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The Salem area unemployment rate ticked up to 6.3 percent in December, and another 1,100 people became unemployed. Almost all the job loss was in Accommodation and Food Services, part of the Leisure and Hospitality industry. This was not a surprise as the area was again experiencing a mandated shut-down of indoor dining and bars to stem the pandemic case increases over the holidays.

The Leisure and Hospitality industry has borne the brunt of the pandemic closures and job losses. What aspects of its operations were affected by the pandemic? How were other industries affected? Which industries received aid from federal programs? The federal economic statistics agency has provided a wealth of information to answer these questions.

Several hundred thousand businesses from all over the U.S. answered an agency survey, from July through September 2020, about how they changed their operations and employment in response to the pandemic. Small, medium sized and large businesses, in all types of industries, responded to the survey.

Survey results were analyzed for the U.S. as a whole, for each of the 50 states, and for all industries and size classes. The survey covers only private sector businesses, and businesses with employees (not the self-employed).

The overall news from the survey results is that most businesses were affected in some way by the pandemic. The good news is that by and large, businesses who needed the most financial help received aid from federal programs.

First a word about how businesses are sorted by category: Really small businesses, from one to four employees – are the most numerous in the Salem area (chart 1), in Oregon and the U.S. They comprise nearly two-thirds of all businesses, but they employ only eight percent of the area's workers. Ninety percent of area workers work in businesses with 10 or more employees. The proportions are similar for Oregon and the U.S. In other words, most workers work for larger enterprises.

In addition, Salem area's private sector industries are a varied mix, and no one industry really dominates (chart 2).

With that bit of background, there were at least three over-arching messages from analyzing the survey information. The most important is that more than half of all Oregon businesses (58%) received a coronavirus-related loan or grant tied to rehiring or maintaining payroll. This means that nearly 8,000 Salem area businesses across all private sector industries likely received a federal loan or grant tied to payroll.

Oregon's percentage of businesses receiving a loan or grant was slightly lower than the U.S. average, which was 62 percent. Alabama and Hawaii each had the highest percentage, 67 percent, and Montana the lowest, at 57 percent.

Businesses that needed help the most received it. Seventy-seven percent of businesses in the Accommodations and Food Services industry received a grant or loan, much higher than the average, followed by 74 percent of Health Care businesses and 70 percent of Retail Trade businesses. This translates to more than 2,000 Salem area businesses in the three industries receiving financial help from federal programs. As these industries have accounted for upwards of 90 percent of the job losses since the start of the pandemic, this is good news.

A second conclusion from the survey information is that a substantial portion of Oregon businesses, 45 percent, continued to pay employees who didn't work because of the pandemic, and 40 percent of businesses continued to pay health insurance. Not surprisingly, businesses in bigger size classes did better on these two measures than smaller ones, exceeding the average by fifteen or so percentage points.

The not-so-great news here is that the industry that has suffered the most job losses through the pandemic, Leisure and Hospitality (taking in Accommodation and Food Services) didn't fare well on the measure of paying laid off employees and paying health insurance. The industry was well below the average on these measures, likely because nearly one-third of their businesses were in smaller size categories, making it more difficult to do so.

The third conclusion has two parts. The first is that only 18 percent of all businesses experienced a government mandated shutdown (the survey counted only private businesses, so public schools are not included, private ones are). Not surprisingly, however, the Leisure and Hospitality industry experienced shut-downs at twice the average rate (36%). Retail trade and Health Care and Social Assistance also experienced shut-downs at higher than the average rate.

Only 19 percent of all businesses told the survey that the coronavirus had no impact at all on their business operations or payroll.

The survey included many more detailed questions on pandemic impacts that included whether or not the business experienced an increase or decrease in demand for services or products; shipping problems; increasing or decreasing wages or salaries; and tele-work. For those wanting more detail, find the survey information at [Link](#).

One additional note: The Willamette Workforce Partnership (WWP), the local workforce board mandated by Congress to aid area businesses and jobseekers, has received funds from county and city governments over the course of the pandemic to award out to local businesses affected by the pandemic and the wildfires. The Partnership, which works in Linn, Marion, Polk and Yamhill counties, has awarded \$3.5 million to 778

businesses, in amounts ranging from \$1,500 to \$50,000. For more on the Partnership's activities, visit their website at: [Link](#).

It seems reasonable to conclude that Salem area's private sector industries, businesses, and their employees benefited from the first round of federal (and state and local) aid programs. Whether or not the aid was sufficient, and how the second round of federal aid will have an impact, only time, the course of the virus, and the success of vaccination programs, will tell.

Pam Ferrara of the Willamette Workforce Partnership continues a regular column examining local economic issues. She may be contacted at pferrara@willwp.org

Businesses and Employment in the Salem MSA* by Size Class**			
	Size class	Businesses in Size Class	Percent of Total Employment
	1-4 employees	8,095	8%
	5-9 employees	2,157	11%
	10-19 employees	1,498	15%
	20-49 employees	1,000	22%
	50-99 employees	259	13%
	100-249 employees	128	14%
	250-499 employees	32	8%
	500+ employees	10	9%
	Total:	13,179	135,850
	<i>*Marion and Polk Counties Combined</i>		
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