

THE STATE OF WORKING WISCONSIN

Executive Summary

2008

This is a stressful time for workers. The “jobless” recovery from the 2001 recession never gathered sufficient strength to bring families back to 2000 levels of income. Then, instead of long-awaited growth in family income, the housing bubble burst in the last year, ushering in a severe credit and mortgage crisis. Surging gas and food prices stretched family budgets. Mass lay-offs and downsizing pushed unemployment rates up. Economic experts see a national economy teetering toward, or already in, a recession that may well be more difficult than any in recent memory.

The downturn in the economy, combined with long-term challenges we’ve consistently documented, could push economic insecurity in the state to new highs in the next few years. The state’s long-term challenges are familiar, daunting, and shared with the nation. Since the mid-1970s, economic growth has become a “spectator sport,” generating gains for the few (and already rich) and leaving everyone else behind. Income inequality, median wage stagnation, and a stubbornly persistent poverty rate are all clear evidence of the disturbing disconnect between economic growth and living standards in the state and nation. Over the last generation, the strength provided by the labor movement has faded and the pension and health care benefits of workers are evaporating. Over the last two years, disturbing and consistently negative news exacerbates the long-term declines. Given the national context, it is implausible that the trends documented here will somehow reverse in the near future.

The downturn in the economy, combined with long-term challenges we’ve consistently documented, could push economic insecurity in the state to new highs in the next few years.

WISCONSIN NON-FARM EMPLOYMENT, 1998-2008

(seasonally adjusted)



Source: U.S. Bureau of Labor Statistics.

The State of Working Wisconsin 2008 was produced by the Center on Wisconsin Strategy (COWS). Visit www.cows.org to order additional copies or to download the executive summary or full report.

KEY FINDINGS

WISCONSIN ECONOMIC GROWTH IS SOFT, JOBS ARE FALLING, MANUFACTURING SLIPPING

Wisconsin's economic growth has fallen off the national pace.

National income per capita exceeds Wisconsin's by \$2,500, and the gap is growing.

Some of the state's most familiar and iconic employers—General Motors, Midwest Airlines, NewPage, and GE Healthcare, to name a few—have announced lay-offs and shutdowns in the last year.

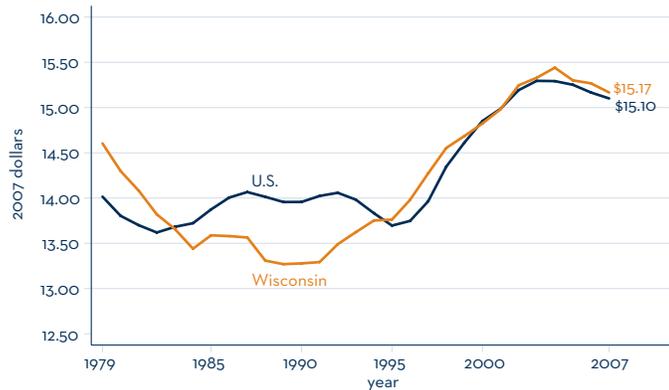
The total employment picture reflects this shift. **Wisconsin has lost 24,000 jobs since June 2007.**

In the entire nation, only Indiana has a higher share of its workforce in manufacturing, but Wisconsin is losing jobs in this critical base. **From June 2007 to June 2008, the state shed some 13,000 manufacturing jobs.**

Wisconsin's unemployment rate has edged up to 5 percent. In 2007, Wisconsin's unemployment rate (4.9 percent) exceeded the national rate (4.6 percent) for the first time since the 1980s.

THE STATE OF WORKING WISCONSIN 2008

MEDIAN HOURLY WAGES, WISCONSIN AND U.S., 1979-2007 (2007 dollars)



Source: COWS analysis of CPS ORG data.

SHARE OF WISCONSIN WORKERS EARNING POVERTY WAGES, 1979-2007 (wages less than \$10.11 per hour, 2007 dollars)

	1979	2007	Percent Change
All Workers	20.8%	21.6%	3.8%
White Men	10.0	15.7	56.0
Black Men	11.9	19.0	59.1
White Women	34.7	24.6	-29.1
Black Women	25.2	37.6	49.0

Source: COWS analysis of CPS data.

MEDIAN INCOME FOR FOUR-PERSON FAMILIES, WISCONSIN AND U.S., 2000-2006 (2006 dollars)



Source: U.S. Census Bureau

WISCONSIN MEDIAN WAGE DOWN OVER 2006-2007

Wisconsin's 2007 median wage was \$15.17 per hour. Adjusting for inflation, the median wage is declining. **The last time Wisconsin experienced such sustained median wage decline was the early 1980s.**

Adjusting for inflation, **Wisconsin's median wage is just \$0.57 higher than the median wage of 1979.** Wisconsin's workers are more productive and educated today than they were nearly 30 years ago, but the reward to those advances is less than \$1 per hour.

Wages are down or stagnant over the last two years across the educational spectrum, but the long-term trend rewarding higher education is still strong. Women and men with two- and four-year college degrees do better than those without higher education.

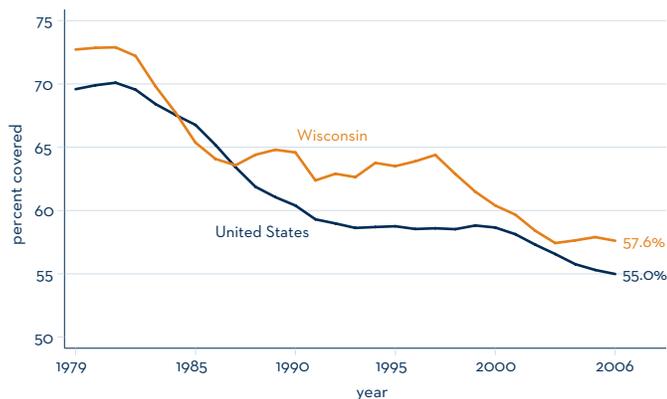
In both 1979 and 2007, one-in-five workers earned wages that couldn't keep a family out of poverty.

WISCONSIN MEDIAN FAMILY INCOME STILL WELL BELOW 2000 BENCHMARK

Median four-person family income in 2006 was \$72,495. Adjusting for inflation, this leaves families nearly \$6,000 below the 2000 benchmark. **We are likely slipping into a new recession before family income recovered from the old one.** Even in the 1980s, Wisconsin's family incomes recovered to pre-recession levels within the economic cycle.

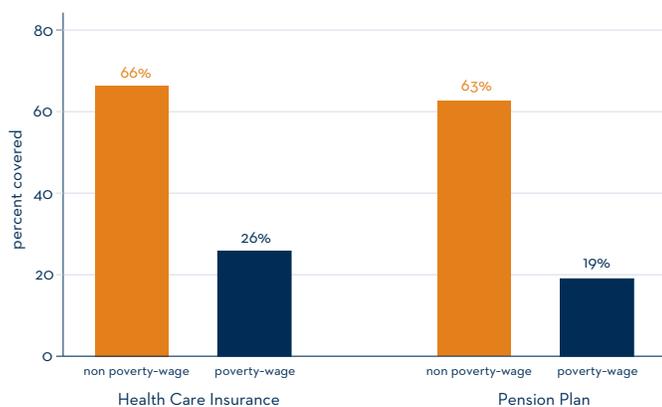
Wisconsin's median family income has fallen at an annual rate of -1.5 percent per year, while the national family income has fallen at half that speed.

PRIVATE SECTOR HEALTH INSURANCE COVERAGE, WISCONSIN AND U.S., 1979-2006



Source: COWS analysis of CPS Annual Social and Economic Supplement data. Figures plotted are three-year moving averages.

WISCONSIN COVERAGE BY EMPLOYER-PROVIDED BENEFITS



Source: COWS analysis of CPS Social and Economic Supplement data.

MEDIAN HOURLY WAGES BY RACE, WISCONSIN AND U.S., 2000-2007 (2007 dollars)

	2000	2007	Percent Change
All	\$14.73	\$15.17	2.9%
White	15.26	15.81	3.6
Black	12.25	12.53	2.3
Hispanic	n.a.	11.49	n.a.

Source: COWS analysis of CPS ORG data.

WISCONSIN BENEFITS ON THE DECLINE AND LOW-WAGE WORKERS ARE MOST VULNERABLE

Because we work more, and our employers provide more insurance, and because our state extends public insurance to more people, Wisconsin enjoys relatively high health insurance coverage rates. Even so, **Wisconsin health care coverage rates are in precipitous decline.** Nowhere is this clearer than in data on the share of workers taking health insurance from their private employer, which has fallen from 73 to 58 percent from 1979 to 2006.

While confronting the indignities and stress of making ends meet, **low-wage workers also bear the brunt of the shift away from health care and other benefits.** Of Wisconsin workers with poverty-wage jobs only one-quarter receive health insurance through their employer, compared to two-thirds of workers in better paying jobs. And while more than 60 percent of better wage workers participate in a workplace pension program, less than 20 percent of poverty-wage workers do.

WISCONSIN'S EXTREME INEQUALITY CONTINUES: RACIAL DISPARITY IN THE STATE

The poverty gap between whites and blacks in Milwaukee was the highest disparity posted by any of the nation's top 100 metropolitan areas in 2006. Among states, Wisconsin's white/black poverty gap was exceeded only by Minnesota.

White students in Wisconsin are nearly twice as likely to graduate from high school as blacks, producing the nation's fourth highest racial graduation disparity.

Only four states generate higher disparity in incarceration by race than Wisconsin; and **Wisconsin's black incarceration rate is the second highest in the nation.**

The Center on Wisconsin Strategy (COWS) is a nonprofit, nonpartisan “think-and-do tank” dedicated to improving economic performance and living standards in the state of Wisconsin and nationally. Based at the University of Wisconsin-Madison, COWS works to promote “high road” strategies that support living wages, environmental sustainability, strong communities, and public accountability.

www.cows.org • 608.263.3889

WISCONSIN STRENGTHS PROVIDE THE FOUNDATION FOR MOVING FORWARD

To be sure, Wisconsin brings strengths to face these challenges:

- Wisconsin’s strong work ethic, seen in high rates of work, especially among women. Of all states, **Wisconsin’s women post the sixth highest rate of women’s work.**
- Effective education and training systems. Wisconsin has **fewer high school dropouts** than most states, and Wisconsin is **among the nation’s top five in terms of the share of the workforce with AA degrees.** One-in-10 Wisconsin workers holds an occupational AA (twice the national average), and those workers have a \$1 per hour advantage on their peers across the nation.
- Though slipping over the last year, **Wisconsin’s manufacturing base continues to provide good jobs** for more than 15 percent of the workforce and to power growth in the state, generating one-fifth of our total economic product.

MOVING IN THE RIGHT DIRECTION

- The state’s minimum wage increase has put money in the pockets of Wisconsin’s lowest wage workers. Rather than simply waiting for the federal government to finally increase the minimum wage, **Wisconsin joined some 20 other states in establishing a higher wage floor.** Federal increases have now surpassed Wisconsin’s floor, but not all Wisconsin workers are covered by the federal limit. Wisconsin should take steps to ensure that no workers are left behind.
- **Public and private leaders in regions across the state are coming together to forge stronger regional economies.** These economic development efforts will develop the infrastructure to respond to continuing economic transformation and build needed skills in our workforce.
- The state is making important investments in greening the Wisconsin economy and in **targeting economic development to decent jobs.**
- The Governor’s most recent **GROW Wisconsin plan proposes significant investments in skills and education,** and targets strategies to grow high quality jobs in the state.

STEPS TOWARD A STRONGER WORKING WISCONSIN

- Boost family income by cutting energy and transportation costs.
- Build Wisconsin’s green future, and make our existing economy greener.
- Build the skills of workers to keep Wisconsin competitive.
- Raise and strengthen the wage floor.
- Put job quality at the center of state economic development.
- Promote better work/life balance by securing paid family leave and paid sick days for workers.
- Support working Wisconsinites with quality child care.
- Continue expanding Wisconsin health insurance coverage.
- Promote retirement security through Universal Voluntary Retirement Accounts.