

South Texas COVID-19 Business Surveys

Supplementary Report

April 24, 2020



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This report presents some findings from the South Texas COVID-19 Task Force surveys conducted in [March](#) and [April](#). With a focus on COVID-19-related policy measures' impacts by industry and location, those observations supplement the area-wide observations in the two surveys' summary reports.

Economics is the study of tradeoffs in making decisions. Without timely official statistics on local economic conditions, these two surveys together offer a glimpse of the hardship facing businesses in our South Texas region during the current COVID-19 pandemic.

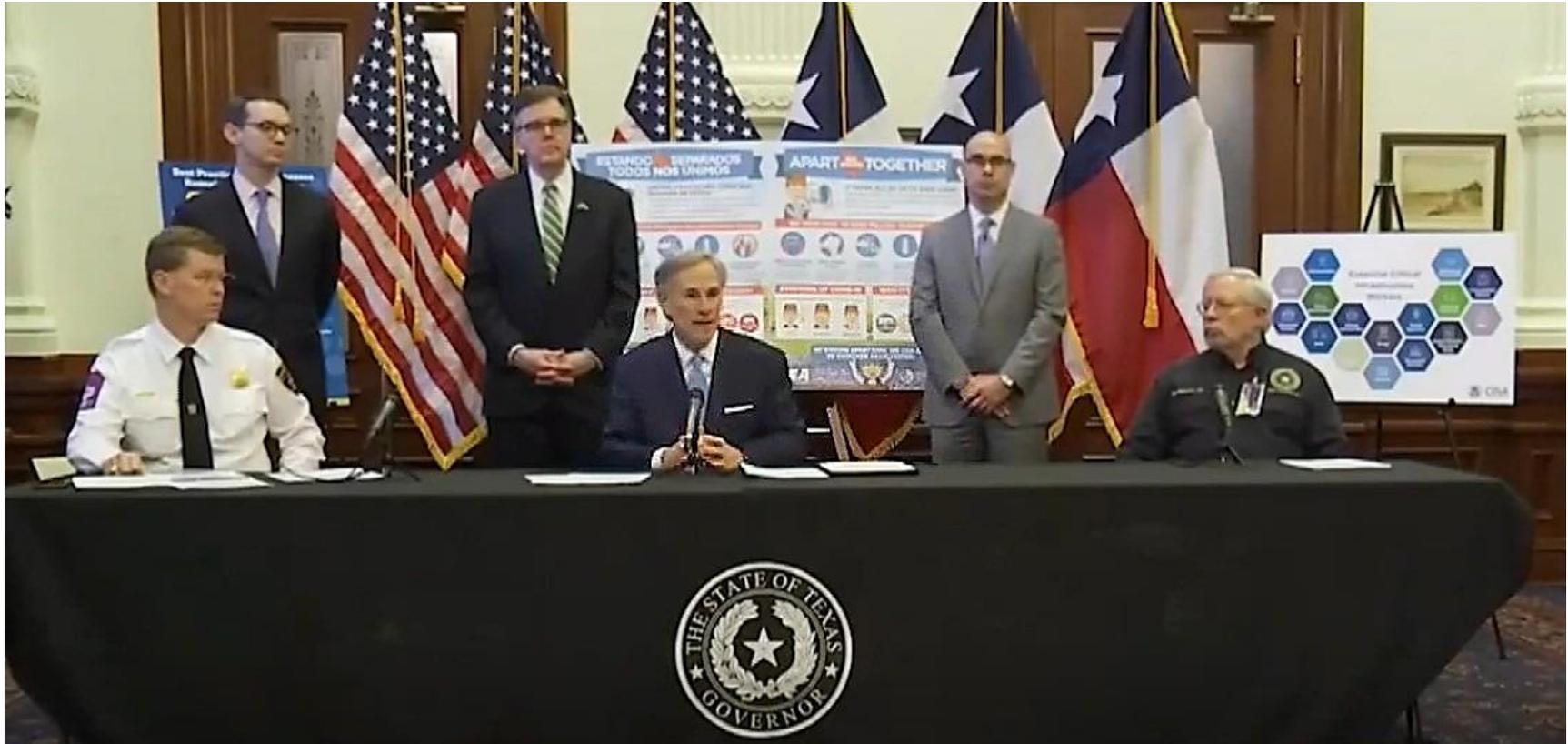
For the survey instruments and other COVID-19 related studies, visit our portal at <http://stedc.tamucc.edu/COVID19>.

Key Findings

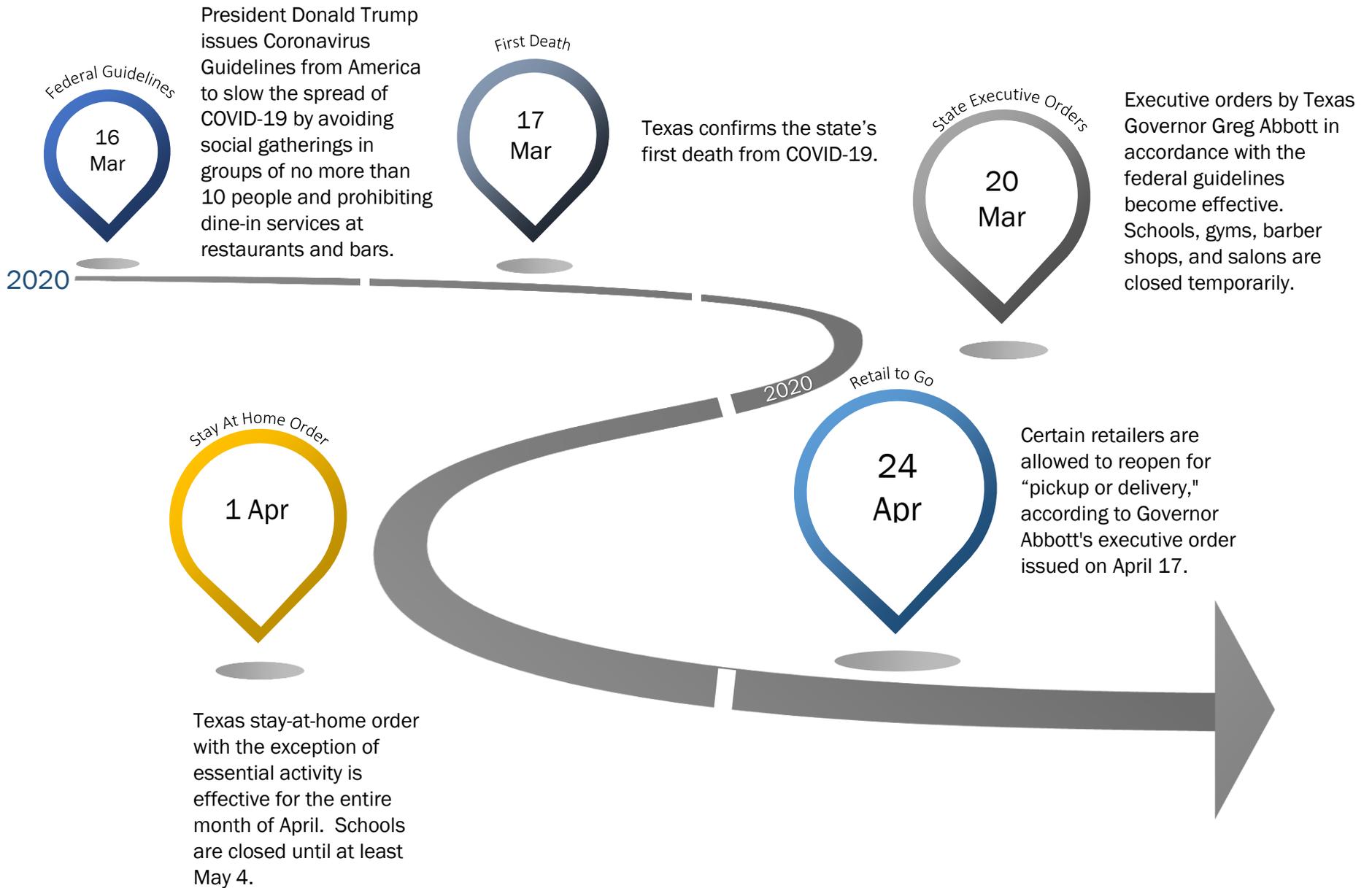
- The statewide social distancing policy measures have deepened the impact of the COVID-19 outbreak on the South Texas economy. Between the two survey periods two weeks apart, a typical business' revenue loss increased from 40% to 50% as its operating capacity decreased from 80% to 64%.
- The one-size-fits-all executive orders to close businesses have disproportionately affected certain industries, notably accommodation, restaurants, and retailers other than grocery stores.
- Smaller businesses were more exposed to the economic consequences of the pandemic. They were also less likely to benefit from the current government relief programs aimed to mitigate economic damages.
- The vast majority of employees in those mostly brick-and-mortar industries could not work from home amid the stay-at-home orders.
- As the industries hit hardest are also key economic drivers of South Texas, relatively more of the workforce across the region than elsewhere in the nation has been sidelined by the digital divide.
- Geographic data reveal disproportionately more economic exposure to the COVID-19 outbreak among rural communities, which rely heavily on visitor spending and brick-and-mortar industries.

Policy Response

To better understand changes in the local economy, it is instructive to review the chronology of the current social distancing policy developments aimed to combat the COVID-19 pandemic.



Timeline of Policy Measures Related to the COVID-19 Pandemic

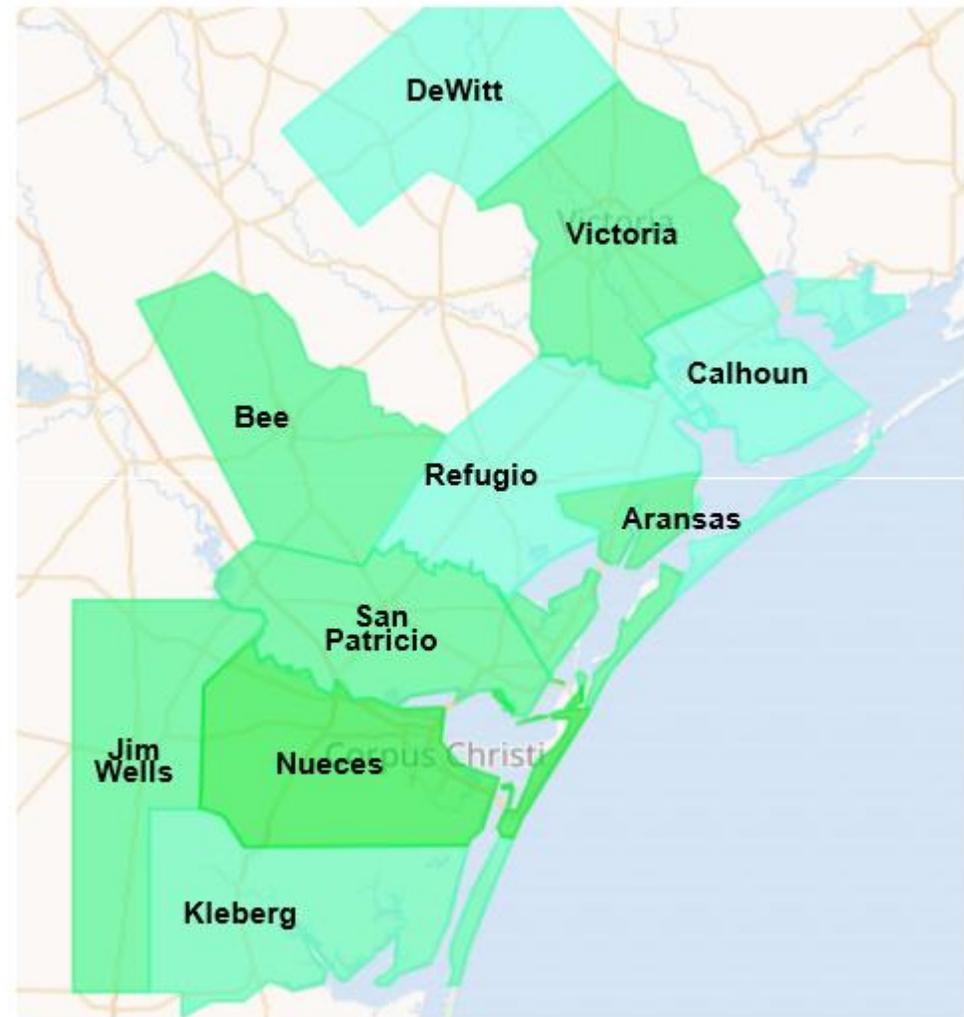


Business Impact Surveys

To gauge the immediate economic impact of the coronavirus outbreak, particularly the unprecedented executive orders to shut down certain businesses, the South Texas COVID-19 Task Force launched a survey during the week of March 23. Led by the Corpus Christi Regional Economic Development Corporation, this task force consists of chambers of commerce, economic development agencies, and public officials across the Coastal Bend and Golden Crescent regions of South Texas.

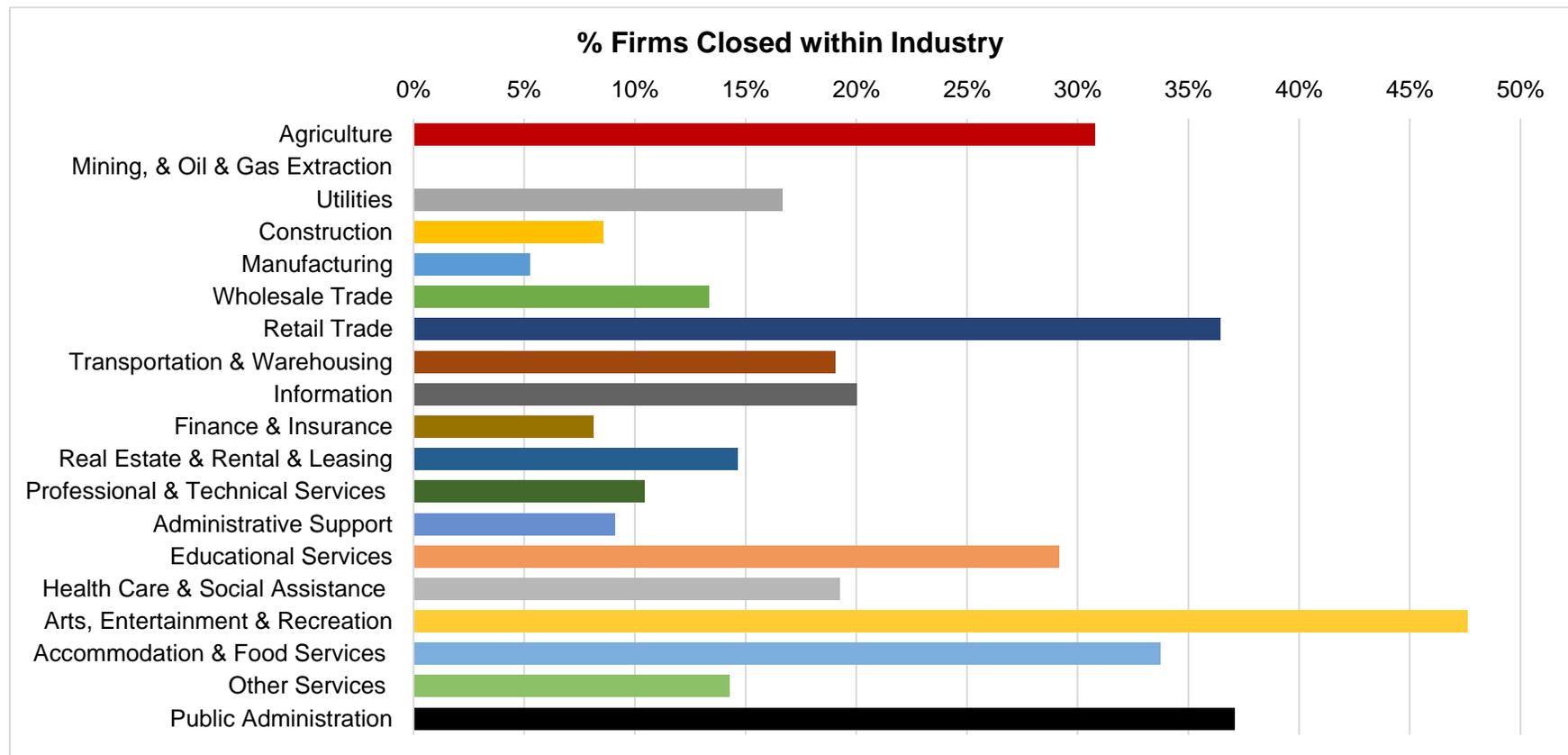
The first survey concluded before Governor Abbott and local officials across South Texas issued stay-at-home orders. In response, the Task Force conducted a follow-up survey during the week of April 13 to assess further changes in local business conditions.

Each of the two surveys garnered about 900 completed and partially completed returns. The margin of error is 3.3%. Respondents spread across 10 counties between Kleberg and Victoria counties. The mix of business owners and managers who filled out the surveys matches closely the profile of the business community in this region.



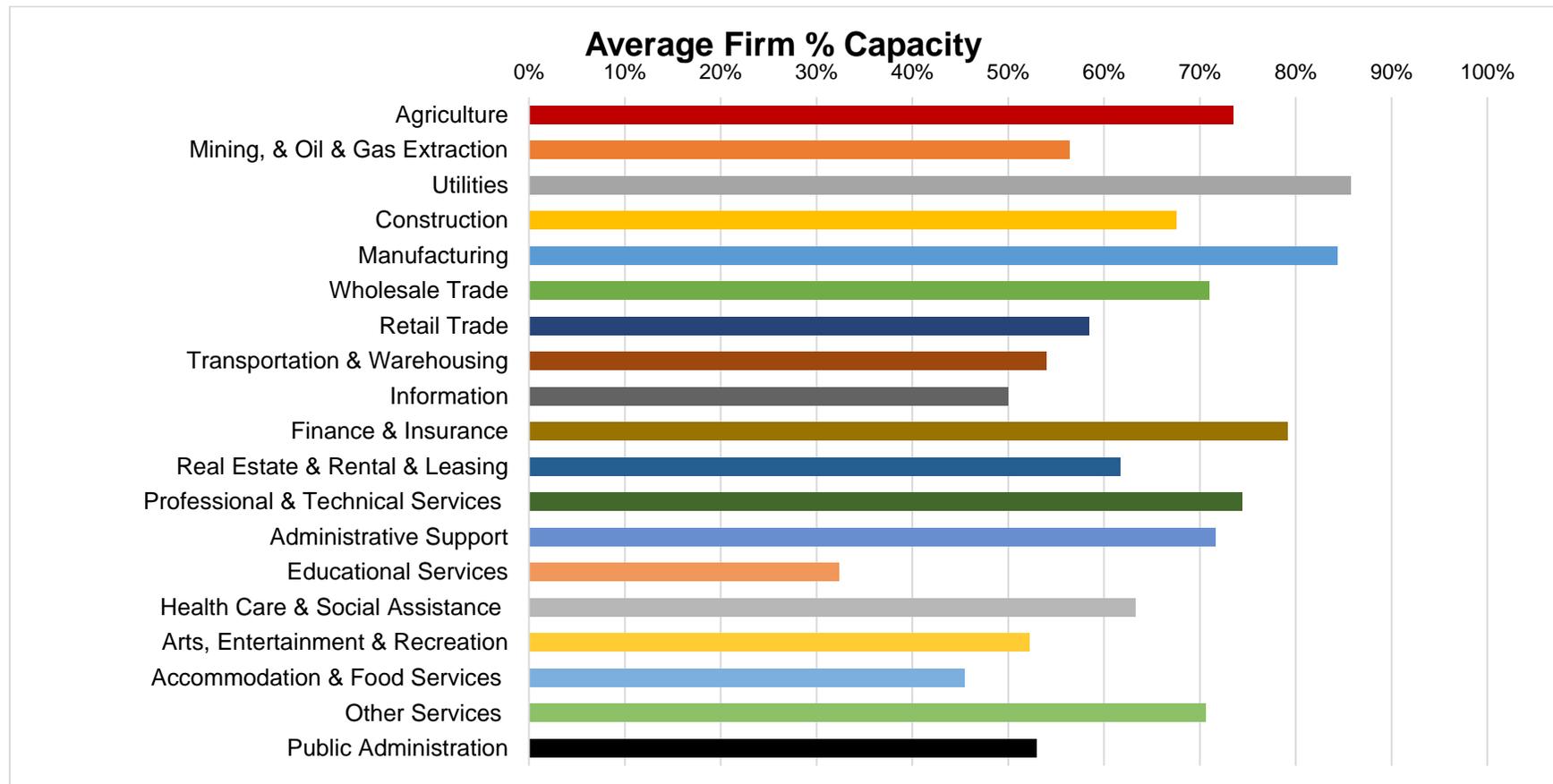
Operations

More than one third of businesses were reportedly closed during the two survey periods. Closures were more prevalent in some industries than others. Nearly half of the entertainment industry was closed as most concerts and large-scale sport activities were canceled or postponed, and museums and gyms were also closed. Retail was the next sector with the largest percentage of business closures as the majority of retail establishments except groceries stores and gas stations closed doors. On the other hand, much of the manufacturing, construction, and business services sectors continued to operate.



Operating Capacity

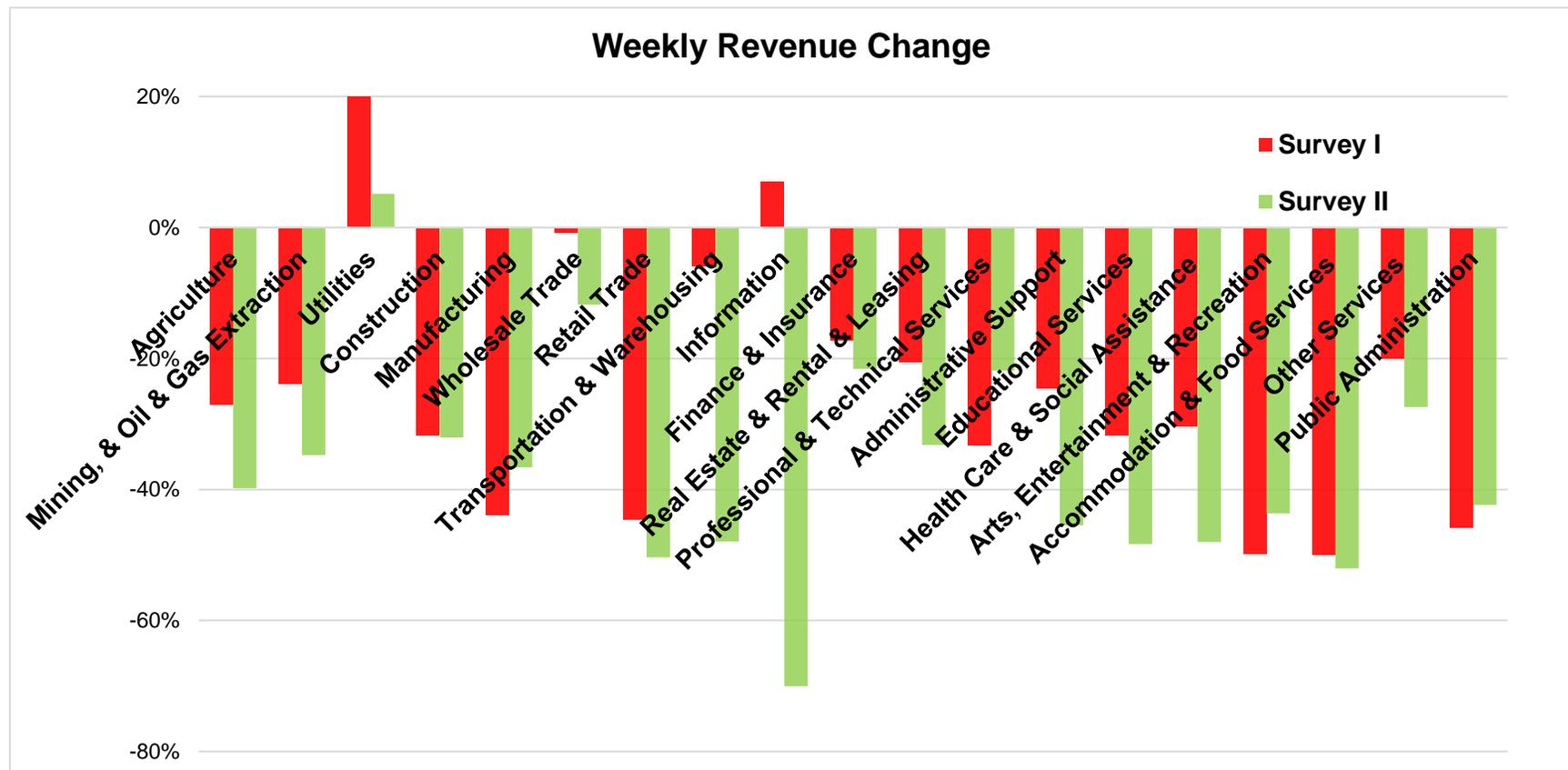
According to the first survey conducted in late March, businesses that were open operated at 80% capacity on average. The average operating capacity dropped to 65% two weeks later, according to the second survey. The average operating capacity of operating businesses varied across industries. Due to the statewide executive orders, educational services and accommodation and food services operated at the lowest average capacity levels.



Revenue Changes

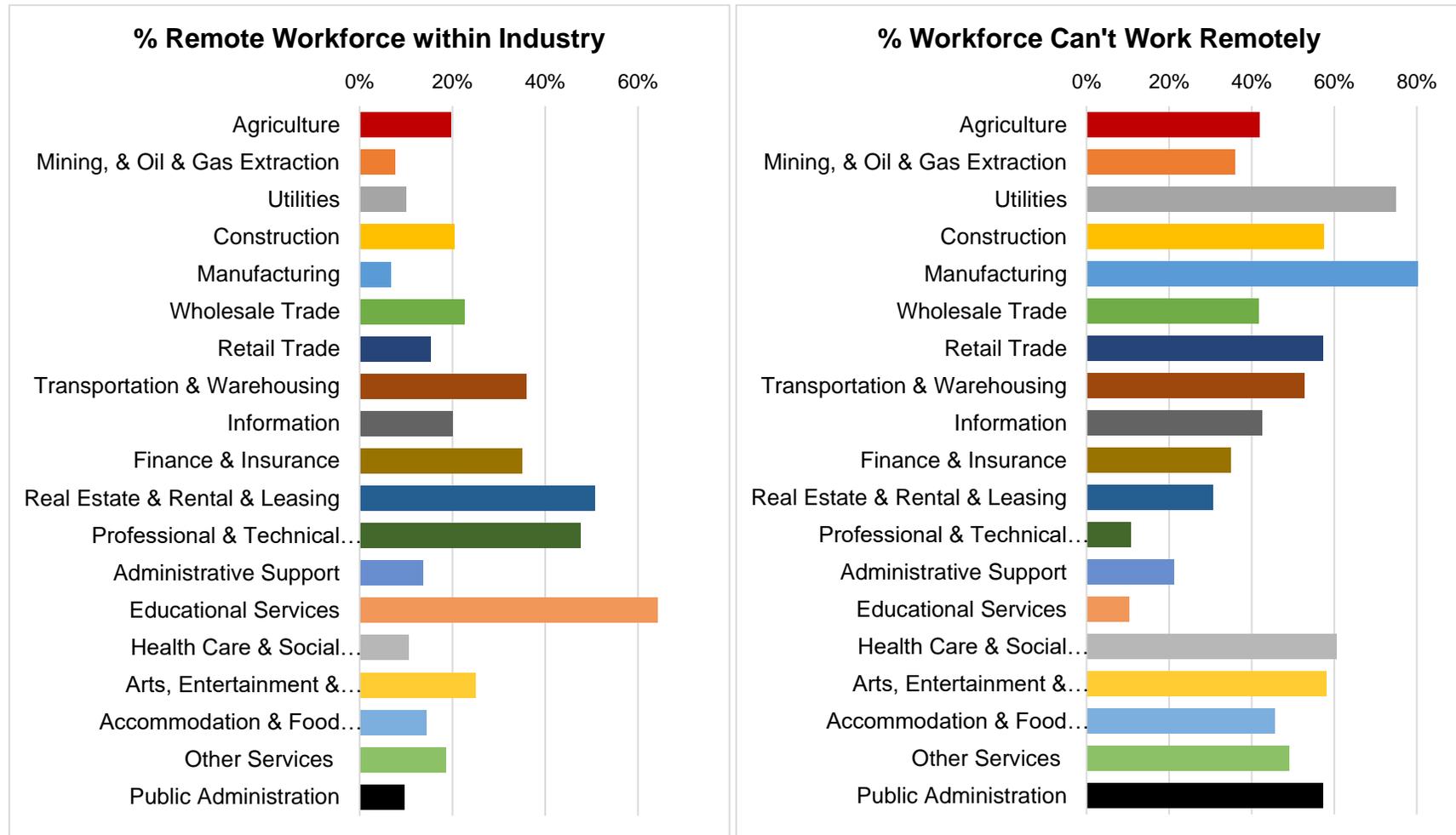
The typical affected business in the region experienced a revenue loss of 40% during the first survey period in late March, and 50% two weeks later. The hospitality sector, including entertainment, accommodation and food services, and retailers, revealed disproportionate economic exposure to the pandemic. The service sector, as opposed to manufacturing, bore the brunt of the economic impact.

All else being equal, a smaller business with fewer employees not only tended to experience a relatively larger revenue loss, but it was less likely to have received a Paycheck Protection Program loan under the CARES Act.



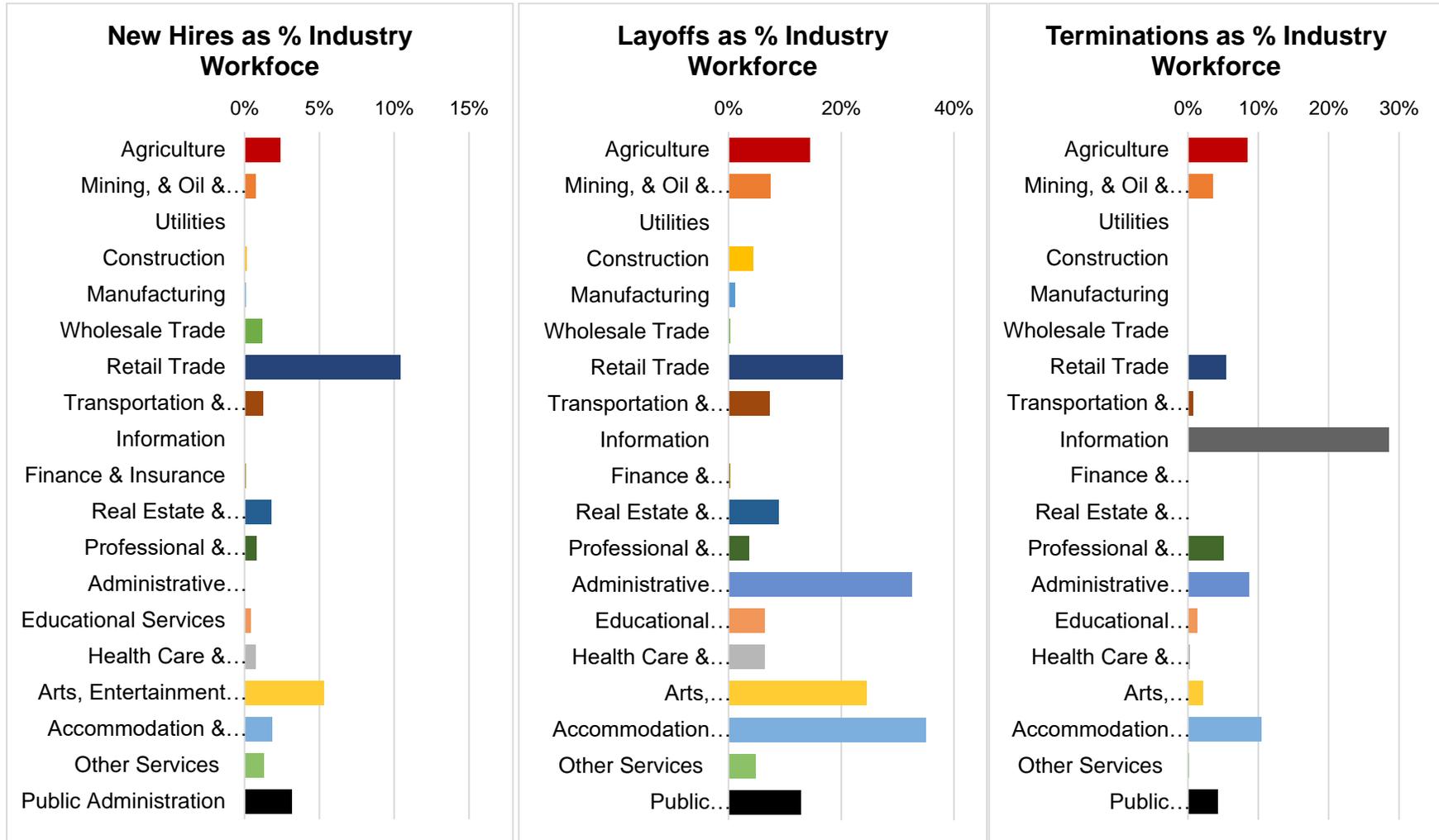
Remote Work

The option for staff to work from home varies widely across industries. All else being equal, businesses that could not operate online tended to suffer more revenue losses during the current pandemic.



Staffing Changes

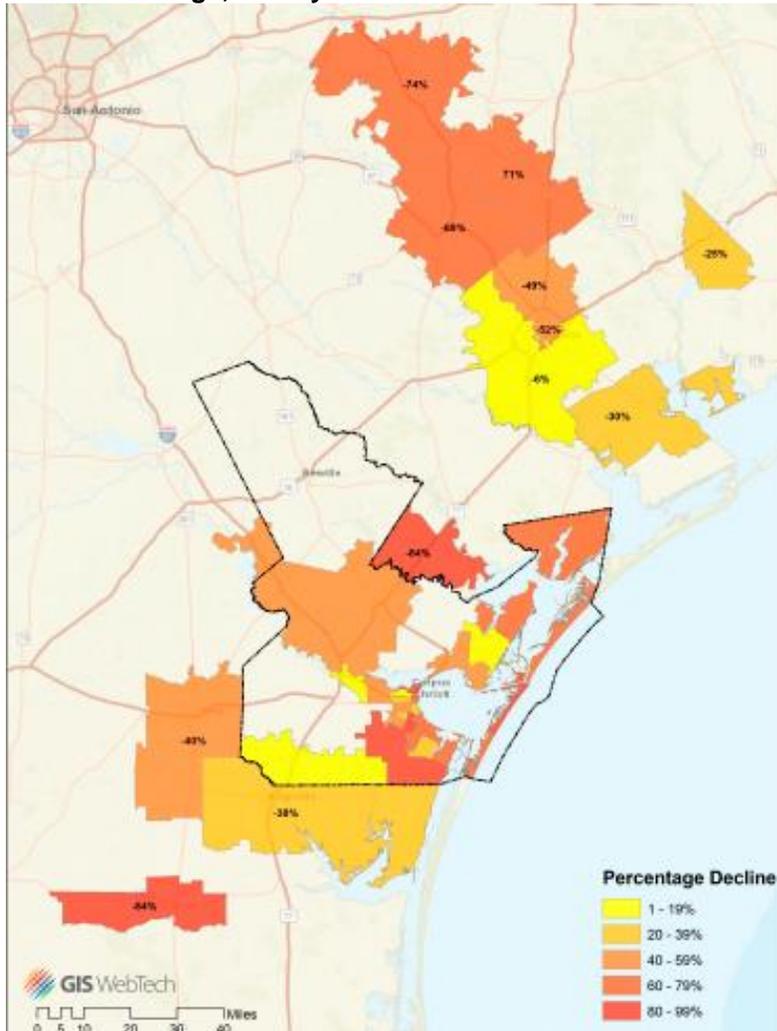
Layoffs were more prevalent among industries that were hit hardest. Those are also industries in which the workforce can work only on-site instead of remotely.



Geographic Dispersion

While business losses accelerated across most ZIP codes during the most recent survey period, rural communities experienced a deeper downturn.

Revenue Change, Survey I



Revenue Change Survey II

