

The Economic Impact of COVID-19 On the Iowa Economy: A First Cut

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Executive Summary

As of April 24, the CDC calculates that COVID-19 has generated 24,555 U.S. deaths and 48 Iowa casualties. Per 1,000,000 in population, this represents 75 deaths for the nation and a much lower 15 for Iowa. Due to COVID-19, the U.S. economy contracted by 4.8% in Q1, 2020, and Iowa's economy experienced significant hardships.

◇ Highest level of unemployment in April since the Great Depression

- The number of Iowans receiving unemployment compensation rose to approximately 180,000, or 10.5% of the state's labor force. This compares to 1.1% for April 2019.
- For April, Iowa ranked 22nd among the 50 states and the District of Columbia in terms of percent of workers receiving unemployment compensation.
- Given that more than half of Iowans who are unemployed normally do not receive unemployment benefits, the percentage of the labor force that is actually unemployed is more than double the share of the labor force receiving unemployment insurance benefits. Therefore, based on the most recent 8.3% of insured unemployed, an overall unemployment rate for April is in a range between 13% and 16% is derived. This compares to 2.5% for April 2019.

◇ Job, wage and revenue loss (March 21 - April 11, 2020)

- Loss of 243,237 direct and spillover jobs.
- Loss of \$557.8 million in wages and salaries.
- Loss of \$73.7 million in self-employment income.
- A total loss of \$1.6 billion for the overall Iowa economy.
- A reduction in future state & local tax collections of \$112.1 million composed of a loss of:
 - » \$37.2 million in sales taxes.
 - » \$26.8 million in individual income taxes.
 - » \$3.1 million in corporate income taxes.
 - » \$36.6 million in property taxes.
 - » \$8.3 million in other taxes and fees.

◇ Absent federal support via the CARES Act and Federal Reserve stimulus, COVID-19 is expected to reduce Iowa 2020 GDP by 9.7%



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