Something to Hope for in the New Year

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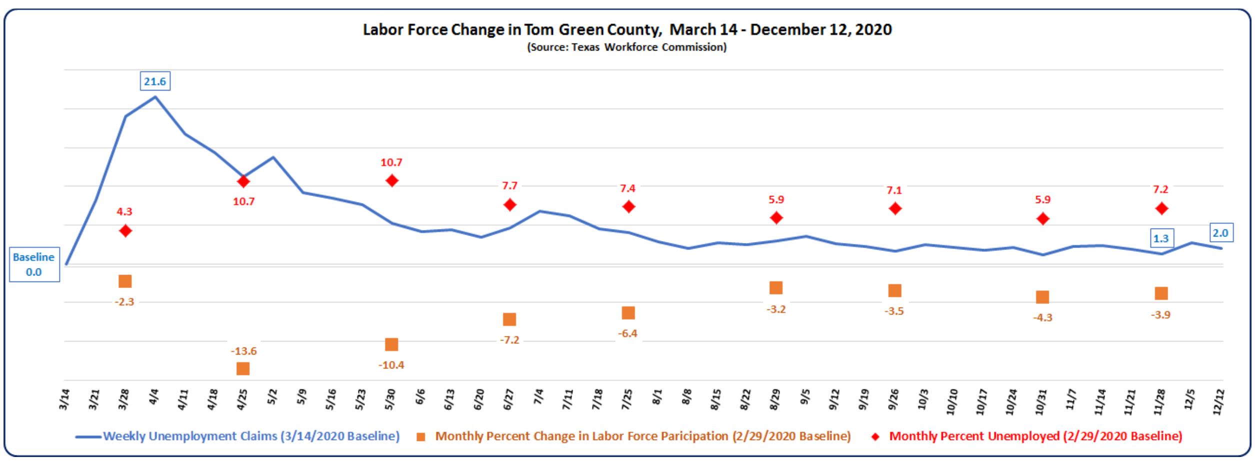
San Angelo and Tom Green County were blessed with a thriving economy over the past decade. The U.S. Bureau of Economic Analysis reports that the local Gross Domestic Product, a basic indicator of past economic performance, grew by 37.1% from $4.3 billion in 2010 to $5.9 billion in 2019. Average income per person followed, increasing by 33.2% from $36,699 to $48,876 in the same period.

The COVID-19 attack abruptly knocked the local economy off that growth curve beginning in March last year. The grueling months that followed left many feeling the sentiment well expressed more than a century ago by the English poet Alfred Lord Tennyson, “Hope smiles from the threshold of the year to come, whispering 'it will be happier'...” Mindful of our hopes for this New Year, I decided to collect some measuresments on what we have to overcome as a community.

Labor Force Impacts

Beginning in mid-March, the COVID pandemic wreaked havok on the local labor force. The first sign was that claims for unemployment jumped. The rise was fast and large.

Tom Green County workers filed only 40 unemployment claims during the week ending on March 14th last year. Not long after, the number of claims had rocketed to 902 for the week ending April 4th. In less than a month, the number of new claims from Tom Green County workers peaked at 21.6 times over the mid-March level of unemployment insurance requests. Then, as the community struggled to restart the economy while battling repeated outbreaks of coronavirus, the number of new weekly claims gradually declined, but never bounced back to the mid-March level during 2020. The disruptive trend established by unemployment insurance claims served as a leading indicator for damaging labor force changes to come.



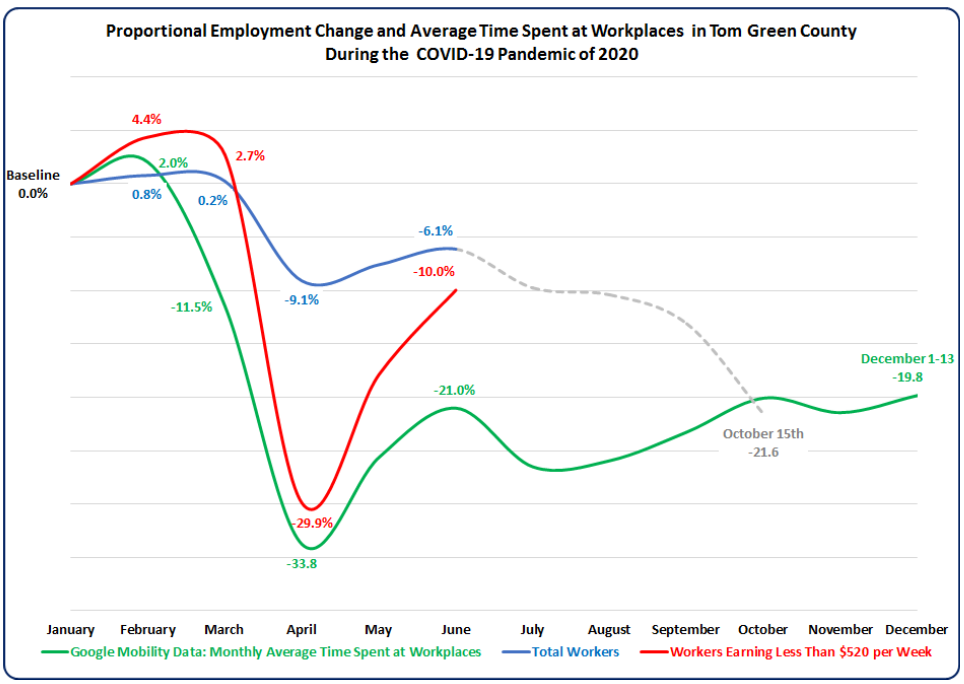
To begin, more unemployment followed the trend. The unemployment rate for Tom Green County stood at 3.0% at the end of February last year according to Texas Workforce Commission (TWC) data. It increased to 4.3% for March, but then leaped to 10.7% for the next two months. Then, following the claims pattern, the unemployment rate waivered between 7.7% and 5.9% through the end of November last year.

To make things worse, the number of people participating in the labor force also dropped. According to TWC data, 54,948 people were participating in the Tom Green County labor force by holding a job, actively looking for one, or engaging in a job training program at the end of February last year. The number fell slightly by 2.3% at the end of March, but then plunged to 47,640 by the end of April. The decline brought the participation level to a bottom that was 13.6% below the February level. Again, mirroring the pattern in unemployment claims, labor force participation slowly improved, but still did not fully recover as of the end of November, 2020.

The sharp increase of unemployment and attendant decline of labor force participation caused by the pandemic turned the local economy upside down.

Unequal Burdens

The economic impacts were punishing for many members of the community, but the burdens have not been not equal. To illustrate, the accompanying chart on Proportional Employment Change and Average Time Spent at Workplaces combines TWC's Quarterly Census of Employment and Wages (QCEW) data with estimates from Opportunity Insights, a project based at Harvard University designed to track the impacts of the pandemic in local economies across the nation.



To begin, the green line in the chart depicts mobility data that Gooogle collects from local users who enable their cellphone location history feature. Cellphone location data provides a useful real time measure of the pace of ongoing economic activity in a community.

Based on the data, Opportunity Insights determined a baseline amount of time away from home that Google users spent at workplaces during January of 2020. The green line sets the baseline at 0.0%, and then traces the percentage of change from it over the days and months that followed.

The chart shows that Google users increased their time spent at workplaces by a daily average of 2.0% during February. Then, time at workplaces turned sharply down to an average 11.5% below the January baseline during March. It plunged further to 33.8% below the baseline during April. From the April bottom, Google user location data showed a gain during June. After June, however, the average basically flat lined. During the first 13 days of December, the mobility data indicated an average of 19.8% less time at workplaces compared to the January baseline.

The Google data illustrates the broad impact the pandemic had on a broad cross-section of the community including business owners, managers, workers and consumers who frequent places of work. Even after the partial recovery in the summer of 2020, Tom Green County residents showed a general reduction of activity in workplaces. In contrast, the chart's red and blue lines highlight the unequal burdens the pandemic pressed on low-wage workers compared to workers overall.

At the end of last January, TWC's QCEW data indicated that 6,236 of 47,807 women and men at work in the local economy were low-wage workers earning less than $520 per week. The red line in the chart sets a 0.0% baseline to benchmark the number of low-wage workers, and the blue line benchmarks the total number of workers at a 0.0% baseline. Each line tracks the percentage change from each benchmark over the first six months of 2020.

By the end of February last year, the number of total workers increased by 0.8% over the benchmark, while the number of low-wage workers increased even more by 4.4%. By the end of March, each group still numbered above their respective January benchmarks.

In April, however, the bottom fell out. The total number of local workers fell to 43,459 or 9.1% below the January level. Meantime, the number of low-wage workers crashed to 4,371 or 29.9% below the January number.

Some workers returned to local payrolls after the April bottom. The comeback, aided then by federal CARES Act stimulous dollars, brought low-wage workers back from 29.9% to 10% below their January level in June.

QCEW data is not yet available to confirm what happened after June. However, the grey dashed line in the chart indicates a downturn in Tom Green County's total employment that the Opportunity Insights project estimates based on private industry payroll data from Paychex, Intuit and other firms. If total employment dropped again, as the Harvard-based project suggests, then the largest burden surely fell on low-wage workers.

A Time to Get it Right

According to data produced by the local Health Department, the daily count of new COVID-19 infections reached record levels during November and December. Just after Christmas, on December 27th, the Department reported that the cumulative number of cases since March had reached 12,021. Eighty-two people were hospitalized at the time, 206 residents had died, and 15 patients were in the ICU. Shortly before this Health Department report, Walt Koenig, President of the Chamber of Commerce, wrote in his blog, "Our local economy continues to navigate the effects [of] COVID-19 . . . By pulling together and by supporting our local businesses we will continue to succeed."

Like the rest of the nation, Tom Green County is in the midst of the raging pandemic as we begin 2021. Yet, local community leaders and citizen's alike imagine a full comeback in the local economy. But what will it take?

Clearly, getting the local economy back on track will require success at a task that has eluded the community so far. Getting the coronavirus under control will depend on a successful rollout of vaccinations, and achieving that across the population will likely unfold over the first six to nine months of the new year. The virus will continue to challenge all or us until then, so masking, washing hands, and avoiding high risk contactcs must continue as the rollout proceeds.

Chamber President Koenig is right to call for supporting local businesses in a recovery effort, but that is only one way the community will need to “pull together.” A full recovery also requires supporting local wage workers and their families, not merely at minimum wage, but at living wage and benefit levels.

Indeed, a full recovery aspires to more than a return to a pre-pandemic Gross Domestic Product growth curve. It is not enough to measure economic success by producing more in a year than we did in the preceeding one. The right goal is to build a resilient economy that enables businesses and workers to withstand the next pandemic, or the next disaster.

We should avoid ringing in the New Year by merely hoping to return to the pre-pandemic past. Celebrate it, instead, as a chance for our community to get it right.