# Wisconsin Economic Outlook

Fall 2014

## AT A GLANCE

The economy continues to expand in Wisconsin and nationwide.

- Total non-farm employment in Wisconsin added 33,700 jobs in 2013, all in private employment. Total employment will increase by 39,600 jobs in 2014 and 34,200 in 2015.
- Wisconsin personal income grew 2.7% in 2013. Income will grow 3.1% in 2014 and then will gain momentum, growing 4.3% in 2015 and 4.7% in 2016.
- Real GDP in Wisconsin grew 1.7% in 2013, just above the 1.6% growth of the Great Lakes region.

## OVERVIEW

The economy continues to grow at a moderate pace. The economy will bounce back from weather related weak performance during the first quarter of 2014. The labor market continues adding jobs for the fourth year in a row.

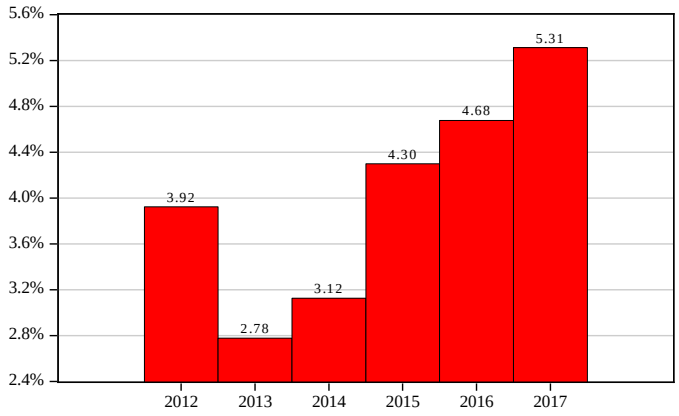
Wisconsin personal income grew 2.7% in 2013, just above growth of 2.6% nationwide. Personal income growth was mainly driven by strong growth in proprietors' income, particularly farm income, up 41.7%. Wisconsin wages and salaries income grew 3.2% in 2013, above the U.S. growth of 3.0%. After adjusting for inflation, real wages grew 1.7%.

Wisconsin employment grew 1.2% in 2013, while private employment grew faster at 1.4%. Wisconsin employment will grow 1.4% in 2014 and 1.2% in 2015. Income will grow 3.1% in 2014 and will gain momentum in 2015, growing 4.3% in 2015 and 4.7% in 2016. Wages will advance at 3.5% in 2014 and should grow an average of 4.3% between 2015 and 2017.

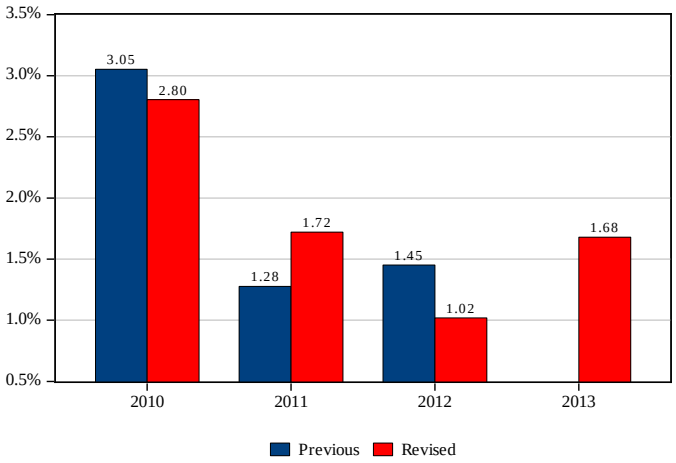
In June, the Bureau of Economic Analysis released the preliminary 2013 estimate of gross domestic product (GDP) by state and revisions to previous years. Preliminary GDP data shows that Wisconsin real GDP grew 1.7% in 2013, just above the 1.6% growth of the Great Lakes region and slightly below the comparable nationwide growth of 1.8%. Revisions to Wisconsin real GDP show that the state economy grew more strongly in 2011 than previously thought, but slower in 2012 compared to the previous estimate. Wisconsin real GDP grew 1.7% in 2011 and 1.0% in 2012.

Agriculture was a major contributor to 2013 real GDP growth in Wisconsin (0.4 percentage point), twice its contribution nationwide. The second largest contributor was the health care and social assistance sector, adding 0.3 percentage point. On the other side, the manufacturing sector was a drag for Wisconsin real GDP in 2013 while showing a positive contribution to U.S. real GDP (0.4 percentage point).

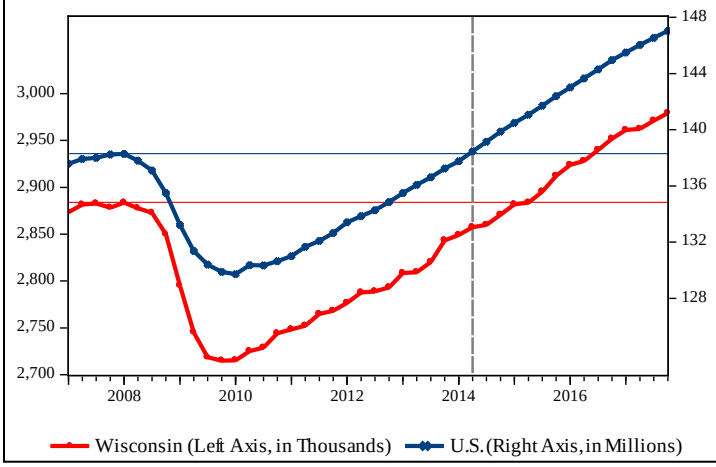
**Wisconsin Personal Income Will Grow Stronger in the Coming Years**



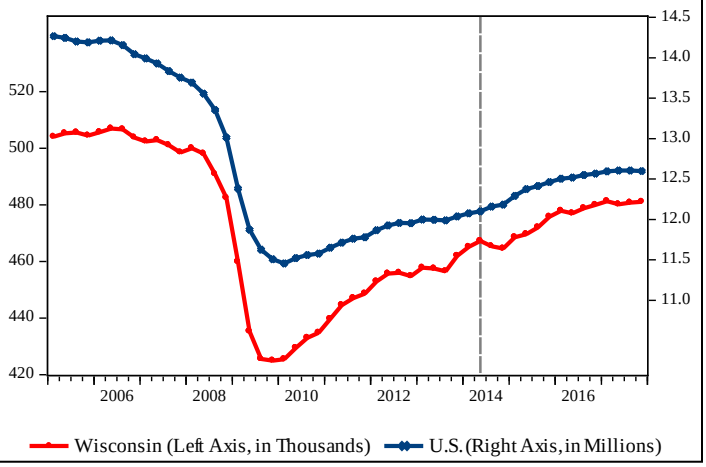

**Wisconsin Real GDP Growth Revisions and Preliminary Growth Estimate for 2013**



**Wisconsin Employment Will Reach Its Pre-recession Level in Mid-2015**




**Manufacturing Employment Will Continue to Grow**




## EMPLOYMENT

The Wisconsin jobs recovery has seen an average annual growth rate of 1.1% between 2011 and 2013. The forecast calls for a faster recovery in the future with an average annual growth rate of 1.3% between 2014 and 2017. The number of total nonfarm jobs will increase 1.4% in 2014 and 1.2% in 2015. Several factors are in play to boost the economic recovery: improved consumer sentiment and consumer spending and a continuation of the steady housing recovery sustained by demographic pressure.

The state economy followed the national economy into the recession and it shows a similar pattern in the recovery. Total Wisconsin employment will return to its 2008 peak level of 2.9 million jobs by mid-2015. The U.S. reached its pre-recession employment level in mid-2014.

## EMPLOYMENT SECTORS

**Manufacturing** has recovered more than half the jobs lost in the recession, with most of the gains in the durable goods sector. Jobs in the manufacturing sector grew 0.8% in 2013, and the forecast expects manufacturing employment to grow 1.6% in 2014 and 1.3% in 2015. However, manufacturing will not reach its 2006 pre-recession peak level of 507,000 by the end of the forecast period.

**Trade, Transportation and Utilities** is Wisconsin's largest employment sector, accounting for more than 18% of all jobs. Employment in this sector resumed moderate growth in 2013 (1.2%), after hovering at the trough in 2011 and 2012. Employment in this sector should post growth of 1.2% in 2014 and growth rates averaging 0.6% between 2015 and 2017.

The **Education and Health Services** sector was the only private sector not to fall during the recession, helped by growth in the health care industry. The sector expanded 1.5% in 2013 and is expected to maintain this pace of growth, advancing at an average rate of 1.5% between 2014 and 2017.

**Professional and Business Services** recovered the jobs lost during the last recession fairly quickly, with an average annual growth rate of 5% in 2010 and 2011. This accelerated rhythm of growth slowed down in 2012, growing 1.8% in 2012 but gained steam again in 2013 with a jobs increase of 3.1% over the year. After growing 1.6% in 2014, this sector will post strong growth rates over the rest of the forecast period with an average annual growth rate of 2.5% between 2015 and 2017.

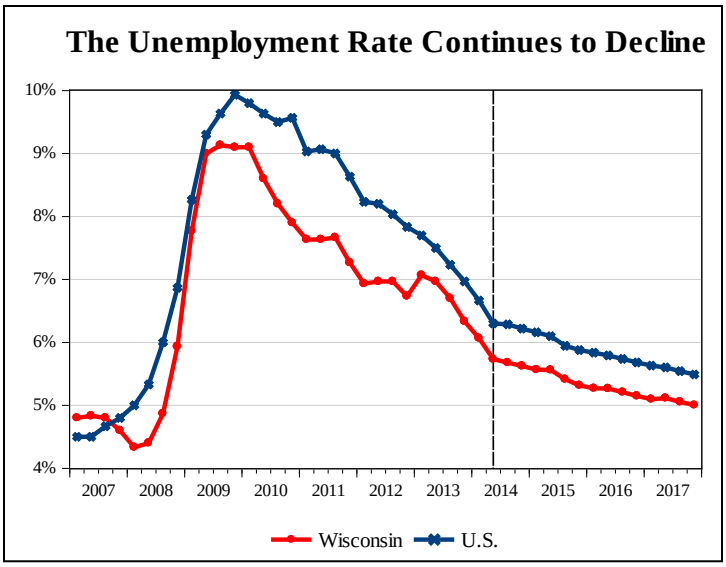
The number of jobs in the **Other Services** sector grew slowly between 2011 and 2013, posting an average annual rate of 0.3%. The forecast expects a relative acceleration in 2014 (0.9%) and a subsequent return to an average annual rate of 0.3% for the period 2015-2017.

Employment in **Leisure and Hospitality** recovered the 12,500 jobs lost during the recession by the end of 2012. This sector increased 1.3% in 2013. The forecast calls for a rate of growth of 2.0% in 2014 and steady but moderate growth that will average 0.8% between 2015 and 2017.

Jobs in the **Financial Activities** sector declined 0.5% in 2013 following two years of job gains. The forecast expects employment in this sector to be flat between 2014 and 2017, staying around the 162,500 level throughout 2017. This industry accounts for less than 6% of state employment.

Wisconsin employment in the **Construction** sector peaked at the beginning of 2006 at 130,100 jobs. It declined for six consecutive years, losing 46% of its employment. Growth resumed in 2012 with a mild expansion of 0.5%. The sector added jobs vigorously in 2013 with a 5.2% increase. It is expected to maintain this strong growth pace with an average annual rate of 5.5% for the period 2014-2017.

Employment recovery in the **Information** sector posted an annual growth rate of 1.7% in 2013. The forecast expects employment in this sector to




decline in 2014 and then to expand more rapidly between 2015 and 2017, at an average annual rate of 1.5%.

The **Natural Resources and Mining** sector accounts for only 0.1% of total employment in Wisconsin. Employment in this sector grew 14.7% in 2012 and 5.0% in 2013. The forecast expects continued solid growth through 2017, at an average annual rate of nearly 5% between 2014 and 2017.

**Government** employment was flat in 2013, after having declined for four consecutive years. The outlook calls for a 1.4% growth in 2014, low to mild growth in 2015 and 2016, and moderate 1.0% growth in 2017.

## UNEMPLOYMENT

The Wisconsin seasonally adjusted **unemployment rate** was 5.8% in July 2014, down from a peak 9.2% in mid-2009. Both Wisconsin and national unemployment rates have been declining consistently since 2010. Wisconsin has been consistently below the national rate since mid-2007.

The unemployment rate should average 5.8% in 2014, 5.5% in 2015 and 5.2% in 2016. By the end of the forecast period, the Wisconsin unemployment rate will fall to 5.1%. The decline of the unemployment rate is a result of the job gains seen in the current recovery and the decline of the labor force between mid-2009 and late 2012.

The Bureau of Labor and Statistics (BLS) releases alternative measures of labor under utilization 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 workers 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 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.

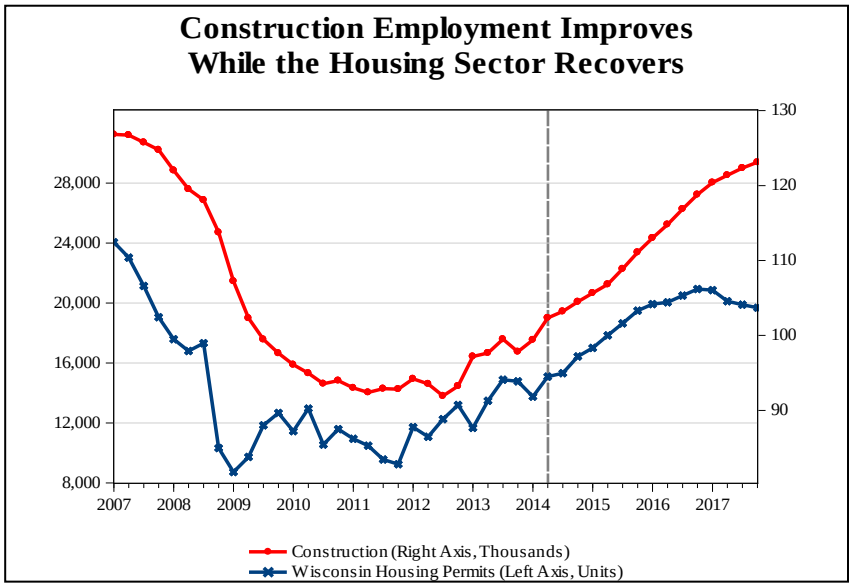
BLS publishes this alternative measure for the states on annual averages. The Wisconsin U-6 rate decreased from 13.3% in the year ending the second quarter of 2013 to 11.4% in the year ending the second quarter of 2014. At the national level, the U-6 rate was higher, declining in the same period from 14.3% to 12.9%.

## HOUSING

The housing sector continues to recover at a moderate pace. National housing permits grew at double digit rates in the last two years, but the number of starts is still half of the peak in 2005. National existing homes sales resumed growth in 2014 after halting in mid-2013. IHS Economics expects double digit growth in U.S. housing starts between 2014 and 2016 helped by demographic pressures. IHS Economics also expects home prices to grow in the midrange single digits this year before slowing in 2015.

According to the Wisconsin Realtors Association (WRA), **Wisconsin existing home sales** declined 4.0% in the first seven months of 2014 after increasing 11% in 2013 and 21% in 2012. The median home price continued growing at an average rate of 2.6% year-over-year in the first seven months of 2014. The median home price in Wisconsin grew 6.7% in 2013.

**Wisconsin building permits** declined sharply after reaching their peak of 42,900 annual permits in the last quarter of 2003. The number of Wisconsin permits issued bottomed in the first quarter of 2009 to 8,800 annual permits, and has recovered to close to 15,000 by mid-2014. Wisconsin building permits grew 19.9% in 2012 and 13.6% in 2013. The current level of per-



mits is less than 40% of its 2003 peak level. Strong growth in permits issued will continue through 2016. Despite the strong growth, permits by the end of the forecast period will be about half of the permits issued in 2003.

**Wisconsin foreclosure** levels are returning to normal. According to the research firm Corelogic, the number of state homes in some stage of foreclosure was 8,042 in May, down from 11,439 foreclosures in May 2013. Corelogic reported that Wisconsin foreclosures represented 0.8% of all homes with a mortgage in May, compared to 1.7% nationwide.

## INCOME OUTLOOK

BEA released state personal income data in June. Wisconsin personal income grew 2.7% in 2013, above the growth of 2.6% nationwide and 2.3% in the Great Lakes region.

Wisconsin personal income posted growth in the last four years. The pace of growth decelerated during the last two years in the state and nationwide but is expected to accelerate in the future. The outlook calls for Wisconsin personal income to grow 3.1% in 2014 and 4.3% in 2015, near the forecasted growth of national personal income.

When the impact of inflation is taken into account, real personal income grew 1.6% in 2013. Inflation, as measured by the personal consumption expenditures price index, advanced just 1.1% in 2013, following increases of 2.4% and 1.8% in 2011 and 2012 respectively. The moderate recovery will keep inflation low in the following years, advancing 1.5% in 2014, 1.3% in 2015 and 1.4% in 2016.

Wisconsin real personal income will grow 1.6% in 2014 and 3.0% in 2015, compared to increases of 2.0% and 3.3% nationwide, respectively.

## PERSONAL INCOME COMPONENTS

Wisconsin **wages and salaries** grew 3.2% in 2013, above the growth of 2.6% in the Great Lakes region and 3.1% nationwide. Wages and salaries account for slightly more than half of total personal income. The share of wages as a share of personal income reached its lowest level by the end of 2011 at 50.0% for Wisconsin and 49.8% nationwide, but has been increasing since, reaching 50.6% in the first half of 2014 for Wisconsin and the U.S.

After adjusting for inflation, **real wages** are recovering at a moderate pace. Real wages have surpassed the pre-recession level. The slow pace of growth of real wages is preventing stronger growth in domestic demand, investment and ultimately a robust economic recovery.

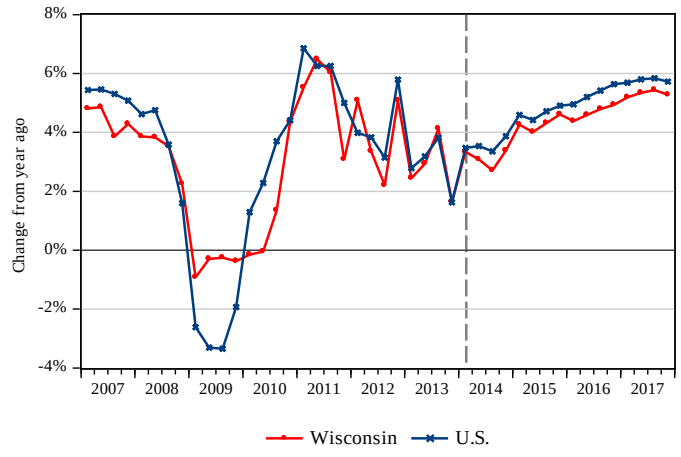
The forecast calls for Wisconsin wages and salaries to increase 3.5% in 2014 and above 4% the next three years. Real wage and salary income will grow 1.9% in 2014 and 2.8% in 2015.

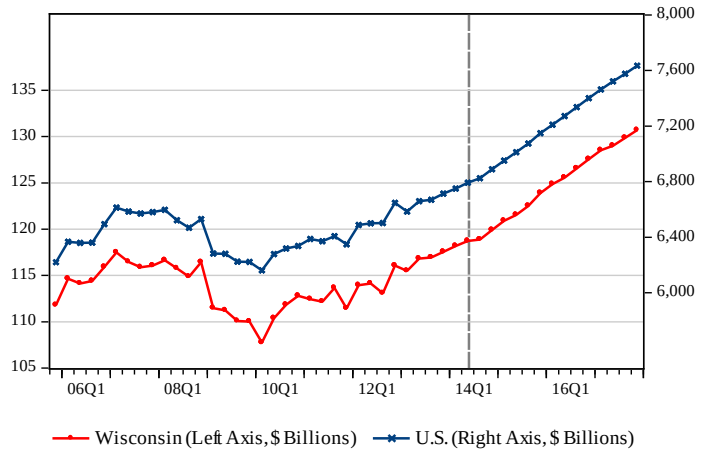
**Supplements to wages and salaries**[1] grew 1.9% in 2013. Supplements to wages and salaries will post 2.8% growth in 2014 and 3.8% in 2015. The forecast calls for an acceleration in the following years, increasing at 4.9% each year.

**Proprietors' income** posted strong growth in 2013 (10.5%) due to very strong farm income growth (41.7%). Consequently, the forecast expects a bounce back of farm income in 2014 that will yield a 2.6% growth of total proprietors' income. Between 2015 and 2017, proprietors' income will grow at an average rate of 3.7%.

**Rental income** grew 9.0% in 2013 following five years of double digit growth. Rental income more than tripled in the last six years. Rental income growth should slow to 4.8% in 2014 and will post small declines for the rest of the

1 This component of personal income consists of employer contributions for employee pension and insurance funds and employer contributions for government social insurance.



forecast period as the housing sector recovery consolidates.

**Dividend income** increased 2.8% in 2013. It is expected to grow 4.4% in 2014, surpassing its pre-recession level. The forecast expects dividend income to grow an average of 5.5% between 2015 and 2017.

**Interest income** grew 1.5% in 2013 for a second year in a row following three years of declines. Interest income was $18.5 billion in 2013, 12.7% below its peak level of 2008 ($21.2 billion). Mild growth will continue in 2014. Interest income growth will accelerate in 2015 as the Federal Reserve starts raising interest rates. Interest income is expected to grow 6.3% in 2015 and above 10% the next two years.

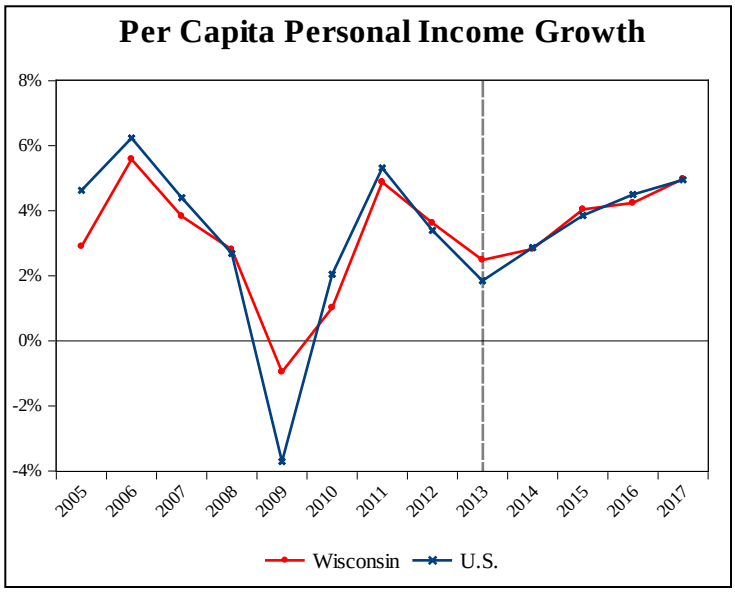
**Personal current transfer receipts** grew 3.7% in 2013 and are expected to grow 2.4% in 2014. Personal transfers consist largely of payments to individuals and to nonprofit institutions by federal, state, and local governments. Social security payments and Medicare account for more than 60% of Wisconsin personal current transfers. Transfer receipts will grow 2.4% in 2014 and an average of 5.2% the next three years.

## RELATED INCOME MEASURES

**Wisconsin disposable personal income** (total after-tax income received by persons available for spending or saving) grew 3.7% in 2012 and 2.4% in 2013. Personal tax payments grew 5.8% in 2012 and 5.9% in 2013 and are expected to grow 4.9% in 2014.

Wisconsin disposable personal income will grow 2.9% in 2014 and an average of 4.4% the following two years, while personal taxes continue to grow at an average of 5.4% between 2014 and 2017.

**Per capita personal income** increased 3.6% in 2012 and 2.4% in 2013, above the respective 3.4% and 1.8% average growth for all states. Wisconsin per capita income will grow at an average rate of 4.0% between 2014 and 2017, on par with the forecasted U.S. growth.

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## BACKGROUND: U.S. ECONOMY

IHS Economics (July 2014)

| GDP | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Real GDP ($ Billions, 2005 Dollars) | 14779.4 | 15052.4 | 15470.7 | 15761.3 | 16029.0 | 16503.6 | 17047.6 | 17601.4 |
| % Change | 2.5 | 1.9 | 2.8 | 1.9 | 1.7 | 3.0 | 3.3 | 3.3 |
| GDP ($ Billions, Current Dollars) | 14958.3 | 15533.8 | 16244.6 | 16799.7 | 17335.5 | 18165.1 | 19081.7 | 20053.2 |
| % Change | 3.8 | 3.9 | 4.6 | 3.4 | 3.2 | 4.8 | 5.1 | 5.1 |
| **Employment and Prices** | | | | | | | | |
| Payroll Employment (Thousands) | 130.3 | 131.8 | 134.1 | 136.4 | 138.8 | 141.4 | 144.0 | 146.3 |
| % Change | -0.7 | 1.2 | 1.7 | 1.7 | 1.8 | 1.9 | 1.8 | 1.6 |
| Unemployment Rate | 9.6 | 8.9 | 8.1 | 7.4 | 6.4 | 6.0 | 5.8 | 5.6 |
| Consumper Price Index (% Change) | 1.6 | 3.1 | 2.1 | 1.5 | 2.0 | 1.5 | 1.4 | 1.8 |
| Employment Cost Index (% Change) | 1.9 | 2.2 | 2.0 | 1.9 | 1.8 | 2.5 | 2.9 | 3.0 |
| Industrial Production (% Change) | 5.7 | 3.3 | 3.8 | 2.9 | 3.8 | 3.1 | 3.6 | 3.0 |
| Retail Gasoline Prices (incl. Taxes, $/gallon) | 2.8 | 3.6 | 3.7 | 3.6 | 3.6 | 3.4 | 3.4 | 3.4 |
| **Financial Markets** | | | | | | | | |
| Three Month Treasury Bills (%) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 2.0 | 3.6 |
| 30-Year Fixed Mortgage Rate (%) | 4.7 | 4.5 | 3.7 | 4.0 | 4.3 | 5.0 | 5.6 | 6.5 |
| **Income and Profits** | | | | | | | | |
| Personal Income ($ Billions) | 12,435.2 | 13,191.3 | 13,743.8 | 14,134.7 | 14,637.8 | 15,319.8 | 16,132.6 | 17,062.0 |
| % Change | 2.9 | 6.1 | 4.2 | 2.8 | 3.6 | 4.7 | 5.3 | 5.8 |
| Wages & Salaries ($ Billions) | 6,377.5 | 6,638.7 | 6,926.8 | 7,137.5 | 7,416.9 | 7,769.0 | 8,163.0 | 8,571.3 |
| % Change | 2.0 | 4.1 | 4.3 | 3.0 | 3.9 | 4.8 | 5.1 | 5.0 |
| Corporate Profits, Before Tax ($ Billions) | 1,740.6 | 1,877.7 | 2,009.5 | 2,102.1 | 2,050.9 | 2,235.7 | 2,363.1 | 2,398.9 |
| % Change | 25.0 | 7.9 | 7.0 | 4.6 | -2.4 | 9.0 | 5.7 | 1.5 |

Despite weak economic growth in the first quarter of 2014, the underlying economic fundamentals remain strong and the current economic rebound will continue at least through the second half of this year.

IHS Economics expects real GDP growth of 1.7% in 2014 and 3.0% in 2015.

Overall CPI inflation had risen above 2.0% on a year-over-year basis, with the core CPI (excluding food and energy prices) now at 2.0% versus year-earlier levels. IHS Economics' forecast for a reversal of the Fed's low interest-rate policy in late 2015 remains in place.

Key Assumptions of IHS Economics' July 2014 Forecast:

- **Fiscal policy:** The forecast includes discretionary spending levels from the Bipartisan Budget Act and have assumed that the federal government will replenish the nearly empty Highway Trust Fund.
- **Federal Reserve:** The tapering process will continue throughout most of 2014, in reduced increments averaging about $10 billion per Fed meeting.
- **Exchange rates:** The dollar is expected to fall 1.1% over the 10-year forecast period against the currencies of the United States' major trading partners, and fall 15.4% against the currencies of other important trading partners.
- **Global GDP growth:** Real GDP growth for the major currency trading partners is assumed to average 2.0% annually from 2014 through 2024. For other important trading partners, growth averages 4.4% over the next 10 years.
- **Energy:** Brent spot prices will remain in the $111-114/barrel range throughout the remainder of 2014 and gradually rise to $118 by 2020 and to $145 by 2024.

APPENDIX 1

## WISCONSIN EMPLOYMENT FORECAST: INDUSTRY DETAIL

(THOUSANDS OF WORKERS)

| | History | | | | Forecast | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Total Nonfarm | 2,728.4 | 2,758.5 | 2,786.7 | 2,820.4 | 2,860.0 | 2,894.2 | 2,936.8 | 2,969.5 |
| % Change | -0.5 | 1.1 | 1.0 | 1.2 | 1.4 | 1.2 | 1.5 | 1.1 |
| Private Nonfarm | 2,309.4 | 2,344.1 | 2,375.3 | 2,409.0 | 2,442.8 | 2,476.3 | 2,516.2 | 2,544.5 |
| % Change | -0.6 | 1.5 | 1.3 | 1.4 | 1.4 | 1.4 | 1.6 | 1.1 |
| Natural Resources & Mining | 3.0 | 3.1 | 3.5 | 3.7 | 3.9 | 4.0 | 4.3 | 4.5 |
| % Change | -1.7 | 3.7 | 14.7 | 5.0 | 6.2 | 2.8 | 6.2 | 4.3 |
| Construction | 94.7 | 92.8 | 93.2 | 98.1 | 102.3 | 108.1 | 115.9 | 121.8 |
| % Change | -6.9 | -2.0 | 0.5 | 5.2 | 4.4 | 5.6 | 7.2 | 5.1 |
| Manufacturing | 430.7 | 445.0 | 454.9 | 458.4 | 465.7 | 471.7 | 478.6 | 481.0 |
| % Change | -1.3 | 3.3 | 2.2 | 0.8 | 1.6 | 1.3 | 1.5 | 0.5 |
| Trade, Transportation & Utilities | 508.3 | 510.7 | 511.5 | 517.6 | 523.6 | 527.5 | 530.3 | 533.1 |
| % Change | -1.7 | 0.5 | 0.2 | 1.2 | 1.2 | 0.7 | 0.5 | 0.5 |
| Information | 46.7 | 46.8 | 46.2 | 47.0 | 46.3 | 46.3 | 47.7 | 48.4 |
| % Change | -2.7 | 0.2 | -1.2 | 1.7 | -1.5 | 0.1 | 2.9 | 1.5 |
| Financial Activities | 158.7 | 160.5 | 162.6 | 161.8 | 160.3 | 162.5 | 162.7 | 162.5 |
| % Change | -1.6 | 1.1 | 1.3 | -0.5 | -0.9 | 1.3 | 0.1 | -0.1 |
| Professional & Business Services | 271.6 | 284.8 | 289.9 | 299.0 | 303.9 | 312.6 | 323.4 | 330.4 |
| % Change | 5.1 | 4.9 | 1.8 | 3.1 | 1.6 | 2.9 | 3.5 | 2.1 |
| Education & Health Services | 407.6 | 410.8 | 418.3 | 424.5 | 431.5 | 436.6 | 443.6 | 450.0 |
| % Change | 0.3 | 0.8 | 1.8 | 1.5 | 1.6 | 1.2 | 1.6 | 1.5 |
| Leisure & Hospitality | 251.4 | 252.4 | 257.6 | 260.8 | 265.9 | 267.4 | 269.8 | 272.2 |
| % Change | -0.5 | 0.4 | 2.0 | 1.3 | 2.0 | 0.6 | 0.9 | 0.9 |
| Other Services | 137.0 | 137.2 | 137.6 | 138.1 | 139.3 | 139.5 | 140.0 | 140.7 |
| % Change | -0.8 | 0.2 | 0.3 | 0.4 | 0.9 | 0.1 | 0.4 | 0.5 |
| Government | 419.0 | 414.5 | 411.4 | 411.4 | 417.3 | 417.9 | 420.6 | 425.0 |
| % Change | -0.3 | -1.1 | -0.7 | 0.0 | 1.4 | 0.2 | 0.6 | 1.0 |
| Federal Government | 31.4 | 29.4 | 29.0 | 28.6 | 28.6 | 28.5 | 28.3 | 28.2 |
| % Change | 4.2 | -6.3 | -1.4 | -1.1 | -0.3 | -0.3 | -0.4 | -0.4 |
| State & Local Government | 387.6 | 385.1 | 382.4 | 382.8 | 388.7 | 389.5 | 392.3 | 396.7 |
| % Change | -0.7 | -0.7 | -0.7 | 0.1 | 1.6 | 0.2 | 0.7 | 1.1 |
| Household Survey Employment Measures | | | | | | | | |
| Labor Force | 3,080.6 | 3,063.2 | 3,051.8 | 3,067.5 | 3,083.3 | 3,108.2 | 3,135.7 | 3,156.2 |
| % Change | -1.2 | -0.6 | -0.4 | 0.5 | 0.5 | 0.8 | 0.9 | 0.7 |
| Employment | 2,820.6 | 2,832.3 | 2,840.7 | 2,859.9 | 2,905.3 | 2,938.4 | 2,971.9 | 2,996.2 |
| % Change | -0.8 | 0.4 | 0.3 | 0.7 | 1.6 | 1.1 | 1.1 | 0.8 |
| Unemployment Rate (%) | 8.4 | 7.6 | 6.9 | 6.8 | 5.8 | 5.5 | 5.2 | 5.1 |

APPENDIX 2

## WISCONSIN EMPLOYMENT FORECAST: INDUSTRY DETAIL

(THOUSANDS OF WORKERS)

Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)

| | History | | | | Forecast | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013Q3 | 2013Q4 | 2014Q1 | 2014Q2 | 2014Q3 | 2014Q4 | 2015Q1 | 2015Q2 |
| Total Nonfarm | 2,820.2 | 2,843.4 | 2,849.2 | 2,858.5 | 2,860.8 | 2,871.6 | 2,882.7 | 2,884.6 |
| % Change | 1.6 | 3.3 | 0.8 | 1.3 | 0.3 | 1.5 | 1.6 | 0.3 |
| Private Nonfarm | 2,409.6 | 2,426.3 | 2,430.1 | 2,441.0 | 2,444.8 | 2,455.1 | 2,465.6 | 2,466.9 |
| % Change | 1.2 | 2.8 | 0.6 | 1.8 | 0.6 | 1.7 | 1.7 | 0.2 |
| Natural Resources & Mining | 3.7 | 3.7 | 4.0 | 3.8 | 3.9 | 3.9 | 3.9 | 4.0 |
| % Change | 11.5 | 0.0 | 36.2 | -18.4 | 3.6 | 4.5 | 3.5 | 3.0 |
| Construction | 99.5 | 97.8 | 99.4 | 102.3 | 103.2 | 104.5 | 105.7 | 106.8 |
| % Change | 7.7 | -6.5 | 6.6 | 12.0 | 3.8 | 5.0 | 4.5 | 4.5 |
| Manufacturing | 456.5 | 462.0 | 465.2 | 467.2 | 465.5 | 464.8 | 468.7 | 469.8 |
| % Change | -0.9 | 5.0 | 2.7 | 1.8 | -1.4 | -0.7 | 3.4 | 1.0 |
| Trade, Transportation & Utilities | 518.2 | 519.1 | 520.6 | 522.7 | 524.4 | 526.9 | 527.8 | 526.3 |
| % Change | 0.5 | 0.7 | 1.1 | 1.7 | 1.2 | 2.0 | 0.7 | -1.2 |
| Information | 47.1 | 46.8 | 46.1 | 46.3 | 46.3 | 46.4 | 46.1 | 45.9 |
| % Change | 0.9 | -2.5 | -6.1 | 2.0 | 0.0 | 1.0 | -2.6 | -2.3 |
| Financial Activities | 162.4 | 160.9 | 159.4 | 158.0 | 161.3 | 162.6 | 162.7 | 162.4 |
| % Change | 1.2 | -3.5 | -3.8 | -3.5 | 8.8 | 3.2 | 0.2 | -0.7 |
| Professional & Business Services | 300.1 | 303.2 | 304.5 | 302.1 | 302.8 | 306.2 | 309.2 | 310.2 |
| % Change | 4.3 | 4.2 | 1.7 | -3.1 | 0.8 | 4.6 | 4.1 | 1.3 |
| Education & Health Services | 423.5 | 429.0 | 428.8 | 430.7 | 432.4 | 434.0 | 434.7 | 435.6 |
| % Change | -0.1 | 5.3 | -0.2 | 1.7 | 1.6 | 1.5 | 0.7 | 0.8 |
| Leisure & Hospitality | 260.8 | 263.8 | 262.8 | 268.7 | 265.8 | 266.3 | 267.2 | 266.7 |
| % Change | 2.6 | 4.6 | -1.5 | 9.3 | -4.3 | 0.8 | 1.3 | -0.8 |
| Other Services | 137.8 | 139.8 | 139.4 | 139.1 | 139.3 | 139.5 | 139.5 | 139.2 |
| % Change | 1.8 | 5.7 | -1.1 | -0.7 | 0.5 | 0.5 | -0.1 | -0.9 |
| Government | 410.6 | 417.1 | 419.1 | 417.5 | 416.0 | 416.5 | 417.1 | 417.7 |
| % Change | 3.4 | 6.5 | 1.9 | -1.5 | -1.4 | 0.5 | 0.6 | 0.6 |
| Federal Government | 28.5 | 28.6 | 28.5 | 28.6 | 28.6 | 28.5 | 28.5 | 28.5 |
| % Change | -2.8 | 1.9 | -0.9 | 0.9 | -0.4 | -0.4 | -0.4 | -0.4 |
| State & Local Government | 382.1 | 388.5 | 390.5 | 388.9 | 387.4 | 388.0 | 388.6 | 389.2 |
| % Change | 3.9 | 6.9 | 2.1 | -1.7 | -1.5 | 0.6 | 0.6 | 0.6 |

Household Survey Employment Measures

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Labor Force | 3,073.4 | 3,068.3 | 3,081.4 | 3,080.3 | 3,081.7 | 3,090.0 | 3,101.0 | 3,102.2 |
| % Change | 0.2 | -0.7 | 1.7 | -0.1 | 0.2 | 1.1 | 1.4 | 0.2 |
| Employment | 2,867.5 | 2,873.4 | 2,894.8 | 2,903.6 | 2,906.7 | 2,916.2 | 2,928.3 | 2,929.7 |
| % Change | 1.3 | 0.8 | 3.0 | 1.2 | 0.4 | 1.3 | 1.7 | 0.2 |
| Unemployment Rate (%) | 6.7 | 6.3 | 6.1 | 5.7 | 5.7 | 5.6 | 5.6 | 5.6 |

APPENDIX 3

## WISCONSIN INCOME SUMMARY

**PERSONAL INCOME BY MAJOR SOURCE**

**($ Billions)**

| | History | | | | Forecast | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Total Personal Income | 220.502 | 232.094 | 241.201 | 247.790 | 255.646 | 266.637 | 279.106 | 293.934 |
| % Change | 1.4 | 5.3 | 3.9 | 2.7 | 3.1 | 4.3 | 4.7 | 5.3 |
| Wages and Salaries | 112.526 | 117.016 | 121.182 | 125.062 | 129.456 | 134.741 | 140.944 | 147.052 |
| % Change | 1.7 | 4.0 | 3.6 | 3.2 | 3.5 | 4.1 | 4.6 | 4.3 |
| Supplements to Wages and Salaries | 31.365 | 32.843 | 33.300 | 33.939 | 34.963 | 36.303 | 38.086 | 39.948 |
| % Change | -1.1 | 4.7 | 1.4 | 1.9 | 3.0 | 3.8 | 4.9 | 4.9 |
| Proprietor's Income | 14.734 | 16.520 | 17.300 | 19.118 | 19.622 | 20.313 | 21.119 | 21.878 |
| % Change | 2.3 | 12.1 | 4.7 | 10.5 | 2.6 | 3.5 | 4.0 | 3.6 |
| Property Income | 35.800 | 39.529 | 41.869 | 43.415 | 44.949 | 46.842 | 49.631 | 54.067 |
| % Change | -1.0 | 10.4 | 5.9 | 3.7 | 3.5 | 4.2 | 6.0 | 8.9 |
| Rental Income | 18.198 | 18.131 | 18.204 | 18.480 | 18.876 | 20.062 | 22.088 | 25.851 |
| % Change | -8.6 | -0.4 | 0.4 | 1.5 | 2.1 | 6.3 | 10.1 | 17.0 |
| Personal Dividend Income | 10.317 | 12.615 | 13.840 | 14.229 | 14.852 | 15.651 | 16.681 | 17.418 |
| % Change | 0.6 | 22.3 | 9.7 | 2.8 | 4.4 | 5.4 | 6.6 | 4.4 |
| Personal Interest Income | 7.285 | 8.783 | 9.824 | 10.706 | 11.221 | 11.130 | 10.861 | 10.798 |
| % Change | 21.5 | 20.6 | 11.9 | 9.0 | 4.8 | -0.8 | -2.4 | -0.6 |
| Personal Current Transfer Receipts | 41.016 | 39.675 | 41.341 | 42.888 | 43.921 | 46.613 | 48.596 | 51.182 |
| % Change | 4.9 | -3.3 | 4.2 | 3.7 | 2.4 | 6.1 | 4.3 | 5.3 |
| Residence Adjustment | 3.478 | 3.729 | 3.940 | 3.985 | 4.108 | 4.325 | 4.569 | 4.811 |
| % Change | 1.1 | 7.2 | 5.7 | 1.2 | 3.1 | 5.3 | 5.6 | 5.3 |
| Contributions to Government Social Ins. | 18.418 | 17.218 | 17.731 | 20.617 | 21.374 | 22.500 | 23.837 | 25.005 |
| % Change | 2.3 | -6.5 | 3.0 | 16.3 | 3.7 | 5.3 | 5.9 | 4.9 |

Related Income Measures

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Real Personal Income (2005 $) | 216.900 | 222.974 | 227.522 | 231.222 | 234.854 | 241.861 | 249.780 | 258.900 |
| % Change | -0.3 | 2.8 | 2.0 | 1.6 | 1.6 | 3.0 | 3.3 | 3.7 |
| Real Per Capita Income (2005 $) | 38.122 | 39.051 | 39.732 | 40.242 | 40.745 | 41.837 | 43.070 | 44.513 |
| % Change | -0.6 | 2.4 | 1.7 | 1.3 | 1.2 | 2.7 | 2.9 | 3.4 |
| Per Capita Income | 38.755 | 40.648 | 42.121 | 43.149 | 44.352 | 46.123 | 48.127 | 50.536 |
| % Change | 1.0 | 4.9 | 3.6 | 2.4 | 2.8 | 4.0 | 4.3 | 5.0 |
| Personal Tax & Nontax Payments | 20.561 | 23.914 | 25.307 | 28.158 | 29.115 | 30.674 | 32.381 | 34.226 |
| % Change | 0.3 | 16.3 | 5.8 | 11.3 | 3.4 | 5.4 | 5.6 | 5.7 |
| Disposable Personal Income | 199.941 | 208.180 | 215.894 | 219.743 | 226.531 | 235.963 | 246.725 | 259.708 |
| % Change | 1.5 | 4.1 | 3.7 | 1.8 | 3.1 | 4.2 | 4.6 | 5.3 |
| GDP | 254.242 | 263.076 | 272.086 | 282.486 | 292.589 | 304.690 | 317.394 | 330.359 |
| % Change | 3.4 | 3.5 | 3.4 | 3.8 | 3.6 | 4.1 | 4.2 | 4.1 |
| Real GDP (2005 $) | 252.794 | 257.146 | 259.766 | 264.126 | 269.122 | 275.173 | 281.829 | 288.093 |
| % Change | 2.8 | 1.7 | 1.0 | 1.7 | 1.9 | 2.2 | 2.4 | 2.2 |

APPENDIX 4

## WISCONSIN INCOME SUMMARY

**PERSONAL INCOME BY MAJOR SOURCE**

**($ Billions)**

**Quarterly Data (Seasonally Adjusted, % Change at an Annual Rate)**

| | History | | | | Forecast | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013Q2 | 2013Q3 | 2013Q4 | 2014Q1 | 2014Q2 | 2014Q3 | 2014Q4 | 2015Q1 |
| Total Personal Income | 247.252 | 249.811 | 250.457 | 252.219 | 254.855 | 256.588 | 258.924 | 262.964 |
| % Change | 5.3 | 4.2 | 1.0 | 2.8 | 4.2 | 2.7 | 3.7 | 6.4 |
| Wages and Salaries | 124.853 | 125.594 | 126.582 | 127.679 | 129.026 | 129.889 | 131.230 | 132.754 |
| % Change | 4.5 | 2.4 | 3.2 | 3.5 | 4.3 | 2.7 | 4.2 | 4.7 |
| Supplements to Wages and Salaries | 34.077 | 34.002 | 34.328 | 34.590 | 34.806 | 35.100 | 35.358 | 35.840 |
| % Change | 5.1 | -0.9 | 3.9 | 3.1 | 2.5 | 3.4 | 3.0 | 5.6 |
| Proprietor's Income | 19.059 | 19.316 | 19.205 | 19.574 | 19.444 | 19.661 | 19.810 | 19.984 |
| % Change | 3.7 | 5.5 | -2.3 | 7.9 | -2.6 | 4.5 | 3.1 | 3.6 |
| Property Income | 43.305 | 44.048 | 44.157 | 44.300 | 45.014 | 44.968 | 45.515 | 46.140 |
| % Change | 11.4 | 7.0 | 1.0 | 1.3 | 6.6 | -0.4 | 5.0 | 5.6 |
| Personal Current Transfer Receipts | 42.576 | 43.548 | 43.027 | 43.173 | 43.807 | 44.263 | 44.443 | 46.216 |
| % Change | 2.0 | 9.4 | -4.7 | 1.4 | 6.0 | 4.2 | 1.6 | 16.9 |
| Residence Adjustment | 3.956 | 3.999 | 3.995 | 4.030 | 4.084 | 4.133 | 4.184 | 4.243 |
| % Change | -0.1 | 4.3 | -0.4 | 3.6 | 5.5 | 4.9 | 5.1 | 5.8 |
| Contributions to Government Social Ins. | 20.575 | 20.695 | 20.836 | 21.128 | 21.326 | 21.426 | 21.617 | 22.214 |
| % Change | 3.2 | 2.4 | 2.8 | 5.7 | 3.8 | 1.9 | 3.6 | 11.5 |
| Related Income Measures | | | | | | | | |
| Real Personal Income (2005 $) | 231.340 | 232.627 | 232.613 | 233.460 | 234.528 | 234.843 | 236.585 | 239.516 |
| % Change | 5.4 | 2.2 | 0.0 | 1.5 | 1.8 | 0.5 | 3.0 | 5.0 |