KENAN INSTITUTE of Private Enterprise
UNC KENAN-FLAGLER BUSINESS SCHOOL

KENAN **INSIGHTS** FACT SHEET

Reopening Amid COVID-19:

The False Choice between Lives and Livelihoods

JULY 2020

1. As with many other challenging policy choices characterized by difficult tradeoffs, the decisions regarding reopening should be viewed within a cost-benefit framework.

- If the sole policy objective were to limit the virus spread, the lockdown could be considered effective.
- However, reopening decisions must be the outcome of an evidence-based decision-making process that fully evaluates the full spectrum of healthcare *and* economic costs.
- The process must permit *informed risk-taking*.

2. The indirect healthcare effects of the shutdown are significant.

- There are likely substantial long-run consequences of unattended ailments.
  - More than a third (42 percent) of North Carolinians (and the broader U.S. population) report delaying a healthcare procedure or doctor visit because of the pandemic.[1]
- Sheltering in place is associated with elevated cases of anxiety and depression.
  - Almost a quarter (24 percent) of Americans currently report that they are experiencing moderate or severe anxiety or depression.[2]

3. The economic costs of the lockdown should also be under serious consideration.

- Research shows that workers laid off in a crisis suffer persistent earnings losses, in addition to a host of other negative consequences, including elevated rates of food insecurity, divorce, depression, anxiety and diminished physical health, and a lower rate of educational attainment for their children.[3]

4. We should eliminate the illusion of categorical "safety."

- It is reasonable to expect that COVID-19 cases will necessarily rise as we work through the challenges of carefully facilitating economic activity.
- Openness should be tied to evolving *hospital capacity*.
  - Using data from the North Carolina Department of Health and Human Services (NCDHHS), we estimate that North Carolina currently has about 23 percent hospital capacity remaining.[4] If needed, capacity could be expanded by roughly another 10 percent by expansion and deploying unstaffed beds.
  - North Carolina is currently using just 25 percent of available ventilators.[5]

[1] See, kenaninstitute.unc.edu/dashboard/reopening-amid-covid-19, U.S. Census Bureau's Household Pulse Survey and "Hospitals Report Fewer Heart Attacks and Strokes Amid COVID-19," by Carrie MacMillan, Yale Medicine, May 6, 2020.
[2] Ibid
[3] See, for example, "The Long-term Benefits of Short-time Compensation" Kenan Insights, June 24, 2020
[4] See, kenaninstitute.unc.edu/dashboard/reopening-amid-covid-19
[5] See, https://covid19.ncdhhs.gov/dashboard/hospitalizations

    - It is important to note that these utilization numbers are for all patients, not just COVID-19 patients. North Carolina currently has about 950 hospitalized COVID-19 patients but about 4,500 empty inpatient hospital beds, and about 500 empty ICU beds.[6]
- Safety efforts should prioritize those most at risk, such as the elderly, frontline workers, public-facing workers and those with certain underlying medical conditions. [7]

5. The frustrating reality is that shutdown costs are disproportionately felt across the state's (and nation's) population.

- The sectors that have been hit hardest employ a sizable fraction of vulnerable hourly workers, many of whom live paycheck to paycheck.
- The economic burden is disproportionately experienced by African American and Hispanic households, those with lower household assets and those with significantly lower base incomes.
    - We have created a social and economic vulnerability index to measure differential impacts. African American, Hispanic, low-income, low-education, and single households are all significantly more vulnerable.[8]

6. Policymakers must engage in informed experimentation by targeting openness designed to generate critical economic activity.

- We will likely be living with this virus for a long time.
- To address the very real health and economic costs noted above, we need to articulate what objectives we are prioritizing in the face of important tradeoffs.
    - This necessitates more deliberate policies that specifically address those most vulnerable and at risk as the economy reopens.

7. We have to be able to measure, in relatively real time, how we are doing.

- To execute on this approach, the critical factor is data. Accordingly, the North Carolina CEO Leadership Forum, in collaboration with UNC Kenan-Flagler Business School and the Kenan Institute of Private Enterprise, is building a data dashboard to help North Carolinians observe tradeoff outcomes.
- For example, a combined view of data on positive tests, hospitalizations and COVID-19-related deaths provides a more detailed understanding of the pandemic's evolution (see Figure 1, page 3).
    - Case counts implied from deaths and hospitalizations have suggested a rapid outbreak in April—many more cases than confirmed by positive tests.
    - As testing availability expanded in May and June, the number of positive cases has grown significantly, but much of the growth is likely simply the result of better detection (see Figure 2, page 3).
    - That said, North Carolina currently faces a situation where, during the last month,
        - The COVID-19-related death rate has been stable.
        - The hospitalization rate has grown moderately.
        - New positive cases have grown quickly.
- This suggests that there is still a need for significantly more detailed data. Specifically, more granular data is currently needed for:
    - The home location (e.g., zip code) and age of those being tested and hospitalized.
    - Details of unemployed workforce locations and skillsets.
- We welcome suggestions from the public on additional data to track and analyze.

[Access the Kenan Institute Reopening Amid COVID-19 Dashboard]

[6] These values do not reflect additional unreported or reported and unstaffed beds.
[7] See, https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/people-at-increased-risk.html
[8] See, kenaninstitute.unc.edu/dashboard/reopening-amid-covid-19

Figure 1: North Carolina COVID-19 Statistics

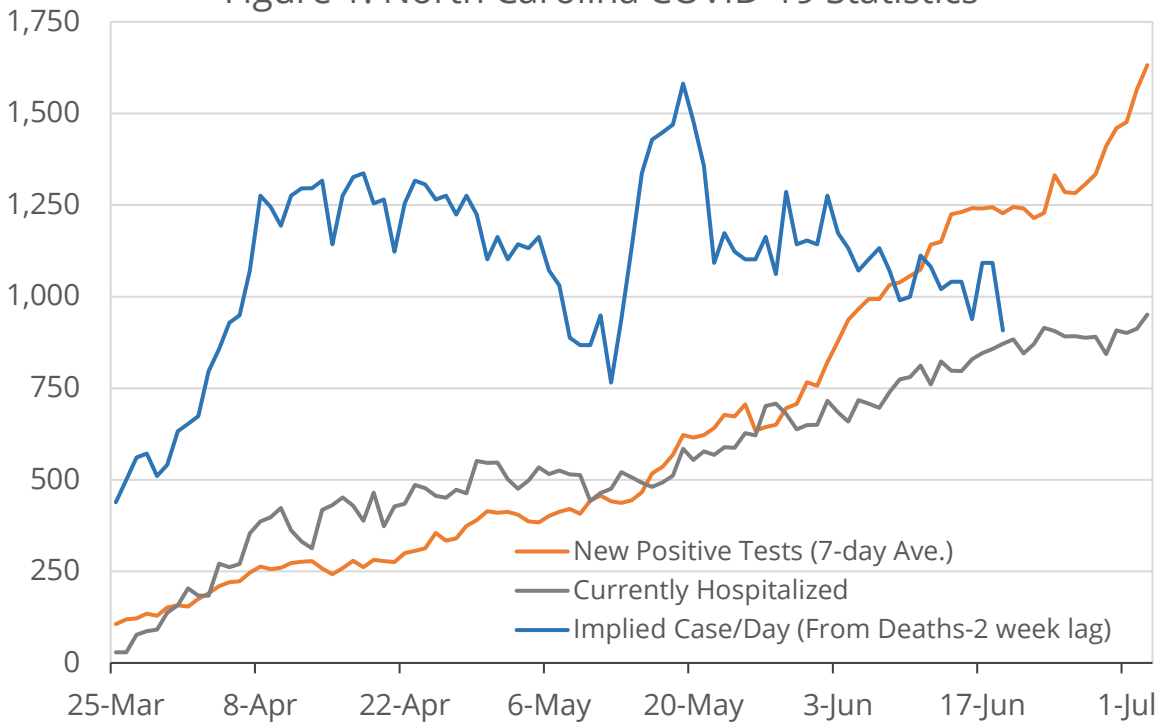

Figure 2: North Carolina New Positive Tests