

2002



The State of

Working Wisconsin

The Center On Wisconsin Strategy

The State of Working Wisconsin 2002

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The Center on Wisconsin Strategy

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.

On the Cover: The Milwaukee Jobs Initiative

The year 2002 marks the fifth anniversary of the Milwaukee Jobs Initiative's (MJJI) first customized skills training graduation. During those five years, MJJI projects have connected more than 1,400 Milwaukee residents to family-supporting job with advancement opportunities. The workers pictured on the cover of this year's State of Working Wisconsin are graduates of the MJJI.

The Milwaukee Jobs Initiative is funded by the Annie E. Casey Foundation, with local and state match funding, to bridge the gap between central city residents who need jobs and high paying firms that need good workers. MJJI brings together business (with leadership from the Greater Milwaukee Committee), labor (with leadership from the Milwaukee County Labor Council, the Wisconsin State AFL-CIO, and union locals), and the community (with leadership from local human service providers and small community-based organizations) to connect qualified, central city workers to good jobs.

MJJI success has come from working on both the demand and supply sides of the labor market—aiding employers in search of qualified workers, and providing support for workers, or would-be workers, in search of jobs. Workers learn the skills they need to do the job, keep the job, and move up in the job. Employers learn how better to train workers, reduce costly turnover, and increase productivity.

The Center on Wisconsin Strategy provides program design, policy development, project evaluation, and other technical assistance to the MJJI.

Acknowledgments

Our release of this report corresponds with the national release of *The State of Working America, 2002-2003* 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, Pablo Mitnik, and Matthew Zeidenberg for research and analysis, and to Karyn Matchey for publication design and web production.

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Executive Summary

By the turn of the century, the economic expansion of the 1990s had finally begun to bear fruit for America's working families. Just before the end of the boom, wages rose — especially at the bottom of the labor market — and workers were able to move from substandard, irregular jobs to more permanent, consistent work.

Our recent recession brought an end to these economic good times. Unemployment is up, job growth is sluggish, and the manufacturing sector has been hit with severe job losses. Recent corporate scandals have further eroded consumer confidence and economic insecurity appears to be on the rise.

Where do Wisconsin workers and families stand in this picture? Did the long economic expansion pay off here in the Badger State? What are the costs of the current recession? 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, 2002 is our attempt to answer these questions with the best and most recent data available. Drawing on a wide variety of information on family incomes, taxes, wages, unemployment, and poverty, it examines the impact of today's economy on Wisconsin workers and families.

In this edition of *The State of Working Wisconsin* — which relies on data through 2001 — there is some good long-term news for working families in the state: median wages finally exceed their 1979 levels and family income is up. But the positive trends may be substantially eroded by the current economic downturn. And, importantly, key challenges remain, especially in terms of economic inequality and job quality in the state.

Key findings

Median family income is up, but so are the hours devoted to work

Median family income, adjusted for inflation, is up in Wisconsin. 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 over the 1990s has hardly been impressive. Nevertheless, after years of sluggish growth, Wisconsin's families are finally moving ahead.

Currently, median family income in Wisconsin exceeds the national median income by 6.5 percent. But "family income" includes all wages earned in a family unit. Given that the state's labor force participation so substantially exceeds the national rate (fully six percent higher), and that people in Wisconsin work more hours per year than the average American, we'd expect Wisconsin's median family income to be substantially above national levels.

The hours that Wisconsin families commit to work — both on the job and getting there — are at an all-time high. With more than 4,300 hours devoted by families to paid work — 3,981 to work and 346 commuting — the median family with children is reaching its limits. It is no surprise that families, especially those with small children, feel caught in a time crunch: needing time with their kids as well as income from work, and increasingly forced to choose income.

Median Income for Four-Person Families, 1978–2000

(2000 dollars)

					Average Annual Growth Rate		
	1978–79	1988–89	1995–96	1999–00	1980s	1990s	1995–00
U.S.	\$ 49,468	\$ 54,959	\$ 56,053	\$ 62,112	1.1 %	1.1 %	2.6 %
Wisconsin	51,442	54,546	57,384	66,146	0.6	1.8	3.6
Illinois	53,534	58,021	60,473	68,351	0.8	1.5	3.1
Indiana	49,877	52,449	55,595	61,282	0.5	1.4	2.5
Iowa	50,108	49,256	52,889	58,973	-0.2	1.7	2.8
Michigan	53,686	57,751	60,433	68,203	0.7	1.5	3.1
Minnesota	52,936	57,464	61,256	69,735	0.8	1.8	3.3

Source: Economic Policy Institute.

Overall, median wages continue to slowly rise, but they are down from 1979 for white men, African-Americans, and those without a high school degree

Wisconsin's wage news is much better than in the recent past. The median wage — earned by the worker at the exact middle of the wage distribution — has increased close to one percent or more each year since 1996, and is now well above their values of a decade ago. Even so, and despite dramatic improvements in workforce education and productivity since 1979, it is only in the last two years wages that wages have finally moved slightly ahead of their 1979 values. For full-time workers, for white men, for all African Americans, and for people without college degrees, this good news is substantially muted.

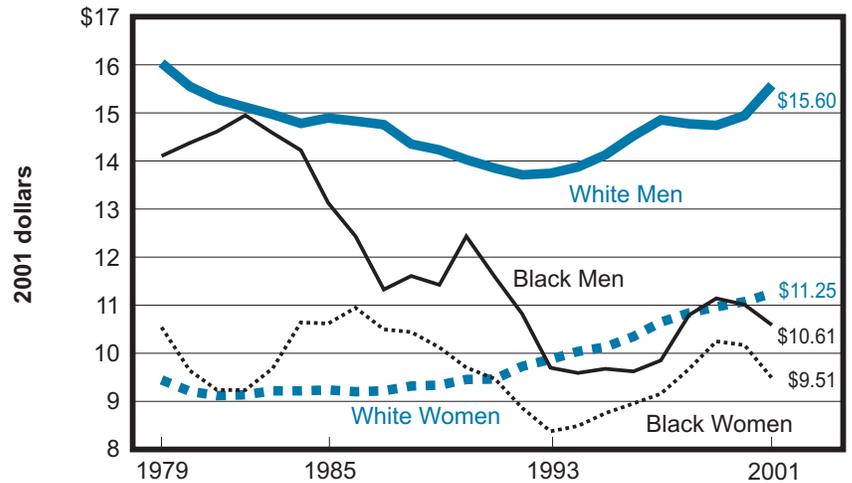
Wages have declined substantially from 1979 values for black Wisconsinites. This compares poorly both to wage trends for whites in the state and to national trends for blacks. Recent years have proven a bit more positive, however, with wages for both black men and women moving up during the late-1990s, although they have lost ground again in the last two years.

Full-time workers 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 Wisconsin, the median for breadwinners grew just 1.6 percent (22 cents) from 1979 to \$13.87 in 2001. Disturbingly — and paradoxically — those working the most in our economy are gaining the least from it.

Finally, 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 increased very little.

Median Wages, Wisconsin, 1979–2001

(2001 dollars)



Source: Authors' Analysis, CPS.

Median Hourly Wages for Full-Time Workers, 1979–2001

(2001 dollars)

	Median Hourly Wage				Percent Change	
	1979	1989	2000	2001	1979–2001	1989–2001
Wisconsin	\$ 13.65	\$ 12.79	\$ 13.44	\$ 13.87	1.6 %	8.4 %
U.S.	12.92	12.99	13.52	13.90	7.6	7.0

Source: Authors' Analysis, CPS.

Median Hourly Wages, by Education, 1979–2001

(2001 dollars)

	Median Hourly Wage				Percent Change	
	1979	1989	2000	2001	1979–2001	1989–2001
Wisconsin						
Men						
No H.S. Degree	\$13.85	\$10.58	\$10.00	\$ 9.79	- 29.3 %	- 7.5 %
H.S. Graduates	15.85	13.61	12.75	13.57	- 14.3	- 0.3
1–3 yrs. Post H.S.	15.43	12.53	14.94	14.85	-3.8	18.5
College Grads	18.34	19.43	21.05	22.50	22.7	15.8
Women						
No H.S. Degree	\$ 8.39	\$ 6.98	\$ 7.97	\$ 8.35	- 0.5 %	19.6 %
H.S. Graduates	9.09	8.82	10.17	9.95	9.4	12.7
1–3 yrs. Post H.S.	9.70	9.49	10.77	10.50	8.2	10.6
College Grads	12.68	15.24	18.00	18.51	45.9	21.5

Source: Authors' Analysis, CPS.

Significant numbers of workers in the state are still locked out of jobs that pay family-supporting wages

Even while many state residents are celebrating the prosperity afforded much of Wisconsin in the late 1990s, tens of thousands of working families have not yet achieved even minimal financial security.

- In 1979, one in five Wisconsin workers worked in a poverty-wage job. Over the next decade, this number increased significantly, to almost one in three workers by 1989. The 1990s then brought a reversal of this decline in job quality. Poverty-wage employment has receded, especially in the last several years, dropping back to 20.6 percent of all jobs in the state in 2001.
- As a group, only white women have seen a decline in poverty-wage jobs over time, down from 35 percent in 1979 to 26 percent in 2001; however, white women are still much more likely to hold poverty-wage jobs than white men.
- Among black men, the percent of workers with low-wage jobs has nearly tripled over the last 22 years. Black women show a similar trend over the same time period, with poverty-wage jobs growing from 25 to 43 percent. White men are the least likely to earn poverty wages, but even this group has seen a ten percent increase in those with holding a poverty wage job over 1979.
- Less educated workers have suffered the most from the expansion of poverty wage jobs. Close to half of high school dropouts in the state earned poverty wages, compared with slightly over one quarter in 1979.
- Low-pay industries have grown much more rapidly than high-pay industries during the last two decades.

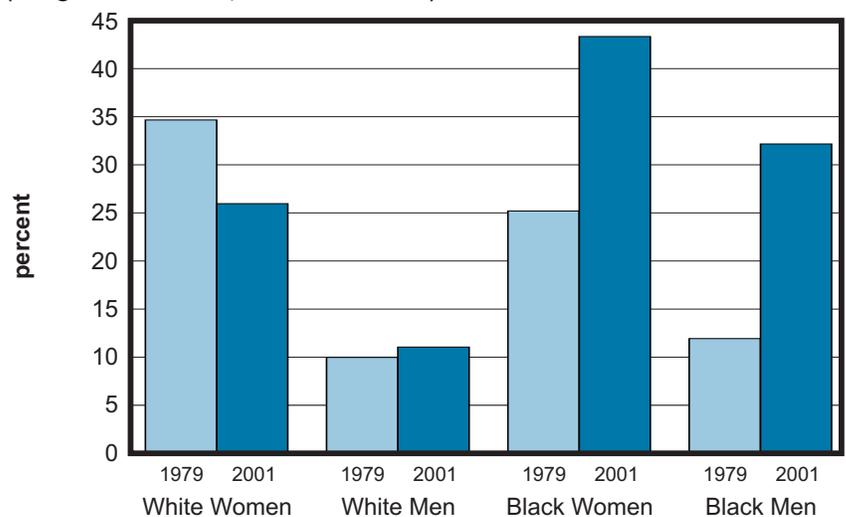
A number of critical factors contribute to Wisconsin's job quality decline: the strong growth of low-wage service industries; lack of access to full-time

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.

Using data that allows for following workers over time, we found that large numbers of workers in the state are caught in low-wage careers. Of workers that had quarterly earnings that would put a family of four below the poverty line in 1995, more than half (51 percent) still held a poverty-earnings job five years later, in 2000.

Share of Wisconsin Workers Earning Poverty Wages, 1979–2001

(wages less than \$8.63/hr. in 2001)

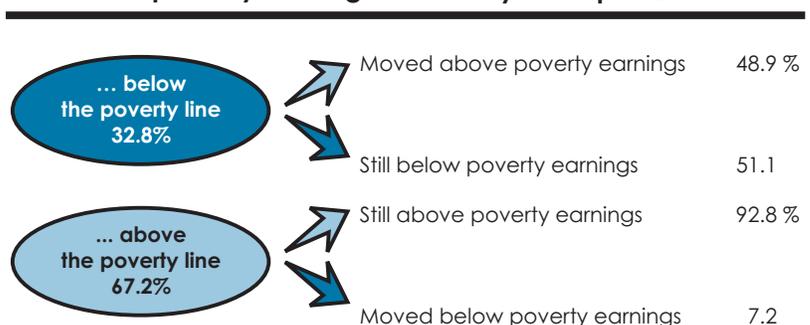


Source: Authors' Analysis, CPS.

The Persistence of Low Quarterly Earnings Over Time in Wisconsin

In 1995, percent of workers who had quarterly earnings...

Where did they end up in 2000?



Source: Authors' Analysis, Wisconsin Unemployment Insurance Records, 1995 and 2000.

Despite a strong economy in the late 1990s, income inequality grew in Wisconsin

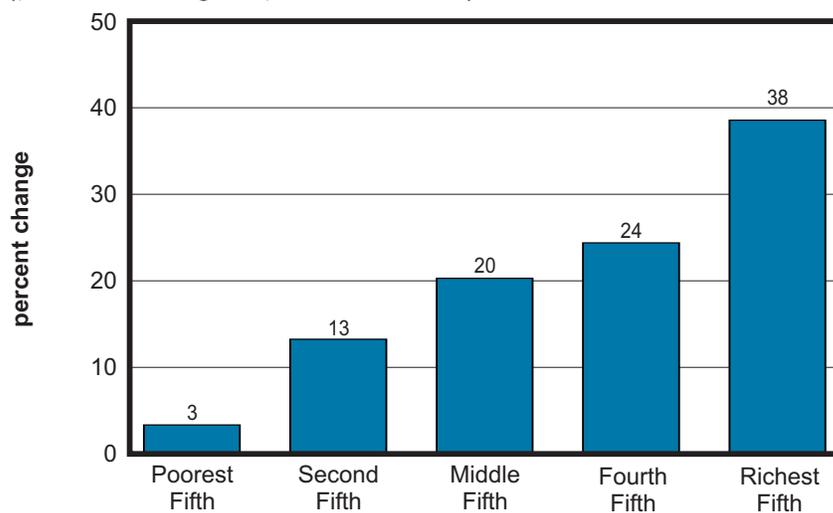
From the late 1970s to the late 1990s, the average real income of families in the bottom fifth of earnings grew just 3.3 percent, to \$17,388 (or less than \$28 per year). At the same time, families in the top income quintile saw their average income rise more than 38 percent, to \$141,858. For the middle fifth of families, real income grew 20 percent, to \$56,553. So, while middle-income families moved slowly upward, with an annual income increase of \$470, the state's richest families sprinted forward, each year pulling in over \$1,945 more than the year before.

Wisconsin's recent surge in income 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 grew only two percent, while the income of the state's highest income families grew 15 times that much.

Inequality between different geographical areas within the state is also substantial. Median family income is much higher in urban areas — particularly in the Milwaukee metropolitan area, Dane County, and St. Croix and Pierce counties (which are close to the Twin Cities in Minnesota). In most of Northern Wisconsin median family income is relatively low, and much lower than income in Wisconsin's southeastern region. Menominee County, an Indian reservation and the poorest county in the state, has a median family income of just \$23,500, less than half the state median of \$52,911 and less than one-third the median family income in Pierce and St. Croix counties, where the state's highest median family income, \$74,700, can be found.

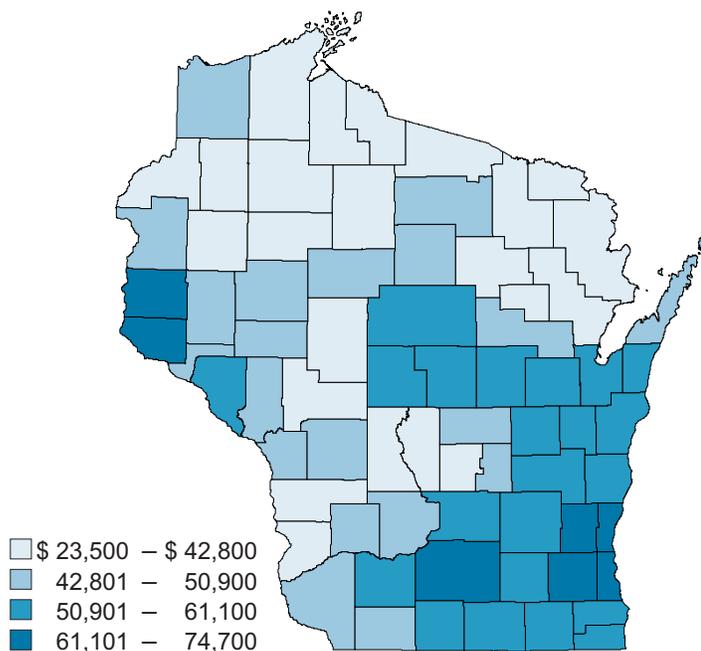
Change in Family Income, Wisconsin, Late 1970s to Late 1990s

(percent change, by fifth of families)



Source: Economic Policy Institute and Center on Budget and Policy Priorities.

Wisconsin Median Family Income by County, 1999



Source: U.S. Census Bureau.

Building a High Road Economy

This report has documented Wisconsin's growth in poverty wage jobs, the growing time crunch on working families, and wage stagnation for most workers. For many Wisconsinites, the prosperity of the last several years has simply passed them by. For most, the quality of living here simply does not match the past.

Now the state confronts the additional problem of paying a large bill for years of fiscal irresponsibility and misguided program: a \$3 billion-plus biennial deficit that will need to be closed without the usual gimmicks. How the next administration solves this problem will define its legacy, and our state's future.

Either we continue, with less money, with the "low-road" policies of the past. These will produce more of the economic outcomes reported here. Or we can break squarely with those policies, and embark on a "high road" path aimed at raising working class incomes, and increasing the productivity and innovation needed to support them. Natural steps here include:

Raise the Minimum Wage: Still stuck at \$5.15 an hour, our minimum wage is well below its historic peak of \$8 an hour in real dollars, reached in 1968. It is even further below what productivity increases since that time would correct it to be, roughly \$14 an hour.

Restore the Right to Organize: It takes a village to raise a child, but it often takes a union to get a raise. We should restore the "right to organize" that is no longer protected by federal law. Among other things, that means conditioning all public assists to employers on their not violating that right with state funds, as they now frequently do.

Broaden High Road Partnerships: Business leaders and labor both have a stake in a trained, involved, productive workforce, using modern techniques of production and service. Such "high road partnerships," like the Wisconsin Regional Training Partnerships, should be encouraged throughout our economy.

Insist on Development Accountability: Wisconsin spends about \$3.5 billion each biennium on tax breaks, economic development aids, or regulatory exemptions — all offered to promote economic development. But the right kind of development is commonly not occurring. We should move to full disclosure on all such assists, and insist on accountability in them. If public dollars are being spent without positive results for wages and employment, they should be withdrawn.

Organize the State Development Effort: Wisconsin's economic development programs are scattered and hard to track. They need to be centralized in administration, made more transparent to the public, and held to clear standards on performance.

Encourage Regional Development: Most of Wisconsin's economy is organized regionally, but most of our government is organized along other lines that don't match that economic reality. Without undermining our traditions of local government, we should put clear state incentives toward high road regional cooperation. That means rewarding those who cooperate, and not rewarding those who do not.

Expand Ownership: Through worker pension funds and other means, we should make it easier for more people to have a real "stake" in our economy.

Discourage Sprawl: Sprawl is not just an environmental and quality of life problem. It is an economic one. We want to concentrate population to realize efficiencies in production, and better pay for the public goods, needed for a high road future.

There is much more that could be done to put Wisconsin on the high road of shared prosperity, but first we need to decide if we want to go there. The economy will not drift there on its own. We must make the choice about our future.

Chapter 1

Wisconsin's Economy & Workforce: An Overview

By the turn of the century, the economic expansion of the 1990s had finally begun to bear fruit for America's working families. Just before the end of the boom, wages rose, especially at the bottom of the labor market and workers were able to move from sub-standard, irregular jobs to more permanent, consistent work.

Our recent recession brought an end to these economic good times. Unemployment is up, job growth is sluggish, and the manufacturing sector has been hit with severe job losses. Recent corporate scandals have further eroded consumer confidence and economic insecurity appears to be on the rise.

And there was bad news even before the recession: the typical American family was working more hours, taking on historic household debt burdens, and often failing to receive adequate health care and pension coverage. Surely the job instability and loss of late will exacerbate these problems. Moreover, in both good times and bad, American wage inequality remains high, poverty stagnant, 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 in *The State of Working America 2002–03*, by economists Lawrence Mishel, Jared Bernstein, and Heather Boushey, the latest edition of this book produced every two years by the Economic Policy Institute in Washington, D.C.

Where do Wisconsin workers and families stand in this picture? Did the long economic expansion pay off here in the Badger State? What are the costs of the current recession? 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, 2002 is our attempt to answer these questions with the best and most recent data available. Drawing on a wide variety of information on family incomes, taxes, wages, unemployment, and poverty, it examines the impact of today's economy on Wisconsin workers and families.

This is our fourth edition of *The State of Working Wisconsin*, issued in 1996, 1998, and 2000. In our first reports, 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 2001 — there is some good long-term news for working families in the state: median wages finally exceed their 1979 levels and family income is up. But the positive trends may be substantially eroded by the current economic downturn. And, importantly, key 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 of the economy per capita income, unemployment, industrial distribution — and population and workforce — age, education, and labor force participation to name a few.

In the following 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 (Chapter 6).

The Recession in Wisconsin

In March 2001, the national economic expansion that began in March 1991 came to an end. After showing exceptional growth in the late 1990s, Wisconsin has been hard hit by the recent slowdown.

Unemployment Growth

Wisconsin's unemployment growth is probably the most telling indicator of the recent economic decline in the state. From June 1999 to June 2002, the state's unemployment rate grew 75 percent, rising from 2.8 percent to 4.9 percent. Over the same period, the national unemployment rate also grew, but at half that pace, up from 4.3 to 5.9 percent.

Total Employment Decline

Wisconsin's economy generated new jobs at a rate of more than two percent per year over 1997–99. Last year, however, total employment actually decreased (total employment fell 0.27 percent). Ominously, the trend has intensified in the first half of 2002, total employment has fallen 0.86 percent.

Manufacturing Job Loss

Perhaps the worst news is that job loss has concentrated in manufacturing, a critical piece of Wisconsin's economy. Total employment in Wisconsin's manufacturing sector fell by 55,000 in the last two years, with 21,400 in the last year. Manufacturing job loss in the state is not just important because the overall number of jobs is declining, but because many communities in Wisconsin have suffered losses of key employers or substantial lay-offs at some of their best paying employers.

Just a couple of years ago, we heard a steady stream of pronouncements that the "new economy" had put an end to the business cycle. The national and Wisconsin statistics for the recent recession give lie to such facile thinking. This recession has hit workers in Wisconsin, especially our manufacturing workers, especially hard, with lay-offs and plant closings reported throughout the state.

The data in the first chapter of this report reflect the economic recession. However, the full effects of the recession are not so clear in the wage and income data offered in later chapters. Much of the data in this report does not fully reflect the economic downturn in the state. Though it is the most recent data available, it lags behind the recession realities documented here. We will be better able understand and document the effects of this ongoing recession on income and wages in the 2004 edition of *The State of Working Wisconsin*.

Wisconsin's Economic Performance

Figures 1.1 and 1.2 summarize the now familiar elements of Wisconsin's economy. Up until the recent recession, Wisconsin posted relatively strong economic growth (shown by per capita income growth) and also had 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, but the patterns for the last two years are less impressive.

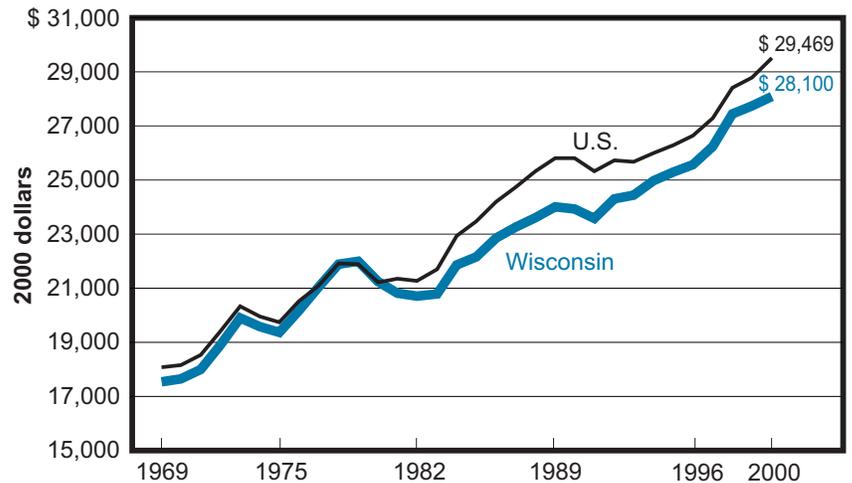
Through 1999, Wisconsin's economy grew at above average rates. Figure 1.1 displays per capita income for Wisconsin and the U.S. since 1969. What it shows is that our economy, and that of the U.S., has grown by more than 60 percent over the past 30 years; that Wisconsin remains a bit below the U.S. average in per capita income; that we fell behind during the early 1980s recession; and that in the late 1990s our per capita income grew faster, helping to close the gap that the 1980s produced. Finally, the figure makes clear that the last two years of slower growth have increased the national advantage again.

These income growth figures over the past several years are matched by changes in the number of jobs and 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). As recently as 1999, Wisconsin's unemployment rate was 12th lowest in the nation, at 3.1 percent almost 30 percent below the national rate of 4.2 percent. Over the last two years, Wisconsin's unemployment advantage has collapsed. In 2001, Wisconsin's unemployment rate, 4.6 percent, was just 0.2 percentage points lower than the national rate, 4.8 percent.

Measuring Economic Growth

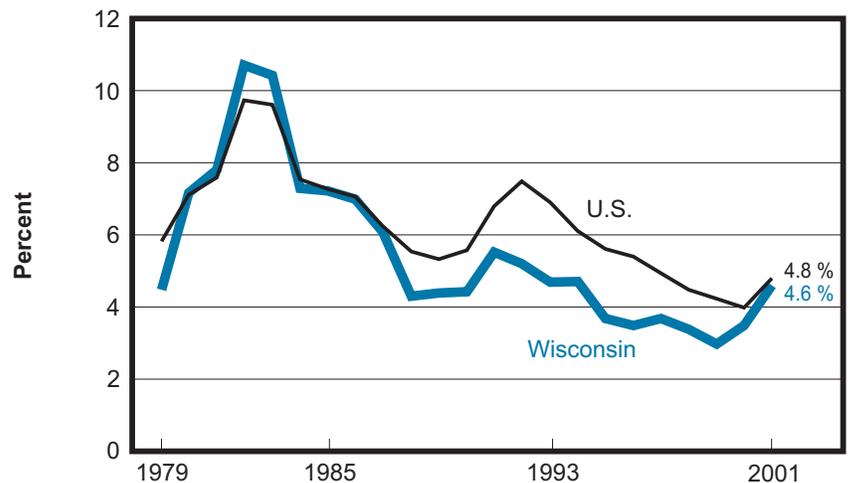
For states, the most up-to-date growth figures are provided by growth in per capita personal income, which correlates closely with the more conventional measure of "product" — or the value of goods and services produced.

Figure 1.1
Economic Growth, Wisconsin & U.S., 1969–2000
(annual per capita personal income)



Source: U.S. Bureau of Economic Analysis.

Figure 1.2
Unemployment, Wisconsin & U.S., 1979–2001



Source: U.S. Bureau of Labor Statistics.

Just as low unemployment rates in the late 1990s were related to the region's strong employment growth, rising unemployment in the Midwest is closely related to the job losses incurred over the last two years. Among regions, 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 has exceeded Wisconsin's job growth in the 1990s. From 1989 to 2000, Wisconsin added nearly six million new jobs for growth in total employment of nearly 27 percent over the decade. However, over 2000–01, the total number of jobs in Wisconsin fell by 0.3 percent. The region was hit hard and many neighboring states suffered more significant job declines.

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.

Table 1.1

Employment and Employment Growth in the Midwest, 1979–2001

	1979	1989	1995	2000	2001	Annualized Percentage change		
						79–89	89–00	00–01
Wisconsin	1,960	2,236	2,559	2,833	2,826	1.3 %	2.2 %	- 0.3 %
Illinois	4,880	5,214	5,593	6,045	6,005	0.7	1.4	- 0.7
Indiana	2,236	2,479	2,787	3,000	2,938	1.0	1.7	- 2.1
Iowa	1,132	1,200	1,358	1,478	1,469	0.6	1.9	- 0.6
Michigan	3,637	3,922	4,274	4,674	4,587	0.8	1.6	1.9
Minnesota	1,767	2,087	2,379	2,676	2,674	1.7	2.3	- 0.1

Source: Economic Policy Institute, *State of Working America*.

Wisconsin's Industrial Base

Wisconsin's workforce numbers about 3 million. Table 1.2 shows the distribution of employment, by sector, as of 2000, of the 2.7 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, 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 \$750 per week, or about \$36,400 per year on the average. This is substantially above the state average of \$590 per week. Other high wage sectors include wholesale trade (\$760 per week), mining (\$809), construction (\$726), and finance, insurance and real estate (\$761). On average, service jobs pay substantially less than these sectors, \$521 a week (about \$27,000 a year), and at \$305 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.

Table 1.2

Wisconsin Employment and Wages, by industry, 2000 (workers covered by unemployment insurance, 2000 dollars)

	Employment	Weekly Wage
Agriculture, Forestry, & Fishing	29,565	\$ 422.24
Mining	2,744	809.60
Construction	125,855	726.24
Manufacturing	615,239	750.28
Transportation & Public Utilities	128,999	686.12
Wholesale Trade	139,508	760.36
Retail	498,840	304.81
Finance, Insurance, & Real Estate	144,221	760.66
Services	691,431	521.29
Public Administration	357,502	640.14
Unknown Industry Division	3,478	596.73
Total	2,737,382	590.13

Source: Wisconsin Department of Workforce Development.

More on Business Vitality

For more on business vitality in the state, see the **Development Report Card for the States 2001** at <http://drc.cfed.org/>, and the **State New Economy Index for 2002** at <http://www.neweconomyindex.org/states/>.

Business Vitality

Although Wisconsin is a prosperous state, there are several reasons to be concerned about the state of its economy. According to the *Development Report Card for the States 2001*, published annually by the Corporation for Enterprise Development, Wisconsin performs badly in the area of business vitality. Considering various elements of business vitality, the report ranks Wisconsin 47th out of the 50 states (adjusted by the size of the state) in the formation of new companies, 38th in proportion of high technology companies, and only 20th in new business job growth. The report also finds that our economy is much less diverse than would be desirable in order to grow and adapt well to rapidly changing markets.

In addition, Wisconsin also shows important deficiencies in the area of business development capacity. Specifically, it ranks 44th in private lending to small business, 36th in venture capital investments and 41st in federal research and development dollars per capita. Finally, in the area of economic performance, the state ranks only 32nd in manufacturing capital investment.

The Progressive Policy Institute ranks the states using its "New Economy" index, which measures how well the state is competing in the new high technology industrial environment. The state's overall aggregated rank among the 50 states for 2002 is 40th. Clearly such performance is a red flag: we rank 35th in the per capita number of knowledge-based jobs, 39th on our integration with world trade and investment, 46th on economic dynamism, 27th on the digital economy, and 29th on innovation capacity.

While any single set of indicators may not truly summarize an economy, Wisconsin's consistently low performance on key measures of business vitality challenge us to respond if we are to maintain a strong standard of living in the state.

Wisconsin Population Growth

With 5.36 million residents, Wisconsin has posted strong population growth over the last decade. As shown in Table 1.3, from 1990–2000, the state grew 9.6 percent, adding more than 471,000 residents. Though that is substantial growth, Wisconsin's population increase was still exceeded by the national rate of 13.1 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, within the Midwest, Wisconsin's population growth rate from 1990–2000 trails only Minnesota and Indiana, and Indiana's growth rate was only slightly higher than Wisconsin's.

As shown by Table 1.4, while Wisconsin remains overwhelmingly white in racial composition — 87 percent here, as against 75 percent nationally — minority populations are growing most rapidly. The most rapid population growth in the 1990s was reported among Hispanics; their population more than doubled in the state from 87,609 in 1990 (1.8 percent of the state's total) to 192,921 (3.6 percent) in 2000.

The Hispanic or Latino population in Wisconsin is concentrated in the Southeastern part of the state. In fact, fully 43 percent of the state's Hispanics live in Milwaukee County. There are just four counties in Wisconsin where the Hispanic population accounts for more than five percent of the total population: Milwaukee (8.8 percent), Racine (7.9 percent), Kenosha (7.2 percent), and Walworth (6.5 percent). Finally, four counties in Wisconsin have more than 10,000 persons of Hispanic origin: Milwaukee (82,406), Racine (14,990), Dane (14,387), and Kenosha (10,757). Brown County posted the most dramatic growth in Hispanic population. Over 1990–2000, the Brown County Hispanic population more than quadrupled, growing from 1,525 to 8,698.

Table 1.3

Population and Population Growth, U.S., Wisconsin, & Peer States, 1990–2000

			Percentage Growth
	1990	2000	1990–2000
U.S.	248,790,925	281,421,906	13.12 %
Wisconsin	4,891,954	5,363,675	9.64
Illinois	11,430,602	12,419,293	8.65
Indiana	5,544,156	6,080,485	9.67
Iowa	2,776,831	2,926,324	5.38
Michigan	9,295,287	9,938,444	6.92
Minnesota	4,375,665	4,919,479	12.43

Source: U.S. Census Bureau.

Table 1.4

Wisconsin's Population Growth by Race and Hispanic Origin, 1990–2000

			Percent Change
	1990	2000	1990–2000
White	4,469,091	4,681,630	4.8 %
Black	242,516	300,245	23.8
Native American	38,179	43,980	15.2
Asian & Pacific Islander	52,325	89,341	70.7
Other race	2,049	3,637	77.5
Two or more Races	NA	51,921	NA
Hispanic	87,609	192,921	120.2
Total	4,891,769	5,363,675	9.6

Source: U.S. Census Bureau.

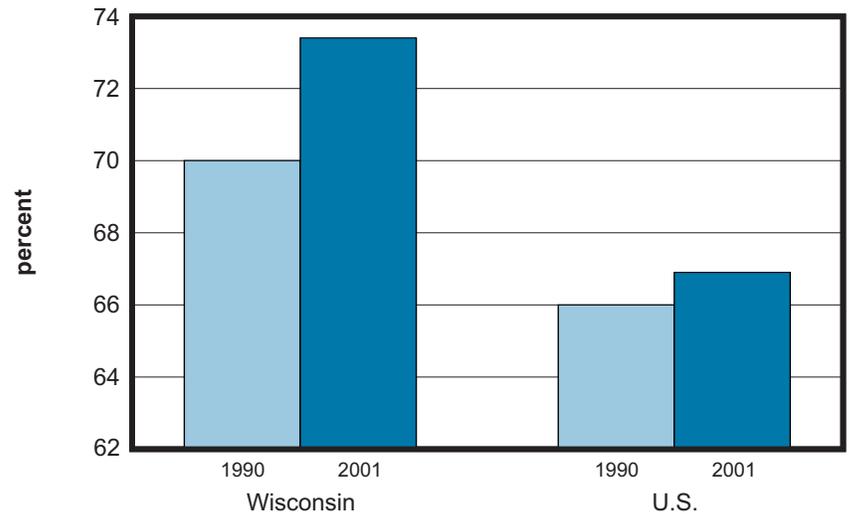
Wisconsin's Workforce

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. Growing from 70 to 73 percent over 1990-2001, Wisconsin's increase in labor force participation substantially outpaced the national trend (national labor force participation grew slightly, from 66 to 67 percent).

Table 1.5 shows the labor force participation breakdown by gender. In 2001, 78 percent of Wisconsin men were in the labor force, compared to the national rate of 74 percent. But the real boost to Wisconsin's labor force participation rate comes from women: 69 percent of Wisconsin women are in the labor force compared to just 60 percent of women nationally. The state's increasing labor force participation rates owe substantially to increasing participation by Wisconsin's women.

Figure 1.3

Labor Force Participation, Wisconsin & U.S., 1990 & 2001



Source: Authors' Analysis, CPS (National Bureau of Economic Research version).

Table 1.5

Labor Force Participation, Wisconsin & U.S., 1970-2001

	All		Women		Men	
	Wisconsin	U.S.	Wisconsin	U.S.	Wisconsin	U.S.
1970	59 %	60 %	43 %	43 %	77 %	80 %
1980	67	64	55	51	79	77
1990	70	66	63	57	78	76
2000	73	67	69	60	77	75
2001	73	67	69	60	78	74

Source: Authors' Analysis, CPS (National Bureau of Economic Research version).

Table 1.6

Educational Attainment, Wisconsin & Peer States, 1990 & 2000

(Population 25 years and over)

	Wisconsin		Illinois	Indiana	Iowa	Michigan	Minnesota
	1990	2000	2000	2000	2000	2000	2000
No high school diploma	21.4 %	15.0 %	18.6 %	17.9 %	13.9 %	16.6%	12.0%
High school graduate (includes G.E.D.)	37.1	34.6	27.7	37.2	36.1	31.3	28.8
Some college, no degree	16.7	20.6	21.6	19.7	21.4	23.3	24.0
Associate degree	7.1	7.5	6.1	5.8	7.4	7.0	7.7
Bachelor's degree	12.1	15.3	16.5	12.2	14.7	13.7	19.1
Graduate or professional degree	6.7	7.2	9.5	7.2	6.8	8.1	8.3

Source: U.S. Census Bureau.

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 education. WTCS and University of Wisconsin Extension support unusually high levels of continuing education among adults. WTCS alone, for example, serves more than 430,000 Wisconsin adults annually. Fully one-in-nine Wisconsin adults benefits from WTCS programming each year.

Educational attainment in Wisconsin has also increased substantially in recent years. From 1990–2000, as indicated in Table 1.6, the share of the population (25 years old and over) without high school degrees fell by one-fourth, while the shares of the population with associates, bachelors, and graduate degrees all steadily rose. Comparing Wisconsin to the region, however, it is clear that Minnesota and Illinois have substantially greater educational attainment. In fact, with 27.4 percent of its population with college degrees or more, Minnesota's highly educated population share dramatically exceeds Wisconsin's 22.5 percent share.

This review of Wisconsin's economic fundamentals offers both good and bad news on the economy. Perhaps the best news is the strength of our workforce, the commitment of our state's residents to work, and the strong and increasing levels of education and skill that Wisconsinites bring to the labor market. On the other hand, the measures of business vitality as well as the strong negative effects of the recent economic recession should be counted among our liabilities. Regarding the actual well-being of working families in the state, however, all this tells little. In the remaining chapters of this report, we look more closely at how working Wisconsin is faring in the new century.

Chapter 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.

In this chapter we focus on statistics that more accurately reflect how the median family in the state is doing. We look at family income, hours of work, and trends in key expenditure areas. Additionally, we investigate the well-being of families at the lower end of the income distribution, looking at such key indicators as poverty rates, and the share of families with incomes insufficient to sustain a basic family budget.

Rising Median Income for Four Person Families

Wisconsin's median family income, adjusted for inflation 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 over the entire decade has hardly been impressive. Nevertheless, thanks to strong advances in the second half of the decade, and after years of sluggish growth, Wisconsin's families are finally moving ahead.

Income and Poverty Data Sources

The most reliable data on income, including family income, are available only through 2000. Often, accurate estimation of income of specific populations at the state level requires merging multiple years of Current Population Survey data. Merged years are reported as ranges, for example, "late-1990s."

All the poverty data we use come from the 2000 Census and from a report issued by the Economic Policy Institute in 2001, which employed data on income from the Current Population Survey for 1997-99.

We have not included any Wisconsin data on poverty by race, because the only reliable data available — those from the 1990 Census — are too old. At the time of writing, the 2000 Census data on poverty by race were not yet available.

Table 2.1 presents Wisconsin and U.S. median income (inflation adjusted) data for four person families, going back to 1978. It shows that, for four person families, median income in Wisconsin was \$66,146 per year, nearly 29 percent above its 1978 level (\$51,442). National income grew nearly 26 percent over that same period, from \$49,468 to \$62,112. Perhaps surprisingly, national income growth was exactly the same on average in the 1980s as it was in the 1990s. Wisconsin income, by contrast, recovered from disappointing performance in the 1980s to move ahead more rapidly in the 1990s, especially in the last five years of that decade.

Throughout the Midwest, incomes have risen for four person families; our peer states show similarly slow growth in the 1980s and surges in the 1990s. In fact, Table 2.1 makes clear that the entire Midwest declined in relative standing during the 1980s, posting annual growth rates well below the national rate of 1.1 percent per year. Iowa was hit hardest during that decade; family income actually declined there. Minnesota and Illinois fared best in the 1980s, with growth rates of 0.8 percent per year. Still, this was sluggish compared to national rates.

By contrast, in the 1990s these same states posted growth rates that were considerably higher than the national rate. While the national annual growth rate of income in the 1990s was 1.1 percent, Wisconsin and Minnesota surged forward at 1.8 percent, closely followed by Iowa, at 1.7 percent. Illinois and Michigan grew at 1.5 percent per year, and even the worst performing state in this group, Indiana, grew at 1.4 percent — still significantly higher than the national rate. The growth of Wisconsin's median income is clearly good news; news that is shared with the rest of the region.

While Wisconsin's income growth during the 1990s — in particular in the second half of the decade — is a positive trend, it is worth remembering that annual income growth of greater than two 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. The economy has not consistently produced such substantial gains in recent decades. Although the performance of the late-1990s was very good, it still remains to be seen whether it can be sustained in the long term.

Understanding Median Family Income Data

"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, 80 percent of Wisconsinites live in families. Median family income for four person families is a key benchmark for the standard of living of 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.

Table 2.1
Median Income for Four-Person Families, U.S., Wisconsin, & Peer States, 1978–2000
(2000 dollars)

					Average Annual Growth Rate		
	1978–79	1988–89	1995–96	1999–00	1980s	1990s	1995–00
U.S.	\$ 49,468	\$ 54,959	\$ 56,053	\$ 62,112	1.1 %	1.1 %	2.6 %
Wisconsin	51,442	54,546	57,384	66,146	0.6	1.8	3.6
Illinois	53,534	58,021	60,473	68,351	0.8	1.5	3.1
Indiana	49,877	52,449	55,595	61,282	0.5	1.4	2.5
Iowa	50,108	49,256	52,889	58,973	-0.2	1.7	2.8
Michigan	53,686	57,751	60,433	68,203	0.7	1.5	3.1
Minnesota	52,936	57,464	61,256	69,735	0.8	1.8	3.3

Source: Economic Policy Institute.

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

Currently, median family income in Wisconsin exceeds the national median income by 6.5 percent. But remember that “family income” includes all wages earned in a family unit. Given that the state’s labor force participation so substantially exceeds the national rate (fully six percent higher, as shown in Table 1.5), and that people in Wisconsin work more hours per year than the average American, we’d expect Wisconsin median family income to be substantially above national levels. Given this perspective, our 6.5 percent income advantage appears much more meager.

Wisconsin’s substantial family work effort is documented in Figure 2.1 and Table 2.2. The state’s average married couple with children works 3,981 hours per year, committing the equivalent of 1.91 full-time workers to the labor force. This typical Wisconsin family’s hours of work exceed the national work effort by 275 hours; that’s the equivalent of full-time work by one person for nearly seven additional weeks each year.

The trends over time in work hours show that Wisconsin’s families have experienced a rapidly increasing time crunch. Today, the average annual work effort of married couples with children in the state is 5.7 percent (215 hours) higher than a decade ago, and 9.4 percent (341 hours) higher than

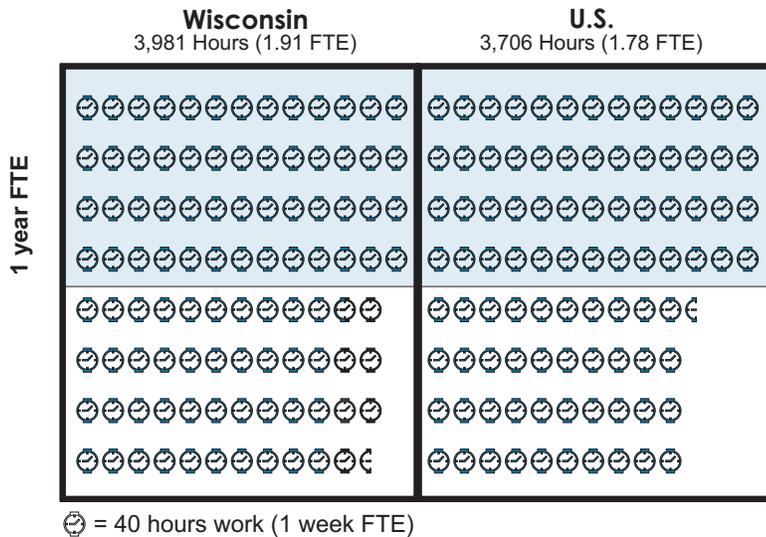
two decades ago. Notice that two-thirds of the total increase in work hours since 1979 occurred in the last ten years. With the equivalent of nearly two full-time workers to the labor market, it is clear that increasing hours of work cannot be relied on as an income advancement strategy. Wisconsin families have nearly hit the maximum in terms of hours of work.

And just getting to work takes more time now as well. Commute time in the state increased almost 14 percent from 1990-2000. The average Wisconsin worker now spends almost 42 minutes commuting each day. Over the course of a year, that worker spends 173 hours — an entire week, day and night — just getting to and from work.

Figure 2.1

Average Hours Worked per Year in Wisconsin and U.S., Late 1990s

(married couple families with children, head age 25–54)



Source: Economic Policy Institute.

Table 2.2

Average Hours Worked per Year in Wisconsin & U.S., Late 1970s, Late 1980s, and Late 1990s

(married couple families with children, head age 25–54)

	Wisconsin	U.S.
1979–81	3,640	3,274
1988–90	3,766	3,510
1998–00	3,981	3,706

Source: Economic Policy Institute.

The Time Crunch

The hours that Wisconsin families commit to work — both on the job and getting there — are at an all-time high. With more than 4,300 hours devoted by families to paid work — 3,981 to work and 346 commuting — the median family with children is reaching its limits. How much more time can families commit to work and reasonably spend time with their kids? It is no surprise that families, especially those with small children, feel caught in a time crunch: needing time with their kids as well as income from work, and increasingly forced to choose income.

Health Care and Housing Cost Increases Stretch Incomes and Stress Families

In addition to the growing time crunch, trends in medical costs and housing costs have exacerbated the financial tensions in many families. Health care costs have generally gone up at more than twice the rate of other prices in recent years. For example, while overall prices in the Milwaukee-Racine area rose 30 percent over 1991-2001, medical costs grew at a rate of 67 percent. As health care costs increase, an increasing share of family resources is being devoted to health care. In 1980, personal health care expenditures accounted for 8.4 percent of the gross state product in 1980; by 1997 health care's share of gross state product had grown to 12.7 percent.

Health care is increasing in cost, and working families are increasingly required to cover the extra cost with their own paychecks. Declining employer provided health care is part of the story. Data for Wisconsin show that the share of private sector employees with employer provided health insurance fell from 73 percent in 1980 to 65 percent in the late 1990s. Moreover, a national study conducted by researchers of the National Bureau of Economic Research also shows that even those workers with employer provided health insurance are paying more out of pocket expenses. Indeed, in 1982, 44 percent of those with employer provided health insurance had their costs fully financed by their employers; by 1998, the share had fallen to just 28 percent.

Housing costs and the increase in housing costs also make it hard for many working families to make ends meet. "Affordable housing" is defined as housing that costs no more than 30 percent of a family's income. According to data from the 2000 Census, almost one-fifth of homeowners and one-third of renters in the state were paying more than 30 percent of their income for housing. For these families housing costs are squeezing out other expenses.

Defining and Measuring Poverty

The definition of poverty is provided by the federal "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 a 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.

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.

But for all its flaws, the poverty line is still useful to generate some valuable information on the status of very-low income families. Moreover, as the federal government has calculated this measure for 40 years, it can be used to examine the evolution of the status of those families over time.

Federal Poverty Thresholds, 2001

\$9,214 for one individual under 65
\$12,207 for a family of one parent and one child
\$14,269 for a family of one parent and two children
\$17,960 for a family of two parents and two children

Living Below the Federal Poverty Line: The Very Poor

We now turn our attention to the state's very poor — families whose income puts them below the federal poverty line. Compared to the rest of the nation, Wisconsin has historically posted low poverty rates, as Figure 2.2 makes clear. This remains the case today. According to data from the 2000 Census, the state poverty rate in 1999 was 8.7 percent — significantly below the national average of 12.4 percent. Indeed, Wisconsin is the state with the sixth lowest poverty rate in the nation (behind New Hampshire, Connecticut, Minnesota, Maryland, and New Jersey). Even with such a low rate, however, more than 451,000 Wisconsinites live in poverty. Wisconsin's poverty rate has hovered consistently around nine percent for years, even in the late 1990s when the economy boomed and family incomes at the median advanced.

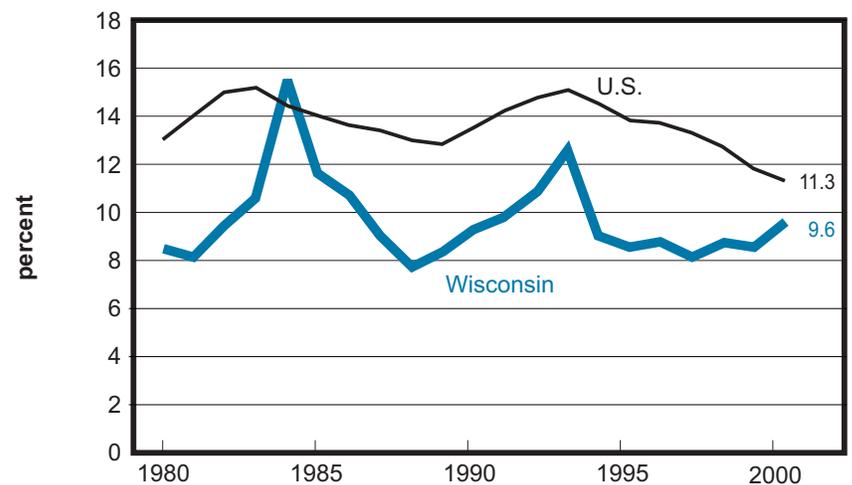
In terms of poverty in the Midwest over the last decade, Wisconsin stands out for comparatively low levels of poverty, as Table 2.3 shows. Throughout the Midwest, poverty rates fall in the 8-11 percent range, substantially below the national rate of 12.4 percent. Wisconsin's poverty rate is lower than any other peer state, with the exception of Minnesota.

Wisconsin's position relative to other Midwestern states changes when we consider the trend in poverty over the decade. Wisconsin did better than Indiana and Illinois in terms of reduction of poverty, but worse than Iowa, Michigan and Minnesota, all of which posted greater decreases in the poverty rate over the 1990s. In terms of poverty reduction, Wisconsin's economic boom was not as effective as the booms of many other states.

Poverty varies substantially by age and sex: children are much more likely to be poor than adults, and women are much more likely to be poor than men. In 1999, 10.8 percent of children in Wisconsin lived in poverty, a rate nearly one and a half times that of Wisconsin adults. Likewise, 21.7 percent of all female-headed families (with no husband present) were poor, and for female-headed families with children under five the poverty rate is twice as high.

Figure 2.2

Poverty Rate, Wisconsin & U.S., 1980–2000



Source: U.S. Census Bureau.

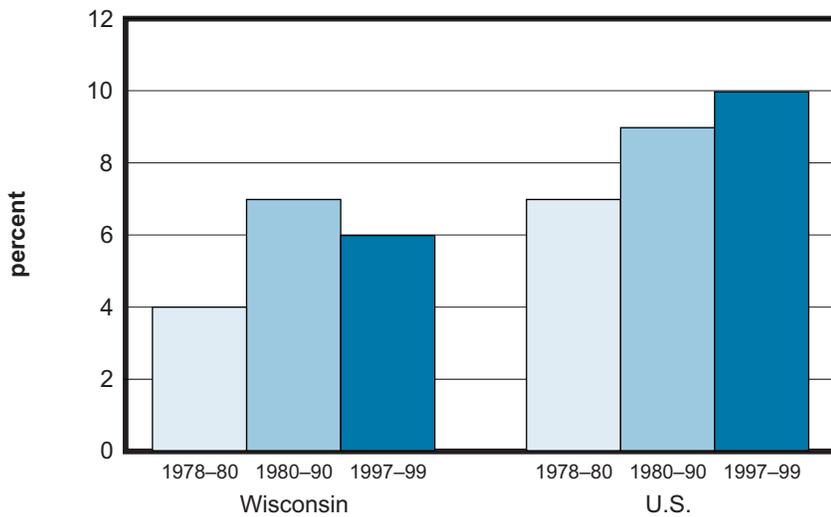
Table 2.3

Poverty Rates, U.S., Wisconsin, & Peer States, 1989 & 1999

	1989	1999	Percent Change 1989–99
U.S.	13.1 %	12.4 %	- 0.7 %
Wisconsin	10.7	8.7	- 2.0
Indiana	10.7	9.5	- 1.2
Illinois	11.9	10.7	- 1.2
Iowa	11.5	9.1	- 2.4
Michigan	13.1	10.5	- 2.6
Minnesota	10.2	7.9	- 2.3

Source: U.S. Census Bureau.

Figure 2.3
Share of Working Families with Children that were Poor, Wisconsin & U.S., 1970s to 1990s



Source: Center on Budget and Policy Priorities.

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 — those who play by the rules, but barely get by — has grown considerably in the past 20 years. The good news, shown in Figure 2.3, is that state's share of working families that were poor in the late 1990s was below the national average and down from its peak in the late 1980s. The bad news is that even with the improvement of the last decade, fully six percent of working families in the state do not make enough money to get above the poverty line. And, at six percent, the current rate of poverty among working families is fully 50 percent higher than it was twenty years ago.

The impact of rising housing costs has been particularly difficult for the low-income families at or near the poverty line. For example, a Wisconsin working-poor family with income just under the poverty line can afford a monthly rent of no more than \$444, according to data from the National Low Income Housing Coalition (LIHC). According to the federal government, a fairly priced two-bedroom apartment costs some \$586 per month. In order to make this rent affordable, LIHC calculates that a worker needs to earn \$11.26 per hour. Chapters 4 and 5 of this report will make it clear that such jobs are not widely available. Given high housing prices, working poor families face a difficult choice: either they overextend their budgets in order to get decent and safe housing, or they live in more affordable housing that can be unsafe or insufficient to their needs.

Wanted: A Decent Standard of Living for Families with Children

The federal poverty threshold is widely regarded as inadequate; in fact, many families with income well above the federal poverty line are struggling to make ends meet. Any updated and more realistic definition of poverty would account for the actual cost of a basic and safe (but not comfortable) standard of living. One such attempt to calculate these costs, taking region and family structure into consideration is the "basic family budget" (BFB). This measure calculates the income a family needs to cover housing, child-care, health care, food, transportation, taxes, and other necessary expenses, based on the composition and location of the family.

The basic family budget analysis offers a much more accurate evaluation of families' welfare than a poverty-line based one does. Table 2.4 shows basic family budgets for different family types in four of Wisconsin's largest metropolitan areas as well as a budget for the rural areas of the state.

The basic family budgets in Table 2.4 are generally two to three times higher than the federal poverty threshold. The federal poverty line thus dramatically underestimates the amount of money families need to afford the basics of a decent life. A typical Wisconsin family with two children requires from \$33,000-37,000 per year (depending on location) to satisfy their basic needs. Of the state's working families with children, fully one-in-five (19.9 percent) fail to make sufficient money to cover basic expenditures.

The rapid economic growth of the second half of the last decade meant that many families finally saw some improvement in their incomes. 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, that is, increased work effort, cannot be pursued indefinitely. And with one-fifth of families with children making less than what a decent standard of living requires, it is apparent that much more has to be done.

Table 2.4

Basic Family Budgets in Selected Wisconsin Metropolitan Areas and in Rural Wisconsin, 1999

	Family Type					
	1 Parent 1 Child	1 Parent 2 Children	1 Parent 3 Children	2 Parents 1 Child	2 Parents 2 Children	2 Parents 3 Children
Basic Family Budget						
Eau Claire	\$ 23,397	\$ 29,934	\$ 39,430	\$ 27,972	\$ 33,787	\$ 43,001
Green Bay	24,690	31,114	41,554	28,948	34,729	45,114
Madison	27,992	33,845	45,151	31,593	37,373	48,654
Milwaukee- Waukesha	27,179	33,031	42,559	30,940	36,720	46,209
Rural	22,575	28,981	38,544	27,626	33,440	42,394
Federal Poverty Line						
	11,483	13,423	16,954	13,410	16,895	19,882

Source: Economic Policy Institute.

More on Basic Family Budgets

For more on basic family budgets, see *Hardships in America: The Real Story of Working Families*, produced by the Economic Policy Institute in Washington, D.C. (www.epinet.org). The report calculates basic family budget values for every metropolitan area in the country, as well as rural budgets for all states.

Chapter 3

Income Inequality & State Taxes

Wisconsin has traditionally prided itself on its relatively high level of equality. We can still do so. Today, only nine 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.

In this chapter, we turn our attention to distributional issues, with a detailed comparison of trends at the bottom and top of the income distribution.

Growing Income Inequality in Wisconsin

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 grew only seven percent. Over the same period, the richest fifth of families experienced a 44 percent income increase. Closer to the top of the income distribution, the story of disparity is even more pronounced; income rose by 58 percent for the richest five percent of families.

Table 3.1

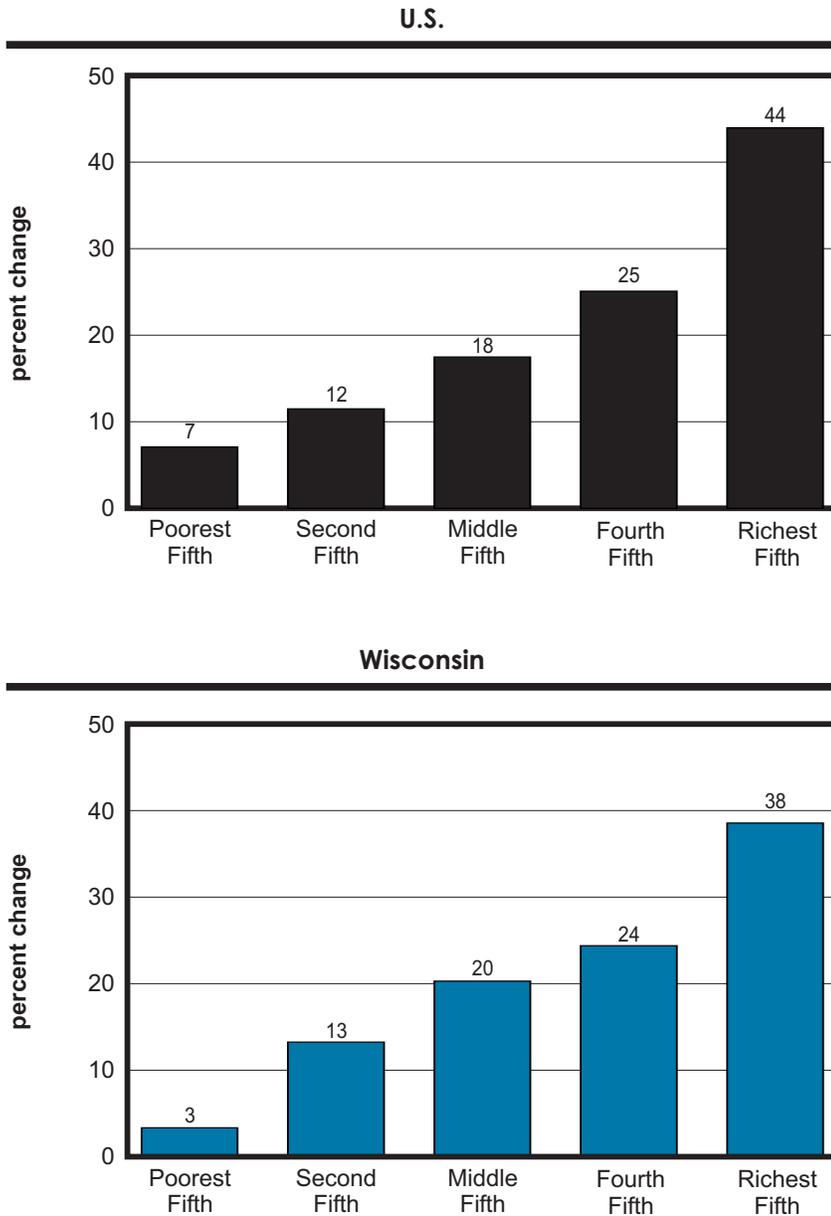
Wisconsin Family Income Trends: Average Family Income of the Richest, Middle, & Poorest Fifths of the Income Distribution, late 1970s to late 1990s

(2000 dollars)

	<i>Late</i> 1970s	<i>Late</i> 1980s	<i>Late</i> 1990s	<i>Percent Change</i>	
Richest Fifth	\$ 102,939	\$ 109,274	\$ 141,858	38 %	30 %
Middle Fifth	47,148	49,965	56,553	20	13
Poorest Fifth	16,837	17,037	17,388	3	2

Source: Economic Policy Institute and Center on Budget and Policy Priorities.

Figure 3.1
Change in Family Income, Wisconsin & U.S., Late 1970s to Late 1990s
 (percent change, by fifth of families)



Source: Economic Policy Institute and Center on Budget and Policy Priorities.

More on Inequality in Wisconsin

For more details on inequality in Wisconsin see ***Pulling Apart: Wisconsin's Strong 1990s Growth Masked Growing Inequality*** produced by COWS and the Wisconsin Council on Children and Families in April, 2002. Available on the COWS website at www.cows.org/policyjobs/income.asp. This section draws on that report.

Wisconsin mirrors these national trends (Figure 3.1 and Table 3.1). From the late 1970s to the late 1990s, the average real income of families in the bottom fifth of earnings grew even less than at the national level, up just 3.3 percent, to \$17,388 (or less than \$28 per year). At the same time, families in the top income quintile saw their average income rise more than 38 percent, to \$141,858. 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 20 percent, to \$56,553. So, while middle-income families moved slowly uphill, with an annual increase of income of \$470, the state's richest families sprinted forward, each year pulling in over \$1,945 more than the year before.

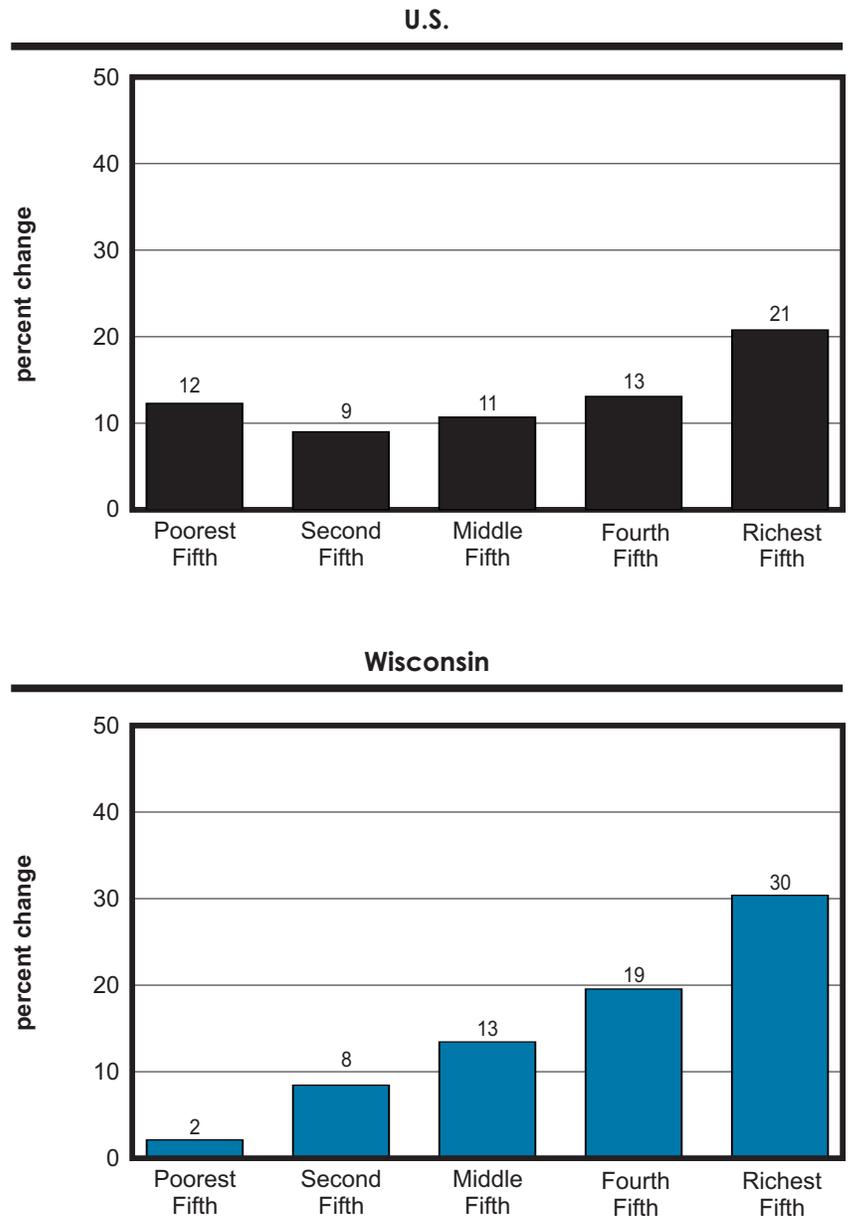
Wisconsin's recent surge in income inequality has been especially marked. From the late 1980s to the late 1990s, inequality grew rapidly in the state, in spite of Wisconsin's strong economic performance. The income of Wisconsin's poorest families grew only two percent, while the income of the state's highest income families grew 15 times that much (Figure 3.2). Nationally, over the same period, income at the bottom of the income distribution rose 12 percent while the richest fifth of families gained 21 percent. As Figure 3.2 makes clear, Wisconsin's recent growth in inequality far outstrips the national trend.

As a consequence, 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 equal to 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 nine times the income of the poorest families in the state. Over the last decade, however, the growth in Wisconsin's inequality outpaced every state in the region. In fact, in Illinois inequality declined, and in Minnesota it remained unchanged. Minnesota is now a more equal state than Wisconsin.

Figure 3.2

Change in Family Income, Wisconsin & U.S., Late 1980s to Late 1990s

(percent change, by fifth of families)



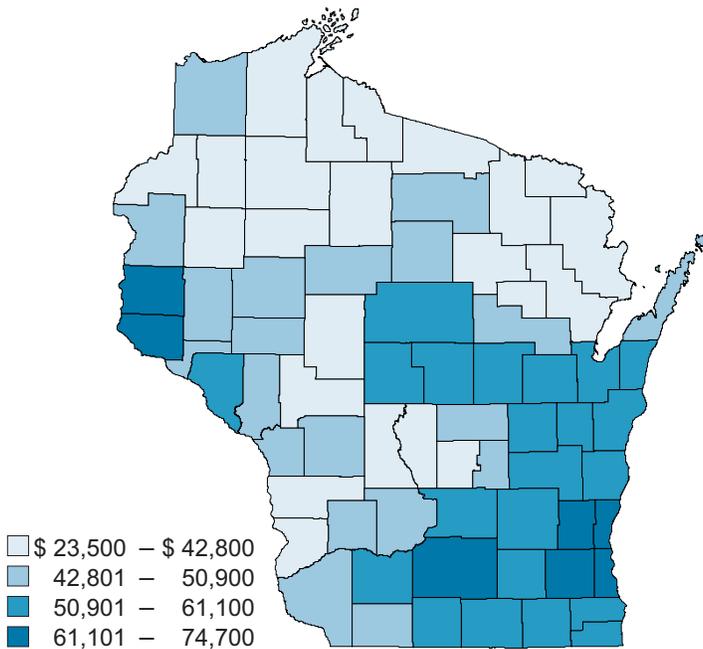
Source: Economic Policy Institute and Center on Budget and Policy Priorities.

Inequality in the State

New data from the 2000 Census show that inequality between different geographical areas within the state is also substantial. Figure 3.3 shows that median family income is much higher in urban areas — particularly in the Milwaukee metropolitan area, Dane County, and St. Croix and Pierce counties (which are close to the Twin Cities in Minnesota). In most of Northern Wisconsin median family income is relatively low, and much lower than income in Wisconsin's southeastern region. Menominee County, an Indian reservation and the poorest county in the state, has a median family income of just \$23,500, less than half the state median of \$52,911 and less than one-third the median family income in Pierce and St. Croix counties, where the state's highest median family income, \$74,700, can be found.

Finally, inequality has grown dramatically within Milwaukee, our largest urban area. A recent analysis of tax returns by the UW-Milwaukee's Center for Economic Development shows increasing polarization in the Milwaukee region. Summarizing this work, Table 3.2 compares the average income of the City of Milwaukee and the region surrounding it, for 1990 and 2000. In 1990 inequality was already considerable, with the residents of the suburbs of Milwaukee County and neighboring counties making between 50 and 100 percent more on average than Milwaukeeans. Ten years later, while the average income in Milwaukee has barely changed, income rose between 12 and 37 percent in the region around it. As a result, by 2000 the average income in neighbor counties and in the suburbs of Milwaukee was between 65 and 150 percent higher than in the city.

Figure 3.3
Wisconsin Median Family Income by County, 1999



Source: U.S. Census Bureau.

Table 3.2
Average Income Growth in the City of Milwaukee and Suburbs, 1990–2000
 (2000 dollars)

	1990	2000	Percent Change 1990–2000
City of Milwaukee	\$27,654	\$28,833	4.3 %
Milwaukee County Suburbs	44,592	49,880	11.9
Ozaukee County	53,519	73,320	37.0
Washington County	40,485	47,378	17.0
Waukesha county	50,447	60,907	20.7

Source: University of Wisconsin-Milwaukee, Center for Economic Development.

More on Inequality in the Milwaukee Metro Area

For details on growing income inequality in the Milwaukee region, see **Metropolitan Polarization in an Era of Affluence: Income Trends in Metropolitan Milwaukee since 1990**, University of Wisconsin-Milwaukee, Center for Economic Development (www.uwm.edu/Dept/CED/).

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. Available data do not allow for the investigation of disparity of wealth at the state level, but the state trends can reasonably be expected to echo the national picture, which we outline below.

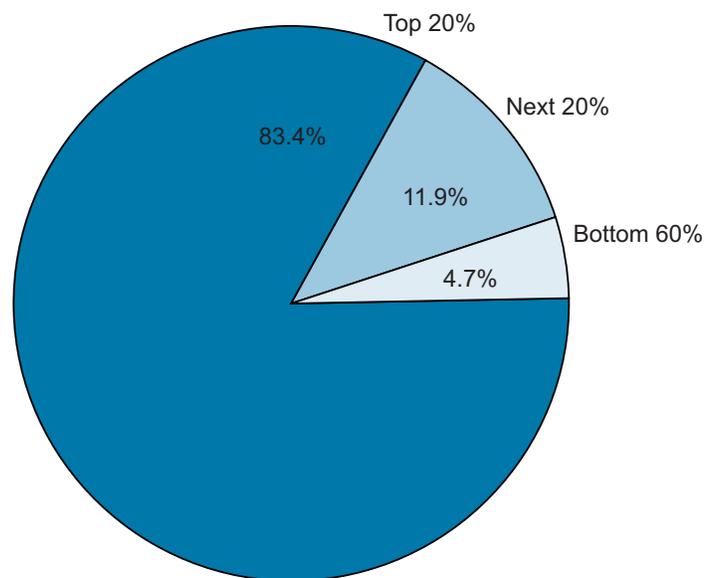
Researchers have long known that a small percentage of Americans own the bulk of assets. As Figure 3.4 shows, in 1998 the top 20 percent of households had 83.4 percent of the aggregate net worth of all households (the top one percent alone had 38.1 percent). By contrast, the bottom 60 percent of households had only 4.7 percent — and the very bottom 40 percent had only 0.2 percent.

The disparity in financial wealth (stocks, bonds, cash, etc.) is even starker. In 1998, the top one percent of households had 47.3 percent of financial wealth. While the top 20 percent had 90.9 percent, the bottom 40 percent had a negative financial wealth of 1.1 percent — that is, they owed more than they had in liquid assets

In addition, it is often the case that wealthy people benefit from capital gains (frequently from selling stock). 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 by race is especially pronounced. In 1998, the median net worth in black households was only 12 percent of that of (non-Hispanic) white households (\$10,000 compared to \$82,000), while the median net worth of Hispanics (\$3,000) was four percent of that of white households. Additionally, 27.4 percent of black families and 36.2 percent of Hispanics had zero or negative net wealth, while only 14.8 percent of white families did.

Figure 3.4

Distribution of Aggregate Net Worth, U.S. Households, 1998



Source: "Recent Trends in Wealth Ownership," Edward N. Wolff, Jerome Levy Economics Institute Working Paper #300, Bard College.

More on Wealth Inequality & Capital Gains

For more information on inequality of wealth and inequality of wealth by race in the United States, see **Recent Trends in Wealth Ownership, 1983-98**, by Edward N. Wolff, Working Paper No. 300, Jerome Levy Economics Institute (www.levy.org).

For more on who benefits from capital gains, see **Information and Misinformation about Federal Tax Burdens**, by Iris J. Lav, published by the Center on Budget and Policy Priorities (www.cbpp.org).

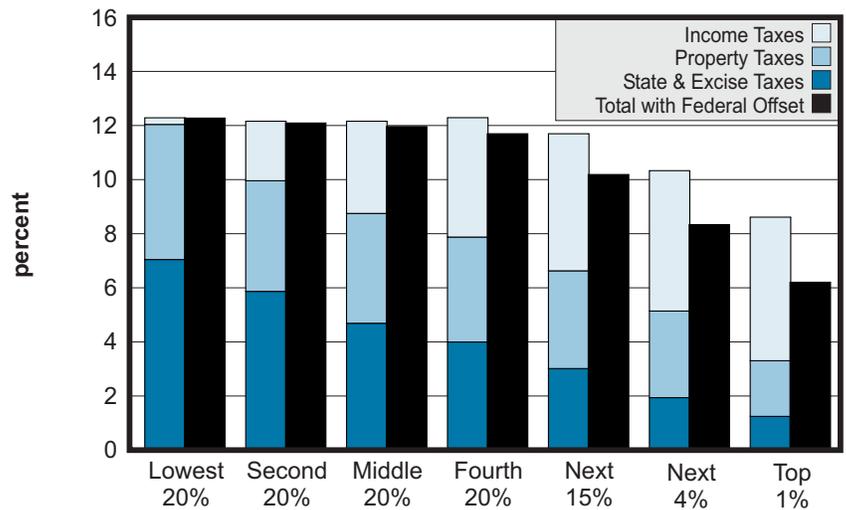
The State's Tax Structure Exacerbates Income Inequality

Wisconsin's income inequality is getting worse, and, perversely, Wisconsin's tax structure simply exacerbates that inequality. As Figure 3.5 and Table 3.4 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 8.6 percent. The poor have a tax burden 45 percent higher than the rich. Including the federal deduction for state taxes in this picture further exacerbates the problem. After the federal deduction offset for local taxes, the bottom fifth still pay a 12.3 percent rate, but the rate for the rich drops to 6.2 percent. The poor face a tax burden twice that of the rich.

Wisconsin taxes are not merely regressive, they are also relatively high. Indeed, as Table 3.3 shows, in 1999 Wisconsin ranks sixth among all states in terms of taxes per capita. This, however, gives an inaccurate picture of the fiscal pressure in the state. Other states have lower taxes because they charge higher fees. When total revenues collected are considered in the analysis — including both taxes and fees — Wisconsin falls to eleventh place among states.

Figure 3.5

Wisconsin State and Local Taxes by Income Group, 1998



Source: Institute on Taxation and Economic Policy.

Table 3.4

Wisconsin State and Local Government Finances, Rank among States, Fiscal Year 1999

	Per Capita Rank	Per Dollar Personal Income Rank
General Revenue Own Sources	11	11
Taxes	6	3
Property Taxes	12	11
General Sales Taxes	26	29
Individual Income Taxes	8	6
Corporate Income Taxes	16	14
Direct General Expenditure	15	20

Source: U.S. Census Bureau.

Table 3.4

Wisconsin State and Local Taxes by Income Group, 1998

Income Group	Lowest	Second	Middle	Fourth	Highest 20%		
	20%	20%	20%	20%	Next 15%	Next 4%	Top 1%
Income Range	Less Than \$14,800	\$14,800– \$25,400	\$25,400– \$39,800	\$39,800– \$60,800	\$60,800– 105,000	\$105,000– 244,000	\$244,000 or more
Average Income	\$8,200	\$19,700	\$32,000	\$49,500	\$75,000	\$140,000	\$560,000
State & Excise Taxes	7.05%	5.87%	4.69%	4.00%	3.02%	1.94%	1.25%
General Sales- Individuals	3.06	2.75	2.38	2.09	1.64	1.09	0.77
Other Sales & Excise- Individuals	2.20	1.66	1.19	0.98	0.68	0.40	0.17
Sales & Excise on Business	1.79	1.46	1.12	0.93	0.70	0.45	0.31
Property Taxes	4.99	4.09	4.06	3.88	3.61	3.20	2.05
Property Taxes on Families	4.75	3.86	3.71	3.61	3.34	2.67	1.05
Other Property Taxes	0.24	0.24	0.35	0.27	0.27	0.53	1.00
Income Taxes	0.24	2.20	3.41	4.42	5.07	5.19	5.31
Personal Income Tax	0.17	2.12	3.30	4.34	4.98	5.02	5.00
Corporate Income Tax	0.07	0.07	0.11	0.08	0.09	0.17	0.31
Total Taxes	12.28	12.16	12.16	12.29	11.70		
10.33	8.61						
Total After Federal Deduction Offset	12.28	12.10	11.96	11.70	10.19	8.34	6.21

Source: Institute on Taxation and Economic Policy.

Wisconsin's economic equality has been a strength and a source of pride. Though Wisconsin remains relatively equal, the recent income trends eroding that equality suggest that we may be moving down a development path of increasing inequality. We should pay attention to these trends in order to hold onto our egalitarian base and values. And we should pay special attention to tax policy in order to ensure that our tax structure does not exacerbate other factors that increase in inequality.

Chapter 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. The median wage — earned by the worker at the exact middle of the wage distribution — has increased close to one percent or more each year since 1996, and is now well above the value of a decade ago. Even so, and despite dramatic improvements in workforce education and productivity since 1979, it is only in the last two years wages in Wisconsin have finally moved slightly ahead of their 1979 values. For full-time workers, for white men, for all African Americans, and for people without college degrees, this good news is substantially muted.

Data Source

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 (3,083 in Wisconsin in 2001) 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.

Ideally, we would produce wage trends for all of Wisconsin's racial and ethnic groups. Unfortunately, the CPS sample is only large enough to provide reliable estimates for whites and blacks.

Adjusting for Inflation

Throughout this chapter, we report inflation-adjusted wages, expressed in 2001 dollars. Such inflation adjustment is crucial to making serious comparisons over time, since the real purchasing power of a given dollar declines through inflation. One dollar in 1979, for example, would buy as much as \$2.26 in 2001. So a worker making \$10,000 in 1979 should not be thought of as less well off than a worker making \$22,594 in 2001, but rather the same. And a 2001 worker making \$10,000 is actually making less than half as much, in real terms, as someone making that in 1979.

Trends in Wisconsin Wages

Figure 4.1 and Table 4.1 display median hourly wage trends for Wisconsin and the U.S. from 1979 to 2001. Over the past two decades, Wisconsin's median worker has lost ground relative to the national median. Additionally, the median worker earns more today than the 1979 median worker, but just 35 cents per hour more.

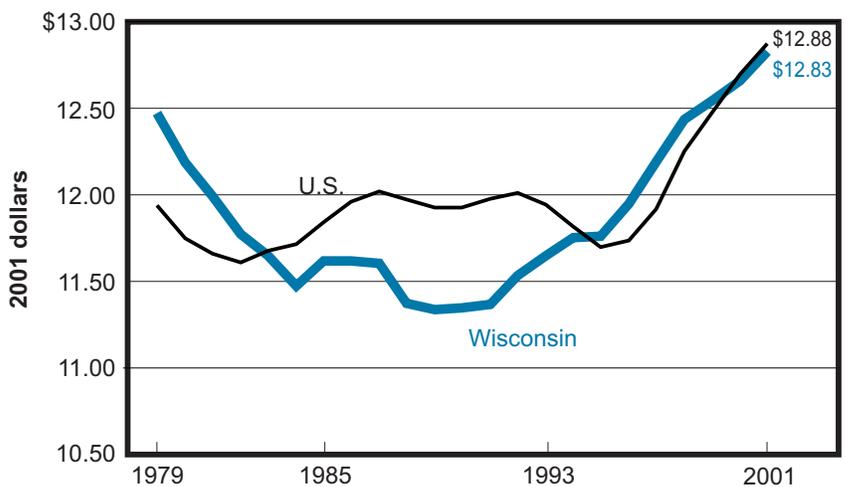
For the first time in more than two decades, Wisconsin's median wage finally exceeds our median wage of 1979. After fully twenty years with a median wage below the 1979 value, this is good news. Even so, the current median wage exceeds the 1979 value by less than half a dollar. Averaged out over the 20-year period, that wage is increasing less than two cents per year. Keep in mind that today's typical worker is much more educated than in 1979, working with better technology, and thus more productive. Even so, that worker makes just slightly more than a generation ago.

Wisconsin has also lost its wage advantage relative to the nation. In 1979, the median worker in Wisconsin had close to a five percent wage advantage over the nation's median worker (annually, more than \$1,100 for full-time workers in the state). Over the 1980s, Wisconsin's wage advantage disappeared; in fact, Wisconsin workers fell well behind the national median. In the 1990s, however, Wisconsin closed the gap. By 2001, the national median wage just slightly exceeded Wisconsin's.

Disaggregating Wisconsin's population by sex, we see that the worst wage trends have concentrated on men. In fact Table 4.1 shows that the median wage for men fell from \$15.93 per hour to \$15.02 over 1979–2001, leaving Wisconsin's median male worker six percent behind 1979 levels. Nationally, over the same period, men's wages declined just 2.5 percent (down from \$14.99 to \$14.61 at the median). As for all workers, gains in the 1990s helped move men back towards 1979 values. In fact, Wisconsin men's wages increased 6.8 percent over 1989–2001, almost two percentage points more than at the national level.

Figure 4.1

Median Wages, Wisconsin & U.S., 1979–2001
(2001 dollars)



Source: Authors' Analysis, CPS.

Table 4.1

Median Hourly Wages, by Sex and Race, Wisconsin & U.S., 1979–2001
(2001 dollars)

	Median Hourly Wage				Percent Change	
	1979	1989	2000	2001	1979–2001	1989–2001
Wisconsin						
All	\$ 12.48	\$ 11.36	\$ 12.58	\$ 12.83	2.8 %	13.0 %
Men	15.93	14.07	14.27	15.02	- 5.7	6.8
White	16.03	14.15	14.89	15.60	- 2.7	10.3
Black	14.11	13.04	10.86	10.61	- 24.8	- 18.6
Women	9.48	9.44	10.96	11.08	16.9	17.4
White	9.45	9.52	11.07	11.25	19.0	18.2
Black	10.58	9.51	10.50	9.51	- 10.1	- 0.1
U.S.						
All	\$ 11.93	\$ 11.90	\$ 12.60	\$ 12.88	7.9 %	8.2 %
Men	14.99	13.92	14.38	14.61	- 2.5	5.0
White	15.68	14.96	15.62	15.91	1.5	6.3
Black	11.77	10.83	11.46	11.84	0.6	9.3
Women	9.41	10.17	11.17	11.40	21.2	12.1
White	9.56	10.48	11.71	12.07	26.2	15.2
Black	8.77	9.33	10.26	10.16	15.9	8.8

Source: Authors' Analysis, CPS.

Women's wages in Wisconsin, on the other hand, have improved, albeit more slowly than women nationally. Over 1979–2001, the median wage of Wisconsin women increased 16.9 percent — from \$9.48 to \$11.08 — while women nationally showed a median wage increase of 21.2 percent — from \$9.41 to \$11.40. If you consider women working full-time all year, these wage increases allow Wisconsin working women at the median to bring home about \$3,300 more per year today than in 1979; nationally, the median woman's earnings is up about \$4,150. 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 the progress documented above for the overall workforce. Nationally, from 1979 to 2001, wages for the median full-time worker grew from \$12.92 to \$13.90 (an increase of 7.6 percent). In Wisconsin, the median for breadwinners grew much more slowly, up just 1.6 percent over the generation to \$13.87 in 2001, just 22 cents more than the 1979 median. Disturbingly — and paradoxically — those working the most in our economy are gaining the least from it.

In summary, Wisconsin's median wages are finally higher than the median wage of 1979. Given the twenty year wait for this advance, this is indeed good news. But wages are now just barely higher than the 1979 level, and given the recent economic downturn, data for 2002 may not show continuing improvement. And, as just indicated, the positive wage gains that did occur in Wisconsin during the 1990s were much smaller for full-time workers and for men as a group.

Table 4.2

Median Hourly Wages for Full-Time Workers, Wisconsin & U.S., 1979–2001
(2001 dollars)

	Median Hourly Wage				Percent Change	
	1979	1989	2000	2001	1979–2001	1989–2001
Wisconsin	\$ 13.65	\$ 12.79	\$ 13.44	\$ 13.87	1.6 %	8.4 %
U.S.	12.92	12.99	13.52	13.90	7.6	7.0

Source: Authors' Analysis, CPS.

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 2001, the ratio of women’s to men’s earnings was .74, indicating a gender gap of 26 percent. This gap is greater than the national one, 22 percent.

Both in Wisconsin and the nation, the gender gap is closing. Unfortunately, as Figure 4.2 makes clear, the gap closed most rapidly in the 1980s, and then only because men’s wages were falling. Since 1993, men and women’s wages have advanced at roughly the same rate, leaving women just as far behind in 2001 as they were in 1993. In spite of their increasing participation, commitment to work and increasing skills at all types of work, the gender gap hasn’t budged since 1993.

Table 4.3

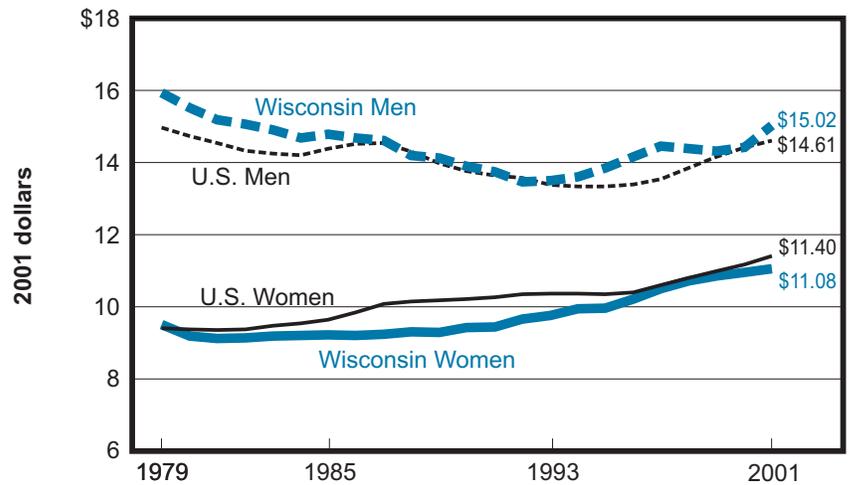
The Gender Gap in Wages: Ratio of Women’s Median Wage to Men’s, Wisconsin & U.S., 1979–2001

	1979	1989	2001
Wisconsin	0.60	0.67	0.74
U.S.	0.63	0.73	0.78

Source: Authors’ Analysis, CPS.

Figure 4.2

Median Wages by Sex, Wisconsin & U.S., 1979–2001 (2001 dollars)

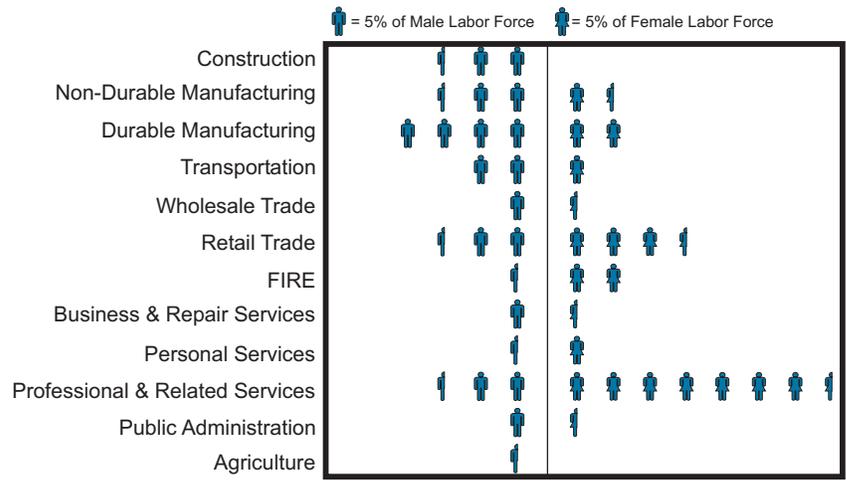


Source: Authors’ Analysis, CPS.

Men's wage advantage over women results from both their concentration in higher wage industries and the higher wages that men receive within industries. The construction industry provides a case in point. Men are better than ten times more likely than women to be employed in this relatively high-paying industry, which employs 12.1 percent of men, but just 1.2 percent of women. So just on the basis of industrial distribution of workers, we'd expect women to earn less, as they are less often in construction jobs. But even within the industry, the median wage for men is 15 percent higher than the median wage for women. Even the few women who do get into the construction industry earn less than their male counterparts.

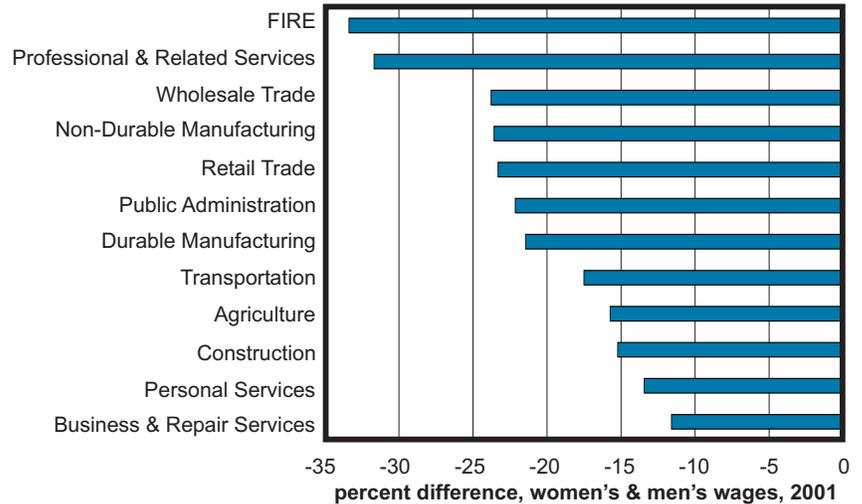
Figures 4.3 and 4.4 show these two effects. Figure 4.3, recording the distribution of employment by sex and industry, shows that women are concentrated in lower-paying sectors. Figure 4.4 shows that, within those industries, women are clustered in the poorer paying jobs. In Finance, Insurance, and Real Estate (FIRE), for example, the female median hourly wage was \$12.80 per hour in 2001, 33 percent lower than the men's median wage of \$19.20. In durable manufacturing, women's wages were more than 21 percent below those of men in the same sector, while in wholesale trade, women's wages were almost 24 percent below those of men. Even the professional services industry, with a relatively high concentration of women, exhibits a very substantial gap in wages, almost 32 percent.

Figure 4.3
Distribution of Wisconsin Workforce by Sex and Industry, 2001



Source: Authors' Analysis, CPS.

Figure 4.4
Wisconsin's Median Wage Gender Gap by Industry, 2001



Source: Authors' Analysis, CPS.

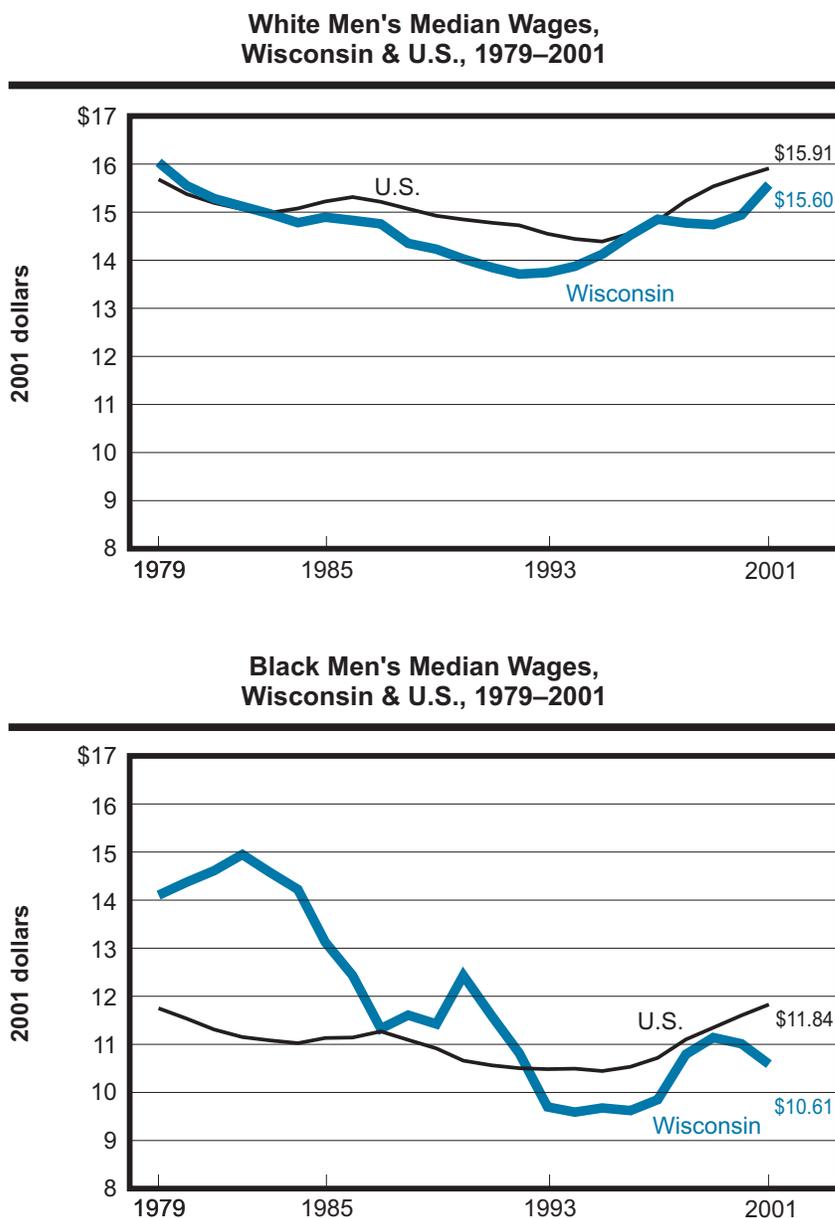
The Race Gap

Figures 4.5 and 4.6 display wage trends by race in Wisconsin and the U.S. (small samples of other minority groups make this analysis impossible for any groups other than blacks and whites). 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 a bit more positive, however, with wages for both black men and women moving up during the late-1990s, although they have lost ground again in the last two years.

Figure 4.5 provides the best illustration of these differential trends by race. Black men in Wisconsin saw their wages fall between 1979 and 2001, from well above the national median to significantly below it. Specifically, their wages declined almost 25 percent over that period — while wages increased 0.6 percent 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, they have a more than 10 percent wage disadvantage. In the previous edition of this report, we offered the good news that Wisconsin's black men made strong wage gains between 1996 and 1999; unfortunately, almost 40 percent of that gain has evaporated in the last two years.

Figure 4.5

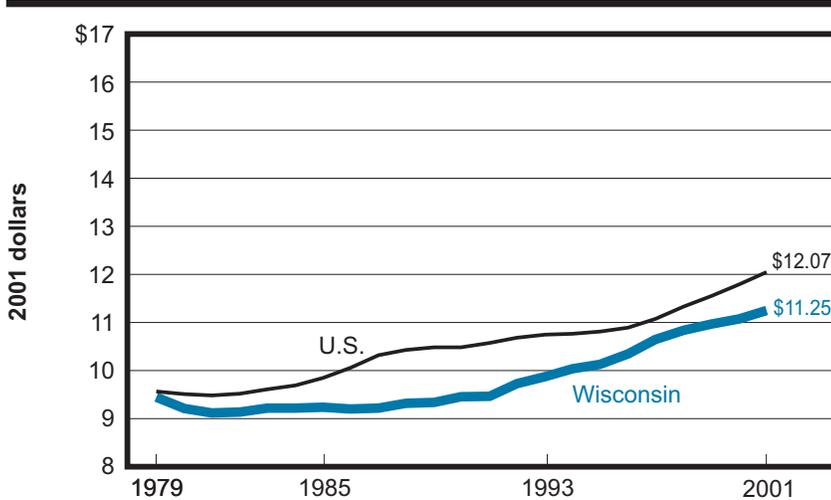
Men's Median Wages, Wisconsin & U.S., 1979–2001
(2001 dollars)



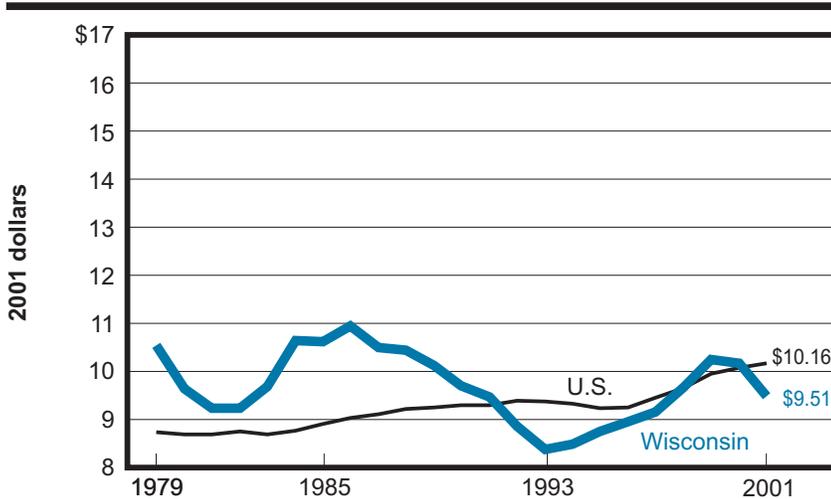
Source: Authors' Analysis, CPS.

Figure 4.6
Women's Median Wages, Wisconsin & U.S., 1979–2001
 (2001 dollars)

**White Women's Median Wages,
 Wisconsin & U.S., 1979–2001**



**Black Women's Median Wages,
 Wisconsin & U.S., 1979–2001**



Source: Authors' Analysis, CPS.

For black women the story is slightly less grim (Figure 4.6). For black women nationally, wages grew almost 16 percent over the 1979–2001 period. In Wisconsin, however, they plummeted 10 percent, from well above the national median to below it. Although in the latter half of the 1990s Wisconsin's black women moved forward again, surpassing the national cohort in 1999 for the first time since 1991, this positive trend reversed in recent years: in 2001 median wages here were more than six percent below the national level.

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 almost 23 percent) over the 1979–2001 period. But for the majority of men holding less than a college degree, the picture was one of unrelieved wage decline: wages down 29 percent for high school dropouts, down 14 percent for high school graduates, and down almost four percent for those with 1–3 years post high school education. The result is that for men, the college/high-school gap has grown at a steep rate, from less than 14 percent in 1979 to almost 40 percent in 2001.

Among Wisconsin women, college graduates posted even more substantial gains (almost 46 percent) than did their male counterparts. But again, the majority of women do not hold college degrees, and for them, the past twenty-two years have been much less kind. Wages have increased just eight percent for women with some college experience, and nine percent for women with high school degrees. And among high school dropouts, wages slightly declined in the same period. So for women, the college/high-school gap has also grown, from 28 percent in 1979 to 46 percent in 2001.

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 increased very little.

Table 4.4

Median Hourly Wages by Sex and Education, Wisconsin & U.S., 1979–2001 (2001 dollars)

	Median Hourly Wage				Percent Change	
	1979	1989	2000	2001	1979–2001	1989–2001
Wisconsin						
Men						
No H.S. Degree	\$ 13.85	\$ 10.58	\$ 10.00	\$ 9.79	- 29.3 %	- 7.5 %
H.S. Graduates	15.85	13.61	12.75	13.57	- 14.3	- 0.3
1-3 yrs. Post H.S.	15.43	12.53	14.94	14.85	- 3.8	18.5
College Grads	18.34	19.43	21.05	22.50	22.7	15.8
Women						
No H.S. Degree	\$ 8.39	\$ 6.98	\$ 7.97	\$ 8.35	- 0.5 %	19.6 %
H.S. Graduates	9.09	8.82	10.17	9.95	9.4	12.7
1-3 yrs. Post H.S.	9.70	9.49	10.77	10.50	8.2	10.6
College Grads	12.68	15.24	18.00	18.51	45.9	21.5
U.S.						
Men						
No H.S. Degree	\$11.95	\$ 9.85	\$ 8.95	\$ 9.07	- 24.1 %	- 7.8 %
H.S. Graduates	14.62	12.87	12.50	12.70	- 13.1	- 1.3
1-3 yrs. Post H.S.	15.03	13.78	14.26	14.37	- 4.4	4.3
College Grads	19.51	20.92	22.80	23.19	18.8	10.8
Women						
No H.S. Degree	\$ 7.54	\$ 6.96	\$ 7.19	\$ 7.25	- 3.9 %	4.2 %
H.S. Graduates	9.07	9.10	9.58	9.85	8.6	8.3
1-3 yrs. Post H.S.	9.67	10.35	10.87	11.03	14.1	6.6
College Grads	13.35	15.81	17.93	18.23	36.6	15.3

Source: Authors' Analysis, CPS.

Table 4.4 does show two promising trends, however. First, women without any post-secondary education recovered the great loses they posted during the 1980s — today their wages are about what they were in 1979. Second, individuals with some college experience (though not a college degree) have seen their wages grow in the past 12 years (18.5 percent for men, 10.6 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 smaller 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 up to 140 percent higher than those in the service sector. But between 1979 and 2001, wages in construction fell by 16 percent; in non-durable manufacturing by 10 percent; in durable manufacturing by eight percent, and in transportation and communication by almost 17 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 hardest hit.

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 2001 alongside the percent of the workforce that it employs. In 2001, almost 25 percent of Wisconsin workers held manufacturing jobs and another 13 percent held jobs in construction and transportation industries — a substantial part of the economy. Yet these industries posted the most dramatic declines in wages over the past two decades.

Table 4.5

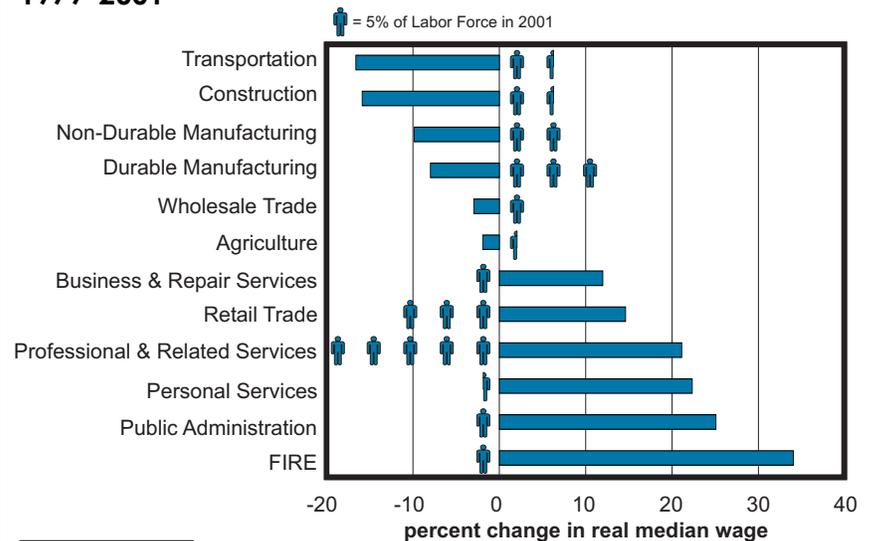
Wisconsin Median Hourly Wages by Industry, 1979–2001
(2001 dollars)

	1979	2001	Percent Change
Agriculture, Mining, Forestry	\$ 9.03	\$ 8.86	- 1.92 %
Construction	17.75	14.93	- 15.89
Nondurable Manufacturing	15.45	13.93	- 9.85
Durable Manufacturing	15.42	14.19	- 7.98
Transportation, Communication, Utilities	18.14	15.13	- 16.62
Wholesale Trade	14.15	13.73	- 2.96
Retail Trade	7.89	9.05	14.61
Finance, Insurance, & Real Estate	10.54	14.13	34.04
Business and Repair Services	10.25	11.48	11.98
Personal Services	7.60	9.30	22.33
Professional and Related Services	11.35	13.74	21.11
Public Administration	14.28	17.86	25.08

Source: Authors' Analysis, CPS.

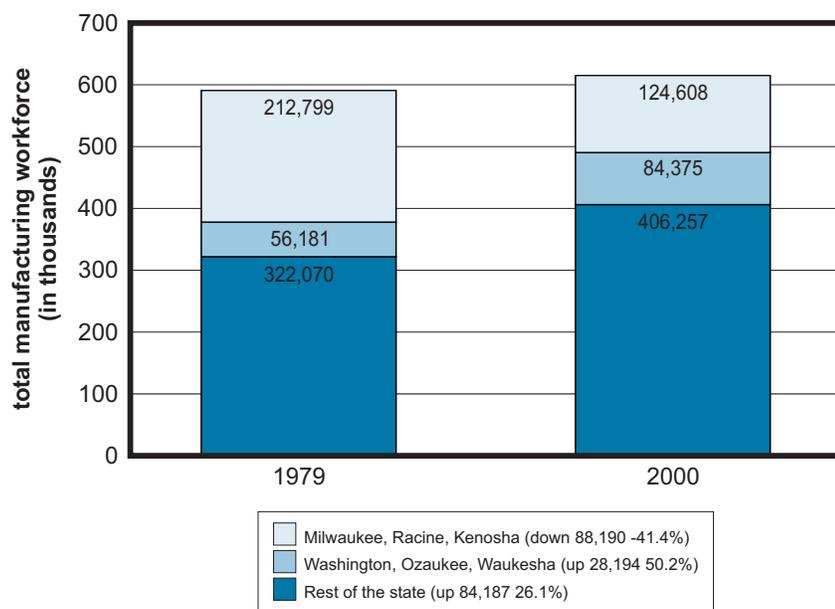
Figure 4.7

Change in Wisconsin Median Hourly Wages by Industry, 1979–2001



Source: Authors' Analysis, CPS.

Figure 4.8
Wisconsin Manufacturing Employment by Region, 1979–2000



Source: Wisconsin Department of Workforce Development.

By contrast, with the solitary exception of wholesale trade, all service industries have seen positive wage growth between 1979 and 2001, 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, especially in 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 employment data from the Wisconsin Department of Workforce Development, in 2000 there were 615,000 manufacturing jobs in the state — a very modest increase of four percent from 1979, when there were 591,000. To make things worse, manufacturing jobs have moved. Specifically, firms left Milwaukee, Racine, and Kenosha counties. As Figure 4.8 shows, these counties lost more than 88,000 manufacturing jobs over the 21-year period, an astonishing 41 percent of their base. Meanwhile, Washington, Ozaukee, and Waukesha counties picked up more than 28,000 manufacturing jobs, and

the rest of the state more than 84,000 jobs over the same period, many with the same employers.

The wage significance of this flight from the lakeshore is simply stated. In large part 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, over \$48,000 per year (2001 dollars). Because they are less highly unionized, and generally engaged in less advanced production, employers in Washington, Ozaukee and Waukesha, and in the rest of the state, pay less — on average, almost \$43,000 (for the WOW counties) and \$37,000 (for the rest of the state) annually, respectively. Just in this one sector, then, the movement of 88,000 jobs out of the first area meant a loss in worker income in the state of \$891 million annually. Moreover, if Milwaukee, Racine and Kenosha counties had kept the share of manufacturing jobs they had in 1979, there would have been almost 222,000

manufacturing jobs in these counties in 2000. The increase of 97,000 jobs means that the loss in worker income in the state is even higher, about \$980 million per year.

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 about 17 percent today. If unionization had been maintained at its previous level, union membership in the state would be 421,000 greater than it is today. What's the wage effect? In Wisconsin in 2001, the median hourly wage for union workers was \$15.97, as compared to \$12.00 for non-union workers. Yearly, this 33 percent "union premium" in pay amounts to \$8,258 (calculated on a full-time, year-round basis). Had those 421,000 workers received that premium last year, it would have represented close to a \$3.5 billion boost in Wisconsin worker income. Evenly distributed over all people employed in that year, that would have meant a \$0.59 hourly wage increase for every Wisconsin worker, making our state median wage \$13.42 rather than its current \$12.83.

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 sector), 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.

Chapter 5

Poverty-Wage Jobs

In the previous chapter we saw that although the median wage in Wisconsin has risen steadily in recent years, today it is barely higher than in 1979; a very dismaying record, given the gains in productivity achieved over the same period. In this chapter we 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 after several years of strong economic growth, the median Wisconsinite is just slightly better off than almost a quarter century ago. 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 in poverty-wage jobs.

Looking to the bottom of the labor market makes it clear that Wisconsin's 1990s economic boom did not pay off for everyone. 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, as well as for those who stopped their education after high school.

We also 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 helps contribute to the formation of a policy agenda to improve job quality. Policy makers at all levels — elected officials, economic development experts, family advocates, and community leaders — should consider these trends so that we can begin to improve the *quality*, rather than just the *quantity* of jobs in Wisconsin.

Defining “Poverty-Wage” Jobs

We define poverty-wage jobs as those jobs paying a wage that is 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 2001 dollars, the “poverty wage” was \$8.63 an hour or less; if someone worked full-time for the entire year at this wage, their annual earnings would be \$17,950.

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. Most important, our interest here is to track the quality of jobs being generated in Wisconsin, and no one would call less than \$8.63 per hour a “good job.”

The Growth in Poverty-Wage Jobs

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) by 1989. The 1990s then brought a reversal of this decline in job quality. Poverty-wage employment has receded, especially in the last several years, dropping back to 20.6 percent of all jobs in the state in 2001. 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; however, the increase in poverty-wage employment between 2000 and 2001 suggests that this positive trend may be reaching an end.

Focusing only on this aggregate trend is very misleading, however. When we break it down for different groups, we find that many workers have, in fact, not benefited from the reduction in poverty-wage jobs.

We start with key race and sex categories in Table 5.1. Among the four groups, only white women have seen a decline in poverty-wage jobs over time, down from 35 percent in 1979 to 26 percent in 2001. This is, of course, a very encouraging trend, but clearly there is still a long way to go. Even with these substantial declines, more than one-in-four white women in Wisconsin currently earn poverty wages. Additionally, 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 2001 they were just 2.4 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.

Table 5.1

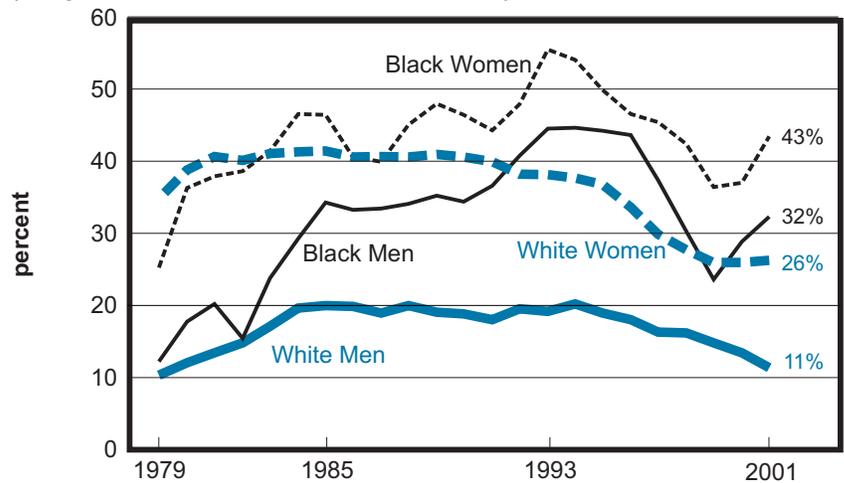
Share of Wisconsin Workers Earning Poverty Wages
(wages less than \$8.63 per hour in 2001)

	Share Earning Poverty Wages				Percent Change	
	1979	1989	2000	2001	1979-2001	1989-2001
All Workers	20.8	30.1	19.5	20.6	- 0.8	- 31.4
White Men	10.0	19.3	12.0	11.1	10.7	- 42.6
Black Men	11.9	28.4	24.0	32.2	169.7	13.3
White Women	34.7	40.5	24.3	26.0	- 25.1	- 35.9
Black Women	25.2	55.7	32.0	43.3	71.9	-22.2
Full-Time Workers	12.9	21.4	14.1	14.8	15.1	- 30.7
No H.S. Degree	27.0	49.3	48.9	46.1	70.6	- 6.6
H.S. Degree	23.4	31.1	21.4	23.8	1.9	- 23.2
1-3 yrs post H.S.	22.2	36.9	20.0	22.0	- 0.9	- 40.4
College Graduates	6.4	11.3	6.6	6.0	- 6.9	- 46.8

Source: Authors' Analysis, CPS.

Figure 5.1

Share of Wisconsin Workers Earning Poverty Wages, 1979-2001
(wages less than \$8.63/hr., 2001 dollars)



Source: Authors' Analysis, CPS.

For the other three groups, however, poverty-wage employment has actually increased. This is most apparent among black men, where the percentage of workers with low-wage jobs has nearly tripled over the last 22 years (from 12 percent in 1979 to 32 percent in 2001). Black women show a similar trend over the same time period, with poverty-wage jobs growing from 25 to 43 percent. Figure 5.1 gives the full historical perspective on this trend. While the second half of the 1990s brought some relief, over the long run there has been a marked deterioration in job quality for African Americans in this state. In addition, in the last two years, the positive trend of the late-90s seems to have come to an end. Currently, roughly a third of black workers do not hold jobs that pay enough to keep a family of four out of poverty.

White men are the least likely to earn poverty wages, as one might expect. In 2001, just 11 percent held a poverty-wage job. But even for this relatively privileged group, this represents an increase of ten percent over 1979, when only one in ten held such jobs.

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 simply reflect an increase in part-time employment. The table does indeed show that full-time workers earn poverty wages less frequently than the overall workforce. But distressingly, it also shows that full-time workers have actually seen a growth in poverty-wage employment, in contrast to the workforce as a whole. In 1979, just one in eight (12.9 percent) full-time Wisconsin workers earned poverty wages. In 2001, more than one in six did (14.8 percent) — an increase of 15 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 generally breadwinners for their families.

Finally, less educated workers have suffered the most from the expansion of poverty wage jobs. Table 5.1 shows that in 2001, close to half of high school dropouts in the state earned poverty wages, compared with slightly over one quarter in 1979. High school graduates fared somewhat better, with only a tiny increase over the past two decades. Still, in 2001 roughly one-in-four (23.8 percent) high school graduates held a poverty-wage job. This is alarming, as these two groups of workers still represent the majority of working Wisconsinites.

Workers with some college experience or a college degree fared much better, experiencing a small decline in poverty-wage jobs over the 22-year period. Still, it is worrisome that 22 percent of Wisconsin workers with some post-secondary schooling held a poverty-wage job in 2001. These are workers with Associate's Degrees, certificates, and occupation-specific training — surely indicators of solid skills. The fact that more than one in five of these workers have badly-paid jobs suggests that jobs in Wisconsin are not always rewarding 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.

Table 5.2

Distribution of Wisconsin Workers by Industry and Wage Level, 2001

	<i>Workers with Poverty-Wage Jobs (wage < \$8.63/hr.)</i>	<i>Workers with Higher-Wage Jobs (wage > \$8.63/hr.)</i>
Agriculture, Mining, & Forestry	3.6 %	0.9 %
Construction	1.6	7.9
Manufacturing	13.2	27.2
Transportation, Communication, Utilities	2.5	7.5
Wholesale Trade	1.5	4.4
Retail Trade	31.7	10.7
Finance, Insurance, & Real Estate	4.5	6.5
Business & Repair Services	6.8	4.0
Personal Services	8.4	2.6
Professional & Related Services	24.3	24.0
Public Administration	1.9	4.3

Source: Authors' Analysis, CPS.

Whether this is good or bad news depends on where you end up in the service sector. At the upper end of the service sector, there are a number of industries that pay quite well. For example, in 2000 the average weekly pay in Wisconsin in both wholesale trade and finance, insurance, and real estate industries was about \$760 a week (See Table 1.2). This is comparable to the weekly pay in manufacturing (\$750) and construction (\$726). Yet there is also another side to the new economy, namely growth of industries that have low weekly earnings, such as retail trade (\$305) and services (\$521).

From the perspective of job quality, it is important to note that these low-pay industries have grown much more rapidly than high-pay industries during the past two decades. According to data from the Wisconsin Department of Workforce Development, between 1979 and 2001 close to two-thirds (62.8 percent) of Wisconsin's net job growth of 830,000 came from retail trade and services, at the low-end of the service sector. At the same time, just one-fifth of all new jobs came from manufacturing, construction, wholesale trade, and finance, insurance and real estate.

With this in mind, it is hardly surprising that in 2001, 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 — as Table 5.2 shows. Combined, these industries accounted for almost half of all poverty-wage jobs (47 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 — 13 percent, as compared to 27 percent for higher-wage workers. The same finding holds for construction, transportation, and wholesale trade: these are industries which have traditionally done a much better job of providing family-supporting wages.

What Makes for Bad Job Quality?

A full understanding of poverty-wage jobs means that we have to look beyond the fact that they don't pay well. There are systemic 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 to solve the "bad jobs" problem. Here we document three such factors. First, low-paying 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, leading to low-wage careers over the long run.

In the following analyses, we compare two groups of Wisconsin workers: those in poverty-wage jobs and those in what we will refer to as "higher-wage jobs" (wages greater than \$8.63 per hour).

Low-Wage Service Industries

Wisconsin has historically had a strong manufacturing base, offering middle-class wages and good benefits to workers without college degrees. 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.

Table 5.3

Distribution of Wisconsin Workers by Selected Characteristics and Wage Level, 2001

	<i>Workers with Poverty-Wage Jobs (wage < \$8.63/hr.)</i>	<i>Workers with Higher-Wage Jobs (wage > \$8.63/hr.)</i>
Percent Working Part-time	43.4 %	12.1 %
Percent Unionized	4.9	19.7
Percent in Occupation		
Managers, Professionals, and Technicians	12.2	35.3
Sales	12.8	7.8
Clerical & Administrative Support	14.4	14.7
Services	33.6	8.2
Precision Production, Craft, & Repair	4.0	14.7
Machine Operators, Assemblers, Transporters, & Laborers	18.6	18.5
Farming, Forestry, & Fishing	4.4	0.8

Source: Authors' Analysis, CPS.

This difference in occupations is instructive. For example, Table 5.2 shows that poverty-wage workers were strongly represented in professional service industries and in finance, insurance, and real estate (29 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-wage jobs and a tier of low-wage jobs, such as customer service representatives — hence the presence of poverty-wage workers even in this elite niche of the service sector.

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 5.3 shows that in 2001, the share of workers holding part-time jobs was almost four times higher for poverty-wage workers than for higher-wage workers (43 percent compared to 12 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 2001, only five percent of poverty-wage workers held union jobs, compared to a 20 percent unionization rate of higher-wage workers.

Finally, jobs that don't pay well tend to consist of entry-level and frontline positions. In Table 5.3 we see that poverty-wage workers were more likely to hold sales and service jobs than higher wage workers (46 percent as compared to 16 percent), and less likely to be managers, professionals, and technicians (12 percent as compared to 35 percent). Note also that when poverty-wage workers do hold manufacturing-related jobs, it is usually not in the better-paid craft jobs (only four percent), but rather front-line labor jobs (19 percent).

Following Workers Over Time and by County

To analyze career trajectories in Wisconsin, we need to rely on data that let us track workers earnings over long periods of time. For these analyses, we rely on Wisconsin Department of Workforce Development 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. For example, we do not know the workers' sex, race, or education nor do we know how many hours and weeks they worked in a given quarter.

Using these data, we have to track quarterly earnings rather than hourly wages. But we define a poverty earnings job in the same way: if quarterly earnings are insufficient to lift a family of four out of poverty, it is a poverty earnings job. 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 for identifying workers who are stuck in low-wage jobs over the long term.

Wages vs. Earnings

In the first part of the chapter, we show that one in five Wisconsin jobs pays poverty wages. In this section, we state that one-in-three jobs offer poverty earnings. This disparity is the result of using two different data sets, and the unique limitations and strengths of those sets.

The best single measure of job quality is the wage that the job pays. Our early analysis relies on CPS data which provide information to compute an individual's hourly wage.

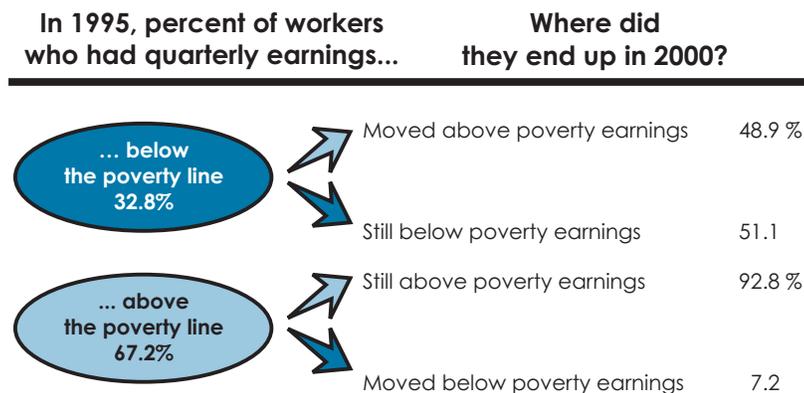
For specific investigations regarding distribution of job quality within the state, and to investigate earnings trajectories over time, we turn to the state's earnings files. These data provide only quarterly earnings, not hourly wages. Many part-time workers have poverty-level quarterly earnings, even when their hourly wage is above the poverty wage threshold. The seeming inconsistency in poverty wages vs. poverty earnings is the result of differences between these two data sets.

Workers Get Caught in the Low-Wage Career Trap

An important part of the reality of being a low-wage worker is that it is a long-term state, and 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 lifetime.

In Figure 5.2, we begin by focusing on the year 1995, finding that at that time, one in three workers (33 percent) had quarterly earnings that would put a family of four below the poverty line. We follow each of these workers to 2000 and find that 51 percent of the workers with poverty earnings in 1995 still held a poverty-earnings job in 2000. Only 12 percent of 1995 poverty

Figure 5.2
The Persistence of Low Quarterly Earnings Over Time in Wisconsin



Source: Authors' Analysis, Wisconsin Unemployment Insurance Records, 1995 and 2000.

earners had managed to reach the pay range of 150 to 200 percent of the poverty line. And less than eight percent had managed to rise into what we would consider the middle-class, with quarterly earnings that were twice the poverty line or more.

By contrast, the vast majority of Wisconsin workers who had earnings above poverty in 1995 were still above it in 2000. About one quarter (22.5 percent) were earning between 150 to 200 percent of the poverty line, and more than half (54 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.

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 such as those in retail trade and other service industries exert their own negative pull on workers' careers: few skills are learned, and there are few opportunities for promotion.

The Geography of Poverty Earnings

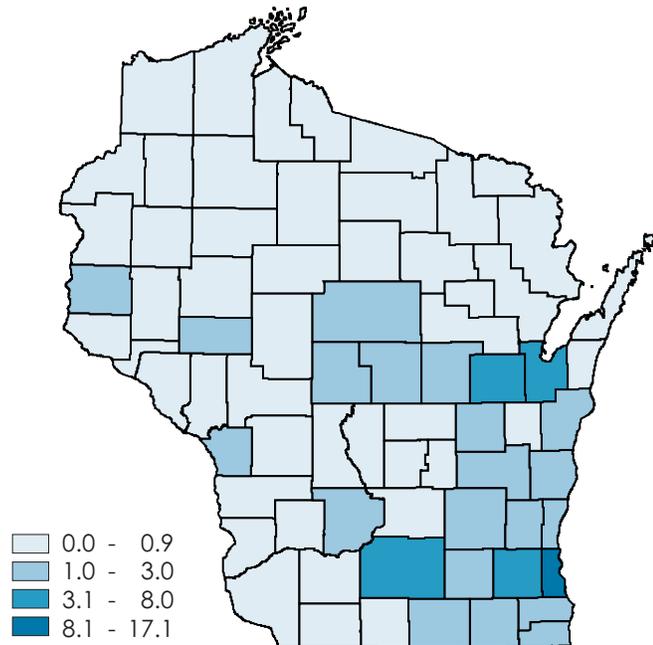
A common perception is that bad jobs are limited to Wisconsin's inner cities, perhaps reflecting a less-skilled labor pool or the influx of immigrant workers. But a closer look reveals that, in fact, no region in the state is immune to the problem of low-wage work. For the following analyses, we continue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

The first map in Figure 5.3 takes all Wisconsin workers who had quarterly earnings at or below the poverty line in 2000. The bulk of the state's poverty earnings population is, like the population of the state, located in just a few urban counties: Milwaukee, Waukesha, Dane and Brown.

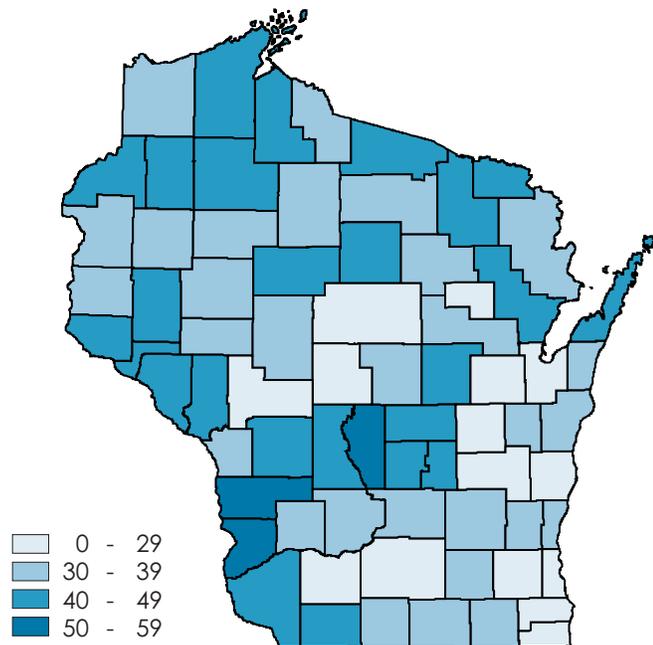
Figure 5.3

Geographical Distribution of Poverty Wages in Wisconsin, 2000

Percentage of Workers with Poverty Earnings in Wisconsin, by County, 2000



Within Each County, Percentage of Workers with Poverty Earnings, 2000



Source: Authors' Analysis, Wisconsin Unemployment Insurance Records, 2000.

Data Source

To determine the geography of bad jobs in Wisconsin, we rely again on our sample of Wisconsin Department of Workforce Development Unemployment Insurance data files.

But this map only tells part of the story. We can also approach the issue from another angle, and examine, within each county, how many workers had quarterly earnings at or below the poverty line. This allows analyses of job quality in communities and the type of job opportunities offered to their residents.

The second map in Figure 5.3 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 had a much 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 fact, located in urban areas, simply because those areas have most of the jobs in the state. But a higher percentage of jobs in rural areas offer poverty-level earnings.

From a worker's perspective, the second point is probably the most relevant; it indicates the chances of finding a good job. And from a community's perspective, this is also the more relevant perspective, because when there aren't enough good jobs, other measures of social health deteriorate. The obvious conclusion 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.

Chapter 6

Moving to the High Road

The preceding chapters document some bright spots in Wisconsin's recent economic performance. But they also point to a fundamental problem. Wisconsin worker incomes are not growing fast enough. And what prosperity we do enjoy is less widely shared than in the past.

Inequalities of race and class are deepening. Thousands are trapped in poverty-wage jobs. Most working families are on a treadmill of working longer and longer hours just to stay even.

All this has been going for some time now in Wisconsin. The only news is how very little change the boom years of the 1990s made in any of it.

For many Wisconsin working families, that boom simply passed them by. For most, it did little to improve their quality of life. Where family income growth resumed, it usually owed to greater work effort — a coping strategy for flat or declining wages that has natural limits. Even the most exaggerated claims about the “new economy” don't see it repealing the law of the 24-hour-day, or 168-hour-week. In Wisconsin, most working families already have the equivalent of two full-time workers at their head. This is one of the highest rates of labor force participation, and longest working hours, in the developed world. There are simply not a lot of spare hours left in the typical family time budget to be shifted to added work.

If most workers' economic experience of the 1990s was thus a treadmill, the past two years have delivered a series of shocks even to that routine. The national tragedy of terrorist attacks on New York and Washington last September. A deep national recession, from which we have still not fully recovered. A stock market “correction” to the speculative bubble of the 1990s that deepened under repeated poundings of corporate scandal, and sucked away \$8 trillion in wealth in just a matter of months. A series of legislative decisions in Washington — principally, passage of the largest and most regressive tax bill in our nation's history, a stunning \$1.5 trillion giveaway to the very richest Americans — which entirely wiped out the budget surpluses accumulated during the previous decade.

As the national picture has become cloudier, Wisconsin has entered a storm. A wave of political scandal has crashed over state government and Milwaukee. And after more than a decade of what can only be described as gross fiscal irresponsibility, the state exhausted its last ways of avoiding large structural imbalances in its finances. The Wisconsin structural deficit — or gap between expected revenues and committed services — is scheduled to rise to \$3 billion in the next biennium. Much of the late 1990s was spent papering over the deficit

with accounting gimmicks — a practice that has tarnished the state's reputation for fiscal integrity and cost us all real money through downgraded bond ratings. More recently, we have resorted to drawing down the state's share of the national tobacco settlement. One of only a handful of states willing to touch this legacy, we quickly became the first to exhaust it entirely.

Wisconsin has finally run out of easy options. In the next biennial budget we will be forced to increase state revenues or cut public services and investment, in either case substantially. The next administration will be largely defined by how it treats this certainty. Its actions will also frame much policy debate outside the budget proper.

Nowhere is this more true than in economic development policy. Which is why it is important that Wisconsinites clearly understand the choices that now confront us there.

Are Taxes What's Wrong with our Economy?

To listen to state policymakers, Wisconsin's biggest economic problem is its excessive level of taxation. Seldom does a day go by without someone telling us that our high taxes are killing us economically, and that if we only got our tax levels down the economy and incomes would grow faster again. A commonly used claim is that Wisconsin is 3rd in the nation in its tax burden. Governor McCallum has more than once declared his top two goals in office to be to "get us out of the top five taxing states, and then out of the top 10."

But there are three problems with this kind of talk.

First, it's based on the wrong data. According to the latest (May 2002) figures from the Census Bureau, Wisconsin ranks 20th among the 50 states, not 3rd, in combined state and local spending as a percentage of income — the best measure of the financial burden our government puts on us. As the rank of 20th suggests, this puts us slightly above average among the states, but nowhere near the top.

Second, it's talking about the wrong thing. What's important economically is not our level of taxation, but what the taxes go for. If we are wasting tax dollars by spending them inefficiently, or spending on the wrong things, that is bad and should obviously be corrected. But if we are simply taxing to maintain services that we want, and necessary economic infrastructure, that's perfectly okay. Compared to many states, Wisconsin has relatively high quality

services. Our schools, for example, are among the very best in the country. Our crime rates are low. Our streets are well maintained. Maintaining these services costs money. If we want fewer such services that's a political choice: we could spend less money, and reduce our tax burden. But it would also make us a less attractive state to live in.

Third, there is no evidence whatsoever that cutting taxes is a good way to promote economic development, much less income growth. As a general matter, the level of taxation in a state tends to rise with its level of income. People can afford to spend more on public goods, and their spending is generally associated with higher income. This is why high tax states tend to be high-income states, and low tax states tend to be low-income states as well. But more importantly, the growth in state income is only loosely associated with rates of taxation. Raising taxes is not a recipe for growth; lowering them isn't either. What we do know is that the fastest growing states, with earning growth across the board, tend to be much higher taxers. So the relation of taxes to growth is generally weak, and runs in a directly counter to what the Governor suggests.

This way of framing the tax and development discussion then, is a real non-starter. It's inaccurate and misleading, and apparently uninformed by the available evidence.

To observe this is not to say that our present tax system is perfect. It's obviously not. First, the existence of the structural deficit tells us that our system is not adequate to need, at least as we have defined that so far. Our tax system does not pay for current services and investments that have been promised, and upon which most citizens have come to rely and expect. Second, the system is less fair than it once was in the contribution it asks of people of different income. Wisconsin tax burdens used to be progressive, increasing with rising income. Now they are regressive, with those with lower incomes paying a larger share of them in taxes. This is unfair in the sense that it asks most of those who can least afford it. Third, our tax system is out of date with changes in the real economy. We exclude all sorts of services from taxation, for example, while taxing manufacturing activity. Yet services are every bit as important to our economy in its production of income and wealth. Fourth, our system is riddled with loopholes and exemptions designed to encourage some sorts of economic activity and discourage others. But it is far from clear if we are encouraging the right sorts of activity through these many exemptions, or if they are an efficient way of doing so.

A thorough review of our tax system is overdue, and perhaps the impending budget crisis will finally provide political support for making it. If so, these questions of adequacy, fairness, economic rationale, and incentives and efficiency should all be considered. A good tax system is generally understood as one that is adequate, equitable, simple, and non-distorting of preferences, or at least distorting in the “right” direction — the one favored by the public’s interest in encouraging or discouraging different types of economic activity. Wisconsin’s system comes up short on all these basic criteria, and is due for reform.

The Real Choices

But while taxes will inevitably be an important part of our economic future in Wisconsin, the most important choices we need to make are elsewhere. The essential decision is how we wish to compete as a state — or more specifically, what sorts of business competitive strategies we wish to encourage. Government itself of course produces little economic value, at least not the sort that is traded and generates profits and income. But government still has a very important role to play in the economy. It provides public goods that function as inputs to different production systems — for example, training and education, or physical infrastructure of different kinds. It sets the tax and other regulatory framework for private transactions. Often, it can bridge market failures in the provision of information or capital, and thus to realize opportunities neglected by an autonomous market. In doing these things, government can affect the sorts of competitive strategies that firms adopt as their own.

Among such strategies, we can usefully distinguish two broad kinds. Both are about making profit. Both have to deal with competition from other firms. And both have to produce goods or services at prices that customers are willing to pay. But one strategy concentrates most heavily on the price of goods or services produced. It tries to make things as cheaply as possible. Call this strategy the “low road.” The other strategy is sensitive to price, but concentrates more heavily on the quality and distinctiveness of the good or services produced. It tries to make things well, or uniquely. Customers pay a premium for this quality or distinctiveness, and part of that premium is typically passed back on to the better trained and more involved workers who help produce it. Call this strategy the “high road.”

From the standpoint of an individual firm, there’s no particular reason to choose low-road competition over high-road competition, or vice versa. Money can be made along either path. Firms take the one of least resistance. From the standpoint of a state or society, however, the choice made by the typical firms makes all the difference in the world. That’s because the price-based strategy of low-roading is associated with lower wages, little training, little investment in plant and equipment, low productivity, high pollution, and rising inequality — all pretty bad things. By contrast, the quality- or distinctiveness-based strategy of high-roading is associated with higher wages, more training, more investment in plant and equipment, higher productivity, less pollution, and more equality — all pretty good things.

For a state like Wisconsin, it’s clear enough from this what the right choice in economic development policy should be. We should commit ourselves as a state to pursuing the high road. That means doing everything within our power to discourage employers from pursuing low-road strategies, and encouraging them to pursue high-road ones. We should, in effect, close off the low road, help pave the high road, and help workers and firms stuck on the first to succeed on the second.

But this is what we have failed to do over the past 30 years, even as the economy has radically changed. As indicated by the wage and other data reported here, there is no “natural” tendency in this economy to maintain high living standards in this state. But we as a state haven’t decided where we would like the economy to go. This failure has been highlighted in the annual Economic Summits recently convened by the University of Wisconsin. Until those discussions began, Wisconsin didn’t even have an economic development strategy — by which we mean a clear set of goals on economic performance, and the degree to which state tax, regulatory, and other policy would seek to encourage and monitor their achievement. Only now, with Governor McCallum’s “Build Wisconsin” initiative, are we even beginning to move toward such definition of goals. But this is in its infancy, and by no means clear on whether we are choosing the high road path or not.

As with our tax situation, so with our economic development strategy, the impending budget crisis can be used to good benefit. If part of that deficit comes from an outmoded and unfair tax system, part of it comes from a bigger failure to grow this state in the right direction. At least, perhaps, we can finally decide on what that direction is, and start to take some first steps along that road.

An Agenda for High Road Reform

What are some steps we could take, starting in the next legislative session, to promote high road development in Wisconsin? There are many, but here are just a few. Some are about closing off the low road, some about paving the high road directly, others about administering the process, and helping individuals and firms that are now stuck get moving in the right direction.

Raise the Minimum Wage

Wisconsin's minimum wage, directly applying to some 160,000 workers and affecting many others, is currently set at the federal minimum of \$5.15 an hour. This is so low that it's arguably in violation of the Wisconsin Constitution, which requires that "every wage paid or agreed to be paid by any employer to any employee... shall be not less than a living-wage." A wage of \$5.15 an hour, or \$10,300 a year if paid over 2000 hours, gets the average family only to about half the poverty line — itself a measure of a bare subsistence living, much worse than most people think of as "poor." Other states have increased their minimum wages substantially above this current federal level, in some cases even indexing to inflation. And in cities around the country, movements for "living wages" have driven bottom level wages up to \$8, \$10, and even \$12 an hour.

In truth, that's where the minimum wage should be. The federal minimum wage in 1968 was about \$8 an hour in 2002 dollars, not \$5.15. And worker productivity is up about 75 percent since that time. Taking that into account, the minimum wage today should be more like \$14, or almost three times what it actually is. Moving quickly to such a level in Wisconsin is probably imprudent. But a deliberate phase-in to some lower figure, say \$8 an hour, afterward indexed to inflation, would seem a reasonable goal.

Restore the Right to Organize

One reason why our labor markets are no longer producing the good outcomes they once did is that workers no longer have a real option to form a union and bargain with their employer. In the private sector that dominates our economy, workers' formal right to do these things remains on the books. Indeed, federal law commits us as a nation not just to respecting this "right to organize" but actually to encouraging collective bargaining as sound wage policy. But almost nobody, including employers, any longer believes these policies are seriously enforced. Workers are routinely harassed and intimidated, if

not fired, for supporting unions. And employers do so with relative impunity, since the law provides no fines or imprisonment for those who violate it, even if that violation is flagrant, massive, and repeated.

The current federal law has also been written to prevent states from directly strengthening the hands of workers in this unequal battle. Such would be "preempted" under the U.S. Constitution. But that has not prevented other states from strengthening this right indirectly, by conditioning receipt of public monies on better corporate citizenship, or prohibiting any use of public dollars to break the law. Greater use of "project labor agreements" in public sector-supported construction projects, or "living wage" provisions attached to subcontracting or government service agreements, are other devices that can be used to bring civility and respect back to management-worker dealings in our economy. These are small steps down the high road, but they too should be taken.

Insist on Development Accountability

Through direct subsidies and tax and regulatory loopholes, Wisconsin spends about \$3.5 billion each biennium encouraging distinct types of economic activity, or particular firms. But much of this money goes to subsidizing low-road practices. We should do a full review of all such loopholes, tax expenditures, and direct grants, and eliminate any that cannot be shown to be promoting, in cost-effective ways, clean and responsible corporate practice, and paying good wages for employees. Many other states now have clear rules on the reporting and accountability of subsidies, "below budget" economic development assists, and tax breaks of various kinds. Broadly, these laws call for the full disclosure of such subsidies, their periodic review for effectiveness, recipient reporting to sustain such review, and, in some cases, "clawbacks" for economic assists that were not used properly or which did not produce promised results. Wisconsin should develop similar procedures, to make transparent what we are now doing with our economic development dollar. More aggressively, we could condition any such subsidy on employer satisfaction of wage, benefit, labor relations, environmental, or other desired terms.

Encourage Regional Development

Most of Wisconsin's economy is organized regionally, but most of our government is organized along other lines that don't match that economic reality. Without undermining our traditions of local government, we should establish clear state incentives toward high road regional cooperation. That means rewarding those who cooperate, and not rewarding those who do not. The almost inevitable restructuring of "shared revenue" formula in the state could provide an occasion for this, but the problem is broader than that program. In general, we should move toward consistency in the definition of service and taxing areas, even as we recognize that "one size doesn't fit all." A natural way to do this might be to distinguish broadly between Wisconsin counties falling in Metropolitan Statistical Areas and those falling outside them, in essentially rural areas. The former in particular should be inclined toward greater regionalism in the sharing of tax bases to correct for regional disparities and undue competition; the consolidation of basic services (perhaps starting with tax assessment and property valuation, and then gradually moving out to police, fire, sanitation, and EMS, as efficiencies are to be realized); and greater coordination in the fashioning of regional development plans and key authorized spending on infrastructure such as education, training, and transportation. Metro areas are the natural pillars of a high road economy, but our government system is not now set up to organize them efficiently, or realize their economic potential.

Discourage Sprawl

The flipside of crafting better solutions for densely developed metropolitan areas is discouraging sprawl outside them. Sprawl is not just an environmental or quality of life problem. It is also an economic one. Sprawl drains resources from our major production and service centers, and almost never pays for itself in what it demands in infrastructure, schooling, and other services. Partly because of this, sprawl also tends to encourage a "beggar thy neighbor" approach to city and town governance, which still further encourages regional disparities, and distinct concentrations of great wealth and great poverty.

Broaden High Road Partnerships

Today the organization of "industry clusters" is all the rage in economic development theory. By a cluster we mean a geographically concentrated group of firms that are similar, related, and to varying degrees interdependent in their business activity. They make similar products, draw on similar or common suppliers, buy and sell from one another. A dozen or so clusters make up most of the Wisconsin economy. If our economy is to succeed, the clusters within it must succeed. Getting them organized to do so is a legitimate aim of state development policy.

Other states are well ahead of Wisconsin in the infrastructure they have built for cluster competitiveness. We are just now beginning to take baby steps in this direction. But one sort of cluster organization where we are a national leader, and that deserves promotion and replication around the state, is in the area of sectorally based labor-management cooperation around high road partnerships in training and modernization. The Wisconsin Regional Training Partnerships (WRTP), based in the greater Milwaukee area, provides examples of what these look like. They involve cooperation between labor and management, and continuous problem solving in the areas of meeting training, modernization, and future workforce needs.

The WRTP experience shows that such partnerships can be a "win" for all parties involved. For business, they can lower the search costs for new employees, solve "free rider" and associated problems in worker training, realize economies of scale and scope in the production or acquisition of business services, and give business enough clarity to be able to plan. Along the way, they generate a skilled workforce for the future, integrate workers better into management direction of the firm, and yield enormous gains in productivity. For workers, they provide the foundation for new "career ladders" that connect all workers to opportunity, and ways to reach for it. For communities, they tend to stabilize firms. For families, they stabilize employment, and bring more income to the table.

Such partnerships also provide a better way to think about economic development and labor market policy. They give the state more reliable information on what employers need, and leverage on public dollars. For all these reasons, they could and should be better integrated into, and replicated throughout, our state economic development effort. They are the natural building blocks of a new relation between the state and the private sector in building a high road economy.

Expand Ownership

Through worker pension funds and other means, we should make it easier for more people to have a real stake in our economy. One model for this worth exploring are the “Solidarity Funds” developed in Canada in recent years. These have grown to be the most important source of venture capital in that country — of great relevance given Wisconsin’s problems in this area. Essentially the funds provide a tax incentive to encourage regional worker savings in them. The resulting regional capital pools are then invested in conventional stocks and bonds, and a range of direct placements in firms operating in the region. These are typically screened for good environmental and safety performance, good labor relations, and other indicia of responsible business practice.

Canadian experience indicates that the cost of the tax incentive is more than recaptured by the increased regional investment, employment, and income growth resulting from it. And while the region gains a source of capital and new investment, the worker investors gain a competitive rate of return and an improvement in their regional community — a sort of double return on their investment.

With minor modifications, such a model of worker investing and venture capital pools could easily be adopted in the U.S. Indeed, several states are already considering doing so. The large accumulated worker pensions in Wisconsin provide a natural base for trying something like it here. So does our tradition of high civic involvement, something that makes the state a natural for exploring the next frontier of “shared capitalism.” But there are more pressing reasons as well. With firms providing employment in Wisconsin increasingly owned outside the state, we are increasingly vulnerable to outsider decisions on how those firms should be managed and where they should be located. Increasing local ownership would push back on this trend. It would restore to Wisconsinites some greater say in the general business practice, and particularly choice of competitive strategy, of firms within our borders.

Organize the State Development Effort

Wisconsin’s economic development programs are uncoordinated, overly politicized, and held to no common goal on performance. They need to be centralized in administration, made more transparent and accountable to the public, and organized to meet clear performance goals. The more than 100 existing economic development programs in state government, scattered over many agencies, could usefully be consolidated and streamlined by basic function, and then put under the direction of a new Department of Economic Development, replacing the current Department of Commerce.

It would also be useful if the University and Technical College systems’ role in economic development were made more explicit. Already both are important motors of economic development in the state, from the development of new products and technologies to the training of hundreds of thousands of skilled workers and managers. But their connection to state growth could be better organized. Using their many branch campuses as set infrastructure, for example, might be a natural way to platform ongoing research and training support for regionally concentrated clusters. A joint and ongoing University-business partnership with the purpose of diffusing Wisconsin business use of advanced new technologies is another obvious notion. The broadest and most basic idea here is that the Wisconsin Idea needs to be reinvented, once again, to deal with the problem of maintaining our living standards under the competitive conditions of a new economy. Instead of state government, business, and higher education all operating at arm’s length from one another, they should be in harness. The particular role of the state and University are to make sure that harnessing serves the people of this state, not special interests in it. The special role of the University in that effort is to inform it with the best understanding that the natural and social sciences have to offer.

Conclusion

These are hardly the only things, or even the only important things, that could be done to put Wisconsin on the high road. In the agenda just given, we did not directly take up the redesign of our educational and training institutions, our budget and other political processes, or our methods of public accounting. But all would certainly play an important role in getting us on the high road and keeping us there. And there are other issues of almost equal moment.

But exploration of these matters can wait, and probably should, until after we make the more fundamental choice about our economic future.

Do we want to get on the high road or not? The past generation tells us that the economy will not drift there by its own accord — that indeed the “natural” tendency of our economy is generally toward low-riding. Do we want to continue drifting down that path, or do we want to take deliberate aim at something better? Can we summon the leadership to do so, including the private sector leadership that is critical to any success?

At the moment these all remain open questions in Wisconsin. But as the data in this State of Working Wisconsin must suggest to any careful reader, time is running out on their satisfactory answer.

Data Sources & Methodology

The State of Working Wisconsin relies on a broad range of data sources. The specific source or sources relied on for any given Table or Figure are identified in the Table and Figure Notes which follows this appendix. Here we discuss those sources for which some methodological detail and description are required.

Current Population Survey, Decennial Censuses, and Unemployment Insurance Records

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 almost all of our tabulations and calculations. The only exception is the data on 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 base our analysis on CPS-ORG data because 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. 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 often rely on the 2000 and previous U.S. Decennial Censuses. Unfortunately, at the time of writing this report many important 2000 data — especially regarding children and racial minorities — were still unavailable.

Lastly, we also used a sample of unemployment insurance records in our analysis. This is a 5 percent sample of wage records drawn from the Unemployment Insurance data files that are maintained by the State of Wisconsin, Department of Workforce Development. 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.

Real Median Wages

In general, we present trends in real median hourly wages. "Real" means inflation adjusted — in our case, through the Consumer Price Index Research Series Using Current Methods or CPI-U-RS. "Median" means the center of a distribution, with exactly half the distribution above and below it. 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 prefer the median to the mean, on the grounds that means can mislead because outliers in the distribution — in the U.S. today, usually high-income outliers that drag them unnaturally up. 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 1979–2001. Two versions of the CPS were used: one provided by the Economic Policy Institute and one provided by the National Bureau of Economic Research. These are referred to as CPS and CPS (NBER) respectively.

EPI – Economic Policy Institute, Washington D.C. (Web site is at <http://www.epinet.org/>). An often cited report from EPI is the State of Working America 2002-03, referred here as EPI-SWA.

Table Notes

Chapter 1

- 1.1. Employment and Employment Growth in the Midwest, 1979-2001. EPI-SWA.
- 1.2. Wisconsin Employment and Wages, by Industry, 2001 (workers covered by unemployment insurance, 2000 dollars). Wisconsin Department of Workforce Development, Current Employment and Wages, Table 209, http://www.dwd.state.wi.us/lmi/cew_tbl209_yearly.htm.
- 1.3. Population and Population Growth, U.S., Wisconsin, & Peer States, 1990-2000. U. S. Census Bureau. 2000 data from <http://quickfacts.census.gov/qfd/>. 1990 data from <http://eire.census.gov/popest/archives/state/st-99-3.txt>.
- 1.4. Wisconsin's Population Growth by Race and Hispanic Origin, 1990-2000. 2000 data from U.S. Census Bureau, Census 2000, Quick Table PL accessed through American Factfinder on www.census.gov. 1990 data from U.S. Census Bureau through "1990 Census Lookup," found at <http://venus.census.gov/cdrom/lookup/1018396481>. The population counts for the races are for non-Hispanics. In the 2000 Census, the Census Bureau for the first time allowed people to list themselves as belonging to more than one race.
- 1.5. Labor Force Participation, Wisconsin and U.S., 1970-2001. CPS (NBER).
- 1.6. Educational Attainment, Wisconsin and Peer States, 1990 and 2000 (population 25 years and over). U.S. Census Bureau, Census Table DP-2, 1990 and 2000.

Chapter 2

- 2.1. Median income for four-person families, U.S., Wisconsin, & Peer States, 1978-2000 (2000 dollars). EPI-SWA. The average annual growth for the 1980s is calculated taking the average of 1978-79 as the starting point and the average of 1989-90 as the ending point. Similarly, the 1990s uses 1988-1989 and 1999-2000 respectively, and the 1995-2000 change is computed using 1995-1996 and 1999-2000
- 2.2. Average Hours Worked per Year in Wisconsin and U.S., Late 1970s, Late 1980s, and Late 1990s. Married Couple Families with Children, Head Age 25-54. EPI-SWA.
- 2.3. Poverty Rates, U.S., Wisconsin, & Peer States, 1989 and 1999. U.S. Census Bureau, 1990 and 2000 Decennial Censuses.
- 2.4. Basic Family Budgets in Selected Wisconsin Metropolitan Areas and in Rural Wisconsin, 1999. EPI (2001), *Hardship in America: The Real Story of Working Families*.

Chapter 3

- 3.1. Wisconsin Family Income Trends: Average Family Income of the Richest, Middle & Poorest Fifths of the Income Distribution, Late 1970s to Late 1990s (2000 dollars). Economic Policy Institute and Center on Budget and Policy Priorities (2002), *Pulling Apart*. "Late 1970s" refers to the average over the 1978-1980 period; "late 1980s" to the average over the 1988-1990 period, and "late 1990s" to the average over the 1998-2000 period.
- 3.2. Average Income Growth in the City of Milwaukee and Suburbs, 1990-2000. University of Wisconsin-Milwaukee, Center for Economic Development (2000), *Metropolitan Polarization in an Era of Affluence: Income Trends in Metropolitan Milwaukee since 1990*. The figures are adjusted gross income per tax return in constant 2000 dollars.
- 3.3. Wisconsin State and Local Government Finances, Rank among States, Fiscal Year 1999. U.S. Census Bureau, *Census of Governments*, Fiscal Year 1999.
- 3.4. Wisconsin State and Local Taxes by Income Group, 1998. Institute on Taxation and Economic Policy (2000), *Notes on the Current Taxation System*.

Chapter 4

- 4.1. Median Hourly Wages by Sex and Race, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS.
- 4.2. Median Hourly Wages for Full-Time Workers, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS.
- 4.3. The Gender Gap in Wages: Ratio of Women's Median Wage to Men's, Wisconsin and U.S., 1979-2001. CPS.
- 4.4. Median Hourly Wages by Sex and Education, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS.

Chapter 5

- 5.1. Share of Wisconsin Workers Earning Poverty Wages (wages less than \$8.63 per hour in 2001). CPS. The poverty wage cutoff is defined as the hourly wage required to lift a family of four with two children out of poverty, as defined by the federal government.
- 5.2. Distribution of Wisconsin Workers by Industry and Wage Level, 2001. CPS.
- 5.3. Distribution of Wisconsin Workers by Selected Characteristics and Wage Level, 2001. CPS.

Figure Notes

Chapter 1

- 1.1. Economic Growth, Wisconsin and U.S., 1969-2000 (annual per capita personal income). U.S. Bureau of Economic Analysis.
- 1.2. Unemployment, Wisconsin and U.S., 1979-2001. U.S. Bureau of Labor Statistics.
- 1.3. Labor Force Participation, Wisconsin and U.S., 1990 & 2001. CPS (NBER).

Chapter 2

- 2.1. Average Hours Worked per Year in Wisconsin and U.S., Late 1990s. Married Couple Families with Children, Head Age 25-54. EPI (2001), *Hardship in America. The Real Story of Working Families*.
- 2.2. Poverty Rates, Wisconsin and U.S., 1980-2000. Bureau of the Census. Internet address for Wisconsin data as of 4/9/02: <http://www.census.gov/hhes/poverty/histpov/hstpov21.html>. Internet address for U.S. data as of 4/9/02 <http://www.census.gov/hhes/poverty/histpov/hstpov9.html>. The data for 1999 in this figure differ from those in Table 2.4, because the sources of the data used in Table 2.4 are the Decennial Censuses 1990 and 2000, while the source for this figure is the CPS, 1980-2000. When we refer to the current situation in the body of the text we use the former, because they are more reliable than the latter. However, in order to offer a picture of the evolution of poverty year per year, as we do in this figure, it is necessary to use CPS data — they are available for every year.
- 2.3. Share of Working Families with Children that were Poor, Wisconsin and U.S., 1970s to 1990s. Center on Budget and Policy Priorities (2001), *The Poverty Despite Work Handbook*. Table 32, p. 90-91. The numbers in this figure represent three-year averages.

Chapter 3

- 3.1. Change in Family Income, Wisconsin and U.S., Late 1970s to Late 1990s (percent change, by fifth of families). Economic Policy Institute and Center on Budget and Policy Priorities (2002), *Pulling Apart*. “Late 1970s” refers to the average over the 1978-80 period and “late 1990s” to the average over the 1998-2000 period.
- 3.2. Change in Family Income, Wisconsin and U.S., Late 1980s to Late 1990s (percent change, by fifth of families). *Pulling Apart*, Economic Policy Institute and Center on Budget and Policy Priorities, 2002. “Late 1980s” refers to the average over the 1988-90 period, and “late 1990s” to the average over the 1998-2000 period.
- 3.3. Wisconsin Median Family Income by County, 1999. U.S. Census Bureau, Decennial Census 2000. Data from <http://censtats.census.gov/cgi-bin/pct/pctProfile.pl>.
- 3.4. Distribution of Aggregate Net Worth, U.S. Households, 1998. Data from Edward N. Wolff (2000), *Recent Trends in Wealth Ownership*, Jerome Levy Economics Institute Working Paper #300, Bard College.
- 3.5. Wisconsin State and Local Taxes by Income Group, 1998. Institute on Taxation and Economic Policy (2000), *Notes on the Current Taxation System*.

Chapter 4

- 4.1. Median Wage, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS. The data on this figure are three-year moving averages.
- 4.2. Median Wages by Sex, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS. The data on this figure are three-year moving averages.
- 4.3. Distribution of Wisconsin Workforce by Sex and Industry, 2001. CPS. The number of figures representing workers do not add to 100 percent because of rounding.
- 4.4. Wisconsin's Median Wage Gender Gap by Industry, 2001. CPS.
- 4.5. Men's Median Wages, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS. The data on this figure are three-year moving averages.
- 4.6. Women's Median Wages, Wisconsin and U.S., 1979-2001 (2001 dollars). CPS. The data on this figure are three-year moving averages.
- 4.7. Change in Wisconsin Median Hourly Wages by Industry, 1979-2001. CPS. The number of figures representing workers do not add to 100 percent because of rounding.
- 4.8. Wisconsin Manufacturing Employment by Region, 1979-2000. Wisconsin Department of Workforce Development, Employment and Wages covered by Wisconsin's U I Law, quarters 1-4 1979, and quarters 1-4 2000.

Chapter 5

- 5.1. Share of Wisconsin Workers Earning Poverty Wages, 1979-2001 (wages less than \$8.63 per hour in 2001). CPS. The data in this figure are three-year moving averages. The same poverty wage cutoff is used as in table 5.1.
- 5.2. The Persistence of Low Quarterly Earnings Over Time in Wisconsin. Wisconsin Unemployment Insurance Records, 1995 and 2000.
- 5.3. Geographical Distribution of Poverty Wages in Wisconsin, 2000. Wisconsin Unemployment Insurance Records, 2000.

County Data

Sources for County-Level Data

- Population, 2000
U.S. Census Bureau at <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent Population Change 1990-2000
U.S. Census Bureau at <http://quickfacts.census.gov/qfd/states/55000.html>.
- Percent Population Over 65, 2000
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent Population 25 Years and Over with High School Degree or Less, 2000
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Median Annual Family Income, 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent Change in Real Median Family Income (inflation adjusted) 1989-1999
Calculated by COWS based on data from 2000 and 1990 U.S. Census.
- Median Earnings-Male Full Time Year Round Workers, 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Median Earnings-Female Full Time Year Round Workers, 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent of Renter Households, 2000
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent of Families in Poverty, 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent of Children Under 18 in Poverty, 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Percent of Single Mother Families in Poverty 1999
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Civilian Labor Force, 2000
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Labor Force Participation Rate, 2000
U.S. Census Bureau at: <http://censtats.census.gov/pub/Profiles.shtml>.
- Total Employment in Manufacturing, 1990
Wisconsin Department of Workforce Development, Employment, Wages, and Taxes Due Covered by Wisconsin's U.I. Law, 1990 (printed book)
- Total Employment in Manufacturing, 2000
Wisconsin Department of Workforce Development, Employment, Wages, and Taxes Due Covered by Wisconsin's U.I. Law, 2000 (printed book)
- Unemployment Rate, April-02
Wisconsin Department of Workforce Development at: <http://www.dwd.state.wi.us/dwd/newsreleases/2002/052202.htm#Bycounty>
- Within Each County, Percent of Workers with Poverty Earnings, 2000
Authors' Analysis, Wisconsin Unemployment Insurance Records, 2000
- Share of All Poverty-Wage Workers in Wisconsin, by County, 2000
Authors' Analysis, Wisconsin Unemployment Insurance Records, 2000

***All internet addresses current as of 8/20/02.**

Census Bureau Web Site

Note for U.S. Census Bureau data at <http://censtats.census.gov/pub/Profiles.shtml>.

To access county level data: select state in first field. Key in the county name in second field. Click 'Go'.

The State of Working Wisconsin 2002

	Population				Median Family Income		Median Earnings		Percent of Renter Households
	Total Population	% Change	25 & Over With HS Degree Or Less	25 & Over With HS Degree Or Less	Annual	% Change*	Male Full-Time Year Round	Female Full-Time Year Round	
	2000	1990-2000	2000	2000	1999	1989-99	1999	1999	2000
Wisconsin	5,363,675	9.6%	13.1%	49.6%	\$52,911	12.5%	\$37,062	\$25,865	31.6
Adams	18,643	18.9	20.9	65.3	39,164	17.9	32,149	21,907	14.7
Ashland	16,866	3.4	15.9	56.4	39,531	18.6	30,008	20,028	29.3
Barron	44,963	10.3	16.4	57.2	43,367	19.3	30,523	20,962	24.2
Bayfield	15,013	7.2	16.4	47.3	39,774	18.3	31,699	21,731	17.4
Brown	226,778	16.5	10.7	48.6	56,194	13.0	37,525	25,460	34.6
Buffalo	13,804	1.6	16.8	59.7	44,534	19.0	29,396	21,246	23.5
Burnett	15,674	19.8	20.3	60.0	40,372	27.2	31,677	21,995	15.5
Calumet	40,631	18.5	10.8	53.3	58,654	16.6	39,729	26,321	19.6
Chippewa	55,195	5.4	14.6	56.7	46,460	13.9	31,605	22,314	24.3
Clark	33,557	6.0	16.0	67.2	40,941	15.1	28,261	20,727	18.8
Columbia	52,468	16.4	14.4	53.5	52,540	18.2	35,461	25,142	25.2
Crawford	17,243	8.2	16.0	61.2	41,540	21.2	28,788	19,761	23.2
Dane	426,526	16.2	9.3	30.1	62,964	13.1	39,056	30,062	42.4
Dodge	85,897	12.2	14.0	61.3	52,205	16.4	35,450	24,610	26.6
Door	27,961	8.8	18.7	50.8	48,460	17.0	31,596	22,009	20.6
Douglas	43,287	3.7	14.5	50.4	43,812	19.2	34,584	22,268	28.7
Dunn	39,858	11.0	11.2	50.2	47,247	19.0	31,546	22,060	30.9
Eau Claire	93,142	9.3	12.2	42.2	50,737	16.6	33,552	23,480	35.0
Florence	5,088	10.8	17.5	60.6	40,840	14.4	30,862	20,497	14.3
Fond du Lac	97,296	8.0	14.3	55.9	53,325	16.2	36,615	23,270	27.1
Forest	10,024	14.2	19.3	64.2	38,978	42.6	29,081	20,161	21.1
Grant	49,597	0.7	15.3	56.6	43,428	10.0	29,062	20,885	27.7
Green	33,647	10.9	14.7	56.2	50,521	15.5	32,411	23,948	26.2
Green Lake	19,105	2.4	18.8	60.0	46,969	15.8	32,125	21,990	22.8
Iowa	22,780	13.1	13.3	53.4	49,972	23.2	31,234	23,762	24.1
Iron	6,861	11.5	23.2	54.3	36,482	23.4	28,994	20,854	19.3
Jackson	19,100	15.1	14.9	62.7	43,548	24.9	29,067	20,044	25.1
Jefferson	74,021	9.2	12.6	53.9	53,953	12.6	36,241	24,688	28.3
Juneau	24,316	12.3	16.8	64.5	41,421	17.6	30,964	21,628	23.0
Kenosha	149,577	16.7	11.5	49.9	56,525	18.3	40,929	27,371	30.9
Kewaunee	20,187	6.9	15.2	63.5	50,216	14.9	32,297	22,265	18.2
La Crosse	107,120	9.4	12.5	42.2	50,380	11.1	34,441	23,393	34.9
Lafayette	16,137	0.4	15.8	61.1	44,326	15.2	27,929	22,185	22.5
Langlade	20,740	6.3	18.8	64.4	41,512	22.3	29,773	20,349	21.0
Lincoln	29,641	9.8	16.4	59.9	47,469	20.9	32,321	21,993	21.8
Manitowoc	82,887	3.1	15.7	58.5	51,995	17.6	36,032	24,072	24.0
Marathon	125,834	9.0	13.0	54.2	52,632	12.3	34,858	24,939	24.3
Marinette	43,384	7.0	17.6	62.2	42,356	13.2	32,364	21,438	20.7
Marquette	15,832	28.5	18.3	62.5	40,916	14.6	30,700	22,169	17.7
Menominee	4,562	12.0	8.5	63.8	28,385	43.1	22,683	21,382	26.2
Milwaukee	940,164	-2.0	12.9	49.1	47,175	3.6	36,844	27,463	47.4
Monroe	40,899	11.6	13.9	60.1	43,835	11.6	30,444	21,710	26.3
Oconto	35,634	17.9	15.1	64.5	46,846	28.0	33,835	22,771	17.0
Oneida	36,776	16.1	18.7	51.5	44,293	18.9	34,726	22,250	20.3
Outagamie	160,971	14.6	10.9	49.6	57,464	12.0	40,319	25,815	27.6
Ozaukee	82,317	12.9	12.6	32.3	72,547	13.8	50,044	30,476	23.7
Pepin	7,213	1.5	16.8	60.2	45,391	20.9	30,695	21,332	20.3
Pierce	36,804	12.3	9.6	45.4	58,121	21.6	36,781	26,193	26.9
Polk	41,319	18.8	15.1	55.2	48,538	24.4	35,368	22,920	19.8
Portage	67,182	9.4	10.9	50.7	53,446	14.2	36,804	24,156	29.1
Price	15,822	1.4	18.8	61.0	42,837	15.3	32,181	21,705	19.3
Racine	188,831	7.9	12.3	49.6	56,331	10.7	41,060	26,842	29.4
Richland	17,924	2.3	17.2	58.8	41,705	19.0	28,908	20,727	25.8
Rock	152,307	9.2	12.7	55.4	53,380	11.9	38,490	25,646	28.9
Rusk	15,347	1.8	18.5	64.3	38,359	24.3	27,368	21,552	21.3
St. Croix	63,155	25.7	9.9	41.7	63,816	13.8	41,714	29,696	23.6
Sauk	55,225	17.6	14.5	54.3	49,091	16.5	32,986	22,651	26.7
Sawyer	16,196	14.2	17.9	55.2	38,843	34.3	30,233	21,270	22.9
Shawano	40,664	9.4	16.8	64.4	43,940	14.1	31,652	21,501	21.8
Sheboygan	112,646	8.4	14.0	55.5	53,984	9.8	37,410	25,432	28.6
Taylor	19,680	4.1	15.2	66.1	46,176	18.2	30,121	23,001	19.4
Trempealeau	27,010	6.9	16.4	60.0	45,369	18.7	29,276	21,519	25.9
Vernon	28,056	9.5	17.0	59.6	40,666	14.7	28,970	20,635	20.9
Vilas	21,033	18.8	22.8	54.4	40,876	27.2	30,296	21,903	18.2
Walworth	93,759	25.0	12.7	49.3	55,310	14.3	37,452	25,052	30.9
Washburn	16,036	16.4	18.5	55.9	40,486	24.6	30,756	20,566	19.2
Washington	117,493	23.3	11.2	46.4	63,542	12.4	42,234	27,209	24.0
Waukesha	360,767	18.4	12.0	35.6	71,773	9.1	49,232	31,643	23.6
Waupaca	51,731	12.2	16.7	61.0	48,837	15.2	35,002	22,149	23.0
Waushara	23,154	19.4	19.2	64.3	42,416	21.5	31,616	21,405	16.5
Winnebago	156,763	11.7	12.5	51.1	53,932	12.4	37,242	25,513	32.0
Wood	75,555	2.6	15.3	56.3	50,798	8.5	36,344	23,990	25.7

* Adjusted for Inflation

Rankings for County-Level Data

Population, 2000 (Wisconsin: 5,363,675)

Largest Total Population: Milwaukee (940,164); Dane (426,526); Waukesha (360,767); Brown (226,778); Racine (188,831).

Smallest Total Population: Menominee (4,562); Florence (5,088); Iron (6,861); Pepin (7,213); Forest (10,024).

Percent Population Change, 1990-2000 (Wisconsin: 9.6% Increase)

Largest Population Percent Increase: Marquette (28.5); St. Croix (25.7); Walworth (25); Washington (23.3); Burnett (19.8).

Smallest Population Percent Increase: Milwaukee (-2); Lafayette (.4); Grant (.7); Price (1.4); Pepin (1.5).

Percent of Population Over 65, 2000 (Wisconsin: 13.1%)

Highest Percent Population over 65: Iron (23.2); Vilas (22.8); Adams (20.9); Burnett (20.3); Forest (19.3).

Lowest Percent Population over 65: Menominee (8.5); Dane (9.3); Pierce (9.6); St. Croix (9.9); Brown (10.7).

Percent of Population 25 Years and Over with High School Degree or Less (Wisconsin: 49.6%)

Highest Percent Population with High School Degree or Less: Clark (67.2); Taylor (66.1); Adams (65.3); Juneau and Oconto (64.5).

Lowest Percent Population with High School Degree or Less: Dane (30.1); Ozaukee (32.3); Waukesha (35.6); St. Croix (41.7); Eau Claire and La Crosse (42.2).

Median Annual Family Income, 1999 (Wisconsin: \$52,911)

Highest Median Annual Family Income: Ozaukee (72,547); Waukesha (71,773); St. Croix (63,816); Washington (63,542); Dane (62,764).

Lowest Median Annual Family Income: Menominee (28,385); Iron (36,482); Rusk (38,359); Sawyer (38,843); Forest (38,978).

Change in Real Median Family Income (inflation adjusted) 1989-1999 (Wisconsin 12.5%)

Highest Percent Change: Menominee (43.1); Forest (42.6); Sawyer (34.3); Oconto (28); Burnett (27.2).

Lowest Percent Change: Milwaukee (3.6); Wood (8.5); Waukesha (9.1); Sheboygan (9.8); Grant (10).

Median Earnings—Male Full-Time, Year-Round Workers, 1999 (Wisconsin: \$37,062)

Highest Median Earnings—Male: Outagamie (50,319); Ozaukee (50,044); Waukesha (49,232); Washington (42,234); St. Croix (41,714).

Lowest Median Earnings—Male: Walworth (19,962); Menominee (22,683); Rusk (27,368); Lafayette (27,929); Clark (28,261).

Median Earnings—Female Full-Time, Year-Round Workers, 1999 (Wisconsin: \$25,865)

Highest Median Earnings—Female: Waukesha (31,643); Ozaukee (30,476); Dane (30,062); St. Croix (29,696); Milwaukee (27,463).

Lowest Median Earnings—Female: Crawford (19,761); Ashland (20,028); Jackson (20,044); Forest (20,161); Langlade (20,349).

Percent of Renter Households, 2000 (Wisconsin: 31.6%)

Highest Percent of Renter Households: Milwaukee (47.4); Dane (42.4); Eau Claire (35); La Crosse (34.9); Brown (34.6).

Lowest Percent of Renter Households: Florence (14.3); Adams (14.7); Burnett (15.5); Waushara (16.5); Oconto (17).

Percent of Families in Poverty, 1999 (Wisconsin: 5.6%)

Highest Percent of Families in Poverty: Menominee (24.8); Milwaukee (11.7); Sawyer (9.9); Bayfield (9.2); Vernon (9).

Lowest Percent of Families in Poverty: Ozaukee and Waukesha (1.7); St. Croix (2.4); Calumet (2.6); Outagamie (2.9).

Percent of Children Under 18 in Poverty, 1999 (Wisconsin: 10.8%)

Highest Percent of Children Under 18 in Poverty: Menominee (39.6); Milwaukee (23.3); Vernon (22.8); Clark (17.9); Monroe (17).

Lowest Percent of Children Under 18 in Poverty: Washington and Ozaukee (2.6); Waukesha (3); St. Croix (3.9); Calumet (4.3).

Percent of Single Mother Families in Poverty, 1999 (Wisconsin: 21.7%)

Highest Percent of Single Mother Families in Poverty: Menominee (47.8); Florence (36.6); Bayfield (33.8); Langlade (32.2); Milwaukee (30.7).

Lowest Percent of Single Mother Families in Poverty: Ozaukee (5); Waukesha (8.8); St. Croix (9.8); Green Lake (10.3); Pierce (10.8).

Civilian Labor Force, 2000 (Wisconsin: 2,869,236)

Largest Civilian Labor Force: Milwaukee (469,257); Dane (255,838); Waukesha (200,991); Brown (125,304); Racine (96,861).

Smallest Civilian Labor Force: Menominee (1,686); Florence (2,496); Iron (3,150); Pepin (3,748); Forest (4,379).

Labor Force Participation Rate, 2000 (Wisconsin: 69%)

Highest Labor Force Participation Rate: Pierce (76.5); St. Croix and Iowa (75.4); Calumet (75.1); Dane (74.9).

Lowest Labor Force Participation Rate: Marquette (54.1); Adams and Forest (56); Menominee (56.4); Vilas (57.3).

Total Employment in Manufacturing, 1990 (Wisconsin: 558,157)

Highest Total Employment in Manufacturing: Milwaukee (108,561); Waukesha (43,247); Winnebago (27,966); Dane (25,455); Brown (24,444).

Lowest Total Employment in Manufacturing: Pepin (93); Iron (189); Florence (200); Menominee (243); Buffalo (346).

Total Employment in Manufacturing, 2000 (Wisconsin: 615,239)

Highest Total Employment in Manufacturing: Milwaukee (88,236); Waukesha (55,192); Winnebago (32,689); Dane (31,683); Brown (30,225).

Lowest Total Employment in Manufacturing: Pepin (164); Bayfield (225); Florence (265); Buffalo (348); Adams (434).

Unemployment Rate, April 2002 (Wisconsin: 5.7%)

Highest Unemployment Rate: Menominee (14.1); Iron (12); Ashland (11.9); Juneau (11.8); Forest (9.5).

Lowest Unemployment Rate: Dane (2.7); Ozaukee (3.9); Iowa (4.3); Waukesha and La Crosse (4.4).

Within Each County, Percentage of Workers with Poverty Earnings, 2000

Highest Percentage of Workers with Poverty Earnings—Within Each County: Adams (57); Vernon (54); Crawford (52.7); Burnett (49.3); Sawyer (49.2).

Lowest Percentage of Workers with Poverty Earnings—Within Each County: Menominee (19.4); Sheboygan (22.2); Dane (24.7); Waukesha (25); Milwaukee (25.4).

Share of All Poverty-Wage Workers in Wisconsin, by County, 2000

Highest Share of All Poverty-Wage Workers in Wisconsin: Milwaukee (17.1); Dane (8); Waukesha (7.5); Brown (4.7); Outagamie (3.1).

Lowest Share of All Poverty-Wage Workers in Wisconsin: Menominee (0); Florence (0.1); Pepin (0.1); Iron (0.1); Iowa (0.2).

