Supporting your Business Community in the Time of COVID-19

May 13, 2020
11am-12pm

Presented by:
Sadie Colcord
Business Associate, Partnerships

Alissa, DeJonge
Vice President of Research
Who Is AdvanceCT?

Independent, private nonprofit focused on economic development

Collaboration between, and funded by, the state of CT and the private sector

Focus: business engagement, retention and recruitment

Similar model to ChooseNJ, JobsOhio, MassEcon, Enterprise Florida

Repurposed mission: to jumpstart economic growth and job creation in CT

Fee-based membership organization 501(c)(6) with a 501(c)(3) foundation
About the Presenters

Sadie Colcord – Business Associate, Partnerships
Sadie Colcord provides support with the development of strategies for growing local business communities and often works directly with businesses alongside local officials and staff, ensuring that municipalities and regions statewide are poised for sustainable economic growth. She utilizes her experience working within local government as well as private economic development organizations to advise communities statewide on the best approach to local and regional economic development work.

Alissa DeJonge – Vice President of Research
Alissa is responsible for the company’s business and economic research services and performs extensive research and analysis concerning state and regional issues. Her work includes industry profiles, regional and fiscal impact analyses, survey research, benchmarking and evaluation. She currently serves as an advisor to the New England Public Policy Center at the Federal Reserve Bank of Boston.
What is the impact of COVID-19 on the Connecticut economy?

What is Connecticut’s business community saying?

How can we best support our small businesses?
The Impact of COVID-19 on the CT Economy

- **Hampered Connecticut Businesses:** 81% of surveyed businesses expected a decline in Q1 revenues, and 61% do not feel prepared for remote work.¹

- **Surging National Unemployment:** 17 million Americans filed for unemployment as of April 9th, a ~13% unemployment rate;² 61% of Americans have lost jobs, income or work hours due to COVID-19.³

- **Disrupted Connecticut Workforce:** In the 3.5 weeks from March 13 to April 8, Connecticut saw 302,000 new unemployment claims, compared to the pre-COVID average of 3,000 new claims per week.⁴

- **Slowed Real Estate Market:** March 2020 sales of new single-family homes were down 15% from the month prior and down 10% from March 2019.⁵

Sources:
4. Kurt Westby, CT DOL, 4/8/20
5. US Census Bureau, HUD, April 23, 2020
Business & Employment Loss

GDP Contribution ($MM)

- Open by law & "operational": 106
- Open but "closed" due to fear or lack of demand: 38
- Working remotely ("non-essential offices"): 77
- Closed & non-operational ("public facing"): 25

Unemployment claims to date:
- 11%
- 29%
- 12%
- 48%
The Impact of COVID-19 on the CT Economy

If the virus is contained, we expect a quick recovery after Q2; if not, GDP growth in Connecticut could be ~ -9% for the year.

Real GDP, Indexed

PRELIMINARY—CURRENT AS OF 06 APRIL 2020

<table>
<thead>
<tr>
<th>Virus contained</th>
<th>Real GDP Drop 2019Q4-2020Q2 % Change</th>
<th>2020 GDP Growth % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-8.1%</td>
<td>-2.4%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Muted recovery</th>
<th>Real GDP Drop 2019Q4-2020Q2 % Change</th>
<th>2020 GDP Growth % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>-11.2%</td>
<td>-8.7%</td>
<td></td>
</tr>
</tbody>
</table>

1 The Virus Contained scenario (A3) assumes a rapid and effective control of the virus globally. The Muted Recovery scenario (A1) assumes there is a virus resurgence and a muted recovery through 2020 globally. 2 Average annual percent change.

Source: MoelI Economics analysis based on scenarios generated by McKinsey in partnership with Oxford Economics, input from Moody’s Analytics data
Connecticut’s Sectors with Highest Jobless Claims

CT’s estimated unemployment rate as of 4/15 is 21.9%.

6-week total claims 3/1/20-4/5/20

Source: Connecticut Department of Labor; AdvanceCT calculations

<< Processed claims only. Numbers after March 15 are incomplete.
Fairfield, New Haven, and Hartford Counties have the highest risk of transmission

<table>
<thead>
<tr>
<th>County</th>
<th>Population Density (population per square mile)</th>
<th>Number of Multigenerational Households</th>
<th>Percent of Multigenerational Households</th>
<th>Number Using Public Transit to Travel to Work</th>
<th>Percent Using Public Transit to Travel to Work</th>
<th>Nursing Home Licensed Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfield</td>
<td>1,511</td>
<td>10,896</td>
<td>3.2%</td>
<td>46,650</td>
<td>10%</td>
<td>4,441</td>
</tr>
<tr>
<td>New Haven</td>
<td>1,422</td>
<td>10,885</td>
<td>3.3%</td>
<td>17,343</td>
<td>4%</td>
<td>3,434</td>
</tr>
<tr>
<td>Hartford</td>
<td>1,217</td>
<td>10,472</td>
<td>3.0%</td>
<td>14,071</td>
<td>3%</td>
<td>5,202</td>
</tr>
<tr>
<td>New London</td>
<td>404</td>
<td>3,222</td>
<td>3.0%</td>
<td>2,054</td>
<td>1%</td>
<td>375</td>
</tr>
<tr>
<td>Litchfield</td>
<td>199</td>
<td>1,702</td>
<td>2.3%</td>
<td>1,224</td>
<td>1%</td>
<td>656</td>
</tr>
<tr>
<td>Middlesex</td>
<td>442</td>
<td>1,271</td>
<td>1.9%</td>
<td>1,200</td>
<td>1%</td>
<td>510</td>
</tr>
<tr>
<td>Tolland</td>
<td>369</td>
<td>1,160</td>
<td>2.1%</td>
<td>1,501</td>
<td>2%</td>
<td>330</td>
</tr>
<tr>
<td>Windham</td>
<td>227</td>
<td>1,511</td>
<td>3.4%</td>
<td>304</td>
<td>1%</td>
<td>-</td>
</tr>
</tbody>
</table>

*The CDC identified those living in densely populated areas, multigenerational households, and institutional settings, and those reliant on public transit, as having elevated risk of transmitting the coronavirus.

Source: Centers for Disease Control and Prevention; U.S. Census Bureau, American Community Survey, 2018 5-year estimates; Governor Lamont Coronavirus Update April 16, 2020; AdvanceCT calculations.
New Haven and Hartford Counties have the highest risk of poor health outcomes

<table>
<thead>
<tr>
<th>County</th>
<th>Population over age 65</th>
<th>Percent over age 65</th>
<th>Heart disease death rates (per 100,000)</th>
<th>Population below poverty level</th>
<th>Percent below poverty level</th>
<th>Obesity prevalence</th>
<th>Diabetes prevalence</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Haven</td>
<td>142,411</td>
<td>16.6%</td>
<td>148.4</td>
<td>98,855</td>
<td>11.90%</td>
<td>26.7%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Hartford</td>
<td>147,260</td>
<td>16.5%</td>
<td>149.3</td>
<td>97,063</td>
<td>11.10%</td>
<td>25.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Windham</td>
<td>18,257</td>
<td>15.7%</td>
<td>166.7</td>
<td>11,691</td>
<td>10.50%</td>
<td>30.9%</td>
<td>9.6%</td>
</tr>
<tr>
<td>New London</td>
<td>46,320</td>
<td>17.2%</td>
<td>146.3</td>
<td>26,140</td>
<td>10.20%</td>
<td>29.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Litchfield</td>
<td>36,456</td>
<td>19.9%</td>
<td>156.1</td>
<td>12,650</td>
<td>7.00%</td>
<td>26.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Fairfield</td>
<td>143,419</td>
<td>15.2%</td>
<td>137.1</td>
<td>81,751</td>
<td>8.80%</td>
<td>21.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Middlesex</td>
<td>31,052</td>
<td>19.0%</td>
<td>147.0</td>
<td>10,909</td>
<td>6.90%</td>
<td>24.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Tolland</td>
<td>22,405</td>
<td>14.8%</td>
<td>146.1</td>
<td>9,390</td>
<td>6.90%</td>
<td>24.2%</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

*These counties may be at higher risk due to large populations over age 65, coupled with higher prevalence of pre-existing health conditions and higher poverty rates (which are correlated with higher rates of asthma, kidney disease, liver disease, and other health-based risk factors).

Source: Centers for Disease Control and Prevention; U.S. Census Bureau, American Community Survey, 2018 5-year estimates; AdvanceCT calculations.
Results from CT Business Survey (April 2020): Reopen Plans of 439 Closed Businesses

44% Full Capacity
Just under half of all respondents expect to reopen at full capacity.

37% Not at Full Capacity
Over one-third plan to reopen, but not at full capacity.

1% Remain Closed
One percent of respondents indicated they will close permanently.

18% are unsure as to their decision at this time.
Results from CT Business Survey (April 2020): Business Needs and Employee Concerns

Most Pressing Business Needs
(Respondents could choose more than one option.)

- 71% Cash flow
- 31% Income assistance for business owners not eligible for unemployment
- 30% Debt relief / forbearance
- 29% Clarification on when non-essential businesses might resume

Employees’ Largest Concerns
(Respondents could choose more than one option.)

- Loss of pay for themselves or a household member: 71%
- Ability to pay mortgage, rent, or other important bills: 64%
- Loss of job for themselves or a household member: 61%
- Understanding duration of pandemic’s economic impact: 46%
- Understanding effect of pandemic on family’s finances: 35%
## Results from CT Business Survey (April 2020): Assistance Program Utilization

Have you applied for/utilized or do you plan to apply for/utilize any of the following assistance programs for businesses? Select all that apply.

<table>
<thead>
<tr>
<th>Answer Choices</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBA Paycheck Protection Program (PPP)</td>
<td>71.12%</td>
</tr>
<tr>
<td>SBA Economic Injury Disaster Loan Advance (Grant)</td>
<td>35.37%</td>
</tr>
<tr>
<td>SBA Economic Injury Disaster Loan</td>
<td>30.87%</td>
</tr>
<tr>
<td>Do not plan to apply for any assistance programs</td>
<td>17.65%</td>
</tr>
<tr>
<td>CT Recovery Bridge Loan</td>
<td>15.47%</td>
</tr>
<tr>
<td>HEDCO Line of Credit (for women and minority owned businesses)</td>
<td>6.74%</td>
</tr>
<tr>
<td>CT Dept of Banking mortgage payment extension</td>
<td>6.61%</td>
</tr>
<tr>
<td>SBA Small Business Bridge Loan</td>
<td>6.35%</td>
</tr>
<tr>
<td>CT Dept of Labor Shared Work</td>
<td>6.10%</td>
</tr>
<tr>
<td>CT Dept of Insurance premium payment deferral</td>
<td>5.91%</td>
</tr>
<tr>
<td>SBA Small Business Debt Relief</td>
<td>5.07%</td>
</tr>
<tr>
<td>CT Manufacturing Innovation Fund (for medical supplies manufacturers)</td>
<td>0.51%</td>
</tr>
</tbody>
</table>

1,558 responses

CT Business Survey #2: April 17-24, 2020; 1,810 responses
Results from CT Small Business Reopen Survey (May 2020):

• In order to fully reopen, businesses that closed or reduced operations were concerned about:
  • the level of demand for their product or service (72%)
  • having enough capital to restart or expand back to full operation (58%)
  • the possibility of needing to shut down or reduce operations again if there is a resurgence of the virus (58%)
  • needing to adapt their business model or product/service offerings (54%)
• 83% did not have insurance that would cover their COVID-related losses.
• 43% experienced problems applying for government financial assistance.
Results from CT Small Business Reopen Survey (May 2020):

**What assistance could the state government provide that would help your business?**

- Assistance obtaining PPE
- Guidance on how to reopen or operate safely
- Encouraging individuals, institutions and companies to purchase locally
- Small business loan for supplies/inventory/working capital
- Small business loan to help pay for safety modifications (e.g., physical barriers, purchase of PPE, etc)
- Help applying for or accessing existing funding programs
- Allow supply chain/suppliers or customer/client businesses to reopen (specify what types of business/industry are your suppliers or customers)
- None of these
- Assistance setting up online sales, curbside pickup, or other social distancing accommodations

**How feasible would it be for your business to operate with the following safety measures in place?**

- Extra cleaning between shifts and at the end of the workday
- Require everyone on the premises to use PPE (such as masks)
- Health screening (workers should stay home if they are having any symptoms; temperature...)
- Restrict the number of clients/visitors on site at any given time
- Provide dedicated equipment and workspaces for each employee (no shared phones,...)
- Strict social distancing (6 feet of space or protective barrier between individuals)
- Stagger shifts to limit the number of employees on site at any given time
- Allow employees to work remotely
- Deliver products via curbside pickup or delivery
- Deliver service remotely (e.g., via phone, video, or web)
- Extra cleaning between shifts and at the end of the workday
- Require everyone on the premises to use PPE (such as masks)
- Health screening (workers should stay home if they are having any symptoms; temperature...)
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- Deliver service remotely (e.g., via phone, video, or web)

CT Small Business Reopen Survey: May 2-7, 2020; 1,191 responses
Results from CT Worker Survey (May 2020):

• 55% of respondents said their household income had been impacted by COVID-19

• Workers’ largest concerns included:
  • potential workplace exposure to coronavirus (57%)
  • duration of the pandemic’s economic impact (48%)
  • loss of pay for themselves or a household member (45%)

• Of those going into work, 34% felt their employer’s precautions were very adequate; 35% said mostly adequate; and 31% felt they were not very adequate or completely inadequate.
Results from CT Worker Survey (May 2020):

How do you feel about returning to work?

- Not apprehensive, very ready to go back to work.
- Apprehensive, but willing to go back.
- Very apprehensive and do not want to go into an onsite workspace.

What do you need for your employer to provide in order for you to feel comfortable going to an onsite workplace? Select all that apply.

- Disinfecting surfaces and workstations at beginning and ending of shifts.
- Strict social distancing policy.
- There should be gloves and masks provided to all workers.
- Health screening - workers must not come in if they are having any illness symptoms and...
- No shared equipment (i.e. computers, phones dedicated to each worker)
- A policy limiting the number of workers commuting in each day to ensure fewer people in-office/a...
- A policy of no outside visitors (no clients, no networking meetings, etc.)
- A policy that allows outside visitors/clients, but in limited numbers.
- Other (please specify)
- No changes are needed.

CT Worker Survey: May 2-7, 2020; 1,536 responses
Economics and public health are closely linked:

- The potential of the economy is variable, depending on how well the disease is contained (more containment = higher economic potential)
- The level of containment, and therefore the potential of the economy, is controlled by actions such as testing, contact tracing, quarantine, healthcare capacity, etc.

There are two general scenarios for reopening the economy: before and after the virus is contained:

- Containing the disease and bringing rate of transmission ($R_0$) safely below 1 is a prerequisite for fully reopening the economy
- long-term economic growth is the goal
Stakeholders agree that erring on the side of caution is the best path to long-term economic recovery

Public Heath Experts:  
“Unless we get the virus under control, the real recovery economically is not gonna happen. So what you do if you jump the gun and go into a situation where you have a big spike, you’re gonna set yourself back.”

- Dr. Fauci, April 20

Leading Economists:  
80% of leading economists agree or strongly agree that: “Abandoning severe lockdowns at a time when the likelihood of a resurgence in infections remains high will lead to greater total economic damage than sustaining the lockdowns to eliminate the resurgence risk.” None disagree.

The American Public:  
By a margin of more than 5-to-1, Americans say stopping the spread of the coronavirus (84%) is more important than stopping the decline in the economy (16%).

How can we support our businesses locally as the economy begins to reopen?
Economic “reopening” lessons from around the globe

Economic and public health outcomes are interconnected, and these decisions MUST be made cohesively.

Recoveries are fragile

Once the reopen decision is made, businesses will reopen slowly

The economy will not roar back

International travel bans might last longer than expected
Engaging businesses

Engagement with your business community is critical now more than ever.

Mobilize your town’s economic development team to start reaching out to businesses

Ask about specific needs related to reopening or staying afloat

Connect businesses to other support providers
Governor Lamont has requested that municipalities create long-term recovery committees.

Who needs to be involved?

What needs to be discussed?

What information do you need to be able to make decisions?
Local programs to bring together businesses and residents

Eat Local-Win Local

Holiday promotions

Transforming local markets – offering more than just food

Lists of open businesses and what they are offering
Governor’s “reopen” guidelines for May 20th

Some non-essential businesses allowed to reopen on May 20th.

Limited capacity and strict mandated safety protocols

How can your town facilitate implementation of requirements?

Visit ct.gov/coronavirus for sector-specific guidelines
Considerations moving forward

How can we position ourselves to be ready for the “new economy”?

Back to the suburbs?

Remote work

Focus on inclusivity
Questions?

Sadie Colcord
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