



ABILENE CHAMBER

## DAILY BUSINESS BRIEF

*Skimming the daily updates for your business so you don't have to.*

### AISS COVID-19 SURVEY RESULTS

Most parents told the Abilene Independent School District that they'll feel comfortable sending their students back to school in person this fall.

In a recent survey, 28% said they feel comfortable as long as the district takes precautions against the spread of the coronavirus. 45% even said they are comfortable returning their kids to school without additional safety precautions against COVID-19, and 27% told district officials they won't send their children back to school until the pandemic is over.

Most AISD staff members are ready to be back in the classroom. 48% said they don't need extra precautions against COVID-19, while 41% would like the district to put safety measures in place. 10% of staff members said they'll be uncomfortable returning until the pandemic is over. (source KACU)

### BUSINESS MARKET & ECONOMIC SPOTLIGHT

On Monday, [a group of economists](#) reported the U.S. economy entered into a recession in February. The committee from the National Bureau of Economic Research cautioned this recession could be shorter than previous recessions due to its characteristics but the magnitude of the decline in employment and production marks the time period clearly as a recession. They concluded that the novel coronavirus pandemic and public health response have resulted in a "downturn with different characteristics and dynamics than prior recessions."

Additionally, Texas has endured economic downturns in recent months and is in the initial stages of a recession as a result of the pandemic. The material below is gathered to help shine additional light on the various factors and complexity of circumstances that impact the Texas economy both at a state and local level. Also below are some national updates as well to help add to the overall economic outlook.

The [Perryman group](#) cautions it may take two to five years to return to pre-COVID 19 levels of business activity but with Texas' underlying economy prior, the state is more likely to see a "more of a pause than a fundamental change (assuming safe and effective measures to resume activity are successful with no additional outbreaks and shutdowns)."

#### Local Communities

Local community leaders have reported that the pandemic caused "significant" disruption to economic conditions in their communities with 68% anticipating a "difficult" economic recovery, while a little less than 28% expect their local economy to "bounce back quickly," reports the [Dallas Federal Reserve](#).

Although improvement overall in the economy is expected as operations and businesses see relaxed requirements, economists are cautioning it may take time for the state to

return to the level of activity the state would have seen absent COVID-19. Furthermore, according to the [Dallas Federal Reserve survey](#) of local community leaders which covers Texas as well as parts of Louisiana and New Mexico, "nearly 40 percent of respondents estimate that it will take 7 to 12 months for their communities to return to pre-pandemic economic conditions. Another 35 percent believe it will take longer than one year."

### **Survey of Economic Conditions from Local Leaders**

Between April 8 and April 10th, the 12 Federal Reserve Banks and the Board of Governors surveyed leaders to learn about the economic outlook for their communities. The Fed published the survey results in its report, "[Perspectives from Main Street: The Impact of COVID-19 on Communities and the Entities Serving Them](#)." A [snapshot of responses](#) from the Southwest region, including Texas, northern Louisiana, and southern New Mexico, is included below:

- 59% of respondents said their entities could operate for no longer than 6 months before experiencing financial distress,
- Nearly 40% of respondents said it will take 7-12 months for their communities to return to pre-pandemic economic conditions, another 35% said it will take longer than one year
- 57% of respondents have seen an increase or anticipate an increase in demand for their services, with 53% reporting a decrease or expected decrease in their ability to provide services

### **Texas Sales Tax Revenues**

At the beginning of June Comptroller Glenn Hegar [announced](#) state sales tax revenue totaled \$2.61 billion in May, 13.2% less than May 2019 and was the steepest year-over-year decline since January 2010. "With the easing of state and local government social distancing orders beginning in May, business activity in the sectors most affected by measures to curb the pandemic should begin to slowly recover, but operations resuming at reduced capacity will result in continued reductions in employment, income and activity subject to sales tax for months to come," Hegar said.

Graphs on the measure of inflation, Texas home sales, non-residential sales, fuel prices, and more can be viewed on the Texas Comptroller site of [Key Economic Indicators](#).

### **Texas State Budget**

Sales tax is the largest source of state funding for the state budget, accounting for 57% of all tax collections, but the effects of the economic slowdown and low oil prices were evident in other sources of revenue in May 2020.

Texas is currently several months into the biennial budget (FY 2020-21 budget cycle) that was passed during the 86th Legislature. The next budget will be drafted when the 87th Legislature convenes in January 2021.

State revenue by sources include tax collections (sales, oil production, natural gas, motor fuels, motor vehicle sales and rental, franchise, cigarette and tobacco, alcoholic beverages, insurance occupation, utility, hotel occupancy, other taxes); federal receipts; licenses/fees/fines and penalties; interest and investment income; lottery; land income; and other revenue sources. The Texas Comptroller has a [monthly state revenue watch website](#) on general revenue-related funds that was last updated May 2020 to review the changes in collections over the last two months. The Comptroller has also published a [Sources of Revenue](#) report that has been updated through fiscal 2018 to provide a quick guide to the history and current status of Texas state revenue sources.

The Comptroller also provides a [Biennial Revenue Estimate \(BRE\) at the beginning of every regular legislative session](#) which outlines how much state revenue is available to lawmakers for the biennium. Last biennium sales taxes made up over half of the general revenue-related revenue.

The Comptroller's office expects to release an updated revenue estimate for fiscal 2020 and 2021 in July that will revise the revenue forecast downward.

Additionally, Governor Greg Abbott, Lieutenant Governor Dan Patrick, and House Speaker Dennis Bonnen [sent a letter in May](#) directing state agencies and institutions of higher education to each submit a plan identifying savings that will reduce respective general and

## WHAT WE'RE READING

### Meat Packers Back to Near-Normal Capacity

*"As of June 9, processing facilities across the cattle, swine and broiler sectors are operating at more than 95% of their average capacity compared to this time last year, according to Agriculture Secretary Sonny Perdue."*

[Read more.](#)

***You don't want to miss these upcoming event for your business.***

**6/11 SBA WOMEN FEDERAL CONTRACTING CERTIFICATIONS & UPCOMING CHANGES** SBA's Women Owned and Economically Disadvantage Women Owned Small Businesses (WOSB/EDWOSB) Federal Contracting Certification Program LIVE Webinar, June 11 at 10:00 a.m. (Central Standard Time). [Register here.](#)

**6/16 UNDERSTANDING THE PPP LOAN FORGIVENESS PLAN** This webinar will help you get the maximum PPP loan forgiveness for your business. [Register here.](#)

**6/18 RURAL TRANSPORTATION IMPROVEMENT PROGRAM** The purpose of this meeting is to receive comments on the Fiscal Year (FY) 2021-2024 Rural Transportation Improvement Program (TIP) for the Abilene District. [More info.](#)

## MORE FROM THE CHAMBER:

- [Abilene Chamber Now Seeking Nominations for Citizen of the Year](#)
- [Art Groups Find New Ways to Reach Audiences](#)
- [Abilene Chamber Announces 2020 Agriculture Scholarship Recipients](#)
- [Update your newsletter preferences](#)
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