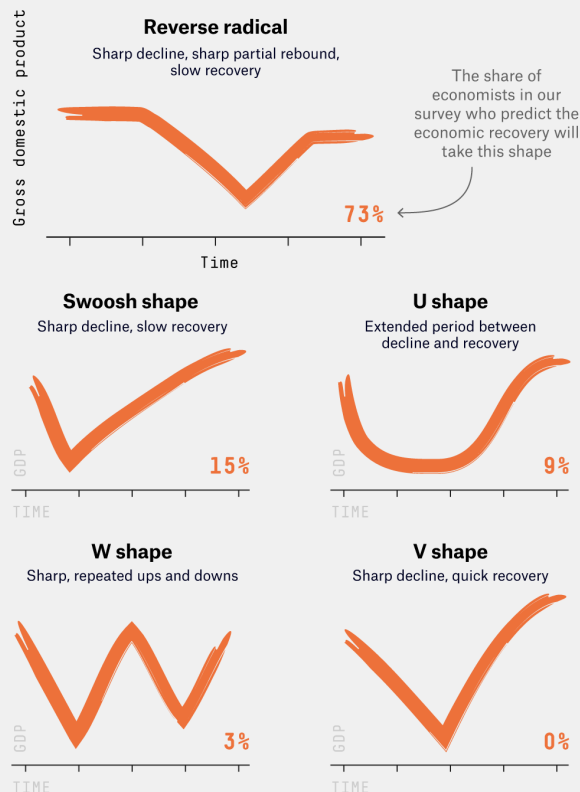


What's the Latest Letter for the Economic Recovery?

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



FiveThirtyEight

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC OUTLOOK SURVEY

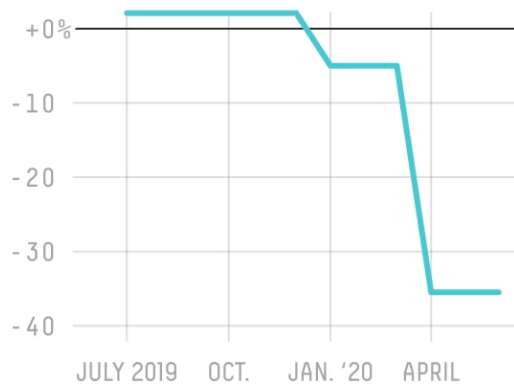
- In June, Fivethirtyeight.com interviewed top macroeconomists about the recovery.
- 73% of economists expect a reverse radical recovery:
 - Sharp-partial recovery with prolonged lower level.
- Now economists are talking about K-shaped recovery.

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

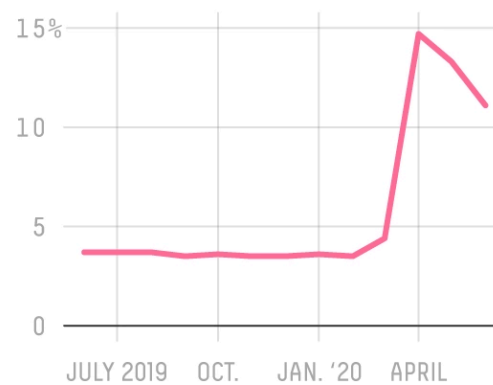
What Indicators Do Economists Watch?

A snapshot of the recovery, three ways

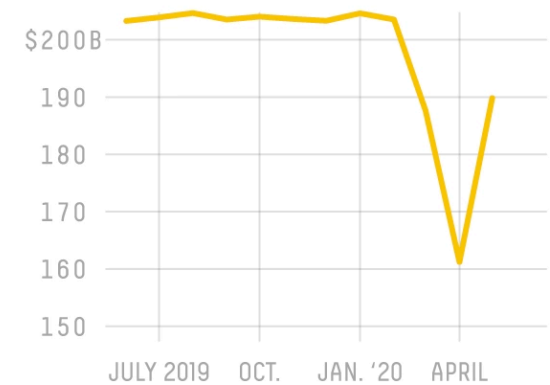
Annualized real GDP growth by quarter



Monthly unemployment rate



Advance real retail and food services sales



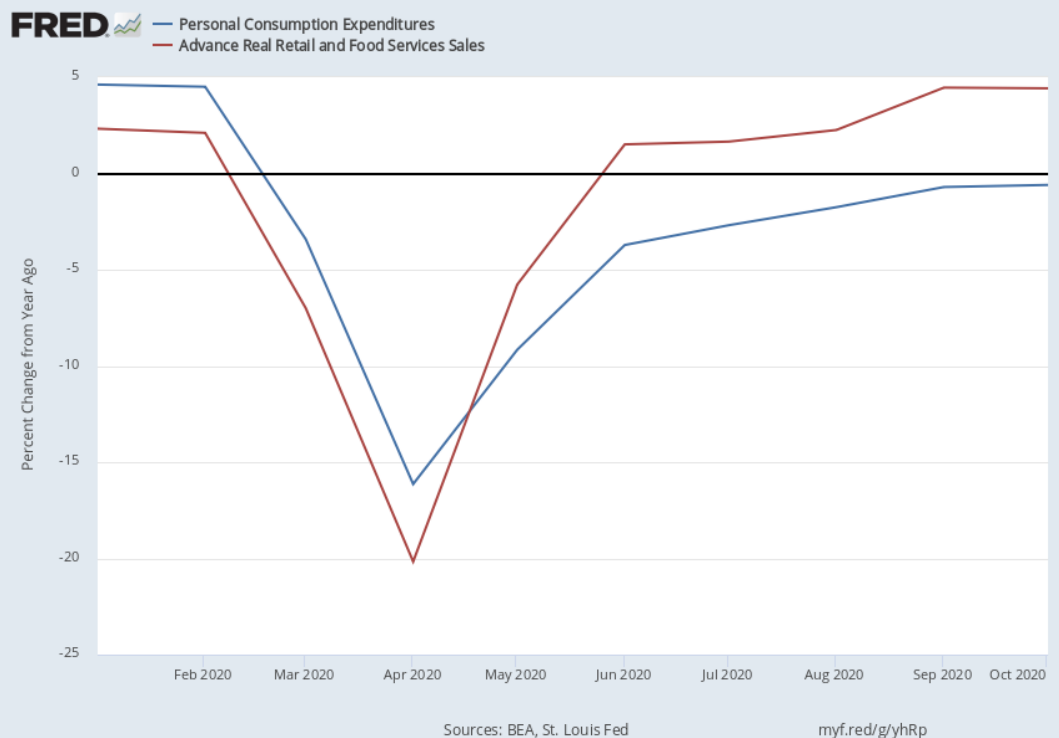
SOURCES: FEDERAL RESERVE BANK OF ST. LOUIS, ATLANTA FED

FiveThirtyEight

- GDP is down for the foreseeable future.
- Unemployment is still historically high.
- Retail sales have rebounded

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

Consumption January – October 2020



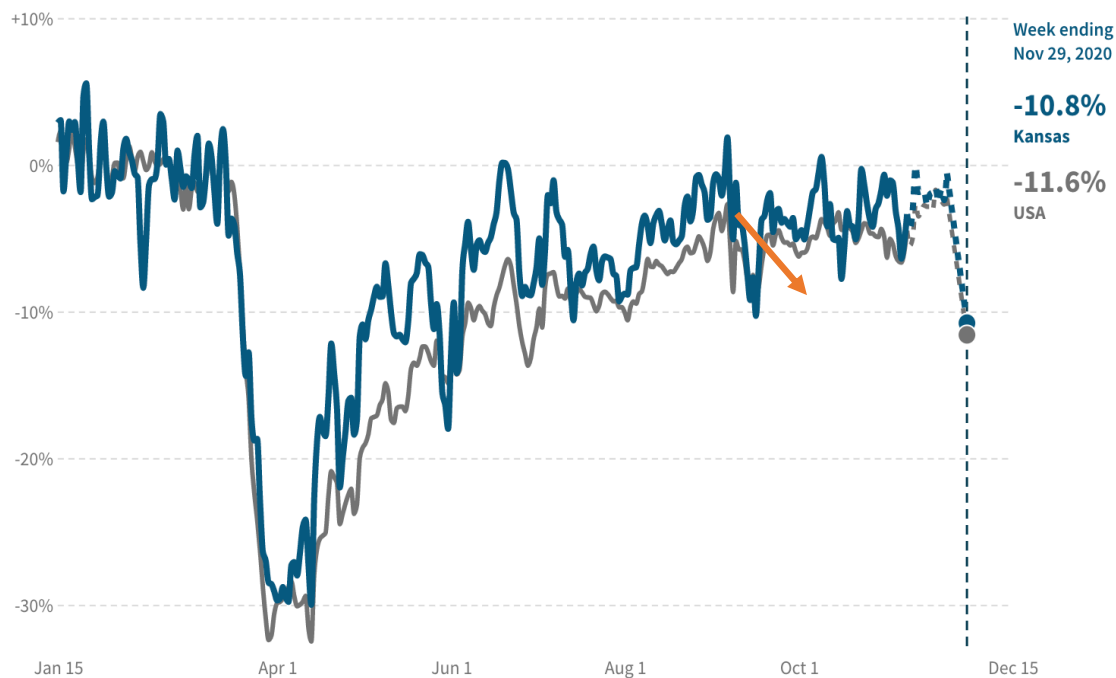
- Consumption is 2/3rds of GDP
 - 60% of consumption is services (blue line)
 - Swoosh or reverse radical recovery
 - 40% of consumption is goods (red line)
 - V-shaped, partly driven by groceries.

Source: FRED

Real-Time Data on Consumer Spending

In **Kansas**, as of November 29, 2020, total spending by all consumers decreased by **10.8%** compared to January 2020.

DOWNLOAD CHART 

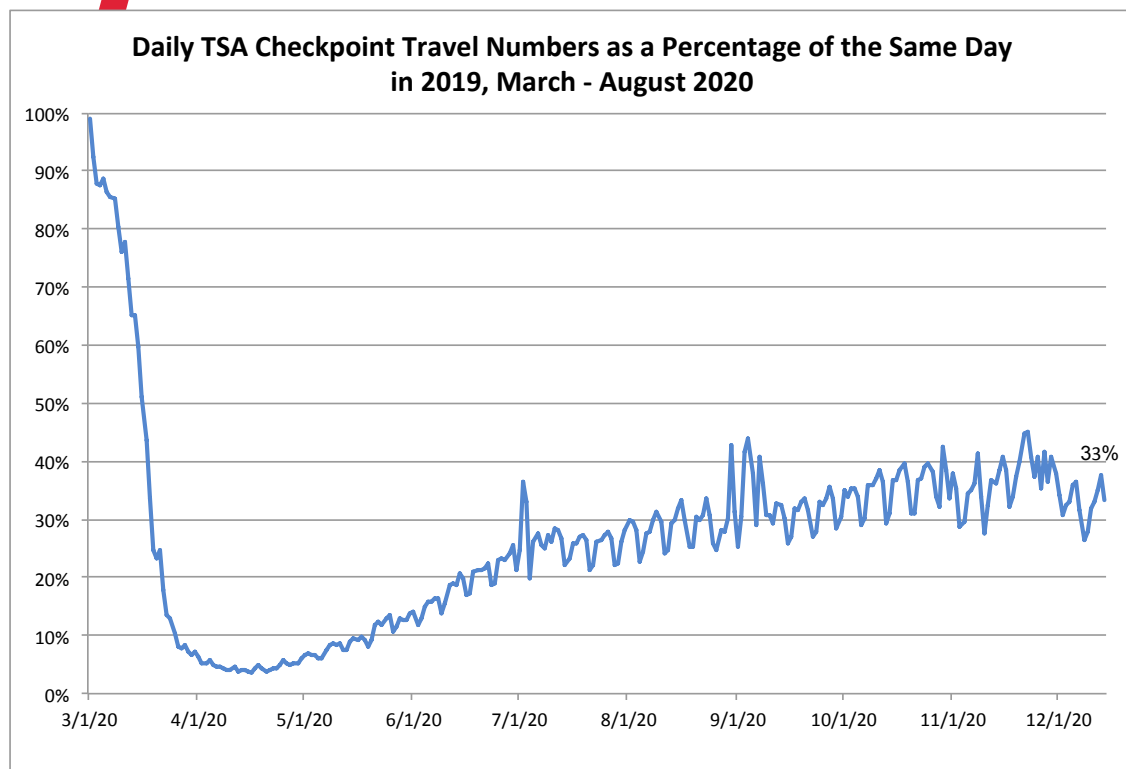


Source: Economic Tracker, <https://tracktherecovery.org/>

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- Consumer Spending in the US is down 11.6% and in Kansas down 10.8%.
 - It has not fully recovered and may be headed back down as COVID-19 cases accelerate.
- Consumption is following the reverse radical
 - In coming weeks we'll see if it's a W.

TSA Travel Checkpoint Numbers Remain Low

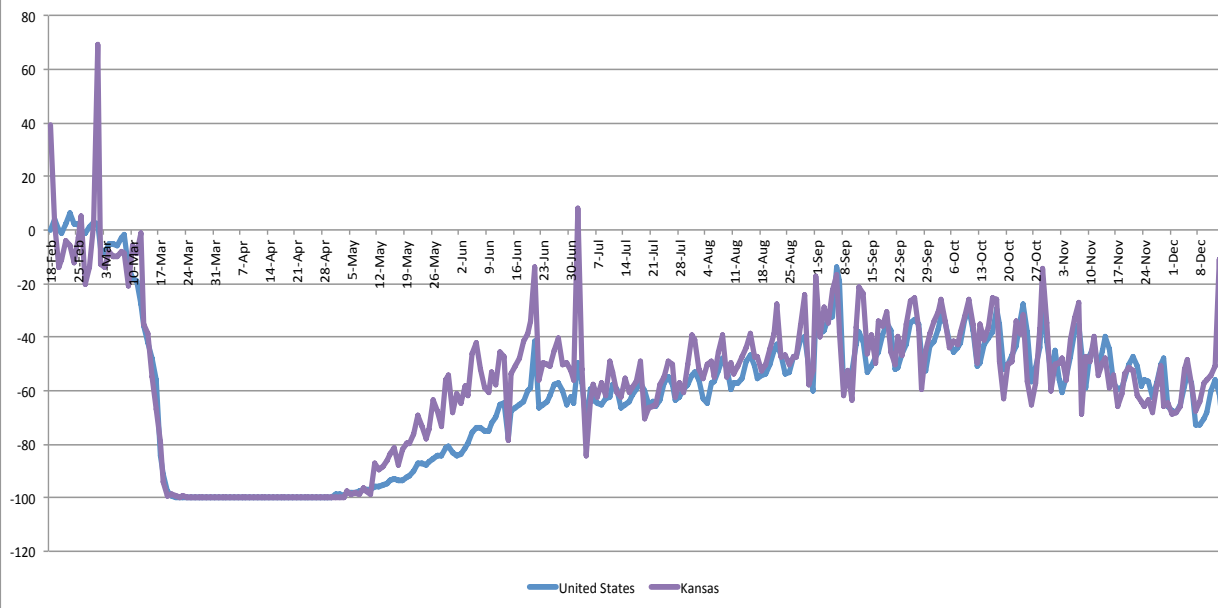


Source: TSA <https://www.tsa.gov/coronavirus/passenger-throughput>

- Air travel plummeted in March and April.
- It has slowly trended upward since May
- As of this week, it's only ~33% of the number of passengers as a year ago.
 - L-shaped

Open Table Diners Compared to the Previous Year

Open Table Percentage Change in Seated Diners From a Year Ago for the United States and Kansas, February - December, 2020

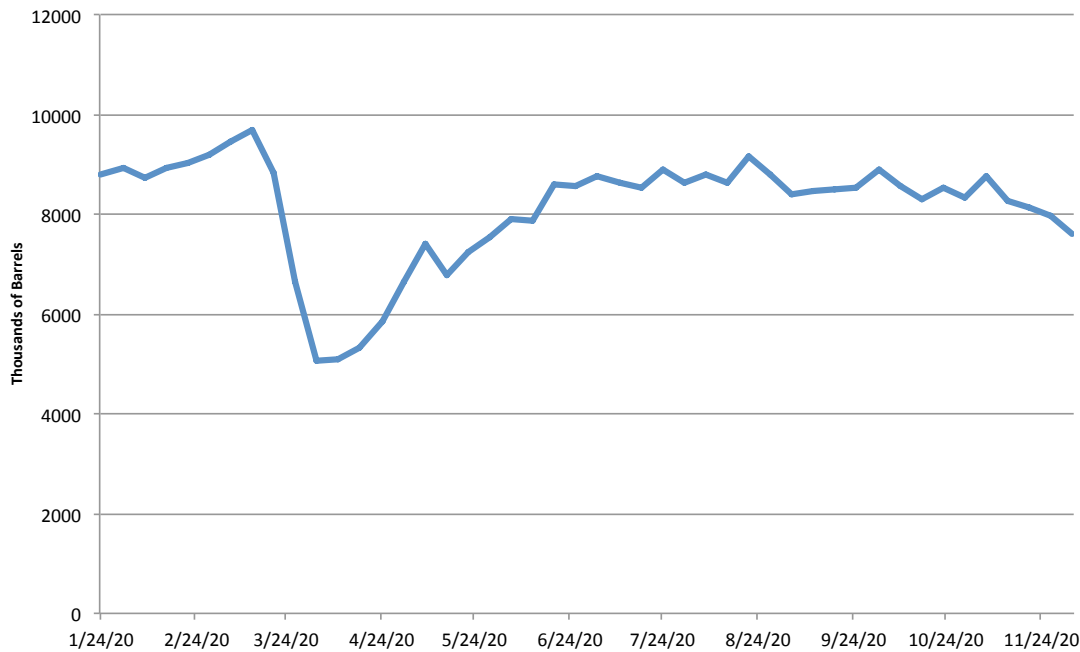


- Dining out is down 50% compared to a year ago.
- Kansans were more likely to dine out after May than in the US as a whole.
 - See spikes of eating out around Father's Day and July 4.
- Since cases have increased dining out is at a low level.
 - L-shaped

Source: Open Table, <https://www.opentable.com/state-of-industry>

Gasoline Supplied

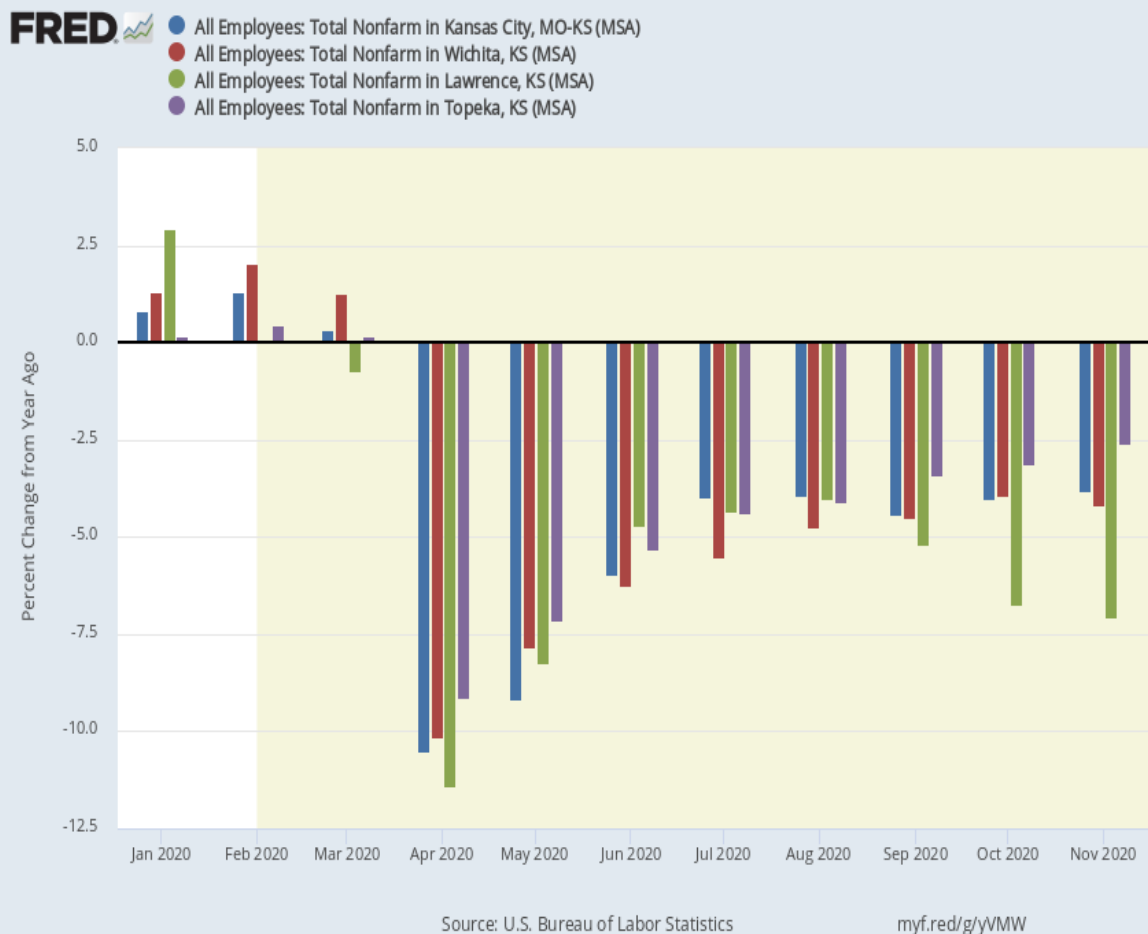
Thousands of Barrels of Motor Gasoline Supplied,
January - December 2020



- Gasoline supplied and used dropped significantly in March.
- Gasoline supplies have recovered, but at a much lower level than earlier in the year.
- Supply is 16% less than a year earlier.
 - Reverse radical

Source: Transportation Security Agency <https://www.tsa.gov/coronavirus/passenger-throughput>

Employment by Major City in Kansas



- Kansas City MSA is down 3.8% from a year ago.
- Wichita is down 4.2%.
- Lawrence is down 7.1%.
- Manhattan is down 8.6%.
- Topeka is down 2.6%.

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

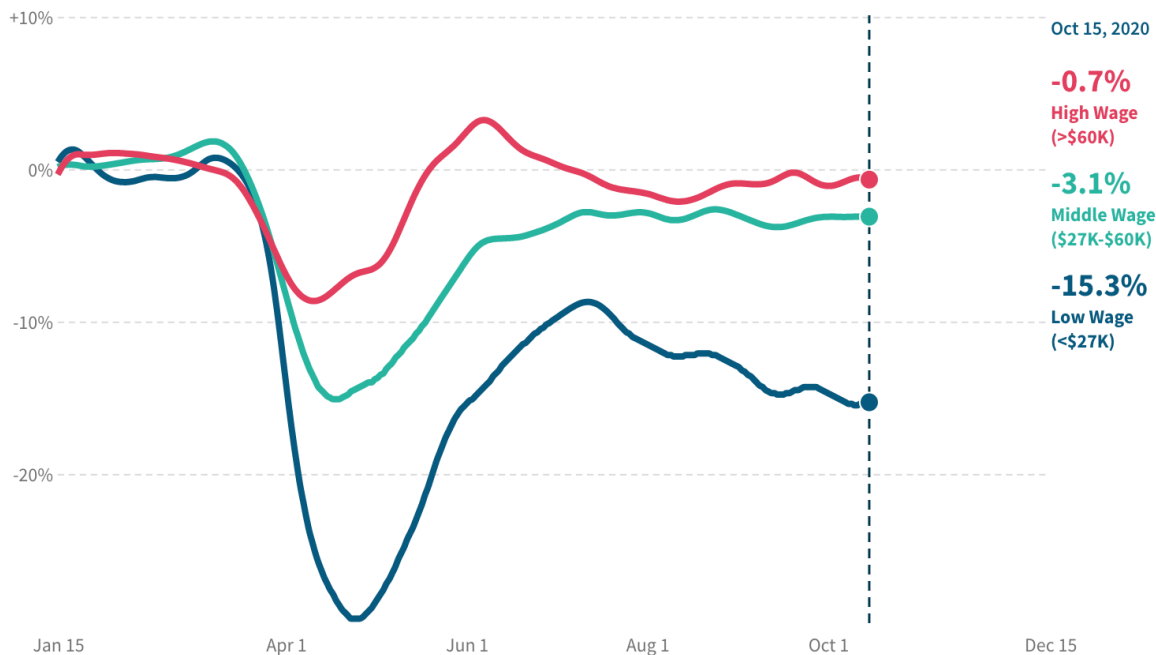
August 13, 2020

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 **Kansas**, as of October 15, 2020, employment rates among workers in the bottom wage quartile decreased by **15.3%** compared to January 2020 (not seasonally adjusted).

DOWNLOAD CHART 



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

- Jobs for those earning > \$60,000 per year are down 0.7%.
- Jobs for workers earning <\$27,000 per year are down 15%.
 - The rich have recovered.
 - The rest have not.

There Are Some Bright Spots

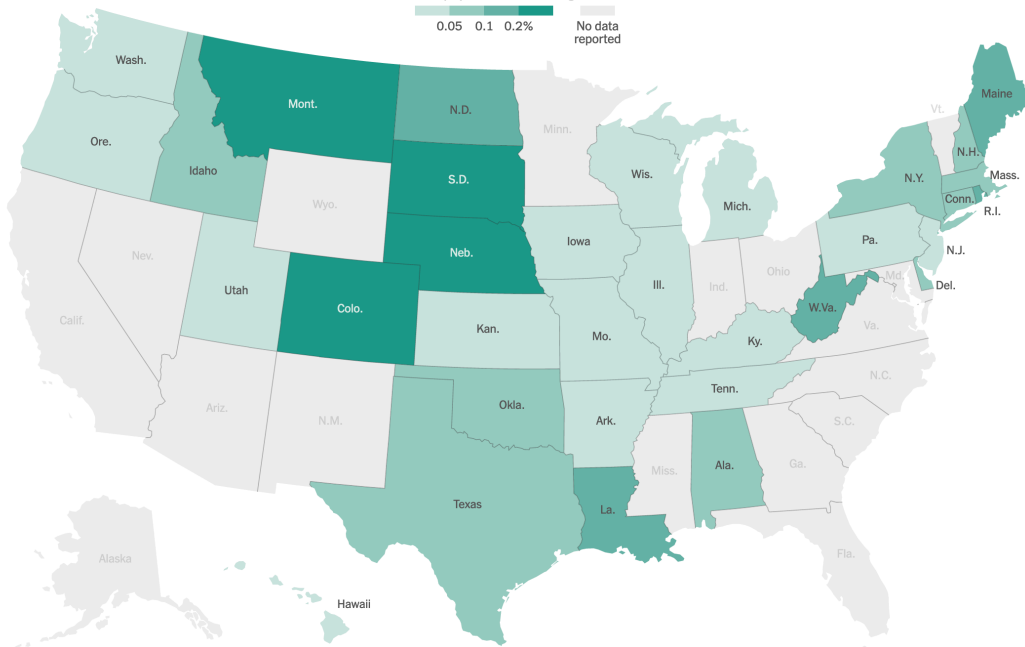
At Least 128,000 People in the U.S. Have Received the Covid-19 Vaccine

By The New York Times Updated Dec. 18, 2020

Where states are reporting vaccines given

Share of population that has gotten a shot

0.05 0.1 0.2% No data reported

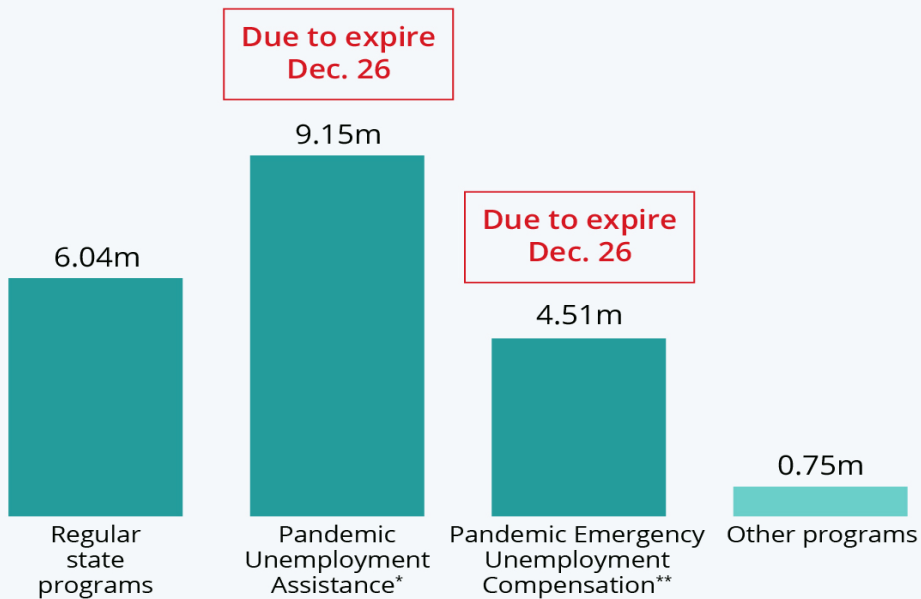


Source: A survey of health departments from Dec. 16 to 18; official state announcements.

- The stock market has fully recovered.
- Housing prices have increased.
 - Now that people are working at home, they want better housing.
- The vaccine has arrived!

Millions Set to Lose Aid as Federal Programs Expire

Number of persons claiming unemployment benefits in the U.S. in the week ended Nov. 7, 2020



* available to individuals who are self-employed, or who otherwise would not qualify for regular unemployment compensation

** extends benefits by up to 13 weeks for individuals who have exhausted all rights to regular unemployment compensation

Source: U.S. Department of Labor



statista

But Continued Concerns

13.7 million unemployed workers are set to lose aid next week unless Congress acts.



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Is Help on the Way for the Struggling Economy?

Maybe some, but not enough.



Congress Passed a New Stimulus Bill

- Programs for people:
 - \$600 per person stimulus payments
 - \$300 per month in federal unemployment benefits until March 14th
 - Moratorium on Evictions until January 31st
 - \$25 billion in rental assistance
 - \$13 billion in food assistance
 - \$10 billion in childcare assistance

Source: <https://www.washingtonpost.com/business/2020/12/20/stimulus-package-details/>

Americans Scraping By Say They Fear a Second Stimulus Won't Be Enough

A proposed package includes \$600 checks for individuals, but some facing overdue rent and stacks of bills say the money would make only a small dent.

Congress Passed a New Stimulus Bill

- Programs for businesses:
 - \$284 billion for the PPP program
 - Program extended to churches & non-profits
 - \$20 billion in Economic Injury Disaster Loans
 - \$15 billion for the entertainment industry (e.g. movie theaters)
 - Tax break for corporate lunches
 - \$13 billion in agriculture assistance

Source: <https://www.washingtonpost.com/business/2020/12/20/stimulus-package-details/>

Other Provisions

- \$45 billion for Transportation including:
 - Airlines, mass transit, airports & Amtrak
- \$82 billion for education:
 - \$23 billion for Higher Education
 - \$54 billion for K-12
- \$20 billion for vaccine distribution

Source: <https://www.washingtonpost.com/business/2020/12/20/stimulus-package-details/>

What's Not to Like?

Trump Demands Changes to Coronavirus Relief Bill, Calling It a 'Disgrace'

The president sought bigger checks for Americans and a bill that dealt more specifically with pandemic relief.

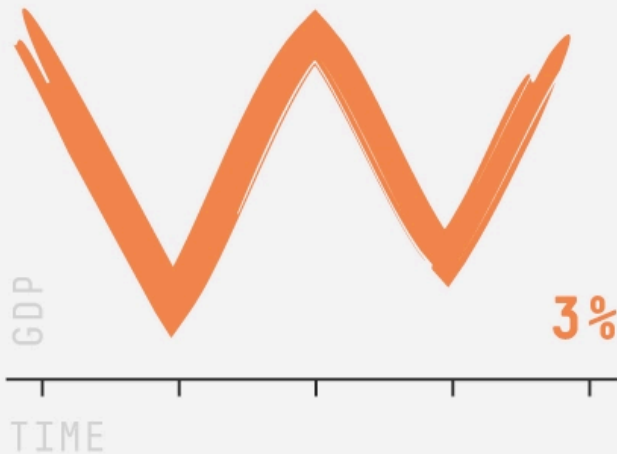
- President is calling for \$2000 stimulus payments

Source: <https://www.washingtonpost.com/business/2020/12/20/stimulus-package-details/>

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?searchResultPosition=1>

Economic Impacts of COVID-19

- We will be posting weekly updates on data.
- We are moving to update these briefings every month.
- Data and briefings are featured on the IPSR website:
<http://ipsr.ku.edu/covid19/>
- We will also monitor the policy responses.
- I wish you a healthy and happy holiday season!

Thank You!

Thank
You

Mahalo

Kiitos

Tack

Grazie

Obrigado

Toda

Thanks

Takk

Danke

Gracias

Merci

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