



COVID-19
USVI ECONOMIC IMPACT REPORT 2021
PRESS & MEDIA OVERVIEW



PRODUCED BY:
ISLAND ANALYTICS & MARKETING, LLC



ABOUT IAM:

Island Analytics & Marketing, LLC is a data, analytics, and marketing support service company based in the U.S. Virgin Islands. With an in-depth understanding of the U.S. Virgin Islands, Island Analytics & Marketing, LLC provides information relevant to the territory's unique cultural, socio-economic, and political landscape. IAM, LLC provides a diverse set of research and marketing solutions to maintain your organization's competitive edge.

PURPOSE OF USVI COVID-19 ECONOMIC IMPACT REPORT

The purpose of the survey was to measure the economic impact of COVID-19 on businesses, non-profits, and other NGOs in the US Virgin Islands. The survey focused on the issues affecting organizations, such as financial challenges, labor needs, operational needs, future outlooks, and more. The report results inform the public, policymakers, and government officials on the reality of our economic situation and may be used to direct additional local/federal support to organizations.



USVI COVID SUMMARY

As of January 4, 2022, the USVI totaled 10,714 positive cases of the COVID-19 virus in the territory, with 89 deaths because of the virus. The Government of the Virgin Islands implemented various mandates to curb the spread of the virus through Supplemental Executive Orders issued by the Governor. In addition to public health orders issued by the Virgin Islands Department of Health, these orders placed guidelines and capacity restrictions for businesses such as bars, restaurants, events, and other social gathering operations. Other businesses continue to follow the mandates requiring social distancing and mask-wearing while in operation or servicing customers. Various educational facilities and places of worship have utilized virtual options to continue service.

METHODOLOGY

IAM gathered the primary analysis through an online survey, with the target population being businesses, non-profits, and other NGOs in the US Virgin Islands. The target population was asked to participate by email, social media, and local news agencies. The online survey webpage included the purpose, completion time, and clarifications on the target audience.

The survey included customized questions addressing gaps in economic impact data such as estimated revenue losses, number of layoffs/furloughs, and fiscal support opinions. Statistical significance was determined based on confidence intervals (at the 95% confidence level) using question-specific samples and response rates with a margin of error of (+/-)3.95%.

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USVI ECONOMIC IMPACT REPORT 2021 - IAM, LLC

USAGE STATEMENT

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This document is a press and media overview of the COVID-19 USVI Economic Impact Report 2021. The full version with additional results and insights may be purchased from Island Analytics and Marketing, LLC. Please contact Richard Dorsey at islandanalytics.vi@gmail.com or 340-227-4045 for more information.

Other Findings Include: Island by Island Analysis, Labor Profiles, and Industry Profiles

A DATA-DRIVEN USVI.



TERRITORY-WIDE OVERVIEW

**USVI LABOR PROFILE
& SURVEY SUMMARY**

USVI LABOR STATISTICS REVIEW 2016–2021

To understand the effects of the pandemic on the local labor sector, USVI labor statistics from 2016 to 2021 were reviewed. The statistical labor areas analyzed included average employment by industry sector, total wages by industry sector, number of establishments by industry sector, and the size of businesses by quarterly average.

It should be noted that several major economic events occurred within the reviewed period, such as two category five hurricanes that devastated the USVI in 2017, the recovery period that extended into 2018 and 2019, and the coronavirus pandemic that continues to affect the USVI in 2020 and 2021.

Also, due to inconsistent reporting of 2019 and 2021 labor statistic numbers by the Virgin Islands Department of Labor, monthly and quarterly averages were adjusted for seasonality and used as estimates for missing data. With 2016 as a baseline, this report intends to compare current business data to the closest year on record without any substantial economic occurrences.

KEY FINDINGS

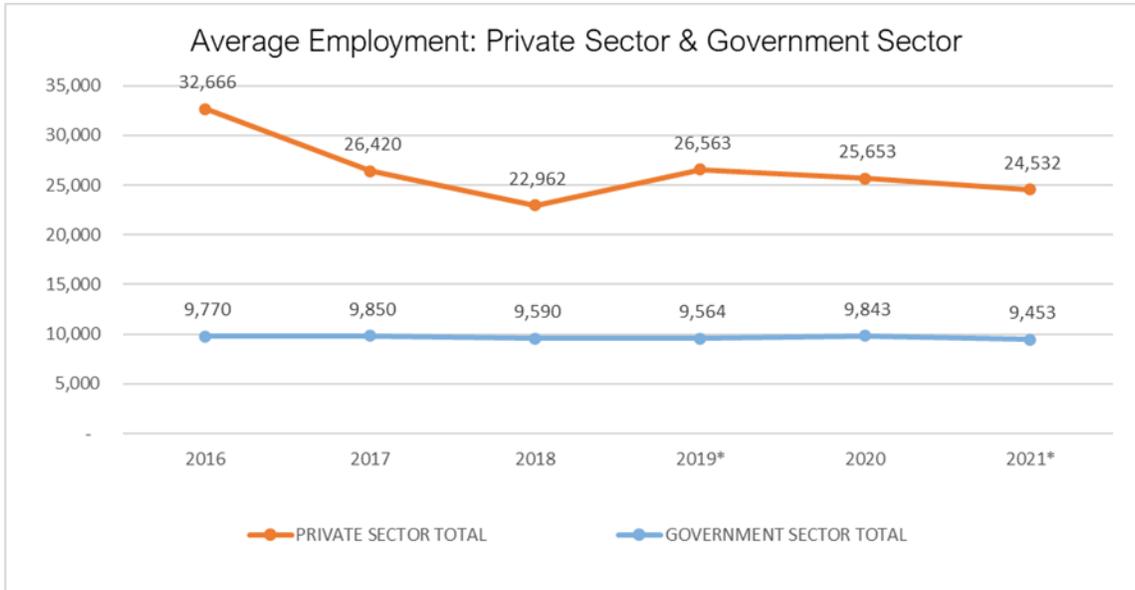
- The USVI private-sector employment average declined 24.9%, from 32,666 employees in 2016 to 24,532 in 2021.
- Total wages in the private sector increased by 14.08% from \$946,454,506 in 2016 to \$1,079,681,951 in 2021.
- The total number of private-sector establishments increased by 8.54%, from 3,219 in 2019 to 3,494 in 2021,
- The total number of private-sector establishments grew by 7.97% from 3,236 in 2016 to 3,494 in 2021.
- Businesses with 50 to 99 employees declined overall by 35.82% from 67 in 2016 to 43 in 2021.
- Businesses with 100 to 249 employees experienced the lowest drop by declining 23.54% from 34 in 2019 to 26 in 2020
- Businesses with 250 to 499 employees experienced an overall decline by 35.71% from 14 in 2016 to 9 in 2021 is noted for this group declined, representing losses of at least 1,250 employees from 2016 to 2021.
- Businesses with 500 to 999 employees decreased the most of all business groups (66.67%)—from 6 in 2016 to 2 in 2018.
- Businesses with 500 to 999 reported zero employment in 2021, representing losses of at least 3,000 employees from 2016 to 2021.

AVERAGE EMPLOYMENT: USVI

The private-sector workforce of the USVI experienced a significant shift from 2016 to 2018, with a 29.71% decline from 32,666 employees to 22,962 employees. From 2018 to 2019, private-sector employment increased by 15.68% from 22,962 employees to 26,563 employees; however, employment averages declined by 7.5% from 26,523 employees in 2019 to 24,532 employees in 2021. Overall, the USVI private-sector employment average declined 24.9%, from 32,666 employees in 2016 to 24,532 in 2021.

The USVI government average employment remained relatively stable compared to the private sector, with only a small decline of 3.24% of government employees from 9,770 in 2016 to 9,453 in 2021.

Table 1.1 | Average Employment, Private & Government Sector: 2016 to 2021



Source: US Virgin Islands Department of Labor, Quarterly Census of Employment & Wages by County & Industry, 2016 - 2021

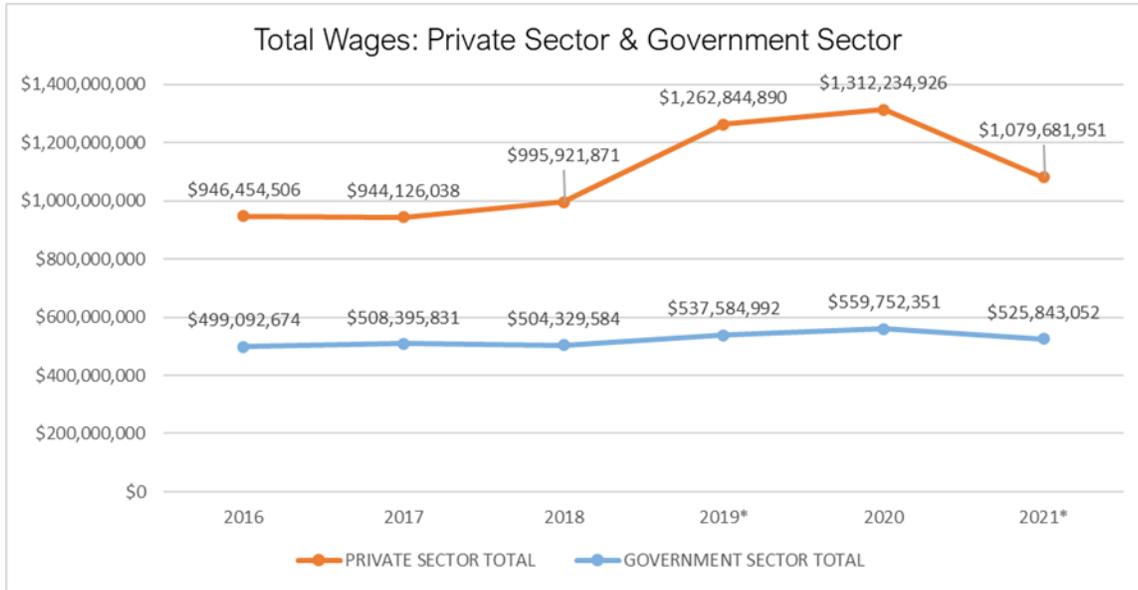
TOTAL WAGES: USVI

Private sector total wages increased 5.23% from \$946,454,506 in 2016 to \$995,921,871 in 2018. However, total wages grew significantly by 31.76% from \$995,921,871 in 2018 to \$1,312,234,926 in 2020. This increase correlates with published hurricane recovery efforts throughout the Territory as well as the restart of one of the largest refinery and storage operators in the Caribbean, Limetree Bay Ventures, LLC, on the island of St. Croix.

A continued growth of 38.65% in total private sector wages was seen from \$946,454,506 in 2016 to \$1,312,234,926 in 2020. Although total wages grew substantially over the 5-year period, total wages declined by 17.72% from \$1,312,234,926 in 2020 to \$1,079,681,951 in 2021. This decline may be attributed to the economic challenges of COVID-19, the slowdown in hurricane recovery efforts, and the sudden closure of Limetree Bay Refinery due to multiple air emission incidents during the first half of 2021. The refinery announced the filing for Chapter 11 bankruptcy in July of 2021 due to the suspension of operations and the inability to access capital to restart the refinery. Overall, total wages in the private sector increased by 14.08% from \$946,454,506 in 2016 to \$1,079,681,951 in 2021.

Total wages in the government sector during the same period grew by 5.36% from \$499,092,674 in 2016 to \$525,843,052 in 2021.

Table 1.2 | Total Wages, Private & Government Sector: 2016 to 2021

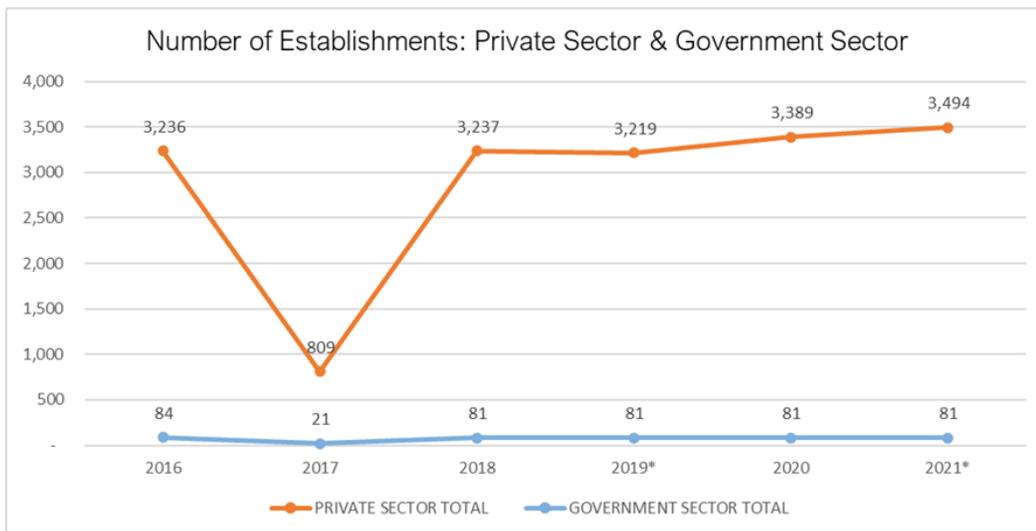


Source: US Virgin Islands Department of Labor, Quarterly Census of Employment & Wages by County & Industry, 2016 - 2021

NUMBER OF ESTABLISHMENTS: USVI

There was minimal change in the total number of private-sector establishments from 3,236 in 2016 to 3,237 in 2018, even with the devastating effects of the two category five hurricanes in 2017, which affected official government reporting from businesses in the Territory (as indicated by the low reported number of 809 in 2017). The total number of private-sector establishments increased by 8.54%, from 3,219 in 2019 to 3,494 in 2021, and overall grew by 7.97% from 3,236 in 2016 to 3,494 in 2021.

Table 1.3 | Private Sector, Total Number of Establishments: 2016 to 2021

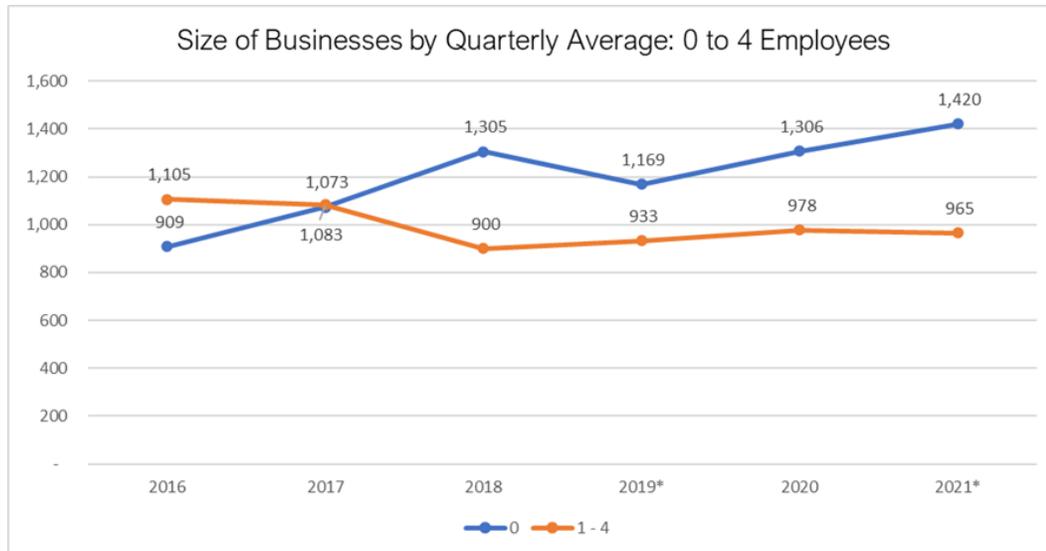


Source: US Virgin Islands Department of Labor, Number of Establishments by Industry, 2016 – 2021

SIZE OF BUSINESSES: USVI

Businesses with zero employees or self-employed businesses grew in number by 43.56%, from 909 businesses in 2016 to 1,305 businesses in 2018. Businesses with 1 to 4 employees declined by 18.55% during the same timeframe from 1,105 to 900. Businesses with zero employees or self-employed businesses continued to increase from 1,169 in 2019 to 1,420 in 2021 by 21.47%, while businesses with 1 to 4 employees increased by 3.43%, from 933 in 2019 to 965 in 2021.

Table 1.4 | Size of Businesses by Quarterly Average, 0 to 4 Employees: 2016 to 2021



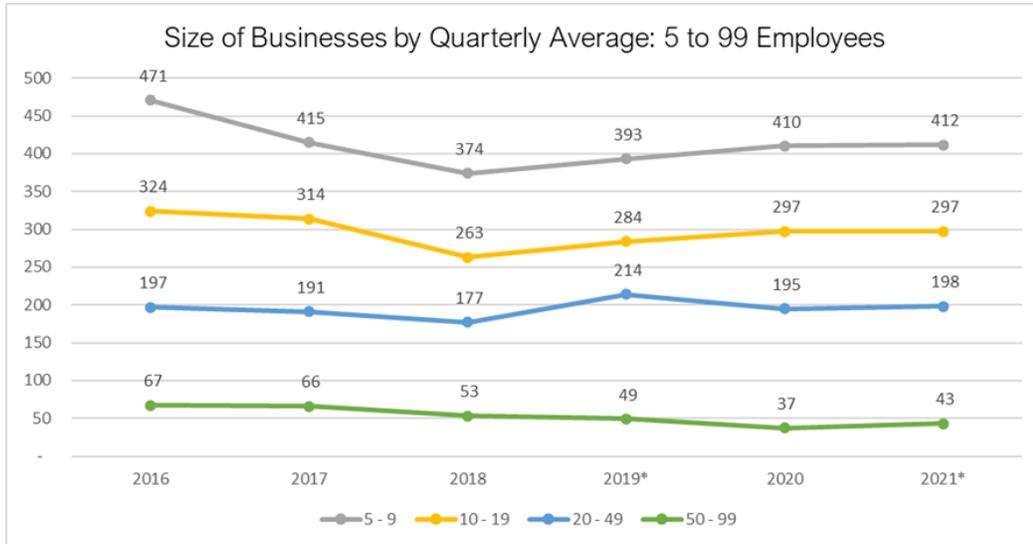
Source: US Virgin Islands Department of Labor, *Size of Firms by Quarter Statewide, 2016 - 2021*

Similar to businesses with 1 to 4 employees, there was a decline in the number of businesses that employed 5 to 9 and 10 to 19 employees from 2016 to 2018. Businesses with 5 to 9 employees declined by 20.59% from 471 in 2016 to 374 in 2018, and businesses with 10 to 19 employees declined by 18.82% from 324 in 2016 to 263 in 2018. By 2021, businesses with 5 to 9 and 10 to 19 employees declined significantly compared to 2016. Businesses with 5 to 9 employees declined by 12.53% from 471 in 2016 to 412 in 2021, and businesses with 10 to 19 employees declined by 8.33% from 324 in 2016 to 297 in 2021.

Businesses that employed 20 to 49 employees experienced a decline of 10.15% from 197 in 2016 to 177 in 2018 but increased by 20.9% from 177 in 2018 to 214 in 2019. However, businesses with 20 to 49 employees overall experienced incremental growth of 0.51% from 197 in 2016 to 198 in 2021.

Businesses with 50 to 99 employees declined overall by 35.82% from 67 in 2016 to 43 in 2021.

Table 1.5 | Size of Businesses by Quarterly Average, 5 to 99 Employees: 2016 to 2021



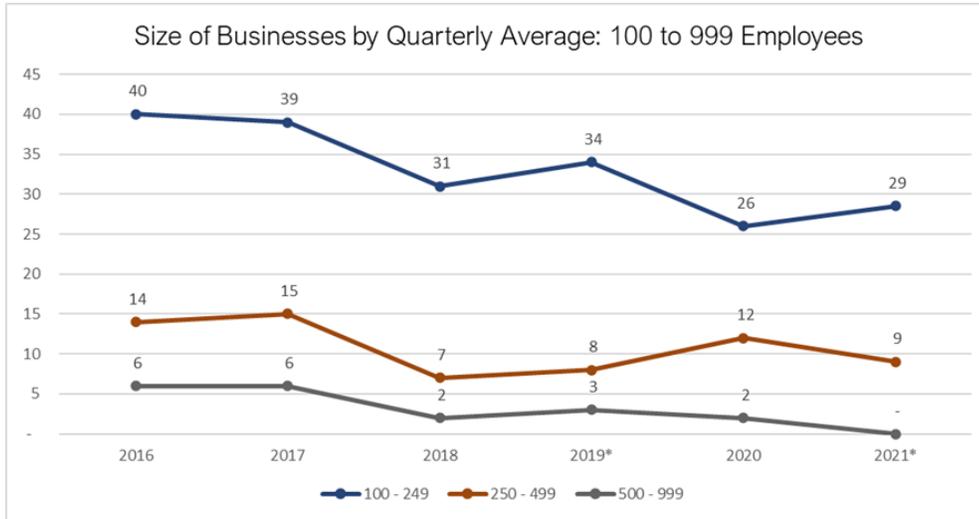
Source: US Virgin Islands Department of Labor, *Size of Firms by Quarter Statewide, 2016 - 2021*

Businesses with 100 to 249 employees declined by 22.5% from 40 in 2016 to 31 in 2018. While there was an increase of 9.68% from 31 in 2018 to 34 in 2019, businesses with 100 to 249 employees experienced the lowest drop by declining 23.54% from 34 in 2019 to 26 in 2020. Although businesses with 100 to 249 employees increased to 29 in 2021 by 11.54% compared to 26 in 2020, this group declined 27.5% from 40 in 2016 to 29 in 2021. For the lowest number of employees possible for this group (100), this represents losses of 1,100 employees from 2016 to 2021.

Businesses with 250 to 499 employees experienced a major decline of 50% from 14 in 2016 to 7 in 2018. The same group increased by 71.43% from 7 in 2018 to 12 in 2020 but declined by 25% from 12 in 2020 to 9 in 2021. An overall decline by 35.71% from 14 in 2016 to 9 in 2021 is noted for this group, representing losses of at least 1,250 employees from 2016 to 2021.

Businesses with 500 to 999 employees decreased the most of all business groups (66.67%)—from 6 in 2016 to 2 in 2018. This group then declined from 2 in 2018 to zero in 2021, with no businesses reporting employment in 2021, representing losses of at least 3,000 employees from 2016 to 2021.

Table 1.6 | Size of Businesses by Quarterly Average, 100 to 999 Employees: 2016 to 2021



Source: US Virgin Islands Department of Labor, *Size of Firms by Quarter Statewide, 2016 – 2021*

TERRITORIAL SURVEY RESULTS

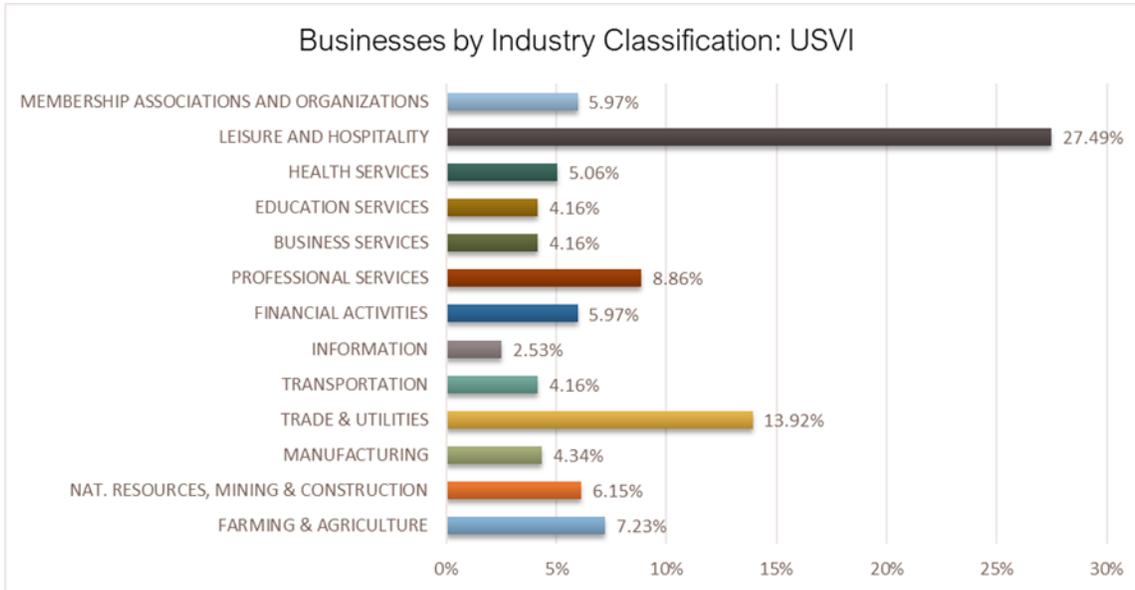
KEY FINDINGS

- 54.7% of USVI businesses reported losses of 25% to 75% in 2020, with 16.2% sustaining losses of 75% to 100%
- 45.9% of USVI businesses reported losses of 25% to 75% in 2021, with 17.2% sustaining losses of 75% to 100%
- The average gross revenue losses in 2020 for USVI businesses were 43.51% which fell to 40.91% in 2021.
- Working capital ranked as the most important type of support needed by USVI businesses in 2021.
- 47.32% of businesses were able to apply for federal aid, with 33.24% unable to apply and 19.44% ineligible.
- The average number of furloughs/layoffs was six employees for businesses in the USVI during 2021.
- Skilled labor and full-time employment were the most affected types of labor in 2021.
- 52.2% of businesses were generally likely to return to pre-pandemic staff levels, with 56.9% generally likely to return to pre-pandemic levels of revenue.
- Social distancing mandates affected operations the most, with government-ordered closure as the second.
- 38.13% of businesses generally approve of the USVI Government's economic response to the pandemic, with 25.62% generally disapproving of the local economic response to the pandemic.
- 54.4% of businesses generally agree with the overall local government's response to the pandemic.

TERRITORIAL INDUSTRY OVERVIEW

Table 2.1 illustrates the representation of industry groups from respondents of the 2021 Economic Impact Survey. Leisure and Hospitality is the largest group with 27.49%, with trade and utilities being the second largest group at 13.92% and professional services being the third largest group at 8.86%.

TABLE 2.1 | Business by Industry Classification: USVI



GROSS REVENUE & LOSSESS: 2020 - 2021

Table 2.2 illustrates businesses in the USVI that indicated their pre-pandemic Gross Yearly Revenue (GYR). Businesses with \$500,000 or less account for 75.78% of total respondents to the survey, with \$500,000 to \$10,000,000 GYR accounting for 14.36% of respondents. Businesses over \$10,000,000 GYR remain the smallest group at 9.87%. Businesses in the USVI with \$100,000 or less GYR represent 52.96% of the total number of respondents.

TABLE 2.2 | Average Yearly Gross Revenue Pre-COVID-19: USVI

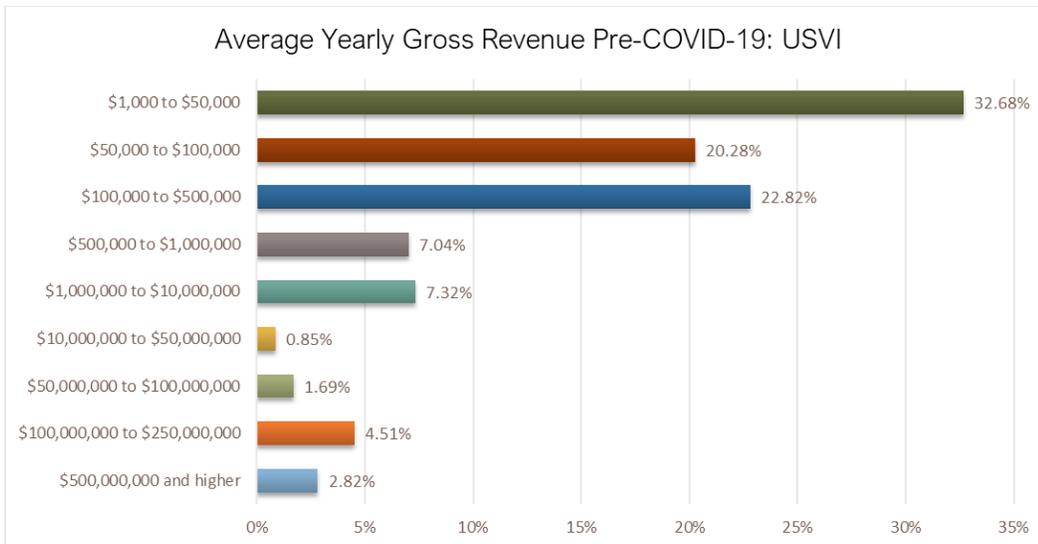


Table 2.3 depicts the 2020 Gross Revenue Loss for businesses in the USVI. 54.7% of businesses surveyed reported losses of 25% to 75%. While 11.3% of businesses experienced no loss, 16.2% stated they sustained 75% to 100% loss in 2020. The largest reported losses were at 25% to 50% by 30.6% of businesses, with the smallest number of reported losses at 5.6% for 1% to 10%. The average reported losses for 2020 were 43.51% for businesses in the USVI.

TABLE 2.3 | 2020 Gross Revenue Loss: USVI

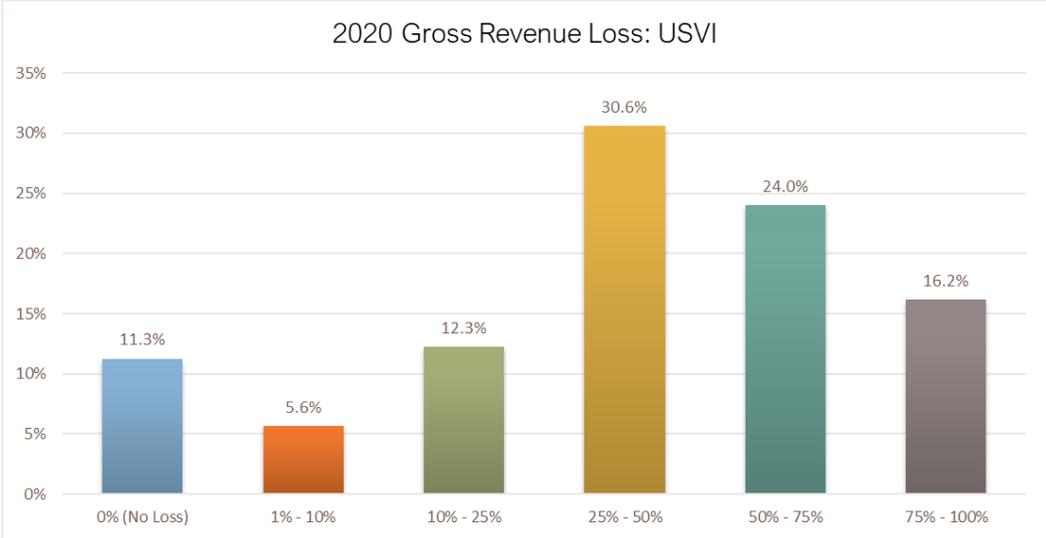
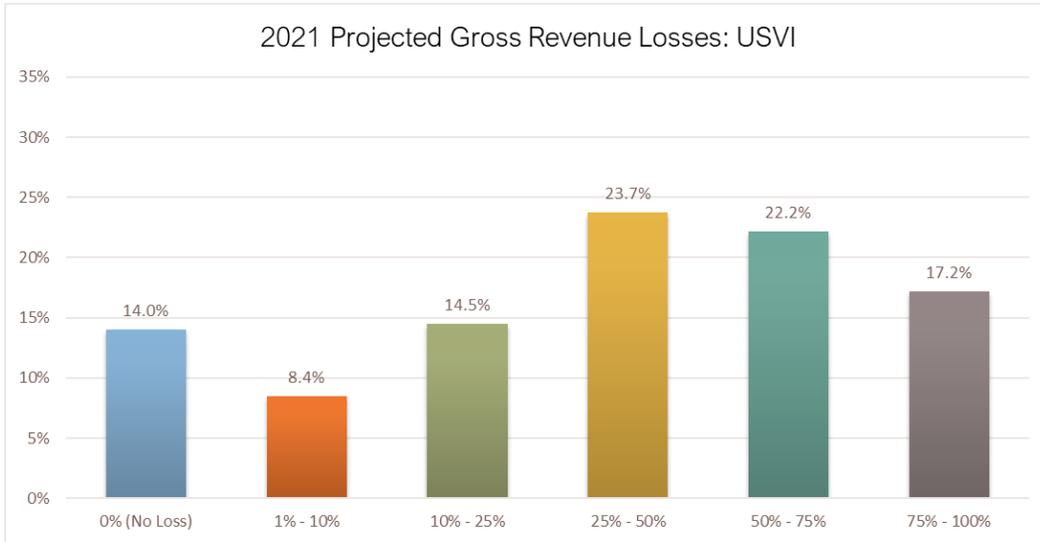


Table 2.4 illustrates the projected Gross Revenue Losses for 2021 by survey respondents. 45.9% of respondents indicated that their losses ranged from 25% to 75%. While the number of businesses that did not experience revenue loss in 2021 increased to 14% (as compared to 11.3% in 2020), businesses that reported 75% to 100% loss grew in 2021 to 17.2% from 16.2% in 2020. Additionally, businesses that sustained 1% to 10% Gross Revenue Losses increased from 5.6% in 2020 to 8.45% in 2021, and businesses that sustained 10% to 25% Gross Revenue Losses increased from 12.3% in 2020 to 14.5% in 2021.

The average reported projected losses for 2021 was 40.91% for businesses across the USVI.

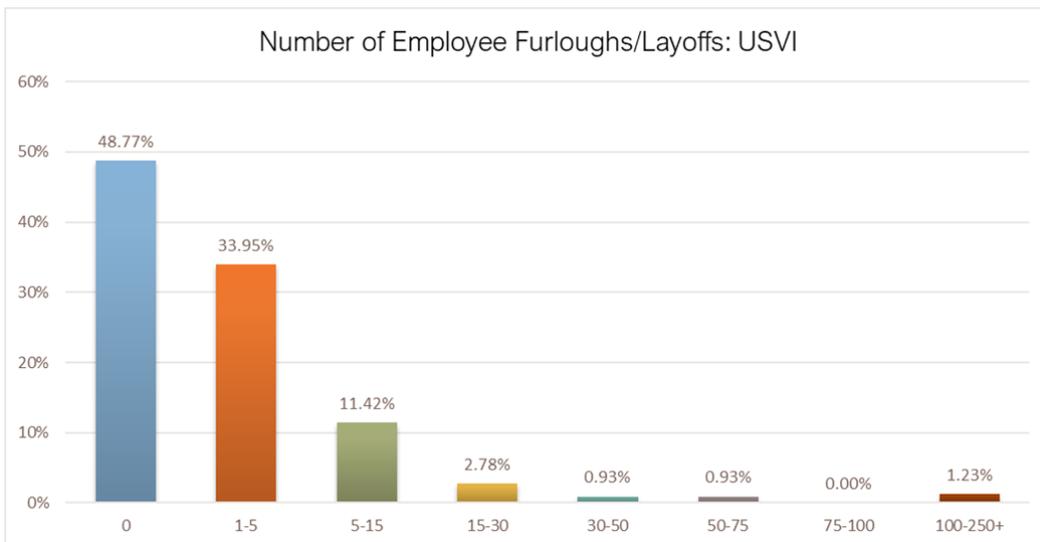
TABLE 2.4 | 2021 Projected Gross Revenue Losses: USVI



NUMBER OF AFFECTED WORKERS: USVI

Table 3.2 illustrates the number of employee furloughs/layoffs businesses indicated were necessary to manage operations . The average number of furloughs/layoffs was six employees for businesses in the USVI during 2021. While 48.77% of businesses reported that zero furloughs/layoffs were required to maintain operations, 1.23% of businesses reported 100 to 250(+) employee furloughs/layoffs were necessary.

TABLE 3.2 | Number of Employee Furloughs/Layoffs: USVI



SKILLED LABOR LOST IN 2021

Table 3.3 shows the ranking of the types of employed skilled labor that businesses lost during 2021. Skilled labor was ranked the highest while degreed ranked the lowest.

TABLE 3.3 | Ranking of Skilled Labor Lost in 2021: USVI

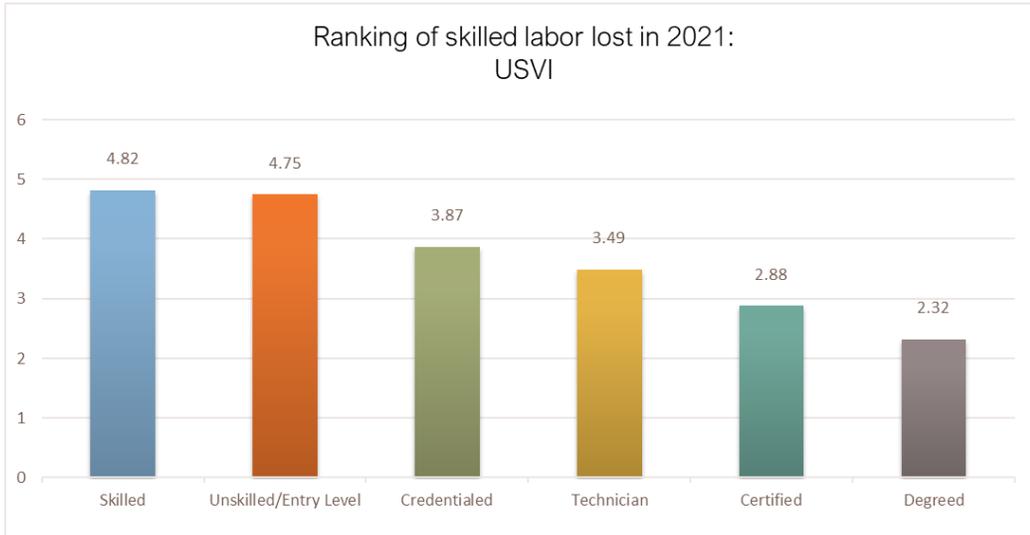
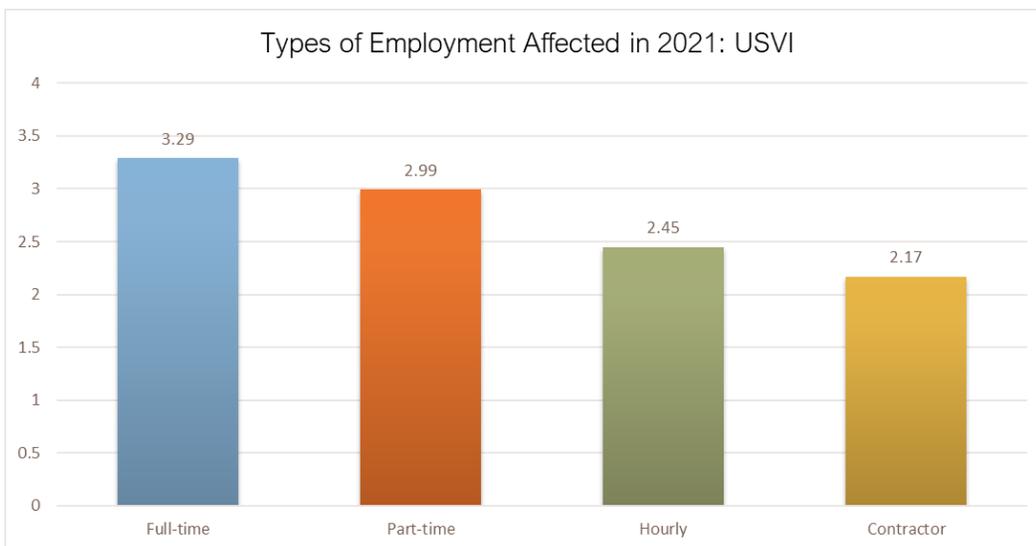


Table 3.4 depicts the ranking of the types of employment affected by COVID-19 during 2021. Full-time employment was ranked as the most affected type of employment. Contractor-type employment was ranked as the least affected by the pandemic in 2021.

TABLE 3.4 | Types of Employment Affected in 2021: USVI



BUSINESS SUPPORT NEEDED & FEDERAL AID

Table 4.1 illustrates the ranking of the type of support businesses needed to maintain operations in 2021. Working capital ranked as the most important type of support, with tax breaks and labor ranking second and third. Health and safety support ranked the lowest type of support needed by businesses.

TABLE 4.1 | Ranking of Business Support Needed: USVI

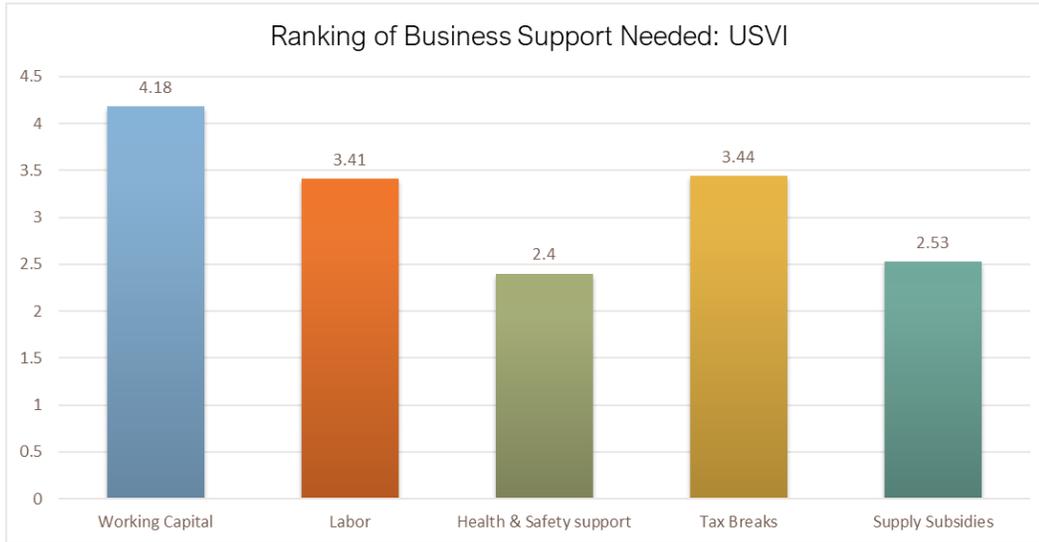


Table 4.2 depicts businesses' awareness of various types of federal support programs, grants, and loans. 76.1% of businesses indicated that they were aware of federal resources.

TABLE 4.2 | Awareness of Federal Programs, Grants, Loans, and Other Resources: USVI

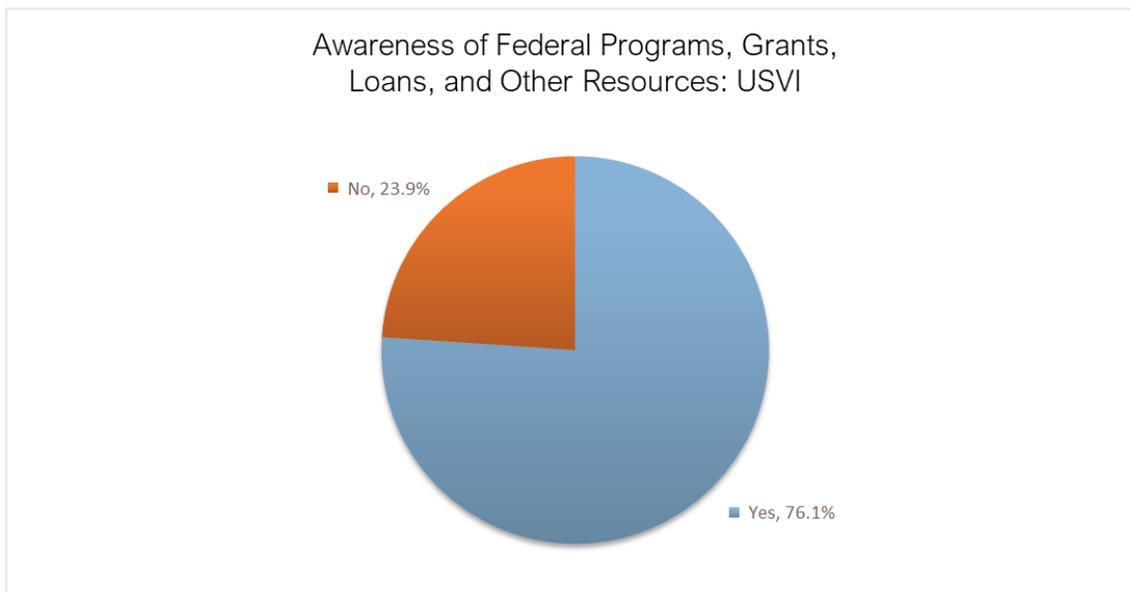


Table 4.3 depicts responses determining businesses' ability to apply for federal aid and loans. 47.32% of businesses could apply for federal support, with 33.24% unable to apply. 19.44% indicated that they were ineligible to apply for federal support.

TABLE 4.3 | Able to Apply for Federal Aid or Loans: USVI

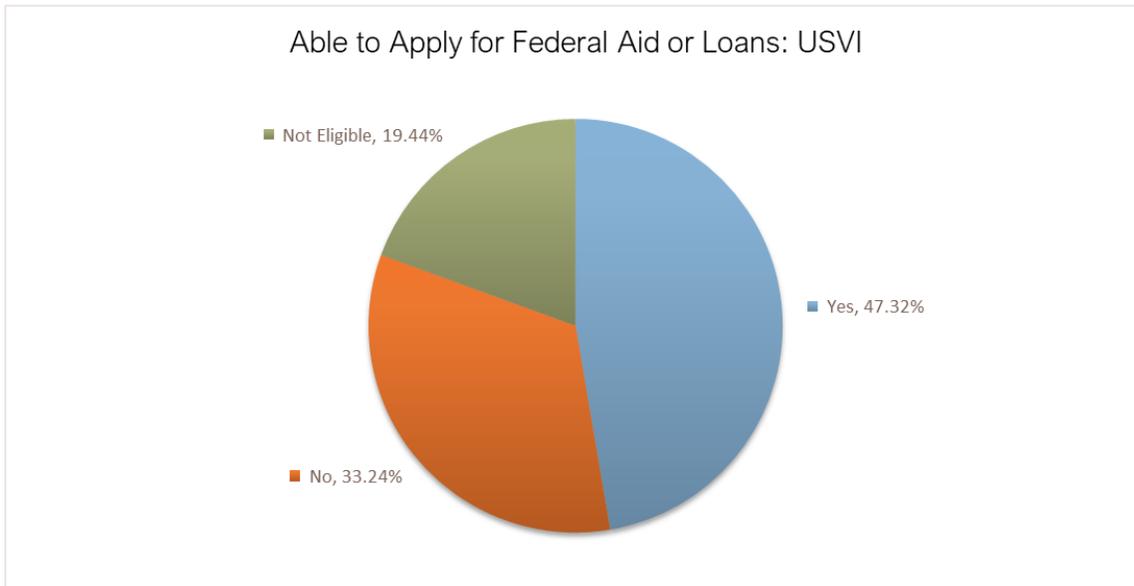


Table 4.4 depicts businesses respondents that applied for federal aid and resources, with 83.1% indicating that they were approved and received aid.

TABLE 4.4 | Applied and Received Aid: USVI

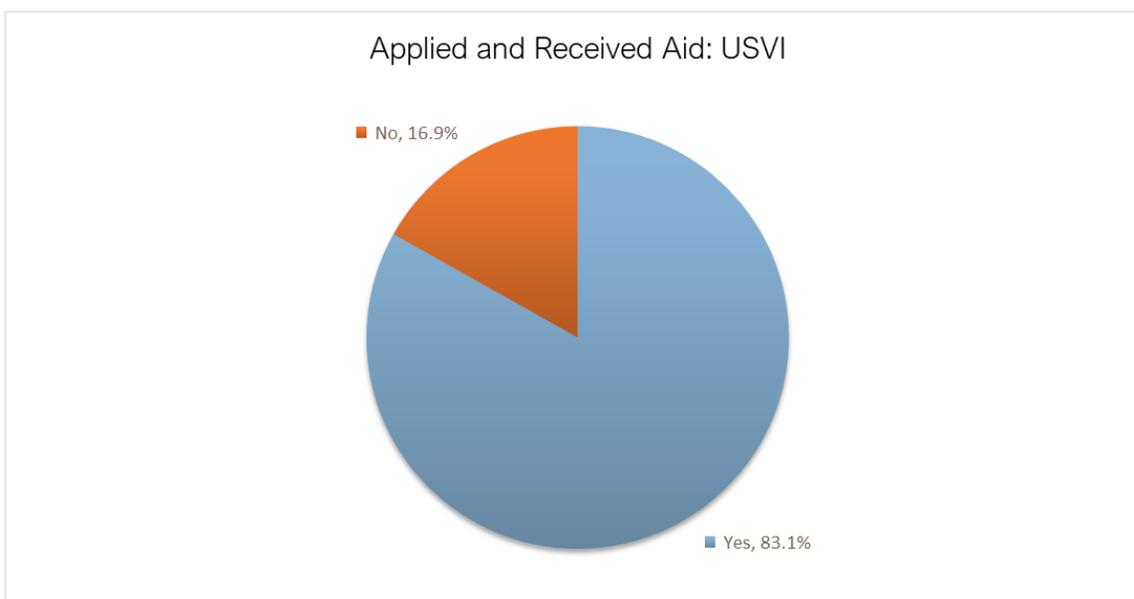
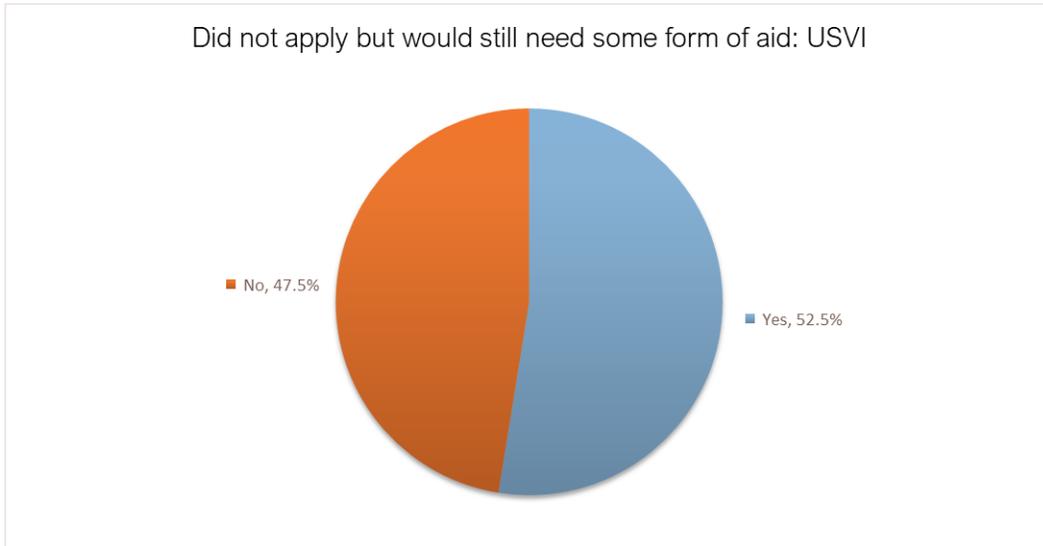


Table 4.5 depicts businesses that did not apply but still require some form of federal aid or support. 52.5% indicated that they did not apply, but still desired to receive aid.

TABLE 4.5 | Did not apply but would still need some form of aid: USVI



OPINIONS OF BUSINESS OPERATIONS IN 2021

Table 5.1 shows the ranking of businesses' opinions related to COVID-19 mandates that affected their operations in 2021. Social distancing mandates were ranked the highest in terms of affecting business operations, with government-ordered closures as the second highest with a ranking difference of 0.06. Vaccination requirements ranked the lowest in terms of affecting business operations in 2021.

TABLE 5.1 | Aspects of COVID-19 mandates that affected business in 2021: USVI

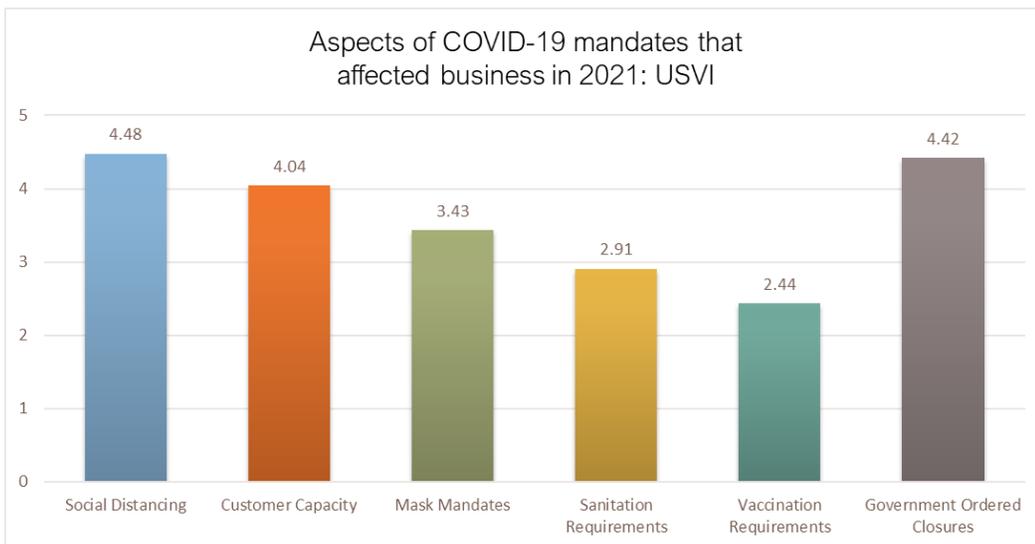


Table 5.2 shows the opinions of businesses as it relates to the likelihood of remaining open beyond 2021. 76.57% of businesses indicated they would generally likely remain open beyond 2021, with 47.2% stating they would be very likely to remain open into 2022. Only 9.1% of businesses stated that it would be generally unlikely to remain open beyond 2021.

TABLE 5.2 | Likelihood of remaining open beyond 2021: USVI

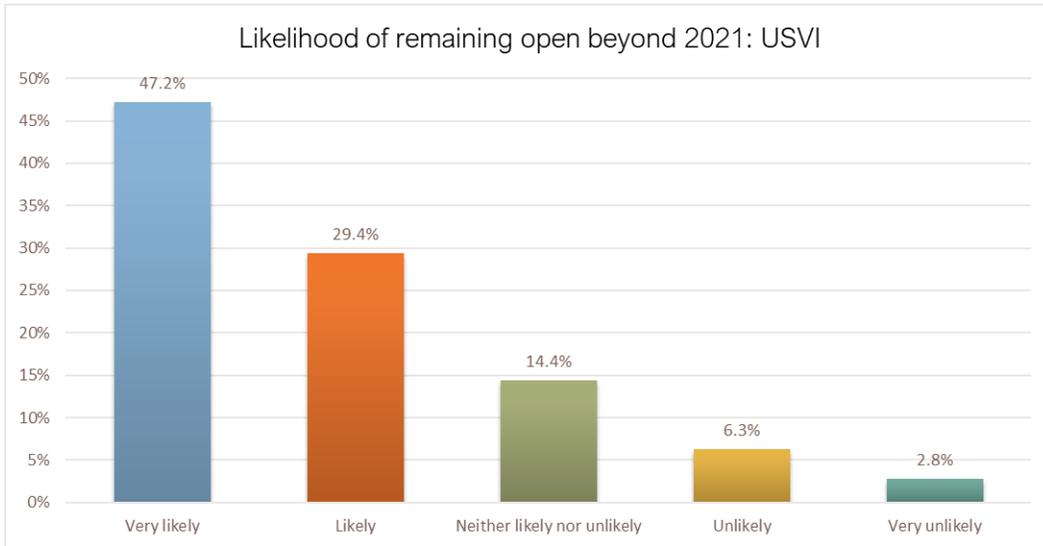


Table 5.3 shows the opinions of businesses as it relates to the possibility of returning to pre-COVID-19 staff levels. 52.2% of businesses indicated that they were generally likely to return to pre-pandemic staff levels. However, 31.3% of businesses stated it was neither likely nor unlikely to return to pre-pandemic staff levels.

TABLE 5.3 | Possibility of returning to pre-COVID-19 staff levels: USVI

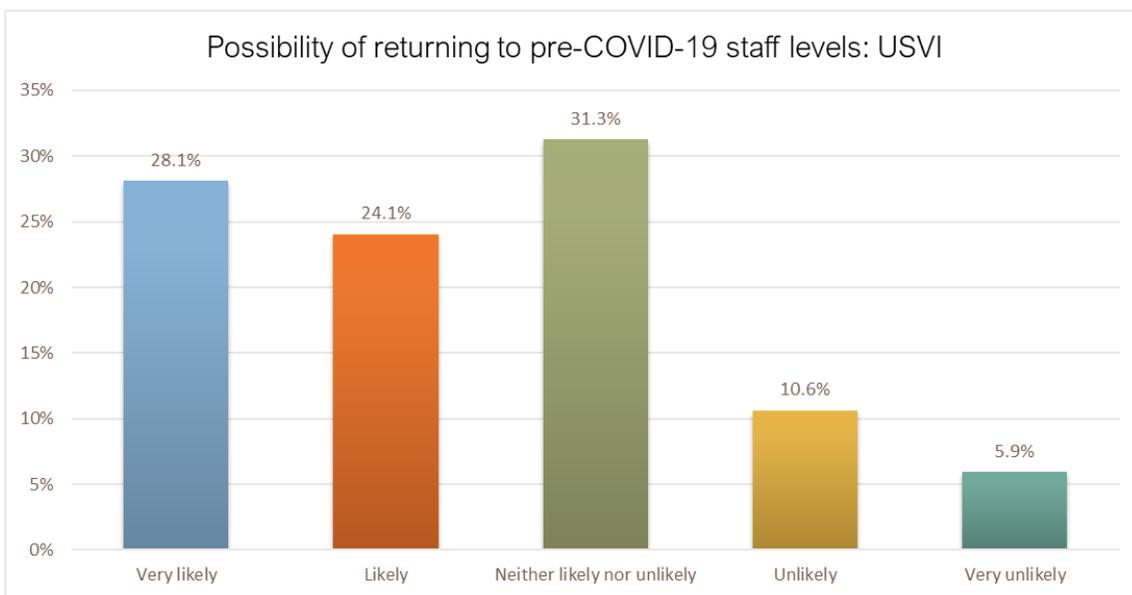


Table 5.4 shows the opinions of businesses as it relates to the likelihood of returning to pre-pandemic revenue levels. 56.9% of businesses believe that it is generally likely to return to pre-pandemic revenue levels. However, 24.7% of businesses believe it is neither likely nor unlikely to return to pre-pandemic revenue levels, with 18.4% believing it is generally unlikely to return to former revenue levels.

TABLE 5.4 | Likelihood of returning to pre-COVID-19 revenues: USVI

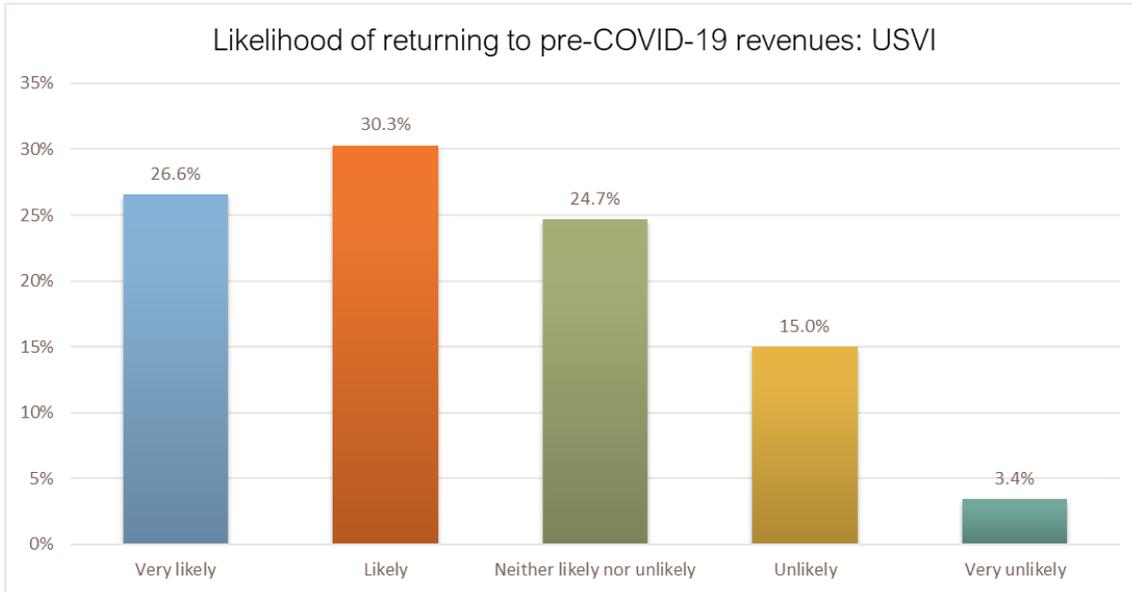


Table 5.5 shows the opinions of businesses as it relates to the economic response from the USVI Government. 38.13% of businesses generally approve of the USVI Government's economic response to the pandemic. 36.25% of businesses neither approve nor disapprove of the local economic response. 25.62% of businesses stated that they generally disapprove of the local economic response to the pandemic.

TABLE 5.5 | Opinion of the local government's economic response to COVID-19: USVI

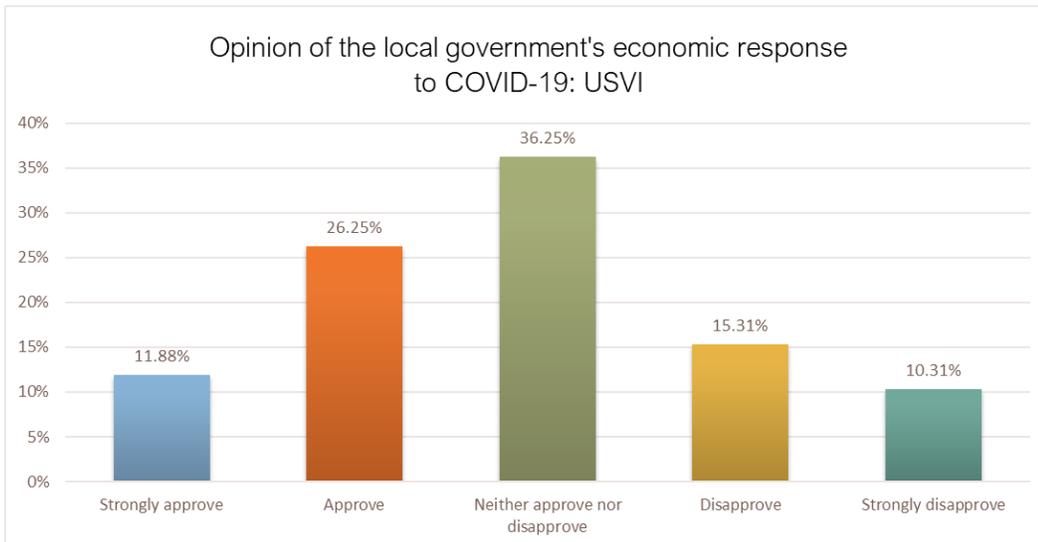
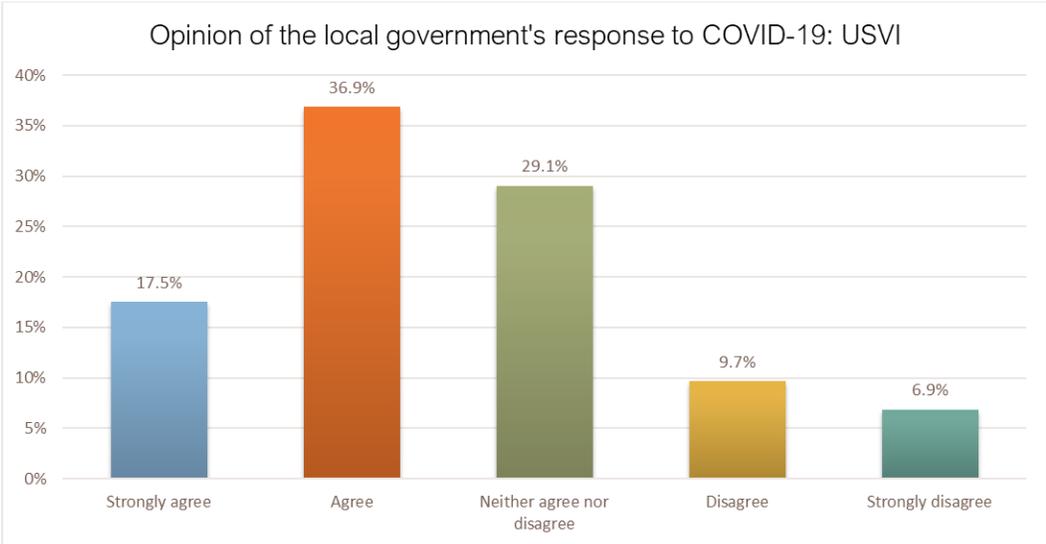


Table 5.6 shows the opinions of businesses as it relates to the overall response to the pandemic from the USVI Government. 54.4% of businesses generally agree with the overall local government's response to the pandemic. 29.1% of businesses neither agree nor disagree with the overall response, with 16.6% generally disagreeing with the local government's response to the pandemic.

TABLE 5.6 | Opinion of the local government's response to COVID-19: USVI



TERRITORIAL SUMMARY

While optimistic for 2022, USVI businesses faced severe operational hurdles in 2021, such as labor difficulties, shrinking wages, gross revenue losses, and pandemic mandates. Average employment for the private sector fell by 4.37% from 2020 to 2021, with the average number of furloughs/layoffs in 2021 being six employees for businesses. Skilled labor and full-time employment were reported as the most affected areas of employment in 2021 due to the pandemic, and total wages from 2020 to projected 2021 declined by 17.72%.

Revenue generation was difficult, with 45.9% of businesses reporting gross revenue losses of 25% to 75% in 2021, with businesses losing 40.91% on average. Although 14% of businesses reported having no losses in 2021, 17.2% reported losing 75% to 100% of their gross revenue. With 2021 as the second year of major revenue losses for USVI businesses due to the pandemic, average gross revenue losses were 43.51% for 2020, with the average gross revenue losses declining by 2.6% from 2021. Working capital ranked as the most needed type of business support in 2021, with tax breaks and labor ranking second and third.

76.1% of businesses indicated that they were aware of federal resources. 47.32% of businesses could apply for federal support, with 33.24% unable to apply and 19.44% ineligible to apply for federal support. Although 47.32% applied for federal support programs, grants, and loans, 83.1% of businesses that applied were approved and received aid. 52.5% of businesses that did not apply indicated that they still require some form of federal aid or support.

Operating with pandemic protocols created operational challenges for USVI businesses. Social distancing and government-ordered closures were the two highest-ranked mandates that affected businesses in 2021. Customer capacity and mask mandates ranked third and fourth as affecting business operations. Vaccination requirements ranked last as an operational challenge for businesses. Even with these economical, labor, and operational difficulties in place, businesses remained optimistic as 76.57% of businesses indicated that they would generally likely remain open beyond 2021, with 47.2% stating that they will be very likely to remain open into 2022. Only 9.1% of businesses stated that it would be generally unlikely to remain open beyond 2021. This continued regarding staff levels as 52.2% of businesses indicated that they were generally likely to return to pre-pandemic staff levels. However, 31.3% of businesses stated it was neither likely nor likely to return to pre-pandemic staff levels. 56.9% of businesses believe that it is generally likely to return to pre-pandemic revenue levels, with 18.4% believing that it is generally unlikely to return to former revenue levels.

This positive outlook for their own businesses' viability was not directly seen across the board compared to USVI businesses' opinions of the Government of the US Virgin Islands responses to the pandemic. In 2021, 38.13% of businesses approved the USVI Government's economic response to the pandemic. 36.25% of businesses neither approved nor disapproved of the local economic response. 25.62% of businesses stated that they generally disapproved of the local economic response to the pandemic. 54.4% of businesses generally agreed with the overall local government's response to the pandemic. 29.1% of businesses neither agreed nor disagreed with the overall response, with 16.6% generally disagreeing with the local government's response to the pandemic.

LIMITATIONS

While a considerable effort was invested in collecting and assimilating all relevant data for this study, some limitations are worth acknowledging for the readers of this report. Gathering data from business stakeholders within the community during the stay-at-home orders did provide unique challenges for those businesses that could not access their operations. To mitigate this limitation, announcements surrounding the survey and related information were shared with news media outlets territory-wide, including print, online, and radio. Additionally, the St. Croix Chamber of Commerce, the St. Thomas Chamber of Commerce, and the Virgin Islands Hotel & Tourism Association assisted in disseminating this survey and relayed information to their members. Despite these limitations, this report is a representative study covering the business communities' perspectives, experiences, and operational challenges.



This document is a press and media overview of the COVID-19 USVI Economic Impact Report 2021. The full version with additional results and insights may be purchased from Island Analytics and Marketing, LLC. Please contact Richard Dorsey at islandanalytics.vi@gmail.com or 340-227-4045 for more information.

Other Findings Include: Island by Island Analysis, Labor Profiles, and Industry Profiles

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