The Wisconsin Economy
Where are we now and where are we going?

Steven Deller
Department of Agricultural and Applied Economics
Center for Community and Economic Development
University of Wisconsin-Madison
Unemployment Rates

Pre-Great Recession Low

U.S.  Illinois  Iowa  Michigan  Minnesota  Wisconsin
Unemployment Rates

Pre-Great Recession Low

U.S.  Wisconsin
US County-level Unemployment

Unemployment data from 05-2018. That is the latest data available as of 07-17-2018.
Growth Rate in “Real” GDP

Growth Rate slightly faster for US
Average Quarterly:

US: 0.532%
WI: 0.520%
Growth Rate in Real Personal Income

Growth Rate faster for US
Average Quarterly:

US: 0.562%
WI: 0.376%
Income Distribution: Gini Coefficient

Source: Mark Frank, Sam Houston State University
Income Distribution: Share of Income to Top 5%

Source: Mark Frank, Sam Houston State University
<table>
<thead>
<tr>
<th>Occupation Title</th>
<th>Numeric Change (2016-2026)</th>
<th>Typical education needed for entry (5)</th>
<th>Related-occupation work experience</th>
<th>Post-hire training needed for competency (7)</th>
<th>Annual 10th Percentile</th>
<th>Annual Median</th>
<th>Annual 90th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care Aides</td>
<td>19,078</td>
<td>High school diploma or equivalent</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 17,610</td>
<td>$ 22,430</td>
<td>$ 28,160</td>
</tr>
<tr>
<td>Combined Food Preparation and Serving Workers, Including Fast Food</td>
<td>11,833</td>
<td>No formal educational credential</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 16,130</td>
<td>$ 18,380</td>
<td>$ 24,050</td>
</tr>
<tr>
<td>Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products</td>
<td>6,942</td>
<td>High school diploma or equivalent</td>
<td>None</td>
<td>Moderate-term on-the-job training</td>
<td>$ 33,160</td>
<td>$ 59,410</td>
<td>$ 122,430</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>4,649</td>
<td>Bachelor's degree</td>
<td>None</td>
<td>None</td>
<td>$ 51,740</td>
<td>$ 66,430</td>
<td>$ 90,750</td>
</tr>
<tr>
<td>Heavy and Tractor-Trailer Truck Drivers</td>
<td>4,448</td>
<td>Postsecondary non-degree award</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 28,680</td>
<td>$ 40,550</td>
<td>$ 61,070</td>
</tr>
<tr>
<td>Laborers and Freight, Stock, and Material Movers, Hand</td>
<td>4,211</td>
<td>No formal educational credential</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 20,290</td>
<td>$ 30,020</td>
<td>$ 45,240</td>
</tr>
<tr>
<td>Waiters and Waitresses</td>
<td>3,983</td>
<td>No formal educational credential</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 16,230</td>
<td>$ 18,850</td>
<td>$ 32,380</td>
</tr>
<tr>
<td>Software Developers, Applications</td>
<td>3,800</td>
<td>Bachelor's degree</td>
<td>None</td>
<td>None</td>
<td>$ 54,550</td>
<td>$ 81,160</td>
<td>$ 117,600</td>
</tr>
<tr>
<td>General and Operations Managers</td>
<td>3,496</td>
<td>Bachelor's degree</td>
<td>5 years or more</td>
<td>None</td>
<td>$ 41,570</td>
<td>$ 94,980</td>
<td>*</td>
</tr>
<tr>
<td>Janitors and Cleaners, Except Maids and Housekeeping Cleaners</td>
<td>3,045</td>
<td>No formal educational credential</td>
<td>None</td>
<td>Short-term on-the-job training</td>
<td>$ 17,280</td>
<td>$ 23,640</td>
<td>$ 38,790</td>
</tr>
</tbody>
</table>
Growth Rate in Employment (Non-Farm)

Growth Rate faster for US
Average Monthly:

US: 0.114%
WI: 0.070%
All-Transactions House Price Index for the United States, Index 1980:Q1=100

Looks a bit like a “housing bubble”?
Are we heading to another “bubble”?

All-Transactions House Price Index for the United States, Index 1980:Q1=100
All-Transactions House Price Index, Index 1980:Q1=100

U.S.  Wisconsin
U.S. Bureau of the Census, New Private Housing Units Authorized by Building Permits
Madison Metro Residential Housing Building Permits
(monthly seasonally adjusted)

U.S. Bureau of the Census, New Private Housing Units Authorized by Building Permits
### Index of Housing Fiscal Stress (ACS 2011-16 5 YR Average)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Housing Monthly Costs 35.0 Percent or More of Household Income (with mortgage)</td>
<td>0.5562</td>
</tr>
<tr>
<td>Percent of Housing Monthly Costs 35.0 Percent or More of Household Income (without mortgage)</td>
<td>0.4584</td>
</tr>
<tr>
<td>Percent of Occupied Rental Units Paying Rent with Gross Rent 35.0 Percent of More of Household Income</td>
<td>0.4683</td>
</tr>
<tr>
<td>Ratio of Median Owner Occupied Housing Value to Household Income</td>
<td>0.5111</td>
</tr>
</tbody>
</table>

Proportion Explained: 0.5343

![Map of Index of Housing Fiscal Stress](image-url)
American Community Survey: 2011-2016 Five Year Average: Based on "finance" metrics.
Monthly survey of over 70 economists representing various organizations ranging from Nationwide Insurance, Standard and Poor’s, Bank of America Securities, and Fannie Mae to Tufts University, Vanderbilt University and the Heritage Foundation.

These data today are from the July 2018 survey.
The historical average quarterly growth rate (annualized) since 1947 has been 3.2%, and the consensus forecast over the next year is 2.8%.
The unemployment rate is expected to stabilize between 3.6% and 3.8% over the next two years. Since 1947, the average monthly unemployment rate has been 5.8%.
The inflation rate is expected to stabilize at 2.3%. Since 1947 the average rate of inflation using the standard Consumer Prices Index has been 3.6%.
Probability of Recession in Next 12 Months

- Average: 17.7
- Std Dev: 7.9
- Minimum: 1
- High: 35
• Sustained but modest growth at the national level; uncertainty over foreign trade and labor supplies may dampen growth.

• Inflation modest and stable and interest rates should tick upward.

• Chances of returning to a recession over the next year: modest.

• Wisconsin economy is growing but at rates below expectations.

• Is housing market becoming overheated?

• Why is market (outside Madison/Dane Cnty) not responding?