



ECONOMIC UPDATE

May 1, 2020

Quote of the week

“This is the time to use the great fiscal power of the United States.”

—Federal Reserve Chairman [Jerome Powell](#)

What you need to know

- [GDP fell at an annualized rate of 4.8% in the first quarter](#), reflecting a sharp drop in economic activity in the last two weeks of March when many states began to enforce stay-at-home orders. Surprisingly, nearly half of that decline can be attributed to a decline in healthcare spending as elective procedures have been cancelled to focus COVID-19 patients. CBO estimates that the worst is yet to come, predicting that [GDP will fall in Q2 at an annualized rate of 40%](#).
- [3.8 million Americans applied for unemployment insurance last week](#), adding up to over 30 million claims since mid-March. Roughly 1 in 6 American workers are now unemployed. This may still be an underestimate, however, as an [additional 9 to 14 million people could have filed for unemployment insurance](#) had the process been easier.
- The introduction of retail-based testing for COVID-19, as part of the nationwide effort to expand testing, has overlooked the health needs of black communities with only [eight out of the 63 sites nationwide located in black neighborhoods](#).
- The recent move to reopen several states would [force many unemployed Americans to choose between risking exposure to the virus and having no income](#).
- Economists across the ideological spectrum agree that [this is the time for aggressive fiscal spending](#) to support families and states and limit the spread of the virus.

Happening the week of May 4, 2020

- *Monday*: The Census Bureau releases revised estimates of [factory orders](#) for March.
- *Tuesday*: Census releases the [March trade numbers](#), ISM releases its [April services index](#).
- *Thursday*: The Department of Labor releases [initial jobless claims](#). The BLS releases data on the [productivity and costs of labor](#) for the first quarter.
- *Friday*: Jobs Day. The BLS releases nonfarm payrolls, the [April unemployment rate](#), and average hourly earnings. Census releases its March [wholesale trade survey](#).

Good reads

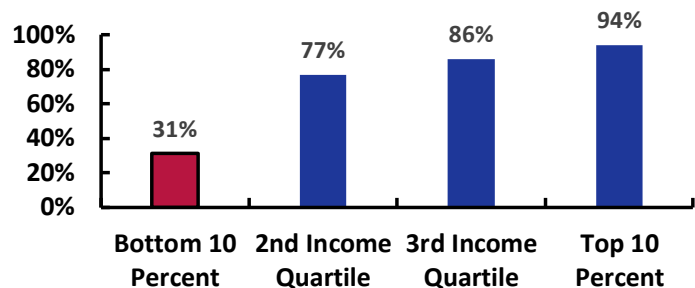
- [“States Made It Harder to Get Jobless Benefits. Now That’s Hard to Undo,”](#) *The New York Times*, 4/30/2020
- [“Why Americans are Dying from Despair,”](#) *The New Yorker*, 3/16/2020
- [“Americans Are in the Dark on One of the Trump Administration’s Key Coronavirus Response Tools,”](#) *The Washington Post* 4/28/2020

Chart of the week:

Low-income workers of all races across different industries and occupations are less likely to have access to workplace benefits that would allow them to stay healthy and financially secure. Less than one-third of low-income workers have access to paid sick leave at their place of work, compared to 94% of those in the top 10% of income.

You can read more about the disparate impacts of the COVID-19 pandemic on the working poor in this [recent JEC report](#).

Access to Paid Sick Leave is Sharply Divided by Income; Less than a Third of Low Income Workers Have Access



Source: Employee Benefits in the United States, US Bureau of Labor Statistics, National Compensation Survey (NCS) 2019.

New research and reports

- The Eviction Lab [created a policy scorecard for each state](#) on its efforts to protect residents from eviction and homelessness during the pandemic. MA has the highest score (4.15/5.0). AK, ID, MO, ND, SD and WY all tie for the lowest score (0.0/5.0).
- JEC Democrats argue that [the next coronavirus bill should include automatic spending](#) on unemployment insurance, SNAP and Medicaid to help assure Americans that they won’t suffer financial ruin. Their confidence is essential to supporting consumer spending and encouraging compliance with public health mandates, which are essential to prevent an even worse recession.
- According to a new JEC report, [Majority Leader McConnell’s idea that Congress should let states go bankrupt defies logic](#) and would worsen state fiscal crises resulting from the pandemic. New York Governor Andrew Cuomo called it “one of the dumb ideas of all time.”

Selected JEC resources

- [A Look Ahead to First-Time Unemployment Claims and the April Jobs Report](#)
- [Massive Aid to State and Local Governments Needed to Slow Economic Damage](#)

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