

Wisconsin's Economic Outlook:

Navigating the the 2024 Economy

Wisconsin City/County Management Association
Summer Conference

Eau Claire, WI

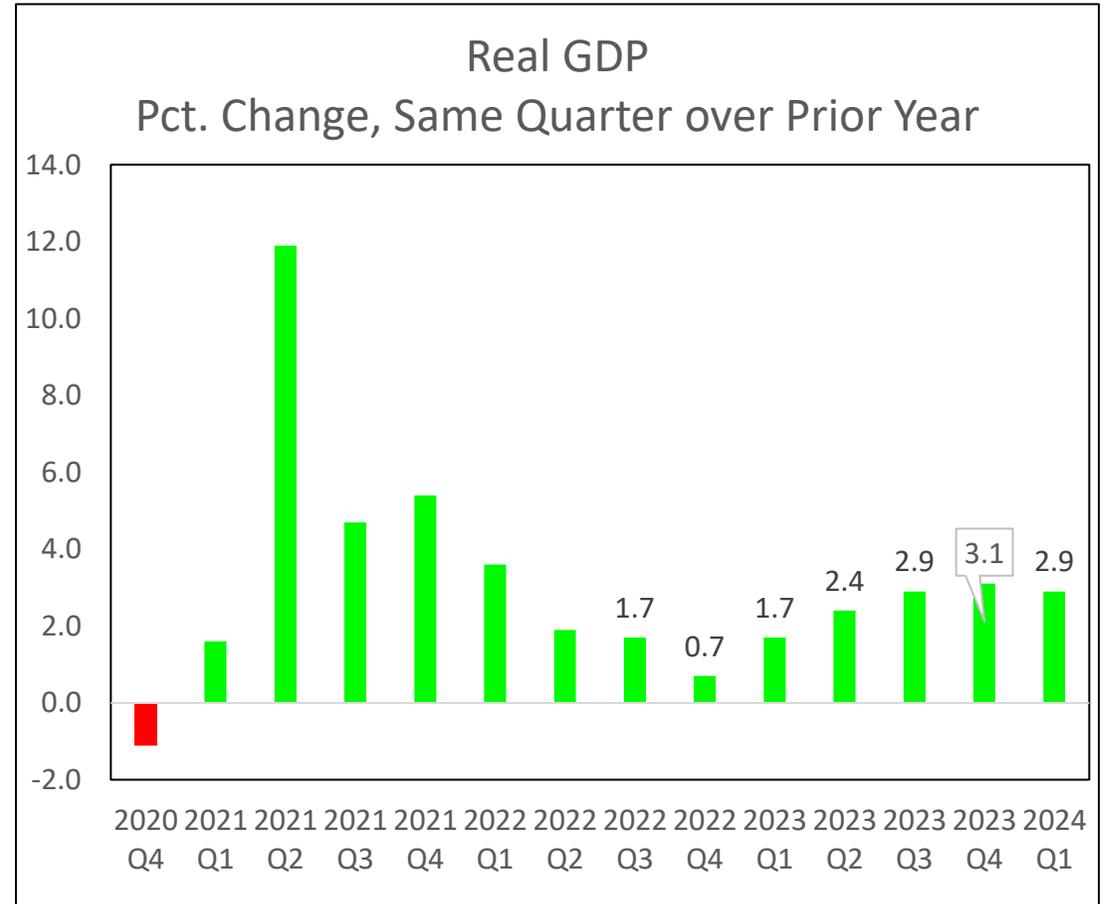
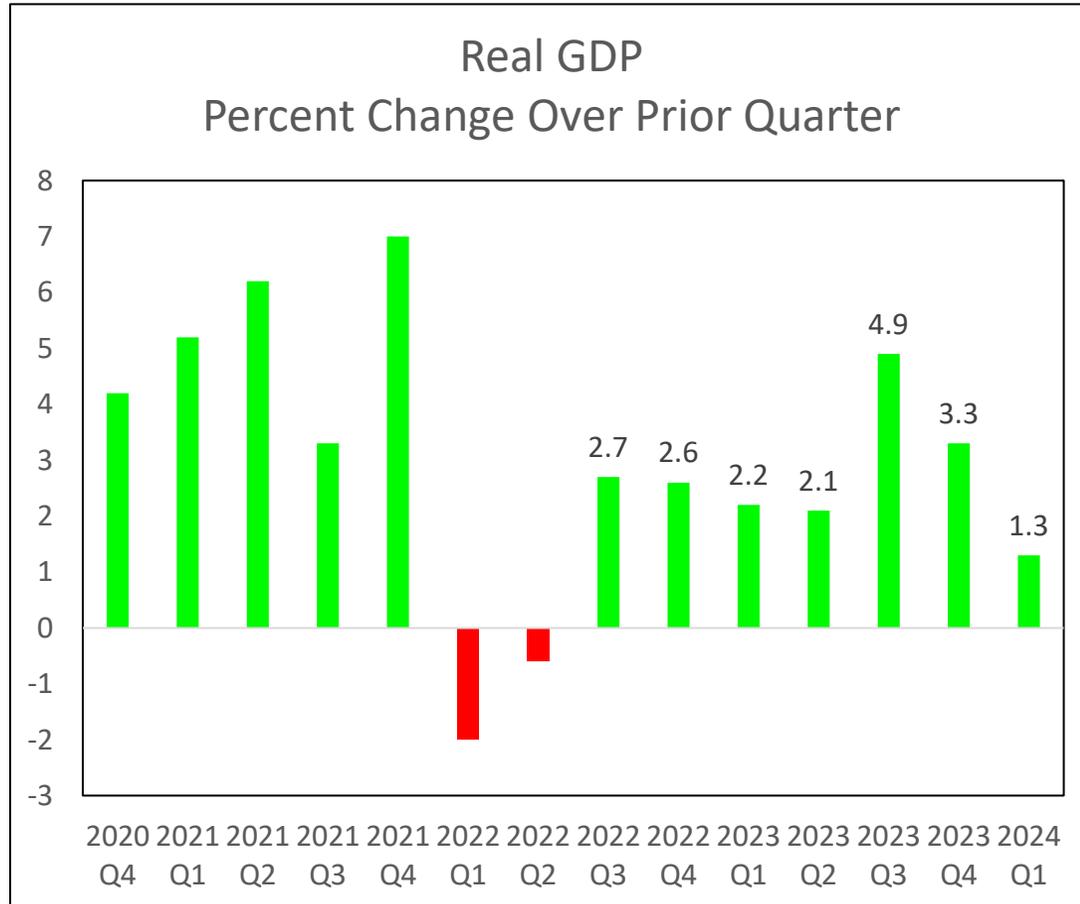
June 20, 2024

Today's Themes

- The U.S. Economy has entered the “soft landing” phase of the expansion.
- There is no “one size fits all. Results will vary by industry and by region
- Wisconsin’s substantially improved competitiveness puts the state in a solid position relative to the rest of the U.S.
- Wisconsin has structural advantages in labor force participation, cost of living, and entrepreneurship.

U.S. Economy Enters the "Soft Landing" Phase

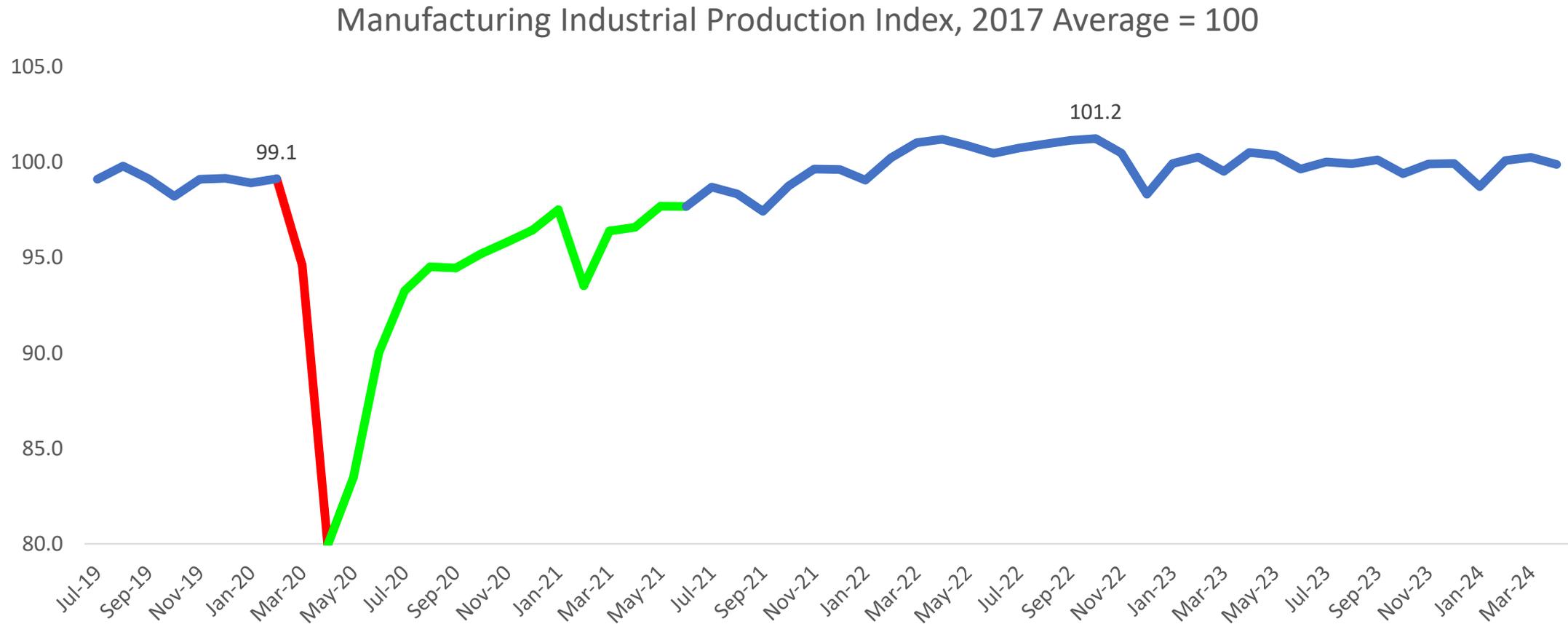
1st Quarter 2023 Up 1.3% over 4th Quarter 2022



Source: U.S. Bureau of Economic Analysis, Release Date: April 25, 2024

Manufacturing Experiencing More Turbulence

Manufacturing Industrial Production Down -0.5%, April 2024 / April 2023



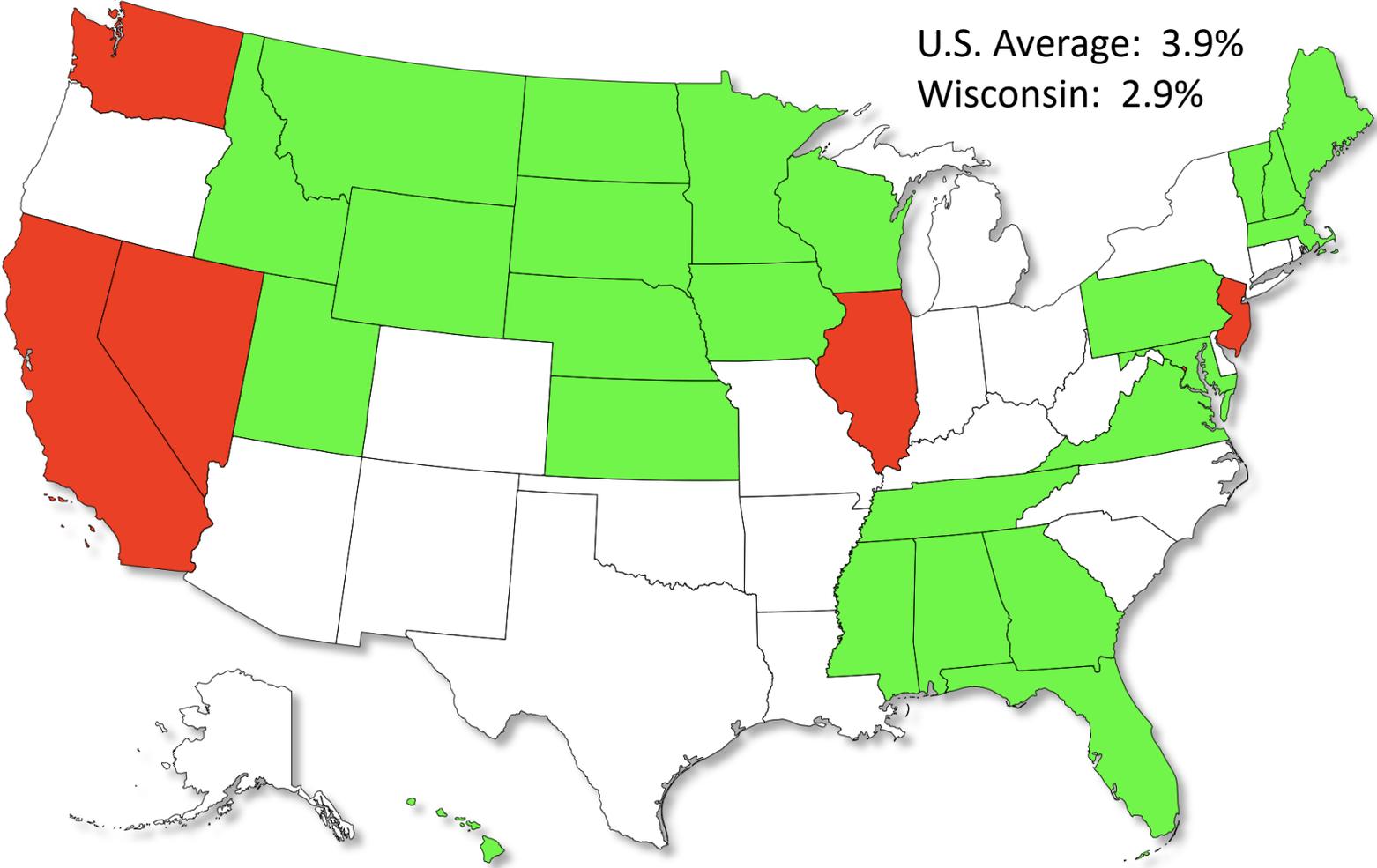
Source: Federal Reserve Board of Governor's, Industrial Production Index, <https://www.federalreserve.gov/releases/g17/Current/default.htm>

April 2024 Unemployment Rates

Different Regions Have Different Results

U.S. Average: 3.9%
Wisconsin: 2.9%

-  Below U.S. Average
-  At U.S. Average
-  Above U.S. Average



Soft Landing Versus Recession

Illustrating Mixed Signals in US Economy

A Recession is
Whatever the NBER
Business Cycle
Committee Says It Is

NBER Recession
Definition

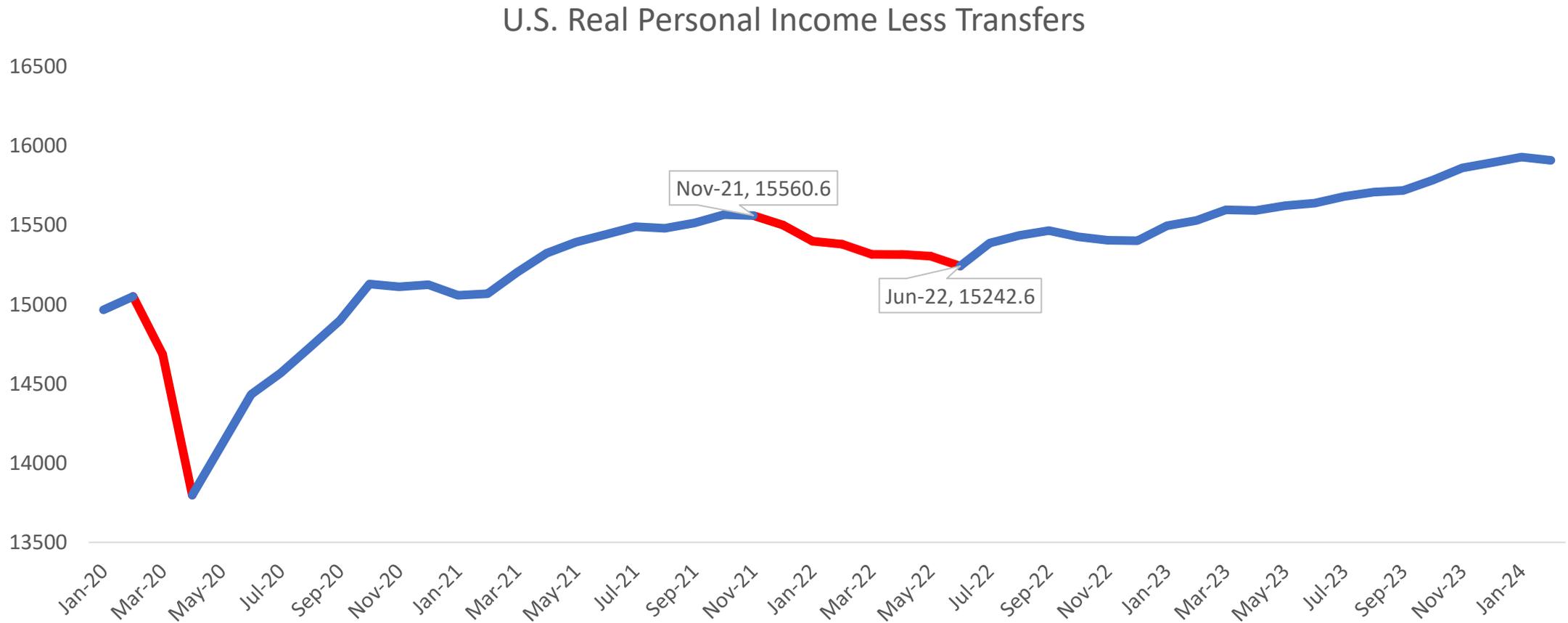
A recession requires

- Depth—Significant decline in economic activity
- Diffusion—Affecting multiple sectors
- Duration—Lasting more than a few months

Principal Indicators

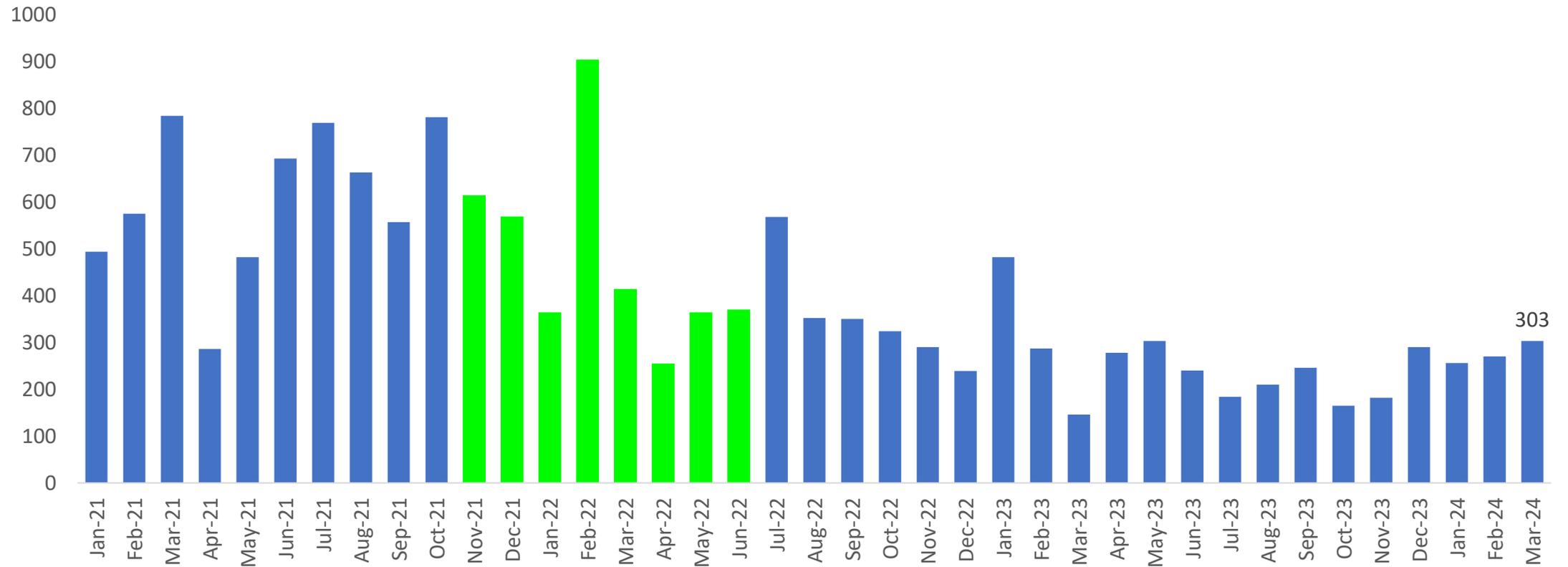
- real personal income less transfers
- nonfarm payroll employment
- employment as measured by the household survey
- real personal consumption expenditures
- wholesale-retail sales adjusted for price changes
- industrial production

Real Incomes Declined From Nov. 2021 to June 2022. Fully Recovered by April 2023



Total Nonfarm Payrolls Growing

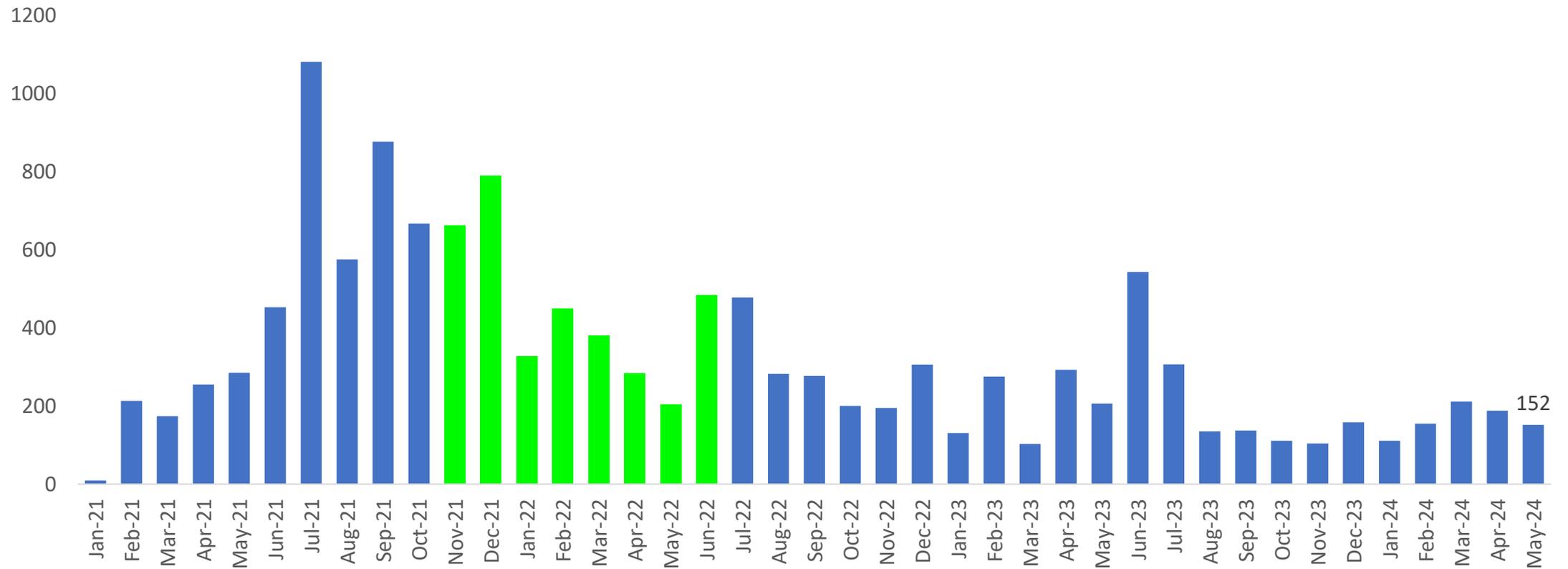
Establishment Survey: Total Nonfarm Employment, Change from Prior Month Ks



ADP National Employment Report

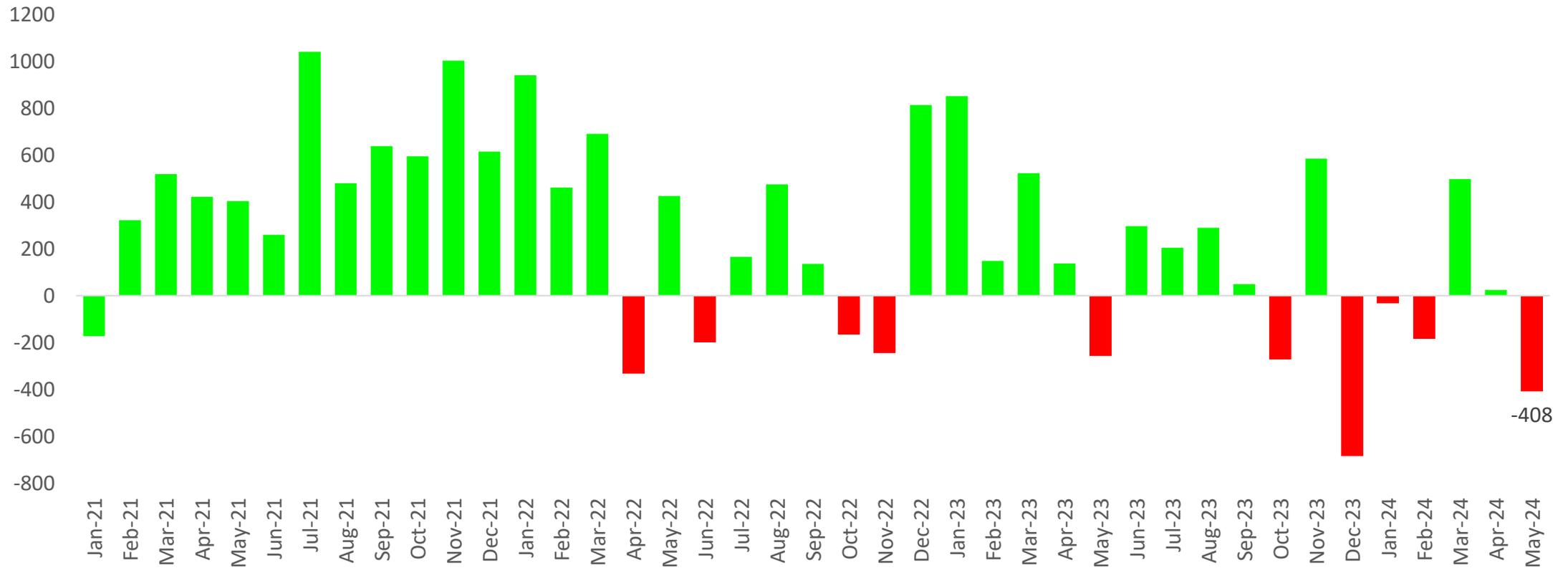
Private Nonfarm Growth Less Robust

ADP : Private Nonfarm Employment, Change from Prior Month (Ks)



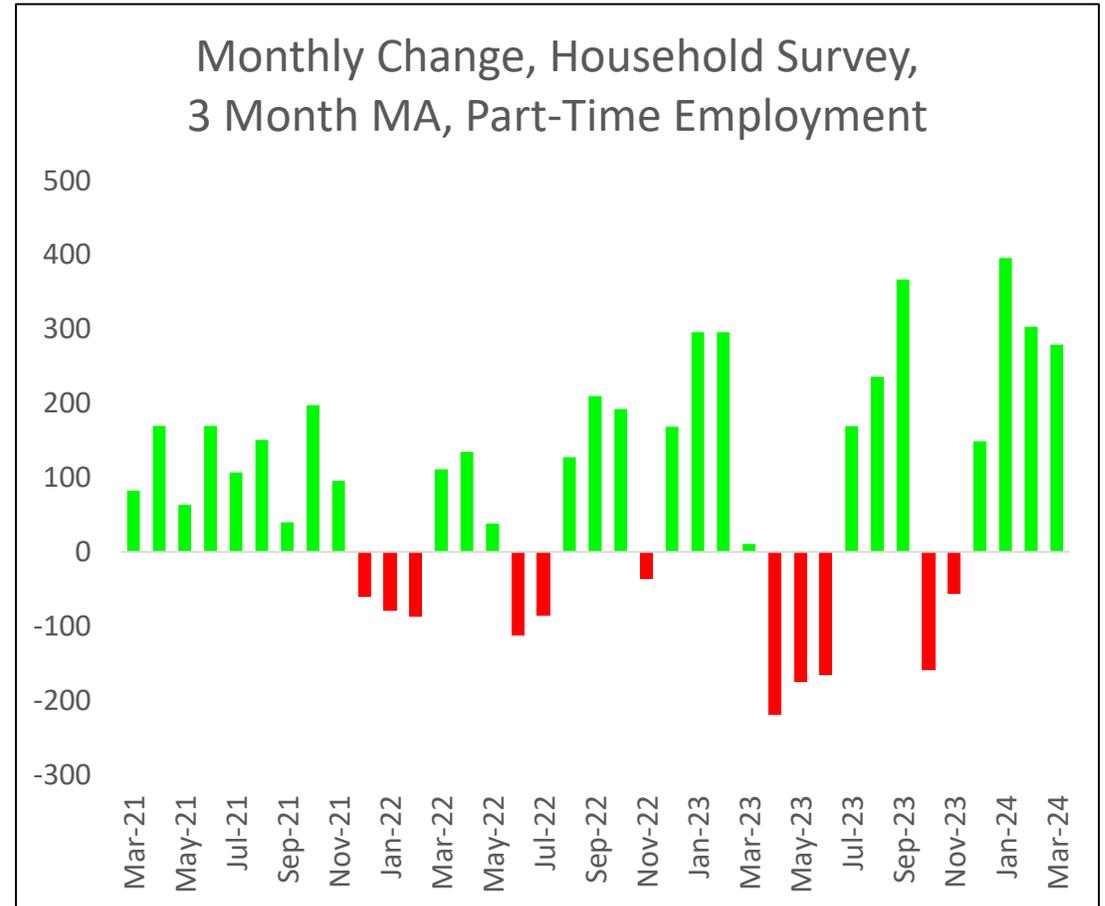
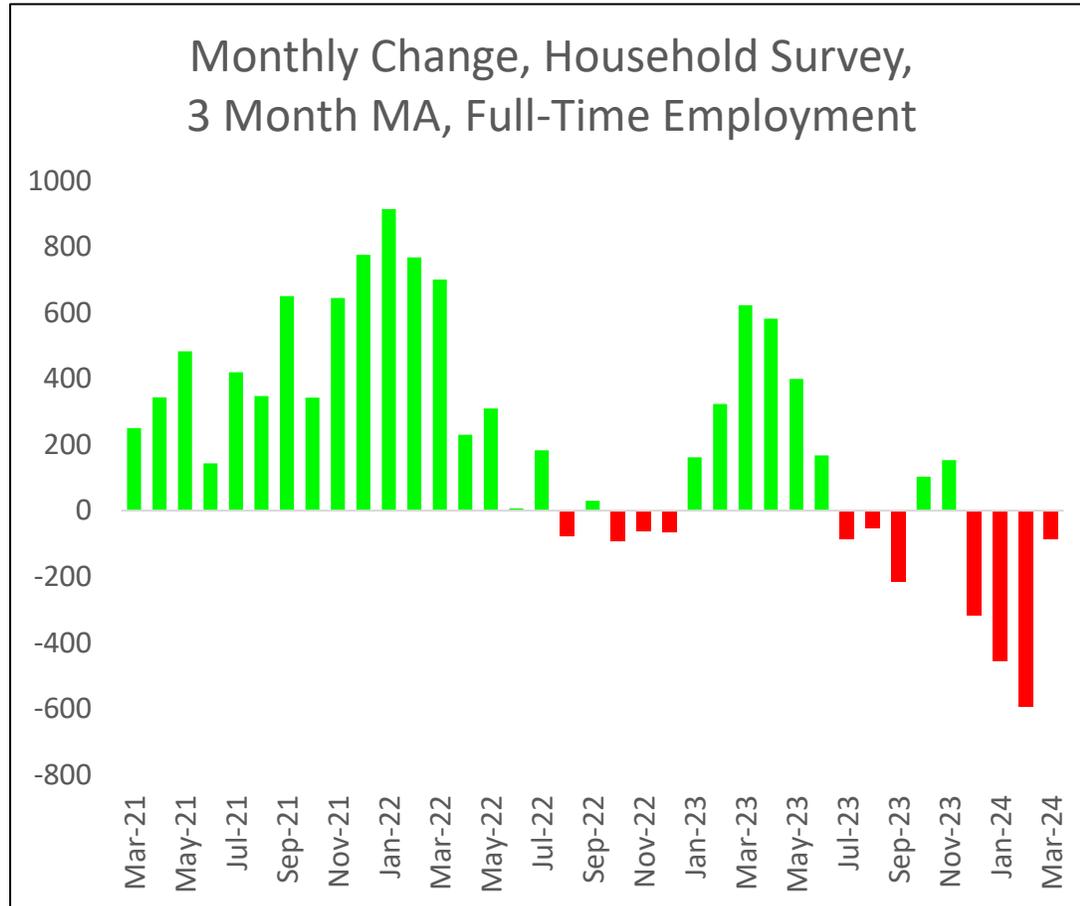
Household Survey of Employment Not as Robust

Monthly Change in Employment (Ks) Household Survey



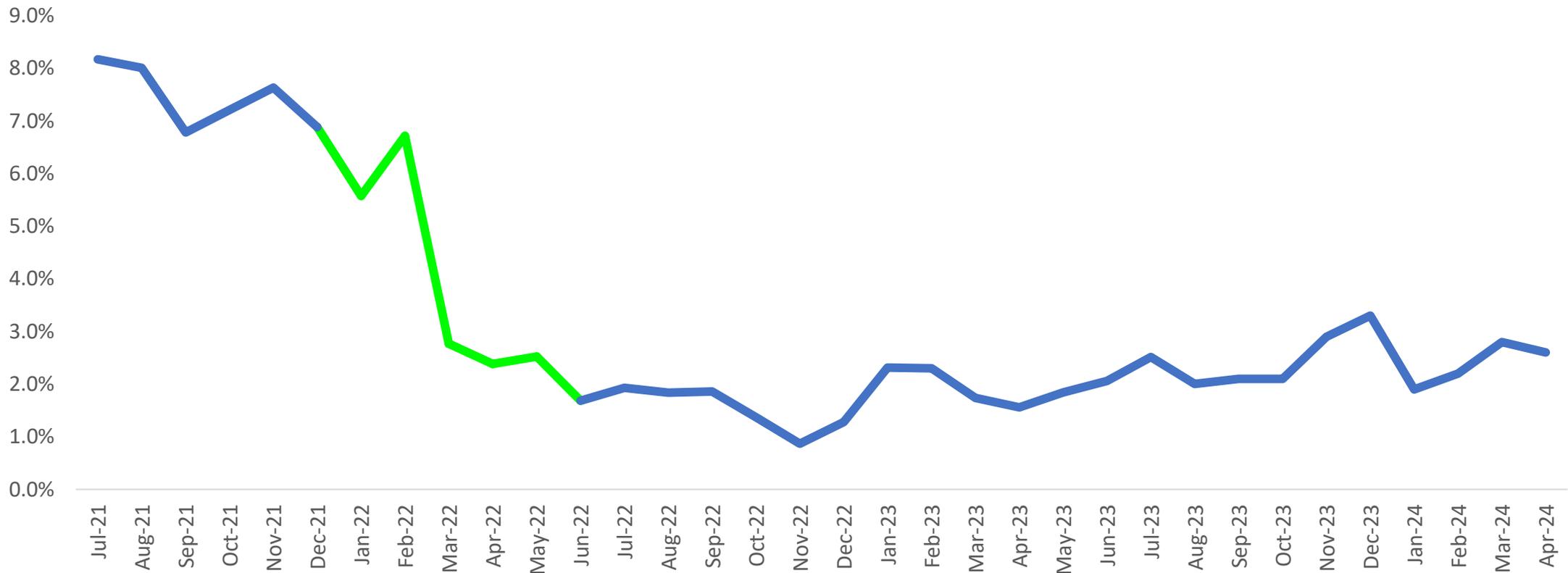
Breaking Down the Household Survey

Full-Time Employment Trending Down

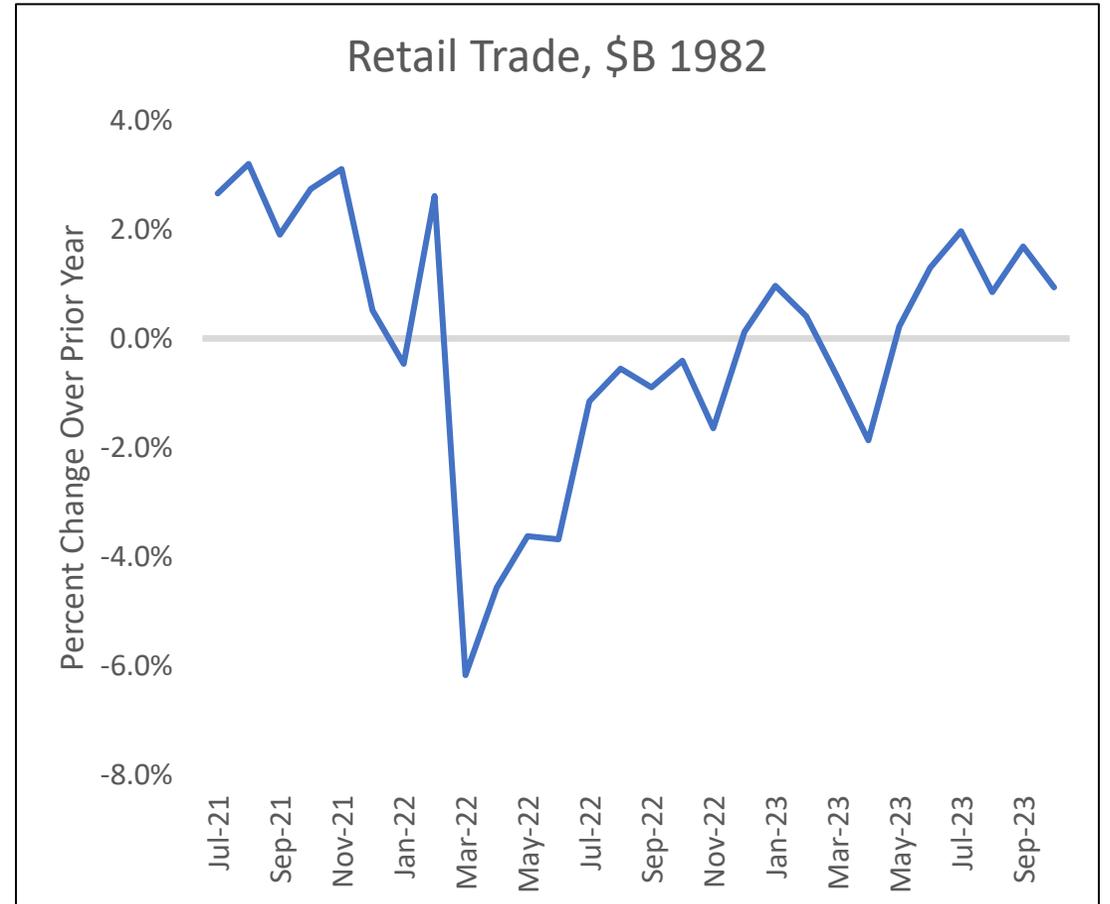


Real Consumption Expenditures Still Rising But at a Slower Pace

Real Consumption Expenditures, Percent Change Over Prior Year

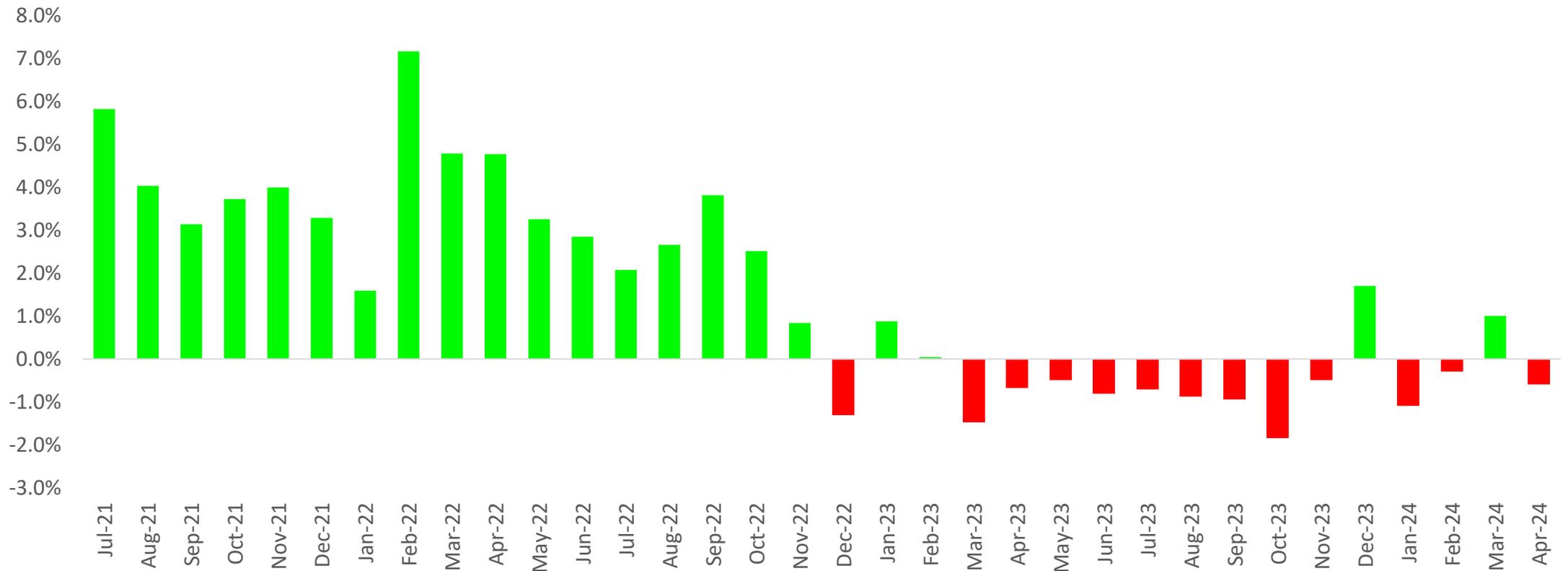


Wholesale and Retail Trade Adjusted for Inflation



Manufacturing Industrial Production 2024 Q1 Lower than 2023 Q1

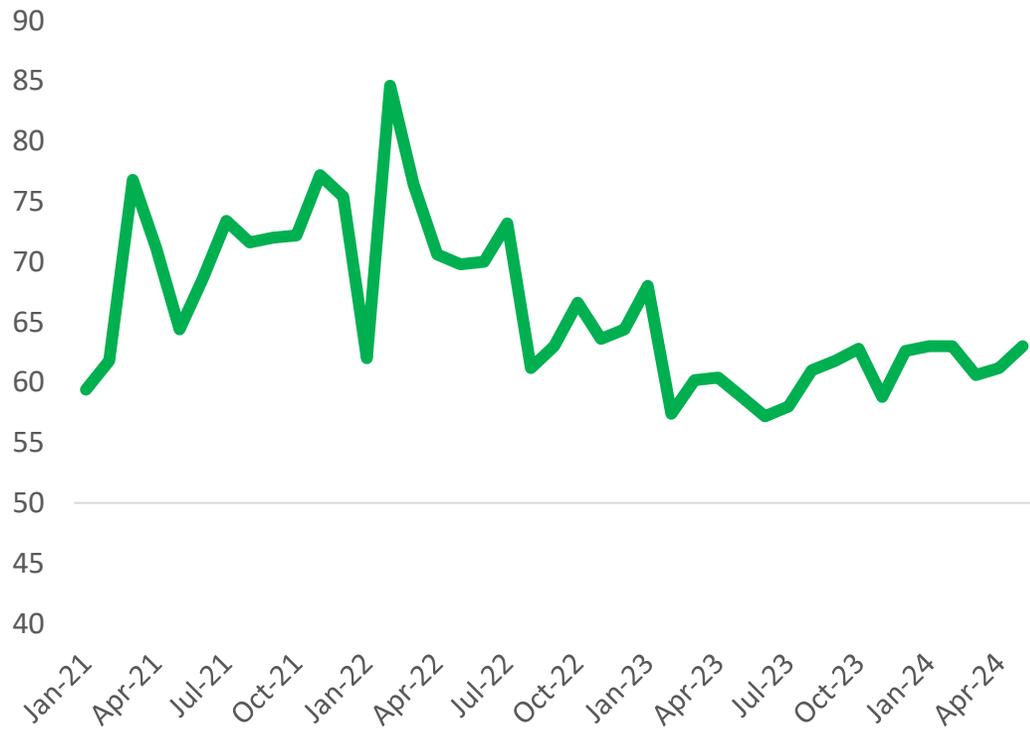
Manufacturing Industrial Production, Percent Change Over Prior Year



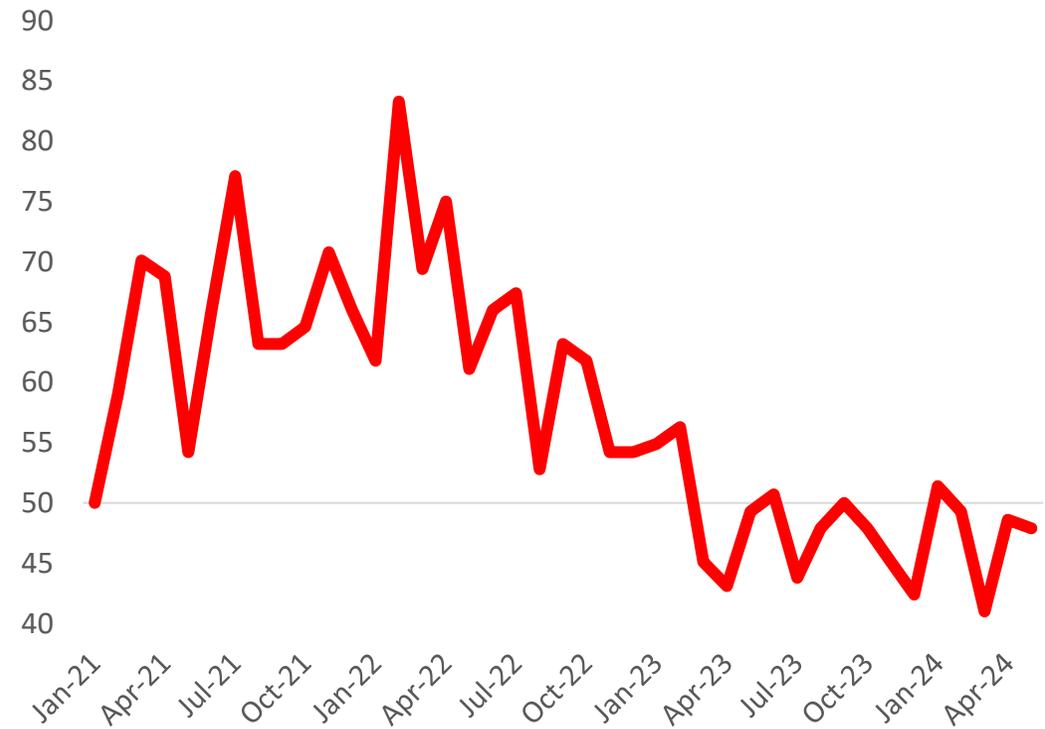
Dispersion of Economic Activity

Manufacturing Differs from Total Economy

Diffusion Index 3-Month Change
Percent of Private Industries Hiring



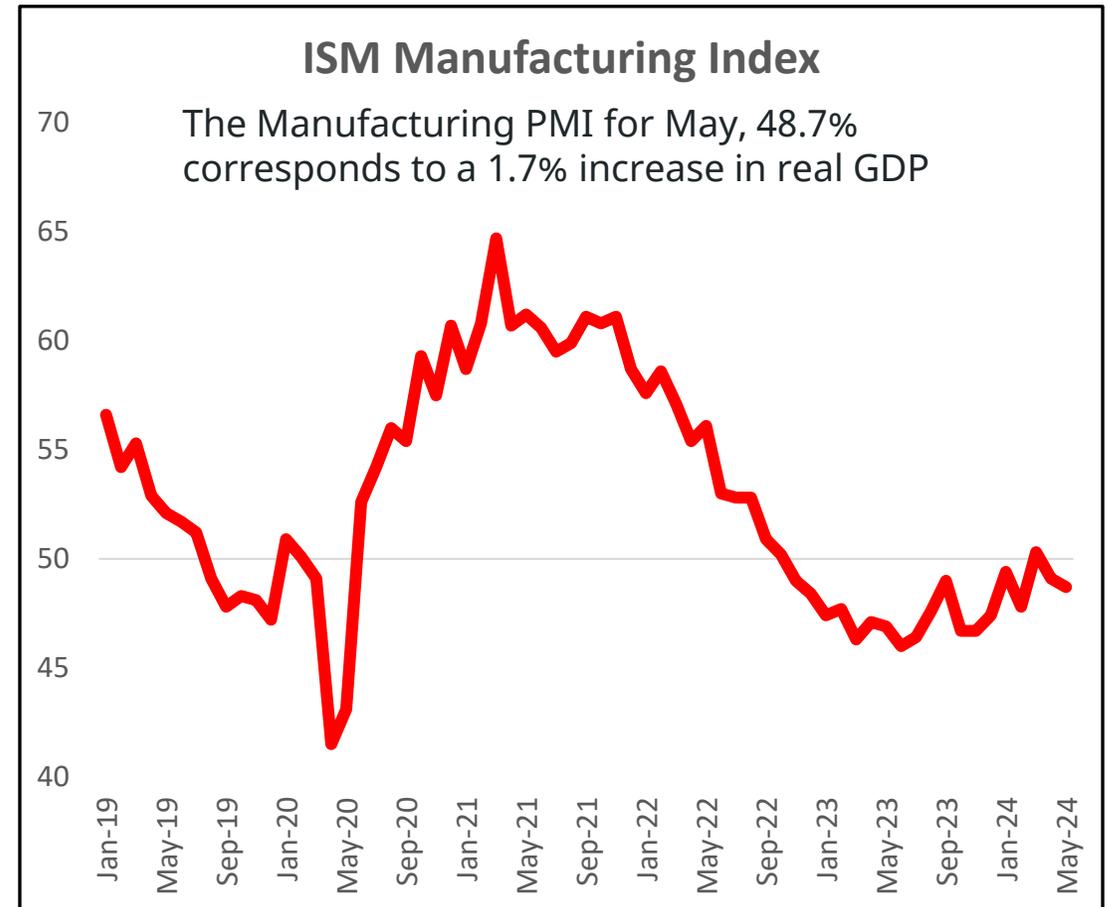
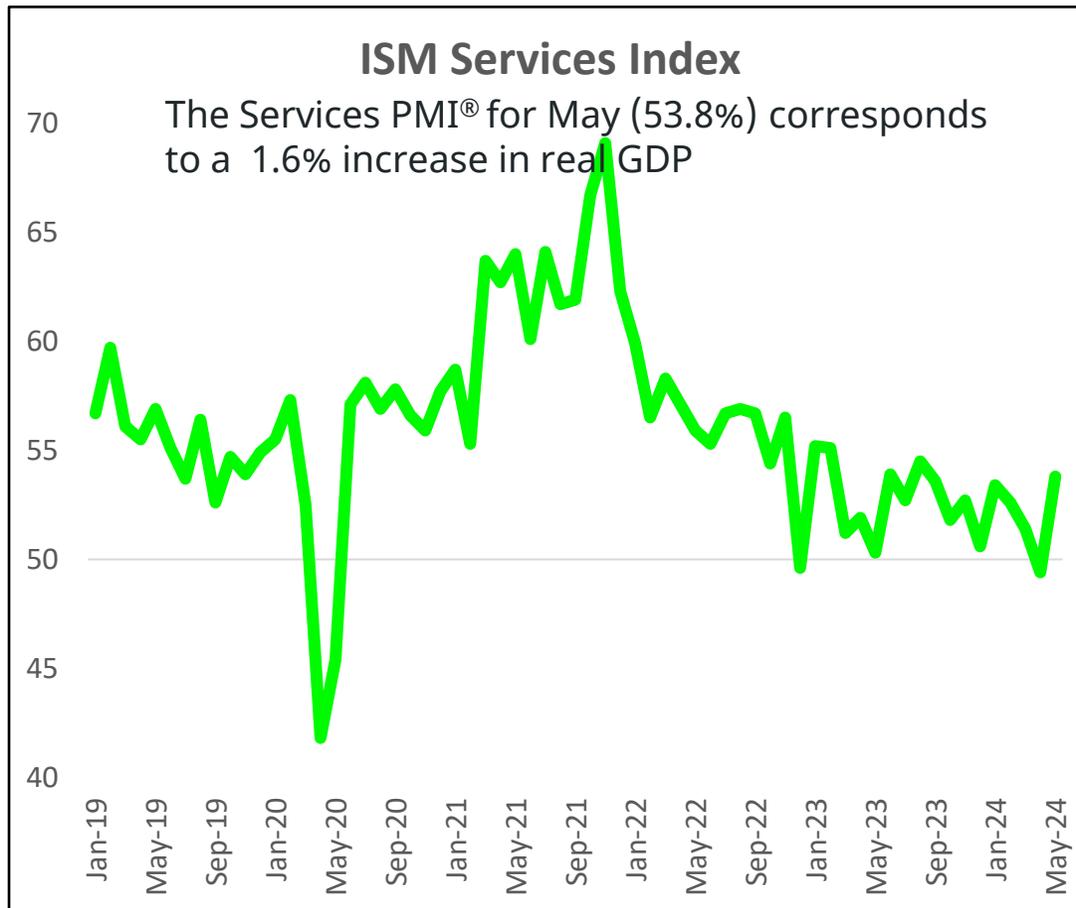
Diffusion Index 3-Month Change
Pct. of Manufacturing Industries Hiring



A Soft-Landing v. Recession Scorecard

Indicator	Measure	Recession	Soft Landing	Expansion
Real Gross Domestic Product	Pct. Change Over Prior Quarter	LT 0%	GT 0% LT 1.5%	GT 1.5%
Real Domestic Income	Pct. Change Over Prior Quarter	LT 0%	GT 0% LT 1.5%	GT 1.5%
Real Income Less Transfers	3-Month Percent Change	LT 0%	GT 0% LT 1.5%	GT 1.5%
Payroll Employment	Monthly Change	LT 0	GT 0 LT 200K	GT 200K
Employment Household Survey	Monthly Change	LT 0	GT 0 LT 200K	GT 200K
Unemployment Rate	Percent of Labor Force	Over 4.5%	3.7% to 4.5%	LT 3.7%
Real Retail Sales	Pct. Change Over Prior Quarter	LT 0%	0 to 2%	GT 2%
Real Personal Consumption	3-Month Percent Change	LT 0%	0 to 2%	GT 2%
Industrial Production	Pct. Change 3-Month MA	LT 0%	0 to 1%	Over 1%
Diffusion Index--BLS	Pct. of Industries with Net Hires	LT 50%	GT 50% LT 60%	GT 60%
Diffusion Index--CFNAI	Net of 85 Monthly Indicators	LT -0.35	GT -0.35 LT 0.0	GT 0.00

Institute for Supply Management Reports Converging on a Stable Outlook



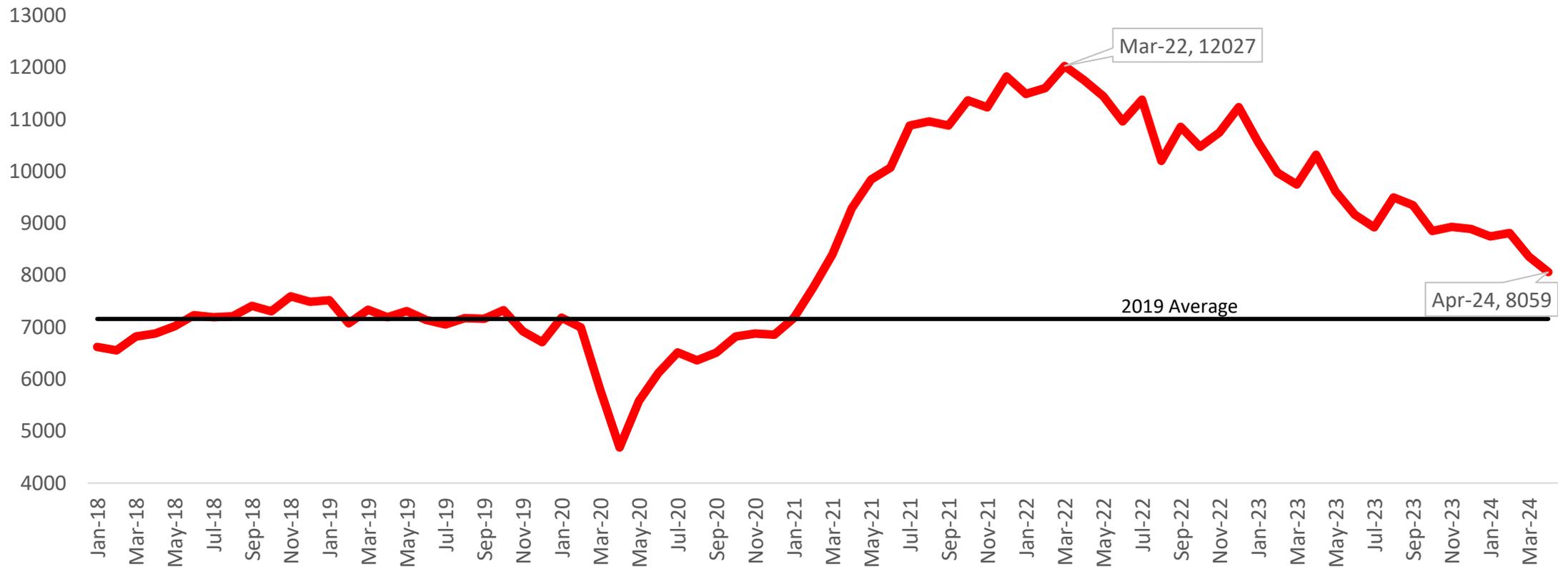
Labor Markets

Gradually Returning to “Normal”

Labor Demand Safety Margin Diminishing

Total U.S. Job Openings 1.1 Million Above Pre-Pandemic Levels

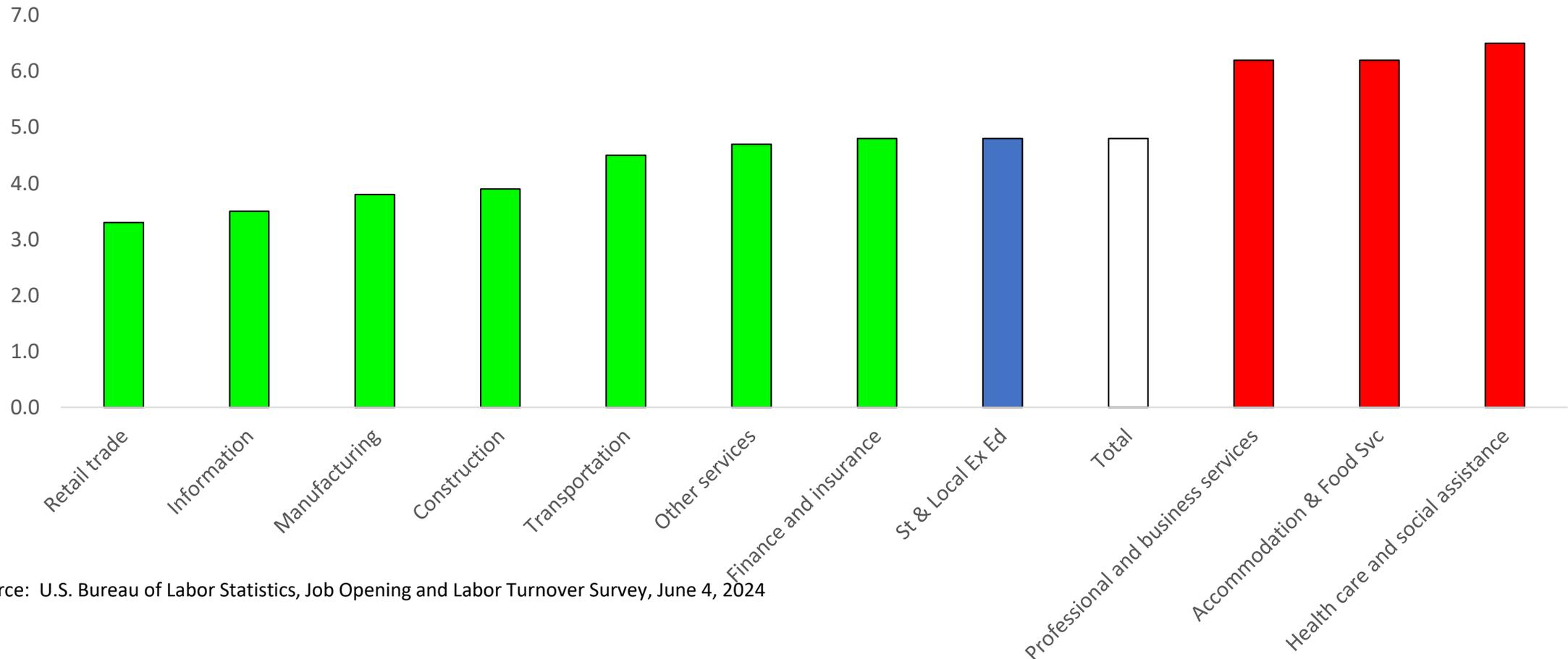
U.S. Total Nonfarm Job Openings in Thousands



Source: U.S. Bureau of Labor Statistics, Job Opening and Labor Turnover Survey,, Last Month Plotted: February 2024

U.S. Job Shortages Most Acute in Professional Services, Health Care and Accommodations and Food

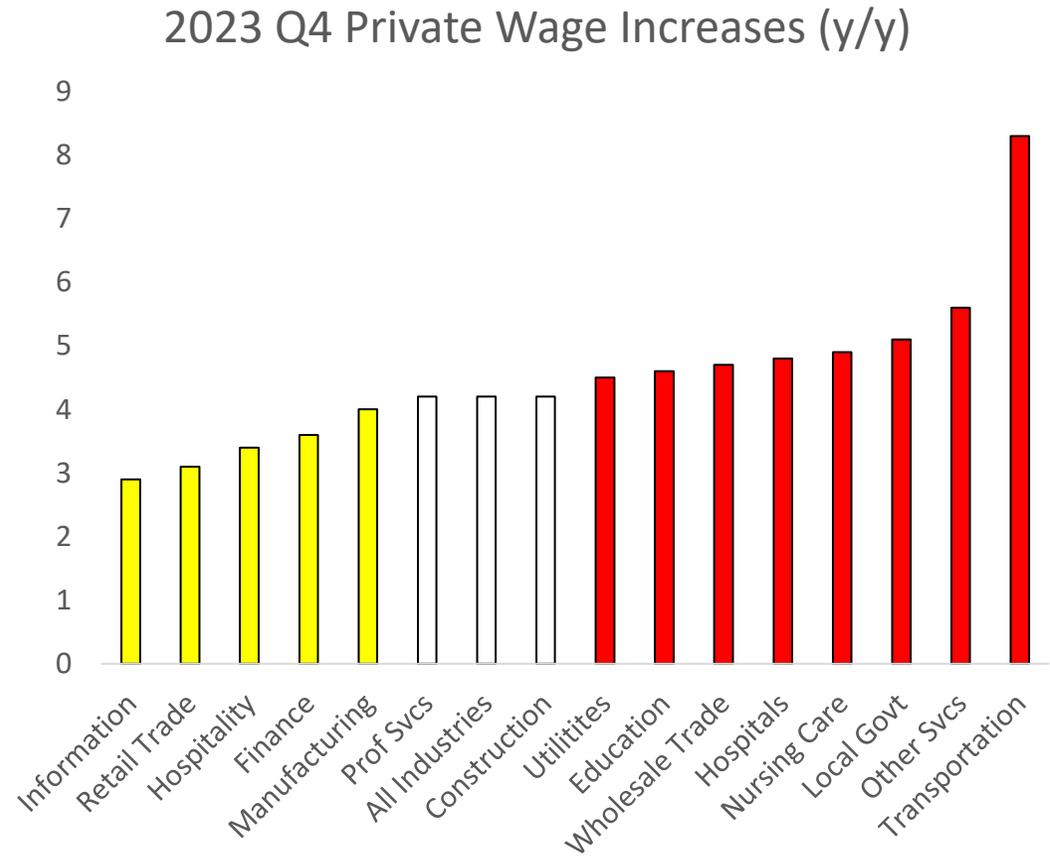
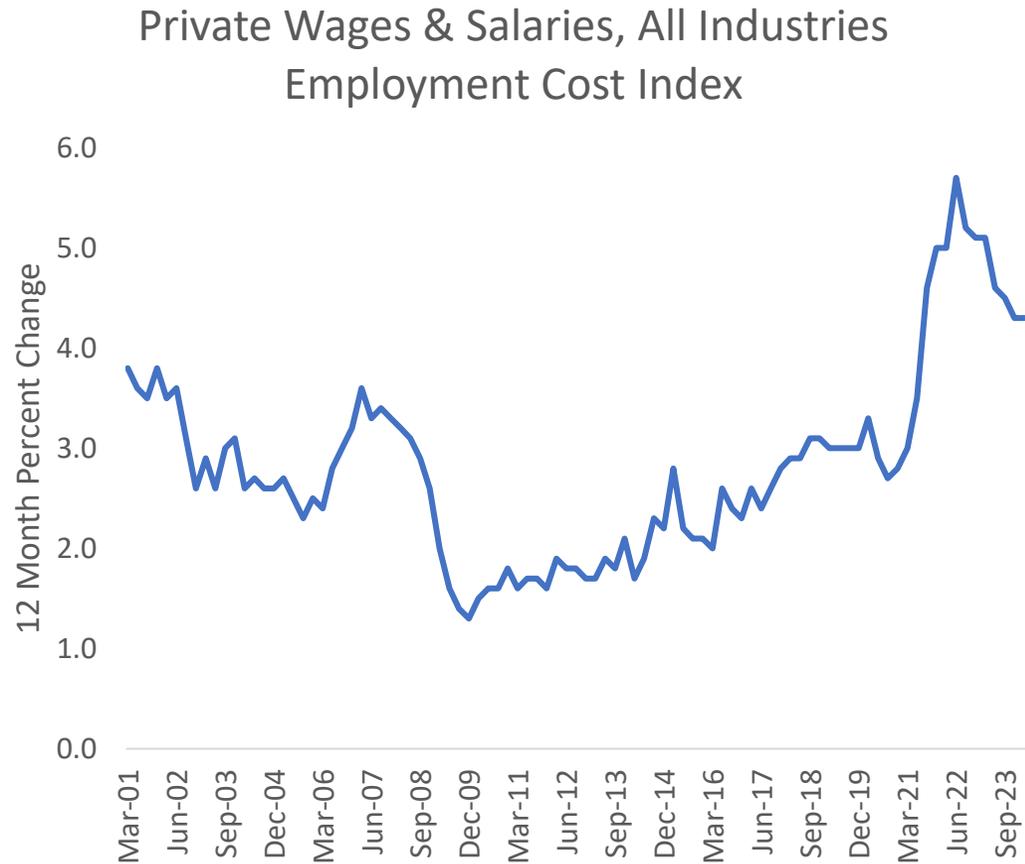
Job Openings by Industry, Percent of Employment, April 2024



Source: U.S. Bureau of Labor Statistics, Job Opening and Labor Turnover Survey, June 4, 2024

Wage Increases Slight Ease From 21 Year High

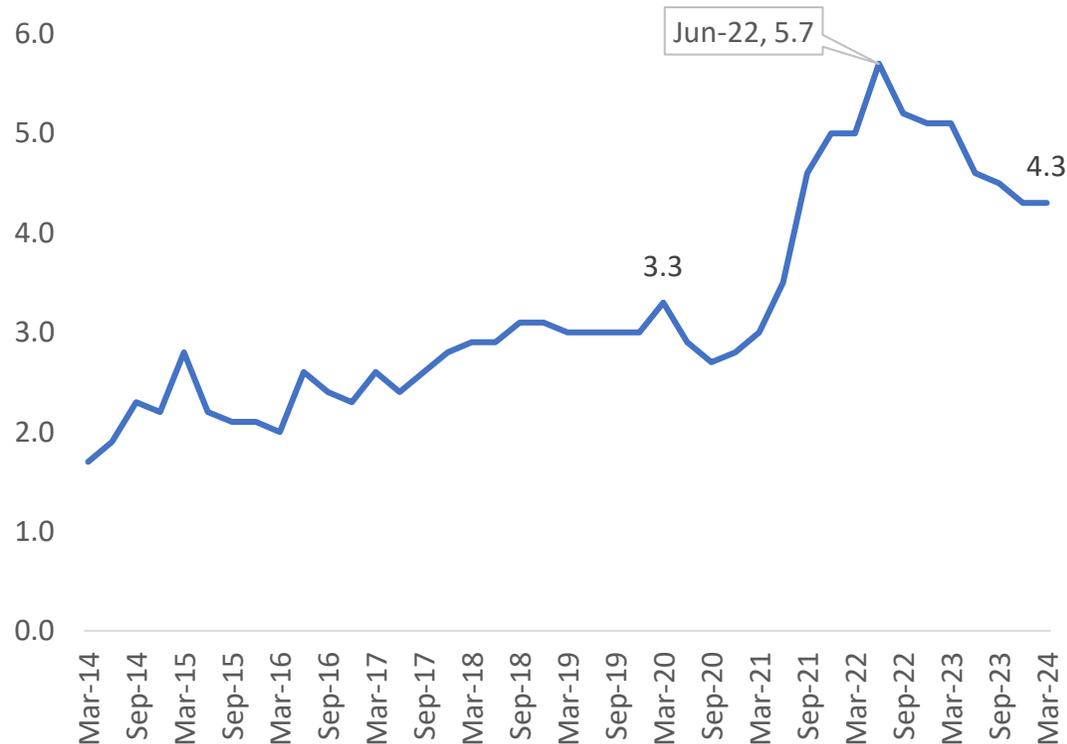
Wage Pressure Greatest in Industries With Largest Labor Shortages



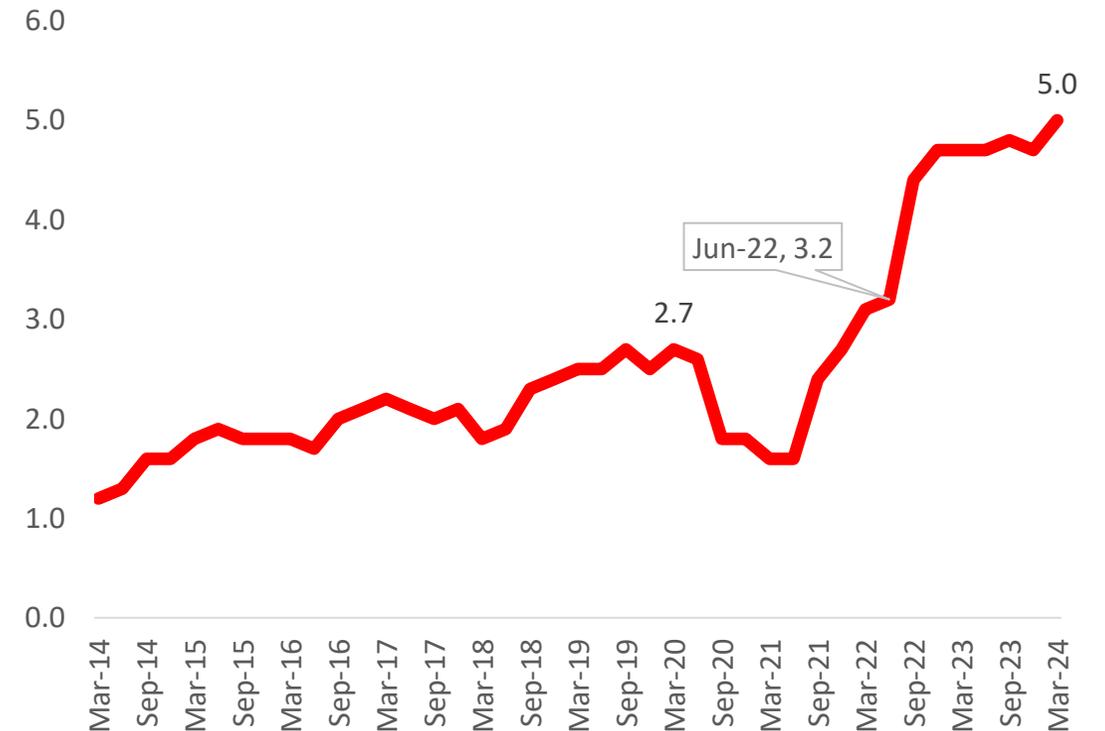
Source: U.S. Bureau of Labor Statistics, Employment Cost Index, Data Retrieved, April 30, 2024

Private Wage and Salary Increases Slowing Down State and Local Increases Still Rising

Private Wages & Salaries,
Pct. Change Over Prior Year



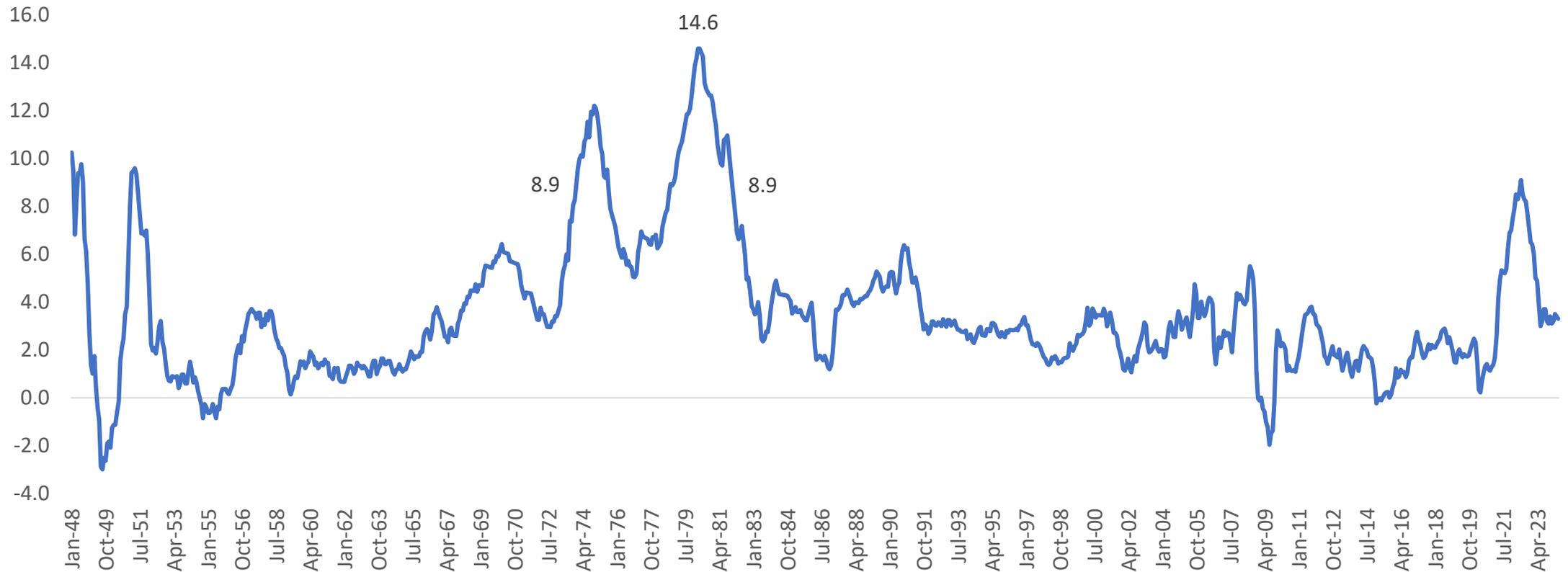
State & Local Wages & Salaries,
Pct. Change Over Prior Year



Inflation

Consumer Prices up 3.3% in May Over Prior Year

Consumer Prices, Percent Change Over Prior Year



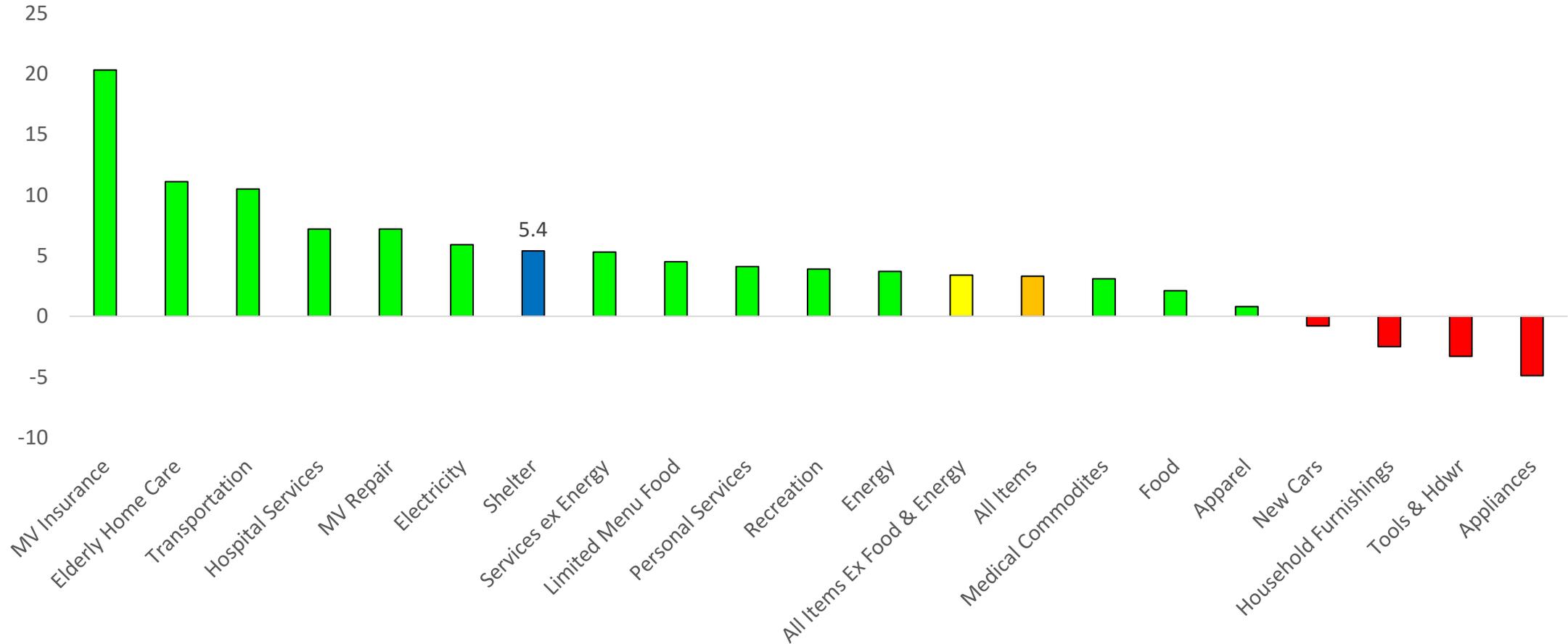
Core Inflation Rate Remains High May 2024 at 3.4%

Consumer Price Index Excluding Food & Energy, Percent Change Over Prior Year



Substantial Inflation Remains in Many Categories

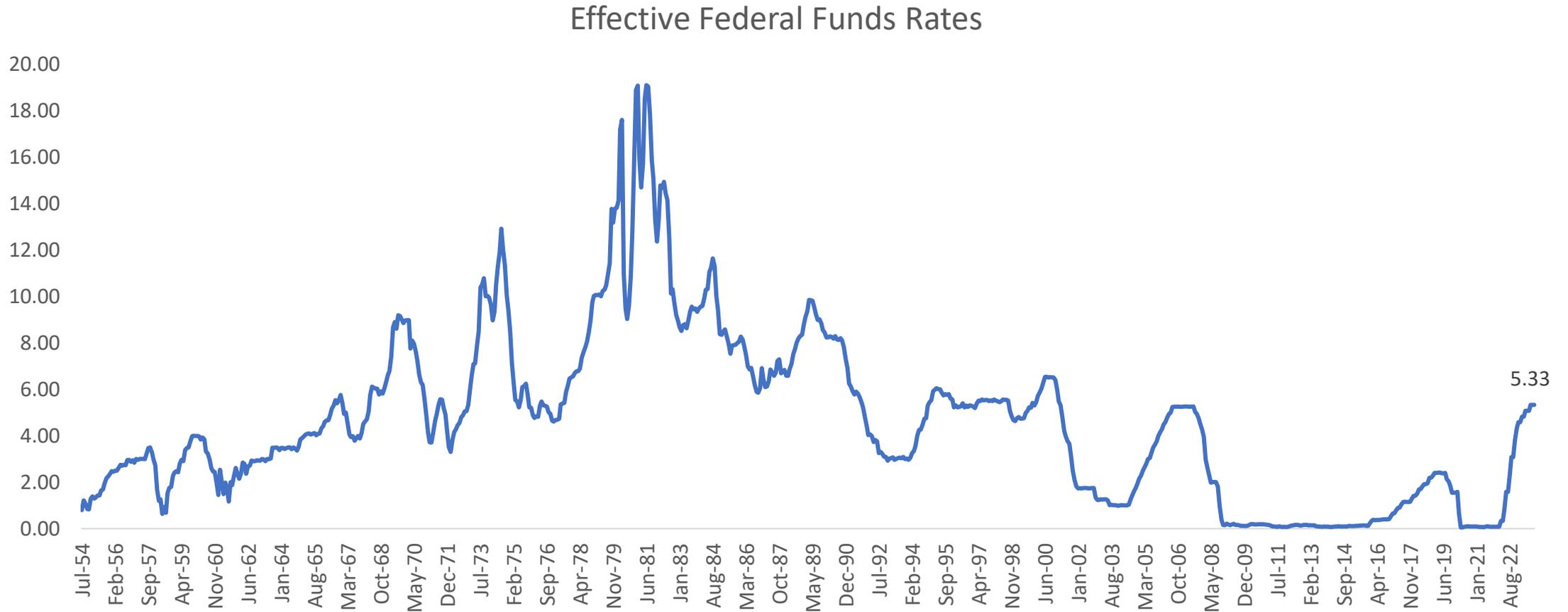
Percent Change in CPI Component, May 2024 over May 2023



Monetary Policy Restrictive

Monetary Policy

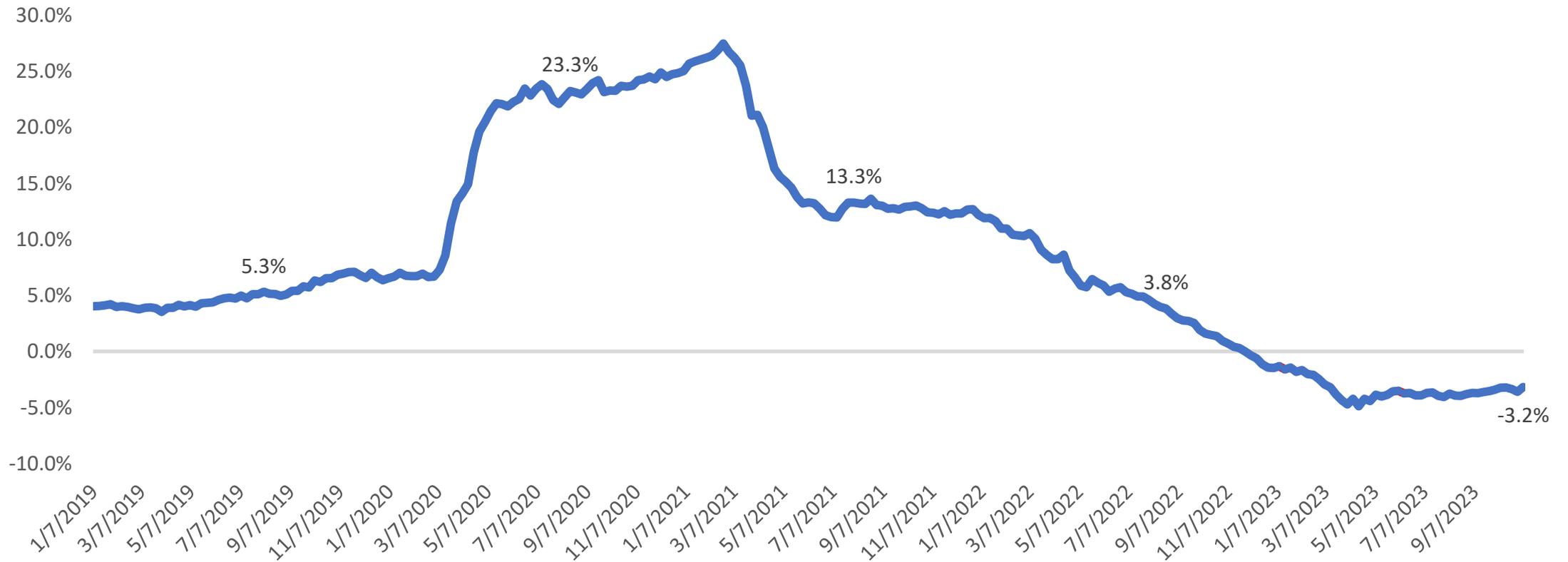
Federal Reserve Increased Interest Rates 500 Basis Points Since February 2022



Monetary Policy Contractionary

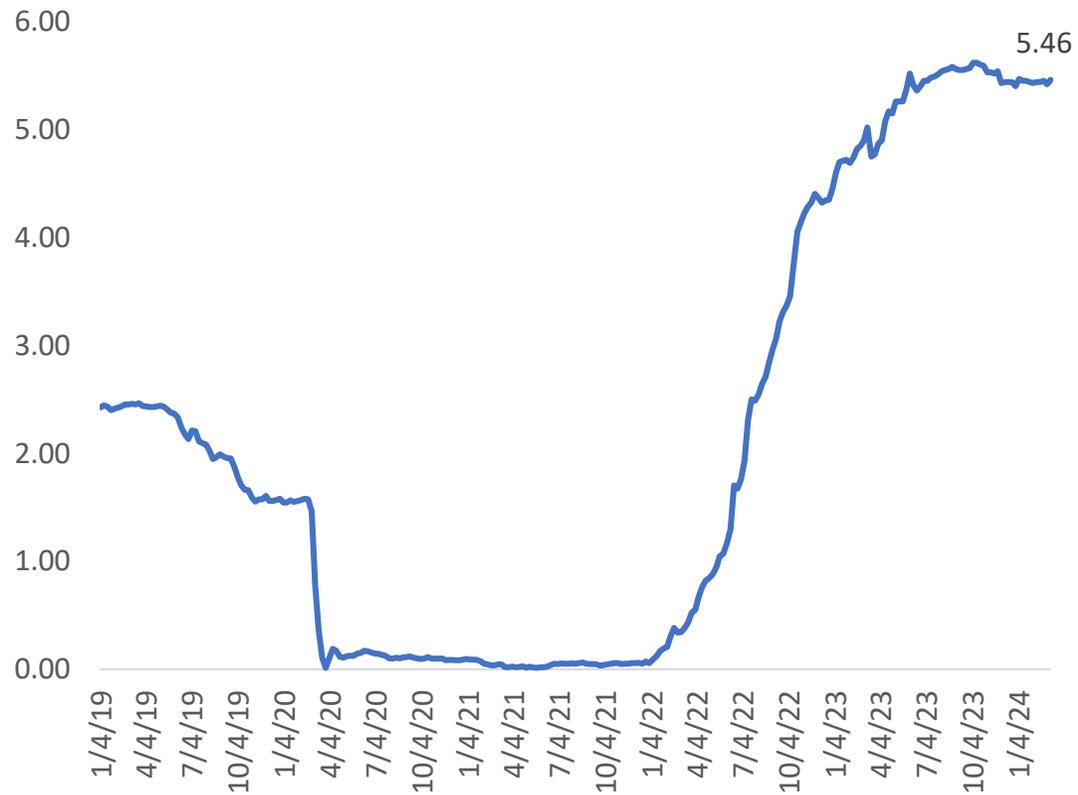
Money Supply Shrinking Since December 2022

Money Supply (M2), Percent Change Over Prior Year

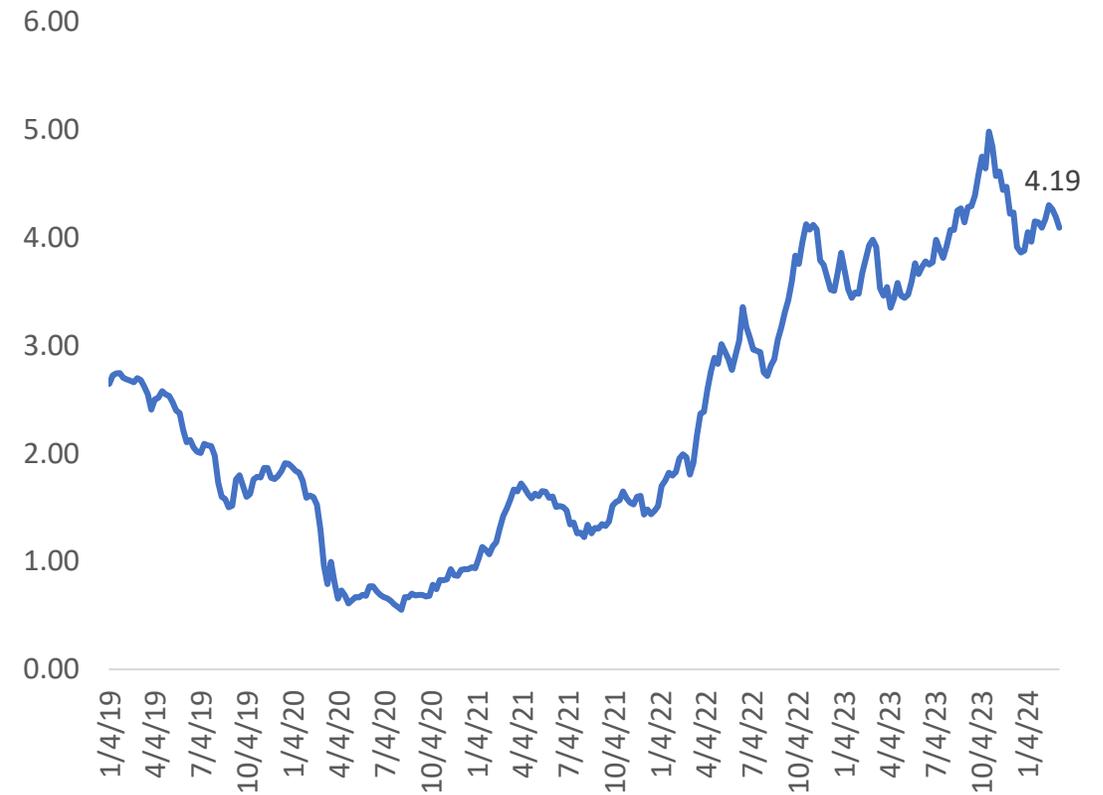


Short-Term Rates Have Risen Faster and Higher than Long-Term Rates

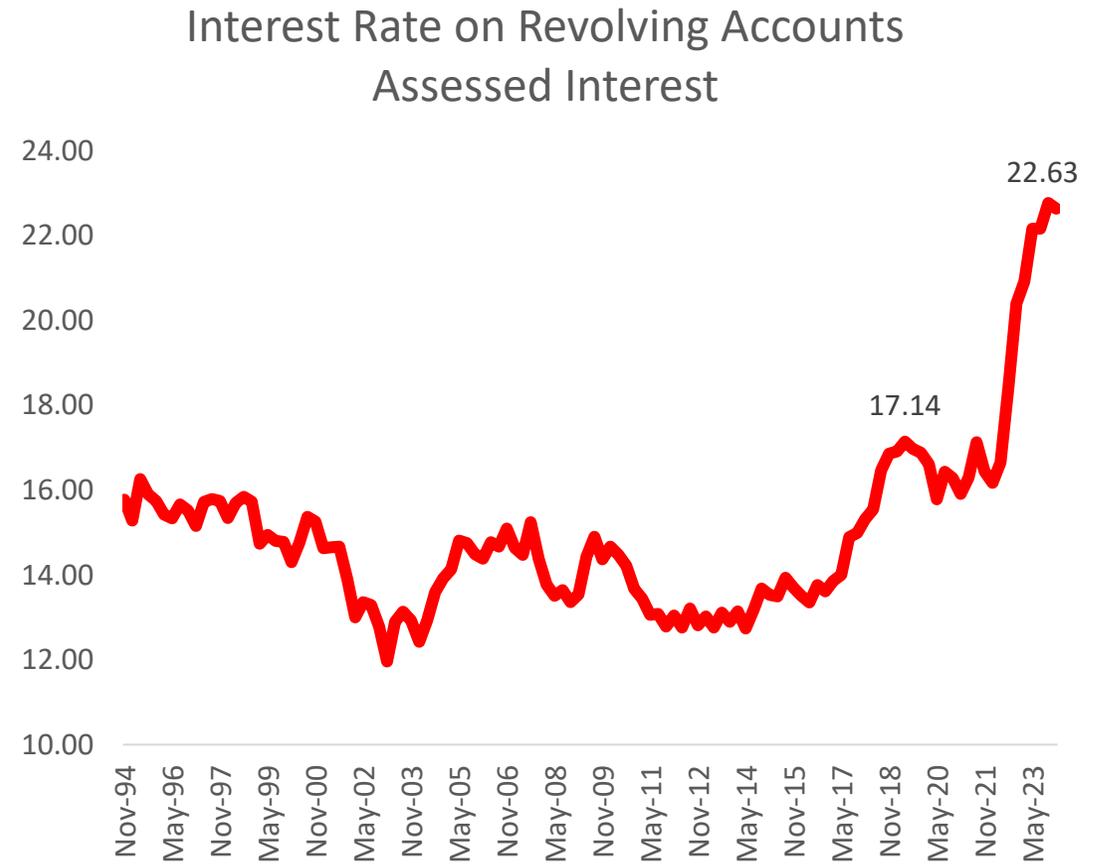
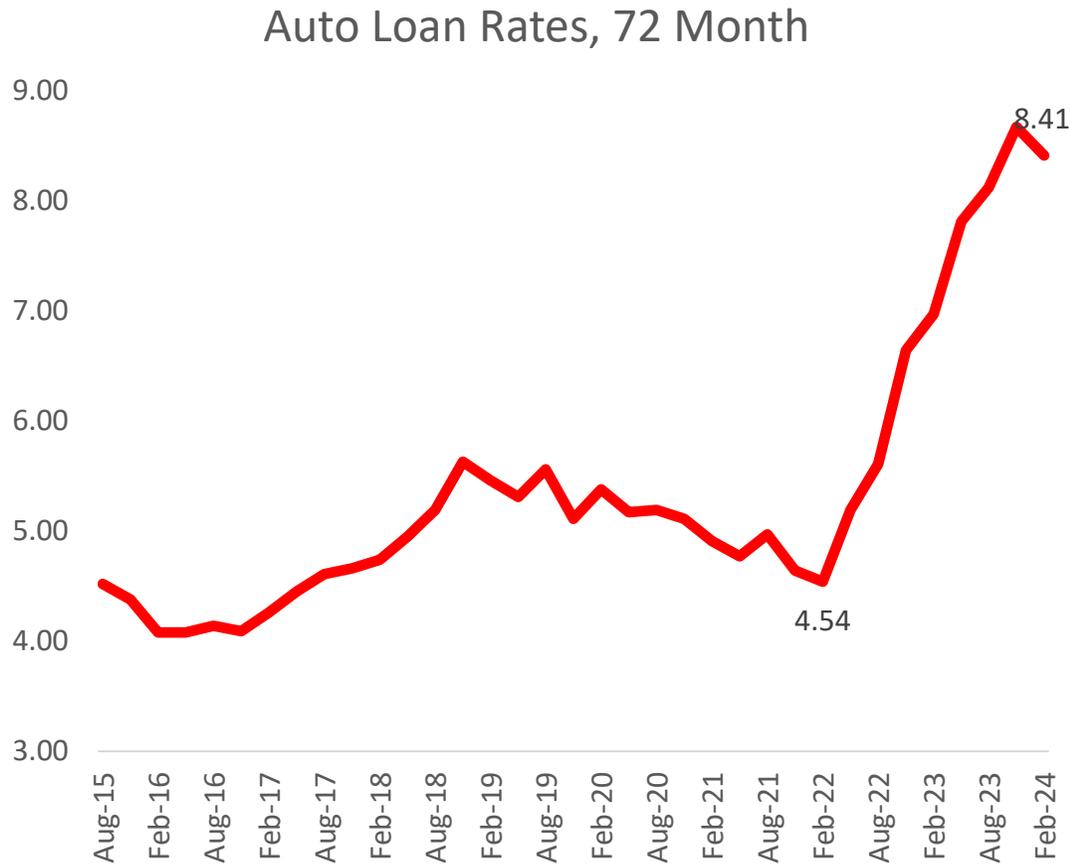
Yield on 3-Month Treasury Securities



10-Year Treasury Securities



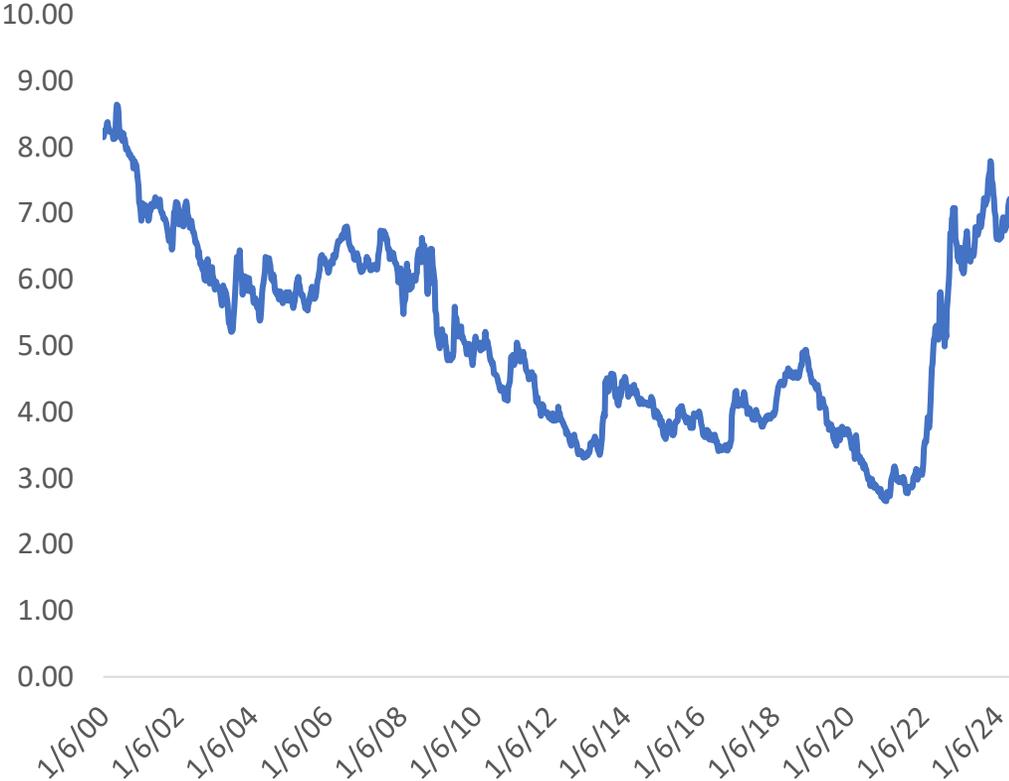
Rise in Interest Rates Affects Consumer Lending



Key Lending Rates Hit Highest Levels in 23 Years

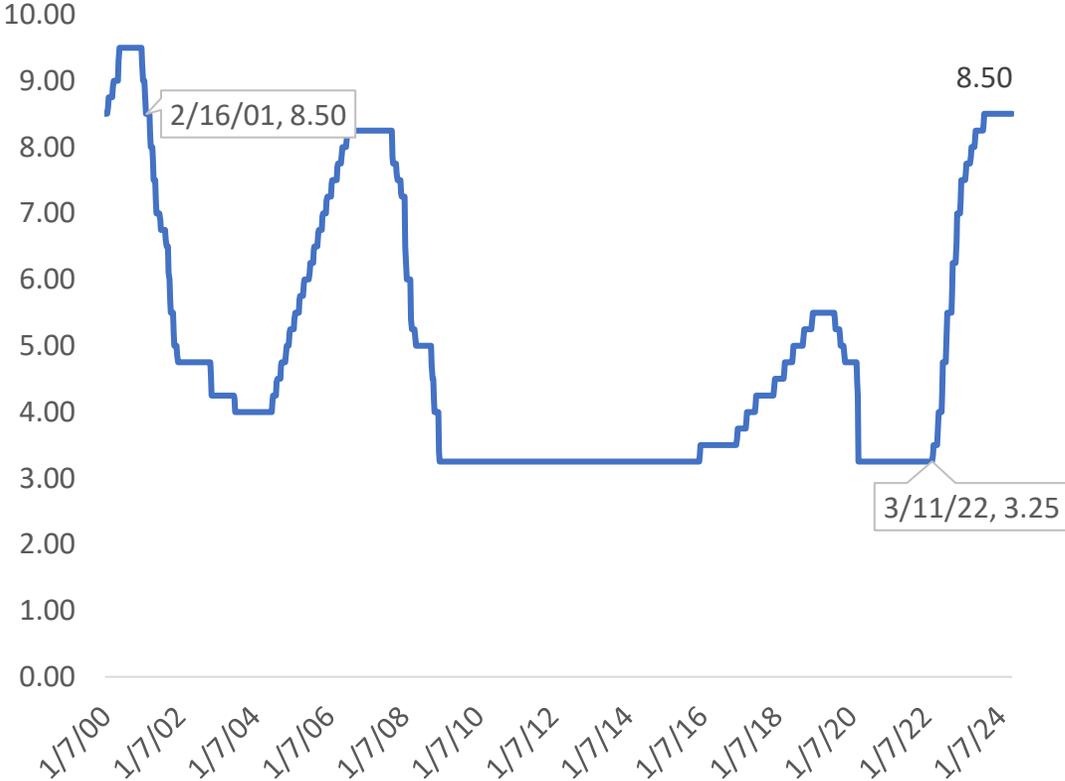
Mortgage Interest Rates

Rates on 30 Year Conventional Mortgage



Bank Prime Rate for Business

Bank Prime Loan Rate APR

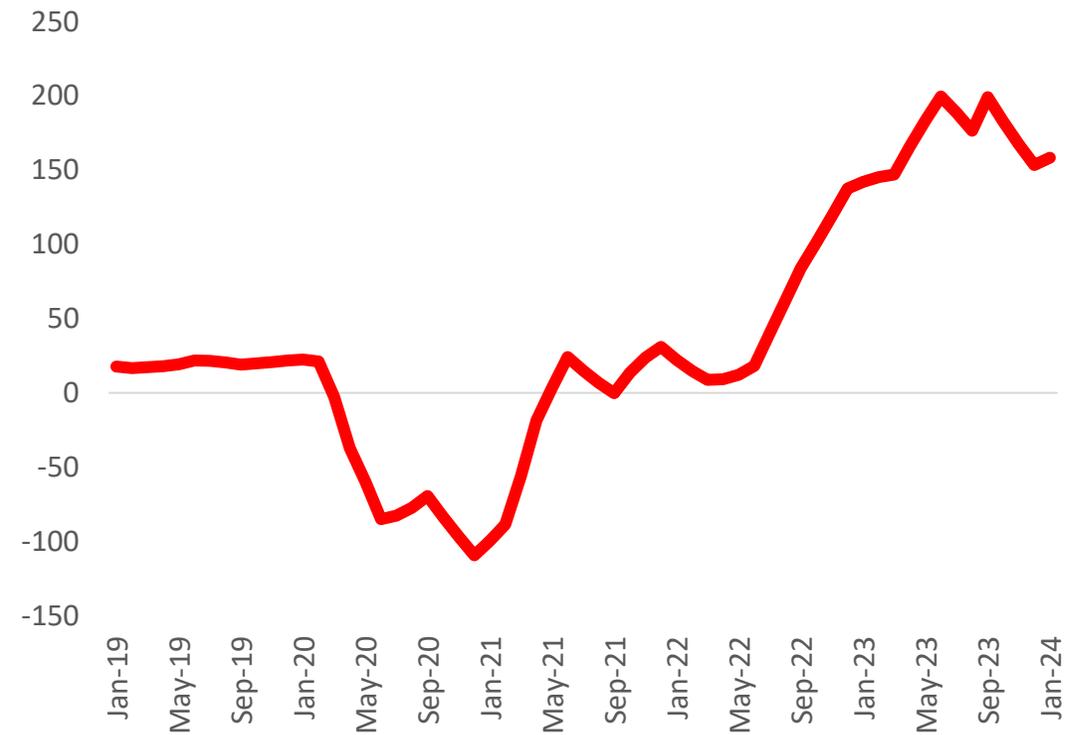


1) Rising Rates Increases Costs Consumers, Up over \$160 Billion From January 2023

Personal Interest Payments, \$B, Seasonally Adjusted

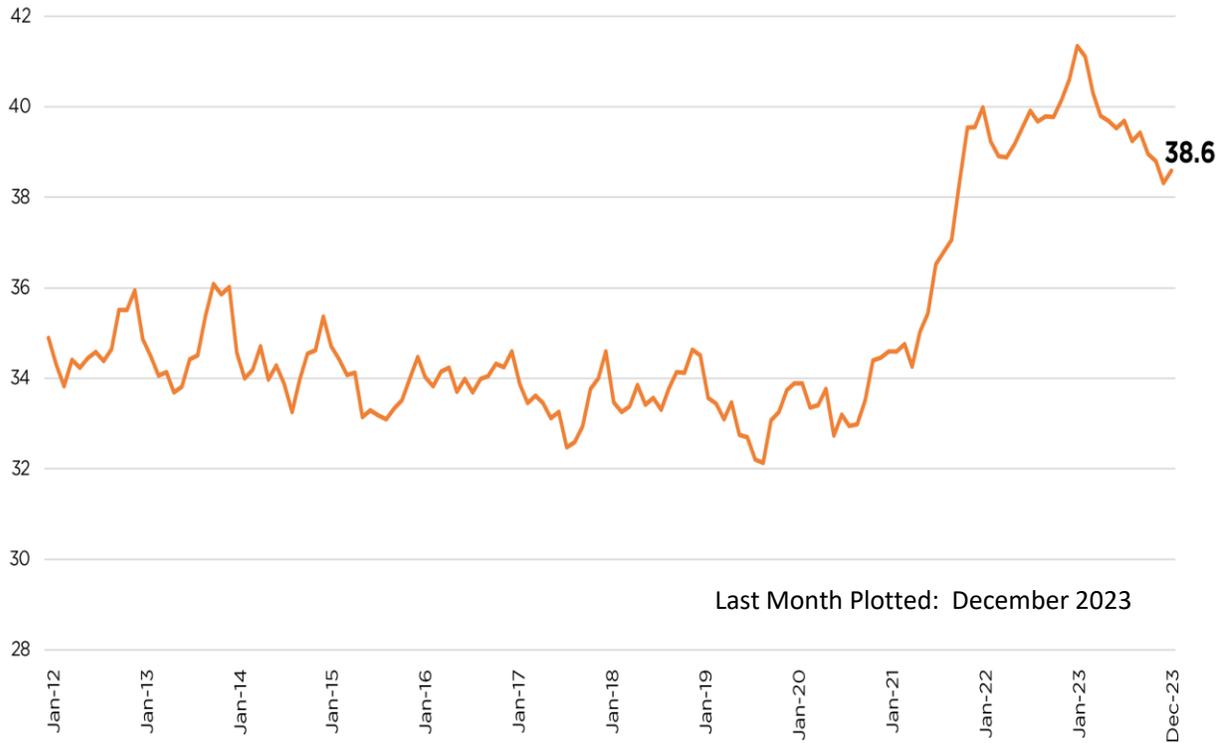


12-Month Change in Personal Interest Payments \$B



2) Higher Rates Reduce Affordability of Major Purchases

Cox Automotive Vehicle Affordability Index
Weeks of Income to Purchase New Light Vehicle



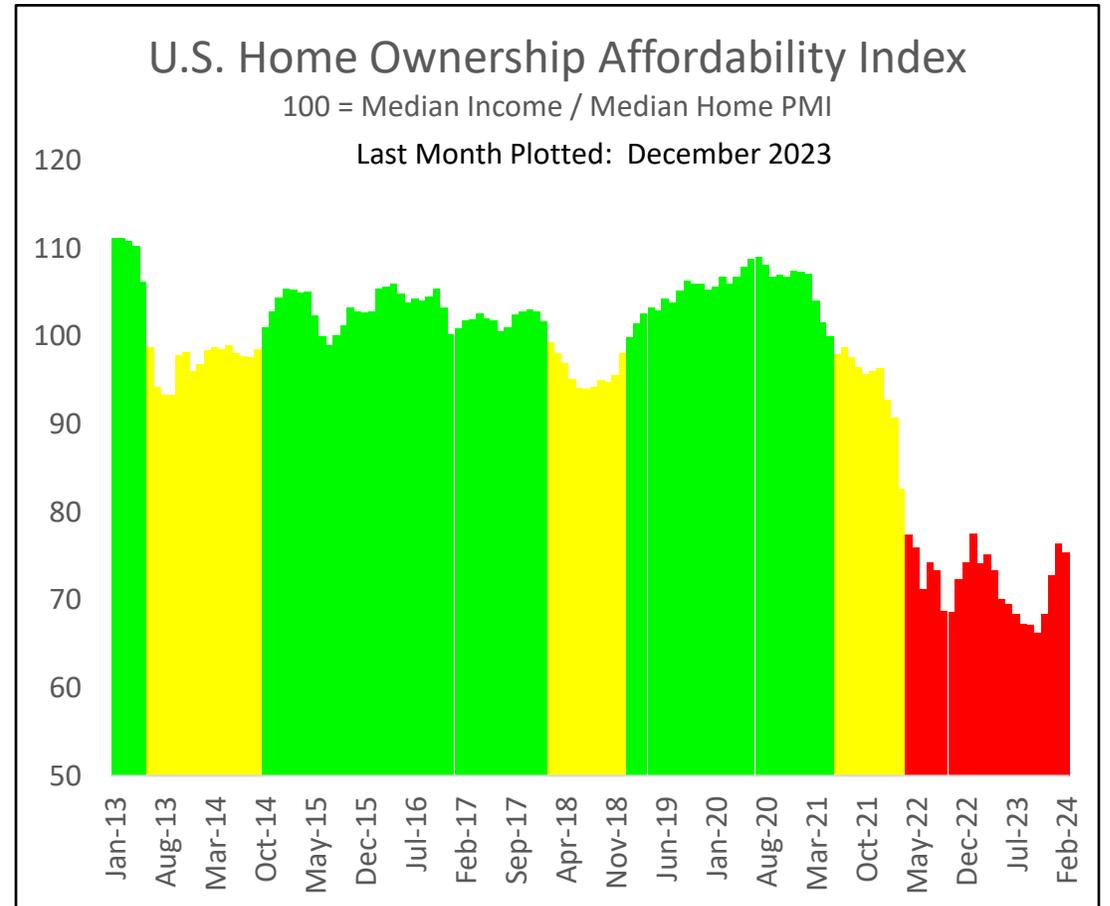
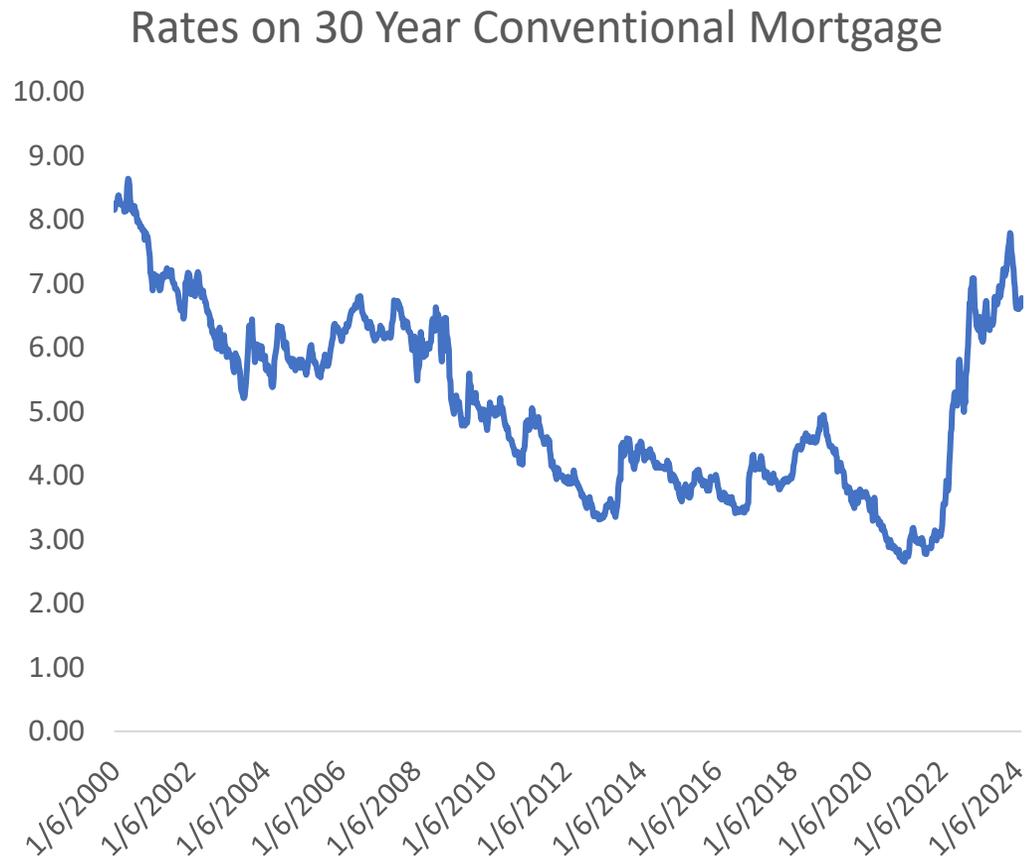
Source: Cox Automotive/Moody's Analytics

DEALERTRACK CREDIT AVAILABILITY INDEX¹



Source: Dealertrack, Cox Automotive

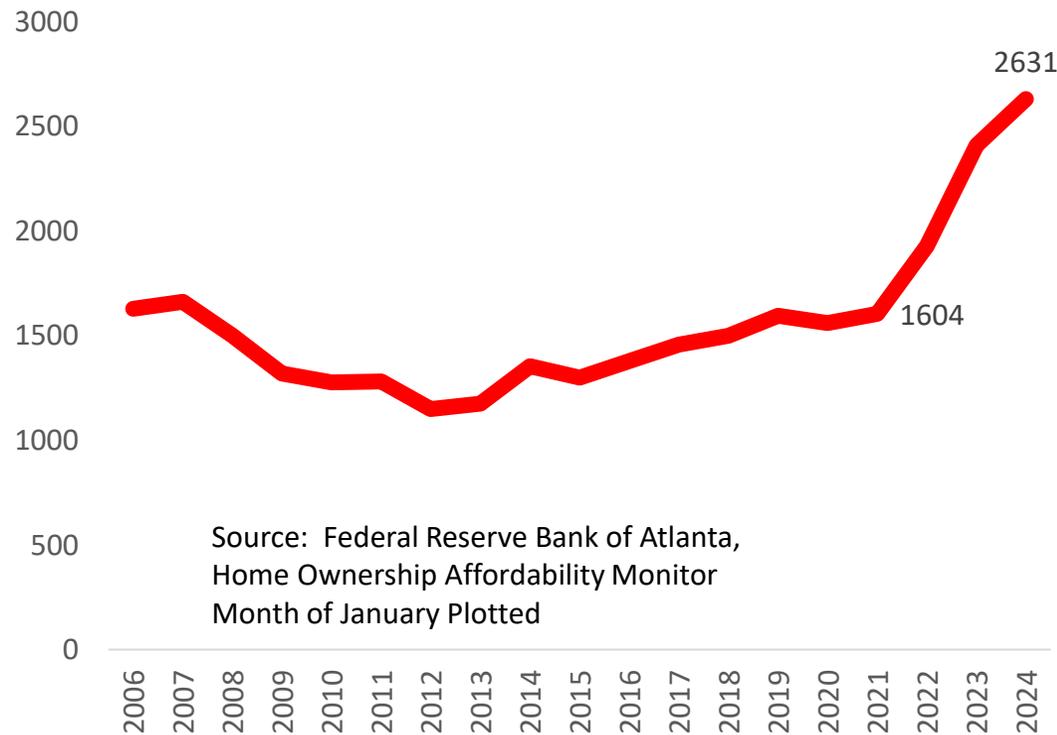
2) Higher Rates Reduce Affordability of Major Purchases



Source: Federal Reserve Bank of Atlanta

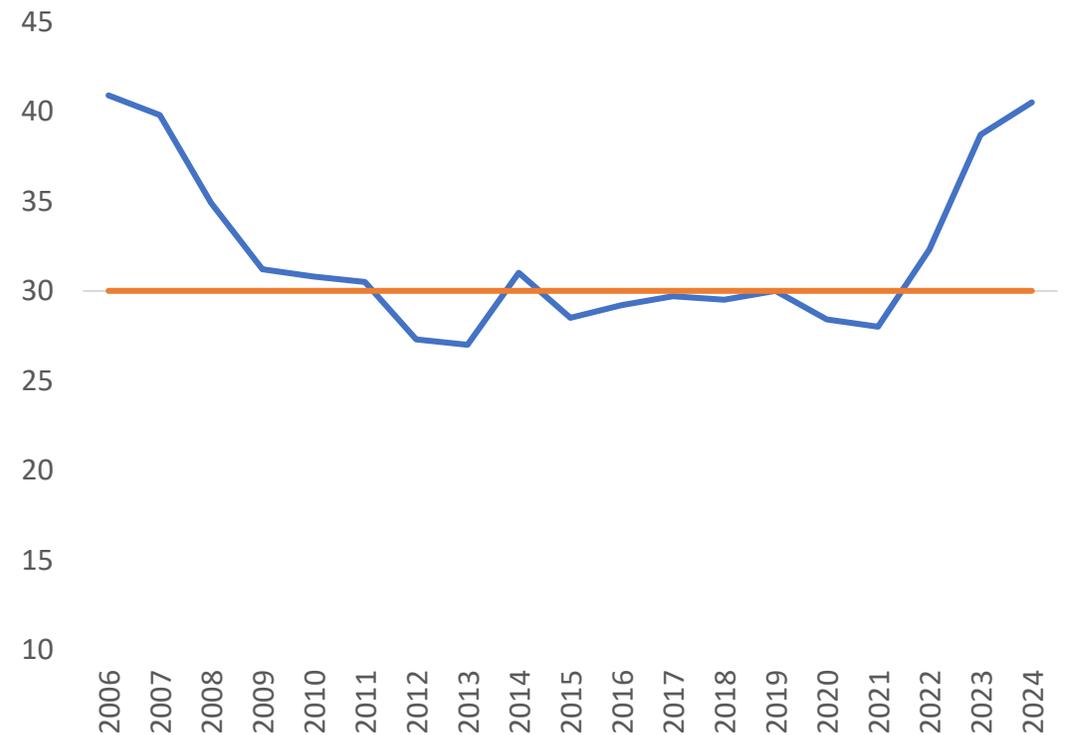
In the Past Three Years, U.S. Home Purchases Have Become Unaffordable for the Typical Household

Purchase US Median Home Monthly Mortgage Payment \$: PITI & PMI



Source: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor
Month of January Plotted

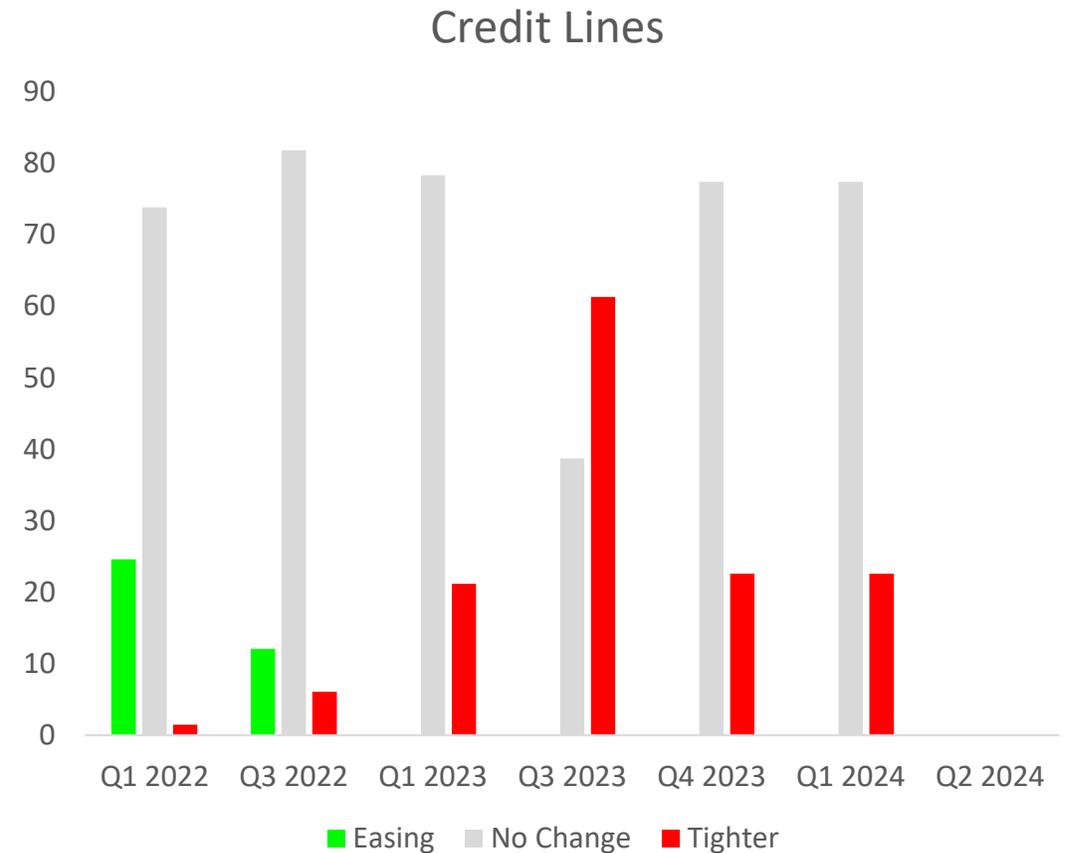
Purchase US Median Home Payments Percent of Median Income



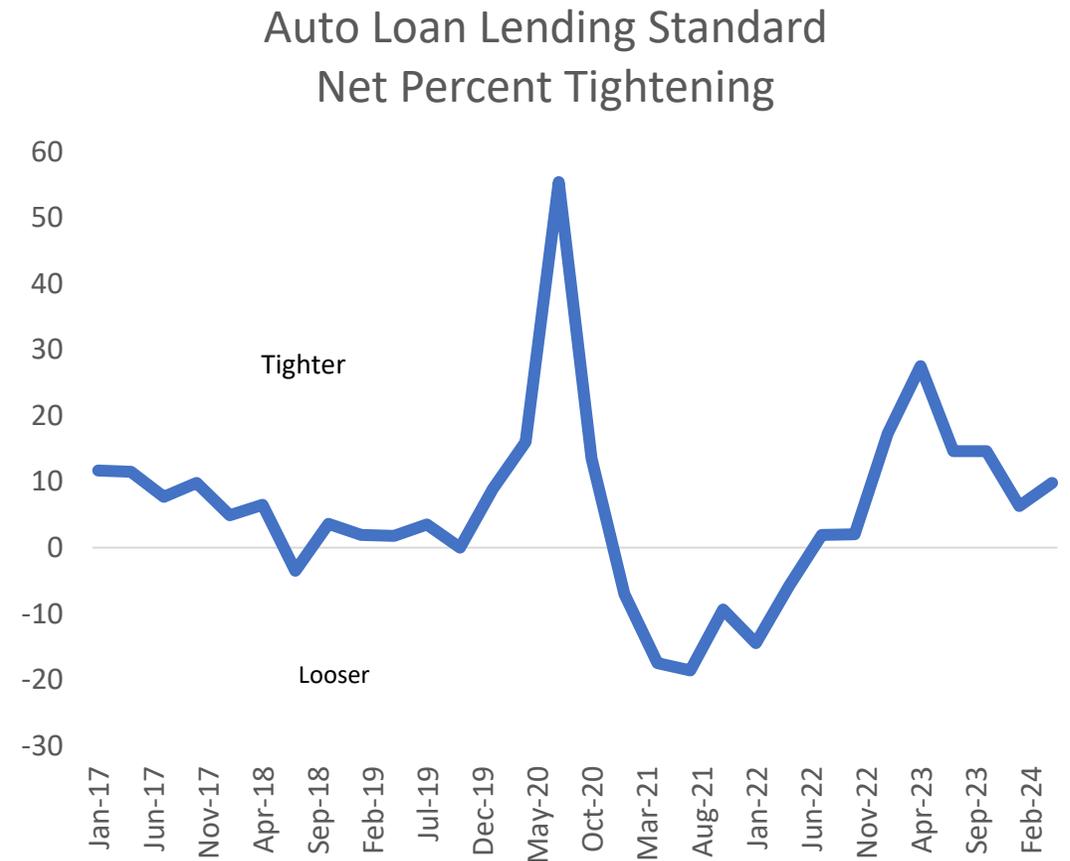
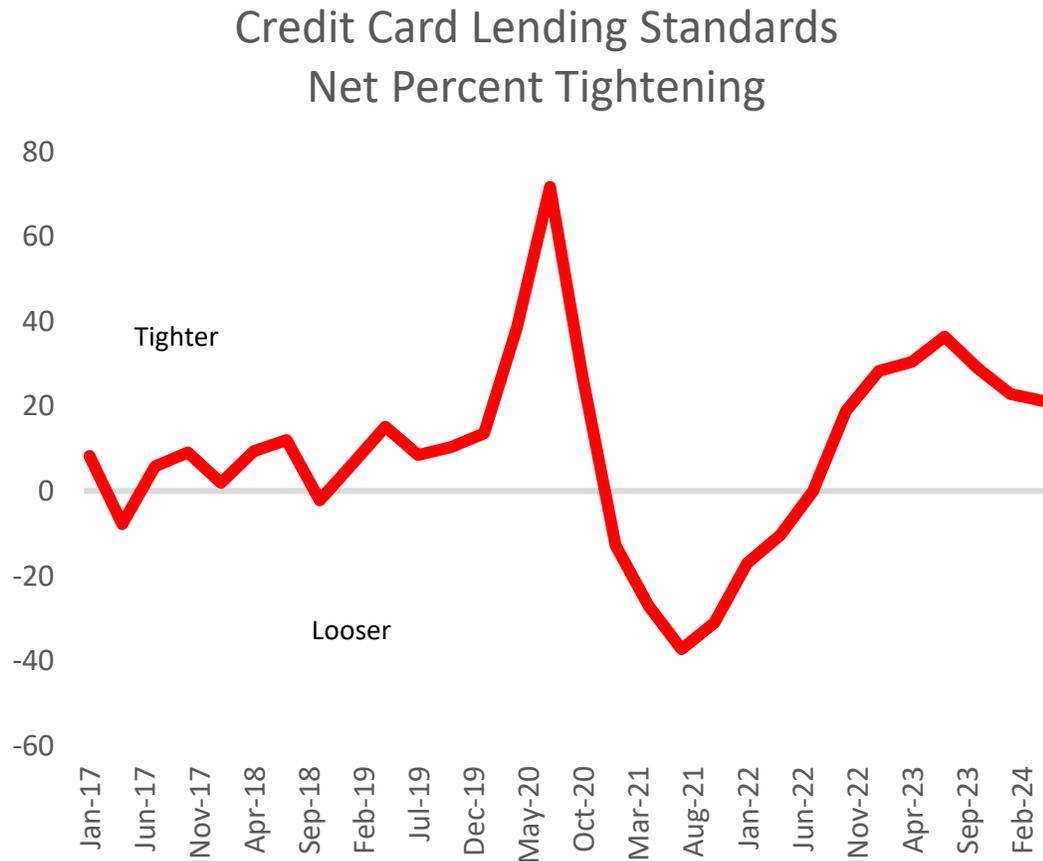
Tracing the Change in U.S Housing Affordability

FRB Atlanta Home Ownership Affordability Monitor, US Average, February					
Component	2020	2021	2022	2023	2024
Index	106.8	106.2	90.3	76.9	75.6
Median Home Price	264,833	298,967	343,300	343,000	360,000
Median Income	65,976	68,689	71,407	77,838	80,663
Interest	3.50%	2.80%	3.80%	6.70%	6.80%
Monthly P&I	1,066	1,107	1,433	1,982	2,108
P&I, PMI, Taxes, Insurance	1,544	1,616	1,976	2,531	2,674
Payment Pct of Income	28.1%	28.0%	33.0%	40.5%	39.8%

3) Bankers Tightening Lending Standards Commercial & Industrial Loans

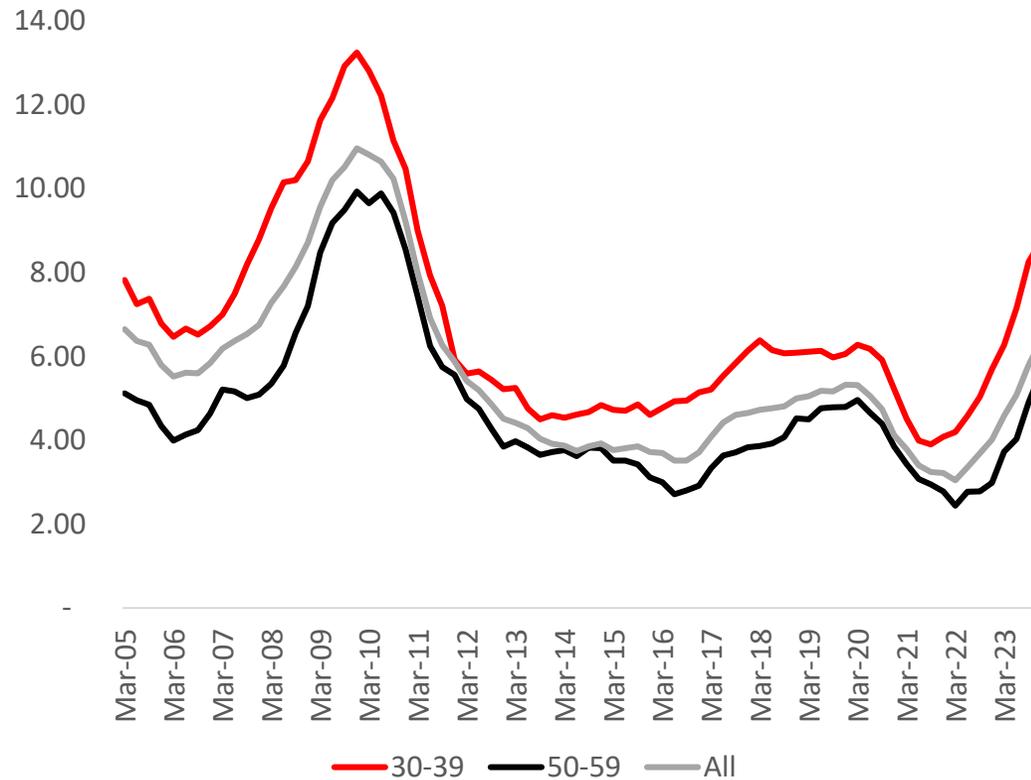


3) Bankers Tightening Lending Standards Loans to Households

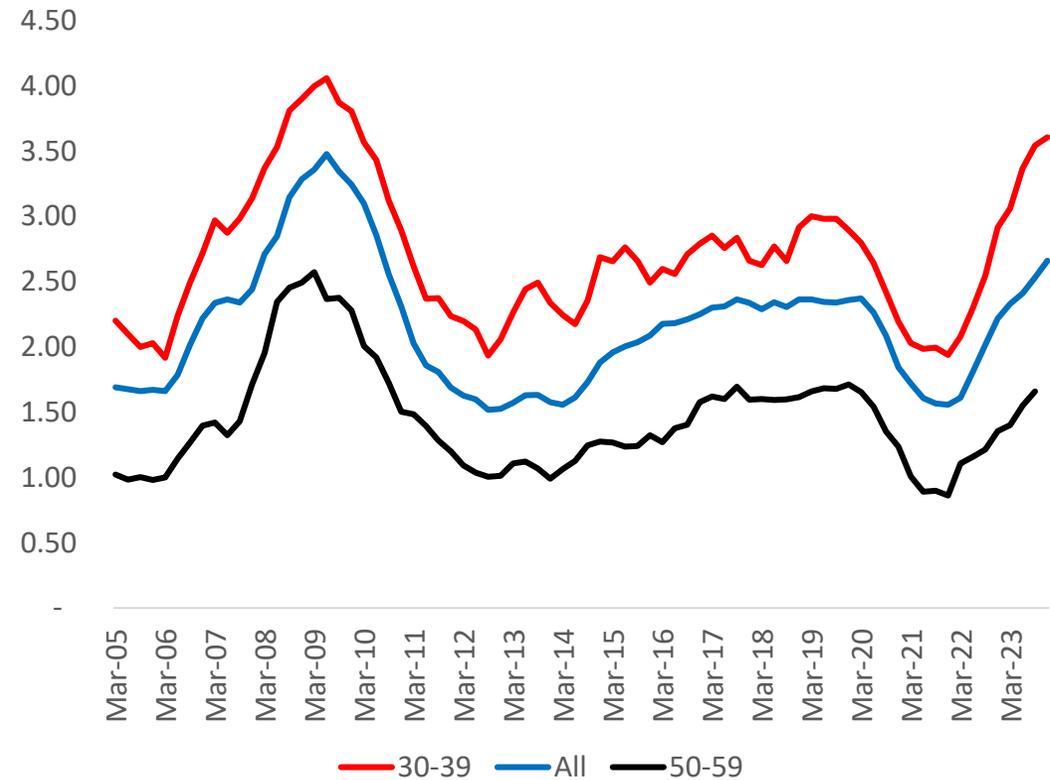


Consumer Credit Delinquencies Rise Above Pre-Pandemic Levels Particularly Among Young

Credit Card Delinquencies, Over 90 Days



Auto Loan Delinquencies, Over 90 Days

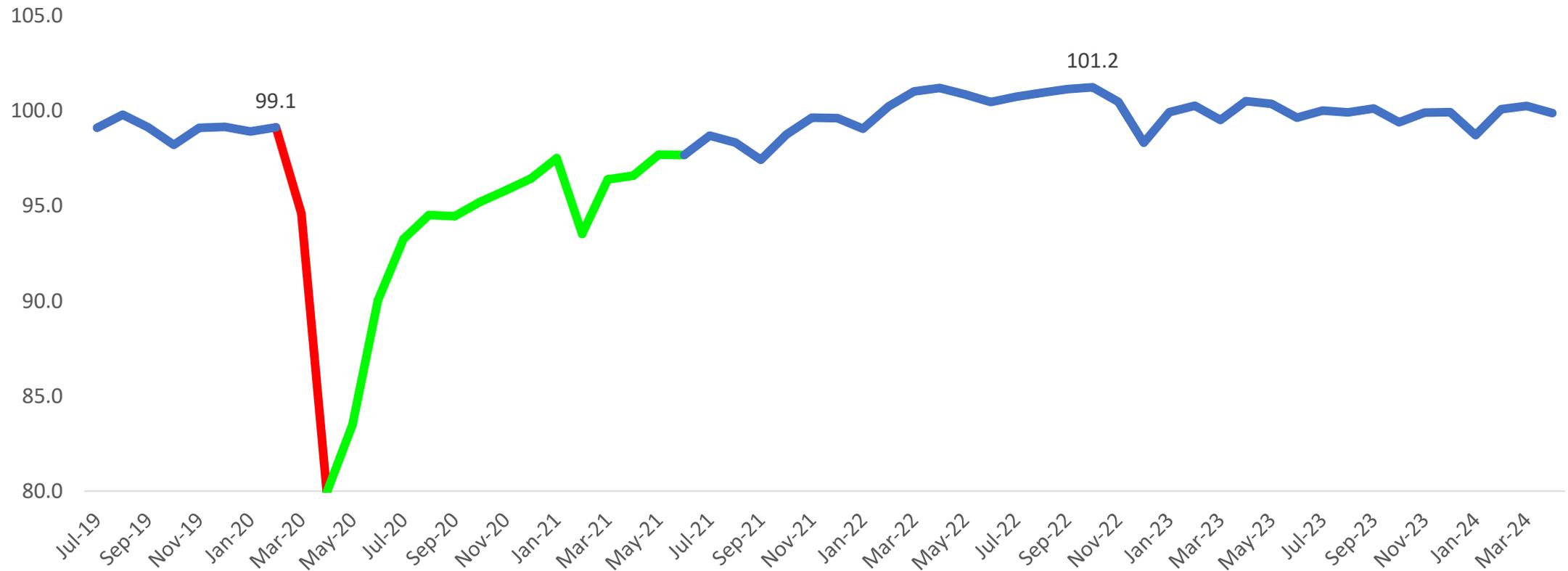


U.S. Manufacturing

Poster Child for Mixed Signals

Industrial Production: Manufacturing Production Down -0.5%, April 2024 / April 2023

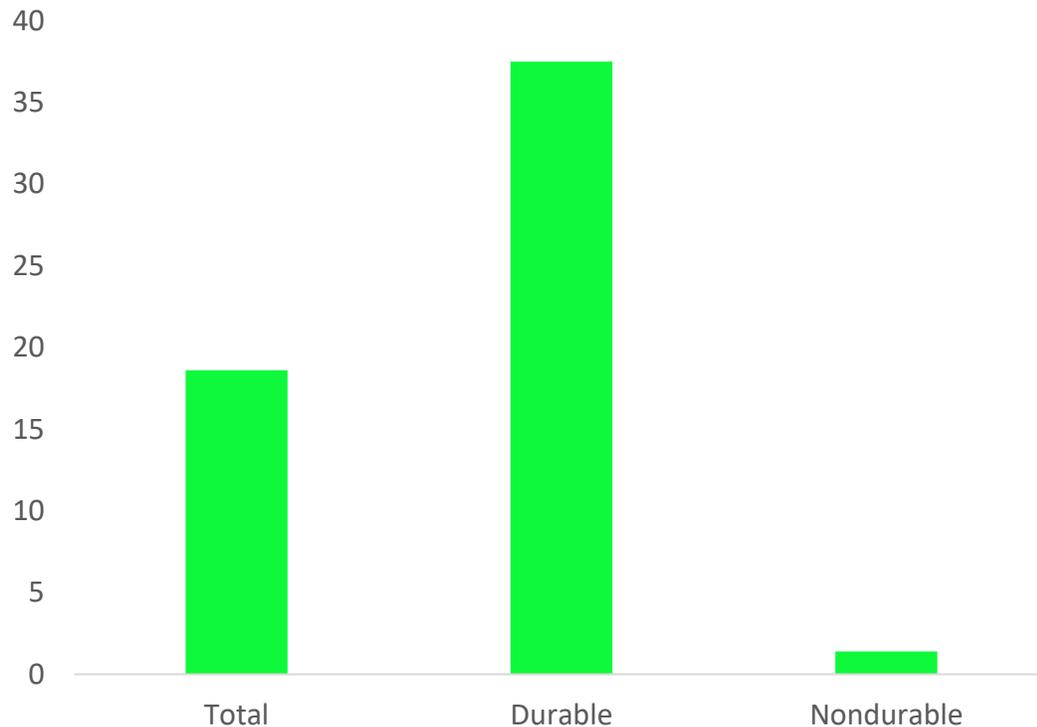
Manufacturing Industrial Production Index, 2017 Average = 100



Source: Federal Reserve Board of Governor's, Industrial Production Index, <https://www.federalreserve.gov/releases/g17/Current/default.htm>

Manufacturing Recovery Since the End of the Great Recession

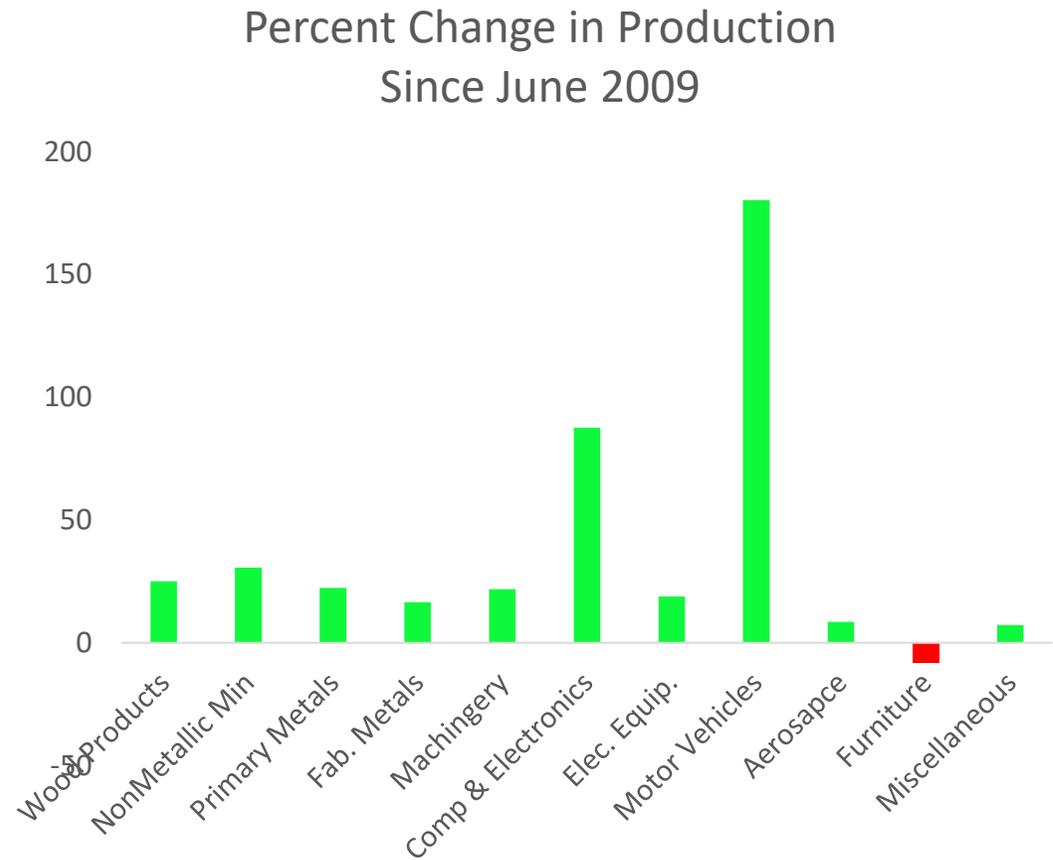
Total Change in Industrial Production
Since June 2009



- There are secular forces at work.
- Since the end of the Great Recession, Manufacturing expansion centers on durable goods industries.

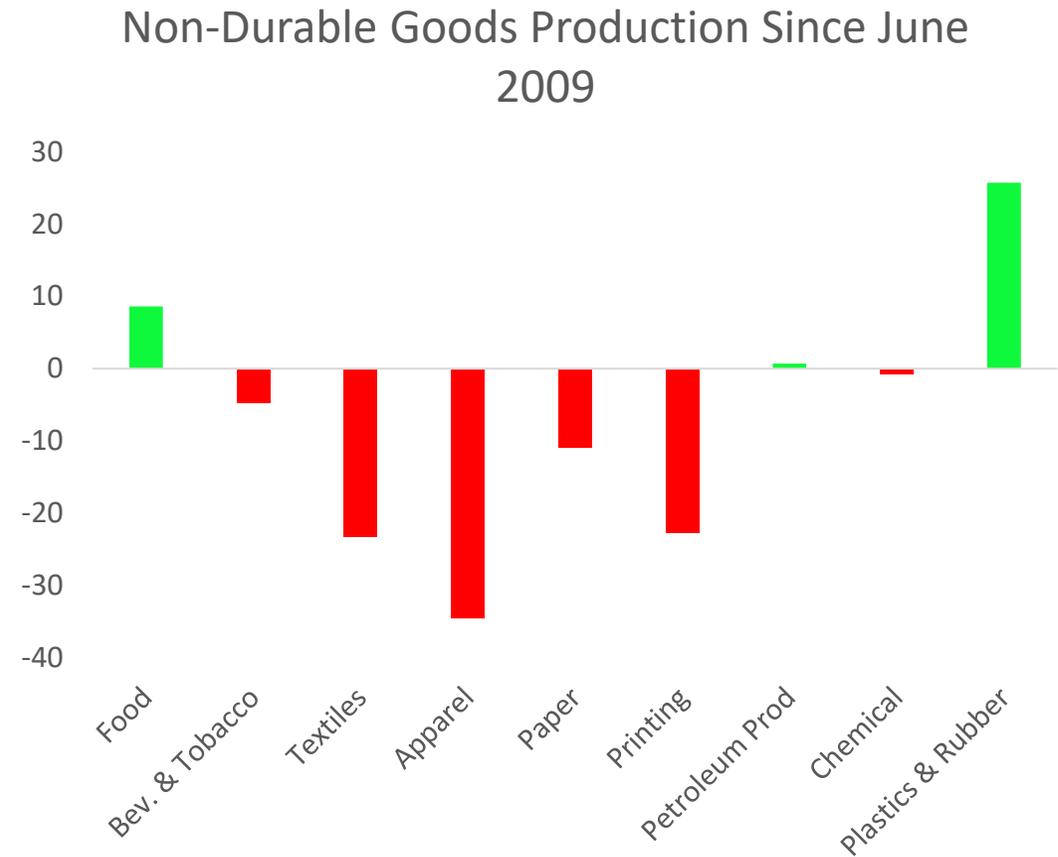
Durable Goods Industries Expanding Since the Great Recession

- The production gains in durable industries lead U.S. Industrial Recovery
- Principal gains in the continuing expansion of computers and electronics and revival of the auto industry.

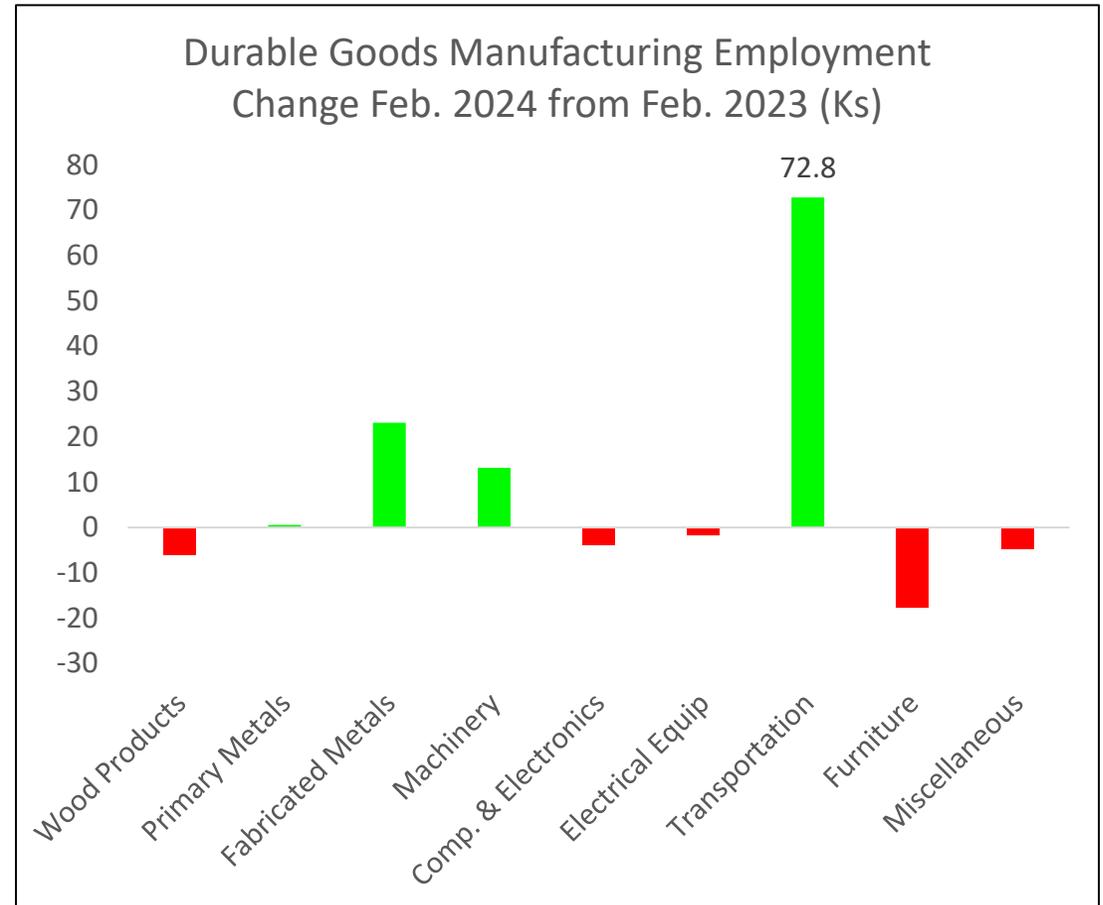
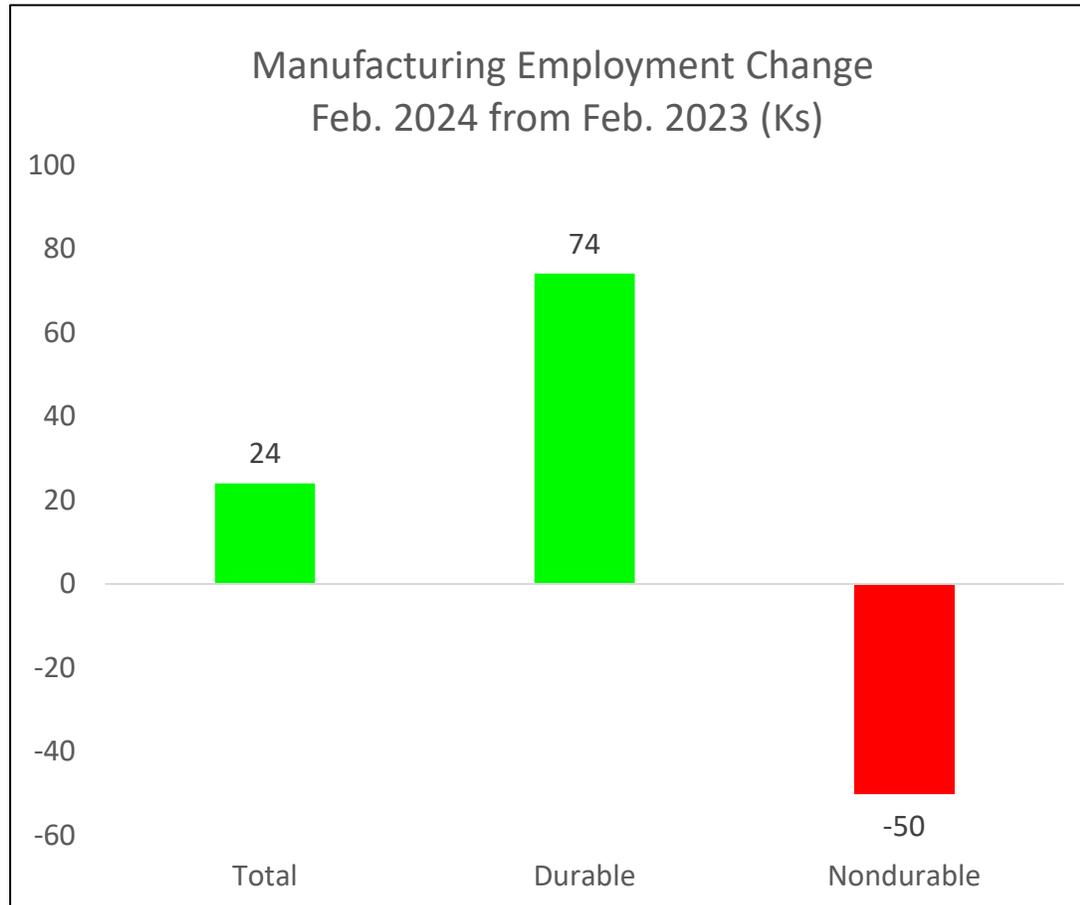


Non-Durable Goods Industries Most Exposed to Open Trade and Secular IT Changes

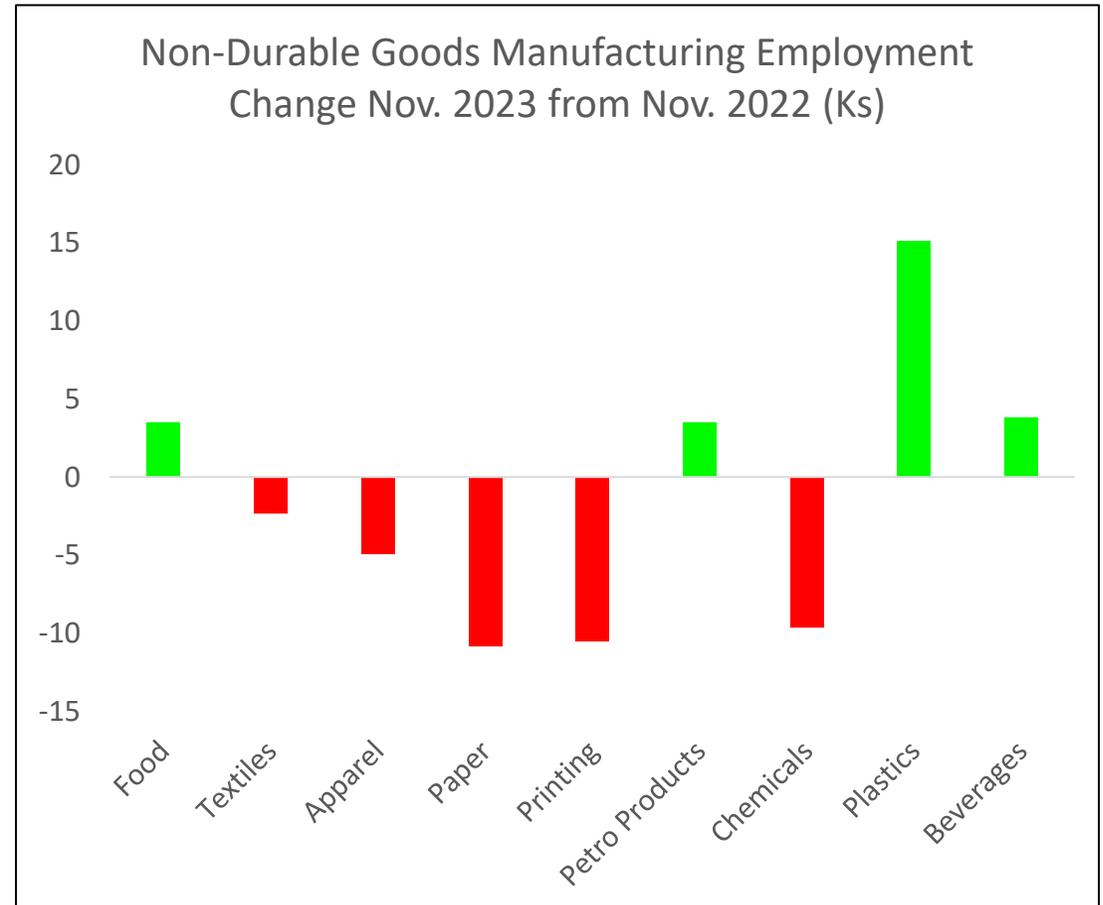
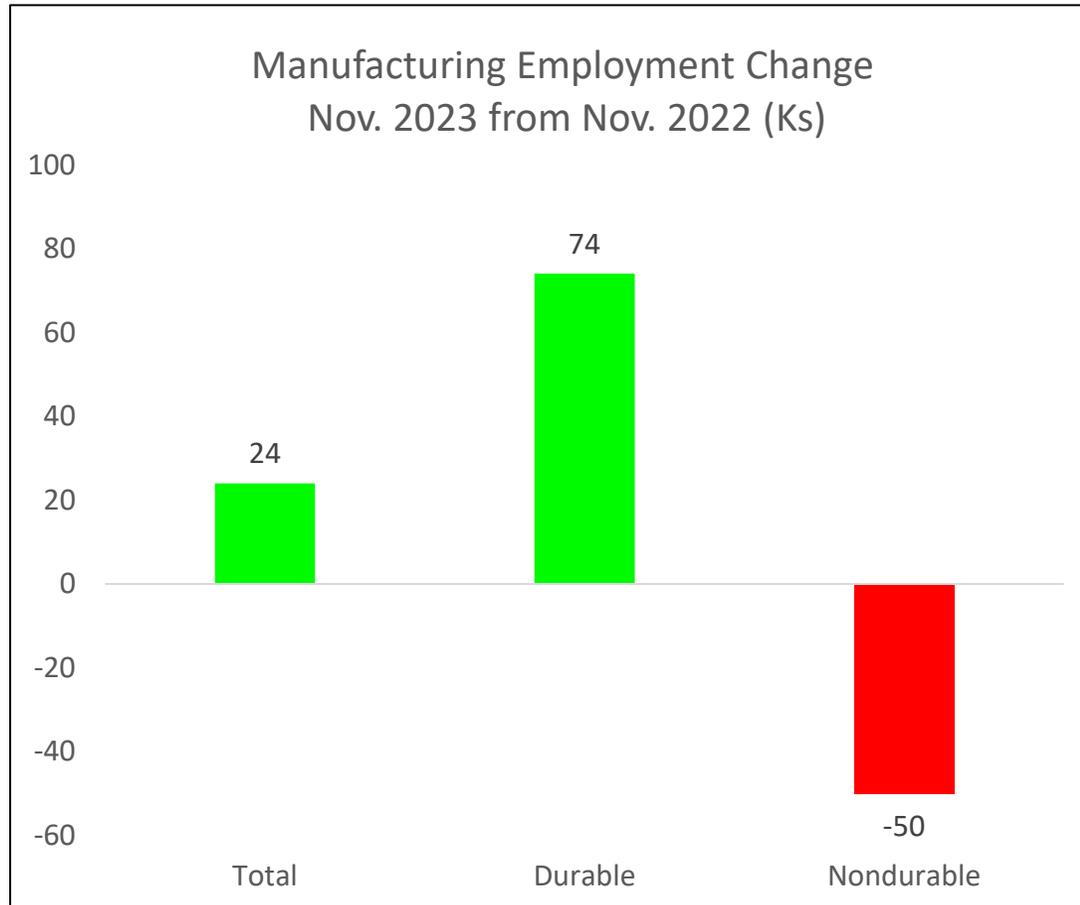
- Two trends adversely affect non-durable industries
- Move to lower cost production countries
 - Textiles and Apparel
- Secular technological changes in consumption of information
 - Paper and Printing



Manufacturing Divide Carries Over to Employment



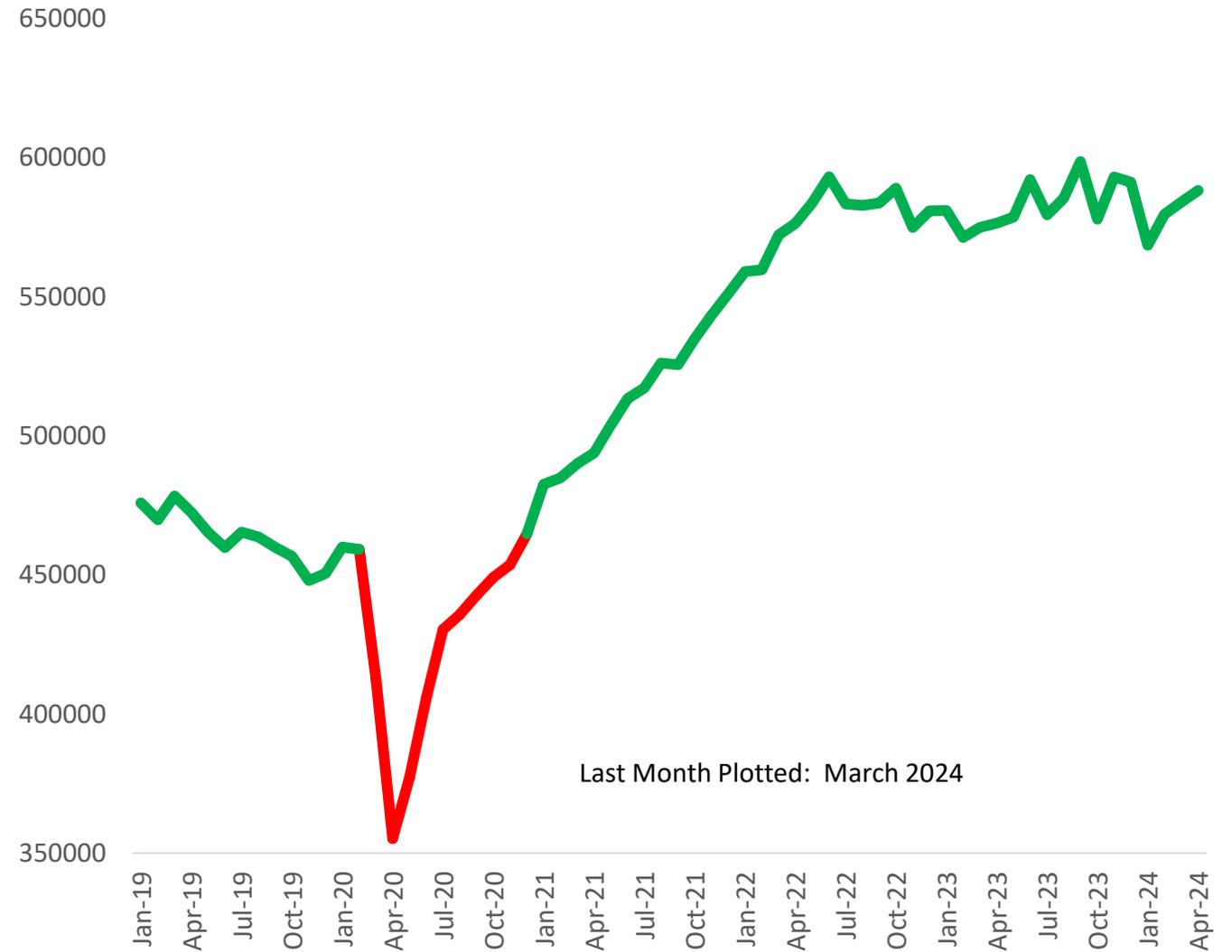
Manufacturing Divide Carries Over to Employment



Total
Manufacturing
Orders
Moving
Sideways

2024 YTD
Up 1.1% over
2023

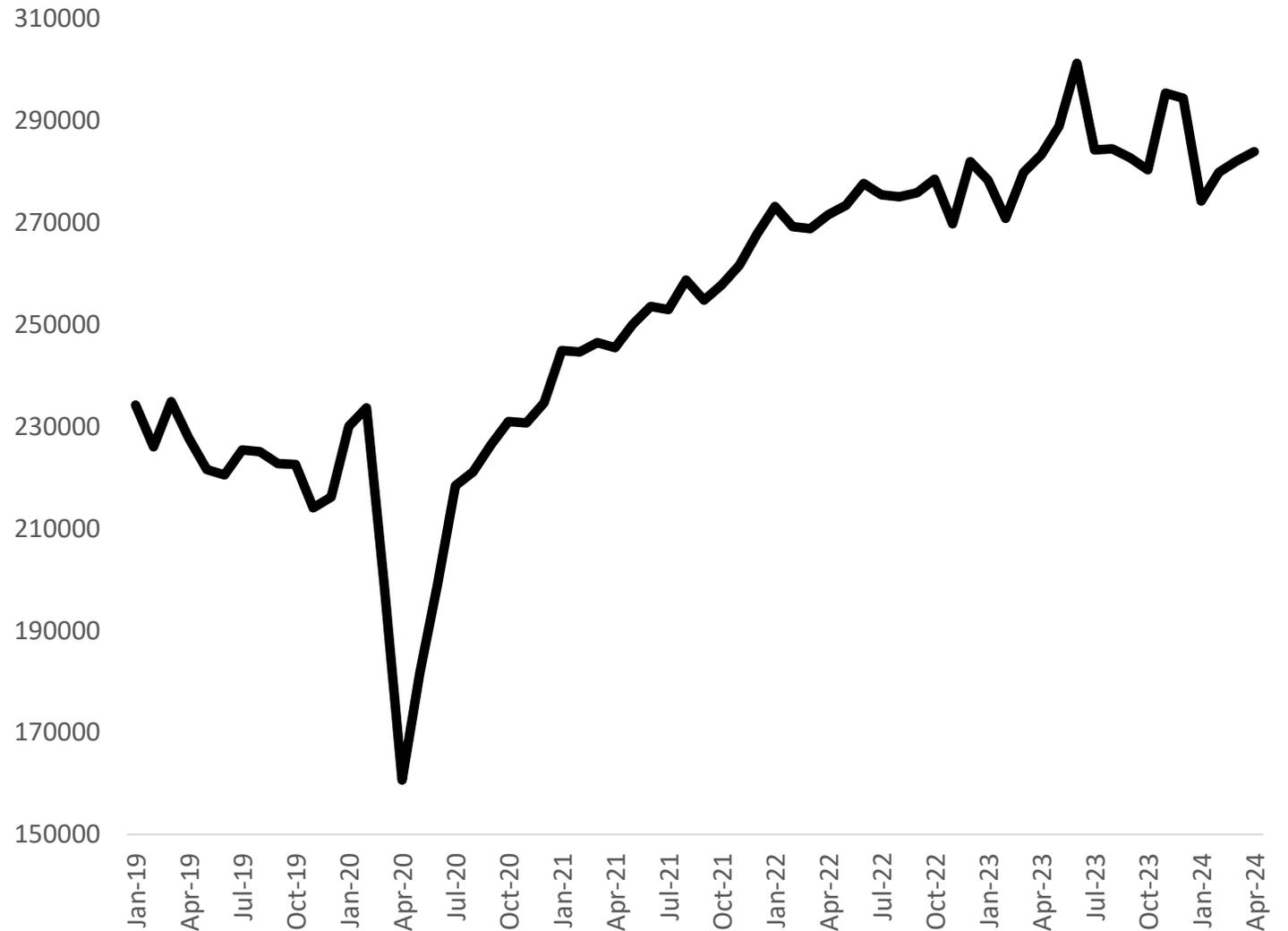
New Orders, Total Manufacturing, \$M,
Seasonally Adjusted at Annual Rates



Last Month Plotted: March 2024

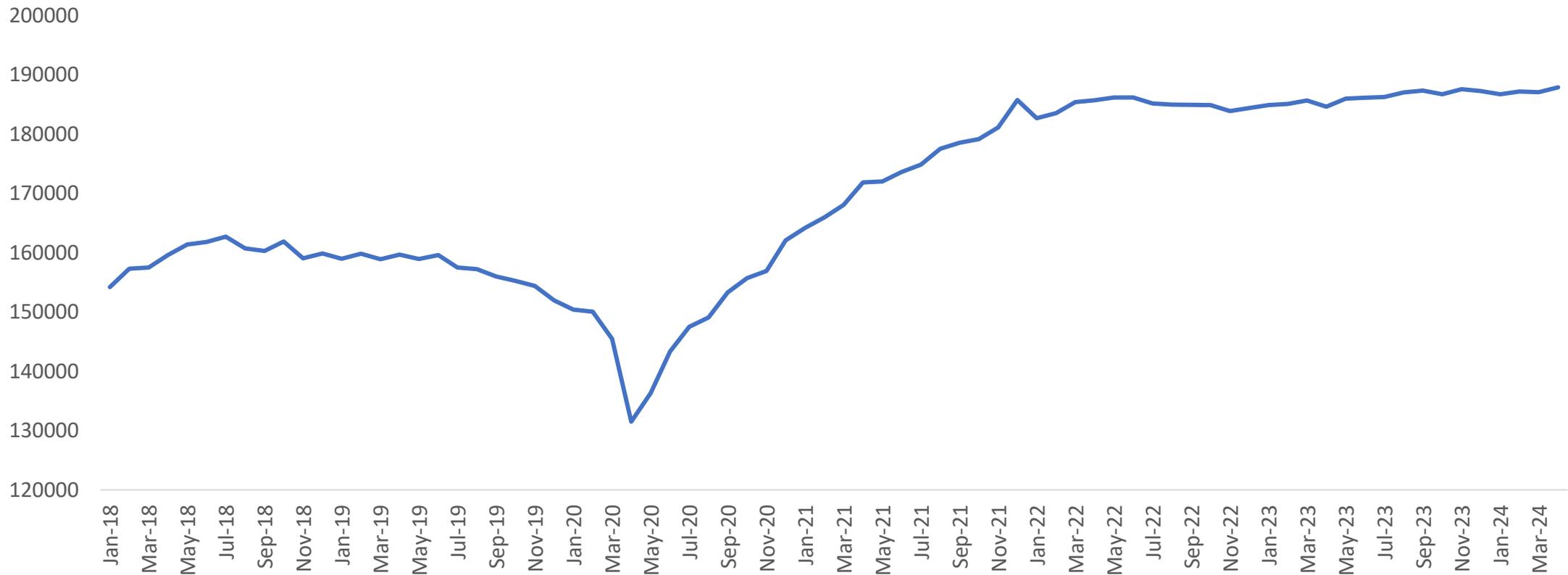
Durable
Goods Orders
Up 0.5%,
YTD April
2024 over
2023

New Orders, \$M, Durable Goods Manufacturing



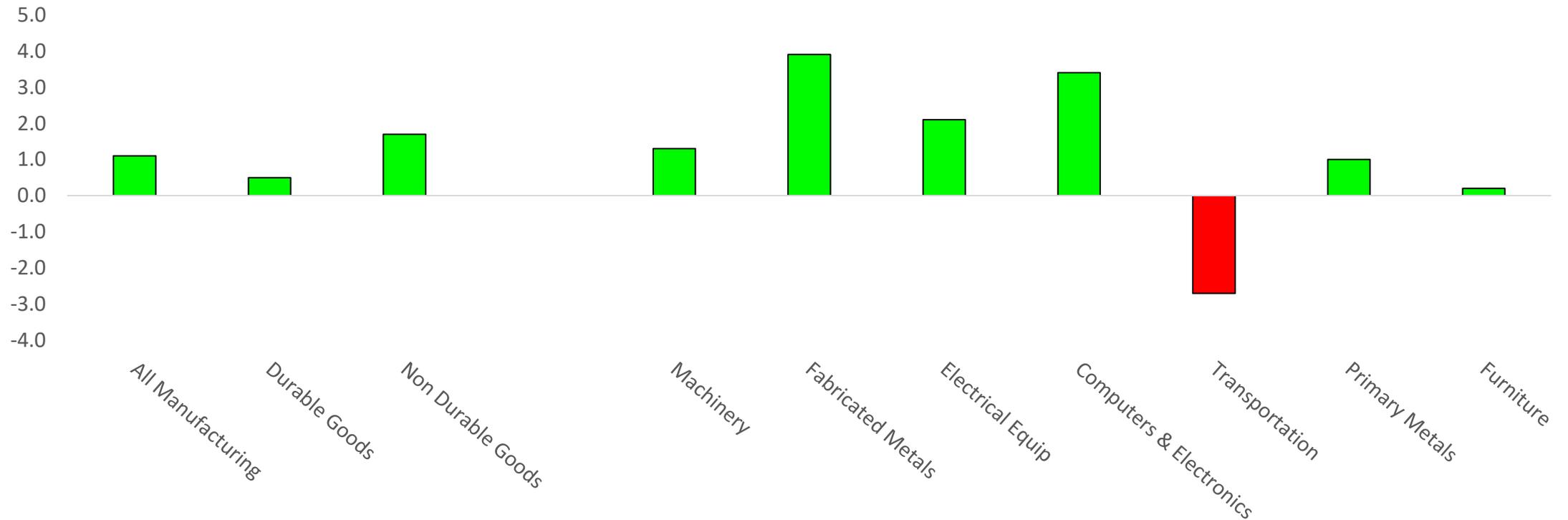
Durable Goods Orders Excluding Transportation Up 2.1% YTD April 2024 Over April 2023

Durable Goods New Orders Excluding Transportation

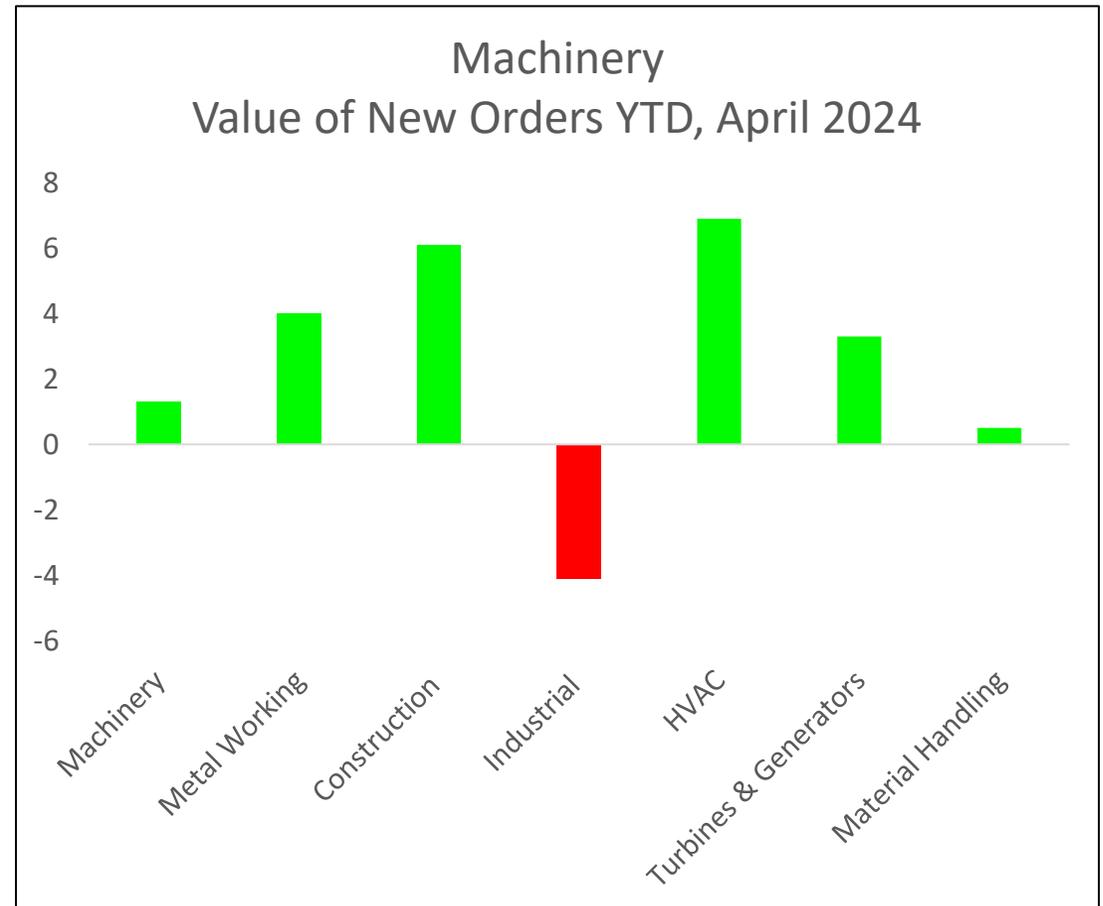
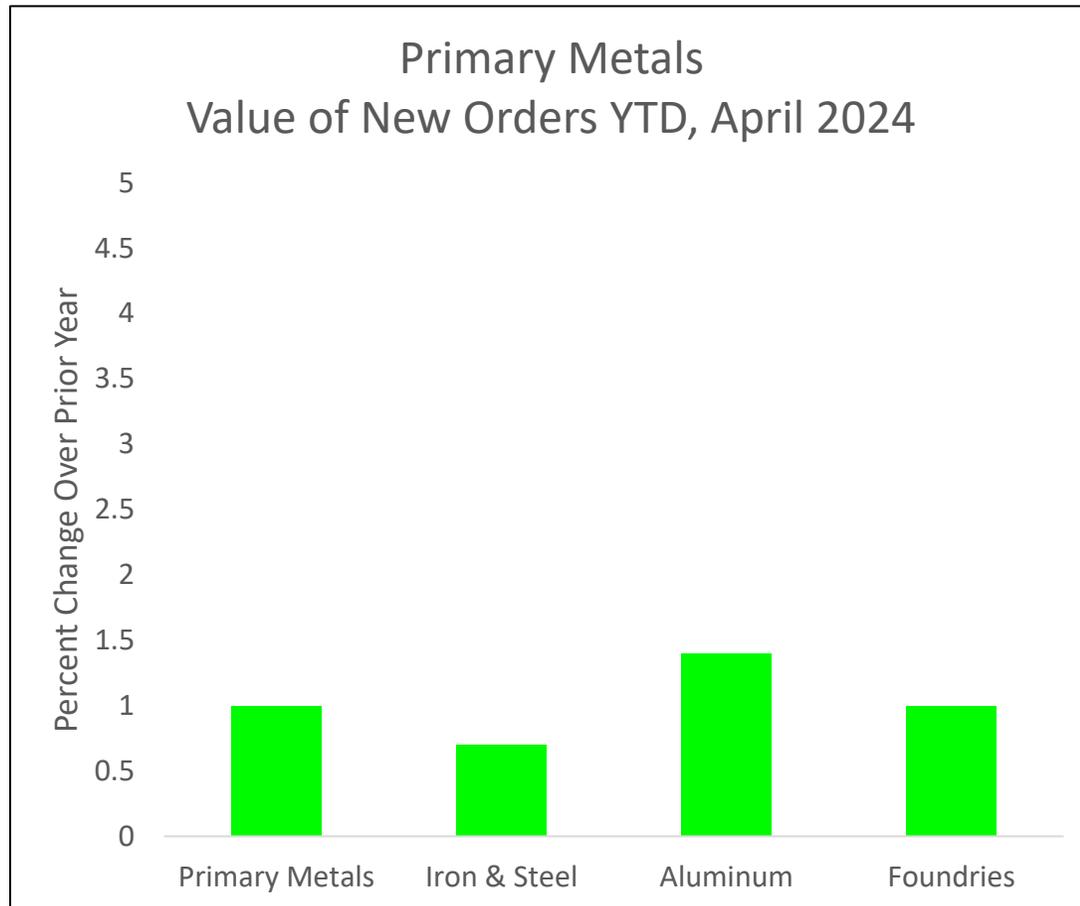


New Orders: Durable Goods New Orders Weakening

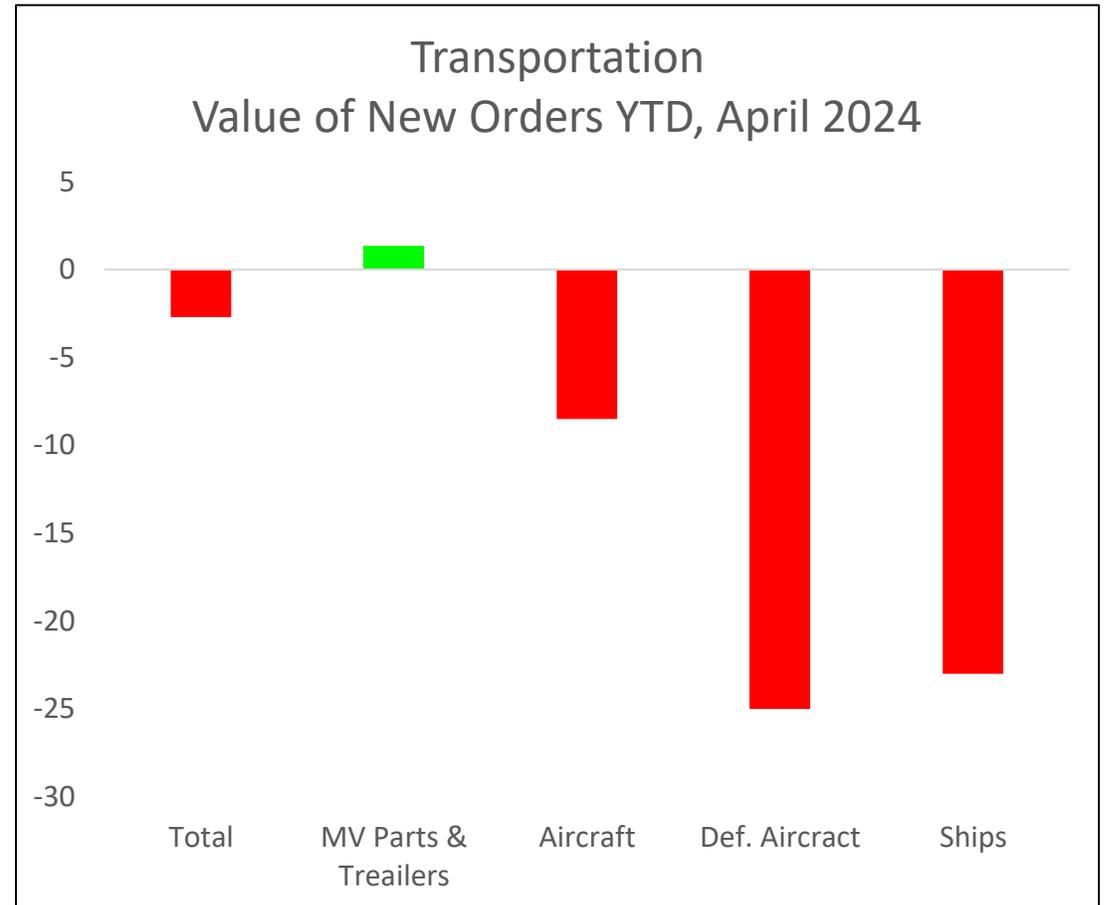
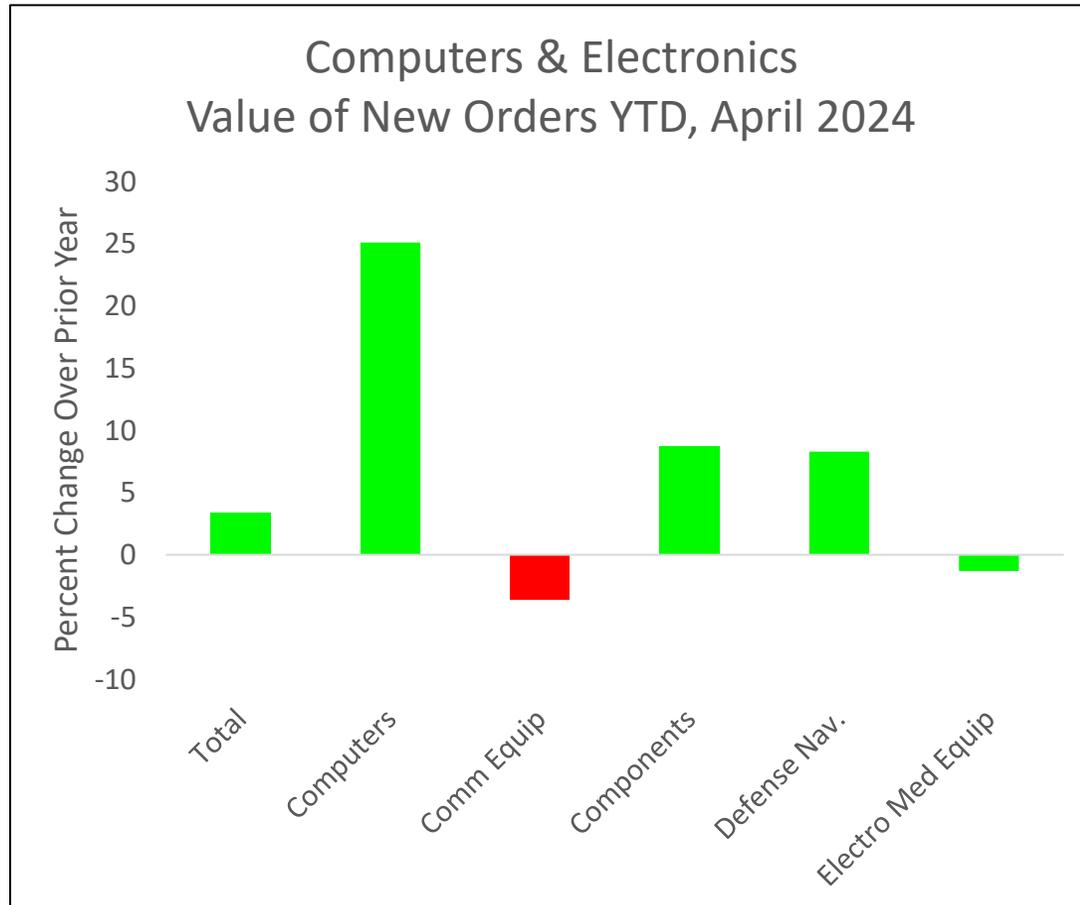
Value of Manufacturing New Orders, April 2024 YTD Over April 2023 YTD
Percent Change Over Prior Year



One Size Does Not Fit All: Subsectors Experiencing Different Results



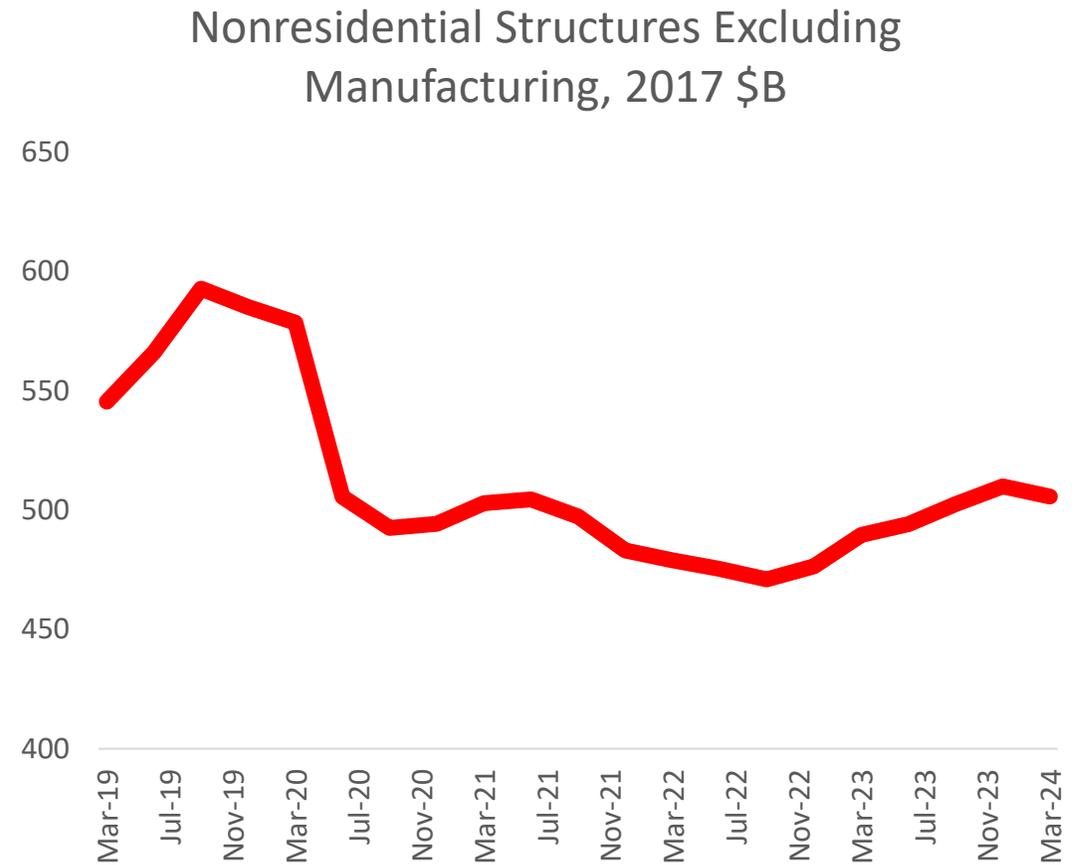
One Size Does Not Fit All: Subsectors Experiencing Different Results



Manufacturing Investment Drive Business

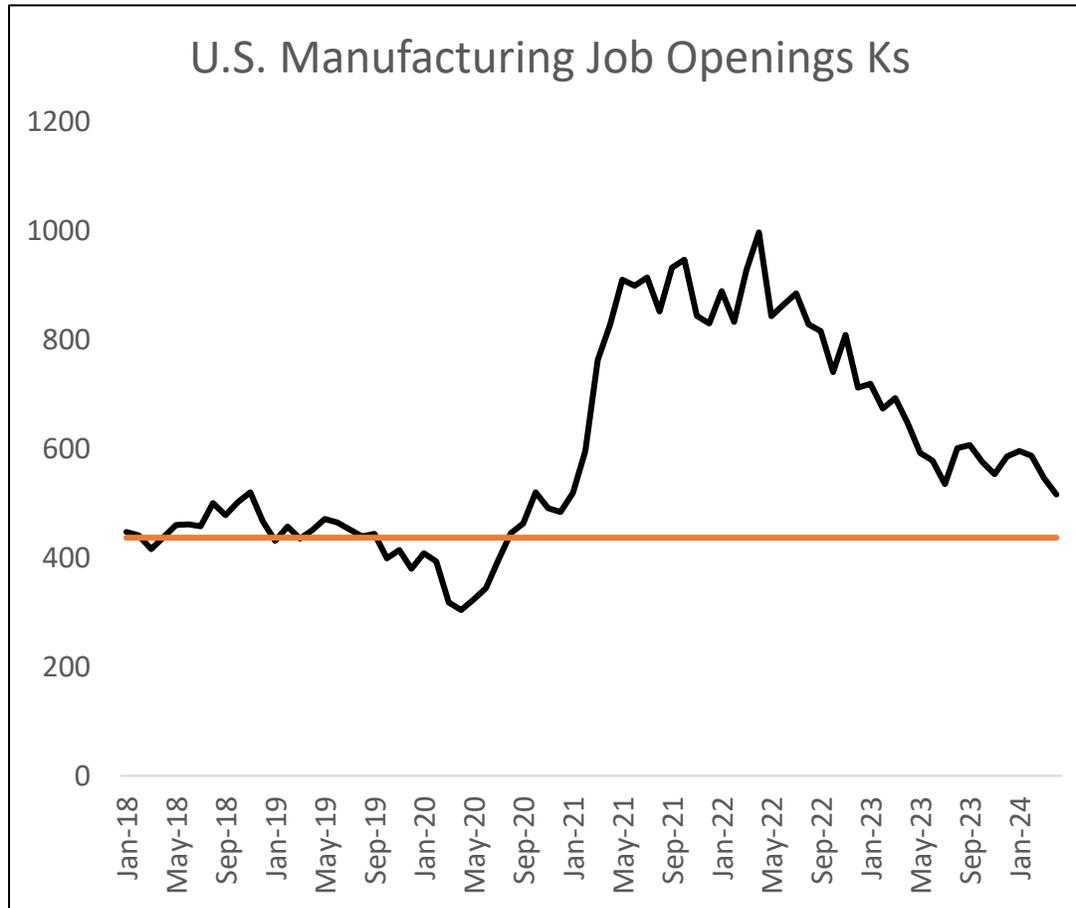
Investment in Structures

More than Double Pre-Pandemic Levels



Rebuilding Workforce

Manufacturing Job Openings Decline as Hiring Increases

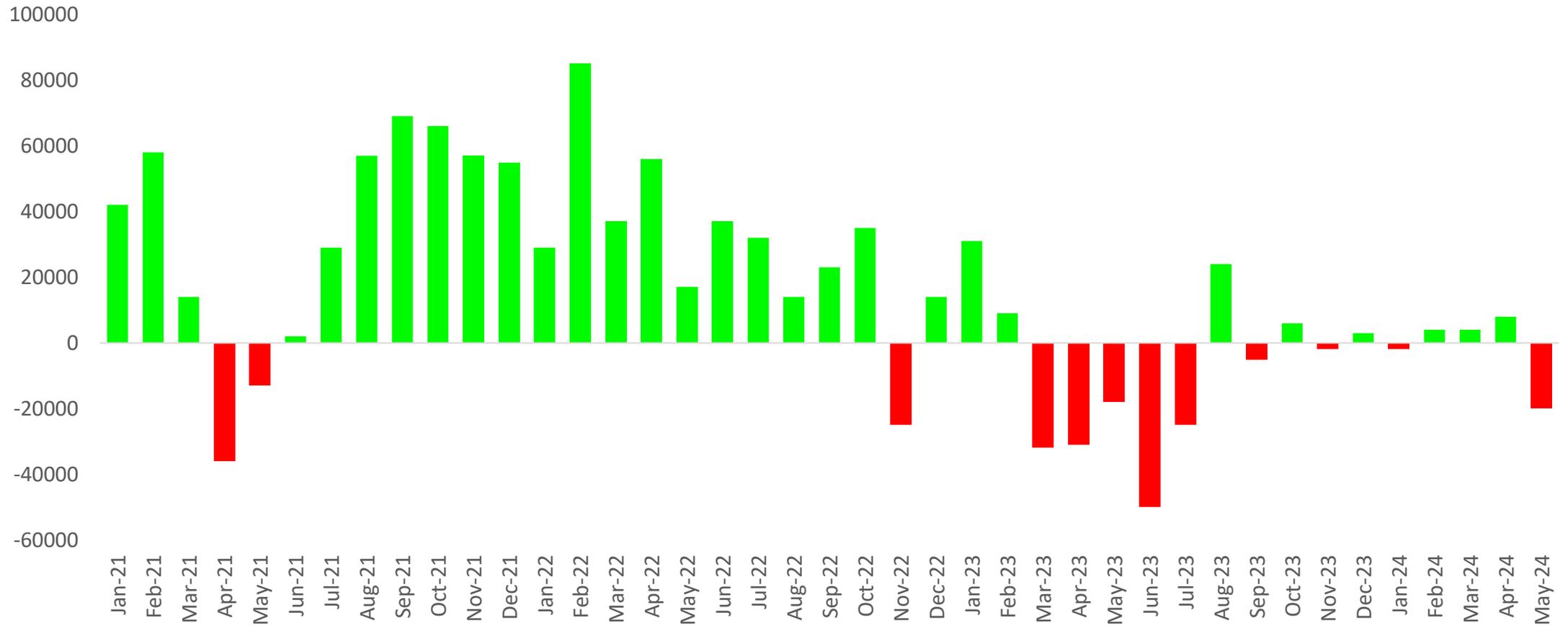


Source: U.S Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

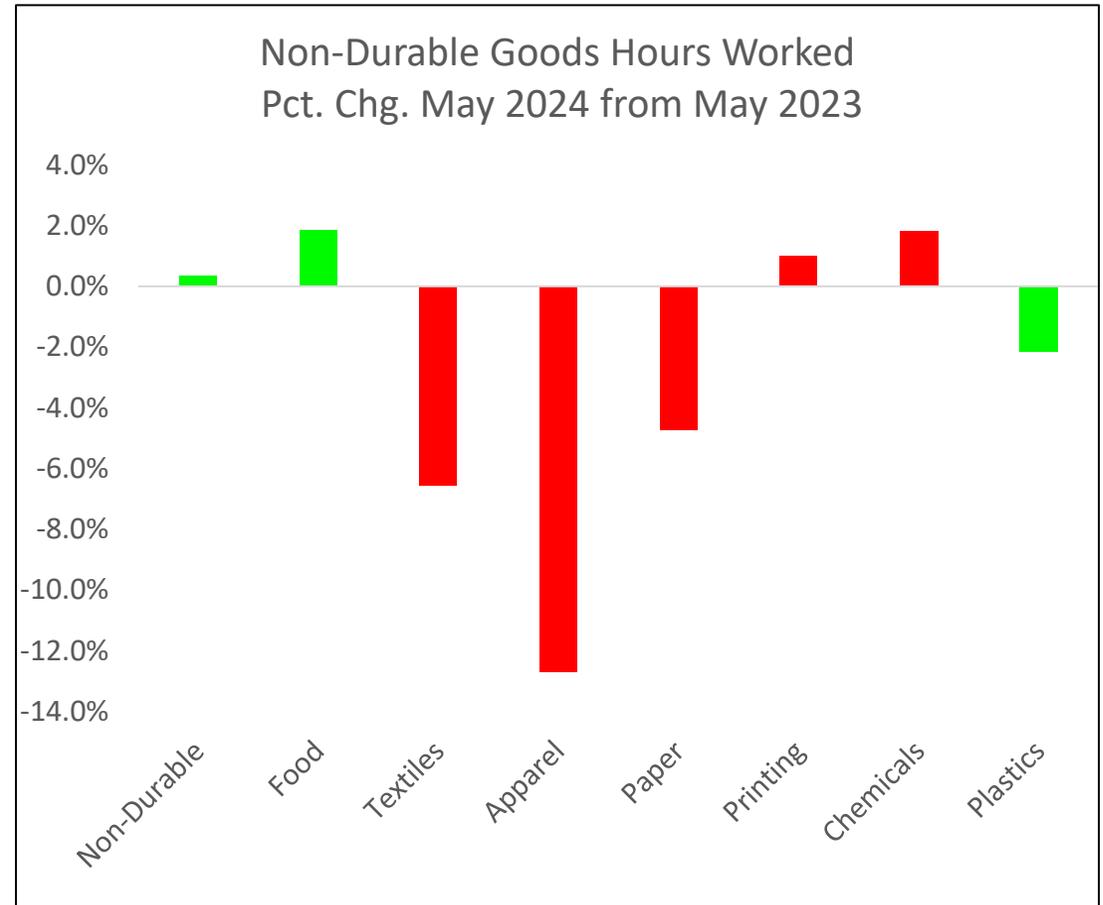
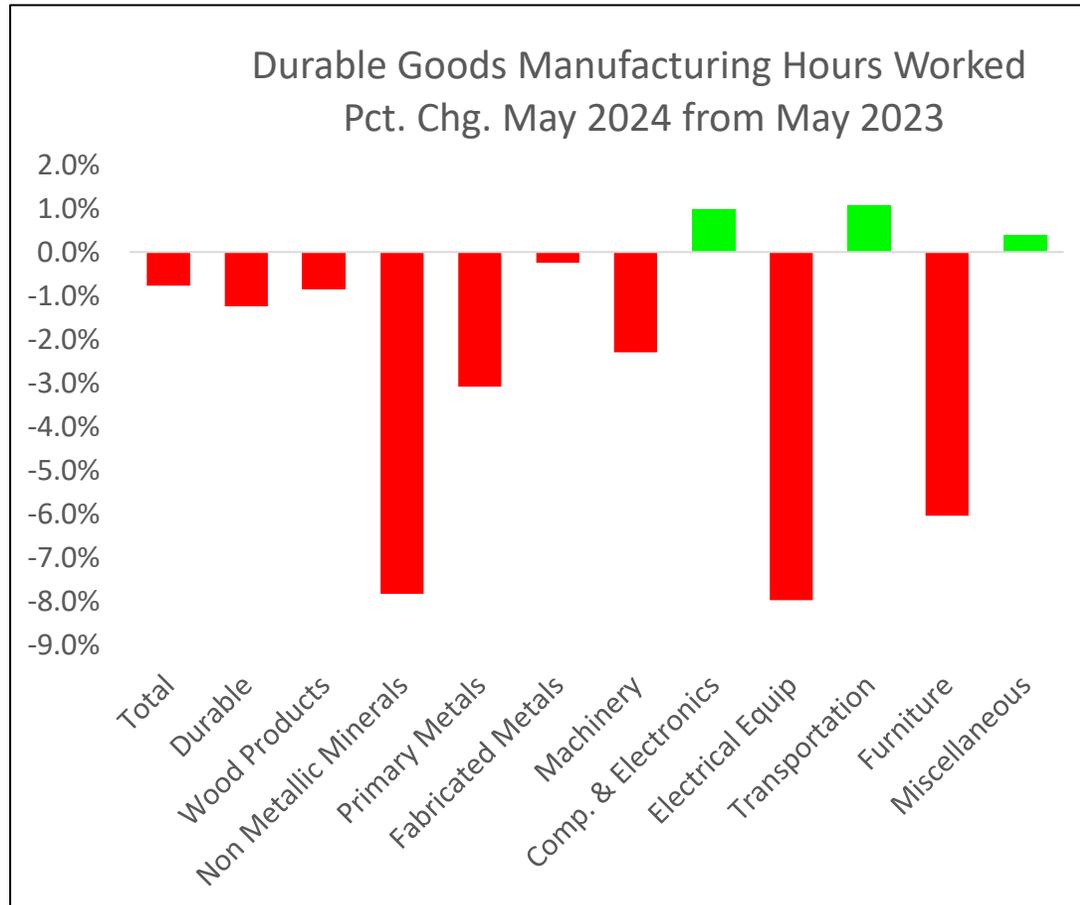
U.S. Manufacturing Payrolls Down Slightly

May 2024: Down -55000 Over May 2023

ADP Private Employment Report, Manufacturing, Change from Prior Month (Ks)



Manufacturing Hours Worked Reduction Precedes Employment Losses



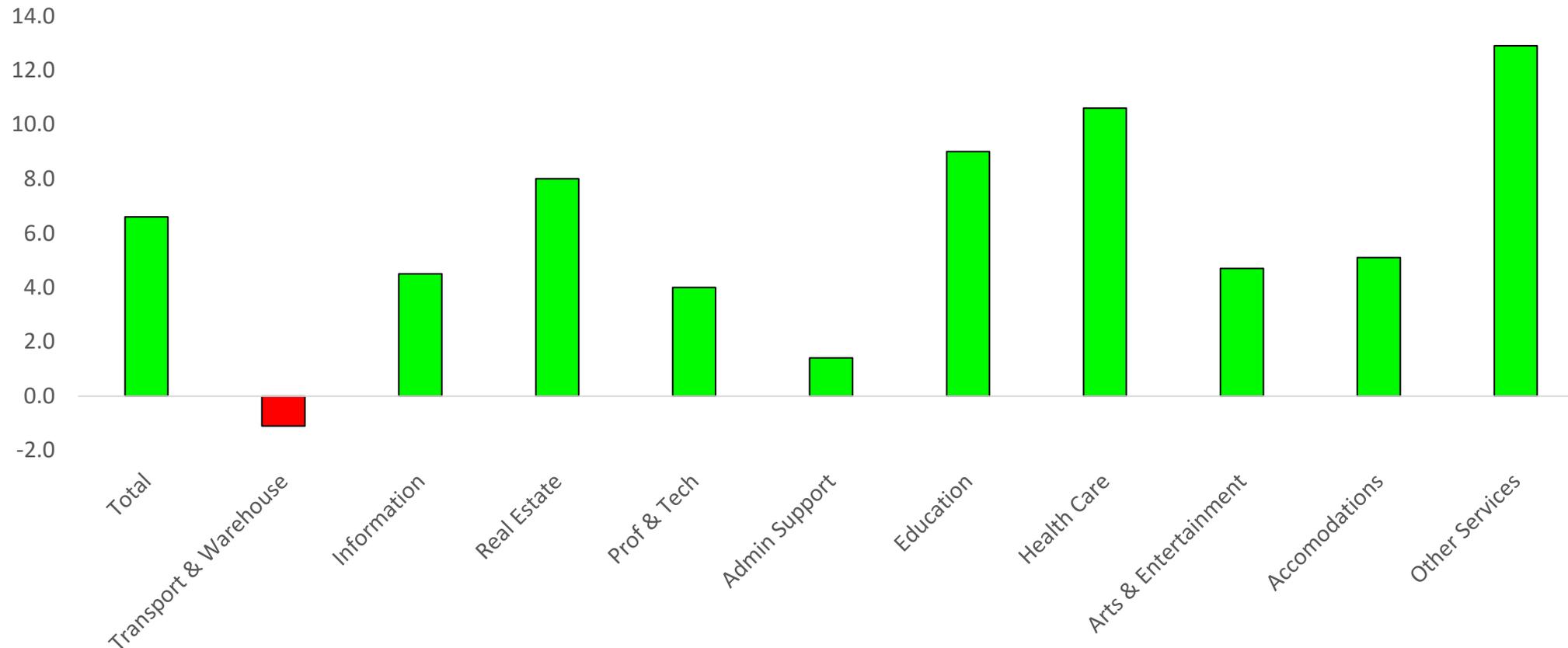
Manufacturing Wage Increases Easing but Remain Above Pre-Pandemic Levels



U.S. Service Sector

Total Revenues In Service Sector Vary Widely by Sector

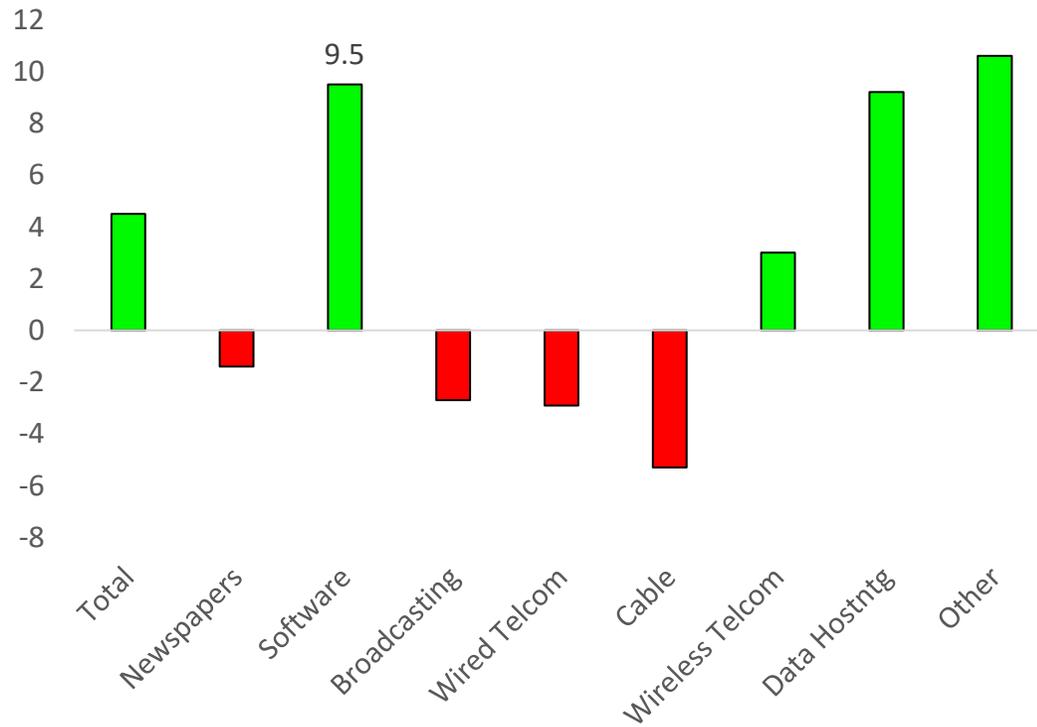
Percent Change in Total Revenues, 4th Qtr 2023 Over 4th Qtr 2022



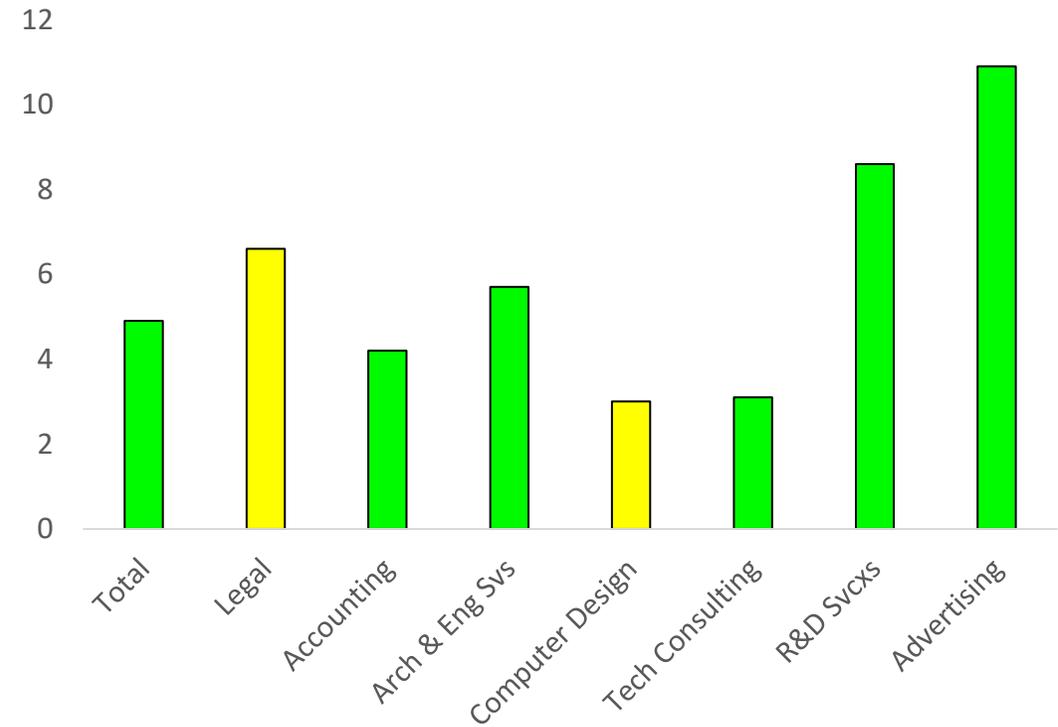
Source: U.S. Bureau of the Census, Quarterly Service Survey

Results Vary Even Within a Sector

Pct Chg in Revenue, 2023 Q4 Over 2022 Q4
Information



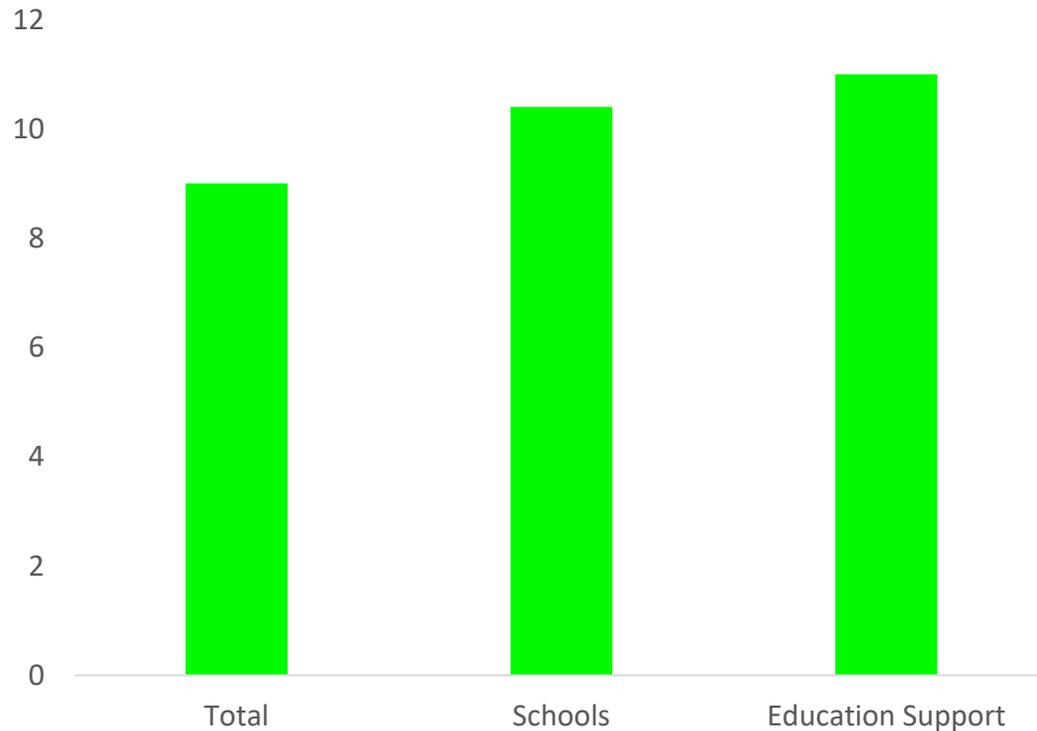
Pct Chg in Revenue, 2023 Q2 Over 2023 Q2
PROFESSIONAL & BUSINESS SERVICES



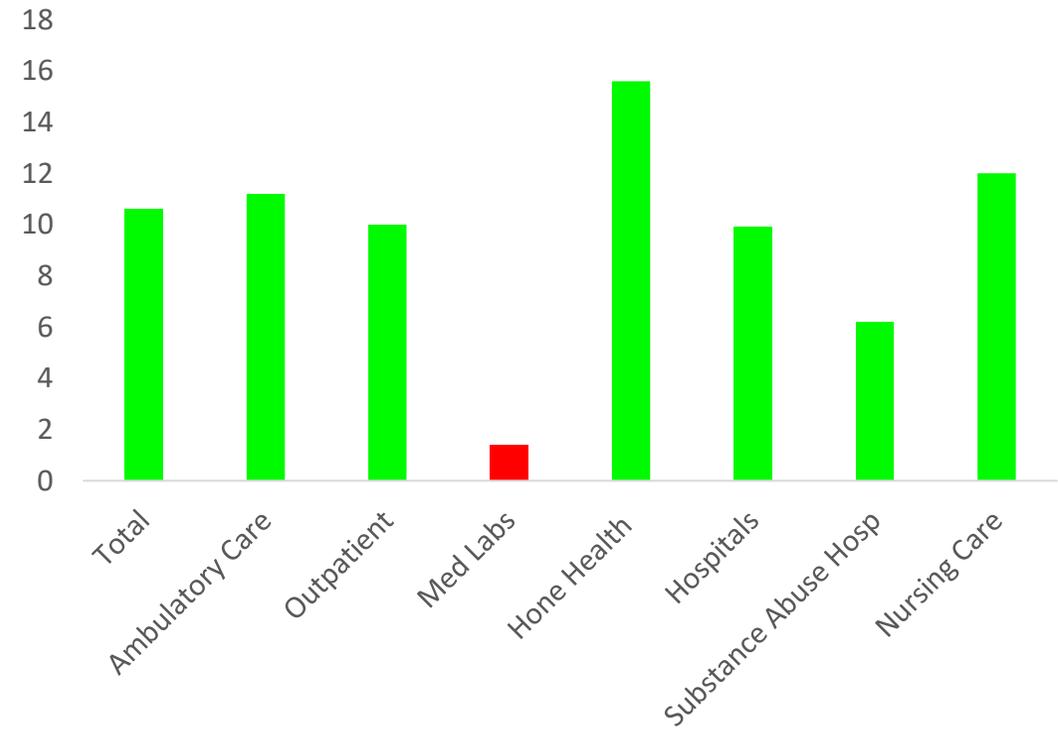
Results Vary Even Within a Sector

Health Care Has Substantially Recovered from COVID Restrictions

Pct Chg in Revenue, 2023 Q4 Over 2022 Q4
EDUCATIONAL SERVICES



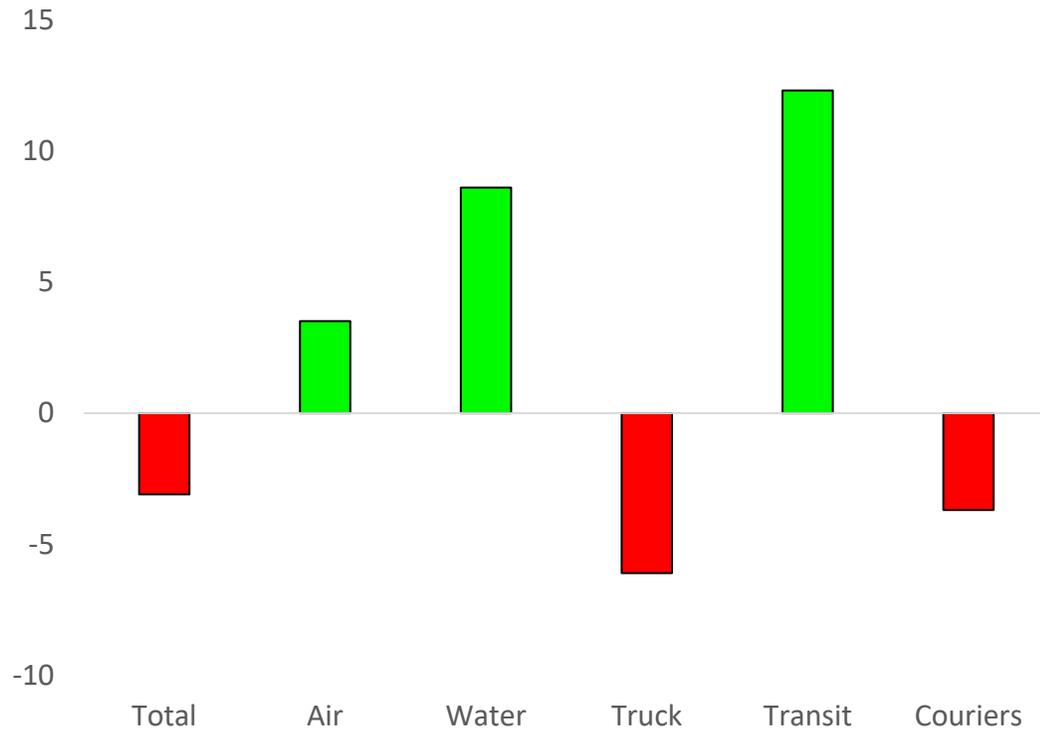
Pct Chg in Revenue, 2023 Q4 Over 2022 Q4
HEALTH CARE SERVICES



Results Vary Even Within a Sector

Transportation and Real Estate and Leasing

Pct Chg in Revenue, 2023 Q4 Over 2022 Q4
TRANSPORTATION SERVICES



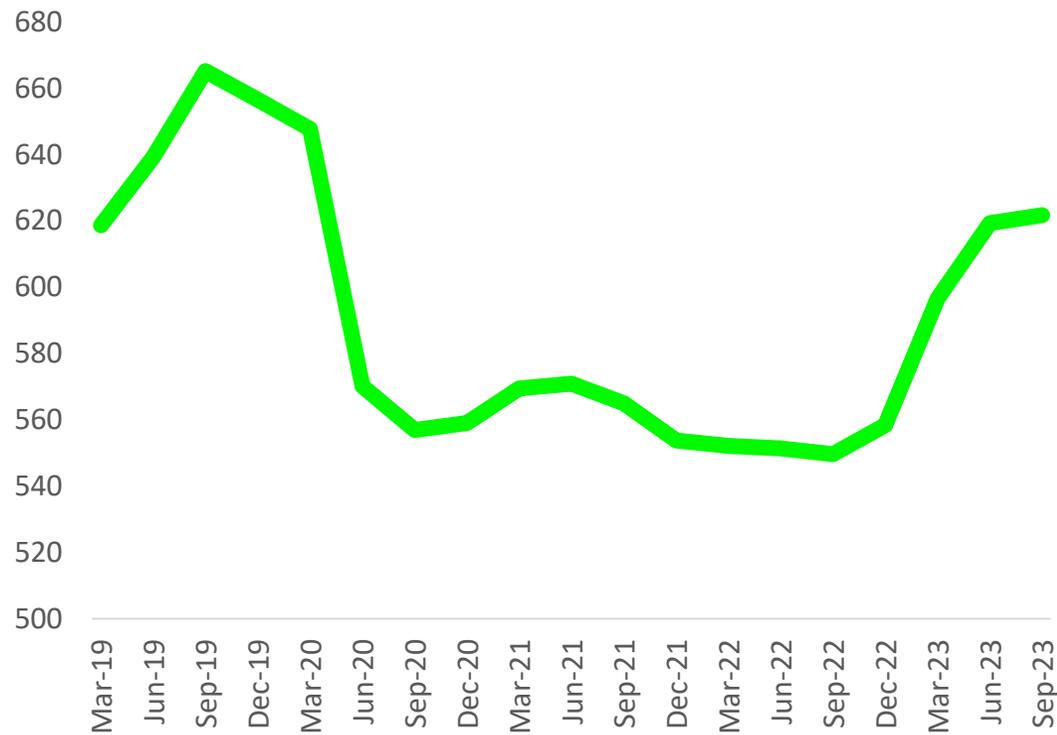
Pct Chg in Revenue, 2023 Q4 Over 2022 Q4
REAL ESTATE & LEASING



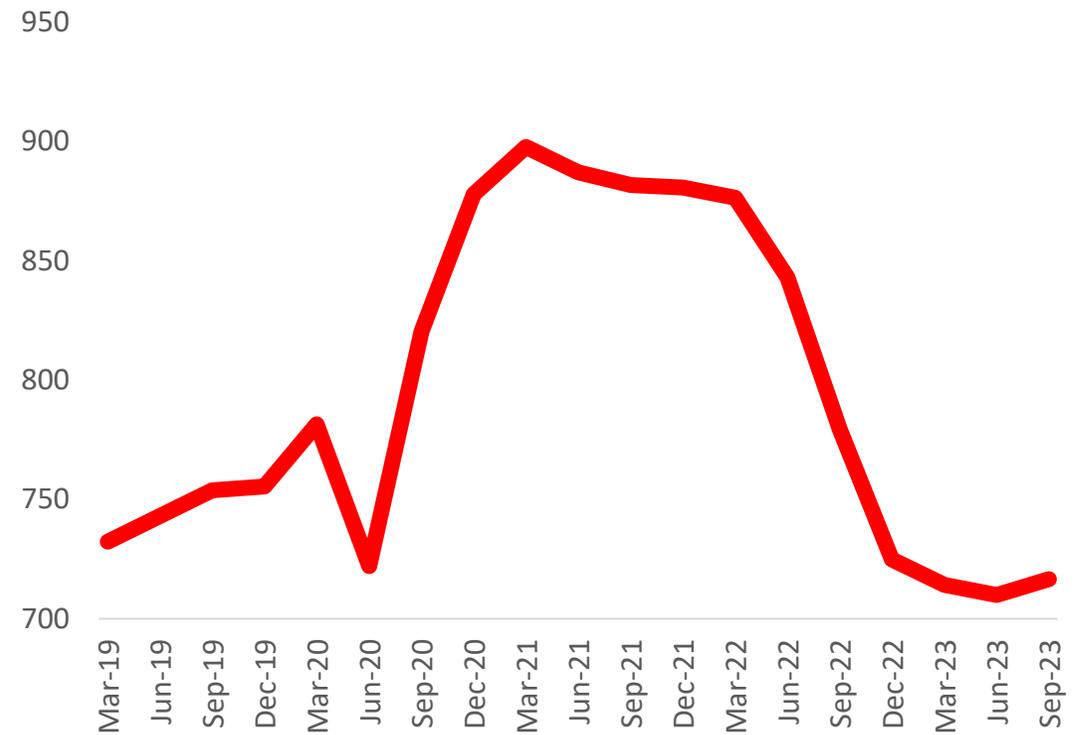
Housing & Construction

Adjusted for Inflation, Construction Spending Diverges

Private Nonresidential Structures Investment 2017\$

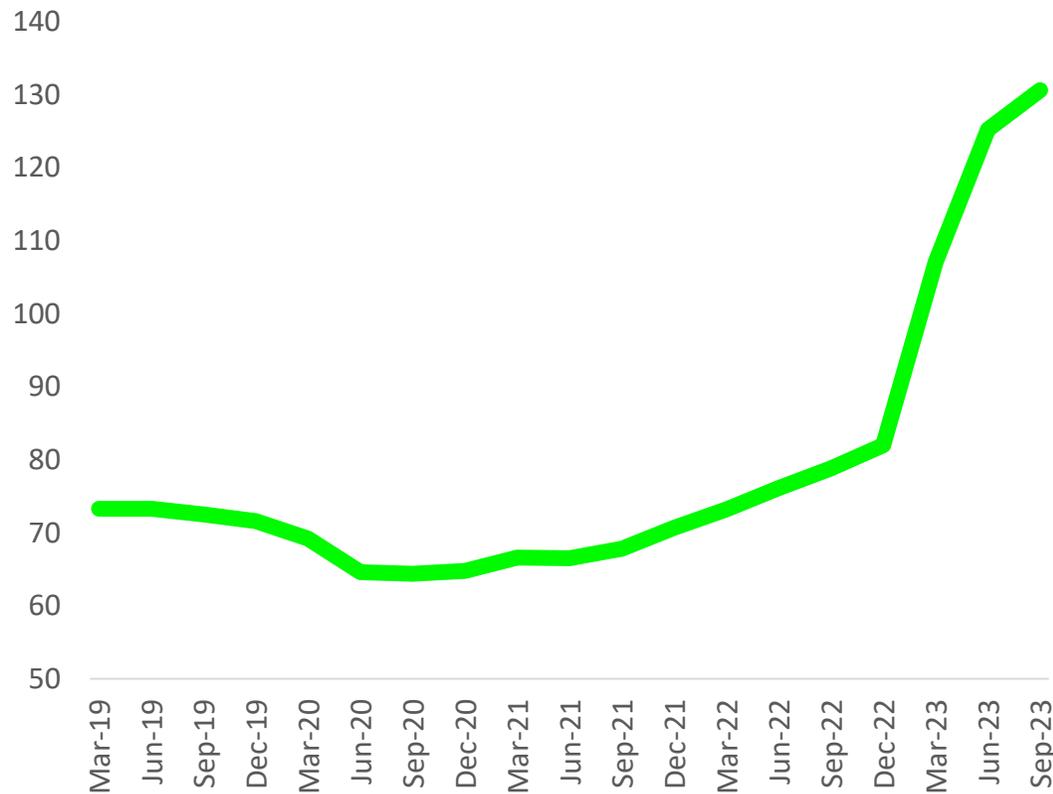


Private Residential Structures Investment 2017\$

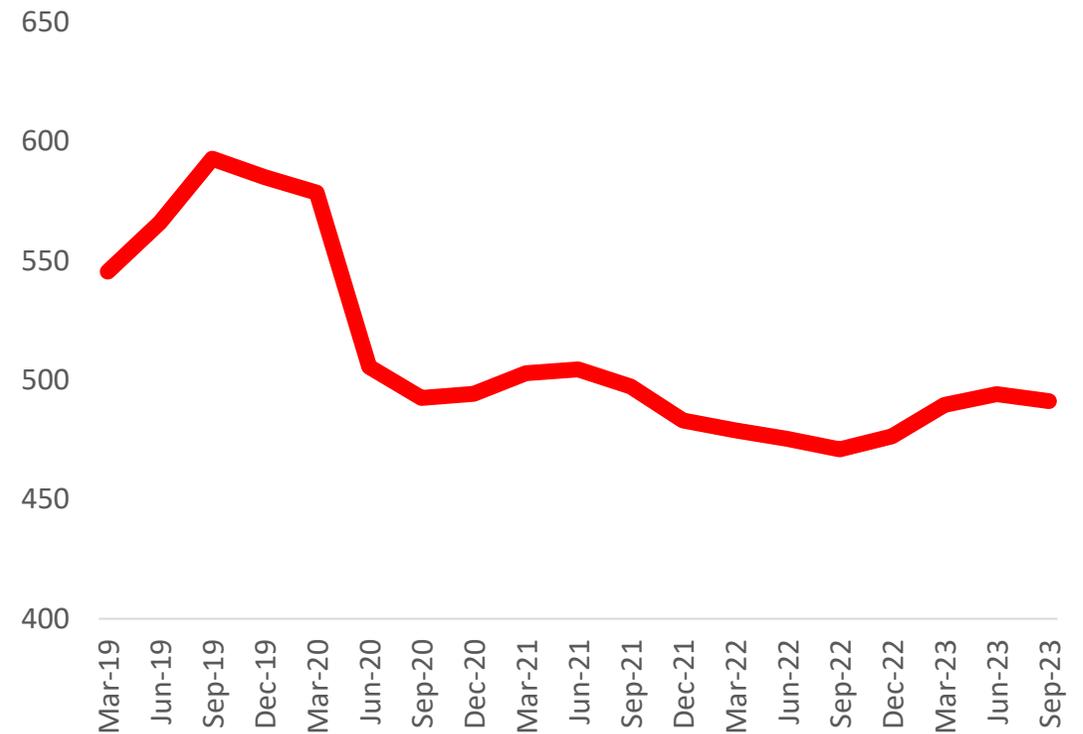


Investment in Structures Driven by Manufacturing Investment

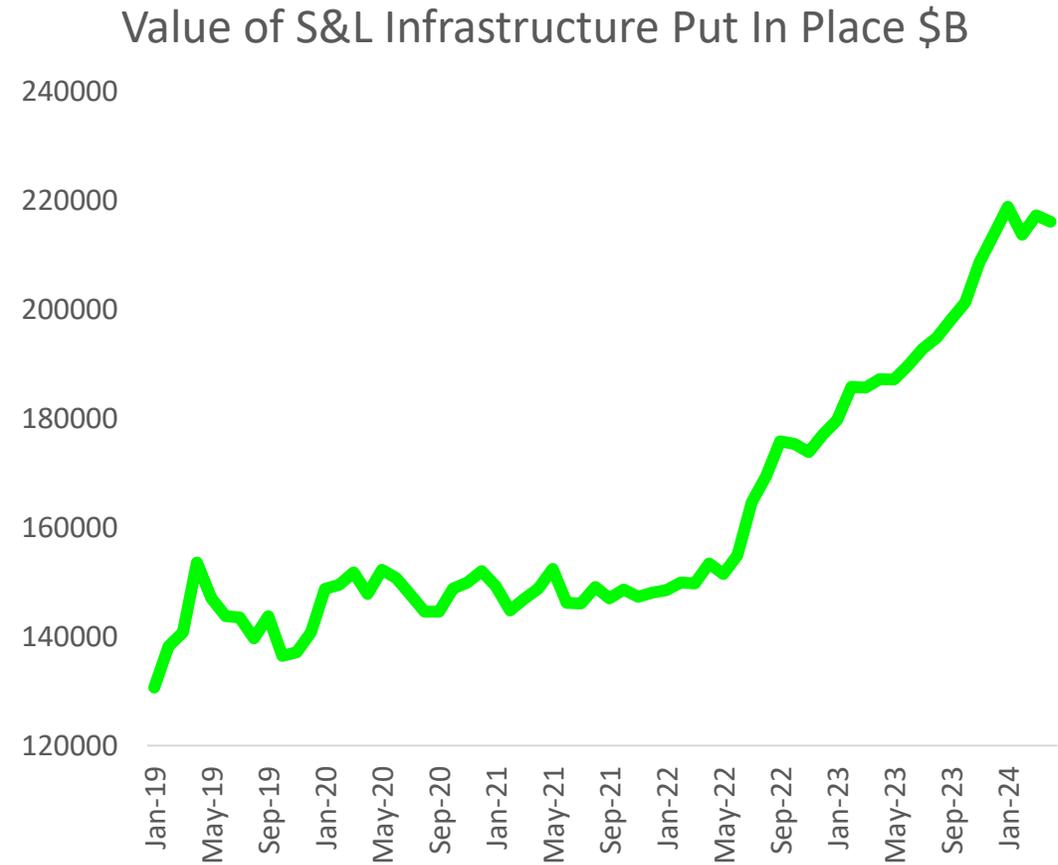
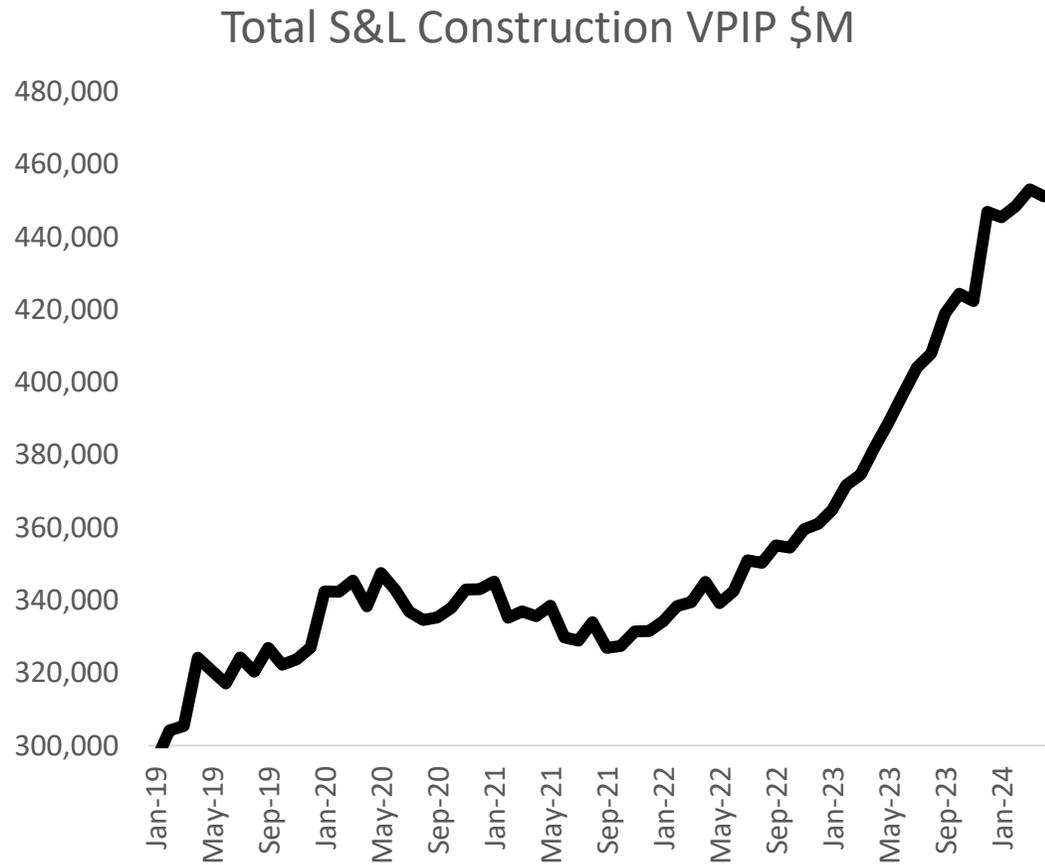
Manufacturing Structures, 2017 \$B



Nonresidential Structures Excluding Manufacturing, 2017 \$B



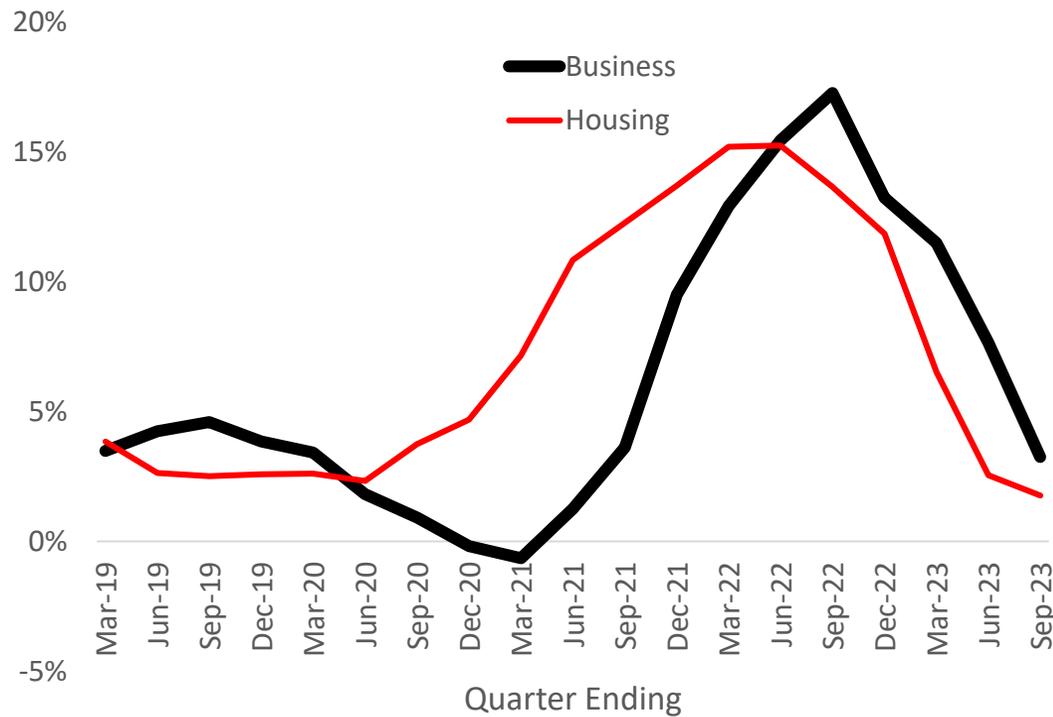
Total State & Local Government Construction Lifted by Infrastructure



Construction Costs

After the Highest Rate of Increase Since 1974, Inflation in Construction Now Below Pre-Pandemic Levels

Percent Increase (y/y) in Costs for Private Structures

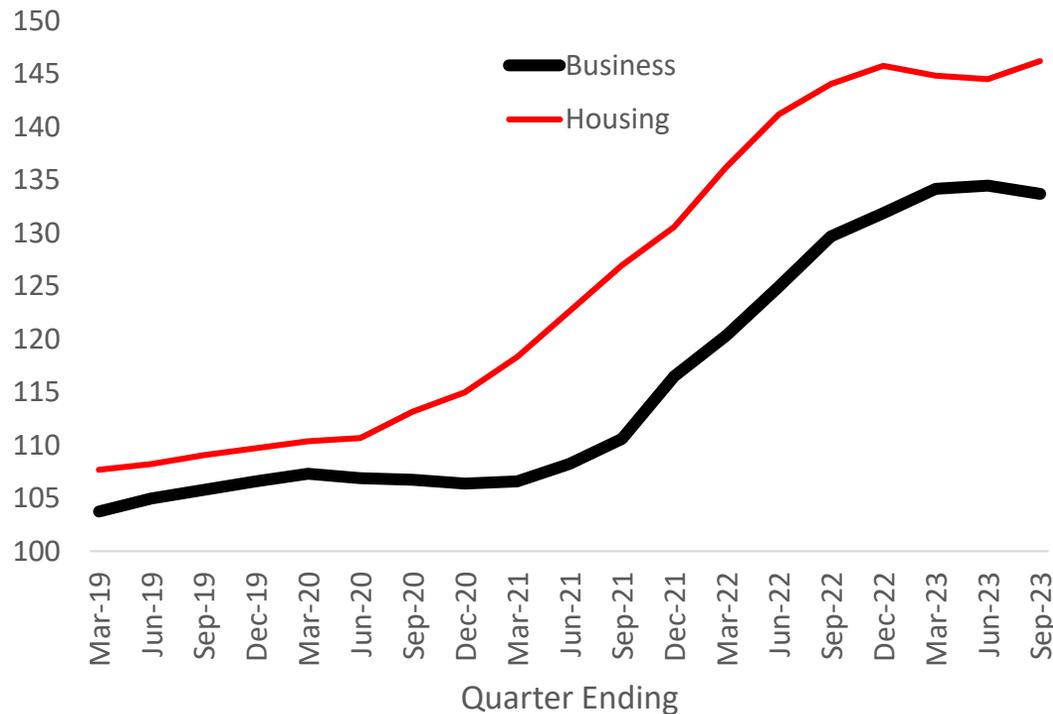


Percent Increase (y/y) in Costs for State & Local Gov't Structures

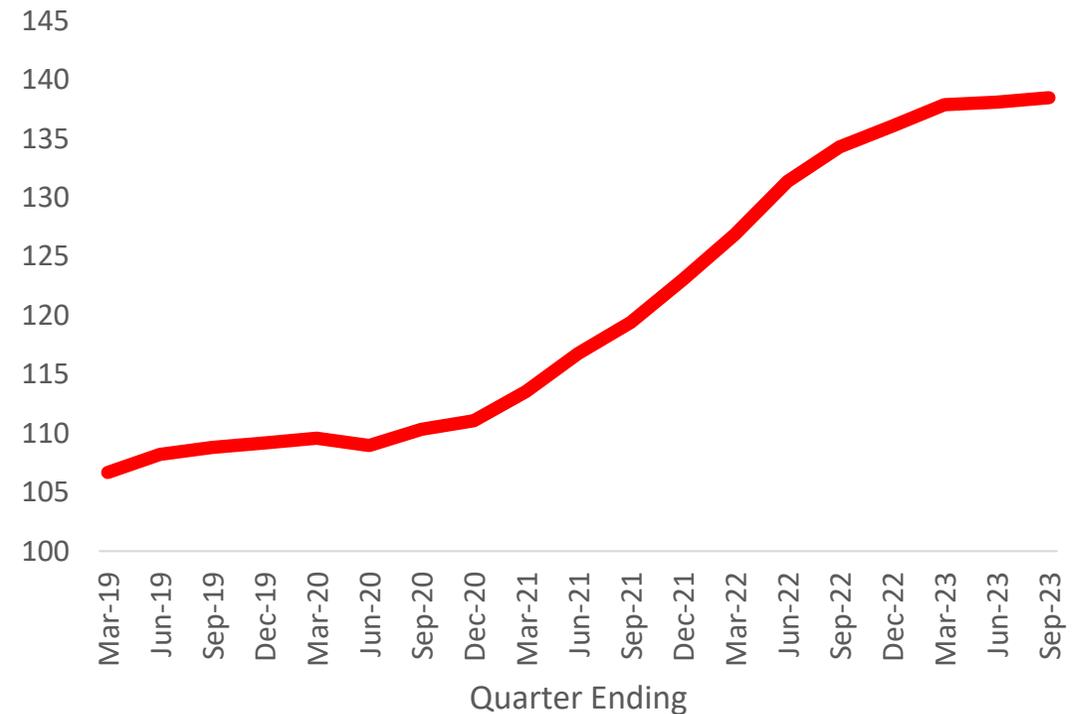


Construction Costs: Inflation Slower but Prices Remain Elevated

Construction Price Index: Private Structures



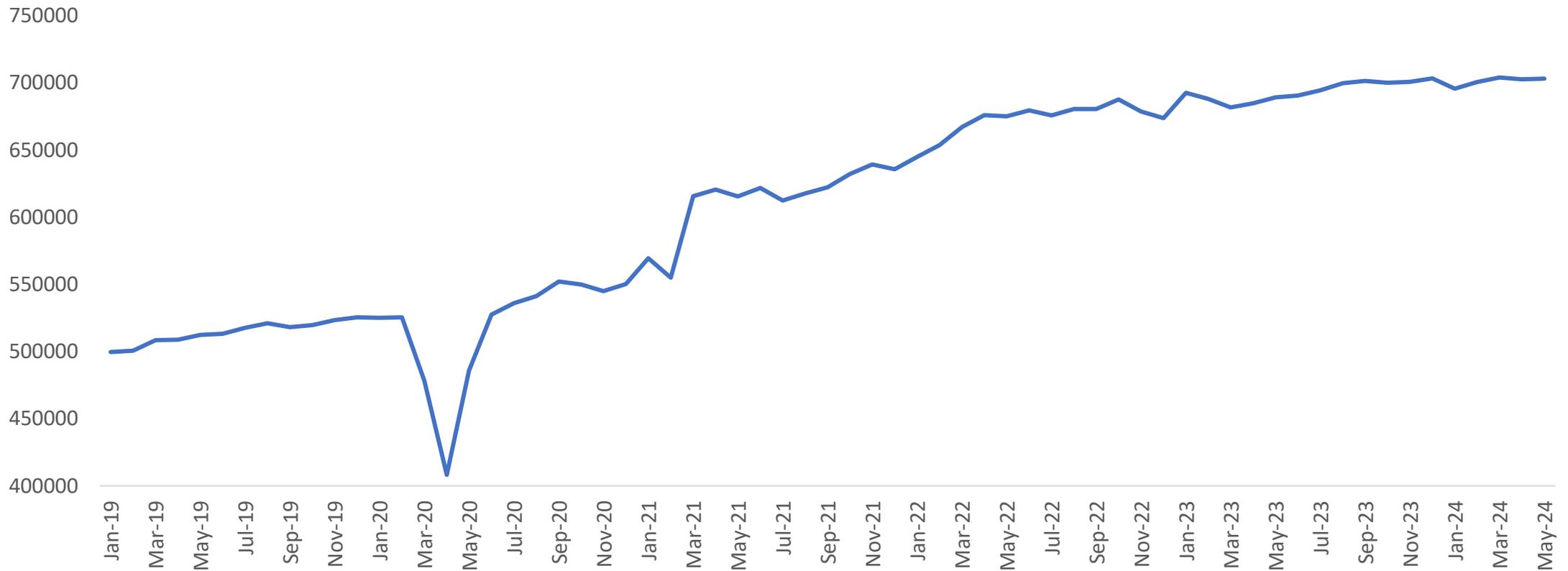
Percent Increase (y/y) in Costs for State & Local Gov't Structures



Retail Trade

U.S. May 2024 Total Retail and Food Sales Up 2.9% Over Prior Year

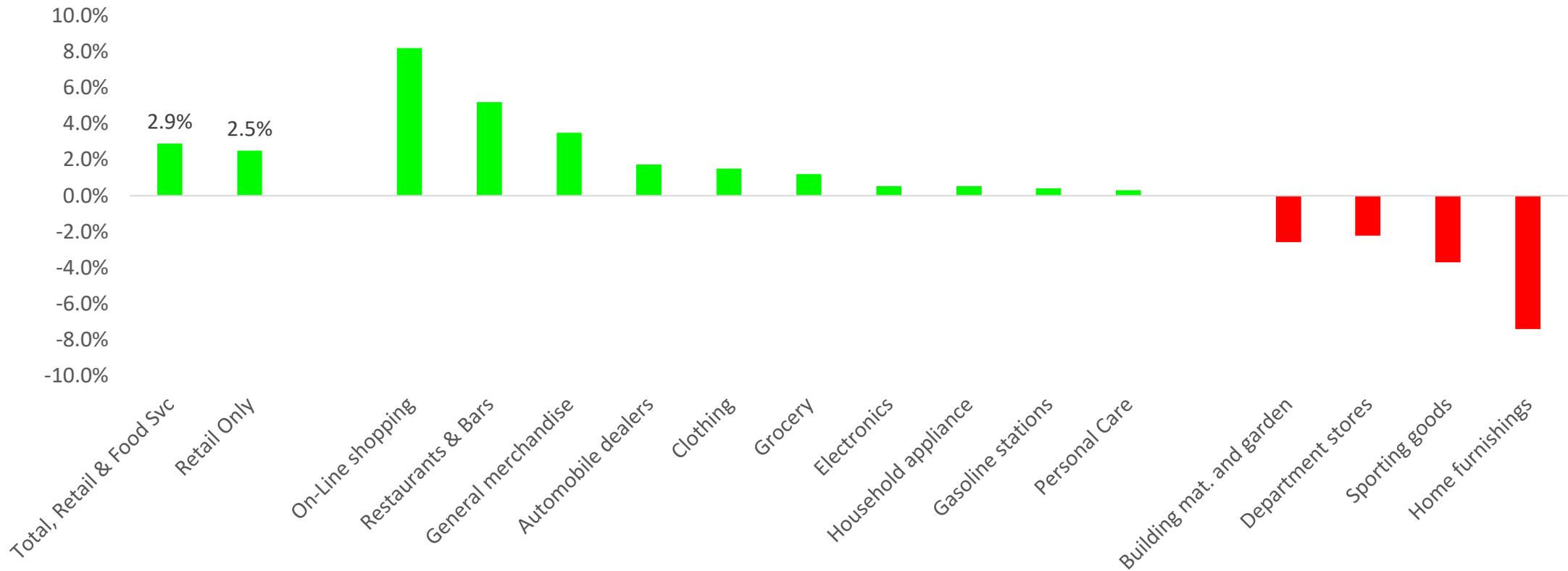
Monthly U.S. Total Retail Food Service Sales, \$M, Seasonally Adjusted



USA Retail Sales Exemplify the Industry Splits

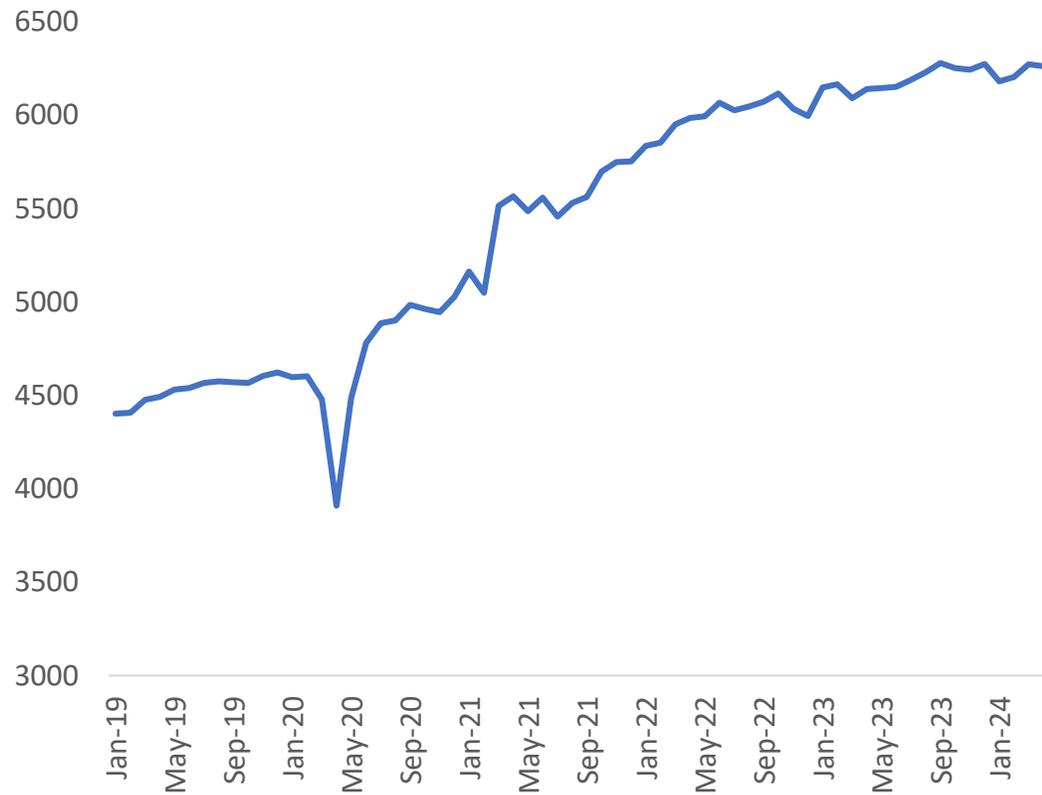
Housing Related Sales and Sporting Goods Sales Down

March to May. Retail Sales, 2024 Percent Change Over 2023

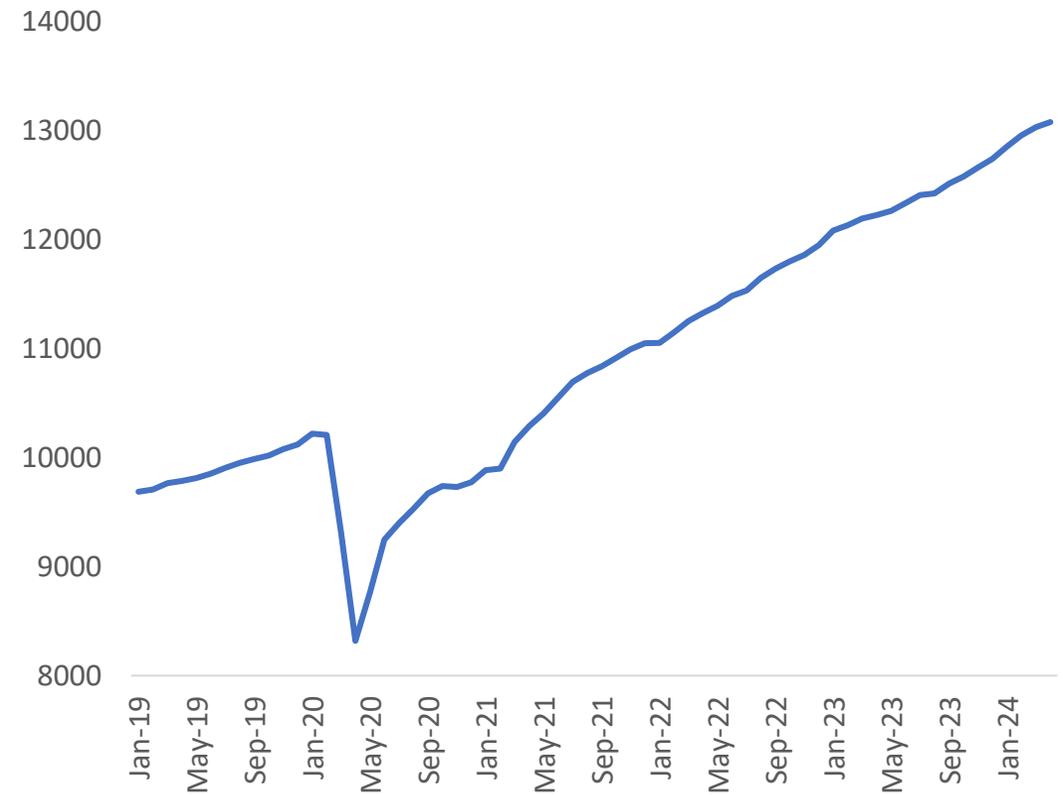


Spending on Goods Moving Sideways Spending on Services Still Rising

U.S. Consumption Spending on Goods \$B

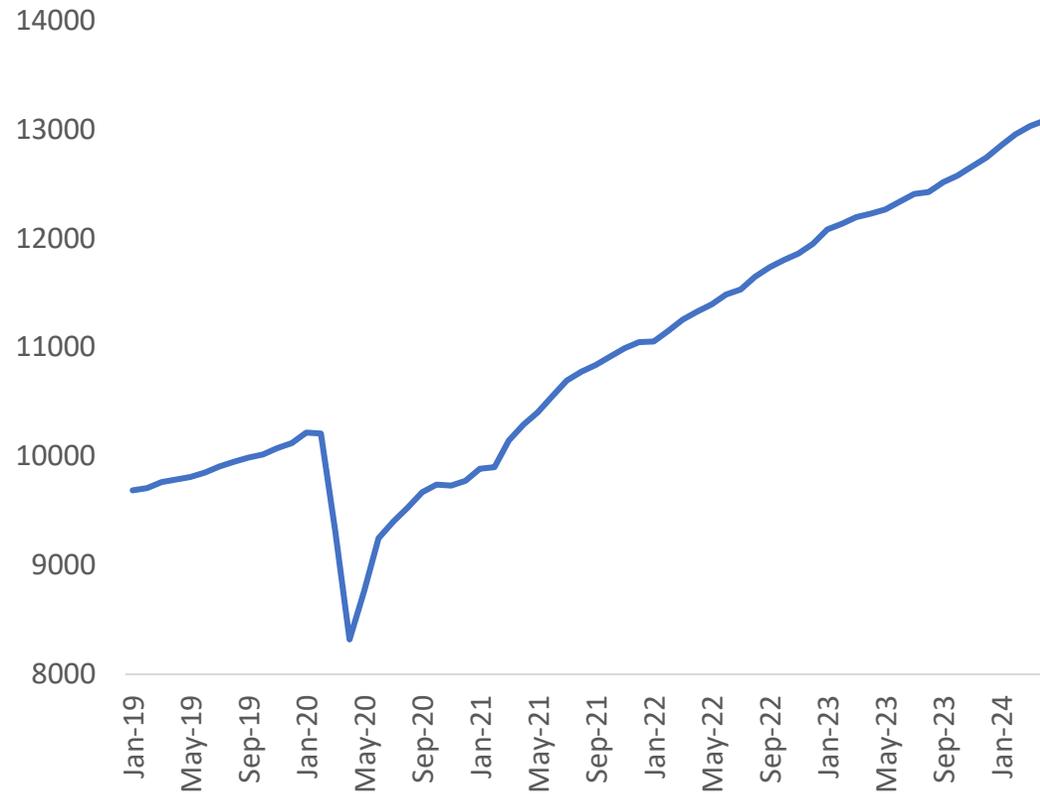


U.S. Consumption of Services \$B

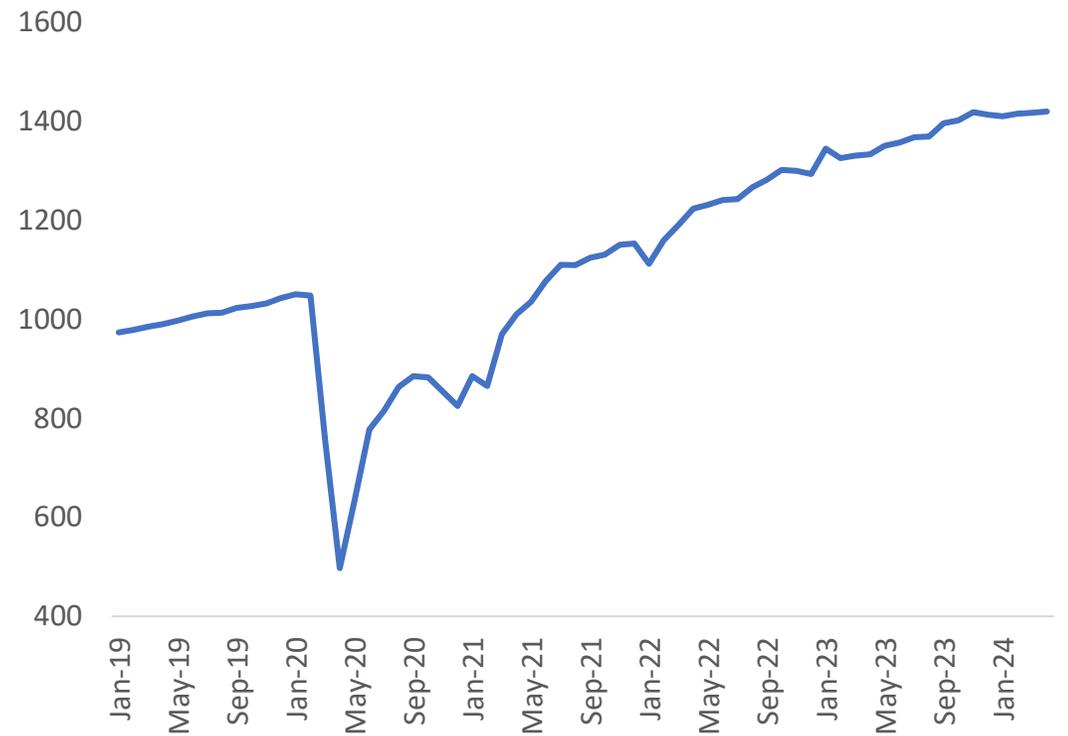


Within Services, Spending on Accommodations and Food Moving Sideways

U.S. Consumption of Services \$B

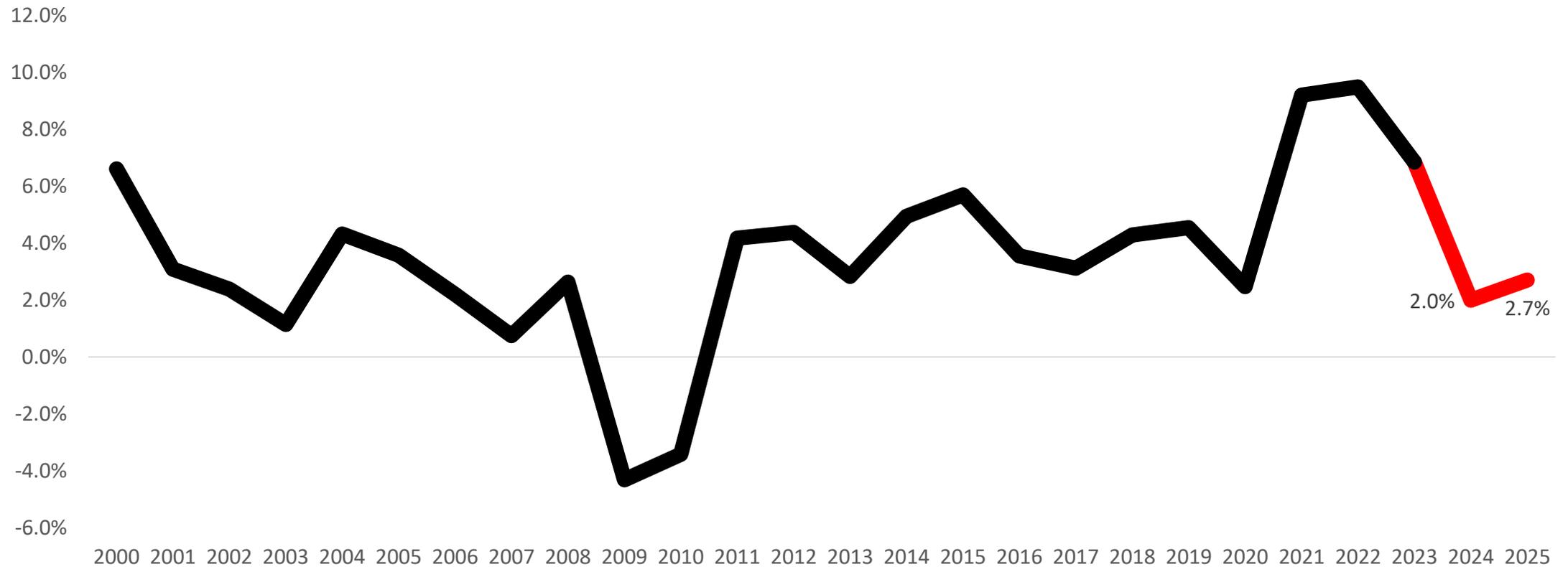


U.S Spending on Accommodations & Food Services \$B



For Wisconsin, FY21, FY22, and FY23 Experienced the Strongest 3-Year Sales Tax Growth in Over 40 Years

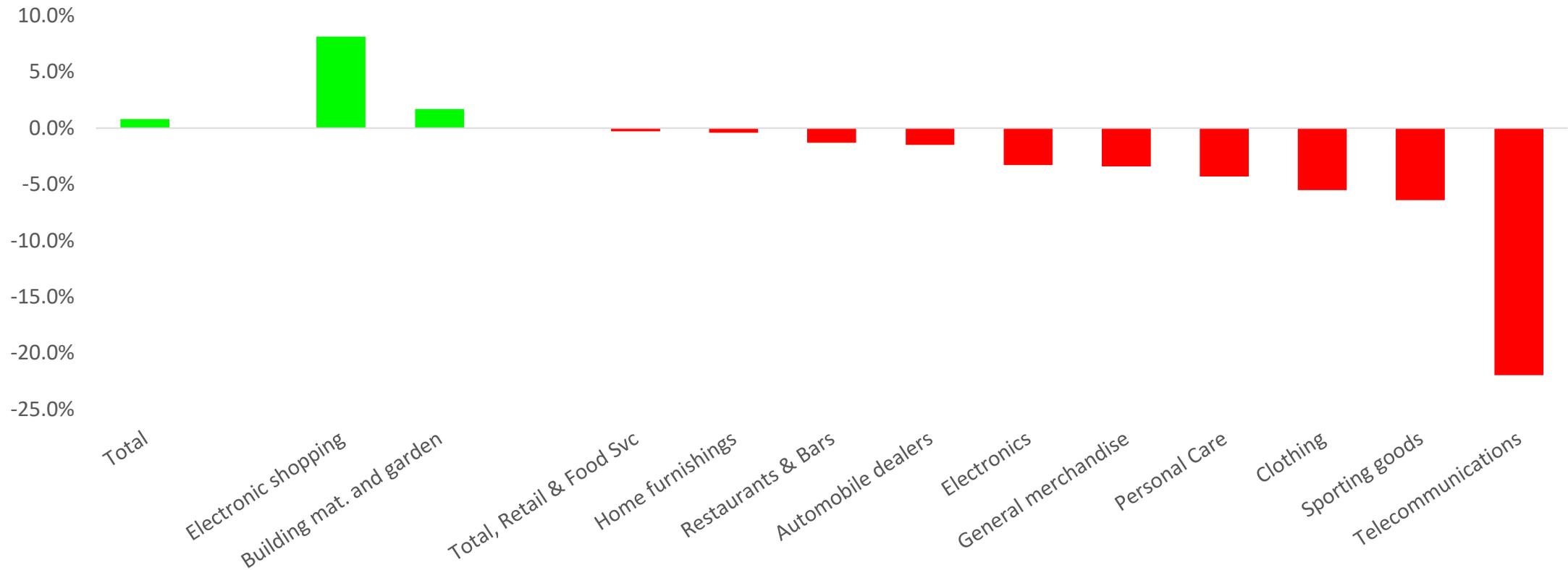
Growth in WI Sales Tax Collections, Pct Change Over Prior Year



Wisconsin Retail Sales Industry Splits

Gains in Remote Sales and Building Materials

April 2024 CYTD Sales Tax Collections by Industry, Percent Change Over Prior Year



Wisconsin Economy

Key Features of the Wisconsin Economy

Hard Working

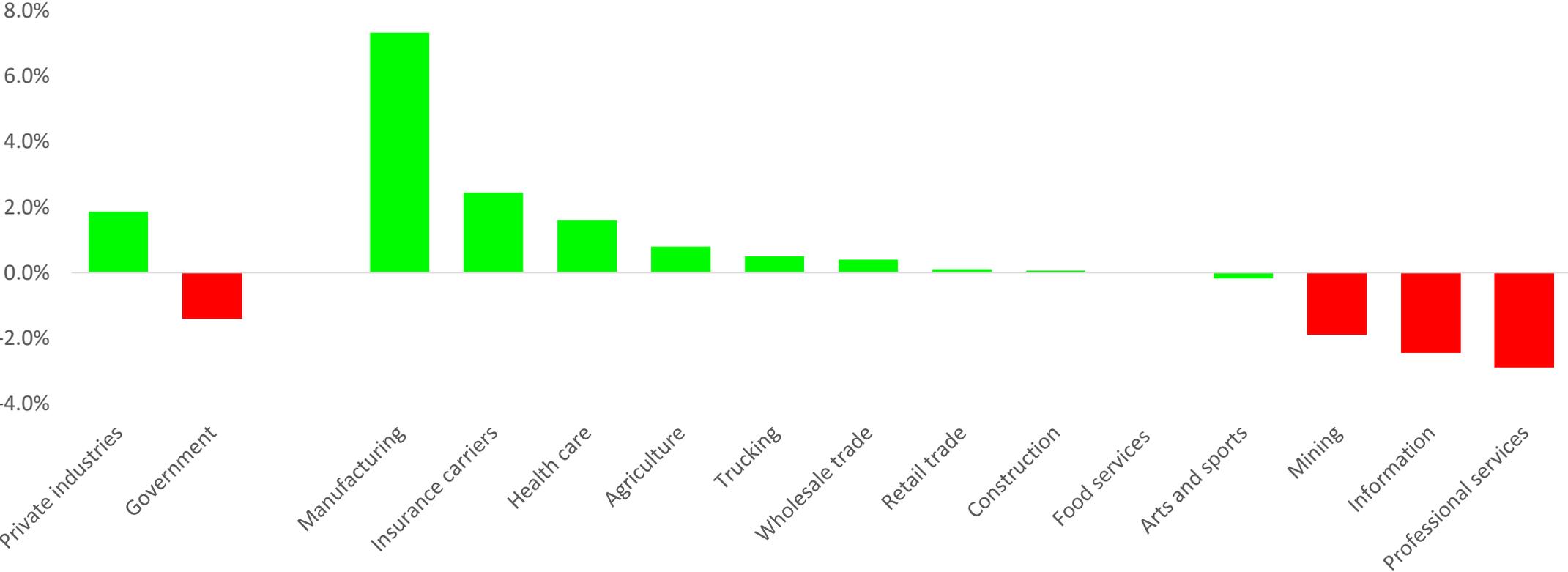
Middle Class

Solid Standard of Living

What We Do

Wisconsin More Intensive than the US in Manufacturing, Insurance, Health Care, Agriculture, Trucking and Trade

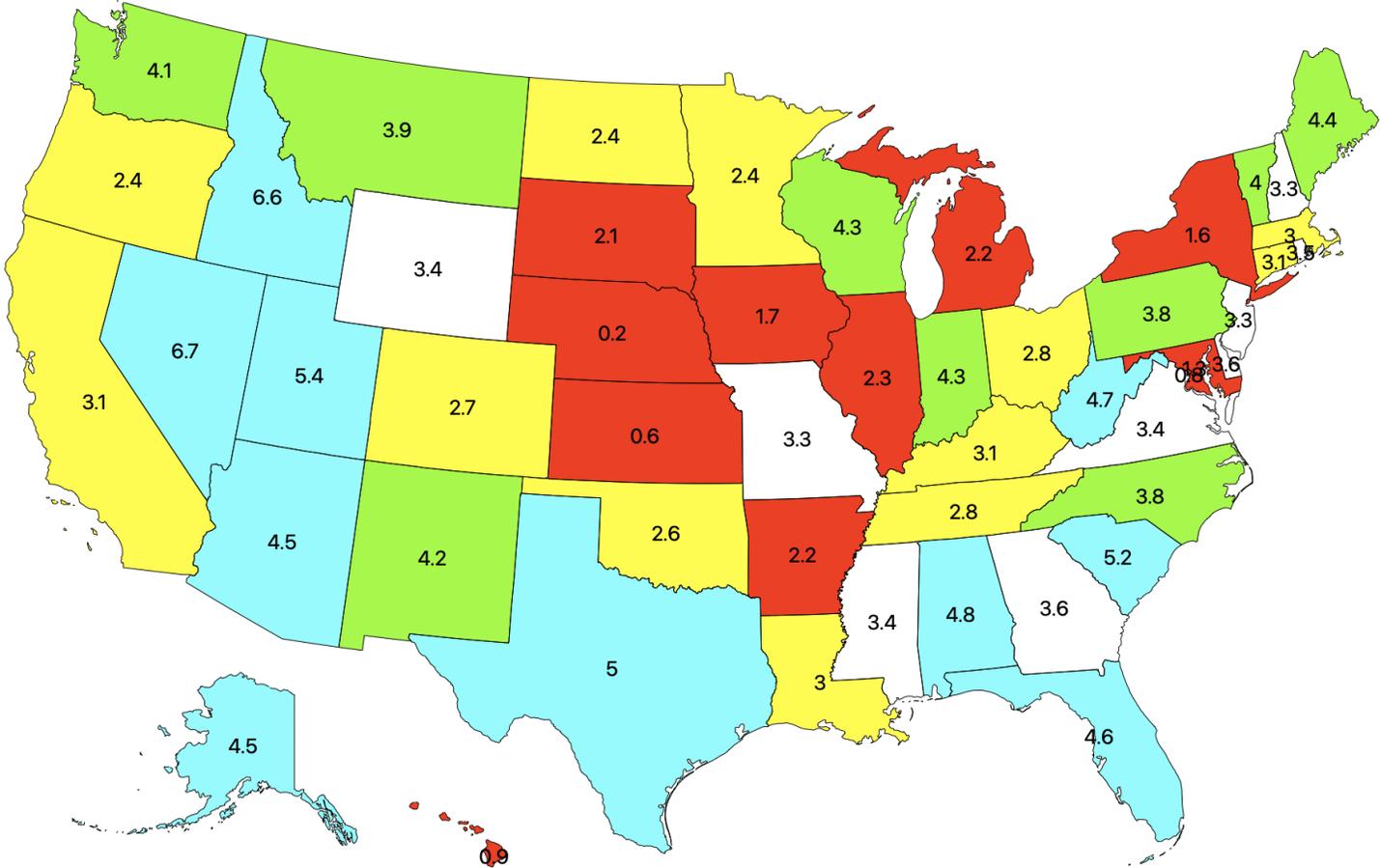
Wisconsin GDP Share by Industry Less US GDP Share by Industry



Percent Change At Annual Rates in Real GDP
2023 Q4 Over 2023 Q3

Wisconsin
Real GDP
Up +4.3%
2023 Q4

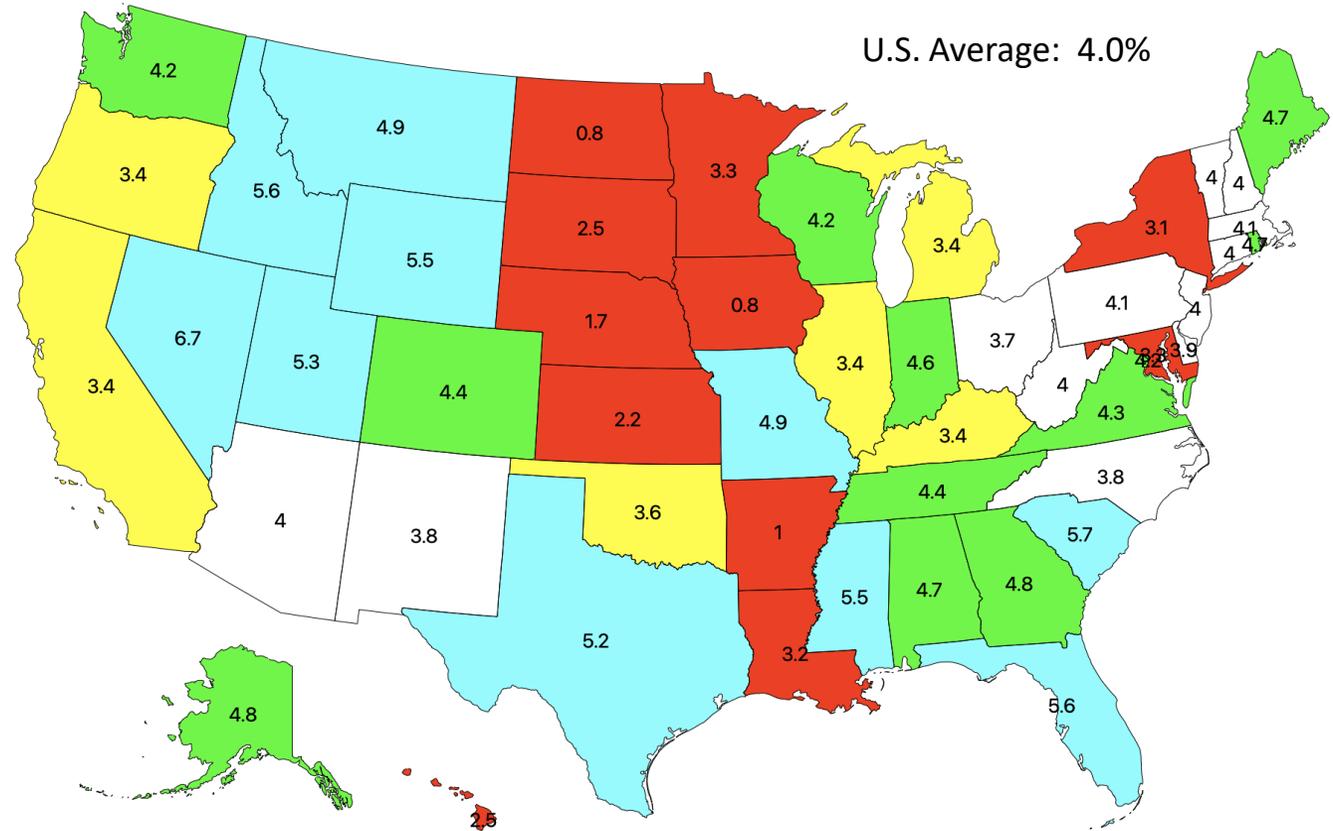
U.S. Average: 3.4%



Source: U.S. Bureau of Economic Analysis, Regional Accounts, March 29, 2024

Wisconsin
Personal
Income
Up +4.2%
2023 Q4

Percent Change At Annual Rates in Real GDP
2023 Q4 Over 2023 Q3

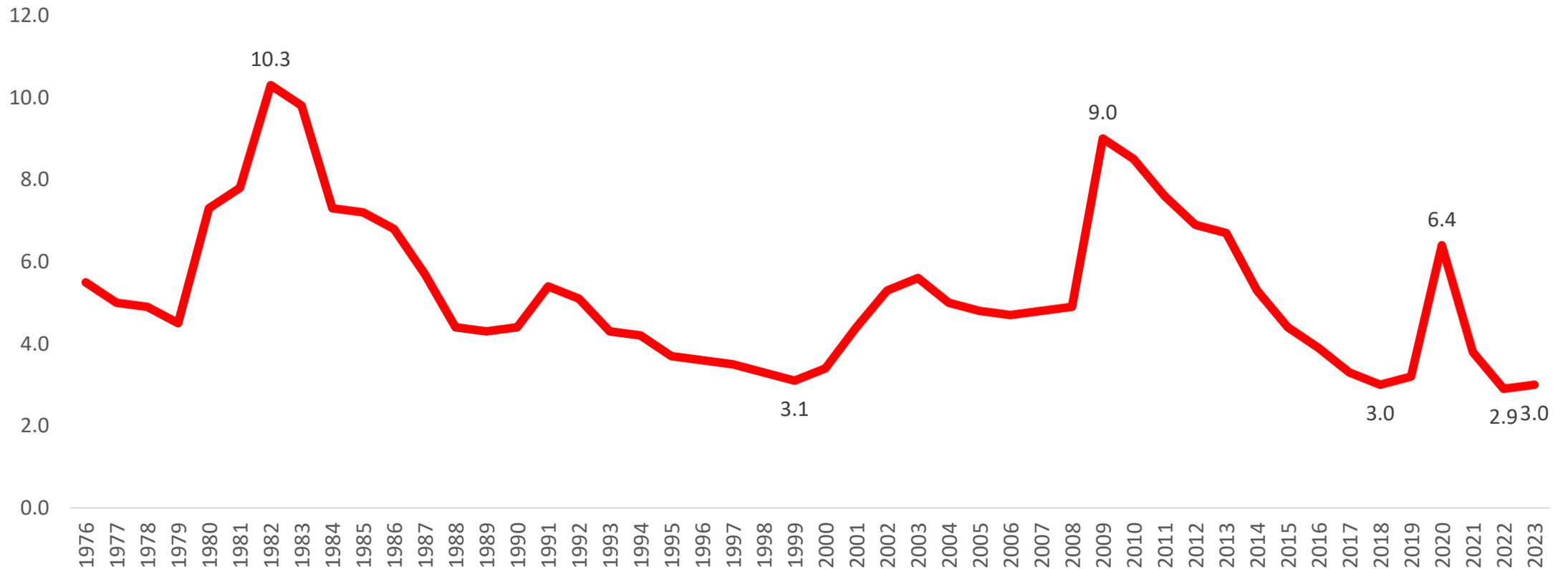


Source: U.S. Bureau of Economic Analysis, Regional Accounts, March 29, 2024

Labor Markets

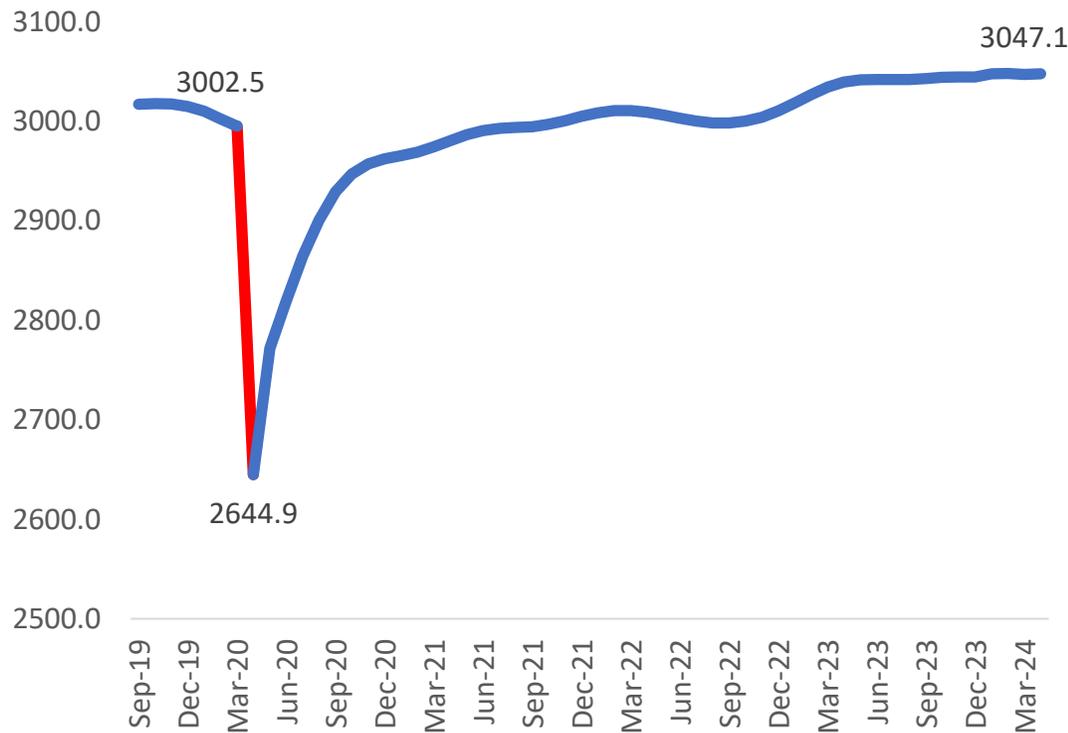
In 2023, Wisconsin Unemployment Rate Still Near Record Low

Wisconsin Unemployment Rate, Annual Average

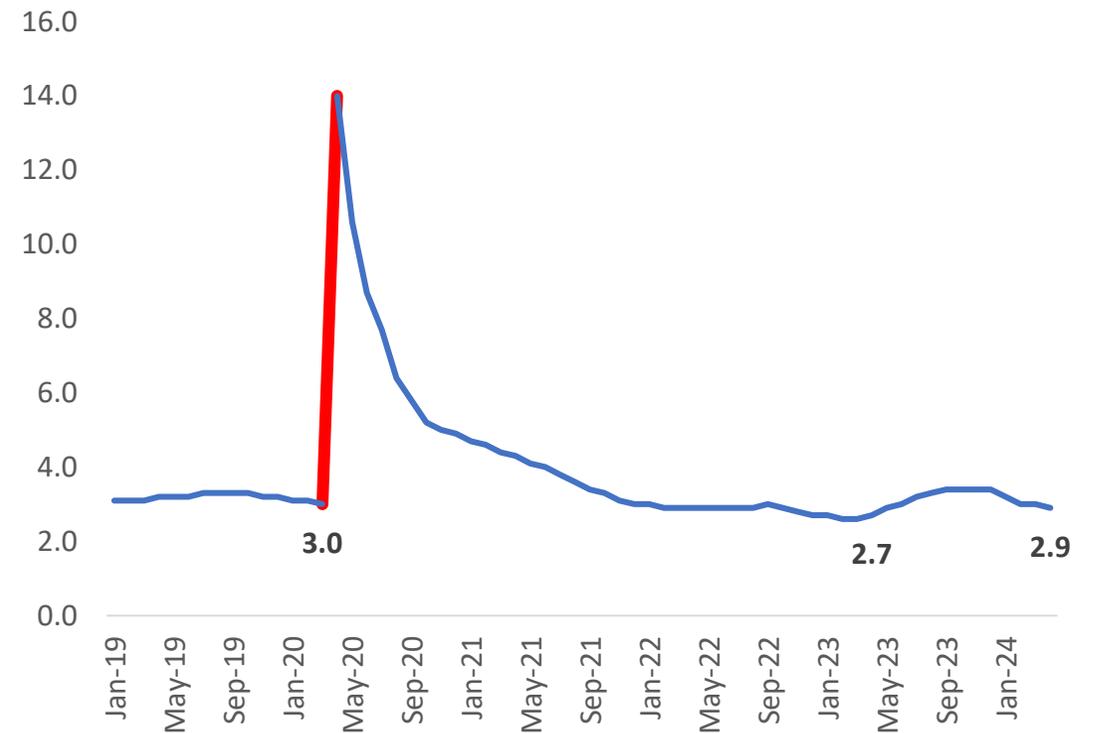


By Household Survey,
 Unemployment Rate Still Near Record Lows
 April 2024 Employment Up 8,400 Over April 2023

Wisconsin Employment, Household Survey in Thousands



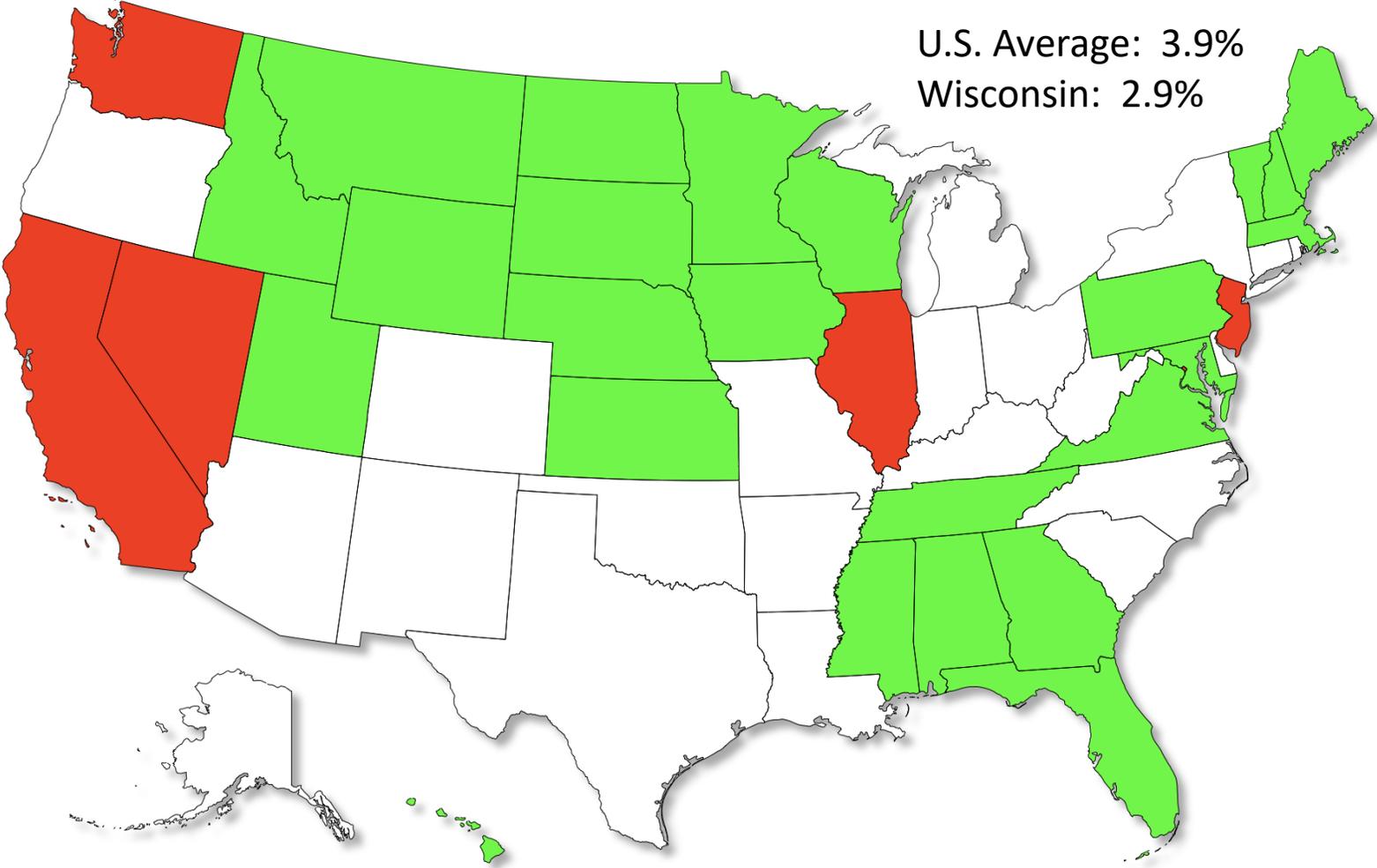
Wisconsin Unemployment Rate Percent of Labor Force Unemployed



Source: U.S. Bureau of, Local Area Unemployment Statistics
 Last Month Plotted: April 2024

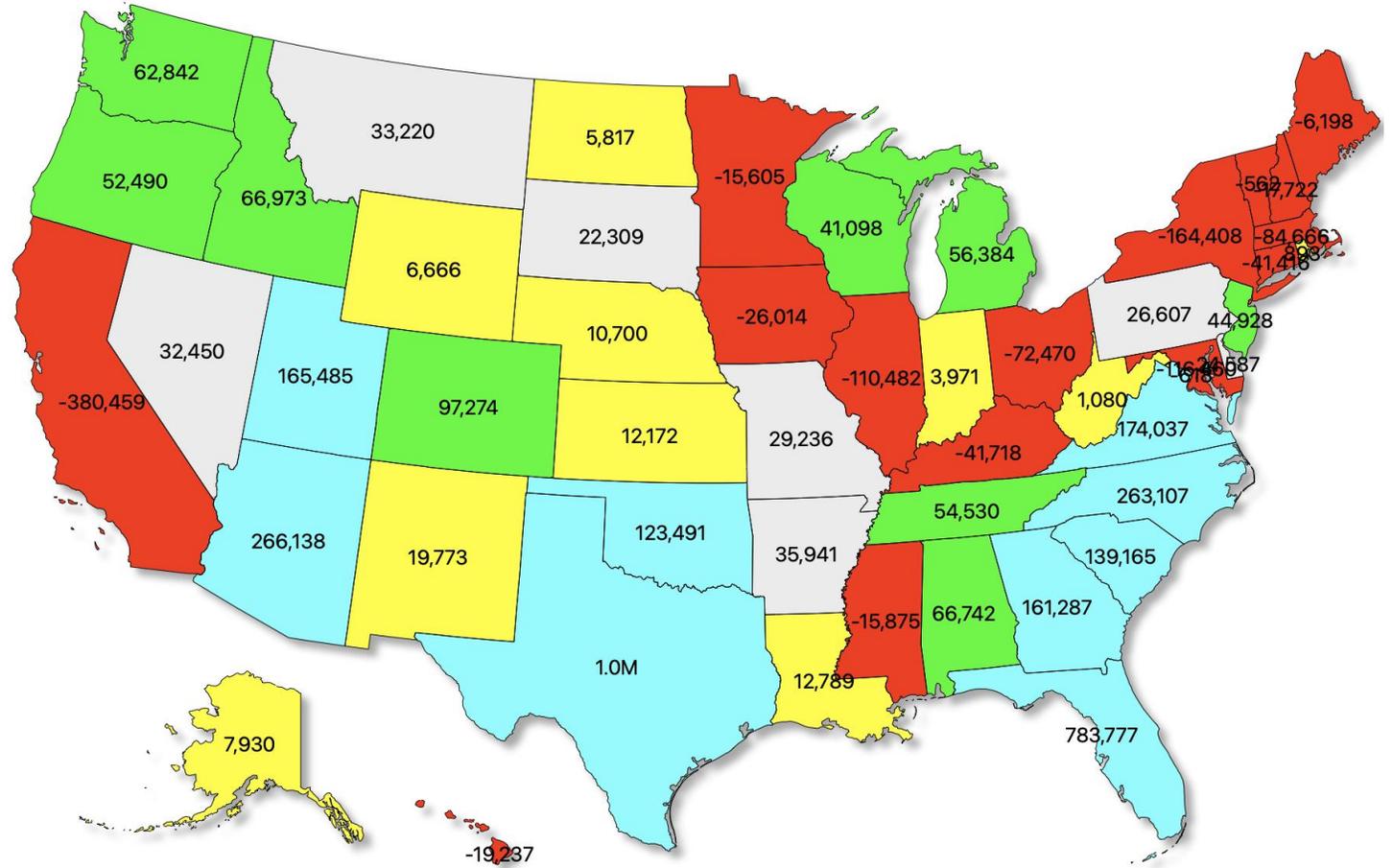
April 2024 Unemployment Rates

Wisconsin Among States with an Unemployment Rate Significantly Below U.S. Average



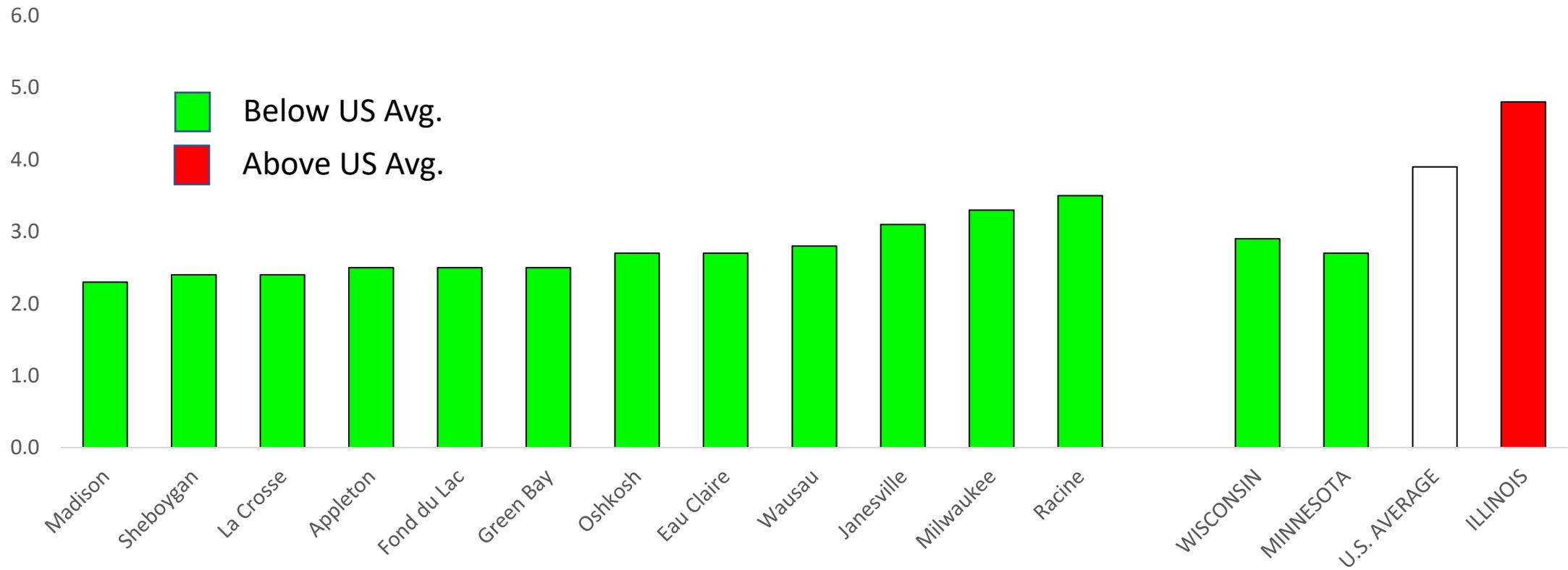
Multiple States Behind Pre-Pandemic Employment Levels

Change in Employment, Household Series, Dec. 2023 Less Jan. 2020



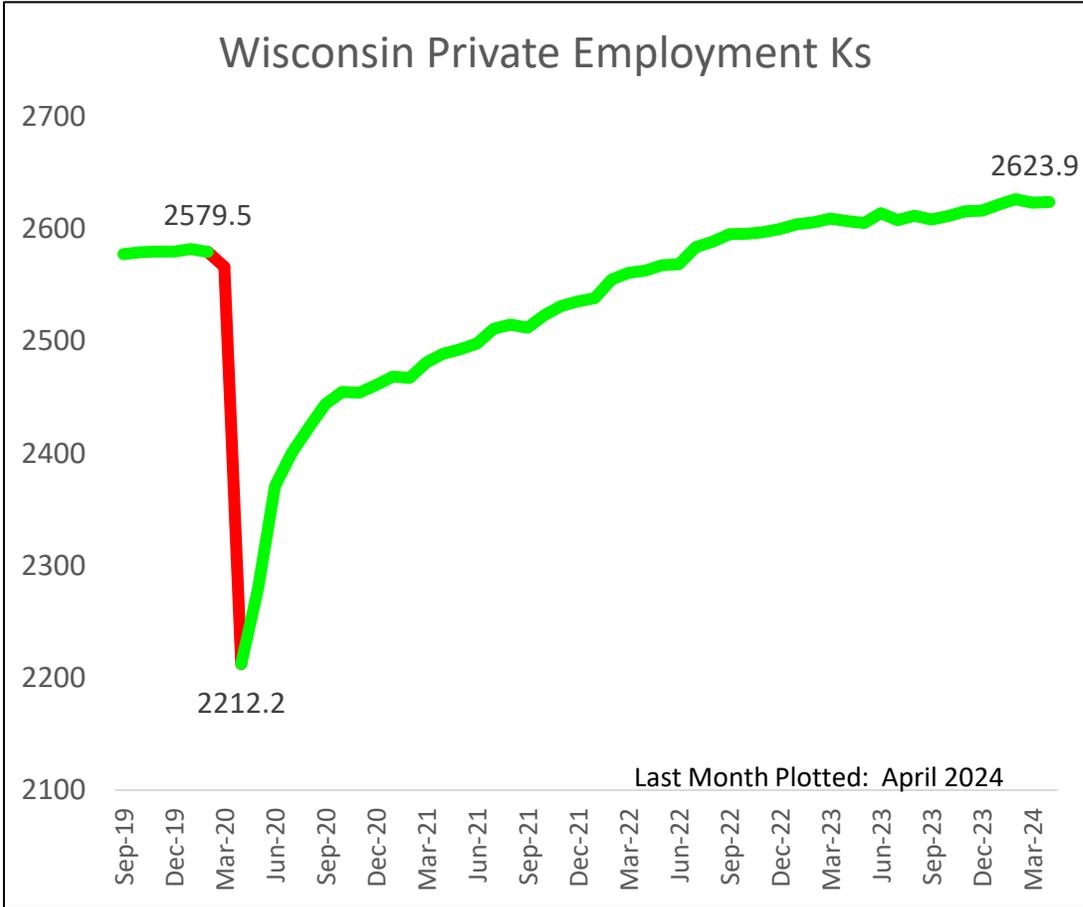
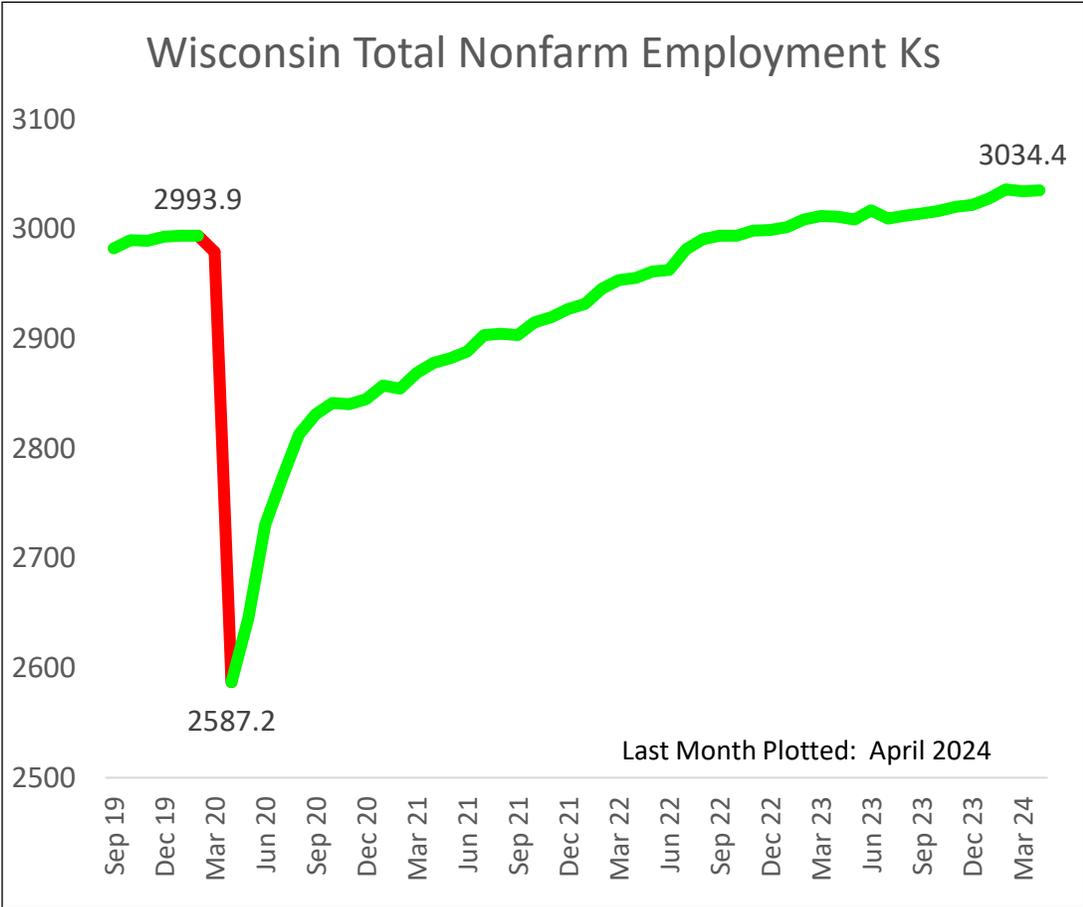
Every WI MSA Unemployment Rate Below U.S. Average 9 of 12 Below 3%

April 2024 Unemployment Rate, Seasonally Adjusted



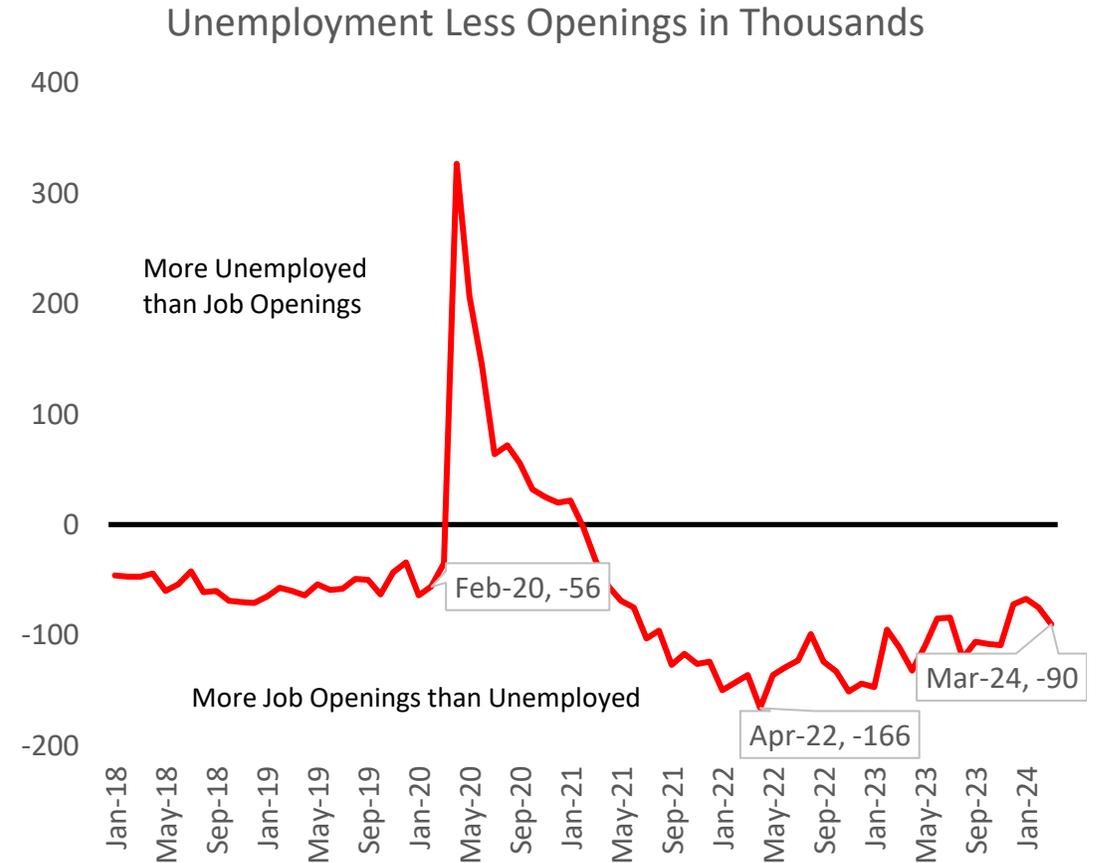
Wisconsin Employment

April 2024 Up 24,000 Over April 2023



Source: U.S. Bureau of Labor Statistics, Data Retrieved May 20, 2024

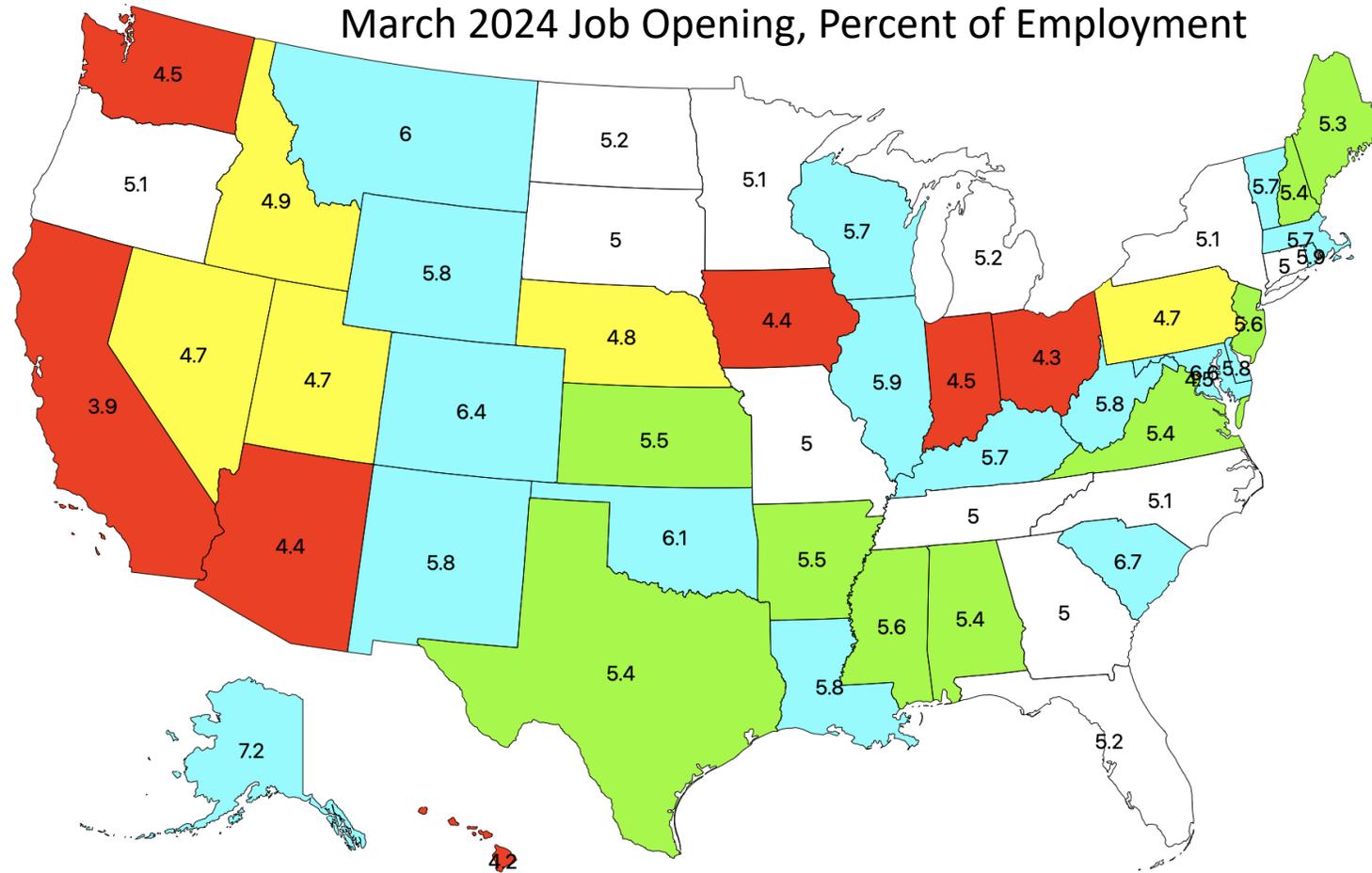
Wisconsin Job Openings: Labor Shortage Gradually Easing



Last Month Plotted, March 2024

Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey and Local Area Unemployment Statistics

Wisconsin's Job Opening Rate Above U.S. Average



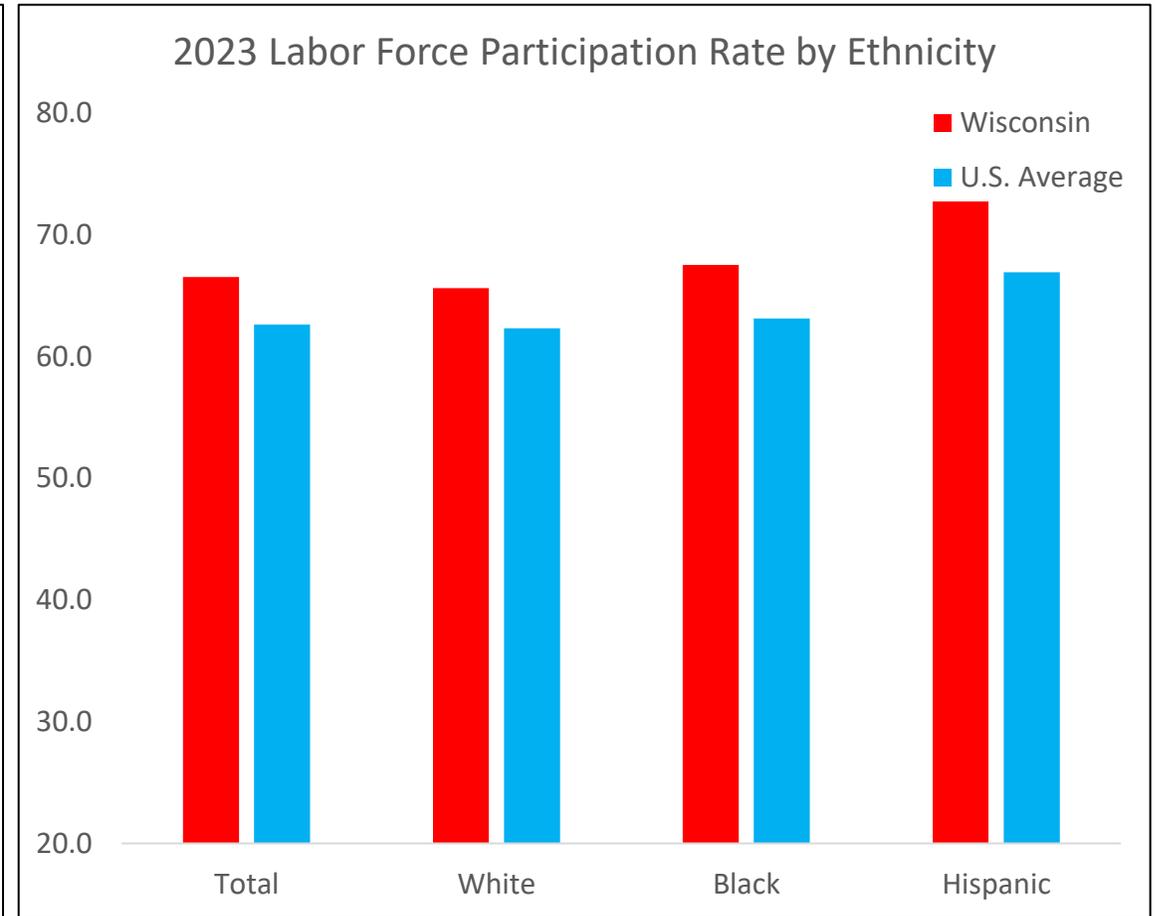
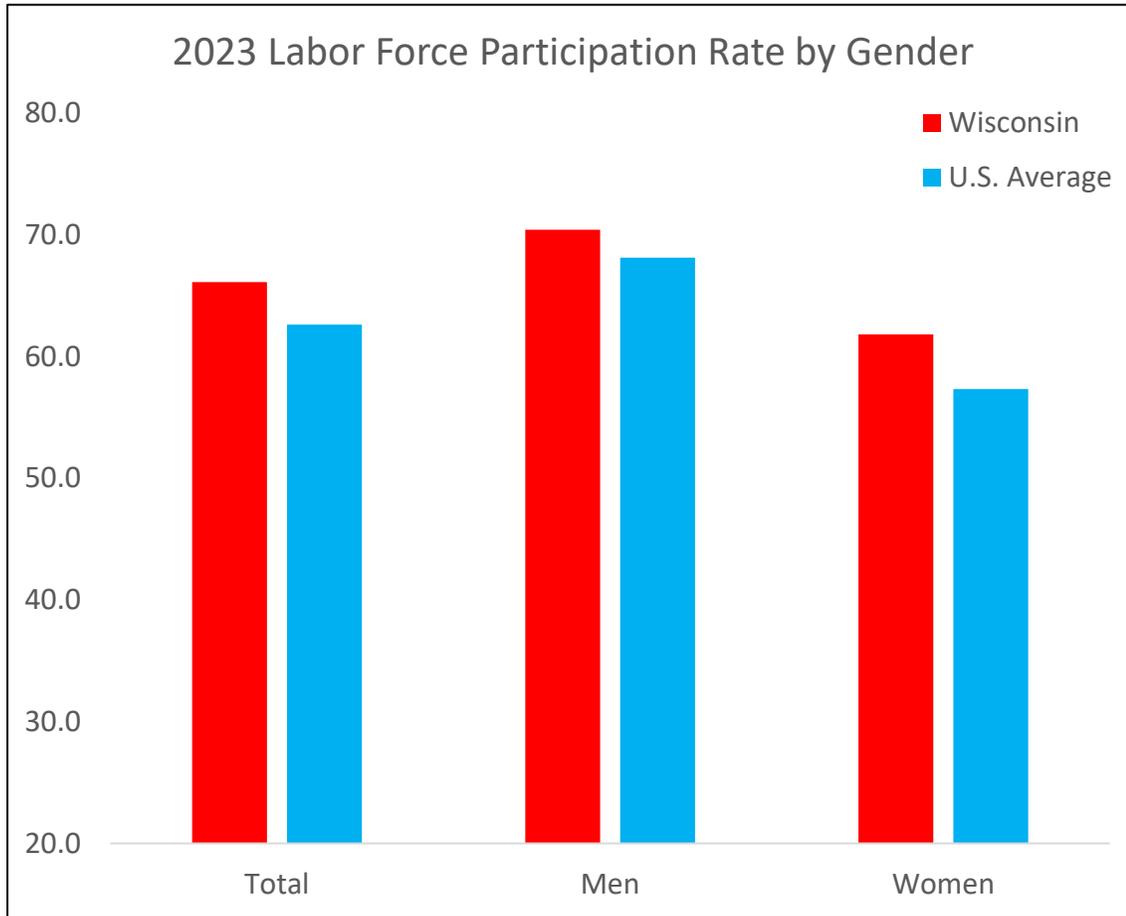
Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey and Local Area Unemployment Statistics

Labor Force

Wisconsin More Engaged in the Workforce than the U.S. as a whole

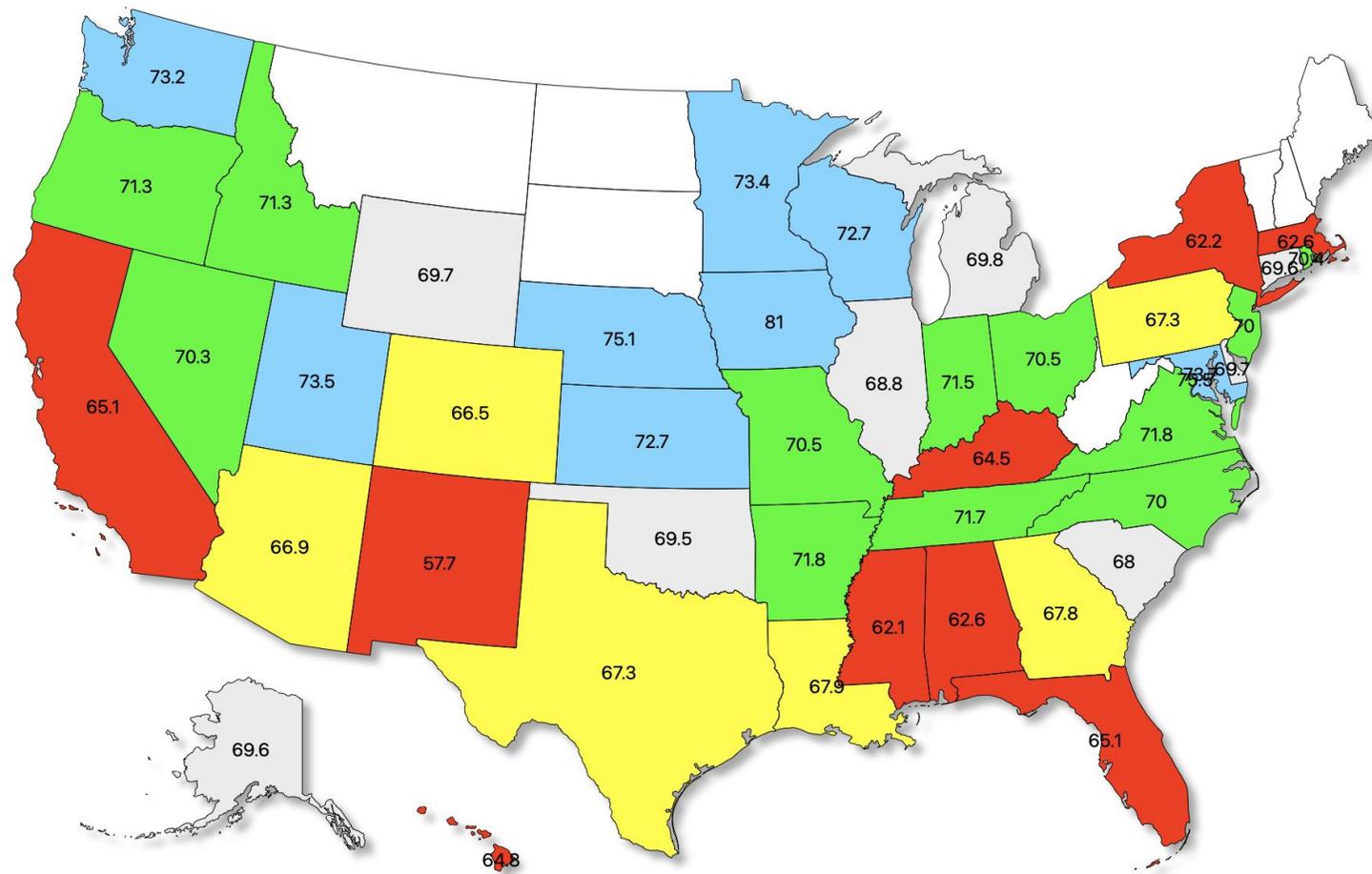
Updates from 2023 Current Population Survey

Wisconsin Workers More Engaged than the U.S. Average by Gender or Ethnicity

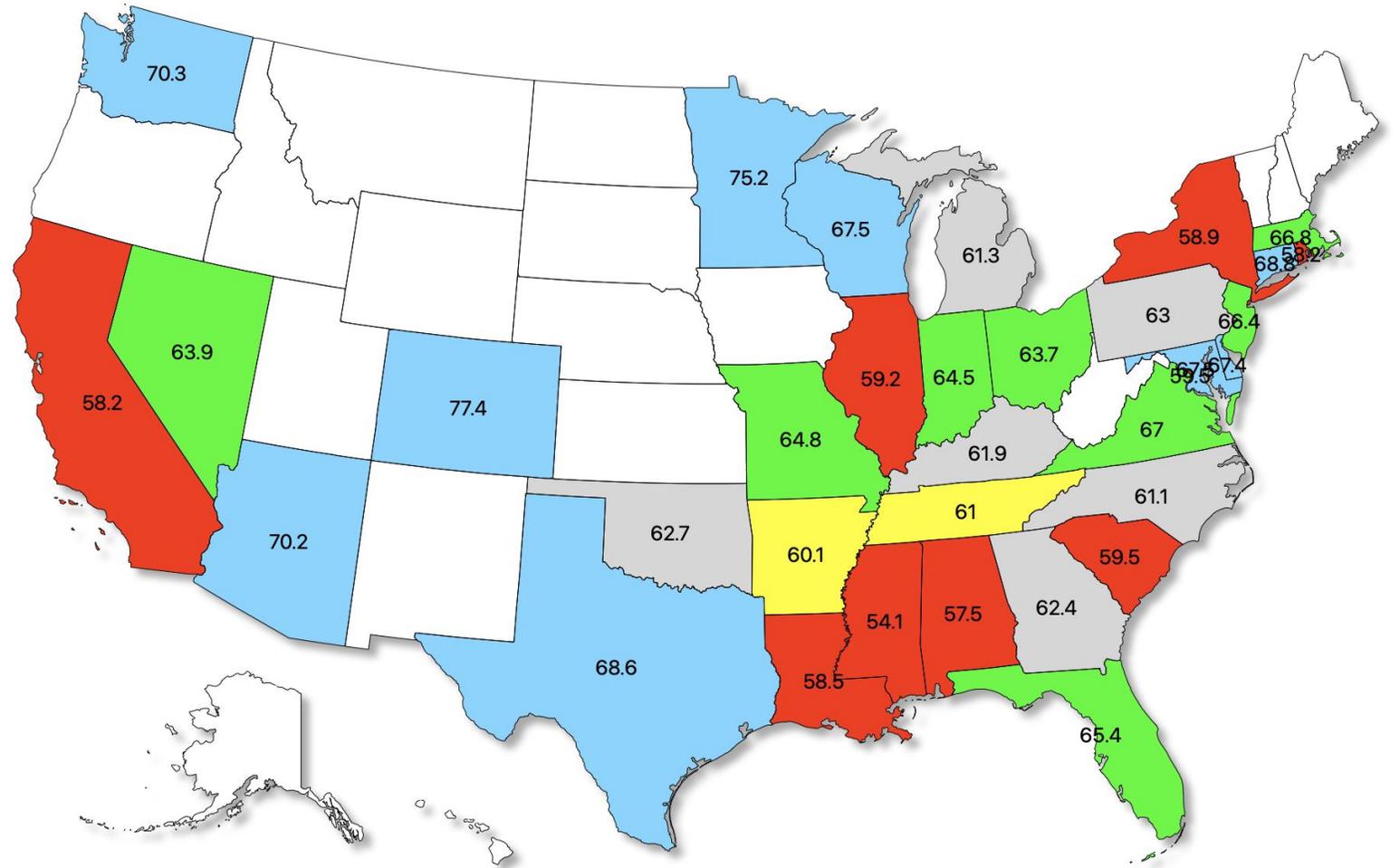


Source: U.S. Bureau of Labor Statistics

Wisconsin Ranks 8th in Hispanic Labor Force Participation

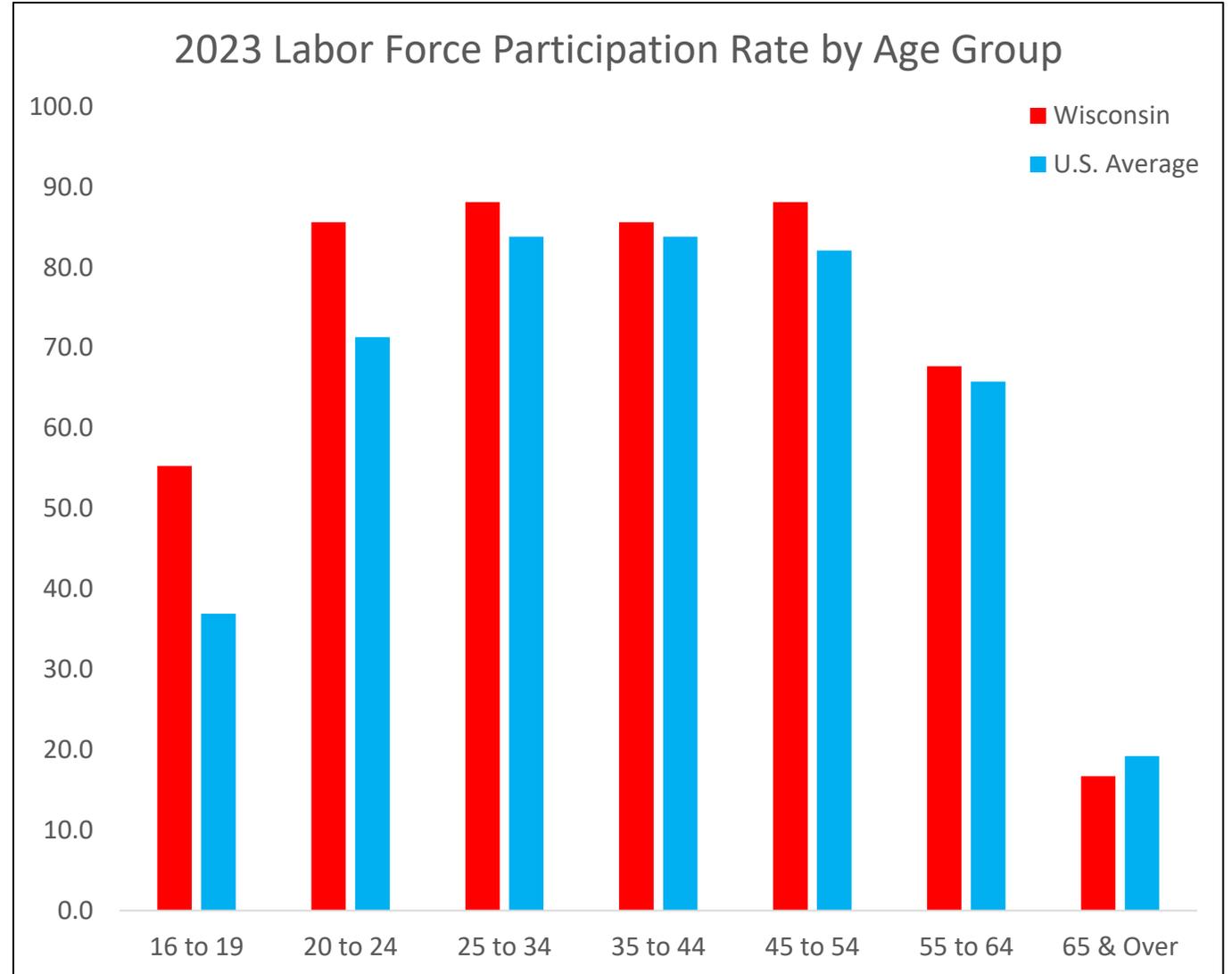


Wisconsin Ranks 7th in Black Labor Force Participation



Wisconsin
Workers
More
Engaged than
the U.S. for
Nearly Every
Age Group

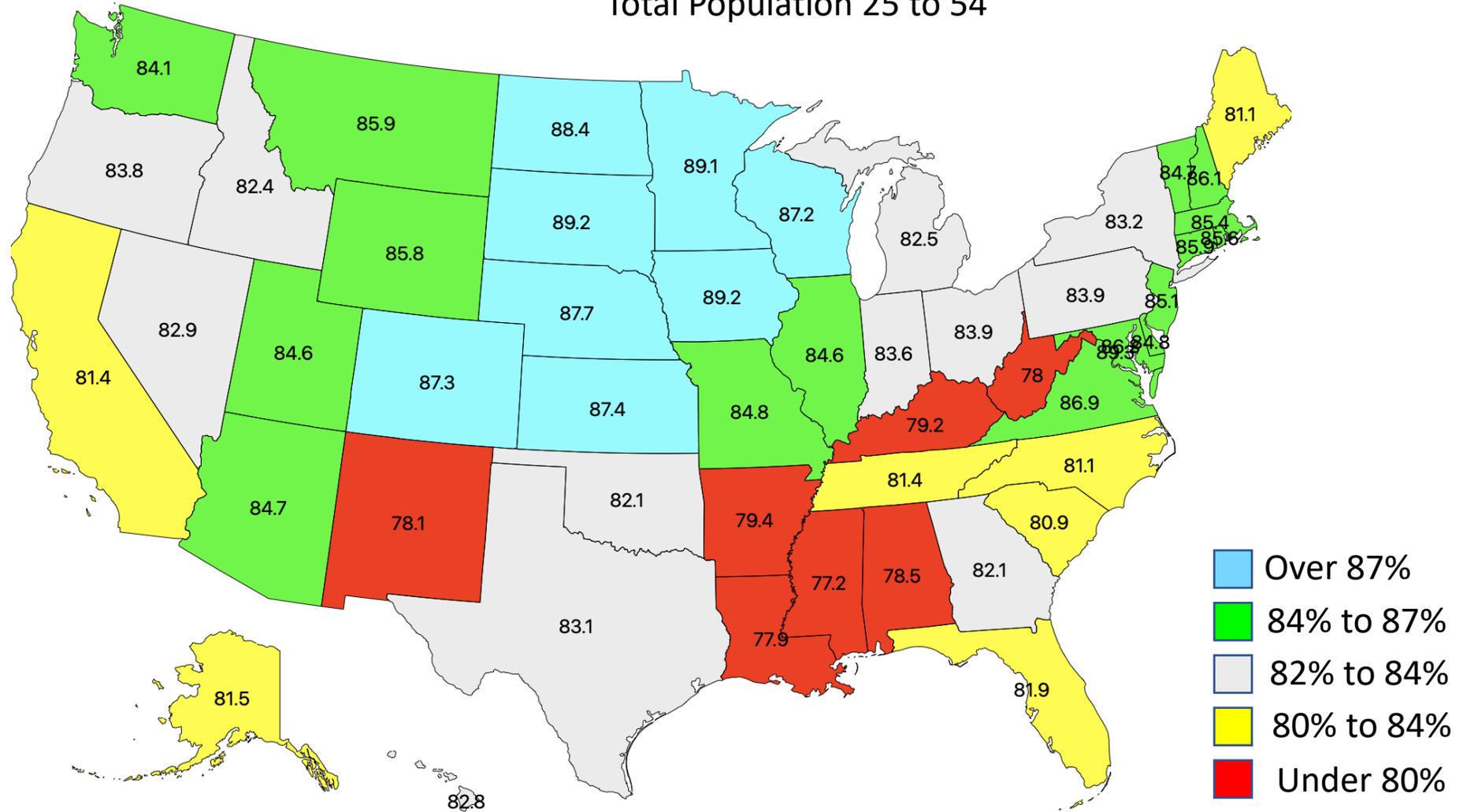
Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024



For Prime Working Age Population, Wisconsin has the 8th Highest Labor Force Participation Rate

U.S. Average 83.3%

2023 Annual Average Labor Force Participation Rate Total Population 25 to 54

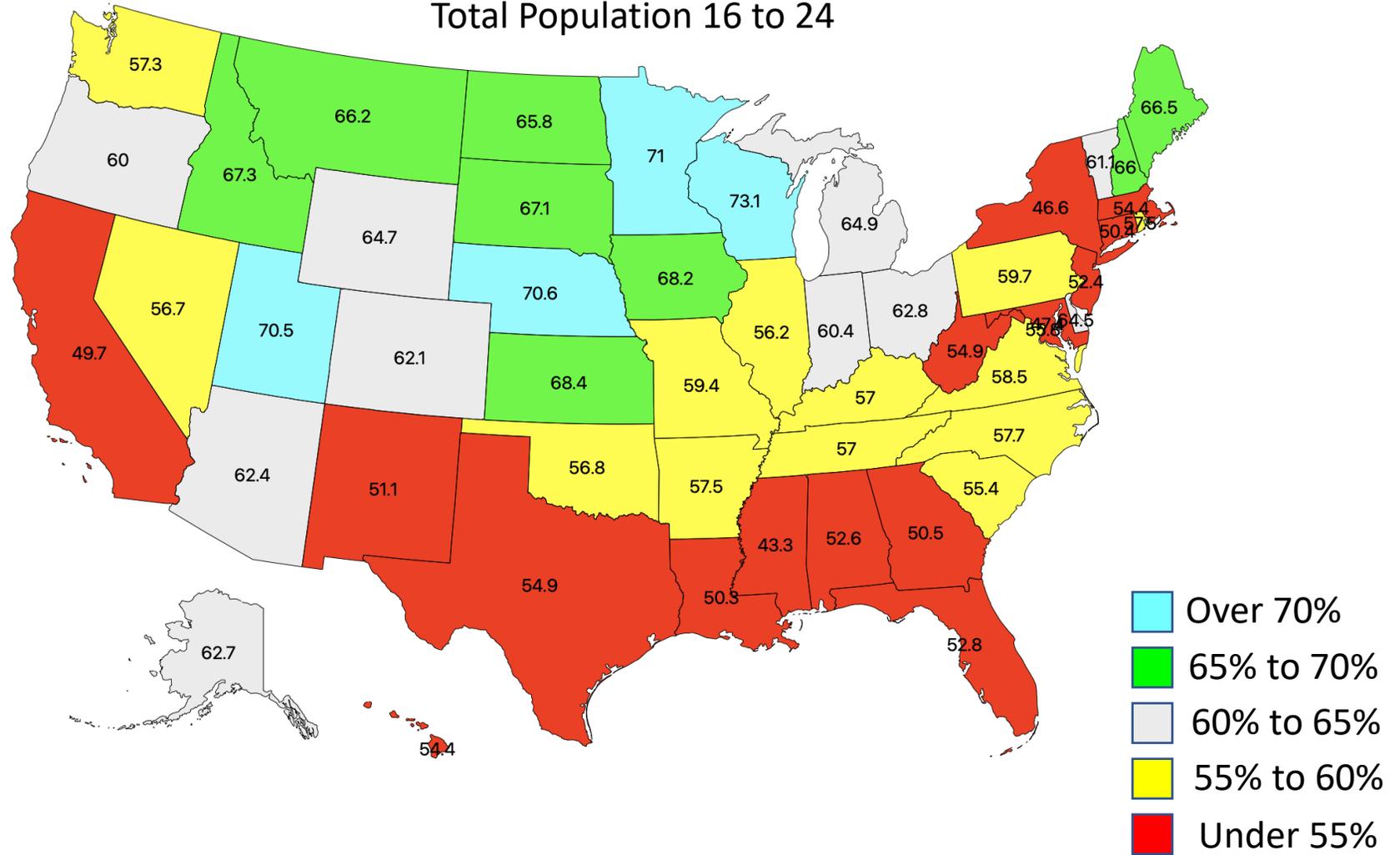


Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024

*Wisconsin is
The Top State
For Youth Labor
Force
Participation*

U.S. Average 56.3%

2023 Annual Average Labor Force Participation Rate Total Population 16 to 24



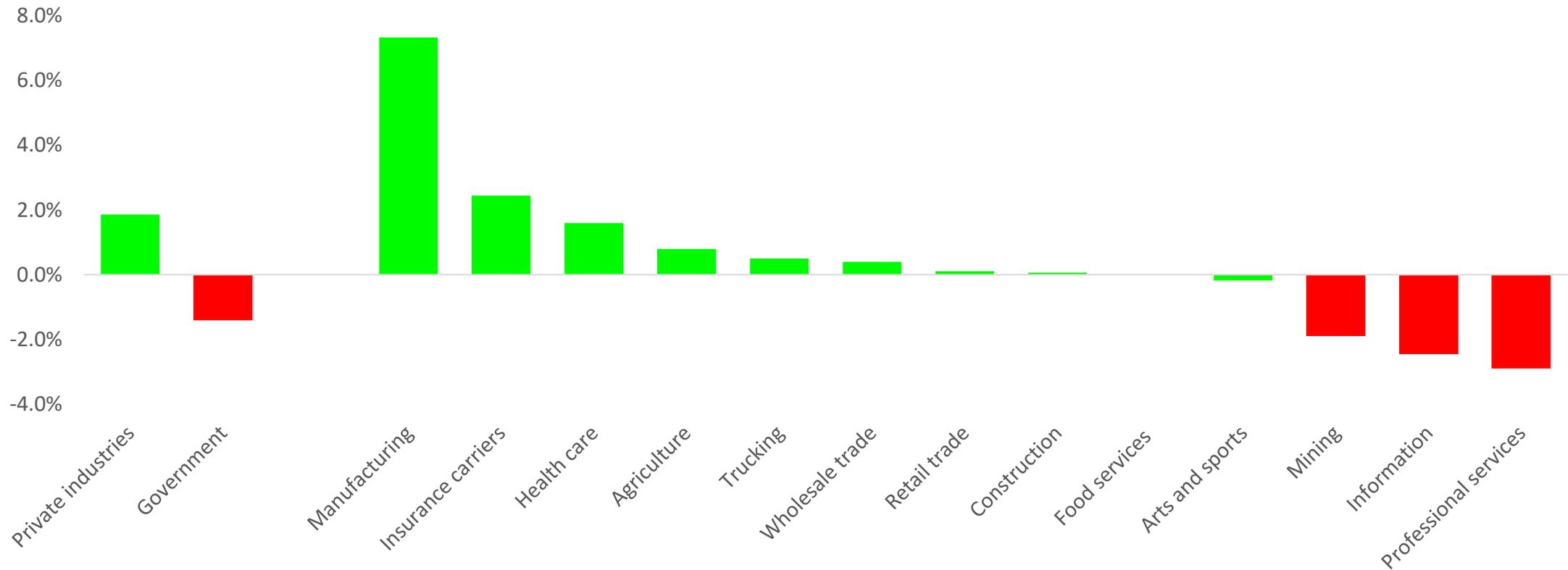
Source: U.S. Bureau of Labor Statistics, Expanded State Employment Status Demographic Data, 2023, Published January 24, 2024

Wisconsin Manufacturing

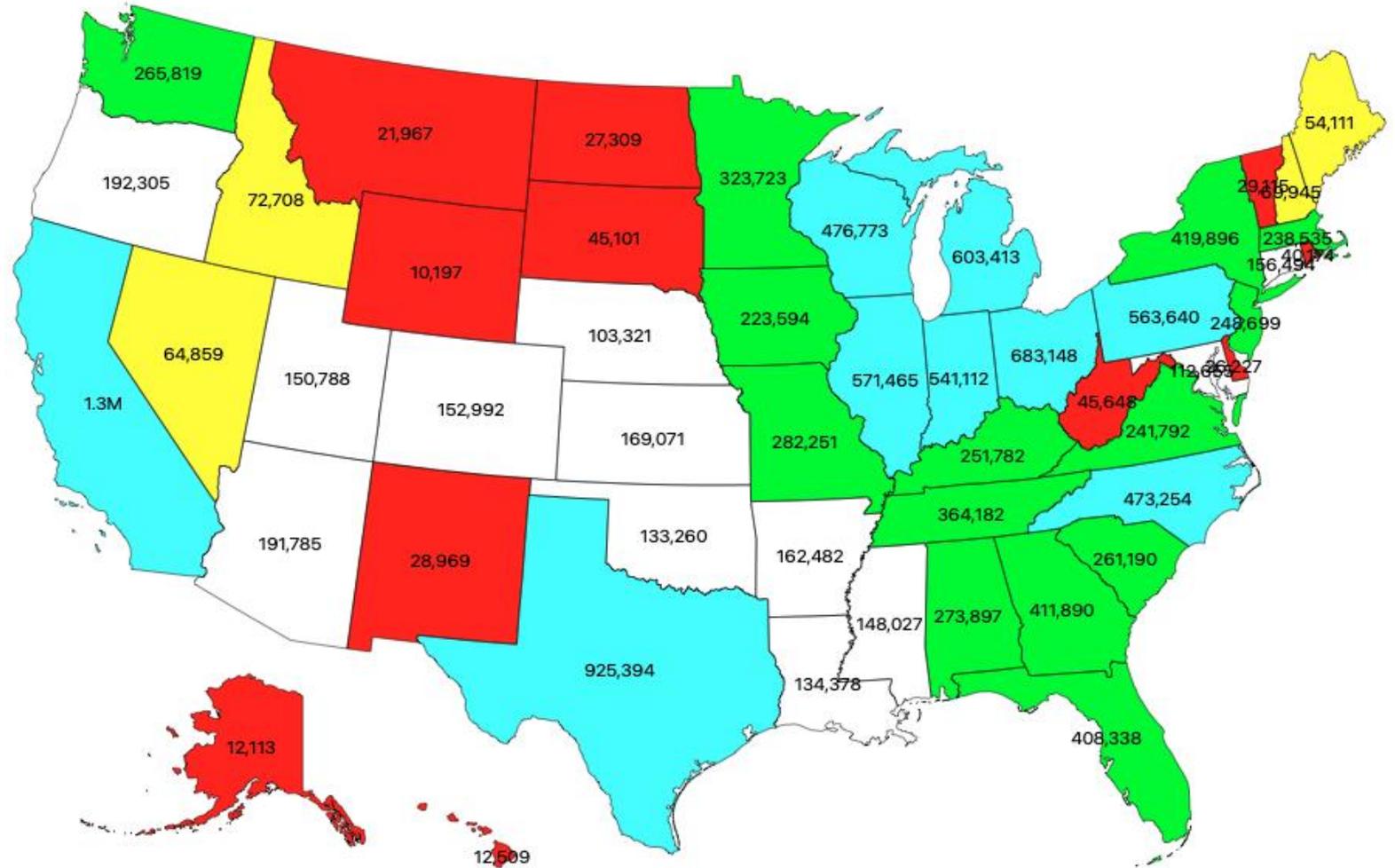
Wisconsin Does Manufacturing

WI Much More Intensive than the US in Manufacturing

Wisconsin GDP Share by Industry Less US GDP Share by Industry

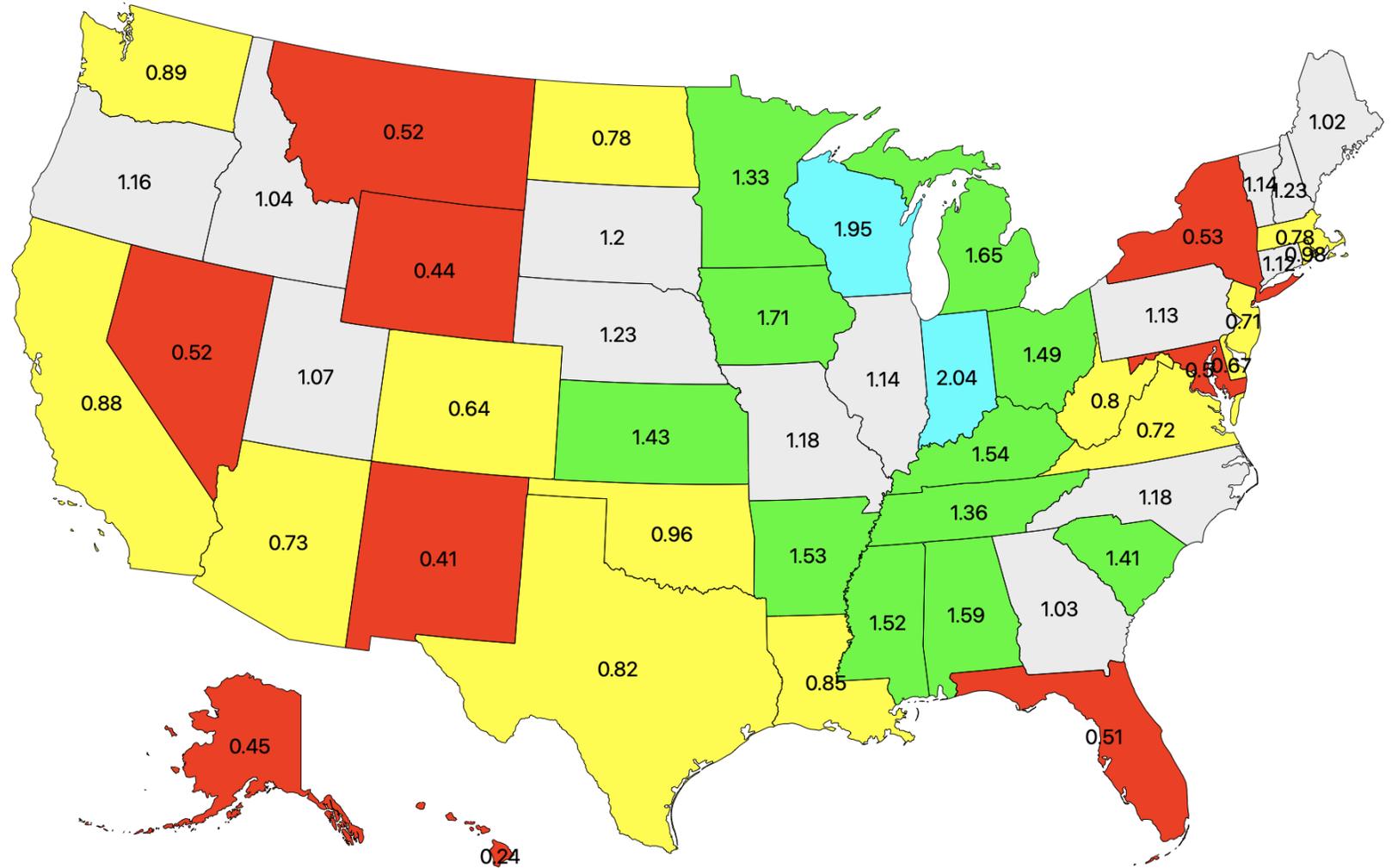


Wisconsin Ranks 7th Among the States for Manufacturing Employment



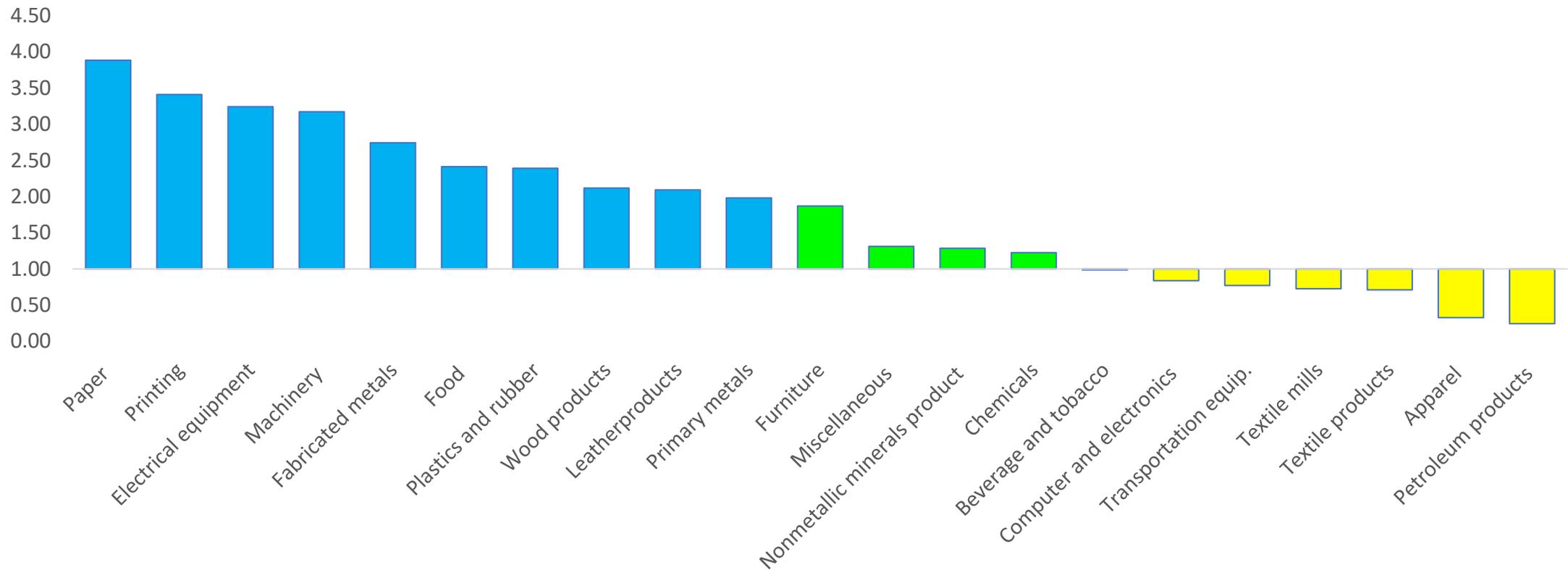
Most Manufacturing Intensive States in Midwest and Southeast

Manufacturing Location Quotient, 2022



10 Industries Lead Wisconsin's Manufacturing

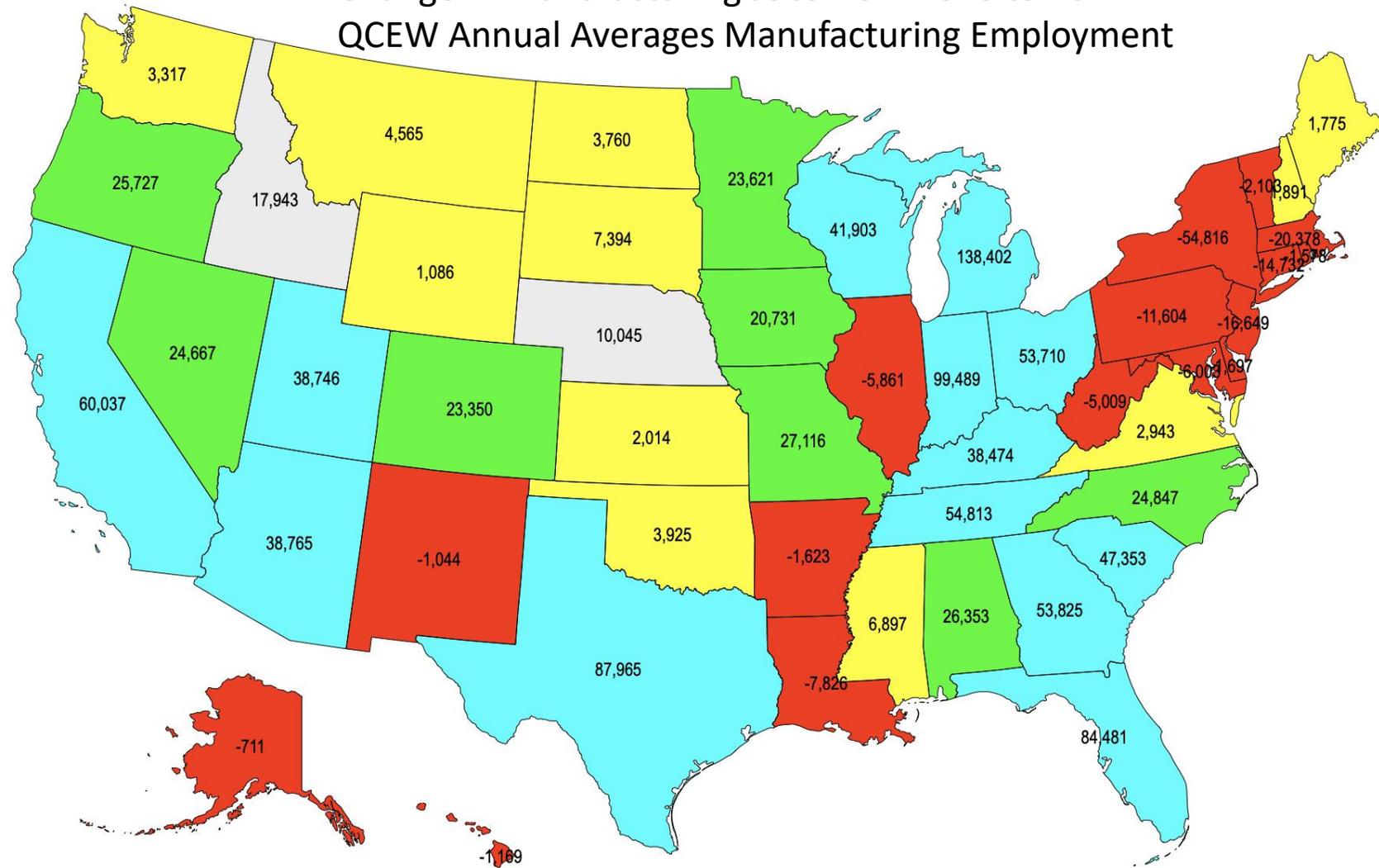
2022 Location Quotients for Wisconsin Manufacturing



Geographic Trends in U.S. Manufacturing

Change in Manufacturing Jobs from 2010 to 2022

QCEW Annual Averages Manufacturing Employment



- Northeast de-industrializing
- Midwest re-industrializing
- Southeast expanding industrialization
- Western states adding manufacturing

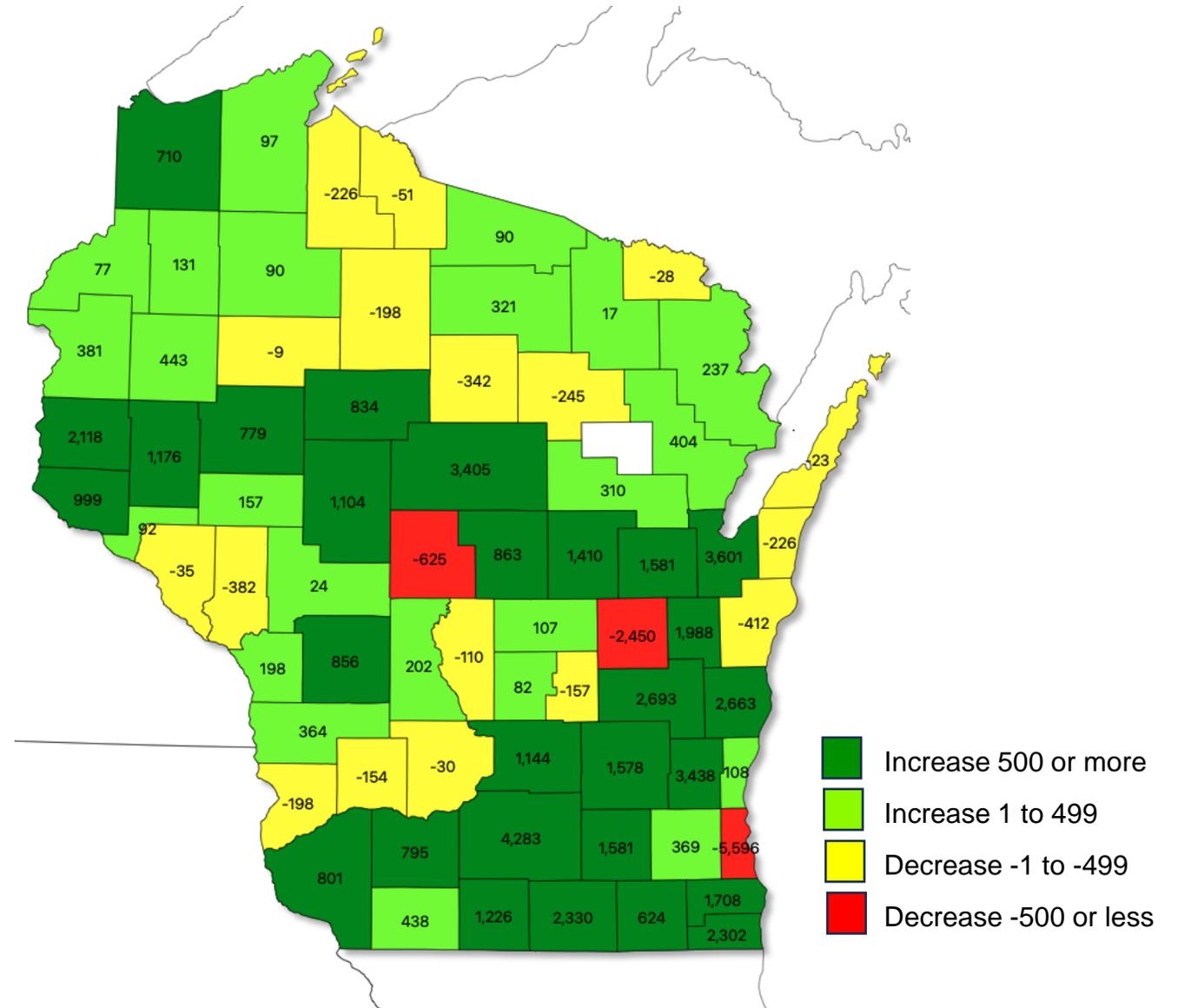
Wisconsin Manufacturing Fully Recovered From COVID Contraction



Change in Manufacturing Employment 2010 to 2022

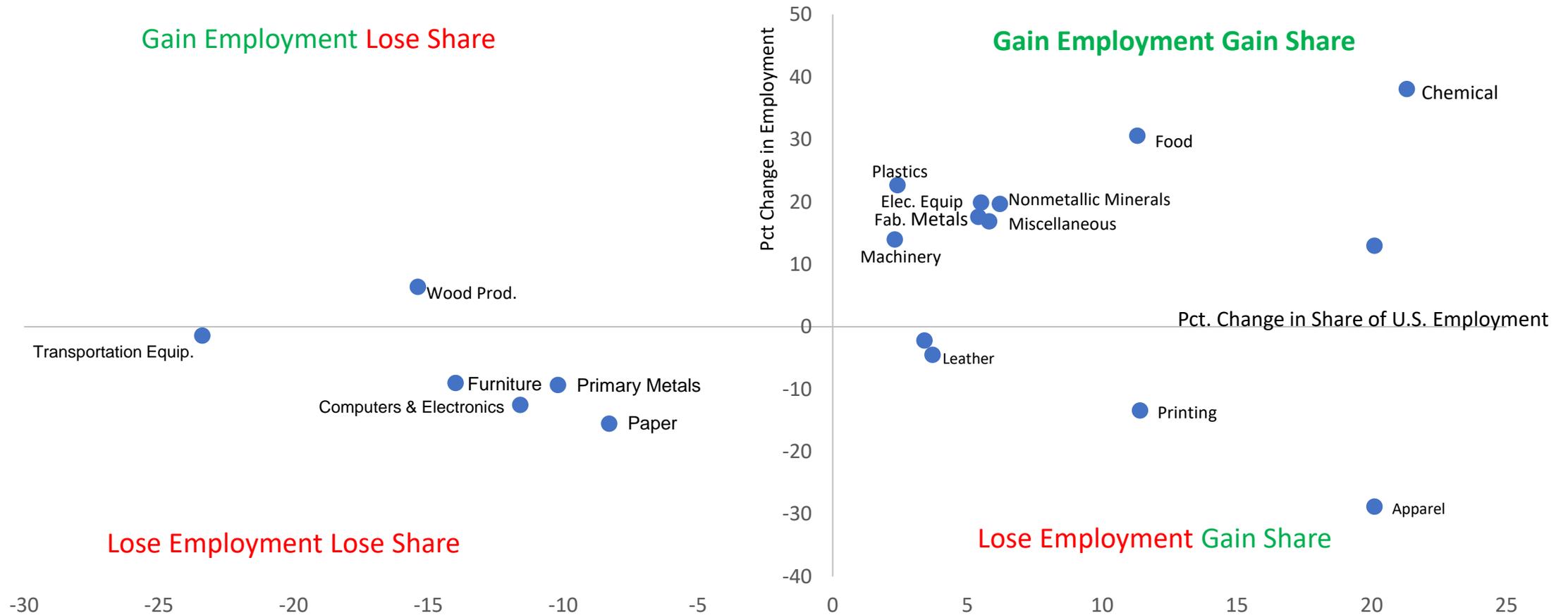
Manufacturing Job Gains Throughout Much of the State

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Annual Average



Dynamics of Wisconsin Manufacturing

Change in Employment & Shares 2010 to 2022

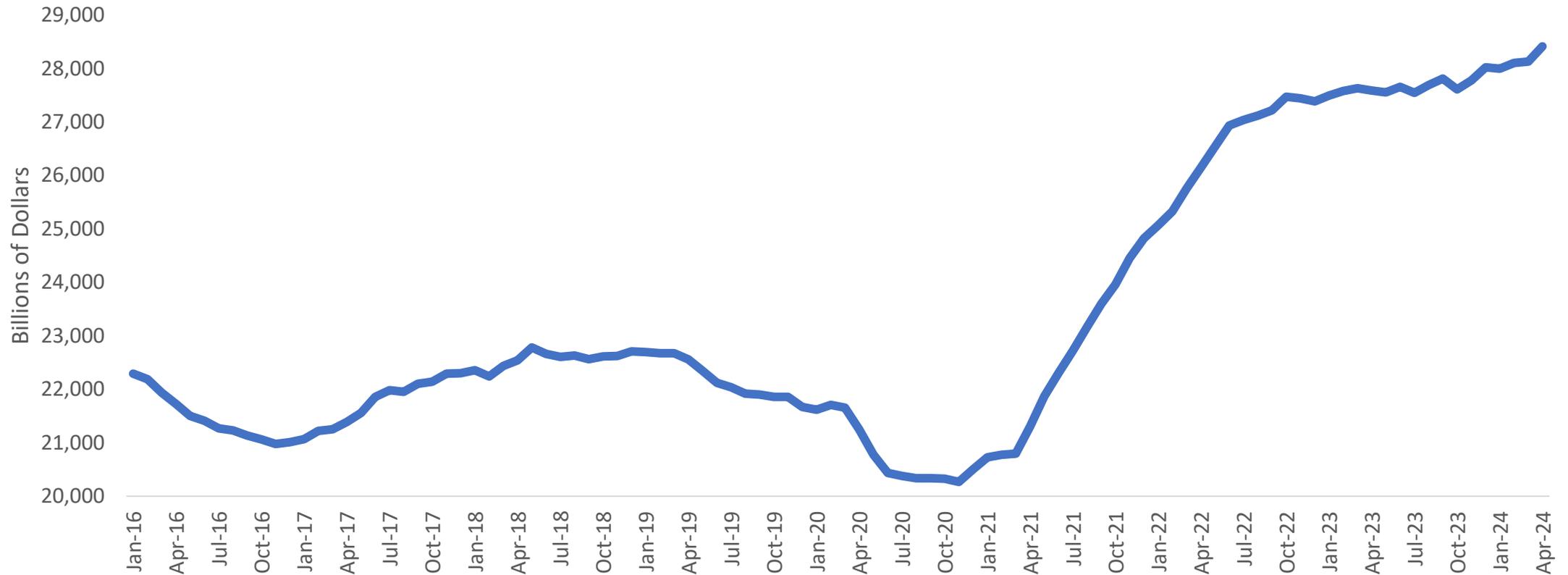


WI Exports: Accelerated After COVID Contraction

For the year, 2023 Up 2.3% over 2022

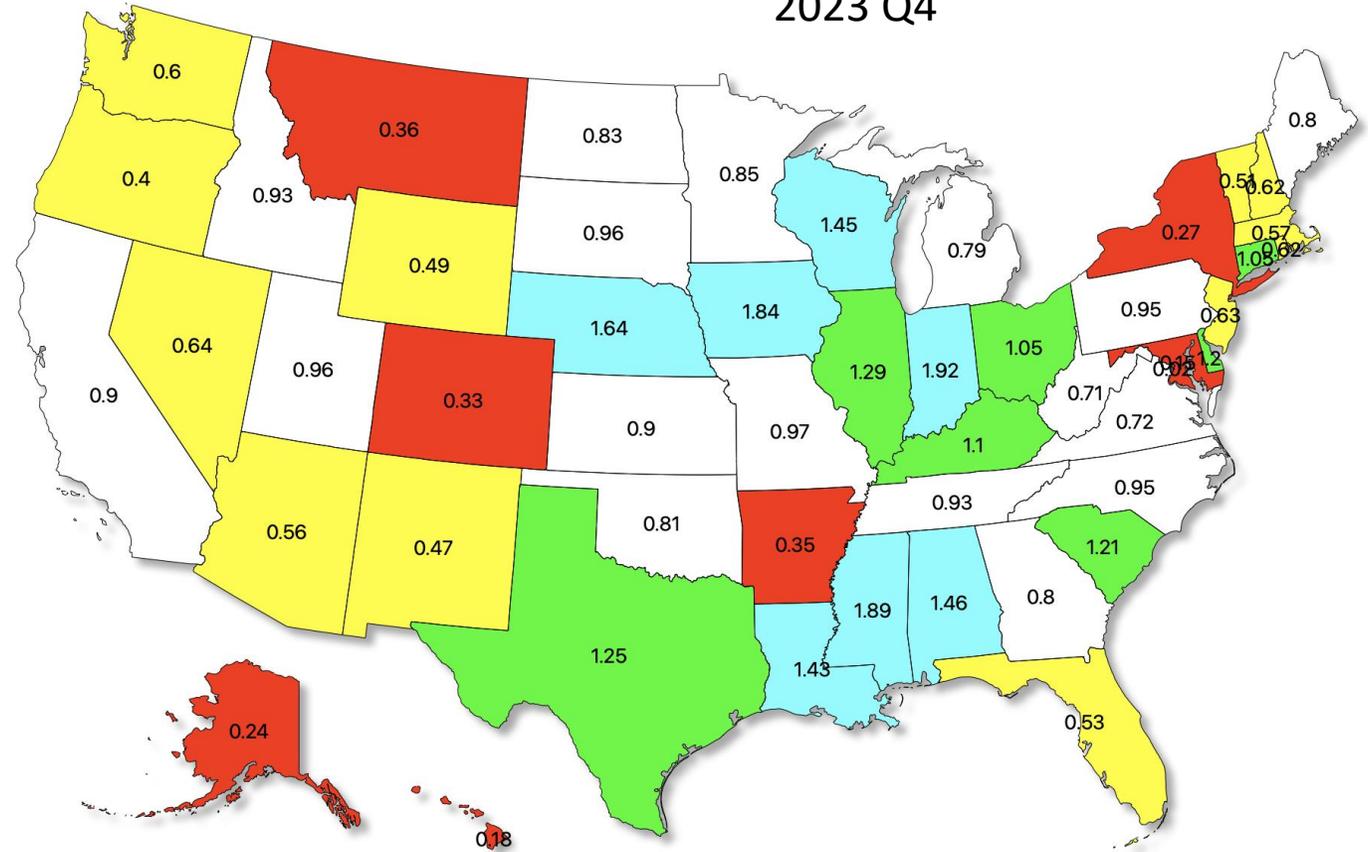
April 2024 Up 3.0% Y/Y

Wisconsin Exports, 12-Month Total, \$B



Wisconsin 6th
 Ranked for
 Manufacturing
 Contribution to
 GDP Growth,
 2023 Q4

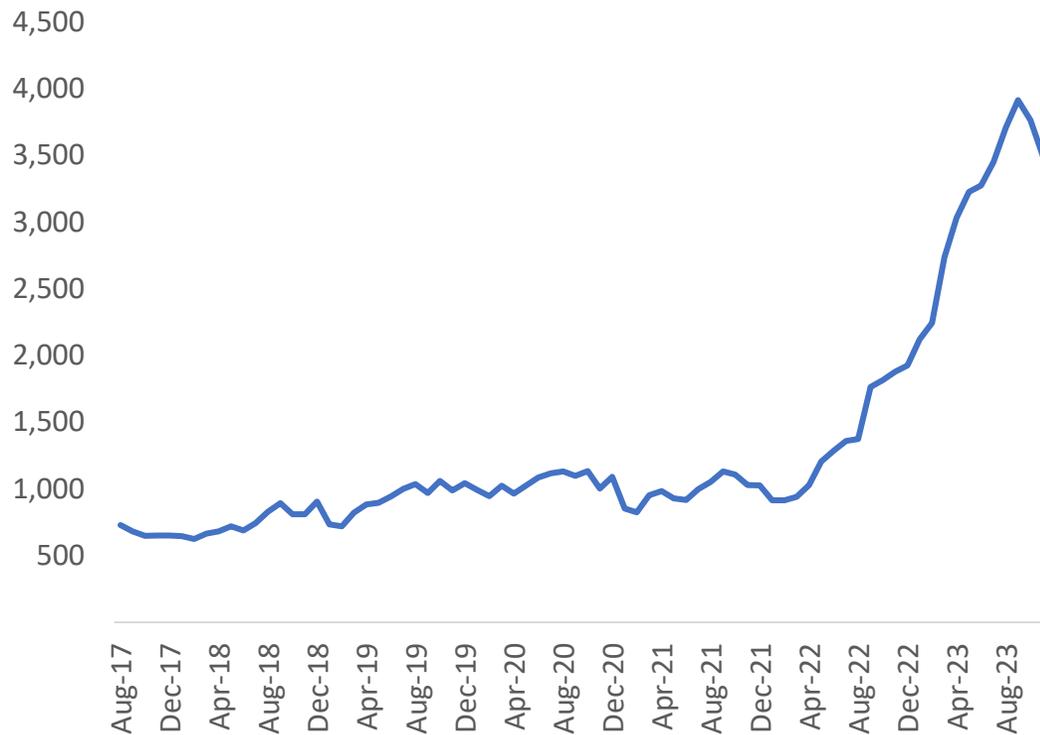
Manufacturing Contribution to Real GDP Growth
 2023 Q4



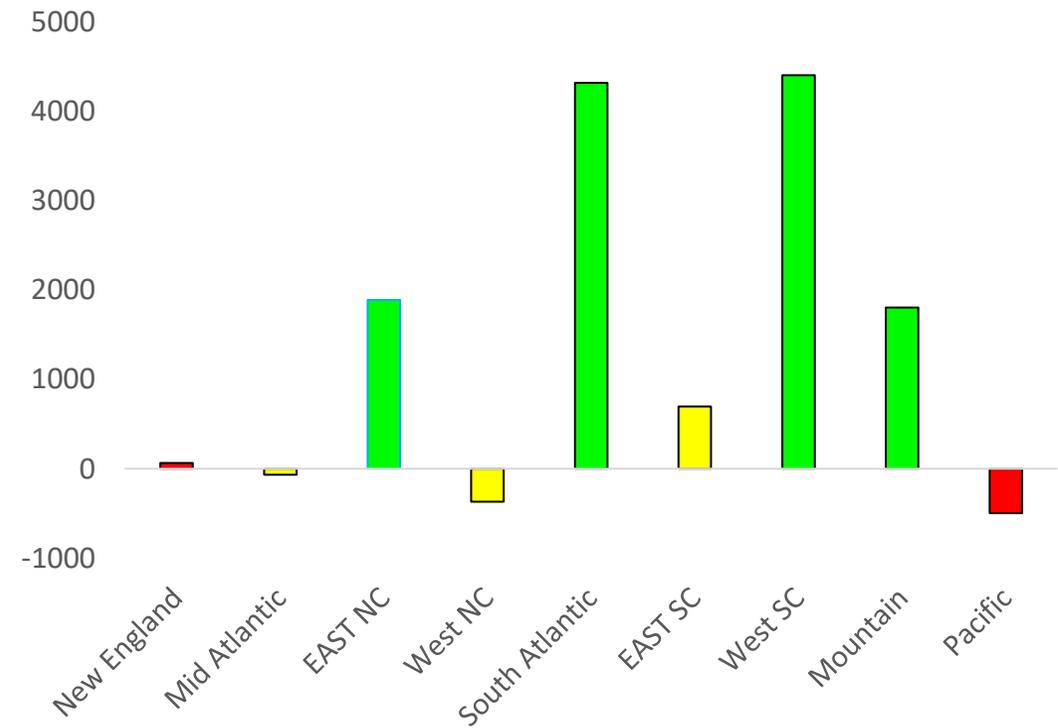
Source: U.S. Bureau of Economic Analysis, Regional Accounts, March 29, 2024

Substantial Variance for Increase In Manufacturing Value Put In Place by Region

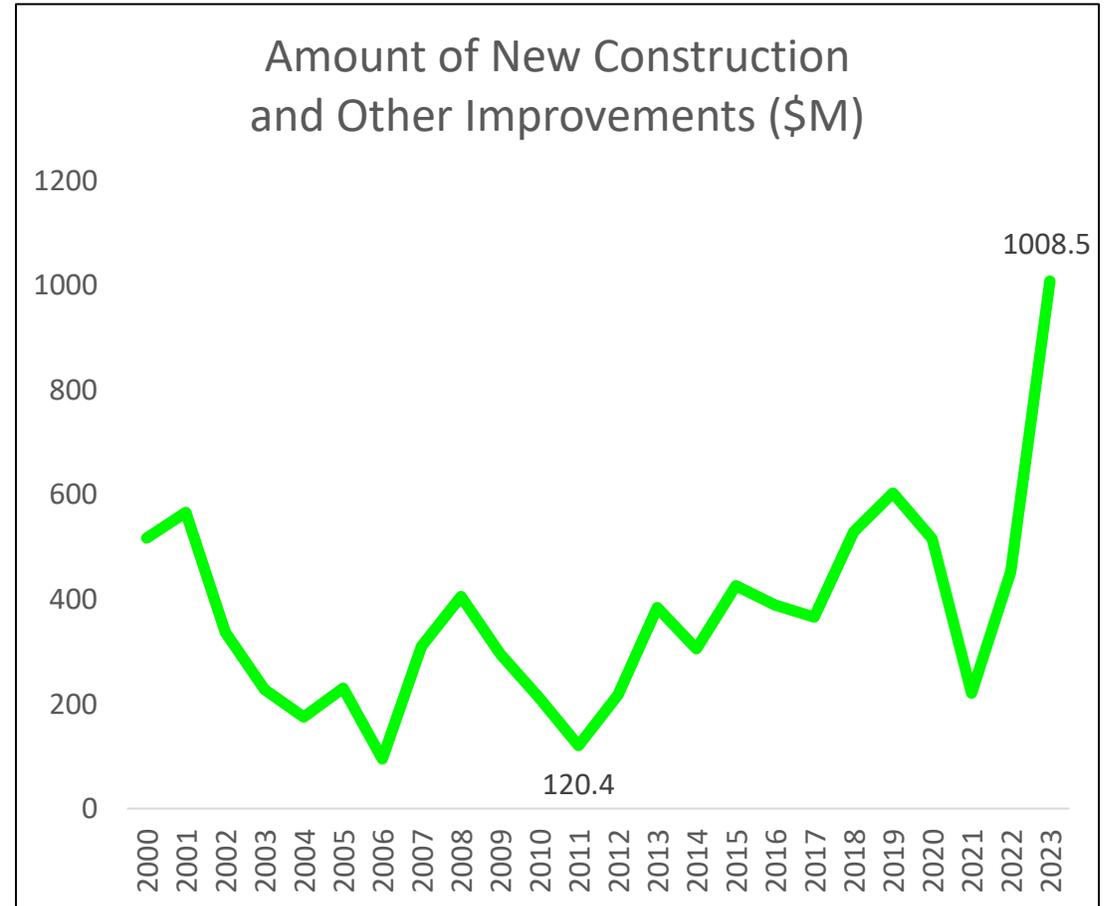
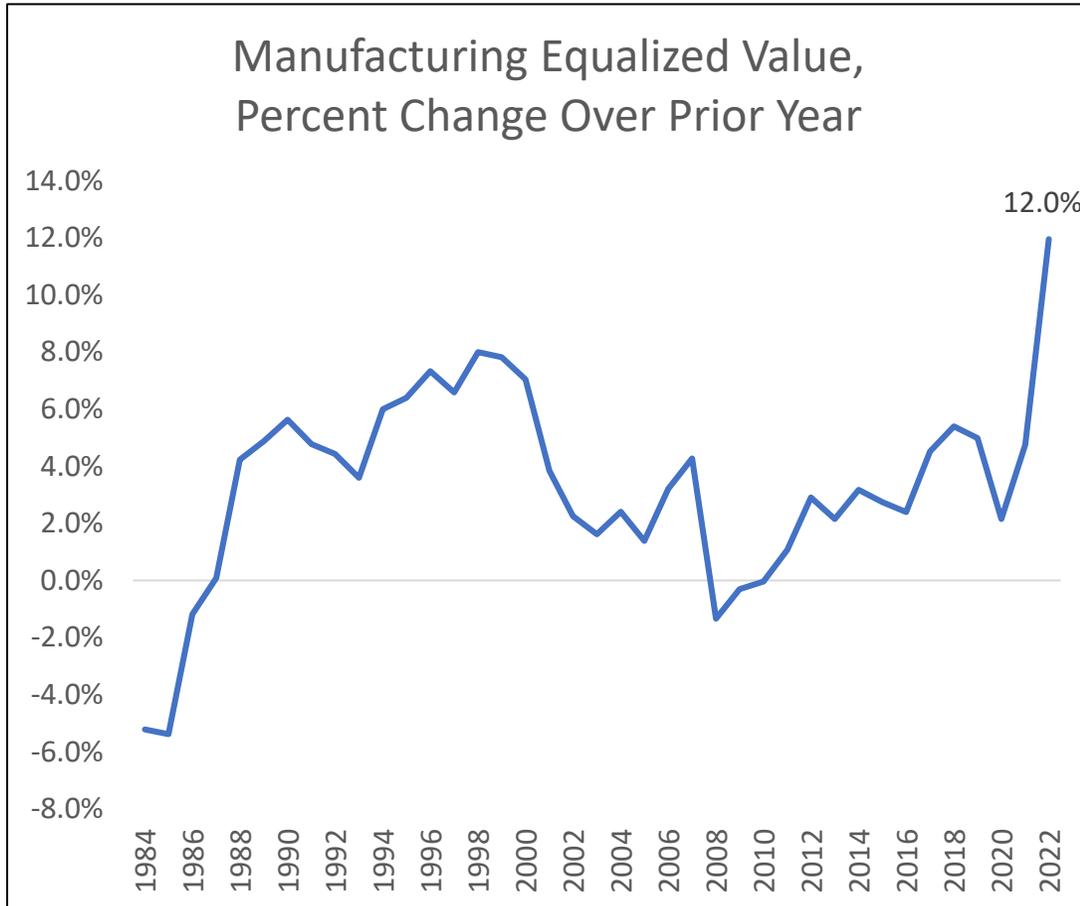
Monthly Manufacturing Construction Value Put In Place, East North Central \$M



Manufacturing Value Put in Place \$M Change 2024 Q1 Over 2023 Q1



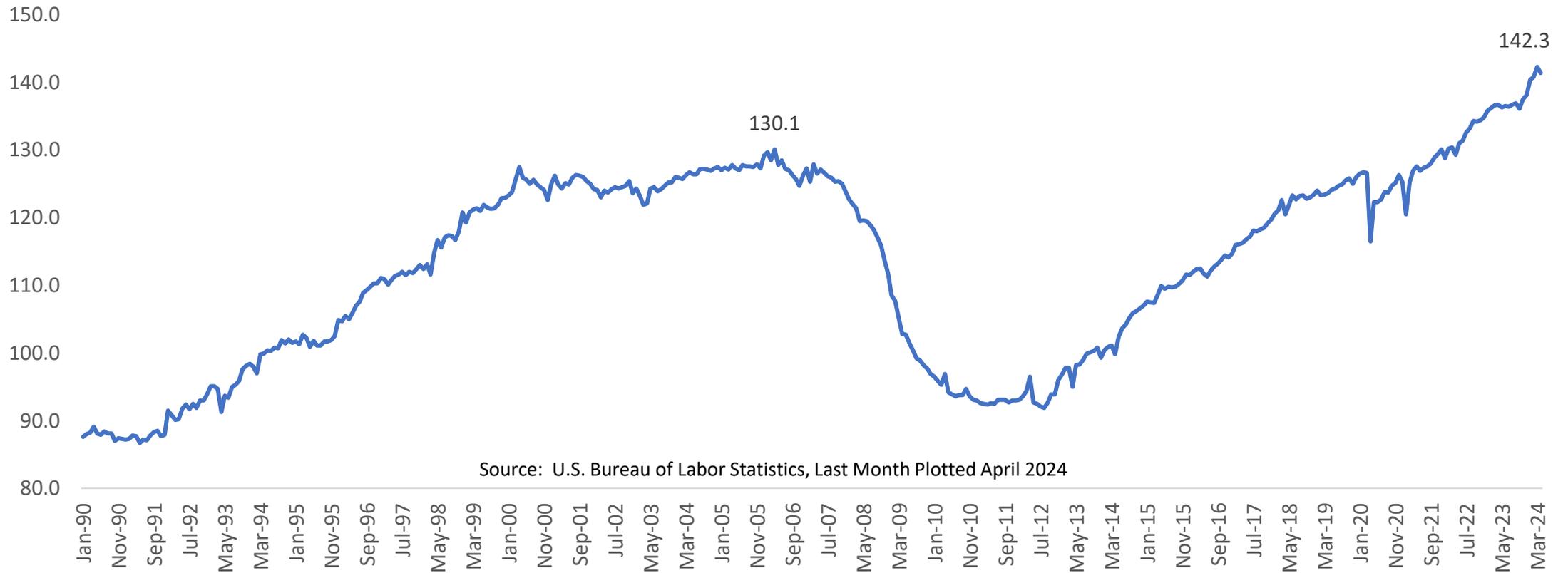
Strongest Increase in Wisconsin Manufacturing Property Values in 40 Years



Wisconsin Housing & Construction

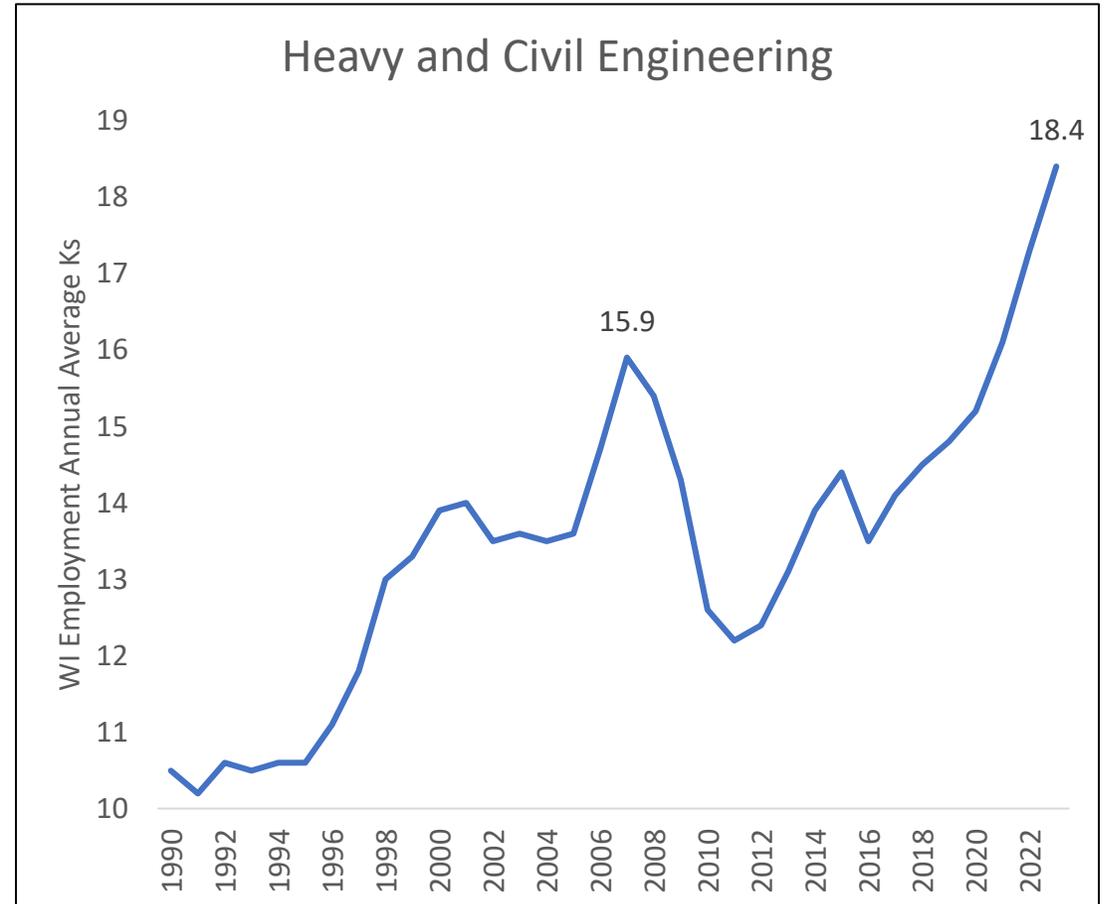
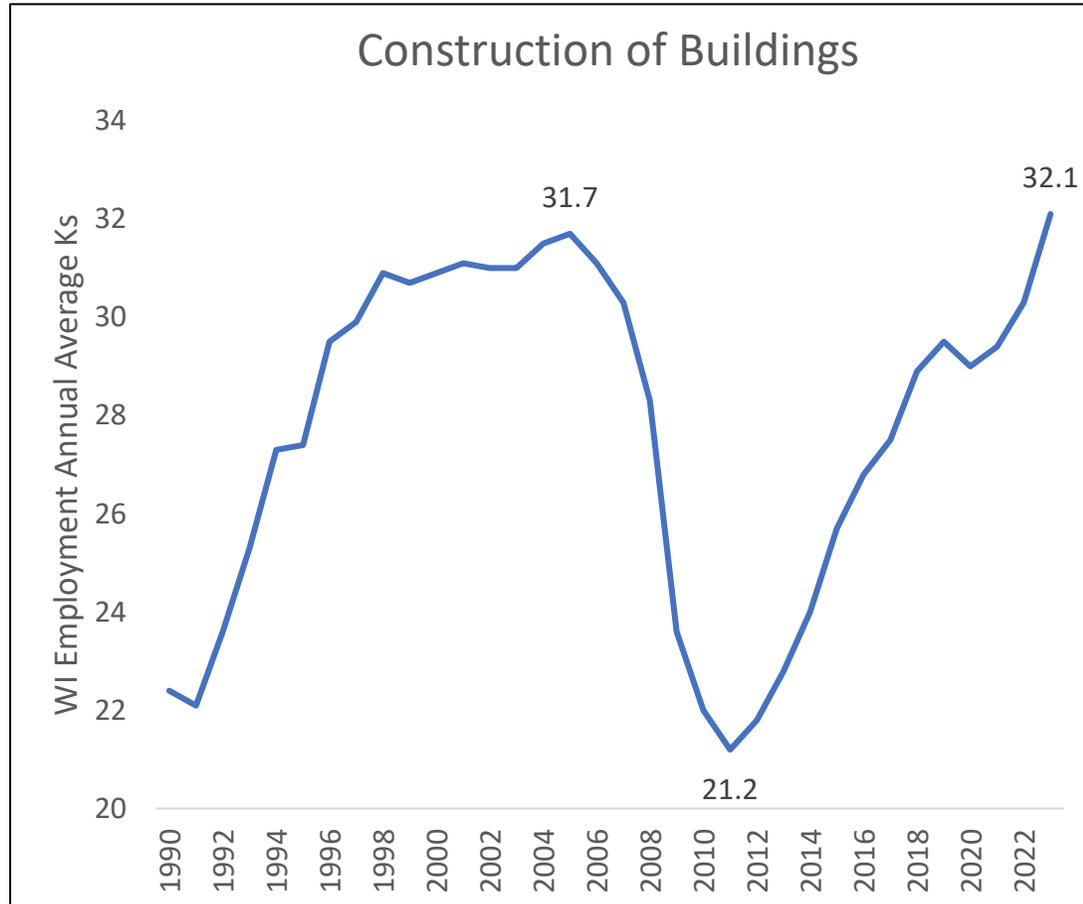
Construction Employment in Wisconsin Record High in March 2024

Wisconsin Construction Employment in Thousands, Seasonally Adjusted

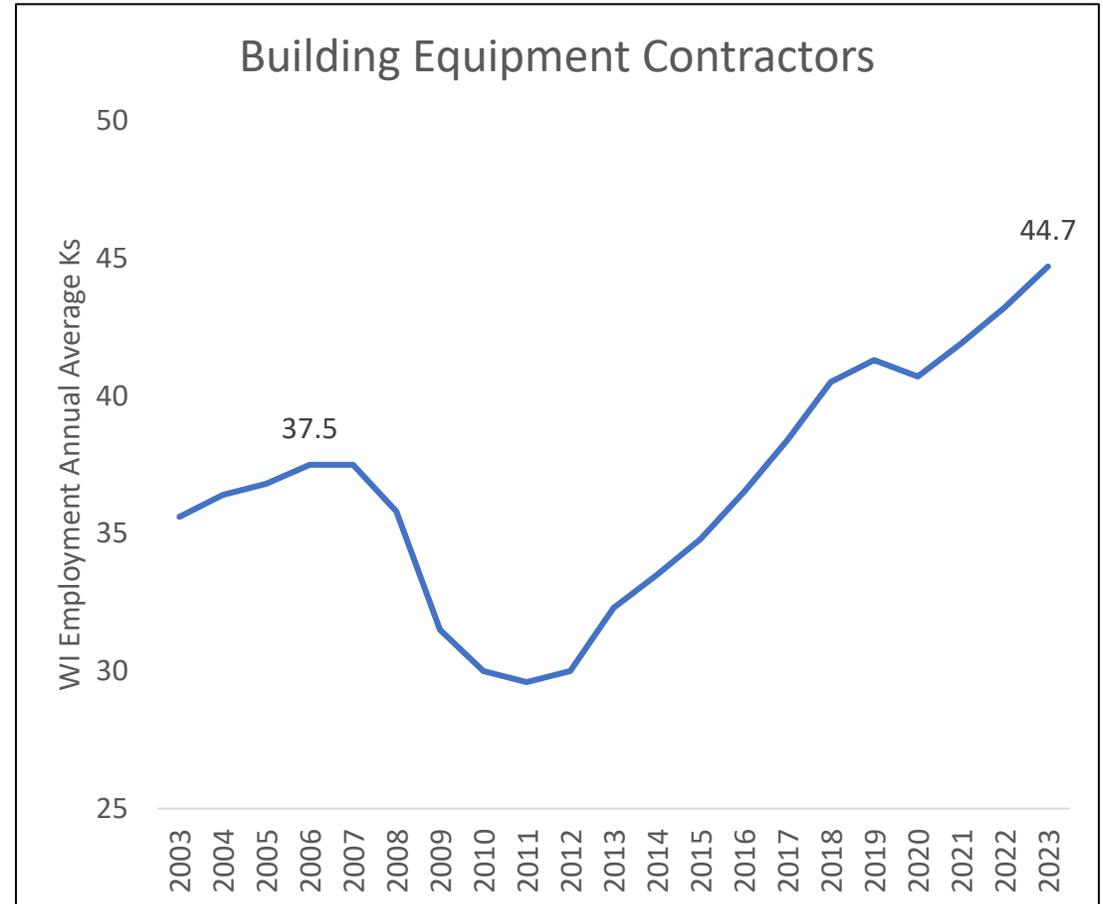
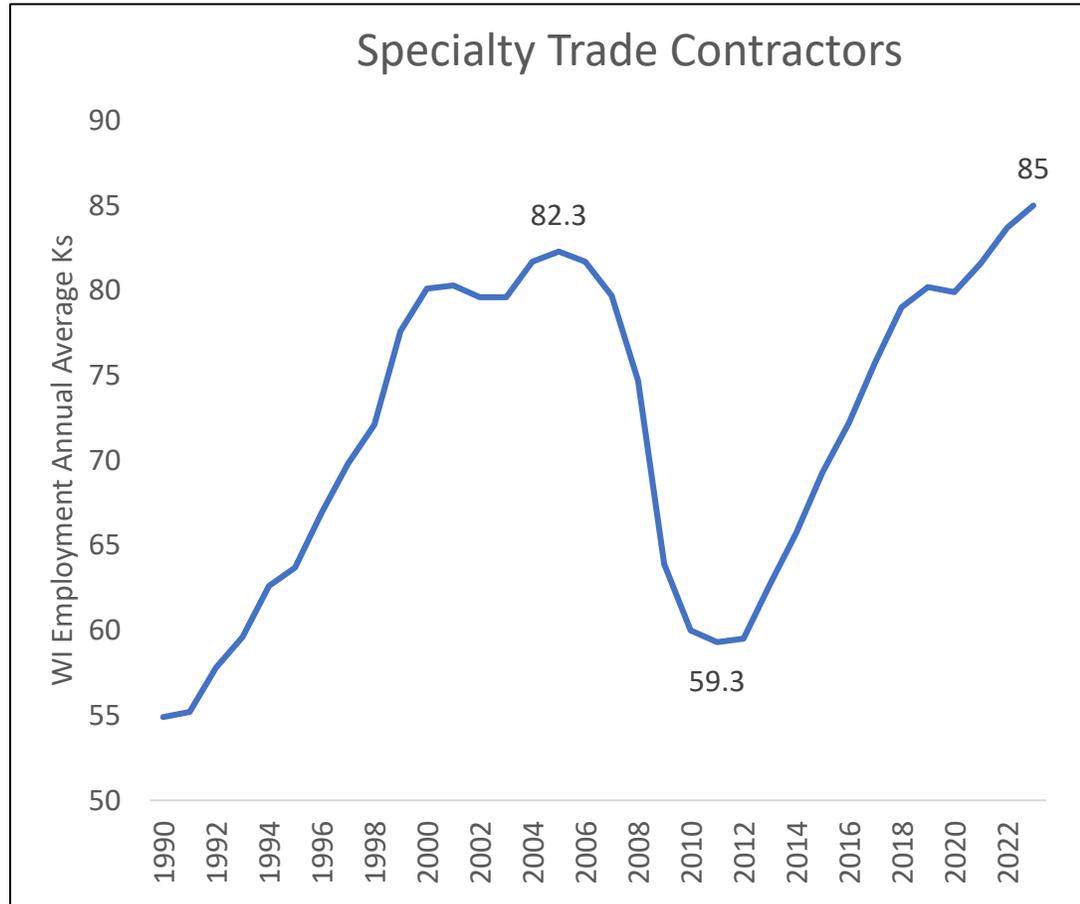


Source: U.S. Bureau of Labor Statistics, Last Month Plotted April 2024

Construction Employment Record Highs Buildings and Heavy & Civil Engineering

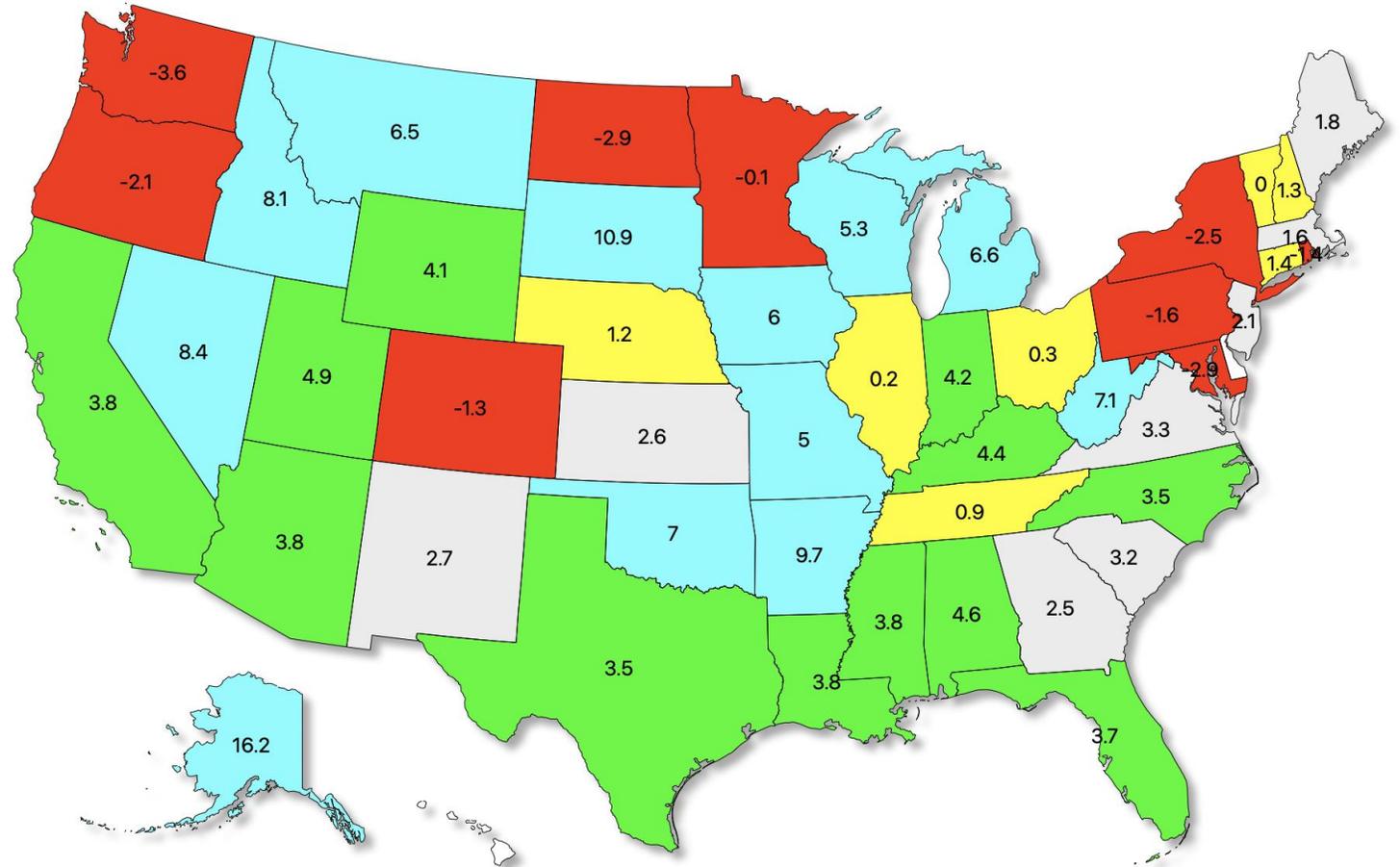


Construction Employment Record Highs: Trade Contractors & Equipment Contractors



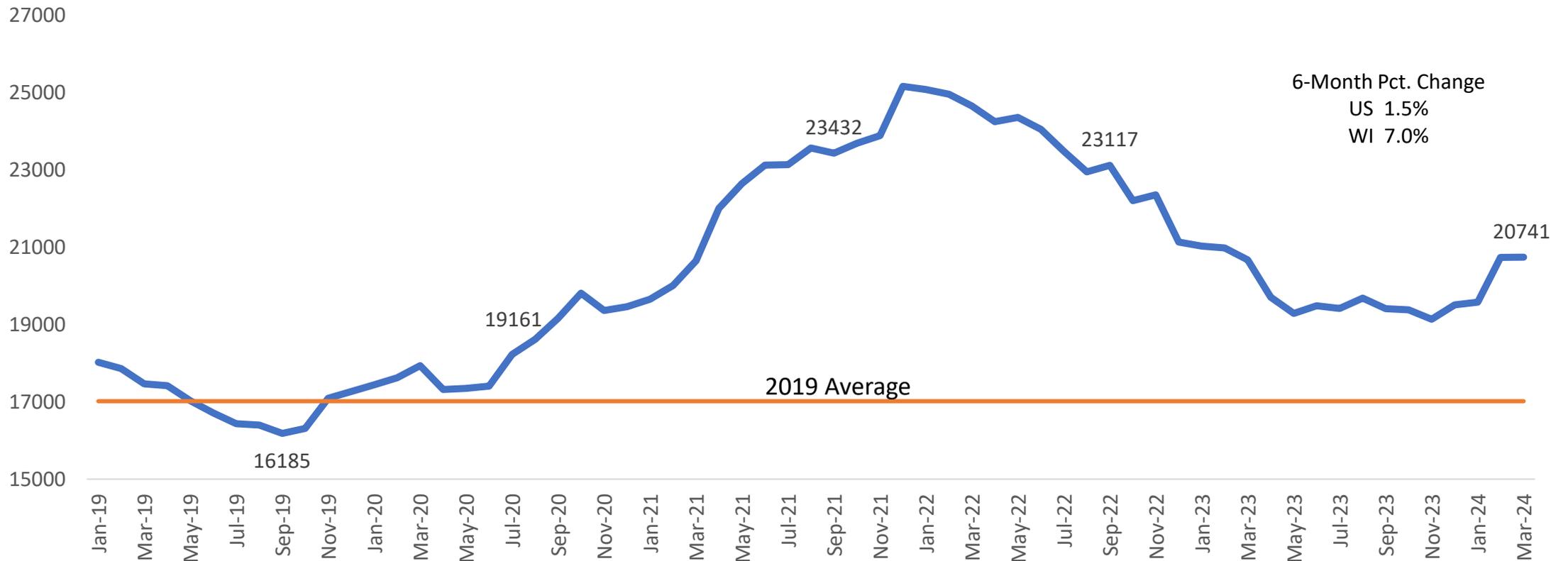
Wisconsin
Ranks 11th in
Growth in
Construction
Jobs

Percent Change in Construction Employment,
March 2024 over March 2023



Housing: Wisconsin Housing Construction Rising Again and Well Ahead of Pre-Pandemic Levels

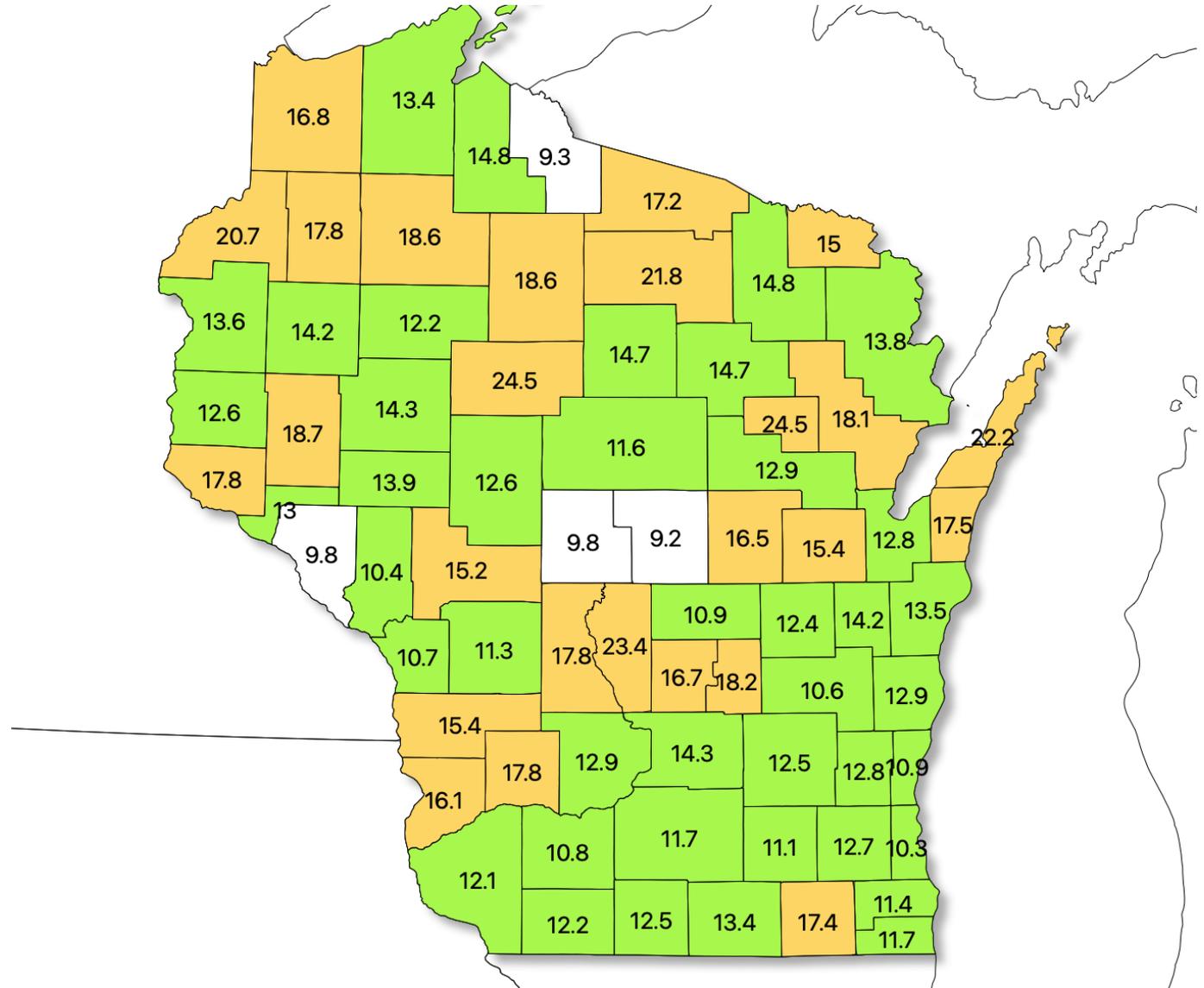
Wisconsin Building Permits Issued, 12-Month Total



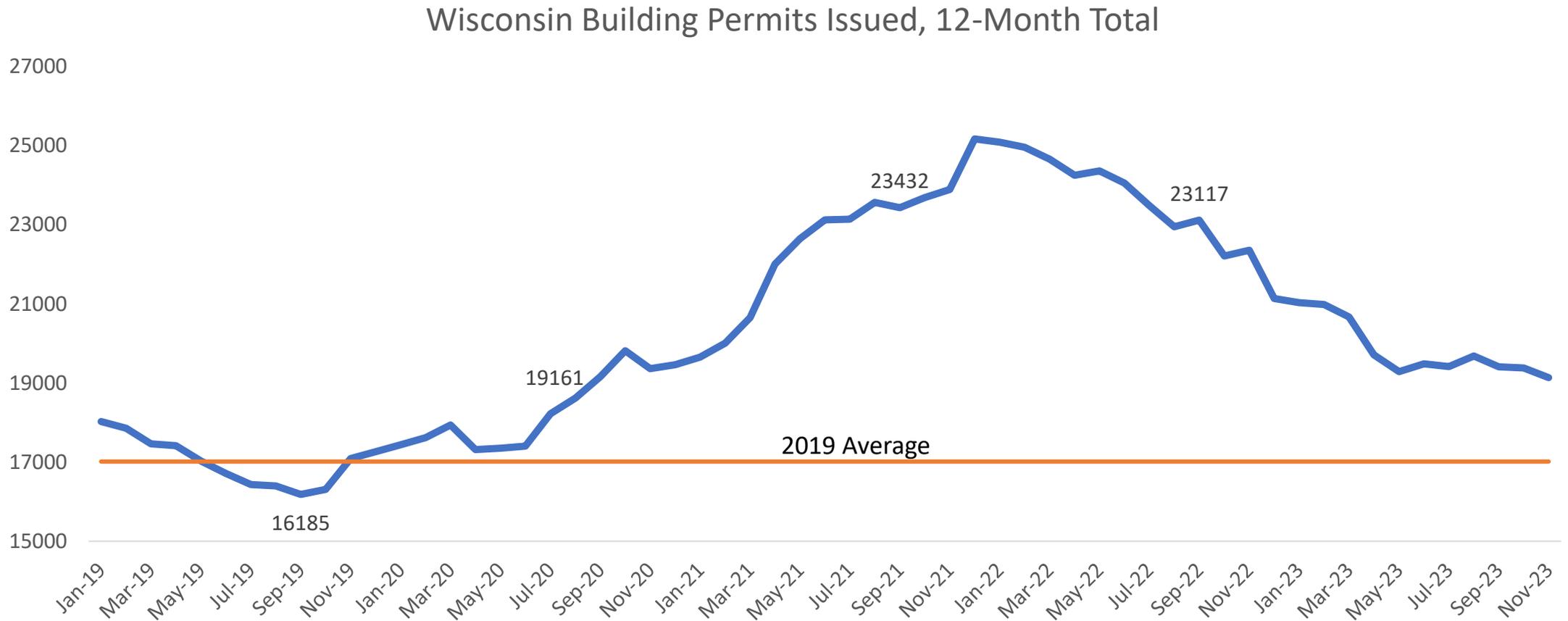
Source: U.S. Bureau of the Census, Building Permits Survey, Author Tabulation. Last Month Plotted March 2024

Strong Gain in Property Values Across the State

Percent Change in Total Property Value, Jan. 2023 over Jan. 2022



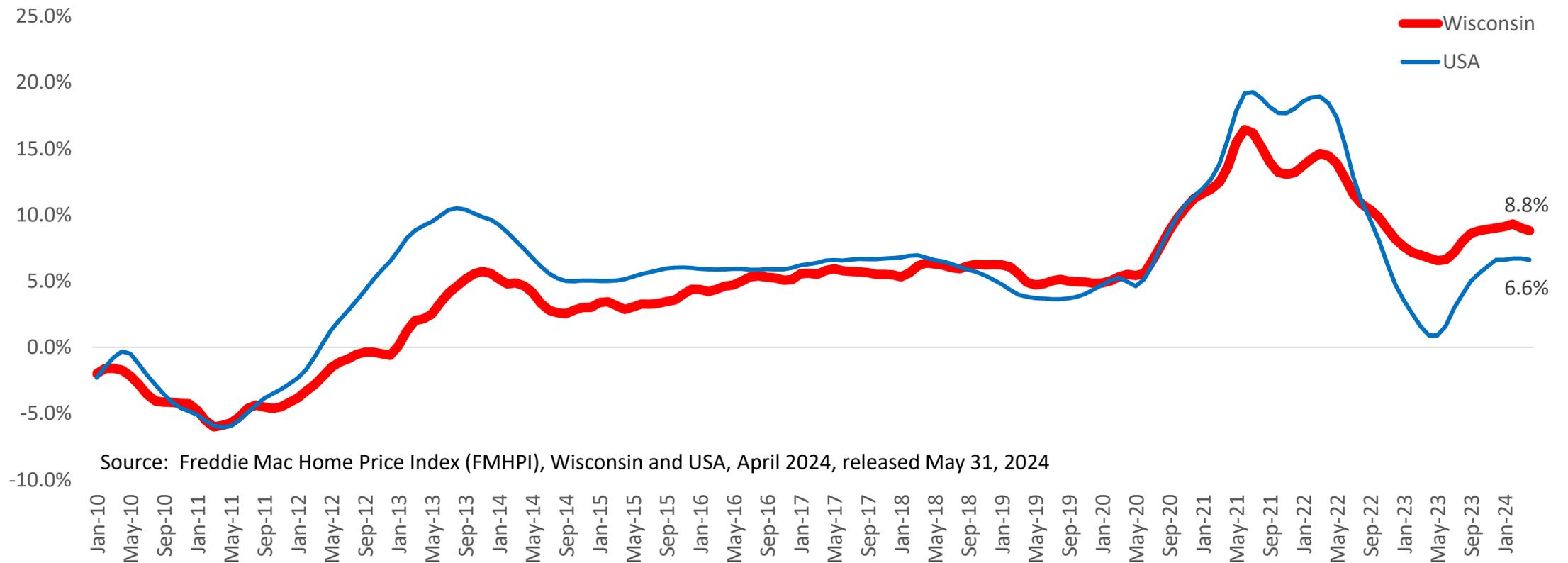
Housing: Wisconsin Housing Construction Retreating from Recent Highs But Ahead of Pre-Pandemic Levels



Source: U.S. Bureau of the Census, Building Permits Survey, Author Tabulation. Last Month Plotted November 2023

Wisconsin Home Price Appreciation Has Eased But Still Substantial, Ahead of US Average

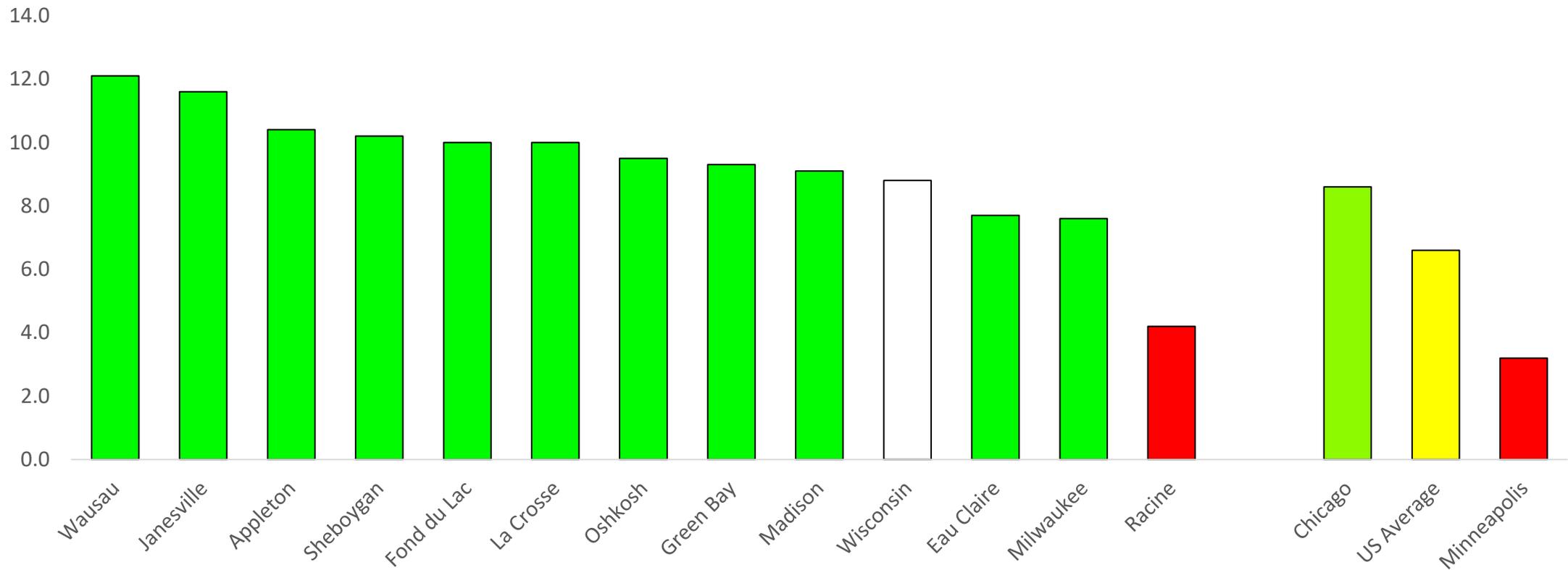
Wisconsin FMHPI Percent Change Over Prior Year



Source: Freddie Mac Home Price Index (FMHPI), Wisconsin and USA, April 2024, released May 31, 2024

Home Prices In 11 of 12 Wisconsin Metro Areas Increasing Faster than U.S. Average

Freddie Mac Home Price Index, Percent Change, April 2024 Over April 2023

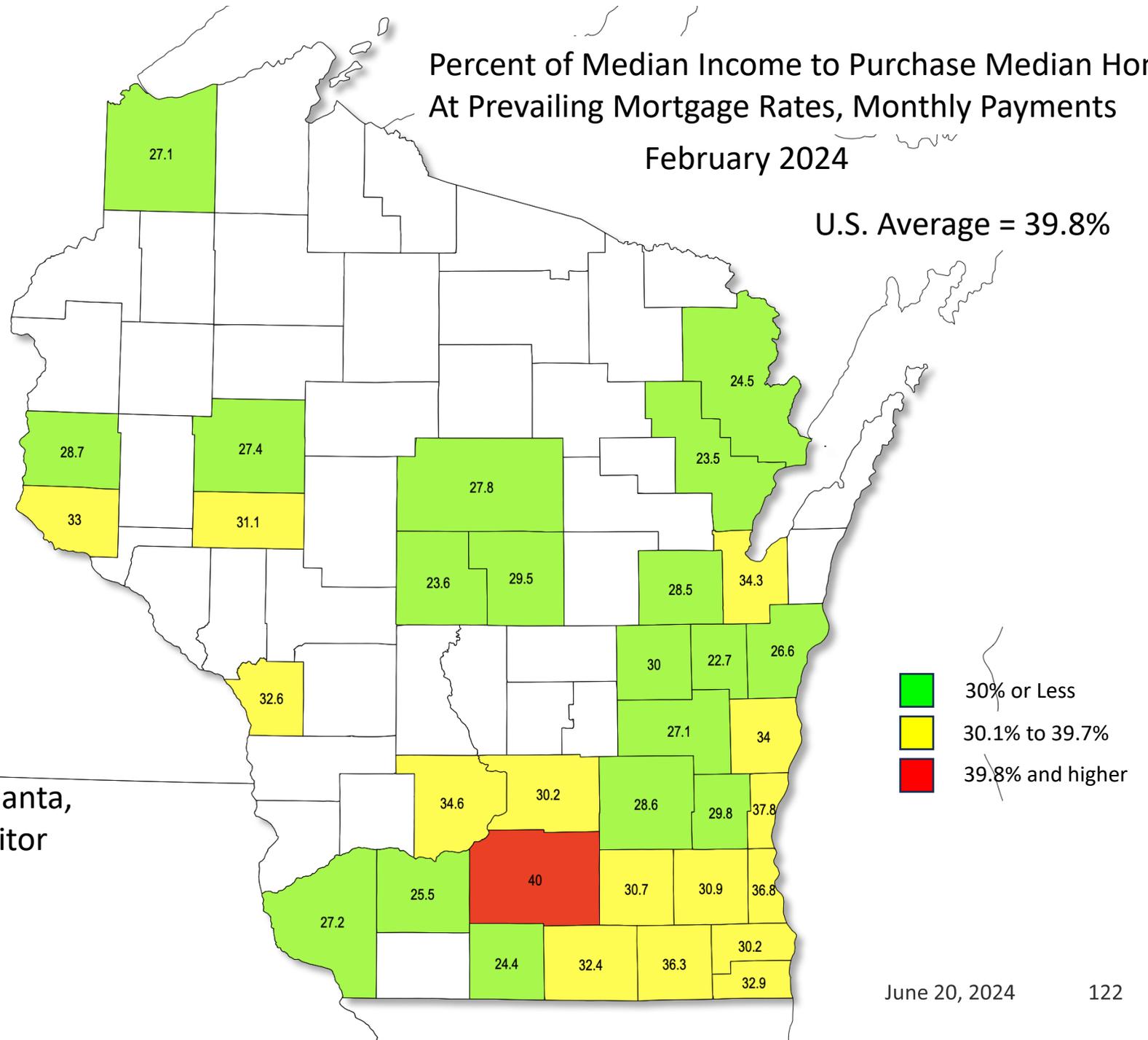


Housing Affordability

With One Exception
WI Markets More Affordable than U.S. Average

Percent of Median Income to Purchase Median Home
At Prevailing Mortgage Rates, Monthly Payments
February 2024

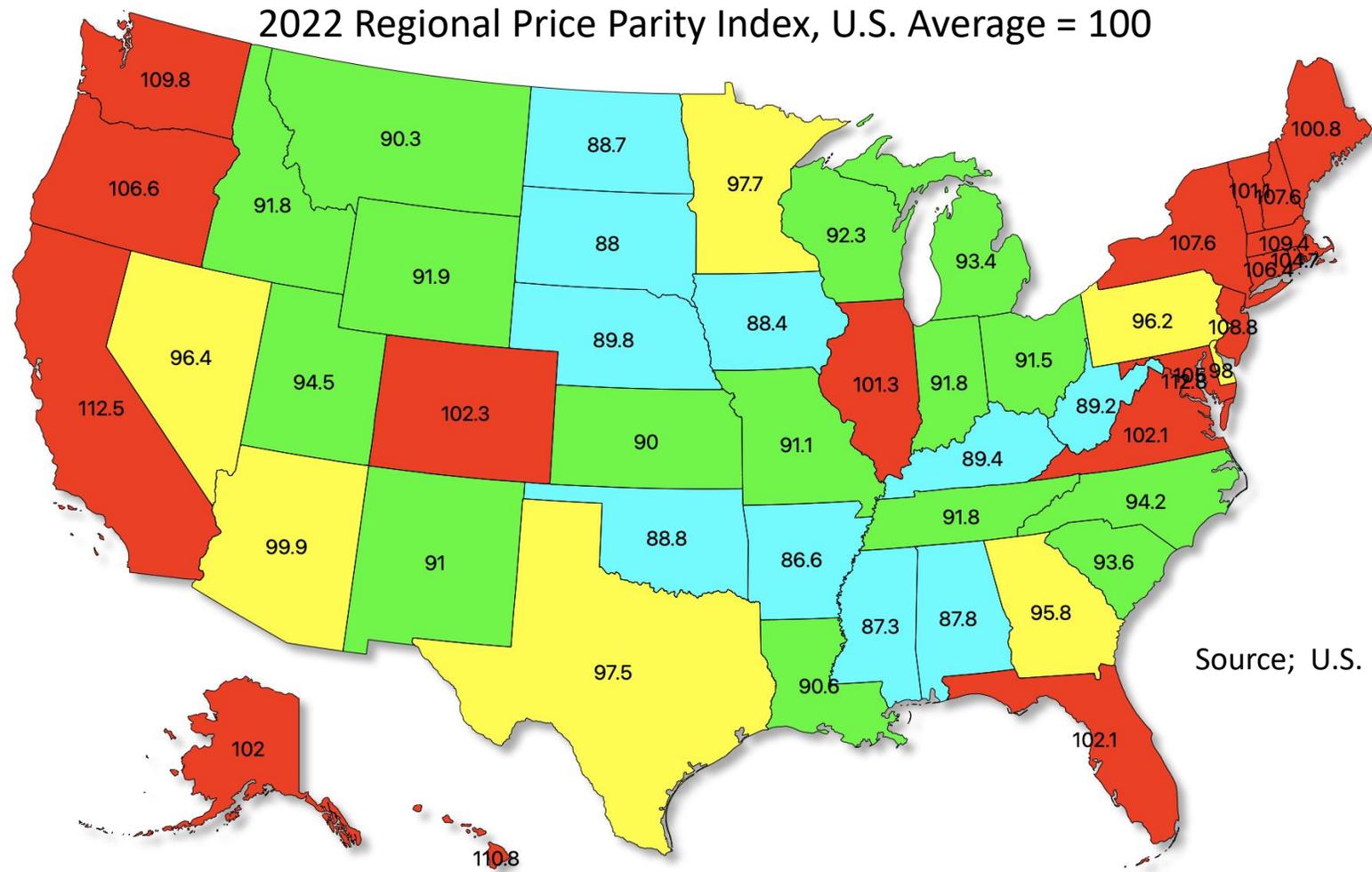
U.S. Average = 39.8%



Source: Federal Reserve Bank of Atlanta, Home Ownership Affordability Monitor

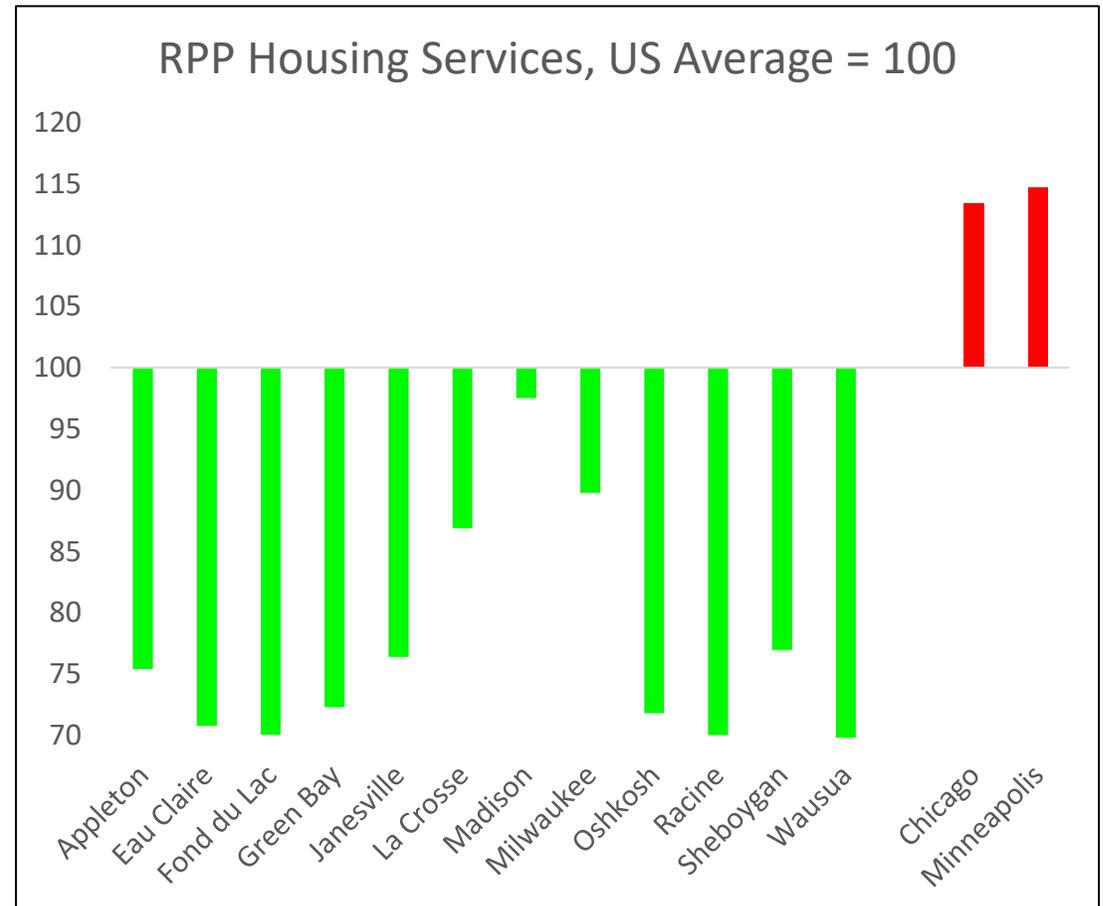
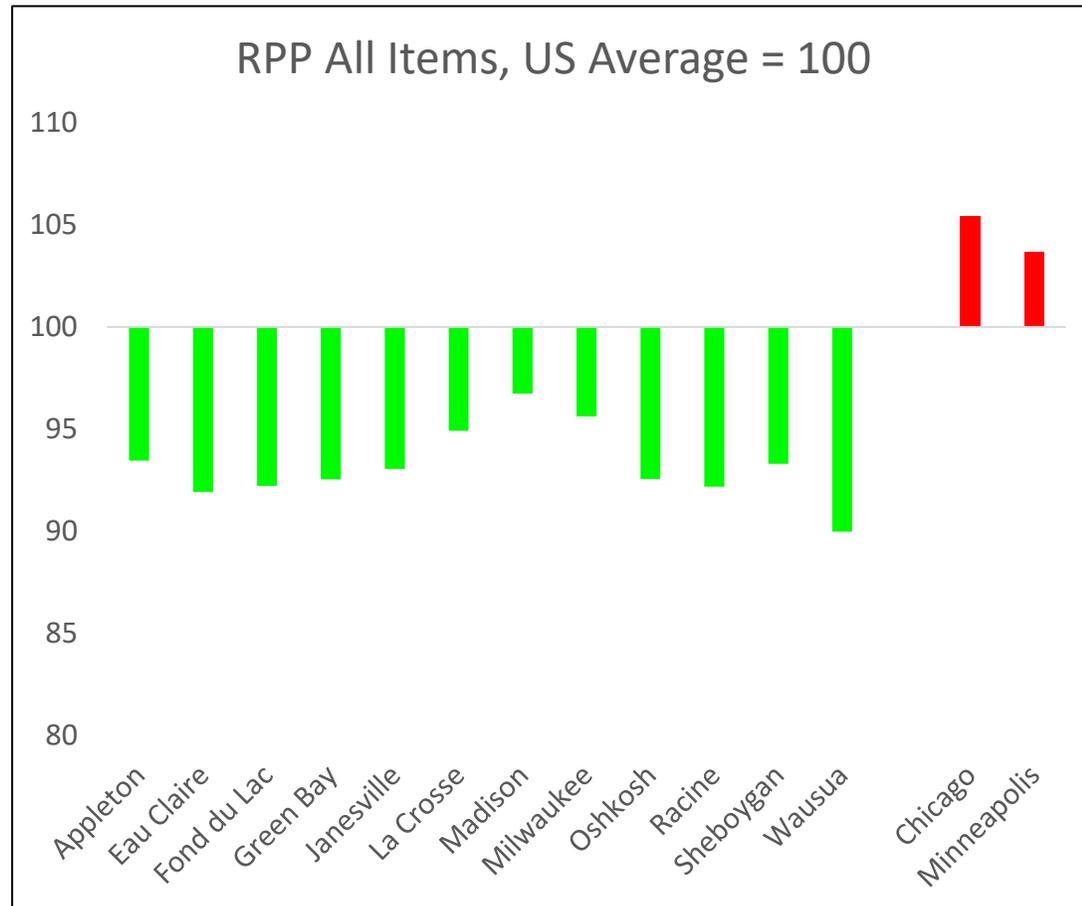
Cost of Living and Income

Wisconsin's Cost of Living Below U.S. Average



Source; U.S. Bureau of Economic Analysis

Every Wisconsin MSA Has Below Average Cost of Living

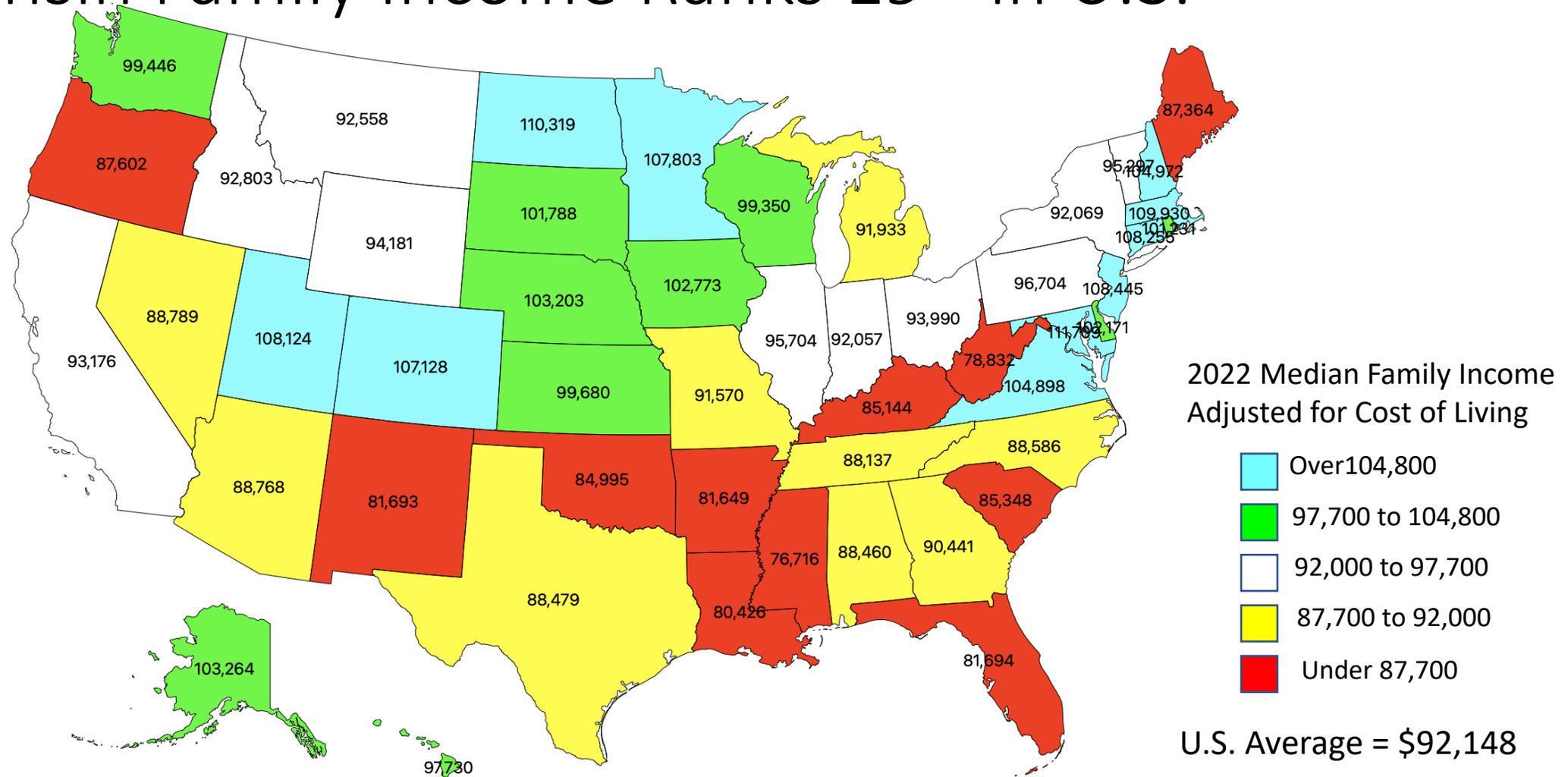


Adjusted for Cost of Living, Wisconsin Incomes Above U.S. Average

	Median Household Income			Median Family Income		
	Nominal, Unadjusted			Nominal, Unadjusted		
	U.S. Average	Wisconsin	Difference	U.S. Average	Wisconsin	Difference
Amount	74,775	70,996	-3,779	92,148	91,700	-448
	Adjusted for Cost of Living			Adjusted for Cost of Living		
	U.S. Average	Wisconsin	Difference	U.S. Average	Wisconsin	Difference
RPP Index	100.0	92.3		100.0	92.3	
Amount	74,775	75,769	994	92,148	99,350	7,202

Sources: American Community Survey, 2022 Estimates, U.S. Bureau of the Census;
U.S. Bureau of Economic Analysis, Regional Economic Accounts, Regional Price Parities

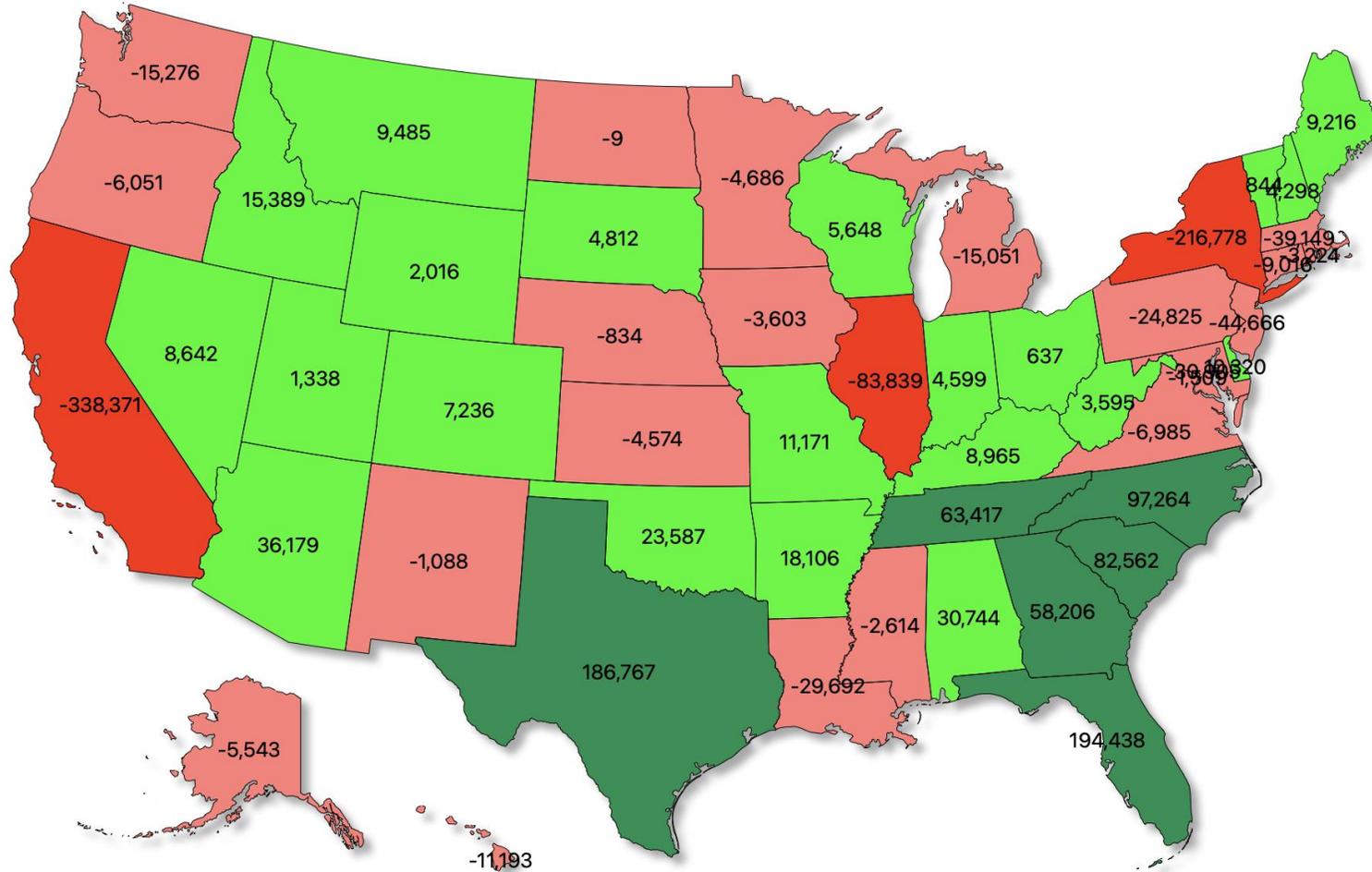
Adjusted for Cost of Living, Wisconsin Family Income Ranks 19th in U.S.



Net Migration

Wisconsin drawing population from near-by states

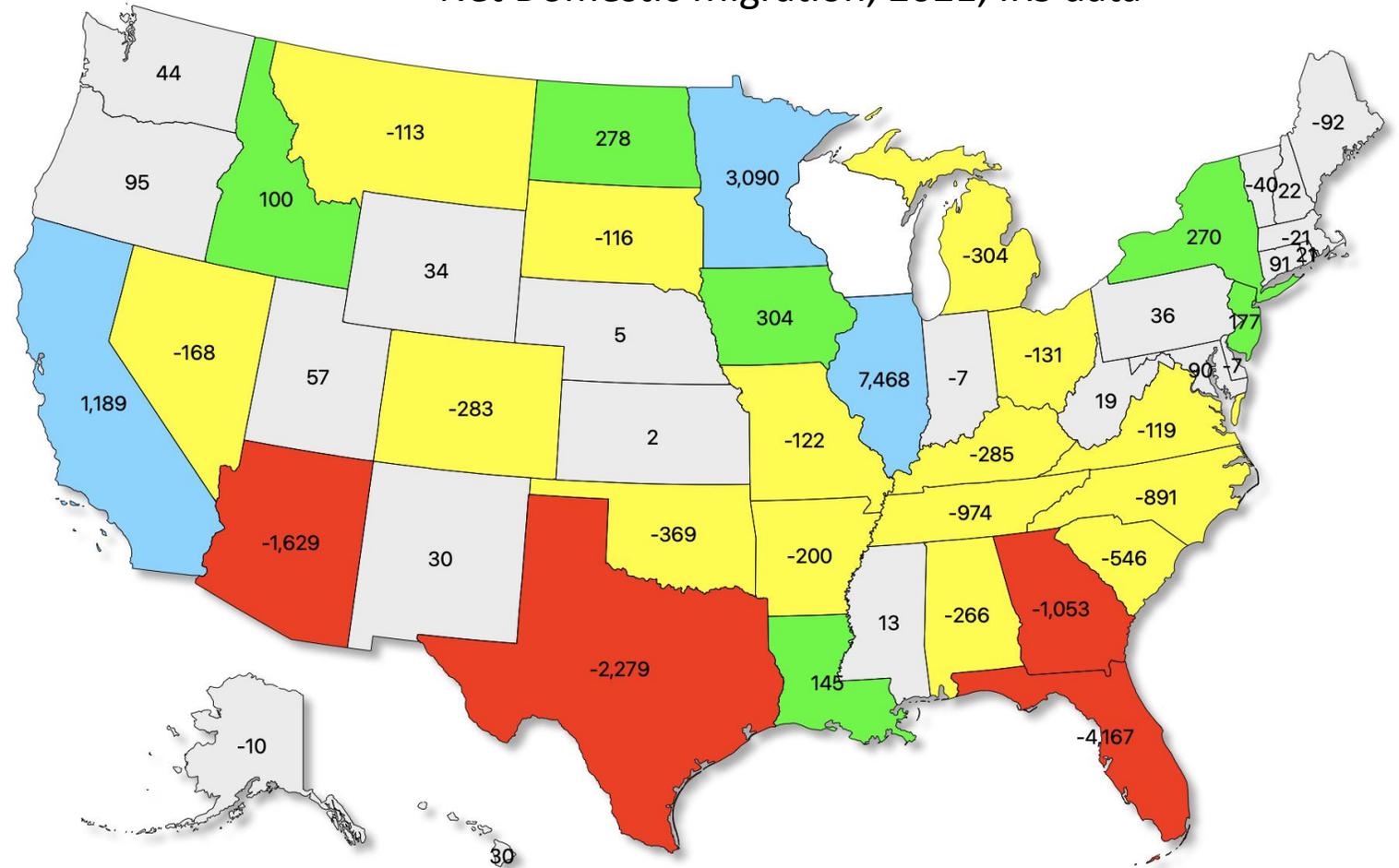
Strong Domestic In-Migration for Wisconsin in 2023



Source: U.S. Census Bureau, Annual Population Estimates

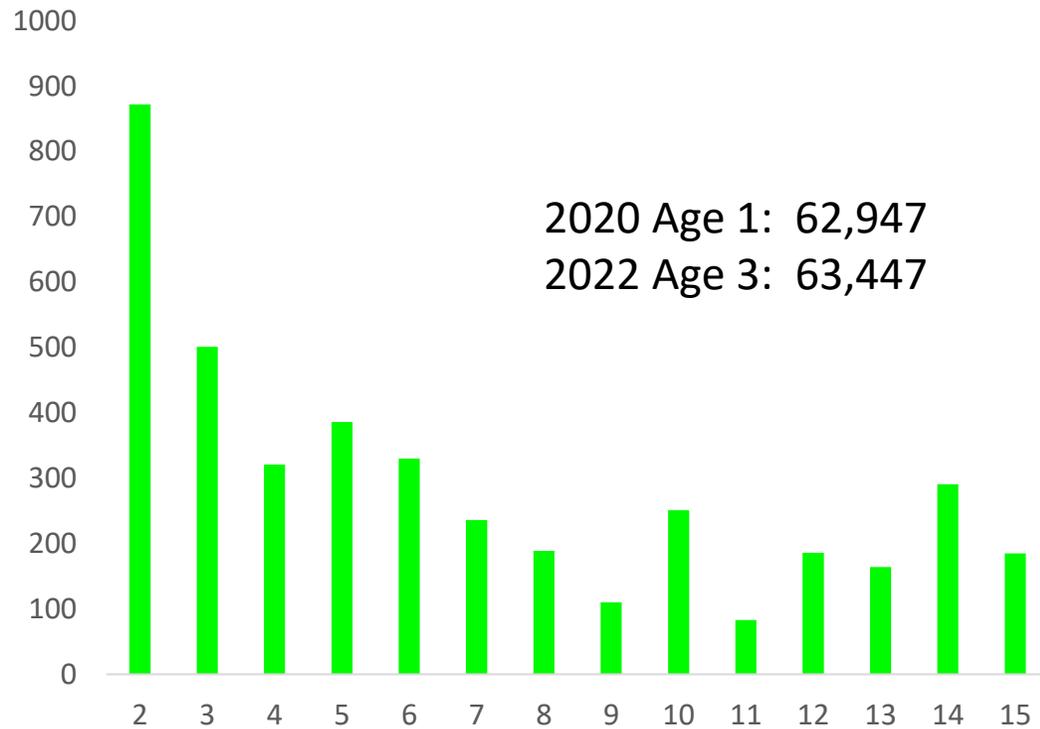
Principal Sources
of Wisconsin
NET
In-Migration:
Illinois,
Minnesota, and
California

Net Domestic Migration, 2021, IRS data

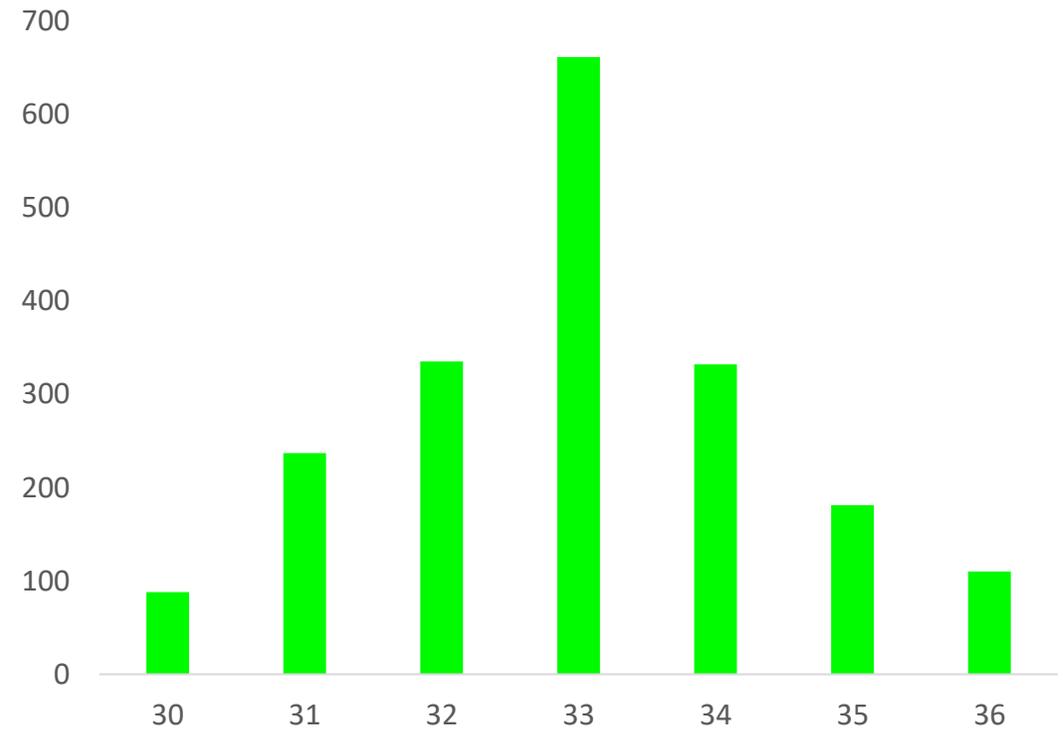


Major Source of In-Migration, Families with Children

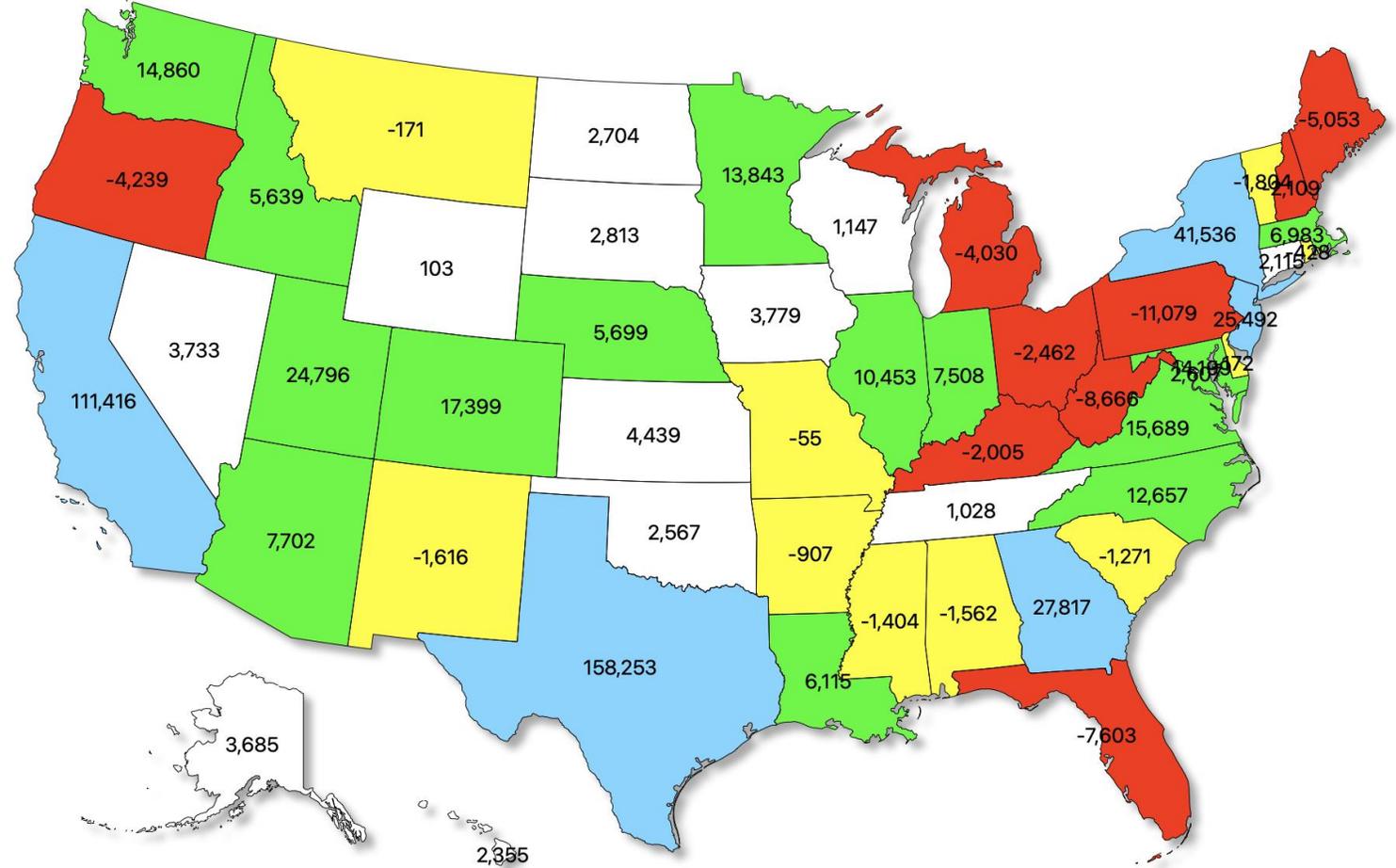
Wisconsin 2-Year Population Gain
By Age Cohort



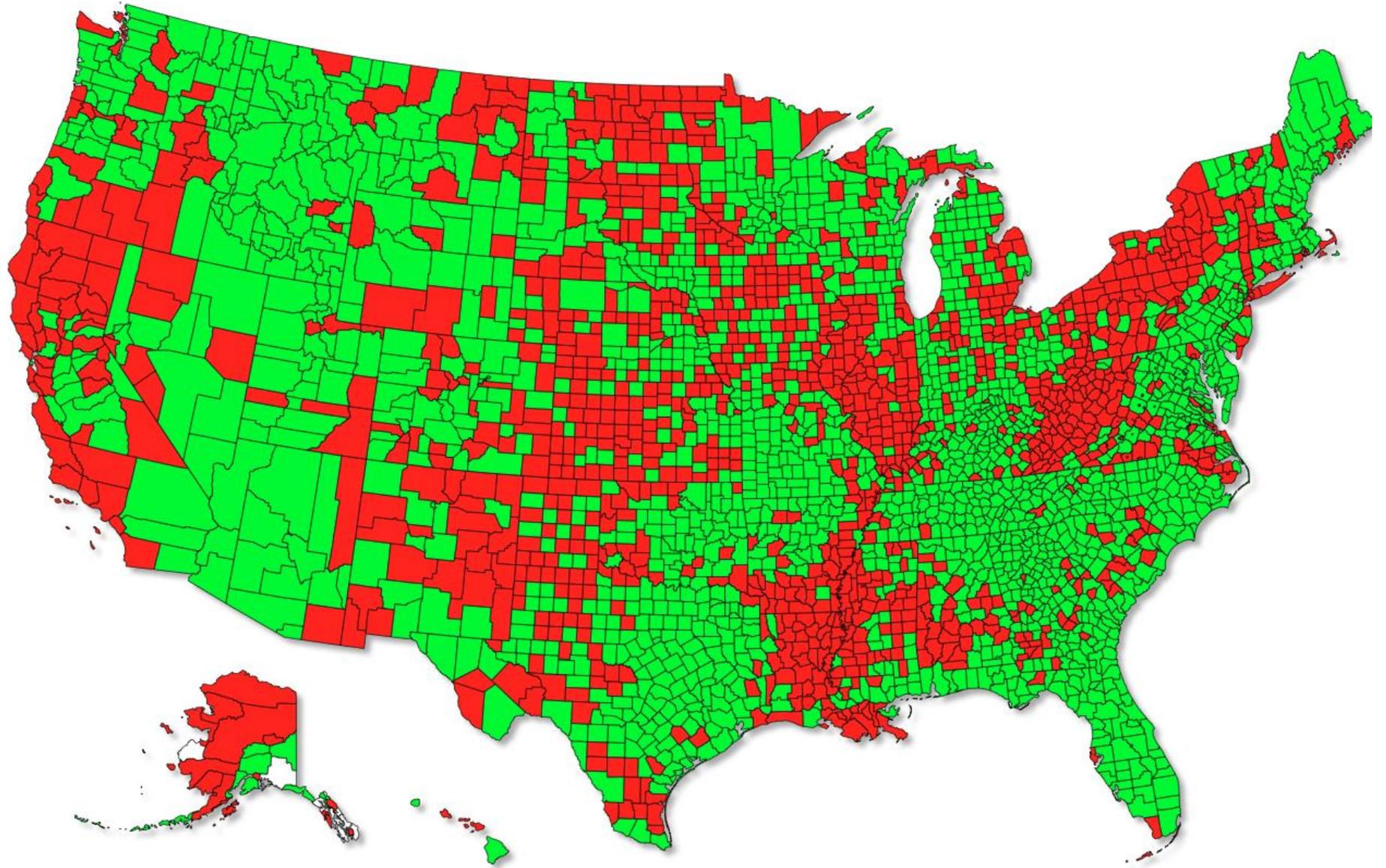
Wisconsin 2-Year Population Gain
By Age Cohort



In 2023 Wisconsin Switched Back to a Natural Increase In Population

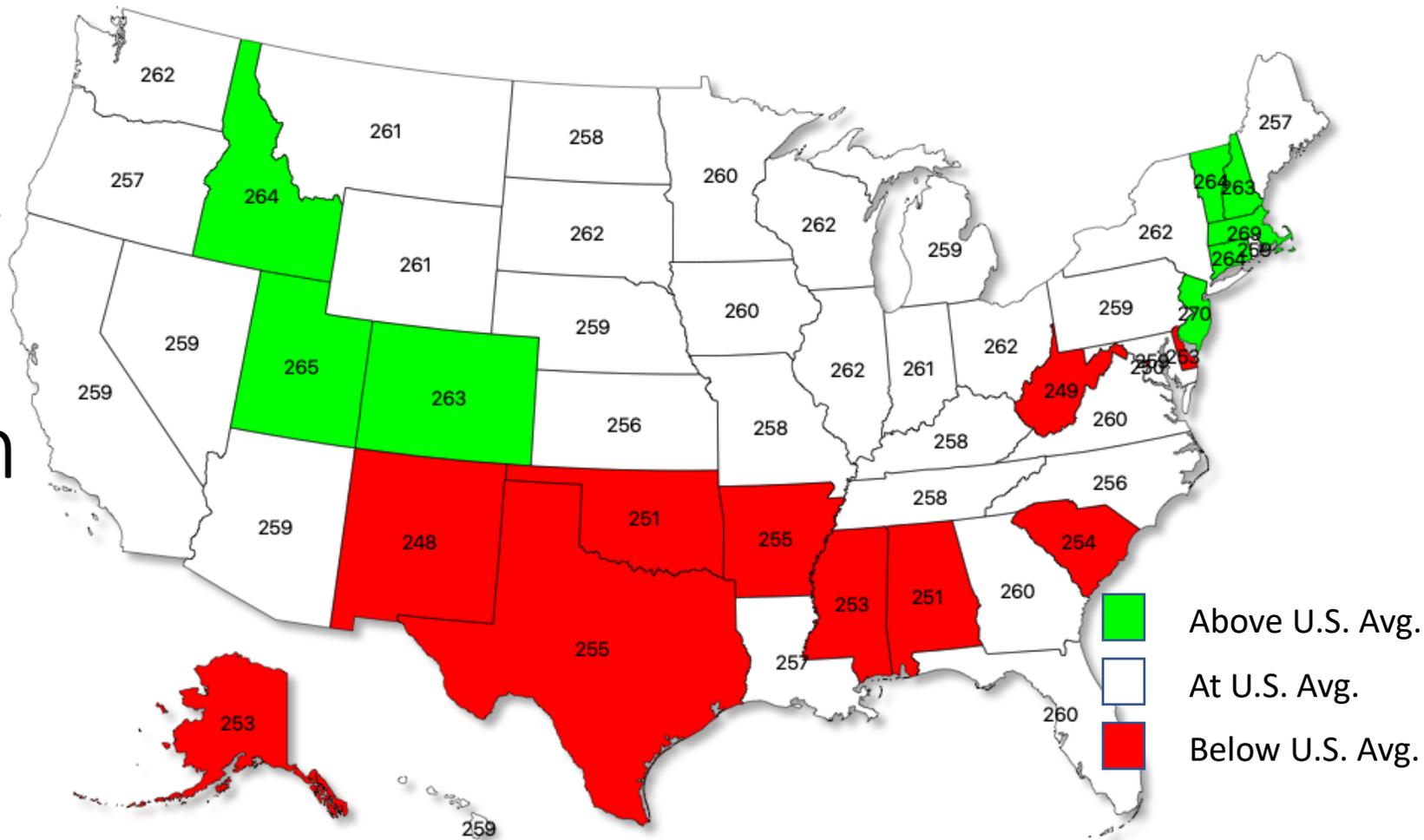


2023 Most Wisconsin Counties Gaining Population



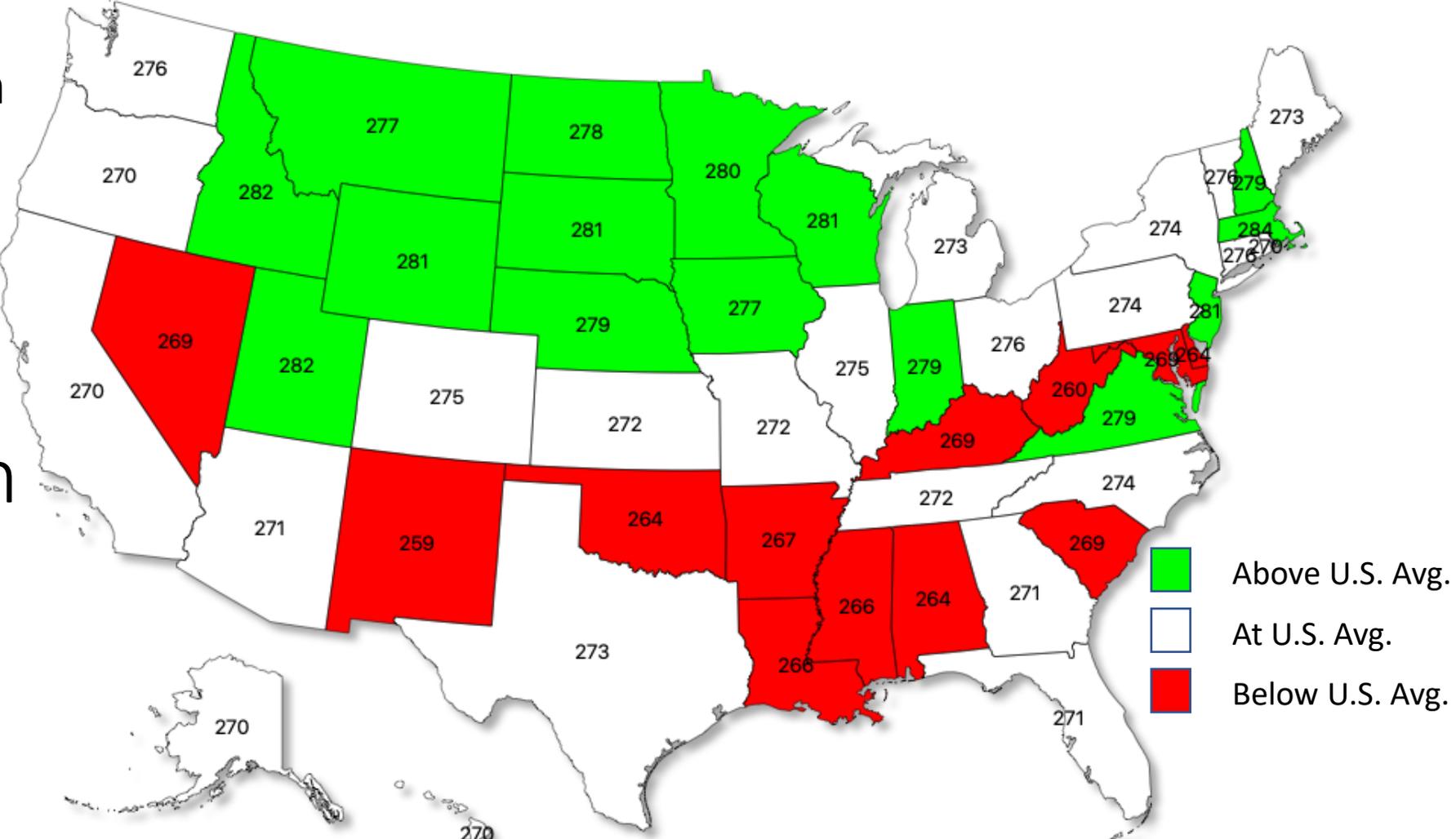
Education

Wisconsin 8th Grade Reading Scores 10th Highest in the Nation



<https://www.nationsreportcard.gov/profiles/stateprofile?chort=2&sub=RED&sj=AL&sfj=NP&st=MN&year=2022R3>

Wisconsin 8th Grade Mathematics Scores 4th Highest in the Nation

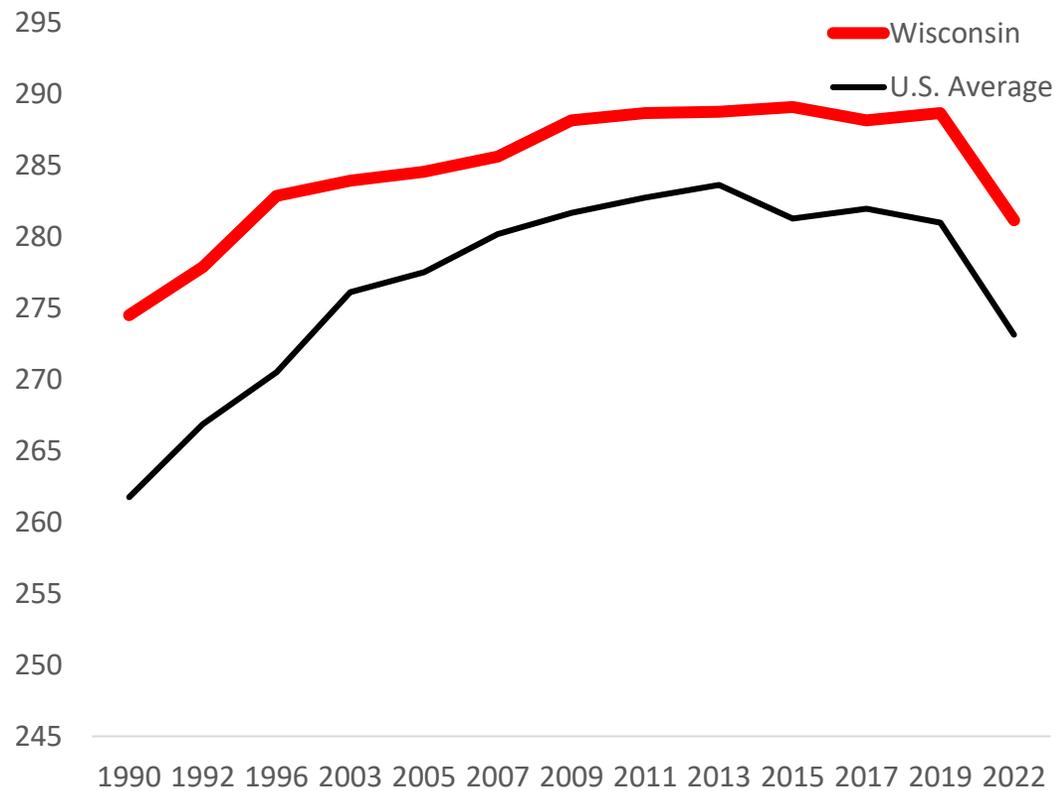


<https://www.nationsreportcard.gov/profiles/stateprofile?chort=2&sub=RED&sj=AL&sfj=NP&st=MN&year=2022R3>

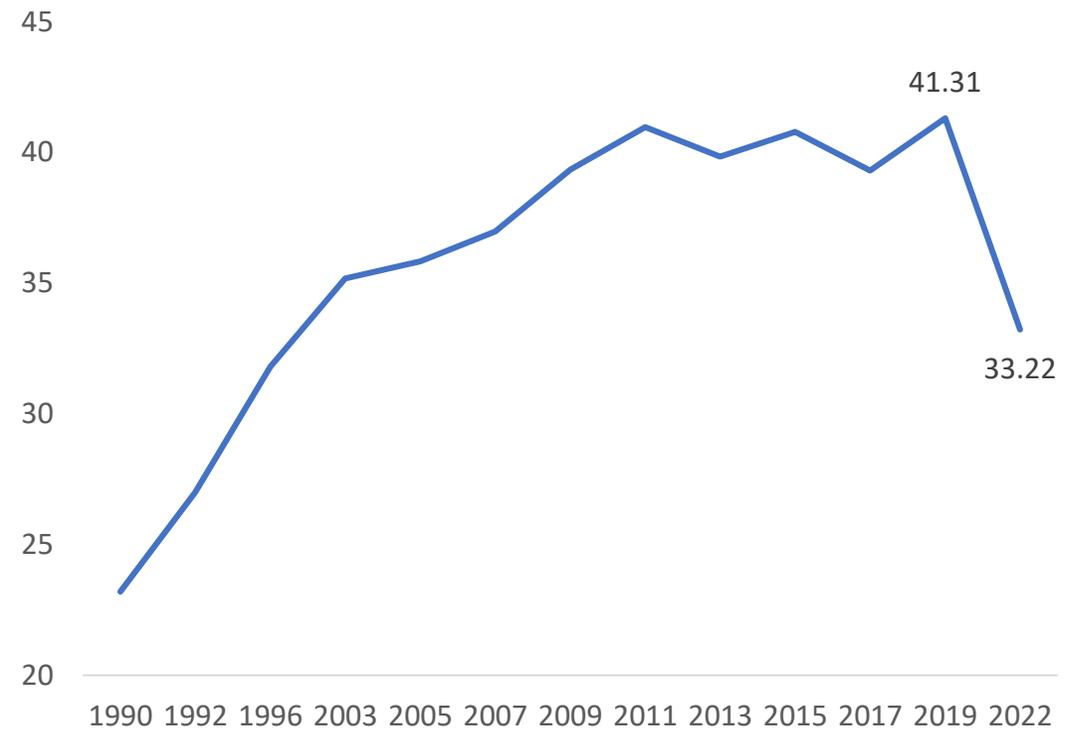
20 Year Set Back

Upstream Talent: Mathematics

8th Grade Math Proficiency Scores



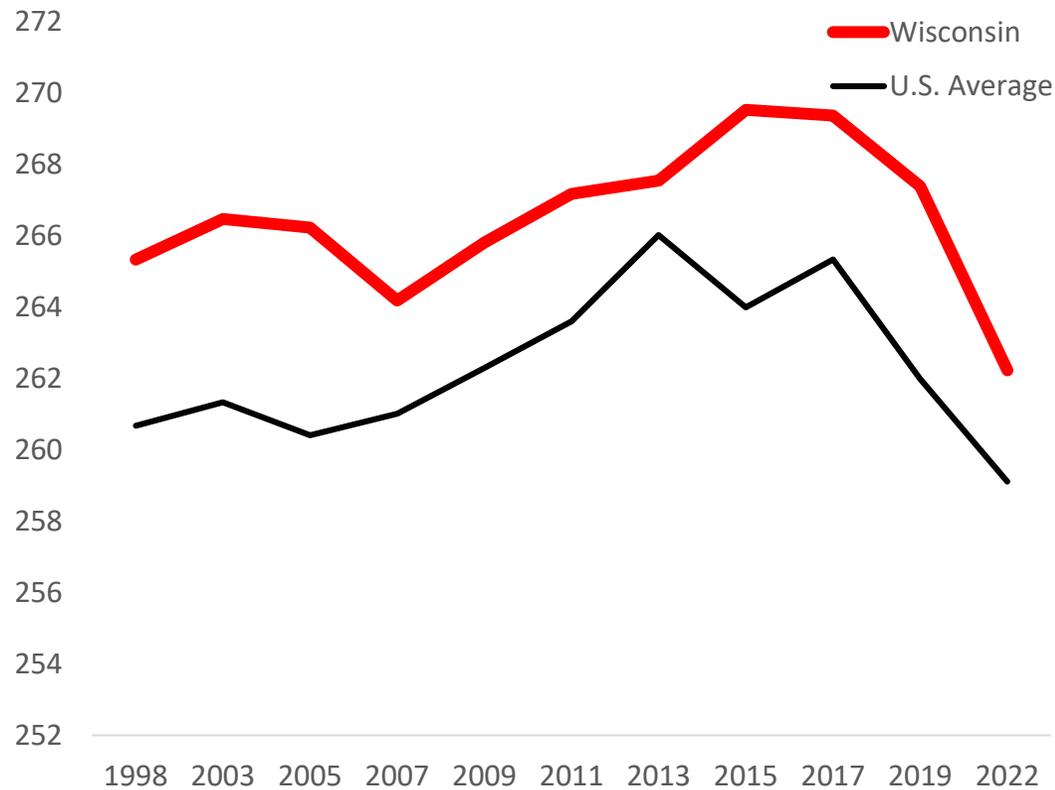
Percent of WI 8th Grade Students Scoring Proficient or Higher



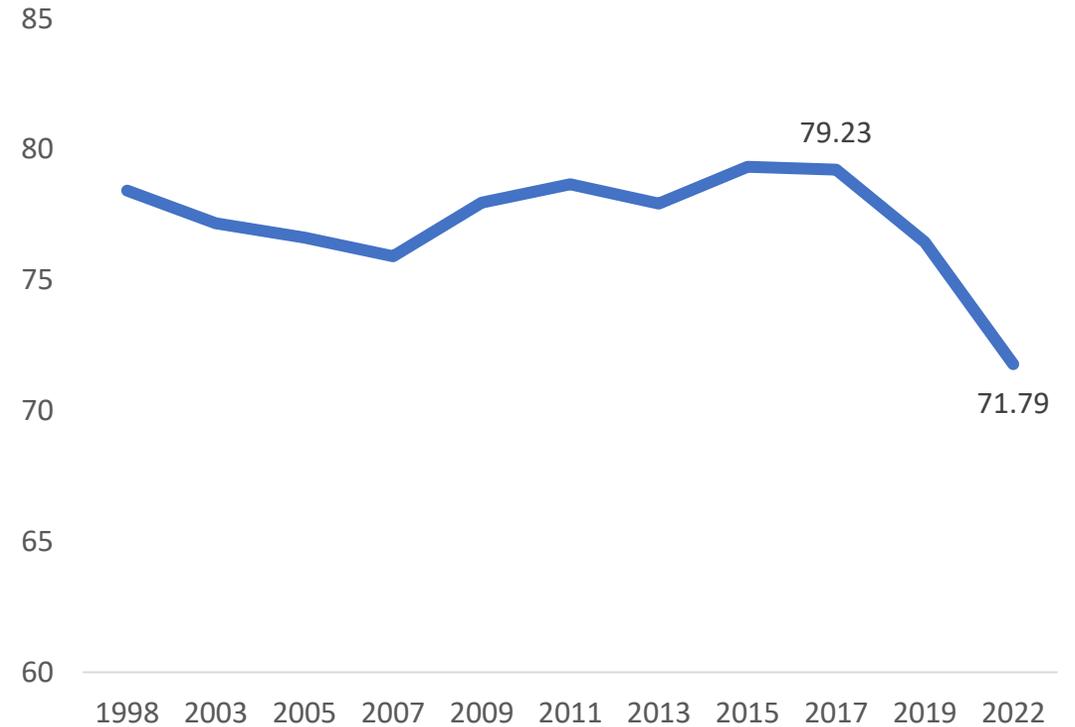
20 Year Set Back

Upstream Talent: Reading

8th Grade Math Proficiency Scores



Percent of WI 8th Grade Students Scoring Proficient or Higher



More HS Graduates

Fewer College Bound

2 Year College Enrollment Falls

More Dropouts

U.S Recent High School Graduates Education Status 1-Year Later	10-Year Change					Amount	Percent
	2012	2013	2017	2022	2023		
HS Graduates	3203	2977	2807	2987	3086	109	3.4%
Men	1622	1524	1345	1355	1551	27	1.7%
Women	1581	1453	1525	1632	1535	82	5.2%
College Enrolled	2121	1962	1915	1853	1896	-66	-3.1%
Men	994	968	822	775	893	-75	-7.5%
Women	1127	994	1093	1078	1003	9	0.8%
Total % College	66.2%	65.9%	68.2%	62.0%	61.4%		
Men Share of College	46.9%	49.3%	42.9%	41.8%	47.1%	-2.2%	
Women Share of College	53.1%	50.7%	57.1%	58.2%	52.9%	2.2%	
2-Year College	921	709	648	504	481	-228	-24.8%
4-Year College	1200	1253	1267	1348	1415	162	13.5%
2 Year % of College	43.4%	36.1%	33.8%	27.2%	25.4%	-10.8%	
4 Year % of College	56.6%	63.9%	66.2%	72.7%	74.6%	10.8%	
HS Not College Enrolled	1082	1016	955	1134	1190	174	16.1%
Men	628	556	523	570	657	101	16.1%
Women	454	459	432	594	532	73	16.1%
HS Dropouts	370	529	530	538	614	85	23.0%
Men	192	285	313	268	330	45	23.4%
Women	178	244	217	270	284	40	22.5%

Wisconsin College Closures & Financial Exigency

Public

Closing

- UW-Platteville-Richland
- UWM-Waukesha County
- UWO-Fox Cities (2025)

Online Only

- UWM-Washington County
- UW-Oshkosh-Fond du Lac
- UW-Green Bay-Marinette

Private

Closed

- Holy Family College
- Silver Lake College
- Cardinal Stritch University

Financial Exigency

- Northland College
- Alverno College

Wisconsin College Reductions

UW-Parkside Review: The socioeconomics of SE Wisconsin, **business growth in the Kenosha-Racine corridor (offering potential students alternate career paths)**, and limited marketing reach and brand perception make it difficult for Parkside to recruit and enroll students.

Public

Reserves Exhausted

Private

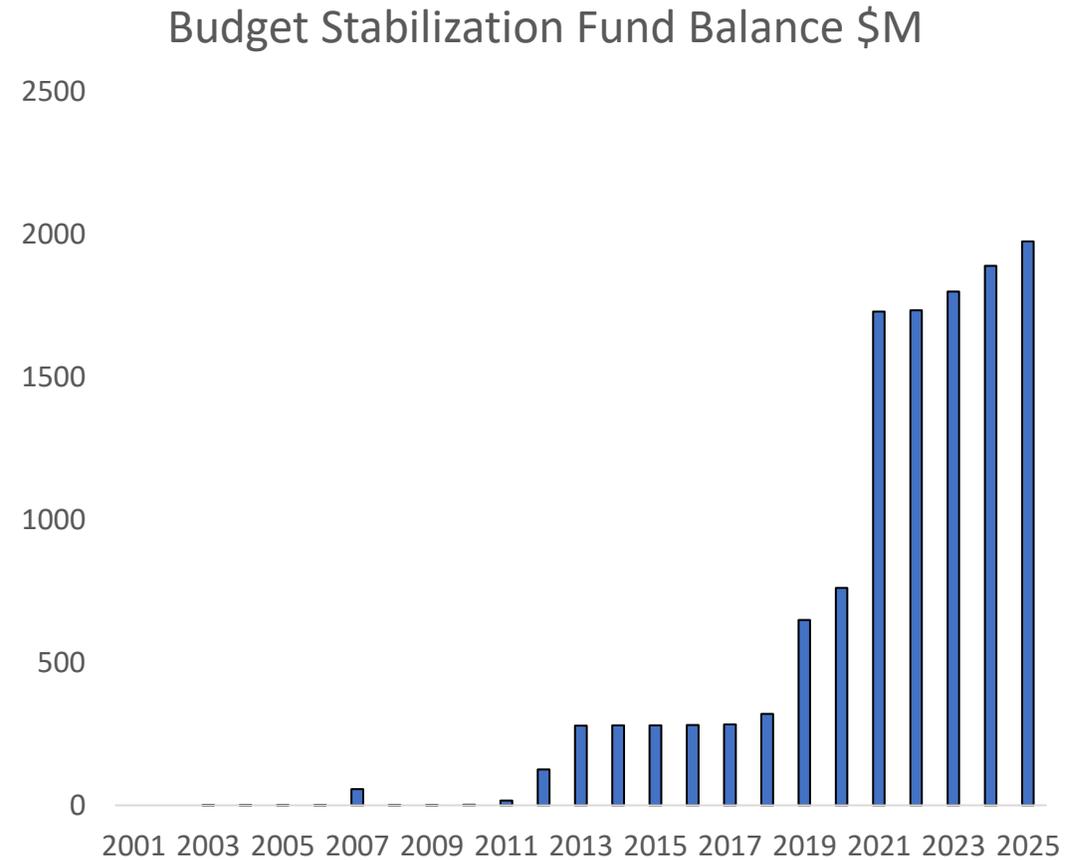
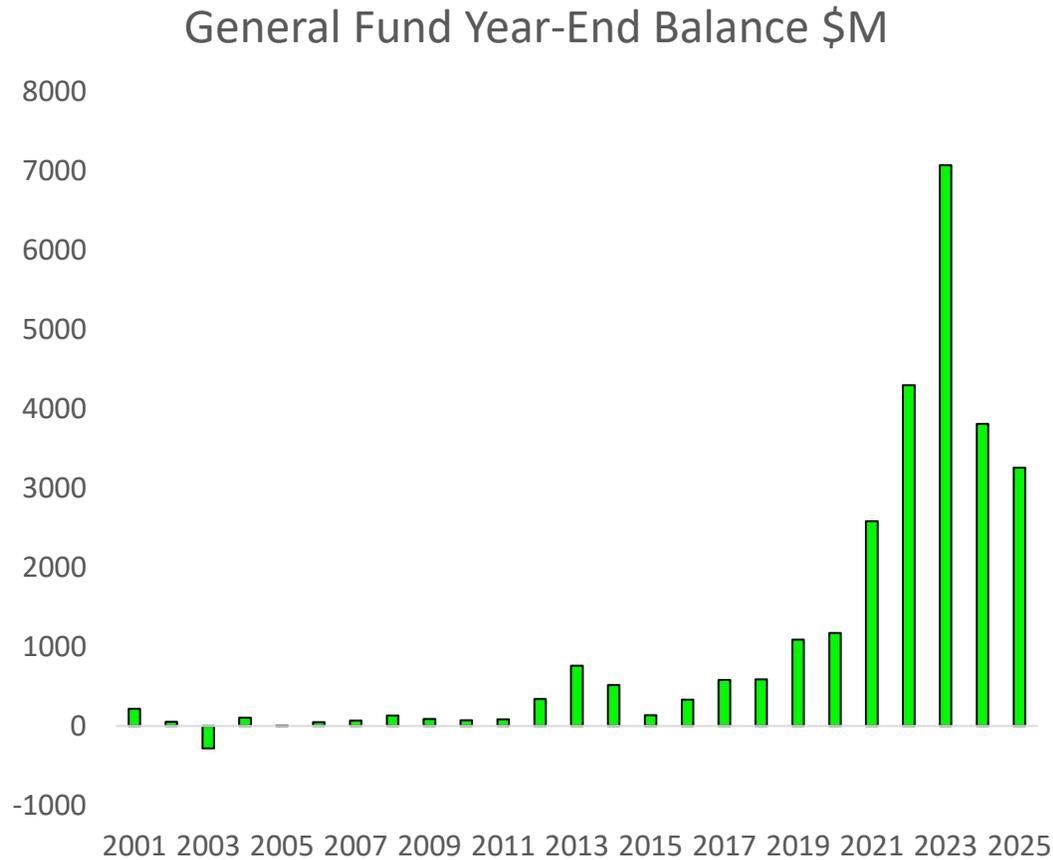
- UW-Oshkosh
- UW-Parkside
- UW-River Falls
- UW-Platteville
- UW-Green Bay
- UW-Whitewater
- UW-Superior

- FY24
- FY25
- FY25
- FY25
- FY27
- FY28
- FY28

- Marquette University
- Saint Norbert College
- Concordia University
- Marian University
- Beloit College (2021)
- Edgewood College (2019)

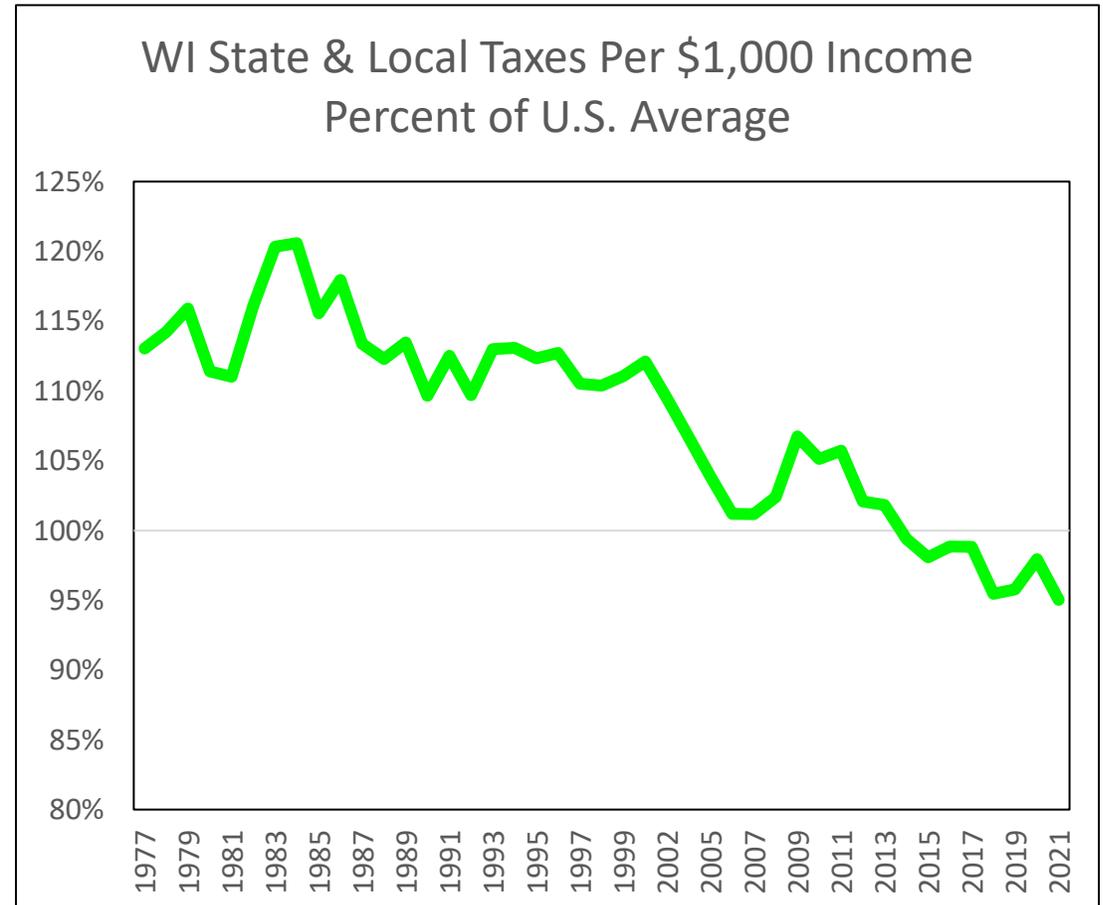
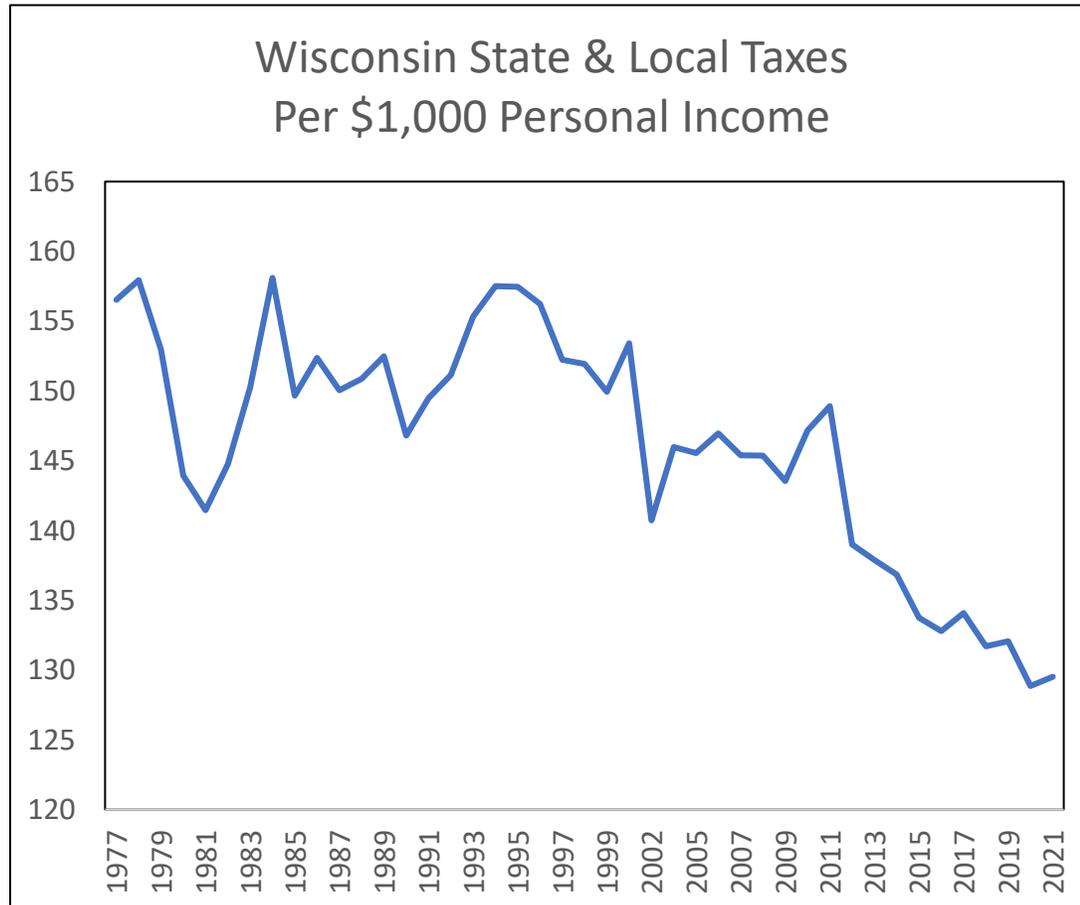
State & Local Finances

Wisconsin State Budget Balances All-Time High



Source: Wisconsin Legislative Fiscal Bureau, Wisconsin Department of Administration

Wisconsin Has Significantly Reduced Its State and Local Tax Burden



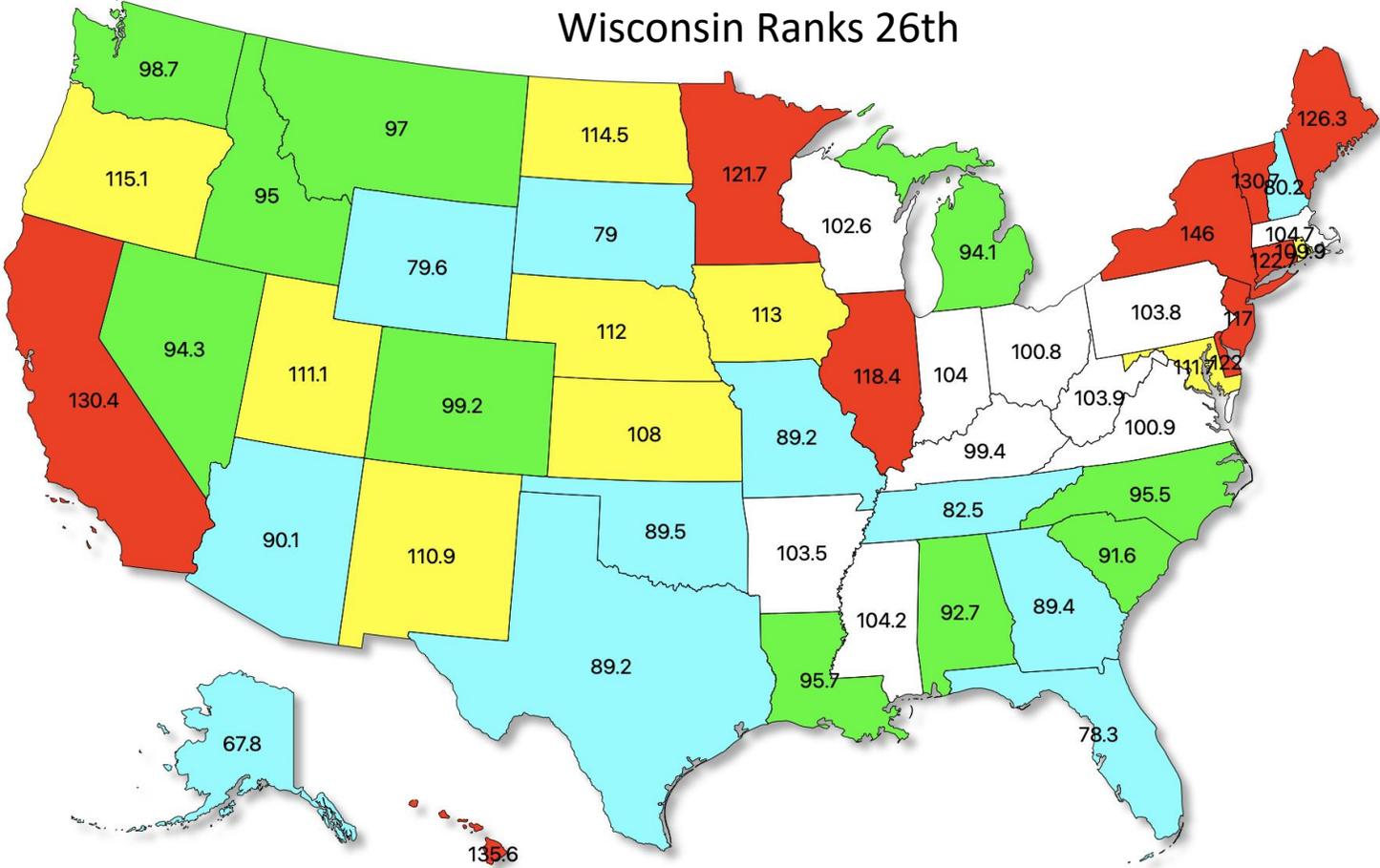
[DOR Data Visualization: State & Local Tax Burden](#)

State & Local Taxes Per \$1,000 Personal Income, FY2021

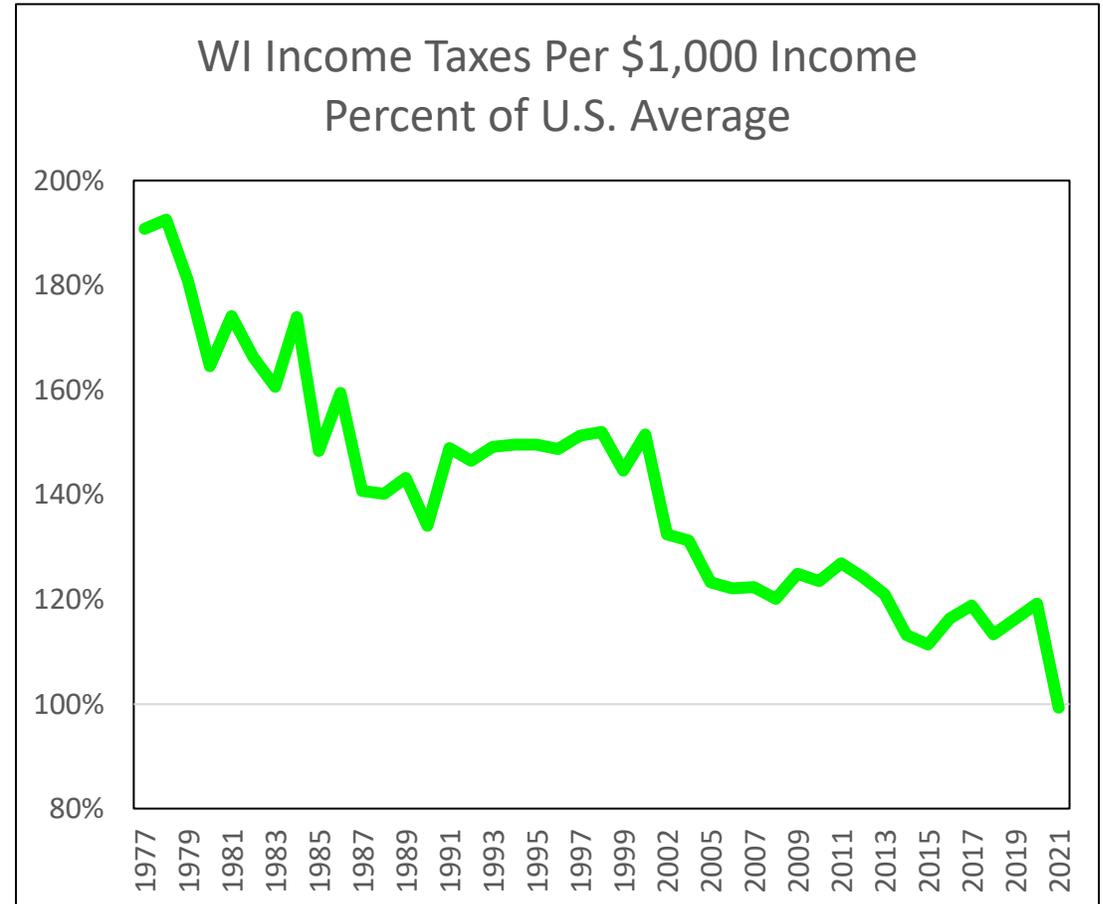
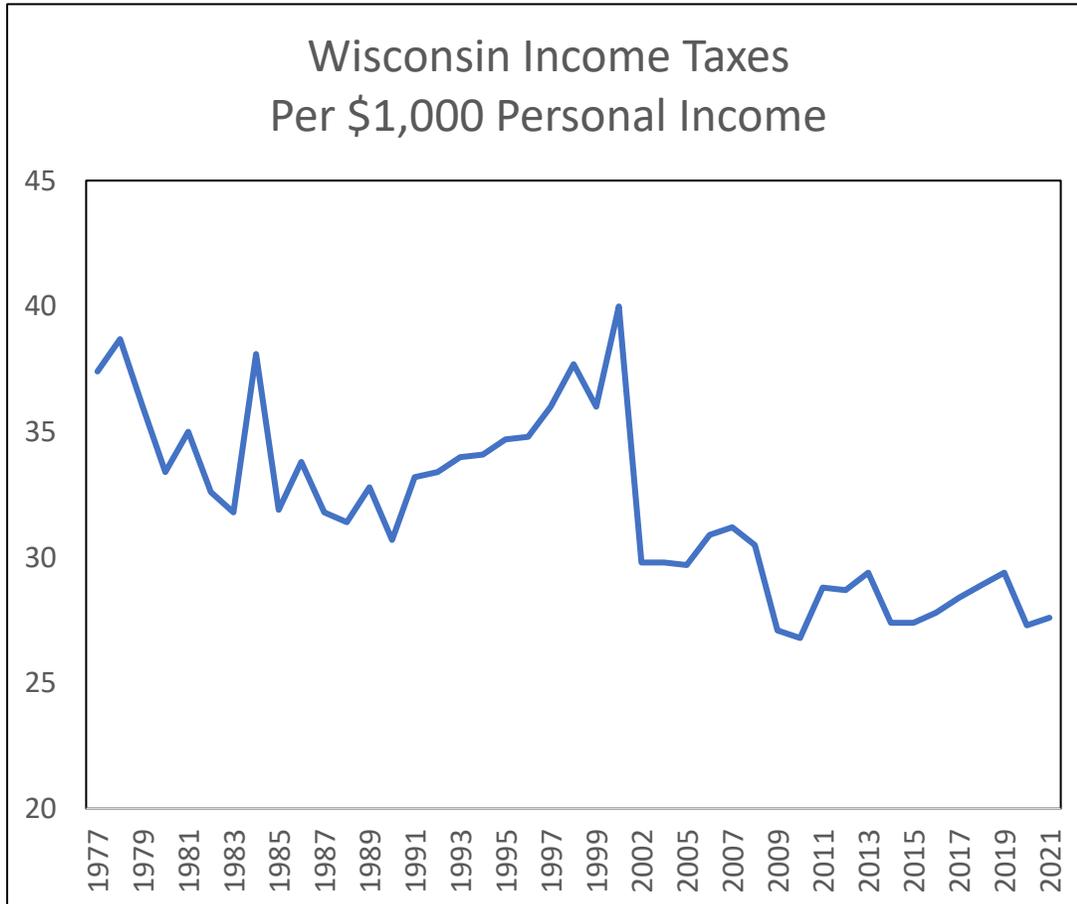
Wisconsin Tax Burden Below U.S. Average

U.S. Average \$107.3

Wisconsin Ranks 26th

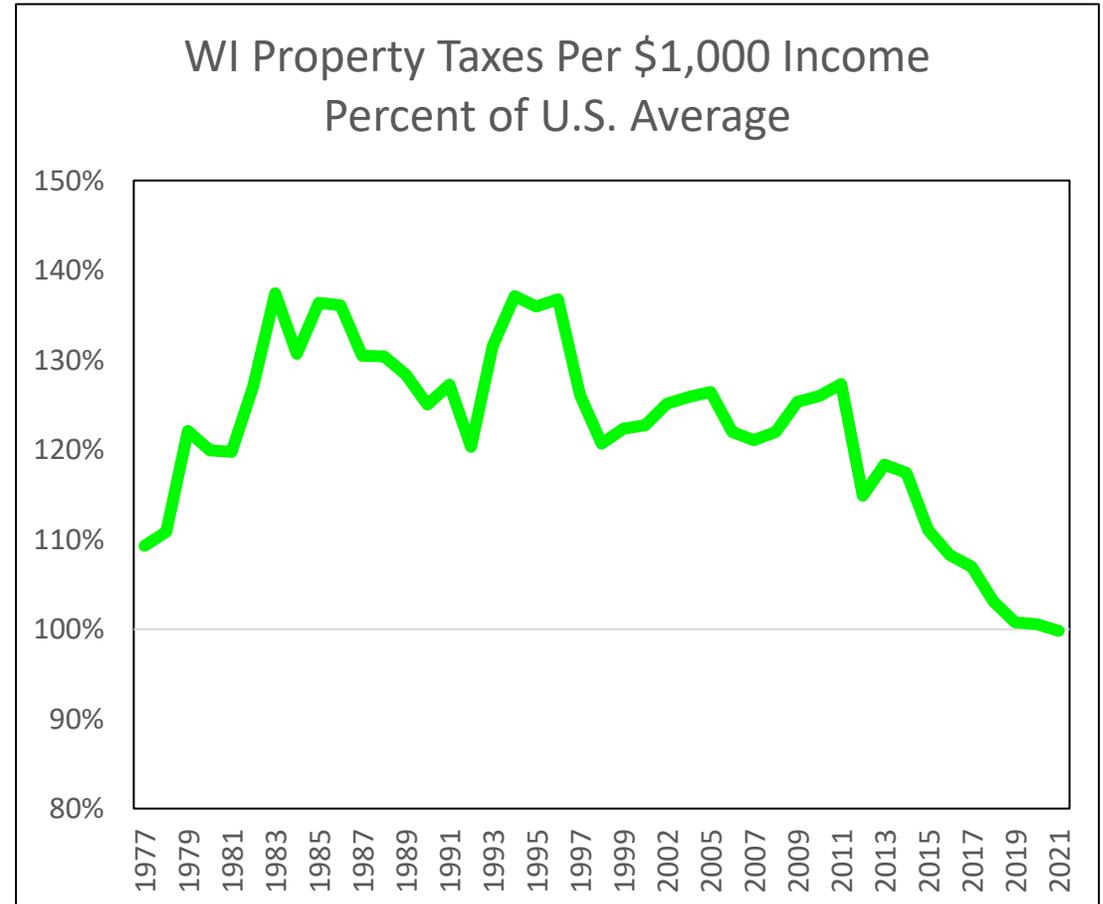
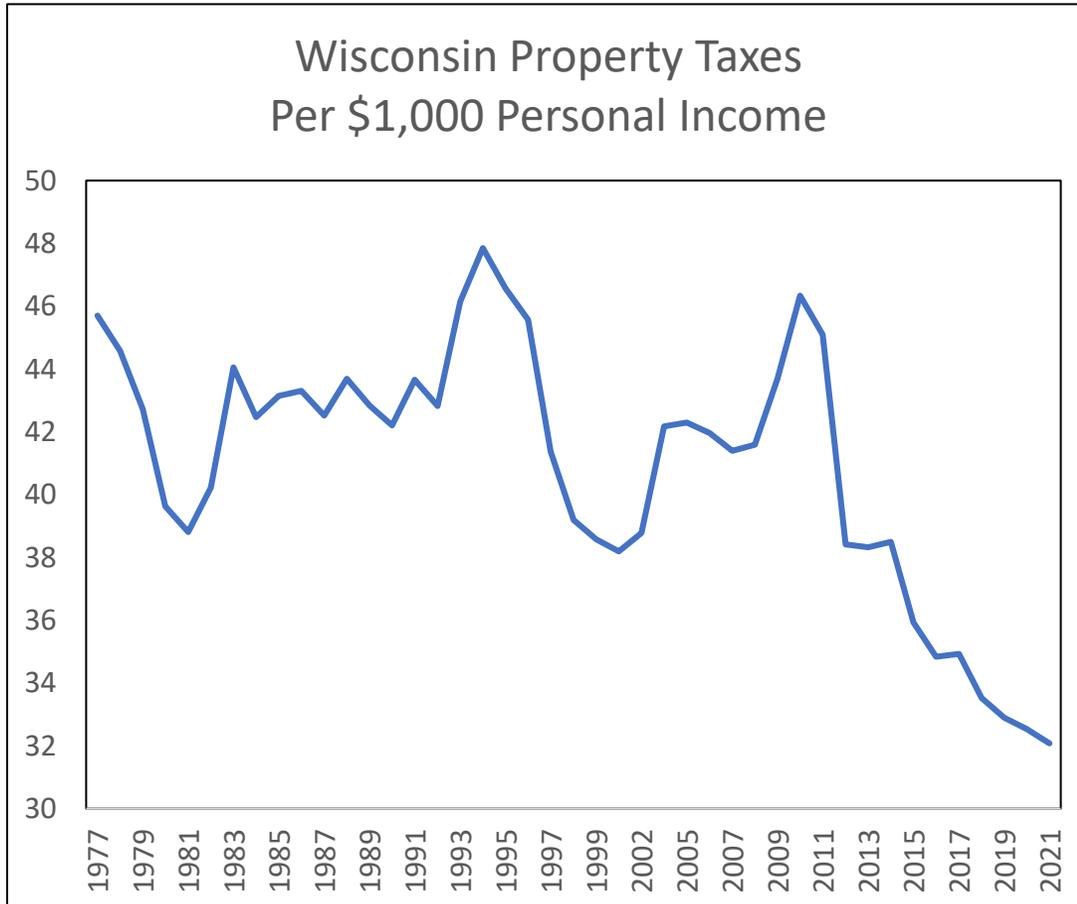


Wisconsin Has Significantly Reduced Its Income Tax Burden



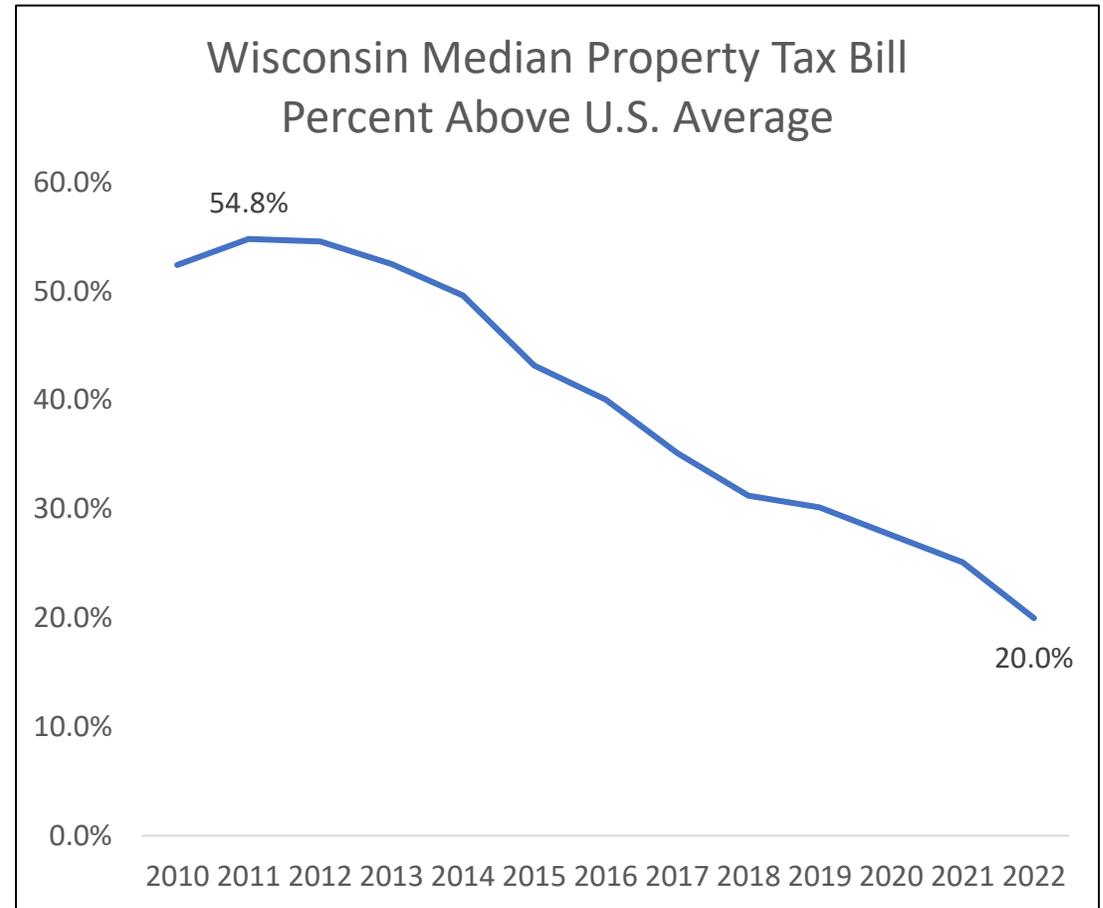
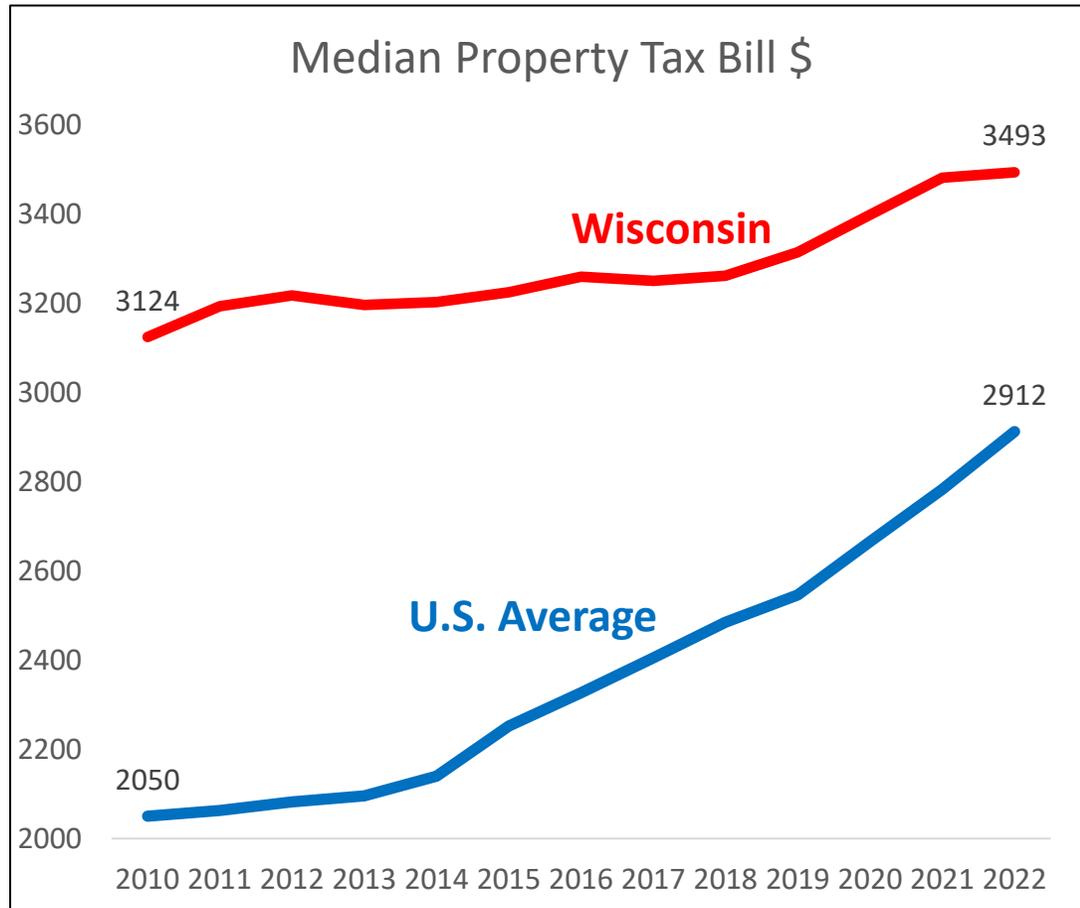
[DOR Data Visualization: State & Local Tax Burden](#)

Wisconsin Has Significantly Reduced Its Property Tax Burden



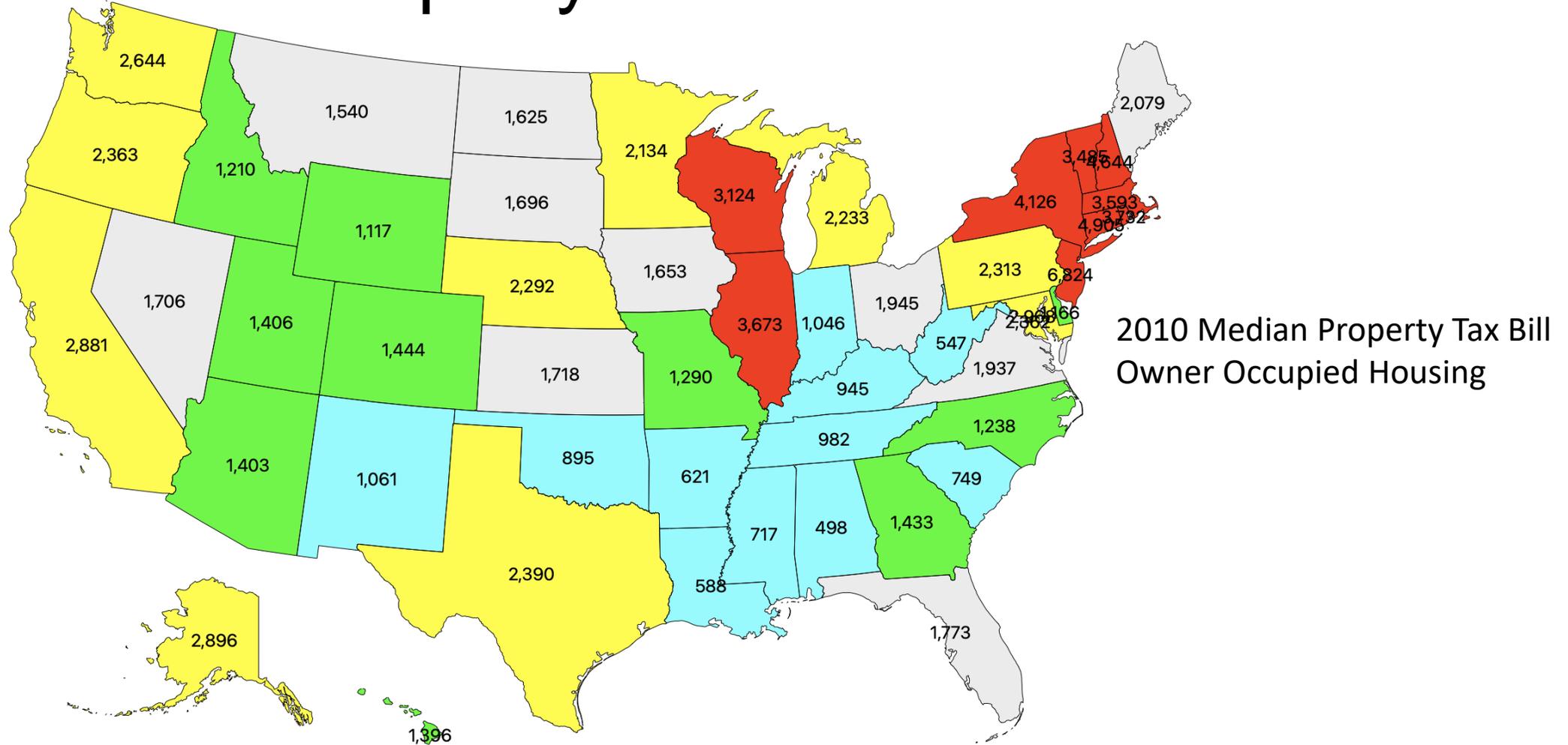
[DOR Data Visualization: State & Local Tax Burden](#)

However, For the Typical Homeowner, Wisconsin's Property Tax Bill Remains Above the U.S. Average



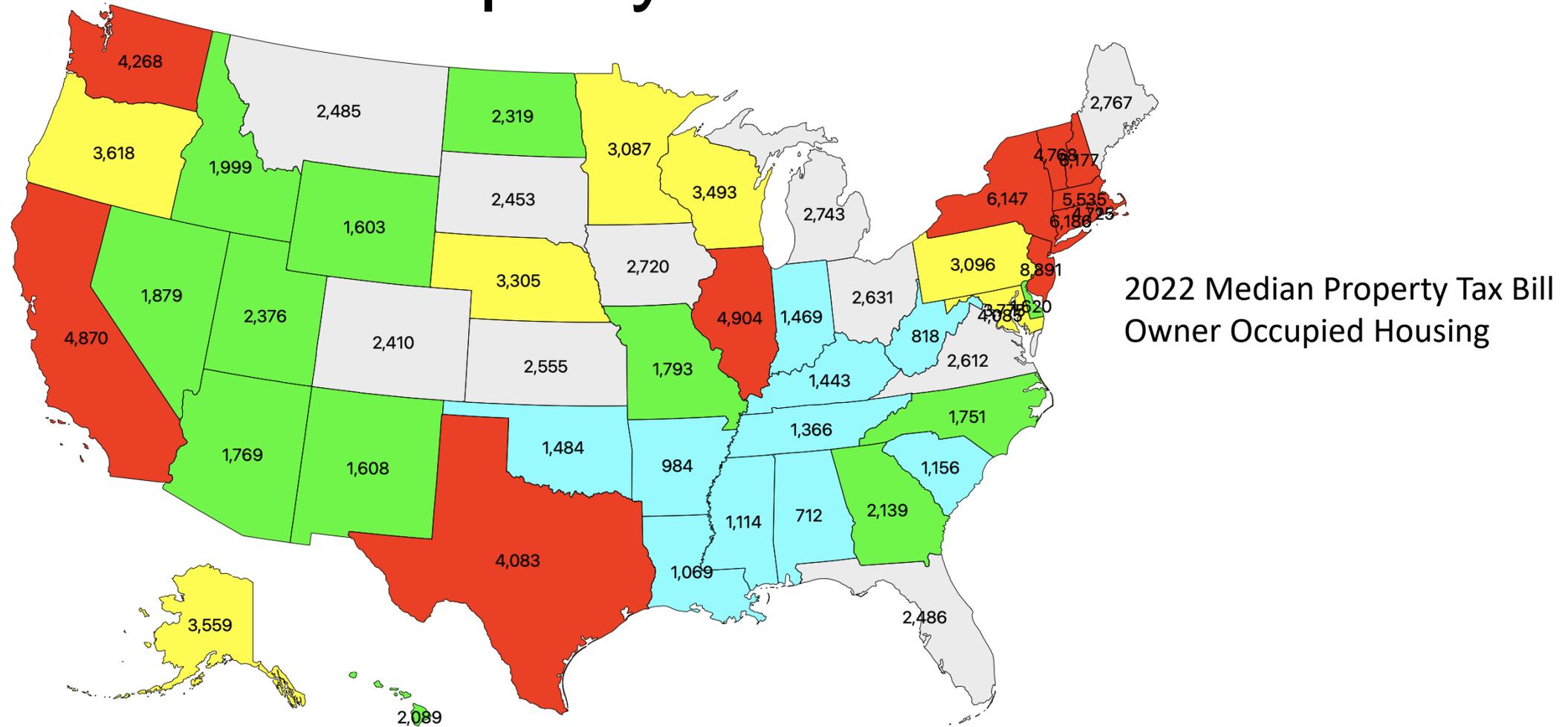
Source: U.S. Census Bureau, American Community Survey, 1 Year Estimates

In 2010, Wisconsin Ranked 9th Highest for Homeowner Property Tax Bills



Source: U.S. Census, American Community Survey.

By 2022, Wisconsin Dropped to 16th In Homeowner Property Tax Bill



Source: U.S. Census, American Community Survey.

Wisconsin Reforms County & Municipal Shared Revenues

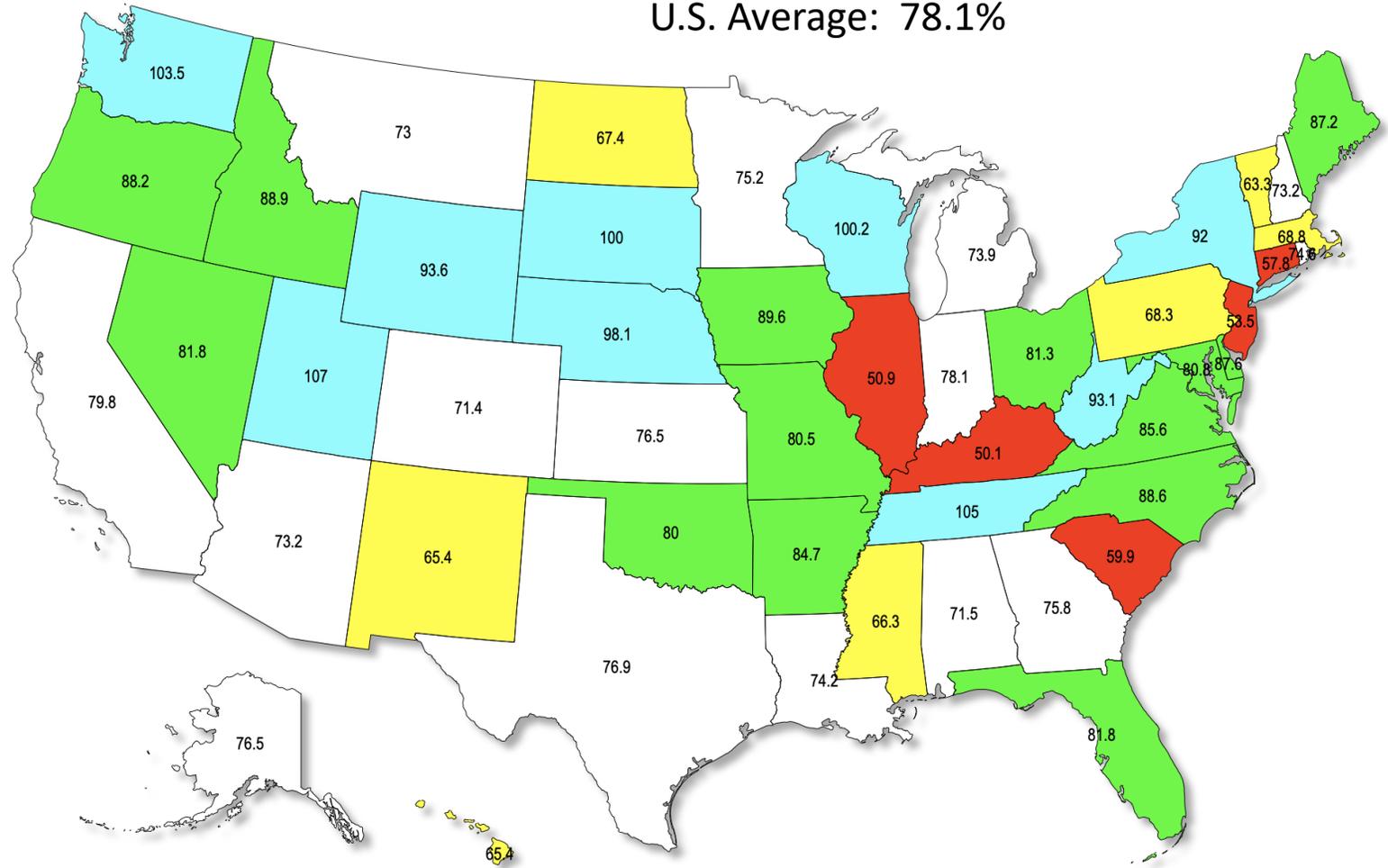
- County and municipal shared revenues was reduced three times over the past twenty years
- Shared revenues were frozen since 2012

2023 Act 19 reverses county & municipal aid reductions

- Creates a Local Government Fund
- LGF receives 20% of state sales taxes
- County & Municipal Aids increased \$274.9 million
- Additional \$300 million set aside for innovation grants

FY2023 Funding Ratio for State and Local Pension Systems

U.S. Average: 78.1%

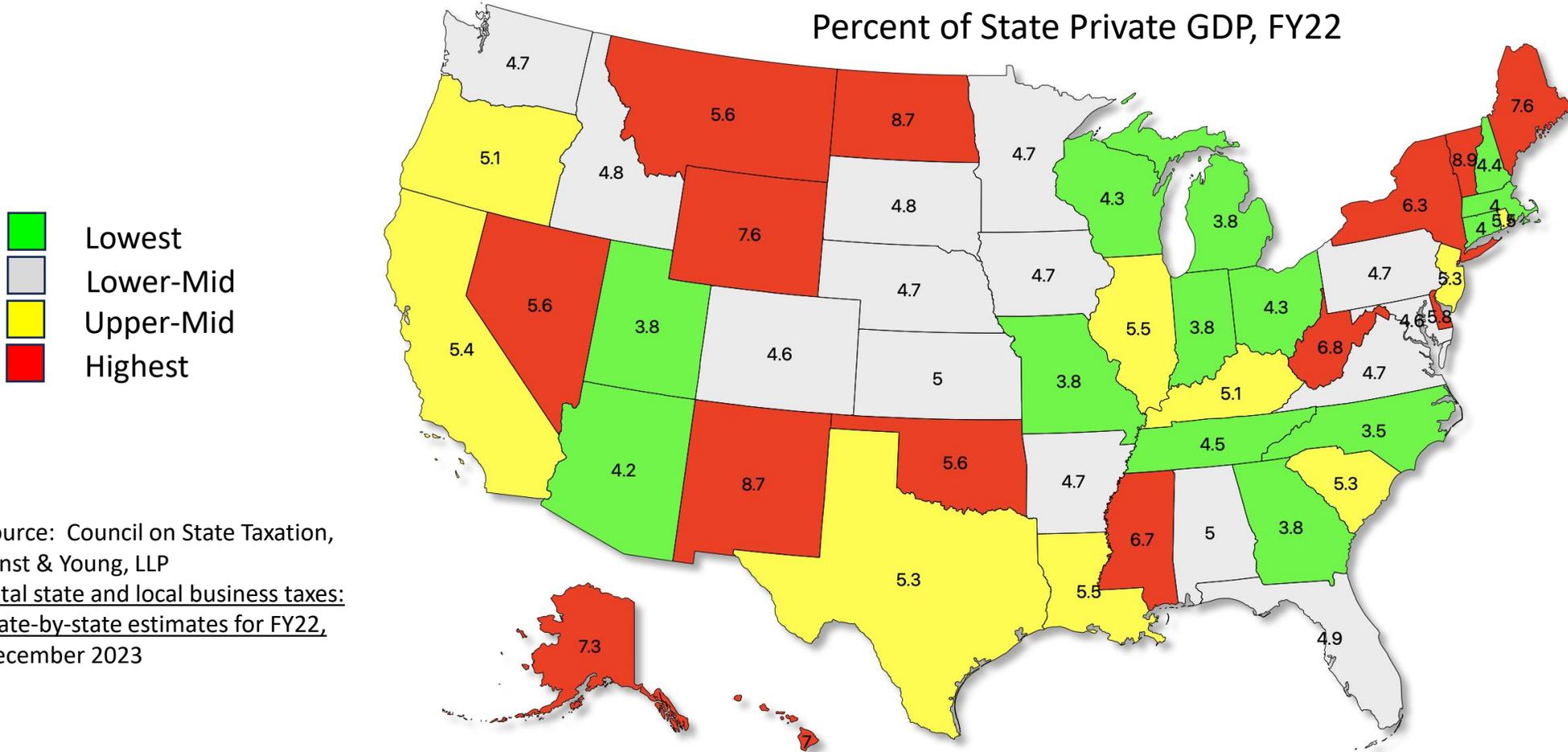


Wisconsin:
Among the
Few States
With Fully
Funded
Pension
Systems

Source: Equable.Org, January 10, 2024

Wisconsin's Business Tax Climate Competitive

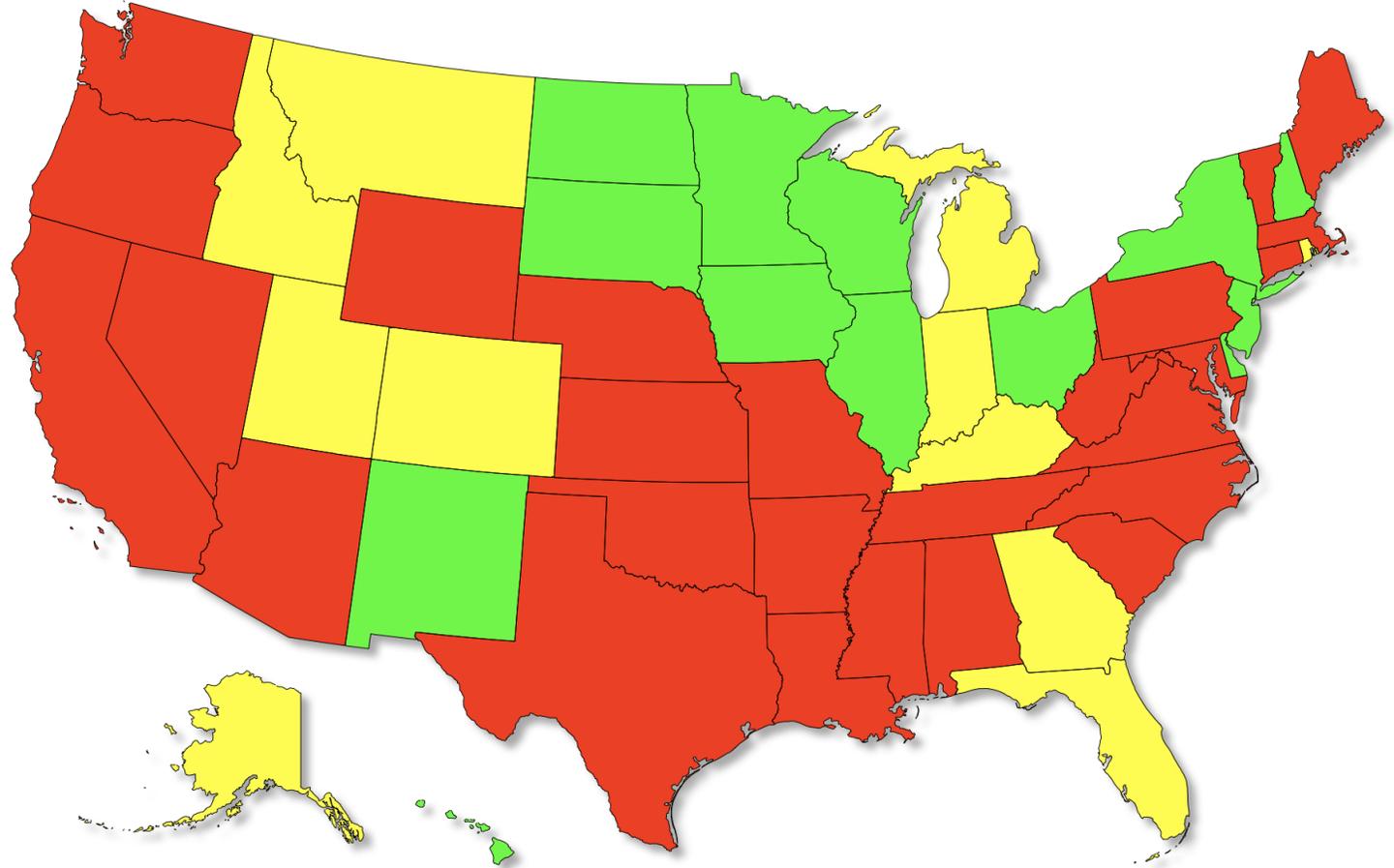
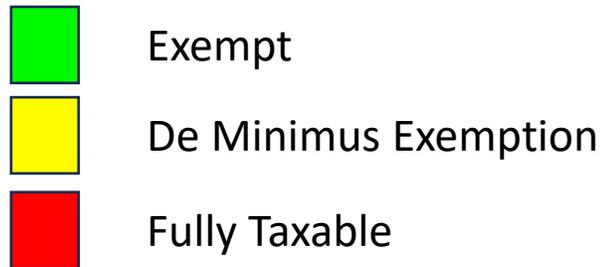
Total Effective Business Taxes,
Percent of State Private GDP, FY22



Source: Council on State Taxation,
Ernst & Young, LLP
Total state and local business taxes:
State-by-state estimates for FY22,
December 2023

Wisconsin Joins States with Full Tax Exemption for Business Personal Property

2024 State Tax Treatment of Business Personal Property

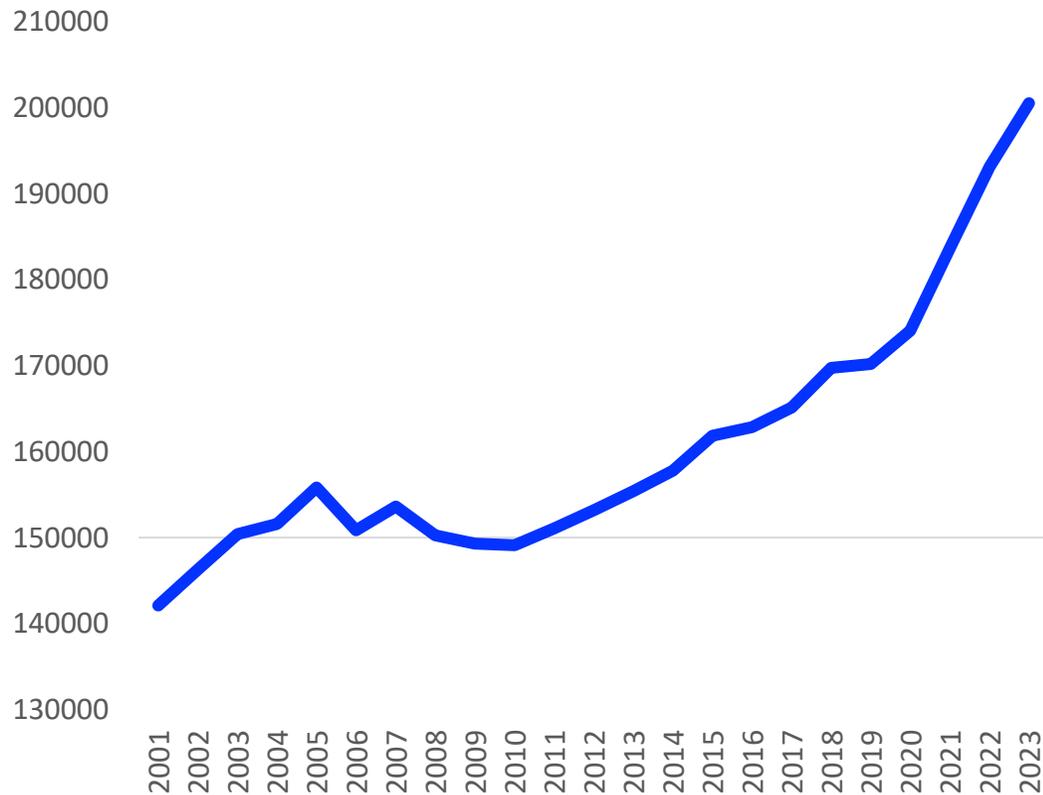


Source: National Tax Foundation, December 7, 2024

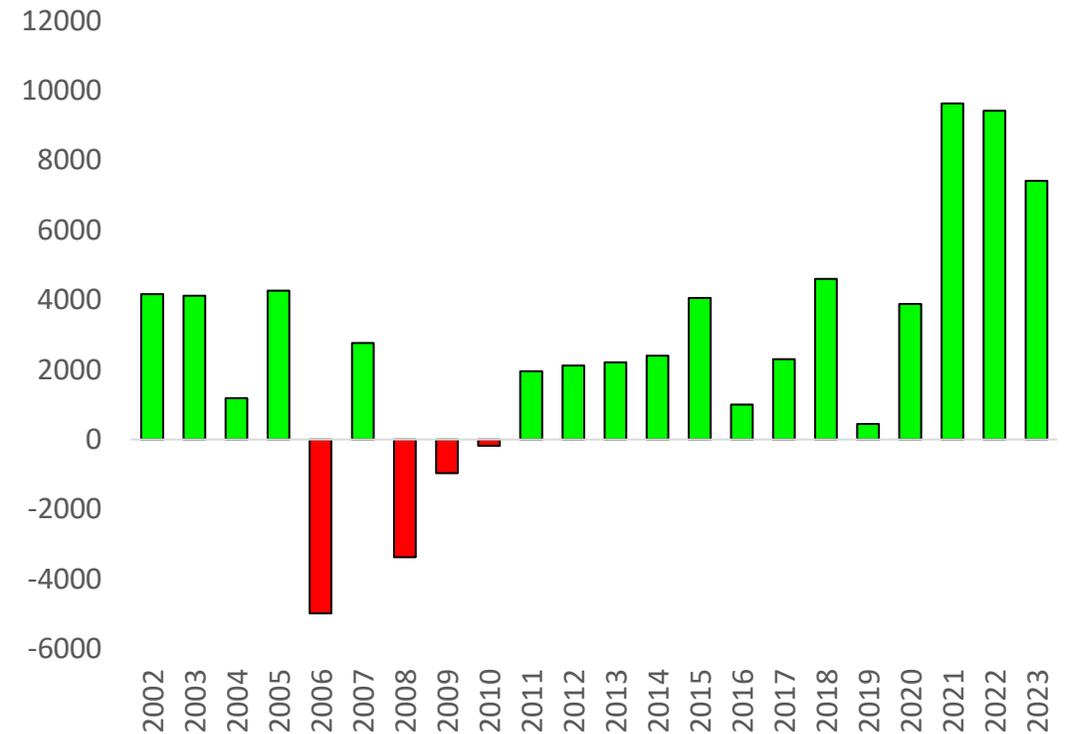
Wisconsin Entrepreneurship

Wisconsin Total Number of Businesses Rose Sharply in 2021, 2022, and 2023

WI Total Private Establishments, Q4



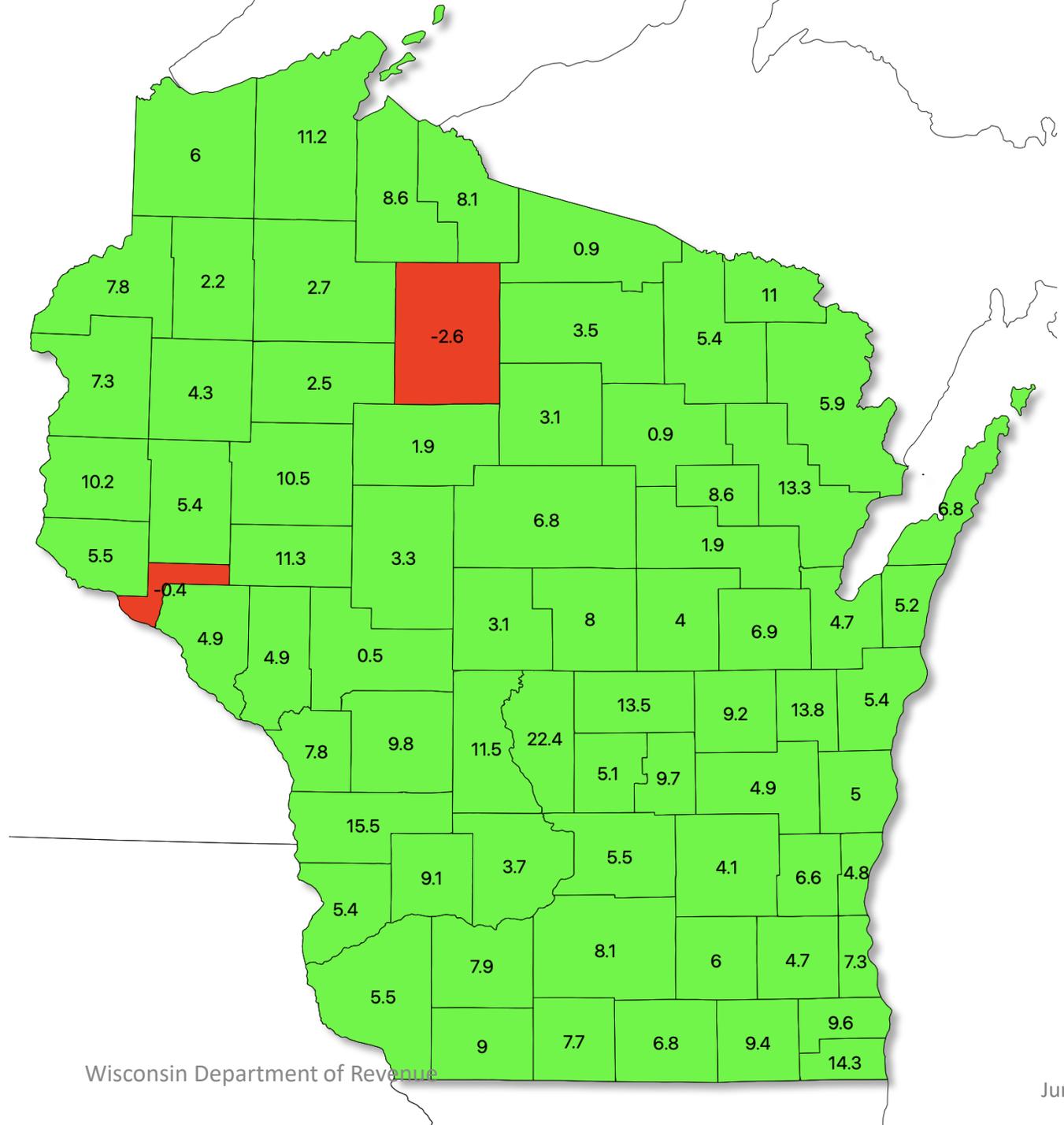
WI Total Private Establishments, Change From Prior Year



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, Data Retrieved June 13, 2024

Strong Growth in Entrepreneurship for Most of the State

Percent Change in Establishments, 2023 Q4 Over 2020 Q4

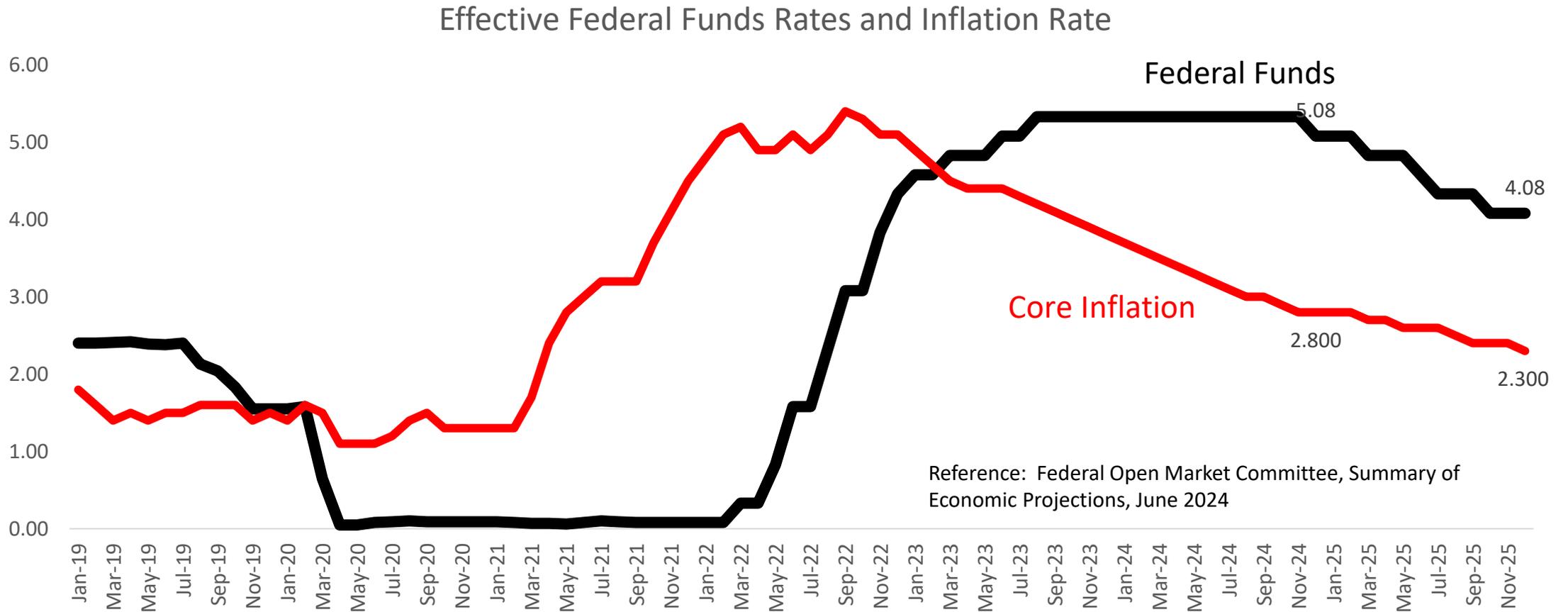


U.S. Outlook

Higher Interest Rates Continue For Longer

Monetary Policy: Federal Reserve Glide Path

High Interest Rates Sustained Through 2024



Federal Reserve Raises Inflation and Unemployment Outlook

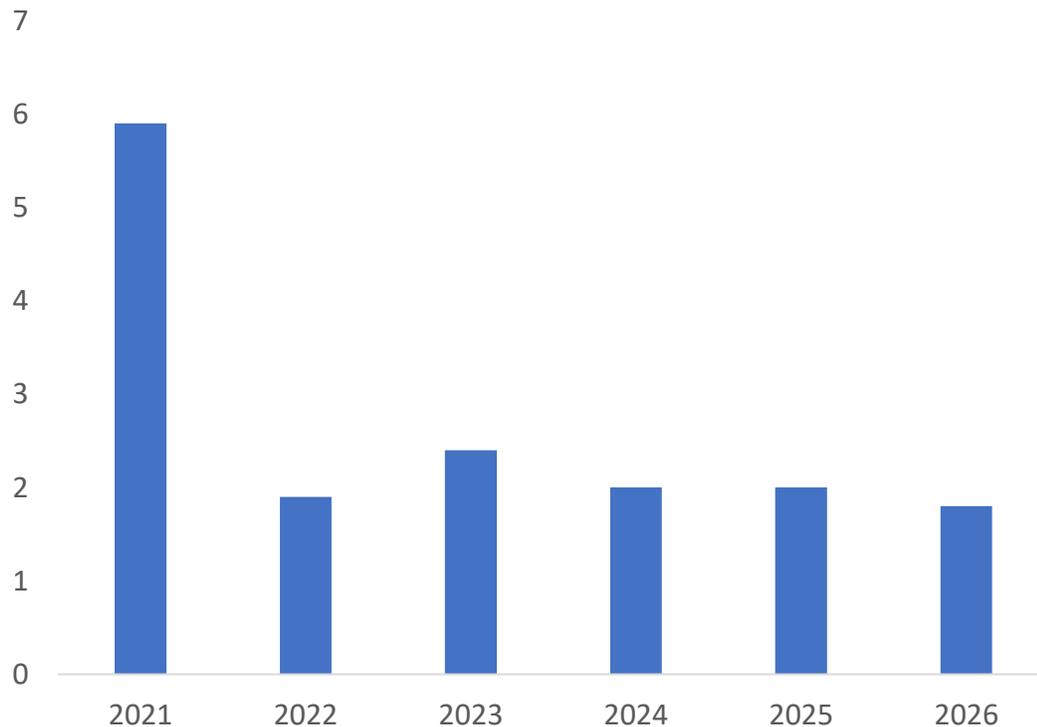
Federal Reserve FOMC Outlook June 2024			
Economic Indicator	Median Forecasts Annual		
	2024	2025	2026
Real GDP. Pct. Change	2.1	2.0	2.0
Unemployment Rate	4.0	4.2	4.1
Inflation Rate	2.8	2.3	2.0
Federal Funds Rate	5.1	4.1	3.1

Source: Federal Reserve Open Market Committee, Summary of Economic Projections, June 12, 2024

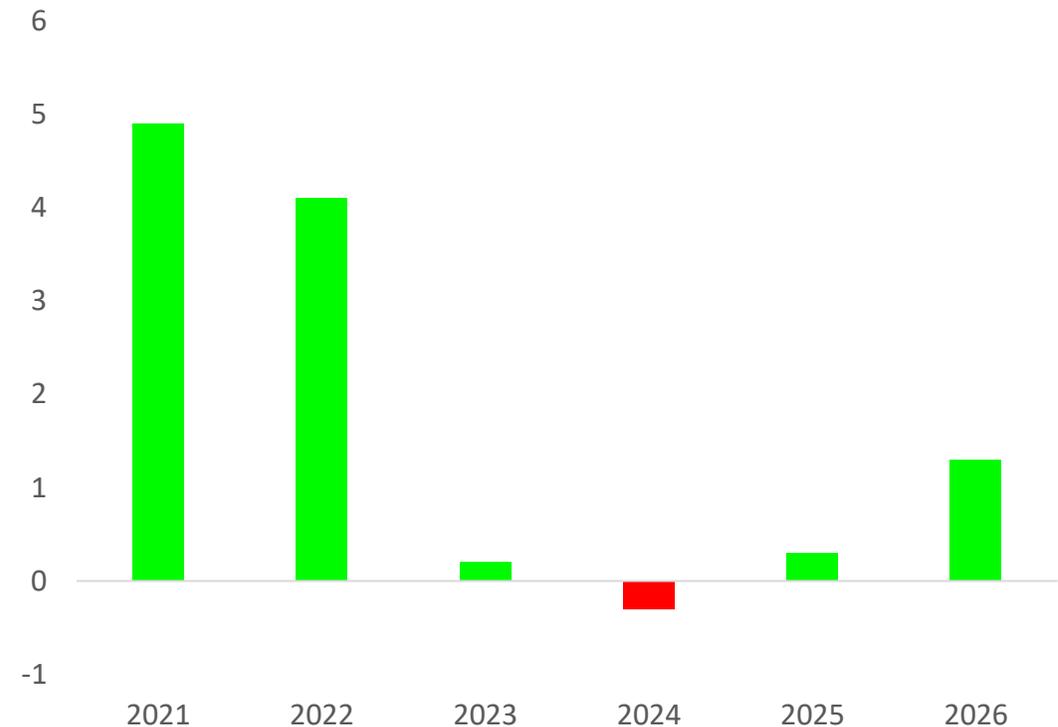
U.S. Economic Outlook

Economy Downshifts to Lower Growth

Percent Change Real GDP
Annual Average, % Change



Manufacturing Industrial Production
% Change over Prior Year

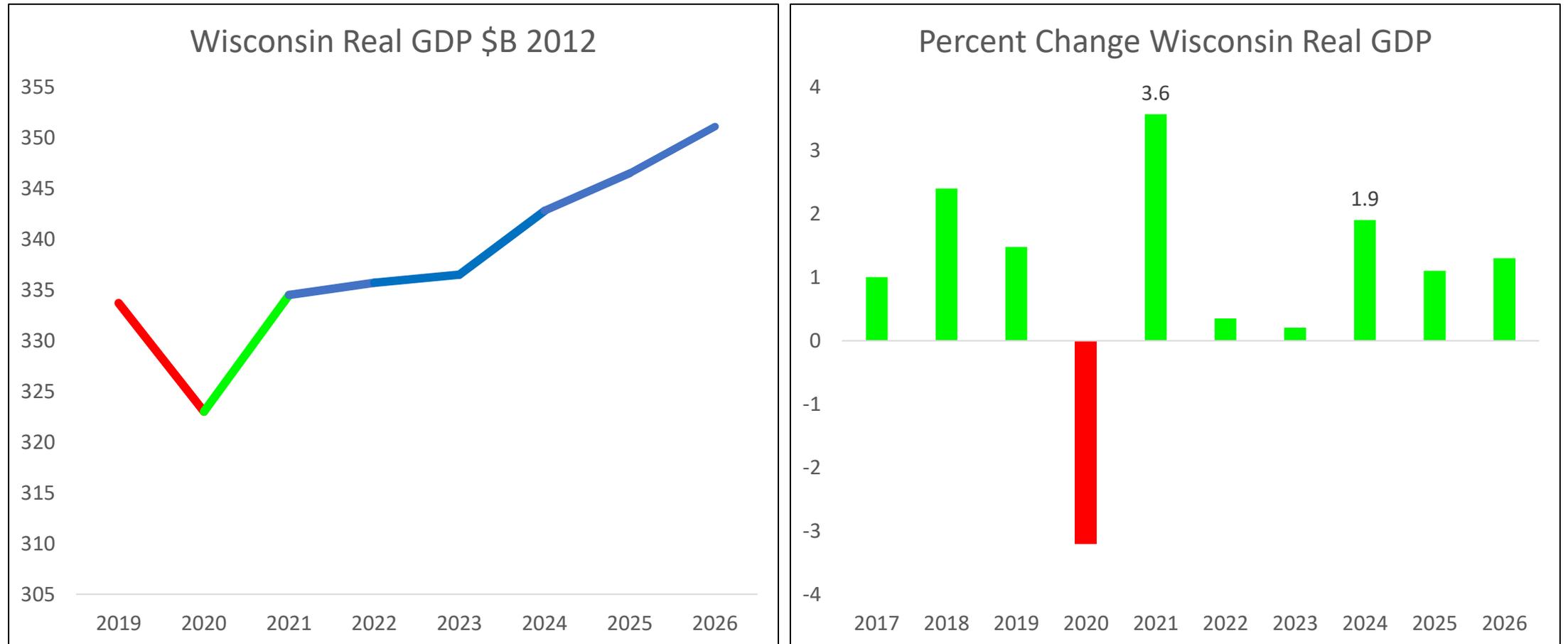


Wisconsin Outlook

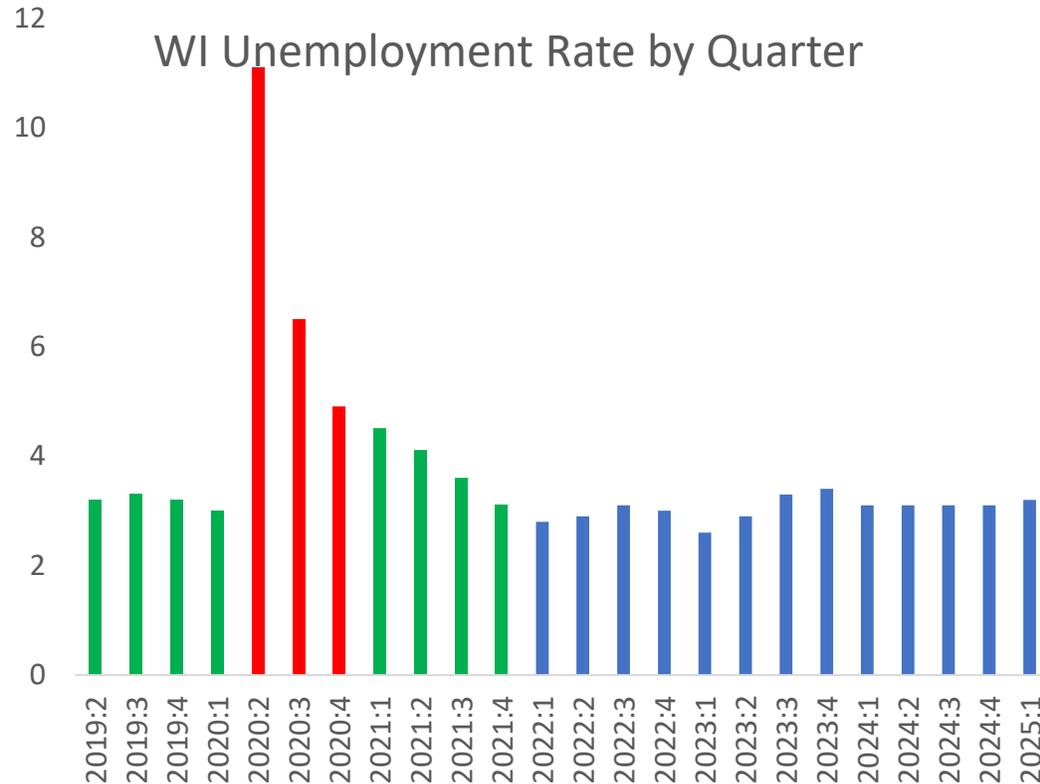
<https://www.revenue.wi.gov/Pages/Report/WI-Economic-Outlook.aspx>

Wisconsin Outlook

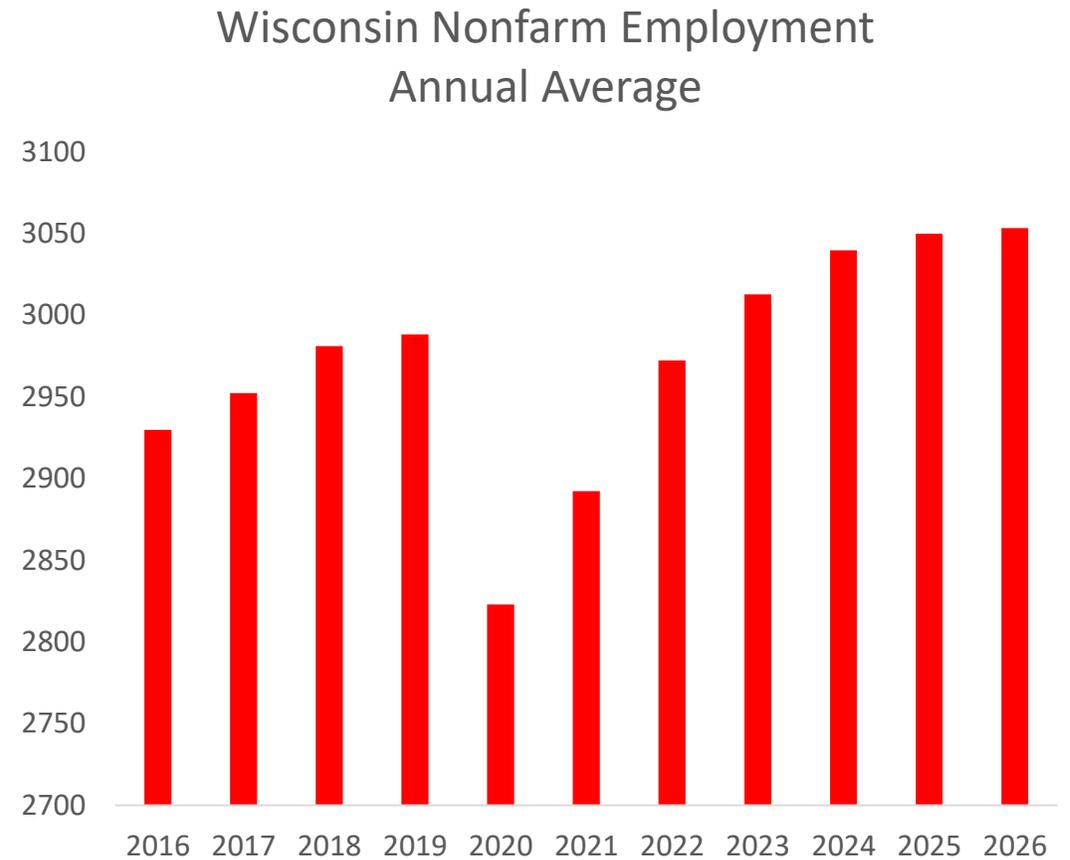
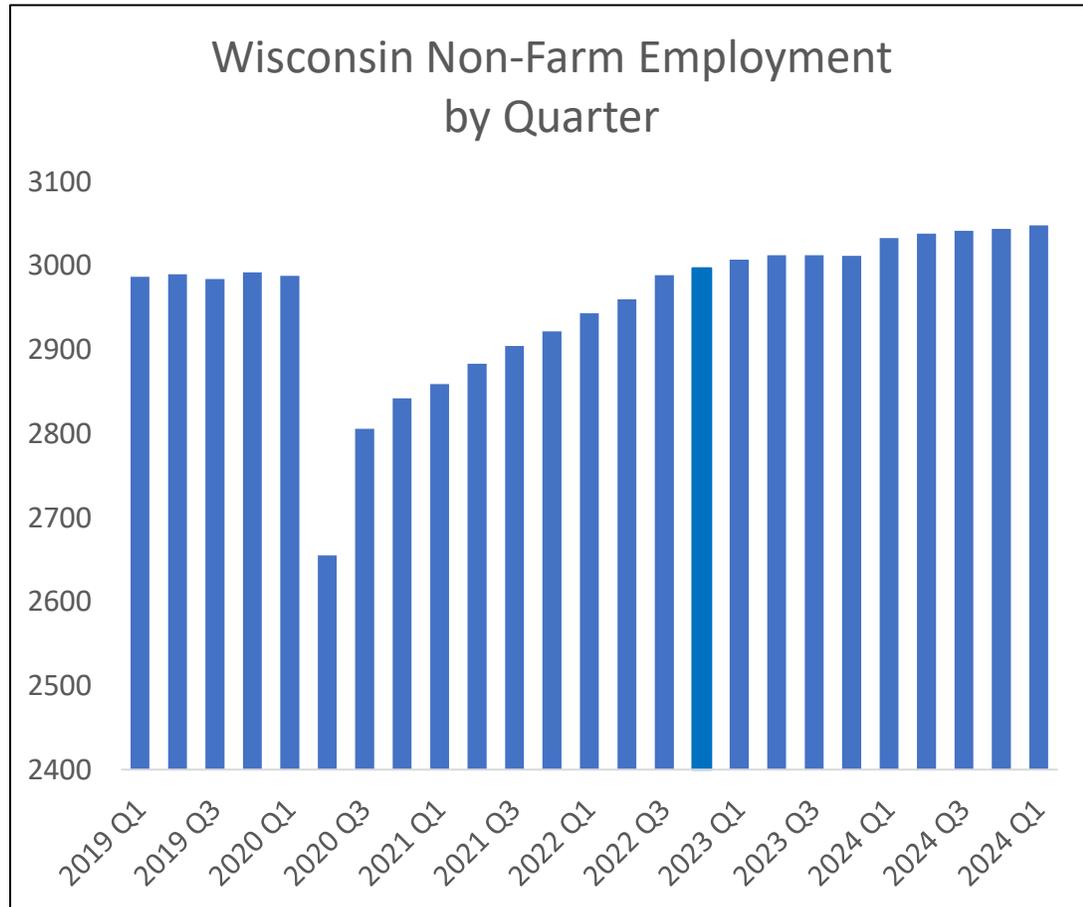
Strong 2024 Moderates in 2025



Wisconsin's Economic Outlook: Unemployment Rate Will Stay at Near Record Lows Through 2024

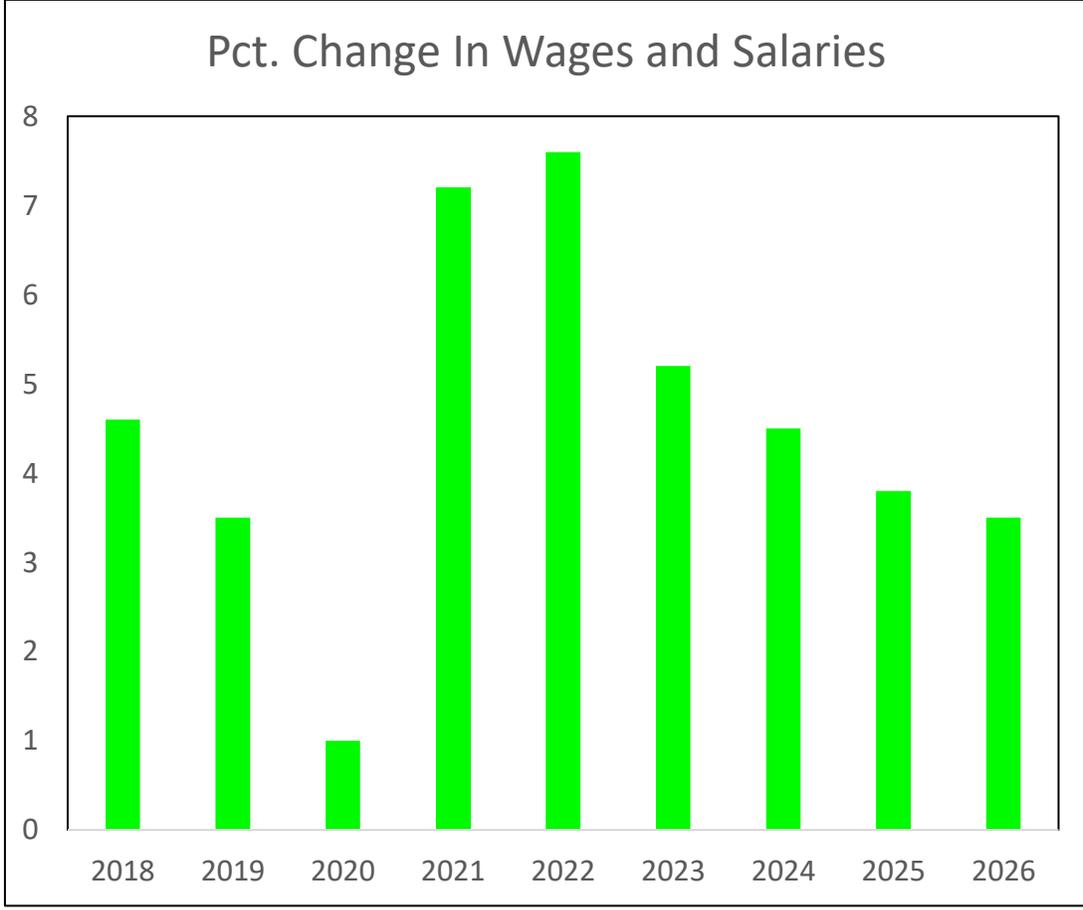
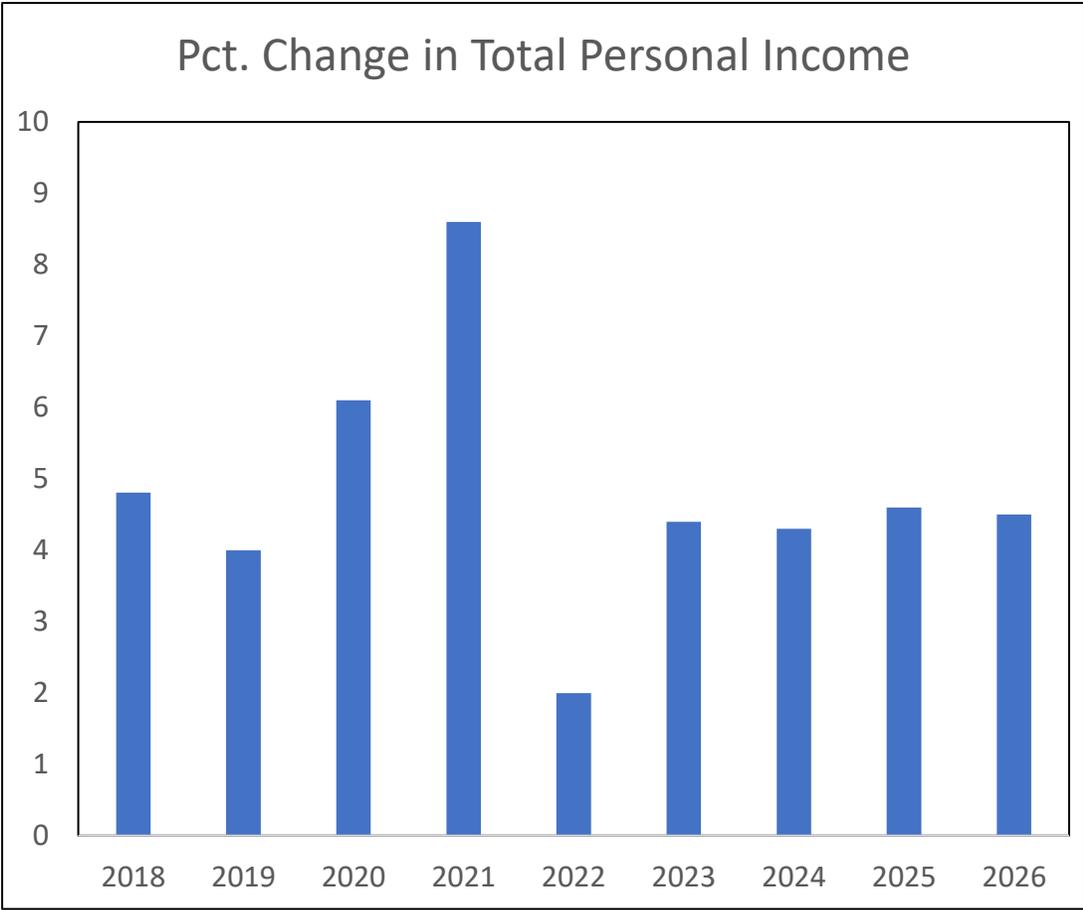


Wisconsin Non-Farm Employment, Establishment Survey Expanding Through 2024



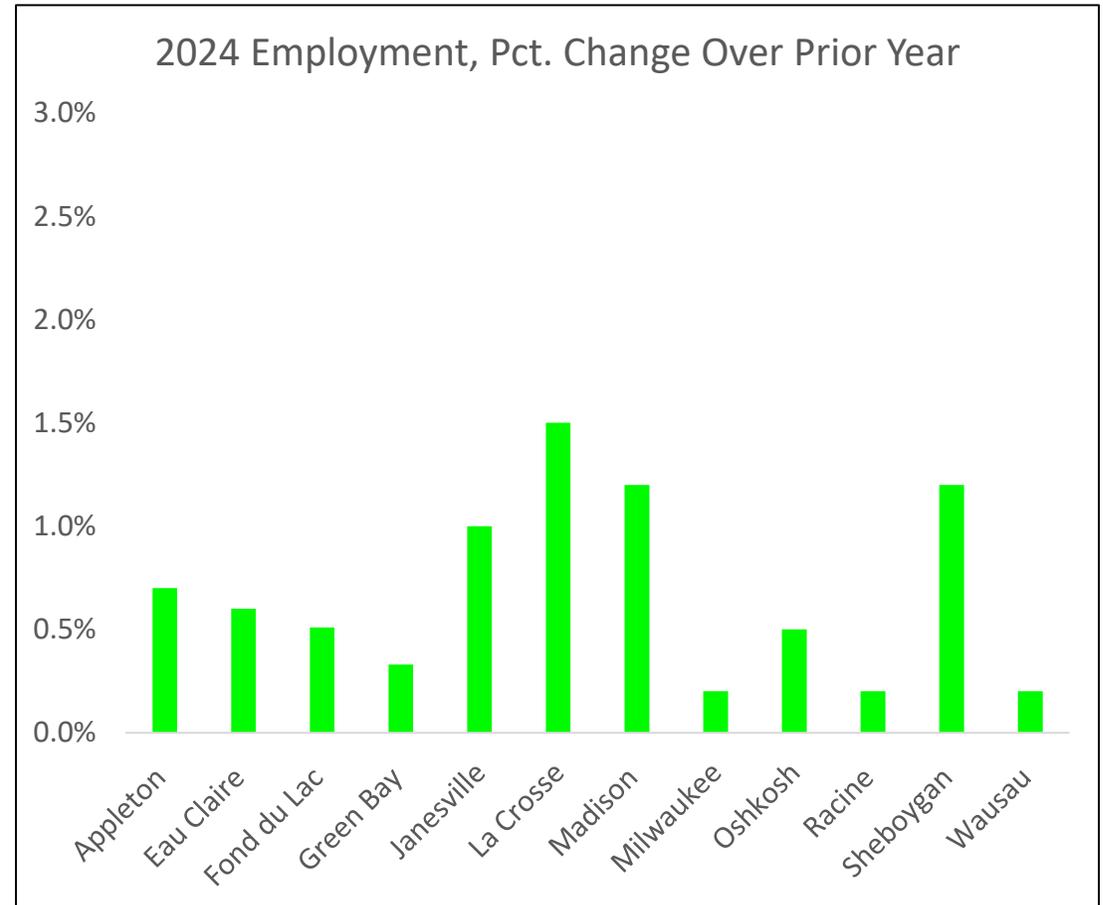
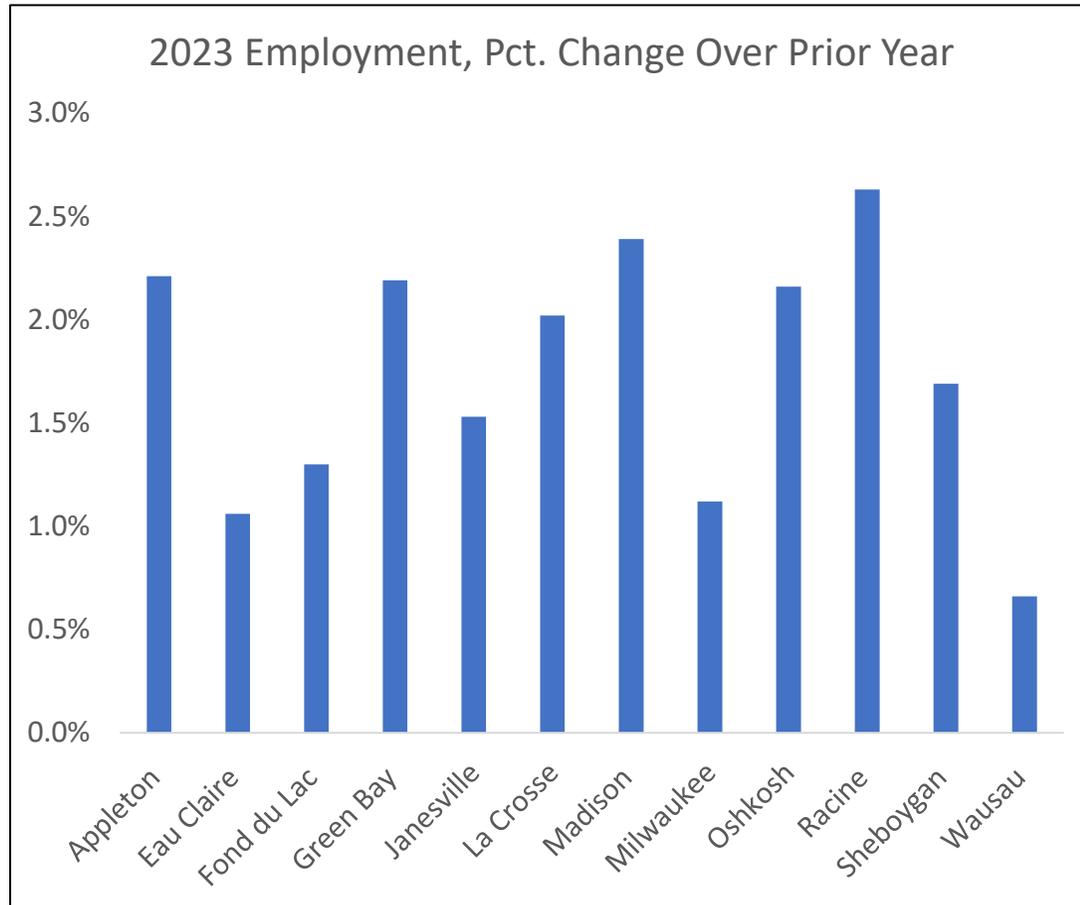
Wisconsin Economic Outlook: Personal Income

Wage Growth Eases After 2024

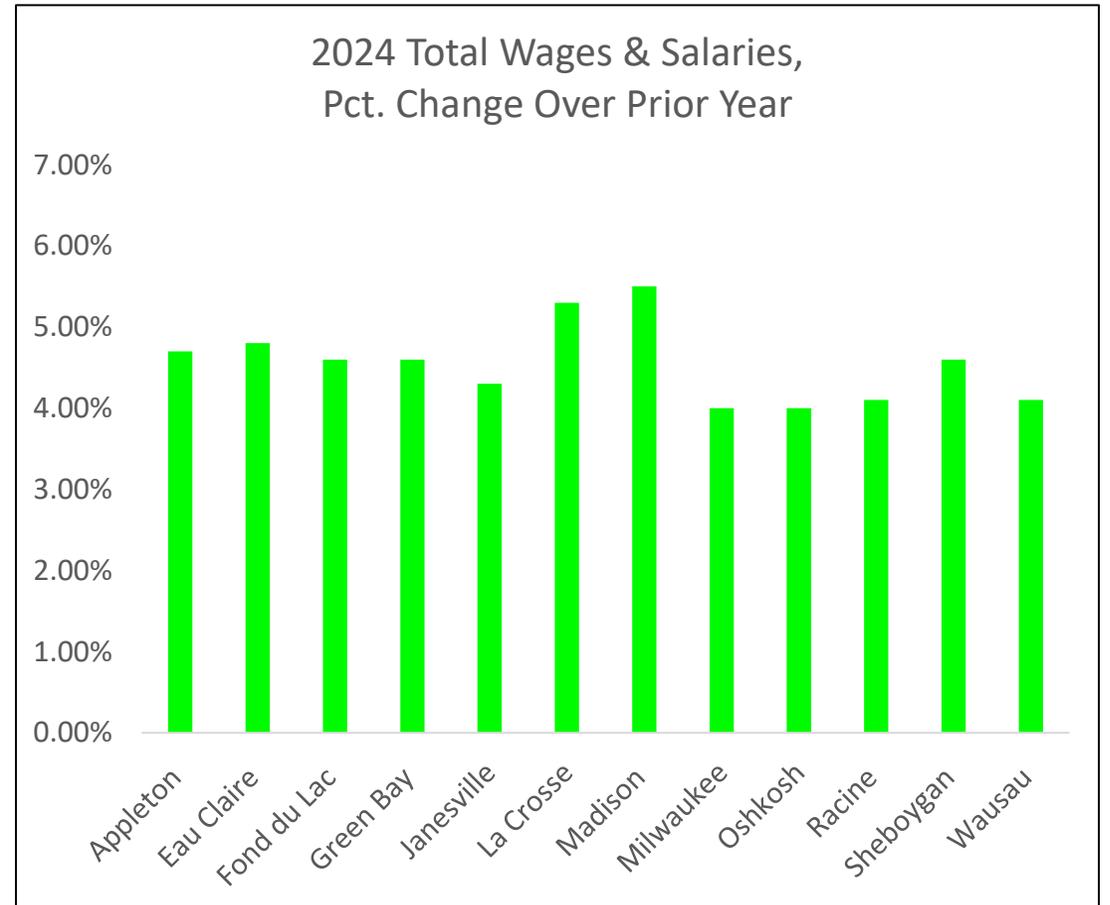
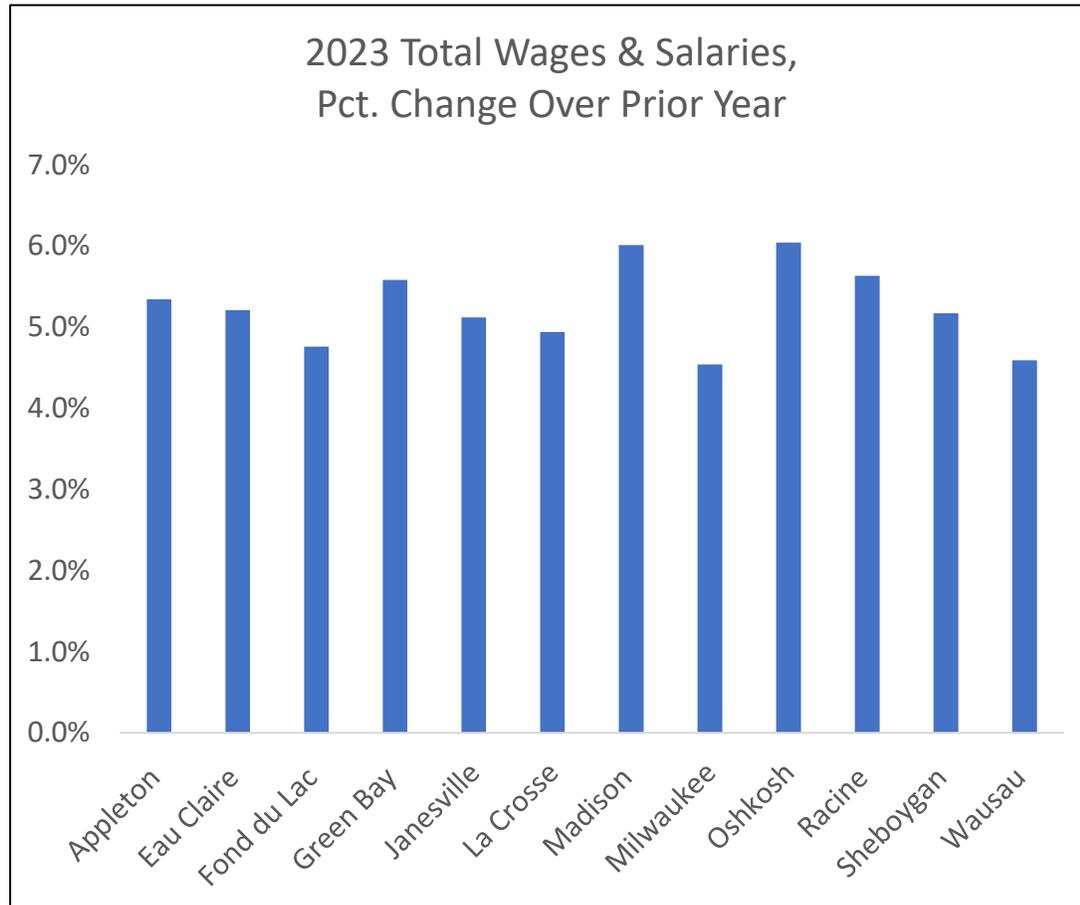


Regional Outlook

Wisconsin MSA's Employment Growth Solid 2023 Moderates in 2024



Wisconsin MSA's Wage and Salary Growth Eases Slightly in 2024



Key Takeaways

- The U.S. Economy has entered the “soft landing” phase.
- There are significant regional differences
- Wisconsin has substantially improved its competitiveness
- Wisconsin will continue to have a full employment economy even with slower growth

Summarizing
All These
Slides in a
Post-It Note

Economic Indicator	2024	2025
Real GDP. Pct. Change	2.1	2.0
Unemployment Rate	4.0	4.2
Inflation Rate	2.8	2.3
Federal Funds Rate	5.1	4.1