

Hibbs Brief

Hibbs Institute for Business & Economic Research

The Impact of COVID-19 on Tyler's Economy

Manuel Reyes, D.E.D.

This special issue of the *Hibbs Brief* discusses the presence of the new coronavirus and its impact on the Tyler-area economy. The UT Tyler Hibbs Institute estimates that Tyler-area nonessential businesses could experience economic losses exceeding \$100 million, over the first two weeks of the Smith County stay-at-home order.

COVID-19 is an infectious disease caused by a novel coronavirus, which leads to a respiratory illness similar to seasonal flu. COVID-19 is particularly concerning because it is highly contagious and causes more severe symptoms than seasonal flu, including higher hospitalization and mortality rates.

As a result of the number of cases reported within the last couple of weeks, local governments have imposed behavioral restrictions to minimize social contact and reduce transmission of the disease. On March 19, Governor Abbott passed an executive order to temporarily close schools, restaurant dining areas, gyms and bars, while also limiting social gatherings to no more than 10 people.¹ Several days later, on March 27, Smith County officials issued a stay-at-home order amid the coronavirus outbreak.²

The stay-at-home order requires Smith County residents to stay in their place of residence, except people who conduct certain essential activities, services and work.³ This order is expected to flatten the curve by reducing the number of new COVID-19 cases.

While this measure was designed to slow the spread of COVID-19, it is also having an impact on the local economy. People consume less of certain goods and services while staying at home. The less people consume goods and services, the lower the economic activity. The first line of businesses affected by lower consumption are restaurants and bars, retail stores, entertainment and personal care services.⁴

The *Hibbs Institute* calculated the estimated economic impact of a reduction in Smith County nonessential business activity (**Appendix A**). Nonessential business activities were grouped into four industry sector categories: Retail, Recreation and Entertainment, Food Services and Personal Care Services.⁵ Using the annual output of each of these local industries, the economic impact of a two-week stay-at-home order can be estimated (**Table 1**). The estimates are substantial; the Tyler Metropolitan Statistical Area (MSA) could experience an economic loss of **\$101.6 million**.⁶

Table 1. Economic Impact of a Two-Week Stay-at-Home for Selected Industries in the Tyler MSA.

Industry Sector Categories	Two-Week Shutdown
Retail (Furniture, Electronics, Clothing, Sporting Goods, etc.)	\$ (67,791,662)
Recreation and Entertainment (Museums, Zoos, Fitness Centers, Bowling, etc.)	\$ (7,703,688)
Food Services* (Restaurants, Catering Services and Bars)	\$ (22,801,930)
Personal Care Services (Hair Stylist Shops, Beauty Salons, Nail Salons, Day Spas, etc.)	\$ (3,308,138)
Total Estimated	\$ (101,605,418)

Note: * Due to the food delivery and takeout programs established by several local restaurants, the Food Services category estimates assume a reduction of 75% of business activity for the full-service dine-in restaurants, while a reduction of 50% of business activity was assumed for limited-service restaurants (fast food, drive-thru, takeout).

Source: Hibbs Institute estimates using IMPLAN-Pro V.3.

Appendix A. Smith County Stay-at-Home Order, Essential vs Nonessential Businesses.

Smith County Stay-At-Home Order

Essential vs Non-Essential Businesses

Essential	Non-Essential
<div style="margin-bottom: 10px;">  <p>Health Care</p> <ul style="list-style-type: none"> · Pharmacy · Hospital/Clinics · Health Care Supplies · Dentist · Veterinarian </div> <div style="margin-bottom: 10px;">  <p>Some Retail</p> <ul style="list-style-type: none"> · Grocery Stores · Gas Stations · Online Retailers · Restaurants (Carry Out) </div> <div style="margin-bottom: 10px;">  <p>Infrastructure</p> <ul style="list-style-type: none"> · First Responders · Government · Utilities/Trash Collection · Media · Mail/Delivery Services </div> <div style="margin-bottom: 10px;">  <p>Professional</p> <ul style="list-style-type: none"> · Banks · Legal, Accounting, Insurance, etc. · Real Estate · Mortuary/Funeral Services </div> <div style="margin-bottom: 10px;">  <p>Property</p> <ul style="list-style-type: none"> · Hardware Stores · Plumbers, Electricians, Service Providers, etc. · Laundromats </div> <div>  <p>Other Services</p> <ul style="list-style-type: none"> · Transportation · Construction · Childcare · Social Services </div>	<div style="margin-bottom: 10px;">  <p>All businesses not specifically listed as essential in the order are considered non-essential. A few examples are listed below.</p> </div> <div style="margin-bottom: 10px;">  <p>Entertainment</p> <ul style="list-style-type: none"> · Theaters · Museums · Bowling Alleys </div> <div style="margin-bottom: 10px;">  <p>Personal Hygiene</p> <ul style="list-style-type: none"> · Hair Salons/Barber Shops · Nail Salons · Tattoo Parlors · Massage Studios </div> <div style="margin-bottom: 10px;">  <p>Some Retail</p> <ul style="list-style-type: none"> · Clothing Stores · Athletic Stores · Hobby Stores · Jewelry Stores · Cosmetic Stores </div> <div style="margin-bottom: 10px;">  <p>Lifestyle</p> <ul style="list-style-type: none"> · Gyms · Restaurants (Dine In) · Bars </div> <div style="border: 1px solid black; padding: 5px; text-align: center; margin-top: 10px;"> <p>For a complete list, please visit smith-county.com Click on the red banner at the top</p> </div>

Source: Smith County Office.

-
- ¹ Allie Morris and James Barragán. (March 19, 2020). Texas Gov. Greg Abbott announces temporary statewide school, restaurant, gym closures. The Dallas Morning News. <https://www.dallasnews.com/news/public-health/2020/03/19/gov-abbott-announces-temporary-statewide-school-restaurant-gym-closures/>
- ² Roy Reagan. (March 27, 2020). Smith County issues stay-at-home order amid coronavirus outbreak; confirmed cases jumps to 27. CBS 19. <https://www.cbs19.tv/article/news/local/smith-county-issues-stay-at-home-order-amid-coronavirus-outbreak/501-3c4aa99e-be4b-478c-9d91-fb7b5510bc7c>
- ³ For more details on what activities are considered essential and nonessential, please refer to the Smith County website: smith-county.com
- ⁴ The Hibbs Institute is currently conducting studies using different negative economic impacts based on potential scenarios that could happen in Tyler and East Texas.
- ⁵ Due to the food delivery and takeout programs established by several local restaurants, the Food Services category estimates assume a reduction of 75% of business activity for the full-service dine-in restaurants, while a reduction of 50% of business activity was assumed for limited-service restaurants (fast food, drive-thru, takeout).
- ⁶ The estimates were calculated assuming a two-week business shutdown on selected industries based on the stay-at-home order for the period from March 27 to April 10, established by the Smith County officials.

