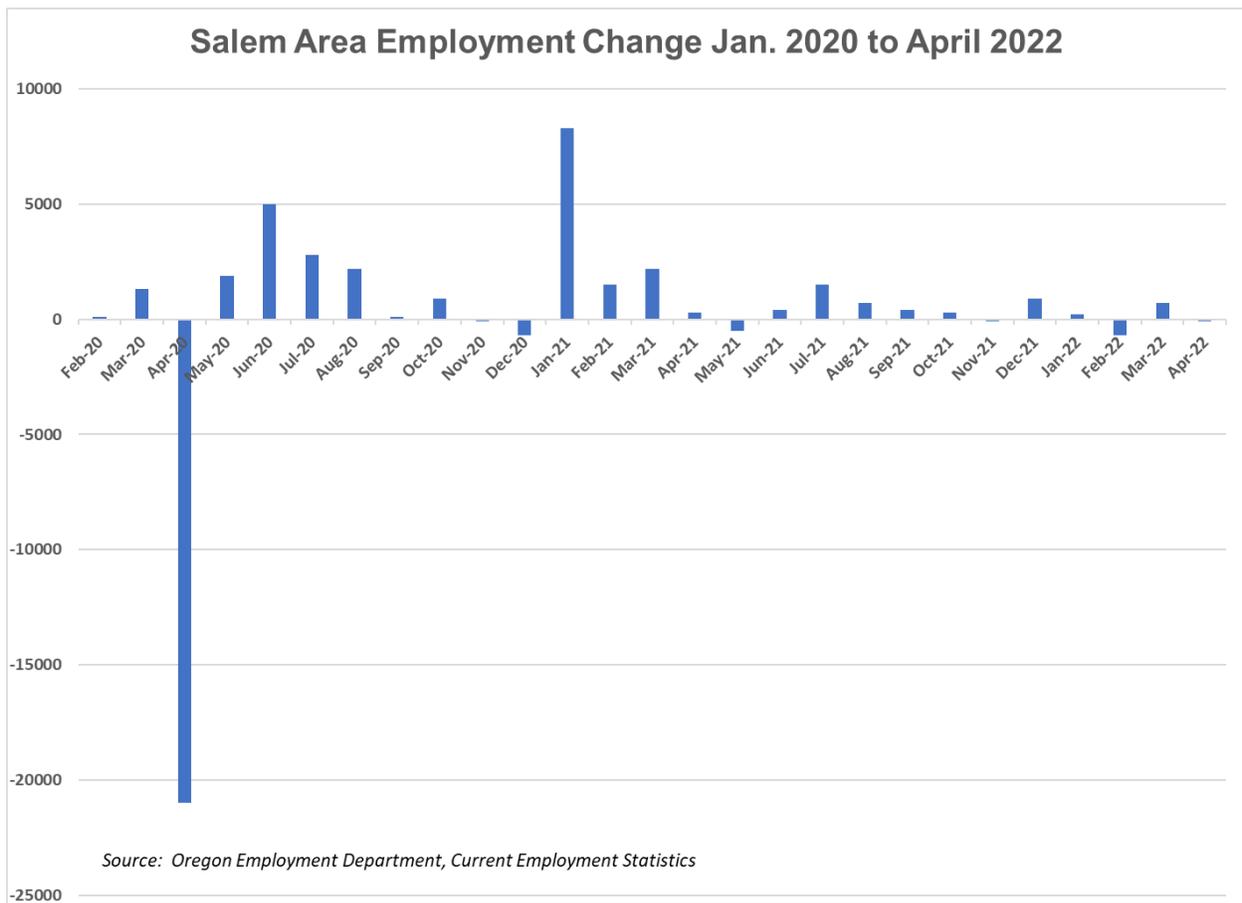


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Describing what's been going on in the economy over the last two years calls up adjectives like "stunning", "astonishing", "unprecedented", and "once in a lifetime" and there doesn't seem to be any let-up.

Let's briefly re-cap the last two years in terms of the economy, where we are now, and what we might expect going forward.

Just a little over two years ago, the Salem area lost 21,000 jobs in one month, a stunning twelve percent of total employment, from March to April of 2020.



In the recession of 2008, the worst one for decades, the largest number of jobs lost in one month in the entire state was 15,000, one percent of total employment. Over the entire recession of '08, the state lost eight percent of employment and it took two years to decline that far.

Salem's employment returned to pre-pandemic levels in an astonishing 21 short months. It took 80 months for the Salem unemployment rate to return to pre-recession levels after the '08 recession.

In addition to the huge one month drop in employment and the quick recovery, the pandemic downturn had other extremely unusual features, because it was largely caused by a highly unusual occurrence, namely, deliberate business shutdowns to slow the spread of Covid,

So, unemployment was concentrated in the Leisure and Hospitality industry, and in parts of other industries with high public contact jobs. These included K-12 schools, health care and social assistance, and retail trade, in mostly low-wage jobs. This produced another unique aspect of the downturn - low-wage workers bore the brunt of the misery, not only in terms of losing jobs in the greatest numbers, but also in being in the front lines of exposure to Covid.

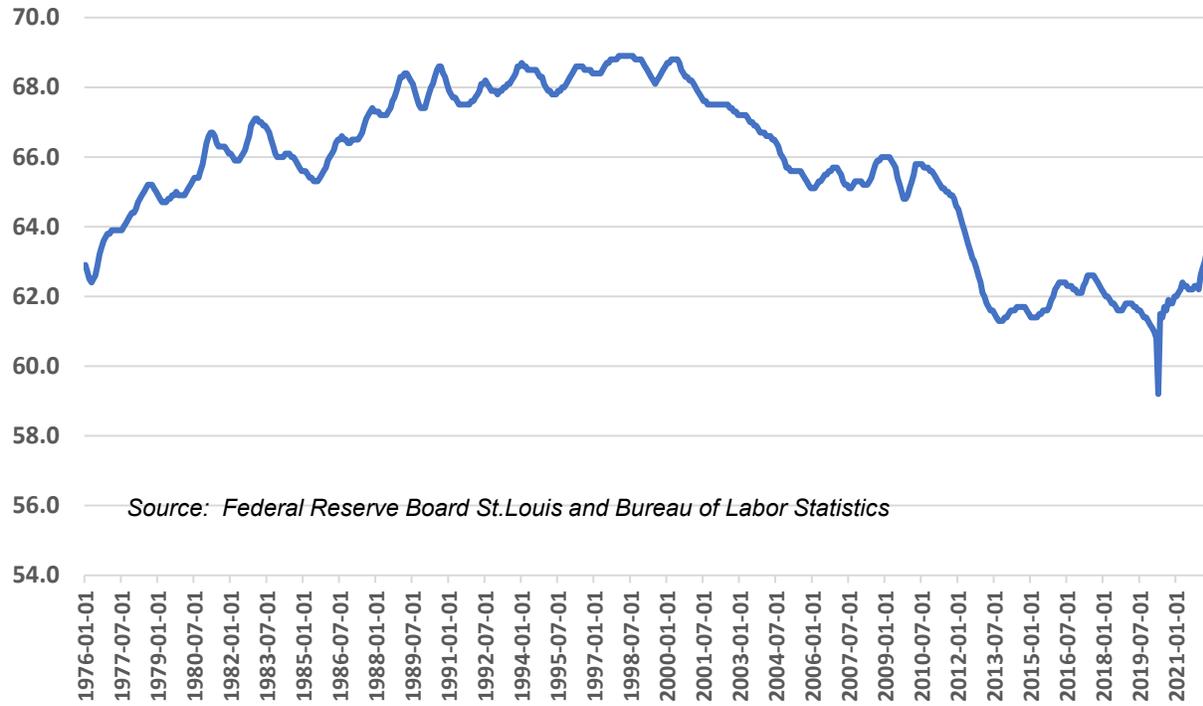
In fact, [the Economic Policy Institute](#) using information provided by federal agencies, divided the Covid-era workforce into three groups: those who lost their jobs and faced economic insecurity; those who were classified as "essential" workers or were otherwise working on-site and faced exposure to Covid; and those who were able to continue working from the safety of their homes. This was an unprecedented labor market situation.

The nation's policy makers were challenged in many unprecedented ways by the pandemic, not only in terms of public health, but also in terms of the havoc it was wreaking on the economy. So, another unique aspect of the downturn was the substantial financial assistance provided by federal, state and local governments, not only to the unemployed, but also to individuals, based on income, tax filing status, and number of dependents. Financial aid also went directly to businesses to help them avoid layoffs and keep going. Things would have been much worse without it.

The pandemic downturn had a disparate impact on working women with children. With schools shut down and some day care centers closed or short-staffed, working women had difficulty obtaining child care. If women worked from home, they cared for children and did their paid jobs, which, for many, was stressful. Some chose to leave their jobs to better provide care for their families.

Employment was much improved in May of 2022 in the Salem area, and was just some 500 jobs short of where it was before the pandemic hit.

Oregon Labor Force Participation, 1976 - 2022 - Recovered since the Pandemic, but Consistently Dropping Since 2000



In spite of overall employment being almost totally recovered, several industries were still short of their pre-pandemic employment, namely, those bearing the brunt of the layoffs early on in the pandemic (with the exception of retail, which is completely reversed). (see table, next page)

Employment Change from Feb. 2020 to May 2022

	Total Nonfarm	Leisure/Hospitality	Health Care	Local Govt. Education (K-12)	Child Day Care
U. S.	-0.5%	-7.9%	-1.3%	-3.8%	-9.9%
Oregon	-1.4%	-7.7%	-2.6%	-8.5%	-14%**
Salem MSA	-1.0%	-9.2%*	-3.2%*	-6.3%*	NA

**Employment change is from February 2020 through February 2022, as employment by industry below the level of the state is not seasonally adjusted.*

***This percentage is from the Quarterly Census of Employment and Wages; it is the change from the 2019 annual average employment in day care establishments to the 2021 annual average; this is the only employment series from which the level of detail is published for Oregon.*

Source: Oregon Employment Department, Current Employment Statistics

The Leisure and Hospitality industry lost half its employment in the first month of the shut-downs, and was still more than nine percent behind its pre-pandemic level in February of 2022 (estimates for Salem area industries are not seasonally adjusted so the comparison has to be over a time span beginning and ending in the same month). Health Care industry employment was still behind 3.2 percent and K-12 employment 6.3 percent behind.

Access to affordable daycare was a problem for Oregon families before the pandemic. It became a crisis during the pandemic and it still is. Day care employment in May in the U.S. was nearly ten percent behind its pre-pandemic level, and a startling 14 percent behind across Oregon. Day care employment numbers aren't available for the Salem area, but extreme shortage is likely the case here as well.

Labor force participation is well recovered from its dip in the pandemic downturn (see graph 2). Remember – labor force participation is defined as those working plus those looking for work, divided by the working-age civilian population and expressed as a percentage, and it's an important measure of labor supply.

But the longer-term trend is the real problem, especially for employers who are trying to hire in the tightest labor market we've seen. Labor force participation has been trending downward since the '80s for men with lower levels of education, and downward, although not as steeply, for women since about 2000. Attracting men and women back into the labor force might involve wage increases and job improvements, and some creative solutions to the dire situation regarding day care for working families.

Interestingly, the [state of Iowa](#) has recently made \$21 million available to employers to provide day care as an employee benefit, and to encourage businesses to directly

provide it. But so far, there's not much else in the way of public policy to make one hopeful along these fronts.

And finally, there's the eight to nine percent inflation in the current economy, a once-in-a-lifetime experience for anyone younger than about age 50.

Most economists agree on the causes of the inflation. These are: pent-up demand for the goods and services not accessible during the worst of the pandemic; supply chain problems, exacerbated by China's efforts to contain Covid; the war in the Ukraine having an impact on the price of oil and wheat; rising wages; corporations raising prices to increase profits; and the Federal Reserve Board possibly waiting too long to put the brakes on inflation by raising interest rates.

What economists don't agree about is how much each of these has contributed to inflation. What they do agree about is that the Fed's action may bring on a recession. And even a moderate recession according to an [Office of Economic Analysis blog](#), could result in nine percent unemployment.

Another [recent overview of the economy](#) by Portland economist Amy Vander Vliet is titled "Oregon Economic Update: Growth Amid Risks and Challenges." That's a good summary of what we are seeing for the future. Stay tuned, the next few months will likely bring a bit more clarity to recession predictions, and who knows what else.

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