

LOOKING FOR WORK IN WISCONSIN

We are in the midst of a weak and fragile recovery, with unemployment grinding on at levels not seen in a generation. The aftermath of the Great Recession is obvious in the daily lives of well over a quarter-million Wisconsin workers who can't find work or can't get the hours of work they need. But the unemployed have been ignored by the public and neglected and even insulted by policymakers. And in Washington D.C. months were wasted fighting over the budget deficit, when the jobs deficit is the most pressing problem facing this nation.

Usually on Labor Day, COWS offers an overview of wages, income, and poverty in Wisconsin. This year, we narrow our focus to the unemployed and underemployed in this state, as they are the very workers who have borne the brunt of this recession and have not yet felt any relief from our largely jobless recovery. They continue struggling to make ends meet; to muster the optimism required to apply for yet another job; and to make impossible choices regarding their families, their health, and their housing. Never has the state had so many people looking for work – in July 2011, some 239,000 Wisconsinites couldn't find jobs. Thousands more need more hours than the jobs they have provide or have become so discouraged they have given up looking for work altogether.

This report focuses on them. We hope that it will remind those who want work – or more work – that their situation is both broadly shared and the function of a lack of jobs, not the result of their own failings. Equally, we hope it will serve as a reminder to policymakers that given such high levels of unemployment, the immediate and essential focus needs to be on building an economy strong enough to overcome the jobs deficit, not on austerity economics and reducing the budget deficit.

Unemployment: Stubbornly High

Since the start of the Great Recession in December 2007, unemployment in Wisconsin has risen dramatically and remained stubbornly high. Currently, 7.8 percent of the state's workforce is unemployed – reporting that they are actively seeking work but cannot find it. That level of unemployment is up from the end of 2007 when unemployment was just 4.5 percent. After the labor market collapse following the global financial crisis, unemployment more than doubled to over 9 percent in 2009. Since 2009, Wisconsin unemployment has edged downward, falling below 8 percent a year ago, reaching down to 7.3 percent in April this year, and, unfortunately growing slightly since then. (See Figure 1 on the next page.)

The official unemployment statistic, updated each month, makes the suffering in this labor market clear. Some 239,000 Wisconsinites were actively seeking work but unable to find a job in July 2011. But the reach of unemployment is broader than a single month suggests. Given the flow into and out of unemployment, over the course of a year, unemployment touches many more workers than it does in a single month. As an example, national statistics show that the total number of persons who experienced unemployment at some point in 2009 was 83 percent higher than the average number unemployed each month. *Applying that proportion to Wisconsin suggests that nearly a half a million state residents experienced unemployment at some point in 2010.*

The State of Working Wisconsin, produced by the Center on Wisconsin Strategy (COWS), provides a thorough review of jobs, wages, poverty, income, and job quality in the state on a biennial basis. The 2010 report is available at www.cows.org/soww.

This *Update* provides data on the unemployed. It relies on data provided by the Economic Policy Institute (EPI), a nonpartisan research institute in Washington, D.C. We thank EPI for their generous support of this project.

The Center on Wisconsin Strategy (COWS) is a nonprofit “think-and-do tank,” based at the University of Wisconsin-Madison, that promotes “high road” solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all. For more information, visit www.cows.org.

Definition: Unemployment

Unemployment rates count the share of the labor force that is not currently working but is actively seeking employment. To be defined as “unemployed” an individual must: (1) have had no employment during a given week; (2) have been available for work at that time; and (3) have made specific efforts to find employment sometime during the previous four-week period. Persons laid-off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployed, by this definition, may or may not include those eligible for or receiving unemployment insurance benefits.

Figure 1

WISCONSIN UNEMPLOYMENT RATE, DECEMBER 2007 TO JULY 2011



Source: U.S. Bureau of Labor Statistics data.

Another way to judge the extensive reach of the crisis of unemployment is a recent national survey of likely voters which found that 43 percent of respondents in June 2011 reported that either they or a member of their family had experienced unemployment. Thus the hardship of current or recent unemployment extends far beyond the 7.8 percent of workers officially unemployed. Unemployment is extracting a toll from workers and families all across the state. And if more than four in ten have had direct experience with unemployment in their families, then the reach of unemployment extends far beyond the conventional measure. Remember also that a weak labor market makes many workers feel more vulnerable, even if they are not unemployed. Producing deep ripple effects throughout our communities, unemployment touches workers, both with and without jobs, throughout the state.

Beyond Unemployment: Long Term Unemployment Up; Increasing Share of Workers Need More Hours

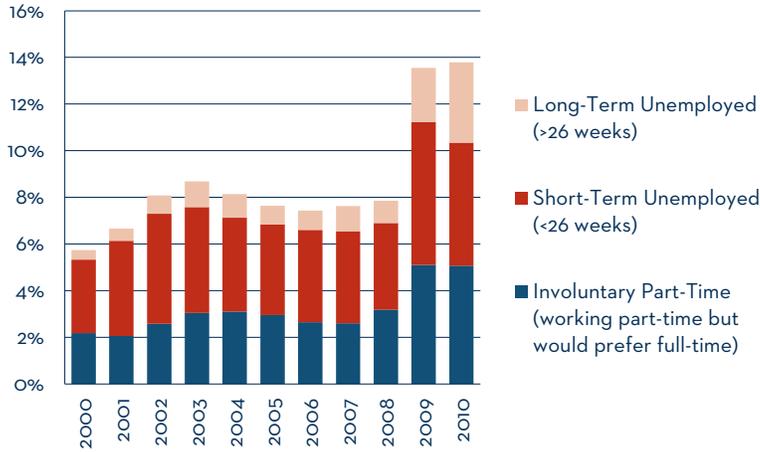
Figures 2 and 3 show dramatic growth in Wisconsin unemployment and underemployment and a discouraging shift of unemployment toward longer-term spells for workers who are unemployed. We discuss the constituent parts of these charts on the following pages.

Long-Term Unemployment at Unprecedented Highs

Unemployment for any period of time is economically and psychologically stressful. As unemployment drags on, stress grows. Unfortunately, unemployment is so high and job growth so weak, that even in this “recovery” an unprecedented share of the unemployed have been out of work for more than six months. The long-term unemployed face the punishing reality of a long-term and fruitless job search, and ever more desperate financial choices. Fully 40 percent of Wisconsin’s unemployed workers have been unemployed for more than six months. For comparison, just 11 percent of the unemployed in 2000 had been seeking work for more than six months. Not only are Wisconsin workers much more likely to be unemployed today, they are also much more likely to stay unemployed for long periods of time. The weak jobs numbers posted over the course of the “recovery” from the 2007 recession have left too many workers at the margins of the labor market, trying to get in, but still waiting for enough opportunity to develop to allow them to get back to work.

Rising Labor Market Misery

Figure 2
UNEMPLOYMENT, LONG-TERM UNEMPLOYMENT, AND INVOLUNTARY PART-TIME WORK IN WISCONSIN, 2000-2010

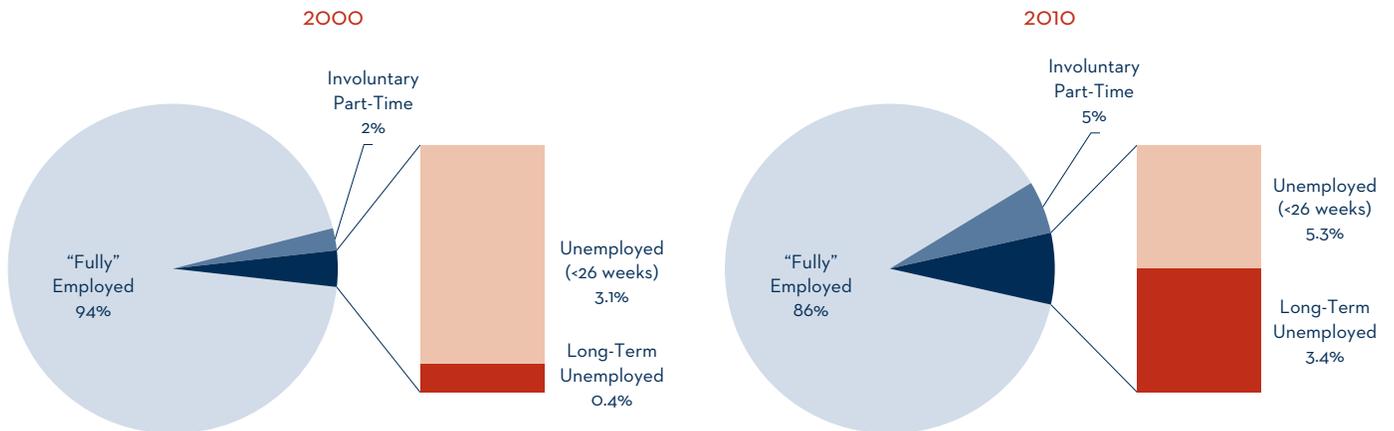


Source: EPI analysis of Current Population Survey data.

Sustained, High Joblessness Causes Lasting Damage to Wages, Benefits, Income, and Wealth

A new paper by EPI provides national data on the high costs of high unemployment. Available at www.epi.org.

Figure 3
EMPLOYMENT STATUS IN WISCONSIN, 2000 AND 2010
(as percent of civilian labor force)



Source: EPI analysis of Current Population Survey data.

**Definition:
Involuntary Part-Time Work**

Involuntary Part-Time Workers refers to those who currently work less than 35 hours per week and would prefer to work more hours.

Definition: “Fully” Employed

“Fully” Employed refers to workers, both full and part time, who do not report wanting to work more hours.

Unemployment Understates Labor Market Misery

ON THE NEED FOR MORE HOURS OF WORK

Unemployment is just one measure of suffering in a labor market. Even for workers who have jobs, an increasing share report wanting more hours of work than they can secure in their current employment. These “involuntary part-time workers” are also casualties of weak demand in the labor market. They also have less ability to negotiate for more hours of work, because they know that so many unemployed workers would be willing to accept even their irregular hours. The share of Wisconsin workers who hold part-time jobs but wish for more work has more than doubled over this decade; from just 2 percent of the workforce in 2000 to 5 percent in 2010. One in twenty Wisconsin workers gets less hours than they want from their job.

ON GIVING UP ON EVEN LOOKING FOR A JOB

At some point in their job search, unemployed workers begin to give up. Instead of reporting that they are “actively seeking work” they stop looking for a job. When this happens, the workers are no longer “unemployed” and no longer count in that central statistic of economic suffering. Discouraged workers are hard to identify and count, and their numbers are small. The number of “discouraged” workers in Wisconsin nearly doubled from 2000 to 2010 from just over a half a percent of the workforce to 1.2 percent in 2010.

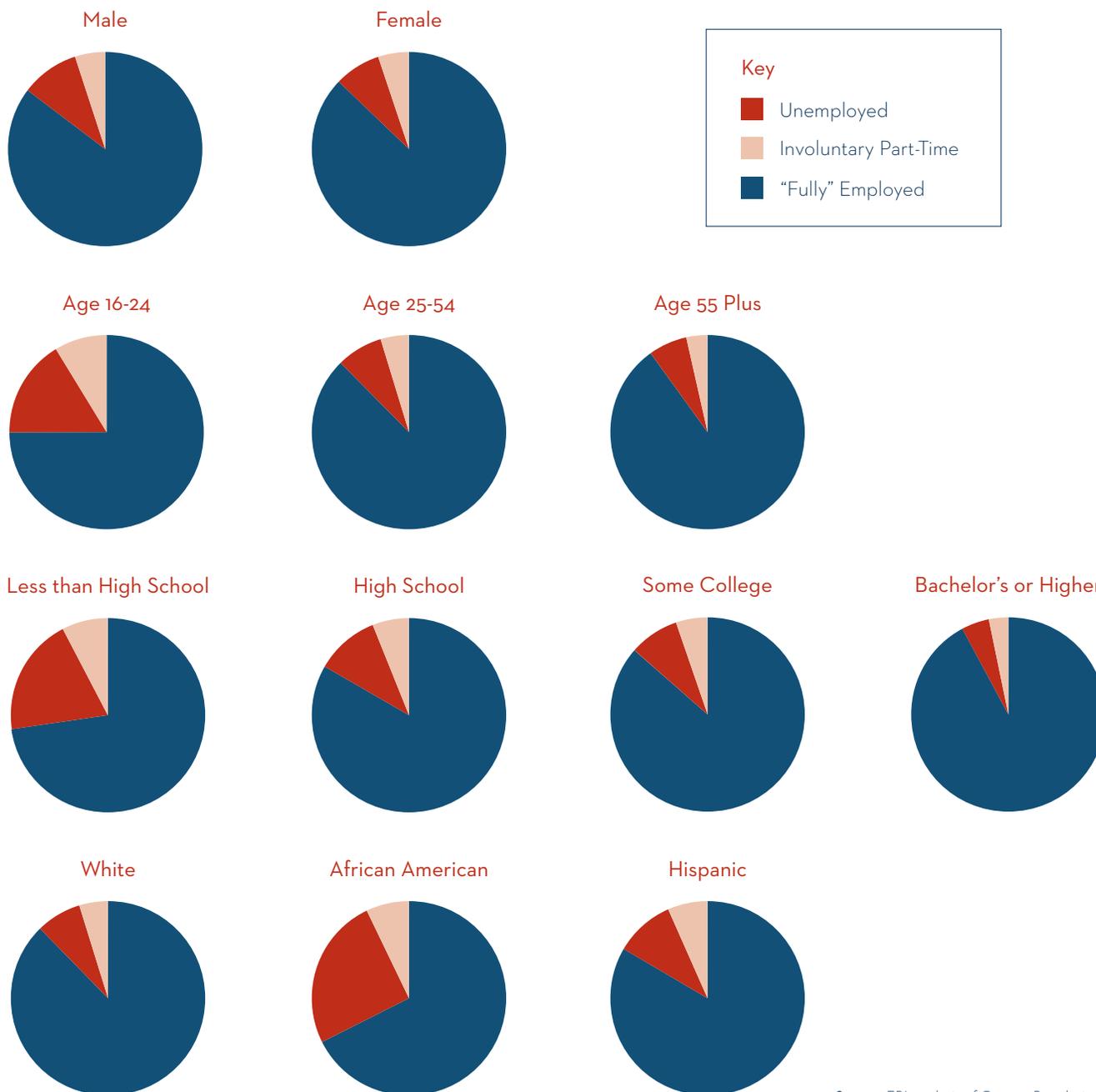
Weak Labor Market Hits Hardest Those with the Least

Opportunity is not distributed evenly across the labor market. Neither is the stress of unemployment and involuntary part-time work. Figure 4 makes the severe stresses for specific groups of workers obvious. For example, men are slightly more likely to be unemployed than women. But other differences are much starker.

In general, the workers closer to the bottom of the labor market are also more likely to be unemployed or stuck in involuntary part-time jobs. Most striking, fully 25 percent of Wisconsin’s African American labor force is unemployed, a rate of unemployment more than four times higher than the rate for Wisconsin’s white workforce. Another 7 percent can’t secure the full-time jobs they want, and so continue in part-time jobs. On net, nearly one-third of the African American workforce needs a job or more hours from the one they have. For Wisconsin’s African Americans, unemployment is a community crisis in line with the worst years of the Great Depression.

Younger workers and less educated workers also face higher levels of unemployment and involuntary part-time work. And while unemployment for the state is under 8 percent, it is at or over 10 percent for men (10 percent), for workers ages 16-24 (16 percent), for workers with less than a high school education (19 percent), for workers with high school degrees but no additional education (11 percent), for African Americans (25 percent), and for Hispanics (10 percent).

Figure 4
THE UNEVEN DISTRIBUTION OF LABOR MARKET MISERY:
WISCONSIN UNEMPLOYMENT AND INVOLUNTARY PART-TIME WORK FOR KEY DEMOGRAPHIC GROUPS, 2010
 (as percent of civilian labor force; see table in the appendix on page 7 for actual percentages)

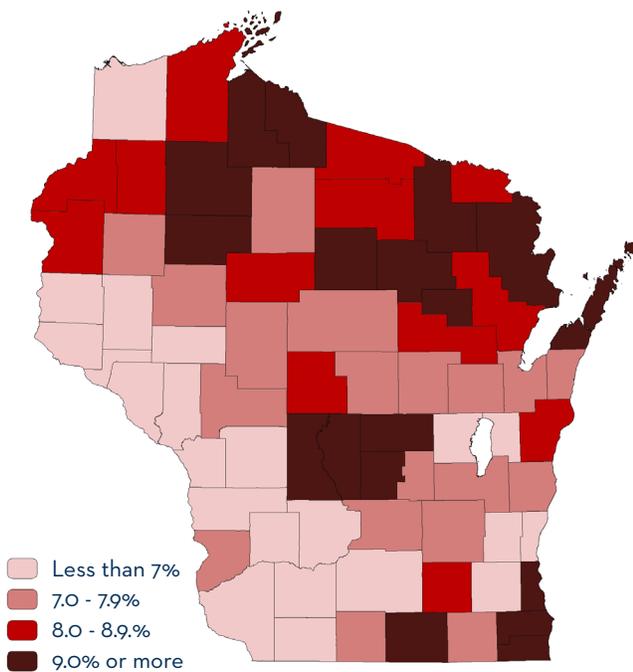


Source: EPI analysis of Current Population Survey data.

The Geography of Unemployment

Unemployment is distributed unevenly across Wisconsin, as the map of July 2011 unemployment by county makes clear. (See Figure 5.) The table shows high unemployment counties which include urban areas that have suffered major manufacturing losses (Rock, Kenosha, and Milwaukee counties, for example) but also more rural counties in the state that are reeling from job losses. The variability of unemployment due to geography is a concrete reminder that the real problem in this labor market is the lack of jobs, not the desire of workers. The communities with plant shut downs and long-term job declines are the communities with high unemployment.

Figure 5
UNEMPLOYMENT BY COUNTY IN WISCONSIN, JULY 2011
 (as percent of civilian labor force)



Wisconsin Counties with Highest Unemployment Rates

<i>County</i>	<i>Unemployment rate</i>
Menominee	20.2%
Lincoln	10.8%
Rusk	10.5%
Iron	10.0%
Marinette	9.9%
Kenosha	9.9%
Ashland	9.9%
Adams	9.8%
Milwaukee	9.6%
Rock	9.5%

Source: Wisconsin Department of Workforce Development.

CONCLUSION

Unemployment is the direct result of having too few jobs in the Wisconsin economy. Wisconsin has 121,000 fewer jobs today than it did in December 2007 when this recession began. Both our population and our labor force have grown since that time, so that Wisconsin's current jobs deficit exceeds 150,000. When the economy has less jobs, more people are unemployed. The plight of the unemployed has everything to do with weak demand for labor and very little to do with the personal failings or skills problems of those who seek work.

And while policymakers in D.C. and Madison seem to have forgotten basic economics, the mechanics for solving this problem are simple: What can we do about unemployment? Increase demand for labor. How? When the private sector can't or won't hire, as Keynes noted, the public sector must create demand. Though inadequate, the first Obama stimulus was a step in this direction. Any serious economist or Wall Street analyst knows that the stimulus did, in fact, create and retain jobs in the nation. It is a measure not of the stimulus, but our collective ignorance, that so many think "it didn't work." It just wasn't big enough.

The unemployed are not the problem. Lack of attention and commitment to building a strong economic recovery is the problem. And until we move more aggressively on that, the unemployed will continue to suffer.

Appendix: Labor Force Statistics by Demographics in Wisconsin

	<i>Unemployment rate</i>	<i>Share of unemployment that is long-term (>26 weeks)</i>	<i>Involuntary Part-Time rate</i>
All	8.7%	39.5%	5.1%
Gender			
Male	9.7%	38.3%	5.0%
Female	7.7%	41.1%	5.1%
Age			
16-24 yrs	16.3%	25.5%	8.7%
25-54 yrs	7.7%	45.3%	4.7%
55 yrs and older	6.4%	43.4%	3.5%
Education			
Less than high school	19.6%	30.9%	7.7%
High school	10.6%	48.7%	6.1%
Some college	8.3%	38.0%	5.3%
Bachelor's or higher	4.6%	31.0%	3.2%
Race / ethnicity			
White	7.5%	39.7%	4.8%
African-American	25.3%	47.4%	7.2%
Hispanic	9.9%	(a)	6.6%

Source: EPI analysis of Current Population Survey data.
(a) Does not meet standards for sample size.