



WISCONSIN TOMORROW

— An Economy for All —

Prepared by the Wisconsin Economic Development Corporation

Introduction

This document, requested by the legislature, was made possible by the numerous state departments, industry representatives, community leaders, business owners and people of Wisconsin who took the time to provide their insights and experiences. The collaborative sharing of data, reports, surveys and stories among these partners provided a thorough understanding of the reality and perceptions on the ground in our communities and industries around the state.

Throughout the past several months, we connected to share ideas and identify solutions to help support Wisconsin residents, businesses, and the communities and civic organizations that serve them. The multitude of phone calls, webinars, discussion groups and communications connected the state together. A significant number of individuals and entities provided feedback and insights, which helped shape this report and will further help develop our economy

in the months and years to come. Additionally, these insights helped advocate for and establish effective financial supports at the local, state and federal level to provide needed assistance as we navigated an unprecedented time.

Although this report can only capture a snapshot in time and further monitoring will be required to fully understand and refine recommendations, several clear themes were identified that clearly have the potential to shape Wisconsin's recovery. We would like to thank everyone that contributed to these efforts, and hope that you see yourselves reflected in this document and will join us in developing an economy for all in Wisconsin, starting tomorrow.

While we are thankful for all of the input we received from our partners around the state, any recommendations are ours alone, and should not be attributed to anyone who have been kind enough to share their time and thoughts with us during this process.

As instructed by Act 185, the Wisconsin Economic Development Corporation respectfully submits, in accordance with s. 13.172 (2) the following report for consideration by the legislature and the governor today, the 30th of June, 2020. This report includes a plan for providing support to the major industries in Wisconsin that have been adversely affected by the COVID-19 public health emergency, including tourism, manufacturing, agriculture, forest products, construction, retail, and services.

TABLE OF CONTENTS

Executive Summary X

COVID-19 IMPACT ON PEOPLE 1

Economic Overview 2

COVID-19 IMPACT ON COMMUNITY 13

Regional Overview 14

Tribes and Minorities 18

Municipalities, Nonprofits and Arts 22

Education and Training 26

Early Care and Education 36

Health Care 42

COVID-19 IMPACT ON MAJOR INDUSTRIES 53

Agriculture 54

Construction 66

Forest Products 72

Manufacturing 82

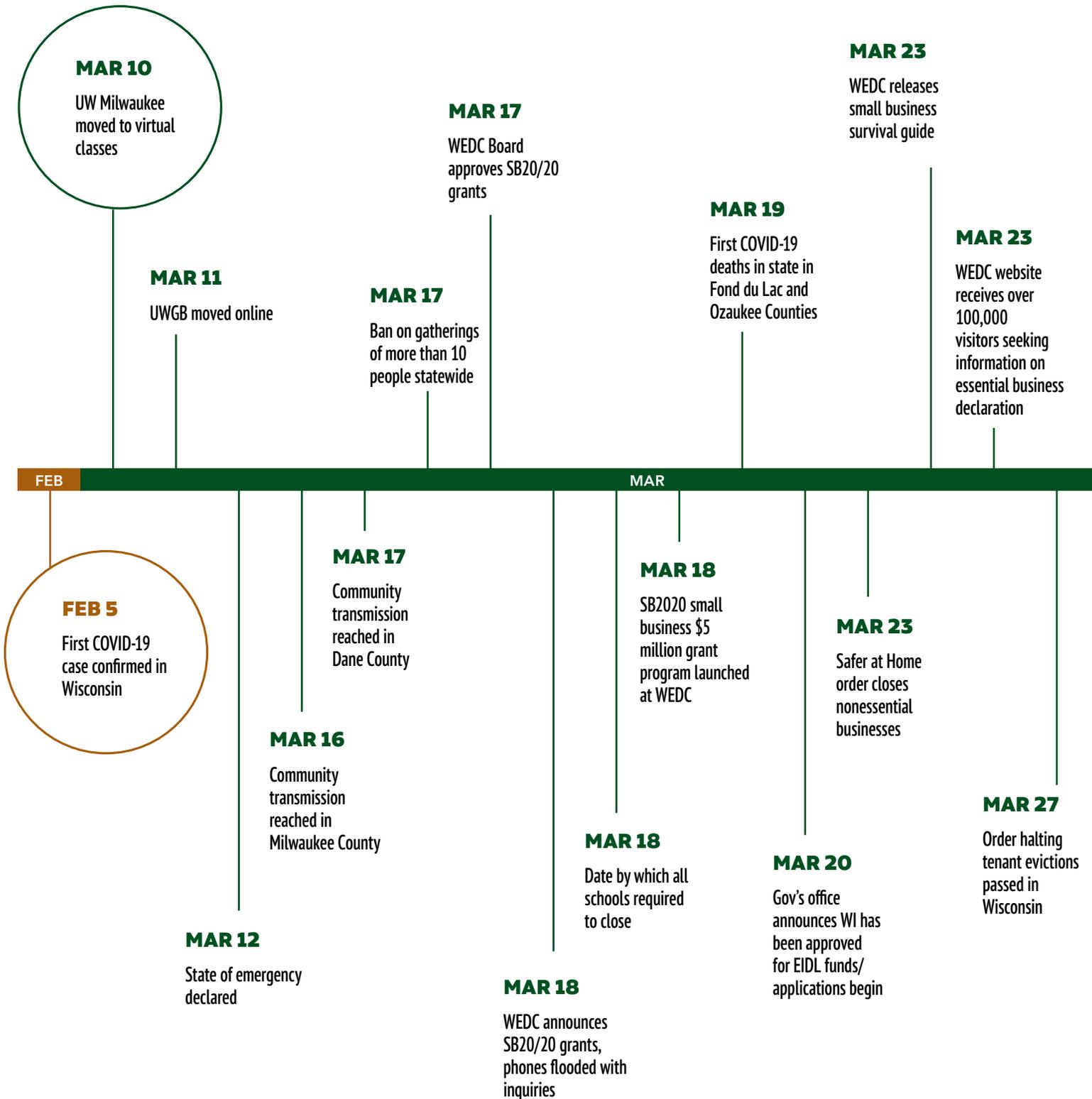
Retail 94

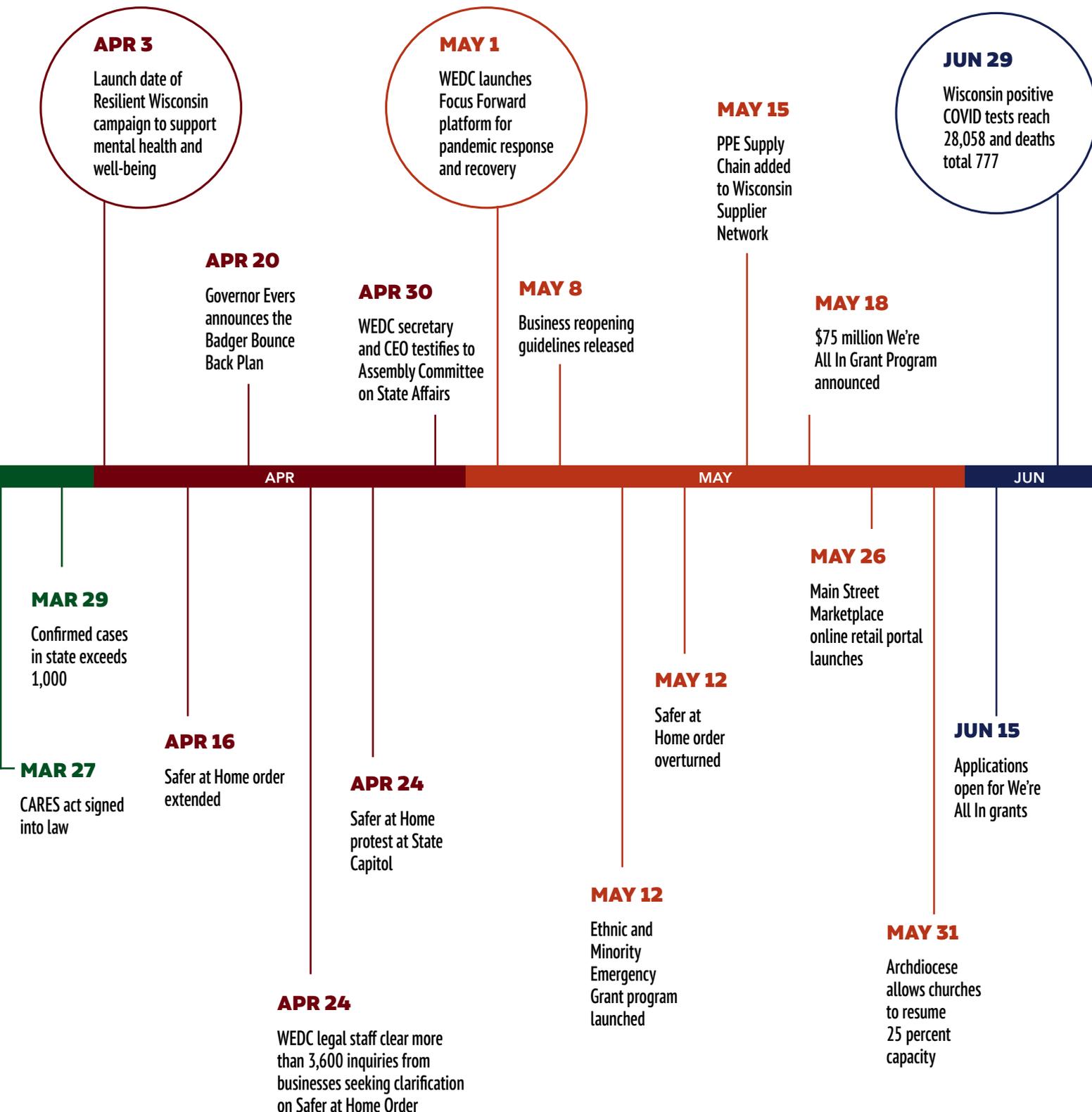
Services 102

Tourism 108

DEVELOPING THE WISCONSIN ECONOMY 119

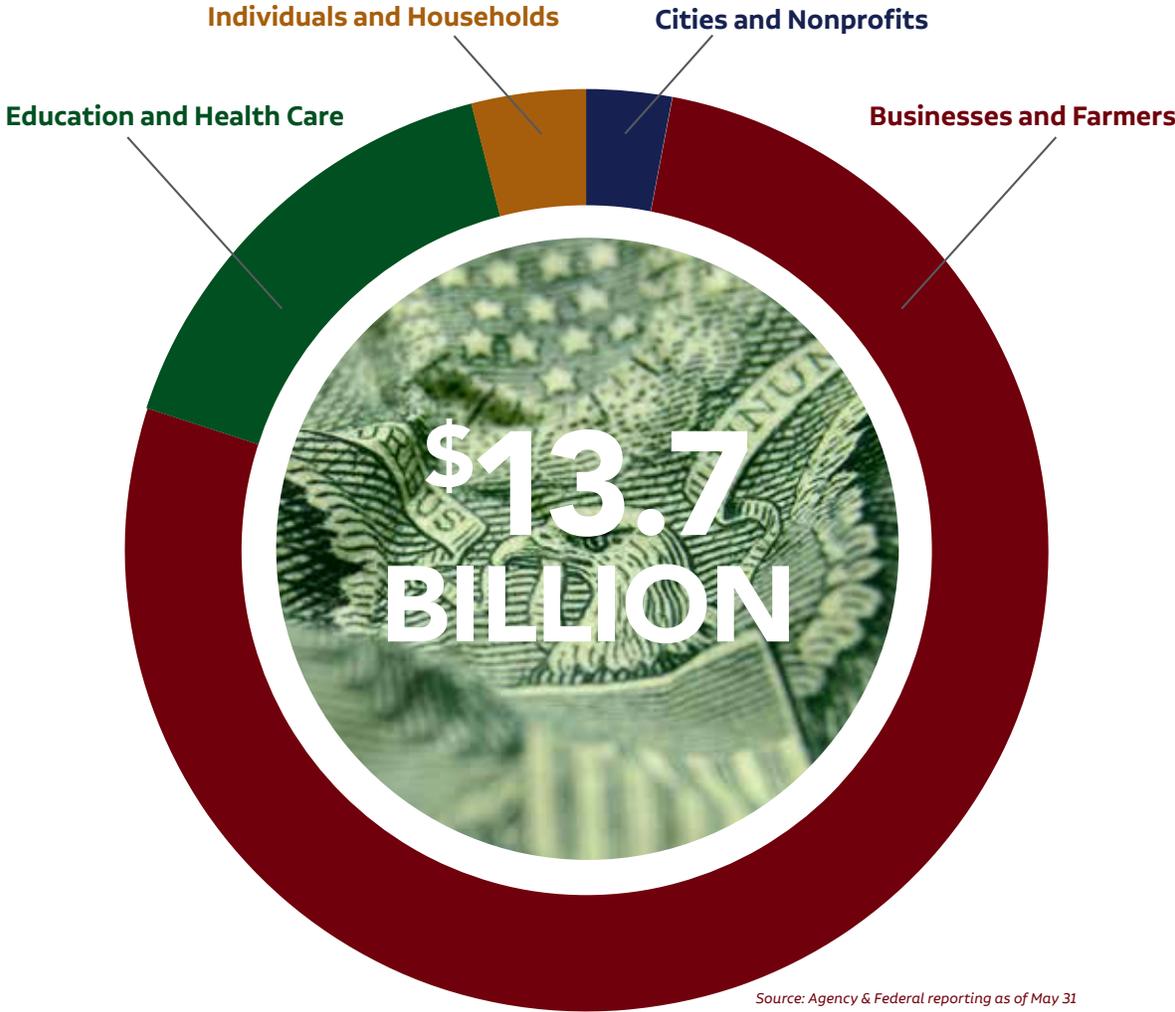
A Timeline of COVID-19 in Wisconsin





Outreach and Resources Deployed

FEDERAL AND STATE COVID-19 ASSISTANCE \$13.7 BILLION SUPPORTS WISCONSIN RELIEF, RECOVERY





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.



Executive Summary

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.



COVID-19 Impact on People

COVID-19 Impact on People

ECONOMIC OVERVIEW

Our people: Strong in the face of crisis

We learned to live in Zoom meetings, to handle homebound boredom and to transform our dining rooms into makeshift offices.

We taught our out-of-school kids reading and arithmetic. Learning to avoid other masked shoppers in the produce section of the local grocery store became a critical skill.

Baseball diamonds, festivals, playgrounds, churches and state parks were closed. We wanted our lives back. We found a new way of living and a sorrowful wellspring of grief during a contagion that took the lives of more than 120,000 of our fellow Americans as of the end of May.

Communities across Wisconsin were bruised, workers were laid off, furloughed or let go, and businesses were idled through the still roiling COVID-19 pandemic. Restaurants scrambled to

find creative new ways of selling their dishes through curbside pickup and delivery, travel and tourism collapsed, and family-run logging companies in northern Wisconsin struggled with sagging markets for lumber.

The impact of the pandemic is seismic and far-reaching, with no industry sector untouched. One thing became clear through all of the pain and dislocation: Wisconsin must take lessons from this costly and devastating experience and rebuild its once vibrant, now struggling, economy.

Wisconsin had undergone a powerful sea change since March 1 and, while we may want our old lives back, signs say that they will be forever changed – personally and economically. The time is ripe for a holistic look at Wisconsin's economy, its infrastructure and the people who make it run.





COVID-19 Impact on People

ECONOMIC OVERVIEW

Tax collections and impact economic forecast update June 2020

Information sourced from Department of Revenue.

Additional data following the July 15th tax deadline will improve ability to more accurately forecast.

The COVID-19 pandemic has severely disrupted the world, U.S. and Wisconsin economies. The International Monetary Fund (IMF) signaled that their coming June forecast will revise down their April projection of a global economy contraction of 3 percent in 2020, stating that, “For the first time since the Great Depression, both advanced and emerging market economies will be in recession in 2020.”

Several economic indicators fared better than expected moving into June. In particular, the consensus among national forecasters was for a decline of 8 million jobs in May, while U.S. Bureau of Labor Statistics (BLS)’s estimate revealed an increase of 2.5 million jobs. Wisconsin employment also bottomed in April, showing a recovery of 75,000 jobs in May. Labor markets that were tight after nine years of sustained growth, collapsed in a matter of weeks, but after declining for just two months, employment was on the rise again in May.

The economic forecast for Wisconsin expects to recover close to 25 percent of the jobs lost by the third quarter of 2020, and close to three-quarters of the employment loss by the second quarter of 2021. However, Wisconsin and the U.S. will take slightly more than two years to recover the pre-COVID-19 level of employment.

Wisconsin personal income grew 4.0 percent in 2019, compared to 4.4 percent nationwide. The forecast calls for growth of 2.2 percent in 2020 driven by strong growth in transfer payments as a result of the federal CARES Act, which more than offset the decline in wages. As the fiscal stimulus fades, personal income growth slows to 0.9 percent in 2021. The forecast expects total personal income to decline in the last

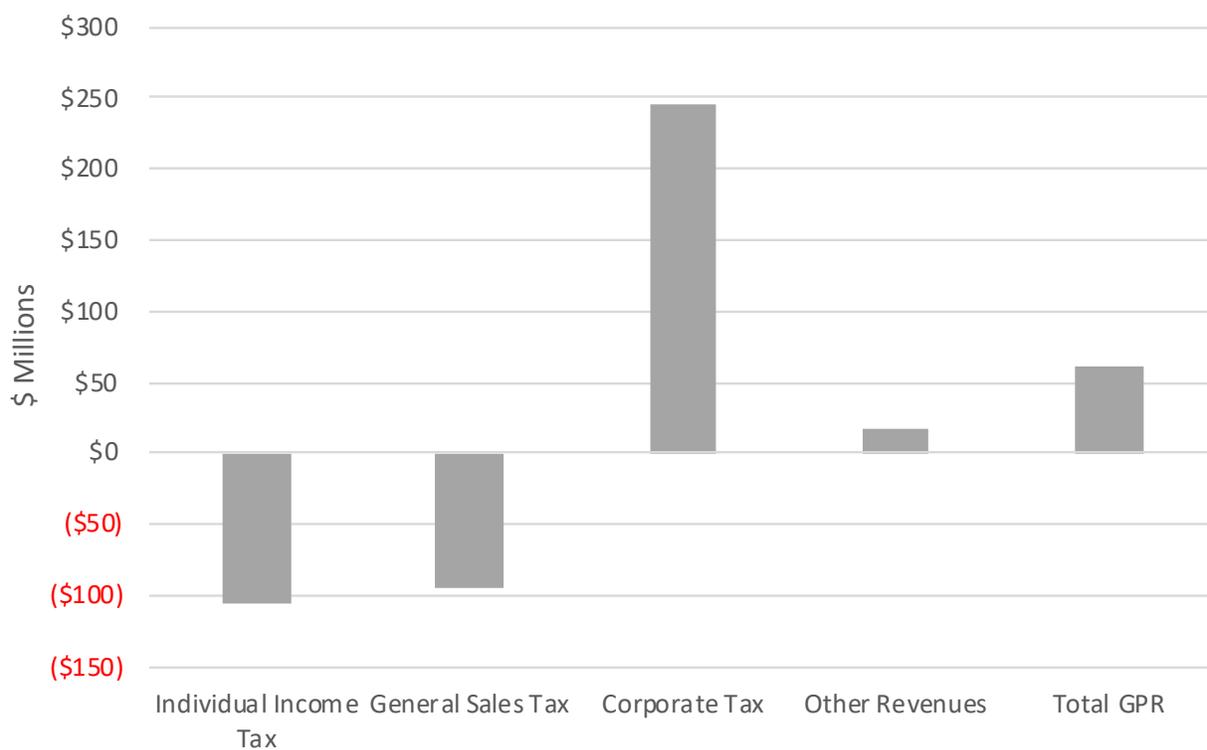
two quarters of 2020 and to quickly recover afterward, reaching in the first quarter of 2021 the same level of the first quarter of 2020 in Wisconsin and nationwide.

Wisconsin real personal income (i.e., after adjusting for inflation), grew 2.7 percent in 2019 and it will increase 1.7 percent in 2020 and decline 0.3 percent in 2021. Prices will increase 0.6 percent in 2020 and 1.0 percent in 2021. Wage income in 2019 grew 3.2 percent in Wisconsin and 4.6 percent in the US. The forecast expects wage and salary income to fall 4.2 percent in Wisconsin and 3.5 percent nationwide. After bottoming in the second quarter of 2020, wages in 2021 will post annual growth rates of 7.6 percent in Wisconsin and 7.8 percent in the US.

The employment loss in the COVID-19 recession was led by the services sector, but the shock reached almost every other sector of the economy by the end of April. The forecast expects the recovery also to be led by the services sectors, as the economy slowly returns to normal operations. The current decline in employment was astronomical, more than double the decline seen over the last recession. This decline took place in a couple of months, compared to two years of employment losses during the Great Recession.

The Wisconsin unemployment rate receded to 12.0 percent in May from a peak of 13.6 percent in April. The national unemployment rate was at 13.6 percent in May, after registering a peak of 14.7 percent in April. The forecast expects the unemployment rate to be down by the end of the year to 8.6 percent in Wisconsin and 9.7 percent nationwide and below 5 percent by the end of 2022.

General Purposes Revenues: Actual vs. Expected Fiscal Year-to-date Through May 2020



Source: Wisconsin Department of Revenue Economic Forecast Update June 2020

The broad-based impact of this downturn will have far reaching implications for the state of Wisconsin and its people, influencing decisions of households, communities and the State into the future. Current fiscal year-to-date figures through May show a decline in individual income tax of 9 percent year-over-year. General sales tax revenues are 2 percent below the Department of Revenue's expectations through May, based on a monthly allocation of the Legislative Fiscal Bureau's January 2020 revenue estimates. To date, corporate tax revenues have come in above

forecast, offsetting negative receipts in the previous two categories and likely covering any gap between projections and revenues through the end of the fiscal year. Fiscal year 2021, however, may find Wisconsin in a different set of circumstances as lagging tax collections catch up with current economic conditions. A steady return to growth of revenues for businesses and households alike is needed to provide sufficient funding to address the unique needs of Wisconsin residents during this unprecedented time.

COVID-19 Impact on People

ECONOMIC OVERVIEW

Record high jobless numbers

Unemployment's impacts are not just economic. They cut into the heart of community and family, the satisfaction of work and the value individuals place in themselves. But economic impacts also land at the dining-room table, where families agonize over how to make the next rent or mortgage, utility or car payment; how to keep food on the table or where the next tuition check will come from.

In an effort to stem the spread of COVID-19, the Wisconsin economy went through phases of shutdown, resulting in a record rate of increase in unemployment. In February, the U.S. Bureau of Labor Statistics reported that Wisconsin had a jobless rate of 3.5 percent. But, as COVID-19 swept the nation, forcing the shutdown of state economies, that number spiked at 13.6 percent in April. It then receded slightly to 12 percent in May, compared to a May national unemployment rate of 13.3 percent.

The Wisconsin Department of Workforce Development (DWD) on June 29 issued updated figures that showed that from March 15 to June 27 it had received 701,4554 applications for regular Unemployment Insurance (UI), 78,914

applications for Pandemic Unemployment Assistance (PUA), and 4,849 applications for PEUC. In that time, DWD had paid more than \$2.2 billion in jobless benefits, including funds from UI, PUA, PEUC, and Federal Pandemic Unemployment Compensation program.

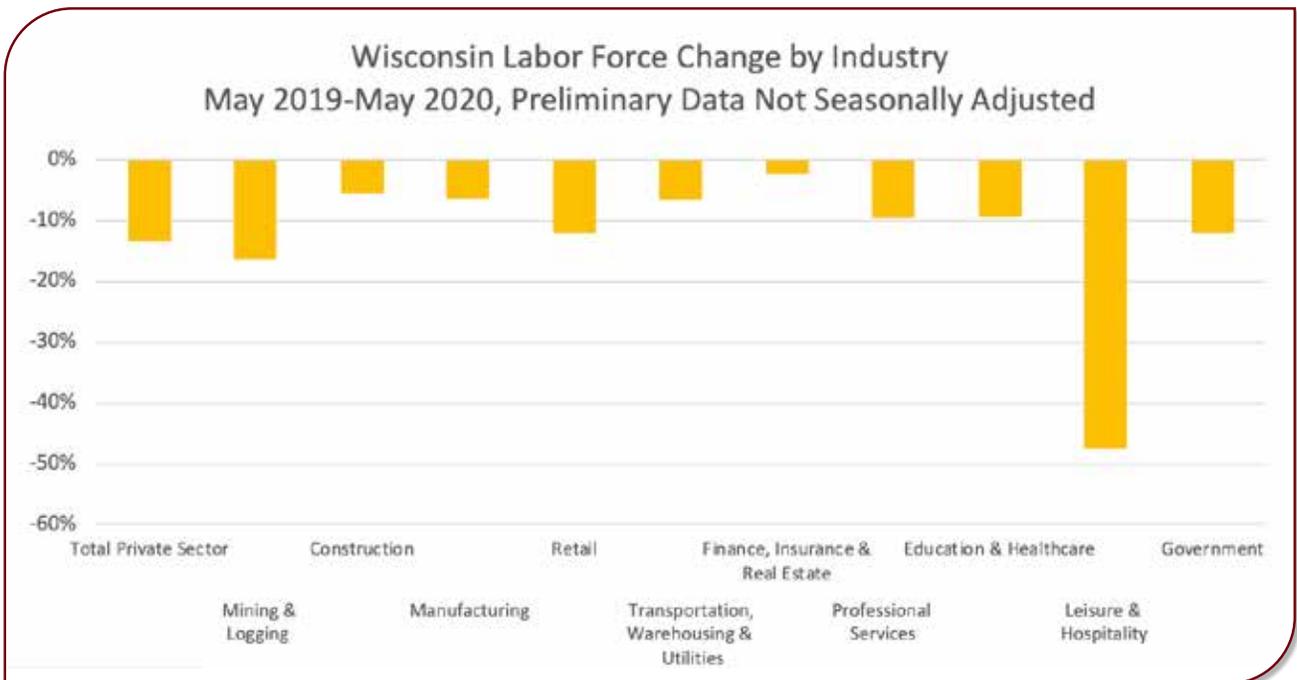
Those numbers rocked the labor market, which was tight after nine years of strong growth. As a sobering comparison, during the Great Recession in 2008, the U.S. lost 8.5 million jobs while Wisconsin lost 170,000 jobs in a two-year period.

A ManpowerGroup survey found that the net unemployment outlook for Wisconsin was promising during the 2020 pandemic, falling from 30 percent in the second quarter to 9 percent in the third quarter — a number based on subtracting the percentage of respondents planning to cut jobs from those planning to add them.

Although data is still coming in to help us paint a more complete picture, the preliminary numbers point to a need for Wisconsin policymakers to plan thoughtfully for recovery and ease the burdens faced by its people and its businesses.



Source: Wisconsin Department of Workforce Development



Source: Bureau of Labor Statistics

COVID-19 Impact on People

ECONOMIC OVERVIEW

Business outlook

As Wisconsin's economy begins to reopen following the spring outbreak of the pandemic, businesses continue to wrestle with the effects of COVID-19 on their people, operations and bottom lines.

While they worry about a potential second wave, business owners across the state are adjusting to accommodate social distancing, personal protective equipment, online transactions, virtual work and staggered shifts.

The June COVID-19 Business Impact Survey, conducted by the University of Wisconsin–Oshkosh, found that of 744 respondents, most reported being open for business, with 14 percent needing additional resources to reopen or deciding not to reopen. Five percent reported hiring staff in the past month.

The survey, conducted in partnership with the state's nine Regional Development organizations and the Wisconsin Economic Development Corporation, also showed that many firms expect the losses suffered in the pandemic to continue through the remainder of 2020. In particular, many manufacturing firms indicated that the months-long closure of their sales and marketing departments would have significant impacts on future production.

Estimates of business survivability also increased in the survey, with only 10 percent of respondents estimating their businesses would survive less than three months – down from 23 percent in the previous month's survey. This was partially due to greater certainty on the part of businesses – whereas April's responses were more of a guesstimate, this month's respondents had a better sense of losses and projections for the remainder of 2020.

“The June Business Impact Survey results illustrate a business community that is reopening,” said Jeffrey Sachse, interim director of UW–Oshkosh's Center for Customized Research and Services. “Responding businesses have proven extremely resilient, but challenges remain in tourism-driven and customer-facing industries.”

Businesses responding to the survey reported:

- **\$22.2 million in income losses**
- **\$6.4 million in inventory losses**
- **13.7 million in lost wages and productivity**
- **\$37.8 million in other economic losses**
- **2,648 lost positions**

Businesses in the survey also showed resilience by becoming digitally savvy. Forty-one percent of respondents either introduced or expanded their online services during the past three months to help bolster their revenues and keep people working.

According to the Wisconsin Bankers Association, in June the majority of their commercial-lending customers had less than 10 percent deferment of their loan portfolios.

The outlook among Wisconsin's small businesses participating in a pulse survey by the U.S. Census Bureau appears to be steadying. Asked in late April how their business was affected, 44.7 percent of Wisconsin's small businesses reported a large negative effect from the pandemic, a number that dropped to 35.7 percent in the latest Census Bureau survey on June 13.

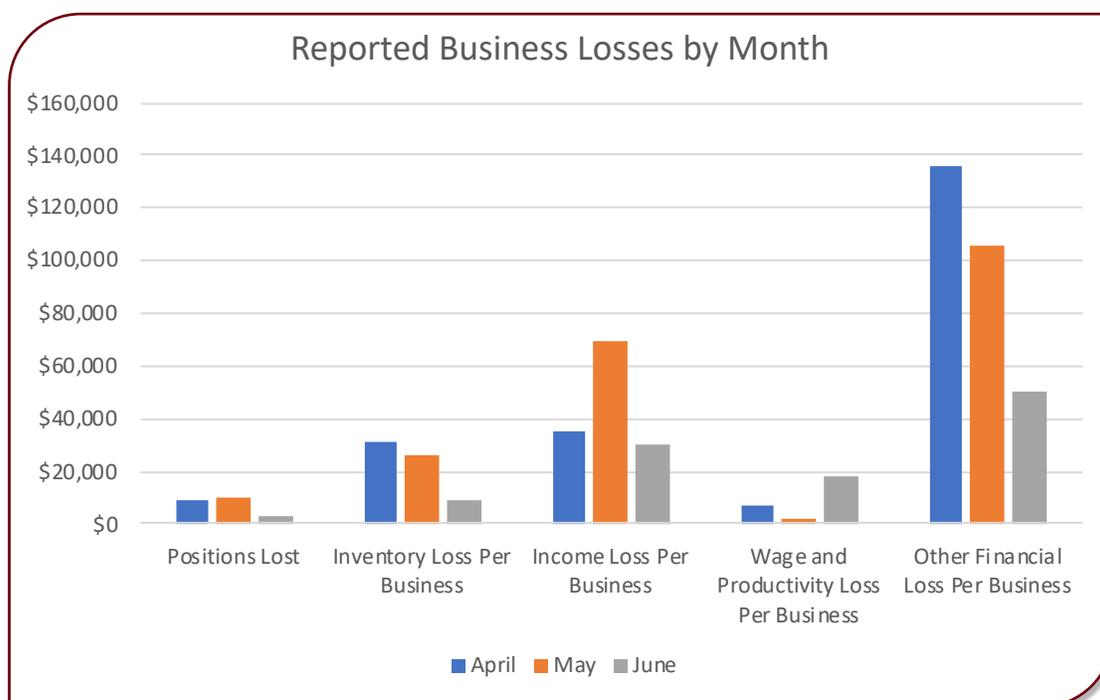
Those state businesses reporting a moderate negative effect increased from 43.1 percent to 47 percent. And those who said their businesses had little or no effect increased from 8.2 percent in April to 13.9 percent in June. While the immediate economic impacts of the pandemic may not have been as dire as many feared, revenue losses continue to mount. While average reported losses per business have decreased slightly each month as more businesses are able to resume operations, businesses cannot operate at reduced capacities indefinitely. The level of concern over the future is evident in the number of requests for assistance by small businesses to the state's Small Business Development Center (SBDC), which were up 200 percent since March 1 over the same period in 2019.

Nationally, the Conference Board's June economic forecast predicts that May and June will show

a fairly strong economic rebound from April's collapse, and solid progress will continue over the summer. But even with that progress, the Conference Board also projects that monthly economic output by September will be 6 percent lower than in December 2019, before the global pandemic hit.

Consumers remain pessimistic about business conditions nationally. The Conference Board's May survey showed that the percentage of consumers who believed that business conditions were "good" declined from 19.9 percent to 16.3 percent, while those claiming business conditions were "bad" increased from 45.3 percent to 53.2 percent.

As most of these surveys were conducted in the first few months of this year, it is too early to tell how the sentiment will impact behavior through the remainder of the year.



Source: UW-Oshkosh COVID-19 Survey

COVID-19 Impact on People

ECONOMIC OVERVIEW

Consumer outlook

Consumer spending during the throes of a global pandemic tumbled by record numbers in April, as consumer uncertainty overwhelmed a sinking economy.

The pandemic's effects on the broader economy and worries about job losses stoked fear and reluctance for consumers. Even as government stimulus checks were distributed to soften the economic devastation wrought by the pandemic, consumers tightened their belts on the spending side of the equation amid a closed economy and overriding uncertainty.

The U.S. Department of Commerce reported that April's consumer spending, which drives two-thirds of economic activity, plunged by a record 13.6 percent – the largest drop since the government began keeping records in 1959. That drop followed a 6.9 percent drop in March.

Many Americans are not well-prepared to meet the challenges of an economic downturn. In 2018, the Financial Industry Regulatory Authority reported that:

- **53 percent of Wisconsinites spend equal to or more than their income;**
- **46 percent of residents do not have emergency money equaling three months of their income;**
- **23 percent of state residents have overdue medical bills, up from 21 percent in 2015; and**
- **23 percent of state residents had engaged in some form of high-cost, nonbank borrowing, such as payday lending or advances on tax refunds, in the last five years.**

Consumer sentiment, after falling in March and April, regained some ground in May. The Conference Board's Consumer Confidence Index rose from 85.7 in April to 86.6 in May as short-term expectations moderately increased when economies began to reopen.

According to the Wisconsin Bankers Association, less than 3 percent of mortgages are experiencing forbearance.

Many COVID-19 consumer behavior trends are likely to become long-term habits, according to a June report by McKinsey and Company, a global management consulting firm.

“Consumers who have switched to new brands or retailers largely intend to stick with them, with nearly three-fourths of consumers who have switched to a store brand indicating an intent to continue. Consumers also intend to reduce in-person activities, such as travel, going to the mall, and attending movies, concerts, and events in the longer-term,” the report says.

Income, of course, is a driver of spending and savings. According to the Wisconsin Department of Revenue (DOR), real personal income grew by 2.7 percent in Wisconsin last year and will decline by 0.5 percent in 2020. Total personal income will recover its pre-COVID-19 level by the second quarter of 2021 in Wisconsin and nationwide, its forecast shows.

Wage income is another story in a time of high unemployment. In 2019, wage income rose by 3.2 percent in Wisconsin and 4.6 percent in the U.S. But in 2020, the DOR expects that wage and salary income will fall 9 percent in the state and nation, bottoming out in this year's third quarter.

After that low ebb, the department's forecast calls for wages in 2021 to post annual growth of 7 percent in the state.





COVID-19 Impact on Community

COVID-19 Impact on Community

REGIONAL OVERVIEW

Regional impacts in Wisconsin

The impact of COVID-19 varied regionally across the state, depending on industry sectors prevalent in those communities, urban-rural makeup and other factors.

The accompanying map from Chmura Economics and Analytics on page 17 breaks out COVID-19 vulnerability by county and underscores how the pandemic's impact varies according to industries prevalent in those areas.

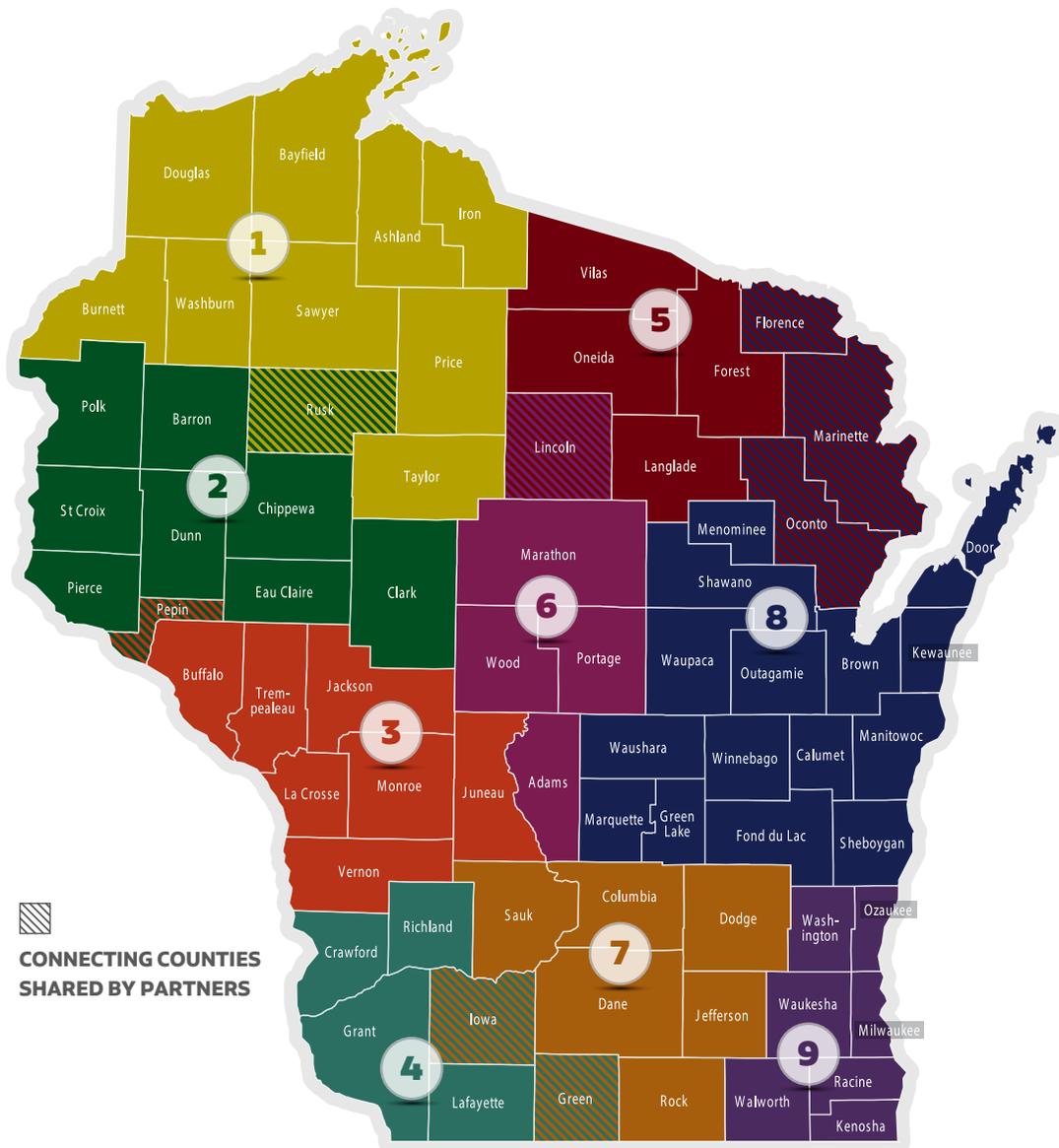
The following is a summary of observations from regional economic development agencies of the impact of COVID-19 on their regions. WEDC will continue to work with its regional economic development partners to develop more detailed plans supporting specific priorities identified to support recovery and resiliency within each region.

Visions Northwest (Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, Washburn): The region has been significantly impacted, since much of the area is dependent on the tourism and service sectors. Nearly 25 percent of area employment is in tourism, while the services sector employs another 20 percent. Resorts and hotels report a large volume of cancellations, and many large events – such as the Spooner Rodeo, Hayward's Lumberjack Championship and the annual Fat Tire event in Bayfield County – have also been cancelled. Small, family-run shops have suffered major losses. Unemployment has also been a key issue, with Douglas County experiencing a 277 percent increase in unemployment benefits and Burnett County seeing a 216 percent increase. In manufacturing, durable goods orders dropped an average of 60 percent.

Momentum West (Eau Claire, Chippewa, Dunn, St. Croix, Pierce, Polk, Barron): Family businesses, including retail, restaurants, bars and hospitality seem the hardest hit, and while some may face closure, others have come up with innovative online business models to get through. Universities and large employers report furloughing employees. Medical device manufacturers are increasingly busy and are finding it difficult to hire new employees. Delays to private and public projects, including the Sonnentag Center at UW-Eau Claire and the St. Croix Valley Business Innovation Center, were reported. Homeless shelters, and rehabilitation and mental health facilities were short on beds due to social distancing.

7 Rivers Alliance (Buffalo, Jackson, Juneau, La Crosse, Monroe, Pepin, Trempealeau, Vernon): Manufacturers are operating at a lower capacity and will stay at reduced productivity, focusing on core products while planning on diversifying. The numbers of highly skilled workers will not keep pace with new automation. The food and beverage industry will have 50 percent occupancy/sales on an already-tight profit margin. Commercial property owners report that there will be a glut of vacant office and commercial space, as people continue to work from home and businesses shed overhead. Economic development staff in each county stated that growth and proposed investments in the future have been put on hold.

WISCONSIN REGIONAL ECONOMIC DEVELOPMENT PARTNERS



- 1 Visions Northwest**
- 2 Momentum West**
- 3 7 Rivers Alliance**
- 4 Prosperity Southwest**
- 5 Grow North**
- 6 Centergy**
- 7 Madison Region Economic Partnership**
- 8 The New North**
- 9 Milwaukee 7**

COVID-19 Impact on Community

REGIONAL OVERVIEW

Grow North (Florence, Forest, Langlade, Marinette, Oconto, Oneida, Vilas): Tourism-reliant areas in Vilas and Oneida counties have seen some impact, but the real test will come between Memorial Day and Labor Day. Cabin rentals, restaurants, bars, summer camps and attractions need to do well to weather the off-season. Sales, hotel-room and premier resort-area taxes saw declines from mid-March through mid-May. Small businesses have been challenged to operate at capacity, or at all. Wood products producers have been hit by reduced orders. The real estate market in this area seems to be active, despite the disruptions.

Centergy (Adams, Clark, Lincoln, Portage, Marathon, Wood): Adams County, where one in four jobs are tied to tourism, reports declining tourism revenue. In addition, the dairy industry has faced numerous challenges, and multiple farms have closed. Funding for these operations is an ongoing issue. In places such as Marshfield, the hospital — as a primary employer — saw significant hits as normal operations shifted from normal clinical care to COVID-19 response. Wood County suffered a blow in June when Verso announced that it will close its paper mill, putting 902 people out of work. Clark County reports that the closure of small Main Street businesses is having a devastating effect. The Community Foundation of Central Wisconsin partnered with the United Way to offer funding assistance of nearly \$500,000 to local businesses.

Milwaukee 7 (Ozaukee, Washington, Milwaukee, Waukesha, Racine, Kenosha, Walworth): Preliminary data from the Milwaukee Metropolitan Association of Commerce suggested a 25 percent loss in regional GDP attributed to a lack of consumer confidence. The manufacturing sector remains strong, with many companies retaining their existing workforces. Businesses that are most heavily damaged include those reliant on consumers: entertainment, restaurants, bars, hotels and smaller businesses of one to 20 workers. Despite high unemployment, workforce

challenges will return, including tight labor markets, the need to reskill and upskill existing labor. Downtown Main Streets have been hit by closures in communities where considerable investment was made to support their growth in recent decades.

Madison Region Economic Partnership (Columbia, Dodge, Dane, Jefferson, Rock and Sauk): Dane County, which has dominated employment and residential growth statewide, will likely lead the region's recovery. Other areas may need to realign their economic strategies or diversify their economies to soften the pandemic's impacts, especially those with a tourism or retail business base. Still unmeasured, but predicted, is the approximately 30 percent of small retail businesses that will not reopen after closing during the pandemic. The communities that rely on tourism may see longer-term impacts as residents and visitors take a cautious approach to travel and entertainment. Major Dane County employers such as Sub-Zero and Exact Sciences had temporary layoffs due to sagging product demand. But Exact Sciences also teamed with Promega and UW Health to provide assistance in COVID-19 testing.

Prosperity Southwest (Crawford, Grant, Iowa, Lafayette, Richland): Even some essential businesses that remained open with social distancing reported a 75 percent decrease in sales. Layoffs as well as employees quitting due to a fear of exposure to the virus at work were reported in this area. Layoffs of roughly 70 percent of Lands' End corporate employees in Dodgeville and nearly all of its retail workers took effect March 28. Farmers in the region faced major decisions when the Bloomington Livestock Exchange and Belmont Sales Barn announced that they would not hold fat cattle sales because of lack of buyers. Regionwide, the vital need for Internet access became even more apparent to support virtual education, health services and business transactions.

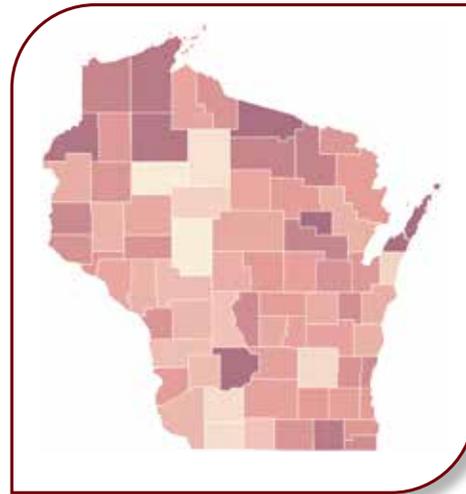
The New North (Calumet, Fond du Lac, Green Lake, Marquette, Waupaca, Waushara, Winnebago, Brown, Door, Kewaunee, Manitowoc, Menominee, Outagamie, Shawano, Sheboygan):

Brown, Outagamie and Sheboygan counties enjoy diversified economies, with numerous businesses that are considered essential. Some businesses report growth because of ability to support production of personal protective equipment or meet other key consumer demands. Others faced furloughs and layoffs for reasons ranging from supply-chain issues to declining product demand. For example, Alliance Laundry System shut down manufacturing for a pair of two-week periods due to supply-chain issues, employee safety and weakening global demand. And Oshkosh Corporation announced a cost-reduction strategy, including furloughs, temporary plant closings and pay cuts.

Blue Ribbon Commission on Rural Prosperity

To gather input from diverse stakeholders on recent and future challenges facing Wisconsin's rural residents, communities and businesses, Governor Evers issued executive order #65 creating the Blue Ribbon Commission on Rural Prosperity. In August 2020, the commission will hold listening sessions to better understand these impacts and explore opportunities to foster more resilient rural communities.

Chmura COVID-19 Vulnerability Index by Wisconsin County



Source: Chmura Economics & Analytics, JobsEQ

To find your county, click the map above or visit <http://www.chmuraecon.com/interactive/covid-19-economic-vulnerability-index/>. The Vulnerability Index is a measurement of the negative impact that the coronavirus crisis can have on employment based upon a region's mix of industries. For example, accommodation and food services are projected to lose more jobs as a result of the coronavirus (over half of jobs lost, on average) compared to utilities and education services (with mild or no job contractions). The average Vulnerability Index score is 100, representing the average job loss expected in the United States. Wisconsin County indices vary from below 90 (those in yellow) to more than 110 (those in dark red).

Wisconsin Business Support Planner

Through the University of Wisconsin System Institute for Business & Entrepreneurship, the **Wisconsin Business Support Planner (WBSP)**, <https://business.wisconsin.edu/wisconsin-business-support-planner/> is an interactive tool designed to help economic developers and community stakeholders gain a clear picture of the jobs, businesses and industries that make up their local economies. As data continues to come in to help us better understand the full impact of COVID-19, this online tool will assist community leaders as they react to fluctuating economic conditions and develop plans and priorities specific to their local needs.

TRIBAL NATIONS AND DIVERSE COMMUNITIES

Economic decline hits tribes, minority businesses

The COVID-19 pandemic could undo growth in the number of businesses owned by people of color, and it is creating economic hardship for Wisconsin tribes reliant on gaming revenue to help support their people.

While an important part of the fabric of Wisconsin's communities, businesses owned by people of color tend to be smaller, making it more difficult to survive the economic hardships created by the pandemic.

Nationally, minority households are disproportionately impacted by layoffs and furloughs, as well. First-quarter figures show that they are experiencing unemployment rates that are 1.5 to 1.8 times that of white workers.

Minorities nationally are overrepresented in industries vulnerable to pandemic-related closure, comprising 62 percent of employees in the personal care sector, 63 percent in dry cleaning and laundry workers, and 59 percent of hospitality employees. Additionally, while the Bureau of Labor Statistics reported small employment gains in May for whites and Hispanics, Blacks and Asians did not experience these gains.

A June economic analysis, part of the University of Wisconsin–Madison Division of Extension's Windicators series, found that more than half of Black-owned businesses in Wisconsin were in the arts, accommodations and food services, retail and "other services" sectors combined.

Asian business owners had 49 percent of their businesses in these sectors, and American Indian and Hispanic business owners own 35 percent and 36 percent, respectively.

"In addition to business owners of color having large shares of their businesses in vulnerable sectors, they also tend to run smaller businesses, putting them at greater risk for struggling during the pandemic," the analysis found.

The analysis adds, "This potential loss of businesses is especially costly as entrepreneurship is a known vehicle for wealth creation — an especially important mechanism in economically disadvantaged communities."

They may also lack the cash reserves to help them get through the downturn, as well as in-house services of accountants and lawyers to help them access various federal programs offering support, it said.

The number of minority-owned businesses has grown in the state since 2002, with Black-owned firms nearly tripling to 19,339; the number of Hispanic firms doubling to 8,830; Asian-owned firms doubling to 9,848 and American Indian-owned firms growing by 25 percent to 3,115.

In early May, Governor Tony Evers and the Wisconsin Economic Development Corporation announced a \$2.5 million grant program for ethnically diverse microbusinesses — those with five or fewer employees, which had not received Paycheck Protection Program or state disaster relief. In the Ethnic Minority Emergency Grant program, eligible businesses would receive \$2,500 each.

Photo Credit: Historic King Drive



COVID-19 Impact on Community

WISCONSIN TRIBAL NATIONS



TRIBAL NATIONS AND DIVERSE COMMUNITIES

Statewide, there are 26 tribal gambling facilities that last year generated \$1.27 billion for tribal governments, according to the Department of Administration. That kind of revenue stream is vital: The U.S. Census Bureau reports that more than 21 percent of Native Americans in Wisconsin are at or below the federal poverty guideline of \$24,000 for a family of four. Unemployment for Native Americans is twice the rate for the white population.

The Forest County Potawatomi provide a stark example of the dramatic impact of casino closures in Wisconsin.

The tribe suspended operations for its Potawatomi Hotel & Casino in Milwaukee, which employs nearly 2,700 people, on March 17. The next day, operations of its Potawatomi Carter Casino Hotel, with its 215 staff members, were shut down.

The tribe was able to pay all of their casino and government employees for almost four weeks after the closures, but was forced to issue furlough notices to 3,100 employees – most in Milwaukee – in mid-April. The Milwaukee operation partially reopened on June 8, and the tribe brought back 725 employees, with the remainder being furloughed. The Forest County operation was expected to partially reopen in late June.

The closure of the casinos resulted in a loss of at least \$70 million to the tribe. Since the community's government is the largest employer in Forest County, with 725 employees, tribal operations were significantly affected.

Forest County Potawatomi government budgets were cut 50 percent, negatively affecting tribal members and tribal purchases of goods and supplies from Wisconsin vendors. The tribe also suspended dividend payments to its 1,700 members, including more than 800 who live on its 12,000-acre reservation.

For the Ho-Chunk Nation, its six Wisconsin casinos generate more than 80 percent of the tribe's annual budget. Marlon WhiteEagle, president of the Ho-Chunk Nation, told the Wisconsin State Journal, "It's pretty much crippled our tribal economy."

WhiteEagle also said that the pandemic underscored the need for diversifying tribal revenue streams.

The pandemic also focused attention on a return to indigenous agriculture. Rebecca and Steve Webster, who have a 10-acre sustainable farm on the Oneida Reservation near Green Bay, in the same way their ancestors farmed.

Their story, told by WUWM radio in Milwaukee, notes that when the tribal casino there furloughed 1,000 people, many came to the Websters for help. They packaged up indigenous seeds and left them on the porch for those who were interested. In return, people would leave them a jar of jam or honey, or even an elk roast.

"We are doing this not only to sustain our bodies and minds. We're doing it as a statement to say, 'We are still here,'" Rebecca Webster told the radio station. "We are proud of who we are, and we're going to share what we have with the community."

MUNICIPALITIES, NONPROFITS AND ARTS

When the pandemic began, Wisconsin's communities and the nonprofits that support local people and causes felt the blow.

Although local shortfalls have yet to be tallied as the pandemic continues, the League of Wisconsin Municipalities offered a window into some of the losses sustained by communities around the state.

Localities incurred added costs for personal protective equipment, disinfecting supplies, printed materials and public notifications related to the pandemic. They also rang up costs for computer equipment to continue operations remotely, with the city of Waukesha reported spending \$145,000 to enable its staff to work from home. There were also added costs for software and computer services that allow operations to be conducted remotely.

A number of unbudgeted personnel costs were also incurred. Milwaukee County added costs for overtime for staffing of COVID-19 ambulances by fire department personnel in the county's communities, and for health insurance costs for municipal employees whose spouses lost jobs and moved to family coverage.

Many communities also reported lost parking revenue, room-tax income, and court fines and forfeitures. Other communities set up emergency grant programs to support local businesses. By early May, Waupun, for example, had spent \$100,000 helping struggling local entrepreneurs.

Also forced to adapt to the pandemic were the nonprofit organizations often referred to as "second responders," because they help communities recover following the initial shock from emergencies. In Wisconsin, one in 12 people work for nonprofits, representing a total of \$14.6 billion in annual wages.

The Helen Bader Institute for Nonprofit Management at the University of Wisconsin–Milwaukee and the College of Business and Economics at UW–Whitewater released a statewide survey of nonprofits in May. It included respondents from groups in 54 of the state's 72 counties. Among its findings:

- **46.9 percent of organizations reported programming reductions during the outbreak;**
- **11 percent said they altered programming to provide for basic needs, such as food, financial resources, transportation and mental health support;**
- **27.6 percent converted conventional programming to virtual means; and**
- **80 percent of the groups noted a reduction in volunteers.**

Finances were also a major concern for nonprofits, with 51 percent concerned about making rent payments and 93 percent worried about declining donations. Nonprofits of all sizes indicated they were concerned with not being able to hold fundraising events and about potential disruptions in government revenue flows.

Importantly, the loss of income for nonprofits also impacts recovery in the populations they serve, as nearly half responding to the survey indicated they cut their programming. If allowed to continue, it would signal a disturbing trend.

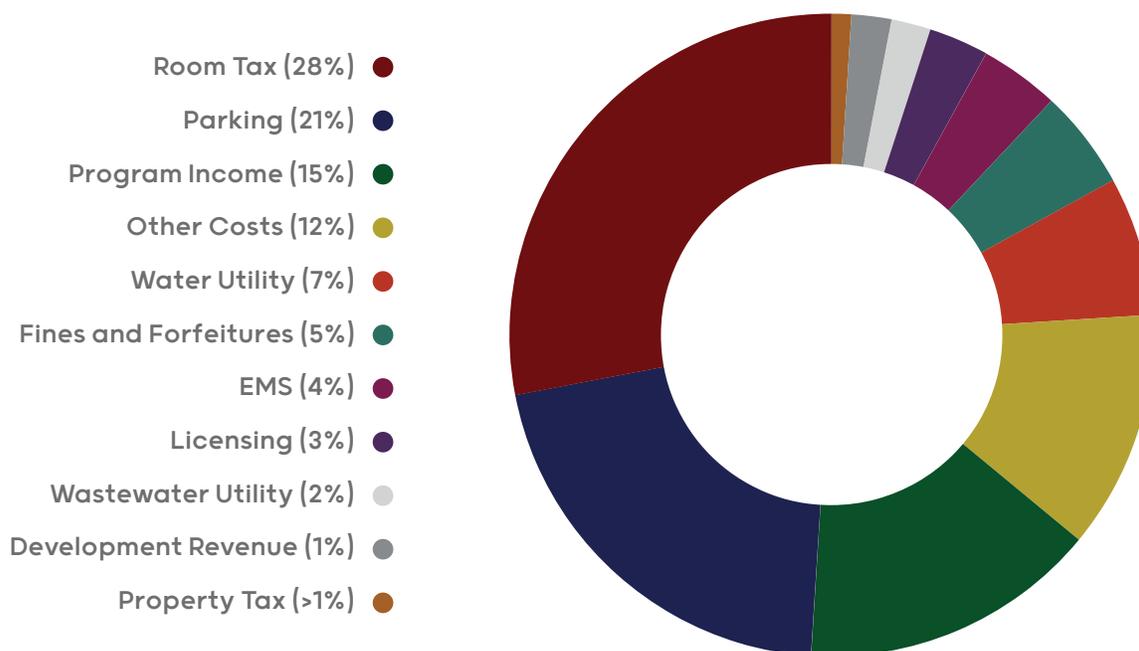
Food pantries and food banks reported increased demand, with Second Harvest Foodbank of Southern Wisconsin doubling the number of pounds of food it distributes each day in the 16 counties it serves. Based on projections developed by Feeding America – the nation’s largest domestic hunger relief organization – food-insecure people in these counties will jump from one in 12 to one in eight, a jump of 61 percent since mid-March.

Arts groups also saw the negative effects of the pandemic. Americans for the Arts tracked the negative economic impact of shutdowns on the arts sector in Wisconsin and found that Wisconsin’s arts businesses have lost more than \$28.2 million. Its survey of 408 arts groups also found that 41 percent were not confident of survival, and 62 percent will need to make either temporary or permanent reductions in staff.

Ninety-five percent of organizations have cancelled events, with lost attendance because of the pandemic estimated at more than 2 million people.

Projected COVID-19 Municipal Losses

Average Estimated Loss: \$4,056,028 or 5.25% of municipal budget



Source: Wisconsin League of Municipalities Survey Data

COVID-19 Impact on Community

MUNICIPALITY

Village of Richfield Perspective

Richfield has seen reduced revenues due to COVID-19 from the lack of new home permits building permits, and development applications – but it’s improving. Our fire and EMS contractors, the Richfield Volunteer Fire Company, will see financial losses due to the cancellation of our annual community festival, which helps pay portions of capital expenditures. The Village Board was proactive in providing assistance to our businesses and reduced the liquor license fees to the statutory limits and waived all legal publishing fees. The village is also looking at Ordinance amendments, which would allow staff to administratively approve bartender licenses in an expedited fashion to help businesses reopen. Through the village’s Zoning Code Recodification process, we are refocusing our efforts to streamline the approvals process for local businesses looking to move into our community and for those existing businesses looking to expand. Additionally, this fall, the village will host the 3rd Annual Richfield Dining Week and intends to waive the participation cost and increase its advertising to hopefully boost sales in our local restaurants during the “fall colors” season. While the village does not have a Chamber of Commerce or active business network, we have also been working hard to communicate opportunities and act as a resource for small business owners seeking financial assistance programs, whether that’s through the state or the federal government.



Jim Healy
Village Administrator
Village of Richfield

COVID-19 Impact on Community

ARTS

Local Actor Perspective

I work in the arts sector. I am an actor by trade, have been professionally for over 35 years. I have the great fortune to make my artistic home in Wisconsin and to be represented by a union that provides the possibility of health insurance. My insurance is tied to the number of work weeks I accrue each year, 19 weeks being needed for another full year of coverage. My primary artistic home, American Players Theatre, has had to cancel its entire summer season because of the coronavirus. Our season is 22 weeks long, which creates a tremendous burden on our family to replace that income, as well as the certainty of insurance coverage. I am a free-lance artist who contributes, in my way, to over \$10.1 billion in economic impact across our great state. In addition, the cancellation of APT's entire season means a great loss of revenue for hotels, restaurants, gas stations and other businesses in Spring Green and the surrounding River Valley community.

James Ridge

Actor
Spring Green, WI



EDUCATION AND TRAINING

The global pandemic disrupted every Wisconsin school as students were sent home to learn online to help control the spread of COVID-19. Educators and staff juggled academic calendars, fed students in need and found ways to put learners online.

Students and educators often found that online schooling without some face-to-face component was impersonal and not as engaging. And, for students in rural areas, a lack of broadband coverage in many areas hamstrung educators in reaching pupils.

Here are examples of the pandemic's impact as reported by segments of Wisconsin's education system:

K-12 public schools: As a short-term closure on March 13 turned into one lasting through June 30, school districts adjusted learning opportunities, often deploying remote learning — where resources and internet access was available — and meal delivery, serving more than one million meals to students.

Remote learning models involved paper packets, a mix of offline and online learning, and completely online learning. Educators rose to the occasion, providing continued learning using new methods.

Superintendent of Public Instruction Carolyn Stanford Taylor said K-12 stakeholders all pitched in to keep kids learning. Although there's no replicating live instruction, everyone came together to support the new approach.

Kristine Gilmore, superintendent of the D.C. Everest Area School District in central Wisconsin told the Wisconsin School News that schools need to learn from the exercise. "I would be disheartened if we went back to more of the same model. This is an incredible opportunity to strategically build a system with all learners in mind. With safety and equity as our drivers, our next goal is to take what we learned and create a learning model based on strong personal relationships and rich learning experiences for our students that is nimble enough to deal with changing environments," she said.

The Wisconsin Rural Schools Alliance reported challenges in providing online education in many districts where internet was not available or where families could not afford it, creating an equity issue. They were also challenged to keep students accountable and engage with them on a personal level.

Summer school is being held with online instruction offered through June 30. After that, school districts may be offering in person, blended, or virtual instruction.

Heading into fall, school is expected to resume in person, but will look different, depending on the decisions of local school districts. On June 22, the Department of Public Instruction (DPI), in consultation with the Department of Health Services and education stakeholders, released guidance on returning to school. DPI will collect information from school districts on what instruction was offered and the impact on school district budgets during the school building closures. decisions of local school districts.



“Schools are the cornerstone of the community, and the efforts to provide continuity of learning, food for students, and care of school community and staff have been nothing short of amazing during this unprecedented health emergency. Wisconsin school districts were confronted with a rapidly evolving situation with COVID-19 that continues to impact summer school and planning for the 2020-21 school year. The educational model, which school districts use to teach and serve students, had to be completely refigured in the span of just weeks with timelines around closure changing.

While there is no way to replicate the rich learning experiences and personal connection provided in the school building, I applaud our students, families, educators and community members for their part in providing continuity of learning.”



Carolyn Stanford Taylor

State Superintendent

Wisconsin Department of Public Instruction

EDUCATION AND TRAINING

UW System: System officials estimated in May that its institutions would face a \$212 million pandemic-related loss through the summer semester. UW-Madison reports the lion's share of the loss at \$117 million.

"We face significant operational and financial challenges that are made worse by the ever-changing nature of the pandemic," outgoing UW System President Ray Cross said.

UW-Milwaukee is expected to lose \$20 million, followed by UW-Eau Claire with a loss of more than \$10 million. Among all of the campuses, UW-Superior is expected to lose the least, at \$2 million.

For UW-Madison, 24 percent of the losses were related to research. For all other campuses, the bulk of the losses came from housing refunds issued after classes were moved online and students were told to stay home.

Taking into account federal aid through the CARES Act and various cost-reduction measures, the system's net loss is projected at \$98.6 million, officials say.

UW-Milwaukee Chancellor Mark Mone told regents that the fiscal situation at his campus is catastrophic, with forecast losses next year reaching \$50 million to \$100 million.

The system is seeking flexibility and regulatory relief in three areas: access to credit markets, flexibility to move up the start date of the fall semester and reducing a heavy volume of reporting requirements.

In addition, a UW system transition team has been named to focus on:

- **Developing background on the 13-university UW System 2021-23 state operating and capital budget request, including the current operating budget of the System Administration and each university.**
- **Assessing the organizational structure of the System Administration, including the roles and responsibilities of each unit.**
- **Identifying opportunities to partner with internal and external stakeholders.**

UW System campuses are developing their own plans for an in-person fall opening, promoting student safety, rearranging academic calendars and, in some cases, offering online and hybrid instruction.

At UW-Madison, for example, fall semester will start Sept. 2, with in-person instruction through Thanksgiving. After Thanksgiving, it will switch to online instruction for the final nine days of instruction and exams. Classes with more than 100 students will be delivered remotely. Testing and contact tracing will be available and face coverings will be required in all indoor spaces and outside at UW-Madison when physical distancing is not possible.

Chancellors at UW System campuses, who led the response to the spring outbreak and who have engineered the plan for the safe resumption campus operations this fall, say that investing in the university system is central to economic recovery.

Over the past several years, the state's university system has been gradually defunded in both operating funds and in terms of uneven capital budget allocations. Despite the increases for the UW System in Governor Evers' first budget, the system's portion of the state budget has shrunk by six percent since the 2007-08 state budget. The UW System will also be required to participate in lapses to the general fund along with other state agencies in order to meet the near and longer term state budget challenges.

These challenges come as Wisconsin must hone critical skills to help the economy recover and grow. Especially now, they say, the ability to prepare students for higher education leaders is crucial as baby boomers near retirement age. In addition, UW regional comprehensive universities attract young people from outside the state who stay to contribute to Wisconsin's economy. Investment in regional public institutions provides a direct pipeline to the skills, energy and creativity that will help Wisconsin's rural and small-town communities come back quickly from the pandemic.

UW graduates are already rooted in their campus communities and have the passion and entrepreneurial skills needed to help lead the state's economic recovery. It is important, the chancellors say, to recognize that local campuses are not islands, but that their students, faculty and staff provide the expertise and problem-solving ability to improve the quality of life in Wisconsin and beyond.

These campuses, often among the largest employers in their communities, also provide student interns and workers for local businesses, nonprofits and governments. Beyond the pipeline of talent, local and state economic development partners work closely with the Institute for Business and Entrepreneurship and the UW Small Business Development Center network to support small- and medium-sized firms as they recover from the impacts of the pandemic. The importance of the UW System's campuses is recognized by a number of businesspeople in a range of industries. From agriculture to biotech to engineering and more, employers and entrepreneurs see the state universities as important engines for recovery and future growth.

More urgently, UW professionals are working on research and forming international collaborations to understand and combat COVID-19. They are leveraging the power of their disciplines, including virology, data science, epidemiology, medicine, population health and more to pioneer treatments and vaccines. And scholars in business, economics and political science are examining the implications of the pandemic on the economy and policymaking world.





COVID-19 Impact on Community

EDUCATION AND TRAINING

Private colleges: Wisconsin's private, nonprofit colleges and universities report estimated losses of \$245 million for spring, summer and fall 2020, according to the Wisconsin Association of Independent Colleges and Universities (WAICU). One small Catholic college in Manitowoc, Holy Family College, was already beset with cost, enrollment and fundraising problems. The pandemic's effects caused it to close as of the end of August.

Campuses were forced to send students home and redesign courses in an online format. Courses requiring work experience are being altered to ensure high standards while also keeping students on track to graduate.

Private college students, like many others throughout Wisconsin educational systems, are not fond of online learning and prefer the face-to-face model, which offers more personal attention. The average class size at a Wisconsin private college is 16 students.

Keeping a commitment to low-income students as schools face economic hardship will be important. WAICU believes that private and institutional aid will increase because of that commitment. But since need is also expected to rise because of economic effects of the pandemic, an increase in the Federal Pell Grant Program would be welcome news.

And while students are a top priority, WAICU says its member schools, which employ over 18,000 people, face reductions in staffing – which, in turn, requires more sacrifice to maintain academic offerings and excellence.

“I haven't gone to so many meetings where there were tears in people's eyes. This is a hard, hard thing. They're small colleges. They're family,” WAICU President Rolf Wegenke said. “But no one is giving up.”

EDUCATION AND TRAINING

Technical colleges:

The Wisconsin Technical College System (WTCS) includes 16 colleges that offer more than 400 short-term and associate degree programs. Wisconsin's technical colleges are also a major provider of customized instruction and technical assistance to Wisconsin employers, and the primary provider of apprenticeship instruction. More than 300,000 individuals attend technical college each year.

In spring 2020, as the effects of the global coronavirus pandemic took hold in Wisconsin, the technical colleges demonstrated the value of their deep community ties. In addition to donating critical equipment valued at more than \$1.0 million, expertise and space, the colleges quickly pivoted about 70 percent of courses to a virtual-learning format.

This assured a steady flow of tech college grads to join alumni already serving on the front lines of the pandemic response: nurses and allied health professionals; first responders; truck drivers and transportation, distribution and logistics professionals; information technology technicians; agricultural producers, food production and manufacturing technicians; utilities technicians; skilled tradespeople; and equipment manufacturing technicians.

In the midst of these efforts, it became clear that not all instruction could readily pivot to an online format, and not all students had the same ability or resources to be successful in a virtual-learning environment.

For example, many students attend technical college because they thrive in a hands-on, learn-by-doing course format, which was immediately affected by the pandemic. In addition, some students lacked appropriate hardware and software, or did not have adequate internet access.

As a result, Wisconsin's technical colleges found innovative ways to support all learners and continue to deliver essential student supports and services. They also found ways to get technology into the hands of students and make internet hotspots available.

WTCS also immediately set about navigating or adapting – at a system level – third-party accreditation and professional-licensing requirements, as well as clinical experience requirements for registered nursing (RN) and other health care program students.

As WTCS continues to assess the financial impact of the system's pandemic response, two additional issues are of great importance to system and college leaders.

First, the importance of an ongoing, system-wide focus on diversity, equity and inclusion has been powerfully affirmed. In December 2018, WTCS published a "System-wide Equity Report," which detailed learning and outcomes gaps for students of color, as well as areas for improvement in hiring. Continued improvement is critical, and it will be complex and costly.

Second, projecting Fall 2020 enrollments is complicated by the convergence of two relatively rare phenomena: the pandemic and the resulting economic downturn. While the pandemic may serve to depress enrollments, technical colleges typically see a significant enrollment increase during economic downturns as people pursue education to change or strengthen career goals. As a point of reference, technical college enrollments reached unprecedented heights during the Great Recession that began in late 2007.

Conversation with Morna K. Foy

“Early 2020 represents a point of no return, whether we fully realize it or not,” said Dr. Morna K. Foy, WTCS president.

Her perspective is based on a number of factors. First is her strong belief that educational institutions at all levels, as well as workplaces in all sectors, need to better meet the needs of historically underrepresented populations. For technical colleges this means not only students and graduates, but leaders, faculty and staff who are people of color, people with disabilities and people with low incomes, among other marginalized groups.

“Pre-pandemic, employers were increasingly interested in full workforce participation,” Foy said. “They were sincere in wanting to work with us to open up opportunities for all students and graduates, and to gain our partnership in providing lifelong learning options for those already in the workforce. We can’t abandon that progress, or our commitment to the success of every one of our students, regardless of barriers they may face.”

To make all students feel welcome and included on campus and in class, and to ultimately help them reach their education and career goals, the technical colleges realize there must also be improvement in hiring and employment practices.

“Even before the weight of systemic racism and inequality were again laid bare this spring, we had begun to better use data to drive improvements in equitable outcomes for our students,” Foy said. “Our commitment to rapid progress in this area has now been affirmed.”

Foy also noted that student and employer expectations for how education is delivered may never be the same. Wisconsin’s technical colleges are well positioned to adapt to this new reality, as they flexibly delivered courses and programs even before the pandemic. In addition, employers have long had uniquely close ties to technical college programs, serving on advisory committees for every program offered at every college. However, Foy said, “The combined effects of the pandemic and the economic downturn make reliably projecting enrollments incredibly difficult.”

These powerful forces – pandemic, economic downturn and rapid, permanent changes in how customers view and pursue education – are adding to the economic uncertainty already faced by every higher education provider in the state, including Wisconsin’s technical colleges.

WTCS is assessing the full financial impact of the pandemic, which includes lost revenues and new operating costs, as well as ongoing costs related to delivering adapted programs and services. Of most immediate concern, Foy said, is added costs associated with implementing facilities changes and smaller class sizes to appropriately address public health concerns, and lost revenue resulting from drastic reduction in customized instruction contracts.

One thing is certain, Foy said: “Well into the future, the state’s 16 world-class technical colleges will play a critical role in providing the high-quality lifelong learning options needed for Wisconsin to bounce back from the effects of the pandemic, and to assure the success and economic vitality of all students and, as a result, Wisconsin employers and communities.”



COVID-19 Impact on Community

EDUCATION AND TRAINING

Fiveable Perspective

I was a teacher at a public high school in Oakland, California and I taught mostly 9th and 10th grade history. About 6 months after I left the school, I started getting emails from former students desperately asking me for help. That led me to start Fiveable, a social learning platform. We started with live streaming and continued to evolve our content library and building out the community around that. It's been very grassroots with students sharing with students and teachers. There is a massive opportunity gap in education and it stems from systemic inequities in schools. The reality is that some students have access to a wide range of high-quality resources while others do not. Our goal is to create inclusive and social learning experiences where all students are invited to learn with us.

Once COVID-19 hit and schools everywhere closed, we saw an immediate spike in users because students and teachers were looking for help. Between March and May of 2020, a total of 1.1M users found their way to Fiveable and studied with us across 17 AP subjects in the lead up to the exams. This also translated into a 15x increase in revenue in May 2020 compared to May 2019.

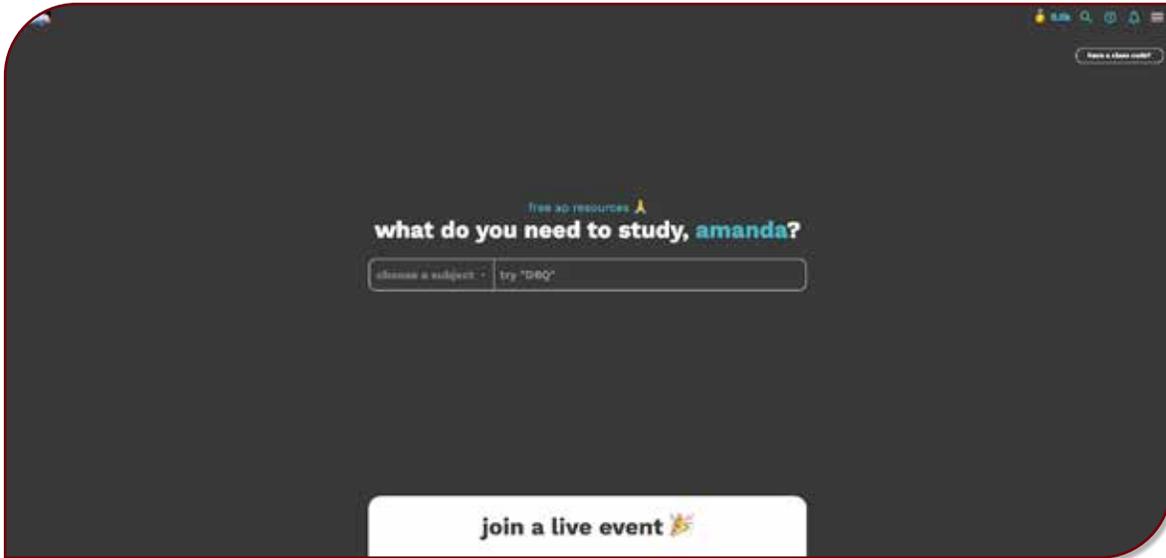
I think in the aftermath of COVID-19, schools and districts will need to adopt far more technology and provide the necessary training to support teachers and students. Because so many schools were unprepared this past spring, millions of students experienced lost instructional time that may never be recovered. This can't happen again and I'm hopeful that work is done to truly bring every school into the 21st century.

Our team moved to Wisconsin because the startup community here is tight-knit and the cost of living is manageable. In Milwaukee and Madison, the startup community is thriving and very interconnected, so it's possible to come in as an outsider and meet the right folks fairly quickly. For new startups, the most important thing they can do to thrive here is to get plugged into the community and to keep meeting folks!



Amanda DoAmaral

Founder & CEO
Fiveable



WWW.FIVEABLE.ME

ap hug • cram • live cram sessions 2020

unit 1 - intro to human geography

view study plan

jump to what you need

- 3:01 2020 Exam Changes
- 10:00 How to Study
- 12:15 Unit 1 Overview
- 14:36 Location (Relative & Absolute)
- 17:17 Place (Site & Situation)
- 18:40 Space (Space-Time Compression & Distance Decay)
- 20:17 Density
- 24:25 Determinism vs. Possibilism
- 28:47 Scale
- 36:00 Types of Maps
- 52:05 Regions (Formal, Functional, Perceptual)
- 58:16 Is climate site or situation?
- 61:08 Are these regions you suggest ecotones? Specifically for the flag?
- 62:37 Can you go more into depth on the difference between large and small scale maps

Upcoming cram sessions for AP HuG

- 4/7 - Population Patterns
- 4/14 - Migration
- 4/21 - Cultural Diffusion, Language, & Religion
- 4/28 - Political Maps, Territories, and Boundaries
- 5/5 - Globalization

hosted by **amanda doamaral**

march 31, 2020

ap bio • study guide • unit 1

1.0 Unit 1 Overview: Chemistry of Life

chemistry

study goals

- 1.0 unit 1 overview: chemistry of life
- 1.1 structure of water and hydrogen bonding
- 1.2 elements of life

written by **danna nether gelfand**

published on april 23, 2020

see the version history

buy danna

These topics will definitely be on the exam.

- Nucleic acids** are the building blocks of life, therefore you must know its function and composition. You will also need to understand the process of DNA Replication in a later chapter as this is your setup for success.
- Structure and function of **Lipids** and the fact that **phospholipids** construct the bilayer of the cell membrane.
- Hydrogen Bonding, polarity, and water properties.** Water is a recurring theme in cells and molecules.
- Structure and function of **proteins.**

COVID-19 Impact on Community

EARLY CARE AND EDUCATION

Home to the country's first kindergarten and a state constitution that champions early education, Wisconsin's commitment to early care and education (ECE) is as old as the state itself. Wisconsin has many strong ECE programs, partnerships, and innovative cross-sector collaborations supporting its youngest citizens. Yet significant challenges remain, and more must be done to reach and effectively support all vulnerable and underserved children and families across the state.

The COVID-19 pandemic has not only highlighted the critical role the state's ECE system plays for both families and businesses alike, it has also revealed a shift in the type of care families want and need. Between March 1st and May 1st of 2020, Wisconsin saw 54 percent of its large licensed group centers close compared to only 18 percent of licensed family providers. In addition, the proportion of families using the Wisconsin Child Care Subsidy Program increased by almost 20 percent for this same period. During the pandemic, families have gravitated toward smaller ECE settings for their children while also needing increased financial support to utilize this care.

Now, more than ever, Wisconsin's work to address pervasive challenges around equity, access, quality and affordability within the ECE system are imperative to helping the state move forward. Improving recruitment, retention, and support of a high-quality and effective ECE workforce to rebuild this system in the wake of the public health emergency will be a critical undertaking. Partnering with local business and community leaders to develop plans for ongoing support and financing of the ECE system is a necessary next step to help re-open Wisconsin's economy. Without a robust, well-funded ECE system, Wisconsin's ability to move toward economic recovery will not be realized to its full potential. Investing in early childhood in the wake of COVID-19 will continue to be a strong investment in a more secure economic future.



Emilie Amundson

Secretary
Wisconsin Department of
Children and Families



COVID-19 Impact on Community

EARLY CARE AND EDUCATION

Ask any family who was abruptly thrust into working from home while juggling child care duties during the pandemic, and you'll likely hear a newfound appreciation for Wisconsin's often low-paid early care and education workforce.

The strategies driving Wisconsin's economic recovery demand a focus on the importance of early care and education as an essential component of the state's future prosperity. Without child care – a critical part of the state economic infrastructure going forward – businesses are often in a position of being unable to reopen and restart the economy.

One measure of the demand rose during the pandemic, reflected in the number of children

and families served by the Wisconsin Child Care Shares Subsidy Program, administered by the Department of Children and Families (DCF).

As of March 1, 3,442 families were served by the program, a number that rose to 4,021 by May 1, an increase of 16.8 percent. The number of children served by the program jumped from 6,208 to 7,462 – up 20.2 percent.

To be certain, many more children are enrolled in child care programs statewide. DCF reports that the early care and education industry is significantly under-resourced. Teachers earn, on average, \$10 an hour and often do not receive benefits; many cannot afford to send their kids to the very centers where they teach.



Child Care as a Workforce Development Strategy

Figure 4 - Number of Children Under Age 5 per Childcare Establishment

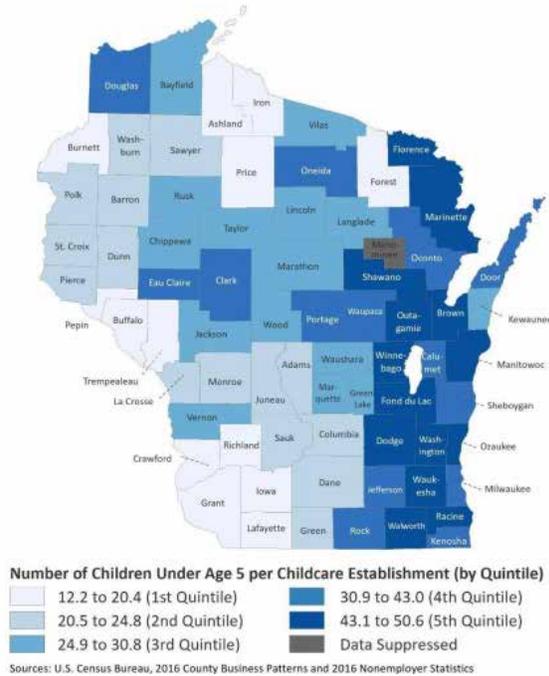
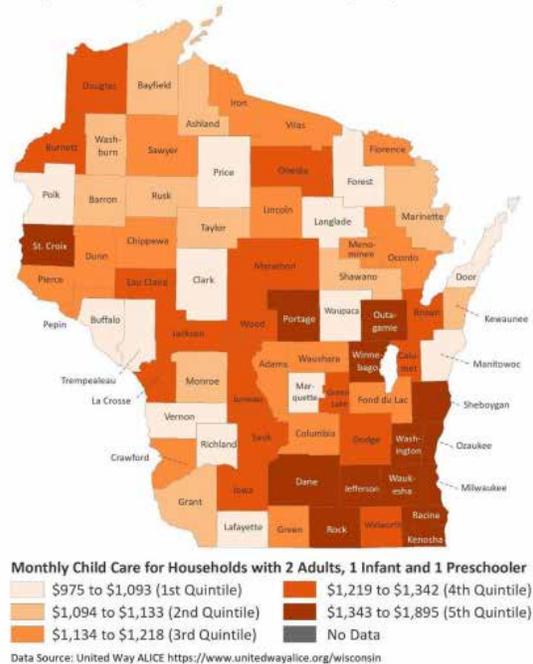


Figure 5 - Wisconsin Household Survival Budget
Monthly Child Care for Households with 2 Adults, 1 Infant and 1 Preschooler



The availability of quality care plays a strong role in labor force participation rates, especially by women.

A December 2018 economic analysis by the UW-Madison Division of Extension found that women's labor force participation is inversely related to the number of children under age 5. That suggests that women often leave the labor force as they are faced with childrearing.

The study also found that while many women choose to leave the workforce to devote full-time care to their children, there may be a subset of women who would like to return to work at some level but are limited because they can't find high-quality care.

Prior to the pandemic, care providers reported routinely struggling with high turnover and tight margins. The early care and education landscape is likely to significantly change after COVID-19, with many programs likely unable to reopen or reopen with limited staffing and capacity.

In a Wisconsin Public Radio report, Becky Ketarkus, co-owner of Little Chicks Learning Academy in Madison, said she went from caring for 60 kids a day to five in March through mid-April. As of June 1, she had returned to 30-40 percent capacity.

"This is a business where we have to make payroll or pay rent ... it's a lot more fragile, I think, than people realize," said Ketarkus, whose business survived on savings.

DCF has estimated that 25 percent of child care programs could close as a result of the pandemic's effects – a number Wisconsin can ill-afford to lose.

A concerned Ketarkus added: "I worry very much about the industry as a whole being able to survive this. ... That is keeping me up at night. How many of those [centers] are going to disappear? Are we going to be one of them? I can't say ... it's one week at a time still with this virus."

EARLY CARE AND EDUCATION

To fortify the industry and ensure the accessibility and affordability of quality early care and education, DCF recommends:

Flexible funding for states to pay for individual child care slots:

This would allow states to use a surgical approach to purchase slots in high-needs area, such as child care deserts, to keep these programs open, programs providing after-hours care or programs served by children with special needs.

Employer benefits for early care and education:

The ECE industry struggles with finding needed capital for startup costs. The pandemic presents an opportunity for businesses to invest in local child care to cover those startup costs and assist facilities in reopening to serve their workforces. As a business and recruitment and retention strategy, businesses may also subsidize child care slots for employees, an added bonus that benefits both the employee and the employer.

Increased investment in family-based and in-home care:

COVID-19 is flipping the child care market on its head by driving an increased demand of certified/licensed family care vs. large licensed group center care as families pursue smaller settings with fewer children to limit exposure to COVID-19. In Wisconsin, 54 percent of large licensed group centers closed while 18 percent of licensed family providers closed during the pandemic. States can begin investing in certified and licensed family care and can re-evaluate their current child care regulations to allow for states to connect individual early childhood teachers to individual families to provide personal, in-home care. In Wisconsin, we could leverage a shared services model that is now being piloted to ensure that individual teachers are receiving the benefits and wages they deserve.





COVID-19 Impact on Community

HEALTH CARE

It has been a century since we faced a public health crisis as great as the current COVID-19 pandemic. This moment is a critical reminder that fundamental to a successful and thriving Wisconsin is a healthy people. And as a highly contagious virus, COVID-19 has further reminded us that our health as a state – and our economic recovery -- depend on us working together to protect each other.

Whether it's essential workers without access to affordable health insurance or the disproportionate impact on Black and Latinx Wisconsinites, COVID-19 reminds us that we still have considerable work to do to build an equitable and affordable healthcare system.

And the fear, anxiety and isolation caused by this pandemic makes clear our mental and emotional health are inseparable from our physical health, and that there is important work to do to eliminate the stigma surrounding mental health and substance use disorders and to develop an integrated healthcare system that places each Wisconsinite at the center of their care.

COVID-19 has reminded us that while often unseen and unsung, a strong public health infrastructure is foundational to the health of our communities, and that we also need to more highly value our long-term care caregiver workforce.

During this pandemic, we have experienced in real time the constraints and limitations of our health system. They remind us of the work we must do moving forward to ensure the health and well-being of all Wisconsinites. But, we also have witnessed the resolve of the individuals who collectively make up our health system, who along with the people of Wisconsin, flattened the curve to help protect our most vulnerable citizens and our frontline healthcare workers. While this important effort has been going on, we built surge and isolation facilities and took our statewide testing capacity from a few hundred tests to more than 18,000 tests per day. And with our local public health partners, we developed a contact tracing infrastructure to help box in the virus and stop the spread. We procured and distributed hundreds of thousands of pieces of critical personal protective equipment (PPE) to healthcare, long term care and first responders and developed transparent and actionable data and information for the public to understand the impact of COVID-19 on Wisconsin and our local communities.

COVID-19 has required the Department to build and strengthen our partnerships to quickly respond to this pandemic. We swiftly expanded reimbursement for telehealth services, provided support and technical assistance to health and long term care providers, correctional settings and others. Our Department has also helped to lessen the financial impact of the pandemic by distributing Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to local public health and health care providers throughout the state. In addition, we are focusing our efforts on building systems of support to help individuals and families stay mentally and emotionally healthy during the crisis.

As Wisconsin's state health agency, the Department of Health Services is proud to work alongside our partners. And as we continue our COVID-19 response together, we encourage Wisconsinites to remain vigilant; practice physical distancing, wear face masks in public if you are able, wash your hands frequently, get tested if you have any symptoms, and engage if a contact tracer calls. And please seek help; resiliency does not mean we need to go it alone. Together we will get through this.



Andrea Palm

Secretary-designee
Wisconsin Department of Health Services



COVID-19 Impact on Community

HEALTH CARE

As Wisconsin's public health professionals and health care providers fought a pandemic, along with their own growing economic hardships, the face of health care in our communities changed for good.

But as they learned about changes in the health care system and took away lessons for pandemic preparedness, Wisconsin's hospitals, health care systems, nursing homes, long-term care facilities, community health centers, dentists and others had to confront an economic squeeze. To prepare for a potential surge of pandemic patients, the state's hospitals made the decision to suspend many of their non-emergent procedures causing temporary layoffs and revenue losses. Long-term care providers, already in the midst of workforce shortages, prepared for increased staffing challenges and worked with infection preventionists to prepare for a virus that adversely impacts older adults.

During the pandemic, health care providers found themselves in a position where the need for care was clear and vital, but much of the traditional demand vanished because of the seriousness of the virus and the need for physical distancing.

The Wisconsin Hospital Association (WHA) estimates revenue losses at \$266 million a week, roughly a 50 percent decline because people were staying at home and limiting their activities, which resulted in a decline in emergency services. In addition, cancellation or deferment of elective surgeries due to the COVID-19 pandemic resulted in historic losses, with some hospitals taking out lines of credit while they continue to ramp up elective and non-emergency procedures. Long-term care and other health care providers have experienced significant losses as well.

In June, the Wisconsin Department of Health Services (DHS) provided \$150 million through the federal Coronavirus Aid, Relief, and Economic Security Act to supplement other federal funding already provided directly to many providers, offsetting losses and expenses incurred during March, April and May because of the COVID-19 pandemic. While this funding will help stabilize some of the health care provider groups hardest hit by the pandemic, additional financial support will be paramount to prevent closures and maintain access to high-quality health care in all parts of the state.

The COVID-19 virus has highlighted the weaknesses and disparities in our state's and our nation's health care system and overall economy. The robust public-health infrastructure needed to prepare for and combat a pandemic did not exist in March. COVID-19 has disproportionately affected people of color, older adults, people with underlying health conditions and people who work in congregate settings. Black individuals, who make up less than 7 percent of Wisconsin's population, constitute 18 percent of confirmed COVID-19 cases and 24 percent of deaths. Latinx people, who also account for just under 7 percent of state residents, make up 33 percent of cases and 11 percent of deaths. Social, economic and structural barriers to health, particularly for people of color, were present long before COVID-19; these are issues that Wisconsin and the United States as a whole need to grapple with as we look at the reforms necessary to make health care more equitable.





COVID-19 Impact on Community

HEALTH CARE

With rising unemployment and an economy in recession, health care providers expect to treat an increasing number of uninsured and Medicaid patients in the coming months. According to DHS, enrollment in BadgerCare Plus has grown by about 65,000 people in two months. In March, 777,312 people were enrolled in the program; that number grew to 842,260 in May.

Access to high-quality health insurance through the BadgerCare Plus and Medicaid programs is important for low-income workers, families, seniors and Wisconsinites with disabilities who may contract COVID-19 or face other illnesses. Expansion of Medicaid and the additional federal funding it would bring to Wisconsin continues to be a priority for this administration and our economic recovery.

The pandemic did more than roil economics. It taught compelling, valuable lessons about health care and pandemic preparedness. One of the most noticeable changes is at the intersection of technology and medicine, as DHS, patients and providers embraced innovation to continue needed health and behavioral health care. The expansion of telehealth – the virtual connection of doctors and patients for medical consultations – enabled convenient and cost-effective remote doctor-patient interactions for many preliminary, chronic-care and mental health consultations, as Wisconsinites helped flatten the curve to protect our health care workers from COVID-19.

According to DHS, early feedback suggests that telehealth may be preferred by some populations. The department is also examining expansion of telehealth for home and community-based services, such as home health care. In addition, DHS implemented temporary and permanent measures to allow Medicaid reimbursement for telehealth services for the entire program.

Wisconsin is among a minority of states that do not have a telehealth parity law governing commercial health plans. Many insurers changed their telehealth policies in response to COVID-19, but there are concerns that some health plans will revert to policies excluding telehealth coverage.

The state also marshalled behavioral health resources. DHS reports that telehealth led to greater engagement in day-treatment groups of teens and that some individuals in outpatient treatment for substance-use disorders strongly prefer virtual sessions.

Wisconsin received a \$2 million grant from the federal Substance Abuse and Mental Health Services Administration to provide behavioral health treatment and support to patients, health care professionals, and front-line workers with severe mental illness, substance-use disorders or other mental health issues. DHS also issued a grant funding announcement for a statewide crisis line to assist with the increase in calls to 211, a hotline that connects callers to essential community services.



“The common denominator in all of these projects is the UW Office of Clinical Trials. They are the reason that UW can be a leader in the fight against COVID-19. The attitude, tenacity, work ethic, and attention to detail make them the absolute best in the business!!”

William Hartman

MD
University of Wisconsin School
of Medicine and Public Health

HEALTH CARE

DHS also reached out more broadly to Wisconsin to address COVID-19 stress. The Resilient Wisconsin initiative, launched in April, provides Wisconsinites strategies to reduce stress and build resiliency in a time of change.

Resilient Wisconsin, promoted through a statewide campaign including 137 billboards donated by Lamar Outdoor, Clear Channel Outdoor and Adams Outdoor, features a website – resilient.wisconsin.gov – that provides information and educational materials to help individuals and families stay mentally and emotionally healthy during the crisis. Future planning for Resilient Wisconsin includes identifying and developing content for vulnerable populations and leveraging partnerships across state agencies.

Innovation was also present in other spaces as long-term care providers and health systems learned to rapidly create surge capacity and isolate patients with confirmed COVID-19. But they also expressed concerns about supply chains and the need for critical medical supplies, such as personal protective equipment (PPE).

State health officials have worked to build a strong and effective testing infrastructure, provision of a stable supply chain for testing and other critical medical equipment, a well-organized contact tracing infrastructure, and transparent and actionable data and information for the public about the status and impacts of COVID-19. As a testament to cross-industry collaboration, the Wisconsin Clinical Laboratory Network will continue to work with Promega, Exact Sciences, UW Health and Marshfield Health Clinic System to share knowledge, resources and technology to boost the state's capacity to test patients for the virus.

DHS is working with local public health departments as they devise sustainable local testing strategies and build a sufficient contact tracing workforce to box in the virus and minimize the spread. The state built its lab capacity from the ability to run a few hundred tests per day in March to over 18,000 tests per day in June.

During the pandemic, health care and public health professionals have been cross-trained in other areas, making them more well-rounded and flexible. The experience gained during the spring leaves our public health response better prepared for a resurgence in infections.

Armed with these lessons and the hands-on work of fighting the pandemic's first wave, state officials, health care professionals, long-term care providers and our local public health partners remain vigilant and ready to deploy resources when and where they are needed. DHS encourages all Wisconsinites to continue to remain vigilant to protect our neighbors and avoid a resurgence of COVID-19, and sincerely thanks the public health and health care professionals who have been working nonstop since March for the health and safety of our state.



COVID-19 Impact on Community

HEALTH CARE

Gundersen Health Perspective



The successful response to COVID-19 was a combination of the incredible, rapid preparation by staff and leaders, alignment with public health partners and local organizations, and, of course, buy-in from individuals on critical guidelines for distancing, hand hygiene and masking.

To ensure patient and staff health and safety, we suspended all nonessential visits and procedures system wide for nearly two months, which resulted in significant financial losses. Many Gundersen staff were reassigned to new work, worked reduced hours or were placed on furlough as a result.

Despite these challenges, Gundersen is recovering well: rapidly expanding and sustaining virtual care options for added patient convenience; resuming services at a steady pace; bringing staff back to support the return to business; keeping measures in place at all Gundersen locations to keep patients and staff healthy and safe; and continuing to innovate and invest in the future. And I can say, without a doubt, the future is bright.

Nathan Franklin

Director, External Affairs
Gundersen Health System

HEALTH CARE

Nurse Perspective

My name is Jen Dutschek, and I work as a “ground zero” nurse at a Milwaukee hospital on a COVID-19 positive unit. The emotional and physical stress of dealing with a global pandemic can definitely take a toll. The constant worry about bringing it home to my family is probably the worst. I do not get to see my family and friends as much as someone who does not work directly with these patients, and it is hard personally to stay motivated without engagement from the people who normally serve as my support system. We are constantly vigilant to be sure we are protecting ourselves and others from the disease, in ways that take a physical as well as a mental toll - washing our hands over 200 times per day until they crack and wearing masks that make pressure injuries on our faces are only two examples of the constant reminder of the disease in my daily life.

Jen Dutschek

Nurse
Milwaukee Hospital

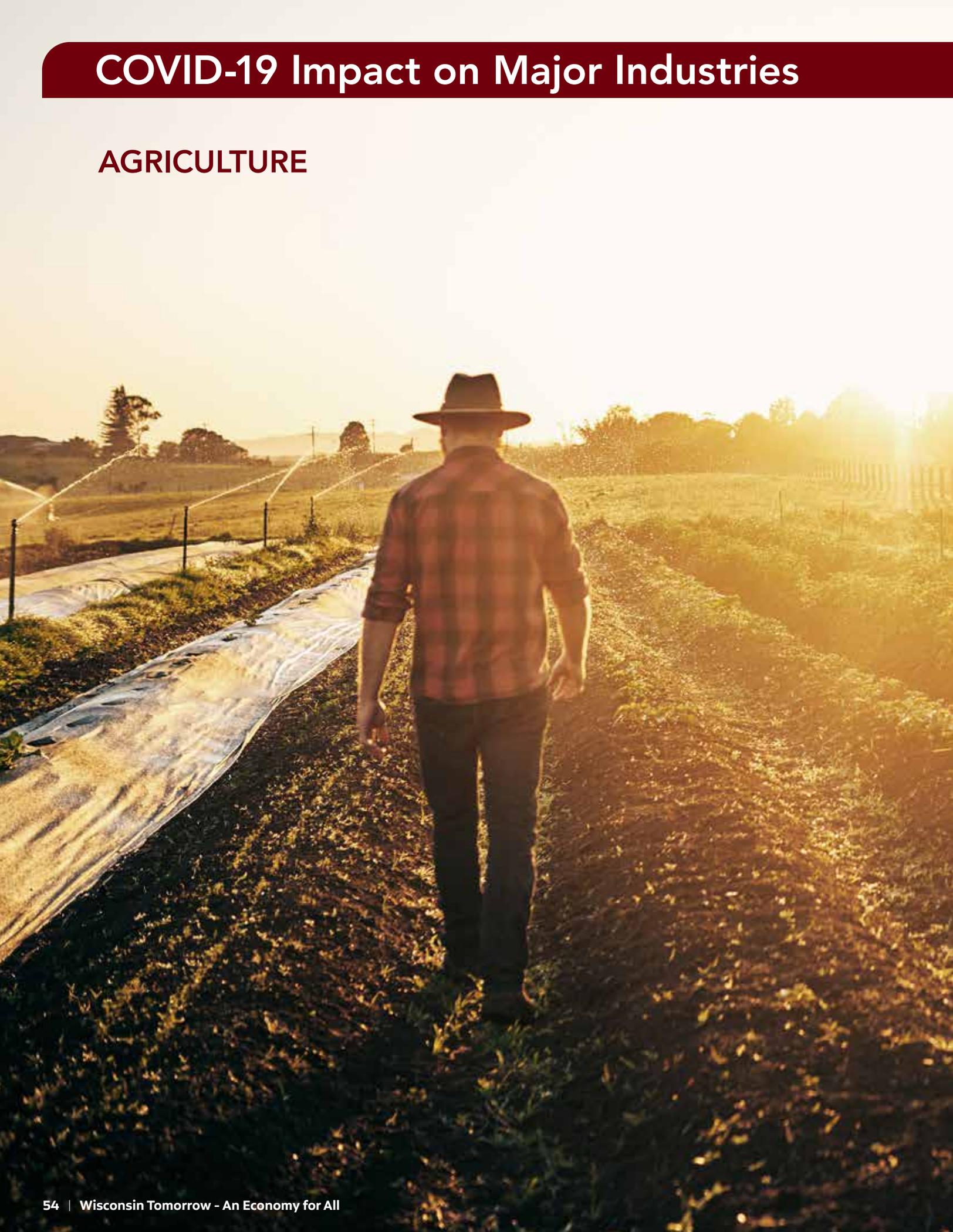




COVID-19 Impact on Major Industries

COVID-19 Impact on Major Industries

AGRICULTURE



In Wisconsin, agriculture is part of the foundation of our state, a cornerstone of our economy and essential to our well-being. Even during a worldwide pandemic, essential agriculture production, processing and distribution worked continuously to meet the needs of consumers across our state, country and world.



The COVID-19 public health emergency created sudden disruptions across the supply chain, which were felt on the farm, in processing facilities, at retail shelves and by the consumers. At the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), we remained focused on our two main goals: helping to keep food on Wisconsin shelves and supporting the industries we serve. The department relied on frequent and regular communication with our stakeholders to identify issues and try to facilitate solutions.

To support the industry during these unprecedented times, the State of Wisconsin leveraged all available resources including allocating \$50 million in direct aid payments to the state's farmers. The state government worked to assist Wisconsin's food processors and agribusinesses by issuing guidance when appropriate and addressing challenges as they arose. By connecting with the food insecurity network, Wisconsin farmers and processors were able to distribute safe and nutritious food to those who needed it most. In addition to the state's work here in Wisconsin, we continued to advocate for farmers with our federal partners requesting assistance, support and clarity when needed.

As the state's agriculture industry moves forward, collaboration will be key to Wisconsin agriculture's recovery and long-term prosperity. Diversity is one of Wisconsin agriculture's greatest strengths. The State of Wisconsin will continue to support our agriculture industry as it recovers from the COVID-19 public health emergency and beyond.

Randy Romanski

Secretary-designee

Wisconsin Department of Agriculture,
Trade and Consumer Protection

COVID-19 Impact on Major Industries

AGRICULTURE

Wisconsin's many farms and food processors provide more than a signature industry for our state. They are woven into our culture and history, and are a driving force in our economy. Agriculture contributes \$104.8 billion annually to the state's economy and employs 435,700 people statewide, including in the food and beverage industry. That means that about one in every nine Wisconsinites works in an agriculture-related job. The strength of our state's economy is tightly linked to the success of agriculture. That power, however, has been tested by the outbreak of COVID-19 and the economic disruptions that accompanied the pandemic.

From the beginning of the pandemic, state and federal officials recognized agriculture and food processing as an essential industry. This helped move products off the farm, through processing plants, over our roads and into the hands of consumers. As in other segments of the economy, agricultural supply chains were strained during the public health emergency.

The market changes brought on by COVID-19 caused a great deal of uncertainty for Wisconsin's dairy farmers. The state's dairy producers had entered spring 2020 with optimism, as milk prices were finally recovering after experiencing historically low prices. But the outbreak of the pandemic led to a sharp decline in demand for dairy products in the restaurant and institutional markets, including schools and other food service channels.

Ninety percent of the milk produced in Wisconsin is used to make cheese. With fewer orders coming in, milk processing plants were suddenly forced to decrease production. As a result, some dairy cooperatives and milk handlers asked dairy farmers to reduce their daily milk production. Some even had to ask their farmers to temporarily dispose of their milk due to the rapid decrease in demand.

The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), the Wisconsin Department of Natural Resources, and industry representatives worked together to develop guidelines for farmers on how to properly dispose of milk, in the event that they faced that difficult task. In pursuit of all possible options to help these farmers, DATCP and the Dairy Farmers of Wisconsin (DFW) partially lifted the state assessment for disposed milk from May 14 until the end of the federal disaster declaration.

DATCP also worked with the Wisconsin Grocers Association and DFW to increase education on the dairy supply chain. This ultimately led many retailers to remove purchasing limits on dairy products to keep products moving. To move cheese out of cold storage, DATCP helped connect cheese makers with the food security network to allow them to donate or sell their products to those in need. This allowed some dairy products that were originally bound for restaurants and institutions to be repurposed.

Similar supply issues were also seen in other areas: potatoes in stores were in high demand early in the outbreak, but potatoes for restaurants and food service operations were not. With the loss of restaurant markets, cranberry consumption also fell. As producers and processors looked for other pathways for their products, DATCP advised them on ways that human food could be safely and legally used for animal feed.

Bottlenecks in the supply chain were also evident in the livestock industry as traditional demand was disrupted. Early in the outbreak of COVID-19, consumers stocked up on certain cuts of meat, such as ground beef. However, because

restaurants were closed, suppliers had difficulty selling higher-end cuts of meat.

Nationally, some meat processing plants also had to temporarily reduce output or shut down when employees tested positive for COVID-19. As they became temporarily unavailable, livestock producers experienced a backup of market-ready animals with nowhere to go. To help alleviate these bottlenecks, DATCP staff worked with producers and small-size meat processors to find options to slaughter, sell or donate their meat. A database of local meat producers was also established, providing retailers with another way to find and fill supply gaps with local products.



COVID-19 Impact on Major Industries

AGRICULTURE

In a letter to Governor Tony Evers in mid-April, agricultural organizations estimated significant projected losses due to COVID-19:

- **Dairy and milk: \$66 million**
- **Pork: \$44.4 million**
- **Beef: \$180 million to \$200 million**
- **Potatoes: \$100 million**
- **Cranberries: \$31 million**
- **Soybeans: \$80 million to \$100 million**
- **Corn: \$144 million**

In recent years, extreme weather has posed significant challenges to completing critical agricultural activities. However, throughout COVID-19, weather conditions have been favorable. By the end of May 2020, spring tillage was two weeks ahead of the five-year average, and planting of corn, potatoes, and soybeans were almost entirely complete. While weather patterns can be unpredictable, supporting programs like DATCP's Producer-Led Watershed Protection Grants can help increase agricultural resilience by supporting on-farm conservation practices.

To help preserve agriculture's significant economic contributions, industry groups recommend preserving use-value assessments; maintaining a strong university system; ensuring agribusiness has access to sufficient capital; encouraging diversification and innovation among agricultural producers; providing guidance in forming new cooperatives for segments such as meat processing; and increasing support for local vegetable farmers and community-supported agriculture.

The Dairy Innovation Hub is one example of how the State of Wisconsin has begun to implement these recommendations. The Hub harnesses research and development at UW-Madison, UW-Platteville, and UW-River Falls to help keep Wisconsin's dairy industry economically, environmentally, and socially viable for generations to come. By making a large investment in the Hub, the state made a significant commitment to the future of Wisconsin's dairy industry. In its second year, it will be vital that the Hub receive its budgeted \$7.8 million to focus on priority areas.

Additionally, organizations representing smaller farmers recommend reviving the Producers First grant program, which provided funding for small and specialty crop farms to contract for consulting services. They also favor funding a staff position at DATCP to support historically underserved farmers from Hmong, Hispanic, Black, and indigenous backgrounds, as well as research home delivery options for farms that engage in direct marketing.

Moving forward, it is imperative that we strengthen the state's food processing capacity and food delivery channels to adapt to shifting consumer demands and behaviors. Investments and innovation will be critical to expand processing availability for farmers, ensure food safety across the supply chain, and grow food delivery mechanisms into the future. The interconnection between the state's farmers, processors, and distributors became more apparent than ever during the public health emergency and will only grow in importance over time.



COVID-19 Impact on Major Industries

AGRICULTURE

State and federal investments in Wisconsin's agriculture industry will be fundamental to its future prosperity. In early 2020, Governor Tony Evers called a special session to act on legislation focusing on farmer mental health, local foods, and dairy exports. This type of legislation is important to bolster our state's efforts to support our farmers and increase market opportunities for Wisconsin agricultural products.

Also in early 2020, Governor Evers announced the creation of the Office of Rural Prosperity at WEDC. That office will be critical to ensuring that rural communities and agricultural industries are part of Wisconsin's economic development plan. Future listening sessions will be helpful to better understand how future state and federal investments could best serve the state's agricultural entrepreneurs. The success of Wisconsin's agriculture industry is directly connected to the vitality of the state's rural communities. Our farms and agribusinesses rely on a strong, skilled workforce in all 72 counties. Training is important to prepare employees for the jobs of the future, and in the midst of COVID-19, employers across agriculture and all industries will need to do all they can to ensure the workforce has the personal protective equipment, housing, transportation, and working environment they need to stay safe.

A common theme is the need for access to capital for farmers and agribusinesses. Over the years, the state and federal government have implemented various grant programs to encourage investment and innovation in Wisconsin agriculture. One past state grant program mentioned by stakeholders to possibly be evaluated or reinstated was the Agricultural

Development and Diversification grant program. While these competitive grants were offered in relatively small amounts of less than \$50,000, they funded projects that were likely to stimulate Wisconsin's agricultural economy through the development and exploration of new products, markets, or technologies.

Looking ahead, DATCP also stressed the importance of the global marketplace and the need to build on existing partnerships and to build new relationships to tap into worldwide demand for agricultural products. Wisconsin is world-renowned for an abundance of safe, high-quality agricultural goods. We need to continue to innovate to meet the needs of consumers across the globe. The establishment of the Dairy Business Innovation Alliance, possible through 2018 Farm Bill funding, will support dairy farmers and processors to strengthen their competitive advantage in the international marketplace through grant funding and direct technical assistance.

Increased connection and collaboration will contribute greatly to the future of Wisconsin's agriculture industry following COVID-19. Farms, agribusinesses, and rural communities need a reliable broadband service connection and a safe and efficient transportation system. Stronger interagency relationships within the State of Wisconsin and across the Midwest region will allow government officials to best meet the needs of Wisconsin's agricultural industry. The long-term prosperity of Wisconsin's agricultural industry depends on thriving rural communities, strategic investments, and increased cooperation.



COVID-19 Impact on Major Industries

AGRICULTURE

Food and Beverage

Jittery. That word describes a Wisconsin food and beverage manufacturing industry that has juggled an array of disruptions during the COVID-19 pandemic, including its customer base. Consumer purchasing habits, operations, supply chains, hiring demand and cash flow all shifted seemingly overnight.

Disrupted were its customer base, consumer purchasing habits, operations, supply chains, hiring demands and cash flow. And companies in this sector, shell-shocked from the first wave of COVID-19, are wary of a second wave of the virus that upended their world.

The industry employs more than 430,000 workers in Wisconsin. More than 1,400 food and beverage processing companies, and over 20,000 food and beverage industry employers, are located in Wisconsin. The health of the Wisconsin agricultural economy directly impacts the success of this sector, which has a farm-to-factory-to-fork view of its interdependent relationship with agriculture.

Along with increased costs related to added safety measures, adjusted processing capabilities and unexpected shutdowns, COVID-19 has also raised awareness that our food system processes and packages food and beverage products differently when they are produced for food services versus retail and other distribution channels.

The shift of production, products and consumer habits to retail and away from food service has complicated the effects of COVID-19. Additionally, companies reported personnel challenges ranging from layoffs in food service to hiring production workers.

Food and Beverage Wisconsin, an industry group, says company executives have expressed an almost universal unease at the potential for a second wave of the pandemic. Most are operating at less than full capacity, while others are growing and hiring. All are facing additional expenses, a shifting consumer base and whiplash in demands, shutdown and fears of further disruptions.



CEOs indicate the greatest threats to their company's operations are:

- **A second wave of infections;**
- **Numerous positive COVID-19 tests, resulting in a temporary shutdown of their facilities;**
- **Finding and retaining a workforce, including H-2A foreign visa workers; and**
- **Further supply chain disruptions.**

“The greatest threat to our organization in the next three to six months would be an outbreak of COVID-19 in our facilities. We are a lean organization, and sidelining even three employees for two weeks would have a significant impact,” said Jacque Oldenburg, general manager of Leach Farms, a celery producer in Berlin.

The pandemic also resulted in disruptions to consumer purchasing behavior, with a combination of unpredictable increased or decreased retail demands, driven by increased home dining and rising online purchases. Industry officials say those companies already in e-commerce are seeing increased sales, and those with COVID-19 cases are experiencing the stresses of testing, contact tracing and production shutdowns.

“We experienced customers doubling their orders almost overnight,” said Kurt Penn, founder and CEO of Good Foods Group in Pleasant Prairie, which produces dips, dressings and salads. “As we transitioned into April, our business experienced the lull from high demand in March, with orders dropping at almost the same velocity.”

In the future, the industry sees opportunities and permanent changes to the food and beverage industry, including:

- **Maximizing technology to support online activity, as well as factory automation to offset labor shortages and minimize human contact;**
- **Customer and employee safety remaining paramount;**
- **Reconsidering global sourcing;**
- **Strengthening connections in food and beverage industry channels to improve crisis responsiveness; and**
- **Maintaining and increasing capacity to support in-home dining and e-commerce for the foreseeable future.**

Looking ahead, an ongoing focus in supporting smaller and startup food and beverage companies will be important to weather the unpredictability of sales and operational costs. Additional attention is needed to strengthen a more responsive food system and supply chain across Wisconsin's production, manufacturing, distribution and retail channels. That will call for more resiliency from production to processing capabilities, ingredients sourcing, leveraging strength in equipment and packaging manufacturing, and — as with many industries — continuing to support ways to find and retain the best people for the job.

COVID-19 Impact on Major Industries

AGRICULTURE

The Cannery Public Market Perspective

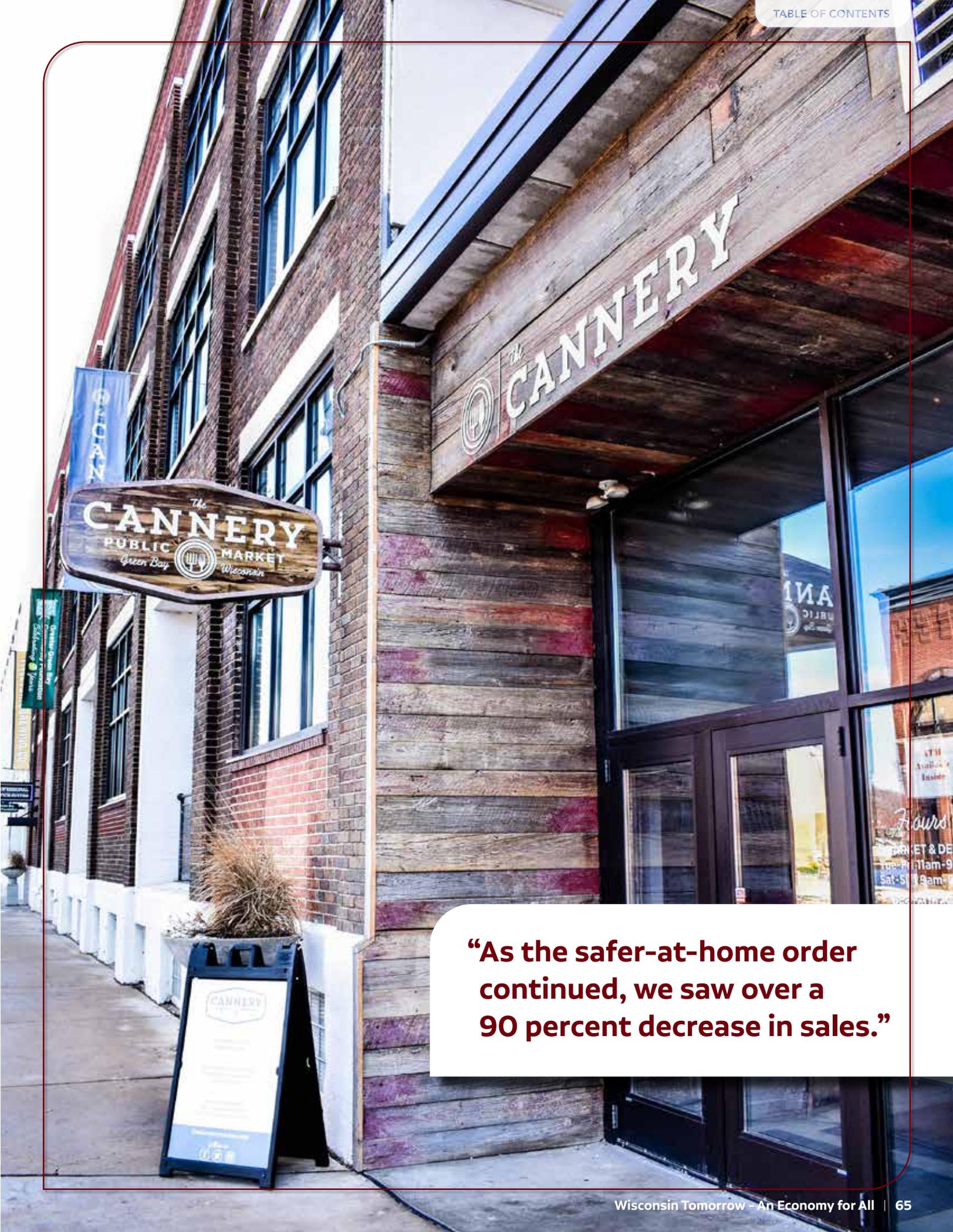


Adrienne Winter

General Manager
The Cannery Public Market

When social-distancing efforts were introduced in mid-March, we had a plan, which put health and safety at the forefront. For our customers' and employees' health, we closed our dining room. Unlike many family-owned restaurants, we were fortunate enough to have had delivery services and curbside pick-up systems put in place – we were prepared. As the safer-at-home order continued, we saw over a 90 percent decrease in sales. Just two weeks later, we faced the choice of either ordering new, fresh and local product, which most likely would've gone bad due to the drastic decrease in patronage, or to temporarily close. We chose the latter. Less than two months later, we were confronted with another difficult decision. We had to decide whether to continue our late father, John T. Pagel's, dream of connecting the consumer to where their food came from through the dining experience. The financial strain placed on the restaurant from COVID-19 left us with only one option. On May 22, we announced the closing of The Cannery Public Market. The closure will have lasting effects for not only our family, but also our family of customers, employees and local growers.

The Pagel Family
The Cannery Public Market



“As the safer-at-home order continued, we saw over a 90 percent decrease in sales.”

COVID-19 Impact on Major Industries

CONSTRUCTION

As the pandemic arrived, Wisconsin was only beginning to emerge from a long-term trend of disinvestment in our state's transportation infrastructure. This trend had left everything from the Interstate system to rural roads and bridges to rail, airports and harbors aging and in need of repair and replacement. Since taking office in 2019, Governor Evers has sought to invest as many new resources as possible to renew our transportation infrastructure. Commitments in the 2019-21 budget included more than \$465 million for transportation projects across the state, the largest dedication of new, ongoing revenue to the transportation fund in a generation.

During the pandemic, the Wisconsin Department of Transportation (WisDOT) has sought to maintain and accelerate its efforts to build the safe and efficient transportation system the people of Wisconsin need. We currently have more than 150 road projects active around the state, including nearly 100 new ones that have started this year. In all, we're committed to continuing with plans for 371 projects this year. WisDOT has also taken advantage of the decreased traffic during the Safer at Home order to increase the pace of many projects, saving time and taxpayer dollars in the process.

Wisconsin took this course for two reasons. First, the state's effective response to the pandemic required the best transportation system possible. Beyond that, however, transportation will be vital going forward as the state recovers from the economic devastation left in the pandemic's wake. According to the American Public Transportation Association, communities receive \$4 in economic benefits for every \$1 invested in transportation infrastructure. This includes not only the jobs created by transportation construction projects, but the economic development benefit to communities of having the modern infrastructure companies need to thrive. All transportation-related industries in Wisconsin report that they have weathered the economic storm and are ready to help our state build its transportation future.

Unfortunately, that future remains unclear. Less passenger vehicle use during the public health emergency will undoubtedly have an impact on the fuel tax revenue, which provides much of Wisconsin's transportation funding. This portends flat funding at best, at a time when our state still has billions in unmet infrastructure needs.

WisDOT is taking steps to put Wisconsin in the best position possible. We are conducting scenario planning for varying revenue projections to minimize the risk to recent gains made in overall system conditions. We have maintained the program schedule so that, absent federal or state action, we are well-positioned to leverage additional federal redistribution funding. Finally, we are working with Wisconsin's federal delegation, state policymakers and other state departments of transportation to outline the importance of federal measures to support Wisconsin's road, public transit, rail, harbor and motor freight systems.

Thank you for the opportunity to highlight the actions WisDOT has taken in response to the COVID-19 pandemic and the crucial role our transportation system plays for the travelling public and Wisconsin's economy. Maintaining, improving and investing in a safe and effective transportation network for the 21st century will be essential if Wisconsin is to bounce back quickly and fully from the pandemic.

Craig Thompson

Secretary-designee

Wisconsin Department of Transportation



COVID-19 Impact on Major Industries

CONSTRUCTION

Construction spending slides nationally

Construction activity is a powerful indicator of the vitality of Wisconsin's economy.

The industry, which employs 122,396 people statewide, is an engine for residential, industrial, commercial and public-sector growth. And, it drives demand for building materials, heavy equipment and financing services.

The U.S. Department of Commerce reported in June that overall construction spending fell 2.9 percent in April, the largest drop in 18 months, including a 4.5 percent drop in residential construction, with a 6.6 percent decline in new home construction. The report also noted that spending on government projects was down 2.5 percent and that construction spending on non-residential projects fell 1.3 percent, with office buildings, hotels and the sector that includes shopping centers all down.

Transportation construction is a priority as Wisconsin upgrades aging roads and bridges. A safe, efficient and reliable transportation system is critical for connecting people, serving business and ensuring a vibrant Wisconsin economy. A robust transportation sector guarantees that workers can get to work, travelers can reach tourist destinations, and businesses can access supply chains and distribute their products to markets everywhere.

According to the Federal Highway Administration, every \$1 billion invested by state governments in highway construction and improvements will support 27,823 jobs.

In the transportation construction sector, there is considerable anxiety about the pandemic's effect on the state's transportation fund. At the height of the pandemic, traffic on Wisconsin's roads and highways dropped steeply.



A study by UW–Madison’s Traffic Operations and Safety Laboratory showed that interstate traffic volumes began to decline in the week leading up to the World Health Organization’s declaration of COVID-19 as a global pandemic on March 12, followed by a U.S. federal emergency declaration the next day.

Interstate travel in Wisconsin bottomed out at a 40 percent reduction for weekday traffic and a 60 percent reduction for weekend traffic the week of March 25 as drivers stayed home during the Safer at Home order.

The result of this traffic reduction led to a financial hit to the transportation fund, which is heavily funded by the state’s gas tax. Department of Transportation officials estimate that in March alone, the fund took in \$77.3 million in gas taxes – nearly \$10 million less than expected. Those shortfalls could have a lingering effect as Wisconsin faces billions of dollars of needed infrastructure improvements.

The impacts of the spring outbreak may not be felt by the industry until the 2021 construction season, causing major concerns.

According to the American Road & Transportation Builders Association, of the 14,249 bridges in Wisconsin, 1,026 are structurally deficient. The 10 most-traveled structurally deficient bridges were built between 1956 and 1972.

Industry representatives have lobbied Congress to reauthorize transportation funding to help keep their workers on the job and state projects on track. The Wisconsin Transportation Builders Association emphasizes that infrastructure investment by the state plays an important role in keeping people employed, especially at a time of rising unemployment.



COVID-19 Impact on Major Industries

CONSTRUCTION

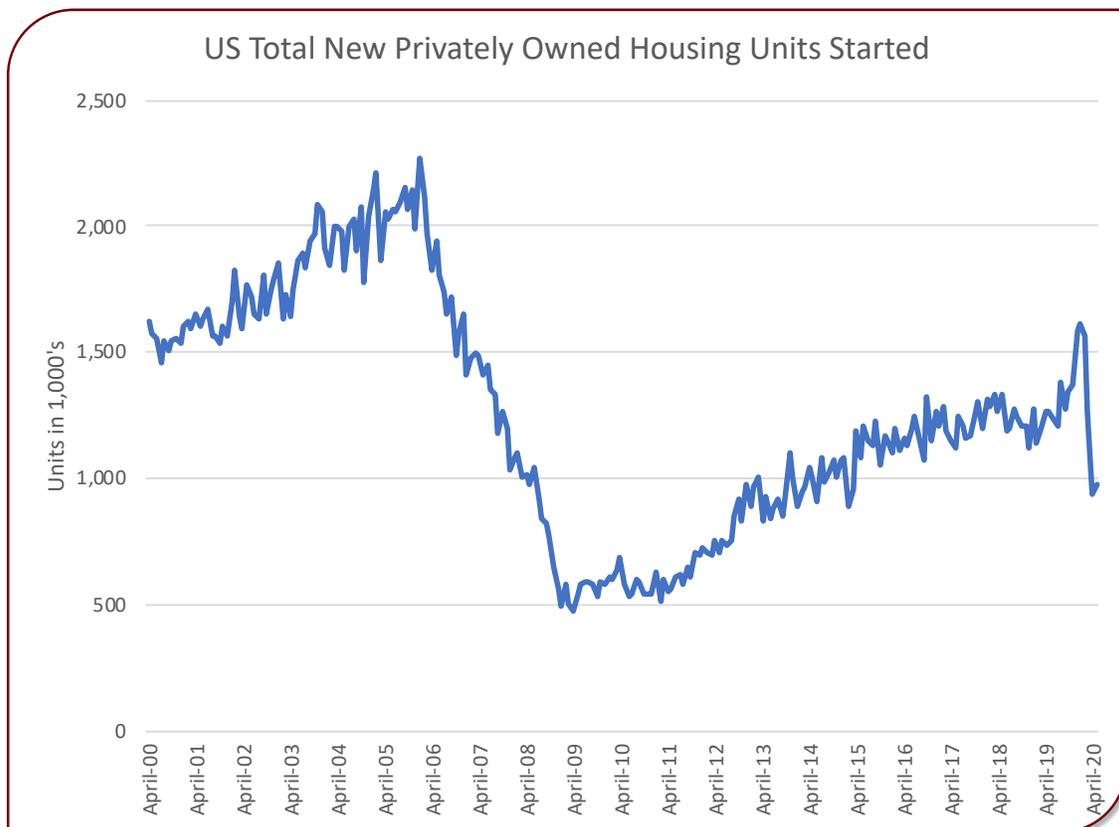
The Construction Business Group, a joint labor-management organization, says that while workforce levels in the industry are stable, contractors are reluctant to expand their labor pool because of uncertainty about the 2021 construction season caused by worries about the transportation fund. It makes no sense, the group says, to recruit workers who could then be sidelined in 2021.

Another element of Wisconsin's construction industry is housing. Although the effects of COVID-19 on home construction – especially April numbers – have yet to be fully quantified at the state level, first-quarter new housing starts looked promising.

According to the Wisconsin Builders Association, there were 1,941 home building permits issued in the first quarter of 2020, up from 1,613 a year earlier – a 20 percent increase. Whether that growth was sustainable through April and May is unclear. Builders were allowed to continue work, with proper precautions, during the Safer at Home order.

The U.S. Census Bureau reports that national housing starts in the first four months of the year plunged from 1.6 million in January to 891,000 in March, a drop of 45 percent.

Affordable housing, an important element of the residential market in Wisconsin, allows people to save, supports well-paying construction jobs and strengthens the tax base.



Source: U.S. Census Bureau

The Wisconsin Housing and Economic Development Authority, which works to provide affordable housing and business financing options, has kept its financing pipeline open and continues to lend. The agency recognized that its single-family borrowers, affordable housing providers and small business customers were hard hit by the economic effects of the pandemic due to job losses in a range of sectors. Its staff worked with borrowers on a case-by-case basis to help find affordable solutions.

On the commercial construction side, building plan submissions to the Department of Safety and Professional Services through May totaled 3,072, down about 4 percent from 2019. This data represents commercial plans including fire sprinklers and alarms, but does not include plans reviewed by a delegated municipality.

The commercial real estate market is in flux, with some troubling signs of weakness.

The Commercial Association of REALTORS® of Wisconsin estimates that only 25 percent of Milwaukee office workers have returned to work.

Data on commercial leasing activity for the first half of 2020 suggests that while first-quarter leasing activity for industrial, office and retail properties was strong, a slump may be coming. Preliminary second-quarter leasing data suggests a significant decline across all three property types, with numbers of transactions and leased square footage falling by more than half, as companies hit the pause button before making future space commitments.

Other companies with a Wisconsin presence, including Nationwide Insurance, have already indicated an intent to eliminate corporate offices. A survey by Gartner found that one-quarter of surveyed businesses expect that 10 percent or more of their employees will work remotely post-COVID-19.





COVID-19 Impact on Major Industries

FOREST PRODUCTS

As a trained forester who has had the good fortune to work in many facets of the forestry profession, I understand the historic significance that forest management has played in Wisconsin. Our forests shape our landscapes, provide opportunities for recreation, habitat for wildlife, clean air and water protection, and contribute to the overall health of our economy and natural resources.

The Department of Natural Resources (DNR) recognizes the importance of the forest industry sector in Wisconsin, which generates more than \$24 billion in economic output and employs over 60,000 workers across the state. With the onset of COVID-19 and the governor's Safer at Home directive, the forest industry has been operating as a critical essential service in our state. To aide in the delivery of those important services, the DNR prioritized our staff's duties to focus on emergency response and fire suppression efforts to both protect the public and natural forest resources. In addition, we ensured our staff were able to continue to safely perform tasks that helped contribute to the flow of wood products to the supply chain.

The demand for specific wood products, international tariffs, housing markets, mill capacity and vulnerability, the logging sector and weather are just some of the factors that contribute toward the volatility of the long-term health of the forest industry in Wisconsin. Our agency continues to collaborate and work in partnership with our many private and public forestry constituents to understand current trends, adapt to the public needs and changing environment, and plan for the long-term health of our natural resources.

We are committed to working together to support any unintended impacts from this pandemic to help sustain a robust forest economy in this state for current and future generations.

Preston D. Cole

Secretary

Wisconsin Department of Natural Resources



FOREST PRODUCTS

Forest products challenged by pandemic

The diversity of Wisconsin's forest products industry is shadowed by volatility arising from a multitude of challenges, both globally and at home as the pandemic plays out.

The industry, encompassing pulp, paper, lumber and logs, generated \$24.3 billion in 2017 and employed more than 63,000 workers.

Paper manufacturing includes companies that manufacture pulp, paper and converted paper products. Some of its segments report stability, while others continue in a long-term decline – causing a pronounced effect in Wisconsin.

On June 9, Ohio-based Verso Corporation announced that it would shutter its Wisconsin Rapids mill by July 31, putting 902 people out of work. The mill manufactures graphic papers used in marketing, media and commercial printing. The mill is Wisconsin's largest wood consuming facility by volume. Over 500 logging/trucking businesses supply the mill directly, excluding other sub-contractors. If the mill does not restart, this would equate to approximately 625,000 cords of pulpwood market capacity lost for loggers - approximately 25% of all pulpwood processed at Wisconsin mills. It also plans to close its mill in Duluth, Minn., affecting 220 jobs, many held by Wisconsinites.

Demand for printing and writing-grade paper remains in a steady decline with the expansion of technology-based communications.

COVID-19 exacerbated the problems for graphic papermakers, because of advertising cutbacks and the prevalence of online marketing.

The Wisconsin Paper Council noted that for every paper mill job, six other jobs are affected, resulting in a widespread negative effect when a mill closes.

Other Wisconsin paper manufacturers have endured layoffs, furloughs and job eliminations, including at the Domtar mill in Rothschild, which laid off 60 of about 400 workers for an expected three months in late April.

The council reports that there is uncertainty throughout the industry, with all major Wisconsin mills taking downtime in June and July. The paper industry also has been hit with substantial share-price declines, which are currently down 40 percent from their peak, according to the council. It took more than three years for share prices to reach the prior peak during the Great Recession. The packaging industry is down 38 percent from its peak.

According to the Wisconsin Department of Natural Resources (DNR), paper products used for packaging experienced a slight pre-pandemic increase with the growth of e-commerce; business in sanitary papers, such as tissues and napkins, has remained steady.

The panic-buying of toilet paper as the pandemic got underway drew headlines nationally. The paper council said that materials used in the tissue segment are experiencing a supply deficiency to meet market demands. Although paper mills' revenue in this segment may not be negatively affected, they are experiencing challenges in the material input needed to make products.

Because of the COVID-19 pandemic, some segments – notably high-demand medical-grade papers and tissues, a fairly small industry segment – have scaled up production.

Paper recyclers are in a catch-22 situation as they face high demand for some commodities, yet find that substantially less material is being generated because of closings and slowed operations throughout the economy.

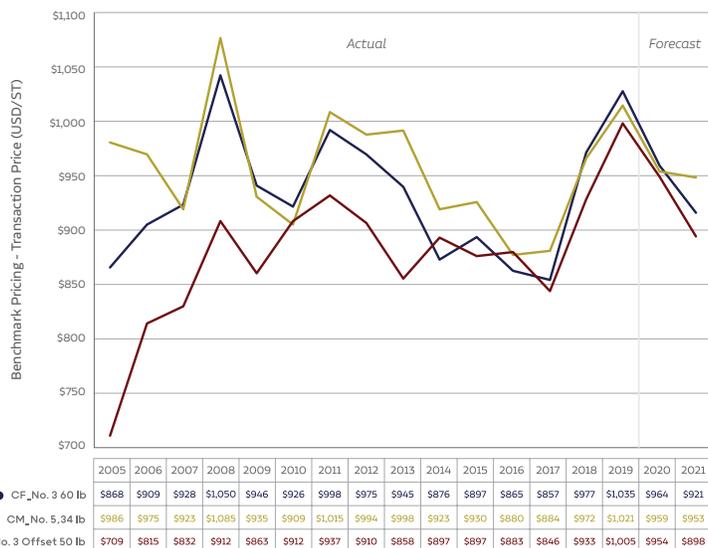


Source: Fastmarkets RISI

Demand Indicators Printing and Writing NA Shipments

From 2008-2009, North American shipments in coated grades and uncoated woodfree (grades produced in Wisconsin) dropped between 12.3 percent (uwf) to 18.5 percent (cwf). While the markets recovered the following year, they did not reach back to prior levels. Demand was permanently displaced.

In 2020, Fastmarkets is predicting even steeper declines in shipments, from 18.7 percent (cm) to 20.1 percent (cwf). While a mild recovery is predicted in 2021, uncertainty abounds. We anticipate fundamental disruption as businesses (less ads) and work-from-home/schooling/etc. patterns change (less consumption of paper in the office, hotels, schools, etc.).



Source: Fastmarkets RISI

Price Benchmarks Printing and Writing

CF No3 60 lb =
transaction pricing for coated woodfree rolls

CM No5 34 lb =
transaction pricing for coated mechanical rolls

UF No3 Offset 50lb =
transaction pricing for uncoated woodfree offset rolls

In short, pricing is a reflection of the supply/demand balance. As available capacity outstrips market demand, pricing drops. The impact of COVID-induced demand reduction is clear – pricing is forecasted to drop ~\$100/st from 2019 to 2021. As an example, for a 300,000 tpy mill, this represents a \$30 million hit to the P&L.

COVID-19 Impact on Major Industries

FOREST PRODUCTS

The state's logging sector feeds a chain needed to support lumber and paper manufacturing. According to Wood Industry Collaborative, family-run businesses are struggling with that volatility. All logging companies in Wisconsin are either sole proprietors or family run; no large corporate logging firms operate in Wisconsin.

Starting in March, Wisconsin's lumber industry experienced declining demand for wood building materials as housing starts ticked down nationally. Also affected was the market for industrial wood products, such as pallets and crating materials, because of a temporary slowdown in manufacturing.

Because logging depends on expensive equipment, insurance costs for the firms are high – from \$3,000 to \$6,000 monthly on \$1 million or more of heavy equipment. If market and pandemic conditions do not change, it is estimated that some firms could face a three- to six-month survival time. Some small sawmills in Wisconsin are also at risk of closing their doors, with some reporting sales down 25-30 percent.

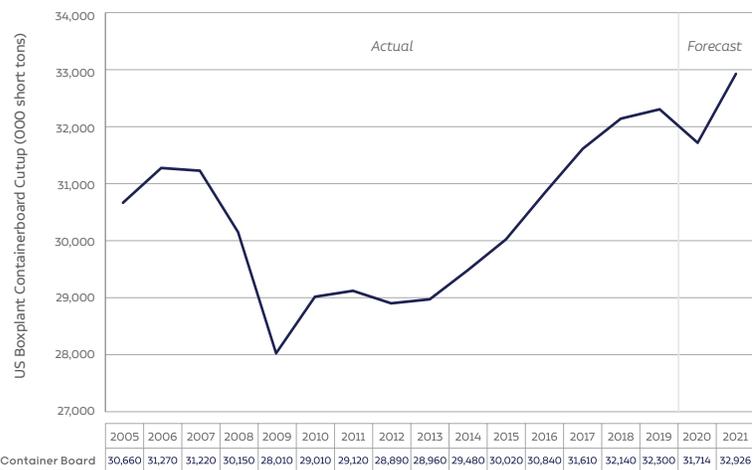
Wisconsin lumber producers also export lumber and logs, notably to China for its manufacturing sector. In February, producers were encouraged when China lifted tariffs on U.S. hardwood lumber for a year. But the DNR reports that many Chinese wood manufacturers were closed during the pandemic and only recently has there been an uptick in demand.

Demand Indicators

Containerboard U.S. Box Plant Cutup

“Cutup” represents consumption of containerboard in box plants. While “other uses” exist, they are substantially smaller and not significant to overall board consumption trends. From 2008-2009, US cutup dropped 7.1 percent as manufacturing stalled and consumer spending dropped. Markets recovered, but it took 7 years to return to prior levels.

In 2020, RISI is predicting less steep declines, only around 1.8 percent. Similar to P&W, uncertainty abounds despite a predicted uptick in 2021. That said, we'd expect better recovery in containerboard versus P&W as manufacturing rebounds.



Source: Fastmarkets RISI



COVID-19 Impact on Major Industries

FOREST PRODUCTS

Little Rapids Corporation Perspective

Little Rapids Corporation (LRC) is a family-owned business headquartered in Green Bay, Wisconsin. The company employs 450 associates in three northeast Wisconsin facilities – two converting plants in Green Bay and one paper mill in Shawano. The three businesses trade under the names Graham Professional, Shawano Specialty Papers and Little Rapids Print Division. Graham Professional manufactures one-time use products for the health care and beauty (salons, spas, barbershops, tattoo, etc.) markets; Print manufactures printed paper, film and nonwoven substrates for the packaging market; and Shawano manufactures a variety of paper substrates for Graham Professional and the Print Division, as well as for external customers that make products such as coffee filters and party good napkins. Key end-use markets are physician offices, EMS, acute care, salons and barber shops, towels and tissues and coffee filters. Roughly half of LRC's sales go into health care and beauty.

COVID-19 Impact:

Safety is our first priority and with COVID, we quickly developed protocols to protect our associates. To date, we have had to quarantine approximately 10 percent of our associates at one time or another. Based on FFCRA regulations, we adopted a policy that no associate would be financially impacted if they had to miss work due to COVID.

It quickly became evident that our beauty business would suffer as most, if not all, of our customers were closed when the shelter-in-place orders were issued. Our health care business also suffered, as many of our products go into other than emergency settings (such as physician offices), and demand for these products fell to 20 percent to 30 percent of pre-pandemic levels. Our beauty business is beginning to recover, but our medical business remains affected as patient flow has not been fully restored. This change in demand most significantly affected our Graham Professional business and since Graham sources its paper from our Shawano paper mill, the mill also was affected. Our paper mill business was further impacted by the immediate loss of a large customer that served the airline industry.

COVID-19 Response:

LRC has responded to the pandemic in three important ways. First, we did not reduce salaries, wage rates or employment for any of our associates. Instead, some of our associates: 1) sewed masks for the rest of the organization and their family members; 2) assembled respirator type masks and donated them to first responders in New York City and to Aurora Healthcare locally; we also provided masks to ThedaCare and personal protective equipment (PPE) materials to a local health clinic and to the Green Bay Fire Department; and 3) conducted additional training and lean/six sigma events. Second, we accelerated

our innovation efforts to increase our ability to source key PPE products to our health care customers. We are installing our first face mask machine in our Graham converting plant in Green Bay, and we have a second machine coming in August. We also modified a machine in Green Bay to enable us to produce one-time use capes for our salon/barber customers. Third, we responded quickly to changing demand patterns by finding new business or adjusting product lines to keep the business healthy.

Long-Term Impact:

It is likely too early to tell what will become a permanent versus temporary change. However, we believe that the supply chain dynamics during the pandemic and the resulting shortages of key PPE will drive health systems and governments to seek out or develop local supply. We also believe our core products, which promote sanitation and infection prevention and control, will be in greater demand in the future. However, we also are concerned about reluctance from the public to reengage with their primary care doctor or specialists and what a reduction in demand means for long-term public health and the economic viability of our current health care system. One fact is certain, however: We now appreciate that we do not all need to be co-located in an office building to be effective. We believe that we will operate remotely to a much larger extent in the future.



Kirk Ryan

President and CEO
Little Rapids Corporation

COVID-19 Impact on Major Industries

FOREST PRODUCTS

Logger Perspective

We're strictly a logging and trucking operation, and we've been feeling the crunch for the last three months. Our production was down 50 percent in early April and we're up to about 75 percent production capacity now. We received Paycheck Protection Plan funds to keep our 18 full-time employees paid through the end of June. After that, I'm not sure what we'll do. That's where things will start hitting us hard.

But things could get worse, because the Verso paper mill in Wisconsin Rapids is shutting down at the end of July. That affected our industry immediately, because the paper mill had enough wood to keep going without us having to cut another stick of wood. And 25 percent of the wood fiber in Wisconsin goes to that mill. I don't think anyone knows what the effect of that closing will be – but it'll be drastic. Our operation doesn't ship to that mill, but it's going to make all of that wood fiber available to paper mills that we do ship to – and at fire-sale prices.

Our operation has six logging crews and each crew has about \$1 million of equipment, so to park one of those crews and still make payments will be tough.

Mark Huempfner

Owner
Wild Rivers Forestry



COVID-19 Impact on Major Industries

MANUFACTURING

Faster recovery through manufacturing

Manufacturing has long been one of the most critical drivers of Wisconsin's prosperity, with over 9,400 companies and a nearly 20 percent contribution to GDP. Manufacturing led the economy out of the Great Recession and posted strong pre-pandemic performance.

The sector entered 2020 with significant momentum while facing serious challenges. Wisconsin's aging demographics are impacting the supply of new workers, leaving many businesses without talent needed to grow. From 2015 to 2040, Wisconsin's population aged 65 and older will grow by 640,000. By 2040, 18 counties in Wisconsin are projected to have at least 33 percent of their total population aged 65 and older. Three of those counties are estimated to reach 40 percent.

Up-skilling became critical to leverage available talent and generate maximum returns on technology investments, while creating pathways to bringing in new talent. Industry

4.0 technologies, including automation, drove competitiveness and consolidation, with early adopters gaining significant marketplace advantages.

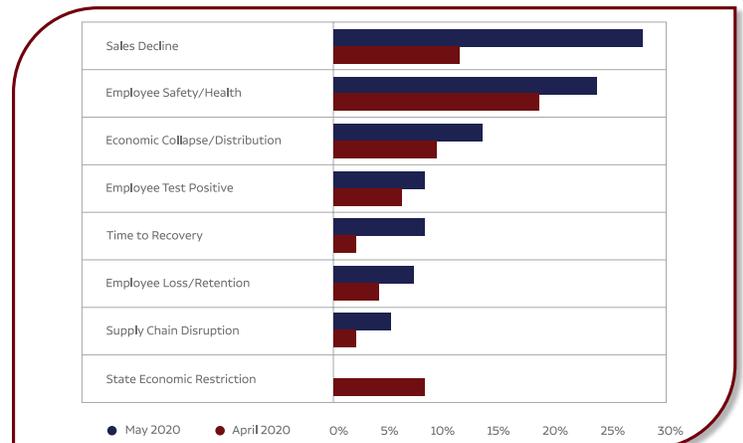
These trends created an environment with historically low levels of unemployment, solid demand for goods and services, and key initiatives focused on productivity to accelerate growth.

COVID-19's impact on manufacturing was felt early on. Although the majority of manufacturers remained operational, the halting of the economy caused record job losses and decreased demand for goods and services.

Although more people were out of work, they were in economic sectors harder hit than manufacturing. The unemployed workforce does not necessarily meet manufacturing's increasingly skilled needs, thus not helping to offset the challenges the industry continues to face.

Manufacturer Pulse Survey

Comparison of Number one concern during April and May
(Open-ended Responses Categorized)



Source: WMEP Manufacturing Solutions COVID-19
2nd Wisconsin Manufacturer Pulse Survey, June 2020

Most manufacturers implemented measures, adjusted processes and relied on personal protective equipment (PPE) to continue running while keeping their employees, customers and visitors safe. They also adopted new technology to leverage available workers, protect employees and customers, and maintain ongoing contact with stakeholders. The necessary pivots in operations accelerated technology adoption, as millions learned how to work remotely and apply new technology to address a myriad of issues. These changes will have lasting impacts on manufacturing, with enhanced safety becoming part of operations for the foreseeable future, along with the costs that come with it.

Finally, the pandemic accelerated the consolidation of manufacturing, moving businesses from struggling operations to stronger companies using new technology to gain market share. This trend will accelerate as manufacturers in-source components previously subcontracted to smaller manufacturers. This in-sourcing threatens smaller companies' survival as they struggle with cash flow and shrinking markets.

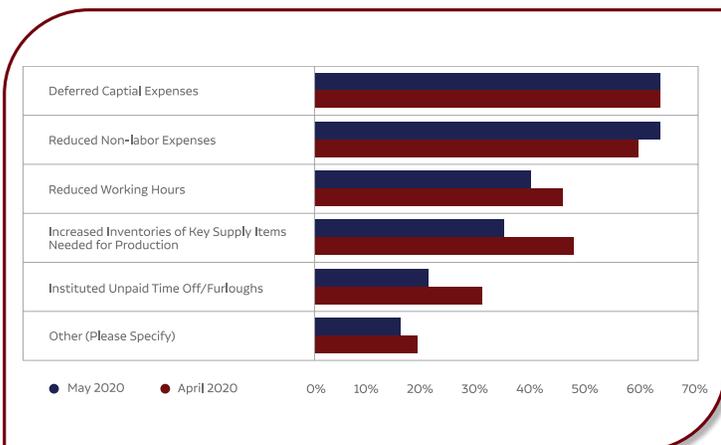
A pulse survey taken in mid-May by the Wisconsin Manufacturing Extension Partnership (WMEP) provides more background to the present conditions. The responding manufacturers put employee safety and sales decline at the top of their list of concerns.

The data suggests that safety concerns are being addressed, as 83 percent of these manufacturers did not experience a COVID-19 infection. Sales declines are also real, as business shrunk for 77 percent of the respondents. A significant number of manufacturers are under critical stress, as shown in responses to serious cash flow concerns (15 percent), a very negative outlook for their business (18 percent) and belief that their businesses will be "much worse" than before the crisis (10 percent).

Even with these obstacles, manufacturers remain optimistic, with 79 percent expecting to be back to normal operations within 12 months.

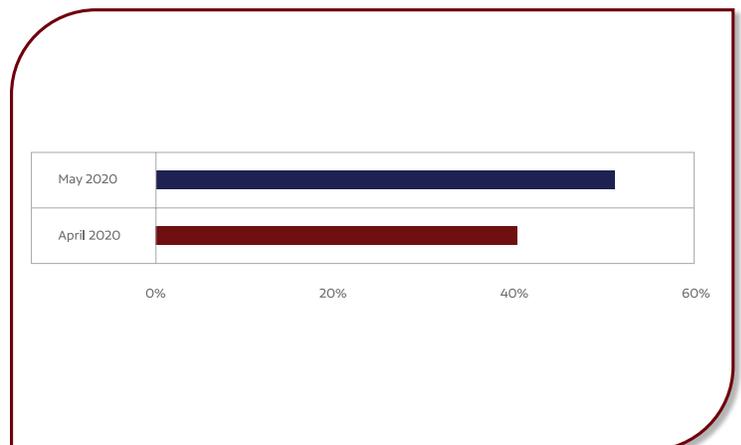
Manufacturer Pulse Survey

Actions taken in response to COVID-19/economic crisis



Manufacturer Pulse Survey

Business Outlook Characterization for Firms (Percent very positive and somewhat positive responses)



MANUFACTURING

Trends to watch

The underlying trends still exist as we begin to emerge from the crisis. Our demographics restrict growth as our workforce ages, with fewer people available to replace our retiring workers. Further support and collaboration with Wisconsin's technical colleges is vital in training people for a new manufacturing landscape.

Pre-pandemic, productivity was a key focus for manufacturers and partners working to support these efforts. This emphasis remains as we work to gauge the impact and lean on technology adoption to facilitate productivity gains needed to grow and compete. Efforts to accelerate training and support with investment must be integrated, particularly focused on small-to-midsize manufacturers. These changes reinforce the need for up-skilling. Adoption of automation during crises and downturns often surges as a tool for recovery, according to the Brookings Institution, underscoring the need for higher-skilled workers.

Broader concerns will also determine the pace of recovery. First, progress depends on our ability to weather a potential second pandemic surge and the capacity of health care systems to handle new demands. Second, product demand will

determine whether manufacturers can continue operations and support the comeback. We expect to see consolidations, causing some struggling manufacturers to not survive the downturn. Finally, a recent surge in cybercrime emphasizes the need for ongoing cybersecurity to make our organizations more resilient.

As we recover, the pandemic will bring new opportunities and possibly extend some of those that have been identified in the last few months. Wisconsin manufacturers have pivoted in impressive fashion - retooling machinery to manufacture masks, creating PPE and leveraging 3D printing, for example - to support health care and business operations. Looking ahead, there is widespread interest for re-shoring critical industries in the health care arena to manufacture PPE, pharmaceuticals and medical devices, while other supply chains continue to adjust to disruption. We will need to continue to monitor these trends to assess which will have long-term viability. While there will be new growth opportunities, establishing a path to productivity improvement, process improvements and workforce up-skilling will accelerate the recovery.





COVID-19 Impact on Major Industries

MANUFACTURING

Already in process is ensuring that healthy manufacturers have the ability – financially and technically – to make it through the pandemic and into a stable place in the new economy. With stability, the focus shifts quickly to technical and financial support to help manufacturers improve productivity and competitiveness, with an eye toward innovation to continue capitalizing on the dynamic nature of the marketplace. In addition, adoption of technology not only accelerates the path to recovery, it supports continued focus on sustainability practices as manufacturers realize the benefits of improving efficiency of their operations heading into the 21st century.

The following actions will place our manufacturers on firm footing for future resiliency:

Assess impact: A “recovery discovery” process is underway and involves broad outreach to Wisconsin manufacturers to assess impact and prioritize critical needs. These activities will lead to tailored action plans to prepare operations for longer-term actions. We estimate that 20 percent to 30 percent of businesses are struggling to regain stability to enter the recovery phase.

Advance productivity, training and technology:

Leveraging the Policy Academy framework, we are bringing together key stakeholders from industry, higher education, economic

development, and WMEP and the Manufacturing Outreach Center to outline a specific set of steps to identify the most critical needs facing small-to-medium-size manufacturers in becoming more competitive. This approach uses the Bureau of the Census MOPS survey and Wisconsin’s custom Transformational Productivity Initiative to stratify manufacturers using industry best practices as the measuring standard. This process informs a plan that is right-sized based on the starting point of the company and investment needed for improving productivity. It will provide input to identify state-supported funding programs to help companies along this continuous improvement journey to invest in cybersecurity, automation, sustainability or innovation for future resiliency.

Accelerate market expansion: Manufacturers need efficient access to domestic and world markets. The WEDC’s Global Network and partners catalyze exporting through strategic immersion initiatives such as ExporTech, trade ventures and business development programs for Wisconsin manufacturers. A broader portfolio of support resources, including the Wisconsin Supplier Network, make it easier to connect with new domestic customers. In addition, a plan will identify targeted opportunities, regionally and by industry, for re-shoring due to the global market disruption.

COVID-19 Impact on Major Industries

MANUFACTURING

Rockwell Automation Perspective

The signs were good: Rockwell Automation was off to a solid first half of our fiscal year. We went into the pandemic with healthy internal and external supply chains, but they have been tested in these months of crisis.

Internally, we had no plant closures globally, but attendance dropped in some plants to as low as 50 percent for brief periods of time. For the most part, our manufacturing plants' attendance rates have averaged about 85 percent, with our Asia-Pacific region plants now running closer to full capacity.

Externally, we had some suppliers close their shops for being tagged nonessential, but we were fortunate to have quickly secured enough excess inventory from most of them to avoid more serious, negative downstream impacts. Some of factored product suppliers have had a more difficult time with their upstream supply chain, and we have felt the consequences.

To be more resilient, recruiting, training and retention of manufacturing associates is critical – both for Rockwell Automation and our manufacturing colleagues statewide.

We must continue to promote career pathways in advanced manufacturing through technical colleges, universities and high schools to build a robust talent pipeline. Wisconsin should invest in advanced manufacturing programs at key technical colleges, focusing on automation and robotics.

There is also a need for all manufacturers to develop more agile and durable supply chains. Fortunately, we employed strategies around business continuity within its raw materials and manufactured supply chain. But even they were found insufficient with the pandemic's many disruptions.

Most manufacturers are now exploring every opportunity to insulate themselves from the pandemic's negative consequences. Whether pertaining to health screening, supply chain sustainability or remote support capabilities, we must all give serious consideration to contemporary, enabling technologies that can provide a favorable impact. Clearly, some manufacturers considered those technologies “nice-to-haves,” but are now thinking of them as “must-haves.”

Bob Murphy

Senior Vice President, Connected Enterprise Consulting
Rockwell Automation



COVID-19 Impact on Major Industries

MANUFACTURING

Pindel Global Precision Perspective

Since 1947, Pindel Global Precision has provided custom, precision-machined components and solutions to customers globally. With an experienced engineering team and cutting-edge programming software, we provide our customers with robust model-to-machine solutions.

Prior to COVID, we machined medical parts, but not ventilator components. With the onset of the global pandemic creating both a health care and a manufacturing crisis, in February and March, we faced multiple ventilator original equipment manufacturers (OEMs) needing to make different ventilator components – and all needing them simultaneously and immediately. We successfully pivoted our operations to fulfill those needs, now for five OEMs. Because of that positive, breakthrough experience – combined with the general disruption of global supply chains – we realized that the landscape for automation-enabled advanced manufacturing in the Upper Midwest has shifted toward a much more positive and supportive future.

In particular, Wisconsin's concentration of manufacturers is characterized by a century-old ecosystem that supports manufacturing: machining, heat treating, plating, grinding, injection molding, forging, extrusion and assembly. That ecosystem is unique in the U.S. When combined with a highly skilled workforce and very advanced technologies, such as automation, artificial intelligence, sensor technology and data fluency, Wisconsin is positioned to continue being a global leader.

These past three months of dealing with a global pandemic with disruptions of global supply chains and COVID-induced pivoting within manufacturing have portended a future well within Wisconsin's reach: advanced products manufactured and assembled regionally and delivered globally with low lead times, low minimum-order quantities and low cost, enabled by an increasingly skilled and increasingly compensated workforce.



The takeaway from this period is the urgency to automate with the goal to create more jobs, improve efficiency and compete globally. As a tailwind, automation provides a path for individuals to capture more value. However, we need to focus on aggressively upskilling to accomplish more. Our current workforce is predominantly employed at Small-Medium Enterprises (SME), and they don't have the resources to upskill as quickly as larger companies. For SMEs, though, upskilling can be expensive and, if done internally, can be suboptimal since employees have to be taken off productive work to train other employees. Rather, SMEs need and want to look outside of their walls for opportunities to flexibly and productively upskill their workforce.

State and local resources can begin immediately by supporting SMEs for the cost of sending their employees to external courses of instruction that are oriented around industry work hours. Employees can then continue to add value daily during upskill training. With financial support for advanced training, we can provide a pathway to promotion of advanced manufacturing employees to positions of greater capability. That, in turn, will create a need for additional employees. This capability becomes an avenue for people who have been unemployed in sectors hardest hit by COVID.

To conclude, by capitalizing on our advanced manufacturing strength and the COVID-19 trend lines that have been revealed, we have the opportunity to make Wisconsin the manufacturing floor for the world – a role that creates jobs, high wages and next-generation opportunities.



Bill Berrien

CEO
Pindel Global Precision

COVID-19 Impact on Major Industries

INTERNATIONAL IMPACT

Wisconsin business on a global stage

With 96 percent of the world's population consuming products outside the U.S. and 1 billion people expected to join the global middle class in the next decade, industry depends on stable international markets for growth. The global spread of COVID-19 exacerbated the instability already being experienced with trade relations and the impact to exports, supply chains and foreign direct investment on the state's economy.

Wisconsin relies on international markets for growth with annual exports of \$21.5 billion to over 200 countries. Trade data compiled by the U.S. Census Bureau shows that the early part of the year, prior to the pandemic, state exports were dampened slightly with a 4.6 percent decline over 2019 due to trade disputes between the U.S. and China and other nations. Wisconsin ranked 22nd among the 50 states in export volume through the first four months of 2020.

While Wisconsin's exports in March 2020 (\$2.04 billion) were not too far from March 2019, the state's exports in April 2020 totaled just \$1.42 billion – the lowest single-month total since January 2010. COVID-19 disruptions most likely contributed to a higher decline in the April 2020 performance. In the first four months of the year, Wisconsin exports totaled \$6.8 billion, down 5.89 percent compared to a national decline of 9.46 percent. During that same period, Wisconsin's imports fell 10.26 percent to \$8.22 billion.

One of the lasting effects of the pandemic may be the disruption to Wisconsin businesses' supply chains. Prior to COVID-19, some state industries, from food and beverage to bio-health to defense, have put measures in place to diversify those supply chains because of increasing offshore wages, transportation costs and lead times.

But considering the global nature of the pandemic, there is an acceleration of those business decisions, which may provide an opportunity to consider Wisconsin suppliers to improve continuity, dependability and timeliness in supplying industries. However, it should be noted that certain areas of the world are more stabilized since they dealt with COVID-19 earlier and have recovered more quickly.

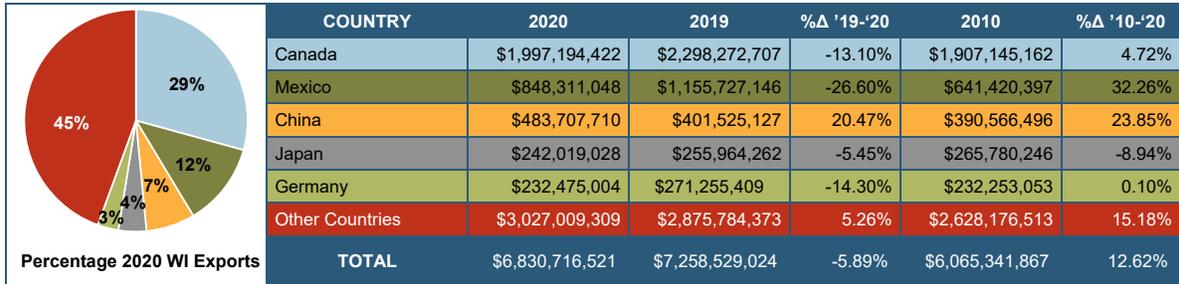
WEDC is working with statewide partners to develop initiatives to support supply chain diversity through a combination of funding and already-available resources, such as the Wisconsin Supplier Network. The agency is also working with key industries to address specific challenges to their sourcing, operation, transportation and market conditions.

The pandemic has resulted in mixed results for foreign direct investment (FDI) in the state. Although specific data has yet to be collected, early indicators show that for companies considering new investment in Wisconsin, half the projects have been put on hold while half are planning to move forward.

New projects, especially from Japan, emerged quickly even when no project was expected. These generally involved personal protective equipment and pharmaceuticals. Currently, Germany, Japan and Italy have shown the most interest in Wisconsin.

WEDC has reached out to the global CEOs of the foreign-invested companies in the state. All say they remain dedicated to Wisconsin, but may be revising this year's forecasts due to economic uncertainty and upheaval. We will continue working closely with industry and economic development partners to identify opportunities to expand exports, support supply chain reshoring, and engage FDI.

TOP EXPORT DESTINATIONS: JANUARY-APRIL 2020



TOP EXPORT PRODUCTS: JANUARY-APRIL 2020



DATA SOURCE

The U.S. Census Bureau is the official source for U.S. export and import data, including data by individual state. WEDC subscribes to WISERTrade, an online service from the World Institute for Strategic Economic Research in Leverett, MA, that converts the raw Census data into a more user-friendly format, <http://www.wisetrade.org/>

Source: Wisconsin Department of Revenue



COVID-19 Impact on Major Industries

RETAIL

Retailers and restaurants feel the pain

Many Wisconsin retailers – especially those tied to a brick-and-mortar presence – and restaurateurs have experienced a rough ride during the pandemic.

Closures devastated the bottom line for thousands of state retail businesses, put people out of work, cut into state sales taxes and jolted consumers. Still, businesses often found creative and flexible ways to adapt to meet consumer demand and generate revenue.

Applying an innovative spirit, delivery and curbside service emerged as pandemic staples of the industry, perhaps signaling they'll become a lasting fixture. Drive-through farmer's markets popped up and local businesses teamed up with houses of worship to sell their products while also raising money for the closed churches.

That creativity and persistence, however, didn't dim the economic reality for stores and restaurants that were closed from March 26 to May 13. State sales tax collections dipped in May 2020 by 10.1 percent – or \$46 million – over the previous May, according to the Legislative Fiscal Bureau.

Economic development officials statewide have reported that small and family-run retail businesses have taken a major hit, damaging efforts to reignite downtowns and commercial corridors across Wisconsin. Especially in small-town Wisconsin, these enterprises are important not only to the business owners, but to both consumer choice and to the quality of life locally. Some of these efforts have required major investments across decades.

Retail failures during the pandemic also put commercial landlords at the risk of bankruptcy. The Washington Post reports that retail giants

such as Bed Bath and Beyond, H&M, the Gap and movie theaters AMC and Regal stopped paying rent in May. Starbucks paid May rent, but is seeking concession from landlords over the coming 12 months, the newspaper reported.

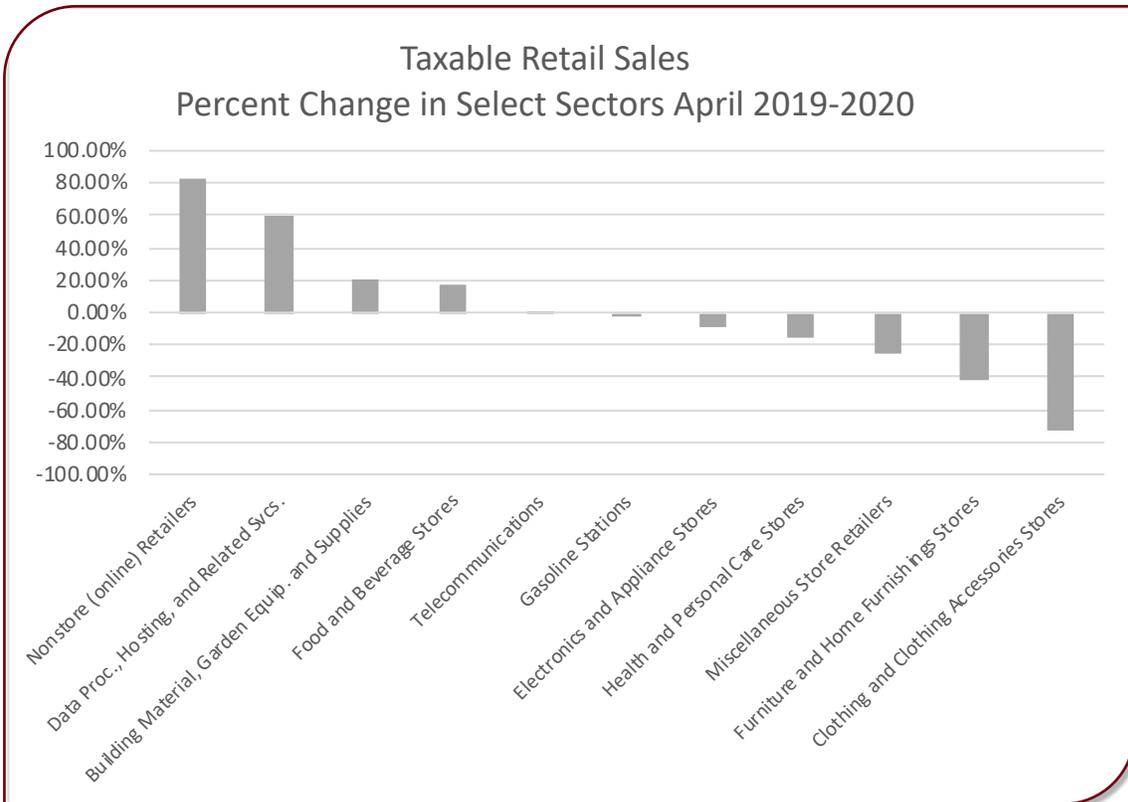
Nationally, however, there is reason for guarded optimism. May retail sales spiked 17.7 percent, reversing the March and April collapse as the economy began to reopen. The rebound followed two months of stark declines, as retail sales were off 8.3 percent in March and 14.7 percent in April.

Those results are tempered, however, by consumer spending which has experienced a steep drop in recent months. Another cautionary number is the nearly 8 percent decline in retail spending since February.

Hart Posen, a UW-Madison business professor, says retailers are affected differently by the pandemic and adds that operations such as Amazon, Kwik Trip and Kohl's – all with either headquarters or significant operations in Wisconsin – are well-positioned to survive while some larger retailers seem doomed. He sees iconic names such as Sears, Kmart and JC Penney as likely to disappear.

“Kohl's is a prime example of a company that will suffer a lot of short-term pain, but will ultimately benefit from the sweeping away of dying competitors. That doesn't change the basic challenges of competing in an omni-channel world, but they're getting increasingly good at it,” Posen says of the Menomonee Falls-based department store chain.

La Crosse-based Kwik Trip, he says, bridges a retailing gap. “They don't offer full-service, online grocery delivery, but they fill that ‘I need one or two things from the store’ need for households.”



Source: Wisconsin Department of Revenue

While a majority of retailers saw significant sales decreases throughout the spring shopping season, there were certain bright spots. Included in these is a more than two-thirds increase in online sales and a surge in grocery and building material spending as households now spending more time at home ramped up both in-home dining and completion of home improvement projects. Suffering the most were retail categories, including home furnishings and clothing retailers, which rely on in-person visits to touch and try on goods.

COVID-19 Impact on Major Industries

RETAIL

Amazon is also a big winner, Posen adds, because of its vast digital footprint.

A report in eMarketer said that before the pandemic, e-commerce sales represented most of retail sales growth, with \$600 billion in online sales accounting for 56 percent of overall retail growth in 2019. Online sales growth is expected to balloon to \$6.5 trillion in 2023.

During the pandemic, one study showed that April's average daily online sales were 39 percent higher than March's averages.

The idea that retailers were affected differently is borne out in sales tax figures. Based on preliminary sales tax data comparing April to the same month last year, taxable retail sales for clothing and accessories were down 74 percent, there was a 53 percent dip for food services and drinking establishments and 28 percent for motor vehicle and parts dealers.

On the flip-side, however, taxable retail sales at non-store retailers soared by 83 percent, building material and garden supply stores were up 21 percent and food and beverage stores were up by 18 percent.

Wisconsin restaurants also felt the pain. The National Restaurant Association surveyed Wisconsin restaurant owners and operators in mid-April and found:

- **State restaurants reported a 70 percent sales decline from April 1-10;**
- **Eighty-four percent of Wisconsin restaurant operators laid off or furloughed employees during the outbreak; and**
- **The association estimates 136,000 restaurant employees were laid off or furloughed during the outbreak.**



COVID-19 Impact on Major Industries

RETAIL

Orange Kitten Yarns Perspective



In 2011, with my own money, I rented a location, ordered stock and opened my yarn shop. I specialize in locally produced fiber/items and classes. The shop was just coming out of a two-year slump after a move. With planning and tight budgeting, along with a successful 2018 Cheesedays event, business was finally improving. I closed the shop on March 21 after the safer-at-home order.

During March and April we did some curbside/delivery. Customers purchased gift certificates and the Main Street program did 'Shopping Live' segments, which I participated in. We were forced to cancel our classes normally held in the shop and at the local Senior Center.

The yarn shop relies on out-of-town visitors and Cheesedays event traffic. The event is canceled this year, and tourist traffic remains absent. To restart, we were open on Saturdays in May and in June we will start Wednesdays and Saturdays for two weeks and then reassess. I have received some funding from the SBA. I am a life-long resident of Monroe and love supporting my community by owning a business. I have received some funding from the SBA, but the future of my yarn shop is still tentative. I hope to survive and continue to serve the community as the only business of its kind in the area.

Jocelyn Kline

Owner

Orange Kitten Yarns

RETAIL

The Abbey Bar Perspective

During this time of year, businesses like The Abbey Bar typically flourish. We look forward to events like the NCAA Tournament, spring sporting events at St. Norbert College and spring graduation. These peak business events, springboard us financially into the summer months, which tend to be quieter. All my optimism and hope for those things are gone, as we scramble with all our might to save our business that was started by my father and his partners in 1974. The business has experienced many downturns in the past where traffic was down as people reduced spending, but this crisis required a complete change in mindset. Our sales were down 78 percent initially, and we are still operating at 50 percent, which needless to say just won't cut it long-term. We furloughed 22 of our 30 staff and reduced hours for the remainder. I have diverted personal savings to pay the bills and am working without drawing a salary at present. We're doing everything we can to remain viable and keep interest through social media and other avenues, but it seems as though we've hit a dry-spell. It won't deter us from continuing to battle, as we get knocked down and all we can do is get up and try to work within those new rules. I believe it is important that we do ALL the right things to defeat COVID-19 together but know economic relief will be necessary to save my business.



Kerry J. Counard

Owner/operator

The Abbey Bar

COVID-19 Impact on Major Industries

SERVICES

Strife in the service sector

Anyone fearless enough to cut their own hair during the pandemic understands the importance of the service sector to the Wisconsin economy.

From hairstylists to tattoo artists to fitness instructors, much of the nation's service economy ground to a screeching halt in mid-March, leaving consumers without the services they previously often took for granted. The pandemic's effect shook service providers and wreaked havoc on their bottom lines.

According to the Pew Research Center, workers industries such as transportation services, hotels, restaurants, childcare services and the retail trade were at particular risk. These workers tend to be younger, lower-paid and, in pre-COVID-19 times, employed 19.4 million women and 18.7 million men.

Some workers in restaurants were spared layoffs as restaurants moved to curbside delivery and contactless home delivery. But workers at arenas, movie theaters and other entertainment industries weren't as fortunate, as government orders mandated their closure, the center said.

In Wisconsin in May 2019, the U.S. Bureau of Labor Statistics said 56,020 people were working in personal care and service occupations, encompassing everything from manicurists to bellhops, to childcare workers to tour guides, and many more fields. Statistics show they had an annual mean wage of \$29,240 and an hourly mean wage of \$14.06.

In addition to being a significant employer, the services sector is an essential part of the mix in Wisconsin's downtowns and commercial corridors.

The economic shutdown led to fundamental changes in some segments of the service sector. A survey of 1,000 fitness clubs nationally by the Harrison Co., a consumer-focused investment bank, found that \$10 billion annually could leave home fitness options in the club sector.

"The difficult economic circumstances currently faced by gyms and health clubs will not disappear once the crisis ends," said Paul Byrne, a partner at Harrison Co. "Once stay-at-home guidelines are lifted, consumers will continue to work out at home in numbers far beyond anything we saw prior to the crisis."

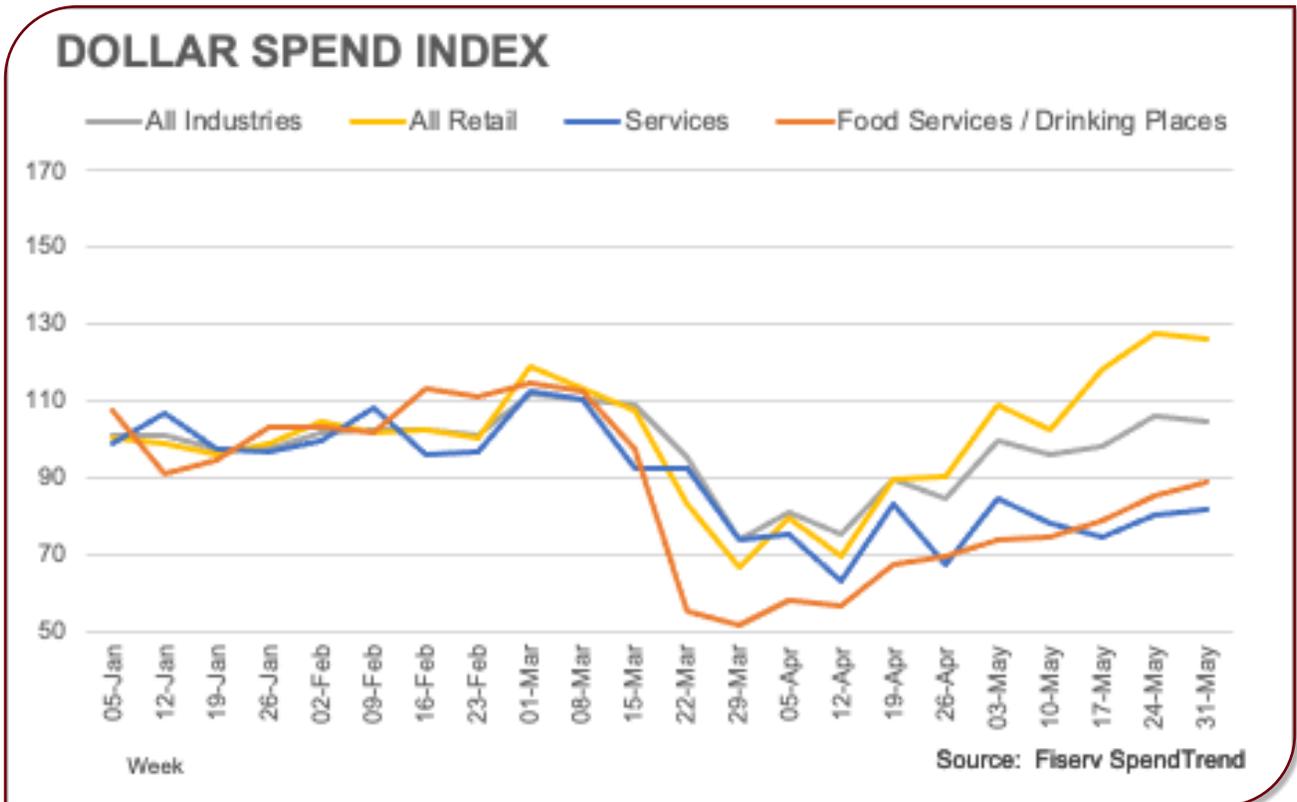
A late March survey by the American Med Spa Association showed that 93 percent of medical spas were closed nationally, and that owners were forced to lay off employees or make deep salary reductions; 79 percent reported cutting their workers' salaries by more than half.

By mid-June, many shuttered service businesses were resuming regular operations and seeking creative ways to fatten their bottom lines and — like the retail industry — attract and retain customers who stayed home during the depth of the pandemic's first wave.

Many hairstylists around Wisconsin were implementing safety measures, requiring face masks for stylists and clients, eliminating waiting rooms, and texting customers when it was their turn for appointments.



Photo Credit: Travel Wisconsin



Source: Fiserv SpendTrend

Service sector spending declined during the pandemic as virtually all service industries were shuttered. While retailers were able to pivot to online and delivery options and many restaurants implemented curbside and carry-out, service sector sales remained depressed throughout the month of May.



"I have not received any aid funds to date. As a still-new business, it has been an emotional and stressful journey."

Alfredo Ochoa, Madison, WI

COVID-19 Impact on Major Industries

SERVICES

Gallery & Frame Shop Perspective

Our business has been open for 45 years and on March 25, 2020 the safer at home order shut us down as a nonessential business, leaving us no other option than to send our seven employees home to be safe. This would be the first time in our history that we would have to deal with employees on unemployment along with the first time my husband or I filed for unemployment. Many hours were spent navigating the unemployment process, and as of early June both our claims are still "under review."

Countless hours and days were spent watching webinars, educating ourselves of all the many different financial and business options that were available. Endless conversations with our insurance companies, lawyers, bankers and other business owners ensued, followed by outreach to customers to keep them updated and ask for their support. One table was designated as our "COVID" table, so I could keep the paperwork organized.

On May 18, we reopened with modified hours, staggered schedules and some working from home. My anxiety was (and remains) extremely high, and I am exhausted. We are still struggling to find ways to digitize our business to provide additional customer options, and hope to find a new sustainable "normal" soon.

Julie L. Balson
Owner
Gallery & Frame Shop



COVID-19 Impact on Major Industries

SERVICES

P'Dia Tailoring Perspective

The impact of the pandemic is significantly more challenging than anything I've faced in my 30 years in business. There is so much uncertainty surrounding our industry that it is hard to plan for the future. Not only did we lose several months of income this year when we were closed completely, but the vast majority of weddings have been rescheduled for fall and into next year, resulting in a lack of venues available for those just starting to plan weddings.

What businesses need now is help and funds for marketing and diversification. Our business has always been fortunate to attract clients from word of mouth and positive reviews. However, it is now critical that businesses are constantly communicating with customers, letting them know that they are still here and open to serve them. P'Dia is working on enhancing our online presence and even offering more products for sale in the future so we are not as reliant on only services. We are optimistic for the future, but know that the rest of this year will be tough for small businesses.



Diane Wilson

Owner
P'Dia Tailoring





COVID-19 Impact on Major Industries

SERVICES

Manuel Hair Salon

I moved to Madison, Wisconsin 15 years ago from Mexico to pursue the American dream. My dream came through two years ago when I opened “Manuel Hair Salon”. Starting my business was a big leap of faith for me as I already had 21 years of experience. As a leader in the LGBTQ Latinx community, I always felt inspired to give back to the community with my talent and volunteering in different activities. With COVID-19, I was forced to close my hair salon in order to protect myself and my clients. It’s been a very difficult for me. Besides losing an income, my mental health is in a bad shape due to receiving a diagnosis of kidney failure early this year and now I am faced with many financial stresses. It’s a struggle to pay my bills, but I want to keep giving back my community! Two weeks ago, I opened my business and following the guidelines for safety. I have been working closely with Xochilth Garcia from the Latino Chamber of Dane County and she has been a source of hope as she keeps fighting not only for my life but my dream. My ask is that you remember minority small business and provide support as it’s not easy time for many of us.



Manuel Sanchez

Owner
Manuel Hair Salon

COVID-19 Impact on Major Industries

TOURISM

The tourism industry was among the first and hardest hit by COVID-19. When travel suddenly stopped, Wisconsin's communities were widely shuttered leaving hotels, restaurants and attractions empty, workers without paychecks, convention centers and sports complexes quiet, and business owners with impossible choices. In conversation after conversation, industry leaders have shared their stories of struggle, fear, sadness, and frustration at the challenges they are facing, and the lack of funding support for the industry's recovery.

The industry is financially hobbled as its infrastructure remains largely ineligible for most state or federal relief programs.

In response to the sudden and devastating financial losses to tourism businesses and industry infrastructure, the Department of Tourism sprang to action, immediately putting in place a plan for support and resources for stakeholders, as chambers and Convention & Visitors Bureaus (CVB) worked to build their own plans for recovery and support for their own local business owners. Throughout this time of crisis, we worked diligently to identify and advocate for solutions to the economic recovery efforts of the industry. We continue to position Wisconsin positively in the minds of future travelers as businesses reopen, travel slowly resumes, and participation in outdoor recreation builds.

Wisconsin's tourism industry is a patchwork quilt of rich variety—retail and hospitality businesses and workers, cultural assets, convention centers, sports complexes, entertainment attractions, public amenities, outdoor recreation opportunities, events and experiences—all of which are connected and supported through the infrastructure of local and regional chambers of commerce and CVBs. It is this heterogeneous collaboration that makes our communities great places for residents to live, businesses to invest, and travelers to visit. As we consider the necessary actions, policies, and investments to support the recovery of Wisconsin's tourism industry, we must acknowledge: marketing drives activity for every sector of the tourism industry and is core to community economic development.

In preparing this report, the Wisconsin Department of Tourism team and I directly engaged with more than 100 industry stakeholders, seeking to understand their challenges and needs, while gathering their diverse and informed perspectives. Their thoughts, ideas and insights are present within the content and recommendations of this report. In collaboration with these leaders across the state, we will continue to advocate for and lead the industry through the recovery efforts that will elevate tourism to new levels of success in the future.



Sara Meaney

Secretary - designee
Wisconsin Department of Tourism



COVID-19 Impact on Major Industries

TOURISM

Rebuilding tourism's power

A surging Wisconsin tourism industry that smashed economic records in 2019 today is staggering to regain its footing amid visitors' pandemic fears and uncertainty and a growing list of canceled major events.

Last year, the industry logged \$22.2 billion in sales statewide, supporting more than 202,000 full- and part-time jobs and providing visitor spending that drove \$1.6 billion in state and local tax revenue.

But the industry was deeply shaken by COVID-19, and a U.S. Travel Association survey found that Wisconsin has seen more than a \$2 billion loss on tourism spending since mid-March.

The loss of large-group gatherings, from music festivals to the State Fair to major conventions and community events has cost the state's economy hundreds of millions of dollars. The Department of Tourism warns that those events may be slow to return.

The department reports that, going into the state's highest-spending tourism season, much work needs to be done to reclaim traveler sentiment and confidence, especially as many establishments statewide cycle through opening and re-closing due to outbreaks. A third-party survey representing the responses of approximately 20 of Wisconsin's more than 200 Destination Marketing Organizations (DMO) report a combined loss of \$13 million for local tourism marketing promotion, heralding much larger losses for the statewide infrastructure as a whole.

As regional tourism absorbed this blow, many of the state's convention and visitor bureaus and chambers of commerce – whose efforts heavily depend on room-tax revenue and membership fees – are facing massive budget deficits, furloughs, layoff and major budget reductions. The collapse of such tourism industry infrastructure could have long-lasting effects.

Tax revenue from restaurant and lodging sales was broadsided by the pandemic. All counties recorded losses in this category, according to the Department of Revenue.

Revenue from restaurant and lodging sales in April 2020 versus the previous April plummeted 84 percent in Sauk County, 74.9 percent in Bayfield County, 69.6 percent in Buffalo County, 68.2 percent in Dane County and 64.9 percent in Door County.

Retail sales taxes increased in some counties, notably those that have large seasonal home ownership. There, many seasonal homeowners temporarily relocated to their homes earlier in the year than they otherwise would and made daily purchases. Among those counties were Adams, Bayfield, Burnett, Florence and Polk.

The agency expects the pandemic's effects will be long-lasting. Nearly all Destination Marketing Organizations (DMO) report a combined loss of revenue of \$13 million for local tourism marketing promotion.

Tourism marketing promotion is vital to maintaining a vibrant tourism economy. The U.S. Travel Association points to Colorado, which in the 1990s eliminated its state marketing budget because of fiscal pressures, resulting in an immediate \$1.4 billion loss in visitor spending.

Across the state, Local tourism industry leaders report efforts to build consumer confidence by emphasizing best practices for safe reopening of businesses, while looking to welcome overnight leisure travelers from regional drive markets to help jump-start the industry.

Research from Longwoods International shows promise for Wisconsin, indicating that those who still intend to travel have an increased likelihood of converting international or domestic flights into regional driving trips. This optimism is especially relevant, given the far-reaching residual impacts of tourism promotion and

tourism conversion amongst other sectors of our economy. A recent study conducted by Tourism Economics, a subsidiary of Oxford Economics, shows travelers who see Wisconsin tourism advertising and have visited previously are more likely to want to move here to work, start a business, retire or go to college.

Arts-related travel is also off dramatically. A study by Americans for the Arts finds that in Wisconsin 95 percent of organizations have canceled events, resulting in lost attendance of more than 2 million people. Sixty-two percent of those groups will have to make staff reductions.

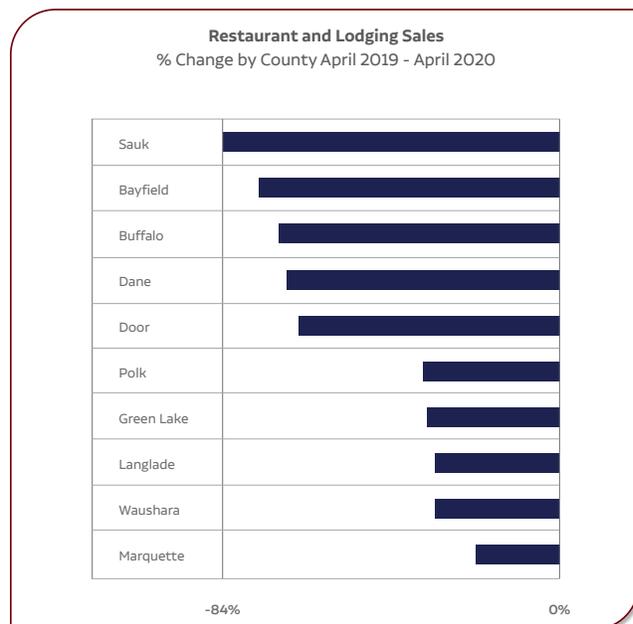
To regain tourism's prominent economic footing throughout Wisconsin, some of the department's recommendations include:

- Sustain state tourism marketing funding to drive economic recovery efforts and supplement losses from statewide DMO funding sources such as room tax, meetings & conventions, events and festivals;
- Make permanent the Office of Outdoor Recreation to continue to bolster business and jobs growth, support healthy community development, and promote economically vital outdoor tourism statewide.
- Invest in the Wisconsin Arts Board and its work to support the creative industries and develop Wisconsin's creative economy;
- Ensure broadband access for businesses, residents and visitors alike, to ensure information access and commercial viability for communities across the state;
- Expand and innovate tourism grants and provide access to low interest or interest-free forgivable loans, encouraging industry innovation to improve on seasonal job fluctuation and build more sustainable year-round offerings; and
- Provide funding support to tourism-reliant businesses for personal protective equipment.



Source: Wisconsin Department of Revenue

Retail sales - there was a year over year increase in sales for some counties, most notably those that have large seasonal home populations where those owners temporarily relocated to their seasonal home earlier in the year than they otherwise would and made daily purchases (grocery, hardware, etc.) in these areas. In contrast, the greatest decline was seen in more traditional tourism or activity hubs such as the Wisconsin Dells, Madison, Milwaukee and Green Bay, where daytime worker traffic and event/destination visitor traffic ceased.



Source: Wisconsin Department of Revenue

Restaurant and Lodging- decreases in this category in all counties. Largest decline in tourism markets where visitor and convention traffic disappeared. Least decline in communities with minimal overnight lodging accommodations.

COVID-19 Impact on Major Industries

TOURISM

Tommy Bartlett, Inc. Perspective



The COVID-19 pandemic has been a major disruption to the tourism industry in Wisconsin, especially in Wisconsin Dells and Lake Delton. In addition, the unavailability of J-1 student workers has caused major operating problems for our area businesses. As of June 10, 95 percent of businesses in the Wisconsin Dells area are open and operational, but only at levels approaching 50 percent of their normal June business.

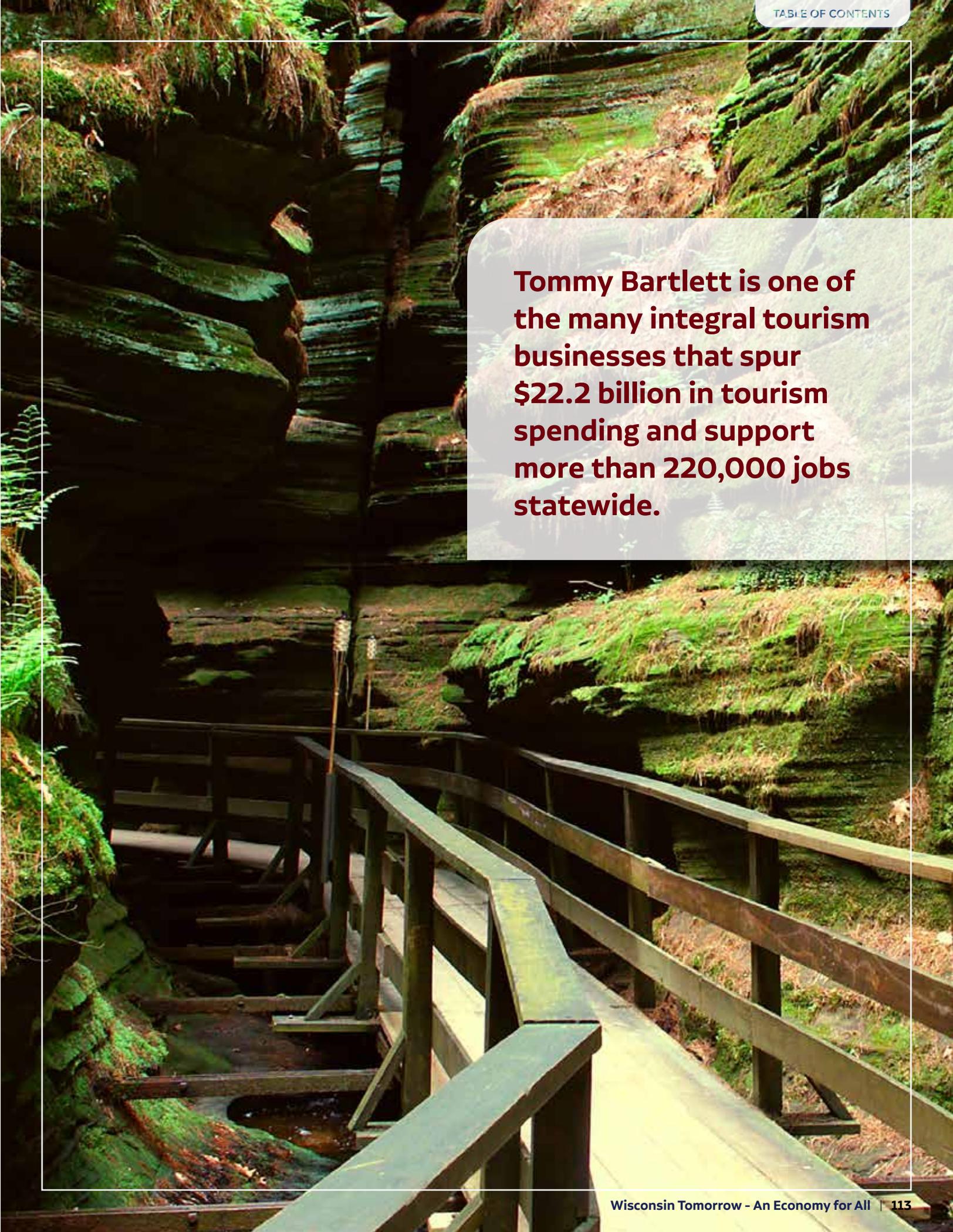
The Wisconsin Dells Visitor and Convention Bureau is estimating that by Labor Day weekend, the community will be down a minimum of 30 percent. Our Tommy Bartlett Show attraction is closed for 2020. The show typically represents 90 percent of our overall annual revenue. At the municipal level, revenues from lodging and other tourism entities are anticipated to be down substantially, and will negatively affect room tax and premier resort tax collections for both the City of Wisconsin Dells and the Village of Lake Delton.

Meeting and convention business, which is a major economic component of Wisconsin Dells tourism, will take longer to recover because of the limitations placed on meeting planners concerning large gatherings.

I am very optimistic about the future of Wisconsin Dells. Our businesses are locally owned, financially solid and place great importance on the safety of their staff and guests. Our area-wide focus is to bring back family tourism and to build confidence for the future. The degree to which our community has come together to take care of and support each other has been tremendous and demonstrates what makes this such a great community in which to live and work.

Tom Diehl

President, General Manager and Co-owner
Tommy Bartlett, Inc.



Tommy Bartlett is one of the many integral tourism businesses that spur \$22.2 billion in tourism spending and support more than 220,000 jobs statewide.

COVID-19 Impact on Major Industries

TOURISM

Rutabaga Paddlesports LLC Perspective

Wisconsin has the most varied and accessible natural resources of any state in the union. Nowhere else can you find paddling, fishing, biking, hiking, birding, and camping in such proximity to each other. This natural wealth is key to Wisconsin's economic recovery, but we need to be leaders in creating infrastructure that attracts visitors to retailers, outfitters and guides. Creating water trails, bike paths, and other touch points for visitors will keep them returning. The product we have is astounding; we just need to create infrastructures to guide visitors to access them fully and connect that access to commerce.



Darren Bush

Owner and Chief Paddling Evangelist

Rutabaga Paddlesports LLC

Member, Wisconsin Governors Council on Tourism

TOURISM

Let's Minocqua Perspective

When I think about how Covid-19 has impacted our organization, and the long-lasting ripple effects it will have throughout our Northwoods communities, I can't help but be equally dismayed and hopeful for the future. If we can successfully create new opportunities, we should be able to move towards a brighter future equitably but I fear without support and leadership our communities are poised to fail.

Our organization's Covid-19 response was quick and decisive even as our workforce was being furloughed. At our local chamber level we created a response page for our business community with three things in mind; a resource page for small businesses, a dining services page with a virtual tip jar to support our restaurants, and one that focused on how to re-open successfully. These resources were constantly updated with the latest information provided to us. We also supported our area businesses through reputation management and County Health Department seminars, along with supporting their grant and loan applications. The irony wasn't lost on us that while we were supporting them, we were not eligible for the same support.

Our needs for recovery are simple - support and develop our current business infrastructure. Many of our area businesses unnecessarily struggled through the safer at home order because they did not have access to broadband services. Most of the shop owners were able to think on their feet and create new offerings and adapt to the changing climate but they were in need of training on today's technological opportunities to truly be successful. Without a viable J1 Visa program we are currently short staffed and this is compounding our recovery efforts. We need to look to the future and provide affordable housing to gain a full-time year-round workforce and also reduce the seasonality of job offerings in our area.

With the right leadership, funding, and long-term support we can ensure the future success of our Northwoods communities and provide the experience people are yearning for in the years to come. Our communities are excited for the future and a quick recovery. Now is the time to build our future success.



Krystal Westfahl

Executive Director
Let's Minocqua

COVID-19 Impact on Major Industries

TOURISM

The Rochester Inn Perspective

Following a lifelong dream, we have been the proprietors of The Rochester Inn, a historic boutique hotel / bed and breakfast located in Sheboygan Falls, since 2016. Within our first three years of ownership, we grew our business by over 20 percent through careful renovations of the Inn and an increased focus on providing personal guest service, while actively participating in our local community. When the pandemic hit, our reservations dropped to nearly 'zero' for the month of April, and throughout the months of May-August, our reservations are down 70-80 percent compared to last year. Since 60 percent of our annual business is done within our short summer season and we are currently struggling to meet our fixed monthly expenses, we are very concerned about the survival of our business into the off-season. In addition, we have let go our two full-time and three part-time employees and have only been able to hire back one part-time employee.



Kelly York

Owner
The Rochester Inn





Photo Credit: Travel Wisconsin

Developing the Wisconsin Economy

Developing the Wisconsin Economy

EQUITABLE INCLUSION

The Solution to the Economic Well-Being of Wisconsinites

Through COVID-19, disparities of all kinds came to light, from financial disparities of our most vulnerable communities, to economic disparities of small businesses, to health disparities within our communities of color. As leaders of the state's economic development agencies, our approach to economic recovery requires that we reimagine how we move Wisconsin forward by taking effective action toward creating equitable outcomes for all.

In order to grow and redefine our economy, we must move boldly and impactfully toward economic resilience. Economic resilience is a community's ability to foresee, adapt to, and leverage changing conditions to their advantage* (defined by the National Association of Counties). Our ultimate goal is to lift up all communities by moving beyond the traditional investments of building, producing, and designing more, to innovative investments that build capacity and ensure long-term sustainability. This is Wisconsin's time to make a difference and create purpose-driven outcomes that meet the needs of all our communities. And, if we are equitably inclusive in our approach, economic resilience will be a long-needed outcome of our efforts.

Communities continue to be left behind due to deep-rooted inequity, resulting in disproportionate inequalities that then require costly attempts to repair a broken system. When we invest equitably in all communities, we begin to prevail over these depressed outcomes. We begin to not only address the gaps, but we move towards systemic change that will drive true equity and equality for all. When all communities thrive, our state thrives and WE all thrive, as Wisconsinites.

We can no longer follow the same path. We must be intentional in our efforts to ensure that all residents have experienced the positive impacts of investment. Collectively, we are stronger together in our efforts to evoke change. This will require us to leverage and mobilize on all forms of public and private resources to transform how we invest in communities by looking at who we are excluding and how we are advancing genuine and equitable inclusion.

Through equitable inclusion, we will create a circle of prosperity that includes all Wisconsin residents. This is critical to our success now and for future generations. This is how we begin to catalyze economic well-being for all Wisconsinites. This is how transformational and systemic change happens.

Missy Hughes

Chief Executive Officer

Wisconsin Economic Development Corporation

Joaquin Altoro

Chief Executive Officer

Wisconsin Housing and Economic Development Authority

Financial Stability

protects citizens from shocks that alter progress toward their long-term goals, act as material foundations for growing assets, and reinforce the financial actions that move people towards broader well-being.

Community Infrastructure

supports individuals and families with essentials including housing, schools, libraries, schools, arts, sports and recreation, and includes buildings, roads, broadband and cellular. The connections we all need to live, learn and work and enjoy a “quality of life” that Wisconsin often claims, but which some communities continue to struggle to find.

Health

good health fuels economic growth, productivity and individual earnings and allows people to invest in education and skills, access quality jobs and enjoy better quality of life. Reducing disparities of access is key to better health outcomes. As demonstrated by COVID-19, health inequalities are often stratified along economic, educational or occupational lines.

Education

skills are the most important driver of long-term economic growth. Embracing continuous learning to prepare for the future of work is critical to realize fulfilling opportunities. Reducing inequalities of access to learning and training is essential to promote better educational outcomes.

Environment

access to outdoors might be a typical thought for well-being and the environment, but it also means avoiding pollutants, assuring clean water, and intentionally seeking out unsafe conditions and clearing them. In Wisconsin, being good stewards of our environment makes good business sense as our resources fuel global leadership in key industries.

PRIORITIES FOR A FASTER RECOVERY

With limited resources in the coming period, both for the state government and anticipated for the state economy, focusing on three key priorities will speed recovery and remove obstacles to economic well-being.

1.

Get Everyone Back to Work

2.

Fix Broadband

3.

Support Innovation



Developing the Wisconsin Economy

GET EVERYONE BACK TO WORK

The COVID-19 pandemic resulted in unprecedented unemployment nationwide, and in Wisconsin. A large portion of these job losses were in the service industry, unlike a typical recession where jobs are lost in the skilled, manufacturing categories. However, it's difficult to compare the economic impact of COVID-19 to previous economic crises. The COVID-19 pandemic has severely disrupted the world, US and Wisconsin economies. The International Monetary Fund (IMF) signaled that their coming June forecast will revise down their April projection of a global economy contraction of 3 percent in 2020, stating that "For the first time since the Great Depression, both advanced and emerging market economies will be in recession in 2020."

While many of the unemployed were able to access unemployment insurance and benefits, the ultimate fate of their jobs remains unknown and we anticipate that the supplemental federal benefits will run out, reducing the weekly benefits for the unemployed, and eliminating assistance for self employed individuals and independent contractors. We can assume that many will remain unemployed as their jobs will have disappeared, and as such, it is incumbent upon Wisconsin to endeavor to help these individuals obtain different skills necessary to obtain employment in other sectors.

Wisconsin has a technical college system that historically holds strong ties to industry – assuring that the teaching at the colleges aligns with the needs of industry. This was never truer than in recent years as the incredibly tight labor and evolving market necessitated technical colleges introducing innovative ways to train individuals at speed. In addition, Wisconsin has a premier university system, both public and private, and now is the time to assure access and affordability to the displaced individuals, for short-term, high-value credentials and longer-term degrees.

Equitable inclusion around job skills training means assuring that first we look at basic skills – literacy, math and digital literacy. We assure access to facilities for training. We financially support those traditionally underserved communities. We look to support those previously incarcerated as they reintegrate to the community.

By focusing on training of all types, Wisconsin can ensure that our workers are able to return to a field of their choosing, either by developing the entrepreneurial skills, training for new careers with ample job openings, or enhancing their career prospects in their current profession. With thoughtful investment in training, and partnerships with industry, trades and educational institutions, Wisconsin can launch out of the current crisis into opportunity.

Top Recommendations:

1.
Incentivize businesses through other economic development tools to train new employees, and provide additional incentives when working with local Job Centers and clients of the Job Centers.
2.
Invest (not cut) programming at tech colleges and UW System that provides short term certification programs while encouraging longer term degrees.
3.
Support Workforce Development Boards and DWD to create direct connections between businesses in need of employees, and willing to train or assist in training.
4.
Invest in early care and education to support efforts to increase back to work initiatives.
5.
Address access to and quality of health care services to support a strong workforce including through the expansion of Wisconsin's Medicaid program to fully leverage federal resources.

Developing the Wisconsin Economy

Throughout the COVID-19 public health emergency, the Department of Workforce Development (DWD) has been intently focused on delivering benefits to Wisconsin's unemployed workers. Unemployment Insurance (UI) provides economic stability to Wisconsinites and our state's economy when families can continue paying bills and supporting small businesses through periods of economic hardship. Since March 15, more than 688,000 Wisconsinites have applied for UI. In all of 2019, less than 290,000 filed for UI.

In response to COVID-19, the federal government passed the CARES Act, which created three new temporary unemployment programs to directly help those out of work through fault of their own and help stabilize the nation's economy: Pandemic Unemployment Assistance (PUA, for applicants who are out of work due to one of 12 COVID-related reasons and/or those who would not otherwise be eligible for UI, such as independent contractors, freelancers, and the self-employed), Federal Pandemic Unemployment Compensation (FPUC, an extra \$600 per week for every week claimants are eligible for a \$1 in UI or PUA), and Pandemic Emergency Unemployment Compensation (PEUC, providing up to 13 weeks of additional benefits for those that have exhausted their regular UI eligibility).

In April 2020, the Wisconsin state legislature passed, and Governor Evers signed into law, Act 185, which suspended the one-week waiting period for claimants and expanded eligibility for Work-Share, a program which allows employers to reduce employee hours while maintaining their employer-provided benefits and eligibility for partial UI. Wisconsin has gone from one Work-Share program with 20 participants in March 2020 to nearly 600 plans with 19,000 participating employees.

Implementing these new state and federal programs has driven home the necessity and urgency to modernize Wisconsin's UI technology and update the state's UI policies. Onboarding the new programs onto an antiquated, inflexible mainframe that requires sequential programming (no programming can be done simultaneously) while working through the unprecedented volume of claims has laid bare the flaws of a system desperately needing modernization. DWD will continue seeking significant investment in the system from both state and federal sources.

The Department will also continue advocating for policy changes that ensure the program offers all workers the appropriate level of economic security necessary to stabilize the state's economy. When FPUC ends at the end of July, claimants will be left receiving a maximum of \$370 a week in UI or PUA benefits. When PUA ends at the end of the year, those who do not work for covered employers or who are out of work due to child care or health issues will again not be eligible for benefits. When the waiver of the waiting week ends in February, claimants will again be left without a paycheck for an entire week. As the state and national economy changes, so, too, must our program.

Although DWD's primary focus has been providing relief to the unemployed, the historic economic consequences of COVID-19 have underscored the value of top-notch training and workforce programming to help get Wisconsin's workers, employers, and job seekers back on solid economic footing.

Under the strong leadership and direction of Governor Evers, DWD has prioritized both the quantity and quality of jobs in Wisconsin, and we believe this economic and social inflection point represents a once-in-a-generation opportunity to redefine the relationship between work and quality of life for our residents. In the coming months, reemployment of a vast number of Wisconsinites will be a foremost priority for DWD, but we will also be guided by the belief that all full-time work in Wisconsin should provide living wages.

DWD is proud of its existing programs that result in living wage careers through multiple apprenticeship options, the Wisconsin Fast Forward program, and its Division of Vocational Rehabilitation for workers and job seekers with disabilities. We will continue to refine and improve those programs to help Wisconsinites find work in these challenging times, and ensure that those jobs provide dignified wages adequate to support workers' basic needs, invest in their future, and actively engage with their families and communities.

When Wisconsinites have more money in their pocket, there is greater demand for goods and services sold at Wisconsin businesses, boosting economic outcomes for employers, their workers, and the community.



Caleb Frostman

Secretary
Wisconsin Department of
Workforce Development

Developing the Wisconsin Economy

GET EVERYONE BACK TO WORK

The Wisconsin Workforce Development Association (WWDA) is dedicated to improving the quality of Wisconsin's workforce by supporting and maximizing the collective strength of the state's 11 local workforce development boards.

Because of our expertise, connections to employers and relationships with the state's workforce development professionals, the WWDA is uniquely positioned to help guide the development of state and federal workforce policies and programs.

As Wisconsin looks to prioritize economic development efforts and workforce funding in the post COVID-19 era, the WWDA and our members stand ready to help.

With additional state funding to support Workforce Innovation and Opportunity Act (WIOA) our local workforce boards would be better equipped to:

- support local economic development efforts by addressing immediate workforce needs and upskilling our existing workforce
- lead the coordination of industry sector alliances that include employers, educators and workforce development professionals
- improve career pathways programs to match growing, high-demand occupations in every region of the state enabling workers to move up to higher-skill, higher-wage jobs

One of the essential components of successful workforce development efforts is flexible funding for local boards to create products and services that align with the needs of local employers.

As “the boots on the ground” in Wisconsin the WWDA and our members are equipped to meet this challenge and support the state's efforts to fund workforce development.

Sincerely,

Anthony Snyder

Chair
WWDA Executive Committee



Developing the Wisconsin Economy

FIX BROADBAND

With the release of the guidance on returning to K-12 in the fall of 2020, the Department of Public Instruction made clear that a large part of the next 18 months of school will be dependent on access to online technology. Many businesses have made it clear that they will allow, and even promote working from home. Many small businesses must now develop an online presence to service customers and compete in a marketplace dominated by online retailers. Increased use of telehealth services, including physical and mental health treatment, will mean that a trip to the doctor's office is a click away.

It's time to fix what has long seemed an intractable problem – the lack of statewide broadband access in Wisconsin. Overnight, as Wisconsin's schools shifted to virtual learning and a large number of people worked remotely, we changed our behaviors for learning and working. We are able to problem solve and adapt, and now is the time to double down on recommendations by the Public Service Commission (PSC) of Wisconsin on strategies and a multifaceted approach to ensure that all Wisconsinites have equitable access to broadband internet, at a reasonable, affordable price.

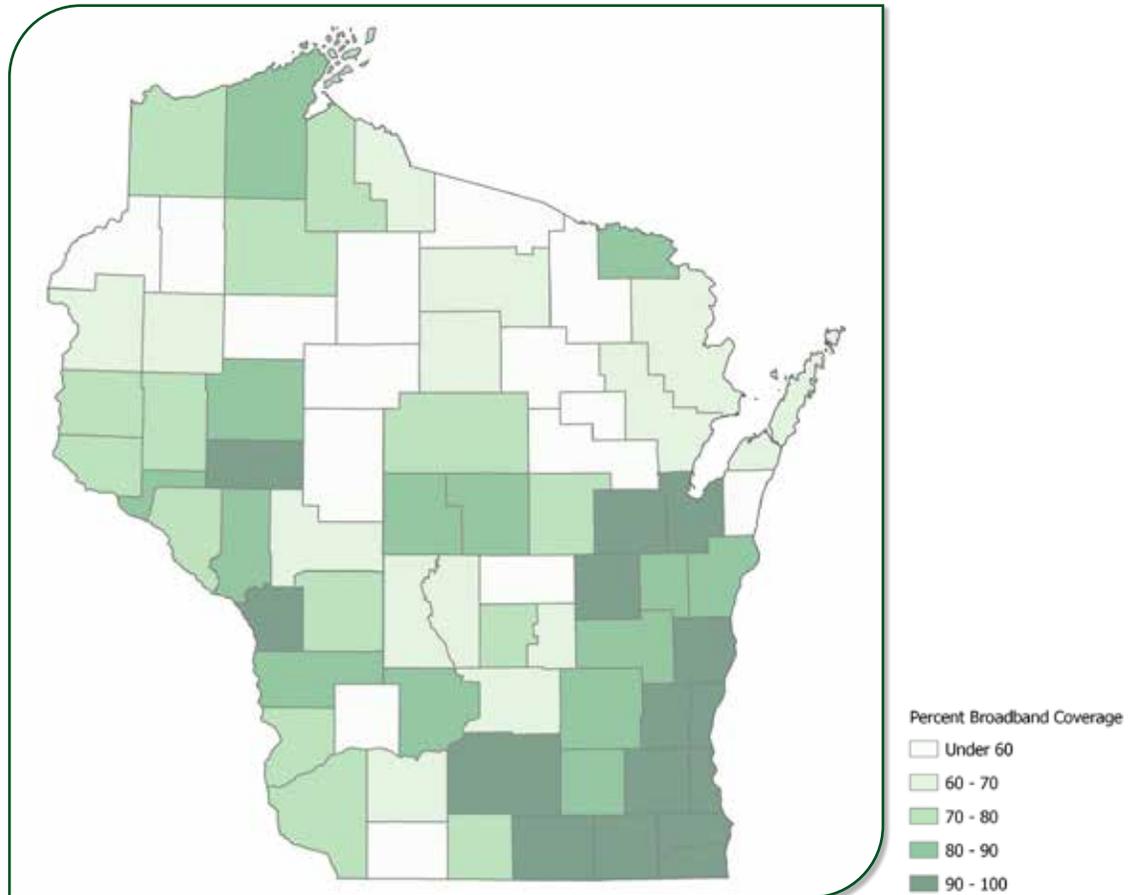
Fixing broadband in Wisconsin is not a moon shot; it's not insurmountable. But it is critical to economic development and recovery and must happen now.

Digital inclusion means assuring that all Wisconsin residents have access to affordable internet. COVID-19 has prompted people working in their cars, in school and library parking lots, and at their neighbors' houses. We also have to consider access to technology – many people do not have computers which can be slower, more expensive, and subject to providers' data caps. They use smart phones for all of their access. Access to broadband also allows increased access to telehealth services, including physical and mental wellness. We have much to solve.

Top recommendations:

1. Continue and increase funding for the Wisconsin Broadband Office and the Broadband Expansion Grant Program, which focuses on building out infrastructure to the unserved and underserved areas of the state.
2. Focus on school districts where children do not have access – over 45,000 lack a means by which to access online learning and access is useless without a device. That number can be overcome.
3. State Agency Broadband Working Group – use key broadband liaisons from each state agency to align with and coordinate efforts with the Wisconsin Broadband Office in a strategic hub and spoke organization effort, as broadband expansion touches the customers, missions, and strategic planning of all state activities.
4. The WI Broadband Playbook – this is a local community broadband expansion planning resource. This will give any community the play-by-play of how to pursue broadband, funding resources, potential partners, and how to overcome other barriers. UW Extension and WEDC are partnering with PSC to provide on the ground technical assistance in the local communities using the Playbook.
5. State Digital Equity Plan – the PSC is developing a state-wide plan to increase internet adoption, digital literacy skills and affordable internet access programs throughout the state.

WISCONSIN BROADBAND COVERAGE – 25 MBPS SERVICE AVAILABILITY



Source: [BroadbandNow.com](https://broadbandnow.com)

Click the image above or visit <https://broadbandnow.com/Wisconsin> for an interactive version.

Developing the Wisconsin Economy

FIX BROADBAND

Broadband access is an essential catalyst to drive community, public safety, learning, health, and economic goals across the state of Wisconsin. As such, there are dire consequences that result from a lack of connectivity. According to the Federal Communications Commission 2020 Broadband Deployment Report, 7.1 percent of Wisconsin residents lack access to at least one broadband service with a speed of 25/3 Mbps or better, compared to the national average of 5.6%. These numbers are even worse in rural areas of our state where 26.7 percent of Wisconsin residents lack access to at least one broadband service. This cannot continue.

In response to the pandemic, the vast majority of residents in our state have shifted to working from home; schools have closed and distance learning is the new norm; and telemedicine has become more critical than ever. In short, the pandemic has underscored the fact that internet connectivity is essential for daily life. Access to high-speed broadband is not a luxury; it is a necessity.

At the PSC, the State Broadband Office administers Wisconsin's Broadband Expansion Grant Program, which provides public funding to internet service providers to expand to underserved and unserved areas to make the expansion financially viable. The program started in FY2014 and in Governor Evers' first budget, signed in July 2019, \$48 million was included for expansion grants. While this is an historic investment, we need to do more. We need to find creative ways to develop public-private partnerships to build out that last mile of service; to bridge the digital divide and to improve digital literacy.

We have taken these steps in an effort to connect as many residents in our state as possible. And we know there is more to be done. We can find ways to get all Wisconsinites connected. A 21st century economy depends on it.



Rebecca Cameron Valcq

Chairperson
Public Service Commission of Wisconsin



Developing the Wisconsin Economy

FIX BROADBAND

COVID-19 transformed the way people think about school, health and the workplace – and much of that transformation relies on dependable, widely available internet connectivity.

Telehealth has become more widely used, online learning at every level is growing and teleworking is sure to become more common in years to come. But without access to broadband services, people have been cut off from what are vital tools in the Wisconsin economy, especially for those in rural Wisconsin. Internet access is a catalyst to drive community, public safety, learning, health and economic goals across the state.

Studies have shown a correlation between broadband access and decreases in rural unemployment, increases in rural property values, enhanced workforce skills and the amount of time tourists stay and spend when traveling. According to the Federal Communications Commission, 7.1 percent of Wisconsin’s population – about 410,000 people – lack access to a fixed terrestrial broadband service with a speed of 25 Mbps download and 3 Mbps upload. That compares to a national average of 5.6 percent.

FCC broadband deployment data is a census block-based data set, meaning it likely overstates broadband coverage in Wisconsin. If one location in the census block is considered served by a broadband provider, the entire census block is considered “served”. In turn, the figures above likely understate the reality of how many people in Wisconsin lack broadband. Additionally, many areas in Wisconsin lack the population density to give internet service providers a sufficient rate of return on their investments. These are just some of the challenges to broadband expansion.

In March, the Public Service Commission of Wisconsin (PSC) awarded \$24 million through the Broadband Expansion Grant Program – part of \$48 million in broadband funding included in Governor Tony Evers’ first biennial budget. That one round of funding invested more money in broadband than in the previous seven rounds of grants combined. The 72 new grants will extend high-speed internet access to as many as 3,182 business locations and 46,537 residential locations, including 39,778 locations that are currently unserved.



In September of 2020, the PSC will begin accepting applications for the 2021 Broadband Expansion Grants for another \$24 million in funding. This round will include a strong, targeted focus and prioritization of unserved areas of the state. To assist providers in creating successful applications that address these highest priority areas, the PSC will publish a listing of census blocks and communities deemed to be unserved.

In April, the PSC awarded an additional \$1 million in the Medical Telecommunications Equipment Program to 16 recipients. The program allows nonprofit medical clinics and public health agencies to purchase equipment that increases access to telemedicine.

In addition to healthcare, education was also a key area impacted by COVID-19, given its reliance on virtual learning and connectivity. The financial and practical ability for students to access the internet was cited in a Wisconsin Policy Forum paper in May, highlighting a 2019 Department of Public Instruction (DPI) survey that shows a difference in internet access by district size, with larger districts reporting greater access.

Among districts with fewer than 500 students, 47 percent said more than three-quarters of their students had enough home access to complete assignments, while among districts with more than 2,000 districts, 80 percent reported meeting that threshold.

In partnership with the DPI, the PSC surveyed hundreds of schools and libraries and other places with public Wi-Fi to create a map of Emergency Wi-Fi locations where people can drive up and access the internet. In addition, the Wisconsin Broadband Office has collected and posted on the PSC website lists of free and discounted internet that providers are offering to the community, and have launched a state-run internet and phone helpline to assist in finding broadband access, and if none is available, an Emergency Wi-Fi location.



As businesses and people adjusted to virtual living, working and learning, employers — especially those with staff working from home in rural areas — reinforce the need for improved internet access to maintain their productivity. From agribusiness to manufacturing, industry has underscored the need for strong and reliable internet connections to serve their rural-based customers, suppliers and employees.

The Department of Tourism also cites broadband as essential in rebuilding the state's hard-hit tourism industry to ensure businesses can remain competitive, promote their services, manage customer bookings and use cashless payment technologies.

Broadband is a workforce, economic development, education and healthcare issue. There are many challenges when it comes to connecting everyone. In addition to the Broadband expansion Grant Program, the solution to these challenges will be multifaceted and will need input from a variety of stakeholders. The state will need to take a holistic view towards planning with the goal to connect every Wisconsin citizen to adequate, reliable, equitable and affordable broadband service.

Developing the Wisconsin Economy

SUPPORT INNOVATION

The students at our colleges today have watched their parents endure the Great Recession, and now have experienced a global pandemic. Not surprisingly, emerging data shows this population is now becoming risk averse – reluctant to take chances, more interested in security and long-term stability.

However, evidence also shows that entrepreneurship and innovation will be the catalysts for a faster and stronger recovery from the downturn. Because new businesses are hiring as they grow, they are the best source of job creation – better than the older stabilized firms.

In addition, inventors and startups solve problems in society, and bring improvements to situations that seem intractable. In Wisconsin, start-ups often focus on our state's challenges – solving a welding issue by creating a remote welding machine, or designing a new boat motor to make a passion for fishing more efficient. Wisconsin has also become unique in the Midwest for its bioscience innovation – a result of the longstanding Wisconsin Idea, that the education system should be connected to industry in bringing products to market, supported by the government. Wisconsin's innovation DNA continues to be critical in solving PPE issues and looking for healthcare solutions for COVID-19, including current research on developing a vaccine.

In Wisconsin, we have always been innovators – our largest companies were launched through ingenuity and problem-solving. Those same companies are supporting innovation within their ranks, and at the universities. Equitable inclusion means assuring that all entrepreneurs, no matter the color or community, have access to education about how to go to market, and can access capital.

To support entrepreneurship and innovation in Wisconsin, we should:

1. Pilot and fund innovative ideas for supporting entrepreneurs, including taking equity positions as part of supporting entrepreneurs and innovation.
2. Incentivize established firms to work with seed accelerators and second or third stage developers to mentor and provide capital for Wisconsin based entrepreneurs.
3. Invest in a Wisconsin venture fund that is solely focused on supporting Wisconsin based entrepreneurs, and assure that part of that fund is dedicated to underserved, underinvested communities.
4. Capitalize on Wisconsin's culture of problem solving and innovation by removing barriers to bringing new ideas to market and better connecting research institutions with industry partners.
5. Identify trends in manufacturing, including as artificial intelligence, data science, and sustainability that can be supported through entrepreneurship.

“The COVID-19 pandemic has disrupted businesses and markets throughout the world and has tested the best of us. Wisconsin’s chances of a rapid recovery increase if we can fully activate the dreams, courage and resourcefulness of our current and future entrepreneurs and business leaders. Our entrepreneurs and innovators need capital, knowledge of best practices, and access to customers to engage at the frontiers of commerce and science.”

Jon Eckhardt

Pyle Bascom Professor in Business Leadership
Wisconsin School of Business



Developing the Wisconsin Economy

SUPPORT INNOVATION

Wisconsin's problem-solving ingenuity

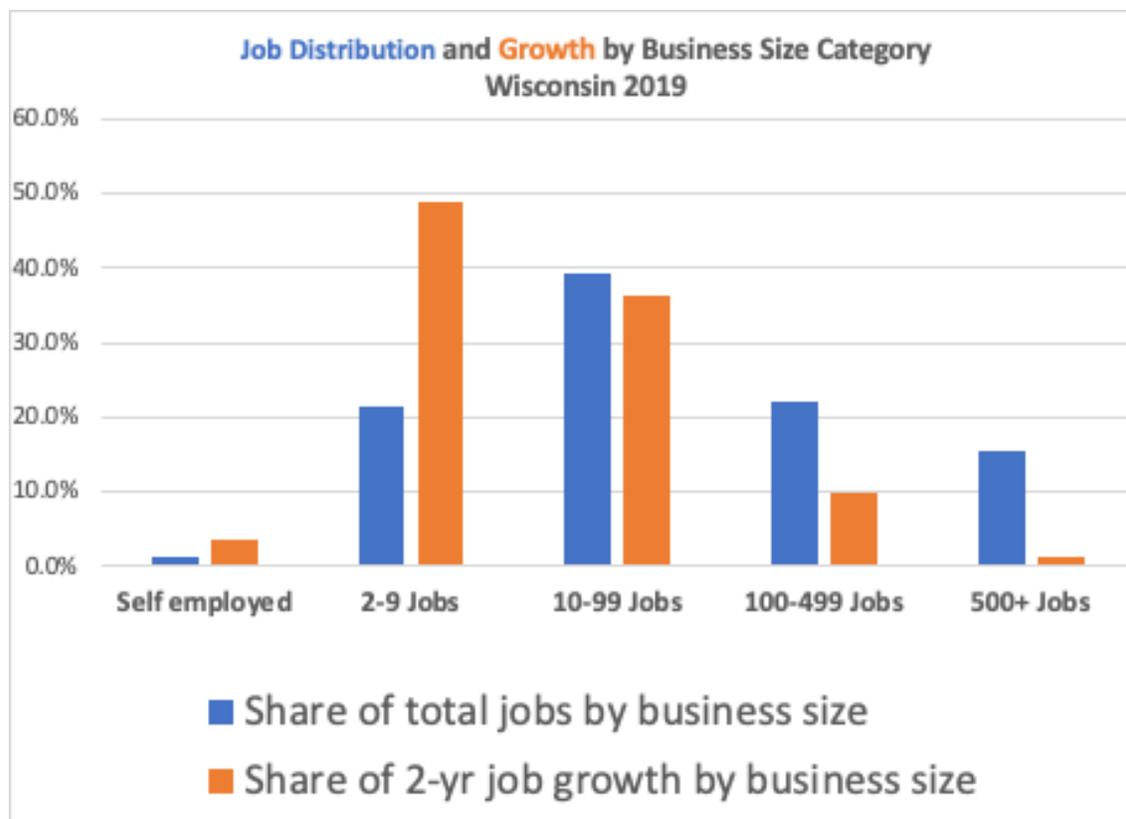
Challenge breeds innovation. And Wisconsin's long history of innovation continues to fuel new solutions to challenges facing people, companies and our planet. Innovation and encouraging new start-ups is a central component of Wisconsin's economic future and to rebounding from the impacts of COVID-19. We rely on the innovation and creativity of startups and entrepreneurs to breathe life and vibrancy into the economy and create a better quality of life for all Wisconsinites.

These new businesses are directly linked to economic and employment growth that Wisconsin needs now, more than ever.

The COVID-19 pandemic has created opportunities for our ingenuity to find solutions to global problems, Whether directly by way of the hundreds of research initiatives focused on discovering a vaccine, scaling testing, or pivoting to produce personal protective equipment, Wisconsin biohealth companies and manufacturers have responded to help the state address the global crisis. Many more are discovering ways to improve the way our people and communities are adjusting to the way we live, work and learn.

Our industries are intertwined with roots in 19th century agriculture that have fueled Wisconsin's life science and biotechnology leadership in regenerative medicine, renewable fuels and chemicals, and drug discovery. Future innovation in these and other areas must cut across disciplines – health care and big data, artificial intelligence and agriculture. Life science companies and laboratories from Marshfield to Kenosha and Green Bay to Eau Claire are confronting some of the greatest challenges of the century – from solving viral pandemics to energy independence.

Our state has invested in the workforce, intellectual property, research dollars to compete on a global scale in the 21st century – yet we still have room to grow. Increased investment in innovation and our startup ecosystem will be needed to sustain momentum in the decades ahead. Innovation can also mean finding solutions to how restaurants can operate safely, how conferences and events can happen virtually and how local retailers can succeed and provide value to their customers. It can also show itself in new businesses that take root on Main Streets across Wisconsin.



Source: UW System SA, Institute for Business and Entrepreneurship, Business Dynamics Research Consortium (BDRC)

- Jobs represent headcount at each location rather than FTE
- The five business size categories are based on number of jobs reported by each business location each year
- Self-employment = establishments reporting only one job
- Job growth in the 2-9 category represents smaller businesses and many of the new companies started in the past two years.
- Job Growth in the 10-99 category represents the more stable small businesses serving as the main engine for jobs and job growth in the Wisconsin economy

Developing the Wisconsin Economy

SUPPORT INNOVATION

New companies have encountered headwinds from the pandemic. A review of the Qualified New Business Venture Program shows Wisconsin's tech startups will require about \$200 million in new funding over the next 12 months. While capital remains available, overall investment activity appears to have slowed as many investors showed skittishness amid economic uncertainty.

In-person access to investors is limited by COVID-19 and companies now face an uneven and changing funding and personal relationship landscape. Generally, venture capitalists have expressed concern over doing business in a virtual way, believing that it hampers their ability to assess the founders and the management of startups. In addition, investors are apt to reserve their funding to invest in companies in which they've already made an investment to improve their chances of making a return.

As one part of a necessary global approach to addressing this issue, the WEDC Entrepreneurship and Innovation Committee has recommended a pilot program that would partner with investors and provide up to 20 percent of the funding needed to get businesses through these tough times.

Wisconsin startups also have had less than adequate access to federal COVID-19 relief funding. A Startup Wisconsin survey of 70 startups indicates that only 33 percent were approved for Economic Injury Disaster Loans (EIDL) and 42 percent were approved for the Paycheck Protection Program (PPP). That amount, however, does not include 30 percent of startups that reported not applying for either program because they did not meet eligibility requirements.

The Small Business Administration, however, did approve nearly \$9.8 billion in forgivable PPP loans to 81,232 Wisconsin small businesses and non-profits and 12,898 small businesses received \$836.5 million in EIDL funding.

The Wisconsin Technology Council surveyed 111 businesses in late April and 68 percent of respondents felt their businesses would start recovering by summer or fall, while they were more pessimistic about the recovery of the overall state and national economies. A second, informal survey in June showed some slippage of optimism, with expectations of recovery generally pushed back to early- to mid-2021.

Risk aversion by investors, corporations and individuals during downturns is common, a threat to innovation, and an obstacle to the pace of recovery. When combined with an aging population and dominance of large corporations in many industries, the slower pace of start-ups that we may experience due to COVID-19 is a concern. In addition, concentration of risk-taking by regions is something that caught the attention of Brookings Institute in a recent study on growth cities, citing that “regional divergence has reached extreme levels in the U.S. innovation sector. The innovation sector—comprised of 13 of the nation’s highest-tech, highest-R&D “advanced” industries—contributes inordinately to regional and U.S. prosperity. Its diffusion into new places would greatly benefit the nation’s well-being.”

That is a problem for regions left behind. Cities with high levels of entrepreneurial activity had significantly better job growth than those that relied more heavily on existing businesses, according to findings by Harvard.

Technological advances provide growth opportunities for Wisconsin. Beneath the uncertainty of the pandemic, the world remains an interconnected and competitive place hungry for new ideas, solutions and prosperity. Supporting a culture of entrepreneurship and innovation in Wisconsin is vital to ensuring that the state remains a strong, dynamic and competitive player on the world economic stage. Just as important is continuing to empower individuals to start new companies that provide goods and services to their local communities. Supporting our culture of problem-solving is both a local and global imperative.

Without a continuing stream of startups of all types, Wisconsin’s economy will lose a critical competitive edge and risks stagnation. Increased investment, and pride, in Wisconsin’s dynamic entrepreneurial spirit and ingenuity is needed to sustain momentum as we forge ahead through COVID-19. With the help of policymakers, our state has the brainpower, creativity, technical skill and spirit to harness these opportunities for Wisconsin’s future.

Developing the Wisconsin Economy

The Legislature and the Governor, in passing Act 185 of the Wisconsin Statutes in April 2020, and in requesting this report, rightly anticipated the need for a statewide assessment of the economic impact of COVID-19. As we present this report, we keep in mind that this is an evolving situation. While we are in the midst of “reopening” our main streets, our cafes and shops, our museums and parks, we are still wrestling with our plans for our schools, hospitals are still reintroducing surgeries and procedures for patients, and the National Guard continues deploying testing to outbreaks. And of course, a major part of our state’s conversation now focuses on equity, and racial disparities, and criminal justice.

With this evolving situation, this report is an assessment of a point in time – a stake in the ground for identifying the impacts of COVID-19 that we know today, June 30, 2020. We can take this moment to identify the building blocks of a strong economy, and honestly assess how they did under the stress of the COVID-19 storm with the limited data that is available. We can determine how these building blocks are critical for our industries in Wisconsin, and what some industries need to recover. Finally, knowing we will have limited resources in the time to come, we must identify priorities.

This report is a chance to collectively explore our future. The people of Wisconsin, who are the Wisconsin economy, deserve a productive effort. This is Wisconsin’s challenge and belongs to all of us.

Let’s get to work.



WISCONSIN TOMORROW

— An Economy for All —

Prepared by the Wisconsin Economic Development Corporation