



## **Severe Pandemic Flu Outbreak Could Lead to Major Recession in California, According to New Report**

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**Washington, D.C., March 22, 2007** – Trust for America’s Health (TFAH) released a new report today that finds California could lose \$86.9 billion during a severe pandemic flu outbreak, representing a 5.36 percent drop in the state’s economy. California’s GDP could experience the 41st highest percentage loss out of the 50 U.S. states. (See more details about California at the end of this release).

The report found that nationally a severe pandemic flu outbreak could result in the second worst recession in the U.S. since World War II. The U.S. Gross Domestic Product (GDP) could drop over 5.5 percent, leading to an estimated \$683 billion loss.

States with high levels of tourism and entertainment could be the hardest hit. Nevada’s economy could face the biggest percent decline with a GDP loss of 8.08 percent, followed by Hawaii, which could experience a 6.60 percent loss. Six states could suffer losses over 6 percent (Nevada, Hawaii, Alaska, Wyoming, Nebraska, and Louisiana). The economies in an additional 21 states could drop more than 5.5 percent and every state could lose more than 5 percent in GDP.

States with government and real estate as major industries could suffer the lowest percentage losses. The economies of Virginia and Maryland could experience the lowest drops in GDP of any of the states, but would still face significant declines of 5.13 percent and 5.09 percent, respectively. Washington, D.C. could face a 4.62 percent decline.

“The U.S. is not prepared to face an economic shock of this magnitude,” said Jeff Levi, PhD, Executive Director of Trust for America’s Health. “While important government preparedness efforts focusing mainly on medical and public health strategies are underway, efforts to prepare for the possible economic ramifications have been seriously inadequate. Stepping up nationwide pandemic preparedness planning is vital to our national and economic security.”

The report was funded by The Pew Charitable Trusts as part of the U.S. Pandemic Preparedness Initiative.

In the report “Pandemic Flu and the Potential for U.S. Economic Recession,” TFAH created a model to assess the potential losses each state could face during a severe pandemic. Based on estimates from financial and economic experts, TFAH examined the impact of a pandemic on 20 different industries, trade, and worker productivity.

The model examines an outbreak as severe as the 1918 pandemic, which in modern terms could result in nearly 90 million Americans becoming sick and 2.2 million deaths. People who become ill are expected to take at least 3 weeks to recover, and others would miss significant time from work to take care of family members or stay home out of fear of potential exposure to the flu.

Additionally, the model incorporates predictions from experts of how consumer demand for products and services could drop in a number of industries. For instance, according to estimates, tourism,

entertainment, and food services could experience an 80 percent decline, while agriculture, construction, retail trade, and finance and insurance could face a 10 percent loss in demand.

The estimates focus on possible losses over the course of a year during a scenario when a vaccine is not widely available. A real pandemic could last up to 18 months with a series of waves that last 6 to 8 weeks each.

TFAH's report recommends a series of measures businesses and community groups can take to help prepare for a possible pandemic, focusing on how to sustain essential operating functions during a major outbreak. The recommendations encourage the private sector and government at all levels to examine and modify family and medical leave policies; expand telecommuting capabilities; assess infection control procedures in the workplace; establish contingency systems to maintain delivery of goods and services during a pandemic event; and update methods for communicating with their workforce.

The full report can be found on TFAH's Web sites at [www.healthyamericans.org](http://www.healthyamericans.org) and [www.pandemicfluandyou.org](http://www.pandemicfluandyou.org).

### CALIFORNIA SEVERE PANDEMIC FLU ESTIMATES

*Note: Projections are rounded for the summary below, so addition of numbers may vary slightly from totals. More precise calculations were used in the analysis. Details about the methodology can be found in the report.*

Projected GDP Loss from Severe Pandemic: \$86.9 billion  
 Projected GDP Percent Loss from Severe Pandemic: 5.36 percent  
 Ranking of Percentage Losses Out of 50 States (Highest = 1): 41  
 Projected Losses Due to Workforce Absenteeism and Deaths: \$39.8 billion  
 Projected Losses to State Industries: \$31 billion  
 Projected Losses Due to Potential Drop in Trade: \$16.2 billion  
 Projected Lives Lost: 253,000  
 Projected Number of Illnesses: 10,713,000

<b>California: Potential GDP Losses by Industry During a Severe Flu Pandemic</b>		
<b>Demand losses are for a cumulative 3 months over the course of a year.</b>		
<b>Private Industry/Government</b>	<b>2005 Annual GDP (Rounded to millions of dollars)</b>	<b>Demand Loss in GDP (Rounded to millions of dollars)</b>
Agriculture, forestry, fishing, and hunting	23,132,000,000	578,000,000
Mining	9,685,000,000	242,000,000
Utilities	24,906,000,000	-
Construction	76,487,000,000	1,912,000,000
Manufacturing	157,148,000,000	3,929,000,000
Wholesale trade	92,548,000,000	2,314,000,000
Retail trade	113,903,000,000	2,848,000,000
Transportation and warehousing	37,577,000,000	6,294,000,000
Information	107,120,000,000	-
Finance and insurance	120,795,000,000	3,020,000,000
Real estate, rental, and leasing	259,606,000,000	-
Professional and technical services	134,141,000,000	-

Management of companies and enterprises	23,392,000,000	-
Administrative and waste services	50,624,000,000	-
Educational services	12,456,000,000	311,000,000
Health care and social assistance ( <i>increase</i> )	96,911,000,000	(3,634,000,000)
Arts, entertainment, and recreation	20,201,000,000	4,040,000,000
Accommodation and food services	43,880,000,000	8,776,000,000
Other services, except government	39,174,000,000	490,000,000
Government	178,431,000,000	-

## STATE-BY-STATE: RANKINGS OF ESTIMATED PERCENTAGE ECONOMIC LOSSES DURING A SEVERE PANDEMIC

*Note: 1 = Highest percentage of losses, 51 = Lowest. Estimates of percentage losses to the state's GDP are noted in parentheses.*

1. Nevada (8.08%), 2: Hawaii (6.60%), 3: Alaska (6.59%), 4: Wyoming (6.40%), 5: Nebraska (6.22%), 6: Louisiana (6.03%), 7: Mississippi (5.99%), 8: Tennessee (5.98%), 9: Iowa (5.90%), 10 (tie): Indiana, Kentucky (5.87%), 12: Montana (5.86%), 13: Arkansas (5.81%), 14 (tie): Florida, Missouri (5.74%), 16 (tie): North Dakota, South Dakota (5.71%), 18: West Virginia (5.69%), 19: Vermont (5.65%), 20: South Carolina (5.62%), 21: Illinois (5.60%), 22: Kansas (5.58%), 23: Texas (5.57%), 24: Wisconsin (5.56%), 25: Oklahoma (5.55%), 26: Ohio (5.54%), 27: Arizona (5.52%), 28: Pennsylvania (5.50%), 29: Utah (5.49%), 30: North Carolina (5.48%), 31 (tie): Georgia, Oregon (5.46%), 33: Alabama (5.45%), 34: Minnesota (5.44%), 35 (tie): Idaho, New Jersey, New Mexico (5.42%), 38: Colorado (5.40%), 39: Michigan (5.39%), 40: Maine (5.38%), 41 (tie): California, Washington (5.36%), 43: Delaware (5.32%), 44: New Hampshire (5.30%), 45: Rhode Island (5.29%), 46: Connecticut (5.23%), 47 (tie): Massachusetts, New York (5.20%), 49: Virginia (5.13%), 50: Maryland (5.09%), 51: D.C. (4.62%).

*Trust for America's Health is a non-profit, non-partisan organization dedicated to saving lives by protecting the health of every community and working to make disease prevention a national priority. [www.healthyamericans.org](http://www.healthyamericans.org) and [www.pandemicfluandyou.org](http://www.pandemicfluandyou.org)*

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