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Pamela Ferrara
Willamette Workforce Partnership

As we head into the December holidays, there's good news and not so good news for the Salem economy.

There were 4,000 fewer jobs in the Salem area in October 2021 than in February 2020, the month before the pandemic hit. That's a bit more than two percent of total employment.

However, Salem's employment recovery looked good in comparison to the U.S., Oregon, and the two other large Willamette Valley metro areas:

- Salem area employment was down 2.2 percent from February of 2020;
- U.S. employment was down 2.8 percent;
- Oregon Employment was down 3.7 percent;
- Portland area employment was down 4.1 percent; and
- Eugene area employment was down 4.8 percent.

The Salem area's employment swings are steadied somewhat by the fact that half of state employment is located here - state employment was stable throughout the pandemic.

The Portland area is home to more than half of the Leisure and Hospitality industry in the state which accounts for its slower employment recovery. This industry experienced the largest job losses throughout the pandemic.

Eugene area employment has been greatly affected by the absence of some 24,000 University of Oregon students for many months of the pandemic, and the impact of their spending on local businesses.

One more telling comparison: Salem's total employment is definitely improved from a year ago. In October 2020, Salem had 8,000 fewer jobs than before the pandemic hit, and the unemployment rate was 6.2 percent.

In order to obtain a more complete picture of the area's economic recovery, we'll analyze some specific industry job gains and losses.

Percent Change in Employment, Selected Industries, October 2019 to October 2021

	Salem MSA	Oregon	U.S.
Retail Trade	2.1%	-0.6%	-0.7%
Leisure & Hospitality	-12.7%	-12.7%	-7.4%
Full Service Restaurants		-15.3%	-6.2%
Accommodations		-21%	14.8%
Transportation & Warehousing	18.0%	7.6%	3.9%
Health Care & Social Assistance	-2.1%	-3.4%	-2.3%
Nursing & Residential Care		-10.0%	14.8%
Child Day Care Services			-9.6%
Local Government Education	-8.9%	-6.4%	-4.8%
<i>Source: Bureau of Labor Statistics Current Employment Statistics</i>			

The first item to note is that Salem's Retail Trade employment is more than recovered from early pandemic job losses, which were substantial.

However, the Leisure and Hospitality industry is still experiencing significant job losses in Salem, Oregon and the U.S. And Transportation and Warehousing employment is way ahead of where it was before the pandemic. Wages for working in a warehouse are likely preferable to those for working in a restaurant or cleaning motel rooms.

Specific detail for Salem's Leisure and Hospitality industry isn't available, because monthly employment is estimated from a sample, and the sample size is too small to give reliable results. But detail is available for the state as a whole. (see table two) For full-service restaurants, employment was down more than 15 percent, and accommodations (hotels and motels) down 21 percent in the state.

Salem's Health Care and Social Assistance industry had 2.1 percent fewer jobs in October than two years ago. Again, specific detail isn't available for Salem, but is for Oregon. In the state as a whole, employment in Health Care's Nursing and Residential Care facilities in October was ten percent below what it was two years ago.

Child Day Care employment (part of the Health Care and Social Assistance industry) while not available for Salem or Oregon, is for the U.S. as a whole. In the U.S. Child Day Care employment had nearly ten percent fewer jobs than two years ago.

As the Salem area economy and its industry mix is similar to Oregon and the U.S., it seems reasonable to assume that Salem's nursing home and day care employment is below what it was two years ago as well.

And lastly, local government employment (K-12 schools) in October in the Salem area was nearly nine percent lower than two years ago. Recent news articles around Oregon have reported shortages of substitute teachers, bus drivers, cafeteria workers and other types of school support workers. [article](#)

What all these employment shortfalls have in common is that they are made up largely of low-wage jobs - waiters and waitresses, motel clerks, cooks and cleaners, nursing home workers, workers in day care centers, bus drivers and cafeteria workers.

This has been the situation since the beginning of the pandemic when some 90 percent of job losses were low-wage jobs. The only low-wage industry with large job losses at the beginning of the pandemic that has fully recovered, at least in the Salem area, is Retail Trade.

There is some good news for low-wage workers. The most recent state Revenue Forecast from the Oregon Department of Economic Analysis reports that wages are rising the fastest for workers earning \$20 an hour or less. This should have an impact on area wages as nearly half of all workers who worked for employers in Marion and Polk counties earned less than \$20 an hour in 2019, according to the Oregon Employment Department's wage records.

It is not difficult to understand why wages in low-wage service industry jobs are increasing. These types of job vacancies have always been at the top of the Oregon Employment Department's "difficult to fill" list, even before the pandemic hit. They don't pay much, many have no benefits and unpredictable work schedules, and many are stressful and strenuous (think about bus drivers and nursing home assistants as examples). Demand is at an all-time high now for these types of workers and employers are having to offer better wages in order to attract applicants and hire for their openings.

Some economists, including those at Oregon's Department of Economic Analysis, are predicting that employment will be back to normal by fall of 2022. The current sky-high job vacancy rates should subside and employers should have an easier time filling them.

But these last nineteen or so months have been unique, as all the distortions in the economy have been directly or indirectly related to the pandemic.

So full recovery really depends on what Covid will do next and how governments, public health agencies and the public respond to new Covid variants as they appear. Only time will tell us that.

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