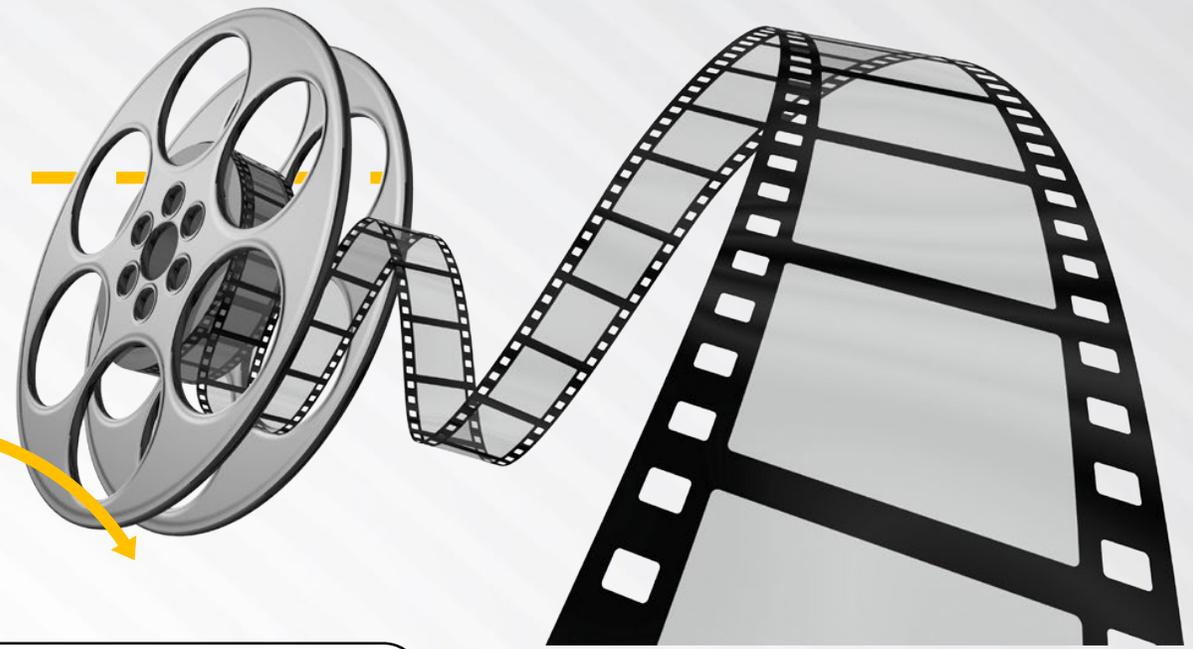




# Kansas Economic Outlook

# Disaster Action Movie



## Part 2

- **Jan-Feb 2020**
- Calm before the storm

## Part 1

- **Mar-June**
- Disaster hits

- **Jul-Nov**
- Survival mode

## Part 3



**Part 1**  
Calm Before The  
Storm

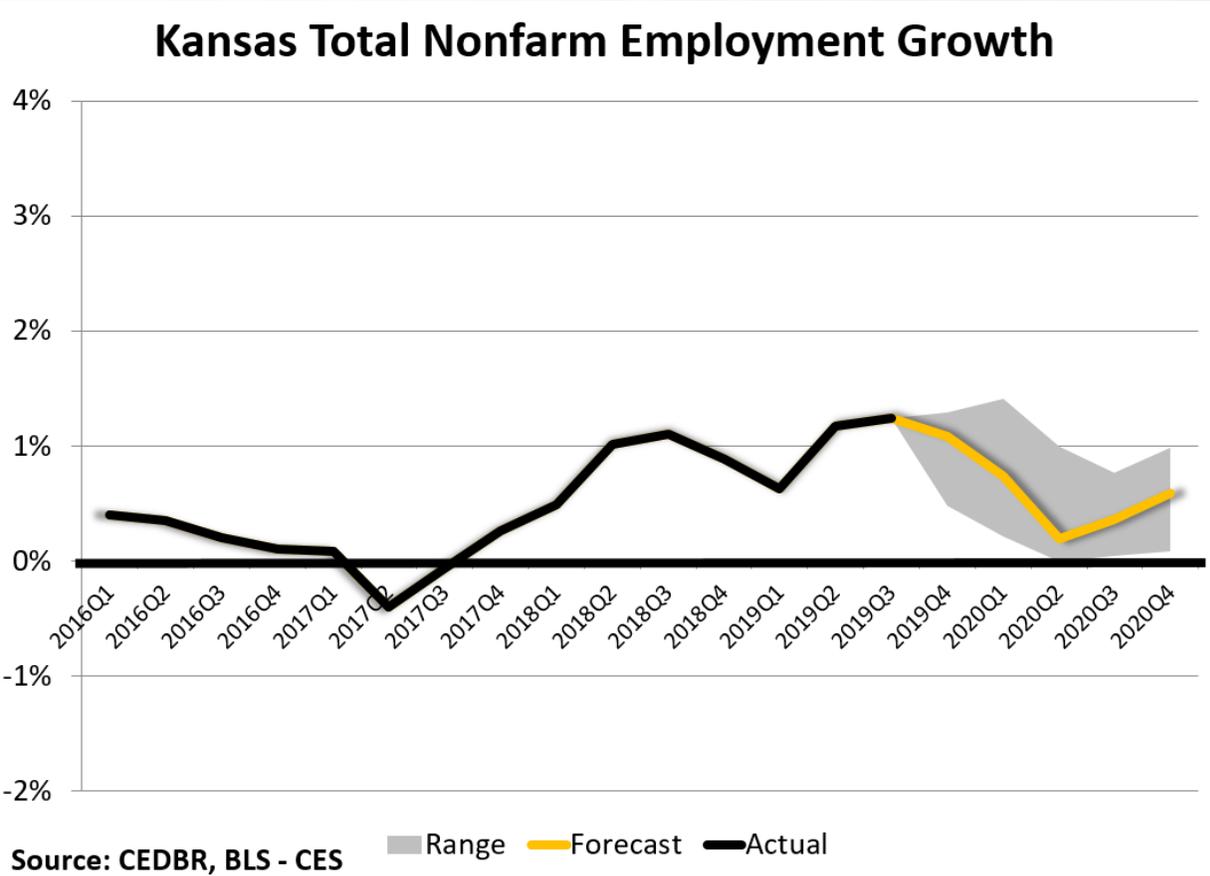
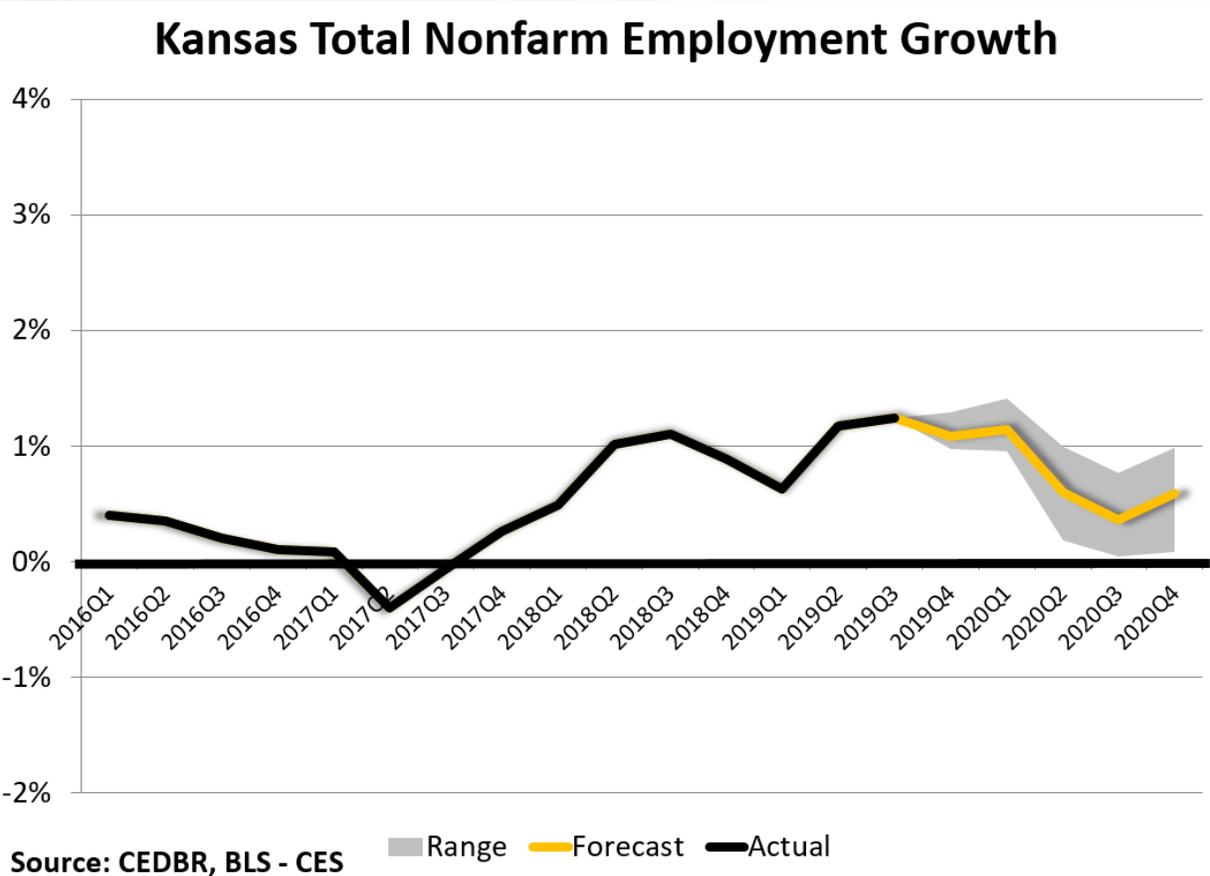
---

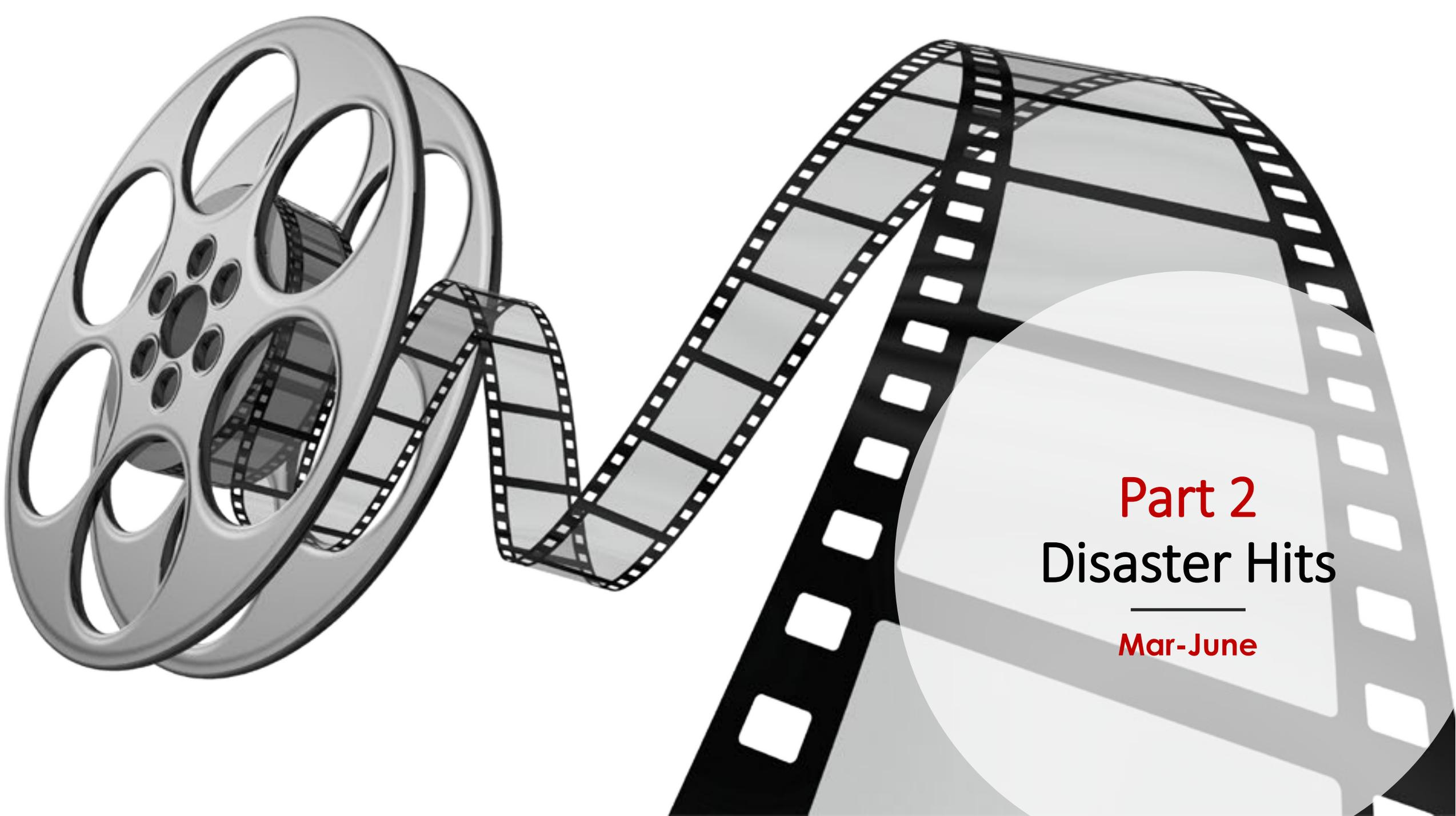
**Jan-Feb2020**

# KS will grow at a slower pace than expected

## Original Forecast

## Adjusted Forecast





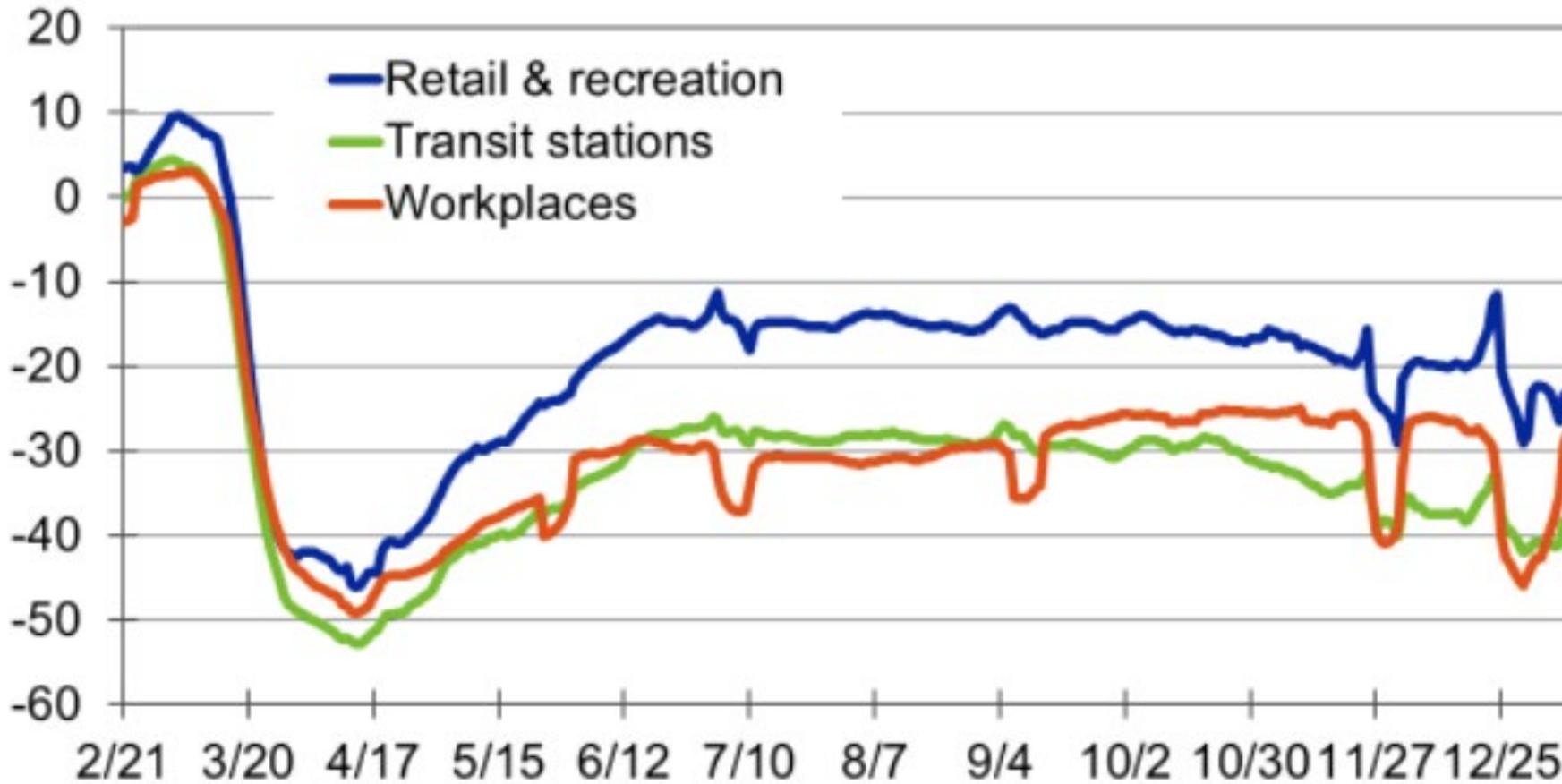
**Part 2**  
**Disaster Hits**  

---

**Mar-June**

# Mobility took an abrupt stop

U.S. Google mobility, relative to baseline, %, 7-day MA, 2020



Sources: Google, Moody's Analytics

# Restaurants, entertainment, and travel were hit the hardest

Seated diners, % change yr ago, 7-day MA



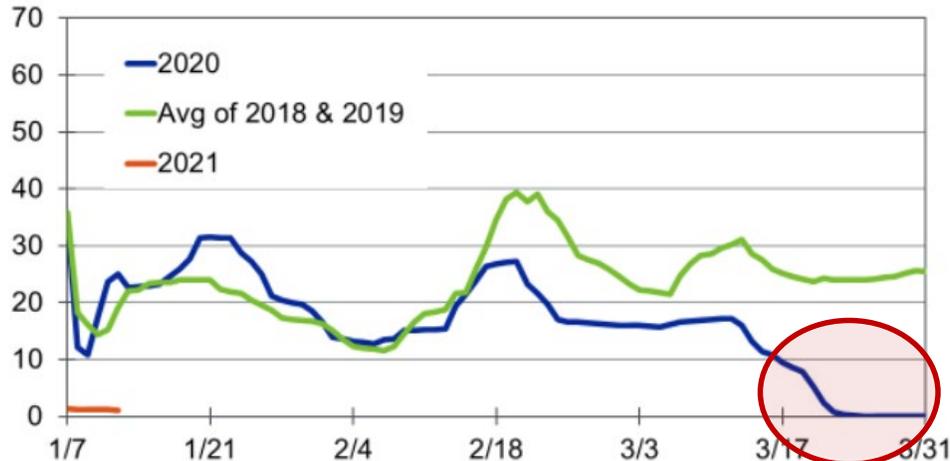
Sources: OpenTable, Moody's Analytics

Travelers through TSA checkpoints, ths, 7-day MA



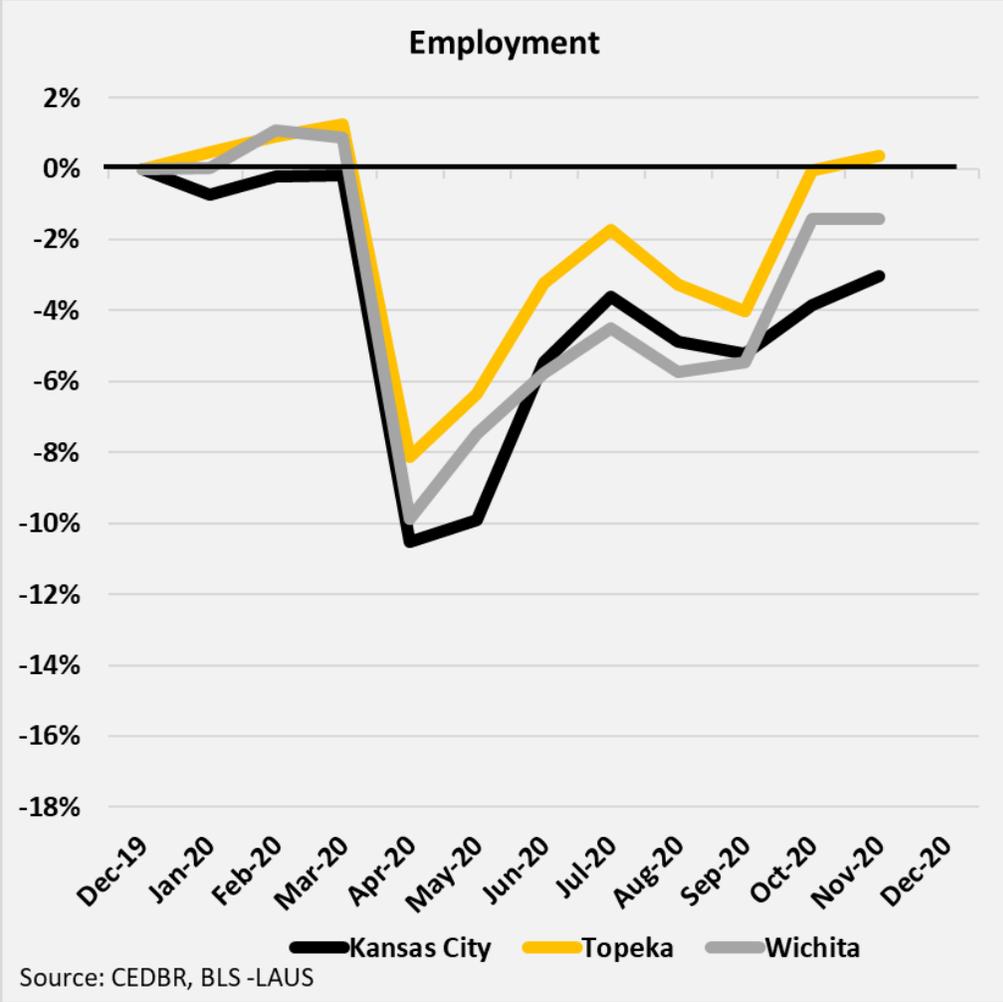
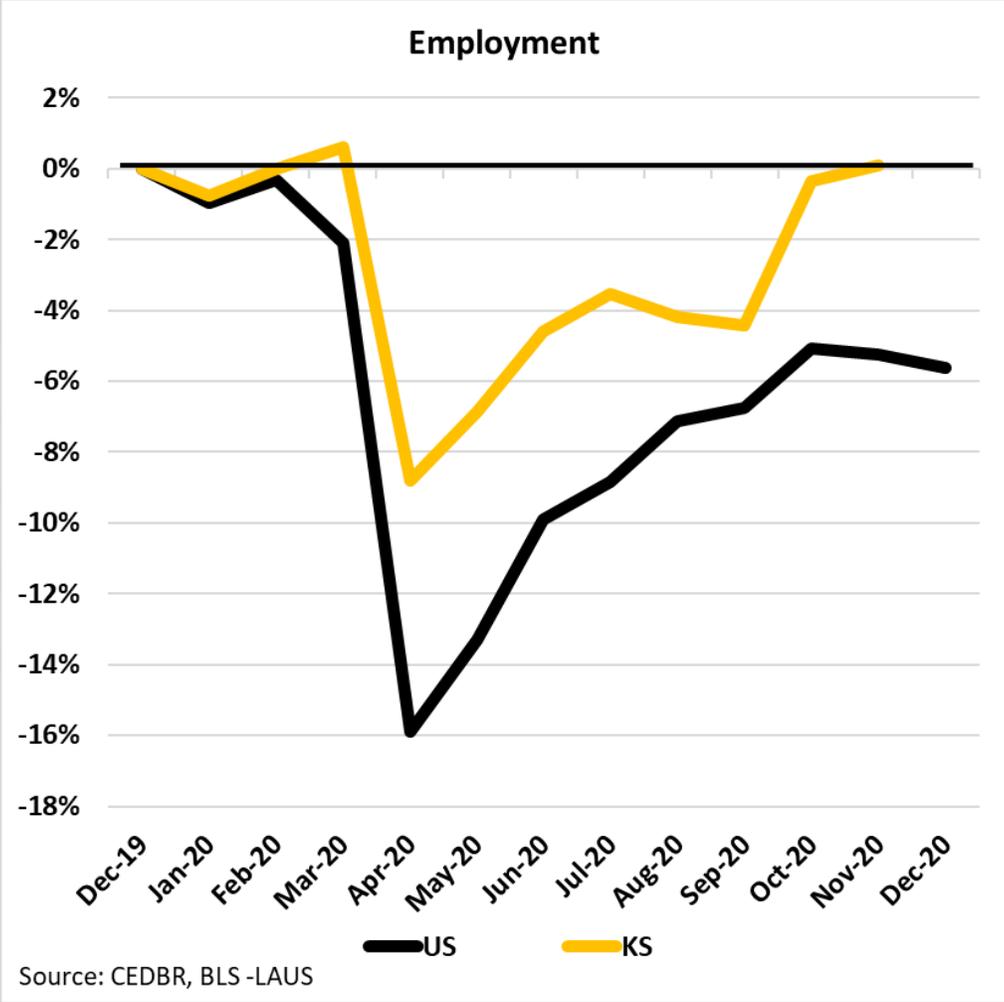
Sources: Transportation Security Administration, Moody's Analytics

U.S. top 10 grossing movies, \$ mil, 7-day MA

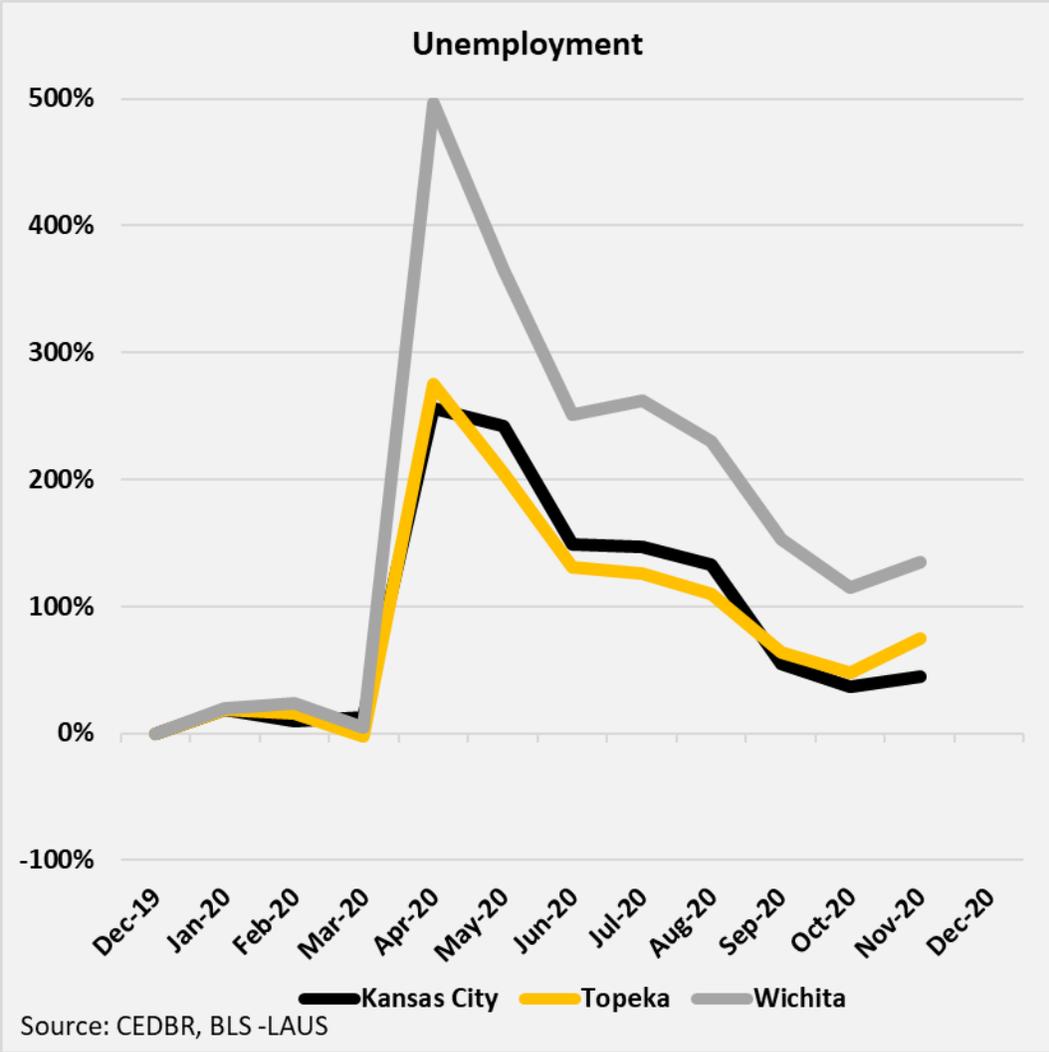
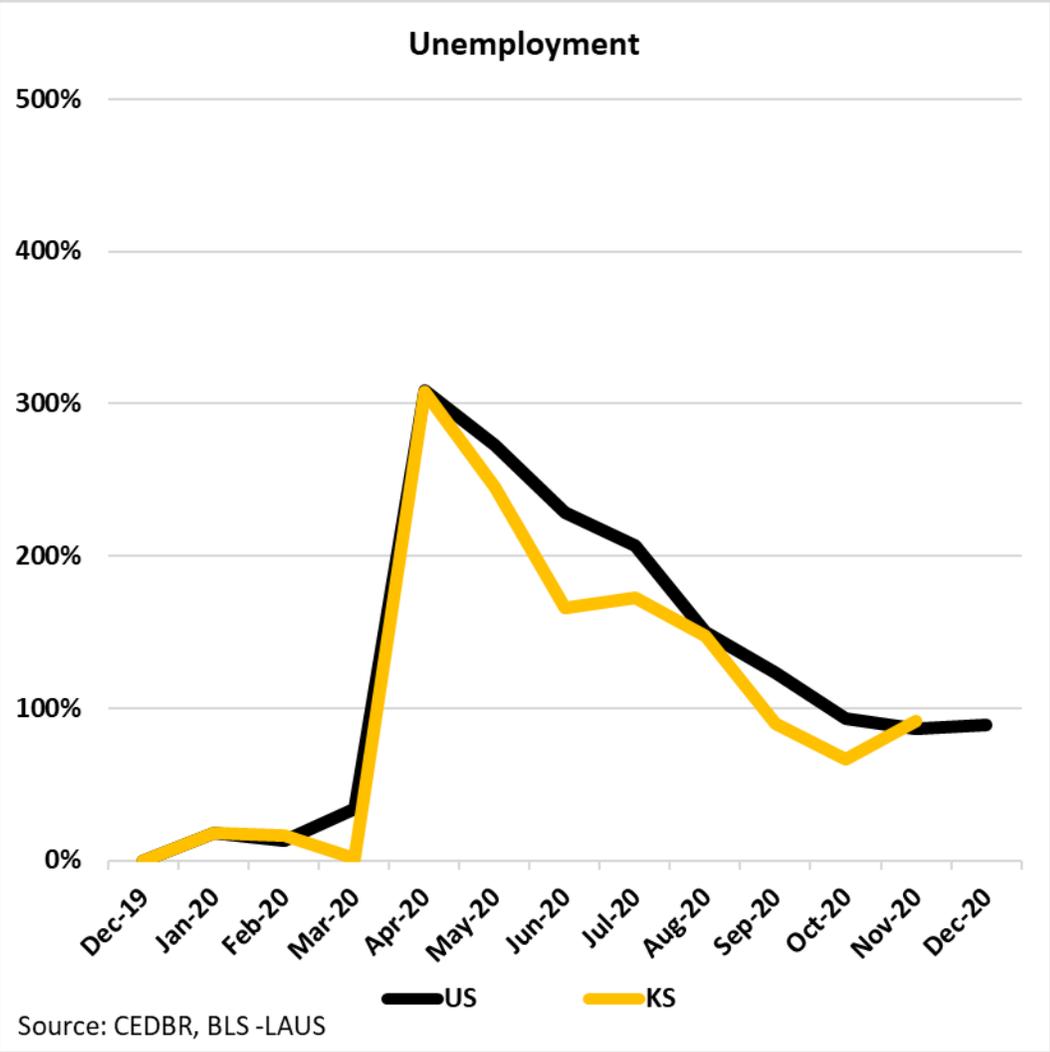


Sources: Box Office Mojo, Moody's Analytics

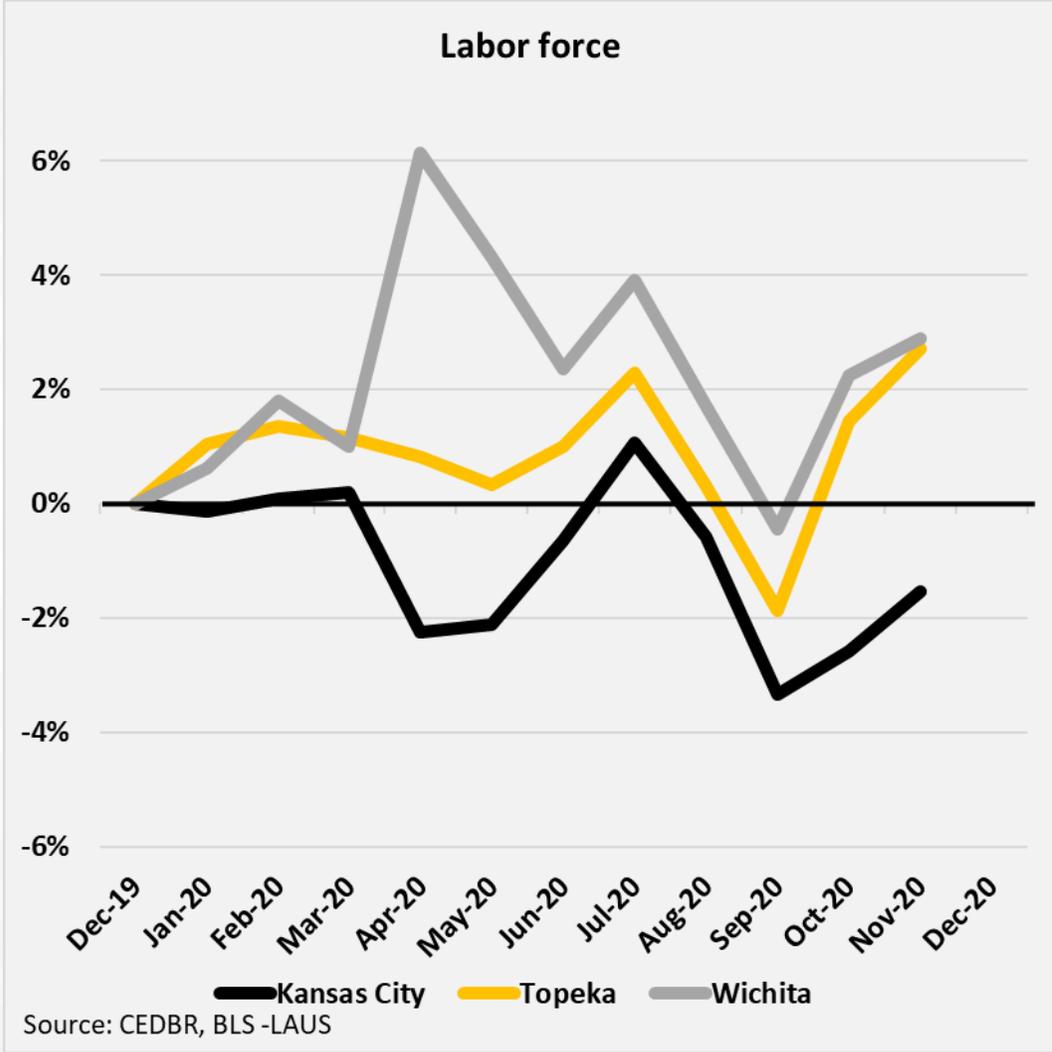
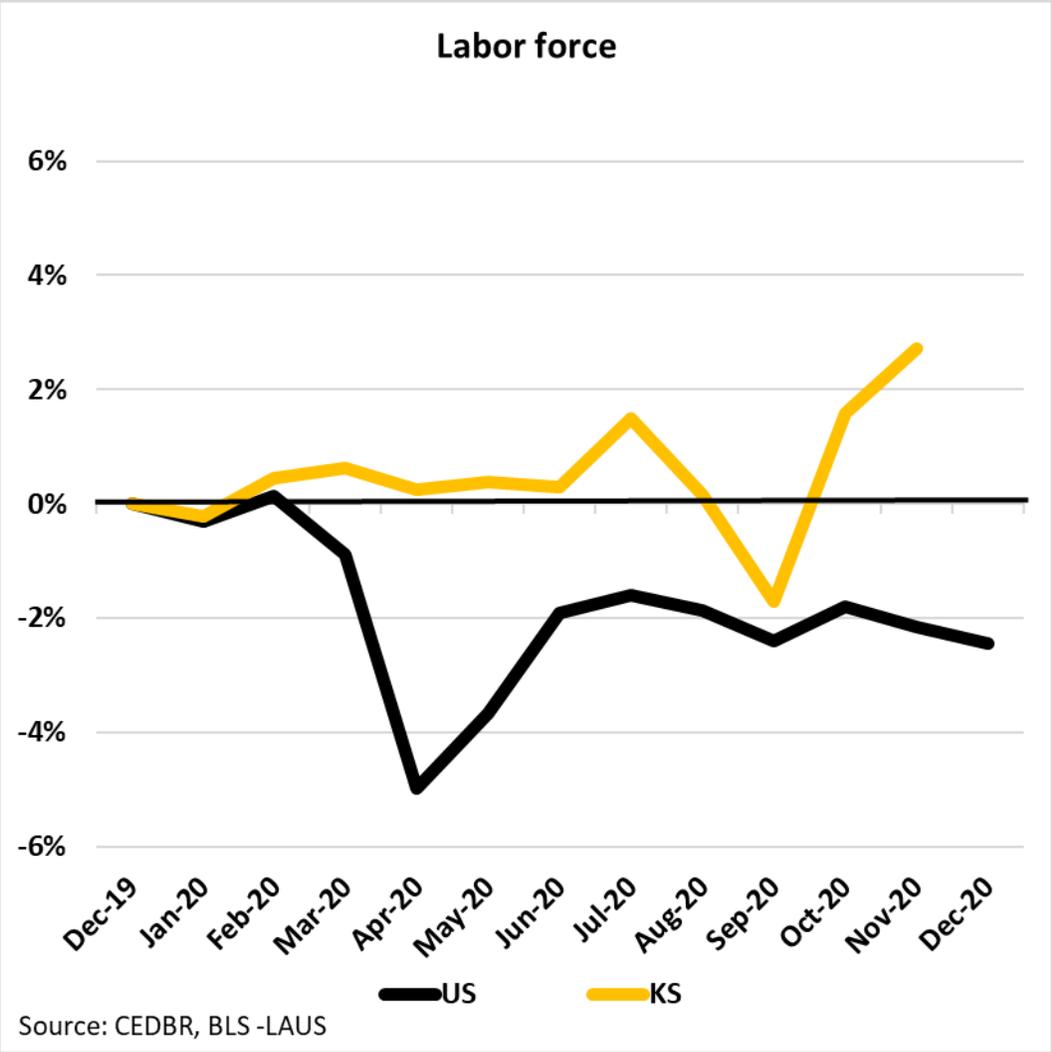
# Kansas has regained lost jobs



# Underlying labor issues within Wichita

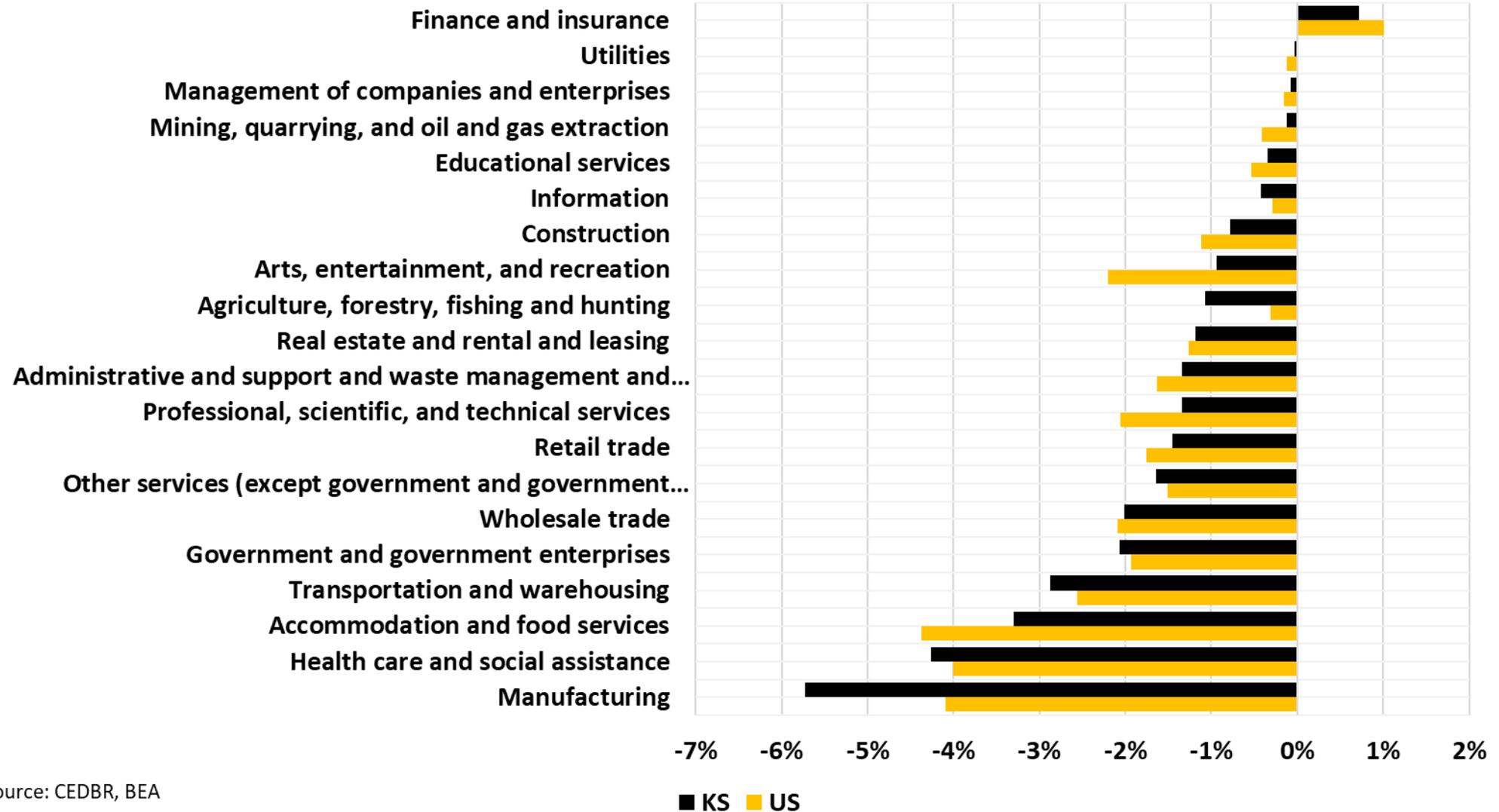


# Labor force



# Manufacturing took a bigger hit in KS

Q2 2020 - Contributions to GDP



Source: CEDBR, BEA



**Part 3**  
**Survival Mode**  

---

**Jul-Nov**

# Employment

## Cumulative Change (Jan)

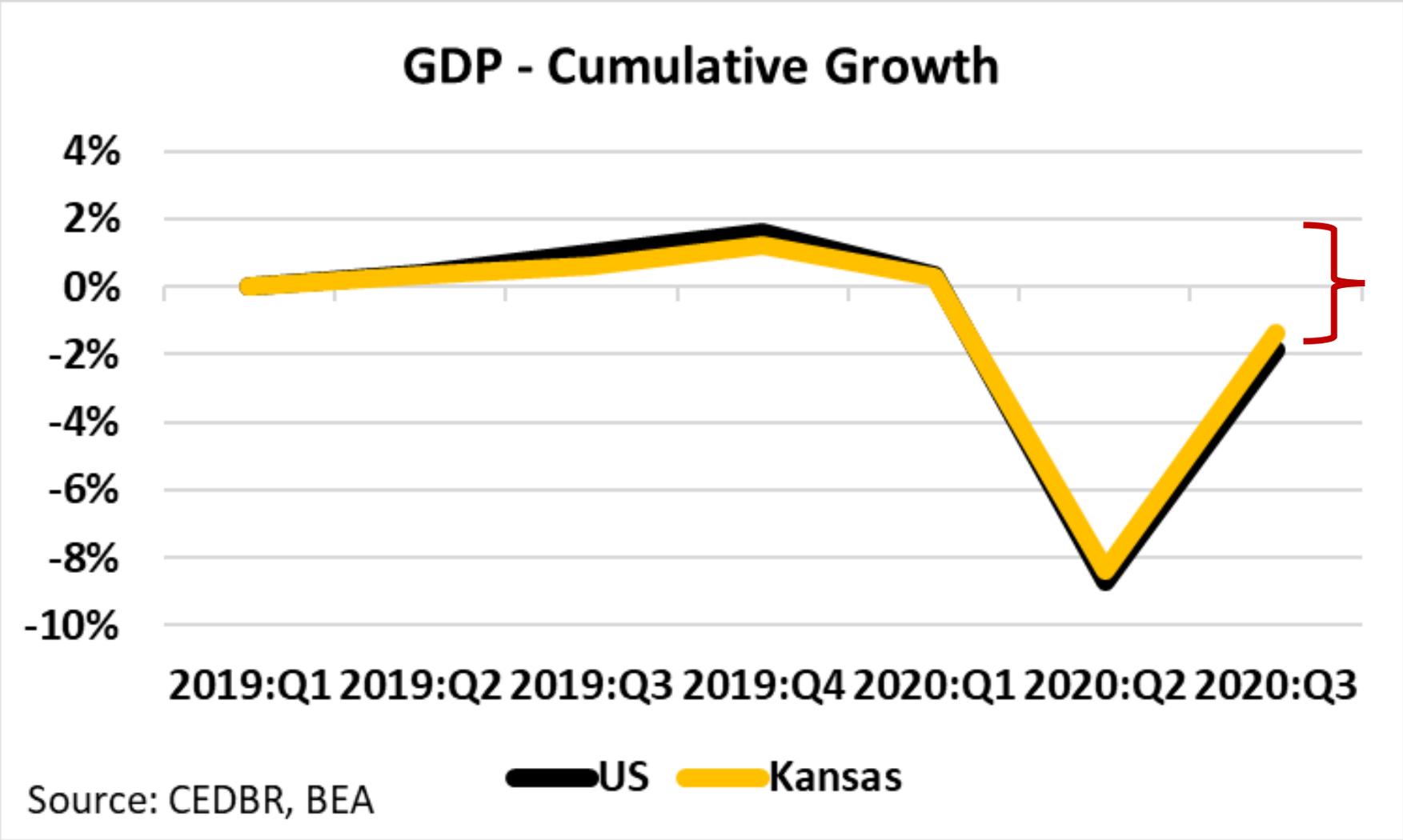
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
Professional, Scientific, and Technical Ser	0%	1%	-1%	-1%	-2%	-1%	-2%	-3%	-4%	-3%	-3%
Administrative and Support and Waste Man	0%	2%	2%	-2%	-3%	-2%	-2%	-3%	-3%	0%	0%
Transportation and Utilities	0%	-2%	-2%	-3%	1%	5%	3%	7%	4%	5%	8%
Retail Trade	0%	-1%	-1%	-3%	-3%	-3%	-2%	-4%	-4%	-1%	-2%
Information	0%	-2%	-2%	-4%	-3%	-1%	-1%	0%	1%	4%	5%
Wholesale Trade	0%	0%	1%	-7%	-5%	-5%	-7%	-6%	-6%	-6%	-6%
General Merchandise Stores	0%	0%	0%	-7%	-3%	0%	0%	2%	0%	1%	3%
Manufacturing	0%	0%	0%	-8%	-11%	-8%	-9%	-9%	-9%	-8%	-8%
Education and Health Services	0%	-2%	-2%	-8%	-5%	-1%	0%	1%	3%	5%	3%
Mining and Logging	0%	1%	0%	-8%	-6%	-5%	-5%	-4%	-3%	-2%	-2%
Financial Activities	0%	0%	1%	-10%	-8%	-7%	-7%	-9%	-9%	-10%	-9%
Leisure and Hospitality	0%	1%	-1%	-11%	-8%	-6%	-5%	-5%	-4%	-3%	-4%

## Month-Over-Month

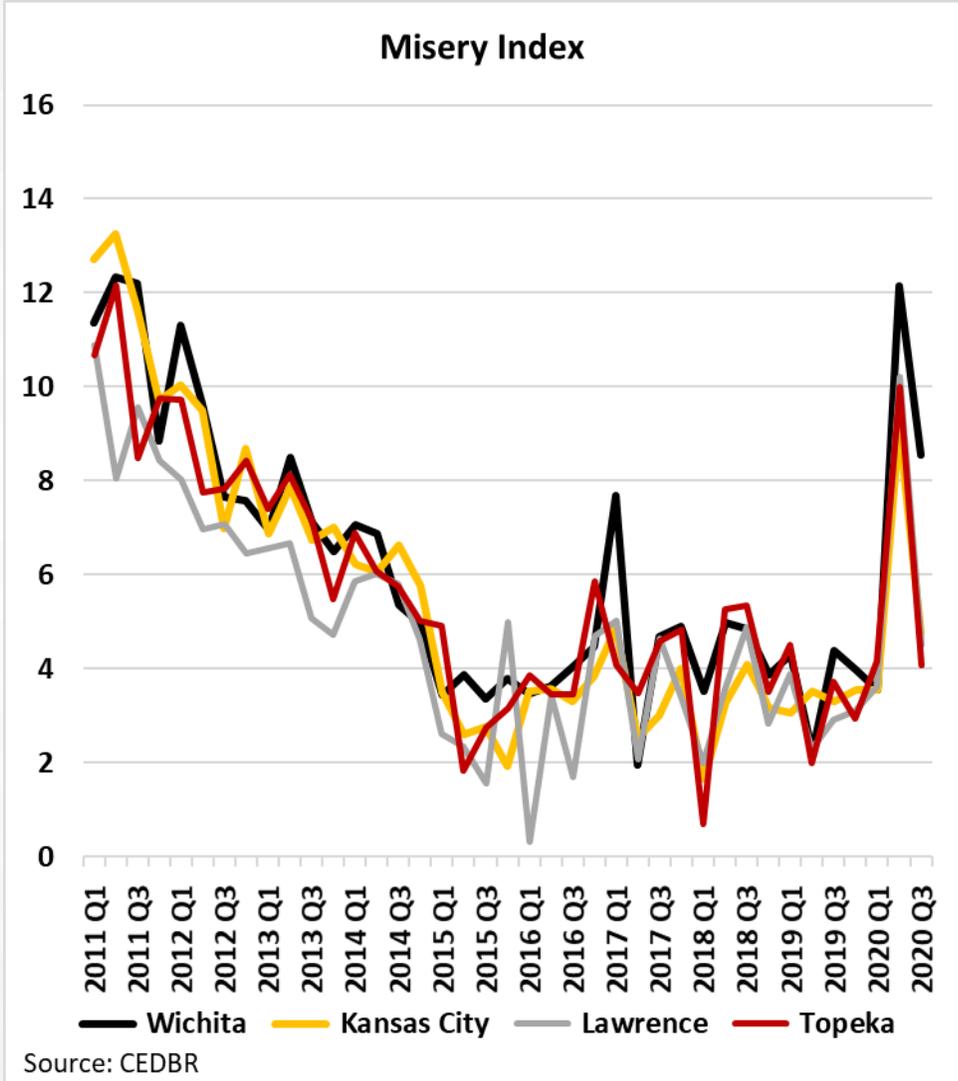
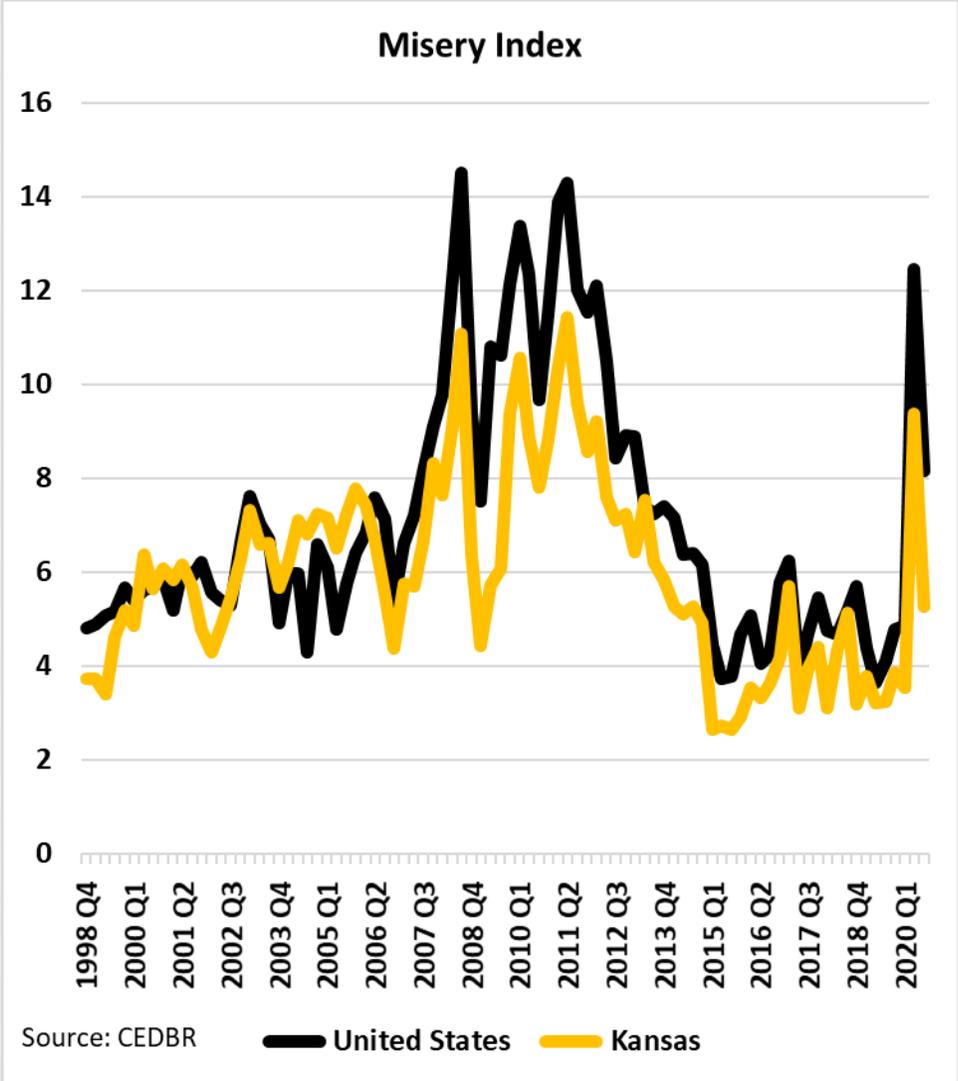
	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
Professional, Scientific, and Technical Services	1%	-2%	-1%	-1%	1%	-1%	-1%	-1%	1%	0%
Administrative and Support and Waste Managemen	2%	-1%	-3%	-2%	1%	0%	-1%	-1%	4%	0%
Transportation and Utilities	-2%	0%	-1%	4%	4%	-2%	4%	-3%	0%	3%
Retail Trade	-1%	-1%	-2%	0%	0%	1%	-2%	0%	3%	-1%
Information	-2%	0%	-2%	1%	2%	0%	1%	1%	2%	1%
Wholesale Trade	0%	0%	-7%	1%	1%	-2%	1%	0%	0%	0%
General Merchandise Stores	0%	0%	-7%	4%	3%	0%	2%	-2%	1%	1%
Manufacturing	0%	0%	-8%	-3%	3%	-2%	0%	0%	2%	0%
Education and Health Services	-2%	-1%	-6%	3%	4%	2%	1%	2%	2%	-2%
Mining and Logging	1%	0%	-9%	2%	2%	-1%	1%	1%	1%	0%
Financial Activities	0%	1%	-11%	2%	1%	-1%	-2%	0%	-1%	1%
Leisure and Hospitality	1%	-2%	-10%	3%	2%	1%	1%	1%	1%	0%

Source: CEDBR, BLS - CES

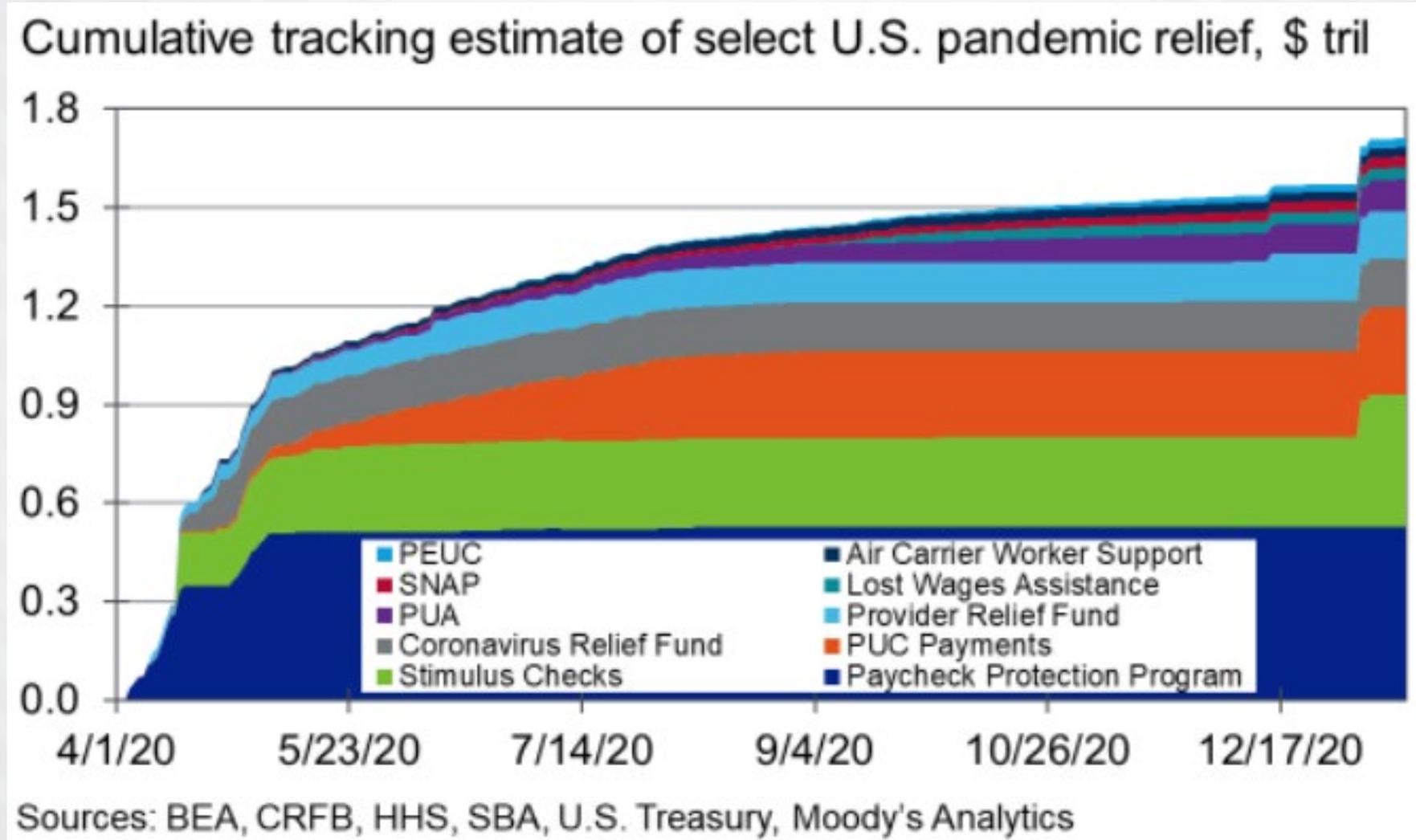
# KS GDP is 1.3% below 2019



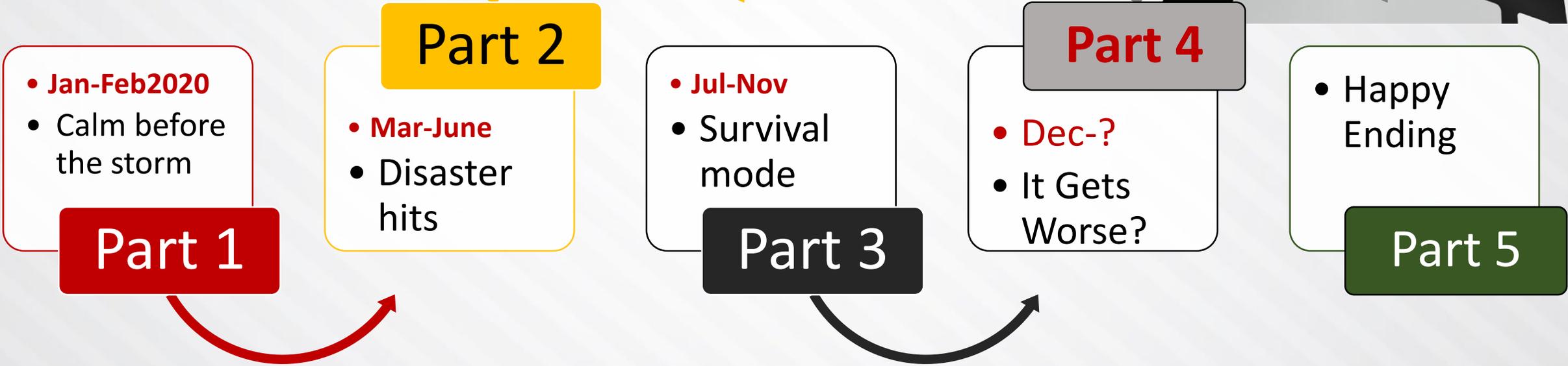
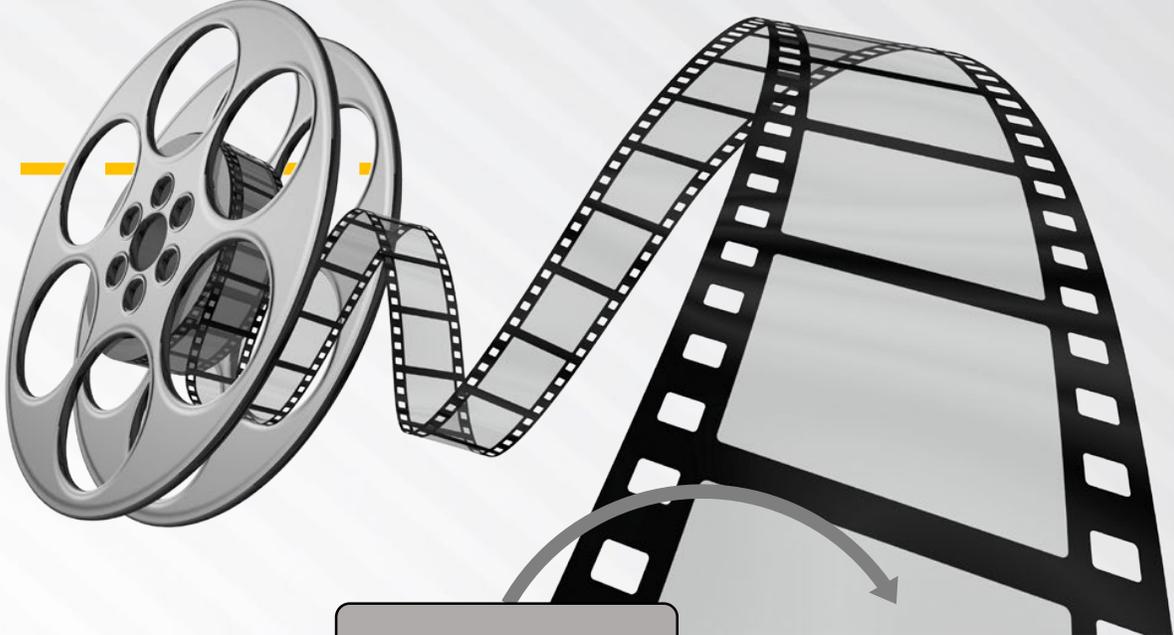
# Why are households less miserable than the Great Recession?

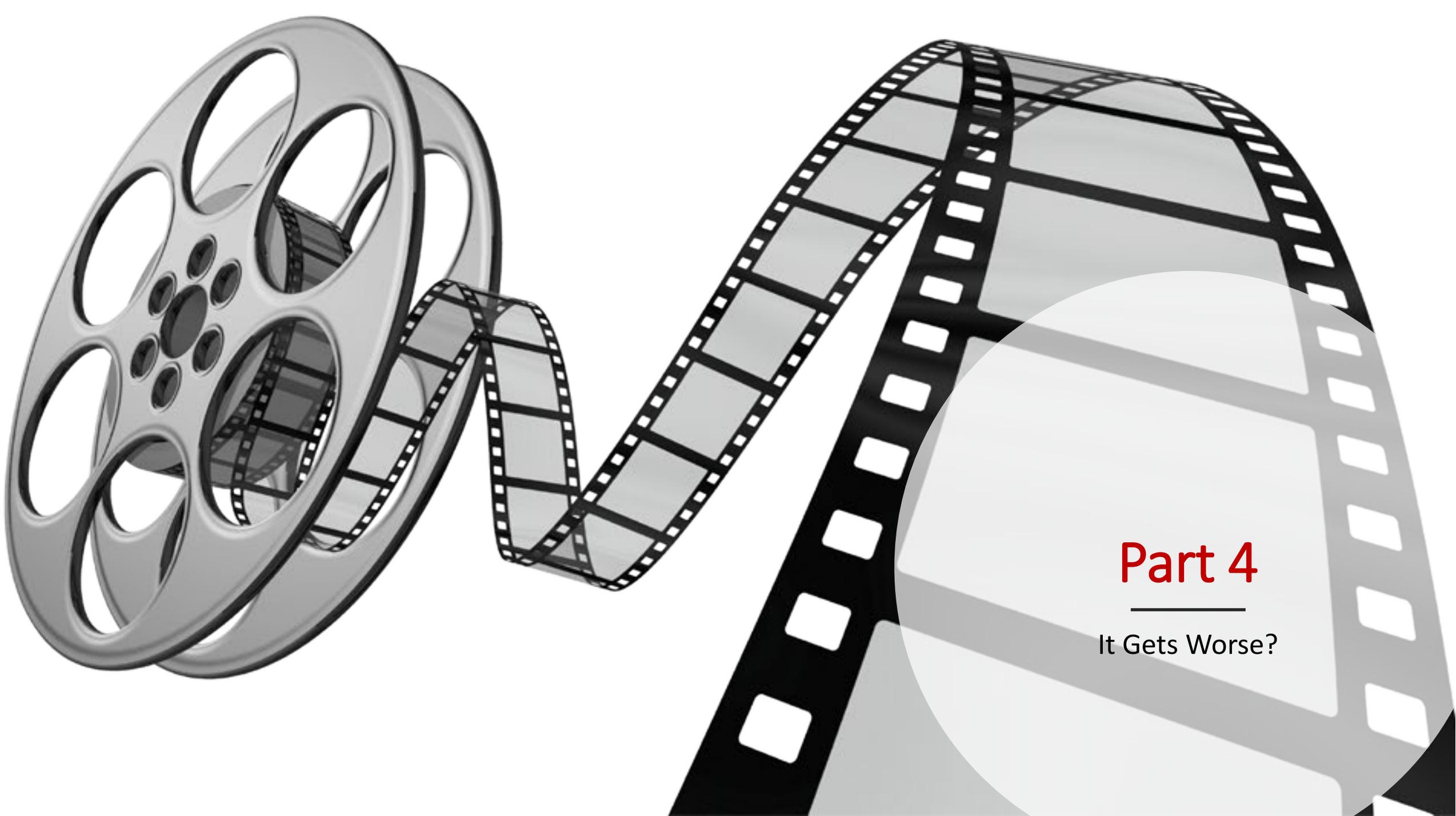


# The economy was propped up by the fiscal stimulus



# Disaster Action Movie

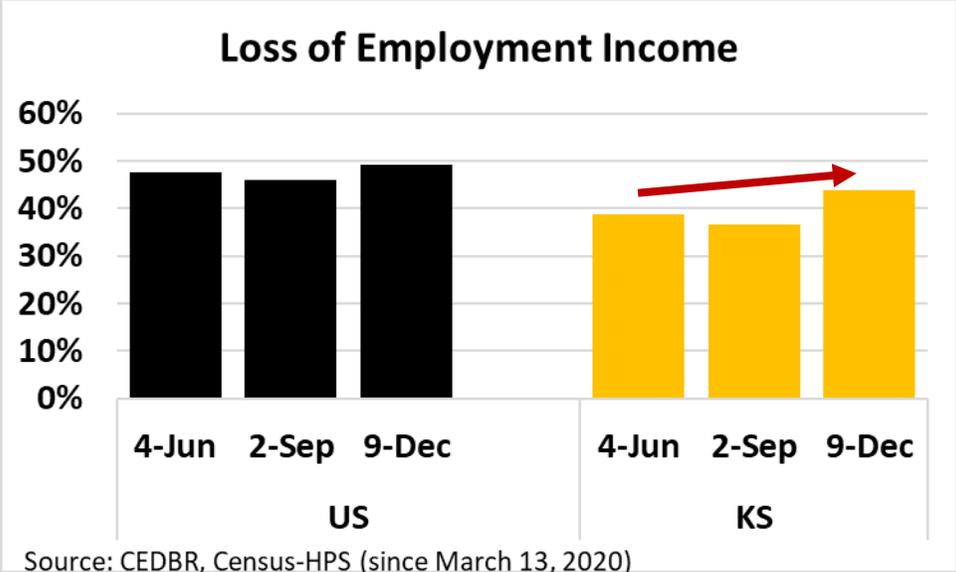




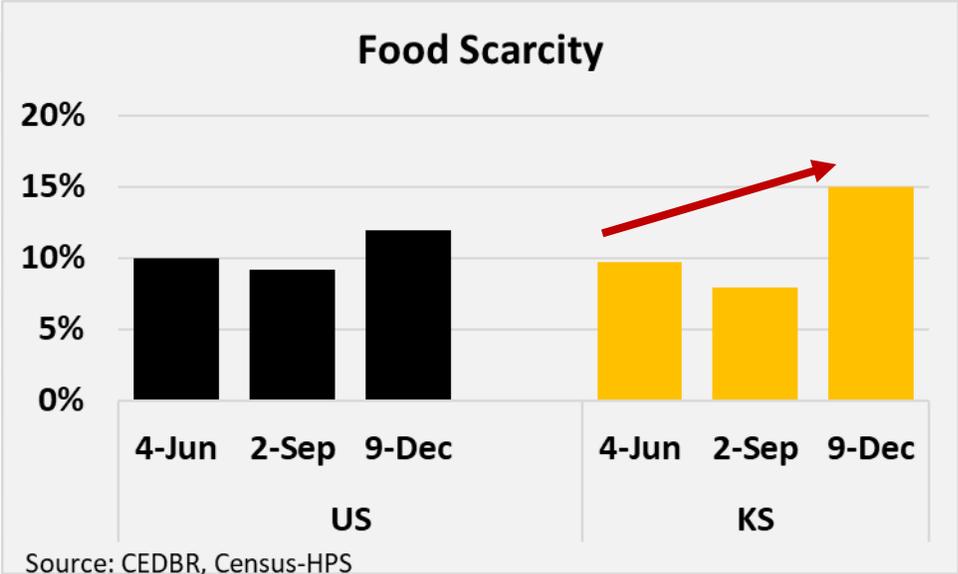
## Part 4

It Gets Worse?

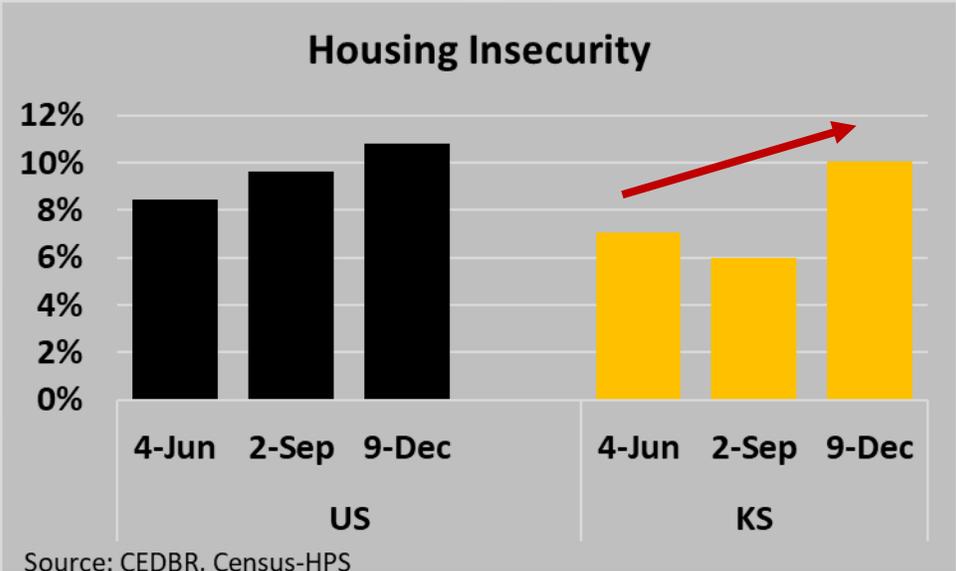
# Households are struggling more now



Source: CEDBR, Census-HPS (since March 13, 2020)



Source: CEDBR, Census-HPS



Source: CEDBR, Census-HPS



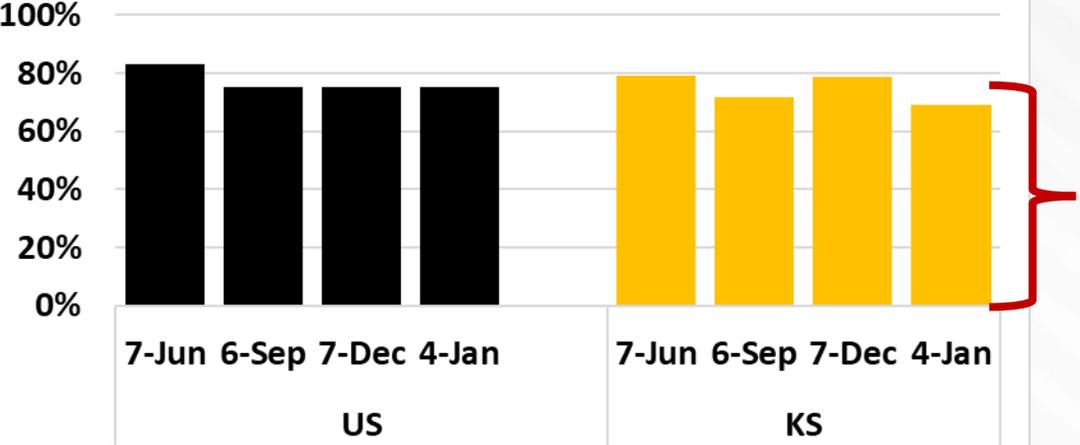
# KS Households – December 9

---

- Likelihood of eviction or foreclosure – 54.7%
- Difficulty paying household expenses – 35.2%
- Uncontrollable worrying - 23.3%
  - (more than half of the week or every day)

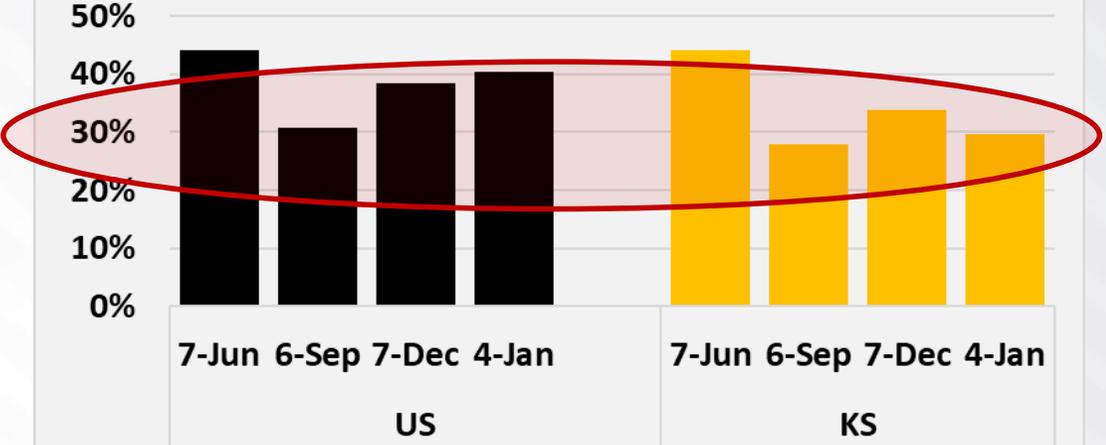
# Businesses are still struggling

Overall Negative Impact



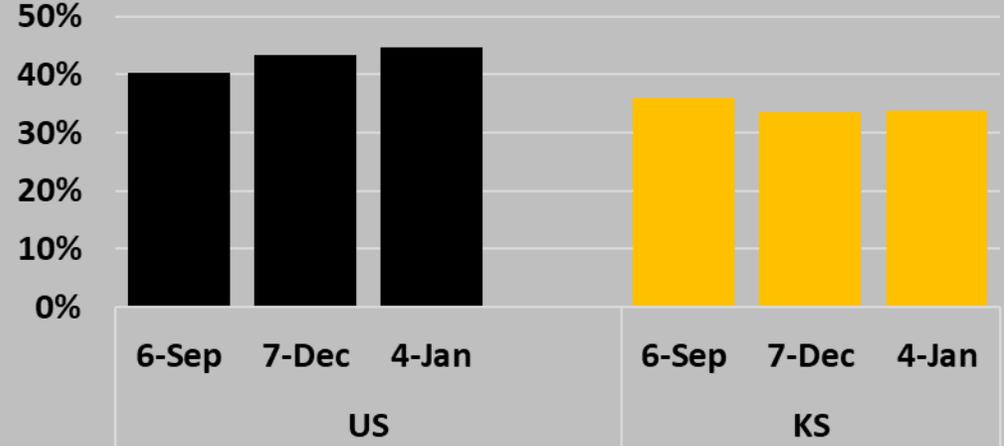
Source: CEDBR, Census-BPS

Revenues Decreased Last Week



Source: CEDBR, Census-BPS

Share Not Re-Hiring Last Week



Source: CEDBR, Census-BPS



# Kansas Businesses are less optimistic – Jan 4

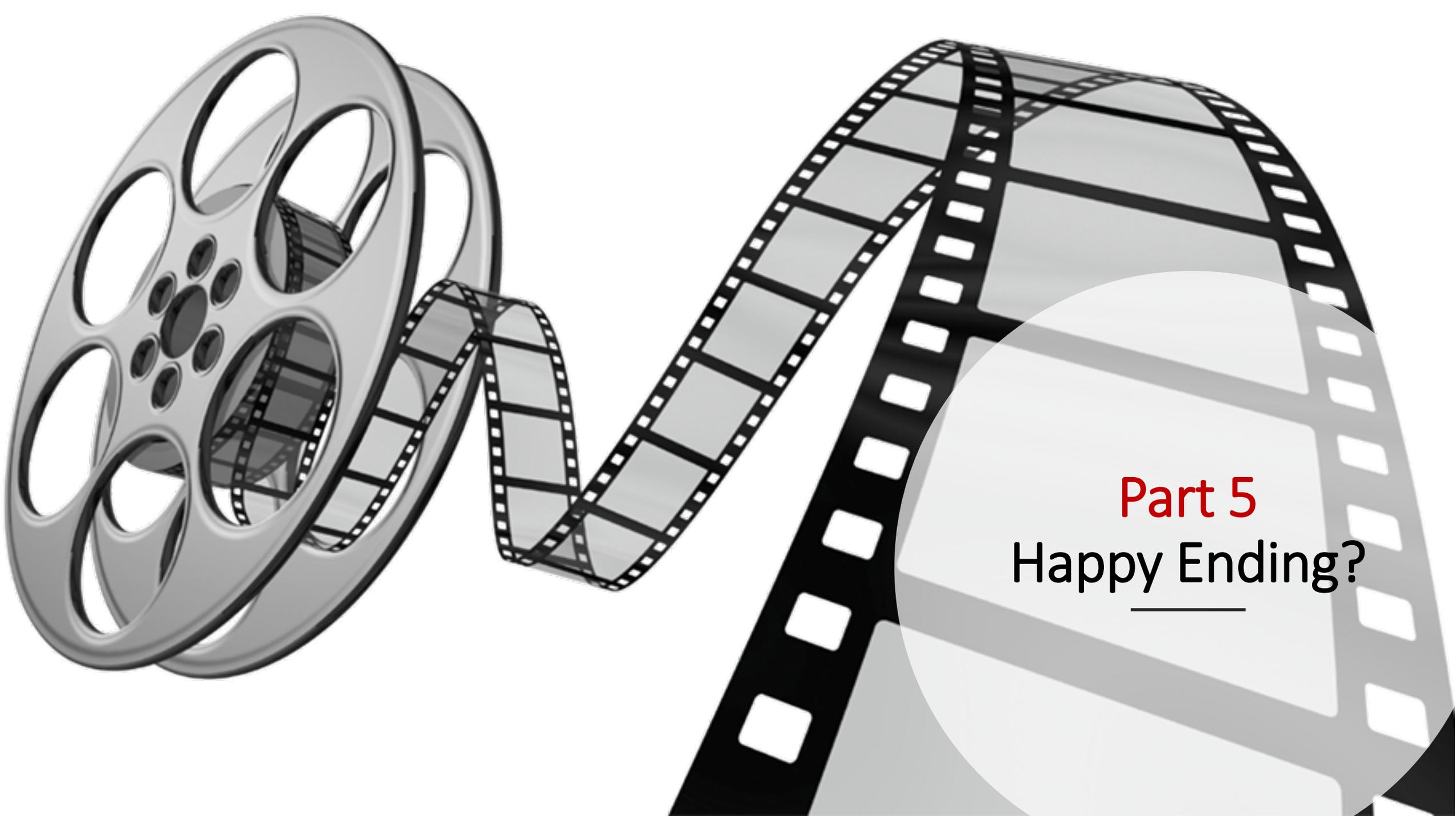
---

- **Future needs**

- Kansas businesses were less likely to:
  - Obtain financial assistance
  - Identify new supply chain options
  - Develop online sales
  - Increase Marketing

- **Expectation**

- KS to return to its normal level of operations relative to one year ago
  - 4-6 Months 15.2%
  - More than six months 37.7%
  - “I do not believe this business will return” 10.9%



Part 5

Happy Ending?

---

# Forecast Assumptions

## Forecast Assumptions

### Low Scenario

- COVID outbreaks continue
- State/local lock down reinstated
- Schools move to remote learning
- Consumer confidence remains low and reduces consumption
- Manufacturing layoffs continue, as demand remains muted
- Some bankruptcies across multiple sectors

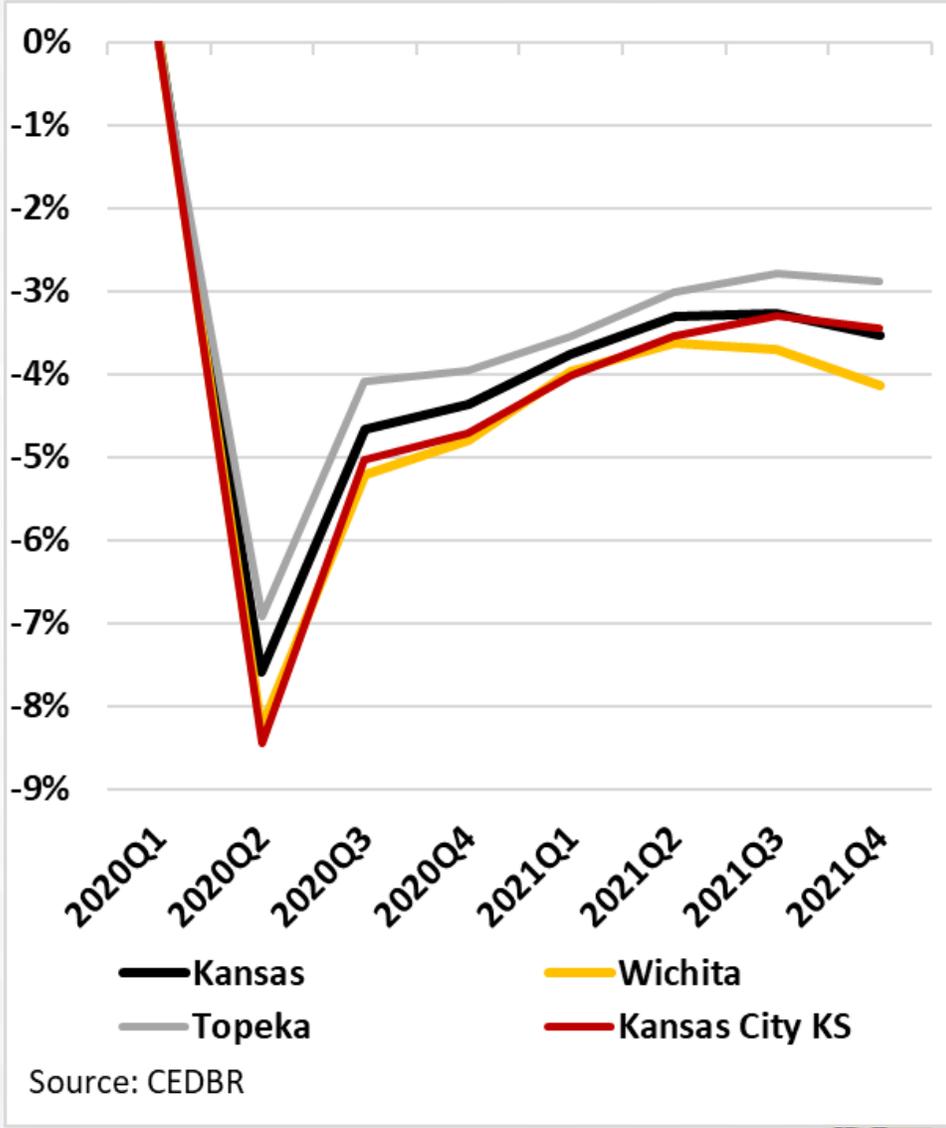
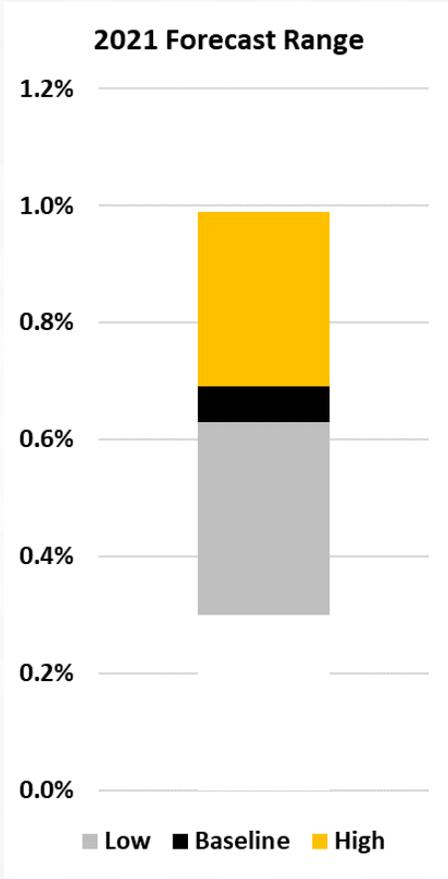
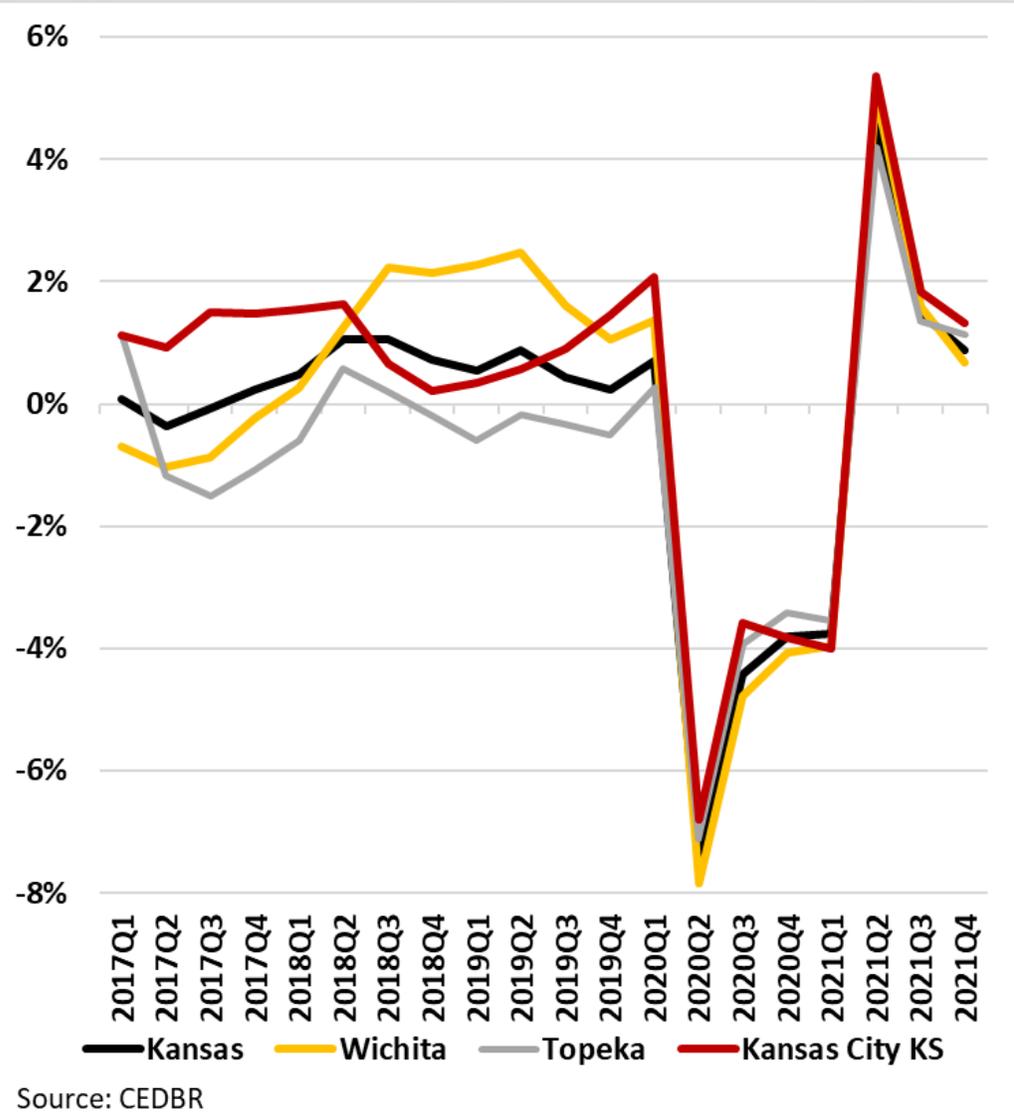
### Reported Numbers (Baseline)

- Middle of low and high scenarios

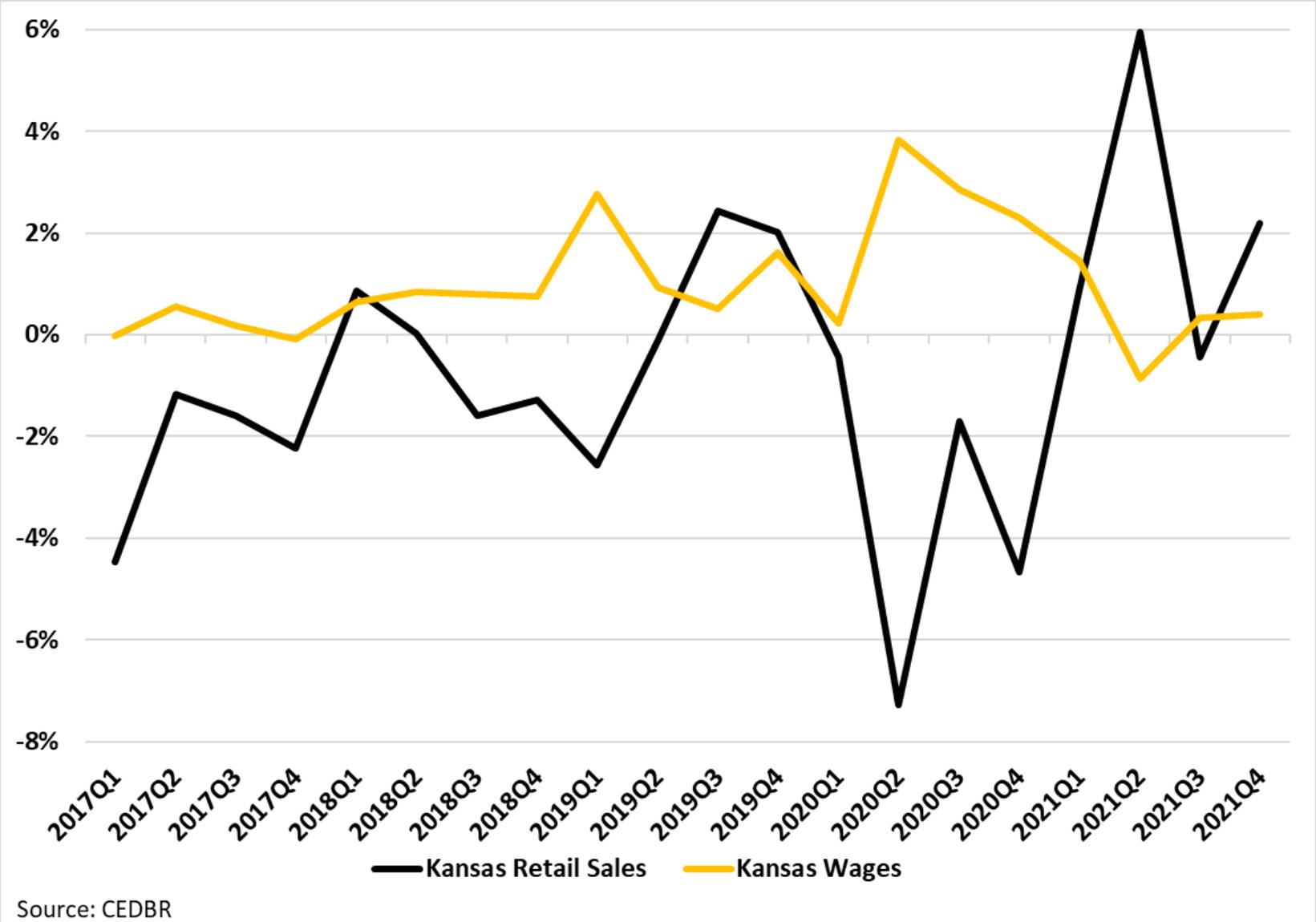
### High Scenario

- COVID outbreaks remain limited
- Minimal mobility restrictions
- Schools remain open
- Consumer confidence improves along with consumption
- Supply chain and trade barriers lessen
- Limited bankruptcies

# 2021 Outlook – Mostly a recovery



# Pent up demand will fuel retail spending



Source: CEDBR

# “Hard Hit” sectors are expected to see the most growth

Kansas Employment by Industry Summary*					
	2019 (a)	2020 (e)	2021 (f)	2020-2021 Level Change	2020-2021 Percent Change
<b>Total Nonfarm</b>	<b>1,422,979</b>	<b>1,369,229</b>	<b>1,378,315</b>	<b>9,087</b>	<b>0.7%</b>
<b>Production Sectors</b>	<b>237,381</b>	<b>230,075</b>	<b>229,608</b>	<b>-467</b>	<b>-0.2%</b>
Nat. Resources, Mining & Cons.	70,249	70,068	70,764	696	1.0%
Manufacturing	167,133	160,007	158,844	-1,163	-0.7%
Durable Goods	99,750	91,943	89,685	-2,259	-2.5%
Non-Durable Goods	67,383	68,064	69,159	1,095	1.6%
<b>Trade, Transportation &amp; Utilities</b>	<b>267,034</b>	<b>264,824</b>	<b>268,592</b>	<b>3,768</b>	<b>1.4%</b>
Wholesale Trade	58,052	56,050	55,669	-381	-0.7%
Retail Trade	142,080	140,351	142,886	2,535	1.8%
Transportation & Utilities	66,902	68,423	70,037	1,614	2.4%
<b>Service Sectors</b>	<b>658,576</b>	<b>622,511</b>	<b>632,462</b>	<b>9,951</b>	<b>1.6%</b>
Information	18,132	16,618	15,674	-943	-5.7%
Financial Activities	77,321	75,695	75,084	-611	-0.8%
Professional & Business Services	178,971	173,195	174,242	1,047	0.6%
Education & Health Services	202,001	195,842	200,148	4,306	2.2%
Leisure & Hospitality	130,456	113,344	118,677	5,334	4.7%
Other Services	51,695	47,817	48,635	819	1.7%
<b>Government</b>	<b>259,988</b>	<b>251,818</b>	<b>247,654</b>	<b>-4,165</b>	<b>-1.7%</b>

\*Annual values are derived from average quarterly observations and projections.  
(a) actual (e) estimated (f) forecasted  
Source: CEDBR, BLS - CES

# 2021 Outlook

---

- **Non-durables goods** manufacturing will see plant expansions, but struggle to find labor.
- **Retail and Leisure** will grow, but are dependent on a COVID vaccine, consumer confidence, stimulus funding, and limited lockdowns/outbreaks.
- **Durable goods** manufacturing is expected to struggle with decreased demand, trade issues, and continued supply chain disruptions.
- Although the **highest disruption** was concentrated in **low-skilled minority** households, that is **shifting** to other **segments** as the economy struggles to recover.
- **Kansas employment** is dependent on a vaccine and distribution. The target growth expectation is **0.7 percent**.

<b>Provisions</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
Direct COVID Pandemic Response	112.2	43.0	4.9	160.0
Economic Impact Payments	425.0	0.0	0.0	425.0
Unemployment Insurance	290.0	0.0	0.0	290.0
Rental Assistance	35.0	0.0	0.0	35.0
Nutrition	10.9	1.1	0.0	12.0
Paid Leave	84.0	0.0	0.0	84.0
Schools K-12 & Higher Ed	113.9	45.6	10.5	170.0
Childcare	19.9	14.7	3.8	38.4
Small Business	50.0	0.0	0.0	50.0
First Responders/Other Public Servants	350.0	0.0	0.0	350.0
Transportation	16.1	3.0	0.9	20.0
Tribal Governments	20.0	0.0	0.0	20.0
Cybersecurity	1.1	2.8	2.9	6.8
Relief to Families	149.0	0.0	0.0	149.0
COBRA and ACA Subsidies	48.5	8.6	0.0	57.0
Mental Health	0.9	2.3	0.6	3.7
Veterans Health	20.0	0.0	0.0	20.0
<b>Total</b>	<b>1,746.4</b>	<b>120.9</b>	<b>23.6</b>	<b>1,895.5</b>

# Fiscal Spending Multipliers

Federal Spending	
Supplemental Nutrition Assistance Program (SNAP)	1.61
Supplemental Unemployment Insurance	1.49
Work-Share Unemployment Insurance	1.37
Aid to State and Local Governments	1.34
Low Income Home Energy Assistance Program (LIHEAP)	1.31
Transportation Infrastructure Spending	1.29
Defense Spending	1.24
Childcare (Universal Child Care Act)	1.19
Universal Pre-K (3- and 4-yr-olds)	1.17
Elder Care	1.15