Bureau of Business Research
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COVID-19: What does Your State's Rebound Look Like?

Presented by
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Outline

• Nature and Severity of the COVID-19 Recession
• Nebraska’s Experience
The Nature of the Covid-19 Recession

• COVID-19 most severely impacted businesses where there is:
  • Significant face-to-face interaction between customers and workers
  • Assembly of large groups of customers
  • A link to travel
Severity of the Covid-19 Recession

• Setting aside shut-down orders, the recession would be less severe in states (think Nebraska) where:
  • severely impacted industries are a smaller share of the economy
  • “essential” industries (necessities) are a larger share of the economy
  • there is more opportunity to work at home
The Pace of Recovery

• The pace of recovery depends on both:
  • How quickly consumers and businesses are comfortable resuming past patterns (reluctance depends on attitude & the severity of the COVID spread)
  • Whether they want to resume past patterns (new approaches learned during the pandemic experience)
The Pace of Recovery

• If new spending and operations patterns emerge, time will be needed
  • to develop new types of businesses
  • for workers to find new occupations

• The recovery will be slower in this case (i.e., structural as well as cyclical unemployment)
An Unwelcome Learning Opportunity

• During the Pandemic, many businesses had to change their businesses operations
  • Re-design work spaces, “work at home,” travel less
• Many consumers changed the way they obtain goods and services
  • More provisioning on-line (shopping, tele-health), more self-provisioning (cooking at home, landscaping)
The Pace of Recovery

• What if businesses and consumers decide it worked pretty well?
  • Work at home “works” / you learned some new recipes
  • More precisely, they decide it worked pretty well and there is potential to save money
• Spending and operations patterns will change, and the economy will need time to adjust (slower recovery)
Nebraska’s Experience
Nebraska’s Experience

- Relative to the United States
  - Nebraska had a less severe downturn (as expected)
  - A similar pace of recovery (would like to see the July data for Nebraska)
- The tax revenue situation is relatively strong
Change in Non-Farm Employment (Seasonally-Adjusted)

<table>
<thead>
<tr>
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<th>Feb-April</th>
<th>Feb-June</th>
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<tbody>
<tr>
<td>United States</td>
<td>-14.5%</td>
<td>-9.6%</td>
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<tr>
<td>Nebraska</td>
<td>-8.9%</td>
<td>-6.1%</td>
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Net Sales and Use Tax Receipts
(Compared to July 2019 Forecast)
Percent Difference (Actual less Forecast)

April 2020: -0.9%
May 2020: -4.9%
June 2020: 2.7%