SHORT-TERM IMPACTS

→ Michigan mandated certain non-critical businesses and non-critical occupations to cease work/operations temporarily to “flatten the curve.”

→ The 122,800 jobs in NWMI can be classified as “critical, non-remote”; “remote”; or “non-critical, non-remote”.

→ We estimate that about 23% of employees in Northwest Michigan can work remotely (vs. the national average of 29%).¹

→ Nearly 24% of workers in the region are in “non-critical” occupations that can not be done remotely — which has led to furloughs and terminations. As of April 18, 33,000 Northwest Michigan workers had filed for unemployment — an unprecedented 23% of employed residents.²

→ Some industries with high concentrations of “non-critical, non-remote” workers are closely linked to the tourism industry in the region — Accommodation and Food Services; Retail; and Arts, Entertainment, and Recreation.

¹Source: Census LEHD data, 2018 annual average; Occupation profiles were classified using BLS and O*NET data.
²Source: Networks Northwest; includes continued claims and initial claims. Employed residents refers to ACS 2018 estimates.
As the Governor's closure orders are lifted and the economy begins its gradual reopening, some of the short-term impacts will be mitigated. However, other impacts will be more long-lasting.

**TOURISM IMPACTS**

- The tourism sector is a major employer in Northwest Michigan and will experience lasting impacts due to the global pandemic. The region has already seen a decline in travel and hotel occupancies, as well as the cancellation of events like the Cherry Festival, that will have major short-term impacts on the sector.

- Long-term, consumer confidence will have lasting effects on businesses and workers in the tourism sector, as visitors decide when/where it is safe to physically visit venues.

**SMALL BUSINESSES IMPACTS**

- In the region, an estimated 54% of all employment is concentrated in private businesses with fewer than 500 employees. Small, private businesses employ 66,000 workers. Micro businesses, which have fewer than 20 employees, are even more vulnerable.

- Small businesses are at higher risk than larger firms because they have less liquidity and less cash on hand to weather shocks and emergencies.

- On average small businesses have only $12 K of cash on hand with a 27 day cash buffer — after that they are out of resources and even prior many will face permanent loss.


Data source: JPMorgan Chase Report - Analysis of bank account balances of 140,000 small businesses to provide information about average daily balances, revenues, and operating expenses to estimate cash buffer levels in small business across different industries.

Networks Northwest
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LONG-TERM IMPACTS

Beyond these lasting impacts, several factors will determine how quickly Northwest Michigan is able to recover from the economic disruptions caused by the global pandemic.

GROSS REGIONAL PRODUCT

The region's annual economic output is $13.1 billion. We estimate a potential $2.3 billion loss in key sectors in 2020, based on national and regional projections of industry impacts.\(^5\)

IMPACTS ON ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED

- ALICE Households earn more than the Federal Poverty Level, but less than the basic cost of living for the state, based on the local cost of the six basic household necessities — housing, child care, food, transportation, health care, and a basic smartphone plan.

- Many ALICE workers hold low-wage jobs that do not meet the “Household Survival Budget.”

- Though the CARES Act will provide a much needed economic stimulus for these households, many ALICE households that have experienced a layoff or furlough will not be able to meet basic household expenses once that stimulus is spent.

CHILD CARE

- There are approximately 11,400 children aged 0-5 with all parents in the labor force in NWMI. Before COVID-19, there was already a gap in childcare capacity of about 900 children.

- Currently, there may be no child care centers open in NWMI. The closure of child care providers creates immediate impacts on the workforce, and a recent analysis by the Center for Progress indicates that as many as 41% of capacity statewide could be lost long-term without strong federal support. This could leave thousands of parents in the region without child care options, which for many will be a barrier to employment.

\(^5\) Data source: Bureau of Economic Analysis, 2018 with Fourth Economy Analysis. Notes: Percent of Estimated GDP Decrease is based on national and regional projections of industry impacts. Estimated Economic Loss in Region does not consider any Federal CARES Act impacts. Estimated GDP in Northwest MI may be slightly lower than actuals, due to undisclosed data in certain sectors.