

August 2020 PERC Webinar



BRAZOS VALLEY
ECONOMIC DEVELOPMENT
CORPORATION

August 27, 2020





Brazos Valley Business Summit

Friday, September 25

Texas A&M Hotel and
Conference Center
OR Virtual

BVBusinessSummit.com

Business Summit Speakers



Our lineup of speakers for the Summit includes Drs. Jansen and Rettenmaier.

BVBusinessSummit.com



BRAZOS VALLEY ECONOMIC DEVELOPMENT CORPORATION

Thank You for Attending



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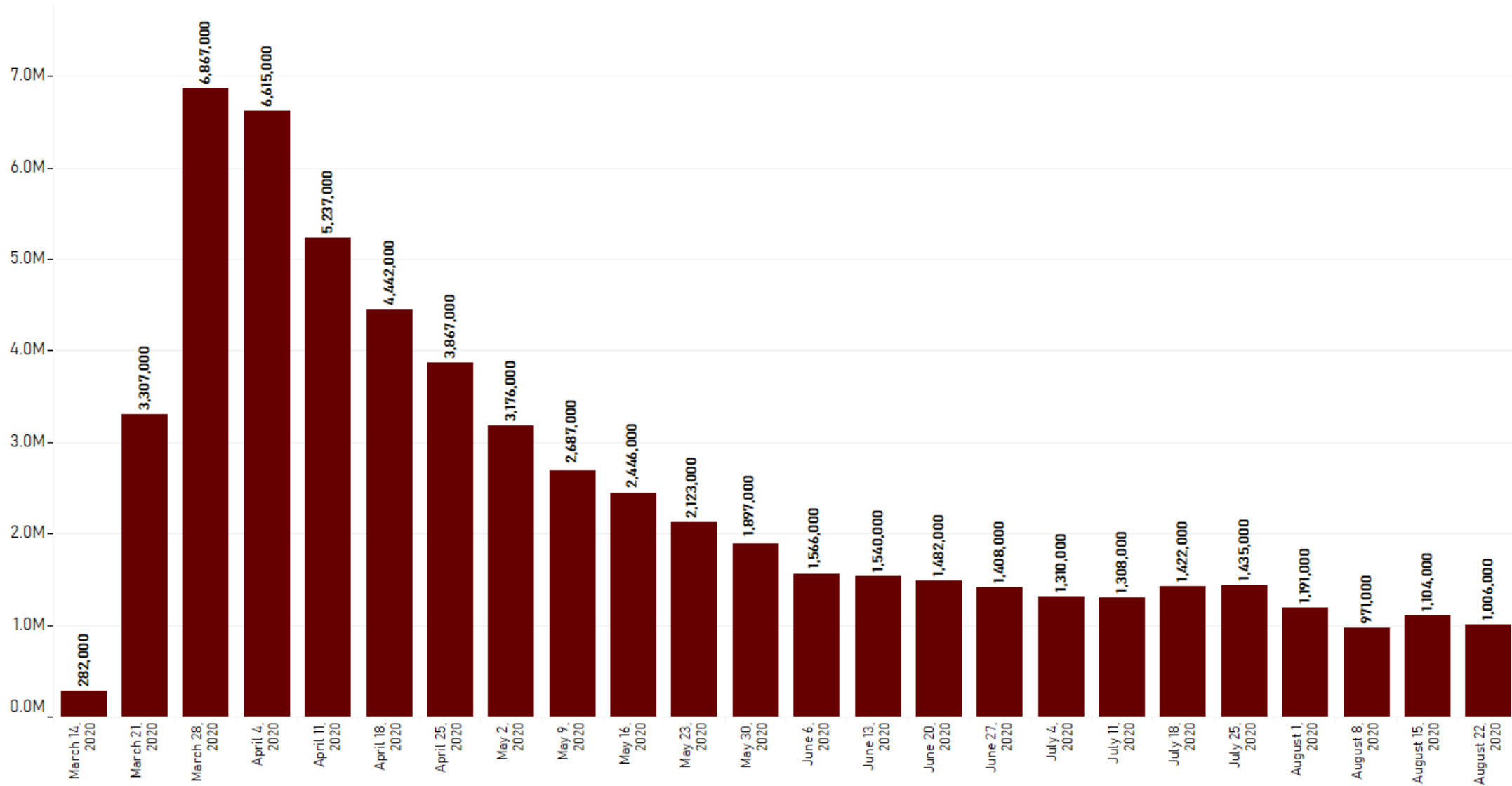
Coronavirus and the Economy

A Presentation by the Private Enterprise
Research Center at Texas A&M University

Dennis Jansen, Director, and Andy Rettenmaier, Executive Associate Director

August 27, 2020

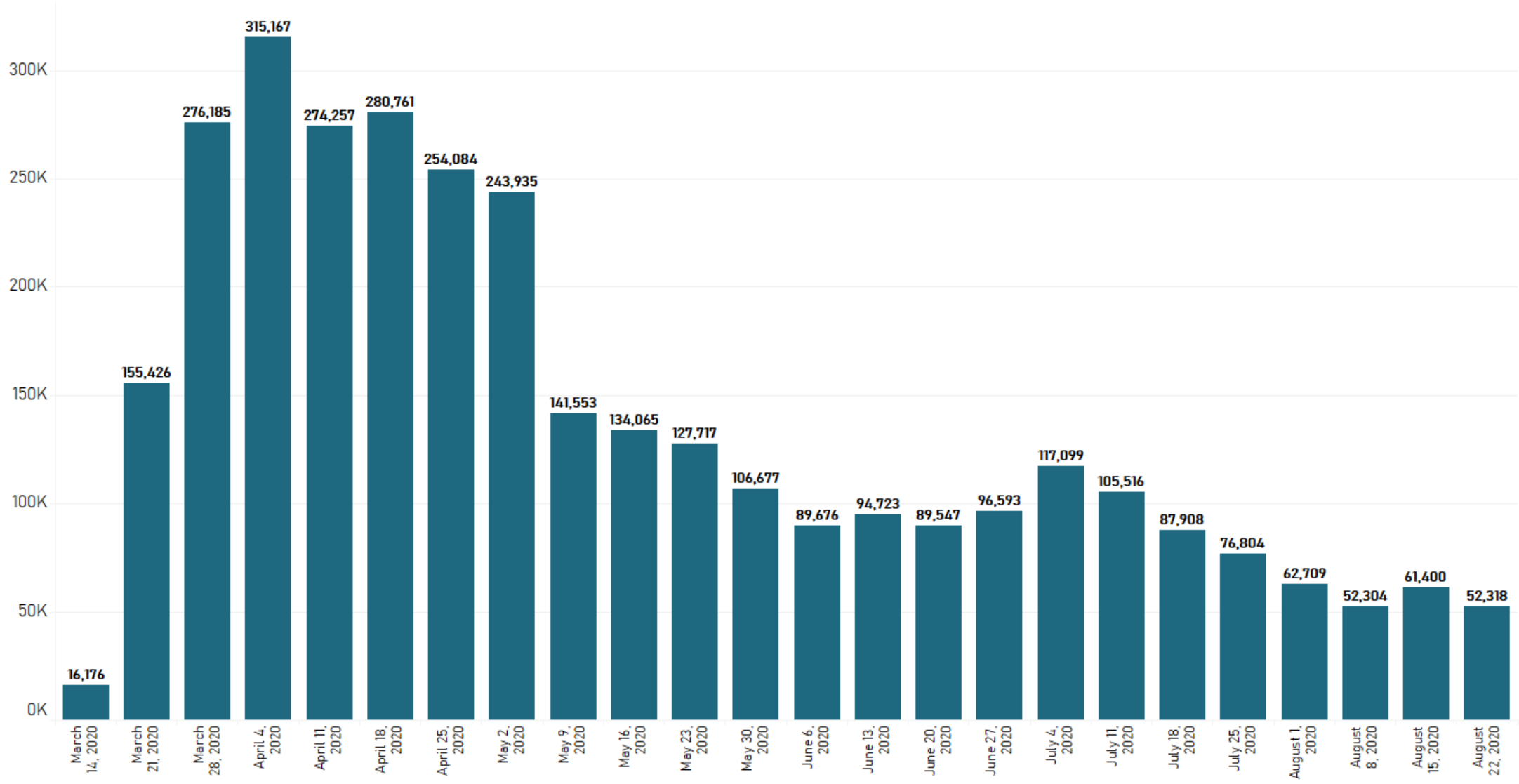
Unemployment Insurance Claims in the United States By Week



Source: U.S. Department of Labor.



Unemployment Insurance Claims in Texas By Week

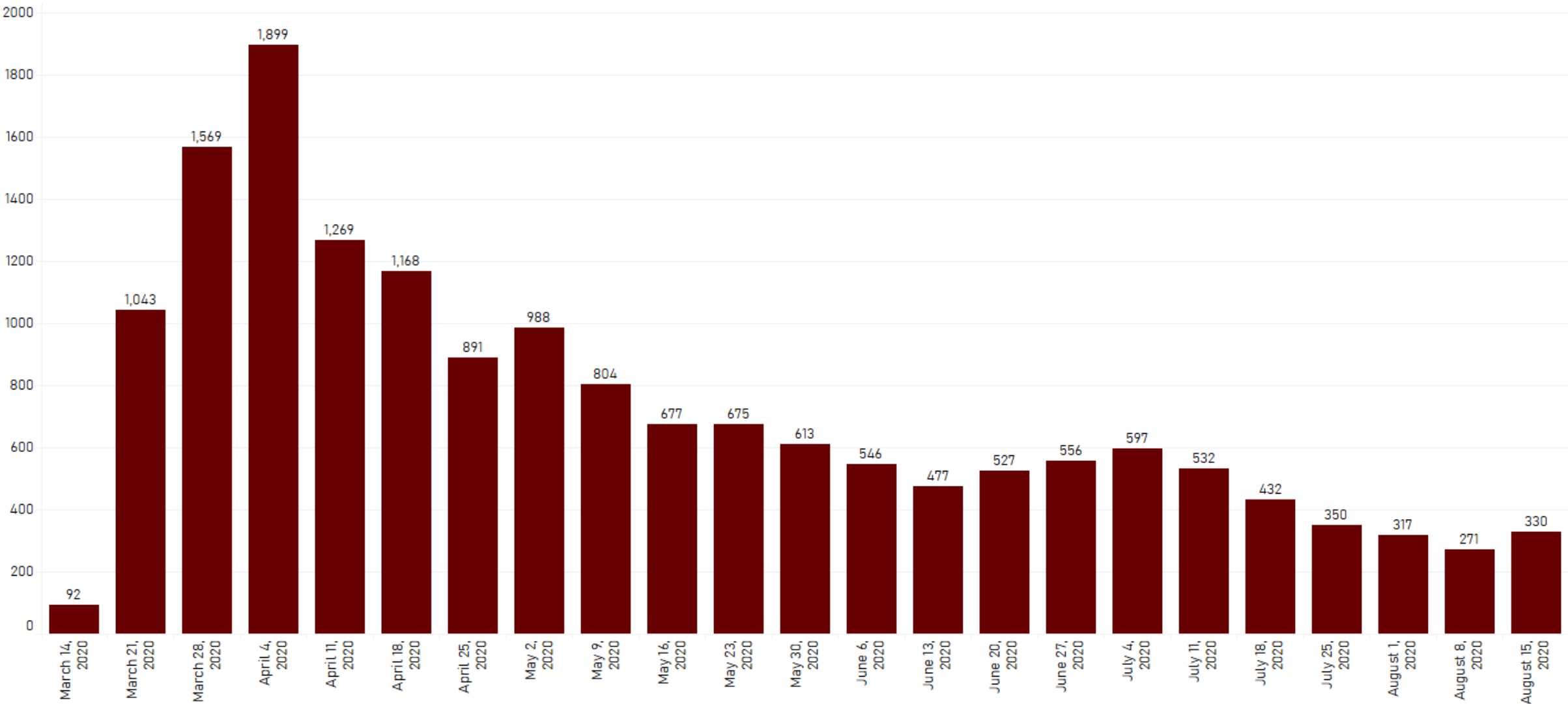


Source: U.S. Department of Labor.



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Weekly UI Claims in College Station-Bryan

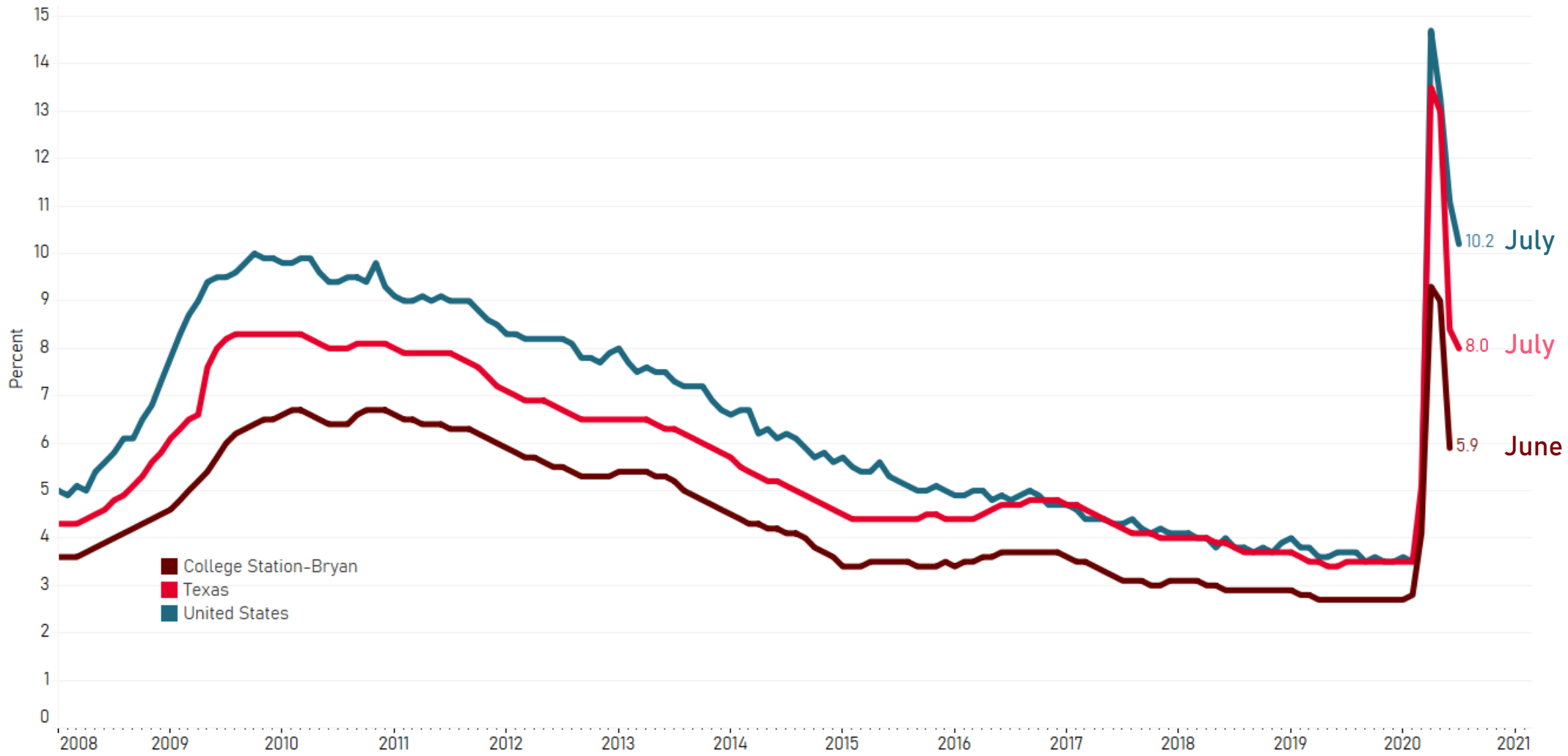


Source: Texas Workforce Commission. Includes Brazos, Burleson, and Robertson Counties.



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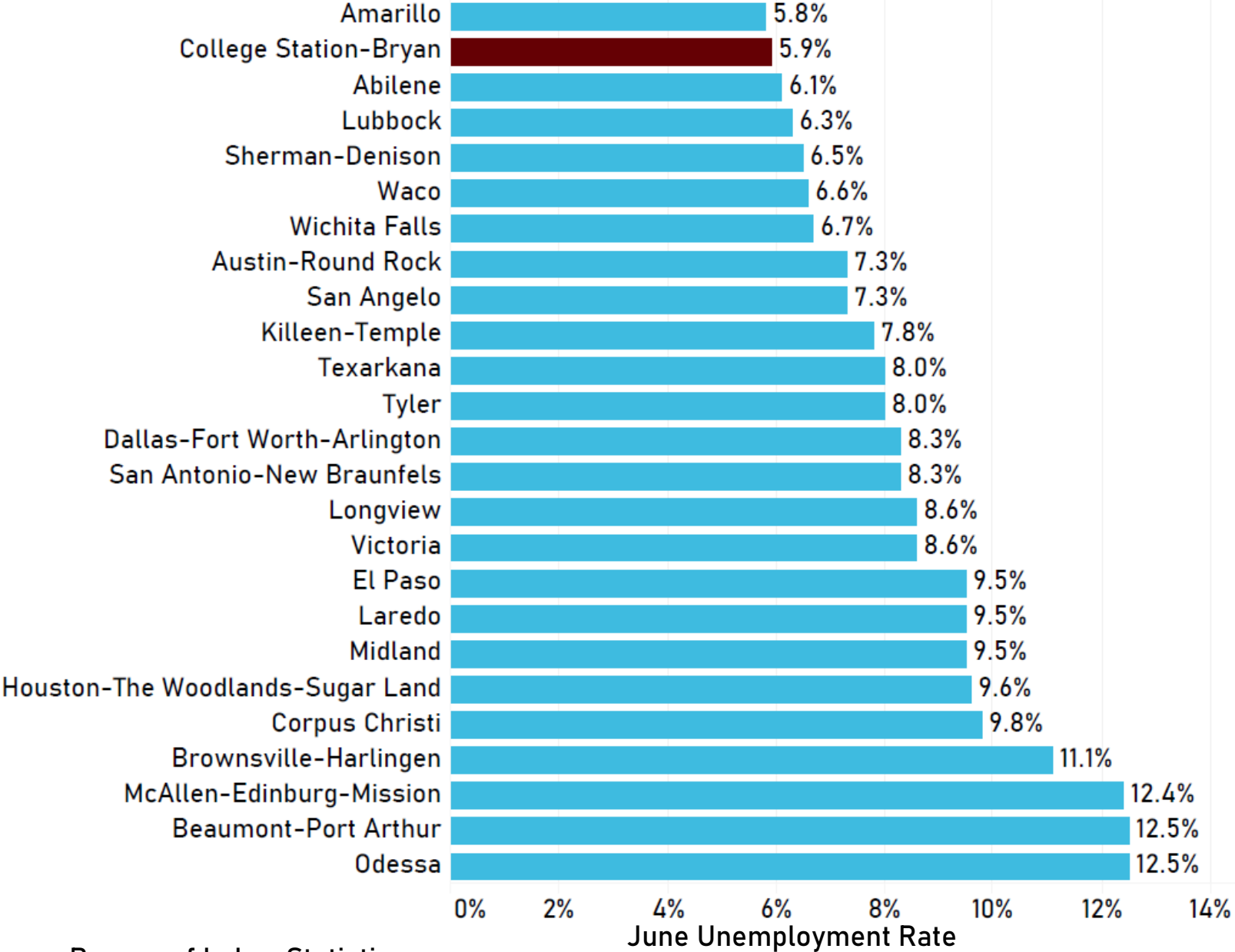
Unemployment Rates for College Station-Bryan, Texas and the United States



Seasonally adjusted. Last reported data point: June for College Station-Bryan; July 2020 for Texas and the United States. Source: Bureau of Labor Statistics.



Unemployment Rates in Texas MSAs – June 2020

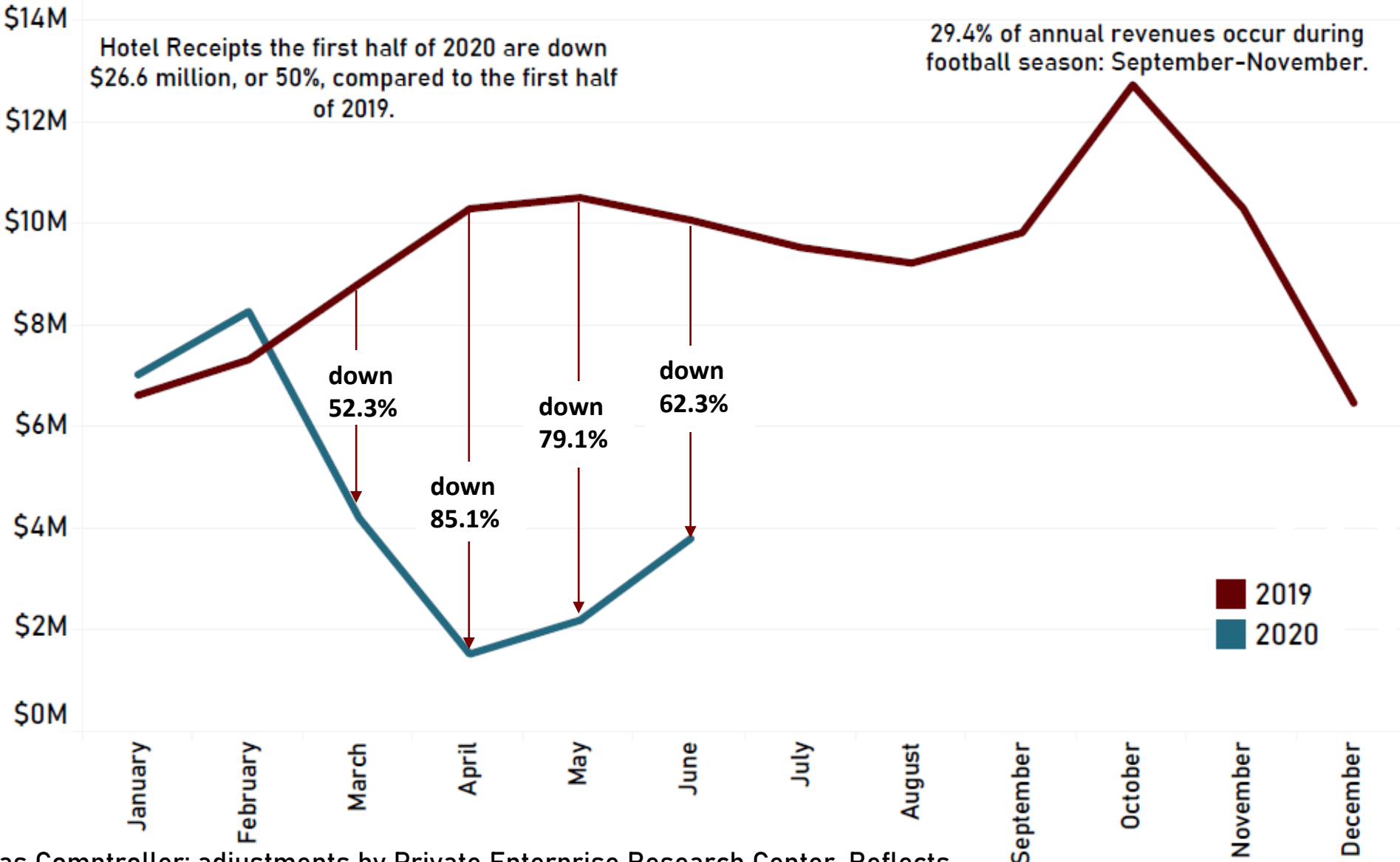


Source: Bureau of Labor Statistics



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Hotel Receipts in College Station – Bryan 2019 vs 2020

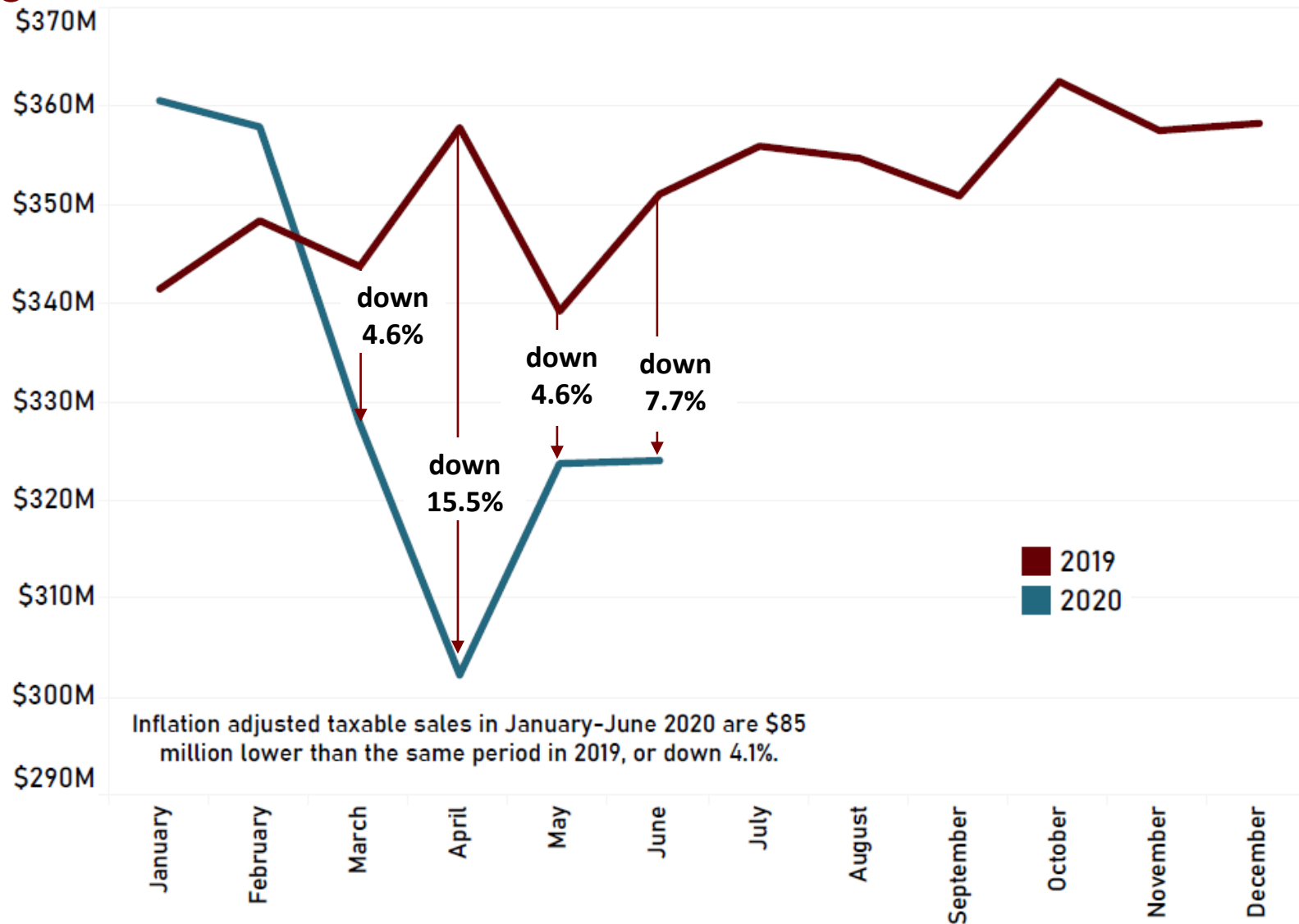


Source: Texas Comptroller; adjustments by Private Enterprise Research Center. Reflects hotels in Brazos County and dollar values are in current dollars.



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Inflation Adjusted Real Taxable Sales in College Station – Bryan 2019 vs 2020

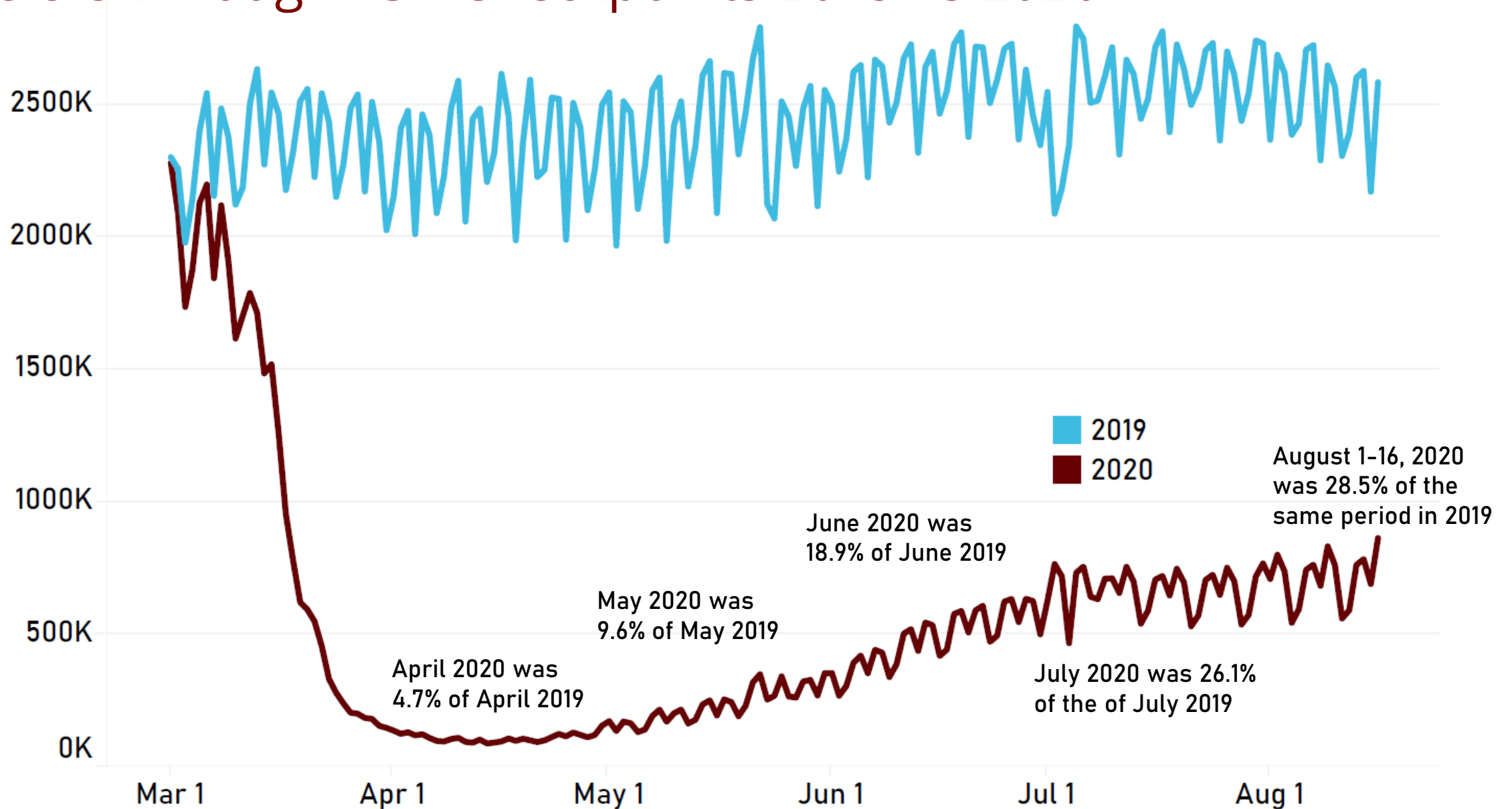


Source: Texas Comptroller; seasonal adjustment by Private Enterprise Research Center.



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Travelers Through TSA Checkpoints 2019 vs 2020

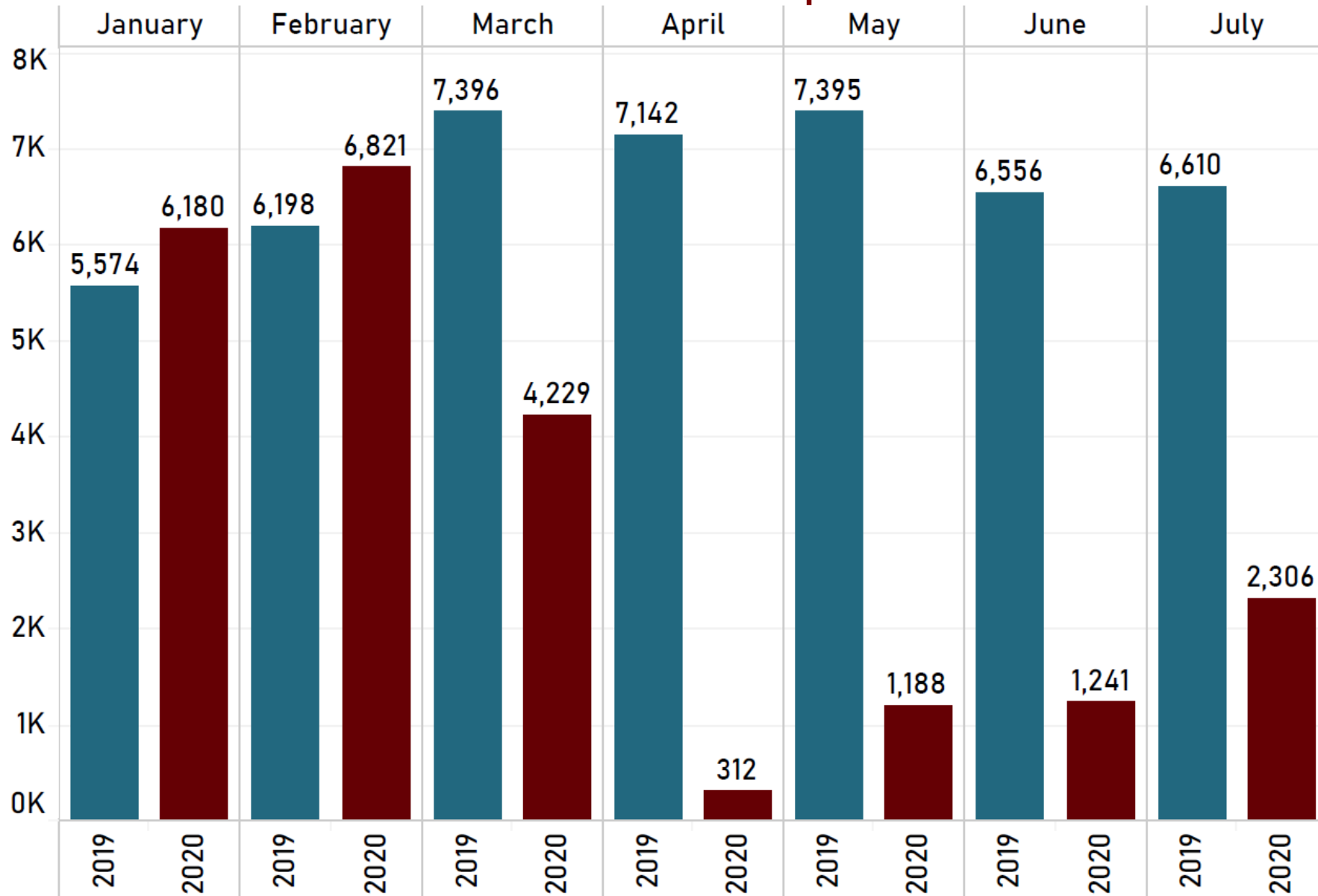


Source: Transportation Security Administration. Data from 2019 is 1 year apart on the same weekday.



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Enplanements at Easterwood Airport 2019 vs. 2020

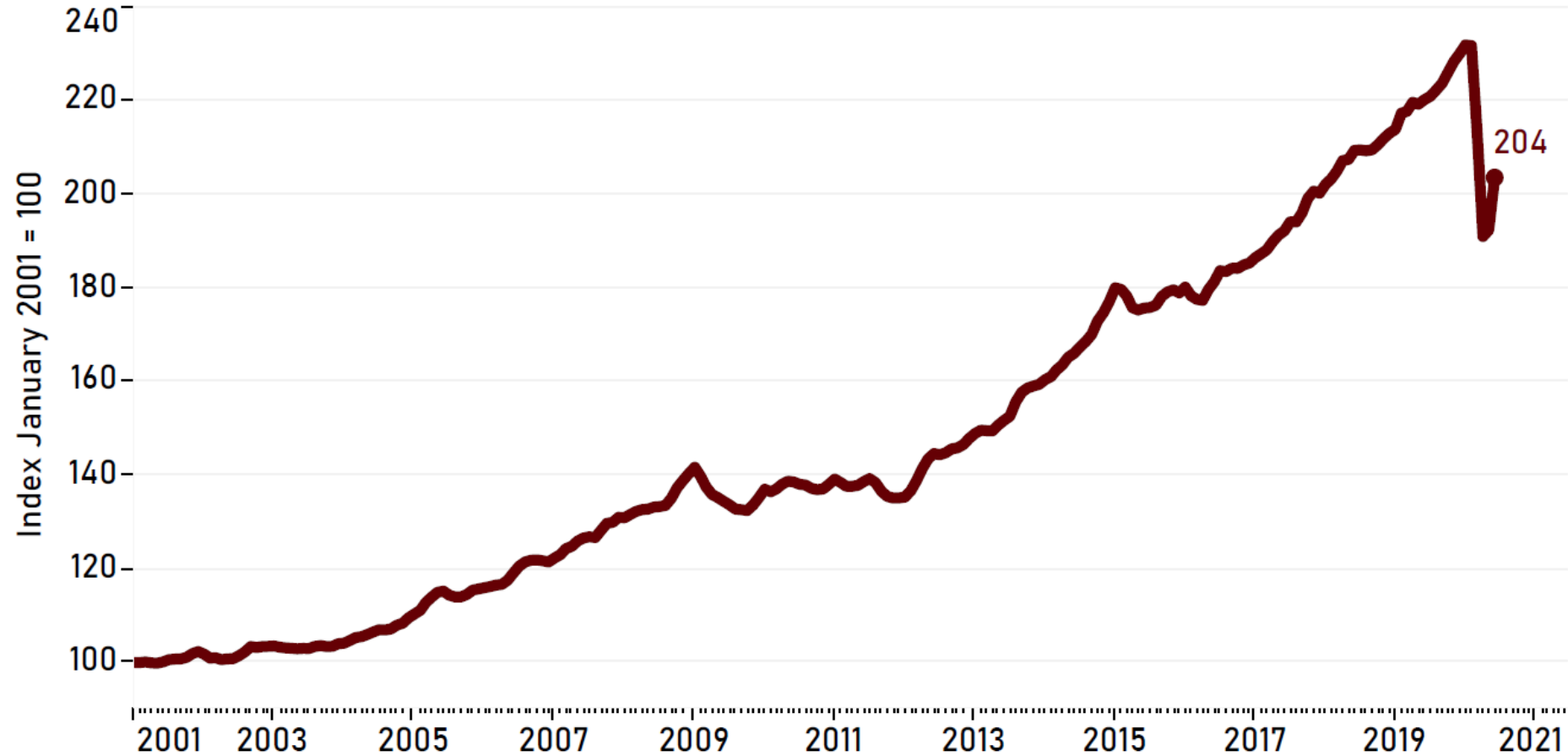


Source: Texas A&M University System.



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College Station-Bryan Business-Cycle Index

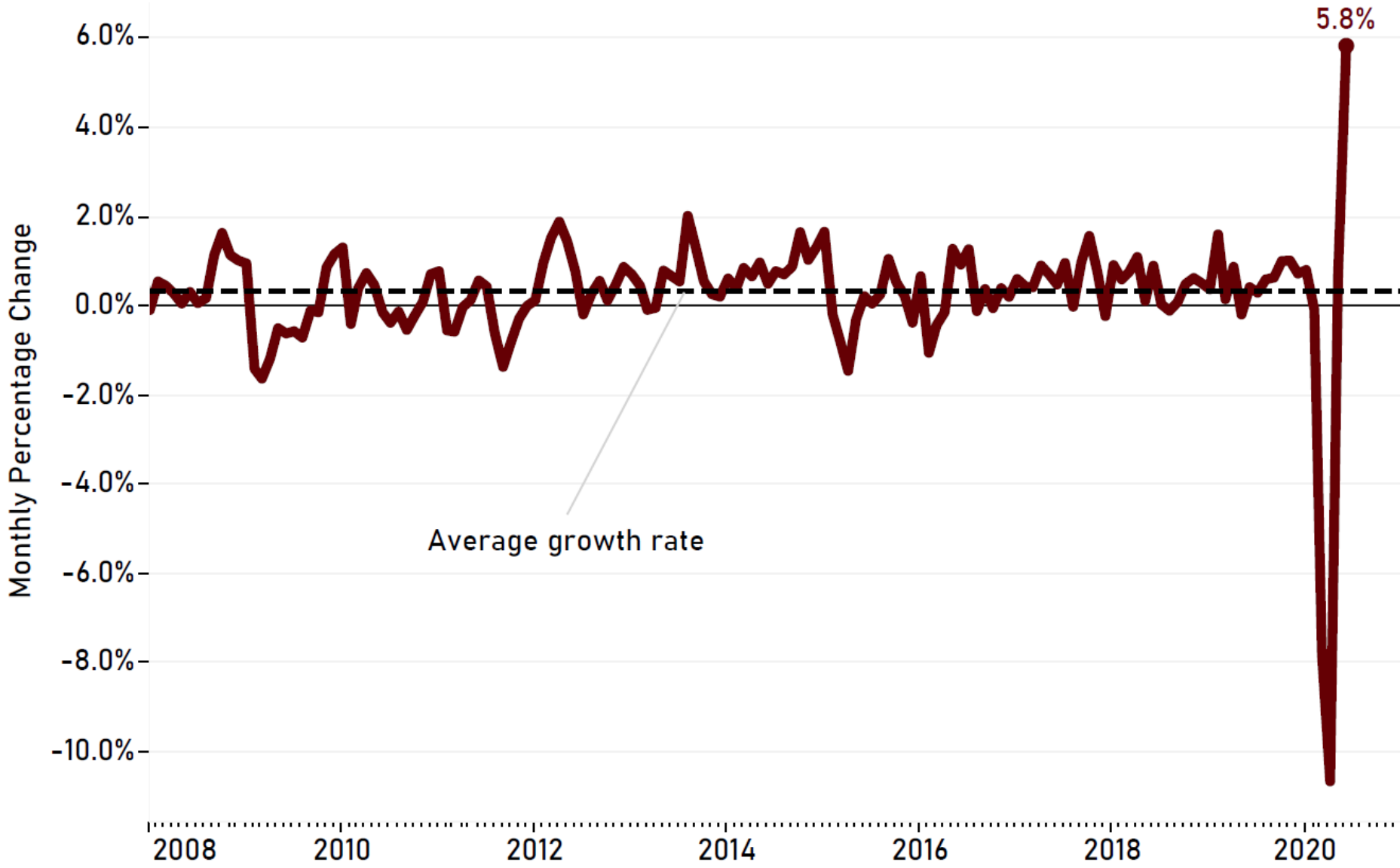


Last reported data point: June 2020 (monthly). Source: Private Enterprise Research Center.



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College Station-Bryan Business-Cycle



Average growth rate

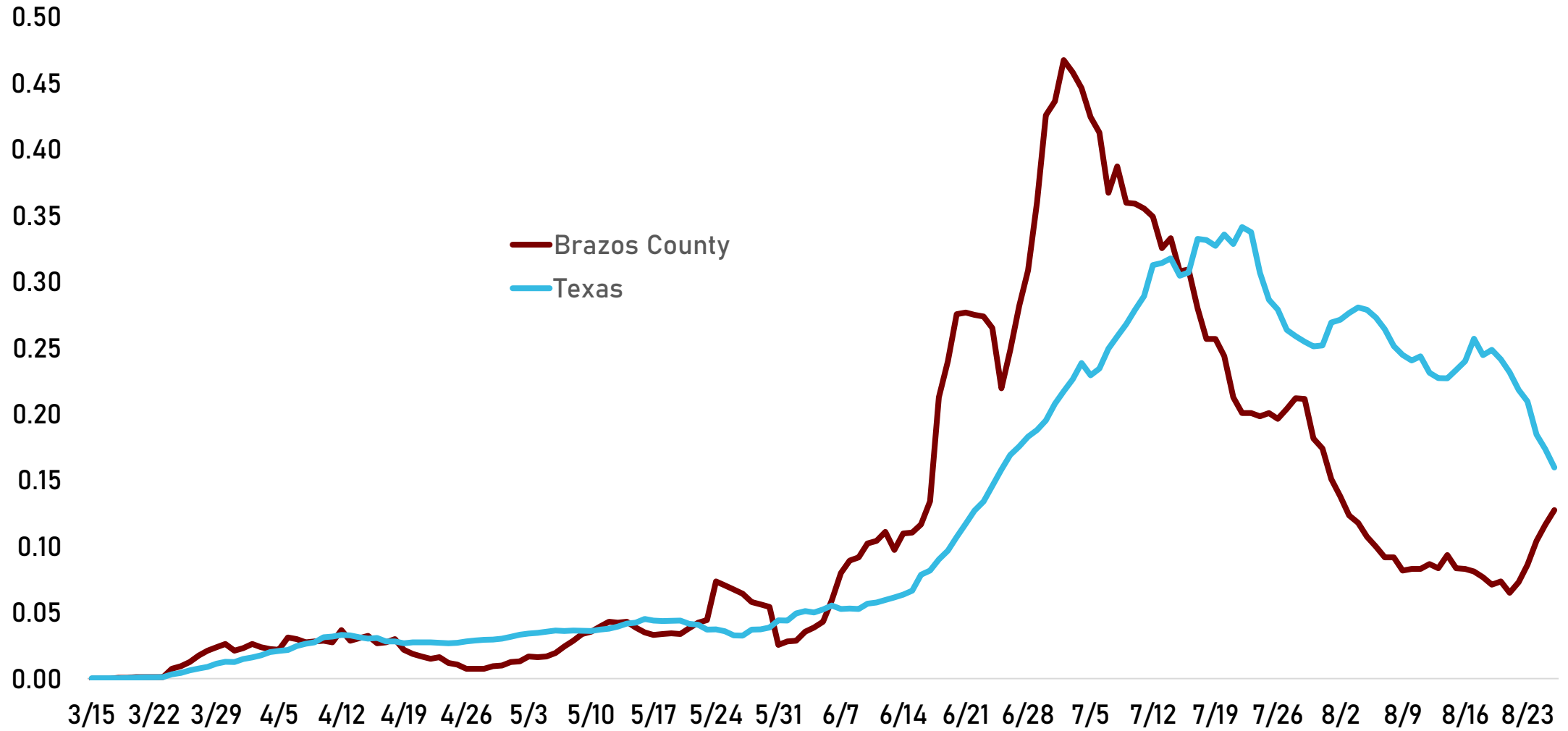
5.8%

Last reported data point: June 2020 (monthly). Source: Private Enterprise Research Center.

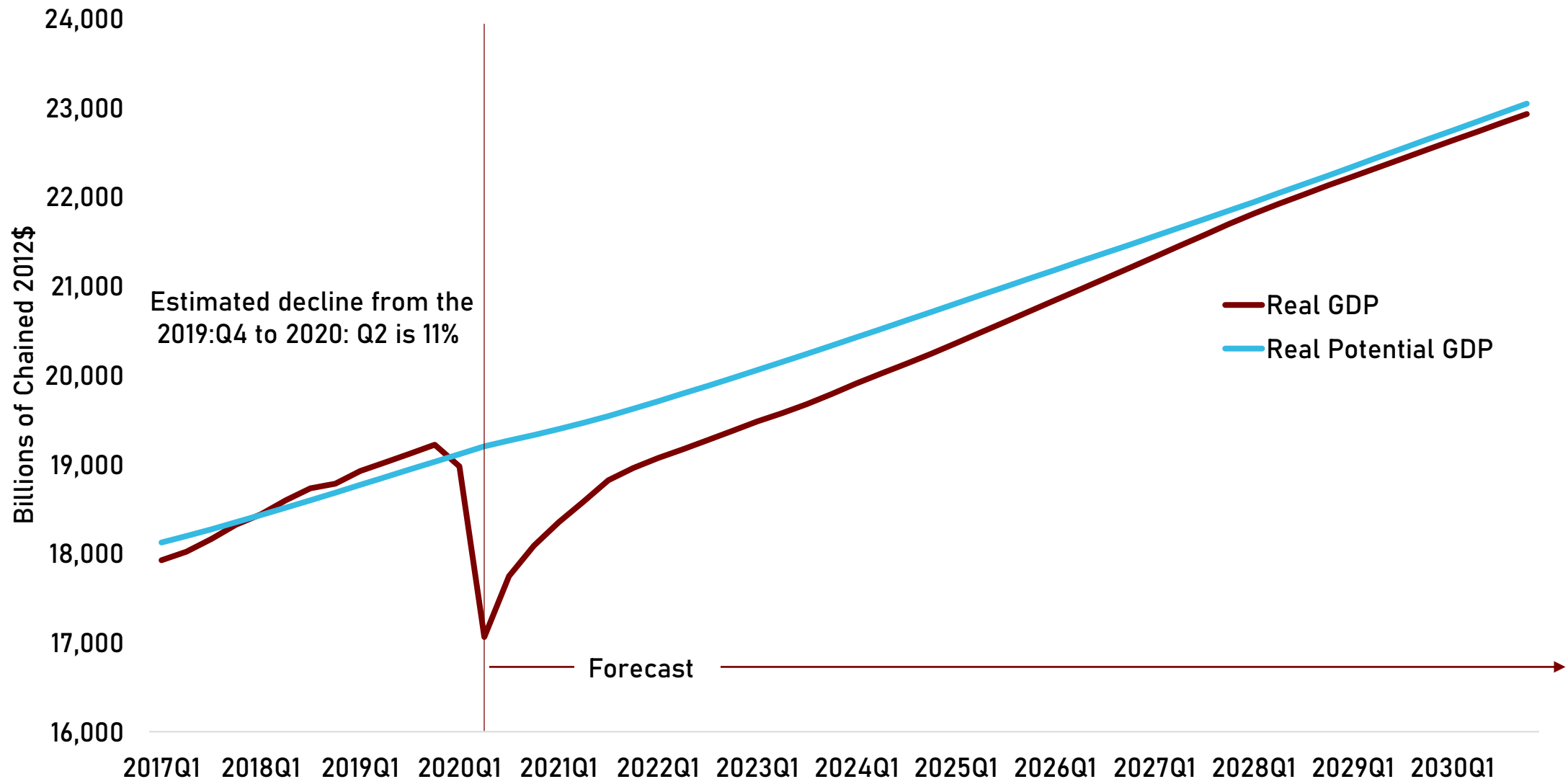


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Daily New COVID-19 Cases per 1000 Population



Real GDP and Real Potential GDP

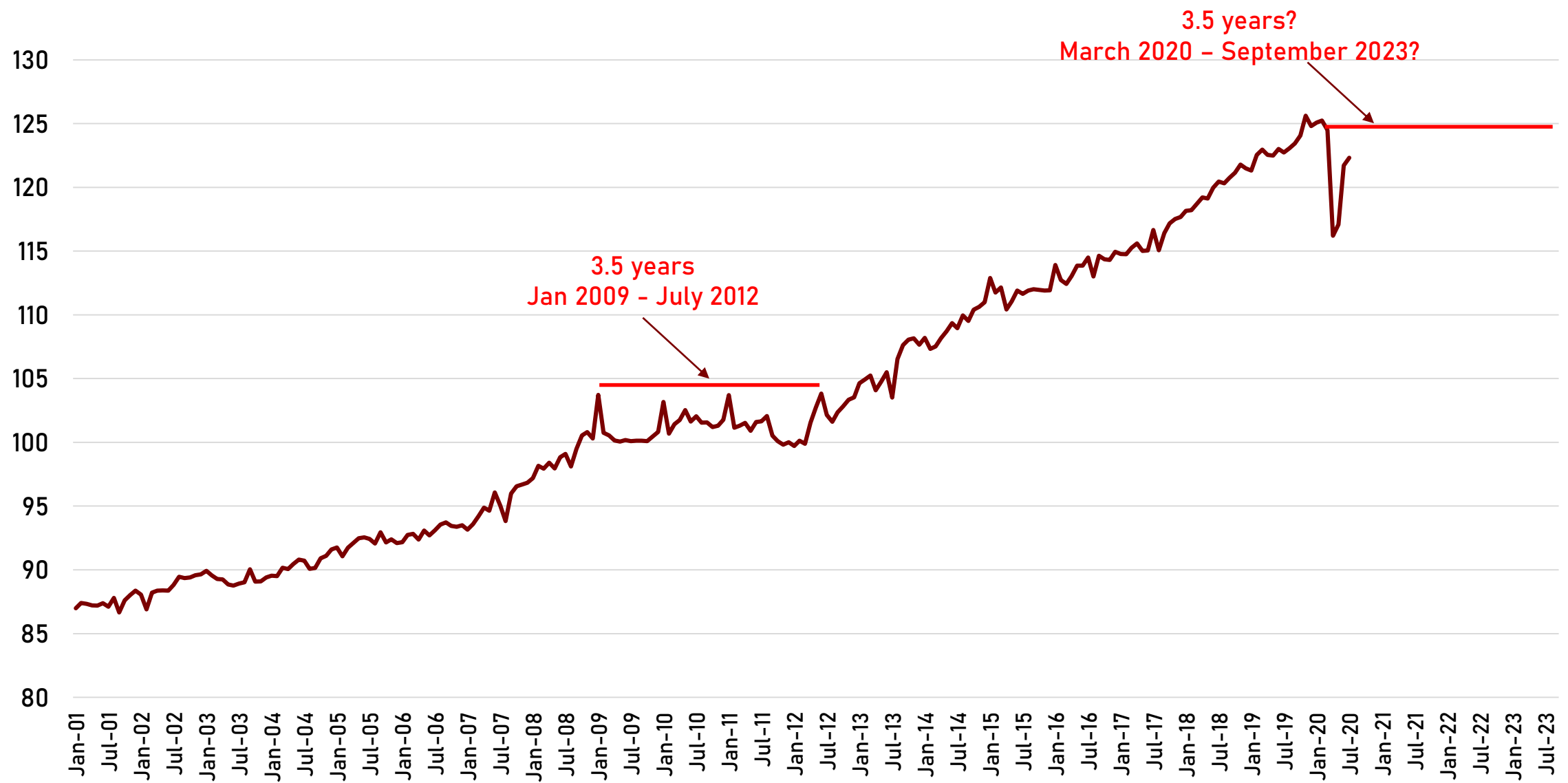


Source: Congressional Budget Office, *An Update to the Economic Outlook: 2020 to 2030*, July 2020



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College Station-Bryan Nonfarm Employment

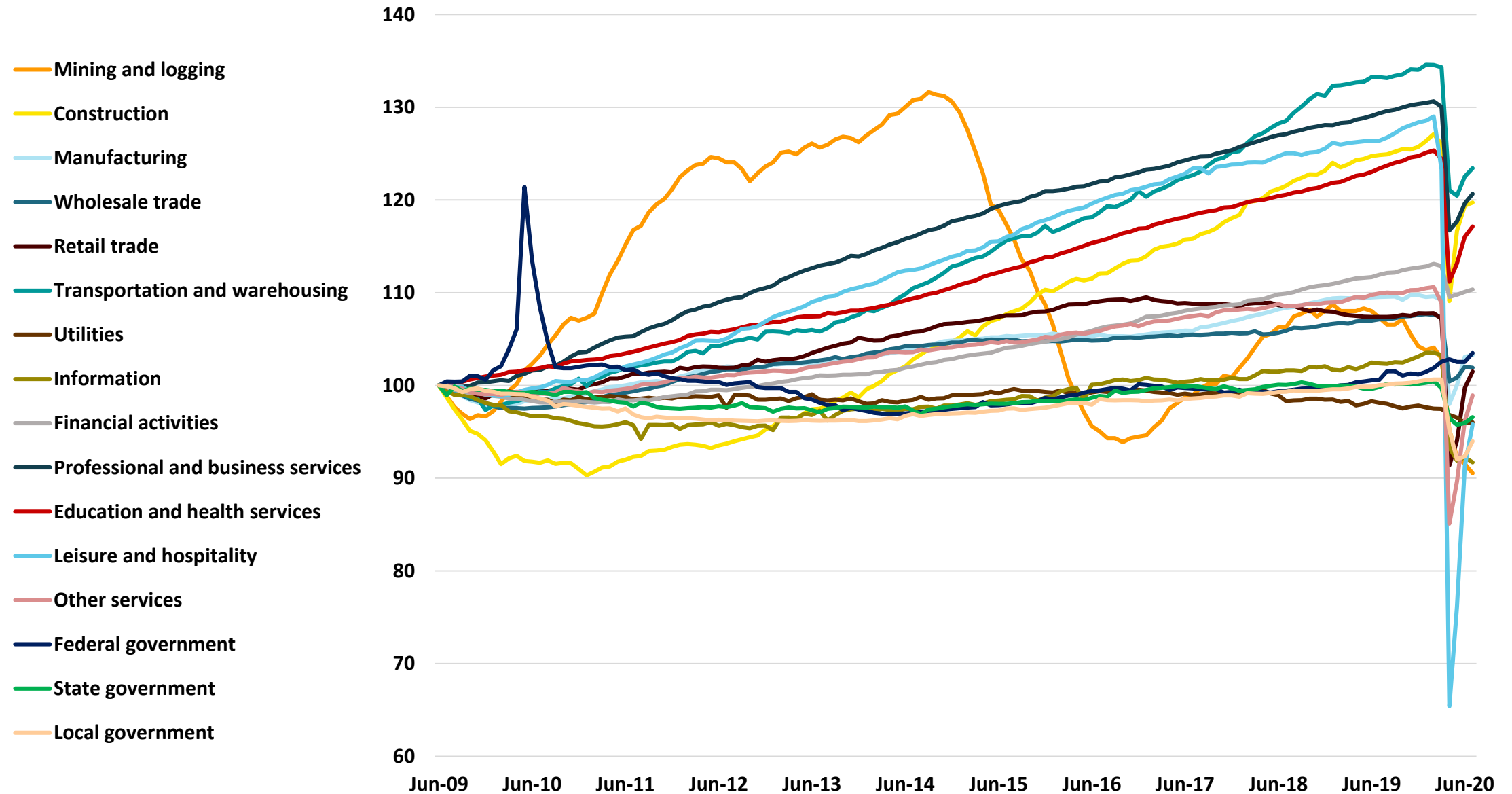


Source: Federal Reserve Dallas, College Station-Bryan Total Nonfarm Payroll Employment, two-step seasonally adjusted.



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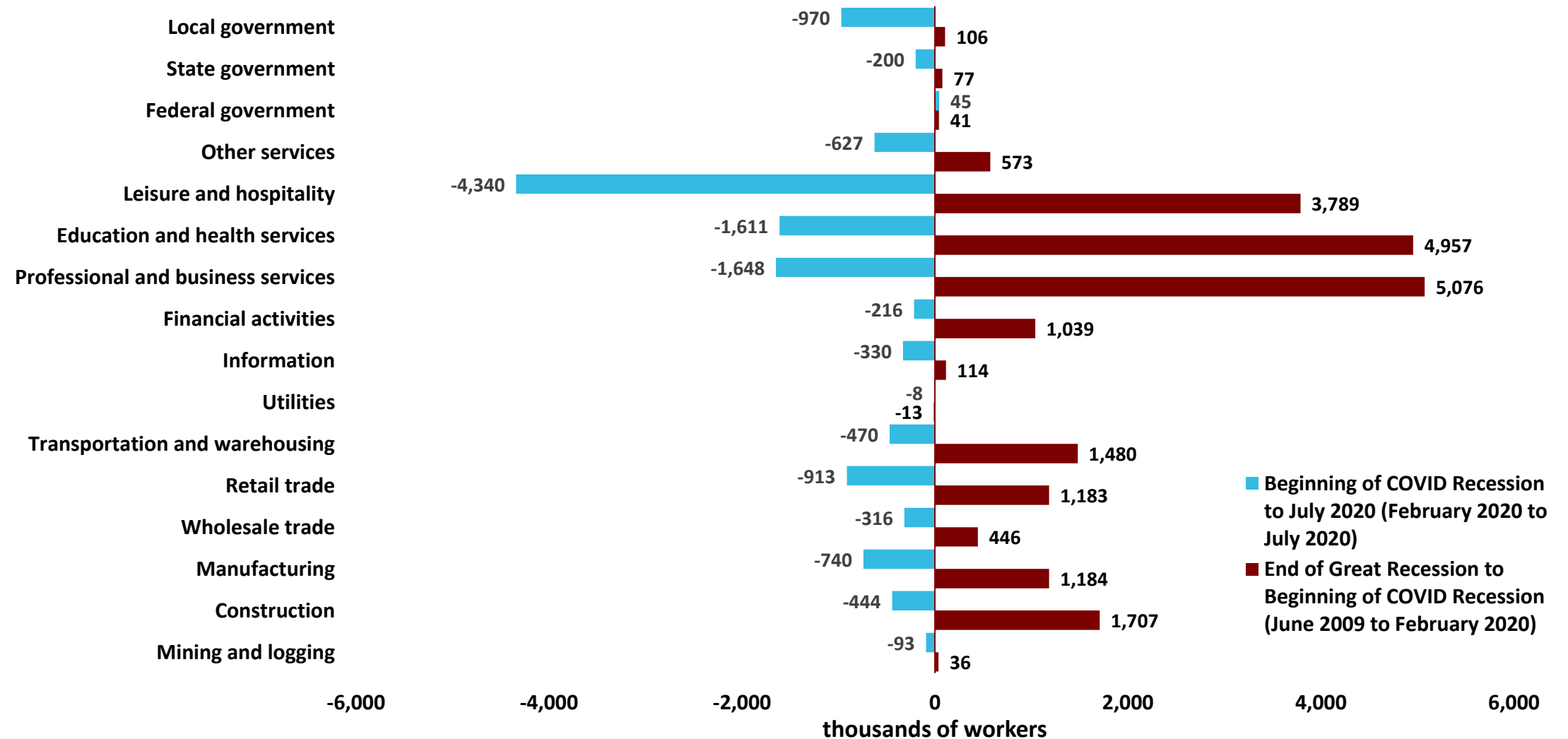
Industry Employment Indexed to June 2009



Source: U.S. Bureau of Labor Statistics. <https://www.bls.gov/charts/employment-situation/employment-levels-by-industry.htm>

Employment Gains and Losses

Great Recession to COVID Recession and Start of COVID Recession to July 2020



Source: U.S. Bureau of Labor Statistics. <https://www.bls.gov/charts/employment-situation/employment-levels-by-industry.htm>

State Budget Scenario - 1

- FY 2020 (September 2019 – August 2020)
- September – February: Tax collections up 5.5% over FY 2019
- March: Tax collections down **3.5%** over March 2019*
- April: Tax collections down **17.1%** over April 2019
- May: Tax collections down **25.8%** over May 2019
- June: Tax collections down **17.7%** over June 2019
- July: Tax collections up **1.6%** over July 2019
- August: Tax collections will decline by ??
 - Sales tax collections: up 4.3% in July.
 - Motor Vehicle Sales Taxes: down 3.7% in July.
 - Motor Fuel tax collections: down 2.2% in July.
 - Oil Production tax: down 40.3% in July.
 - Natural Gas Production tax: down 71.4% in July.
 - Hotel Occupancy tax: down 41.6% in July.
 - Alcoholic Beverages Taxes: down 6.2% in July.
 - Cigarette and Tobacco Taxes: down 6.9% in July.

*The franchise tax has been excluded from the monthly total tax calculations because its due date was delayed until July.



State Budget Scenario-2

- FY 2020 (September 2019 – August 2020)
 - Assume taxes down 9.7% for August (the percent decline for the months of March-July)
 - Implies tax collections of \$57.7 million for the fiscal year
 - FY 2019 collections were \$59.4 million, so FY2020 would have a 2.9% reduction for the year.
- Big Question: What will be the revenue decline in FY 2021?
 - Important to Texas A&M University and to local area government entities including school districts.



Local Budget Scenario – Part 1

	Proportion of Entity's Tax Revenue		
	Sales Taxes	Alcoholic Beverage Tax	Hotel Tax
Bryan	32.9%	0.3%	2.5%
College Station	34.7%	0.9%	6.7%
Brazos County	19.3%	1.0%	--
<i>State level changes in revenues compared to same month in 2019</i>			
April	-9.3%	-55.4%	-62.8%
May	-13.2%	-76.3%	-86.5%
June	-6.5%	-46.1%	-60.6%
July	+4.3%	-6.2%	-41.6%
4-month average	-6.2%	-46.2%	-62.9%



Local Budget Scenario – Part 2

Annualized Impact on Tax Collections (if the state average percent reduction in tax collections from April to July is applied to local budget for 12 months):

- Bryan Tax Revenue: -3.7%
- College Station Tax Revenue: -6.8%
- Brazos County Tax Revenue: -1.7%

There are other revenue impacts (e.g. Bingo revenue to Bryan)

There are expenditure impacts



Economic Indicators of the College Station-Bryan MSA

- The September edition of *Economic Indicators* will be released on September 17
- Dennis Jansen can be reached at dennisjansen@tamu.edu
- Andy Rettenmaier can be reached at a-rettenmaier@tamu.edu
- Research by Carlos Navarro at cinavarro@tamu.edu
- Issues of *Economic Indicators* are available at perc.tamu.edu or brazosvalleyedc.org

