Overview of Wisconsin Economic Indicators

Committee on Jobs, Economy and Mining

March 26, 2013

In this presentation information is supplied by the U.S. Bureau of Labor Statistics, the Wisconsin Department of Workforce Development, the Wisconsin Department of Revenue, the U.S. Bureau of the Census, and the U.S. Bureau of Economic Analysis.
Previous Estimate: Wisconsin Job Gains
Three Measures, Three Different Results
Source: BLS.GOV

Year to Year Employment Change, In Thousands

- Household
- Establishment
- QCEW


January 3, 2013
Before the Revisions, CES Series Reported Declining Jobs in WI
From the BLS Report

Revisions in State-Establishment Based Estimates Effective January 2013

• For the present benchmark year, 2012, CES payroll employment estimates are replaced by census derived employment counts for all months from April 2011 to September 2012. This stands in contrast to the previous benchmark year, 2011, in which CES payroll employment estimates were replaced only through to the second quarter, June 2011.

• As a result of the short replacement period in the previous benchmark year, the March 2012 benchmark revisions reflect revisions to cumulatively more sample-based estimates than is typical for previous benchmark years. The March 2012 benchmark revisions affect nine months of sample-based CES payroll employment estimates, June 2011 to March 2012, as opposed to six months in previous years. In part due to the compounding from month to month of sample and non-sampling error, the March 2012 benchmark revisions are generally greater than in previous benchmark years.

• The effect of compounding sample and non-sample error also applies to the December 2012 benchmark revisions, which are also generally greater than in previous years.
BLS Really Means

Oops. We goofed.

Third quarter is better for benchmarking.
With the Revisions, CES Estimates Report Significant Job Increases
BLS Had Significantly Underestimated Wisconsin Job Growth

Percent Change in Job Estimates by Date of Revision

- Mar 2007
- Mar 2008
- Mar 2009
- Mar 2010
- Mar 2011
- Mar 2012
- Dec 2012

Avg State
Wisconsin
Wisconsin's Revision Among the Nation's Largest Percent Difference In CES Estimates

- December 2012
- Over 2% (5)
- 1% to 2% (14)
- 0.1% to 1.0% (24)
- No Change (1)
- Less than 0% (7)

Map of the United States showing the percent difference in CES estimates for December 2012.
Previous Estimates Underestimated WI by as Much as 70,000 Jobs

Difference between Previous and Revised CES Estimates
WI Revision Greater than MN

Difference between Prior and Revised Estimates

Thousands of Jobs

-10 0 10 20 30 40 50 60 70 80

Wisconsin
Minnesota
WI Revision Higher than Iowa’s

Thousands of Jobs

-10 0 10 20 30 40 50 60 70 80


Wisconsin
Iowa

Wisconsin Department of Revenue
WI Revision Higher than Illinois’s

Thousands of Jobs

-10 0 10 20 30 40 50 60 70 80


Wisconsin Illinois
WI Revision Higher than Michigan’s

Thousands of Jobs


Wisconsin
Michigan

Wisconsin Department of Revenue

revenue.wi.gov
BLS CES Estimates Consistently Underestimates WI Jobs

Number of Positive Revisions in Last Seven CES Revisions

- 1 (5)
- 2 (6)
- 3 (15)
- 4 (16)
- 5 (6)
- 6 (2)
- 7 (1)
Revisions Largest in Strongly Seasonal Industries

Percent Difference between Previous and Revised Estimates

-2.0%  0.0%  2.0%  4.0%  6.0%  8.0%  10.0%

Total
Private Construction
Leisure & Hospitality
Finance
Prof & Business Svc
Other Manufacturing
Government Edu & Health
Trade, Trans, Util
Information

2011
2012
Revised Estimate: Wisconsin Job Gains
CES and QCEW Consistent

Source: BLS.GOV

Year to Year Employment Change, In Thousands


-10 0 10 20 30 40 50

Household  Establishment  QCEW

January 3, 2013
Wisconsin Unemployment Significantly Below US Average

Percent of Labor Force Unemployed

January 3, 2013
Wisconsin Among States with a Significantly Lower Unemployment Rate

State Unemployment Rates
January 2013
Below US Avg   (24)
Near US Avg   (18)
Above US Avg   (9)
Manufacturing Up in February
Milwaukee PMI Rises to 56.5

ISM Manufacturing: PMI Composite Index

Source: Institute for Supply Management/FRED
Wisconsin Exports Set a Record in 2012

Wisconsin Exports in Millions of Dollars, Twelve Month Total

[Graph showing Wisconsin Exports trend from 2006 to 2013]
Wisconsin Housing Permits Continue Their Rise

Wisconsin Housing Permits
12-month Moving Average

Source: U.S. Department of Commerce: Census Bureau/FRED
Initial UI Claims Running Below Pre-Recession Levels

Initial Unemployment Insurance Claims Through Week 11

<table>
<thead>
<tr>
<th>Year</th>
<th>Claims</th>
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<tr>
<td>2007</td>
<td>14,719</td>
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<td>2008</td>
<td>14,443</td>
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<td>2009</td>
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<td>2012</td>
<td>13,763</td>
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<tr>
<td>2013</td>
<td>12,823</td>
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Wisconsin Per Capita Income Growth in 2011 in the Top Quarter

2011 Per Capita Personal Income Growth Over Prior Year

- 4.70% to 6.66% (13)
- 4.20% to 4.69% (13)
- 3.80% to 4.19% (12)
- Under 3.80% (12)