

# COVID-19'S IMPACT ON JOBS IN WISCONSIN

*The coronavirus pandemic has precipitated public health and economic crises globally and in Wisconsin. While it is too early to gauge the full range of economic impacts, we analyzed employment data to assess the consequences of severe upheaval in certain hard-hit sectors of the state's economy. We find workers in those sectors already earned relatively low wages, and certain parts of the state may see more severe impacts.*

The destructive path of the coronavirus pandemic is expanding by the hour. To help contain the spread and save lives, Wisconsin and other states have [closed or curtailed operations of all businesses deemed non-essential](#), resulting in a sharp increase in layoffs. Nearly 51,000 Wisconsin residents [filed new unemployment claims](#) during the week ending March 21, the highest weekly total ever recorded in data extending back to 1987 and a massive increase over the previous week. According to [preliminary state data](#), the number of new claims spiked even higher during the week ending March 28.

Under Wisconsin's [Safer at Home](#) order that took effect March 25, healthcare providers, grocery stores, gas stations, manufacturers, and certain other "essential" businesses are allowed to continue operating, while many others must either modify their operations to allow employees to work from home or close until April 24. Restaurants are only allowed to offer curbside pickup and delivery services, which typically means operating with reduced staff, if at all.

To better understand the potential impact of this crisis, we analyzed 2019 [employment data](#) from the U.S. Census Bureau for sectors that are among the hardest hit: accommodation and food services; arts, entertainment, and recreation; personal care services; and most types of retail trade not deemed essential (see table below). Even before the state's Safer at Home order, many, if not most, businesses in these sectors were required or felt compelled to close their doors or dramatically reduce their operations to avoid bringing people together in close proximity.

Wisconsin had an average of more than 486,000 jobs in these highly-impacted sectors during the first two quarters of 2019, accounting for more than one in six of the state's total jobs (17.2%). These numbers include all jobs, regardless of the number of hours per week or year, and one worker may fill multiple jobs.

In some ways, these numbers may overstate the impact. For example, some large retailers like Walmart, which are considered general merchandise stores and thus categorized as retail trade, also sell groceries and

Sector	Examples
Accommodation and Food Services	Hotels, Restaurants, Bars
Arts, Entertainment, and Recreation	Gyms, Movie Theaters, Casinos, Museums, Performing Arts Venues, Sports Venues
Personal Care Services	Beauty Salons, Barber Shops, Tattoo Parlors
*Retail Trade	Clothing Stores, General Merchandise Stores

*\*Note: for Retail Trade, we did not include Food and Beverage Stores (primarily grocery stores) or Gasoline Stations because they remain open. We also removed "Non-store Retailers," which include online vendors.*

are allowed to remain open. Those businesses, which also can benefit from online sales, are not suffering to the same degree as other general merchandise stores and in some cases are actually [hiring](#) nationwide.

In many other ways, however, we are understating those potentially affected because the hardest-hit sectors we selected are far from the only ones impacted. For example, food processors, farmers, distributors, and wholesalers that specialize in serving restaurants and bars could be affected as much as the restaurants and bars themselves. Banks, landlords, and other businesses that work with restaurants and retailers likewise are feeling the effects.

Some manufacturers are also reducing their operations or closing their doors, citing declining demand. Fitchburg-based Sub-Zero group, for example, which produces home appliances such as refrigerators and stoves, recently announced it is stopping production and [laying off](#) more than 1,000 employees.

Still, examining the scale of the initial impact on Wisconsin communities may help policymakers to better grasp how it may vary across communities and demographic groups.

### MORE SEVERE IN TOURISM & POPULATION CENTERS

The initial employment impact of COVID-19 on the sectors we examined could potentially vary widely

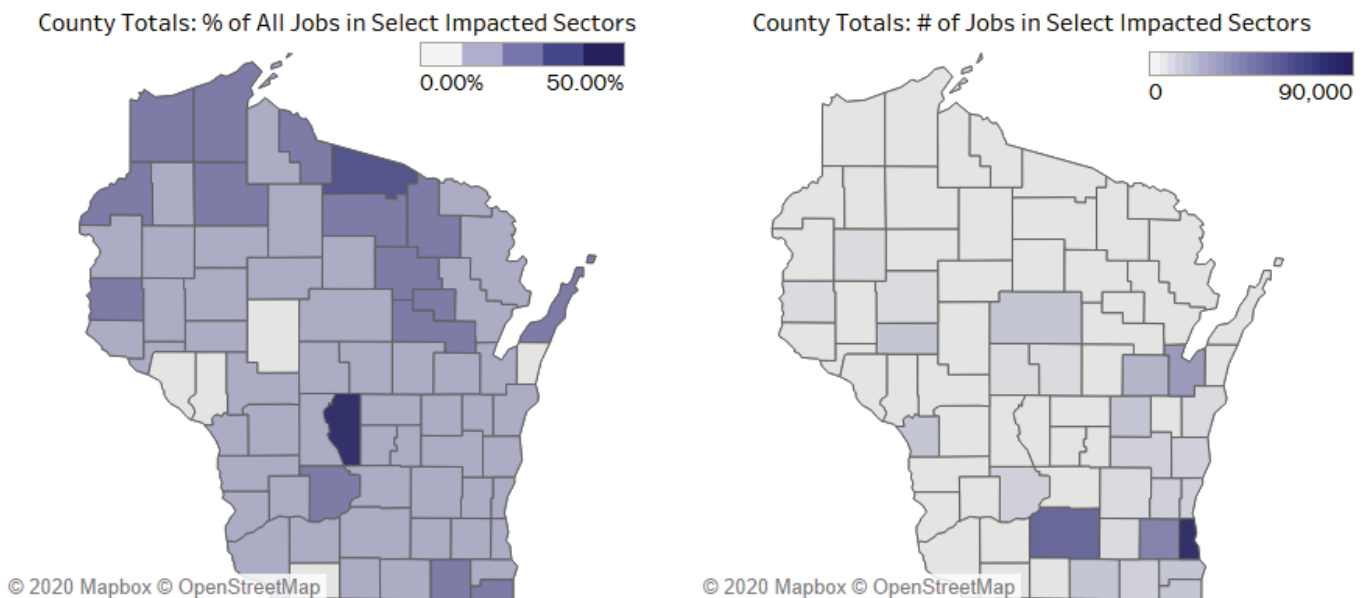
throughout Wisconsin. The share of total jobs in those sectors ranges from 7.7% in Lafayette County to 45.8% in Adams County (see Figure 1).

Counties heavily dependent on tourism are among those facing the greatest challenges due to their concentration of jobs in accommodation, food services, entertainment, and recreation. In six tourism-dependent counties, at least one out of every four jobs is in a heavily impacted sector (see Figure 2). Three of those counties are among the state's most popular tourist destinations: Adams (covering a portion of the Wisconsin Dells area), Door, and Walworth (Lake Geneva area), while the other three are northern counties that also rely on tourism (Vilas, Bayfield, and Sawyer).

It must be noted that not all tourism-related jobs in those counties are immediately affected, as some are seasonal opportunities that only exist in the summer. The longer the current economic situation lasts, however, the more it will reduce summer tourism, leading more jobs to be cut, reduced in hours, or not created.

The counties with the highest concentrations of jobs in hard-hit sectors tend to have relatively small populations and job totals. In the state's two largest metropolitan areas (Milwaukee and Madison), while the share of jobs in those sectors is not as great, large numbers of workers are likely to be affected. Milwaukee

**Figure 1: Jobs in Select Hard Hit Sectors, 2019**



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Source: U.S. Census Bureau Quarterly Workforce Indicator Data



County has more than 88,000 jobs in hard-hit sectors, compared with a combined total of 34,890 in the 10 counties with the highest concentrations of those jobs (those listed at the top of Figure 2). A portion of those Milwaukee County jobs are in some of the state's most visited entertainment and cultural venues, including Miller Park, Fiserv Forum, Potawatomi Hotel and Casino, and the Milwaukee Art Museum, which have all been shuttered.

## HARDEST HIT SECTORS PAY LOWER WAGES

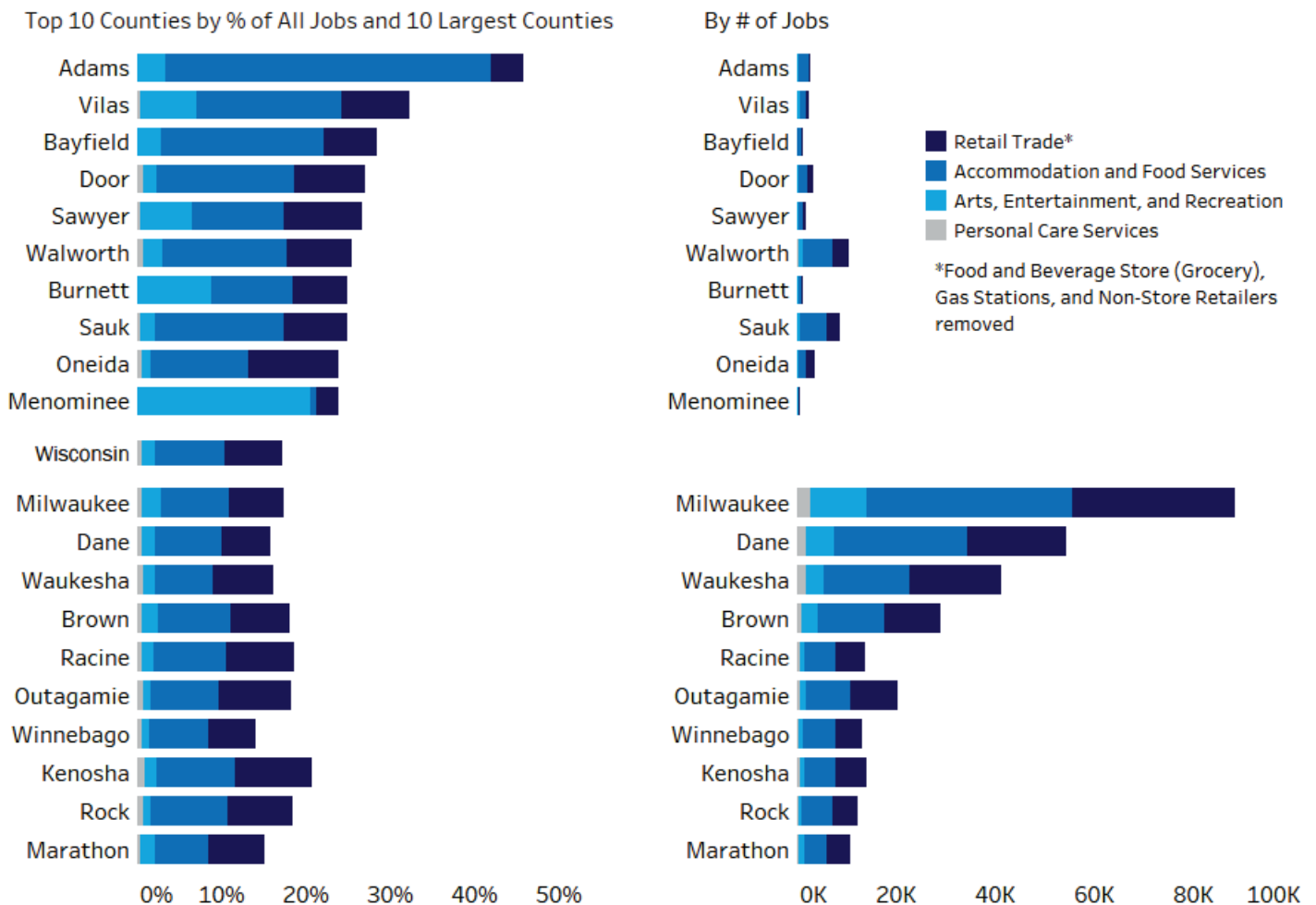
The Census Bureau provides demographic and wage information for each sector of Wisconsin's economy, which offers insight into the workers most likely to lose jobs or income due to COVID-19. Perhaps most notably, the data show that average wages for jobs in all of the sectors we examined are substantially lower than the

average across all jobs (see Figure 3). The average monthly wage in the accommodation and food services sector, for example, is roughly one-third the average among all jobs in Wisconsin. These data are from the second quarter of 2019 and are the most recent available.

Jobs in these highly-impacted sectors are also much more likely to be filled by younger workers, with 31.9% filled by workers under the age of 25 compared with 13.7% across all jobs. They are also somewhat more likely to be filled by women, racial minorities, and those without college degrees.

Though some may be teenagers and not responsible for their own support, workers in the hardest hit sectors are more likely to be in a vulnerable position economically than the average Wisconsin worker.

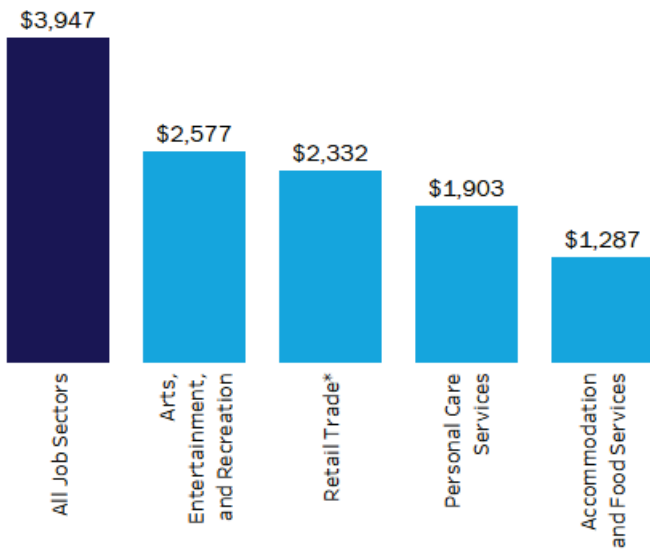
**Figure 2: Jobs in Select Hard Hit Sectors and Counties, 2019**



Source: U.S. Census Bureau Quarterly Workforce Indicator Data



**Figure 3: Highly Impacted Sectors Pay Less**  
Average Monthly Earnings in Wisconsin, 2019 Q2



\* Includes all Retail Trade jobs, including some that are unlikely to be impacted

Source: U.S. Census Bureau Quarterly Workforce Indicator Data

## CONCLUSION

The stunning speed and scope of developments in sectors that comprise more than a sixth of the state's total jobs requires a rapid, robust response. Already, the federal government has adopted a \$2 trillion relief bill. The legislation is roughly twice the size of the 2009 American Recovery and Reinvestment Act after adjusting for inflation and will likely deliver many billions of dollars to Wisconsin. Predicting the legislation's effectiveness, however, is difficult since no one knows how long the current situation will last.

The data show clearly that, while the economic effects of the current crisis are serious and widespread around the state, some areas will suffer even greater losses. Some funds in the federal relief package, such as increased unemployment insurance payments and assistance to businesses, should flow naturally to these hardest-hit areas.

In other cases, policymakers may wish to consider aid to specific groups, such as a provision adopted in the federal legislation making jobless benefits available for a limited time to self-employed workers. By a similar token, state lawmakers might consider suspending unemployment provisions that would normally impose higher payroll tax rates on employers carrying out the

current layoffs, at least in the cases of businesses being forced to close or severely curtail their operations.

The full range of economic impacts stemming from the COVID-19 crisis are not yet known and will be affected greatly by the duration of stay-at-home and social distancing restrictions and the timing and pace of the pandemic's decline. Our analysis does provide some initial perspective, however, on the number of Wisconsinites who are facing immediate and severe economic upheaval and the areas of the state that could be hardest hit. These findings should be taken into account now that the federal government has taken initial action and it is state government's turn to consider providing relief for critical sectors of the state's economy and for Wisconsin's most vulnerable citizens.

