



STATE AND REGIONAL ECONOMIC IMPACT: TRANSPORTATION, LOGISTICS, AND SUPPLY CHAIN




AGENDA:

- 11:00 A.M. NETWORKING**
- 11:20 A.M. LUNCH**
- 11:50 A.M. WELCOME – EVENT CORPORATE SPONSOR**
ERIK SWAN, SENIOR VICE PRESIDENT, ASSOCIATED BANK
- 12:00 P.M. STATE INDUSTRY PERSPECTIVE**
SECRETARY CRAIG THOMPSON – WI DEPT. OF TRANSPORTATION
SECRETARY PETER BARCA – WI DEPT. OF REVENUE
- 12:15 P.M. WISCONSIN ECONOMIST REPORT**
JOHN KOSKINEN, CHIEF ECONOMIST, WI DEPT. OF REVENUE
- 12:25 P.M. NEW NORTH INDUSTRY PERSPECTIVE**
MARC SCHAFFER, PH.D., CENTER FOR BUSINESS & ECONOMIC ANALYSIS, SNC
HANNA LECH & ABIGAIL KRUEGER, CBEA FELLOWS
- 12:45 P.M. LOCAL REACTION & INITIATIVES**
KAREN LANCELLE
SUPPLY CHAIN SVP, SCHREIBER FOODS
- 12:55 P.M. CLOSING REMARKS**





Transportation and Supply Chains
Craig Thompson
Secretary, Wisconsin Department of Transportation
New North and the Center for Business and Economic Analysis
St. Norbert's College
December 8, 2021

Local Effects, Global Impact



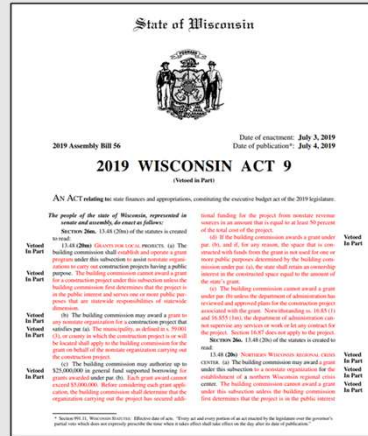
Wisconsin depends on freight

- Major industries are heavily freight-dependent
 - Manufacturing
 - Agriculture
 - Mining
 - Wood and wood products
- 600 million tons in 2019
 - Value -- \$550 billion



Historic New Investment in Transportation

- \$ 467 million in new spending
 - First revenue increase in decades
 - Increases in State Highway Rehabilitation, GTA, Local Road Improvement grants
 - Increase in local road funding



2021-2023 Budget

Continuing our Commitment to Fix What We Have

- Increases for local roads
 - \$72 million increase for SHR
 - GTA up two percent in both 2022 and 2023
 - \$100 million in LRIP Discretionary Funds



I-94 East West Corridor

- Project enumerated
- Supplemental EIS started
- Focus on community engagement



Wisconsin Ports

- Ports are vital
 - Over 40 million tons of cargo valued at over \$8 billion
 - Port of Milwaukee largest exporter of grain on the Great Lakes
- Harbor Assistance Program



Investing in Infrastructure and Jobs Act

- \$1.2 trillion authorization bill
- Most historic investment since the development of the Interstate Highway System



Infrastructure Investment and Jobs Act

- \$1.1 billion in new funding over five years for federal-aid highway apportioned programs
- \$225 million for bridge replacement and repairs
- Increases in Transit Aid, help for airports



Electric Vehicles

- \$15.7 million per year
- \$78.6 million over



2020 Highlights Rail, Harbors, Highway Safety

- Highway safety
- Rail crossings and infrastructure
- Harbors and ferry boats





Thank You!



THE **BADGER BOUNCEBACK**

New North Economic Intel Forum Executive Leaders Luncheon



Peter Barca, Secretary

Green Bay | December 8, 2021



State of Wisconsin's economy is strong and positioned for more growth

Today we'll cover

- Governor committed to lowering taxes and signed one of the largest cuts in WI history
- Withholding table changes will put even more money into the economy
- Tax refunds are poised to be larger this year
- Revenue collections have been and continue to be some of the strongest we've seen



- One of the **largest tax cuts** in Wisconsin State History
 - \$2 Billion in individual income tax relief over the biennium
 - 2.4 million filers receiving tax relief when combined with the tax rate cuts in 2021 WI Act 1,
 - Median family of 4 will enjoy over \$800 in annual tax relief beginning tax year 2021 – from this budget along with cuts in 2019 WI Act 9 and 10.
 - \$550 coming from this budget alone
- Will use federal funds to invest an additional \$100M in education
- While Governor Evers signed the budget, he was clear he was disappointed the Legislature left work undone – kids and schools, criminal justice reform measures, equity initiatives, support for small businesses

Other tax relief in Wisconsin Act 58

- Ongoing tax relief of \$1B annually
- 2/3rd funding for education means property tax relief
- \$72M over the biennium in Tech College property tax relief
- Child and dependent care tax credit claimers will be able to claim 50% of the federal credit for WI purposes
- Exempts all "active-duty" income

Economic development in Wisconsin Act 58

- Increase (double) R&D refundable credit
 - Governor Evers also proposed last budget
- \$200M set aside for Personal Property Tax relief for businesses

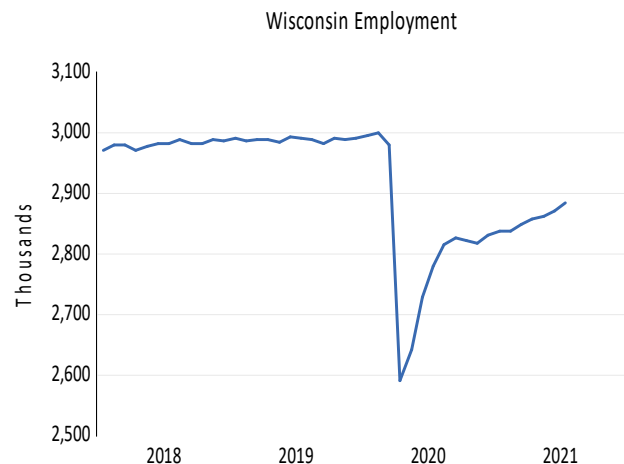
Fiscal Year 2022 collections to date are strong

Department of Revenue Collections, October FY2022
General Purpose Revenue (\$ in thousands - rounded)

Revenue Source	Collections for Month			Collections to Date		
	FY21	FY22	% change	FY21	FY22	% change
Individual Income	584,924	647,454	10.7%	2,370,647	2,685,348	13.3%
Adjusted	852,450	980,685	15.0%	2,638,174	3,018,579	14.4%
Sales & Use	521,529	586,323	12.4%	1,545,977	1,728,716	11.8%
Corporate	56,080	101,307	81.2%	606,984	646,114	6.4%
Excise Taxes	58,221	61,336	5.4%	187,390	185,290	-1.1%
Other	39,368	36,490	-7.3%	63,044	63,570	0.8%
Total GPR	1,260,122	1,432,910	13.7%	4,774,042	5,309,037	11.2%
Adjusted GPR	1,527,649	1,766,141	15.6%	5,041,569	5,642,268	11.9%

Wisconsin job recovery continues

- COVID-19 vaccines became widely available in March 2021. Since then, the Wisconsin economy has added 28,800 jobs.
- However, October employment was 4.0%, or 121,000, below the pre-pandemic peak of 2.998 million in February of 2020.
- Manufacturing employment has nearly recovered; in October 2021 employment in this sector was 0.1%, or 400 jobs, below its Feb 2020 level.
- Wisconsin's unemployment rate in October was 3.2%, down 0.2 percentage points from September's revised rate of 3.4%.





Stimulus for small business helped economy bounce back

CARES

- \$50M Farm Support
- \$56M We're All In Phase 1
- \$133M We're All in Phase 2
- \$42M We're All in for Restaurants
- \$20M Lodging grants
- \$15M Events/Music Venue grants

ARPA

- \$50M Farm Support
- \$420M Wisconsin Tomorrow Small Business
- \$75M Wisconsin Tomorrow Lodging
- \$50M Main Street Bounceback
- \$15M Destination Marketing Organizations
- \$12M Live Event Small Business
- \$8M Summer Camp



American Rescue Plan Act for local government will boost infrastructure investments in WI communities

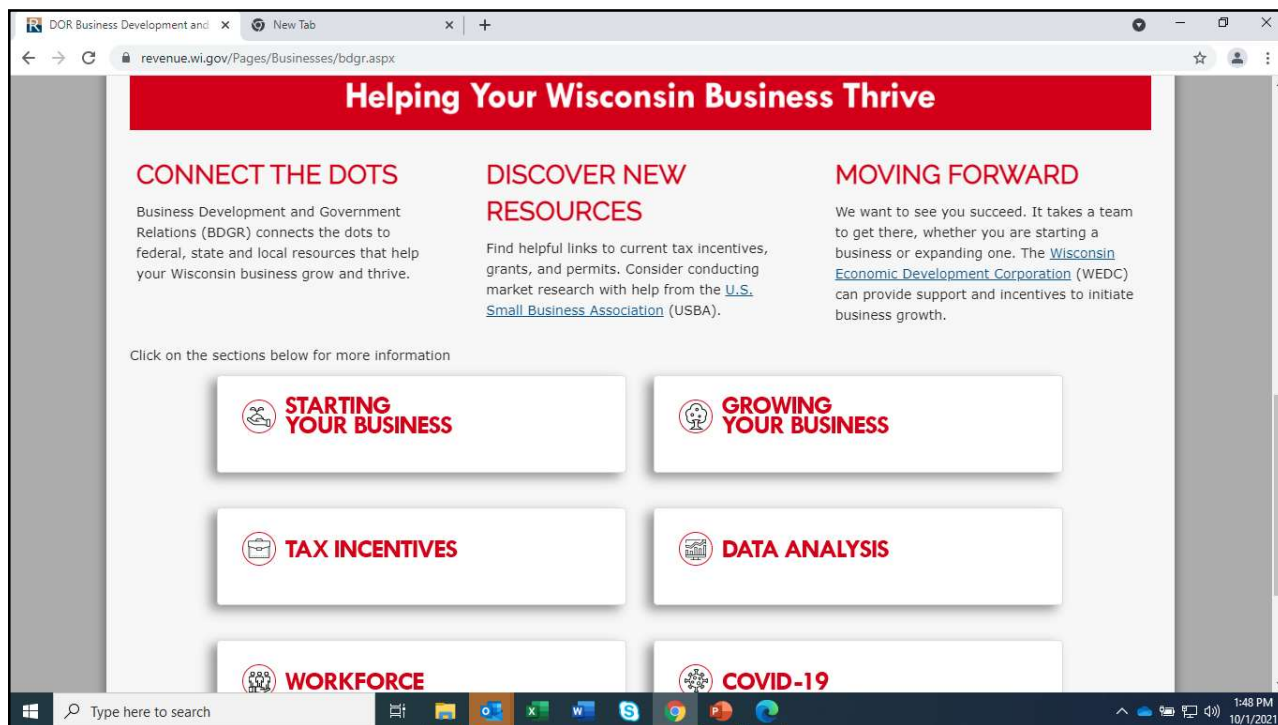
- 1,826 communities eligible for \$205,769,426 in funding
- DOR contacted all communities, and all but 3 accepted funding for an acceptance rate of 99.8%
- 99.9% of the funding was accepted and will be distributed and spend in Wisconsin communities
- Remarkable achievement – WI ranks 3rd in number of local government units

Withholding Tables Change

- Withholding tables change effective January 1, 2022
- Combined with the tax rate cut, wage earners will keep more of their paychecks each month
- [W-166 Withholding Tax Guide - October 2021](#)

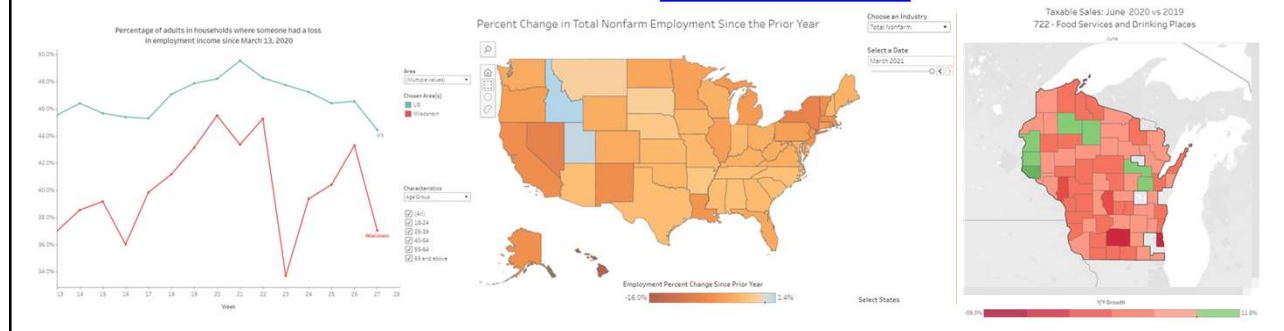
Wisconsin's Drop in Tax Rank Among Nation's Largest

- In 2019, Wisconsin ranked 23rd in total state and local taxes as a percentage of personal income
- In 1999, Wisconsin ranked 4th
- Decline is due, in part, to growth in the economy and personal income
- Also due to the drop in individual income taxes and property taxes as a share of income
- Recently enacted tax cuts in the budget may further improve the ranking



Want to know more?

- DOR compiles local, state, and federal economic and tax data
- Dozens of reports, the Wisconsin Economic Outlook, Interactive Data Visualizations: DORViz.wi.gov

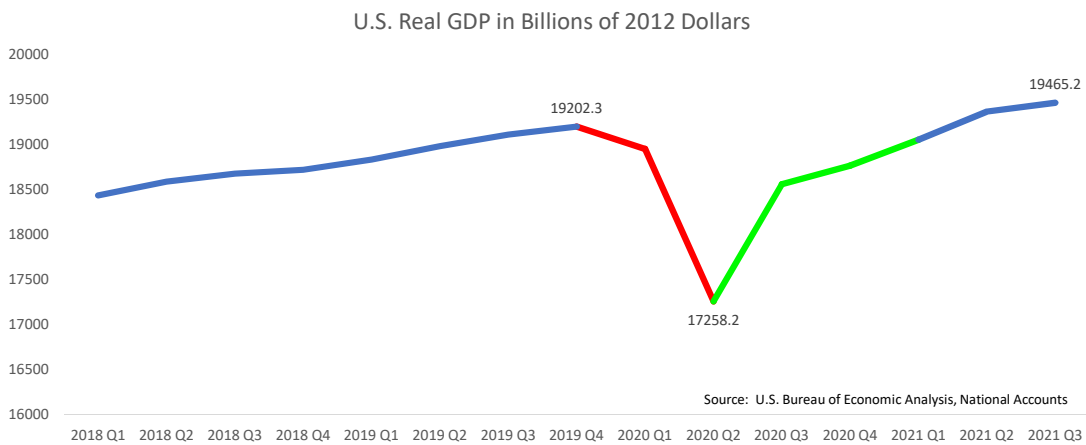


Questions

DORSecretary@wisconsin.gov

Wisconsin in Expansion: A Transportation Focus

After a Record Collapse,
Total Real GDP Has Fully Recovered
from the COVID Contraction

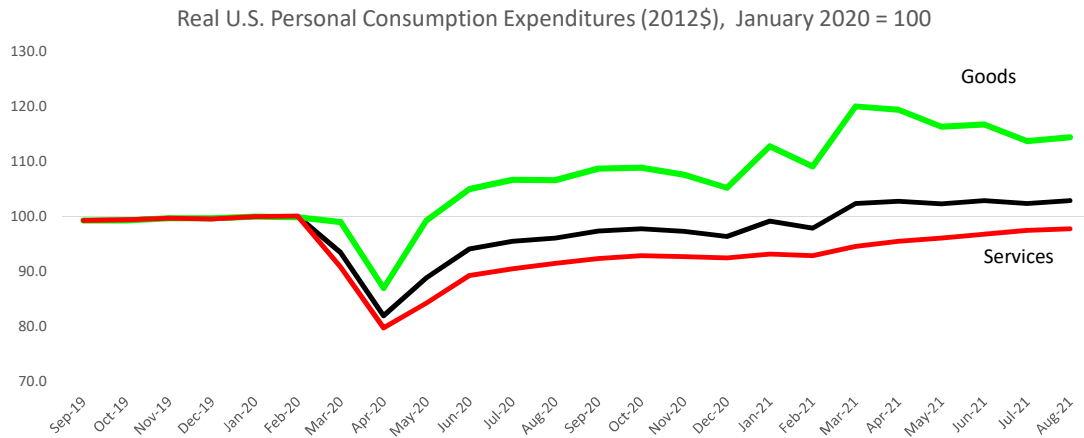


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In Recovery, The Economy Shifted Toward Goods

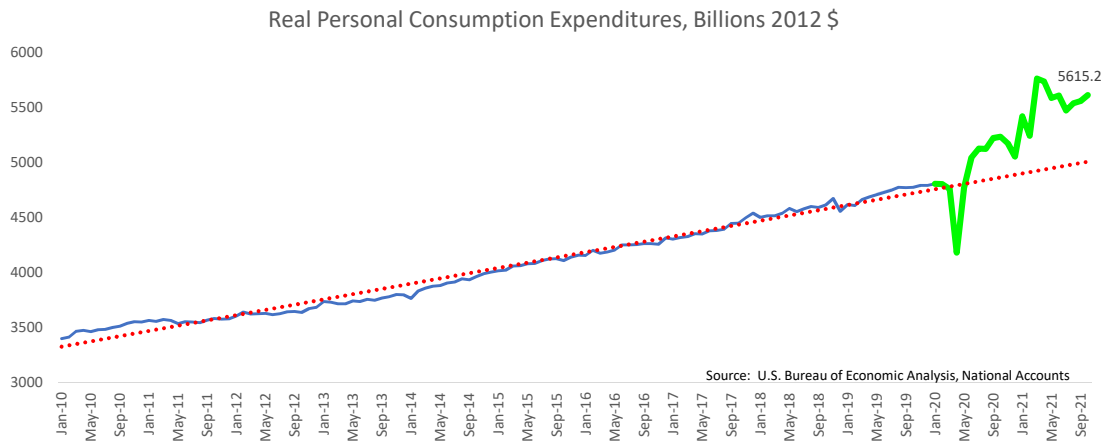


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Goods Purchases Running Far Ahead of 10-Year Trend



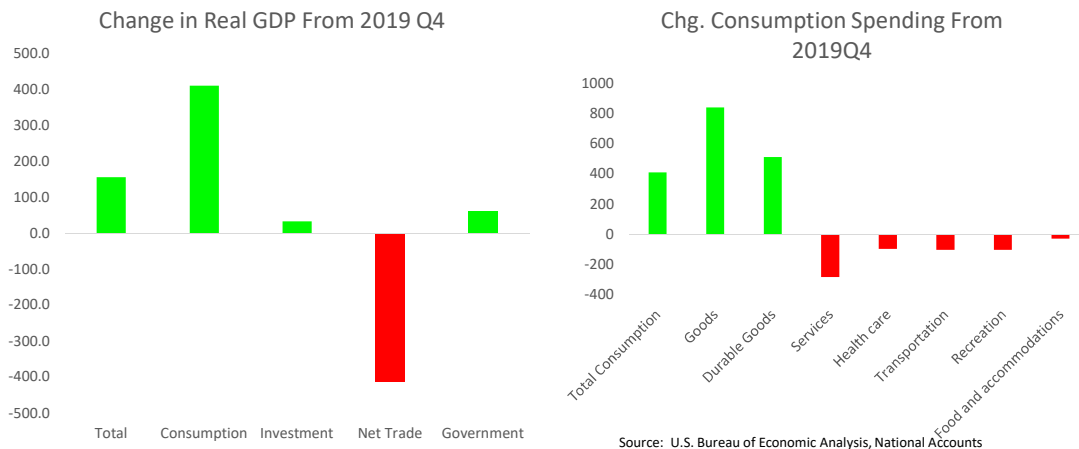
Source: U.S. Bureau of Economic Analysis, National Accounts

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Real GDP Reflects that Goods and Services Shift

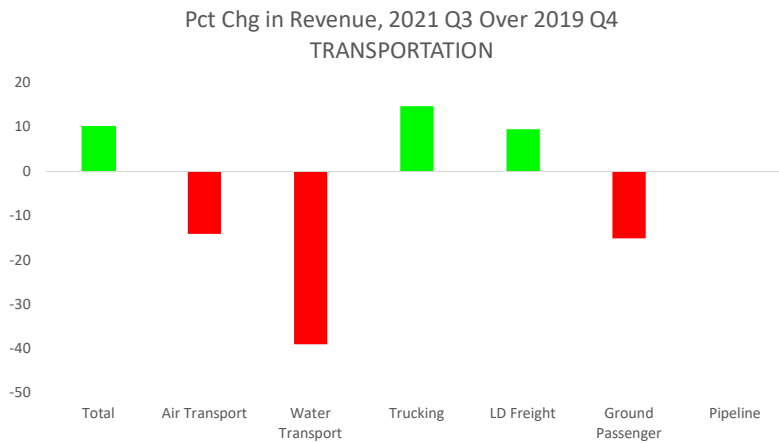


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The Shift Toward Goods Shows Within The Transportation Sector



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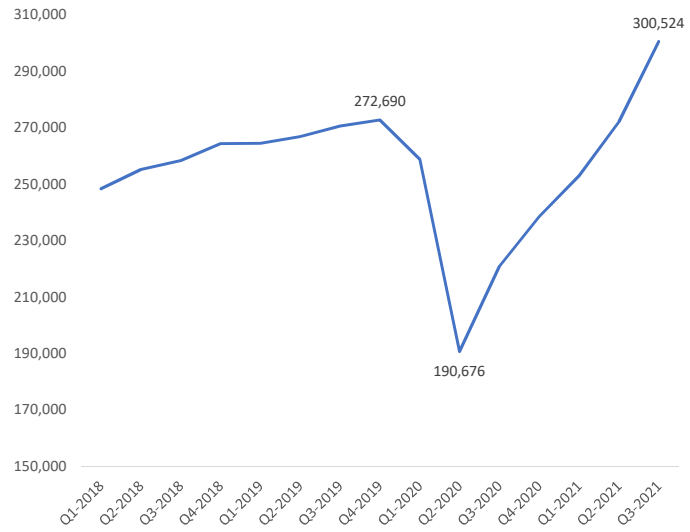
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Total Revenues in Transportation Industry Recovered by 3rd Quarter 2021

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U.S. Total Transportation Revenues \$M



Source: U.S. Census Bureau, Advance Quarterly Services Report, Nov. 19, 2021

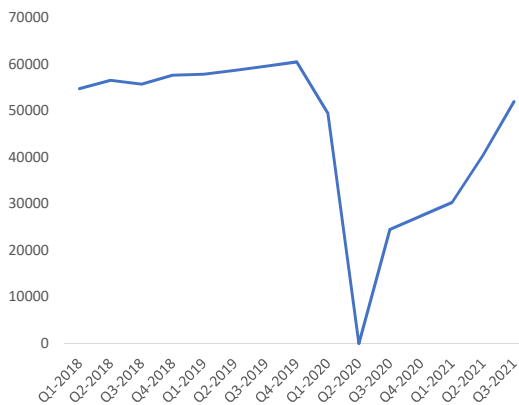
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Air Transport Revenues Rebuilding Trucking Revenue Expanding

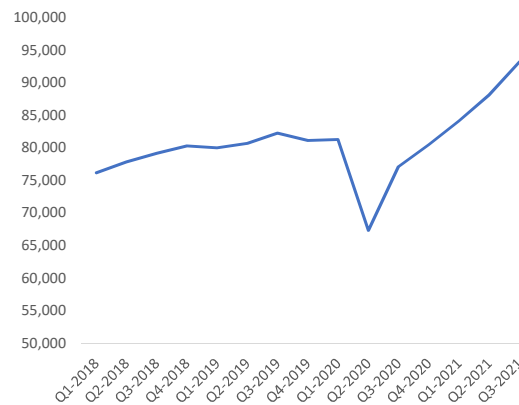
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Air Transportation Revenue \$M



Source: U.S. Census Bureau, Advance Quarterly Services Report, Nov. 19, 2021

Trucking Revenue \$M

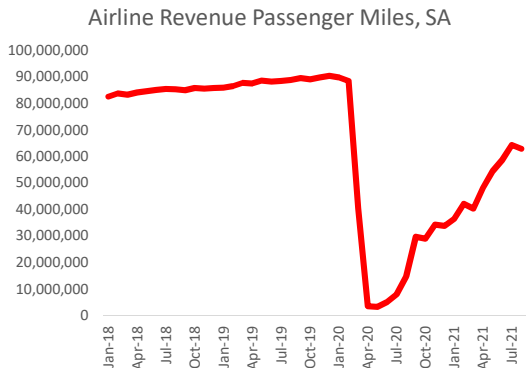


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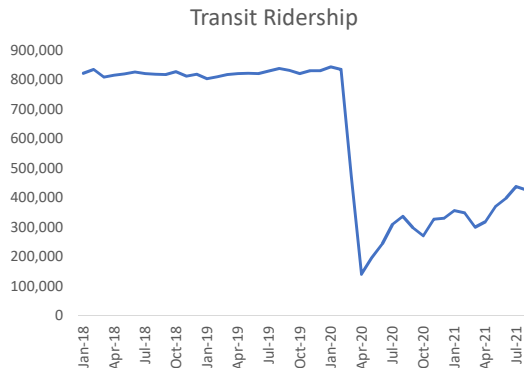
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Transportation Divide: Larger Losses in Passenger Services

Air Passenger



Bus Passenger



Source: USDOT, Bureau of Transportation Statistics

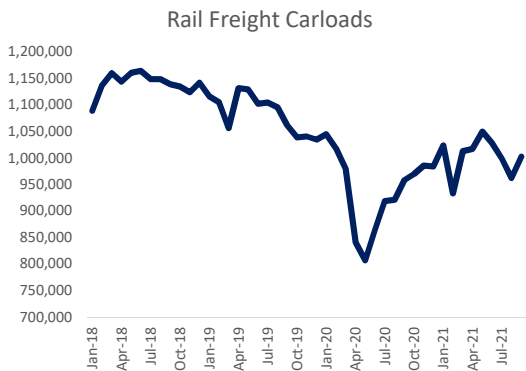
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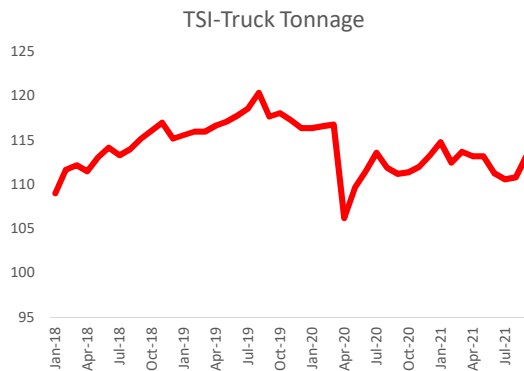
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Transportation Divide: Freight Not As Far Down and Recovering

Rail Freight



Truck Freight



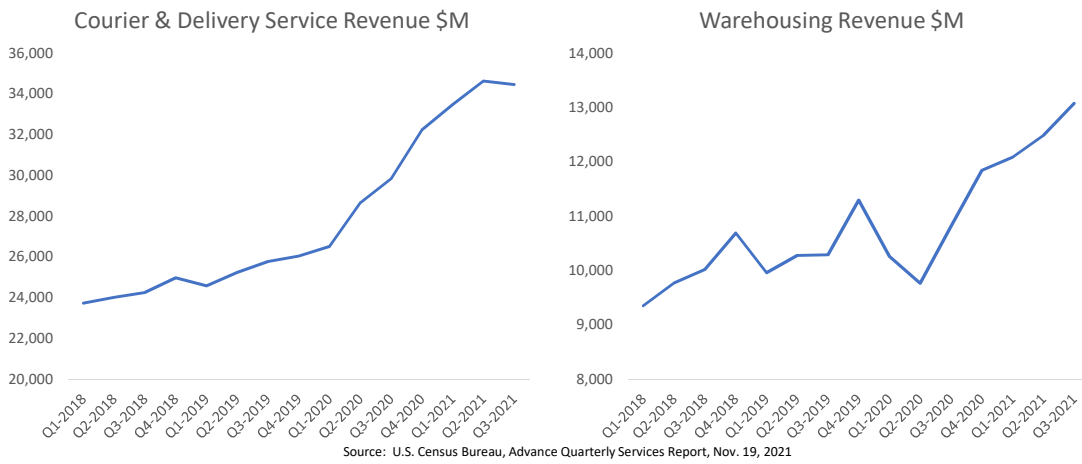
Source: USDOT, Bureau of Transportation Statistics

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Substantial Gains in Package Delivery and Warehousing

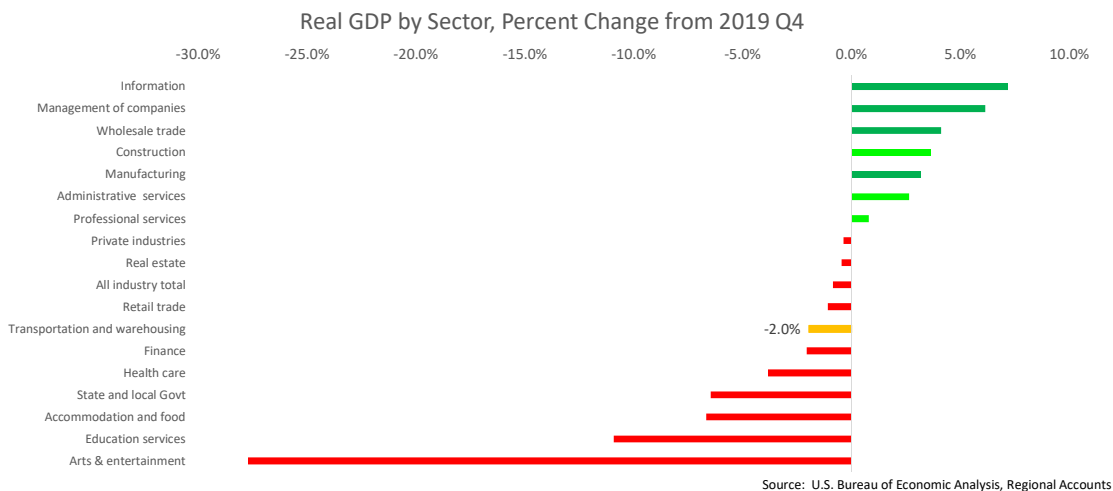


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WI Recovery Through 2021 Q2 Reflects Goods v. Services Divide



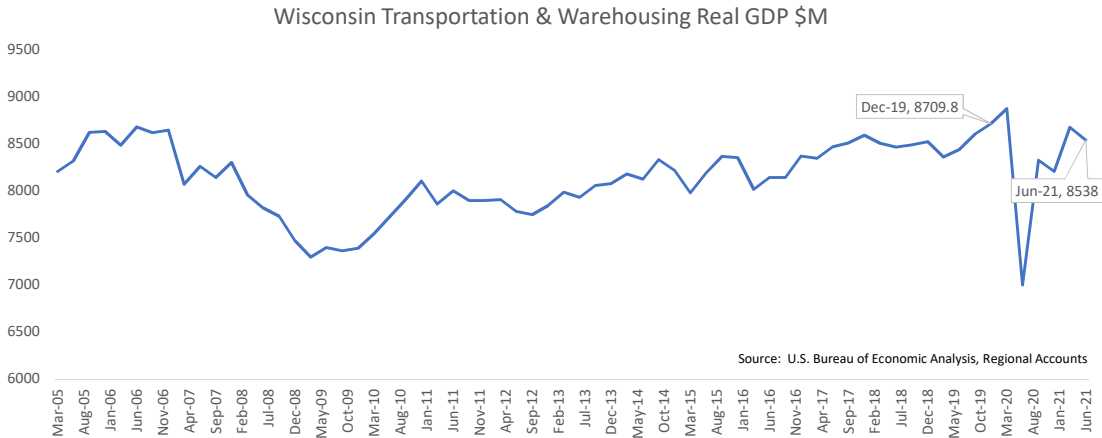
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Wisconsin Transportation Real GDP

Fell 21% During 2020 Q2 2% Below Prior Peak By 2021 Q2



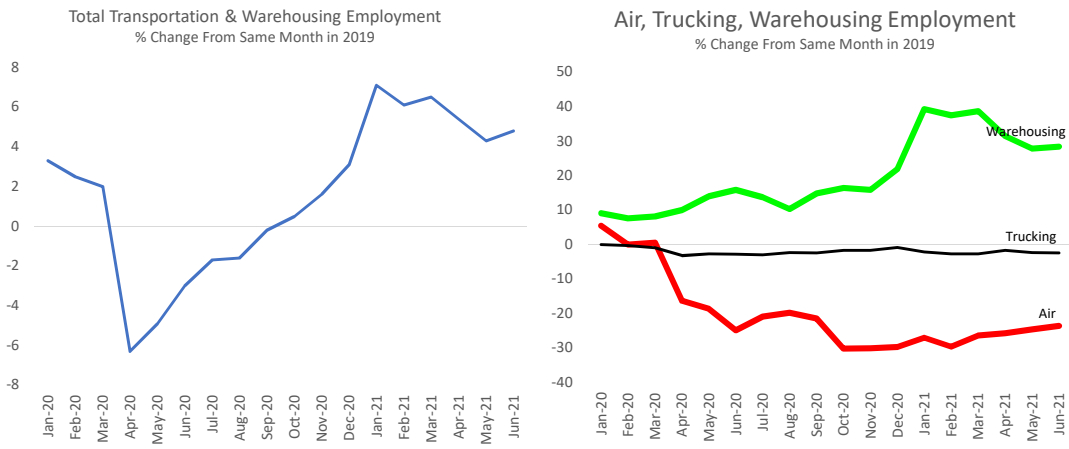
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Wisconsin Transportation Employment

Expanding On Strength of Gains in Warehousing

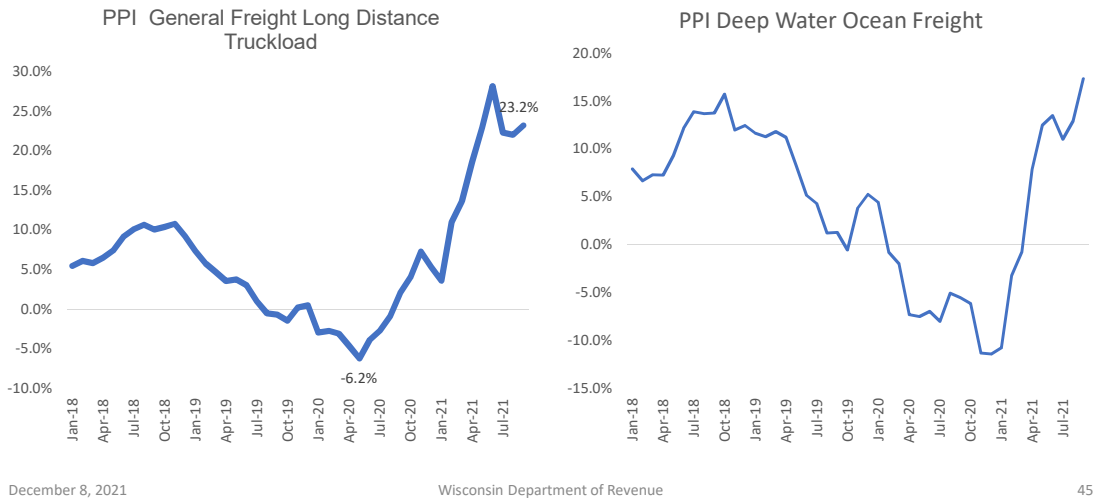


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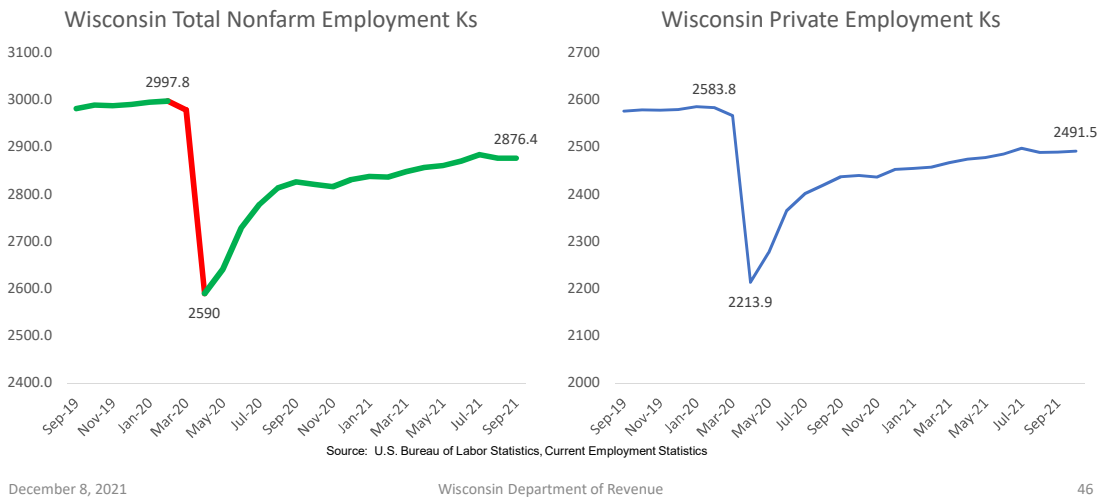
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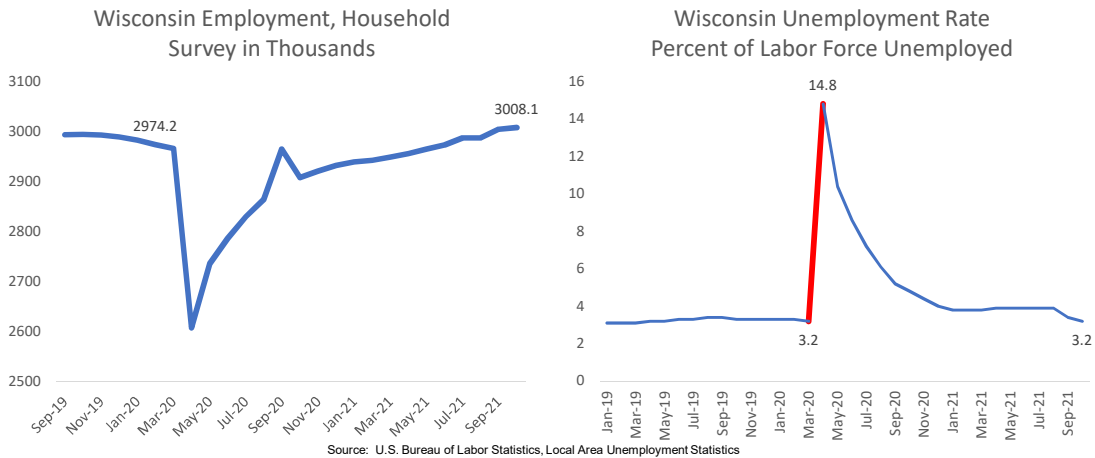
Inflation in Transportation Freight Costs Rising Substantially



Wisconsin Economic Outlook Wisconsin Recovered 293,000 Jobs Since April 2020 About 70% of Total Job Losses Recovered 75% of Private Sector Jobs Recovered



By Household Survey, Wisconsin Employment Above Pre-Recession Levels And Unemployment Rate Back to Near-Record Lows

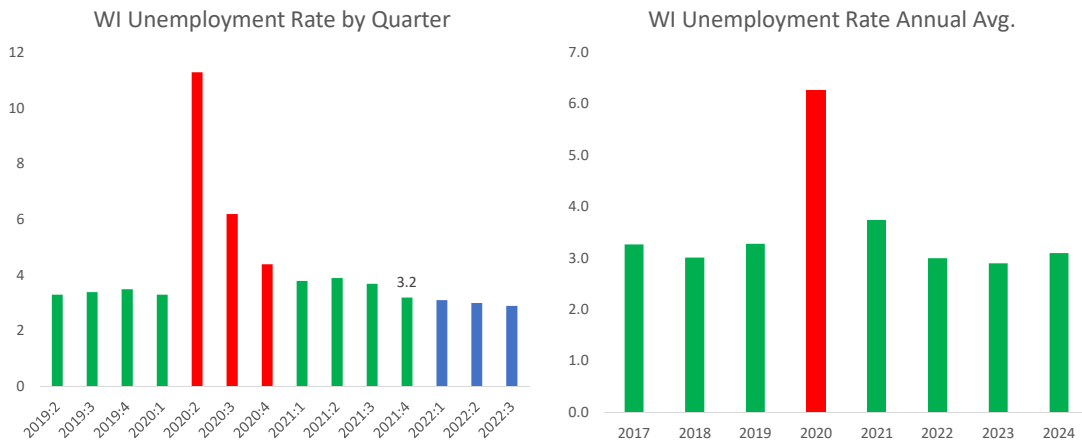


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Wisconsin's Economic Outlook: Unemployment Rate Full Employment Reached in 1st Quarter 2021, Sustained Through 2024 Reaches Record Low in 2022

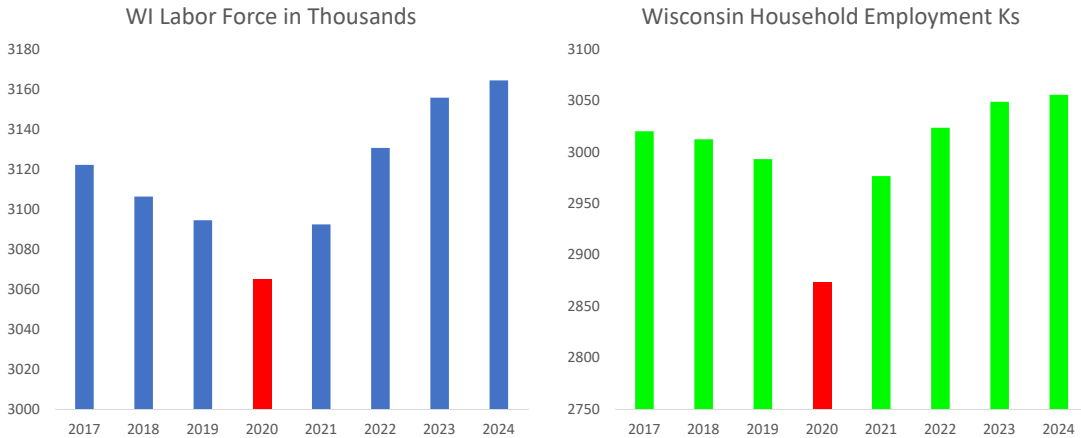


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Wisconsin Economic Outlook Labor Force Expansion Continues in 2022

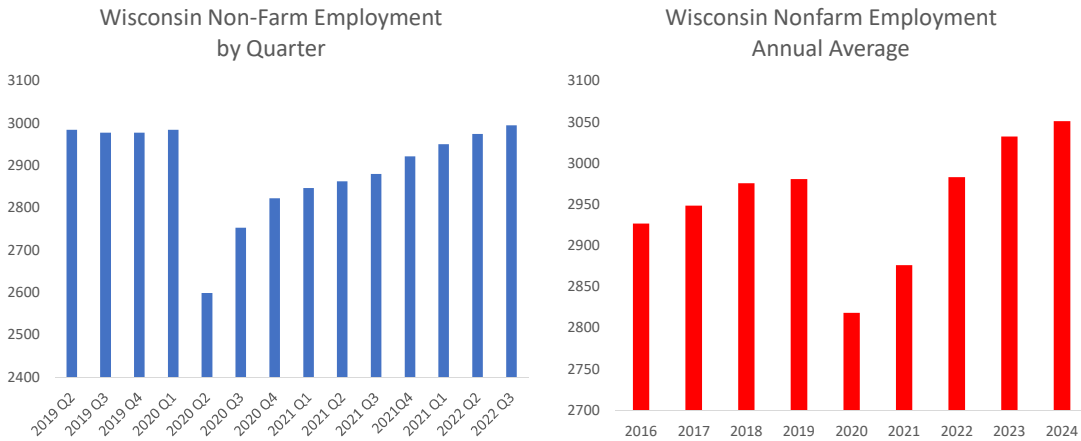


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Wisconsin Employment Rebounding Fully Recovered by Mid-2022



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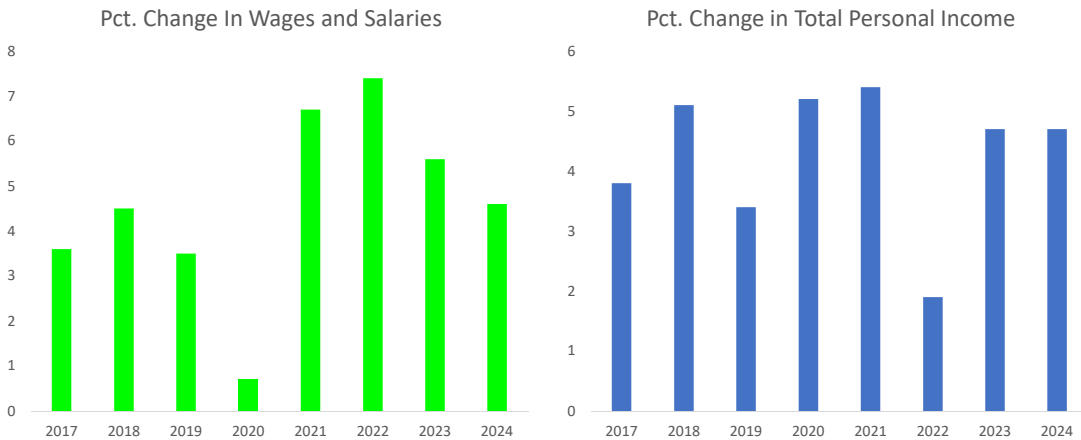
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Wisconsin Economic Outlook: Personal Income

Supported by Wage Growth & Stimulus in 2021

Strong Wage Growth More Than Offsets Stimulus Phase-Out in 2022

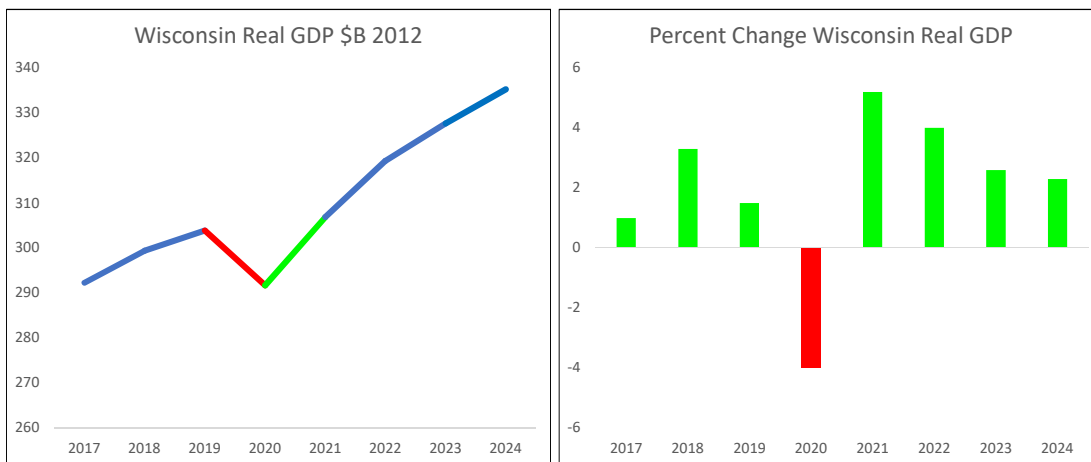


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2021 Will Be the Bounce Back Year for Wisconsin Strong Growth Carries Over to 2022



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Transportation & Logistics

A Local Perspective

Hanna Lech & Abigail Krueger
CBEA Research Analyst Fellows
St. Norbert College

Overview

Transportation, Warehousing & Logistics

National Trends

New North Trends

Key Takeaways

Overview

Transportation, Warehousing & Logistics

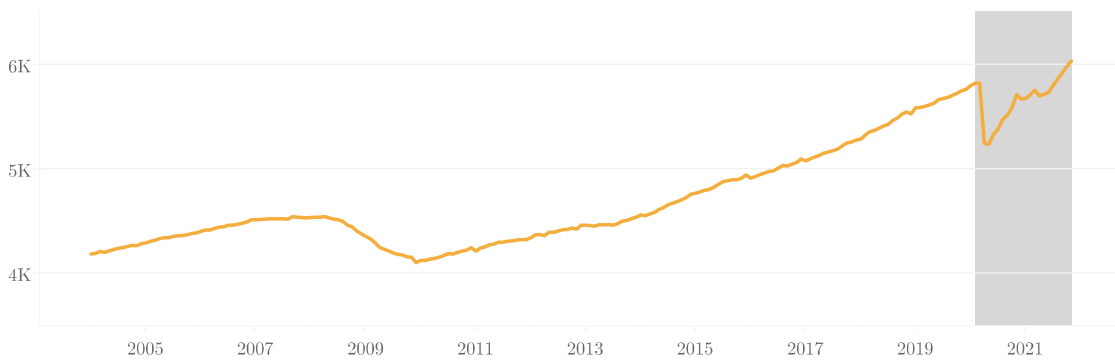
National Trends

New North Trends

Key Takeaways

The Transportation & Warehousing sector fell dramatically but has reached pre-pandemic levels

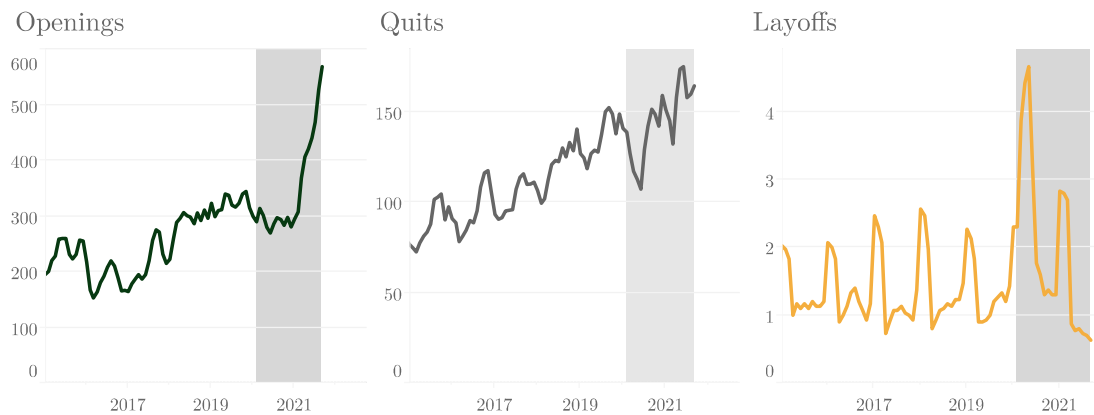
US Transportation & Warehousing Sector | NAICS 48-49
Thousands of Persons



Source: JOLTS, BLS

However, the Transportation & Warehousing sector is experiencing more openings, more quits, and less layoffs

US Transportation & Warehousing Labor Movements | NAICS 48-49



Source: JOLTS, BLS

Overview

Transportation, Warehousing & Logistics

National Trends

New North Trends

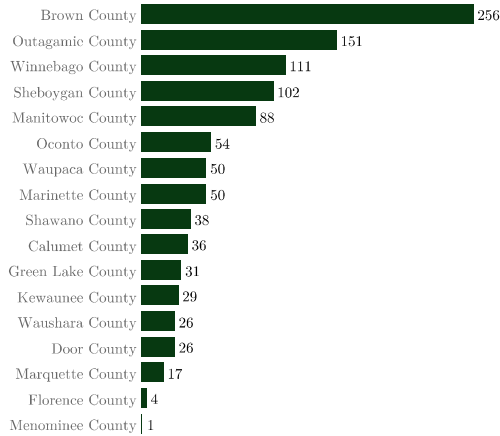
Key Takeaways

Transportation is an important sector in the New North when looking at establishments, with Brown County leading the way

Average Annual Establishment Count in the New North

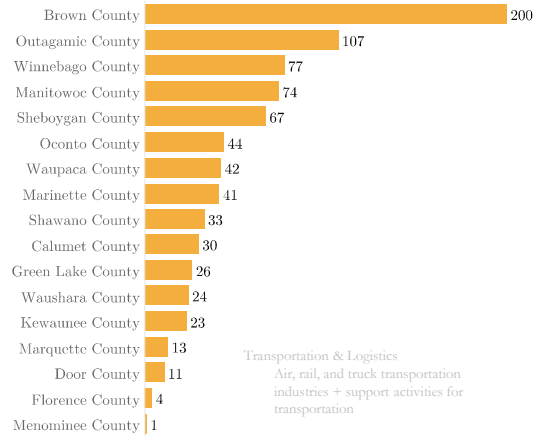
Transportation & Warehousing Industry

2019 NAICS 2-Digit | NAICS 48-49



Transportation & Logistics Industry

2019 NAICS 3-Digit | NAICS 481, 482, 484, 488



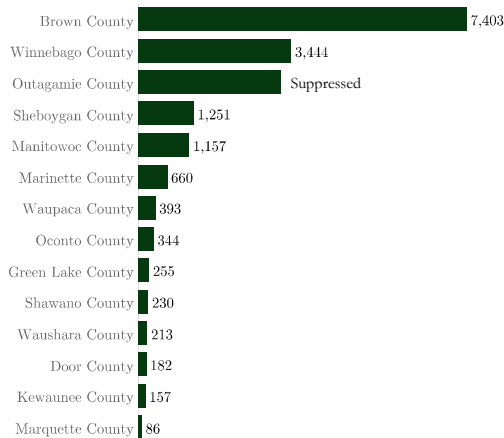
Transportation & Logistics
Air, rail, and truck transportation industries + support activities for transportation

The same holds for the employment levels in these sectors in the region

Average Annual Employment Levels

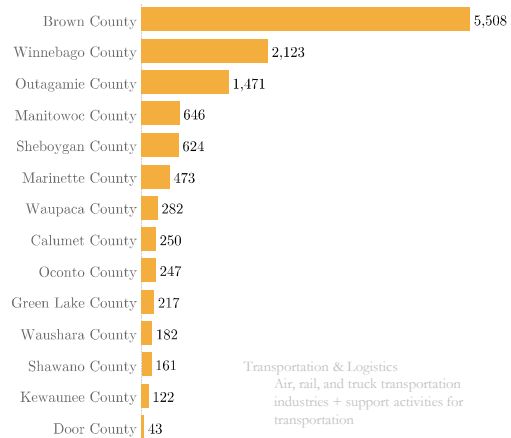
Transportation & Warehousing

2019 NAICS 2-Digit | NAICS 48-49



Transportation & Logistics Industry

2019 NAICS 3-Digit | NAICS 481, 482, 484, 488

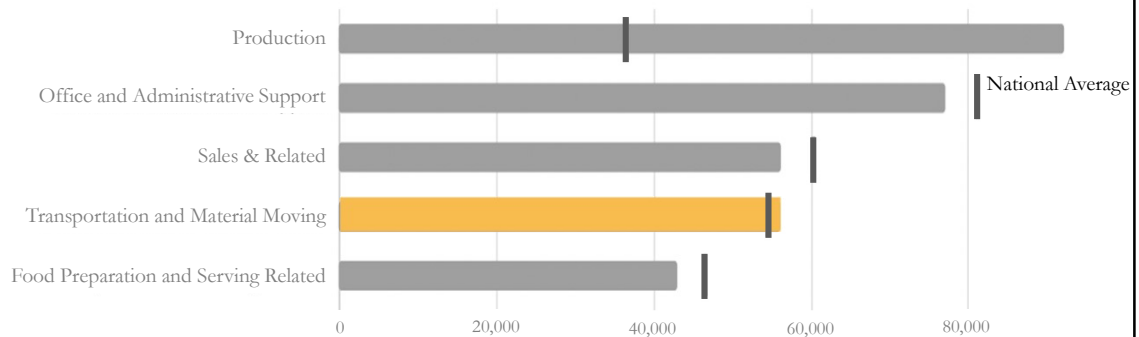


Transportation & Logistics
Air, rail, and truck transportation industries + support activities for transportation

**Note: Data for Florence, Marquette, Calumet Counties is suppressed in the data given the small size. Outagamie county employment data is suppressed at the 2 digit-level to protect privacy of large firm in region, but last data suggested they were the third largest in the region by this measure.

Manufacturing and production skills continue to dominate the region, but transportation and material moving are a top five occupation

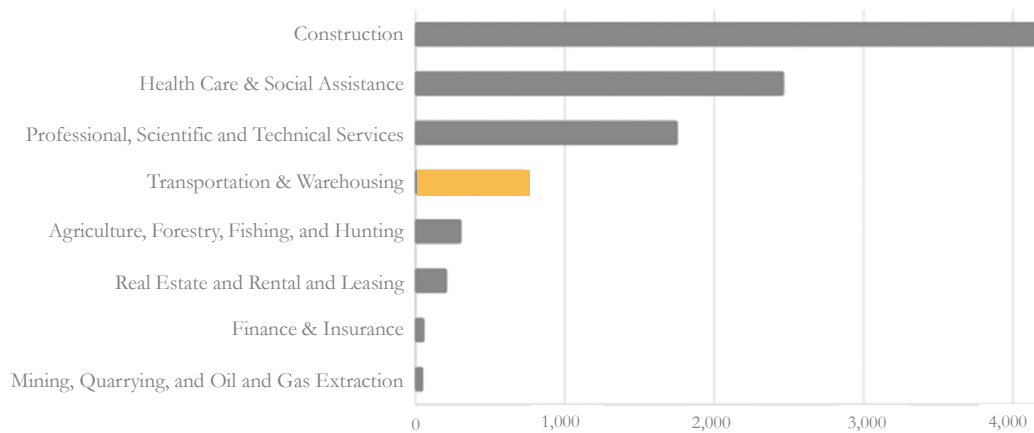
Top Five Occupations in the New North | 2021 Q4
 Number of jobs compared to population-weighted national average



Source: EMSI, New North

Construction and Health Care have led the industry job growth in the New North this quarter with T&W also making gains

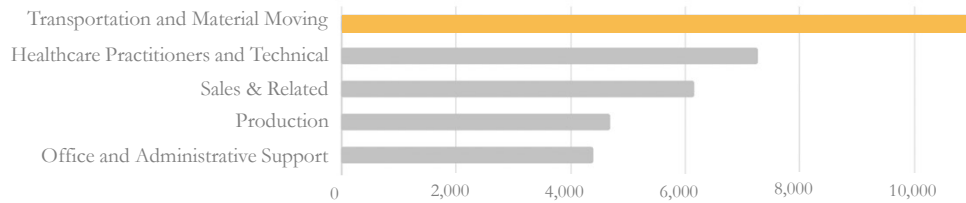
Industry Job Growth in the New North | 2021 Q4



Source: EMSI, New North

From the occupation perspective, Transportation and Material Moving is leading the way for job postings in 2021

Unique Average Monthly Job Postings in the New North by Occupation | 2021 Q4

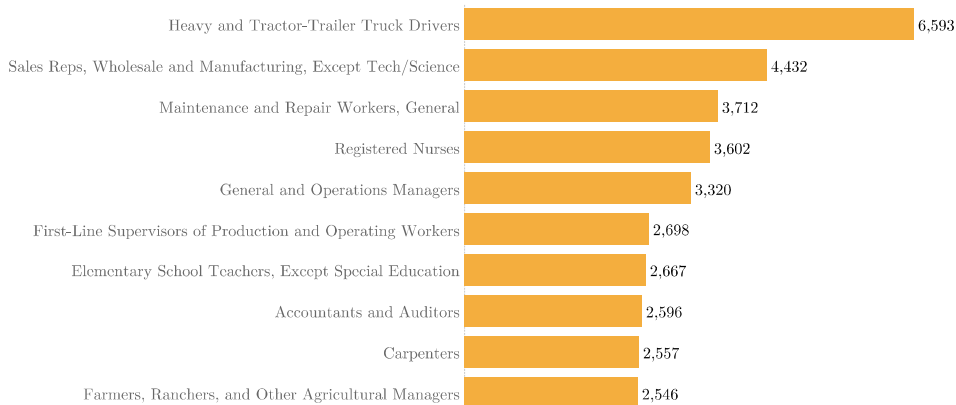


Source: EMSI, New North

Current projections for hot jobs from 2018-2028 highlight the need for drivers in WI

Wisconsin Hot Jobs | Top 10 Jobs

Projected Annual Openings by Category



Overview

Transportation, Warehousing & Logistics

National Trends

New North Trends

Key Takeaways

Takeaways

- 1** Nationally, the transportation and warehousing sector has seen employment gains, but is currently experiencing rising openings, rising quits, and falling layoffs
- 2** The transportation sector is strong in the New North region, with Brown, Outagamie, and Winnebago counties leading the way in establishments and employment
- 3** The transportation sector is a top five occupation cluster in the region and industry job growth sector, which strong demand for transportation workers projected into the future.



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Supply Chain Challenges & Impacts

A post-pandemic perspective

Marc Schaffer, PhD
Director, CBEA
Associate Professor of Economics

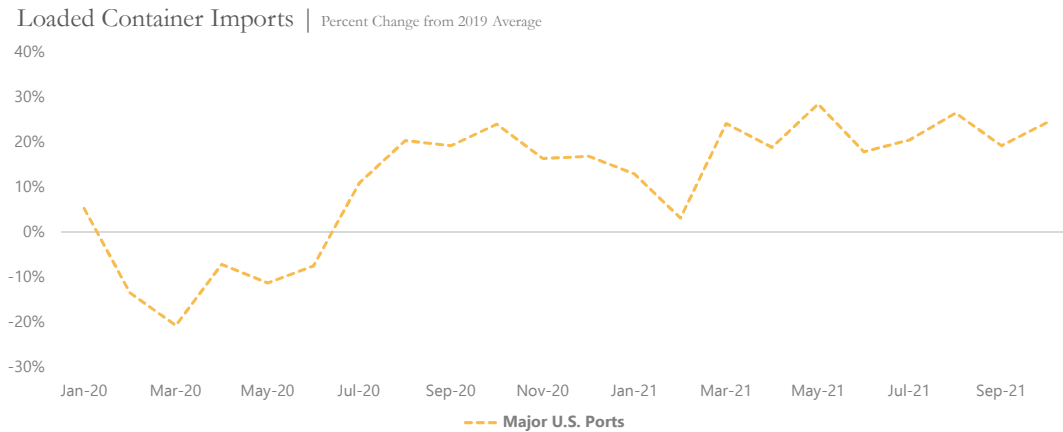
Inventories-to-sales ratios have fallen throughout the pandemic highlighting the supply chain challenges for firms

Inventories-to-Sales Ratio



Source: FRED

The bottleneck of inventory stems from the early days of COVID, but has been persistent in 2021



Source: Bloomberg

Overview

Supply Chain Challenges

Consumer Demand | Labor Shortages
Product Shortages | Producer Prices

Supply Chain Impacts

Inflationary Pressures | Bottlenecks & Delays

Key Takeaways

Overview

Supply Chain Challenges

Consumer Demand | Labor Shortages
Product Shortages | Producer Prices

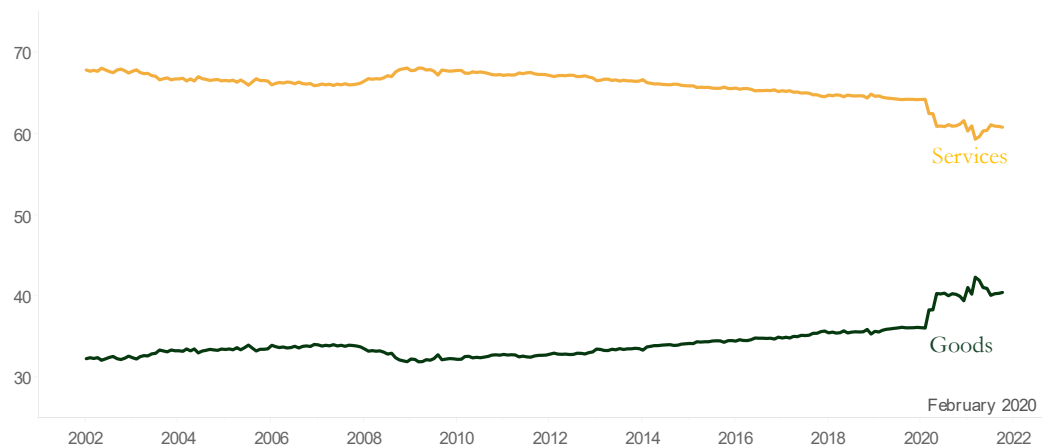
Supply Chain Impacts

Inflationary Pressures | Bottlenecks & Delays

Key Takeaways

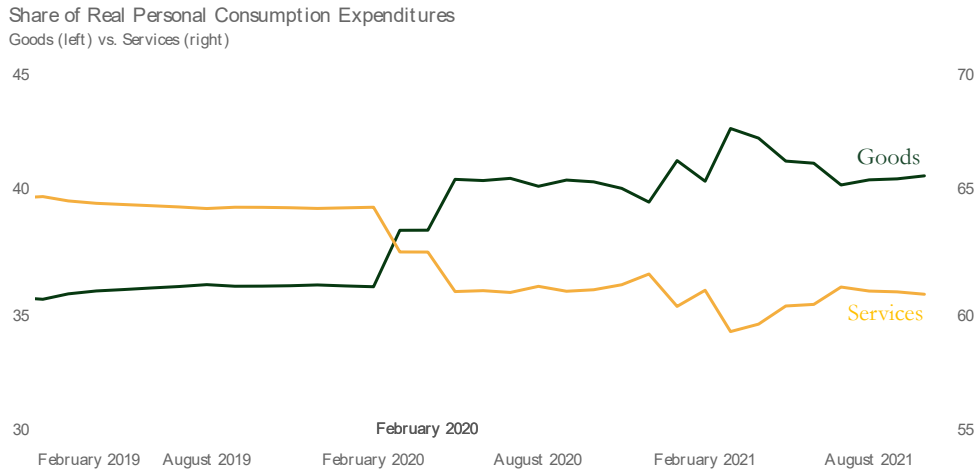
Challenge № 1 | Consumer demand has weighed heavily with shifting preferences towards goods over services

Share of Real Personal Consumption Expenditures
Goods vs. Services



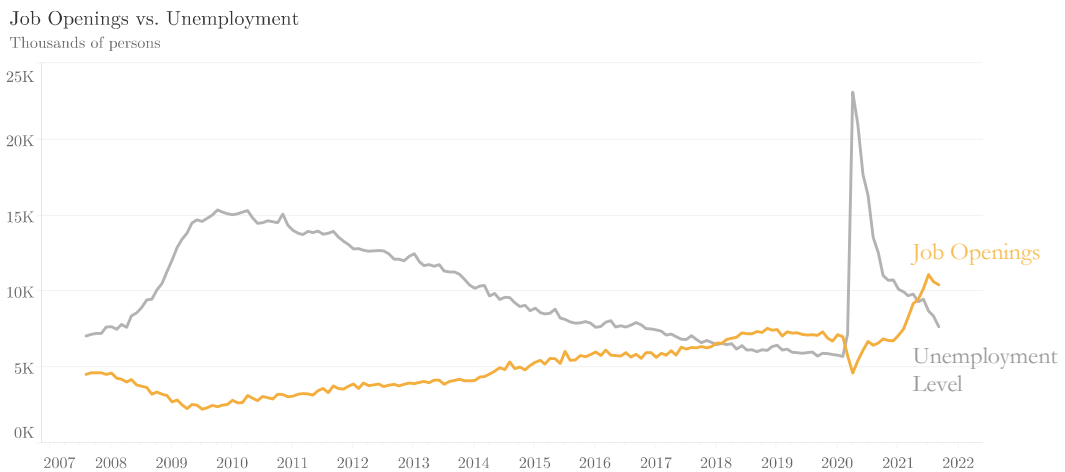
Source: BEA

Consumers have been substituting goods for services leading to a roughly five percentage point change in their respective shares



Source: BEA

Challenge № 2 | Labor market challenges have been persistent contributing to production delays and rising costs

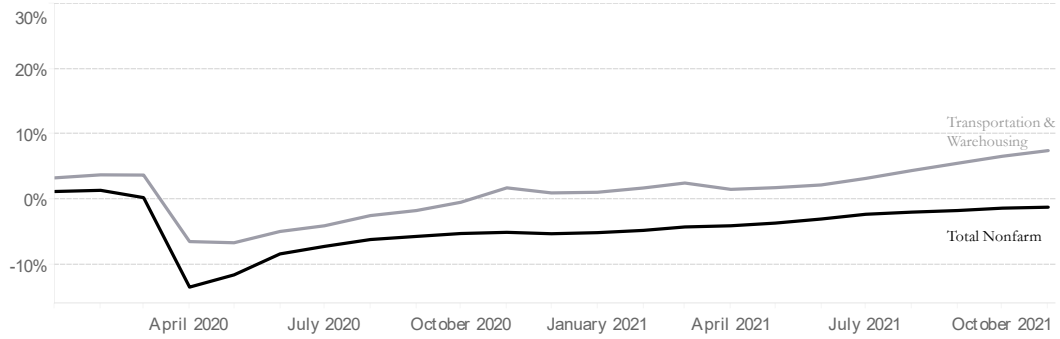


Source: Bureau of Labor Statistics

The transportation and warehousing sector has performed well compared to total nonfarm employment...

Percent Change in Industry by Employment

Cumulative percentage change relative to 4/19

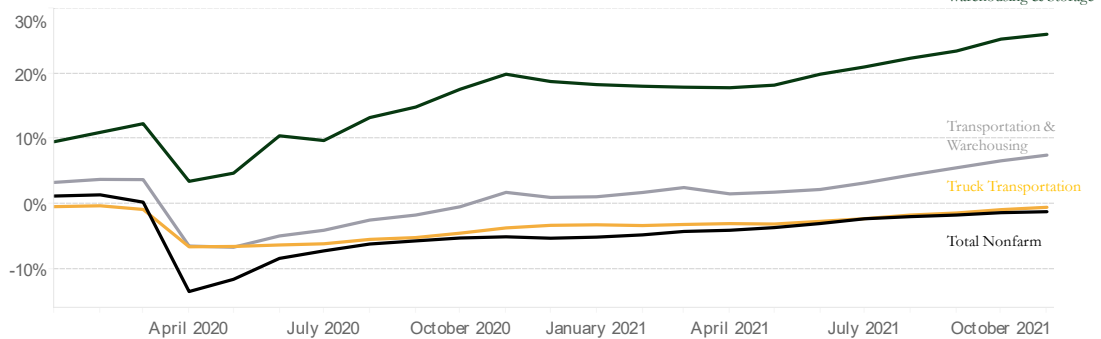


Source: Bureau of Labor Statistics

However, warehousing and storage has been driving this employment sector, with truck transportation lagging behind

Percent Change in Industry by Employment

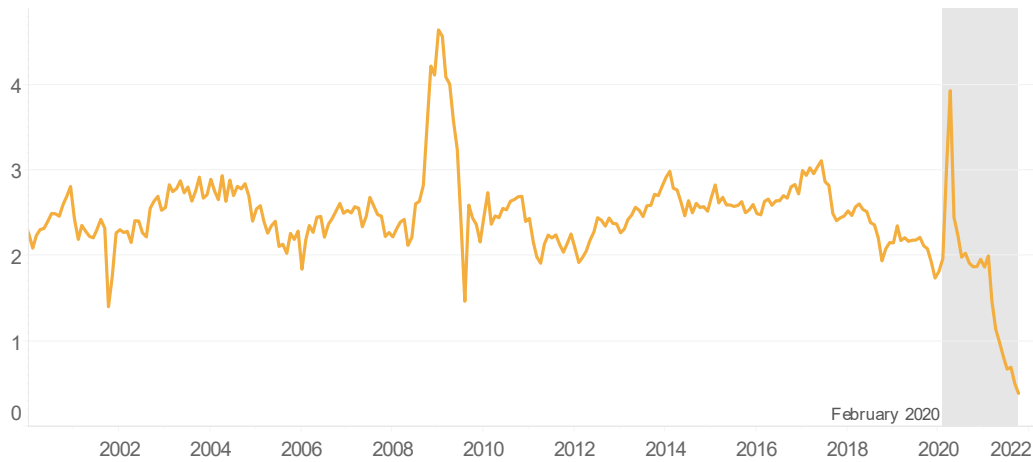
Cumulative percentage change relative to 4/19



Source: Bureau of Labor Statistics

Challenge № 3 | Product Shortages

Automotive Inventory-to-Sales Ratio

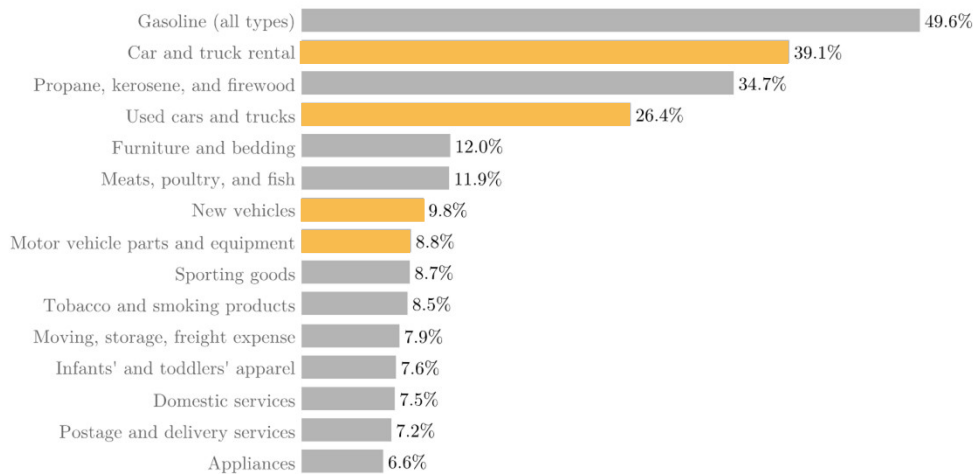


Source: US Census Bureau

Product shortages tied to COVID-related production challenges are clearly having downstream impacts

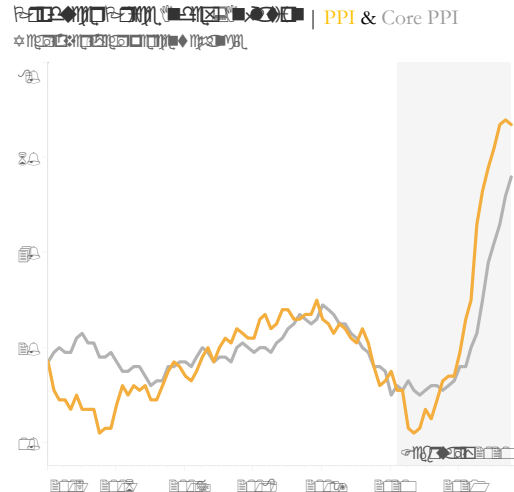
Inflation: Selected Subcategory Drivers

Annual percentage change (Oct. 2020 - Oct. 2021)



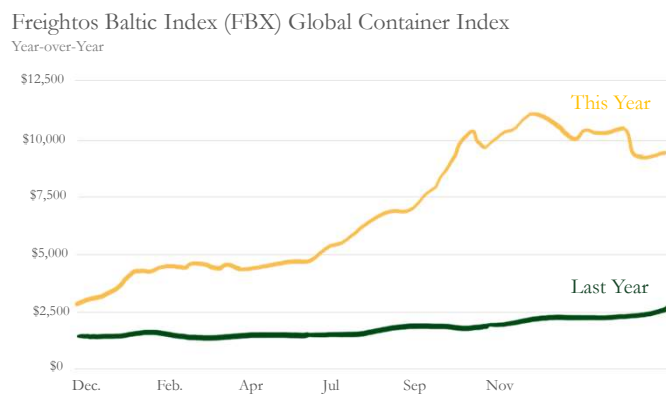
Source: Bureau of Labor Statistics

Challenge № 4 | Rising costs have added another challenge to supply chains, with producers facing persistent price increases in 2021



Source: Bureau of Labor Statistics

Shipping costs in particular have added price pressure to the marketplace



Source: Freightos

Overview

Supply Chain Challenges

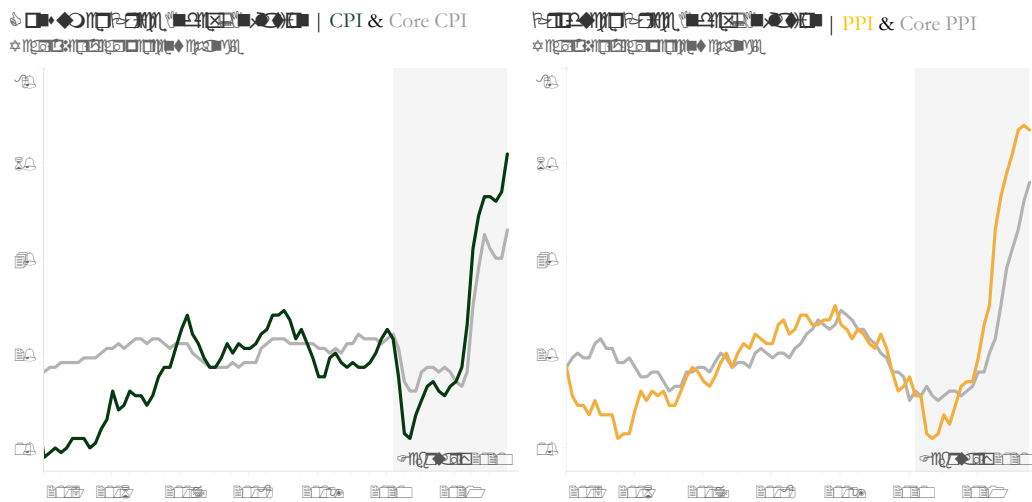
Consumer Demand | Labor Shortages
Product Shortages | Producer Prices

Supply Chain Impacts

Inflationary Pressures | Bottlenecks & Delays

Key Takeaways

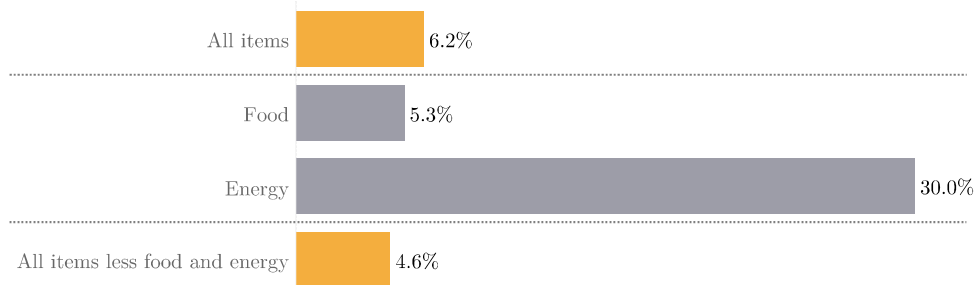
Supply Chain Impact №1 | Inflationary pressure



Source: Bureau of Labor Statistics

About a quarter of the year-over-year inflation in CPI is linked to food and energy price changes...

Price Movers: Perspective | Annual percentage change (Oct. 2020 - Oct. 2021)

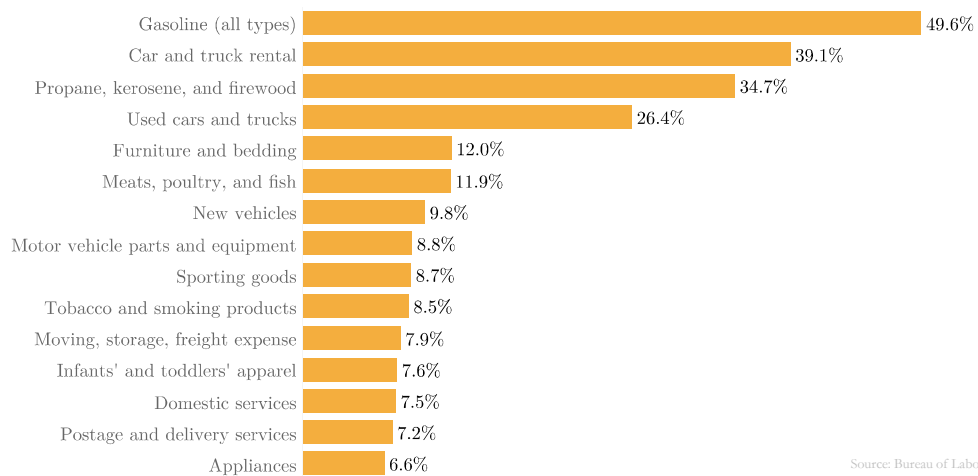


Source: BLS.

The key inflation question: transitory or permanent inflation?

Inflation: Selected Subcategory Drivers

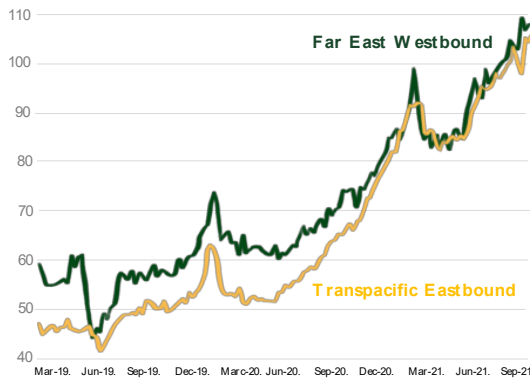
Annual percentage change (Oct. 2020 - Oct. 2021)



Source: Bureau of Labor Statistics

Supply Chain Impact №2 | Shipping bottlenecks & delays

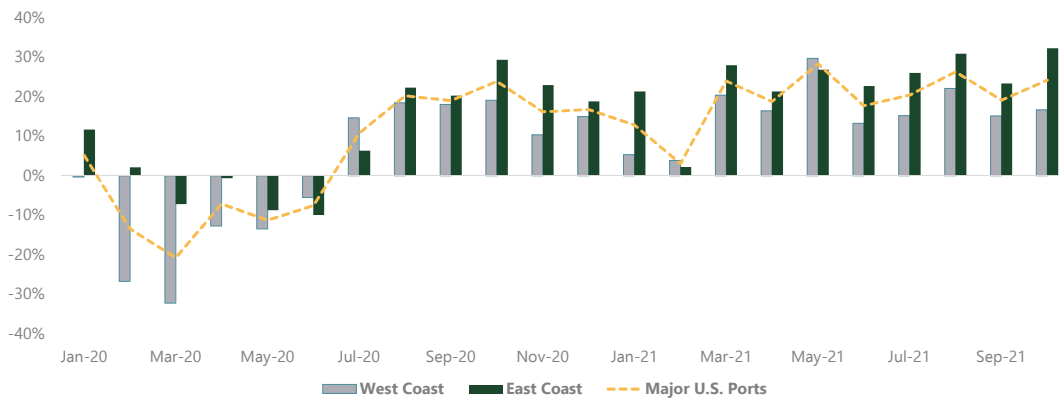
Ocean Timeliness Indicator
Cargo Ready Date to Destination Port Departure



Source: Easport Research, NY Times

Port congestion has led shipments to divert from West Coast ports in favor of the Gulf and East Coast ports

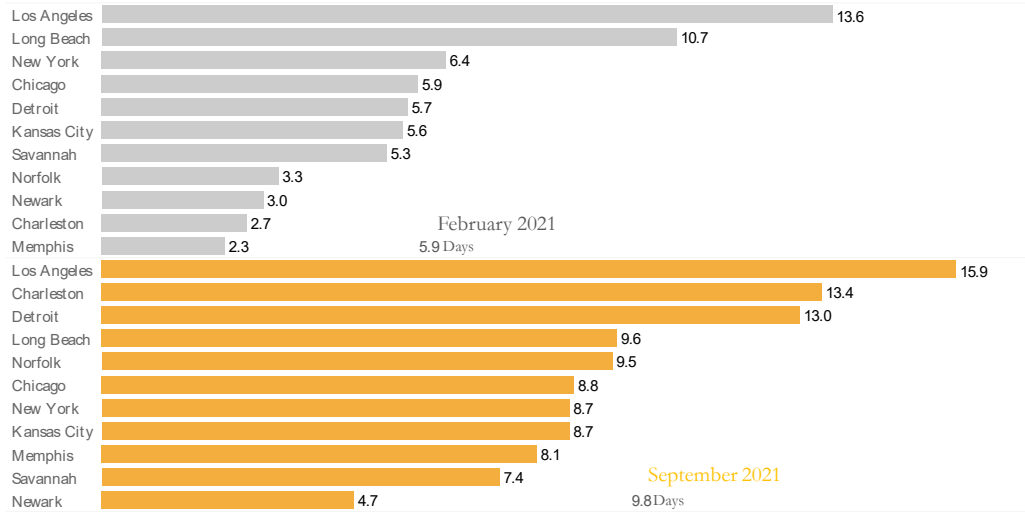
Loaded Container Imports | Percent Change from 2019 Average



Source: Bloomberg

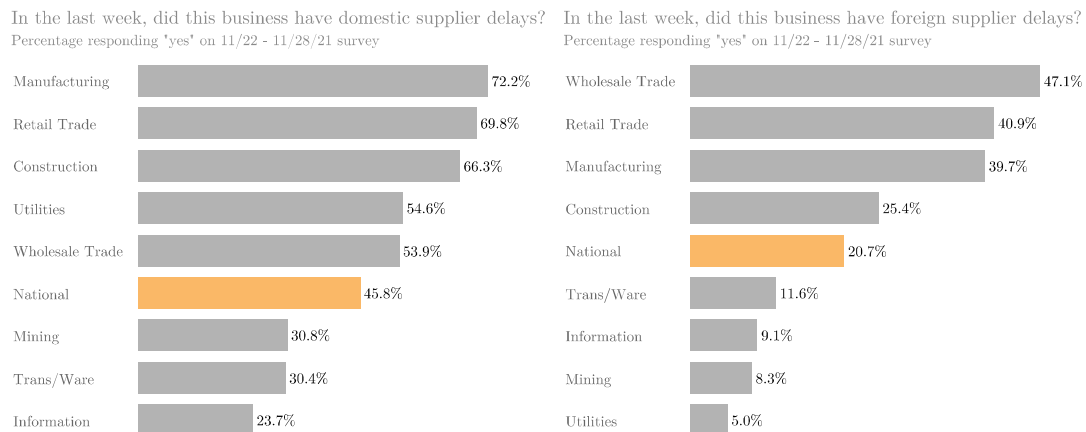
The challenges continue in the rail sector with significant increases in dwell times at rail yards

Dwell Times for Shipping Containers at Rail Yards in Days



Source: Hapag-Lloyd AG, Bloomberg

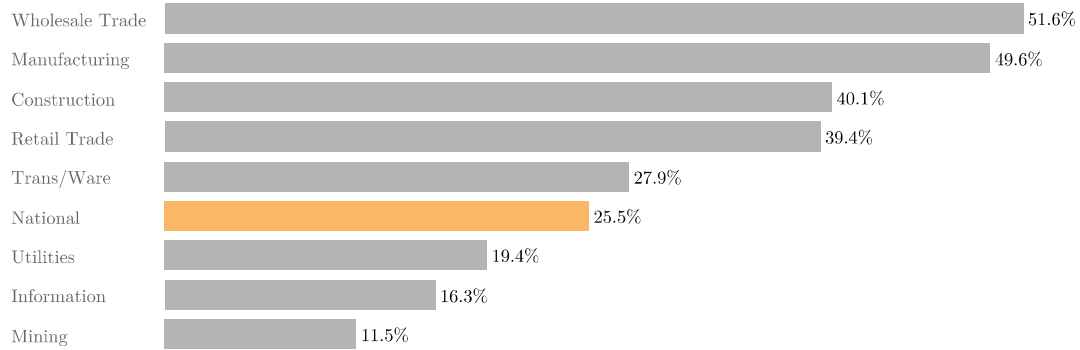
Goods-dependent industries such as manufacturing, construction, and trade, are still feeling these supply chain issues today...



Source: US Census Bureau Small Business Pulse Survey

With these delays being passed down to the customer

In the last week, did this business have delays in deliveries/shipping to customers?
 Percentage responding 'yes' on 11/22 - 11/28/21 survey

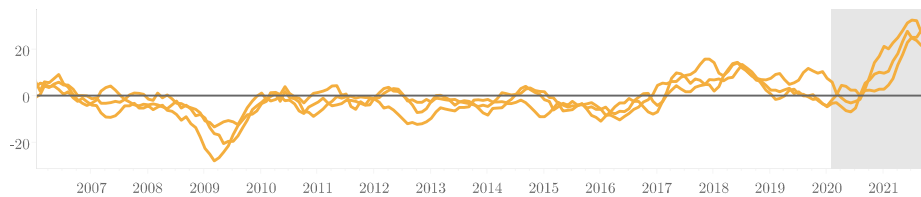


Source: US Census Bureau Small Business Pulse Survey

While current delivery times for manufacturing goods are rising, the six-month future delivery times are stable...optimism?

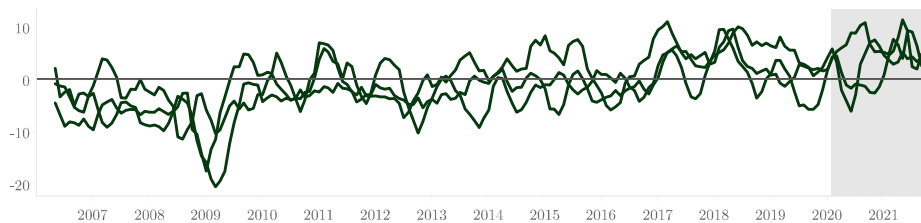
Current Delivery Time

Time Diffusion Index for Philadelphia, Texas, & New York from the Federal Reserve (3-month moving average)



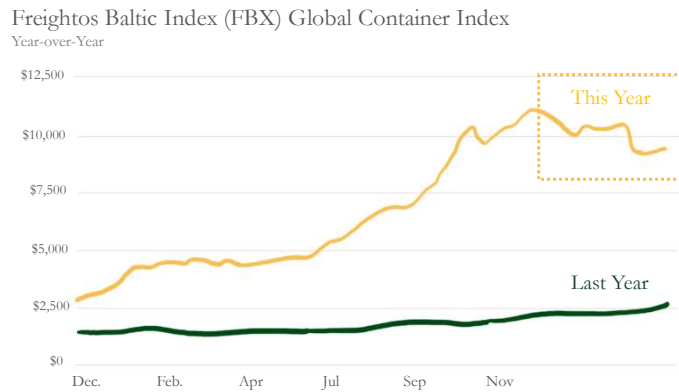
Future Delivery Time

Time Diffusion Index for Philadelphia, Texas, & New York from the Federal Reserve



Source: Federal Reserve Banks of Philadelphia, Dallas, & New York

Following the heavy, pre-holiday shipping seasons, some shipping costs have started to trend down...optimism?



Source: Freightos

Overview

Supply Chain Challenges

Consumer Demand | Labor Shortages
Product Shortages | Producer Prices

Supply Chain Impacts

Inflationary Pressures | Bottlenecks & Delays

Key Takeaways

Takeaways

- 1 Supply chain challenges have been a persistent side effect of the pandemic
- 2 Supply chains have been struggling from rising consumer demand, shortages in labor & products, as well as rising production & transportation costs
- 3 Supply challenges have led to widescale inflationary pressure on the economy combined with significant production & transportation delays
- 4 While there is some evidence of optimism on the horizon, but expect these delays to continue through 2022

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Our company was founded in Green Bay, Wisconsin, where our global headquarters remains today.

TODAY

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around the world

40+ LOCATIONS
WORLD WIDE

95+ THE NUMBER OF COUNTRIES
SCHREIBER EXPORTS FOOD
TO AROUND THE WORLD.

Products



Natural Cheese



Processed Cheese



Cream Cheese



Yogurt



Beverages

WHERE ARE WE LOCATED?



GLOBAL



* Joint Venture

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Everywhere You Look, the Global Supply Chain Is a Mess

Winter storms and cramped ports in the U.S. add to disruptions of production and supplies during the pandemic.



The Port of Oakland and other West Coast gateways for imports are struggling with backlogs. PHOTO: JUSTIN HILLER/GETTY IMAGES

Fed Survey Finds Supply-Chain Shortages Boosting Inflation

The Federal Reserve is reporting that many parts of the country were hit by supply chain disruptions and labor shortages in November.

By [Associated Press](#) | Dec. 1, 2021, at 5:18 p.m.

MONEY

Grocery store shelves bare? These products may be hard to find amid supply chain disruptions

Naomi Ludlow USA TODAY

Published 1:31 p.m. ET Oct. 15, 2021 | Updated 6:13 a.m. ET Oct. 20, 2021

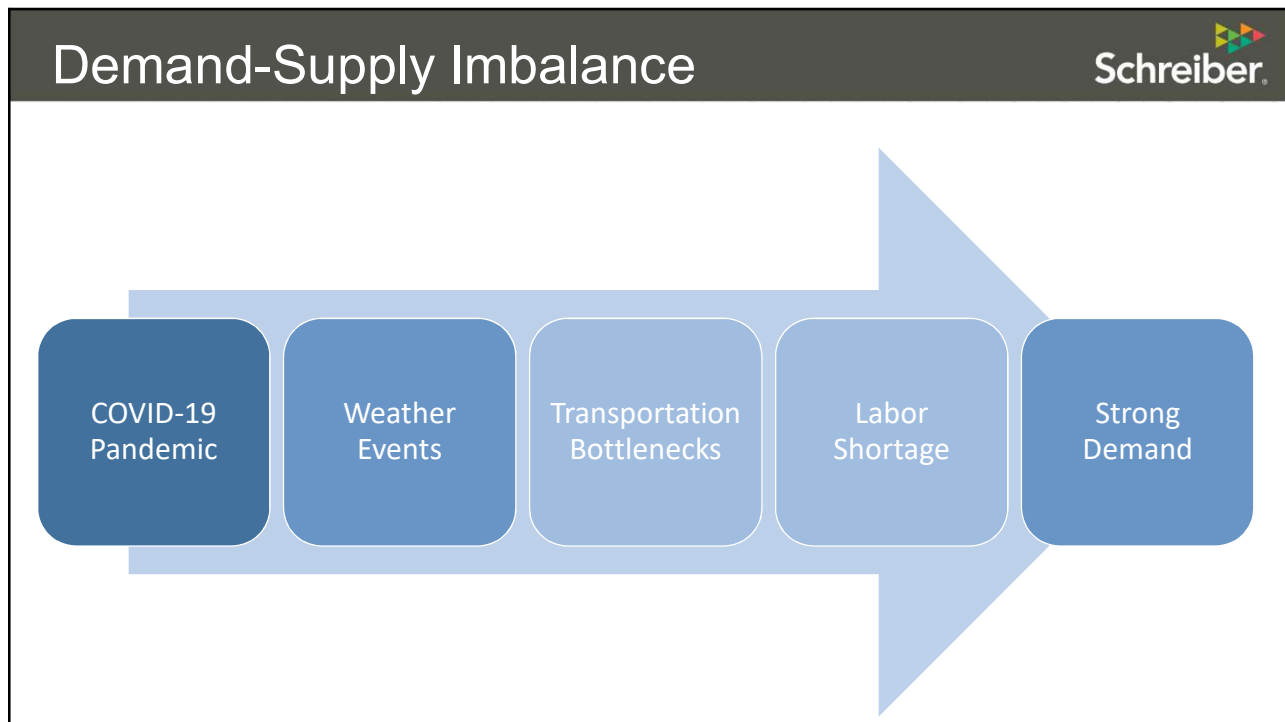


We don't see supply chains getting materially better until the end of 2022,

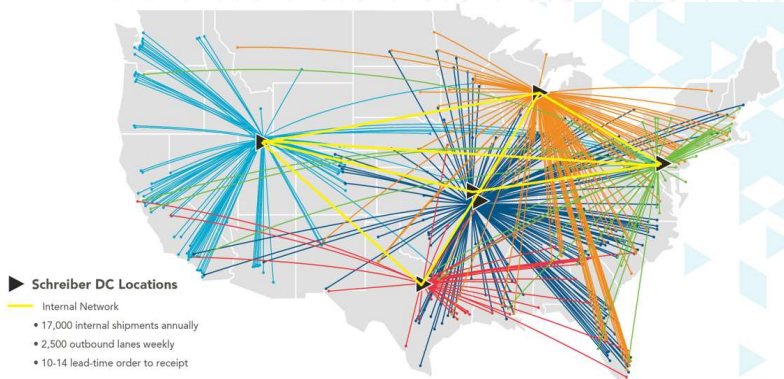


The global supply chain is recovering like a runaway car on a roller coaster. Fasten your seatbelts, it's going to be a bumpy ride.

Source: Datex



Focus on Growth



- Improved Service
- Fresher Product
- Optimized Deliveries



THANK YOU

