

---

# **The State of Working Wisconsin**

---

**Laura Dresser  
Joel Rogers  
Julie Whittaker**

## **Center on Wisconsin Strategy**

8116 *Social Science*, University of Wisconsin-Madison, Madison, WI 53706-  
1393

TEL 608-263-3889    FAX 608-262-9046    INTERNET [cows@mac.wisc.edu](mailto:cows@mac.wisc.edu)

---

## **The Center on Wisconsin Strategy**

*The Center on Wisconsin Strategy (COWS) conducts research and provides technical assistance directed to improving economic performance and living standards in the state. Areas of COWS focus include community planning, business and labor work reorganization, industrial retention, manufacturing modernization, human capital system design, tax policy, and “green” industries. COWS seeks to disseminate lessons based on theoretical, empirical, and practical field work in these areas.*

### **Authors**

**Laura Dresser** is a labor economist and Research Director at COWS. She has written on the changing labor market opportunities of young black women, women’s economic history, and community organizations. Her research interests also include service sector productivity and work organization, and strategies for developing regionally based career ladders.

**Joel Rogers** is Professor of Law, Sociology, and Political Science at the University of Wisconsin-Madison and Director of COWS. He has published widely on labor market training policy, labor organization, and urban economic development policy. He serves a consultant to the Democratic Minority at the Senate Labor and Human Resources Committee, where he has been active in recent legislation on education and training.

**Julie Whittaker** is a Ph.D. candidate in economics and research assistant at COWS. She is currently completing a dissertation on gender-segregated occupations.

### **Acknowledgments**

*Funding for this study was provided by a generous grant from the Joyce Foundation. Of the many people who have had a hand in this work, special thanks is due to Mike Sandfort, Karyn Matchey, and Matt Zeidenberg. Thanks also to David Ahrens, David Austin, Brad Barham, Maria Cancian, Jim Cavanaugh, August Cibarich, David Newby, Paula*

---

# Table of Contents

<b>Executive Summary .....</b>	<b>1</b>
<b>Introduction .....</b>	<b>4</b>
<b>1. Wisconsin in Perspective .....</b>	<b>6</b>
<b>2. Income in Wisconsin .....</b>	<b>13</b>
<i>Wisconsin's Economy Is Growing, but Median Income is Stagnant .....</i>	13
<i>Wisconsin Family Incomes Have Fallen Even Though More Family Members     Work .....</i>	17
<i>Increasing Income Inequality in Wisconsin .....</i>	19
<i>Disparities in the Distribution of Income by Race and County .....</i>	20
<i>Tax Burdens Shifted onto the Middle Class .....</i>	21
<b>3. Poverty in Wisconsin .....</b>	<b>23</b>
<i>Poverty in the State is Below National Levels but Increasing .....</i>	24
<i>Disparities in Poverty by Race and County .....</i>	25
<i>Anti-Poverty Programs Lift Few Out of Poverty .....</i>	27
<b>4. Wages in Wisconsin .....</b>	<b>29</b>
<i>Wisconsin Wages Fall at Nearly Three Times the National Rate .....</i>	29
<i>Poor Wage Performance for Wisconsin's Education Groups .....</i>	34
<i>The Rise in Poverty Wage Jobs .....</i>	38
<i>The State's Unequal Distribution of Unemployment .....</i>	41
<b>5. Explaining Wisconsin's Falling Wages .....</b>	<b>44</b>
<i>Geographical Shifts, Not Industry Employment Shifts, Account for Wage     Decline .....</i>	45
<i>Men's Real Wages Fall in Most Industries .....</i>	49
<i>Women's Real Wages Rise in Many Industries .....</i>	52
<i>Eroding Minimum Wage Hurts all Low Wage Workers .....</i>	54
<i>Decline in Unionization Increases Wage Inequality .....</i>	55
<i>New Work Arrangements Reduce Job Quality .....</i>	58
<b>Conclusion .....</b>	<b>61</b>
<b>Table and Figure Notes .....</b>	<b>65</b>



---

# Executive Summary

---

**T**he *State of Working Wisconsin* provides a comprehensive discussion of the changing economic position of working people in this state. Using a variety of data on wages, family and household incomes, taxes, wealth, and poverty, it reports the basic facts on current economic well-being and puts them in perspective—through comparisons to past Wisconsin performance, the experience of neighboring states, and the nation as a whole.

The picture that emerges is mixed. Economic growth in the state is relatively strong, but the growth has not translated into improved well-being for Wisconsin's workforce.

On the positive side, Wisconsin continues to have a relatively high standard of living. Our schools are still among the best in the nation; and our streets are safer than almost any other state. This document shows that median income here is slightly above the national average; and the distribution of private income, at least among the white population, is among the most equal in the nation. In recent years, moreover, Wisconsin's economic performance has compared very favorably to other states on several important measures. Over 1991-94, for example, real (inflation corrected) total income in Wisconsin grew 11.4 percent, about a third better than the national growth rate of 8.6 percent. Unemployment in this state is exceptionally low—reaching a 25-year low of 2.8 percent in August 1995. The rate of business startups is impressive, and over the past four years Wisconsin has been the only state in the nation ranking in the top 10 both in the share of existing firms reporting increased employment and the survival rate of firms. At the "bottom line," as elsewhere in the nation, profit and productivity rates have markedly improved.

This bright picture, however, has a substantial and growing dark side. While the economy is booming, workers and their families don't seem to be reaping the benefits. Hourly wages are falling. Despite striking increases in married women's labor force participation, household and family incomes are also falling or stagnant. Inequality and poverty are rising sharply, with a particular "boom" in the proportion of children in poverty; in fact, child poverty in the state is rising more than twice as fast as national child poverty. Despite huge increases in female labor market participation, the "gender gap" on pay remains stubbornly high. Race differences in income and earnings have reached new 25-year records of their own. And the tax burden needed to pay for schools and safety is less fairly distributed than in the past.

Moreover, while many of these broad trends are true of the nation as a whole, on virtually all of them Wisconsin is doing substantially worse than other states and the nation as a whole. In some cases, this means that absolute performance in Wisconsin is now below national averages. In others, it means that the Wisconsin “edge” — the better performance here compared to the average elsewhere — has substantially eroded. For example (all amounts expressed in constant 1994 dollars):

- Nationally, over 1979-89, median family income increased 3.6 percent (from \$40,657 to \$42,100). In Wisconsin, family income fell by 1.8 percent (from \$42,694 to \$41,929).
- Nationally, over 1979-93, average real hourly wages fell 3.2 percent (from \$12.41 to \$12.02). In Wisconsin, wages fell 8.6 percent (from \$12.08 to \$11.05), or nearly three times as fast. Despite the recent Wisconsin economic boom, over 1989-93 they continued to fall, at twice the national rate.
- Nationally, over 1979-93, men’s wages fell 8 percent (from \$14.55 to \$13.39). In Wisconsin, men’s wages fell 13 percent (from \$14.39 to \$12.53); the rate of decline in Wisconsin was more than 50 percent faster than the national rate. Nationally, over the period, black men’s wages fell 10 percent (from \$11.86 to \$10.72). In Wisconsin, they fell 24 percent, more than twice as fast (from \$12.74 to \$9.59).
- Nationally, over 1979-93, women’s wages rose 9 percent (from \$9.66 to \$10.50). In Wisconsin, they rose 4 percent (from \$9.17 to \$9.53), or less than half as fast. Nationally, over the period, black women’s wages rose 3 percent (from \$9.33 to \$9.61). In Wisconsin, they fell 18.5 percent (from \$10.10 to \$8.24)
- Nationally, over 1979-93, the “gender gap” on wages closed from a female/male wage gap of 66 percent to one of 78 percent, with one third of this improvement was due to real increases in women’s earnings (not the decline in men’s). In Wisconsin, the gap closed from 63 to 76 percent, but less than one quarter of this was due to real improvement in women’s wages.
- Nationally, over 1979-93, the “race gap” on wages widened. Among males, the black/white wage gap dropped from 80 to 78 percent; among females, it fell from 96 to 90 percent. In Wisconsin, among males, the black/white gap dropped from 88 to 76 percent, or (in percentage point terms) six times as fast. Among females, it dropped from 110 to 84 percent, or three times as fast.
- Nationally, over 1979-89, the share of families living in poverty grew 11 percent (from 9.2 to 10.3 percent of families). In Wisconsin, it grew 19 percent (from 6.3 to 7.6 percent), or nearly twice as fast.
- Nationally, over 1979-93, the share of children living in poverty grew 38 percent (from 16.4 to 22.7 percent of children). In Wisconsin, it grew 84 percent (from 10.4 to 19.2 percent), or more than twice as fast. And, by 1989, black child poverty in Wisconsin had grown to a staggering 55.8 percent, the second highest level among states.

Why, on these measures of economic performance and well-being, is Wisconsin lagging behind? There are many contributing factors — shifts in industry practice, declining unionization, public policies unfavorable to higher and more equitable earnings, a weakened safety net — and we provide a brief review of the likely contribution of each factor. One central factor that may bear highlighting is the movement of Wisconsin industry out of heavily unionized and relatively high-wage labor markets in our cities to lower-wage markets in suburban and rural areas. Wisconsin has not “deindustrialized” in the conventional meaning of that term. The manufacturing sector that traditionally provided an anchor for high-wage employment, especially for the non-college graduates who dominate Wisconsin’s workforce, is still around. In fact, the manufacturing sector here employs about as many workers as it did 20 years ago. But, relative to the past, the pay in the industry has fallen as the plants have moved.

The central contribution of the report that follows, however, is not explanatory but descriptive. Before we can begin to correct problems in Wisconsin’s economy, we need to see those problems clearly. From the attention given to measures of business vitality and economic growth in the press and public debate, most Wisconsin citizens and policymakers have some sense of how business managers and owners are doing in the present Wisconsin economy. And the answer is “pretty well.” Here, we ask after the well-being of workers and their families — another group of economic actors, far more numerous, no less vital to our economic future. And the answer is “not very well at all.”

---

# Introduction

---

**T**he *State of Working Wisconsin* provides a statistical portrait of the economic status of Wisconsin workers and their families. Drawing on the most recent data available, it maps Wisconsin performance on such “leading economic indicators” of worker well-being as household and family income, wages, inequality, and taxes. To give a sense of trends, most data are displayed on a time-series basis, permitting current performance to be compared to the past. To put Wisconsin in perspective, comparison of the state’s economic performance is made throughout the report to national performance and sometimes to the performance of neighboring states as well.

## Design of the Report

The report contains five sections:

“*Wisconsin In Perspective*” summarizes the basic demography of the state — population size, racial composition, age structure, educational attainment — and highlights a few orienting facts about economic performance here relative to other states. The latter include the state’s relative standing on income and poverty, extreme differences in the experience of white and black residents, and relative level of worker organization.

“*Income in Wisconsin*” explores recent changes in household and family income in the state. The central thrust of the data is that incomes are stagnating or in decline, despite the increased labor market effort reflected in the rising number of two-earner households. This section also begins our exploration of increasing inequality in the state and reveals sharp distributional skews across race and location. We include a note on shifting tax burdens, also regressive in their effect.

“*Poverty in Wisconsin*” examines the rapid growth of Wisconsin’s poverty population, and again highlights the uneven distribution of poverty across race and location. It includes a note on the real value and benefit of anti-poverty programs.

“*Wages in Wisconsin*” is the central section of this report. It provides a detailed breakdown of wage trends in Wisconsin by race, sex, educational attainment, and other categories. The central finding is that, almost however looked at, wage trends in Wisconsin are adverse for workers, and considerably worse than national wage trends. The section

also maps the low end of the state's labor market, finding a substantial increase in employment in "poverty wage" jobs and a substantial decline in the availability of "decent wage" jobs. It also includes a note on the distribution of unemployment in the state, and the implicit "real" unemployment.

"Explaining Wisconsin's Falling Wages" examines the role that shifting industrial structure, changing business practices, new forms of work organization and inter-firm relations, public policy, and declining unionization all play in explaining the wage outcomes just observed. The section contains a detailed "shift-share" analysis of changing industrial composition in the state, which shows that changes in the industrial makeup of the state are far less important in explaining wage decline than reduced wages within industries.

A brief "Conclusion" follows. It suggests some natural foci for policy discussion, given the findings of the report.

## **Data Sources and Reporting Conventions**

The data relied on in this report are drawn from a variety of sources, most of which are public. Our chief federal sources of data are the last three editions of the decennial U.S. Census (1990, 1980, 1970), annual Census compilations of the Current Population Survey (CPS), and the National Bureau of Economic Research's Outgoing Rotation Groups Files drawn from the CPS. In most cases, the decennial census offers the most complete picture of economic status. Its major limitation is that it is only decennial, and was not recently conducted. Reciprocally, more recent data are often silent on issues of concern to us. For example, recent estimates of child poverty rates by race are available, as are child poverty rates by state; but child poverty rates by race within states are only available from the 1990 Census. Note that in the decennial Census, questions about income, poverty and wages are asked of the previous year, and so are reported here as 1989, 1979, 1969 data; questions about unemployment and education are asked of the present, and so are reported here as 1990, 1980, and 1970 data.

In our analysis of state wage trends, we rely on the national CPS data set rather than wage data from Wisconsin's Department of Industry, Labor and Human Relations (DILHR). We do so because the CPS data permit calculation of individual hourly earnings and the linkage of earnings to individual race, sex, and educational attainment, because the CPS sample includes a wider range of workers and employment situations, and, most importantly, because use of the national CPS data permits comparison between Wisconsin workers and those elsewhere. Estimates of total state income are from the Wisconsin Department of Revenue.

Other data sets drawn upon are identified in the source notes accompanying all tables and figures.

Throughout the report, unless otherwise specified, dollar values are adjusted for inflation and expressed in 1994 dollars, permitting observation of "real" income and wage trends. For the adjustment, we used the Consumer Price Index for All Urban Consumers—the traditional "CPI" compiled by the federal government.

---

# 1. Wisconsin in Perspective

---

**S**ome basic demographic information, on Wisconsin's population size and growth and its age and race distribution, helps to provide a context for understanding life in the state. Wisconsin is a state of moderate size and relatively slow population growth. With just over 5 million residents, Wisconsin is the eighteenth most populous state in the nation. Population grew by 7.1 percent from 1980 to 1993. While this was the most rapid population growth among industrial Midwestern states (Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin), it was only about half the 13.8 percent rate registered by the nation over the same 1980-93 period. Wisconsin's relatively slow population growth helps keep the state unemployment rate below the national level.

The age distribution of the state's population is similar to the nation's. In 1990, 26.4 percent of Wisconsinites and 25.6 percent of the national population were under 18 years old. That year, 27.3 percent of Wisconsinites were between the ages of 18 and 34 (28.1 percent in the nation); 33.1 percent were 35 to 65 (33.7 percent in the nation); and 13.3 percent were 65 years or older (12.6 percent in the nation).

In 1990, 92 percent of Wisconsin's population was white, compared to 80 percent of the national population. Blacks are the largest minority population in both the nation and the state, but the black share of the Wisconsin population, 5 percent, is less than half the

---

**TABLE 1.1**  
**Wisconsin's Increasing Racial Diversity, 1980-90**

	1980 Population	% of Population	1990 Population	% of Population
White	4,443,035	94.4%	4,512,523	92.2%
Black	182,592	3.9	244,539	5.0
Native American	29,499	0.6	39,387	0.8
Asian & Pacific Islander	18,164	0.4	53,583	1.1
Other	32,477	0.7	41,737	0.9
TOTAL	4,705,767	100.0	4,891,769	100.0

---

Source: Census, 1980 and 1990

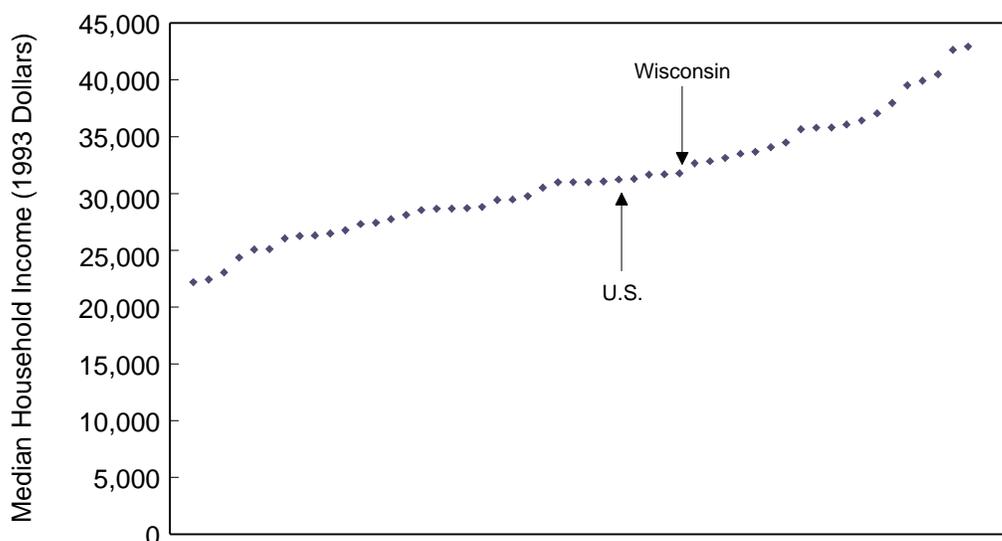
---

national black share of 12 percent. Even in such nearby states as Michigan, Illinois, Indiana and Ohio, blacks make up around 10 percent of the population, twice the Wisconsin share. In 1990, Hispanics (of any race) comprised 9 percent of the national population, but only 1.9 percent of Wisconsin's population. Nationally, Asian and Pacific Islanders accounted for 2.9 percent of the population compared to 1.1 percent of Wisconsin's population. Native Americans were 0.8 percent of both the national and state population that year. Table 1.1 shows that Wisconsin's population diversified slightly over 1980-90. The white share of the population fell from 94 to 92 percent over the period and minority populations grew. Even so, Wisconsin remains much more predominantly white than most neighboring states and the United States as a whole.

Figures 1.1 through 1.7 place Wisconsin in a national perspective on a variety of indices relevant to well-being, wages and income. They reveal that, compared to other states, Wisconsin has average income, low poverty rates, low white unemployment, a low share of adults with college degrees, and high unionization. The figures also reveal severe differences between Wisconsin's white and black residents in economic well-being.

Each figure displays data for each state in the nation and the District of Columbia (each diamond on a figure represents one state). For example, Figure 1.1 shows the 1993 median household income of each state. A state's median household income is the income level for which exactly half of the state's households have higher income and half have lower income. "Households" can be families, single individuals or groups of unrelated persons living together. In 1993, state median household income ranged from a low of \$22,191 in

**FIGURE 1.1**  
**Wisconsin's Income Near National Median, 1993**  
**(1993 Median Household Income for All States)**

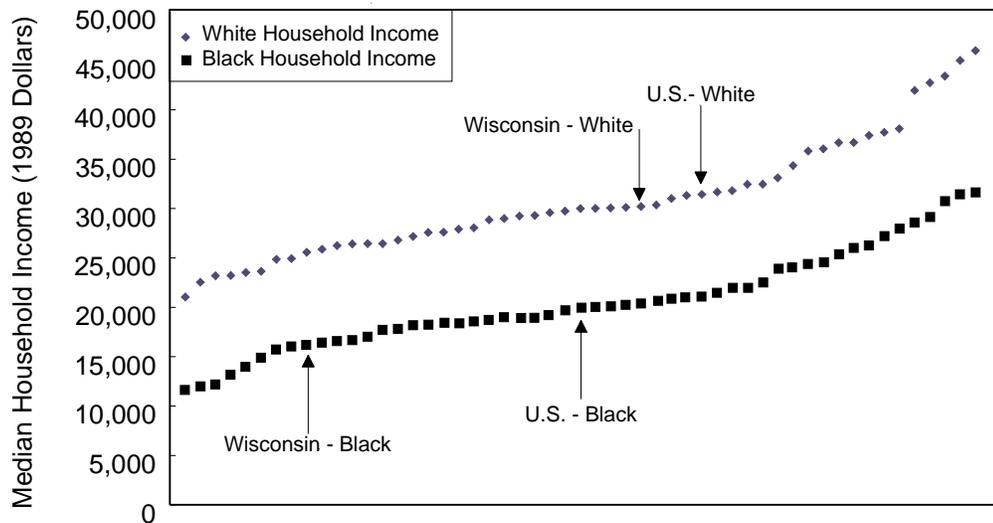


Source: CPR, 1993

Mississippi (represented by the diamond at the left extreme of the figure) to a high of \$42,931 in Alaska (the diamond furthest toward the right). That year, the Wisconsin median income, \$31,766, was slightly higher than the national median of \$31,241. In this manner, each figure displays the distribution of states and where Wisconsin fits in that distribution.

While Figure 1.1 shows that Wisconsin median household income is near the national median, Figure 1.2 displays the striking income disparity by race in the state (the 1989 income figures used are the most recent data available broken down by state and race). In 1989, white median household income ranged from a low of \$21,034 in West Virginia to a high of \$45,991 in Washington, D.C. Wisconsin white household income, \$30,216, exceeded median white household income of thirty states and was very close to the national median white household income of \$31,435. At the same time, the median household income for Wisconsin blacks fell well below the national black median household income. Black household income ranged from \$11,625 in Mississippi to \$31,657 in New Hampshire. Wisconsin median black household income, \$16,189, was more than three thousand dollars lower than the national black household median of \$19,758. In 1989, only eight states in the nation had lower median black household income than Wisconsin.

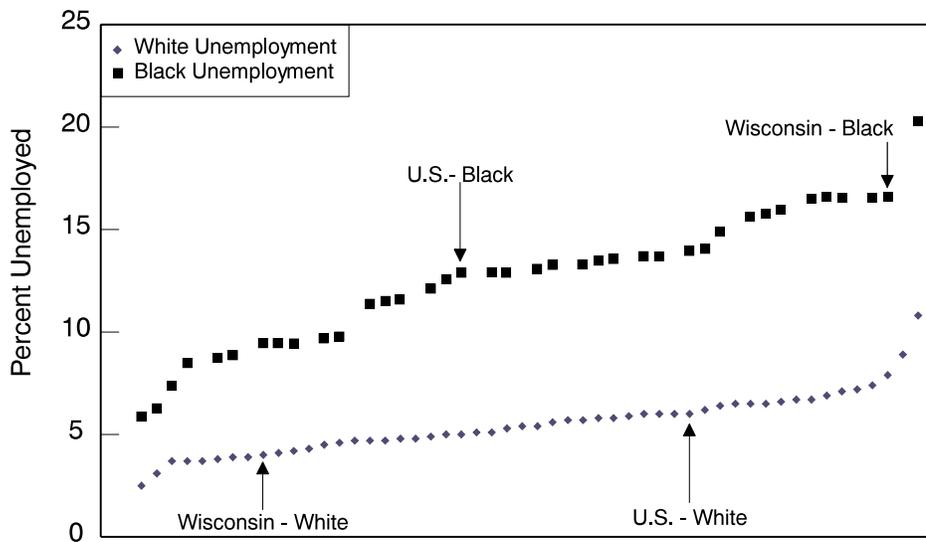
**FIGURE 1.2**  
**The Gap Between White and Black Income in Wisconsin, 1989**  
**(1989 Median Black and White Household Income for All States)**



Source: Census, 1990

Figure 1.3 displays the sharp difference in unemployment rates for whites and blacks in Wisconsin. State unemployment rates for whites in 1993 ranged from 2.5 percent in Nebraska to 10.8 percent in West Virginia; nationally, the rate was 6 percent. Wisconsin white unemployment in 1993 was 4 percent, well below the national average and the ninth lowest among the states. The story for black unemployment, however, was very different. State black unemployment rates ranged from 5.9 percent in Nebraska to 20.3 percent in Mississippi (black unemployment rates in 1993 are only available for 36 states). Black unemployment in Wisconsin, 16.6 percent, was well above the national average of 12.9 percent, and was the second highest black unemployment rate in the nation. Nationally, blacks are just over twice as likely to be unemployed as whites. In Wisconsin, blacks are more than four times more likely to be unemployed than whites.

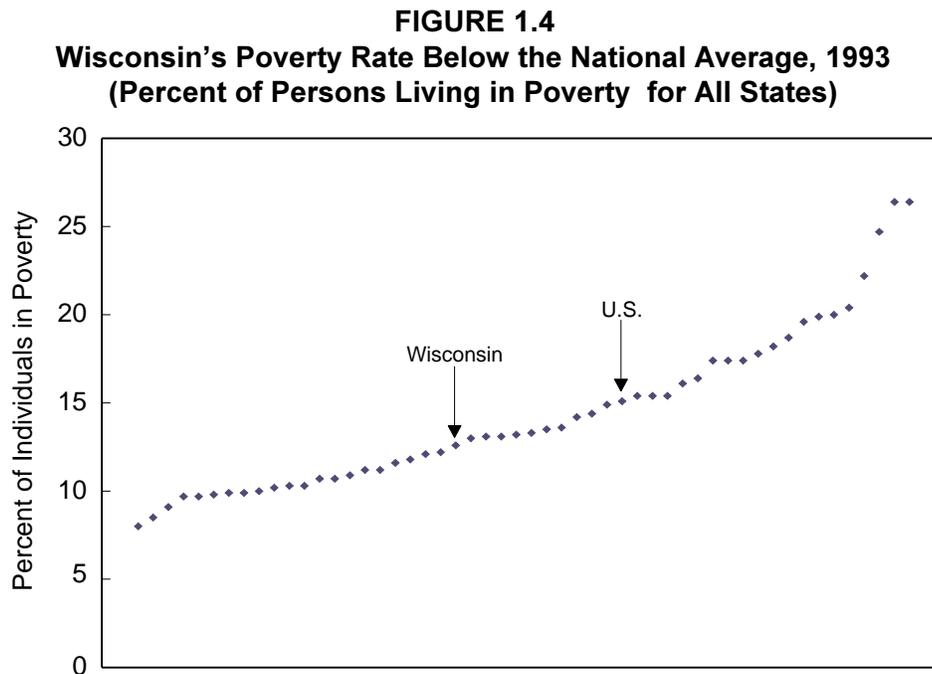
**FIGURE 1.3**  
**Wisconsin's Black/White Gap in Unemployment Rates, 1993**  
**(1993 Black and White Unemployment Rates for All States)**



Source: Department of Labor, Bureau of Labor Statistics, 1993  
 Note that 1993 black unemployment rates are available for only 36 states.

Similarly, Figure 1.4 shows that Wisconsin's 12.6 percent 1993 poverty rate was well below the national 15.1 percent rate that year and at the lower end of state poverty rates, which ranged from 8 percent in Hawaii to 26.4 percent in Louisiana. The poverty rate is the share of an identified population (e.g., individuals) living with income below the federally defined poverty line (for example, an annual income of \$15,140 for a family of four in 1994). But Figure 1.5 shows the extreme racial disparity of child poverty rates in the state (again 1989 is the most recent available data on child poverty by state and race). In 1989, Wisconsin's white child poverty rate, 9.9 percent, was the fifteenth lowest in the nation. At the same time, the state's 55.8 percent poverty rate for black children was the second highest in the nation; only Louisiana was worse.

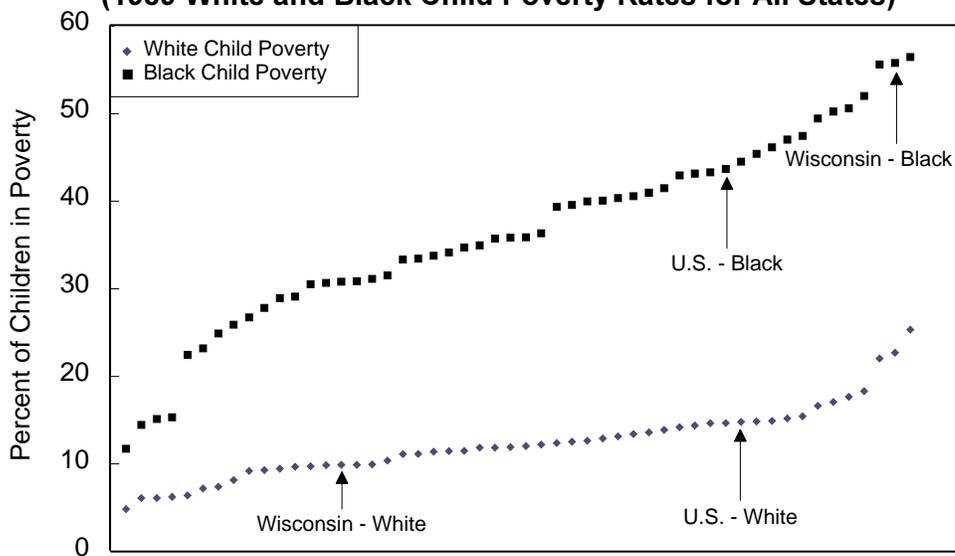
Wisconsinites fall below national averages in college attainment of the adult population (age 25 years or older) and racial disparity is evident here as well. While 20.3 percent of the nation's adults have attained bachelor's degrees, only 17.7 percent of Wisconsin's adults have done so. Wisconsin ranks 35th in the nation for college attainment for the overall population. Figure 1.6, showing college attainment by race, reveals that Wisconsin's whites, blacks and Native Americans have relatively low college attainment. And while white college attainment is below the national average — Wisconsin ranks 37th among states in white college attainment — black and Native American college attainment are among the worst in the nation. Wisconsin's black college attainment ranks 48th in the nation; only Kentucky and North Carolina were worse. For Native American college attainment, Wisconsin ranks 47th, tied with Louisiana and ahead of only Arizona and Alaska.



---

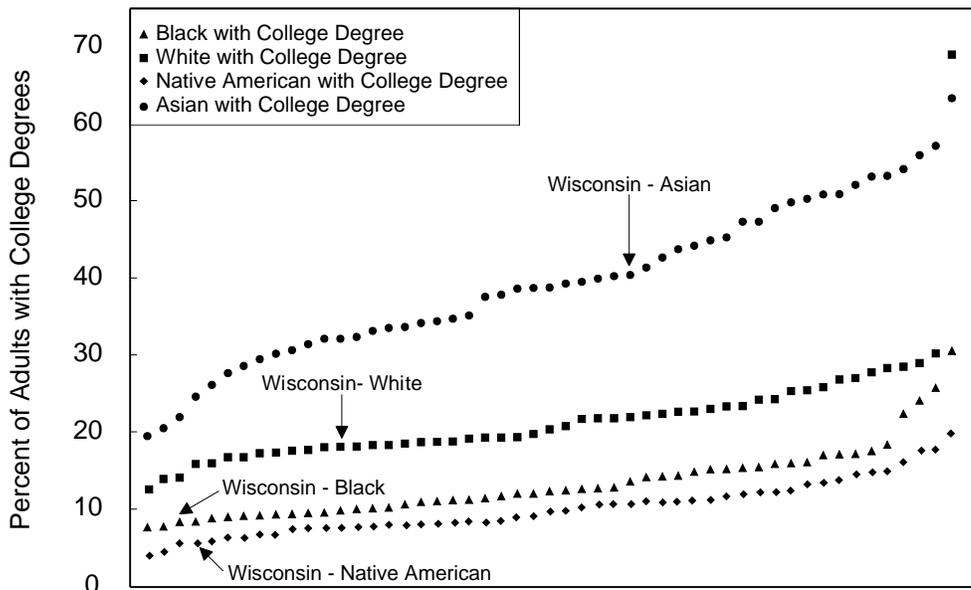
Source: CPR, 1993

**FIGURE 1.5**  
**Wisconsin's Black/White Gap in Child Poverty Rates, 1989**  
**(1989 White and Black Child Poverty Rates for All States)**



Source: Census, 1990

**FIGURE 1.6**  
**The College Attainment of Wisconsin's Adults, 1990**  
**(Percent of Adults in 1990 with College Degrees for All States)**

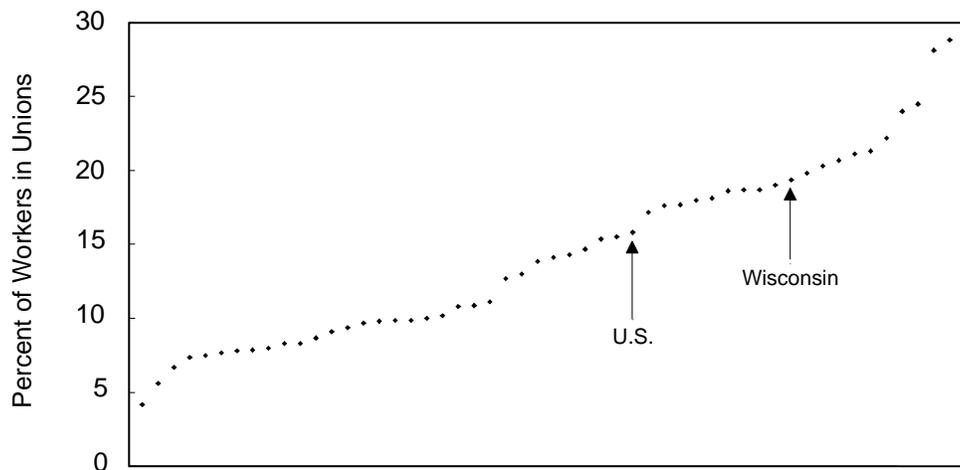


Source: Census, 1990

Given these relatively low levels of college attainment and the historically high share of manufacturing jobs in the state, workers' organizations may be particularly important to the well-being of Wisconsin's workforce. Perhaps, then, it is not surprising that Wisconsin ranks 11th in the nation in unionization. Figure 1.7 shows that 1993 state unionization rates ranged from a low of 4.2 percent in South Carolina to a high of 28.8 percent in New York. That year, 19.4 percent of Wisconsin's workers were union members, putting the state's unionization well above the national unionization rate of 15.8 percent.

---

**FIGURE 1.7**  
**Wisconsin's Above Average Unionization, 1993**  
**(Percent of Workers in Unions for All States)**



---

Source: Hirsch and Macpherson, 1994

---

---

## 2. Income in Wisconsin

---

Over the past two decades, inflation adjusted income has stagnated for Wisconsin families and households. Income stagnation has occurred in spite of the fact that Wisconsinites are working more — with more two-earner households — and in spite of low unemployment rates in the state. Not only has real income stagnated, but since 1980, the distribution of income in Wisconsin has become more unequal because income erosion has been concentrated in the poorest fifth of the state's population.

We focus here on income because income provides a good general measure of the living standards of Wisconsin residents. "Income" measures all sources of money income: employment earnings from family members in the paid labor market plus rent, interest, and cash entitlement income. "Family income" refers to the income of households with two or more related people living in the same housing unit. "Household income," a more expansive measure, refers to the income of persons living in the same housing unit — alone, unrelated or in families.

### **Wisconsin's Economy Is Growing, but Median Income is Stagnant**

Table 2.1 presents Wisconsin's median household income as well as that of the U.S. and nearby states from 1969 to 1994. These income statistics show that Wisconsin's household income is about 3 percent below its level a quarter of a century ago. Nationally, over the last quarter of a century, household income has fallen by 5.8 percent.

Long-term income stagnation is unique in the nation's history. Before 1973, increasing productivity and growing median income both attested to the strength of the American economy. Since 1973, however, economic growth has slowed. So the engine that has spurred the nation's progress is sputtering. Perhaps more importantly, however, the economic growth that has occurred in recent years has had no positive effect on median income. In recent years, national economic growth has become more selective in terms of who receives the gains of economic progress, and the median household has not been the economic winner.

Declining productivity growth and stagnant income growth for the U.S. and Wisconsin are shown in Figures 2.1-2.4. Figure 2.1 charts total income per capita, one good measure of the total size of the economy, for the U.S. and Wisconsin from 1959 to 1994. Figure 2.2

**TABLE 2.1**  
**Median Household Income in Wisconsin, the U.S., and Midwestern States**  
**(Values in 1994 Dollars)**

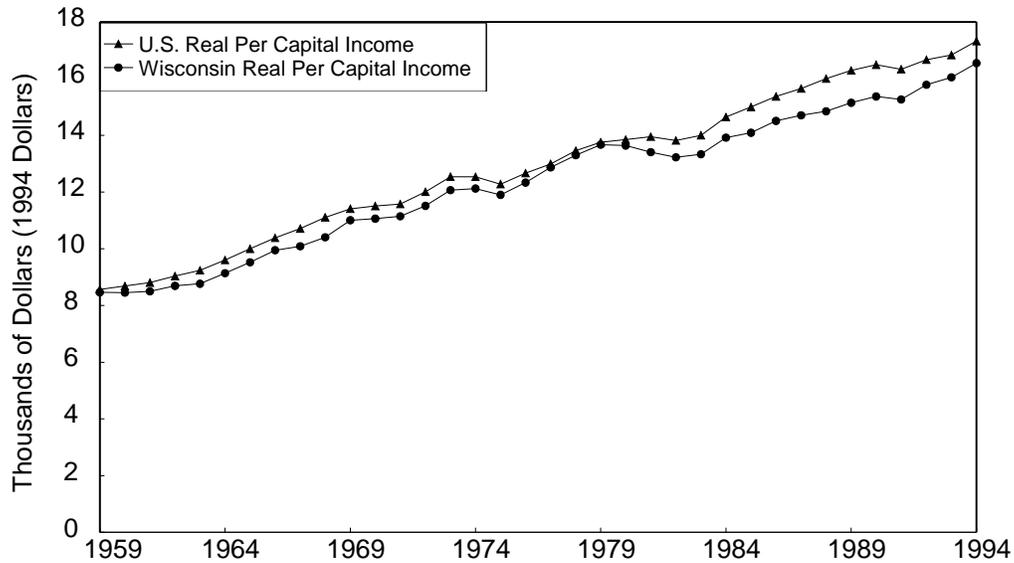
Year	U.S.	Wisconsin	Indiana	Michigan	Illinois	Minnesota	Iowa
1969	\$34,268	\$36,331	\$36,024	\$40,369	\$39,194	\$35,346	\$31,821
1979	34,372	36,096	35,888	39,233	39,447	36,262	34,298
1989	35,922	35,189	34,418	37,075	38,547	36,942	31,348
1990	33,952	34,823	30,533	33,946	36,899	35,678	30,533
1991	32,780	33,767	29,338	34,860	34,523	31,977	30,921
1992	32,519	35,183	30,136	34,084	33,328	32,725	30,361
1993	32,041	32,579	33,698	33,498	33,698	34,544	29,397
1994	32,264	35,388	27,858	35,284	35,081	33,644	33,079
Percent Change							
1969-94	-5.8%	-2.6%	-22.7%	-12.6%	-10.5%	-4.8%	4.0%
1989-94	-10.2	0.0	-19.1	-4.8	-9.0	-8.9	5.5

Source: Census and CPR

displays annualized rates of growth in two periods and shows that rate of economic growth has, indeed, slowed significantly in the last twenty years. Over 1959-73, national and state economic growth was strong with the nation's 2.8 percent growth rate slightly higher than Wisconsin's 2.6 percent rate. In more recent years, 1974-93, however, the annualized growth rate has fallen nearly in half. Wisconsin's economic growth rate over the last twenty years, 1.5 percent, lags slightly behind the nation's 1.6 percent growth rate.

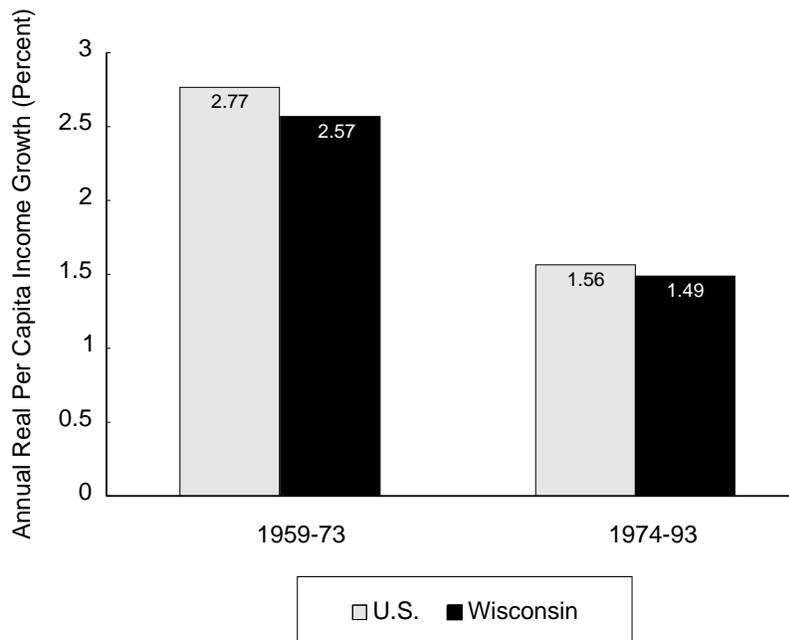
While economic growth has slowed dramatically, median income growth has all but evaporated. Figure 2.3 shows the long-term growth of U.S. median family income and includes median four-member-family income for both the nation and the state over 1972-93. Post-1973 income stagnation is apparent in the figure. The annualized growth rate of U.S median income was 2.8 percent from 1947 to 1973; over this early period, median income grew at virtually the same rate as total per capita income. Decennial data from the Census provides pre-1972 median family income data for Wisconsin and shows that the annualized growth rate of Wisconsin family median income before 1973, 3.6 percent, actually exceeded the rate of economic growth in the state. Over 1974-93, however, median family income grew at an annual rate of 0.23 percent nationally and 0.14 percent in Wisconsin — nowhere near even the modest growth rates posted by the economy. The post-1973 period, then, has been marked not only by slower growth, but also by a divergence between economic growth and median income growth. Economic growth no longer raises median income as it did in the past.

**FIGURE 2.1**  
**Total Real Income, Per Capita, Wisconsin and the U.S., 1959-94**



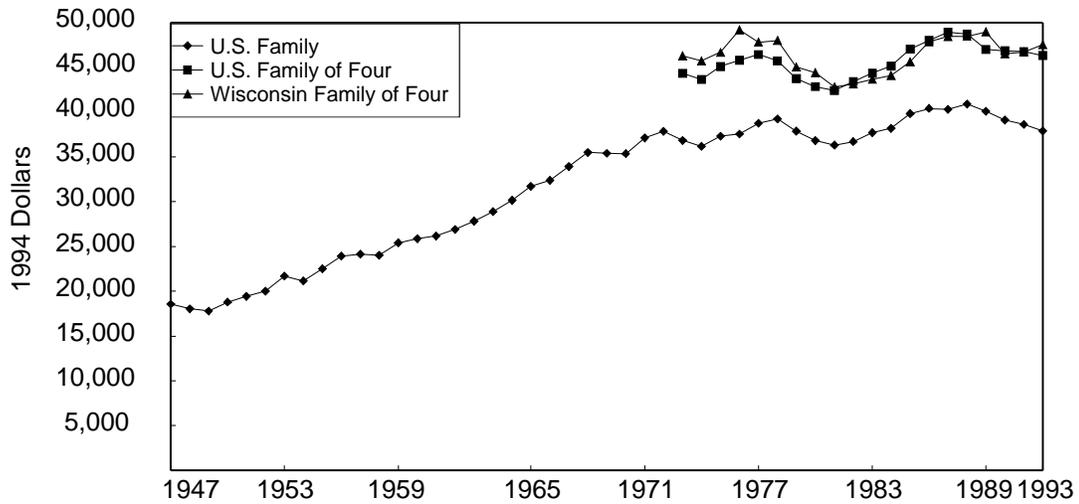
Source: Wisconsin Department of Revenue

**FIGURE 2.2**  
**Annual Real Total Per Capita Income Growth, Wisconsin and the U.S., 1959-93**



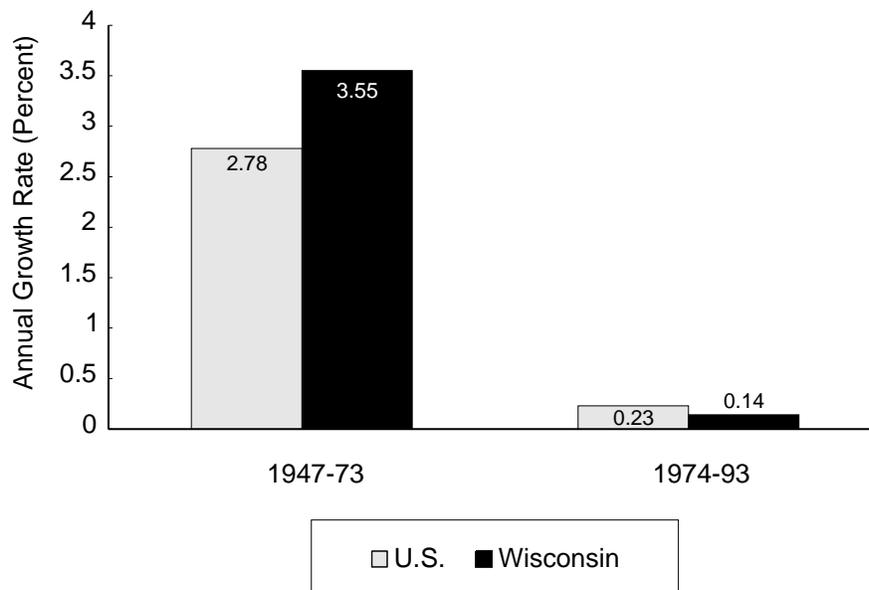
Source: Wisconsin Department of Revenue

**FIGURE 2.3**  
**Median Family Income, Wisconsin and the U.S., 1947-93**



Source: Census Bureau

**FIGURE 2.4**  
**Annual Real Median Family Income Growth, Wisconsin and the U.S., 1947-93**



Source: Census Bureau

Relative to other states in the region, Wisconsin's income stagnation actually looks good. Table 2.1 shows that in 1969 and 1979, Wisconsin income was well below income levels in Michigan and Illinois. But, because these states have experienced severe income decline, by 1994, the gap between them and Wisconsin had disappeared.

Table 2.1 shows — both nationally and in Wisconsin — surprisingly stagnant income since 1989. Because the U.S. economy went into a recession in mid-1990, it is not surprising that 1989 household income was higher than 1990 and 1991. But because the 1990 recession was a mild downturn by some measures — unemployment rose and output declined less severely than in many previous recessions — it is unusual that household income had not recovered by 1994. National income in 1994 remained more than \$3,000 below the national median in 1989. What is more, even though Wisconsin was protected from the recession with unemployment in the state relatively low, the state's 1994 income level is no better than median income in 1989. The state's five-year income stagnation is especially surprising.

### **Wisconsin Family Incomes Have Fallen Even Though More Family Members Work**

Overall median family income statistics (again, including only households with related individuals living under one roof) are not available on an annual basis for states, but they provide another important indicator of living standards. Table 2.2 shows that median family income is higher than household income and the downward trends in income are not quite as pronounced among families as they are among households. Even so, Wisconsin family income trends are, in some ways, more disturbing than household income trends. Over 1979-89, family income in Wisconsin fell by 1.8 percent while family income in the United States actually grew by 3.6 percent. Thus, by 1989, Wisconsin's once substantial family income advantage over the rest of the nation (\$2,037 in 1979) had completely disappeared.

**TABLE 2.2**  
**Median Family Income in Wisconsin and the U.S., 1969-89**  
**(Values in 1994 Dollars)**

<b>Year</b>	<b>Wisconsin</b>	<b>United States</b>
1969	\$40,644	\$38,710
1979	42,694	40,657
1989	41,929	42,100
Percent Change 1979-89	-1.79%	3.55%

Source: Census, 1970, 1980, and 1990

**TABLE 2.3**  
**Labor Force Participation in Wisconsin and the U.S.**

Year	Wisconsin			United States		
	All	Married	Single	All	Married	Single
<b>Women</b>						
1970	43%	41%	45%	43.3%	40.5%	56.8%
1980	56	54	59	51.5	49.8	64.4
1990	63	63	62	57.5	58.4	66.9
1993	65	67	63	57.9	59.4	66.4
<b>Men</b>						
1970	77	n.a.	n.a.	79.7	86.1	65.5
1980	79	82	74	77.4	80.9	72.6
1990	77	76	78	76.1	78.2	74.9
1993	77	78	75	75.2	77.3	74.2

Source: Census and Authors' Analysis

A dramatic increase in the labor force participation of married women can be credited with both keeping family income higher than household income and holding the rate of family income erosion below household income erosion rates. Notice, however, that while many more families have two wage earners in the labor force than even a decade ago, family income did not grow in Wisconsin. In Wisconsin, women's earnings cushioned income decline but did not reverse the downward trend.

Economic pressure on Wisconsin's families, and particularly women, is evident from Table 2.3. It shows both that labor force participation by married women in Wisconsin has historically been higher than national averages and that it is growing faster. Nationally, over 1979-93, labor force participation of married women grew from 40.5 percent to 59.4 percent; in Wisconsin it grew from 41 to 67 percent. The increase in overall (married and single) women's labor force participation in Wisconsin since 1980 — from 56 to 65 percent participation — is primarily the result of increased participation by married women. Married women's participation grew dramatically over the period from 54 to 67 percent, while the participation rate of single women grew more slowly from 59 to 63 percent.

Contrasting labor force participation trends of women, Table 2.3 shows a decline in the labor force participation of Wisconsin's men. The drop in men's participation — from 79 percent participation in 1980 to 77 percent in 1993 — is the result of some earlier retirement and increasing years of schooling. But this drop is too insignificant to explain declining family incomes. The bottom line, then, is that families in Wisconsin are much more likely to have two wage earners in the labor force today than they were fifteen years ago and, even with that, they are bringing in less income.

## Increasing Income Inequality in Wisconsin

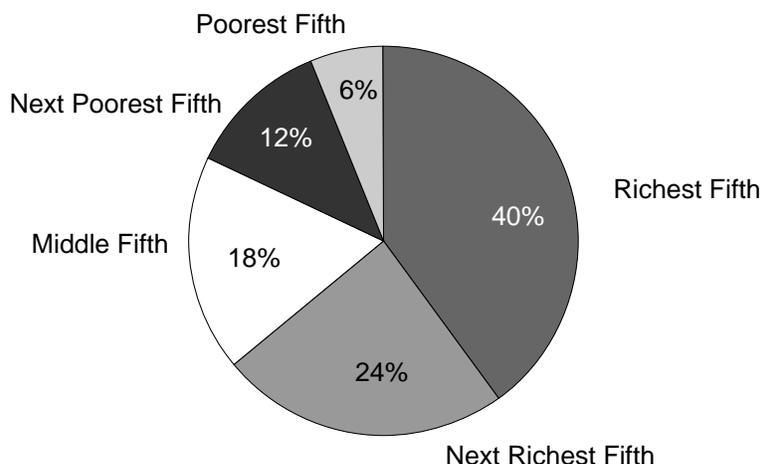
Wisconsin has historically had a relatively equal income distribution. It still does. In 1992, family income in Wisconsin was more equally distributed than family income in forty-five other states. Only Utah, Iowa, Nebraska, and Connecticut had a more equal distribution (CFED, 1994).

But income inequality in Wisconsin is increasing — if at a slower rate than in the nation as a whole. During the 1980s, the income of Wisconsin families in the bottom fifth of the income distribution fell by eight percent; those in higher income quintiles experienced almost no change; inequality in the state therefore increased (Barancik and Shapiro, 1992). But while income losses of Wisconsin's bottom fifth actually outpaced national losses for the bottom fifth, gains by top income quintiles in other states outpaced the gains in Wisconsin's top income quintiles. So, while income inequality increased in Wisconsin, elsewhere income inequality grew more rapidly.

Looking to more recent data shows that inequality in Wisconsin has also grown since the late 1980s. According to one measure of income distribution change, Wisconsin's inequality grew slightly over 1988-1992, though at a slower pace than the inequality growth in twenty-five other states (CFED, 1994). Over the same period, however, income inequality actually diminished in twenty-four states.

Figure 2.5 shows the distribution of income in Wisconsin in the late 1980s. At that time, the high income fifth of Wisconsin families received almost 40 percent of the state's total family income. In the nation, the highest quintile received 44 percent of national income. The poorest fifth of families in Wisconsin brought in only 5.7 percent of total family income,

**FIGURE 2.5**  
The Share of Wisconsin Income Held by Each Fifth of the Income Distribution (1987-89)



Source: Barancik and Shapiro, 1992

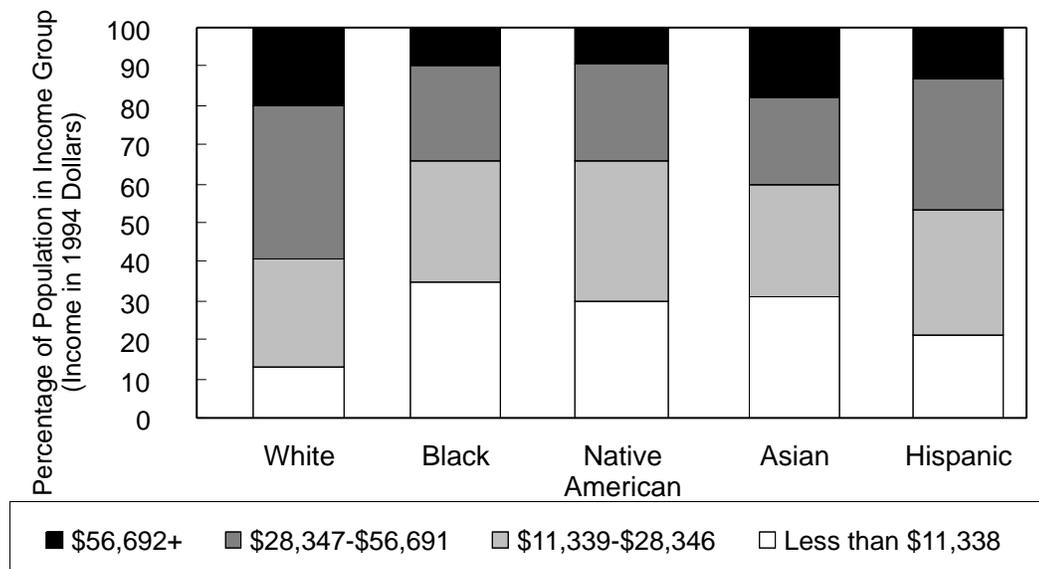
and the middle three quintiles in Wisconsin accounted for 54.8 percent of total family income. Thus, the top fifth of Wisconsin families brought in almost seven times the income of the bottom fifth of the state's families.

## Disparities in the Distribution of Income by Race and County

Median income in the state is falling but some families and households are doing better than others. Suburban families do better than rural or urban ones, and white families do better than minority families. The latest available data on the distribution of Wisconsin income by race is from the 1990 Census which contains 1989 income statistics. Figure 2.6 shows the differences in Wisconsin's income distribution by race by identifying the share of households in four income groups: those with income of \$50,000 or more; those with income from \$25,000 to \$50,000; then \$10,000 to \$25,000; and, finally, households with income of \$10,000 or less. These 1989 income break values would be \$56,692, \$28,347 and \$11,339 in 1994 dollars which we use throughout the report.

The figure shows that, in 1989, black and Native American households in Wisconsin were twice as likely to have low income and only half as likely to have high income as white households. One-fifth of white households in Wisconsin brought in more than \$56,692 in 1989, but only one-tenth of black and Native American households and 13 percent of Hispanic households did. What is more, white households were much more likely to bring in between \$28,347 and \$56,692 per year than were other racial and ethnic groups in

**FIGURE 2.6**  
The Distribution of 1989 Wisconsin Income by Race and Ethnic Group



Source: Census, 1990

1989. Putting the two higher income groups together shows that more than one-half of white households (58 percent) had real income above \$28,347 that year. At the same time, more than half of the state's minority households brought in income of less than \$28,347 per year. In fact, two-thirds of the state's Native American and black households brought in less than \$28,347. And in 1989, 60 percent of Asian American households and 53 percent of Hispanic households brought in less than \$28,347 per year.

Wisconsin income varies not only by race, but also by place. Of the state's 72 counties, a number of rural counties account for the lowest median family income. According to the 1990 Census which provides the most recent county based income data, the state's poorest county is Menominee, where the median income of \$17,690 (in 1994 dollars) actually qualified it as one of the poorest counties in the nation. Nine other rural counties accounted for the lowest median family incomes in the state — Adams (\$29,616), Ashland (\$29,718), Burnett (\$28,315), Forest (\$24,377), Iron (\$26,378), Rusk (\$27,526), Sawyer (\$25,788), Vilas (\$28,668), and Washburn (\$28,972).

Of the state's five highest family income counties, four are in the suburban ring of Milwaukee. The median family in Waukesha County brought in income of \$58,678 in 1990, about 40 percent above the \$41,929 state median family income. Median family income in Milwaukee's other suburban counties — Dodge (\$49,634), Ozaukee (\$56,863), and Washington (\$50,441) — were also well above the state's median family income. The state's other top income county, St. Croix, with a median family income of \$50,009, is in the suburban ring of the Twin Cities.

Place-based income disparities are increasing. Menominee County income fell 35 percent in the 1980s dropping from \$27,245 to \$17,690 (in 1994 dollars). Milwaukee City real income fell by 14 percent (from \$32,720 to \$28,238) over the decade. Meanwhile, real median income in the state's richest county, Waukesha, rose slightly from \$58,065 to \$58,678. While most poor counties in the state fared much better than Menominee County, few saw increasing income over the decade, and most experienced real income declines, widening the gap between rich and poor places.

Map 1 (see centerfold) shows that regional variations in income are even more pronounced among the state's census tracts. In 1989, twenty percent of the state's census tracts had median family income of less than \$30,302. These very low-income census tracts were principally in inner-city Milwaukee and northern rural areas. Many of the richest twenty percent of census tracts, with median family income of more than \$48,815, surround Milwaukee's central city and other urban areas in the state.

## **Tax Burdens Shifted onto the Middle Class**

With its tradition of abundant public goods, Wisconsin has long maintained a relatively high tax burden. Wisconsin's state and local taxes are higher than national and Midwest averages. In 1991, Wisconsin ranked 12th in the nation in per capita state and local taxes, and sixth in state and local taxes per \$1,000 of personal income. At that time,

*Wisconsinites' state and local tax burden was \$124.09 per \$1,000 of personal income. Average tax burdens in the U.S. and Midwest were \$109.10 and \$108.93 per \$1000, respectively (Gordon, 1993).*

*In recent years, however, the Wisconsin tax burden has shifted away from the better off and onto the middle-class (McIntyre et al, 1991). Tax burdens on the middle-class increased by 7 percent over 1985-91, while tax burdens on the wealthy fell by 14 percent. Importantly, the income tax burden has not fallen on the shoulders of the poor in Wisconsin, whose incomes have fallen substantially. In fact, over the 1985-91 period, the state exempted the poorest fifth of the population from the income tax.*

*While the income tax burden of the bottom fifth of the income distribution fell, the burden of other taxes such as the sales tax still falls disproportionately on those with low incomes. In Wisconsin, the poor and the middle-class pay a higher proportion of their income in state and local taxes than do wealthy Wisconsinites (McIntyre et al, 1991). In 1991, the shares of income paid by the lower four quintiles were, in ascending order of income quintile: 12.3 percent, 14 percent, 12.9 percent, and 11.7 percent, respectively. The next fifteen percent of the income distribution (relatively high-income people) paid 9.7 percent of their incomes in state and local taxes. The next four percent paid 8.2 percent, and the top 1 percent of the income distribution paid only 6.6 of their incomes in state and local taxes.*

*Over the last twenty years, Wisconsin tax policy has also shifted the state tax burden away from corporations and onto households. Residential property taxes in the state grew from 51 to 62 percent of the tax total from 1974 to 1994. Over the same period, manufacturing corporations' share of the state tax total fell by nearly one-third, from 15 to 5.6 percent (Rosen, 1994). The declining corporate share has been the result of increasing corporate tax expenditures, in the form of exemptions, exclusions, and deductions for businesses, which have grown dramatically in the last twenty years. By 1994, corporate tax expenditures cost the state \$1.1 billion in forgone revenue. Obviously, as these expenditures grow, budgetary pressures require either reduced state services or increased non-corporate tax burdens. And while some of these tax expenditures increase productive capacity in the state, a recent Wisconsin study found that, overall they appear to have had few positive effects on wages and employment (Rosen, 1994); growing corporate tax expenditures increase household tax burdens while provided households with very few benefits. Thus, corporate tax expenditures make the state's tax structure more regressive. As with any tax policy, the social costs and benefits provided by these exemptions, deductions, and exclusions should be carefully considered.*

---

## 3. Poverty in Wisconsin

---

**A**s income falls and becomes more unequally distributed, increasing numbers of people end up in poverty. In both Wisconsin and the nation, just this has happened over the past fifteen years. Poverty in Wisconsin, however, is growing more rapidly than in the nation. And while the overall Wisconsin poverty rate remains lower than national averages, select Wisconsin populations are “leaders” in impoverishment. In this section, we look more closely at this growing Wisconsin problem.

In this examination, we use the conventional national definition of poverty status, which has its origins in a “back of the envelope” calculation made by a Department of Agriculture economist in the 1950s. Taking the average share of family spent on food — at that time approximately one-third — and assessing the cost of maintaining a minimum diet “fit only for temporary or emergency” use, the economist suggested that any family with income three times the costs of its minimal diet or less could certainly be legitimately classified as “poor.” Beginning in the early 1960s, the Social Security Administration began publishing poverty statistics based on this “poverty threshold” corrected for inflation and family size. Families are defined as living below the “poverty line” if their pre-tax cash income falls at or below this subsistence threshold. In 1994, the poverty line was annual income of \$15,140 for a family of four, \$11,816 for a family of three, \$9,651 for two, and \$7,545 for a single individual.

There are many shortcomings of this definition of poverty status. It is a national measure, and as such does not take account of regional differences in the cost of living. It is mechanical — just taking a multiple of the minimal food budget — and the underlying relative costs of different household necessities have changed over the years. And on no account does the official poverty line approach what most Americans would regard as a minimal family budget. Still, in the circular logic of national record-keeping, the wide acceptance of the definition recommends its continued use. For now, this official poverty line is the best way of measuring the status of very-low income families and individuals, especially over time.

## Poverty in the State is Below National Levels but Increasing

Table 3.1 shows poverty rates in Wisconsin and the U.S. The table reveals that, though Wisconsinites are less likely to live in poverty than other Americans, poverty rates among children and families in Wisconsin are increasing more rapidly than national poverty rates for these groups. Over the 1980s, the share of Wisconsin families in poverty grew close to twice as fast as the national rate. Table 3.1 shows that in 1979, 6.3 percent of Wisconsin families lived in poverty; by 1989, the share of Wisconsin families in poverty had grown to 7.6 percent, a 19 percent increase over the decade. Over the same period, national family poverty rates grew from 9.2 to 10.3 percent, an 11 percent increase.

Child poverty is an issue of particular concern, and the news for Wisconsin's children is not good. Wisconsin's child poverty rate nearly doubled from 1979 to 1993, increasing at more than twice the national rate of increase. In 1979, Wisconsin's child poverty rate was 10.4 percent; by 1989, it had grown to 14.9 percent; by 1993, it was 19.2 percent. While Wisconsin's child poverty rate grew by 84 percent over this period, the national child poverty rate grew by 38 percent (from 16.4 to 22.7 percent). Thus, from 1979 to 1993, Wisconsin closed much of the gap between its own child poverty rate and the national rate. In 1979, the state's child poverty rate was 40 percent below the national rate but, by 1993, it was only 15 percent under the national rate. Wisconsin's position relative to other states declined accordingly. In 1979, Wisconsin had the fifth lowest child poverty rate in the nation. By 1989, its position had fallen from fifth to twelfth.

The poverty rate for individuals in the state showed some improvement from 1993 to 1994 falling from 12.6 to 9.0 percent. While 1994 statistics are not available for families or children, the downward trend for individual poverty suggests that poverty may have fallen for children and families as well. Even so, the individual poverty rate in Wisconsin remains above its 1979 level.

**TABLE 3.1**  
**Individual, Family and Child Poverty in Wisconsin and the U.S.**

	Wisconsin				U.S.			
	1979	1989	1993	1994	1979	1989	1993	1994
<b>Thousands Below the Poverty Line</b>								
Individuals	388	508	635	453	26,072	31,500	39,300	38,059
Families	77	97	n.a.	n.a.	5,500	6,800	8,400	8,053
Children	139	189	258	n.a.	10,377	12,590	15,727	15,289
<b>Percent Below the Poverty Line</b>								
Individuals	8.5%	10.7%	12.6%	9.0%	11.7%	12.8%	15.1%	14.5%
Families	6.3	7.6	n.a.	n.a.	9.2	10.3	12.3	11.6
Children	10.4	14.9	19.2	n.a.	16.4	19.6	22.7	21.8

Source: Census, CPR, and Kaplan, 1994

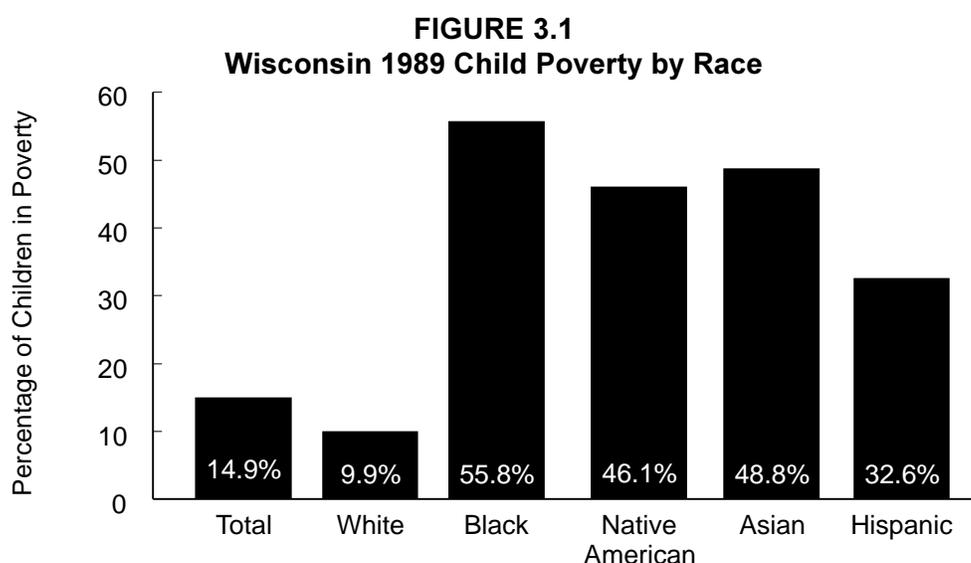
Family structure also influences poverty rates. Nationally and in Wisconsin, poverty is concentrated among single parent families. The 1989 poverty rates for families with a single female householder — 31.1 percent for the nation and 31.2 percent in Wisconsin — were high and nearly identical. Female headed families are often poor both because women’s labor market opportunities offer low wages and because single mothers face a heavy load of child and home care demands.

These trends in poverty rates contradict conventional wisdom about the effect of economic growth on poverty. Historically, poverty fell during periods of economic expansion and grew during recessions. In the 1980s and 1990s, however, poverty rates remained stagnant or even increased in periods of sustained economic growth. Growing national output no longer lifts as many out of poverty as it once did (Danziger and Gottschalk, 1994; Mishel and Bernstein, 1994).

## Disparities in Poverty by Race and County

Like income, poverty rates vary widely by race and place. Poverty in Wisconsin is concentrated among the state’s ethnic and racial minority groups and in certain counties, especially those with large “minority” populations. For example, in many heavily black and Hispanic census tracts in central city Milwaukee, poverty rates exceeded 36 percent in 1989.

Figure 3.1 shows striking differences of child poverty rates by race in Wisconsin. In 1989, 9.9 percent of white children lived below the poverty line; only fourteen states had lower white child poverty rates than Wisconsin. But that same year, fully 55.8 percent of



Source: Census, 1990 and Kaplan, 1994

Wisconsin's black children lived in poverty — more than five times the poverty rate for white children in the state. This rate of black child poverty was extremely high relative to other states — in fact, only Louisiana was worse. Asian and Native American children in Wisconsin were nearly five times as likely as white children to live in poverty. In 1989, only nine states had a higher share of Native American children living in poverty. That year, the 32.6 percent poverty rate for Hispanic children was more than three times the rate for white children.

Table 3.2 displays the racial disparity of family poverty rates in Wisconsin. The difference between white and black family poverty rates is higher in Wisconsin than in other Midwestern states. For example, in 1979, Wisconsin's white family poverty rate was lower than white family poverty rates for all nearby states but Illinois. At the same time, Wisconsin's black family poverty rate exceeded those of nearby states by between 0.6 percentage points (compared to Illinois) and 6.3 percentage points (compared to Indiana). From 1979 to 1989, white family poverty rates in most states grew slightly while black family poverty grew rapidly. In 1989, Wisconsin's white poverty rate was still the second lowest in the region and the state's black family poverty rate was still the highest in the region. That year, Wisconsin's black family poverty rate, which grew by more than 10 percentage points over the decade, exceeded those of nearby states by between 2.4 and 12.2 percentage points (relative to Illinois and Indiana respectively).

In spite of the difference in the incidence in poverty by race in the state, Table 3.3 shows that the overwhelming majority of Wisconsin's poor are white. In 1989, almost 72 percent of the state's poor were white. At that time, 18.8 percent of those living in poverty were black, 4 percent were Asian and 2.6 percent were Native American.

Like income, poverty is spread unevenly throughout the state. For example, while the share of persons living in poverty in Wisconsin was 10.7 percent in 1989, individual poverty rates exceeded 20 percent in three counties (Forest, 21.8%, Menominee, 48.7%, and Sawyer, 20.5%). In nine other counties, individual poverty rates exceeded fifteen percent (Ashland, 16.2%; Bayfield, 16.6%; Burnett, 15.5%; Dunn, 16.6%; Eau Claire, 15.9%; Milwaukee, 15.9%; Rusk, 16.6%; Vernon, 15.8%; and Washburn, 15.9%).

**TABLE 3.2**  
**Poverty of Families in the Midwest, by Race, 1979 and 1989**

	1979		1989	
	White	Black	White	Black
Wisconsin	5.4%	27.6%	5.6%	38.0%
Indiana	6.3	21.3	6.4	26.1
Michigan	6.1	23.5	7.0	30.6
Illinois	5.2	27.0	5.5	27.6
Minnesota	6.6	23.5	6.0	35.6
Iowa	7.2	24.1	7.8	32.7

Source: Census, 1980 and 1990

**TABLE 3.3**  
**Wisconsin Poverty Status of Persons by Race, 1989**

	<b>Below Poverty</b>	<b>Above Poverty</b>	<b>Percent in Poverty</b>	<b>Percent of Total Poverty</b>
White	365,391	4,026,624	8%	71.8%
Black	95,447	138,254	41	18.8
Native American	13,285	24,956	35	2.6
Asian & Pacific Islander	21,008	29,968	41	4.1
Others	13,414	25,756	34	2.6
<b>TOTAL</b>	<b>508,545</b>	<b>4,245,558</b>	<b>11</b>	<b>100.0</b>

Source: Census, 1990

Family poverty rates are also distributed unevenly; while 7.6 percent of Wisconsin families lived in poverty in 1989, there were eight counties in which more than 12 percent of families lived in poverty (Menominee, 41.3%; Forest, 16.7%; Sawyer, 16.4%; Rusk, 12.7%; Milwaukee, 12.6%; Bayfield, 12.3%; Crawford, 12.1%; and Washburn, 12.1%).

In 1989, child poverty rates in Wisconsin ranged from 64.2 percent in Menominee County to 1.9 percent in Ozaukee County. While the state poverty rate for children was 14.6 percent, fifteen of Wisconsin's seventy-two counties had child poverty rates above twenty percent. The highest child poverty rates were in Menominee (64.2%), Forest (29.4%), and Milwaukee (27.5%) counties.

Map 2 (see centerfold) shows, on a census tract basis, even greater variation in poverty rates. In 1989, one-fifth of the state's census tracts had individual poverty rates below 4.1 percent. These census tracts were predominantly located in suburban areas. At the other extreme, one-fifth of the state's census tracts had poverty rates above 22.3 percent, with half of these showing poverty rates which exceeded 36.1 percent. These extremely high poverty rate census tracts were concentrated in central city Milwaukee and rural northern areas of the state.

## **Anti-Poverty Programs Lift Few Out of Poverty**

The state and federal governments fund a number of programs to aid the poor. Many of these programs are "means tested." That is, they are programs which require recipients to fall below some resource threshold to be eligible for support. Federal programs include the Earned Income Tax Credit (EITC) available to working poor families, Food Stamps, Social Security Insurance for disabled persons, Medicaid, and partial funding for Aid to Families with Dependent Children (AFDC). Wisconsin also funds the AFDC program. A few counties in Wisconsin continue to offer General Assistance, though they are no longer required by the state to do so.

*As large cuts in such programs are now imminent, it is worth underscoring that even at past funding levels they have rarely been sufficient to bring families or individuals out of poverty. In the mid-1980s, government transfers reduced poverty in the United States from 19.9 to 13.3 percent. In comparative terms, this is a very unimpressive performance. Transfers in the U.S. — again, even at prior levels — are less effective in reducing poverty than transfers in all other rich industrialized democracies (Smeeding, 1992). Even Canada, a nation as close to our own in industry structure and basic political values as any other, has shown vastly superior performance. In the mid-1980s, transfers in that country reduced the poverty rate from 17.1 to 7 percent, a 58 percent reduction nearly twice the 33 percent reduction achieved in the United States.*

*There are many reasons for this difference in effectiveness. At the bottom line, however, is the “bottom line;” most countries are simply prepared to spend more on the poor than the U.S., and what the U.S. does spend has been declining for years. Average real benefits for AFDC recipients have declined 40 percent over 1970-94, even as the number of recipients has nearly doubled from 7.4 to more than 13 million.*

*Wisconsin has traditionally offered higher AFDC benefits than the national average. In 1994, the median of the maximum state AFDC benefit for a family of three was \$366 per month. Wisconsin’s maximum monthly benefit was \$517. Though Wisconsin’s benefit exceeds the national average, it has lost 25 percent of its value since 1970. And though benefit levels in the state are high relative to other states, recent studies have found no empirical evidence to support the theory that Wisconsin acts as a “welfare magnet,” luring AFDC recipients from other states in search of higher benefit levels (Walker, 1994). In fact, in recent years Wisconsin’s AFDC caseload has fallen rapidly from more than 97,500 in 1986 to just under 76,000 in 1994 (Wiseman, 1995).*

*Currently, the “end of welfare as we know it” has led to considerable policy innovation in the state focused on the AFDC program. While the final result of proposed changes in welfare policy is not yet clear, a mandated employment component — private sector work, subsidized jobs, or work in community jobs — is very likely. Such welfare reform will require careful consideration of child care costs. One-third of the Wisconsin AFDC recipients have at least one child under the age of two, and two-thirds have at least one child under school age. If recipients are required to work at minimum wage jobs, 70 percent of the current caseload will face child care costs equal to more than half of their earnings; one quarter of Wisconsin’s current AFDC caseload will face child care costs that would actually exceed their earnings from minimum wage work (Cancian and Meyer, 1995).*

*With all the attention that AFDC reform has gotten lately, it is important to emphasize that AFDC reform will not, in fact, directly touch the majority of the poor in Wisconsin. In 1993, 377,000 Wisconsin adults lived in poverty, but only 85,600 of them (23 percent) were recipients of AFDC. Many of the remaining 77 percent of Wisconsin’s poor adults were already in the workforce, earning very low wages. For those concerned about poverty in general, then, or even those only concerned about connecting current AFDC recipients to meaningful employment, the more important focus for policy-making is on the low-wage labor market itself.*

---

## 4. Wages in Wisconsin

---

**A**t the core of declining incomes, rising poverty, and increasing inequality in Wisconsin is a shift in the state's labor market — the generation of abundant low-wage jobs and a corresponding decline in average wages. In this section, we show that wages in Wisconsin are falling more rapidly than they are in the rest of the nation. Moreover, the experience of this rapid wage decline is pervasive. Mean real hourly wages have fallen for men, for blacks, and for workers with education less than a four-year college degree, together a huge majority of the Wisconsin workforce. The share of the workforce earning poverty level wages has also increased by more than fifty percent from 1979 to 1993. If Wisconsin's low unemployment rate suggests that the economy is producing jobs, these wage trends indicate that the quality of these jobs is unfortunately low.

Even though the state's unemployment rate is relatively low, Wisconsin shows considerable geographic variation in unemployment. In central city Milwaukee and some rural counties, for example, unemployment rates are more than four times the state unemployment rate. The uneven distribution of Wisconsin's unemployment means that job access continues to be a critical problem in some communities.

### **Wisconsin Wages Fall at Nearly Three Times the National Rate**

Table 4.1 reports hourly wage trends over the 1979-93 period for Wisconsin and the U.S., broken down by race and sex. On almost any reading, the news is discouraging.

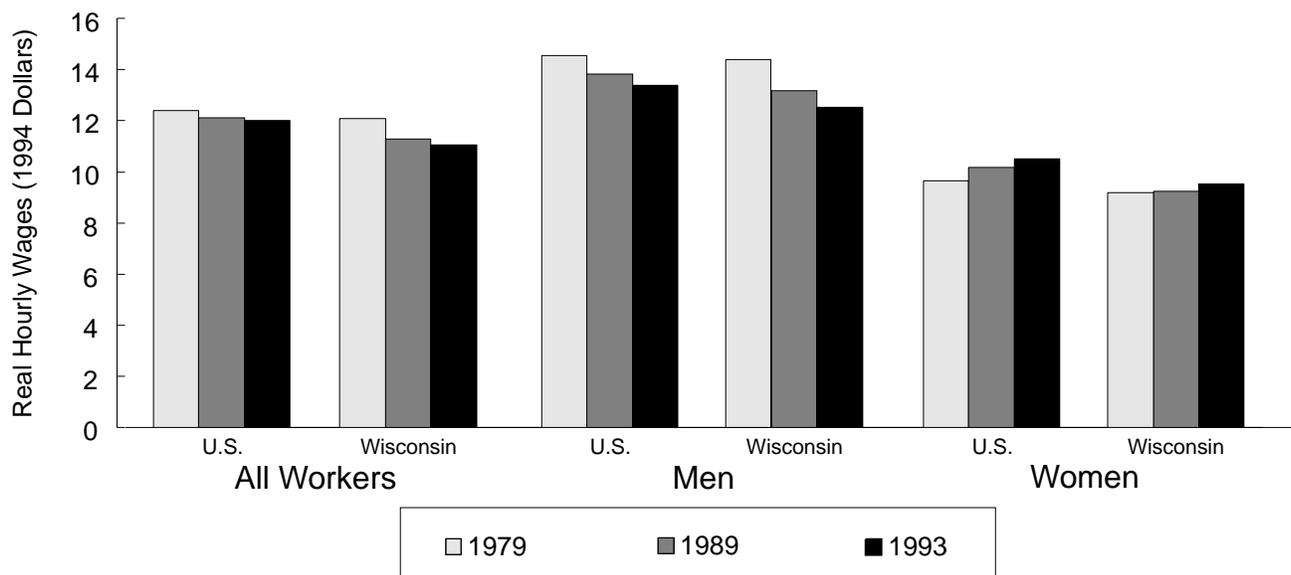
Aggregate trends show that overall hourly wage levels in Wisconsin now lag behind national averages by 8 percent (\$2,000 per year), a substantially worse position than in 1979, when they trailed by only 3 percent. Such deterioration in relative position is due to the fact that while national wage levels were falling over this period, Wisconsin wages fell at nearly three times the national rate (8.6 percent vs. 3.2 percent). Expressed in 1994 dollars, the national average wage fell \$0.39 over the period, dropping from \$12.41 to \$12.02 per hour; the Wisconsin wage average fell a full \$1.03, dropping from \$12.08 to \$11.05 per hour.

**TABLE 4.1**  
**Average Hourly Wages, Wisconsin and the U.S., by Sex and Race**  
**(Values in 1994 Dollars)**

	Wisconsin					United States				
	Average Hourly Wage			Percent Change		Average Hourly Wage			Percent Change	
	1979	1989	1993	1979-93	1989-93	1979	1989	1993	1979-93	1989-93
All Workers	\$12.08	\$11.29	\$11.05	-8.56%	-2.13%	\$12.41	\$12.11	\$12.02	-3.15%	-0.83%
<b>Men</b>	14.39	13.17	12.53	-12.90	-4.86	14.55	13.83	13.39	-7.97	-3.11
White Men	14.43	13.23	12.66	-12.31	-4.31	14.86	14.19	13.71	-7.73	-3.39
Black Men	12.74	10.71	9.59	-23.51	-9.06	11.86	10.80	10.72	-9.93	-1.02
<b>Women</b>	9.17	9.24	9.53	3.95	3.14	9.66	10.18	10.50	8.77	3.14
White Women	9.12	9.30	9.74	5.09	3.12	9.68	10.25	10.63	9.81	3.71
Black Women	10.10	7.79	8.24	-18.50	5.78	9.33	9.44	9.61	3.01	1.58

Source: Authors' Analysis

**FIGURE 4.1**  
**Wisconsin's Average Hourly Wage Fell Further Behind the U.S. Average**



Source: Authors' Analysis

Importantly, the data also show that wage decline continued in Wisconsin — again at rates exceeding national decline — beyond the well-known difficulties of the early 1980s. Data over the 1989-93 period, for example, shows a 2 percent (\$0.24 per hour) decline in Wisconsin wages as against a 1 percent (\$0.09) national decline.

Such general wage erosion suggests that Wisconsin's "employment miracle" has principally resulted from the creation of low-wage jobs. The expansion of low-wage jobs has held unemployment down, but abundant employment at low-wage jobs does not lift overall wage levels or income.

Now looking at the same data broken down by sex, Tables 4.1 and 4.2 show that women in Wisconsin made nominal wage gains relative to men over the period. This resulted in a shrinking "gender gap" in wages. Coming into the period, the average wage of Wisconsin women was 63 percent of the average male wage; by its end, this had risen to 76 percent. The residual gap is distressing, as is the rate of change in closing it: if the rate of improvement in women's relative position over 1979-93 were to continue, women's wages would still not equal men's for another 30 years. Still, the figures appear to show some substantial improvement in gender equity.

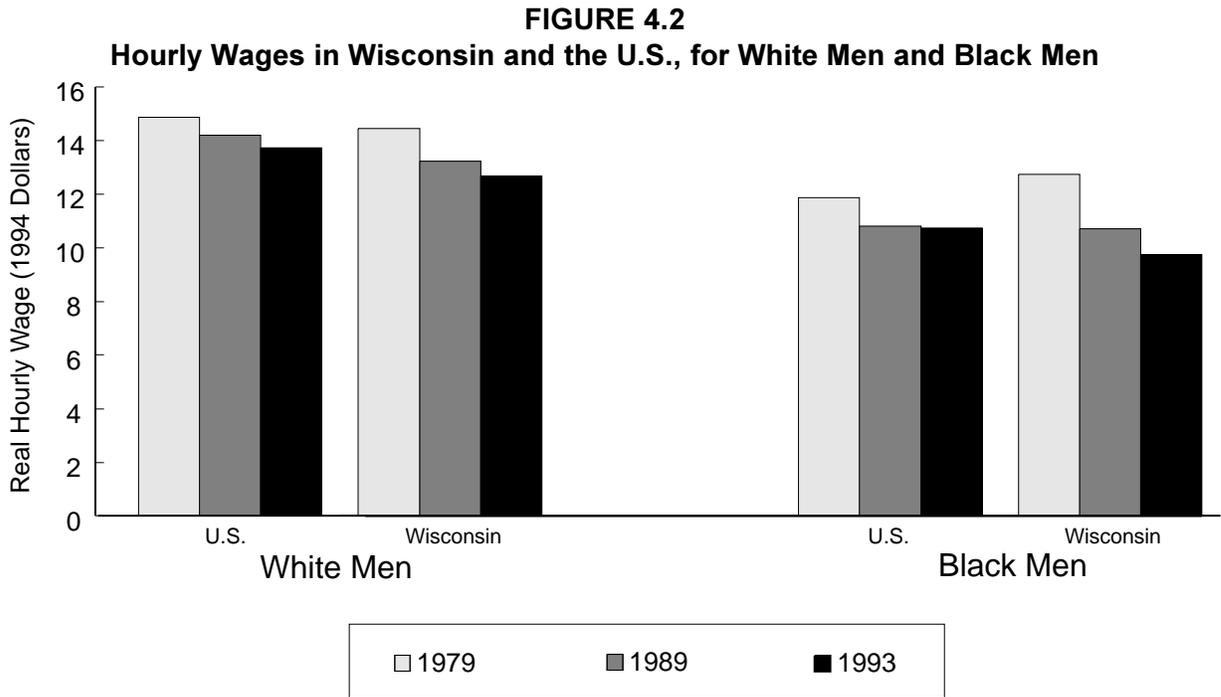
In fact, however, even this appearance is potentially deceiving, since most of the "progress" in women's wages relative to men's owes to the decline in men's wages during the period, not to an increase in pay for women. Again, the increase in women's share of male wages over the period is 13 percentage points (the rise from 63 to 76 percent). If male wages had held steady during the period, that rise would have been only 3 percentage points. Put otherwise, better than three-quarters of the closure of the Wisconsin wage gender gap is due to a decline in male wages rather than an increase in female wages. If we took this 3 percentage point increase over a 15 year period as the more appropriate measure of progress on gender equity, and assumed continued progress at this rate, women's wages would not equal men's for another 170 years!

Wisconsin performance on the gender wage gap also compares unfavorably to the rest of the nation. Nationally, women's wages ended the period at a somewhat higher, 78 percent of men's. More important, a much larger share of closure in the national gap owed to real improvement in women's wages. This is because national male wages fell at a slower rate

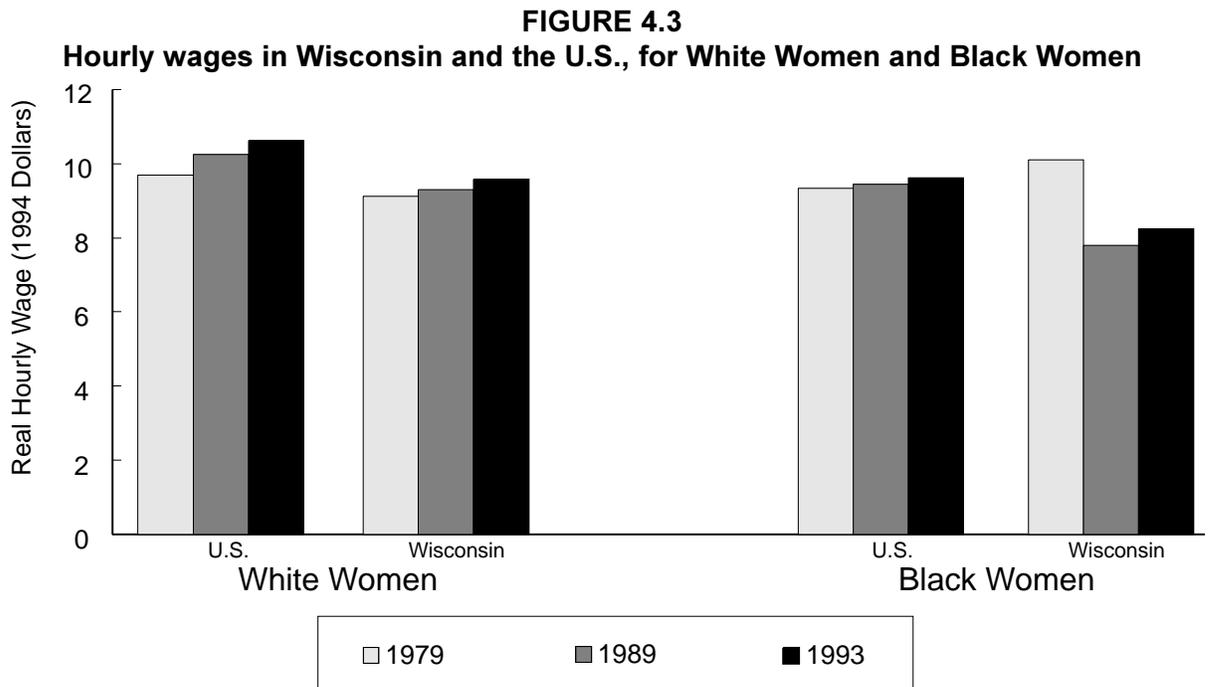
**TABLE 4.2**  
**The Gender Gap in Hourly Wages In Wisconsin and the U.S.**  
**(Ratio of Women's Average Hourly Wage to Men's Average Hourly Wage)**

<u>Year</u>	<u>Wisconsin</u>	<u>United States</u>
1979	.63	.66
1993	.76	.78

Source: Authors' Analysis



Source: Authors' Analysis



Source: Authors' Analysis

than male wages in Wisconsin, while female wages in the nation rose more rapidly than female wages in Wisconsin. Over 1979-93, male Wisconsin wages fell 13 percent, while the national male wage declined by 8 percent. Over the same period, national female wages rose 9 percent, more than twice the Wisconsin female increase of 4 percent. So in Wisconsin less than one-quarter of the evident closure of the gender wage gap was accounted for by real improvement in women's wages, while nationally, one-third of the decline of the gender gap owed to such real improvement.

Turning to race, the news gets substantially worse. While racial differences in wages are as pervasive as those of gender, and racial inequality in Wisconsin is extreme, it bears emphasis that Wisconsin entered the period with substantially better performance on racial wage equity than the nation as a whole. In 1979, Wisconsin average hourly wages among black male workers were \$12.74, or 88 percent of the \$14.43 white men's average wage. At that time, the national figures for black and white men were respectively \$11.86 and \$14.86 per hour — with black men's average thus only 80 percent of white men's. By 1993, however, the Wisconsin edge on national racial wage equality had been lost, and indeed, black-white earning ratios in Wisconsin had fallen below national averages. In 1993, black men's average wage in Wisconsin was \$9.59, compared to \$10.72 nationally; white men's wages in Wisconsin were \$12.66, compared to \$13.71 nationally; and the men's black-white wage ratio here was 76 percent, as against the national ratio of 78 percent.

The story of decline in racial equity among women is even more striking. In 1979, black women in Wisconsin showed a 10 percent wage advantage relative to white women (an advantage due, in part, to the relatively high labor force experience of black women); nationally, black women earned about four percent less than white women that year. But by 1993, black women in Wisconsin earned 16 percent less than white women, while nationally black women earned 10 percent less than white women.

So, in contrast to the case of gender equity, race equity declined over the 1979-93 period both in the nation and Wisconsin. But it got worse much faster in Wisconsin. Over the period, as the national race gap on hourly wages grew 2 percentage points for men and 6 percentage points for women, the Wisconsin race gap grew 12 percentage points for men, six times as fast as the national increase, and 26 percentage points for women (from a 10 percent advantage to a 16 percent disadvantage), or nearly three times the national rate.

Underlying these numbers is a punishing divergence between black wage experience in Wisconsin and elsewhere. As Table 4.1 again indicates, among black men, the wage drop was 23.5 percent in Wisconsin, or almost two-and-a-half times the national drop of 9.9 percent. Among black women, the wage drop was 18.5 percent, as compared to a 3 percent increase in black women's wages nationally. White Wisconsin male and female workers also did substantially worse than their national cohorts — white men here experienced a 12.3 percent decline over the 1979-93 period, or 1.6 times the national decline and white women here gained 5.1 percent, just half of national trend — but the experience of black Wisconsin workers stands out. Indeed, the only good news here is that the wages of black women in Wisconsin have shown a modest increase since 1989 — albeit, again, one that left them in 1993 almost a fifth below their wage levels of 15 years before.

We should note that the samples from the Current Population Survey of blacks in Wisconsin are fairly small (in 1993, the sample included 66 black men and 110 black women). Thus, the average wages calculated have large standard errors and the wage trends from the data may not exactly represent the population. The downward trend is so significant, however, that it is reasonable to presume both that black workers' wages fell and that they fell more rapidly than white workers' wages in the state. National evidence showing that black wages fell more rapidly than white wages during the 1980s, especially in the Midwest, also supports this interpretation (see Bound and Freeman, 1992).

### Poor Wage Performance for Wisconsin's Education Groups

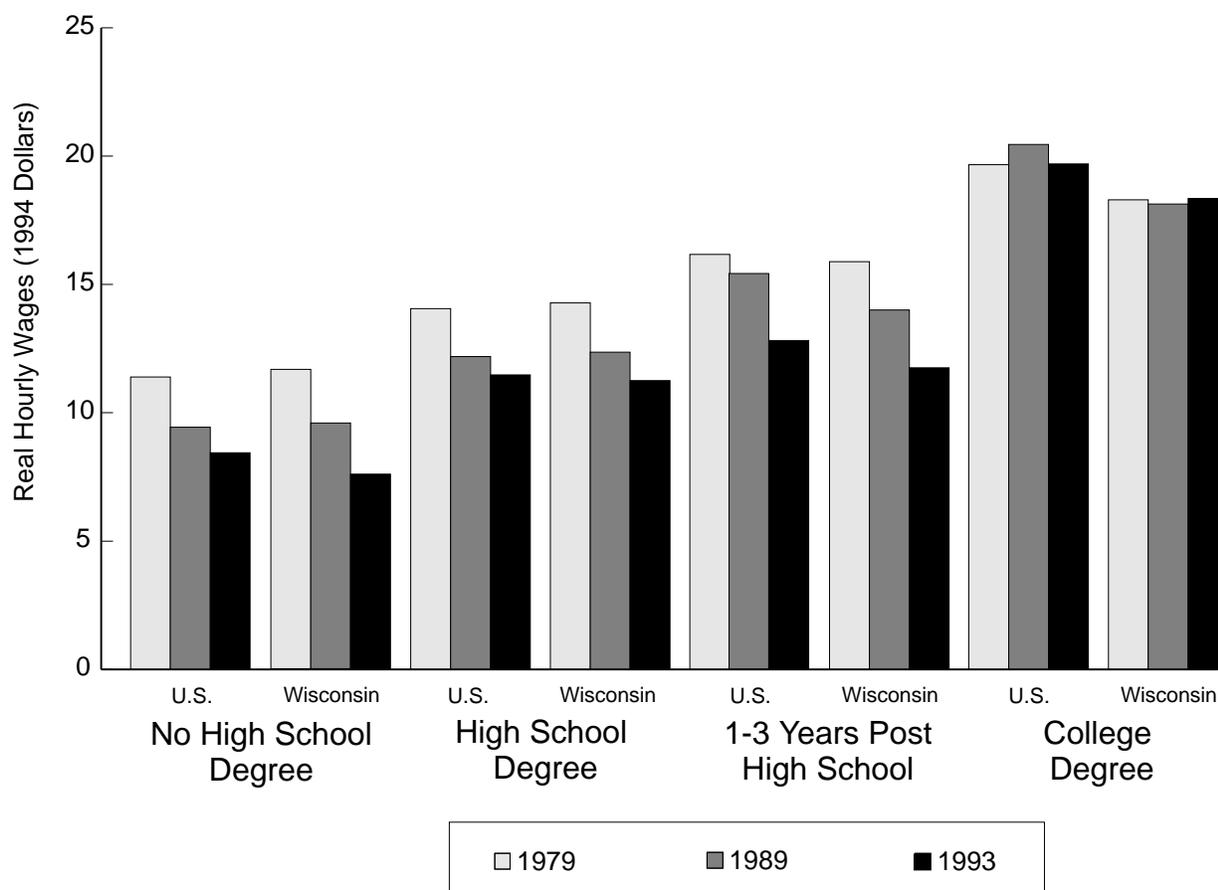
Table 4.3 and Figures 4.4 and 4.5 show that at all levels of education, Wisconsin workers earned less than their national cohorts. And for every educational attainment group — male and female college graduates, those with 1-3 years of post-secondary education, high school graduates, and high school dropouts — the Wisconsin wage disadvantage relative to the nation grew over 1979-93. Actual wage declines were registered among males without high school diplomas (wages down 34.7 percent), male high-school graduates (down 21.7 percent), males with 1-3 years of post-secondary education (down 26 percent), females without high school degrees (down 20.8 percent), female high school graduates (down 5.4 percent) and females with 1-3 years of post-secondary education (down 9.7 percent). Wages stagnated for male college graduates. By education group, wages only increased for female college graduates.

**TABLE 4.3**  
**Average Hourly Wages in Wisconsin and the U.S., by Education**  
**(Values in 1994 Dollars)**

	Wisconsin					United States				
	Average Hourly Wage			Percent Change		Average Hourly Wage			Percent Change	
	1979	1989	1993	1979-93	1989-93	1979	1989	1993	1979-93	1989-93
<b>Men</b>										
No HS Degree	\$11.66	\$9.56	\$7.58	-34.78%	-20.71%	\$11.37	\$9.44	\$8.44	-25.76%	-10.59%
HS Graduates	14.27	12.36	11.25	-21.15	-8.98	14.06	12.19	11.48	-18.40	-5.83
1-3 yrs. Post HS	15.88	14.00	11.75	-25.99	-16.02	16.17	15.42	12.80	-20.83	-16.98
College Graduates	18.29	18.13	18.35	0.32	1.21	19.66	20.45	19.69	0.17	-1.80
<b>Women</b>										
No HS Degree	7.33	6.14	5.80	-20.79	-5.54	7.43	6.50	6.58	-11.39	1.54
HS Graduates	8.86	8.33	8.38	-5.42	0.60	9.20	8.81	8.74	-5.09	-0.91
1-3 yrs. Post HS	10.17	10.21	9.18	-9.71	-10.07	10.66	11.35	10.24	-3.94	-9.85
College Graduates	12.35	14.24	14.03	13.61	-1.47	13.37	15.01	15.35	14.82	2.20

Source: Authors' Analysis

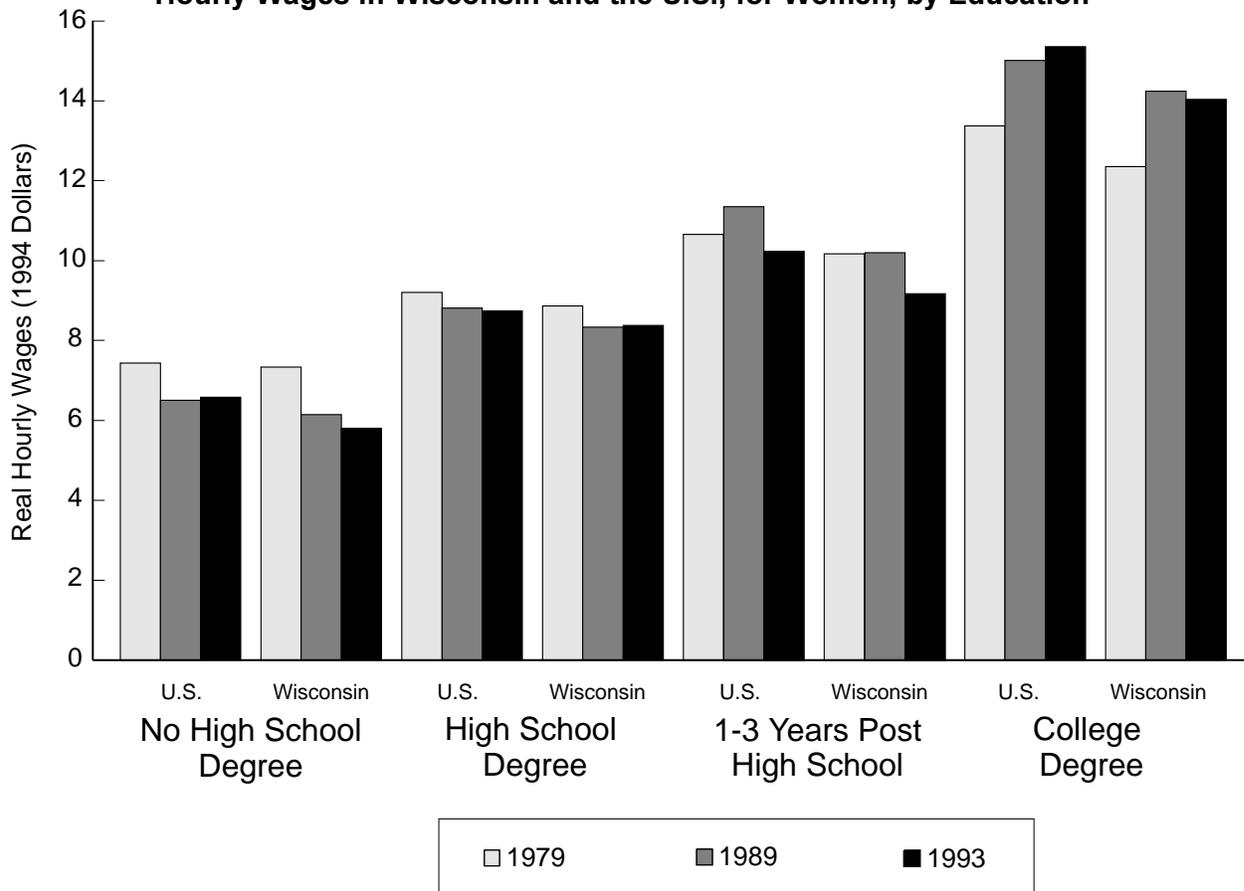
**FIGURE 4.4**  
**Hourly wages in Wisconsin and the U.S., for Men, by Education**



Source: Authors' Analysis

Looking at those with relatively high levels of educational attainment shows some of the dynamics of this labor market — in which attainment seems absolutely necessary to not falling behind, but provides little assurance of progress. Table 4.3 shows that the average wage advantage of college graduates over high school graduates — one measure of the “returns to education” — is large and is growing substantially both in Wisconsin and the rest of the nation. In 1979, Wisconsin’s male college graduates earned 28 percent more than high school graduates. By 1993, male college graduates’ wage advantage had more than doubled to 63 percent. Nationally, the wage advantage of college graduates grew from 40 percent to 71 percent over the same period. Increasing returns to education for men in Wisconsin is the product of falling real wages for high school graduates. From 1979 to 1993, the wages of male high school graduates fell by 21 percent, from \$14.27 to \$11.25. The wages of male college graduates remained virtually constant; \$18.29 in 1979 and \$18.35 in 1993.

**FIGURE 4.5**  
**Hourly Wages in Wisconsin and the U.S., for Women, by Education**



Source: Authors' Analysis

By contrast, according to the wage data in Table 4.3, increasing returns to college education for Wisconsin women was the result of real increases in the wages of college graduates. The college graduation advantage for Wisconsin women grew from 39 percent in 1979 to 67 percent in 1993. During this period, the wages of women with high school degrees fell by 5.4 percent and the wages of college graduates substantially increased, by 13.6 percent. Thus, college education has paid off for women in Wisconsin, not only in terms of the return relative to high school graduates but also in absolute terms.

It is worth emphasizing that these numbers indicate that the increase in women's average wages shown in Table 4.1 has not been the result of increasing wages for all women. In fact, for women with education short of a 4-year college degree, real wages fell from 1979 to 1993. The strong wage increases for female college graduates were simply large enough to pull the aggregate average up (yielding the result reported in Table 4.1). Moreover, even the success story of Wisconsin's women college graduates is tempered when compared to the gains recorded by the national cohort. Over 1979-93, wages for

Wisconsin's female college graduates rose by 13.6 percent while the wages for the national cohort grew 14.8 percent. Thus, wage growth for Wisconsin female college graduates lagged 9 percent behind national trends.

Wisconsin's heavily funded technical college system makes wage trends for those with 1-3 years of post-secondary education (including those with 2 year associates degrees, technical post-secondary training, and uncompleted work at 4-year institutions) especially important. The trend has been downward and uniquely concentrated in the 1989-93 period. These trends indicate that "increasing returns" have not accrued equally to all forms of post-high school education. In fact, returns to post-secondary training short of a college degree have fallen. Over 1979-93, the wage advantage held by men with 1-3 years post-secondary education over high school graduates fell from 11 to 4 percent. For women in this education cohort, the return for post-secondary education fell from 15 to 10 percent. This is due to the rapid wage decline for workers with 1-3 years of post-secondary education (wages down 26 percent for men and 9.7 percent for women).

The wage decline of workers with some post-secondary education has been concentrated in the 1990s rather than the 1980s. Over 1989-93, the wages of men with some post-secondary education fell twice as fast the wages of male high school graduates; the wages of women in this education group fell by 10 percent even as the wages of women with high school degrees showed no trend. Recently, the wage prospects of those with post-secondary schooling short of a 4-year degree have converged rapidly towards the prospects of those with high school degrees.

The economic prospects of high school dropouts have fallen severely. In Wisconsin, women without high school degrees earned an average hourly wage of \$5.80 and men earn \$7.58 in 1993. These hourly averages are more than 10 percent below the wages earned by high school dropouts in the rest of the nation. This is a stark contrast with the past: in 1979, men without high school degrees actually made more in Wisconsin than the national average. In 1993, Wisconsinites without high school degrees worked at wages insufficient to keep a family of four out of poverty. These statistics emphasize the importance of insuring access, support, and opportunity for Wisconsinites to complete high school.

In this context, it is worth recalling that Wisconsin has below average rates of college completion (see Figure 1.7). Nationally, 20.3 percent of the adult population has education at the level of bachelor's degree or higher. In Wisconsin only 17.7 percent of the adult population has college degrees. So, fewer workers in Wisconsin have the protection from falling wages that a college diploma seems to provide. But Wisconsin's workers are less likely than the national workforce to have dropped out of high school. Nearly one-quarter (24.8 percent) of the national adult population has not completed high school while in Wisconsin only 21.4 percent of the adult population has not completed high school. Thus, Wisconsin's workers are more likely than the national average to be protected from the severe wage declines concentrated on those without high school degrees.

This evidence on hourly wages emphasizes the pervasive nature of wage decline in the state of Wisconsin. To summarize our wage discussion, from 1979 to 1993, real wages in Wisconsin fell by more than 8 percent, a decline which is nearly three times the national

decline. For the 20 percent of Wisconsin's population with college degrees, wages have held constant or even advanced. Over the past fifteen years, for the remaining 80 percent of the population, however, wages have fallen. Finally, 1979-93 wage trends in Wisconsin are not simply the result of severe wage erosion concentrated in the 1980s. From 1989 to 1993, Wisconsin wages have continued to fall more quickly than average wages in the nation in spite of the very low unemployment rates in the state. This leads to a simple, if disturbing, conclusion: while many people can find jobs in Wisconsin, most of the jobs they find do not pay well.

## **The Rise in Poverty Wage Jobs**

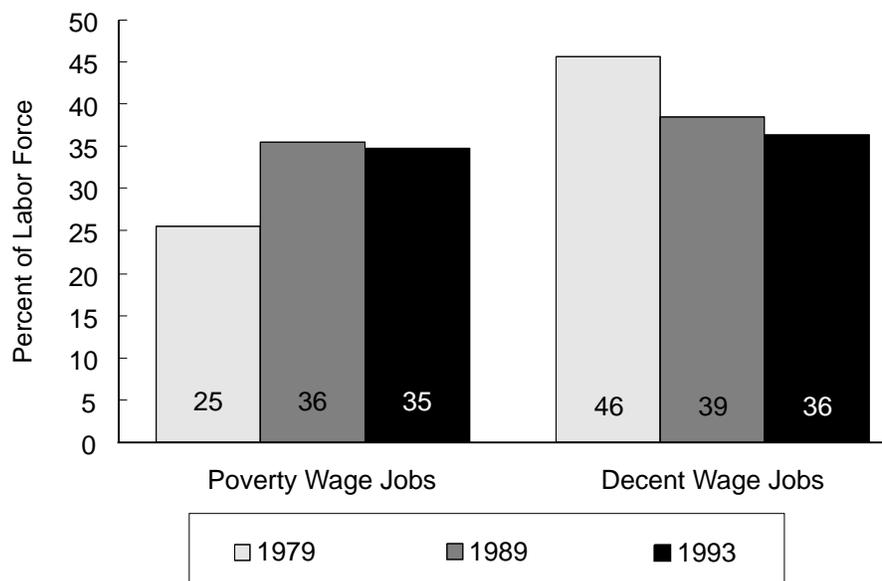
The average wage statistics discussed above provide strong evidence that wages in Wisconsin are falling. Averages, however, mask changes in the overall distribution of wages. We now turn to an analysis of changes in the likelihood of earning poverty level and decent wages. These analyses show that since 1979, a Wisconsin worker's chance of earning poverty level wages has increased and the chance of finding employment at decent wages has fallen.

We define a "poverty wage" job to be one that, if held full-time, year-round (40 hours a week, 50 weeks a year), would not lift a family of four out of poverty. In 1994, the poverty line for a family of four was \$15,140. A "poverty wage," then, was a wage paying \$7.57 an hour or less. Workers who earn "poverty wages," of course, may not actually live in poverty. Families may have more than one wage earner or less than four members. Our particular measure of poverty wages is simply one way of mapping job quality at the low end of the labor market — keyed to conventional national poverty measures.

The measure of "decent wage" jobs is also somewhat arbitrary, but again, not uninformed by conventional understandings. According to polling data, Americans believe that income somewhere between 140 and 160 percent of the poverty line is the minimum necessary for a family of four to live on. A recently developed budget for basic necessities found that a family of four would need 155 percent of the poverty line to get by (Schwarz and Volgy, 1992). For the sake of simplicity, we'll define "decent wage" jobs as those paying an hourly wage \$4.00 more than the poverty wage, or \$11.57 an hour. On a full-time annual basis, a worker paid that wage would earn \$23,140 — or 153 percent of the poverty line for a family of four — an annual income which is within the range of popular opinion about decency and very close to the more scientific estimate of necessary wages. Such a full-time wage would also bring a worker to 70 percent of the median household income in Wisconsin, as of 1993.

Figure 4.6 shows that the share of the workforce in Wisconsin earning poverty wages has grown dramatically while the share in jobs with decent wages has fallen since 1979. In 1979, 25 percent of the labor force was paid poverty level wages or worse. In 1993, 35 percent of Wisconsin's workforce earned these extremely low wages, an increase of 40 percent over the 1979-93 period. The share of jobs offering decent wages fell from 45 percent in 1979 to 36 percent in 1993.

**FIGURE 4.6**  
**The Share of Wisconsin Workers Earning**  
**Poverty Wages (<\$7.57 per hour) and Decent Wages (>\$11.57 per hour)**



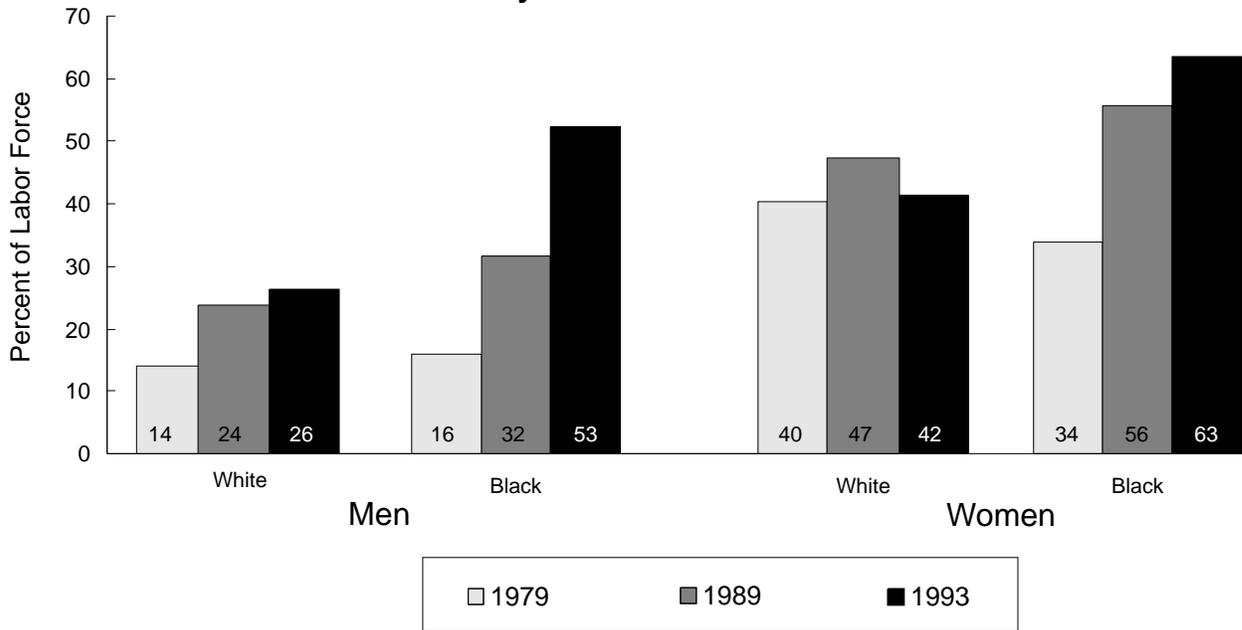
Source: Authors' Analysis

In some good news, however, Figure 4.6 also shows that growth in poverty wage jobs was stemmed in the early 1990s. In fact, the share of workers at poverty level wages was slightly lower in 1993 than in 1989. The 1990 increase in the minimum wage is probably partially responsible for the decline in poverty wage earning over this period. Perhaps low unemployment rates pushed up hourly earnings at the bottom of the wage distribution in the state as well. Even as poverty wage job growth was stemmed, however, the share of decent wage jobs declined. More workers were finding work that paid between \$7.57 and \$11.57 per hour, but a smaller share than before were earning decent wages.

Figure 4.7 displays the share of white men, black men, white women and black women earning poverty-level wages from 1979 to 1993. For white men, the share of the labor force earning poverty wages nearly doubled over this period, rising from 14 to 26 percent in 1993. For black men, chances of earning poverty wages more than tripled, rising from 16 percent to 53 percent. In 1993, then, more than one-quarter of white men and more than one-half of black men earned wages which were insufficient to keep a family of four out of poverty. (Again, the sample of Wisconsin blacks is small. Thus, the results for the black workforce are suggestive of a trend rather than definitive.)

White women have not fared as poorly as men. In 1979, 40 percent of white women earned poverty wages; by 1989, the share had grown to 47 percent; but from 1989 to 1993, it declined, very close to its 1979 level. For black women, however, the story is less

**FIGURE 4.7**  
**The Share of Wisconsin Workers Earning Poverty Wages (<\$7.57 per hour)**  
**by Sex and Race**



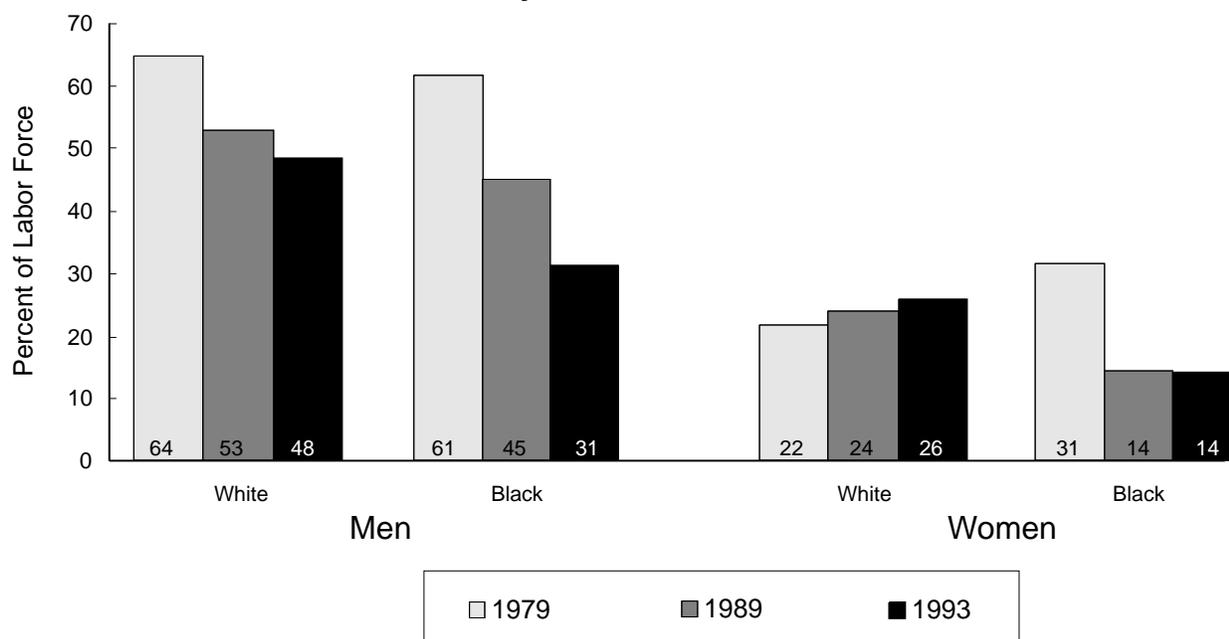
Source: Authors' Analysis

*encouraging. In 1979, 34 percent of working black women earned poverty wages and by 1993, the share at poverty wages had grown to 63 percent. Thus, three out of five working black women in the state earned less than \$7.57 per hour.*

*The above numbers include part-time workers, and this may be thought to overstate the reported trends. It does not. Indeed, the rise in poverty wage employment among full-time, year-round workers (those working 2000 hours or more annually) is even more pronounced, rising some 60 percent over 1979-93. In 1979, 15.6 percent of full-time full-year workers earned poverty level wages; in both 1989 and 1993, 25 percent earned poverty wages. Thus, fully one in four of the full-time workers in Wisconsin do not earn enough to keep an average family out of poverty.*

*Among men working full-time, the share earning poverty wages has more than doubled. In 1979, only 8 percent of men earned poverty wages; by 1993 the share at poverty wages had grown to 19 percent, an increase of 138 percent. Among women, many more who work full-time earn poverty wages, but the increase over time has been much less dramatic. In 1979, 29 percent of women earned poverty wages. This share grew to 36 percent in 1989 and fell slightly to 33 percent in 1993. Currently, one in three women working full-time earns poverty wages — an increase of 14 percent from 1979.*

**FIGURE 4.8**  
**The Share of Wisconsin Workers Earning Decent Wages (> \$11.57 per hour)**  
**by Sex and Race**



Source: Authors' Analysis

Figure 4.8 shows, by race and gender, the decline in decent wage jobs in Wisconsin from 1979 to 1993. In 1979, 64 percent of working white men earned an hourly wage equivalent to or better than \$11.57 per hour. In 1993, only 48 percent of white men earned these wages. For blacks the declines in decent wage earning are even more dramatic. In 1979, 61 percent of black men earned \$11.57 per hour or more; in 1993 only 31 percent did, a decline of 50 percent. For black women, the share earning decent wages fell from 31 to 14 percent and much of that 49 percent decline is concentrated in the most recent period (1989-93). The decline in decent wage earning among white men and black women appears to have slowed from 1989 to 1993. But only white women appear to have avoided the trend towards declining job prospects at decent wages with the share of white women earning more than \$11.57 per hour growing over 1979-93 from 22 to 26 percent.

## The State's Unequal Distribution of Unemployment

In August 1995, the unemployment rate in Wisconsin bottomed at 2.8 percent of the labor force — a twenty-five year low. In fact, unemployment rates in Wisconsin have been low relative to national rates for more than four years. Unemployment has grown slightly since August but still remains at extraordinarily low levels. In November, 1995, 3.4 percent of Wisconsin adults in the labor force could not find work. Low unemployment rates indicate a high demand for workers and are usually associated with increasing wages.

However, as the earnings statistics above show, wages in Wisconsin fell by more than the national average, in spite of the low unemployment rates. Partly, low unemployment rates in Wisconsin are the result of slow growth of the state population relative to the nation's population. Partly, low unemployment rates are the result of the proliferation of low wage jobs.

Whatever the quality of jobs, moreover, unemployment rates vary widely around the state. For example, in 1990, county unemployment rates ranged from a high of 24.1 percent in Menominee County to a low of 3.1 percent in Dane County. In November of 1995, though the unemployment rate in the state was 3.4 percent; unemployment rates in Menominee and Dane counties were 12.8 and 1.5 percent respectively. Such regional disparity in access to jobs makes unemployment an important issue, even though unemployment in Wisconsin is very low.

Map 3 (see centerfold) reveals differences in unemployment rates among census tracts. In 1990, 5.2 percent of the Wisconsin labor force was unemployed. At that time, one-fifth of the census tracts in the state had unemployment below 3.1 percent and one-tenth of Wisconsin's census tracts had unemployment rates above 11.2 percent.

Table 4.4 reveals that race also influences access to jobs and the probability of being unemployed in the state. For all racial and ethnic minority groups in the state, unemployment is higher than it is for white workers and racial disparities are more pronounced in Wisconsin than nationally. In 1990, 5.3 percent of white men were unemployed nationally and 4.9 percent were unemployed in Wisconsin. At the same time, the rate of black male unemployment was 13.7 percent nationally and 18.8 percent in Wisconsin. Thus, while whites appear to have an easier time finding work in Wisconsin than they do in the rest of the country, minorities in the state have a harder time finding work than minorities do in the rest of the country. This is true not only for blacks but also for Asians, Hispanics, and Native Americans as well.

---

**TABLE 4.4**  
**Unemployment in Wisconsin and the U.S., 1989**

	White	Black	Native American	Asian	Hispanic
<b>Men</b>					
U.S.	5.3	13.7	15.4	5.1	10.5
Wisconsin	4.9	18.8	19.2	8.7	12.2
<b>Women</b>					
U.S.	5.0	12.2	13.1	5.5	12.8
Wisconsin	4.1	17.3	14.8	10.2	14.9

Source: Census, 1990

---

*Unemployment statistics count only those who are in the labor market and actively seeking employment. They leave out many other individuals who are either underemployed or “discouraged” workers who would look for work if they believed there was any work available, but are not currently looking. Nationally, such “real” rates of underemployment — including the unemployed, involuntary part-time workers and discouraged workers — have grown dramatically, reaching 12.6 percent of the labor force in 1993. Most of the underemployed are those workers at the end of labor queues — women, racial and ethnic minority populations, older and very young workers.*

---

# 5. Explaining Wisconsin's Falling Wages

---

**M**any factors have contributed to wage decline in Wisconsin. Shifts in industry structure are one such factor, as the share of traditionally higher-wage sectors declines at the expense of lower-wage ones. Relocation decisions by firms are another. As we shall see, Wisconsin manufacturing has widely exited the high-wage, unionized regions of the state that once claimed virtually all manufacturing jobs, and spread to lower wage regions. Such relocation also gives credibility to threats of exit out of state — to the South, overseas — which have themselves sometimes been realized.

Changes in public policy and institutional arrangements are other factors which explain wage decline in Wisconsin. For example, deregulation and privatization of public sector jobs have probably pushed down wages, though the effect is difficult to quantify. Also, the real value of the minimum wage has fallen, along with other statutory wage guarantees, thus eroding the strength of the “floor” built under private wages. Unions in the state have also lost ground — a result, in part, of the shift of the industrial base out of Wisconsin’s urban areas.

New work arrangements have emerged and are another factor which limits the earnings prospects of Wisconsin’s workers. Temporary, part-time, and self-employment, the components of contingent work, are all increasing. Wages in these types of work tend to be lower, hours more sporadic, and spells of unemployment more likely than in more traditional jobs. Wisconsin has been a part of the national trend towards contractual and temporary employment and, as a result, Wisconsin’s workers have suffered.

In the past, as productivity and profits rose, so did wages; workers used their bargaining power to secure a larger piece of a growing pie. In the last decade, however, wages have stagnated and fallen, even as productivity and profits have grown (Baker and Mishel, 1995), essentially because the private bargaining power of workers has declined and public policy has failed to address — and in some cases has even exacerbated — that shift.

In this section, we examine in more detail some of the different pieces of this story — beginning with a close look at the changing industrial structure of Wisconsin employment and moving on to changes within existing industry clusters, eroding public protections, union decline, and the rise of contingent work.

## Geographical Shifts, Not Industry Employment Shifts, Account for Wage Decline

The decline of Wisconsin's wages can, in part, be explained by a statewide shift in industrial composition with declines in employment offered by traditionally high wage sectors and growth among traditionally low wage ones. For example, in 1979 manufacturing work — both durable and non-durable goods manufacturing — paid well above the state average hourly wage (\$14.51 in durables and \$13.31 in non-durables compared to a state average of \$12.08). And in 1979, these industries employed 32 percent of Wisconsin's workforce. By 1993, however, these two industries employed only 26 percent of Wisconsin's workforce. Over the same period, the retail trade industry, which offers very low wages (\$7.11 per hour in 1993), grew very slightly from 15.6 to 16.0 percent of the labor force. And the professional and related service industry, which paid below average wages (\$11.64 per hour in 1979), grew from 20.5 to 25.3 percent of the labor force.

Table 5.1 and Figures 5.1 and 5.2 display the distribution of the Wisconsin workforce across industries and the average wages paid in those industries. The data reveal a shift away from manufacturing and towards service jobs. How important has this shift been to wage levels? To find out, we employ a straightforward and standard technique known as “shift-share” analysis, here used to quantify the separate effects on wages of changes in the sectoral composition of employment (for example, a decline in the manufacturing share of jobs) and within-industry changes (for example, a decline in the wages of manufacturing workers). The average wage in 1993 can be computed as a “weighted average” where the average wage in each industry is weighted by the size of the industry. If the 1979 industrial structure is substituted for the “weights,” the average wage generated can be thought of as the Wisconsin average wage in 1993 if industrial structure had not changed from 1979 to 1993. The difference between the wage trend attributable to sectoral shifts and the actual trend in the state is the within-industry effect. With both the effect of shifts out of high-paying industries and the effect of falling wages within industries thus quantified, we can assess their relative importance to Wisconsin's overall wage decline.

For this analysis, we use the fourteen major industrial categories: agriculture, forestry and fishing; mining; construction; durable goods manufacturing; non-durable goods manufacturing; transportation, communication and public utilities; wholesale trade; retail trade; finance, insurance and real estate; business and repair services; personal services; entertainment and recreation; professional services; and public administration. (The result of such an analysis always depends on the level of industrial disaggregation. More finely identified industry groups would lead to more refined understanding. However, the size of the Wisconsin sample does not lend itself easily to such a detailed breakdown.)

Our estimate suggests that from 1979 to 1993, sectoral shifts from high-paying to low-paying industries were responsible for only 14 percent of the total \$1.03 erosion of Wisconsin's wages. In 1979, manufacturing accounted for 32 percent of total Wisconsin employment. By 1993, these sectors employed only 26 percent of the labor force. Over the same period, professional and business and repair services grew from 23 to 30 percent of

**TABLE 5.1**  
**The Distribution of Wisconsin Workers and Average Wages by Industry, 1979 and 1993**  
**(Wages in 1994 Dollars)**

Industry	Percent of the Labor Force		Average Real Hourly Wage	
	1979	1993	1979	1993
<b>All Workers</b>				
Agriculture, Forestry, Fishing	2.1%	1.9%	\$6.92	\$7.02
Mining	0.1	0.1	12.64	11.73
Construction	4.8	4.8	16.11	12.58
Durable Manufacturing	19.0	15.1	14.51	12.27
Non-Durable Manufacturing	13.1	11.0	13.31	11.80
Transpt, Comm, and Public Utilities	6.1	5.5	15.72	13.95
Wholesale Trade	2.6	3.3	13.86	12.58
Retail Trade	15.6	16.0	8.29	7.11
Finance, Insurance, and Real Estate	4.9	5.8	10.82	12.61
Business and Repair Services	2.6	4.4	10.12	9.88
Personal Services	3.6	2.6	6.25	6.99
Entertainment and Rec. Services	0.9	0.6	7.74	10.13
Professional and Related Services	20.5	25.3	11.64	11.62
Public Administration	4.2	3.6	13.51	13.81
<b>Men</b>				
Agriculture, Forestry, Fishing	2.9	2.4	6.84	6.59
Mining	0.1	0.1	12.64	11.28
Construction	7.8	8.7	16.78	12.82
Durable Manufacturing	25.6	20.6	15.84	13.48
Non-Durable Manufacturing	16.7	13.2	14.78	12.96
Transpt, Comm, and Public Utilities	8.3	8.1	17.09	14.42
Wholesale Trade	3.1	5.0	15.78	13.64
Retail Trade	12.0	13.7	10.10	7.99
Finance, Insurance, and Real Estate	2.6	3.6	14.47	17.40
Business and Repair Services	2.6	5.5	10.61	10.12
Personal Services	1.4	1.1	8.59	8.35
Entertainment and Rec. Services	0.7	0.7	8.45	11.52
Professional and Related Services	11.3	13.4	14.72	14.16
Public Administration	5.0	4.1	14.90	15.24
<b>Women</b>				
Agriculture, Forestry, Fishing	1.2	1.3	7.21	7.77
Mining	0.0	0.1	0.00	12.15
Construction	1.0	0.8	9.82	10.01
Durable Manufacturing	10.7	9.6	10.51	9.60
Non-Durable Manufacturing	8.5	8.8	9.70	10.04
Transpt, Comm, and Public Utilities	3.4	2.9	11.47	12.58
Wholesale Trade	2.0	1.7	10.08	9.36
Retail Trade	20.1	18.3	6.92	6.44
Finance, Insurance, and Real Estate	7.8	8.2	9.31	10.49
Business and Repair Services	2.5	3.2	9.45	9.46
Personal Services	6.3	4.2	5.57	6.64
Entertainment and Rec. Services	1.2	0.5	7.21	8.11
Professional and Related Services	32.2	37.6	10.27	10.70
Public Administration	3.3	3.0	10.86	11.77

Source: Authors' Analysis

the labor force. If the industrial structure of the state had not changed — that is, if the distribution of the workforce across industries was the same in 1993 as it was in 1979 — wages would have fallen by \$0.89, from \$12.08 to \$11.19 per hour.

The real culprit in explaining declining wages in the state, then, is not industry employment shifts, but falling wages within different industries. Such within-industry decline accounts for the remaining 86 percent of registered wage erosion, and is evident even from a glance at Table 5.1. Excepting public administration, entertainment, personal services, agriculture, and finance, insurance, and real estate (FIRE), which together accounted for only 12.6 percent of total Wisconsin employment in 1993, wages fell over 1979-93 in every major sector of employment — 22 percent in construction, 15 percent in durable manufacturing, 11 percent in non-durable manufacturing, 11 percent in transportation, 9 percent in wholesale trade, 14 percent in retail trade — while stagnating in professional and business services. Thus it really would not have mattered much if there had been no change in the industrial mix in Wisconsin, since wages would still have fallen dramatically. The problem is not the sorts of work people are doing, but the fact that, almost everywhere in the economy, they are being paid less to do it.

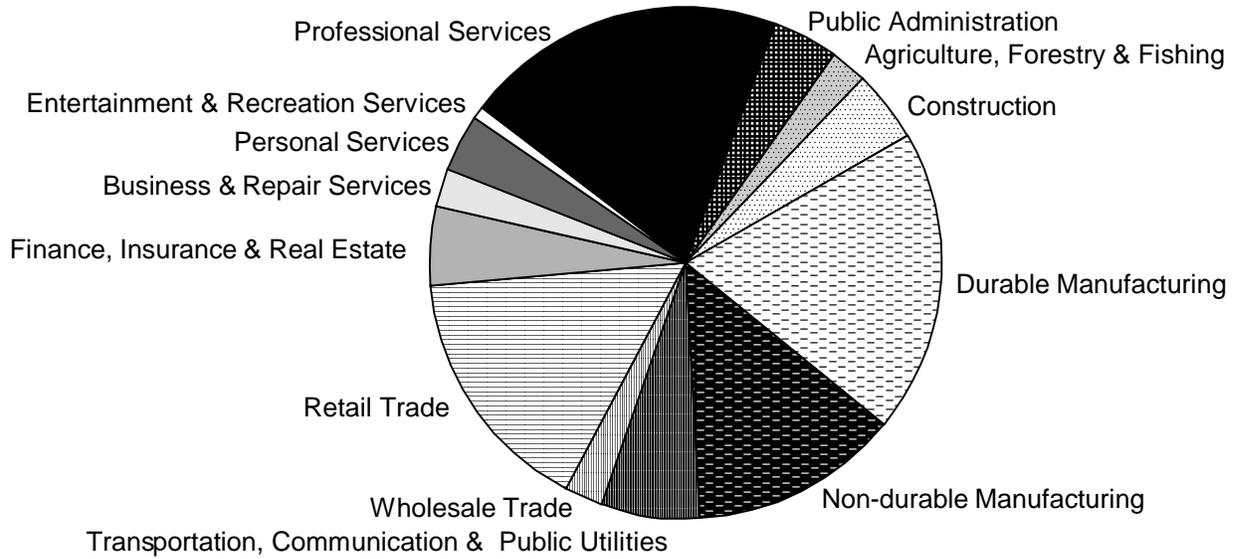
Nor does any simple story about changing sectoral demand for workers explain these wage changes. Wages often fell in sectors, such as transportation and both durable and non-durable goods manufacturing, that were shrinking; but wages also fell in sectors, such as wholesale and retail trade, that were growing.

How do such industrial shifts and their wage effects in Wisconsin compare to national patterns? In broad terms, of course, all of the nation's economy is shifting away from traditional manufacturing and toward diverse services. Wisconsin is not exempt from this change, though it is less pronounced here than elsewhere. Over 1979-93, nationally, the manufacturing share of total employment dropped from 23 to 16 percent, a 30 percent drop; in Wisconsin, it fell from 32 to 26 percent, a 19 percent decline. So at least on this measure, the sectoral composition of employment is changing less rapidly in Wisconsin than elsewhere. But this difference only underscores the depth of within-sector decline in Wisconsin. Repeating the above analysis of the industry-structure vs. within-industry sources of wage decline for national data, we find that a large share of national wage decline — 43 percent over the 1979-93 — can be attributed to the changing composition of employment. This compares, again, to the 14 percent of Wisconsin wage decline “explained” by such industry shifts. And, as documented earlier, on virtually all measures Wisconsin wages are actually falling faster than the nation's.

How could this be? What is going on within industries in Wisconsin that leads them — despite relative stability in overall employment patterns — to exhibit falling wages?

As suggested at the outset, the answer has many parts: new bargaining strategies, work reorganization, declining support from public policy and more. The important case of manufacturing, however, illustrates one particularly critical dynamic — namely firm relocation away from higher-wage regions toward lower-wage ones. This is commonly

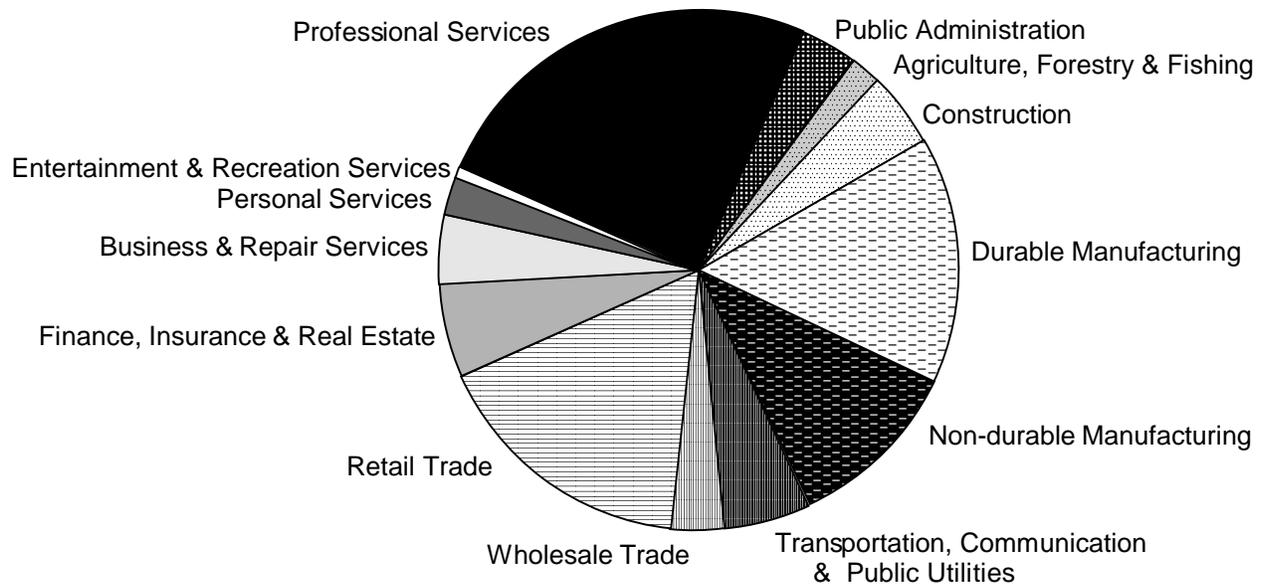
**FIGURE 5.1**  
**The 1979 Employment Distribution of Wisconsin Workers**



Source: Authors' Analysis

---

**FIGURE 5.2**  
**The 1993 Employment Distribution of Wisconsin Workers**



Source: Authors' Analysis

---

**FIGURE 5.3**  
**Change in Wisconsin Wages, 1979-93, Selected Industries**



Source: Authors' Analysis

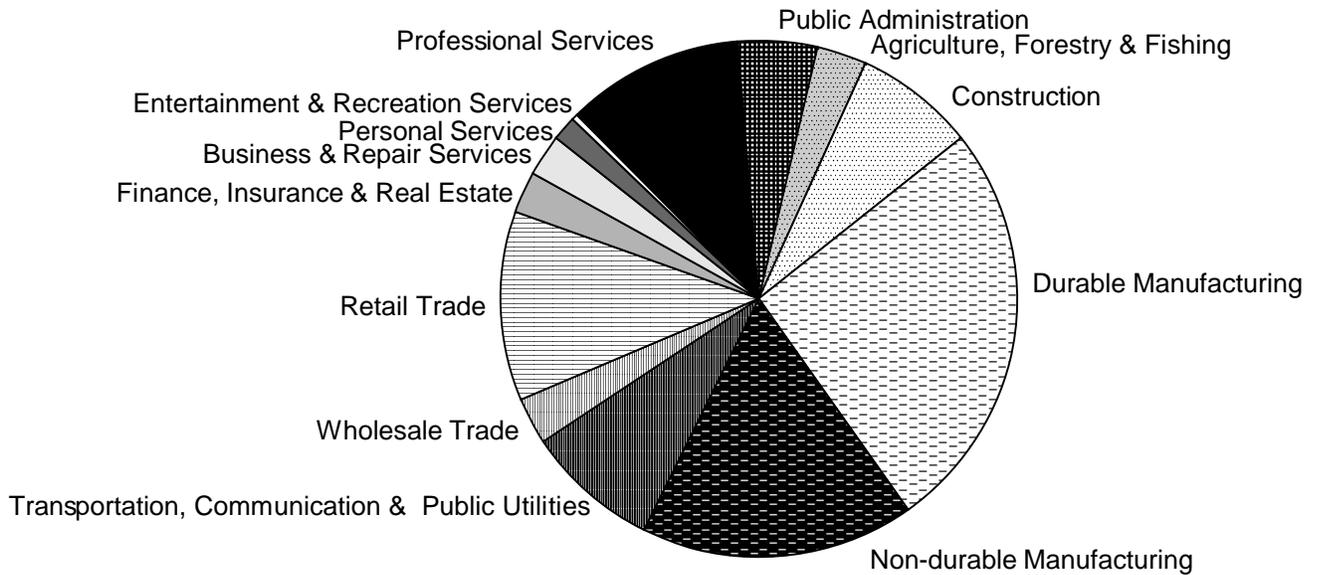
understood to involve movement out of the state toward low-wage states in the U.S. or low-wage countries abroad, and that path has certainly been chosen by many firms in Wisconsin. But most of the effect appears to come from movement within the state itself.

As we have just seen, wages in Wisconsin manufacturing suffered substantial decline over the 1979-93 period. But total employment in manufacturing (not the share of total employment taken by manufacturing) has actually been remarkably stable throughout the period. In the 1980s, indeed, there was a modest increase in overall manufacturing employment. During the same period, however, there was a massive shift in the location of manufacturing. The southeast region of the state (including Milwaukee, Racine, and Kenosha) lost 31,000 full-time manufacturing jobs, while other regions of the state—almost always lower-wage regions—added some 32,000 full-time manufacturing jobs (Nichols, 1995). The largest part of the decline in manufacturing wages in Wisconsin, we find, owes to this shift itself. Firms left heavily unionized, better-paying urban areas for low-wage suburbs and rural areas down the road.

### Men's Real Wages Fall in Most Industries

Figures 5.4 and 5.5 reveal that the shift from goods to services from 1979 to 1993 was more pronounced for men in Wisconsin than for the workforce at large. In 1979, 42 percent of all men worked in either durable or non-durable goods manufacturing. The share of men in manufacturing fell to 34 percent by 1993. As they moved out of manufacturing, men moved into trade and service industries.

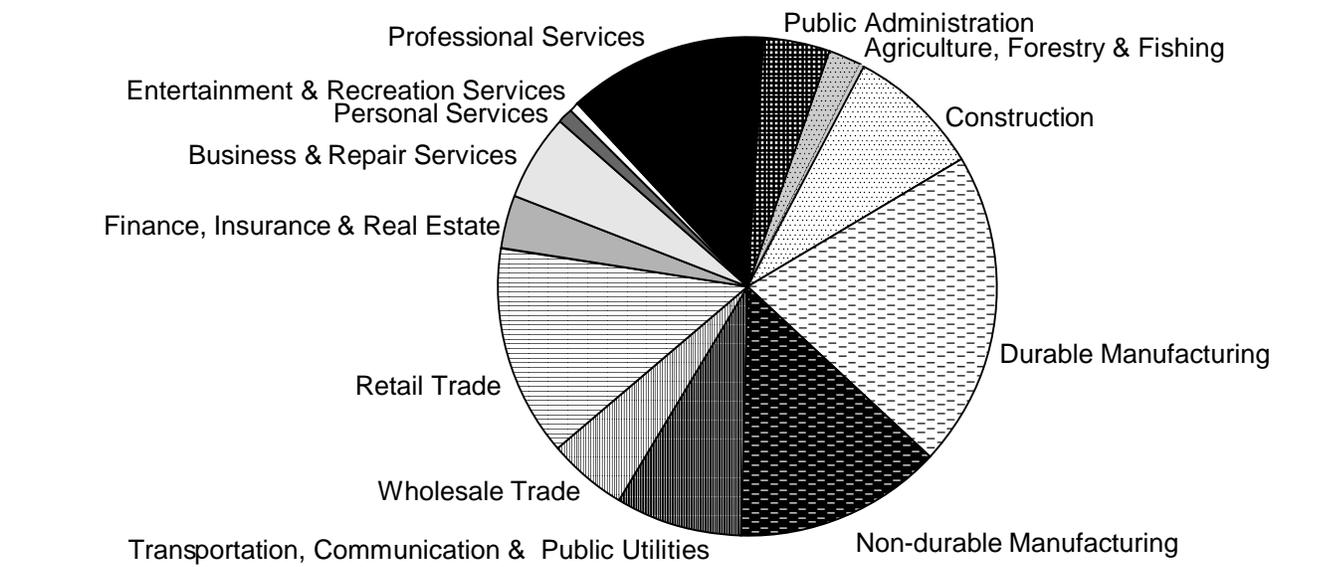
**FIGURE 5.4**  
**The 1979 Employment Distribution of Wisconsin Men**



Source: Authors' Analysis

---

**FIGURE 5.5**  
**The 1993 Employment Distribution of Wisconsin Men**



Source: Authors' Analysis

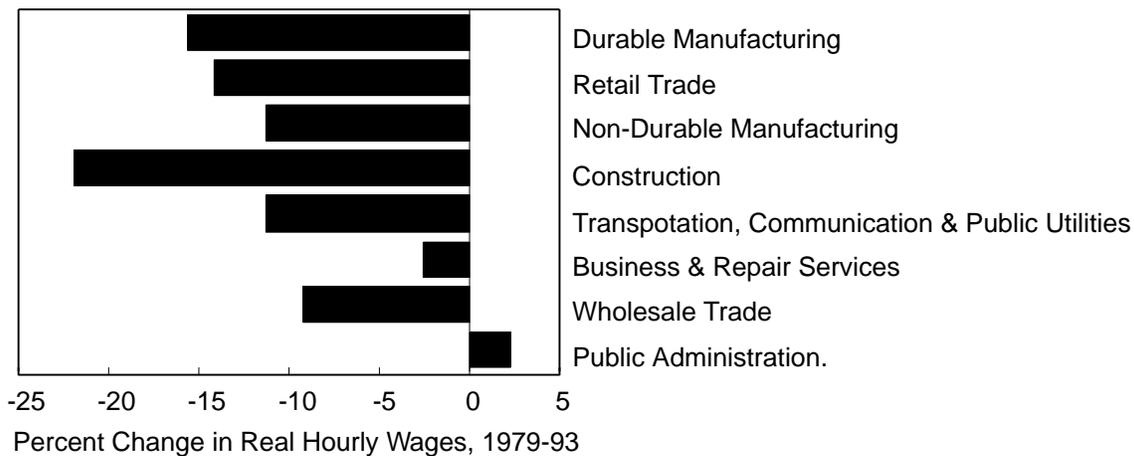
---

Using the technique described above, we estimate that nearly 10 percent of the decline in men's hourly wages is attributable to shifts from high to low-wage industries in Wisconsin. The remaining 90 percent of the trend is the result of falling wages in all industries. Men have been hit hard by declining manufacturing employment — a sector in which men have traditionally been disproportionately employed. More specifically, it is male high school graduates, male high school dropouts, and black men who have suffered the most as the manufacturing sector has faded. The jobs offered in the manufacturing sector offered relative security and much better wages and benefits than any other sector open to these workers. The sample used here is not large enough to break the analysis into sub-groups of male workers based on race or education, but national studies show the disproportionate displacement and wage loss due for these groups due to declining manufacturing (Bound and Freeman, 1992; Murphy and Welch, 1994; Mishel and Bernstein, 1994).

If the industrial distribution of men had not changed from 1979 to 1993, men would have earned \$12.69 per hour that year rather than the actual wage of \$12.53. Men in Wisconsin suffered a severe wage decline of \$1.86 per hour (from \$14.39 to \$12.53) over the period. But, even if the industrial structure had been retained, wages would have fallen \$1.70, simply because men's average wages within most industries declined so significantly.

Figure 5.6 shows that men's real wages fell by more than ten percent in seven industries. In 1993, these industries accounted for the employment of 69.3 percent of the male workforce. In construction, wages for men collapsed, falling from \$16.78 per hour in 1979 to \$12.82 per hour in 1993. Unlike the manufacturing industries, where men's share

**FIGURE 5.6**  
**Change in Men's Wages, 1979-93, Selected Industries**



Source: Authors' Analysis

of employment fell with the wages, the construction industry actually grew slightly even as wages fell. In 1979, 7.8 percent of male workers were in construction; by 1993, construction accounted for 8.7 percent of men's employment.

Men's wages actually grew in three industries — entertainment and recreational services, public administration, and FIRE — but these industries provided work for only 8.4 percent of the male labor force in 1993. In the industries that provided jobs to the remaining 91.6 percent of the male workforce, wages fell.

## **Women's Real Wages Rise in Many Industries**

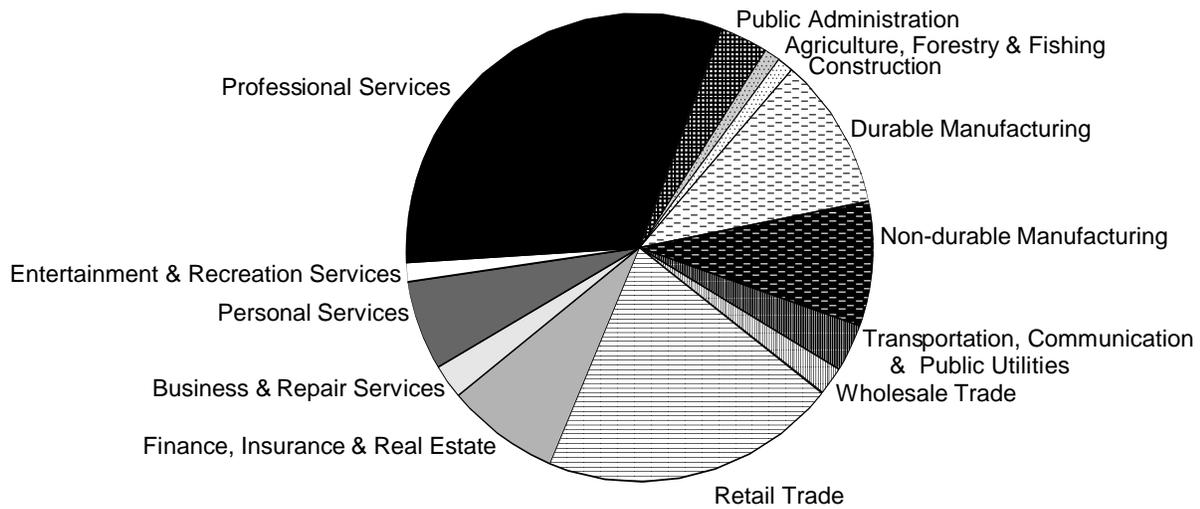
Using the same technique, we estimate that women's wages grew both because their distribution across industries improved and because wages in most industries for women rose from 1979 to 1993. We estimate that 42 percent of women's wage advance was the result of women finding their way out of low-wage industries and into better paying industries. The remaining 58 percent of the wage growth was the result of increasing wages for women within industries.

Figures 5.7 and 5.8 reveal that the sectoral shifts out of manufacturing and into service did not affect women to the same extent that they did men. Women had never held as many jobs in the manufacturing sectors as did men. What is more, the share of women employed in manufacturing actually held fairly steady, even as the sectors declined. The low-wage manufacturing jobs, which accounted for the bulk of women's manufacturing employment, did not fade over the period. In 1979, 19 percent of working women held jobs in durable and non-durable manufacturing; in 1993, 18 percent of Wisconsin's women did. Over the same period, the share of women in the professional service industry grew substantially — from 32 to 38 percent.

Figure 5.9 shows that women's wages rose in five industries but fell in two important sectors: retail trade and durable goods manufacturing. In no industry did women's wages fall by more than ten percent. This contrasts very sharply with wage trends for men, where average wages fell by more than ten percent in seven of the fourteen industries. Women's wages grew in professional services, non-durable manufacturing, FIRE, personal services and public administration; these industries with growing wages accounted for 62 percent of women's jobs in 1993.

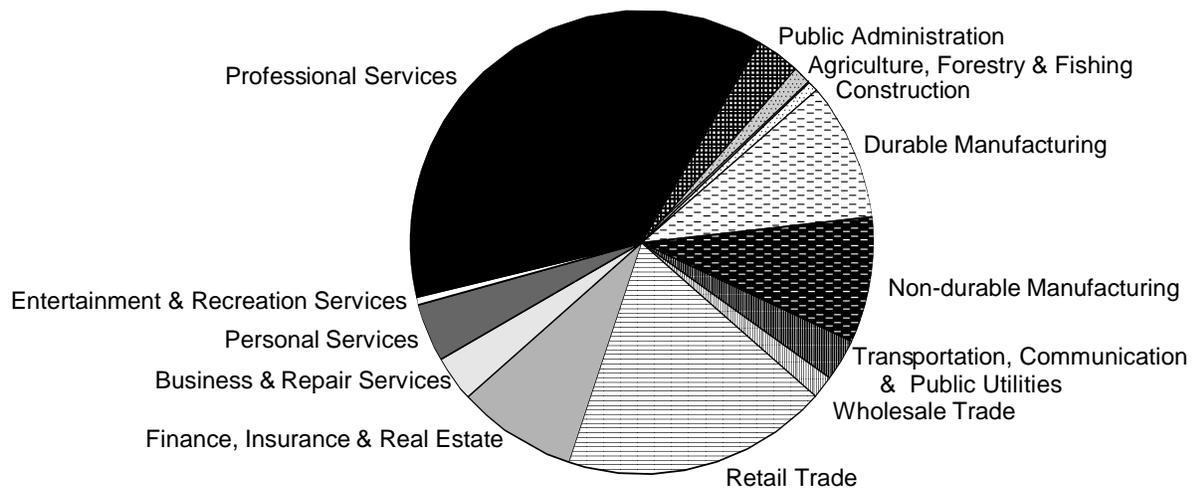
In a number of industries, women's wages rose even as men's wages fell. For example, in non-durable goods manufacturing women's wages rose from \$9.70 to \$10.04 even as men's wages fell from \$14.78 to \$12.96 per hour in that sector. In transportation, communication and public utilities, women's wages grew by 10 percent while men's wages fell by 16 percent.

**FIGURE 5.7**  
**The 1979 Employment Distribution of Wisconsin Women**



Source: Authors' Analysis

**FIGURE 5.8**  
**The 1993 Employment Distribution of Wisconsin Women**



Source: Authors' Analysis

**FIGURE 5.9**  
**Change in Women’s Wages, 1979-93, Selected Industries**



Source: Authors’ Analysis

## **Eroding Minimum Wage Hurts all Low Wage Workers**

Though the minimum wage is commonly dismissed by politicians as only relevant to teenagers and a handful of part-time workers, recent research in labor economics has identified it as a critical component of national labor market policy, in particular finding it “a key determinant of wages for a significant segment of the U.S. workforce — high-school educated workers starting out in the job market” (Spriggs and Klein, 1994). Raising the minimum wage promotes the interests of young high school graduates in two ways. First, as the minimum wage increases, firms raise pay across the lower end of their wage distribution to maintain the internal relative wage structures. Thus, when the minimum wage grows, the pay of all low-wage workers is pushed up whether or not they work at the minimum wage. Second, increasing the minimum wage encourages firms to shift their work focus towards higher paying, higher-skilled jobs. Reciprocally, allowing the minimum wage to fall simply encourages firms to develop low-productivity, low-pay positions.

Refuting a common argument against raising the minimum wage, recent empirical research also shows that increasing the minimum wage does not substantially reduce the employment prospects of low-wage workers. In fact, while economic theory asserts a “negative employment effect” of raising wage floors, empirical studies of the minimum wage have not demonstrated substantial loss of employment opportunities, even among the populations that most commonly work at the minimum wage. Thus, modest increases in the minimum wage have not been shown to significantly increase unemployment but have been shown to raise income and earnings among low wage workers.

*In this context it is striking that the real value of the minimum wage has been left to erode as far as it has, losing 22 percent of its value from 1981 to 1994. If adjusted for inflation since 1981 (when the minimum wage was \$3.35), the minimum wage would be \$5.46 per hour today rather than its current \$4.25 per hour. Erosion of the minimum wage directly contributes to increasing wage inequality. Because the minimum wage has not advanced, workers at the bottom of the income distribution have been left further behind.*

*What would be the effect on wages in Wisconsin if the minimum wage were increased modestly, say to \$5.15 per hour as a recently defeated proposal suggested? According to analysis by Bernstein (1995), one in four of Wisconsin's workers would benefit from this increase in the minimum wage. In 1993, 5.1 percent of Wisconsin workers were paid hourly wages at or below the \$4.25 minimum wage. Another 10.6 percent earned more than \$4.25 and less than \$5.15 per hour. Thus, increasing the minimum wage could directly effect the hourly wages of more than 15 percent of Wisconsin's labor force. Since a higher minimum wage would also push other low wages up, an elevated minimum wage would indirectly increase the wages of the ten percent of Wisconsin's workers who earn more than \$5.15 but less than \$6.15 per hour. Those helped would primarily be young high-school graduates, women, and minorities, workers who are more concentrated in low-wage employment.*

## **Decline in Unionization Increases Wage Inequality**

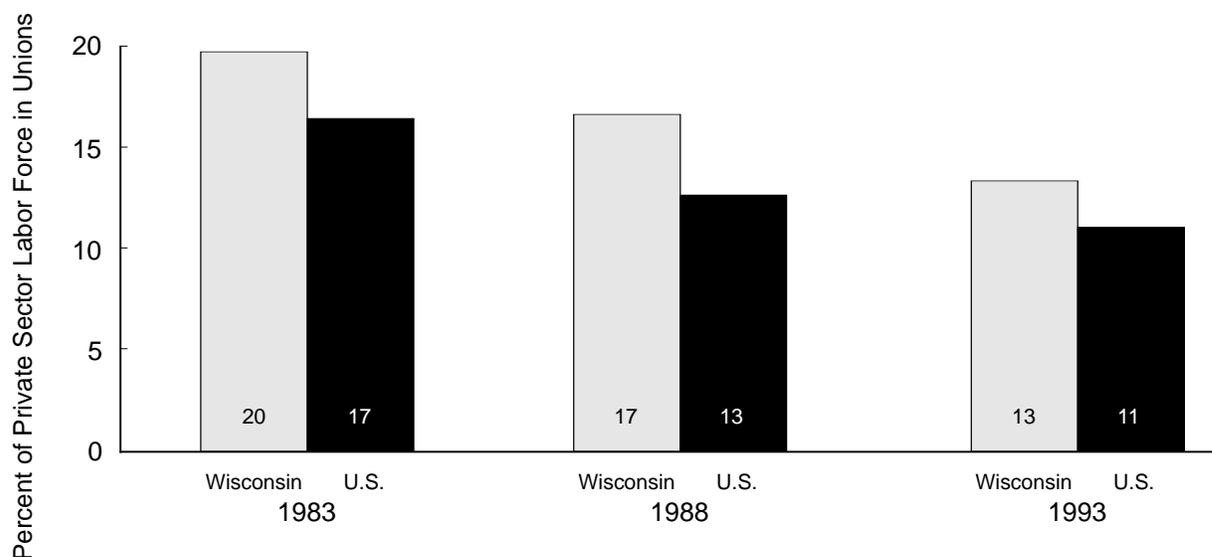
*Unions increase the bargaining power of workers by providing them with collective voice in negotiations over work conditions, wages and benefits. This increased bargaining power is typically reflected by wages. In 1993, for example, unionized service workers in the U.S. earned a median wage of \$602 a week, as compared to \$498 a week for non-union service workers, while unionized manufacturing workers earned a median wage of \$524 a week, as compared to \$480 a week for non-union workers in the same sector (Gifford, 1994).*

*Equally, as unionization declines, the bargaining power of workers declines as well, and this is typically associated with losses in wages and benefits. In Wisconsin over 1979-93, for example, average wages in construction collapsed, due in large part to the deunionization of residential housing construction over the same period.*

*The wage advantage workers gain by being in a union is known as the "union premium" — expressed as the percent improvement over non-union wages that unionized workers in an industry enjoy. Nationally, as of 1993, the union premium was 24 percent; in Wisconsin it was 31 percent. The higher Wisconsin union premium makes union membership more valuable here than elsewhere; but given the lower non-union base wage in Wisconsin, union members here still earn less than their national counterparts. Nationally, the median wage of union members is \$14.86 an hour; in Wisconsin, it is \$14.07 (Hirsch and Macpherson, 1994).*

*Historically and today, the rate of private sector unionization in Wisconsin has been higher than the national rate. This in part reflects the relative dominance in the state economy of manufacturing — a traditional union stronghold. But in both the nation as a*

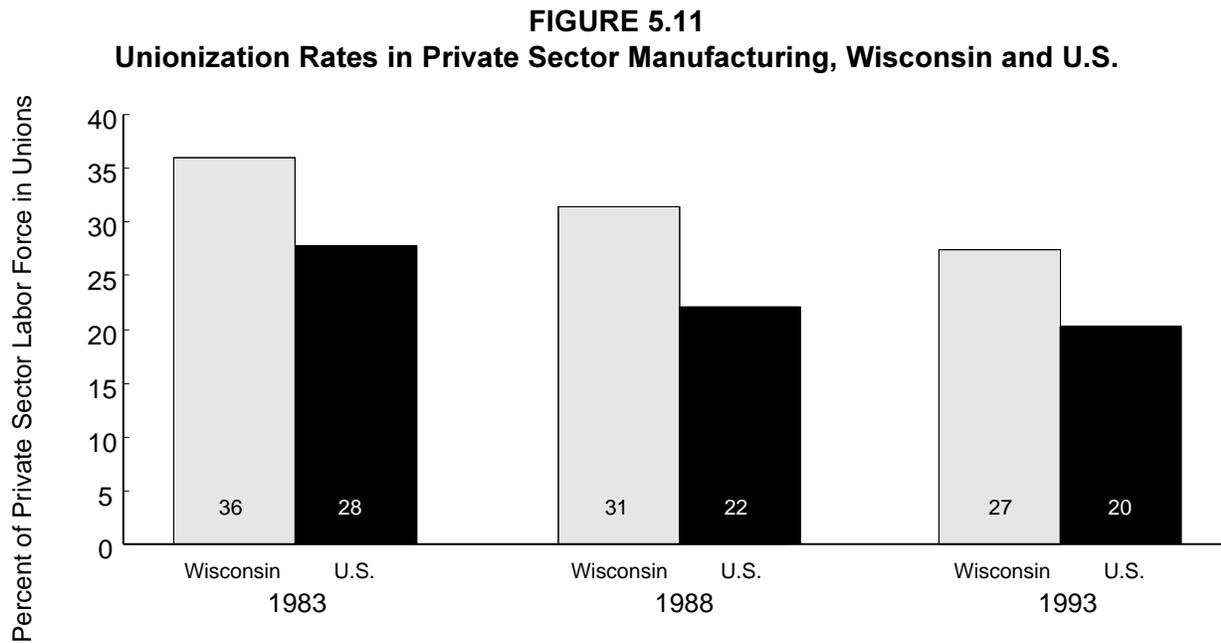
**FIGURE 5.10**  
**Private Sector Unionization Rates, Wisconsin and U.S.**



Source: Hirsch and Macpherson, 1994

whole and in Wisconsin, as Figure 5.10 indicates, private sector unionization has taken a beating in recent years. Over 1983-93, the private sector unionization rate fell 17 to 11 percent nationally and from 20 to 13 percent in Wisconsin — in both cases, a decline of 35 percent. Over the same period, the union premium in the private sector dropped as well, from 27 to 21 percent nationally, and from 35 to 31 percent in Wisconsin — respectively, declines of 22 and 11 percent.

Available data do not permit a detailed state-based analysis of the effects of such union decline on private sector wages, or of the effects of union premia in different sectors on the behavior of employers. Some sense of the dynamics, however, can be glimpsed by a closer look at manufacturing — again, a traditional union stronghold, and a particularly important wage-setting sector in Wisconsin. Figure 5.11 shows that over 1983-93, national manufacturing unionization rates declined from 28 to 20 percent (a 29 percent decline) while rates in Wisconsin dropped from 36 to 27 percent (a 25 percent decline). Relative to other private sectors, then, unionized manufacturing in Wisconsin is somewhat more resistant to deunionization than its national counterpart. From an employer's standpoint, however, the important issue is the union premium — how much more the employer has to pay workers if they have the benefit of unionization. Nationally, in 1993, the premium for manufacturing workers was a virtually nonexistent; the average hourly wage of unionized manufacturing workers was \$13.37, while the average for non-union workers was \$13.33. In Wisconsin, at the same time, the average union wage was \$13.35 — very close to the national average — while the non-union wage was \$12.06 (Hirsch and Macpherson, 1994). Thus the national union premium in manufacturing was zero, but the Wisconsin premium



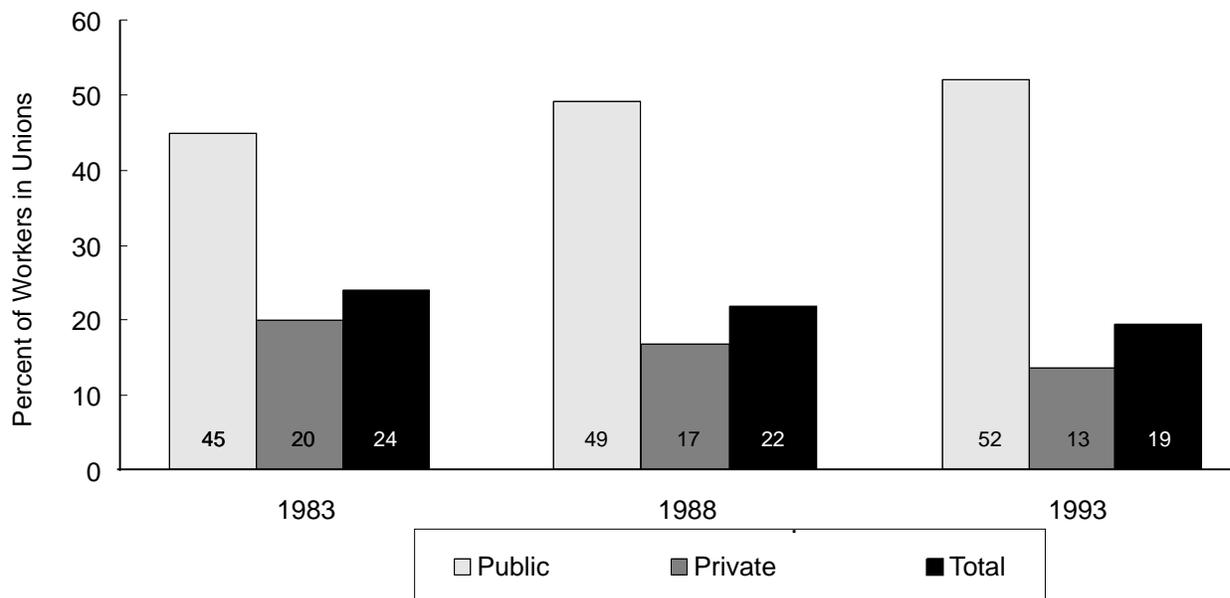
Source: Hirsch and Macpherson, 1994

was 11 percent. Without offsetting increases in productivity, this provides Wisconsin employers another clear incentive to flee union settings for lower-wage non-union ones, in the typical cycle of relocation and downward wage pressure noted earlier.

Figure 5.12 introduces public sector unionism into the picture. Most strikingly, notice the divergent paths of unions in the public and private sectors, with public sector unionism in Wisconsin actually increasing over the 1983-93 period — indeed at a much sharper rate than its increase nationally. The union premium in the Wisconsin public sector, which in this case is the same as the national premium, is 17 percent. Wisconsin public sector union members earn \$14.39 an hour on average, and their non-union colleagues \$12.30. The public sector in Wisconsin is also relatively small (at present, 13.3 percent of the workforce) and has not grown in size. But, given general wage decline, there is a growing divergence of public sector union wages from average wages.

The positive effects of unions on wage equality and in particular the wages of less educated and minority workers are well-documented, both in the U.S. and cross-nationally (Freeman, 1993). Conversely, the sharp decline in unionization in Wisconsin, especially as it interacts with the collapse of non-union wages, is a powerful force for wage inequality.

**FIGURE 5.12**  
**Public, Private, and Total Unionization Rates in Wisconsin**



Source: Hirsch and Macpherson, 1994

## **New Work Arrangements Reduce Job Quality**

*One of the most striking trends in U.S. labor markets has been the growth of marginal work arrangements — low wage self-employment, temporary employment and part-time employment. Workers in this marginal and “flexible” labor market can rarely count on long-term employment stability, health and pension benefits, opportunities for union representation or wages which increase with experience. Often, contingent workers are not covered by OSHA regulations, unemployment compensation and affirmative action policies.*

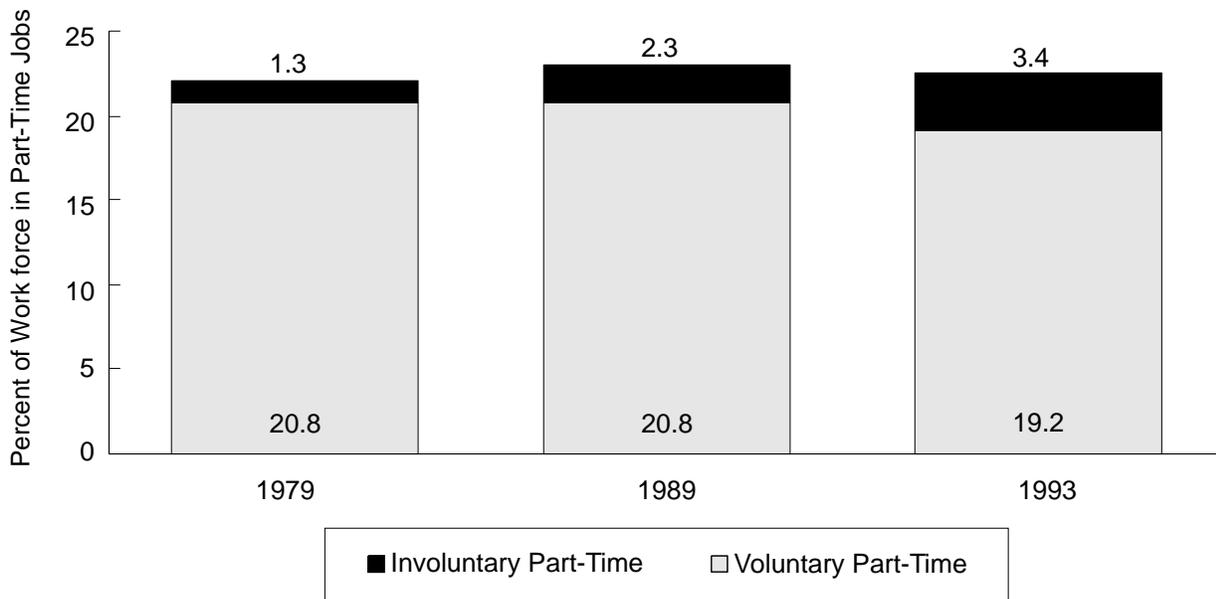
*Marginal work has emerged in response to two trends. First, businesses have developed the arrangements to increase competitiveness. Some firms prefer temporary arrangements with workers because of the added flexibility in the production process and lower labor costs (both in terms of wages and benefits). Second, some workers welcome the opportunity to hold part-time or temporary positions. The flexibility of these jobs allows workers to manage home responsibilities and negotiate competing work and family commitments. The workers who seek out the flexibility of part-time employment are often women who carry heavy loads of home and child care responsibilities.*

*There are at least three important pieces of marginal work — part-time employment, temporary employment, and self-employment. Part-time workers face a severe wage disadvantage relative to full-time employees. The hourly wages of women who work part-time are 23 percent lower than full-time women; part-time working men earn 41 percent*

less per hour than full-time men. Temporary employees suffer wage disadvantages relative to permanent employees, receive few benefits, and rarely accrue tenure on the job. Additionally, temporary employees have very low job security, suffering large fluctuations in hours worked. Workers in the temporary services industry make 7 percent less than comparable workers in non-temporary fields (Moore, 1995). The self-employed are small business owners including independent contractors and consultants. Many firms have replaced in-house technical teams with independent contractors, free-lance writers and consultants for specific projects. The self-employed have the advantage of some control over their own work, pay and conditions. However, they too suffer the insecurity of fluctuating demands, lack of benefits, and falling income. This seems particularly true of categories of workers already disadvantaged in the labor market. Nationally, for example, self-employed men earn 98 percent the wage of non-self-employed men; but self-employed women earn only 63 percent the wage of non-self-employed women (Mishel and Bernstein, 1994).

How has Wisconsin been affected by these trends? The basic story appears to be that Wisconsin has historically shown wider incidence of such contingent arrangements and remains today above national averages for them, but that growth in such work in the state has been slower than national growth. Over 1979-93, the share of the national workforce in part-time jobs grew from 17.6 to 18.8 percent, an increase of 7 percent; in Wisconsin it grew from 22.1 to 22.5 percent, an insignificant increase of 1.8 percent. Over the same period, self-employment nationally grew from 7.1 to 7.8 percent, an increase of 10 percent;

**FIGURE 5.13**  
**The Composition of Wisconsin's Part-Time Employment, 1979-93**



Source: Authors' Analysis

*in Wisconsin it grew similarly from 10 to 11 percent of the workforce. Nationally, then, in 1993, self-employed and part-time work accounted for 26.6 of the workforce, a 8 percent increase over 1979 levels. In Wisconsin it accounted for 33.5 percent — a significantly greater share, but up only 4 percent from 1979.*

*In one area of “marginal” work — involuntary part-time work — Wisconsin has seen substantial growth, although here the underlying incidence is very low. As Figure 5.13 indicates, involuntary part-time employment in Wisconsin nearly tripled from 1979-93, rising from 1.3 to 3.4 percent of the total workforce.*

*These various data suggest that marginal work is probably a significant drag on wages in Wisconsin, but not a problem which has increased appreciably over the 1979-93 period. The larger source of change in the wages and income of Wisconsin workers over appears to be shifts in the structure of “non-marginal” work — the labor market offering more permanent sorts of employment — to which marginal workers are related. We emphasize, however, that the data reported here are particularly impoverished. We lack good measures of wage and especially benefit levels in the marginal labor market, which may indeed have substantially worsened over the period even as its size remained roughly constant.*

---

# Conclusion

---

**T**he factual conclusions of *The State of Working Wisconsin* need not be restated in any detail. By this point, the basic picture is clear enough. Wages in Wisconsin are sharply down, particularly for the non-college-educated workers that comprise the vast majority of the state's population. Family and household incomes are stagnating, despite increased work effort at these lower wages. Inequality is increasing steadily in the state. Poverty has risen — explosively among children. The tax burden has become a bit more regressive. The low end of the labor market has expanded, and “middle class” working families have been badly squeezed. While reflecting national developments, many of these trends are more pronounced in Wisconsin than elsewhere. Despite the state's spectacular growth and employment rates, its workers are falling behind. The “rising tide” of economic activity is sinking as many boats as it lifts, and most working families are simply treading water — operating at the same income levels that they did twenty years ago, but with more people in each family working for pay.

More pertinent than redrawing this picture is asking how it might be changed. How can we reverse these sorts of trends, and restore some greater measure of economic well-being and equal opportunity to Wisconsin residents? This is the question we wish briefly to consider here.

We approach this question gingerly, both because of our own ignorance and because the issues are politically charged. The mechanisms that produce the sort of economic calamities documented here are imperfectly understood, but they are certainly multiple. There is no “magic bullet.” Any workable solutions, moreover, will involve cooperation among a variety of stakeholders in our economy — government as well as the private sector, labor as well as business, communities and parents as well as firms — who commonly see their interests as opposed. At this point in addressing the problems of Wisconsin labor markets, it may be less useful to offer solutions than to agree that problems in fact exist.

Additional caution is warranted by the limited capacity of any state, operating in a national policy environment it does not control, in a world economy not controlled by any nation, to order its own economy. Wisconsin is not an island, but another boat. And, in substantial measure, any sensible policy is one that simply prepares workers to navigate current uncertainties.

*Even given all this, there is a natural direction to desirable interventions in the economy suggested by the preceding report. The Wisconsin economy is generating a super-abundance of bad jobs, which substantially “solve” the unemployment problem in the state even as the quality of jobs erodes. The real problem which now confronts policymakers, business and labor leaders, and communities is how to improve job quality, while preserving or enhancing access to jobs, under competitive conditions. And, broadly, there are three things that need to happen.*

*Close Off the Low Road: It is possible to make good money by paying workers poor wages. If it is possible for firms to do so, some will choose to, a choice which has the obvious effect of depressing wages. Moreover, firms that take the “low-road” compete away the margins of “high-road” firms, making it difficult for them to take the time and make the investment in equipment and new work organization necessary to get on the high road and stay there. In order to both improve the bottom line for workers, and help build the constituency of more advanced firms in the state, Wisconsin needs to do something to foreclose the low-road option. A direct way of doing so, of course, is to raise mandatory wage levels— for example, by increasing the state’s minimum wage. A less direct way would be to encourage stronger collective bargaining, especially among poorer workers. Removing existing subsidies to low-road firms— transportation policies that encourage their location in low-wage areas serving higher-wage markets, tax abatements and subsidies of all kinds that encourage “sprawl” beyond those markets, direct giveaways of development funds to or public contracts with firms paying below-average wages— would also be a natural step in this direction. Without debating the particular merits of any these methods of limiting the low-road option, the important point is to see the need to do so. There is nothing “naturally” occurring in Wisconsin’s near-full-employment labor markets that is consistently driving up wages. More deliberate intervention and care is required.*

*Help Pave the High Road: To thrive, firms of the sort that are good for Wisconsin — firms paying living wages under competitive conditions— need an institutional infrastructure providing the inputs of advanced production. They require good education and training institutions to generate the skilled workforce upon which they rely, “modernization” services to disseminate best practice within firms trying to get onto the high road, and mechanisms to facilitate their own cross-learning and joint production. These requirements are essentially “public goods” and collective action problems of all kinds keep this sort of institutional infrastructure from arising naturally. While it may be in the interest of any individual firm to have such public goods, it makes little sense for any one firm to make the investment to provide them on its own, and no individual firm has the capacity to provide them even if it wanted. Instead, groups of firms, unions, workers, need to be organized for such provision. Linkages and some measure of cooperation need to be clarified and institutionalized among competing firms, across workers, and between the private sector and the state for this integrated infrastructure to be developed. Wisconsin boasts many “best practice” examples of high-road institutional infrastructure, but at the moment they remain more stand-alone examples than parts of an integrated modernization system. Such an integrated systems needs to be carefully aimed at and constructed.*

*Build Career Ladders: Once, in the days of traditional mass production, less-skilled workers could gain entry to lower-paying jobs that went somewhere. Within firms, especially the unionized firms of the manufacturing sector, “job ladders” marked their progress. Unskilled or semi-skilled labor market participants entered this market at the bottom “rung” of the ladders, and climbed them one rung at a time. The ability to bid on higher rungs was determined by seniority. The availability of new places was determined by firm expansion and/or the movement up and out (owing to transfer or retirement) of those at its very top. Rungs were sufficiently close together that, typically, by the time workers had the seniority needed to move up, they also had the skills to do so. Necessary human capital thus “naturally” accrued in the system through experience on the job. Today, however, this system of orderly progress has widely collapsed. Firms have reduced the total number of job descriptions (stripping rungs from ladders) and have begun to cross-functionally define jobs (ladders have crashed into one another). Accordingly, jobs carry somewhat more demanding human capital requirements, and movement across them is increasingly driven by worker demonstration of specific skills. The result is increased inequality in the labor market (with luck or skill more determinative of labor market position), less regularity in career trajectories, and a more forbidding system for would-be labor market entrants, who can no longer “go down to the factory and sign up” with any confidence either that they have the skills needed for entry level jobs, or that those jobs will naturally put them on a career path of increasing income and security. We see the consequences of the present system in Wisconsin: marginalized workers shifting around in essentially dead-end jobs, and workers within firms unable to advance.*

*What can be done about this? In conjunction with the first two steps recommended above, a natural solution is to build a modern equivalent of the old job ladders — but now on an industry or regional labor market basis. In regional labor markets or industries, employers and training institutions should map desired skill sets, use employee positions in that space as a guide to hiring and career movement, and provide workers with the means to acquire the skills mapped on it. Done systematically, the gains from such an effort are abundant. Employers gain a better-trained workforce, and reduced search costs for new employees. Labor market entrants can get clear signals on how to get started in that market. And incumbent workers can regain some control over their career path, as well as the premise of such control — the existence of paths themselves.*

*These three strategies are strongly complementary, with movement on one effectively requiring movement on the others. Without some effort to raise demands on employers by closing the low road option, fewer than desired will innovate. Without collective support of that innovation, the pace on the high road will be slower than desired, and firms will backslide or fail. Without clear signals to workers on how they can get the tools to participate and gain from the new economy, the new system will not enjoy sufficient social support for the public investments needed to allow it to reach critical mass and take off. Clearly, the task is enormous — implying changes large and small in virtually all aspects of current economic development policy, and the cooperation of economic actors much more accustomed to going it alone or at loggerheads with one another. As in many long journeys, however, strength to make them is gained along the way. What is most difficult — what requires courage — is taking the first step.*



---

# Table and Figure Notes

---

## Frequently Cited Sources

The following abbreviations are used throughout the table and figure notes.

**Census**— U.S. Department of Commerce, Bureau of the Census. 1990, 1980 and 1970 Census of Population and Housing. Summary Tape Files (STF) 1C and 3A and state volumes.

**City and County Data Book**— U.S. Department of Commerce, Bureau of the Census. *County and City Data Book*: 1994.

**CPS**— U.S. Department of Labor, Bureau of Labor Statistics. *Current Population Survey* 1979-1993.

**CPR**— U.S. Department of Commerce, Bureau of the Census. *Current Population Reports* 1979-1993, Series P-60.

**ERP**— *President of the United States*. Washington, D.C.: U.S. Government Printing Office. *Economic Report of the President*.

**Green Book**— *Committee on Ways and Means*, U.S. House of Representatives. U.S. Government Printing Office. 1994 *Green Book: Overview of Entitlement Programs*.

**Kids Count**— The Annie E. Casey Foundation. *Kids Count Data Book*, 1994.

**NBER-CPS**— *National Bureau of Economic Research*. *NBER-CPS Labor Extracts*, 1979-1993.

**Statistical Abstract 1994**— U.S. Department of Commerce, Bureau of the Census. *Statistical Abstract of the United States*: 1994.

## Table Notes

### Chapter 1

- 1.1** *Wisconsin's Increasing Racial Diversity, 1980-90. 1980 and 1990 Census, STF 3A.*

### Chapter 2

- 2.1** *Median Household Income in Wisconsin, the U.S., and Midwestern States. 1970, 1980, and 1990 Census, CPR, 1990, 1991, 1992, 1993.*
- 2.2** *Median Family Income in Wisconsin and the U.S., 1969-89. 1970, 1980, and 1990 Census.*
- 2.3** *Labor Force Participation in Wisconsin and the U.S. The Wisconsin 1970 statistics are from 1970 Census; U.S. 1980, 1990, and 1993 statistics are from U.S. Statistical Abstract 1994, Tables 624 and 619. Wisconsin 1980-93 statistics are from NBER-CPS. For the Wisconsin 1980-93 statistics, the sample is all persons 16 years of age or older. To be designated as in the labor force, a respondent must have answered that he or she was employed or looking for work.*

### Chapter 3

- 3.1** *Individual, Family and Child Poverty in Wisconsin and the U.S. U.S. statistics for individual and family poverty are from ERP, 1995, Table B-31; U.S. statistics for child poverty in 1979 and 1989 are from the Green Book, 1994, Table G34; U.S. statistics for child poverty in 1993 are from CPR 1993, P-60 Series, Table D5. Wisconsin statistics for individual and family poverty in 1979 and 1989 are from the 1980 and 1990 Census; Wisconsin statistics for 1979 and 1989 child poverty are from Kaplan (1994, p.2). Wisconsin statistics for 1993 are from CPS data extracted from the CD ROM produced by the Unicon Research Corporation.*
- 3.2** *Poverty of Families in the Midwest, by Race, 1979 and 1989. 1980 and 1990 Census respective state volumes.*
- 3.3** *Wisconsin Poverty Status of Persons by Race, 1989. 1990 Census STF 3A.*

### Chapter 4

- 4.1** *Average Hourly Wages, Wisconsin and the U.S., by Sex and Race. 1979-93 NBER-CPS. Sample includes all respondents who reported that they were working, reported a wage, and were at least 16 years of age at the time of the survey. Wages are imputed hourly wages if the respondent reported a weekly wage or the respondent's reported hourly wage. Wages are required to be at least \$0.50 per hour in the year of the survey.*
- 4.2** *The Gender Gap in Hourly Wages in Wisconsin and the U.S. NBER-CPS 1979-93. Sample selection is the same as in Table 4.1.*
- 4.3** *Average Hourly Wages in Wisconsin and U.S., by Education. NBER-CPS 1979-93. Sample selection is the same as in Table 4.1.*
- 4.4** *Unemployment in Wisconsin and the U.S., 1989. 1990 Census, STF 1C.*

## Chapter 5

- 5.1** *The Distribution of Wisconsin Workers and Average Wages by Industry, 1979 and 1993.* NBER-CPS 1979-93. *Sample selection is the same as in Table 4.1.*

## Figure Notes

### Chapter 1

- 1.1** *Wisconsin's Income Near National Median, 1993.* CPR, 1993.
- 1.2** *The Gap Between White and Black Income in Wisconsin, 1989.* 1990 Census, STF 3A.
- 1.3** *Wisconsin's Black/ White Gap in Unemployment Rates, 1993.* Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1993.*
- 1.4** *Wisconsin's Poverty Rate Below the National Average, 1993.* CPR, 1993 P-60 Series, Table 25.
- 1.5** *Wisconsin's Black/ White Gap in Child Poverty Rates, 1989.* 1990 Census, STF 3A.
- 1.6** *The College Attainment of Wisconsin's Adults, 1990.* 1990 Census, STF 3A.
- 1.7** *Wisconsin's Above Average Unionization, 1993.* Hirsch and Macpherson, 1994.

### Chapter 2

- 2.1** *Per Capita Income, Wisconsin and the U.S., 1959-94.* Wisconsin Department of Revenue.
- 2.2** *Annual Real Total Per Capita Income Growth, Wisconsin and the U.S., 1959-93.* Wisconsin Department of Revenue.
- 2.3** *Median Family Income, Wisconsin and the U.S., 1947-93.* Department of Commerce, Bureau of the Census, *Housing and Household Economic Statistics Division* [online, available via the World Wide Web at //www.census.gov/ftp/pub/hhes/www/incpov.html and //www.census.gov/ftp/pub/hhes/income/historic/infamdet.html].
- 2.4** *Annual Family Income Growth Rates, Wisconsin and the U.S., 1947-93.* Department of Commerce, Bureau of the Census, *Housing and Household Economic Statistics Division* [online, available via the World Wide Web at //www.census.gov/ftp/pub/hhes/www/incpov.html and //www.census.gov/ftp/pub/hhes/income/historic/infamdet.html].
- 2.5** *The Share of Wisconsin Income Held by Each Fifth of the Income Distribution (1987-89).* Barancik and Shapiro, 1992, Appendix A.
- 2.6** *The Distribution of 1989 Wisconsin Income by Race and Ethnic Group.* 1990 Census STF 3A.

### Chapter 3

- 3.1** *Wisconsin 1989 Child Poverty by Race.* 1990 Census, STF 3A for white, black, Native American, and Asian American rates, and Kaplan, 1994, for Hispanic rate.

## Chapter 4

- 4.1** *Wisconsin's Average Hourly Wage Fell Further Behind the U.S. Average.* NBER-CPS 1979-93. Sample includes all respondents who reported that they were working, reported a wage, and were at least 16 years of age at the time of the survey. Wages are imputed hourly wages if the respondent reported a weekly wage or the respondent's reported hourly wage. Wages are required to be at least \$0.50 per hour in the year of the survey.
- 4.2** *Hourly Wages in Wisconsin and the U.S., for White Men and Black Men.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 4.3** *Hourly Wages in Wisconsin and the U.S., for White Women and Black Women.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 4.4** *Hourly Wages in Wisconsin and the U.S., for Men, by Education.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 4.5** *Hourly Wages in Wisconsin and the U.S., for Women, by Education.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 4.6** *The Share of Wisconsin Workers Earning Poverty Wages and Decent Wages.* NBER-CPS 1979-1993. Poverty wages are reported or imputed hourly wages that are less than \$7.57 in 1994 dollars. Decent wages are those hourly wages which are greater than \$11.57 in 1994 dollars. Sample selection is the same as in Figure 4.1.
- 4.7** *The Share of Wisconsin Workers Earning Poverty Wages by Sex and Race.* NBER-CPS 1979-93. Sample selection and definitions are the same as in Figure 4.6.
- 4.8** *The Share of Wisconsin Workers Earning Decent Wages by Sex and Race.* NBER-CPS 1979-93. Sample selection and definitions are the same as in Figure 4.7.

## Chapter 5

- 5.1** *The 1979 Employment Distribution of Wisconsin Workers.* NBER-CPS 1979. Sample selection is the same as in Figure 4.1.
- 5.2** *The 1993 Employment Distribution of Wisconsin Workers.* NBER-CPS 1993. Sample selection is the same as in Figure 4.1.
- 5.3** *Change in Wisconsin Wages, 1979-93, Selected Industries.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 5.4** *The 1979 Employment Distribution of Wisconsin Men.* NBER-CPS 1979. Sample selection is the same as in Figure 4.1.
- 5.5** *The 1993 Employment Distribution of Wisconsin Men.* NBER-CPS 1993. Sample selection is the same as in Figure 4.1.
- 5.6** *Change in Men's Wages, 1979-93, Selected Industries.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 5.7** *The 1979 Employment Distribution of Wisconsin Women.* NBER-CPS 1979. Sample selection is the same as in Figure 4.1.
- 5.8** *The 1993 Employment Distribution of Wisconsin Women.* NBER-CPS 1993. Sample selection is the same as in Figure 4.1.
- 5.9** *Change in Women's Wages, 1979-93, Selected Industries.* NBER-CPS 1979-93. Sample selection is the same as in Figure 4.1.
- 5.10** *Private Sector Unionization Rates, Wisconsin and U.S. Hirsch and Macpherson, 1994.*

- 
- 5.11** *Unionization Rates in Private Sector Manufacturing, Wisconsin and U.S.* Hirsch and Macpherson, 1994.
- 5.12** *Public, Private, and Total Unionization Rates in Wisconsin.* Hirsch and Macpherson, 1994.
- 5.13** *The Composition of Wisconsin's Part-Time Employment, 1979-93.* NBER-CPS 1979-93. Sample is all workers over the age of 16 who reported working. Part-time employment designation is given to all workers who reported working less than 35 hours a week.

---

# Bibliography

---

- Annie E. Casey Foundation. 1995. *KIDS COUNT Data Book*. Baltimore, MD: The Annie E. Casey Foundation.
- Baker, Dean and Lawrence Mishel. 1995. "Profits Up, Wages Down: Worker Losses Yield Big Gains for Business." *EPI Briefing Paper*, Washington D.C.: Economic Policy Institute.
- Barancik, Scott and Isaac Shapiro. 1992. *Where Have all the Dollars Gone? A State-by-State Analysis of Income Disparities Over the 1980s*. Washington D.C.: Center on Budget and Policy Priorities.
- Bernstein, Jared. 1995. *Unpublished Data*. Economic Policy Institute.
- Bound, John and Richard Freeman. 1992. "What Went Wrong? The Erosion of Relative Earnings and Employment Among Young Black Men in the 1980s," *Quarterly Journal of Economics*, CVII, pp. 201-32.
- Cancian, Maria and Daniel Meyer. 1995. "A Profile of the AFDC Caseload in Wisconsin: Implications for a Work-Based Welfare Reform Strategy." *Madison, Wisconsin: Institute for Research on Poverty*, SR #67.
- Corporation for Enterprise Development (CFED). 1994. *The 1994 Development Report Card for the States. Eighth Edition*. Washington D.C.: Corporation for Enterprise Development.
- Danziger, Sheldon and Peter Gottschalk. 1993. *Uneven Tides: Rising Inequality in America*. New York: Russell Sage Foundation.
- Freeman, Richard. 1993. "How Much Has De-Unionization Contributed to the Rise in Male Earnings Inequality?" in *Uneven Tides: Rising Inequality in America*. Sheldon Danziger and Peter Gottschalk, eds. New York: Russell Sage Foundation, pp. 133-163.
- Gifford, Courtney. 1994. *Directory of U.S. Labor Organizations, 1994-95 Edition*. Washington, D.C.: The Bureau of National Affairs, Inc.

- Gordon, Jennifer. 1993. *1993 Wisconsin Tax Climate*. Third Edition. Madison Wisconsin: Public Expenditure Research Foundation (May).
- Hirsch, Barry and David Macpherson. 1994. *Union Membership and Earnings: Data Book 1993: Compilations from the Current Population Survey*. Washington D.C.: The Bureau of National Affairs, Inc.
- Kaplan, Tom. 1994. *WISKIDS Count Data Book 1994*. Madison, Wisconsin: The Wisconsin Council on Children and Families.
- Kenworthy, Lane. 1995. *In Search of National Economic Success*. Thousand Oaks, CA: Sage Publications.
- McIntyre, Robert, Michael Ettlinger, Douglas Kelly, and Elizabeth Fray. 1991. *A Far Cry From Fair*. Washington D.C.: Citizens for Tax Justice (April).
- Mishel, Lawrence and Jared Bernstein. 1994. *The State of Working America, 1994-95*. Armonk, N.Y.: M.E. Sharpe.
- Moore, Craig. 1995. "The Wages and Characteristics of Subcontracted Workers." Unpublished Manuscript. University of Wisconsin-Madison.
- Murphy, Kevin and Finis Welch. 1993. "Industrial Change and the Rising Importance of Skill." in *Uneven Tides: Rising Inequality in America*. Sheldon Danziger and Peter Gottschalk, eds. New York: Russell Sage Foundation, pp. 101-132.
- National Bureau of Economic Research. 1994. *CPS Labor Extracts, 1979-1993, Second Edition*, [CD ROM]. Cambridge, Massachusetts: National Bureau of Economic Research [distributor].
- Nichols, Donald. 1995. "Growth Patterns in Wisconsin." La Follette Report, Madison, Wisconsin: Board of Regents of the University of Wisconsin System.
- President of the United States. *Economic Report of the President, various years*. Washington, D.C.: U.S. Government Printing Office.
- Rosen, Michael. 1994. "Public Investment; Private Gain: A Review of Wisconsin's Corporate Tax Expenditure Budget from Fiscal Years 1974 to 1994." *Institute for Wisconsin's Future, Milwaukee, Wisconsin*.
- Schwarz, John E. and Thomas Volgy. 1992. *The American Prospect*, Spring, 1992, pp. 67-73.
- Smeeding, Timothy M. 1992. "Why the U.S. Antipoverty System Doesn't Work Very Well." *Challenge*, Vol. 35, No. 1, pp. 30-35.

Unicon Research Corporation. 1994. *The CPS Utilities March 1964-1994*, [CD ROM].  
Santa Monica, California: Unicon Research Corporation [distributor].

U.S. Department of Labor, Bureau of Labor Statistics. 1993. *Geographic Profile of Employment and Unemployment*. Washington D.C.: U.S. Government Printing Office.

U.S. Department of Labor, Bureau of Labor Statistics. *Current Population Survey, various years*. Washington D.C.: U.S. Department of Commerce.

U.S. Department of Commerce, Bureau of the Census. *Census of Population and Housing, various years. Summary Tape Files (STF) 1C and 3A; and state volumes*. Washington, D.C.: U.S. Government Printing Office.

U.S. Department of Commerce, Bureau of the Census. *Current Population Reports, Series P-60, various dates*. Washington, D.C.: U.S. Government Printing Office.

Wiseman, Michael. 1995 "Lessons for block grants from the welfare waiver demonstrations." *Focus, Institute for Research on Poverty (Madison, Wisconsin)*, Volume 17, No. 1, Summer, pp. 39-40.