



Home rules

The state is avoiding new limits on businesses despite the omicron wave, but many owners and executives are acting on their own

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Kathie Maguire Morolda, who has owned the Cranbury Station Galleries in Monroe Township for nearly 40 years, said certain services like paint par-ties fell noticeably during the holidays.

The new year was supposed to be a banner one for the Blue Moon Mexican Cafe, a restaurant with a location each in Englewood and Wyckoff. Even in December 2020 when restaurants were restricted to 25% indoor capacity, owner Howie Felixbrod said that many patrons opted for take-out and delivery for small gatherings. Business remained strong.

But fewer people are gathering at home and fewer diners are going out to eat as fears of the omicron variant and its transmissibility dampen what was expected to be a strong economic recovery for the holidays and into 2022.

At least half of Blue Moon's New Year holiday reservations were cancelled.

"I definitely didn't expect it to hit as hard," Felixbrod said in an interview. "Early on in the pandemic, we barely lost any employees. There were one or two people sick ... This time it ran through our place like crazy."

Such problems are expected to be the norm across New Jersey and the nation, at least in the short term. While new restrictions might not be as strict as those imposed early in the pandemic, economists and business leaders warn they could still be painful.

"[M]any more people are sick and they're out of work, on top of the worker shortage to begin with," said Tom Bracken, president and CEO of the New Jersey Chamber of Commerce. "Many businesses around here [are] closing for a period of time, to get over it."

From Bracken's perspective, "there's no question that this surge in cases has impacted business and it's a threat to businesses." Labor shortages were already severe going into the holidays, he said.

Many businesses were also hamstrung by supply chain disruptions and shipping delays from the delta variant, coupled with holiday demand. "The problem is that they were tremendously challenged with labor shortage issues and still extremely high product costs, goods," said Dana Lancellotti, president of the New Jersey Restaurant and Hospitality Association. "Some were not open as many days as they normally would be, because they just couldn't staff enough, some had to remove certain items from their menu because they were just too expensive and they'll lose money on them."

Restaurants across the state said they closed their doors temporarily because of COVID-19 outbreaks. At least four Walmart stores in New Jersey closed due to COVID-19 concerns. Thousands of airline flights, including hundreds at Newark Liberty International Airport, were cancelled during the holiday travel season thanks in part to the omicron surge and staff calling out sick.

Data from Apple Maps “shows that New Jersey’s year-over-year improvement in searches for driving directions fell off a bit from Thanksgiving to Christmas, indicating a slower pace of recovery,” said Adam Kamins, an economist with Moody’s Analytics.

Higher education institutions such as Rutgers and Princeton universities are delaying their return-to-campus plans for the spring semester. Offices are holding off on bringing staff back in.

Public health officials expect the omicron variant to peak in January and then fall off in February and through the start of spring. If states can avoid business restrictions and closures, then the pain could be muted.

The momentum seen in 2021 in terms of job growth might slow in late December and the first few months of 2022, suggested James Hughes, an economist at Rutgers University.

“It’s going to shave a little bit from growth in the first quarter, probably to the end of 2021,” Kamins added. “The idea that we saw with the delta hit over the summer that dealt a setback, then the national economy ... kept moving in the right direction but a bit more slowly than it would have otherwise. Omicron is going to be similar in a lot of ways.”

Kamins also said he does not expect the same level of shipping problems, because the factory closures prevalent in China and Vietnam during the delta surge are not happening this time, which suggests both nations “are generally weathering this.

“It’s possible that by the time we get to mid-February, at least the worst has passed. To the extent that consumer business confidence is taking a hit right now, I think those impacts will be less.”

Polls show New Jerseyans expressing a decreasing tolerance for new restrictions on business and public life as the COVID-19 pandemic treks into its third year. And Gov. Phil Murphy, who narrowly clinched his second term in November, has avoided that route while insisting that he has not ruled anything out. In fact, while the governor on Jan. 11 declared a new state of emergency, he did not use it to impose any limits.

Local Action

At the same time, many municipal governments have and will likely continue to enact their own restrictions. Newark, New Brunswick, Paterson, Montclair, Morristown and Hoboken require masks for all public places, such as shops and restaurants. And Newark requires proof of vaccination at many public businesses such as theaters, restaurants and bars, gyms and concert venues.

“That’s the way we have wanted it,” Murphy said during a remotely held COVID-19 briefing on Jan. 3, his first after an eight-day vacation and after First Lady Tammy Murphy tested positive for the virus. “The fact that you’re seeing these mandates being put in place is something we had anticipated,” he continued. “We, in fact, I’d say more than anticipated; frankly, welcome because we thought this was the right – we make the decision based on the local reality.”

Corey Hannah Basch, a public health professor at William Paterson University, said many municipalities may indeed opt to enact their own restrictions “in an attempt to avoid more stringent statewide lockdowns.”

“This approach tends to be favorable because of the variation in geographic density and vaccination rates, which influence community transmission,” she said in an email.

Stephanie Silvera, a public health and epidemiology professor at Montclair State University, said such limits would be helpful to get the omicron surge under control. “There doesn’t seem to be much of an appetite for restrictions these days, and unfortunately, I think that may end up ultimately hurting both public health overall, and business,” she said.

“I think that if the state would mandate vaccinations (including boosters) and masks indoors, that would certainly help take the pressure off of individual businesses to try to self-regulate, but there will be push back on that as well.”

Many businesses and trade groups said they would prefer a decentralized pandemic response. “[E]very effort should be made to not return to state-level restrictions and that businesses have the right to decide on their own,” said Bob Considine, a spokesperson for the New Jersey Business & Industry Association.

Linda Doherty, president of the NJ Food Council – a trade group for the state’s food retailers and grocery stores – broadly agreed but added that even a locally enforced policies like mask requirements “puts retail employees in difficult and even dangerous situations.”

“In order to protect both employees and customers, food retailers have implemented enhanced cleaning measures and safety precautions with the goal of preventing the spread of COVID-19,” she said in an email.

Stephen Chrisomalis, owner of Steve’s Burgers which has three locations across Bergen and Hudson counties, told NJBIZ that a mask request can cause “an altercation with customers” because of the sheer level of skepticism and disbelief about COVID-19.

Chrisomalis said his operations have largely gone back to what they were during 2020, with more take-out and pick-up, and with many customers wearing masks. But COVID-19 scares have become common in recent weeks, he said. "Two or three weeks ago, there's like five people out in the same week, so it's hard to stay open," he said. "One of the guys in the kitchen gets it and they all get it – they have to shut down for a week."



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King Strength and Performance founding owner and head trainer Gerrick King said his fitness center is re-adopting many of the COVID-19 protocols put in place when gyms were allowed to reopen in September 2020.

Michael Womack, the communications and marketing manager for the New Jersey Manufacturing Extension Program, said that the Garden State's roughly 11,000 manufacturers know their operations well enough that, combined with solid science, they'll be able to implement the best public health practices on their own accord.

"They've enacted measures to protect their employees, whether it's staggered shifts, masks in the facilities, vaccine suggestions and encouragements," Womack said. "Those kinds of strategies are able to be turned on and off as needed."

Some manufacturers have used apps that track which employees have come within 6 feet of each other, so that an employee who tests positive can say "I came down with [COVID-19], and that person needs to be aware."

One manufacturer was able to supply sewing machines to workers and had them pick up the raw materials to work at their homes each day, Womack said.

James Alba, who owns The B Hive Organic Salon in Hillsdale with his wife, told NJBIZ that the business – which offers hair styling and coloring – has been forced to keep most of their COVID-19 protocols in place throughout the pandemic, especially since "we can't socially distance from our clients."

Since barbershops and salons were allowed to reopen at limited capacity in June 2020, masks have been required.

"You just had too many factors that it wasn't worth it, in our opinion, even after the vaccinations came out ... are we going to card you? We opted to stay masked," said Alba, who co-founded the NJ Salon and Spa Alliance in 2020 in response to the pandemic restrictions.

One B Hive staff member tested positive for COVID-19 last month and Alba had to notify six clients on Christmas morning. And some days recently, upwards of a dozen clients have cancelled in as little as two hours because they tested positive or were exposed.

At King Strength and Performance in Cranford, founding owner and head trainer Gerrick King said his fitness center is re-adopting many of the COVID-19 mitigation protocols first put in place when gyms were allowed to reopen in September 2020. Face coverings are required at the gym for all staff and guests, which has “gotten no negative feedback,” King said. Staff and guests who are exposed to COVID-19 are told to stay away from the gym and capacity has been reduced both for classes and the number of people allowed on the gym floor.

“Most of the changes were brought back with us noticing the surge happening with delta and omicron,” King said. “We have a lot of members and clients who are in health care who are nurses, doctors and they tell us the severity.”

Kathie Maguire Morolda, who has owned the Cranbury Station Galleries in Monroe Township for nearly 40 years, said certain services like paint parties have noticeably fallen during the holidays. And more customers are opting to make appointments for framing and other purchases rather than just walking into the store.

Many employers might believe that imposing the same restrictions they employed in 2020 and early 2021 might be the safest bet, suggested Matthew Collins, who co-chairs the labor and employment group at the law firm Brach Eichler. “Some employers that are saying ‘we’re going to go back to, even though the EOs aren’t in place – we’re going to operate as if they were, because we think that’s best for the safety of our employees,’” he told NJBIZ.

“If they’re in the type of business where they can have their employees work from home, a lot of them have gone back to that,” said Tony Russo, president of the Commerce and Industry Association of New Jersey.

But even those teleworking arrangements do not have to be permanent, with many employers choosing to adopt a “temporary policy” and “just wait to get through whatever this peak is and then go back to their normal policies,” Collins said.

For now, employers should have a policy in place for COVID-19 given the latest surge, suggested Thomas Senter, a partner who practices employment law at Greenbaum, Rowe, Smith & Davis. “Every employer should feel an obligation to protect the health of their employees and those that come in close contact with them,” he said in an interview. “Are we going to require vaccination, are we going to require testing, do you have to wear a mask when you’re in contact with other people? It’s also important to have a very clear policy because an absence of clear rules – an employer opens itself up to liability exposure.”

Perhaps the most challenging COVID-19 mandate is the federal vaccine requirement imposed by the Occupational Safety and Health Administration for businesses with at least 100 employees. But the U.S. Supreme Court blocked that rule on Jan. 13. “In terms of business operations, clearly the big issue is for employers to develop a vaccination policy,” Senter said.

“I think a lot of clients are going to look at the guidelines that OSHA has issued, whether or not they become law, and whether or not they apply to them ... they’re going to be concerned that if we don’t require vaccinations, if we don’t require testing, then we are putting other employers and customers and other people we deal with at risk. So I think that all employers will be well-advised to have rules similar to what OSHA’s requiring.”

At the start of the holiday season, the federal Centers for Disease Control and Prevention narrowed the self-quarantine period from 10 to five days.

“I think that the business owners that need their employees and need them physically on the worksite, I think that they are happy with the CDC’s change in stance, reading that from 10 days to five days,” Collins said. “It’s a really difficult balance for the employer to try to focus on employee safety but also focus on being able to deliver and produce.”

Dr. Anthony Fauci, a top medical advisor for the White House, told CNN in late December that the move was partially fueled by the effort to get people back to work.

“One of the things we want to be careful of is that we don’t have so many people out,” he said. “If you are asymptomatic and you are infected we want to get people back to jobs – particularly those with essential jobs to keep our society running smoothly.”

According to various media reports, the shortened self-isolation period was sought by Delta Airlines CEO Ed Bastian. The decision was criticized by the Association of Flight Attendants, which accused the CDC of bowing to corporate pressure and not following public health best practices.

Basch and Silvera both noted that the CDC’s reduced isolation only applies to workers who are no longer exhibiting symptoms but acknowledged that many labor advocates worried about the potential risk to worker safety and broader public health.

“It’s concerning for workers being again put in this situation of having to potentially go to work either being a carrier of this or being infected by it,” said Debra Coyle McFadden, who heads the worker’s rights consortium the New Jersey Work Environment Council.

Kamins pointed out that New Jersey’s intensive care unit capacity is relatively sustainable now, meaning the hospitals are not necessarily at the risk of being completely overrun.

Nonetheless, state health officials are turning to the federal government to bolster the ranks at their hospitals and long-term care facilities.

Hospitals are being told to count on as much as 30% of their staff being out sick with COVID-19 at any given time, and the expectation that up to 9,000 people could be hospitalized with COVID-19 by mid-January.

Alba said that COVID-19 relief programs like the Paycheck Protection Program helped keep many businesses running. But without such aid this time around, uncertainty reigns.

Washington may not enact another mammoth relief package like the multi-trillion-dollar Coronavirus Aid, Relief and Economic Security Act of 2020 or the American Rescue Plan signed by President Joe Biden nearly a year ago.

“I’m not sure whether we can count [on that], even if we had a little bit more cooperation in Washington, that there’s really an appetite to do another round of federal rescue spending. It was unprecedented what happened in 2020 and 2021, in terms of the amount of money,” Hughes said.



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