



Doug Loon

COVID-19 recovery will differ across state business sectors; workforce is state's biggest challenge

A Minnesota-in-the-post-pandemic-world interview

July 10, 2020

Click [HERE](#) to see and hear the complete Zoom recording of Minnesota Chamber of Commerce President Doug Loon's July 10, 2020, interview with the Civic Caucus.

Present

Tom Abeles, Helen Baer, Bill Blazar, John Cairns (vice chair), Janis Clay (chair), Paul Gilje, Randy Johnson, Ted Kolderie, Doug Loon, Lee Munnich, Paul Ostrow, Dana Schroeder (associate director), Clarence Shallbetter, T Williams. (All by Zoom.)

Biography

Douglas B. Loon is president of the Minnesota Chamber of Commerce, a position he has held since September 8, 2015. The Minnesota Chamber represents more than 2,300 Minnesota companies, 130 local chambers and 65 business trade associations at the Minnesota Legislature on a variety of issues that impact Minnesota's economy.

Prior to assuming leadership of the Minnesota Chamber, Loon spent 20 years at the U.S. Chamber of Commerce, 17 of those in Minnesota. As the vice president for regional affairs and advocacy, he managed the seven regional offices that provide political and grassroots outreach across the nation. He also managed the U.S. Chamber's Midwest Region that includes Minnesota.

Previously, Loon served as director of congressional and public affairs at U.S. Chamber headquarters in Washington, D.C. There, he served as one of the organization's chief lobbyists before Congress on issues critical to the American business community.

Before joining the U.S. Chamber staff in 1995, Loon was legislative director to Senator Arlen Specter of Pennsylvania. In his 10 years on Capitol Hill, Loon also served as acting staff director for the Senate Committee on Veterans' Affairs and on the Senate Commerce Committee. In addition, he worked for Senator Larry Pressler of South Dakota.

Loon received his bachelor's degree in government and international affairs from Augustana College in Sioux Falls, S.D.

Background

According to Minnesota Chamber of Commerce President Doug Loon, the Chamber is the premier voice on behalf of the statewide business community. There are 2,300 Chamber members, representing business leaders and approximately 500,000 employees.

The Chamber represents small, medium and large businesses in services, manufacturing, health care and other sectors. It also acts as the manufacturing trade association in Minnesota, offering manufacturers specific services.

The Minnesota Chamber has approximately 40 employees in its downtown Saint Paul office. Currently, all employees are working remotely.

Summary

In his July 10, 2020, Zoom interview with the Civic Caucus, Minnesota Chamber of Commerce President Doug Loon discusses COVID-19's differing impacts on Minnesota business sectors and its impact on the state budget. He says Minnesota's greatest challenge is its workforce and that the state cannot afford to have people unavailable to the workforce because of educational and other disparities. And he offers three actions the governor and the Legislature can take that would help the state open up the economy in a safe way.

Loon presents a series of helpful charts and graphs, which can be viewed [HERE](#).

Loon's major points in the interview are highlighted below.

During 2019, Minnesota showed several strengths and challenges compared with other states. Its strengths included innovation and growth; more jobs; increased wages; and more trade. Its challenges included slower growth than other states; top five in taxes in

too many categories; and the workforce. The Chamber releases a Benchmarks report each year to make sense of all of the rankings. [Review the 2020 report here.](#)

The Chamber's COVID-19 response. During the pandemic, the Chamber has worked actively to mitigate the impact of the closures and protect the state's economy short and long term by providing timely information and business assistance; working to safely reopen closed or partially closed segments of the private marketplace; helping to establish best practices to ensure businesses, employees and customers are safe; and engaging with policymakers to support businesses.

The Chamber is participating in the Minnesota Ready Coalition, a group of over 70 business organizations, designed to support reopening safely.

COVID-19's impact on the state budget. Because of the impact of COVID-19 on state revenues, the state's 2020-2021 budget balance of \$1.513 billion projected in February 2020 declined in an updated forecast in May to a budget deficit of -\$2.426 billion. The federal COVID assistance to the state is not included in the forecast. Also, it's worth noting that the state's \$2.359 billion in state budget reserves remains in place.

The May updated budget forecast assumes lifting restrictions during the third quarter of 2020, with life back to normal by April 2021. "How true that will be remains to be seen," Loon says.

State unemployment was nearly 10 percent as of May 2020. Minnesota is down 381,600 jobs since the same time in 2019, although it's not clear how many of the job losses are permanent vs. furloughed. Employment is down in every sector, with the biggest decrease in the leisure and entertainment sector, which was down nearly 50 percent in May from a year ago.

Future scenarios. Optimistically, Minnesota will show a more drawn-out recovery, but with a full return to normal in the third quarter of 2021. Some other states are currently showing faster growth than Minnesota, because they had an earlier spread of the virus.

The state needs the following ingredients for recovery: (1) More certainty or clarity around the management of the virus; (2) Ability to reopen safely; (3) Interaction among businesses and with customers; and (4) Public education campaign on safety. Consumers will determine how well we do. Businesses must reassure customers and employees that they can be safe. Loon says, "We need to manage the virus or the virus will manage us. It's not business as usual."

Minnesota's fundamental economic strengths. (1) Diversity of business enterprises; (2) Agile and capable of handling ambiguity; and (3) Innovative. The state will need to address its number one challenge, the workforce.

Remote vs. on-site workers. The Chamber's staff has been as efficient remotely as it would be from the office. People working at home need to be motivated and the Chamber's staff has felt more motivated because of the organization's current work. "The Chamber's work to provide assistance to member businesses during COVID has been incredibly important and rewarding" for the Chamber staff, Loon says.

Some employers say collaboration and building a culture is very hard virtually, because it's difficult to make a personal connection online. On-boarding new employees into the culture of an organization is almost impossible. Offices can be high risk for spreading the virus, but there need to be some allowances, such as for small-group training, management meetings and on-boarding.

Commercial real estate. Commercial real-estate owners are hoping that once we're past the pandemic, employees will all come back to offices. But it's likely that some office real estate will contract and some will expand. If workers in downtown Saint Paul are reduced by 20 percent, what that will mean for restaurants and other downtown businesses?

Reopening schools. It's important to reopen schools this fall. "Businesses will find it more difficult to bring back workers if we don't have the kids in school," Loon says. The fall return of schools is an important feature in whether we see the return of employment and restoring our economy.

Societal unrest and social inequity in Minnesota. There is an immediate need for calm and a need to bring people together to solve societal inequities and disparities. The pandemic and the unrest have dealt a double blow to the state and Minnesota's reputation has suffered.

The state needs workers. If we have marginalized parts of the population, we have a problem in terms of the economy. "We need to find all workers or Minnesota won't be successful long term," Loon says.

The Chamber is doing three main things:

1. Policy areas to address disparities: (a) access to capital; (b) workplace hiring practices; (c) education disparities to improve outcomes.
2. Restoration & Recovery Resources: The Chamber launched a program designed to help minority-owned, homegrown businesses that were impacted by the riots and looting following George Floyd's death. The program is designed to connect damaged or destroyed small businesses with *pro bono* services from Chamber members. **For more, click here.**
3. Diversity & Inclusion: The Chamber has in its strategic plan the goal of advancing business services for minority-owned and women-owned businesses and increasing

diversity among its membership. The Chamber is reviewing its progress and seeking to expand work to partner with other organizations that share the same goal of advancing business startups among minority communities in Minnesota.

Secondary and postsecondary education and the labor force. We need to help get high schools and Minnesota State (formerly known as MnSCU) better in tune with the future needs of employers. We need to have people coming into the workforce ready to be trained by employers. There could be a hybrid structure developed between high schools and community colleges.

Recovery won't be equal across all business sectors. It won't be business as usual for the short term or, for some, even in the long term. Some sectors of Minnesota's diverse economy lend themselves better to recovery. Factors affecting the recovery for state businesses include how much our economy will be dependent on the global economy and on travel and tourism.

Early childhood and K-12 education. The Chamber is against the universal pre-K approach championed by some people, including former Governor Mark Dayton. There are better ways to target early childhood resources to those in need.

The Chamber supported the amendment to Minnesota's State Constitution-proposed by former state Supreme Court Justice Alan Page and Federal Reserve Bank of Minneapolis President Neel Kashkari-to guarantee educational outcomes for all children. We must find the means to fix the achievement gaps and lower the dropout rate, which is very high in certain parts of the population. Those young people are marginalized and are not available to the workforce. Educational disparities are front and center and are a large problem for Minnesota.

What three things can the governor and the Legislature do to help open up the economy in a safe way?

1. Promote safety to help prevent the spread of the pandemic in MN. This should include all precautions, including the voluntary use of masks. We should be wearing them when we're out in public.
2. Do things to make the Minnesota's tax code more competitive. Small businesses need to reinvest in their businesses. Minnesota has not yet conformed with the federal level on accelerated expensing.
3. Support education outcomes to better prepare our workforce for tomorrow.

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