

Report: Wisconsin's pre-pandemic economy is a long road ahead

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The state has a long road ahead before the economy returns to pre-pandemic levels, according to the latest report from Forward Analytics.

Forward Analytics is the research arm of the Wisconsin Counties Association. "The COVID Economy: The Economic Impacts of COVID-19 in Wisconsin" examines the economic damage wrought by the pandemic in Wisconsin from March through November 2020.

"Wisconsin, like the rest of our nation, has been battered from all directions by COVID-19," said Forward Analytics Director Dale Knapp, who authored the report. "This latest report quantifies the impact it has had on workers and businesses, including loss of jobs, reductions in GDP, the closing of small businesses, and increased household reliance on the FoodShare program."

The hit to Wisconsin's economy in the first half of 2020, particularly during March through May, was enormous, according to the report. Wisconsin's GDP fell 11.4 percent, and the unemployment rate soared from 3.5 percent in February to 13.6 percent in April, the highest it has been since the Great Depression.

Historical federal assistance helped lessen the economic damage — the federal CARES Act injected nearly \$20 billion into the state economy via \$1,200 cash payments to individuals, \$600 per week of additional unemployment benefits and forgivable loans to small businesses designed to keep workers on the payroll.

Without that federal help, Wisconsin's total personal income would have declined significantly in the second quarter. Instead, it rose 8 percent, according to the report.

The sharp economic decline was short-lived as employers began rehiring significant numbers of workers in May and June, Knapp said. However, the pace of job gains slowed during July through September, and employment declined in October and November. The unemployment rate confirms the slowing of the recovery. By November, the rate had fallen to 5 percent — still well above February 2020's rate.

While nearly all industries have been affected by the pandemic, Knapp said the travel, food service, and arts and entertainment industries were hardest hit.

“As of November, employment was 25% below February levels in hotels, restaurants, and bars and 36% below February levels in the arts and entertainment industry,” he said.

Forward Analytics cited a November survey showing 37 percent of Wisconsin restaurant operators felt they would be out of business in six months without federal help.

The recently passed stimulus bill that includes assistance for struggling businesses and unemployment compensation through mid-March, and the rollout of a COVID-19 vaccine are reasons to be hopeful, Knapp said.

“However, recently discovered mutations of the COVID virus in Great Britain and South Africa are significantly more contagious than the original virus,” he added as a caveat. “In just under a month from the date the British strain was identified in mid-December, cases there more than tripled. Should those strains take hold in the

United States, cases could spike in late winter or early spring and further stall economic recovery.”

See the Forward Analytics report:

<https://www.forward-analytics.net/wp-content/uploads/2021/01/2021-FA-Report-Final-Covid-and-the-Economy.pdf>