

## INTRODUCTION

Labor Day annually honors work and celebrates the contribution the labor movement has made to American life. It also provides occasion to look at just how American workers and their families are faring in terms of work and wages. This *Update 2009*, though less comprehensive than COWS' biennial *State of Working Wisconsin*, provides a snapshot and some perspective on how Wisconsin's workers are doing. We report on the latest data and compare Wisconsin's performance to that of the nation and other states in our region.

Not surprisingly, the picture that emerges is fairly grim. The long national recession that started in December 2007 and deepened sharply late last year has doubled Wisconsin's unemployment rate to 9.0 percent and cost the state nearly 140,000 jobs, including over 66,000 in manufacturing, more than an eighth of manufacturing employment. This comes on top of long-term wage stagnation. The median hourly wage in Wisconsin, now below the national level at \$15.48, is only 32 cents higher than in 1979, despite a near doubling of worker productivity since then.

What's the good news? There is some. Wisconsin has made impressive efforts to shore up working families amid this decline. Our repeated extension of Badger Care, for example, is a real achievement and an important buffer for the most vulnerable. We have increased the state minimum wage. We have also begun to plug holes and smooth transitions in education and career paths, and improve the employer linkage needed for any effective education and training system. And for those seeking cold comfort, our recent losses in manufacturing are slightly less than those of other states in the region.

But, as this report shows, the bad news clearly outweighs the good.

## WISCONSIN JOB LOSS

Wisconsin has lost 137,100 jobs since December 2007, nearly 5 percent of its job base at that time. More than half this loss has occurred in 2009. As shown in Figure 1 (next page), the worst of the most recent downturn may now be behind us. After a monthly average loss of 18,650 jobs over the October 2008 to April 2009 period, employment has been flat for a few months. That job loss has stagnated recently is a welcome relief for hard hit communities and workers in the state. Nevertheless, as shown in Figure 2, this recession has been severe and damaging. The downturn starting in 2007 already rivals the great "rustbelt recession" of the early 1980s in its employment effect, and exceeds it and all intervening recessions in its length.

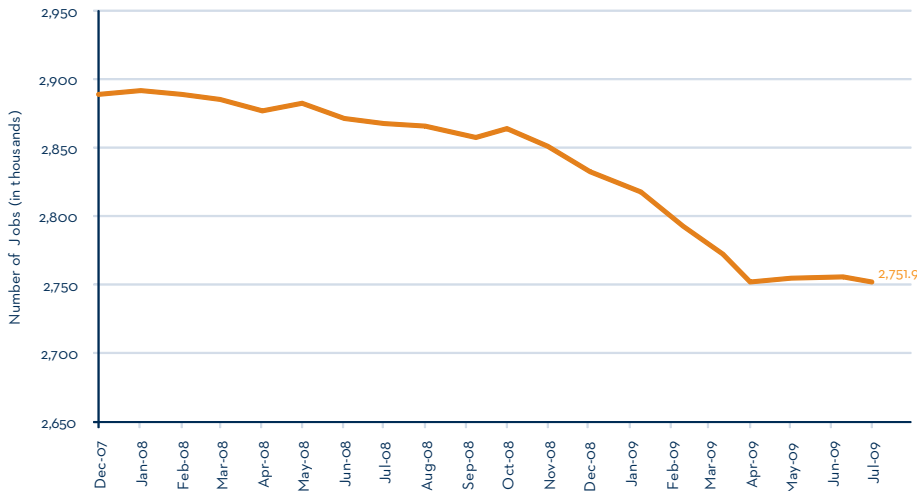
Figure 3, going back a decade, takes a longer-term view of Wisconsin's job growth. It shows that the 2001 recession badly damaged the state's job base, that the resumption of job growth in 2004-07 was slower than in the 1990s, and that we've now fallen back to 2.75 million employed, exactly where we were in January 1999, more than a decade ago.

*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 2008 report is available at [www.cows.org/soww](http://www.cows.org/soww).

This update provides new data and identifies key emerging trends. 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, 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. For more information, visit [www.cows.org](http://www.cows.org).

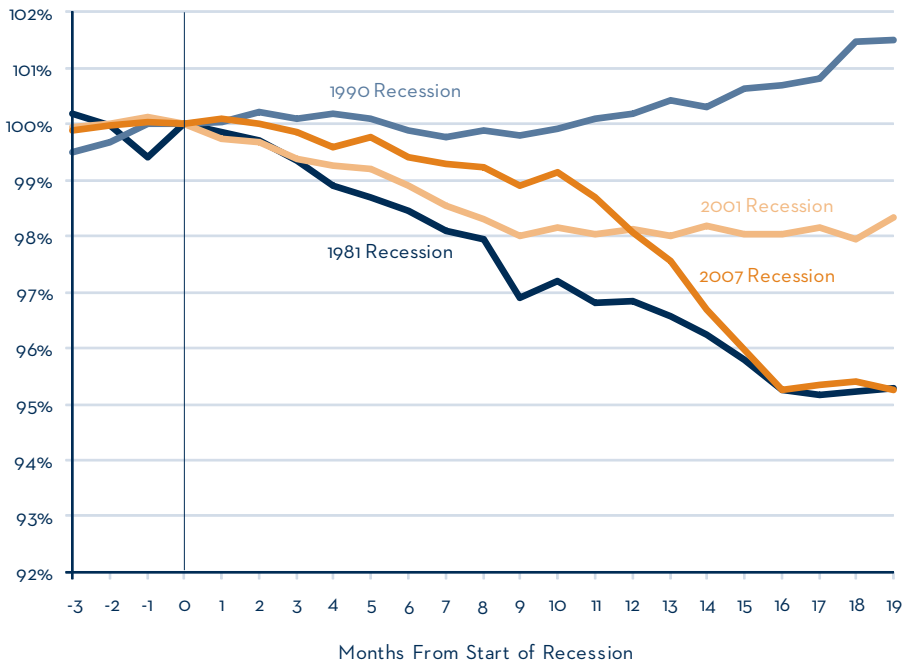
**Figure 1**  
**TOTAL NON-FARM JOBS IN WISCONSIN, DECEMBER 2007 TO JULY 2009**  
 (seasonally adjusted)



Source: EPI analysis of Current Employment Statistics data.

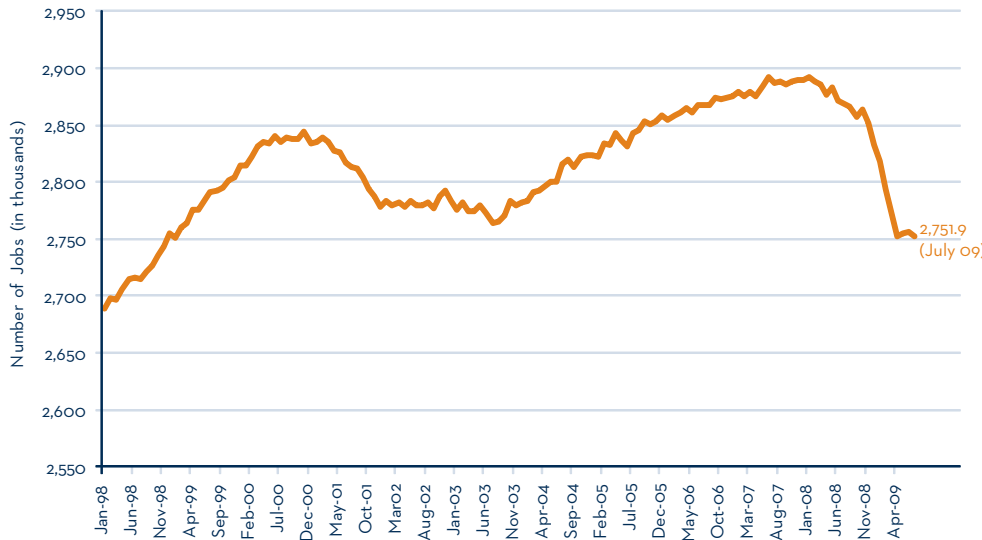
*Wisconsin Job Watch*, a monthly publication from the Center on Wisconsin Strategy (COWS), provides a snapshot of the state's job picture and reports on key recession trends. The reports are available at [www.cows.org/jobwatch](http://www.cows.org/jobwatch).

**Figure 2**  
**PERCENT CHANGE IN WISCONSIN JOBS IN CURRENT RECESSION, COMPARED WITH 1981, 1990, AND 2001 RECESSIONS**  
 (seasonally adjusted)



Source: EPI analysis of Current Employment Statistics data.

Figure 3  
**WISCONSIN NON-FARM EMPLOYMENT, JANUARY 1998 TO JULY 2009**  
 (seasonally adjusted)



Source: EPI analysis of Current Employment Statistics data.

## MANUFACTURING AND CONSTRUCTION HIT HARDEST

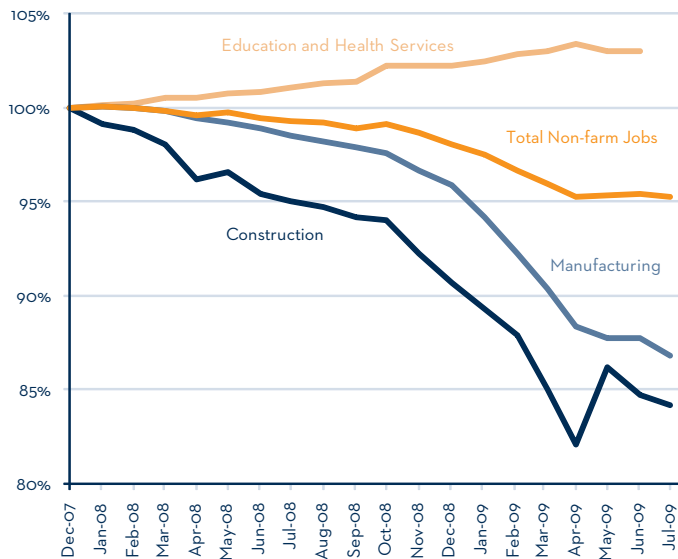
Recent job losses have been particularly severe in manufacturing and construction. Table 1 shows that since December 2007 Wisconsin has lost 66,100 or 13 percent of its manufacturing jobs, and that construction has lost 19,600 jobs or 16 percent. Figure 4 (next page) shows that while manufacturing job loss slowed in April-May 2009, jobs dropped again in June-July. Construction spiked upward in April-May, its first increase in a year, but then fell off again in May through July. Of major sectors, only education and health services, most heavily dependent on public spending, show significant gains since 2007.

Table 1  
**CHANGES IN NUMBER OF JOBS IN WISCONSIN, DECEMBER 2007 TO JULY 2009**  
 (seasonally adjusted)

	<i>December 2007</i>	<i>July 2009</i>	<i>Number Change</i>	<i>Percent Change</i>
Total Non-farm Jobs	2,889,000	2,751,900	-137,100	-4.7%
Manufacturing Jobs	500,000	433,900	-66,100	-13.2
Construction Jobs	123,800	104,200	-19,600	-15.8

Source: EPI analysis of Current Employment Statistics data.

**Figure 4**  
**PERCENT CHANGE IN MANUFACTURING, CONSTRUCTION, EDUCATION AND HEALTH SERVICES, AND TOTAL NON-FARM JOBS IN WISCONSIN, DECEMBER 2007 TO JULY 2009**  
 (seasonally adjusted)



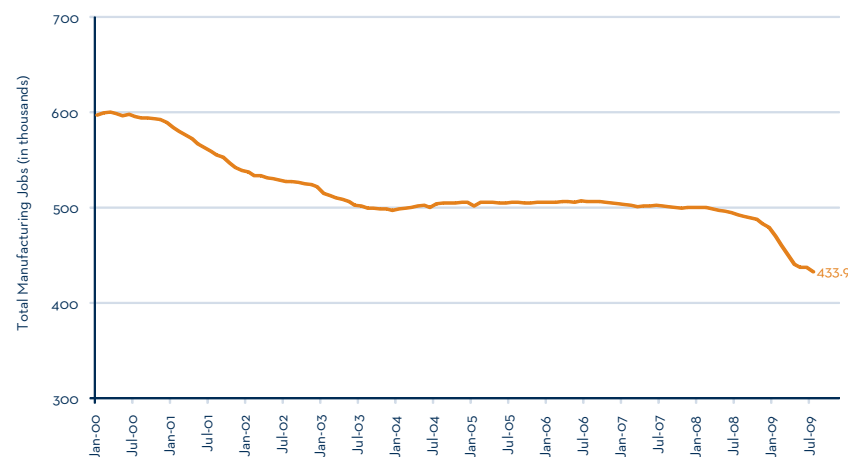
Source: EPI analysis of Current Employment Statistics data.

Figure 5 provides a longer-term view of Wisconsin’s manufacturing job numbers. It shows that the 2007-present jobs decline comes on top of a massive 2001-03 hit to manufacturing employment from which we never recovered. Since 2000, we’ve lost over 25 percent of our manufacturing employment, some 160,000 jobs.

Does manufacturing still matter? Yes, it does. Even in an increasingly “post industrial” economy, manufacturing is an important source of income and innovation. It still overwhelmingly dominates non-energy trade with other nations. In Wisconsin, which has more of its workforce in manufacturing than any other state (16 percent), manufacturing is a particularly important source of employment and income. It also provides some of the best-paying non-managerial jobs in the state, especially for workers without four-year college degrees.

It is at least somewhat comforting, then, that Wisconsin manufacturing, which is more diverse than neighboring states, has generally held up better. Table 2 shows that only Minnesota, much less reliant on manufacturing jobs, has had a lower percentage loss.

**Figure 5**  
**TOTAL MANUFACTURING JOBS IN WISCONSIN, DECEMBER 2007 TO JULY 2009**  
 (seasonally adjusted)



Source: EPI analysis of Current Employment Statistics data.

**Table 2**  
**PERCENT CHANGE IN MANUFACTURING JOBS, WISCONSIN, U.S., AND NEIGHBORING STATES, DECEMBER 2007 TO JULY 2009**  
 (seasonally adjusted)

	<i>Percent Change</i>
Wisconsin	-13.2%
United States	-14.2
MIDWEST	-16.8
Illinois	-14.1
Indiana	-20.2
Iowa	-15.0
Michigan	-25.1
Minnesota	-12.4
Ohio	-19.6

Source: EPI analysis of Current Employment Statistics data.

## UNEMPLOYMENT RATE DOUBLES

Wisconsin's unemployment rate has doubled since the beginning of the current recession, reaching a high of 9.0 percent in June-July 2009, compared to 4.5 percent in December 2007. As Figure 6 shows, the majority of this spike in unemployment has occurred in the last ten months. As with Wisconsin's job loss, the rate of change has slowed substantially in recent months, with unemployment up just 0.5 percent from March to July 2009. Though the recent stabilizing of the state's jobs picture is welcome news, it is only a first and weak step toward recovery. Too many Wisconsinites have lost their jobs and are looking for work.

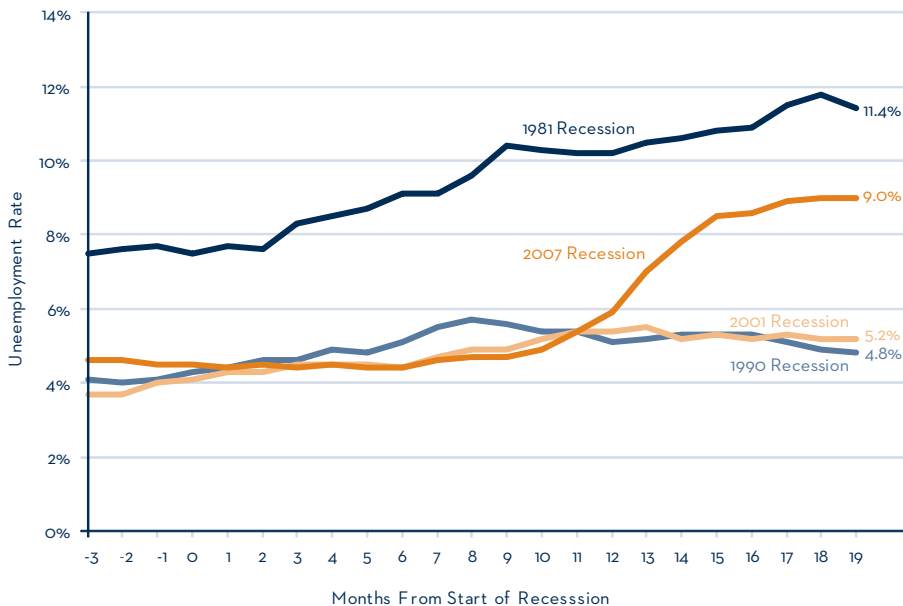
The recession has been especially hard on Wisconsin men, whose unemployment rate more than doubled from 4.7 to 10.8 percent, between the end of 2007 and now. Wisconsin women's unemployment also increased, but only from 4.4 to 6.7 percent.

Though Wisconsin's unemployment rate is still well below 1980s levels, unemployment has risen more precipitously in this recession, and it has not necessarily reached its peak (whereas unemployment peaked in the 18th month following the start of the 1981 recession). Given that unemployment typically continues to rise even when jobs stabilize, we will likely see further increases in coming months.

Table 3 (next page) shows unemployment rates in Wisconsin and the Midwest region through 2008. Although these data precede most of the recent unemployment spike, they are useful in tracking disparities in unemployment among various demographic groups. While unemployment levels for Wisconsin men and women were similar in 2000 and 2005, in 2006 male unemployment rose while female unemployment declined, resulting in an approximate one percent difference between the sexes that persisted through 2008. Other clear disparities also emerge. For example, the unemployment rate of African Americans in the state was 12.8 percent in 2008, more than three times the rate for whites (4.0 percent); the Hispanic unemployment rate (8.3 percent) was more than twice that for whites. Young workers and workers without high school degrees also suffer much higher unemployment compared to older and more educated Wisconsinites, though for both of these groups unemployment dropped significantly between 2007 and 2008.

Compared to the Midwest region, Wisconsin has had relatively lower unemployment rates overall and across most demographic groups in the last several years. One exception is Wisconsin's Hispanic population, which has posted higher unemployment rates in 2007 and 2008 compared to Hispanics in the region.

**Figure 6**  
**WISCONSIN UNEMPLOYMENT RATE IN CURRENT RECESSION,**  
**COMPARED WITH 1981, 1990, AND 2001 RECESSIONS**  
 (seasonally adjusted)



Source: EPI analysis of Current Employment Statistics data.

Table 3  
UNEMPLOYMENT RATES, WISCONSIN AND MIDWEST, 2000 AND 2005-2008

	Wisconsin					Midwest				
	2000	2005	2006	2007	2008	2000	2005	2006	2007	2008
<b>All</b>	<b>3.6%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>5.0%</b>	<b>4.7%</b>	<b>3.6%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>5.1%</b>	<b>6.0%</b>
<b>Gender</b>										
Male	3.6	4.8	5.2	5.4	5.2	3.6	5.6	5.1	5.4	6.5
Female	3.5	4.6	4.3	4.6	4.1	3.6	5.3	4.8	4.8	5.6
<b>Age</b>										
16-24 yrs	7.2	9.9	11.2	11.8	9.5	8.2	11.3	10.7	10.9	12.8
25-54 yrs	3.0	3.6	3.7	4.0	3.9	2.8	4.5	4.0	4.2	5.1
55 yrs and older	(a)	3.6	2.9	2.6	3.3	2.3	3.5	3.2	3.4	3.7
<b>Race / ethnicity</b>										
White	2.9	4.2	4.2	4.5	4.0	3.0	4.5	4.2	4.4	5.1
African American	9.8	10.9	12.3	11.4	12.8	8.8	12.6	11.7	11.6	13.3
Hispanic	(a)	6.8	(a)	6.9	8.3	5.3	7.0	5.8	6.3	7.6
<b>Education</b>										
Less than high school	9.0	13.4	14.6	13.8	10.7	9.3	13.5	12.2	13.5	14.8
High school	3.6	5.6	5.2	5.3	5.4	4.0	6.4	6.0	6.1	7.2
Some college	2.7	3.1	3.7	4.5	4.4	2.8	4.5	4.1	4.3	5.5
Bachelor's or higher	1.8	1.9	2.0	2.5	2.4	1.6	2.4	2.2	2.2	2.6

Source: EPI analysis of Current Employment Statistics data.

Table 4  
MEDIAN WAGES BY SEX, WISCONSIN AND U.S., 1979-2008  
(2008 dollars)

	1979	1989	1995	2000	2008	Percent Change		
						1979-2008	1989-2008	2000-2008
<b>WISCONSIN</b>								
All	\$15.16	\$13.80	\$14.25	\$15.30	\$15.48	2.1%	12.2%	1.2%
Men	19.47	17.09	16.72	17.34	17.07	-12.3	-0.1	-1.6
Women	11.49	11.42	12.02	13.30	14.01	21.9	22.7	5.3
Female/Male Ratio	.59	.67	.72	.77	.82			
<b>UNITED STATES</b>								
All	\$14.55	\$14.47	\$14.21	\$15.30	\$15.74	8.2%	8.8%	2.9%
Men	18.31	16.92	16.31	17.43	17.39	-5.0	2.8	-0.2
Women	11.47	12.37	12.51	13.59	14.35	25.1	16.0	5.6
Female/Male Ratio	.63	.73	.77	.78	.83			

Source: EPI analysis of Current Population Survey data.

## WAGES DROP BELOW NATIONAL LEVELS FOR MEN AND WOMEN

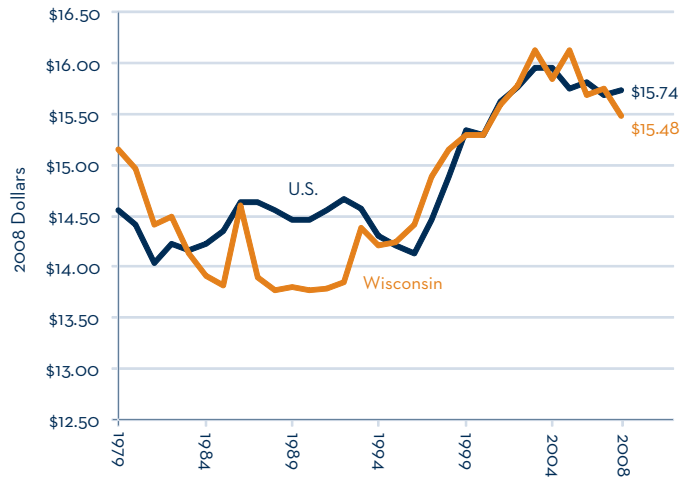
Figure 7 displays median hourly wages for Wisconsin and the United States over the last three decades. These wages are adjusted for inflation and are expressed in 2008 dollars.

In 1979, Wisconsin’s median worker earned a wage well above the national median. In the 1980s, Wisconsin’s workers suffered real wage declines and a fall in national standing. Then, both in Wisconsin and the nation, wages grew from the mid-1990s, and continued to grow in Wisconsin even after the 2001 national downturn, briefly exceeding the national level. Over the past three years, however, any Wisconsin advantage has been erased, and by 2008 Wisconsin’s \$15.48 median wage was again below the national median, \$15.74. More strikingly, despite a 75 percent increase in their productivity since 1979, Wisconsin workers have received only a 2 percent raise. The current hourly median wage is only 32 cents higher than it was in 1979.

Over time, men have faced substantially worse wage trends than women. As shown in Figure 8 and Table 4, the hourly median wage for men fell from \$19.47 to \$17.07 over the last 30 years, putting Wisconsin’s median male wage at 12 percent below 1979 levels. Wisconsin women have fared much better, with real median wages increasing nearly 22 percent (from \$11.49 to \$14.01) over the same time period.

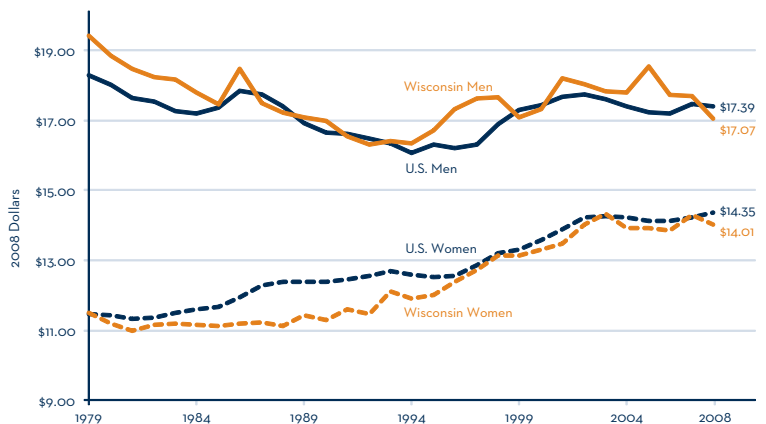
Despite greater relative gains for women over time, working women in Wisconsin still generally earn much less than men, 18 percent less at the median, as Table 4 shows. The good news is that the female/male wage gap in Wisconsin is closing in on the national disparity. It used to be significantly worse. Also in the good news category, Wisconsin did bring its minimum wage up to national levels, increasing it this July to \$7.25 an hour and benefiting nearly 200,000 workers. Leaders are now considering raising it again, to \$7.60 per hour, and indexing it to inflation. These steps would help strengthen the state’s wage floor and bring higher wages to some 316,000 workers in the state. (For more on the benefits of raising Wisconsin’s minimum wage, see [www.cows.org/pdf/ds-WIMinWage.pdf](http://www.cows.org/pdf/ds-WIMinWage.pdf).)

Figure 7  
**MEDIAN WAGES, WISCONSIN AND U.S., 1979-2008**  
 (2008 dollars)



Source: EPI analysis of Current Population Survey data.

Figure 8  
**MEDIAN WAGES BY SEX, WISCONSIN AND U.S., 1979-2008**  
 (2008 dollars)



Source: EPI analysis of Current Population Survey data.

## CONCLUSION

On this Labor Day, working Wisconsinites have little to celebrate about the economy. Despite a few “green shoots” and a slowdown in the rate of job loss, the state of their state’s economy – and the region’s – is grim.

What Wisconsin’s workers need is a real strategy for economic development. This strategy needs to follow from a sober and disinterested assessment of our current challenges, resources, weaknesses, strengths, needs, and viable opportunities. To actually raise living standards, it needs to be “high road” – competing on value rather than price, taking sustainability seriously, sharing created wealth more equally, friendly to any business that will do the same. This strategy needs to be clear in its policy priorities, implied investments, and funding sources. It needs to gain support from a critical mass of key actors – business, labor, state and local government, education, our Congressional delegation, the general public – whose cooperation and contribution are critical to its success. And it needs to be articulated forcefully and clearly by diverse champions – not just elected leaders – and widely and generally understood. This is a considerable organizing challenge.

Wisconsin can meet this challenge. We have more than enough intellectual resources, leading firms, progressive labor leadership, dedicated public servants, and good citizens to build a high road economy in our state. But will we?