



WHATCOM **BUSINESS** ALLIANCE

WHITE PAPER

Results of Whatcom County Business Confidence Survey During COVID-19

Policymakers need to listen to the perspective of the small, medium, and large businesses that sit at the center of our local economy.

The coronavirus pandemic has had a severe impact on the local, state, national, and global economy. With the statewide Stay-at-Home order in effect until at least May 4th, the Whatcom Business Alliance (WBA) conducted a survey of over 220 county businesses to better understand how they have been affected by the current health and economic crisis.

In conducting the survey during the weeks of April 6-17, the WBA found that the local business community remains optimistic about its ability to recover, though there are significant areas of concern. While the situation remains highly fluid, county, state, and federal policymakers should heed the health and economic concerns of the county's employers. Decades of research showing the tendency for health to decline and mortality to increase during periods of high unemployment is clear:

A prolonged economic recession or depression will place added stress on an already fragile healthcare system.

We simply cannot allow a health crisis created by the coronavirus to become a health crisis created by a prolonged economic contraction. Whatcom County has a dynamic local economy, and every reason to experience a strong recovery. However, we are not immune to permanent business closures, high unemployment, and a host of economic challenges that can and will have a severe impact on the region's health.

As a result, we recommend that the county's elected and appointed leaders work closely with the business community to ensure residents are healthy, businesses are solvent, and the county returns to an era of individual and business health and prosperity as fast as possible.

SURVEY DEMOGRAPHICS

During the weeks of April 6-10 and April 10-17, 2020, the WBA surveyed 223 businesses in Whatcom County to better determine the economic impact of the coronavirus and the strategies used to mitigate the spread of the disease. In addition to the closure of non-essential businesses, Governor Jay Inslee has implemented a Stay-At-Home order set to expire on May 4th, 2020—though the likelihood for substantial continued restrictions on large group gatherings and other economic activities are highly likely to continue in the following months. While respondents included businesses in a variety of sectors, the five most common industries surveyed were Professional Services, Construction, Retail, Manufacturing, and Agribusiness. Half of the responses were from businesses within the City of Bellingham city limits, while the other half were dispersed throughout Whatcom County and its other municipalities. Forty-four percent (44%) of respondents conducted business within Whatcom County, while more than half conducted business regionally, nationally, or globally.

THE GOOD NEWS

While the scenario facing the business community is dire, respondents expressed some optimism.

- 51% of respondents believed their business would recover within six months, while another 31% believed recovery could take a year. Nearly a fifth (18%) of respondents believed recovery would take two or more years.
- 90% of respondents were aware of local, state, and federal aid programs.
- 64% of respondents expect to apply for those aid programs, though some businesses have expressed reluctance: 20% said that they would not apply for aid programs, while 16% of respondents were unsure.
- 59% of respondents believe their business will perform about the same as their colleagues during the crisis.
- 31% believed their business would fair better than their colleagues, while another 10% believed their business would do worse.

THE BAD NEWS

The impact to the Whatcom County business community includes closures, reduced hours, and layoffs. In addition, local business cited less-than-ideal communication from local policymakers, and concern about uncertainty surrounding the length of the closures and the statewide Stay-at-Home order.

Survey highlights include:

- More than half (53%) of respondents have had to reduce their services and hours, while 22% have had to close temporarily. That means that nearly three quarters of respondents have either drastically reduced their activity or closed for at least the duration of the current restrictions and orders.
- 40% of respondents have laid-off workers, 15% have reduced hours, and 10% expect future layoffs. Only 35% of respondents have not experienced or expect to experience layoffs.
- 33% of respondents rated communication from local government as “excellent” or “very good”, while 67% rated communication from local government as “Neutral,” “Poor,” or “Very Poor.”
- 43% of respondents rated a lack of clarity regarding the potential length of the Stay-at-Home order as their greatest business concern. The second most frequently chosen concern was debt incurred during the lockdown (17%). The survey is clear: the lack of clarity regarding closures and the Stay-at-Home order is the primary concern for most businesses.
- Other concerns included uncertainty regarding SBA disaster funding, customer reluctance even once the Governor lifts Stay-at-Home orders, and the cost of additional regulatory burdens.

CONCLUSION

The data in this survey roughly tracks with data released by the National Bureau of Economic Research that indicated most small businesses would not survive restrictions that lasted longer than six months. Like everywhere, the Whatcom County business community is reeling, and the uncertainty on both the health of the community and the length of economic restrictions make even preparing for a recovery difficult. While the county’s policymakers are undoubtedly facing an unprecedented environment, they need to increase the clarity and frequency of their communication to the business community. While the road ahead is uncertain, one thing is for sure: Whatcom County’s business leaders, employees, and families are just as talented and dynamic as they were prior to the coronavirus crisis.

In the long run, there is every reason to believe this county can return to an era of dynamism and prosperity. The path to that return will be shorter if policymakers listen to the perspective of the small, medium, and large businesses that sit at the center of our local economy.

