



MIDWEST

# CONFRONTING A CRISIS

The Midwest Responds to the Coronavirus Pandemic

A webinar series hosted by the Midwestern Legislative Conference

## *Relief & Recovery: Strategies to Rebound from the COVID-19 Economic Downturn*

Thursday, May 21, 2020 | 10:00 – 11:00 am CDT

**Senator John McCollister, Nebraska | Representative Dave Greenspan, Ohio**  
MLC Economic Development Committee Co-Chairs

**Dr. Michael Horrigan**

President, W.E. Upjohn Institute for Employment Research

**Mr. Matt Waldo**

Director of Research & Analysis, JobsOhio

**Mr. Tyler Yaple**

Director of Government Affairs, JobsOhio

# HOUSEKEEPING



**This webinar is being recorded.** The recording and presentation slides will be available this afternoon on the MLC Economic Development Committee page on the CSG Midwest website at [www.csamidwest.org](http://www.csamidwest.org)



To reduce noise on the phone line, all participants will be in “listen-only” mode during the presentations



The speakers will answer questions after the presentations:

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Click on the “raise hand” button on the grab tab

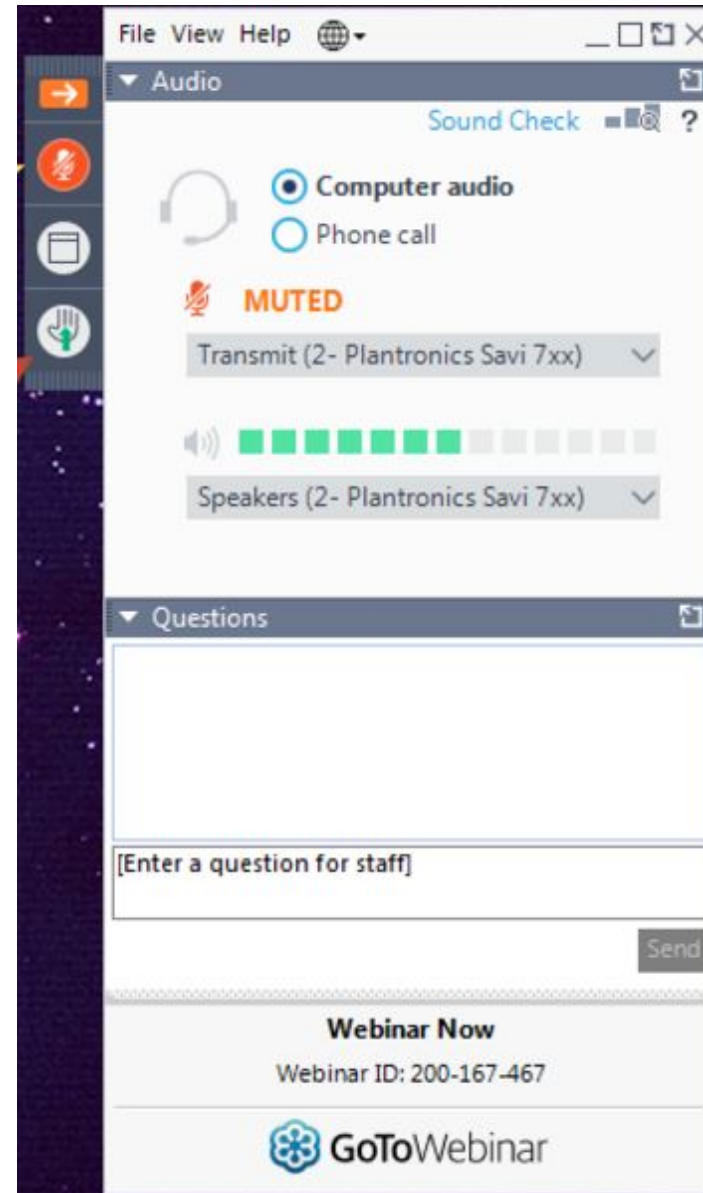


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# HOUSEKEEPING



The screenshot displays the GoToWebinar interface. At the top, there is a menu bar with 'File', 'View', and 'Help'. Below this is a 'Sound Check' section with a 'Sound Check' button and a help icon. The audio settings are set to 'Computer audio' and 'Phone call'. A microphone icon is shown with the word 'MUTED' in orange. Below this, there is a dropdown menu for 'Transmit (2- Plantronics Savi 7xx)' and a volume slider. At the bottom of the audio section, there is another dropdown menu for 'Speakers (2- Plantronics Savi 7xx)'. Below the audio settings is a 'Questions' section with a large text area for entering a question. A 'Send' button is located at the bottom right of the question area. At the very bottom of the interface, it says 'Webinar Now' with the 'Webinar ID: 200-167-467' and the 'GoToWebinar' logo.

# CONFRONTING A CRISIS WEBINAR SERIES

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## BACKGROUND & GOALS

- This webinar series grew out of the desire by MLC leadership to provide our members with information on the impact of COVID-19 on the Midwestern states
- Goals
  - Examine the impact of COVID-19 in a number of state policy and program areas
  - Highlight state approaches to addressing the challenges posed by the crisis
  - Explore strategies to help the region emerge from the current crisis
  - Prepare for future public health emergencies

# CONFRONTING A CRISIS WEBINAR SERIES

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## TOPICS

Six live, web-based teleconferences that will be made available to a wide audience of state officials, policy experts and interested stakeholders.

In addition to the live webinars, each will be recorded and made available on the CSG Midwest website.

Each webinar is hosted by an MLC policy committee

1. COVID-19 & Public Health
2. Agriculture & Rural America
3. School Closures & E-Learning
4. Cross-Border Economic Ties
5. Criminal Justice & Public Health
- 6. Rebounding from the Economic Downturn**

# MLC ECONOMIC DEVELOPMENT COMMITTEE

Members are legislators from 11 Midwestern states and four Canadian provinces

## Committee officers



**Senator John McCollister**  
Nebraska  
Co-Chair



**Representative Dave Greenspan**  
Ohio  
Co-Chair



**Representative Karlee Macer**  
Indiana  
Vice Chair

# CONFRONTING A CRISIS WEBINAR SERIES

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## RELIEF & RECOVERY: STRATEGIES TO REBOUND FROM THE COVID-19 ECONOMIC DOWNTURN

Today's webinar will cover:

- The impact of COVID-19 responses on jobs and the economy
- Policy and programmatic solutions to the economic downturn
- Keeping workers and citizens safe as businesses begin to reopen
- Strategies to position our states and provinces for economic recovery

# RELIEF & RECOVERY: STRATEGIES TO REBOUND FROM THE COVID-19 ECONOMIC DOWNTURN

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## PANELISTS



MIDWEST



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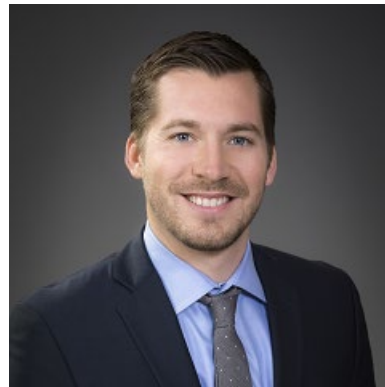


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# Relief and Recover: Strategies to Rebound from the COVID-19 Pandemic Downturn

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Presentation to the Council of State Governments

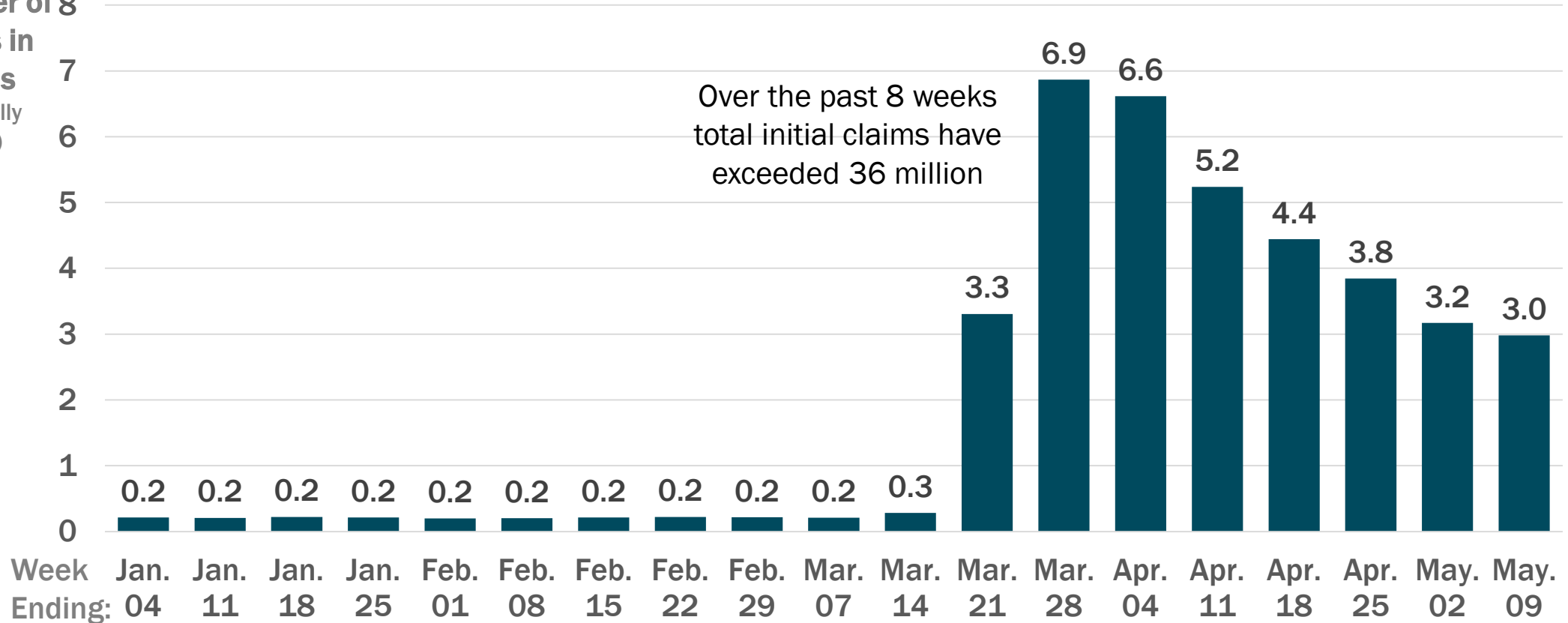
Mike Horrigan, President  
W.E. Upjohn Institute for Employment  
Research

May 21, 2020

# **The current economic situation - national and state trends**

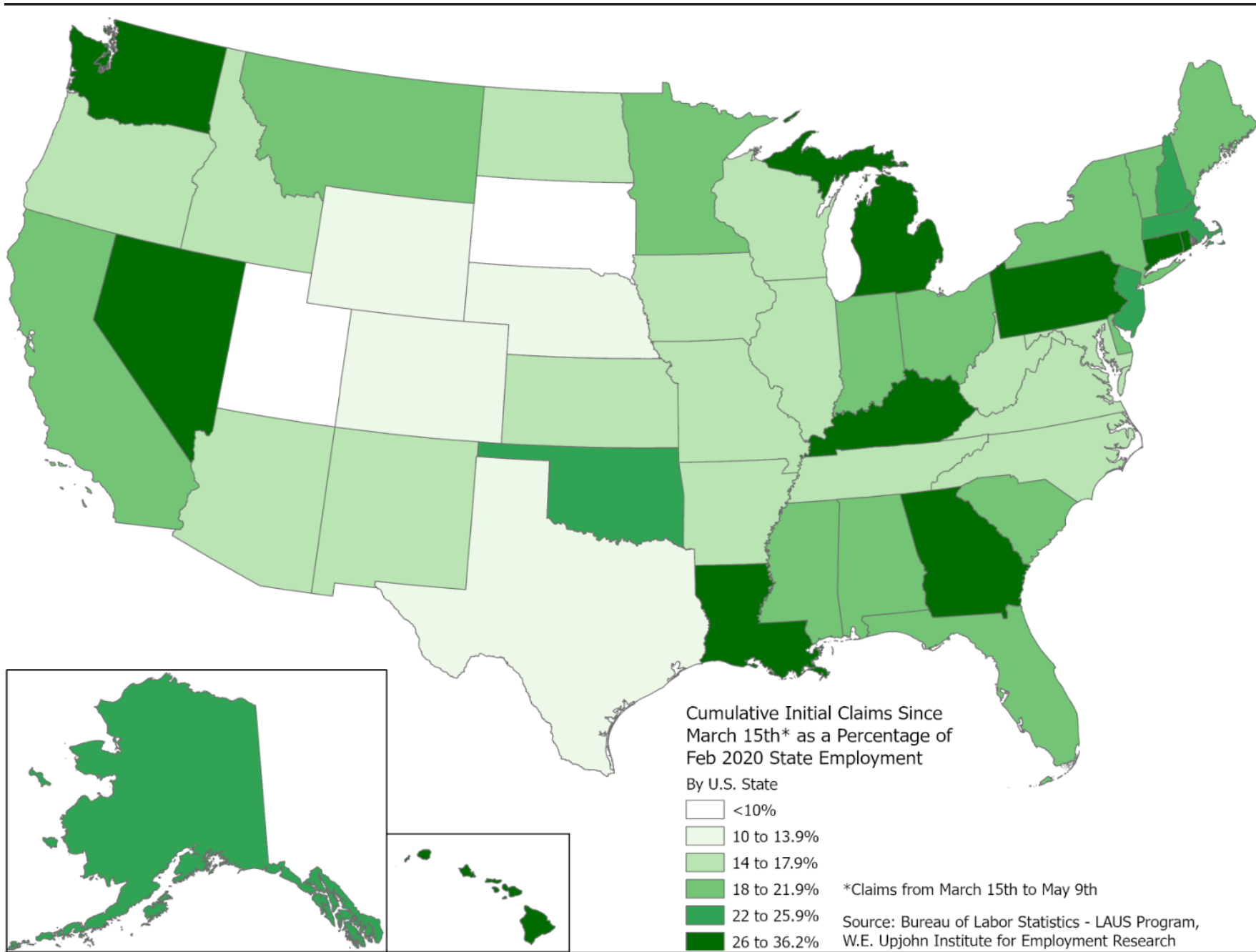
## Weekly initial claim filings for unemployment insurance are slowing, but remain at historically high levels

Number of  
Claims in  
millions  
(seasonally  
adjusted)



Source: Unemployment Insurance Weekly Claims Data, U.S. Department of Labor & Upjohn Institute

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INSTITUTE  
FOR EMPLOYMENT RESEARCH



**Over the month employment change in the U.S. by selected industry, seasonally adjusted, in thousands**

Category	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020
Total nonfarm	214	230	-870	-20,500
Goods producing	13	56	-74	-2,355
Construction	38	46	-33	-975
Manufacturing	-22	8	-34	-1,330
Durable goods	-12	6	-20	-914
Motor vehicles and parts	-7.5	8.3	-3.2	-381.5
Nondurable goods	-10	2	-14	-416.0
Private service-providing	166	143	-768	-17,165
Retail trade	-3.2	3	-44.8	-2,106.9
Temporary help services	-3.9	-6.3	-57.9	-841.9
Health care			-38.5	-1,436.3
Leisure and hospitality	24	59	-499	-7,653
Food services and drinking places			-427.5	-5,491.3
Government	35	31	-28	-980

## Cumulative initial claims for unemployment insurance in Michigan, selected industries, March 15<sup>th</sup> - May 2<sup>nd</sup>

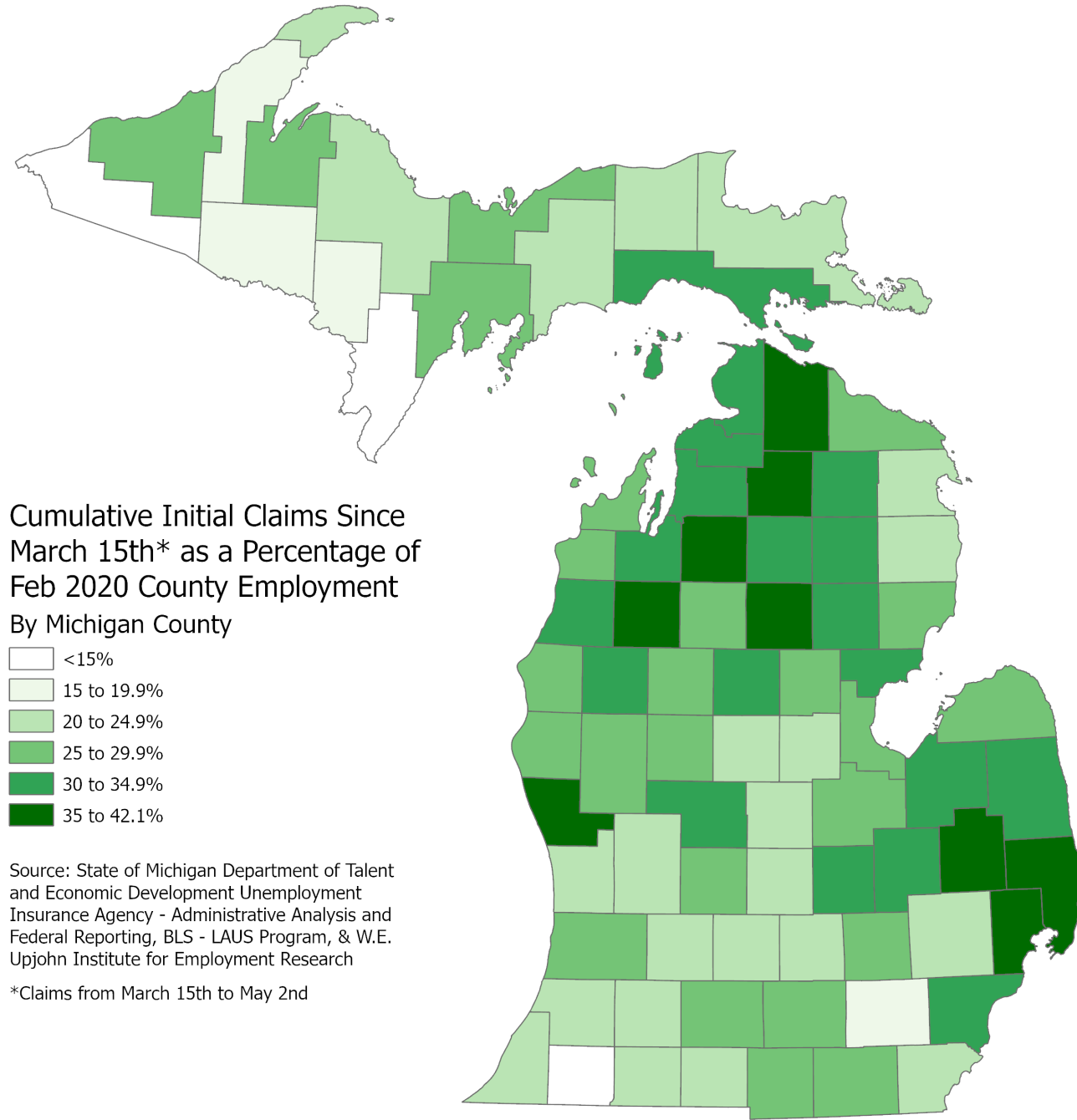
Industry	Cumulative claims	Share of total cumulative claims	Share of industry employment 2019Q1
Construction	84,993	6.3%	54.7%
Manufacturing	234,415	17.2%	37.3%
Food Mfg	6,820	0.5%	18.2%
Plastics/Rubber	19,061	1.4%	44.4%
Fabricated Metal	36,151	2.7%	44.8%
Machinery Mfg	24,927	1.8%	33.5%
Transp Equip Mfg	82,127	6.0%	42.5%

Source: Michigan Unemployment Insurance Agency, BLS Quarterly Census of Employment and Wages, and the Upjohn Institute

# Cumulative initial claims for unemployment insurance in Michigan, selected industries, March 15<sup>th</sup>- May 2<sup>nd</sup>

Industry	Cumulative claims	Share of total cumulative claims	Share of industry employment 2019Q1
Wholesale Trade	55,446	4.1%	32.6%
Retail Trade	134,984	9.9%	29.6%
Selected subindustries			
<i>Admin Support</i>	89,877	6.6%	33.5%
<i>Ambulatory Health</i>	72,236	5.3%	35.1%
<i>Hospitals</i>	33,522	2.5%	16.0%
<i>Accommodation</i>	30,449	2.2%	73.6%
<i>Food Services</i>	136,954	10.1%	41.8%

Source: Michigan Unemployment Insurance Agency, BLS Quarterly Census of Employment and Wages, and the Upjohn Institute



# **Typical level of education to enter occupations**

**Analysis of initial claims in Minnesota,  
March 15<sup>th</sup> – May 9th**

# Initial claims for unemployment insurance in Minnesota, selected occupations, March 15<sup>th</sup> - May 9<sup>th</sup>

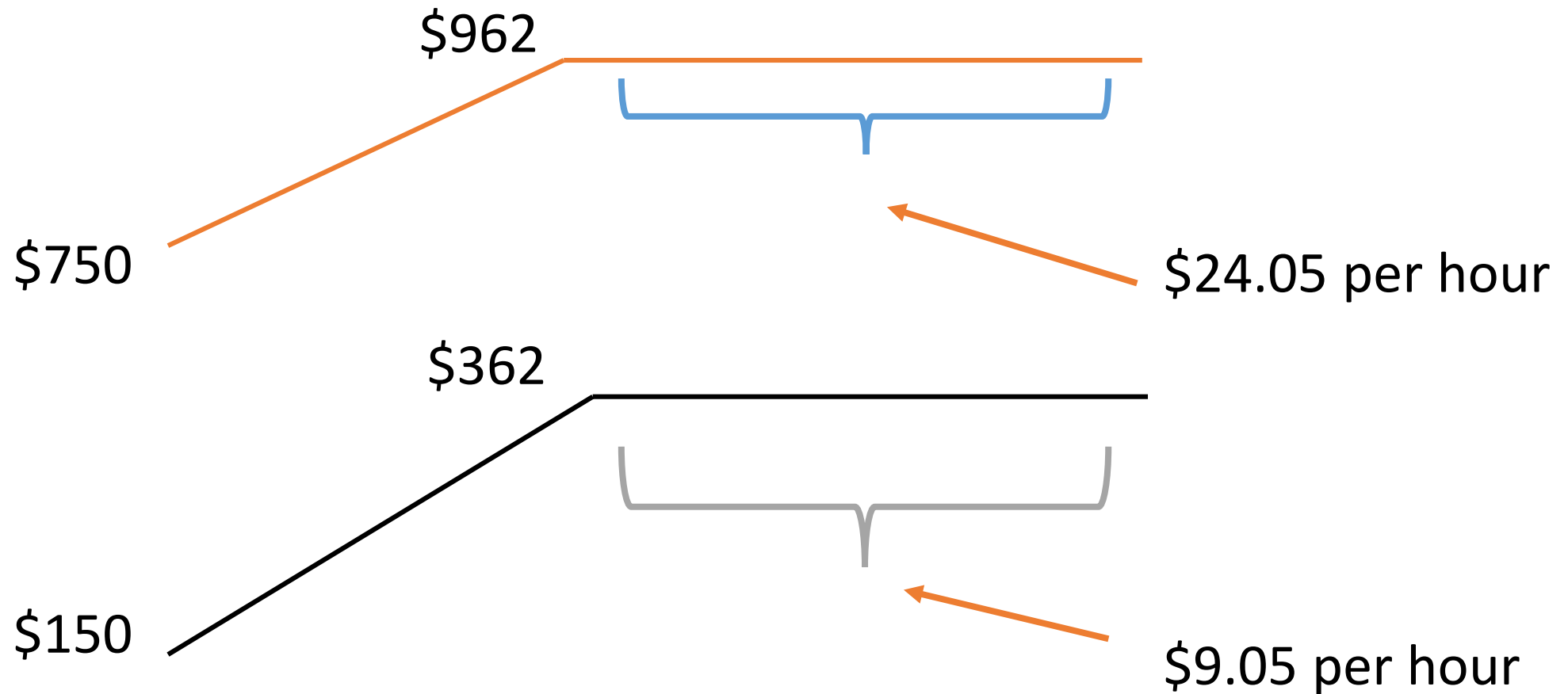
Occupation	UI Claims	Share of total	Occ Emp	Claims / Occ	Occ / Total Emp
Food Preparation and Serving Related	99,381	17.3%	244,300	40.7%	8.5%
Sales and Related	67,790	11.8%	277,000	24.5%	9.6%
Office and Administrative Support	49,042	8.5%	363,800	13.5%	12.6%
Production	43,647	7.6%	212,650	20.5%	7.4%
Healthcare Practitioners and Technical	39,518	6.9%	190,800	20.7%	6.6%
Construction Extraction	36,870	6.4%	104,900	35.1%	3.6%
Healthcare Support	33,197	5.8%	163,160	20.3%	5.7%
Personal Care and Service	31,146	5.4%	70,290	44.3%	2.4%
Transportation and Material Moving	30,462	5.3%	216,890	14.1%	7.5%
Management	30,366	5.3%	170,650	17.8%	5.9%

Educational categories required for entry into the major occupational group	Level		Percent of total	
	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th	May 2019 Employment	Cumulative Initial Claims from March 15th to May 9th
Post-secondary non-degree award, Associate degree or Bachelor degree or higher	994,650	142,876	34.5%	24.8%
Some college, no degree, high graduate or no formal educational	1,722,840	399,729	59.8%	69.4%
Mixture of all educational groups required for entry into the major occupational group	163,160	33,197	5.7%	5.8%

# **Impact of providing a Federal weekly UI benefit of \$600 in addition to state benefits**

## **CASE STUDY: MICHIGAN USING MAY 2019 OES DATA**

# UI Earnings threshold pre and post \$600/week



# Number and percent of employees earning below and above \$24.05 per week in occupations typically requiring an Associate degree or higher for entry

Occupation Title	Total	< \$24.05/hr	>= \$24.05/hr	< \$24.05/hr	>=\$24.05/hr
Management Occupations	211,170	21,238	189,932	10.0%	89.9%
Business and Financial Operations	222,190	54,283	167,907	24.4%	75.6%
Computer and Mathematical	111,930	21,510	90,420	19.2%	80.8%
Architectural and Engineering	139,900	15,640	124,640	11.2%	88.8%
Life, Physical and Social Science	31,540	11,057	20,483	35.1%	64.9%
Community and Social Service	62,870	35,220	27,650	56.0%	44.0%
Legal Occupations	25,940	6,464	19,476	24.9%	75.1%
Educational Instructional and Library	225,130	117,859	107,271	52.4%	47.6%
Arts, Design, Entertainment, Sports and Media	54,050	29,673	24,377	54.9%	45.1%
Healthcare Practitioners and Technicians	279,500	67,493	212,007	24.1%	75.9%
Total	1,364,220	380,436	983,784	27.9%	72.1%

# Number and percent of employees earning below and above \$24.05 per week in occupations typically requiring less some college, no degree, high school or less for entry

Occupation Title	Total	< \$24.05/hr	>= \$24.05/hr	< \$24.05/hr	>=\$24.05/hr
Healthcare Support	180,500	180,500	0	100.0%	0.0%
Protective Service	77,640	48,395	29,245	62.3%	37.7%
Food Preparation and Serving	393,970	393,970	0	100.0%	0.0%
Building and Grounds Cleaning	126,870	126,870	0	100.0%	0.0%
Personal Care and Service	90,161	84,814	5,346	94.1%	5.9%
Sales and Related	409,870	311,945	97,925	76.1%	23.9%
Office and Administrative	543,970	423,526	120,444	77.9%	22.1%
Farming, Fishing and Forestry	5,180	4,607	573	88.9%	11.1%
Construction and Extraction	147,200	74,694	72,506	50.7%	49.3%
Installation, Maintenance and Repair	172,470	97,793	74,677	56.7%	43.3%
Production	476,190	357,143	119,048	75.0%	25.0%
Transportation and Material Moving	356,000	295,313	60,687	83.0%	17.0%
Total	2,980,020	2,399,570	580,450	80.5%	19.5%

<b>Number of employees</b>	<b>4,344,230</b>
Total number of employees	4,344,230
Number earning less than \$24.05 per hour	2,694,074
Percent earning less than \$24.05 per hour	62.0%
Average weekly earnings on UI including the \$600 weekly benefit for those earning less than \$24.05 per hour on their prior job	\$897.75
Average weekly earnings on prior job for those earning less than \$24.05 per hour	\$598.07
Ratio of UI earnings to prior job	1.5

**What will the unemployment rate be in  
May?**

## Selected labor market indicators, seasonally adjusted, in thousands

Concept	March 2020	April 2020	Change Mar-Apr 2020	
Unemployed	7,140	23,078	15,938	
Job losers on temporary layoff	1,848	18,063	16,215	
Labor Force	162,913	156,481	-6,432	← Percent change -3.9%
Unemployment rate	4.4	14.7	10.3	
Employed	155,772	133,403	-22,369	
Employed Part time for economic reasons	5,765	10,887	5,122	
Slack work for business conditions	4,043	9,939	5,896	
Job losers on temporary layoff			16,215	
Total initial claims for UI / March 15 – April 18			26,468	← Ratio 61.2%

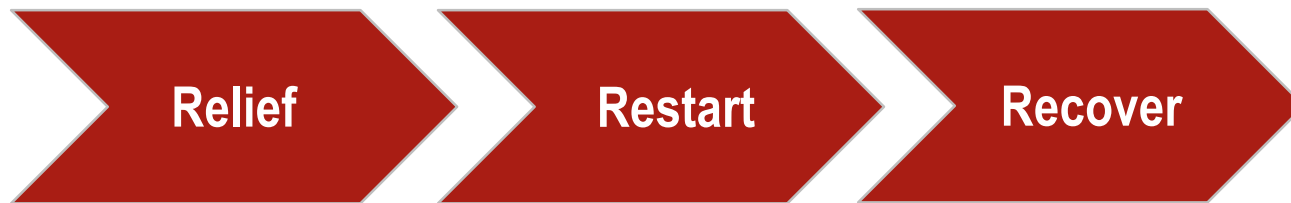
<b>Concept</b>	<b>May 17 Estimate, not seasonally adjusted, in thousands</b>
Unemployment April 2020	23,078
Initial claims Apr 19 – May 9	10,003
Initial claims week ending May 16 using the declining weekly rate of increase from Mar 21 to May 9	2,594
Initial claims Apr 19 – May 16	12, 597
Increase in temporary layoff expecting recall assuming a 61.9% rate	7,709
Unemployment May 2020	30,787
Labor Force assuming a 3.9% decline from April	150,378
Unemployment rate	20.5%
Employed but absent from work / misclassification issue 5 percentage points in April	25.5%

# Policy Responses

# Policy responses

- Automatic stabilizers for Federal aid to state and local governments
- Promote the use of worksharing by firms, especially as states reopen
- Provide funding to states to address shortfalls in UI funding
- Making up wage shortfalls relative to UI earnings
- Training needs for workers not expecting recall

# Economic Conditions and Strategy Discussion



Economic development leadership through and after a global pandemic

@JobsOhio  
[www.jobsohio.com](http://www.jobsohio.com)



# Ohio Economy: Then and Now

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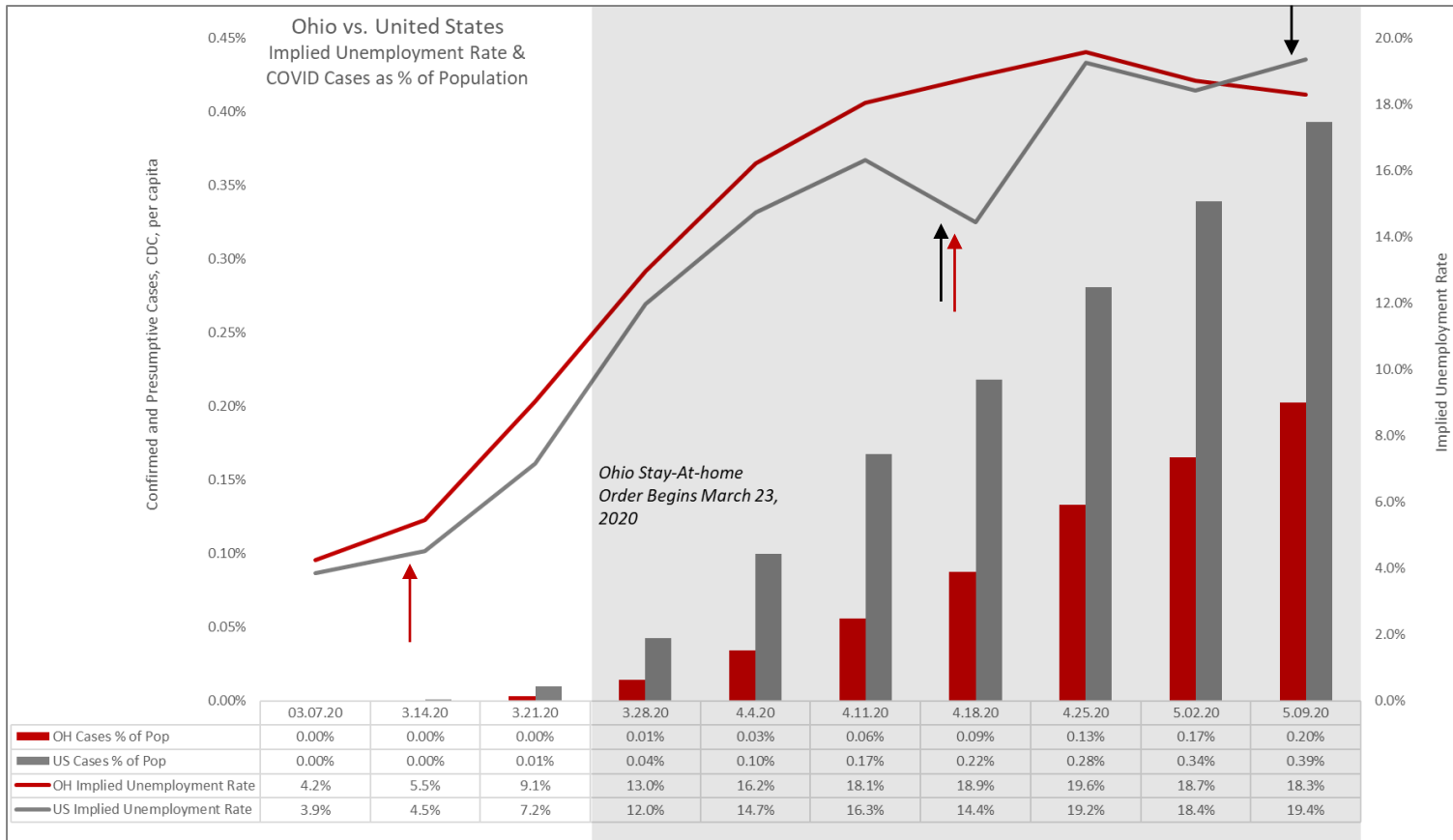
## January 2020

- **5.6M jobs** (highest since early 2000s)
- Ohio economy continued to create new jobs
- Record new business formation
- Growing labor force – more people working
- 2019 second lowest year on record for Ohio jobless claims (since 1971)

## May 2020

- **1.2M unemployment claims** since mid-March, fastest increase in history
- Highest unemployment since WWII
- Many Ohio SMBs (900K companies employing 3M) facing existential issues
- Urban and rural, working poor & minorities hard hit
- Lack of demand and consumer confidence, legal liability concerns, new operating constraints

# Ohio faring better than U.S. on COVID cases, and starting to bend “unemployment curve”



May 8 - BLS reports April U.S. "headline jobless rate of **14.7%**, and U6 rate of 22.8%

Due to the way that BLS collects data, the implied actual U.S. jobless rate on May 9 was **~19%**

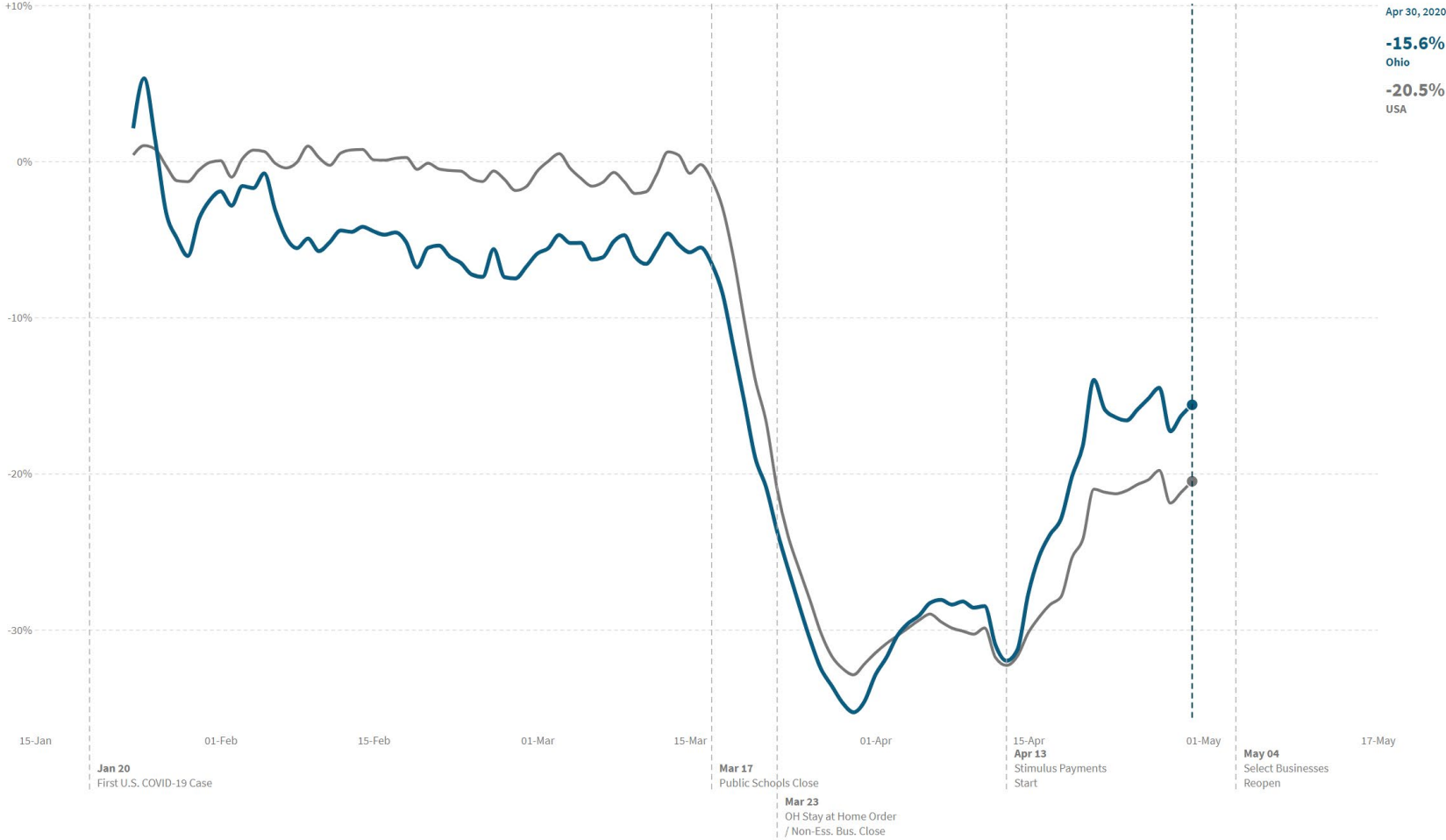
**By the time labor departments report monthly jobless rate, massive changes have occurred, making weekly claims data more important.**

Implied unemployment rate calculation: monthly unemployment count from JFS + change in continuing UI claims from the 12th of the month + week's initial claims) / labor force

Sources: Ohio Jobs and Family Services, Ohio Department of Health, JobsOhio Research

# Ohio also faring better than U.S. on consumer spending

In Ohio, as of April 30 2020, total spending by all consumers decreased by **15.6%** compared to early January 2020.



Source: Chetty, Friedman, Hendren, Stepner, and the OI Team (2020)

# Targeted Sectors – Impact & Outlook

Targeted Sector	Pre-COVID Ohio Jobs	Observations & Comments
Advanced Manufacturing	225K	Industrial economy in defensive position pre-COVID; heavy layoffs since mid-March in durable goods. Some retooling to produce PPE. Supply chain resiliency more in focus.
Logistics & Distribution	183K	Amazon hiring thousands in Ohio. Critical need to keep food supply distribution fully operational.
Financial Services	171K	Sector in a much better and healthier position compared to the 2008 housing crisis Key themes (fintech, insurtech, cost savings) will remain a focus
Automotive	112K	OEMs (FCA, Ford, GM, Honda, Kenworth, Navistar, Thor/Airstream) ceased production (targeting May resumption). Many industry suppliers idled. Supply chain resiliency more in focus.
Information Technology	98K	Sector relatively well-positioned for remote work and data centers highly essential operations Functional groups (managed services, IT staffing, deployment teams) operating differently to minimize risk
Healthcare	94K	GE Healthcare, GOJO and Purell ramped up to meet demand. Hospital revenue losses due to suspending elective surgeries. Supply chain certainty more in focus.
Energy & Chemicals	94K	Oil price crash negatively impacts the entire value chain Chemical companies trying to find alternative supply chain solutions
Federal & Military	93K	Ohio federal installations may have significant opportunities post-COVID
Food Processing	72K	Many food plants with 1K+ employees running full-tilt Cold storage warehousing demand surging
Aerospace & Aviation	41K	Boeing distress & negatively impacts on supply chain; GE Aviation cut 10%; Farnborough cancelled Airlines (16K planes grounded) & airports in distress ('more TSA workers at airport than passengers')
<b>Total</b>	<b>1.1M</b>	

# Relief



Status	Initiative	Status (as of 5/10)
✓	Bar and restaurant owners affected by COVID-19 could return high proof liquor products purchased between 2/12–3/15	Over 850 businesses supported, total paid ~\$1.5M
✓	Six-month deferral of payment on JobsOhio loans (until October 1, 2020)	Launched March 19, ~40 borrowers elected to defer
✓	<b>Ohio Personal Protective Equipment (PPE) Database</b> – Manufacturers, distributors, and potential contract manufacturers to FDA-approved entities	Many PPE supply/demand market inquiries processed. Resource shared with state, OMA, OHA <a href="https://repurposingproject.com/">https://repurposingproject.com/</a> launched
✓	<b>Temporary – \$50M Workforce Retention Loan Program.</b> Forgivable loan program allows for 6 monthly draws of up to \$100,000, but not to exceed total monthly payroll	Letter released, March 27 – Over 220 companies expressed interest, 90 received assistance
✓	<b>Appalachian Growth Capital (AGC) – \$2M Investment.</b> Long-term, low interest loan to AGC to help more small companies in Appalachian Ohio with financing	<a href="#">Press release, March 31 – Long-term, Low interest loan to AGC</a>
✓	<b>New – \$50M Innovation Fund.</b> Ohio-based, venture backed private businesses (targeted loan per deal is between \$250K-\$2.5M (matched by at least 1:1)	<a href="#">Launched April 4 – Convertible loans toward Ohio's most promising and innovative companies</a>
✓	<b>Temporary Adjustments to Existing Programs –</b> Case-Specific Compliance Waivers	Enhanced incentive programs for existing JO client companies to allow maximum flexibility + support
✓	<b>New (Temporary) – \$50M Community Bank Partnership</b> pilot with Peoples Bank and First Federal/Home Savings Bank	<a href="#">Launched April 21 – Lending Support for Small Business</a>

# Restart (Phased)



Status	Initiative	Status (as of 5/10)
✓	Provided extensive analytical assistance to the Governor's Economic Advisory Board, which led to a phased restart	Complete
✓	Collecting data from hundreds of Ohio companies and secondary sources to understand post-COVID safety, talent and other realities	Ongoing
✓	Amplifying Responsible RestartOhio protocols to Ohio businesses	<a href="#">Responsible RestartOhio protocols</a>
✓	Liquor Rebate: One-time support restaurants and bars to defray cost of restocking high-proof spirituous liquor	\$500 rebate in high-proof spirituous liquor to eligible permits for purchases made through Ohio Liquor Contract Liquor Agencies (\$6.8M potential value)

March 23 – Shelter in Place except essential businesses and functions

**All sectors with enhanced protocols on each restart date:**

May 1 – Outpatient Healthcare

May 4 – Manufacturing/Distribution/Construction/General Office

May 12 – Consumer Retail

May 15 – Outdoor Dining/Personal Care Services

May 21 – Dine-In Service, Campgrounds

May 26 – BMV Branches, Gyms and Fitness Centers, Sports Leagues, Pools

May 31 - Daycare

***Goal: Comprehensive strategy that brings together the best economic recovery and growth plan, responsible parties and range of potential outcomes.***

## State of Ohio

- COVID19 testing
- Max federal funds
- Stimulate demand through procurement
- Pro-growth legislation
- Regulatory relief
- BroadbandOhio

## JobsOhio + Regional Partners

- Amplify Ohio message
- Adjust JO 2.0, for post COVID conditions
- Assess effectiveness of new programs
- Maintain flexibility given economic unknowns

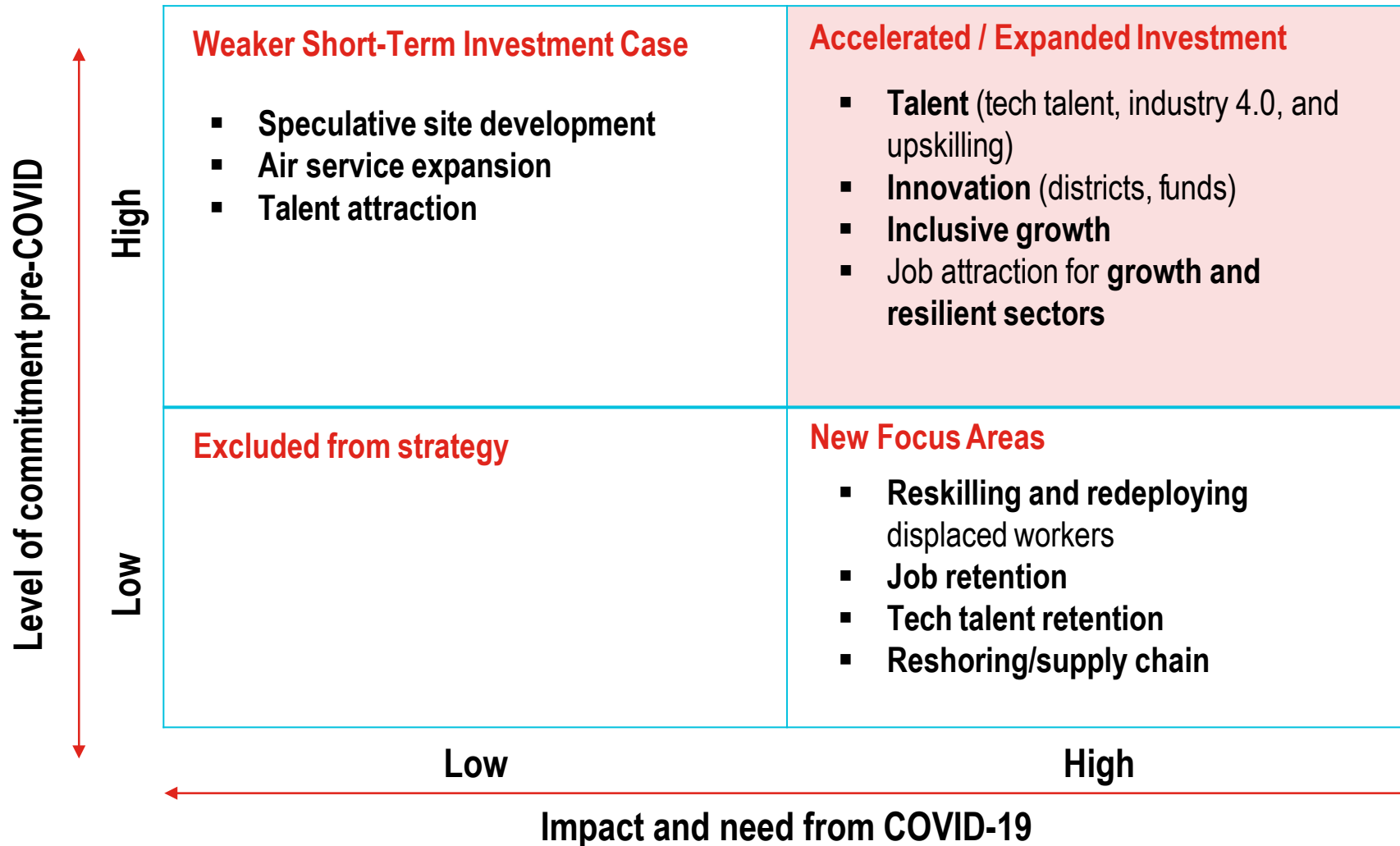
## Business Groups

- Amplify Ohio message
- Safety best practices and playbooks
- Stoke consumer confidence
- Evangelize more secure supply chains

# JO Recovery Priorities



 Priorities for recovery strategy



Need to monitor and understand the **temporal, geographic, demographic, and talent** implications of each:

- How well will health systems, governments, businesses and individuals respond to **flatten the infection curve**?
- What are the dimensions of **unemployment** and **business closures**?
- How have **public sector fund balances** been affected? What lasting impacts will this have?
- When will **consumer spending** rebound? In what ways will spending patterns change?
- What are the dimensions of **supply chain** resiliency?
- Which **sectors** and companies will decline and thrive? What are the global, state and regional dimensions?
- How many **COVID curves** will there be?
- How **long will the virus pose a serious health risk** to mass populations?

# State Government – Actions and Updates

## JobsOhio Model



May 19 Update: “Stay at Home Order” rescinded in favor of “health advisory”

### Key Policy Areas

HB197 – omnibus measures on Coronavirus

- Signed by Governor, effective March 27

Liability (HB 606, SBs 55, 308)

Broadband (HB 13)

## Ohio's Leadership

### BBC praises Gov. DeWine's leadership during coronavirus pandemic

by Jarrod Clay | Tuesday, March 31st 2020



Gov. Mike DeWine speaks during a daily COVID-19 briefing. (WSYX)



COLUMBUS, Ohio (WSYX/WTTE) — Ohio Gov. Mike DeWine's response to the [COVID-19 pandemic](#) is gaining international attention.



Unemployment Compensation (SJR 4, HB 614)

State Government

Economic development/reshoring (SB 95)

MLC ECONOMIC  
DEVELOPMENT  
COMMITTEE



**Representative Dave Greenspan**  
Ohio  
Co-Chair



**Senator John McCollister**  
Nebraska  
Co-Chair

RELIEF & RECOVERY:  
STRATEGIES TO  
REBOUND FROM  
THE COVID-19  
ECONOMIC  
DOWNTURN

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DISCUSSION



MIDWEST

Questions?

Comments?

# RELIEF & RECOVERY: STRATEGIES TO REBOUND FROM THE COVID-19 ECONOMIC DOWNTURN

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## RESOURCES



## The Council of State Governments

- [COVID-19 Resources for State Leaders](#)

## W.E. Upjohn Institute for Employment Research

- [Proposals and responses for understanding the ongoing economic crisis](#)

## JobsOhio

- [OhioSafe. Ohio Working.](#)

To continue to receive information on Midwestern Legislative Conference Webinars or the MLC Economic Development Committee Newsletters and information, please send your contact information to: Laura Tomaka at [ltomaka@csg.org](mailto:ltomaka@csg.org)

# CSG MIDWEST WEBINARS

Thank you for joining us today!

- CSG Midwest webinar series on Confronting a Crisis
  - *Recordings and webinar materials are available on the CSG Midwest website [csgmidwest.org](https://www.csgmidwest.org)*
- *New Webinar Series starting June 11*  
***Looking Beyond the Pandemic: Midwestern Legislatures Address New Challenges***
  - *Preparing for the 2020 elections & beyond*
  - *Virtual/remote legislative sessions*
  - *Legislative oversight*
  - *Fiscal impact of the pandemic*
  - *Emergency preparedness*
  - *Reopening the economy*