



# 2023 WICPA BUSINESS & INDUSTRY SPRING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

## HIGHLIGHTED TOPICS:



### ECONOMIC OUTLOOK: MAKING SENSE OUT OF CONFLICTING SIGNALS

Find out how the U.S. and Wisconsin economies simultaneously demonstrate continuing strength and emerging weakness, along with the outlook for 2023 and 2024



### ETHICAL IMPLICATIONS OF FORENSIC INVESTIGATIONS

Get insights on frequently overlooked ethical implications a forensic investigator must consider and be aware of



### BLOCKCHAIN & CRYPTOASSET BUSINESS TRENDS

Learn about trends driving the blockchain and cryptoasset sectors beyond simply discussing the audit and tax implications of these tools

**TUESDAY, MARCH 21 | BROOKFIELD CONFERENCE CENTER & WICPA CPE LIVESTREAM**

# 2023 WICPA BUSINESS & INDUSTRY SPRING CONFERENCE

## MATERIALS AT A GLANCE

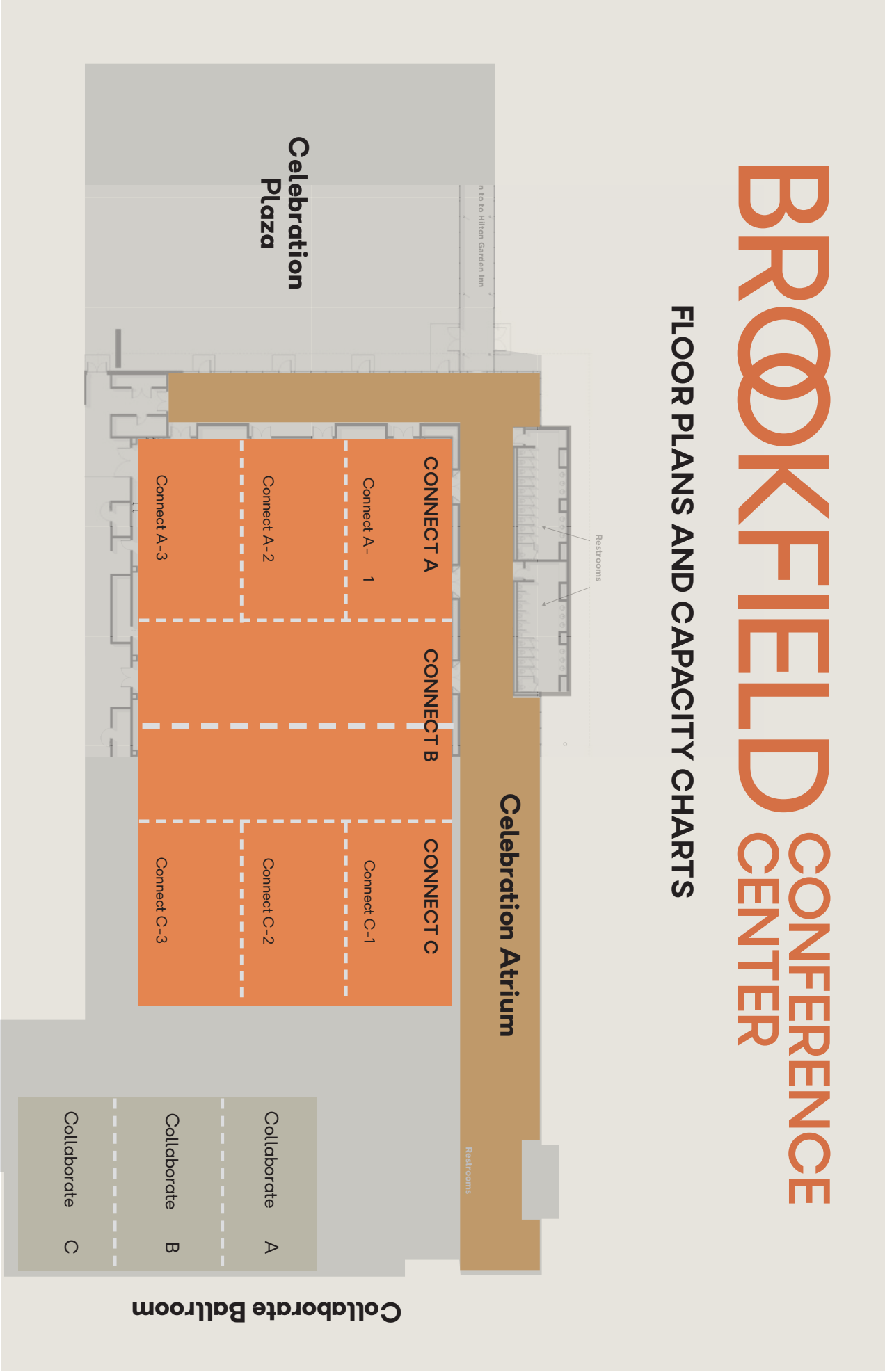
The following materials are from the morning sessions of the 2023 WICPA Business & Industry Spring Conference held on Tuesday, March 21, including:

- Economic Outlook: Making Sense Out of Conflicting Signals
- Excel for the Proficient User
- HR Leadership Panel: HR Challenges of Today!

**VIEW THOUSANDS OF ADDITIONAL IN-PERSON AND  
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 Danielle.sluka@ABGi-USA.com







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- vs \$130 per employee if a company offers quarterly financial education.\*\*

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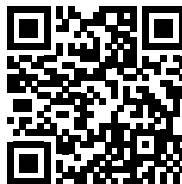
**Fiduciary Due Diligence**

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to offer a financial  
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## Spectrum Investment Advisors

6329 West Mequon Road Mequon, WI 53092

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\* PwC. "2022 PwC Employee Financial Wellness Survey." May 2022.

\*\* Bureau of Labor Statistics. "Average Hourly and Weekly Earnings." 06 Jan. 2023.

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Simply go to [wicpa.org/connect](http://wicpa.org/connect) and sign in using your existing website login information.

8:15 – 9:15 a.m.

# Economic Outlook: Making Sense Out of Conflicting Signals

**John Koskinen**, *Chief Economist, Wisconsin Department of Revenue*

# Wisconsin's Economic Outlook:

## Navigating the Cross Trends of the 2023 Economy

Wisconsin Institute of CPAs  
Brookfield , WI

March 21, 2023

### The Cognitive Dissonance Economy

- The issues confronting the U.S. and Wisconsin economies are a direct results of COVID Pandemic and the massive efforts to avoid a larger collapse
- **Standing on the throttle:** fiscal policy remains stimulative.
- **Standing on the brake:** The Federal Reserve has moved a contractionary position to combat inflation.

## The Cognitive Dissonance Economy

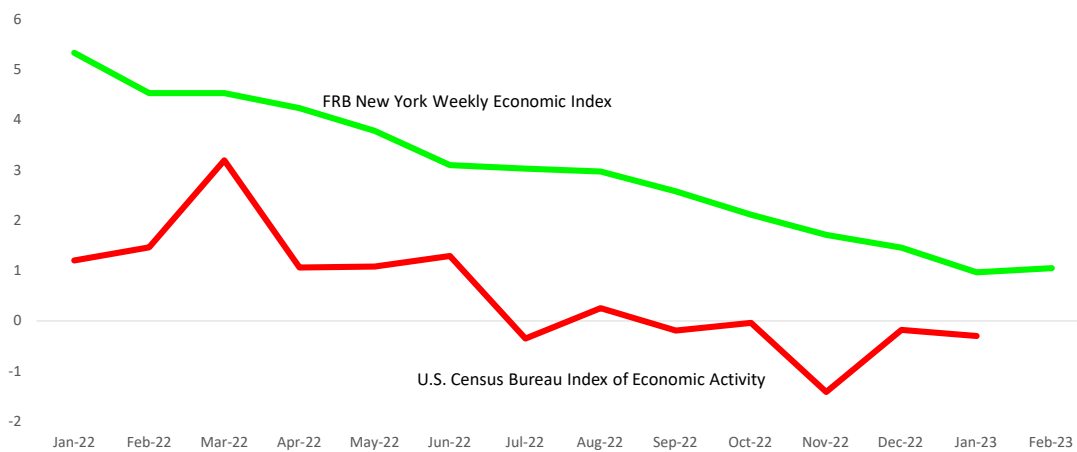
- **Result:** An economy that is solid and weak at the same time.
- **Regional Variance:** Different states and regions have different results.
- **Industry Variance:** Different results by industry even within the same economic sector.

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### *Illustrating Cognitive Dissonance* Different Measures Give Different Readings



March 8, 2023

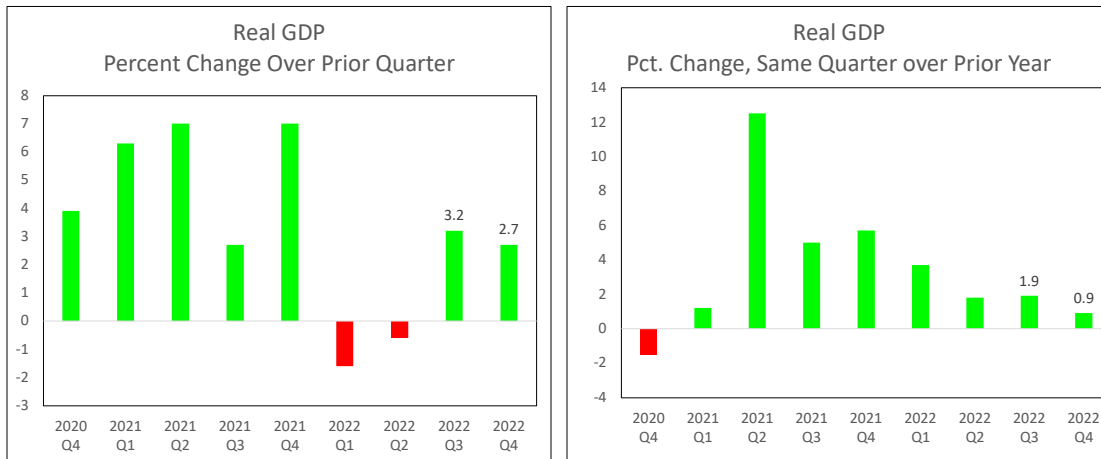
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## Real GDP Update

4<sup>th</sup> Quarter 2022 Up 2.7% over 3<sup>rd</sup> Quarter

Up 0.9% 2022 Q4 Year over 2021 Q1



Source: U.S. Bureau of Economic Analysis, Release Date: January 26, 2023

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## Standing on the Throttle

Past efforts to Relieve Pandemic Still Reverberate in the Economy

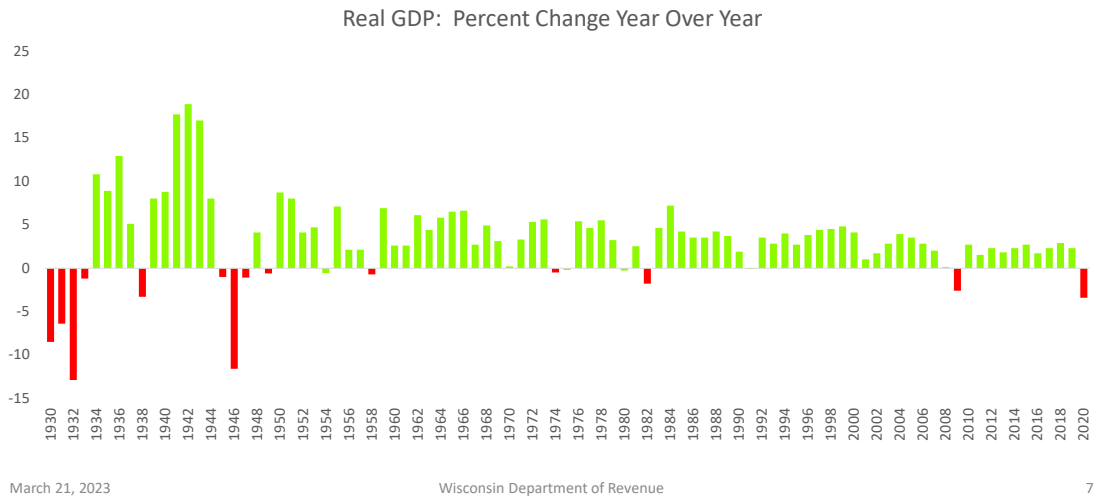
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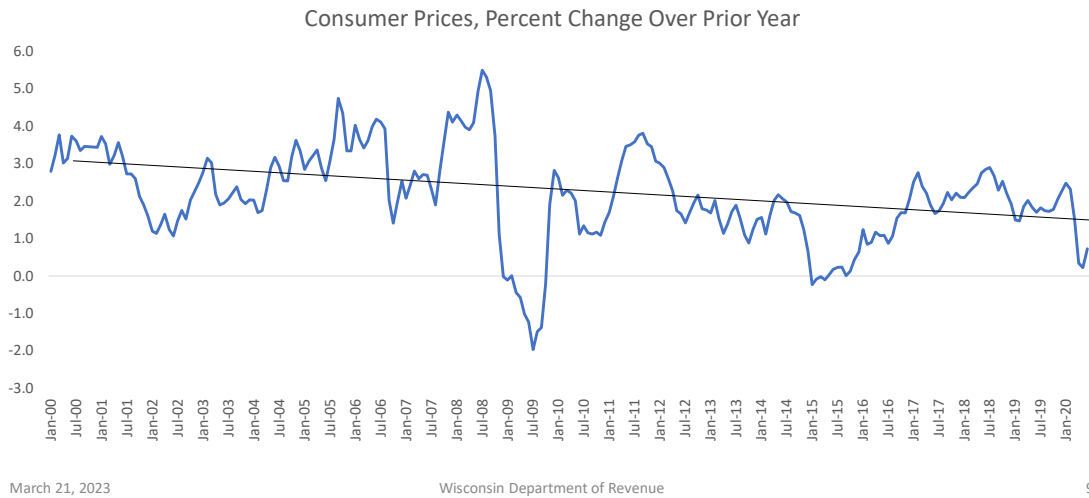
## For the Year, 2020 COVID Contraction: Worst Since WW2 Demobilization



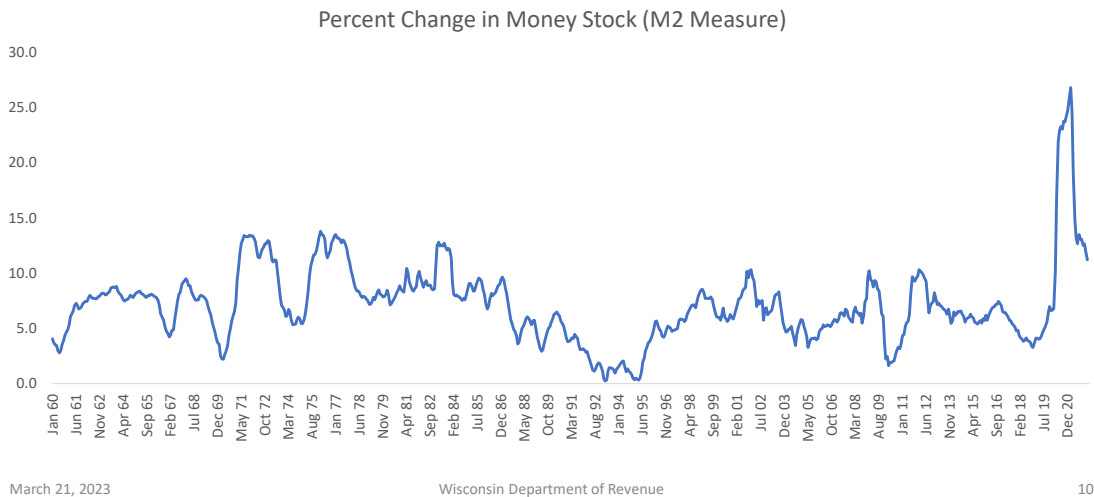
## U.S. Unemployment Rate Reached a Post-War High in Just Two Months



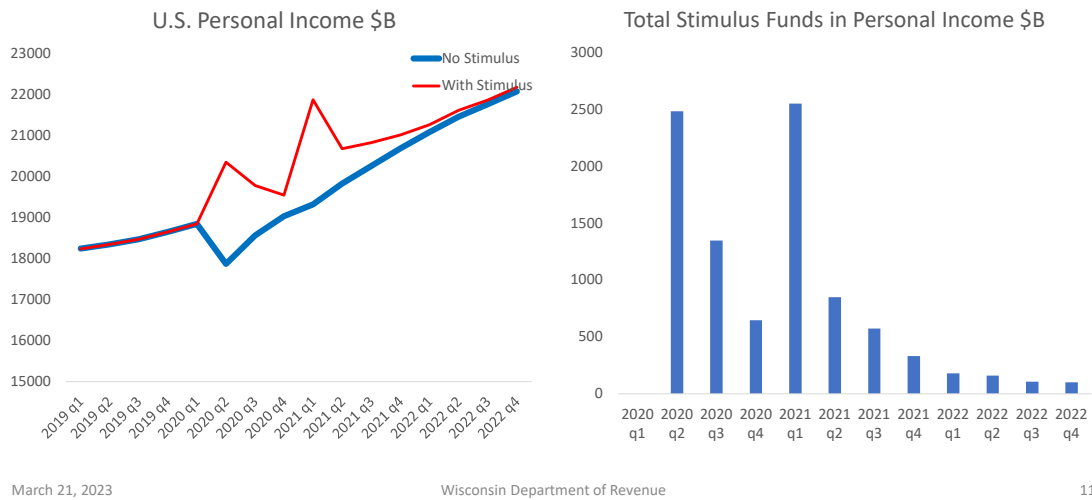
## Inflation Was Not Seen as a Risk in 2020



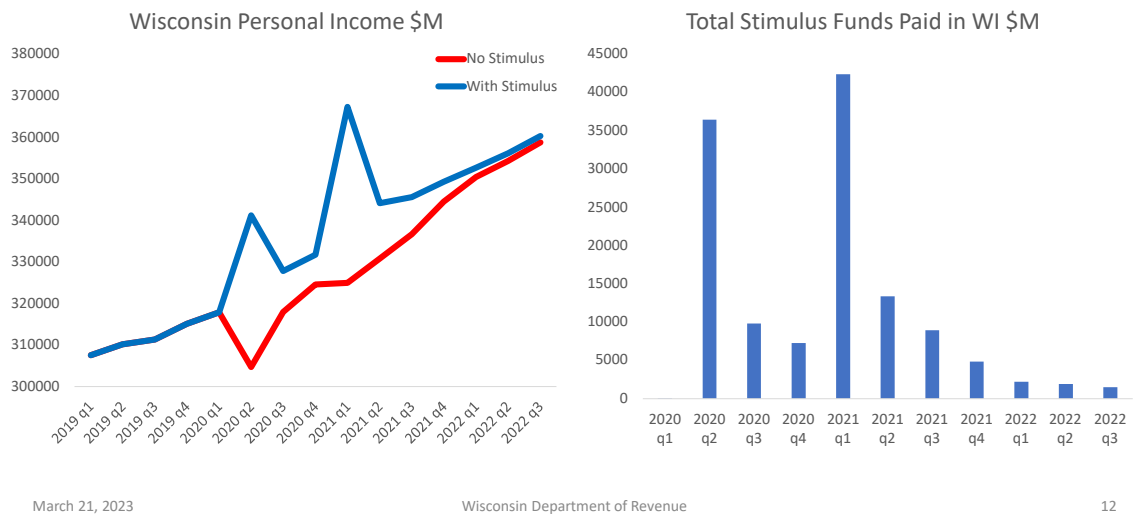
## To Avoid an Economic Collapse the Federal Reserve Boosted the Economy with a Record Expansion in Money Supply



# Stimulus Funds Lifted U.S. Personal Income



## Stimulus Funds Lifted Wisconsin Personal Income Particularly 2020 Q2 and 2021 Q1





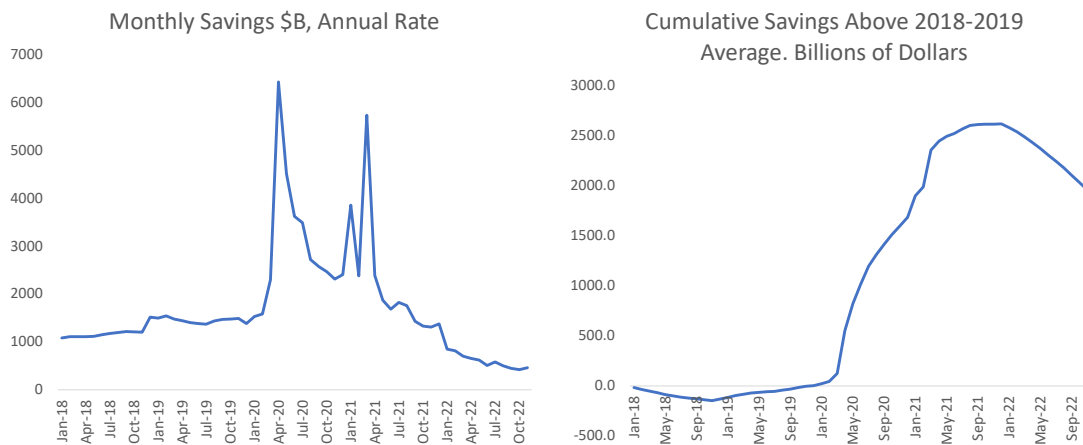
## Biggest Share of Stimulus Checks Went to Savings or Debt Reduction

### How Households Use Their Stimulus Checks

Stimulus Round	1	2	3
Reporting Month	June	January	March
Percent spent	29.2	25.5	24.7
Percent saved	36.4	37.1	41.6
Percent toward debt	34.5	37.4	33.7

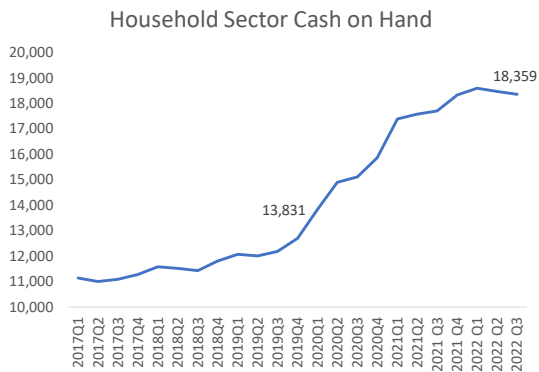
Source: New York Federal Reserve Bank Survey of Consumer Expectations

## By Using Excess Savings, Consumer Spending Sustained in the Near-Term



# Consumer Finance: Nonetheless, Cash Holdings Remain Elevated

**Household Sector Cash Holdings up over \$4.5T from 2020 Q1**



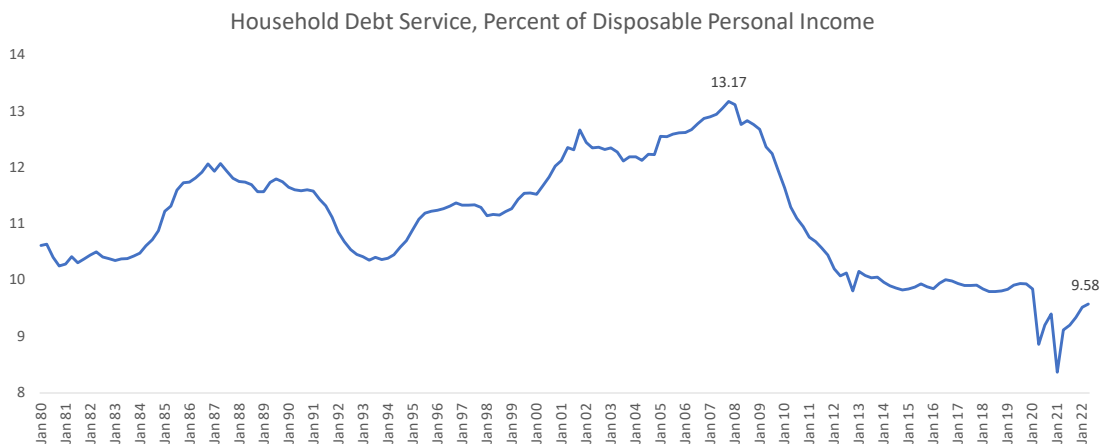
- “Cash” sum of currency, checking accounts, savings accounts, and money market mutual funds
- Strong cash balances and prior savings allow consumers to spend more from current income

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# Household Debt Service Remains Below Pre-Pandemic Levels

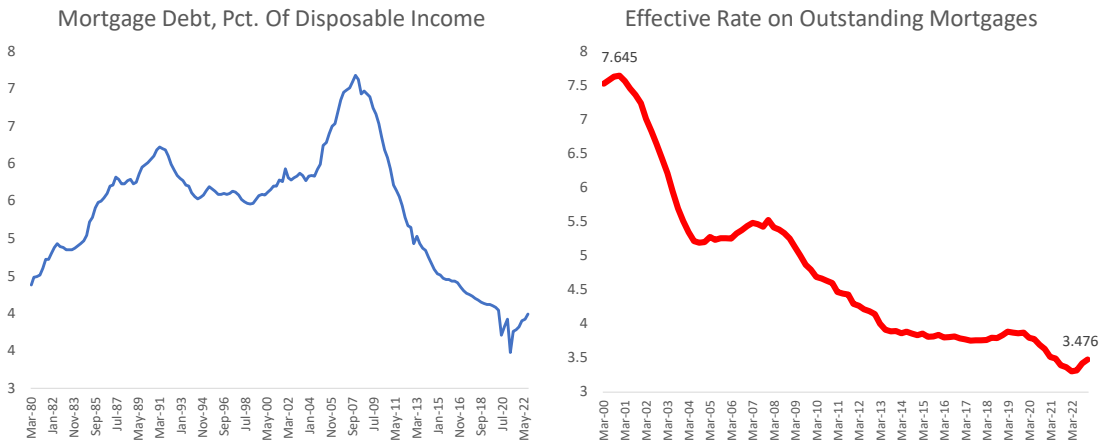


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## During Low Interest Rates, Homeowners Reset their Mortgages to Lower Rates

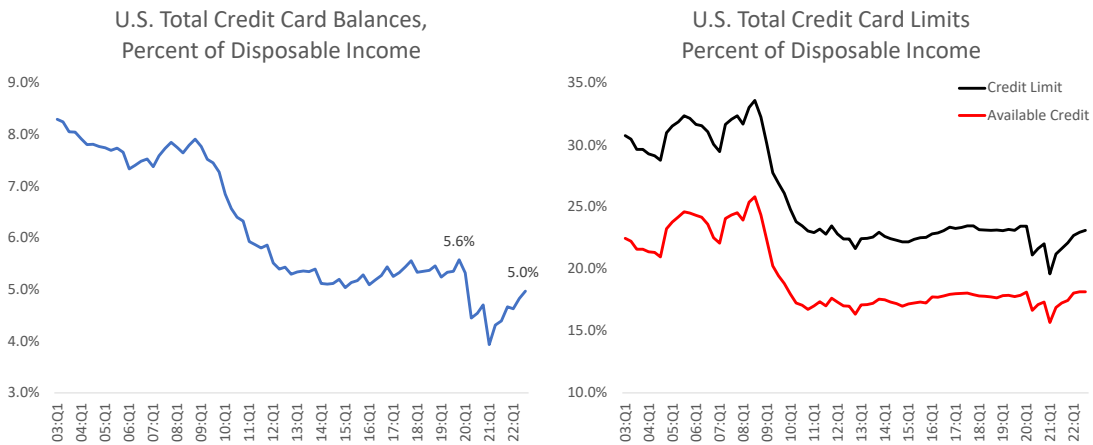


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## Consumer Finances As a Share of Income, Credit Card Balances and Credit Card Limits Below Pre-Recession Levels



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## Consumer Finances

### Student Loan Stimulus: Forbearance Continues

#### Forbearance authorized by CARES Act

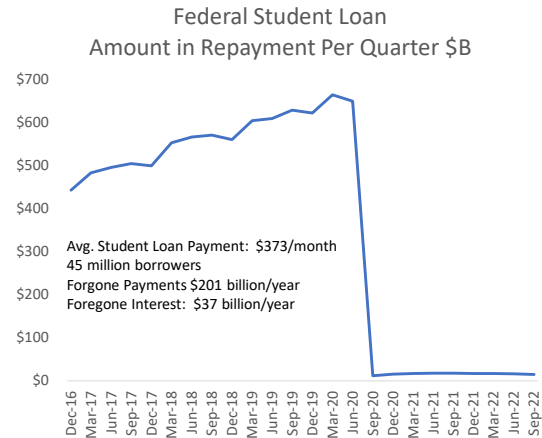
Forbearance Start Date: March 2020

Forbearance End Dates:

Original: September 30, 2020 (CARES Act)

#### Extensions

- 1) Jan. 31, 2021, Trump Executive Order
- 2) Sep. 30, 2021, Biden Executive Order
- 3) Jan. 31, 2022, Biden Executive Order
- 4) May 1, 2022, Biden Executive Order
- 5) Aug. 31, 2022, Biden Executive Order
- 6) Dec. 31, 2022, Biden Executive Order
- 7) Jun. 30, 2023, Biden Executive Order



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Wisconsin  
Consumers Have  
Less Debt and  
Low Delinquency  
Rates

Source: Federal Reserve Bank of New York, State  
Level Household Debt Statistics, 2022 Q4

Pre Capita Consumer Debt 2022 Q4				
	U.S. Average	Wisconsin		
	Amount	Amount	Percent of U.S. Avg.	Rank in U.S.
Auto	5,470	4,410	80.6%	46
Credit Card	3,480	2,820	81.0%	43
Mortgage	41,830	31,820	76.1%	36
Student Loans	5,640	4,950	87.8%	38
Total	59,580	46,790	78.5%	37

Loan Delinquency Rates 2022 Q4				
	U.S. Average	Wisconsin		
	Percent	Percent	Percent of U.S. Avg.	Rank in U.S.
Auto	3.81	2.52	66.1%	37
Credit Card	7.53	4.94	65.6%	51
Mortgage	0.46	0.28	60.9%	43
Student Loans	0.89	0.65	73.0%	42

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## *Standing on the Throttle*

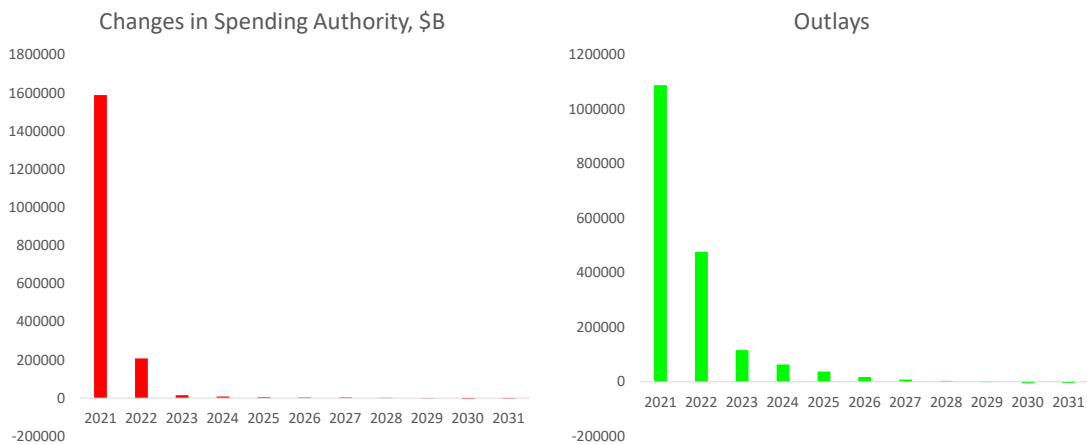
### Federal Fiscal Policy Still Stimulative

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## *More Federal Fiscal Stimulus in the Pipeline* American Rescue Plan Act Bill

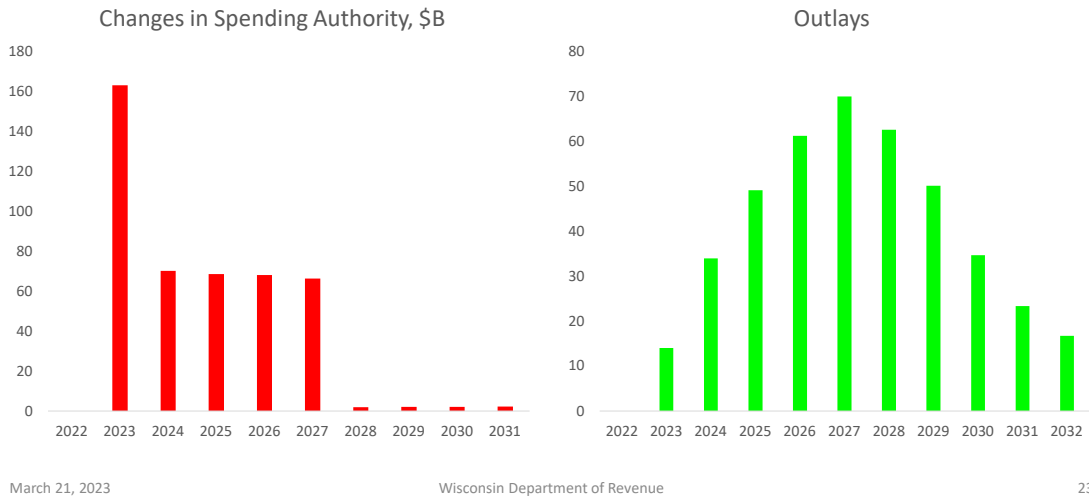


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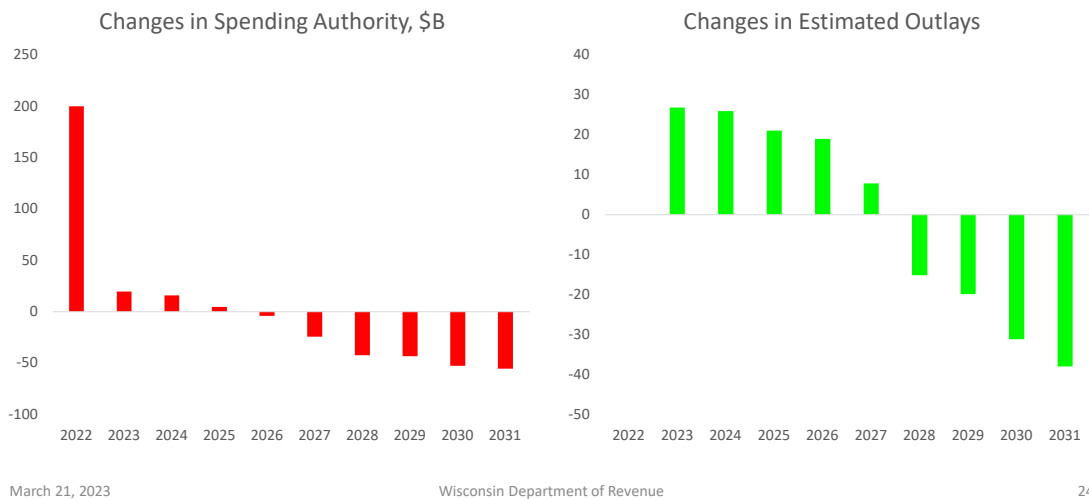
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## More Federal Fiscal Stimulus in the Pipeline Infrastructure Bill

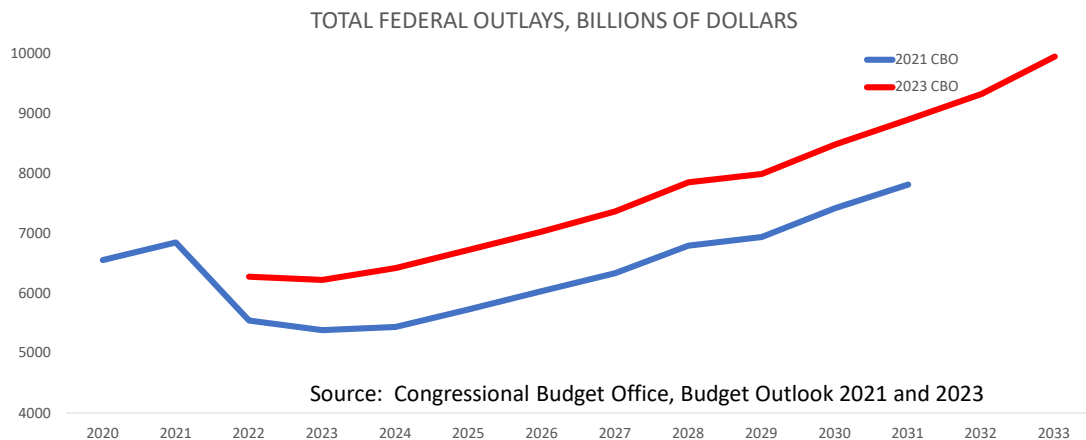


## More Federal Fiscal Stimulus in the Pipeline Inflation Reduction Act Through 2027





## 2023 Federal Spending Up \$1 Trillion Annually Compared to 2021



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## *Standing on the Throttle*

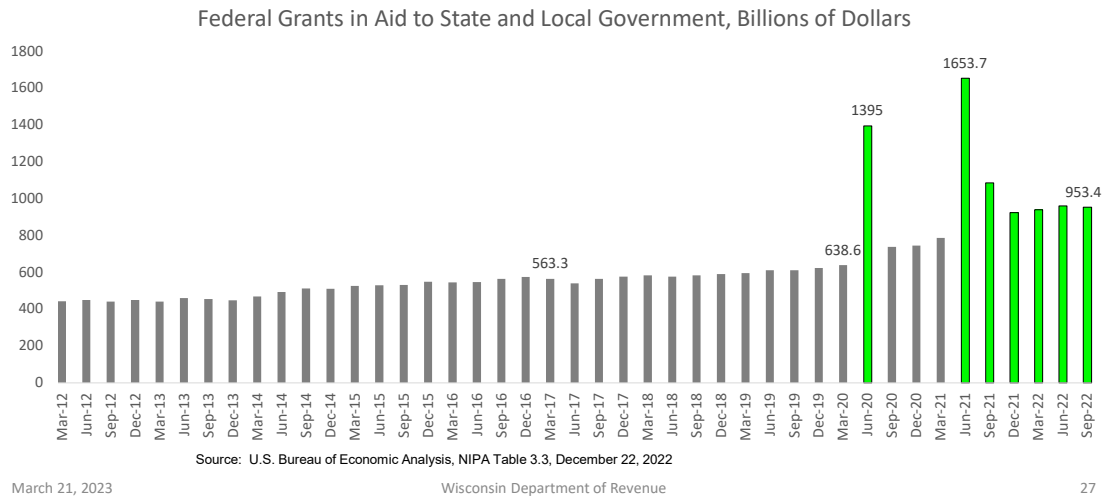
Stealth Stimulus  
State and Local Governments Cash  
Holdings

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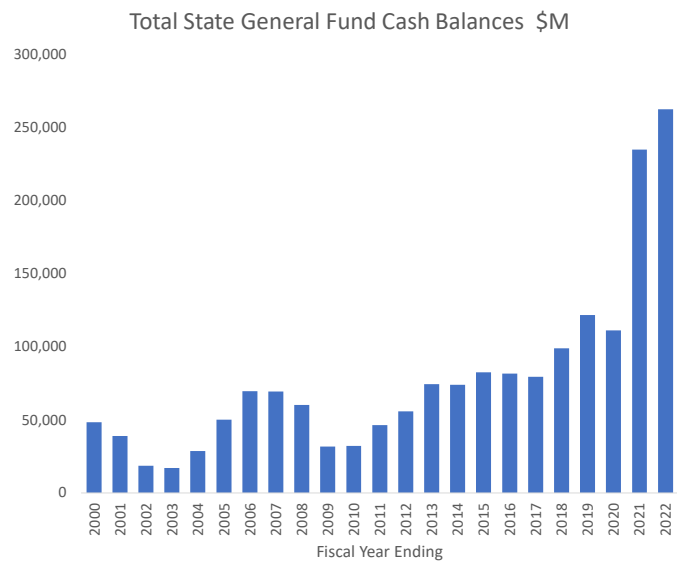
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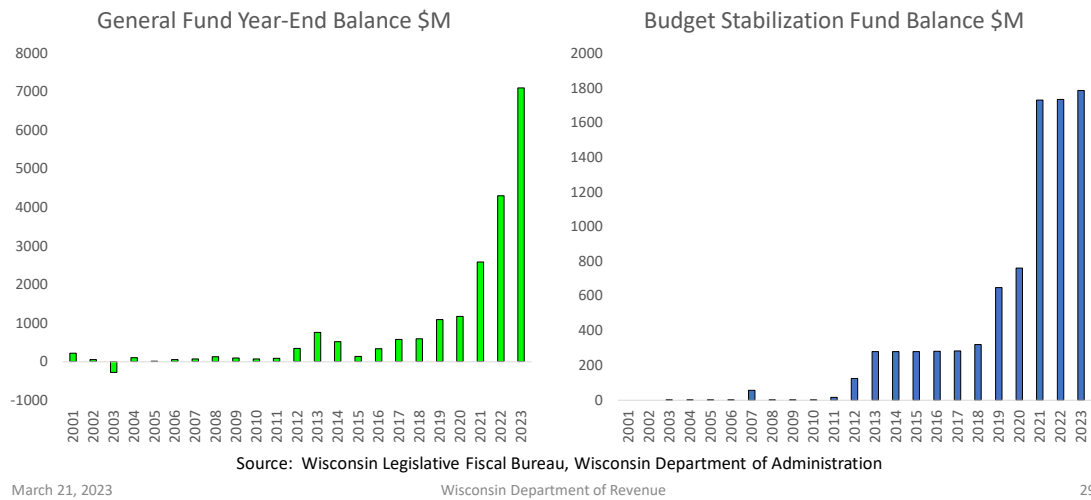
## Safety Valve: State & Local Government Finances Stimulus Packages Provided Record High Funding for State & Local Government



## State Government General Fund Balances Plentiful



# Wisconsin State Budget Balances All-Time High

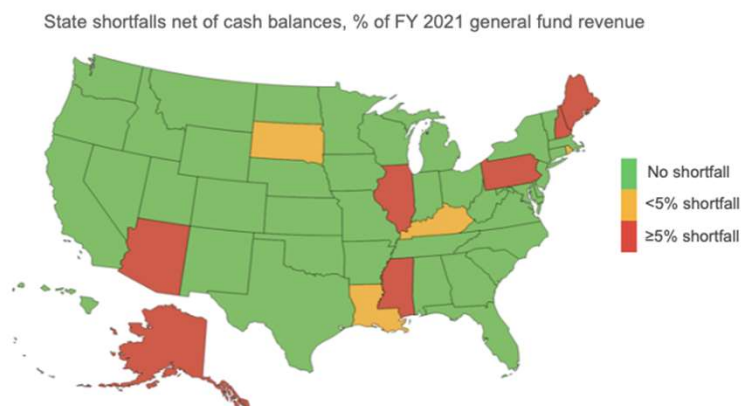


## Regional Differences

Most  
States  
Prepared for a  
Moderate  
Recession

### *Stress Test Results*

#### Cash Balances After Moderate Recession



Source: National Association of State Budget Offices, Moody's Analytics

# *Standing on the Throttle*

## Labor Markets Remain Tight

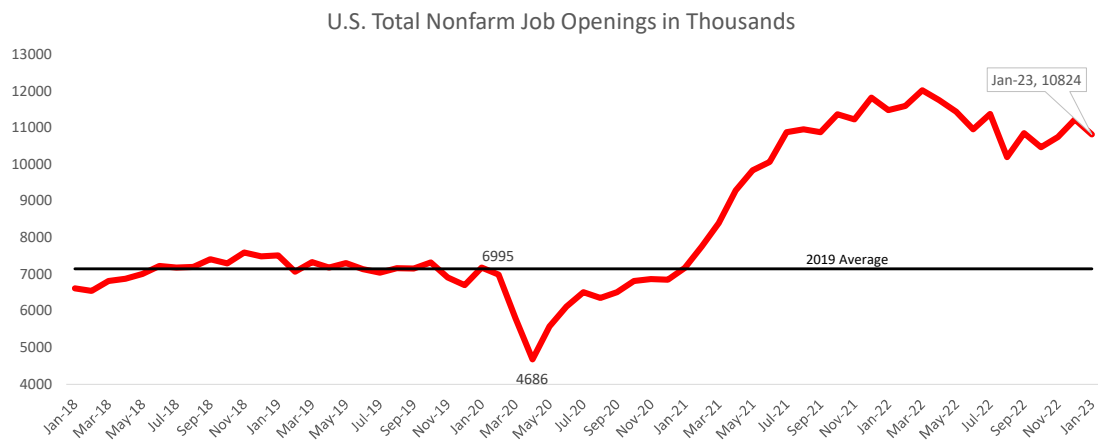
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### *Labor Market Still Tight*

### Total U.S. Job Openings Exceed 10 Million Since June 2021



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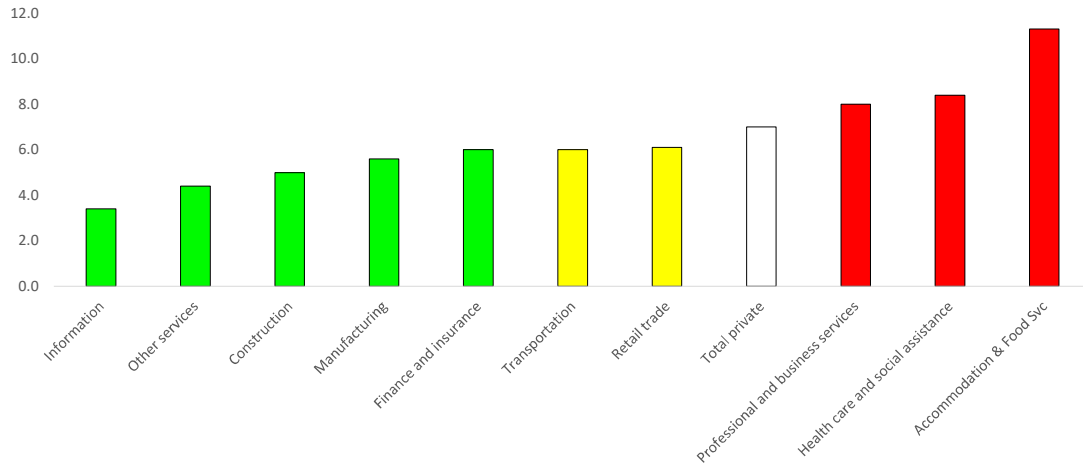
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## Industry Differences

# U.S. Job Shortages Acute in Health Care and Leisure and Hospitality

Job Openings by Industry, Percent of Employment, December 2022

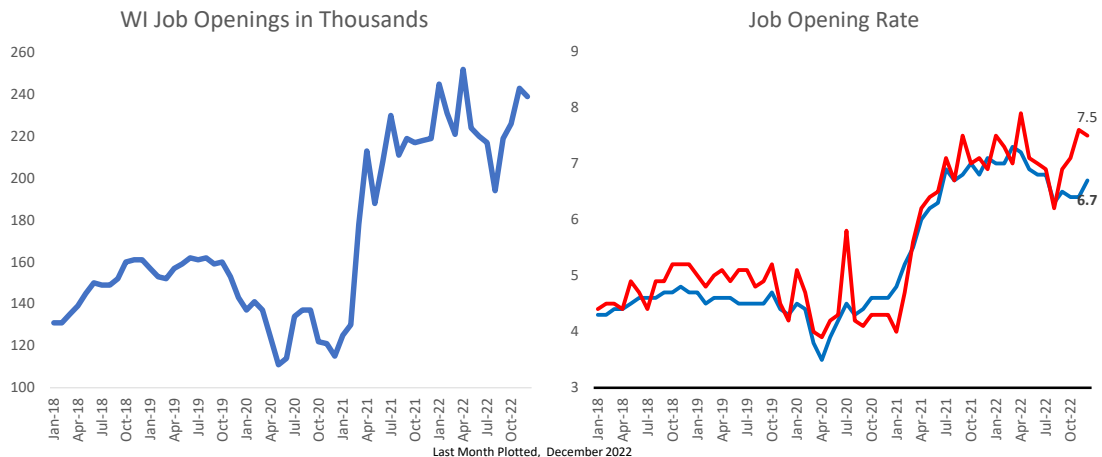


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## Wisconsin Job Openings: Averaged Over 225,000 for CY 2022



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## Regional Differences

### State Job Opening Rates

Wisconsin, 9<sup>th</sup> Highest in the Nation



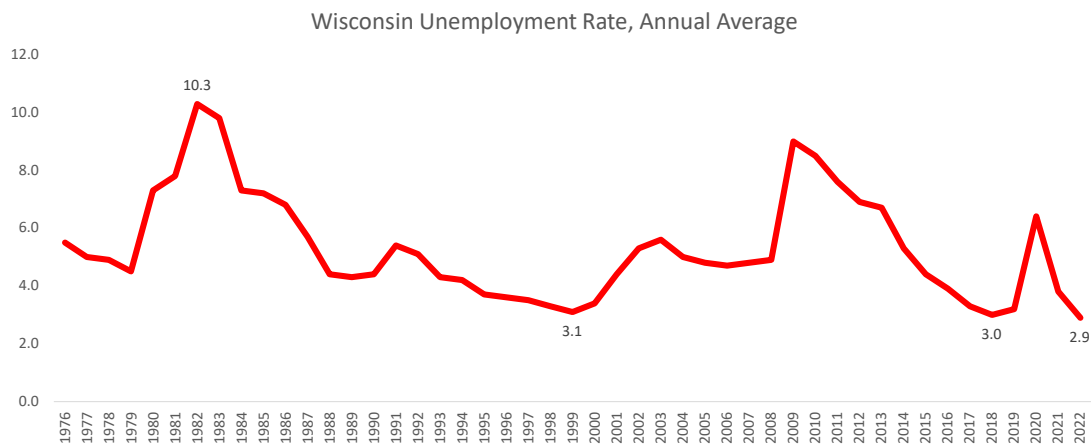
Source: U.S. Bureau of Labor Statistics, Job Opening and Labor Turnover Survey

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## In 2022, Wisconsin Set New Record Low for Annual Unemployment Rate

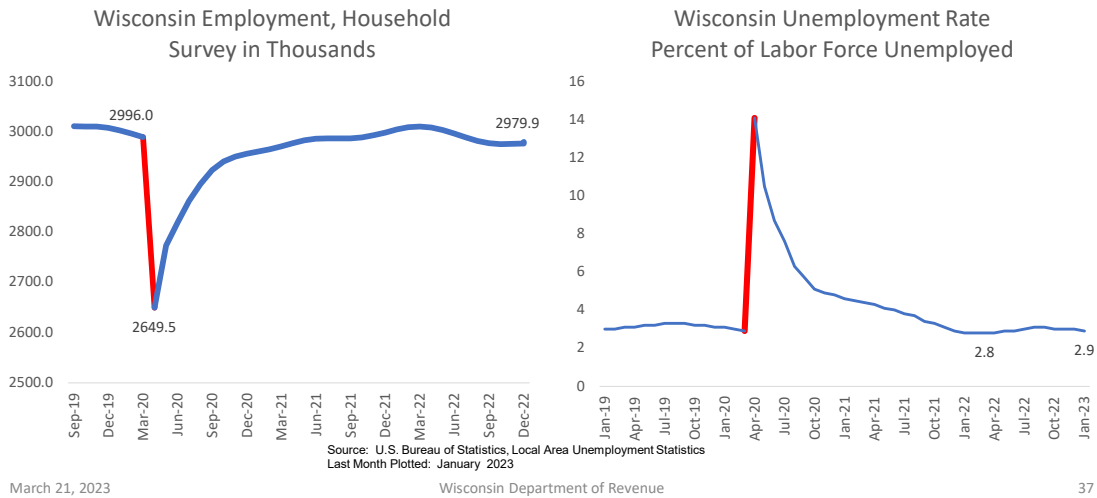


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*By Household Survey, After Running Ahead of Pre-Pandemic Levels, Wisconsin Employment Close to Pre-Pandemic Levels  
Unemployment Rate Running Near Record Lows*

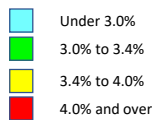


*Regional Differences*

Wisconsin  
Unemployment  
Rate

Ranks 12<sup>th</sup> Lowest  
in the U.S.

State Unemployment Rate Jan. 2022



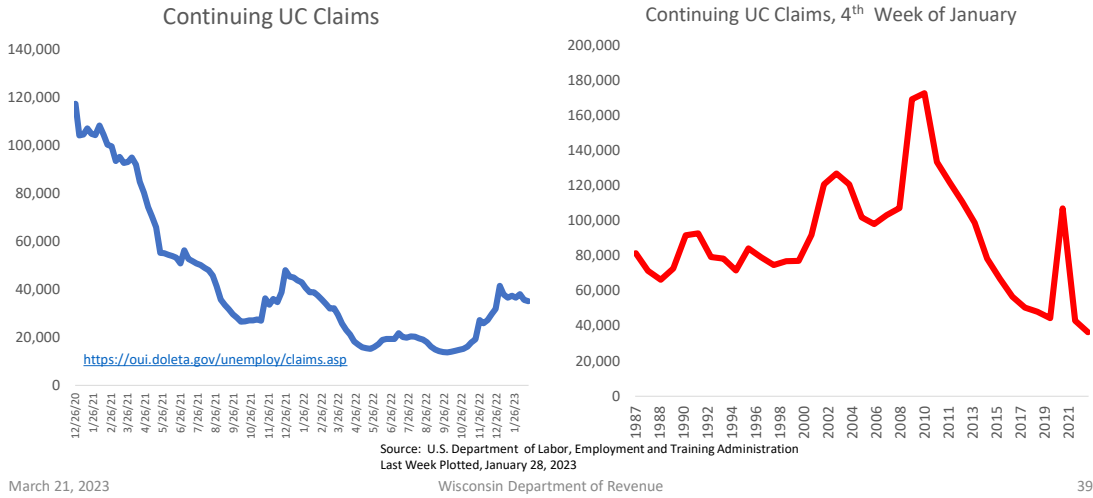
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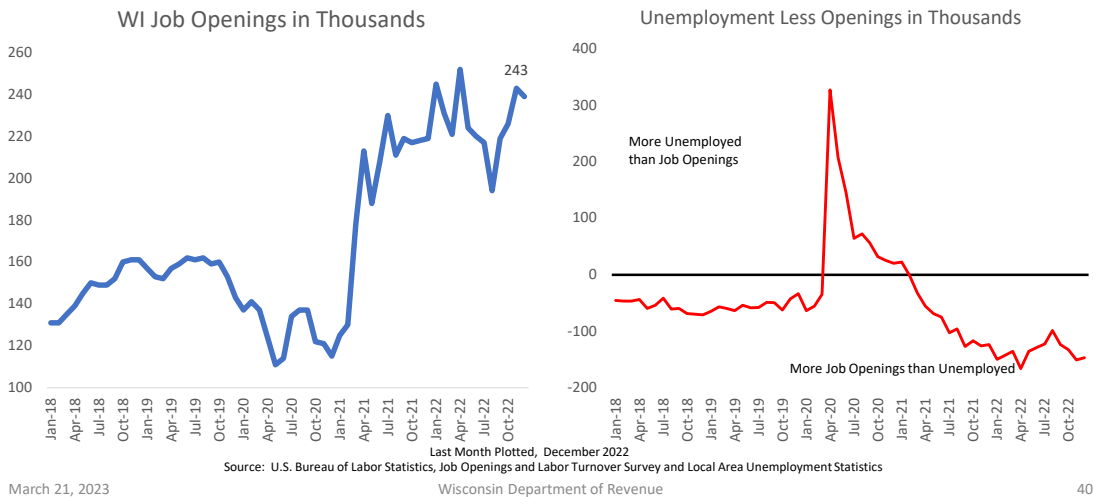
38

# Fewest Wisconsin Residents Receiving Unemployment Benefits

*Unemployment Compensation Claims Reach New Low*



# Wisconsin Job Openings: Labor Shortage over 140,000



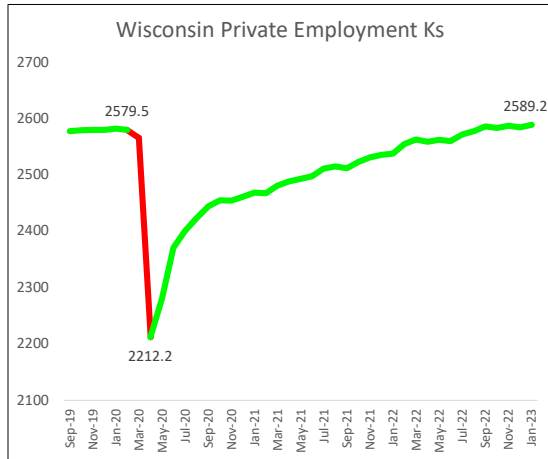
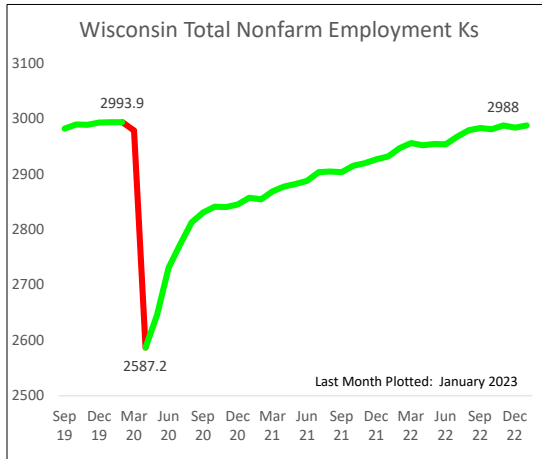


## Establishment Survey Reports Steady Gains

# Wisconsin Recovered 400,000 Jobs Since April 2020

99% of Total Job Losses Recovered

103% of Private Sector Jobs Recovered

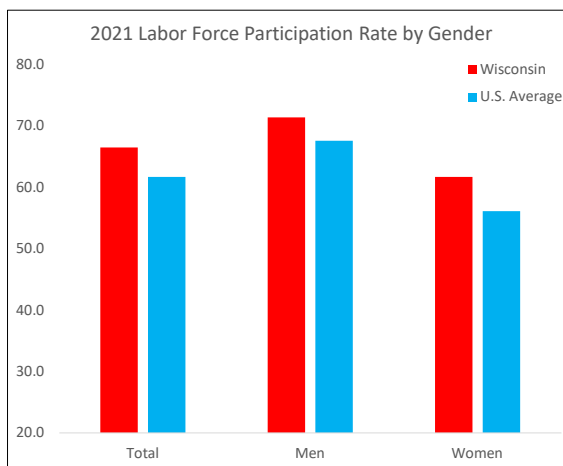


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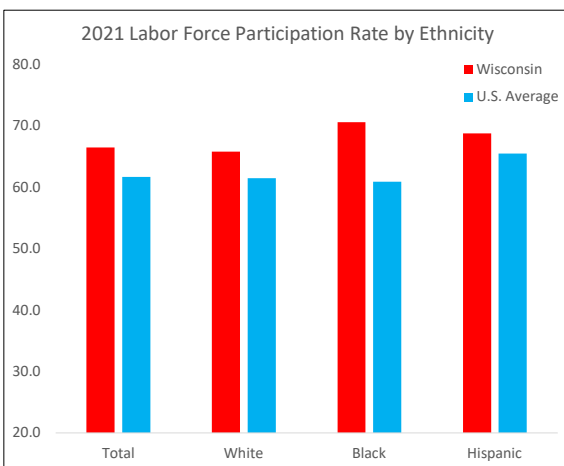
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## Wisconsin Workers More Engaged than the U.S. Average by Gender or Ethnicity



Source: U.S. Bureau of Labor Statistics

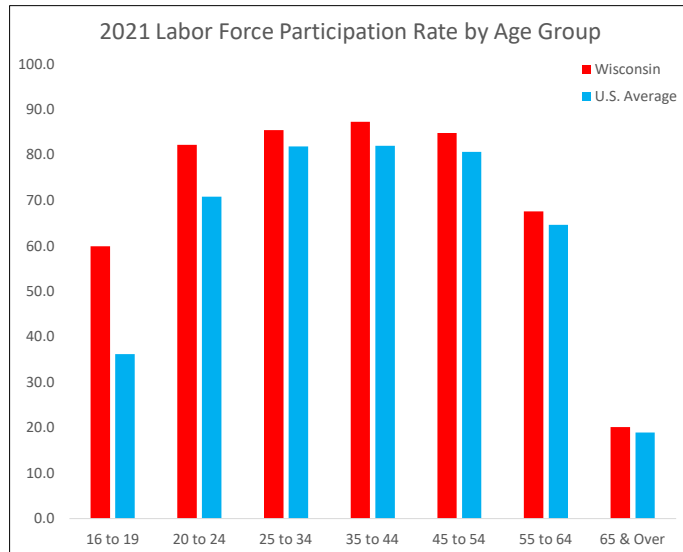


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Wisconsin  
Workers  
More  
Engaged than  
the U.S. at  
Every Age  
Group



Source: U.S. Bureau of Labor Statistics

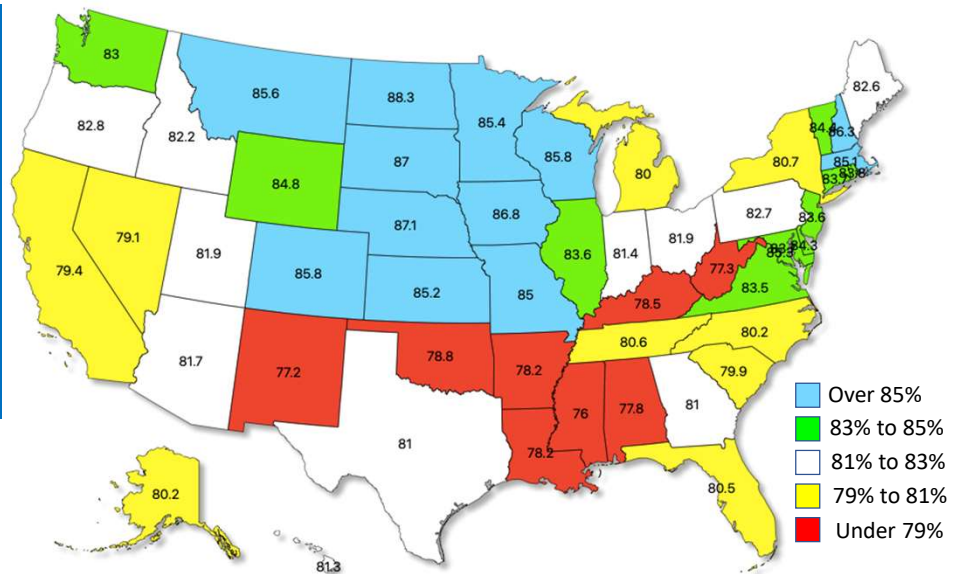
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For Prime  
Working Age  
Population,  
Wisconsin  
has the 6<sup>th</sup>  
Highest Labor  
Force  
Participation  
Rate

U.S. Average 81.6%



Source: U.S. Bureau of Labor Statistics

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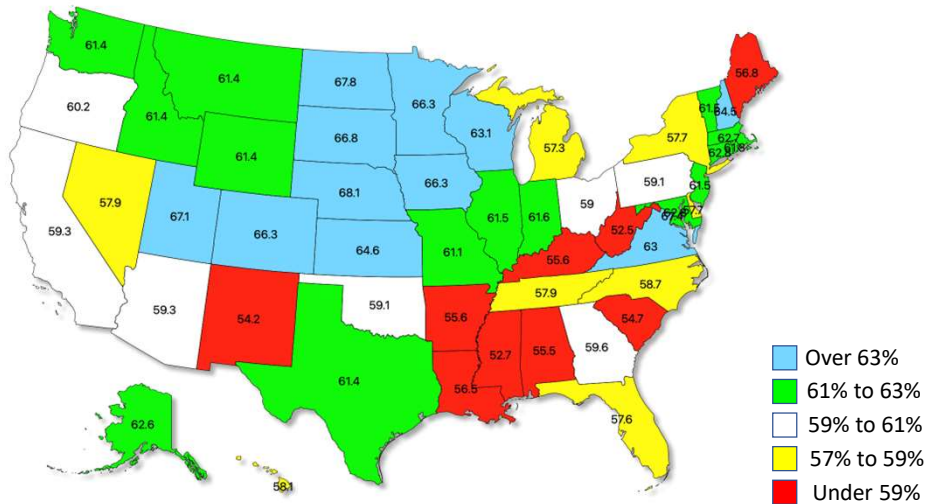
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## 2022 Employment Population Ratio

### Wisconsin Among Top States

U.S. Average 60.0%



Source: U.S. Bureau of Labor Statistics

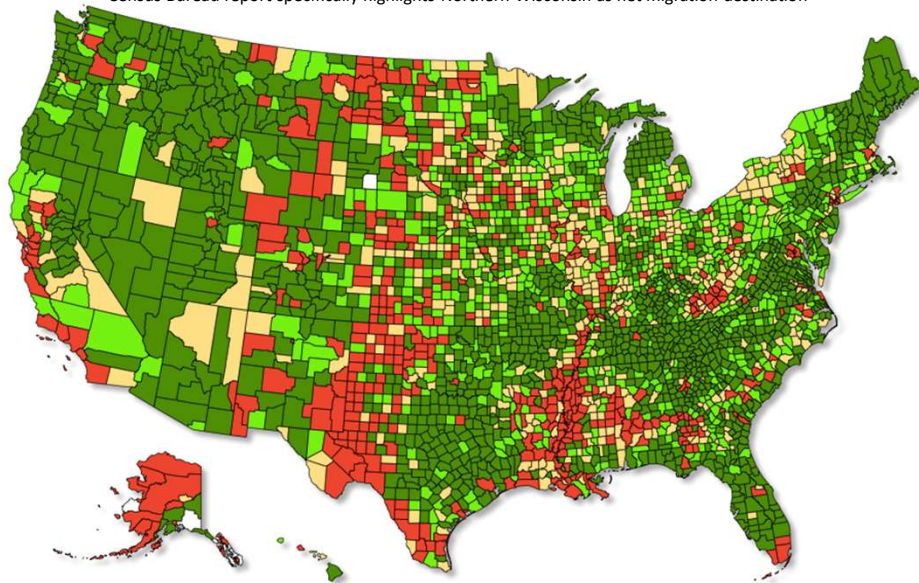
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## 2021 Population Change from Net Domestic Migration Per 1,000 Residents

Census Bureau report specifically highlights Northern Wisconsin as net migration destination

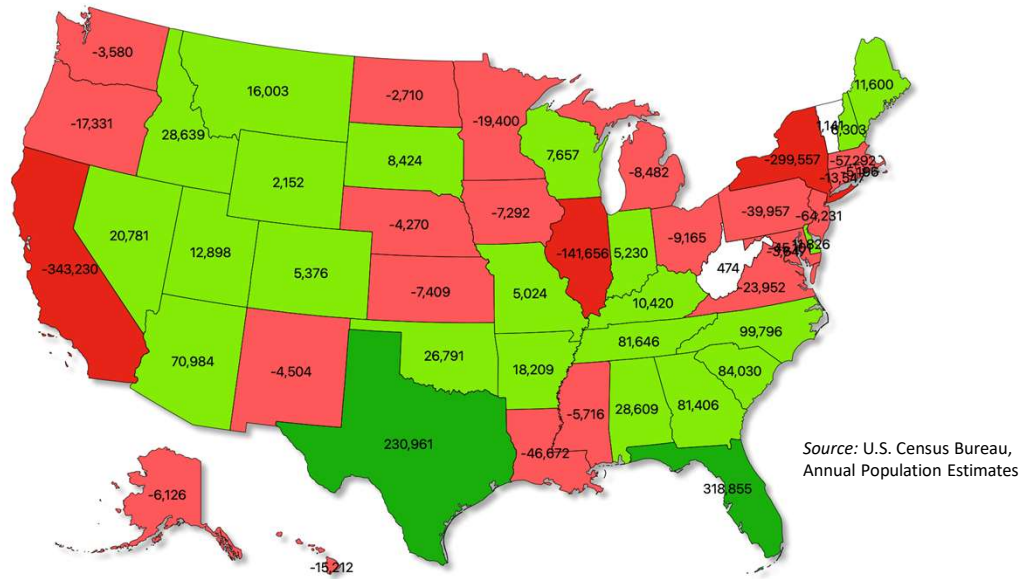


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## Stronger Domestic In-Migration for Wisconsin in 2022



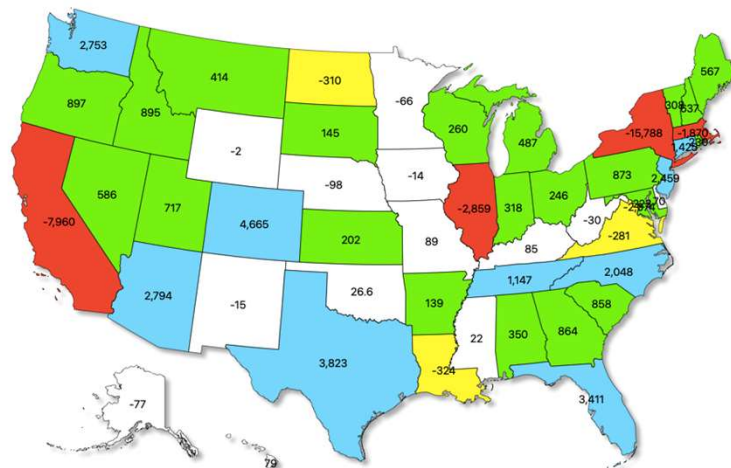
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## Young Affluent Leaving High-Cost States

Net Migration of Households over \$100K Under 35, CY 2021



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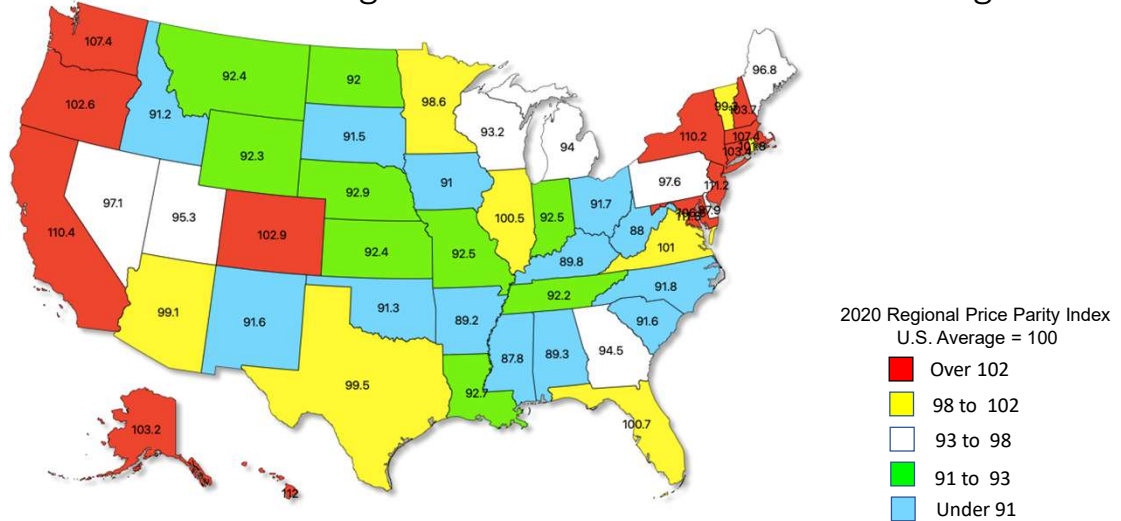
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## Regional Differences

Wisconsin's Cost of Living Ranks 29th -- 7% Below U.S. Average



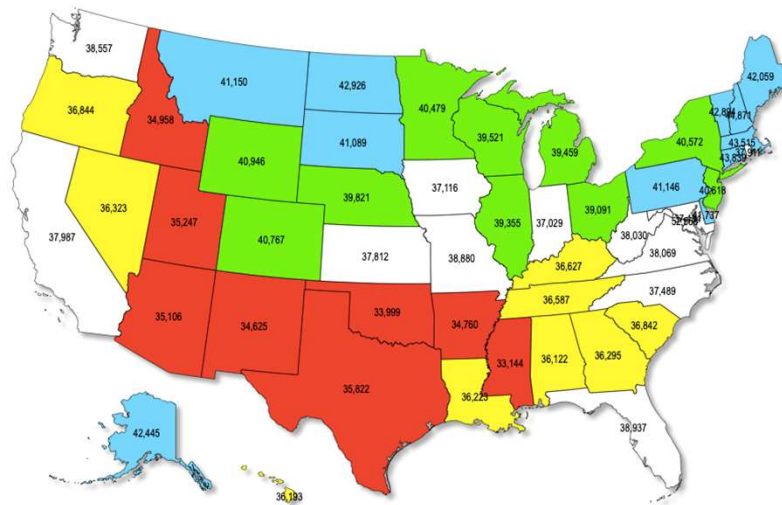
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## Regional Differences

Wisconsin's Real Per Capita Income Above U.S. Average



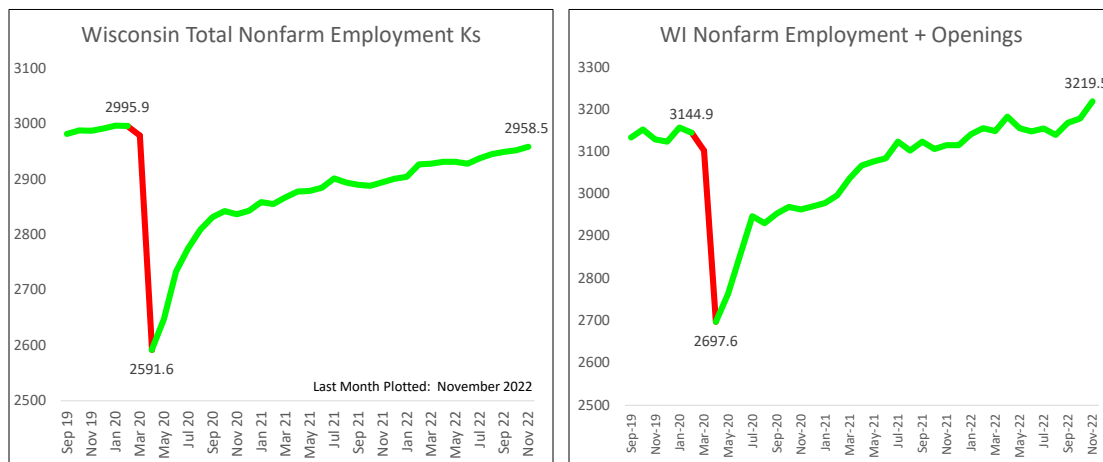
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## Defining Labor Demand or “Jobs” as Employment + Openings

### Wisconsin Jobs Fully Recovered in February 2022



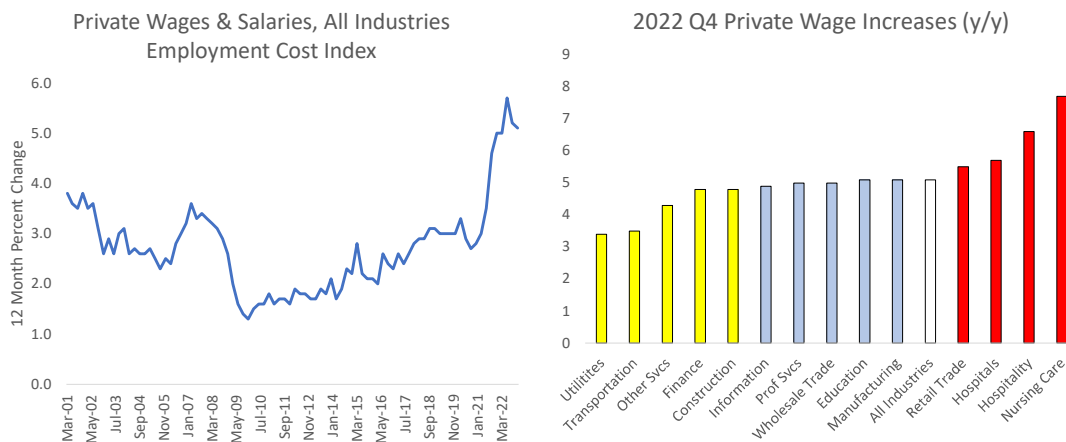
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## Wage Increases Highest in 21 Years

### Wage Pressure Greatest in Industries With Largest Labor Shortages



Source: U.S. Bureau of Labor Statistics, Employment Cost Index, Data Retrieved, February 16, 2023

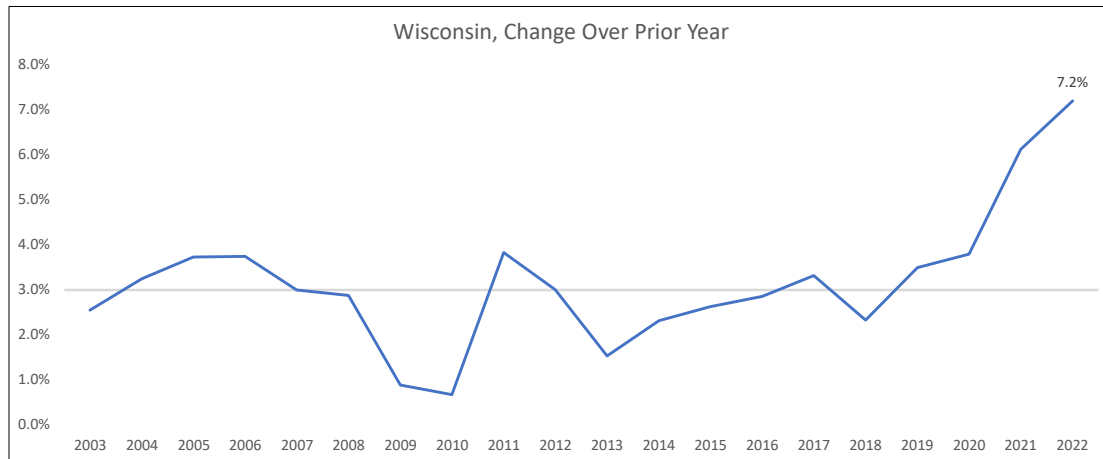
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## Wisconsin Wage Gains Strongest in 20 Years

Percent Change in Private Average Weekly Wage, 4-Quarter Average Ending Q2



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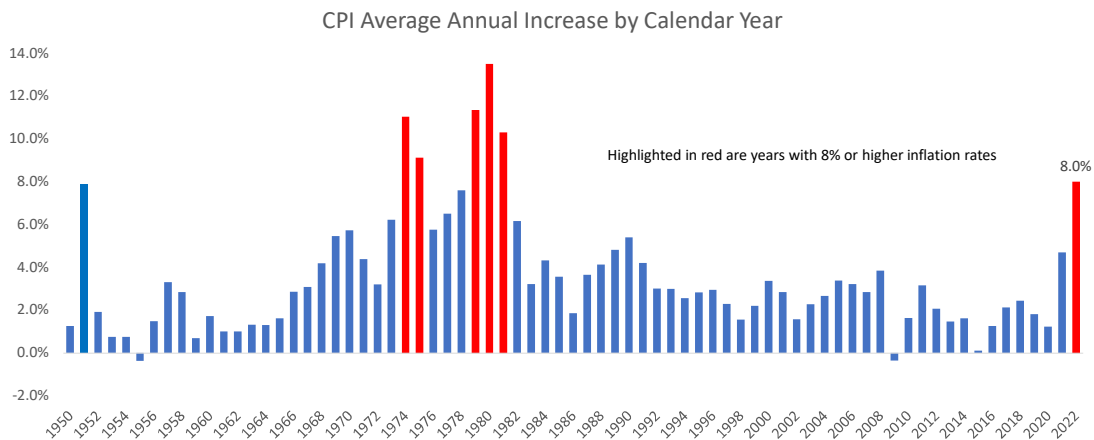
## Inflation

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## For the Calendar Year, 2022 Inflation was the Highest in over 40 years



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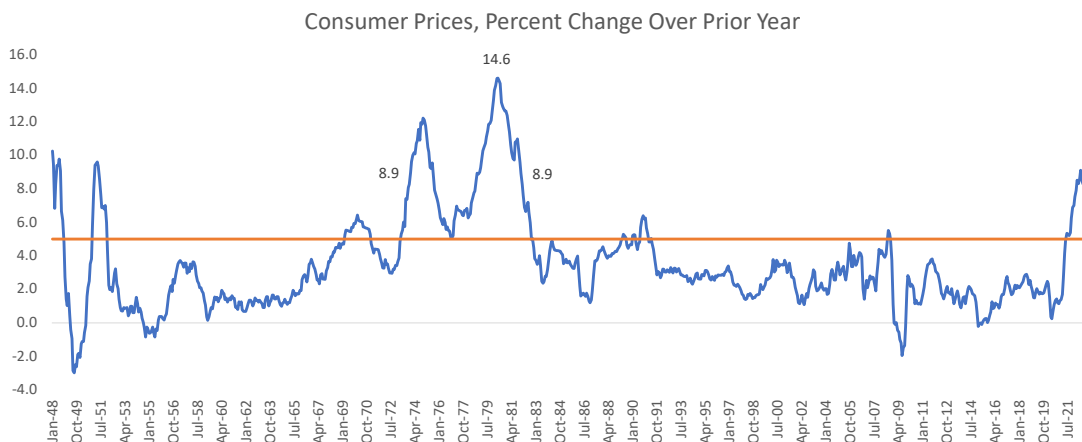
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## Consumer Prices up 6.4% in January Over Prior Year

Inflation has rarely been over 5% (red line)

Over 5% for 20 consecutive months



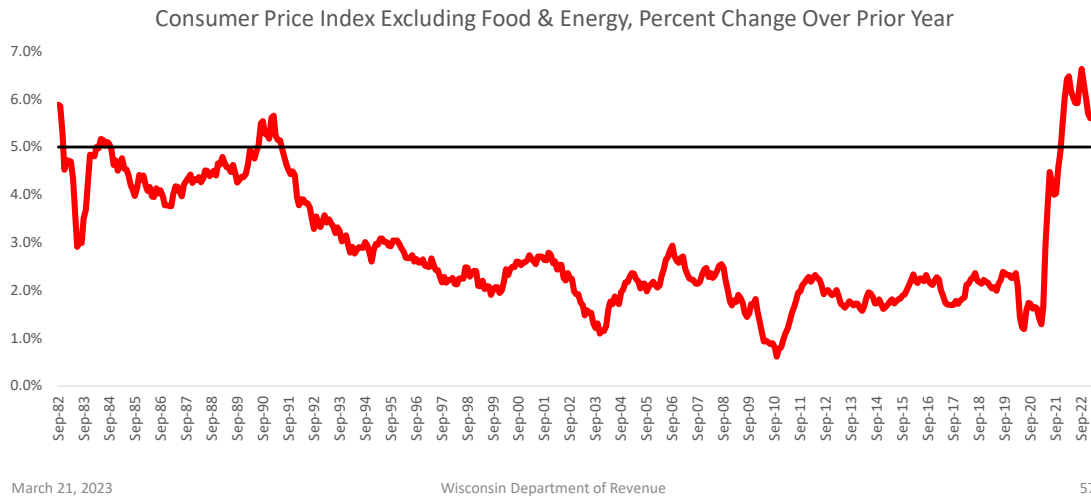
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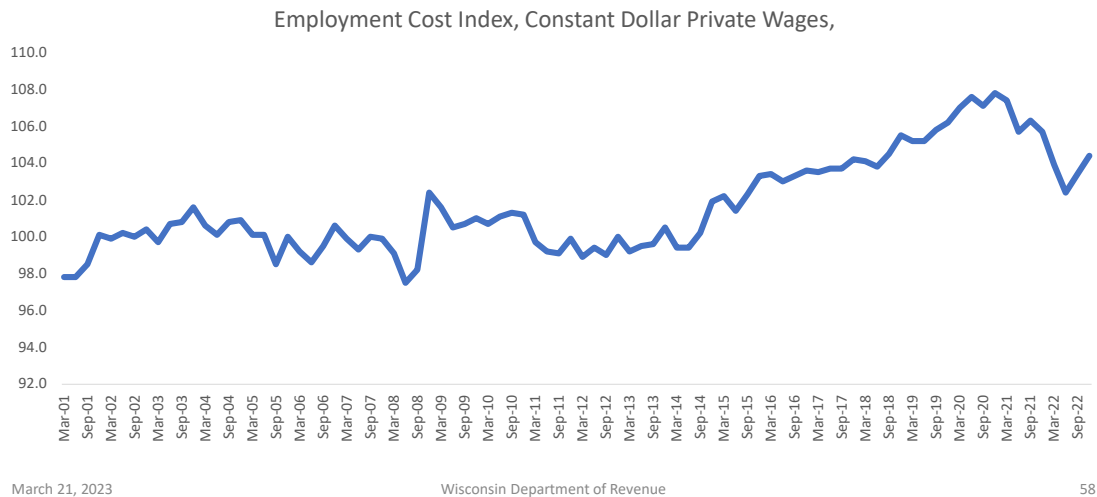
56



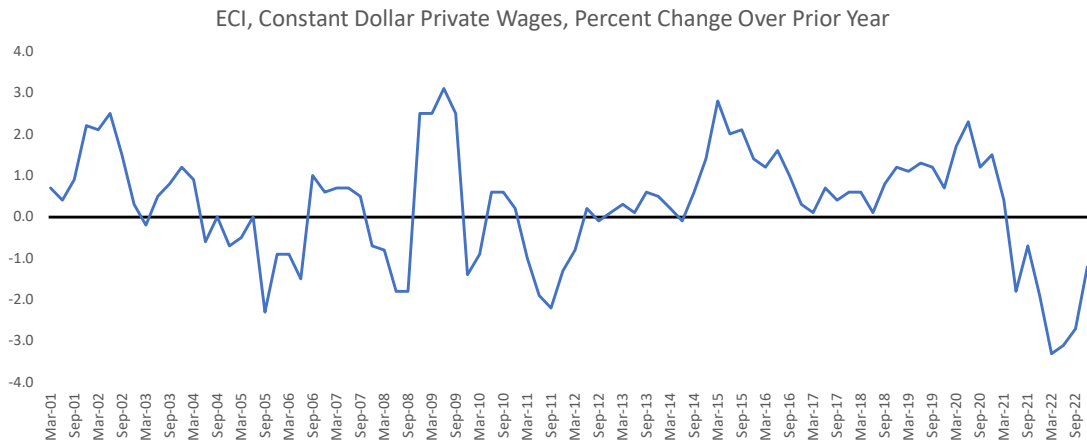
## Core Inflation Rate Remains High January 2023 at 5.6%



## Real Wages Retreat to Levels of Five Years Ago



## Real Wages Decline for Seven Consecutive Quarters



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*Standing on the Break*

Monetary Policy Becomes Restrictive

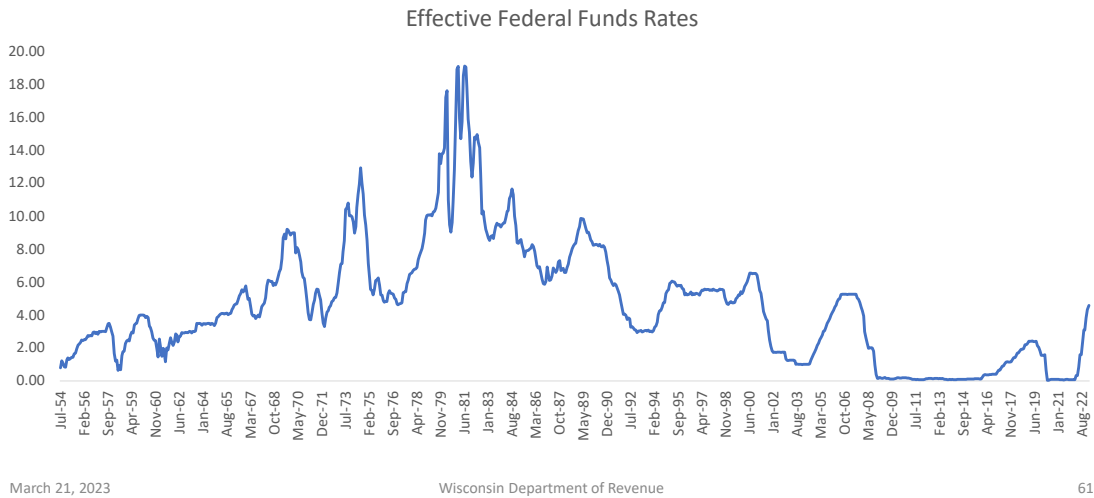
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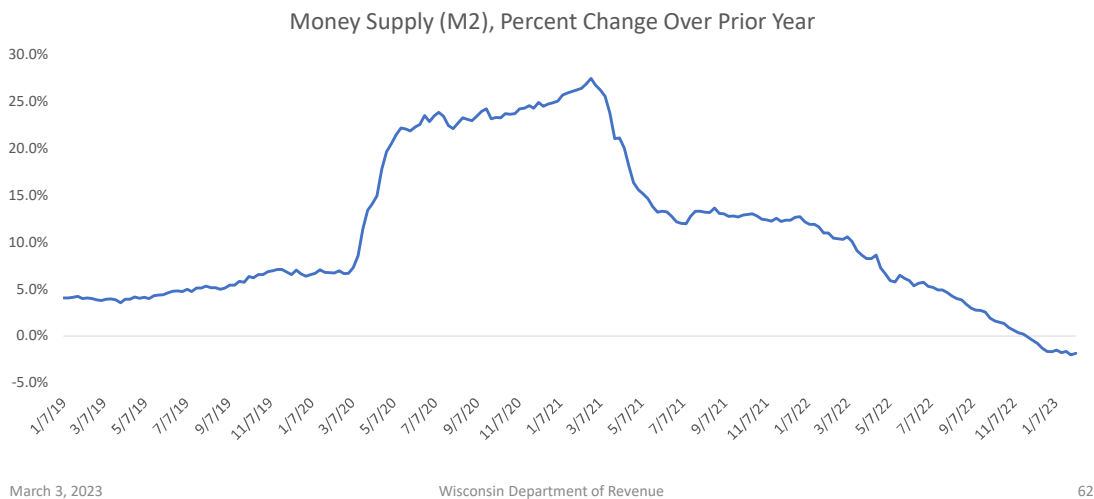
60

## Monetary Policy

### Federal Reserve Increased Interest Rates 450 Basis Points Since February 2022



## Monetary Policy Moves to Contractionary Approach



# Mortgage Interest Rates Reach Levels Not Seen in 15 Years



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## Yield Spread Yield Curve Inversion Signal: Reliable with Good Lead Time

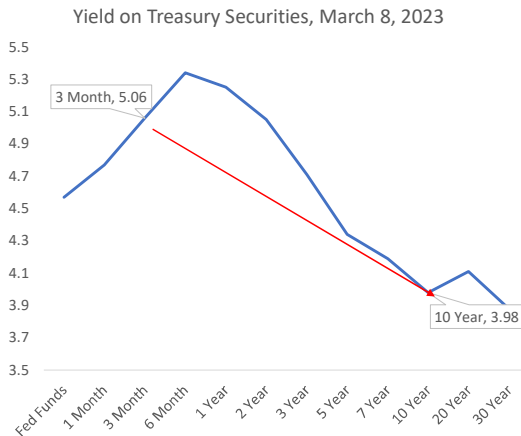
- Every leading indicator composite index includes some form of yield curve measure
- If short-term rates exceed long-term rates, Federal Reserve policy is contractionary
- Yield curve inversions are a reliable leading indicator

Recession	Start Date	Date of Yield Curve Inverted	Lead Time
2007-09	Dec 2007	Jan 2006	18 Months
2001	Mar 2001	Mar 2000	12 Months
1990-91	Jul 1990	Jan 1989	18 Months
1981-82	Jul 1981	Sep 1980	10 Months
1980	Jan 1980	Aug 1978	17 Months
1973-75	Nov 1973	Mar 1973	8 Months
Six Recession Average:			14 months
Number of False Positives, 1970 to 2019:			0

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## Yield Curve Signal Sensitive Moved to Negative Over The Past Month



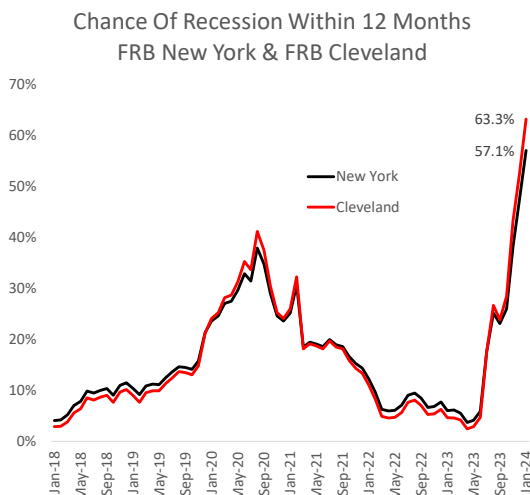
- The FRB-New York FRB and FRB-Cleveland track the difference in basis point between the 3-Month U.S. Treasury Bill and the 10-Year Treasury Bond as a sign of a prospective recession.
- That spread is strongly negative: -108 basis points

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## Yield Spread Points to Increasing Recession Risk



Federal Reserve Bank of New York, The Yield Curve as a Leading Indicator, [https://www.newyorkfed.org/research/capital\\_markets/ycfaq.html](https://www.newyorkfed.org/research/capital_markets/ycfaq.html)

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- Federal Reserve policy moving to contractionary stance
- Two more interest rate moves scheduled for 2023 totaling an additional 50 basis points
- Recession risk a 60/40 proposition with risk rising over the course of the year



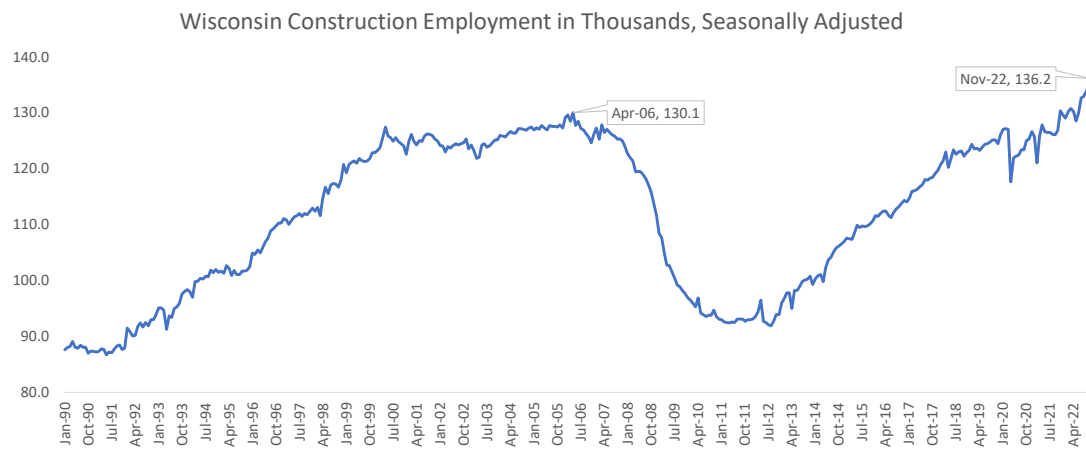
# Housing & Construction

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## Construction Employment in Wisconsin Reaches Record High

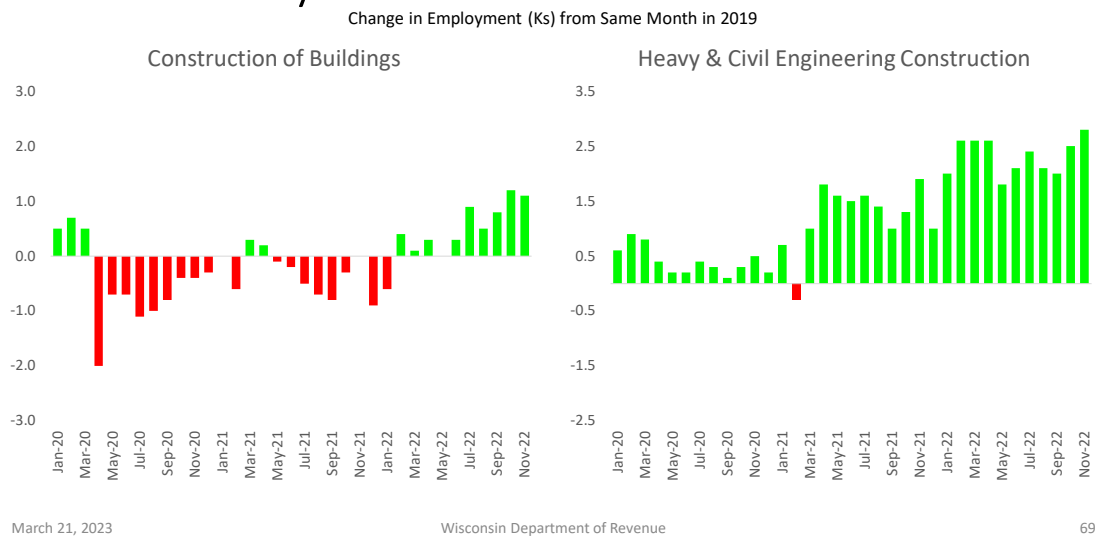


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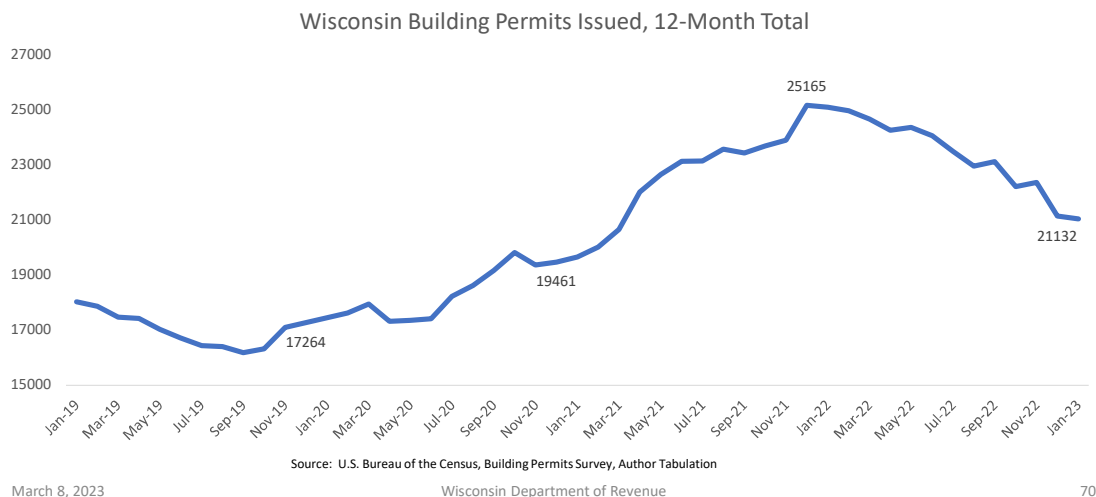
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# Construction Employment Increasing During the Recovery



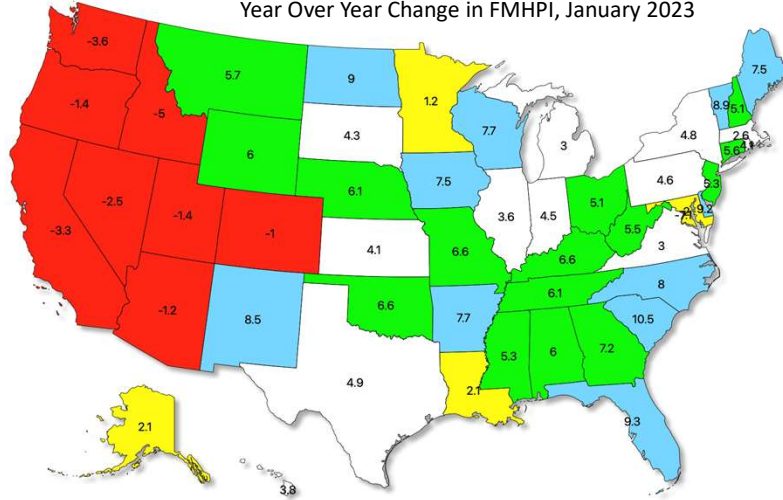
# Housing: Wisconsin Housing Construction Retreating from Recent Highs



## Regional Differences

# Housing Market Weaker in the West

Year Over Year Change in FMHPI, January 2023



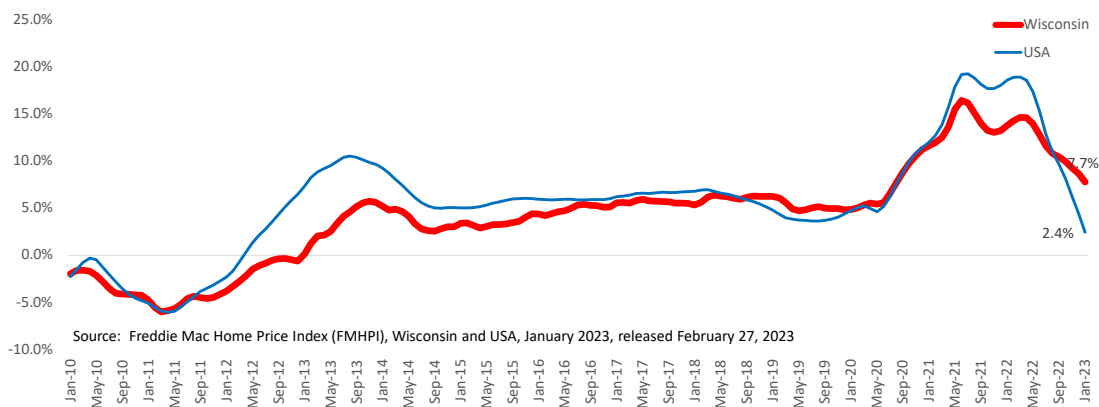
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## Wisconsin Home Price Appreciation Has Eased But Still Substantial, Ahead of US Average

Wisconsin FMHPI Percent Change Over Prior Year



Source: Freddie Mac Home Price Index (FMHPI), Wisconsin and USA, January 2023, released February 27, 2023

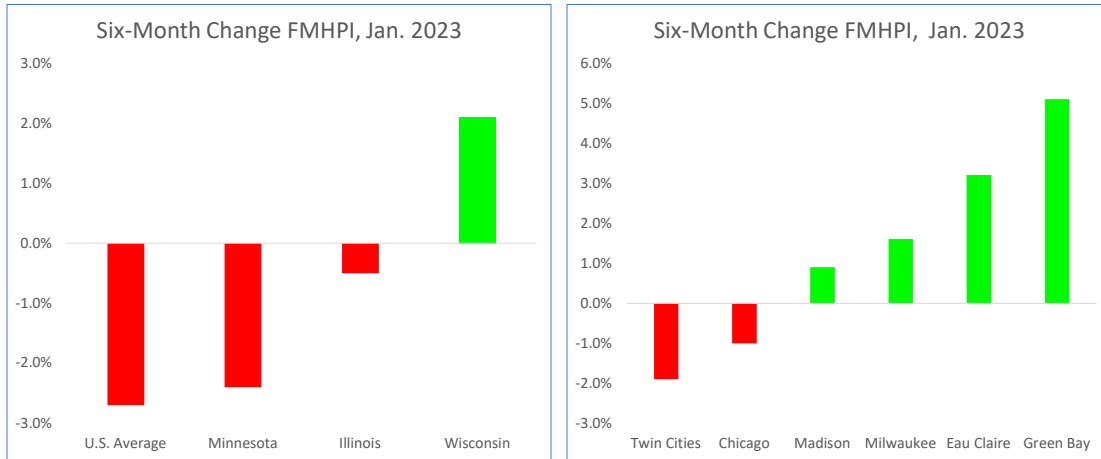
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## Regional Differences

# Major Slowdown in Home Price Appreciation over the Past Six-Months

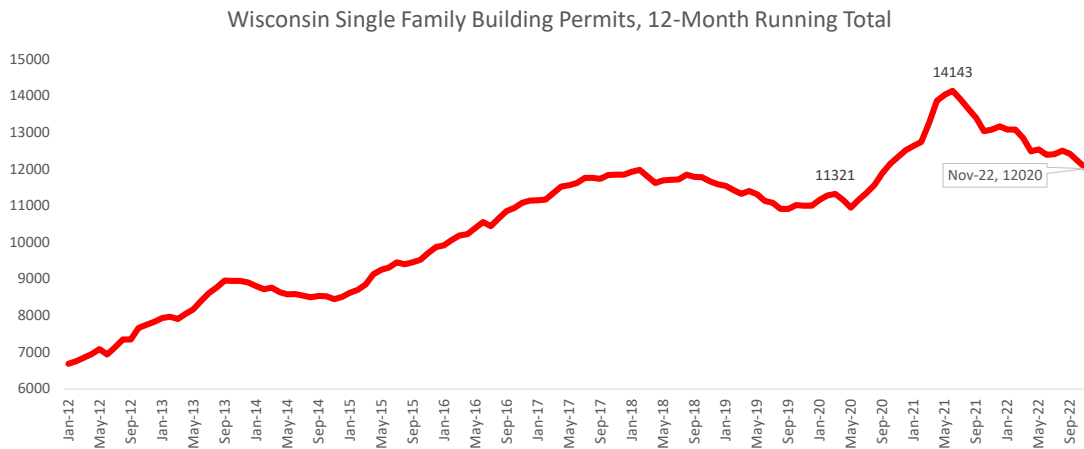


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## Wisconsin Single Family Home Construction Retreating But Still Above Pre-Pandemic Levels



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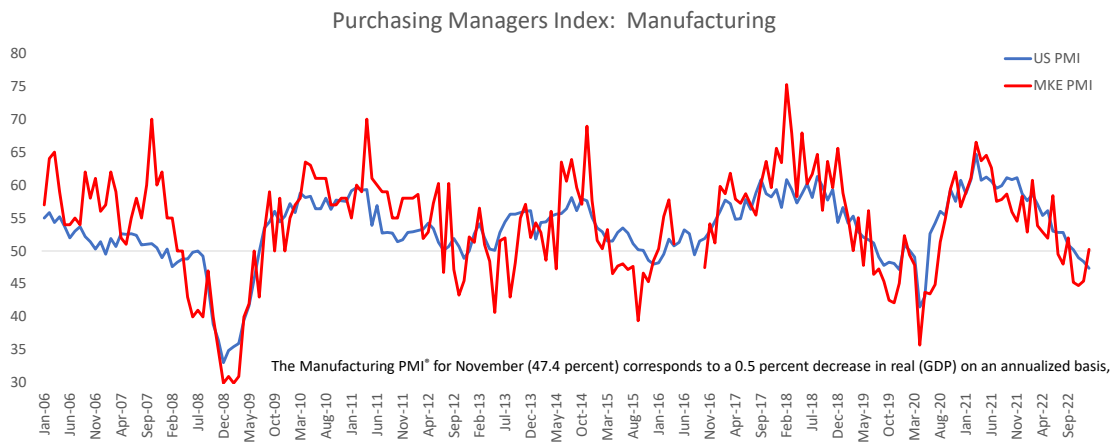
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# Manufacturing

## Manufacturing Moves Slightly Negative

Wisconsin January Reading Above U.S. Average



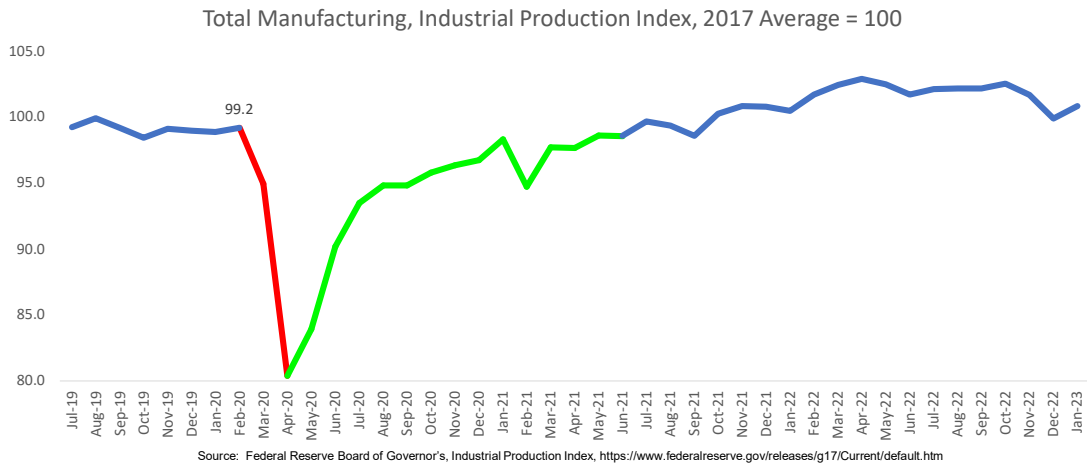
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## Manufacturing Production Above Pre-Pandemic Levels Up 0.3% On the Year

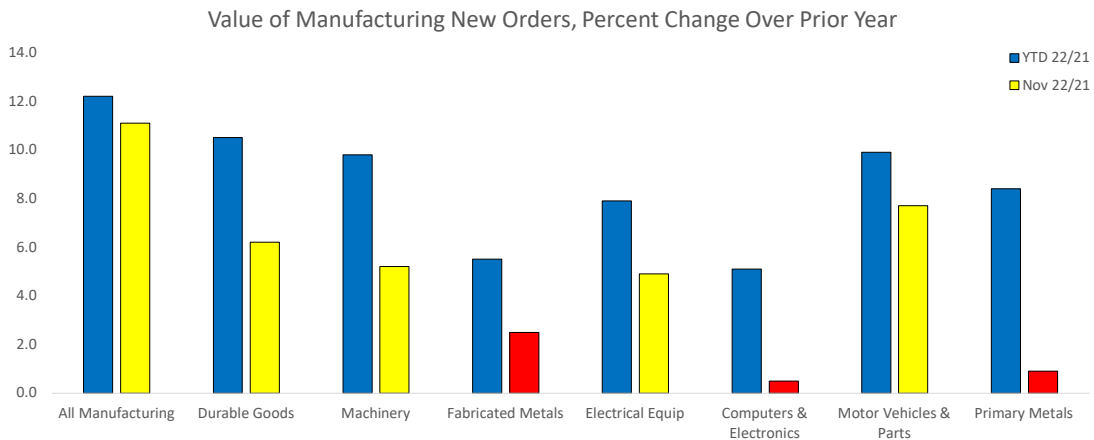


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## New Orders: Durable Goods New Orders Solid Overall But Some Industries Weakening

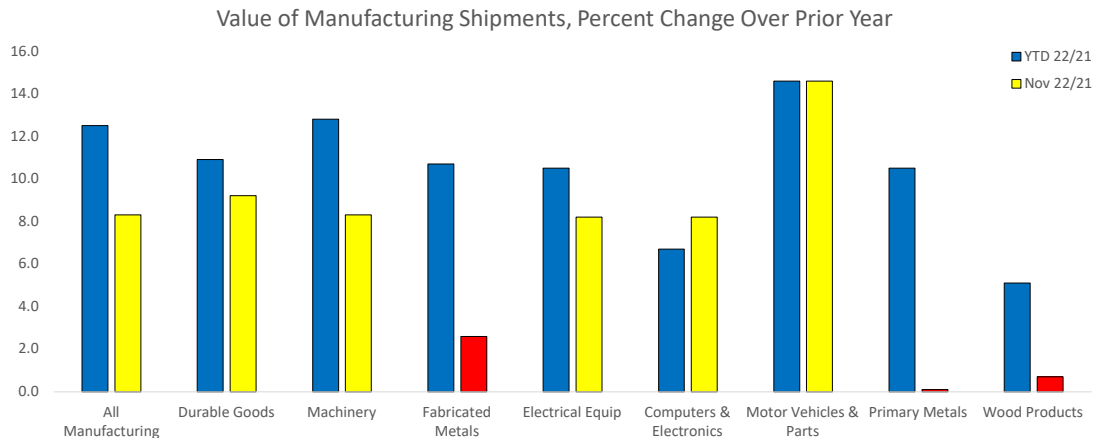


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## Shipments: Durable Goods Shipments Solid Overall But Some Industries Slipping

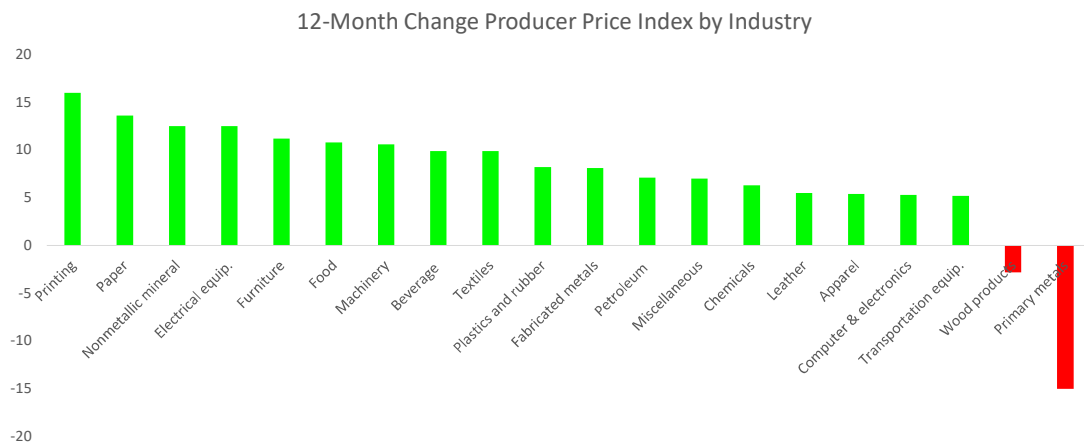


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## Manufacturing Price Increases Varies Widely by Industry



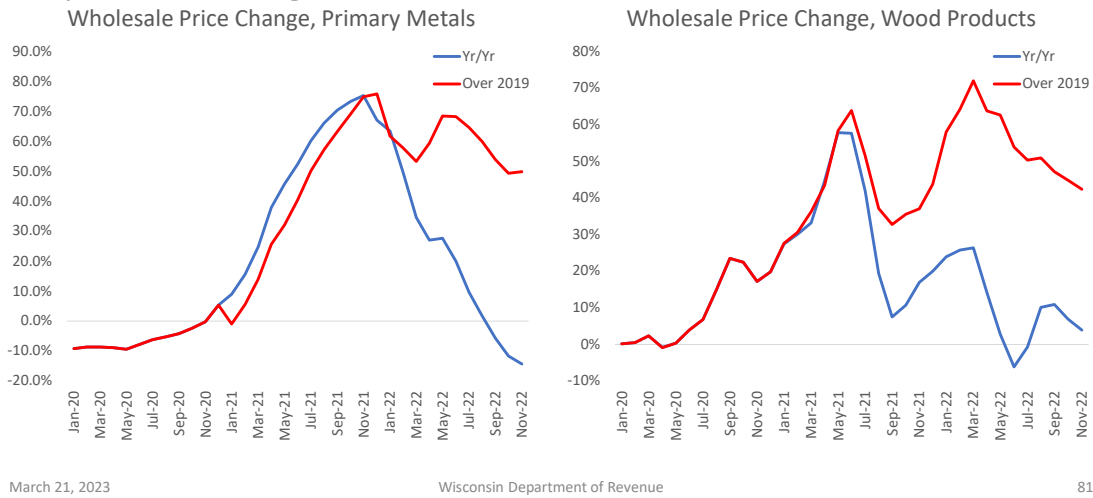
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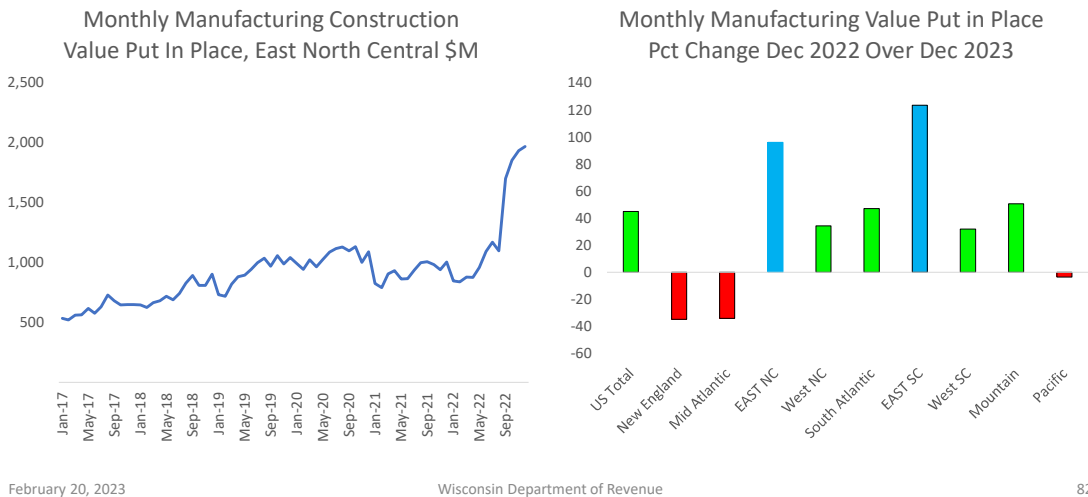
80

## Industry Differences

# Certain Manufacturing Industries Experiencing Near-Term Price Declines



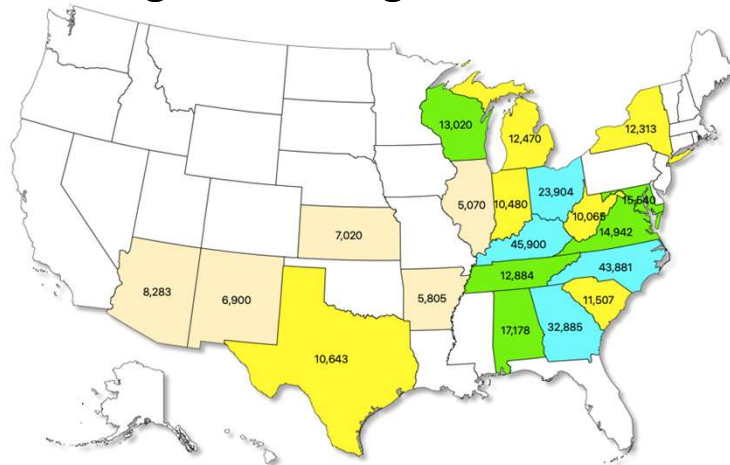
# Significant Increase In Manufacturing Value Put In Place in the Great Lakes States



### *Regional Differences*

## Wisconsin Among States Increasing Employment From Reshoring and Foreign Direct Investment

Re-shoring and  
Foreign Direct  
Investment Job  
Announcements  
First Half 2022



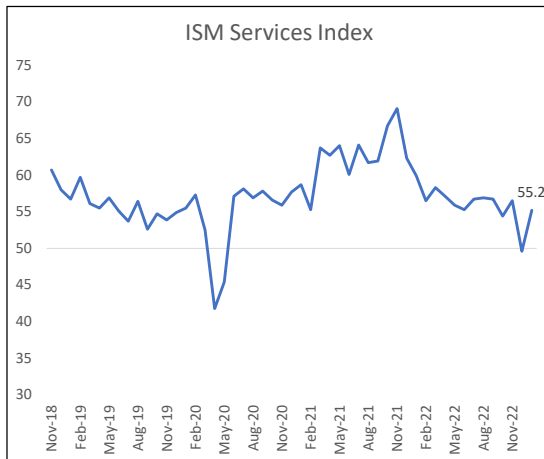
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## Service Sector

## ISM Service Index Back to Expansion



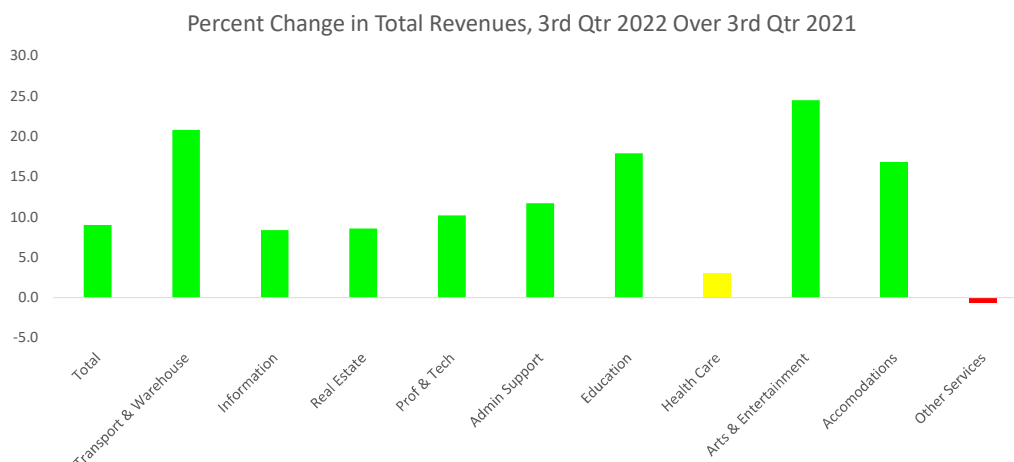
- ISM Services index for December contracted for the first time since May 2020
- The 55.2% index corresponds to a 1.8 percent increase in real GDP.
- 12 industries reported growth
- 5 industries reported a decrease principally related to real estate, construction and tech industries

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## Total Revenues In Service Sector Vary Widely by Sector



Source: U.S. Bureau of the Census, Quarterly Service Survey

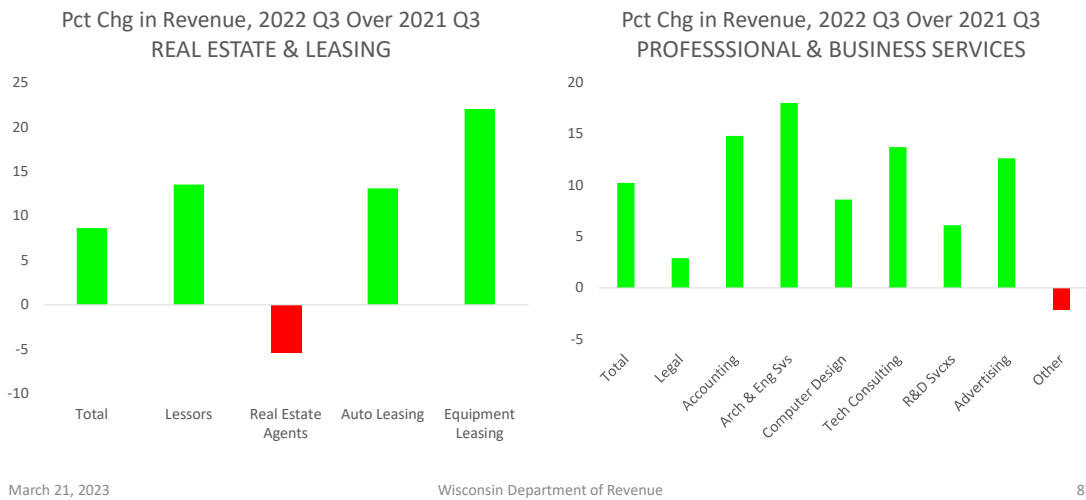
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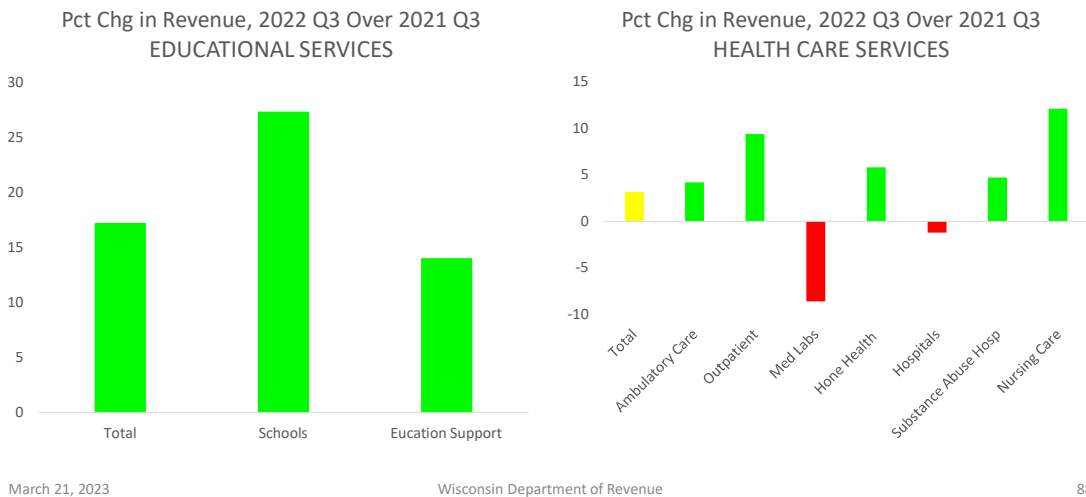
86



## Results Vary Even Within a Sector

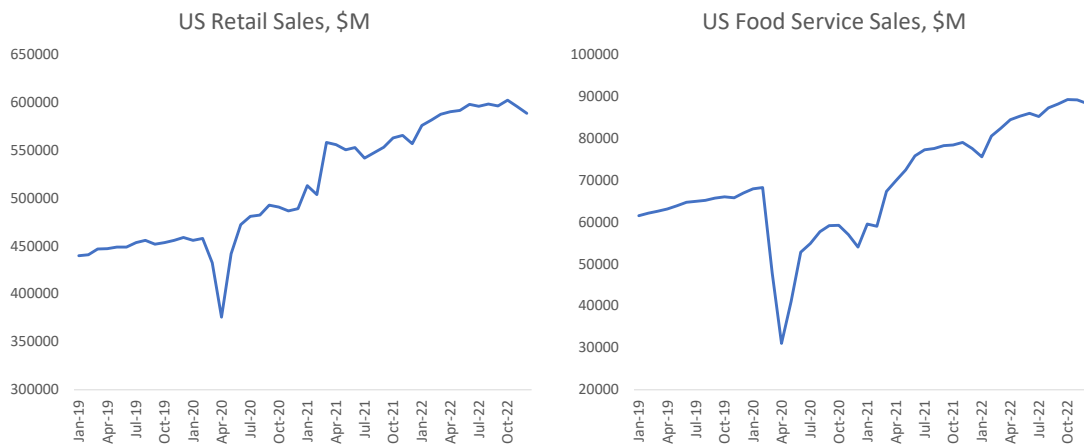


## Results Vary Even Within a Sector



# Retail Trade

Dec. 2022 Retail Sales Up 5.2% Over Dec. 2021  
Food Service Sales Up 12.1%

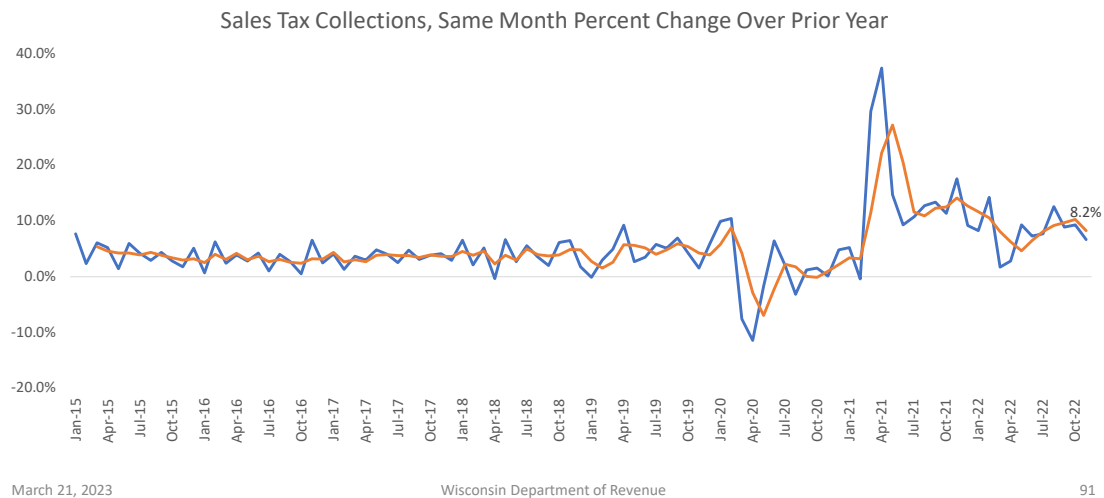


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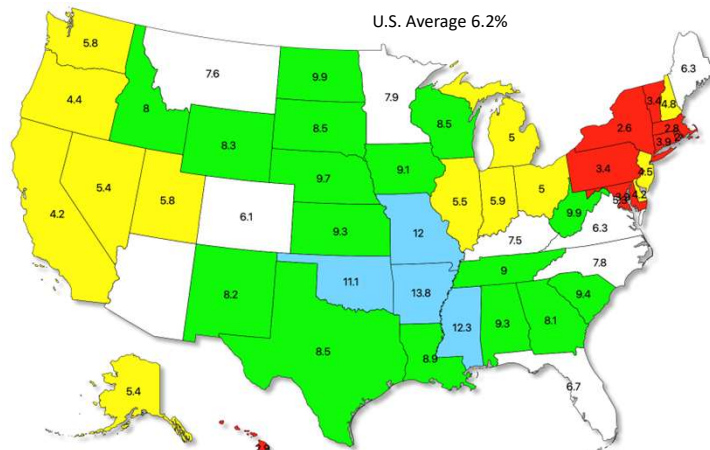
# Wisconsin Sales Tax Collections Keeping Ahead of Inflation



## Regional Differences

Wisconsin Ranks 14<sup>th</sup> in Retail Sales Growth

Retail Sales Growth, Percent Change, October 2022 Over October 2021  
U.S. Average 6.2%



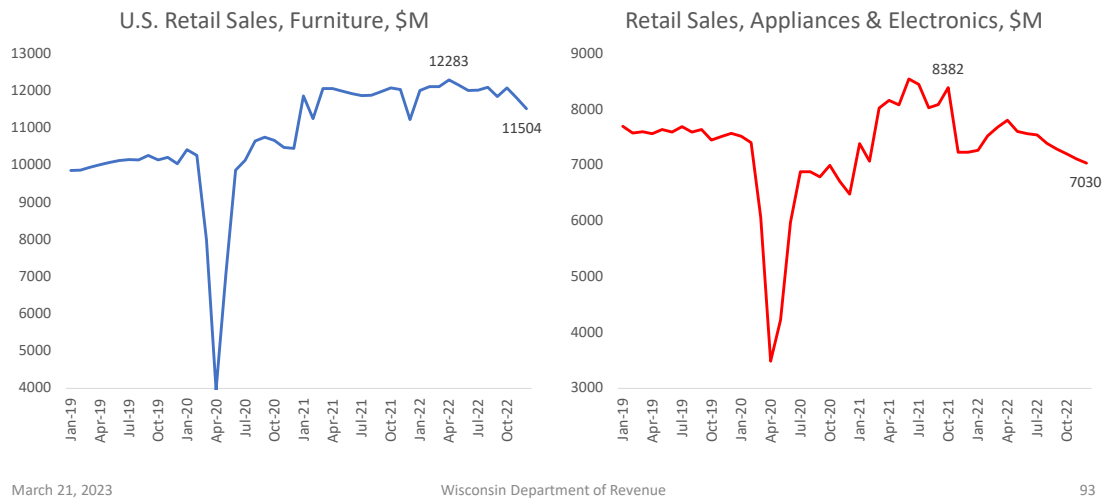
Source: U.S. Bureau of the Census

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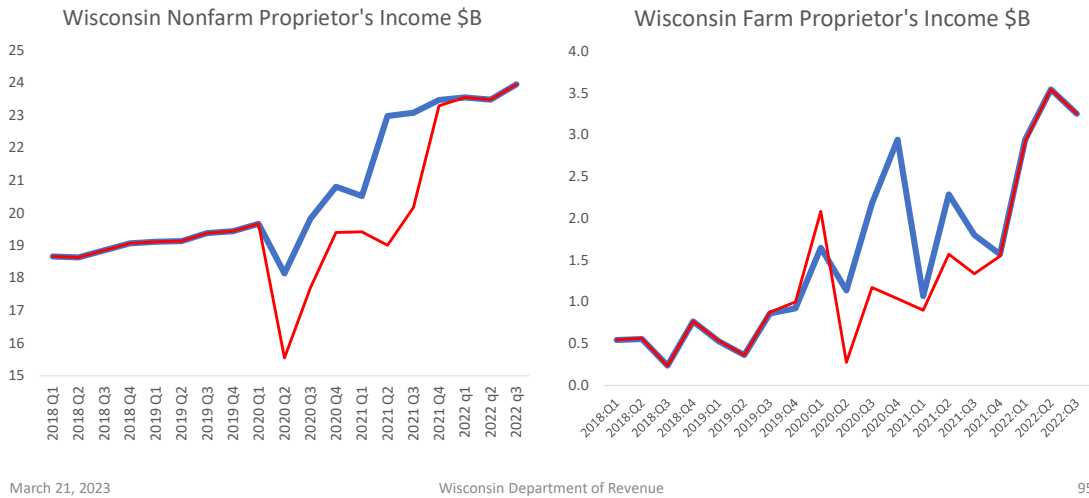
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## Retail Sales Related to Housing Sliding

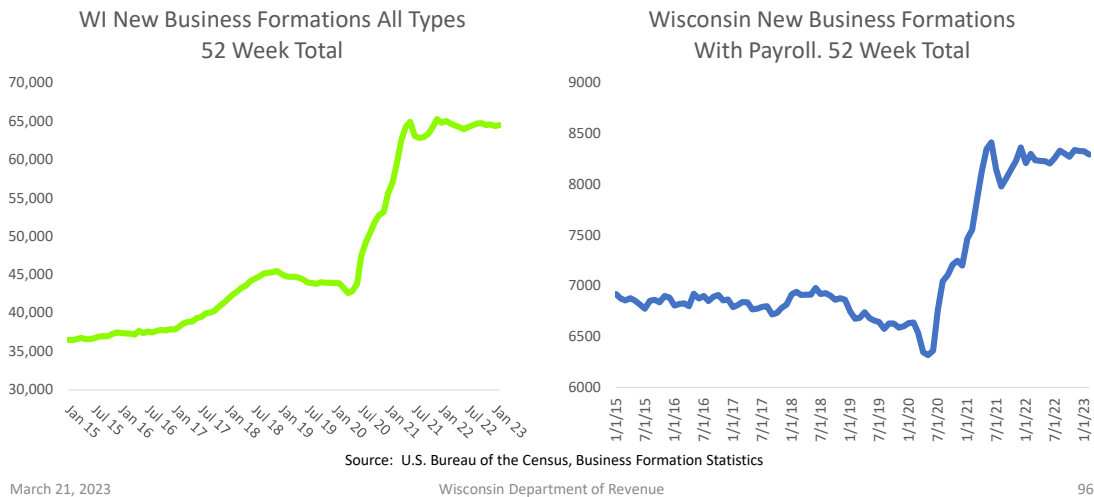


## Wisconsin Entrepreneurship

## Stimulus Boosted WI Proprietor's Income Now Ahead of Pre-Pandemic Levels W/O Stimulus

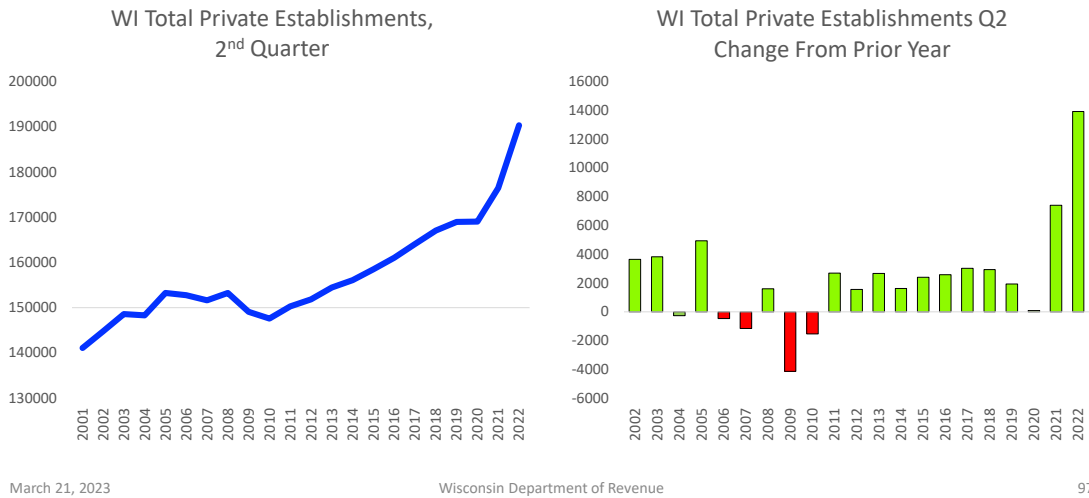


## Wisconsin Entrepreneurship Surged Coming Out of Contraction

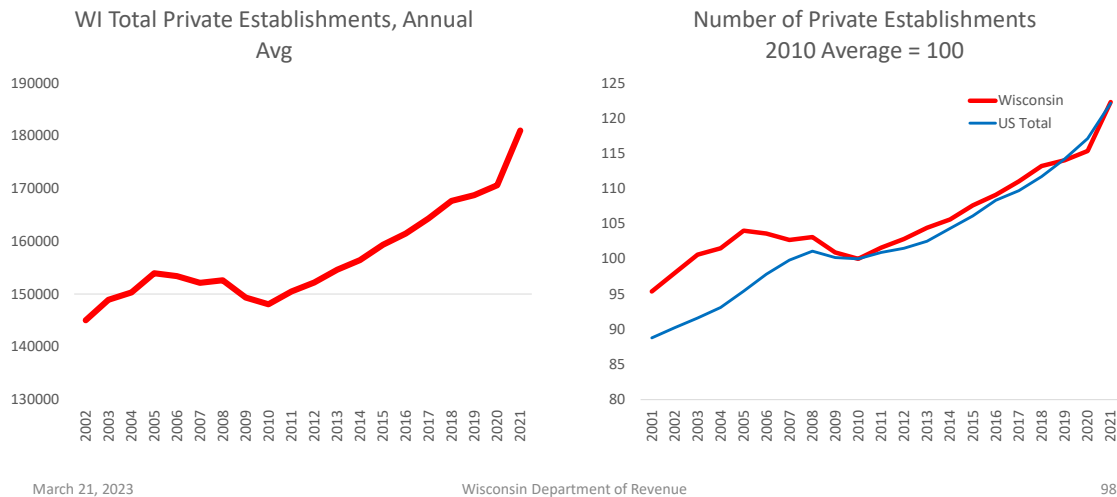




## Wisconsin Total Number of Businesses Rose Sharply in 2021 and 2022

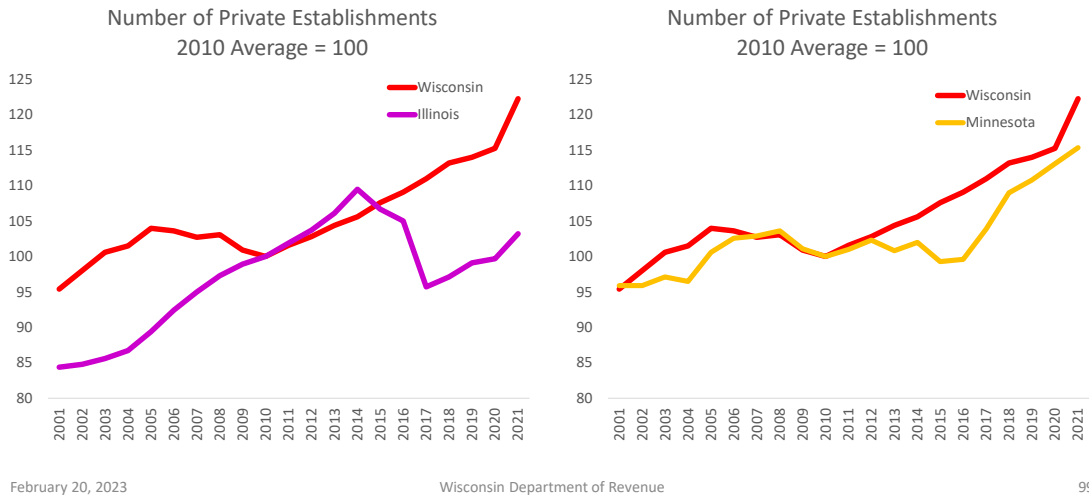


## Since 2010, Wisconsin Has Matched U.S. Growth in Businesses



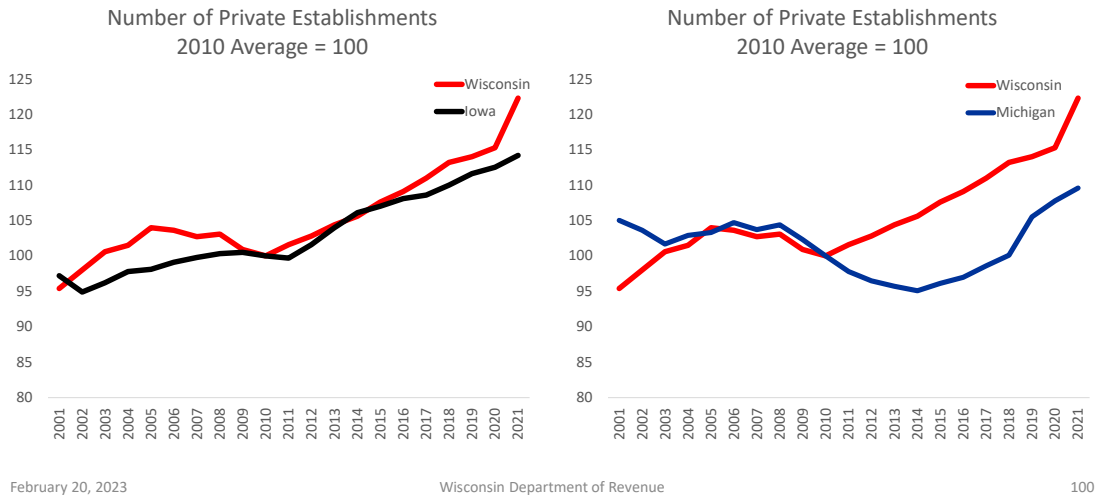
Regional Differences

## Wisconsin Business Growth Ahead of Illinois and Minnesota



Regional Differences

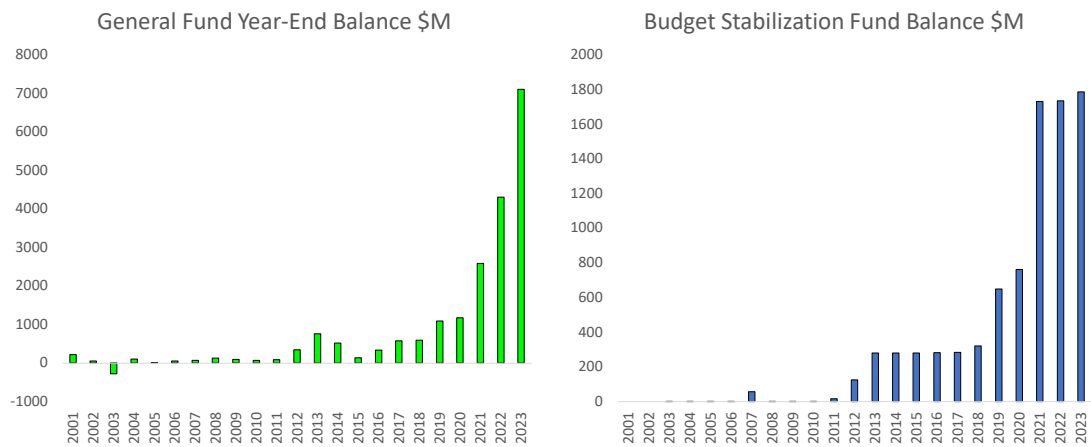
## Wisconsin Business Growth Running Ahead of Iowa and Michigan



# State Finances

*Safety Valve: State & Local Government Finances*

## Wisconsin State Budget Balances All-Time High

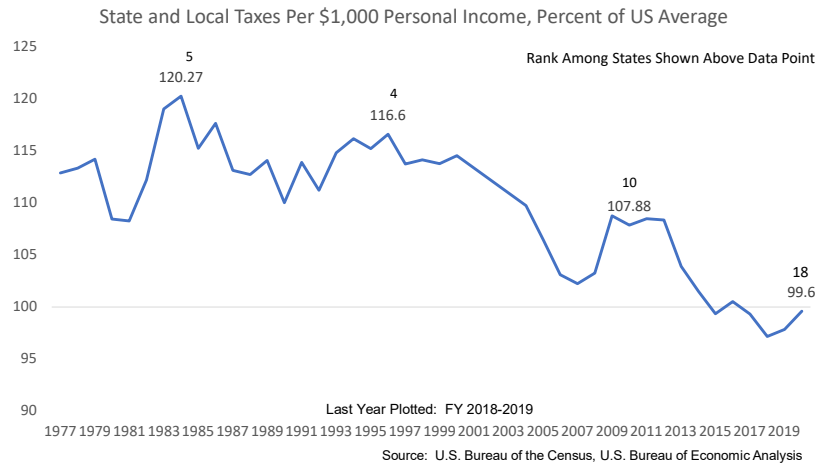


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## Wisconsin's State and Local Tax Burden Now Below the U.S. Average for All States

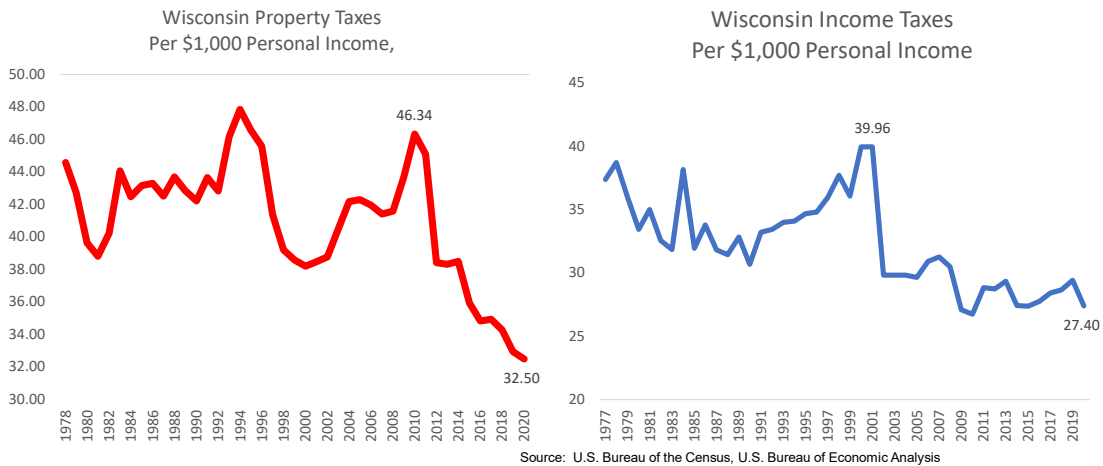


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## Property Tax and Income Tax Burden Down Sharply Since 2010

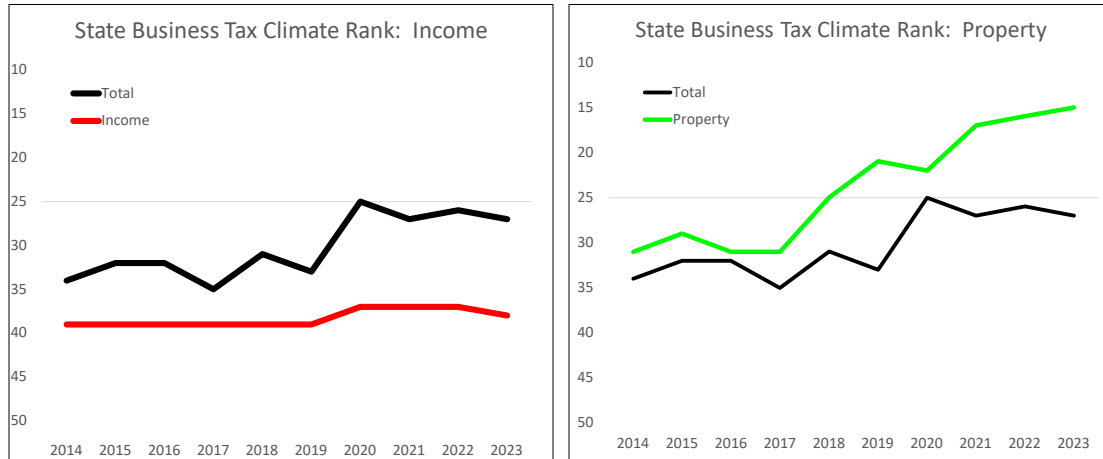


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## Wisconsin Business Tax Ranking Improving Tax Foundation State Business Tax Rankings



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## U.S. Outlook

Lower Growth,  
Higher Prices,  
Higher Interest Rates

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## Federal Reserve Lowers Growth Outlook

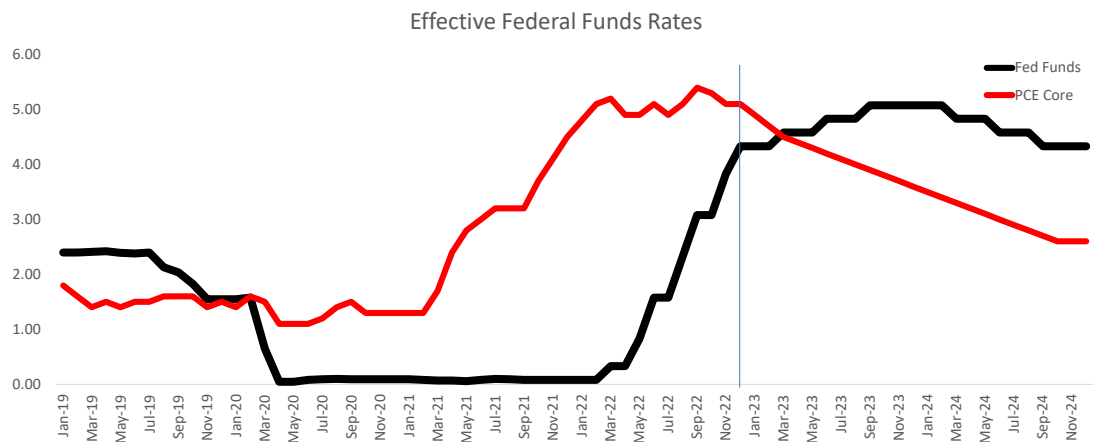
Federal Reserve FOMC Outlook December 2022				
Economic Indicator	Median Forecasts Annual			
	2022	2023	2024	2025
Real GDP. Pct. Change	0.5	0.5	1.6	1.8
Unemployment Rate	3.7	4.6	4.6	4.5
Inflation Rate	5.6	3.1	2.5	2.1
Federal Funds Rate	4.4	5.1	4.1	3.1

Source: Federal Reserve Open Market Committee, Summary of Economic Projections, December 14, 2022

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## Monetary Policy: Federal Reserve Glide Path More Interest Rate Hikes Forthcoming



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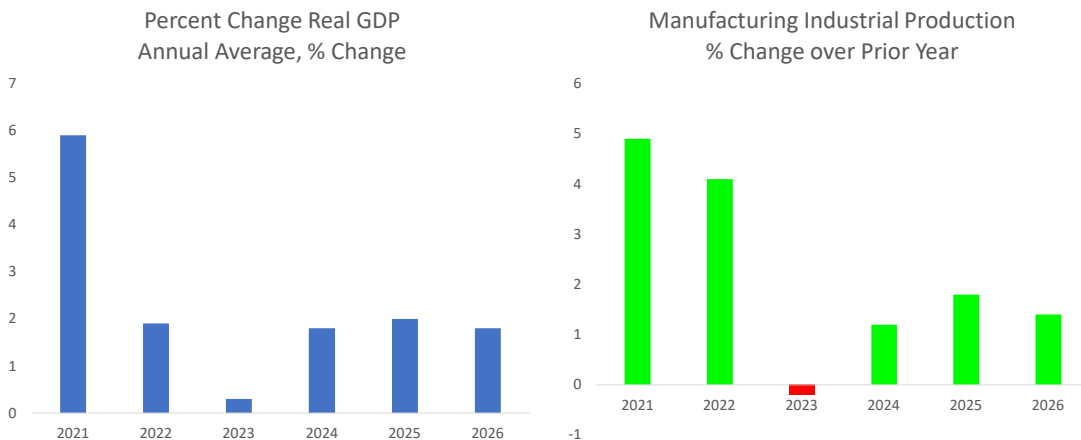
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# U.S. Economic Outlook

## Economy Downshifts to Lower Growth



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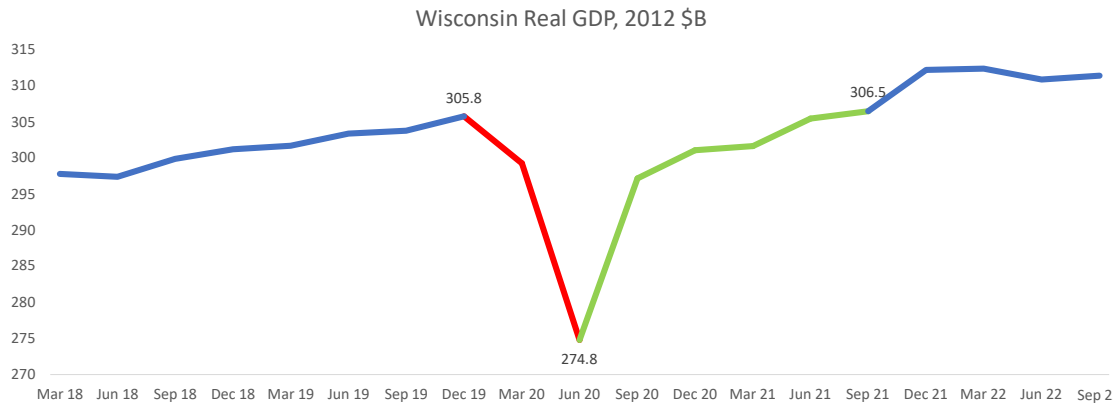
# Wisconsin Outlook

March 21, 2023

Wisconsin Department of Revenue

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# Wisconsin Real GDP Recovered from COVID Contraction 2021 Q3



March 21, 2023

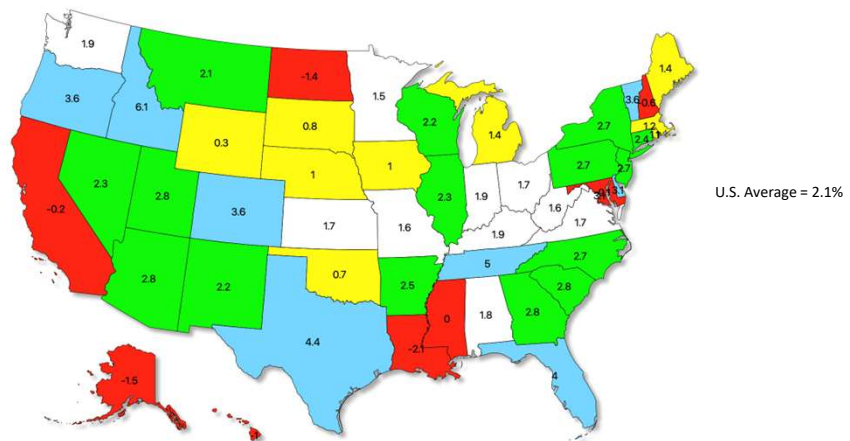
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2022 Q3

Wisconsin Ranks 22nd in Private Real GDP Growth

Percent Change Private Industry Real GDP, 2022 Q3 Over 2021 Q3

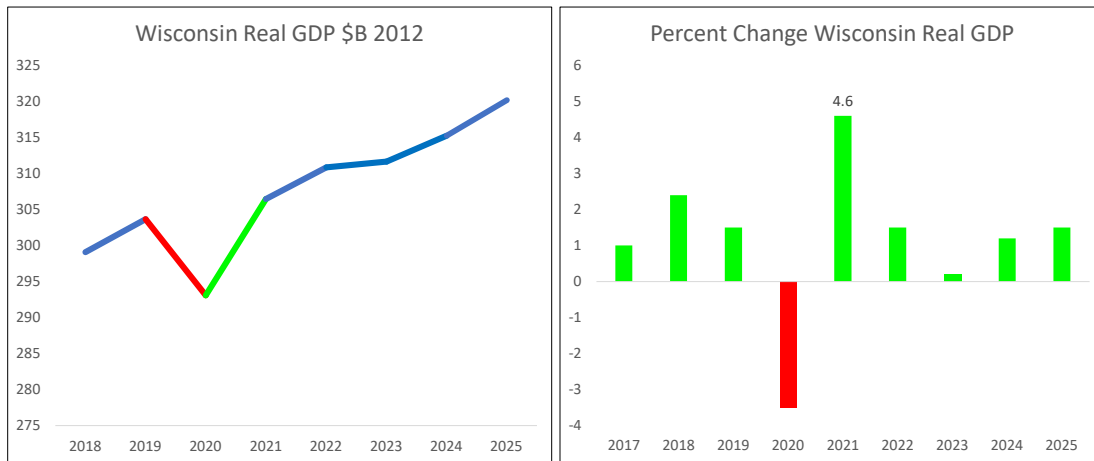


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## Wisconsin Outlook Growth Moderates in 2023 Resumes in 2024



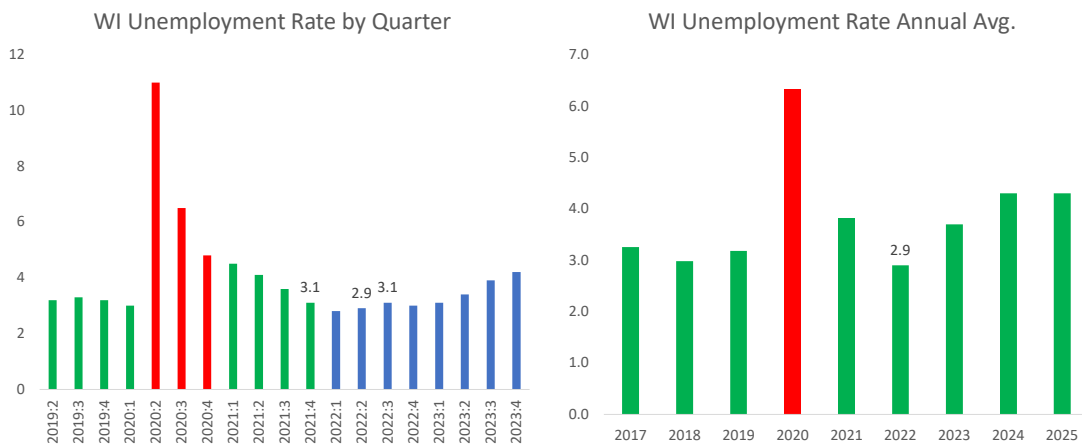
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## Wisconsin's Economic Outlook: Unemployment Rate

Full Employment Record Low in 2022 Q1  
Will Drift Higher With Slower Growth

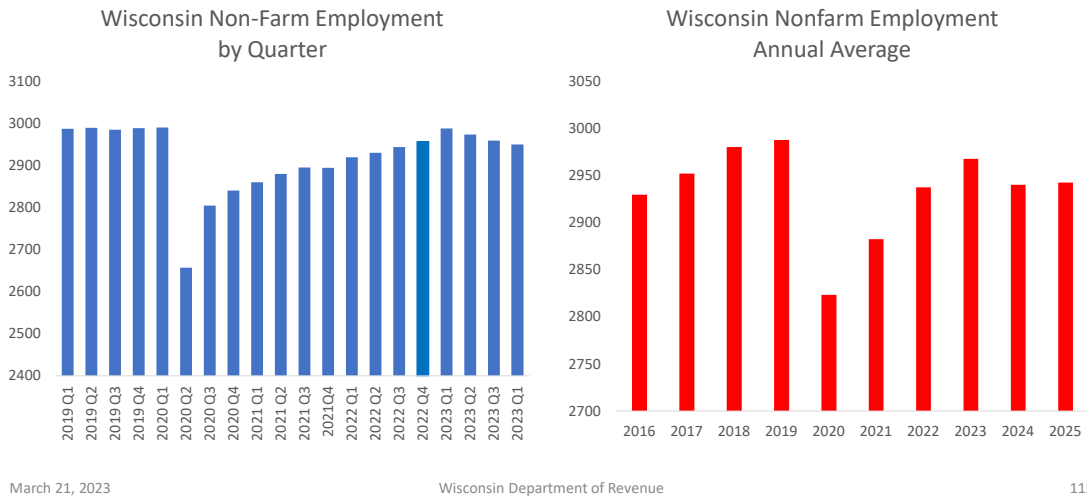


March 21, 2023

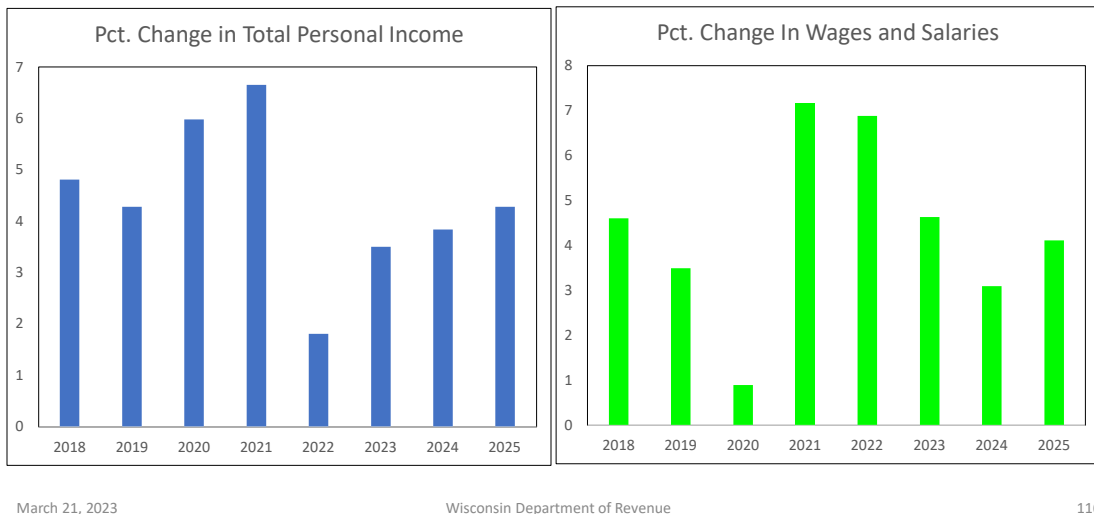
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## Wisconsin Non-Farm Employment, Establishment Survey Retreats Starting 2023 Q2, Stabilizes Mid-2024



## Wisconsin Economic Outlook: Personal Income Supported by Wage Growth & Stimulus in 2021 Strong Wage Growth More Than Offsets Stimulus Phase-Out in 2022



## Summarizing 110+ Slides in a Post-It Note

<b>Economic Outlook</b>	<b>2023</b>
<b>Real GDP. Pct. Change</b>	<b>0.5</b>
<b>Unemployment Rate</b>	<b>4.6</b>
<b>Inflation Rate</b>	<b>3.1</b>
<b>Federal Funds Rate</b>	<b>5.1</b>

9:35 – 10:35 a.m.

# Excel for the Proficient User

**Jennifer Buchholz, MOS, MCT, Owner & Lead Trainer, Excel & Flourish**



A photograph of a modern office interior. In the foreground, there is a long, dark wooden table with several white chairs tucked under it. The office has large windows on the left side, letting in natural light. The ceiling features modern, circular pendant lights. A semi-transparent white box is overlaid in the center of the image, containing the title and author information.

# Excel – For the Proficient User

Jennifer Buchholz

Excel & Flourish

2023

If you've been using Excel for a while and want to amp up your skills, join us for this training. We'll showcase lesser known and newer features in Excel to help improve your productivity and efficiency. We'll introduce some tips to speed up processes like flash fill and get data quickly like quick analysis and pivot tables. Bring your questions.

Respond at [PollEv.com/jbuchholz683](https://PollEv.com/jbuchholz683)

**How would you rank your skill level for these training topics before we get started? (1-low - 10-high)**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

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Text **JBUCHHOLZ683** to **22333** once to join, then **A, B, C, D, or E**

**Which topics are you most interested in learning about today?**

Flash Fill	<b>A</b>
Conditional Formatting	<b>B</b>
Quick Analysis	<b>C</b>
PivotTables	<b>D</b>
PivotCharts	<b>E</b>

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**What other questions or topics did you want to learn about in today's training?**

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**TALK  
NERDY  
TO ME**



AIIPosters

What's your  
go-to Excel  
move?

When is the last time you  
skilled up in Excel?

When is the last time your  
team skilled up in Excel?



Data scientists spend

- 60% of their time on cleaning and organizing data
- 19% of their time collecting data sets comes

=

**around 80%** of their time on preparing and managing data for analysis.

– Forbes 2016

🌐 When poll is active, respond at [PollEv.com/jbuchholz683](https://PollEv.com/jbuchholz683)

**How would you rank your skill level for these training topics now? (1-low - 10-high)**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

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Jennifer Buchholz  
Trainer, Consultant & Expert:  
Optimizing Remote Worker Ex...



Jennifer Buchholz

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[www.excelandflourish.com](http://www.excelandflourish.com)

414-209-5432

10:55 – 11:55 a.m.

## HR Leadership Panel: HR Challenges of Today!

Panelists:

**Elizabeth Brooks**, *Vice President, Human Resources, Zywave*

**Tricia Shields**, *Vice President, Human Resources, Naviant, Inc.*

**Aimee Therrian**, **SPHR, ODCP, SHRM-SCP**, *Chief Human Resources Officer, CentroMotion*

**Molly Steffen**, **SPHR**, *Vice President, Talent Management, 66degrees*

Moderator:

**Carver Smith**, **CPA**, *Managing Partner, Truity Partners LLC*