Economic Conditions Handout
Economic Development Commission
March 4, 2009

Index

Sales Tax Revenues

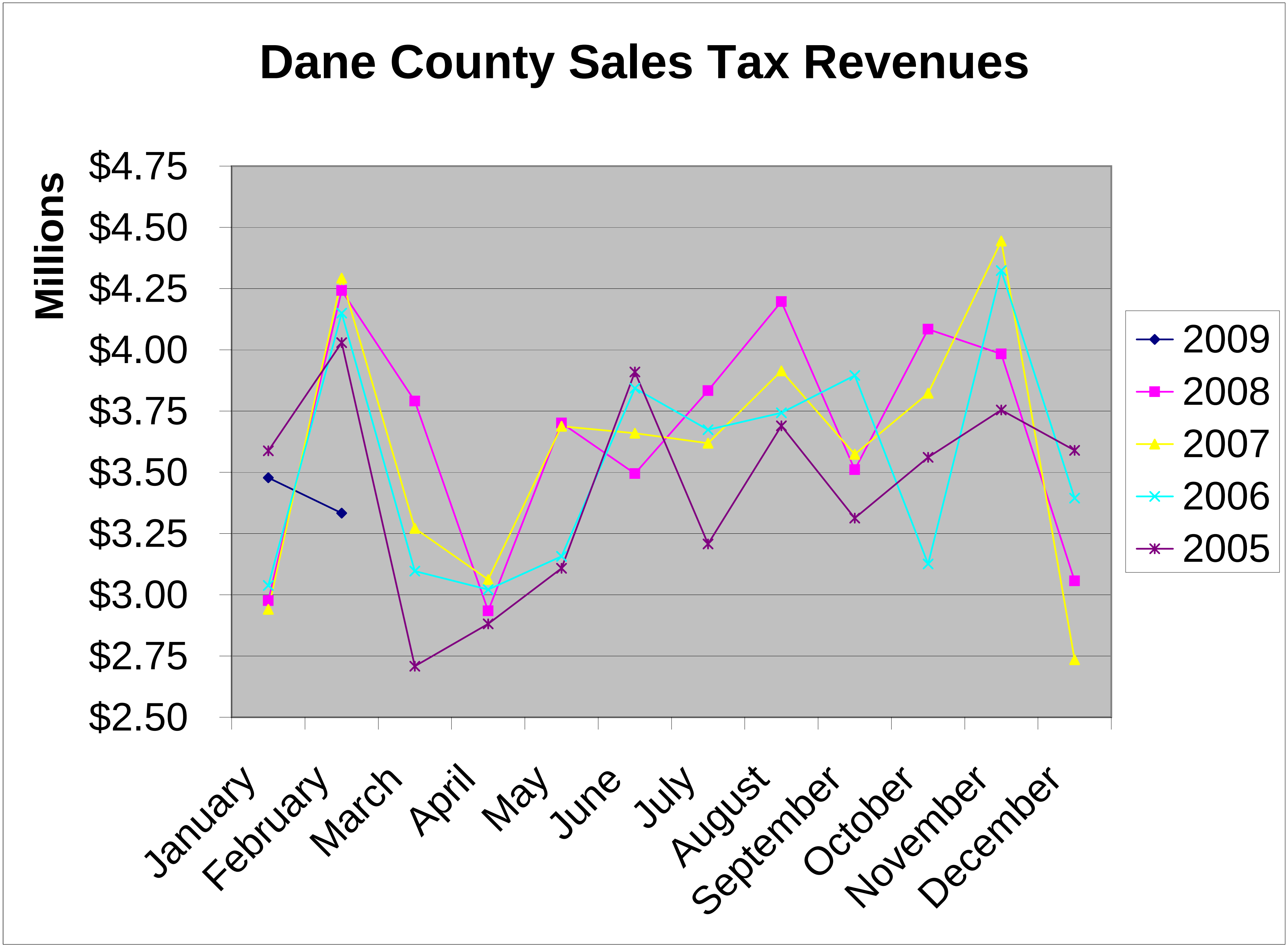
Dane County

	January	February	March	April	May	June	July	August	September	October	November	December	Total
2009	$3,477,993.17	$3,332,991.34											
2008	$2,976,134.89	$4,241,637.58	$3,791,165.71	$2,934,574.27	$3,701,389.53	$3,494,935.27	$3,833,633.73	$4,197,045.04	$3,510,273.78	$4,083,918.83	$3,982,796.43	$3,056,594.54	$34,804,099.60
2007	$2,940,679.30	$4,292,585.22	$3,271,558.65	$3,062,424.35	$3,688,117.41	$3,659,579.92	3,618,665.83	$3,913,608.67	$3,573,626.18	$3,822,456.83	$4,443,922.43	$2,734,767.05	$43,021,991.84
2006	$3,037,706.68	$4,150,149.78	$3,096,712.78	$3,021,156.78	$3,156,883.25	$3,843,169.48	$3,673,838.61	$3,743,003.39	$3,895,105.92	$3,125,981.15	$4,323,490.54	$3,394,542.61	$42,461,738.97
2005	$3,587,904.79	$4,028,835.08	$2,708,471.05	$2,881,509.78	$3,108,464.34	$3,909,665.96	$3,207,559.22	$3,689,977.09	$3,313,177.56	$3,561,286.95	$3,754,082.63	$3,589,444.98	$41,340,379.43

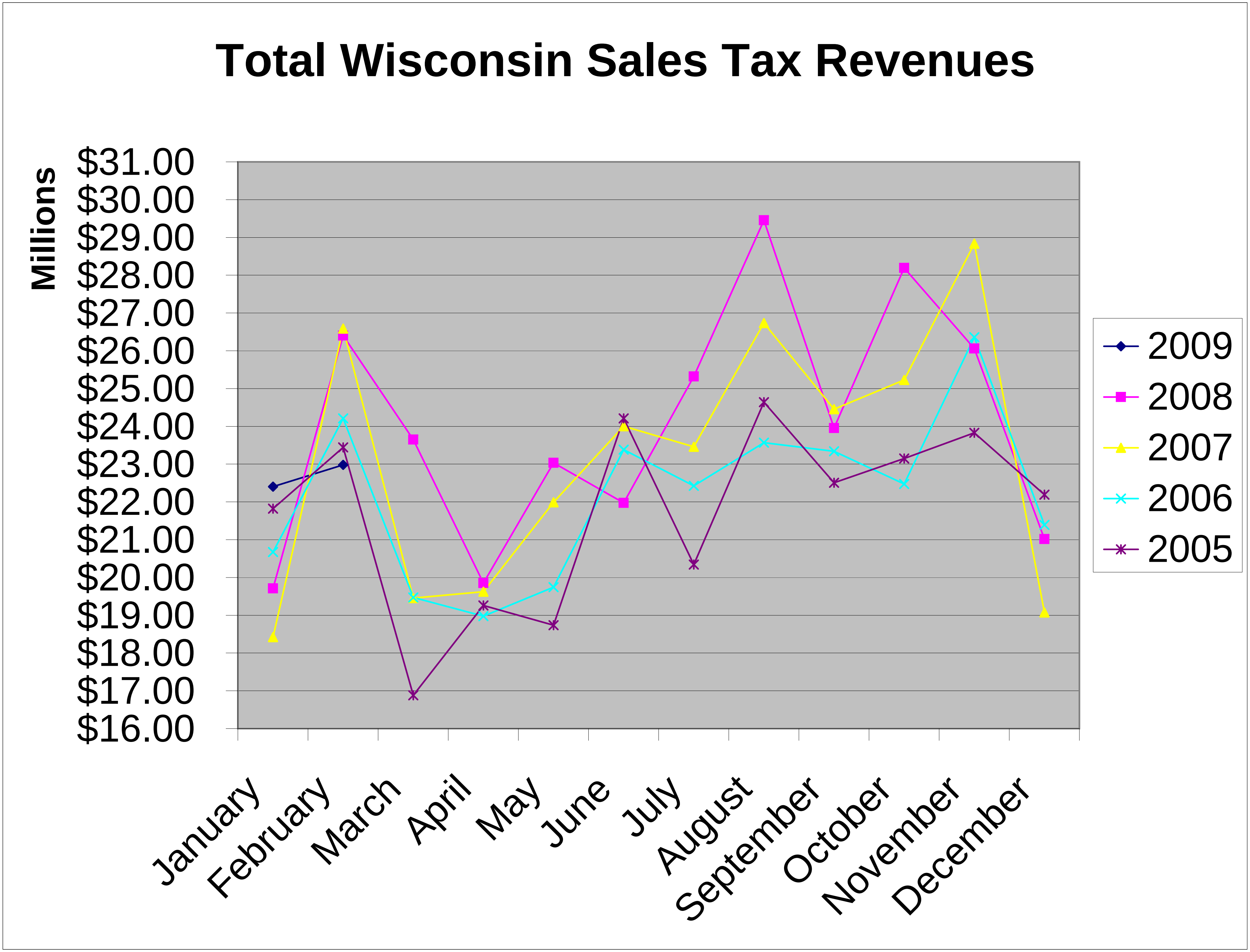
State Total

	January	February	March	April	May	June	July	August	September	October	November	December	Total
2009	$22,405,847.97	$22,979,361.09											
2008	$19,711,932.16	$26,400,737.97	$23,649,139.94	$19,852,064.87	$23,037,151.04	$21,974,604.90	$25,320,133.45	$29,456,567.20	$23,952,699.82	$28,194,212.60	$26,059,247.01	$21,018,336.37	$288,626,787.33
2007	$18,418,965.38	$26,588,025.31	$19,455,308.87	$19,625,647.05	$21,989,907.63	$24,000,724.82	$23,457,216.75	$26,733,057.81	$24,455,722.35	$25,226,248.87	$28,832,197.79	$19,073,748.75	$277,856,771.38
2006	$20,674,123.29	$24,208,145.05	$19,471,586.29	$18,976,462.45	$19,742,323.55	$23,380,367.84	$22,427,591.53	$23,566,643.98	$23,337,082.92	$22,475,802.87	$26,357,225.93	$21,392,664.37	$268,009,920.07
2005	$21,820,561.29	$23,444,245.72	$16,879,156.26	$19,261,068.12	$18,735,644.48	$24,210,290.37	$20,341,255.85	$24,640,434.37	$22,507,648.61	$23,151,733.22	$23,828,332.51	$22,189,590.48	$261,009,961.28

Source: Wis. Dept of Revenue



Dane County Sales Tax Revenues
Millions
$4.75
$4.50
$4.25
$4.00
$3.75
$3.50
$3.25
$3.00
$2.75
$2.50
January
February
March
April
May
June
July
August
September
October
November
December
2009
2008
2007
2006
2005



Total Wisconsin Sales Tax Revenues
Millions
$31.00
$30.00
$29.00
$28.00
$27.00
$26.00
$25.00
$24.00
$23.00
$22.00
$21.00
$20.00
$19.00
$18.00
$17.00
$16.00
January
February
March
April
May
June
July
August
September
October
November
December
2009
2008
2007
2006
2005

Madison

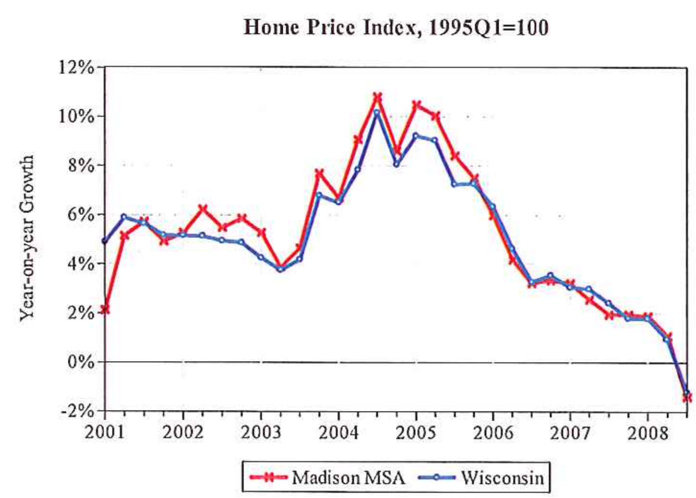
The Madison MSA is Wisconsin's second largest MSA and includes Dane, Columbia, and Iowa Counties. It is the fastest growing MSA, with its population growing 1.4% in 2007 to 556,000. Besides the city of Madison, the MSA includes the cities of Sun Prairie, Fitchburg, Middleton, and Stoughton in Dane County; Portage in Columbia County, and Dodgeville in Iowa County. Madison is home to the main UW campus, as well as the Madison Area Technical College (MATC) and Edgewood College. A second MATC Campus is located in Portage.

Housing in Madison

Home prices in the Madison MSA, as measured by the OFHEO Home Price Index, have increased at a rate almost identical to the state's so far this decade (see Chart I.19 below). Prices increased between 4% and 6% in the first few years, before increasing around 8-10% in the period from 2004 to 2006. In Madison, price increases peaked at 10.8% in the third quarter of 2004, but remained above 6% until 2006. Since then the growth in home prices has slowed. In the latest data available, from the third quarter of 2008, home prices in the Madison MSA decreased 1.4% when compared to the prior year, similar to the state-wide decline of 1.2%. Still, prices in the Madison area are 24.7% greater than they were five years ago.

The number of home sales in the three-county Madison area has fallen 16.6% in the past year, from 2,166 in the third quarter of 2007 to 1,807 in the third quarter of 2008. This data is based on MLS sales data from the Wisconsin Realtors Association. Sales in Dane County, with the greatest portion of home sales, fell 14.2%, from 1,900 to 1,631. Columbia County saw a 33.0% decrease, while the number of sales in Iowa County fell 36.2%. The median sales price also fell in each of the three counties, down 2.7% to $219,000 in Dane County, 6.7% to $160,000 in Columbia County, and 13.9% to $141,600 in Iowa County.

Chart I.19



Source: Office of Federal Housing Enterprise Oversight

Employment

The largest industry in the Madison MSA is Government, including state and local education, which is 23.6% of total nonfarm employment. The large proportion of government employment in Madison is due to the concentration of state government and the UW Madison Campus, which is the largest UW campus in the state. Other large industries include Trade, Transportation and Utilities (17.2% of employment), Professional and

Business Services (11.0%), and Education and Health Services (10.3%). Large employers include American Family Insurance, UW Hospital and Clinics, WPS, Epic Systems, Meriter Hospital, and Lands' End.

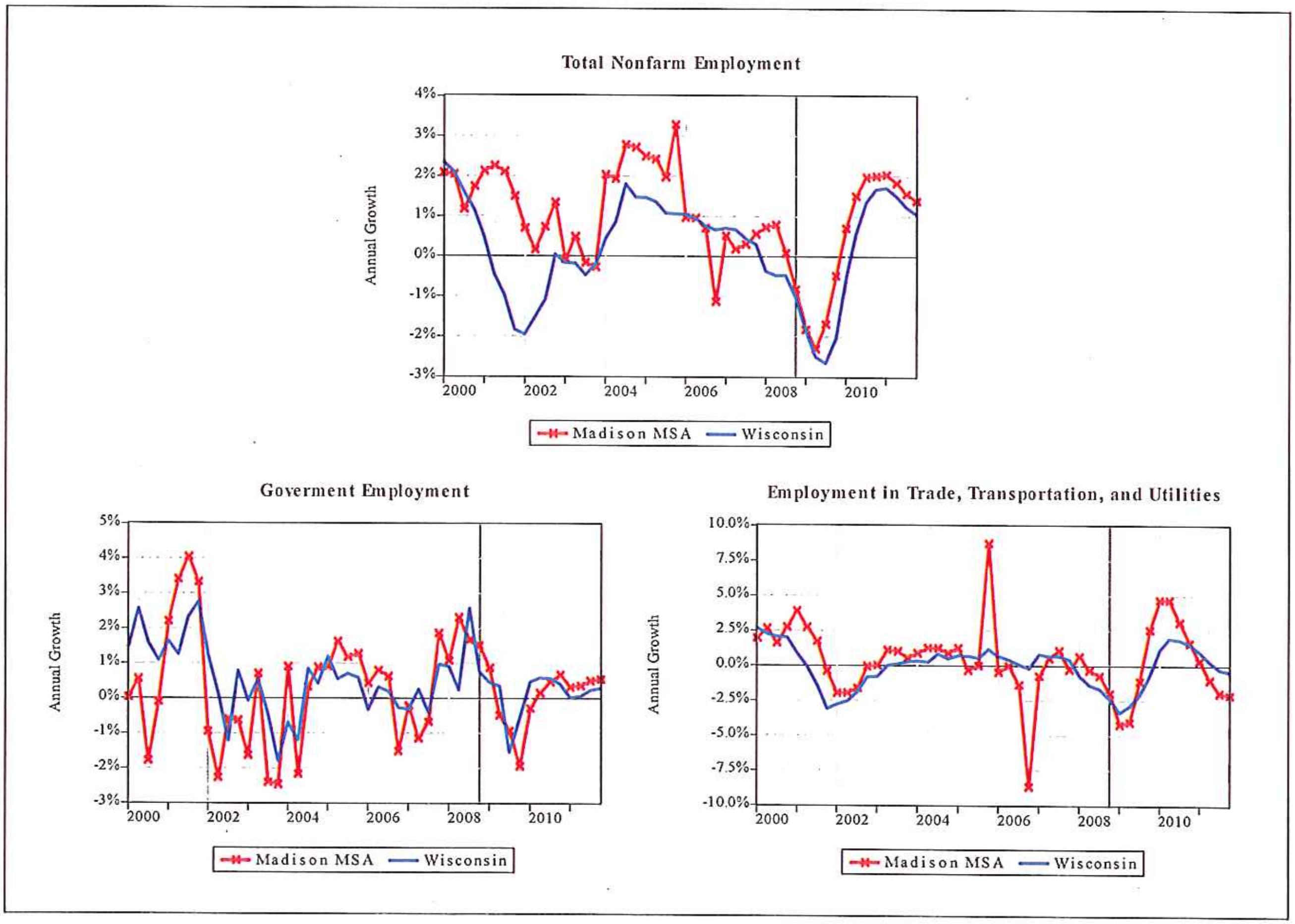
Employment grew 0.2% in the Madison MSA in 2008. The Information sector saw the fastest employment growth, at 4.5%, followed by Professional and Business Services, with 2.4% growth; and Government and Education and Health Services, both with an increase of 1.7%. Construction and Mining saw employment decrease 3.6%, while Manufacturing declined 3.8%.

The Forecast

The Madison MSA is expected to see an employment decline of 1.6% in 2009. This would be the first year of employment declines in the Madison area since the series begins back in 1990 (although employment was flat in 2003). Employment rebounds the following year, increasing 1.6% in 2010 and then 1.7% in 2011.

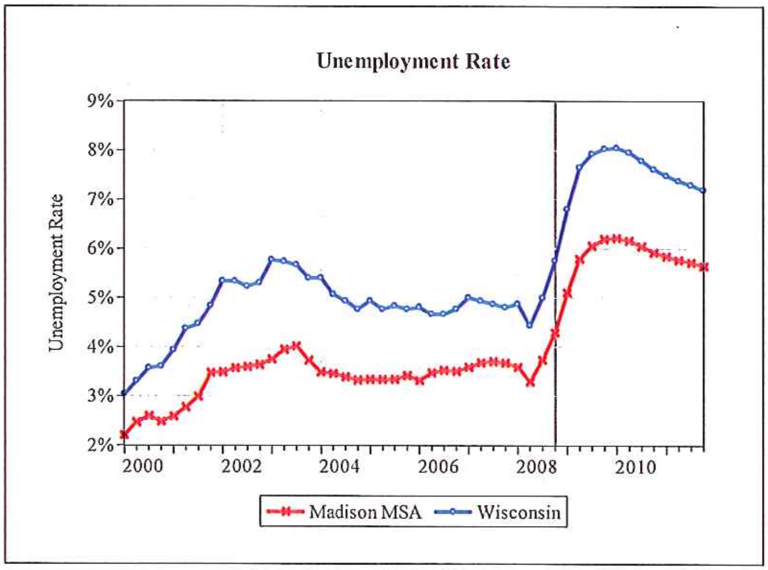
Government employment, the largest sector in the three-county area, is expected to decrease 0.6% in 2009, followed by weak growth of 0.3% and 0.5% in 2010 and 2011, respectively, as state government deals with weak revenue growth for the next several years. The Trade, Transportation, and Utilities Sector also experiences a decline, with employment decreasing 1.7% in 2009 but then bouncing back to 3.5% growth in 2010. Despite the decline in the two largest sectors in the area, employment in the Education and Health Services Sector is forecasted to continue to see growth over the entirety of the forecast period, with increases of 1.5%, 4.0%, and 3.0%, respectively, in the years 2009 through 2011.

Chart I.20



Historically, the Madison MSA has had a very low and steady unemployment rate (see Chart I.21). During the last downturn, the unemployment rate rose from 2.4% in 2000 to 3.9% in 2003. This is about 1.5 percentage points lower than the state unemployment rate. The rate then fell to 3.4% during the period from 2004 to 2006 before rising to 3.7% in 2007 and 2008. The unemployment rate did begin to rise towards the end of 2008, reaching 4.3% on a seasonally adjusted basis in the fourth quarter of 2008. The rate is expected to continue to increase to a level of 5.8% in 2009 and 6.1% in 2010, before decreasing slightly to 5.7% in 2011 as stronger employment growth resumes.

Chart I.21



Total personal income in the Madison MSA grew 5.4% in 2007, versus growth of 5.7% for the state as a whole. In 2008, growth will slow to 4.5% and then to 2.0% in 2009. This is similar to the statewide forecast of 3.1% growth in 2008 and 1.4% in 2009. After that, growth in personal income will accelerate to 3.7% in 2010 and 4.7% in 2011.

The Madison MSA has the highest per capita personal income in the state, at $41,679 in 2007. This is slightly higher than the Milwaukee MSA and quite a bit higher than the state at $36,337. Per capita personal income rose 4.0% in 2007, and has risen 20.5% over the last five years. However, growth will slow in 2008, with per capita personal income rising 3.2% to $43,013. Growth will slow further in 2009 to 0.8%, before rebounding to 2.5% growth in 2010 and 3.5% in 2011. At the end of the forecast period, per capita personal income will be $46,000 in the Madison MSA.

MADISON METROPOLITAN AREA FORECAST

	History					Forecast		
	2004	2005	2006	2007	2008	2009	2010	2011
Nonfarm Employment (thousands)	336.3	344.9	346.2	347.6	348.3	342.9	348.2	354.2
% change	*2.4%*	*2.6%*	*0.4%*	*0.4%*	*0.2%*	*-1.6%*	*1.6%*	*1.7%*
Unemployment Rate	3.4	3.4	3.5	3.7	3.7	5.8	6.1	5.7

	History				Forecast			
	2004	2005	2006	2007	2008	2009	2010	2011
Total Personal Income ($ billions)	19.6	20.7	22.0	23.2	24.2	24.7	25.6	26.8
% change	*5.0%*	*5.4%*	*6.1%*	*5.4%*	*4.5%*	*2.0%*	*3.7%*	*4.7%*
Per Capita Personal Income	36,760	38,281	40,088	41,679	43,013	43,348	44,424	46,000
% change	*3.6%*	*4.1%*	*4.7%*	*4.0%*	*3.2%*	*0.8%*	*2.5%*	*3.5%*

Milwaukee ranks low in places to start small business

BY CORRINNE HESS
chess@bizjournals.com

Thinking about launching a new business in Wisconsin? Madison might be a better bet than Milwaukee.

Although the two Wisconsin cities are only 80 miles apart, Madison scored significantly higher than Milwaukee in terms of small business vitality, according to a study analyzing the nation's 100 largest metropolitan areas by American City Business Journals, the parent company of The Business Journal. When looking at cities that are the most conducive to the creation and development of small business, Madison ranked 32, while Milwaukee was listed in the bottom third, at 77.

Taylor

Milwaukee-area business leaders said the city's poor standing has less to do with what it lacks and more to do with what it offers.

"What this study says is Madison has moved much more in the realm of small business development and that's still something Milwaukee needs to work on," said Julia Taylor, president of the Greater Milwaukee Committee. "What we have here are golden handcuffs. There are a lot of Fortune 500 companies and so many entrepreneurial people working in those companies. It's difficult to leave that and say maybe now I'll go out and start my own business."

Population, employment, small business growth and small business concentration were taken into consideration when ranking a city's small business vitality.

The highest scores in the fourth-annual study went to areas that have prosperous economies, are expanding rapidly and are densely packed with small businesses, which were defined as any private-sector employer with 99 or fewer employees. Raleigh, N.C. ranked No. 1 in the country, with a "small business vitality" score of 58.2. Madison's score was 8.34 and Milwaukee scored -14.36. At the very bottom of the rankings was Detroit, with a vitality score of -49.73.

Focusing on research, which has been Madison's strategy, and continuing to invest in programs such as BizStarts Milwaukee Inc. are key to moving up in the rankings, Taylor said. Launched in December, BizStarts is a nonprofit organization dedicated to helping create a prosperous entrepreneurial business climate in southeastern Wisconsin by connecting entrepreneurs and their companies.

MORE CAPITAL NEEDED

Dan Steininger, vice president of BizStarts, said Milwaukee's dismal rating doesn't surprise him and is one of the reasons BizStarts was created.

There is insufficient capital devoted to small businesses and more investment and venture capital is needed to grow the number of start-up companies in the state, Steininger said.

But that isn't all. Steininger said there is fear of failure among entrepreneurs in southeastern Wisconsin that isn't evident in other parts of the country, particularly Silicon Valley, Calif. where companies such as Google, Yahoo! and Hewlett-Packard were launched.

"Here there is a stigma attached to someone who has tried and didn't attain their goals, which is very common with startups," Steininger said. "There, it's a feeling of trying until you get things right. The company goes under and you just try again."

Bill Smith, state director for the National Federation of Independent Business, thinks it's easier to try again when small business owners don't have to deal with government mandates such as the paid sick leave ordinance pending in Milwaukee.

That mandate, along with higher health care costs in Milwaukee, affects the success of small business, Smith said.

Voters passed the sick leave ordinance in November 2008 that would require employers to provide up to nine days of paid sick time per year based on the number of hours worked and the size of the business. The ordinance has been challenged by the Metropolitan Milwaukee Association of Commerce.

"One thing all small businesses have in common is the cost of labor," Smith said. "If you can't manage the cost then you can't succeed in small business."

Nancy Hernandez is more optimistic about Milwaukee, where she started her business, Abrazo Multicultural Marketing & Communication, in 2002. Hernandez opened a second Abrazo location three years ago in El Paso, Texas — a city that ranked 71st in the study.

Hernandez isn't worried though. She said Milwaukee's plethora of corporate headquarters helps a lot of small business owners like herself who depend on business-to-business sales to succeed.

"I don't know if it's fair to say that because Milwaukee indicates poorly in a study it's a bad place to do business," Hernandez said. "I think every small business owner, and even the big ones, question if they've made the right decision sometimes. But we've had success we can build upon each year."

American City Business Journal reporter **G. SCOTT THOMAS** conducted the study and contributed to this report. For more on the study, please see www.bizjournals.com/milwaukee.

Tough ranking

The Milwaukee area ranks among the lowest in the United States as a place to start a small business, according to a new study by American City Business Journals, the parent company of The Business Journal Serving Greater Milwaukee.

Small business vitality rankings:

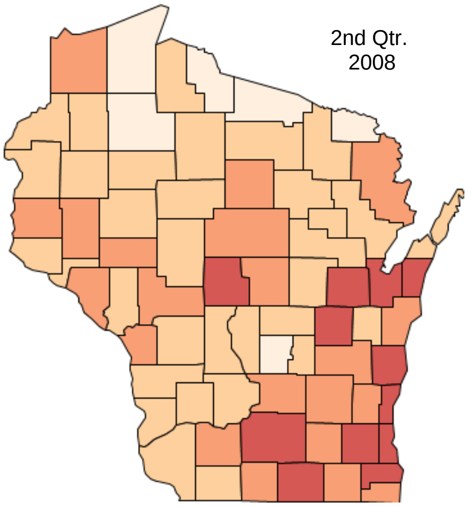
1. Raleigh, N.C.
2. Charlotte, N.C.
3. Seattle
4. Austin, Texas
5. Boise, Idaho
6. Salt Lake City
7. Orlando, Fla.
8. Oklahoma City
9. Denver
10. Portland, Maine

32. Madison, Wis.

77. Milwaukee

Source: American City Business Journals

Wisconsin Average Weekly Wages by County

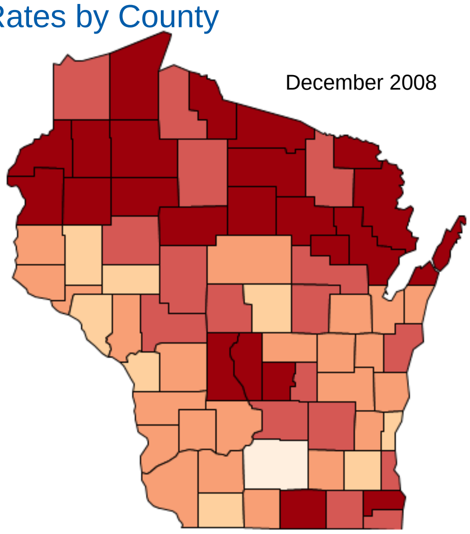


Wisconsin Average Weekly Wage: $730

- Under $499
- $500 to $599
- $600 to $699
- $700 and over

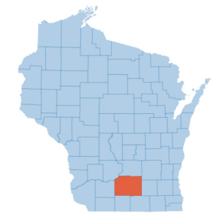
Source: DWD, LMI, QCEW

Wisconsin Unemployment Rates by County



- < 3.9 %
- 4.0 % to 4.9 %
- 5.0 % to 5.9 %
- 6.0 % to 6.9 %
- 7.0 % >

Source: DWD, LMI, LAUS



2007 Pop. - 476,785

Wisconsin Department of Workforce Development

Dane County Snapshot

Released January 30, 2009

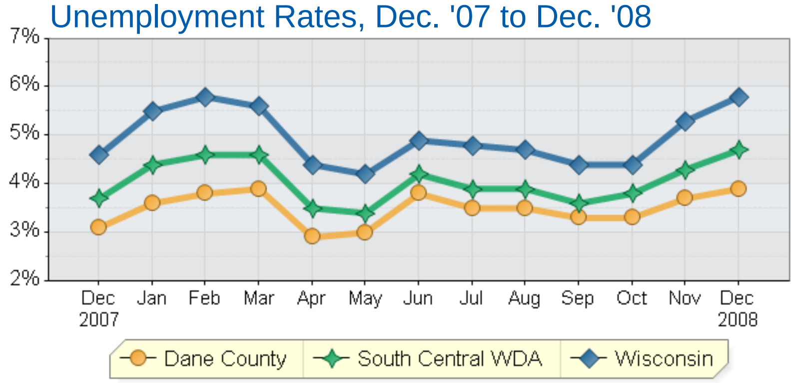
County Employment Overview - 2nd Qtr. 2008

Below are the county's most common occupations based upon their employment. Under each occupation are the industries that, based on statewide employer staffing patterns, (estimated total number of jobs), employ the most people in the occupation. Next to each industry is the largest county employer that may employ people in that occupation. (Note: An * before an employer's name indicates that the employer has multiple locations or is counted in multiple industries but chose not to break out this information.)

Industries	Largest Employers in Industry	# of Employees
1 Retail Sales Staff		
Discount Department Stores	Wal-Mart	500-999
Warehouse Clubs & Supercenters	Wal-Mart	500-999
New Car Dealers	Zimbrick Inc	500-999
Home Centers	Menards	500-999
Radio TV & Other Elect Stores	American TV	250-499
2 Cashiers		
Supermarkets & Other Grocery Stores	Ultra Mart Foods LLC	1,000+
Limited Service Restaurants	McDonald's	500-999
Discount Department Stores	Wal-Mart	500-999
Pharmacies & Drug Stores	Walgreens	500-999
Warehouse Clubs & Supercenters	Wal-Mart	500-999
3 RNs		
Colleges & Universities	State Government	1,000+
General Medical & Surgical Hospitals	*State Government	1,000+
Executive & Legislative Offices Combined	Local Government	1,000+
Offices of Physicians exc Mental Health	UWMF	1,000+
Nursing Care Facilities	Oakwood Lutheran Homes Assn Inc	500-999
4 Secretaries		
Colleges & Universities	State Government	1,000+
Direct Property & Casualty Insurers	American Family Mutual Insurance Co	1,000+
General Medical & Surgical Hospitals	*State Government	1,000+
Correctional Institutions	State Government	1,000+
Executive & Legislative Offices Combined	Local Government	1,000+
5 Customer Service Reps		
Direct Property & Casualty Insurers	American Family Mutual Insurance Co	1,000+
Offices of Physicians exc Mental Health	UWMF	1,000+
Mail Order Houses	American Girl Brands LLC	1,000+
Wired Telecommunications Carriers	TDS Telecom	500-999
Commercial Lithographic Printing	Webcrafters	500-999

Source: DWD, LMI, QCEW Q2 2008; LMI, EDS Q2 2006; OEA, Short-Term Projections 2007-2009

Unemployment Rates, Dec. '07 to Dec. '08



Unemployment Rates

	Dec. '08	Nov. '08	Dec. '07
Dane County	3.9%	3.7%	3.1%
Madison Metro*	4.2	3.9	3.4
South Central WDA**	4.7	4.3	3.7
Wisconsin	5.8	5.3	4.6

Employment

	Dec. '08	Nov. '08	Dec. '07
County Civilian Labor Force	287,160	288,735	290,487
# Employed	276,065	278,172	281,356
# Unemployed	11,095	10,563	9,131
WDA Civilian Labor Force	457,682	458,997	457,129
# Employed	436,309	439,477	439,997
# Unemployed	21,373	19,520	17,132

Source: DWD, LMI, LAUS

**Madison Metro comprised of Iowa, Dane & Columbia Counties*

***South Central WDA comprised of Dane, Columbia, Jefferson, Sauk, Dodge & Marquette Counties*

Questions? - email worknet@dwd.state.wi.us

Current Active JobNet Orders*- January 20, 2009

1 Occupations with the Most Job Openings based on the worksite

	Occupation	# of Estimated Openings	Employers with most openings
County	Computer App Software Engineers	127	Epic Systems Corp; Empower Professionals; George Ventures LLC
County	Computer & IS Mgrs	101	Epic Systems Corp; Dean Health Plan, Inc
County	RNs	69	Staffing Partners Healthcare; Essential Staffing Solutions; Star One Staffing of Madison
WDA	Computer App Software Engineers	128	Epic Systems Corp; Empower Professionals; George Ventures LLC
WDA	Computer & IS Mgrs	101	Epic Systems Corp
WDA	Nursing Aides, Orderlies, & Attendants	100	Essential Staffing Solutions; Elder Innovations LLC; Midwest Home Care LLC

2 Employers with the Most Job Openings based on the worksite

	Employer	# of Estimated Openings	Employer's Most Frequent Types of Job Openings
County	Epic Systems Corp	220	Computer App Software Engineers; Computer & IS Mgrs
County	Madison School-Community Recreation	107	Teacher Assistants; Recreation Staff; Social & Community Service Mgrs
County	Midwest Home Care LLC	44	Personal/Home Care Aides; Nursing Aides, Orderlies, & Attendants; Home Health Aides
WDA	Epic Systems Corp	220	Computer App Software Engineers; Computer & IS Mgrs
WDA	Madison School-Community Recreation	107	Teacher Assistants; Recreation Staff; Social & Community Service Mgrs
WDA	Midwest Home Care LLC	44	Personal/Home Care Aides; Nursing Aides, Orderlies, & Attendants; Home Health Aides

3 JobNet Summary Statistics

	County	WDA
Total Job Openings	1,012	1,418
Employers with Openings	143	254

Source: Wisconsin's JobNet, January 20, 2009

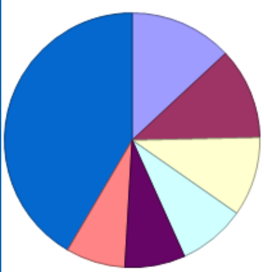
*This JobNet Orders report provides the number of job openings by occupation and by company. It is a "snapshot" of information for one day in JobNet. Job orders with five (5) or fewer counties only will be retrieved and reported above. Companies listing more than five counties as worksites will not be used for the Snapshot publications.

Unemployment Insurance Benefits

		Dec. '08	Nov. '08	Dec. '07
Initial Claims	County	6,130	4,247	3,653
	WDA	15,044	10,126	8,765
Continued Claims	County	37,864	26,715	20,653
	WDA	80,729	54,457	45,080

Source: DWD, UI

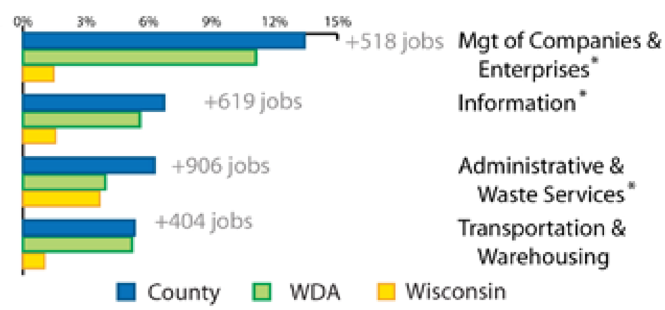
Top Employing Industries in County - 2nd Qtr. 2008



Emp #	Industry (percent)
39,917	Health Care & Social Assistance (13%)
35,557	Educational Services (12%)
30,843	Retail Trade (10%)
26,173	Manufacturing (9%)
23,317	Public Administration (8%)
23,106	Accommodation & Food Services (8%)
127,146	All Other Industries (42%)

Source: DWD, LMI, QCEW

County Industries w/ Largest Percentage Growth in Employment: 1st Qtr. 2007 - 1st Qtr. 2008



*Reflects a change in geographic and/or industry coding rather than a change in employment

Source: U.S. Census Bureau, LED

Nonfarm Employment

	Madison Metro*			State
	December 2008 Employment	Change Since Last Month		
		#	%	%
Total Nonfarm	348,000	-1,800	-0.5 %	-1.2 %
Total Private	263,600	-1,600	-0.6	-1.2
Goods Producing	45,400	-1,300	-2.8	-2.8
Natural Resources and Mining and Construction	15,600	-1,000	-6.0	-9.0
Manufacturing	29,800	-300	-1.0	-1.1
Private Service Providing	218,200	-300	-0.1	-0.6
Trade	53,100	300	0.6	0.4
Transportation Warehousing and Utilities	8,700	0	0.0	-2.3
Financial Activities	26,500	0	0.0	-0.3
Educational and Health Services	36,400	200	0.6	-0.2
Leisure and Hospitality	28,700	-200	-0.7	-1.3
Information, Professional, Business & other Services	64,800	-600	-0.9	-1.3
Government	84,400	-200	-0.2	-1.3

Source: DWD, LMI, CES & Small County Estimates

*Madison Metro comprised of Iowa, Dane & Columbia Counties

An increase/decrease in employment may be the result of code changes that are NOT due to changes in the economic picture, rather the result of changes in the coding structure or corrections to industry and/or geographic codes.