



The Importance of Reopening Texas for Business

As one of Houston's largest economic development organizations, the Bay Area Houston Economic Partnership has, for more than 44 years, supported businesses in southeast Texas. BAHEP's Board of Directors, and its more than 270 member companies, strongly encourage Texas elected officials (local, state, and federal) to use all means possible to immediately develop a strong, coordinated, and collaborative back-to-work plan to reopen Texas for business. Further, because of Texas' strong corporate readiness, its engineering prowess, its 'can-do' spirit, and its proven expertise gained from successfully navigating previous crises, Texas is uniquely qualified to lead the rest of the nation in its reopening plans. In addition Houston business leaders are ready to assist and participate in these planning and implementation phases to create action now toward a positive outcome.

Before we get to the many pressing justifications for a restart, we first want to thank Governor Abbott for the strong leadership he has already exhibited in moving Texas, and the nation, forward. He has been correct to state, paraphrasing, that as goes Texas, so goes the nation. We applaud his efforts to release a 'return to work' plan as early as the end of this week.

Texas enjoys America's second largest state economy and produces more than \$1.8 trillion of annual economic output -- ranking the Lone Star State as the world's 10th largest economy. GDP in Texas ranks slightly higher than all of Canada's GDP of \$1.73 trillion. Texas has led the nation in new job creation for the last several years. It is imperative to get Texas' massive economic engine back to full production as soon as possible.

Closer to home, any lingering daily decline resulting from a continuing business shutdown undoubtedly will bring down the Houston area's total economic output for 2020. Economic data and forecasts present an increasingly grim outlook for Houston. A new Moody's Analytics analysis commissioned by the *Wall Street Journal* provides one measurement of the economic damage being inflicted on Houston. The analysis, published April 2, indicates business closures in Harris County — which represents two-thirds of the region's population — have caused a 27 percent drop in the county's daily economic output.

The back-to-work plan needs to be aggressive, and yet safe for Texas workers, customers, healthcare suppliers, and citizens. It must balance the necessary need for action with the safety and well-being of every Texan.

This is just the kind of challenge to which Texans have always risen -- we can create and execute such a plan. We must take bold action NOW before the harm resulting from the COVID-19 cure (national economic shutdown) becomes worse than the disease itself.

We must get the Texas, and Houston, economies restarted as soon as possible as they have been doubly injured. First, from the virus-related shutdown itself and, secondly, from the sharp reduction in the demand for fossil fuels (Texas' lifeblood) resulting from the global immobility caused by the shutdown.

The energy industry is grappling with the oil war between Russia and Saudi Arabia as well as depressed demand for crude oil and gasoline. Economists predict the Houston area's workforce will see massive losses as a result of the coronavirus and energy downturns.

Economist Bill Gilmer, director of the Institute for Regional Forecasting at the University of Houston's Bauer College of Business, says a moderate recession could siphon as many as 44,000 jobs from the region's economy by the end of this year. The Perryman Group, a Waco-based economic analysis firm, envisions the Houston area losing nearly 256,000 jobs and racking up \$27 billion in economic losses. Patrick Jankowski, Greater Houston Partnership economist, splits the difference and anticipates job losses of at least 200,000, meaning losses would be less severe than the 1980s energy bust but more severe than the Great Recession.

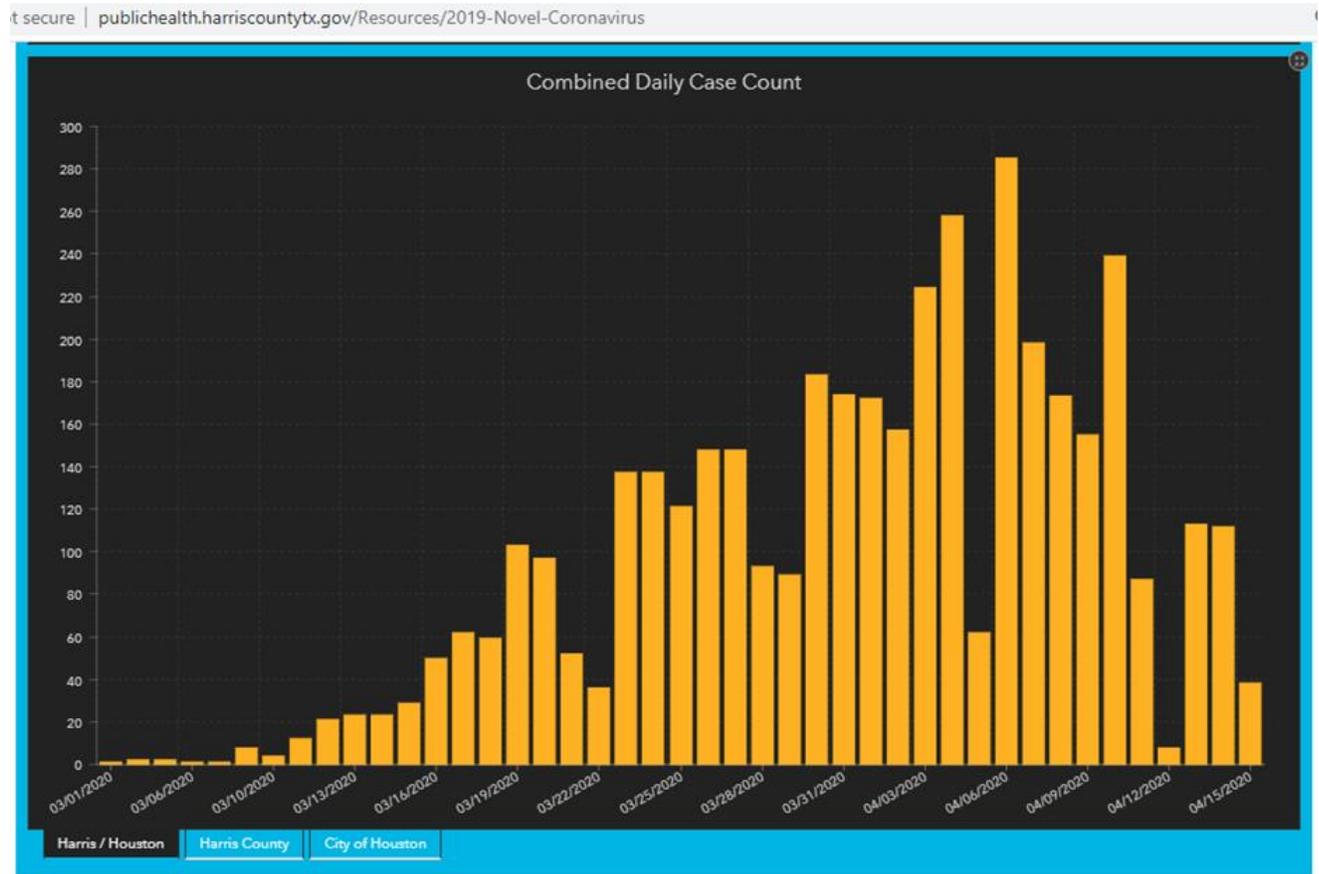
The stay-at-home directives are negatively affecting virtually every sector of Texas' economic base. Restaurants are in a fight for survival. Even with federal relief, Texas' major airlines - American, United, and Southwest - are reeling. In the lodging sector, Texas is projected to lose 44 percent of its jobs, or more than 64,000 positions, according to a mid-March forecast from the American Hotel & Lodging Association. Experts predict some Texas hotels won't survive the coronavirus crisis unless swift action is taken to get back to work. Galveston's previously thriving cruise industry has been decimated.

Another very important reality is that the healthcare sector is extremely vulnerable right now. While we appreciate that local hospitals have not been inundated with COVID-19 cases, regular hospital admissions have been drastically reduced because of the postponement or cancellation of elective surgeries and treatments for non-life-threatening illnesses. Hospital revenues have plummeted as a result. Texans are delaying all doctor and dental visits out of concern for the virus. It is imperative that we keep the Texas healthcare system functional and the back-to-work plan must address these healthcare issues.

There has been real harm caused within family life in Texas. There have been 745,443 total unemployment claims in Texas since March 14th, representing 5.2% of the state labor force. People's schedules are in flux, children are at home, and Texans are suffering.

But emerging good news is providing evidence that this is the best time to develop the back-to-work plan. It appears that we are at, or near, the apex of new cases of COVID-19. People are recovering and new cases are dropping. For Harris County, an April 15th graph (see below) of

the Combined Daily Case Count (tracking new cases minus recoveries) shows a sharp declination. This is great news and the long awaited light at the end of the tunnel.



There are 3,238 active cases combined in Harris County and the City of Houston now - with 801 recoveries. And the recovery numbers are moving in the right direction.

Diagnostic testing methods and availabilities are increasing daily. Most tests can take anywhere from a few hours to a few days, but new rapid diagnostic tests for COVID-19 show promise of results in less than an hour. Examples of rapid diagnostic tests that have been recently authorized include those by:

- Abbott: results in as little as 5 minutes
- Mesa Biotech: results in as little as 30 minutes
- Cepheid: results in as little as 45 minutes

There is also a new saliva-based test through Rutgers which can deliver results in 24 to 48 hours.

The global race is now on for doctors and scientists to find effective therapies and a vaccine for the coronavirus. A successful vaccine is the ultimate solution to bringing the virus under control. Three potential COVID-19 vaccines are making fast progress in early-stage testing in volunteers in China and America.

Looking ahead, NIH infectious disease chief, Dr. Anthony Fauci, indicates that it may now be possible to finish the necessary larger studies to validate the efficacy of these vaccines sooner than the 12 to 18 months he'd originally predicted — maybe toward “mid to late winter of next season.”

There is a final argument for implementing a back-to-work plan now. In the unfortunate event a decision to reopen Texas businesses now causes another flare-up of the disease later this summer, our hospitals are ready to react. We have more ventilators than ever, more therapies, more PPE, more ICU beds, and more knowledge to tackle any situation.

In conclusion, this paper has explained the stark predicament that the national economic shutdown has caused and has weighed those elements against the good news factors that are now emerging as a justification for positive action to reopen Texas for business. The analysis is incontrovertible, and the case has been made. We must act NOW to develop a plan to get Texas, and the rest of the nation, back to work.