



Equity
Sustainability
Democracy

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Laura Dresser, Associate Director, 608.262.6944, 608.695.9065 (cell)

Joel Rogers, Director, 608.262.4266

Emily Miota, Communications, 608.263.7958

For Labor Day, COWS releases the 'State of Working Wisconsin 2019: Facts & Figures'

Unemployment is low, but wage growth and increasing income inequality remain challenges for Wisconsin's workers.

This Labor Day, with the memory of the Great Recession of 2007 now fading from memory, workers across Wisconsin have this good news to celebrate. The unemployment rate in the state has been consistently low. The economy is steadily adding jobs. These are important measures for working people's lives. When jobs are more available not only is it easier to secure a job, it is also easier to get the hours of work you want, to be able to ask for time-off you need, and to make ends meet.

Even so, many working families in the state feel stressed and stretched. This year, COWS offers an overview of some of the longer-term issues in the State of Working Wisconsin: Fact & Figures. Wage growth has been anemic. Income inequality is reaching new highs. Unions, which have been so critical to supporting workers in this state, are in serious decline. State policy, which could be helping to close gaps, is actually exacerbating them.

"This Labor Day, we provide another year of data showing long-term wage stagnation and growing inequality," stated Joel Rogers, COWS Director. "The richest Wisconsinites increasingly reap the greatest rewards of growth. Creating more broadly shared prosperity requires stronger public policy focused on equality and equity."

Wages Stagnant

Adjusting for inflation, the current median wage of Wisconsin's workers is only 73¢ per hour higher than in 1979. In 1979, the median worker had less education and was working with substantially less productive technology. Nationally, productivity has grown by 70 percent since 1979, which is six times faster than the growth of compensation. If workers' wages had kept pace with productivity in the last forty years (as wages did in the decades after WWII), the median worker's wage would be well over \$25 per hour today. Instead, the pay-off at the median falls short of a dollar.

Wisconsin Tax Policy Feeds Income Inequality

Over the last 30 years, income inequality has grown to levels not seen since 1928. The richest Wisconsinites take home an increasing share of the state's income. These same Wisconsinites, the

very richest in the state, pay a lower share of their income in taxes. A report by the Institute on Taxation and Economic Policy shows that the richest 1% of families in Wisconsin pay, on average, 7.7% of their income in state and local taxes, while nearly all other families (from the bottom of the income distribution up to the 95% of families in the state) pay more than 10% of their income to state and local taxes. As a result, income becomes more unequally distributed **after** state and local taxes are collected.

Declining Union Membership

Despite Wisconsin's long and deep labor tradition, union coverage in the state has fallen below the national rate. Important drivers of this decline include Act 10 in 2011, which undermined public sector unions, and the passage in 2015 of "right to work" legislation, which undermined private sector unions in the state as well. From 2011-18 (since Act 10 became law), union coverage in Wisconsin declined by more than 50%. That decline is greater than twice the national decline in unionization (21.2%) and three times the decline in neighboring Minnesota (14.9%).

Medicaid Expansion Would Reduce Costs

In contrast to neighboring states, Wisconsin has not accepted the federal support to expand Medicaid health insurance to a greater number of people in the state. This policy choice comes with significant and measurable costs. The state budget cost is \$1.1 Billion – the federal investment in health care that the state has foregone. The private insurance premium cost is at least 7% - health insurance costs more in states that have rejected the federal investment in Medicaid. There is also a very real human cost – in Wisconsin the cost in human life is 144 excess deaths each year.

"Public policy could actually work against these trends," said Laura Dresser, COWS Associate Director. "Stronger unions, progressive taxes, and health care for more in the state would strengthen our economy and help to close the gap between the richest and the rest."

About COWS

COWS is a nonprofit think-and-do tank, based at the University of Wisconsin-Madison, which 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. Through our various projects, we work with cities around the country to promote innovation and the implementation of high road policy. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.