

The Economic Impact of COVID-19 On the Iowa Economy: May Update

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Executive Summary

As of May 20, 2020, the CDC calculates that COVID-19 has generated 99,498 U.S. deaths and 449 Iowa casualties. Per 1,000,000 in population, this represents 303 deaths for the nation, and a much lower 149 for Iowa. Due to COVID-19, the U.S. economy contracted by 4.8% in Q1, 2020, and Iowa's economy experienced:

- ◇ Highest level of unemployment in May since the Great Depression
 - The number of Iowans receiving unemployment compensation rose to approximately 187,000, or 10.9% of the state's labor force. This compares to 1.1% for May 2019.
 - For the week of May 9, Iowa ranked 29th among the 50 states and the District of Columbia in terms of percent of covered workers receiving unemployment compensation.¹
 - Given that a high share of Iowans normally do not receive unemployment benefits, the state's overall unemployment rate for May is in a range between 12% and 15%. This compares to 2.5% for May 2019.
- ◇ Projected job, wage and revenue loss (**March 21 - December 31, 2020**)
 - Loss of 227,552 direct and spillover jobs.
 - Loss of \$6.1 billion in wages and salaries.
 - Loss of \$882.4 million in self-employment income.
 - A total loss of \$17.9 billion for the overall Iowa economy.
 - A reduction in future state & local tax collections of \$1.2 billion composed of a loss of:
 - » \$412.7 million in sales taxes.
 - » \$297.5 million in individual income taxes.
 - » \$34.2 million in corporate income taxes.
 - » \$406.1 million in property taxes.
 - » \$91.5 million in other taxes and fees
- ◇ Absent federal support via the CARES Act and Federal Reserve stimulus, the Covid-19 is expected to reduce Iowa 2020 GDP by 5.1%.

- ◇ The estimates contained in this analysis do not take into account the yet to be experienced positive impacts of the federal CARES Act and the Federal Reserve stimulus programs. Furthermore, losses in the collection of state individual income taxes and corporate income taxes may be delayed until 2021 when individuals and corporations file their 2020 income tax returns.

¹ Covered workers are workers that qualify for the receipt of unemployment compensation if unemployed.



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