**Fiscal Facts: Recovery Continues for Restaurants and Bars**

Wisconsin’s restaurant and bar industry has rebounded since the COVID-19 pandemic, with more businesses operating and strong recovery in both employment and sales.

Some pandemic impacts linger, however, as many restaurant and bar owners maintain reduced hours of operation and struggle to attract and retain staff. Workers are earning higher wages and consumers are paying higher prices, but those increases appear to have slowed.

In fall 2021, we assessed the state of recovery for Wisconsin’s restaurants and bars, which were among the businesses most severely disrupted by the pandemic. We found the industry rebounding overall, but the number it employed remained down by roughly 9% and job openings were soaring, as employers struggled to secure needed workers.

Now, employment in Wisconsin’s restaurants and bars has finally returned to pre-pandemic levels. The most recent estimates show that 203,700 workers were employed in those businesses in February 2024, exceeding February 2020 totals by roughly 0.4%. Job recovery in restaurants and bars still slightly lagged the state’s economy overall. However, post-pandemic employment recovery in the restaurant and bar industry has been slightly stronger in Wisconsin than nationally. Despite this recovery, leaders of Wisconsin’s restaurant and bar associations say staffing remains a top concern.

Preliminary data on state sales tax collections show that the total state revenue being generated by restaurants and bars in Wisconsin topped $578 million in 2023, which was 17.3% higher than in 2019. That modestly lagged the pace of inflation (19.2%), however, and growth was stronger in other industries subject to the sales tax.

The number of restaurants and bars in Wisconsin has recovered overall, exceeding 2019 levels for the first time in late 2023. Bars were lost at a faster rate than restaurants during the pandemic, however, and it is possible that their numbers remain down.

During the pandemic, wages increased much faster for restaurant workers than for those in all other occupations. Between 2019 and 2022, median annual wages for food preparation and serving occupations in Wisconsin rose 29.8%, which far outpaced wage growth across all jobs (16.8%) and inflation during that period (14.5%). Those increases appear to have slowed considerably, however, as demand for workers, inflation, and supply chain issues have eased.

One key factor slowing wage growth is that the previously intense demand for restaurant workers has cooled. Job openings at restaurants and bars, which skyrocketed in 2021 and remained a major challenge for employers in 2022, decreased markedly in 2023, according to federal data that is only available nationally. Likewise, consumers are well aware that restaurant prices have risen, but national research shows those price increases have slowed in the last year.

When we last analyzed Wisconsin’s restaurant and bar industry in September 2021, it was emerging from the pandemic but still experiencing considerable uncertainty. Since then, the industry’s recovery has strengthened. While industry leaders can point to numerous challenges facing the state’s restaurants and bars today, the overall outlook has taken a turn for the better.

*This information is 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*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*