

WISCONSIN
EMPLOYER SURVEY

SUMMER 2024

ECONOMY & WORKFORCE

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EXECUTIVE SUMMARY:

Inflation & High Interest Rates Drive Sustained Economic Pessimism

Nearly Half of Wisconsin Employers have Delayed or Reduced Capital Expenditures Due to High Interest Rates

A new survey of Wisconsin businesses shows a sustained negative outlook for the economy. According to the *Wisconsin Employer Survey*, only 23 percent of businesses rank the Wisconsin economy as strong – nearly identical to the results six months ago. That number, however, is significantly lower than the 39 percent that rated the economy as strong in last summer's survey.

The forward-looking data raises additional concerns as three-fifths of employers say they expect the Wisconsin economy to remain flat or decline over the next six months. A full two-thirds expect the U.S. economy to do the same.

Much of the pessimism is being driven by higher costs. When asked what the top economic challenge facing their company is, the top answer by far was inflation. Thirty-five percent of businesses ranked it as the top issue followed by the workforce shortage at 25 percent and health care costs at 16 percent.

Wisconsin Manufacturers & Commerce (WMC) – the combined state chamber and manufacturers' association – conducted the survey over the first three weeks of July on a variety of topics. WMC released data focused specifically on the economy on Thursday.

"Higher costs are putting pressure on everyone right now," said WMC President & CEO Kurt R. Bauer. "Unfortunately, that means businesses and families have to make tough decisions that have a negative impact on our economy."

Survey respondents explained that prices have significantly increased over the last few years. Since January 2021, 57 percent have seen costs increase by over 20 percent. One in five employers have seen costs go up by more than 30 percent.

As the Federal Reserve has raised interest rates to combat this historic inflation, it has slowed investment. In fact, nearly half – 44 percent – of Wisconsin employers say they have delayed or reduced the size of a project or capital expenditure because of higher interest rates.

At the same time, hiring is slowing. Just 18 months ago, 60 percent of businesses said they planned to increase their number of employees. This summer's survey shows only 39 percent plan to hire more workers – a 21-point drop.

The reduction in hiring matches with a drop in the number of businesses struggling to hire. What was once a front-burner issue for most businesses – the workforce shortage – has seen a downward trend since 2023. When asked if they are having trouble hiring employees, 68 percent said yes – a number that peaked close to 90 percent just a short time ago.

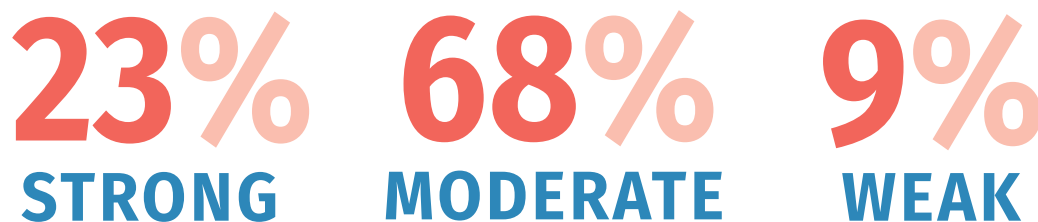
"There is no question that the mix of higher costs and higher interest rates are making employers rethink investment and hiring plans," added Bauer. "While we may not enter into a typically defined recession, this data shows that the economy may stagnate at least through the end of the year."

Additional data points show that wages for most employees are expected to increase by three to four percent in 2024 and that skilled labor positions are the most in demand for companies struggling to hire.

About the Wisconsin Employer Survey

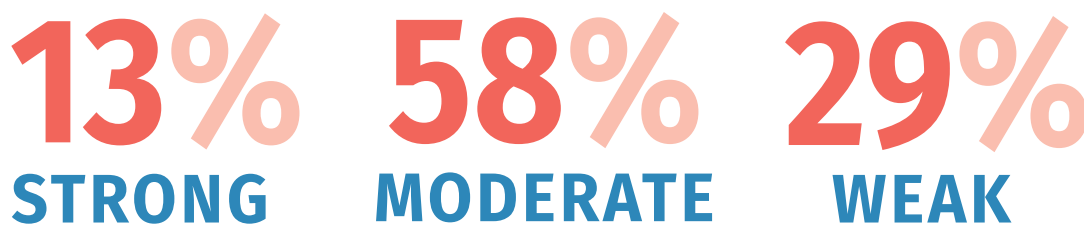
The *Wisconsin Employer Survey* is conducted twice a year by WMC. The assessment provides a snapshot of where Wisconsin's employers stand on a number of important issues and outlines their economic outlook for both Wisconsin and the United States. For the Summer 2024 edition, WMC surveyed 182 employers that make up a representative sample of its membership. Businesses of all sizes, industries and geographic locations in Wisconsin participated.

How would you rate the current **Wisconsin economy?**



VERY STRONG	1%	MODERATE	68%	VERY WEAK	0%
STRONG	22%			WEAK	9%

How would you rate the current **U.S. economy?**

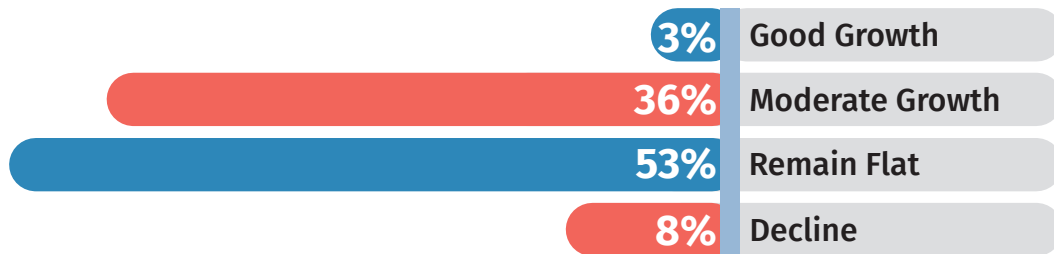


VERY STRONG	1%	MODERATE	58%	VERY WEAK	1%
STRONG	12%			WEAK	28%

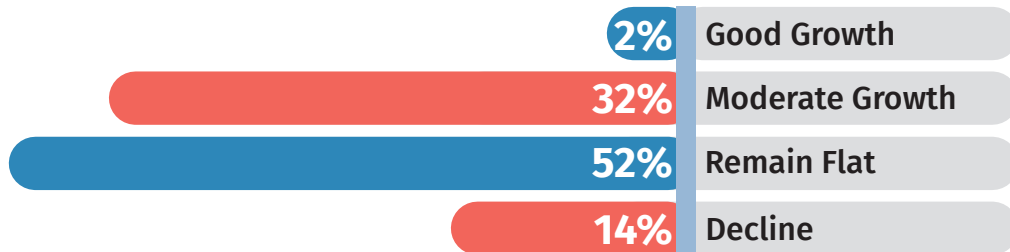
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How will the **Wisconsin economy**
perform over the next 6 months?



How will the **U.S. economy**
perform over the next 6 months?



Since January 2021, how much have **costs increased** for your business?

20% OR LESS

43%

OVER 20%

57%

0 TO 10% INCREASE	13%
11 TO 20% INCREASE	30%

21 TO 30% INCREASE	36%
31 TO 40% INCREASE	15%
41 TO 50% INCREASE	4%
OVER 50% INCREASE	2%

Have you **delayed or reduced** the size of a project or capital expenditure **due to higher interest rates**?

YES

44%

NO

56%

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What is the **top economic challenge** your company is facing? **(Top 5 Answers)**

INFLATION	35%
WORKFORCE SHORTAGE	25%
HEALTH CARE / HOSPITAL COSTS	16%
BUSINESS INSURANCE COSTS (LIFE & DISABILITY, PROPERTY & CASUALTY, ETC.)	8%
SKILLS GAP	8%

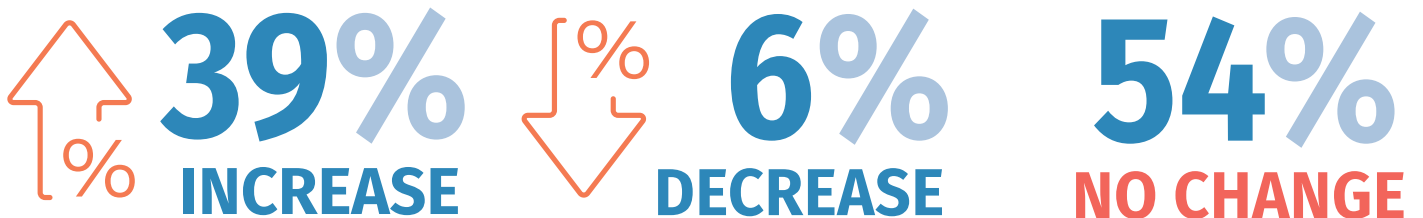
Additional responses including Supply Chain, Housing Supply & Affordability, Childcare Access & Affordability and others were all below five percent.

Are you **having trouble hiring** employees?

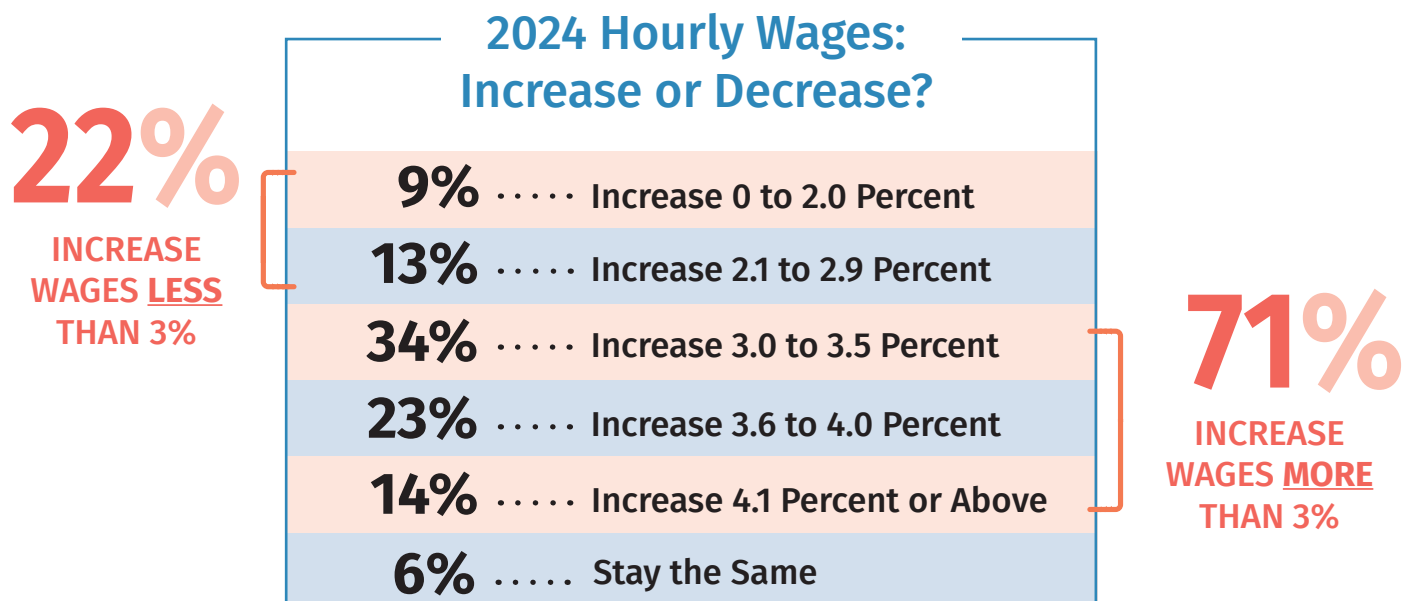
YES
68%

NO
32%

In the next 6 months, do you anticipate your **number of employees** to:



How much do you expect hourly wages to **increase or decrease** in your company in 2024?



* Totals may not add up to 100% due to rounding.

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What would most help you **attract new employees?** (Top 5 Answers)

APPRENTICESHIP EXPANSION	21%
WORK REQUIREMENTS FOR GOVERNMENT BENEFITS	20%
IMPROVED HOUSING SUPPLY & AFFORDABILITY	17%
STATE-LEVEL TALENT ATTRACTION CAMPAIGN	14%
TAX REFORM & RATE REDUCTION	10%

Additional responses including Childcare Access & Affordability, Unemployment Insurance Reforms and others were all below 10 percent.

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