



The Perryman Group

COVID-19 Pandemic Could Cost The Waco Area over 10,000 Job-Years April 2020

Measures taken to “flatten the curve” of the coronavirus and prevent a major spike in infections have caused a strong shock to the economy. As noted in recent reports by The Perryman Group related to COVID-19’s impact on the US economy and the 10 most populous states, many factors will determine the ultimate effects of the coronavirus on the economy, most of which are highly uncertain at present.

The Perryman Group developed a plausible scenario for estimating the ultimate effects of the coronavirus based on a variety of public and private source materials (further described in the US and Texas briefs available at perrymangroup.com). The Perryman Group estimates that the COVID-19 pandemic could cost the US economy approximately \$972.6 billion in real gross product and 11.4 million job-years (a job-year is the equivalent of one person working for a year, though it could be multiple individuals working partial years).

For Texas, The Perryman Group estimates that the cost of COVID-19 and the associated

disruptions in the oil market is almost \$101 billion in real gross product and 1.0 million job-years. Communities across the state and nation are feeling negative effects. The Perryman Group estimated the potential costs of COVID-19 for the Waco area. Projected real gross product losses total approximately \$904.2 million and 10,100 lost job-years.

Note that jobs are reported on an annual basis; thus, many more individuals are likely to be affected for a portion of the year. More detailed results by industry are provided below. Although the situation is changing rapidly and the ultimate outcomes will undoubtedly vary from these estimates, they provide a guideline for planning and expectations.

The physical wellbeing of the population is of paramount concern, yet the economic consequences must also be aggressively addressed as they too involve substantial human costs.

A Representative Illustration of the Potential Overall Impact of the COVID-19 Pandemic on Business Activity in the Waco Area*

Results by industry sector in millions of 2012 US dollars

Industry Sector	Real Total Expenditures	Real Gross Product	Real Personal Income	Job-Years
Agriculture	-\$31.9 m	-\$7.7 m	-\$5.2 m	-84
Mining	-\$20.7 m	-\$6.2 m	-\$3.9 m	-33
Utilities	-\$81.1 m	-\$18.6 m	-\$8.1 m	-34
Construction	-\$89.6 m	-\$43.9 m	-\$36.2 m	-511
Manufacturing	-\$1,184.0 m	-\$338.6 m	-\$188.0 m	-2,768
Wholesale Trade	-\$112.2 m	-\$75.9 m	-\$43.8 m	-490
Retail Trade*	-\$311.6 m	-\$214.7 m	-\$121.5 m	-4,245
Logistics*	-\$61.8 m	-\$38.4 m	-\$25.4 m	-351
Information	-\$12.2 m	-\$7.4 m	-\$3.1 m	-28
Financial Activities*	-\$229.9 m	-\$72.4 m	-\$28.7 m	-302
Business Services	-\$45.0 m	-\$26.8 m	-\$21.9 m	-266
Health Services	+\$22.2 m	+\$13.8 m	+\$11.7 m	+193
Other Services	-\$138.8 m	-\$67.3 m	-\$51.2 m	-1,227
All Industries	-\$2,296.6 m	-\$904.2 m	-\$525.3 m	-10,145

Source: US Multi-Regional Impact Assessment System, The Perryman Group

*The Waco Area is comprised of Falls and McLennan Counties. Monetary values given in millions of 2012 US dollars. Components may not sum due to rounding. Retail Trade includes Restaurants, Logistics includes Transportation & Warehousing, Financial Activities includes Real Estate.

METHODS AND ASSUMPTIONS

The Perryman Group's scenario for the effects of COVID-19 reflects a variety of public and private source materials including, among others, data from sectors that have been particularly affected, information from areas where the pandemic spread earlier (as well as prior pandemics and natural disasters), performance patterns in other economic downturns and recoveries, and historical responses to oil price fluctuations. Reasonable measures of potential direct effects by detailed industrial category were developed through this process. These direct

effects were then used as inputs to The Perryman Group's dynamic and integrated econometric and impact assessment systems to determine total economic costs of COVID-19 as various sectors interact throughout the Texas economy and its various regions. Allocations to metropolitan areas (MSAs) were developed based on the unique industrial structure of the area economy.

The US Multi-Regional Impact Assessment System and the US Multi-Regional Econometric Model are integrated in this dynamic analysis.

These systems have been developed, maintained, and expanded by TPG over the past four decades. They have been used in thousands of applications, including numerous crisis situations (including several natural disasters), major health care issues (such as cancer and diabetes), pressing social concerns (such as hunger, child maltreatment, homelessness, and indigent health care), and substantial disruptions in global energy markets. The approach facilitates evaluation of extensive detail across hundreds of industrial sectors.

THE PERRYMAN GROUP



The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.

Our in-house professionals bring expertise in **economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing.** Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

OUR SERVICES

IMPACT ASSESSMENT

We have developed and continually maintain an extensive set of economic impact evaluation models that can be applied in a variety of contexts.

EXPERT TESTIMONY

We help clients analyze and communicate complex information in common-sense terms through comprehensive, objective analyses and clear, concise expert reports and presentations.

FORECASTING

We are at the cutting edge of econometrics and other advanced statistical methods and have provided innovative approaches for many complex applications.

SPEECHES

Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.

M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.



He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust and competition, intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages calculation, asset valuation, market analysis, and statistical methods and econometrics.

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