

# WISCONSIN



*Wisconsin Is Open for Business*

## The State of Wisconsin's Economy

### Transportation Funding Does Not Occur in a Vacuum



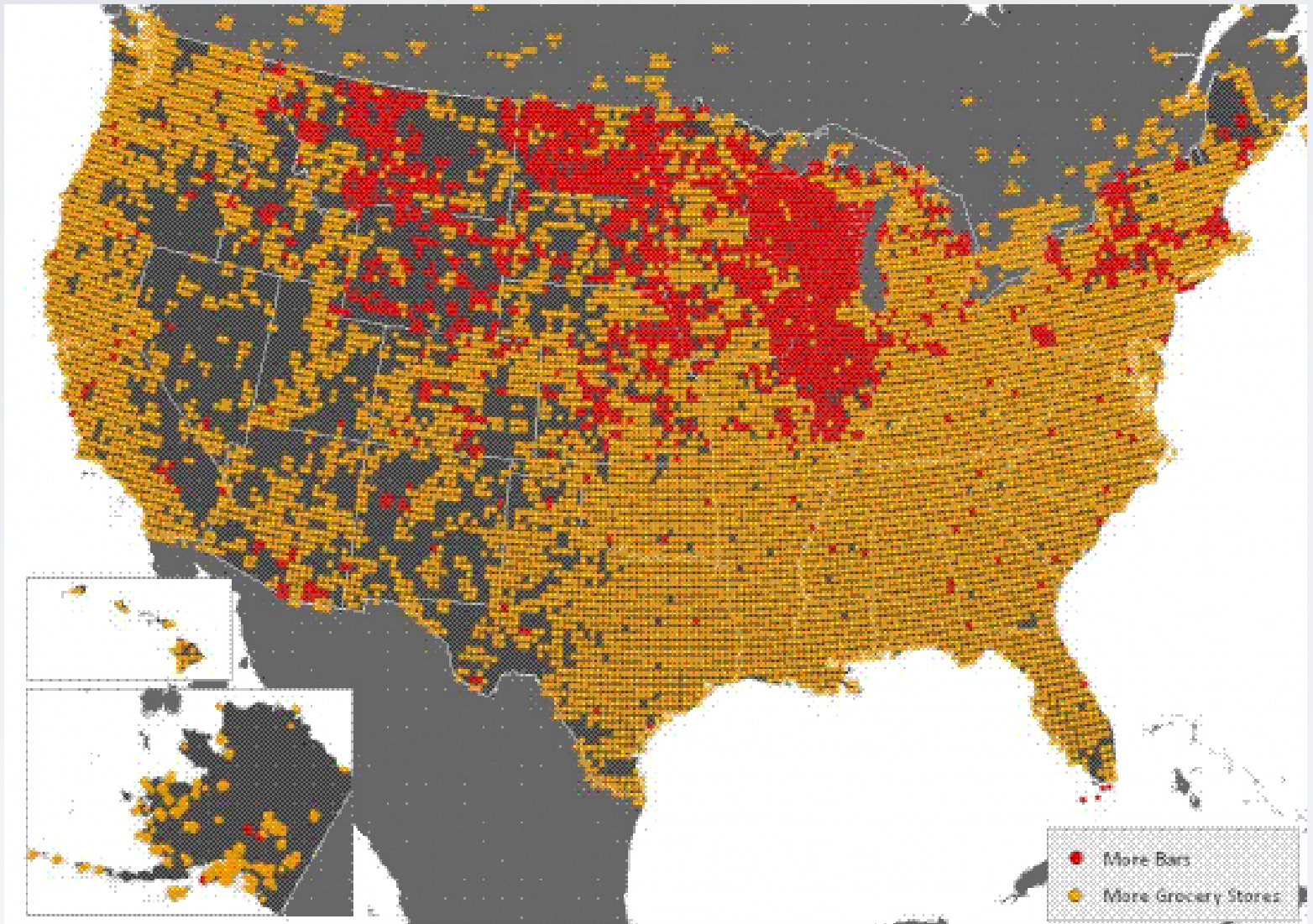
*Dennis Winters*  
*Chief, Office of Economic Advisors*  
*Department of Workforce Development*  
*May 18, 2011*





# FIRST OF ALL, YOU NEED TO UNDERSTAND WISCONSIN'S ECONOMY

THE STATE OF WISCONSIN'S ECONOMY





## HOW BAD WAS IT?

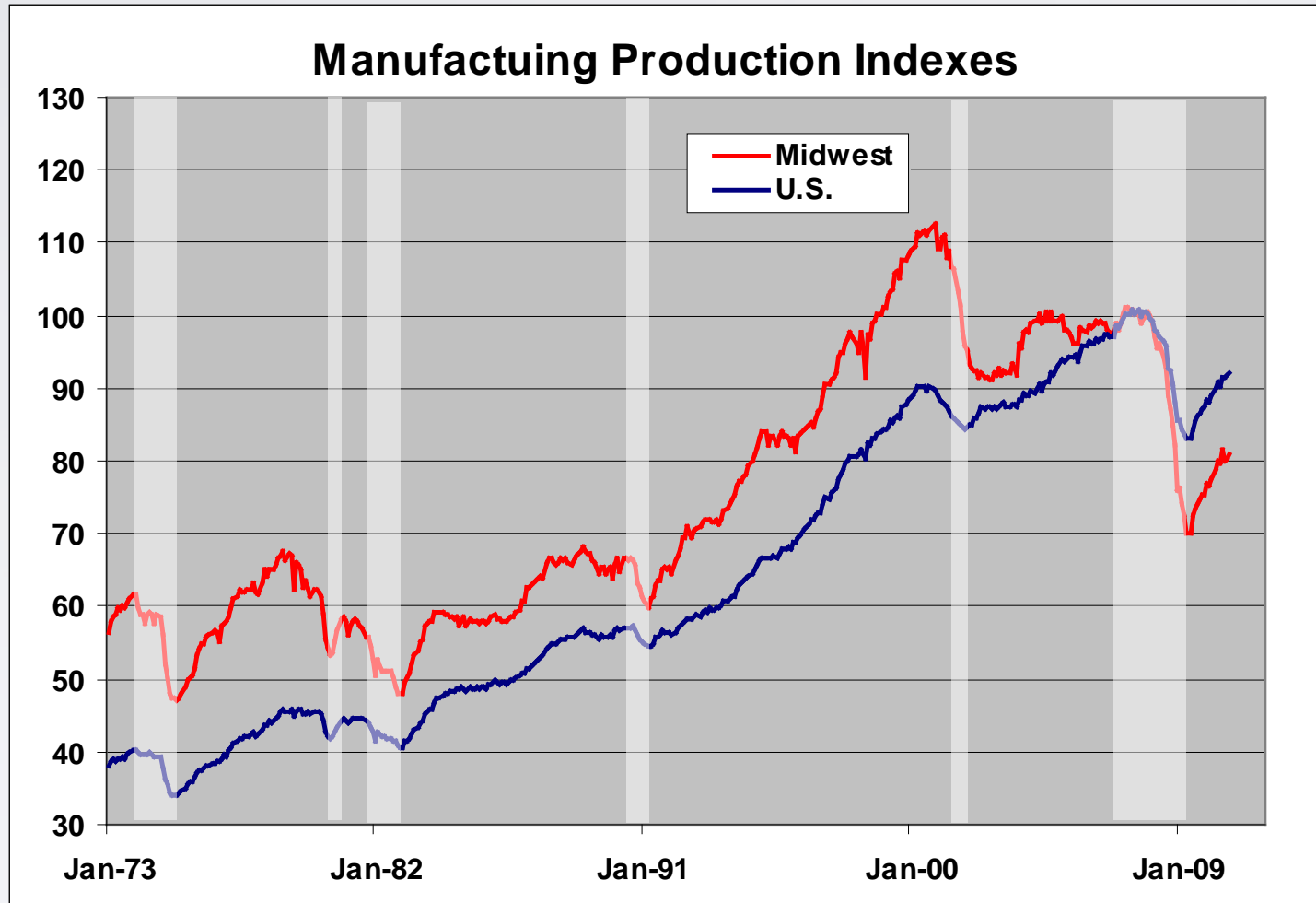
### THINGS THAT NEVER HAPPENED BEFORE

- Four negative U.S. GDP quarters in a row
- Global GDP declined
- The U.S. and Japan were in recession at same time
  
- Longest downturn since Great Depression
- Almost twice as long as post-war average recession



# INDUSTRIAL ACTIVITY PLUNGED ESPECIALLY THE MIDWEST

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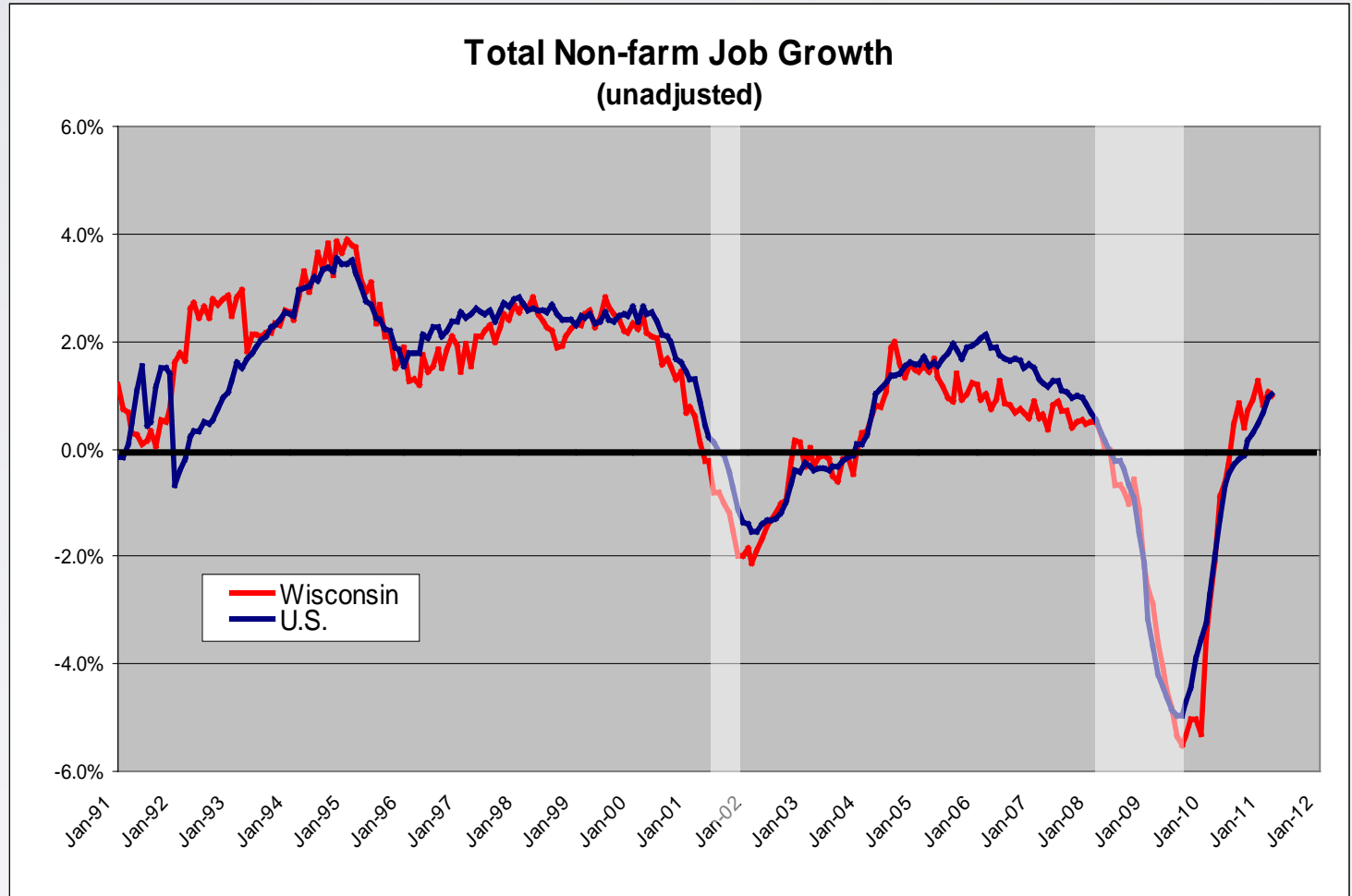
Source: Chicago Fed, OEA





# EMPLOYMENT DROPPED PRECIPITIOUSLY JOB LOSSES WORSE THAN 1981 RECESSION

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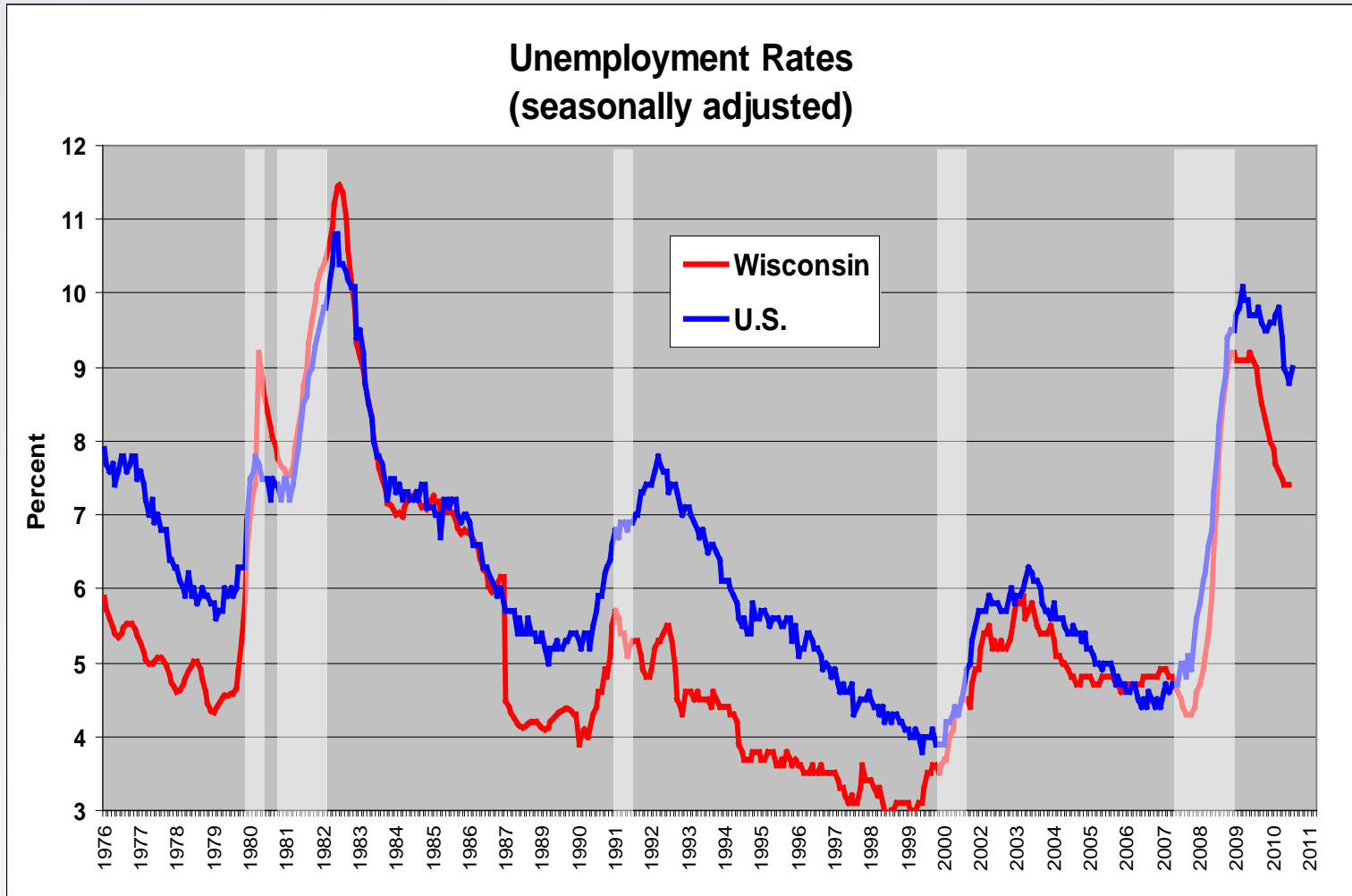
Source: Bureau of Labor Statistics, LMI, OEA





# UNEMPLOYMENT CLIMBED NOT QUITE TO LEVELS OF 1981 RECESSION

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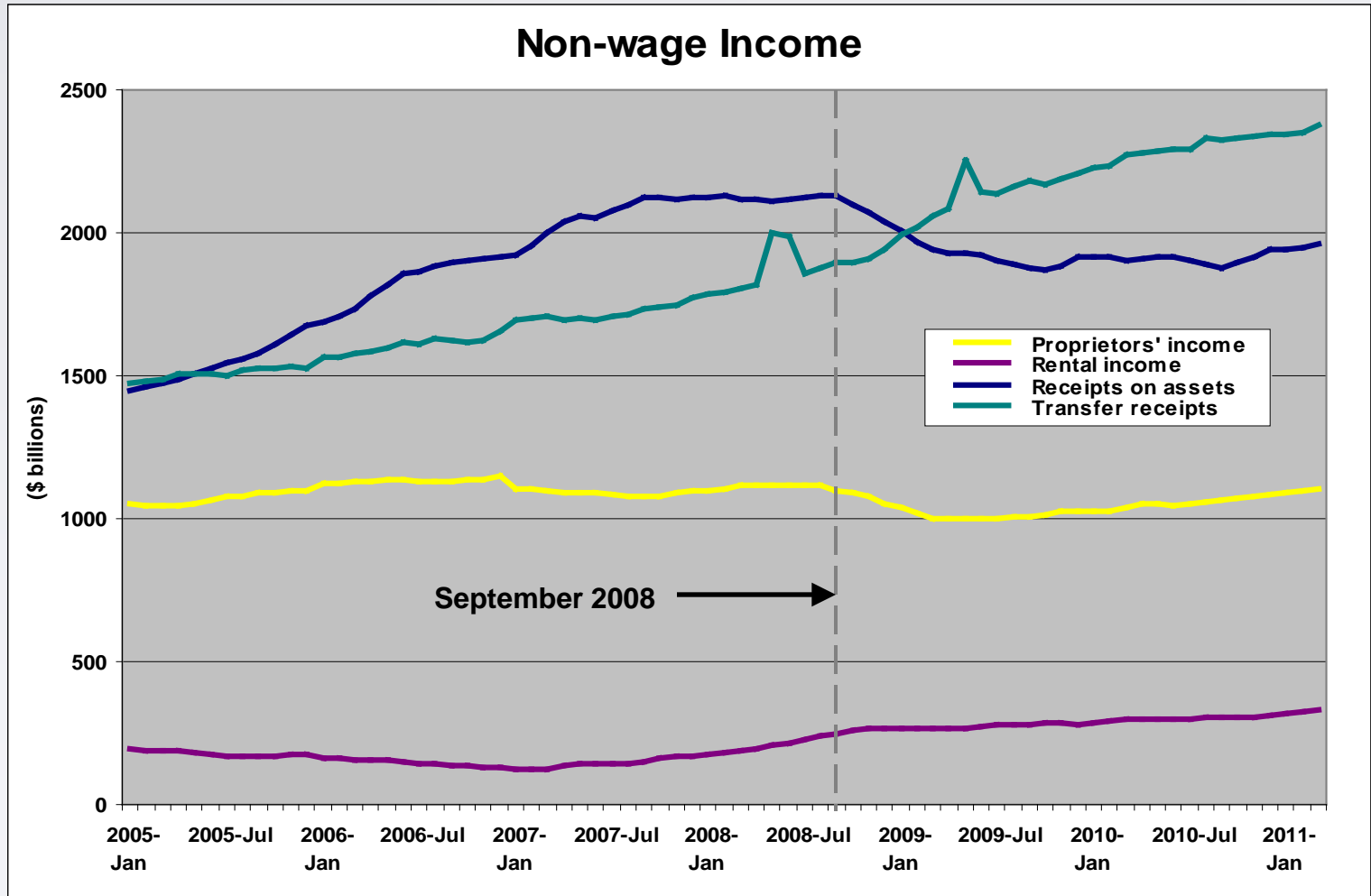
Source: Bureau of Labor Statistics, LMI, OEA





# SIGN OF THE TIMES SHIFT IN SECONDARY INCOME STREAMS

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# HOW DO YOU SPELL RECOVERY?







# HOW DO YOU SPELL RECOVERY?

- GDP
- DJIA
- JOBS

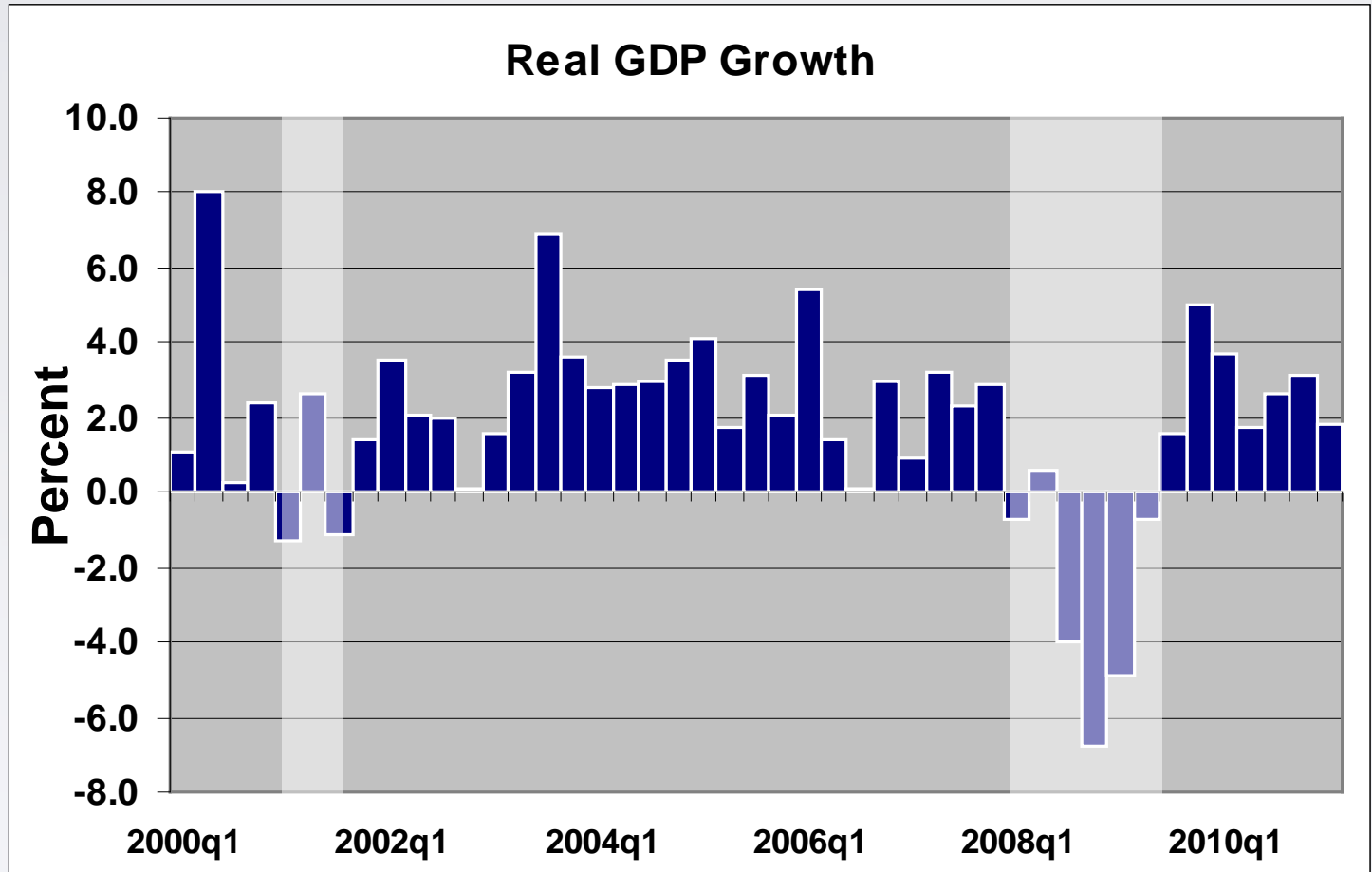




# HOW DO YOU SPELL RECOVERY?

## GDP; Seven positive quarters, Q1 2011 up 1.8% (prelim)

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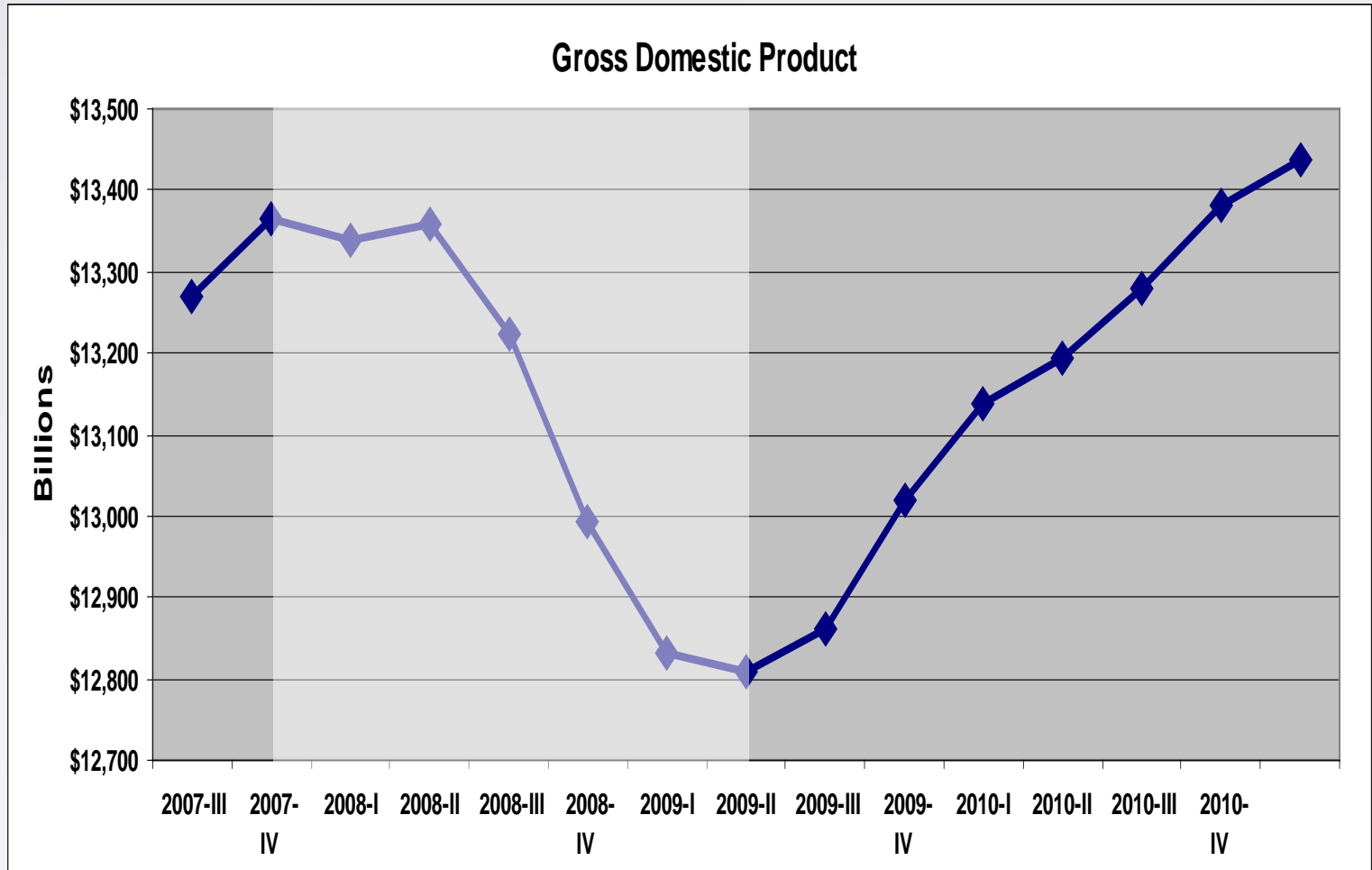


Source: Bureau of Economic Analysis, OEA



# BUSINESS CYCLE SEVERE SIX QUARTERS TO RECOVER

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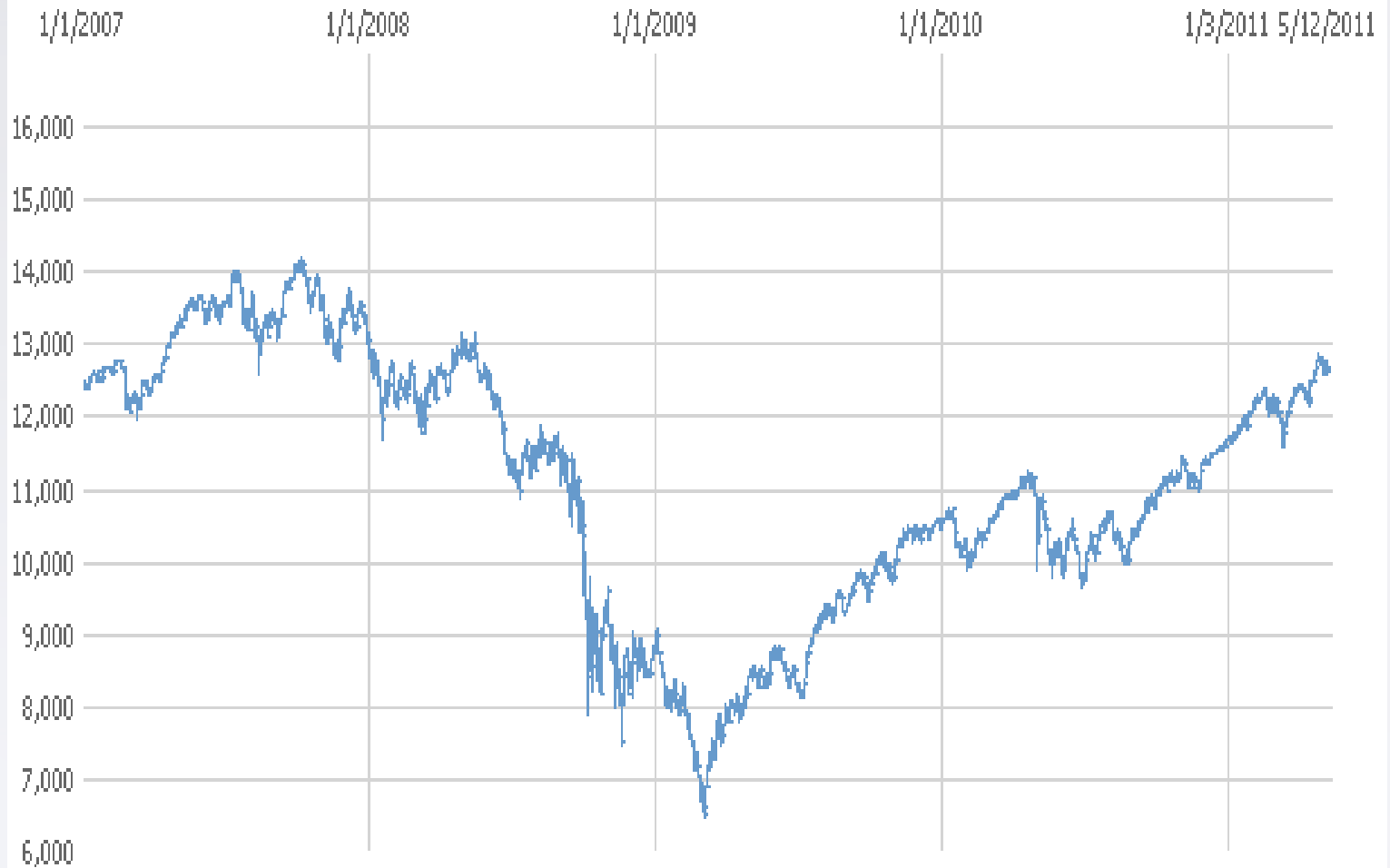


Source: BEA, OEA



# HOW DO YOU SPELL RECOVERY?

## DJIA; UP 94% SINCE MARCH 9, 2009

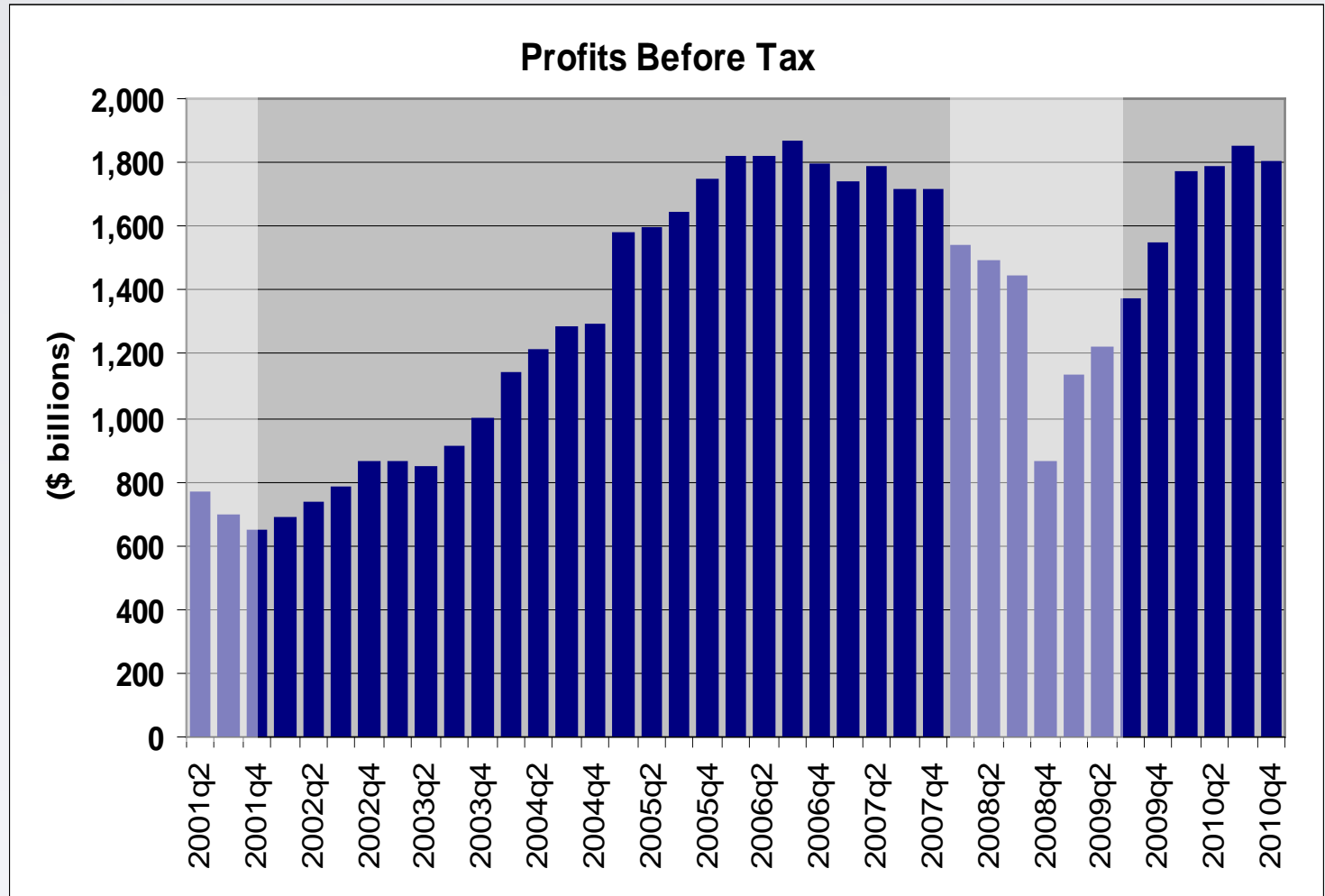


Source: <http://moneycentral.msn.com/investor/charts/chartdl.aspx>

# CORPORATIONS ARE DOING WELL

## PROFITS AT NEW LEVELS

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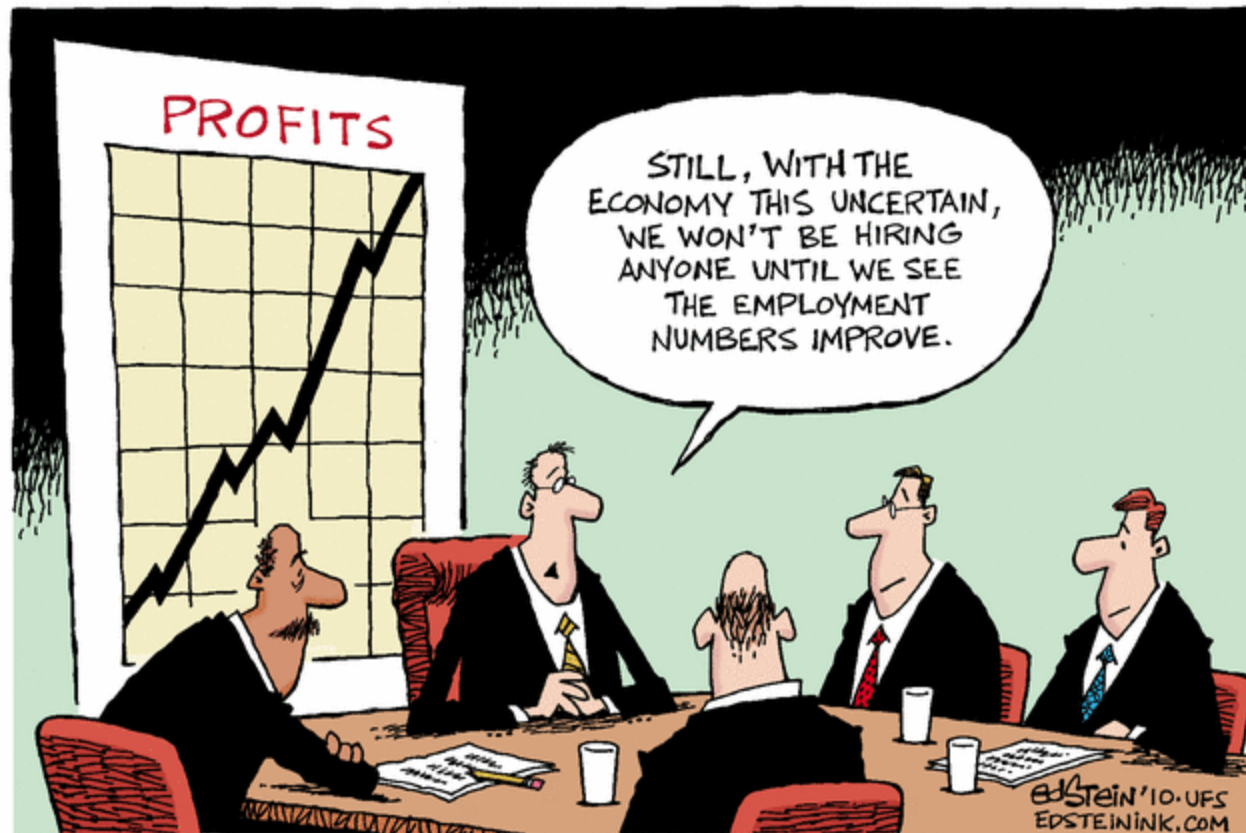


Source: BEA, OEA

# MANAGING RISK

## WHERE IS THE INCENTIVE TO EXPAND

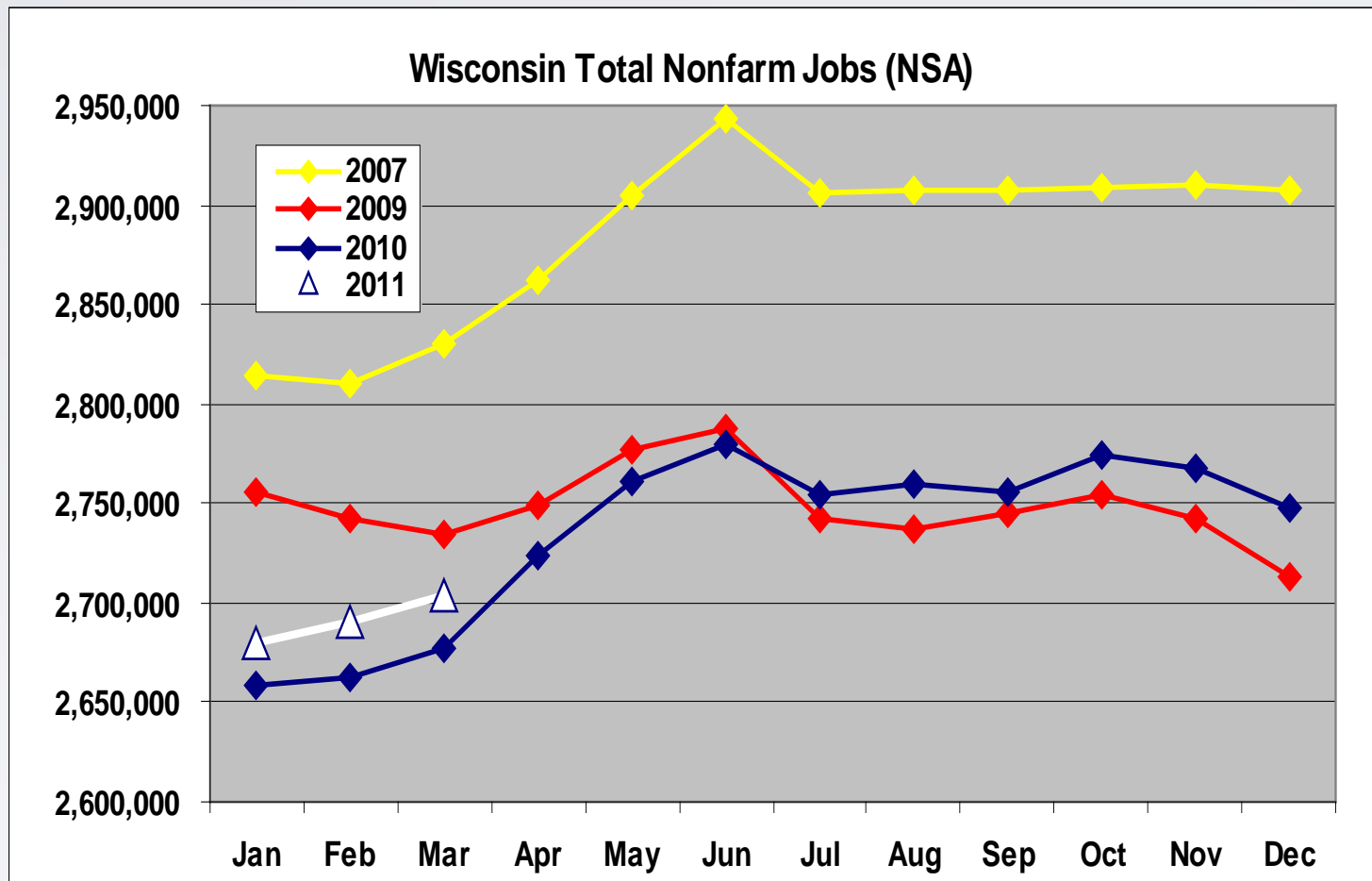
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# HOW DO YOU SPELL RECOVERY?

## JOBS; STILL DOWN 140,000

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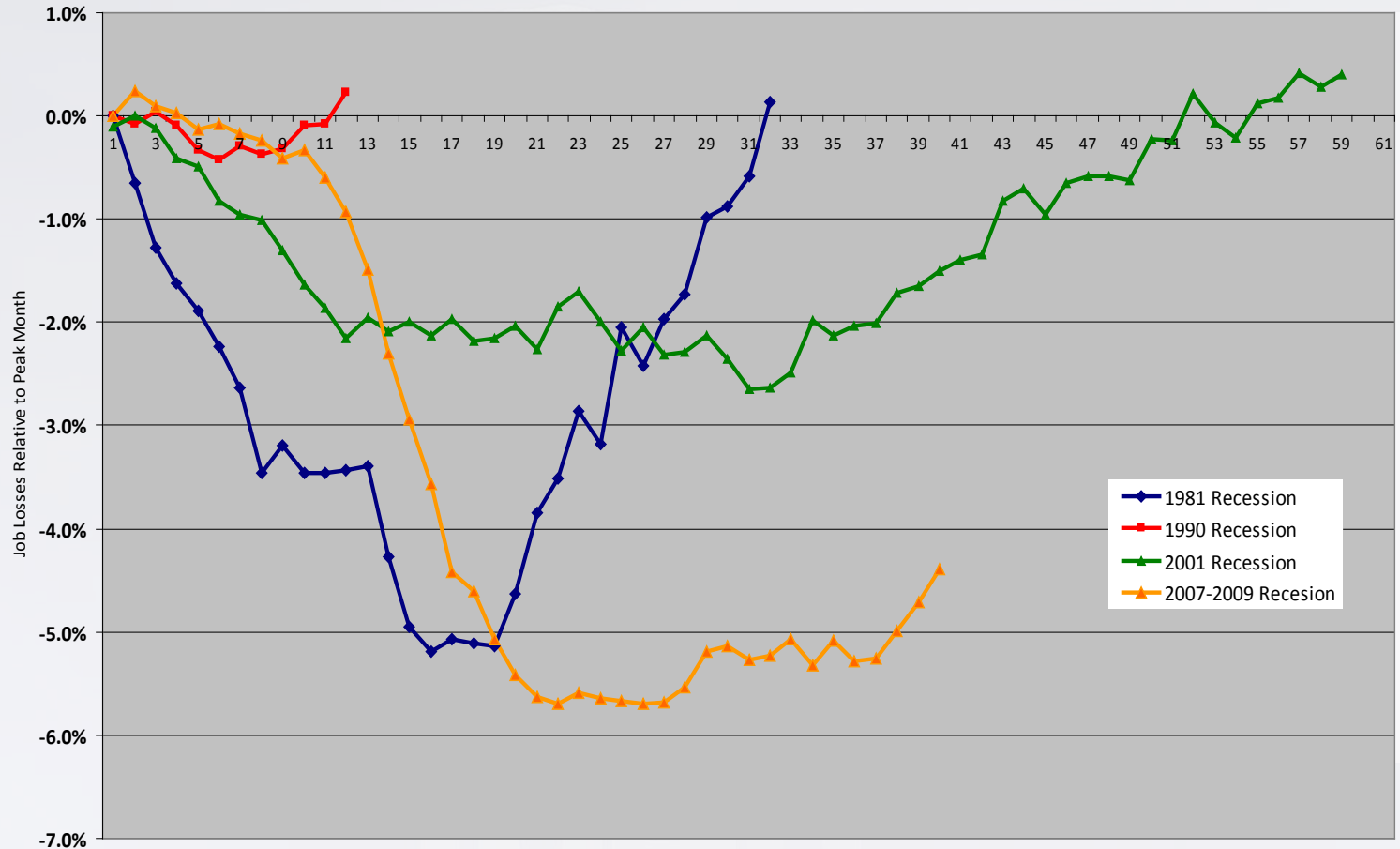


Source: Bureau of Labor Statistics, LMI, OEA

# JOB RECOVERY WILL TAKE TIME, BUT THINGS ARE TURNING UP

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Job Losses in Recent Recessions - Wisconsin - # of Months Since Recession Declaration

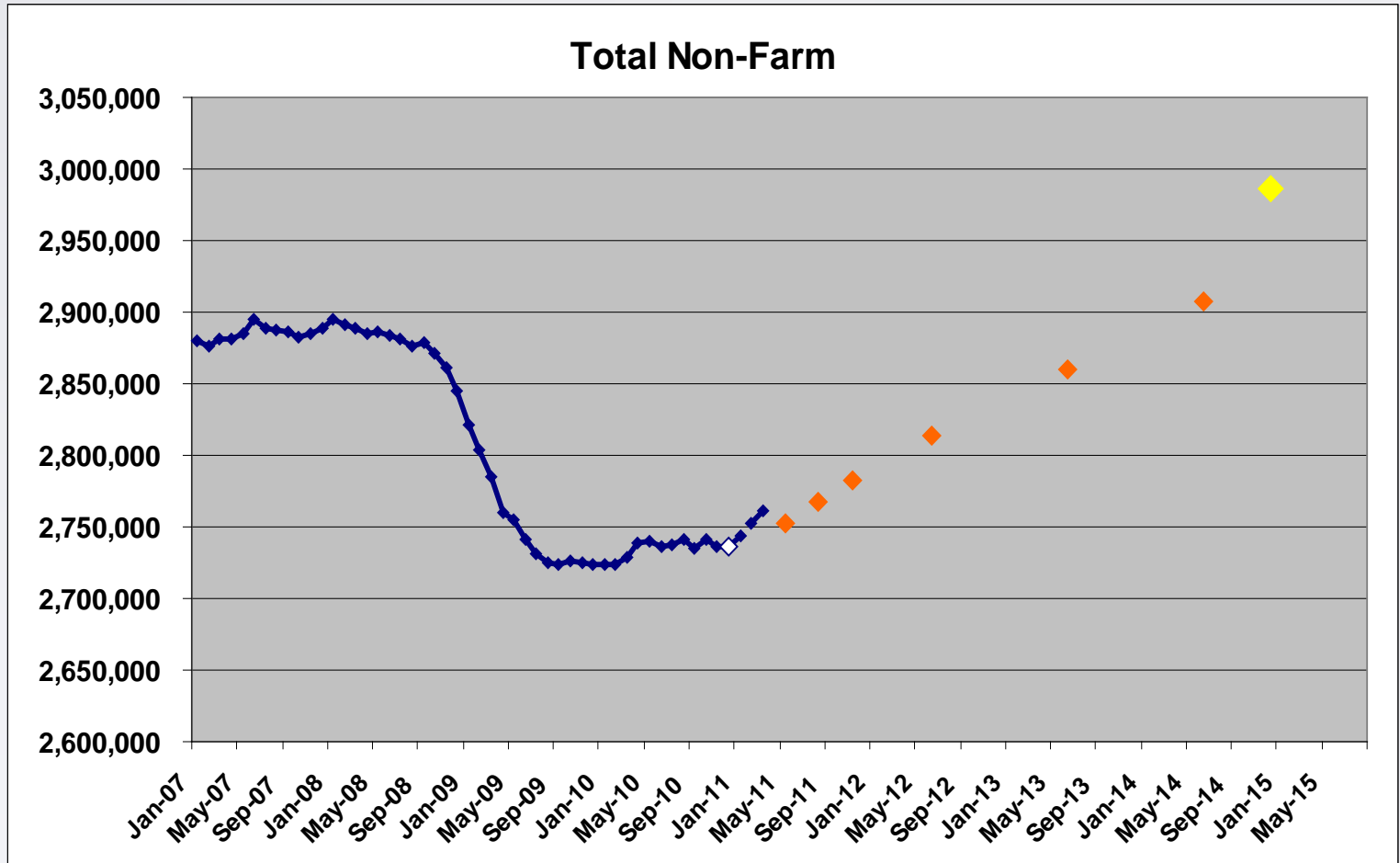


Source: DWD, OEA, X12 adjustment of not seasonally adjusted CES via U.S. BLS

Source: BLS, OEA



- ◆ Blue is history (CES SA, December 2010 is benchmark, 2,736,300).
- ◆ Orange is DOR forecast (quarterly then annual, Winter 2011 Outlook).
- ◆ Yellow is 250,000 goal for December 2014 (2,986,300).



Source: BLS, DOR, OEA



WISCONSIN

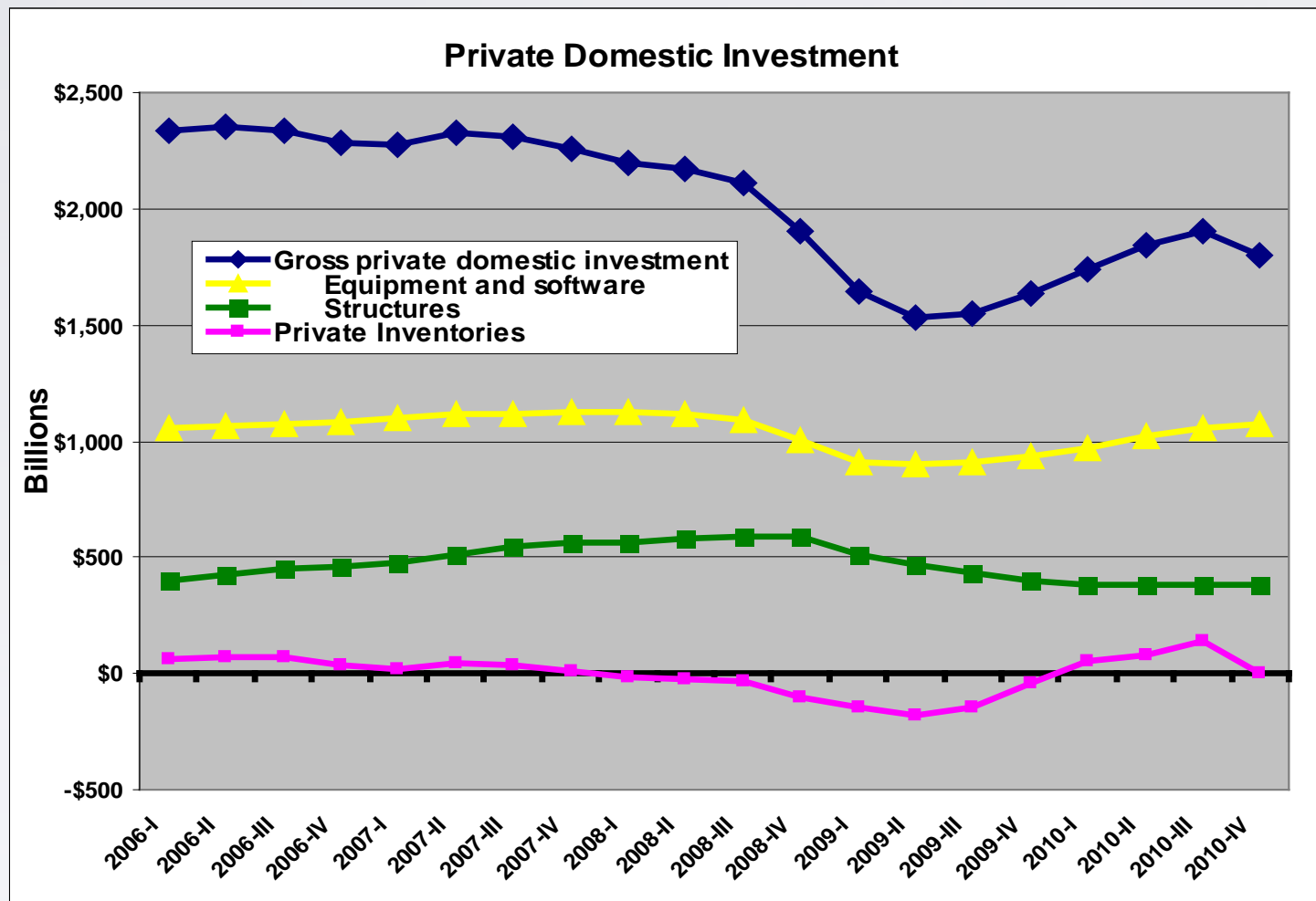
FORWARD

**WHERE  
ARE WE  
HEADED?**



# INVESTMENT GROWTH IS IN PRODUCTIVITY, NOT EXPANSION

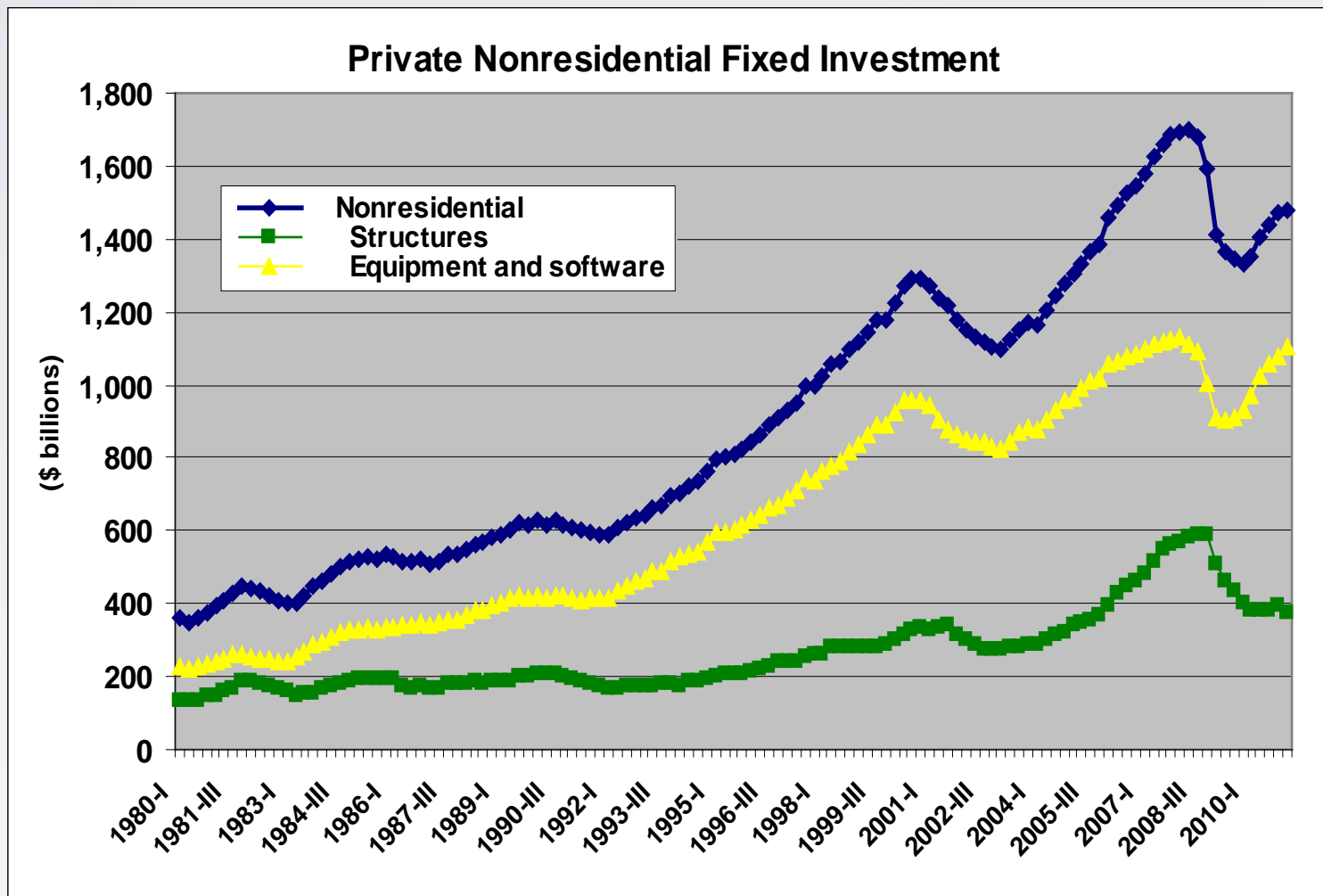
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Source: Bureau of Economic Analysis, OEA

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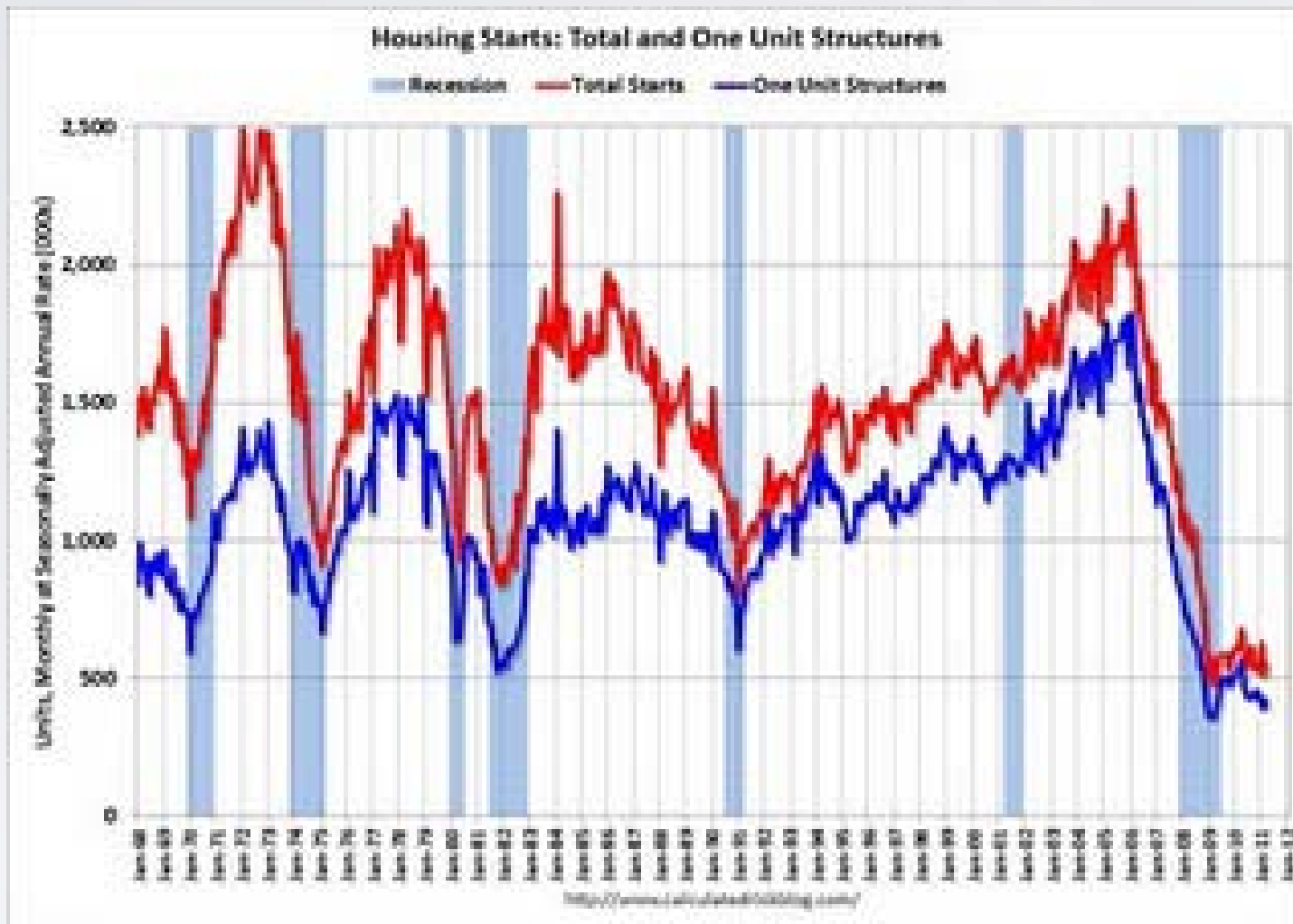
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Source: Bureau of Economic Analysis, OEA

# HOUSING TURNAROUND PENDING? STILL BARRIERS TO OVERCOME

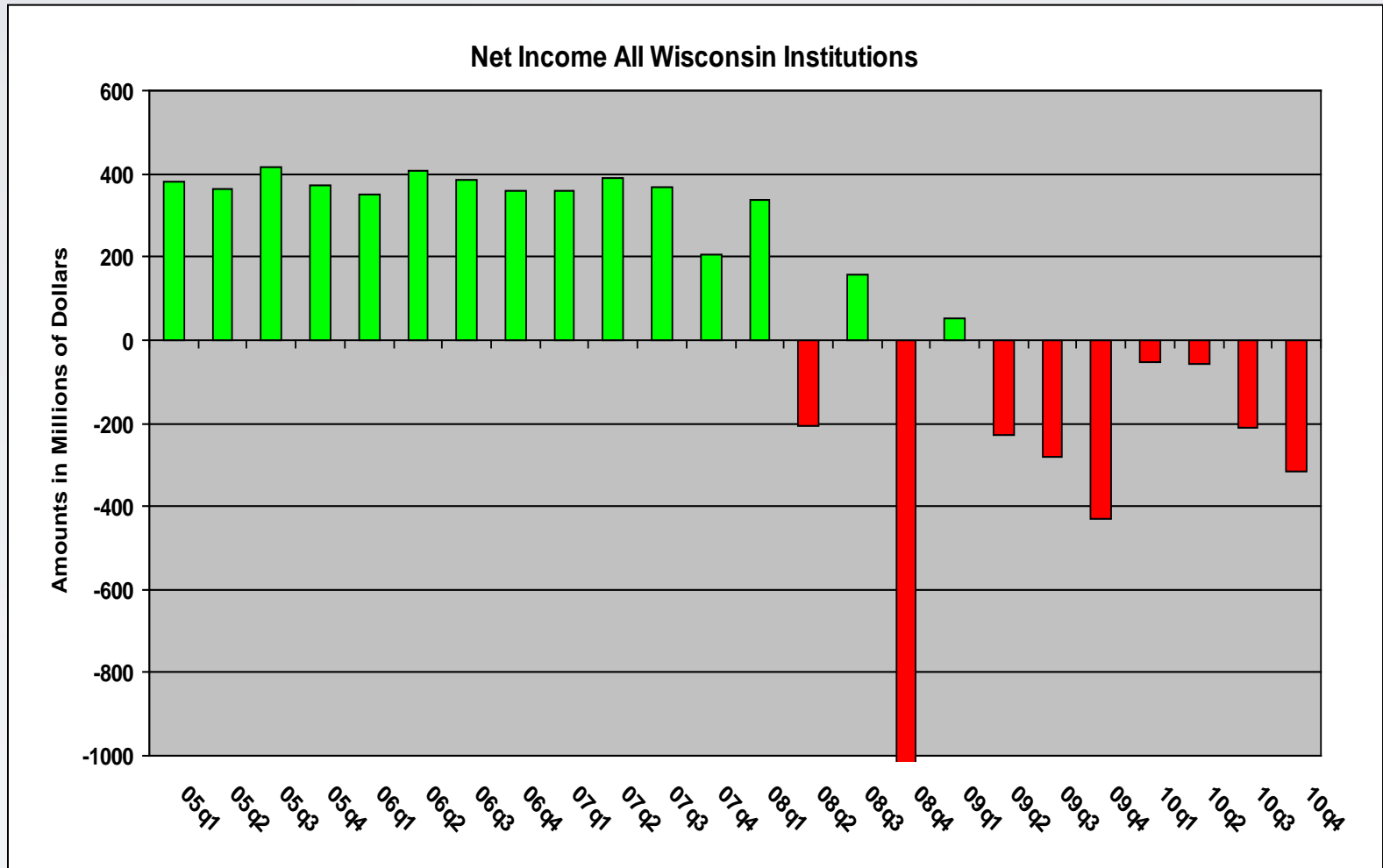
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# WISCONSIN BANKS STILL REPORTING LOSSES

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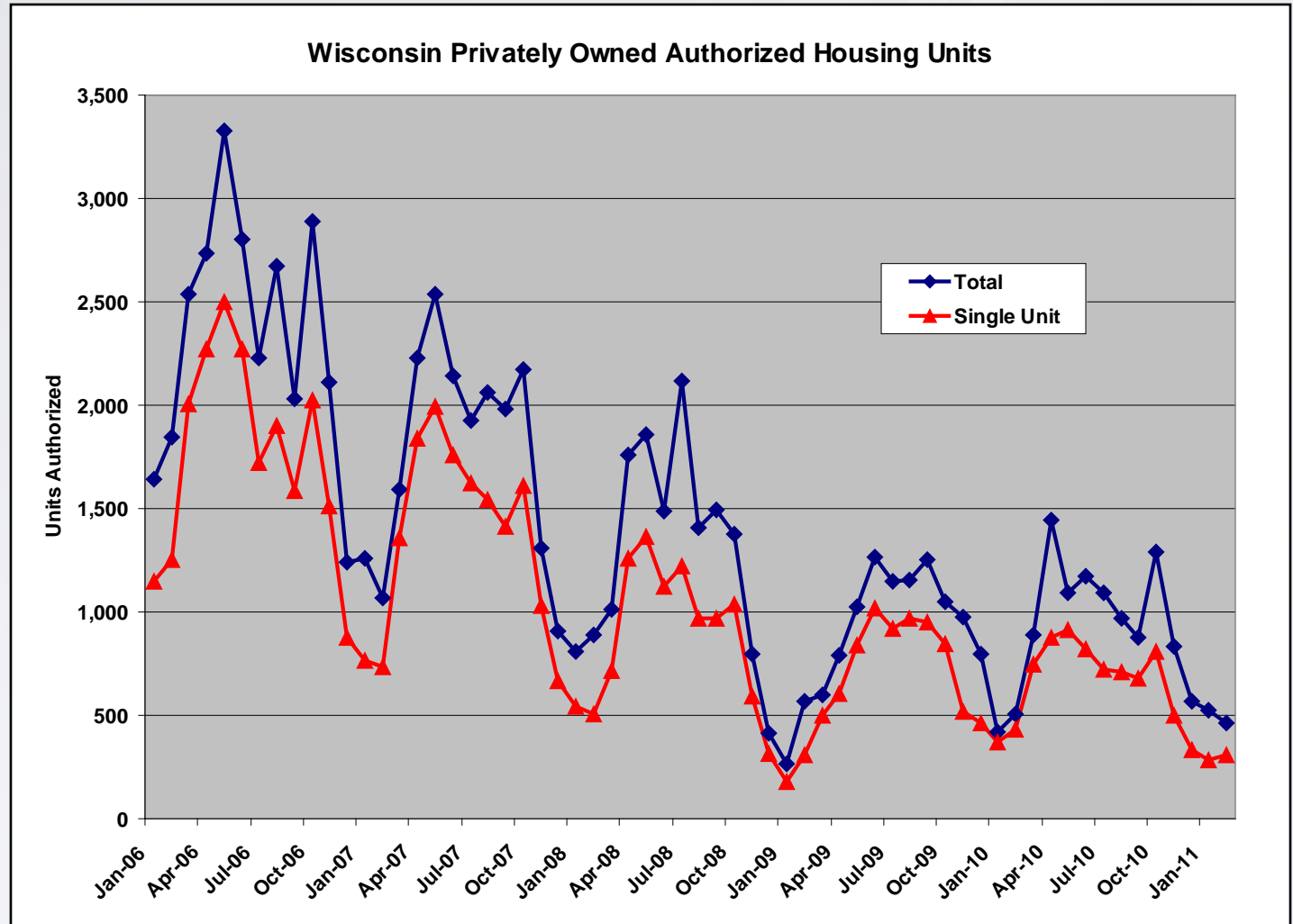


Source: FDIC-Division of Insurance and Research, Federal Reserve



# WISCONSIN HOUSING DOWN BOTTOMED?

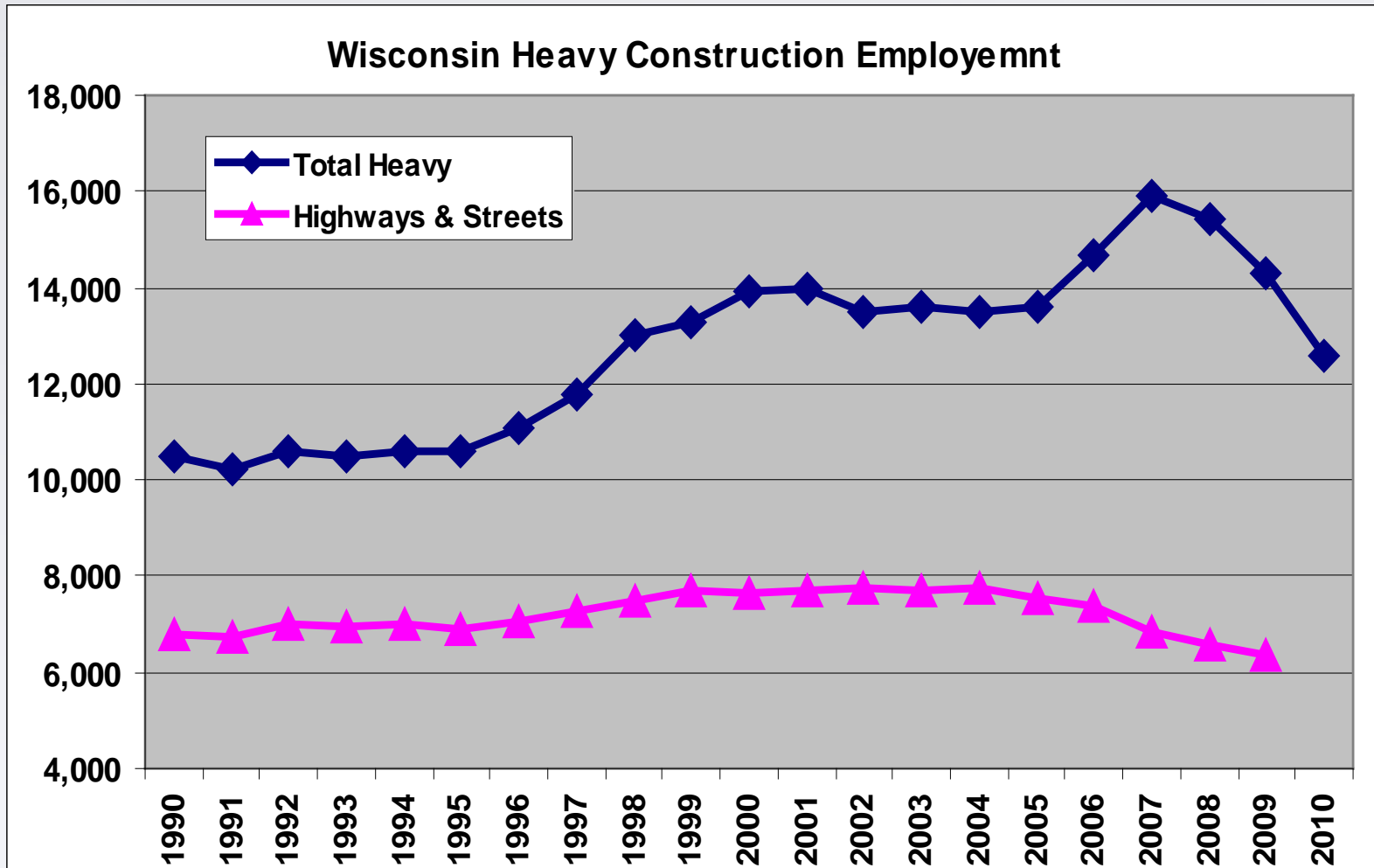
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# HEAVY CONSTRUCTION EMPLOYMENT DOWN BUDGETS NOT CONDUCIVE FOR QUICK TURNAROUND

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Source: Bureau of Labor Statistics, OEA







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FORWARD

**NOW**  
**FOR THE**  
**GOOD NEWS**

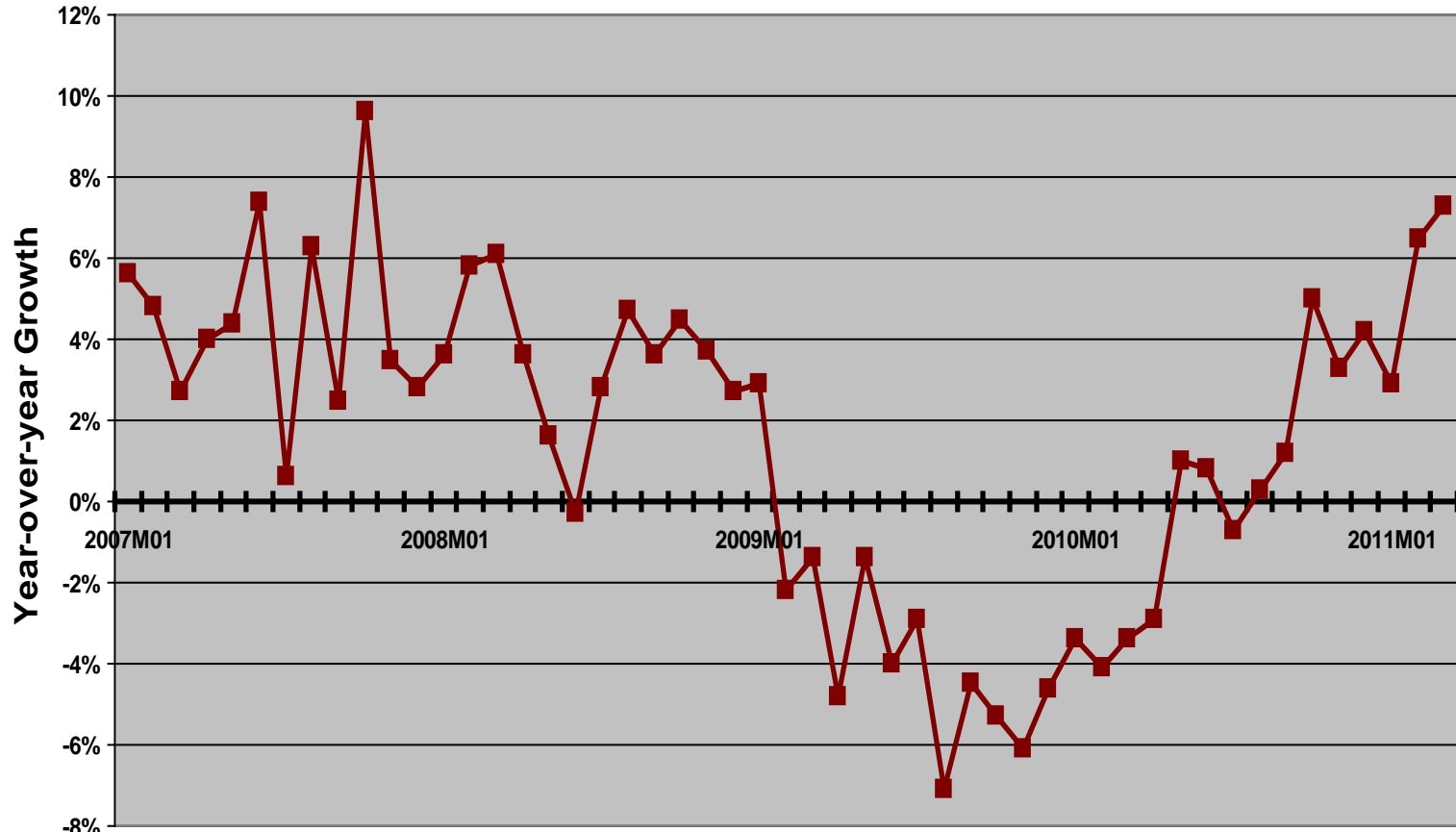




# WISCONSIN WITHHOLDING COLLECTIONS UP 7.3% OVER THE YEAR

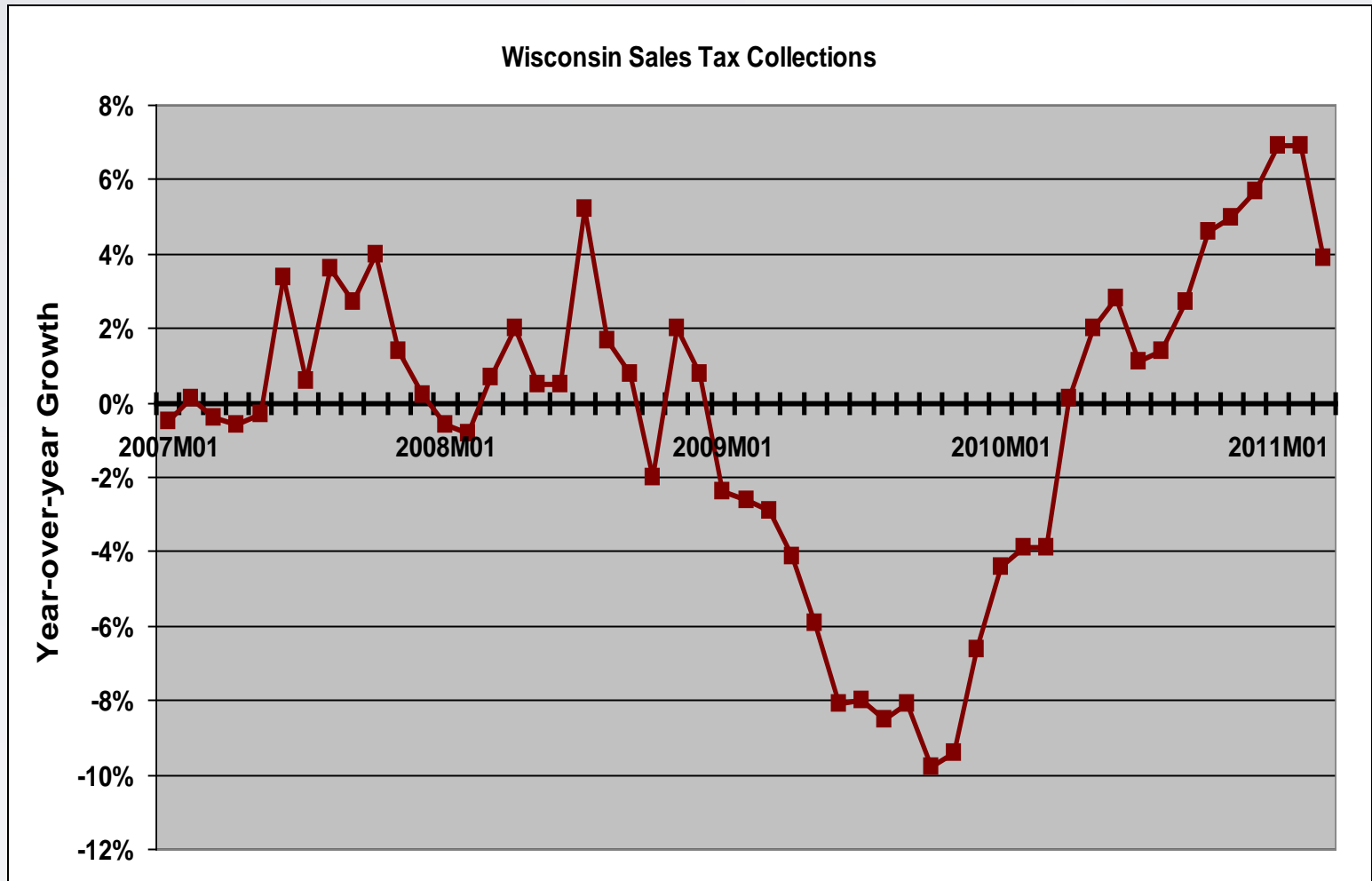
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### Wisconsin Payroll Withholding



# WISCONSIN SALES TAX COLLECTIONS UP 3.9% OVER THE YEAR

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# WISCONSIN SALES TAX COLLECTIONS BY INDUSTRY

## MIXED

### 10 Largest Industries by Sales Tax Collections

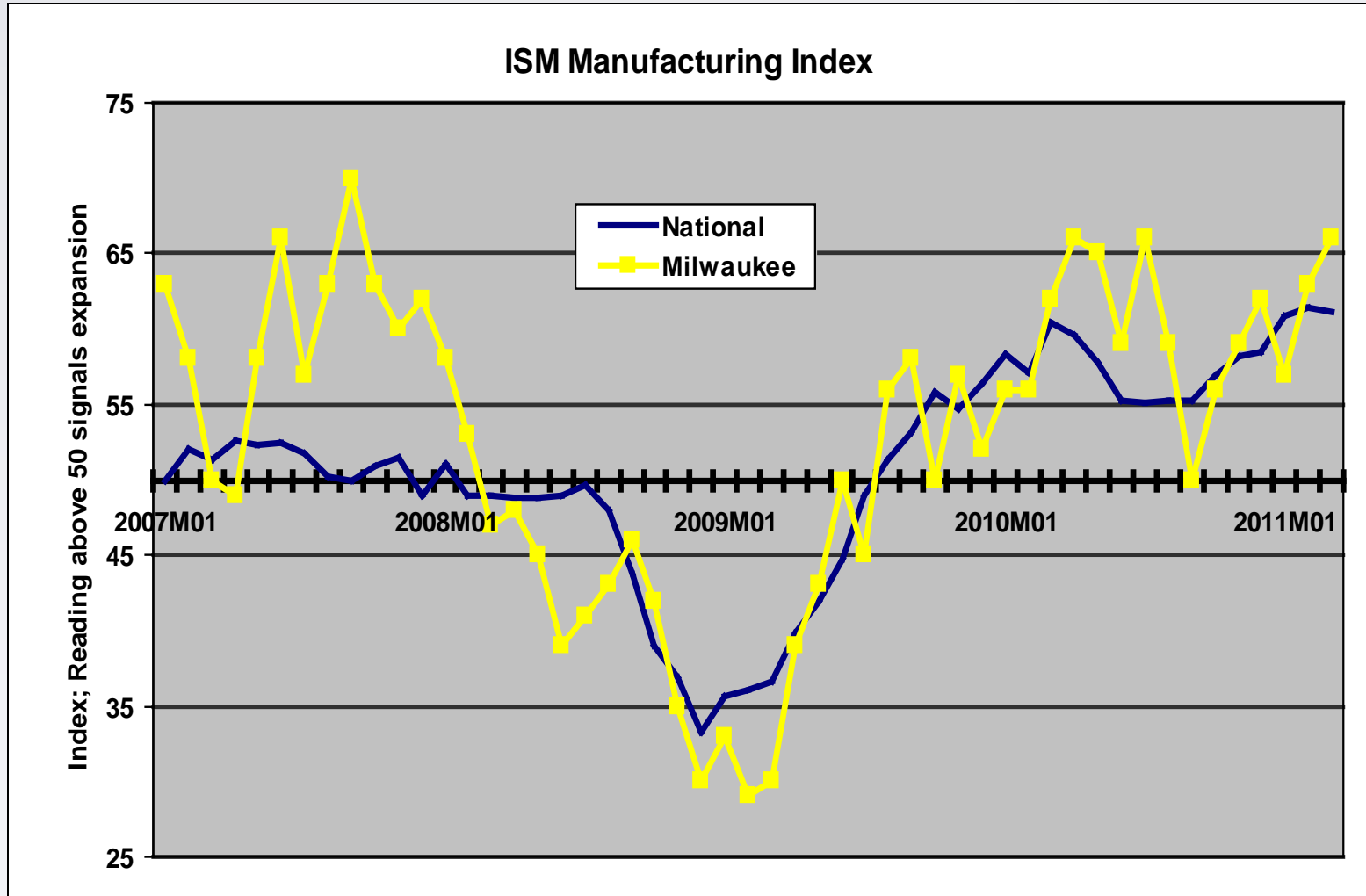
	Industry	Mar 2010	Mar 2011	y/y growth	% of total
452	General Merchandise Stores	27,756,157	29,849,215	7.5%	10.5%
441	Motor Vehicle and Parts Dealers	26,348,726	29,821,565	13.2%	10.5%
517	Telecommunications	26,721,140	26,903,278	0.7%	9.4%
722	Food Services and Drinking Places	26,464,293	26,023,454	-1.7%	9.1%
453	Miscellaneous Store Retailers	18,349,601	18,010,261	-1.8%	6.3%
423	Merchant Wholesalers, Durable Goods	12,766,467	13,595,942	6.5%	4.8%
444	Building Material & Garden Supply Stores	13,157,323	12,886,975	-2.1%	4.5%
221	Utilities	12,126,474	12,826,071	5.8%	4.5%
445	Food and Beverage Stores	8,815,206	8,800,334	-0.2%	3.1%
448	Clothing and Clothing Accessories Stores	8,192,758	8,182,362	-0.1%	2.9%
	All Other	96,222,097	98,291,314	2.2%	34.5%





# ISM MANUFACTURING INDEX MILWAUKEE AREA BANDS U.S.

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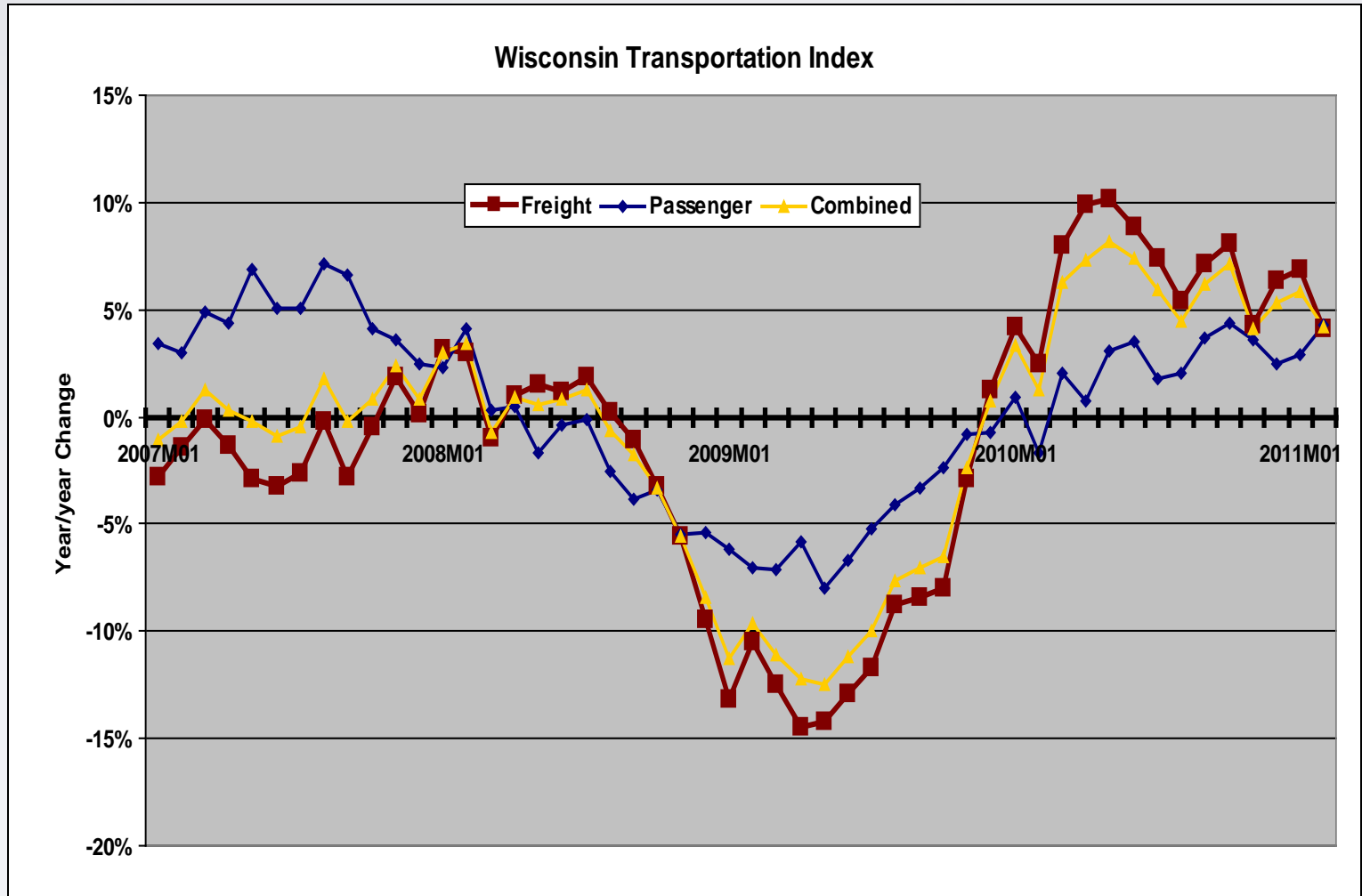




# WISCONSIN TRANSPORTATION SERVICES INDEX

## UP 4.0%

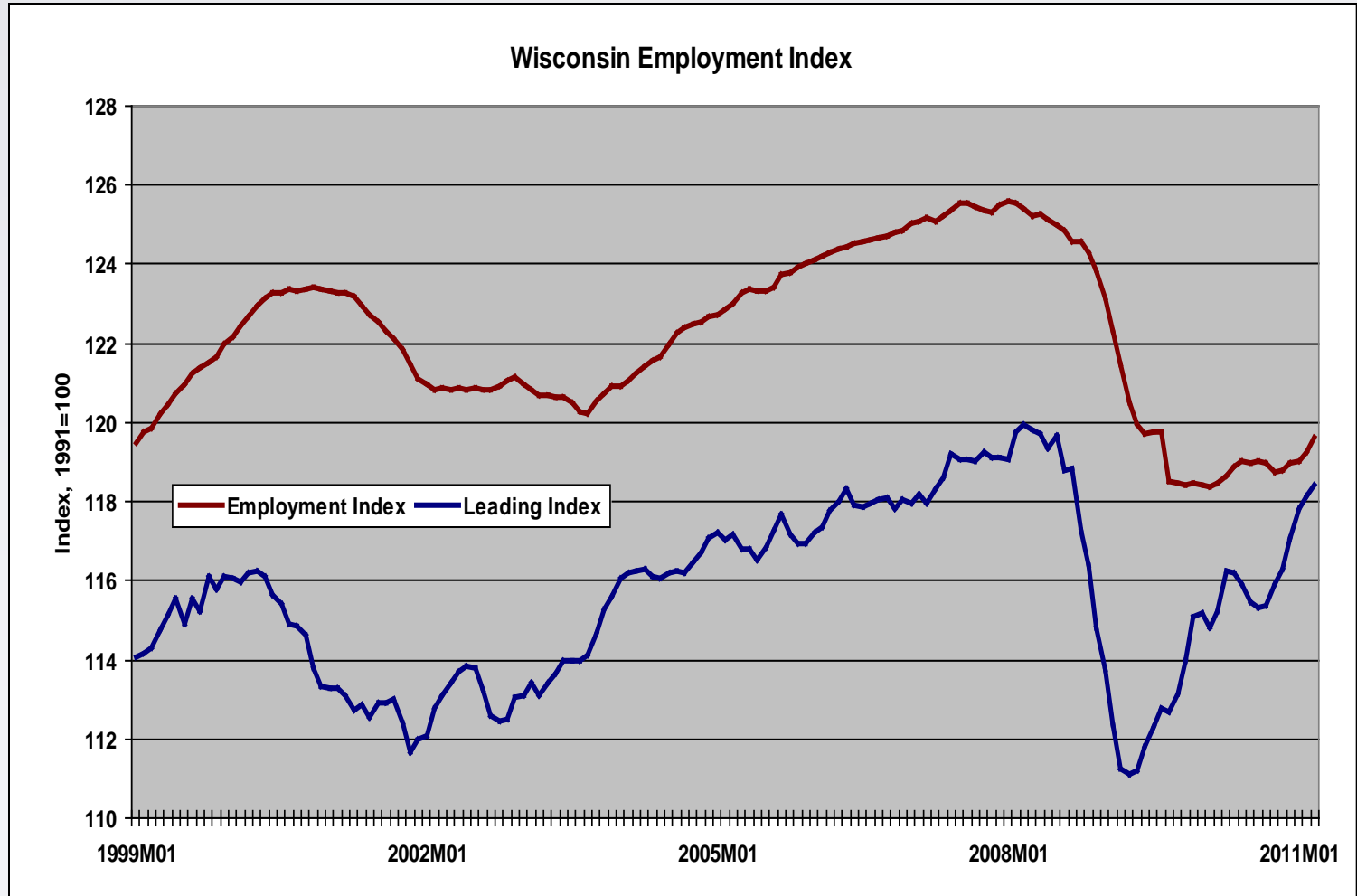
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# WISCONSIN EMPLOYMENT INDEX LEADING COMPONENT SHOWING PROMISE

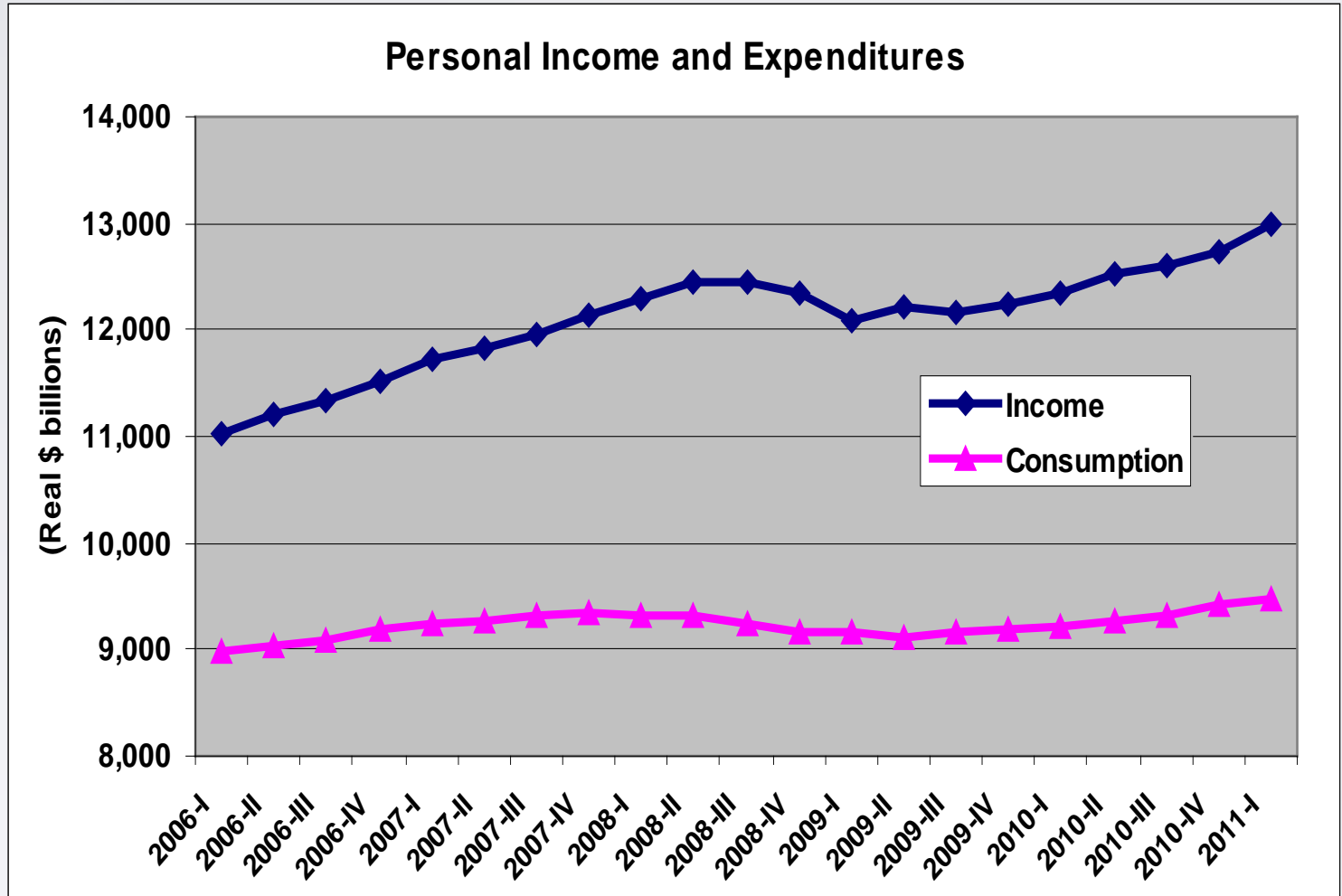
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# INCOME GAINS OUTPACING CONSUMPTION

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Source: Bureau of Economic Analysis, OEA



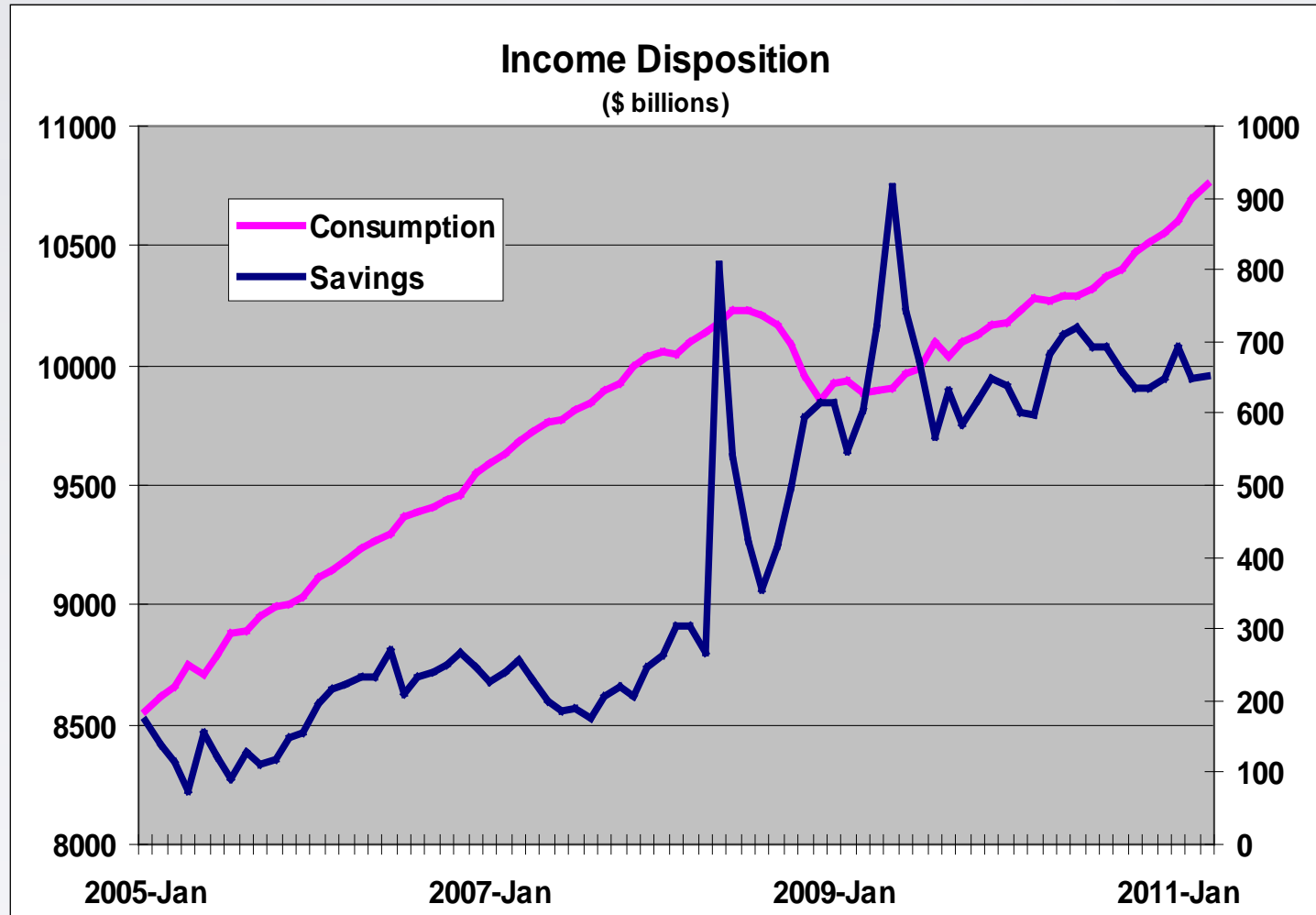




# CONSUMPTION v. SAVINGS

## SHORT-RUN v. LONG-RUN

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## **IN CONCLUSION**

### **CONTINUED RECOVERY**

- **Recovery is self-sustaining.**
- **Employment may breach in 2014.**
- **Strength of recovery subject to consumer income and wealth uncertainty.**

#### **Risks**

- **High unemployment dampens income growth.**
- **Prolonged high gasoline prices sap consumption.**
- **European Union fiscal problems wash over the global financial markets.**



**THE STATE  
OF  
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# CONTACT INFORMATION

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