

ECONOMIC UPDATE

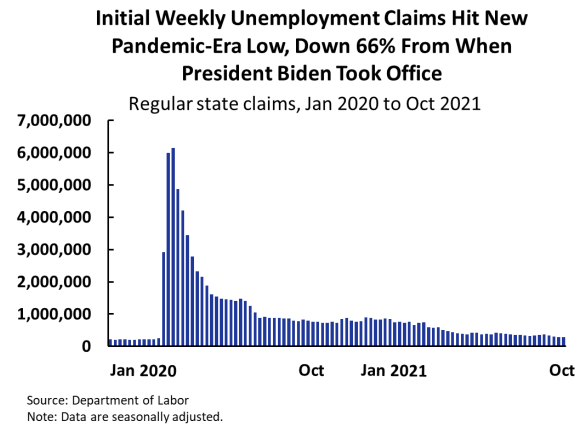
October 29, 2021

Economic Issue in Focus – The U.S. Economy Continues To Grow and Remains Above Its Pre-Pandemic Levels

The Bureau of Economic Analysis [announced](#) that real gross domestic product grew by 2% annualized in the third quarter of 2021, marking the 5th consecutive quarter of economic growth. While the pace of growth slowed from that of the first two quarters of 2021, in part due to supply chain issues and the spread of the Delta variant largely in unvaccinated communities, real GDP is now 1.4% larger than in the 4th quarter of 2019 – the last full quarter before the pandemic. Among its peers, the United States is the only nation whose economy has now surpassed its pre-pandemic high. Since President Biden took office, we’ve seen nearly 5 million jobs created, and this week, initial weekly unemployment claims dropped to a new pandemic-era low. With yesterday’s announcement of the Build Back Better framework, Democrats are on the cusp of making historic investments that will advance economic growth that is stronger, stable and broadly shared and ensure the U.S. economy is resilient. These investments in physical and care infrastructure will lower household costs, decrease inflationary pressures and combat climate change.

Key Economic Indicators to Track

- Unemployment Insurance Claims:** [Data](#) released by the Department of Labor show that new unemployment claims fell to 281,000, a new pandemic-era low, outperforming analysts’ expectations for the week ending October 23. Initial claims are now 66% lower than when President Biden took office and 95% lower than during the peak of the pandemic. The four-week moving average, which smooths week-to-week volatility in the data, also fell to a new pandemic-era low of 299,250.



- Consumer Confidence:** The consumer confidence index rose to [113.8](#), from 109.8 in September, reversing a three-month downward trend as concerns about the spread of the Delta variant have begun to ease. This is due in large part to the administration’s actions on vaccine requirements, which have contributed to the sustained reduction in coronavirus cases over the past six weeks. The share of consumers planning to purchase homes, automobiles and major appliances all increased in October, signaling that consumer spending is likely to continue to support economic growth through the final months of 2021. Almost half of respondents (47.6%) said they intend to take a vacation within the next six months, which is the highest level since February 2020.

- **Core PCE:** The Bureau of Economic Analysis released [core PCE](#) data (one of the two key measures of inflation along with the Consumer Price Index) for September, which shows that inflation remained stable, increasing minimally by 0.2%. As the U.S. economy attempts to return to pre-pandemic levels, industries that were particularly hard hit by the pandemic, such as air travel and food services continue to experience surges in consumer demand, and as the holiday season approaches, there is likely to continue to be high demand for goods, creating short-term supply side pressures.

JEC Spotlight – Proposed Investments in Child Care Are Desperately Needed To Help Create A More Equitable Economy

A recent JEC [issue brief](#) highlights how the current U.S. child care system suffers from inadequate public investment, leaving parents and caregivers to foot the bill for the rising cost of child care. [Data](#) from the Organisation for Economic Co-operation and Development (OECD) show that the United States invests less in early childhood education and care as a percentage of Gross Domestic Product (GDP) than all but three other OECD countries. This chronic underfunding of the child care system has shifted the burden of rising costs onto families, leaving many unable to afford the care that they need and depriving them of the benefits of high-quality child care.

The Build Back Better framework announced yesterday will help states expand access to high-quality, affordable child care to about 20 million children per year, which covers 9 out of 10 families across the country with young children. In 36 states and the District of Columbia, a typical married couple with an infant and a four-year-old currently spends an average of more than 20% of their income on child care. Under the Build Back Better framework, eligible parents who are making under 2.5 times their state's median income will receive support to cover the cost of quality care based on a sliding scale, capped at 7% of their income. These proposals will help to ensure that working parents, particularly mothers, are not forced to sacrifice a paycheck or drop out of the workforce because they cannot afford high-quality child care.

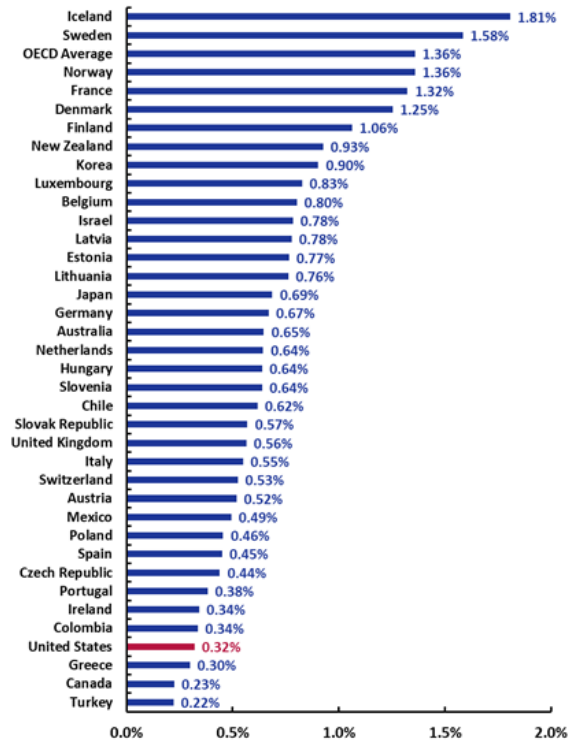
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U.S. Public Investment in Children Lags Behind Other OECD Countries

Public spending on early childhood education and care as a percentage of GDP,
2016 or latest year available



Source: OECD Social Expenditure Database, Chart PF3.1.A. "Public spending on early childhood education and care"

Note: Since 2019, Costa Rica has joined the OECD but is not included above.

Selected JEC Resources

- [State-By-State Fact Sheets: September Employment Data](#)
- [Health Insurance Tax Subsidies in the Build Back Better Act Will Provide Affordable Health Insurance for Millions of Americans](#)
- [National and State Level Data on the Economic Situation of Hispanic Americans](#)
- [Expanding the Housing Choice Voucher Program to Improve Housing Affordability and Economic Security for the Lowest-Income Families](#)
- [Strong Care Infrastructure Is Critical to Increasing Labor Force Participation and Driving Future Economic Growth](#)
- [Hispanic Workers Kept the U.S. Economy Moving During the Coronavirus Pandemic but Face Lower Wages and Poor Working Conditions](#)

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