

The State of the Wisconsin Economy

Eau Claire Economic Development Corporation

February 22, 2010

In this presentation

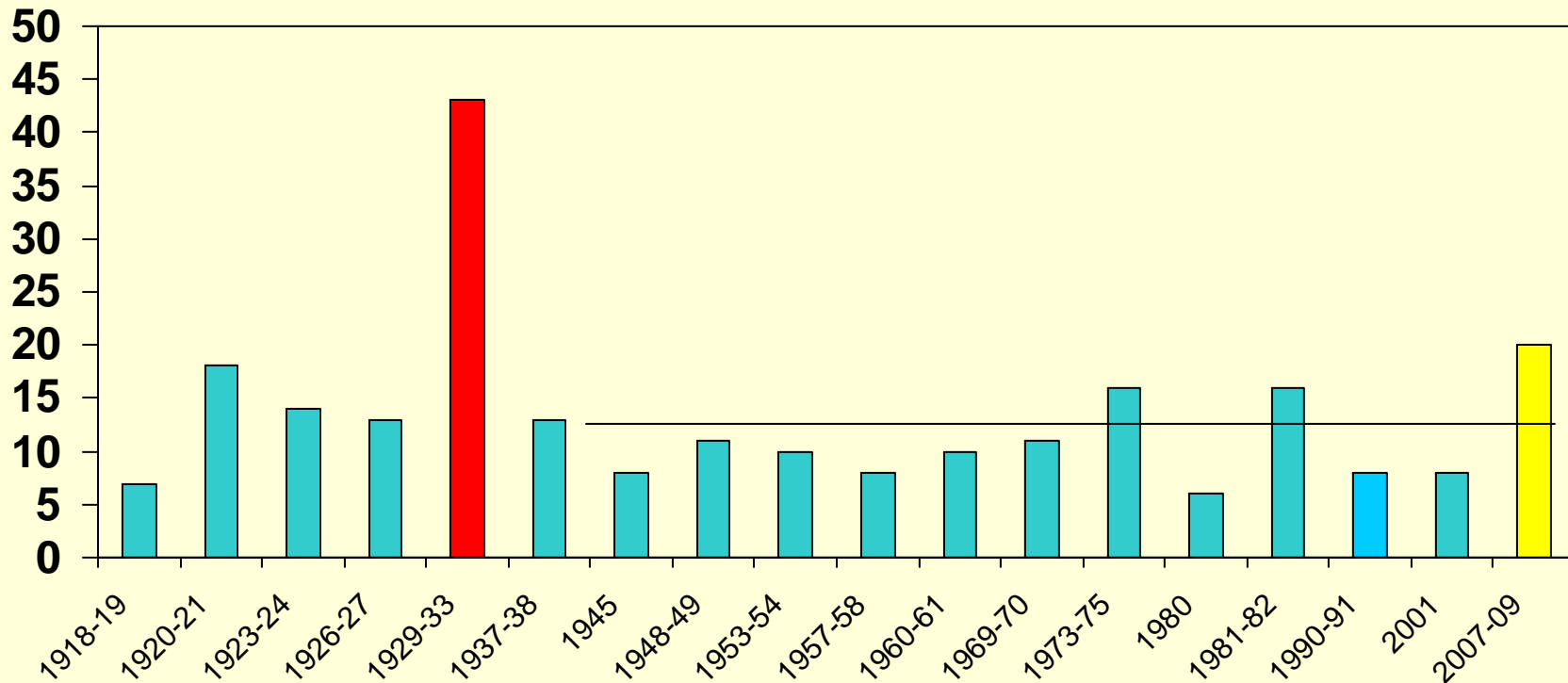
- National forecasts are produced by Global Insight, Inc.
- State and Metropolitan forecasts are public information produced by the Division of Research and Policy, Wisconsin DOR.
- Information is supplied by the U.S. Bureau Of the Census, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Federal Housing Finance Authority, Federal Reserve Board of Governors, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of New York, the Wisconsin Department of Workforce Development, and various divisions of the Wisconsin DOR.

Today's Themes

- 1) The Great Recession set the US and the Wisconsin Economy back ten years.
 - ✓ But Eau Claire Merely Six
- 2) The recovery is well underway.
- 3) Wisconsin was not the epicenter of this recession.
- 4) Wisconsin outperform the US economy in 2010.
 - ✓ And Eau Claire Will Outperform Wisconsin

Recent Recession Was The Longest Since the Great Depression

Length of Recession, in Months

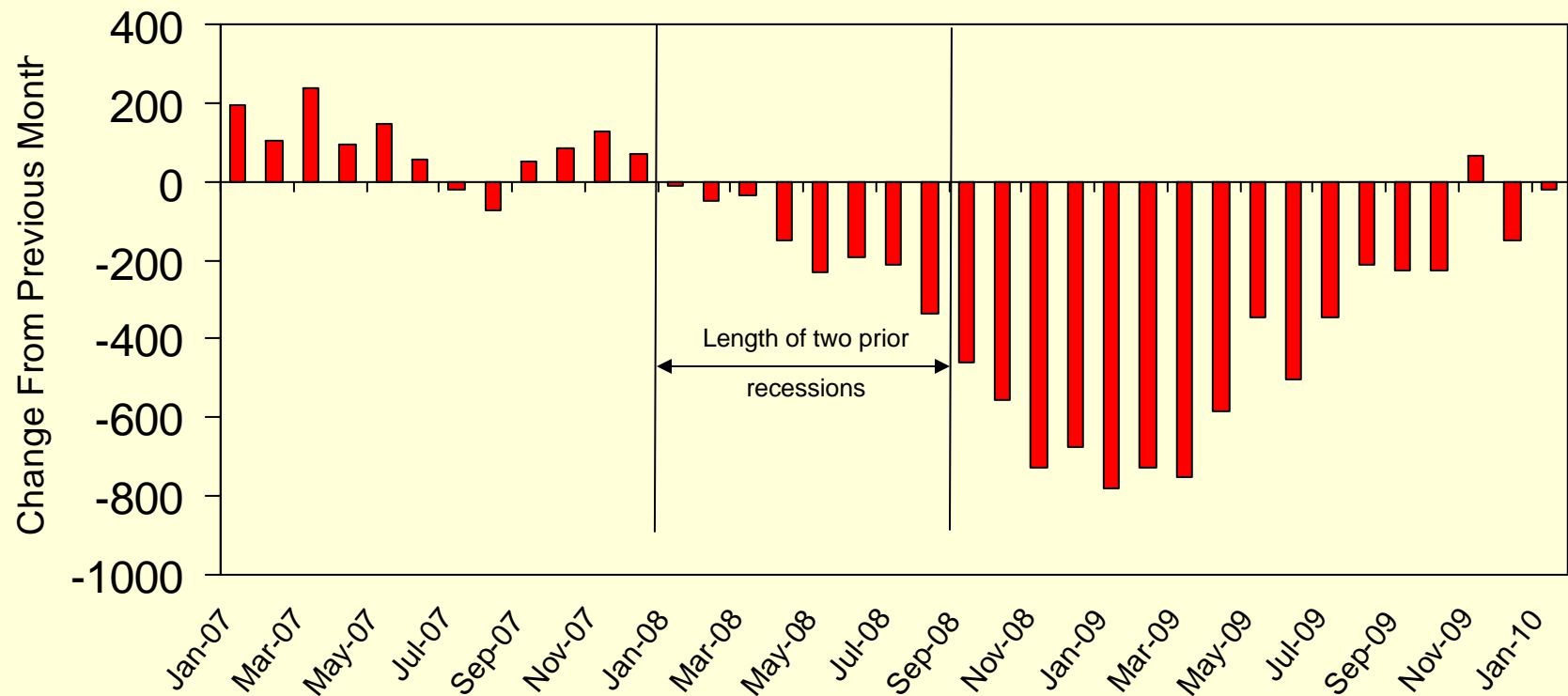


Source: National Bureau of Economic Research

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Mild Recession Turned Brutal After September 2008

US Non Farm Employment

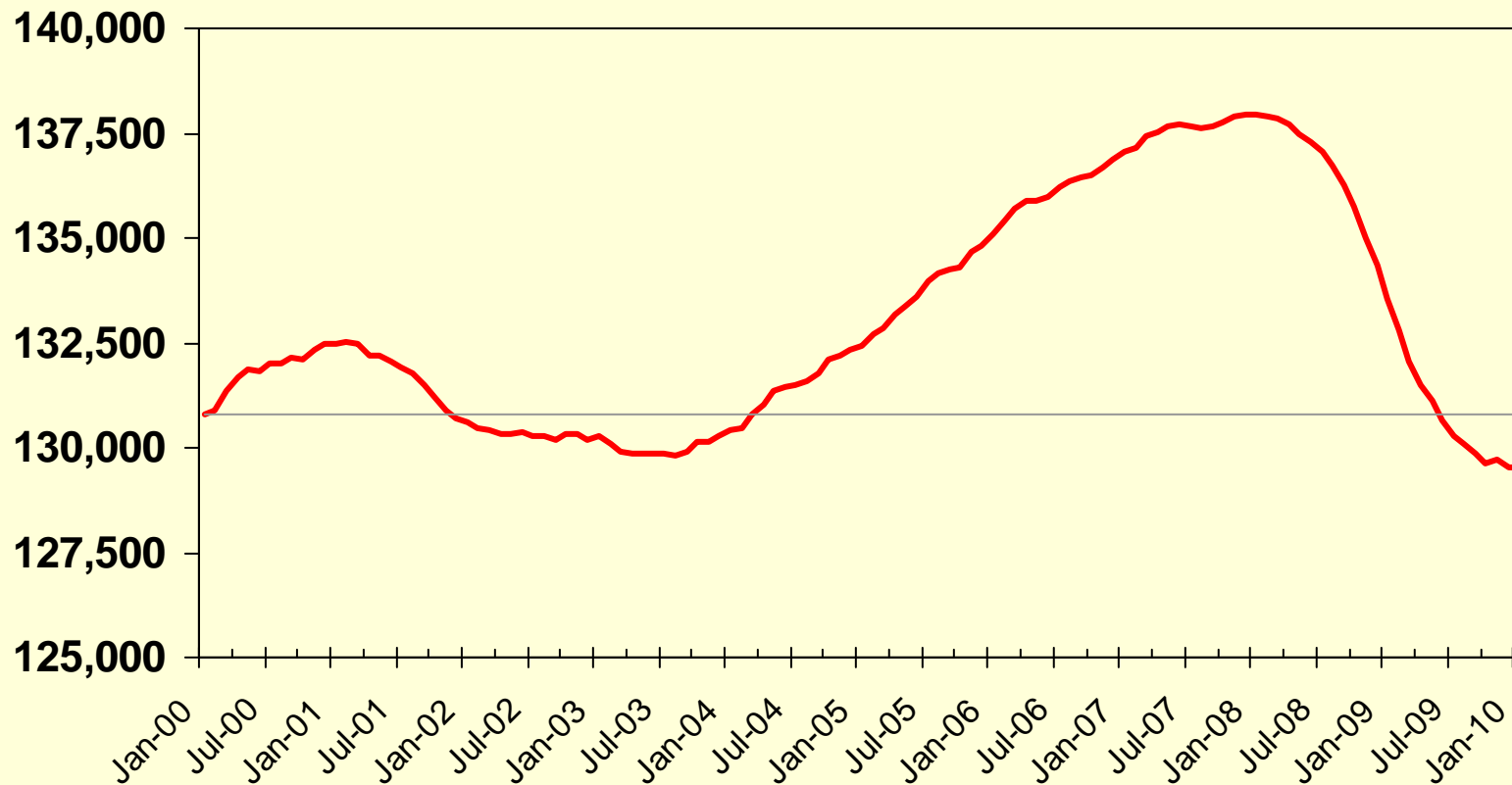


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Lost Decade

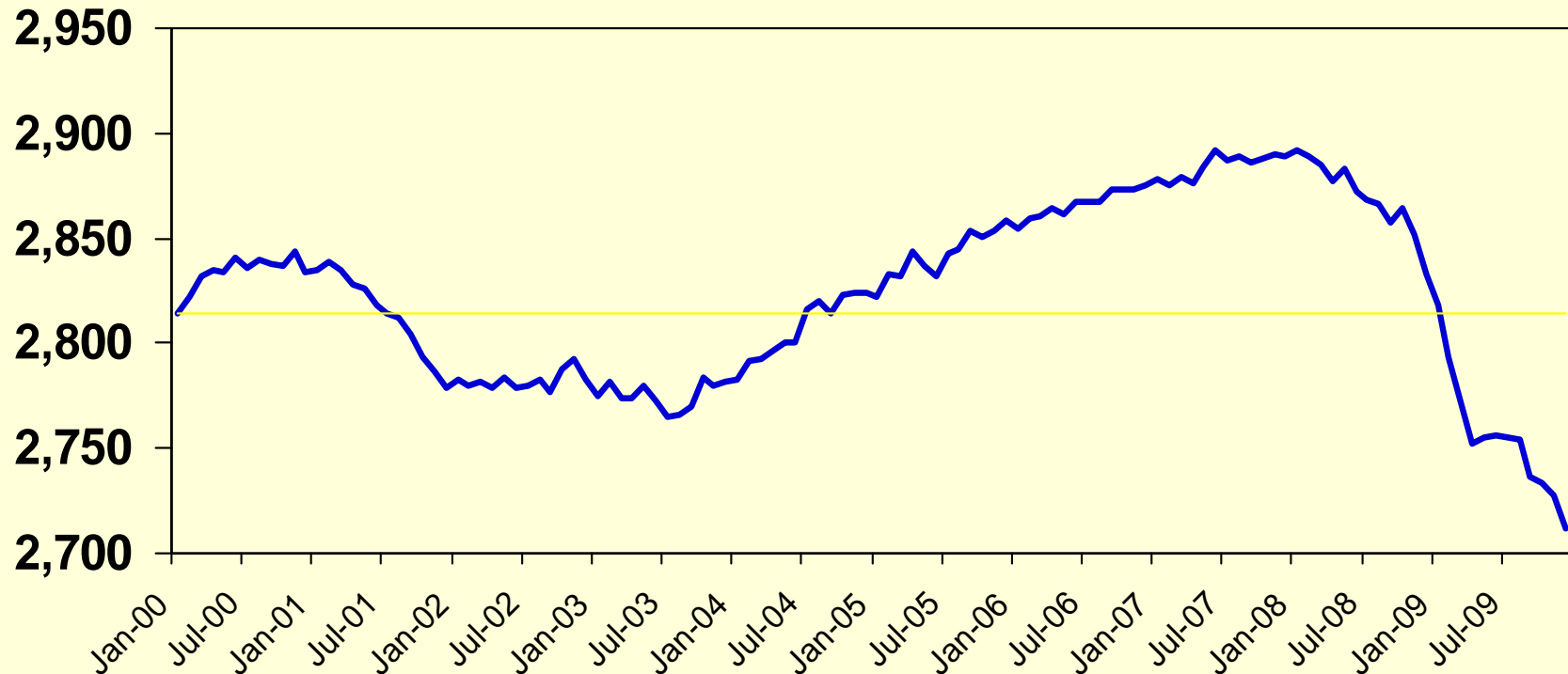
All Job Gains in 2000s Lost

US Total Nonfarm Employment in Thousands



Wisconsin Lost a Decade of Job Growth in Six Months

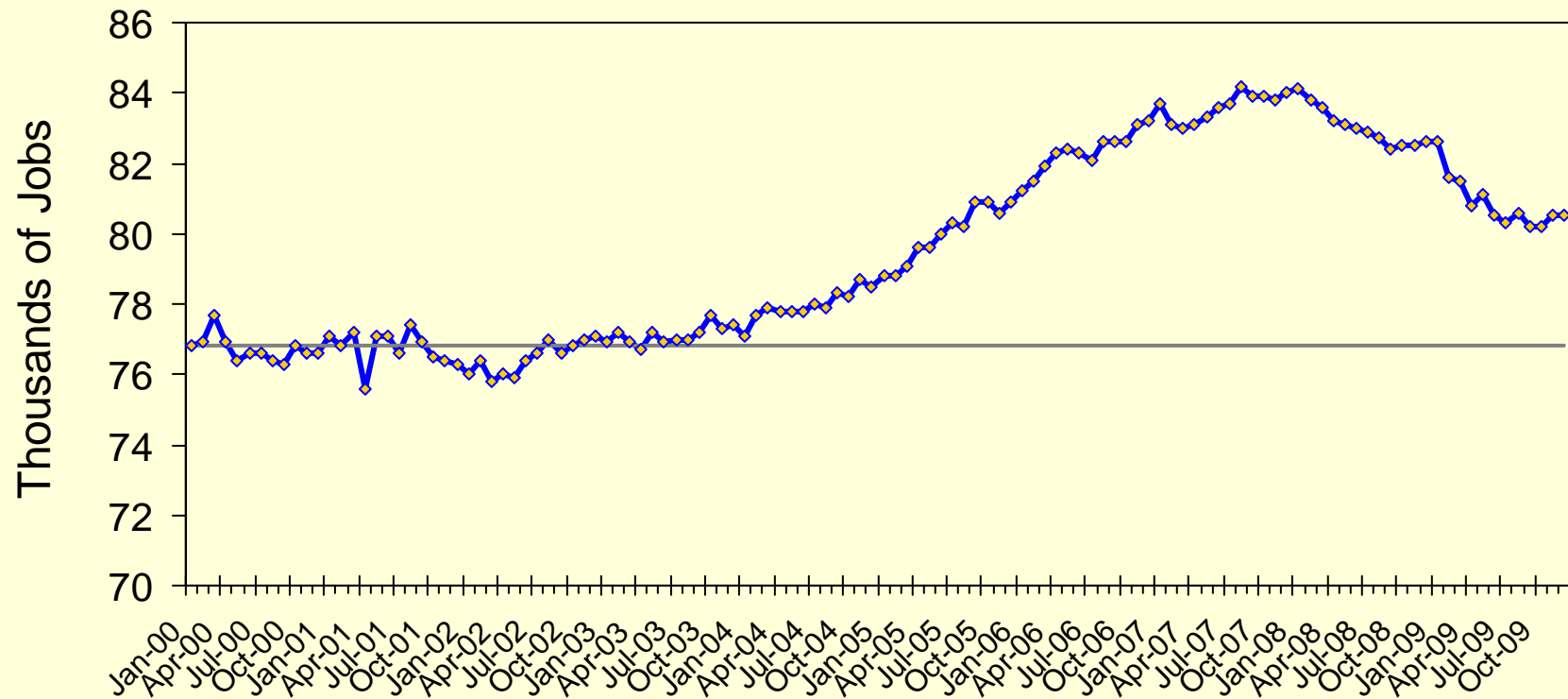
Wisconsin Nonfarm Employment in Thousands



Source: U.S. Bureau of Labor Statistics

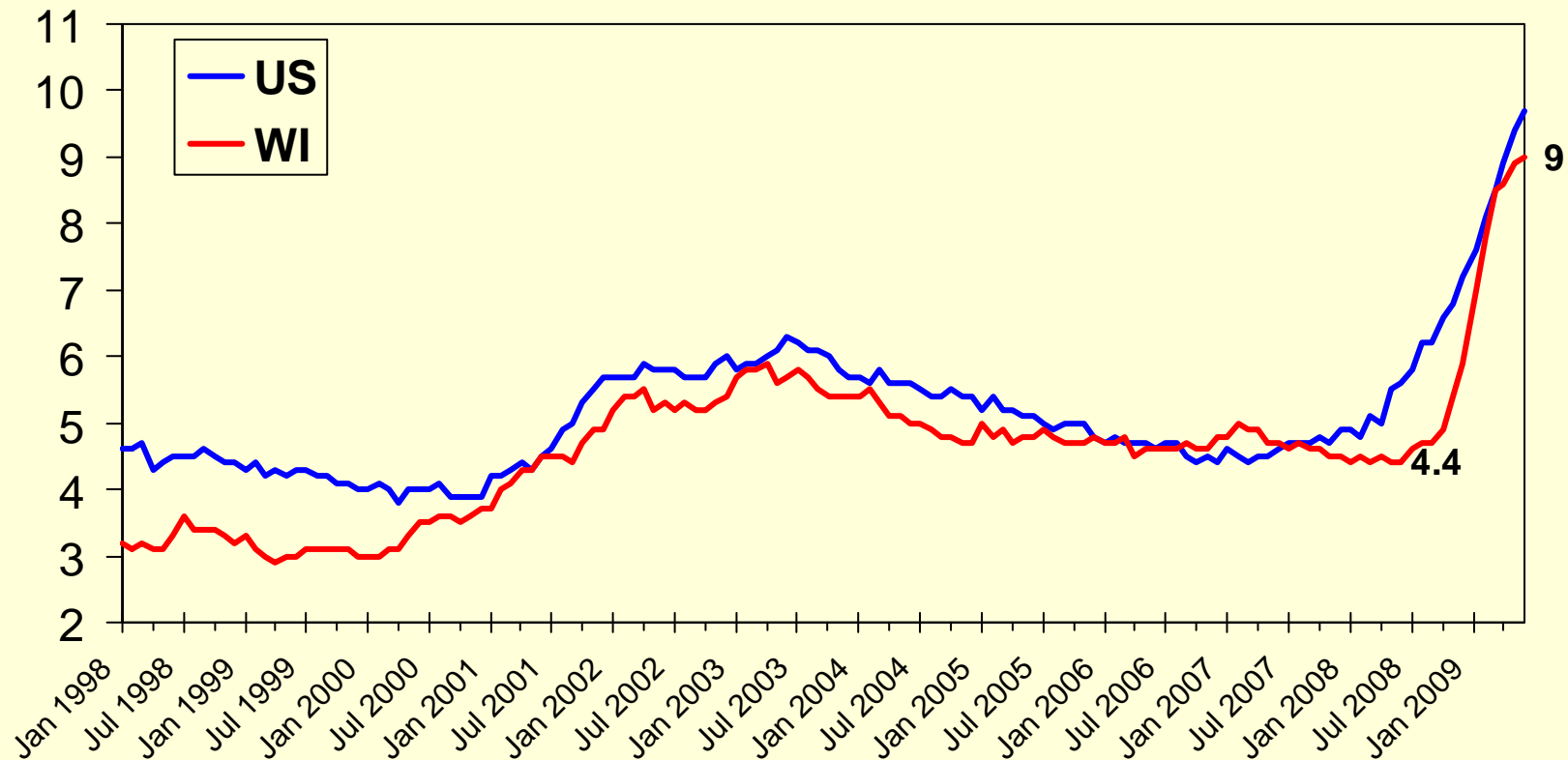
Eau Claire Hung On Employment Up for the Decade

Eau Claire Nonfarm Employment, Seasonally Adjusted



Wisconsin Unemployment More than Doubled

Percent of Labor Force Unemployed, Seasonally Adjusted

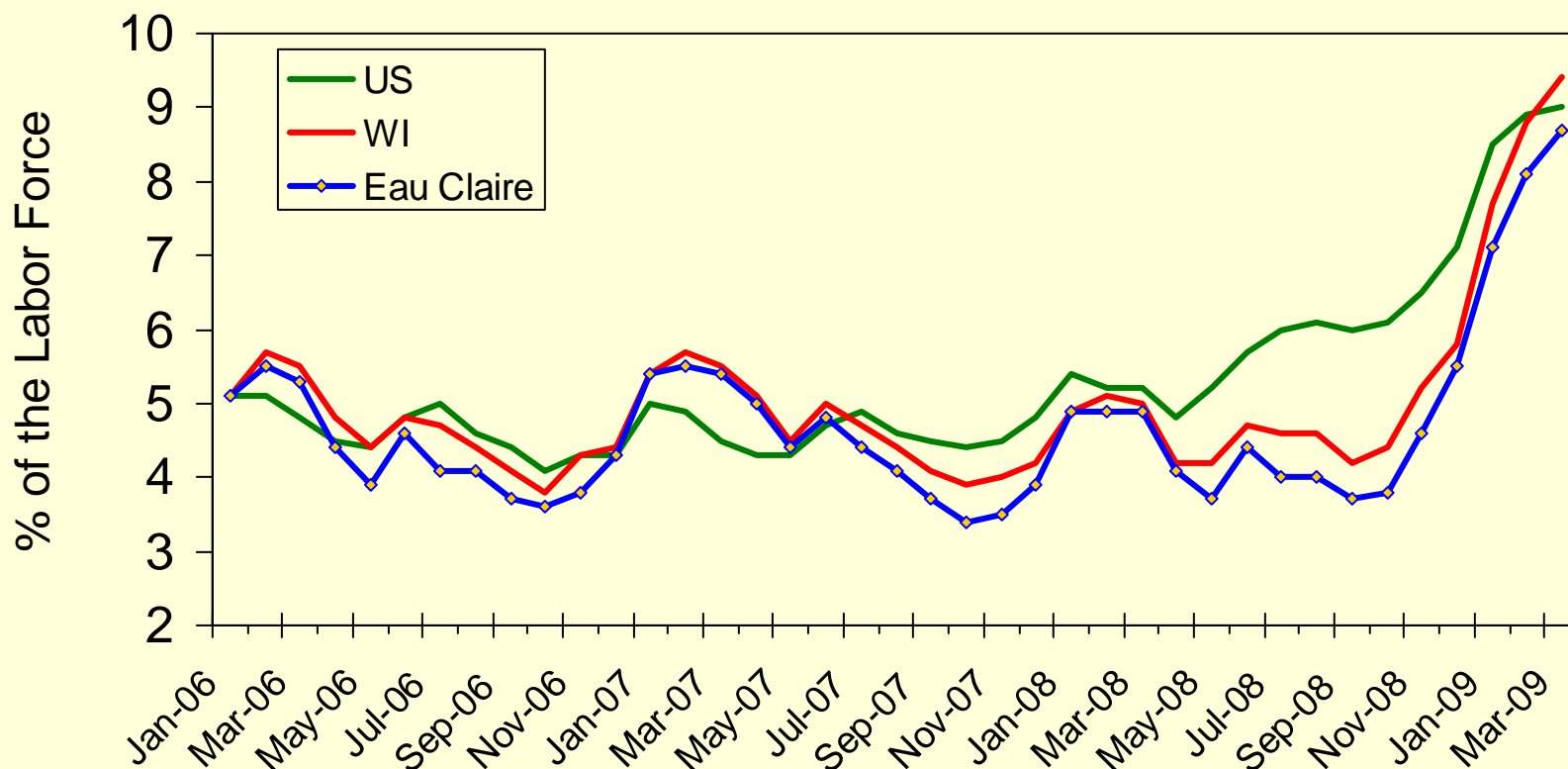


Source: U.S. Bureau of Labor Statistics

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Eau Claire's Unemployment Rate Also Doubled

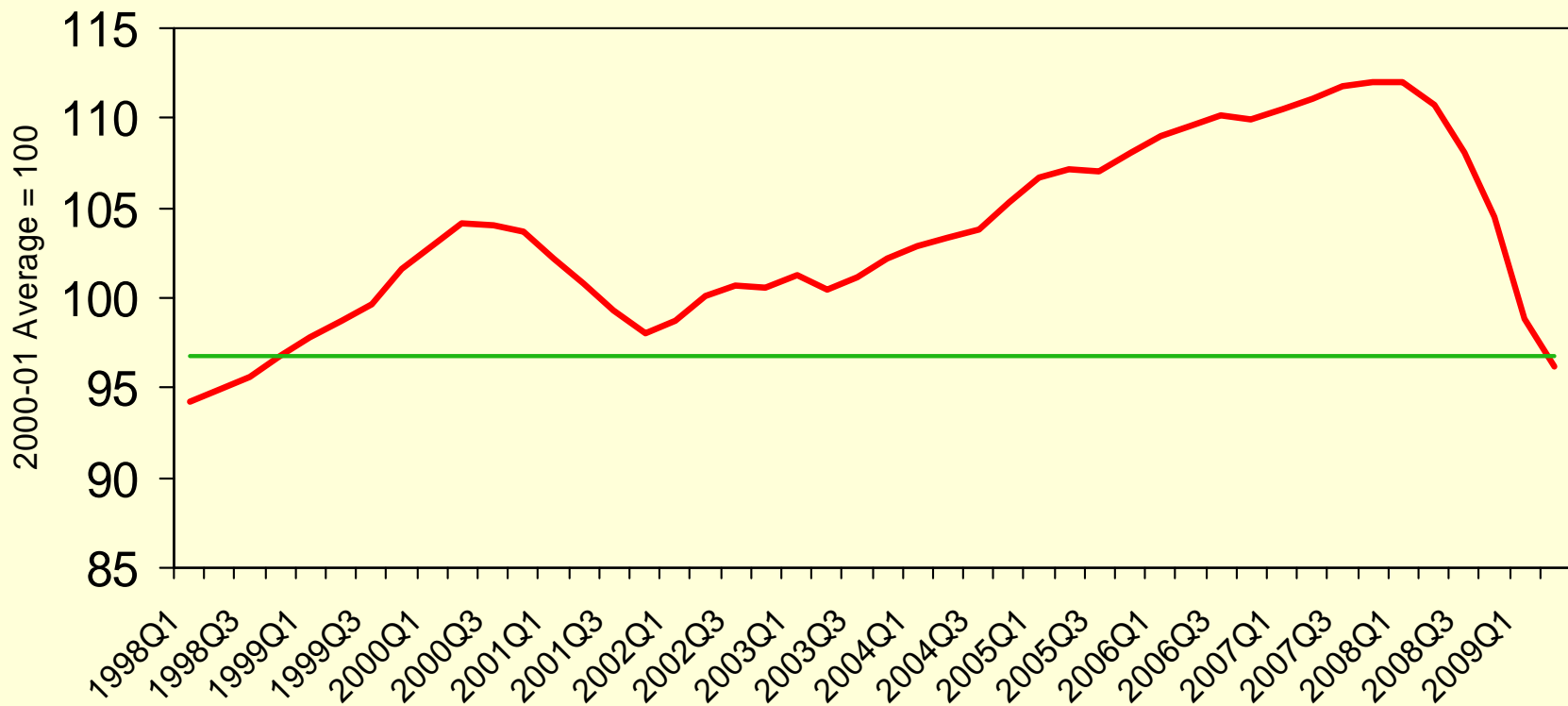
Unemployment Rates, NOT Seasonally Adjusted



Lost Decade: Industrial Production Drops to 1998 Levels

Production Dropped 15% Over 6 Quarters

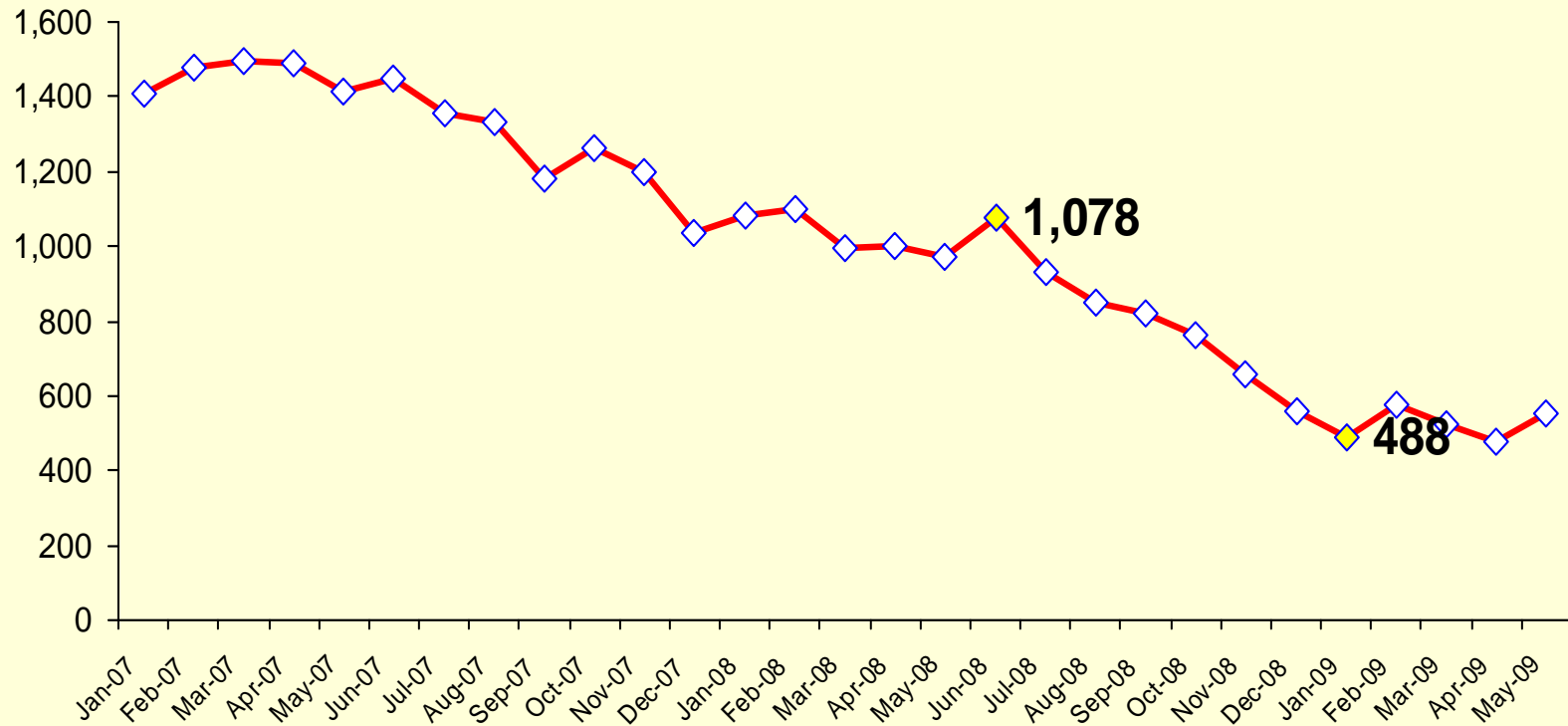
US Total Industrial Production Index



Source: Federal Reserve Board of Governors

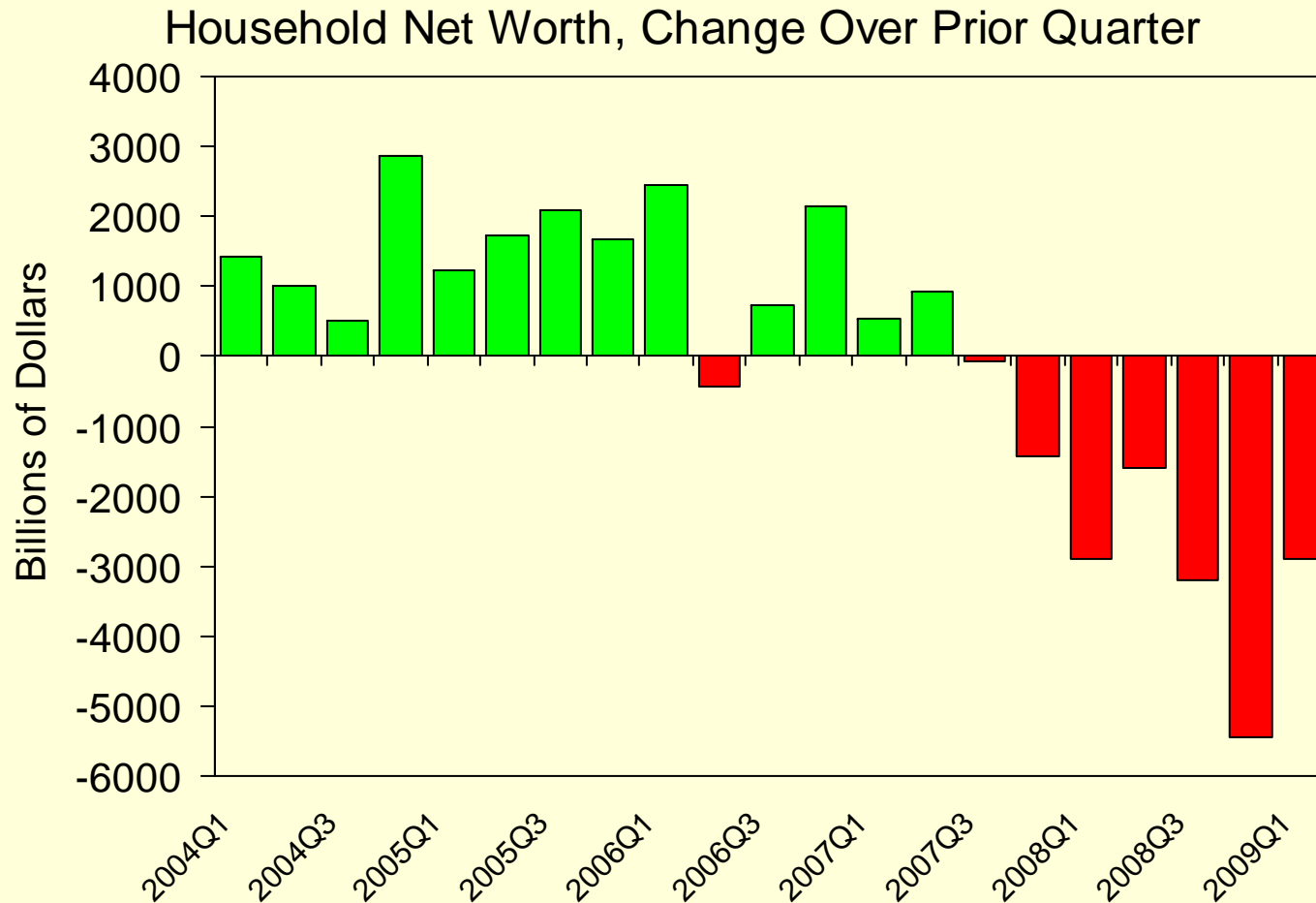
Housing Fell 55% in Seven Months

U.S. Housing Starts in Thousands



Source: U.S. Bureau of the Census, Construction Statistics

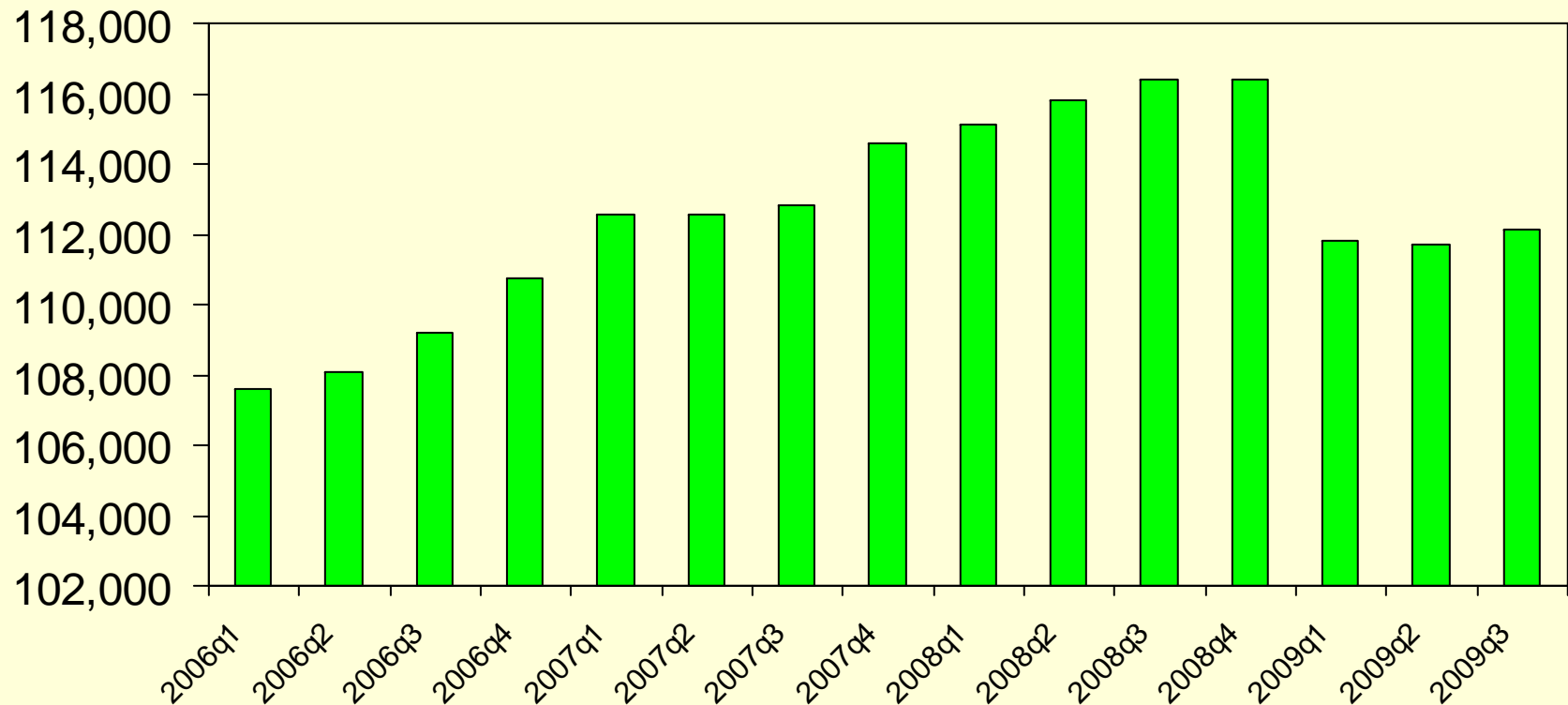
Household Net Worth Fell Over \$17 Trillion



Source: Federal Reserve Board of Governors

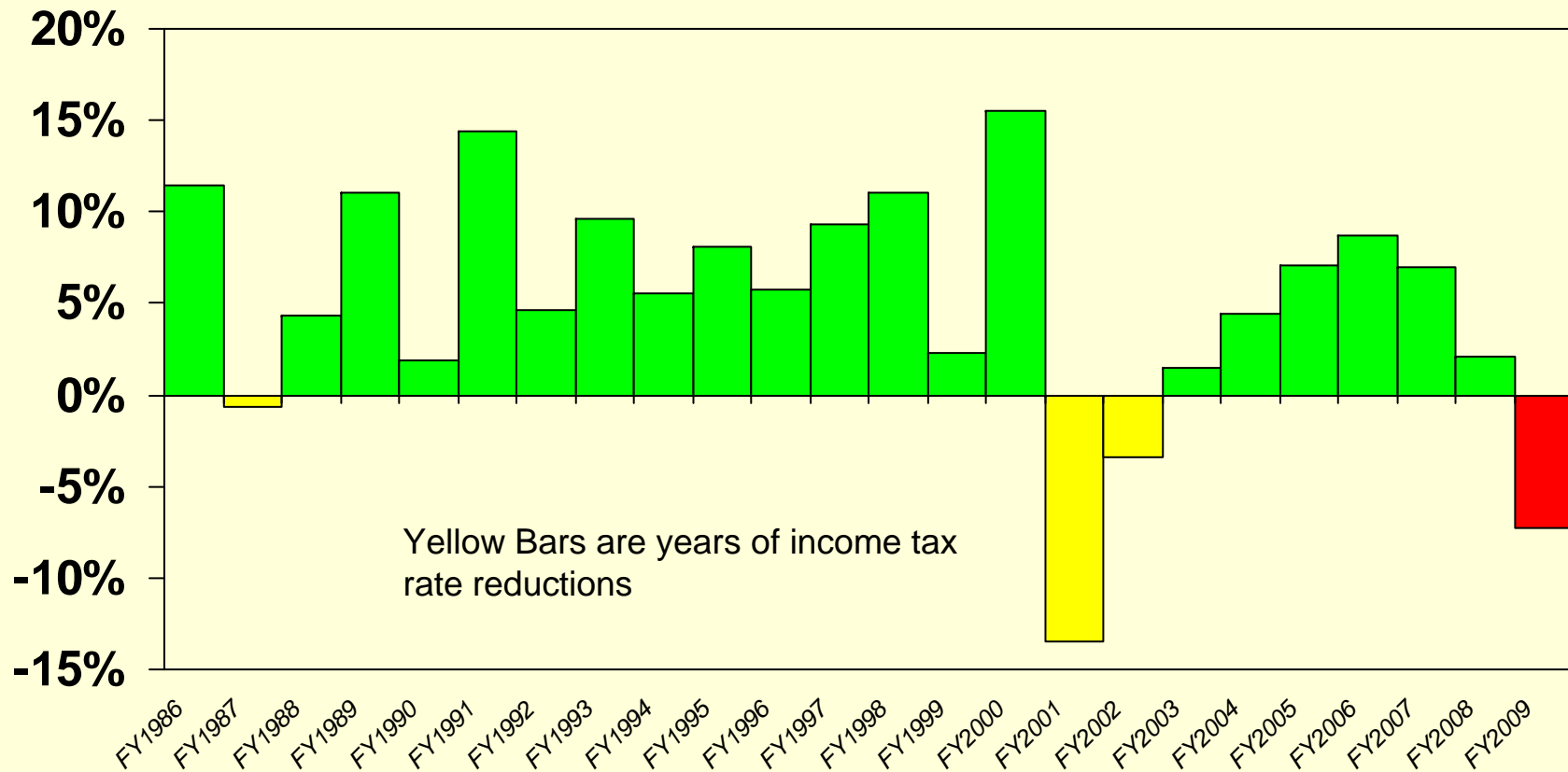
Wisconsin Wages Fell Back to 2006 Levels

Wisconsin Wages & Salaries



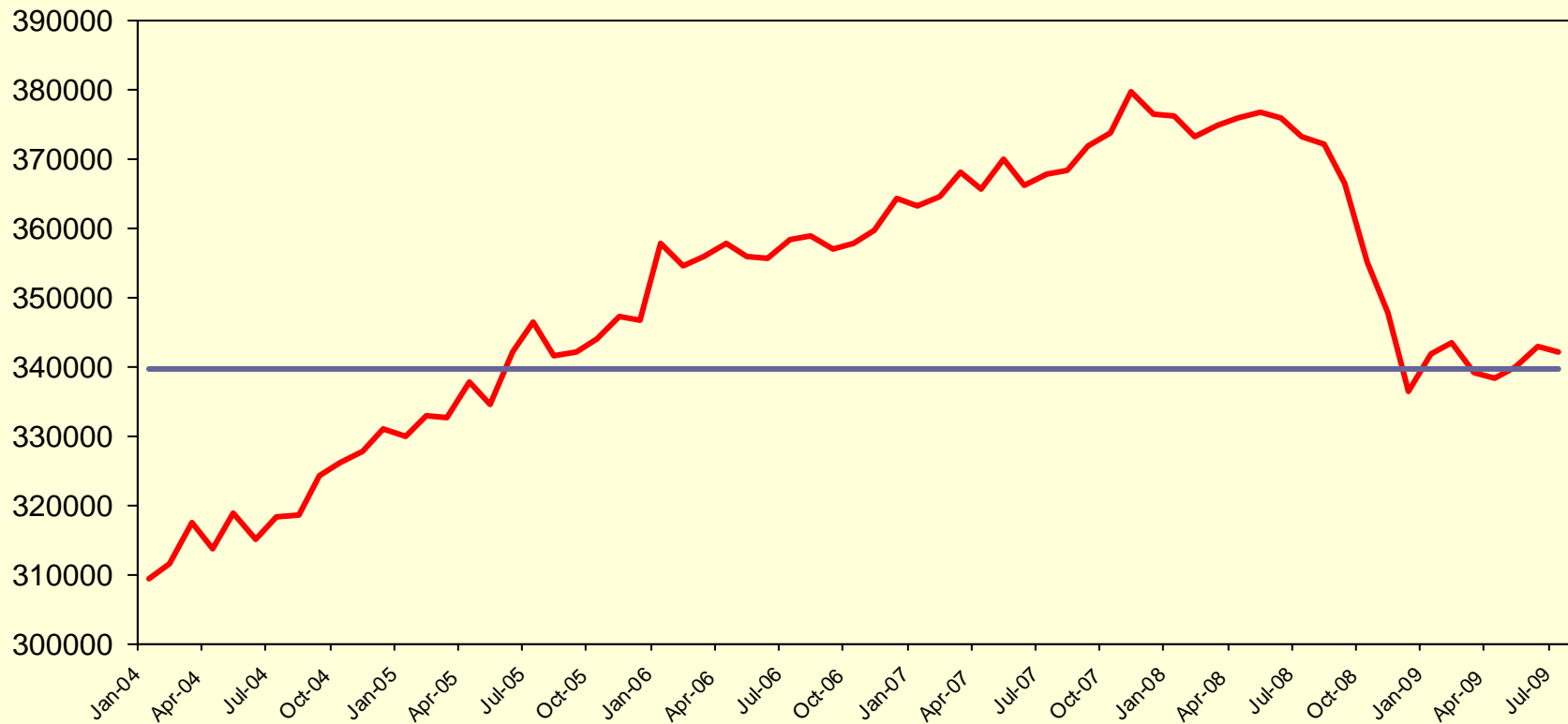
Wisconsin's Income Taxes Drop for 1st Time Aside from an ATB Tax Cut

Pct. Change in Wisconsin Individual Income Tax Collections



Retail Sales Lost Four Years of Growth in Just Four Months

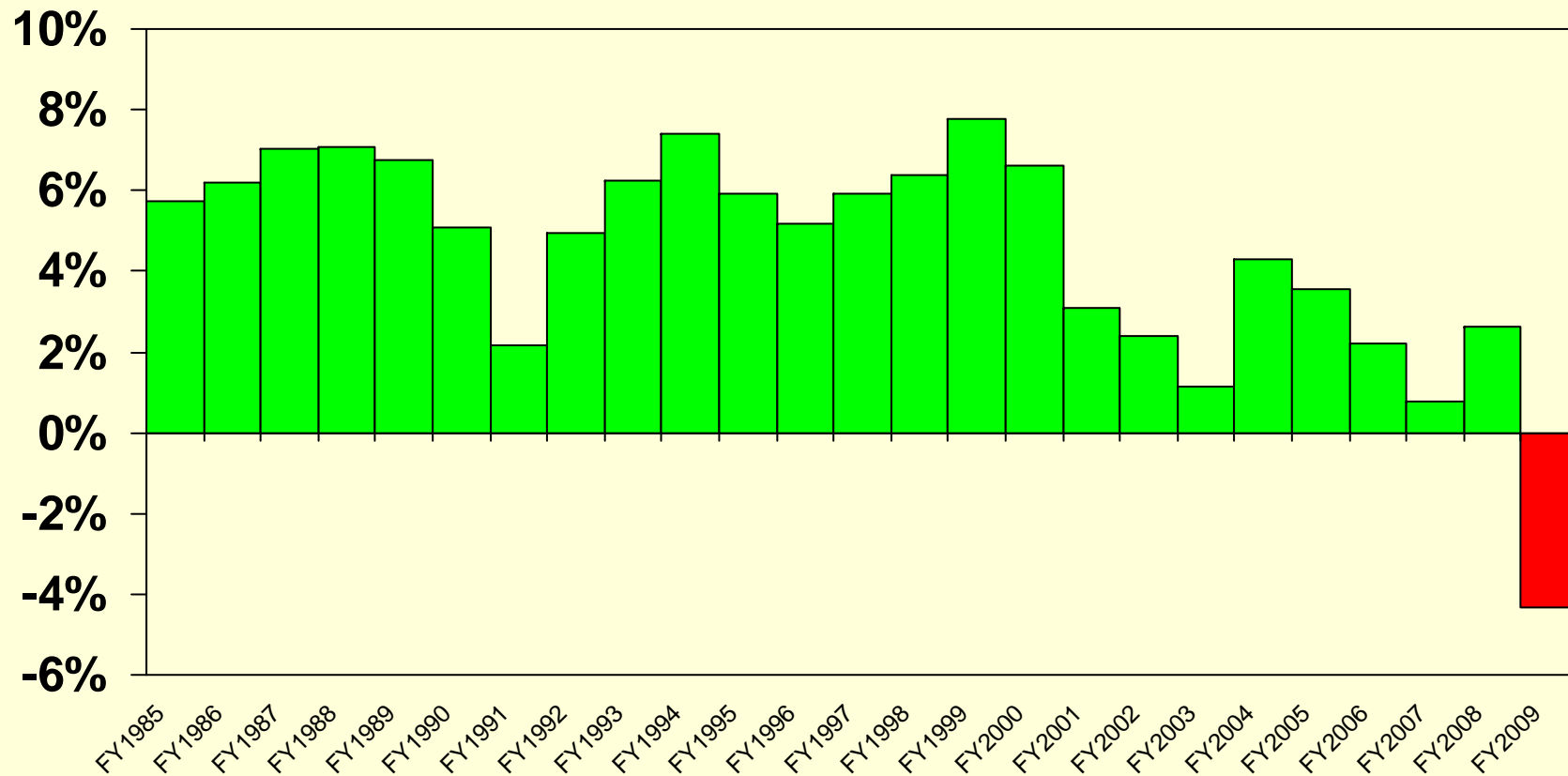
U.S. Retail Sales in Millions of Dollars, SAAR



Source: U.S. Bureau of the Census

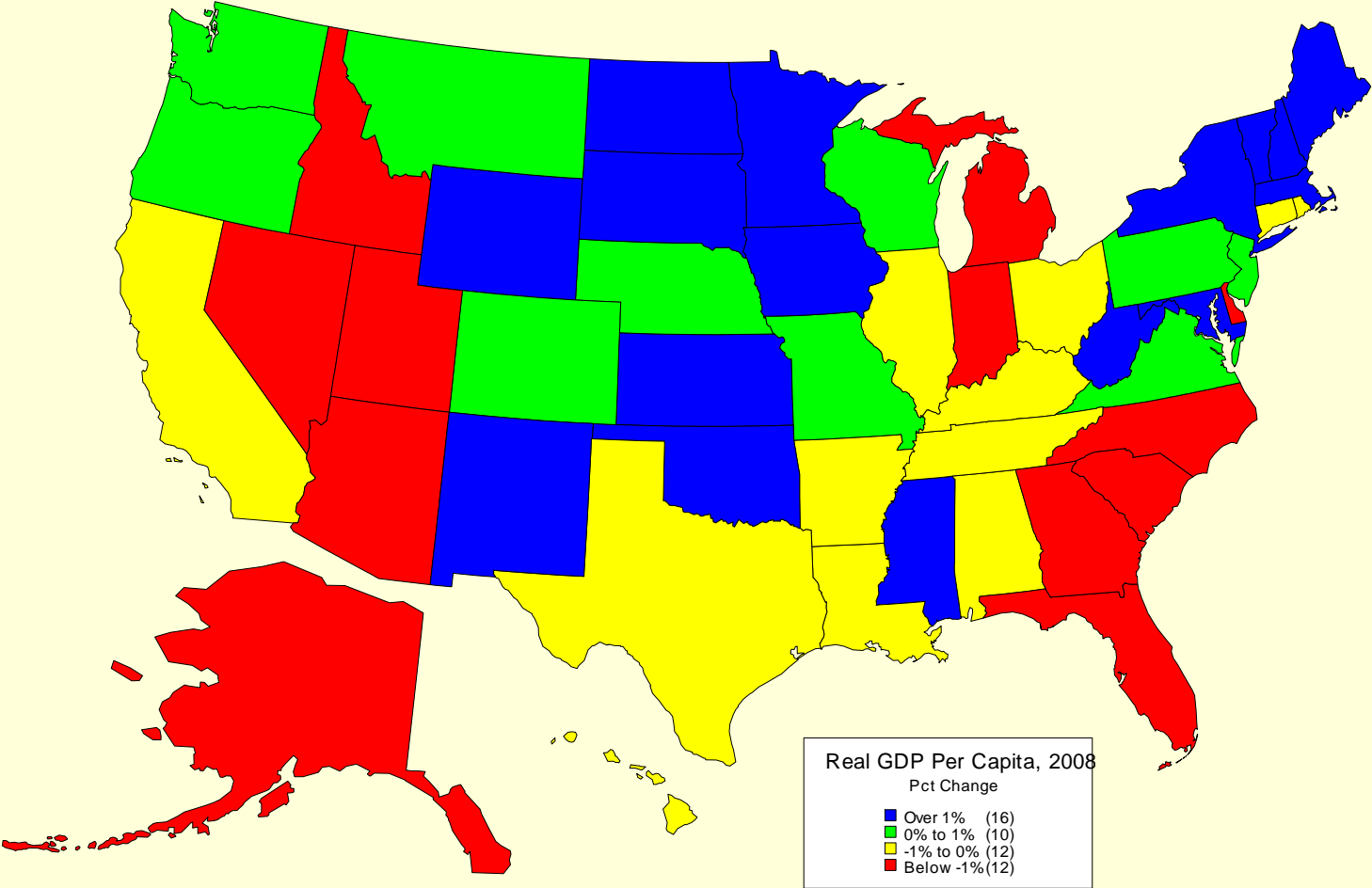
Wisconsin's Sales Collections Drop for the First Time Ever in FY2009

Percent Change in Wisconsin Sales Tax Collections



Wisconsin Was Not the Epicenter of the Recession

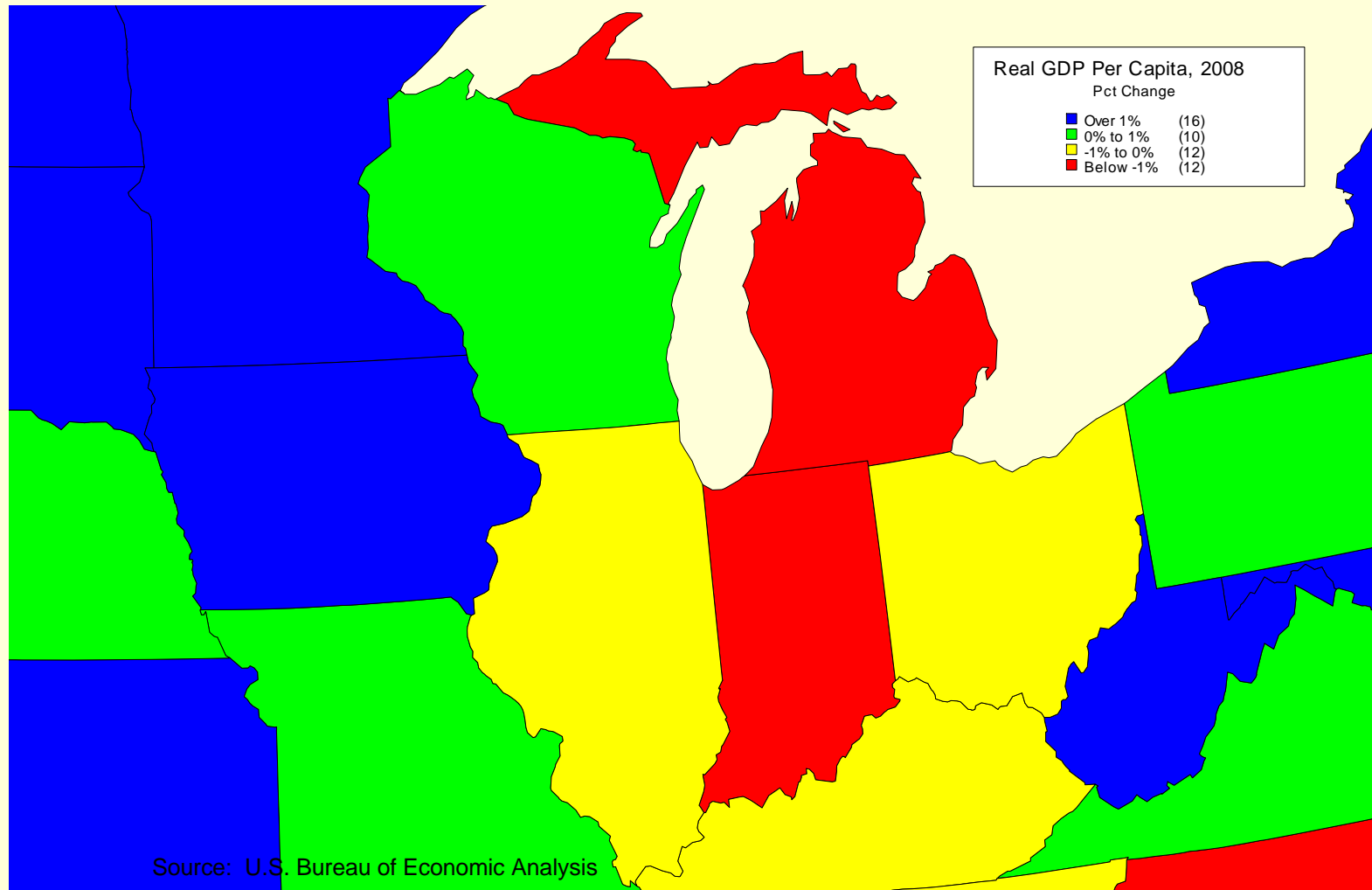
Wisconsin Economy Grew in 2008



Source: U.S. Bureau of Economic Analysis

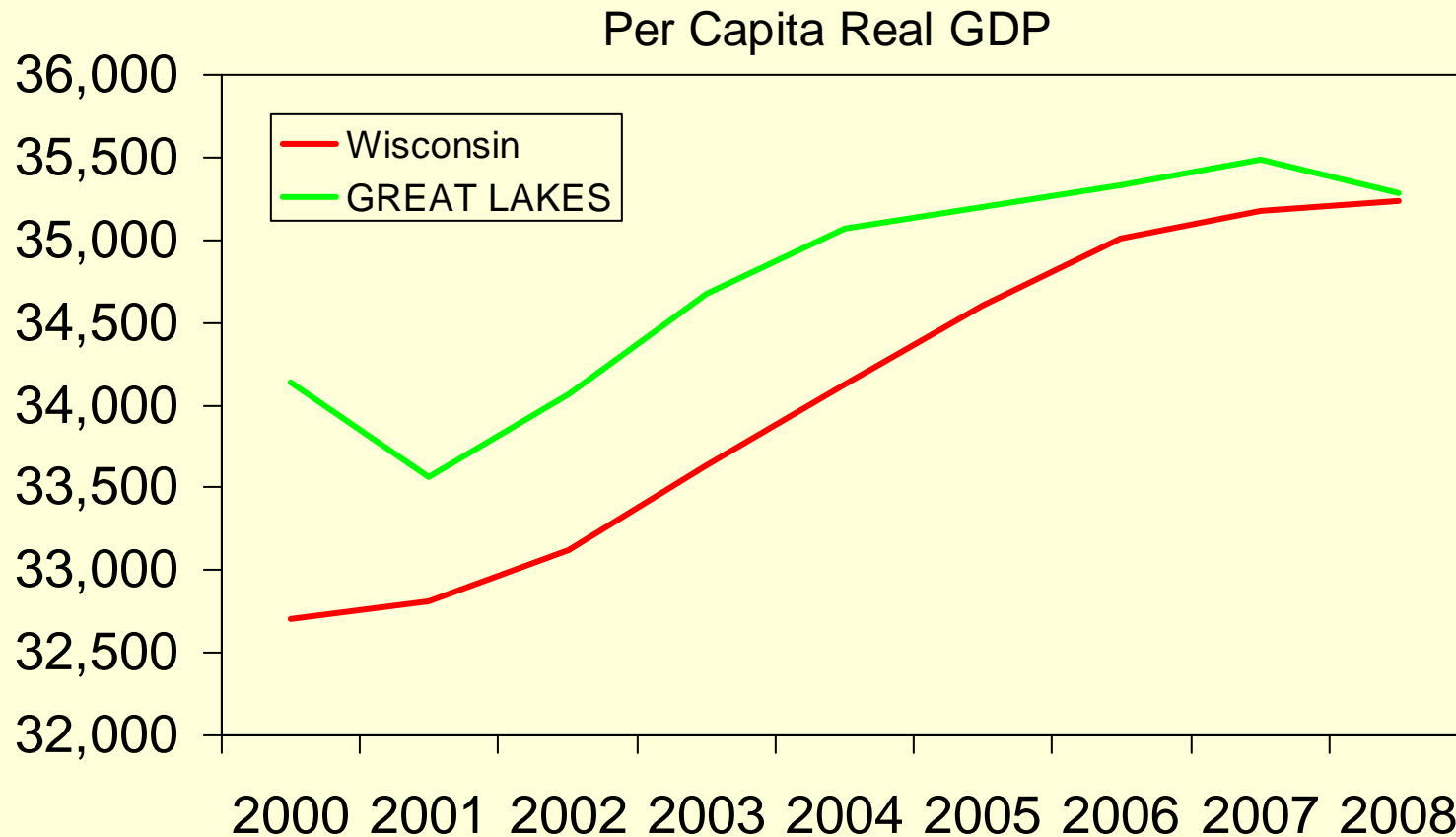
2008 Economic Growth

Wisconsin Only Great Lakes State to Expand in 2008



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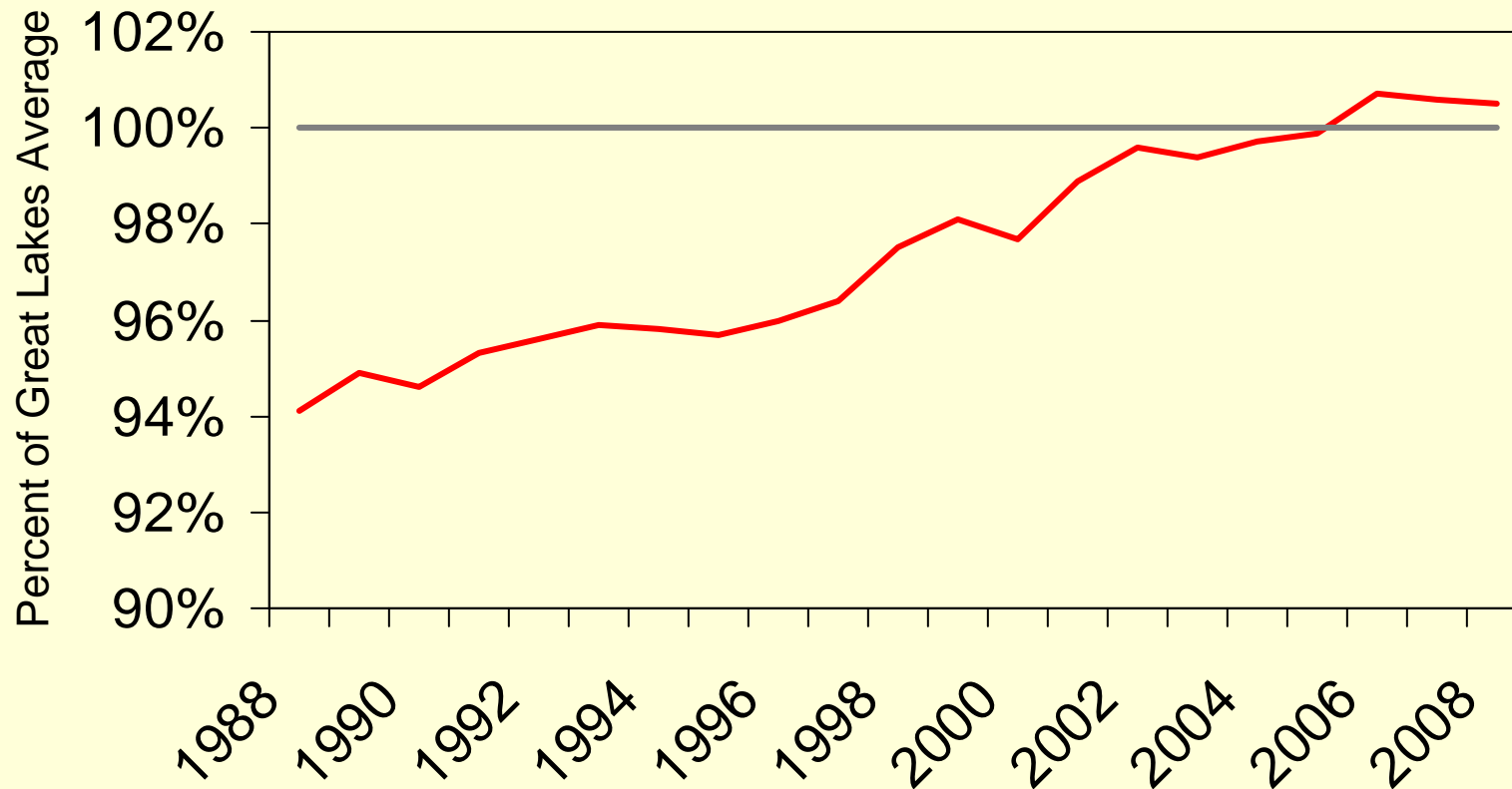
Wisconsin Has Moved Up to the Great Lakes Average in GDP



Source: U.S. Bureau of Economic Analysis

And Nudged Ahead of the Great Lakes Average in Income

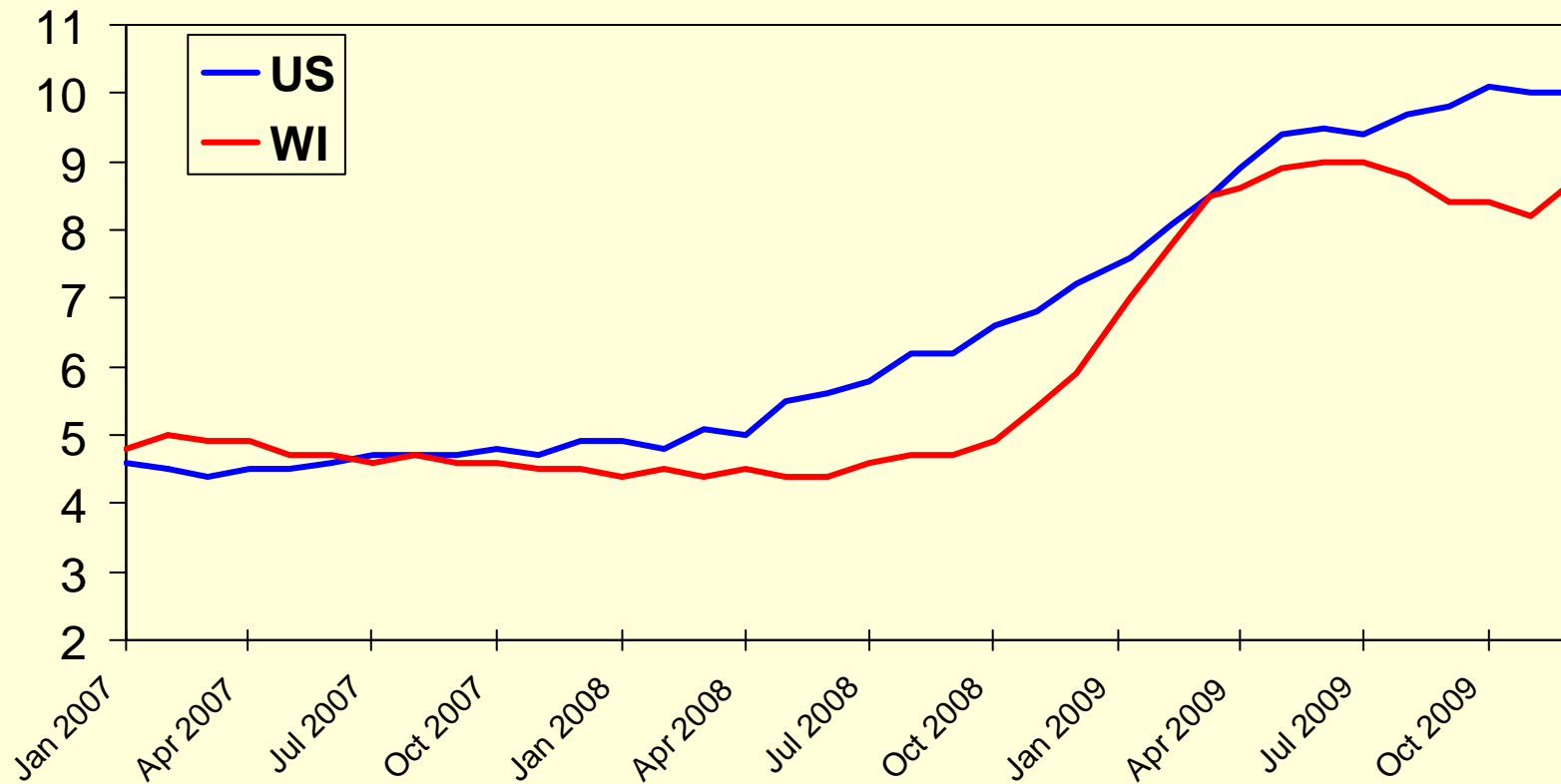
Wisconsin Per Capita Personal Income



Source: U.S. Bureau of Economic Analysis

Wisconsin Unemployment Improves Relative to US

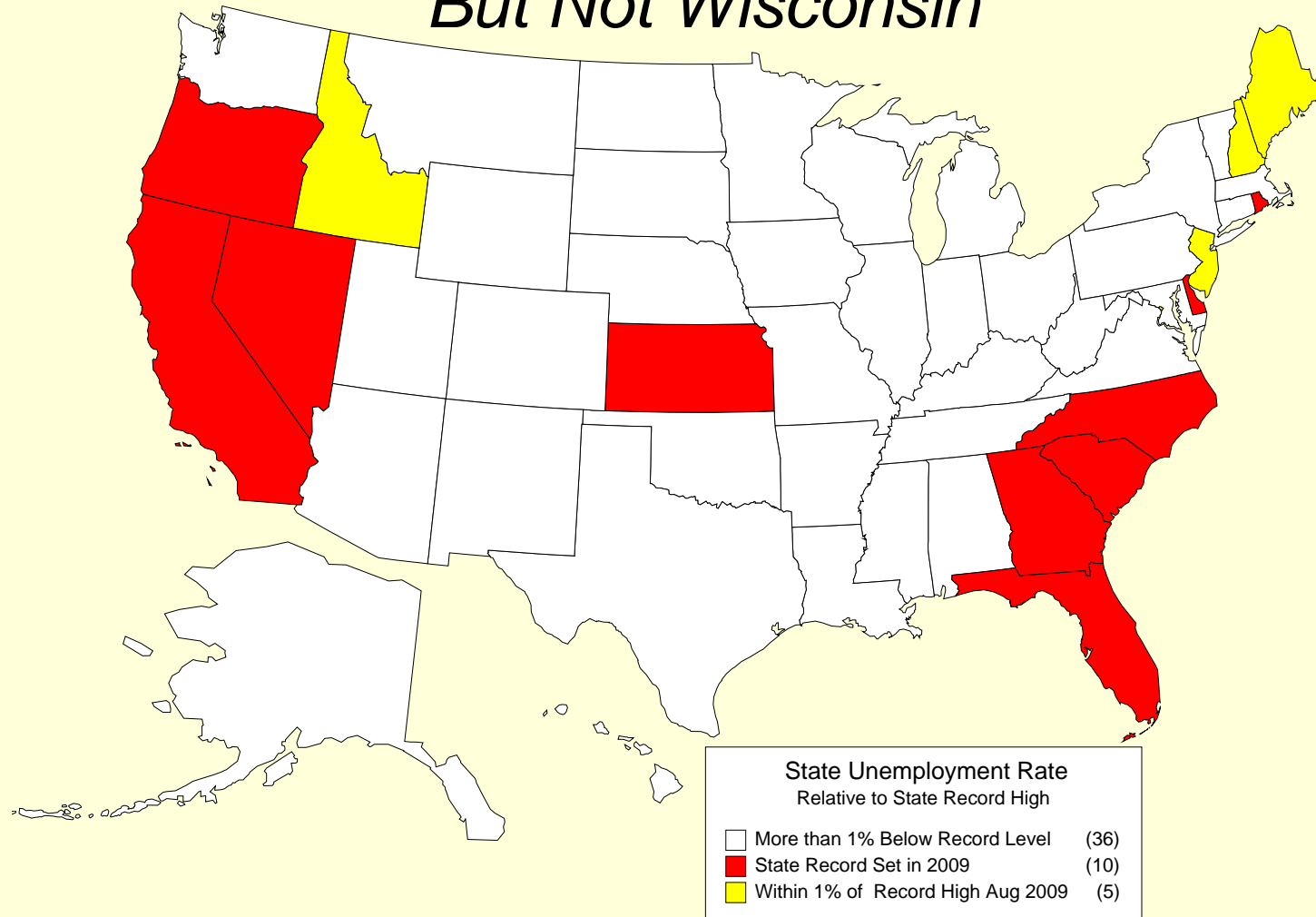
Percent of Labor Force Unemployed, Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

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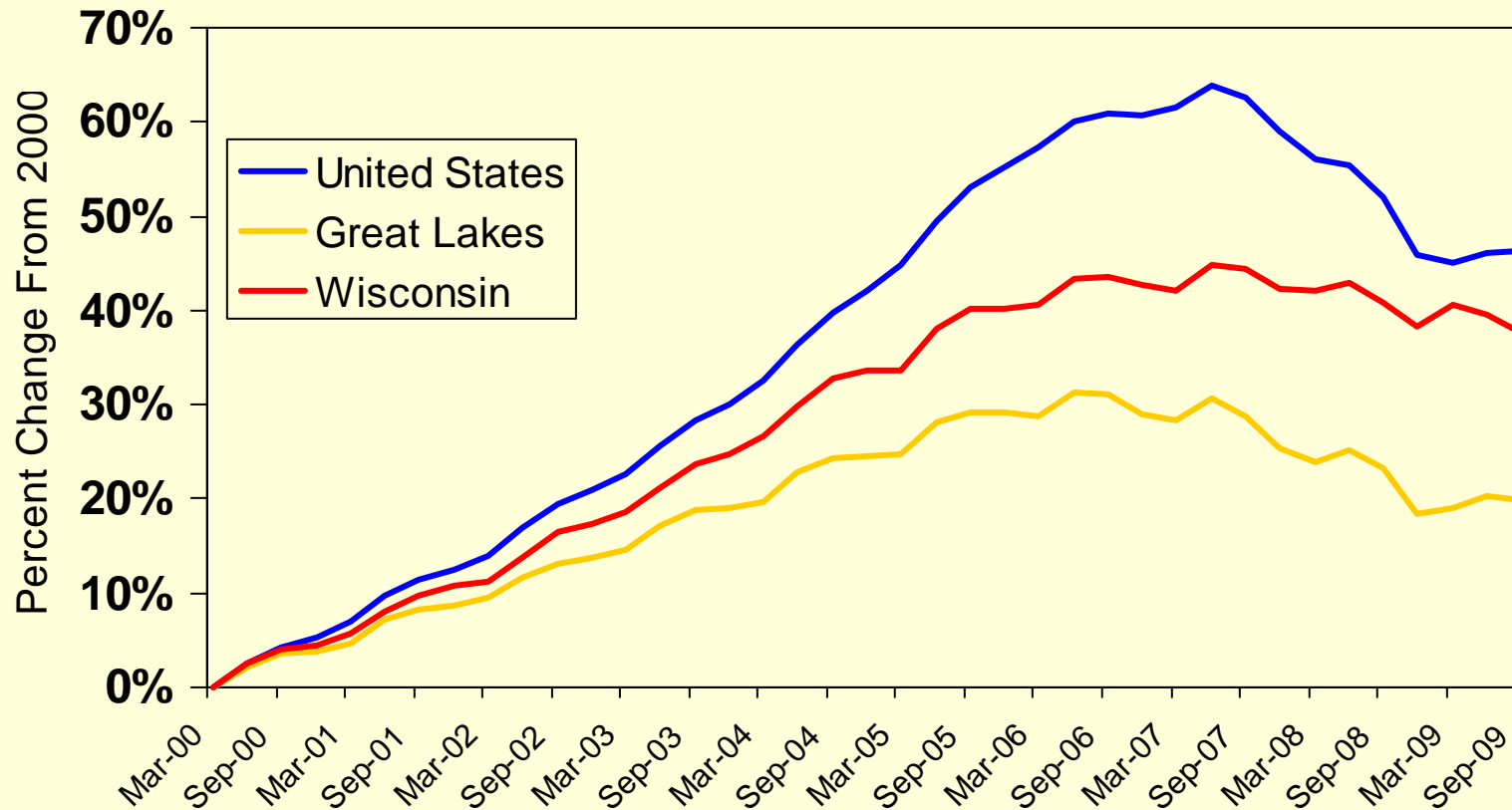
10 States Set Unemployment Records in 2009 *But Not Wisconsin*



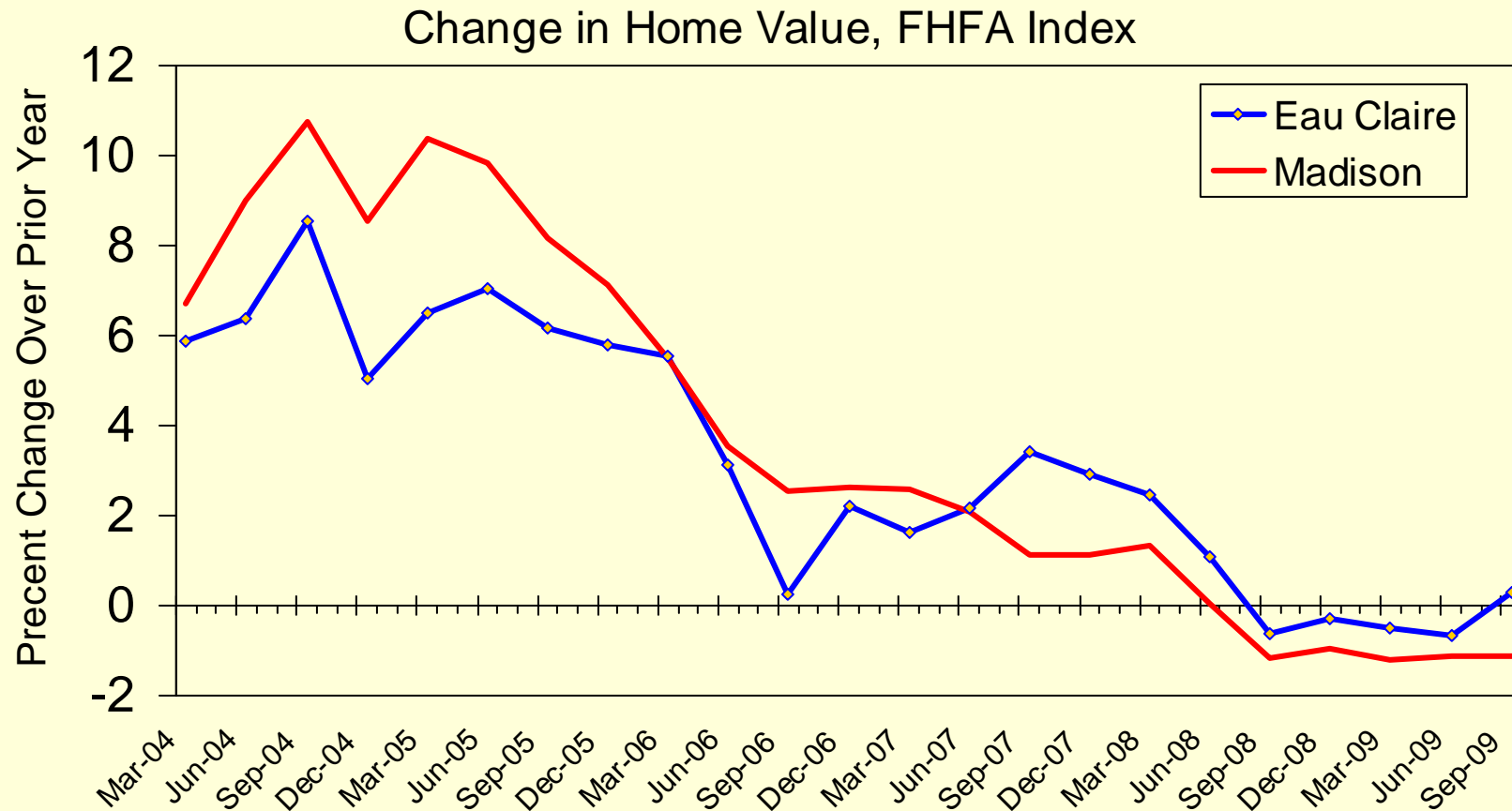
Source: U.S. Bureau of Labor Statistics

Wisconsin Home Values Faring Better than US or Region

FHFA Home Price Index

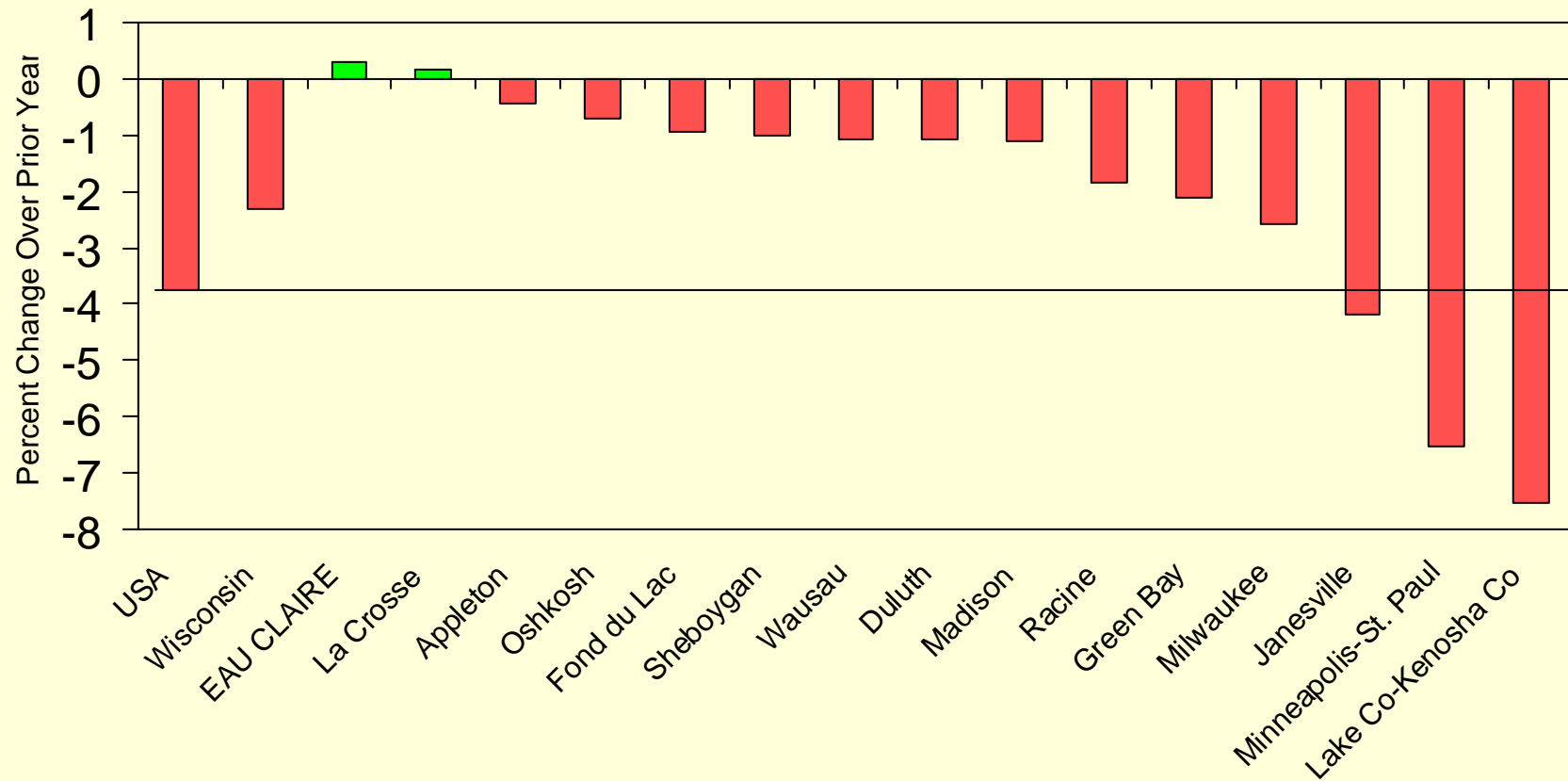


Home Price Corrections Modest in Eau Claire

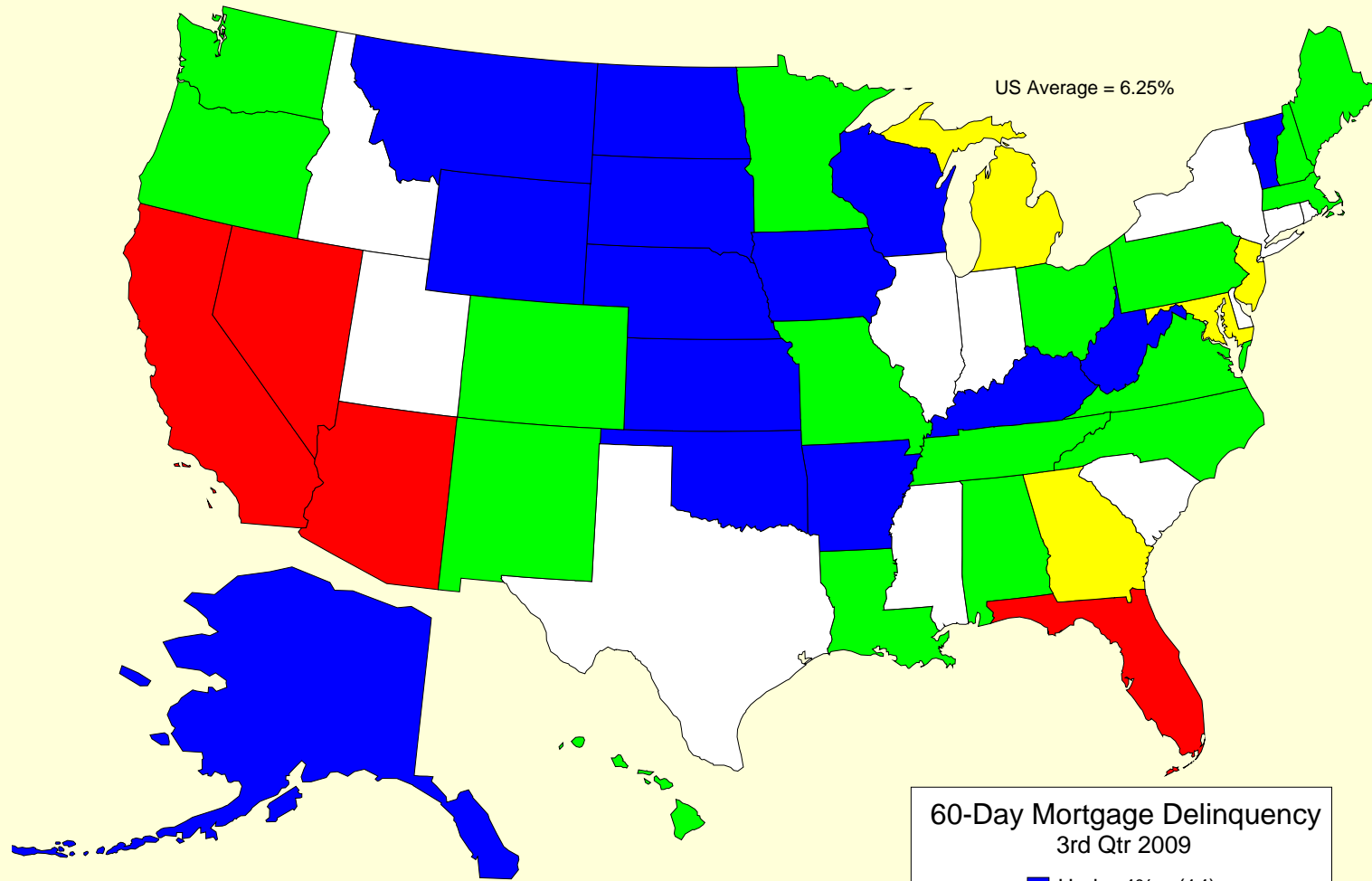


Eau Claire Home Values Faring Better than Wisconsin

1-Yr Change in FHFA Price Index, 3rd Qtr 2009



Wisconsin Mortgage Delinquencies in Bottom Quartile



Source: TransUnion.com December 8, 2009 release

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The Recovery Is Underway

Growth Resumed In Third Quarter 2009

4th Qtr 2009 Strongest Quarter in More than Six Years

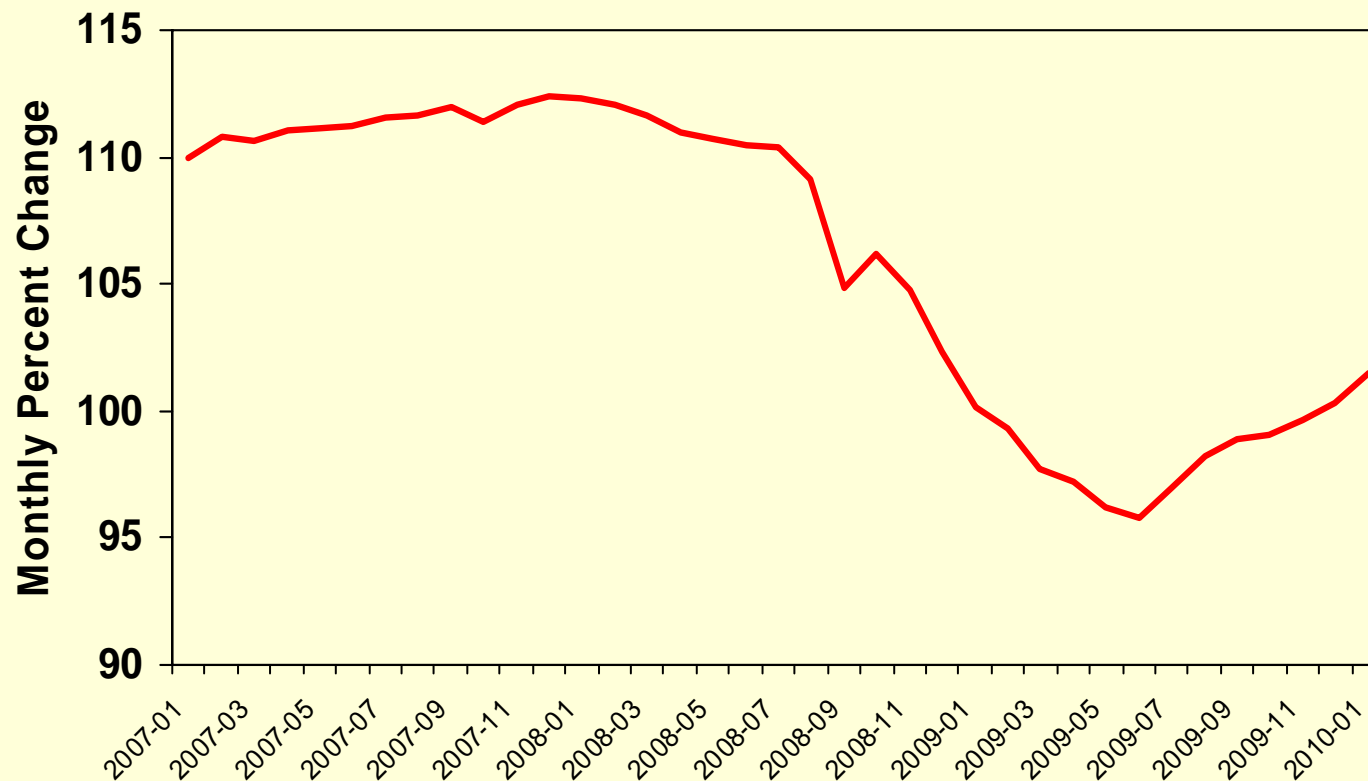


Source: Actual--Bureau of Economic Analysis; Forecast--Global Insight, Inc.

Shaded area indicates period of recession

Industrial Production Up 7 Consecutive Months

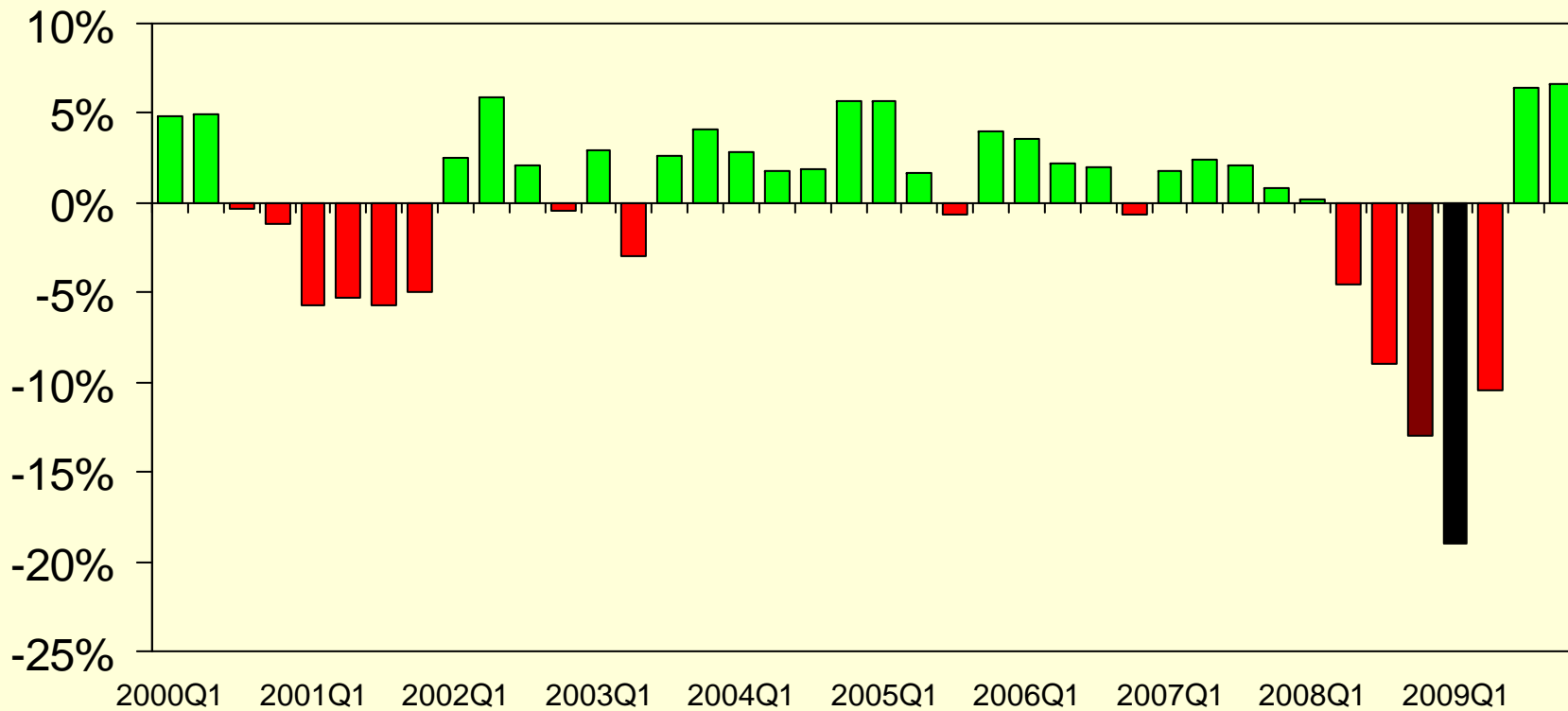
Industrial Production Index



Source: Federal Reserve Board of Governors

Strongest Gain in Manufacturing in Ten Years

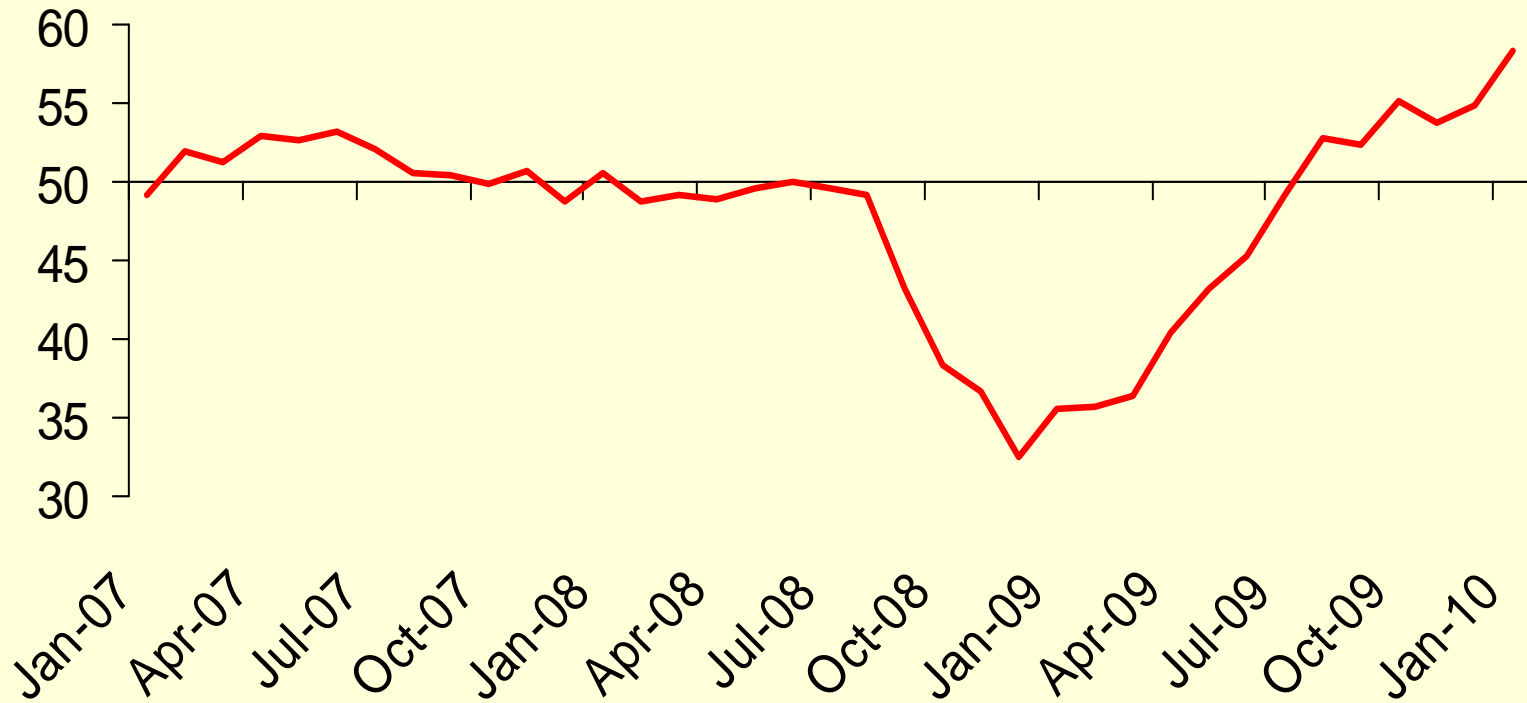
Industrial Production % Change From Prior Quarter SAAR



More Manufacturing Gains Underway

January ISM Index Strongest in Six Years

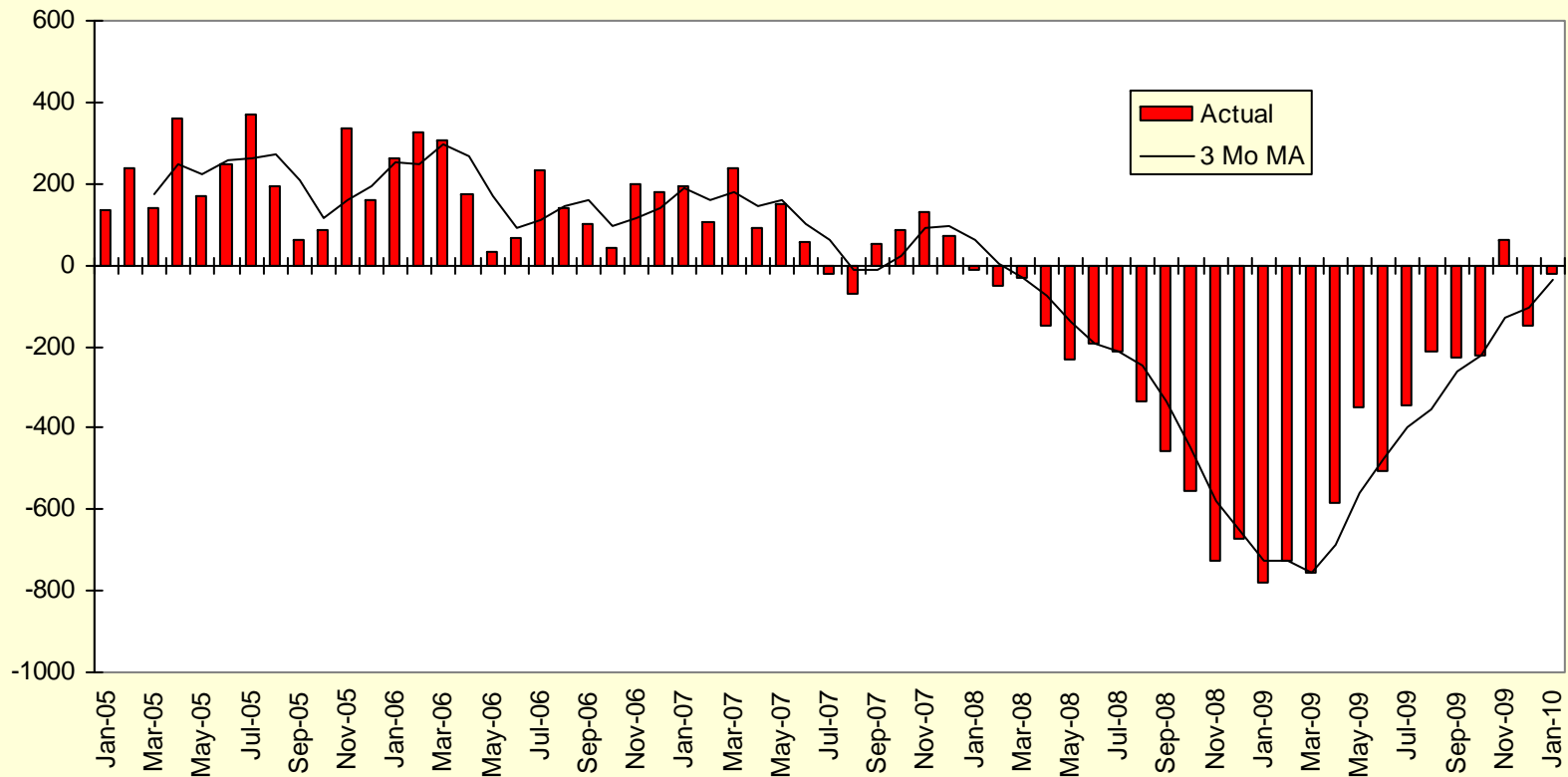
ISM Manufacturing Index



Source: Institute for Supply Management

National Employment Picture Near Break-Even in January

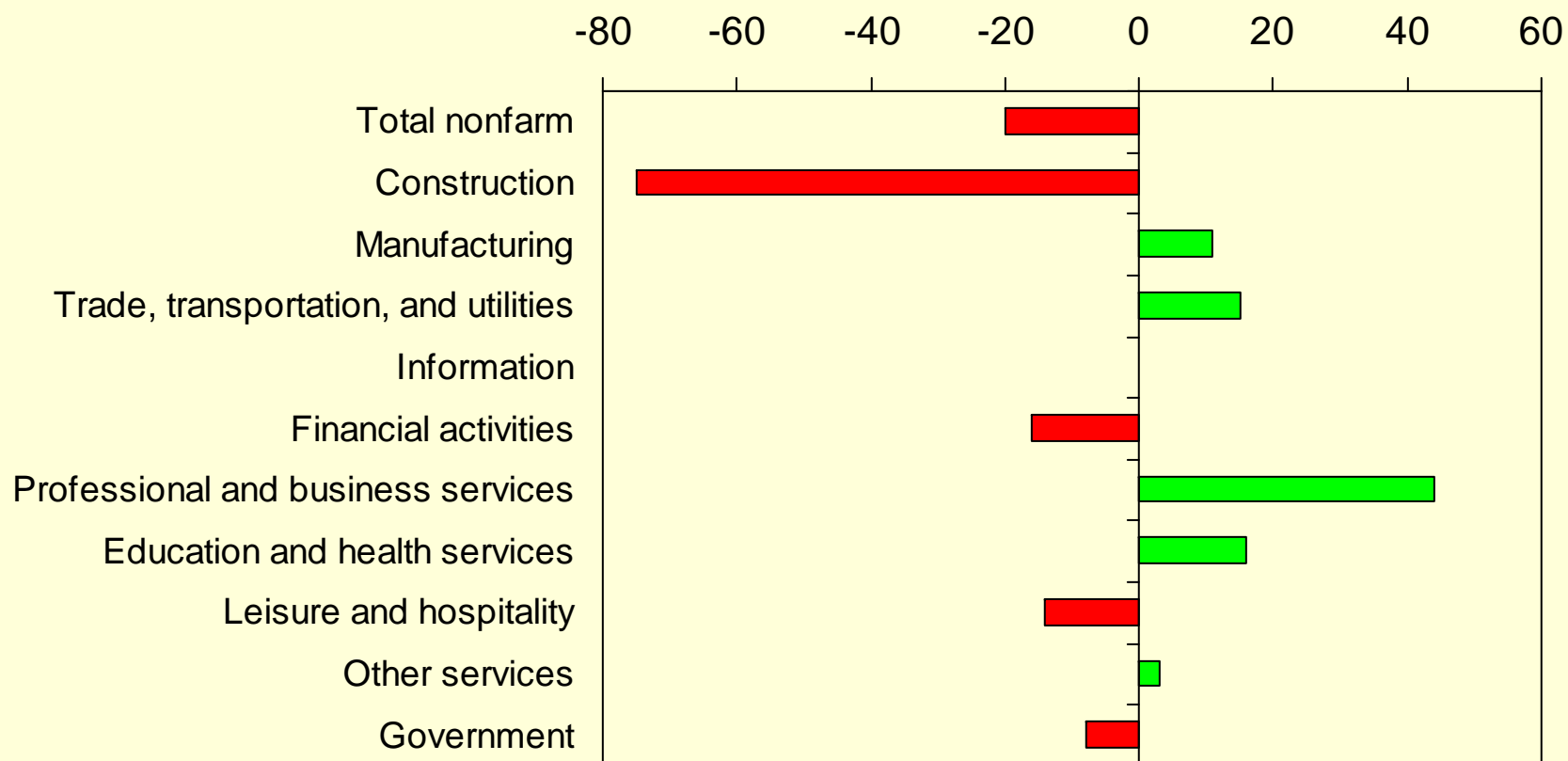
Change in US Nonfarm Employment



More Sectors Report Job Growth

January 2010 US Employment Release

Nonfarm Employment in Thousands, Change From Prior Month

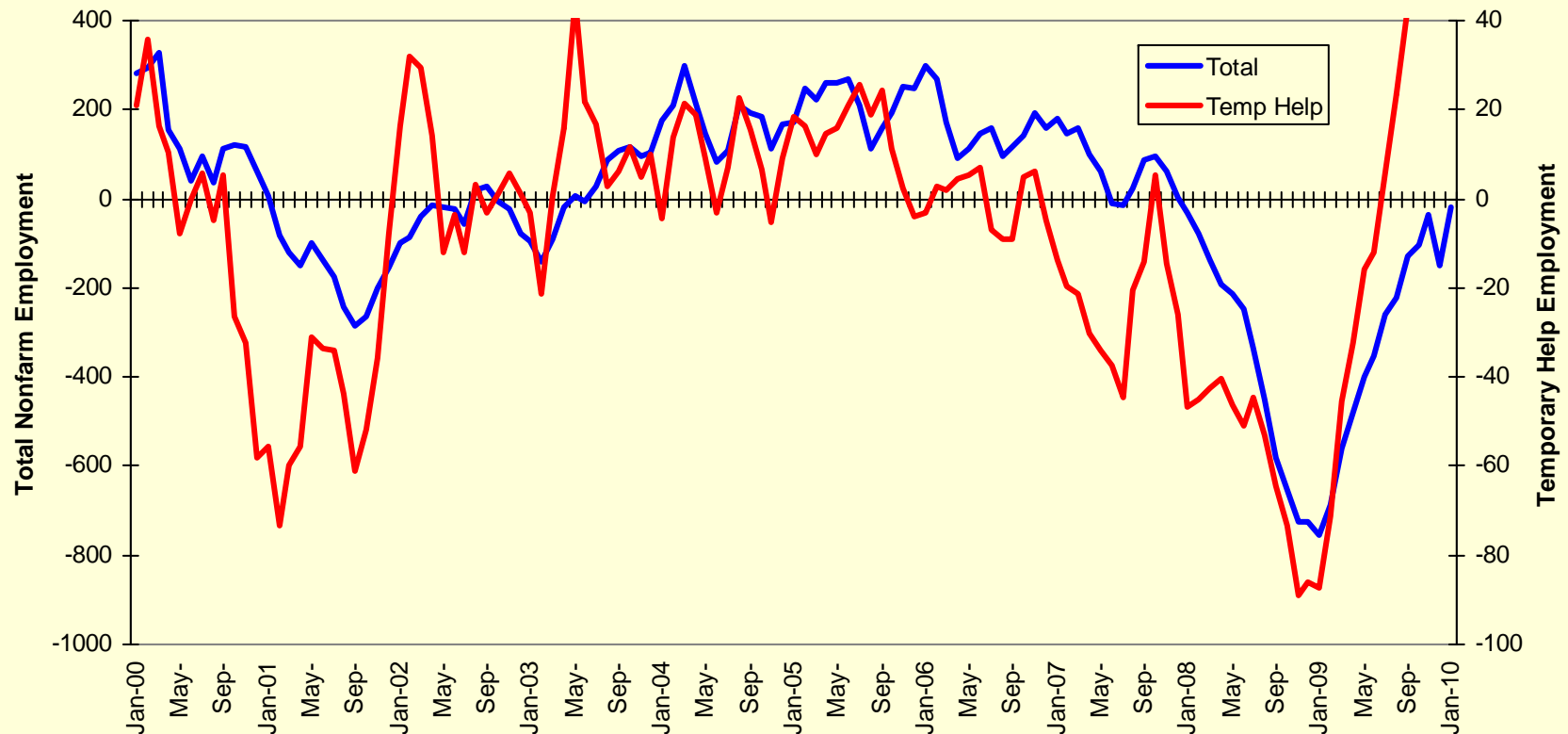


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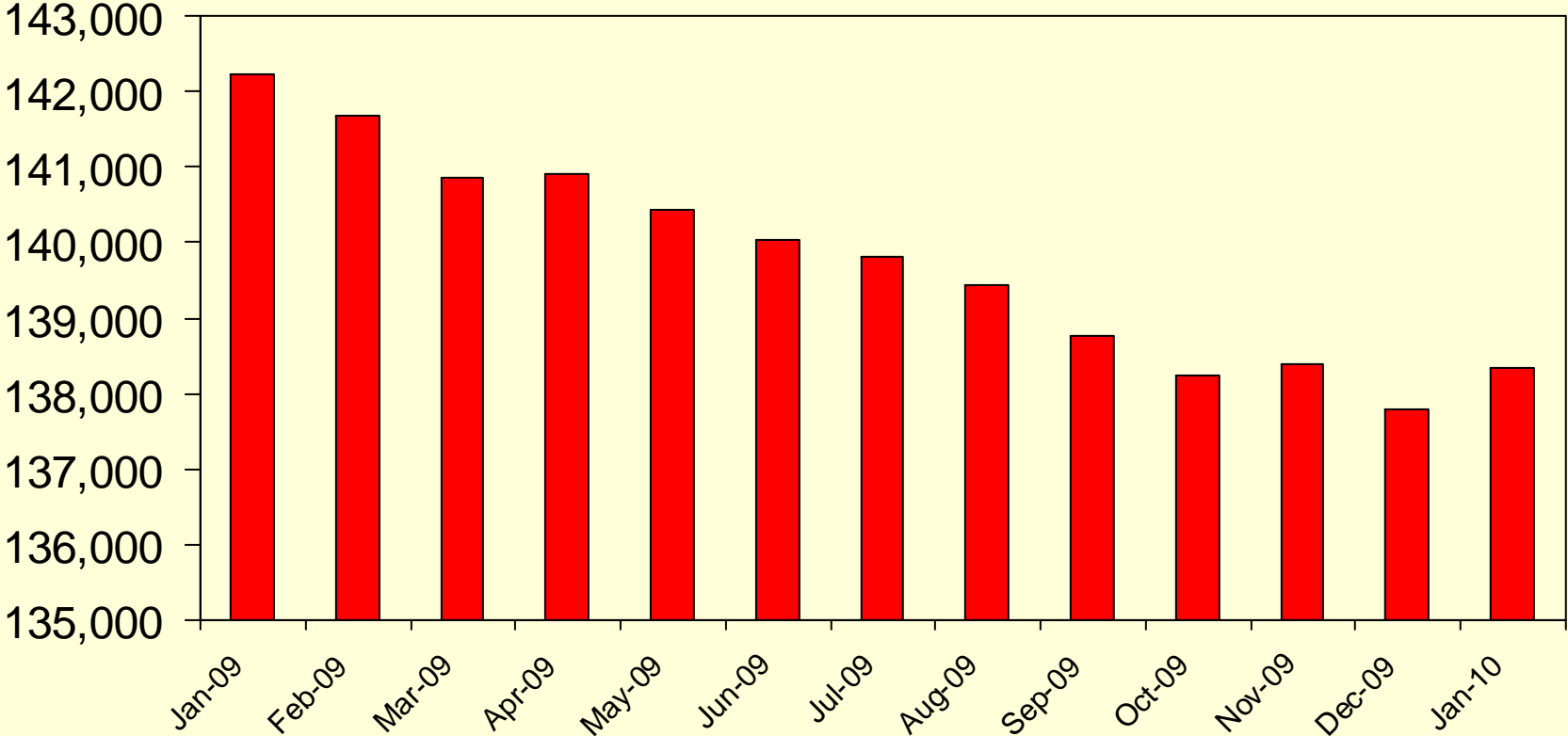
Temporary Help As Leading Indicator for Total Job Market

Change in Employment in Thousands, Three Month Moving Average



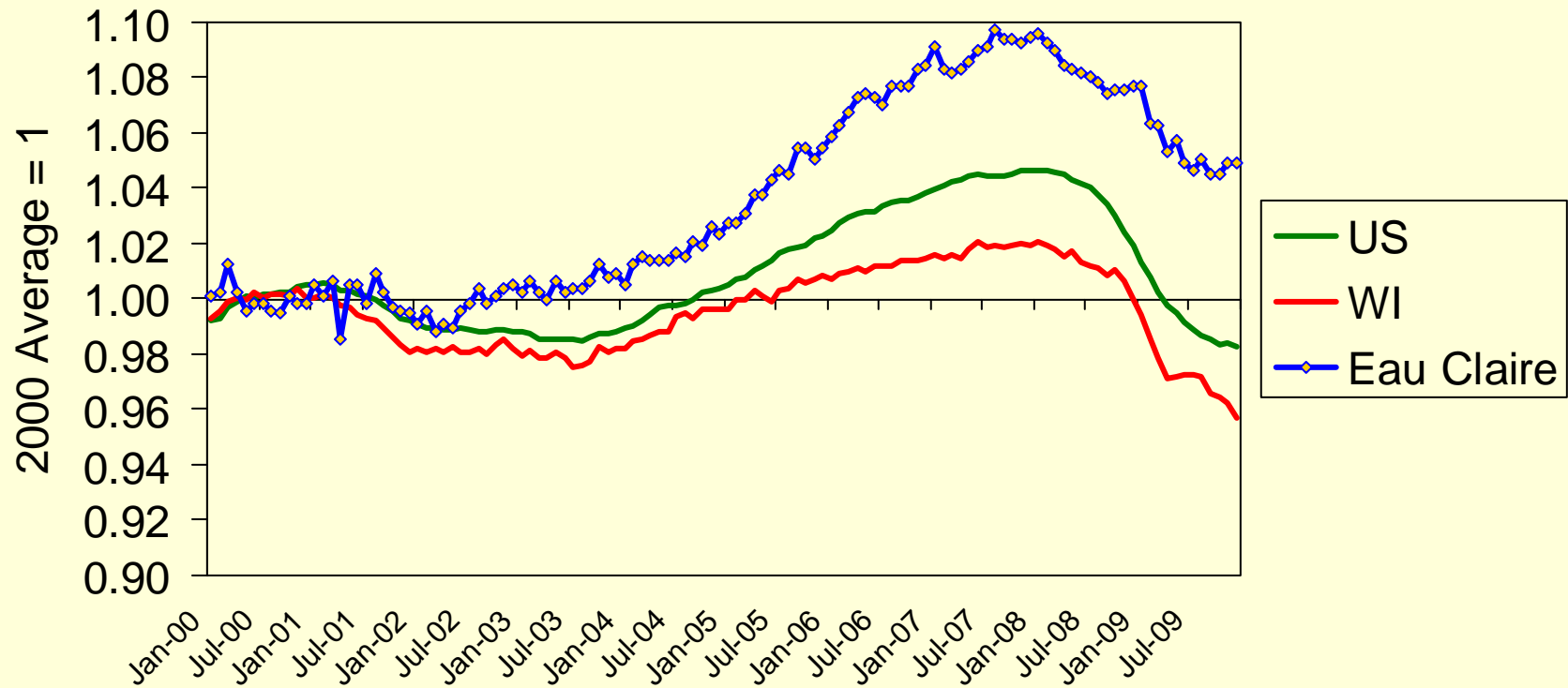
Employment Rising in Household Survey

Total Employment, Household Survey, in Thousands

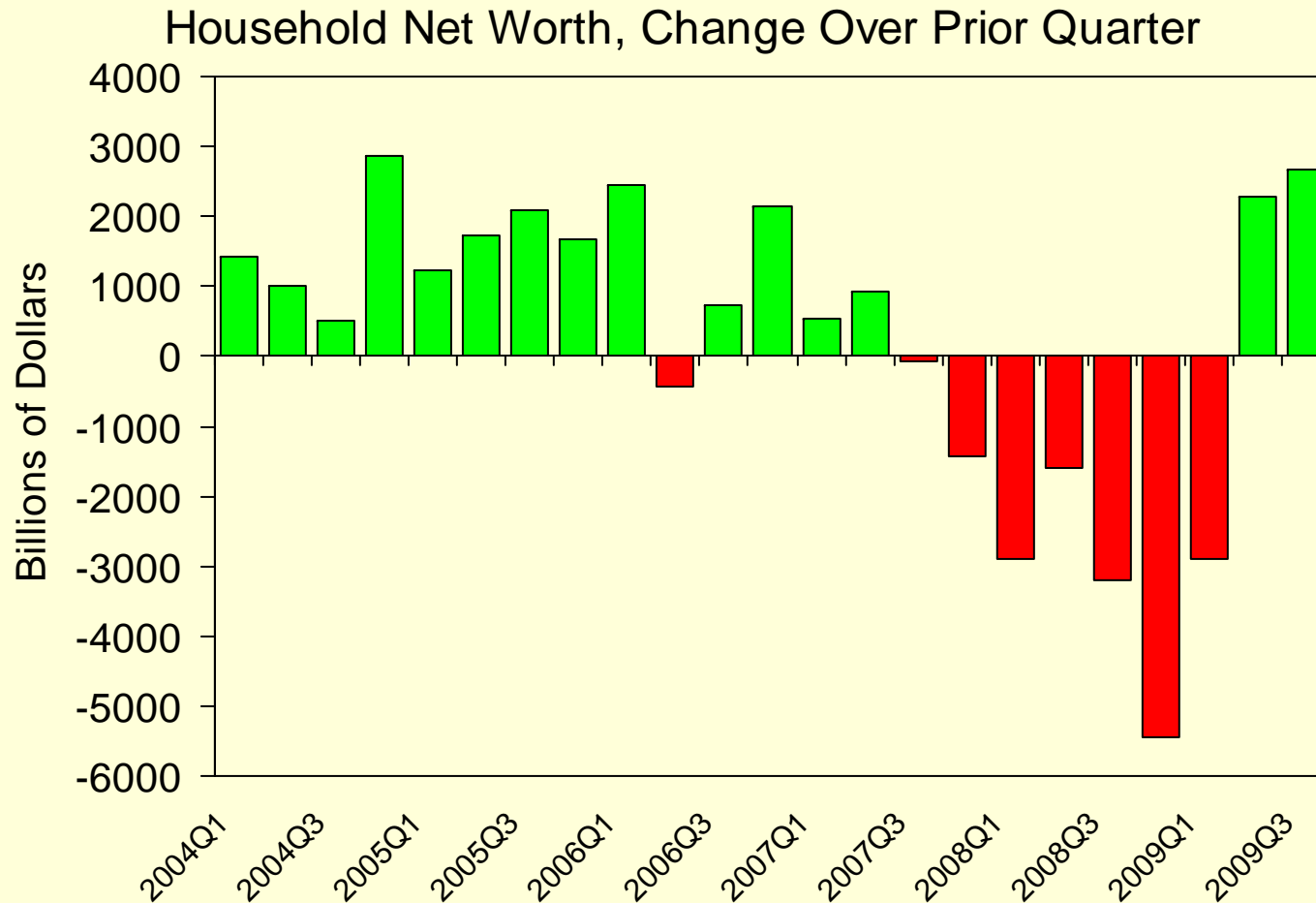


Eau Claire Significantly Outperformed Wisconsin & US in 2000s

Nonfarm Employment Relative to 2000 Average



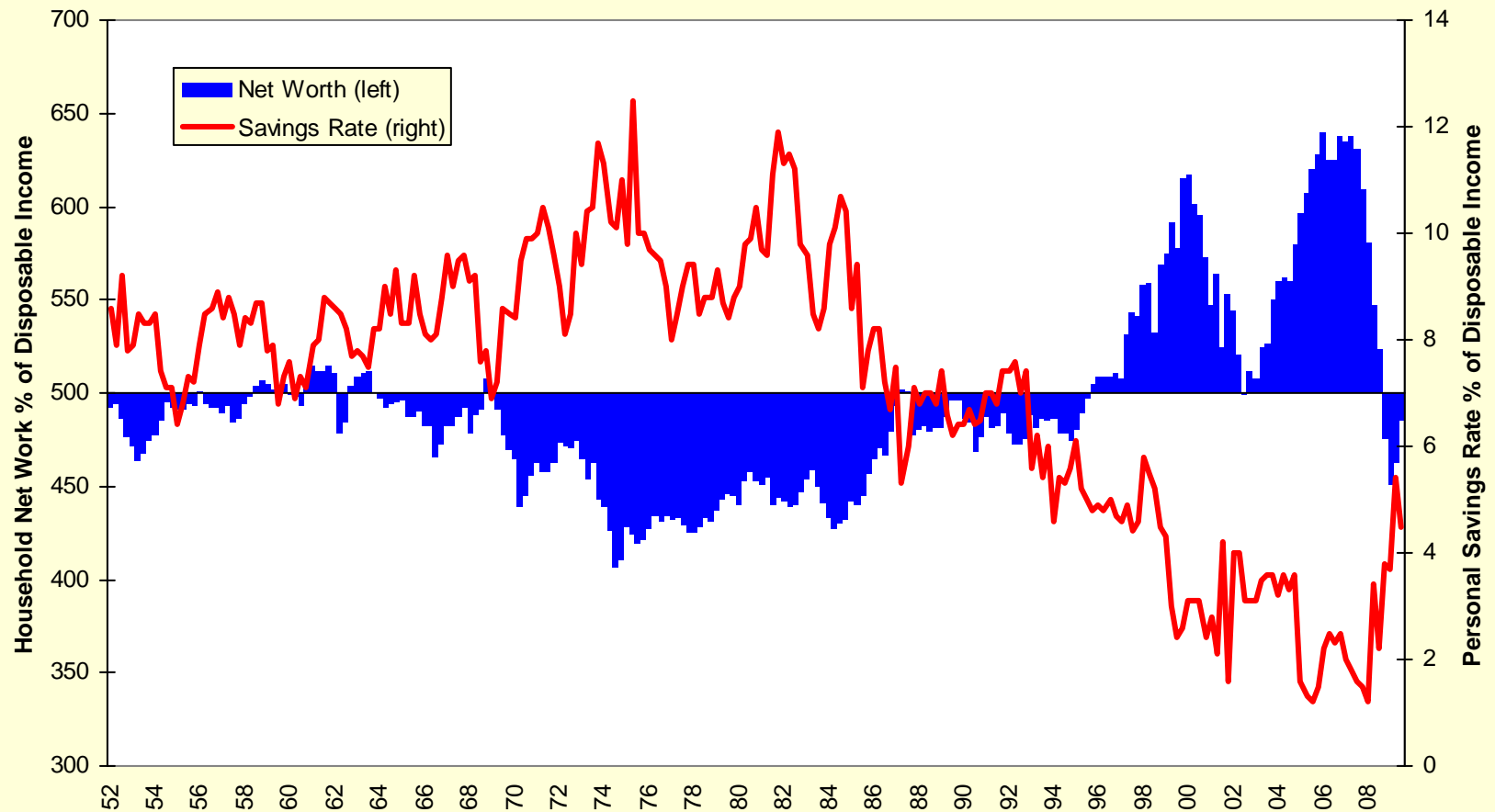
Household Net Worth Up \$5 Trillion Total for 2nd and 3rd Quarters 2009



Source: Federal Reserve Board of Governors

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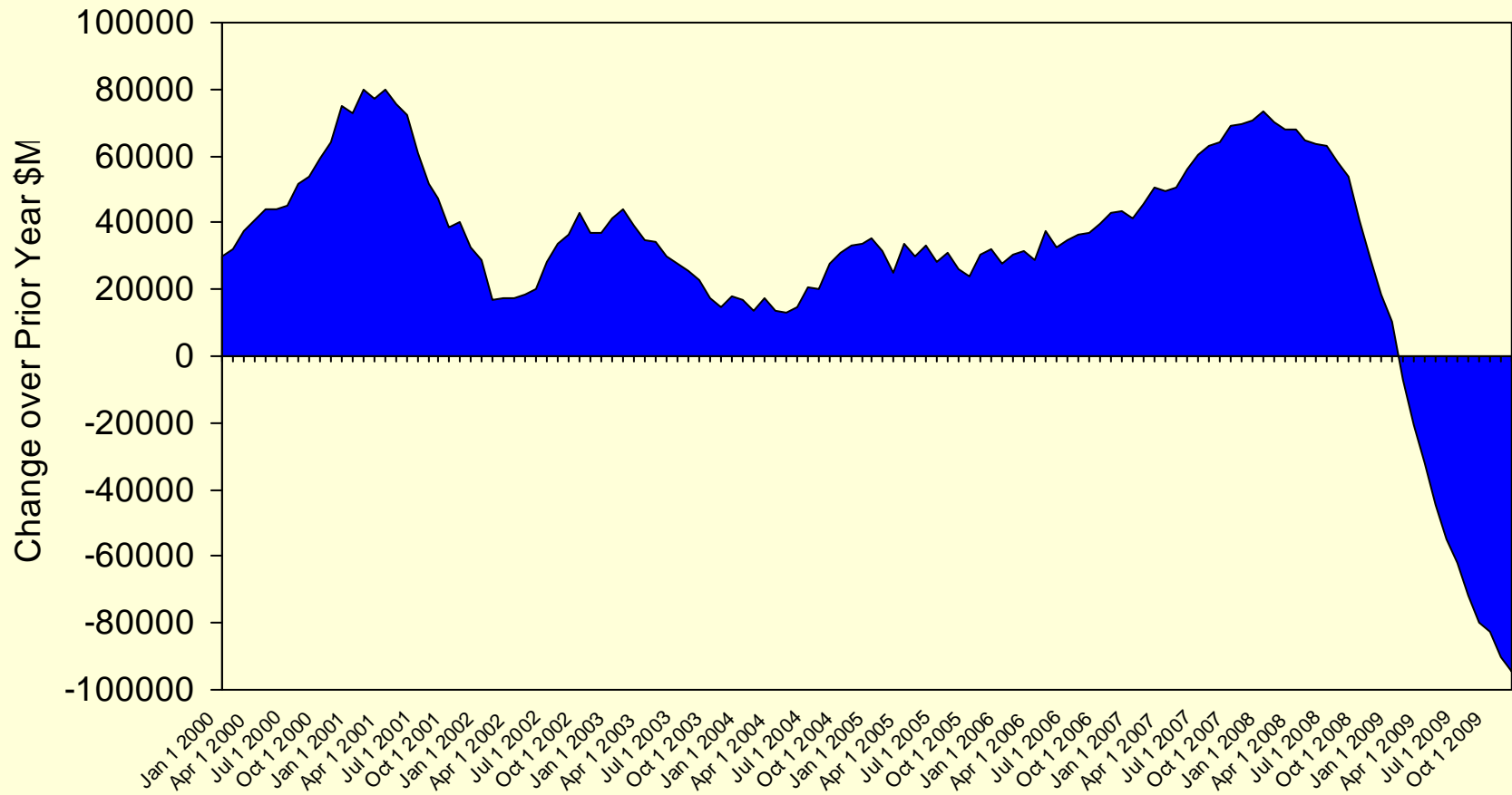
Wealth Effects on Consumption Are Channeled Through Changes in Savings Rate



Sources: Federal Reserve Board of Governors, U.S. Bureau of Economic Analysis

Consumers Paying Down Credit Cards

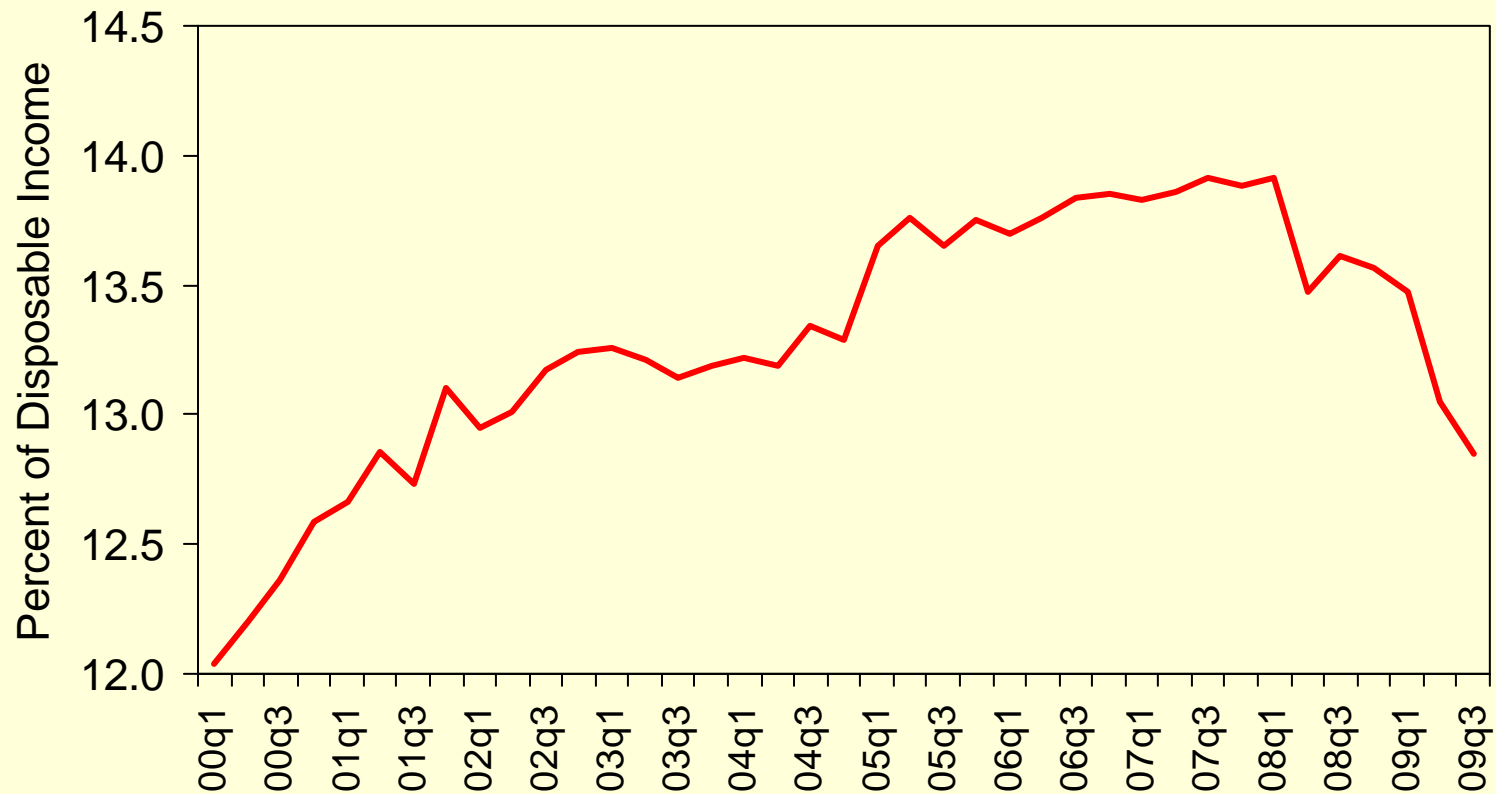
Revolving Credit is Dropping Rapidly



Consumers De-leveraging

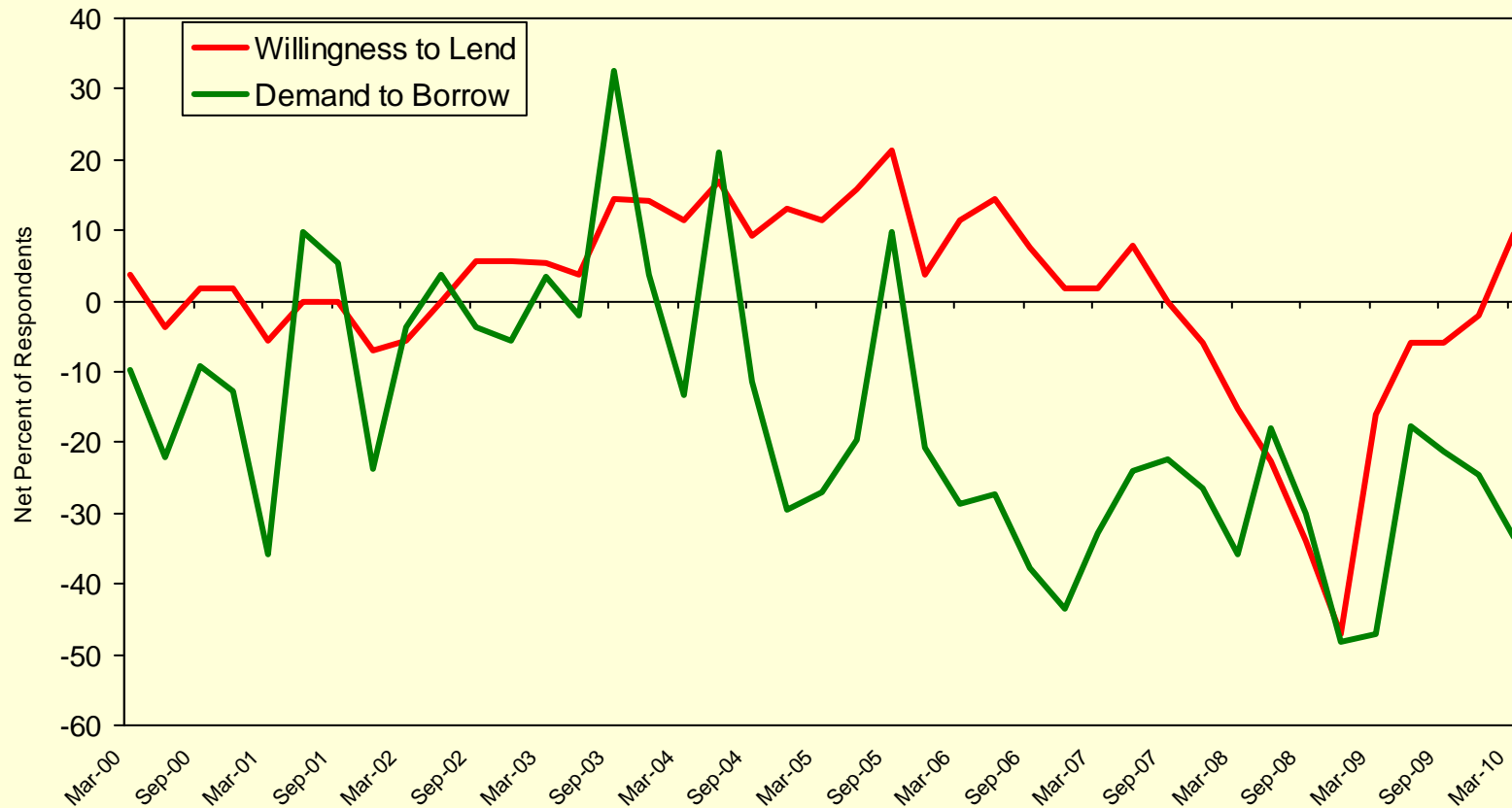
Debt Service Ratio Back to 2002 Levels

Household Debt Service Ratio



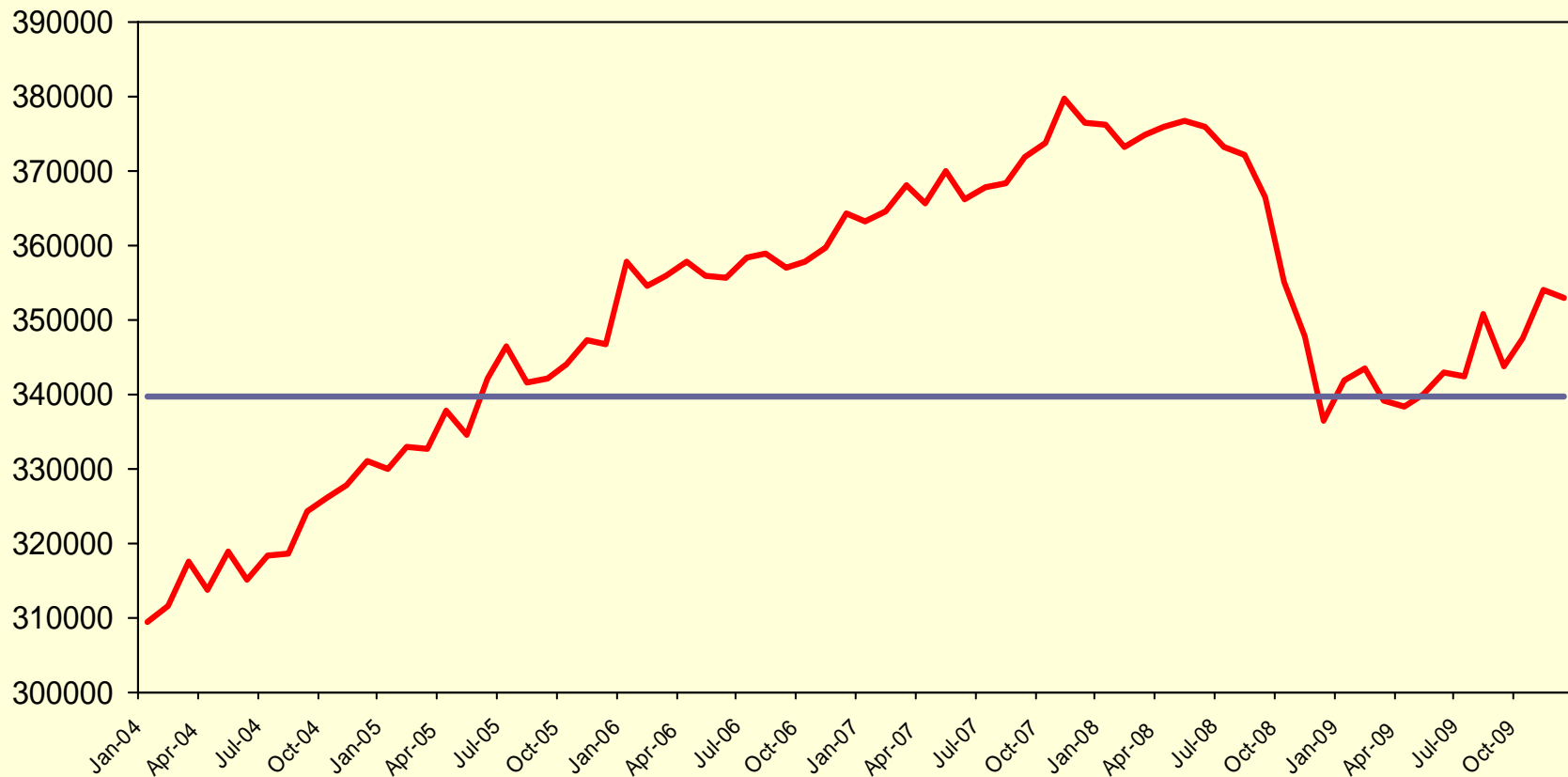
Decline in Consumer Loans Reflect Lack of Demand to Borrow

FRB Survey of Senior Loan Officers--Consumer Lending Practices



Retail Sales On the Rise

US Total Retail Sales in Millions of Dollars

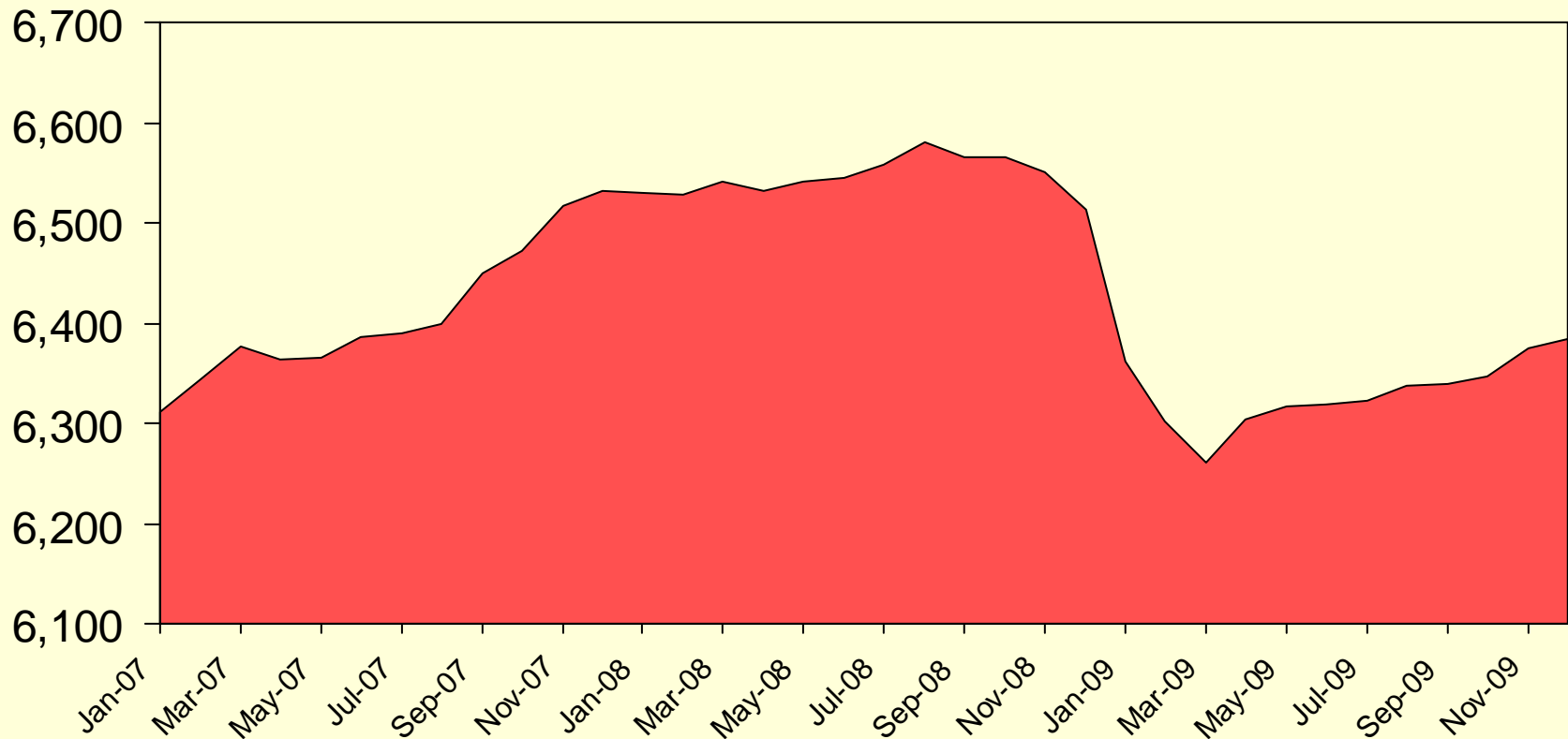


Source: U.S. Department of Commerce, Bureau of the Census

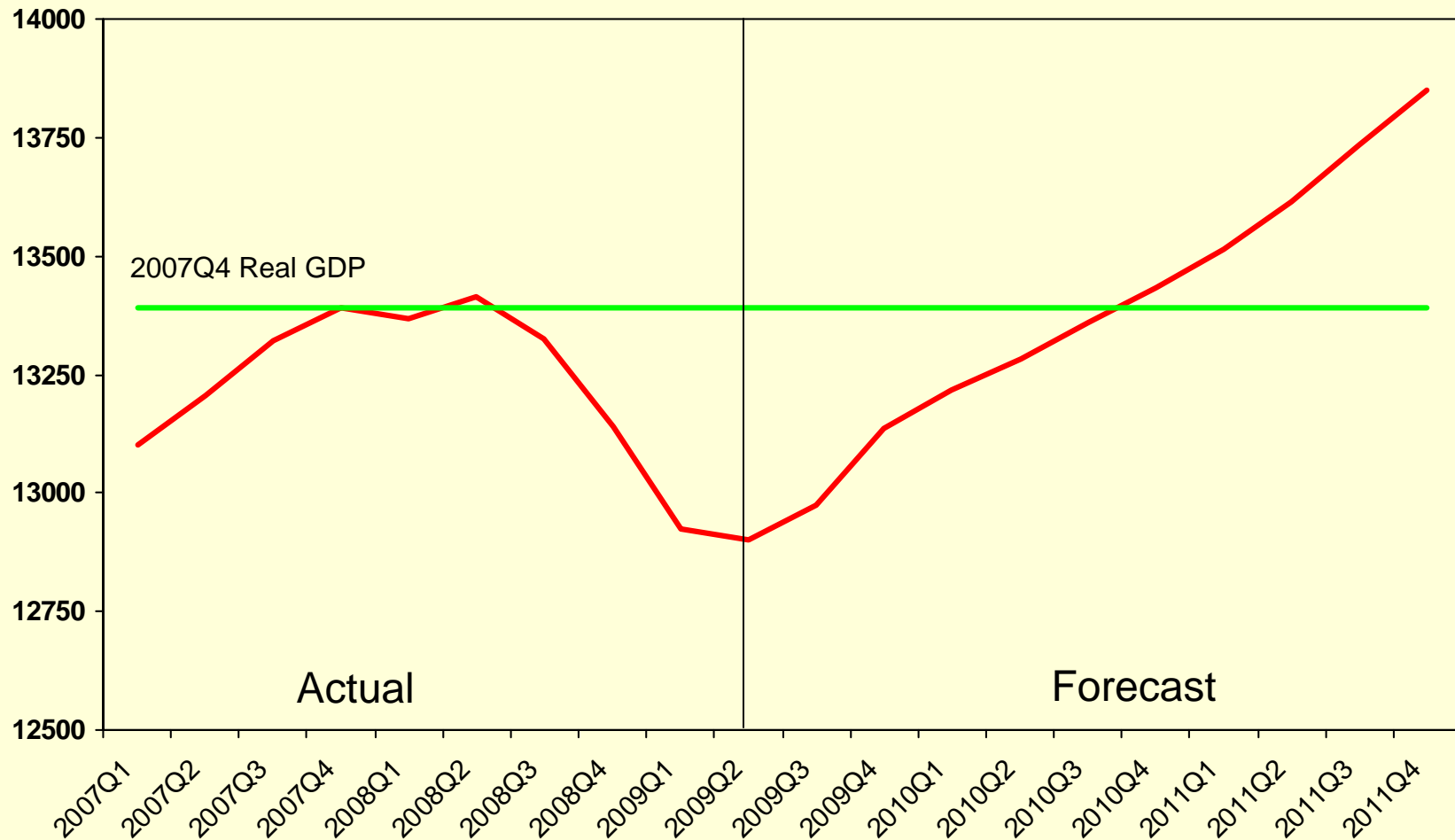
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Incomes on the Rise Since June

US Wages and Salaries, billions of dollars



Full Recovery Will Not Be Complete Until 1st Qtr 2011



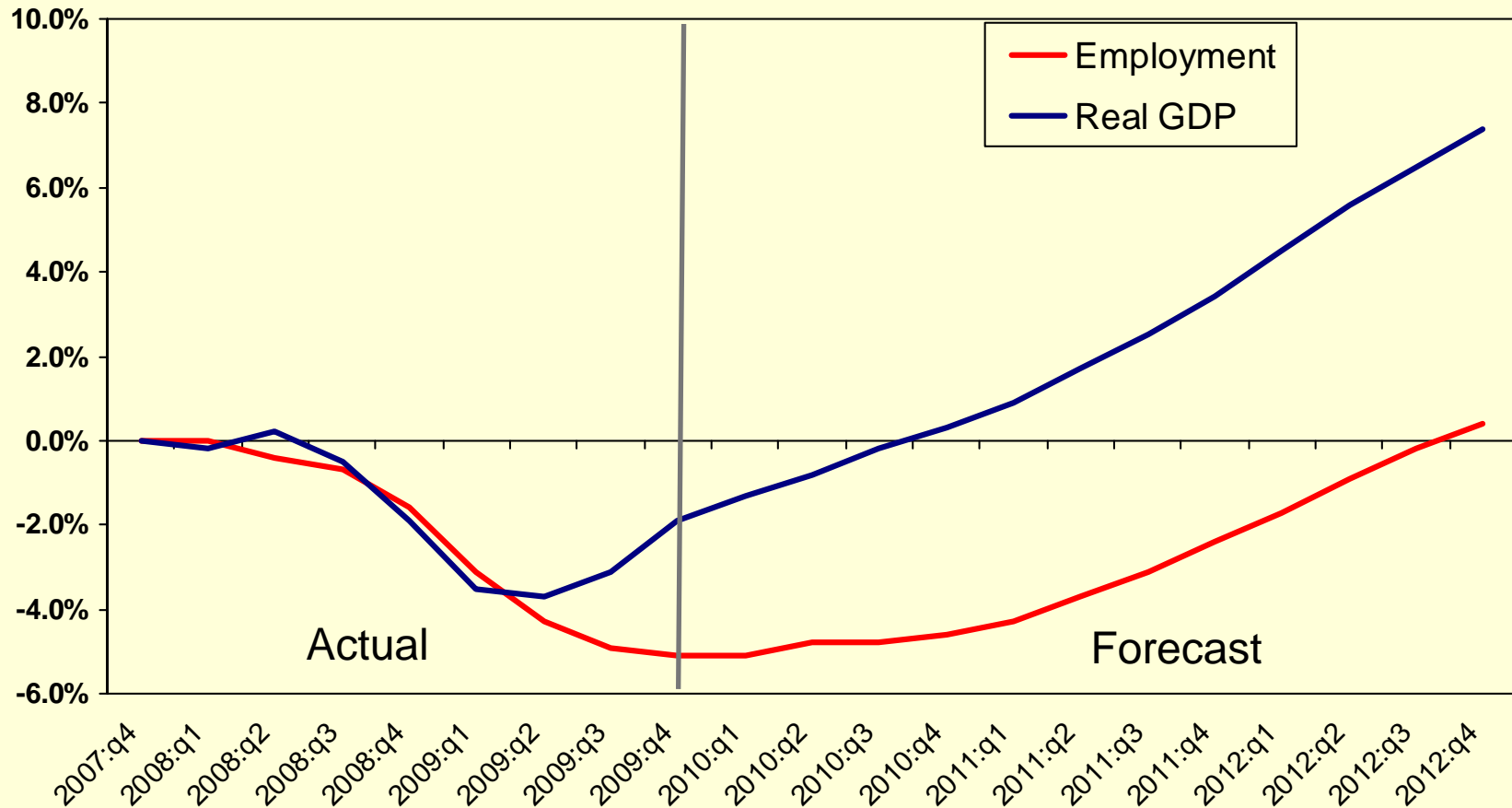
Sources: US Bureau of Economic Analysis

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Job Recovery Takes Even Longer

Employment Will Not Return to Pre-Recession Levels Until 2012

Cumulative Change From 4th Quarter 2007

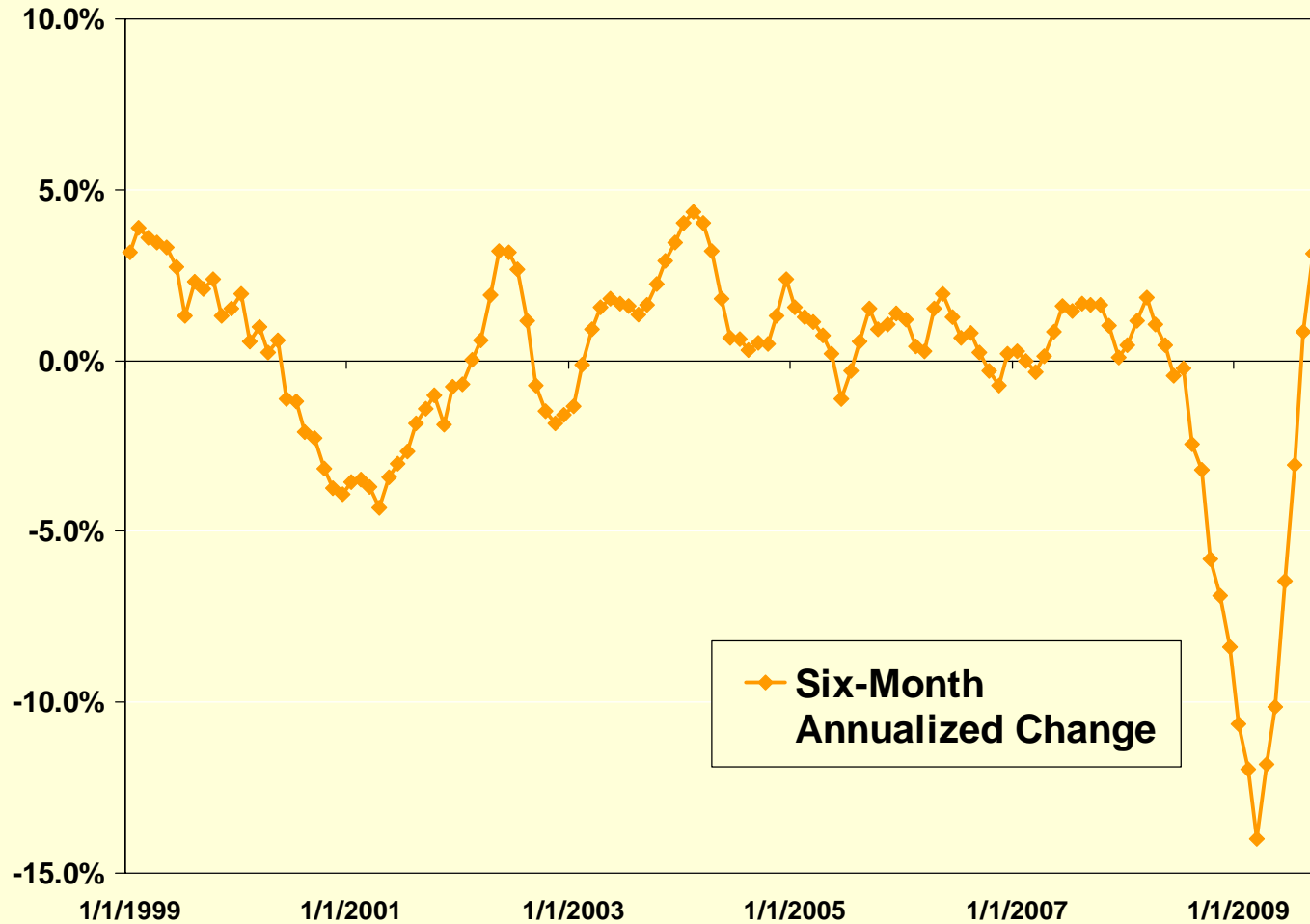


Sources: US Bureau of Labor Statistics, Current Employment Statistics (CES); US Bureau of Economic Analysis, Global Insight

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Wisconsin will Outpace US
growth in 2010.

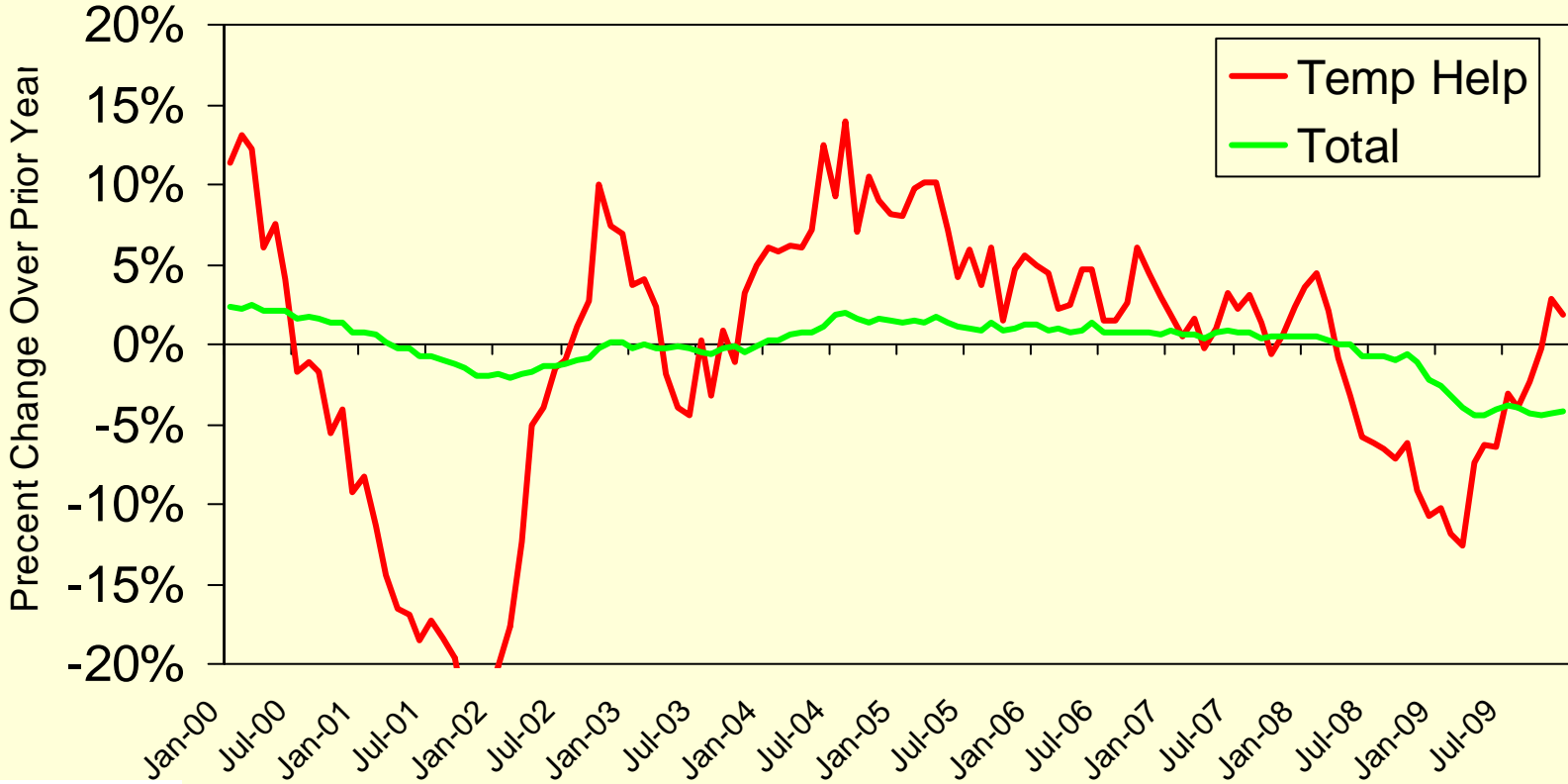
Wisconsin Leading Indicator Six-Month Annualized Change



Temporary Help Hiring a Leading Indicator for the Labor Market

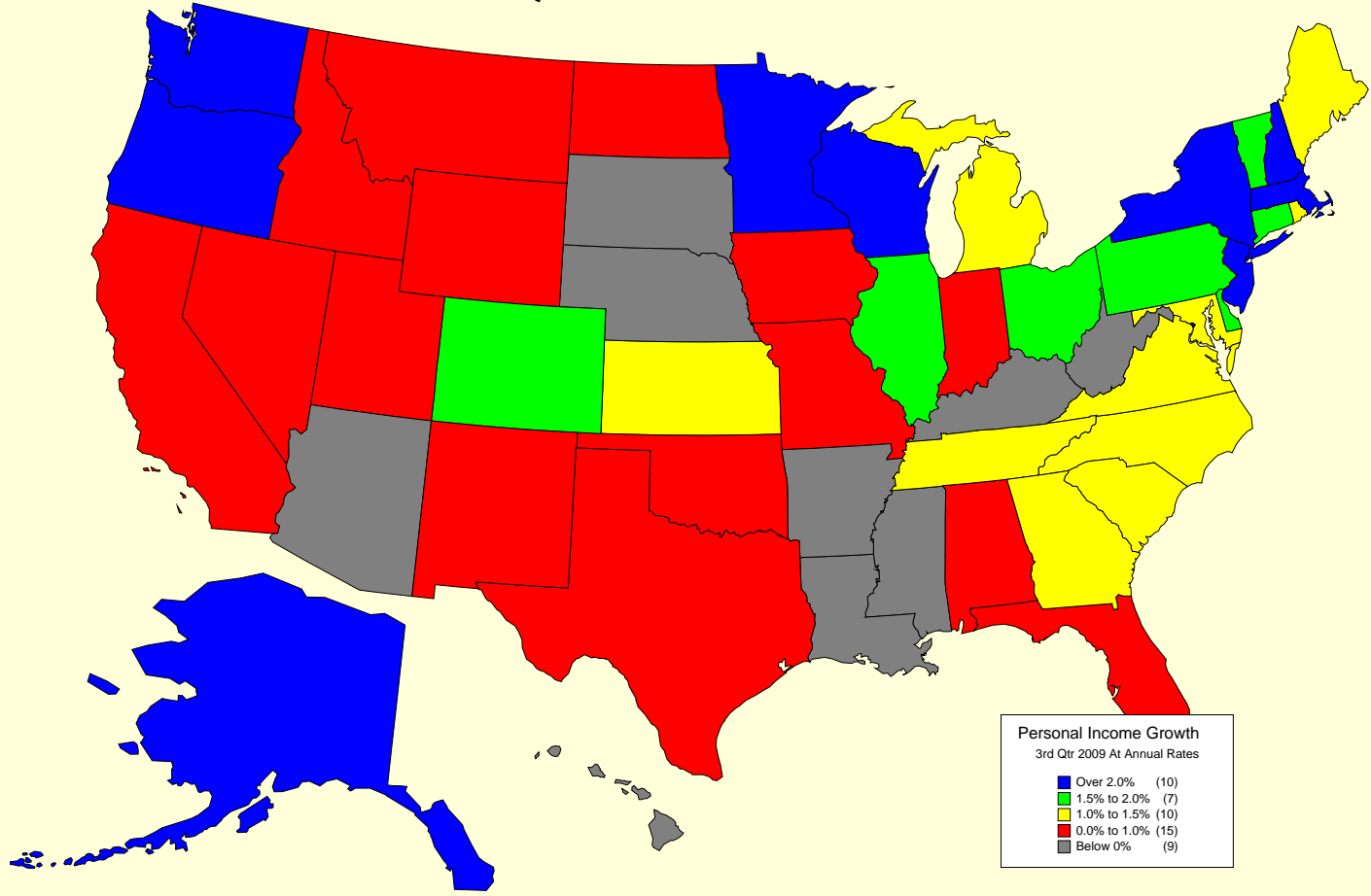
Wisconsin's Turned Positive Two Months Ago

Wisconsin NonFarm Employment, Temp v Total

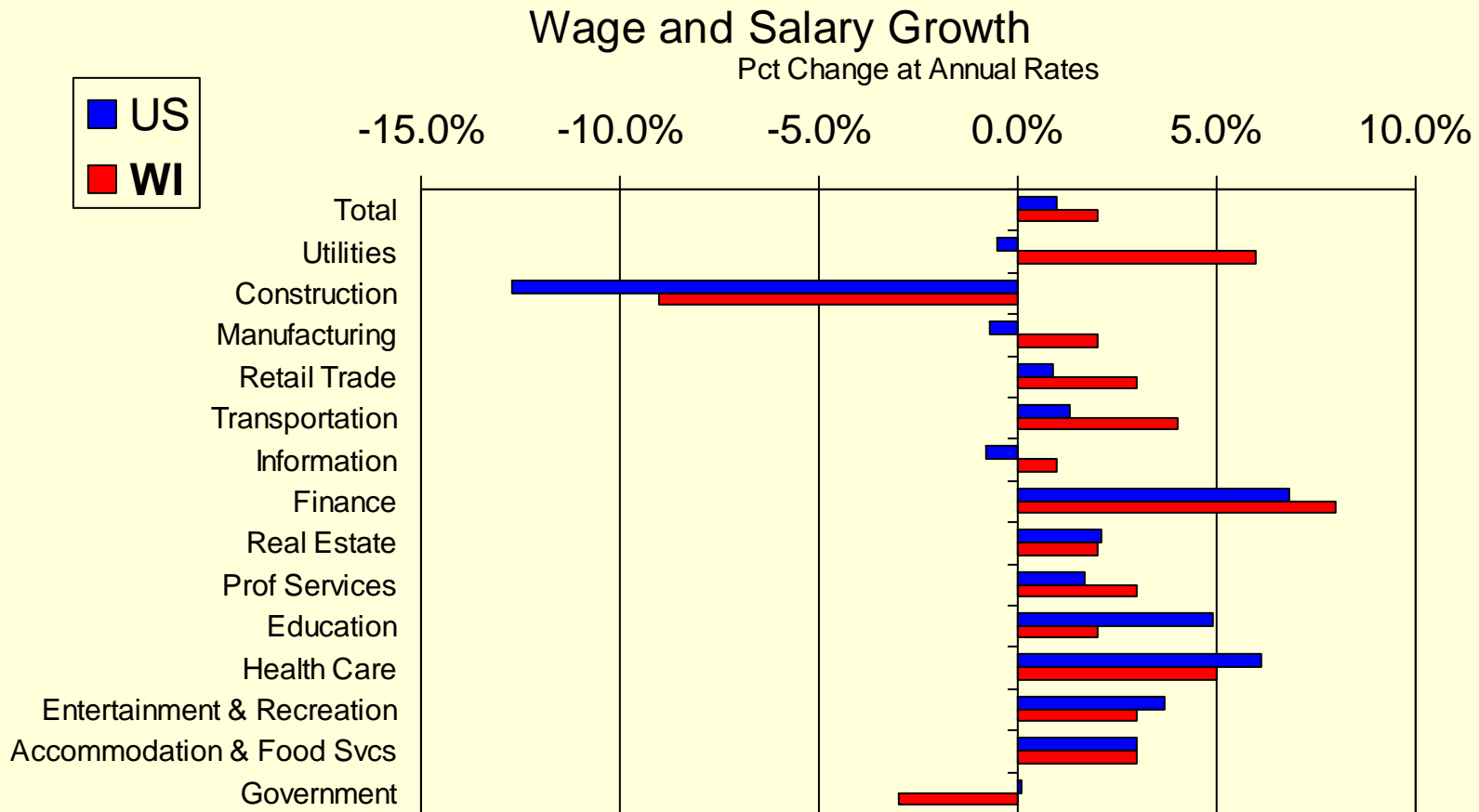


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Wisconsin Ranks 5th in Income Growth 3rd Quarter 2009

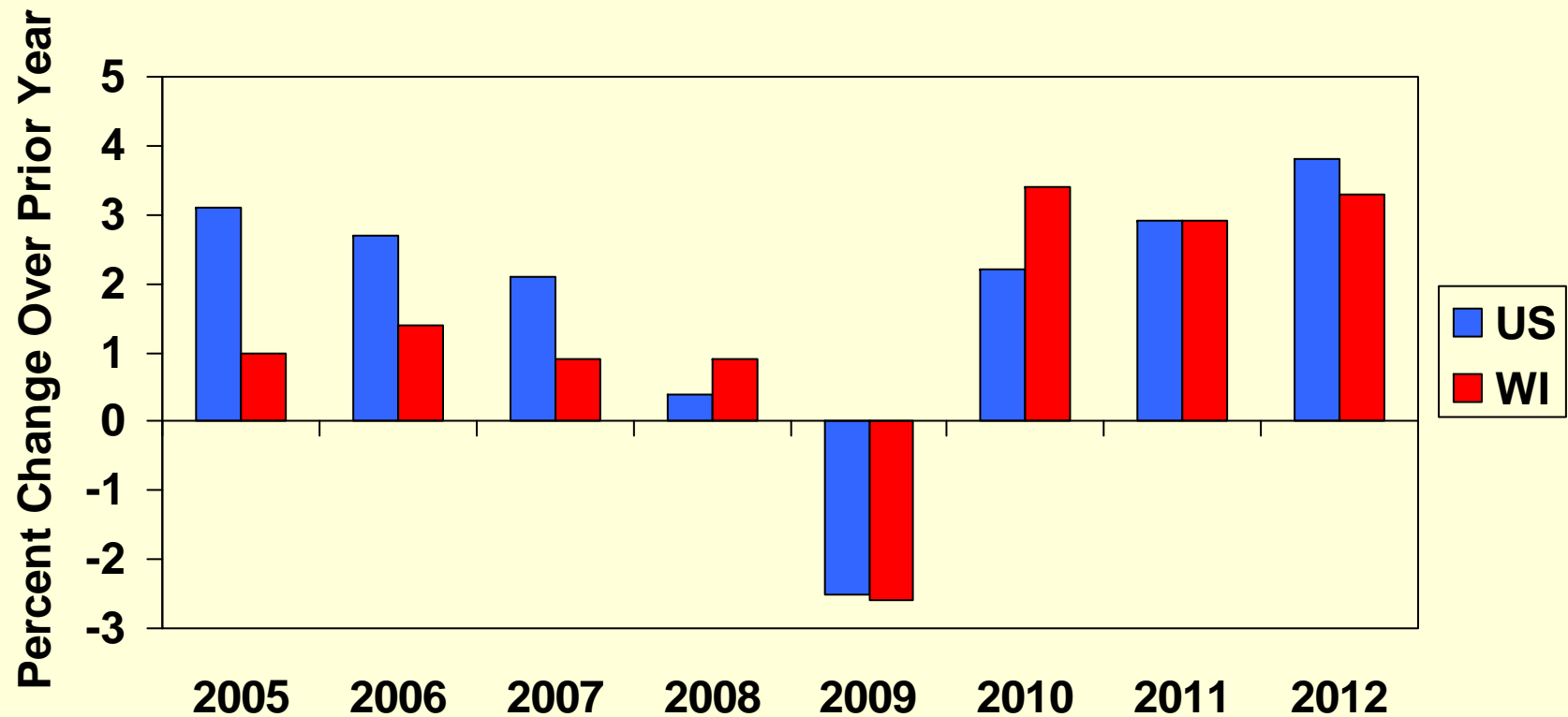


Wisconsin Outperformed Rest of Country in 3rd Quarter 2009

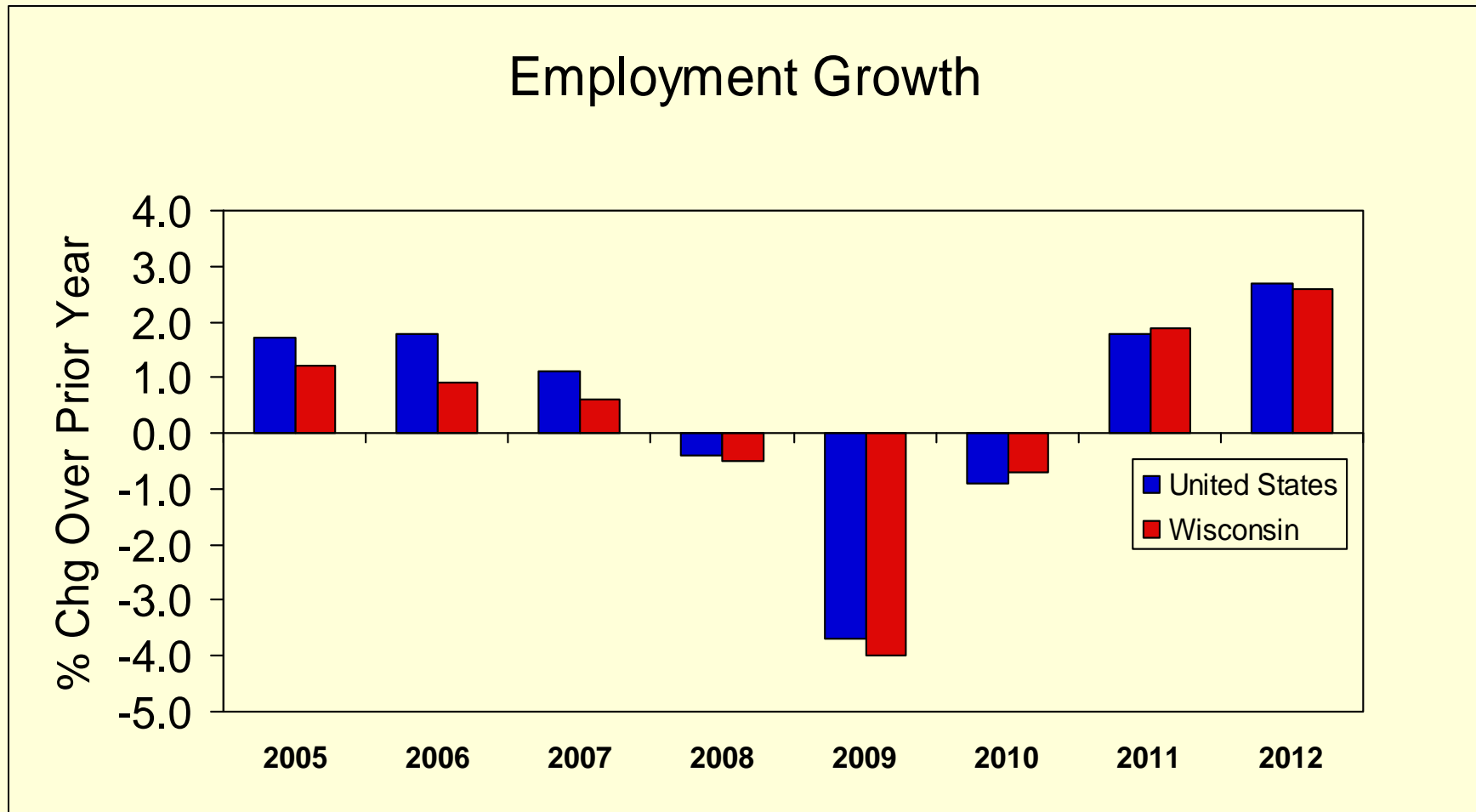


GDP: Wisconsin Outperforms in 2010

Real GDP

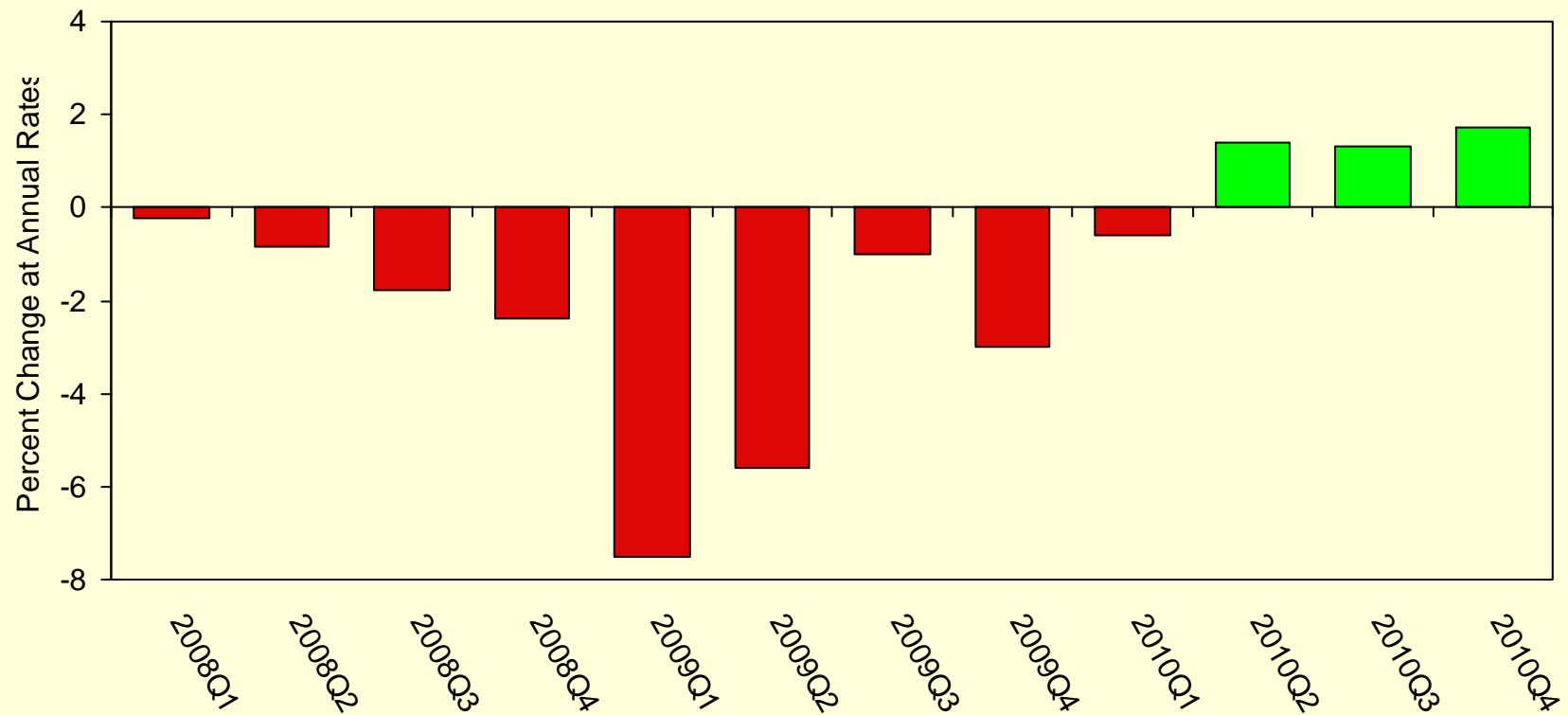


Wisconsin Employment Prospects Improve in 2010 and 2011



Net Hiring Resumes Early 2010

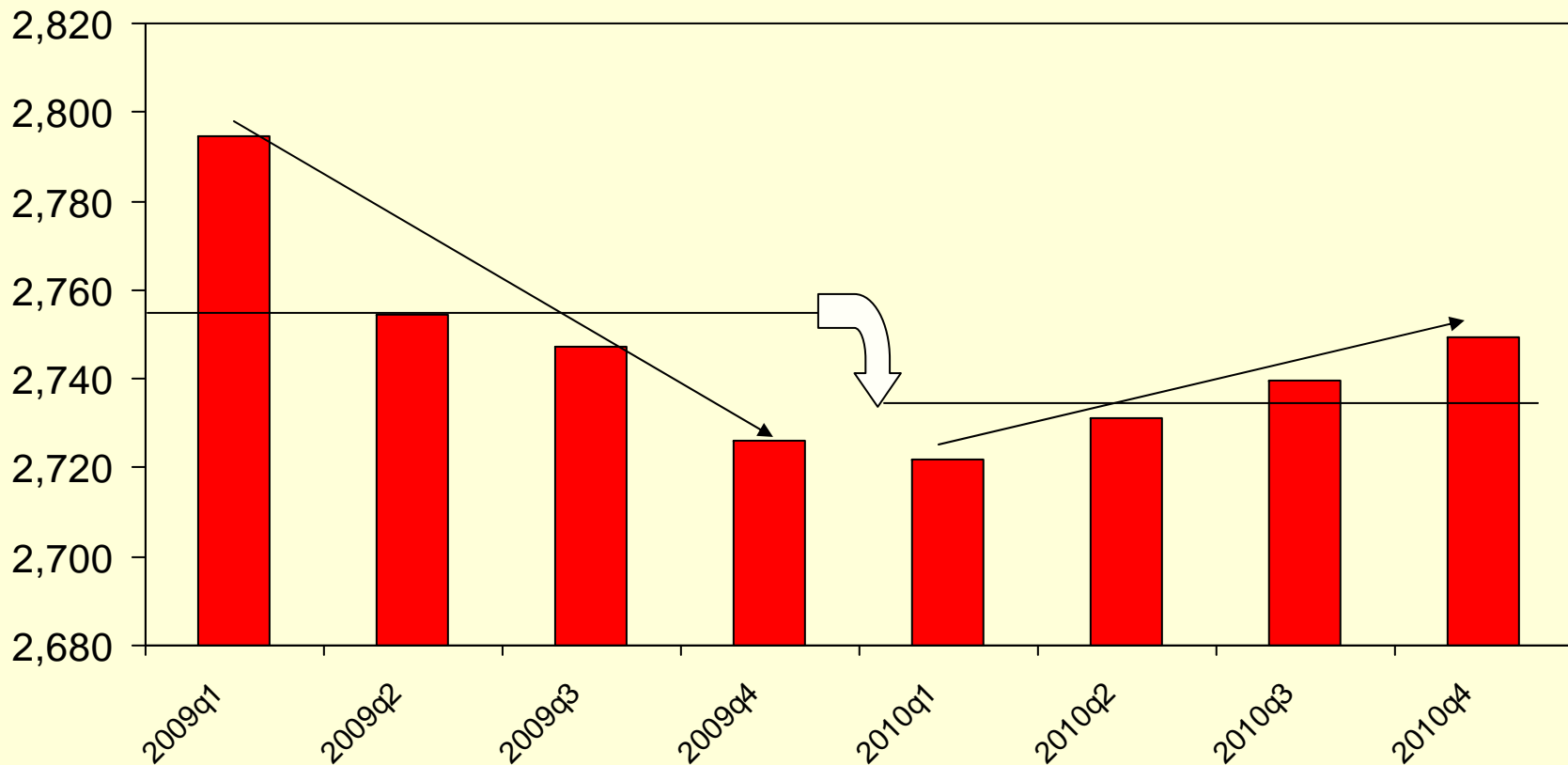
Wisconsin Employment Growth



Q: How Can Annual Employment Fall if Employment is Rising?

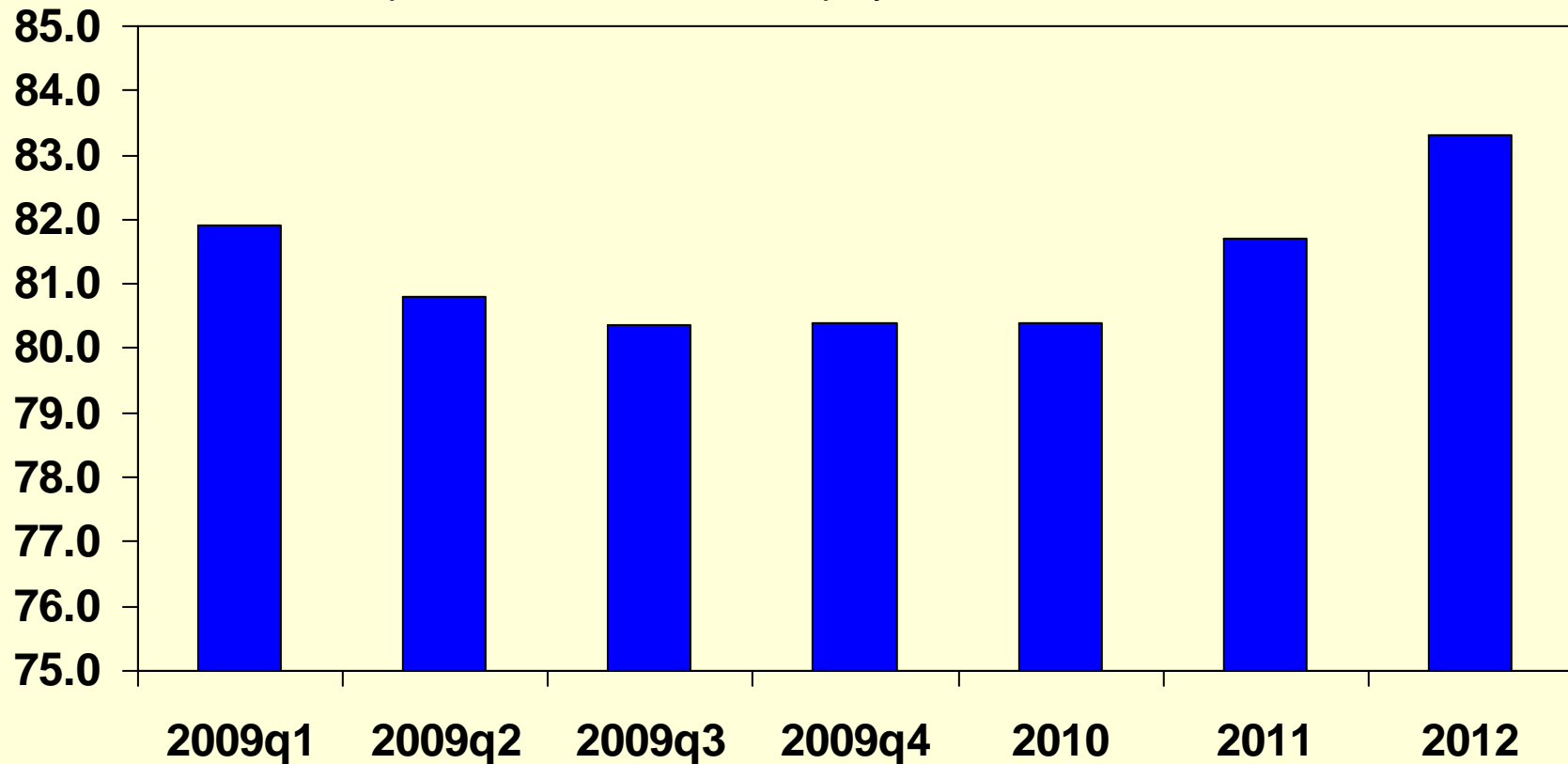
A: Growth proceeds from a very low starting point.

Wisconsin Nonfarm Employment in Thousands SA



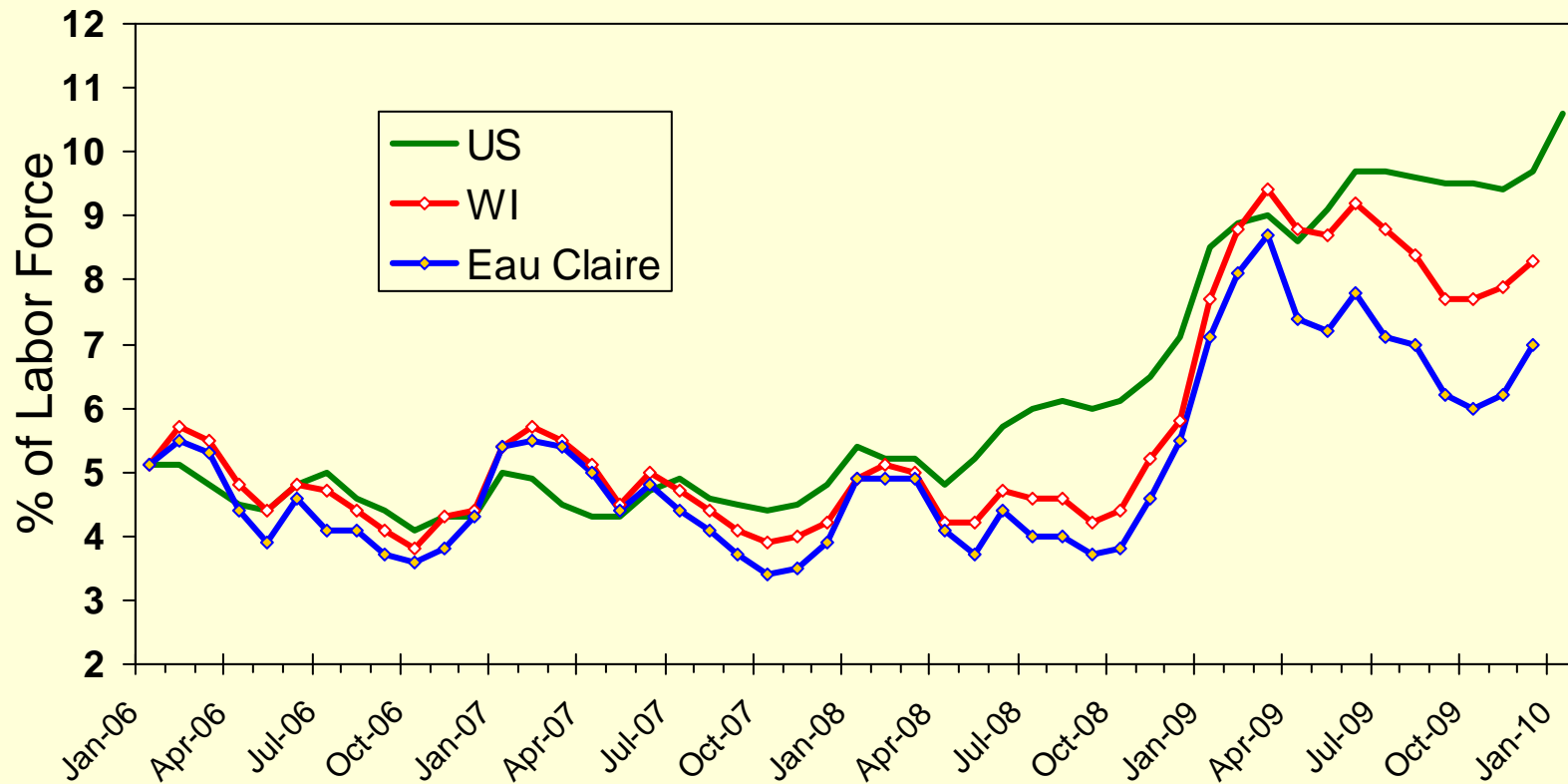
Eau Claire Job Outlook Stable for 2010, Growth in 2011 & 2012

Metropolitan Area Nonfarm Employment in Thousands, SA

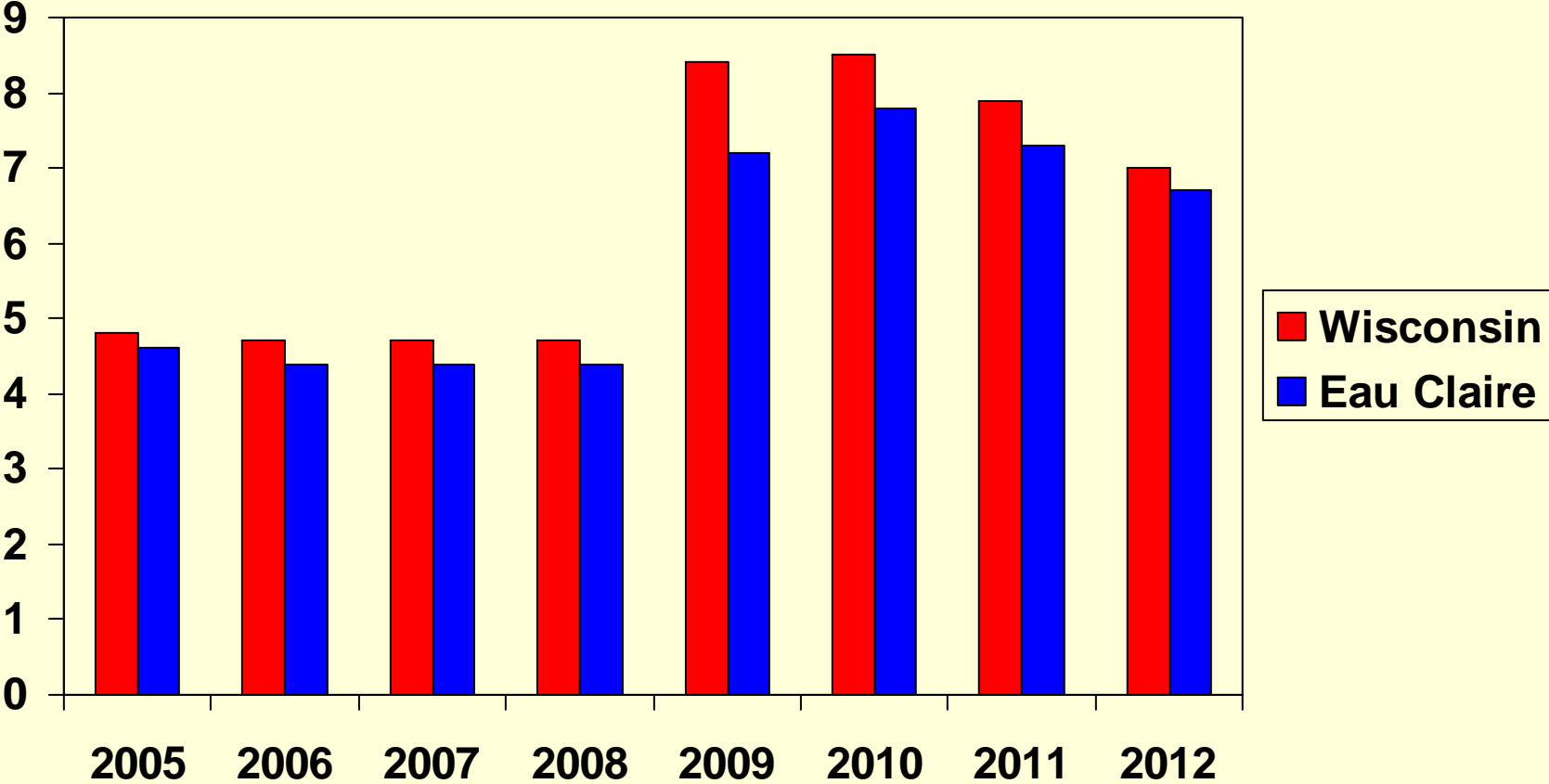


Eau Claire Unemployment Rate Dropped Since Spring 2009

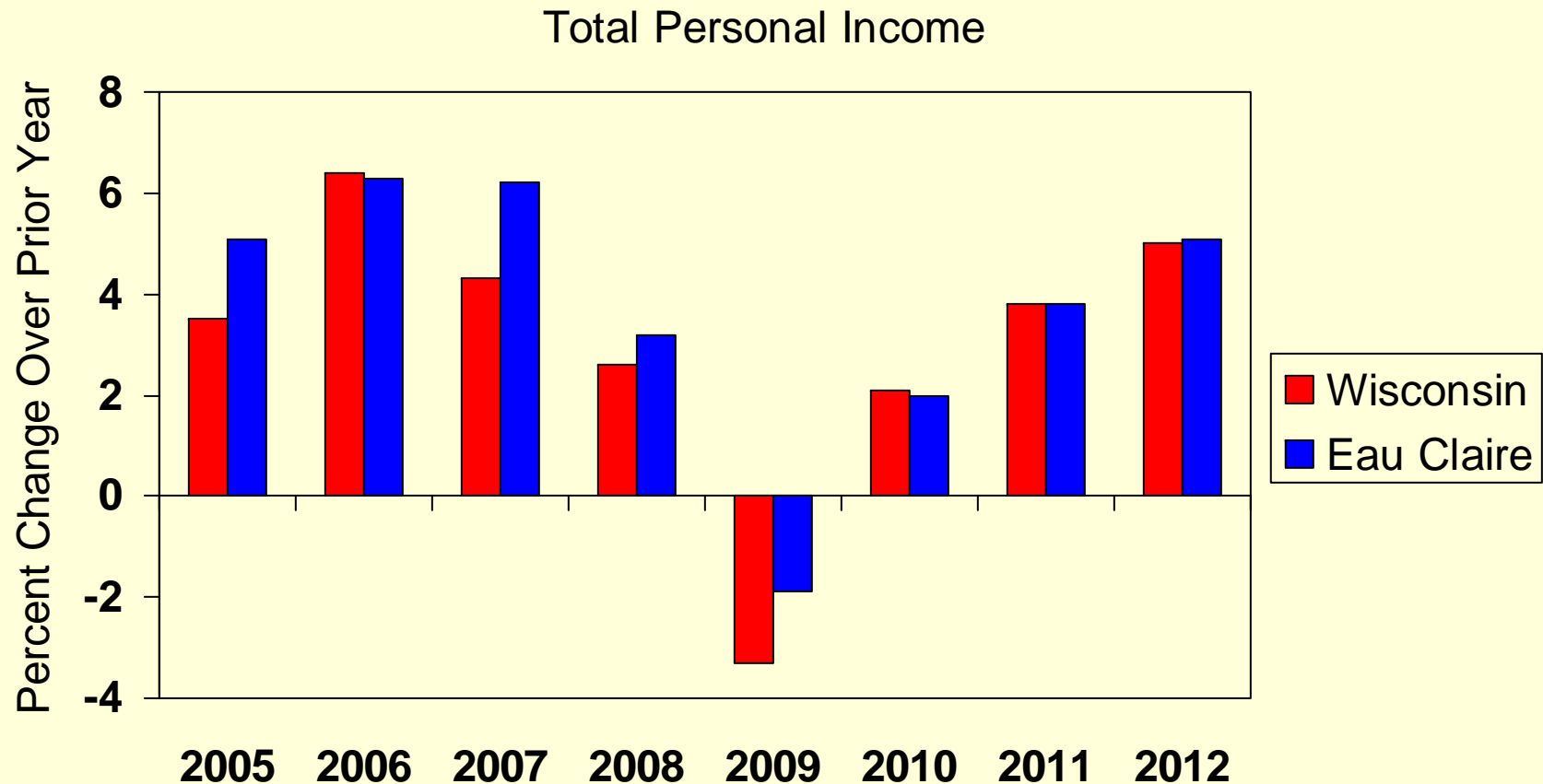
Unemployment Rates NOT Seasonally Adjusted



Unemployment Will Drop in 2011 and 2012 after Slight Rise in 2010



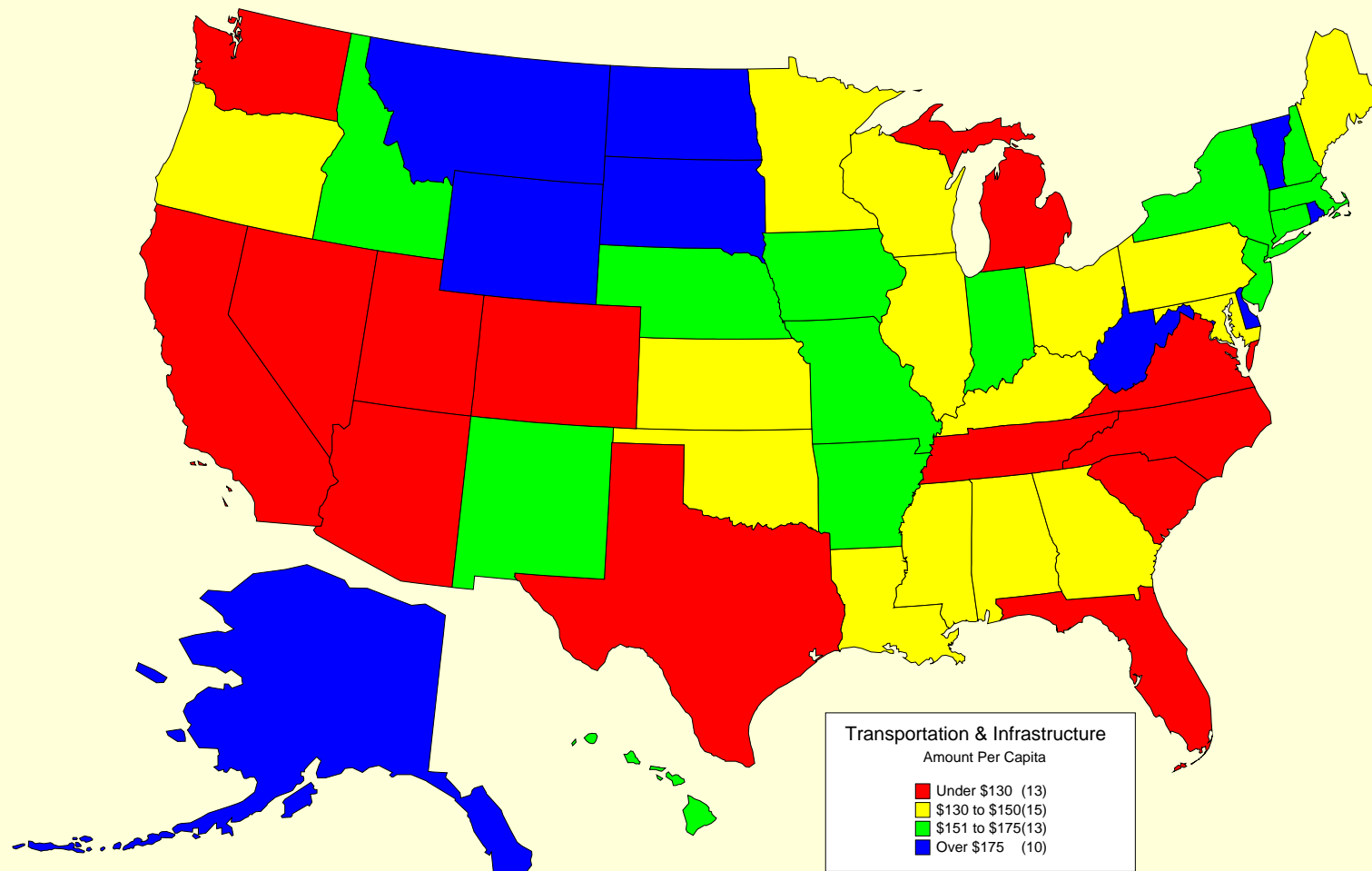
Eau Claire Personal Income Growth Builds on A Stronger Base



ARRA Provides \$5.2 Billion in Tax Relief to Wisconsin

Individuals		
Credit/Provision Name	Years in Effect	Benefit Amount \$M
Making Work Pay Credit	2009 and 2010	2,300.00
Payment to Retirees	2009 only	267
Earned Income Tax Credit	2009 and 2010	141.5
Child Tax Credit	2009 and 2010	230.7
Suspension of Taxation of Unemployment Benefits	2009 and 2010	73.4
Increased Exemption Levels for AMT	2009 only	1,300.00
American Opportunity Tax Credit	2009 and 2010	217.4
Refundable First-Time Home Buyer Credit	2009 only	74.6
Deduction for Sales Tax on Auto Purchases	2009 only	25.5
Total		4630.1
Businesses		
Credit/Provision Name	Years in Effect	Benefit Amount \$M
Deferral of Certain Income from Cancellation of Debt	2009 and 2010	298
Bonus Depreciations	2009 only	235
5-year Carryback on Net Operating Losses	2008	25.5
Expanded Small Business Expensing	2009 only	5.9
Capital Gain Exclusion for Small Business Stock	2014-2016	12.2
Reduce Built-in Gains Holding Period of S-Corporations	2009 and 2010	1.8
Total		578.4

Wisconsin Ranks 29th in Transportation and Infrastructure Funds

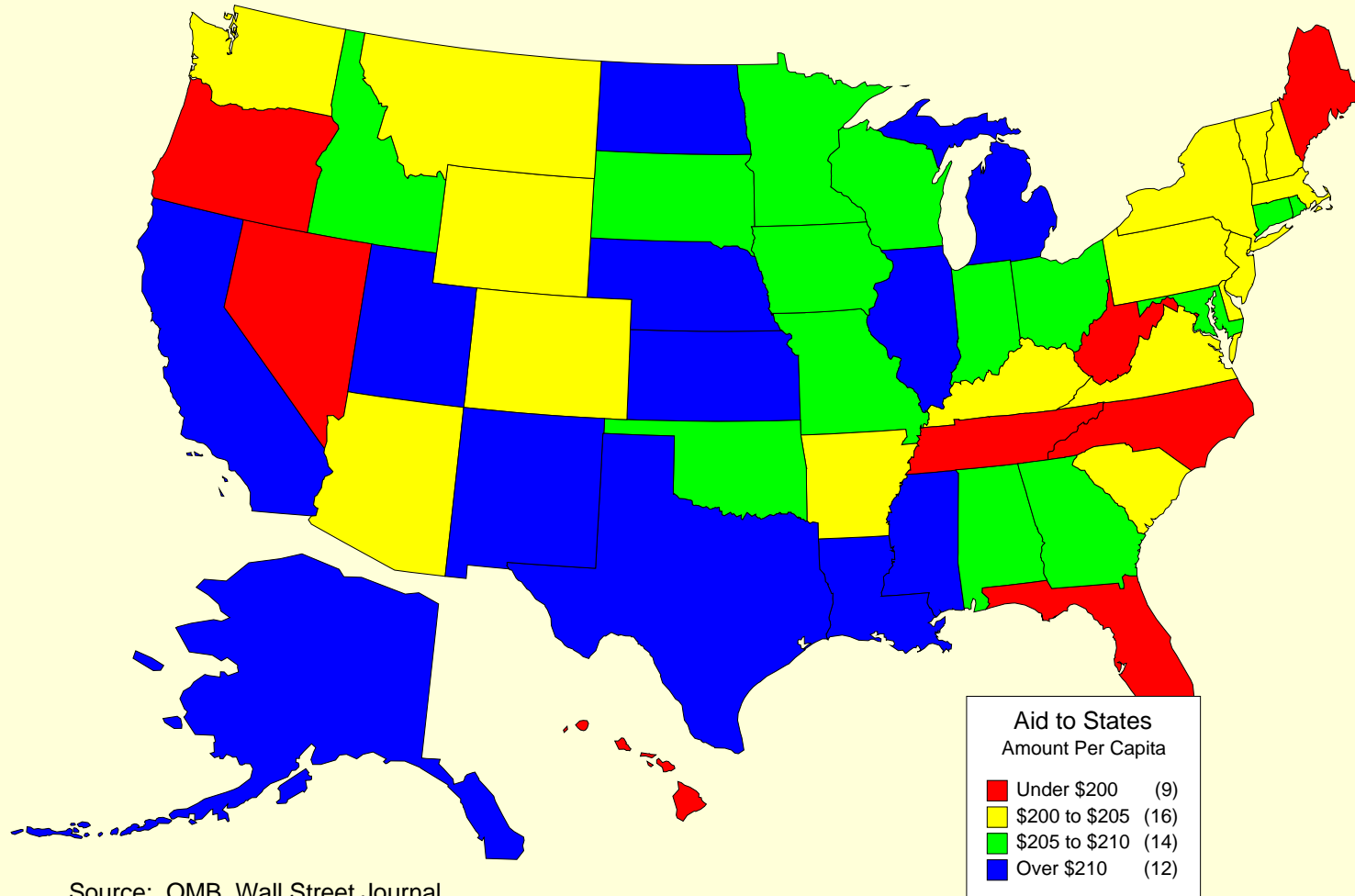


Source: OMB, Wall Street Journal

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Stimulus Funds

Wisconsin Ranks 22nd In Aid to States

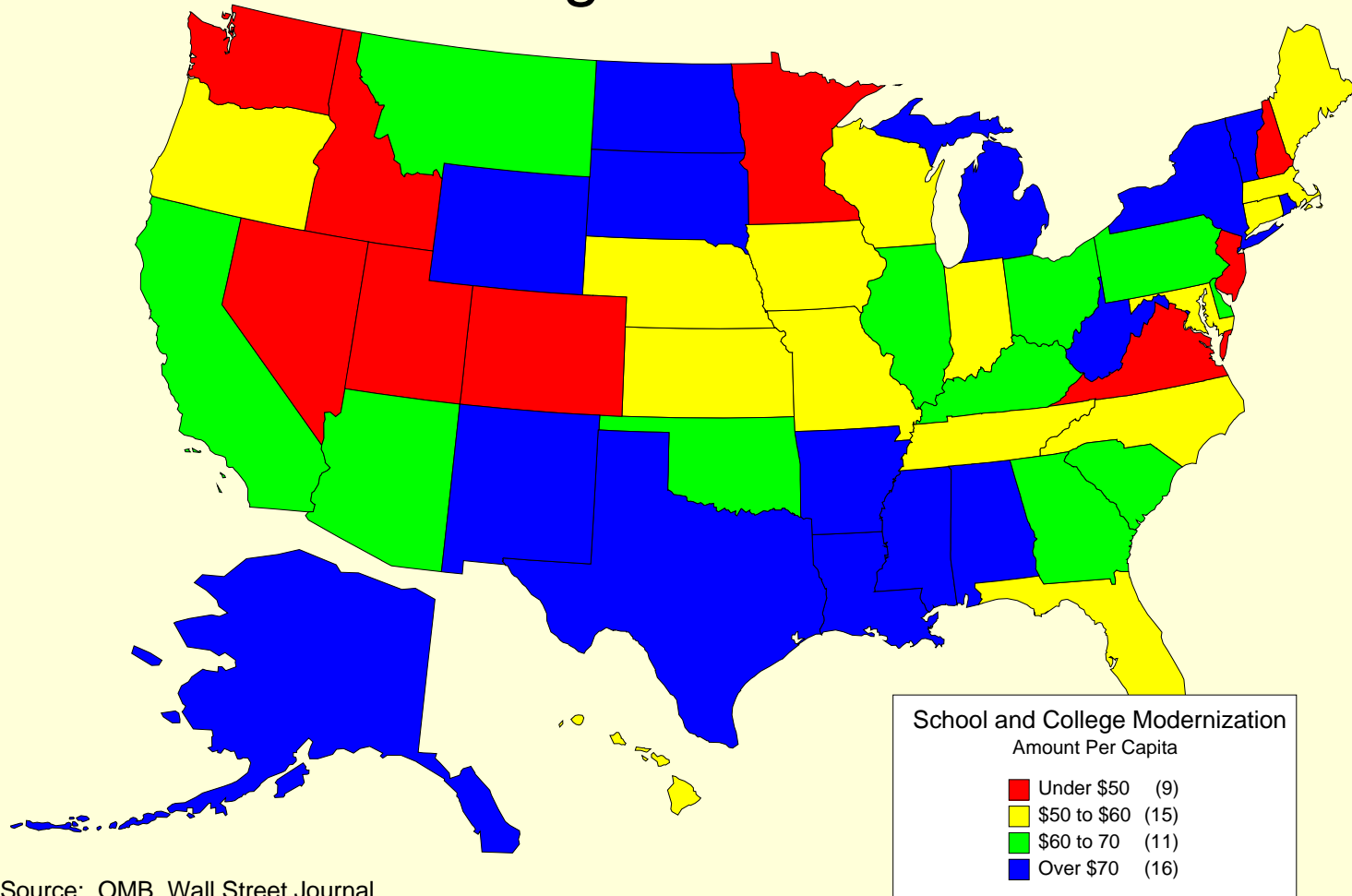


Source: OMB, Wall Street Journal

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Stimulus Funds

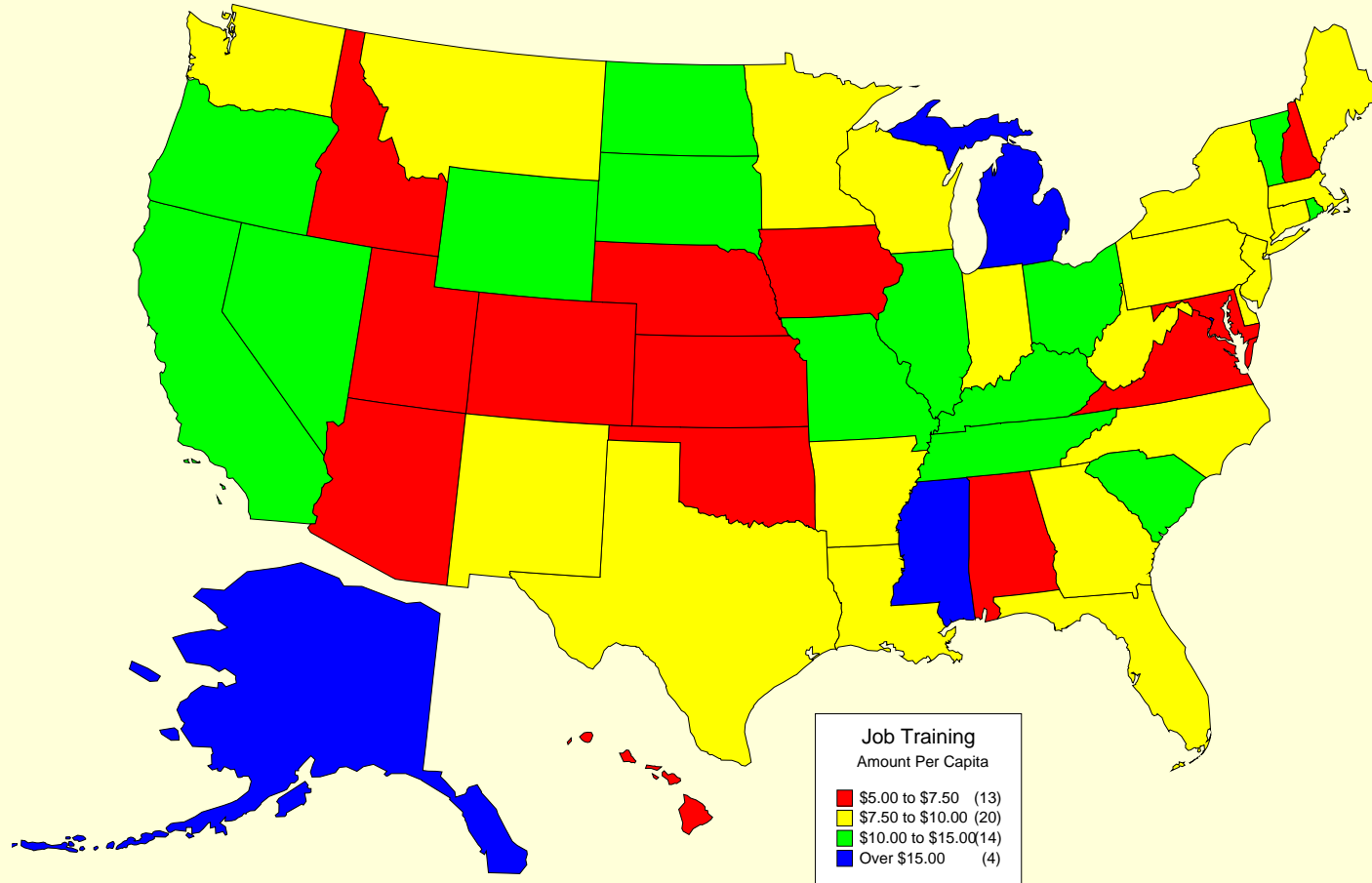
Wisconsin Ranks 35th In School and College Modernization Funds



Source: OMB, Wall Street Journal

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Wisconsin Ranks 37th in Job Training Funds



Source: OMB, Wall Street Journal

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Eau Claire Stimulus Funds

Recipient Name	Program/Project Name	Award Amount	Received/ Disbursed
UNIVERSITY OF WISCONSIN SYSTEM	Federal Work-Study Program	198,435	198,435
UNIVERSITY OF WISCONSIN SYSTEM	TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	150,000	1,220
Totals:		348,435	199,655
Subawards in or near Eau Claire			
BADGER TRUCK REFRIGERATION, INC.	ARRA - Clean Diesel - Wisconsin Department of Natural Resources	30,861	0
CITY OF EAU CLAIRE	ARRA-317 Immunization Program and Vaccines for Children Grants	18,789	0
UNIVERSITY OF WISCONSIN SYSTEM	Byrne Recovery Act 2009-State of WI	4,816	0
COUNTY OF EAU CLAIRE	Early Intervention Program for Infants and Toddlers with Disabilities	61,575	5,949
	Energy Efficiency and Conservation Block Grant	55,000	0
EAU CLAIRE AREA SCHOOL DISTRICT	Food Service Equipment Purchases	4,204	4,204
EAU CLAIRE AREA SCHOOL DISTRICT	Grants to States for the Education of Children with Disabilities	2,425,688	181,369
EAU CLAIRE AREA SCHOOL DISTRICT	Preschool Grants for Children with Disabilities	114,678	12,094
EAU CLAIRE AREA SCHOOL DISTRICT	State Fiscal Stabilization Fund - Government Services Fund	899,480	899,480
COUNTY OF EAU CLAIRE	State Fiscal Stabilization Fund - Government Services Fund	92,974	92,974
COUNTY OF EAU CLAIRE	State Fiscal Stabilization Fund - Government Services Fund	1,475,610	1,475,610
EAU CLAIRE AREA SCHOOL DISTRICT	State Stabilization Fund- Education Fund	6,032,529	6,032,529
EAU CLAIRE AREA SCHOOL DISTRICT	Title I, Part A--Improving Basic Programs Operated by Local Educational Agencies	70,283	0
EAU CLAIRE AREA SCHOOL DISTRICT	Title I, Part A--Improving Basic Programs Operated by Local Educational Agencies	929,330	87,624
EAU CLAIRE AREA SCHOOL DISTRICT	Title II, Part D - Enhancing Education Through Technology	32,547	0
Total:		12,248,364	8,791,833

Chippewa Falls Stimulus Funds

Recipient Name	Program/Project Name	Award Amount	Received/ Disbursed
Award results in or near Chippewa Falls			
WIS DEPARTMENT OF TRANSPORTATION	St Hwy Program, Local Road and Bridge Program, Transportation Enhancements	237,600	1,390
Subawards in or near Chippewa Falls			
CITY OF CHIPPEWA FALLS	ARRA-Drinking Water-Wisconsin DNR	1,470,250	947,332
FAMILY SUPPORT CENTER INC	ARRA VOCA Victim Assistance Formula Grant Program	37,285	4,621
COUNTY OF CHIPPEWA	ARRA-317 Immunization Program and Vaccines for Children Grants	13,108	0
TOWN OF HALLIE	Byrne Recovery Act 2009-State of WI	5,000	5,000
COUNTY OF CHIPPEWA	Clean Cities FY09 Petroleum Reduction Technologies Projects for Trans. Sector	66,000	0
CITY OF CHIPPEWA FALLS	Community Development Block Grant - Recovery	660,000	0
COUNTY OF CHIPPEWA	Early Intervention Program for Infants and Toddlers with Disabilities	44,379	3,885
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	Grants to States for the Education of Children with Disabilities	1,132,500	0
STARTING POINTS INC	Homelessness Prevention and Rapid Re-housing Program	264,775	69,183
COUNTY OF CHIPPEWA	Lead Hazard Control Program	264,000	0
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	Preschool Grants for Children with Disabilities	53,542	0
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	State Fiscal Stabilization Fund - Government Services Fund	444,165	444,165
COUNTY OF CHIPPEWA	State Fiscal Stabilization Fund - Government Services Fund	80,780	80,780
COUNTY OF CHIPPEWA	State Fiscal Stabilization Fund - Government Services Fund	837,812	837,812
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	State Stabilization Fund- Education Fund	2,978,876	2,978,876
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	Title I, Part A--Improving Basic Programs Operated by Local Educational Agencies	376,840	0
COOP. EDUCATIONAL SERVICE AGENCY	Title II, Part D - Enhancing Education Through Technology	129,500	0
CHIPPEWA FALLS AREA UNIFIED SCHOOLS	Title II, Part D - Enhancing Education Through Technology	13,453	0
COOP. EDUCATIONAL SERVICE AGENCY	Title II, Part D - Enhancing Education Through Technology	120,000	0
Total:		8,992,265	5,371,654