



TESTIMONY OF WEDC SECRETARY AND CEO MELISSA HUGHES

Assembly Committee on State Affairs

April 30, 2020

Good afternoon and thank you, Mr. Chairman, for inviting me to speak with you and the committee today.

We met in early October, on my first few days on the job. I remember the spectacular fall colors in Rhinelander, and I look forward to coming and visiting your supper club.

Since that time, I have traveled throughout Wisconsin, visiting businesses and communities. I've attended groundbreaking and ribbon cuttings. Everywhere I have visited, I've seen people working together to improve the quality of their lives. Whether it was a small business hiring kids in the town, a larger business expanding their capacity, a transformative model like Sherman Phoenix in Milwaukee, or a community like Shell Lake building a clinic to serve their year-round senior citizens, there is an overwhelming spirit in Wisconsin of caring for your loved ones, your friends and your neighbors.

I recall specifically, though, visiting a large employer outside of Milwaukee in late January. The company was considering an expansion, and we discussed how WEDC might support that effort. As an aside, as we walked out of the conference room, one of the gentlemen mentioned that his trip to China had been cancelled, that all travel to China had been cancelled, and that the over 6,000 employees that they had in China had been sent home, the factories closed. And I remember thinking that no matter what, if that was the only thing about the coronavirus that impacted the Wisconsin economy, it would still be significant.

Weeks later, I traveled to Mexico on a global trade venture. Mexico is a very important trade partner for Wisconsin, with over \$3 billion in exported Wisconsin products sold there every year. Last year, Wisconsin exported a total of \$21.5 billion dollars in products to over 200 countries.

While in Mexico, I met with the Deputy Minister of Foreign Affairs, a lovely man whose best friend went to UW-Madison. We discussed the virus. At that time there were a few cases in the United States and no known cases in Mexico. We talked about the opportunity for Mexico and Wisconsin if the supply chain to China was disrupted.

That was on February 20th. Less than 75 days ago.

Since that time, 1,700 people in Mexico and 61,700 Americans have died.

In late February, I met with the Kenosha Area Business Alliance, and we discussed the coronavirus in concept – we talked about making sure that hospitals knew the symptoms and how to react if a person walked into the ER with symptoms. We talked again about the opportunities this crisis might ultimately offer our businesses.

After that, things changed rapidly. Social distancing became a term we all knew. First gatherings of more than 250 were advised against, rapidly changing to 50, then 10. Wisconsin cases began to grow.

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On March 17th, as we saw the impact of social distancing restrictions on businesses in Wisconsin, the WEDC Board unanimously approved SB20/20, an emergency grant program of \$5 million to help businesses with fewer than 20 employees deal with the impact of COVID-19.

Our first two deaths in Wisconsin came on March 19th. Since that time, we have lost over 300 Wisconsin citizens. I say that not only to remind us all of the impact on our state, but to remind us of the speed with which we have experienced that impact. Those first deaths were 41 days ago. Since then, I have watched the public health community carry each and every death on their shoulders.

On March 23rd, WEDC assisted the process of securing the statewide federal major disaster designation for Wisconsin, providing an avenue for Wisconsin businesses to receive aid through the U.S. Small Business Administration. Since that time, 43,000 businesses have been approved for over \$8 billion in loans – a testament to community banks and credit unions working tirelessly to help process applications on behalf of their borrowers.

On March 24th, with the issuance of the Safer at Home Order, WEDC was tasked with helping businesses navigate the essential/nonessential question. I volunteered WEDC for this role because I believe that WEDC has the best knowledge and relationship with businesses, and the best ability to help businesses with a complex question that no one wants to ask themselves – am I essential or not? We have fielded thousands of inquiries and received a lot of tough calls. My team stepped into an unknown role and has done an incredible job of building a system providing consistent and empathetic counsel to businesses trying to do the right thing.

In late March, I had some of my first conversations with businesses looking to help Wisconsin access personal protective equipment. A handful of these businesses were considering pivoting their production from beer or vodka to hand sanitizer.

Since that time, WEDC has worked with groups like Wisconsin Manufacturers and Commerce and the Wisconsin Manufacturing Extension Partnership to bridge the gap between PPE manufacturers and the State Emergency Operations Center. To date, we have more than 100 Wisconsin companies providing PPE for the state's health care workers, and we are creating a resource for Wisconsin's businesses to locate PPE to keep their employees and customers safe through the Wisconsin Supplier Network.

Like Wisconsin's best businesses, WEDC is working proactively, not reactively, and rooting our decisions in data. We are accessing real-time information on consumer and merchant transactions across our state – which gives us the ability to see exactly who is and who is not open, not only on a statewide basis, but region by region, and potentially county by county – where the greatest impact is, and where commerce continues today. When viewing this data, we see that a large section of our economy continues to run at this time – businesses like grocery stores, gas stations, building and garden suppliers.

We are also surveying small businesses throughout the state and relying on our regional economic development teams to give us insight to what is happening on Main Street.

While improving our assessment of the pandemic's impact on our economy and its diverse sectors and subsectors, WEDC continues to seek resources to support businesses – whether it is federal dollars through the CARES act, state dollars or our own budget. As a public/private entity, we have taken advantage of our flexibility to shift our priorities and budget to make sure we are deploying resources thoughtfully and with the best impact. Economic development continues, although we know that our job is now to focus on recovery. Just last week, the WEDC Board unanimously approved a \$2 million

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program to support ethnically diverse-owned Wisconsin microbusinesses that have slipped through the cracks of SBA's emergency programs.

With that focus on recovery, our job is to get ready – to prepare our businesses, employees and customers by sharing knowledge we have gained about best practices for dealing with a virus that has no vaccine and is highly contagious. When the doors open, employees and customers will expect to be safe – and our businesses must live up to those expectations.

And make no mistake, businesses are anticipating and living up to that challenge. I have had many conversations with businesses about their proactive steps to assure safety for their workers and customers. There is no business that wants someone getting sick on their watch.

Central to every part of recovery is gaining the confidence of the customers and employees to come back from their homes, to re-enter the marketplace. We all must commit and as leaders support the collective effort to maintain the practices of social distancing, handwashing, cleaning and mask-wearing.

Recovery can only truly start with assurance – assurance that we understand the risk, that we have the tools in place to mitigate the risk, and that we are prepared if and when we are faced with additional outbreaks or surges. That assurance will come from our public health community.

When I learned about WMC's work discussed today, I immediately reached out to Kurt and team at WMC and asked if they would be willing to provide an overview. That evening, Secretary Palm, Secretary Brennan and I spent 90 minutes with WMC walking through their work. I found it thoughtful and reasonable.

I am not, however, a public health expert, and I would no more expect Secretary Palm, or Dr. Westergaard, or Dr. Raymond to opine on tax credits, or community block grants, or other economic development tools than they would expect me to opine on a tool to determine when the risk of an epidemic has passed or at least been mitigated to the point of manageability. I will therefore leave assessment of a public health tool to the public health experts. And as I stated earlier and want to emphasize now – the public health community, the health care community, our doctors and nurses and first responders have carried the weight of this epidemic on their shoulders. We need to thank them and to respect their hard work by continuing to heed their advice. They have served us well.

Finally, over the course of the past few months of my role, and the past few weeks in this crisis, I have had the chance to talk to many, many businesses, chambers, ad hoc groups, and individuals. I have sought advice and learnings from CEOs of Fortune 500 companies who have seen this disease travel around the globe, and directors of minority and ethnically diverse chambers of commerce, and many small businesses, towns, regional groups and others.

I have learned about small businesses that run on cash – the unbanked, and the underbanked. Businesses that are not eligible for the PPP or the EIDL or the other alphabet soups. I have had resources on my website translated to other languages to assist businesses. I have spoken with my friends, who have laid off my other friends. I know there is a call for a task force of the “best minds” – I also know that I want my door to remain open for all voices that have been impacted by this crisis.

We find ourselves at a great moment of tension and balance. In reflecting on my testimony today, I thought of that time during a relay race, when the baton is being handed from one runner to the next. Critical teamwork is required to assure a smooth transition from one runner to the next. As public health passes the baton to economic recovery, WEDC is taking steps now to facilitate this smooth transition.

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However, it is incumbent on all of us to assure that in handing off the baton, we don't pass it too soon or too carelessly and risk dropping it.

At WEDC, we are preparing to receive the baton, we are helping businesses to take those first few steps to receive the baton, but we are also focused on the track ahead – once we receive the baton, we have a race to run. We will look back at this moment in time and hopefully we will have found a way to smoothly transition, we will have the tools in place to handle any additional surges, and we will not drop the baton. We have a long track ahead of us – we must run the race together. We owe that to our businesses, our workers, our citizens. We owe that to Wisconsin.

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