*Fiscal Facts by Wisconsin Policy Forum*

**Back in business? Road to recovery for Wisconsin’s restaurant and bar industry**

The COVID-19 pandemic has created unprecedented challenges for restaurants and bars in Wisconsin. Due in part to support provided through federal relief funds, employment in this industry has recovered considerably since nosediving by nearly 50% in April 2020.

Still, employment in the “food services and drinking places” subsector remains below pre-pandemic levels. It was still down by nearly 20,000, or 8.8%, in August 2021 compared to the same month in 2019.

Job recovery in this subsector also has been weaker in Wisconsin than nationally, where employment was down only 6.1% in August 2021 relative to August 2019.

It also lags job recovery for other major sectors in Wisconsin. Total nonfarm employment in Wisconsin was down by 3.5% in August 2021 relative to August 2019.

While no data source is currently available that could show precisely how many restaurants and bars in Wisconsin did not survive the pandemic, limited data from the state’s Department of Agriculture, Trade, and Consumer Protection suggests that hundreds more restaurants closed in Wisconsin than opened in 2020. However, the same database shows new restaurant openings outpaced closures in 2021 through August — another positive indicator of the sector’s recovery.

Now, a summer surge in new coronavirus cases suggests the difficulties that have plagued the industry since March 2020 are not yet in the rearview mirror. Anecdotal and empirical evidence also points to an increasingly tight labor supply, as demand for workers at restaurants, bars, and many other businesses has grown sharply in recent months. This dynamic may be exacerbated, in part, by workers seeking better employment conditions in other industries.

The return of Wisconsin’s restaurants and bars to operations that are closer to the pre-pandemic “normal” has been welcomed by residents throughout the state. While their recovery warrants some cautious optimism, the loss in state-licensed businesses in 2020, current labor shortages, the rise in wholesale food prices, and the recent surge in new coronavirus cases shows that their challenges will likely continue for some time.

*This information is provided to Wisconsin Newspaper Association members as a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at wispolicyforum.org.*