
State of Wisconsin
Additional/Voluntary Filing #2020-01
Dated January 8, 2020

This Additional/Voluntary Filing does not concern an event described in Securities and Exchange Act Rule 15c2-12, as amended. The State of Wisconsin provides this information as it may be material to financial evaluation of one or more obligations of the State of Wisconsin.

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Type of Information: Financial/Operating Data Disclosures; Budget

The Wisconsin Department of Revenue has released its [Economic Outlook Report for December 2019](#) which includes a summary of economic indicators and forecasts. The report is attached, and the report contains certain “forward-looking” statements that are subject to a variety of risks and uncertainties; actual results relative to such statements may differ from projected results.

The State of Wisconsin is providing this Additional/Voluntary Filing with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This Additional/Voluntary Filing is also available on the State of Wisconsin Capital Finance Office web site at:

doa.wi.gov/capitalfinance

The undersigned represents that he is the Capital Finance Director, State of Wisconsin Capital Finance Office, which is the office of the State of Wisconsin responsible for providing additional/voluntary filings, annual reports, and Event Filings pursuant to the State’s Master Agreement on Continuing Disclosure (Amended and Restated March 1, 2019), and is authorized to distribute this information publicly

/s/ DAVID R. ERDMAN
David R. Erdman, Capital Finance Director
State of Wisconsin Capital Finance Office
Wisconsin Department of Administration
101 East Wilson Street, FLR 10
Madison, WI 53703
Phone: (608) 267-0374
Fax: (608) 266-7645
E-mail: DOACapitalFinanceOffice@wisconsin.gov
Website: doa.wi.us/capitalfinance

WISCONSIN ECONOMIC FORECAST UPDATE: DECEMBER 2019

- The US and Wisconsin economies will continue to grow in 2020. Personal consumption growth will be the main driver, helped by wage increases, low interest rates, and low inflation.
- US real GDP grew 2.9% in 2018. The forecast expects growth of 2.3% in 2019 and 2.1% in 2020.
- US employment is forecasted to grow 1.2% in 2020 and 0.8% in 2021, while US personal income will grow 4.8% in 2020 and 3.9% in 2021.

- Wisconsin employment is expected to grow 0.7% in 2020 and 0.4% in 2021. The Manufacturing and Education and Health Services sectors will be the largest contributors to jobs growth in 2020.
- Wisconsin personal income is expected to increase 4.1% in 2019 and 3.4% in 2020. Wisconsin real personal income will grow 2.5% and 1.4%, respectively.
- Wisconsin's unemployment rate remains below the national rate, while both stay near historical lows.

The economic expansion will continue in 2020 at slightly above-trend pace. Several one-time factors support above-trend growth through 2020: a rebound in auto production due to the 2019 UAW strike, resumed production of 737 Max jet by Boeing, and spending on the 2020 decennial census. By mid-2021, the US economy is expected to grow below trend.

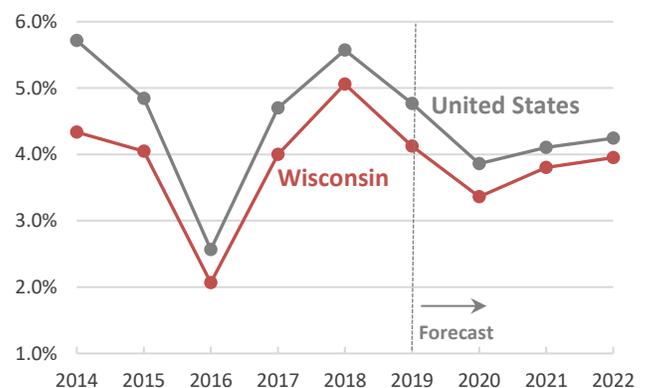
The current expansion cycle is now the longest on record, having reached its 126th month. Labor markets continue to tighten after nine years of strong growth, but they started to show slight signs of softness. Consumer confidence is still high, supported by ongoing wage increases, low interest rates and stock market gains.

Wisconsin personal income grew 5.1% in 2018, compared to 5.6% nationwide, boosted by the one-time impact of the 2017 federal tax cuts. The forecast calls for growth of 4.1% in 2019 and 3.4% in 2020. Real personal income will increase 2.5% in 2019 and 1.4% in 2020.

Wage income in 2018 grew 4.3% in Wisconsin and 5.0% in the US. The forecast expects 2019 growth to end at 4.1% in Wisconsin and 5.3% in the US. Wage income growth will slow down in 2020 to 3.6% and 4.3% in Wisconsin and the US, respectively.

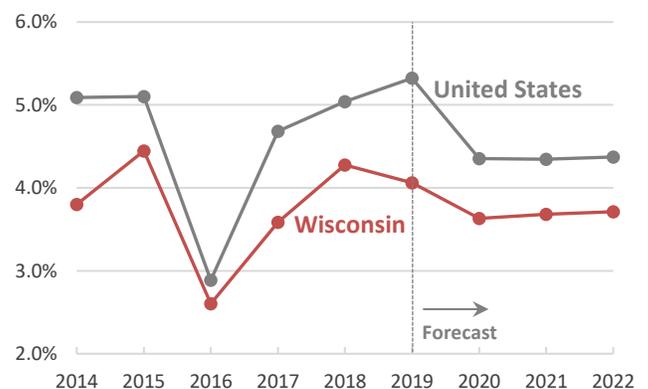
Wisconsin property income grew 8.3% in 2018, driven by strong growth of interest and dividend income. Property income growth slowed to 2.6% in 2019 and is expected to increase by 2.1% in 2020 and 3.0% in 2021.

Personal Income Growth



Sources: Bureau of Economic Analysis and Wisconsin DOR (forecast).

Wages and Salaries Growth



Sources: Bureau of Economic Analysis and Wisconsin DOR (forecast).

Wisconsin total employment grew at about half the pace of the US in the last two years. Wisconsin jobs grew at an average rate of 0.8% in 2017 and 2018, compared to 1.6% nationwide. The forecast calls for total employment growth of 0.5% in 2019 and 0.7% in 2020 in Wisconsin. Meanwhile, US employment growth will also slow, from 1.6% in 2019 to 1.2% in 2020 and 0.8% in 2021.

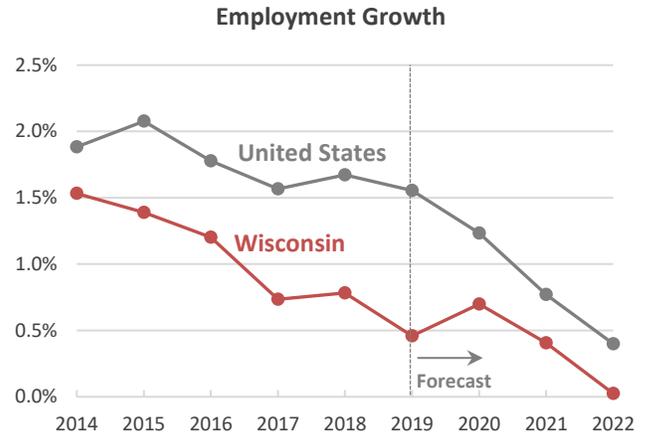
Wisconsin private employment grew an average of 0.8% in 2017 and 2018, compared with a nationwide growth rate of 1.6% in both years. The forecast calls for growth of 0.6% in 2019 and 2020.

The Wisconsin government sector was a drag for employment growth between 2017 and 2019. Jobs in the public sector declined 1.1% in 2017, were flat in 2018 and declined again in 2019. Wisconsin's government sector currently employs 21,000 fewer workers than in 2008.

BLS released census employment jobs data (QCEW) for the first half of 2019, showing that Manufacturing and Construction employment posted solid growth during that period. Manufacturing current employment statistics (CES) data will be significantly revised upward in March 2020. Two other service sectors also contributed to employment growth: Education and Health Services and Leisure and Hospitality Services. On the other hand, the Trade, Transportation and Utilities and the Government sectors were a drag to the level of employment in the first half of 2019.

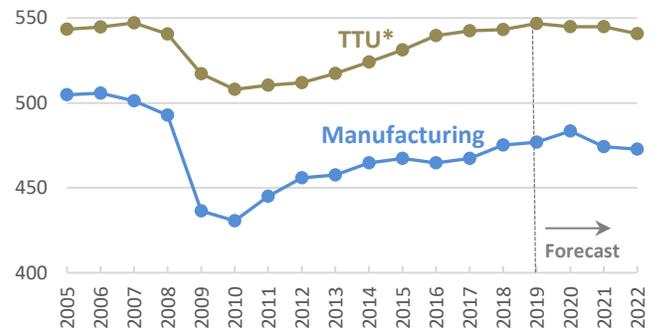
In the forecast, the Manufacturing and Construction sectors will continue to add jobs. Manufacturing employment is expected to peak in late 2019 or early 2020, while Construction employment is expected to peak in 2021. The Trade, Transportation and Utilities sector is expected to lose jobs again in 2020, along with the Information, Financial Activities and Other Services sectors. The decennial census will boost Government employment to 1.0% growth in 2020.

The unemployment rate is expected to stay around the 3% range for the rest of the forecast. For the first three quarters of 2019, Wisconsin unemployment rate averaged 3.0%, 0.8 percentage points lower than the US average of 3.7%.



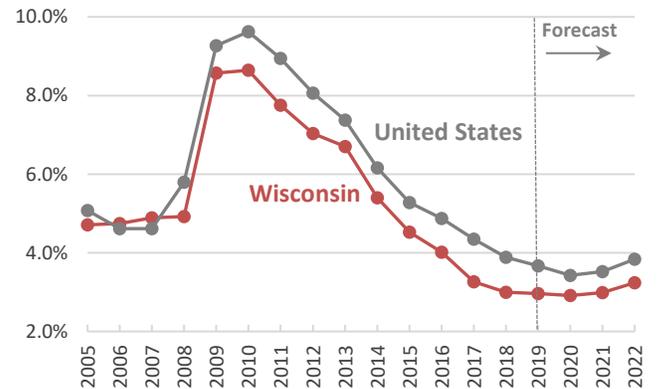
Source: Bureau of Labor Statistics (CES) and Wisconsin DOR (forecast).

Wisconsin Jobs in the Two Largest Sectors (in thousands of jobs)



* TTU stands for Trade, Transportation and Utilities. Sources: Bureau of Labor Statistics (CES) and Wisconsin DOR (forecast).

Unemployment Rate



Sources: Bureau of Labor Statistics (LAUS) and Wisconsin DOR (forecast).

Employment (Annual)**Table 1. Wisconsin CES Employment Forecast: Industry Detail**

(Thousands of jobs)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Total Nonfarm	2,892.0	2,926.8	2,948.3	2,971.3	2,984.9	3,005.8	3,018.0	3,018.7
% Change	1.4	1.2	0.7	0.8	0.5	0.7	0.4	0.0
Private Nonfarm	2,482.7	2,514.9	2,540.9	2,563.6	2,579.0	2,595.7	2,606.4	2,604.8
% Change	1.7	1.3	1.0	0.9	0.6	0.6	0.4	-0.1
Natural Resources & Mining	4.2	3.8	4.4	4.7	4.7	4.8	5.1	5.3
% Change	2.7	-9.6	15.2	8.8	-0.2	2.2	5.9	4.5
Construction	109.5	112.6	117.4	122.3	124.7	124.9	126.2	126.1
% Change	5.6	2.9	4.3	4.2	1.9	0.1	1.1	-0.1
Manufacturing	467.3	464.7	467.4	475.2	476.8	483.4	474.3	472.8
% Change	0.5	-0.5	0.6	1.7	0.3	1.4	-1.9	-0.3
Trade, Transportation & Utilities	531.2	539.5	542.4	543.3	546.8	544.8	544.8	540.7
% Change	1.3	1.6	0.5	0.2	0.6	-0.4	0.0	-0.7
Information	48.9	49.1	47.9	47.3	47.8	47.3	47.5	46.6
% Change	2.0	0.3	-2.5	-1.3	1.1	-1.0	0.3	-1.8
Financial Activities	151.2	151.9	152.8	152.9	153.5	153.2	155.0	155.1
% Change	0.8	0.4	0.6	0.0	0.4	-0.2	1.2	0.1
Professional & Business Services	315.4	322.6	325.8	326.9	325.1	329.5	340.5	347.9
% Change	2.4	2.3	1.0	0.3	-0.5	1.3	3.3	2.2
Education & Health Services	436.1	444.7	451.0	456.1	459.7	465.9	469.0	468.3
% Change	1.3	2.0	1.4	1.1	0.8	1.4	0.7	-0.2
Leisure & Hospitality	270.8	276.1	280.5	282.7	286.1	289.6	292.6	292.7
% Change	2.6	1.9	1.6	0.8	1.2	1.2	1.0	0.0
Other Services	148.1	149.9	151.3	152.3	153.8	152.4	151.4	149.2
% Change	3.3	1.2	1.0	0.7	1.0	-0.9	-0.6	-1.5
Government	409.3	411.8	407.4	407.7	405.9	410.1	411.6	414.0
% Change	-0.6	0.6	-1.1	0.1	-0.4	1.0	0.4	0.6
Federal Government	28.8	29.0	29.0	29.1	29.2	30.6	29.7	29.7
% Change	0.6	0.8	0.0	0.1	0.4	5.0	-3.1	0.0
State & Local Government	380.5	382.8	378.3	378.6	376.8	379.5	381.9	384.3
% Change	-0.7	0.6	-1.2	0.1	-0.5	0.7	0.6	0.6

Table 2. Wisconsin Household Survey Employment Measures

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Labor Force	3,092.3	3,125.6	3,140.4	3,133.3	3,125.5	3,143.0	3,158.2	3,167.6
% Change	0.3	1.1	0.5	-0.2	-0.2	0.6	0.5	0.3
Employment	2,952.1	3,000.3	3,037.7	3,039.3	3,032.7	3,051.4	3,063.8	3,065.0
% Change	1.3	1.6	1.2	0.1	-0.2	0.6	0.4	0.0
Unemployment Rate (%)	4.5	4.0	3.3	3.0	3.0	2.9	3.0	3.2

Source: Bureau of Labor Statistics

Employment (Quarterly)

Table 3. Wisconsin CES Employment Forecast: Industry Detail
(Thousands of jobs, seasonally adjusted data, annual rate of change)

	History				Forecast			
	2018:4	2019:1	2019:2	2019:3	2019:4	2020:1	2020:2	2020:3
Total Nonfarm	2,973.4	2,984.8	2,983.2	2,980.3	2,980.3	2,996.4	3,005.5	3,008.9
% Change	0.1	1.5	-0.2	-0.4	-0.4	0.7	1.2	0.5
Private Nonfarm	2,567.1	2,581.5	2,577.1	2,574.3	2,574.3	2,588.5	2,593.0	2,598.9
% Change	0.6	2.3	-0.7	-0.4	-0.4	0.9	0.7	0.9
Natural Resources & Mining	4.7	4.8	4.8	4.7	4.7	4.7	4.8	4.9
% Change	-8.1	8.9	2.8	-10.7	-10.7	4.6	5.1	7.9
Construction	123.2	125.4	123.6	126.1	126.1	124.2	124.4	125.2
% Change	1.3	7.2	-5.5	8.1	8.1	1.0	0.9	2.6
Manufacturing	476.8	476.6	476.0	472.1	472.1	484.7	484.5	483.3
% Change	-0.3	-0.1	-0.5	-3.3	-3.3	1.7	-0.1	-1.0
Trade, Transportation & Utilities	540.4	548.9	546.2	548.2	548.2	544.0	544.5	545.7
% Change	-2.3	6.4	-1.9	1.4	1.4	0.2	0.3	0.9
Information	47.6	47.6	47.8	48.5	48.5	47.2	47.5	47.1
% Change	4.3	0.0	2.0	5.4	5.4	0.4	2.4	-3.5
Financial Activities	153.7	153.6	153.7	153.6	153.6	152.7	153.0	153.4
% Change	2.7	-0.3	0.3	-0.3	-0.3	-1.1	0.7	1.0
Professional & Business Services	323.3	325.0	325.9	322.8	322.8	327.4	328.4	329.5
% Change	-2.4	2.0	1.2	-3.8	-3.8	0.9	1.2	1.5
Education & Health Services	457.8	456.8	459.3	458.2	458.2	464.4	464.3	466.7
% Change	0.9	-0.9	2.2	-0.9	-0.9	0.1	-0.1	2.1
Leisure & Hospitality	286.1	288.6	285.4	285.7	285.7	287.0	289.3	290.5
% Change	6.8	3.6	-4.4	0.4	0.4	3.3	3.2	1.7
Other Services	153.5	154.3	154.2	154.5	154.5	152.3	152.4	152.5
% Change	4.2	2.2	-0.3	0.9	0.9	0.4	0.5	0.2
Government	406.4	403.2	406.1	405.9	405.9	407.9	412.5	410.0
% Change	-2.6	-3.0	2.8	-0.1	-0.1	-0.6	4.6	-2.3
Federal Government	29.2	29.0	29.1	29.4	29.4	29.3	33.3	30.2
% Change	2.3	-2.7	1.4	4.2	4.2	-0.4	66.2	-31.8
State & Local Government	377.2	374.3	377.0	376.6	376.6	378.6	379.2	379.8
% Change	-2.9	-3.1	3.0	-0.5	-0.5	-0.6	0.6	0.6

Table 4. Wisconsin Household Survey Employment Measures

	History				Forecast			
	2018:4	2019:1	2019:2	2019:3	2019:4	2020:1	2020:2	2020:3
Labor Force	3,124.8	3,127.4	3,122.8	3,120.2	3,131.8	3,134.9	3,142.8	3,145.1
% Change	-0.4	-0.5	-0.5	-0.2	0.2	0.2	0.6	0.8
Employment	3,031.4	3,036.0	3,033.8	3,023.3	3,037.8	3,042.1	3,051.5	3,054.2
% Change	-0.2	-0.4	-0.3	-0.3	0.2	0.2	0.6	1.0
Unemployment Rate (%)	3.0	2.9	2.8	3.1	3.0	3.0	2.9	2.9

Source: Bureau of Labor Statistics

Table 5. Wisconsin Personal Income by Major Source
(\$ Billions)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Total Personal Income	268.9	274.5	285.5	299.9	312.3	322.8	335.1	348.3
% Change	4.0	2.1	4.0	5.1	4.1	3.4	3.8	4.0
Wages and Salaries	135.2	138.7	143.7	149.8	155.9	161.6	167.5	173.7
% Change	4.4	2.6	3.6	4.3	4.1	3.6	3.7	3.7
Supplements to Wages and Salaries	35.2	36.4	38.5	40.1	41.3	42.7	44.2	45.7
% Change	-0.6	3.5	5.6	4.2	3.0	3.4	3.5	3.6
Proprietor's Income	19.6	18.5	19.0	19.0	20.1	20.3	20.8	21.5
% Change	1.2	-5.5	2.9	-0.5	6.2	0.6	2.8	3.1
Property Income	51.2	52.9	55.2	59.8	61.3	62.6	64.4	66.8
% Change	7.2	3.3	4.4	8.3	2.6	2.1	3.0	3.7
Personal Interest Income	21.7	22.0	23.0	25.2	25.6	25.9	26.4	27.7
% Change	5.8	1.5	4.6	9.7	1.5	1.2	2.0	4.7
Personal Dividend Income	18.9	19.6	20.8	22.5	23.3	23.7	24.3	25.1
% Change	8.6	3.5	5.8	8.4	3.7	1.7	2.7	3.3
Rental Income	10.6	11.3	11.4	12.1	12.4	12.9	13.6	14.0
% Change	7.6	6.7	1.5	5.3	2.8	4.5	5.4	2.6
Personal Current Transfer Receipts	46.1	46.6	48.6	51.3	54.5	57.2	60.3	63.3
% Change	4.1	1.1	4.3	5.5	6.2	5.0	5.4	5.1
Residence Adjustment	3.7	3.8	3.8	4.0	4.1	4.3	4.4	4.5
% Change	4.8	2.9	1.1	4.3	3.9	3.3	3.2	3.3
Contributions to Govt. Social Ins.	21.9	22.4	23.3	24.0	24.9	25.7	26.5	27.3
% Change	3.5	2.0	4.3	2.8	3.9	3.2	3.0	3.3

Table 6. Wisconsin Related Income Measures
(Different units)

	History				Forecast			
	2015	2016	2017	2018	2019	2020	2021	2022
Real Personal Income (2012 \$)*	281.3	285.9	292.7	299.7	307.3	311.7	317.5	322.7
% Change	4.3	1.6	2.4	2.4	2.5	1.4	1.9	1.6
Population (Millions)	5.76	5.77	5.79	5.81	5.83	5.85	5.87	5.89
% Change	0.1	0.2	0.3	0.4	0.3	0.3	0.3	0.3
Real Per Capita Income (2012 \$)*	48,829	49,525	50,536	51,546	52,704	53,280	54,094	54,811
% Change	4.1	1.4	2.0	2.0	2.2	1.1	1.5	1.3
Per Capita Income	46,681	47,550	49,290	51,592	53,568	55,180	57,097	59,158
% Change	4.0	1.9	3.7	4.7	3.8	3.0	3.5	3.6
Personal Tax & Nontax Payments	31.4	32.6	33.9	34.1	36.1	37.3	38.9	40.5
% Change	9.5	3.9	4.0	0.6	6.0	3.3	4.2	4.1
Disposable Personal Income*	237.6	241.9	251.6	265.9	276.2	285.5	296.2	307.8
% Change	3.4	1.8	4.0	5.7	3.9	3.4	3.8	3.9
GDP	304.9	312.1	321.6	337.0	349.0	361.7	374.9	388.6
% Change	3.9	2.4	3.0	4.8	3.6	3.6	3.7	3.7
Real GDP (2009 \$)	285.3	288.4	292.5	299.8	304.4	309.2	312.7	316.3
% Change	1.4	1.1	1.4	2.5	1.5	1.6	1.2	1.1

Source: Bureau of Economic Analysis

*2018 values are forecasted

Wisconsin Personal Income (Quarterly)

Table 7. Wisconsin Personal Income by Major Source
(\$ Billions, seasonally adjusted, annual rate of change)

	History				Forecast			
	2018:3	2018:4	2019:1	2019:2	2019:3	2019:4	2020:1	2020:2
Total Personal Income	301.1	304.4	307.9	311.2	313.7	316.5	318.7	321.3
% Change	4.3	4.4	4.7	4.4	3.2	3.6	2.9	3.2
Wages and Salaries	150.2	151.1	153.7	155.3	156.4	158.1	159.0	160.7
% Change	3.7	2.4	7.1	4.2	2.9	4.3	2.2	4.5
Supplements to Wages and Salaries	40.2	40.5	40.7	41.1	41.4	41.9	42.1	42.5
% Change	4.0	3.7	1.8	3.8	3.1	4.4	1.9	4.0
Proprietor's Income	18.6	19.6	19.7	19.8	20.5	20.5	20.3	20.1
% Change	-5.2	24.8	2.4	1.7	13.8	0.3	-4.4	-2.1
Property Income	60.4	61.1	60.5	61.5	61.4	61.8	62.3	62.4
% Change	6.9	4.7	-3.5	6.5	-1.0	3.2	3.1	0.4
Personal Current Transfer Receipts	51.7	52.1	53.7	54.2	54.8	55.3	56.3	56.9
% Change	5.7	3	12.8	3.6	4.8	3.6	7.7	4
Residence Adjustment	4.0	4.0	4.1	4.1	4.1	4.2	4.2	4.2
% Change	4.7	-0.9	6.3	5.5	2.5	2.0	3.5	4.2
Contributions to Government Social Ins.	24.0	24.1	24.6	24.8	24.9	25.3	25.4	25.6
% Change	1.8	1.8	8.9	3.8	2.4	5.1	2.4	2.9

Source: Bureau of Economic Analysis

General Purposes Revenues

Table 8. General Purposes Revenues. Fiscal Year-to-Date Through November FY 2020
(\$ Millions)

	Prior Year	Actual	Annual Change	Expected Revenues	\$ Difference
Individual Income Tax	\$3,160	\$3,332	5.5%	\$3,259	\$74
General Sales Tax	\$1,941	\$2,025	4.3%	\$1,988	\$37
Corporate Franchise Tax	\$282	\$442	56.7%	\$284	\$158
Other Revenues	\$542	\$544	0.3%	\$539	\$4
Total GPR	\$5,924	\$6,342	7.1%	\$6,069	\$273

Source: Wisconsin Department of Revenue

- **General Purpose Revenues (GPR)** through November came in \$273 million above the latest forecast.
- **Individual** income tax receipts are 5.5% year/year and are \$74 million (2.3%) above expected.
- **Sales** tax receipts increased 4.3% year/year and are \$37 (1.9%) million above the forecast. Sales tax receipts have been pushed higher by returns from out of state retailers following the court decision of the *Wayfair vs. South Dakota* case.
- **Corporate** income tax receipts are 56.7% above last years' levels, primarily on strong estimated payments. Corporate receipts are \$158 million above their expected levels. Tax law changes explain much of the increase.