



SPARK Taskforce
Executive & Steering
Committees Meeting
August 19, 2020

Agenda

- | | |
|--|---|
| 1. Opening Comments | Lyle Butler , <i>Chair</i> |
| 2. Rounds 1 & 2 Status | Julie Lorenz , <i>Executive Director</i> |
| 3. President's Executive Orders & Congressional Actions Update | Tim Graham , <i>Director of Governmental Affairs for Governor Kelly's Office</i> |
| 4. Statewide Considerations | Dr. DeAngela Burns-Wallace , <i>Secretary of Administration</i> |
| 5. State Unemployment Fund Status | Ryan Wright , <i>Acting Secretary of Labor</i> |
| 6. Testing Strategies & Efforts to Reduce Test Results Time | Dr. Lee Norman , <i>Secretary of Health & Environment</i> |
| 7. Kansas Economy Status & Projections | Dr. Donna Ginther , <i>University of Kansas</i> |
| 8. Potential Trade Offs & Residual Benefits | Julie Lorenz & Committee Discussion |
| 9. Adjournment | Lyle Butler , <i>Chair</i> |



Round 1 & 2 Status

Executive Director Julie Lorenz

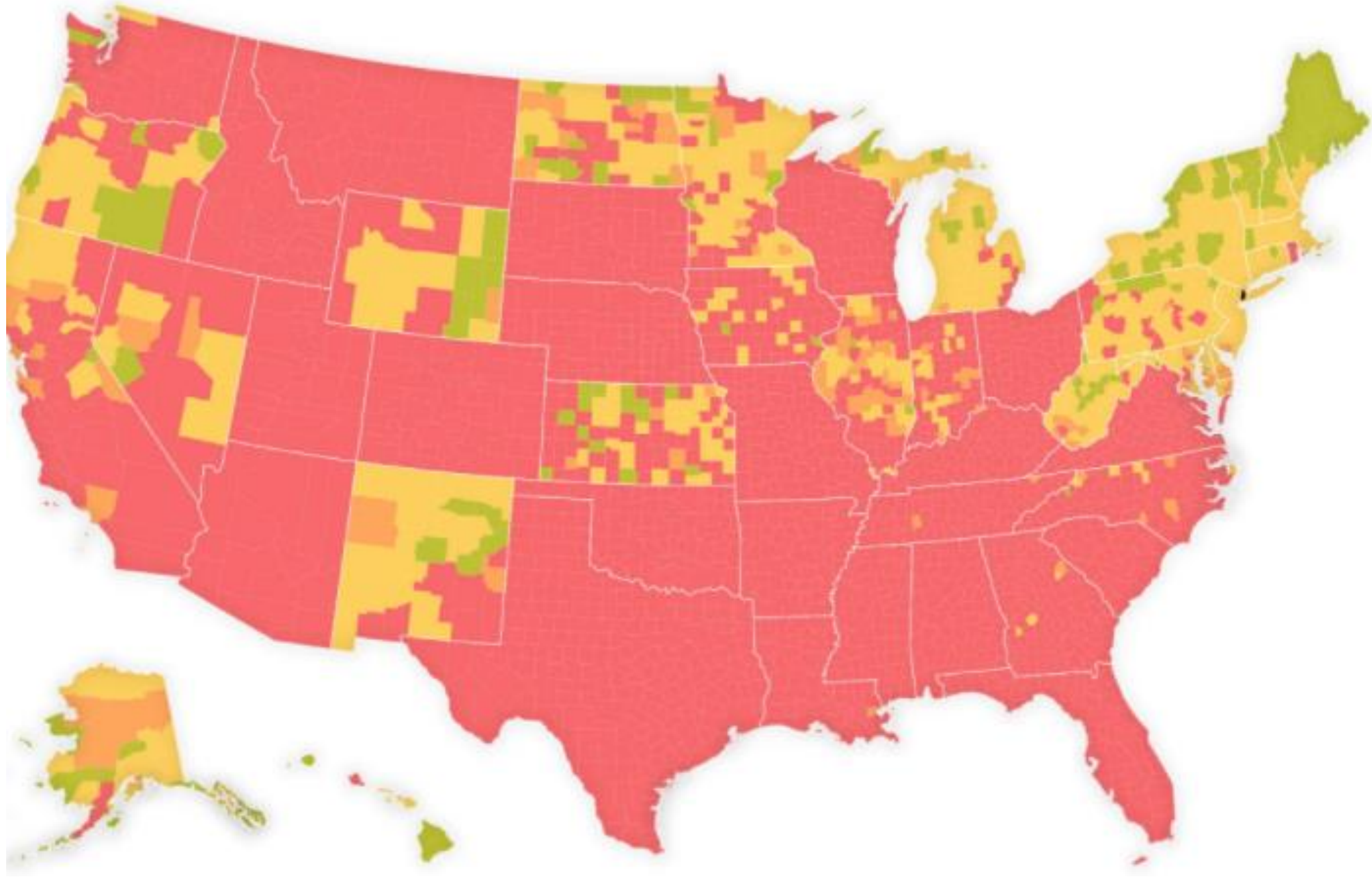
133 Days

Until December 30, counting today.

Let's work together to make them
all count for Kansas!



- Kansas has a lot of variance in its conditions
- Round 1 investments were smart to account for this



Sources: Harvard Global Health Institute; State Governments

Initial Analysis— 76 County reports reviewed so far



**50% planned to be spent
in September or October**

Preliminary – to be further analyzed

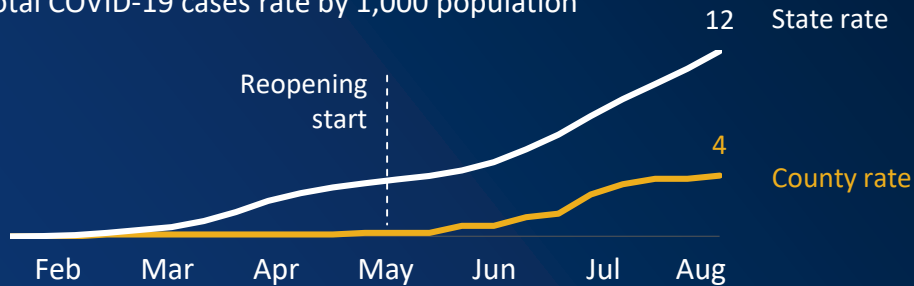
Rural Example: Pratt County

County socioeconomic profile

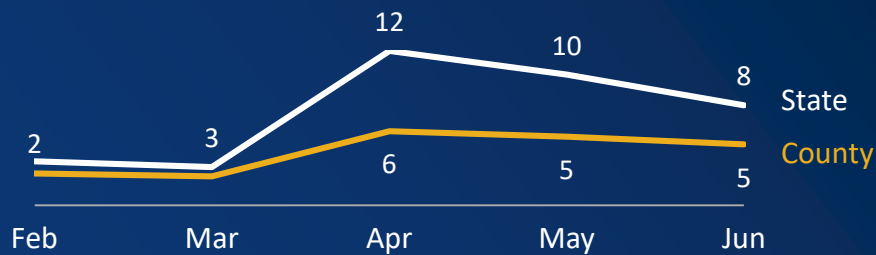
- Type of recipient: Indirect
- Total population: 9,164
- Population risk¹: Low

Evolution of key drivers

Total COVID-19 cases rate by 1,000 population



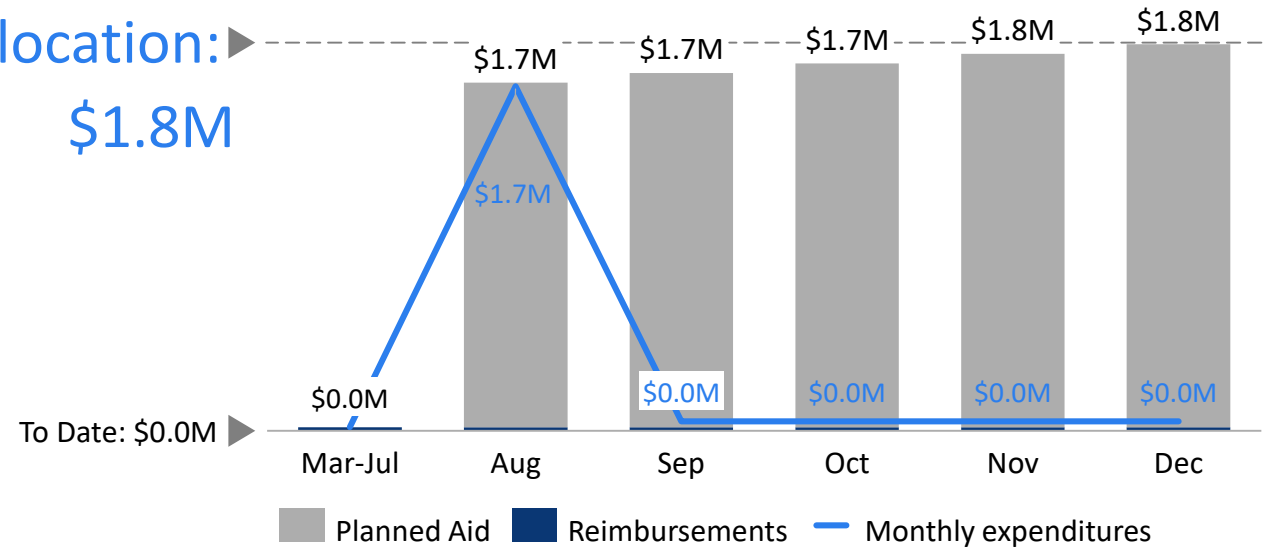
Monthly unemployment (%)



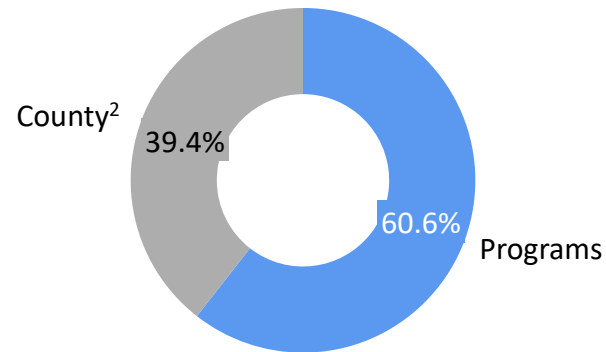
1. Based on amount allocated per person in R1 based on COVID-19 and Unemployment (<\$15 for High, \$5-15 for Medium; <\$5 for Low) 2. Classified as "Independent" in Direct Aid Plans. Source: BLS; Kansas Department of Labor; Kansas Municipality Tool Kit; County Aid Plans and Reimbursement Reports

Cumulative total expenditures (actual & planned), \$M

State Allocation: \$1.8M



Planned expenditures by source, %



Example program expenditures:

- Health Care supplies and PPE for Regional Medical Center (\$0.5M)
- COVID-19 Mitigation and Prevention in Pratt Community College (\$0.2M)

Example county expenditures:

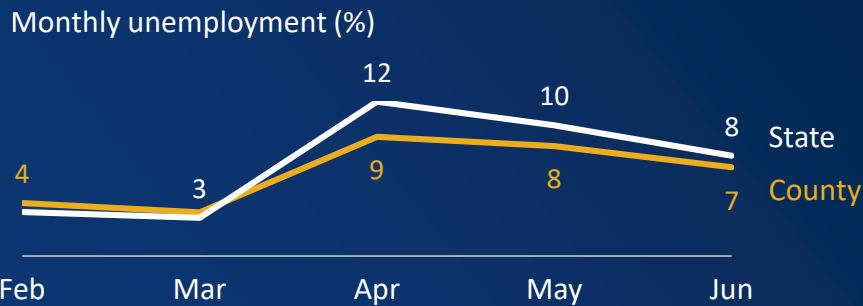
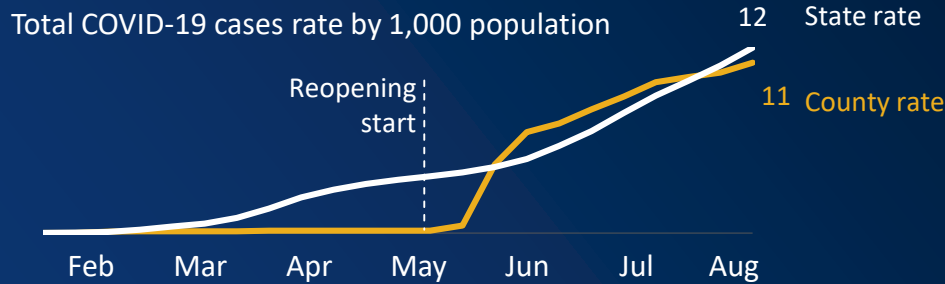
- Public health expenses for testing kits (\$0.3M) and PPE (\$0.1M)

Mid-sized Example: Crawford County

County socioeconomic profile

- Type of recipient: Indirect
- Total population: 38,818
- Population risk¹: Medium

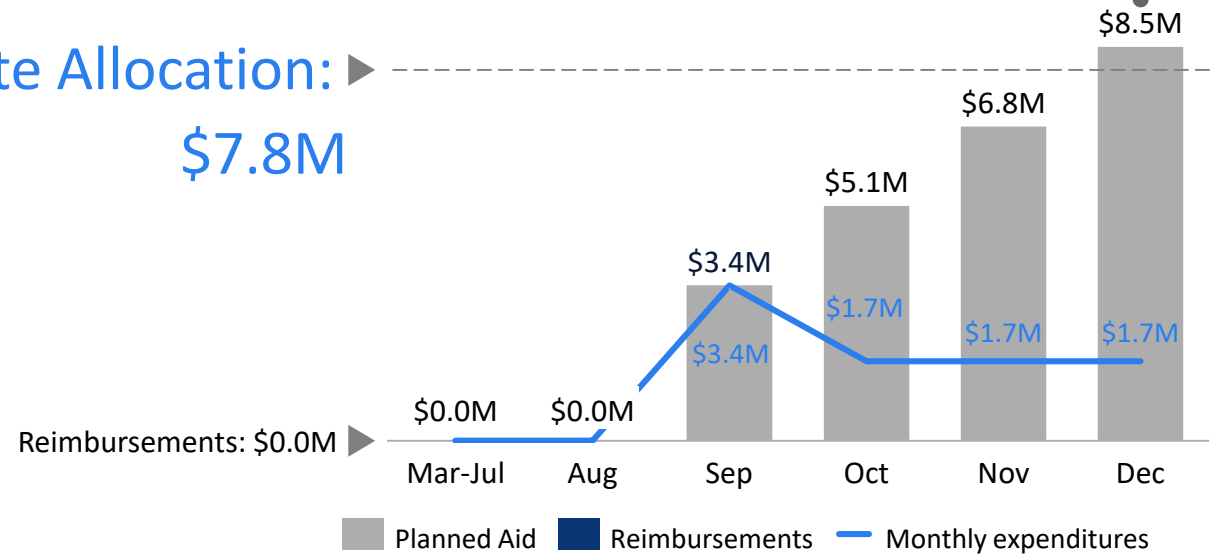
Evolution of key drivers



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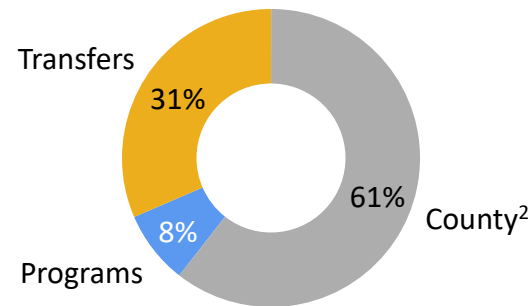
Cumulative total expenditures (actual & planned), \$M

State Allocation: **\$7.8M**



Direct Aid Plan in excess of allocated funding by ~\$700K, in case some expenditures are not approved

Planned expenditures by source, %



Example program expenditures:

- Small business and non-profit economic support to recoup cost associated with COVID-19 (\$0.7M)

Example transfer expenditures:

- Technology and Public health expenses for school re-opening (\$1.1M)

Example county expenditures:

- Protective equipment for County employees (\$0.2M)

Preliminary – to be further analyzed

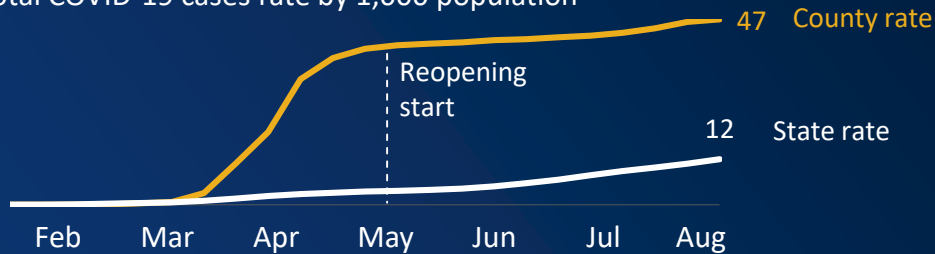
Midsized Example: Finney County

County socioeconomic profile

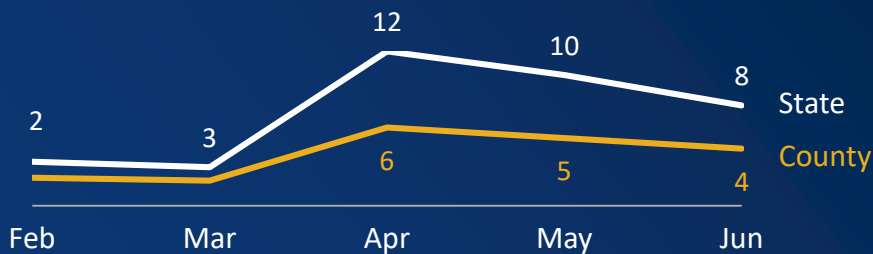
- Type of recipient: Indirect
- Total population: 36,467
- Population risk¹: High

Evolution of key drivers

Total COVID-19 cases rate by 1,000 population



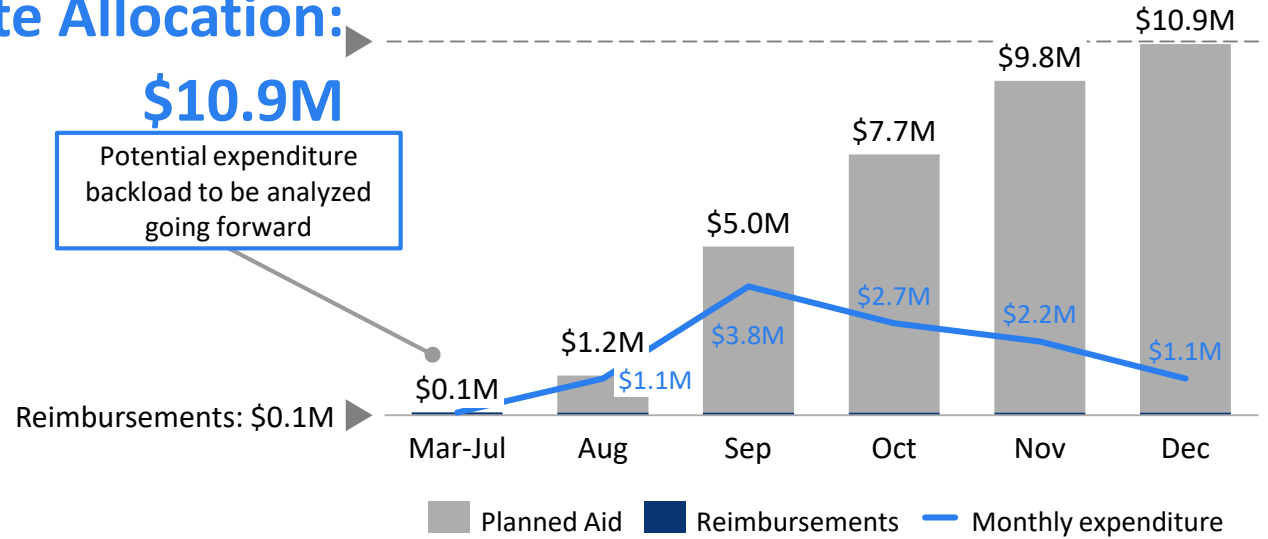
Monthly unemployment (%)



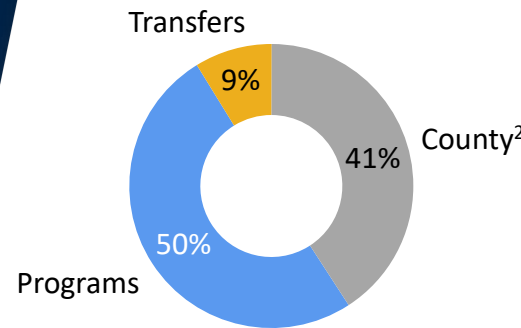
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Cumulative total expenditures (actual & planned), \$M

State Allocation:



Planned expenditures by source, %



Example program expenditures:

- Recovery and Response program for local organizations proposing initiatives for underserved communities (\$2.2M)
- Relief program to subsidize rent, mortgage and utility payments for households demonstrating income hardship caused by COVID-19 (\$1.1M)

Example transfer expenditures:

- Reimbursement for nonprofit and governmental entities that incurred expenses derived from COVID-19 (\$1.0M)

Example county expenditures:

- Network and wireless infrastructure at key County Facilities to support COVID-19 operations (\$0.8M)

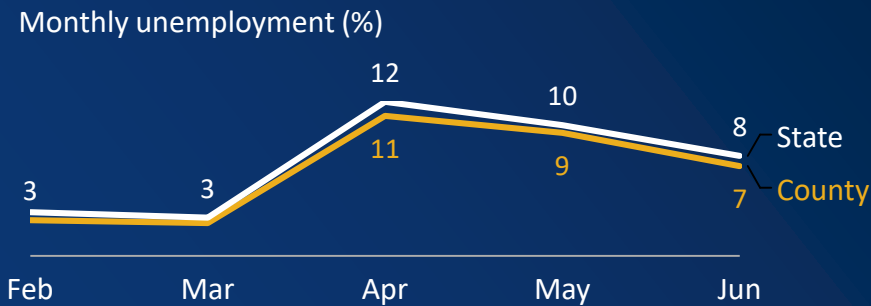
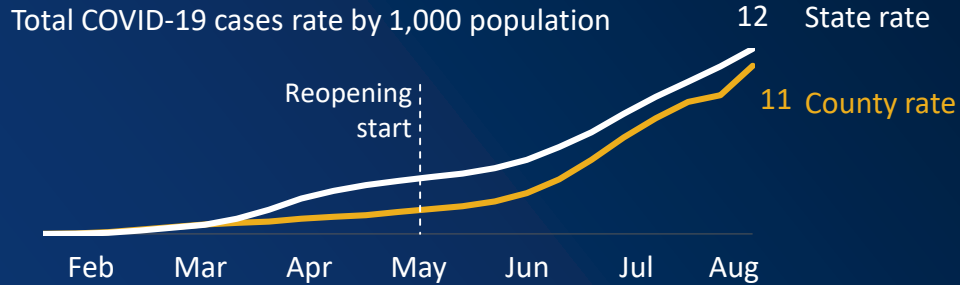
Preliminary – to be further analyzed

Urban Example: Johnson County

County socioeconomic profile

- Type of recipient: Direct
- Total population: 602,401
- Population risk¹: Medium

Evolution of key drivers

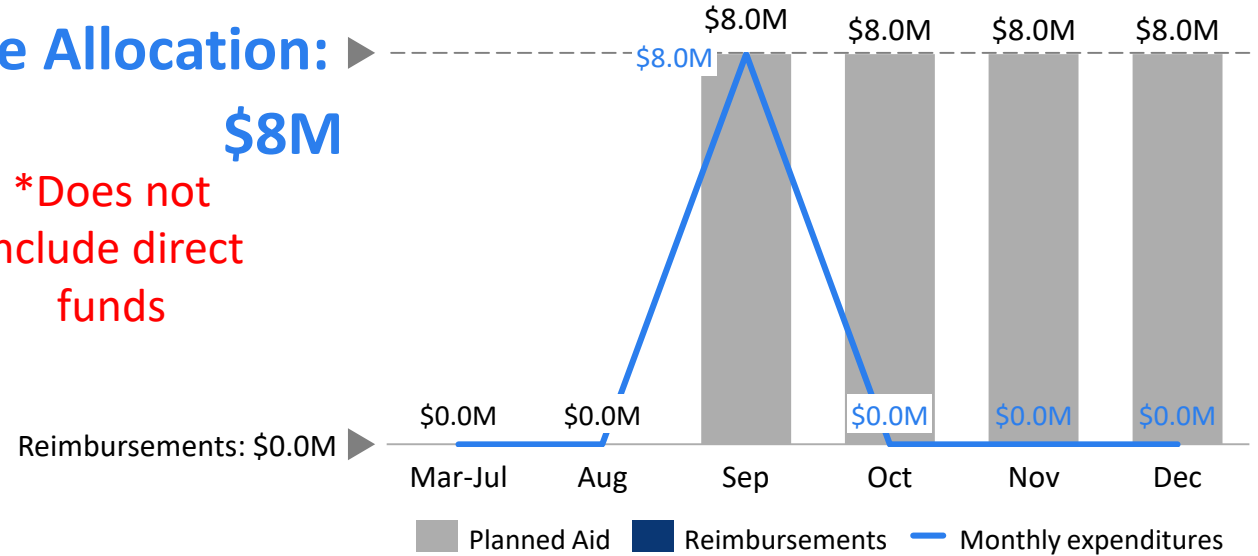


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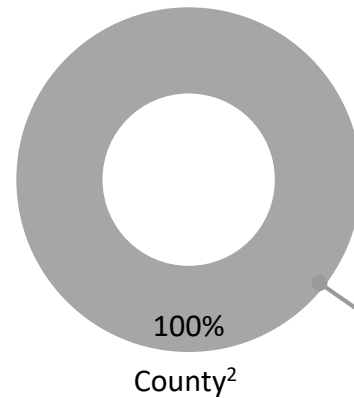
Cumulative total expenditures (actual & planned), \$M

State Allocation:
\$8M

***Does not include direct funds**



Planned expenditures by source, %



Example county expenditures:

- Protective Equipment for distribution to County departments, schools, hospitals and small businesses (\$8M)

Limited detail as this only refers to their indirect allocation (additional ~\$116M directly allocated not reported)

Update on Information Requested

- On Monday, Gov. Kelly issued an Executive Order enacting the moratorium on evictions & foreclosures for next 2 weeks
- See handout about CARES Funding for Kansas educational institutions

K-12 - Elementary and Secondary School Emergency Relief Fund (ESSER Fund)

- Kansas Department of Education (KSDE) received \$84,529,061 through the ESSER to be awarded to individual districts.
 - At least \$76,076,155 of it was required to be transferred to local USDs
 - KSDE was allowed to reserve up to \$8,452,906 for emergency use
 - KSDE was allowed to absorb no more than \$422,645 for administrative costs
- Unlike the CRF, these funds do not have to be obligated until September 30, 2022
- According to the Non-CRF report filed by KSDE, between July 15th and July 30th KSDE had drawn down \$11,287,029.24 of the fund for local districts that used it for "Payroll, Emergency Supply Needs, Wifi charges, Zoom license and headsets"

Higher Education - Higher Education Emergency Relief Fund

The US Department of Education allowed the institutions to keep up to 50% of the total funds they received to cover their costs and required that at least 50% of these funds were distributed directly for emergency aid to students who had their semester disrupted by the COVID-19 pandemic. Emergency aid can include anything under a student's cost of attendance, which includes food, housing, course materials, technology, health care and child care.

Fund	Public Institutions	Private Institutions	Total
(a)(1) - General	\$ 83,549,462.00	\$ 21,401,905.00	\$ 104,951,367.00
(a)(2) - HBCUs/MSIs	\$ 1,654,133.00	\$ 4,246,236.00	\$ 5,900,369.00
(a)(3) - Unmet need	\$ 715,273.00	\$ 1,951,116.00	\$ 2,666,389.00
Total	\$ 85,918,868.00	\$ 27,599,257.00	\$ 113,518,125.00

Higher Education – Governor's Emergency Education Relief (GEER) Fund

The Governor's Office received \$26,274,163 from the GEER Fund, which was transferred to KBOR to defray the cost of allotments made in FY21.

Non-CRF reports

- Beginning on July 15th agencies were required to report cash totals monthly
- Between July 15th through July 30th
 - Agencies received \$1,198,200,979.31
 - Agencies spent \$1,132,395,173.60
 - \$1,017,723,687.74 of this was supplemental UI benefits

Tracking your requests for information

Request	Status
How the counties are spending their funds	Some info provided
Info about potential evictions	Some info provided
An inventory of CARES Funding for Education	Some info provided
Testing Strategies & Reducing Test Result times	Presentation today
State Unemployment Fund Status	Presentation today

Round 2 Programs Updated

- 23 programs totaling \$314 M
- MOU's signed for \$311M
- Applications launching at noon today for economic development & connectivity proposals
- SPARK Members – Round 2: Blind application review process.



Preview of the Commerce Application Portal

Samir Arif



President's Executive Orders & Congressional Actions Update

**Governmental Affairs Director
Tim Graham**



Statewide Considerations

**Administration Secretary
DeAngela Burns-Wallace**

State Agency Proposal Process – Round 3

- Agencies submit applications
- Two types:
 - COVID-19 **Operational Expenses**
 - COVID-19 **Projects**
- Applications evaluated and presented to SPARK Taskforce



Kansas' Unemployment Trust Fund

*Acting Secretary Ryan Wright
August 19, 2020*



Since March 15, KDOL has paid out more than **2 million weekly claims** totaling over **\$1.77 billion** between regular unemployment, and the federal pandemic programs.

Total unemployment paid:
2018: **\$141.5M**
2019: **\$132.9M**

The **average** four-month amount paid from KDOL for 2018 and 2019 is around **\$46M**.

Unemployment Insurance Programs

UI

UP TO
26
weeks

- Filing for Unemployment Insurance (UI) is the first step for affected workers
- Now available for up to 26 weeks (the state of Kansas temporarily extended benefits from 16 to 26 weeks for claimants who filed Jan 1, 2020 or later)
- File online at www.GetKansasBenefits.com

PEUC

UP TO
13
weeks

- Pandemic Emergency Unemployment Compensation (PEUC) is a federal extension of benefits of up to 13 weeks for those who have exhausted UI, in every state in which entitled
- Available for up to 13 weeks from March 29, 2020 through Dec. 26, 2020
- Once your claim has a zero balance, you can apply for PEUC online at www.GetKansasBenefits.gov

EB

UP TO
20
weeks

- Extended Benefits (EB) was triggered on June 7, 2020
- Provides an additional 20 weeks of benefits
- Available only after PEUC is exhausted
- Apply online at www.GetKansasBenefits.gov

PUA

UP TO
46
weeks

- Pandemic Unemployment Assistance (PUA) expands access to unemployment by including those who traditionally cannot access unemployment (*such as self employed, independent contractors, gig workers, employees of religious organizations, and those who lack sufficient work history or have been disqualified for state benefits*)
- Available for up to 46 weeks from February 2, 2020 through December 26, 2020
- To receive PUA, you cannot be eligible for UI, PEUC, or EB and your unemployment must be due to COVID-19
- Apply online at www.PUA.GetKansasBenefits.gov

Expired
7/25/20

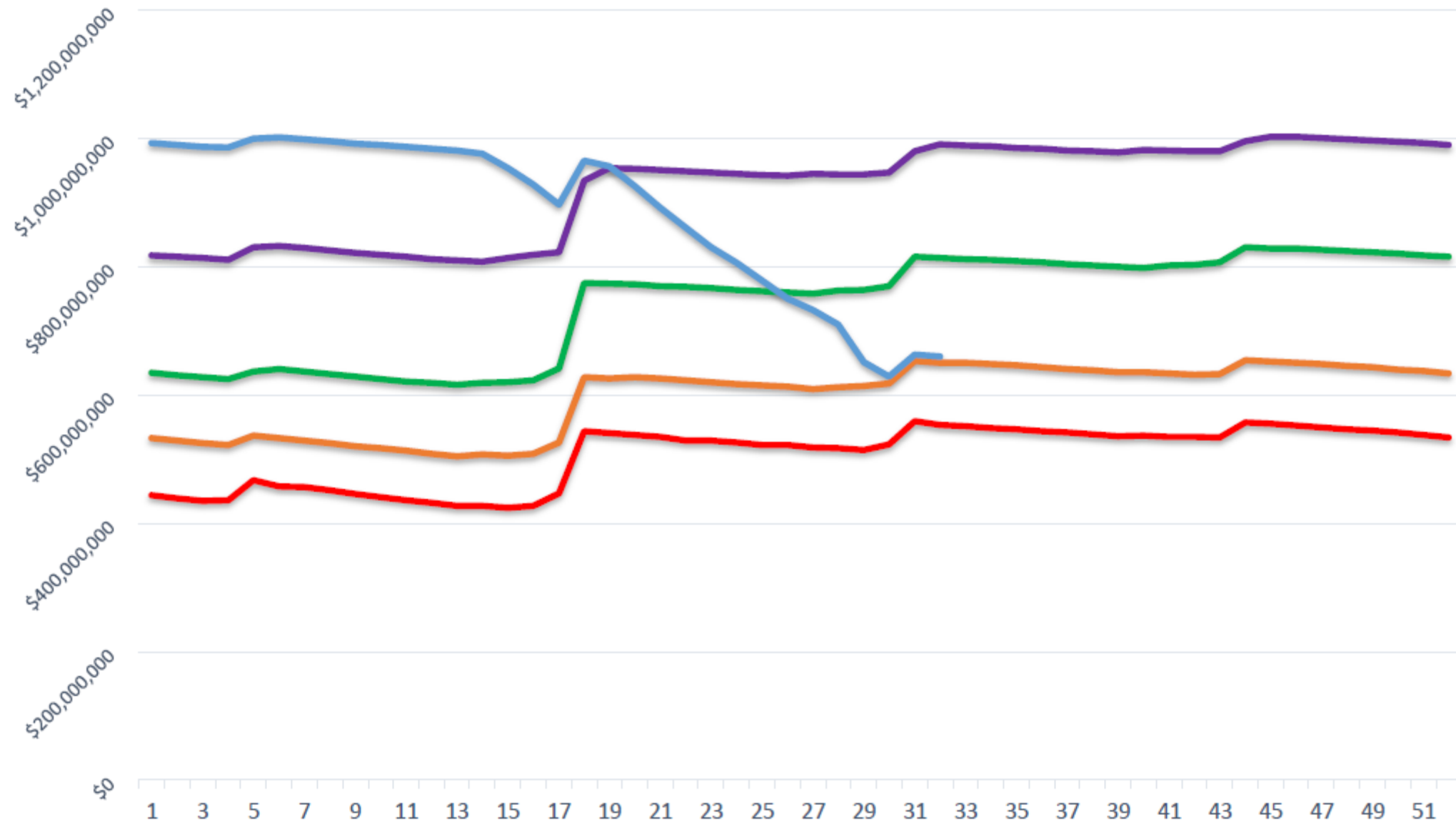
FPUC

- Federal Pandemic Unemployment Compensation (FPUC) was available March 29, 2020 through July 25, 2020
- FPUC sent out weekly payments of \$600 to eligible claimants receiving benefits from UI, Shared Work, TRA, Disaster Unemployment Assistance, PUA, or PEUC
- No application was necessary

Weekly Trust Fund Balance

Jan 01, 2016 - August 08, 2020

2016 2017 2018 2019 2020



UI Trust Fund Projections



Estimated Trust Fund Payout Scenarios (without contributions)

Kansas

Payout was 107.4 million in July, AVG WBA for week ending 8/1/20 was \$327.50

	Current Month Payout (July 2020 - Unreconciled) \$107,352,849 Per Month	Highest Month Payout (May 2020) \$139,392,819 Per Month	Previous Highest Month Payout (April 2020) \$125,555,000 Per Month	Payout \$110,000,000 Per Month	Payout \$100,000,000 Per Month	Payout \$90,000,000 Per Month	Payout \$80,000,000 Per Month
Jul-20	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000
Aug-20	\$ 556,047,151	\$ 524,007,181	\$ 537,845,000	\$ 553,400,000	\$ 563,400,000	\$ 573,400,000	\$ 583,400,000
Sep-20	\$ 448,694,302	\$ 384,614,362	\$ 412,290,000	\$ 443,400,000	\$ 463,400,000	\$ 483,400,000	\$ 503,400,000
Oct-20	\$ 341,341,453	\$ 245,221,543	\$ 286,735,000	\$ 333,400,000	\$ 363,400,000	\$ 393,400,000	\$ 423,400,000
Nov-20	\$ 233,988,604	\$ 105,828,724	\$ 161,180,000	\$ 223,400,000	\$ 263,400,000	\$ 303,400,000	\$ 343,400,000
Dec-20	\$ 126,635,755	\$ (33,564,095)	\$ 35,625,000	\$ 113,400,000	\$ 163,400,000	\$ 213,400,000	\$ 263,400,000
Jan-21	\$ 19,282,906		\$ (89,930,000)	\$ 3,400,000	\$ 63,400,000	\$ 123,400,000	\$ 183,400,000
Feb-21	\$ (88,069,943)			\$ (106,600,000)	\$ (36,600,000)	\$ 33,400,000	\$ 103,400,000
Mar-21						\$ (56,600,000)	\$ 23,400,000
Apr-21							\$ (56,600,000)
May-21							
Jun-21							
Jul-21							
Aug-21							
Sep-21							
Oct-21							
Nov-21							
Dec-21							

Est. August 2020

Source: Kansas Department of Labor, Labor Market Information Services; Unemployment Insurance Statistics

UI Trust Fund Projections



Estimated Trust Fund Payout Scenarios (with contributions)							
Kansas							
Payout was 107.4 million in July, AVG WBA for week ending 8/1/20 was \$327.50							
	Current Month Payout (July 2020 - Unreconciled)	Highest Month Payout (May 2020)	Previous Highest Month Payout (April 2020)	Payout	Payout	Payout	Payout
	\$107,352,849 Per Month	\$139,392,819 Per Month	\$125,555,000 Per Month	\$110,000,000 Per Month	\$100,000,000 Per Month	\$90,000,000 Per Month	\$80,000,000 Per Month
Jul-20	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000	\$ 663,400,000
Aug-20	\$ 572,288,705	\$ 540,248,735	\$ 554,086,554	\$ 569,641,554	\$ 579,641,554	\$ 589,641,554	\$ 599,641,554
Sep-20	\$ 465,431,661	\$ 401,351,721	\$ 429,027,359	\$ 460,137,359	\$ 480,137,359	\$ 500,137,359	\$ 520,137,359
Oct-20	\$ 380,452,548	\$ 284,332,638	\$ 325,846,095	\$ 372,511,095	\$ 402,511,095	\$ 432,511,095	\$ 462,511,095
Nov-20	\$ 282,041,057	\$ 153,881,177	\$ 209,232,453	\$ 271,452,453	\$ 311,452,453	\$ 351,452,453	\$ 391,452,453
Dec-20	\$ 175,378,284	\$ 15,178,434	\$ 84,367,529	\$ 162,142,529	\$ 212,142,529	\$ 262,142,529	\$ 312,142,529
Jan-21	\$ 92,180,157	\$ (100,059,663)	\$ (17,032,749)	\$ 76,297,251	\$ 136,297,251	\$ 196,297,251	\$ 256,297,251
Feb-21	\$ (8,432,639)			\$ (26,962,696)	\$ 43,037,304	\$ 113,037,304	\$ 183,037,304
Mar-21					\$ (56,326,737)	\$ 23,673,263	\$ 103,673,263
Apr-21						\$ 48,101,025	\$ 138,101,025
May-21						\$ (12,484,385)	\$ 87,515,615
Jun-21							\$ 8,363,993
Jul-21							\$ (32,827,132)
Aug-21							
Sep-21							
Oct-21							
Nov-21							
Dec-21							

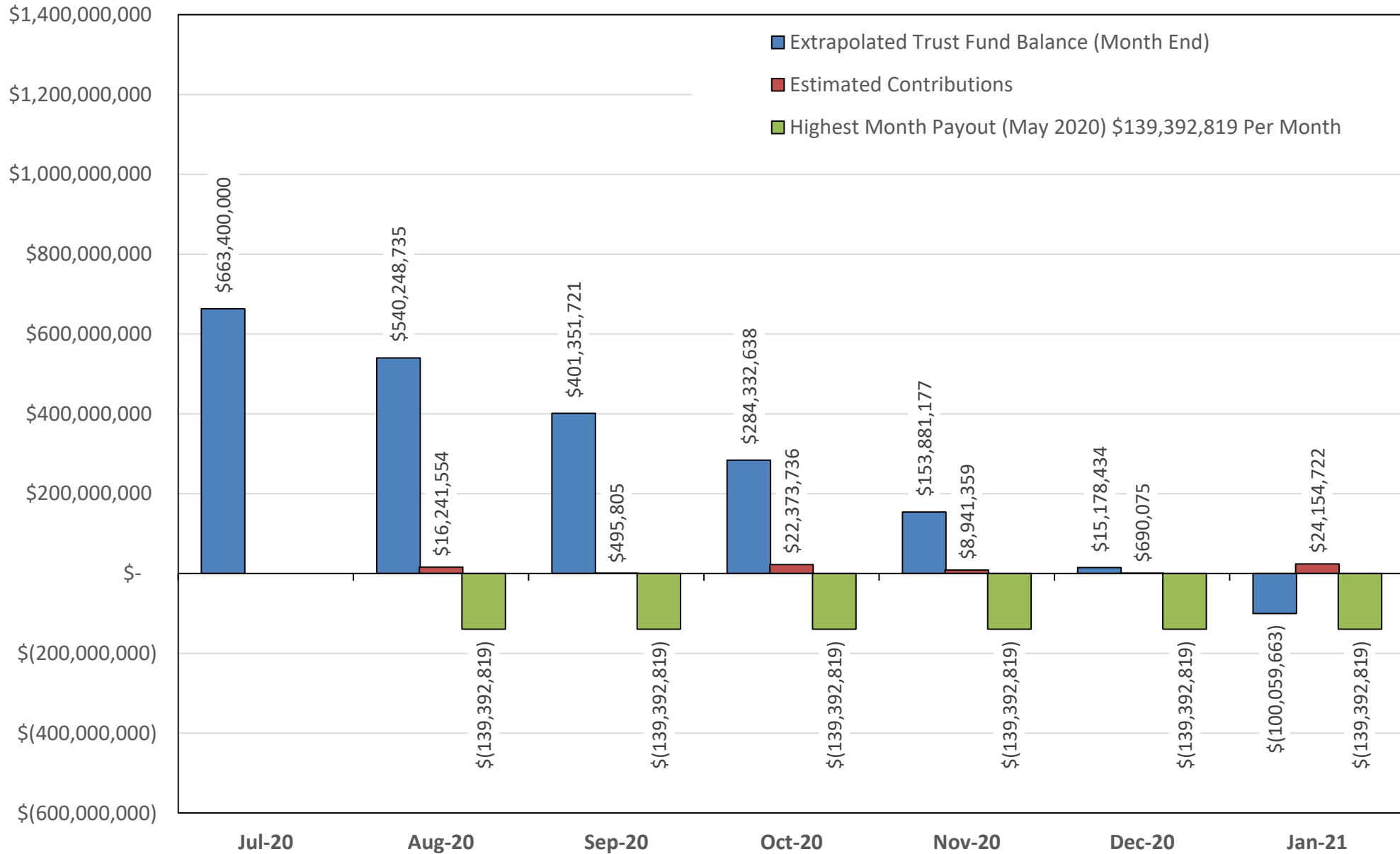
Est. August 2020

Source: Kansas Department of Labor, Labor Market Information Services; Unemployment Insurance Statistics

Extrapolated Benefits, Contributions, and Trust Fund Balance (assuming highest month benefit)

Kansas

July 2020 to January 2021



Source: Kansas Department of Labor, Labor Market Information Services.

Lost Wage Assistance (LWA) Program

- Created through Presidential Memorandum on 8/8
- States can apply for FEMA grant to pay up to \$400/week in additional unemployment benefits
 - Grant application open to states from 8/10 – 9/10
 - Payments retroactive to 8/1
- LWA Program will end no later than December 27, earlier if:
 - FEMA expends the \$44 billion designated
 - The total balance in the account decreases to \$25 billion
 - Legislation is enacted that provides similar compensation for unemployed individuals
- Some reports are that the program will run out of money in 3 – 5 weeks

Two options for LWA payments

\$400/week to Claimant

Federal Contribution	\$300
<u>State Contribution*</u>	<u>\$100</u>
Total to claimant	\$400

* State contribution may come from Coronavirus Relief Funds (CRF), or other state funding sources

\$300/week to Claimant

Federal Contribution	\$300
<u>State Contribution*</u>	<u>\$0</u>
Total to claimant	\$300

* State match made through regular weekly benefit
For claimants on federally-funded benefits (PEUC and PUA) this option would not work because there is not state match paid through the weekly benefit.

LWA Implementation

- Will take several weeks
- LWA has new eligibility requirements – this is not simply a change from \$600/week to \$400/week
- Implementation costs can not be paid using existing federal administrative funds
 - States will receive 5% of LWA grant to fund administrative costs, but must match at 25% state/75% federal

State Liability

- State liable for 100% of payment if a claimant is found eligible, but the federal funds have been exhausted
- Any benefits paid on fraudulent claims must be paid back to FEMA regardless of whether or not they can be collected by KDOL

QUESTIONS?





Kansas Department of Health and Environment



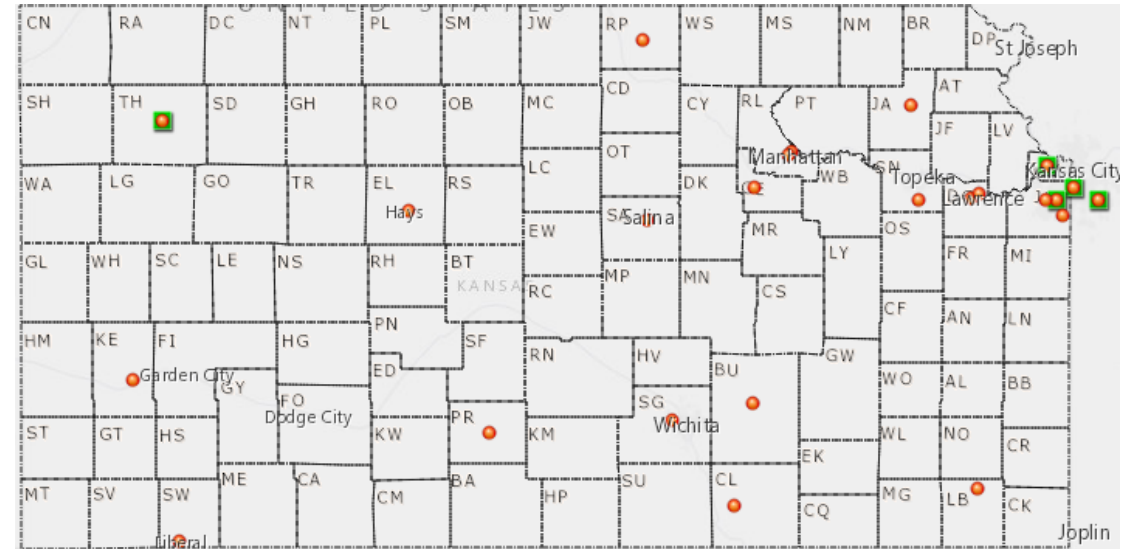
SPARK Executive Committee

Dr. Lee Norman, Secretary, M.D., MBA | August 19th, 2020

Who is Testing?

There are four significant testing facility types operational in Kansas for COVID-19 testing.

1. Kansas Health and Environmental Laboratories
2. Mobile Laboratories or Collection Teams
3. Major commercial reference laboratories
4. Local reference laboratories and captive laboratories (includes university labs)



COVID-19 Testing Labs in Kansas

Testing Turnaround and Costs



- Public funded labs
 - Average turnaround time for results: The state lab has anywhere from 24-72 hour turnaround time (TAT).
 - State Lab performs test for 30-40% of retail costs.
- Private labs (including universities)
 - Average turnaround time for results: Varies widely and changes often.
 - Not unusual for smaller lab with less samples to meet a 72 hours TAT
 - Larger labs can be 3 to 14 days depending on sample load. Typically 7 to 14 days turnaround time.
 - Charges/Costs typically \$80-120

Local Labs



- How can we partner to increase capacity and utilization?
- How can we leverage to shorten turnaround time for results?

Thank You/Questions



The Kansas Economic Recovery SPARK Committee Meeting

Donna K. Ginther

Dean's Professor of Economics

Director, Institute for Policy & Social Research, University of Kansas

Research Associate, National Bureau of Economic Research

August 19, 2020

KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

IPSR Goals for COVID-19 Crisis

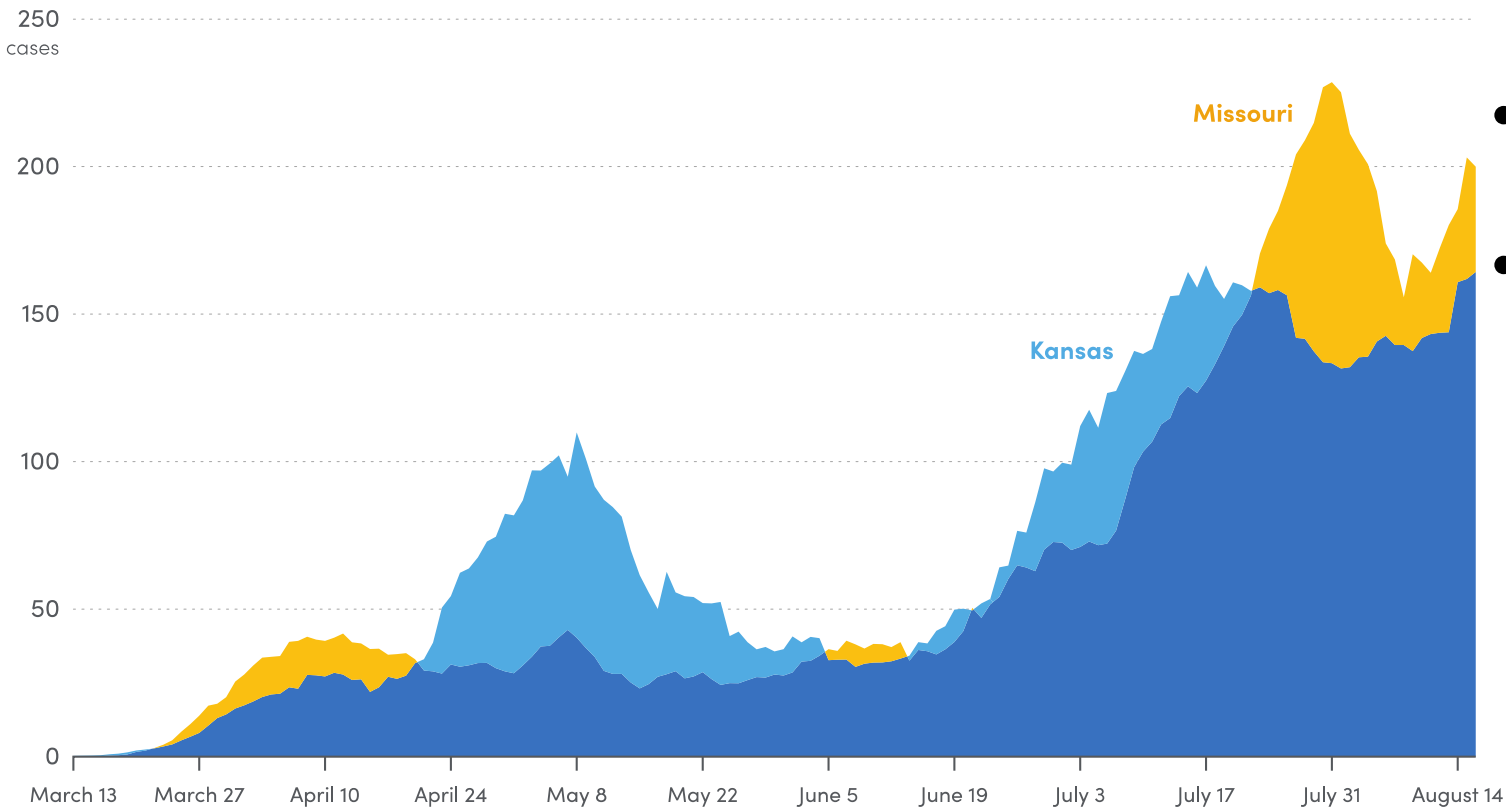
- Synthesize the data on the Coronavirus in Kansas
- Report economic indicators
- Inform the public and policymakers on these issues on a **monthly** basis.
- Data and briefings available at <http://ipsr.ku.edu/covid19/>
- Thanks to Xan Wedel, Thomas Becker & Lindsay Jorgenson who helped with the data, 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?
 - A new recovery letter: not V, likely a K and perhaps W.
 - But K is not OK.

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 August 16th

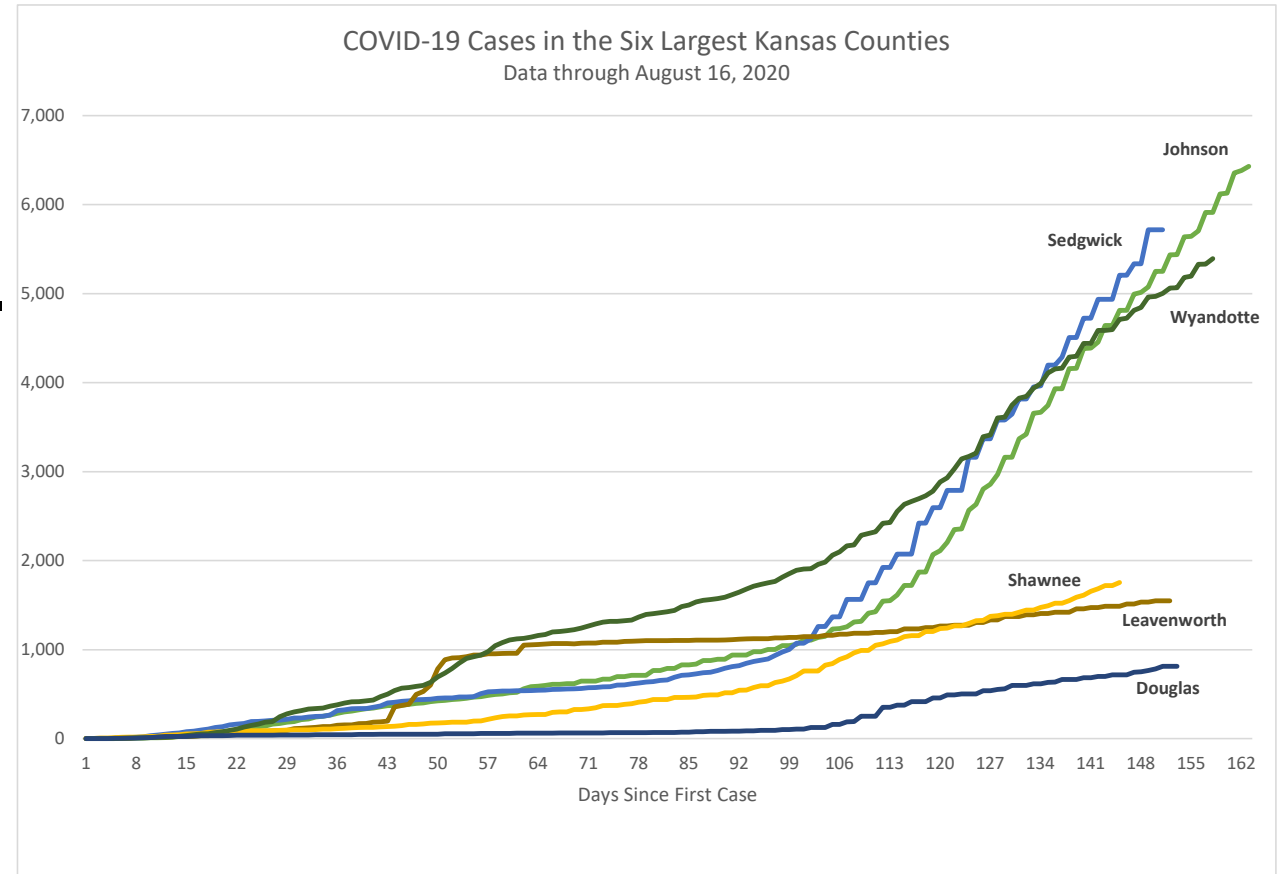


- Adjusted Kansas/Missouri Cases per million residents.
- Kansas has 35,624 cases
 - 1,223 cases per 100,000
- Missouri has 70,696 cases
 - 1,1452 cases per 100,000
 - Missouri has accelerating cases adjusted for population compared to Kansas at the end of July and early August.

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

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 over 12 times higher than on June 2nd.
 - Sedgwick, Johnson & Wyandotte Counties are Accelerating.



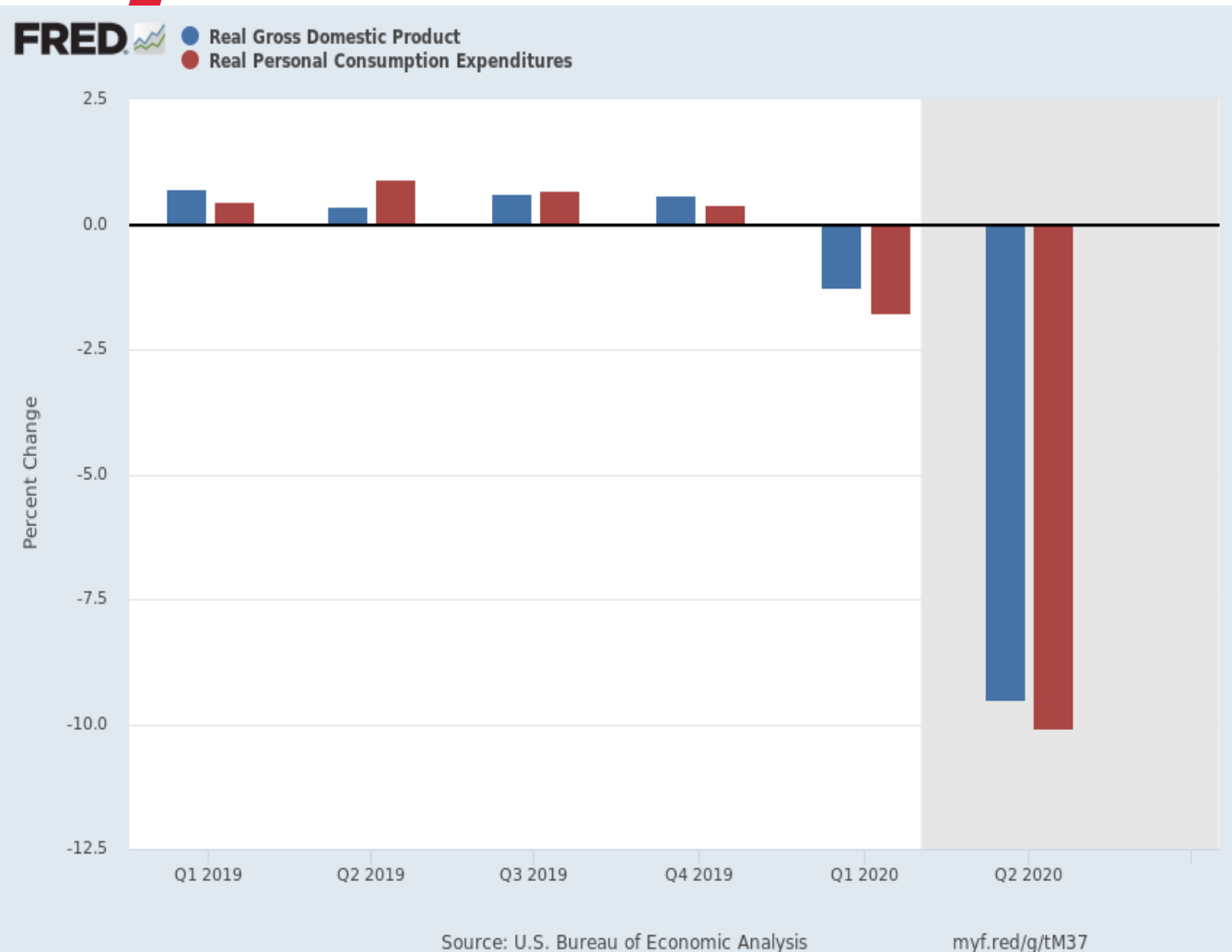
Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times.



COVID-19 and the US & Kansas Economies

Unemployment & Uncertainty

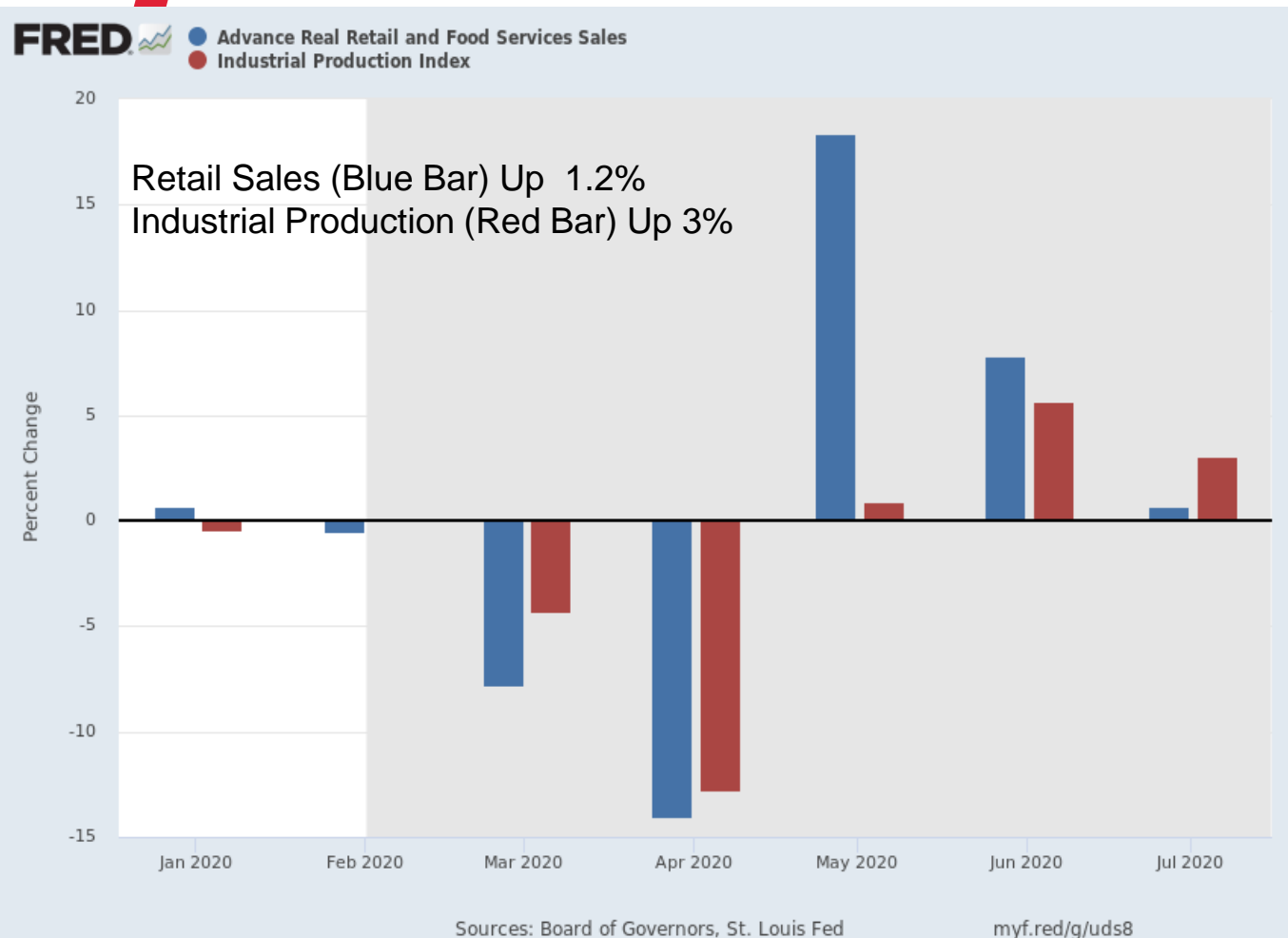
Gross Domestic Product Fell at Historic Rate



- Gross Domestic product fell by 9.5% compared to the previous quarter.
- At an annualized rate, this is -33%
- Consumption (2/3rds of GDP) fell by 10%
- This makes the Great Recession look like a mere blip.

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

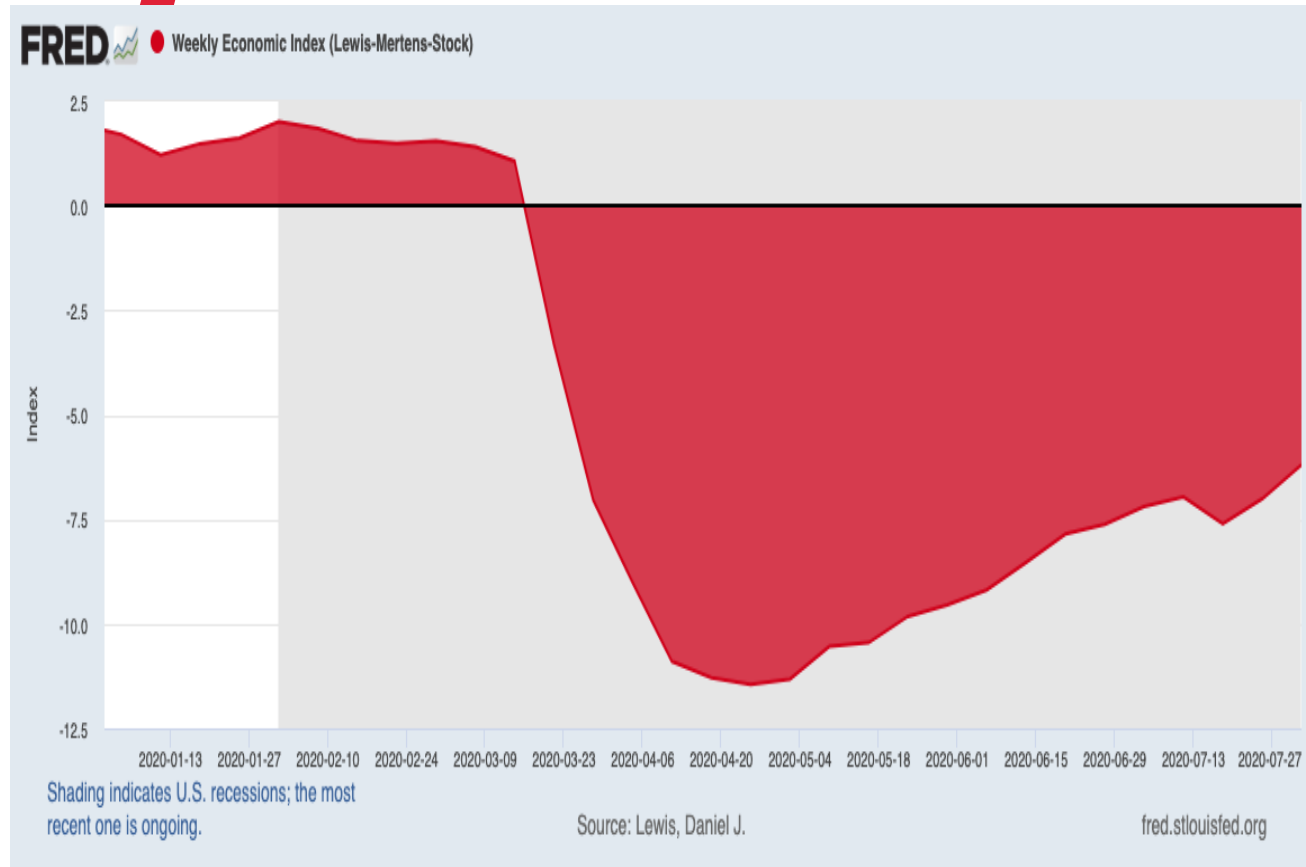
Industrial Production & Retail Sales--July



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

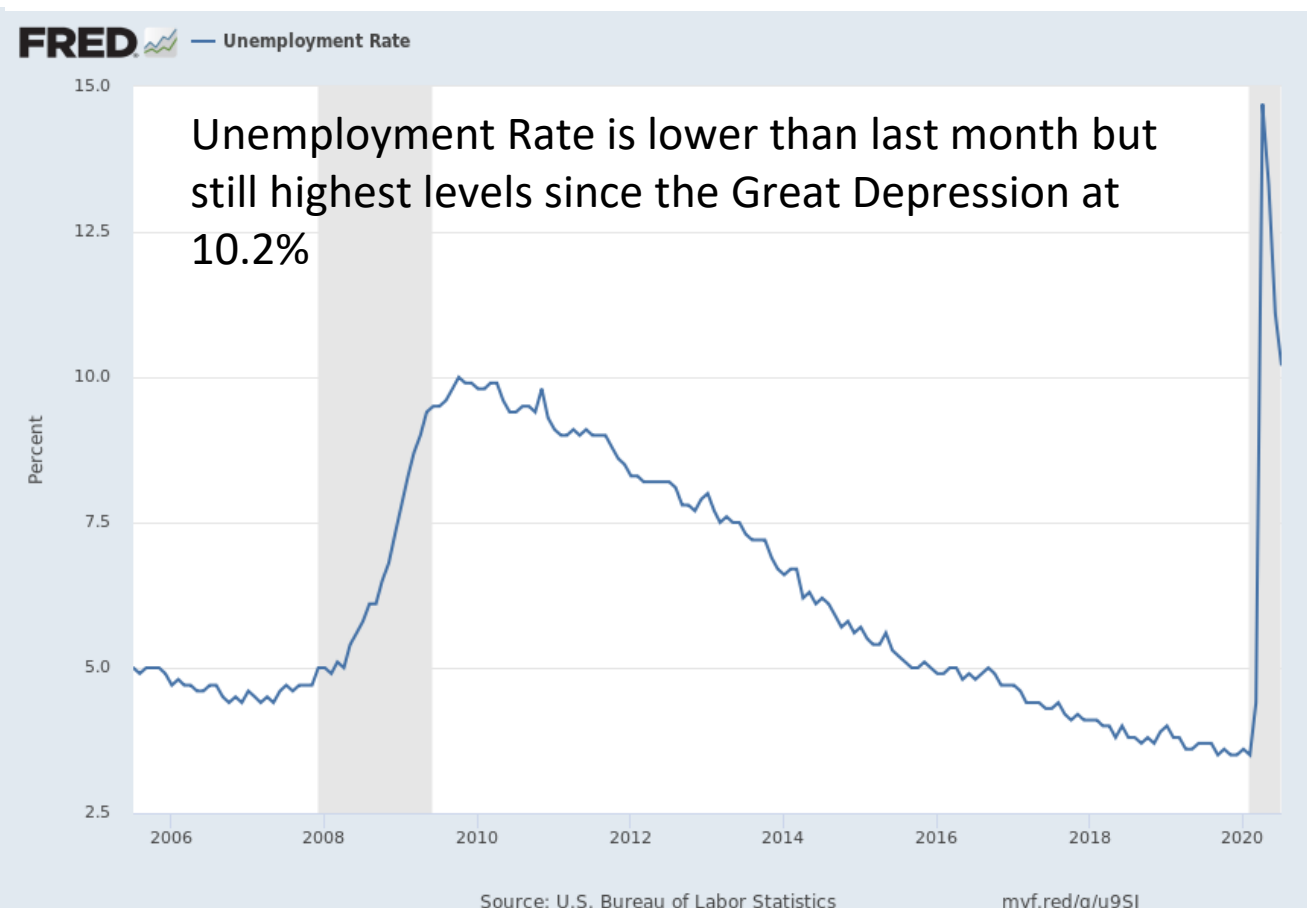
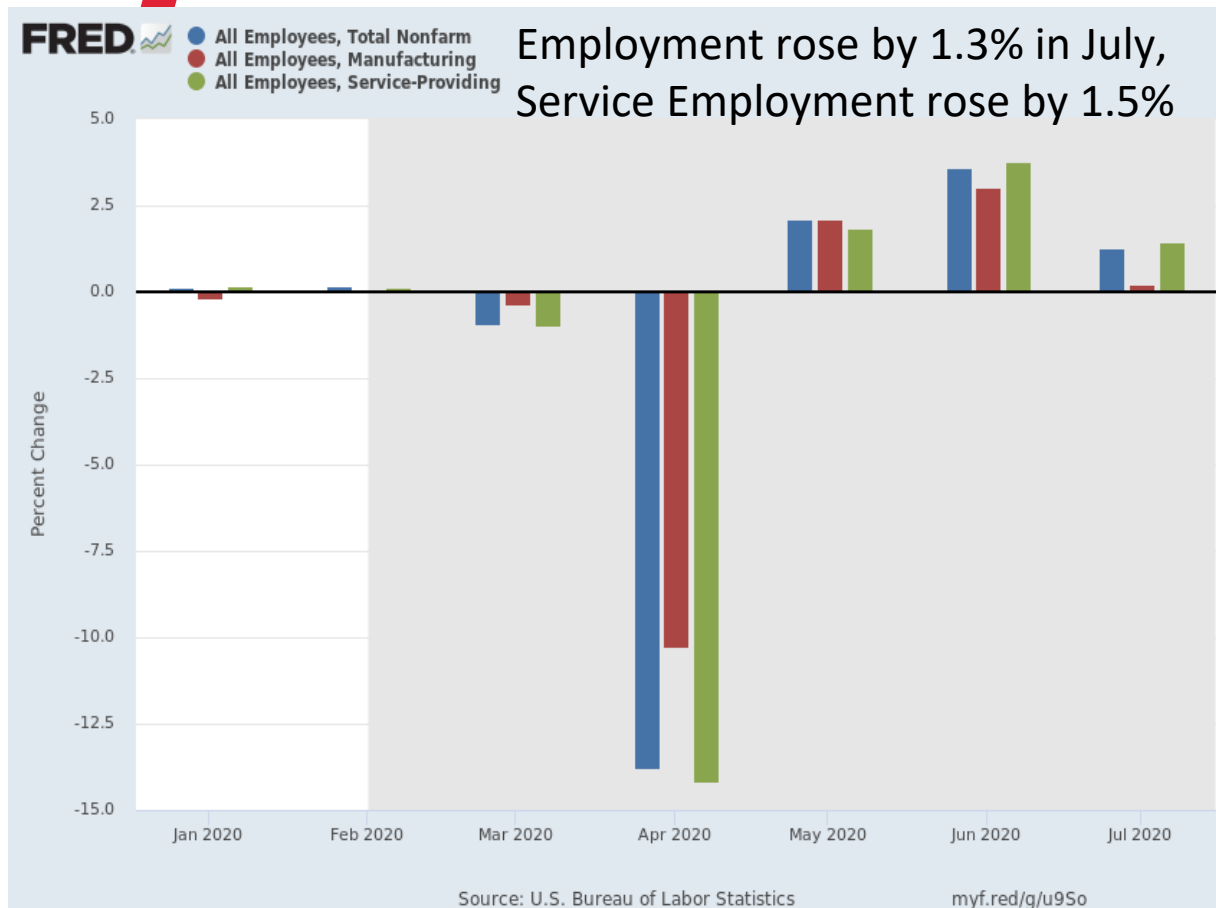
- Retail sectors up:
 - Clothing 5.7%
 - Furniture 0%
 - Restaurants/Bars 5%
 - Motor Vehicles -1.2%
 - Electronics 22.9%
 - Miscellaneous 6.2%
- Retail sales were up 2.7% compared to a year ago.

Weekly Economic Activity Index

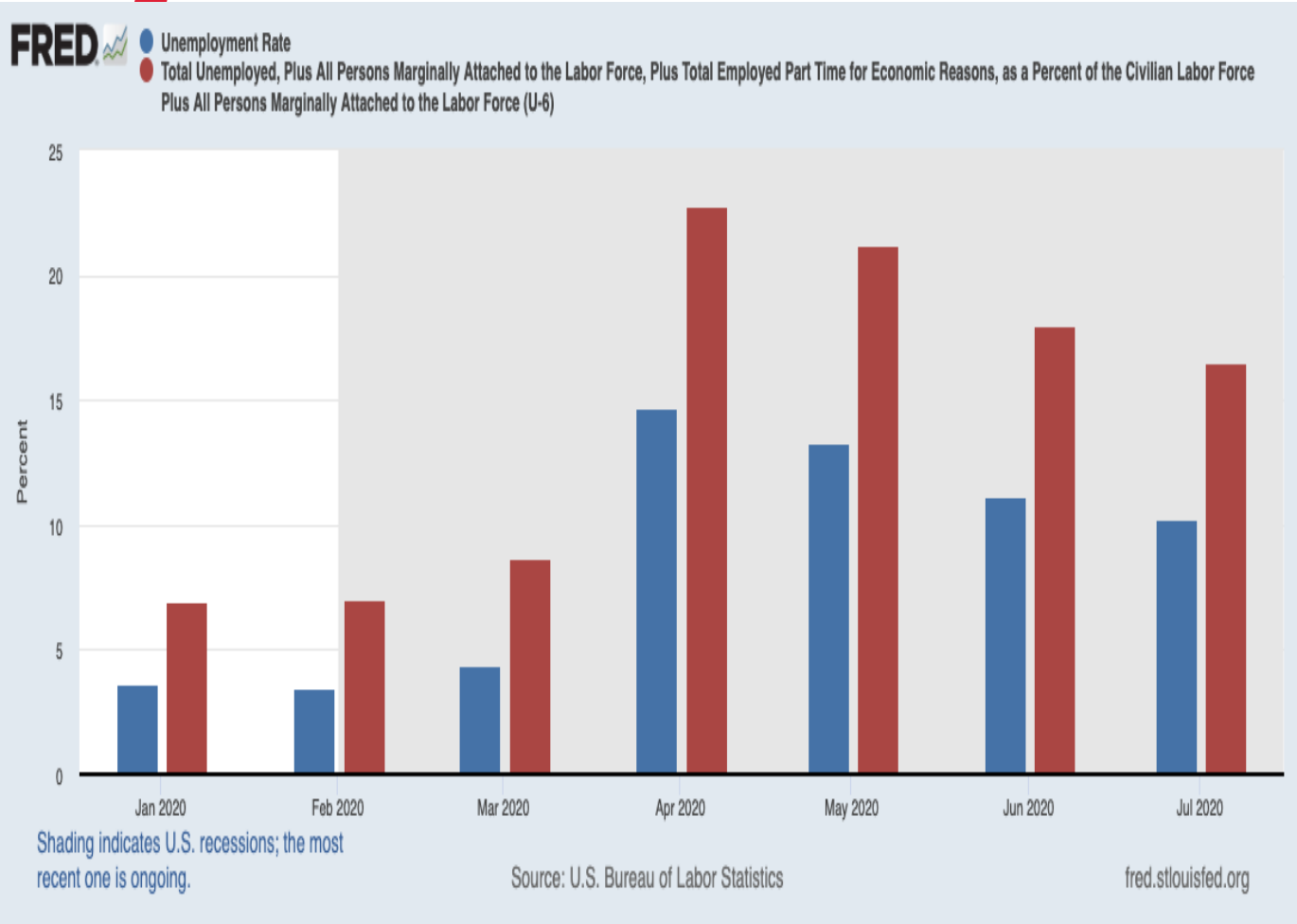


- Lewis, Mertens & Stock have developed a Weekly Economic Activity Index that is scaled to 4th Quarter 2019 GDP growth.
 - The index has risen to -6.2%
 - This indicates that GDP for this quarter is forecast to be 6.2% lower for Q3.

Employment & Unemployment July, 2020



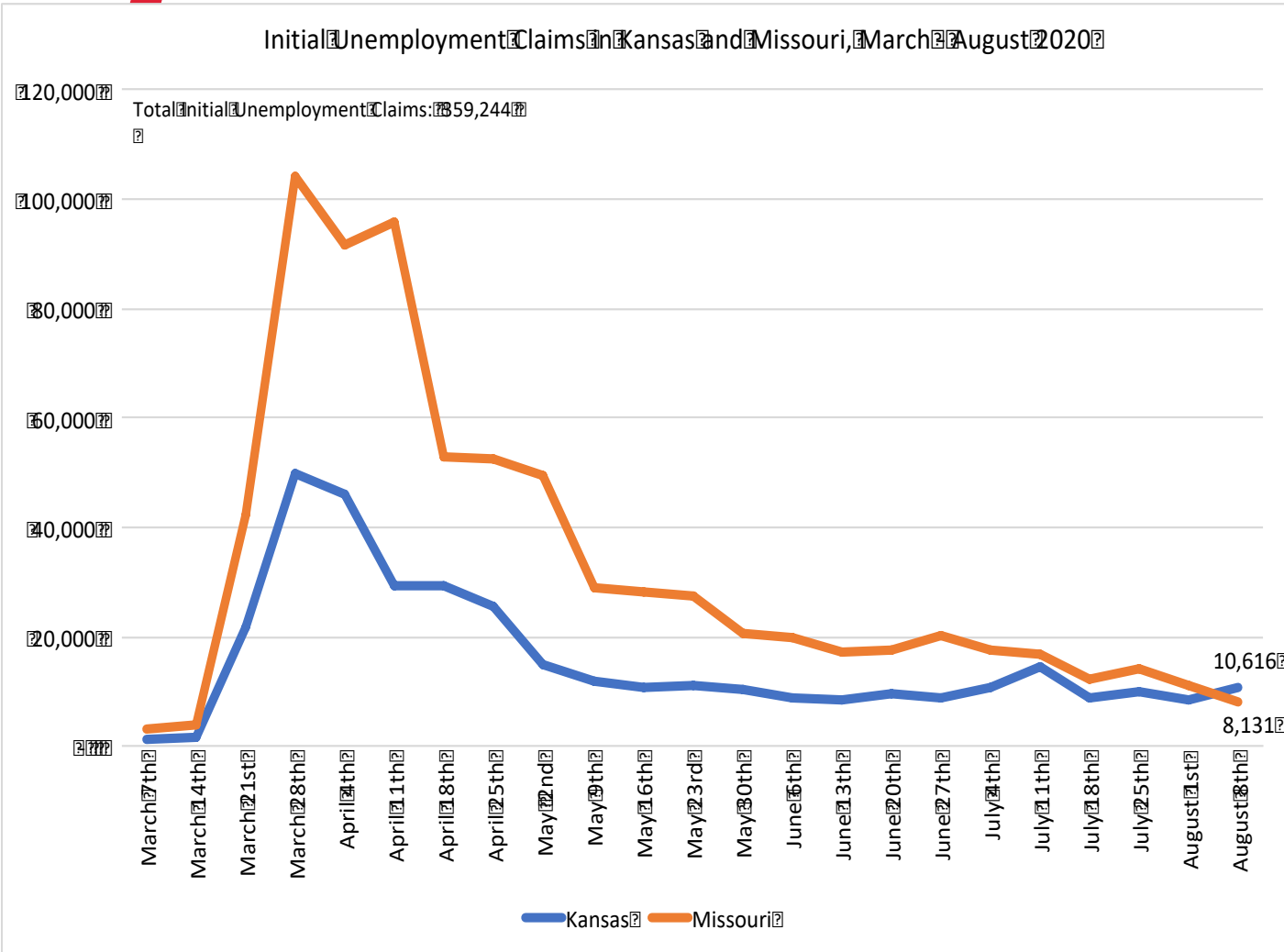
U-3 and U-6 Show Continued Slack in Labor Market



- U-6 rate is a broader measure of unemployment
 - 16.5% in July and 18% in June.
- U-6 indicates that one sixth 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

Unemployment Claims in Kansas and Missouri

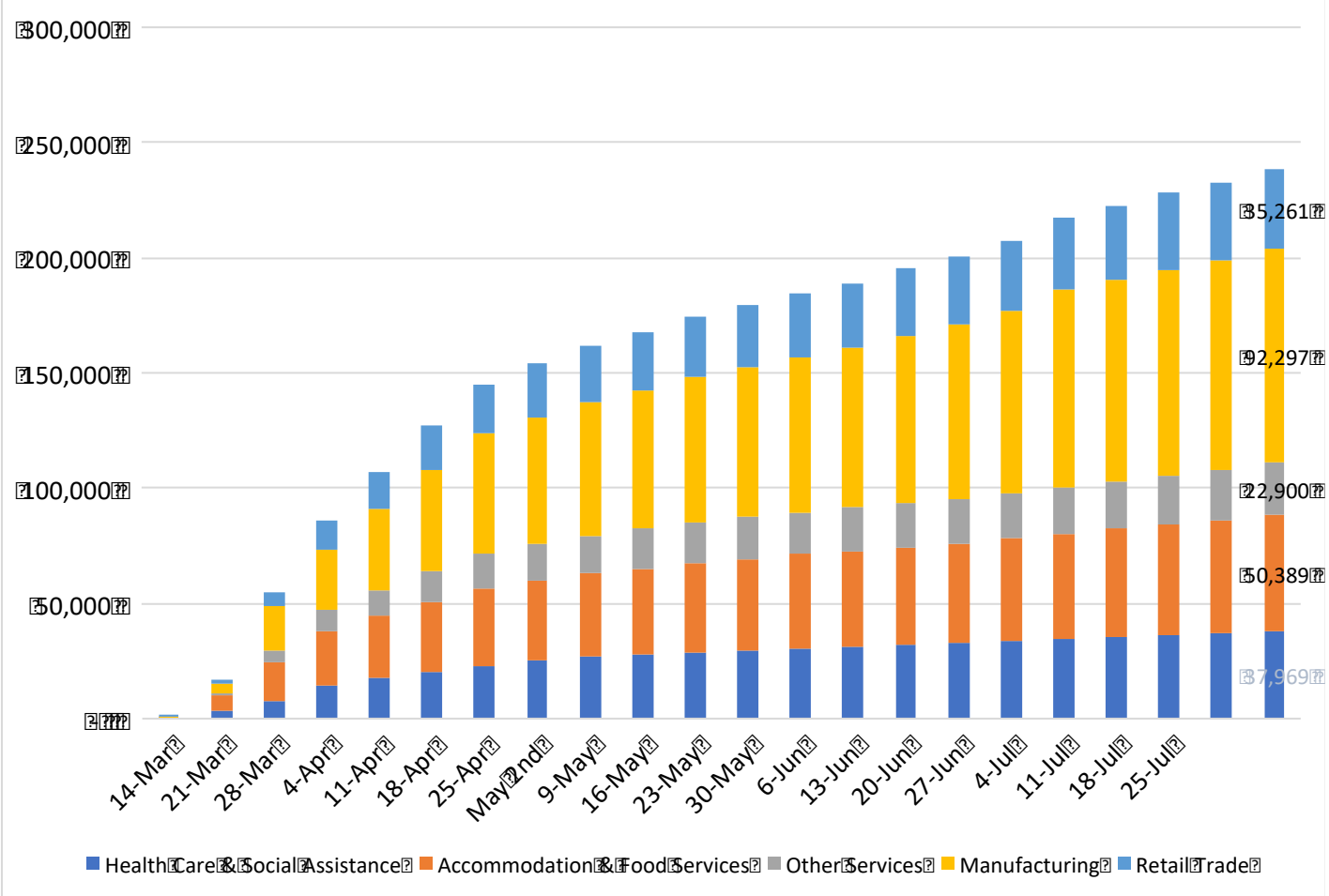


- 10,616 people filed an initial claim in Kansas the week of August 8th
- Since March 14th a total of 359,244 workers have filed initial unemployment claims in Kansas.
- Initial claims remain stubbornly high.
 - Data from March 14th – August 8th

Source: Calculations using KS and MO Department of Labor Data

Cumulative Initial Unemployment Claims by Industry

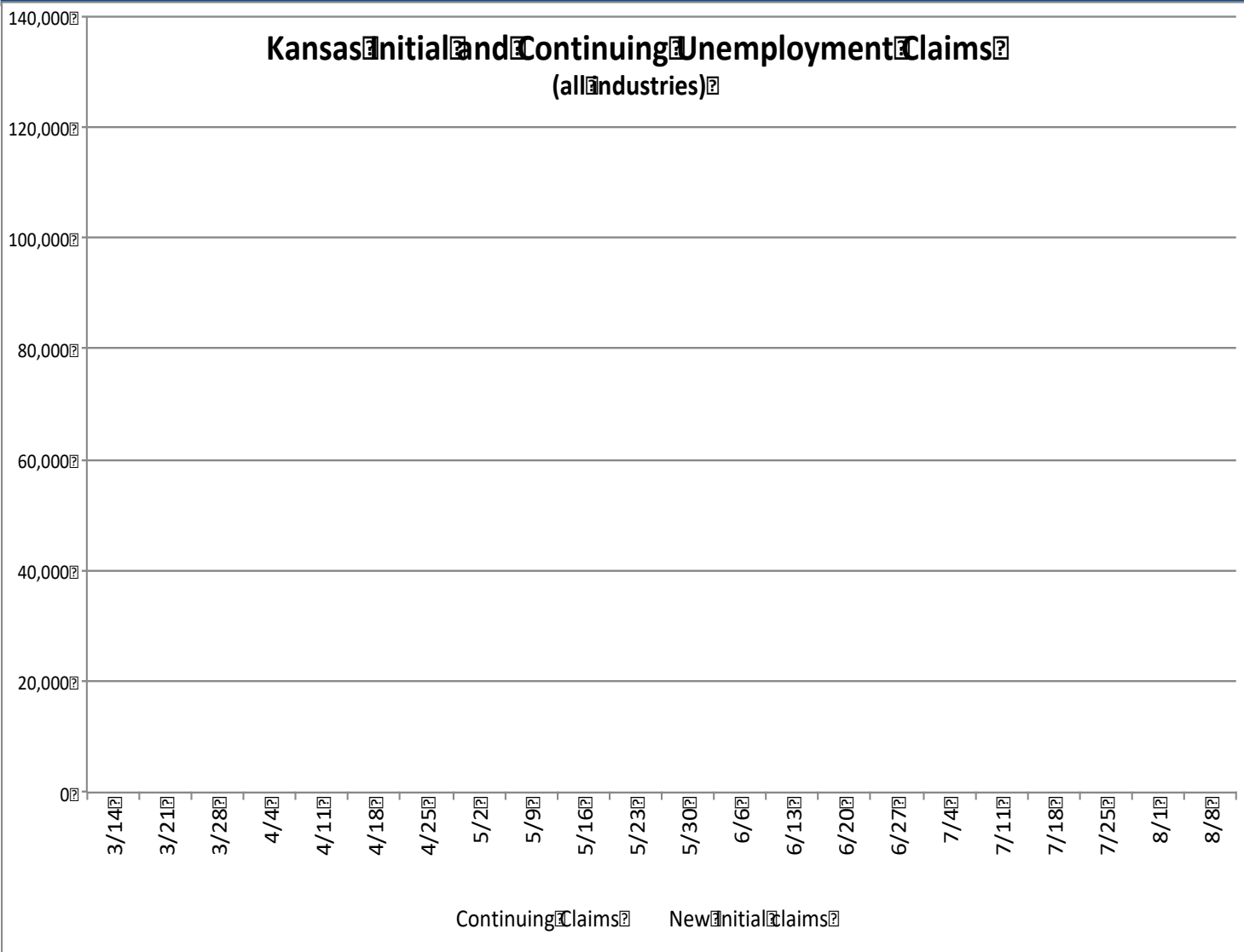
Kansas Industries with Largest Cumulative Job Losses March 14 - July 25th



- Industries hardest hit include:
 - Manufacturing: 92,297
 - Accommodation & Food Services: 50,389
 - Health care & Social assistance: 37,969
 - Retail Trade: 35,261
 - Other Services: 22,900
- These five industries account for 67% of people who have lost their jobs.

Source: Calculations using KS and MO Department of Labor Data

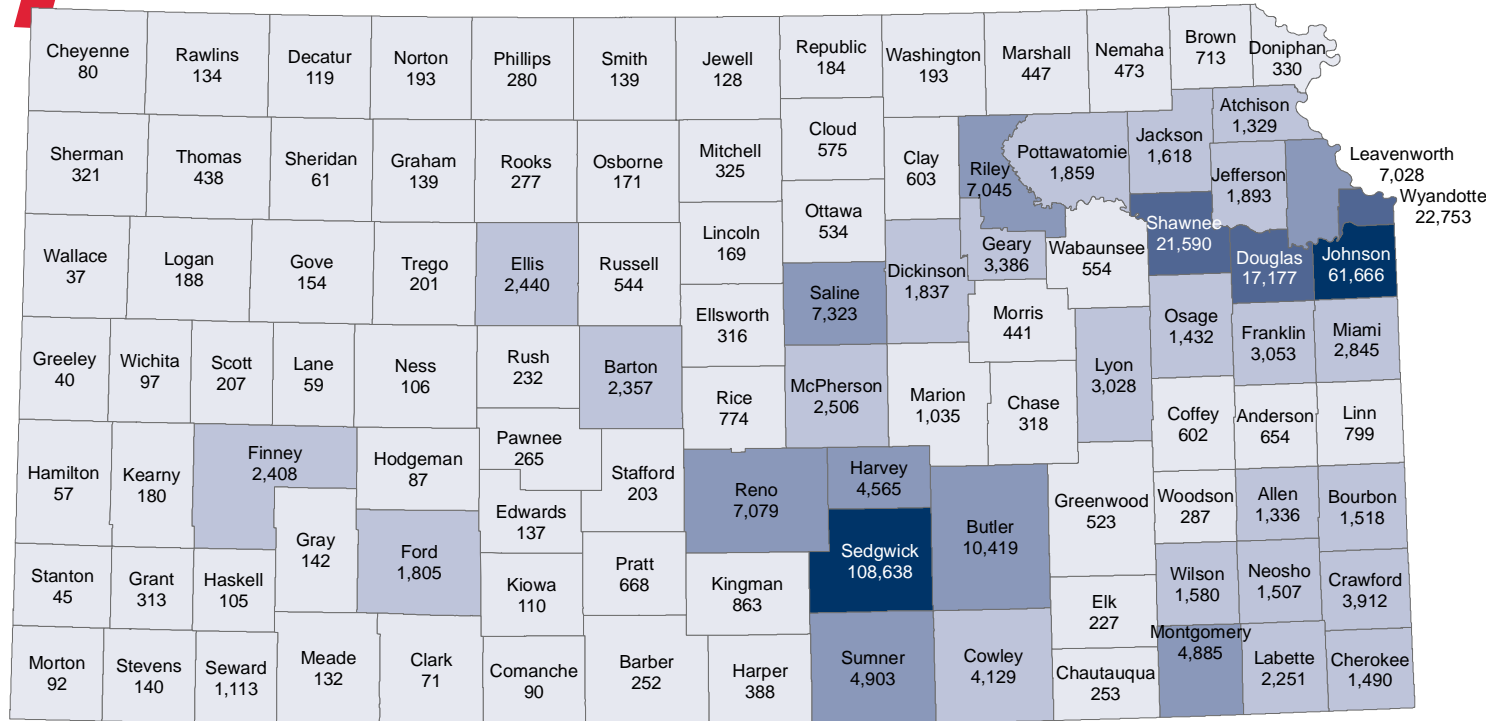
Unemployment in Kansas Remains High



- Kansas continuing + initial unemployment claims remain high
- There are 72,255 continuing claims and 10,616 new initial claims as of the week ending August 8th.
- State Unemployment ~6%

Cumulative Unemployment Claims by County

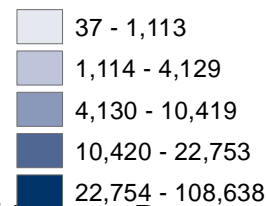
Initial Jobless Claims in Kansas, by County
March 21 - August 8, 2020



- Top 5 Counties by Cumulative Initial Claims:
 - Sedgwick 108,638
 - Johnson 61,666
 - Shawnee 21,590
 - Wyandotte 22,753
 - Douglas 17,177
- Data calculated March 21st – August 8th

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

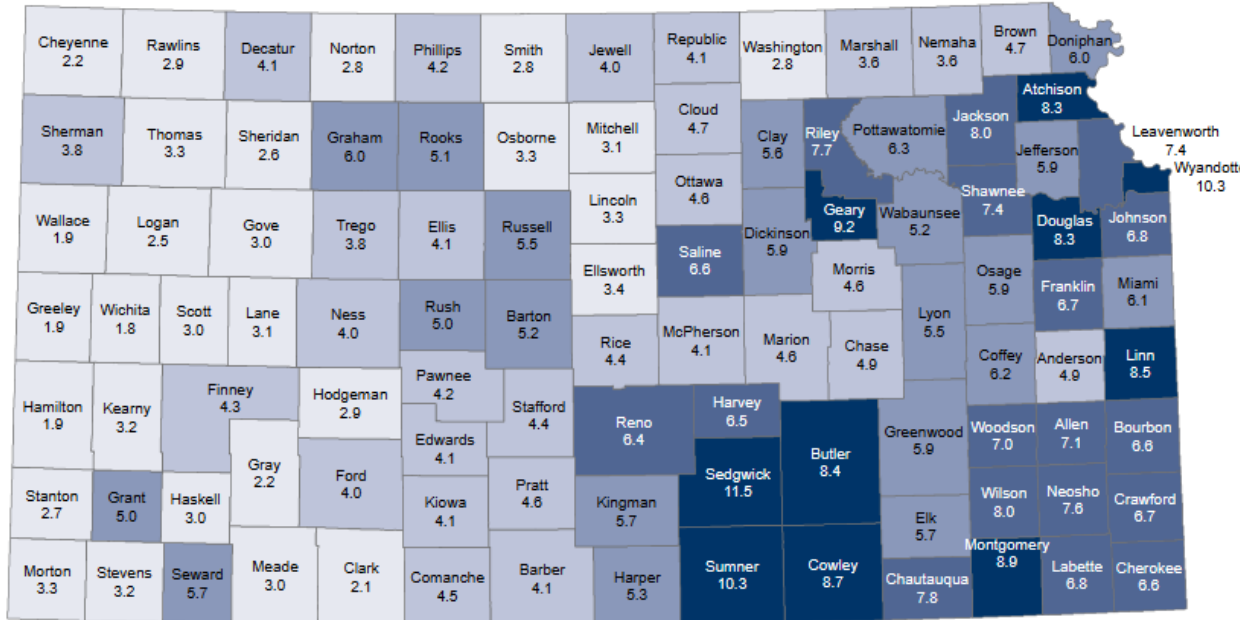
Initial Claims, March 21 - August 8



Source: IPSR calculations using Kansas Department of Labor Data

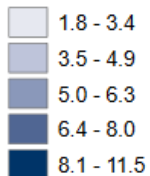
June Official Unemployment

Unemployment Rate in Kansas, by County
June 2020



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

Unemployment Rate

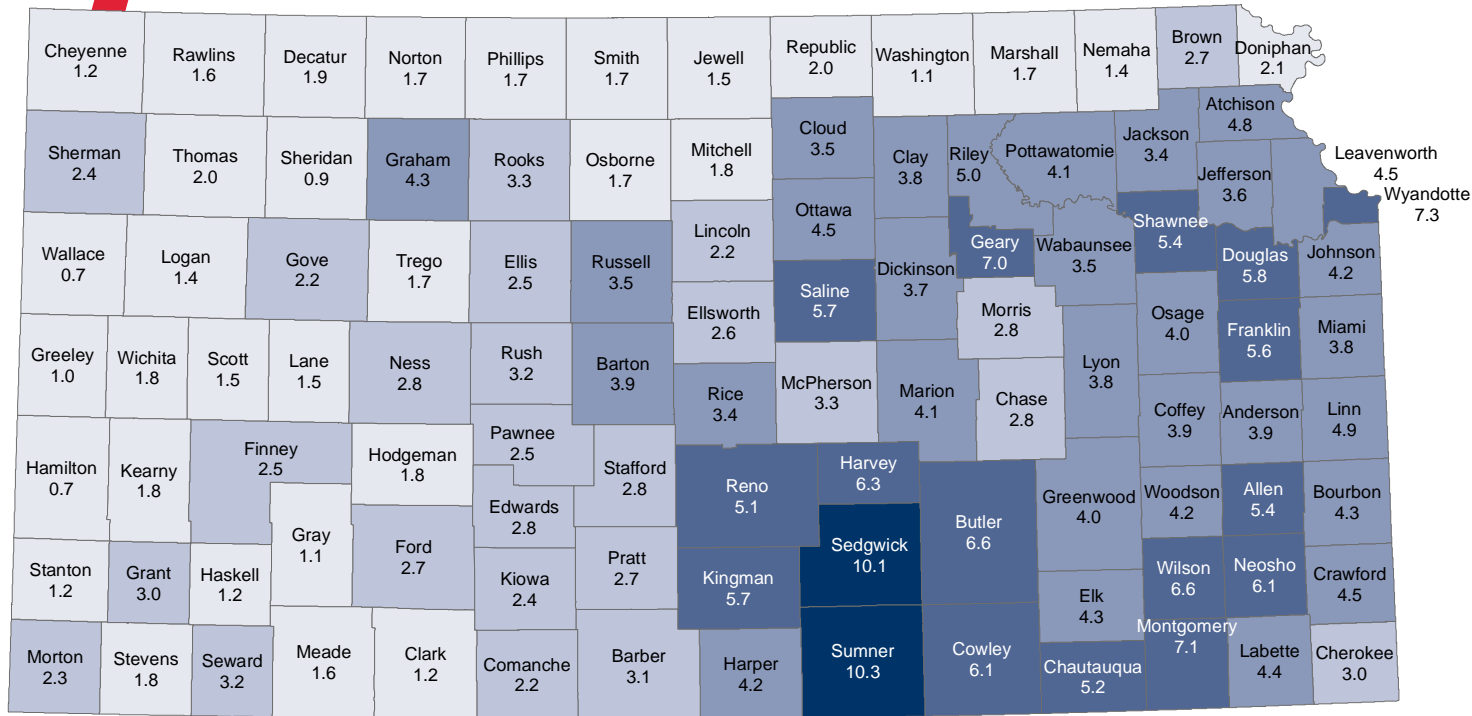


- Wilson County 8%
- Johnson 6.8%
- Montgomery 8%
- Woodson 7%
- Neosho 7.6%
- Douglas 8.3%
- Sedgwick 11.5%
- State Unemployment 7.5%

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
August 8, 2020



- Top 5 counties by unemployment rate:

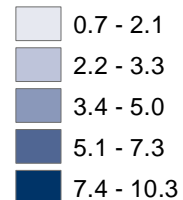
- Sumner 10.3%
- Sedgwick 10.1%
- Wyandotte 7.3%
- Montgomery 7.1
- Wilson 6.6%

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

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 August 8th and preliminary, not seasonally adjusted, civilian labor force for June 2020.

Projected Unemployment Rate



Source: IPSR calculations using Kansas Department of Labor Data

Kansas Initial Unemployment Claims by Industry as a Share of Total Employment—Data as of August 1st

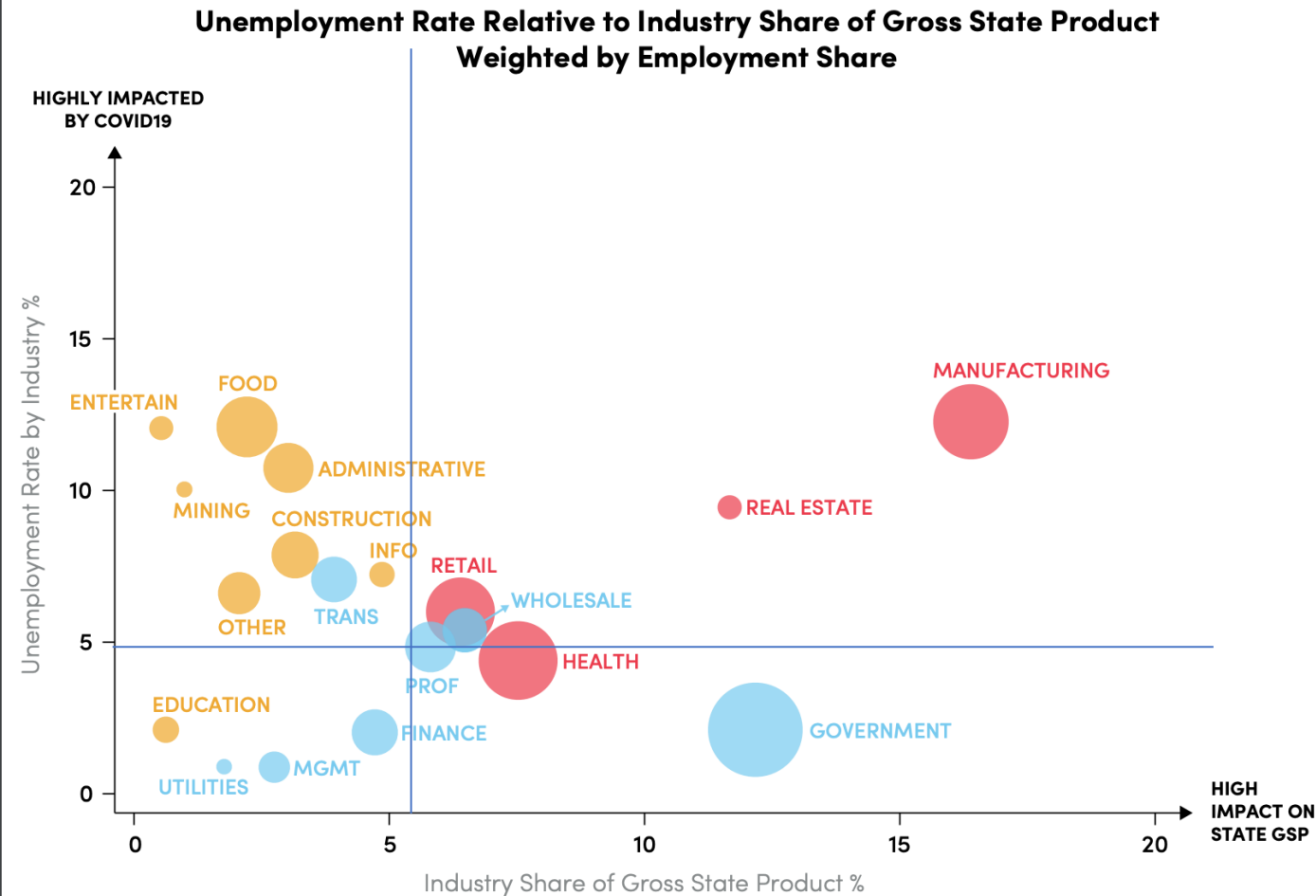
Industry	Unemployment Within Industry
Government	5.9%
Health	20.6%
Manufacturing	54.9%
Retail	25.2%
Food	46.2%
Professional	16.9%
Administrative	32%
Construction	26.5%
Finance	6.33%
Transportation	22.15%
Wholesale	14.4%
Other	44.6%
Management	2.3%
Education	5.9%
Information	22.7%
Real Estate	36.8%
Entertainment	60.7%
Mining	30.9%
Utilities	2.81%

- I calculated the share of initial unemployment claims for all of March – August 8th 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.

Unemployment Claims Relative to Gross State Product

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

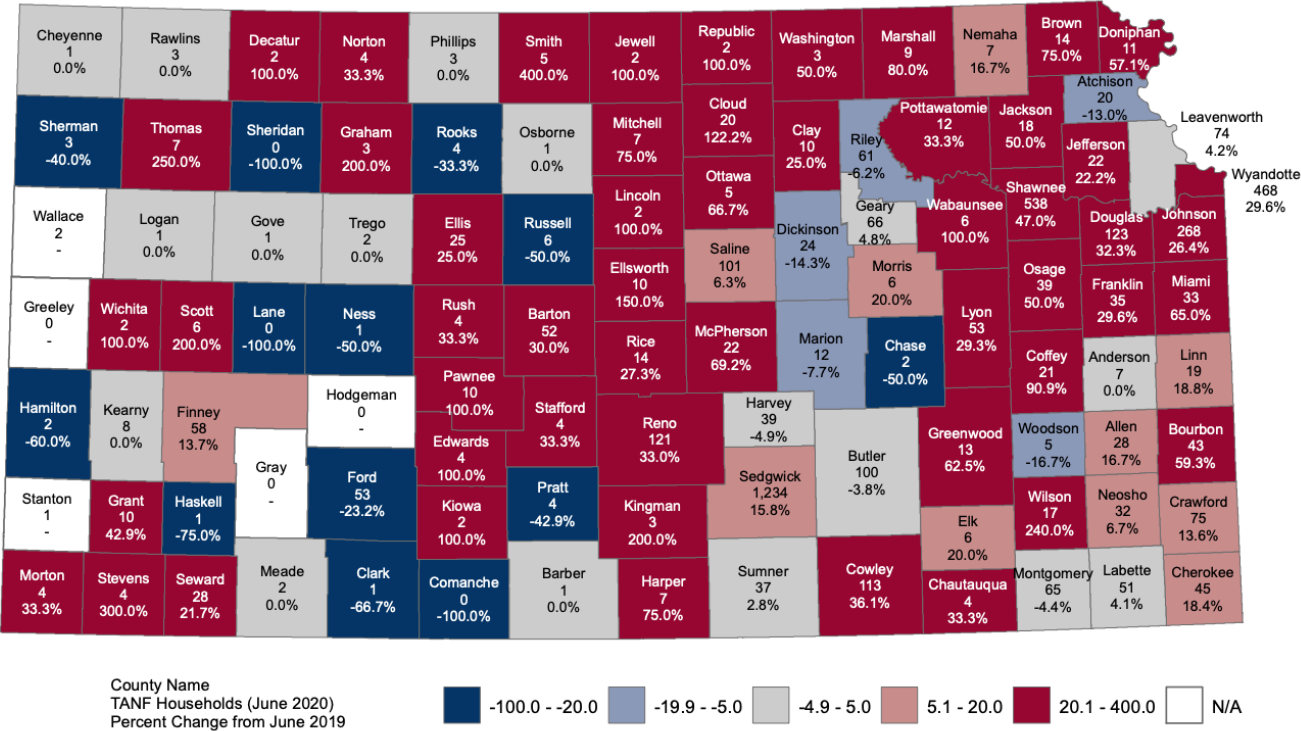
- Manufacturing 12% UE & 16% of GSP
- Health Services 4.5% UE & 7.5% of GSP
 - Health has improved a lot.
- Retail 6% UE & 6.4% of GSP



Source: Author's calculations.

Demand for Social Assistance has Increased

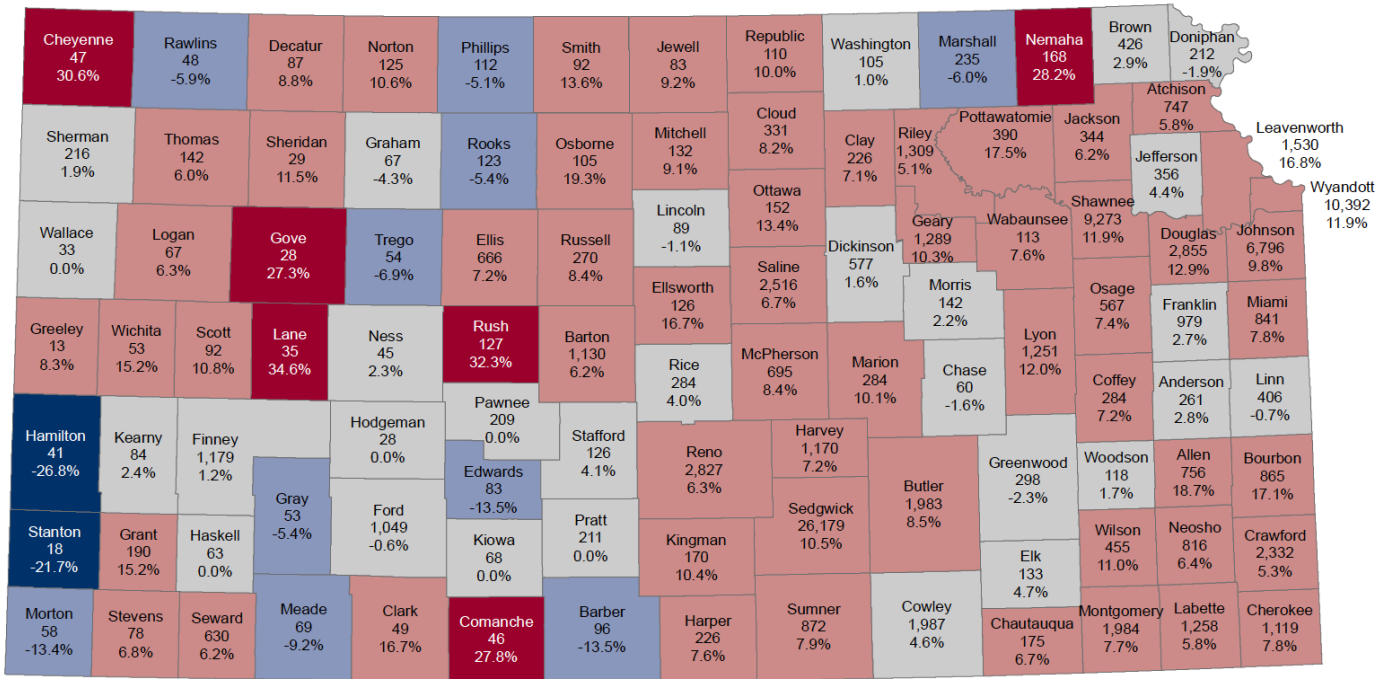
Percent Change in Households Receiving Temporary Assistance for Needy Families (TANF) in Kansas, by County
June 2019 - June 2020



- Percent change in households receiving TANF by county, June 2019 – June 2020
- Dark red counties indicate an increase of 20% or more
 - Caseloads have increased by 47% in Shawnee County & 26% in Johnson County

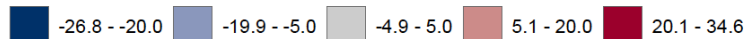
Demand for SNAP Benefits have also increased

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

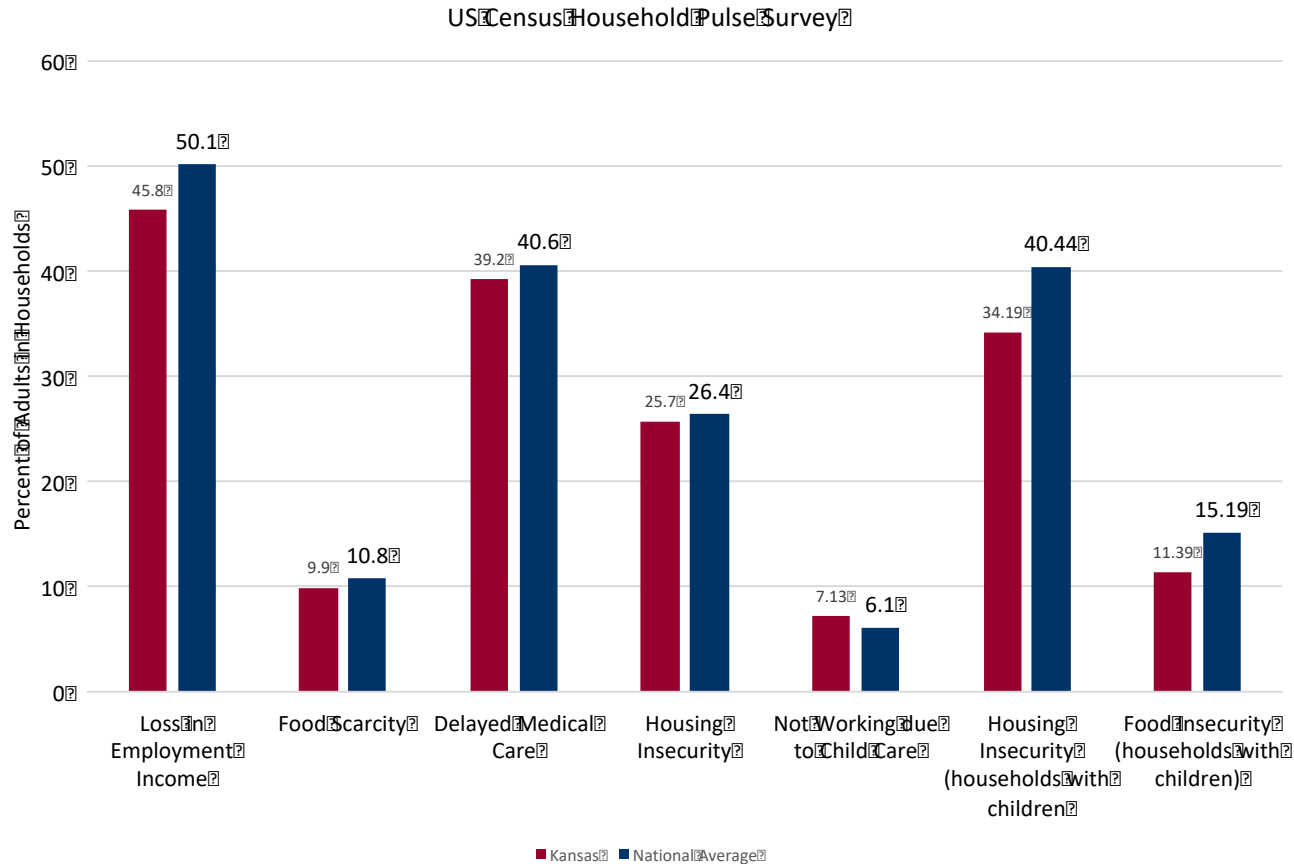


- Percent change in households receiving SNAP benefits by county, June 2019 – June 2020
- Dark red counties indicate an increase of 20% or more
- Expect these numbers to increase.

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



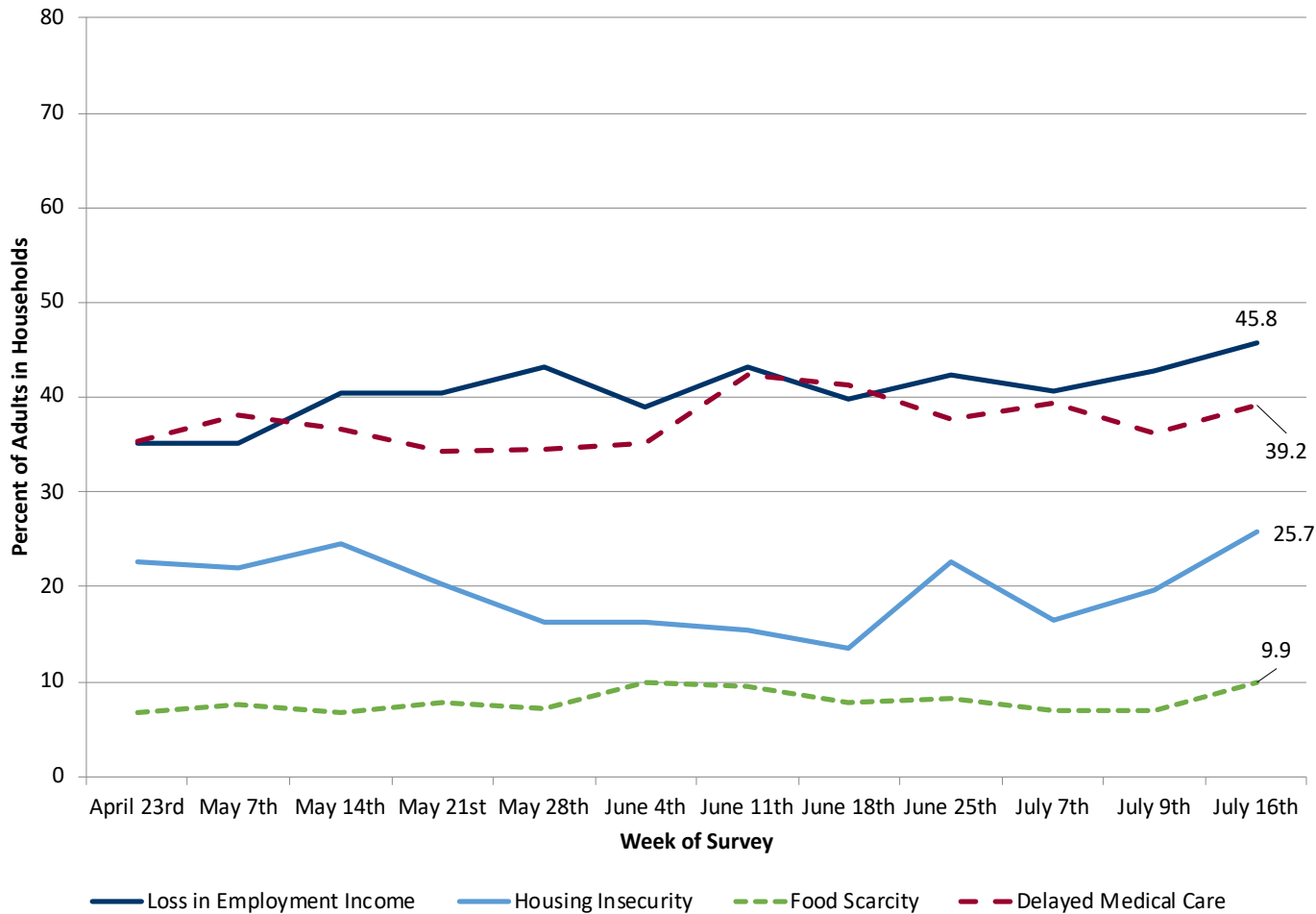
Kansas and US Household Comparison



- 46% of households faced loss in Employment income in the week of July 16-21
 - 39% delayed medical care
 - 26% Housing insecurity
 - 10% Food Scarcity
 - For households with children:
 - 34% are housing insecure
 - 11% are food insecure

Kansas Household Pulse Data—April - July

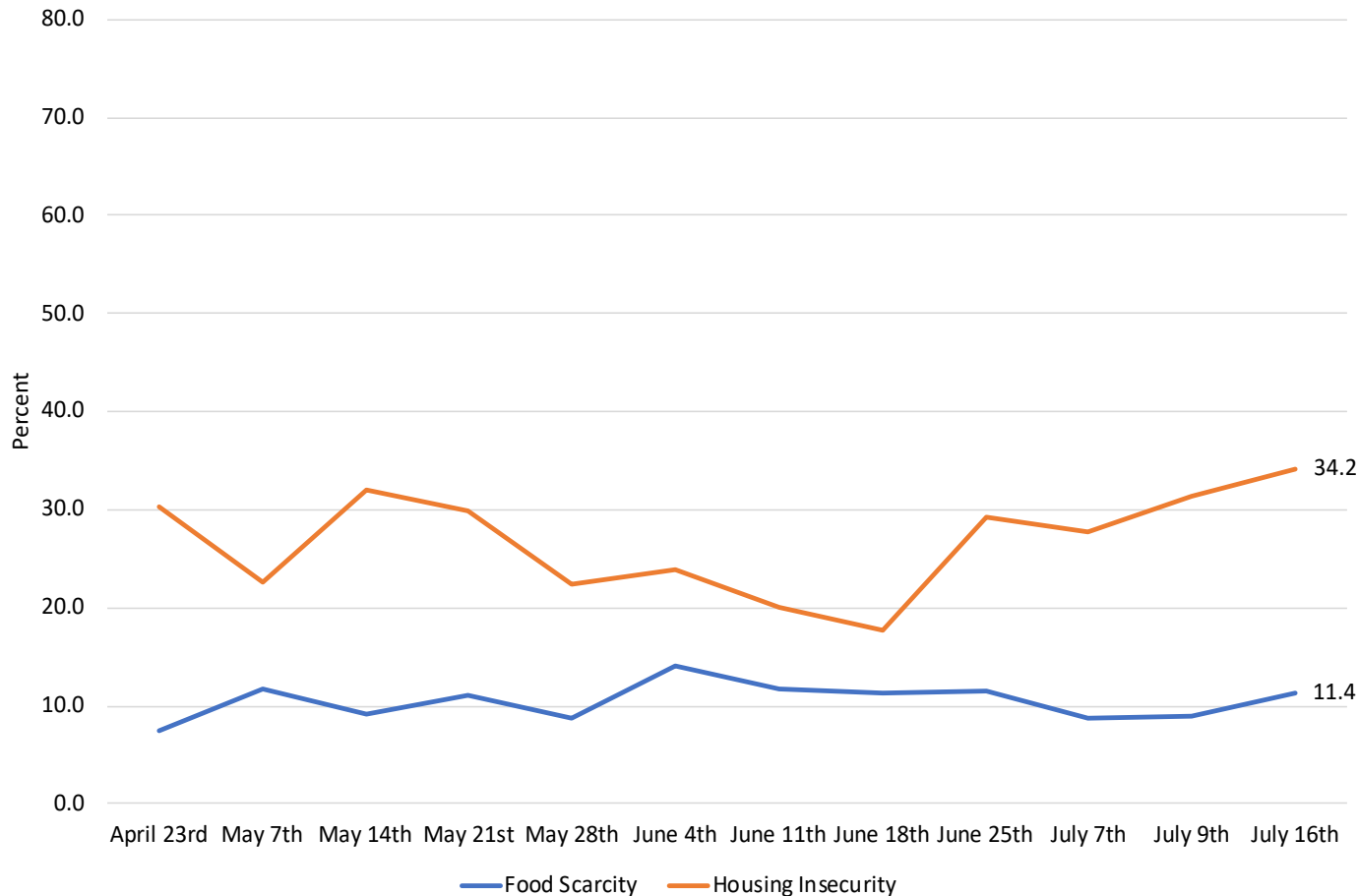
Household Pulse Survey Results in Kansas



- Loss in employment income is at its highest since the surveys began
 - The rate of housing insecurity and loss in employment income have increased over the last three weeks

One Third of Kansas Households with Children are Behind on Rent

Food Scarcity and Housing Insecurity in Kansas Households With Children
April - July 2020



Source: US Census Household Pulse Survey

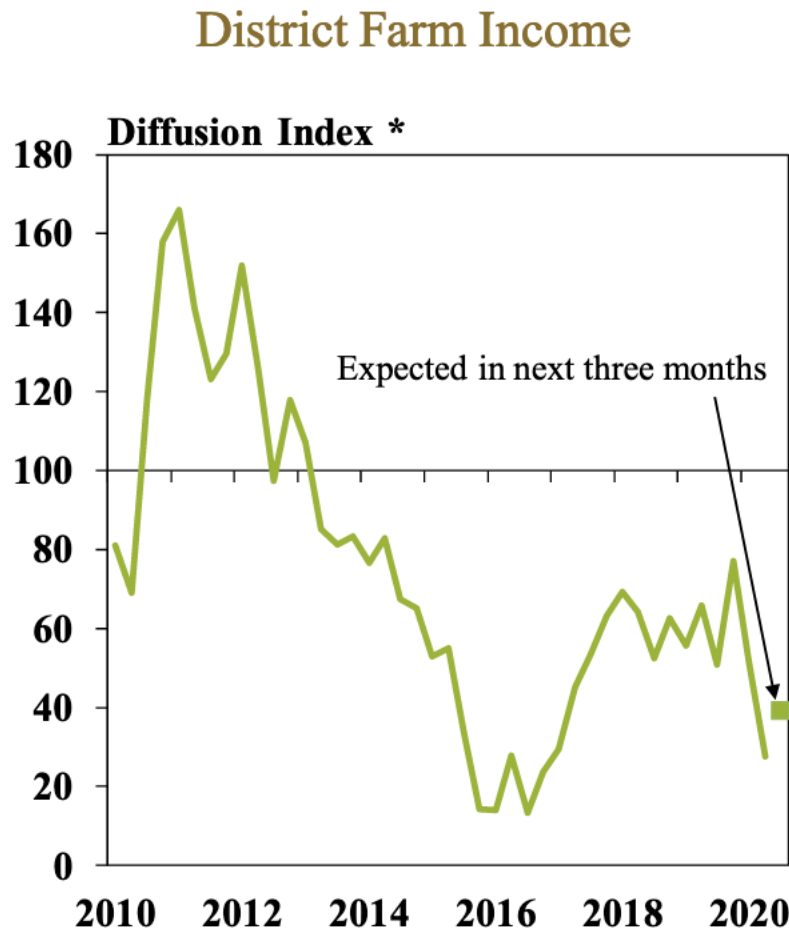
- **Housing Insecurity:**
 - 34.2 percent of households with children reporting missing their last rent/mortgage payment or having little or no confidence they can pay their next one
- **Food scarcity:**
 - 11.4 percent of households with children who report sometimes or often not having enough food



Agriculture & Small Business

Farm Income is Down

Chart 1: Tenth District Farm

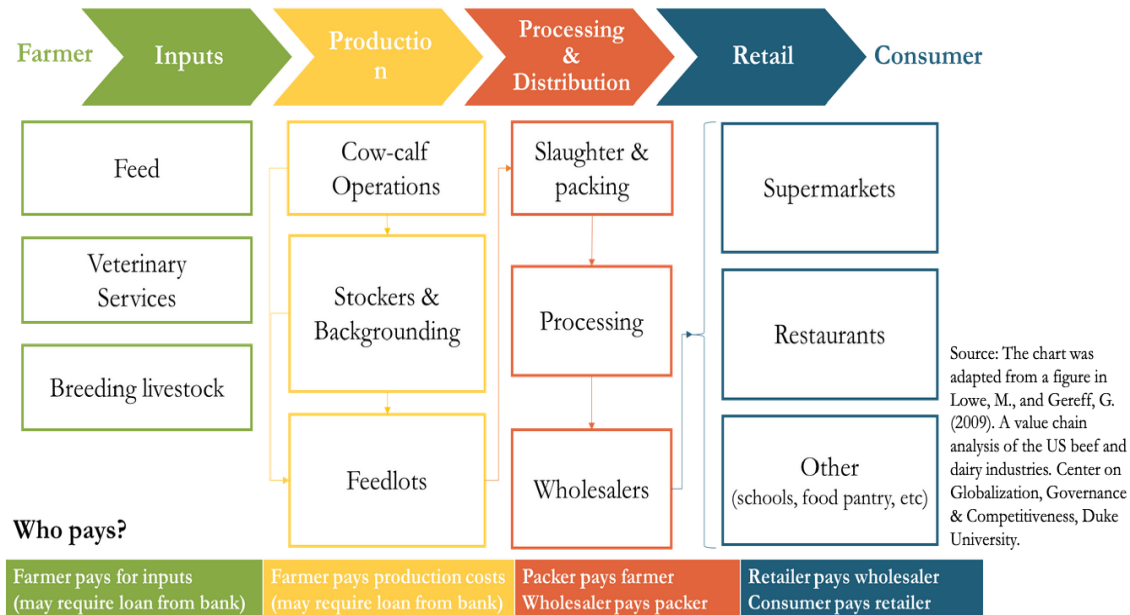


- Federal Reserve Bank of Kansas City Ag Credit Survey:
 - *The effects of the COVID-19 pandemic continued to pressure the agricultural economy and weighed on farm finances in the Tenth District. Farm income declined in the second quarter at the quickest pace since 2016, and weaknesses in both income and borrower liquidity were expected to carry into the coming months.*

Source: <https://www.kansascityfed.org/en/research/indicatorsdata/agcreditsurvey/articles/2020/8-13-2020/pandemic-adds-pressure-to-farm-finances>

The Increase in Meat Prices are not being shared with Livestock Farmers

Figure 1: Flow Chart of the Beef Supply Chain



Federal Reserve Bank of Kansas City Main Street Views:

- Kinks in the supply chain resulted in higher meat prices for consumers, even as producers faced lower livestock prices. . . farm revenues could still decline in 2020 due to disruptions at meat packing plants, which forced some producers to depopulate herds. In addition, higher retail prices, particularly in the midst of an economic downturn, could temporarily reduce aggregate meat consumption, further weighing on the outlook for producers and consumers of meat.

Source: <https://www.kansascityfed.org/en/research/regionaleconomy/articles/covid-19-us-meat-supply-chain>

Government Aid Programs Reported to Benefit Agricultural Producers

Chart 3: Degree of Support Provided by USDA Coronavirus Food Assistance Program (CFAP)

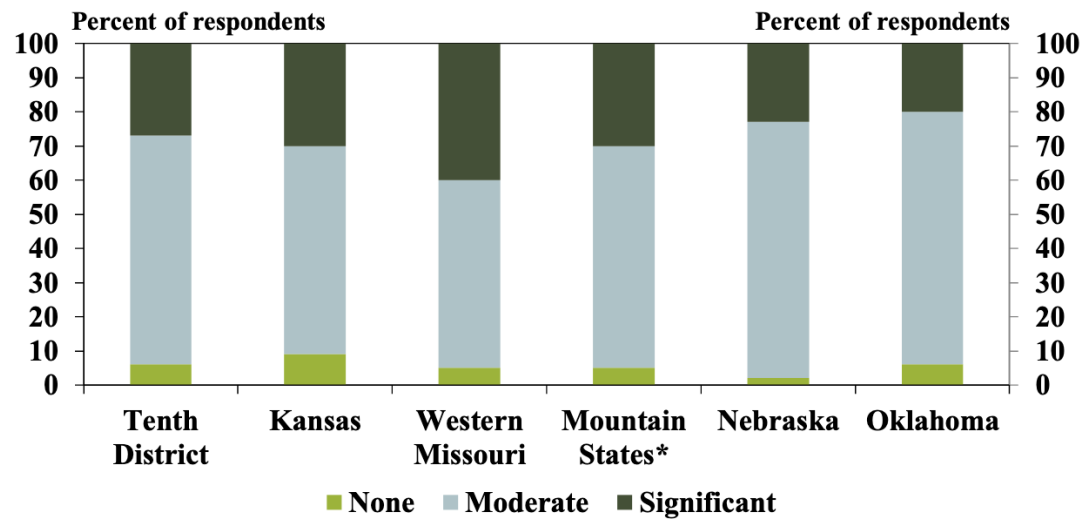
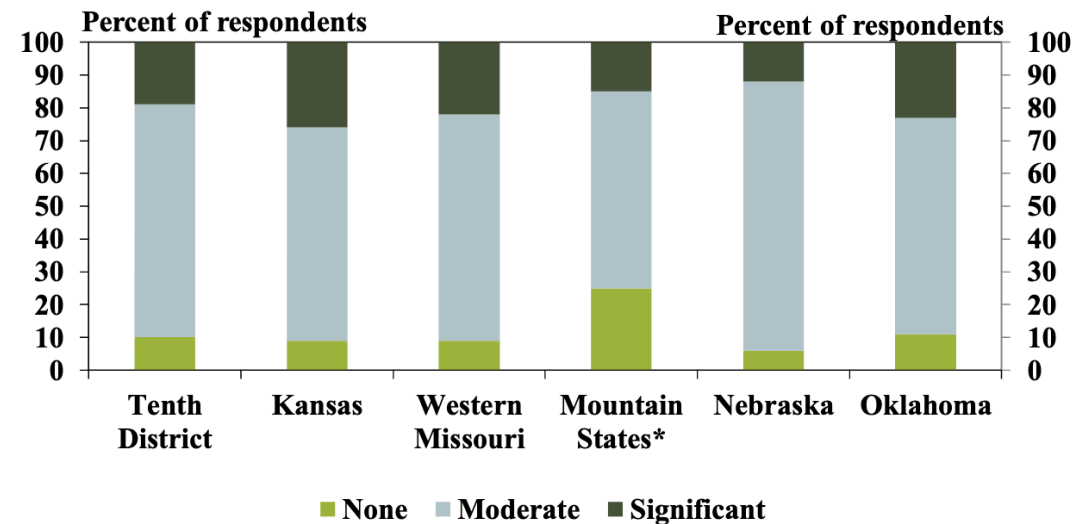


Chart 4: Degree of Support Provided by SBA Paycheck Protection Program (PPP)

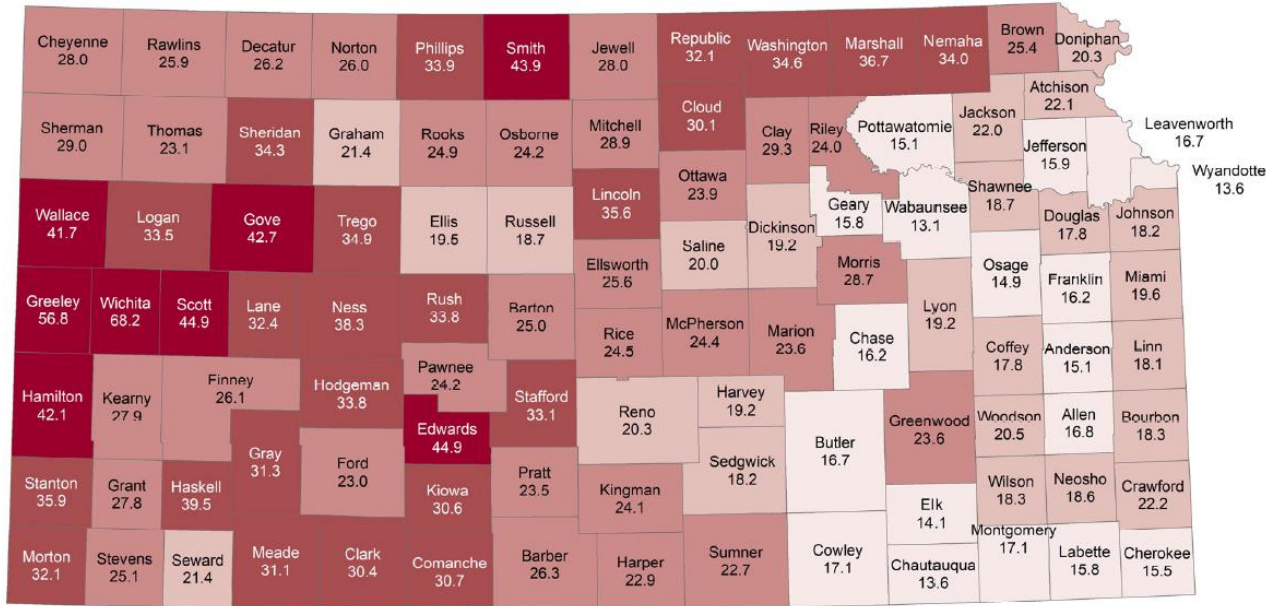


- Federal Reserve Bank of Kansas City Ag Credit Survey: 30% of Kansas agriculture lenders report that the CFAP will provide significant support; 25% report that PPP provides significant support.

Source: <https://www.kansascityfed.org/research/indicatorsdata/agcreditsurvey/articles/2020/8-13-2020/pandemic-adds-pressure-to-farm-finances>

Kansas Small Businesses Received Significant Help from PPP

Percent of Small Businesses in Kansas Receiving PPP Loans, by County, as of June 30, 2020

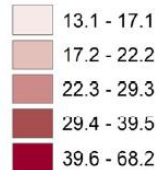


- In some western Kansas counties over 50% of small businesses received PPP funding.
- In Johnson, Sedgwick and Douglas counties approximately 18% of small businesses received PPP

Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Small Business Administration and U.S. Census Bureau, 2016 County Business Patterns and 2017 Nonemployer Statistics.

Small business defined as those establishments with less than 500 employees, including nonemployers.

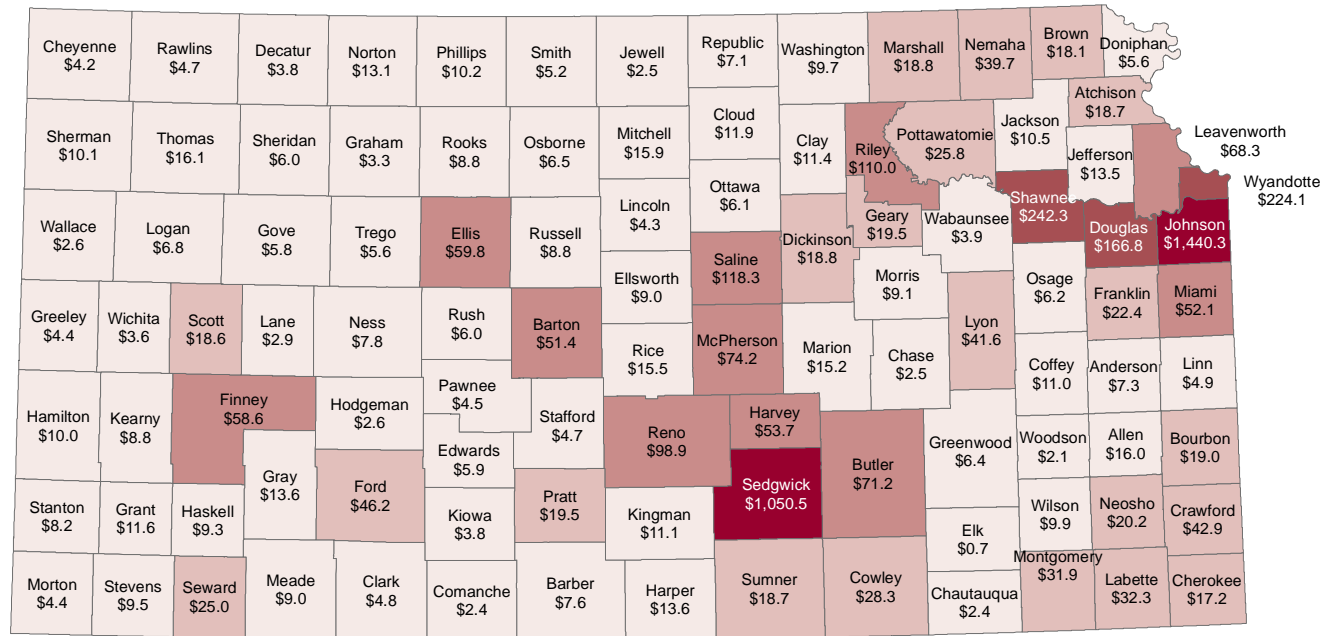
Percent of Small Businesses



Source: Small Business Administration

Payroll Protection Program Loans by County

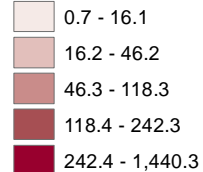
Estimated Amount of PPP Loans in Kansas, by County, as of June 30, 2020



- Johnson: \$1.4 billion
- Sedgwick: \$1 billion
- Shawnee: \$242 million
- Wyandotte: \$224 million
- Douglas: \$167 million

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

Dollars (in millions)

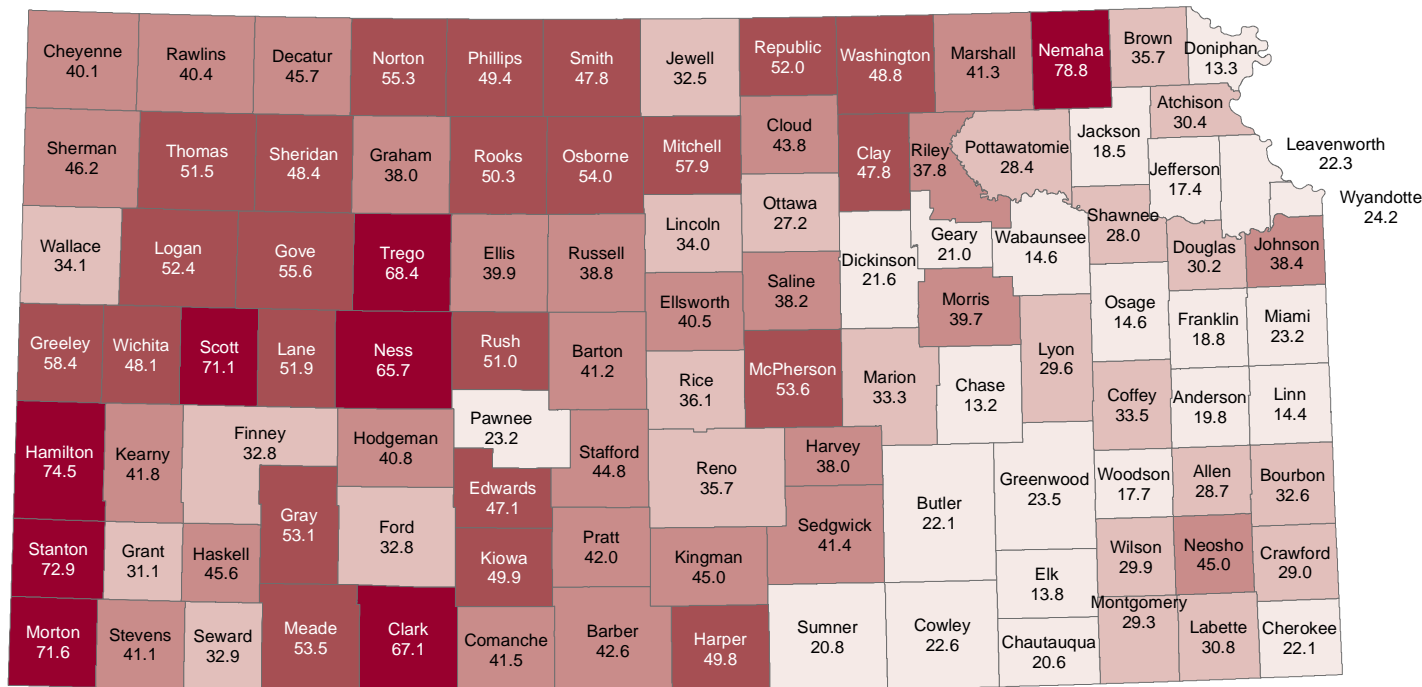


Kansas Total:

\$4,996.1 million
51,872 loans

Jobs Retained with PPP Loans

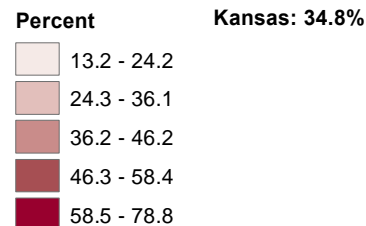
Jobs Retained with PPP Loans as a Percentage of Civilian Labor Force in Kansas, by County, as of June 30, 2020



- Kansas: 34.8% of workforce:
 - Johnson 38.4%
 - Sedgwick 41.4%
 - Douglas 30.2%
 - Shawnee 28%
 - Wyandotte 24.2%
- In some rural counties over 50% of jobs were retained.

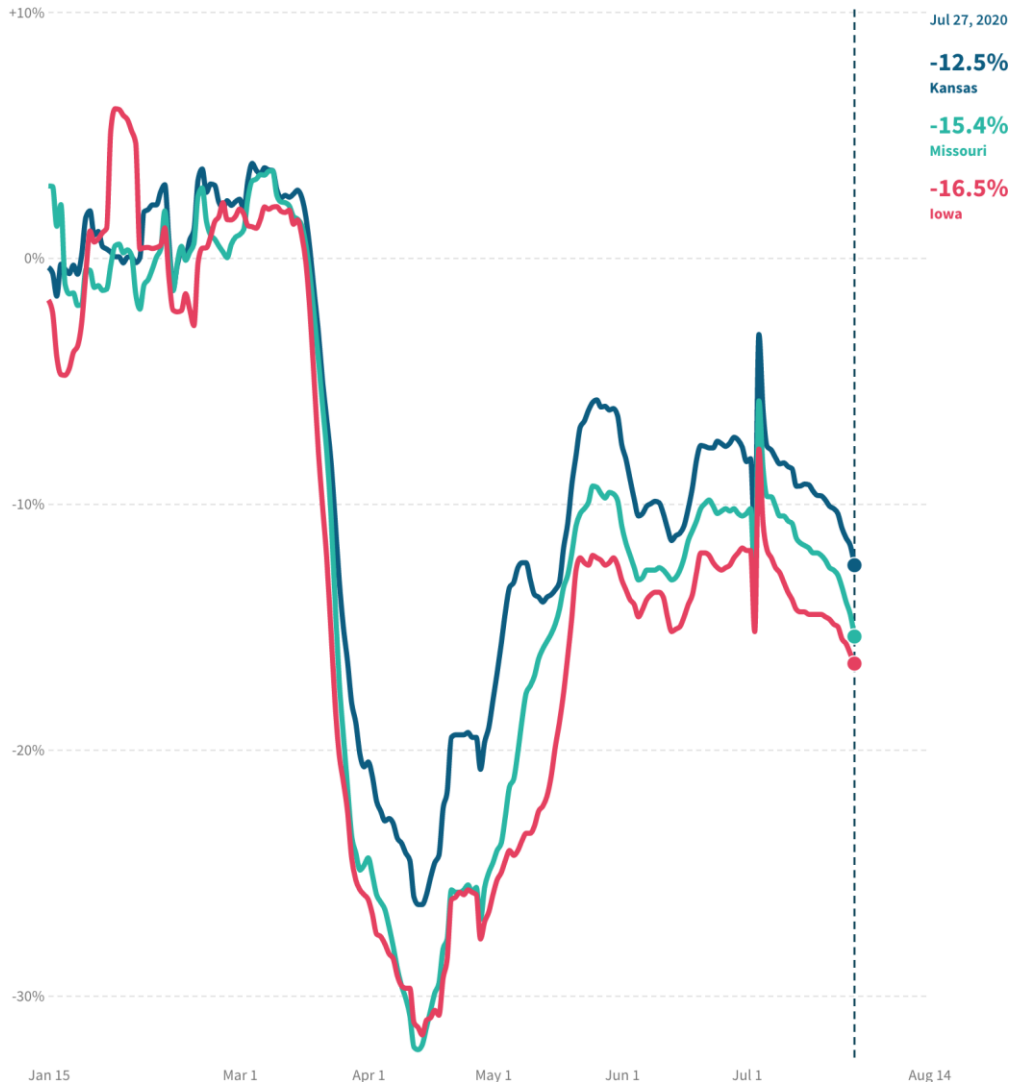
Source: Institute for Policy & Social Research, The University of Kansas; data from U.S. Small Business Administration and Bureau of Labor Statistics.

Civilian labor force estimates from June 2020.



Kansas Small Businesses are More Likely to be Open

In **Kansas**, as of July 27, 2020, the number of small businesses open decreased by **12.5%** compared to January 2020.

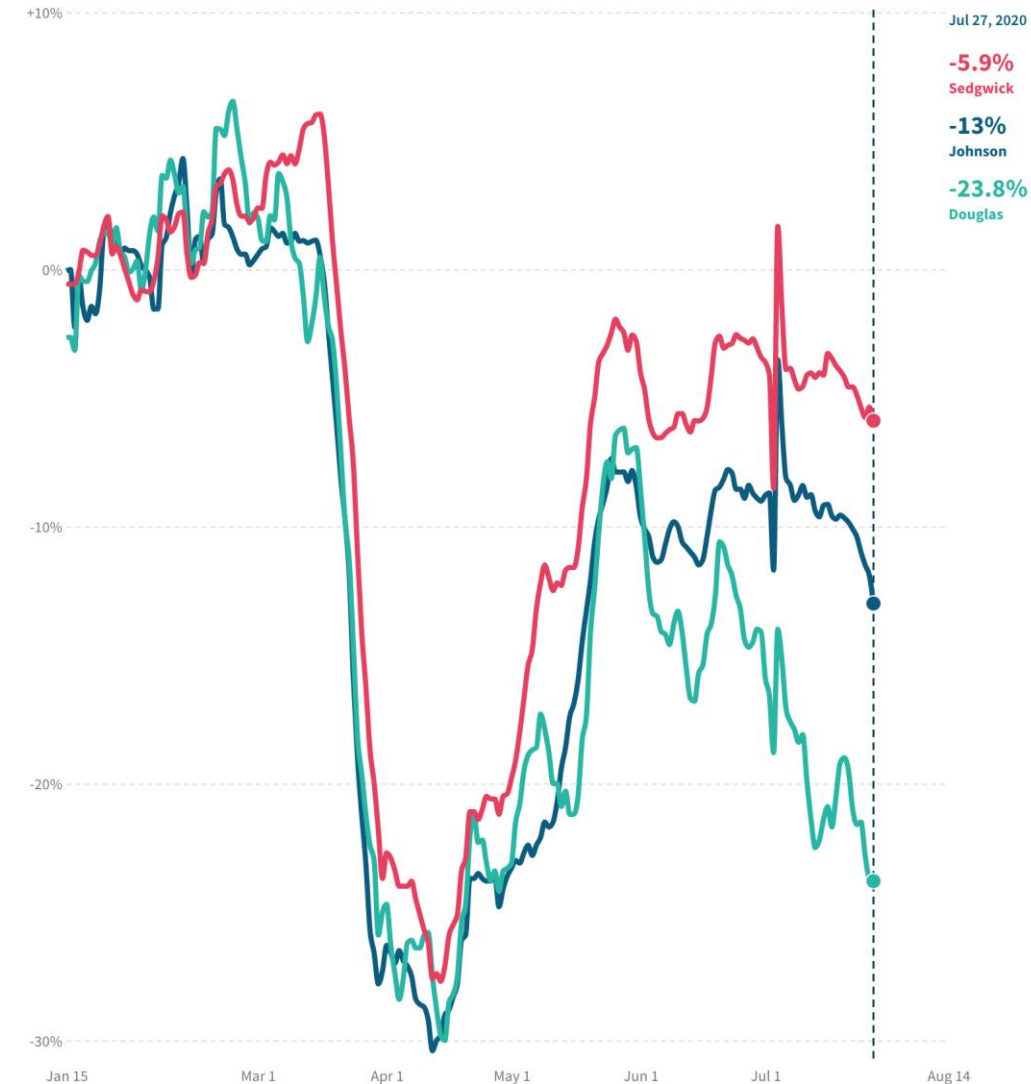


- The number of small businesses open in Kansas has fallen by 12.5% since January.
 - In the US, the number is -18.1%
 - Kansas is doing better than Missouri
 - -15.4%
 - and Iowa -16.5%
- At its worst, 25% of Kansas small businesses were closed.

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

Johnson County Small Businesses Have Rebounded to State Average

In **Johnson County**, as of July 27, 2020, the number of small businesses open decreased by **13%** compared to January 2020.



- More small businesses have closed in the past week
 - Likely the result of additional COVID restrictions
- The number of small businesses open in Kansas has fallen by 12.5% since January.
 - In Johnson County there's been a drop of -13% of small businesses that are open.
 - Sedgwick County is doing relatively better
 - Douglas County is doing significantly worse.

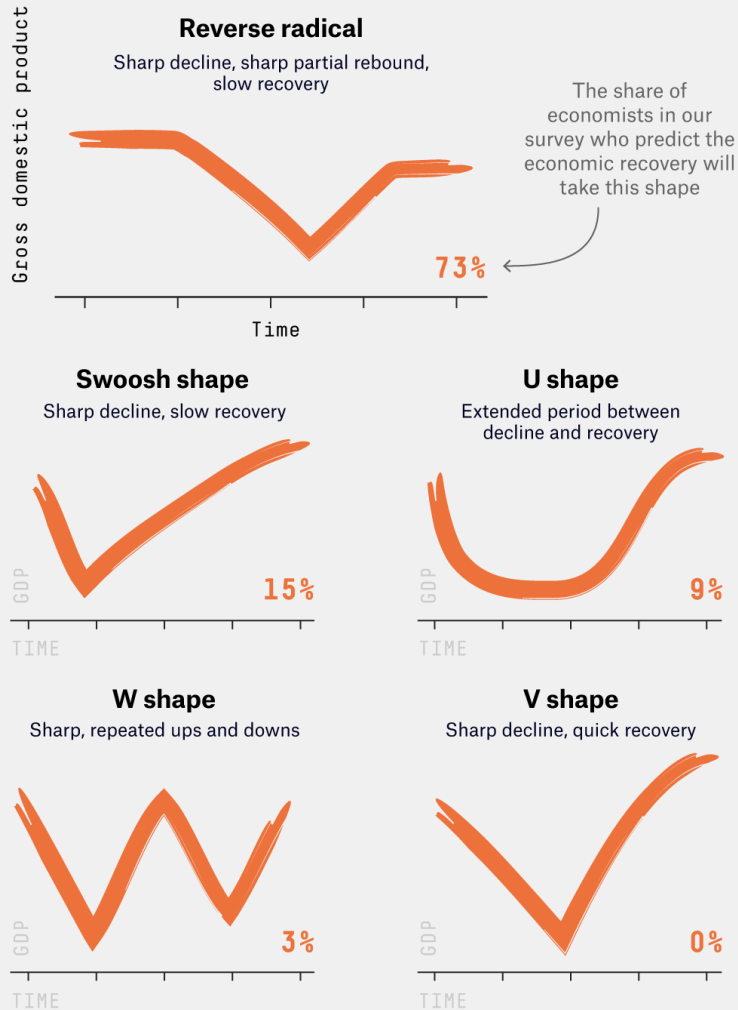
What's the Latest Letter for the Economic Recovery?

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



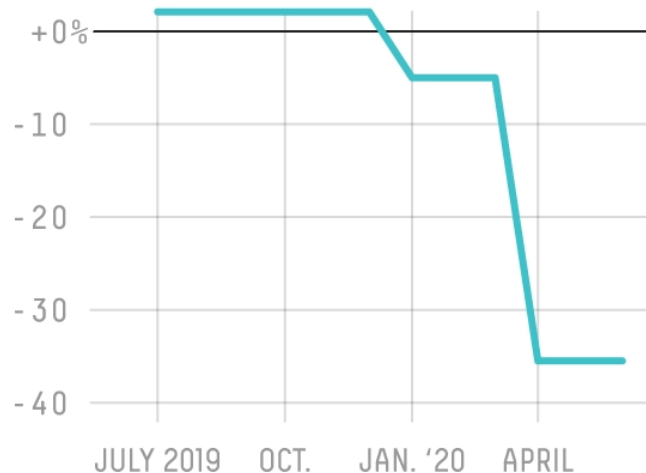
- In June, Fivethirtyeight.com interviewed top macroeconomists about the recovery.
- 73% of economists expect a reverse radical recovery:
 - Sharp-partial recovery with prolonged lower level.
- Now economists are talking about K-shaped recovery

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

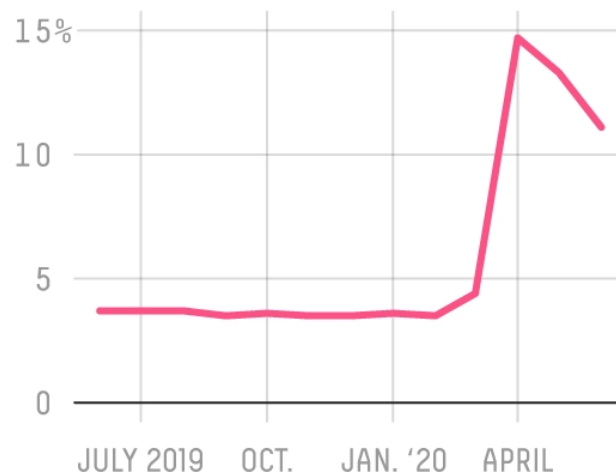
What Indicators Do Economists Watch?

A snapshot of the recovery, three ways

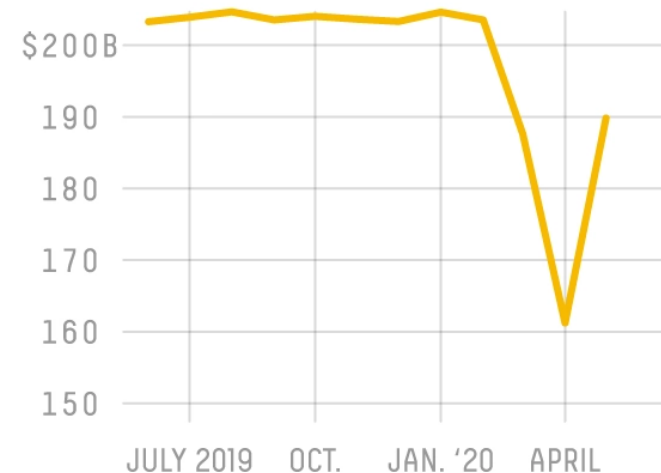
Annualized real GDP growth by quarter



Monthly unemployment rate



Advance real retail and food services sales



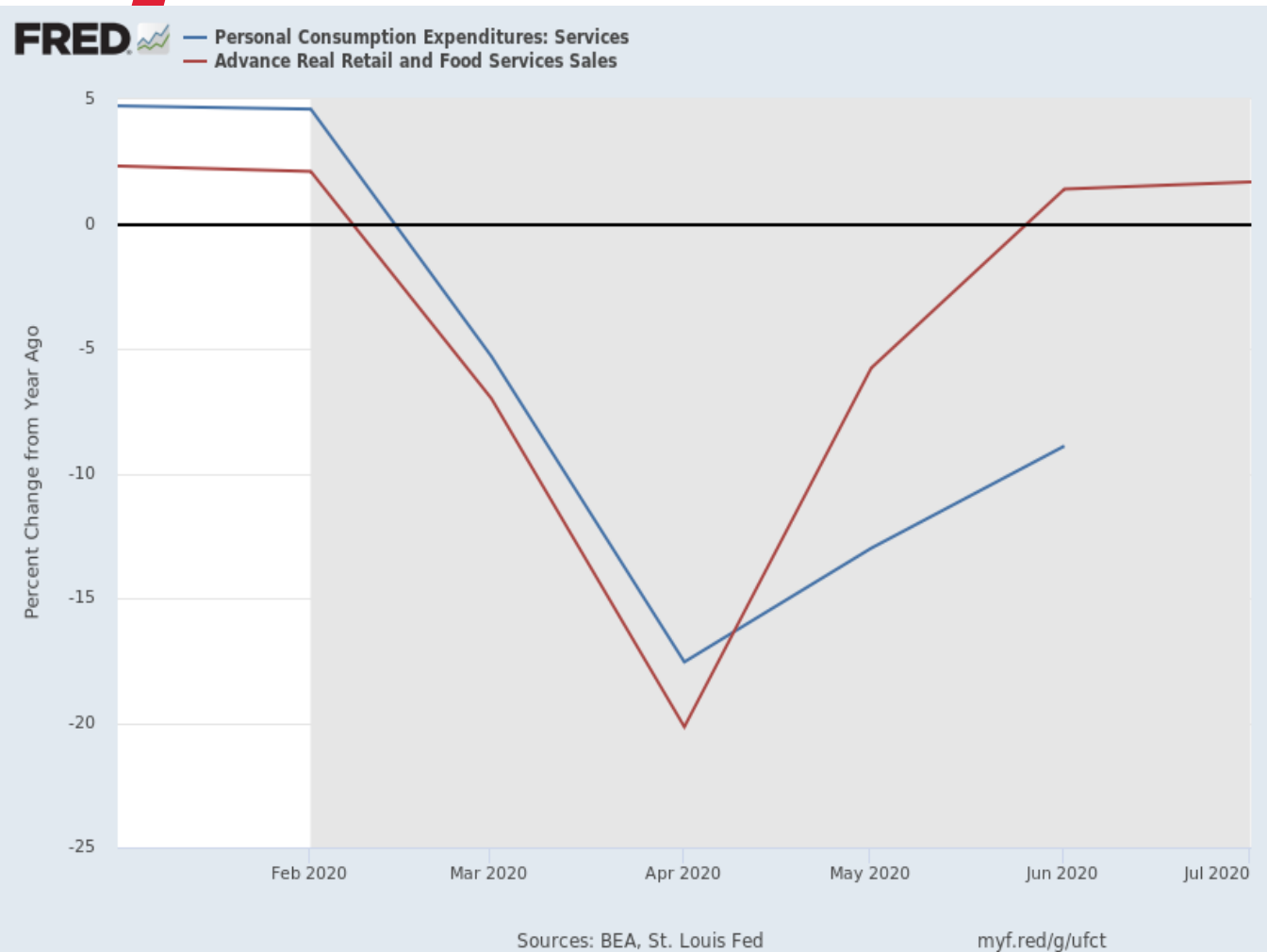
FiveThirtyEight

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

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

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

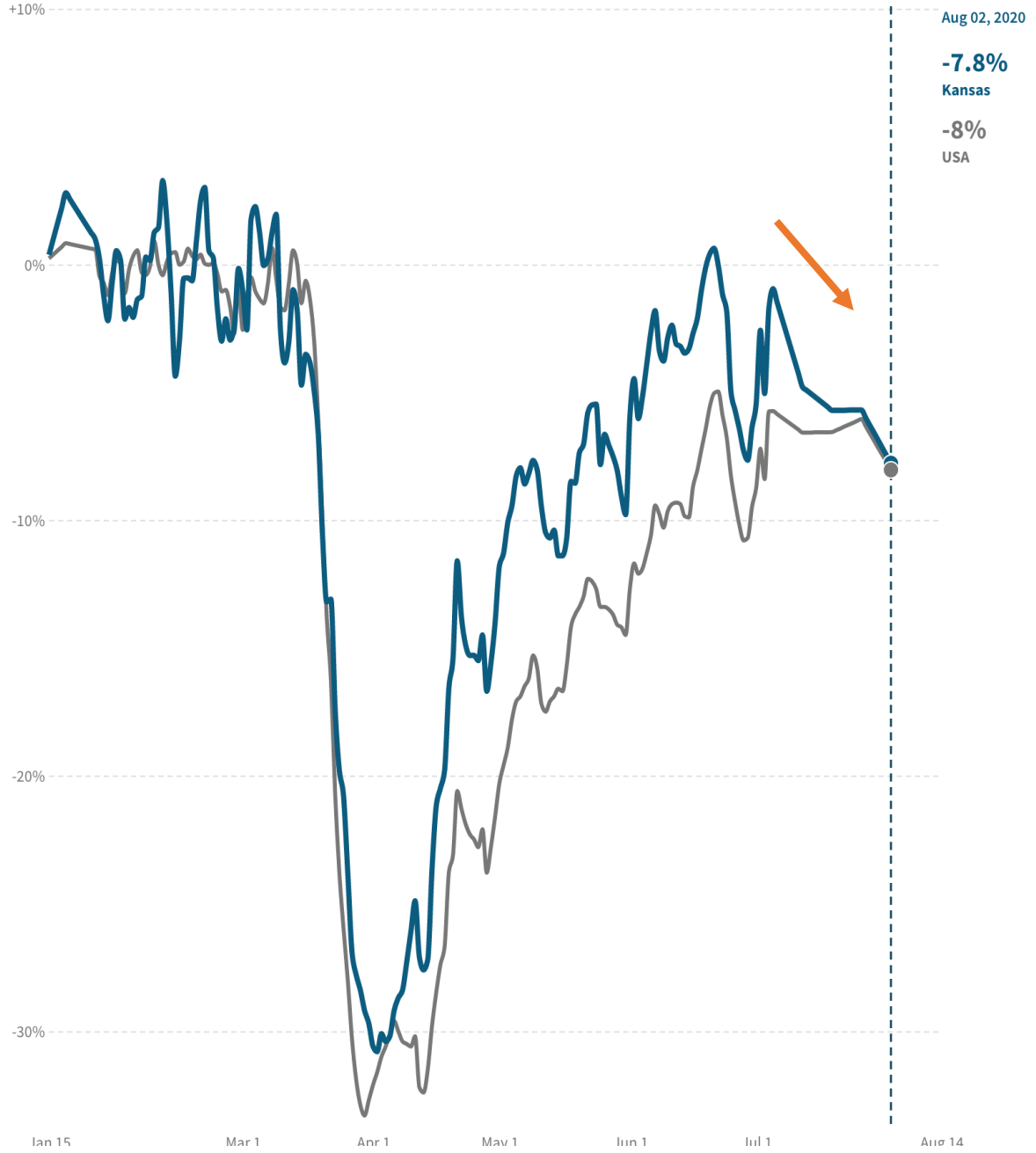
Consumption January – July, 2020



- 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.

In **Kansas**, as of August 02 2020, total spending by all consumers decreased by **7.8%** compared to January 2020.

DOWNLOAD CHART 



Real-Time Data on Consumer Spending

- Consumer Spending in the US is down 8% and in Kansas down 7.8%.
 - 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.

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

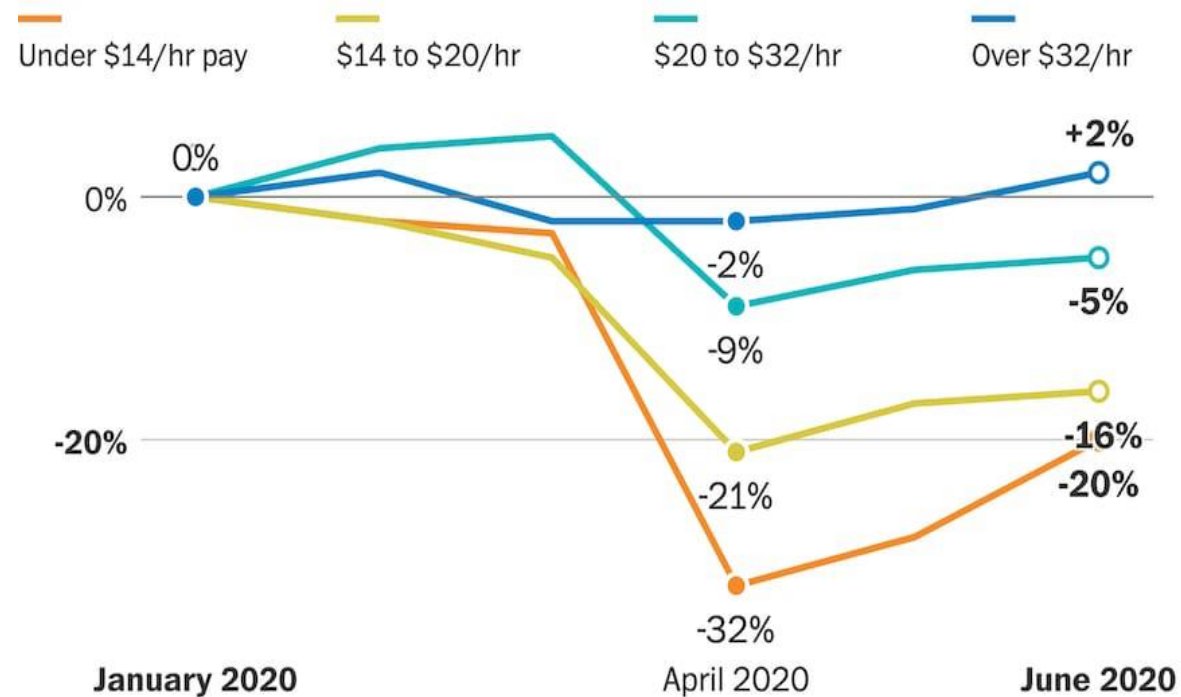
August 13, 2020

Source: https://www.washingtonpost.com/business/2020/08/13/recession-is-over-rich-working-class-is-far-recovered/?utm_campaign=wp_post_most&utm_medium=email&utm_source=newsletter&wpisrc=nl_most

Is this a K-shaped Recovery?

Jobs have rebounded for the top, but not for the bottom

(Chart shows percent change in employment since January 2020)



Source: Opportunity Insights analysis of Current Population Survey data

TOM PETERSON/THE WASHINGTON POST

- Jobs for those earning $> \$32$ per hour have recovered.
 - Jobs for those earning between \$20-\$32 per hour down 5%
 - Jobs for those earning between \$14-\$20 per hour down 16%
 - Jobs for those earning between $< \$14$ per hour down 20%
- The rich have recovered.
- The rest have not.

Could the K turn into a W?



- August 1st: Enhanced unemployment benefits ended.
 - Executive Order: 5 weeks of \$300 per week from federal government
 - States asked to pay the additional \$100

Trump wants states to pay a quarter of his new unemployment benefit. States say they can't afford it.

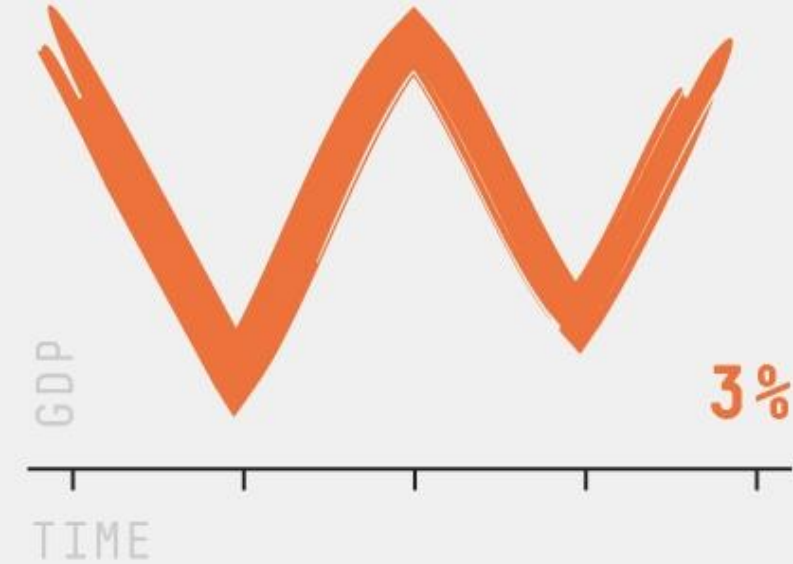
"The concept of saying to states 'you pay 25 percent of the unemployment insurance' is just laughable," New York Gov. Andrew Cuomo, a Democrat, said.

Source: <https://www.nbcnews.com/politics/donald-trump/trump-wants-states-pay-25-his-new-unemployment-benefit-states-n1236291>

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>

What Economists Fear Most

Economists fear an economic crisis without more aid

Average chance that each of the following scenarios will be more likely to occur if federal unemployment aid isn't at least partially renewed by Sept. 1

SCENARIO	AVG. CHANCE
Decline in personal consumption	74.8%
Increasing food insecurity	63.4
A wave of evictions	55.2
More job losses	53.5
More workers returning to the workforce	43.2
A wave of mortgage defaults	42.9

The survey of 32 economists was conducted Aug. 7-10.

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC SURVEY







Source: <https://fivethirtyeight.com/features/what-economists-fear-will-happen-without-more-unemployment-aid/>

- The economy was supported by the CARES Act.
- Congress & the President have failed to provide additional support.
 - 75% of economists expect a decrease in consumption.
 - 63% expect increased food insecurity.
 - 55% expect increased evictions.

What Economists Fear Most: What will Create a Drag on the Recovery?

Possibility of no stimulus adds to economists' fears

How much weight economists gave various scenarios when setting the lower bound of their GDP predictions for the fourth quarter of 2020

FACTOR	WEIGHT	
Bad "second wave" in the fall	39.5%	
No further fiscal stimulus	33.4	
Low consumer spending	14.8	
Slow vaccine development	9.4	
Banking or financial system weakness	7.8	
Other	4.4	

Weights are an average of responses in a survey of 32 economists conducted Aug. 7-10.

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC SURVEY

Source: <https://fivethirtyeight.com/features/what-economists-fear-will-happen-without-more-unemployment-aid/>

- Adding to fears for the recovery:
 - 40% of economists fear a bad second wave of the virus in the fall
 - 33% fear no further stimulus
 - 15% fear lower consumer spending

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 hope that you all stay healthy!

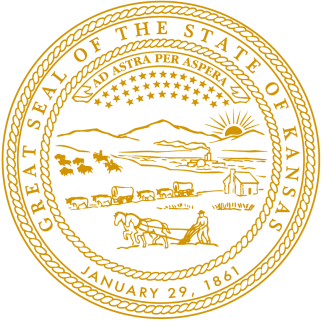
Thank You!

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



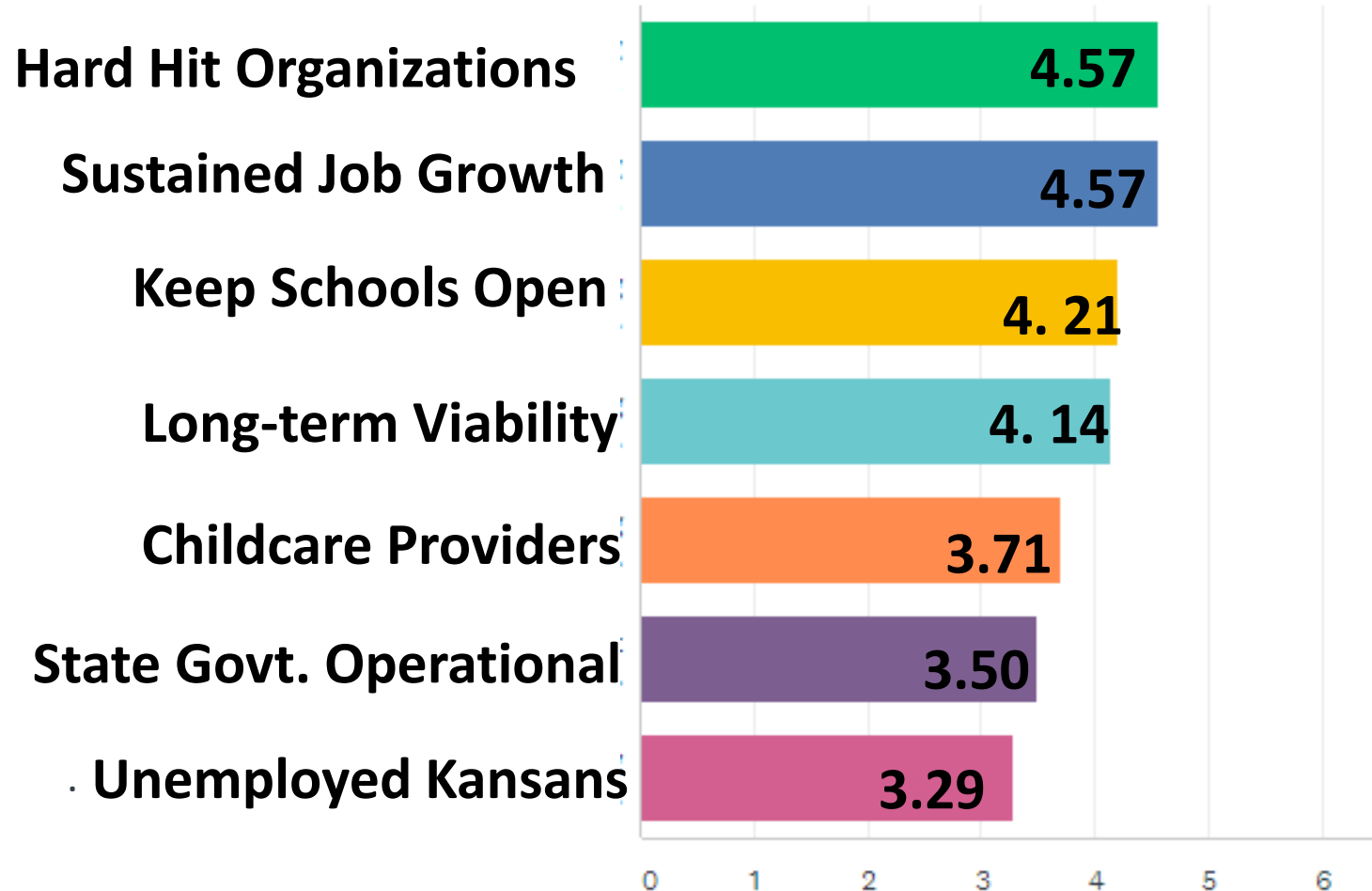
Trade Offs & Residual Benefits

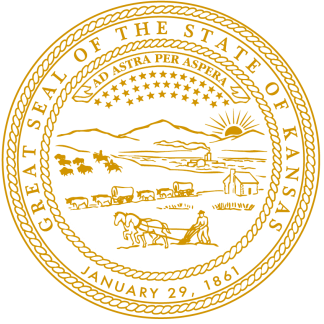
Executive Director Julie Lorenz



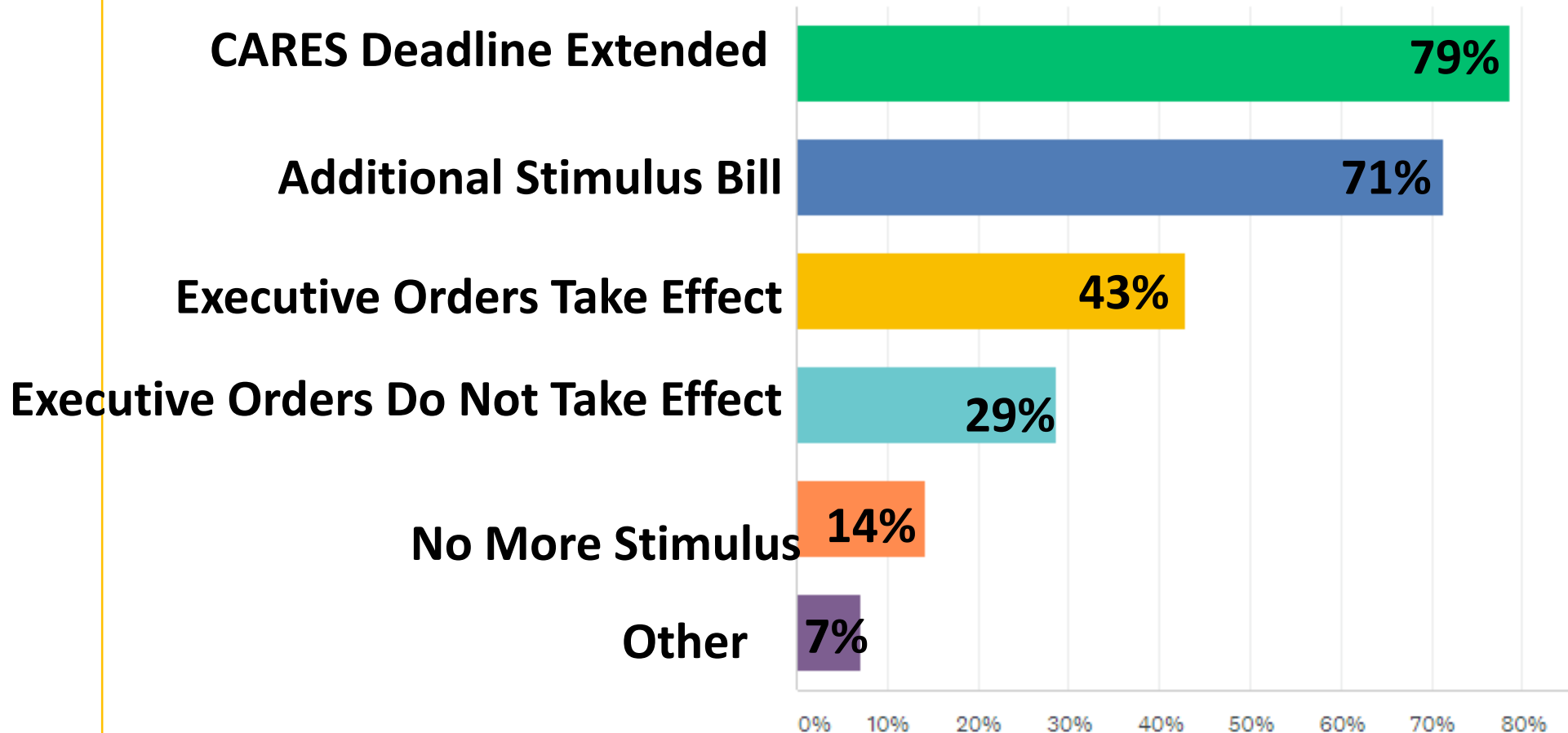
Testing top
additional
concern

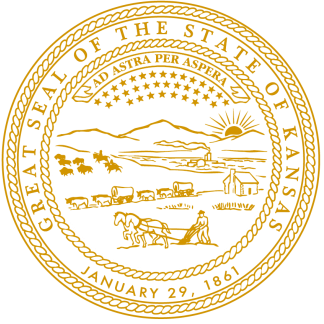
Survey Results: Rank Issues Most Important to You for Remaining Funds





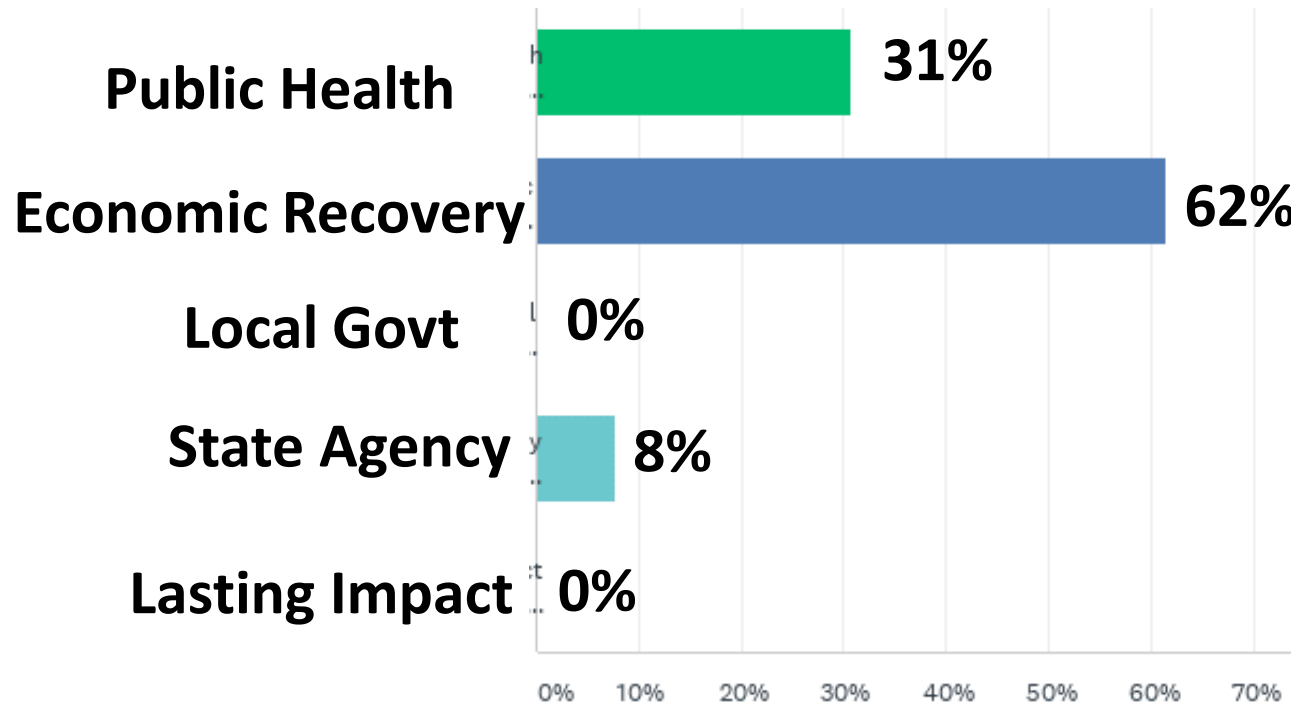
Survey Results: Most likely to happen (check all that apply)



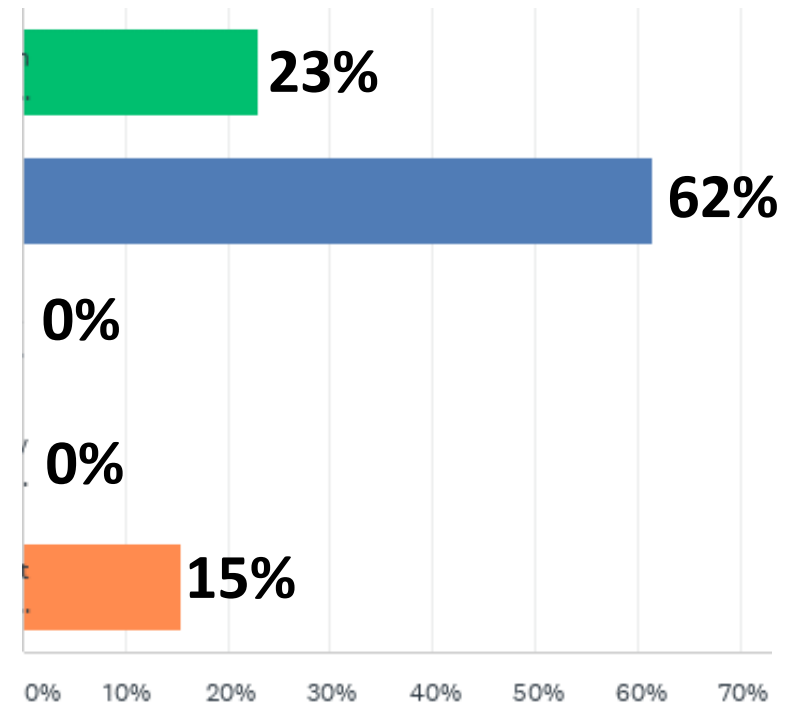


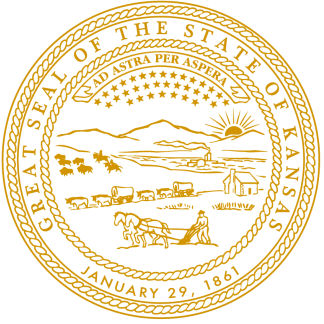
March vs. Now Investment Priorities

In MARCH



Now





Has your thinking evolved?

- Yes – 11 Responses
- No – 2 Responses

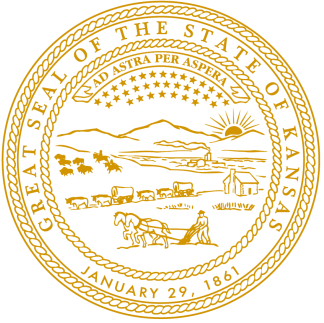
- **Reasons for change:**

- **Learned more/new information**

- Testing/Tracing key to keeping schools/businesses open

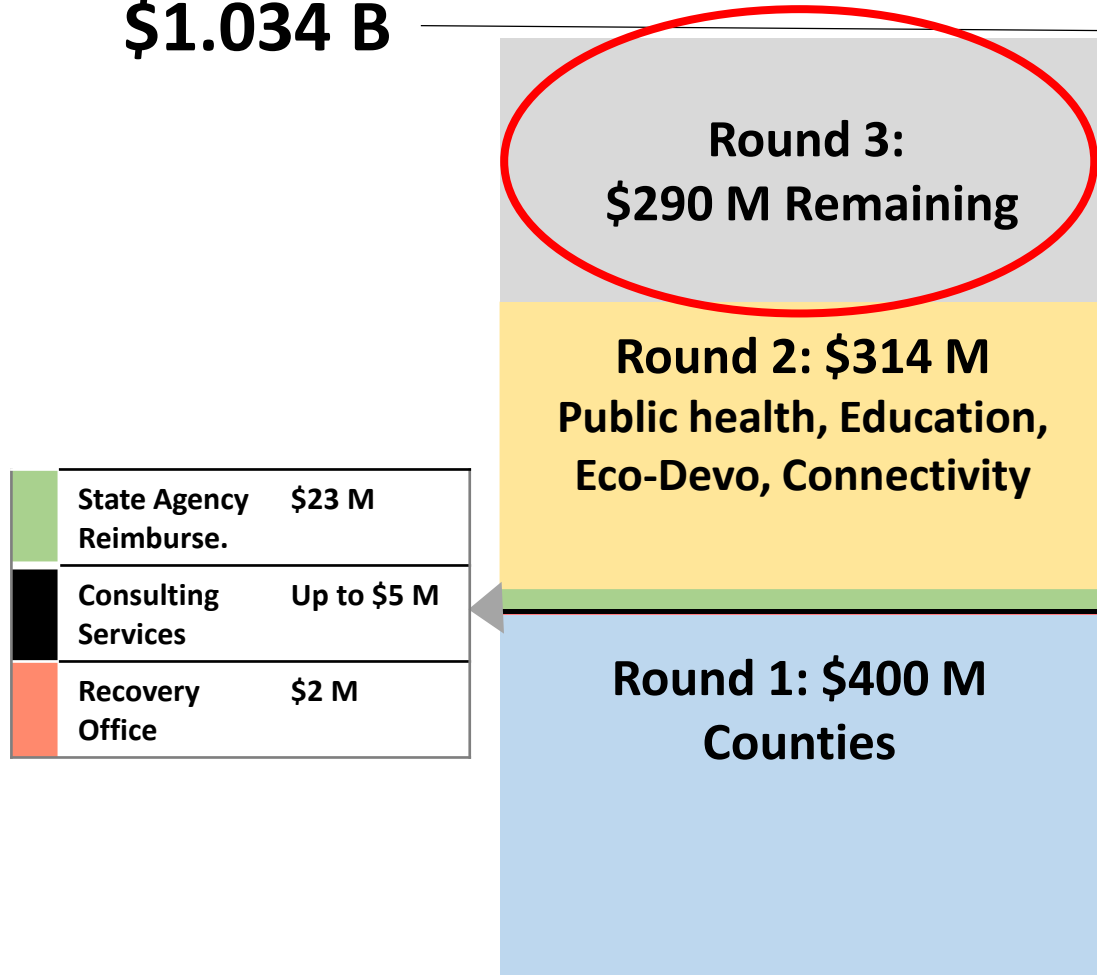
- **Changing Circumstances:**

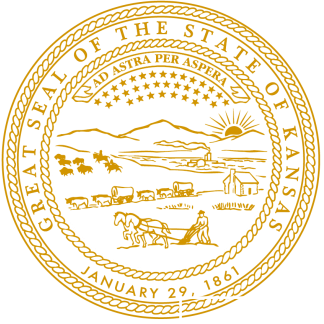
- Expected cases to be declining by now
 - Expected Stimulus 3 or additional Congressional actions



Round 3 Considerations: How to maximize \$290 M

\$1.034 B





Tradeoffs Example: Expand Broadband Project

Does it support **public health** response?



Does it support our **economic recovery**?



Does it serve us 5+ years (**lasting impact**)?



Can funds be used by December 30th?



Does it benefit an **area most impacted** by COVID-19?

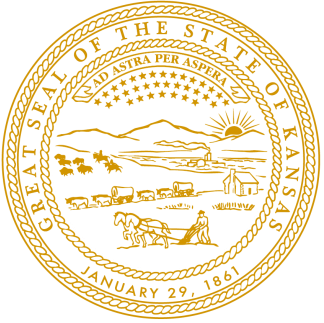


Has this area/industry received **CARES funds previously**?



Does this support an **industry hit hard** by the pandemic?





Additional Questions to Consider

How might priorities differ by region? Are there any priorities that are universal?

What is the breakdown of where the money is currently being spent? How does that match existing areas of focus?

What areas (locations or industries) have been impacted the most by COVID-19? How do current recovery/grant processes serve those areas?

Additional Information Requested

- Kansas economy pre-pandemic, currently and future
- Nationwide best practices for CARES Funds
- How states will provide mental health service, foster care, and developmental disability services with budget deficits
- How to provide childcare for working parents if no in-person classes
- Small businesses needs
- Status and availability of tests





Questions?