



Date: Monday, March 23, 2020

RE: “State Hiring Freeze and Budget Cuts” (summary of third-party economic research and perspectives to foster communication with business and economic development stakeholders during the COVID19 crisis.)

Key Takeaways

- Global: Cases surge past 370,000 and death toll hit over 16,000. Massive aid packages discussed.
- U.S.: New York State now accounts for [nearly 6% of world's](#) positive COVID-19 cases after jumping from 10,000 to 20,000 over the weekend. Michigan, Indiana, West Virginia, Oregon, Ohio issue [stay-at-home](#) orders while Massachusetts issues a stay-at-home advisory.
- Ohio: In his [daily press conference](#), Governor DeWine announces state government hiring freeze and beginning of discussions regarding government spending cutbacks.

Global

The [EU urges nations to unblock borders](#) to let freight cross, noting that delays (up to 18 hours) have to stop as they paralyzed transport and risk shortages and wait times. The International Olympic Committee considers [postponing Tokyo games](#).

At the same time, [Japan](#) is considering an emergency economic package worth more than ¥30 trillion (\$270 billion) to include cash and gift certificates to the public and financing for small and midsize companies to stay in business and maintain employment. It spent ¥15 trillion in the 2008 global financial crisis. [Germany](#) has a plan to increase borrowing by as much as 150 billion euros (\$160 billion), pass a 156 billion euro (\$167 billion) supplementary budget, and set up a 500-billion-euro bailout fund to take stakes in critical industries. Angela Merkel [tests negative](#) for the virus after exposure. [South Africa](#) will be the third country in Africa to close down all but essential economic activity, after Rwanda and Tunisia.

U.S.

The Federal Reserve committed to [unlimited purchases](#) of U.S. Treasuries and agency mortgage-backed securities and established three facilities to support large employers, consumers, and small businesses. Consumer spending on transportation, entertainment, gambling, travel and restaurants is expected to fall by 40-90% with no recovery until August. [Multiple states issue shelter-in-place orders](#), and non-essential businesses to cease operations. [A group of economists report](#) that while the economic damage is deeper with optimal health measures are taken, a recession is unavoidable even without them, as infected people would stay at home to recover and millions would die, the report shows.

The [National Multifamily Housing Council \(NMHC\)](#) recommends the halt of evictions, avoidance of rent increases, creation of payment plans, and mortgage forbearance for landlords.

Plunging crude oil prices and weakening demand have transformed the forecast for ethylene, driving down the cost of naphtha and narrowing the cost advantage of US ethane. Depending on when oil prices recover, the US ethane advantage could disappear.

Northrup Grumman priced a [record \\$2.25 billion debt offering](#), and warned that if operations are [affected by COVID-19](#) they may be unable to meet contract specifications. [Boeing](#) will suspend its Puget Sound, Washington production operations for 14 days. [Airbus](#) of Mobile, Alabama plans to continue its production at the final assembly line. CVS Health will [hire 50,000](#) in response to Coronavirus demand.

Automakers are working to see if they can orchestrate provisional manufacturing of ventilators in as soon as two weeks. [Amazon and Microsoft](#) are rolling out separate initiatives to support COVID-19 diagnostics and research.



BIO (Biotechnology Innovation Organization) released a [Coronavirus Hub](#) that connects companies with relevant supplies, capacities, and resources to share with those in need.

Ohio

Ohio Director of Public Health issued “[Stay at Home](#)” Order, effective Monday, March 23, 2020. Those in the [defense supply chain](#) are considered essential. It is estimated that [1 in 7 Ohio jobs](#) are in impacted industries.

The Governor has instituted a [hiring freeze](#) for the state and confirms he is considering use of the rainy day fund in talks with the legislator while emphasizing spending cut-backs, “Our focus has to be on getting through this.”

<i>Positive Company-Specific News (since 3/21)</i>	<i>Negative Company-Specific News (since 3/21)</i>
<ul style="list-style-type: none"> - Jergens to produce a tool for ventilator production in Cleveland - Kraft Heinz has been in direct communication with Amazon & Walmart to speed up food deliveries. By cutting non-popular foodstuffs they have freed up enough people to create a 3rd shift at many of their factories. - The Kroger Co. Announced a one-time appreciation bonus for full and part-time employees in addition to expanding its COVID-19 emergency leave guidelines to include PTO. - Fifth Third Bancorp announced that employees working in essential customer services roles will be eligible for a pay bonus up to \$1,000 with installments paid in April and May. 	<ul style="list-style-type: none"> - Navistar suspends production at its truck assembly plant in Springfield, Ohio. (2,100 Ohio employees) - Cooper Tire & Rubber today announced it will temporarily shut down its tire manufacturing facilities in the United States. (1,700 Ohio employees) - GE Aviation to cut U.S. workforce by 10%; expects to save \$500MM-\$1B (11,500 Ohio employees) - Signet Jewelers announced it will be temporarily closing physical locations in North America but employees with receive a combination of base pay and PTO. (3,100 employees in Ohio). - Aramark food services forecasts up to a 20% income drop due to the coronavirus and has fully drawn down on its revolving credit increasing its cash available to \$1.3B. (6,000 employees in Ohio). - US Steel Tube in Lorain to lay off 250 starting May 24. - Norcold will lay off 224 in Sidney, 121 in Gettysburg effective immediately. - Matsu Ohio in Edgerton will furlough workers for one week 3/23-3/30.

Resources

- Ohio Department of Health’s COVID-19 Website: www.coronavirus.ohio.gov
- JobsOhio’s resource portal remains available at: <https://www.jobsohio.com/covid-19-resources/>

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