

Summary of Coronavirus Pandemic Recovery Issues: Conversations with Business and Thought Leaders

Background

OBC hosted a series of three online meetings in the spring of 2020, inviting business leaders, policy partners, stakeholders, and thought leaders to identify the trends, challenges, and opportunities for recovery from the coronavirus pandemic. The sessions asked, How can Oregon come out of the pandemic crisis stronger, more resilient, more prosperous, and more equitable?

Overarching Takeaways

- In the balance of the pandemic and its aftermath, there will likely be a host of fundamental, and, in some cases, permanent, changes in the lives of Oregonians.
- Recovery will be a long-term struggle, perhaps several years, and it should be guided by a determination to find opportunities for Oregon and its people either within or arising from the disruption.
- The recovery effort should emphasize resilience and should strive to correct festering inequities accelerated and exposed by the crisis.
- Oregon has an opportunity to come back better in a host of ways: equity, shared prosperity, new public and private sector systems, and distinct value propositions and competitive advantages in particular sectors.

Trends, Issues, and Their Implications

Rise of telework and distance learning. Knowledge work and schooling now dispersed to home locations online will likely continue in larger measure than before. Implications:

- **Rise in broadband.** Broadband internet access will increasingly be regarded as an essential utility.
- **Devalued office space.** The rise of telework will likely reduce demand for commercial office space and commercial real estate values.
- **Reduced traffic.** Telework may well reduce peak use of cars and mass transit, along with operating revenues, operating costs, and capital budgets.
- **New value in telework.** Distance work could untether employees from urban centers or even Oregon itself, potentially slowing urban growth, boosting rural economies, and giving employers access to a global talent pool.
- **Remodeled higher learning.** In higher education remote learning could reduce campus space demands and operating budgets, and could disrupt current cost and pricing models.
- **Formative K12 distance learning.** K12 distance learning will need to be better organized and more equitable. Still, online learning won't make up for personal contact with teachers and peers.
- **Expanded telemedicine.** In health care, online consultations and diagnosis shows promise of becoming more common.

Business Structure and Operations. Businesses are being changed by the pandemic and recovery efforts in countless ways. Implications:

- **Failing retail.** Place bound retail will likely continue to decline.
- **Small business mortality.** In all likelihood, many small businesses won't recover, in particular restaurants and service businesses.
- **Bankruptcies.** Many businesses will not survive pandemic-related bankruptcies, suggesting a need for pandemic considerations added to bankruptcy law.
- **Decline in small companies.** As smaller businesses fail, become weaker, or sell themselves to competitors, larger players are likely to win and smaller players are likely to decline as a share of the economy.
- **Biotech opportunity.** The biotech sector is well positioned to grow in Oregon. It represents a strategic opportunity.

- **Job automation and shrinkage.** As companies figure out how to operate with fewer employees and automate as many functions as possible, job categories and jobs will continue to go away.
- **Declining trade.** A world economy weakened by the pandemic will undoubtedly hurt trade-dependent Oregon companies, causing reduced sales and revenue, and job losses.
- **Reshoring.** The supply chain disruptions from the pandemic may cause some industries to shy away from big supply chain hubs off shore and, as an alternative, “reshore”. This is an economic opportunity Oregon might try to capture.
- **Rural opportunities.** Rural-based enterprises have an opportunity build more resilience by increasing their use of technology and more consciously creating stronger supply chain collaborations in agriculture, tourism, food, and the arts.
- **Entrepreneurial churn.** Entrepreneurship will see serious disruptions. A new crop of contenders arising from failed ventures that let them go will give rise to additional technical assistance and investment.

Government Loss and Gain. Governments will see steep revenue losses in the near term but also reputational gain as their response to the pandemic at all levels enlarges their importance. Implications:

- **Revenue loss.** Oregon’s income tax-dependent General Fund will take a heavy hit, underscoring the need for revenue reform. Local governments will lose lodging taxes from tourism declines.
- **Reputational resurgence.** Recognition of government’s value and role is likely to increase, especially at the state and local levels, while at the same time government will have to innovate to do more with less revenue.
- **Investment opportunities.** Despite constrained revenues, this is an ideal opportunity for government investment in infrastructure and people, in particular because the cost of borrowing is so cheap.
- **Higher taxation.** As the role of government expands, there may be a corresponding shift to a higher tax environment.
- **Regulatory pause.** In the immediate recovery period, business will need a pause in legislation and regulations that raise administrative costs and impair competitiveness.

Inequity. The pandemic has exposed and highlighted inequities, in particular in health and health care, but these and other trends in inequity may continue without concerted efforts to address them. Implications:

- **Healthy living options.** Traditionally underserved populations are disproportionately affected by disruptions like this pandemic in accessing healthy activities and choices.
- **Uneven health care coverage.** It is more apparent than ever that health care insurance coverage tied to employment does not work for enough people, and other coverage options must be found.
- **Growth in the wealth gap.** High unemployment and financial losses in families will exacerbate wealth and income gaps, underscoring the need for access to education that imparts skills and resilience.
- **Essential technology access.** As noted above, education access for families with fewer resources includes access to hardware, software, technical support, and broadband service.
- **Particular businesses at risk.** Many of the hardest hit small businesses are women- and minority-owned enterprises, underscoring the need for capital access and technical support for these especially.
- **Continuing housing crisis.** Housing shortages, high housing costs, and homelessness will continue to rise without policy intervention.
- **Need for a culture of inclusion.** It will become increasingly important to build equity and inclusion of diverse voices into our policies, systems, and decisions.

Education. Apart from the distance learning and equity issues discussed above, recovery from the current crisis presents a rare opportunity to fundamentally restructure public education. Implications:

- **Scaled personalized learning models.** The disruption of the pandemic presents an opportunity to transform teaching and learning across our P20 education system. One size-fits-all, time-based learning is outmoded and inequitable. Students should be able to learn at their own pace, with greater agency, hands-on, and in a range of settings.

- **Education-community partnerships.** Schools will increasingly recognize and embrace partnerships with community-based organizations and resources for student learning and support.
- **Equity and culturally specific practices.** The inequities among culturally specific and low-income communities exposed by the pandemic underscore the need for education to prioritize equity and the needs of our most vulnerable students.

Child Care. Child care, already a complex issue, will become even more challenging in a partial- or post-pandemic environment where child care services or schools are not open. Implications:

- **Child development, family life, workforce.** This will affect not only child development and family dynamics, but also availability, performance, and well-being of parents in the workforce.
- **Effect on parents who can't work at home.** Parents, especially those in essential occupations performed at field or office locations, will be put in a bind if partial or intermittent lockdowns continue.

Health Care. How we manage health care access will be important to Oregonians and Oregon's quality of life as well as equity. Implications:

- The aftermath of this crisis could be an opportunity to expand Coordinated Care Organizations in Oregon.
- As noted above, telemedicine seems likely to become more prominent as a health care delivery system.
- Increased demand in health care at a time of reduced revenues will challenge providers to find creative ways to keep and recruit talented personnel.

Impact on nonprofits. Nonprofit organizations, often stressed financially in normal times, are likely to suffer accelerated revenue losses. Implications:

- **All-source revenue reductions.** Economic disruption will curtail nonprofit revenues from government contract services and individual donors, and from foundations.
- **Failures, consolidations, losses.** Staff reductions beyond a certain point will threaten the viability of many nonprofits. Not all of those that survive will be the most valuable organizations, but merely the strongest.
- **Opportunities to innovate.** Nonprofits will be challenged to be creative and entrepreneurial, collaborating more with other sectors, and elevating their role in community supply chains.

Reflections

- This crisis creates an opportunity to develop and support a vision of a more prosperous, fairer Oregon.
- With a clear vision, people will rally around ideas like broadband access or more personalized education.
- In many if not most cases, we should not go back to doing things the same that were not working well before the pandemic crisis.
- Resource constraints and exacerbated problems will require more collaboration across silos: among state agencies; between public, private, and nonprofit sectors; between public and community-based service providers at the local level.
- Leadership at all levels is a vital ingredient in recovery.
- Equity – how we look out for our most vulnerable people – has to be a value and standard built into our recovery efforts.