



COVID-19 RESPONSE

IMPACTS OF THE COVID-19 VIRUS ON AGRICULTURE AND RURAL OKLAHOMA

Learn about key economic sectors in rural Oklahoma and the resulting impacts of the COVID-19 virus.

INTRODUCTION

This report provides an overview of the current status of key economic sectors in rural Oklahoma and a better understanding of the resulting impacts of the COVID-19 virus as our economy begins to open back up and move toward something closer to normal operations.

Oklahoma has a vital rural economy throughout the state. About 34% of all Oklahomans live in non-metropolitan regions, and rural Oklahoma produces food and fiber that feeds and clothes our state, country and world. Rural Oklahoma also is home to scenic natural resources and outdoor destinations where our residents recreate and regenerate. Typically, rural residents like farmers and ranchers are the stewards for these vital natural resources. Many rural areas are home to non-agricultural sources of employment and income across various sectors of our state's economy. Sources of employment include manufacturing, tourism/recreation, oil and gas activities, government and more. For the state as a whole to be economically successful, a healthy rural economy is required.

Oklahoma is a leader in beef production and commodities such as wheat. Our agribusinesses and food processors help add value to our raw commodities. Rural communities are home to both agricultural-related and non-agricultural small businesses. Tourism and retail activities in rural Oklahoma add value and provide sales tax support to local governments as critical services are provided to residents. The energy sector is a significant segment of the Oklahoma economy. Many rural regions are home to energy extraction or energy production activities.

Events of the early months of 2020 have engulfed the world in a time that challenges personal health as well

as the vitality of our economic systems. The COVID-19 virus has disrupted lives and caused economies to almost halt as households and businesses struggle with supply chains that simply could not adjust fast enough. Real gross domestic product (GDP) reported by the Bureau of Economic Analysis decreased by 4.8% in the U.S. during the first quarter of 2020.¹ The Bureau of Labor Statistics reported an unemployment rate nationwide of 14.7% in April 2020.² The Center for Disease Control reported there were 1,551,095 cases of the virus in the U.S. as of May 21, with 93,061 deaths reported since the start of the outbreak.³ For the same time period in Oklahoma, there were 5,407 reported cases with 293 deaths. Hospitalizations for COVID-19 peaked at 562 on March 30, 2020 and deaths were reported at 190 on May 22, 2020.⁴ This pandemic clearly has resulted in impacts felt throughout our country. Oklahoma, while somewhat insulated as a more rural state, has felt the impacts in almost every community and every business and household.

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Recently, the U.S. Census Bureau released results of their experimental Household Pulse Survey with data collected for the time period April 23, 2020 through May 12, 2020.⁵ While new and experimental in nature, these data provide some striking results regarding recent impacts in Oklahoma:

- 47.6% of surveyed households indicated loss of employment income.
- 36.7% expected loss of employment income.
- 8.7% indicating not enough to eat (sometimes/often) in the past week.
- 36.2% delayed medical care due to COVID-19 in the previous four weeks.
- 36.2% missed last month's rent or mortgage payment or are not confident regarding next month.
- 100% of responding households with children in public or private school had classes taught in distance learning format or changed in some other way.

Consumers will make choices moving into the future that are defined by their trust in safety standards and comfort in public interactions. Perhaps consumer actions have changed permanently, as many of us have lived virtually online for the past months. Perhaps there will be a return to some semblance of past consumer choices and preferences. One observation seems to be true – some rural areas do not have the same access to broadband

technology that others in the state enjoy. If this digital divide does not improve, many rural businesses and rural families will face difficult times competing as the world likely shifts to more online activities.

OKLAHOMA COVID-19 RESPONSE TO DATE

The map shown in Figure 1 presents data for Oklahoma describing infection rates across metropolitan and non-metropolitan counties and is dated May 27, 2020.⁶ There are seven non-metropolitan counties with reported infection rates above the national average. Two of these counties are defined by the Economic Research Service as manufacturing dependent and likely include data for meat processing facilities.⁷ Other counties are farming dependent and even government dependent. In general, the map demonstrates the general rural nature of much of our state and, for now, indicates a lower incidence of infection than what is seen in more urban and high population areas. It should be noted that nationwide, infection rates are reported to be increasing in many rural areas at the writing of this report.

Oklahoma and the country are in the early stages of reopening our economy with one eye on health data and implications, while the other eye is concerned with business activity that will give the struggling economy some hope for positive growth. This pandemic has some similarities to the Great Recession or even the Great De-

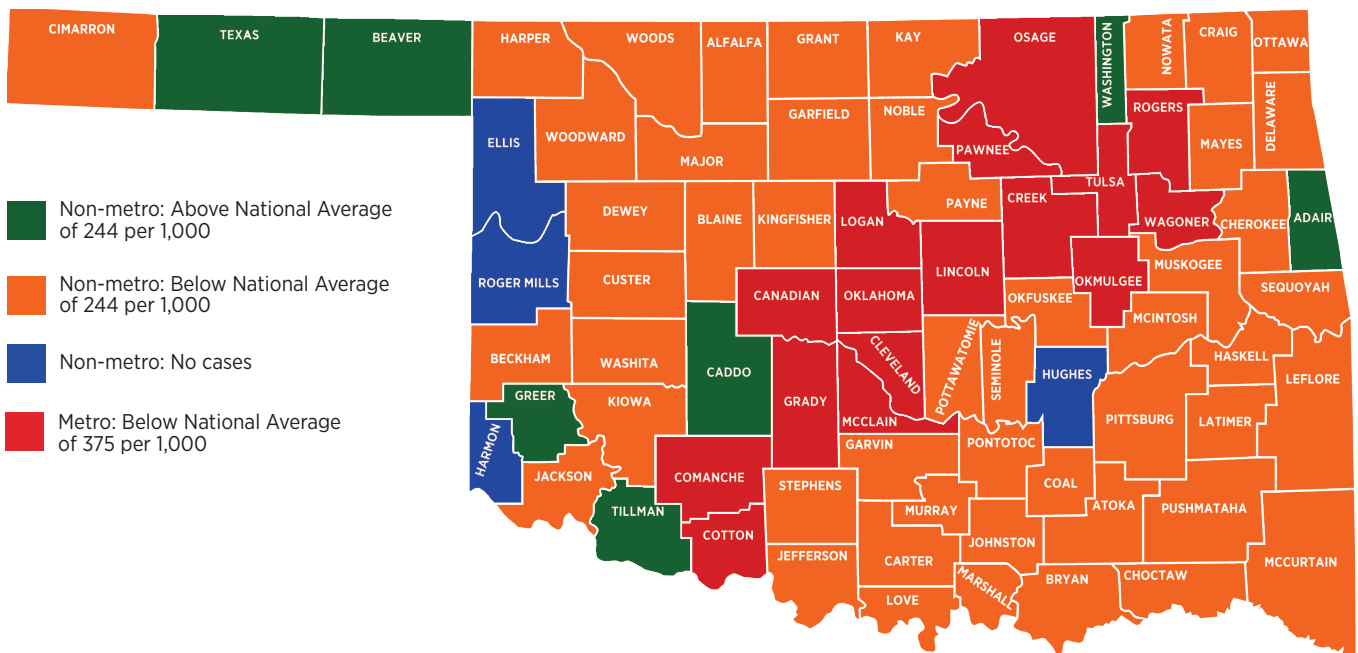


Figure 1. Infection rates across metropolitan and non-metropolitan counties, May 27, 2020.

pression. However, one significant difference is the speed that has been apparent as the pandemic spreads through the country and the world. One news commentator (Greg Iacurci) noted the pandemic has seen the unemployment rate rise from a half-century low of about 3.5% to its current level in just two months. For comparison, an equivalent rise took more than a year during the Great Depression.⁸

A recent article in the Journal Record (April 1, 2020) provided a summary of some timeline highlights shown in the Figure 2.⁹

In the meantime, state officials have developed a plan for potential reopening called Open Up and Recover Safely (OURS) Plan.¹⁰ Phase 1 began April 24, 2020. A second step in Phase 1 was set for May 1. Phase 2 began May 8. Phase 3 is set for June 1. The openings were/are based on health data including hospital and incident rates

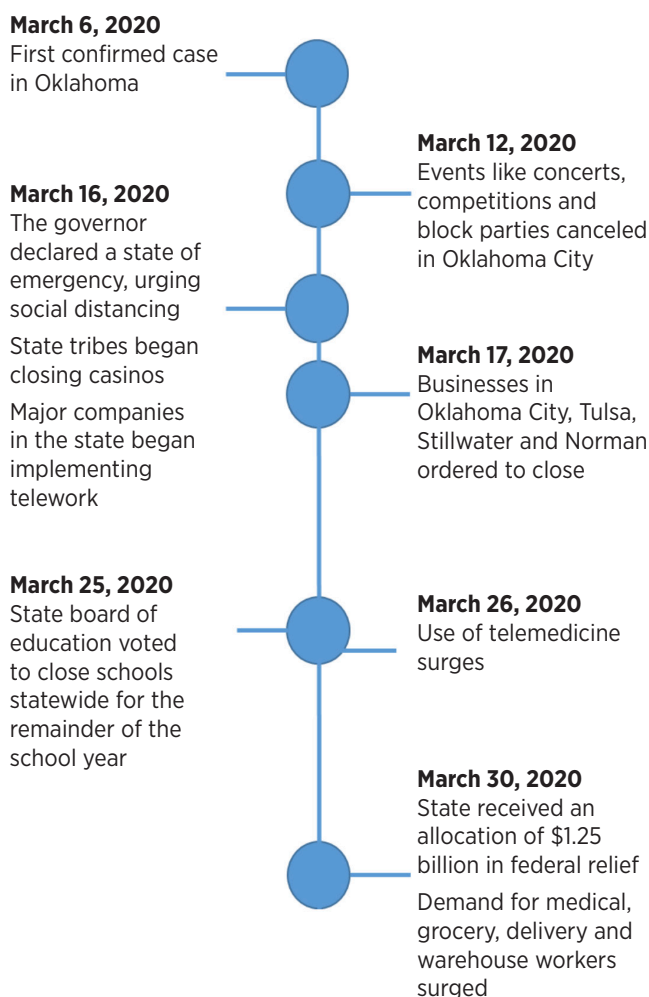


Figure 2. Timeline of pandemic in Oklahoma.

remaining manageable for a 14-day period. Each phase includes guidelines for specific businesses and group gatherings and can be reviewed in detail on the Oklahoma Department of Commerce site referenced.

THE IMPACTS OF COVID-19 IN AGRICULTURE AND RURAL OKLAHOMA SERIES

Economies at the state level or national level are complex. An event like the COVID-19 pandemic is unprecedented for current times. Individual authors in this series will address impacts across sectors of the rural economy, both agricultural and non-agricultural. It should be noted this is new territory in terms of understanding our economy. Just as news about the virus changes daily, so does news and understanding of our economy. The authors will provide their best understanding of the current situation and may offer some ideas about anticipated recovery and potential policy considerations.

There is a lot of discussion regarding what the new normal will look like. Will we return to business practices and consumer choices and consumer demands much like pre-COVID-19 standards? Or will the shift to an online presence and consumer safety concerns lead us to something new? Will there be new opportunities for entrepreneurs who are willing and able to take advantage of our new normal? These questions have answers that will be observed during the coming months. It is suspected some basics of business will continue to be valid. Having sound business plans with appropriate management practices will continue to matter.

This report is intended to provide citizens and policy makers with an overview of key sectors within the Oklahoma rural economy. Each report can stand alone for those interested in a specific topic. However, as noted, our economy is complex and interconnected. The Oklahoma State University Extension provides research-based information and training for Oklahoma farms, ranches, businesses, communities and families. As our state emerges from this pandemic, use of science-based methodologies and strategies will be fundamental for success.

References

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