



Alaska Small Business
Development Center

UNIVERSITY of ALASKA ANCHORAGE

COVID-19 AND THE ECONOMIC RECOVERY

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Alaska SBDC



The Alaska SBDC COVID-19 Resource Center

The impact of Coronavirus disease (COVID-19) on Alaskan communities and businesses is changing daily. The Alaska SBDC is here to support and prepare small businesses in the days, weeks, and months to come. In our COVID-19 Resource Center, you will find guidance, updates, and resources to help adapt in an unpredictable situation.

Visit: aksbdc.org/covid19/

- Assisting you in preparing to submit disaster relief funding or bank loan applications
- Completing financial analyses and modeling on your business
- Providing no-cost training for financial modeling, SBA programs, transitioning to online operations, and more



UNEMPLOYMENT IS STILL HIGH

US unemployment claims

Continued

Initial

The number of Americans filing for jobless benefits for at least two weeks in a row remains elevated and doesn't include the millions of recipients in the Pandemic Unemployment Assistance program. (The DOL recently changed its methodology for seasonally adjusting claims data.) Click above to see how the number of initial jobless claims dropped below 1 million.



Note: Seasonally adjusted

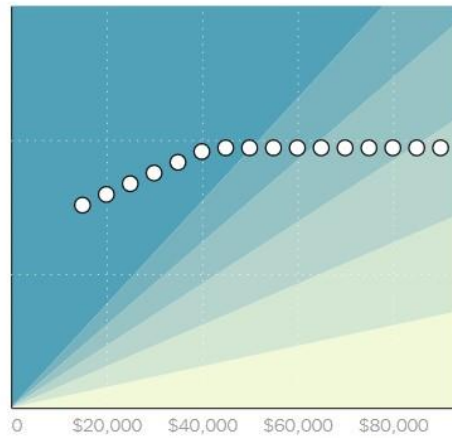
Source: [US Dept. of Labor via FRED](#)

Data as of September 17, 2020

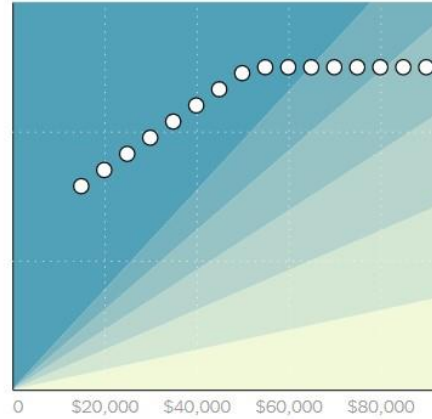


With \$600 CARES Supplement

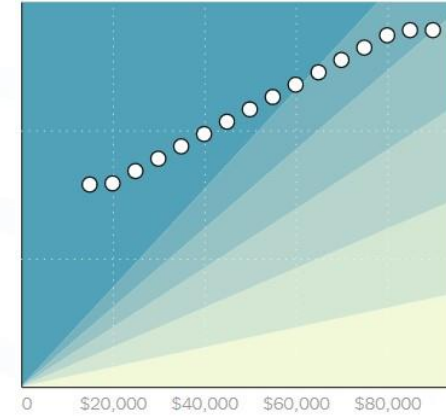
Alaska



Oregon

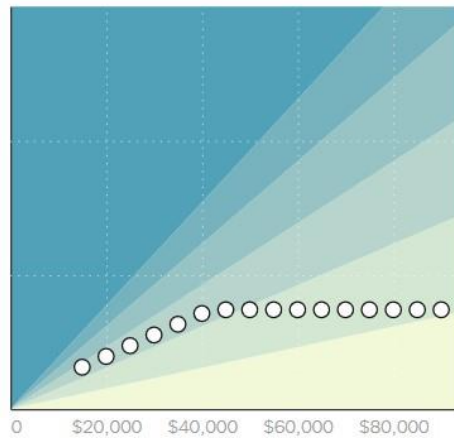


Washington

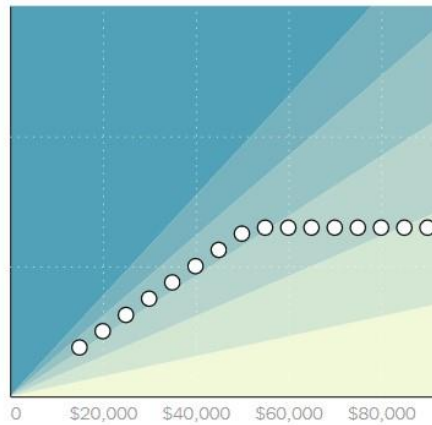


Regular State Unemployment

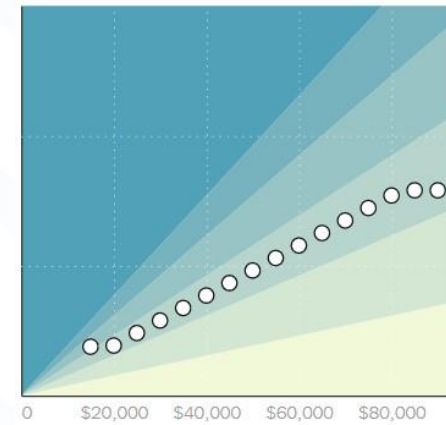
Alaska



Oregon



Washington





ECONOMIC INDICATORS

INDUSTRIES HARDEST HIT

Tourism

- \$1.5 billion labor income
- Hundreds of millions in local taxes
- 770,000 travelers vs 2.4 million last year

Restaurants and Recreation

- Restaurant reservations down 52%
- Movie box office sales at \$14.8 million
- Restaurants struggling to reopen impacts industry

Oil and Gas

- Oil is almost \$30 less now than 12 months ago
- Production is down as a result



ECONOMIC RECOVERY

When will things go back to normal

- CNN Business's Back to Normal Index released Monday – US at 78% of normal
- National Association of Business Economists say economy won't return to pre-pandemic levels until 2022

Some things will change

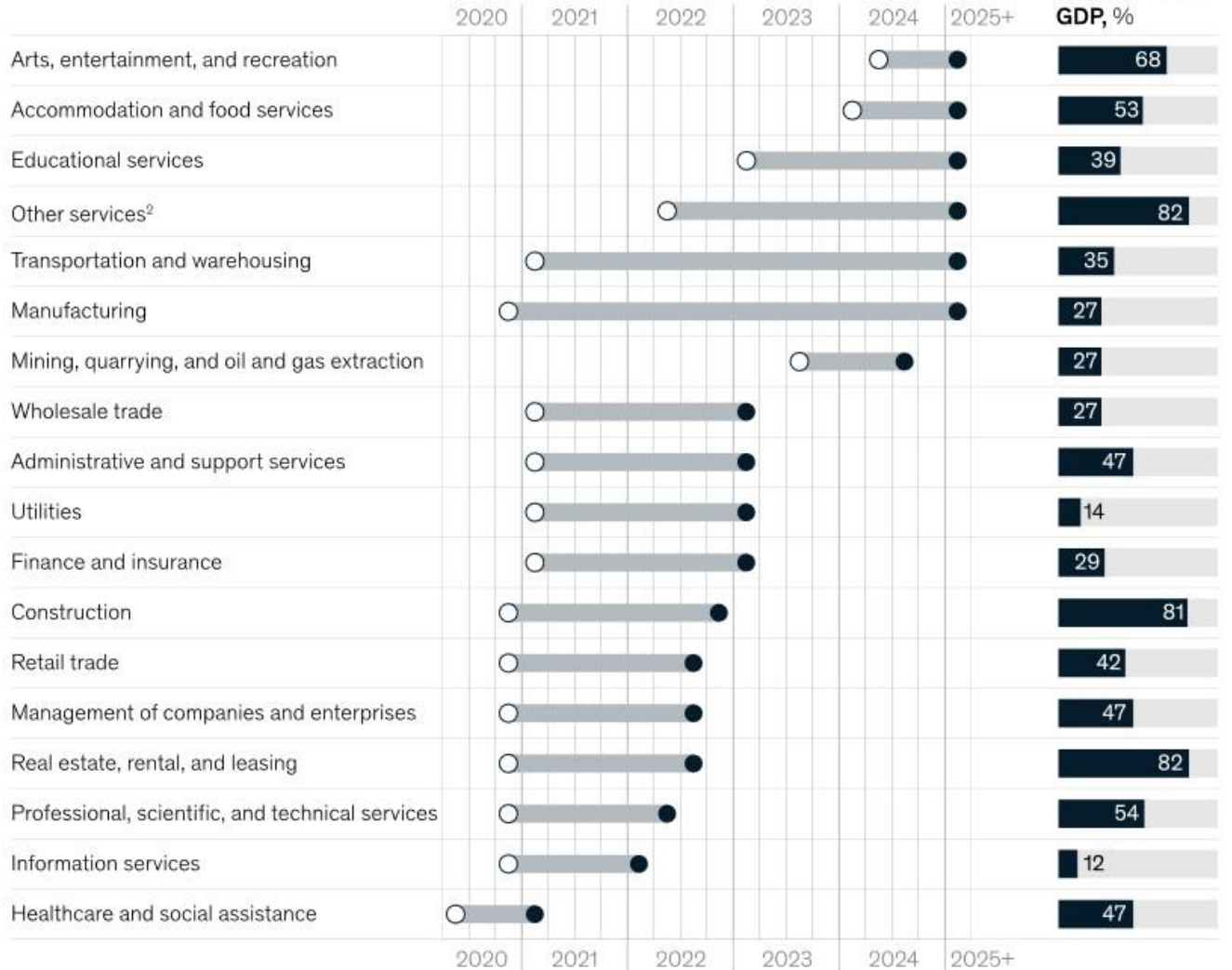
- Remote work will become more of a factor
- Experts mixed on impact to housing market
- Lack of stimulus bill will cause economic downturn to worsen
- Recovery is likely to be slow, especially for hardest hit industries



In a muted recovery, it could take more than five years for the most affected sectors to get back to 2019-level contributions to GDP.

Estimated time to recover to pre-COVID-19 sector GDP¹

○ Virus-contained scenario ● Muted-recovery scenario



¹Data as of June 15, 2020.

²Excluding public administration.

Source: Oxford Economics; McKinsey analysis; McKinsey Global Institute analysis



TOTAL PPP LOANS (ROUND 1 & 2)

	LOANS	AMOUNT	% OF ELIGIBLE PAYROLL
NATIONAL	5,212,128	\$525,012,201,124	N/A
ALASKA	12,087	\$1,311,919,096	74%
VERMONT	12,401	\$1,201,175,929	59%
MONTANA	23,908	\$1,780,415,878	75.6%
NORTH DAKOTA	20,510	\$1,775,524,393	73.0%
WYOMING	13,586	\$1,052,798,882	75.4%

*Note: Eligible payroll is based on calculations by Evercore of the average monthly 2019 payroll of businesses with fewer than 500 employees in each state, multiplied by 2.5. Source: SBA, Evercore ISI, based on Census Bureau data

** Data accurate as of 8/8/2020



DISTRIBUTION OF EIDL LOANS

	LOANS	AMOUNT	% OF TOTAL \$
NATIONAL	3,589,667	\$190,365,492,858	100%
ALASKA	7,461	\$443,771,900	0.25%
VERMONT	6,238	\$341,984,310	0.20%
MONTANA	9,815	\$531,428,600	0.31%
NORTH DAKOTA	5,961	\$375,828,000	0.21%
WYOMING	5,191	\$310,796,400	0.17%

*Note: Data is only current through 9/13/20.



DISTRIBUTION OF EIDL GRANTS

	LOANS	AMOUNT	% OF TOTAL
NATIONAL	5,781,390	\$20,000,000,000	100%
ALASKA	10,389	\$32,751,000	0.16%
VERMONT	11,425	\$35,587,000	0.18%
MONTANA	17,234	\$51,221,000	0.26%
NORTH DAKOTA	10,702	\$33,214,000	0.17%
WYOMING	9,060	\$27,899,000	0.14%

*Note: Data is only current through 7/14/20.



NEW STIMULUS BILL COMPARISONS

	CARES ACT	HEROES ACT (HOUSE)	HEALS ACT (SENATE)
TOTAL FUNDING	\$2.2 TRILLION	\$3 TRILLION	\$1 TRILLION
STIMULUS CHECKS	\$1,200 FOR SINGLES UNDER \$75K, OR JOINT UNDER \$175K \$500 FOR KIDS UNDER 13	\$1,200 FOR DEPENDANTS (MAX OF 3)	CHANGES KIDS TO DEPENDANTS UNDER 23. NO PRISONRS OR DEAD PEOPLE
UNEMPLOYMENT	\$600 ADDITIONAL PER WEEK	EXTENDS TO JAN 2021 FOR MOST WORKERS. MAR 2021 FOR GIG, INDEP, PT AND SELF EMP.	\$200 PER WEEK THROUGH SEPT. 70% OF INCOME OCT-DEC 2020
PAYCHECK PROTECTION PROGRAM	\$659 BILLION IN FORGIVABLE LOANS. 60% ON PAYROLL FOR FORGIVENESS	EXPAND ELIGIBILITY, ELIMINATE 60% PAYROLL, DEC 2021	ALLOWS FOR SECOND PPP. ADDS \$190 BILLION ELIMINATE 60%



STIMULUS BILL COMPARISONS

	CARES ACT	HEROES ACT (HOUSE)	HEALS ACT (SENATE)
EMPLOYEE TAX CREDIT	50% CREDIT UP TO \$10,000 IN WAGES	INCREASES CREDIT TO 80% UP TO \$15,000 WAGES	INCREASES CREDIT TO 65% UP TO \$30,000 WAGES
EVICITION PROTECTIONS	BANS LATE FEES UNTIL JUL 25 AND EVICTIONS UNTIL AUG 24 ON CERTAIN PROPERTIES	EXPANDS TO COVER NEARLY ALL RENTAL PROPERTIES. EXTENDS EVICTION 12 MONTHS ADDS \$300 BILLION	NOT INCLUDED
EDUCATION FUNDING	DOES NOT ADDRESS	\$58 BILLION FOR K-12, \$42 BILLINO FOR HIGHER ED	\$70 BILLION K-12, \$29 BILLION HIGHER ED, \$1 BILLION BIE, \$5 BILLION STATES
LIABILITY PROTECTION	DOES NOT ADDRESS	DOES NOT ADDRESS	5 YEAR LIABILITY SHIELD



WHAT CAN WE DO NEXT?

DEPLOY THE FUNDING WE HAVE

- Get the Alaska Cares and local government funding out
- Look to reallocate other existing state and local funds towards business and individual support

START PLANNING FOR THE FUTURE

- We need a comprehensive 3-, 6- and 12-month plan for the state and urban centers
- Start positioning Alaska industries for the recovery
- Advocate for additional federal aid with more flexibility

SUPPORT LOCAL BUSINESSES

- Advocate for buying local, getting gift cards, promoting restaurants and retail shops, etc.
- Advocate for policy changes to lower costs and burdens on businesses



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THANK YOU!

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