

The Economic Impacts of COVID -19: Evidence from a New Public Database Built Using Private Sector Data

FTA Talks

October 15, 2020

 OPPORTUNITY
INSIGHTS



Motivation: Measuring the Impacts of COVID-19

- How has COVID-19 affected the American economy and what policies can best mitigate its adverse impacts going forward?

- Since Kuznets (1941), macroeconomic policy decisions have been based on data from surveys of households and businesses

- These data provide vital aggregate information (GDP, unemployment rates), but have two key limitations
 1. Available only at low frequencies, often with significant lags
 2. Cannot be disaggregated to examine variation across areas or subgroups

This Project

- We build a publicly available economic tracker using transaction data from several private companies to measure daily economic activity by ZIP code, income group, and industry

- Use these new data to analyze economic impacts of COVID-19 pandemic:
 1. [Mechanisms] Why did COVID-19 lead to unprecedented job losses?

 2. [Policy Responses] Causal effects of fiscal stabilization policies enacted to date

Outline

1. Data
2. Impacts of COVID-19
3. Impacts of Stabilization Policies
4. Policy Implications



Data

Data Partners

Consumer Spending

**affinity
solutions**



COINOUT

Small Business Revenues

WOMPLY



Employment

PAYCHEX

intuit.

 **earnin™**  **KRONOS®**

Job Postings

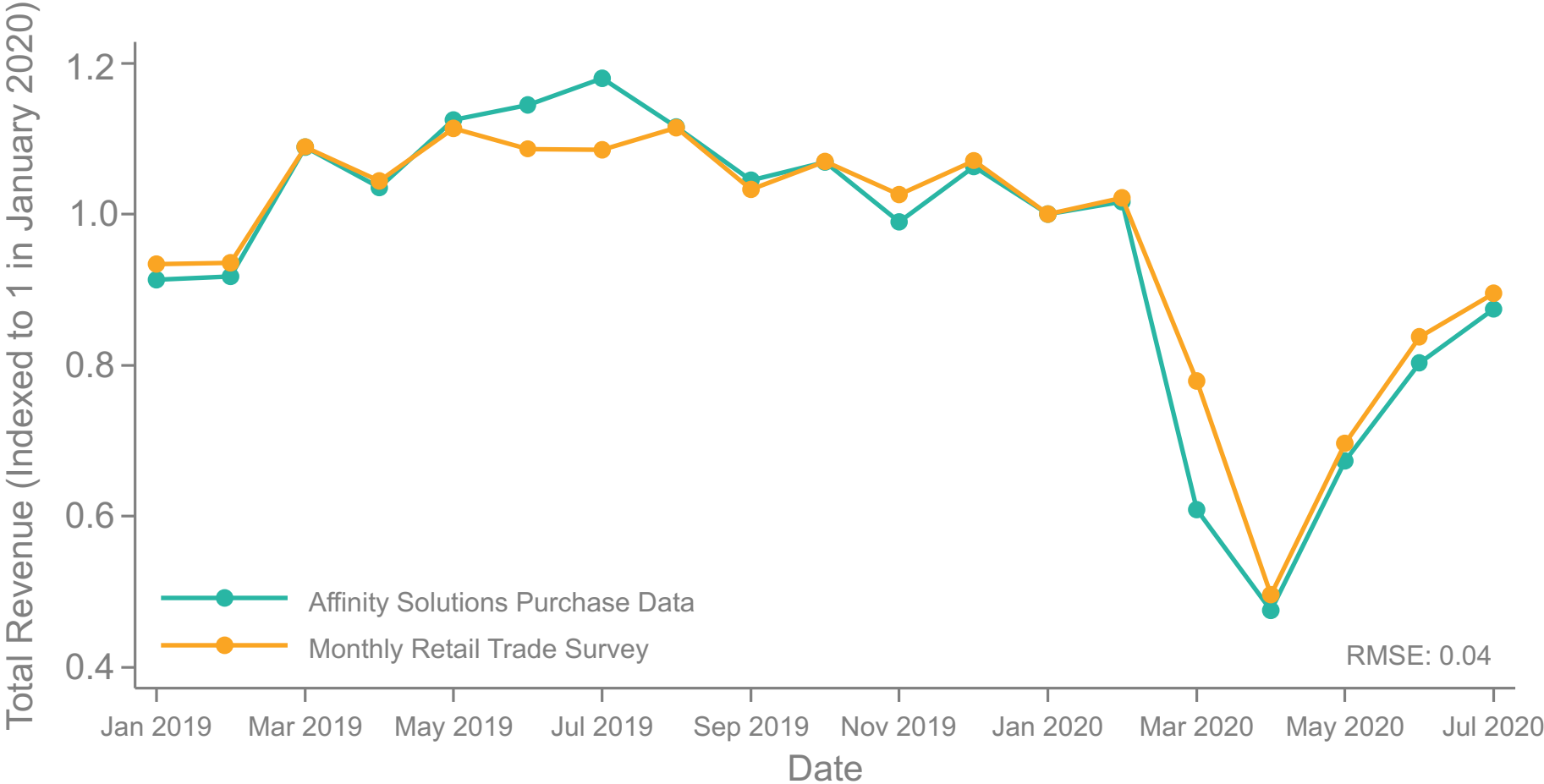


Education

ZEARN

Changes in Consumer Spending: National Accounts vs. Credit/Debit Card Data

Food Services in Affinity Solutions Purchase Data vs. Monthly Retail Trade Survey



Changes in Consumer Spending: National Accounts vs. Credit/Debit Card Data

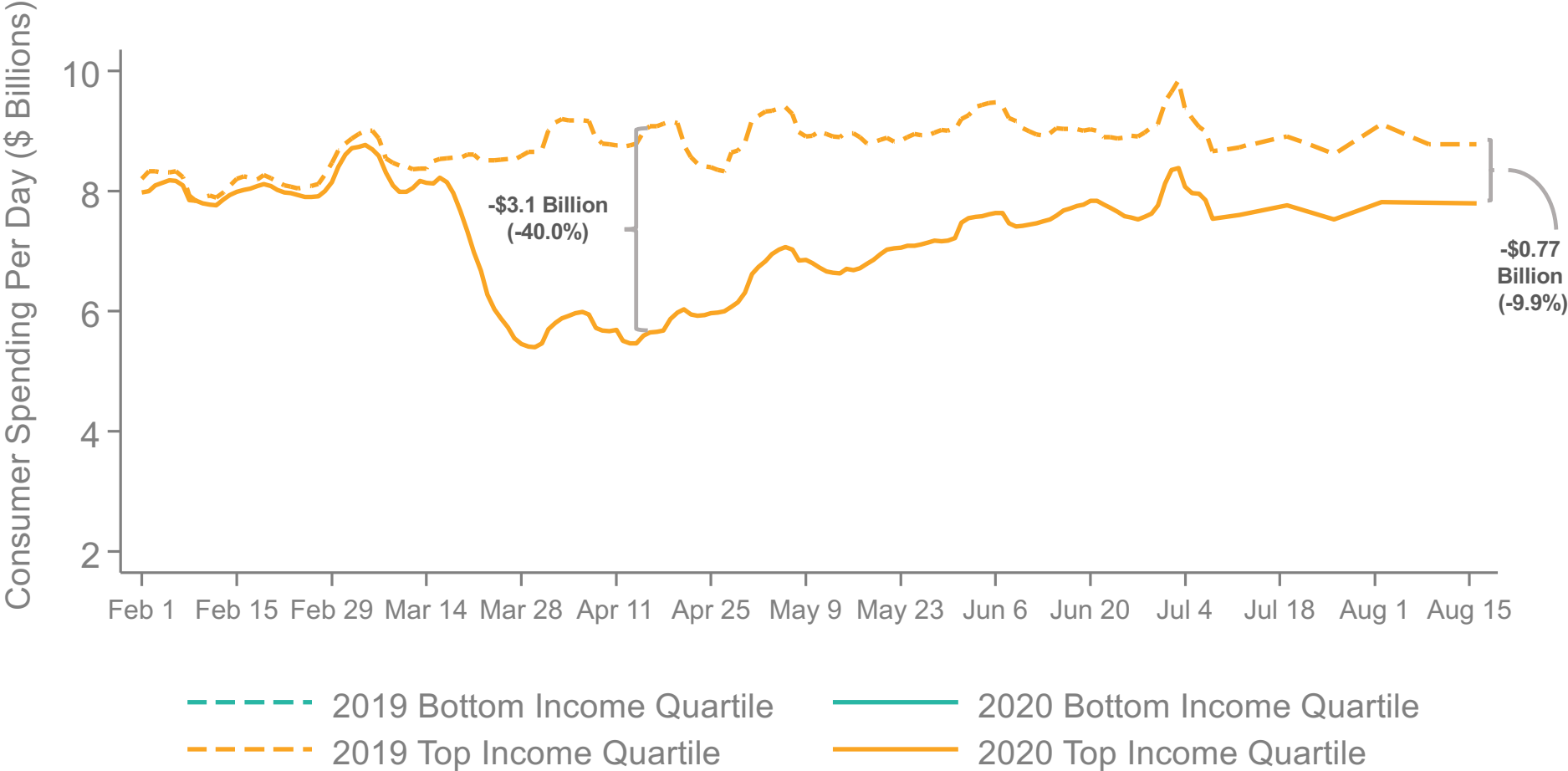
Retail Services in Affinity Solutions Purchase Data vs. Monthly Retail Trade Survey



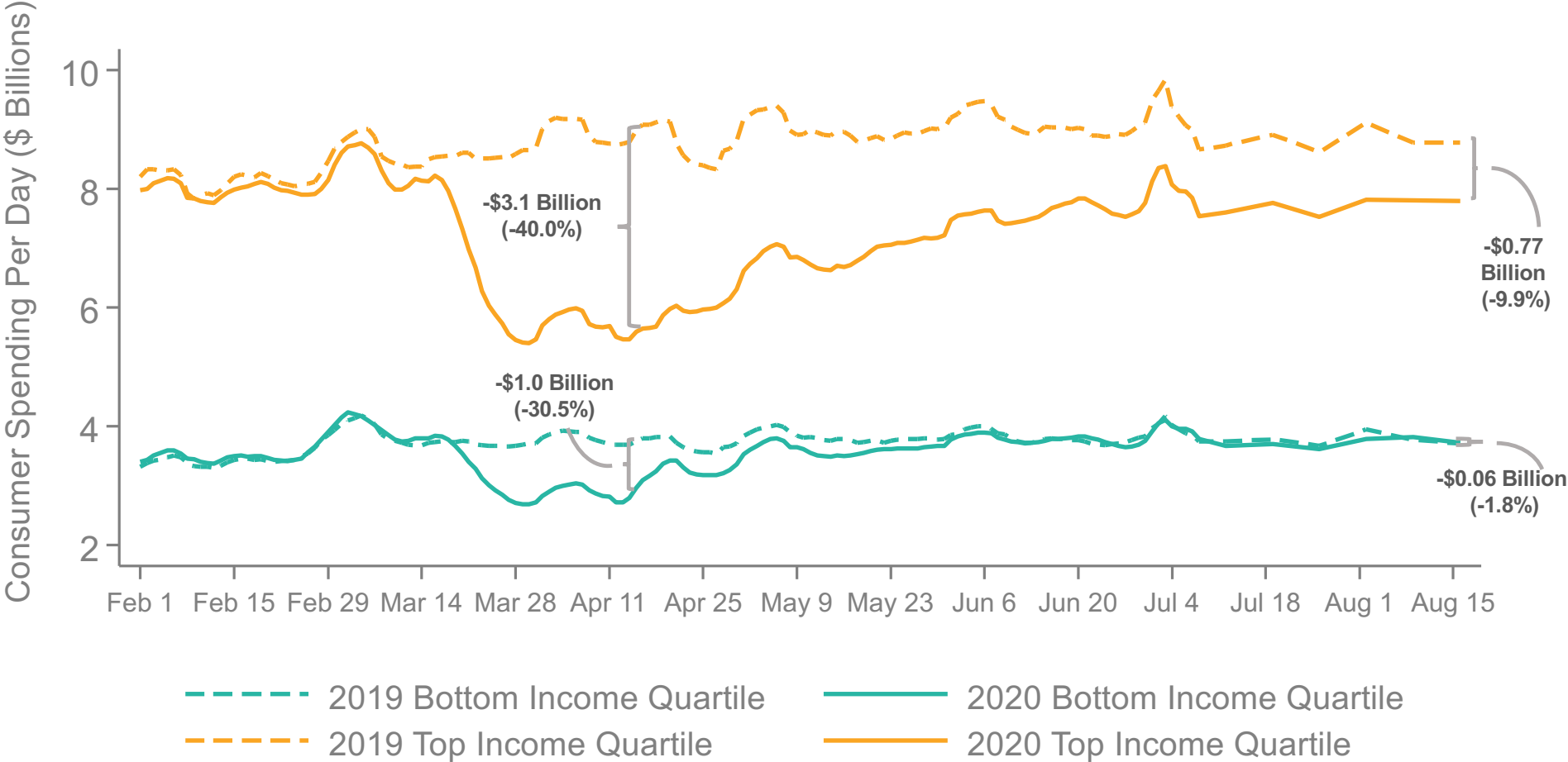


Impacts of COVID-19

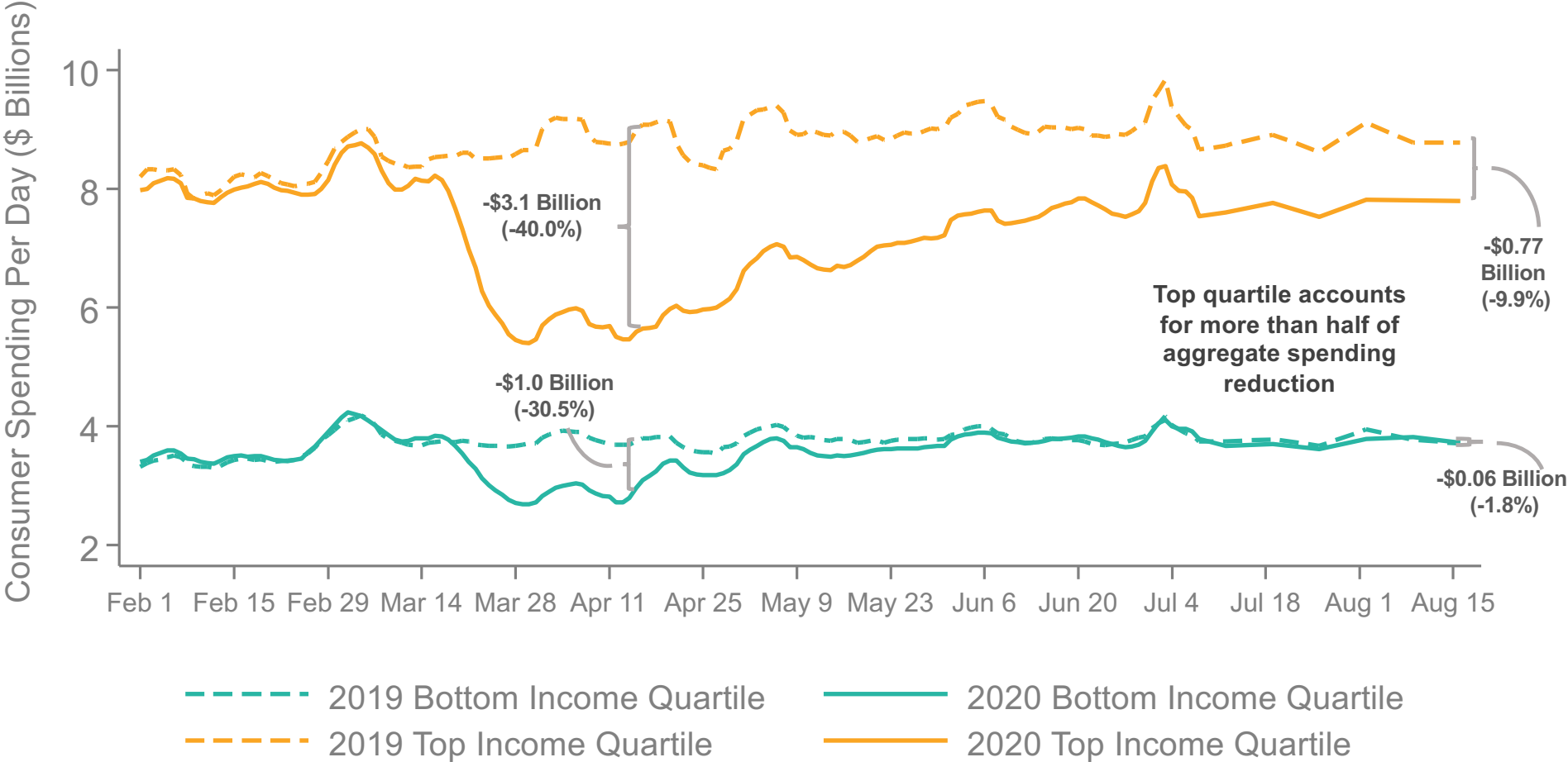
Consumer Spending by Income Quartile



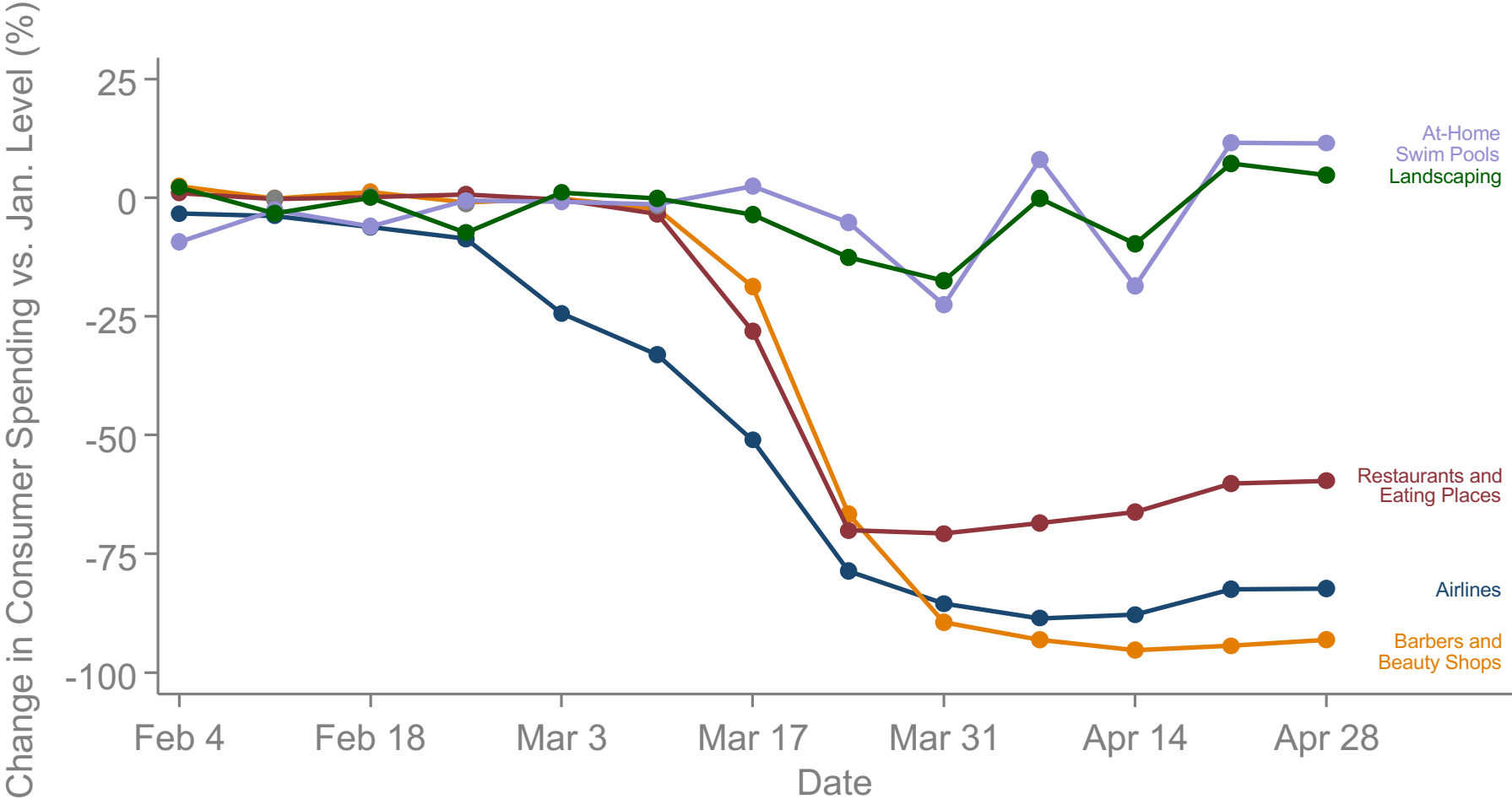
Consumer Spending by Income Quartile



Consumer Spending by Income Quartile



Changes in Consumer Spending by Sub-Category

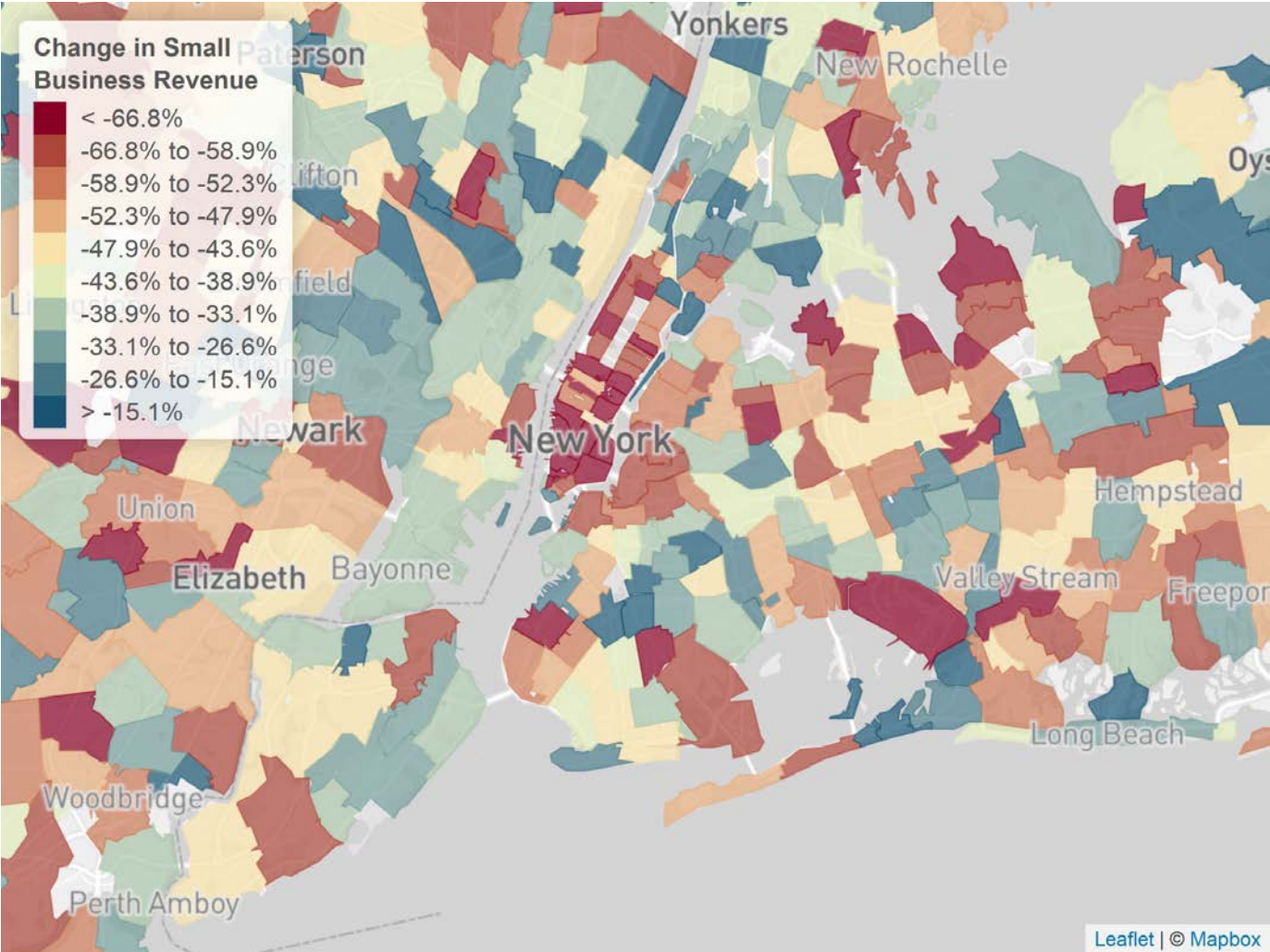




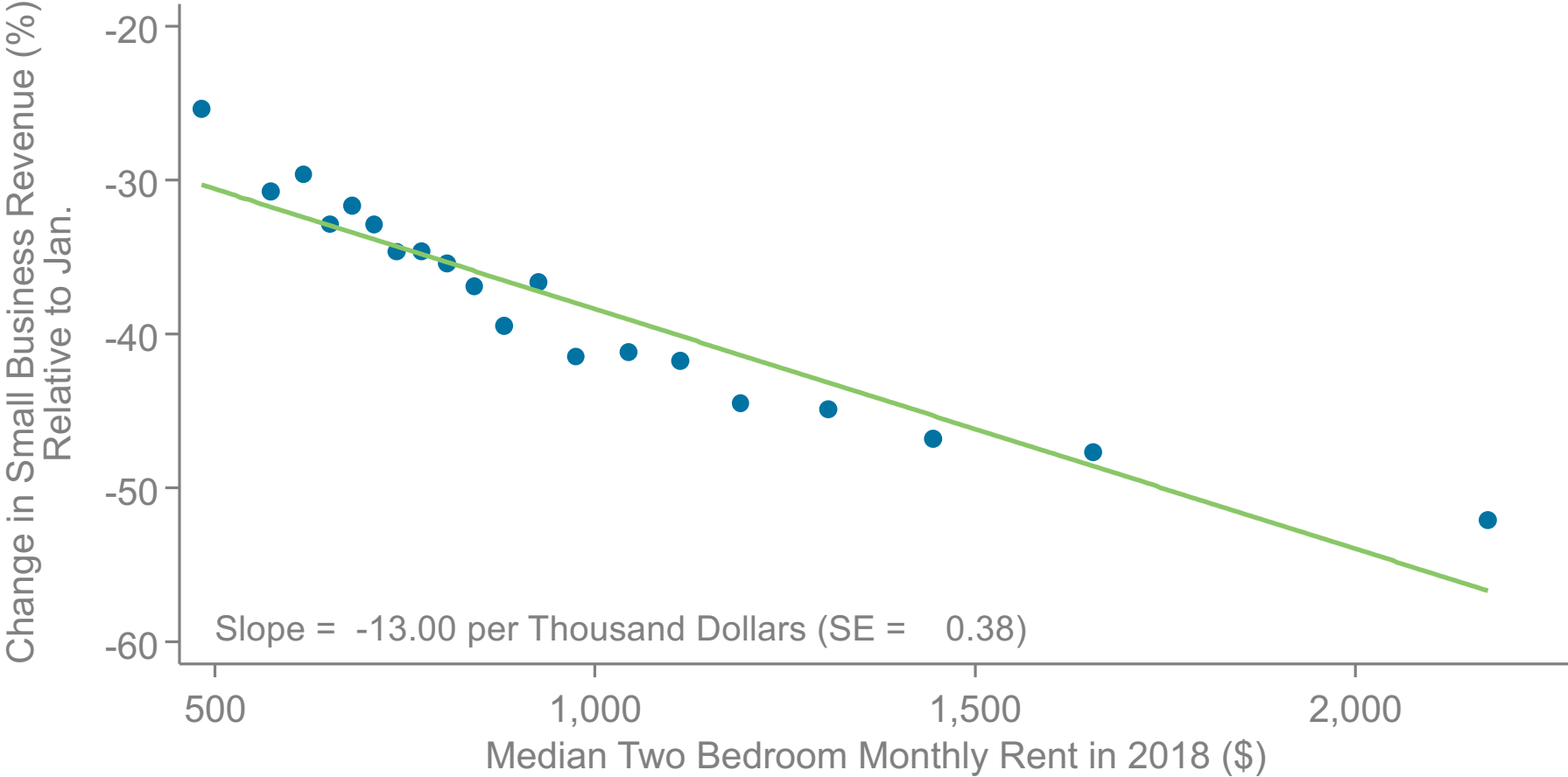
Business Revenues

Changes in Small Business Revenues from January to April by ZIP Code

New York



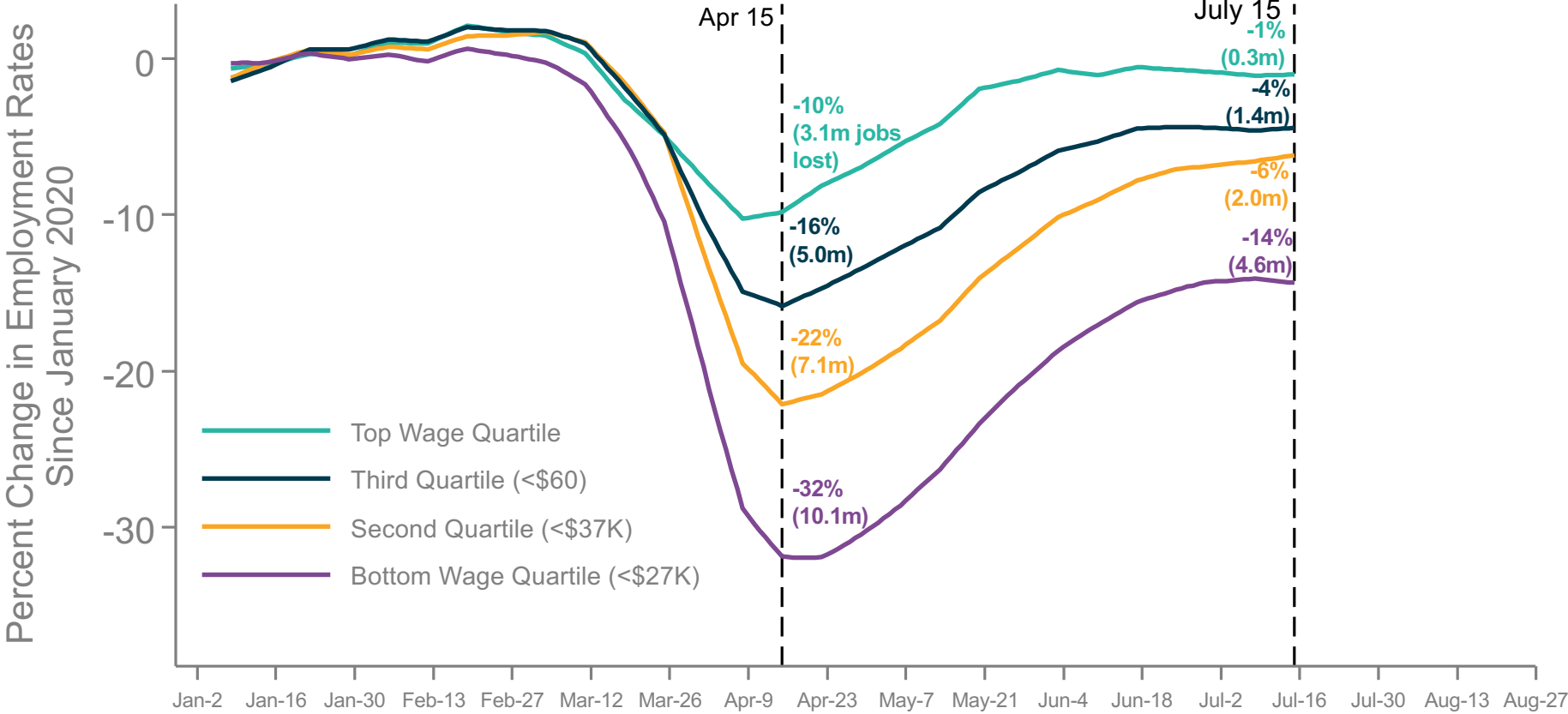
Changes in Small Business Revenues vs. Rent, by ZIP Code



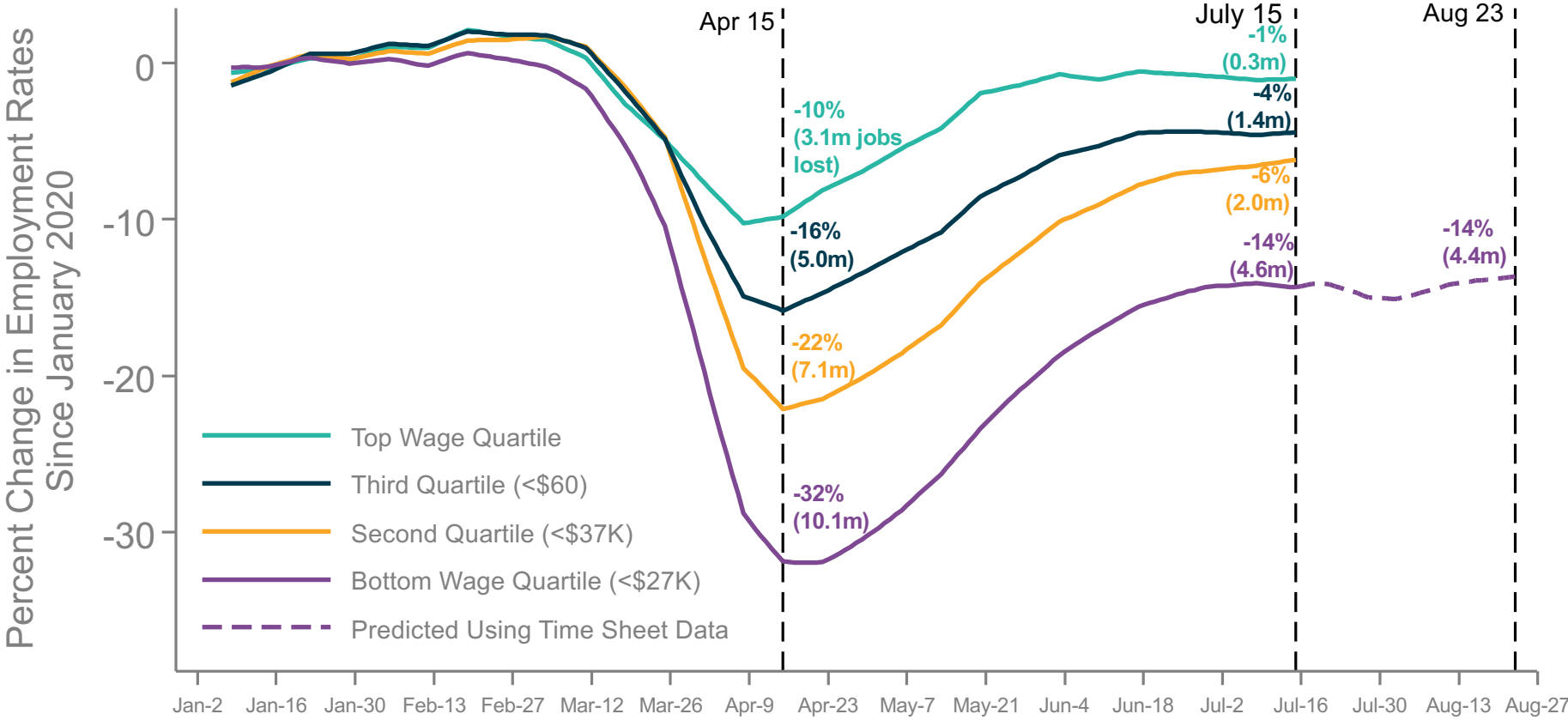


Employment

Employment Changes by Wage Quartile

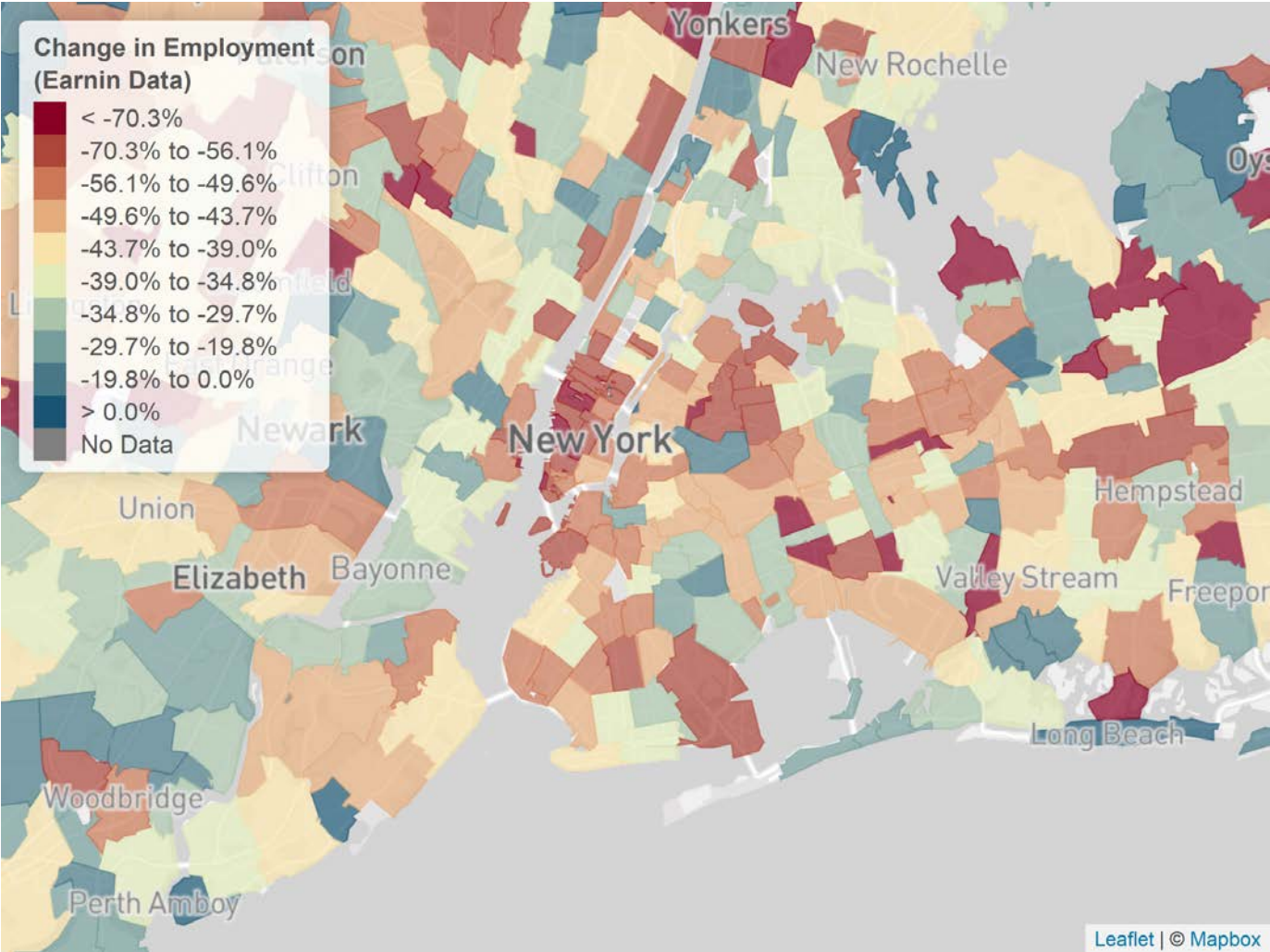


Employment Changes by Wage Quartile



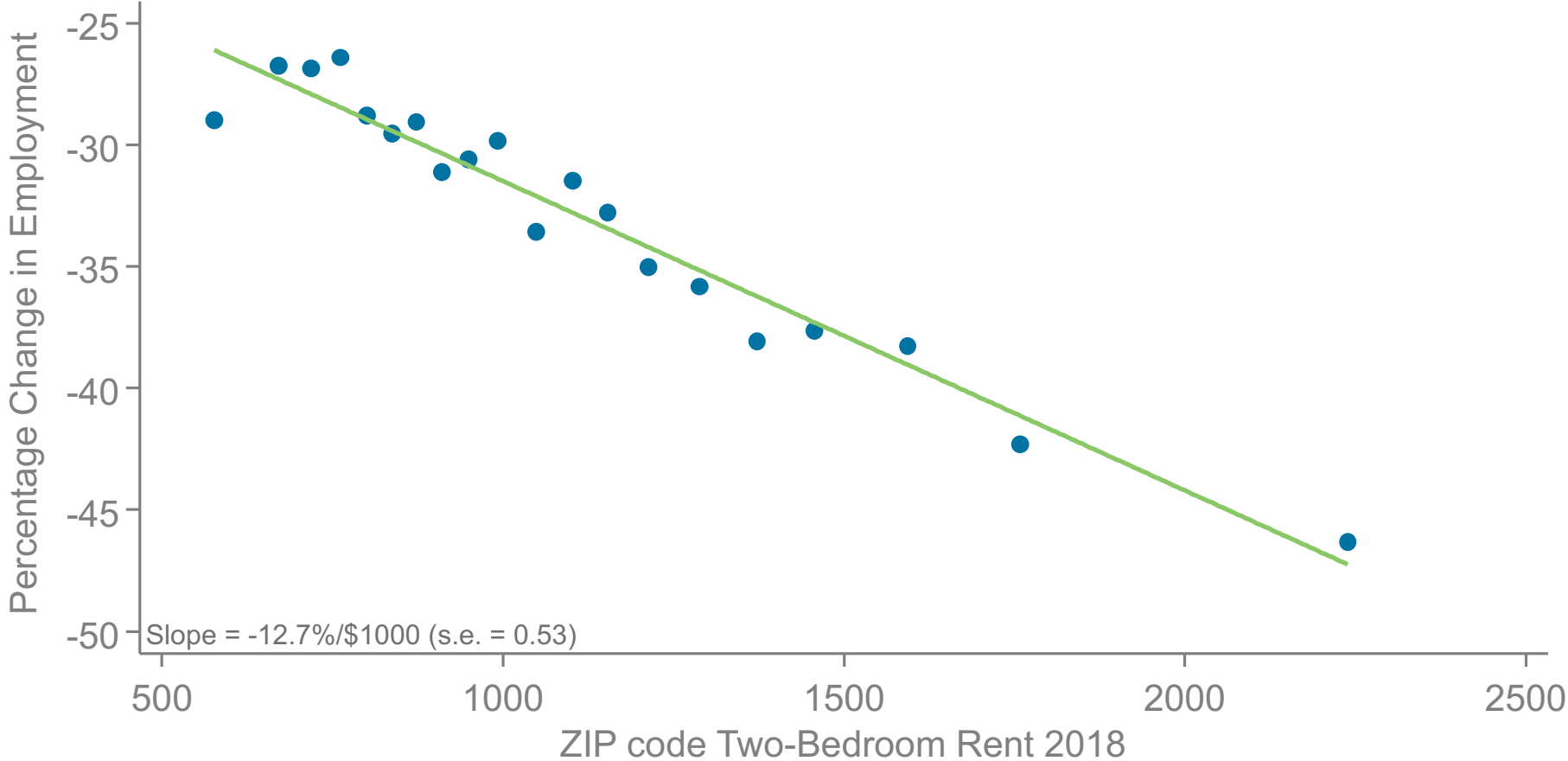
Changes in Employment Rates by ZIP Code

New York



Changes in Bottom-Wage-Quartile Employment Rates vs. Rent, by ZIP Code

From January to April 2020





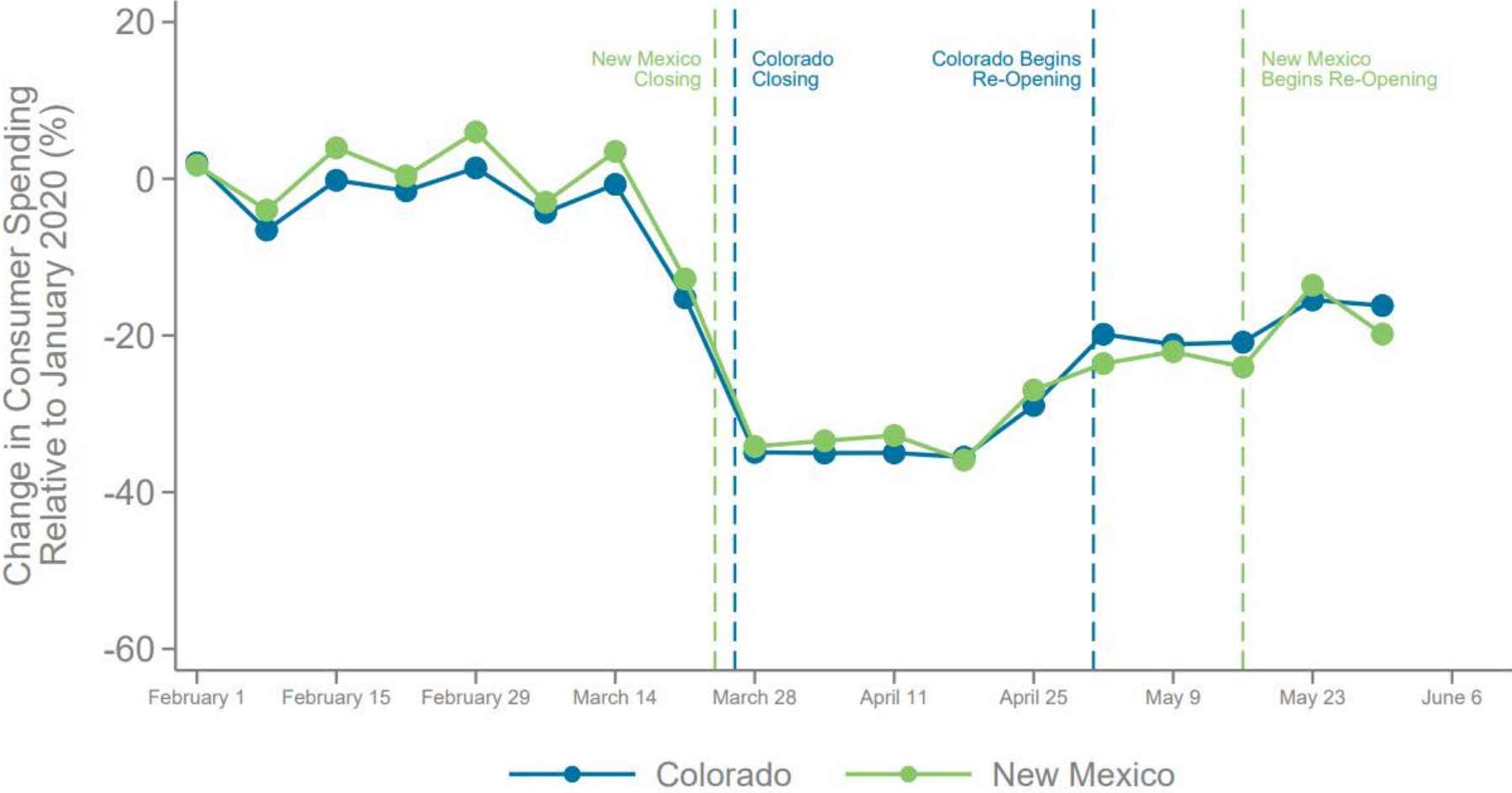
Impacts of Stabilization Policies



State-Ordered Reopenings

Causal Effect of Re-Opening on Consumer Spending

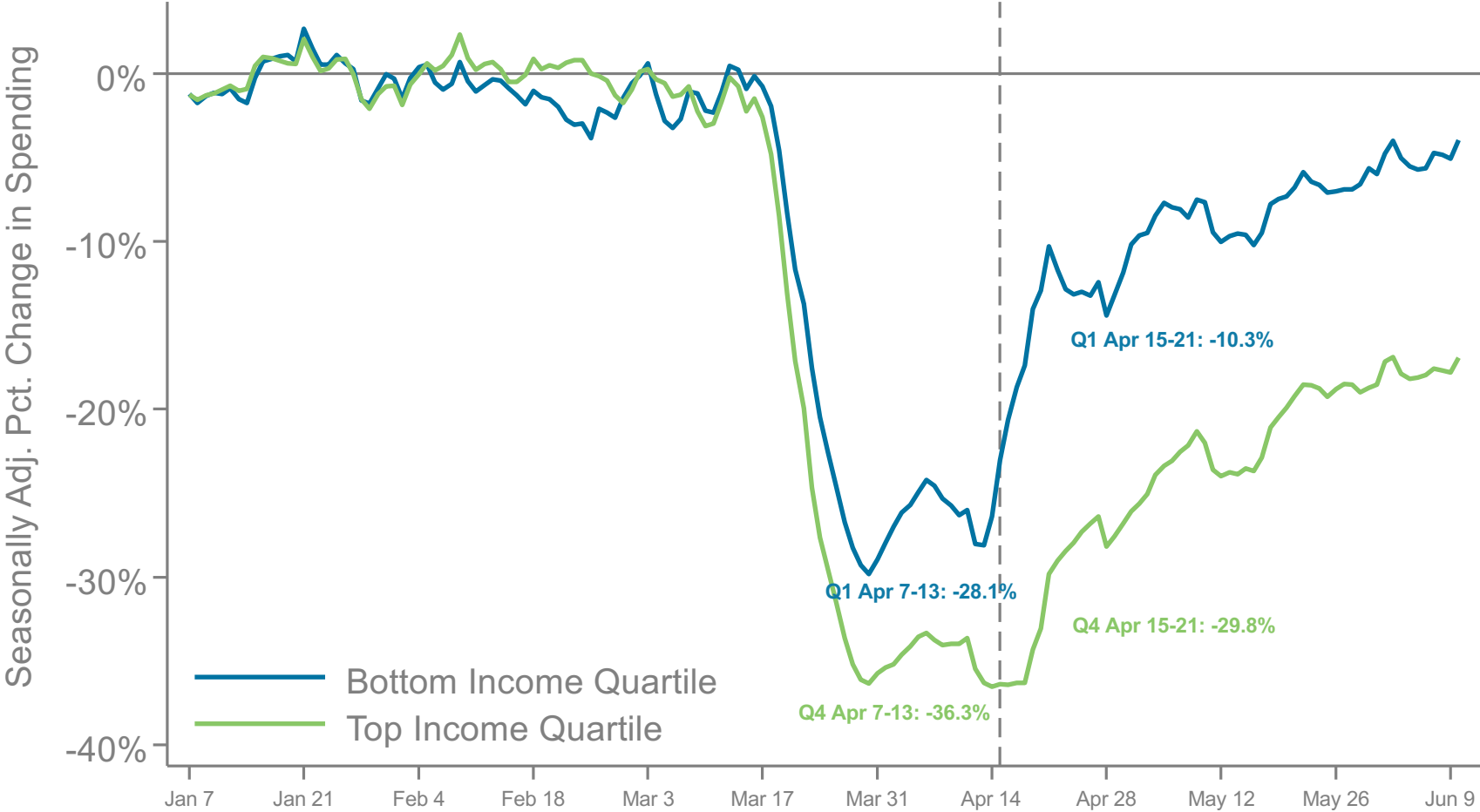
Case Study of New Mexico vs. Colorado





Stimulus Payments

Impact of Stimulus Payments on Consumer Spending, by Income Quartile

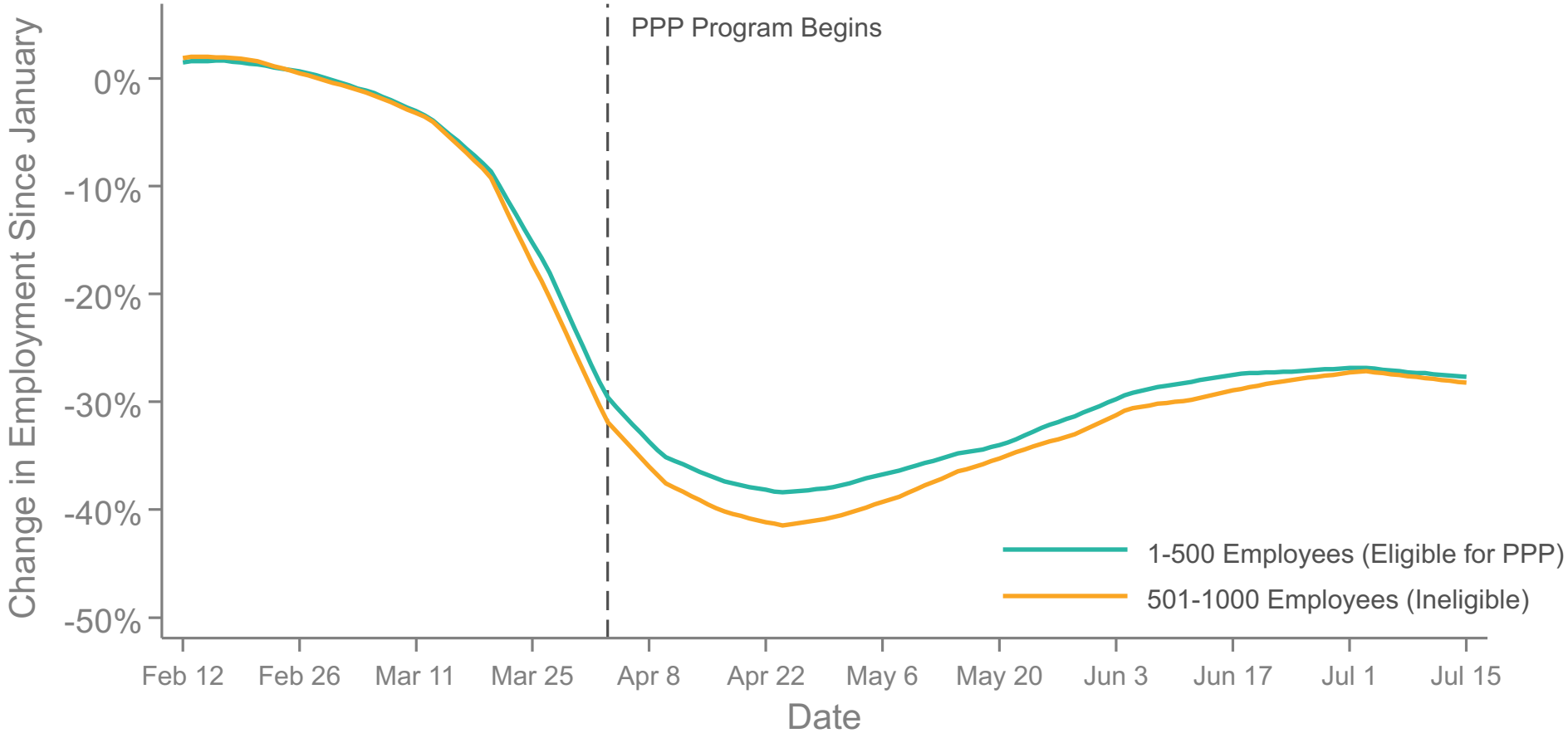




Loans to Small Businesses

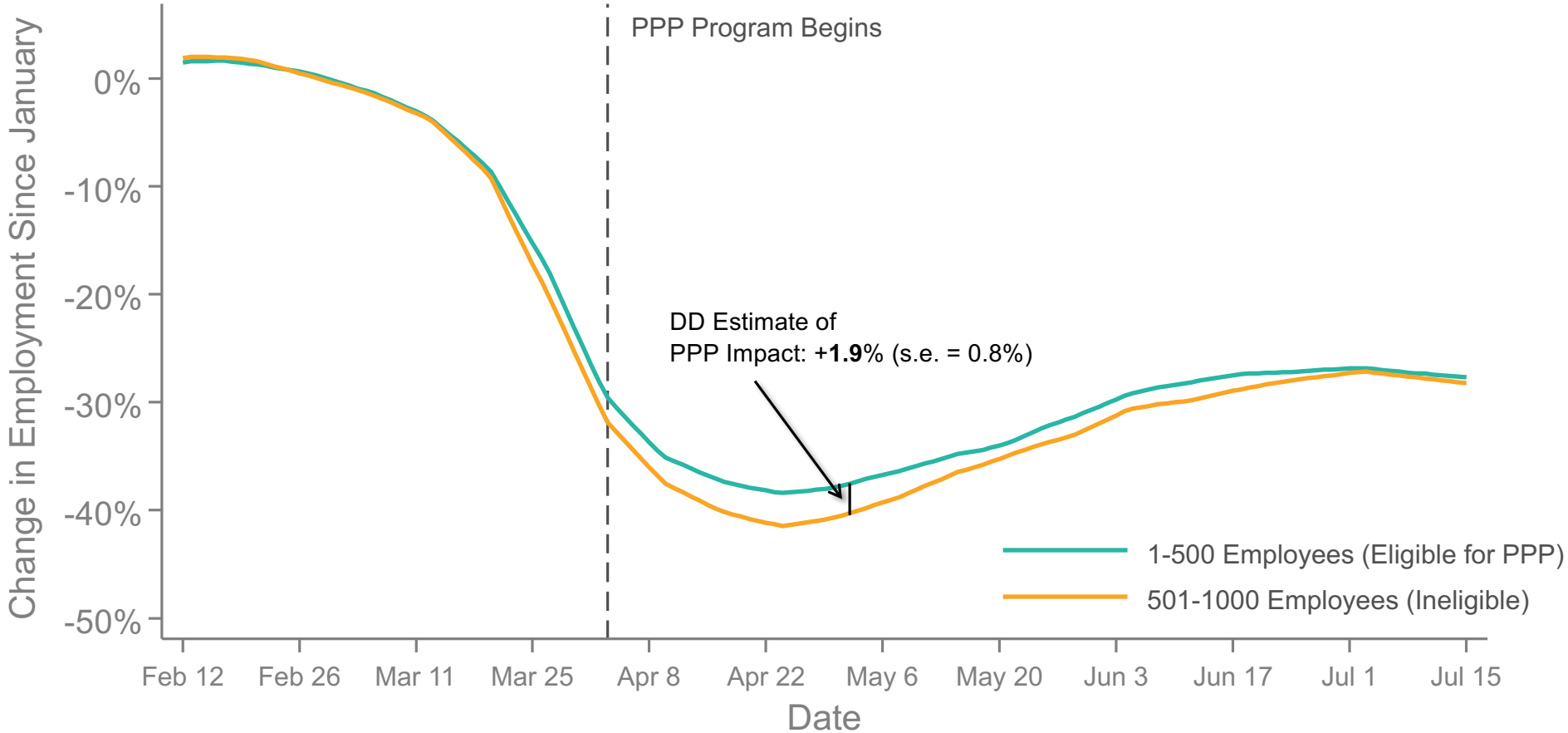
Impact of Paycheck Protection Program on Low-Wage Employment

Change in Employment Rates by PPP Eligibility, Reweighted to Match Industries, Excl. Food Services



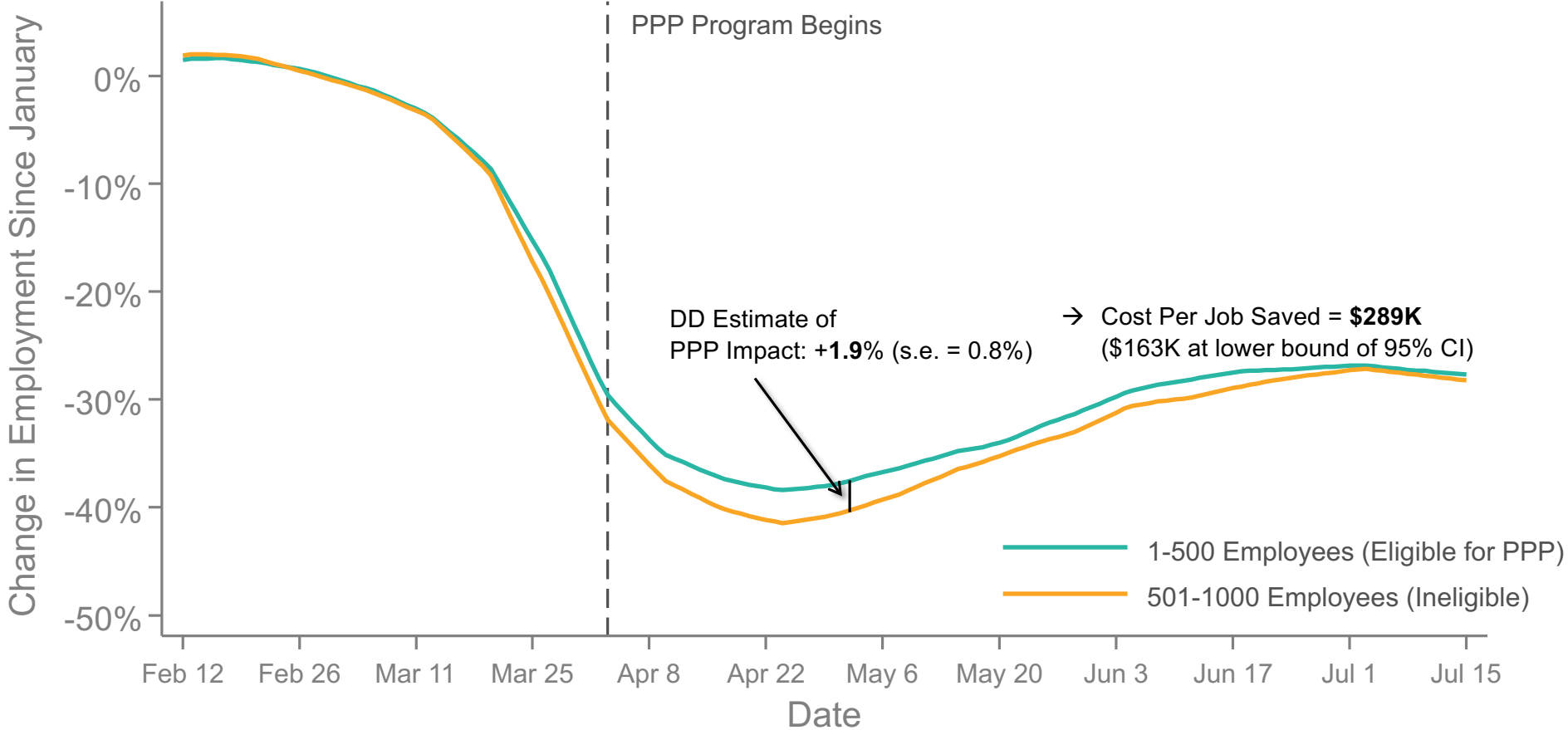
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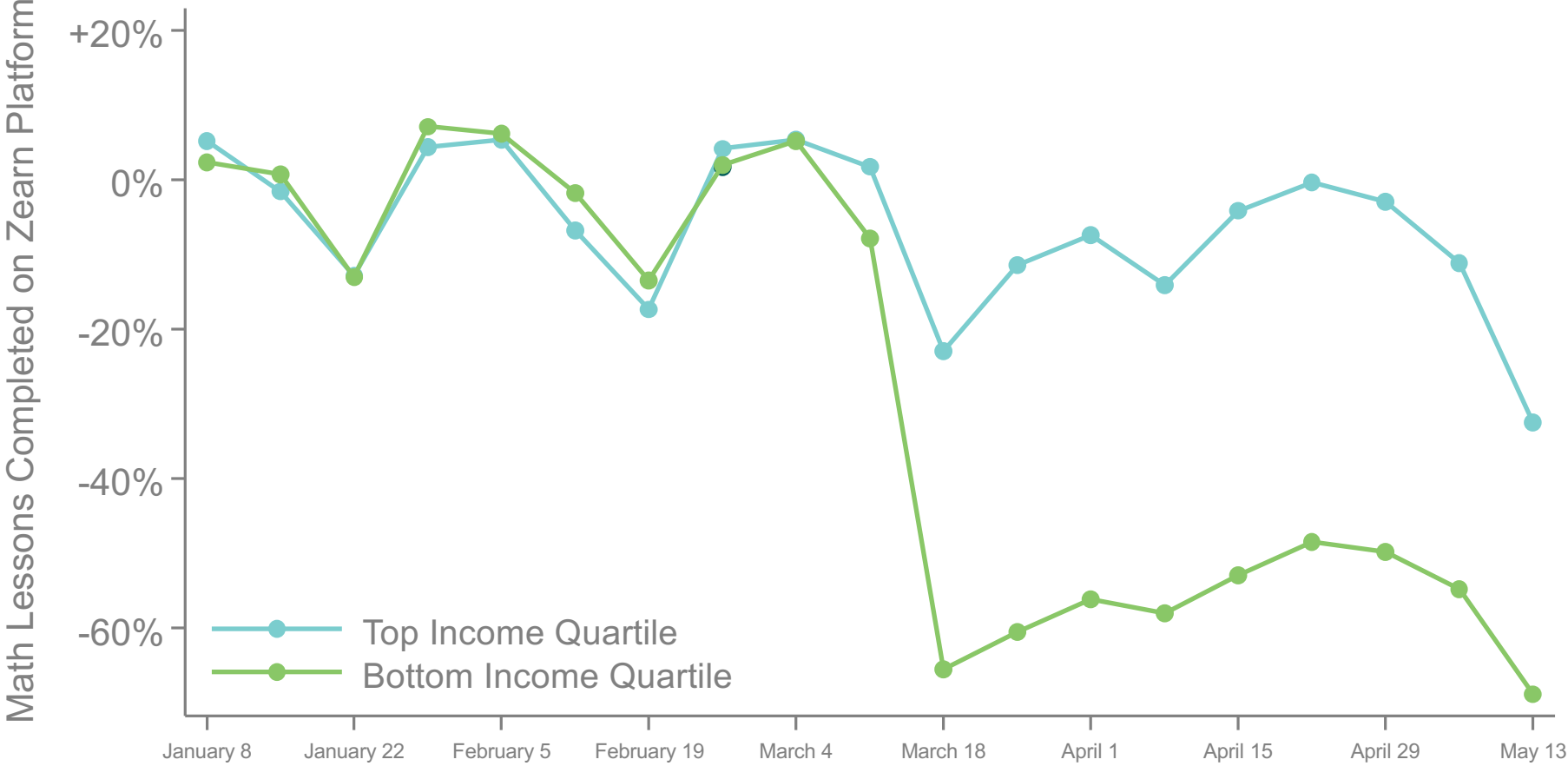
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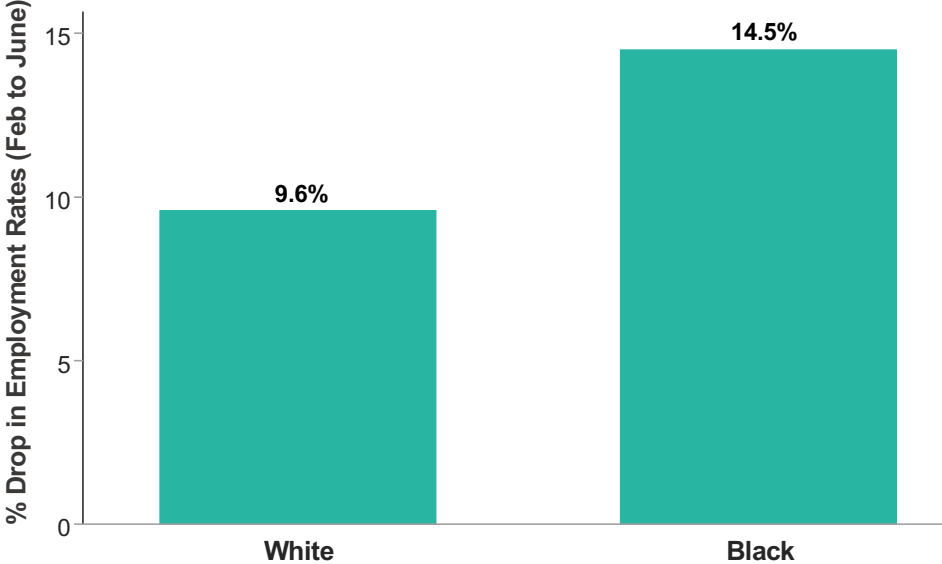
Long-Term Impacts

Effects of COVID on Educational Progress by Income Group

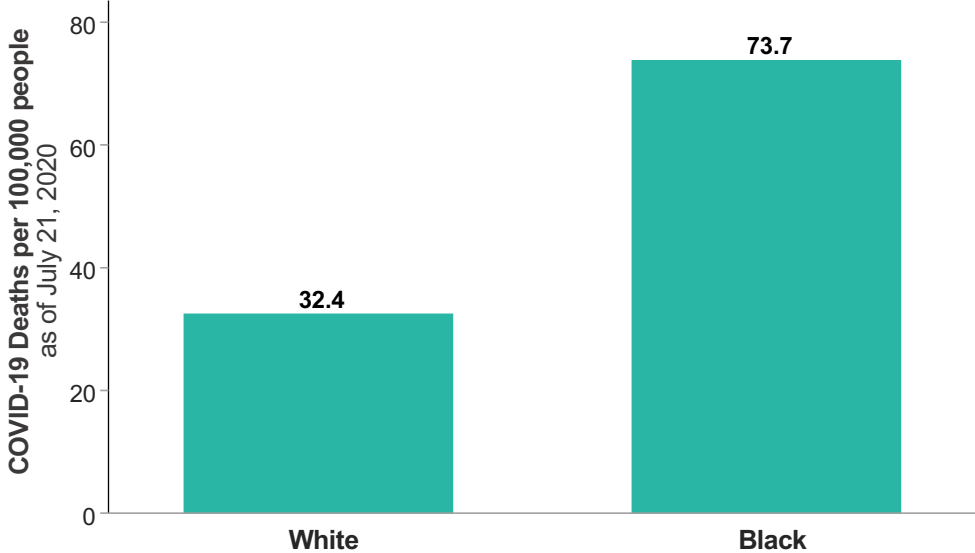


Impacts of COVID-19 on Employment and Mortality by Race

Employment Loss



Mortality Rates



Data Source: APM Research Lab



Policy Implications

Policy Implications

- Limited capacity to restore consumer spending via traditional economic tools in the midst of the pandemic
- Impacts of stimulus and loans/payroll tax cuts to small businesses blunted when spending is constrained by health concerns
- Long-term solution lies in addressing virus itself and public health efforts to restore consumer confidence

Short-Term Policy Implications

- In the meantime, may be most fruitful to use economic policy to limit hardship among low-income workers who have lost their jobs
 - Extending unemployment benefits and social safety net may be a more impactful use of scarce resources than stimulus checks to all households or loans to all businesses
 - May be a role for sectoral training programs and place-based policies targeting hardest hit areas (e.g., low-income workers in affluent counties)
 - Important to take potential long-term impacts on children into account, e.g. in decisions on when to re-open schools vs. businesses

A New Approach to Economic Policy in the Age of Big Data

- You can see how these metrics are evolving in real-time yourself in your county at www.tracktherecovery.org
- Partnering with government statistical agencies and additional companies to build this into a new platform of “real time national accounts”
- Will support a new approach to public policy in the age of big data: precise feedback as you make policy decisions, permitting adjustments as you go

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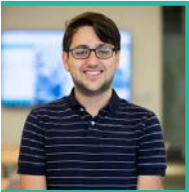
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Sarah Oppenheimer



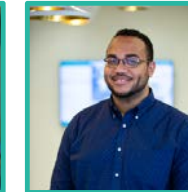
Trina Ott



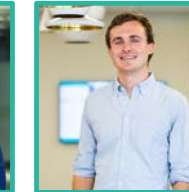
Lynn Overmann



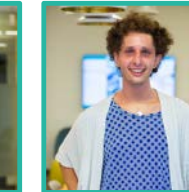
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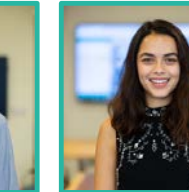
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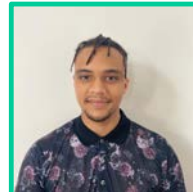
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