

IN ADDITION TO ITS IMPACT ON PUBLIC HEALTH, THE CORONAVIRUS PANDEMIC HAS SENT SHOCK WAVES THROUGH ALMOST EVERY ASPECT OF THE U.S. ECONOMY — AND THE PITTSBURGH REGION WAS NOT SPARED.
BY ELWIN GREEN

Let's start with the simplest and starkest datum: In the second quarter of 2020, according to the U.S. Commerce Department, the nation's gross domestic product fell by 9.5 percent or an annualized rate of 32.9 percent — the largest quarterly drop ever recorded. The previous record decline was an annualized 28.2 percent drop in the second quarter of 1921.

This latest plunge was just one result of quarantines enacted in attempts to stem the spread of the novel coronavirus COVID-19. State shutdowns and other economic setbacks led to more than 67 million Americans filing first-time unemployment claims by mid-November, according to the U.S. Department of Labor. At the same time, the National Bureau of Economic Research reported 3.3 million business owners going out of business.

The economic roller coaster continues as the Pittsburgh region and the rest of the country face another surge in COVID-19 cases, and employers and workers try to figure out how to navigate a landscape that keeps shifting beneath their feet.

Attempts to keep small businesses open

Arlan Hess took COVID-19 seriously, early. The owner of the North Side independent bookstore City Books sent a newsletter out to customers and friends well before the state-mandated shutdown to let them know that she was preparing for such an event.

“Because my customers knew what was going to happen, the final three or four days before we shut our doors were huge sales days,” she said.

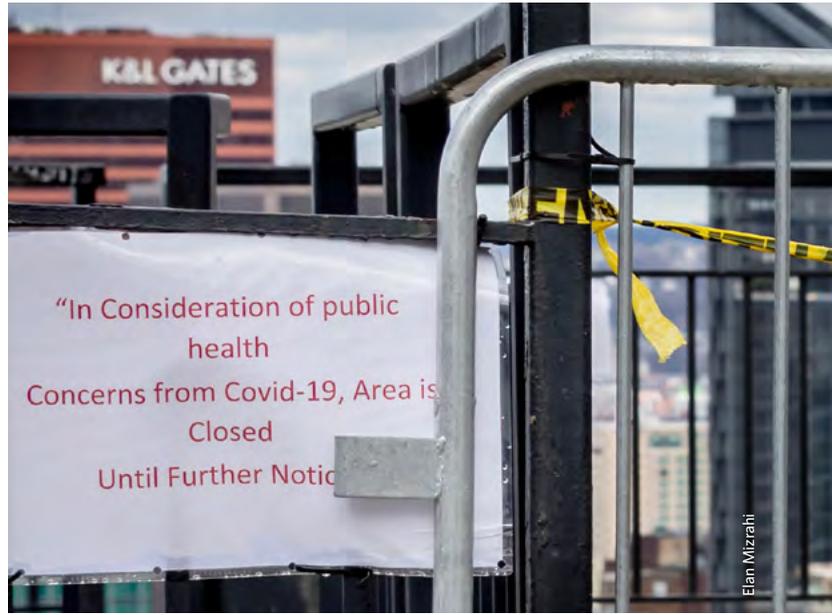
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Joshua Franzos



Many businesses across Pittsburgh, offering a range of goods and services, closed this spring, at least for a while, as the region tried to get a grip on its response to the COVID-19 crisis. Today, most of those whose closed signs are shown here have reopened.



SIGNS OF THE TIMES





IMPACT ON BUSINESS

Arlan Hess took her independent bookstore virtual after temporarily closing the physical shop on Pittsburgh's North Side at the beginning of the pandemic. City Books now has limited in-store hours while maintaining an online presence.

After locking the doors on March 15, City Books went virtual.

"We pivoted to online sales on a variety of channels, which have taken up the slack in in-store sales," Ms. Hess said. "Otherwise we'd be much worse off."

Even with a robust online presence—the store has accounts on Facebook, Twitter, Instagram, Pinterest and LinkedIn—sales fell by 30 percent. Having no employees meant that the shutdown did not cost any jobs, but that loss was still enough to qualify Ms. Hess for a \$1,000 grant under the federal CARES Act (Coronavirus Aid, Relief, and Economic Security Act) that became law in late March.

When she reopened the store on July 8 with reduced operating hours—Wednesdays and Saturdays, noon to 5 p.m., and by appointment—returning customers found a number of changes in place. Like many larger retailers, City Books now had markers on the floor laying out a one-way path through the store, and it limited the number of customers who may be inside at any given time—two. Ms. Hess also stopped accepting cash at the register, and provided hand sanitizer for visitors to use upon both entering and leaving the store.

And of course, she required customers to wear masks.

Online sales continue, and while total sales haven't returned to pre-pandemic levels, "as of early October, we are still covering all of our bills," she said, "and, if our revenue streams continue as they are, we can continue like this for quite a while, if need be."

Many other business owners in the Pittsburgh region have not fared so well.

Locally, Yelp's Economic Average Report said that 739 businesses closed their doors between March 1 and July 20, including 129 restaurants. Among the losses was The Original Hot Dog Shop, the Oakland establishment affectionately known to generations of college students as "The Dirty O."

"My guess is, anywhere between 20 and 40 percent of business in southwestern Pennsylvania could shut down," said Rob Stephany, senior program director for community and economic development at The Heinz Endowments.

According to the Small Business Administration, by early August, some 8,800 businesses in Pittsburgh had each received up to \$150,000 in Payroll Protection Program loans.

Arts and entertainment try to survive

It's often said that timing is everything. Mark Clayton Southers, founder of the Pittsburgh Playwrights Theatre Company, could affirm that in regard to the timing of the pandemic's emergence.

When Pennsylvania's first case of COVID-19 was reported in early March, PPTC had already decided to cancel a planned production in order to make its move to a new location easier. That decision prevented the statewide April 1 shutdown from dealing a body blow to the theater's operations.

"It didn't actually affect what we were doing," Mr. Southers said.

But it did affect cast and crew members, and other artists that Pittsburgh Playwrights had worked with through the years. For that reason, the organization raised \$20,000 to distribute to 40 local artists. This followed an almost prescient pre-COVID decision by Pittsburgh Playwrights' board to match a \$5,000 grant and give 10 playwrights \$1,000 each after canceling its February production because the company was relocating.

The next challenge was figuring out how—or even if—to mount a 2020–21 season.

Recalling the years that it took to develop an effective medical regimen for HIV/AIDS, Mr. Southers said, "Instead of waiting for the right time to do theater, we decided to do theater in a way that reflects how we're living today."

The company devised what might be described as a hybrid season. For three of its four offerings, Pittsburgh Playwrights staged live productions with limited attendance to maintain "social distance hygiene," then made videos of the live performance available for online viewing in a type of pay-per-view model. For the holidays, it is offering online viewing of a 2014 production, "Ubuntu Holiday."

Also, the company is doing additional fundraising on behalf of artists and plans now to issue more mini-grants, Mr. Southers said, "as long as there is a need for support."

While Pittsburgh Playwrights had already ended its season when coronavirus hit, many other arts organizations and venues were forced to shut down operations mid-season. Plays and concerts alike have been rescheduled for dates in 2021.

“The creative economy is one of the sectors most at risk from the COVID-19 pandemic,” said Janet Sarbaugh, the Endowments’ vice president of Creativity.

She noted an August 2020 Brookings Institution report, “Lost Art: Measuring COVID-19’s devastating impact on America’s creative economy,” that detailed the impact of the pandemic on the arts and culture sector, described as one of the three most important sectors in driving regional economies along with business and management, and science and technology.

According to the report, from April to July, Pennsylvania ranked sixth in the nation in job

and sales losses in the creative industries and occupations. And within the creative sector, the fine and performing arts were identified as the hardest hit.

A study conducted by Fourth Economy Consulting early in the COVID-19 crisis documented a similar economic impact from the pandemic on the Pittsburgh region, and identified the largest negative effects in the areas of arts and entertainment, accommodations, and food.

Still, “the cultural community has been incredibly inventive” in adapting to pandemic life, Ms. Sarbaugh said. “There are many local examples of exemplary virtual programming, virtual teaching artistry, and collective funding and promotion efforts.”

She cited City Theatre, which mounted its 12-night, Drive-In Arts Festival in September that offered live performances at the Hazelwood Green business and residential

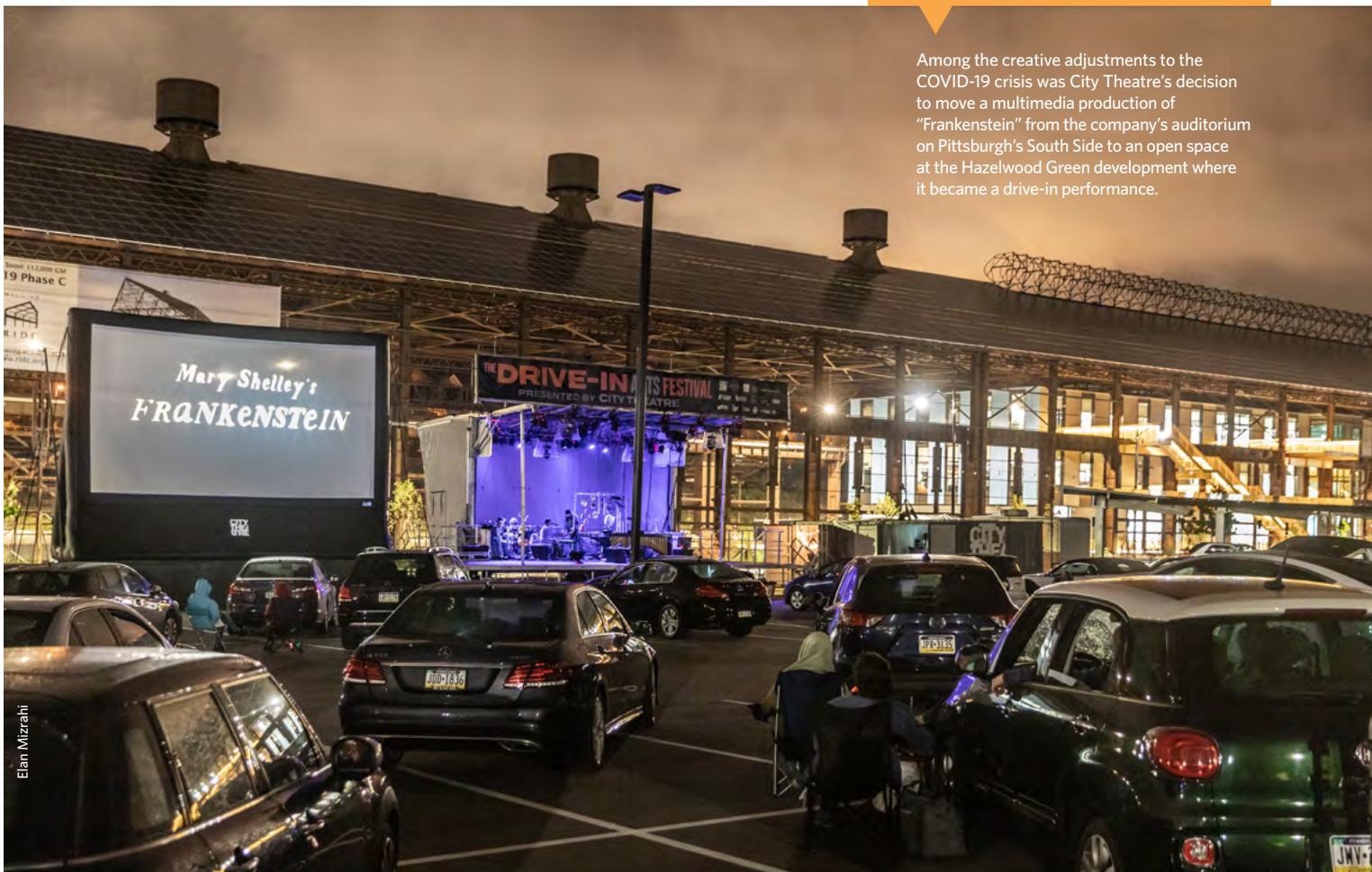
complex under development. Artists occupied an outdoor stage, and patrons viewed the shows from their parked cars, listening through their FM radios like they would at now rare drive-in movie theaters.

City Theatre also offered online performances, as did City of Asylum, a nonprofit on Pittsburgh’s North Side dedicated to housing writers in exile. The latter produced “The Show Must Go On(line) Pittsburgh,” a collaborative daily webcast that streams programs by arts organizations from across the region.

Over the summer, a large part of the region’s philanthropic community — 15 foundations, including the Endowments, and one private donor — came together to form the COVID-19 Arts Working Group, which created the Arts|Equity|Reimagined Fund to assist local arts groups. Launched with about \$3.5 million, the fund was created in response to the pandemic, but the working

IMPACT ON THE ARTS

Among the creative adjustments to the COVID-19 crisis was City Theatre’s decision to move a multimedia production of “Frankenstein” from the company’s auditorium on Pittsburgh’s South Side to an open space at the Hazelwood Green development where it became a drive-in performance.



THE “ESSENTIAL WORKER” CHALLENGE

BY ELWIN GREEN

As employees in a wide variety of occupations began working from home to minimize the spread of COVID-19, it quickly became apparent that many others could not do so. Their jobs required their physical presence in the workplace. And the country required that those jobs continue to be done. Thus, a new term entered America’s everyday vocabulary: essential worker.

In the Pittsburgh region, hospital and health care workers represented by SEIU Healthcare Pennsylvania, the state chapter of a national union, are among those essential workers.

Early on, the pandemic upended hospital workers’ lives with uncertainty, said the organization’s executive vice president for strategic campaigns, Lisa Frank.

“Within hospitals, you have some people who were overworked and some people who had no work at all,” she said.

For instance, in some hospitals, when the virus surge first hit, some patients who were scheduled to receive elective surgery had those operations pushed back to free up resources for COVID patients. Workers whose jobs focused on such surgeries wound up with so little work to do that in some cases they were furloughed.

Fortunately, there were employers who “decided to use some of the federal CARES money to pay people even when they were furloughed,” Ms. Frank said. Combining those funds with enhanced unemployment benefits allowed workers to avoid financial devastation.

Conversely, as hospitals created dedicated spaces for working with COVID patients, some employees in those units found themselves working extra hours because their hospitals wanted to restrict the number of personnel coming into contact with coronavirus patients.

For them, the physical challenge of working extended hours was exacerbated by the challenge of avoiding infection by the new virus.

But topping it all was the emotional and psychological toll.

“One of the things that we heard from many, many, many workers... was just lack of information, plain old lack of information. Workers saying, ‘You know, I don’t really know where the COVID floors are today,’” Ms. Frank explained.

“That was really psychologically difficult because it’s one thing to say, ‘I’m an essential worker, I’m a health care worker, I’m going to go into work, and I’m going to try to do my job.’ It is entirely another thing to say, ‘I’m going to go do that and not really know where the danger is.’”

Bobbi Linskens was working as a server with a locally owned restaurant chain when she signed a petition on behalf of a coworker in October 2016. After their manager threatened to fire them, they filed an unfair labor practices grievance and won.

That was her introduction to labor organizing, and in 2017 she became an organizer for Restaurant Opportunities Center–Pittsburgh (ROC), an agency dedicated to improving working conditions for Pittsburgh’s more than 57,000 food service industry workers.

When state-mandated restaurant closures occurred earlier this year, she said, “One of the first things I saw... was restaurant workers reaching out [to ROC] because they were not paid for work they did before the restaurant closed.”

In one case, the employer told workers that the government had frozen their accounts—“A total lie,” Ms. Linskens insisted—before he admitted that he didn’t have the money to pay them.



Nurses like Angela Battaglia, who works at Allegheny General Hospital on Pittsburgh’s North Side, are among the essential workers whose sacrifices are helping to protect the health and safety of people across the country.

Jared Wickerham

“It took a couple of months and a lot of pressure,” but he eventually paid the staff, Ms. Linskens said.

In other cases, workers have asked ROC for help, not with getting paid, but with staying safe. Ms. Linskens told the story of an individual who had COVID-19 symptoms, had been tested for the virus, and was awaiting the results only to be told that if they didn’t have a fever they had to come in to work or be fired.

So, the person went to work. Then the test results came in: positive.

The tension between health and economic well-being can extend to as small a matter as simply asking a customer to wear a mask.

“Enforcing customers wearing masks is a hardship for tipped workers,” Ms. Linskens said. “The customers get angry with them, and that’s their tip.” It’s a loss that waitstaff, with a minimum hourly wage of \$2.83, can ill afford.

A subset of restaurant workers find themselves at the intersection of effects generated by the pandemic and immigration policy.

A majority of Latinos in Pittsburgh work in either the hospitality industry—which includes restaurants—or construction, said Monica Ruiz-Caraballo, executive director of Casa San José. The nonprofit provides a range of services supporting Pittsburgh’s Latino community, who make up less than 4 percent of the population.

When the pandemic hit, many were laid off or furloughed along with their co-workers. But for them, there was a difference.

“We’re talking about a population that doesn’t qualify for benefits that are funded by the federal government and that doesn’t qualify for unemployment,” she said.

That is because many of them are undocumented, and, as such, they do not have a Social Security number. Rather, they have an Individual Taxpayer Identification Number (ITIN). With an ITIN, a worker pays the taxes that fund federal benefits but is not eligible to receive those benefits.

“They were deliberately left out of any stimulus packages,” Ms. Ruiz-Caraballo noted.

After “hundreds and hundreds” of people needing food started showing up at Casa San José’s door, the agency began a food distribution program in March that spread into Allegheny County and surrounding counties, she said.

Then, between March and June, Casa San José raised \$1 million, which included support from The Heinz Endowments, that enabled the organization to provide more than 800 families with cash payments of \$700 each, hire new staff and prepare for the next phase of the pandemic challenge. **h**

group has committed to addressing a second issue that long simmered in the Pittsburgh region: race-based disparities that have tended to leave artists of color marginalized.

Unemployment numbers

One of the largest and most obvious features of the pandemic economy is unemployment. Emergency business closures led to furloughs and layoffs.

“The downturn, in terms of jobs, has been larger in the Pittsburgh metro area and Pennsylvania than it has been nationally,” said Gus Faucher, chief economist for The PNC Financial Services Group. “The job losses were proportionately larger ... because the state put more restrictions on economic activity compared to many other states.”

Thus, while employment fell nationwide by 5 percent between February and April, in Pittsburgh it plummeted 19 percent.

In a separate survey, the University of Pittsburgh’s University Center for Social and Urban Research found that more than 20 percent of workers employed on March 1 were unemployed by early May, with the majority of those job losses — over 16 percent — being COVID-related.

But anyone assuming that the business closures that produced high unemployment would also produce a surge of bankruptcies would be wrong.

“In both the U.S. and in Pennsylvania, [bankruptcies] were down sharply in the second quarter of 2020 compared to the same quarter in 2019,” Mr. Faucher said. In fact, they were down 11 percent nationally, and a remarkable 61 percent in Pennsylvania (city-level data were not available).

He cited aid from the CARES Act as a likely reason, along with the fact that courts and law offices have been closed. “I do think business bankruptcies will increase in the second half of the year and into 2021,” he said.

Transition to PPE distribution

Since its formation in 1989, the Green Tree-based nonprofit Global Links has received excess medical supplies from hospitals and individual donors, repackaged them, and distributed them to hospitals and individuals around the world, focusing on where it saw the greatest need.

When COVID-19 struck, Global Links’ business model was hit with a double whammy: Hospitals were forced to halt donations of

supplies, and international shipments of all kinds were restricted.

The organization pivoted to respond to emerging local circumstances as area nonprofits serving seniors, the homeless, immigrants, and people who had a low income or were at risk found themselves unable to meet their clients’ need for personal protective equipment.

With funding from the Endowments, the Richard King Mellon Foundation, The Hillman Foundation and others, Global Links acquired and distributed personal protective equipment (PPE) throughout southwestern Pennsylvania. It also worked with local manufacturers to produce and distribute emergency masks and face shields in bulk.

By September, Global Links had distributed a million masks, face shields, gloves and other pieces of PPE to 299 nonprofit agencies, 600 childcare centers and 140 schools.

Another type of mission shift was made by Wigle Whiskey, a distillery founded in 2011 in Pittsburgh’s Strip District. After Gov. Tom Wolf’s initial disaster declaration in March, a run on hand sanitizer resulted in 8-ounce bottles selling for more than \$75 each in some places. Inspired by West Coast distilleries that had begun making hand sanitizer when the virus had taken hold there sooner, Wigle owners decided to repurpose their stills to do the same.

“There were a bunch of regulatory hurdles that we had to go through for several months,” said co-owner Meredith Meyer Grelli. So, the company wasn’t able to actually produce the hand sanitizer until May. “We were getting hundreds of calls and emails a day.”

Once it gained state approval, Wigle shut down its whiskey operations to produce two batches of sanitizer — 1,500 bottles — at a cost of \$80,000. By the time the company finished distributing them, mostly to the Pittsburgh Department of Public Safety, manufacturers like Purell had caught up with demand, and Wigle could return to making whiskey. **h**



When hand sanitizer became scarce in the opening months of the pandemic, Wigle Whiskey in Pittsburgh was among the businesses that took a temporary break from making its regular products to supplying hand sanitizer as a public service.