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THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



July 2020

Institute Insights: **Impact of COVID-19 on Business & Industry**



SORDONI
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Introduction & Research Methods

This research was underwritten by **the Greater Scranton Chamber of Commerce, Sordoni Family Foundation, and UGI Utilities** and with support from **the Luzerne County COVID-19 Emergency Response Fund of The Luzerne Foundation, the Scranton Area Community Foundation COVID 19 Fund and the Wells Fargo Foundation.**

The Institute would like to acknowledge Junhua Du and Ryan Kiehl Price, Institute research interns, for their research and analytic contributions to this study.

The economic impacts of COVID-19 are vast and far-reaching across Northeastern Pennsylvania. Virtually all organizations have been forced to adapt and adjust to comply with changing regulations and ensure the safety of workers, customers, and the broader community. However, the impacts on businesses have been uneven. This report explores the challenges facing the regional business community as well as uses regional economic data to show the different types of impacts and severity of economic disruption caused by the COVID-19 pandemic across different industry sectors and businesses of different characteristics.

Several sources of data were used to better understand the economic impacts of the pandemic. The Institute developed a qualitative classification of business disruption based on five data sources:

- The percentage of workers able to telecommute within industries based on research from the National Bureau of Economic Research
- The Institute's analysis of year-over-year real-time job posting data sourced from JobsEQ
- Short term unemployment estimates sourced from Chmura Economics, an economic consulting firm
- The percentage of industry workforce in industries classified as non-life-sustaining under statewide red phase guidelines, based on The Institute's analysis of data from JobsEQ
- A panel survey of seven economic development leaders with a broad perspective on business needs, including Chamber of Commerce senior staff, economic development professionals, small business development center senior staff, and a mayor. The survey was conducted in April 2020 with seven participants.

Furthermore, a survey of business owners and leaders was conducted. The survey was distributed by Chambers of Commerce and other economic development organizations, who sent the electronic survey to membership and publicized the survey via social media. In total, 160 business leaders responded. The majority of results were gathered between May 10 and May 21. At that time, both Lackawanna and Luzerne County were in the red phase of the statewide reopening plan. The survey closed on June 7, shortly after both counties had moved to the yellow phase of reopening. The results represent only those who participated in the research and is not necessarily a representative sample of all businesses in the region.

Preliminary data on Payroll Protection Program loans was obtained from the Small Business Administration, representing loans made through late June. PPP applications have reopened, so loans approved more recently will not be reflected in this analysis.

Regional Economic Overview

COVID-19 has forced businesses to close, reduce their services, or alter their operations to continue providing services deemed essential. As a result, many workers have been laid off and hiring activity slowed in a number of industries. The first stage of economic disruption was an initial supply-side economic disruption associated with the primary business shutdown which lasted in Northeastern Pennsylvania from March 2020 and gradually phased out in May and June 2020.

Secondly, the reopening has been followed by a demand-side shock, as consumers are gradual in resuming normal activities due to concerns about the virus. While the initial economic shock appears to have passed as of July 2020, it remains to be seen how long it will take for consumer spending to fully normalize. Furthermore, the possibility exists of regression should viral activity increase, as has happened in other parts of Pennsylvania and the United States. Such a scenario could be accompanied by renewed restrictions on economic activity as well as further erosions in consumer confidence.

Unsurprisingly, business closures (temporary and potentially permanent) and employee layoffs and furloughs caused a spike in the unemployment rate. According to non-seasonally-adjusted rates from the Bureau of Labor Statistics, statewide unemployment reached 15.6 percent in April before improving to 12.9 percent in May, still nearly triple the 2019 annual average.

The three largest cities in the region and both counties began the crisis with higher unemployment rates than the statewide rate, and their peaks seen in the April rates were also higher – 17.2 percent in Lackawanna and 18.5 percent in Luzerne. Similar trends were seen in Scranton, Wilkes-Barre, and Hazleton. Each of these peaks were over 200 percent higher than the 2019 annual average, except Hazleton, where the April 2020 rate of 23.9 was 166 percent higher than the 9 percent annual rate in 2019.

Positive improvement was seen in the May rates, which fell to 12.9 percent statewide, 14.4 percent in Lackawanna, and 16 percent in Luzerne. However, the scale of this improvement was smaller in both counties and the three largest cities. The May 2020

unemployment rate was 17 percent lower statewide than the prior month, but the improvement was slightly smaller for both counties, and only 12, 10, and 8 percent for Scranton, Wilkes-Barre, and Hazleton, respectively. This could be an early indicator that the region, and particularly its three largest cities, could be experiencing a slower labor market recovery.

	Unemployment Rates					Increase, 2019 - Peak	Decrease, Peak-May 2020
	2019 Average	Feb 2020	Mar 2020	Apr 2020	May 2020		
Pennsylvania	4.4	5.1	5.9	15.6	12.9	255%	-17%
Lackawanna	4.9	5.6	6.5	17.2	14.4	251%	-16%
Luzerne	5.7	6.6	7.7	18.5	16.0	225%	-14%
Scranton City	5.2	5.5	6.6	18.5	16.2	256%	-12%
Wilkes-Barre City	6.7	7.4	8.9	21.4	19.2	219%	-10%
Hazleton City	9.0	9.7	11.3	23.9	22.0	166%	-8%

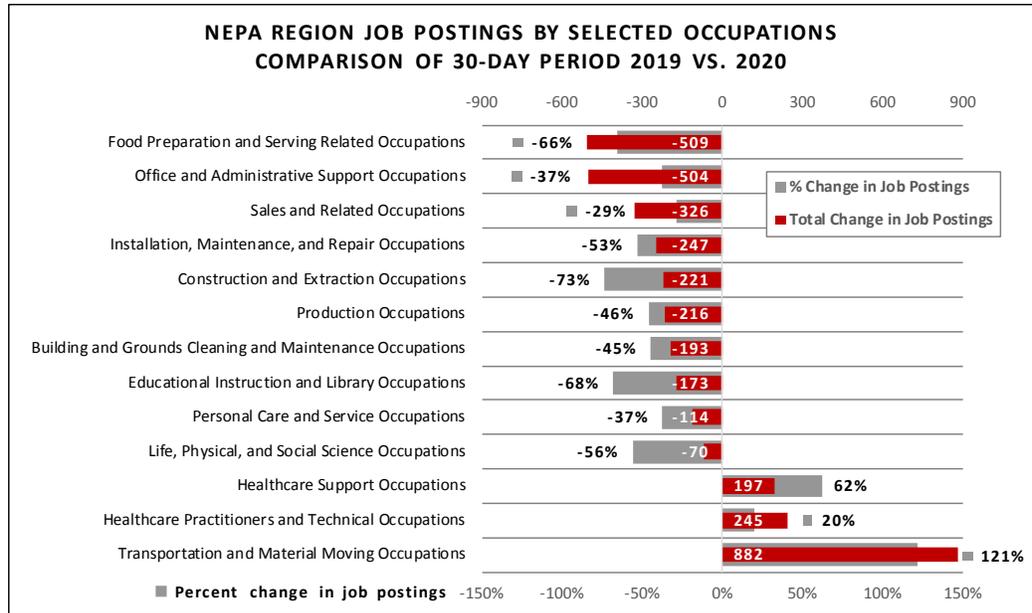
Online job postings are a leading indicator of labor market activity when compared to historical trends to assess labor market demand and show the significance of COVID-19 on the regional economy. In Lackawanna and Luzerne Counties, online job postings over the 30-day period from March 17 to April 16, 2020 declined by 20 percent or more compared to the equivalent period of 2019. In the Greater NEPA region of counties surrounding Lackawanna and Luzerne Counties, there has been a nine percent decline in job postings compared to last year. In all three regions, there was a sharp decline in the number of job postings following Governor Wolf's March 19th order to close non-essential businesses. Since that time, daily job posting activity in all three regions has generally trailed 2019 levels and has continued to decline as the coronavirus crisis has persisted.

An analysis of the job posting activity for the broader NEPA region (including Lackawanna and Luzerne counties and the following counties surrounding them: Bradford, Carbon, Clinton, Columbia, Lycoming, Monroe, Montour, Pike, Schuylkill, Sullivan, Susquehanna, Tioga, Wayne, and Wyoming) from mid-March to mid-April 2020 compared to a similar timeframe in 2019 indicates occupations in the region are being affected differently, although very few show overall growth. The occupation groups with both the largest overall total and percentage declines in job postings compared to last year include: Food Preparation and Serving Related Occupations; Construction and Extraction Occupations; and Installation, Maintenance and Repair Occupation. Office and Administration Support Occupations, and Sales and Related Occupations have high declines in total job

postings, but on a percentage basis, the declines are not as significant.

On the positive side, positions in transportation and material moving and healthcare positions have demonstrated growth compared to the comparable 2019 period. The Transportation

and Material Moving Occupation group has demonstrated the largest growth in job postings, increasing 121 percent compared to 2019. There has also been growth in health-related occupations, with



job postings for Healthcare Support Occupations increasing 62 percent compared to last year, and job postings for Healthcare Practitioners and Technical Occupations increasing 20 percent.

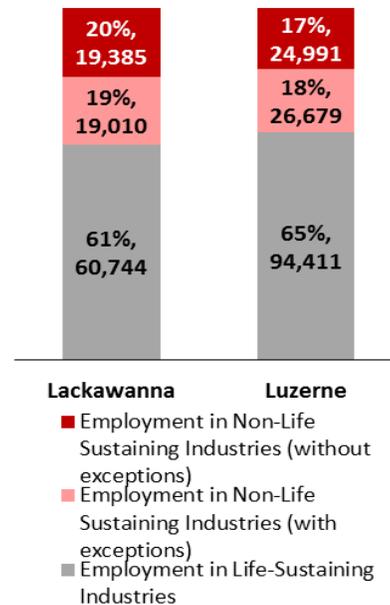
Industry Vulnerability to Disruption due to COVID-19

Since the beginning of the statewide shutdown of non-life-sustaining businesses, there has been an unprecedented economic disruption that has left thousands of workers unemployed and negatively affected the bottom line of businesses of almost all sizes and types.

The shutdown order allowed for the continuation of operations in life-sustaining industries. The Institute gathered data on employment to determine how many workers and which industries have been most impacted by the crisis.

The chart at right shows that over 60 percent of workers in both counties work in life-sustaining industries, which includes several of the largest industries by employment in the region—health care, transportation and warehousing, and many manufacturing industries. However, nearly 40 percent of workers in Lackawanna County and 35 percent in Luzerne County work in non-life sustaining industries, with or without exceptions to operate under limited circumstances. This amounts to over 90,000 displaced

workers in the two counties, though some may have continued to receive paychecks (for part or all of the shutdown period) and/or could perform their jobs from home.



This measure is an imperfect estimate of workers displaced, as many businesses that would be considered life-sustaining may have nonetheless made the business decision to cease operations. This analysis also does not consider businesses in non-life

sustaining industries granted waivers to operate. To understand the economic effects of COVID-19 on businesses and workers, it is also useful to analyze other indicators of disruption, presented below.

Short-Term Job Loss Projections

Chmura Economics, an economic consulting firm, used the job loss projections shown at the right as part of a nationwide vulnerability index. The estimates were based on industry research and surveys, and the percentages shown represent the high end of a range of projected temporary job losses.

Job losses in two industry groups, arts, entertainment, and recreation, and accommodation and food services, were estimated to be as high as 60 percent during the short-term initial economic shock coinciding with the economic shutdown.

Job Postings: Initial Trends

Data was gathered on online job postings from a 30 day period in March-April 2020 and the equivalent period in 2019. Job postings data are available for occupations, but not matched with industry groups. In order to make inferences about job posting activity for industry groups, data was collected for the top ten largest occupations by employment within each industry group. Some occupations appear in the top ten of more than one major industry group.

The table shows the decline in jobs for the ten largest occupations by employment within each industry, weighted by that occupation's share of employment in that industry. Negative values represent industries where the 10 largest occupations associated with an industry showed a weighted net decline in job postings, while positive values indicate a weighted net increase in posting activity, a leading indicator of hiring.

NAICS Description	2-County Total Employment	Chmura Economics Short-Term Job Loss Projections (High End)
Agriculture, Forestry, Fishing and Hunting	560	5%
Mining, Quarrying, and Oil and Gas Extraction	369	10%
Utilities	2,312	5%
Construction	10,466	10%
Manufacturing	26,847	10%
Wholesale Trade	9,594	25%
Retail Trade	29,673	25%
Transportation and Warehousing	21,744	25%
Information	3,943	25%
Finance and Insurance	10,432	5%
Real Estate and Rental and Leasing	2,328	5%
Professional, Scientific, and Technical Services	7,534	5%
Management of Companies and Enterprises	2,782	5%
Administrative and Support and Waste Management and Remediation Services	16,490	5%
Educational Services	18,616	5%
Health Care and Social Assistance	48,309	5%
Arts, Entertainment, and Recreation	3,430	60%
Accommodation and Food Services	20,259	60%
Other Services (except Public Administration)	9,533	25%

NAICS Description	Raw Job Posting Change in Top Occupations, March/April 2019-2020	Job Posting Change, Weighted by Occupation Mix
Agriculture, Forestry, Fishing and Hunting	669	3.5
Mining, Quarrying, and Oil and Gas Extraction	688	100.6
Utilities	-379	-34.7
Construction	-189	-24.7
Manufacturing	-10	5.8
Wholesale Trade	770	88.5
Retail Trade	-494	-84.6
Transportation and Warehousing	1,008	248.0
Information	-246	-30.5
Finance and Insurance	-236	-38.8
Real Estate and Rental and Leasing	-256	-27.4
Professional, Scientific, and Technical Services	-148	-10.8
Management of Companies and Enterprises	-289	-36.5
Administrative and Support and Waste Management and Remediation Services	553	10.6
Educational Services	-196	-13.8
Health Care and Social Assistance	214	38.4
Arts, Entertainment, and Recreation	-605	-51.9
Accommodation and Food Services	-523	-88.6
Other Services (except Public Administration)	-154	-14.7

Overall Assessment of Industry Vulnerability

Two other measures were considered of vulnerability to initial economic shock. In April 2020, The Institute surveyed a panel of economic leaders in Lackawanna and Luzerne Counties, including representatives from chambers of commerce, economic development agencies, and small business service providers. Respondents rated the relative level of disruption they perceive in each industry on a scale of 1 to 5, with 1 representing minimal disruption and 5 representing severe disruption.

Finally, data was considered on the relative potential for telework by industries, based on the assumption that industries where telework is more widespread will face less disruption than those where telework cannot occur due to the nature of the industry. Telework estimates were sourced from a study by Jonathan I. Dingel and Brent Neiman released by the National Bureau of Economic Research, which used survey data to estimate the percent of jobs that can feasibly be done at home.

These five measures of economic vulnerability sometimes are in conflict for an industry group—for example, the Management of Companies and

Enterprises industry has 100% of employees classified as non-life-sustaining and a moderate decline in related job postings, but a low projected job loss and high telework potential. For each industry, a qualitative classification on a four-point scale was assigned based on the five indicators.

The industry groups assigned as having the highest potential disruption were Construction, Retail Trade, Arts, Entertainment and Recreation, and Accommodation and Food Service. These industries account for 26 percent of regional private employment. Another 24.5 percent of workers are employed in industries with medium-high disruption. The industry groups assigned to the lower relative disruption category account for only 13.5 percent of employment, while the low-medium disruption group accounts for 36 percent of employment.

Though significant variation within each broad category is certain, many workers in these industries are likely seeing job losses, furloughs, or reduced hours, creating a significant economic ripple effect. However, this qualitative classification provides an initial understanding of which broad industry sectors faced the greatest disruption during the initial business shutdowns that commenced in March and gradually lifted in May and June.

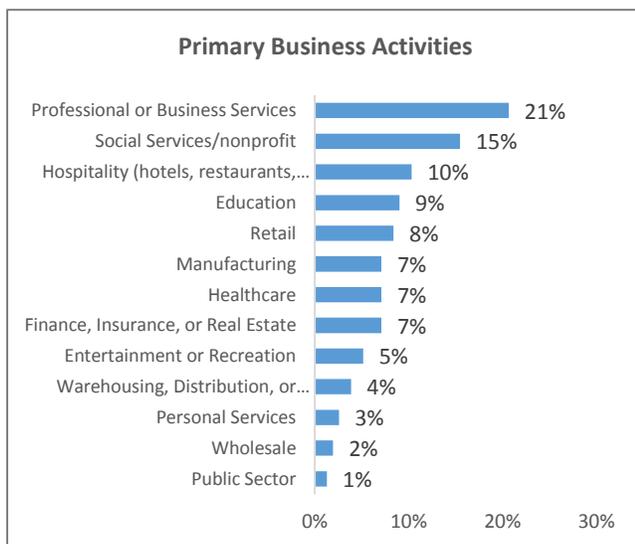
NAICS Description	2-County Total Employment	Chmura Econ. Job Loss Projections (High End)	Weighted Job Posting Decline (Top 10 Occupations)	Survey of Regional Expert Panel	Telework Potential (NBER)	Overall Qualitative Classification	
Agriculture, Forestry, Fishing and Hunting	560	0.0%	5%	3.53	3.50	8%	Low-Medium Disruption
Mining, Quarrying, and Oil and Gas Extraction	369	0.0%	10%	100.61	4.00	25%	Low-Medium Disruption
Utilities	2,312	0.0%	5%	-34.73	2.00	37%	Lower Disruption
Construction	10,466	100.0%	10%	-24.71	4.44	19%	High Disruption
Manufacturing	26,847	33.8%	10%	5.76	3.50	22%	Medium-High Disruption
Wholesale Trade	9,594	16.2%	25%	88.54	3.50	52%	Low-Medium Disruption
Retail Trade	29,673	46.5%	25%	-84.59	4.89	14%	High Disruption
Transportation and Warehousing	21,744	0.4%	25%	247.98	3.25	19%	Low-Medium Disruption
Information	3,943	6.9%	25%	-30.52	2.13	72%	Lower Disruption
Finance and Insurance	10,432	7.0%	5%	-38.79	2.75	76%	Lower Disruption
Real Estate and Rental and Leasing	2,328	70.0%	5%	-27.37	4.33	42%	Medium-High Disruption
Professional, Scientific, and Technical Services	7,534	84.4%	5%	-10.84	3.50	80%	Low-Medium Disruption
Management of Companies and Enterprises	2,782	100.0%	5%	-36.55	4.00	79%	Medium-High Disruption
Administrative and Support and Waste Management and Remediation Services	16,490	65.2%	5%	10.57	3.22	31%	Lower Disruption
Educational Services	18,616	100.0%	5%	-13.75	5.00	83%	Medium-High Disruption
Health Care and Social Assistance	48,309	8.0%	5%	38.44	4.33	25%	Low-Medium Disruption
Arts, Entertainment, and Recreation	3,430	100.0%	60%	-51.88	5.00	30%	High Disruption
Accommodation and Food Services	20,259	13.8%	60%	-88.61	4.78	4%	High Disruption
Other Services (except Public Administration)	9,533	40.3%	25%	-14.69	4.22	31%	Medium-High Disruption

Business Survey Data

Information was gathered via electronic survey, to which 160 business leaders responded. The majority of results were gathered between May 10 and May 21. At that time, both Lackawanna and Luzerne County were in the red phase of the statewide reopening plan. The survey closed on June 7, shortly after both counties had moved to the yellow phase of reopening. The results, detailed below, represent only those who participated in the research and is not necessarily a representative sample of all businesses in the region.

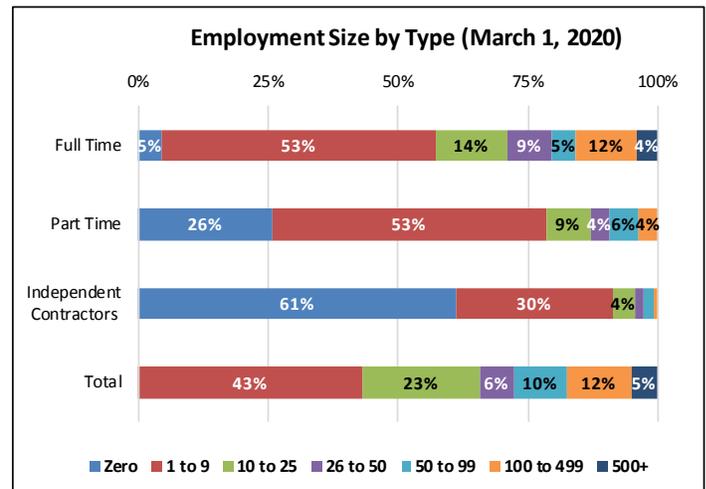
Business Characteristics at the Onset of the Pandemic

The primary business activities among survey respondents are Professional or Business Services, Social Services/Nonprofit, and Hospitality, which account for about half the total. More than 20 percent business activity is about Professional or Business Services which is the largest sector among respondents. About seven percent of respondents are in each of the healthcare, manufacturing, and finance, insurance, or real estate sectors. Less than two percent of business activities are in Public Sector and Wholesale.

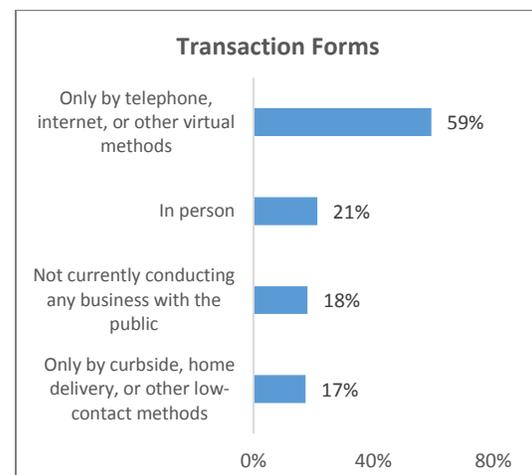


Most survey respondents were smaller businesses. Over half had fewer than ten full-time employees. Similarly, over three-fourths had fewer than ten part-time employees. In total, over forty percent had fewer than ten employees of any status (including independent contractors). Another 23 percent

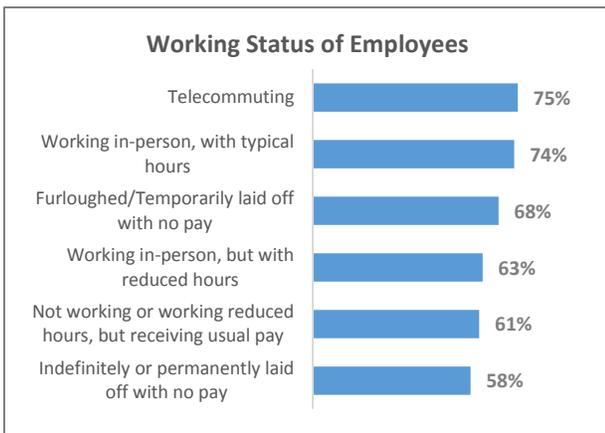
employed 10 to 25 people in total, while fewer than one in five employed more than 100 workers. Independent contractors were least frequently reported, with 61 percent of respondents reporting zero and another 30 percent with fewer than ten. As of the time of the survey, the majority of business



transactions (around 60 percent) were conducted only by telephone, internet, or other virtual methods. More than 20 percent of merchants were conducting business with customers in person. Around 18 percent of business leaders reported not currently conducting any business with the public, and about 17 percent only by curbside, home delivery, or other low-contact methods.



The frequencies for different working status of employees are close. Nearly 75 percent of respondents reported that at least some employees were telecommuting, and a similar share had employees working in-person with typical hours. Over 68 percent reported having employees temporarily laid-off or furloughed. There are more than 60 percent of respondents with employees who are working in-person with reduced hours, or not working but receiving usual pay. More than half reported having employees laid off with no pay.

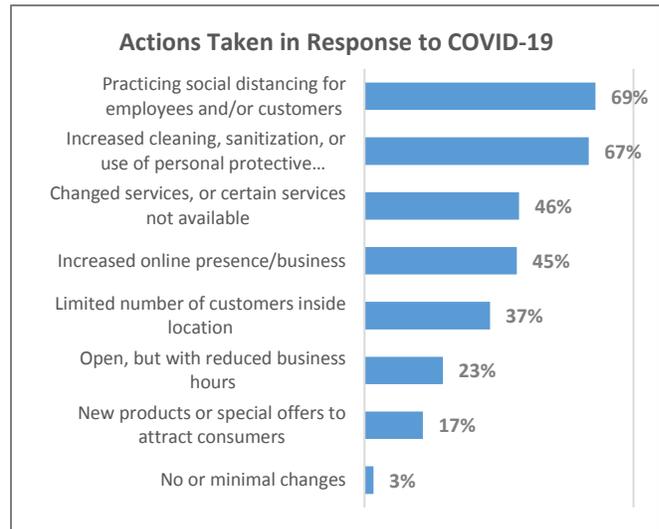


The number of respondents owning and renting their facilities is close, and only a small number of merchants own and lease facilities at the same time. Nearly 48 percent of merchants choose to lease their facilities, which is slightly higher than the frequency of merchants who purchase their facilities (around 43 percent). Nine percent both lease and own facilities.

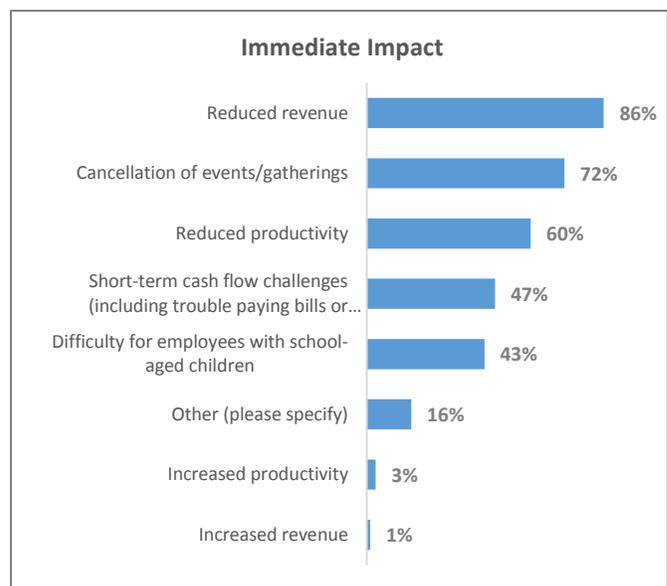
Operational Impact and Adjustments Due to COVID-19

In response to the COVID-19, respondents reported taking a number of actions including practicing social distancing for employees and/or customers, increasing cleaning, sanitization, or using of personal protective equipment (PPE). Both of these two actions were reported by around 67 percent of respondents. About 45 percent of respondents reported changed services, unavailability of some services, and increased online presence/business. About 23 percent were open for limited hours due to

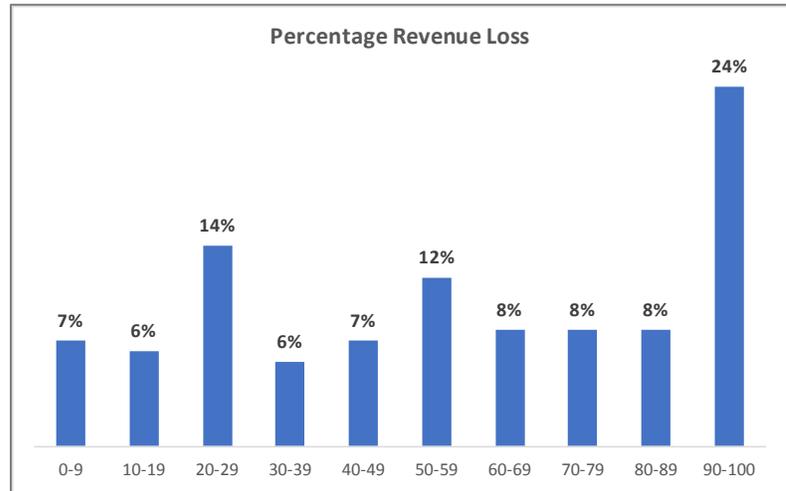
the pandemic. Fewer than three percent of respondents reported taking no additional steps.



The most immediate effect of the COVID-19-related issues is a drop in revenue and cancellation of events/gatherings. There were about 86 percent of businesses reporting decreased revenue, and 72 percent of merchants reflect that their events/gathering are cancelled. Over half reported reduced productivity, and over 46 percent reported cash flow challenges. Over 42 percent reported difficulty for employees with school-age children. A very small number of respondents reflect that their revenue and productivity increased.



The number of merchants who lost more than 90 percent of their revenue is the largest, which accounts for a quarter. There are 14 percent of merchants who lost 20 to 29 percent of revenue, and 12 percent of merchants who lost 50 to 59 percent of revenue. In total, nearly half of respondents reported revenue loss of 60 percent or more.



In response to the COVID-19, many businesses have changed operations due to public health guidelines and to

promote the safety of their employees and customers. For instance, some companies require their employees to work at home to minimize contact and use conference calls and video meetings for staff and clients. Meanwhile, hours of operation and ways of interfacing with clients or customers have also changed for many businesses.

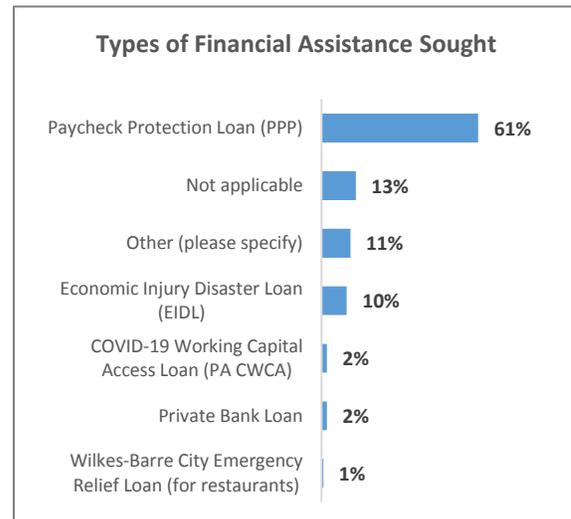
Road to Recovery

Respondents were asked if their business had a business recovery plan in place. About half of business leaders' recovery plans were in progress at the time, but more than a fifth of merchants have no plan for recovery. Nearly 30 percent had already completed a recovery plan.

About 81.6 percent of business leaders reported that they have sought financial assistance, the remainder reported that they did not. For those who did not seek financial assistance, most of them stated that they believed they were not eligible for the Paycheck Protection Program Loan (PPP). Others indicated that it was not necessary to apply for financial assistance because they could survive on their own and left financial assistance to others.

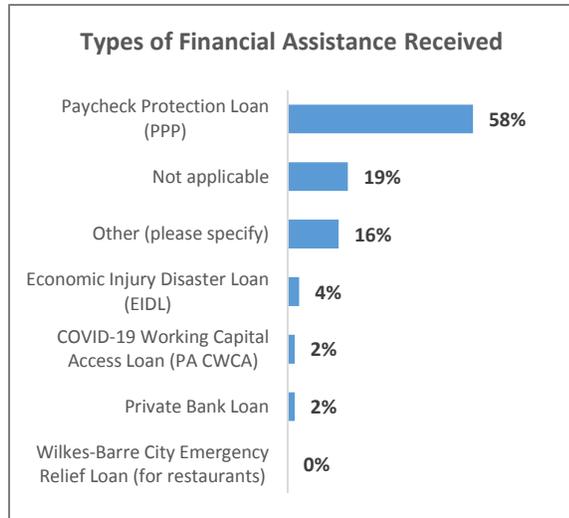
Among those who have sought financial assistance, the largest share of them applied for the PPP loan. The success rate of getting a PPP loan is higher than 90 percent among responding businesses. Although fewer than one in ten of business leaders applied for Economic Injury Disaster Loan (EIDL), fewer received those funds. A small share of respondents have applied for COVID-19 Working Capital Access Loan (PA CWCA) and private bank loans, but with a 100

percent success rate among the small sample of respondents. There are 11.2 percent of merchants who also applied for other financial assistance.



	Number Applied	Number Received	Success Rate
COVID-19 Working Capital Access Loan (PA CWCA)	3	3	100%
Private Bank Loan	3	3	100%
Paycheck Protection Loan (PPP)	87	80	92%
Economic Injury Disaster Loan (EIDL)	14	5	36%
Wilkes-Barre City Emergency Relief Loan (for restaurants)	1	0	0%

There are 57.6 percent of merchants who received a PPP loan. The frequency of people who received Economic Injury Disaster Loan (EIDL), COVID-19 Working Capital Access Loan (PA CWCA), and Private Bank Loan account for an average of three percent respectively. However, no respondents reported receiving the Wilkes-Barre City Emergency Relief Loan. Some merchants also reflected that they did not receive any kind of loan.

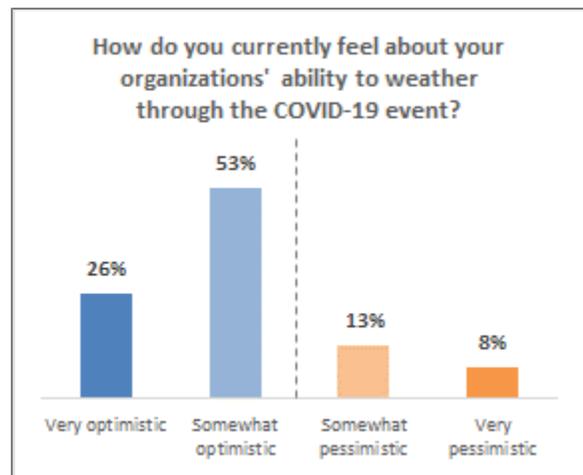


For those who applied for Economic Injury Disaster Loan (EIDL), 69 percent of them lost more than 75 percent of revenue. Among those who applied for Paycheck Protection Program Loan (PPP), most of them (38 percent of merchants) lost more than 75 percent of their revenue, and another 25 percent had lost 50 to 74 percent of revenue.

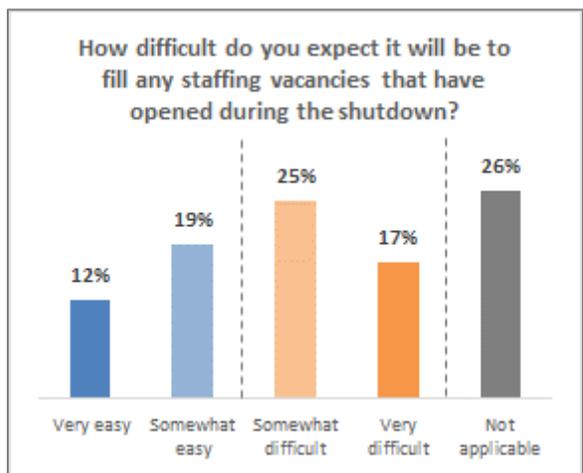
Financial Assistances	Percent Revenue Loss			
	0-24 %	25-49 %	50-74 %	75-100 %
COVID-19 Working Capital Access Loan (PA CWCA)	33%	0%	0%	67%
Other (please specify)	31%	31%	19%	19%
Not applicable	29%	18%	35%	18%
Paycheck Protection Loan (PPP)	19%	19%	25%	38%
Economic Injury Disaster Loan (EIDL)	0%	15%	15%	69%
Private Bank Loan	0%	50%	0%	50%
Wilkes-Barre City Emergency Relief Loan (for restaurants)	0%	0%	100%	0%

About three in four respondents agreed that they needed assistance finding or connecting with local, state, or federal crisis resources.

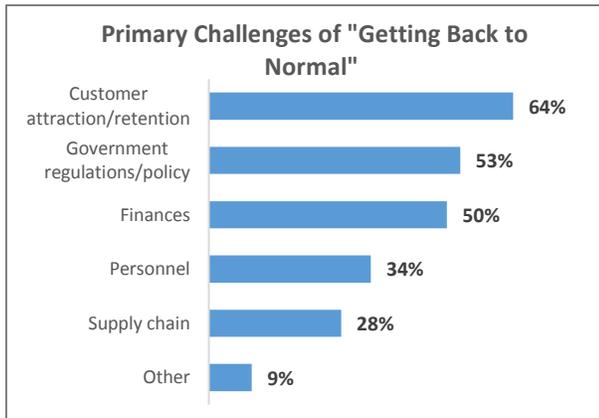
More than half of business leaders are somewhat optimistic about their organizations' ability to weather through the COVID-19 event, and more than a quarter are very optimistic. There are around seven percent of merchants who are very pessimistic. In order to increase the likelihood of weathering this crisis, many merchants hope to get many different resources more easily. For instance, several mentioned rent assistance, tax breaks, more access to PPE, and lower interest rates.



About 42 percent of respondents expect filling any staffing vacancies that opened during the shutdown to be somewhat or very difficult, while about 32 percent expect it be somewhat or very easy. The remainder responded "not applicable" to this question.



The most frequently cited challenge to getting back to normal was customer attraction/retention, indicated by nearly two-thirds of respondents. This was followed by government regulations (53 percent) and financial considerations (50 percent). Thirty-four percent cited personnel, and 28 percent cited supply chains.



The number of people who expect to resume business with fewer employees is slightly lower than the number of people who expect to resume business with same level of employees as before the outbreak. There are 42 percent of respondents who expect to resume business with fewer employees, compared with 58 percent who do not.

Factors Affecting Negative Impacts

Correlations could be seen between several business characteristics and several negative outcomes or indicators measured in the survey. The following table shows three negative indicators of business stability for business activity categories.

Manufacturing business respondents had relatively low levels of business experiencing revenue decrease, businesses expecting to reopen with fewer employees, and businesses with a very pessimistic or somewhat pessimistic view of their ability to weather the crisis.

The share of businesses experiencing revenue decrease was high among all categories – at least 77 percent in each sector. There was greater variation in the percent of businesses likely to reopen with fewer employees, with a worse outlook for education organizations and hospitality,

Business Activity	Experienced Revenue Decrease	Likely to Reopen with Fewer Employees	Pessimistic About Weathering the Crisis
Professional or Business Services	91%	23%	13%
Social Services/Nonprofit	88%	30%	13%
Hospitality/Entertainment/Recreation	83%	62%	33%
Education	77%	67%	33%
Retail	100%	55%	36%
Healthcare	82%	45%	19%
Manufacturing	80%	20%	10%
Finance/Insurance/Real Estate	90%	50%	20%

entertainment, and recreation businesses, and retail. Each of those categories also had higher levels of pessimism about weathering the crisis, with over one-third in each group responding that they are at least somewhat pessimistic.

There were fewer variations in indicators of business outlook between those who did and did not seek financial assistance, though those who did tended to be more pessimistic about weathering the crisis. Outlooks were better for businesses with a recovery plan in place. There was a noticeable correlation between recovery planning and optimism about the responding businesses ability to weathering the crisis.

	Experienced Revenue Decrease	Likely to Reopen with Fewer Employees	Pessimistic About Weathering the Crisis
All Respondents (N=154)	86%	42%	21%
Sought Financial Assistance?			
Yes	86%	43%	22%
No	85%	41%	16%
Recovery Plan in Place?			
Yes	91%	44%	12%
In Progress	88%	42%	22%
No	76%	40%	30%
Own or Lease Facilities?			
Own	85%	37%	21%
Lease	92%	46%	22%
Business Responses to COVID-19			
Increased Online Presence	87%	44%	18%
New Products or Services	92%	54%	12%

In terms of facility ownership, those who only lease were both more likely to have reported falling revenue, and more frequently reported that they expect to reopen with fewer employees.

Businesses who reported increasing their online presence or introducing new products or services were marginally more likely to have experienced a revenue decrease. Nonetheless, these businesses were less pessimistic about their ability to weather the crisis, though businesses that had introduced new products or services had a higher probability of expecting to reopen with fewer employees.

For the region as a whole, and the ZIP codes of Wilkes-Barre and Scranton, there was minimal variation in the indicators of negative outlook. However, the 13 respondents with Hazleton ZIP codes reported lower frequencies of revenue decline, less likelihood of reducing workforce, and less pessimism about their ability to weather the crisis. The 13 respondents from the Pittston ZIP code reported that they are pessimistic and will reopen with fewer employees more frequently than other geographic areas, though only 77 percent

experienced revenue decline compared to 86 percent of respondents overall.

	Experienced Revenue Decrease	Likely to Reopen with Fewer Employees	Pessimistic About Weathering the Crisis
Wilkes-Barre (N=46)	89%	44%	19%
Scranton (N=32)	91%	45%	21%
Hazleton (N=13)	77%	15%	8%
Pittston (N=13)	77%	62%	31%
All Respondents (N=154)	86%	42%	21%

Need for Support and Services

The plurality of respondents, 47 percent, indicated they feel somewhat well prepared for a potential second wave of COVID-19 should one occur in Fall 2020. Another 13 percent indicated they feel very well prepared, while about 40 percent indicated that they are not at all prepared or not very prepared.

When asked what organizations such as Chambers of Commerce can do to better support them, responses varied. Several mentioned that they are in need of tax support or other financial advice. Others mentioned help acquiring PPE or cleaning supplies.

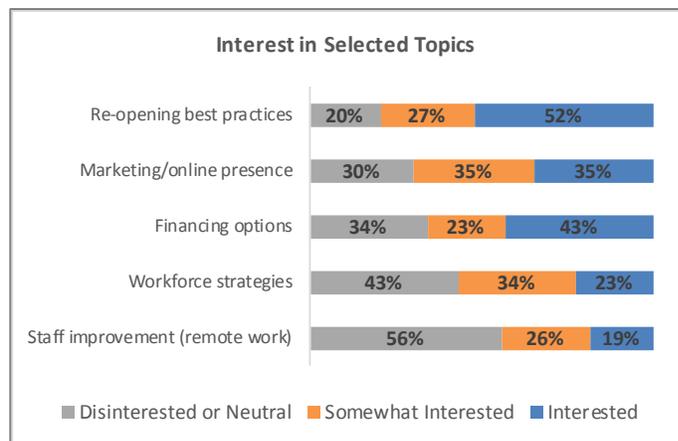
Several also mentioned legislative or advocacy work, such as to advocate for broader reopening, additional assistance funds. One respondent also mentioned advocating for support or tax relief at the local or county levels of government.

Several respondents expressed appreciation or recognition of the work Chambers have been doing to support organizations, including helping to navigate assistance programs. Several specifically cited the frequent communications from their Chambers as valuable.

When asked what kind of workforce initiatives would be helpful, 14 percent selected assistance to displaced/furloughed workers, 27 percent indicated training or upskilling current staff, and 7 percent indicated new hiring practices, while over 60 percent responded “none of the above”.

When asked what means of communication they prefer to receive information and updates from Chambers of Commerce, the highest levels of interest were email blasts, followed by on-demand videos and live webinars. Conference calls were least in-demand.

Among information topics of greatest interest, re-opening best practices was most frequently indicated, with 80 percent of respondents at least somewhat interested. This is followed by marketing/online presence, and financing options. Workforce strategies and staff improvement were less frequently mentioned, but still of interest to a sizable share of respondents.

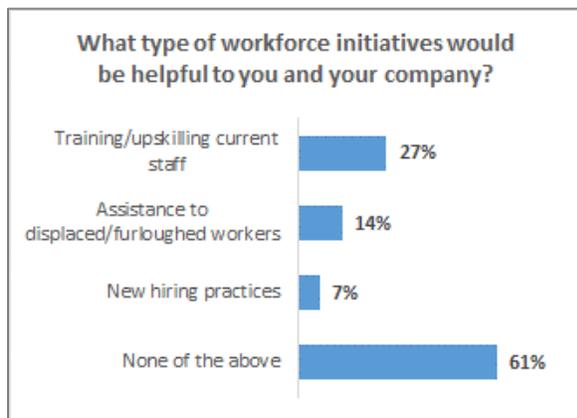


Organization Feedback

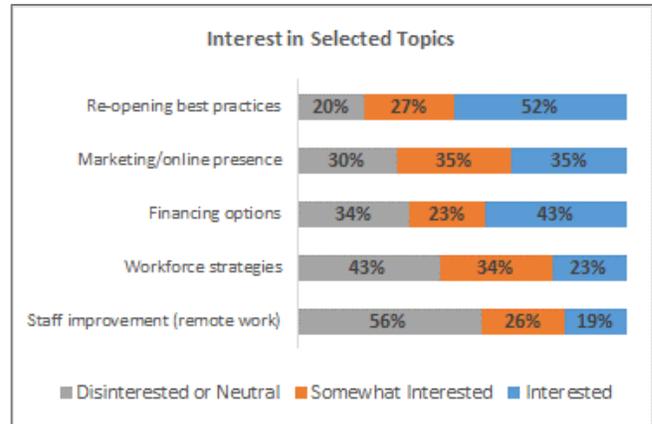
As part of the survey of business owners and leaders was conducted, Chambers of Commerce and other economic development organizations participating in the study had the option to include specific questions for their membership. The following section summarizes the responses to each participating organization’s questions.

Greater Wilkes-Barre Chamber of Commerce

Over one-quarter of members of the Greater Wilkes-Barre Chamber of Commerce that responded to the survey indicated workforce initiatives that focus on training and upskilling for current staff members would be most helpful to their businesses. Fourteen percent reported assistance for displaced workers would be helpful, while seven percent are interested in initiatives focused on new hiring practices. However, the majority of member respondents responding (61 percent) do not report that any of these initiatives would be helpful to their businesses.

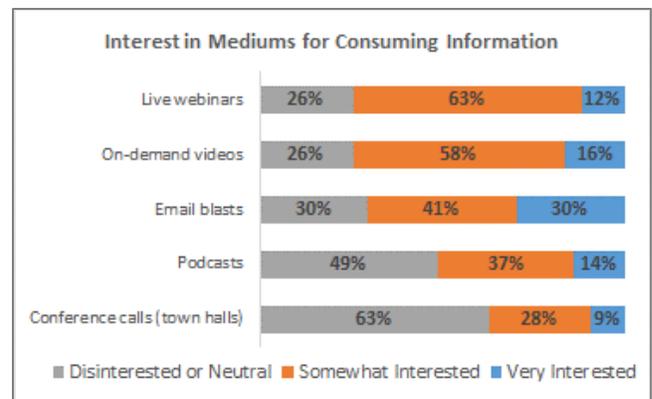


Greater Wilkes-Barre Chamber of Commerce member respondents are most interested in topics related to re-opening best practices, with 80 percent of those responding reporting they are at least somewhat interested in this topic. Nearly seven in ten members are interested in topics related to marketing/ online presence and financing options. More than half (57 percent) expressed interest in



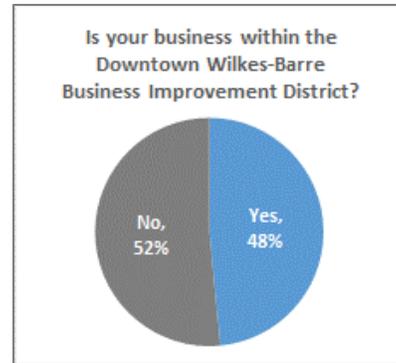
workforce strategies. The topic of staff improvement related to remote work was of least interest to members, with 44 percent expressing interest.

When respondents were asked which mediums they were interested in for consuming information from the Chamber, three-quarters reported they were at least somewhat interested in live webinars and on-demand videos. Email blasts, which over 70 percent of respondents are interested in receiving, received the highest percentage of members who expressed being very interested (30 percent) compared to other mediums. Just over half of member respondents expressed at least some interest in podcasts, while conference calls or town halls received the least interest, with 37 percent of members reporting some interest in this medium.



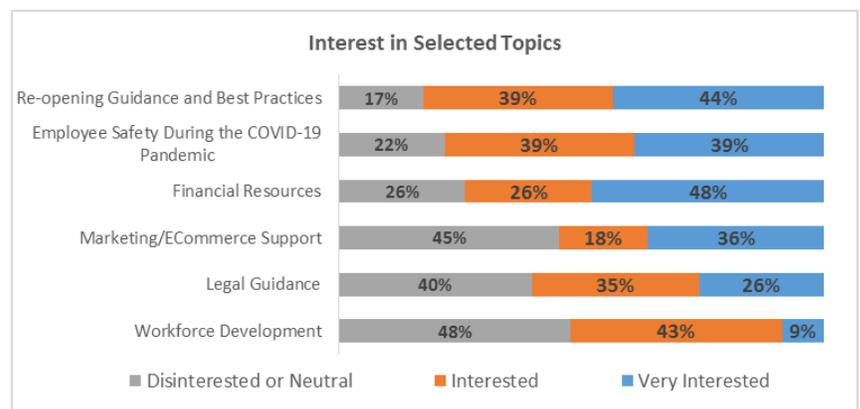
Diamond City Partnership

About half (48 percent) of the businesses responding to the survey that are members of the Diamond City Partnership reported their businesses are within the downtown Wilkes-Barre business improvement district. The majority (52 percent) indicated they are not in the improvement district.



Greater Pittston Chamber of Commerce

Similar to the feedback received from Greater Wilkes-Barre Chamber of Commerce members, Greater Pittston Chamber of Commerce members are also most interested in topics related to re-opening guidance and best practices, with 82 percent of those responding reporting they are interested or very interested in this topic. Topics related to employee safety during the pandemic are just a popular, with 78 percent of the member respondents expressing interest, including 39 percent who are very interested. Seven in ten are interested in topics related to financial resources, while around 54 percent of member respondents are interested in marketing/ecommerce support and legal guidance topics. Greater Pittston Chamber of Commerce members are less interested in workforce development topics, with 52 percent expressing some level of interest overall.



Chamber member respondents were asked which resources they were having difficulty obtaining while preparing their businesses to reopen. Overall, members have the most difficulty obtaining personal protective equipment for employees, with over 90 percent of respondents reporting at least some difficulty, including 14 percent who reported it very difficult to obtain protective equipment. Similarly, nearly seven in ten chamber member respondents reported difficulty obtaining sanitizing and cleaning products, including over one-quarter who indicated it was very difficult to get these supplies, more so than any of the other items. Seventy-seven percent of member respondents overall reported difficulty obtaining signage and personal barriers for their business, about half of these respondents (50 percent) said it was only somewhat difficult. More than half of respondents reported difficulty obtaining childcare for employees (63 percent) and information on employee safety (50 percent). Member respondents were least likely to report difficulty obtaining recruiting support for new hires, with about 42 percent experiencing at least some difficulty.

Industry Resilience

As industries have been differently impacted by the COVID-19 pandemic, so have industries experienced different paces of recovery. The Spring 2020 survey of economic development and Chamber leaders referenced above also asked the panel to rate recovery potential of industry groups. Disruption was rated on a scale of 1 to 5, where 1 is least potential for disruption and 5 is highest potential for disruption. Recovery potential was rated on a scale of 1 to 5, where 1 is much slower recovery than average, and 5 is much faster recovery than average.

For many industries, the two scores correlated, showing industry groups that were expected to be the most disrupted as well as slower to recover. These included educational services, health care, arts, entertainment and recreation, retail trade, and accommodation and food services. Conversely, several industries were seen as both less disrupted and quicker to recover, including utilities, transportation and warehousing, information, finance and insurance, and administration and support services.

Construction, Real Estate, and Management of Companies were the industries seen to have faster recover potential relative to their potential for disruption. Conversely, agriculture, manufacturing, wholesale trade, professional services, and other services were in categories with slower expected recovery relative to their disruption. However, no industry had a very high average disruption score but very low recovery speed, or vice versa.

Industry Disruption vs. Recovery Speed (Survey of Economic Leaders)		
	Disruption Potential	Recovery Potential
Agriculture, Forestry, Fishing and Hunting	3.50	3.25
Mining, Quarrying, Oil and Gas Extraction	4.00	3.00
Utilities	2.00	4.38
Construction	4.44	3.44
Manufacturing	3.50	3.50
Wholesale Trade	3.50	3.50
Retail Trade	4.89	1.78
Transportation and Warehousing	3.25	4.00
Information	2.13	4.38
Finance and Insurance	2.75	4.11
Real Estate and Rental and Leasing	4.33	2.89
Professional, Scientific, and Technical Services	3.50	3.50
Management of Companies and Enterprises	4.00	3.89
Administrative and Support Services and Waste Management	3.22	3.89
Educational Services	5.00	1.89
Health Care and Social Assistance	4.33	2.67
Arts, Entertainment, and Recreation	5.00	1.44
Accommodation and Food Services	4.78	1.44
Other Services (except Public Administration)	4.22	2.38

Industry Disruption vs. Recovery Speed (Survey of Economic Leaders)			
	Lower Disruption	Medium Disruption	Higher Disruption
Faster Recovery	Utilities; Transportation & Warehousing; Information; Finance & Insurance; Administration & Support	Management of Companies	
Medium Recovery	Agriculture; Manufacturing; Wholesale Trade; Professional Services	Mining, Oil & Gas	Construction; Real Estate
Slower Recovery		Other Services	Retail Trade; Education; Healthcare; Arts, Entertainment, Recreation; Accommodation & Food Service

The following table shows the number of online job postings in the 30 day period ending July 7, 2020. While job postings are organized by occupation rather than industry, job postings during the time can help shed light on which types of businesses are seeing the most hiring activity after shutdowns began to gradually ease in the region. Stockers and order fillers, retail salespersons, and registered nurses saw the most ads. Several of the occupations with the highest posting activity are associated with the retail or transportation and warehousing industries. The high posting activity for stockers and order fillers, truck drivers, and hand laborers and material movers likely suggests that workforce is still in demand in the region’s transportation and warehousing sector, which is driven largely by ecommerce. Ecommerce has seen high activity as consumers have avoided some traditional retail settings; however, posting activity associated with more traditional brick and mortar businesses such as retail workers and food preparation and serving workers has also been significant, indicating that those types of businesses have also begun to restore staffing levels as shopping centers have reopened and restaurants have allowed on-site dining.

Job Postings	
Occupation	Total Ads
Stocker and Order Fillers	827
Retail Salespersons	772
Registered Nurses	718
First-Line Supervisors of Retail Sales Workers	467
Heavy and Tractor-Trailer Truck Drivers	382
Driver/Sales Workers	363
Laborers and Freight, Stock, and Material Movers, Hand	338
Customer Service Representatives	326
Social and Human Service Assistants	293
Fast Food and Counter Workers	289
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	276
First-Line Supervisors of Food Preparation and Serving Workers	262
Maintenance and Repair Workers, General	235
Licensed Practical and Licensed Vocational Nurses	233
Personal Care Aides	223
Sales Representatives of Services, Except Advertising, Insurance, Financial Services, and Travel	202
Production Workers, All Other	202
Nursing Assistants	193
Security Guards	157
First-Line Supervisors of Production and Operating Workers	157
Medical and Health Services Managers	144
Cooks, Restaurant	141
Cashiers	133
Maids and Housekeeping Cleaners	114
Medical Secretaries and Administrative Assistants	114

Source: JobsEQ

Paycheck Protection Program: Preliminary Data

The Paycheck Protection Program was reportedly utilized by a large share of survey respondents, and this resource has been a major component of the federal government response to the economic impacts of COVID-19.

Data on the initial rounds of PPP funding was released in July 2020. At that time, there had been nearly 166,000 loans made to recipients in Pennsylvania. These loans were geographically categorized by ZIP code. Of the statewide loans, 7.4 percent were in ZIP codes in Northeastern Pennsylvania, which includes Lackawanna, Luzerne, Carbon, Monroe, Pike, Susquehanna, Wayne, and Wyoming Counties.

A total of 471 loans were made in Hazleton ZIP codes, 770 in Wilkes-Barre ZIP codes, and 1,231 in Scranton ZIP codes. The total jobs reported retained in the region were nearly 130,000, and averaged 10.5 jobs per loans.

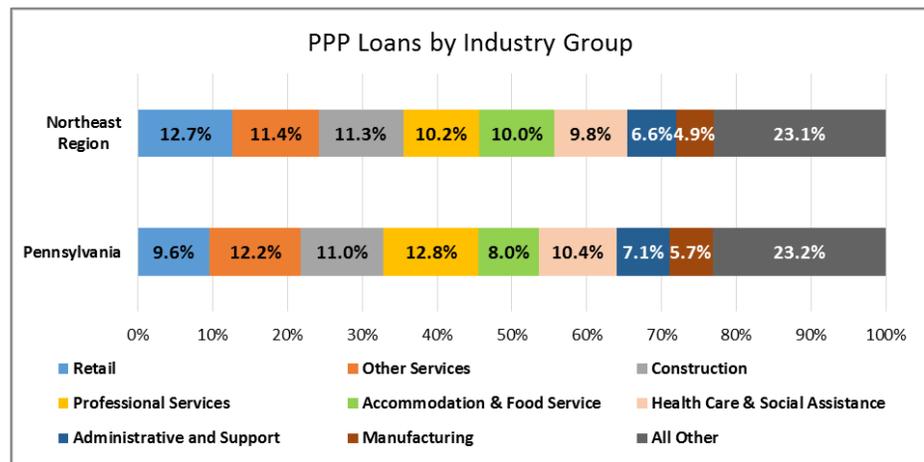
PPP Statistics Overview (July 2020 Data Release)					
	Pennsylvania	NE Region	Hazleton	Scranton	Wilkes-Barre
Total Loans	165,895	12,327	471	1,231	770
Total Reported Jobs Retained	1,821,020	129,833	4,278	15,410	12,615
Avg. Jobs Retained per Loan	11.0	10.5	9.1	12.5	16.4
Loans to Nonprofits	9,135	587	20	62	45
Percent to Nonprofits	5.5%	4.8%	4.2%	5.0%	5.8%

Statewide, 5.5 percent of loans were made to over 9,100 nonprofits. There were 587 nonprofit recipients in the region, which the largest numbers in Scranton and Wilkes-Barre.

On average, PPP loans to the Northeastern Region skewed smaller than the statewide average. Regionally, nearly 88 percent were less than \$150,000, and fewer than 2 percent were in excess of \$1 million.

PPP Loans by Amount				
	Pennsylvania		NE Region	
\$5-10 Million	206	0.1%	2	0.0%
\$2-5 Million	1,096	0.7%	60	0.5%
\$1-2 Million	2,255	1.4%	120	1.0%
\$350,000 - 1 Million	8,059	4.9%	452	3.7%
\$150,000 - 350,000	14,478	8.7%	887	7.2%
Under \$150,000	139,801	84.3%	10,806	87.7%

Loans were distributed to a variety of industry categories. Top industries for PPP loans in the Northeast Region were retail (12.7%), other services, which includes many personal service businesses such as barber shops, nail salons, and dry cleaners (11.4%), and construction (11.3%). Ten percent of loans were made to accommodation and food service businesses. Regionally, a smaller share of PPP loans were made to professional services, administration and support, and manufacturing industries compared with statewide.



Synthesis & Conclusions

The economic effects of the COVID-19 pandemic have been severe and far-reaching. Data shows that the impacts are affecting virtually all industries and geographic areas. Over 80 percent of nearly all industry groups represented in the business leader survey indicated they have experienced some revenue decline. Among all industry groups, at least 20 percent of respondents expect to reopen with fewer employees.

Nonetheless, not all industries and business types have been uniformly impacted. Based on several indicators of industry disruption, the sectors assigned as having the highest potential disruption were Construction, Retail Trade, Arts, Entertainment and Recreation, and Accommodation and Food Service. These industries account for 26 percent of regional private employment. Another 24.5 percent of workers are employed in industries with medium-high disruption. The industry groups assigned to the lower relative disruption category account for only 13.5 percent of employment. Though significant variation within each broad category is certain, many workers in these industries are likely seeing job losses, furloughs, or reduced hours, creating a significant economic ripple effect due to income loss. Importantly, many of the industries with high levels of disruption are also associated with generally lower wages. Thus, a disproportionate share of workers who have been displaced are likely those who already faced economic challenges.

Based on feedback from a panel of economic development, business development, and Chamber of Commerce leaders, perceived level of disruption correlates negatively with perceived speed of recovery. Several major industries that are being heavily impacted, including retail, accommodation and food service, education, and arts, entertainment, and recreation, were also seen as having a slower than average recovery process.

The lack of a business recovery plan is associated with indicators of poor business outlook including reduced revenue, staff reductions, and pessimism about a business's ability to continue. There is an opportunity for Chambers, economic development organizations, and Small Business Development Centers to provide technical assistance or guidance in development of organizational response or recovery plans.

In response to the crisis, the vast majority of business owners have implemented a variety of changes to their operations, either due to mandates or voluntarily. More than two-thirds had reported implementing social distancing and increased cleaning, and nearly half reported an increased online presence or changes in the availability of certain services. About 17 percent reported offering new products or special offers in order to stimulate sales.

As the most significant federal business assistance program in the wake of COVID-19, the Payroll Protection Program (PPP) has had a significant impact on the region. It was utilized by a large share of survey respondents, and most who reported applying indicated they received funding. As of July 2020, there were nearly 166,000 loans made across Pennsylvania, including 7.4 percent of those in the Northeastern corner of the state. A total of 471 loans were made in Hazleton ZIP codes, 770 in Wilkes-Barre ZIP codes, and 1,231 in Scranton ZIP codes. The total jobs reported retained in the region were nearly 130,000, and averaged 10.5 jobs retained per loans. Additionally, there were 587 nonprofit recipients in the region, with the largest numbers in Scranton and Wilkes-Barre.

However, businesses reported that PPP has not been a "silver bullet," and other concerns were apparent in their survey responses. Respondents reported several concerns frequently, particularly financing issues. Taxes were specifically mentioned by a number of respondents as an area of concern. Nearly half of business respondents reported facing cash flow challenges, and about one in five were pessimistic about their business's ability to be able to weather the crisis. Business leaders were also interested in getting assistance obtaining PPE and cleaning supplies to allow them to operate safely and within official public health guidelines.

When asked what organizations such as Chambers of Commerce can do to better support businesses, responses varied. Several mentioned that they are in need of tax support or other financial advice. Others mentioned help acquiring PPE or cleaning supplies. Chamber memberships are interested in Chambers continued work in legislative and advocacy work in order for businesses to have a voice in shaping policy around reopening and financial aid. This could include county and local level support, including promoting

flexibility for tax payments for businesses facing cash flow challenges. Frequent communication from the Chambers were seen as valuable by a number of respondents.

There are signs that the economy will be somewhat resilient to this shock. Positive improvement was seen in the May unemployment rate, which fell to 12.9 percent statewide, 14.4 percent in Lackawanna, and 16 percent in Luzerne. However, the scale of this improvement was smaller in both counties and the three largest cities. The May 2020 unemployment rate was 17 percent lower statewide than the prior month, but the improvement was slightly smaller for both counties, and only 12, 10, and 8 percent for Scranton, Wilkes-Barre, and Hazleton, respectively. This could be an early indicator that the region, and particularly its three largest cities, could be experiencing a slower labor market recovery.

This drop in unemployment has been followed by brisk job posting activity for some occupations, a leading indicator of employment. A high number of job postings are for jobs associated with the region's transportation and warehousing sector, which is driven largely by ecommerce. Ecommerce has seen high activity as consumers have avoided some traditional retail settings; however, posting activity associated with more traditional brick and mortar businesses such as retail workers and food preparation and serving workers has also been significant, indicating that those types of businesses have also begun to restore staffing levels as shopping centers have reopened and restaurants have allowed on-site dining.

For businesses, use of technology represents an opportunity to reach customers in new, socially distant ways while the pandemic persists, as well as a competitive advantage in reaching an increasingly technology-driven consumer base in the future. Businesses who reported increasing their online presence or introducing new products or services were marginally more likely to have experienced a revenue decrease, but these businesses were less pessimistic about their ability to weather the crisis.

Ultimately, the region's capacity to recover economically will depend on the trajectory of the virus itself. A significant uptick in viral activity is likely to result in economic setbacks for several reasons:

potential for renewed shutdowns that prevent business from operating and soft consumer spending due to the public avoiding certain activities and locations. Thus, a key requirement for a successful economic recovery is effective management of the virus itself, including a coordinated effort around mitigation, adequate contact tracing, and eventual deployment of a vaccine. A great deal remains to be seen about the trajectory of the economic recovery and the public health effects of the pandemic, both regionally and nationwide.

Recommendations

There are several areas where Chambers of Commerce and other business and economic development organizations like the Small Business Development Center networks can provide assistance to businesses in response to their emerging and changing needs as identified in the survey. Several priorities include:

- Developing recovery plans
- Assistance with creating company crisis management teams and crisis operating plans
- Crafting a communications plan for both customers and employees
- Helping businesses with technology infrastructure and plans (including ecommerce, online ordering or payment systems, websites, social media, etc.)
- Group purchasing for personal protective equipment (PPE) and cleaning supplies
- Continue to encourage business-to-business sales within membership and other local businesses to support these needs. Match-making programs can help to keep businesses local.

There are also opportunities for continued legislative work and advocacy around business assistance and support programs, as financial concerns are lingering for businesses in virtually all industries. Chambers, Economic Developers, financial institutions and State Legislators all have a role to play to support business and industry.

That being said, Chambers of Commerce rely on business memberships and sponsorships to support their work. The Chambers in Lackawanna, Luzerne, and Wyoming County have provided a number of services to both members and non-members during the pandemic.

Therefore, business and industry must do what they can to continue to support these organizations.

Access to Capital

Access to capital and liquidity have the capacity to keep businesses sustainable through this time period.

Financial institutions could offer deferred or interest free periods, extended terms or offer specialty loans or lines of credit with minimal application requirements and expedient turnaround time.

Pooled loan funds from public private partnerships would be another tool to expand access to capital. An important point to remember is that ongoing relief funding is critical. Funding will likely be needed through 2021, even as a vaccine becomes widely available and the economy returns to pre-COVID levels of activities.

Role of Community Development Financial Institutions (CDFIs)

CDFIs were formed to generate economic growth and opportunity by lending to help low income and other disadvantaged individuals or to support projects by public, private, or non-profit organizations that would enhance communities and marginalized individuals such as affordable housing.

CDFIs criteria for lending is more flexible than private institutions, therefore offer more opportunity for higher risk or not traditionally “bankable” projects.

Municipal Governments can ease restrictions and offer business opportunities to generate revenue.

Municipal governments can allow for dedicated free parking for businesses offering curbside pickup or take out to improve convenience for the customer.

Government can also allow businesses to conduct sidewalk sales and outdoor dining without fees or variances.

Communities can enact orders barring commercial eviction for small businesses that cannot pay rent due to lost income as a result of the coronavirus. Once a business seeks protection they could agree to payment

terms with the landlord or there could be a standard agreement in place tied to a community’s state of emergency declaration that has consistent guidelines and repayment periods.

Government entities can waive interest and penalties on business license or permit renewals.

Businesses & Workforce Development

Though workforce needs were secondary to immediate COVID-19 impacts for many business leaders, workforce shortages and other labor market issues that were prevalent pre-COVID will manifest themselves post-COVID. Therefore, long-range planning around workforce development is especially necessary to facilitate a successful economic recovery.

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OFFICES

85 South Main Street
Wilkes-Barre, PA 18701
570.408.9850

St. Thomas Hall
Suite 107
Scranton, PA 18503
570.408.9850

E-mail: info@institutepa.org
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