

WISCONSIN ECONOMIC OUTLOOK

March 2019

AT A GLANCE

- The U.S. and Wisconsin economies will continue growing in 2019, but at a slower pace as the impact of the federal fiscal stimulus starts to fade. Tight job markets and lower oil prices continue to support personal consumption growth.
- Wisconsin's unemployment rate will remain below the national rate, while both stay near historical lows.
- Wisconsin employment grew 0.8% in 2018. The forecast calls for similar growth in the next two years.
- Wisconsin personal income grew 3.6% in 2017, below the 4.4% growth nationwide. It is expected to increase 3.8% in 2018 and 3.9% in 2019, compared to 4.5% growth nationwide in both years.

OVERVIEW

The U.S. and Wisconsin economies showed growth during 2018, as the current expansion cycle reached its ninth year. Fiscal stimulus and the federal tax cuts and expenditure bill pushed growth higher in the first half of 2018. Labor markets continue to tighten, pushing up wages. Consumer confidence is close to its all-time high.

The forecast expects this trend to continue in 2019 at a slightly slower pace, as the housing market decelerates and the boost from the federal tax cuts fade away. The current expansion will become the longest in recorded history by July 2019. However, there are several downside risks to this forecast. Those risks include a rising dollar, slower world growth,

volatility in the stock market, a trade war with China and federal government shutdowns.

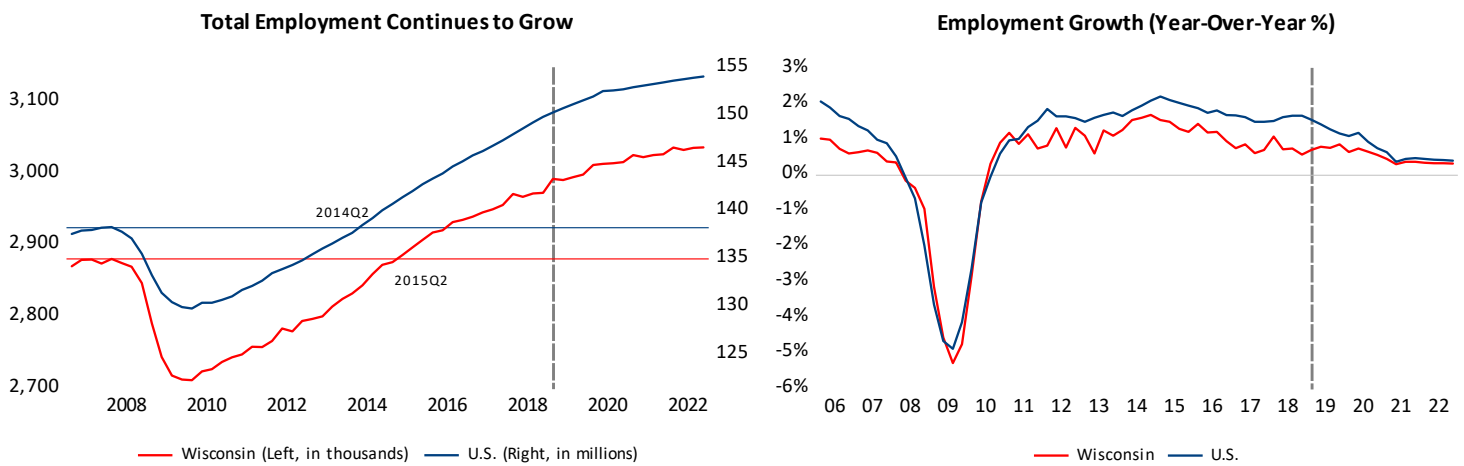
Wisconsin personal income grew 3.6% in 2017, just above the 3.5% growth in the Great Lakes region and below the 4.4% growth nationwide. Wisconsin personal income should post growth of

3.8% in 2018 and 3.9% in 2019, compared to 4.5% growth nationwide in both years.

Wisconsin employment grew at slightly less than half the pace of the U.S. in the last two years.

Wisconsin Personal Income Growth





Wisconsin added just 21,500 jobs in 2017 and 23,000 in 2018, after adding an average of 33,700 jobs per year between 2011 and 2016. Wisconsin employment posted year-over-year growth of 0.7% in 2017 and 0.8% in 2018, compared to growth of 1.6% nationwide. The forecast calls for similar growth in 2019 and 2020, while U.S. employment growth slows to 1.4% in 2019 and 1.0% in 2020.

The national economy showed strong growth in 2018, driven by the ongoing economic expansion and pushed by the fiscal stimulus from the federal tax cuts and spending increases.

According to the latest IHS Markit forecast of the U.S. economy, this trend will continue into 2019, with a real GDP growth of 2.9% in 2018 followed by a growth rate of 2.7% in 2019. Growth will recede to 2.1% in 2020 and 1.6% in 2021. U.S. job creation was steady in 2018 at 1.6%, but it was below the average growth of 1.9% between

2014 and 2016. Several factors will slow the current economic growth pace: the end of the fiscal stimulus, restrictive monetary policy with higher interest rates, a strong dollar, volatile stock markets, peaking housing markets, trade tensions and slowing global growth. Personal consumption is still strong, helped by low unemployment, growing real wages and low oil prices, but sentiment about future expectations is starting to decline.

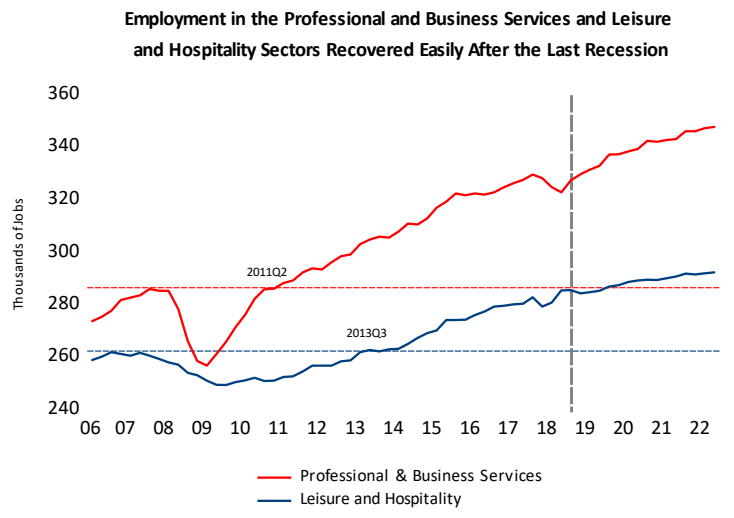
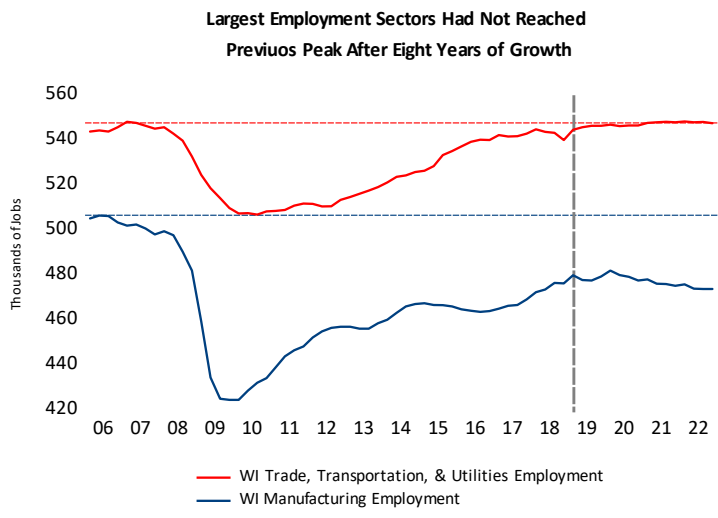
EMPLOYMENT

Wisconsin employment grew 0.7% in 2017 and 0.8% in 2018, compared with a growth rate of 1.6% in both years nationwide. Wisconsin reached its pre-recession employment level in the second quarter of 2015, a year later than the U.S., and it has shown weaker growth since the end of 2015 as shown in the chart below.

Even though labor markets are near full employment with a record low unemployment rate, the employment-population ratio shows there is still room to grow without economic overheating. The forecast calls for two more years of modest growth and a significant slowdown in 2021, following national trends. The Current Employment Statistics (CES) data shows that total employment increased 0.7% in 2017 and 0.8% in 2018, adding 21,500 and 23,000 jobs, respectively. The forecast expects similar job gains in 2019 and 2020, with year-over-year growth of around 0.8%. The U.S. will post growth of 1.4% in 2019 and 1.0% in 2020 before slowing to 0.5% in 2021.

EMPLOYMENT SECTORS

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 employment sector has been particularly slow in Wisconsin. Employment in the trade, transportation and utilities sector fell in 2010 to 93% of its peak level in 2007 in Wisconsin and nationwide. By the end of 2018, Wisconsin has only recovered 33,000 of the 41,000 jobs lost in the last recession, while the U.S. has added one and a half times the number of jobs lost in the recession. Wisconsin has not yet reached its pre-recession employment level in this sector, while the U.S. surpassed its previous peak in early 2015.

Employment in trade, transportation, and utilities grew 0.5% in 2017 and 0.2% in 2018. The forecast calls for weak growth

of 0.5% in 2019 and small increases in 2020 and 2021.

Manufacturing, Wisconsin’s second largest employment sector, showed a strong recovery out of the last recession. Manufacturing employs 477,000 workers in Wisconsin, accounting for 16% of total employment. At the national level, manufacturing represents just 9% of total employment, with 13 million workers.

The last recession hit the manufacturing sector particularly hard: Wisconsin lost 82,000 jobs and the U.S. lost almost 3 million jobs. Wisconsin manufacturing employment has recovered slightly faster than the U.S. and it has now recovered 63% of the jobs lost in the recession, while the U.S. has recovered just half of the lost jobs. However, the pace of the recovery has been uneven in Wisconsin, with growth rates

ranging from an expansion of 3.3% in 2011 to a decline of 0.5% in 2016.

The sector posted modest growth of 0.6% in 2017 and growth of 1.7% in 2018. The forecast then calls for growth of 0.8% in 2019 and a small increase in 2020, driven by slower growth of the global economy and a strong dollar. By the end of the forecast period, 16 years after the end of the last recession, Wisconsin and U.S. manufacturing employment will still remain around 10% below their previous peak of 2006.

The Education and Health Services sector was the only private sector whose employment level did not fall 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, ranking as the

second largest at the national level and the third largest in Wisconsin.

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.

The **Professional and Business Services** sector employs 325,000 workers in Wisconsin, ranking as the fifth largest employment sector. It showed the strongest growth following the great recession and recovered the number of jobs lost during the last recession by mid-2011.

Employment in this sector grew 1.0% in 2017 and 0.3% in 2018. The forecast expects this sector to grow at a strong pace between 1.2% and 2.3% throughout the forecast period.

Leisure and Hospitality is the sixth largest employment sector in Wisconsin, with 281,000 workers. This sector lost 5% of its workforce or 12,400 jobs during the last recession, but it recovered by mid-2013. Currently, this sector employs 23,600 more workers than during the previous peak of 2007.

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.

The **Other Services** sector grew 1.0% in 2017 and 0.7% in 2018 following three years of strong growth. This sector was not hit as hard as other sectors during the last recession and the recovery was slow, reaching its pre-recession level in early 2014. The employment outlook for this sector shows small growth in 2019 and declines in the following three years, in line with the national forecast.

The decline of employment in the **Financial Activities** sector after the last recession lasted six years in Wisconsin. Employment in this sector fell from 159,000 in 2008 to 150,000 in mid-2014. The sector recovered a small part of that loss between 2015 and 2017, but it was flat in 2018. The forecast expects mild growth between 2019 and 2022.

Wisconsin employment in the **Construction** sector grew 4.3% in 2017 and 4.2% in 2018. This sector was hard hit during the last recession, losing 37,000 jobs throughout seven years from early-2006 to late-2012. This means that almost one in three construction workers lost their job during these years. The recovery was pretty strong, with growth rates above 5% between 2013 and

2015. For the 2019-2021 period, the outlook calls for steady growth at an average annual rate of 2.1%. By the end of 2018, with an estimate of 123,000 construction jobs, the sector is still 6,000 jobs below its previous peak, which it is expected to reach by 2021.

Employment in the **Information** sector declined 2.5% in 2017 and 1.3% in 2018, after adding jobs for four consecutive years. The forecast expects this sector to resume growth with a rate of 0.8% in 2019. This sector will continue with its erratic trend, posting a decline in 2020 and resuming growth by the end of the forecasted period.

The **Natural Resources and Mining** sector accounts for only 0.1% of total employment in Wisconsin, employing 4,700 workers. This sector showed strong employment growth of 15.2% in 2017 and 8.8% in 2018 following a decline of 9.6% in 2016. Its outlook shows a continuation of this growth trend throughout 2022.

Employment in the **Government** sector declined in seven of the last ten years. Following a 1.1% decline in 2017, government employment grew just 0.1% in 2018. The forecast expects an annual average growth rate of 0.6% between 2019 and 2022. By the end of 2022, there will still be

8,000 less government workers in Wisconsin than its previous peak in 2008. In contrast, the U.S. will recover its pre-recession level of government employment by mid-2020.

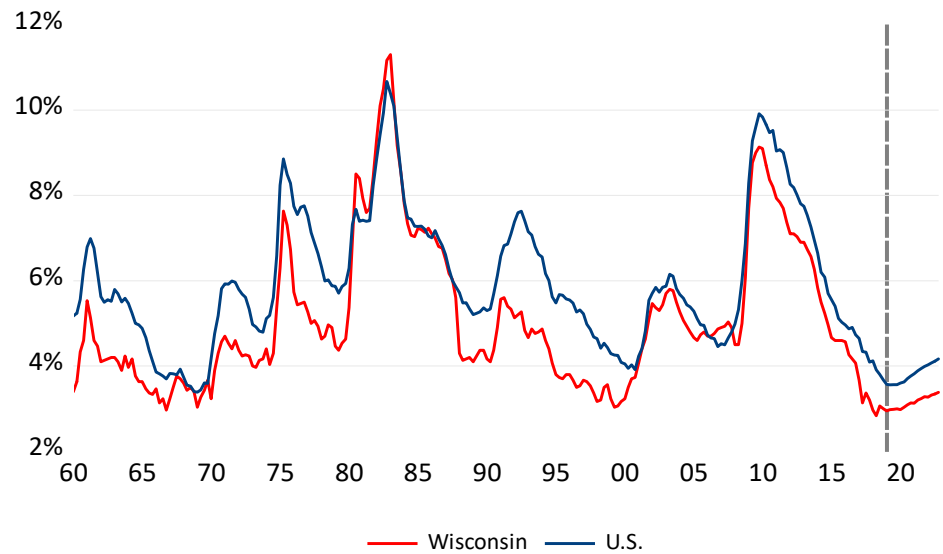
UNEMPLOYMENT

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, slightly increasing to 3.3% by 2022. The U.S. unemployment rate ended 2018 at 3.7% and the forecast calls for a small decline to 3.6% during 2019 and 2020 before picking up slightly to 3.9% in 2021.

The U.S. Bureau of Labor Statistics (BLS) releases alternative measures of labor underutilization for states and the nation. The most inclusive of these measures is the U-6 rate, which measures the total unemployed plus all marginally attached workers and those working part-time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers. This measure adjusts for the distortion

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



of a decline in the unemployment rate due to people leaving the labor force and people working part-time because they cannot find a full time job. BLS publishes this alternative measure for the states on annual averages. The Wisconsin U-6 rate decreased from its peak of 15.2% in 2010 to 6.1% in 2018. At the national level, the U-6 declined from its peak of 17.1% following the great recession to 7.5% in 2018. This comprehensive measure of unemployment rate for Wisconsin has been consistently around 1.5 percentage points below the U.S. average since 2010.

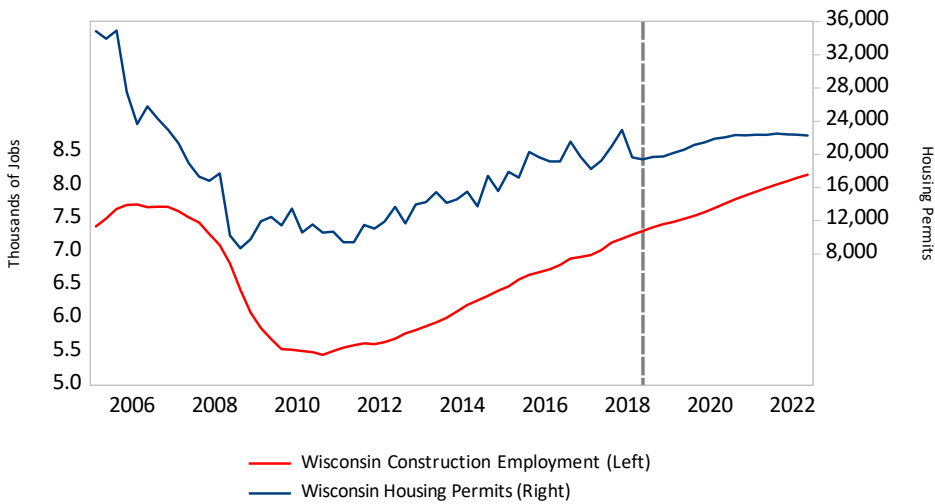
HOUSING

U.S. housing starts grew 2.6% in 2017 and will end 2018 with an average growth of 4.4%, showing

a clear slowdown in the second half of the year. IHS Markit forecasts expansions of U.S. housing starts between 2019 and 2021 with the year-over-year growth peaking in 2020. Most median price indexes for existing home sales show positive but slowing growth trends.

Wisconsin **building permits** are in their seventh year of continued growth with a small 0.6% increase in 2017 and 0.9% in 2018 due to an extremely weak fourth quarter. Building permits were around 20,000 units in 2018, doubling their bottom level of 2011 but still significantly below their peak level of 41,000 in 2003. The forecast calls for 2.3% growth of Wisconsin building permits in 2019 and 3.0% in 2020. By the end of the forecasted period, Wisconsin permits are expected to reach

**Housing Construction has Stabilized in the Last Two Years,
While Construction Employment Continues to Grow**



21,500 units, which still stands significantly below the 2003 peak level.

According to the Wisconsin Realtors Association (WRA), existing home sales grew in 8 of the last 10 years, showing an increase of 1.5% in 2017 and a decline of 1.7% in 2018. The median price of existing homes has been growing for seven years and still continues to show improvements with gains of 5.6% in 2017 and 6.6% in 2018. The median price was at \$182,000 in 2018.

INCOME OUTLOOK

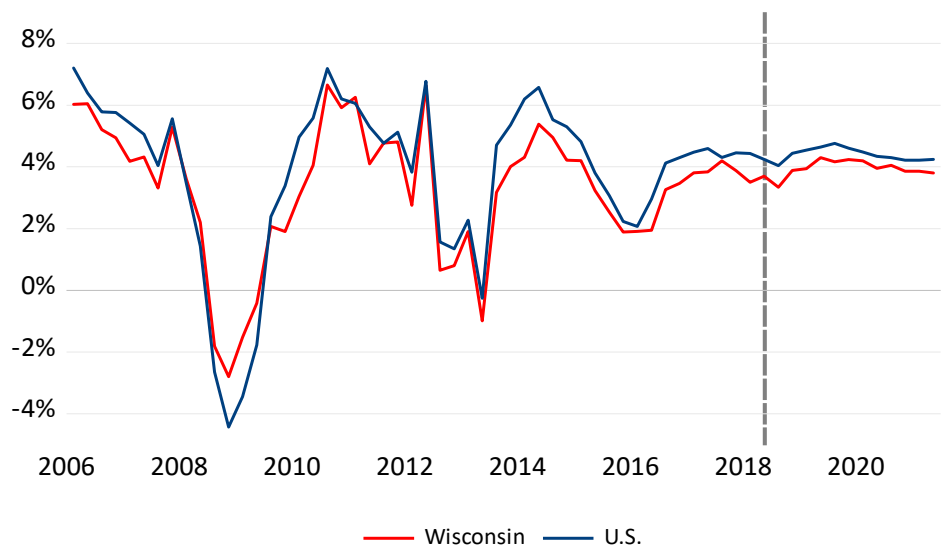
The U.S. Bureau of Economic Analysis (BEA) revised state annual income data in September 2018. The revised data shows that Wisconsin personal income in 2017 grew 3.6%, below the 4.4% growth at the national level.

Wisconsin's 2017 growth was the result of stronger growth of personal transfer receipts (4.5%) and property income (3.9%) that helped to offset weaker growth of 3.4% in wages and salaries income. Wisconsin personal income grew 2.1% in 2016 and 4.1% in 2015, compared to a 2.6% and 4.9% increases at the national level, respectively.

The outlook calls for Wisconsin personal income to grow 3.8% in 2018 and 3.9% in 2019, and to stay below the forecasted growth of national personal income.

Inflation, as measured by the total personal consumption expenditures price index, was at 1.8% in 2017 and 2.1% in 2018, after four years of low inflation with annual growth rates between 0.3% and 1.5%. The forecast expects inflation to creep to 2.3% in 2019 and then stabilize at 2.0% in 2020 and 2021. Thus, when the impact of inflation is taken into account, real personal income in Wisconsin increased 1.5% in 2017 and is expected to show growth of 1.8% in 2018 and 2.1% in 2019. At the national level, real personal income grew 2.6% in 2017, 2.3% in 2018 and 2.7% in 2019.

Personal Income Growth (Year-Over-Year %)



PERSONAL INCOME COMPONENTS

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. 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 '60s.

Supplements to wages and salaries (employer contributions for employee pension and insurance funds and employer contributions for government social insurance) posted steady growth the last two years with annual growth rates around 3.5%. The forecast calls for similar growth in the next three years. Wisconsin supplements are

expected to grow 2.8% in 2019 and 3.9% in 2020.

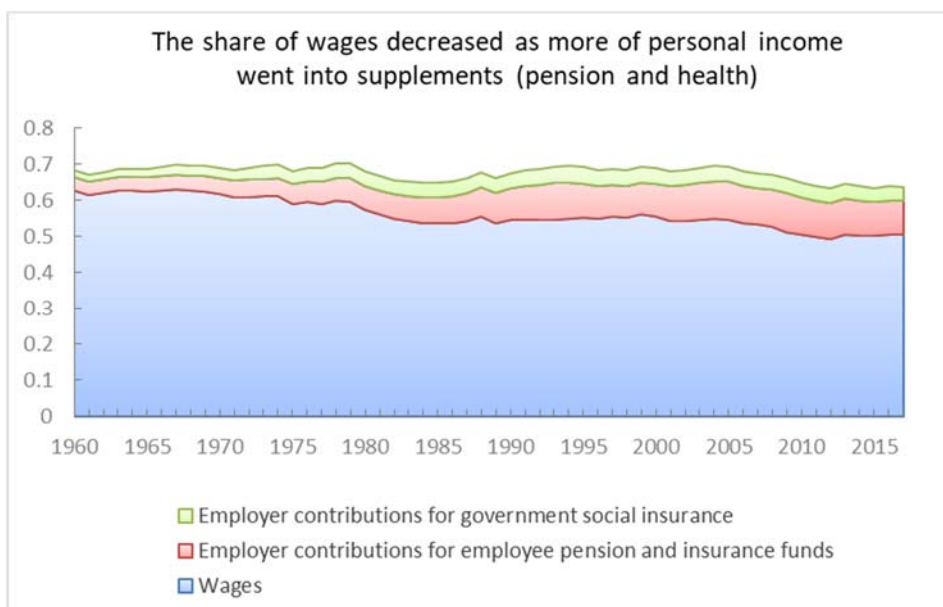
On the other hand, the supplement to wages and salaries' share of personal income increased from 6% in the '60s to 13% in 2018. Within the Supplement's component, the share going to contributions for employee pension and insurance funds grew significantly faster, more than doubling its share of personal income, from 4% in the '60s to 10% in the last decade. In contrast, employer contributions for government social insurance grew, but at a slower pace, from 2% to 4%, during the same period. There are several factors explaining the declining share of wages and the increase of the supplements. First, rising medical costs are taking a larger bite of employee compensation. Second, rising wage inequality accentuates

the growth in supplement, which is mostly received by "career" jobs. Most lower-end jobs will only offer a base wage without extra pension or insurance benefits. The tight labor market had driven some industries to offer several perks, besides the base wage, to attract and retain talent for higher end jobs.

Proprietors' income grew 2.0% in 2017, following a decline of 5.6% in 2016 driven by a fall of farm income. The forecast expects steady growth of 4.3% in 2018 and 3.8% in 2019 before decelerating to in 2020 to mild growth of 0.5%.

Interest income grew 4.4% in 2017 and is expected to have grown 6.8% in 2018. IHS Markit expects the Federal Reserve to continue increasing the interest rate in 2019. As interest rates recover, interest income will increase 4.3% in 2019 and will post strong growth around 8.0% in the following two years.

Dividend income showed steady growth around 3.0% in the last two years, following two years of strong growth in 2014 and 2015. Wisconsin dividend income fell by a third during the last recession, but it recovered quickly to its previous peak by 2012 and has been showing strong growth since then. The forecast expects dividend income to grow 3.2% in 2019 and 2.6% in 2020.



Rental income has been showing strong growth since 2008, following the downturn of the housing sector. Rental income more than tripled in seven years, growing from \$3.2 billion in 2007 to \$12.0 billion in 2017. The forecast expects continued but declining growth through 2020 and a mild decline in 2021. Wisconsin rental income is expected to increase 7.8% in 2019 and 2.1% in 2020.

Personal current transfer receipts grew 4.5% in 2017, after a weak

1.3% growth in 2016. Transfer receipts will show an average growth rate of 4.7% between 2018 and 2021.

RELATED INCOME MEASURES

Wisconsin **disposable personal income** (total after-tax income received by persons available for spending or saving) increased 3.6% in 2017 and will show growth of 4.1% in 2018, driven by the federal tax cuts of 2018. The forecast calls for disposable

personal income to grow 3.8% in 2019 and 4.1% in 2020.

State Gross Domestic Product (GDP) shows Wisconsin real GDP growth of 1.2% and 1.8% in 2016 and 2017, respectively, compared to 1.6% and 2.2% nationwide. As seen at the national level, the tax cut and fiscal stimulus passed in 2017 will boost 2018 growth to 2.4% in Wisconsin and 2.9% in the U.S. The forecast expects Wisconsin real GDP to grow 2.0% in 2019 and then decelerate to 1.5% in 2020 and 1.1% in 2021, as the federal stimulus fades out.

This report was prepared by the
Wisconsin Department of Revenue
Division of Research & Policy

Questions: doreconomists@wisconsin.gov

Wisconsin Department of Revenue
2135 Rimrock Road
Madison, WI 53713

APPENDIX 1
WISCONSIN CES EMPLOYMENT FORECAST: INDUSTRY DETAIL
(THOUSANDS OF JOBS)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Total Nonfarm	2,892.0	2,926.8	2,948.3	2,971.3	2,994.6	3,014.6	3,026.5	3,036.6
% Change	1.4	1.2	0.7	0.8	0.8	0.7	0.4	0.3
Private Nonfarm	2,482.7	2,514.9	2,540.9	2,563.6	2,584.8	2,601.1	2,611.6	2,618.9
% Change	1.7	1.3	1.0	0.9	0.8	0.6	0.4	0.3
Natural Resources & Mining	4.2	3.8	4.4	4.7	4.8	5.2	5.5	5.8
% Change	2.7	-9.6	15.2	8.8	2.2	6.7	6.2	5.8
Construction	109.5	112.6	117.4	122.3	124.5	127.1	130.1	132.7
% Change	5.6	2.9	4.3	4.2	1.8	2.1	2.4	2.0
Manufacturing	467.3	464.7	467.4	475.2	479.2	480.3	477.1	475.1
% Change	0.5	-0.5	0.6	1.7	0.8	0.2	-0.7	-0.4
Trade, Transportation & Utilities	531.2	539.5	542.4	543.3	546.2	546.9	548.5	548.5
% Change	1.3	1.6	0.5	0.2	0.5	0.1	0.3	0.0
Information	48.9	49.1	47.9	47.3	47.7	47.4	48.2	48.5
% Change	2.0	0.3	-2.5	-1.3	0.8	-0.5	1.5	0.7
Financial Activities	151.2	151.9	152.8	152.9	153.2	153.8	154.2	154.1
% Change	0.8	0.4	0.6	0.0	0.2	0.4	0.2	0.0
Professional & Business Services	315.4	322.6	325.8	326.9	330.9	338.6	343.3	347.5
% Change	2.4	2.3	1.0	0.3	1.2	2.3	1.4	1.2
Education & Health Services	436.1	444.7	451.0	456.1	460.1	461.6	464.1	465.4
% Change	1.3	2.0	1.4	1.1	0.9	0.3	0.5	0.3
Leisure & Hospitality	270.8	276.1	280.5	282.7	285.6	288.6	290.6	292.5
% Change	2.6	1.9	1.6	0.8	1.0	1.1	0.7	0.7
Other Services	148.1	149.9	151.3	152.3	152.6	151.4	150.2	148.8
% Change	3.3	1.2	1.0	0.7	0.2	-0.8	-0.8	-1.0
Government	409.3	411.8	407.4	407.7	409.8	413.5	414.9	417.8
% Change	-0.6	0.6	-1.1	0.1	0.5	0.9	0.3	0.7
Federal Government	28.8	29.0	29.0	29.1	29.1	30.5	28.9	28.8
% Change	0.6	0.8	0.0	0.1	0.2	4.7	-5.3	-0.4
State & Local Government	380.5	382.8	378.3	378.6	380.7	383.0	386.0	389.0
% Change	-0.7	0.6	-1.2	0.1	0.5	0.6	0.8	0.8

Household Survey Employment Measures

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Labor Force	3,093.5	3,134.2	3,152.7	3,181.8	3,212.6	3,234.3	3,250.7	3,264.4
% Change	0.2	1.3	0.6	0.9	1.0	0.7	0.5	0.4
Employment	2,951.2	3,000.5	3,047.5	3,084.9	3,117.0	3,135.4	3,146.5	3,155.9
% Change	1.0	1.7	1.6	1.2	1.0	0.6	0.4	0.3
Unemployment Rate (%)	4.6	4.3	3.3	3.0	3.0	3.1	3.2	3.3

APPENDIX 2
WISCONSIN CES EMPLOYMENT FORECAST: INDUSTRY DETAIL
(THOUSANDS OF JOBS)
Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Total Nonfarm	2,971.8	2,967.6	2,972.4	2,973.4	2,993.1	2,991.6	2,995.0	2,998.6
% Change	2.1	-0.6	0.7	0.1	2.7	-0.2	0.5	0.5
Private Nonfarm	2,564.4	2,559.6	2,563.4	2,567.1	2,583.8	2,582.1	2,585.1	2,588.1
% Change	2.3	-0.7	0.6	0.6	2.6	-0.3	0.5	0.5
Natural Resources & Mining	4.8	4.7	4.8	4.7	4.8	4.8	4.9	4.9
% Change	15.3	-2.8	2.8	-8.1	7.1	4.8	5.8	4.7
Construction	121.5	121.8	122.8	123.2	124.1	124.2	124.6	125.2
% Change	7.7	1.1	3.3	1.3	2.9	0.4	1.2	1.9
Manufacturing	472.9	474.1	477.1	476.8	480.4	478.5	478.1	479.7
% Change	2.7	1.0	2.5	-0.3	3.1	-1.6	-0.3	1.4
Trade, Transportation & Utilities	545.2	543.9	543.6	540.4	545.0	546.2	546.8	546.7
% Change	1.4	-0.9	-0.2	-2.3	3.4	0.9	0.5	-0.1
Information	47.2	47.1	47.1	47.6	47.7	47.8	47.7	47.4
% Change	0.6	-1.1	0.0	4.3	1.2	0.3	-0.5	-2.6
Financial Activities	152.5	152.6	152.7	153.7	153.2	153.1	153.3	153.4
% Change	0.0	0.3	0.3	2.7	-1.3	-0.3	0.6	0.3
Professional & Business Services	330.0	328.8	325.3	323.3	327.9	330.3	332.0	333.3
% Change	2.4	-1.5	-4.2	-2.4	5.8	2.9	2.1	1.6
Education & Health Services	454.9	454.9	456.8	457.8	461.2	459.7	459.9	459.4
% Change	1.7	0.0	1.7	0.9	3.0	-1.3	0.2	-0.4
Leisure & Hospitality	283.4	279.8	281.4	286.1	286.1	285.0	285.4	285.9
% Change	3.6	-5.0	2.3	6.8	0.1	-1.6	0.5	0.7
Other Services	152.0	151.8	151.9	153.5	153.3	152.6	152.5	152.1
% Change	1.6	-0.4	0.2	4.2	-0.3	-1.8	-0.4	-0.9
Government	407.4	408.0	409.0	406.4	409.3	409.5	409.9	410.5
% Change	1.0	0.5	1.0	-2.6	2.9	0.2	0.5	0.6
Federal Government	29.1	29.0	29.0	29.2	29.2	29.1	29.1	29.1
% Change	1.9	-0.9	0.0	2.3	0.0	-0.5	-0.4	-0.4
State & Local Government	378.4	379.0	380.0	377.2	380.1	380.3	380.8	381.4
% Change	0.9	0.6	1.1	-2.9	3.1	0.2	0.5	0.7

Household Survey Employment Measures

	History				Forecast			
	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4
Labor Force	3,157.0	3,189.2	3,188.4	3,192.4	3,211.0	3,209.6	3,213.1	3,216.7
% Change	-1.3	4.1	-0.1	0.5	2.3	-0.2	0.4	0.4
Employment	3,055.6	3,096.3	3,091.1	3,096.6	3,116.4	3,114.2	3,117.1	3,120.3
% Change	-1.2	5.4	-0.7	0.7	2.6	-0.3	0.4	0.4
Unemployment Rate (%)	3.0	2.8	3.1	3.0	2.9	3.0	3.0	3.0

APPENDIX 3
WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE
(\$ Billions)

	History				Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021
Total Personal Income	257.600	268.200	273.800	283.600	294.500	305.900	318.600	331.000
% Change	4.2	4.1	2.1	3.6	3.8	3.9	4.1	3.9
Wages and Salaries	129.400	135.100	138.700	143.400	149.000	154.400	160.700	166.900
% Change	3.8	4.4	2.6	3.4	3.9	3.6	4.0	3.9
Supplements to Wages and Salaries	35.400	35.200	36.400	37.800	38.700	39.800	41.400	43.000
% Change	1.8	-0.6	3.5	3.6	2.6	2.8	3.9	3.8
Proprietor's Income	19.400	19.800	18.700	19.100	19.900	20.700	20.800	20.800
% Change	2.3	2.1	-5.6	2.0	4.3	3.8	0.5	0.1
Property Income	46.900	50.400	52.000	54.000	56.100	58.700	61.500	64.000
% Change	7.6	7.4	3.1	3.9	3.9	4.7	4.7	4.1
Personal Interest Income	19.600	20.800	21.000	21.900	23.400	24.400	26.300	28.500
% Change	3.0	6.3	0.7	4.4	6.8	4.3	7.9	8.5
Personal Dividend Income	17.500	18.900	19.600	20.200	20.400	21.100	21.600	22.100
% Change	15.5	8.6	3.6	2.9	1.1	3.2	2.6	2.3
Rental Income	9.900	10.600	11.400	12.000	12.300	13.300	13.600	13.400
% Change	4.1	7.4	7.2	4.9	3.1	7.8	2.1	-1.5
Personal Current Transfer Receipts	44.100	46.000	46.500	48.700	50.900	53.000	55.700	58.600
% Change	4.2	4.1	1.3	4.5	4.6	4.1	5.1	5.1
Residence Adjustment	3.490	3.650	3.760	3.940	4.080	4.250	4.420	4.600
% Change	7.1	4.7	2.9	4.9	3.5	4.1	4.2	4.0
Contributions to Government Social Ins.	21.200	21.900	22.300	23.200	24.300	25.000	25.900	26.800
% Change	3.1	3.5	1.9	4.1	4.4	3.1	3.6	3.6

Related Income Measures

	History				Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021
Real Personal Income (2012 \$)	268.400	279.100	283.000	287.200	292.300	298.500	304.200	309.100
% Change	2.6	4.0	1.4	1.5	1.8	2.1	1.9	1.6
Population (Millions)	5.750	5.760	5.770	5.800	5.820	5.830	5.850	5.870
% Change	0.1	0.2	0.2	0.4	0.4	0.3	0.3	0.3
Real Per Capita Income (2012 \$)	46,700	48,500	49,000	49,600	50,300	51,200	52,000	52,600
% Change	2.5	3.7	0.8	1.4	1.4	1.8	1.6	1.3
Per Capita Income	44,800	46,600	47,400	48,900	50,600	52,400	54,400	56,400
% Change	4.1	4.0	1.8	3.2	3.4	3.5	3.8	3.6
Personal Tax & Nontax Payments	28.600	31.300	32.500	33.600	34.200	35.700	37.400	39.200
% Change	2.0	9.3	3.9	3.4	1.8	4.4	4.6	4.9
Disposable Personal Income	228.900	236.900	241.300	250.000	260.300	270.200	281.200	291.800
% Change	4.5	3.5	1.8	3.6	4.1	3.8	4.1	3.8
GDP	293.300	305.800	316.000	327.100	337.700	347.800	357.800	367.500
% Change	4.2	4.2	3.4	3.5	3.2	3.0	2.9	2.7
Real GDP (2009 \$)	268.700	273.700	276.900	281.900	288.700	294.500	298.900	302.100
% Change	2.1	1.8	1.2	1.8	2.4	2.0	1.5	1.1

APPENDIX 4
WISCONSIN INCOME SUMMARY
PERSONAL INCOME BY MAJOR SOURCE (\$ Billions)
Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

	History				Forecast			
	2017:4	2018:1	2018:2	2018:3	2018:4	2019:1	2019:2	2019:3
Total Personal Income	287.100	291.900	292.900	295.400	297.700	301.600	304.200	307.100
% Change	2.3	6.9	1.4	3.6	3.1	5.4	3.5	3.8
Wages and Salaries	144.900	148.000	147.900	149.400	150.700	152.900	153.500	154.800
% Change	0.4	9.0	-0.3	4.0	3.5	6.0	1.8	3.4
Supplements to Wages and Salaries	38.000	38.700	38.500	38.800	39.000	39.500	39.600	39.900
% Change	-1.8	7.1	-1.6	2.9	2.4	4.9	1.5	3.1
Proprietor's Income	19.200	19.700	19.900	19.900	20.100	20.400	20.600	20.700
% Change	0.0	10.3	4.2	0.5	3.6	5.9	4.7	2.4
Property Income	55.000	55.300	55.800	56.300	57.000	57.300	58.400	59.100
% Change	7.4	2.7	3.5	3.6	5.5	2.0	7.6	5.2
Personal Current Transfer Receipts	49.500	50.300	50.800	51.300	51.200	52.200	52.700	53.200
% Change	5.3	6.4	3.9	4.2	-0.6	7.7	4.1	4.1
Residence Adjustment	3.990	3.990	4.080	4.100	4.140	4.200	4.220	4.260
% Change	6.9	0.2	9.3	1.8	3.5	6.0	2.3	3.9
Contributions to Government Social Ins.	23.500	24.100	24.100	24.300	24.500	24.900	24.900	25.000
% Change	0.6	11.1	-0.2	3.5	2.9	5.9	0.7	2.4

General Purpose Revenues
Fiscal Year-to-date Through February 2019

Wisconsin's General Purpose Revenues (GPR) totaled \$9,978.5 million through February of fiscal year (FY) 2019. Based on the January 2019 forecast from the Legislative Fiscal Bureau (LFB), this is \$4.2m above expected revenues. For the entire fiscal year, revenues are expected to total \$16,674.5 million, 3.3% above FY18 totals.

General Purpose Revenues

Fiscal Year-to-date through February 2019

(\$ in millions)	Prior Year	Actual	% Change from Prior Year	Expected Revenues	\$ Difference
Individual Income Tax	\$5,296.8	\$5,392.9	1.8%	\$5,401.9	-\$9.0
General Sales Tax	\$3,195.6	\$3,309.4	3.6%	\$3,338.2	-\$28.8
Corporate Franchise Tax	\$412.6	\$512.9	24.3%	\$485.4	\$27.5
Other Revenues	\$746.2	\$763.3	2.3%	\$748.8	\$14.5
Total GPR:	\$9,651.2	\$9,978.5	3.4%	\$9,974.3	\$4.2

Individual income tax receipts are 1.8% above last years' levels, and are \$9.0 million below expected. Revenues are higher than expected for withholding and refunds (refunds paid out are lower than expected) but lower for estimated payments and final payments.

Sales tax receipts have increased 3.6% year/year through February and are \$28.8 million below their expected levels. Sales tax receipts in February reflect January activity, and were likely impacted by the severe winter weather experienced through much of the state during the second half of the month.

Corporate income tax receipts are 24.3% above last years' levels and are above their expected levels, primarily on strong estimated payments. Other revenues are also above expected, with excise and insurance premium tax receipts above their target levels and utility and real estate transfer fees as expected.

Total GPR is 3.4% above last year's revenues, and \$4.2 million above expected.