



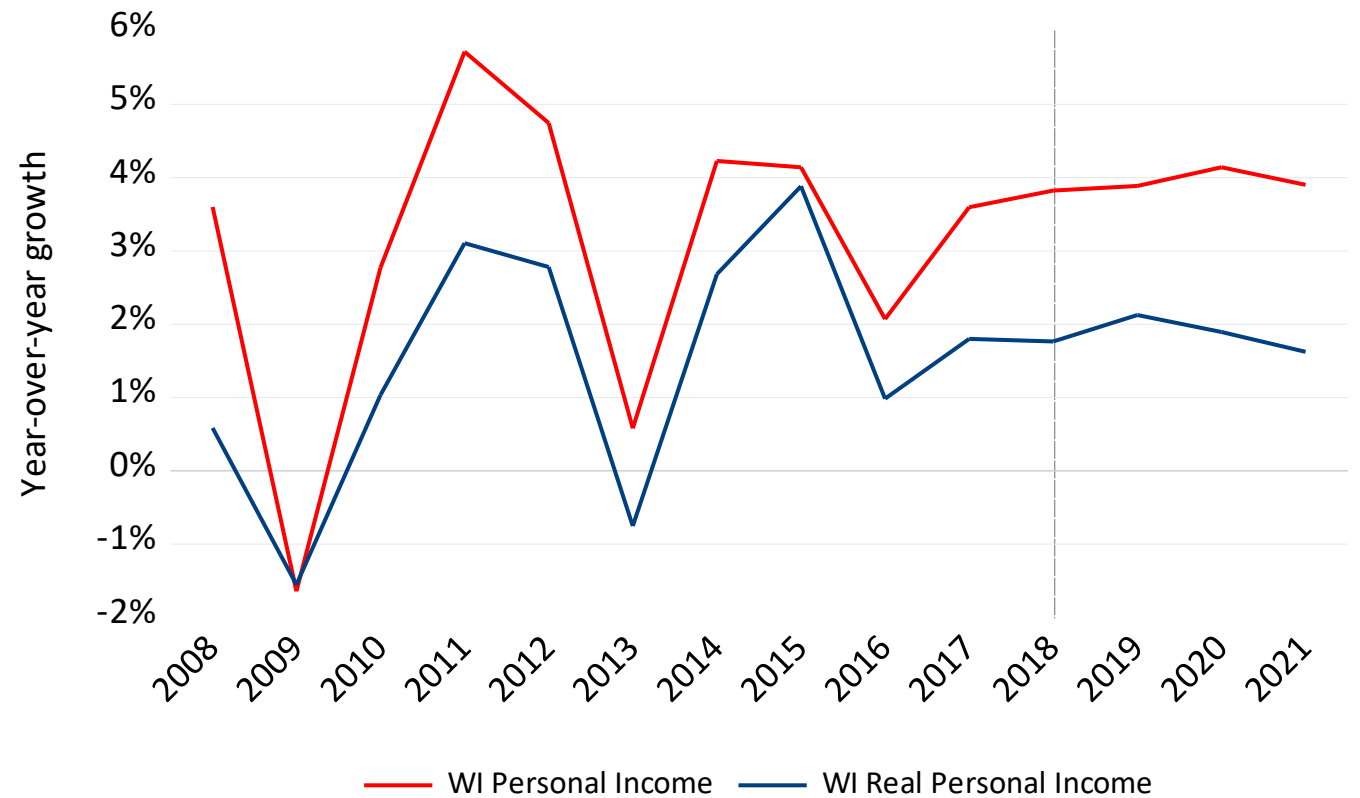
Wisconsin Economic Outlook

March 2019

**Wisconsin Department of Revenue
Division of Research & Policy**

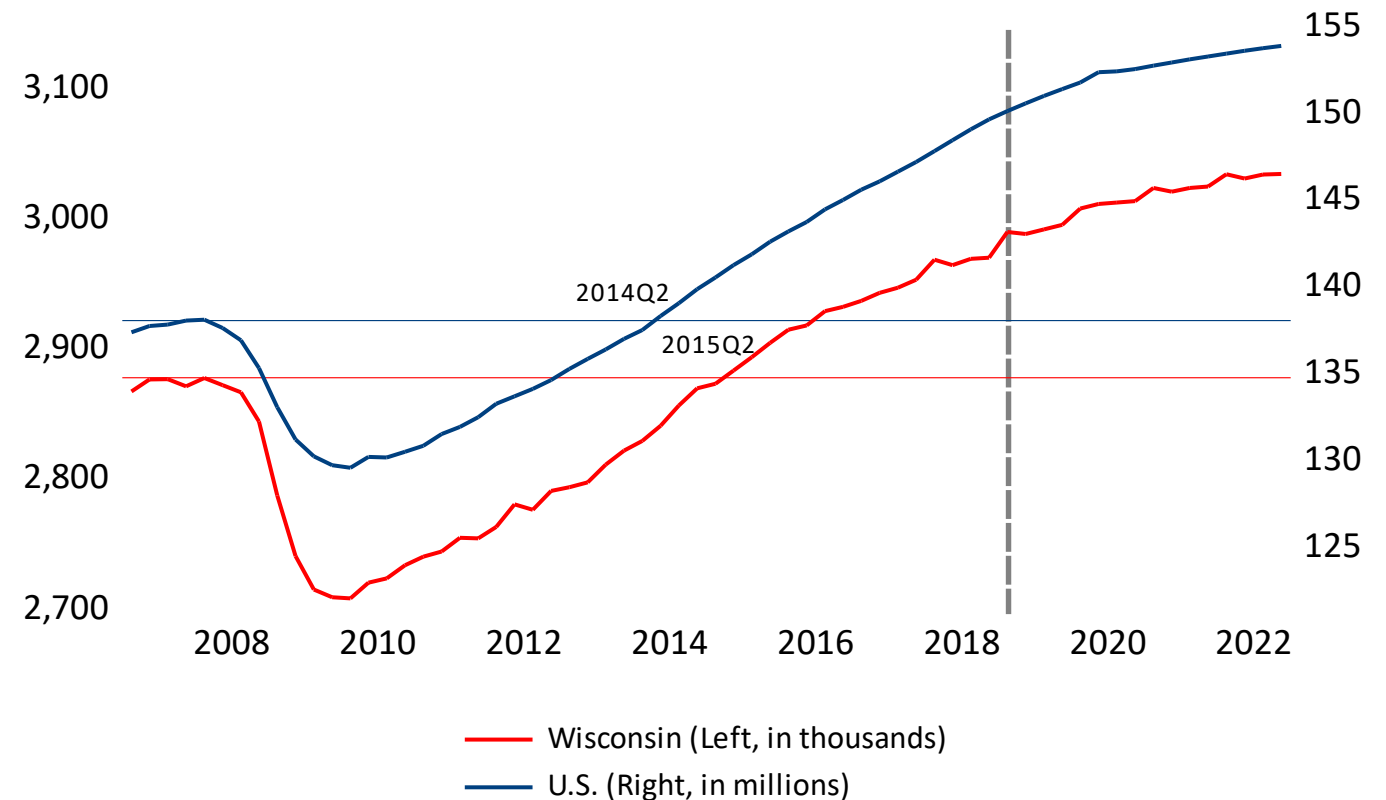
- Wisconsin personal income grew 3.6% in 2017, somewhat above the Great Lakes region's growth of 3.5% and significantly below the 4.4% growth nationwide.
- Wisconsin personal income is expected to increase 3.8% in 2018 and 3.9% in 2019, compared to 4.5% growth nationwide in both years.
- Real Personal Income grew 1.5% in 2017 and is expected to grow 2.1% in 2019 as inflation slows down.

Wisconsin Personal Income Growth



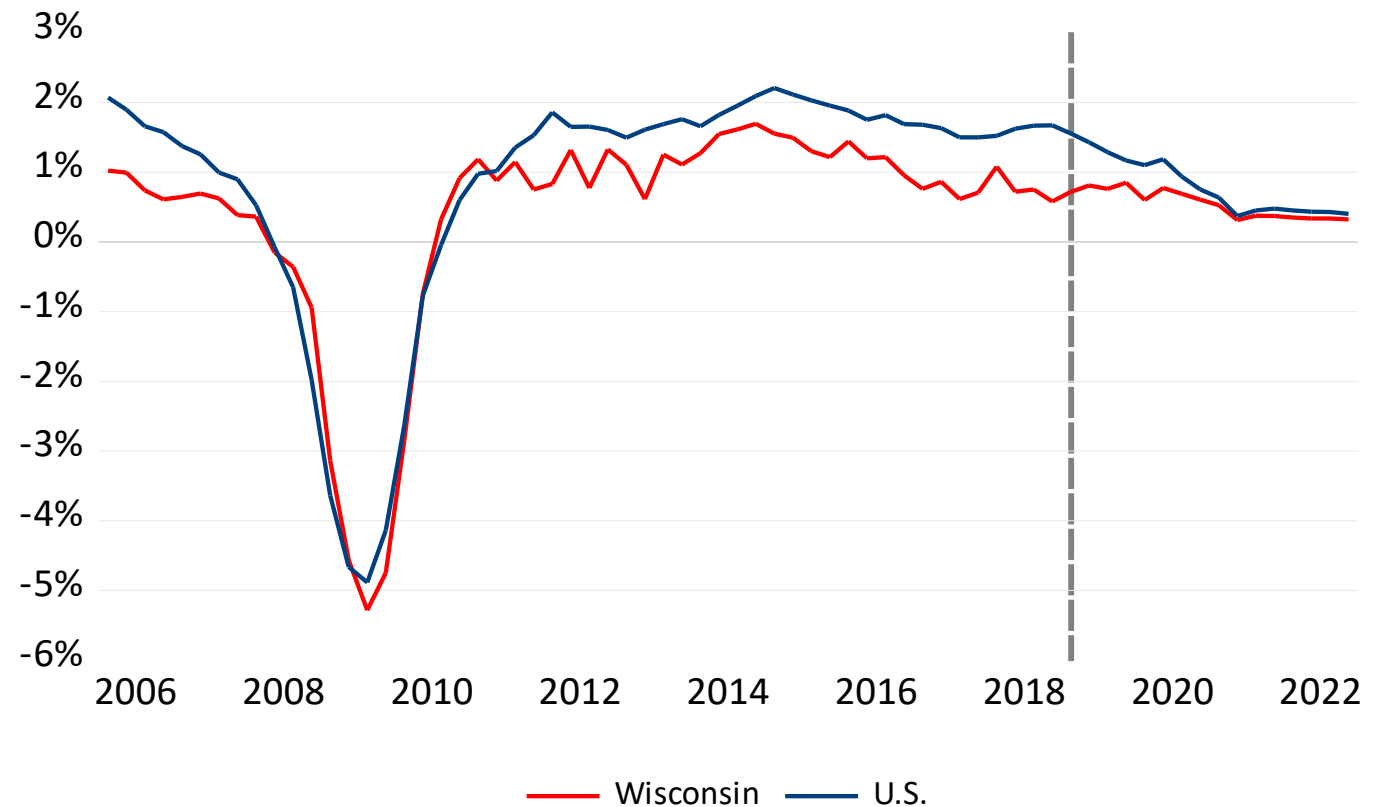
- Wisconsin reached its pre-recession employment level in the second quarter of 2015, a year later than the U.S..
- Labor markets are near full employment with a record low unemployment rate, but the employment-population ratio shows there is still room to grow without economic overheating.
- Wisconsin employment-population ratio peaked in mid-2017 at 66.3%, well below 67.6% in 2007 and the all-time high of 72.2% in late-1997.

Total Employment Continues to Grow



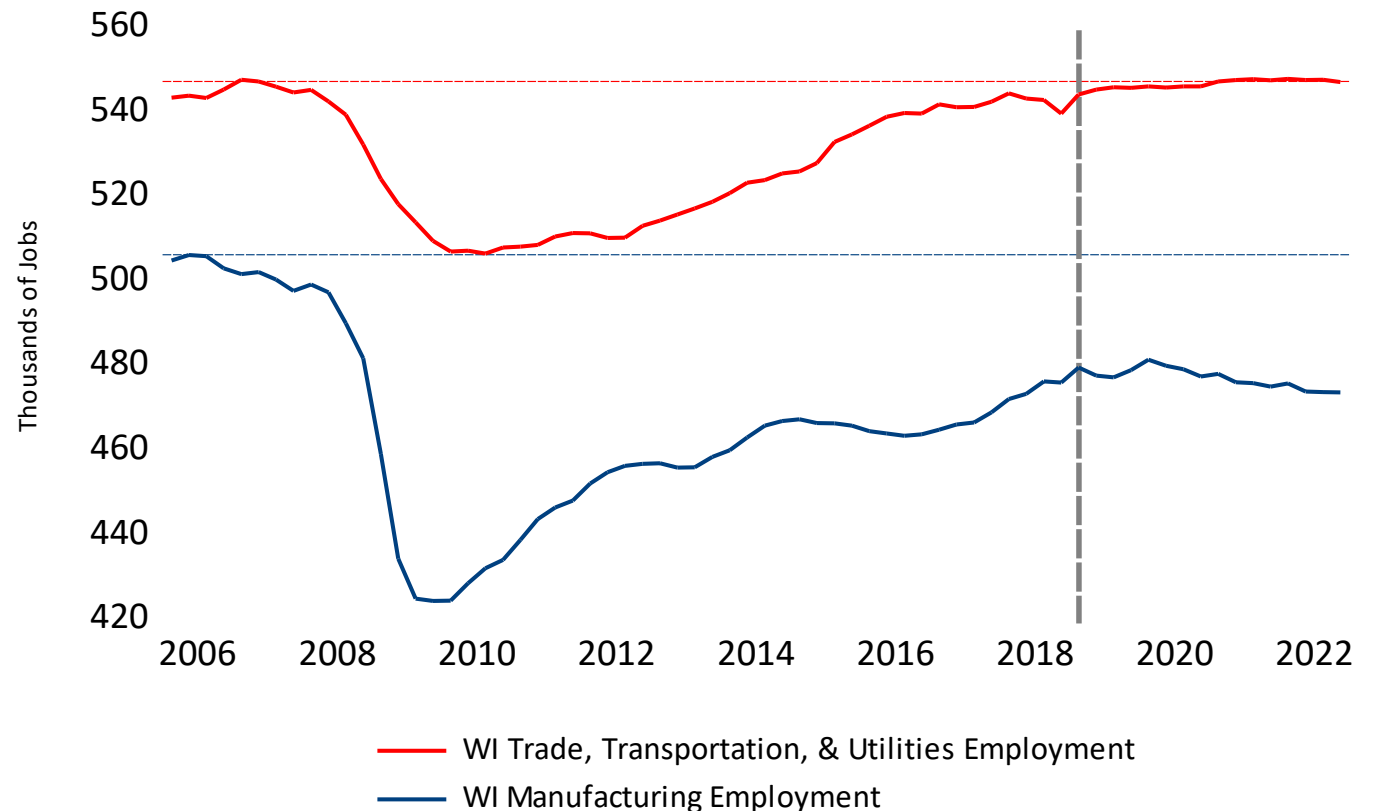
- Wisconsin employment growth slowed in 2017 and 2018, to 0.7% and 0.8%, respectively.
- U.S. employment grew twice as fast, 1.6%, in both years.
- The current expansion will become the longest in recorded history by July 2019.
- As the economic cycle matures, jobs growth will slow down
- The forecast expects one more year of 0.8% employment growth in Wisconsin, while U.S. employment growth slows to 1.4% in 2019.

Employment Growth (Year-Over-Year %)



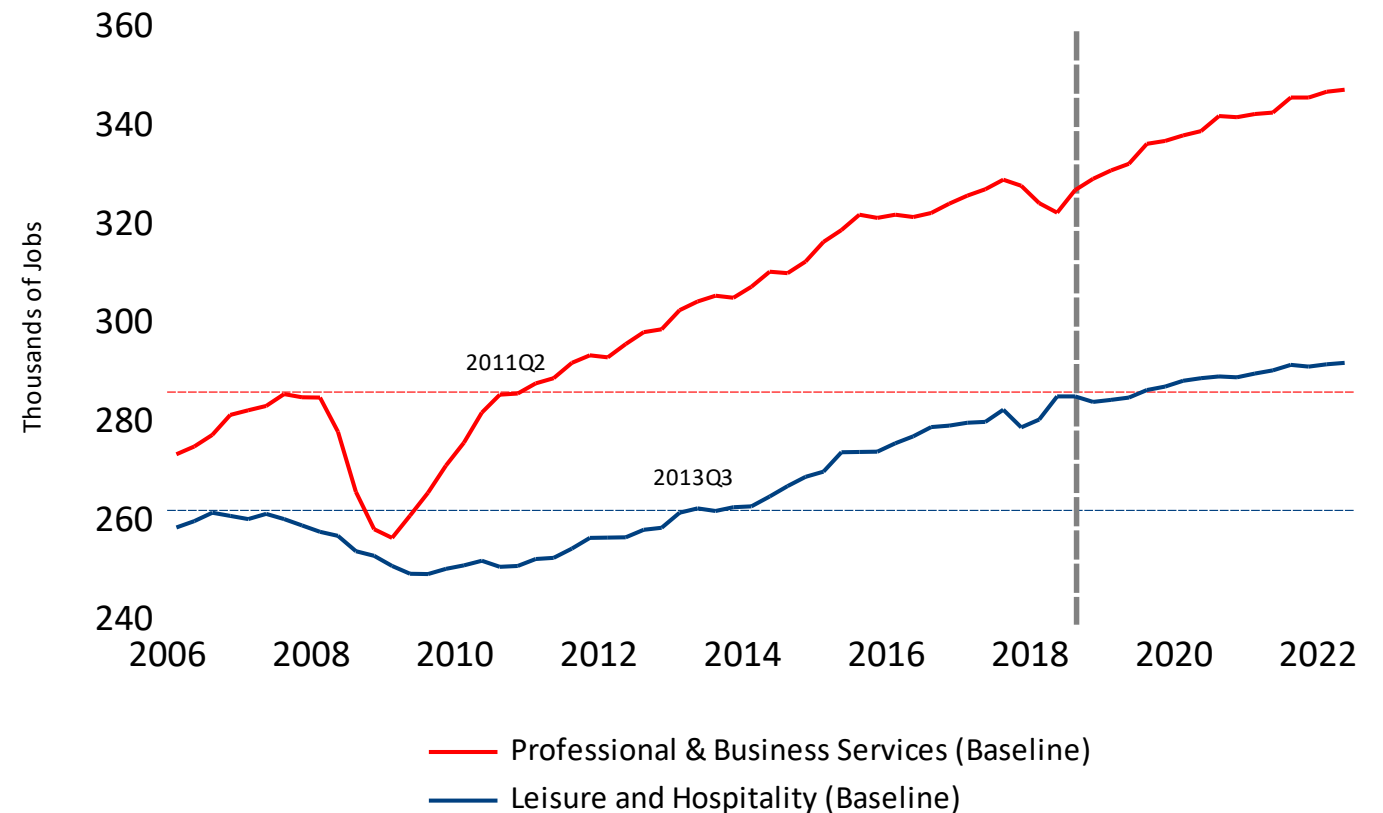
- Trade, Transportation and Utilities is the largest employment sector in Wisconsin and the U.S.
- This sector employs 544,000 workers in Wisconsin and 28 million U.S. workers, representing 18% of total employment in Wisconsin and 19% nationwide.
- Recovery of the largest sector has been slow in Wisconsin. Wisconsin has not yet reached its pre-recession employment level, while the U.S. surpassed its previous peak in early 2015.
- Manufacturing, Wisconsin's second largest employment sector employs 477,000 workers in Wisconsin (16%) and 13 million workers at the national level (9%).
- Wisconsin manufacturing employment has recovered faster than the U.S. and it has now recovered 63% of the jobs lost in the recession, while the U.S. has recovered 50% of the lost jobs.

Largest Employment Sectors Had Not Reached Previous Peak After Eight Years of Growth



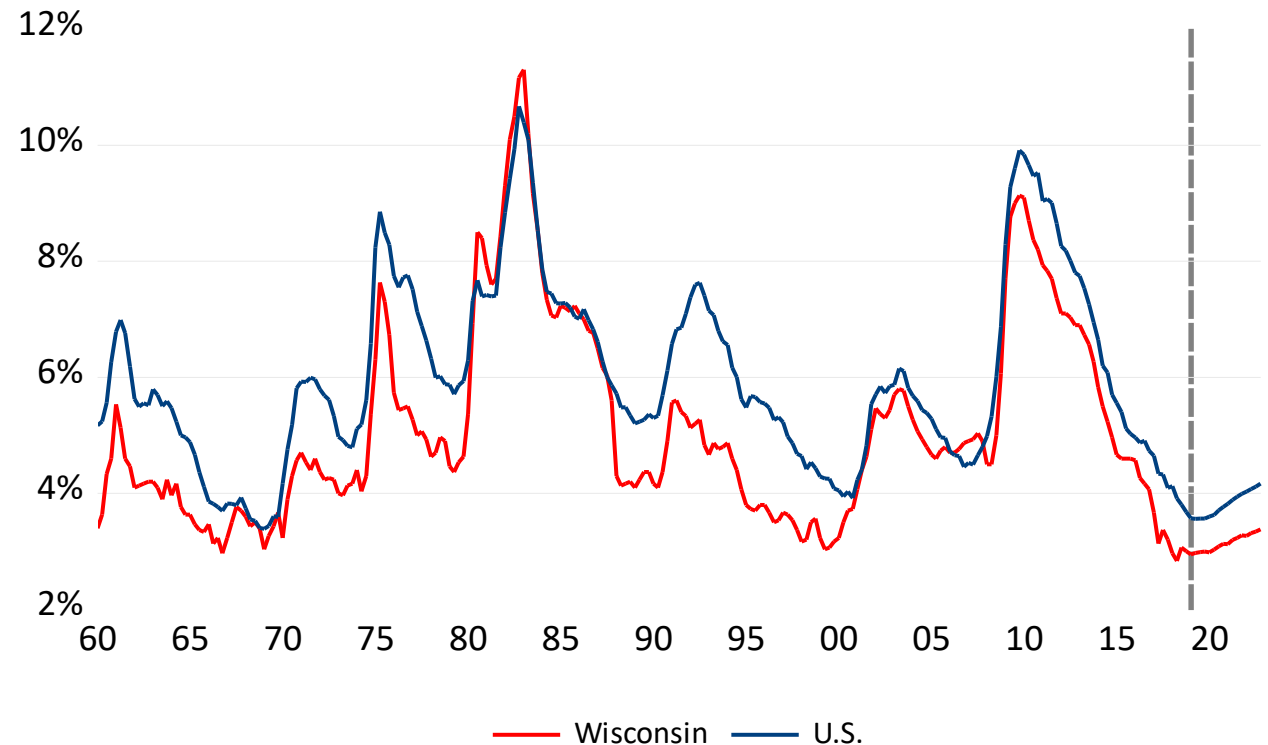
- The Education and Health Services sector was the only private sector not to lose jobs during the recession, due to growth in the health care subsector.
- This sector represents 15% and 16% of total employment in Wisconsin and the U.S., respectively.
- Jobs in the Education and Health Services sector grew 1.4% in 2017 and 1.1% in 2018.
- The forecast calls for one more year of relatively strong growth in 2019 (0.9%), and mild growth between 2020 and 2022.
- Leisure and Hospitality is the sixth largest employment sector in Wisconsin, with 281,000 workers.
- Employment in Leisure and Hospitality increased 1.6% in 2017 and 0.8% in 2018. The forecast calls for continued and steady growth of 1.0% in 2019 and 1.1% in 2020.

Employment in the Professional and Business Services and Leisure and Hospitality Sectors Recovered Easily After the Last Recession



- Wisconsin's seasonally adjusted unemployment rate dropped to 2.8% in the second quarter of 2018 and has stabilized at 3.0% by the end of 2018.
- Wisconsin's unemployment rate has been consistently below the national rate since 2008.
- The unemployment rate is expected to stay around 3.0% between 2019 and 2020, and then slightly increasing to 3.3% by 2022.
- The U.S. unemployment rate ended 2018 at 3.7% and the forecast call for a small decline to 3.6% during 2019 and 2020 before picking up slightly to 3.9% in 2021.

**Unemployment Rates Are at Historical Lows,
But They Never Stayed That Low for a Long Period....**



- The share of wages and salaries relative to total personal income stands at around 50% in 2017 and shows a continuing declining trend since its peak at 63% in the 60's.
- Wisconsin wages and salaries grew 3.4% in 2017 in Wisconsin and 4.6% nationwide. Wisconsin's forecast calls for total wage growth of 3.9% in 2018 and 3.6% in 2019, compared to 4.7% and 4.6% nationwide.
- Supplement to wages and salaries' share of personal income increased from 6% in the 60's to 13% in 2018.
- The share going to contributions for employee pension and insurance funds grew faster, from 4% in the '60s to 10% in the last decade.
- Employer contributions for government social insurance grew at a slower pace, from 2% to 4%, during the same period.

The share of wages decreased as more of personal income went into supplements (pension and health)

