
The State of Working Wisconsin

**Laura Dresser
Joel Rogers**

Center on Wisconsin Strategy

8116 Social Science, University of Wisconsin-Madison, Madison, WI 53706-1393
TEL 608-263-3889 FAX 608-262-9046 INTERNET <http://www.cows.org/>

The Center on Wisconsin Strategy (COWS)

The Center on Wisconsin Strategy (COWS), based at the University of Wisconsin-Madison with a field office in Milwaukee, is a research and policy center dedicated to improving economic performance and living standards in the State of Wisconsin. COWS conducts research on regional economic trends; generates ideas for alternative economic development; works with business, labor, and communities to implement those policies; and draws policy lessons from that experience for application. Uniting independent university research with public purpose, COWS seeks to put the “Wisconsin Idea” into practice.

Authors

Laura Dresser is a labor economist and the research director of COWS. She has contributed to COWS labor market projects in Dane County and Milwaukee and was a co-author of the first two editions of the *State of Working Wisconsin*. She has published articles on changing labor market opportunities of young black women, urban jobs strategies, and women’s economic history. Her research and policy focus includes improving labor market opportunities for low-income women, regional labor market systems, and service sector productivity.

Joel Rogers is the John D. MacArthur Professor of Law, Political Science, and Sociology at the University of Wisconsin-Madison, and the founder and director of COWS. Rogers, author of the previous two editions of *State of Working Wisconsin*, has written widely on American politics and public policy, political theory, and U.S. and comparative industrial relations. His most recent books are *What Workers Want* (Cornell, 1999), *Metro Futures: Economic Solutions for the Cities and their Suburbs* (Beacon, 1999) and *America’s Forgotten Majority: Why the White Working Class Still Matters* (Basic, 2000). A contributing editor of *The Nation* and *Boston Review*, a MacArthur Foundation Fellow, and a longtime social and political activist as well as academic, he was identified by *Newsweek* as one of the 100 Americans most likely to affect U.S. politics and culture in the 21st century.

Acknowledgments

Our release of this report corresponds with the national release of ***The State of Working America, 2000-2001*** by the Economic Policy Institute, a non-partisan research institute in Washington, D.C. We thank EPI for their generous support of this project in the form of data and other technical assistance. We also thank the Ford Foundation and the University of Wisconsin-Madison for their support.

Thanks also to Annette Bernhardt, Scott Mangum, and Matthew Zeidenberg for research and analysis.

Table of Contents

Executive Summary	i
1. Growth, Unemployment, and the Workforce	1
Wisconsin's Economic Growth	2
Wisconsin's Industrial Base	4
Wisconsin Population and Workforce	5
Counties in Wisconsin	8
The Ingredients for a Lasting Labor Shortage	9
2. Income & Poverty	11
Rising Median Income for Four Person Families	12
The Time Crunch	14
Poverty	14
Playing by the Rules, but Barely Getting By	16
3. Income Inequality and State Taxes	19
Growing Income Inequality in Wisconsin	19
Inequality of Wealth is Even More Extreme	21
The State's Tax Structure Exacerbates Income Inequality	22
You Get What You Pay For	24
4. Wages in Wisconsin	25
Trends in Wisconsin Wages	25
The Gender Gap in Wages	28
The Race Gap	31
The Education Gap	32
Wages, Industries, and Unions	33
5. Poverty-Wage Jobs	37
The Growth in Poverty-Wage Jobs	37
What Makes for Bad Job Quality?	40
The Geography of Poverty Wages	44
6. Toward a Policy Agenda for Working Wisconsin	47
Building the High Road in Wisconsin	49
Improve Job Quality in the State	49
Support Working Families	51
Reduce Racial Disparity by Focusing on Education and Training	53
Rebuild Our Metro Areas and Discourage Statewide Sprawl	53

Data Sources & Methodology	55
Current Population Survey & Decennial Census	55
Real Median Wages	56
Table & Figure Notes	57
Frequently Cited Sources	57
Table Notes	57
Figure Notes	59
County Data	61

Executive Summary

The economic expansion that began in 1991 has turned out to be longer and stronger than any other in American history. Over the last five years, economic growth and declining unemployment rates have started to bear fruit for working families' incomes. Even so, the typical American family is working more hours, wage inequality remains high, poverty has stagnated rather than fallen, and poor job quality is still a serious American problem.

Where do Wisconsin workers and families stand in this picture? Are we doing better or worse than the national average, better or worse than our own recent past? How equally are we distributing the fruits of growth, and have things improved for our poorest workers?

The State of Working Wisconsin, 2000 is our attempt to answer these questions with the best and most recent information available. Drawing on a wide variety of data we find that median family income and median wages are up and growing in the 1990s. Still, there is cause for concern: our families are working longer hours, income inequality here is on the rise, and many of Wisconsin's workers remain stuck in low-wage jobs.

These findings are summarized here and detailed in the full report. First, a word about "income" and "wages." **Income** means all sources of money — wages, salaries, interest, dividends, and cash entitlements — available to a family. The **median** family is exactly at the middle of the income distribution: half of families have higher income, and half have lower. **Wages** refer to the hourly earnings of an individual's primary job. Wages, therefore, measure how individual workers are faring, and more importantly, the quality of the jobs they hold.

Key Findings

The median family income in Wisconsin is up and has recently been growing at almost double the national rate.

For the nation as a whole, the annual growth rate of family income in the 1990s was 0.5 percent. But Wisconsin nearly doubled that rate, with incomes growing by 0.9 percent each year. This is clearly good news, news that is shared with the rest of the region.

Nevertheless, it is worth remembering that annual income growth of greater than 2 percent was the *norm* in the first 30 years of the post-war period. So the performance of the late-1990s is very good by recent standards, but compared to what many working families grew up expecting, even these improved rates of growth are sluggish.

Moreover, the hours that American families work are at an all-time high. The median American family with two children has the equivalent of 1.73 full-time workers, committing 3,600 hours to the labor force per year; we know that the work ethic in Wisconsin is even stronger.

Median Income for Four Person Families: U.S., Wisconsin, and Peer States, 1979–98

(1998 dollars)

	1979	1989	1998	Annual Growth Rate	
				1979–89	1989–98
U.S.	\$ 49,330	\$ 53,584	\$ 56,061	0.8 %	0.5 %
Wisconsin	51,803	53,313	57,890	0.3	0.9
Illinois	53,449	56,010	61,672	0.5	1.1
Indiana	49,812	50,216	55,284	0.1	1.1
Iowa	49,708	48,290	53,230	- 0.3	1.1
Michigan	53,794	56,294	59,019	0.5	0.5
Minnesota	53,766	55,689	67,140	0.4	2.1

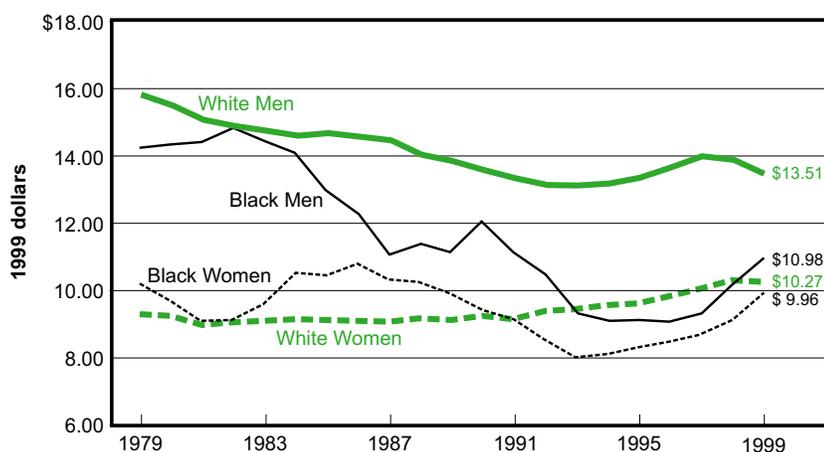
Source: Economic Policy Institute.

Overall, median wages are moving upward, but are down from 1979 for white men, African-Americans, and full-time workers.

Median wages have increased every year since 1995 and are now back at their levels of a decade ago. Even so, the median wage in Wisconsin remains nearly 5 percent below the level of 1979 — despite all the improvements in workforce education and productivity since that time. Trends are more sobering when viewed by race and gender groups, with blacks and white men in the state substantially below their 1979 wages.

The wage status of full-time workers is of particular interest, because they are more likely to be family “breadwinners.” Wages for this group went up only \$0.20 per hour from 1989–99: a two-cent increase each year for the decade. This slight gain still leaves Wisconsin’s breadwinners fully 9.4 percent below their median wage in 1979. Disturbingly — and paradoxically — those working the most in our economy are gaining the least from it.

Median Hourly Wages in Wisconsin, 1979–99
(1999 dollars)



Source: Authors’ Analysis of Current Population Survey (CPS) data.

Median Hourly Wage for All and Full Time Workers, Wisconsin, 1979–99
(1999 dollars)

	Median Hourly Wage			Percent Change	
	1979	1989	1999	1979–99	1989–99
Full-Time Workers	\$ 13.87	\$ 12.36	\$ 12.56	- 9.4 %	1.7 %
All Workers	12.43	11.07	11.84	- 4.7	7.0

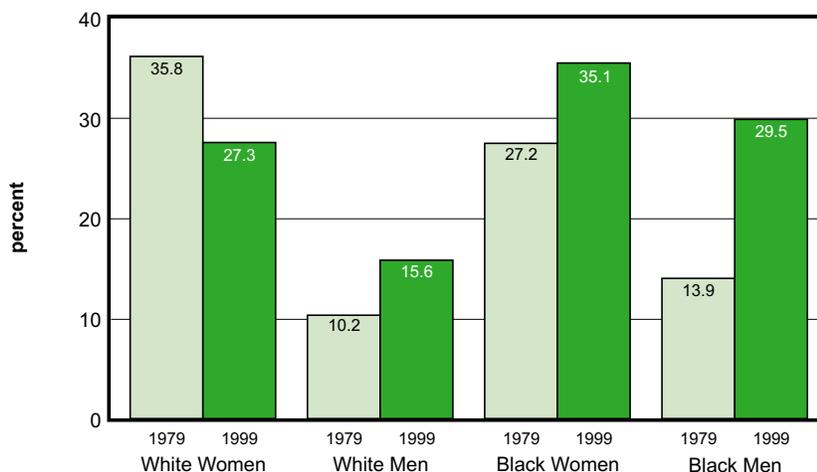
Source: Authors’ Analysis of CPS data.

While many of our residents are celebrating the state's new prosperity, significant numbers are still locked out of jobs that pay family-supporting wages.

Wisconsin's workers are playing by the rules, yet many are stuck in poverty-wage jobs — jobs paying a wage insufficient to lift even a full-time, year-round worker to the poverty line for a family of four with two children. In 1999 dollars, this wage was \$8.12 an hour or less.

Only white women have seen a decline in jobs paying below the poverty line, down from 36 percent in 1979 to 27 percent in 1999. For the rest, however, poverty-wage employment has actually increased. We are now at the point where roughly a third of black workers do not hold jobs paying above the poverty line, and the percentage of white men with poverty-wage jobs has increased by 50 percent over the last two decades.

Percent of Wisconsin Workers Holding Poverty Wage Jobs, 1979–99
(wages less than \$8.12/hr., 1999 dollars)



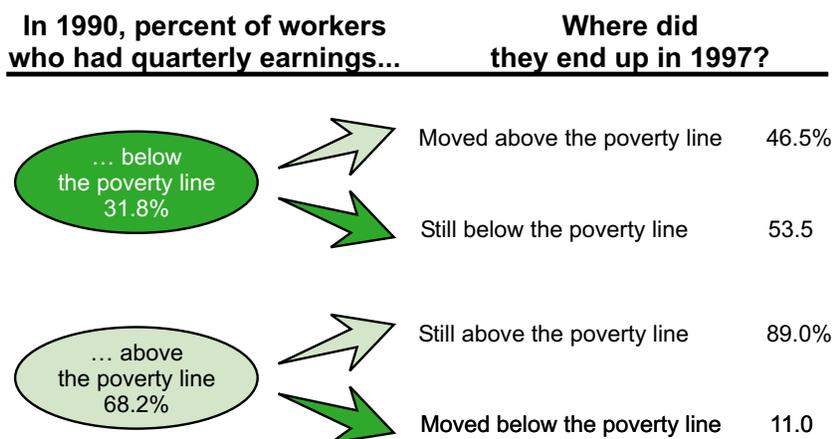
Source: Authors' Analysis of CPS data.

Job quality is a problem in Wisconsin for a number of reasons, including:

- the growth of low-wage service industries;
- the large number of entry-level, non-unionized jobs;
- lack of access to full-time work; and
- the fact that low-wage jobs often “trap” workers.

On this final point, low-wage jobs not only pay very little, but over the long run, they often lead to low-wage careers, even in the prosperous ‘90s. In 1990, almost a third (31.8 percent) of Wisconsin workers had quarterly earnings that fell below the poverty line. Eight years later, more than half of those (53.5 percent) still had earnings below the poverty line. By contrast, of the workers who in 1990 held a higher paying job, the vast majority (89 percent) still did in 1997.

The Persistence of Low Earnings Over Time in Wisconsin

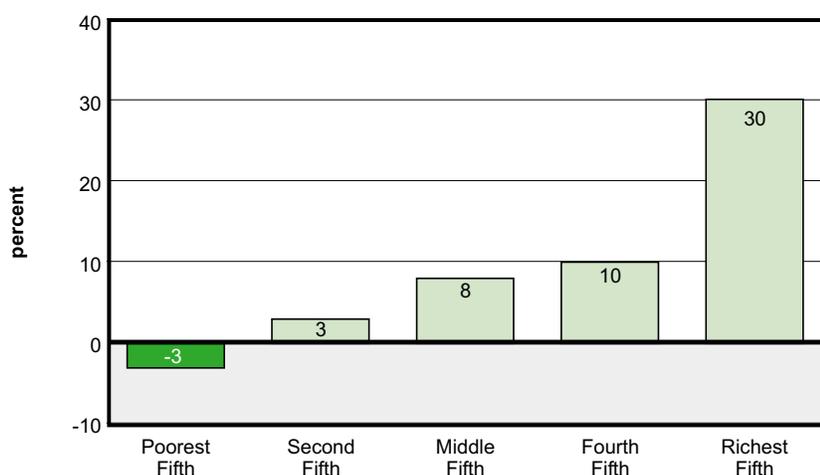


Source: Authors' Analysis of Unemployment Insurance Records, 1990–97.

The strong Wisconsin economy masks growing inequality.

From the late 1970s to the late 1990s, the average real income of Wisconsin families in the bottom fifth of earnings fell 3 percent, to \$17,324. By contrast, families in the top quintile saw their average income rise over 30 percent, to \$141,588. In the middle of the income distribution, the median family fared better than the bottom, but not as well as the top.

Income Change for Wisconsin Families, Late 1970s to Late 1990s
(percent change)



Source: Pulling Apart, Economic Policy Institute and the Center on Budget and Policy Priorities, 2000.

Building a High Road Economy

Preserving Wisconsin's traditions, and extending and sustaining our economic prosperity, requires an agenda to improve the quality of jobs, support working families, reduce racial disparity, and strengthen our cities.

Improve Job Quality

- Increase the state's **minimum wage** and index it for inflation
- Support and expand **unionization** by improving opportunities for collective bargaining
- Improve and expand **workforce development and training initiatives**
- Improve **accountability in state and local economic development** programs through mandatory scoring and reporting criteria
- Encourage and increase **employee ownership** through regional investment funds, stock ownership plans, and worker cooperatives

Support Working Families

- Adjust the federal **Earned Income Tax Credit** (EITC) so it phases out more slowly (as income increases), and expand the credit for married two-earner couples
- Expand access to state **child care** assistance and support initiatives to improve the quality of jobs for child care workers
- Extend **health insurance** coverage by improving Badger Care enrollment and eligibility
- Reform Wisconsin's **tax system** to make it more progressive

Reduce Racial Disparity by Focusing on Education and Training

- Reform the current system of **funding primary education** and modify revenue caps to ensure educational attainment is based on ability rather than zip code
- Prepare **non-college bound high school students** for the transition from school to work

Rebuild Metro Areas and Discourage Statewide Sprawl

- Encourage regional policies that capture natural linkages in our metro areas and promote **regional equity**
- Promote **cooperative urban redevelopment strategies** that create family supporting jobs and return economic opportunity lost to suburban sprawl
- Use the state's recently enacted **Comprehensive Planning** law to control growth and reduce costly, inefficient development
- Improve our use of federal **transportation enhancement** funds

Pursuing such a course would bring great benefit to the state, but perhaps the most important result of this report will be increasing civic dialogue about the state of working Wisconsin. Only when we all know the facts can we get to work solving the problems.

1. Growth, Unemployment, and the Workforce

Across the nation, working families were disappointed by the early years of the 1990s economic expansion. Their incomes and wages stagnated and poverty rates increased, despite low unemployment. The period was one of worker insecurity, downsizing, and low productivity growth. The press reported widely on the “jobless recovery,” as families found themselves stressed, fearful of job loss, and working more hours simply to tread water.

But the expansion that began in 1991 has turned out to be longer and stronger than any other in American history. Over the last five years, economic growth and ever declining unemployment rates have begun to bear fruit: wages are up, especially at the bottom of the labor market; new workers are being drawn into the labor force; and workers are moving from substandard, irregular jobs to more permanent and more regular jobs. This turnaround from the widespread wage declines of the 1980s and early 1990s is long-awaited good news for working Americans.

Even so, the typical American family is working more hours, is taking on historic household debt burdens, and often fails to receive adequate health care and pension coverage. And some long-term problems cannot be reversed by such a brief period. Wage inequality remains high, poverty has stagnated rather than fallen, and poor job quality, especially as measured by the share of workers with very low-wage jobs, is still a substantial American problem.

These national trends are documented and described in *The State of Working America 2000-2001*, by economists Lawrence Mishel, Jared Bernstein, and John Schmitt, which is the latest edition of a report that the Economic Policy Institute in Washington, DC, produces every two years.

Where do Wisconsin workers and families stand in this picture? Is the long economic expansion also paying off here in the Badger State? Are we doing better or worse than the national average, better or worse than our own recent past? What are the trends in wages and income in our state? How equally are we distributing the fruits of growth, and have things improved for our poorest workers?

The State of Working Wisconsin, 2000 is our attempt to answer these questions with the best and most recent data available. Drawing on a wide variety of data on family incomes, taxes, wages, unemployment, and poverty, it examines the impact of today's economy on Wisconsin workers and families.

This is our third edition of *The State of Working Wisconsin*, first issued in 1996 and again in 1998. In the past, we showed that many of the most distressing national trends in workers' economic well-being were also evident in Wisconsin. Indeed, we found that in many ways Wisconsin workers had been more badly hit than workers nationally.

In this edition of *The State of Working Wisconsin* — which relies on data through 1999 — we are happy to report some better news. The last five years of expansion have positively affected earnings; in some areas Wisconsin is a national leader in their rebound. Even so, challenges remain, especially in terms of economic inequality and job quality in the state.

In succeeding chapters, we will examine income, wage, and job trends in much greater detail. By way of introduction and background to that discussion, however, we use the rest of this chapter to offer an overview of the Wisconsin economy, sketching the industrial structure of the state and its performance on a variety of conventional measures of economic strength. We begin with familiar measures — per capita income, unemployment, industrial distribution, and workforce demographics. In the succeeding chapters we move rapidly onto other measures of the well-being of working families in the state, including family income, poverty, and inequality (Chapters 2 and 3). After that, we look at the source of these broader trends in income and poverty: trends in wage rates at work and the quality of jobs in the state (Chapters 4 and 5). We close with some suggestions for policies that can help improve the lot of working families in Wisconsin.

In some cases it is useful to compare Wisconsin's experience to national trends, and we do so throughout the report. At times it is also useful to consider Wisconsin's performance compared to a handful of peer states; for these purposes, we show data from neighboring states — Illinois, Indiana, Iowa, Michigan, and Minnesota — in order to help illuminate regional trends and instances where Wisconsin stands out from the trends.

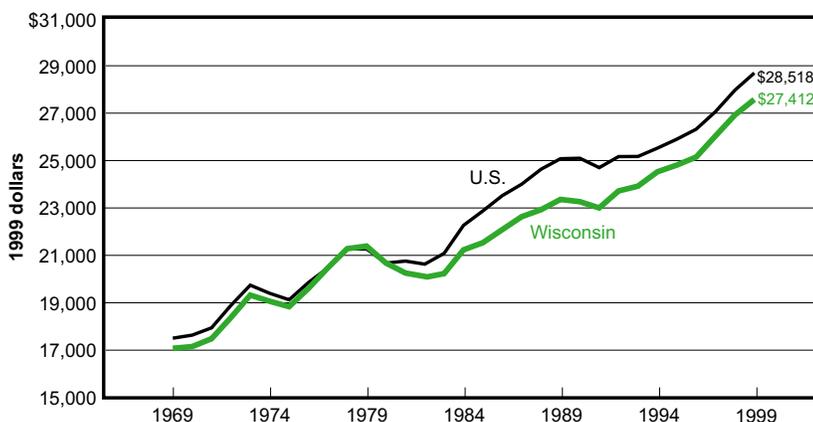
Wisconsin's Economic Growth

Figures 1.1 and 1.2 summarize the now familiar strengths of Wisconsin's economy: relatively strong economic growth (shown by per capita income growth) and a relatively tight labor market (shown by low unemployment rates). Strong growth and low unemployment have dominated the state's economic news over the last decade.

Wisconsin's economy has grown at above average rates in recent years. For states, the most up-to-date growth figures are provided by growth in per capita personal income, which correlates closely with the more conventional measure of "product" — or the value of goods and services produced. Figure 1.1 displays such income figures for Wisconsin and the U.S. since 1969. What it shows is that our economy, and that of the U.S., has grown by more than 60 percent over the past 30 years; that Wisconsin remains a bit below the U.S. average in per capita income; that we fell behind during the early 1980s recession; and that in recent years our per capita income has grown faster, helping to close the gap that the 1980s produced.

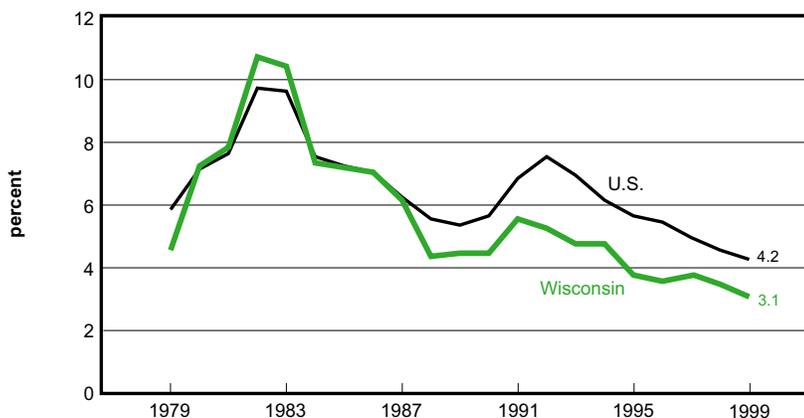
These strong income growth figures over the past several years, in turn, are matched by strong growth in the number of jobs and low unemployment rates. As Figure 1.2 shows, Wisconsin unemployment rates have historically been below national rates (again with the exception of a few "rust belt" years in the early 1980s). In recent years, however, the gap has

Figure 1.1
Economic Growth, Wisconsin & U.S., 1969–99
 (annual real per capita personal income)



Source: U.S. Bureau of Economic Analysis.

Figure 1.2
Unemployment, Wisconsin & U.S., 1979–99



Source: U.S. Bureau of Economic Analysis.

been more substantial than in the past. In 1999, Wisconsin’s unemployment rate was 12th lowest in the nation, at 3.1 percent, and almost 30 percent below the national rate of 4.2 percent.

Like Wisconsin, the entire Midwest region has posted relatively low unemployment rates in recent years. This is a substantial and welcome turnaround from the 1980s when the region was saddled with high unemployment. While Wisconsin’s 3.1 percent rate is a historic low for the state, Minnesota, Indiana, and Iowa all have unemployment *below* 3.1 percent. The region’s more heavily industrialized and urbanized states — Illinois and

Table 1.1
Employment and Employment Growth in the Midwest, 1969–99
 (thousands)

	<i>Employment</i>				<i>Percent Growth</i>		
	1969	1979	1989	1999	1969–79	1979–89	1989–99
Wisconsin	1,525	1,960	2,236	2,743	28.5 %	14.1 %	22.6 %
Illinois	4,376	4,880	5,214	5,966	11.5	6.8	14.4
Indiana	1,880	2,236	2,479	2,953	18.9	10.9	19.1
Iowa	873	1,132	1,200	1,483	29.6	6.0	23.6
Michigan	3,081	3,637	3,922	4,566	18.0	7.8	16.4
Minnesota	1,300	1,767	2,087	2,611	35.9	18.1	25.1

Source: Economic Policy Institute.

Michigan — still post higher unemployment rates than Wisconsin, but their unemployment has declined most substantially during the decade.

Low unemployment rates are related to the region’s strong employment growth in the 1990s. While only the Northeast posted strong job gains in the 1980s, in the 1990s, jobs grew rapidly in the Midwest, especially in manufacturing in the early part of the decade and services throughout the decade. Table 1.1 shows that only Minnesota and Iowa have exceeded Wisconsin’s job growth in the 1990s. From 1989 to 1999, Wisconsin added more than half a million new jobs for growth in total employment of nearly 23 percent over the decade.

Economic growth and unemployment rates are key indicators of economic well-being and they receive quite a bit of attention. But as a summary of the entire economy, they are simply too crude. Net economic growth tells us nothing about how the benefits of growth are being distributed. Low unemployment tells us nothing of the quality of jobs that people hold. The rest of this report is devoted to drawing a broader, and more complete, picture of the standard of living of Wisconsin families and how it has changed over the last years.

Wisconsin’s Industrial Base

Wisconsin’s workforce numbers about 3 million. Table 1.2 shows the 1998 distribution of employment, by sector, of the 2.6 million workers covered by unemployment insurance. It shows, as is the case nationally, that our economy is dominated by services of different kinds, and maintains a very large manufacturing sector. In fact, nearly one-in-four workers hold jobs in the state’s service sector, and nearly one-in-four also hold jobs in manufacturing. The rest of the state’s workforce — just over half — is spread across diverse sectors, with a substantial share working in retail trade and government (which follow manufacturing and services as key sectors for employment).

Manufacturing provides the largest base of well-paid jobs in the state, offering earnings of \$700 per week, or about \$36,400 per year on the average. This is substantially above the state average of \$591 per week. Other high wage sectors include wholesale trade

Table 1.2

Wisconsin Employment, Wages and Number of Establishments, by Industry, 1998
(workers covered by unemployment insurance, 1998 dollars)

<i>Industry</i>	<i>Employment</i>	<i>Weekly Wage</i>	<i>Establishments</i>
Agriculture, Forestry, Fishing	25,946	\$ 397.10	3270
Mining	2803	746.60	177
Construction	113,068	679.27	15,571
Manufacturing	618,992	700.17	11,172
Transportation, Communication, and Public Utilities	122,863	630.76	7023
Wholesale Trade	136,592	701.49	12,903
Retail Trade	477,031	274.86	28,742
Finance, Insurance, & Real Estate (FIRE)	141,629	698.38	11,461
Services	645,846	477.59	44,890
Government	345,114	600.48	6941
TOTAL	2,634,490	\$590.67	144,975

Source: Wisconsin Department of Workforce Development.

(\$701 per week), mining (\$747), construction (\$679), and finance, insurance and real estate (\$698). On average, service jobs pay substantially less than these sectors, \$477 a week (about \$25,000 a year), and at \$275 per week, retail trade offers the lowest average weekly wage of the state's industries. It is worth noting that average *weekly* wages are low in the service and retail sectors due to the preponderance of part-time work in those sectors, in addition to the low wages they tend to offer. Subsequent chapters on wages and the quality of jobs in the state will go into these issues in greater detail.

Wisconsin Population and Workforce

With 5.25 million residents, Wisconsin has posted strong population growth over the last decade. As shown in Table 1.3, from 1990 to 1999, the state grew 7.3 percent, adding more than 358,000 residents. Though that is substantial growth, Wisconsin's population increase was still exceeded by the national rate of 9.6 percent over the same period. In general, growth in the Midwest has lagged behind that of states in the South and West, which are attracting a greater share of immigrants. However, among peer states, Wisconsin's population growth from 1990-99 leads all except Minnesota.

As shown by Table 1.4, while Wisconsin remains overwhelmingly white in racial composition — 90 percent here, as against 82 percent nationally — minority populations are growing most rapidly. While 2000 Census data on the racial and ethnic makeup of the state are not yet available, the 1999 estimates in Table 1.4 imply a growing economic (as well as social) need to pay attention to diversity in our communities and workplaces.

Table 1.3
Population and Population Growth, U.S., Wisconsin, & Peer States, 1990–99

	1990 Population	1999 Population (EST.)	Percentage Growth
U.S.	248,790,925	272,690,813	9.6 %
Wisconsin	4,891,954	5,250,446	7.3
Illinois	11,430,602	12,128,370	6.1
Indiana	5,544,156	5,942,901	7.2
Iowa	2,776,831	2,869,413	3.3
Michigan	9,295,287	9,863,775	6.1
Minnesota	4,375,665	4,775,508	9.1

Source: U.S. Census.

Table 1.4
Wisconsin's Population Growth by Race, 1990–99

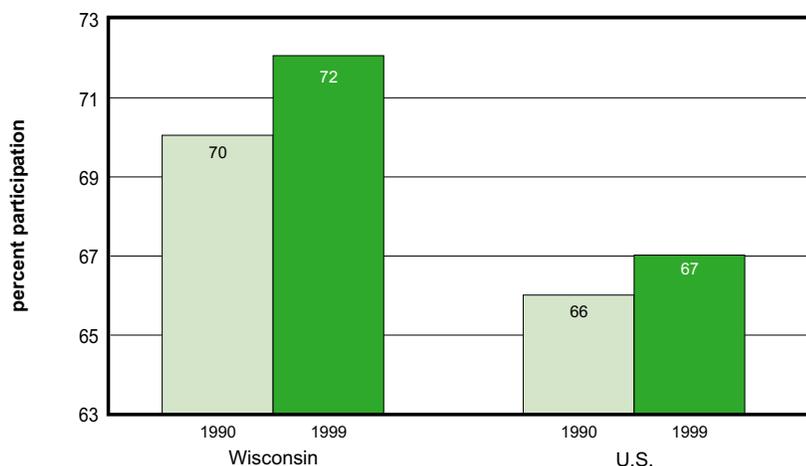
	1990 Population	1999 Population (EST.)	Percentage Change
White	4,466,254	4,701,123	5.3 %
Black	246,797	293,367	18.9
Native American	40,588	46,830	15.4
Asian and Pacific Islander	54,217	83,265	53.6
Hispanic	84,098	125,861	49.7
TOTAL	4,891,954	5,250,446	7.3

Source: U.S. Census.

Here in Wisconsin, we have traditionally taken pride in our “work ethic” — the willingness and desire of our workers to go the extra distance for employers, to take pride and satisfaction in doing a job right, to do an honest day’s work for an honest day’s pay. Labor force participation data for Wisconsin, in Figure 1.3, show that this work ethic is alive and well. Wisconsin residents are substantially more likely to be in the labor force than adults in other states. Our labor force participation rates grew from 70 to 72 percent between 1990 and 1999. Nationally, labor force participation grew from 66 to 67 percent in the same period.

Table 1.5 shows the labor force participation breakdown by gender. Wisconsin men participate at a 78 percent rate, compared to 74 percent for men nationally; Wisconsin women participate at a 67 percent rate, compared to 60 percent nationally. This table makes it clear that increasing labor force participation rates in the state owe substantially to increasing participation by Wisconsin’s women.

Figure 1.3
Labor Force Participation, Wisconsin & U.S., 1990 & 1999



Source: Authors' Analysis, CPS (NBER).

Table 1.5
Labor Force Participation, Wisconsin & U.S., 1970–99

	<i>All</i>		<i>Women</i>		<i>Men</i>	
	<i>Wisconsin</i>	<i>U.S.</i>	<i>Wisconsin</i>	<i>U.S.</i>	<i>Wisconsin</i>	<i>U.S.</i>
1970	59 %	60 %	43 %	43 %	77 %	80 %
1980	67	64	55	51	79	77
1990	70	66	63	57	78	76
1999	72	67	67	60	78	74

Source: Authors' Analysis, CPS (NBER).

In addition to their work ethic, Wisconsin workers are distinguished by above-average educational attainment. Wisconsin is a national leader for its high school graduation rate, and at the upper reaches of education, the Wisconsin Technical College System (WTCS) and the University of Wisconsin are both considered national leaders in post-secondary institutions. And WTCS and University Extension support unusually high levels of continuing education among adults. WTCS alone, for example, serves more than 430,000 Wisconsin adults annually — one-in-nine adults.

Table 1.6
Educational Attainment of Wisconsin Workers, 1979 & 1999

	Wisconsin		U.S.	
	1979	1999	1979	1999
No H.S. Degree	14.4 %	8.4 %	20.0 %	10.8 %
H.S. Degree	47.3	37.1	38.5	32.3
1-3 years Post H.S.	21.3	29.9	22.8	29.6
College Degree	16.9	24.7	18.6	27.3

Source: Authors' Analysis, CPS (EPI).

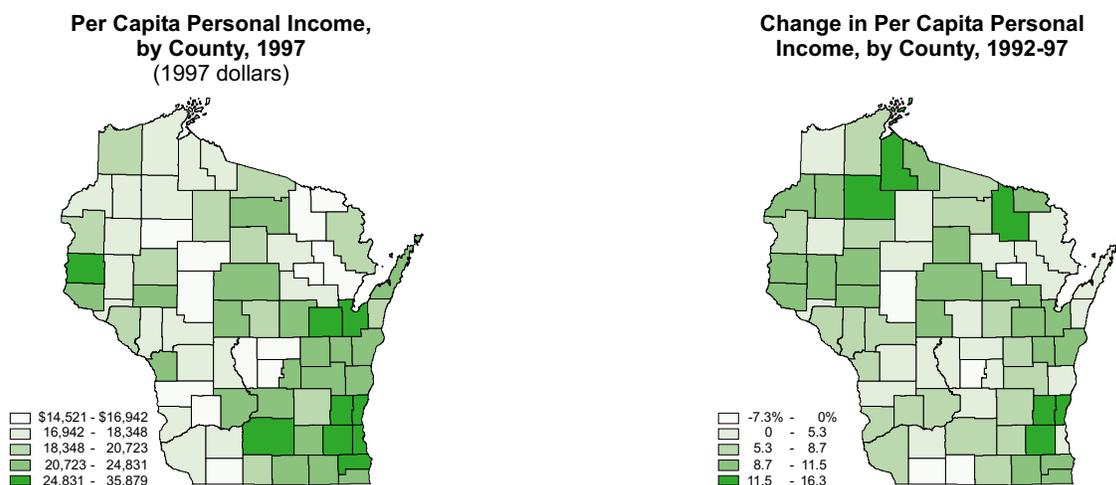
Educational attainment in Wisconsin has also increased substantially in recent years. Over 1979–99, as indicated in Table 1.6, the share of the workforce without high school degrees nearly halved, the share with some post-secondary training short of college degrees grew dramatically, and the share with college degrees increased 50 percent. Perhaps because of the strength of our technical colleges, however, the share of Wisconsinites choosing to complete 4-year college degrees is still below average; nationally, we rank 31st on this measure of educational attainment.

Counties in Wisconsin

Average benchmarks for the state like per capita income growth, unemployment, and population growth, however, obscure the substantial variation in these variables across the state's 72 counties. For example, per capita income and its recent growth varies widely across the state, as Figure 1.4 makes clear. The first panel shows county variation in levels of 1997 per capita income. The second panel shows county variation in real (adjusted for inflation) per capita income growth from 1992 to 1997. In 1997, the highest county per capita income was in Ozaukee County, at \$35,879, and the lowest was in Adams County, at \$14,521 (1997 dollars). Likewise, while unemployment is low in the state, it ranges (as of May 2000) from a high of 10.6 percent in Menominee County to a low of 1.5 percent in Dane County. While not all data is available at a county level, we have compiled some of the most important statistics in the county data appendix.

Recently released census data on population growth by county also reveals substantial geographic variation. Four regions — the Fox Valley, areas along the Wisconsin River, Dane County, and Southeastern Wisconsin — posted strong increases over 1990-2000. In fact, the two counties with the most substantial population growth — Dane (up 51,893) and Waukesha (50,940) — together accounted for nearly one-fourth of the state's total population growth over the 1990s. At the same time, Milwaukee County's total population fell just slightly (down 4,446 to a total of 954,829 in 2000) and each of Douglas, Grant, Lafayette, and Rusk Counties grew by less than 2 percent over the decade.

Figure 1.4

County Variation in Wisconsin's Per Capita Income

Source: Wisconsin Department of Revenue.

The Ingredients for a Lasting Labor Shortage

This review of basics shows that Wisconsin has all the ingredients for a lasting labor shortage: relatively slow population growth, already high labor force participation rates, and low unemployment. The state's labor shortage has much to do with demographics; in the future the shortage will likely grow as more people retire out of the labor force than are replenished by new generations of workers. For example, in 1980 nearly 94,000 Wisconsin residents turned 18; demographers project that only 78,000 Wisconsin residents will turn 18 each year over the next ten years, and starting in 2010, only 67,000 people will reach 18 each year. Over that same period, the number of Wisconsin residents reaching retirement age will grow. Thus the demographic and economic evidence suggest that this labor shortage will be with us for at least two decades and will be more severe, especially starting a decade from now.

The state's long-term labor shortage will be substantial and will require multiple strategies to craft a solution. We won't be able to solve our labor shortage simply by attracting new labor force entrants — with one of the highest participation rates in the nation, there are few groups left to attract into the labor force. Nor will we be able to solve it by simply convincing older workers to stay in the labor force longer, though that may help a bit. Drawing new immigrants from other states and nations will also be insufficient, in part because many other Midwestern states face a similar problem and will pursue a similar strategy. Marketing alone will not be enough.

Among these strategies, we must prioritize workforce development. The state must find ways to increase the productivity of incumbent workers, especially younger ones, and thus develop a skill base to replace the growing cohort that will soon retire. The labor shortage challenges us to find new ways to increase the skills and opportunities of state residents and to build future economic growth on increasing productivity.

2. Income & Poverty

The first chapter gave us a broad understanding of the Wisconsin economy, but it did not provide much insight into how families are actually doing in the state. Why? Because it only offered aggregate data, rather than a detailed look at what is happening to families in the middle of the income distribution. Similarly, we have not yet answered the critical question of whether families at the bottom of the income distribution are doing any better than in the past.

“Income” as used here simply means all sources of money — principally wages, but also salaries, rents, interest, dividends, and cash entitlements — available to an individual or group. “Family” denotes a household of two or more related persons living together. So defined, some 70 percent of Wisconsinites live in families. Median family income for four person families is a key benchmark for the standard of living for Wisconsin working families. The “median” family is exactly at the middle of the income distribution, half of families have higher income, and half have lower. Obviously, using the median (rather than the average) helps control for those with very high income who move averages up. We choose to focus on families of four because these are generally families with children at home, who account for the majority of income in the labor market.

“Poverty” is a bit more complicated. We use the most common national definition of poverty — the so-called “poverty line” — which had its origins in a “back of the envelope” calculation made by a Department of Agriculture economist in the 1950s. At the time, the average family spent about a third of its income on food. The economist calculated the cost of minimum diet she considered “fit only for temporary or emergency use,” multiplied it by three, and suggested that any individual or family (adjusting for more members) with income below that level should certainly be considered “poor.” In the 1960s, the Social Security Administration began to publish poverty statistics based upon this “poverty line,” corrected for inflation. Ever since, families have been defined as “poor” if their cash income before taxes does not exceed this subsistence threshold. The Census Bureau’s poverty thresholds for 1999 were: \$8,667 for one individual under 65, \$11,483 for a family of one parent and one child, \$13,423 for a family of one parent and two children, and \$16,895 for a family of two parents and two children.

This conventional definition of poverty has significant shortcomings. First, as a national definition, it is insensitive to regional differences in the cost of living. Second, the portion of family income absorbed by food expenditures has fallen to about a fifth, as the relative costs of necessities such as housing and health care have risen; if the logic of the old

calculation were followed, the line should be considerably higher than it is. Third, a minimum diet “fit only for temporary or emergency use” hardly reflects the way people actually eat, and is by definition inadequate for long-term sustenance. A more nuanced, updated, and realistic definition of poverty would almost certainly classify many more Americans as “poor” than the conventional measure does. Still, because the federal government has used this measure for 40 years, it provides a way of tracking the status of very-low income families and individuals over time. For all its flaws, we believe it provides a useful tool for examining those trends in Wisconsin.

Regarding data, at this writing reliable data on income, including family income, are available through 1998. And accurate estimation of income and poverty rates of specific populations at the state level generally requires merging multiple years of Current Population Survey data. (This is so because income status questions are asked less frequently than wage questions on the CPS, making sample sizes smaller.) In the report, merged years are reported as ranges, for example, “late-1990s.” Finally, for child poverty by race, it is necessary to rely on even earlier data, provided by the 1990 Census.

Rising Median Income for Four Person Families

The median family income in Wisconsin is up. This is good news, since during the first part of the 1990s, incomes were still drifting downward. But the good news is tempered by two facts: family income has grown largely because of increases in the number of hours worked; and by historical standards, Wisconsin’s income growth remains slow. Nevertheless, after years of sluggish growth, Wisconsin’s families are finally moving ahead.

Table 2.1 presents Wisconsin and U.S. median income data for four person families, going back to 1974. It shows that, for four person families, total income in Wisconsin is presently \$57,890 per year, nearly 12 percent above its 1979 level (\$51,803). National income grew nearly 14 percent over that same period, from \$49,330 to \$56,061. Perhaps surprising, national income growth was stronger in the 1980s than the 1990s. Wisconsin income, by contrast, recovered from disappointing performance in the 1980s to move ahead more rapidly in the 1990s.

Throughout the Midwest, incomes have risen for four person families; peer states show similar slow growth in the 1980s and surges in the 1990s. In fact, Table 2.2 makes clear that the entire Midwest declined in relative standing during the 1980s, posting annual growth rates well below the national rate of 0.8 percent per year. Iowa was hit hardest during that decade; family income actually declined there. Michigan and Illinois fared best in the 1980s, with growth rates of 0.5 percent per year. Still, this was sluggish compared to national rates.

By contrast, in the 1990s, these same states often posted growth rates that were double the national rate. The national annual growth rate of income in the 1990s was 0.5 percent and Wisconsin nearly doubled that, with incomes growing by 0.9 percent each year. Illinois, Indiana, and Iowa all grew at 1.1 percent per year. Median income in Minnesota surged forward at four times the national rate, growing 2.1 percent per year. Only Michigan moved at the national growth rate over the last decade. The growth of Wisconsin’s median income is clearly good news; news that is shared with the rest of the region, and, in general, exceeded by it.

Table 2.1
Median Income for Four Person Families, Wisconsin & U.S., 1974–98
 (1998 dollars)

	<i>Wisconsin</i>	<i>U.S.</i>
1974	\$ 48,360	\$ 46,315
1979	51,803	49,330
1989	53,313	53,584
1998	57,890	56,061
Percent Change		
1974-98	19.7 %	21.0 %
1979-98	11.8	13.6
1989-98	8.6	4.6
Annual Growth Rates		
1974-79	1.4	1.3
1979-89	0.3	0.8
1989-98	0.9	0.5

Source: Economic Policy Institute.

Table 2.2
Median Income for Four Person Families, U.S., Wisconsin, & Peer States, 1974–98
 (1998 dollars)

	<i>Median Income</i>				<i>Annual Growth Rate</i>		
	<i>1974</i>	<i>1979</i>	<i>1989</i>	<i>1998</i>	<i>1974-79</i>	<i>1979-89</i>	<i>1989-98</i>
U.S. I	\$ 46,315	\$ 49,330	\$ 53,584	\$ 56,061	1.3 %	0.8 %	0.5 %
Wisconsin	48,360	51,803	53,313	57,890	1.4	0.3	0.9
Illinois	51,350	53,449	56,010	61,672	0.8	0.5	1.1
Indiana	45,470	49,812	50,216	55,284	1.8	0.1	1.1
Iowa	45,134	49,708	48,290	53,230	1.9	-0.3	1.1
Michigan	50,797	53,794	56,294	59,019	1.2	0.5	0.5
Minnesota	49,597	53,766	55,689	67,140	1.6	0.4	2.1

Source: Economic Policy Institute.

While Minnesota's income growth stands out in this crowd, it is worth remembering that annual income growth of greater than 2 percent was the *norm* in the first 30 years of the post-war period. The American presumption of growing prosperity across generations was established in that period and by such trends. It is clear that the economy is no longer producing such substantial gains. The performance of the late-1990s is very good by recent standards, but compared to what many working families grew up expecting, it is very sluggish indeed.

The Time Crunch: Substantial Family Work Effort Generates Only Modest Income Gains

Currently, median family income in Wisconsin exceeds the national median income by only 3 percent. Given that the state's labor force participation so substantially exceeds the national rate (see Table 1.5), this is insufficient payoff for greater work effort in the state.

Data constraints only allow work hours to be analyzed at a national level, but given Wisconsin's labor force participation trends, we know that the national story very likely underestimates the state's. To see how work hours have increased in recent years, let's take a married couple with two kids, a very typical member of the "four person family" population examined here. By 1999, we know that such families increased their average annual work effort to 3,600 hours. That is up 5.3 percent from the 3,418 hours of work posted by such families in 1989 and fully 18 percent higher than the hours of work for those families in 1979.

The hours that American families work are at an all-time high. Committing 3,600 hours to the labor force, the median American family with two children has the equivalent of 1.73 full-time workers. The commitment of Wisconsin families to the labor market is surely higher still. We are reaching a limit to the strategy of increasing hours of work in order to secure a higher standard of living. At 3,600 hours of work and counting, how much more can families commit to work and reasonably spend time with their kids? It is no surprise that American families, especially those with small children, feel caught in a time bind: needing time with their kids as well as income from work, and increasingly forced to choose income.

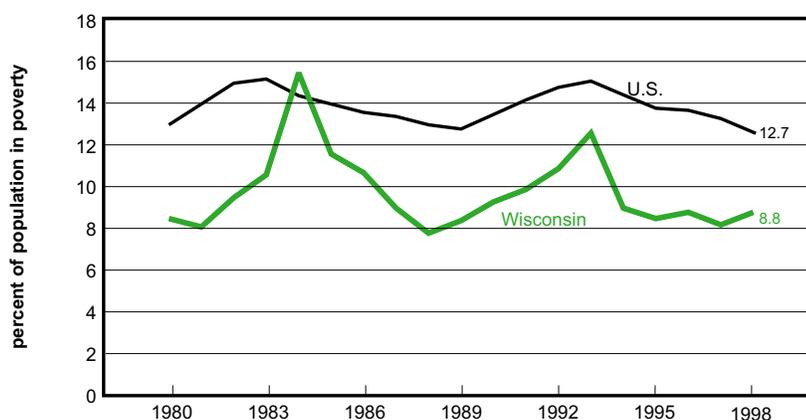
Poverty

We now turn our attention to the people in the state who have the least income: the poor. Compared to the rest of the nation, Wisconsin has historically had a lower than average percent of its population living below the poverty line, as Figure 2.1 makes clear. This remains the case today, with a state poverty rate of 8.8 percent — substantially below the national rate of 12.7 percent. (The poverty rate is defined as the percent of individuals whose family income falls below the poverty line). Indeed, the latest data show Wisconsin as the state with the second lowest poverty rate in the nation. Only Maryland performs better on this benchmark. Still, the problem of poverty in Wisconsin is substantial and extreme for specific groups, such as minority children. At present, more than 460,000 Wisconsinites live in poverty, up from less than 400,000 two decades ago. Notice also that poverty has hovered consistently around 9 percent even in the late 1990s, when family incomes at the median advanced.

In terms of poverty in the Midwest over the last decade, Wisconsin stands out for low levels of poverty, as Table 2.3 shows. Throughout the Midwest, poverty rates fall in the 9-11 percent range, substantially below the national rate of 13 percent. But Wisconsin's poverty rate is lower than any other peer state.

Wisconsin's position relative to other Midwestern states changes when we consider the *trend* in poverty over the decade. In fact, Wisconsin is the only state among this group that actually posted an increase in poverty. While we remain the lowest in the region, our poverty

Figure 2.1
Poverty Rate in Wisconsin & U.S., 1980–98



Source: U.S. Census.

Table 2.3
Poverty Rates, U.S., Wisconsin, & Peer States, 1988-89 & 1997-98
(percent of all residents in poverty)

	1988-89	1997-98	<i>Percentage Point Change 1988-89 to 1997-98</i>
U.S.	12.9 %	13.0 %	0.1
Wisconsin	8.1	8.5	0.4
Illinois	12.7	10.7	-2.1
Indiana	11.9	9.1	-2.8
Iowa	9.9	9.4	-0.5
Michigan	12.7	10.7	-2.0
Minnesota	11.4	10.0	-1.4

Source: U.S. Census.

advantage on other states has fallen because of this trend. Such stagnation in our poverty rate suggests that there are some families that have been left behind by the economic boom.

Poverty varies substantially by age and sex. In a nutshell, children are much more likely to be poor than adults, and adult women are much more likely to be poor than men. Good data on poverty for these groups are available only from the 1990 decennial Census (the 2000 data are not yet available). In 1990, Wisconsin children were one and a half times more likely to be poor than Wisconsin adults; women accounted for nearly two-thirds (60 percent) of non-retirement age poor adults, and nearly three-quarters (74 percent) of retirement age ones.

It is not surprising that poverty also varies by race, with people of color much more likely to be poor than members of the white majority. That said, it is always worth recalling that whites are indeed a majority — even of the poverty population. The common stereotype of poor people as minorities is simply false. In Wisconsin, nearly three quarters (72 percent) of the poverty population was white in 1990.

Combining minority status with a young age, however, is surely the most likely guarantee of poverty. In Wisconsin, 9.9 percent of white children were poor in 1990 (again the most recent reliable data). This is distressing enough, but it is nothing compared to child poverty rates of 33 percent among Hispanics, 46 percent among Native Americans, 49 among Asians, and 56 percent among blacks in Wisconsin. While in the nation, too, minority children have much higher rates of poverty than white children, the race differences in Wisconsin are among the highest in the nation. Our white child poverty rate, for example, was fifteenth lowest in the nation in 1990, while our black child poverty rate was second highest, exceeded only by Louisiana. Here in Wisconsin, black children were more than 5.5 times as likely to be poor as white children. In Louisiana, for example, whatever the horrors of its history of slavery, black children were “only” 3.7 times more likely to be poor.

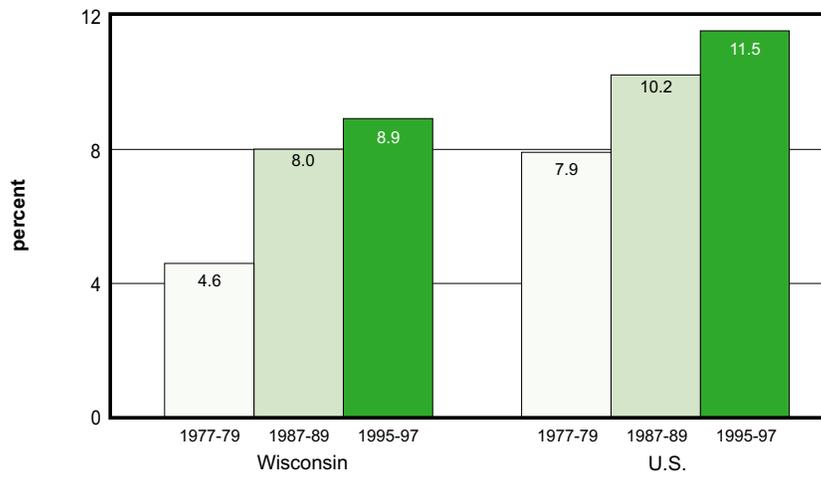
Whatever a child’s color, however, poverty is very bad news, and a growing population of poor kids is threatening our state’s future. A mountain of evidence shows that poverty dulls children — literally. It lowers their IQ, generates all kinds of learning disorders, and slows their cognitive development. Finally, poverty hurts children — literally — because it generates much higher rates of disease and physical disability.

Playing by the Rules, but Barely Getting By: Wisconsin’s Working Poor

In Wisconsin, we have focused much policy attention on families who aren’t working. We have focused less attention on the working poor, and that group — playing by the rules, but barely getting by — has grown dramatically in the past 20 years. Figure 2.2 shows that the share of working families that were poor has nearly doubled in the state over nearly two decades — outpacing the national increase in such families. In fact, in the late 1970s, only 4.6 percent of working families in the state were poor, over 40 percent below the national share of poor families at that time (7.9 percent). By the mid-to-late 1990s, however, Wisconsin’s advantage relative to the nation had been cut in half, with the state’s share of impoverished working families (8.9 percent) falling just over 20 percent short of the nation’s (11.5 percent).

Today, looking at these realities, we should celebrate the growing income that many families are finally experiencing. But we must also recognize that more progress is needed, if Wisconsin is truly going to share its prosperity with all its residents. The make-do income strategy of the past generation — increased work effort — cannot be pursued indefinitely in the next. And with poverty rates still not declining and minority child poverty at such high levels, who knows what the next downturn will bring?

Figure 2.2
Share of Working Families with Children that were Poor, 1970s to 1990s



Source: Center on Budget and Policy Priorities.

3. Income Inequality and State Taxes

The income and poverty trends documented in the last chapter suggest that income inequality may be on the rise. And indeed it is. In order to fully document this trend, we turn our attention to distributional issues, with a detailed comparison of trends at the bottom and top of the income distribution.

Wisconsin has traditionally prided itself on its relatively high level of equality. We can still do so. Even today, only seven states have more equally distributed income. But this tradition is threatened by our wage and income trends, and exacerbated by tax policy. As a result, inequality has grown in Wisconsin. And during the 1990s — in contrast with the 1980s — it has grown faster than in the nation as a whole.

Growing Income Inequality in Wisconsin

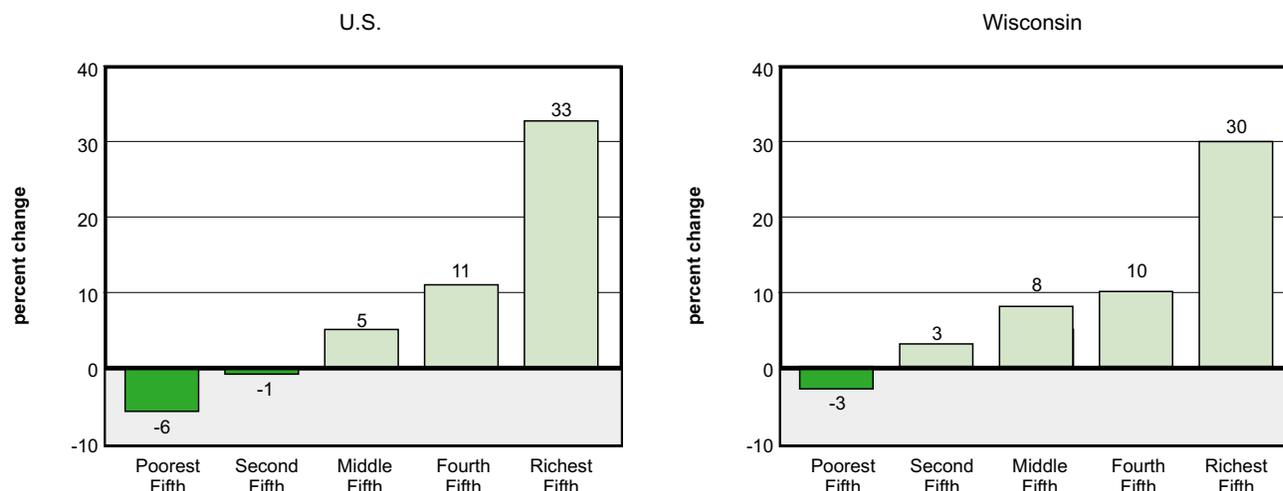
Trends in average real (inflation adjusted) income for each fifth of the income distribution provide a good yardstick for measuring inequality. Drawing on a national analysis, we produced a report with the Wisconsin Council on Children and Families earlier this year that compares trends in inequality in the nation and in Wisconsin, entitled “Pulling Apart: The Strong Wisconsin Economy Masks Growing Inequality.” We draw on that report in the findings presented below.

The national story of increasing inequality has been well documented and is reviewed in Figure 3.1. From the late 1970s to the late 1990s, the average real income of the poorest fifth of families fell 6 percent. Over that same period, the richest fifth of families experienced a 33 percent income increase. Closer to the top of the income distribution, the story is even more extreme; income rose by 55 percent for the richest five percent of families.

Wisconsin mirrors these national trends (Figure 3.1 and Table 3.1). From the late 1970s to the late 1990s, average real income of Wisconsin families in the bottom fifth of earnings fell 2.6 percent to \$17,324. At the same time, families in the top income quintile saw their average income rise over 30 percent, to \$141,588. At the middle of the income distribution, the median family fared better than the bottom, but not as well as the top. For the middle fifth of families, real income grew 7.7 percent to \$53,610. So, while middle income families moved slowly uphill, with an annual increase of income of just \$190, the state’s richest families sprinted forward, each year pulling in over \$1,600 more than the year before.

Figure 3.1

Income Changes for Families, Late 1970s to Late 1990s, by Fifth of Families
(percent change)



Source: *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, 2000.

Table 3.1

Wisconsin Family Income Trends
Average Family Income of the Richest, Middle and Poorest Fifths of the
Income Distribution, late 1970s to late 1990s
(1999 dollars)

	Income			Percent Change	
	Late 1970s	Late 1980s	Late 1990s	1970s–90s	1980s–90s
Richest Fifth	\$ 108,706	\$ 112,253	\$ 141,588	30 %	26 %
Middle Fifth	49,789	51,327	53,610	8	4
Poorest Fifth	17,780	17,502	17,324	-3	-1

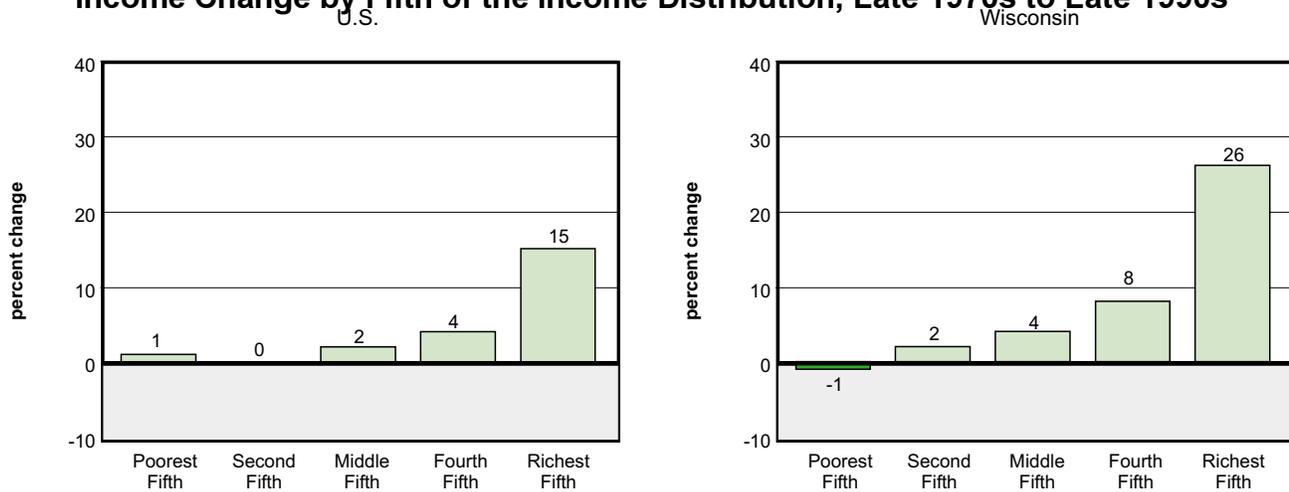
Source: *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, 2000.

While Wisconsin has traditionally been a national leader in terms of income equality, recent trends have narrowed the difference between Wisconsin and its neighboring states. Among peer states, in the late 1970s Wisconsin and Iowa posted the most equal income distribution, with the income of the richest fifth of families at just over six times as much as the income of the poorest fifth of families. At that time, Illinois posted the most unequal income distribution; their richest families brought in more than 9 times the income of the poorest families in the state. Over the last decade, however, the growth in Wisconsin’s ratio outpaced every state in the region — for example, inequality in Wisconsin grew twice as fast as it did in Minnesota.

Figure 3.2

Booming Economy, Rising Inequality

Income Change by Fifth of the Income Distribution, Late 1970s to Late 1990s



Source: *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, 2000.

Finally, we should point out that Wisconsin's recent surge in inequality has been especially marked. From the late 1980s to the late 1990s, inequality grew rapidly in the state, in spite of Wisconsin's strong economic performance. The income of Wisconsin's poorest families fell slightly while the income of the state's highest income families grew 26 percent (Figure 3.2). Nationally, over the same period, income at the bottom of the income distribution rose slightly while the richest fifth of families gained 15 percent. As Figure 3.2 makes clear, Wisconsin's recent growth in inequality far outstrips the national trend.

Inequality of Wealth is Even More Extreme

Income disparity alone, however, provides only part of the picture. Differences in *wealth*—that is, disparities in ownership of stocks and bonds, real estate and other assets—between the upper and lower echelons of American society are even more pronounced and are growing more rapidly than the disparities in income discussed above.

Researchers have long known that a small percentage of Americans own the bulk of assets. In 1995, for example, one percent of households owned 39 percent of the nation's wealth (and had 13 percent of the nation's after-tax income). Eighty-four percent of all wealth is owned by the 20 percent of wealthiest households. By contrast, the remaining 80 percent of households hold only 16 percent of all assets. This disparity in wealth is currently greater than at any other time since the Great Depression, and the booming stock market has increased it. In addition, capital gains income and other income received by high-income taxpayers have had extraordinary increases over the past few years as the stock market has soared. Most capital gains income is realized by high-income taxpayers; nearly three-quarters of all capital gains are realized by taxpayers with income exceeding \$100,000. One-quarter of all capital gains income is realized by taxpayers with incomes exceeding \$1 million.

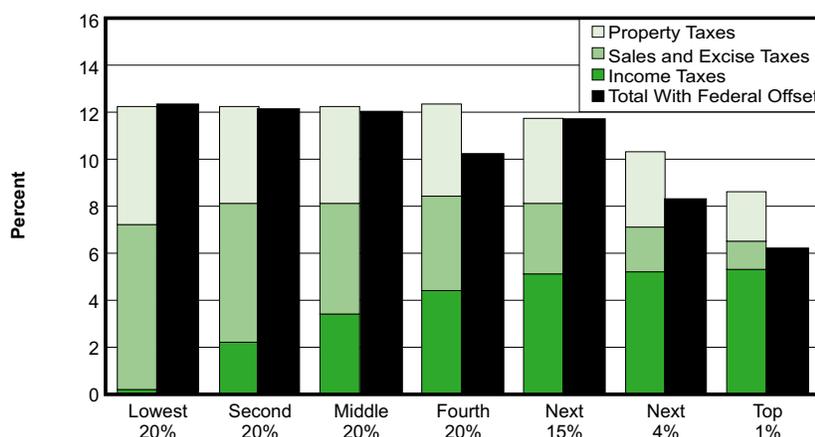
Finally, wealth disparity is especially pronounced by race. Available data do not allow us to examine disparity of income or wealth by race for Wisconsin, but the state trends no doubt echo the national picture. In 1998, the average wealth in black households was only 18 percent of the average wealth of white households (\$58,300 compared to \$320,900, 1999 dollars). Additionally, fully 27 percent of black families have zero or negative net wealth while only 15 percent of white families do.

In sum, stagnation of income for the poorest families and only moderate increases for median families stand in marked contrast to the dramatic gains that high income families in the state have secured over the last decade. In the past, rising tides have lifted all boats, but it is clear that the economy has changed; Wisconsin's growth has really paid off only for the top 20 percent of the income distribution.

The State's Tax Structure Exacerbates Income Inequality

Perversely, state and local taxes in Wisconsin are an additional source of inequality. As Figure 3.3 and Table 3.2 make clear, the combined package of Wisconsin taxes — including property taxes, sales and excise taxes, and income taxes — is almost perfectly regressive, requiring less contribution the higher your income. Looking at the two ends of the earnings distribution, for example, state and local tax rates for those in the bottom fifth of that distribution are about 12.3 percent; for those at its very top (the richest 1 percent of the population), they are 8.5 percent. The poor have a tax burden 45 percent higher than the rich. Including the federal deduction for state taxes in this picture only makes it worse. After the federal deduction offset for local taxes, the bottom fifth are still paying at a 12.3 percent rate, but the rich rate drops to 6.2 percent. Here, then, the poor are facing a tax burden twice that of the rich.

Figure 3.3
Wisconsin State and Local Taxes by Income Group, 1998



Source: Institute on Taxation and Economic Policy, Notes on the Current Wisconsin Taxation System.

Table 3.2

Wisconsin State and Local Taxes by Income Group, 1998

<i>Income Group</i>	<i>Lowest</i>	<i>Second</i>	<i>Middle</i>	<i>Fourth</i>	<i>Highest 20%</i>		
	<i>20%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>	<i>Next 15%</i>	<i>Next 4%</i>	<i>Top 1%</i>
<i>Income Range</i>	<i>Less Than \$14,800</i>	<i>\$14,800 –\$25,400</i>	<i>\$25,400 –\$39,800</i>	<i>\$39,800 –\$60,800</i>	<i>\$60,800 –\$105,000</i>	<i>\$105,000 –\$244,000</i>	<i>\$244,000 or more</i>
<i>Average Income</i>	<i>\$8,200</i>	<i>\$19,700</i>	<i>\$32,000</i>	<i>\$49,500</i>	<i>\$75,000</i>	<i>\$140,000</i>	<i>\$560,000</i>
State & Excise Taxes	7.0	5.9	4.7	4.0	3.0	1.9	1.2
General Sales - Individuals	3.1	2.8	2.4	2.1	1.6	1.1	0.8
Other Sales & Excise - Individuals	2.2	1.7	1.2	1.0	0.7	0.4	0.2
Sales & Excise on Business	1.8	1.5	1.1	0.8	0.7	0.5	0.3
Property Taxes	5.0	4.1	4.1	3.9	3.6	3.2	2.1
Property Taxes on Families	4.8	3.9	3.7	3.6	3.3	2.7	1.1
Other Property Taxes	0.2	0.2	0.4	0.3	0.3	0.5	1.0
Income Taxes	0.2	2.2	3.4	4.4	5.1	5.2	5.3
Personal Income Tax	0.2	2.1	3.5	4.3	5.0	5.0	5.0
Corporate Income Tax	0.1	0.1	0.1	0.1	0.1	0.2	0.3
Total Taxes	12.3	12.2	12.2	12.3	11.7	10.3	8.5
Total After Federal Deduction Offset	12.3	12.1	12.0	11.7	10.2	8.3	6.2

Source: Citizens for Tax Justice and The Institute on Taxation and Economic Policy.

Wisconsin taxes are not only regressive, however, but also fairly high for working families and the poor. With recent tax cuts, the situation has improved, as Wisconsin's state and local tax burden fell from 13.1 percent of personal income to 12.4 of personal income. Even so, Wisconsin remains a relatively high tax state.

For a comparison with other states as shown in Table 3.3, we must rely on data from 1995 when Wisconsin burdens were slightly higher; at that point Wisconsin stands out for the relatively high rates paid. Take, for example, families right in the middle of the income distribution. In Wisconsin, they pay 12 percent of their income in taxes. Nationally, this group pays only 9.4 percent, almost a third less. No other state in the region taxes middle-income residents this much. For the bottom fifth of Wisconsin families, the tax rate of 13.6 percent is also exceptionally high. It is above the national rate of 12.4 percent for this group, and exceeded only in six states.

Of course, it could be argued that the middle class and poor, even though they pay far above their fair share of taxes, get more back from the state than those who are better-off. They could be consuming more, or better, public goods — education, transportation, safety, etc. — which are supported by regressive tax dollars. If this were the case, there would be less reason to be concerned about Wisconsin tax regressivity. But there is no evidence that this is so, and much evidence that this is not the case. In Wisconsin, as elsewhere, social services of almost all kinds have been cut, and such.

Table 3.3

State and Local Tax Rates as a Share of Family Income Quintiles, 1995

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Highest 20%		
					Next 15%	Next 4%	Top 1%
U.S. Average	12.4 %	10.3 %	9.4 %	8.6 %	7.7 %	6.5 %	5.8 %
Wisconsin	13.6	12.1	12.0	11.1	9.8	8.1	6.4
Illinois	13.5	10.3	9.4	8.3	7.3	5.7	4.9
Indiana	12.6	10.3	9.4	8.3	7.3	6.0	4.9
Iowa	12.3	11.0	10.2	9.7	8.7	7.5	6.1
Michigan	13.2	11.4	10.2	9.1	7.8	6.5	5.0
Minnesota	10.9	10.9	10.4	9.7	8.7	8.0	7.8

Source: Economic Policy Institute.

You Get What You Pay For: Thinking About Wisconsin Tax Burdens

The taxes we pay support the services that benefit us — individually and collectively. States with relatively high personal income tax burdens are among those states with the strongest economies. Wisconsin’s higher taxes provide more than improved services. State tax revenues also fund our system of shared revenue — the historic partnership between the state and local governments. Shared revenue provides both a degree of local property tax relief as well as a degree of tax equalization between local governments across the state.

But where there are higher taxes there should be correspondingly high tax equity within the system. In Wisconsin this is clearly not the case. Moreover, state tax collections during our recent economic boom have not been used to ensure long-term fiscal and economic stability. Our state faces a short-term structural deficit of between \$500 million and \$1.2 billion. The seriousness of this problem is amplified by the absence of any long-term savings, despite the statutory mandate to appropriate funds as a safeguard against unforeseen economic circumstances.

Instead, state revenue collections and forecasts of future revenue have been used to finance politically expedient tax rebates and tax credits. Our public policy and resulting budget priorities must recognize and plan for a changing economy — that is, something slower than our recent boom.

4. Wages in Wisconsin

More than in any other developed nation, how you fare in the American economy depends on how you fare in the labor market — on the quality of the job that you, as an individual, are able to get and maintain. In this chapter, we look at trends in the quality of jobs in Wisconsin, focusing on what most would consider the “bottom line” of job quality: what they pay.

The news is much better than in the recent past. Median wages have increased each year since 1995 and are now well above their values of a decade ago. Even so, the median wage in Wisconsin remains 5 percent below the level of two decades ago — despite all the improvements in workforce education and productivity since that time. For full-time workers, for white men, for African Americans, and for people without college degrees, the good news is substantially muted.

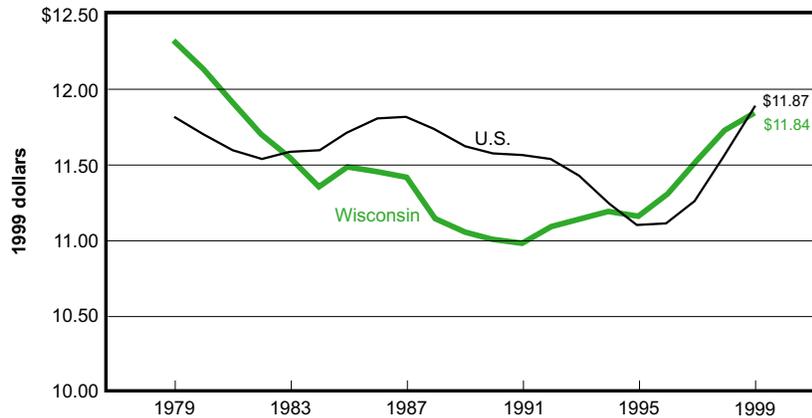
Trends in Wisconsin Wages

In this chapter we use data from the Current Population Survey (CPS), conducted by the Bureau of the Census. The CPS is a national survey of individuals, but it is possible to piece together the individuals surveyed in any given state, and the size of the state sample in any given year (2,321 in Wisconsin in 1999) is large enough to make statistically valid inferences about the general population within it. The CPS provides information on wages, hours, industry, and occupation for actual individuals, who in turn are classified by such demographic variables as age, sex, race, and education.

In what follows, we analyze wage trends in Wisconsin over the 1979–99 period. Throughout, we use median wages, not means, and report inflation-adjusted data, expressed in 1999 dollars. (For those unfamiliar with this way of reporting: such inflation adjustment is crucial to making serious comparisons over time, since the real purchasing power of a given dollar declines through inflation. A dollar in 1979, for example, would buy as much as \$2.25 in 1999. So a worker making \$10,000 in 1979 should not be thought of as less well off than a worker making \$22,514 in 1999, but rather the same. And a 1999 worker making \$10,000 is actually making less than half as much, in real terms, as someone making that in 1979.)

Figure 4.1 and Table 4.1 display median hourly wage trends for Wisconsin and the U.S. from 1979–99. Compared to national trends and our own past, Wisconsin’s workforce has lost ground, but the state’s recent economic boom has begun to make up for that decline.

Figure 4.1
Real Median Wage, Wisconsin and U.S., 1979–99
 (1999 dollars)



Source: Authors' Analysis, CPS.

Table 4.1
Median Hourly Wages, Wisconsin and the U.S., by Sex and Race
 (1999 dollars)

	<i>Wisconsin</i>					<i>U.S.</i>				
	<i>Median Hourly Wage</i>			<i>Percent Change</i>		<i>Median Hourly Wage</i>			<i>Percent Change</i>	
	1979	1989	1999	1979–99	1989–99	1979	1989	1999	1979–99	1989–99
All	\$ 12.43	\$ 11.07	\$ 11.84	-4.8 %	7.0 %	\$ 11.89	\$ 11.60	\$ 11.87	-0.2 %	2.3 %
Men	15.87	13.71	13.23	-16.6	-3.5	14.93	13.57	13.40	-10.3	-1.3
White Men	16.29	13.79	13.51	-17.1	-2.0	15.92	14.58	14.75	-7.4	1.2
Black Men	14.34	12.70	10.98	-23.4	-13.5	11.95	10.55	10.84	-9.3	2.8
Women	9.45	9.20	10.17	7.6	10.5	9.38	9.92	10.31	9.9	3.9
White Women	9.60	9.28	10.27	7.0	10.7	9.71	10.21	10.96	12.9	7.4
Black Women	10.75	9.27	9.96	-7.4	7.4	8.90	9.10	9.25	3.9	1.7

Source: Authors' Analysis, CPS.

In 1979, the median worker in Wisconsin had a 5 percent wage advantage over the nation's median worker (annually, \$1,000 for full-time workers in the state). By 1999, that wage advantage had disappeared. In fact the national median wage slightly exceeded Wisconsin's in 1999. In terms of hourly wages, Wisconsin's real median wage fell from \$12.43 in 1979 to \$11.84 in 1999, a decline of 4.7 percent. Over the same period, the real median national wage fell but then grew back to its original level, ending up at \$11.87 in 1999.

The economic expansion has finally put the median American worker back at the level of income attained in 1979. Unfortunately in Wisconsin, median wages are still below 1979 levels. It may be tempting to pay attention only to the last five years of wage growth, and the substantial gains made since 1989 are indeed important. However, today's typical workers — much more educated than in 1979, working with better technology, and thus more productive — actually make less money than their predecessors just a generation ago. And Wisconsin's once substantial wage advantage relative to the U.S. for the median worker has evaporated.

Disaggregating Wisconsin's population by sex, we see that wage declines have concentrated on men. In fact, Table 4.1 shows that men's wages remain *below* their 1989 values and are nearly 17 percent lower than in 1979. The male median wage fell from \$15.87 per hour to \$13.23 over 1979-99. Nationally, over the same period, men's wages declined 10 percent (down from \$14.93 to \$13.40 at the median). Wisconsin men fell even farther than men nationally. Again, there is improvement in recent years, though in this case "improvement" means stagnation. Wisconsin men's wages dropped 3.5 percent over 1989-99; nationally, men's wages dropped only 1 percent. Wisconsin men are falling behind, and in recent years, falling more swiftly than their national cohort.

Women's wages in Wisconsin, on the other hand, have improved, albeit more slowly than women nationally. Over 1979-99, the median wage of Wisconsin women increased 7.6 percent — from \$9.45 to \$10.17 — while women nationally showed a median wage increase of 9.9 percent — from \$9.38 to \$10.31. These wage increases are not enormous, by any means, but full-time working women at the median are bringing home \$1,500 more annually. Notably, Wisconsin women, having lagged behind their national sisters in the 1980s, closed that gap during the 1990s, posting substantial gains over the period.

Finally, Table 4.2 looks only at full-time workers (Table 4.1 includes both full and part-time), who are of particular interest because they are more likely to be household or family "breadwinners." From the perspective of these workers, the 1990s have offered considerably less progress than for the overall workforce. In fact, wages for this group went up only \$0.20 per hour from 1989-99: a two-cent increase each year for the decade. This slight gain still leaves Wisconsin's breadwinners fully 9.4 percent below medians in 1979 — while nationally, this group's wages fell just 3.4 percent over the same period. Disturbingly—and paradoxically—those working the most in our economy are gaining the least from it.

Table 4.2
Median Real Hourly Wages for Full-Time Workers
 (1999 dollars)

	<i>Median Hourly Wage</i>			<i>Percent Change</i>	
	1979	1989	1999	1979-99	1989-99
Wisconsin	\$ 13.87	\$ 12.36	\$ 12.56	-9.4 %	1.7 %
U.S.	13.12	12.59	12.68	-3.4	0.7

Source: Authors' Analysis.

In summary, Wisconsin's median wages declined faster than national wages during the 1980s, but then made up some of the lost ground in the 1990s. Despite this recent good news, however, wages in the state are well below their levels of two decades ago, and — considering the whole of the 1979–99 period — have declined in contrast to the nation. And as just indicated, what positive wage gains did occur in Wisconsin during the 1990s barely touched full-time workers and were not experienced at all by men as a group.

The Gender Gap in Wages

As indicated in Table 4.3, women still face a considerable “gender gap” in wages — the difference between what they earn on average per hour and what men earn. In Wisconsin in 1999, as in the U.S., the ratio of women's to men's earnings was .77, indicating a gender gap of 23 percent.

Both in Wisconsin and the nation, the gender gap is closing. Unfortunately, as Figure 4.2 makes clear, this owes more to the decline in men's wages than to the rise in women's wages. Nationally, over 1979–99, the ratio of female to male median hourly wages rose 14 percentage points, from 63 to 77 percent. However, if men's wages had remained constant over that period the ratio would have improved only 6 percentage points, to 69 percent. In Wisconsin, matters are worse. Our ratio of female to male wages rose from 60 to 77 percent over the period, but if male earnings had remained constant the ratio would have risen only to 64 percent. Obviously, it is hardly a victory when gender equity is achieved simply because men's wages decline.

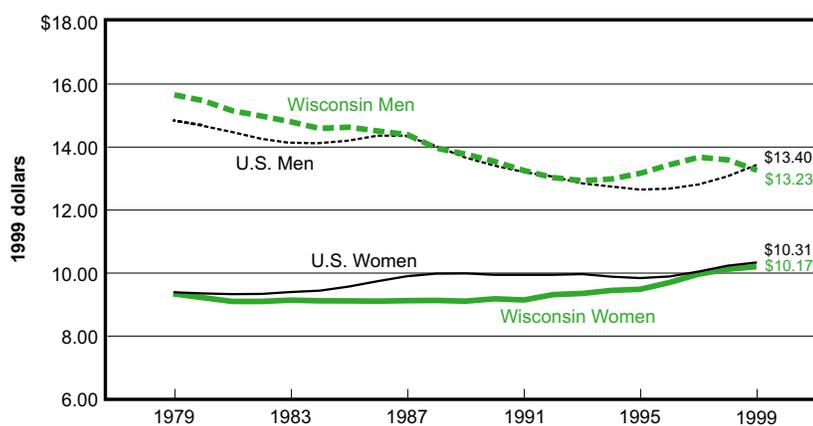
Men's wage advantage over women results from both their concentration in higher-wage industries and the higher wages that men receive within industries. Thus, industrial stratification by sex contributes to the gender gap. The construction industry provides a case in point. Men are nearly ten times more likely than women to be employed in this relatively high-paying industry, which employs 10 percent of men but just 1 percent of women. And *within* the industry, the median wage for men is 13 percent higher than the median wage for women.

Table 4.3
The Gender Gap in Wages: Ratio of Women’s Median Wage to Men’s

	1979	1989	1999
Wisconsin	0.60	0.67	0.77
U.S.	0.63	0.73	0.77

Source: Authors’ Analysis.

Figure 4.2
Median Wages by Sex, Wisconsin & U.S., 1979–99
 (1999 dollars)

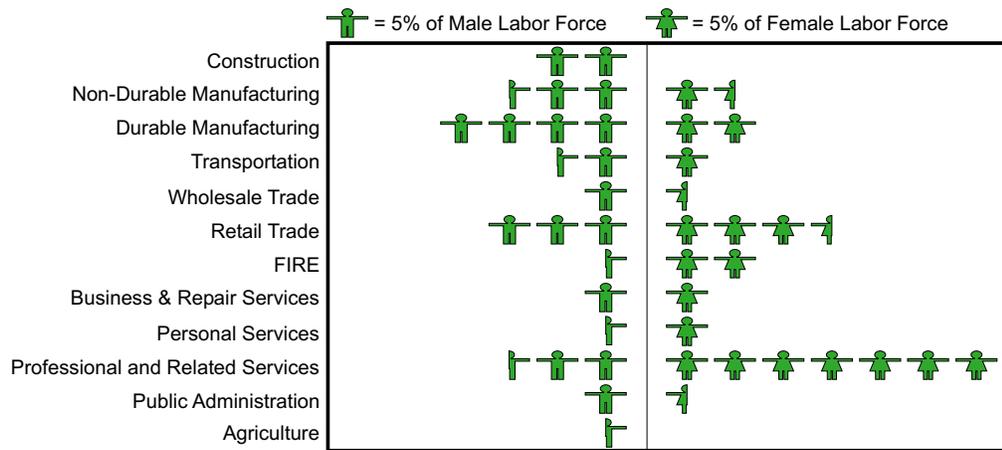


Source: Authors’ Analysis, CPS.

Figures 4.3 and 4.4 show these two effects. Figure 4.3, recording the distribution of employment by sex and industry, shows that women are concentrated in lower-paying sectors. Figure 4.4 shows that, within those industries, women are clustered in the poorer-paying jobs. In Finance, Insurance, and Real Estate (FIRE), for example, the female median hourly wage was \$11.55 per hour in 1999, nearly 40 percent lower than men’s median wage of \$18.27. In durable manufacturing, women’s wages were almost 30 percent below those of men in the same sector, while in wholesale trade, women’s wages were over 20 percent below those of men. Even the professional services industry, with a relatively high concentration of women, exhibits a substantial gap in wages.

Figure 4.3

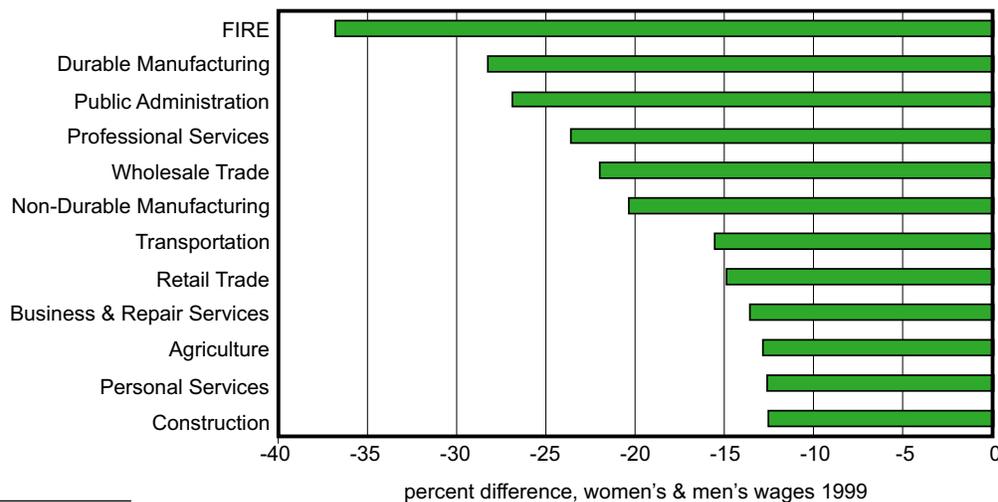
Wisconsin Workforce Distribution Across Industry, By Sex, 1999



Source: Authors’ Analysis, CPS.

Figure 4.4

Wisconsin’s Median Wage Gender Gap by Industry, 1999

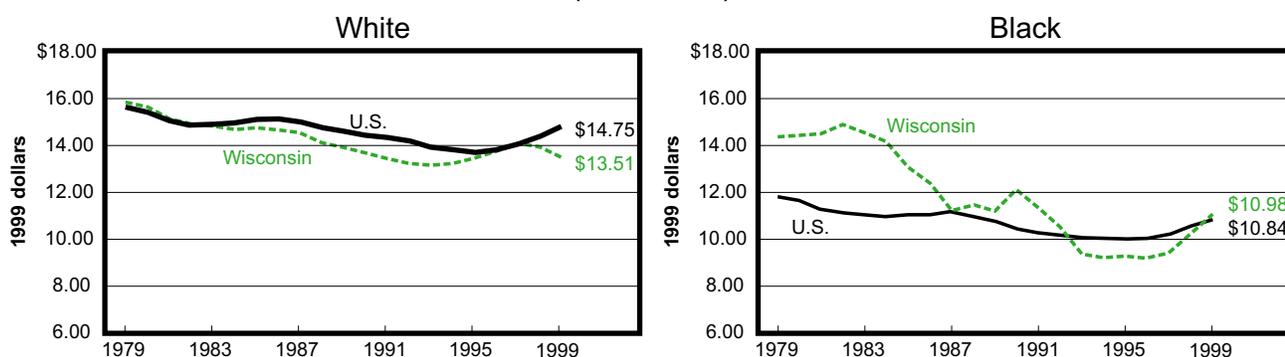


Source: Authors’ Analysis, CPS.

The Race Gap

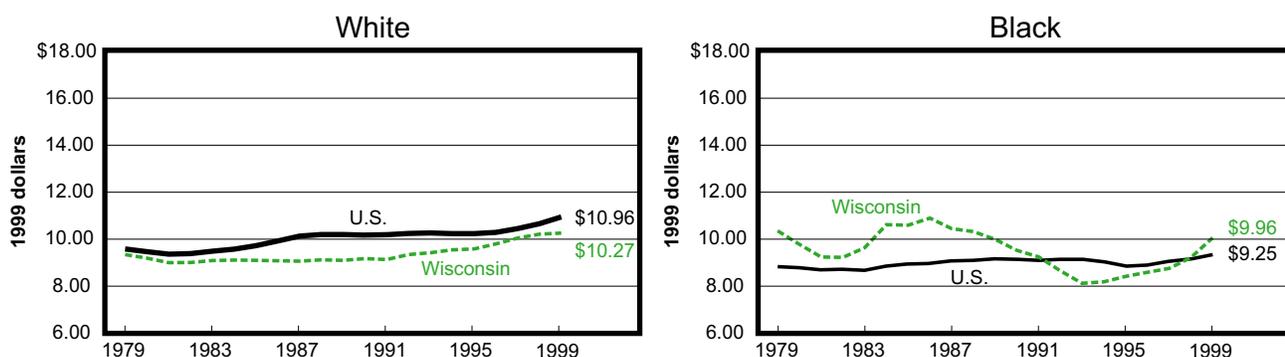
Figures 4.5 and 4.6 display wage trends by race in Wisconsin and the U.S (see also Table 4.1). The downward trend for blacks in the state is unmistakable. Wages have declined substantially from 1979 values for black Wisconsinites. And this compares poorly both to wage trends for whites in the state and to national trends for blacks. Recent years have proven more positive, however, with wages for both black men and women moving up during the late-1990s. This turnaround in wage trends is one among the most positive signs we document in this report.

Figure 4.5
Men's Real Median Wages, Wisconsin & U.S., 1979–99
 (1999 dollars)



Source: Authors' Analysis, CPS.

Figure 4.6
Women's Real Median Wages, Wisconsin & U.S., 1979–99
 (1999 dollars)



Source: Authors' Analysis, CPS.

Figure 4.5 provides the best illustration of these differential trends by race. Black men in Wisconsin saw their wages fall between 1979 and 1999, from well above the national median, down to the national level. Specifically, their earnings declined 23 percent over that period — more than twice as fast as the 9 percent decline among black males nationally. This shift in the relative standing of Wisconsin blacks is remarkable. At the beginning of the period, black men in Wisconsin enjoyed a 20 percent wage advantage over their national cohort; today, there is almost no difference. Wisconsin's black men have made some strong wage gains over the last three years, which is a positive reversal of a very long-standing negative trend. It will be important to monitor this trend in the future.

Among black women, the story is similar (Figure 4.6). For black women nationally, wages grew slightly over the 1979–99 period. In Wisconsin, they plummeted from well above the national median to below it. But in the latter half of the 1990s, Wisconsin's black women have moved forward again, surpassing the national cohort in 1999. Note, however, that these trends still leave black Wisconsin women with median wages that are 7 percent below their 1979 levels — and their advantage over the national median has been cut in half, falling from 21 to 8 percent.

The Education Gap

Wages are also increasingly stratified by education, as Table 4.4 makes clear. Wisconsinites with college degrees have seen significant increases in their wages, while those with less education are falling behind — mirroring trends for the nation as a whole.

Among Wisconsin men, college graduates saw their wages increase significantly (by 15 percent) over the past two decades. But for the majority of men holding less than a college degree, the picture was one of unrelieved wage declines: 36 percent for high school dropouts, 21 percent for high school graduates, and 17 percent for those with 1-3 years post high

Table 4.4
Median Hourly Wages, Wisconsin and the U.S., by Education 1979–99
 (1999 dollars)

	<i>Wisconsin</i>					<i>U.S.</i>				
	<i>Median Hourly Wage</i>			<i>Percent Change</i>		<i>Median Hourly Wage</i>			<i>Percent Change</i>	
	1979	1989	1999	1979–99	1989–99	1979	1989	1999	1979–99	1989–99
Men										
No H.S. Degree	\$13.80	\$10.31	\$8.83	-36.0%	-14.4%	\$11.91	\$9.60	\$8.33	-30.1%	-13.2%
H.S. Graduates	15.79	13.26	12.42	-21.3	-6.3	14.56	12.54	11.84	-18.7	-5.6
1-3 yrs. Post H.S.	15.38	12.21	12.75	-17.1	4.4	14.98	13.43	13.14	-12.3	-2.2
College Grads	18.28	18.94	21.04	15.1	11.1	19.45	20.39	21.24	9.2	4.2
Women										
No H.S. Degree	8.36	6.81	7.47	-10.6	9.7	7.52	6.78	6.60	-12.2	-2.7
H.S. Graduates	9.06	8.60	9.17	1.2	6.6	9.04	8.87	8.95	-1.0	0.9
1-3 yrs. Post H.S.	9.66	9.25	9.88	2.3	6.8	9.64	10.09	10.11	4.9	0.2
College Grads	12.64	14.85	15.78	24.8	6.3	13.30	15.41	16.80	26.3	9.0

Source: Authors' Analysis, CPS.

school education. The upshot is that for men, the college/high-school gap has grown at a steep rate, from 16 percent in 1979 to 69 percent in 1999.

Among Wisconsin women, college graduates posted even more substantial gains (25 percent) than did their male counterparts. But again, the majority of women do not hold college degrees, and for them, the past two decades have been much less kind. Wages have barely moved for women with some college experience (up 2 percent) or with high school degrees (up 1 percent). And among high school dropouts, wages declined by 11 percent. So for women, the college/high-school gap has also grown, from 40 percent in 1979 to 72 percent in 1999.

Here and in the nation, only the most educated have reaped the benefits of the new prosperity. For the majority of Wisconsin workers (75 percent) who do not hold a four-year college degree, wages have either declined or stagnated.

Table 4.4 does show a promising trend, however. Individuals with some college experience (though not a college degree) have seen their wages grow in the past decade (4 percent for men, 7 percent for women). These are workers who have invested in acquiring additional skills — via Associate’s Degrees or occupation-specific training — and Wisconsin is finally starting to reward their efforts. Note that their national counterparts have seen no such gains in recent years, perhaps indirect evidence of the strength of our technical college system.

Wages, Industries, and Unions

The declining fortunes of workers without a college degree are usually pinned to the rise of high-tech industries and the increasing need for computer and “knowledge-based” skills. To some extent, it is true that the deindustrialization has hurt less educated workers, with the flight of manufacturing jobs that used to provide family-supporting wages to high school graduates. But especially in Wisconsin, there is another trend that has actually been more important: the decline of wages *within* manufacturing, driven in large part by the decline in unions.

Table 4.5 shows how median real wages have changed at the industry level over time. Two decades ago, the highest paying jobs were to be found in the core industries of manufacturing, construction, and transportation, with wages that were between 50 and 100 percent higher than those in the service sector. But between 1979 and 1999, wages in construction fell by 21 percent; in non-durable manufacturing by 19 percent; in durable manufacturing by 15 percent, and in transportation and communication by 25 percent. Again, these are industries that typically do not require a college degree of front-line workers, and so it is less-educated workers that have been hit strongest.

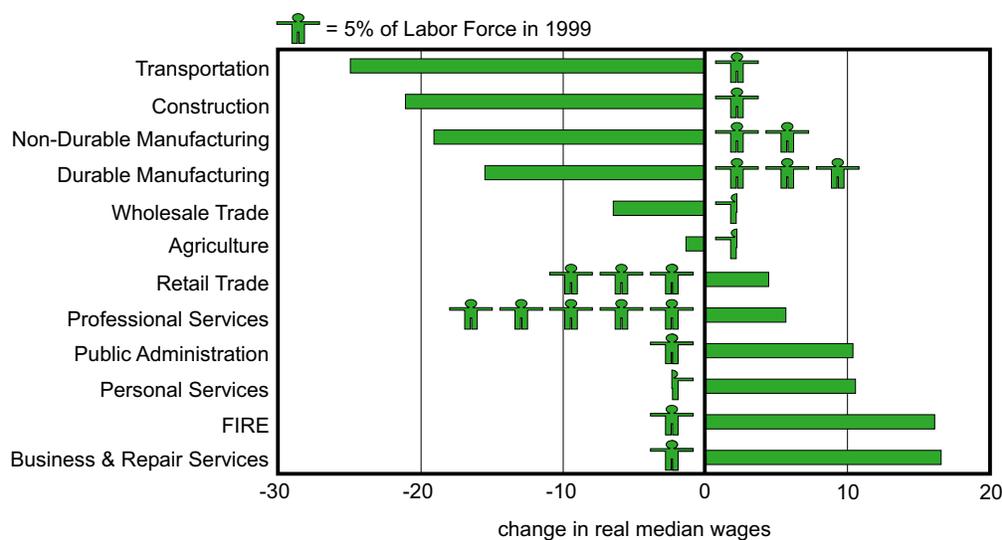
Especially in recent years, the problem is not so much that manufacturing jobs have left the state, but that they pay much less now than they used to. Figure 4.7 underscores the point, by showing each industry’s wage change between 1979 and 1999 alongside the percent of the workforce that it employs. In 1999, fully 26 percent of Wisconsin workers held manufacturing jobs and another 11 percent held jobs in construction and transportation industries — a substantial part of the economy. Yet these industries lead the state’s economy in the extent of their wage losses over the past two decades.

Table 4.5
Median Industry Wages in Wisconsin, 1979–99
 (hourly wages, 1999 dollars)

	1979	1999	Percent Change
Agriculture, Forestry, and Mining	\$ 9.00	\$ 8.88	-1.3 %
Construction	17.69	13.97	-21.0
Non-Durable Manufacturing	15.39	12.47	-19.0
Durable Manufacturing	15.37	12.99	-15.4
Transportation, Communication, and Public Utilities	18.08	13.58	-24.9
Wholesale Trade	14.10	13.19	-6.4
Retail Trade	7.86	8.22	4.5
Personal, Entertainment and Recreational Services	7.58	8.38	10.6
Business and Repair Services	10.21	11.91	16.6
FIRE	10.50	12.20	16.1
Professional Services	11.31	12.48	10.4
Public Administration	14.23	15.05	5.8

Source: Authors' Analysis, CPS.

Figure 4.7
Change in Real Median Wages by Industry, 1979–99



Source: Authors' Analysis, CPS.

Service industries, by contrast, have seen positive wage growth between 1979 and 1999, in some cases quite robust wage growth. And they also employ a substantial portion of the workforce. But only some of these industries pay good wages, and rarely do they exceed wage levels found in the more traditional goods-producing sector. It is therefore especially good news that wage growth in especially retail trade, personal services, and business and related services has been positive in recent years (until the early 1990s, these industries showed declining wages).

Still, the manufacturing sector will continue to be a critical part of the economic base of Wisconsin, and so it is worthwhile to take a closer look at what has happened to it over the past two decades.

According to county employment data from the state, while some firms shut down and others moved workers abroad, in 1998 there were almost as many manufacturing jobs in the state, 566,000, as there were in 1979, when there were 583,000. But the jobs have moved. Specifically, firms left Milwaukee, Racine, and Kenosha. Over the 20 year period, those counties lost 96,000 manufacturing jobs, or 45 percent of their base. Meanwhile, the rest of the state picked up 78,000 jobs, many with the same employers. The wage significance of this is simply stated. Because they are more highly unionized and generally engaged in more advanced production, manufacturing employers in Milwaukee, Racine, and Kenosha pay higher wages — on average, \$39,000 per year (1998 dollars). Because they are less highly unionized, and generally engaged in less advanced production, employers in the rest of the state pay lower ones — on average, \$33,000 annually. Just in this one sector, then, the movement of 78,000 jobs out of the first area meant a loss in worker income in the state of \$421 million annually.

The union story merits elaboration as well. In line with national trends, unionization in Wisconsin has declined dramatically, falling from about 33 percent of the workforce in the early 1970s to under 19 percent today. If unionization had been maintained at its previous level, union membership in the state would be 352,000 greater than it is today. What's the wage effect? In Wisconsin in 1998, average hourly wages for a union worker were \$16.08, as compared to \$13.03 for the average non-union worker. Yearly, this 23 percent "union premium" in pay amounts to \$6,060 (calculated on a full-time, year-round basis). Had those 352,000 workers gotten it last year, it would have represented a \$2.1 billion boost in Wisconsin worker income. Evenly distributed over the entire labor force, that would have meant a \$0.41 hourly wage increase for every Wisconsin worker, making our state median wage \$12.25 rather than its current \$11.84. Calculated this way, the decline in unionization in the state can be assigned almost a third of the wage decline over 1979–99.

Unionization has a big spillover on non-union worker wages too, but one that declines dramatically as union density declines. At 30 percent average density, and density much higher in particular sectors of the economy (including the crucial manufacturing one), even non-union employers need to pay something approaching the union rate to attract and keep skilled workers; unions effectively "take wages out of competition" among employers. The loss of this wage multiplier on union power is enormous. Finally, the presence of more unions in an economy is a spur to productivity. Because they do in fact drive up the cost of labor, employers have to make workers more productive if they are to maintain profits. This has positive effects on capital investment, modernization, and other productivity-enhancing moves, which has additional positive spillovers in the economy.

5. Poverty-Wage Jobs

The previous chapter offered a broad overview of Wisconsin’s median wage trends, which have been rising steadily in recent years but have not yet rebounded to their 1979 levels. In this chapter, we will document an important factor holding back our progress: the continuing proliferation of low-wage jobs in Wisconsin’s labor market.

The growth in badly-paid jobs helps to explain why even the current strong economy has not made up the ground that Wisconsinites lost over the past two decades. It also helps to explain the rising income inequality that we documented in Chapter 3. In order to better understand the magnitude of this problem, we focus our attention on the bottom of the labor market and document the share of workers earning wages below the poverty line.

Looking to the bottom of the labor market makes it clear that Wisconsin’s booming economy is not paying off for everyone. We find that significant numbers of workers in the state are still locked out of jobs that pay family-supporting wages — not just women, but increasingly men as well. Poverty-wage jobs are an especially acute problem for blacks in the state, and those who stopped their education after high school.

We go further to document factors that make for bad job quality: the strong growth of low-wage service industries; lack of access to full-time work; the large number of entry-level, non-unionized jobs; and the fact that low-wage jobs often “trap” workers and lead to low-wage careers. Understanding these realities can contribute to the formation of a policy agenda to improve the quality of jobs that Wisconsin’s boom is generating. Policy makers at all levels — elected officials, economic development experts, family advocates, and community leaders — should consider these realities so that we can begin to improve the *quality*, rather than just the size, of Wisconsin’s job base.

The Growth in Poverty-Wage Jobs

We begin by presenting data on trends in “poverty-wage” jobs, using the Current Population Survey described in the previous chapter. We define these as jobs paying a wage insufficient to lift even a full-time (40 hours a week), year-round (52 weeks a year) worker to the poverty line for a family of four with two children. In 1999 dollars, this wage was \$8.12 an hour or less; if someone worked full-time for the entire year, annual earnings at this rate would be \$16,895.

Of course, this definition of “poverty wage” is somewhat arbitrary. We could have chosen the poverty line for a family of two, or five, or some other wage level entirely. And not all workers who earn “poverty wages” are actually living in poverty. They may be part of a household or family that has other earners on whom they can rely for support. At the same time, it is important to remember that workers who earn poverty wages often can find only part-time jobs and often have spouses who hold jobs similar to their own — so that poverty-wage jobs are a good indicator of working poor families. Moreover, our interest here is to track the quality of jobs being generated in Wisconsin, and no one would call eight dollars an hour a good job.

Table 5.1 shows the trend in poverty-wage employment in Wisconsin over time. In 1979, one in five Wisconsin workers (21 percent) worked in a poverty-wage job. Over the next decade, this number increased significantly, to almost one in three workers (30 percent) in 1989. The 1990s then brought a reversal of this upward trend. Poverty-wage employment has receded, especially in the last several years, dropping back to 22 percent of all jobs in the state in 1999. As with median wages, the last several years have boosted the standing of workers at the bottom of the labor market and job quality appears to be improving for some.

But this aggregate trend is very misleading. When we break it down for different groups, we find that many workers have, in fact, not shared in the overall reduction in low-wage jobs.

We start with the race-sex breakdowns in Table 5.1. Among the four groups, *only* white women have seen a decline in poverty-wage jobs over time, down from 36 percent in 1979 to 27 percent in 1999. This is, of course, an enormously encouraging trend, but clearly there is still a long way to go. Even with these substantial declines, more than one-in-four

Table 5.1
Share of Wisconsin Workers Earning Poverty Wages
 (wages less than \$8.12/hr., 1999 dollars)

	<i>Share Earning Poverty Wages</i>			<i>Percent Change</i>	
	1979	1989	1999	1979–99	1989–99
All Workers	21.4	30.1	22.4	4.7 %	-25.4 %
White Men	10.2	19.3	15.6	53.2	-18.8
Black Men	13.9	28.4	29.5	113.2	4.0
White Women	35.8	40.5	27.3	-23.8	-32.7
Black Women	27.2	55.7	35.1	29.2	-37.0
Full-Time Workers	13.5	21.4	16.0	18.6	-25.4
No H.S. Degree	27.2	49.3	53.8	97.6	8.9
H.S. Degree	24.0	31.0	26.3	9.4	-15.4
1-3 yrs post H.S.	23.3	36.9	22.6	-3.2	-38.8
College Grads	6.8	11.2	5.8	-15.0	-48.4

Source: Authors’ Analysis.

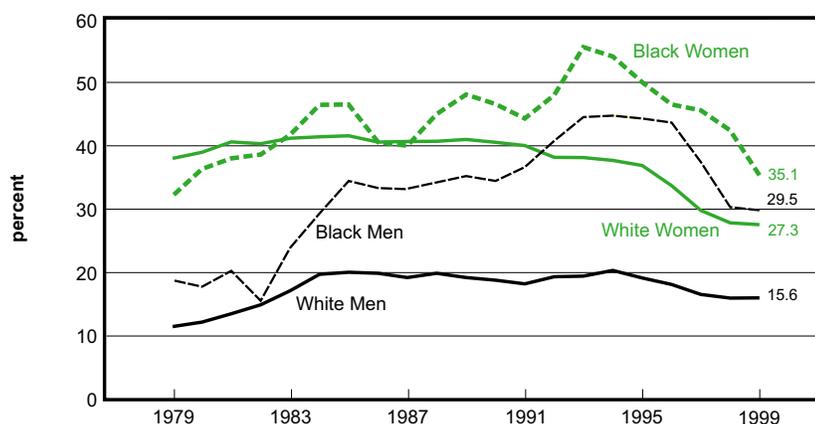
white women in Wisconsin currently earn poverty wages. White women are still much more likely to hold poverty-wage jobs than white men, but while in 1979, they were 3.5 times more likely to hold such jobs, in 1999 they were less than 2 times as likely. This mirrors the decline in the gender gap in median wages documented in the previous chapter; white women are making progress relative to white men.

For the other three groups, however, poverty-wage employment has actually increased. This is most apparent among black men, where the percent of workers with low-wage jobs has more than doubled over the last two decades (from 14 percent in 1979 to 30 percent in 1999). Black women show a similar trend over the same time period, with low-wage jobs growing from 27 to 35 percent. Figure 5.1 gives the full historical perspective on this trend. While the second half of the 90s decade brought some relief, over the long run there has been a marked deterioration in job quality for African Americans in this state. We are now at the point where roughly a third of black workers does not hold a job that pays above the poverty line.

White men are the least likely to earn poverty wages, as one might expect. In 1999, less than 16 percent held a poverty-wage job. But this represents an increase of 53 percent over 1979, when only one-in-ten held such jobs. In fact, white men are second only to black men in the extent of the deterioration in job quality over the past two decades.

The next entry in Table 5.1 focuses on trends for full-time workers only. Part-time jobs generally pay less than full-time ones, and so it might be that some of the increases in low-wage jobs documented above could just reflect an increase in part-time employment. The table does indeed show that full-time workers earn poverty wages less frequently than does the overall workforce. But distressingly, it also shows that full-time workers have actually

Figure 5.1
Percent of Wisconsin Workers with Poverty-Wage Jobs, 1979–99
 (wage less than \$8.12/hr., 1999 dollars)



Source: Authors' Analysis, CPS.

seen a growth in poverty-wage jobs, in contrast to the workforce as a whole. In 1979, just one in nine (13.5 percent) full-time Wisconsin workers earned poverty wages. In 1999, one in six did (16 percent) — an increase of 19 percent. Clearly, finding a full-time job does not guarantee a good wage in our new economy; this is a serious problem since full-time workers are most likely the main breadwinners in their family.

Finally, less educated workers have suffered the most from the expansion of poverty-wage jobs. Table 5.1 shows that in 1999, more than half of high school dropouts in the state earned poverty wages, almost double the percent in 1979. High school graduates fared somewhat better, with only a slight increase over the past two decades. Still, in 1999 roughly one-in-four (26 percent) high school graduates held a low-wage job. And note that these two groups of workers still represent the majority of Wisconsinites.

By contrast, workers with some college experience or a college degree saw a steady decline in poverty-wage jobs over the same period — supporting the argument that skills have become more important in the new economy. Still, it is worrisome that 23 percent of Wisconsin workers with some post-secondary schooling held a poverty-wage job in 1999. These are workers with Associate’s Degrees, certificates, and occupation-specific training, surely indicators of solid skills. The fact that almost one in four of these workers have badly-paid jobs suggests that Wisconsin is not doing enough to reward its residents’ investments in training.

To summarize, poverty-wage jobs are an enduring reality of Wisconsin’s economic landscape, accounting for one-in-five workers. Moreover, such jobs have grown significantly over the past two decades for African Americans, white men, full-time workers, and those with a high school degree or less. In order to fully appreciate the impact of this trend — and the policy solutions that will be required — we now turn to some of the factors that are correlated with low-wage employment.

What Makes for Bad Job Quality?

A full understanding of poverty-wage jobs means that we have to look beyond simply the fact that they don’t pay well. There are systematic factors that make for low-wage employment, which can tell us a lot about the steps that Wisconsin policy makers need to take in order solve the “bad jobs” problem. Here we document three such factors. First, low-pay service industries play a strong and expanding role in the state’s economy and generate a significant portion of Wisconsin’s jobs. Second, poverty-wage earners tend to work part-time, in entry-level positions, and in non-union workplaces, making work less stable and supporting a family more difficult. And third, low-wage jobs tend to trap workers in chronic instability and lead to low-wage careers over the long run.

In what follows, we compare two groups of Wisconsin workers: those in poverty-wage jobs (as defined earlier with wages equal to or less than \$8.12 per hour), and those in what we will refer to as “higher-wage jobs” (wages greater than \$8.12 per hour).

Low-Wage Service Industries

Wisconsin has historically had a strong manufacturing base, offering middle-class wages and good benefits to workers without a college degree. Like the rest of the nation,

however, Wisconsin has seen a shift from manufacturing to service industries since the early 1970s. Although Wisconsin has managed to retain a larger share of manufacturing jobs than most states, the majority of its job growth has come from the service sector.

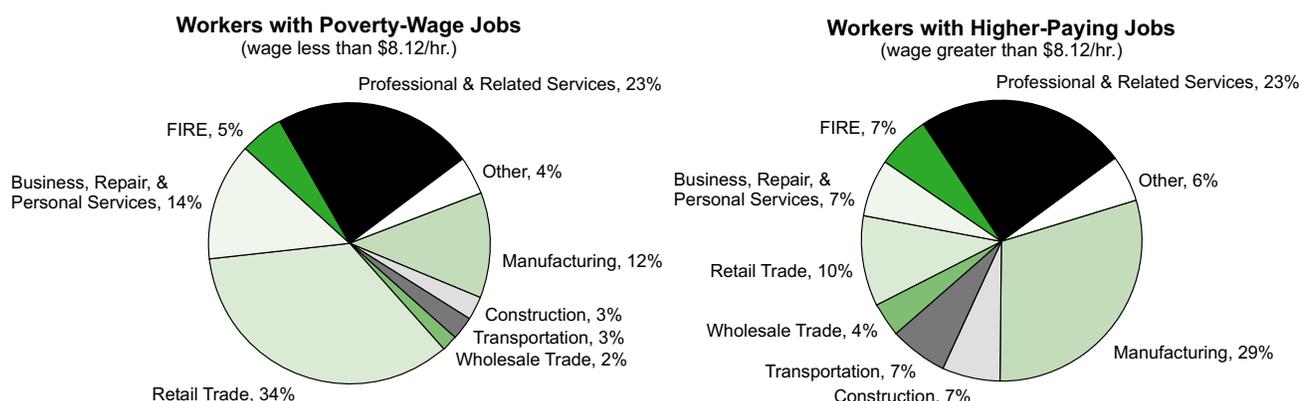
This is both good and bad news. At the upper end of the service sector, there are a number of industries that pay well. For example, in 1998 the average weekly pay in Wisconsin in finance, insurance, and real estate industries was \$698 a week (See Table 1.2). This is comparable to the weekly pay in manufacturing (\$700) and construction (\$679). Yet there is also another side to the new economy, namely industries that have low weekly earnings, such as retail trade (\$275) and services (\$478).

From the perspective of measuring job quality, what is important is that these low-pay industries have grown just as strongly as high-pay industries during the past two decades. For example, between 1979 and 1999, more than a third of Wisconsin's net job growth (36.4 percent) came from retail trade, business and repair services, and personal service industries. This balances out the 32.2 percent contributed by professional services and the 10 percent contributed by finance, insurance, and real estate.

With this overall picture in mind, Figure 5.2 shows that in 1999, poverty-wage workers were much more likely to hold jobs in the bottom of the service sector — again, retail trade, business and repair services, and personal services. Combined, these industries accounted for almost half of all poverty-wage jobs (48 percent). By contrast, only 17 percent of higher wage workers held jobs in these industries.

The flip side of the story is that poverty-wage workers are much less likely to hold jobs in manufacturing industries — 12 percent, as compared to 29 percent for higher-wage workers. The same finding holds for construction, transportation, and wholesale trade. As we saw, these are industries which have traditionally done a much better job of providing family-supporting wages.

Figure 5.2
Industry Distribution of Wisconsin Workers, 1999



Note: "Other" category consists of Agriculture and Public Administration industries.

Source: Authors' Analysis, CPS.

Hours, Unions, and Occupations

Poverty-wage workers face additional obstacles. First, they are less likely to find stable, full-time employment and instead bounce through a series of short-lived jobs. Table 5.2 shows that in 1999, the percent of part-time jobs was almost four times higher for poverty-wage workers than for higher wage workers (41 percent compared to 11 percent, respectively). Moreover, while our data do not have information on weeks worked during the year, other studies have shown that part-time jobs tend to be part-year jobs as well. The upshot is that access to stable, long-term jobs is a serious problem at the bottom of the wage distribution.

A second problem is that poverty-wage jobs are much less likely to be unionized — not surprising, since unions are often able to bargain for higher wages. Still, the gap in representation is striking. In 1999, only 6 percent of poverty-wage workers held union jobs, as compared to 23 percent of higher-wage workers.

Finally, jobs that don't pay well tend to consist of entry-level and front-line positions. Table 5.2 shows that poverty-wage workers were more likely to hold sales and service jobs than higher wage workers (49 percent as compared to 15 percent) and less likely to be managers, professionals, and technicians (11 percent as compared to 36 percent). Note also that when poverty-wage workers do hold manufacturing-related jobs, it is usually not in the better paid craft jobs (only 6 percent), but rather front-line labor jobs (19 percent).

This difference in occupations is instructive. For example, the reader may have noticed that in Figure 5.2, poverty-wage workers were strongly represented in professional service industries and in finance, insurance, and real estate (28 percent). These industries are typically seen as the vanguard of the service sector, filled with managers, stock brokers, and technology wizards. In truth, however, these industries tend to be stratified between a tier of high-skill jobs and a tier of low-skill jobs, such as customer service representatives — hence the presence of low-wage workers even in this elite niche.

Table 5.2
Characteristics of Wisconsin Workers, 1999

	<i>Workers with Poverty-Wage Jobs (wage < \$8.12/hr.)</i>	<i>Workers with Higher-Wage Jobs (wage ≥ \$8.12/hr.)</i>
Percent Working Part-time	41.3 %	10.6 %
Percent Unionized	6.1	22.8
Percent in Occupation		
Managers, Professionals, and Technicians	10.6	35.7
Sales	13.6	8.6
Clerical and Administrative Support	13.5	15.3
Services	35.3	6.5
Precision Production, Craft and Repair	5.8	14.2
Machine Operators, Assemblers, Transporters, and Laborers	19.3	18.7
Farming, Forestry & Fishing	1.8	1.0

Source: Authors' Analysis, CPS.

Workers Get Caught in the Low-Wage Career Trap

An important part of the reality of being a poor worker is that it is a long-term state, one that is very hard to get out of. We call this the ‘stickiness’ of low-wage jobs. For a variety of reasons, some having to do with the worker, some having to do with the jobs themselves, holding a low-wage job often means chronic cycling from one bad job to another, with little gain over a career.

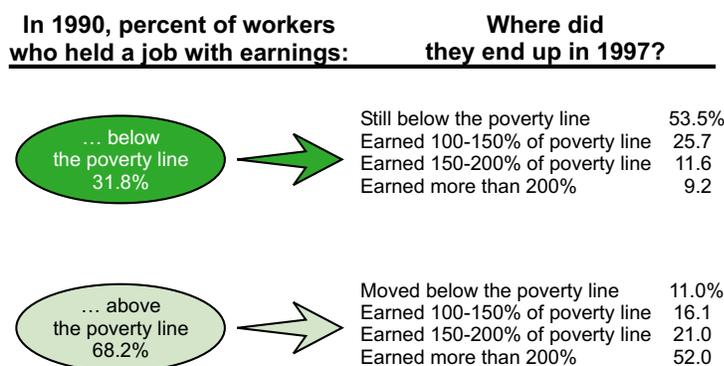
In order to illustrate this pattern, we shift to a different dataset that allows us to track workers over long periods of time. The Wisconsin Department of Workforce Development maintains Unemployment Insurance data files, which record quarterly earnings for individuals working in the state. The advantage of these data is that, unlike the Current Population Survey, we can follow workers over time and record any progress they make in terms of earnings. The disadvantage is that very little additional information is available. We do not know the workers’ sex, race, or education, for example, and we do not know how many hours and weeks they worked in a given quarter. In what follows, we present data on the percent of workers with quarterly earnings that fell at or below the poverty line. This percent differs from the ones in Table 5.1 above, because we have not been able to adjust for hours or weeks worked. Still, as we will see, this measure is more than adequate to the task of identifying workers who are stuck in low-wage jobs over the long term.

In Figure 5.3, we begin by focusing on the year 1990 and record the percent of workers who had quarterly earnings insufficient to lift a family of four above the official poverty line.

In 1990, almost one in three workers (32 percent) had quarterly earnings that fell below the poverty line. Following this group to 1997, we see that eight years later, nearly 54 percent of those same workers still held a poverty-earnings job. Only 12 percent had managed to reach the pay range of 150 to 200 percent of the poverty line. And only 9 percent had managed to rise into what we would consider the middle-class, with quarterly earnings that were twice the poverty line or more.

Figure 5.3

The Persistence of Low Quarterly Earnings Over Time in Wisconsin



Source: Authors’ Analysis, Wisconsin’s Unemployment Insurance Records, 1990 and 1997.

By contrast, the vast majority of Wisconsin workers who were above the poverty line in 1990 were still above it in 1997. About a third (37 percent) was earning between 150 to 200 percent of the poverty line, and more than half (52 percent) were earning at least double the poverty line.

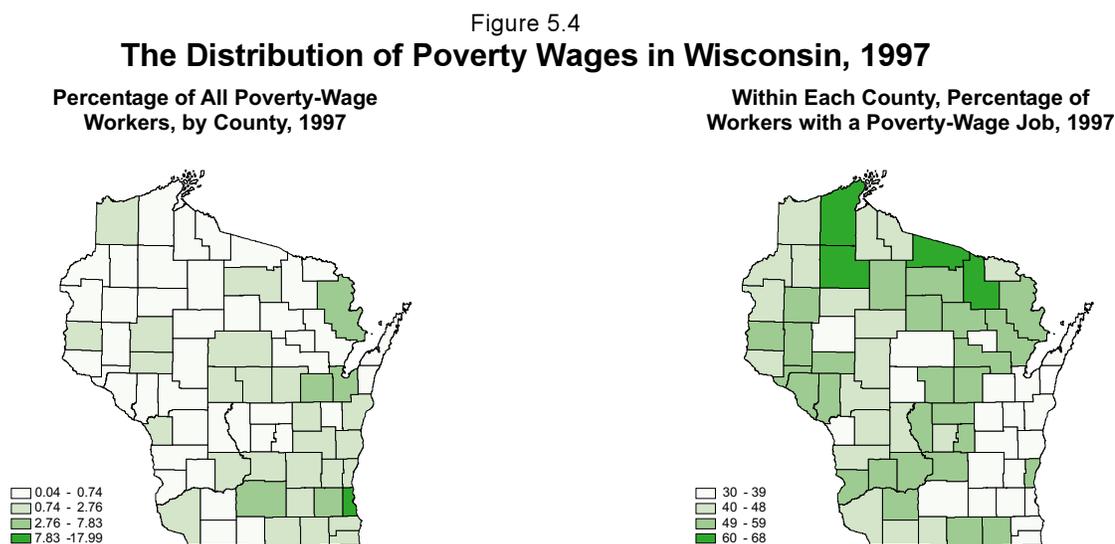
Thus there is a serious problem with low-wage jobs, beyond how little they pay in any given year. Over the long run, they often lead to low-wage careers.

Now, some might argue that this is purely a function of lack of skill. While the data set used here does not give information on education level, other research on low-wage careers has shown that skill is not the whole story. Low-wage jobs of the type one finds in retail trade and other service industries exert their own negative pull on worker's careers: few skills are learned, and there are few opportunities for promotion.

The Geography of Poverty Wages

A common perception is that low-wage jobs are limited to Wisconsin's inner cities, perhaps reflecting a less-skilled labor pool or the influx of immigrant workers. But a closer look reveals that, in fact, no region in the state is immune to the problem of low-wage work. For the following analyses, we continue to use the State's Unemployment Insurance records and examine quarterly earnings on a county-by-county basis.

The first map in Figure 5.4 takes all Wisconsin workers who had quarterly earnings at or below the poverty line in 1997. It shows where these workers were located: clearly, the large majority was in just a few counties: Milwaukee, Waukesha, Dane, Brown, and Outagamie.



Source: Authors' Analysis, Wisconsin's Unemployment Insurance Records, 1997.

But this map only tells part of the story. We can also approach the issue from another angle, and instead ask, *within each county*, how many workers had quarterly earnings at or below the poverty line? This is a question about *communities* and the type of opportunities they offer to their residents.

The second map in Figure 5.4 shows, of all the workers within each county, the percentage that had poverty level earnings. And here, the picture changes dramatically. Residents of rural counties in Wisconsin clearly had a higher likelihood of holding a poverty-wage job than did urban residents.

So in terms of raw numbers, the majority of Wisconsin's poverty-wage jobs are in urban areas, simply because those areas have most of the jobs in the state. *But a higher percentage of jobs in rural areas pay very low wages.*

From a worker's perspective, the second point is probably the more relevant way of looking at things, because it indicates the chances of finding a good job. And from a community's perspective, this is also the more relevant way of looking at things, because when there aren't enough good jobs around, other measures of social health deteriorate. The upshot, then, is that low-wage jobs are every region's problem. The challenge of raising living standards spans the state, and can only be solved through concerted action on all fronts — urban and rural, regional and statewide.

6. Toward a Policy Agenda for Working Wisconsin

Working families in Wisconsin are, on average, better off than they have been in two decades, and trends point in the direction of further improvement. Even so, some workers are still falling behind, inequality is on the increase and, at the bottom of the labor market, many continue to bounce through a series of low-wage, dead-end jobs. How can we maintain and build on the strengths of Wisconsin's present economy, while making improvement on these problems? In this chapter, we outline some of the policy options.

Before doing so, however, we anticipate and respond to four common objections to thinking seriously about these matters in the first place.

We're Biased

How the economy is doing for working families is a politically charged topic, and inevitably those with different political agendas will “spin” the facts in different ways. Here at COWS we are sometimes accused of only looking for bad news — and deliberately ignoring favorable economic trends. We think this charge is unfair, and unsubstantiated. We make every effort to be accurate and objective in our documentation, and report the good news along with the bad. If there is any “bias” in our focus, it is simply to shine a spotlight on the well-being of those who make up most of our economy — viz. working families themselves — but whose fate within it is usually not reported on with depth. We do believe, and this shows our values, that in a democratic society the measure of economic performance is whether the fruits of prosperity are widely shared. But this should not be a controversial view. It's just another way of stating the “American dream” of widening opportunity, and rising living standards, for most of the population. And in seeing how that dream is doing, median wage trends, especially those for specific race, gender, and education groups, speak to the day-to-day reality of working families in the state better than a quick review of job growth or the unemployment rate.

1979 is a Bad Benchmark

A closely related charge is that 1979, the year we use as a benchmark for most over-time comparisons, is an unfair one. That was about the time the U.S. economy began behaving differently than it did in the past — when each generation did better than the one before, wages rose fairly steadily, and productivity and wage growth tended to go hand in

hand. But 1979 is not, for workers, the best year of American economic performance; on most wage and income measures, that pride of place goes to 1973. So we're not deliberately choosing a year in comparison to which everything looks bad. And 1979, because it was a year for which we have decennial census data, because it's sufficiently long ago to mark an intervening generation of economic experience, and precisely because it preceded the troubled wage history of the 1980s-90s, seems like a recommended benchmark. What we at COWS are trying to make sense of, and working to reverse, are the troubling wage and income trends of this period. The fact that real wages are still below their 1979 values shows — even after some five years of good economic news for workers — just how far we still need to go.

W2 Will Change All This

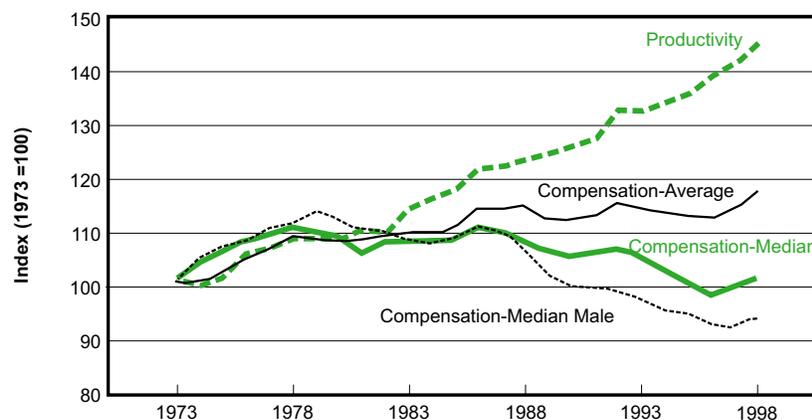
Some argue that the basic wage trends reported here will look substantially different once the latest effects of welfare reform are known. But this seems very improbable. For one thing, we deliberately focus on median wages — again, those at the very center of the income distribution — and these (unlike average wages) are insensitive to movements at either tail of that distribution, among the very poor or the very well-off. For a second thing, even before W2, the welfare population in Wisconsin was only a tiny fraction of the total workforce. It's simply not big enough to make much difference in the aggregate numbers.

Productivity Has Turned Around

Finally, some point to the nation's strong recent showing in annual productivity growth as evidence that our time of troubles is now behind us, and that, inevitably, adverse wage trends will be reversed. We certainly welcome the recent productivity numbers, and indeed do think that they point to an economy that, at least on this measure, is fundamentally more vibrant than in the recent past. But productivity growth *per se* doesn't

Figure 6.1

Productivity and Hourly Compensation Growth, 1973–98



Source: Economic Policy Institute.

guarantee that the benefits will trickle down to workers. As Figure 6.1 makes clear, median wage growth has long lagged substantially behind productivity growth, and has continued to even during the recent productivity upsurge. Presently, workers are nearly fifty percent more productive than they were in 1973, but even average compensation is just over 15 percent higher than its 1973 value, and among men, and at the median, the news is substantially worse. Men are still below their levels of 25 years ago, and the overall median is only a tiny bit above it. If this trend is allowed to continue, we'll have an ever more productive economy, but again one in which the fruits of that effort and intelligence are not widely shared.

Building the High Road in Wisconsin

Wisconsin's current economic strength permits us to pursue a more inclusive future for Wisconsin residents. We can choose to embrace and extend Wisconsin's egalitarian past, and to expand it into the future, but to do so will require careful thinking, bold strategies, and new coalitions. And that means that at least part of what must happen is to let the discussion on the economy begin. Discussion about the state of our state needs to happen throughout Wisconsin — inspired by community and faith-based groups, by leaders' forums and policy makers, by academics and activists. We offer this report as a contribution to a growing statewide dialogue on what economic growth has meant for the working families of Wisconsin and what paths our future should follow.

Crafting the solutions for sustaining a shared prosperity will not be a simple process. There is no single "magic bullet" that can ensure it. We do not presume to have all the answers, but some of what needs to be done is clear enough. Preserving Wisconsin's traditions, and extending our economic prosperity, requires an agenda to improve the quality of jobs, support working families, reduce racial disparity, and strengthen our cities.

Improve Job Quality in the State

Wisconsin's economic strength affords us the opportunity to make strategic choices about economic development. This is the chance to raise the floor at the bottom of the labor market and close off the low-road, low-wage option in the state. To ensure that economic strength brings prosperity to all we should strengthen the minimum wage and unions, support education and training initiatives, improve business accountability, and increase employee ownership in the state.

Raise and Index the Minimum Wage

Increasing the earnings for workers at the bottom of the labor market is one direct way to make work pay. Contrary to the popular image, most minimum wage workers are making direct contributions to family income.

Increase the state minimum wage and index it for inflation. Ten states have minimum wages higher than the federal level. Washington State, for example, recently enacted an increase to \$6.50 per hour, effective in January 2001, with indexing for inflation in subsequent years.

Support and Expand Worker Representation

Unions in Wisconsin have a strong history of promoting workers' interests, promoting high-road economic development, and increasing the incomes of state residents. Unions are also key partners with managers in finding ways to invest in workers. For these reasons, we should continue to support Wisconsin's union heritage and look for ways to expand coverage in the state. We should also experiment more, as have other states, in harnessing worker representation as a tool for regulatory enforcement and industrial upgrading.

- Support Project Labor Agreements between contractors and building trades unions that set the terms and conditions for management and labor on construction projects. Last session the Wisconsin Assembly proposed to ban such agreements on publicly-funded construction projects. That was a mistake.
- Oppose so-called "paycheck protection" laws which severely limit the ability of unions to defend the interests of their members and those of workers generally.
- Encourage more constructive labor-management relations by including a check on management practice (for example, its record of labor law violations) in public contracting.
- Support those unions and firms that are working together, rather than at loggerheads, through state funding of "high road partnerships" between management and labor.

Support Education and Training Initiatives that Build Career Ladders

Even as low-wage workers struggle to get out of the low-wage job trap, employers in some of Wisconsin's best paying industries are struggling to find qualified workers. Wisconsin is in an ideal position to overcome the skills gap in ways that payoff for both businesses and workers. Wisconsin also is home to one of the nation's premier industry partnerships, the Wisconsin Regional Training Partnership (WRTP), a partnership of more than 60 firms in Milwaukee's durable manufacturing sector that has implemented strategies to overcome the gap in the Milwaukee region.

- Implement and expand workforce development and training initiatives for the current workforce that allow people to move into family supporting jobs.
- Expand and replicate comprehensive partnerships in leading industries that support technology upgrading, workplace education, and employment assistance for disadvantaged workers.

Improve Accountability in Economic Development Assistance

Wisconsin provides tens of millions of dollars in economic development to firms every year in the name of creating and retaining jobs. Despite the huge amount of money involved there is very little reporting to determine if recipients lived up their promises, whether jobs were created or retained, or that the firms we subsidize are supporting working families. It is reasonable to expect accountability and cost-effectiveness in business subsidies funded by Wisconsin's taxpayers.

- Implement a reporting system similar to those in Minnesota and Maine to answer such questions as: how many jobs were created or retained, what were the wages and employer-provided health care benefits of those jobs, and in what industries were those jobs.
- Require local and state agencies to develop criteria for awarding subsidies, including a policy for wages and benefits for newly-created jobs. Require companies that fail to meet their wage and job creation goals within a reasonable time frame to pay back, with interest, at least a prorated amount of the development assistance.

Increase Employee Ownership

The Green Bay Packers are famous as an example of a community-owned team that has maintained above-average winning records, and visited more than a few Super Bowls. Nationally, firms with significant employee stock ownership have outperformed those without, no doubt in part because having an ownership stake in firms gives workers added reason to be productive.

- Encourage the development of employee stake generally — in the form of worker cooperatives, general stock ownership corporations, Employee Stock Ownership Plans, and other means to “share the wealth.”
- As in Canada, encourage regional investment in high-road firms through investment funds dedicated to that purpose. Capitalized through worker savings, and encouraged by state tax credits, such funds have shown their capacity to give worker investors a market rate of return, while promoting desirable employment in their region — in effect, a double dividend from their investment. And the improved employment and tax base their investments generate, the Canadian experience also makes clear, more than make up for the cost of state incentives to their creation.

Support Working Families

Wisconsin’s families are working more than ever before. This is a chance to direct state policy in ways that support families and allow families that are playing by the rules to make ends meet. To ensure that our working families have the support they need to thrive, we should expand the earned income tax credit, support quality childcare and accessible healthcare, and make the state’s taxes more progressive.

Expand the Earned Income Tax Credit

The Earned Income Tax Credit (EITC) provides a tremendous boost to the incomes of working poor families. However, the current structure of the federal credit penalizes families who earn more. The following change would mitigate the existing work penalty:

- Adjust the federal EITC so it phases out more slowly (as income increases) and expand the credit for married, two-earner couples. These changes are included in

a proposal by President Clinton and a plan endorsed by Wisconsin Congressman Petri. (These changes to the federal EITC would also indirectly boost Wisconsin's own EITC, since it is linked to the federal credit.)

Make Quality Childcare Affordable

Wisconsin, like most other states, faces a host of challenges in providing access to quality child care for working families. One of the most expensive items in a family's budget, full-time licensed care typically costs upwards of \$7,000 per year. The following recommendations would make Wisconsin's already innovative childcare subsidy program more successful:

- Make the Wisconsin Shares childcare subsidies more accessible to parents enrolled in higher education programs;
- Explore the feasibility of expanding access to childcare subsidies to families with incomes up to 250% of the federal poverty line (as allowed by federal rules) to address the current "cliff effects" in the childcare subsidy program that occur when families reach income limits, and lose benefits before they are able to cover these costs independently.
- Support pilot initiatives to improve the quality of care for children by improving the quality of jobs for child care workers.

Extend Health Insurance

In recent years, Wisconsin has taken significant steps forward to ensure that increased numbers of low-income workers have access to health insurance. The state's innovative BadgerCare program (which essentially expands access to Medicaid to low-income working families) is generally considered to be a success, with more than 60,000 people enrolled. However, specific policy changes are needed to continue the state's progress in improving access to health insurance for uninsured low-wage workers and their families, including:

- Eliminate or reduce the BadgerCare premiums that have proven to be a significant impediment to enrollment for families over 150% of the federal poverty line;
- Assess the feasibility of expanding BadgerCare coverage to families with incomes up to 250% of the federal poverty line (as federal rules allow).

Make Taxes More Progressive

The current tax structure in Wisconsin is clearly regressive — requiring more from those who are poor than from those who are rich. We should change that. However done, it is absurd that our poorest workers now face a higher state and local tax rate than the rich. The corporate sector in Wisconsin provides about 6% of the state's general purpose revenues. Still, the corporate sector received a \$64 million annual property tax break in the 1997-1998 legislative session, and sought an additional \$80 million income tax break in the session just ended.

- Oppose single sales factor corporate tax apportionment in order to maintain a more equitable distribution of tax burdens between smaller in-state firms and multi-state corporations.
- Preserve the newly created personal income tax exemption and the increased standard deductions to partially offset the overall regressivity of Wisconsin's tax structure.

Reduce Racial Disparity by Focusing on Education and Training

On indicators from unemployment to wages to child poverty, Wisconsin exhibits extreme racial disparity. The state's prosperity allows us the opportunity to make investments that can help close that gap. Moreover, public policy must eliminate structural biases in our social institutions and barriers in our economy that reproduce racial inequality. Our egalitarian tradition requires us to pursue such a course that ensures minorities in the state have the same access to opportunity:

- Reform the current system of funding primary education to ensure constitutional adequacy and modify the system of revenue caps that limits the ability of local educators to repair facilities, retain teachers, and improve educational programs.
- Prepare non-college bound high school students for the transition from school-to-work.

Rebuild Our Metro Areas and Discourage Statewide Sprawl

From Milwaukee to Green Bay, Eau Claire to Superior, Wisconsin's cities and their surrounding metropolitan regions are facing substantial challenges — including the loss through sprawled development of tax base and employment, and the need to raise taxes and fees or cut services because of the freeze on state shared revenue since 1995.

At the same time, our state's rural and agricultural heritage is threatened by outdated policies and the pressures of suburban development. We are daily converting hundreds of acres of farmland to housing developments and low-wage industrial sites.

As a state we want to discourage sprawl and reverse its effects on our metro areas and rural landscape alike. Sprawl is wasteful of older infrastructure. It destroys the environment and raises the costs of "managing" the environment left behind. Sprawled development costs more per individual to support than dense development. We need policies that concentrate housing and production, and harness the productivity effects — from shared knowledge, easier joint production, denser tax base, and more — that follow from their concentration.

- Encourage regional policies that are neither "state" nor "local" which capture natural linkages in our metro areas and promote regional equity through tax base sharing or functional consolidation of service delivery.
- Promote cooperative urban redevelopment strategies that create family supporting jobs, restore old "brownfields" sites, and return economic opportunity lost to suburban sprawl. Milwaukee's Menomonee River Valley is one example of successful public/private redevelopment strategies.

- Use the state’s recently enacted “Comprehensive Planning” law to control growth and reduce costly, inefficient development. Controlling sprawl, however, requires more than planning and demands multiple strategies for transportation, housing, stormwater run-off, and more.

* * * * *

Taking these steps would begin to improve the situation of Wisconsin working families and their children, relieve our environment, and strengthen our industrial base. Of course, enacting such a program will be an enormous task, and one requiring the cooperation of parties more accustomed to conflict — business and labor, Republicans and Democrats, suburbanites and central city residents, the public and private sectors. What is most difficult — what requires courage — is taking the first step.

We can start by making sure useful, understandable information about our economy is available to citizens of this state. It is this purpose, above all, that *The State of Working Wisconsin 2000* is meant to serve — to help inform and widen popular discussion of the economy. It is important too that we make our political leaders’ choices about our economic future more visible to citizens, and more accountable. We should increase the transparency of our legislative and state budget processes, and once more put organized people, not organized money, in command of their direction.

In the end, though, it bears emphasis that the choices facing us are not about parties or partisanship, but about our coherence and welfare as a people. As an ancient Declaration reminds us, the basic purpose of democratic government is to further the collective “pursuit of happiness.” Achieving that purpose today, simply and clearly, requires changing the way that we do business, and government, in this state.

Data Sources & Methodology

The State of Working Wisconsin relies on a range of data sources. The particular source or sources relied on for any given Table or Figure are identified with them, with notation as described in the Table and Figure Notes which follows this appendix.

Current Population Survey & Decennial Census

Our primary source is annual U.S. Bureau of the Census compilations of the Current Population Survey (CPS). From these, the National Bureau of Economic Research (NBER) develops the CPS Outgoing Rotation Group (CPS-ORG) file. This file has been adapted by the Economic Policy Institute (EPI). We relied on EPI's version of the file for all of our tabulations and calculations, except for our calculations of labor force participation, for which we used the NBER version of the file, since the relevant variable had been dropped from the EPI version.

We chose to base our analysis on CPS-ORG data because we believe it is the best source for analyzing state and national level wage trends. Unlike the "average wage" series produced by the U.S. Department of Labor, CPS data permit calculation of individual hourly earnings and the linkage of earnings to demographic characteristics such as race, sex, and educational attainment. The CPS sample also includes a wide range of workers and employment situations, and permits comparison between Wisconsin workers and those elsewhere. The sample used in our analysis for wage calculations includes all wage and salary workers with valid wage and hour data. We include all respondents between 18 and 64 (inclusive), but exclude the unincorporated self-employed. We exclude individuals with hourly earnings less than \$0.50 per hour and more than \$100 per hour, in 1989 CPU-X1 adjusted dollars. CPS demographic weights were applied to make the sample representative of the population. All of this is standard in CPS analyses. In the case of labor force participation (for which we used the NBER version of the ORG file), we included the working age population 16 and above.

In 1994, the CPS altered its categorization for education. Up until then, CPS respondents were asked their highest grade completed. Since then, they have been asked the highest degree received. While these two schemes are not perfectly comparable, they provide reasonable consistency, especially given the broad educational groups on which this analysis is based. Here we group individuals into four educational categories: high school dropouts, high school graduates, 1-3 years of post high school, college graduates. In the years before 1994 we assign individuals with less than 12 years of schools to the first category, those with

12 year to the second, those with 13-15 to the third, and those with 16 or more to the fourth. For years after 1994, the assignment of those reporting high school or college degrees is straightforward. Those who report no degree are classed as dropouts, and those reporting any of range of technical or associate degrees are classed in the “1-3 years of post high school” category, as are those who report having begun college but not completing it.

In addition to the CPS, we sometimes rely on the 1990 U.S. Census. This is obviously dated, but provides the last reliable source for a variety of more specialized questions, particularly regarding the status of children and racial minorities.

Real Median Wages

In general, we present trends in real median hourly wages. “Real” means inflation-adjusted — in our case, through the standard Consumer Price Index (CPI-U-X1, which, starting with December 1982, is identical to CPI-U). “Median” means the center of a distribution, above which half the distribution lies and below which half lies.

The alternative expression of average wage trends is in terms of an actual average, or “mean,” calculated simply by taking all wages for a population and dividing by its number of members. We disfavor this approach in general on the grounds that means can mislead because of outliers in the distribution — in the U.S. today, usually high-income outliers that drag them unnaturally up — can blur the picture of what is happening to most people. In the comparison of Wisconsin to the nation, moreover, the use of means unnaturally disfavors us on grounds of which we should be proud: we have a comparatively equal distribution of income, and so less opportunity for upward dragging. Compared to the rest of the nation, then, Wisconsin mean wages look worse than our median wages do, but only because we have less inequality.

In the CPS, respondents can answer the question regarding wages in one of two ways. If they are paid an hourly wage, they simply report that wage which is used in the analysis. If they are paid on a salary basis, they report their weekly earnings and their usual hours of work in a given week. To estimate their hourly wage, we then divide earnings by usual hours.

Table & Figure Notes

Frequently Cited Sources

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

CPS – U.S. Department of Labor. Bureau of Labor Statistics, *Current Population Survey 1979-1997*. See appendix on methods for data sources. Two versions of the CPS were used: one provided by the National Bureau of Economic Research and one provided by the Economic Policy Institute. These are referred to as CPS (NBER) and CPS (EPI) respectively.

EPI – Economic Policy Institute, Washington D.C. (Web site is at <http://www.epinet.org/>)

DWD UI - Department of Workforce Development, Unemployment Insurance: This is a 5% sample of wage records drawn from the Unemployment Insurance data files that are maintained by the State of Wisconsin, Department of Workforce Development. The sample was given to COWS under a license designed to maintain the confidentiality of individual records; we therefore report only aggregate data. A worker's quarterly wage record was included in this sample if he or she held that same job in the previous and following quarters. This was done in order to ensure that the quarterly earnings reported represent earnings for a full quarter of work, not just some part of that quarter.

Table Notes

Chapter 1

- 1.1 Employment and Employment Growth in the Midwest, 1969–99. EPI, State of Working America, 2000–01.
- 1.2 Wisconsin Employment, Wages, and Number of Establishments, by Industry, 1998. Wisconsin Department of Workforce Development. Current Employment and Wages (CEW) Table 209. Internet address as of 8/23/00: http://www.dwd.state.wi.us/dwelmi/cew_Tbl209_yearly.htm/.
- 1.3 Population and Population Growth in the Midwest and U.S., 1990–99. U.S. Census Bureau, State Population Estimates. Internet address as of 8/23/00: <http://www.census.gov/population/www/estimates/statepop.html/>.

- 1.4 Wisconsin's Population Growth, 1990–2000. 1990 data: U.S. Census Bureau, Population estimates for States by race and Hispanic origin. Internet address as of 8/23/00: <http://www.census.gov/population/estimates/state/srh/srhus90.txt/>. 2000 data: U.S. Census Bureau, State Population Projections. Internet address as of 8/23/00: <http://www.census.gov/population/projections/state/stpjrace.txt/>.
- 1.5 Labor Force Participation in Wisconsin and the U.S. For 1980, 1990, and 1999: CPS (NBER). 1970 numbers for Wisconsin are from the 1970 Census, Wisconsin state volume. 1970 numbers for the U.S. are from U.S. Department of Commerce, Bureau of the Census. Statistical Abstract of the United States: 1999, Table 650, p. 411.
- 1.6 Educational Attainment of Wisconsin Workers, 1979 and 1999. CPS (EPI).

Chapter 2

- 2.1 Median Income for Four Person Families, Wisconsin and U.S., 1974–98. EPI, State of Working America, 2000–01.
- 2.2 Median Income for Four Person Families in the Midwest and U.S., 1974–98. EPI, State of Working America, 2000–01.
- 2.3 Poverty Rates in the Midwest and U.S., 1988–89 and 1997–98. EPI, State of Working America, 2000–01.

Chapter 3

- 3.1 Wisconsin Family Income Trends: Average Family Income of the Richest, Middle, and Poorest Fifths of the Income Distribution, late 1970s to late 1990s. Pulling Apart, Economic Policy Institute and Center on Budget and Policy Priorities, January 2000 (CBPP Web Site is at <http://www.cbpp.org/>).
- 3.2 Wisconsin State and Local Taxes by Income Group, 1998. Institute on Taxation and Economic Policy, Notes on the Current Wisconsin Tax System. April 20, 2000.
- 3.3 State and Local Tax Rates as a Share of Family Income Quintiles, 1995. EPI, State of Working America, 2000-01.

Chapter 4

- 4.1 Median Hourly Wages, Wisconsin and the U.S., by Sex and Race. CPS (EPI).
- 4.2 Median Hourly Wages for Full-Time Workers. CPS (EPI).
- 4.3 The Gender Gap in Wages: Ratio of Women's Median Wage to Men's. CPS (EPI).
- 4.4 Median Hourly Wages, Wisconsin and U.S., by Sex and Education, 1979–99. CPS (EPI).
- 4.5 Median Industry Wages in Wisconsin, 1979–99. CPS (EPI).

Chapter 5

- 5.1 Share of Wisconsin Workers Earning Poverty Wages. CPS (EPI).
- 5.2 Characteristics of Wisconsin Workers, 1999. CPS (EPI).

Figure Notes

Chapter 1

- 1.1 Economic Growth in Wisconsin and the U.S., 1969–99. Bureau of Economic Analysis, U.S. Department of Commerce. Regional Accounts Data, State Personal Income. Internet address as of 8/23/00: <http://www.bea.doc.gov/bea/regional/spi/>.
- 1.2 Unemployment in Wisconsin and the U.S., 1979–99. Bureau of Labor Statistics, U.S. Department of Labor. Local Area Unemployment Statistics. Internet address as of 8/23/00: <http://www.bls.gov/news.release/laus.toc.htm/>.
- 1.3 Labor Force Participation, Wisconsin and U.S., 1990–2000. CPS (NBER), 1990, 1999.
- 1.4 County Variation in Wisconsin's Per Capita Income. Wisconsin Department of Revenue, Per Capita Personal Income. Internet address as of 8/23/00: <http://www.dor.state.wi.us/ra/8tb69297.html/>.

Chapter 2

- 2.1 Poverty Rate in Wisconsin and U.S., 1980–98. Bureau of the Census. Internet address for U.S. data as of 8/24/00: <http://www.census.gov/hhes/poverty/histpov/hstpov9.html/>. Internet address for Wisconsin data as of 8/24/00: <http://www.census.gov/hhes/poverty/histpov/hstpov21.html/>.
- 2.2 Share of Working Families with Children that were Poor, 1970s to 1990s. Center on Budget and Policy Priorities, 1999. *The Poverty Despite Work Handbook*. Washington, DC: Center on Budget and Policy Priorities. Table 28, p. 90.

Chapter 3

- 3.1 Income Change for Families Late 1970s to Late 1990s, by Fifth of Families (Percent Change). *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, January 2000.
- 3.2 Booming Economy, Rising Inequality: Income Change by Fifth of the Income Distribution, Late 1980s to Late 1990s. *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, January 2000.
- 3.3 *Wisconsin State and Local Taxes by Income Group, 1998*. Institute on Taxation and Economic Policy (ITEP), *Notes on the Current Wisconsin Tax System*. April 20, 2000. (ITEP Web site is at <http://www.ctj.org/itep/>).

Chapter 4

- 4.1 *Real Median Wage, Wisconsin and U.S., 1979–99*. CPS (EPI).
- 4.2 *Median Wages by Sex, Wisconsin and U.S., 1979–99*. CPS (EPI).
- 4.3 *Wisconsin Workforce Distribution Across Industry, by Sex, 1999*. CPS (EPI).
- 4.4 *Wisconsin's Median Wage Gender Gap by Industry, 1999*. CPS (EPI).
- 4.5 *Men's Real Median Wages, Wisconsin and U.S., 1979–99*. CPS (EPI)
- 4.6 *Women's Real Median Wages, Wisconsin and U.S., 1979–99*. CPS (EPI).
- 4.7 *Change in Real Median Wages by Industry, 1979–99, and Percent of Workforce in Each Industry, 1999, Wisconsin*. CPS (EPI).

Chapter 5

- 5.1 *Percent of Wisconsin Workers with Poverty Wage Jobs, 1979–99.* CPS (EPI).
- 5.2 *Industry Distribution of Wisconsin Workers, 1999.* CPS (EPI).
- 5.3 *The Persistence of Low Quarterly Earnings over Time in Wisconsin.* DWD UI.
- 5.4 *Percentage of All Poverty Wage Workers, by County, 1997 and Within Each County, Percentage of Workers with a Poverty-Wage Job, 1997.* DWD UI.

Chapter 6.

- 6.1. *Productivity and Hourly Compensation Growth, 1970–98.* Economic Policy Institute, State of Working America, 2000–01.

County Data

Sources for County-Level Data

Population, July 1999, estimate and Population, 1990.

U.S. Bureau of the Census. Internet address as of 9/13/00: http://www.census.gov/population/estimates/county/co-99-1/99C1_55.txt/.

Unemployment, May 2000.

Wisconsin Department of Workforce Development. Internet address as of 9/13/00: [http://www.dwd.state.wi.us/notespub/DWDWebMa/36f6_536.htm#Bycounty /](http://www.dwd.state.wi.us/notespub/DWDWebMa/36f6_536.htm#Bycounty/).

Civilian Labor Force, May 2000.

Wisconsin Department of Workforce Development. Internet address as of 9/13/00: http://www.dwd.state.wi.us/dwelmi/laus_view_current.htm/.

Total Employment and Manufacturing Employment, 1990 and 1998.

U.S. Bureau of the Census, County Business Patterns. 1990 data obtained from third-party web site at (as of 9/13/00): <http://fisher.lib.virginia.edu/cbp/> 1998 data obtained from Census site (as of 9/13/00): http://tier2.census.gov/cbp_naics/index.html/.

Labor Force Participation, 1997.

Data provided by the Wisconsin Department of Workforce Development in response to a request.

Per Capita Income, 1992 and 1997.

Wisconsin Department of Revenue. Internet address as of 9/13/00: <http://www.dor.state.wi.us/ra/0800copi.html/>.

Share of Poverty-Wage Jobs, Within County and Within State.

Calculated from a 5% file of unemployment insurance records provided to COWS under license by the Wisconsin Department of Workforce Development.

W2 Caseload Data, Food Stamps, Medical Assistance, & Child Care Assistance, July 2000.

Data provided by the Wisconsin Department of Workforce Development in response to a request.

State of Working Wisconsin

	Population			Labor Force Participation	Civilian Labor force	Total Employment			Manufacturing Employment		
	1990	July 1999 (est.)	% Change 1990-99			1997	May 2000	1990	1998	% change 1990-98	1990
Wisconsin	4,891,954	5,250,446	7.3%	75.1%	3,005,285	1,948,856	2,319,343	19.0%	550,192	566,219	2.9%
Adams	15,682	18,741	19.5	57.7	8,591	1,579	2,340	48.2	399	494	23.8
Ashland	16,307	16,390	0.5	65.4	8,059	6,444	6,787	5.3	1,693	1,424	-15.9
Barron	40,750	44,093	8.2	75.7	25,068	12,608	16,788	33.2	4,568	5,839	27.8
Bayfield	14,008	15,358	9.6	68.1	7,467	1,797	2,171	20.8	311	178	-42.8
Brown	194,594	216,522	11.3	81.7	141,713	93,869	121,799	29.8	23,924	24,703	3.3
Buffalo	13,584	14,284	5.2	76.3	7,993	3,012	3,300	9.6	270	323	19.6
Burnett	13,084	14,913	14.0	64.8	7,174	2,676	3,323	24.2	821	1,004	22.3
Calumet	34,291	39,029	13.8	87.6	25,601	10,684	12,298	15.1	5,238	5,724	9.3
Chippewa	52,360	54,722	4.5	74.7	31,990	14,893	17,406	16.9	5,867	5,652	-3.7
Clark	31,647	33,411	5.6	70.0	16,270	6,821	7,948	16.5	1,993	2,889	45.0
Columbia	45,088	51,788	14.9	74.8	27,228	13,834	16,733	21.0	4,495	4,892	8.8
Crawford	15,940	16,524	3.7	79.7	10,004	4,307	5,912	37.3	1,210	2,049	69.3
Dane	367,085	428,563	16.7	82.2	267,797	165,858	214,837	29.5	24,750	26,902	8.7
Dodge	76,559	83,494	9.1	80.6	49,846	24,030	29,528	22.9	10,530	12,898	22.5
Door	25,690	27,079	5.4	75.6	15,368	8,804	10,311	17.1	2,757	2,304	-16.4
Douglas	41,758	42,967	2.9	71.3	23,192	10,538	12,759	21.1	1,509	1,503	-0.4
Dunn	35,909	39,208	9.2	74.9	22,905	7,359	12,852	74.6	1,505	2,739	82.0
Eau Claire	85,183	89,741	5.4	75.0	54,782	32,528	41,277	26.9	5,035	4,541	-9.8
Florence	4,590	5,136	11.9	44.8	1,902	638	711	11.4	327	238	-27.2
Fond du Lac	90,083	94,795	5.2	76.7	54,331	34,658	41,813	20.6	10,739	11,641	8.4
Forest	8,776	9,667	10.2	69.4	4,743	1,476	2,295	55.5	481	347	-27.9
Grant	49,264	49,328	0.1	67.0	25,286	12,401	13,337	7.5	3,138	3,072	-2.1
Green	30,339	33,847	11.6	77.1	18,872	10,350	12,857	24.2	3,002	3,547	18.2
Green Lake	18,651	19,561	4.9	71.0	10,413	5,769	6,738	16.8	2,070	1,980	-4.3
Iowa	20,150	22,708	12.7	82.2	14,201	6,516	9,397	44.2	702	788	12.3
Iron	6,153	6,298	2.4	64.9	3,419	1,584	1,974	24.6	175	366	109.1
Jackson	16,588	17,833	7.5	86.9	13,986	4,089	4,925	20.4	428	880	105.6
Jefferson	67,783	74,052	9.2	76.5	42,827	27,472	31,183	13.5	11,889	11,908	0.2
Juneau	21,650	24,091	11.3	63.0	10,814	6,124	7,881	28.7	2,912	2,861	-1.8
Kenosha	128,181	146,315	14.1	76.0	83,794	35,882	46,908	30.7	9,210	10,827	17.6
Kewaunee	18,878	19,966	5.8	70.0	10,590	4,603	5,393	17.2	1,728	2,362	36.7
La Crosse	97,904	102,438	4.6	75.5	59,712	47,924	55,719	16.3	10,522	10,644	1.2
Lafayette	16,076	16,020	-0.3	66.9	8,066	2,375	2,842	19.7	590	662	12.2
Langlade	19,505	20,563	5.4	60.3	9,530	5,492	6,251	13.8	1,490	1,423	-4.5
Lincoln	26,993	29,949	11.0	73.5	14,817	8,804	9,896	12.4	3,580	3,385	-5.4
Manitowoc	80,421	82,726	2.9	70.0	44,919	28,779	33,320	15.8	11,082	13,830	24.8
Marathon	115,400	123,584	7.1	77.7	75,621	46,224	58,831	27.3	13,886	17,188	23.8
Marinette	40,548	43,019	6.1	64.4	21,824	13,769	15,979	16.1	6,401	6,627	3.5
Marquette	12,321	15,344	24.5	65.3	7,107	2,255	3,220	42.8	858	1,233	43.7
Menominee	3,890	5,033	29.4	88.2	2,596	355	1,747	392.1	175	750	328.6
Milwaukee	959,275	906,248	-5.5	68.2	490,779	470,114	475,869	1.2	106,701	87,619	-17.9
Monroe	36,633	39,725	8.4	71.1	20,050	11,001	13,017	18.3	3,176	4,045	27.4
Oconto	30,226	34,382	13.7	60.7	16,190	6,734	8,250	22.5	3,059	2,551	-16.6
Oneida	31,679	36,052	13.8	75.9	20,774	9,544	15,600	63.5	1,926	2,514	30.5
Outagamie	140,510	158,480	12.8	87.4	103,840	60,206	87,805	45.8	17,409	21,428	23.1
Ozaukee	72,831	82,015	12.6	80.3	48,984	26,840	36,791	37.1	10,608	13,205	24.5
Pepin	7,107	7,307	2.8	64.0	3,364	1,520	1,622	6.7	175	174	-0.6
Pierce	32,765	36,052	10.0	78.8	20,965	7,345	6,239	-15.1	1,620	1,031	-36.4
Polk	34,773	39,363	13.2	80.8	22,688	8,495	11,625	36.8	2,280	3,824	67.7
Portage	61,405	65,022	5.9	74.1	37,976	22,489	26,378	17.3	4,978	5,439	9.3
Price	15,600	15,559	-0.3	61.0	7,047	5,235	5,842	11.6	2,696	2,696	0.0
Racine	175,034	185,777	6.1	68.6	91,741	72,070	76,877	6.7	28,417	20,259	-28.7
Richland	17,521	17,748	1.3	65.4	8,907	3,714	4,507	21.4	1,399	1,936	38.4
Rock	139,510	151,121	8.3	72.3	78,975	52,821	60,340	14.2	18,847	18,543	-1.6
Rusk	15,079	15,098	0.1	62.2	7,697	3,927	4,164	6.0	1,571	1,722	9.6
St. Croix	50,251	60,273	19.9	78.5	33,690	12,735	20,449	60.6	3,776	6,123	62.2
Sauk	46,975	54,282	15.6	85.4	35,213	18,632	24,147	29.6	5,802	6,487	11.8
Sawyer	14,181	16,230	14.4	76.9	9,474	2,470	4,344	75.9	328	831	153.4
Shawano	37,157	39,183	5.5	72.6	20,751	8,705	9,952	14.3	2,251	2,144	-4.8
Sheboygan	103,877	110,136	6.0	72.9	63,194	44,351	53,132	19.8	19,262	20,772	7.8
Taylor	18,901	19,255	1.9	74.8	10,444	5,806	6,923	19.2	2,607	2,896	11.1
Trempealeau	25,263	26,679	5.6	74.5	14,749	7,718	9,582	24.2	3,444	4,422	28.4
Vernon	25,617	27,707	8.2	69.3	14,312	4,950	5,951	20.2	1,025	960	-6.3
Vilas	17,707	21,703	22.6	70.8	11,332	5,236	4,161	-20.5	699	359	-48.6
Walworth	75,000	86,548	15.4	80.8	53,905	24,910	35,171	41.2	8,150	11,355	39.3
Washburn	13,772	15,770	14.5	67.6	7,974	3,407	4,424	29.9	885	912	3.1
Washington	95,328	115,717	21.4	79.8	68,126	32,234	46,100	43.0	12,366	15,880	28.4
Waukesha	304,715	358,442	17.6	81.6	215,401	156,630	210,582	34.4	44,490	50,822	14.2
Waupaca	46,104	50,832	10.3	73.4	26,635	14,531	16,297	12.2	5,771	5,981	3.6
Waushara	19,385	21,824	12.6	64.5	10,887	3,034	4,009	32.1	404	748	85.1
Winnebago	140,320	150,591	7.3	83.8	98,706	77,500	80,412	3.8	31,200	27,053	-13.3
Wood	73,605	76,225	3.6	69.2	40,100	33,922	36,712	8.2	10,587	8,990	-15.1

	Unemployment May 2000	Per capita income (1997 dollars)			Percent of Poverty-Wage Jobs:		With Payment June 2000	W2 Without Payment June 2000	Total June 2000	Food Stamps June 2000	Medical Assistance June 2000	Families w/ Child Care Subsidy June 2000
		1992	1997	% Change 1992-97	State 1997	County 1997						
Wisconsin	3.3%	\$22,114	\$24,048	8.7%	100.0%	36.3%	6552	4195	10,747	78,115	167,780	19,409
Adams	3.2	14,278	14,521	1.7	0.3	66.7	4	4	8	334	812	45
Ashland	6.9	16,238	18,248	12.4	0.5	52.9	3	2	5	406	1,021	88
Barron	3.4	16,961	17,804	5.0	1.0	41.0	4	2	6	855	1,906	137
Bayfield	5.7	15,913	17,080	7.3	0.4	68.4	4	0	4	182	639	25
Brown	2.3	23,185	25,559	10.2	4.2	32.3	14	13	27	1,651	5,037	669
Buffalo	3.4	17,563	18,970	8.0	0.3	47.3	3	4	7	164	471	26
Burnett	3.0	16,182	17,791	9.9	0.4	53.6	4	2	6	207	680	25
Calumet	1.9	20,377	22,524	10.5	0.6	37.3	4	5	9	130	638	64
Chippewa	3.3	18,534	20,301	9.5	0.9	32.2	15	8	23	616	2,060	170
Clark	4.3	15,883	15,855	-0.2	0.5	51.5	2	4	6	218	1,216	31
Columbia	3.8	20,409	21,168	3.7	0.9	46.6	7	25	32	341	1,226	96
Crawford	3.3	15,945	17,170	7.7	0.4	59.6	1	0	1	184	676	46
Dane	1.5	25,648	27,361	6.7	7.8	32.2	296	170	466	4,242	7,650	1,422
Dodge	2.5	17,870	19,123	7.0	1.1	38.0	14	23	37	557	2,116	204
Door	3.7	21,120	22,237	5.3	0.9	52.8	3	8	11	190	696	82
Douglas	4.5	17,933	18,859	5.2	1.1	55.1	26	23	49	888	2,067	202
Dunn	3.0	16,183	17,705	9.4	0.7	47.8	22	24	46	417	1,190	80
Eau Claire	3.3	19,648	21,674	10.3	2.1	40.0	12	17	29	1,095	2,770	370
Florence	4.3	15,447	16,865	9.2	0.1	52.6	1	6	7	50	216	8
Fond du Lac	2.6	22,073	23,865	8.1	1.7	37.8	39	20	59	661	2,578	282
Forest	4.8	14,550	16,919	16.3	0.3	61.6	4	2	6	116	491	27
Grant	2.8	17,132	18,204	6.3	1.0	57.6	11	1	12	312	1,442	57
Green	3.2	20,954	20,723	-1.1	0.6	47.3	1	1	2	313	884	77
Green Lake	3.3	20,606	21,397	3.8	0.4	44.1	2	1	3	152	548	41
Iowa	2.3	17,750	18,276	3.0	0.3	46.3	3	2	5	242	552	37
Iron	6.1	16,389	18,191	11.0	0.2	55.6	2	2	4	88	354	17
Jackson	2.9	16,763	17,880	6.7	0.3	52.3	1	0	1	218	757	27
Jefferson	2.5	20,558	21,848	6.3	1.3	35.8	6	9	15	351	1,709	87
Juneau	7.3	16,819	17,503	4.1	0.4	52.0	15	30	45	245	873	54
Kenosha	3.7	20,950	23,124	10.4	2.2	38.6	195	147	342	2,430	4,872	572
Kewaunee	2.4	18,300	19,001	3.8	0.3	37.5	3	1	4	85	481	36
La Crosse	2.8	21,410	23,123	8.0	2.4	38.9	16	17	33	1,382	3,066	427
Lafayette	3.2	16,593	15,824	-4.6	0.2	45.5	0	2	2	74	346	25
Langlade	4.1	17,137	17,733	3.5	0.5	47.2	12	9	21	340	948	56
Lincoln	4.1	17,209	19,112	11.1	0.6	42.8	7	0	7	275	985	81
Manitowoc	2.9	19,999	22,292	11.5	1.5	35.8	4	3	7	442	2,066	99
Marathon	2.6	20,638	22,937	11.1	2.4	36.4	37	16	53	1,042	3,232	355
Marinette	3.7	18,269	18,963	3.8	1.0	43.3	3	0	3	418	1,662	62
Marquette	5.4	16,668	16,407	-1.6	0.3	47.8	0	2	2	169	476	41
Menominee	10.6	17,862	16,561	-7.3	0.0	38.9	9	8	17	119	347	37
Milwaukee	4.5	23,538	25,535	8.5	18.0	33.4	5,166	3,209	8,375	38,309	52,420	8,074
Monroe	3.3	16,707	17,391	4.1	0.7	50.0	20	21	41	478	1,422	120
Oconto	3.7	16,267	16,602	2.1	0.5	48.5	3	1	4	256	978	92
Oneida	4.0	20,295	21,786	7.3	0.9	44.2	2	3	5	468	1,413	81
Outagamie	2.2	23,215	25,845	11.3	3.2	34.6	27	36	63	625	2,516	354
Ozaukee	1.9	31,888	35,879	12.5	1.6	39.7	3	0	3	230	886	120
Pepin	3.5	17,177	17,796	3.6	0.1	44.6	0	1	1	61	264	14
Pierce	2.4	19,825	21,810	10.0	0.7	57.6	5	2	7	190	782	69
Polk	3.2	17,788	19,329	8.7	0.7	51.1	5	18	23	410	1,359	106
Portage	3.2	19,382	20,209	4.3	1.3	43.3	5	5	10	614	1,702	167
Price	7.4	19,087	19,676	3.1	0.3	42.4	6	7	13	303	890	75
Racine	4.4	23,461	25,711	9.6	2.8	32.9	107	17	124	2,641	5,614	687
Richland	2.8	15,246	16,534	8.4	0.3	42.0	2	7	9	239	621	49
Rock	4.4	21,549	22,915	6.3	2.5	39.8	105	30	135	2,175	4,877	510
Rusk	4.9	14,418	15,575	8.0	0.2	49.2	1	1	2	245	826	45
St. Croix	2.0	23,504	26,051	10.8	1.3	46.9	9	14	23	247	1,184	96
Sauk	2.3	20,057	21,488	7.1	1.4	45.2	13	6	19	418	1,500	99
Sawyer	4.2	15,605	17,670	13.2	0.5	62.0	4	8	12	300	938	111
Shawano	3.1	15,503	17,090	10.2	0.7	45.9	17	13	30	332	1,148	96
Sheboygan	2.1	22,400	24,009	7.2	1.9	29.6	26	11	37	630	2,418	161
Taylor	3.2	16,168	16,881	4.4	0.3	52.2	1	2	3	237	825	37
Trempealeau	3.3	17,213	18,348	6.6	0.6	48.0	3	2	5	289	1,121	97
Vernon	3.1	15,082	15,485	2.7	0.4	58.6	7	2	9	310	951	43
Vilas	4.1	17,803	19,232	8.0	0.7	60.4	2	3	5	156	575	27
Walworth	2.3	20,429	22,261	9.0	2.1	42.7	28	11	39	517	1,923	117
Washburn	4.0	15,864	17,505	10.3	0.4	50.5	2	5	7	230	748	45
Washington	2.2	24,329	27,691	13.8	1.7	33.8	13	17	30	557	1,798	196
Waukesha	2.3	29,740	33,511	12.7	7.0	30.7	37	18	55	1,201	4,347	481
Waupaca	3.1	19,745	21,445	8.6	1.0	46.3	30	20	50	319	1,988	79
Waushara	4.0	16,648	16,942	1.8	0.4	66.9	0	1	1	334	882	58
Winnebago	2.3	22,860	24,659	7.9	2.5	31.5	52	51	103	1,140	3,535	445
Wood	3.5	22,346	24,831	11.1	1.8	35.9	31	17	48	983	2,477	228

