

LABOR

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Addressing the elephant

Most restaurant owners point to supplemental unemployment benefits as not only a principal cause of the labor shortage but also a cause of lowered morale among employees. However, record-low unemployment rates in states such as Nebraska, Idaho and Utah — which are at or below their pre-pandemic levels — has done little to stave off their own labor shortage problems.

The continued benefits, which are set to last until Sept. 6, prompted Eastern Oregon leaders and officials to send a letter to Gov. Kate Brown on June 7 demanding the end of the federal supplement to the 1,468 unemployed workers collecting benefits in Eastern Oregon.

The shortage has also prompted employers to offer increased benefits, signing bonuses and higher wages to entice workers back. In La Grande, the McDonald’s restaurant on Island Avenue for months had a banner advertising up to \$14 an hour to new employees. That later increased to \$15.

“When our McDonald’s is paying \$15 and needs workers, our unemployment should be zero percent,” said Matt Scarfo, a Union County commissioner and business owner in La Grande.

But ending those benefits, according to economists, would not fix the economy’s woes.

Scott McConnell is an economics professor at Eastern Oregon University and also runs Side A Brewing in La Grande, which has given him close-up experience with the labor shortage.

“The research says no,” said McConnell regarding whether ending expanded unemployment benefits would resolve the labor shortage. “I think it’s easy to point at that as being the sole reason.”

A large portion of the workforce has returned to the labor market, McConnell said, adding, “These people were all making benefits — these people all made that decision to go away from benefits and get back in the (labor) market.”

It’s the ones who haven’t returned that confound economists and state leaders alike.

“This last group of people,” McConnell said, “what do we do for them?”

What happened to the workforce?

Across the region, unemployment claims are lower than their pre-pandemic levels in February 2020, before government shut-downs halted the economy. The Oregon Employment Department reported unemployment claims for Eastern Oregon for May 2021 was 1,468. In February 2020, before the pandemic, that number was 1,605.

Only 136 of those claims come from unemployed service industry workers — representing 9.26% of those receiving benefits. For Union County, that number of claimants was 19, while Umatilla and Baker counties had 56 and 19, respectively. The majority of continued claims, from all Eastern Oregon counties, came from the construction, agriculture and production industries.

According to Oregon Employment Department data, the leisure and hospitality industry saw a signifi-

cant chunk of workers leave the field altogether over the course of the pandemic. Many, it seems, were able to find work in their professional careers — ones that matched their college degrees or training.

“I did have a few employees who have degrees and (the pandemic) actually gave them time to go look for better jobs that would fit their degrees instead,” Scarfo said.

That economic theory is backed up anecdotally. The Oregon Restaurant & Lodging Association polled a number of restaurants across the state. Out of the dozens of responses that were published, approximately 20% mentioned employees not returning because they had found or were looking for a career change.

“There were a number of individuals who switched industries during the early part of the pandemic when it became clear it was a crisis that was not going to resolve quickly,” wrote Cari Shafer, of Oxford Suites in Pendleton, to the restaurant association on March 17, 2021.



Staff photo by Dick Mason
Travis Hansen, a co-owner of Side A Brewing, La Grande, works in his restaurant’s kitchen on April 6, 2020. Restaurants in 2021 across Eastern Oregon have been hit with a shortage of staff.

Other factors

“There’s not just one thing going on right now,” said Chris Rich, the state’s regional economist for Eastern Oregon. “There’s a bunch of different pieces that contribute to what we would really term more of a tight labor market than a labor shortage.”

One of those factors has been a problem in Oregon for several years.

“The big one that everyone points to right now is actually child care,” McConnell said. “They’ve had a lot of closures of child care places permanently. It’s not so easy to take an economy, shut it down and then just expect it to wake back up.”

A January 2019 report from Oregon State University found much of Oregon remains a child care desert, meaning there were three children for every available slot at child care centers.

According to a report



Alex Wittwer/The Observer
Head chef Trevor Olson reaches for a newly printed ticket order June 26, 2021, at Nookie’s Restaurant & Brewery in Hermiston. As tickets pour in, so does the stress of running an understaffed kitchen. After the government eased restrictions on dining and restaurants earlier this year, eating establishments across Eastern Oregon have been feeling a tight labor market.

from the Oregon Employment Department, nearly 40% of the Oregon labor force has children at home, and with the inability to find adequate child care, that has left 17%, or

of 1.7% from 2010 to 2020, according to a June 4 report from the Oregon Employment Department, but housing prices increased in the county by 53.3% from 2019-2020, reported a February story in the Blue Mountain Eagle.

With the pandemic waning, the market seems to be worsening for buyers as well as renters. A July 8 online search for apartments and housing rentals in Grant County came up dry, with zero results, and the Blue Mountain Eagle classified page showed only two homes for rent.

Besides housing, enrollment at La Grande’s Eastern Oregon Univer-

sity was down by nearly 150 students last year — and consequently, so was the pool of students local restaurants such as Nell’s-N-Out often pulled from.

“One of the first things that affected me was that I had no college people applying,” said Traci Hoadley, the owner of Nell’s-N-Out in La Grande. “I normally employ at least 30% to 35% of my staff as college students. When it came time to hire, I normally have a very generous resume pool, but I had none.”

Some economists say that labor shortages are simply wage shortages. This led Mitch Meyers, owner of Nookie’s, to offer

generous incentives to prospective employees.

“I’m having to pay a \$1,000 hiring bonus to 17-year-old kids, who don’t even have a driver’s license, with no work experience, and paying \$18.50 an hour,” he said. “And you know what happens? You hire them, they work one day and quit.”

Structural changes

McConnell said he believes the pandemic caused a great structural shift in the economy that pulled workers out of the labor force entirely, though data on this remains scarce.

“My hunch is that the majority of (those who are unemployed) have structural adjustment issues,” said McConnell, “such as child care availability. Many of them may also be unwilling to lose Medicare benefits. By moving back into the workforce, they will lose access to care. This economic crisis is highlighted by the significant lack of affordable health coverage in the economic system right now.”

McConnell also said the federal unemployment benefits kicker amounts to \$2.7 million in Union County alone between July 1 and Sept. 6, when the benefits are expected to end. But ending them early, he said, would be a mistake.

“You may add more incentive to look for work,” he said. “But in the meantime, you’re actually going to take a lot of money out of the system, which may actually depress the economy.”

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WED	9:00am 2:00pm 6:00pm 7:00pm 9:00pm	Little Buckaroo Special Needs Rodeo Slack — Arena Rodeo Gates Open — Harley Tucker Memorial Arena PRCA RODEO — Harley Tucker Memorial Arena Family Fun at the Thunder Room — DJ
THUR	9:00am 9:00am 2:00pm 6:00pm 7:00pm 9:00pm	Tough Enough to Wear Pink Walk Steer Tripping, Three Rounds Slack — Arena Rodeo Gates Open — Harley Tucker Memorial Arena PRCA RODEO — Harley Tucker Memorial Arena Tough Enough to Wear Pink — Wear Pink Fun at Thunder Room after Rodeo — Stay Tuned!
FRI	10:00am 2:00pm 6:00pm 7:00pm 9:00pm 9:30pm	Chief Joseph Junior Parade — Main Street Slack — Arena Rodeo Gates Open — Harley Tucker Memorial Arena PRCA RODEO — Harley Tucker Memorial Arena All Teen Dance — Joseph Community Center Live Music and Dancing at Thunder Room — Whiskey Creek
SAT	10:00am 2:30pm 6:00pm 7:00pm 9:00pm 9:30pm	Grand Parade — Main Street Slack — Arena Rodeo Gates Open — Harley Tucker Memorial Arena PRCA RODEO — Harley Tucker Memorial Arena All Teen Dance — Joseph Community Center Live Music and Dancing at Thunder Room — Whiskey Creek After Rodeo — Cowboy Breakfast — Rodeo Grounds — til 3:00am
SUN	6:00am 9:00am	Cowboy Breakfast — Rodeo Grounds — til 10:00am Cowboy Church Service

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