



WISCONSIN TOMORROW

— An Economy for All —

Prepared by the Wisconsin Economic Development Corporation

Executive Summary

The 2019 Wisconsin Act 185 required the Wisconsin Economic Development Corporation (WEDC) to submit a statewide assessment of the economic impact of COVID-19 by June 30, 2020, anticipating by this date our state would be on the path to recovery.

Yet today, COVID-19 continues to spread throughout the state, the nation, and the globe. States are reconsidering their plans to re-open. Infection rates continue to rise, and hospitals in other parts of the country are strained. Just this past weekend, the City of La Crosse warned residents, “if you leave your residence, expect to be exposed.” Without a vaccine, preventing the spread of the virus is the most important thing we can do to ensure the fastest economic recovery for our state. Individual practices of wearing masks, social distancing, hand-washing, and staying home when not feeling well are critical. Businesses assuring that their enterprises reflect these safety measures, and employees and customers respecting those measures, will continue to help regain confidence and momentum in the economy. At the public health level, continued testing, contact tracing and isolation are the key to stopping the virus’ spread and driving the economy forward.

Accordingly, this report is a preliminary review of the experience of the global pandemic on the people of Wisconsin, communities and industries. It includes everything done to support our economic recovery to date, including the incredible work by Wisconsinites to suppress the spread of the virus, from the state level to a very local level.

These efforts include the receipt and deployment of more than \$13.7 billion in federal funds, including support for small businesses through tools like the Payroll Protection Program and Economic Injury Disaster Loans, and CARES Act funding, which has also supported public health efforts, hospitals, schools, and farmers. The pandemic’s toll on Wisconsin greatly outweighs

these investments, however. Going forward, we must continue to advocate for and leverage every federal resource we can secure. Fully recovering from the effects this pandemic has had on the state’s fiscal resources requires additional aid from the federal government.

Because some of the industries listed in Act 185 do not typically fall within WEDC’s scope of responsibilities, such as agriculture or tourism, or they are sectors with disparate voices (such as retail or services), WEDC asked state agencies, organizations, and private industry for input. This report reflects how all state agencies have been in relentless contact with many stakeholders throughout the crisis, listening and learning from their diverse constituencies.

The people of Wisconsin have faced many challenges. First and foremost, we have and continue to endure the illness and death caused by the virus, physical and mental health stress, food security challenges, isolation from loved ones and community, and the economic impact on jobs, businesses, and industries.

Many jobs simply disappeared overnight, especially among service workers. Meanwhile, “essential” workers kept working throughout, potentially exposing themselves and their families to illness. Workers in all sectors struggled as children came home from school and childcare. The reality today is many of the jobs previously held in the service industry will not recover, and therefore the first priority for recovery is to reskill and upskill these workers and get them back to work as soon as possible, at family-sustaining wages that offer them a strong future. We also need to look at our early childcare system not only as critical for the well-being of our children, but as a key component of a thriving economy.

Our state’s education system, both K-12 schools and higher education institutions adapted seemingly overnight to online distance learning. This was a moment of triumph – many could never have predicted such a change.



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However, the reality of this shift has set in as schools start to look to returning to classes in the fall. Just last week, recommendations from the Department of Public Instruction for reopening include access to broadband and digital technology. This demonstrates, as with the shift to remote working, the desperate and immediate need to provide accessible, affordable and quality broadband throughout Wisconsin. This, therefore, becomes second of the priorities for recovery.

Many of the industries identified in Act 185 are still reeling. Tourism, retail and services are still closed, open in voluntary limited capacity, or struggling for customers. Agriculture and food and beverage are seeking to anticipate and adapt to changing markets and manage the disruptions to the supply chain. Manufacturing and construction saw less immediate disruption but anticipate the long-term economic impact with declining capital investment. Forest products have had perhaps the starkest divide – with consumer paper goods at record highs, while the decline in printed advertising has seriously impacted the catalog and magazine industry. Education and health care – each huge economic engines in their own right – have also been disrupted or virtually brought to a halt by the pandemic.

These key industries provided some recommendations for specific assistance in recovery, but many continue to assess their own markets and next steps. Our outreach uncovered areas where innovation opened opportunity for some industries – such as by pivoting quickly to produce personal protective equipment, planning and adapting to supply chain disruptions, or changing operations completely to provide testing for the virus. This type of innovation is critical and having the mindset and openness to innovation is essential to survival. Thus, supporting innovation becomes the third priority for recovery.

If anything, this report reflects the complexity of a crisis that hits every person, every region, every economy in our state and beyond our borders. The past few months also have renewed attention to another equally important, but more longstanding crisis that will determine our state's economic future: the crisis of racial disparity and inequity. This crisis existed before COVID-19, and will continue endure if our state does not seize this moment to remove obstacles to prosperity. As the state's leader in economic development, we know by advancing the economic well-being of every Wisconsinite, we can make a difference. With our minds focused on recovery, now is the time to make sure every citizen across the state is considered and supported.

This report is a starting place for a strategic conversation about Wisconsin's future. The disproportionate impact of the pandemic on communities of color, as well as recent unrest in our communities, make this a critical time for Wisconsin to address longstanding issues of racial and economic equity to ensure that every citizen has the same access to full participation in the recovery and experiences economic well-being.

We must find our way to a spirited yet productive debate, one that reflects Wisconsin's history of big ideas and ground-breaking innovation and lays the groundwork for Wisconsin's strongest economy.



Missy Hughes

Chief Executive Officer
Wisconsin Economic
Development Corporation

Key Takeaways

- The COVID-19 virus remains a threat to the health of Wisconsin residents, and as such, continues to impact our state's economic recovery. Absent effective public health measures, including a vaccine, the state's economy cannot fully recover.
- Recovery among the key industries identified in Act 185 varies widely. Many are still reeling.
- Tourism, retail and services are still closed, open in voluntary limited capacity, or struggling for customers.
- Agriculture and food and beverage are seeking to anticipate the markets – and manage the disruptions to the supply chain.
- Manufacturing and construction saw less immediate disruption but anticipate the long-term economic impact with slower consumer spending and overall activity as well as declining capital investment.
- Forest products have had perhaps the starkest divide – with consumer paper goods at record highs, while the decline in printed advertising has seriously impacted the catalog and magazine industry.
- Education and healthcare – each huge economic engines in their own right – have also been disrupted or virtually brought to a halt by the pandemic.

With the evolving nature of the pandemic, and the ensuing economic impact, we recommend focusing on three priorities:

- **Get Everyone Back to Work:** The impact of COVID has transformed Wisconsin's workforce. Many service-sector jobs, particularly in retail and restaurants, have been eliminated and are not likely to return. The pandemic has reinforced access to high quality child care, early childhood education, and health care as essential to the economy.
- **Fix Broadband:** The pandemic has highlighted the digital divide in our state. Education, e-commerce, remote-working, and even contact with government depend on access to computers and high-speed internet.
- **Support Innovation:** Innovation fuels job growth, and flexibility and resiliency in our businesses. In a time of constrained resources and risk aversion, Wisconsin has the chance to use its innovative, entrepreneurial spirit to launch its recovery.