

The State of the Wisconsin Economy

Eau Claire Area Chamber of Commerce

June 15, 2018

John Koskinen, Chief Economist,
Wisconsin Department of Revenue

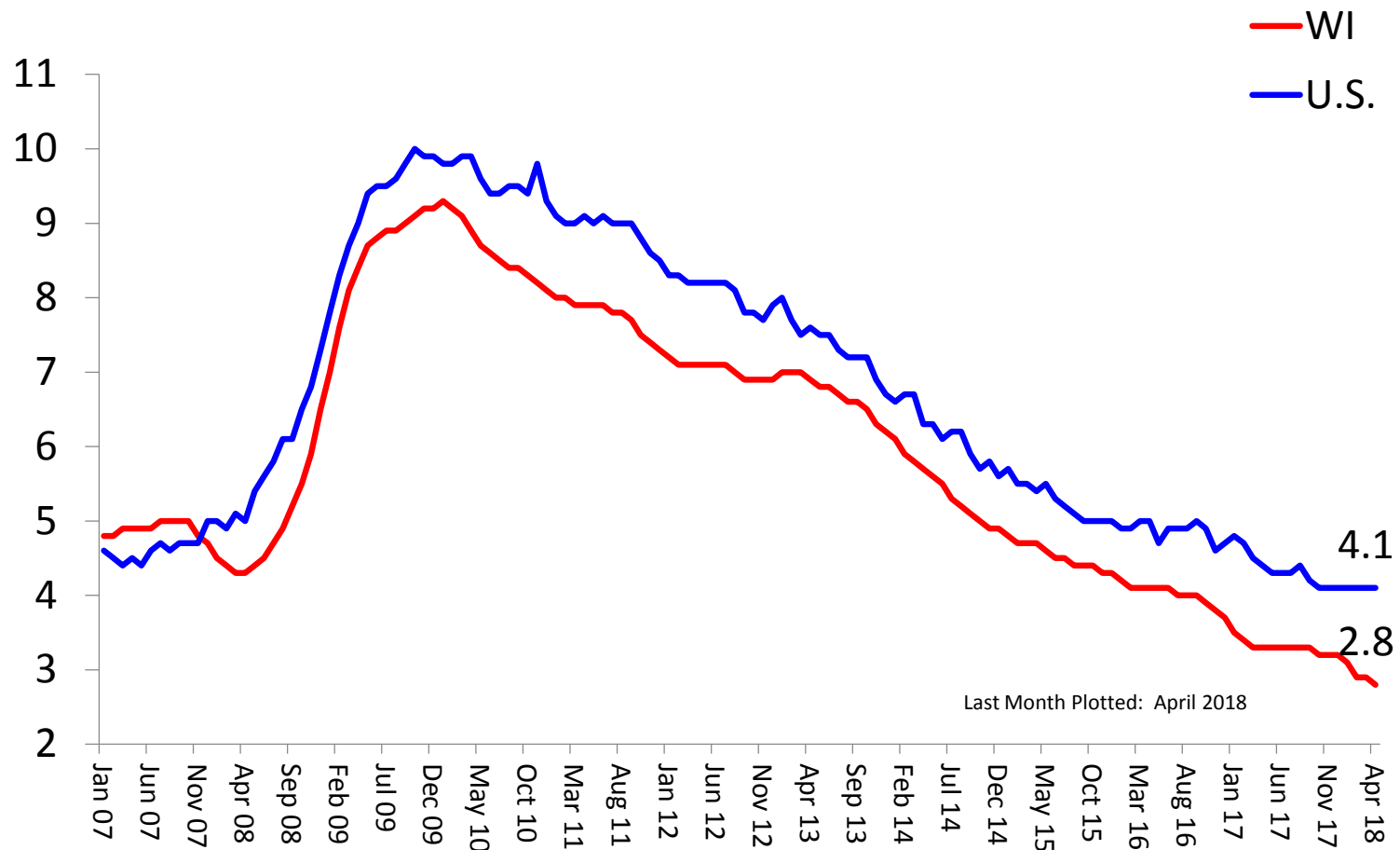
Set Aside the Preconceptions About the Wisconsin Economy

Describing the Wisconsin Economy in 120 Characters or Less

- **Substantially Improved Competitiveness**
- **Full Employment Economy Best**
- **Best Overall Performance in *a generation***

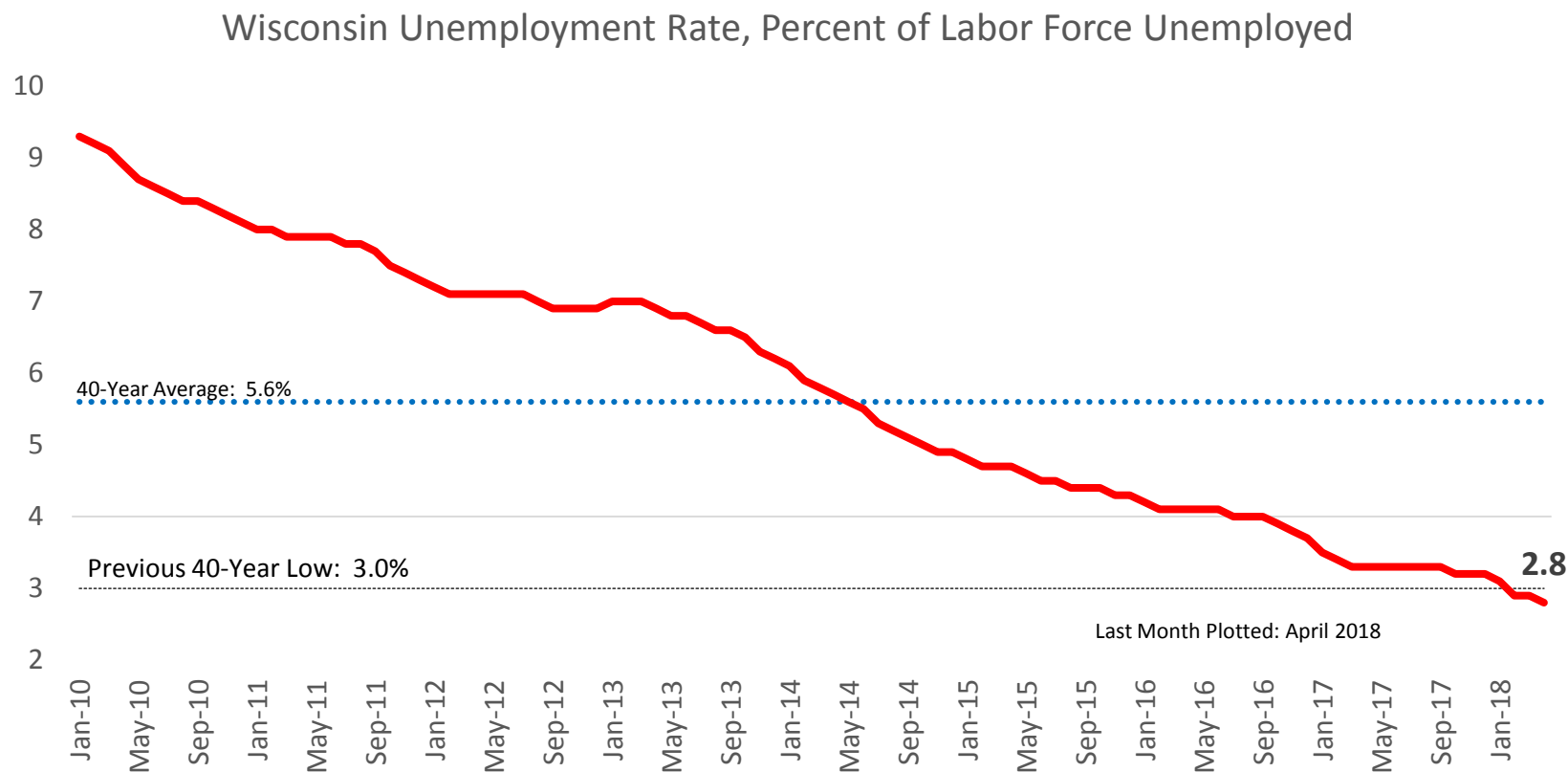
Wisconsin's Transition to a Full Employment Economy

Wisconsin Unemployment Rate Well Below U.S. Average



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

Wisconsin Unemployment Rate At an All-Time Record Low

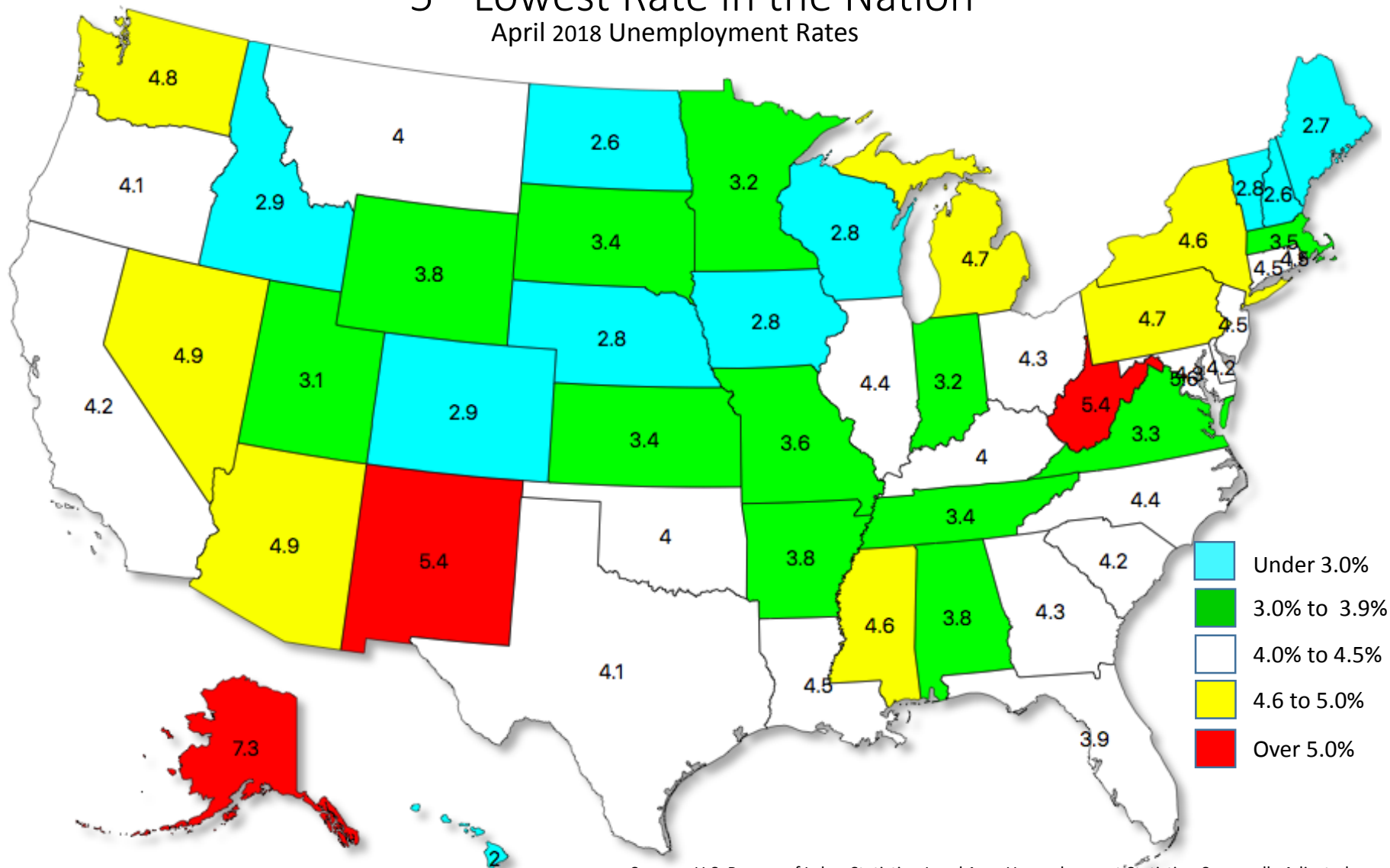


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted, Revised February 27, 2018

Wisconsin's Unemployment Rate

5th Lowest Rate in the Nation

April 2018 Unemployment Rates








Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted

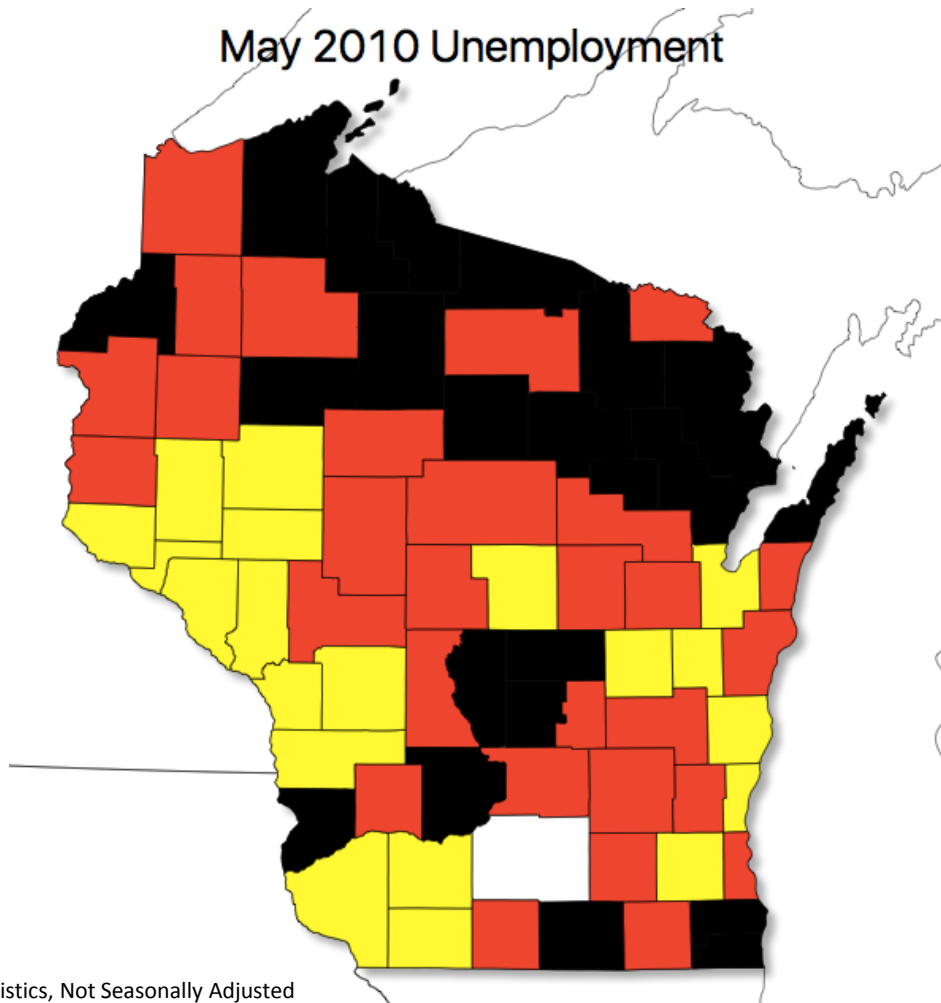
Consider the Seven Year Transition

Wisconsin has moved from high unemployment to full employment

The Unemployment Situation in May 2010

Counties Unemployment Rates






21		Over 10%
28		8.1% to 10%
22		6.1% to 8.0%
1		4.1% to 6.0%
0		4% or Under

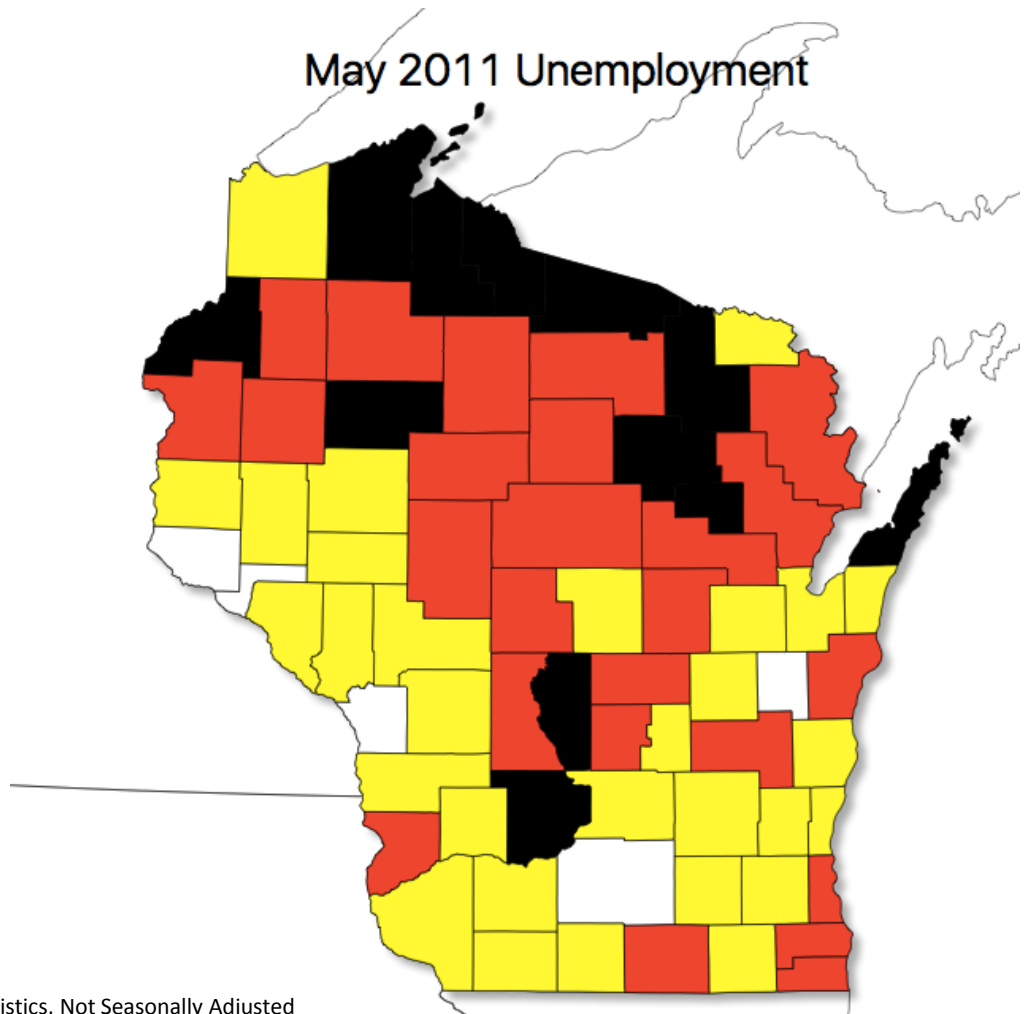


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2011

Counties Unemployment Rates






12		Over 10%
24		8.1% to 10%
31		6.1% to 8.0%
5		4.1% to 6.0%
0		4% or Under

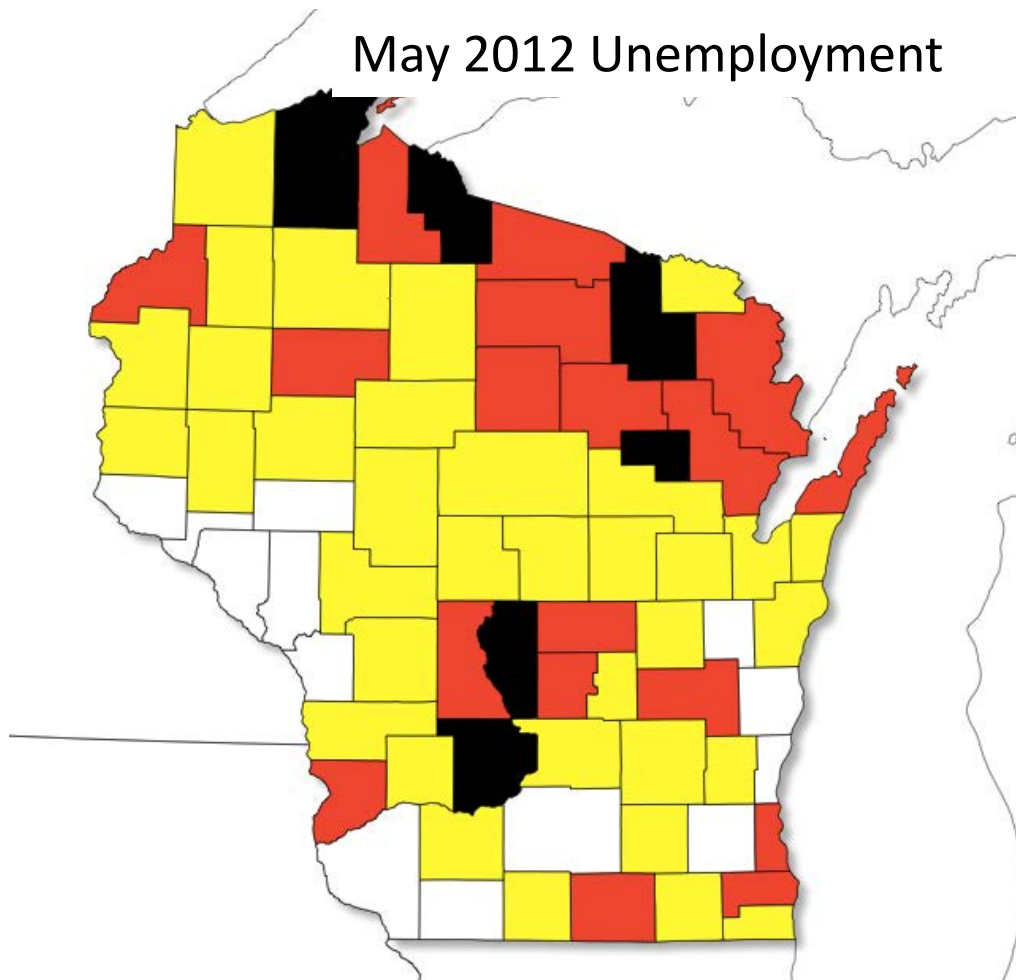


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2012

Counties Unemployment Rates






6		Over 10%
17		8.1% to 10%
36		6.1% to 8.0%
13		4.1% to 6.0%
0		4% or Under

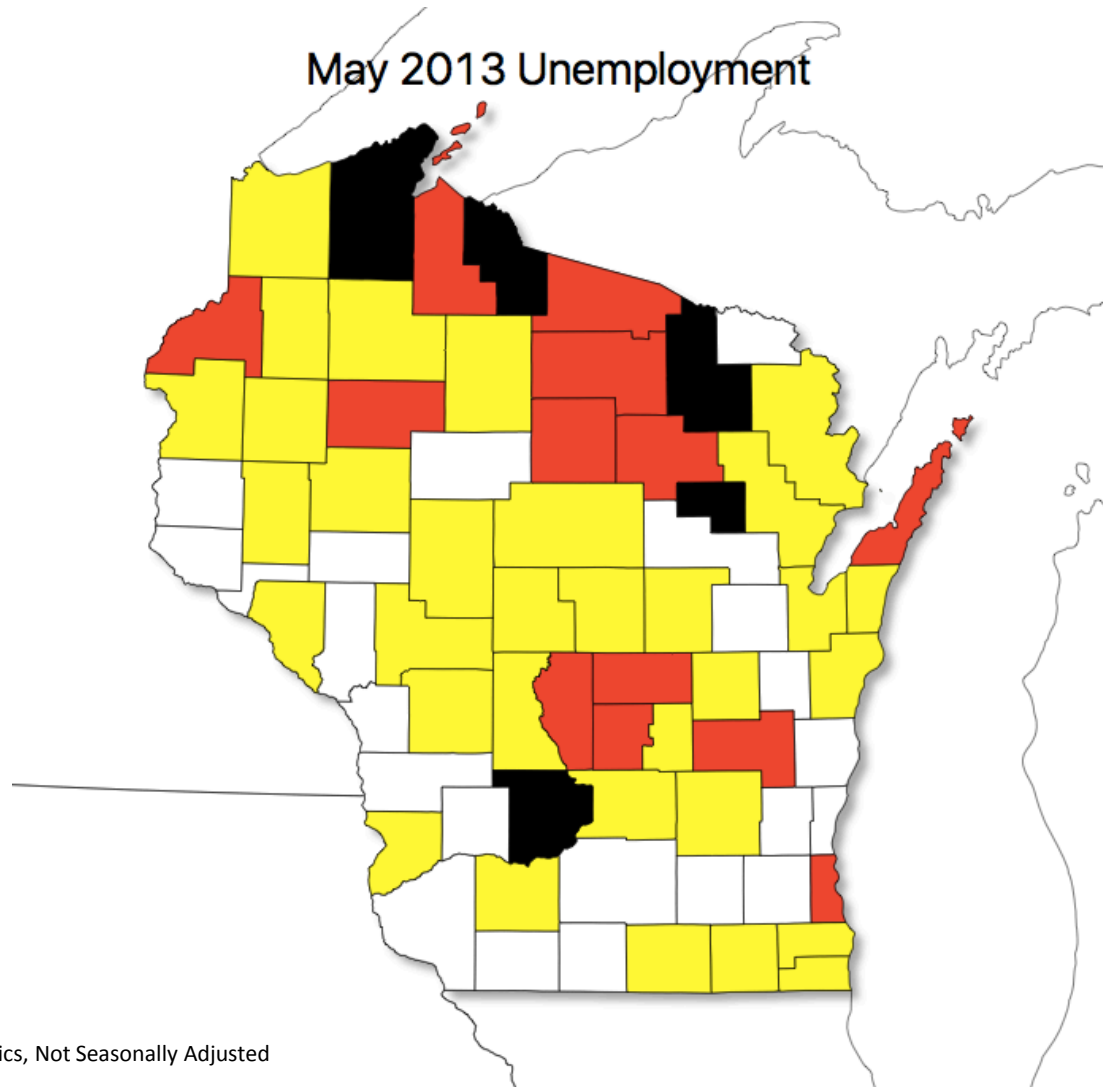


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2013






Counties Unemployment Rates

5		Over 10%
10		8.1% to 10%
35		6.1% to 8.0%
22		4.1% to 6.0%
0		4% or Under

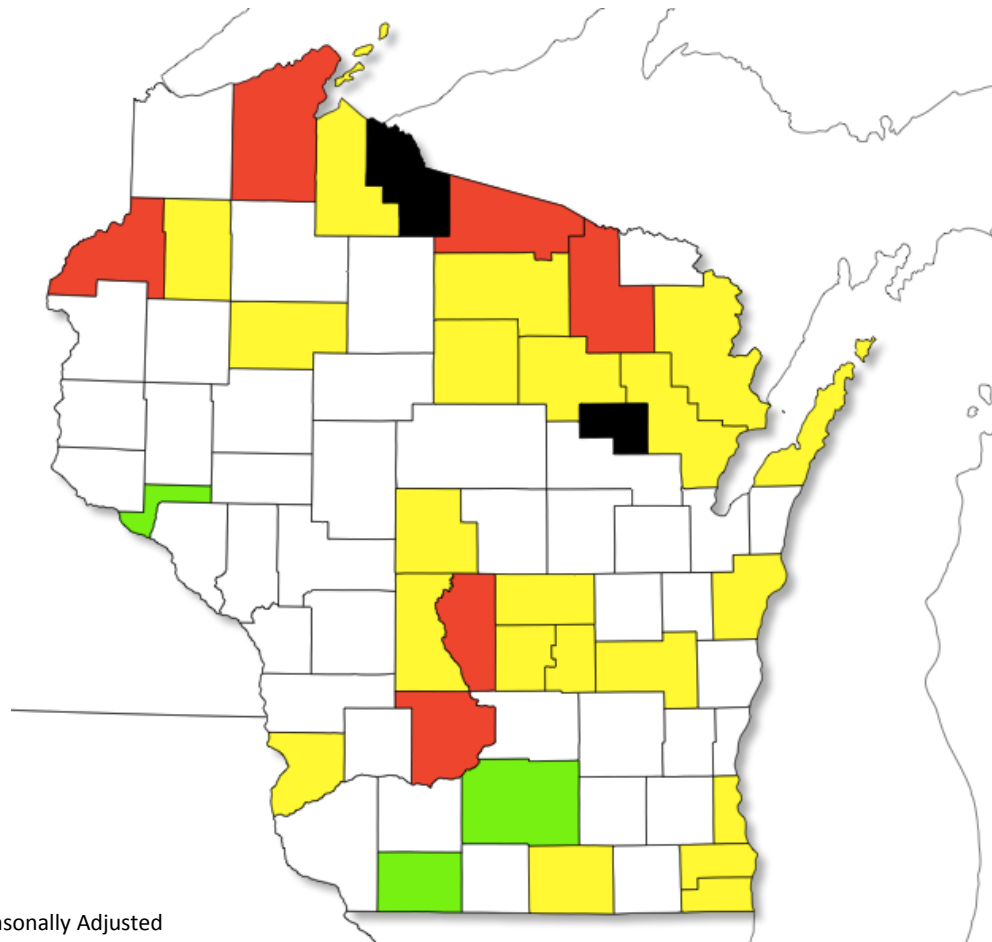


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2014

Counties		Unemployment Rates
2		Over 10%
5		8.1% to 10%
18		6.1% to 8.0%
44		4.1% to 6.0%
3		4% or Under

May 2014 Unemployment

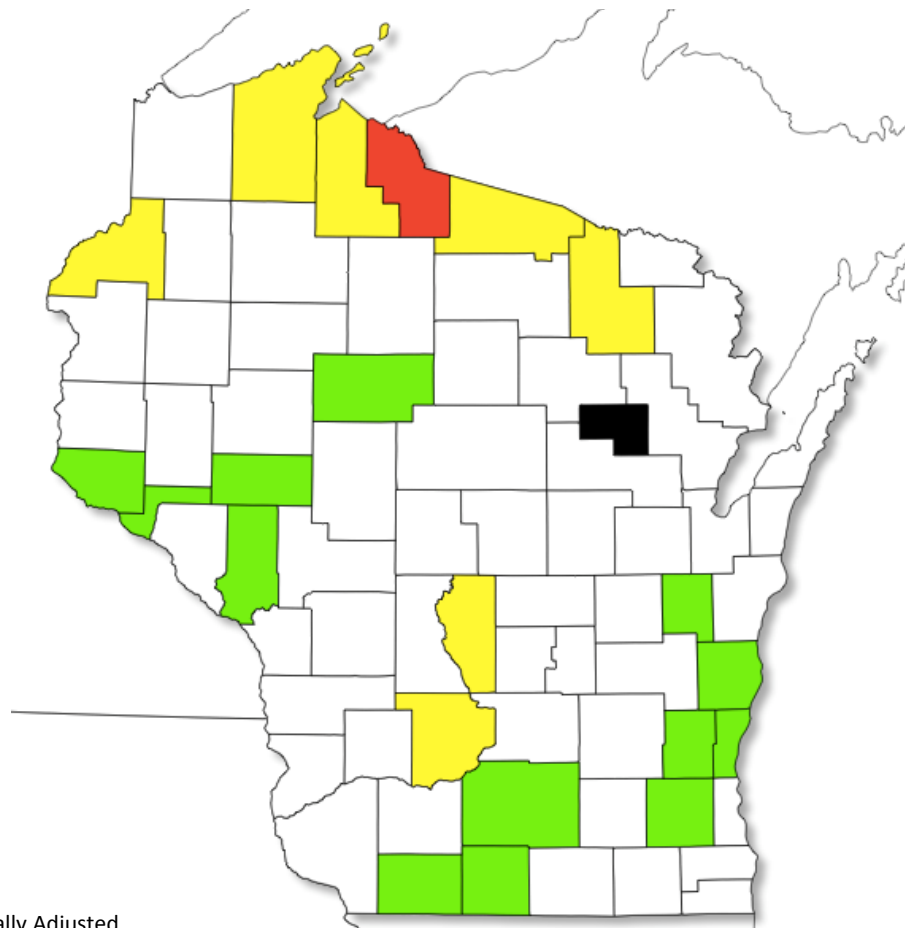


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2015

<u>Counties</u>	<u>Unemployment Rates</u>
1	Over 10%
1	8.1% to 10%
7	6.1% to 8.0%
47	4.1% to 6.0%
16	4% or Under

May 2015 Unemployment

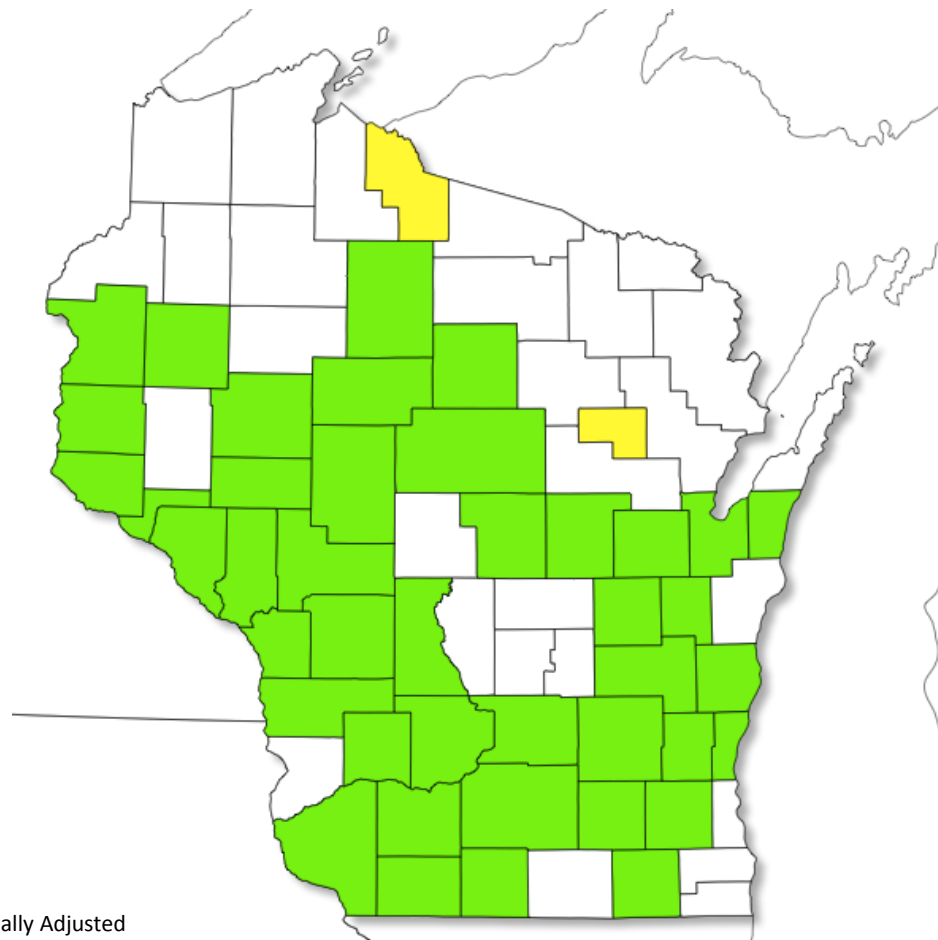


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

The Unemployment Situation in May 2016

<u>Counties</u>	<u>Unemployment Rates</u>
0	Over 10%
0	8.1% to 10%
2	6.1% to 8.0%
27	4.1% to 6.0%
42	4% or Under

May 2016 Unemployment

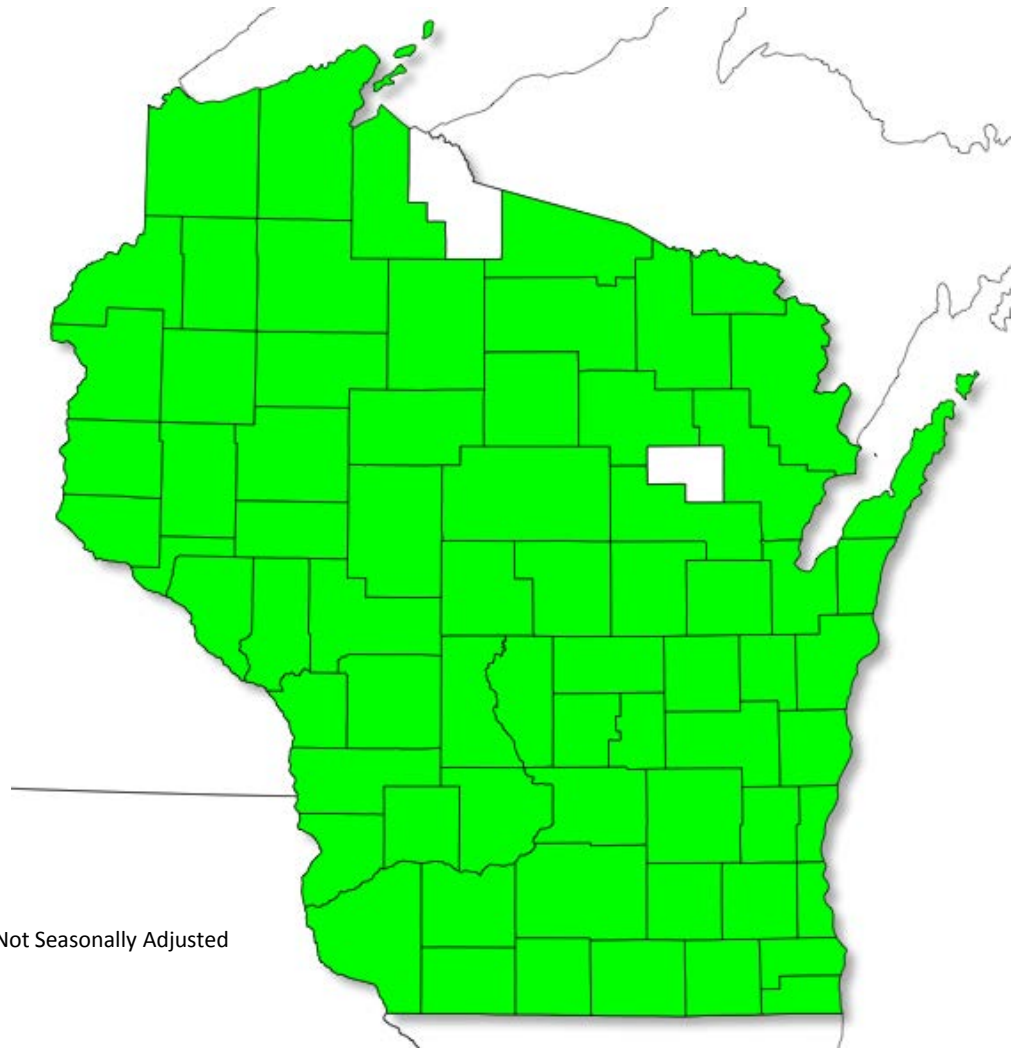


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

May 2017 Unemployment

The Unemployment Situation in May 2017

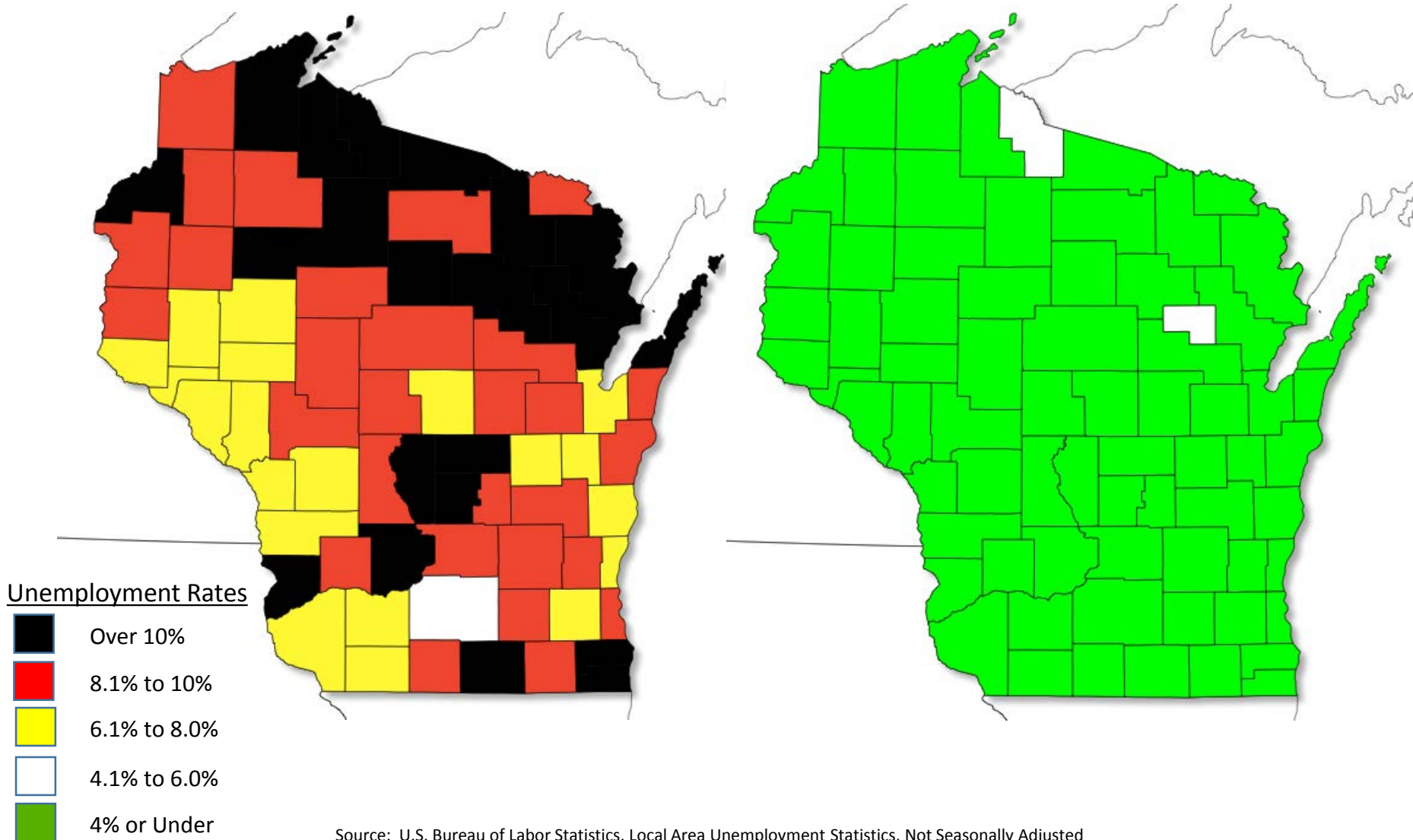
Counties	Unemployment Rates
0	Over 10%
0	8.1% to 10%
0	6.1% to 8.0%
2	4.1% to 6.0%
70	4% or Under



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

That Was Then: May 2010

This Is Now: May 2017



Wisconsin Among the 9 States Significantly BELOW the U.S. Average For Every Measure of Labor Utilization

Alternative measures of labor underutilization as a percent of Labor Force			
12-Month Average, Q2 2017 to Q1 2018			
Measure	U.S.	Wisconsin	Rank in U.S.
U-1	1.6	1.0	11
U-2	2.1	1.6	11
U-3	4.2	3.0	7
U-4	4.5	3.1	6
U-5	5.1	3.5	6
U-6	8.3	6.2	7

U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force

U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force

U-3, total unemployed, as a percent of the civilian labor force (a.k.a., the official unemployment rate)

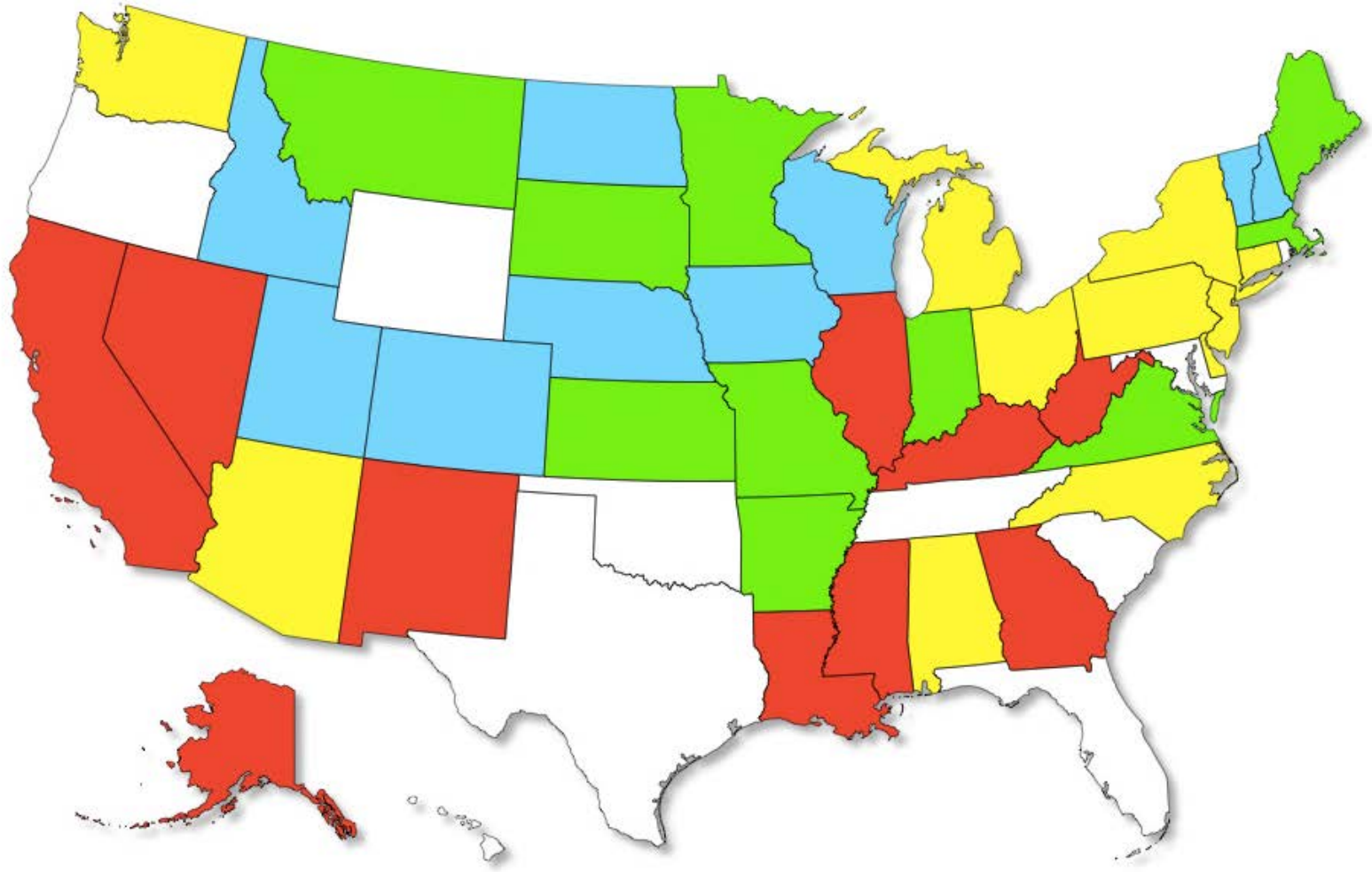
U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers

U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers
as a percent of the civilian labor force plus all marginally attached workers

U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons
as a percent of the civilian labor force plus all marginally attached workers.

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

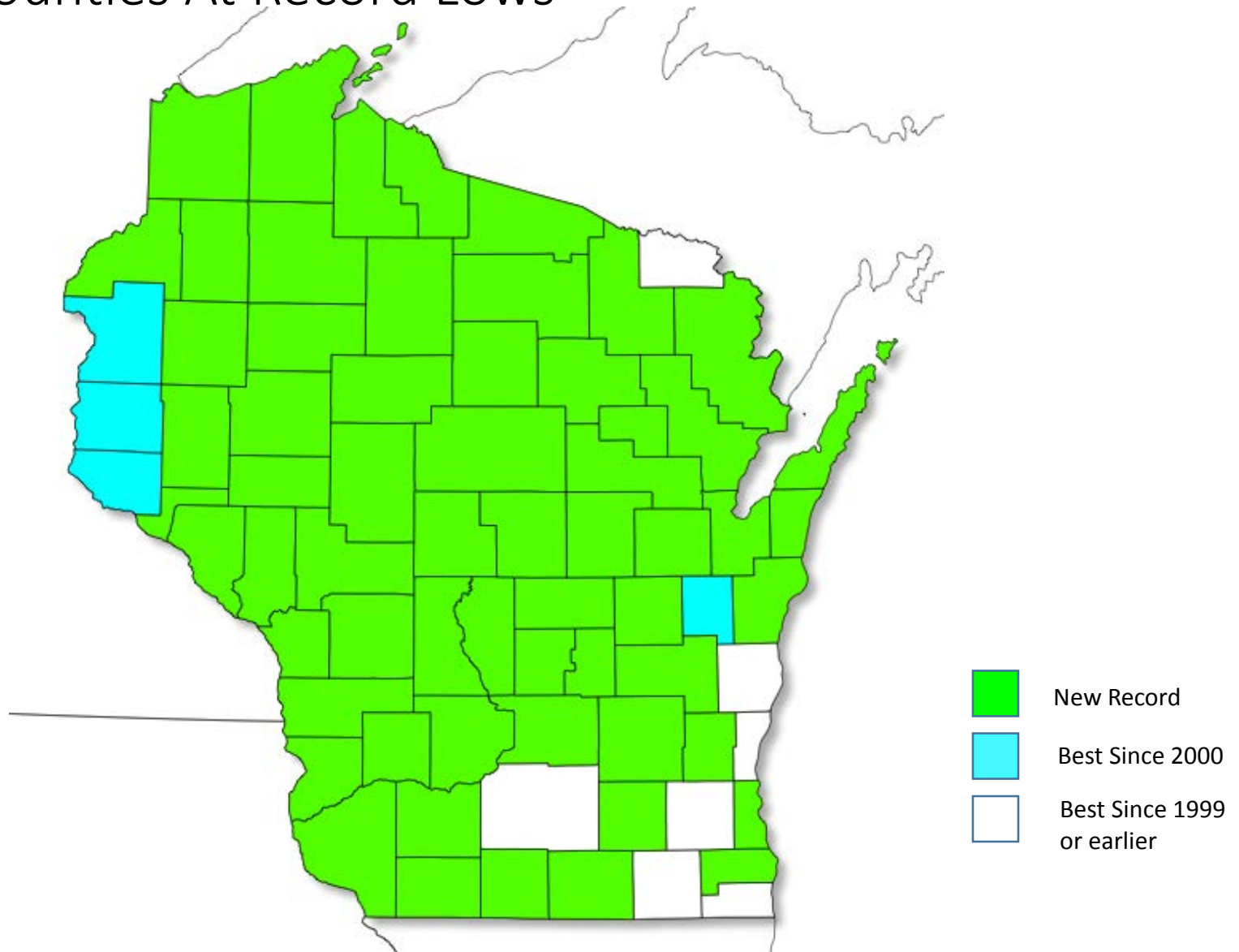
Wisconsin Ranks 6th for Unemployment Rate That Includes Discouraged Workers



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted

March 2018 Unemployment Rate

45 Counties At Record Lows



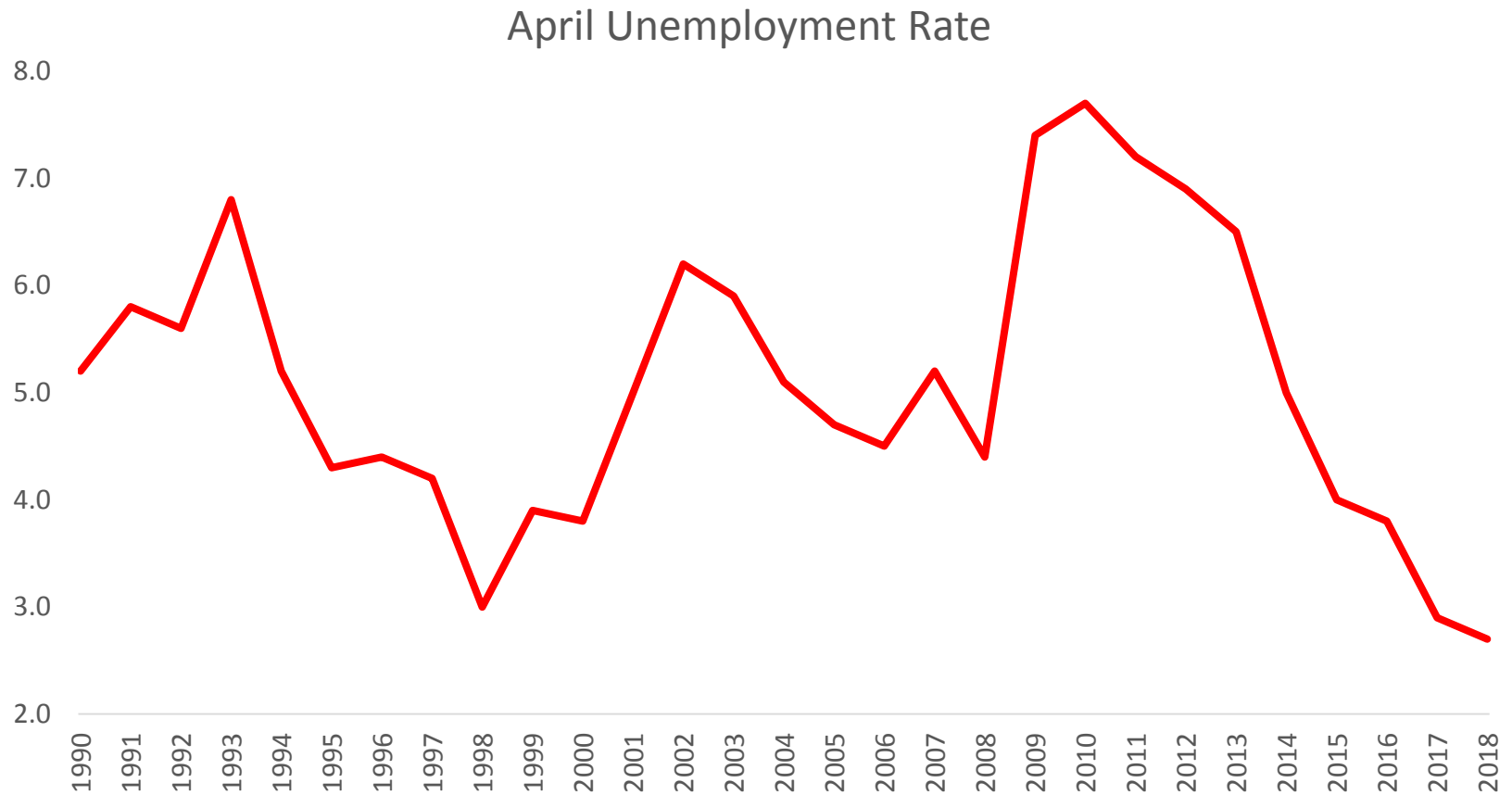
For the Month of April

Wisconsin Metro Areas Unemployment Rates at New Record Lows or a 19-Year Low

Wisconsin Metropolitan Areas	April Unemployment Rates			
	Apr-18	Apr-17	Change	Lowest Since
Appleton	2.5	2.8	-0.3	Record
Eau Claire	2.7	2.9	-0.2	Record
Fond du Lac	2.3	2.5	-0.2	Record
Green Bay	2.6	2.8	-0.2	Record
Janesville-Beloit	2.8	3.7	-0.9	Record
La Crosse	2.3	2.7	-0.4	Record
Madison	1.9	2.3	-0.4	1999
Milwaukee	2.7	3.3	-0.6	Record
Oshkosh	2.4	2.7	-0.3	1999
Racine	3.2	3.9	-0.7	Record
Sheboygan	2.2	2.6	-0.4	1999
Wausau	2.5	2.7	-0.2	Record
WI Intrastate Portions of MSAs				
Duluth-Superior	4.1	4.6	-0.5	Record
Minneapolis-St. Paul	2.8	3	-0.2	1999

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

Eau Claire MSA April 2018 Unemployment Rate Lowest April On Record



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

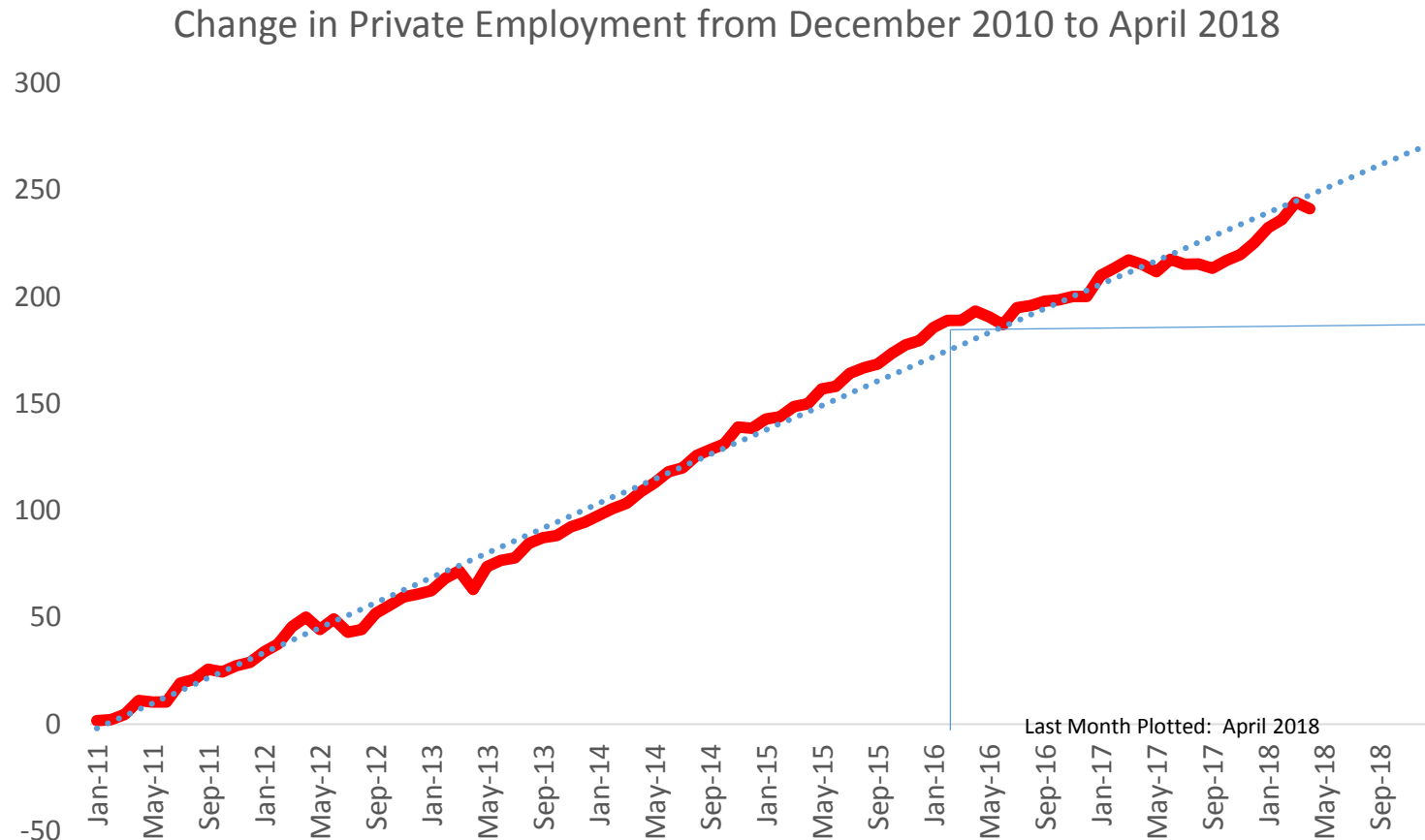
Consider The Wisconsin Economy on 12 Different Metrics

- | | |
|-----------------------|---------------------------|
| 1) Job Growth | 7) Domestic Migration |
| 2) Work Preference | 8) Educational Attainment |
| 3) Real GDP | 9) Tax Burden |
| 4) Real Wages | 10) Housing |
| 5) Standard of Living | 11) Poverty |
| 6) Entrepreneurship | 12) Health Care |

Consider the Full Picture

- 1) **Job Growth**
- 2) Work Preference
- 3) Real GDP
- 4) Real Wages
- 5) Standard of Living
- 6) Entrepreneurship
- 7) Domestic Migration
- 8) Educational Attainment
- 9) Tax Burden
- 10) Housing
- 11) Poverty
- 12) Health Insurance

Over the Past Seven Years, Wisconsin Has Gained over 240,000 Private Sector Jobs



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Eau Claire Area Private Employment Up over 6,300 from 2010

Eau Claire MSA Employment, Annual Average

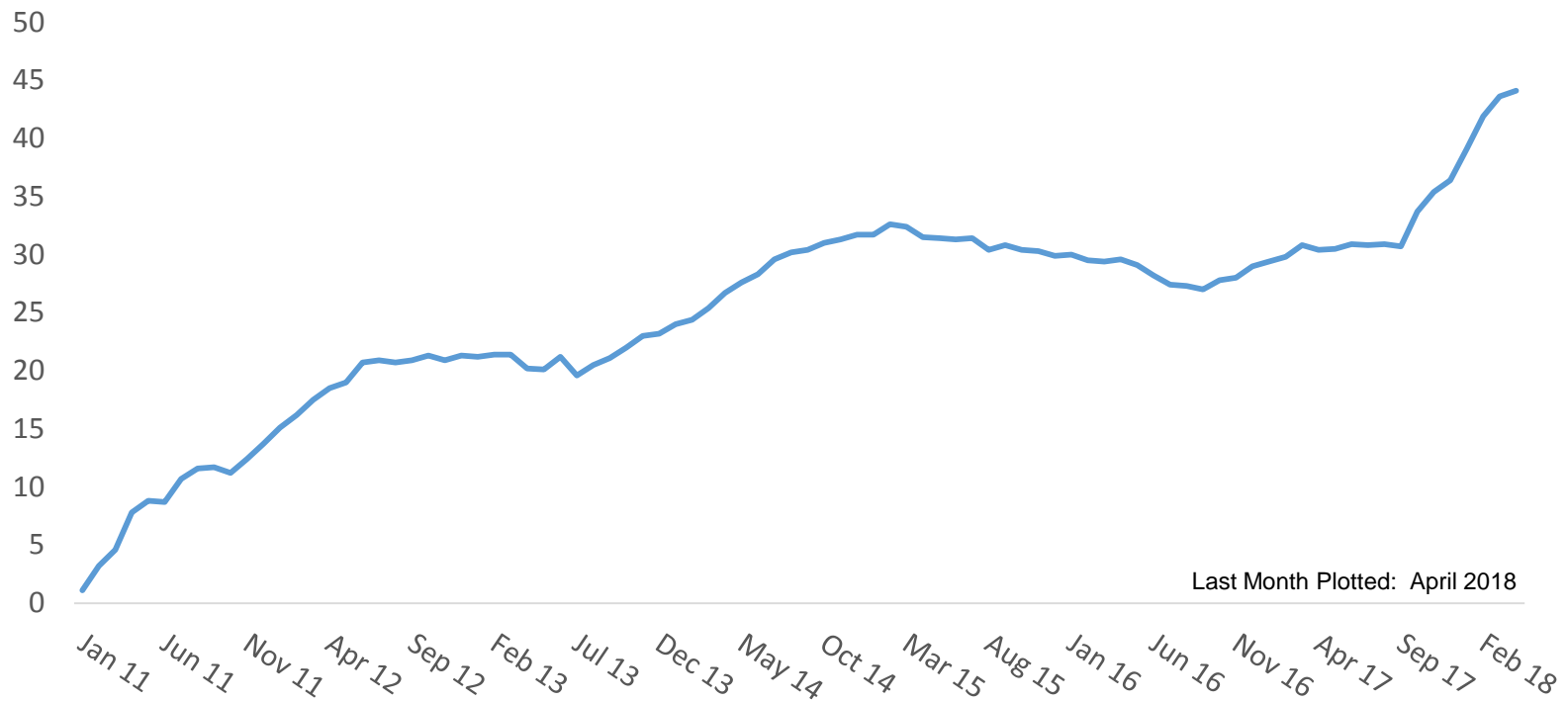


The Job Gains Are Pervasive

<u>Industry</u>	<u>Job Gains April 2018 Over December 2010</u>
• Construction	+26,000
• Leisure & Hospitality	+29,000
• Trade, Transportation & Utility	+34,000
• Professional & Business Services	+46,000
• Education & Health Services	+42,000
• Manufacturing	+44,000

Wisconsin's Manufacturing Industry Adds 44,000 Jobs

Change in Manufacturing Jobs Since December 2010 in Thousands

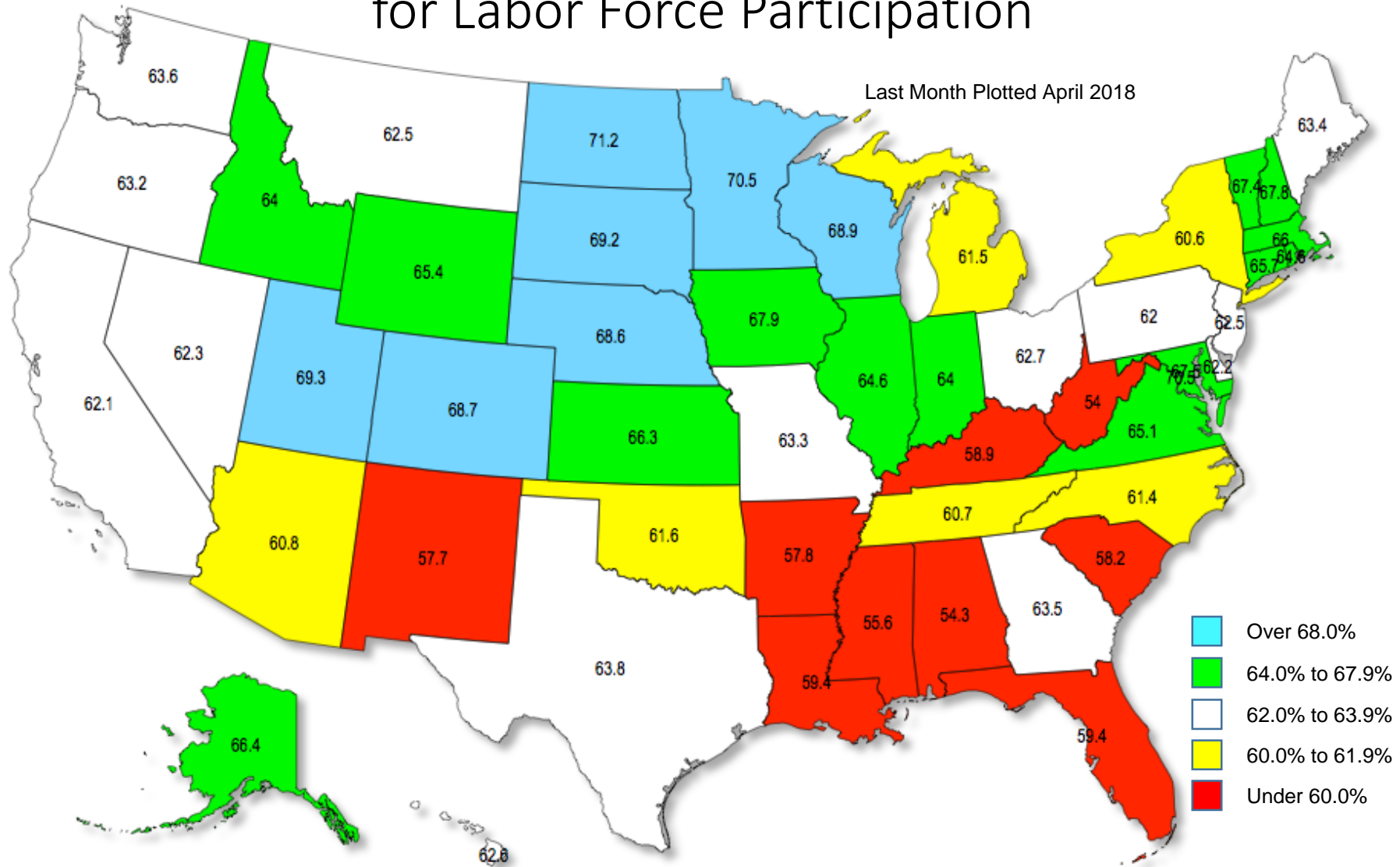


Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Consider the Full Picture

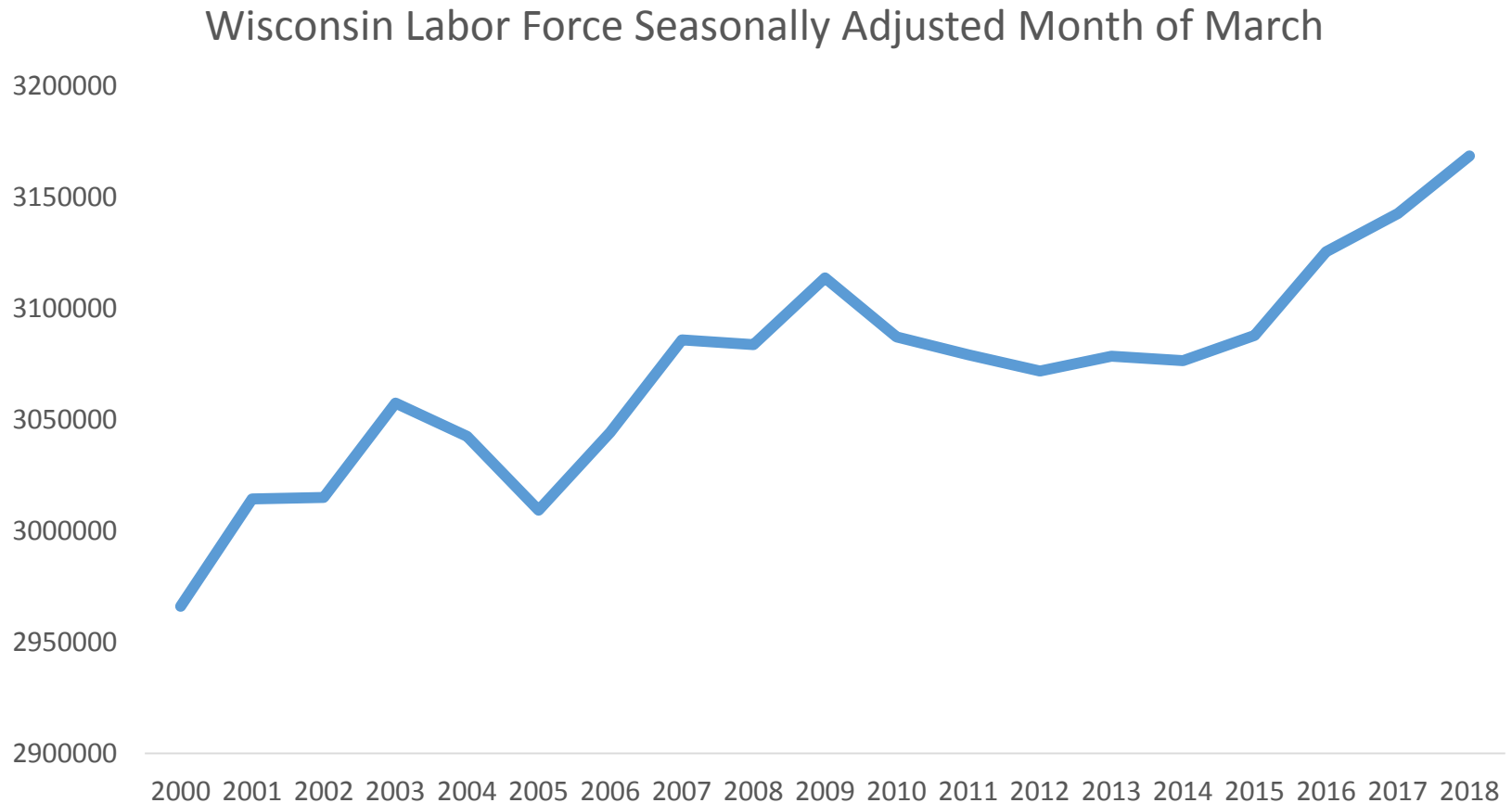
- 1) Job Growth
- 2) Work Preference**
- 3) Real GDP
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- 8) Educational Attainment
- 9) Tax Burden
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- 11) Poverty
- 12) Health Care

Wisconsin Ranks 5th Among States for Labor Force Participation



Source: U.S. Bureau of Labor Statistics

Wisconsin Labor Force Expanding Since 2012

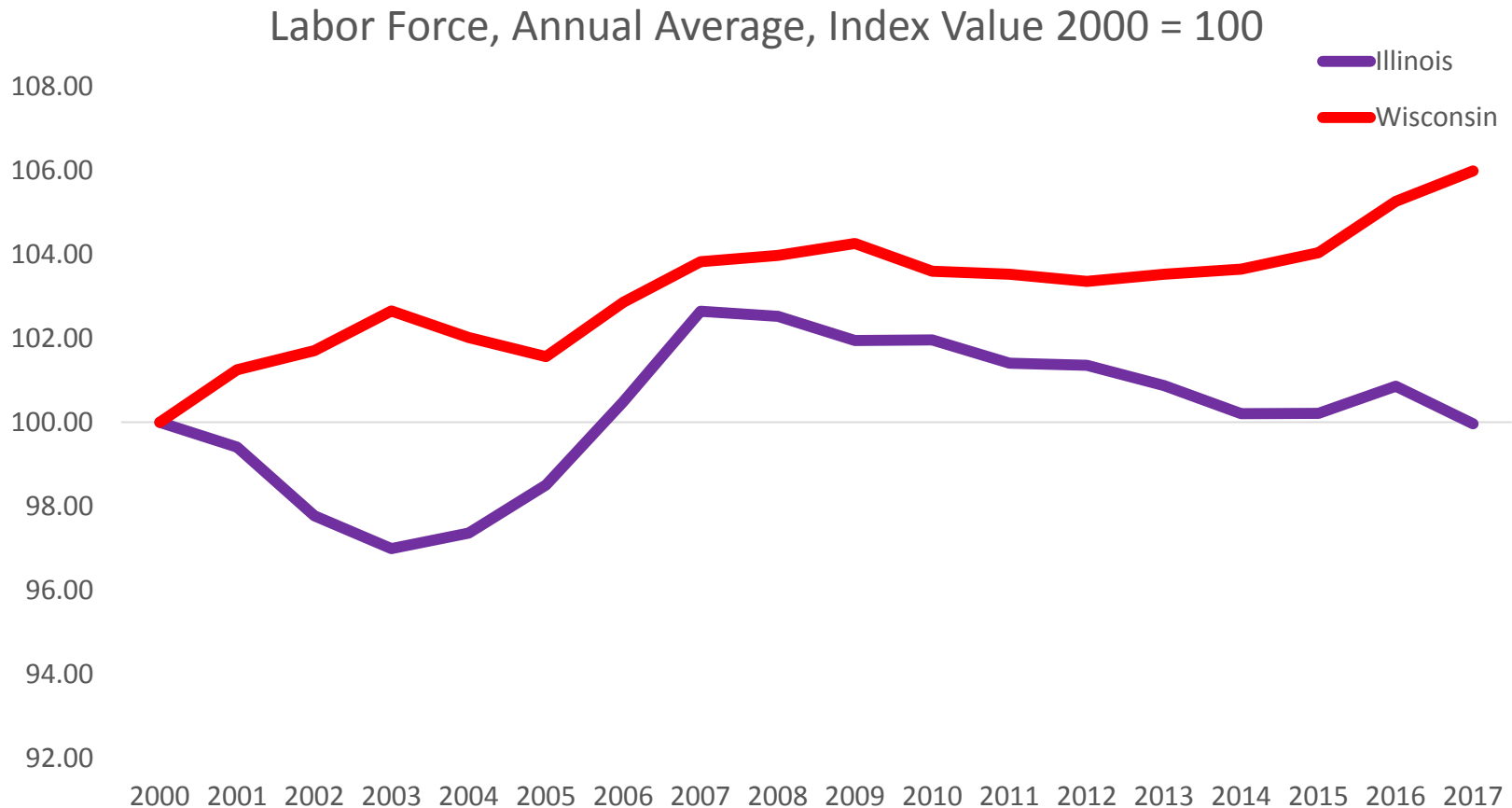


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted

Consider the Contrast

Wisconsin's Labor Force is Growing

Illinois's Labor Force is Not

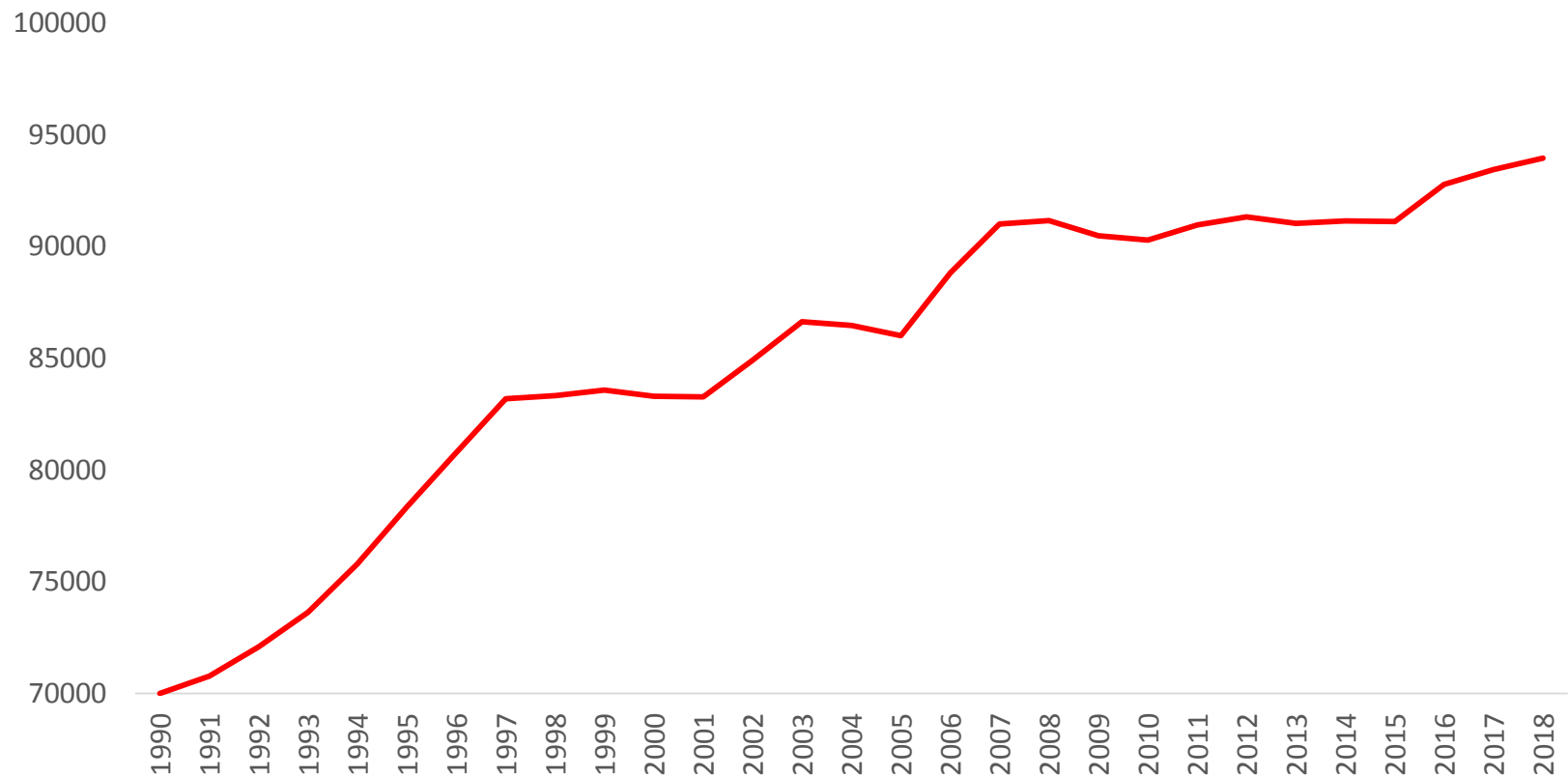


Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Seasonally Adjusted

Eau Claire MSA Labor Force Expanding

April 2018 a Record High

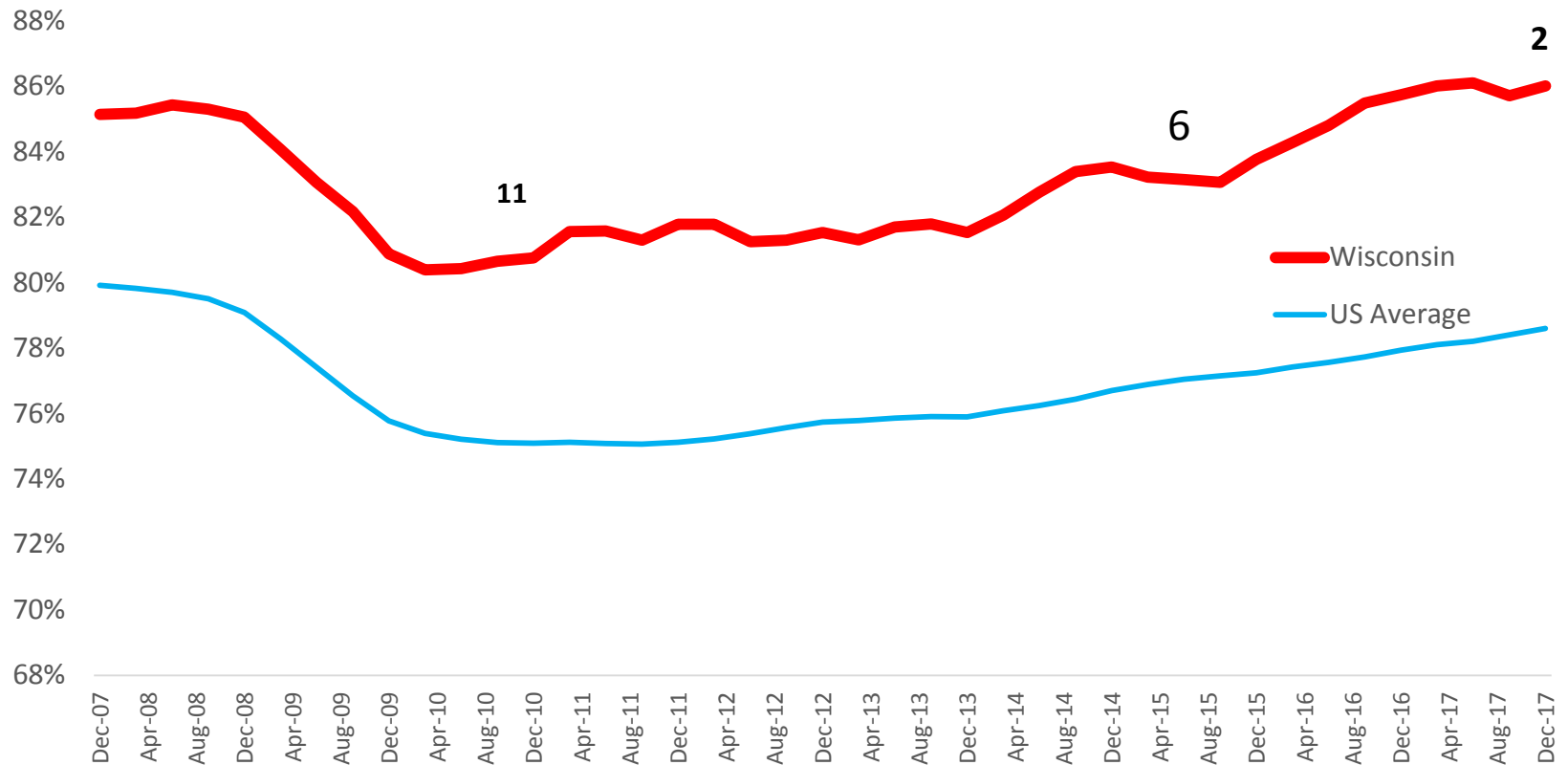
St. Croix County Labor Force, Annual Average



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, Not Seasonally Adjusted

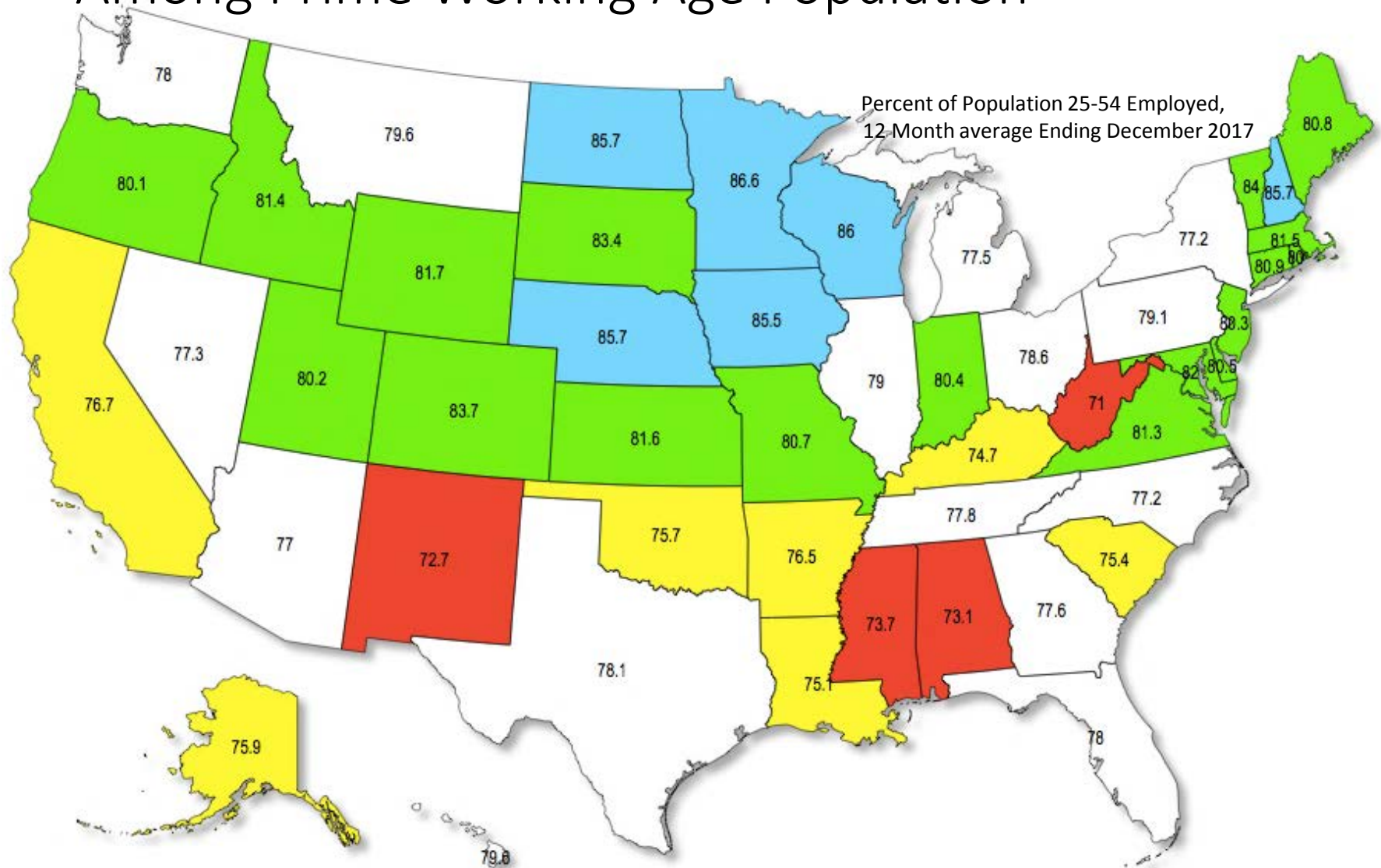
Wisconsin's Prime Age Working Population Highly Engaged in Workforce

Percent of Population 25 to 54 Employed



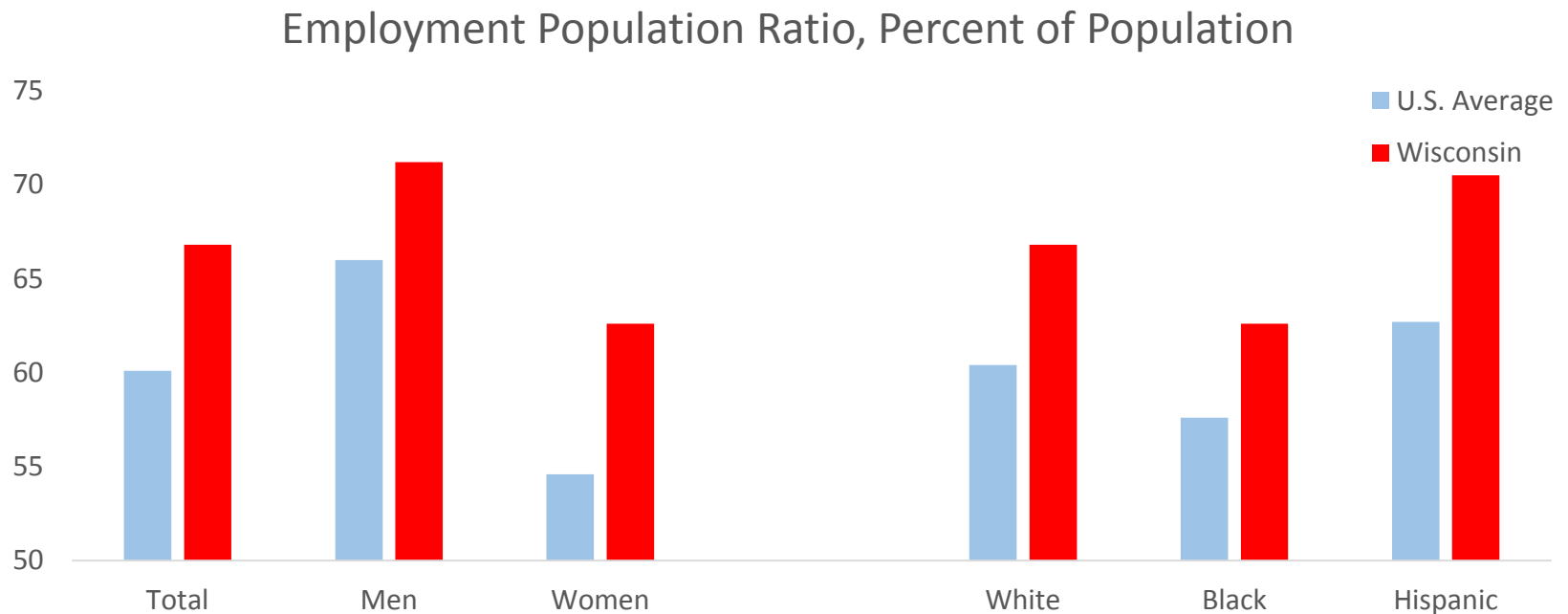
Source: Pew Center for the Study of the States

Wisconsin 2nd in the Nation for Employment Among Prime Working Age Population

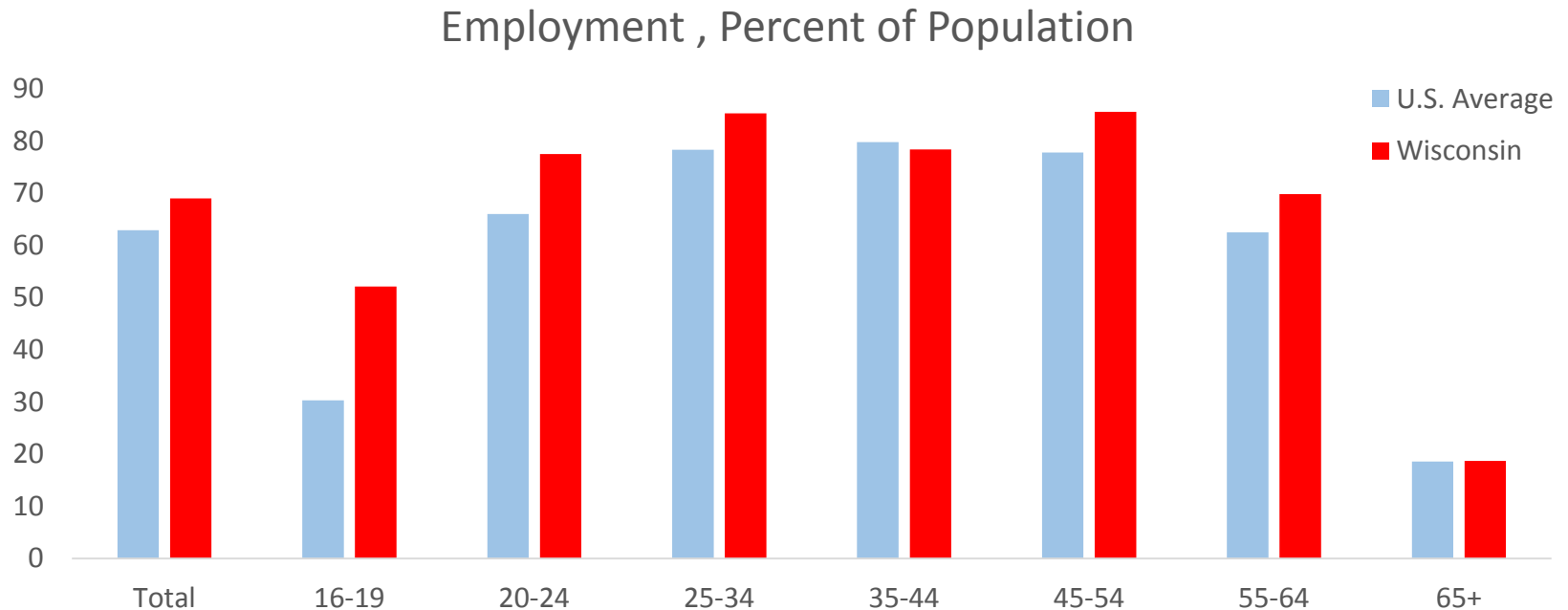


Source: Pew Center for the Study of the States

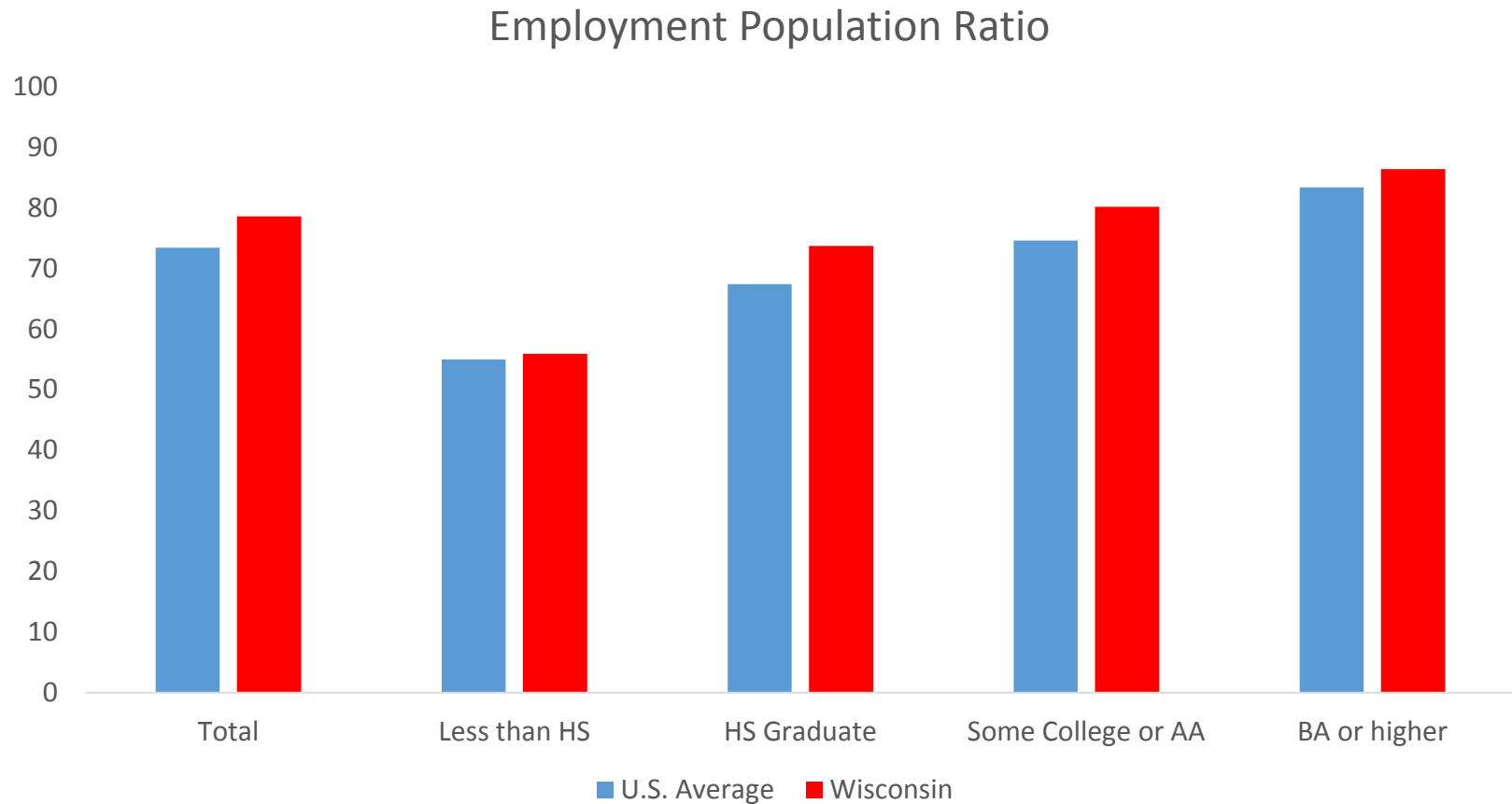
Wisconsin's Employment-Population Ratio Stronger than the U.S Average by Gender and Ethnicity



Wisconsin's Employment-Population Ratio Stronger than the U.S Average by Age Group



Wisconsin Work Preference Stronger than U.S. By Education Attainment



Source: U.S. Bureau of the Census, American Community Survey, 2016

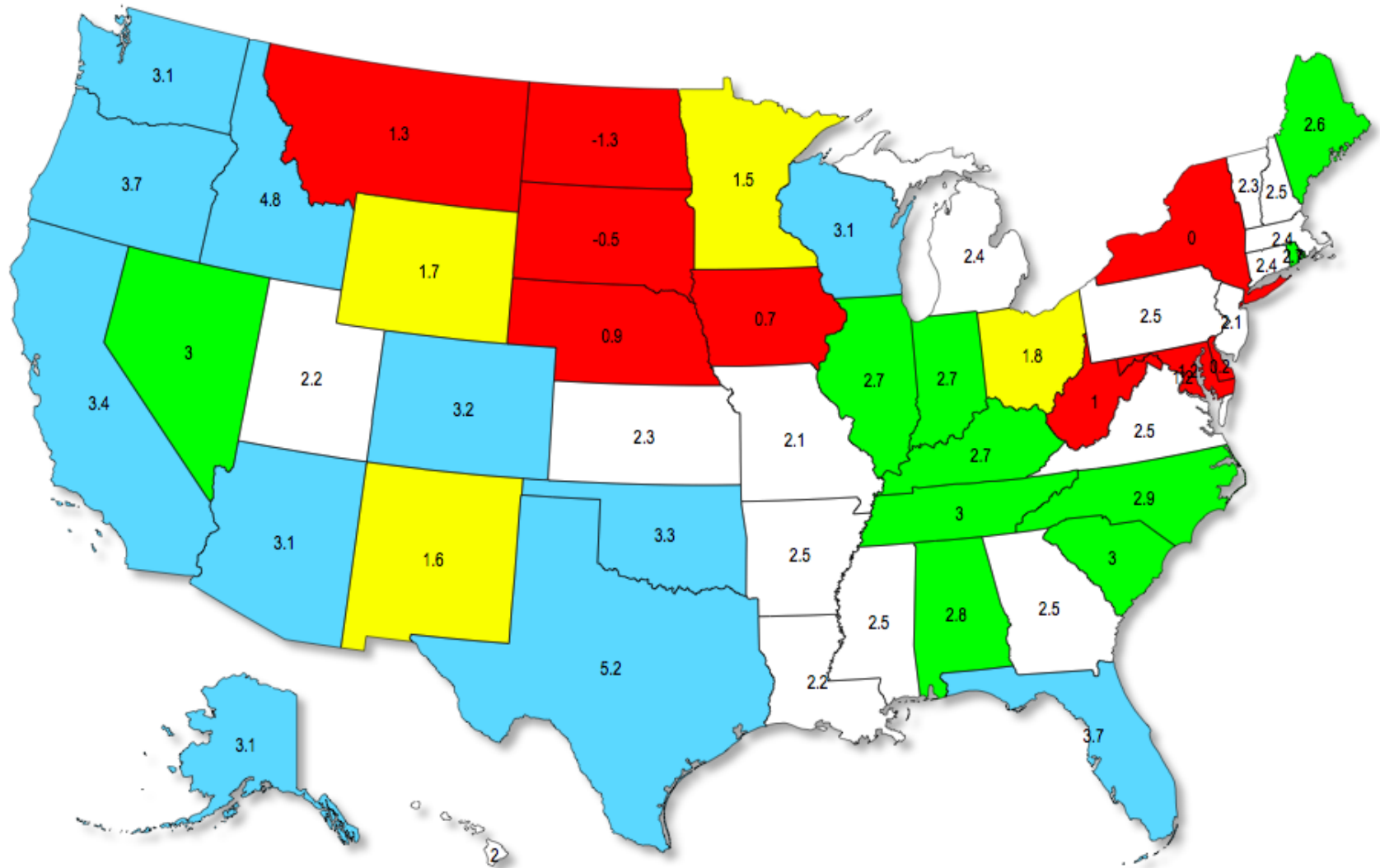
All right then...

Let's Consider the Full Picture

- | | |
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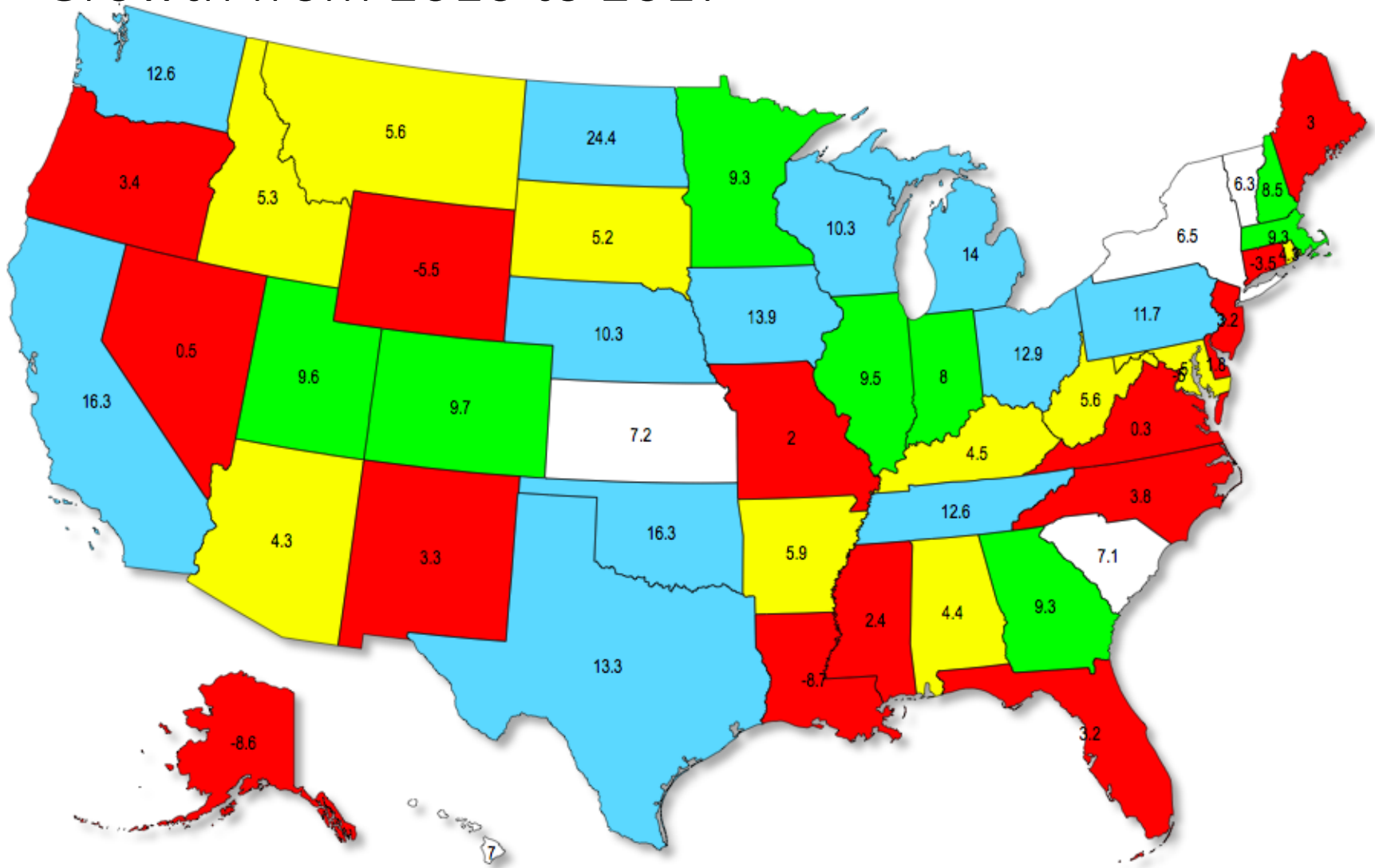
Wisconsin Had a Very Good 4th Quarter

Ranked 8th in the Nation in 2017 Q4 Real GDP Growth

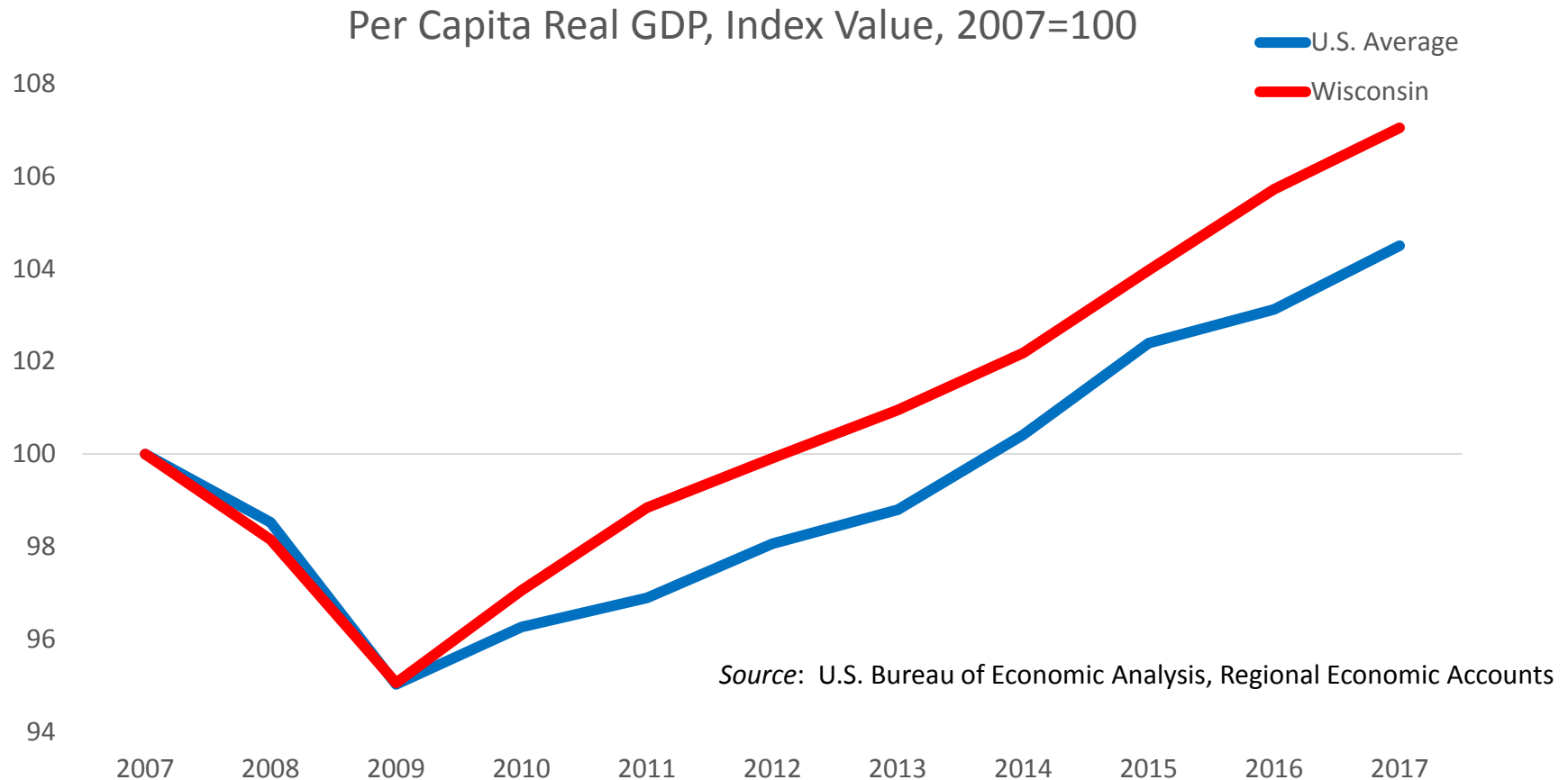


Source: U.S. Bureau of Economic Analysis Release, May 4, 2018

Wisconsin Ranks 11th in Per Capita Real GDP Growth from 2010 to 2017



In Recovery, Wisconsin's Per Capita Real GDP Grew Faster than the U.S. Average



Contrast Wisconsin's Economic Performance in Two Recoveries

Percent Change in Per Capita Real State GDP

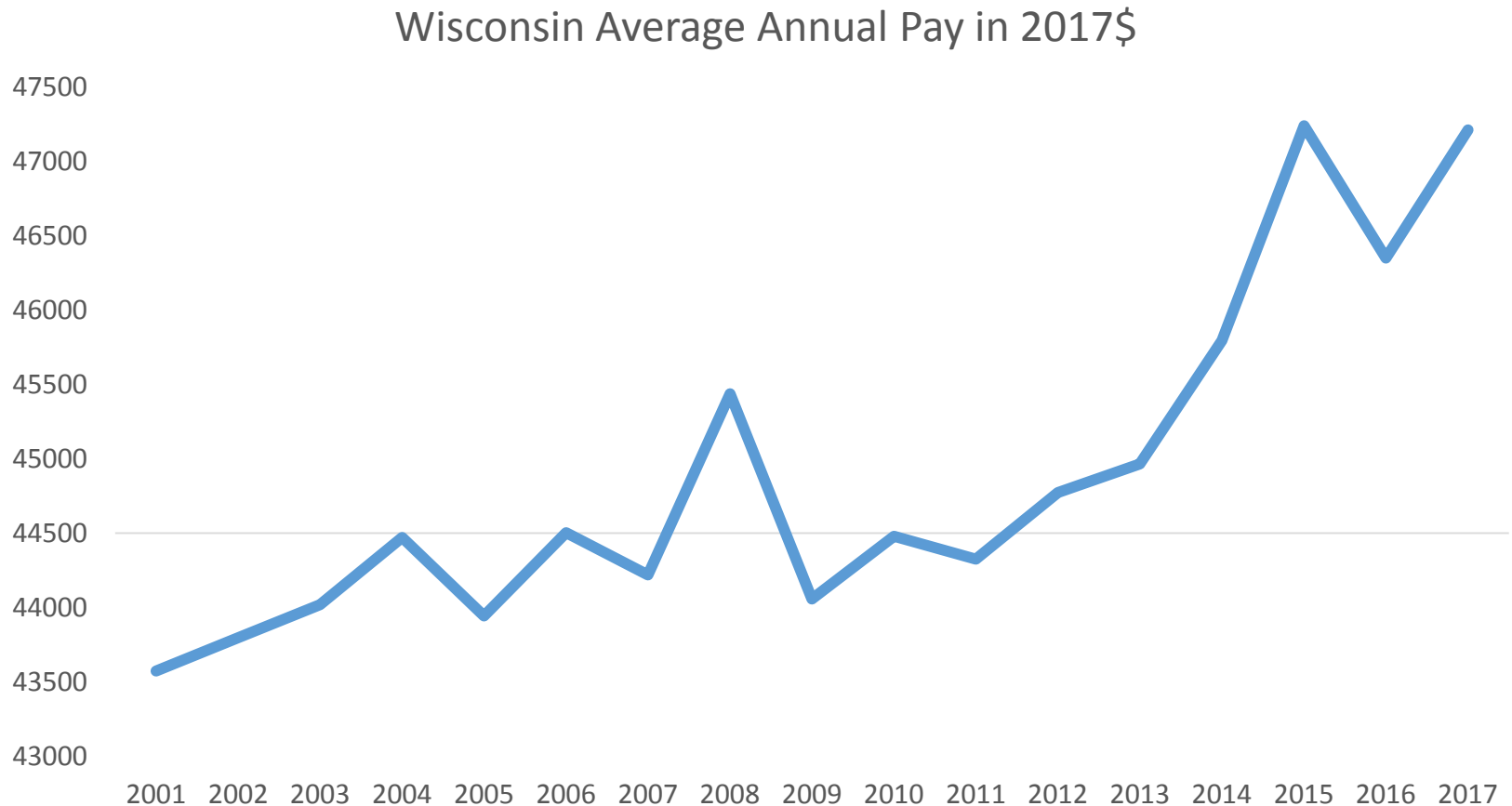
	<u>2001-2007</u>	<u>2010-2017</u>
United States Average	9.9%	8.3%
Wisconsin	8.5%	10.3%
Rank in U.S.	32 th	11 th

Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts
May 4, 2017

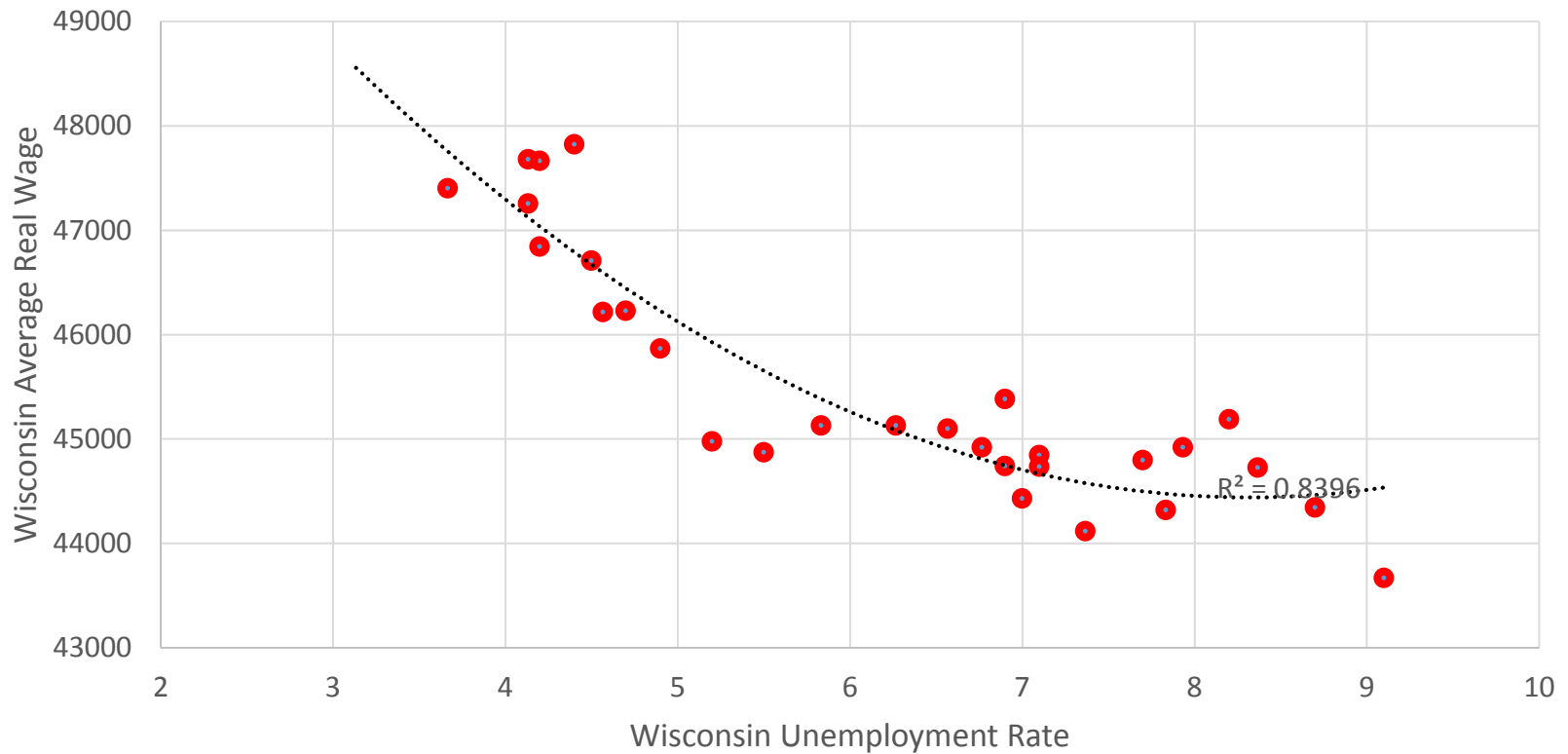
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After Years of Flat Wages, Wisconsin's Average Real Wages on the Rise Since 2014

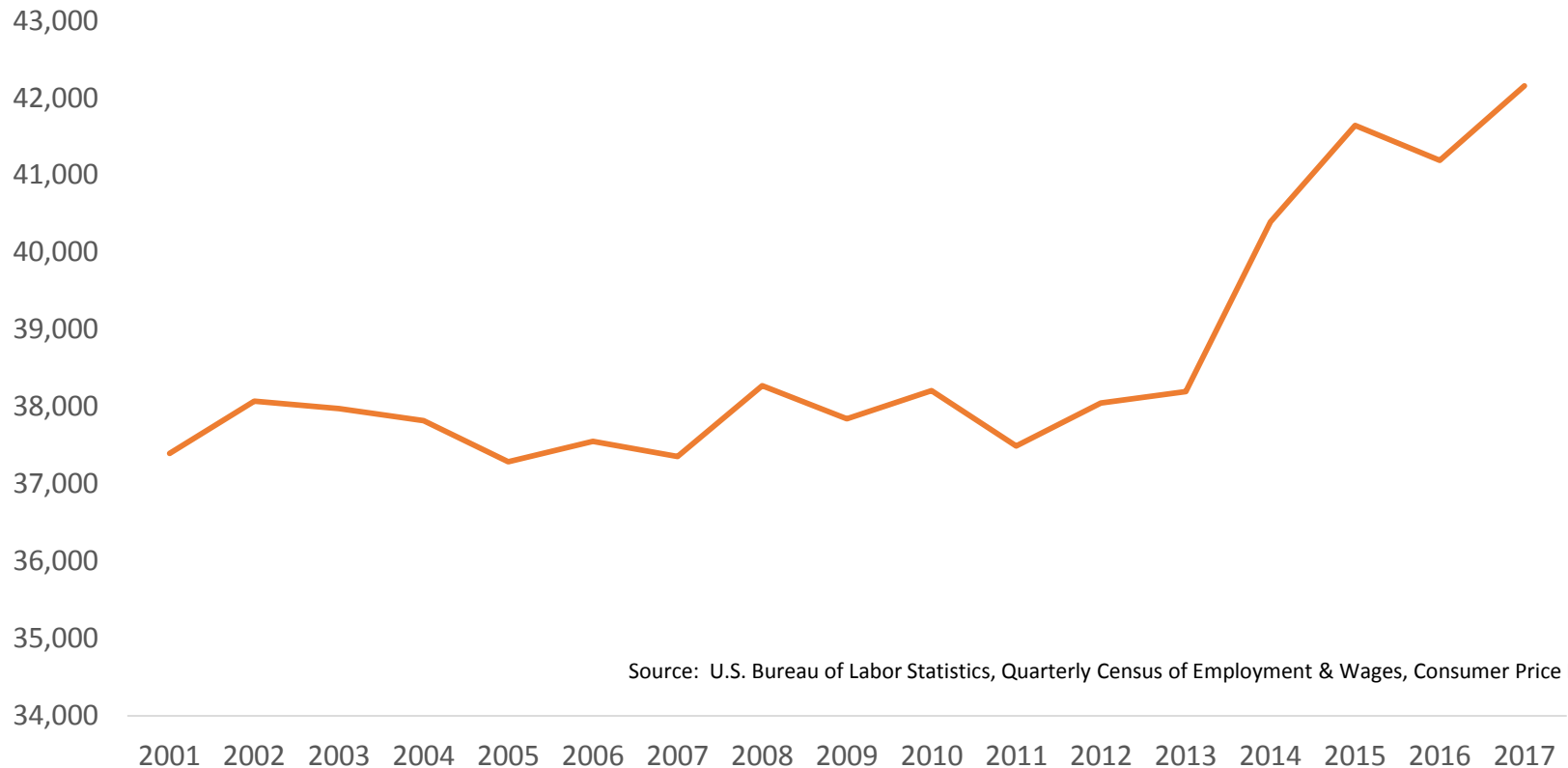


Real Wages Rise As Unemployment Drops Under 5%



Real Wages Rising in Eau Claire Area

Eau Claire MSA Average Private Sector Annual Pay in 2017 \$



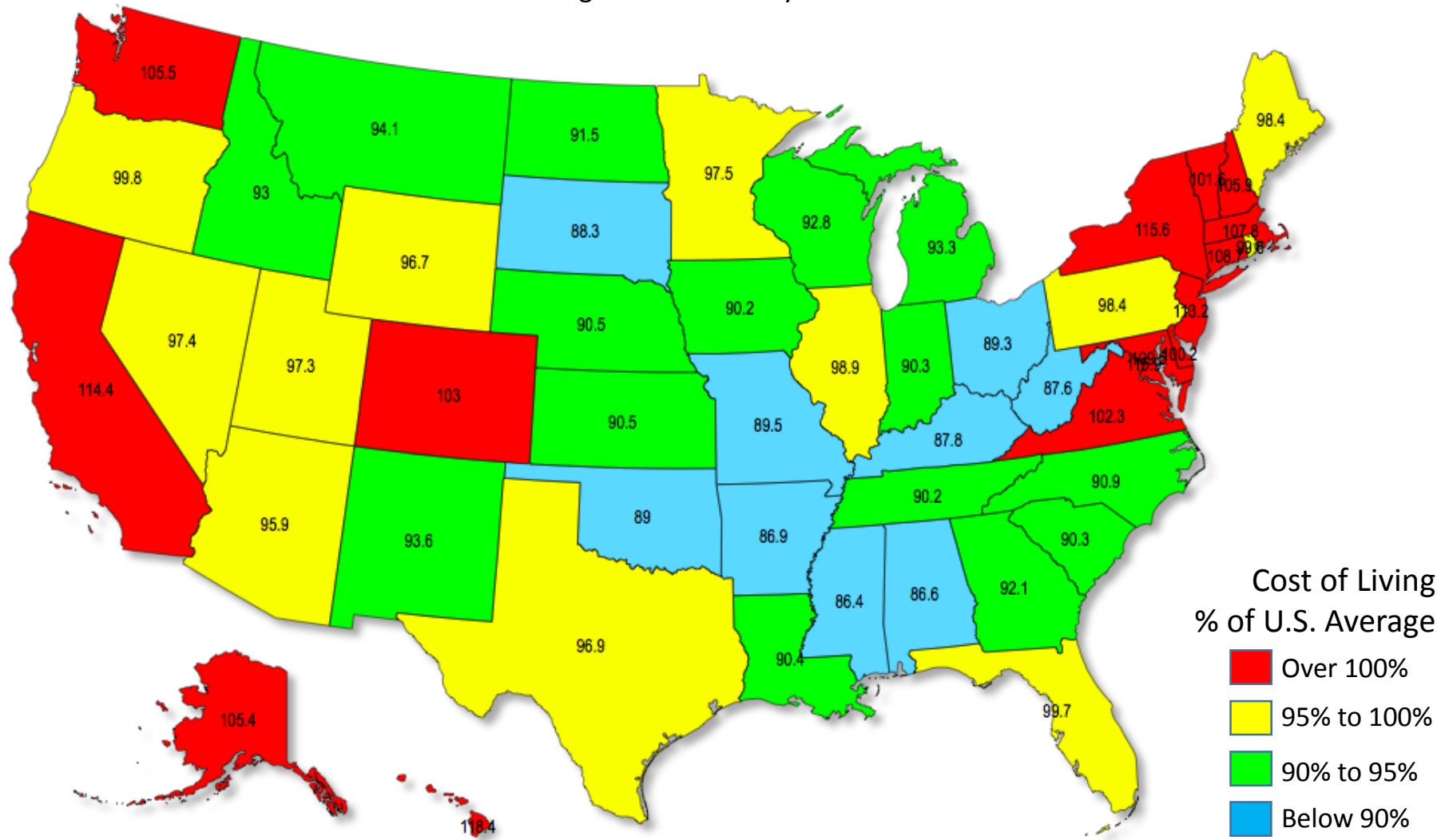
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages, Consumer Price Index

Consider the Full Picture

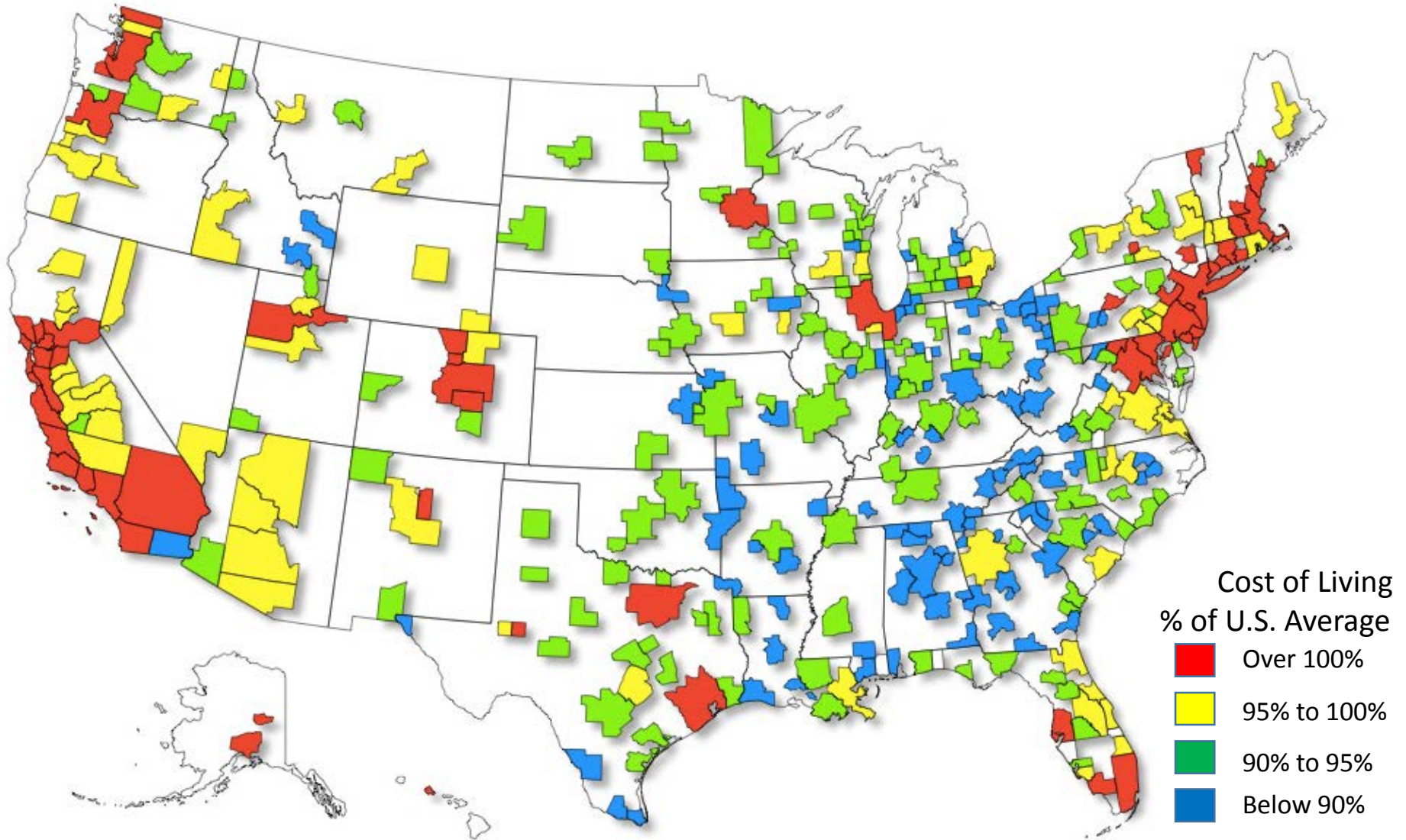
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Wisconsin Ranks 32nd for Cost of Living

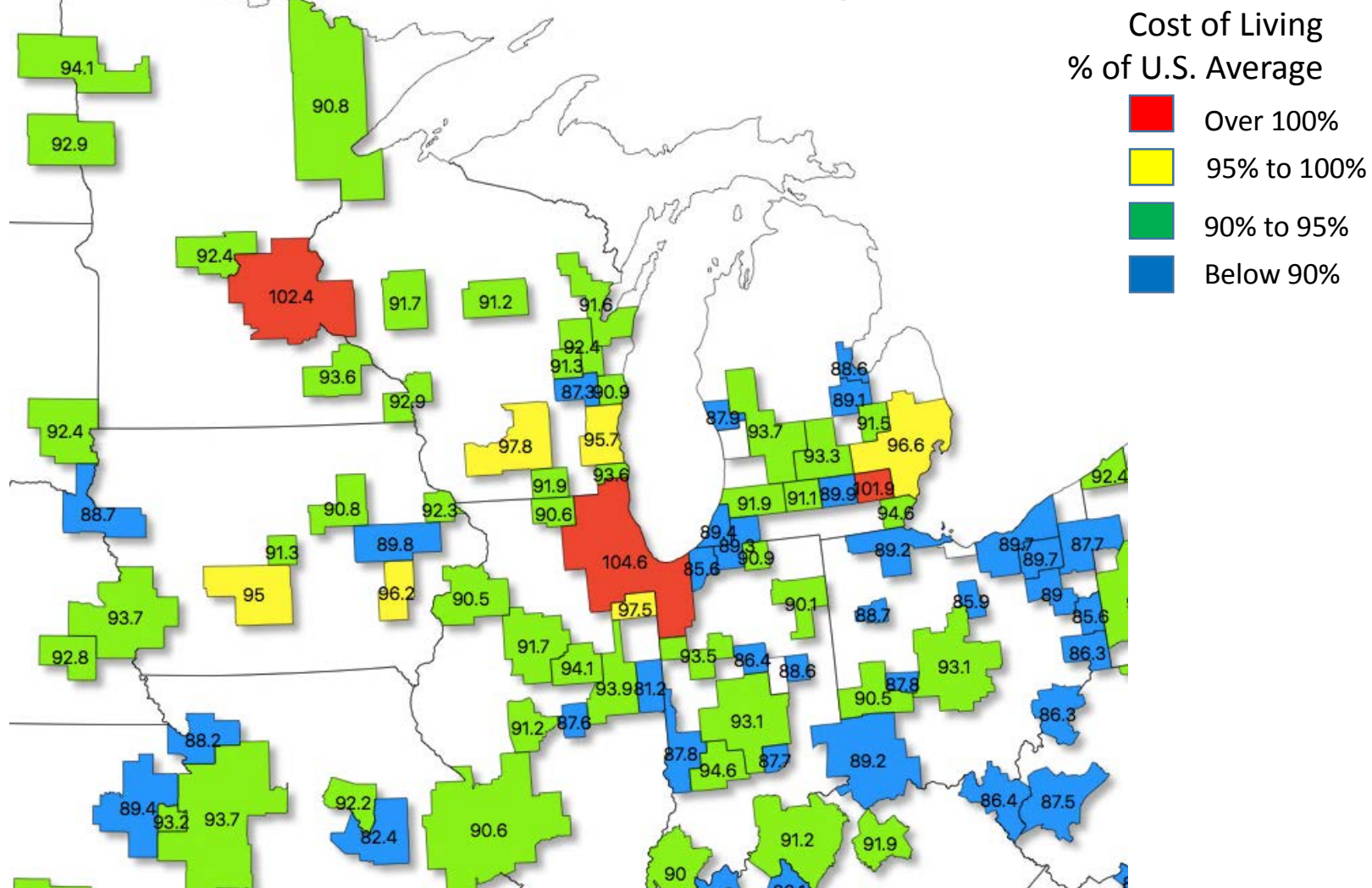
2016 Regional Price Parity Index



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



Wisconsin Metro Areas' Cost of Living Below U.S. Average



Source: U.S. Bureau of Economic Analysis

Comparing Housing: What You Get for About \$1 Million

Santa Clara, CA vs. Eau Claire, WI

Santa Clara, CA: \$1,050,000



900 sq. ft.
3 Bedrooms
Kitchen
Patio
Garage 286 sq.ft.

6 total rooms
1 Bathrooms
Laundry: In Garage
Yard
Cable Ready

Source: Zillow.com

Eau Claire, WI: \$799,000 house and \$200,000 Change



4 Bedrooms
0.62 Acres
Eat-In Kitchen
Dining Room
Deck
Sunroom

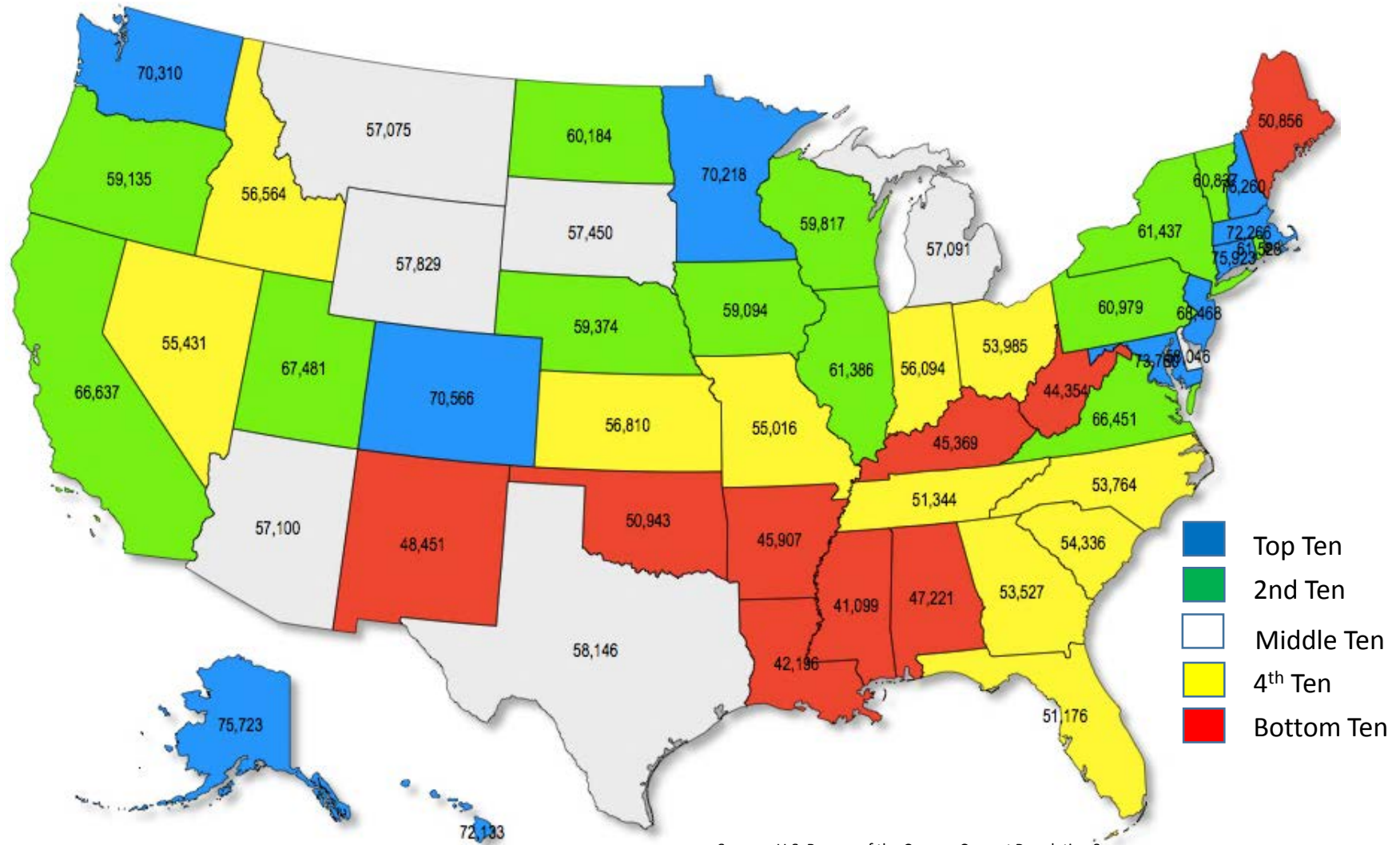
4 baths
Pond
Great Room
Family Room
Patio
9-Seat Home Theatre

4,600sq. ft.
Library
Office
Granite Bar

3-Car Attached Garage

Wisconsin Ranks 20th in Median Household Income

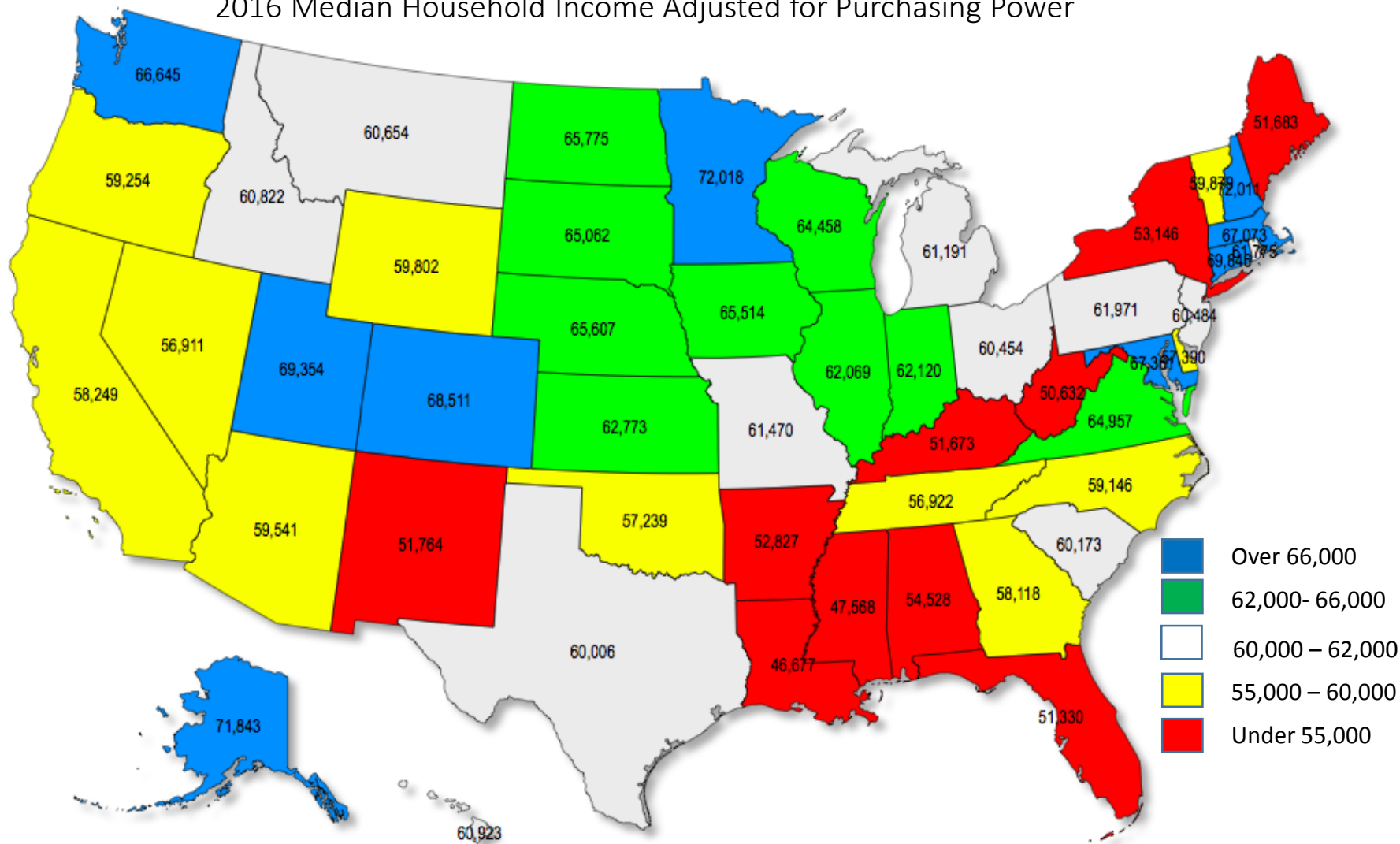
Nominal 2016 Median Household Income



Source: U.S. Bureau of the Census, Current Population Survey, Annual Social and Economic Supplements, Table H-8

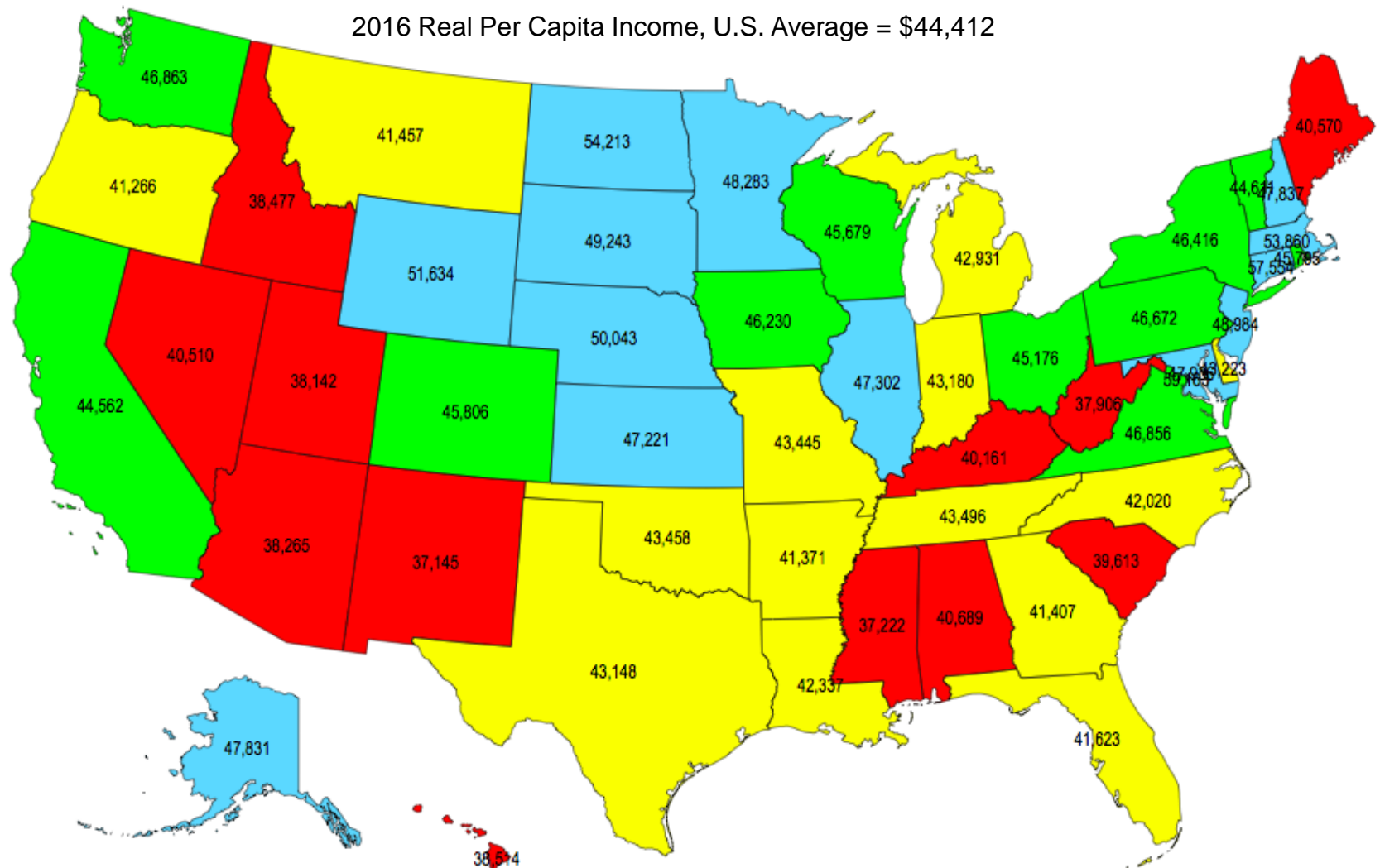
Adjusted for Cost of Living Wisconsin Ranks 15th

2016 Median Household Income Adjusted for Purchasing Power



Source: U.S. Bureau of the Census, Current Population Survey: US.
Bureau of Economic Analysis, Regional Economic Accounts

Adjusted for Purchasing Power, Wisconsin's Per Capita Income Above U.S. Average

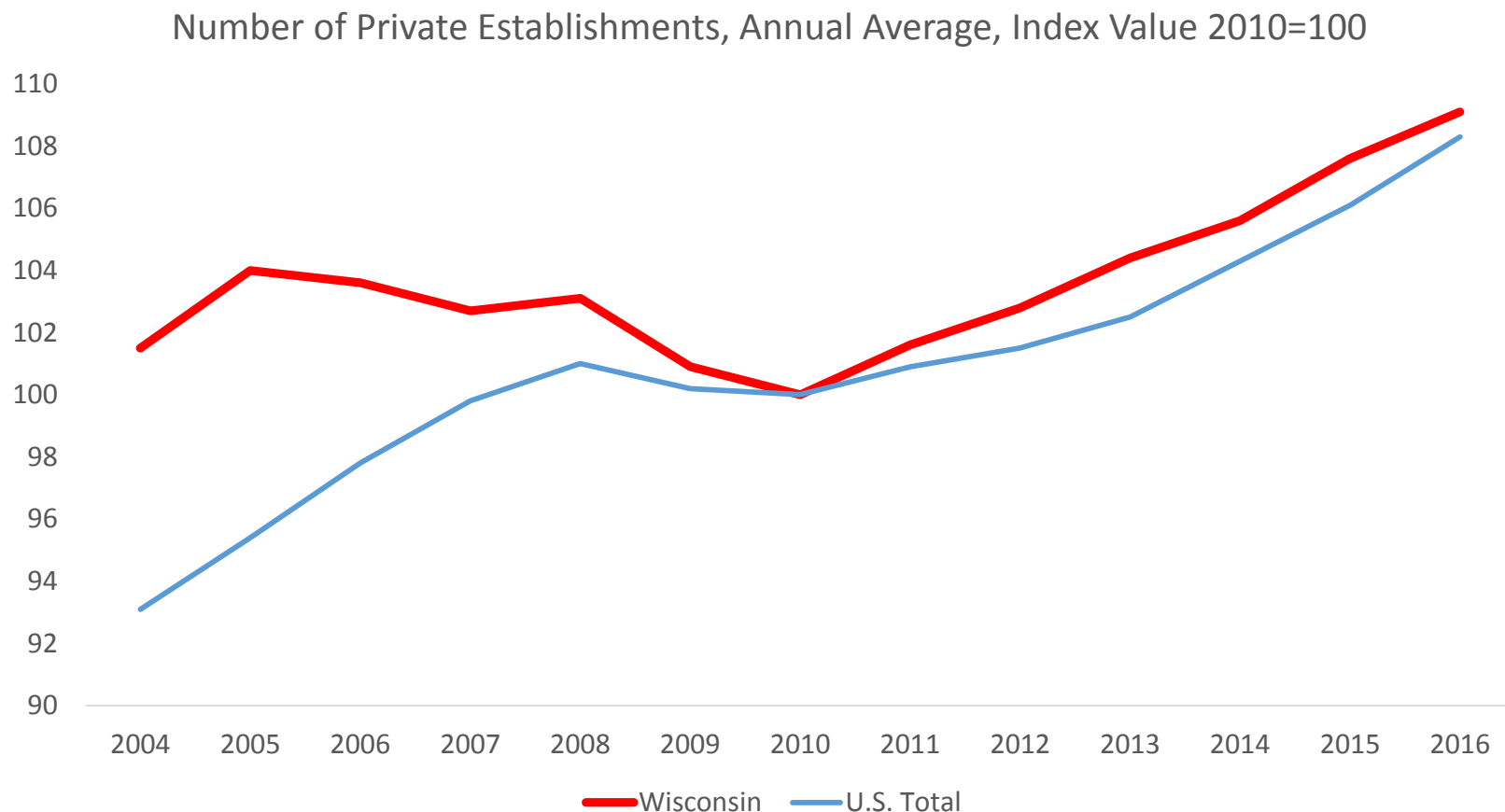


Source: U.S. Bureau of Economic Analysis
Wisconsin Department of Revenue

Consider the Full Picture

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From 2004 to 2010, Wisconsin Lost Businesses Since 2010, Wisconsin Has Gained Businesses



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

This is the One Often Repeated

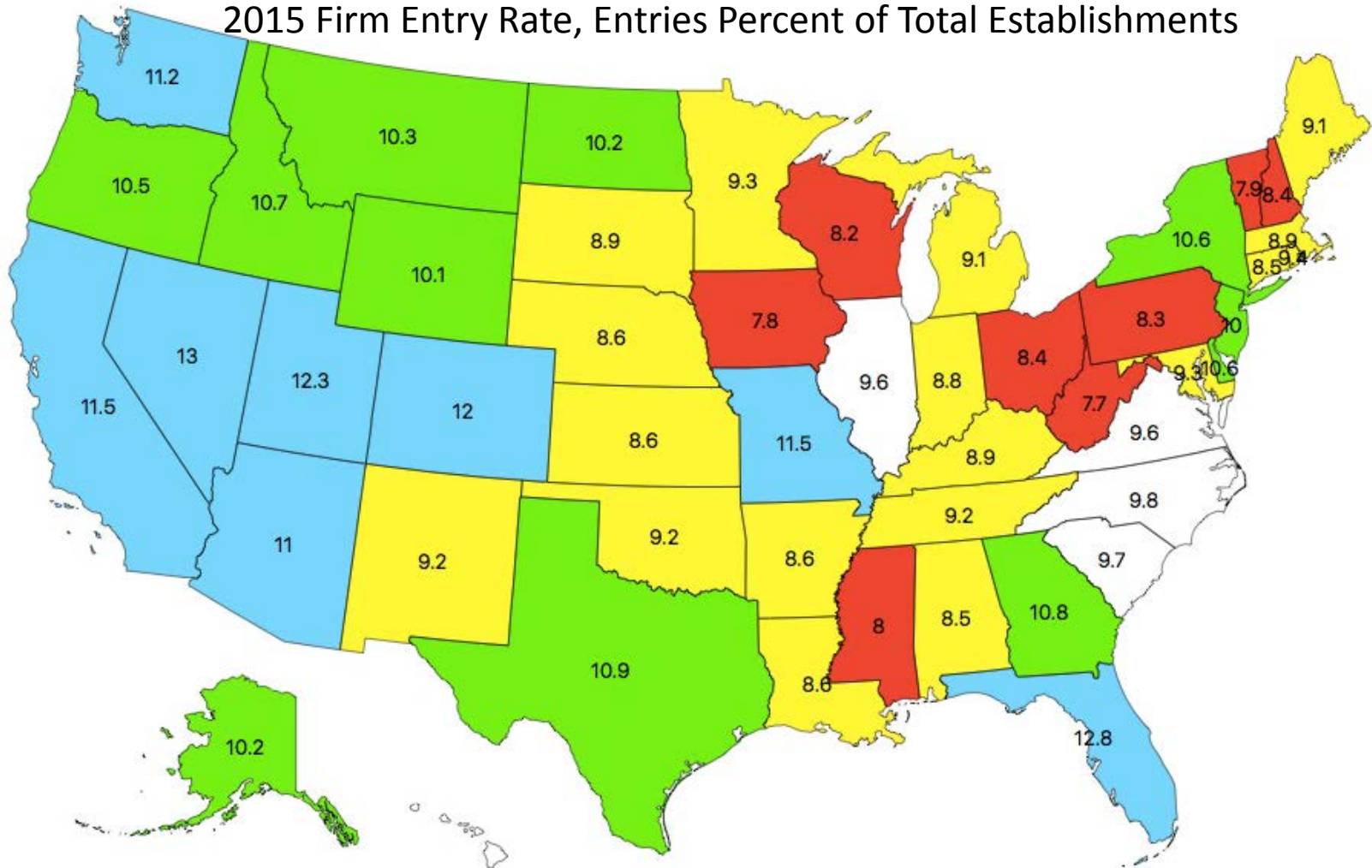
Wisconsin Ranks Last in Start-Ups

Larger States Rankings: Startup Activity				
State	Rank	Rate of New Entrepreneurs	Opportunity Share of New Entrepreneurs	Startup Density
California	1	0.42%	82.50%	89.6
Texas	2	0.40%	84.59%	90.9
Florida	3	0.38%	83.31%	98.7
Arizona	4	0.40%	82.68%	85.8
Colorado	5	0.35%	87.18%	88.2
New York	6	0.36%	84.10%	83.3
New Jersey	7	0.34%	88.03%	76.1
Georgia	8	0.33%	86.60%	82.4
North Carolina	9	0.34%	83.88%	74.7
Missouri	10	0.30%	83.20%	95.5
Washington	11	0.27%	87.39%	81.5
Massachusetts	12	0.29%	85.40%	66.8
South Carolina	13	0.29%	79.56%	73.3
Tennessee	14	0.23%	88.66%	69.3
Michigan	15	0.26%	84.19%	64.4
Minnesota	16	0.28%	78.65%	64.2
Louisiana	17	0.27%	79.73%	64.8
Ohio	18	0.23%	88.22%	57.4
Illinois	19	0.23%	78.80%	69.1
Maryland	20	0.26%	73.11%	68.5
Indiana	21	0.22%	80.23%	61.6
Virginia	22	0.21%	77.64%	73.7
Pennsylvania	23	0.17%	83.00%	60.6
Alabama	24	0.23%	72.13%	63.4
Wisconsin	25	0.21%	66.39%	59.1

Source: Kaufmann Foundation, Entrepreneurship Index

Wisconsin Ranks 46th in Firm Entry Rate

2015 Firm Entry Rate, Entries Percent of Total Establishments



This is the One Scarcely Mentioned

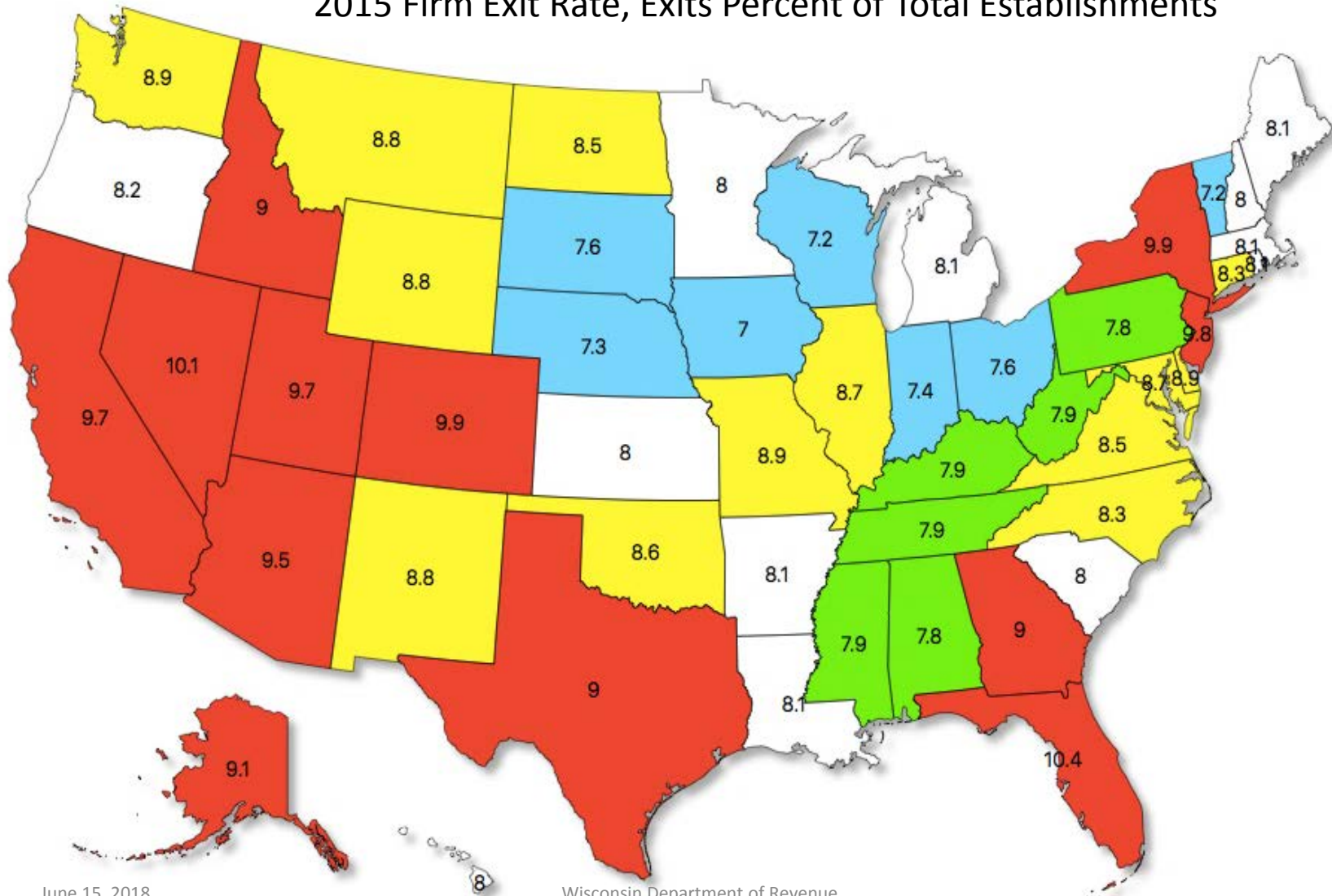
Wisconsin 2nd Among the Top States for “Main Street” Entrepreneurship

Larger States Rankings: Main Street Entrepreneurship				
State	Rank	Survival Rate	Rate of Business Owners	Established Small Business Density
Minnesota	1	50.76%	7.75%	687.2
Wisconsin	2	50.77%	6.46%	704.3
Massachusetts	3	53.22%	5.54%	684.7
Colorado	4	47.93%	8.56%	630.4
Pennsylvania	5	53.26%	4.97%	705.3
Maryland	6	52.47%	5.69%	668.7
Ohio	7	51.45%	5.15%	706.5
Louisiana	8	50.13%	5.95%	673.3
California	9	48.05%	6.99%	644.5
Illinois	10	50.14%	5.49%	672.7
Indiana	11	50.53%	5.00%	686.4
Virginia	12	51.25%	5.23%	659.9
Michigan	13	49.97%	4.90%	694.9
North Carolina	14	49.28%	5.53%	660.8
New Jersey	15	48.51%	5.52%	670.3
Washington	16	49.24%	5.58%	651.8
New York	17	49.68%	5.54%	645.3
Texas	18	49.13%	5.91%	616.6
Florida	19	45.67%	7.14%	613.4
South Carolina	20	48.32%	4.83%	658.7
Tennessee	21	46.51%	5.16%	655.9
Georgia	22	46.40%	5.70%	632.5
Alabama	23	48.48%	3.89%	679.0
Missouri	24	44.26%	6.24%	641.0
Arizona	25	44.06%	6.01%	611.8

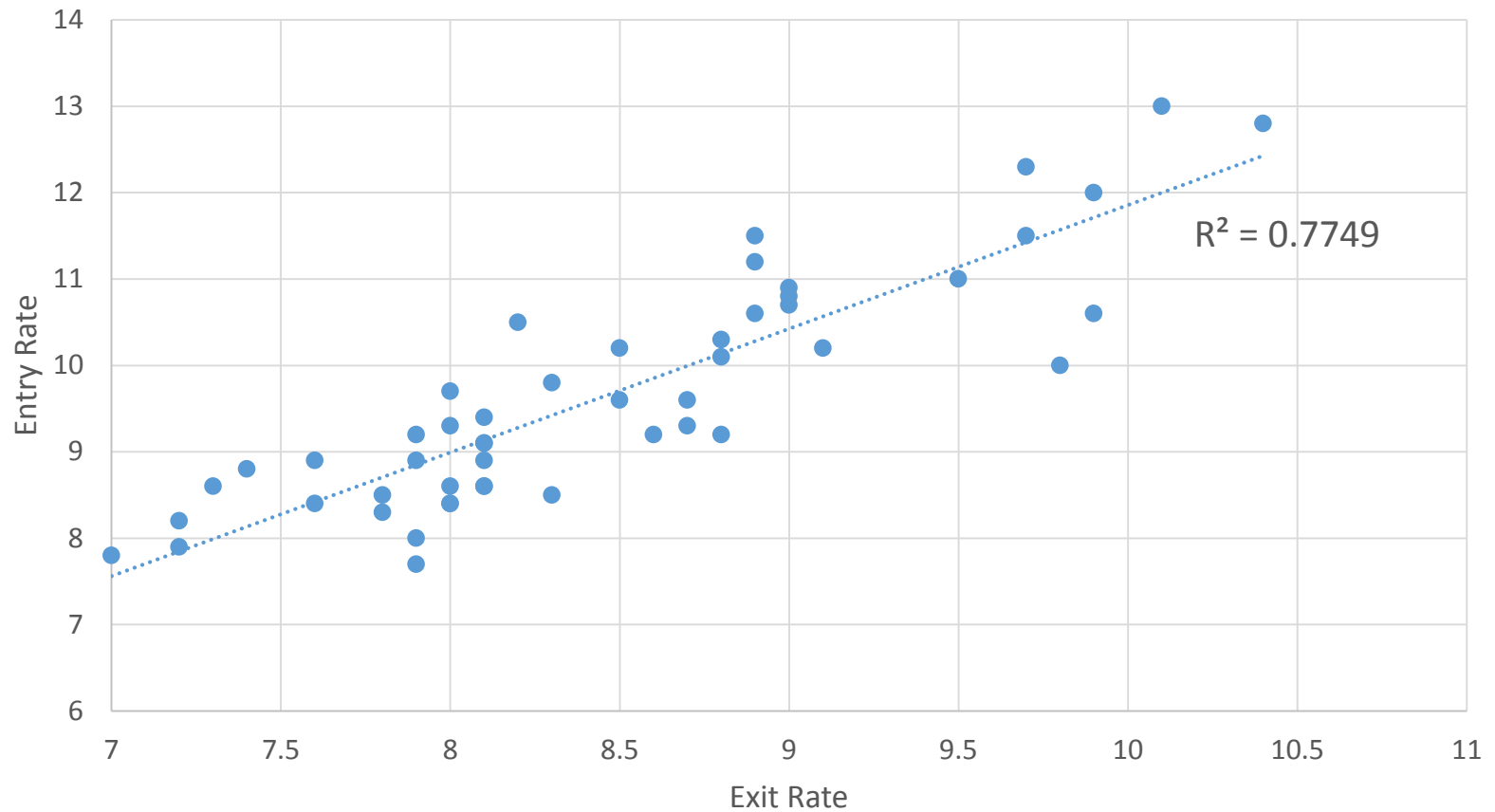
Source: Kaufmann Foundation, Entrepreneurship Index

Wisconsin Ranks 2nd in Firm Exit Rate

2015 Firm Exit Rate, Exits Percent of Total Establishments

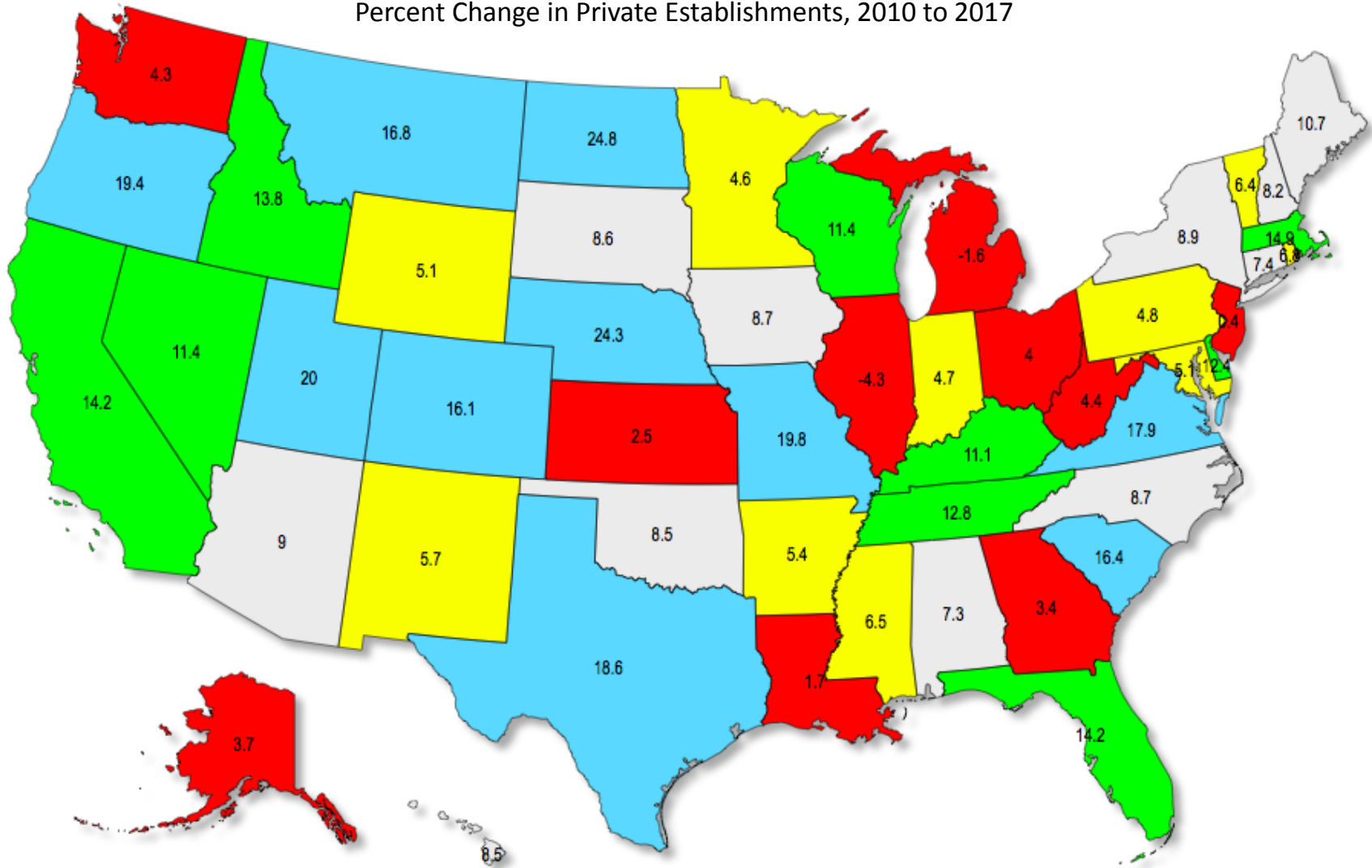


High Start Up Rates Match High Exit Rates



Wisconsin Ranks 17th in Seven-Year Establishment Growth

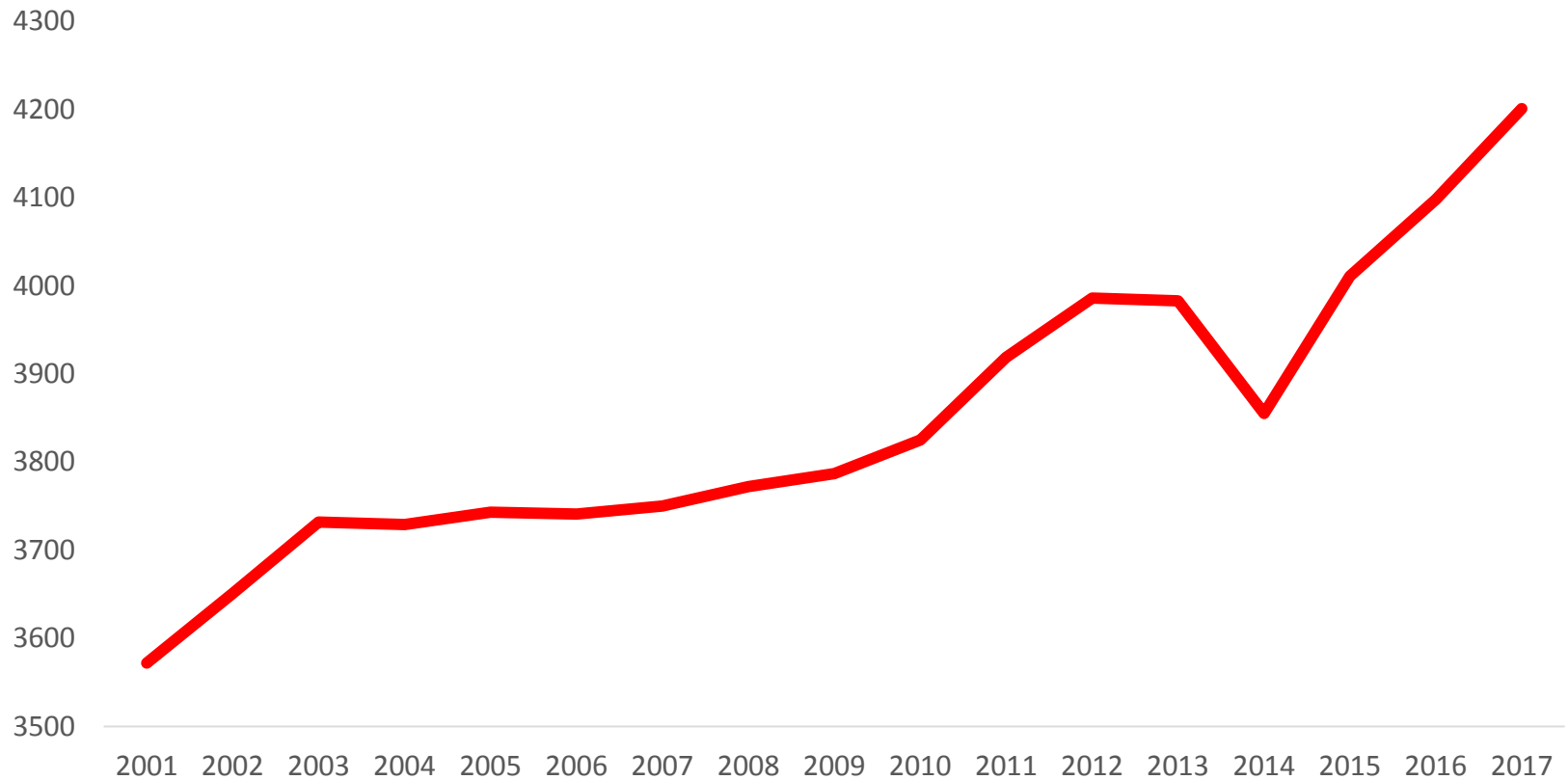
Percent Change in Private Establishments, 2010 to 2017



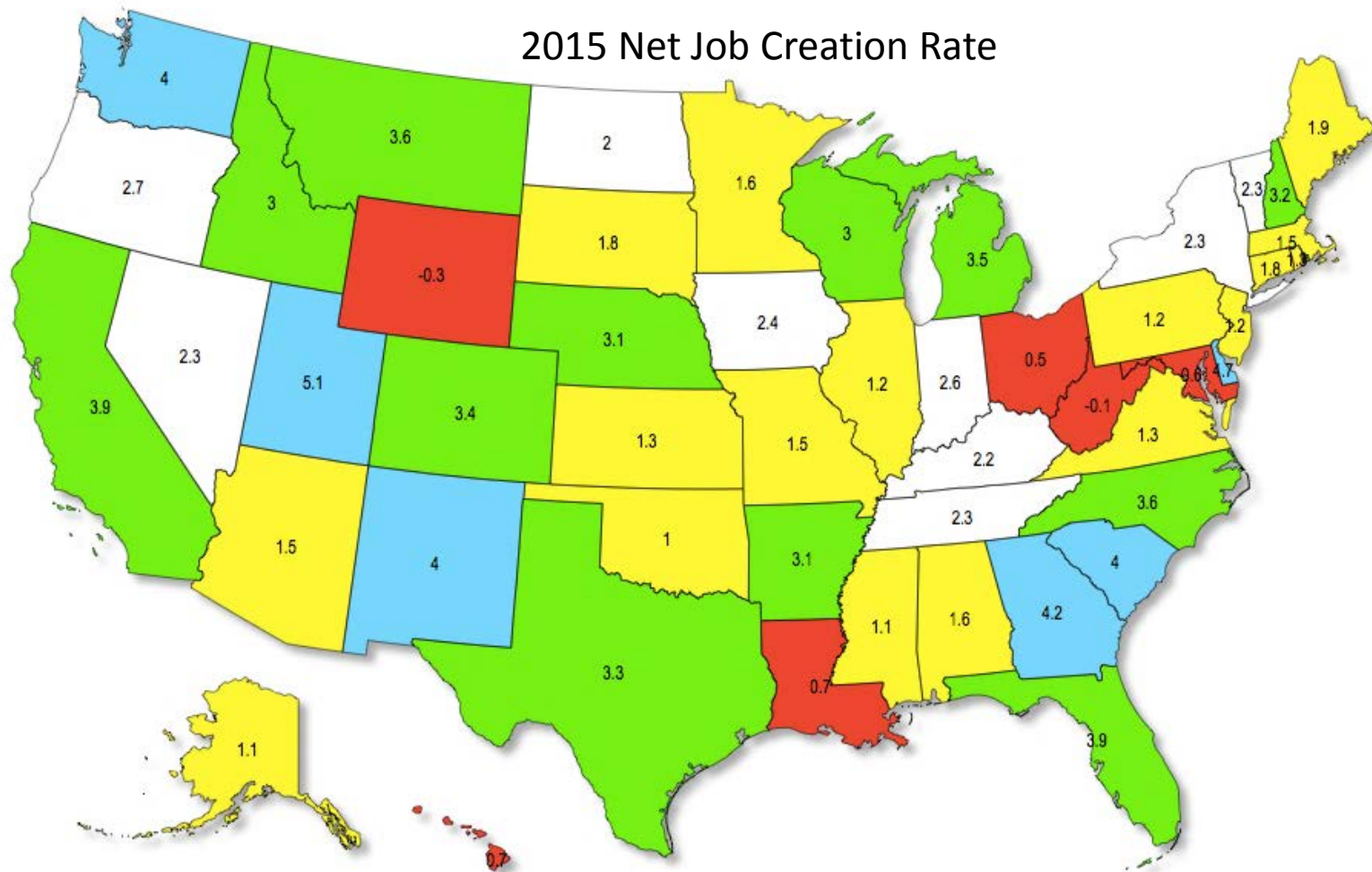
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages

Business is Expanding in the Eau Claire Area

Number of Private Establishments, Eau Claire MSA, Annual Average

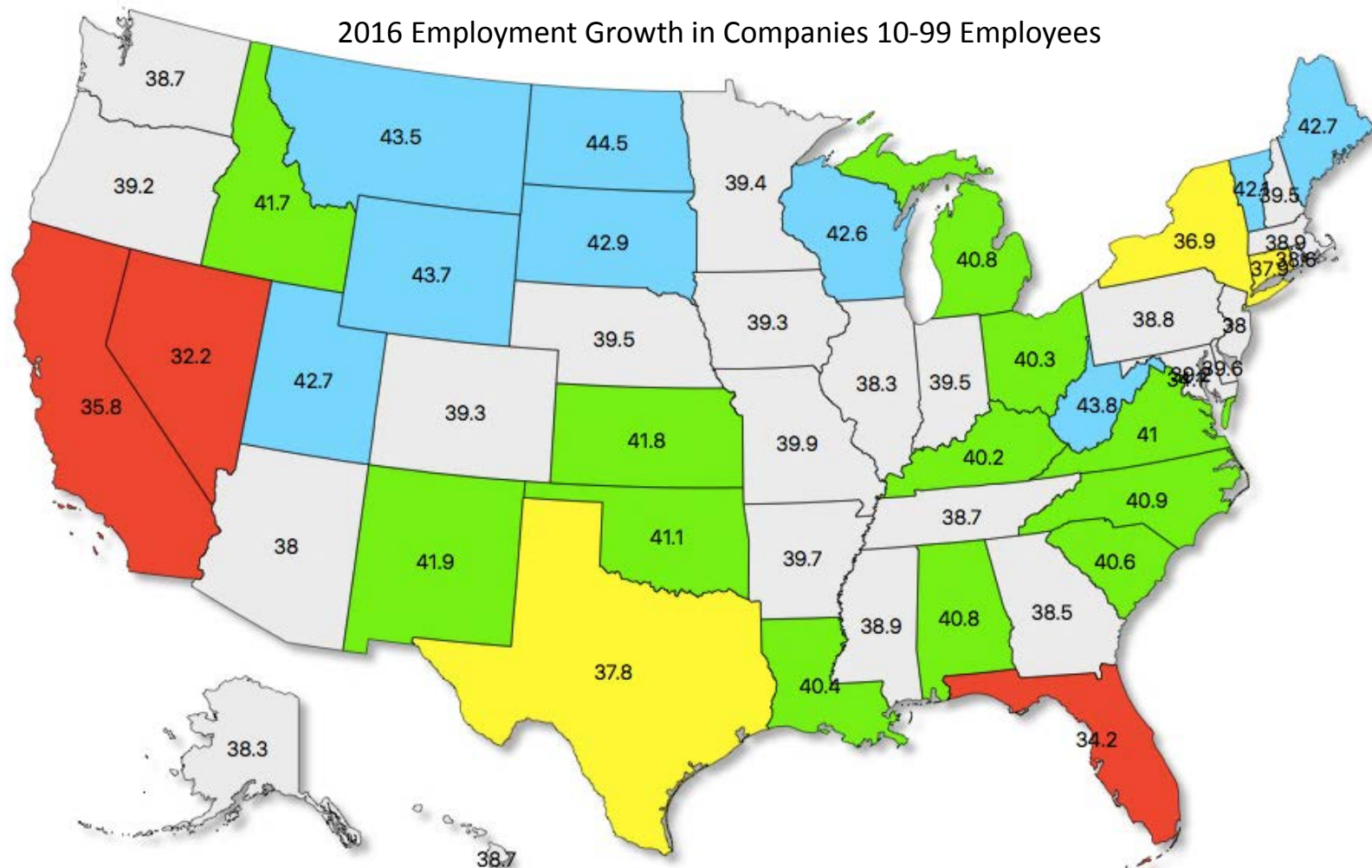


Wisconsin Ranks 18th In Net Job Creation Rate From Net Business Expansion



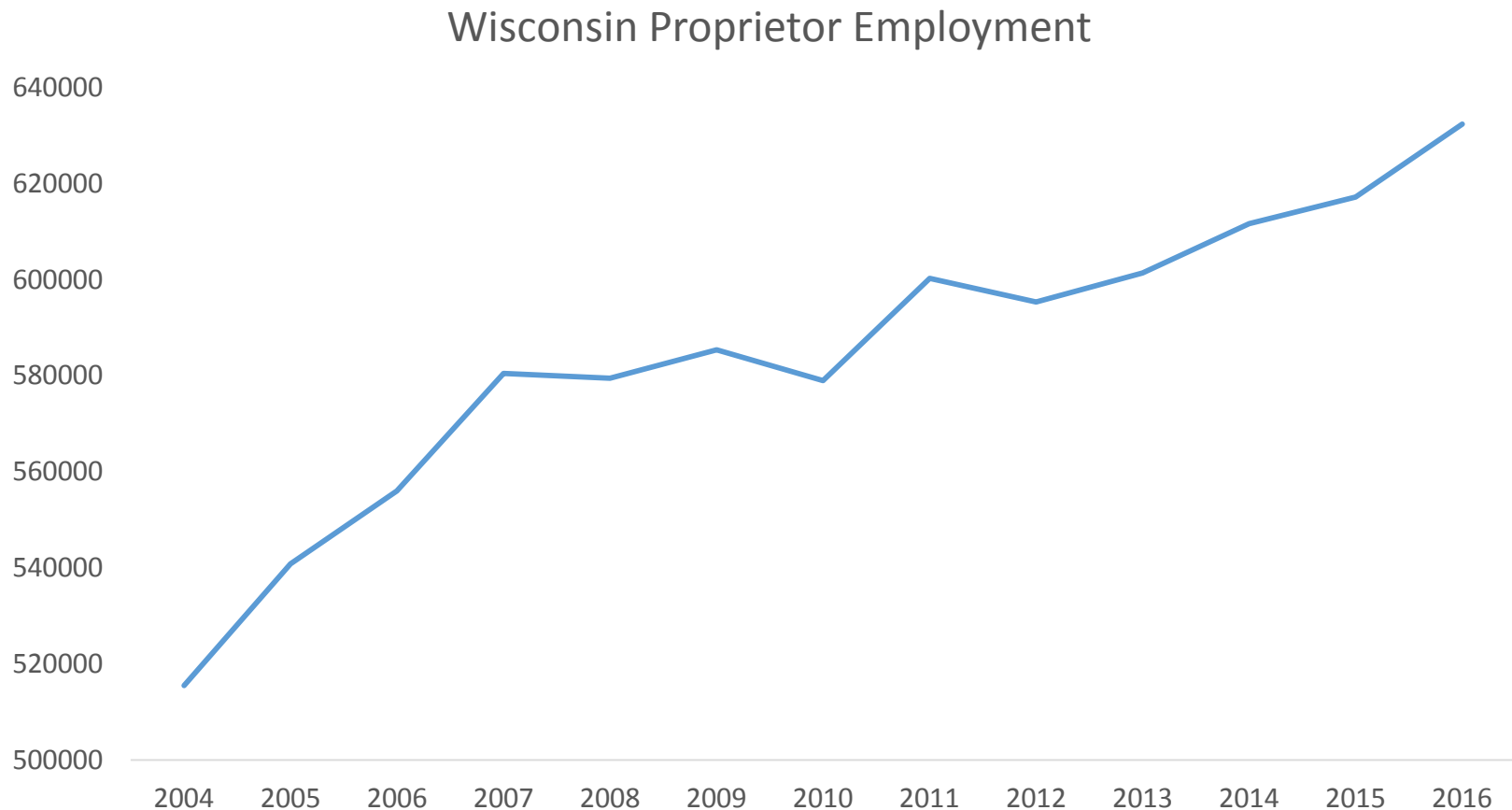
Source: U.S. Census Bureau, Business Dynamics Series

For 2nd Stage Companies, Wisconsin Ranks 8th in Employment Growth



Source: UW-Extension Business & Entrepreneurship, Business Dynamics Consortium

Proprietor Employment Up Over 53,000 Since 2010



Source: U.S. Bureau of Economic Analysis

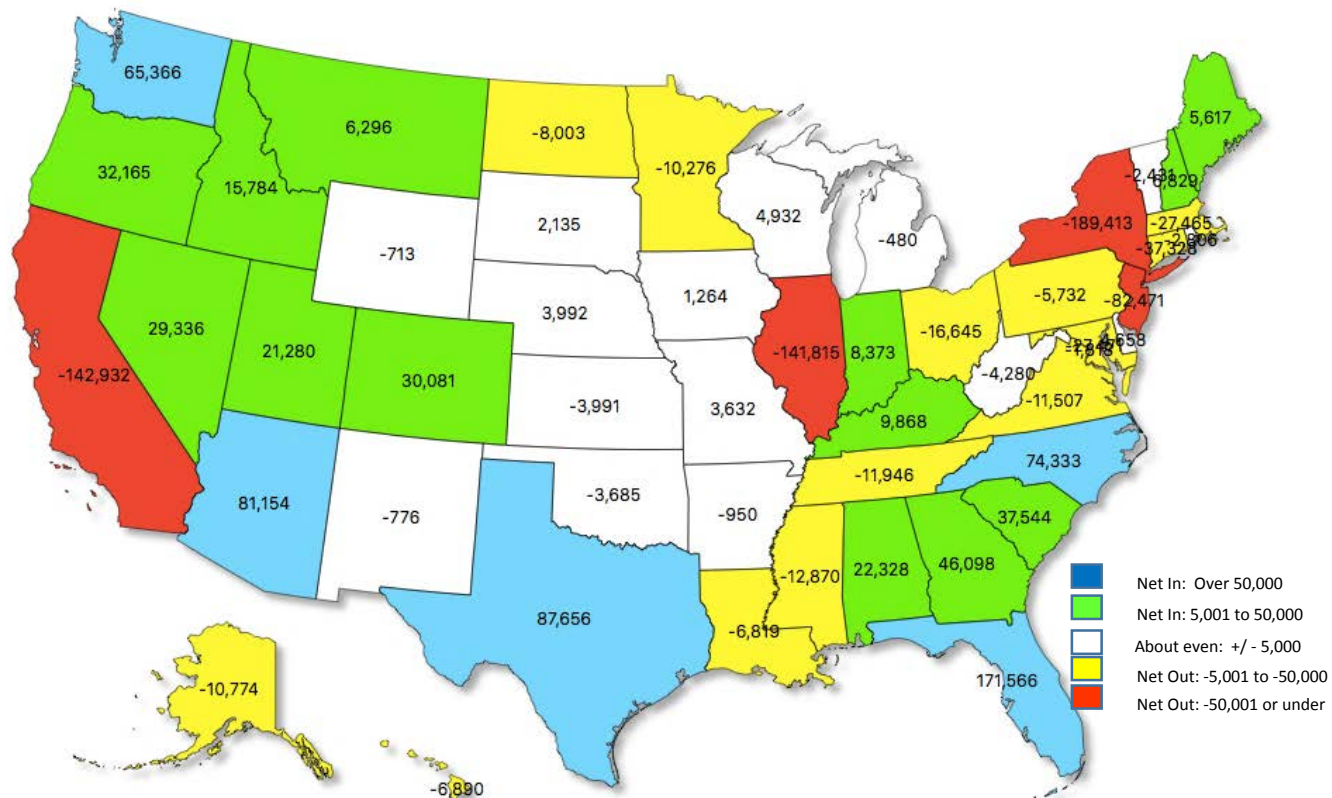
Consider the Full Picture

- | | |
|-----------------------|------------------------------|
| 1) Job Growth | 7) Domestic Migration |
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| 5) Standard of Living | 11) Poverty |
| 6) Entrepreneurship | 12) Health Care |

Wisconsin's Net Migration

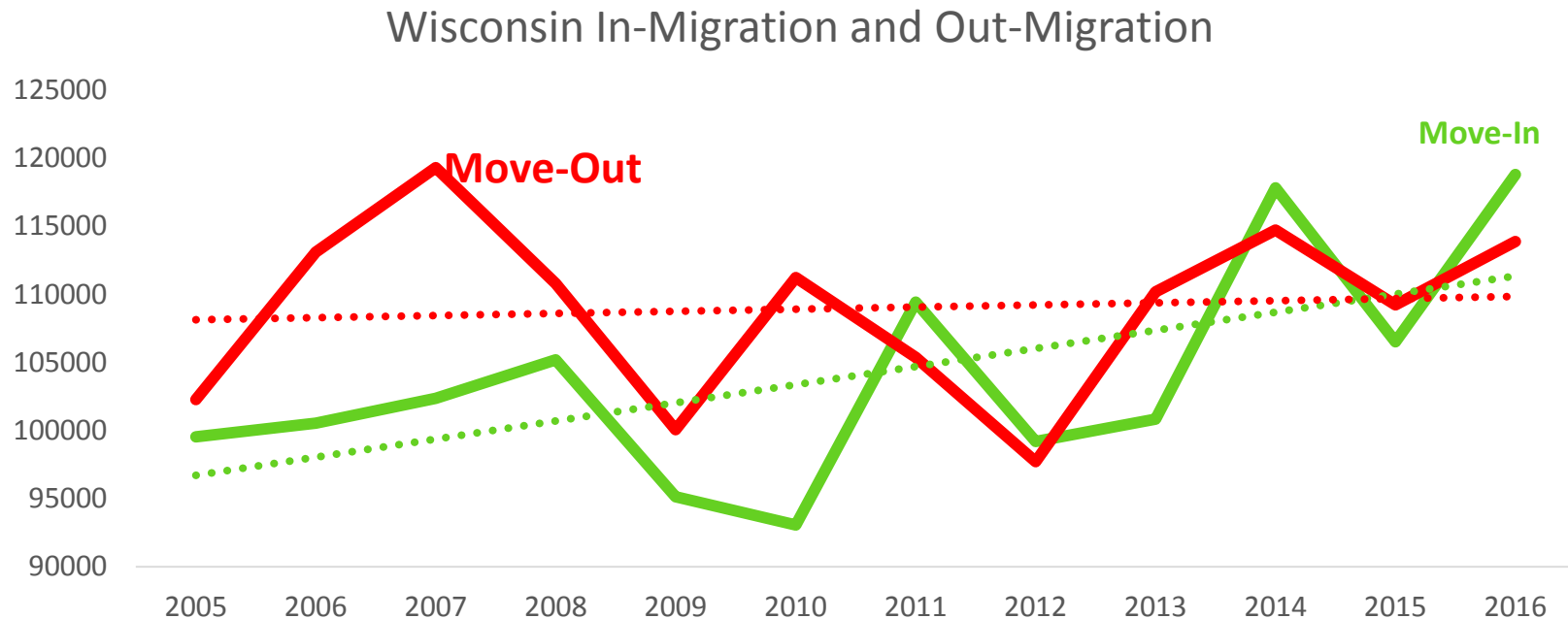
Data from American Community Survey on State-to-State Migration
1-Year Estimates

Wisconsin Break-Even in State-to-State Migration, 2016 But a Tad on the Plus Side

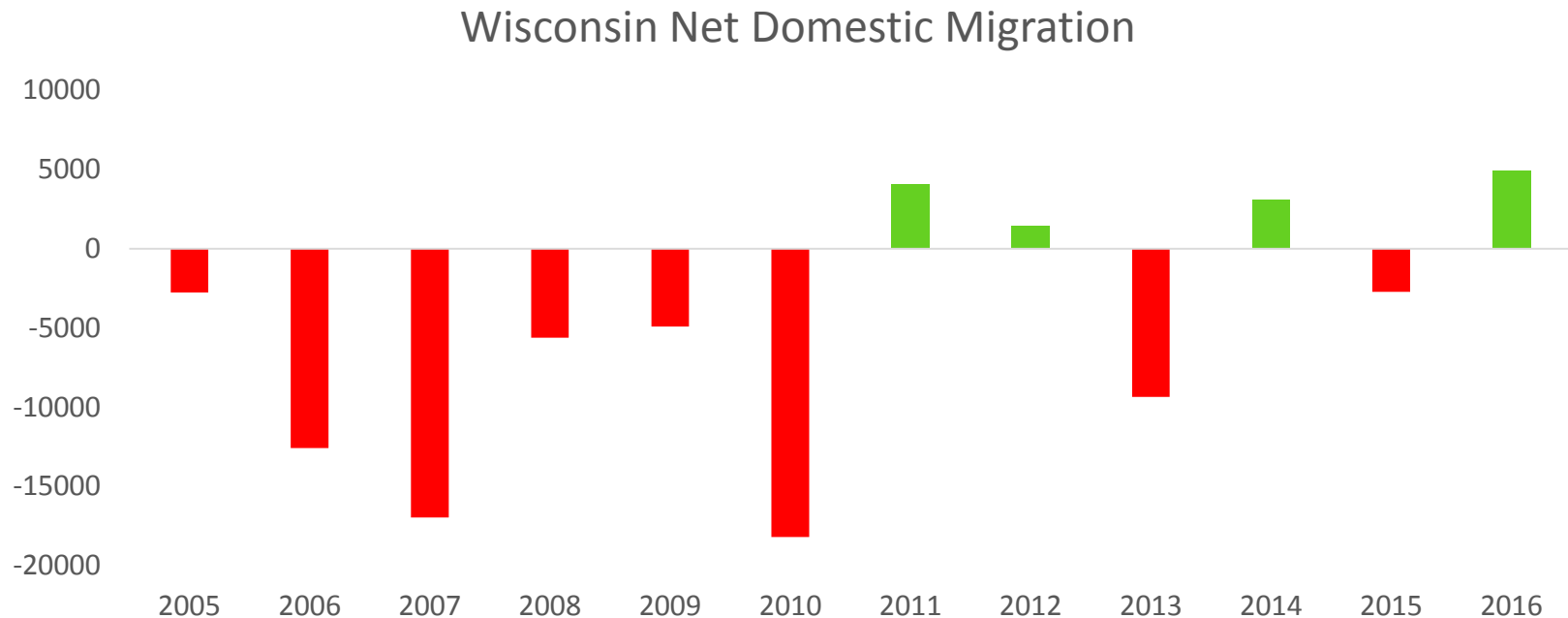


Source: U.S. Bureau of the Census, American Community Survey

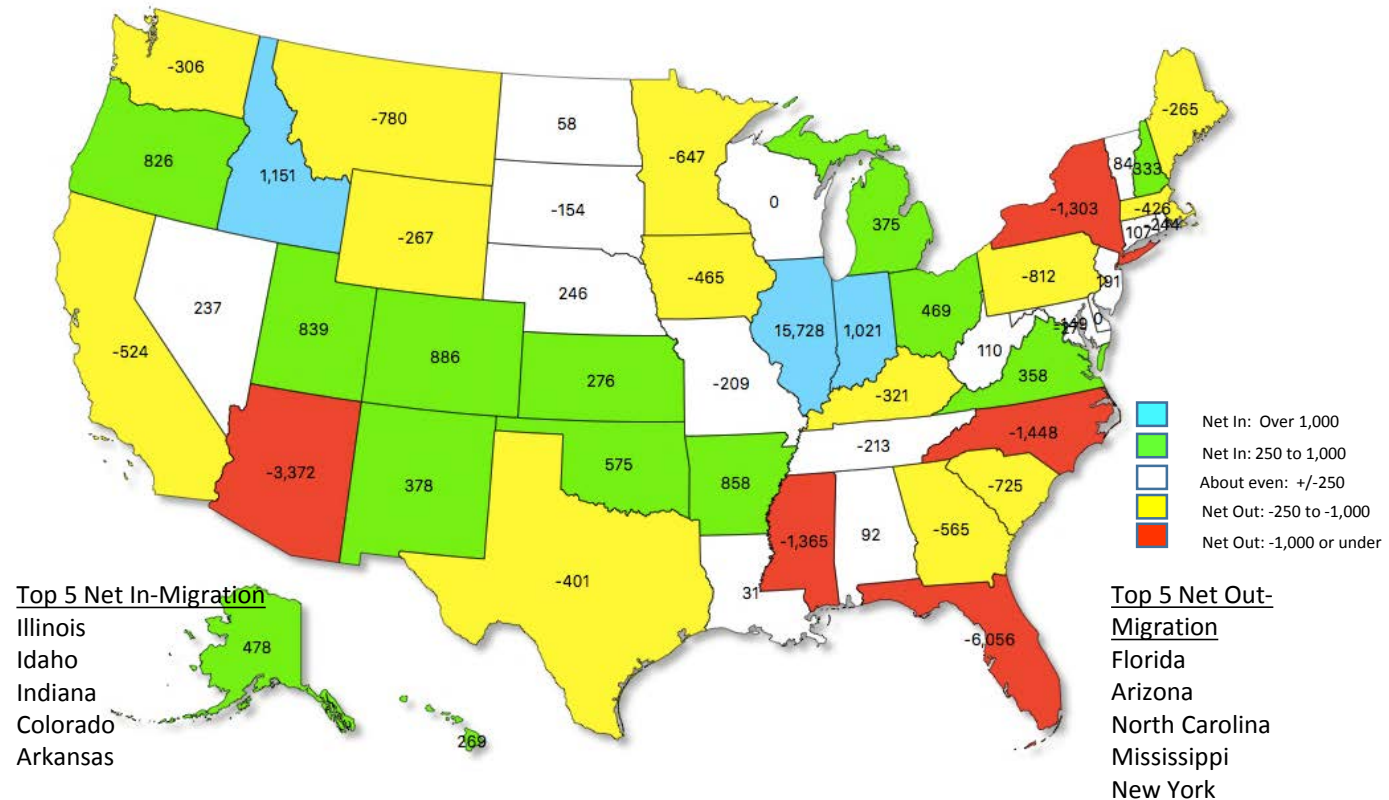
Wisconsin In-Migration Rising Slightly Out-Migration Rising But at a Slower Pace



Net Migration Shows Modest Gains in Four of Past Six Years

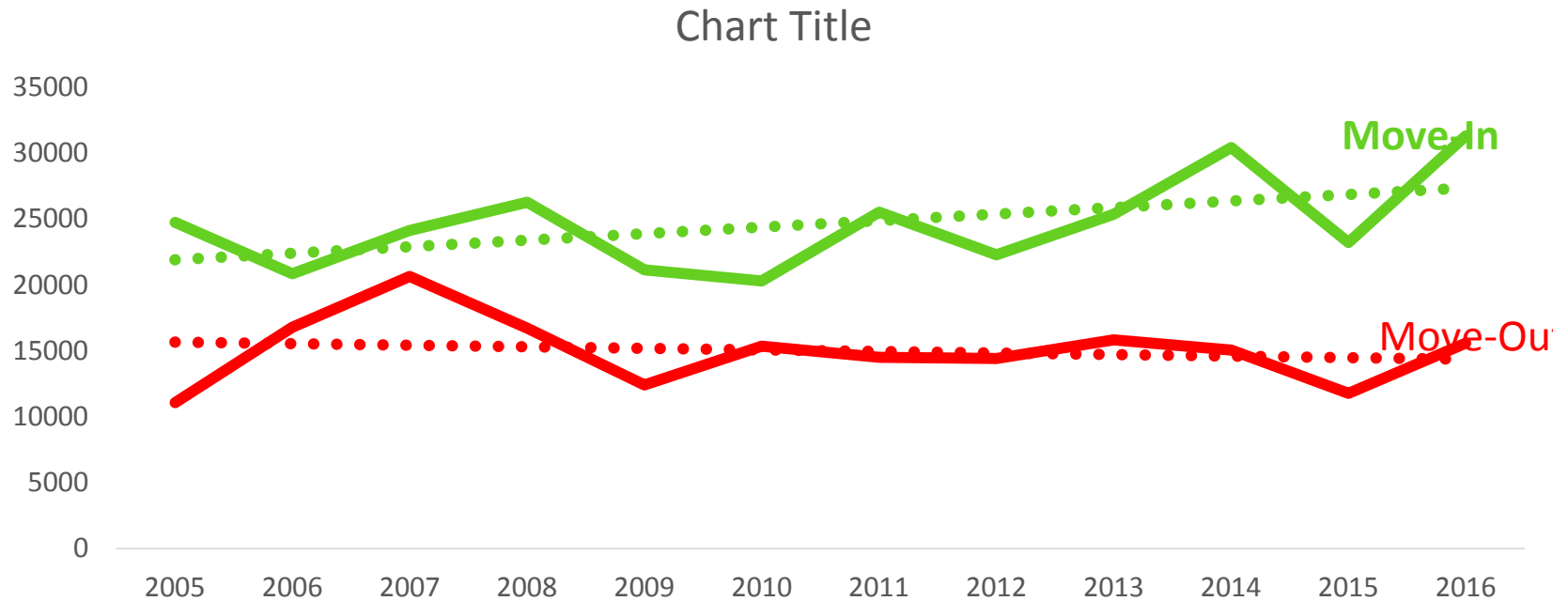


Wisconsin 2016 Net Migration by State

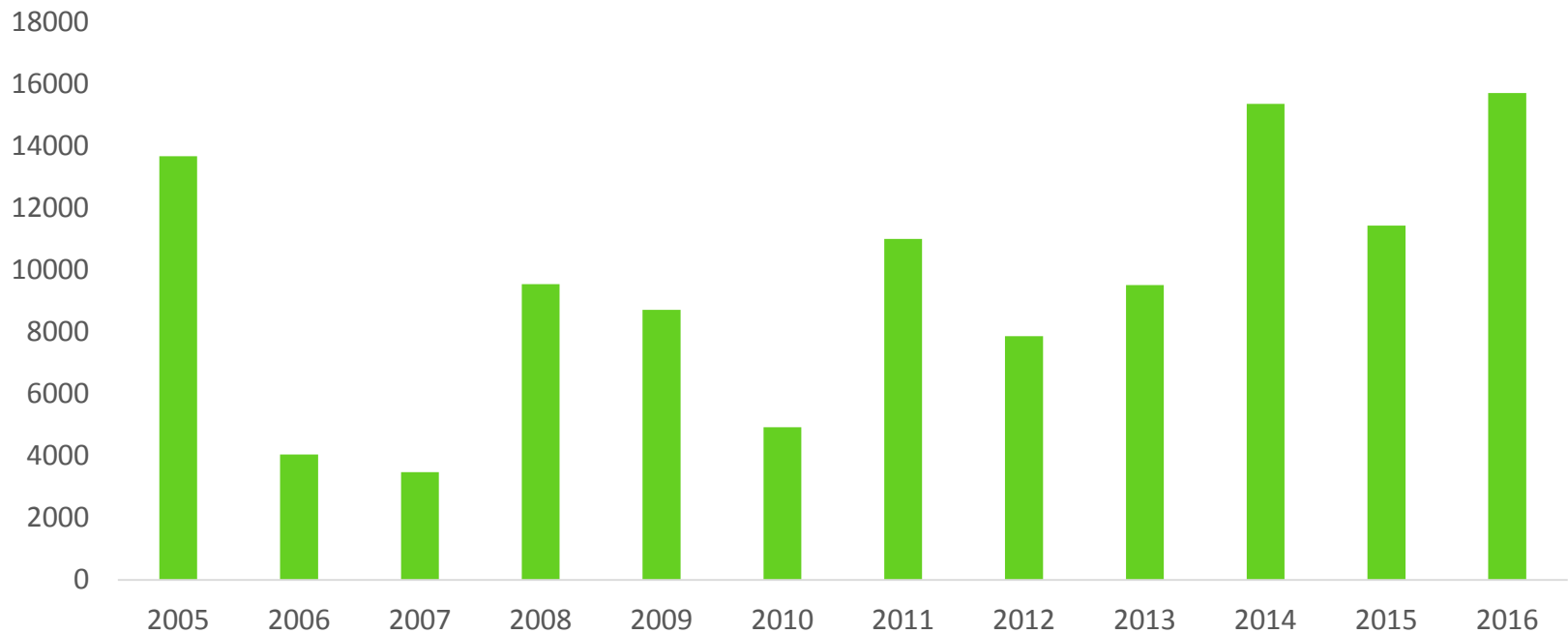


Source: U.S. Bureau of the Census, American Community Survey

In-Migration from Illinois Rising Out-Migration to Illinois Stable



Result: Stronger Net In-Migration from Illinois

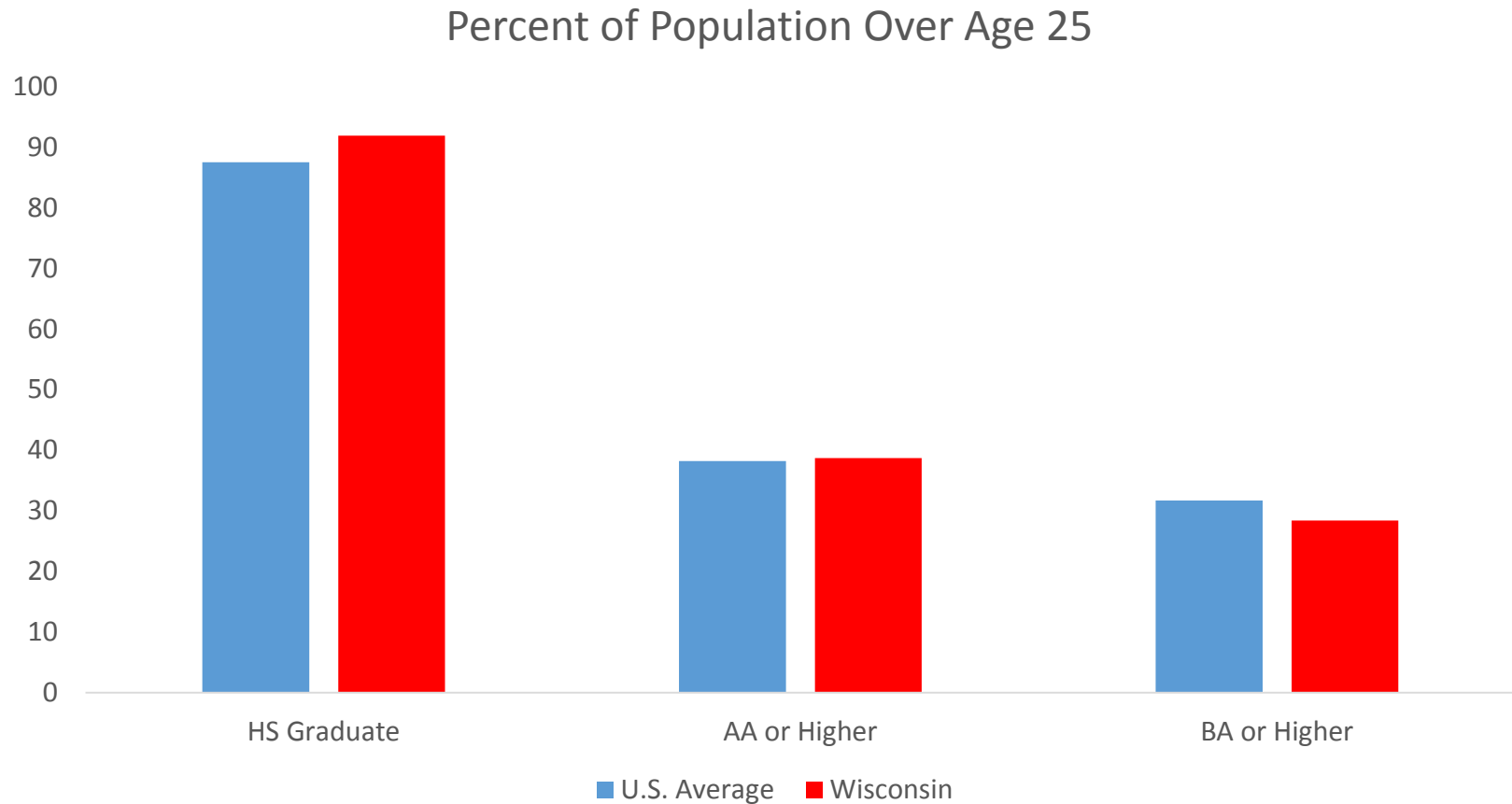


Consider the Full Picture

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| 6) Small Business Climate | 12) Health Care |

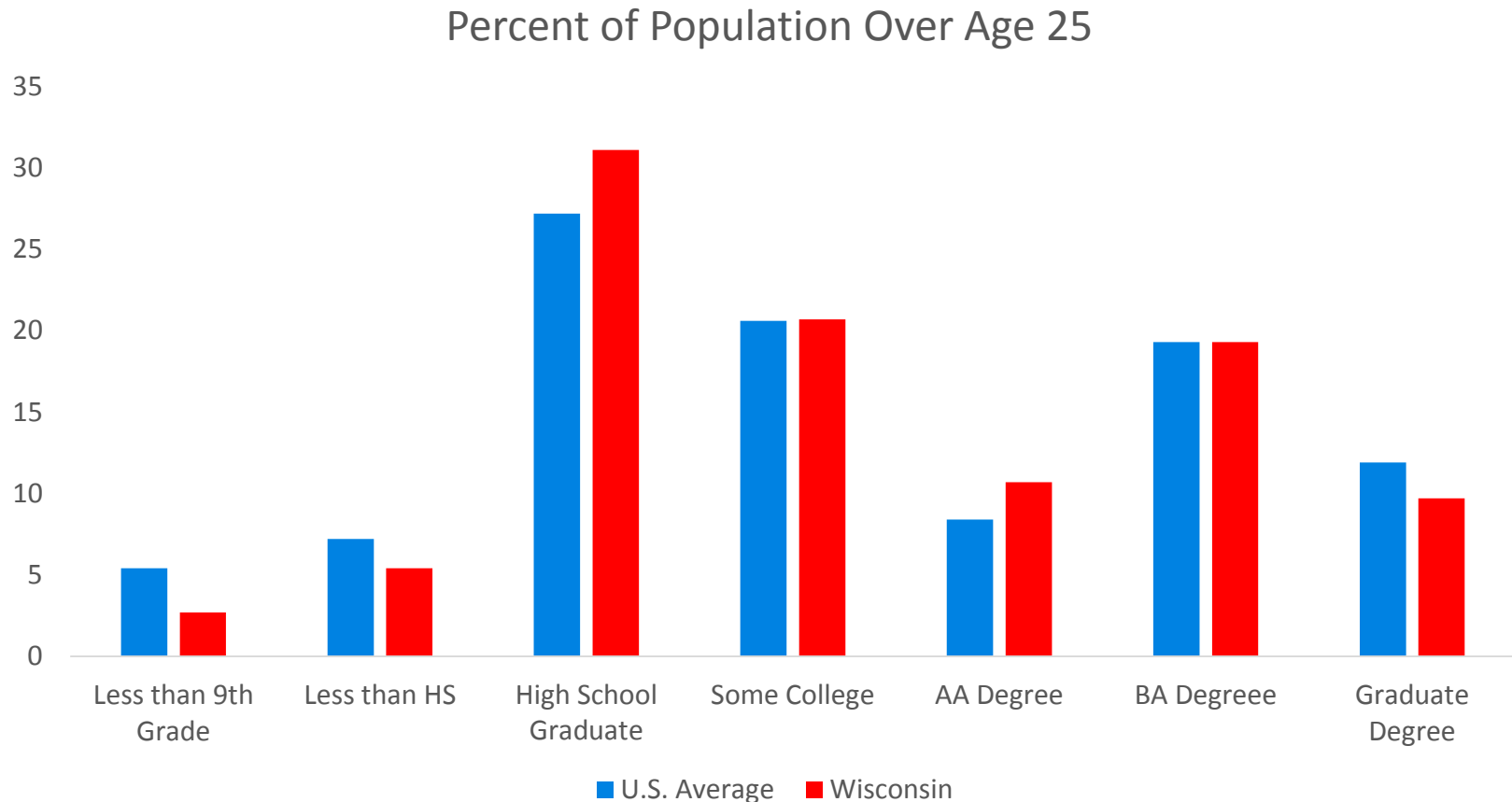
Educational Attainment

Wisconsin Close to U.S. Average



Source: U.S. Bureau of the Census, American Community Survey, One Year Estimate, 2016

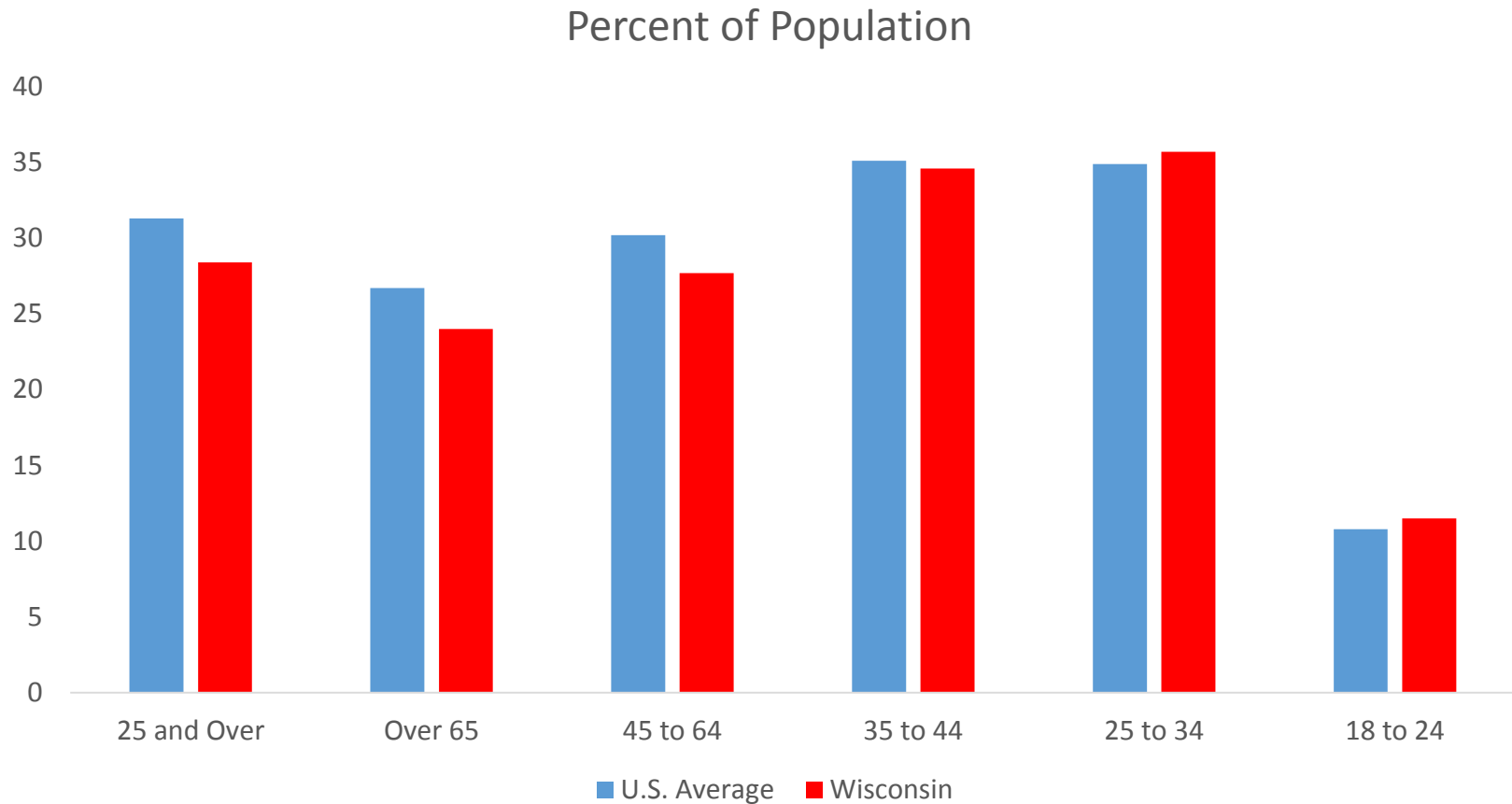
Wisconsin's Educational Attainment Outperforms U.S. Average Until Graduate Degree



Source: U.S. Bureau of the Census, American Community Survey, 5 Year Estimates, 2016

No Gap at Younger Ages

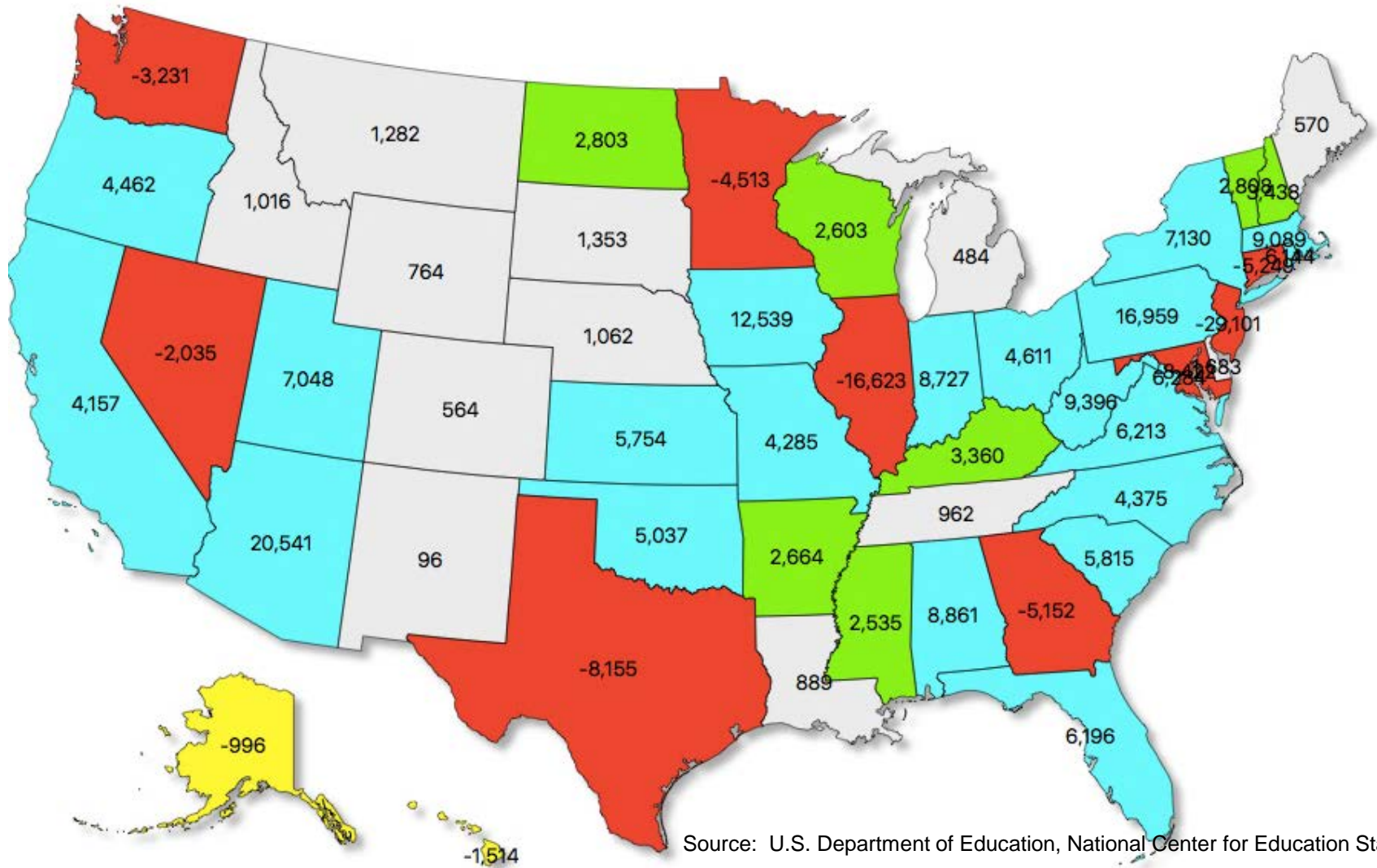
Educational Attainment by Age Cohort
Bachelor's Degree or Higher



Source: U.S. Bureau of the Census, American Community Survey, 5 Year Estimates, 2016

Importing Young Brains

Wisconsin Has Net In-Migration of College Students

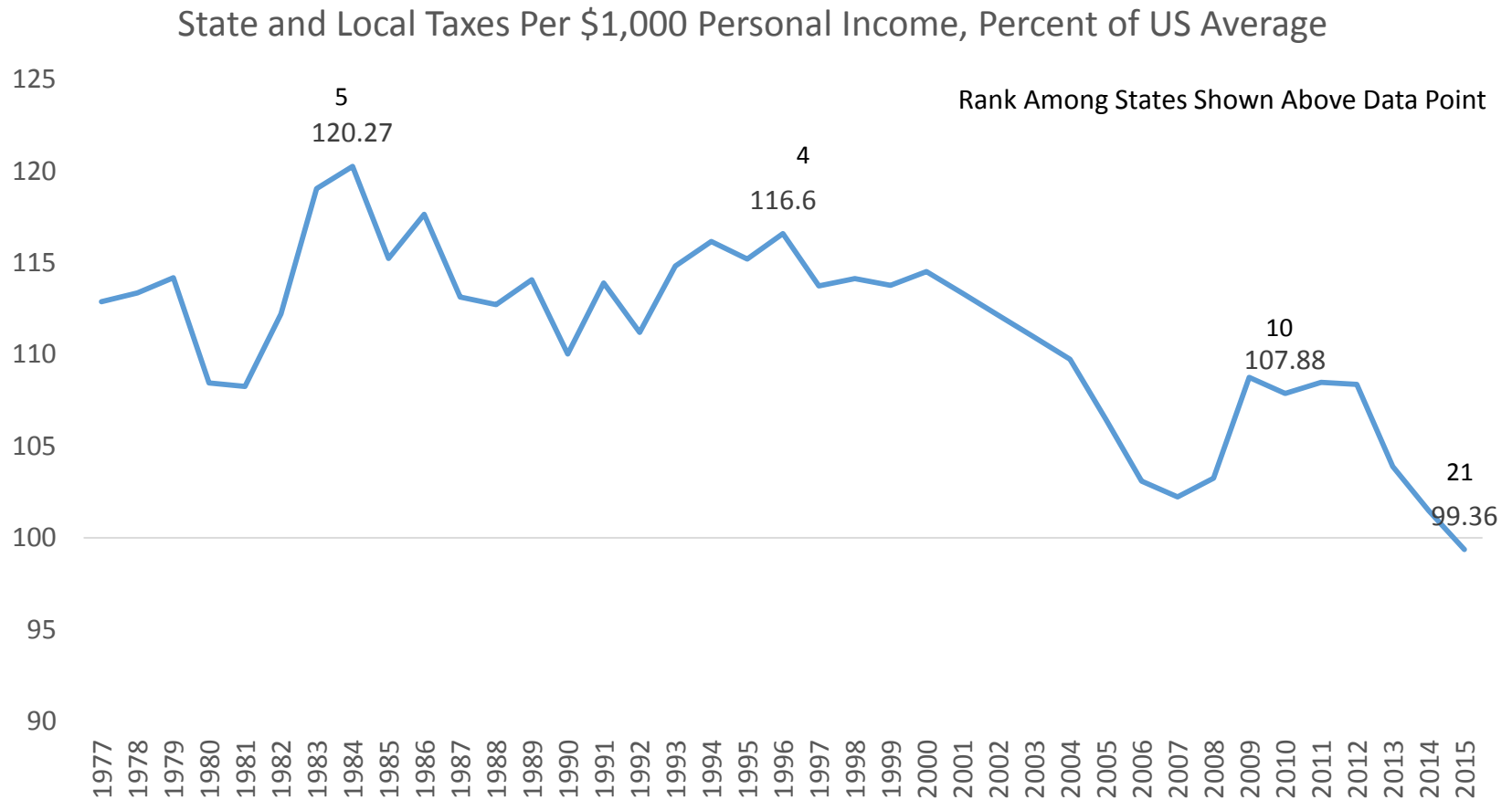


Source: U.S. Department of Education, National Center for Education Statistics

Consider the Full Picture

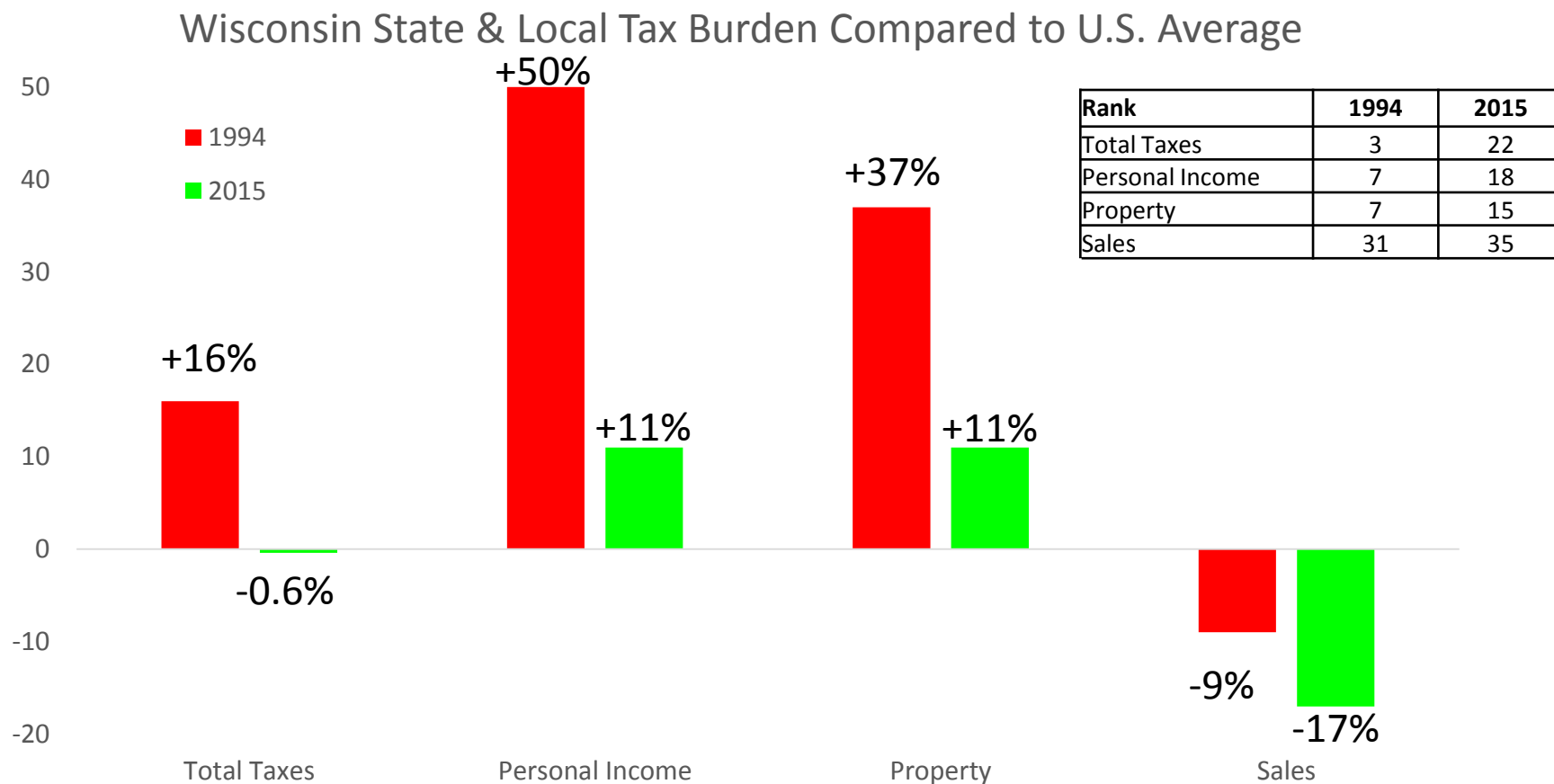
- | | |
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Wisconsin's State and Local Tax Burden Lowest in Over Five Decades



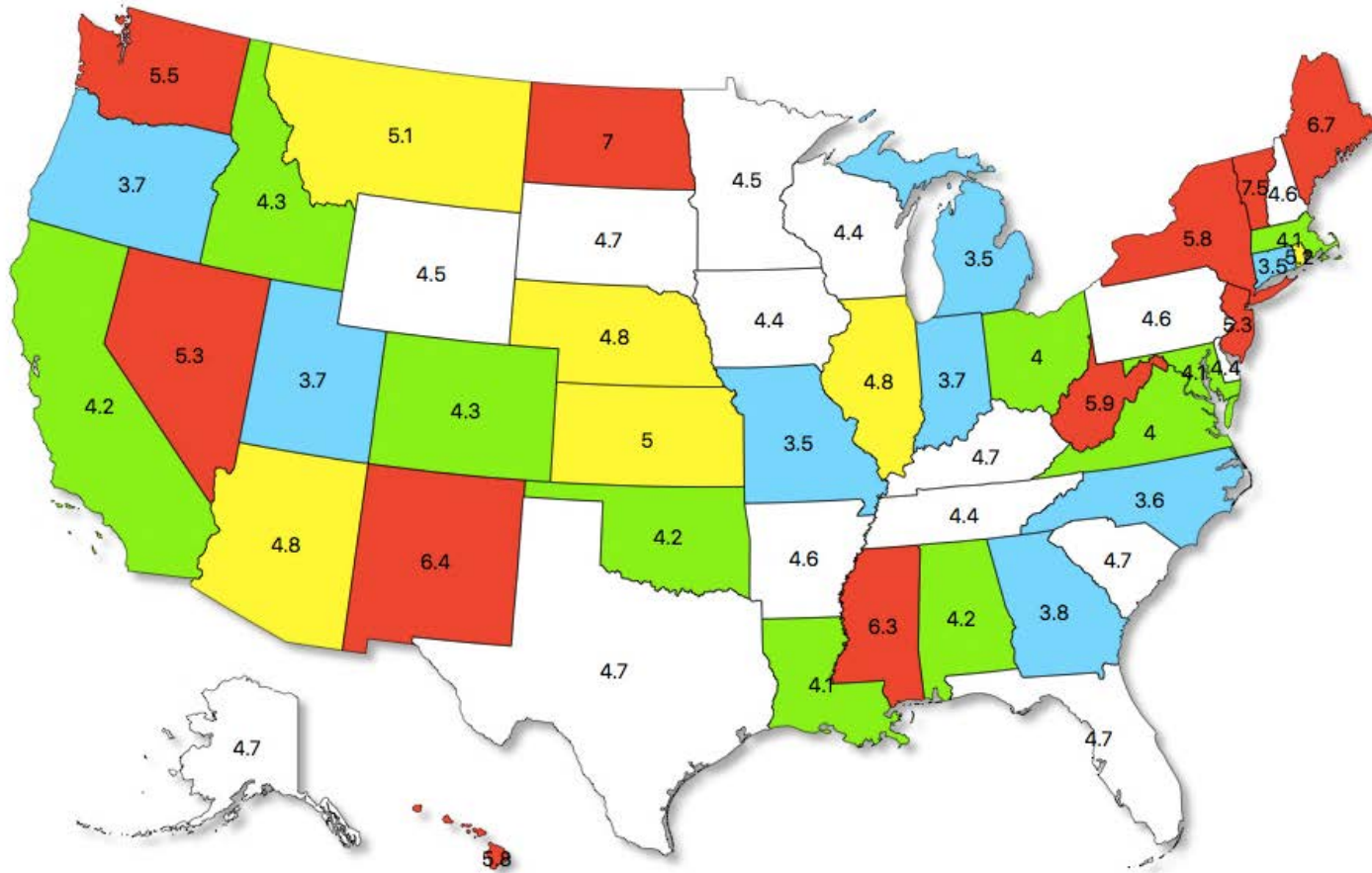
Wisconsin Out of the Top 20 for Total Taxes

Out of Top Ten in the Three Major Taxes



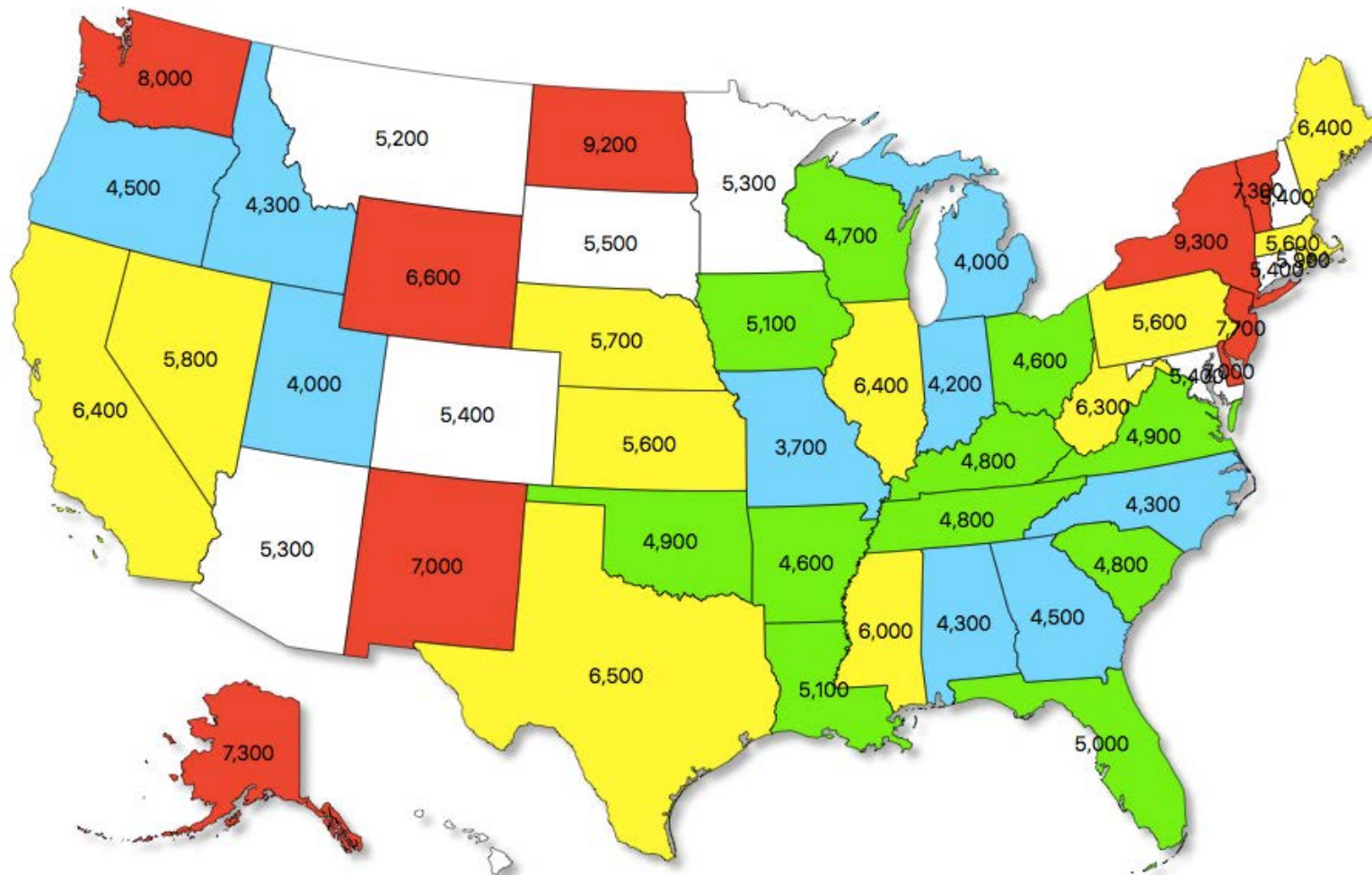
Wisconsin Ranks 29th In Total Effective Business Tax Rate

FY16 Business Taxes as a Percent of Gross State Product



Source: State Tax Research Institute, Ernst & Young, Council on State Taxation,
Total State and Local Business Taxes, FY16, August 2017

Wisconsin Ranks 39th in Business Taxes Per Employee



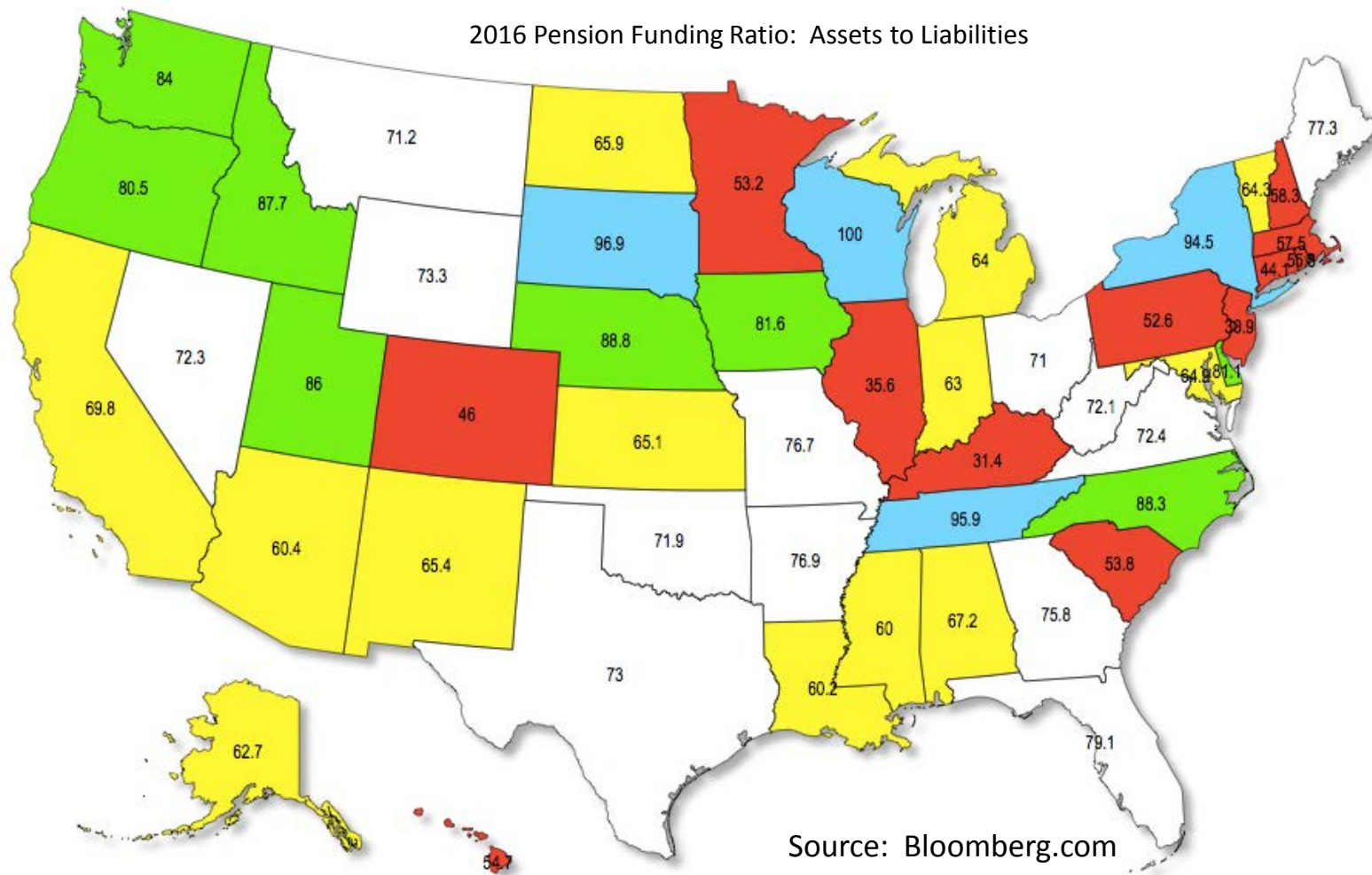
Source: State Tax Research Institute, Ernst & Young, Council on State Taxation,
Total State and Local Business Taxes, FY16, August 2017

Wisconsin's Tax Rank Fallen Significantly & Will Continue to Fall

- Wisconsin's tax burden is now BELOW the national average
 - Wisconsin's state-local tax burden was 21st among the 50 states in 2014
- We're making steady progress
 - In 1994, we ranked 3rd
 - In 2010, we ranked 9th
- There is a two-year lag in these rankings
 - We will improve even more as tax relief efforts continue, including
 - Continuing income tax rate cuts
 - Removal of state property tax from tax bills
 - Increases in state property tax credits
 - Reduction in personal property taxes

Update to 2016

Wisconsin One of Only Four States with a Fully Funded Pension System



Three Rating Agencies Raised the Wisconsin's Credit Ratings

Moody's: Upgraded Wisconsin to AA1

- **Pension System:** proven fiscal benefits of Wisconsin's approach to funding pension obligations
 - when many other states are experiencing stress from rising costs and heavy liabilities;
- **Economy:** delivers steady, moderate growth
- **Financial Management:** conservatively managed budgets; and adequate liquidity

Kroll: Upgraded Wisconsin to AA+

- **Pension System:** The State's large and fully funded pension system increasingly makes Wisconsin a positive relative outlier on the landscape of states
- **Economy:** Continues to grow at a healthy pace.
- **Tax Burden:** The State reduced historically high tax burdens.

Fitch; Upgraded Wisconsin to 'AA+

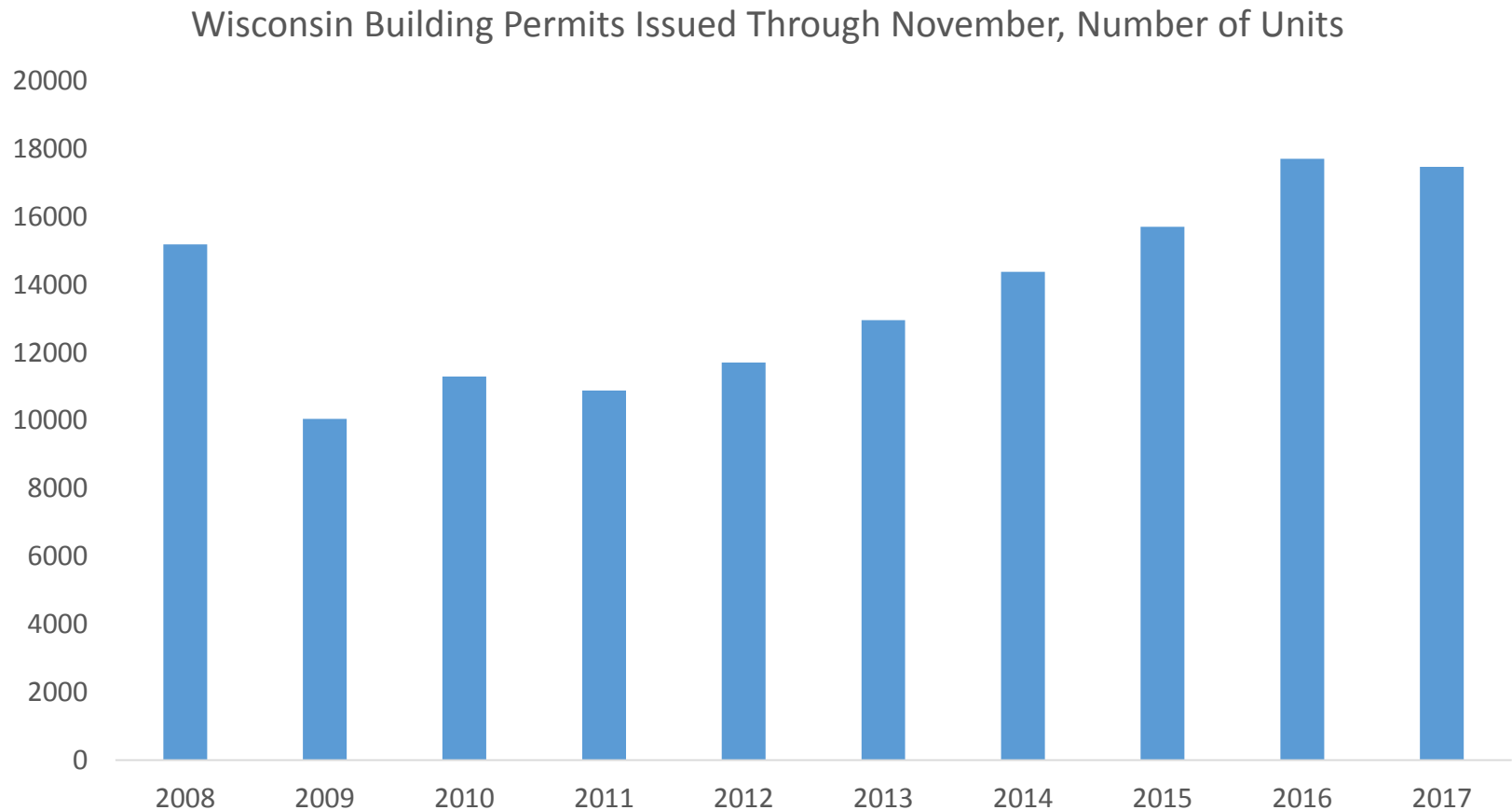
- ***A unique pension structure that contributes both to a low liability burden and lower risk of a significant increase in future spending***
- **Financial Management:** The upgrade recognizes the state's considerable financial flexibility derived from its broad and diverse resource base

All right then...

Let's Consider the Full Picture

- | | |
|-----------------------|---------------------------|
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| 6) Entrepreneurship | 12) Health Care |

Wisconsin Housing Construction Making Steady Recovery



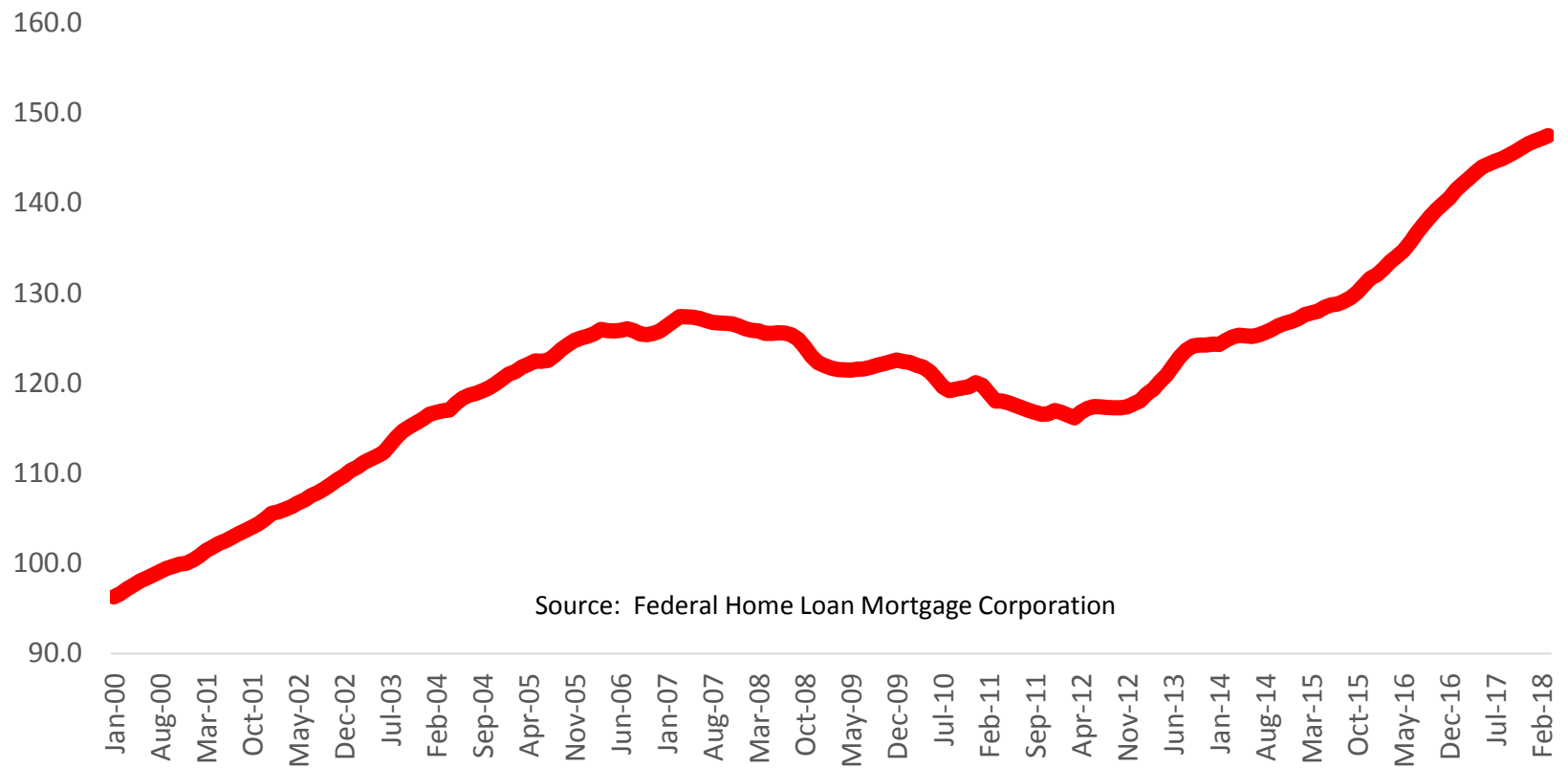
Wisconsin House Price Appreciation Strongest Since 2005

Freddie Mac house Price Index, Wisconsin, Pct. Change Over Prior Year



Eau Claire Area Housing Prices Trending to New Highs

Freddie Mac Home Price Index, Eau Claire MSA

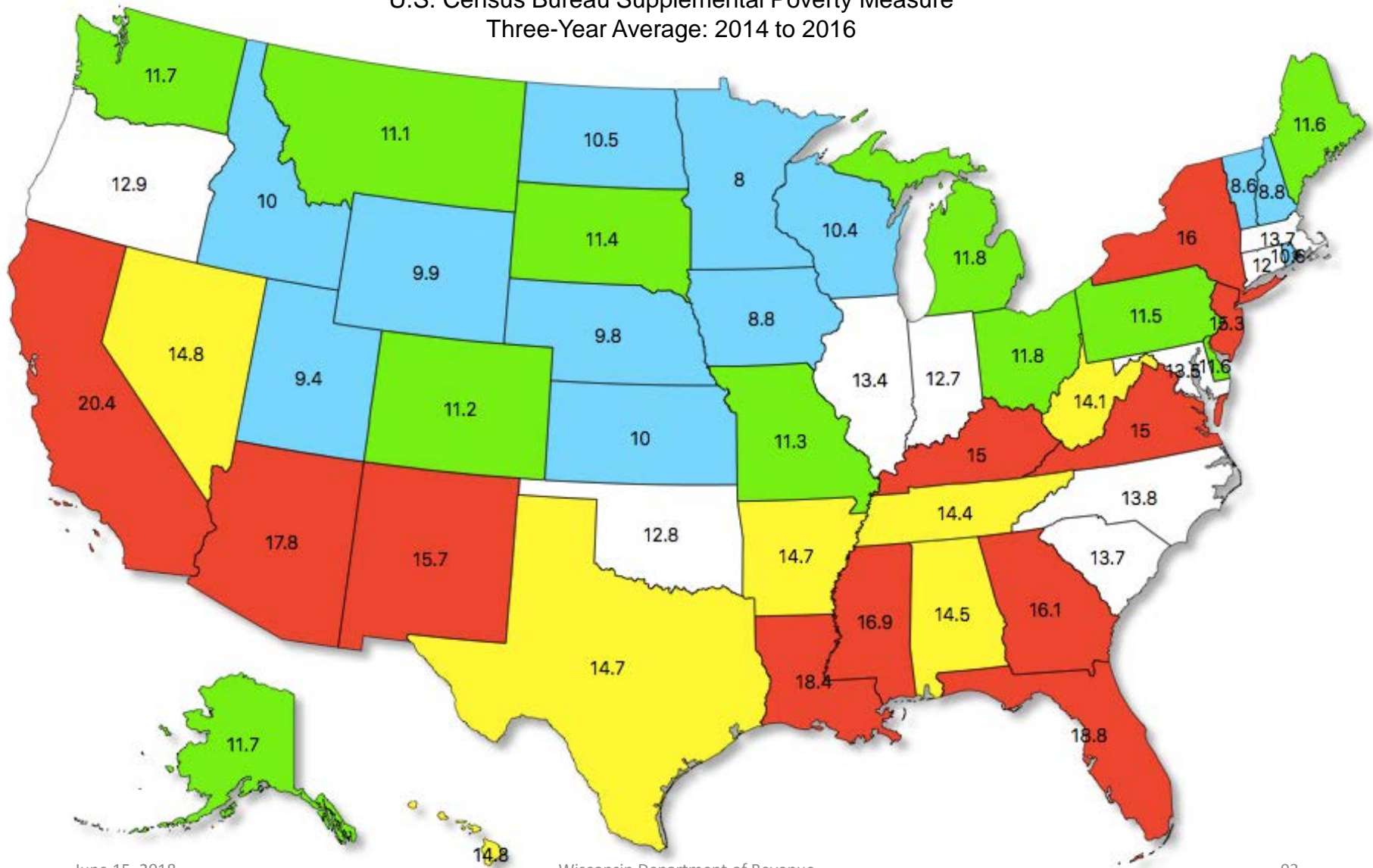


Consider the Full Picture

- 1) Job Growth
- 2) Work Preference
- 3) Real GDP
- 4) Real Wages
- 5) Standard of Living
- 6) Entrepreneurship
- 7) Domestic Migration
- 8) Educational Attainment
- 9) Tax Burden
- 10) Housing
- 11) Poverty**
- 12) Health Care

Wisconsin Ranks 10th Lowest in Poverty

U.S. Census Bureau Supplemental Poverty Measure
Three-Year Average: 2014 to 2016

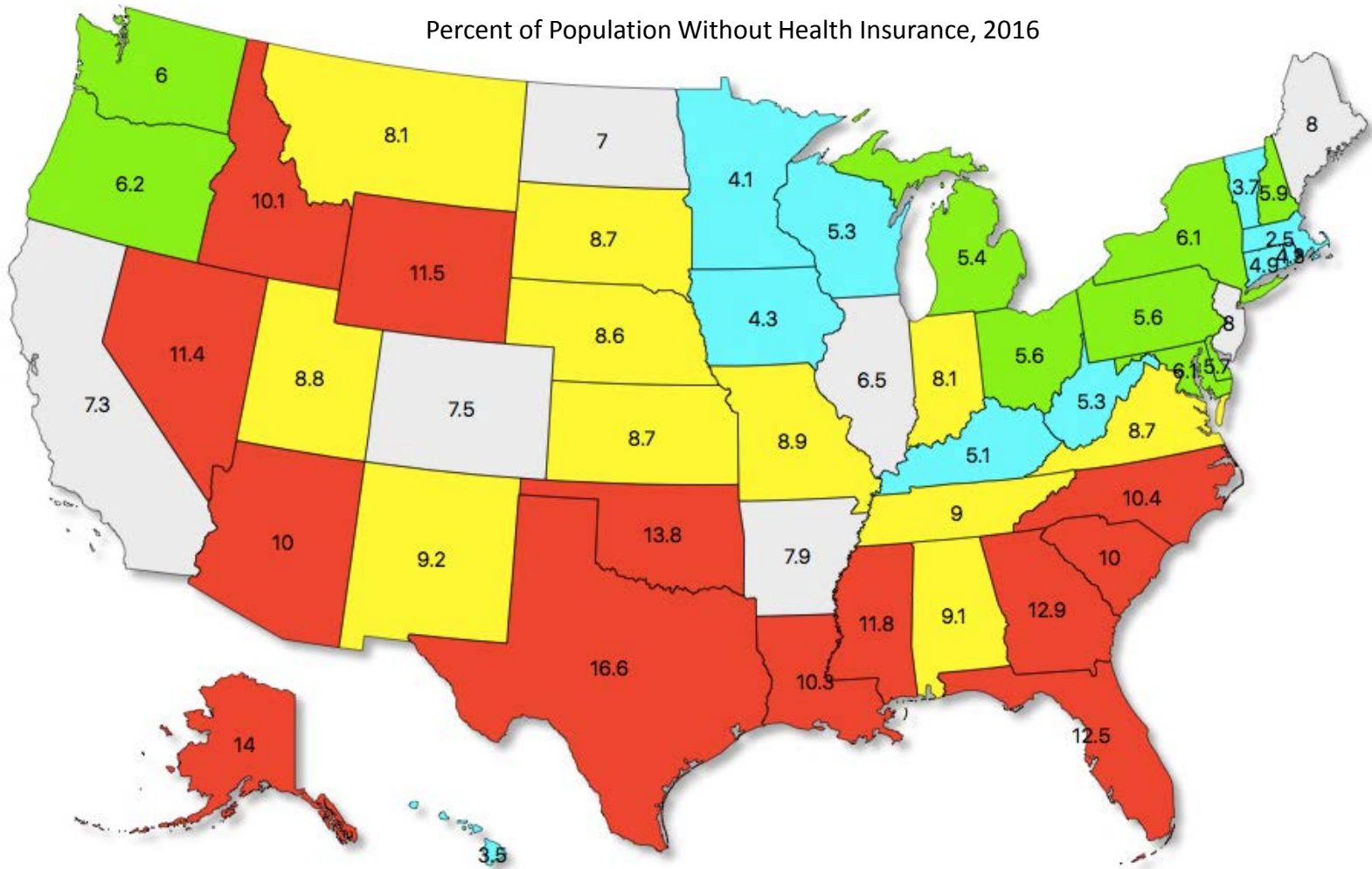


Consider the Full Picture

- 1) Job Growth
- 2) Work Preference
- 3) Real GDP
- 4) Real Wages
- 5) Standard of Living
- 6) Entrepreneurship
- 7) Domestic Migration
- 8) Educational Attainment
- 9) Tax Burden
- 10) Housing
- 11) Poverty
- 12) Health Care**

Wisconsin Ranks 9th Among States In Health Insurance Coverage

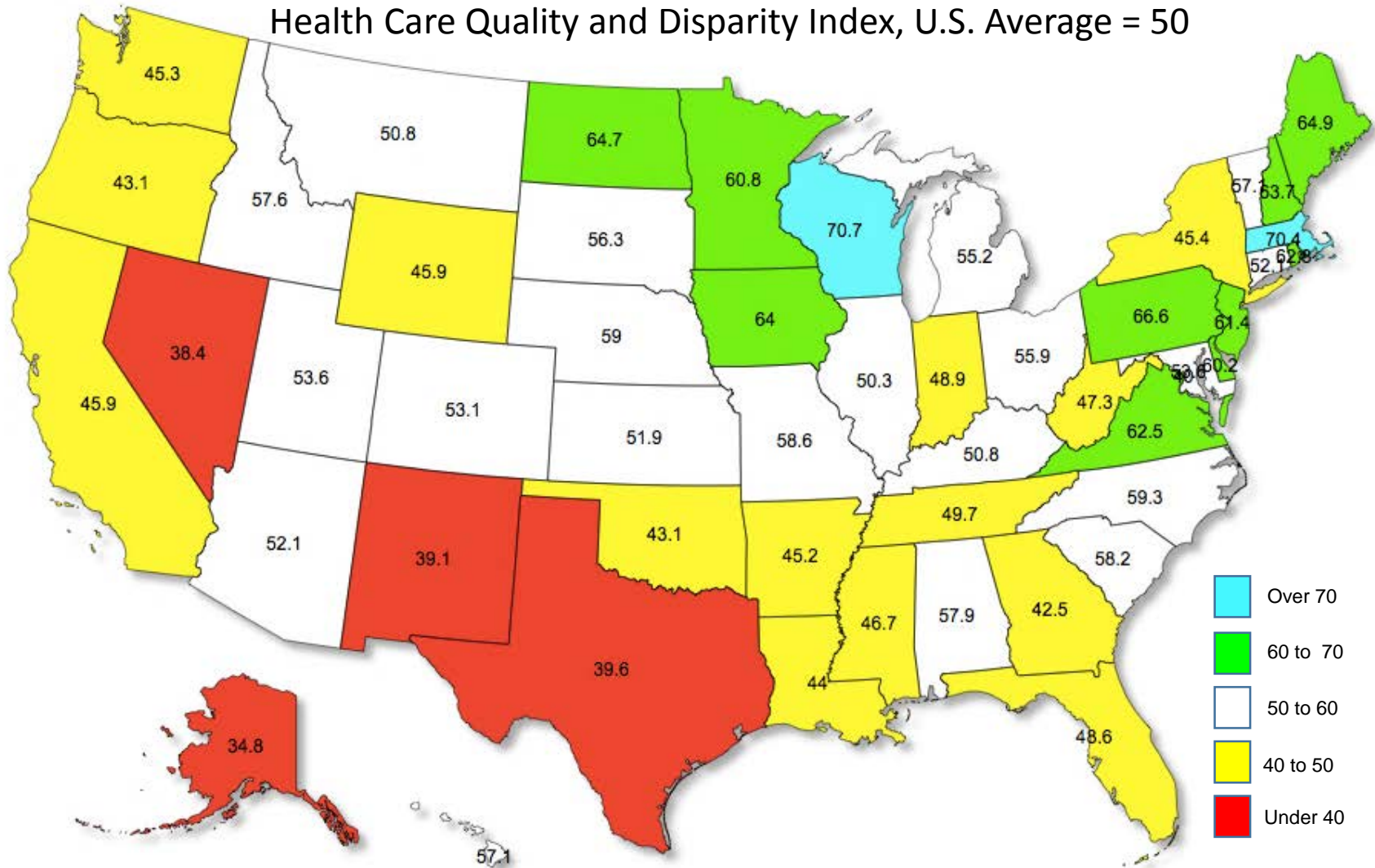
Percent of Population Without Health Insurance, 2016



Source: U.S. Bureau of the Census, American Community Survey

Wisconsin Ranks 1st in Health Care Quality

Health Care Quality and Disparity Index, U.S. Average = 50



Source: U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality
https://nhqrnet.ahrq.gov/inhqrdr/Wisconsin/snapshot/summary/All_Measures/All_Topics

Minnesota v. Wisconsin

Comparing Wisconsin to Minnesota: An Overview

1. Good Company to Keep.

Among the states, Minnesota is a top performer. Shifting the basis of comparison to Minnesota from the U.S. average or the Great Lakes region, raises the bar.

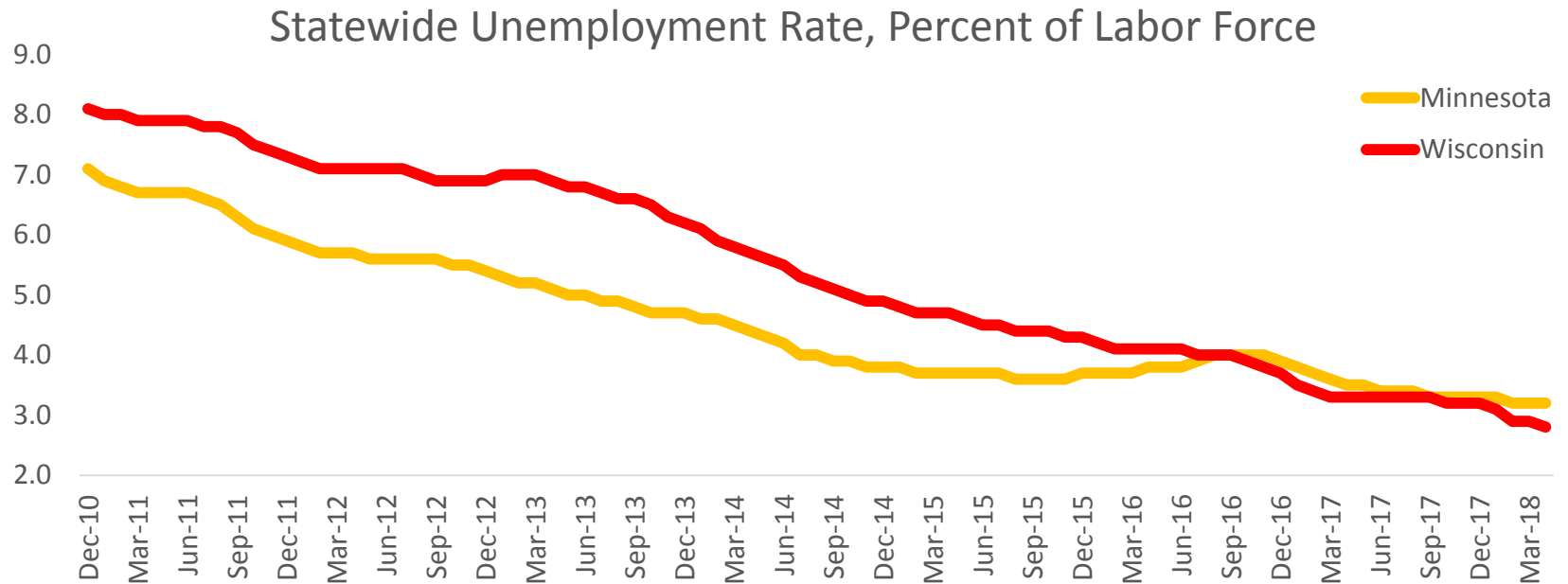
2. The Starting Point Matters.

Seeing the changes over the past eight years produces a different picture than a starting point of thirty years.

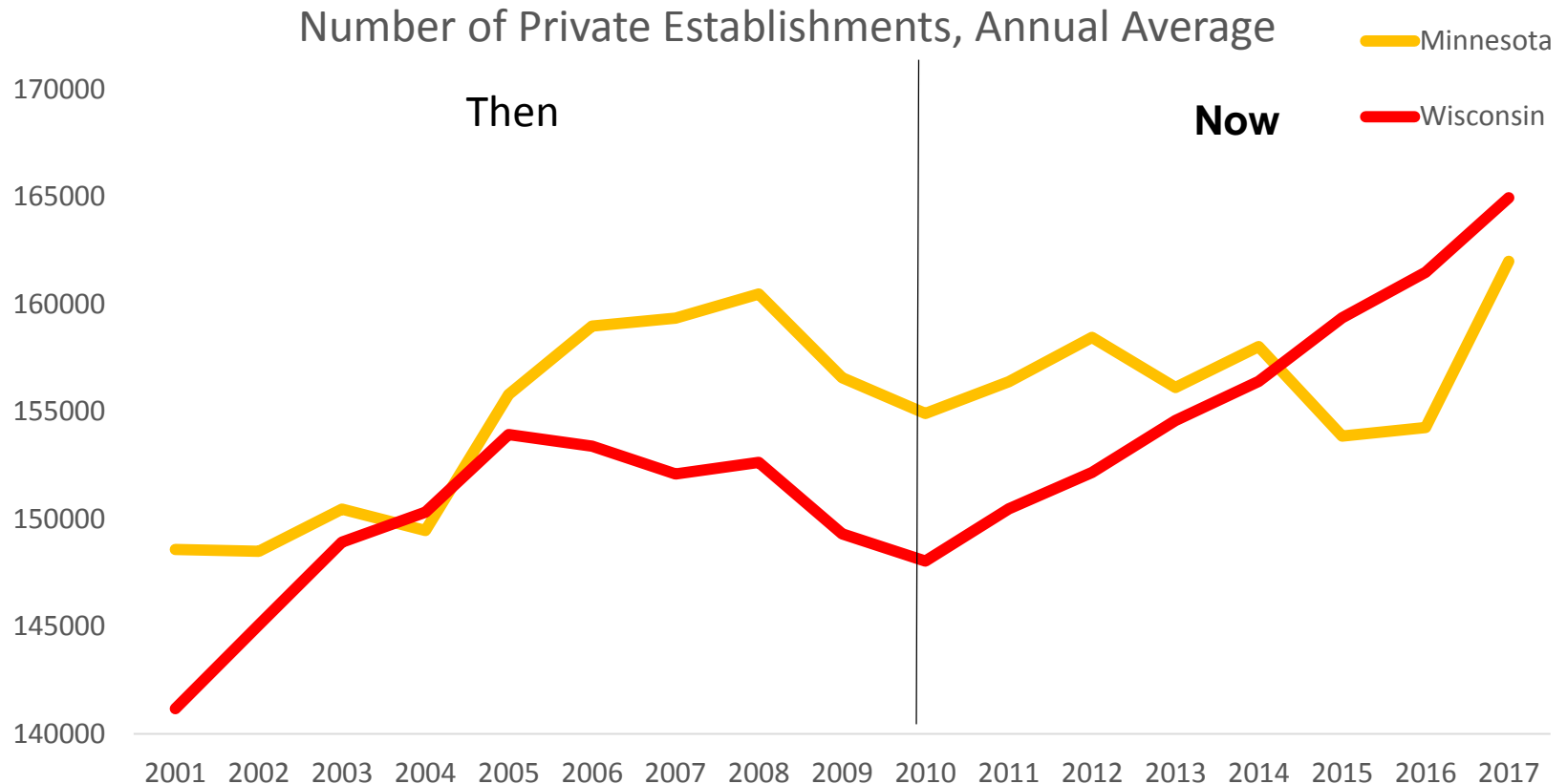
3. Wisconsin's Up To The Challenge.

Because of recent progress, Wisconsin actually does outperform Minnesota on key benchmarks.

Wisconsin's Unemployment Rate Lower than Minnesota's



Since 2010 Wisconsin Has Added More Businesses than Minnesota



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages

Since 2010, Wisconsin Has Out-Performed Minnesota and the U.S. Average in Per Capita Real GDP Growth

	<u>Percent Change in Per Capita Real State GDP</u>	
	<u>2001-2010</u>	<u>2010-2017</u>
United States Average	5.8%	8.3%
Minnesota	6.3%	9.3%
Rank in U.S.	30 th	17 th
Wisconsin	4.9%	10.3%
Rank in U.S.	35 th	11 th

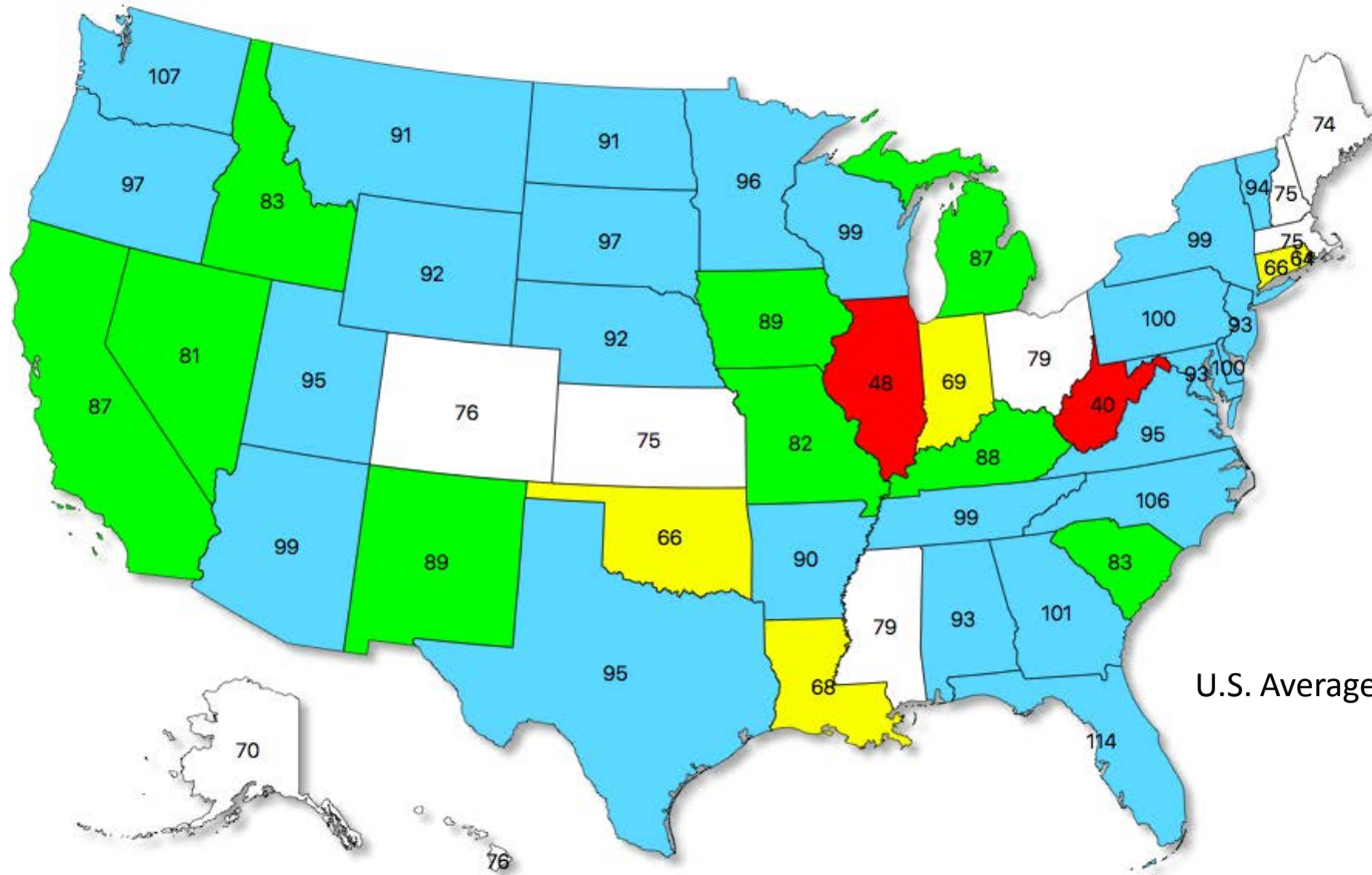
Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts
May 4, 2017

Wisconsin's Tax Burden Had Dropped Minnesota's Has Increased

State and Local Taxes Per \$1,000 Personal Income

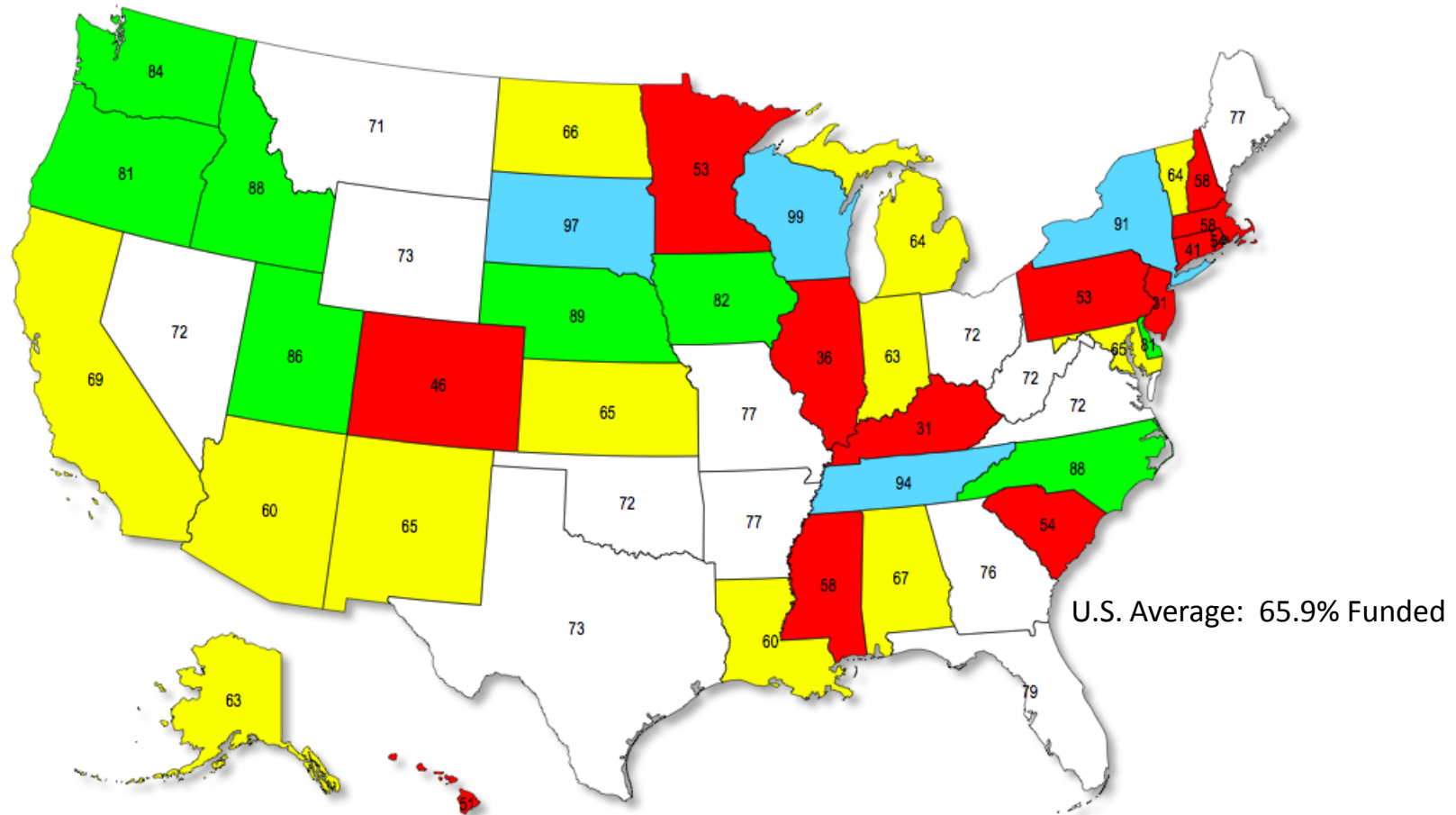
	Minnesota			Wisconsin		
	<u>Amount</u>	<u>% of U.S. Avg.</u>	<u>Rank</u>	<u>Amount</u>	<u>% of U.S. Avg.</u>	<u>Rank</u>
2009-10	\$112.60	105.1%	15th	\$116.70	109.0%	10 th
2014-15	\$121.60	114.9%	6 th	\$105.50	99.7%	21st

In 2003, Both States Had a Fully Funded Public Pension System



U.S. Average: 87.4% Funded

By 2016, Wisconsin's Public Pension System was Fully Funded Minnesota's Was One of the Weakest in the Country



The Wrap-Up

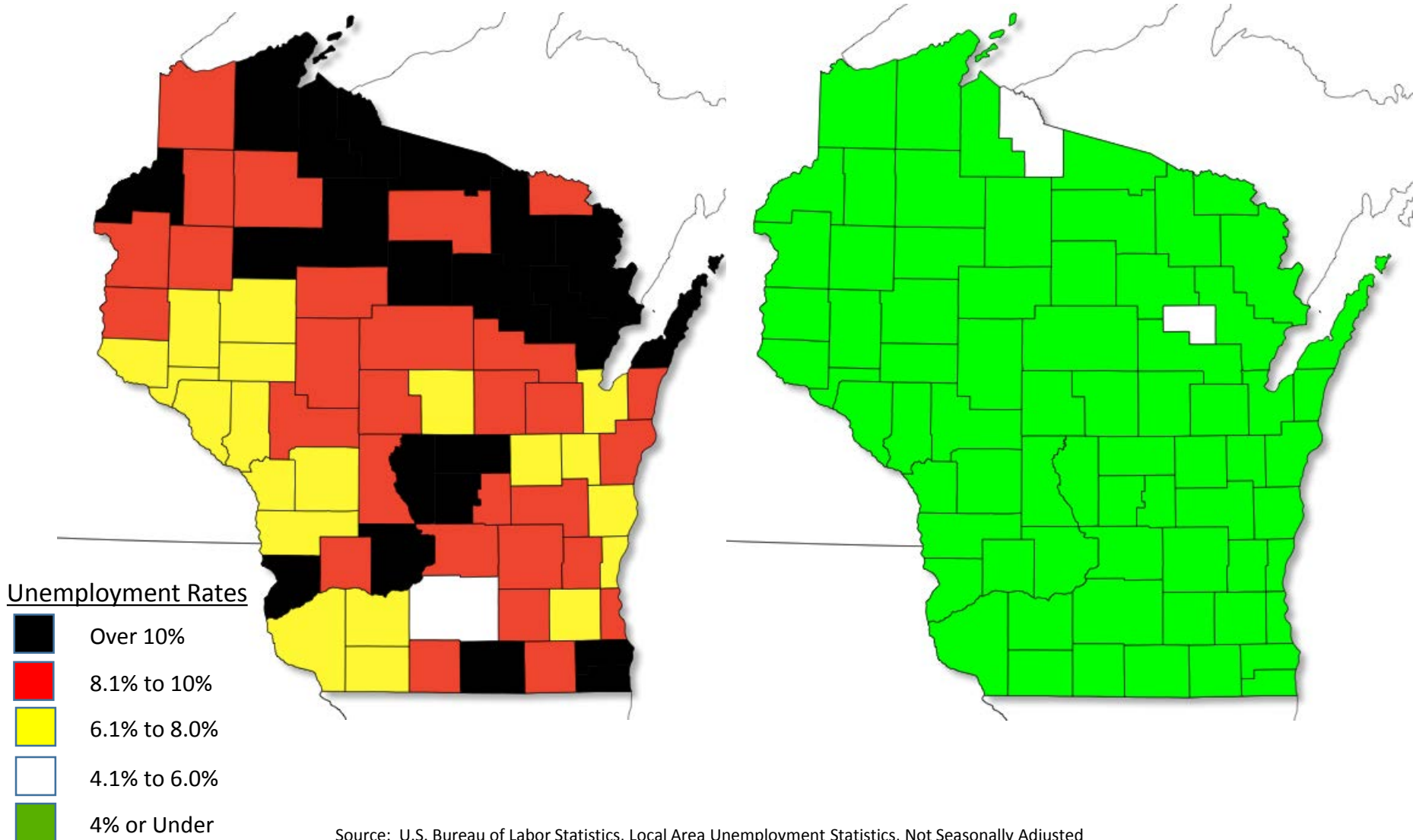
Wisconsin's Economy is the Best in 18 Years

Based On A Wide Range of Benchmarks Including
Record Low Unemployment and

- | | |
|-----------------------|---------------------------|
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That Was Then: May 2010

This Is Now: May 2017



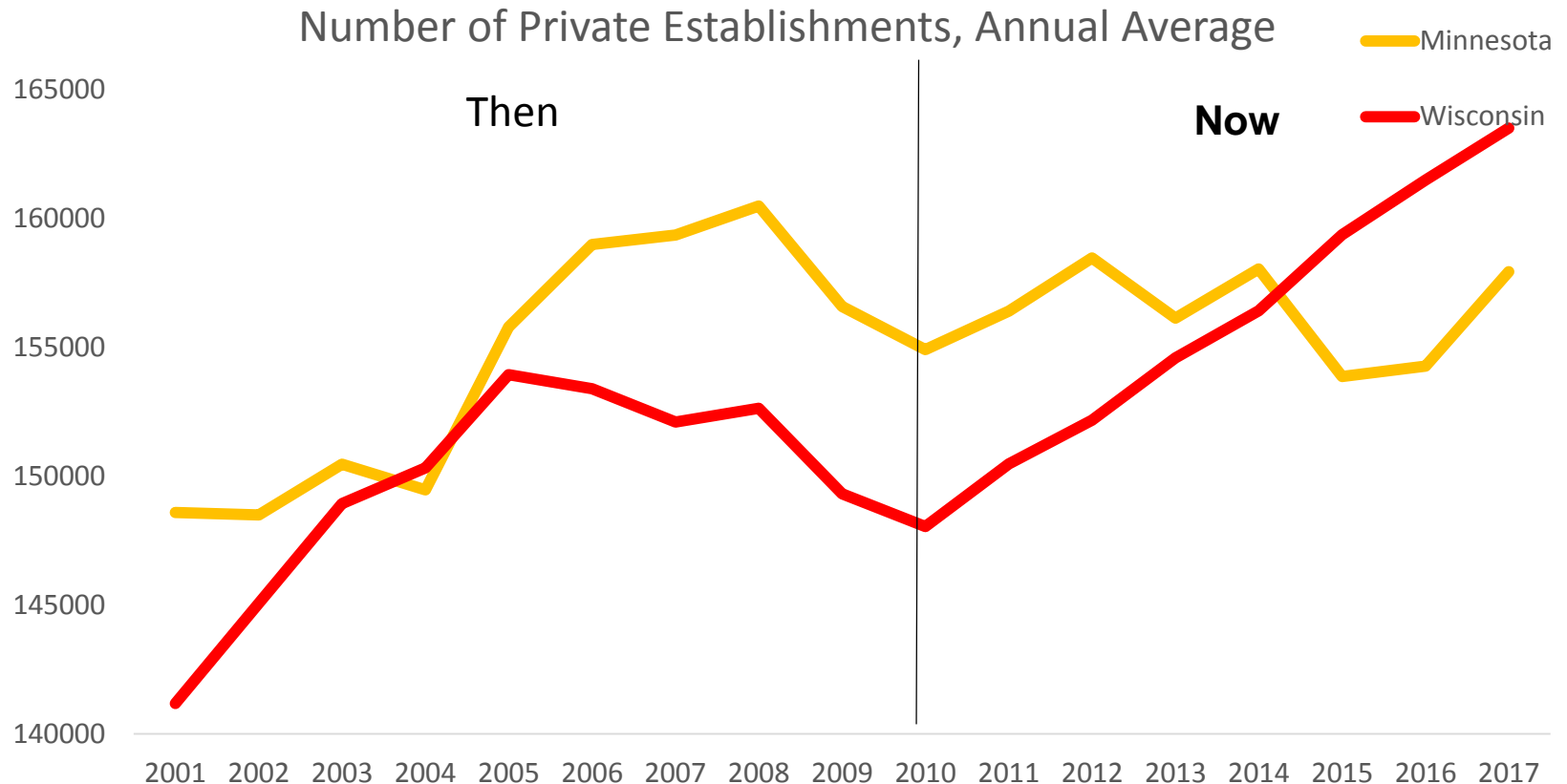
Contrast Wisconsin's Economic Performance in Two Recoveries

Percent Change in Per Capita Real State GDP

	<u>2001-2007</u>	<u>2010-2017</u>
United States Average	9.9%	8.3%
Wisconsin	8.5%	10.3%
Rank in U.S.	32 th	11th

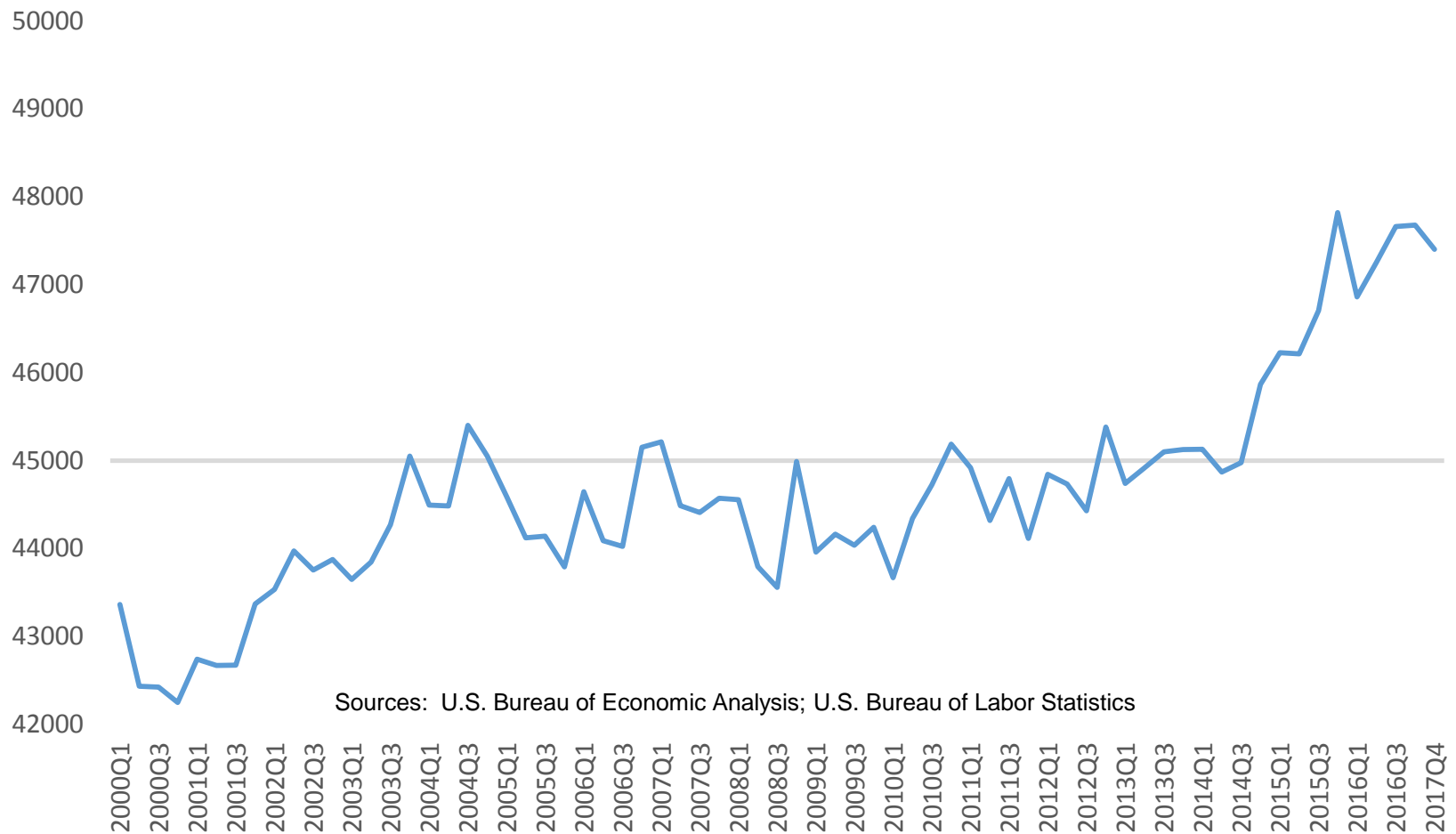
Source: U.S. Bureau of Economic Analysis, Regional Economic Accounts
May 4, 2017

Since 2010 Wisconsin Has Added More Businesses than Minnesota



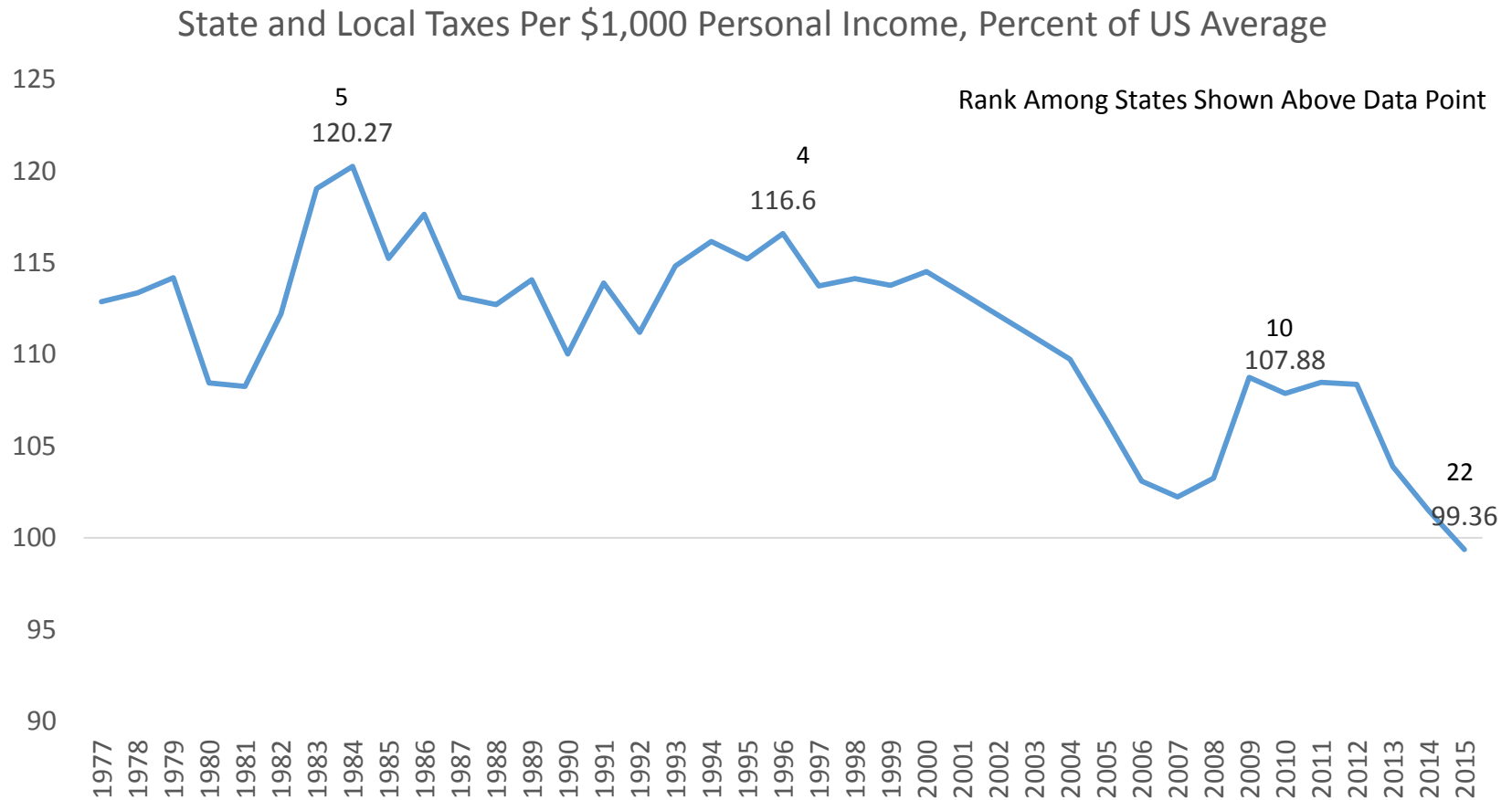
After Years of Flat Wage, Average Real Wages on the Rise Since 2014Q3

Average Private Nonfarm Wages and Salaries in 2015 Dollars



Sources: U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Wisconsin's State and Local Tax Burden Lowest in Over Five Decades



Wisconsin Ranks Among Top 10 Happiest States

2016 Wallet Hub.Com Happiness Index

