
Working Wisconsin: Update 2001

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The economic expansion that began in 1991 turned out to be longer and stronger than any other in American history, producing economic growth, low unemployment, and increasing family incomes. Even in that period of growth, however, poverty stagnated, inequality grew, and total hours of work moved ever upward for working families. Importantly, the expansion that defined the 1990s appears to have come to an end: unemployment is growing and lay-offs are up with the manufacturing and high-tech sectors of the economy hit especially hard.

What does all this mean for Wisconsin workers and families? Are we doing worse these days, or better? And how do we compare to nearby states and the nation as a whole? Every two years, the Center on Wisconsin Strategy (COWS) produces *The State of Working Wisconsin*, to answer these questions. Our most recent full report *The State of Working Wisconsin, 2000*, (released last Labor Day) showed that wages and family incomes were on the rise, but that many of Wisconsin's workers remained stuck in low-wage jobs, and that, for most Wisconsin families, income gain came at the price of increased hours of work.

Relying on data provided by the Economic Policy Institute in Washington DC, we offer this "State of Working Wisconsin: Update 2001" as a brief investigation of the effects of the recent economic slowdown on workers in the state, as well as offering for the first time data on family hours of work and workers' benefits, in addition to standard data on wages, unemployment and job growth.

Numerous signs suggest that the recent national economic downturn has brought a decade of Wisconsin economic strength and progress to a close. Our unemployment rates are up, job growth has slowed substantially, and our manufacturing sector is declining. And the economic slowdown, taken together with a structural deficit in the state's budget, has recently led Moody's to downgrade Wisconsin state bond ratings. Higher rates on bonds cost Wisconsin taxpayers. Our economic downturn then is costing not only those workers who are laid-off or unemployed, but every taxpayer in the state.

Additionally, Wisconsin's steady, if slow, progress toward higher wages has come to a halt as well. The median wage for 2000, \$12.24, is exactly the same as it was in 1999. We also offer new data on hours of work and show what many have long suspected: Wisconsin married couples work more than their national peers. In fact, the average married couple in Wisconsin devotes five hours more each week to paid work.

We close with an overview of benefit coverage in the state. Wisconsin workers have better access to health care and pensions through their jobs than do workers nationally. However, the picture changes quite substantially when considering black and Hispanic workers in the state. For them, the chances of receiving health care and pensions on the job are actually lower in Wisconsin than elsewhere in the nation. The state's economic picture in 2001 is complex with declining strengths and clear challenges for the future.

State Hit by Downturn: Unemployment Moves Up, Job Growth Slows, and Manufacturing Declines

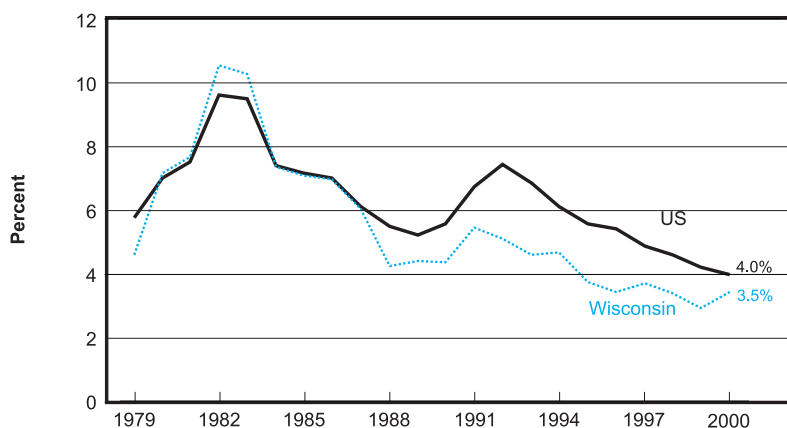
Recently, the US economy has faltered, growing at an annual rate of just 0.7 percent in the second quarter of 2001. Job losses have been mounting in manufacturing, job growth has slowed, and unemployment is now 4.5 percent, up from 3.9 percent just eight months ago. The change is dramatic given the steady stream of pronouncements just a year ago that the “new economy” had put an end to the business cycle.

Recent analysis by the Economic Policy Institute shows that Wisconsin is one of the states hardest hit by the economic slowdown. According to “The Impact of the Economic Slowdown on the States,” fourteen states have faced severe job impacts as a result of the slowdown. Wisconsin is among them, experiencing significant declines in job growth, increases in unemployment, and manufacturing job loss.

Wisconsin’s unemployment growth is probably the most telling of the indicators used in the EPI report. Over the past year and a half, Wisconsin’s unemployment rate has grown substantially, up from 3.3 percent in January 2000 to 4.3 percent in June 2001. Over the same period, the national unemployment rate grew as well, but at half the pace, from 4.0 to 4.5 percent. This is remarkable in two ways. First, Wisconsin’s unemployment rate has been *below* the national rate every year since 1987; in fact, throughout the 1990s, national unemployment exceeded Wisconsin’s rate by more than one percentage point, and in some years by more than 2 percent. *Indeed, in February 2001, Wisconsin’s unemployment rate exceeded the national rate for the first time in more than 15 years.* Since the year 2000, the gap has practically evaporated. Figure 1 shows Wisconsin and US unemployment rates from 1979 to 2000.

Figure 1

Unemployment Rates, 1979-2000



Source: Analysis of BLS data from Labstat website.

Total growth in employment and manufacturing job loss are other key indicators that suggest that Wisconsin has been hit hard by the economic slowdown. Two years ago, Wisconsin's total employment grew by 2.4 percent; over the last year, however, Wisconsin's total employment grew only half as fast, increasing by just 1.2 percent. Wisconsin's economy is adding fewer jobs, and that makes it harder for workers to find employment. And perhaps the worst news: manufacturing, a critical core of the Wisconsin economy, has actually shed jobs recently. In the last year, total employment in Wisconsin's manufacturing sector has fallen by 7000.

Manufacturing job loss in the state is not just important because the overall number of jobs is declining. Many communities in Wisconsin have suffered losses of key employers or substantial lay-offs at some of their best paying jobs. Another way to gauge the depth of manufacturing decline is to review notices announcing the state's major lay-off and closings since January 2001. These notices, which warn of potential lay-offs and shut downs, confirm the grim picture in manufacturing. In just the last eight months, 30 manufacturing plants have announced impending shutdown, projecting loss of roughly 3000 Wisconsin manufacturing jobs. Additionally, manufacturing companies filed another 40 notices of impending lay-offs. In just the last eight months, manufacturing lay-offs and closings have been announced in 37 Wisconsin communities, from Milwaukee to La Crosse and from Beloit to Hurley. (See the Appendix for a compiled list of manufacturing closedown and lay-off notices.)

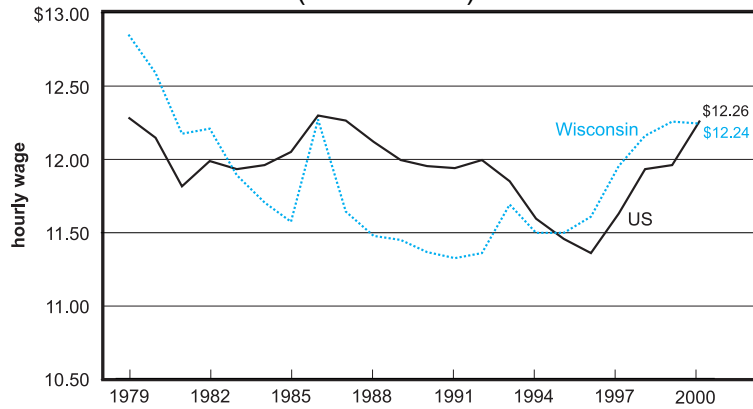
Wage Growth Ends

Wisconsin wages grew steadily, if slowly, during then 1990s, but the economic slowdown appears to have halted wage growth. Looking specifically at Wisconsin's median wage (wages for the worker at the exact middle of the wage distribution) and adjusting for inflation, median wages in 1999 and 2000 are exactly the same, \$12.24 per hour. After eight years of moderate wage growth, Wisconsin wages have stagnated.

Figure 2 shows the long-term picture with comparison to national wages. Wages grew consistently throughout the 1990s. As a result, Wisconsin's current median wage is 7 percent higher than it was in 1989. However, the longer-term perspective is a bit bleaker: the current median wage for Wisconsin workers still sits 5 percent below its 1979 value. It is also worth noting that over the last 20 years, Wisconsin fell from being a relatively good state in terms of wages (with a median wage above the national median) to being a below-median state. And both nationally and in the state, the fact that today's workers earn less than their counterparts twenty years ago is appalling, given that workers today are more educated, have more training, have access to better technology, and are thus more productive.

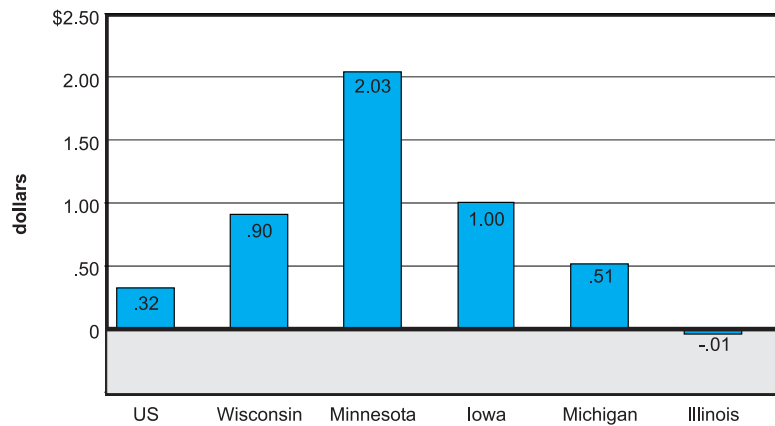
Wage improvements in the 1990s have begun to narrow the Wisconsin/national gap that emerged in the 1980s. As Figure 3 shows, the median hourly wage increased by \$0.90 or 7 percent in Wisconsin, substantially exceeding the \$0.32, or 2.2 percent, increase in the median hourly wage in the U.S. However, both Iowa and Minnesota posted even stronger median wage gains. In Iowa, the median wage increased by \$1.00 per hour. In Minnesota, the median wage grew by more than \$2.00 per hour from 1990 to 2000.

Figure 2
Real Median Wages, 1979-2000
(2000 dollars)



Source: EPI analysis of CPS ORG data.

Figure 3
Dollar Change in Median Wage, 1990 to 2000
(2000 dollars)



Source: EPI analysis of CPS ORG.

Wisconsin Families Work More

Wisconsin has long been proud of our strong “work ethic,” and Wisconsin labor force participation rates are consistently among the highest in the nation. In part due to our propensity to work, the income for the median four-person family Wisconsin family is slightly higher than the median national income: \$63,436 compared to \$59,981 per year respectively. Moreover, income in the state, even more than wages, grew substantially over the 1990s, leaving the median four-person family with 16 percent more income today than they had a decade ago (the 1989 median was \$54,490). Table 1 makes clear that Wisconsin has made good progress. Within the region, Minnesota and Iowa, with income up 17 and 18 percent, respectively, also stand out.

Table 1
**Median Income for Four-Person Families,
 U.S. and the Midwest, 1979-1999**
 (1999 dollars)

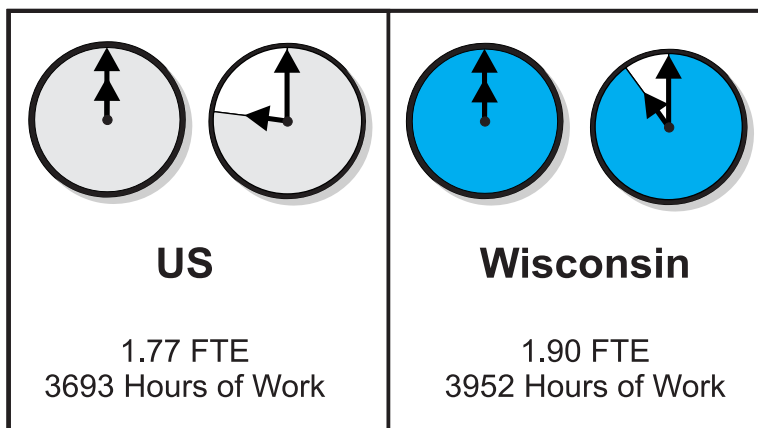
	1979	1989	1999	Percent Change	
				1979-89	1989-99
U.S.	\$50,419	\$54,767	\$59,981	8.6%	9.5%
Wisconsin	52,947	54,490	63,436	2.9	16.4
Illinois	54,629	57,247	66,356	4.8	15.9
Indiana	50,912	51,325	58,519	0.8	14.0
Iowa	50,806	49,357	58,075	-2.9	17.7
Michigan	54,983	57,537	65,467	4.6	13.8
Minnesota	54,953	56,919	66,677	3.6	17.1

Source: EPI analysis of Census Bureau data (Census Bureau, income web site)

Without a doubt, in the 1990s wage growth in Wisconsin helped promote the increase in median family income, but a second important source of income is the total number of hours that the average family devotes to paid work. Figure 4 makes Wisconsin’s family work effort clear. Nationally, the average married couple devotes 3,693 hours to work each year. But in Wisconsin, the average married couple works 3,952 hours per year; that’s 258 additional hours per year, or five more hours of work each week.

What does 3952 hours of work per Wisconsin married couple mean? One way to think about it is in terms of full-time workers. A worker employed full-time, year round will devote 2080 hours to the labor market (40 hours a week, 52 weeks per year). When both partners in a married couple work full-time, then, the total hours of work is 4160. On average, then, a married couple in Wisconsin has the equivalent 1.90 full-time workers. Nationally, the average married couple has the equivalent of 1.77 full-time workers.

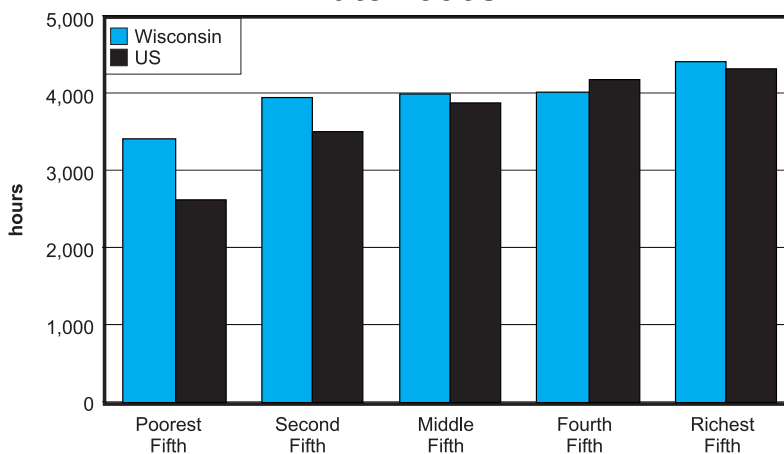
Figure 4
Average Married Couple Hours of Work, Late 1990s



Source: EPI analysis of pooled March CPS.

Figure 5 shows hours of work for married couples across the income distribution, and makes it clear that it is Wisconsin’s low and middle income families that account for our high hours of work relative to the national average. For the poorest twenty percent of married couples, Wisconsin couples log 788 more hours on the job than their national counterparts. The difference is nearly equivalent to a half-time job, or more than 15 hours more per week. For the second income fifth, Wisconsin couples devote 440 more hours per year to work than the national average. At the middle of the income distribution (the third income fifth), Wisconsin workers put 119 more hours per year on the job than national middle income couples.

Figure 5
Married Couples, Hours Worked by Income Fifth, Late 1990s



Source: EPI analysis of pooled March CPS.

More hours on the job mean less hours at home, less hours devoted to raising children, less hours for leisure and community activities, less hours even for sleep. Wisconsin's work ethic is clearly a proud tradition, but with hours of work nearing the "biological maximum" (4080 hours per couple) we should know that our standard of income also comes with costs, especially in terms of stress. And we know that the upward trend in hours worked – Wisconsin couples devote 227 more hours to work now than they did just a decade ago – is not a limitless strategy for maintaining income growth.

While time pressures for married couples are clear and growing, for single parents, time pressure is clear as well. The average single parent in Wisconsin works 1912 hours annually, nearly full-time. This single parent, usually a woman, must also deal single-handedly with the needs of her children and with the financial stress of getting by on only one income.

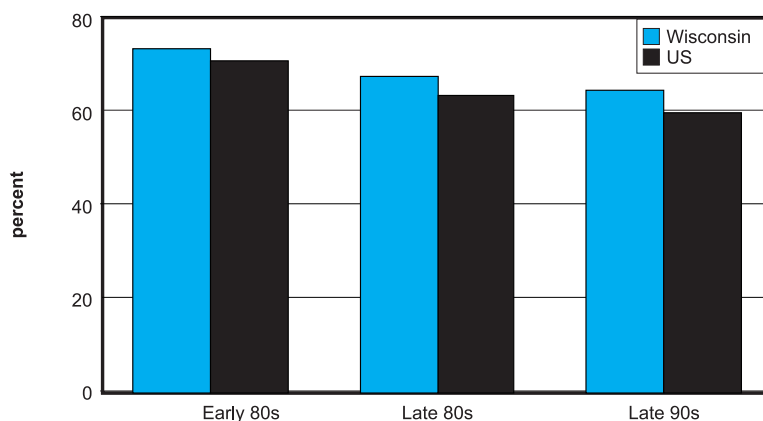
Finally, not only are Wisconsin workers logging more hours per year, many of them are also working more than one job. In 2000, 7.1 percent of all workers in Wisconsin held more than one job. Wisconsin's multiple-job holding rate is well above the national rate of 5.4 percent, but below both Minnesota, with a rate of 8.4 percent, and Iowa, with a rate of 8.1 percent.

Health Care and Pensions: Not for Everyone

The US stands alone among developed nations for the extent to which benefits, such as health care and pensions, are delivered through the private sector. While in other countries, these goods are public and secure, in the US, your work determines not only what you earn, but also the quality and even the existence of your benefits. For the first time, we are able to offer data that analyzes access to health care and pensions for Wisconsin's workforce.

Health insurance is perhaps the most important benefit for workers and their families. Wisconsin has historically been a leader in providing benefits for workers, and health insurance is no exception. Figure 6 shows that in the early 1980s, 73.3 percent of private sector employees had employer-provided health insurance in Wisconsin. By the late 1990s, health care coverage in the state had declined to 64.6 percent. Even with that decline, Wisconsin's rate of coverage is substantially higher than the US rate, which in the late 1990s was 59.9 percent.

Figure 6
**Private Sector Employees with
 Employer-Provided Health Insurance,
 Early 1980s to Late 1990s**



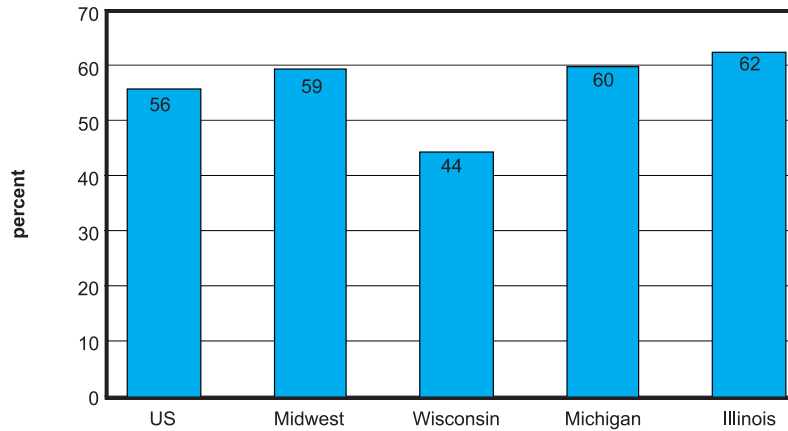
Source: EPI analysis of pooled March CPS

Men are much more likely to receive health coverage through their employers than are women. This is true nationally and in the state. In Wisconsin, just over half of women (54 percent) receive health insurance through their employers where as nearly three-quarters (72 percent) of men get coverage on the job. Wisconsin's gender gap in health insurance, 18 percent, more than doubles the national gap of 8 percent. And while the gaps in Michigan and Iowa (19 percent each) actually exceed Wisconsin's, gaps are much lower in peer states like Minnesota (10 percent), Illinois (11 percent), and Indiana (14 percent) points.

While gender disparities in insurance coverage are striking, racial disparities are even more so. Less than half of black Wisconsin workers (44 percent) get health insurance on the job, compared to a national rate of 56 percent. Again, Wisconsin compares unfavorably with the region. In fact, in the Midwest as a whole, blacks are more likely to receive health insurance through work than in the nation. Figure 7 shows these comparisons.

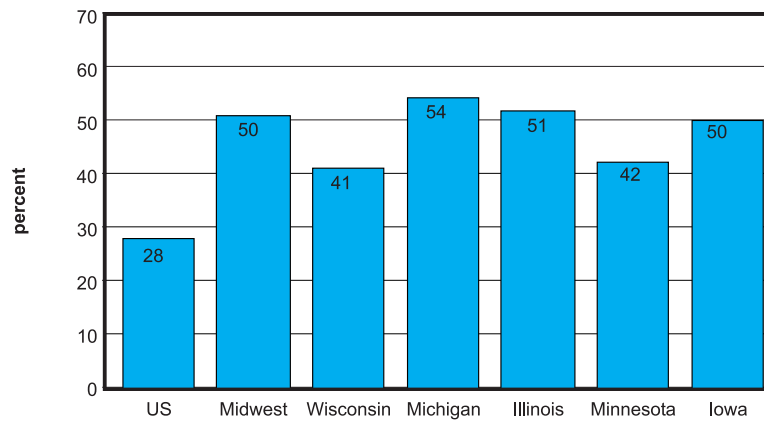
Hispanic workers suffer extremely low rates of health care coverage nationally, with just 28 percent of Hispanic workers receiving employer provided health insurance in the late 1990s. Figure 8 shows the comparison for the nation, state, and region. In Wisconsin, 41 percent of Hispanic workers receive health care, which is substantially higher than the national coverage rate, but below the regional coverage rate of 50 percent.

Figure 7
Black Private Sector Employees with Employer-Provided Health Insurance, Late 1990s



Source: EPI analysis of pooled March CPS.

Figure 8
Hispanic Private Sector Employees with Employer-Provided Health Insurance, Late 1990s



Source: EPI analysis of pooled March CPS.

The second key benefit provided on the job is a pension. And, as with health care, Wisconsin employers provide their workers with pensions more frequently than do employers in the rest of the nation. In the late 1990s, 61 percent of Wisconsin private sector workers reported receiving pension benefits through their employer. Nationally, just 49 percent of workers reported this benefit. Still, nearly four out of ten workers in Wisconsin have no access to pension benefits through their work.

As with health care, gender and race substantially alter access to pensions. While 64 percent of Wisconsin men report this benefit, just 56 percent of women working in Wisconsin do. More striking and distressing, just 30 percent of black workers and 25 percent of Hispanic workers receive employer provided pensions. Pension coverage rates for these groups fall well below the national rate. Fully 43 percent of black workers nationwide receive pensions; Wisconsin's 30 percent coverage for this group is nearly one-third under the national rate. Wisconsin's 25 percent coverage rate for Hispanic workers is just short of the national rate (28 percent), but still below it.

Benefits like health care and pensions are key elements of job quality. Moreover, health care and pensions provide security for workers, helping them stay healthy in the present and prepared for the future. Wisconsin's strong history of providing these benefits is an important addition to the quality of life of workers here. But the fact that women are less likely to have these benefits, and that less than half of black and Hispanic workers receive them, shows a real challenge for our state.

Conclusion

Numerous signs suggest that the recent national economic downturn has brought a decade of Wisconsin economic strength and progress to a close. Unemployment in the state is up, job growth has slowed, manufacturing has declined and the median wage is stagnant. Even bond markets are reacting to the slowdown, as demonstrated by the recent downgrading of Wisconsin's bond rating.

Moreover, families in the state are working hard to make ends meet. The average married couple here devotes the equivalent of 1.9 full time workers to jobs, a share well in excess of the national average of 1.77 full-time workers. And pensions and health care, while more available in Wisconsin than other states, are very unequally distributed, with blacks and Hispanics substantially less likely to work in jobs with these benefits available.

The challenges that we currently face – economic slowdown, racial disparities, and stagnating wages – should not make us lose sight of Wisconsin's considerable strengths. We still have high levels of pension and health care coverage, and a strong work ethic that help promote our economy and the well-being of workers in it. But honest reflection on the data in this *Update 2001* requires that the people of this state continue to rise to the challenges before us. We offer a number of policy options in *The State of Working Wisconsin 2000* to help close off the low road of low wages and inequality and help build a high road toward sustained and broadly shared prosperity in the state. The economic slowdown that Wisconsin is experiencing makes it all the more important that we consider our challenges, and that we begin to build the dialogue and will to take them on.

Acknowledgement and Sources

COWS' release of this report corresponds with the national release of a paper and related data on the effects of the economic downturn by the Economic Policy Institute (EPI) in Washington DC. We thank EPI, a non-partisan research institute, for their support in the form of data and technical assistance.

The examinations of employment and unemployment in this report used published data from the BLS. Total employment and manufacturing employment counts were derived from the Current Employment Statistics survey obtained from the BLS website. Employment counts and unemployment rates are not seasonally adjusted.

Median wage values were calculated from the Outgoing Rotation Group (ORG) sample of the Current Population Survey. For further details see *The State of Working Wisconsin, 2000, Data Sources & Methodology*.

Hours of work for average married couples and benefit receipt rates were calculated using the March Current Population Survey, which asks the necessary questions. Given sample sizes, it is necessary to pool across three years of data; "Early 1980's" refers to pooling 1979-1981; "late 1980s" refers to 1987-89; and "late 1990s" refers to 1997-99.

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Plant Lay-Offs and Closing, January 2001 – August 2001

City	Employers	Layoffs	Closings
Baraboo	Hein-Werner		58
Beloit	Black and Decker	57	
	Black and Decker	9	
Brodhead	Stoughton Trailers, Inc.	64	
	Stoughton Trailers, Inc.	11	
Chilton	Mirro		138
Cottage Grove	Stainless Tank & Equipment	60	
DeForest	Chiquita Processed Foods		51
DePere	American Pad & Paper		Unknown
Evansville	Stoughton Trailers, Inc.	167	
	Stoughton Trailers, Inc.	243	
Elkhorn	Fasco		200
Franklin	General Automotive Mfring.	140	
Germantown	Metal Spinners, Inc		41
Green Bay	Paper Converting Machinery	129	
	Paper Converting Machinery	37	
	Paper Converting Machinery	75	
Hurley	Art Unlimited, LLC		96
Kenosha	Power Brace	22	
LaCrosse	LaCrosse Footwear	139	
	Trane Company		72
Lake Geneva	EGS/ Sola Hevi-Duty		56
Madison	Barry-Wehmiller		66
Manitowoc	Precision Woodcrafters		47
	Mirro	115	
	Mirro		198
Mauston	Brenner Tank, Inc.	76	
Menomonee	Briggs & Stratton Corp.	4	
	Briggs & Stratton Corp.	3	
Milwaukee	Northstar Print Group		97
	Arnold Company		104
	Blackhawk Leather, LLC		56
	Eaton	27	
	Economy Bushing Company		82
	Froedtert Malt	30	
	Mechanical Industries	29	
	Tower Automotive	271	
	Tower Automotive	108	

City	Employers	Layoffs	Closings
Milwaukee (cont.)	Tower Automotive	139	
	Tower Automotive	367	
	Summit Metal Fabricating, Inc.	25	
Necedah	Invensys	215	
New Berlin	Ehlert Tool Co., Inc	50	
	RVSI	27	
New Holstein	Art Unlimited, LLC		66
Oak Creek	Outlook Packaging		40
	Wabash Alloys		81
Oconto	Cruisers Yachts	209	
	Vishay Cera-Mite	49	
Rice Lake	McCain Foods, USA	90	
Platteville	HyPro Incorporated	31	
	HyPro Incorporated	16	
	HyPro Incorporated	6	
Prentice	Blount, Inc.	101	
Racine	Acme Die Casting		232
	Textron Golf, Turf & Specialty		388
Shawano	Eagle Knitting Mills		40
St. Croix Falls	Magnetic Head Technologies		44
Stoughton	Stoughton Trailers, Inc	851	
	Stoughton Trailers, Inc	358	
	Uniroyal Engineered Products	33	
	Uniroyal Engineered Products	40	
Sturtevant	Artech Printing, Inc		288
Sun Prairie	Wisconsin Porcelain		Unknown
Superior	ABC NACO	70	
Watertown	Kolb-Lena Brees Bleu, Inc		51
Wauwatosa	Briggs & Stratton Corporation	1	
Wauzeka	Monona Wire Corporation		51
West Allis	Briggs & Stratton Corp	43	
	Briggs & Stratton Corp.	13	
	Briggs & Stratton Corp.	10	
	Briggs & Stratton Corp.	28	
	Briggs & Stratton Corp	57	
	Wisconsin Machine Tool Corp		45
West Bend	Wesbar Corporation		55
Wonewoc	Rayovac Corporation		240

Source: Wisconsin Department of Workforce Development (http://www.dwd.state.wi.us/lmi/xls/2001_log.prm)
Compiled by the Center on Wisconsin Strategy