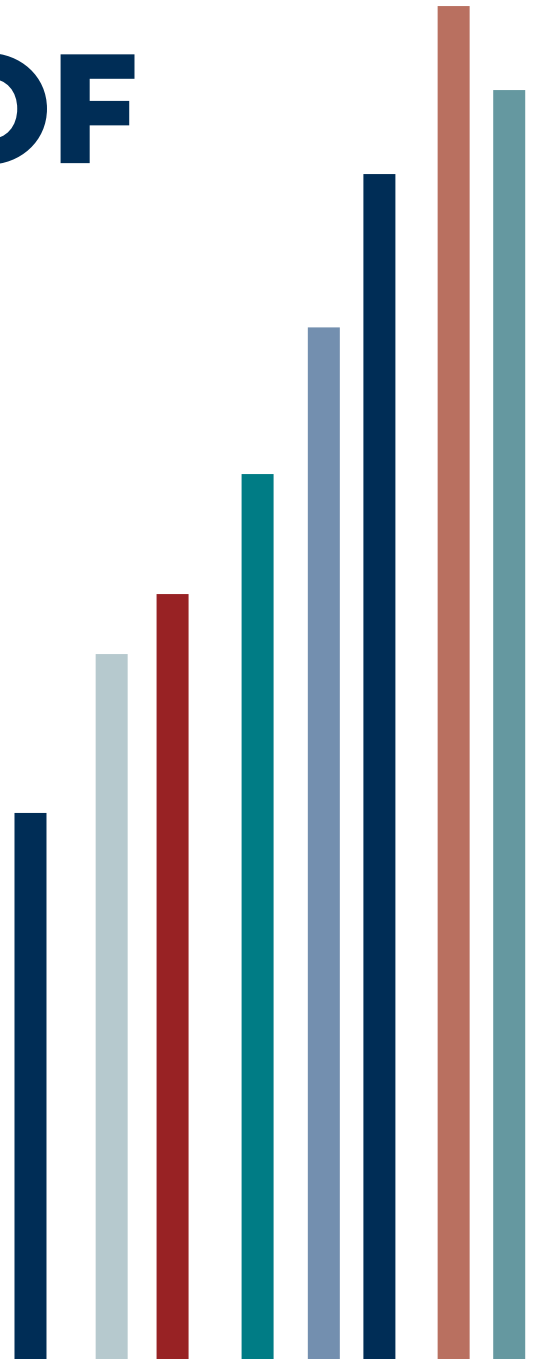


THE STATE OF WORKING WISCONSIN 2016



EXECUTIVE SUMMARY

- 01** CHAPTER 1:
JOBS & UNEMPLOYMENT
- 19** CHAPTER 2:
WAGES & WAGE DISPARITY
- 33** CHAPTER 3:
POVERTY-WAGE JOBS

- 45** CHAPTER 4:
INCOME & POVERTY
- DATA SOURCES & METHODOLOGY
- APPENDIX

COWS | BUILDING THE HIGH ROAD

Authors for The State of Working Wisconsin 2016 include Laura Dresser, Joel Rogers, and Javier Rodríguez S. of COWS. We thank the Economic Policy Institute for generous technical assistance and sharing of data. We also thank Mel Meder, Michaela Crall, and Emily Miota, all at COWS, for research and production assistance, and design.

Based at the University of Wisconsin-Madison, COWS is a national think-and-do tank 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.

EXECUTIVE SUMMARY

The long shadow of the Great Recession is finally lifting in Wisconsin. The state has more jobs than ever before, unemployment rates have fallen to pre-recession levels, and workers that want full-time work are having an easier time finding it. To be sure, recovery here is incomplete and comparatively unimpressive. Many populations and places remain isolated from opportunity, and Wisconsin's growth is slow relative to the national pace. Still, labor market opportunities are more clear and consistent than they have been in nearly a decade. Given the brutality of the Great Recession and the slow recovery from it, this is welcome news for working Wisconsin.

The longer-term challenges that Wisconsin faces, and that COWS has long documented, remain daunting. Wages have been stagnant over the last three and a half decades and workers have very little to show for increasing productivity. Women earn less than men and the gap is slow to close. African Americans have suffered declining wages and growing disparity. The wage reward for higher education is evident, as is the difficulty of making ends meet without completing some post-secondary education. One-in-four workers toils in a poverty-wage job and low-wage sectors are growing faster than better-paying ones. Racial disparities, while hardly unique to Wisconsin, are particularly extreme here. A variety of economic and social indicators of racial inequality consistently identify us as among the most racially unequal states in the nation.

Wisconsin Jobs: Slower Growth than Population

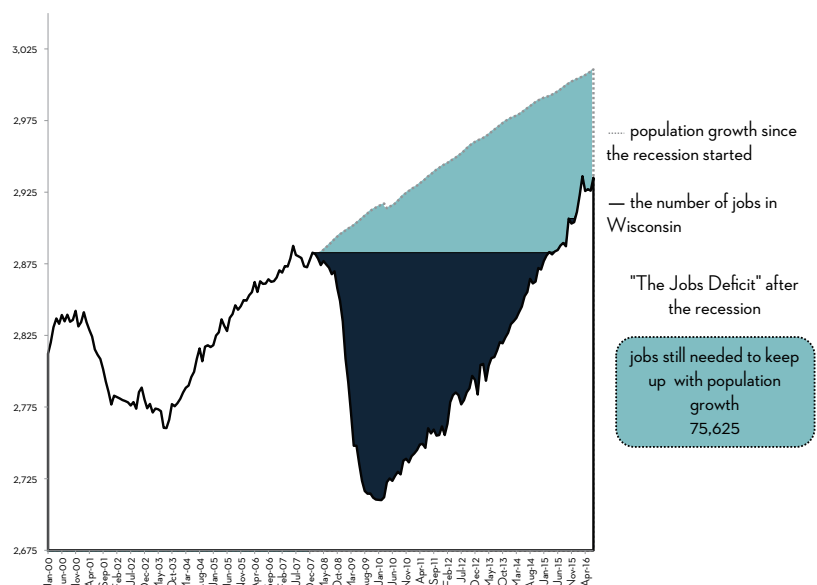
Wisconsin's labor market is growing steadily and the state now has 2.94 million jobs. That's a record high and 57,500 more jobs than in December 2007, before the Great Recession. However, since the start of the recession, our working age population has grown faster than our job base. The figure shows that to get back to the level of opportunity and employment of December 2007, Wisconsin needs to add 75,600 jobs.

Wisconsin Jobs: Slower Growth than Nation

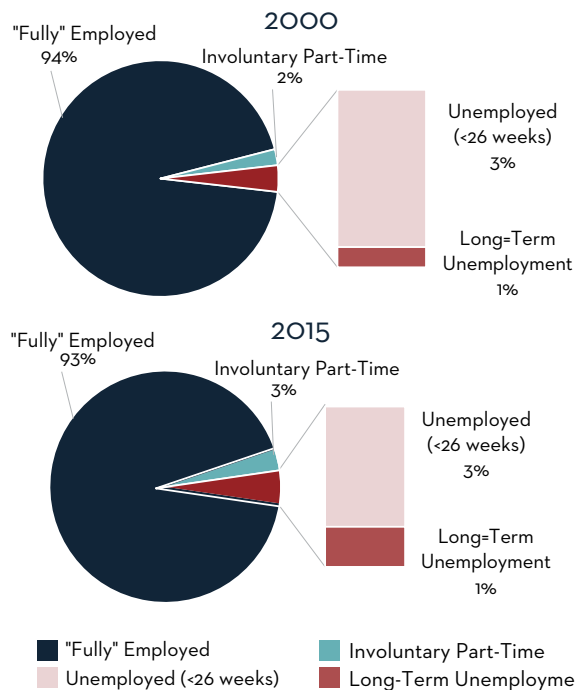
From January 2011 to June 2016, jobs in Wisconsin grew 7.1 percent while the national labor market grew 10.1 percent. If Wisconsin had matched the national pace of growth, the state would have 87,319 more jobs. Over the last five years, every time Wisconsin's share of national growth would have been three jobs, the state only added only two.

Four key sectors account for Wisconsin's slow growth: professional and business services; education and health services; leisure and hospitality; and trade, transportation, and utilities.

WISCONSIN'S JOBS DEFICIT THROUGH JULY 2016

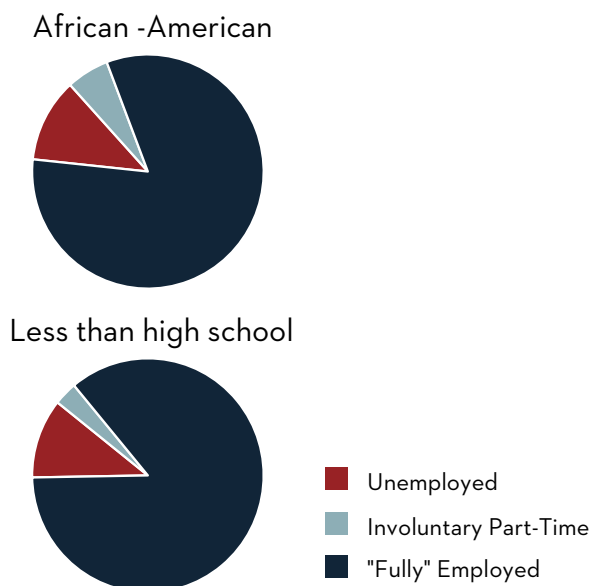


EMPLOYMENT STATUS IN WISCONSIN, 2000 AND 2015



EPI analysis of CPS data

WISCONSIN UNEMPLOYMENT AND INVOLUNTARY PART-TIME WORK FOR KEY DEMOGRAPHIC GROUPS, 2015



Unemployment Down but Opportunity Still Unequal

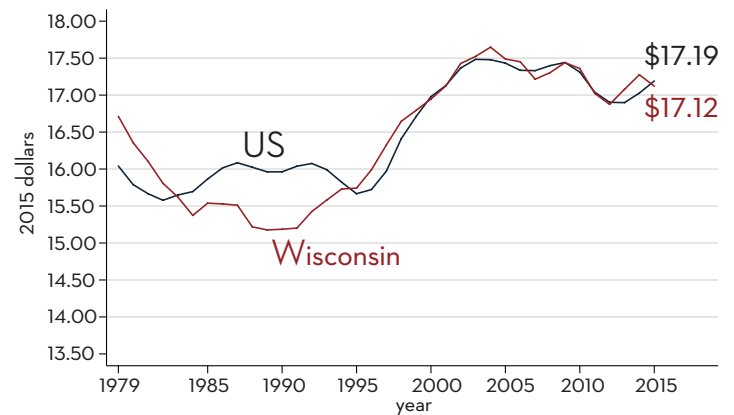
Key measures in the labor market indicate that the state is nearing pre-recession levels of opportunity. From a high of over 9 percent in 2009, unemployment in the state has been steadily falling and is now 4.2 percent, below the rate at the recession's start. The share of the unemployed who have been looking for work for six months or more, "long-term unemployment," has fallen back to pre-recession levels as has involuntary part-time work (which measures the share of workers who are in part-time jobs but wish to be working full-time hours). Taken together, these indicators provide some welcome and long delayed good news. The recovery is now strong and sustained enough that workers are having an easier time finding a job and securing the hours of employment that they want.

Opportunity has not yet extended to all, however. Specific communities, especially those that lost large employers in the downturn, continue to post high unemployment. African American and workers with less than high school education still have much higher rates of unemployment and involuntary part-time employment than others.

Wage Stagnation: Annual Growth Under 2¢ an Hour

Taking inflation into account, the state's 2015 median wage—\$17.12 per hour—exceeds the 1979 median by just forty cents. Over the period, that translates to an average annual raise of less than 2 cents per hour, despite the fact that today's typical worker is more productive, being both substantially more educated than in 1979 and working with better technology.

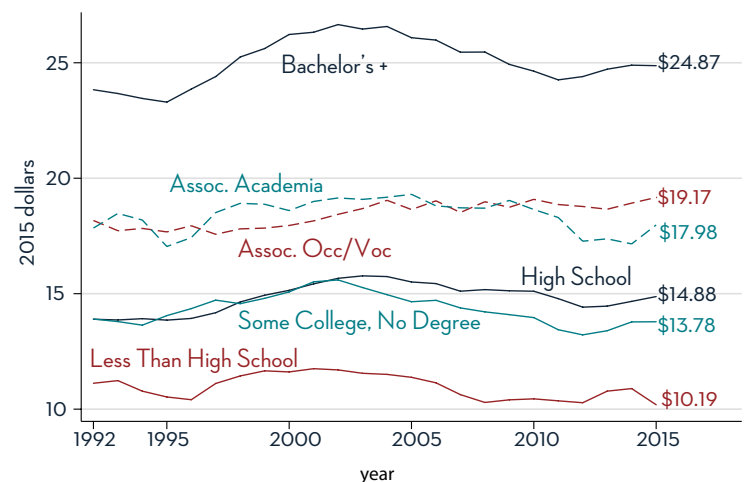
MEDIAN HOURLY WAGES, WISCONSIN AND US, 1979-2015 (2015 dollars)



Wage Inequality Still High

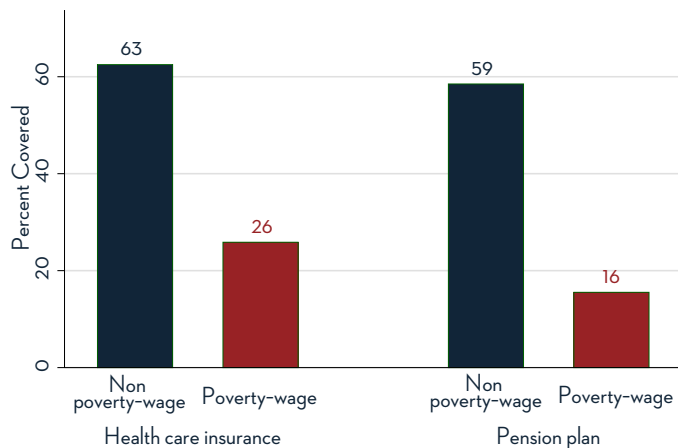
Wage inequality is evident throughout the labor market. The gap between women and men has been shrinking, but slowly, and women's median wage of \$15.46 per hour is 19 percent lower than men's median in the state. The median black worker brings home \$12.96 per hour, 28 percent less than the white median. Earning \$13.16 per hour, the median Hispanic worker lags the white median by 27 percent. The state's median worker who has a high school degree earns \$10 per hour less than the median worker with a four-year college degree or more (\$14.88 compared to \$24.87 per hour). Workers with associates degrees earn around \$18 per hour.

MEDIAN WAGES BY EDUCATIONAL ATTAINMENT, WISCONSIN, 1992-2015 (2015 dollars)



COWS analysis of CPS ORG data

BENEFITS IN POVERTY-WAGE AND NON-POVERTY-WAGE JOBS, 2014 (*wages less than \$11.56/hour, 2015 dollars*)



COWS analysis of CPS annual social and economic supplement data.

Poverty Wages in Wisconsin

More than one in four Wisconsin workers held a poverty-wage job in 2015 (wage under \$11.56 per hour). With wages this low, even full-time year round work can't keep a family of four out of poverty. Women and people of color are concentrated in these jobs. Especially notable, forty percent of black workers hold poverty wage jobs.

Bad jobs offer low-wage and weak benefits. Only about a quarter of workers in poverty-wage jobs receive health care insurance through their employers. In better-paying jobs, nearly two-thirds do. Participation in employer-provided pension benefit plans is also substantially lower for poverty wage workers.

Wisconsin's challenge is clear. Despite the numbers of jobs created and the comparatively lower figures of unemployment, the state needs more jobs to provide more opportunity for workers in the labor market. While unemployment is low, certain communities (especially, African Americans) still struggle to find and secure stable work. Too many Wisconsin workers (one in four) are still toiling in low paying jobs that do not allow them to stay out of poverty, and recent changes in both policy and the economy are making working conditions less safe and generous in terms of insurance. This report shows these facts and trends as challenges to overcome moving forward.

CHAPTER 1: JOBS & UNEMPLOYMENT

This report has substantially better news for working people than we have offered in any year since the Great Recession began near the end of 2007. There is more to do, of course. But the national economy and the state's continue to generate opportunity for workers. The slow but steady growth of jobs is finally paying off for workers here. The state has more jobs than ever before, unemployment rates are down to pre-recession levels, and workers that want full-time work are having an easier time finding it. Even so, given the state's population growth, the level of opportunity still lags. In spite of overall declines in unemployment, specific populations are still struggling to find jobs and our most vulnerable populations are faring the worst. Wage growth remains anemic.

The State of Working Wisconsin 2016 uses the best and most recent data available to help refine our understanding of how working people in the state are doing. To paint a comprehensive picture of the economic reality of working people, we rely on a variety of data, most often from the federal government. We focus not only on the changes wrought by the recession and the long and slow recovery from it, but also on the longer-term trends that have altered opportunity, equality, and outcomes in this nation and state.

The heavy weight of the Great Recession remains evident in the state, but its long shadow is finally lifting. Longer-term challenges remain. They are daunting and largely shared with the nation: stagnant wages, income decline, and the proliferation of low-wage jobs. Racial disparity is not unique to Wisconsin, but it is extreme here; consistently, the black/white differences in economic and educational outcomes and incarceration rates rank Wisconsin among the most unequal states in the nation.

Wisconsin's job growth has been steady but lags population growth and the national pace of growth. Still, our labor market is as healthy as it has been in a decade. The state has 57,500 more jobs than in December 2007 when the Great Recession began. While jobs are up, Wisconsin's pace of job growth has lagged the national rate. The state's unemployment rate has fallen but it remains high in specific communities and for specific demographic groups. We close the chapter with a quick review of the Wisconsin labor force and population and key sectors in the state's economy.

Fast Facts

75,600

Jobs deficit since Dec. 2007, as of July 2016

WI - 67.8%

US - 62.7%

Percent of adults in the labor force, 2015

11.6%

Percent of African American workers unemployed, 2015

This year we are releasing *The State of Working Wisconsin 2016* chapters on Jobs, Unemployment, and Wages on Labor Day weekend. Chapters on income and poverty will be released after the federal government's income and poverty data release in September. As in the past, cows.org provides access to the full version and executive summary of the current *State of Working Wisconsin* as well as to previous versions of the report, starting in 1996.

Please visit *The State of Working Wisconsin* at www.cows.org/soww.

figure 1.1
WISCONSIN'S JOBS DEFICIT THROUGH JULY 2016

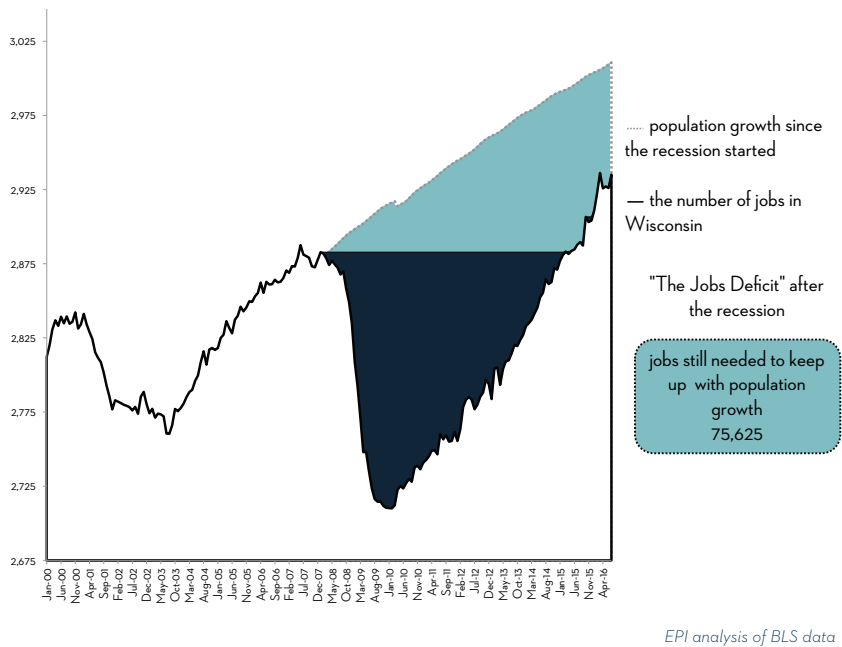


table 1.1
WISCONSIN'S JOBS DEFICIT THROUGH JULY 2016

Start of the recession	December 2007
Number of jobs	2,877,600
Labor market trough	Feb. 2010
Number of jobs	2,710,000
Peak to trough shortfall	-167,600
Last month of data	July 2016
Number of jobs	2,935,100
Change from the previous month	9,100
Jobs above pre-recession level	57,500
Population growth since the recession began	4.6%
Jobs Deficit	75,625

EPI analysis of BLS data

WISCONSIN JOBS: SLOW GROWTH

Wisconsin has now posted slow and steady job growth for a sustained period. Our job base is as big as it has ever been. To be sure, many without jobs are still desperately seeking work and others have given up the search, announcing “retirement,” a return to school, or otherwise dropping out of the labor market. These problems are especially pronounced in communities that have lost dominant employers and in those communities that are consistently at the margins of opportunity in the state. There is still some slack in the labor market but the balance has shifted in important ways. Workers have more leverage than in the recent past.

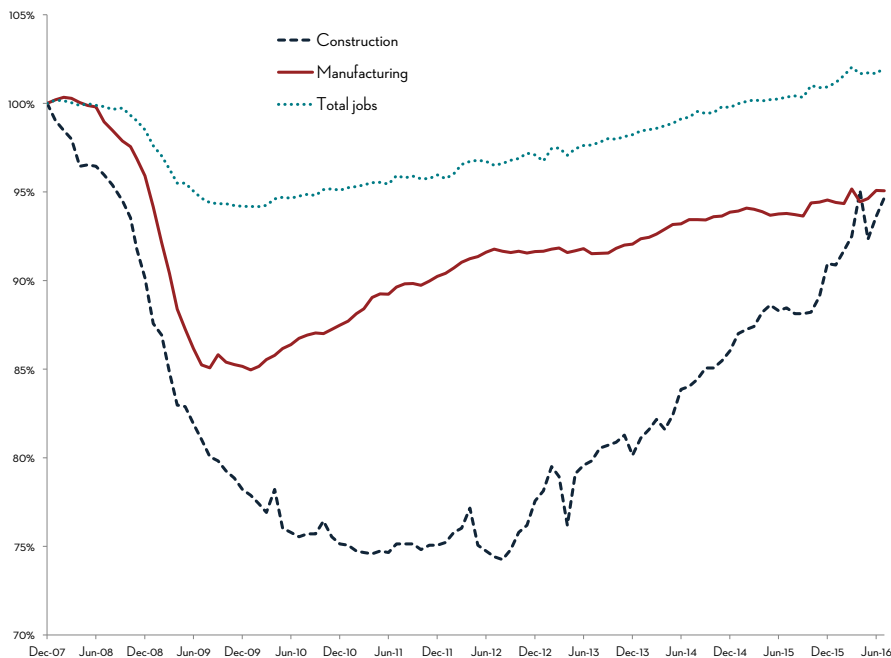
The state’s jobs deficit is shown in Table 1.1 and Figure 1.1. In December 2007, Wisconsin had some 2.88 million jobs. In July 2016, with 2.94 million jobs, Wisconsin is finally 57,500 jobs above that level, shown in the line above the dark area of Figure 1.1. But despite being above the level of 2007, the state is still behind given population growth over the years. The state population has grown 4.6 percent since the recession began. To absorb the growing population of working-age adults, and restore the level of opportunity and employment of December 2007, Wisconsin would need to have added an additional 75,600 jobs. This number represents the state’s jobs deficit.

Construction and manufacturing have been hit hard by the recession. Both sectors remain below employment levels of 2007. Figure 1.2 shows the trajectory of jobs in these two key sectors. The collapse of the housing bubble hit the construction sector especially hard. And with serious losses early in the recession (reducing the sector to three for every four pre-recession jobs), construction has just recently moved to a firm footing of recovery.

The Great Recession also took a serious toll on the manufacturing sector. But the manufacturing recovery provides a slightly more positive story. In the recession, the state rapidly shed 15 percent of its manufacturing jobs. But over the last few years, the manufacturing sector has added jobs. Indeed, manufacturing is one of the steadily growing sectors in Wisconsin. That's good news for the state economy, as manufacturers tend to sell products out of the state and bring money into it. It is also welcome news for manufacturing workers who have watched as the sector shed one in every five jobs in the last decade.

figure 1.2

PERCENT CHANGE IN MANUFACTURING AND CONSTRUCTION JOBS, WISCONSIN, DECEMBER 2007 TO JULY 2016



EPI analysis of BLS data

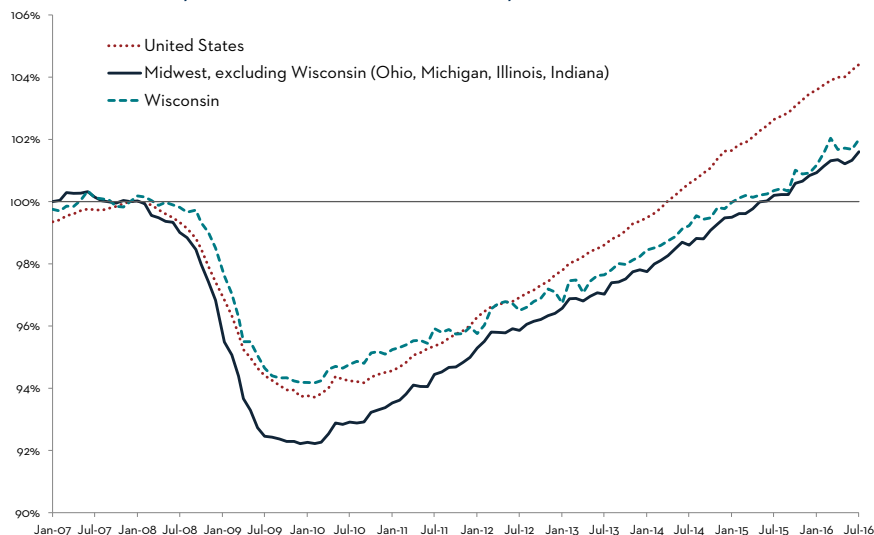
87,000 JOBS MISSING: WHAT IF WISCONSIN HAD KEPT PACE WITH NATIONAL JOB GROWTH?

Wisconsin, like all states, is integrated into the national economy. For the most part, its economy moves in step with neighboring states and the nation. There are exceptions, of course. North Dakota's natural gas reserves have set it on a new and volatile trajectory. Michigan's dependence on the auto industry and the heavy damage of Hurricane Katrina in Louisiana and Mississippi set those states apart. But for the most part – and in spite of the claims of governors which echo across the nation – states move with the nation.

Figure 1.3 shows employment trends over the last nine years. Employment fell when the Great Recession began in December 2007, with a sharp decline evident after September 2008. States in the Industrial Midwest (Illinois, Indiana, Michigan, and Ohio) were hit particularly hard. Wisconsin at first did a bit better than the rest of these states and the nation generally but only just barely. Starting in 2011, Wisconsin began slipping behind national rates of growth. From January 2011 to June 2016, Wisconsin gained 191,100 jobs, posting growth in the labor market of 7.1 percent. Over that same period, the national economy grew by 10.1 percent. If Wisconsin had simply kept pace with national growth, we would have added 278,419 jobs. That difference – 87,319 missing jobs in Wisconsin – suggests that over the last five years, every time Wisconsin's share of national growth would have been three jobs, the state only added only two.

figure 1.3

NON-FARM JOBS AS A PERCENT OF PRE-RECESSION LEVELS, WISCONSIN, INDUSTRIAL MIDWEST, AND UNITED STATES



EPI analysis of BLS data

We use the same logic to identify the sectors in the state which are under or outperforming national trends (see Table 1.2). There are two sectors – manufacturing and construction — where Wisconsin is actually outperforming national trends. Our manufacturing sector has been the standout of the recovery, adding some 36,400 jobs since 2011. National manufacturing growth has been slower. A state our size could only really expect to have added 25,424 jobs, indicating that Wisconsin’s manufacturing sector has added jobs above the national rate.

In most other sectors in the state, Wisconsin lagged behind national trends. The differences are most significant for 1) professional and business services; 2) education and health services; 3) leisure and hospitality; and 4) trade, transportation, and utilities. The trade, transportation, and utilities sectors added 34,300 jobs, but, if based on national trends, would have added more than 51,815 jobs. Professional and business services added 29,300 jobs in Wisconsin while growth of 51,852 would have kept pace with national rates. This sector alone – where Wisconsin lags by 22,552 jobs – accounts for a quarter of Wisconsin’s missing jobs. Leisure and hospitality would have added an extra 17,731 jobs, had it only kept pace with national rates. Finally, education and health services jobs were almost 18,000 jobs behind the national pace. Weak growth of these four sectors in the state accounts for 75,708 of the state’s 87,319 missing jobs.

table 1.2

WISCONSIN’S MISSING JOBS BY INDUSTRY: COMPARING ACTUAL JOB CHANGES IN WISCONSIN TO CHANGE THAT WOULD HAVE BEEN GENERATED BY NATIONAL INDUSTRY TRENDS, FOR KEY SECTORS, JANUARY 2011 TO JUNE 2016

INDUSTRY	ACTUAL JOB GROWTH	EXPECTED JOB GROWTH	MISSING/EXTRA JOBS
Total Non-farm	191,100	278,419	-87,319
Mining and Logging	700	-179	879
Construction	23,900	20,748	3,152
Manufacturing	36,400	25,424	10,976
Trade, Transportation & Utilities	34,300	51,815	-17,515
Information	2,100	1,945	155
Financial Activities	2,500	11,820	-9,320
Professional and Business Services	29,300	51,852	-22,552
Education and Health Services	33,300	51,210	-17,910
Leisure and Hospitality	27,400	45,131	-17,731
Other Services	12,500	9,342	3,158
Government	-11,300	-2,615	-8,685

COWS analysis of BLS, CES data

Note: The 11 listed industries are exhaustive subsets of total non-farm employment. “Actual Jobs Growth” is defined as change in total employment between January 2011 and June 2016. “Expected Job Growth” is defined by applying national growth trend to state employment numbers. “Missing/Extra Jobs” is the difference between actual and “Expected” job growth.

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” also suffer from weak demand in the labor market. They 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 during the recession from just 2 percent of the workforce in 2000 to 4.5 percent in 2013. Recently, and fortunately, the level has fallen back to 2.9 percent.

On Giving Up 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, because often the decision to leave the labor market – to retire, or to go to school – means that the worker no longer thinks of themselves as “discouraged.” However, the official statistics on “discouraged workers” also show the stress in the labor market.

UNEMPLOYMENT AND UNDEREMPLOYMENT IN WISCONSIN

Workers are “unemployed” if they are actively seeking work but cannot find it. Unemployment in the state has fallen steadily since 2010 and is now 4.2 percent. In July 2016, some 124,000 Wisconsinites were searching for jobs. Our unemployment rate is lower than it has been in a decade, and lower than national levels as well. In two other good signs, the share of the workforce that is seeking full-time jobs but can only find part-time is also falling. And the share of the unemployed who have been out of work for six months or more is falling toward pre-recession levels as well.

Though unemployment is down, there are serious pockets of unemployment in the state. And for these cities and population groups, the labor market still remains slack. The unemployed in these situations struggle to make ends meet and to muster the optimism required to apply for yet another job. Without income they confront impossible financial choices regarding their housing, their health, and their children. Focusing now on the communities that most need opportunity is one way to help relieve this burden.

And the decline in unemployment is not just good news for the workers who have been able to secure jobs. A stronger labor market means those with work have greater security in their jobs. When workers are not so easily replaced, their ability to ask for a raise, extra hours, or time off for a school meeting grows. The declining rate is good news for workers both at the edges and in the labor market.

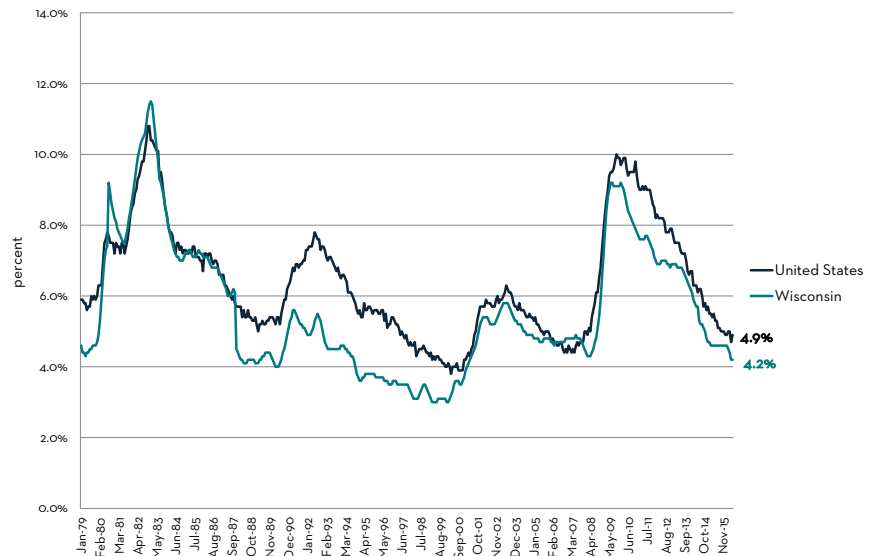
Unemployment and Long-Term Unemployment Coming Down

From a high of over nine percent in 2009, unemployment is receding. Currently, 4.2 percent of the state's workforce is unemployed—reporting that they are actively seeking but cannot find work. That level of unemployment is actually below the pre-recession unemployment of 4.8 percent at the end of 2007. After the labor market collapse following the global financial crisis, unemployment doubled to over nine percent in 2009 and has been in gradual decline since January 2010 (see Figure 1.4).

Figure 1.5 shows unemployment, long-term unemployment, and underemployment in Wisconsin. Anyone who has been looking for work for more than six months is in the “long-term” unemployment category. Anyone who reports that they are working part-time but would prefer full-time hours are “involuntary part-time.” Figure 1.5 makes the change across the decade clear. Unemployment, long-term unemployment, and underemployment all jumped up in 2009. By 2015, unemployment and underemployment have fallen near to pre-recession levels.

figure 1.4

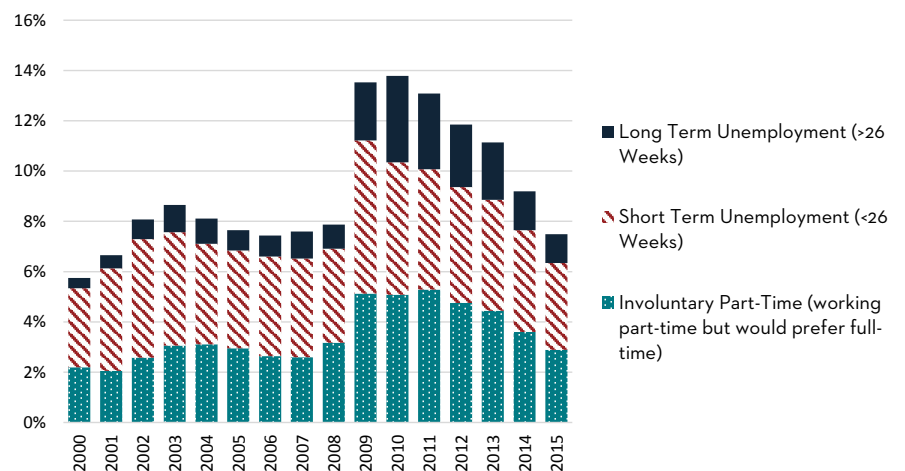
UNEMPLOYMENT, WISCONSIN AND US, JANUARY 1979 TO JUNE 2016



U.S. Bureau of Labor Statistics, CES

figure 1.5

UNEMPLOYMENT, LONG-TERM UNEMPLOYMENT, AND INVOLUNTARY PART-TIME WORK IN WISCONSIN, 2000-2015



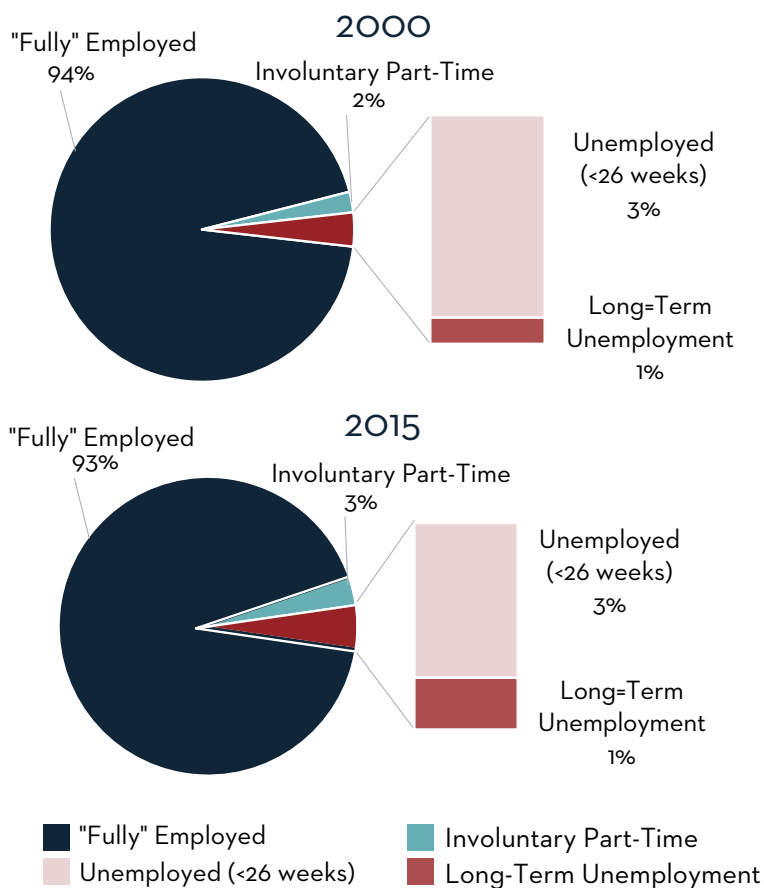
EPI analysis of CPS data

Long-Term Unemployment

Unemployment for any period of time is economically and psychologically stressful. As unemployment drags on, stress grows. The long-term unemployed face the punishing reality of a long-term and fruitless job search and ever more desperate financial choices. In 2015, one in four of Wisconsin's unemployed had been unemployed for more than six months (see Figure 1.6). While the share of unemployed workers in the state experiencing long-term unemployment is still very high – for context, in 2000 just 11 percent of unemployed workers had been unemployed for more than half a year – the last two years have shown considerable improvement. In 2013, nearly 35 percent of the unemployed were long-term unemployed. In 2015, only 25 percent of the unemployed were long-term unemployed.

figure 1.6

EMPLOYMENT STATUS IN WISCONSIN, 2000 AND 2015



The Demographics of Unemployment: Weak Labor Market Hits the Most Vulnerable

Unemployment and involuntary part-time work are not randomly distributed. Vulnerable workers suffer more. Table 1.3 and Figure 1.7 make the severe economic stress for specific groups of workers obvious. In general, the workers closer to the bottom of the labor market are more likely to be unemployed or want more hours of work. Most striking, almost 12 percent of Wisconsin's African American labor force is unemployed, a rate of unemployment nearly three times higher than the rate for Wisconsin's whites. That disparity in unemployment by race is exceeded by only two states (MN and CT) and DC. Another 6 percent can't secure the full-time jobs they want and so continue in part-time jobs. Similarly, Wisconsin Hispanics face an unemployment rate of 6.7 percent and another five percent of workers are working part-time involuntarily. So on net, nearly one-fifth of African American workers are unemployed or need more hours of work. 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 five percent, it is higher for workers ages 16 to 24 (9.3 percent), for workers with less than a high school education (11 percent), and for workers with high school degrees but no additional education (5.3 percent).

table 1.3

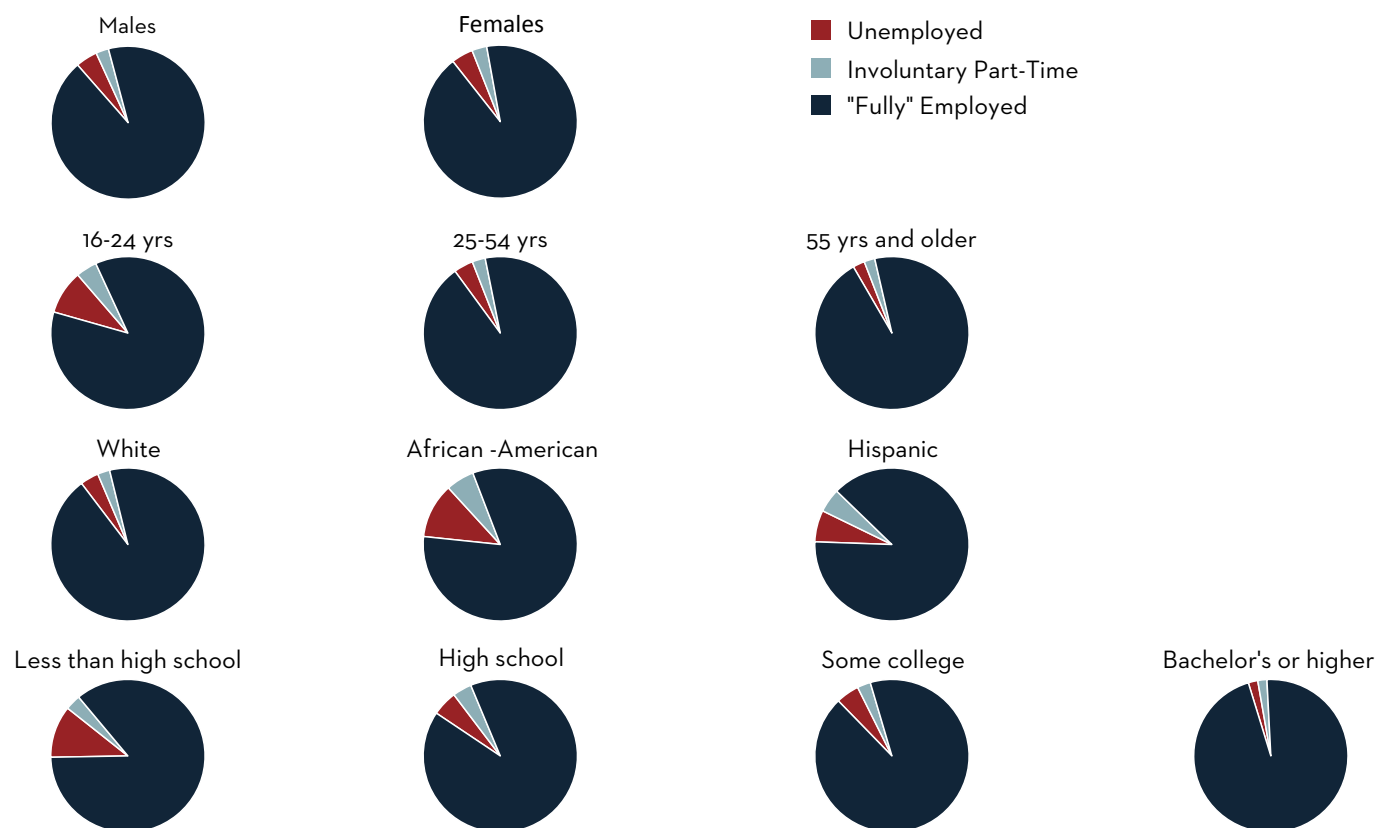
LABOR FORCE STATISTICS BY DEMOGRAPHICS IN WISCONSIN, 2015

	UNEMPLOYED	INVOLUNTARY PART-TIME	"FULLY" EMPLOYED
All	4.6%	2.9%	92.5%
Gender			
Male	4.6%	2.7%	92.7%
Female	4.6%	3.1%	92.3%
Age			
16-24 yrs	9.3%	4.4%	86.3%
25-54 yrs	4.1%	2.8%	93.1%
55 yrs and older	2.5%	2.2%	95.3%
Education			
Less than high school	11.0%	3.3%	85.7%
High school	5.3%	4.0%	90.7%
Some college	4.9%	2.8%	92.3%
Bachelor's or higher	2.0%	1.9%	96.1%
Race / ethnicity			
White	3.9%	2.6%	93.5%
African-American	11.6%	5.9%	82.5%
Hispanic	6.7%	5.0%	88.3%

EPI analysis of CPS data

figure 1.7

WISCONSIN UNEMPLOYMENT AND INVOLUNTARY PART-TIME WORK FOR KEY DEMOGRAPHIC GROUPS, 2015 *(for data, see table 1.3 on previous page)*



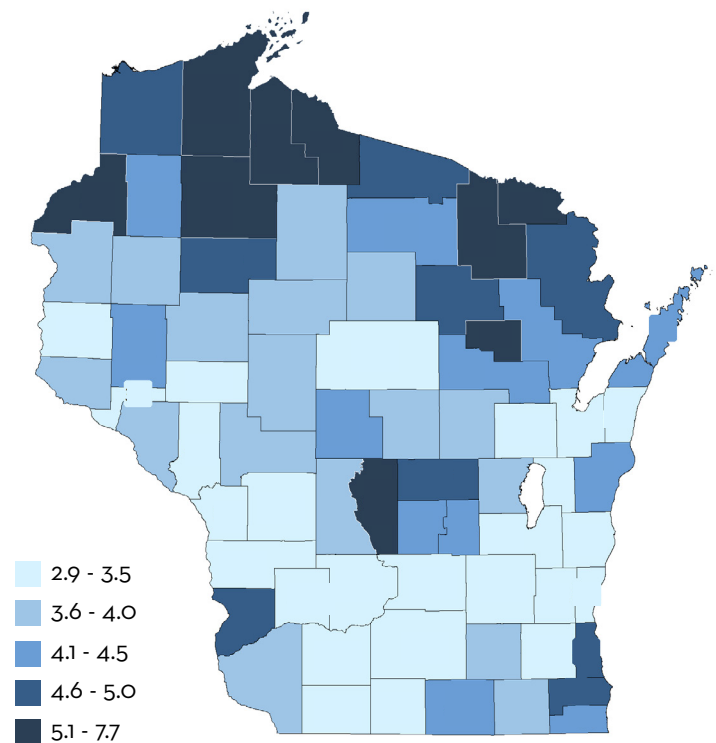
EPI analysis of CPS data

The Geography of Unemployment

Unemployment is distributed unevenly across counties – plant shut-downs and the intense displacement they cause are local events. When job losses occur, unemployment increases. Some counties – Dane, Green, Lafayette and Iowa – have unemployment rates hovering around three percent. At the other extreme, unemployment is above five percent and even above seven percent in some Wisconsin counties – Bayfield, Sawyer, Forest, Florence, Ashland, Iron, and Menominee. Figure 1.8 shows the range of unemployment rates across counties in the state. The geographic variability of unemployment provides concrete evidence that specific communities need support and that some workers face very daunting labor markets simply based on where they live.

figure 1.8

UNEMPLOYMENT BY COUNTY IN WISCONSIN, MAY 2016



WISCONSIN COUNTIES WITH HIGHEST UNEMPLOYMENT RATES

COUNTY	UNEMPLOYMENT RATE
Menominee	7.7
Iron	7.4
Bayfield	6.0
Florence	5.8
Sawyer	5.5
Forest	5.3
Ashland	5.2
Burnett	5.1
Adams	5.1
Douglas	5.0

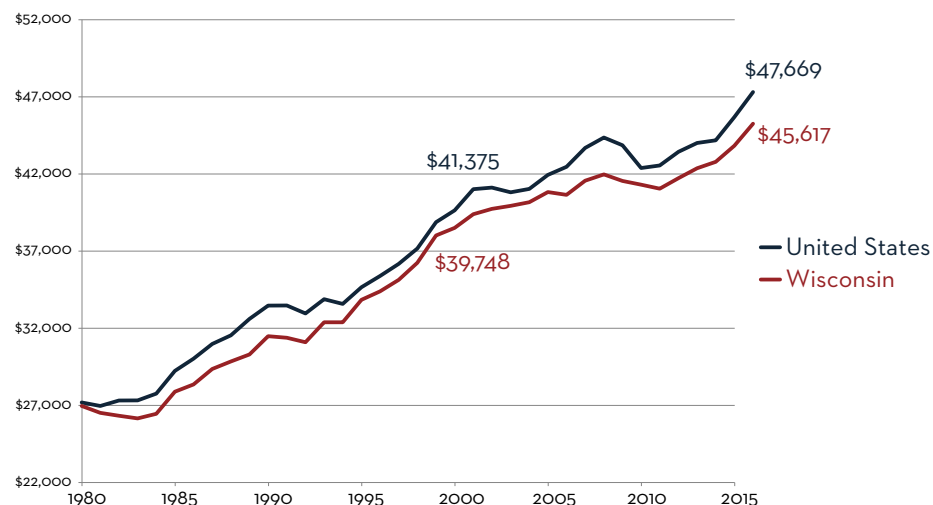
OTHER INDICATORS OF THE WISCONSIN ECONOMY: STATE PRODUCT, KEY SECTORS, AND LABOR FORCE

Per Capita Income in Context

“Per capita personal income” is one way to measure the overall size of the Wisconsin economy and compare the state to national trends. Figure 1.9 shows Wisconsin’s per capita income from 1979 to 2015, offering a good view of the evolution of the size of the Wisconsin economy. (Data here and throughout this report are adjusted for inflation and expressed in 2015 dollars, unless otherwise noted.) The depth of this recession and the weak recovery are evident. Wisconsin’s per capita income, showing only weak growth across the decade, fell precipitously in 2008 but has been on the rise since 2012. In fact, Wisconsin’s per capita income is well above the 2007 level. Wisconsin’s per capita income is now \$45,617, slightly below the national per capita income.

figure 1.9

PER CAPITA INCOME, WISCONSIN AND US, 1979-2015 (2015 dollars)



US Bureau of Economic Analysis

Table 1.4 makes it clear that—with the exception of Iowa—states in the Midwest have experienced average or slow economic growth this decade. In the region, Iowa’s growth outpaced all other states. And only Iowa (21 percent growth) and Minnesota (16 percent) have posted faster growth than the national growth of 15 percent. In spite of our per capita income increase, Wisconsin’s economic growth is not yet generating enough jobs to fill our jobs deficit.

table 1.4

PER CAPITA PERSONAL INCOME AND PER CAPITA INCOME GROWTH, WISCONSIN, US, AND PEER STATES (2015 dollars)

	2000	2007	2015	PERCENT CHANGE 2000-2015
Wisconsin	39,752	42,332	45,617	14.8%
United States	41,379	44,721	47,669	15.2%
Illinois	44,554	47,493	49,471	11.0%
Indiana	38,033	38,218	40,998	7.8%
Iowa	37,315	41,389	44,971	20.5%
Michigan	40,605	39,160	42,427	4.5%
Minnesota	43,732	46,726	50,541	15.6%
Ohio	38,718	39,991	43,478	12.3%

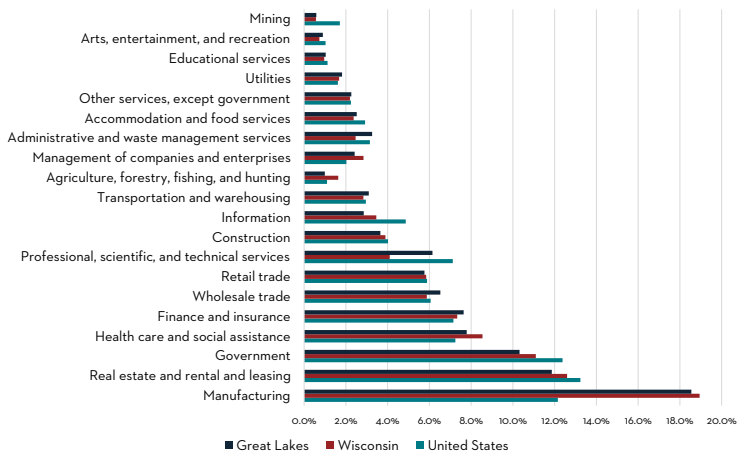
US Bureau of Economic Analysis

Wisconsin Job Watch

For up-to-date information, COWS' *Wisconsin Job Watch* provides a monthly snapshot of the effects of the recession on Wisconsin jobs: www.cows.org/jobwatch.

figure 1.10

INDUSTRIAL COMPOSITION OF THE ECONOMY: SHARES OF TOTAL PRODUCT BY INDUSTRY, WISCONSIN, GREAT LAKES, AND US, 2015



COWS analysis of Bureau of Economic Analysis data

Key Sectors in Wisconsin

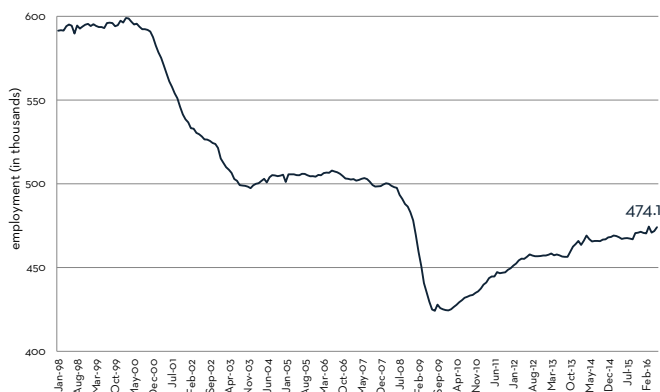
Gross state product (GSP) is the value of all goods and services produced in a given year and state. In 2015, the total GSP for Wisconsin was \$306 billion. Each sector in the state contributes to that overall product, and GSP by sector allows us to see the components of Wisconsin's economy and how the state's sectoral distribution differs from the region and nation.

Figure 1.10 shows the contribution of each sector to overall GSP for Wisconsin, the Great Lakes states, and for the nation. Wisconsin's relative economic strength stands out. Manufacturing—accounting for 18.9 percent of the state's GSP—is Wisconsin's largest sector by output. Wisconsin's manufacturing sector is slightly larger than the 18.6 percent GSP across Great Lakes states and significantly exceeds the national GDP share of manufacturing, which sits just above 12 percent. Agriculture also stands out, with the state generating a much greater share of its economy in the sector than the region or the nation. Finally, and in worse news for the state, Wisconsin lags significantly in the professional, scientific, and technical services and information sectors.

Nearly one-fifth of the total Wisconsin economy is generated by our state's manufacturing sector. Wisconsin and Indiana often trade the top spot for share of the workforce in manufacturing. This critical sector has also been the highlight in a weak recovery, adding jobs even as other sectors have stalled or declined. But losses in the sector have been the predominant story over the last 20 years. Figure 1.11 provides perspective on recent gains in the sector by showing Wisconsin's manufacturing employment from 1998 to 2016. The welcome gains of the last few years are dwarfed by the job losses in the recessions of 2001 and 2007. Wisconsin manufacturing sector has fallen from 600,000 to 474,000 jobs.

figure 1.11

WISCONSIN MANUFACTURING EMPLOYMENT, JANUARY 1998 TO JUNE 2016 (seasonally adjusted)



US Bureau of Labor Statistics, CES

Wisconsin Population and Workforce

Wisconsin's population is growing gradually. With a population of 5.7 million, the state gained over 400,000 residents from 2000 to 2015 (see Table 1.5). And while Wisconsin's 7.6 percent population growth was strong by regional standards, the national growth was nearly twice as fast over the decade. Of neighboring states, only Minnesota (population up 11.6 percent) and Indiana (8.9 percent increase) were growing more rapidly than Wisconsin. Population growth, and the increased political representation that goes with it, is stronger in the South and the West.

Like the broader population, the Wisconsin workforce of three million (including the self-employed) is becoming more racially and ethnically diverse. Table 1.6 shows labor force demographics for Wisconsin and the United States. Our workforce remains overwhelmingly white (84.2 percent). And while this is more diverse than we were a decade ago, we remain much less diverse than the nation, where nearly two-thirds (63.9 percent) of the workforce is white and more than one-third of the workforce is non-white. This demographic shift, currently underway in the state's broader population and likely to continue in the future, will change the face of Wisconsin's labor force in the next decades. Figure 1.12 shows that Wisconsin's increasing diversity owes largely to the increase of Latino and Asian residents. Since the 1980s the

table 1.5

POPULATION AND POPULATION GROWTH, WISCONSIN, US, AND PEER STATES, 2000-2015

	2000	2015	PERCENT CHANGE 2000 - 2015
Wisconsin	5,363,675	5,771,337	7.6%
United States	281,421,906	321,418,820	14.2%
Illinois	12,419,293	12,859,995	3.5%
Indiana	6,080,485	6,619,680	8.9%
Iowa	2,926,324	3,123,899	6.8%
Michigan	9,938,444	9,922,576	-0.2%
Minnesota	4,919,479	5,489,594	11.6%
Ohio	11,353,140	11,613,423	2.3%

U.S. Census Bureau

table 1.6

LABOR FORCE DEMOGRAPHICS, WISCONSIN AND US, 2015

	WISCONSIN	UNITED STATES
Gender		
Male	52.1%	53.2%
Female	47.9%	46.8%
Age		
16-24 yrs	15.9%	13.5%
25-54 yrs	61.8%	64.4%
55 yrs and older	22.3%	22.1%
Race / ethnicity		
White	84.2%	63.9%
African-American	5.3%	11.6%
Hispanic	6.5%	16.6%
Asian/Pacific islander	2.2%	5.9%
Education		
Less than high school	7.8%	9.4%
High school	28.2%	26.8%
Some college	32.8%	28.9%
Bachelor's or higher	31.2%	34.9%

EPI analysis of CPS data

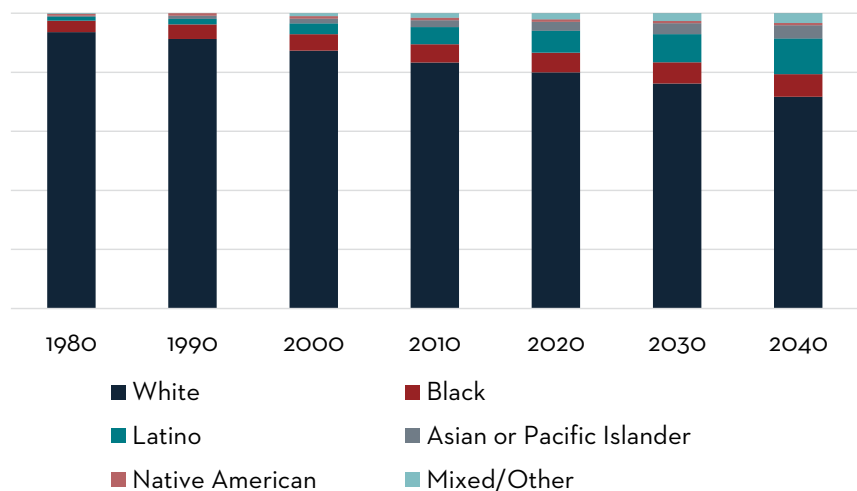
African American population has also grown, but much more gradually. The growing population of people of color further underscores the state's urgent need to close wage and labor force participation gaps along racial lines.

Additionally, a demographic shift in terms of age is also taking place. By 2020, Wisconsin is projected to lose three percent of the share of prime working-age people (25-54 years old) in the population, dropping to 38 percent. Nationally, this will be a smaller drop, to 39 percent of the population. By 2040, 16 percent of the population will be over 70, compared to just 13 percent of the national population.¹

Finally, Table 1.6 also shows the educational distribution of Wisconsin's workforce. The state excels at getting residents through high school. While nationally, one in 10 workers have ended their education before receiving a high school degree, in Wisconsin just 7.8 percent of workers are at this low level of education. The pattern reverses at the top of the educational spectrum. Workers in the United States are slightly more likely than workers in Wisconsin to have a four-year college degree or more (34.9 percent for the U.S. versus 31.2 percent for the state).

figure 1.12

RACIAL AND ETHNIC DEMOGRAPHICS, WISCONSIN, 1980 - 2040



National Equity Atlas based on US Census Bureau data and NHGIS; Woods and Poole Economics, Inc. projections

¹ Economic Analysis and Research Network, "The Future of Work in the States," compiled in 2015, available at <http://www.earncentral.org/futureofworkinthestates.htm>.

Hard-Working State: Labor Force Participation in Wisconsin

Wisconsinites have a strong commitment to work. Both men and women are more likely to be in the labor market than their national counterparts. Table 1.7 shows that Wisconsin's labor force participation rate of 68 percent substantially exceeds the national rate (63 percent). The extra commitment to work is apparent for every demographic in the table and is especially pronounced for our young workers age 16 to 24, with a labor force commitment 12 percentage points higher than the national rate. Every demographic shows the same result—Wisconsinites' labor force participation rates are always higher for educational groups, for age groups, and for racial and ethnic groups.

table 1.7

LABOR FORCE PARTICIPATION, WISCONSIN AND US, 2015

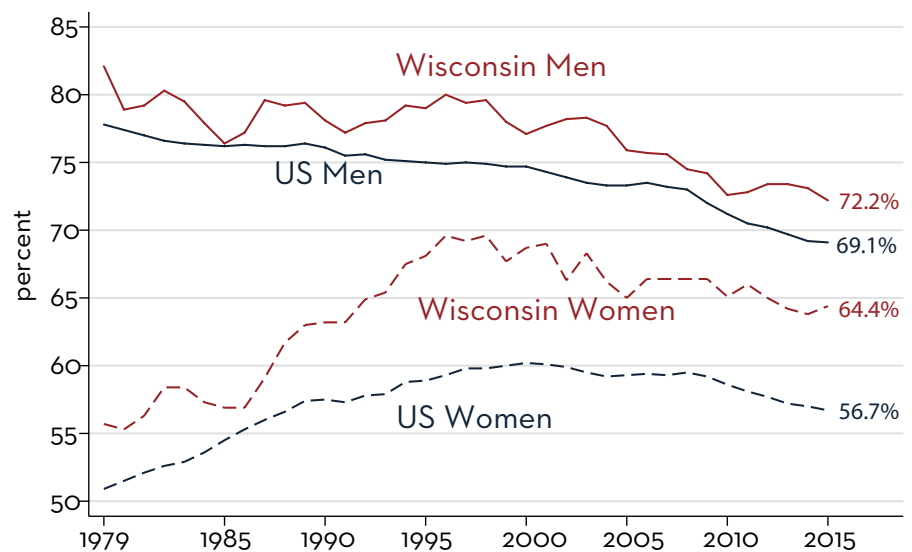
	WISCONSIN	UNITED STATES
All	67.8%	62.7%
Gender		
Male	72.1%	69.1%
Female	63.7%	56.7%
Age		
16-24 yrs	67.4%	55.0%
25-54 yrs	87.4%	80.8%
55 yrs and older	42.0%	39.9%
Race / ethnicity		
White	67.6%	62.2%
African-American	67.0%	61.2%
Hispanic	70.7%	65.9%
Asian/Pacific islander	65.3%	62.8%
Education		
Less than high school	46.7%	39.9%
High school	61.9%	58.8%
Some college	72.3%	66.0%
Bachelor's or higher	78.5%	74.7%

EPI analysis of CPS data

Women are the greatest contributor to Wisconsin's high labor force participation rates. Figure 1.13 shows that over the last generation, men's labor force participation has been gradually declining while women's participation has risen. Wisconsin's men slightly exceed the national male participation rate. Wisconsin's women participate in the labor force in rates that far exceed their national counterparts. In fact, at the turn of the century just under 70 percent of women in the state worked, a rate that stood 10 percentage points higher than the national rate for women. The lack of jobs in the state appears to have diminished Wisconsin women's connection to work to 64 percent, a rate that remains well above women's participation nationally.

figure 1.13

LABOR FORCE PARTICIPATION BY GENDER, WISCONSIN AND US, 1979-2015



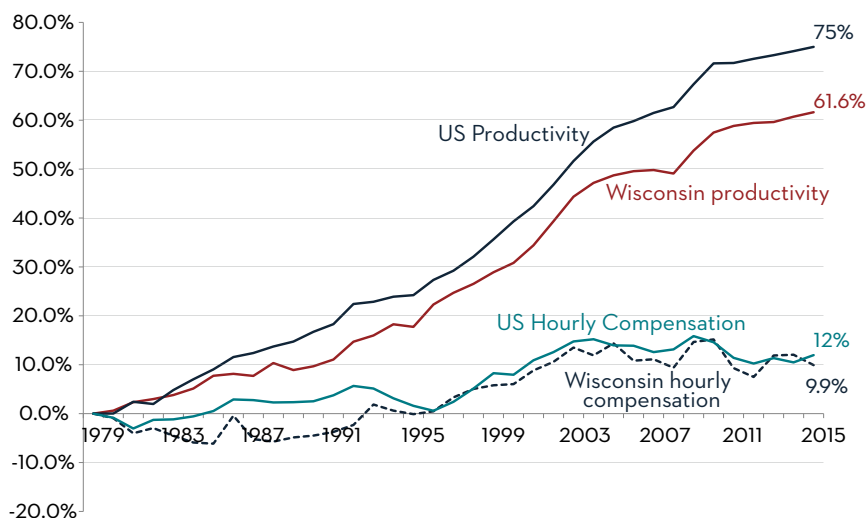
EPI analysis of CPS data

CHAPTER 2: WAGES & WAGE DISPARITY

For the nearly three million Wisconsinites who have jobs, wages are the most essential measure of the quality of their jobs. In this chapter, we look at trends in median wages as well as wage inequality in the state. As we've consistently demonstrated, trends over the last 35 years fall short of the norm established in the post-war period. From the end of World War II until the 1970s, median wages were closely tied to overall economic growth. As the economy grew and productivity increased, workers' wages advanced. This was the period of "shared prosperity," when growing GDP was linked directly to growing paychecks for workers. Figure 2.1 shows that the relationship fell apart in the late 1970s. At the end of that decade, wages and productivity decoupled, defying expectations about the pay-off to growth and shattering the presumption of the inevitable economic advance of each generation of Americans. Since the 1970s, both in Wisconsin and in the nation, productivity has continued to grow but workers' pay (measured in hourly compensation) is not keeping pace. In this way, economic growth has become, as one economist puts it, "a spectator sport." In spite of productivity advances and increasing education of the workforce over the last quarter of a century, median wages have stagnated or have only slightly increased for some workers, and have even fallen for some groups. Families have responded by increasing hours committed to the paid labor market, with women more and more frequently working full-time in order to keep the family income up. Women's increasing work helped family income even when wages were stuck. Looking forward, that strategy is nearly exhausted (as are the parents in many of the families that have pursued it).

figure 2.1

US AND WISCONSIN LABOR AND PRODUCTIVITY, 1979-2015 (cumulative percent change since 1979)



EPI analysis of unpublished total economy data from Bureau of Labor Statistics, Labor Productivity and costs program; employment data from Bureau of Labor Statistics, Local Area Unemployment Statistics; wage data from the Current Population Survey and compensation data from the Bureau of Economic Analysis, State/National Income and Product Accounts public data series

Fast Facts

\$18.98

WI men's median wage, 2015

\$15.46

WI women's median wage, 2015

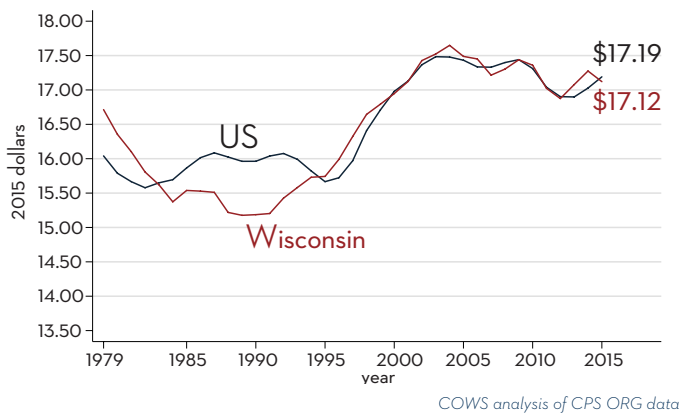
\$18.94

WI median wage for workers with an associate degree, 2015

In this chapter, most of the data we use come from the Current Population Survey (CPS), conducted jointly by the US Bureau of Labor Statistics and the US Census Bureau. The CPS is a national survey, but it is possible to analyze the data for a given state. The size of the Wisconsin sample for those with wages (over 3000 cases each year) is large enough to make statistically valid inferences about the general population. The CPS provides information on wages, hours, industry, and occupation for individuals who, in turn, are classified by such demographic variables as age, gender, race, and education. Sample size can be low for specific race, education, and industrial groups. For these groups, especially African Americans and Hispanics, the low sample size creates high volatility in the data. In charting median wages over time throughout this chapter, we present three year moving averages (with the exception of start and finish years, which are presented without averaging).

figure 2.2

MEDIAN HOURLY WAGES, WISCONSIN AND US, 1979-2015 (2015 dollars)



The divergence between economic growth and family well-being is as clear in Wisconsin as it is in the nation. The difficulties are perhaps especially clear in this recent decade. Recovery from the Great Recession has been slow. Once inflation is taken into account, Wisconsin's median wage remains below the benchmark set around 2004. From 2000-15, Wisconsin's inflation-adjusted median wage increased just 28 cents per hour, from \$16.84 to \$17.12 (in 2015 dollars). That's very modest growth. In the rest of this chapter, we look more carefully at wages, wage trends for specific groups, and wage inequality over time.

THE LONG-TERM PERSPECTIVE: SLOW WAGE GROWTH

Figure 2.2 displays real median hourly wages for Wisconsin and the United States from 1979 to 2015. (Inflation is accounted for; all values are expressed in 2015 dollars.) In 1979, Wisconsin's median worker earned a wage well above the national median. The 1980s—especially difficult years for Wisconsin—brought considerable real and relative wage decline, leaving Wisconsin workers nearly a dollar per hour behind the U.S. median. Wisconsin finally moved back to the national median wage in 1995, and wages grew in the state each year until 2005. The weak economy and the Great Recession took their toll on wages which slipped to a low point in 2012. In recent years, wages have moved up with some recent growth moving the median gradually up towards the level of the late 2000s. The state's 2015 median wage—\$17.12 per hour—exceeds the 1979 median by just 40 cents. With more education and better technology, today's median worker is substantially more productive than her 1979 counterpart. Yet that worker's reward is just 40 cents per hour, or roughly \$800 more per year for full-time work. And most of the gain at the median was made in the 1990s. Wages rose 11 percent in that decade. In the new millennium, real wage growth has been a mere 1.7 percent.

WAGES MATTER MORE IN THE US

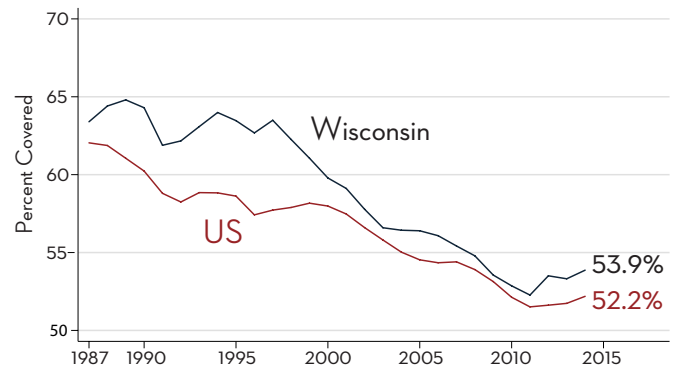
In the US, your well-being derives directly from the quality of your job. That is a surprise to no one. Here, higher-wage jobs tend to deliver good benefit packages (from health insurance and retirement to vacation and leave policy) along with higher income. Lower-wage jobs provide smaller paychecks and also often offer volatile and insufficient hours. Very few low-wage jobs offer any benefits like health insurance or paid sick leave. Such singular reliance on the labor market for these outcomes would shock workers in most advanced economies, where health insurance is a right of residence and hours of work and paid vacation are guaranteed by law. Not so here in the US, where most social benefits are set at the workplace.

DECLINING BENEFITS FOR HEALTHCARE AND RETIREMENT ALONG SIDE STAGNANT WAGES

Pension and health care benefits are also on the decline, even as wages have stagnated. In Wisconsin and the nation, these trends tend to exacerbate inequality as workers with low wages also have fewer benefits. The share of private-sector workers receiving employer-provided health care insurance through their jobs has been falling for decades. For the U.S. and Wisconsin, Figure 2.3 shows the trend in employer-based health care coverage for private-sector workers from 1987 to 2014. In 1987, nearly two of every three private-sector workers (63 percent) in the state obtained health insurance through their jobs. The share dropped to just over one in two (almost 54 percent) by 2014. (It is important to remember that this is just workers who report getting health insurance through their own employment. Many of those who do not get coverage from their job are insured, some covered on the plans of other working family members, and some covered by public systems like Medicaid as well. These data provide a measure of employer investment in health insurance, not overall access to it). Many of those who do receive health insurance through work are paying more on deductibles and premiums. The long-term impact of the Affordable Care Act (ACA) on employer and worker choices around health insurance choice is still emerging. But some advances in security of benefits are clear. Workers with pre-existing conditions have a stronger security in moving to new jobs — knowing that insurance will be available even when new jobs begin. Further, the rate of growth of health insurance costs has slowed (likely the result both of the weak economy and ACA) which will help workers and employers find ways to maintain and extend coverage.

figure 2.3

PRIVATE-SECTOR EMPLOYER-PROVIDED HEALTH INSURANCE COVERAGE, WISCONSIN AND US, 1987-2014



COWS analysis of CPS annual social and economic supplement data

Figure 2.3 shows the share of employed persons whose employer contributes some amount to their health insurance. Even so, health insurance reaches 90 percent of the Wisconsin population. Of those with coverage, most get it through the private market (generally through their own or other family members' jobs), but around 30 percent rely on public health insurance (either Medicare or Medicaid/Badgercare. Source: ACS, 2014). Flux in state policy regarding Medicaid and the Affordable Care Act mean that these percentages are likely to change. See Effects of the Affordable Care Act on Health Insurance Coverage - Baseline Projections, <http://www.cbo.gov/publication/43900>.

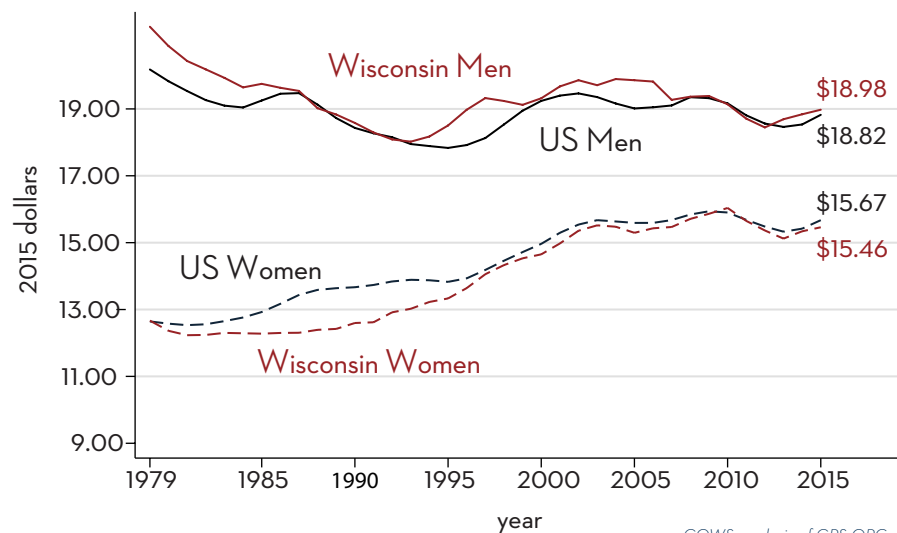
Pension benefits are also fading, as employers shift from defined benefit plans to defined contribution plans. Defined benefit plans, once the norm especially at large companies, provide guaranteed and predictable formula benefits for workers. The benefit plans tended to be supported by fairly high levels of employer and employee contributions. Defined contribution plans, by contrast, rely on employer and employee contributions, but are generally at lower levels. And employees with low wages rarely have money to set aside, regardless of the employer match. As a result these pension plans tend to result in lower retirement income. And low-wage workers rarely even have access to these plans. For many low-wage workers, benefits like health insurance and pensions are simply out of reach. Even paid days off or sick leave are uncommon in some jobs.

WAGE TRENDS FOR DEMOGRAPHIC GROUPS

Trends in wages differ dramatically for different workers in the state. Figure 2.4 makes the diverging labor market fortunes of men and women clear. The past 35 years have been much better for women than for men. For men, median wage is down by more than \$2.00 per hour, falling from over \$21.00 in 1979 to \$18.98 per hour in 2015. Men's median wage decline was especially pronounced in the 1980s, with the median dropping by more than \$2.00 per hour. The

figure 2.4

MEDIAN HOURLY WAGES BY GENDER, WISCONSIN AND US, 1979-2015 (2015 dollars)



median wage for men actually grew in the late 1990s, but not enough to completely recover from the previous losses. Since 2000, the median wage for Wisconsin men has hovered around \$19.00 per hour, falling around the late 2000s and coming back up a bit in recent years. The median wage for women charts a different course. From 1979 to 2015, women's median wage grew some 22 percent from \$12.67 to \$15.46 per hour. For a full-time, year round worker, that wage growth provides over \$5000 in additional annual income over earnings in 1979. Wisconsin's women, having lagged their national counterparts in the 1980s, now have closed that gap as well. Wisconsin and the U.S. median wage values are nearly indistinguishable from 1997 to the present.

Table 2.1 also quantifies wage differences by race and ethnicity in the state. The median black worker in the state earned \$12.96 per hour in 2015, lagging behind whites by over \$5.00 per hour. (More on this below.) Wisconsin's Hispanic population has grown dramatically in recent years, now providing sufficient data on Hispanic workers to analyze wages. In 2015, the median Hispanic in the state earned \$13.16 per hour, also roughly \$5.00 per hour behind the white median. That gap is larger among men. In 2015, for men the Hispanic median wage was \$14.67, more than \$5.00 per hour below the median for white men in Wisconsin (\$20.02). Put another way, Hispanic men earn roughly \$800 less each month of work. The median wage for Wisconsin's Hispanic women was just \$10.86 per hour in 2015, over \$5.00 less per hour than white women's median.

table 2.1

MEDIAN HOURLY WAGES BY GENDER, RACE, AND ETHNICITY, WISCONSIN AND US, 2000 AND 2015 (2015 dollars)

	2000	2015	PERCENT CHANGE
WISCONSIN			
All	16.84	17.12	1.7
White	17.45	18.11	3.8
Black	14.00	12.96	-7.4
Hispanic	12.16	13.16	8.3
Men	19.08	18.98	-0.6
White	20.08	20.02	-0.3
Black	14.32*	13.74	-4.0
Hispanic	12.28	14.67	19.5
Women	14.64	15.46	5.6
White	14.82	16.16	9.0
Black	13.88	12.70	-8.5
Hispanic		10.86	
UNITED STATES			
All	16.84	17.19	2.1
White	18.24	18.99	4.1
Black	14.42	14.23	-1.3
Hispanic	12.54	13.47	7.4
Men	19.18	18.82	-1.9
White	20.97	21.00	0.1
Black	15.33	14.85	-3.2
Hispanic	13.45	14.48	7.7
Women	14.96	15.67	4.8
White	15.72	17.09	8.7
Black	13.73	13.71	-0.2
Hispanic	11.62	12.22	5.2

*Median wage calculated from small sample size.
COWS analysis of CPS ORG data

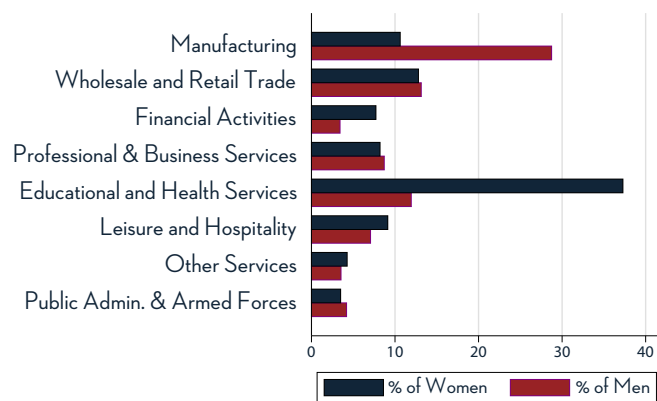
table 2.2

RATIO OF WOMEN'S MEDIAN WAGE TO MEN'S, WISCONSIN AND US, 1979-2015

	1980	1990	2000	2015
Wisconsin	0.59	0.66	0.77	0.81
United States	0.63	0.74	0.78	0.83

COWS analysis of CPS ORG data

figure 2.5

WISCONSIN WORKFORCE DISTRIBUTION BY GENDER AND INDUSTRY, 2015

COWS analysis of CPS ORG data

figure 2.6

WISCONSIN GENDER WAGE GAP BY INDUSTRY, 2015

COWS analysis of CPS ORG data

THE GENDER GAP IN WAGES

In spite of advances in women's wages, women still face a considerable "gender gap" in pay. In 2015, Wisconsin women's median wage of \$15.46 per hour was \$3.52 per hour lower than men's. The ratio of the women's median wage to the men's provides a consistent gauge of gender gap over time and is presented in Table 2.2. The 2015 ratio of wages is .81, meaning that women earn 81 cents for every dollar that men earn. The gap is substantial, persistent, and discouraging. Still, it has fallen over the last decades. The "progress" is not so much a result of women's wages rising, but of men's wages falling. As Figure 2.4 makes clear, the gap closed most rapidly in the 1980s when men's wages fell. Between 1993 and 2001, men and women's wages advanced at roughly the same rate. Stagnation of men's wages in recent years has allowed women's relative position to improve, but only slightly.

Men's wage advantage over women results from both men's concentration in higher-wage industries and the higher wages men receive within industries. The manufacturing industry provides an example. Wisconsin men are more than twice as likely as women to be employed in manufacturing jobs, which in 2015 employed 29 percent of men but just 11 percent of women. On that basis alone, we would expect women to earn lower wages. But even *within* manufacturing, the median wage for women is nearly 25 percent lower than that for men. The wage gap is the result of the gender differences both in the distribution of workers across industries and wage gaps within industries. Figures 2.5 and 2.6 show these two effects. Figure 2.5, recording the distribution of employment by gender and industry, shows that women are concentrated in education and health services. Men are heavily concentrated in manufacturing. And Figure 2.6 shows that, within those industries, women are clustered in poorer-paying jobs. In education and health services, the industry with the highest concentration of women, women's median hourly wage was \$17.45 per hour, 13 percent lower than men's median wage (\$20.05).

BLACK/WHITE WAGE DISPARITY

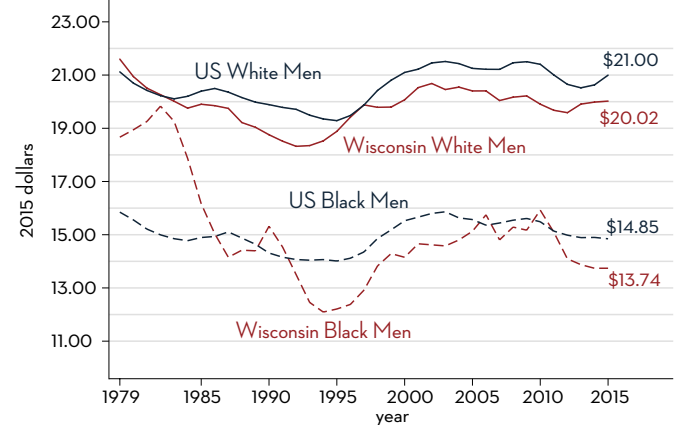
The disparity between Wisconsin's white and African American populations—evident in poverty, incarceration, and educational data—often ranks Wisconsin among the worst in the nation. Wage disparity contributes directly to the state's extreme racial inequality, so we show the trends over time in Figure 2.7. While the 1980s were difficult for all workers in the state, blacks—and especially black men—suffered the worst the decade had to offer. In part, this was due to the demise of manufacturing in Milwaukee, which provided the core of decent jobs for blacks in Wisconsin. As manufacturing in Milwaukee declined, the black community suffered, more so than whites. The downward trend for blacks, especially in the 1980s, is unmistakable. There have been wage advances since then, but not enough to get workers back to 1979 levels.

Trends in black wages in Wisconsin compare poorly both to wage trends for whites in the state and to national trends for blacks. The late 1990s proved a bit more positive, with wages for both black men and women moving up. In recent years, black wages seem to have stagnated. (Small sample size for African Americans is evident in the volatility of the data. Overall trends, not year-to-year jumps, are our focus.) Black men in Wisconsin saw their wages fall dramatically between 1979 and 1995, a decline that erased the state's once substantial wage advantage for black workers. In 1979, black men in Wisconsin enjoyed a 10 percent wage advantage over their national cohort, but by 2015 black men in the state, making \$13.74 per hour, were well behind their national counterparts with a national median of \$14.85 per hour. Black women in the state also suffered relative to national trends. Nationally, black women's median wages grew by 16 percent from 1979 to 2015. Even with that growth, however, the long-term wage trajectory has been a decline. African American women in the state are now also behind their national counterparts.

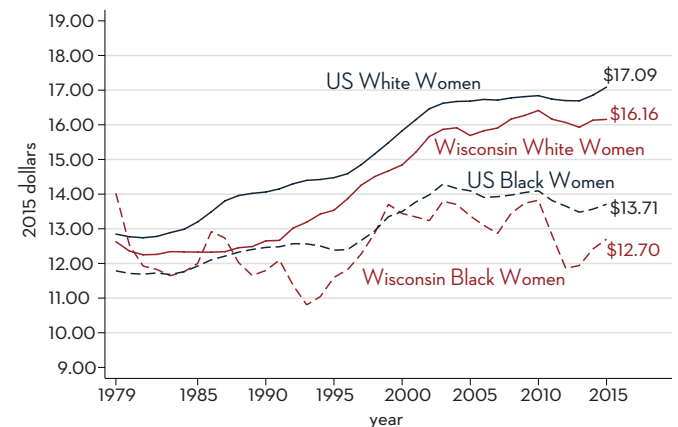
figure 2.7

MEDIAN WAGES BY GENDER AND RACE, WISCONSIN AND US, 1979-2015 (2015 dollars)

Men's Median Hourly Wages



Women's Median Hourly Wages



COWS analysis of CPS ORG data

Wisconsin has the regrettable distinction of ranking among the worst states in the nation in terms of racial equality. In order to help shine a light on the vast chasm that separates outcomes for African American and white in the state, COWS released a compilation of data in 2014. The report offers an overview of the inequities in the state which span measures of poverty, unemployment, educational attainment, and incarceration. The report, *Wisconsin's Extreme Racial Disparity*, can be found here: http://www.cows.org/_data/documents/1571.pdf. An update to this report will be released in the Fall of 2016.

WORKERS WITH LESS EDUCATION FALLING BEHIND

Nationally and in the state, education is strongly correlated with wages. The pay-off to college and advanced degrees has grown over the last generation—those with degrees have moved ahead while those without degrees have fallen behind. That growing disparity by education, or “increasing returns to education,” results when workers with college degrees or more generally do well, while workers without two- or four-year college degrees rarely earn family-supporting wages.

Figure 2.8 makes the growing educational stratification of wages in Wisconsin obvious. Among Wisconsin men, those with four-year college degrees or more saw their wages increase substantially from 1979 to 2015, with a median of \$27.73 per hour in 2015. That’s good news for one in three of the state’s workers who have these degrees. But for the two in three Wisconsin men *without* four-year degrees or more, the picture is one of nearly unrelieved wage stagnation and decline: over the last three decades, wages fell by about 36 percent for high school drop outs, by more than 20 percent for high school graduates and by almost 10 percent for those with one to three years of college. In 1979, a four-year college degree secured about 15 percent higher wages than a high school degree. In 2015, men’s pay-off to the four-year is nearly four times as large, providing a wage increase of \$11.12 per hour over the median high school graduates.

Education pays off for men, but notice that since 2005, wages have been stagnant even for the group with the highest levels of education. While the returns to education are still substantial, they are no longer increasing as they did in the 1990s. This trend will bear careful watching in coming years. Further, it provides evidence that for Wisconsin’s men, the opportunities are not opening as quickly at the top of the education distribution as they were in the past.

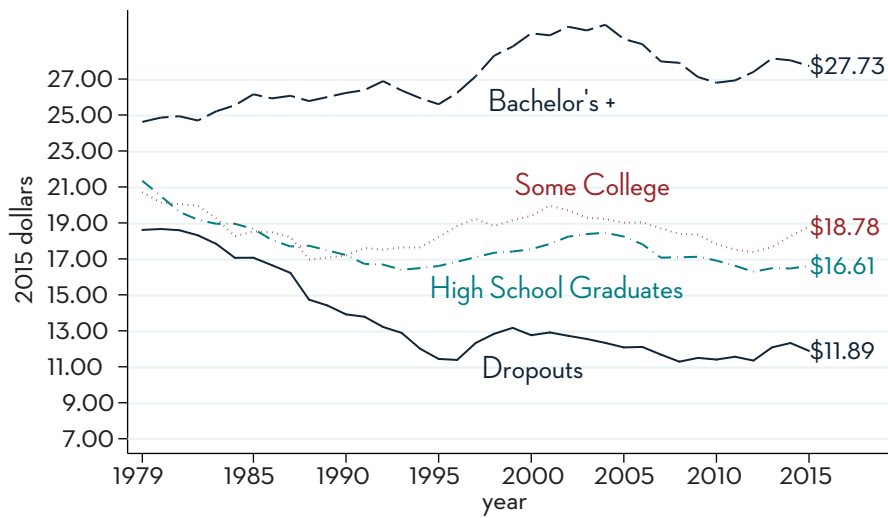
Wage trends are consistently more positive for women but increasing returns to education are evident as well. Women with four-year college degrees or more posted median increases of nearly 36 percent from 1979 to 2015; wages rose from \$17.00 per hour to \$23.09. Wage increases for these women were concentrated in the 1990s. As with men, women with college degrees or more have experienced stagnant wages for the last ten years. For the two-in-three working women in the state without a bachelor’s or higher levels of education, wage trends are decidedly less positive. Wages have increased around 7 percent for women high school graduates over 1979-2015, but have reached up only to \$12.89 per hour — a level of pay that can barely keep a family out of poverty. Women with some college have fared slightly better with a median of \$14.19 per hour. The trends for these groups are quite muted, but positive. Among high school dropouts, wages are down with a median of \$9.07 in 2015. The pay-off to education for women is strong — with a four-year degree or more, women in Wisconsin can bring in \$10 per hour more than a worker who ended her education with a high school degree.

Figure 2.8 does contain some good news. First, women without any postsecondary education recovered the losses they posted during the 1980s. Second, individuals with some college experience (though not a four-year college degree) have seen their wages grow, though that growth was concentrated in the 1990s. Some of these are workers who have invested in acquiring additional skills—via associate degrees or occupation-specific training—and the labor market is rewarding their efforts.

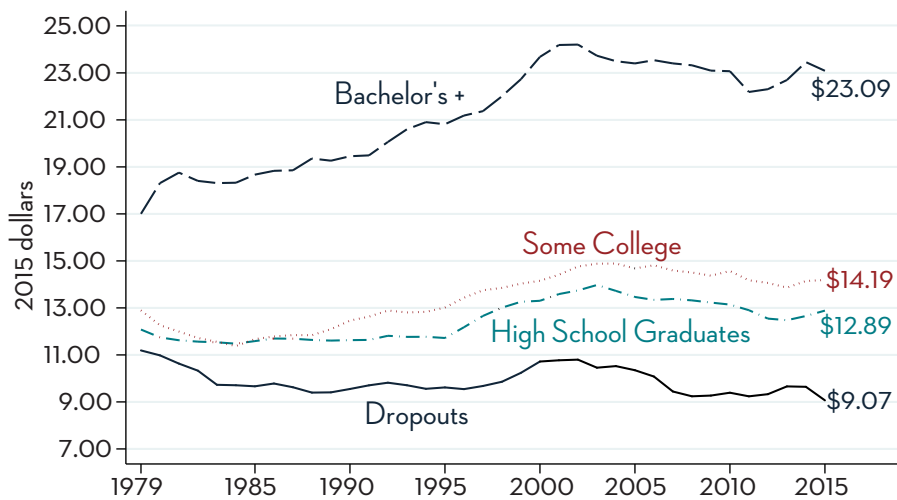
figure 2.8

WISCONSIN MEDIAN WAGES BY GENDER AND EDUCATION, 1979-2015 (2015 dollars)

Men's Median Hourly Wages



Women's Median Hourly Wages



COWS analysis of CPS ORG data

THE POWER OF ASSOCIATE DEGREES: AN EDUCATIONAL BRIGHT SPOT

The strength of Wisconsin's technical college system, hinted at in the previous section, is made clear by Table 2.3 and Figure 2.9. Here, we provide more details on the underlying makeup of the “some college” category used in the previous section. (Data with specifics on the “some college” category is available starting in 1992, so we start the series in Figure 2.9 that year.) The “some college” category can be broken into three groups: (1) those who have attended some amount of college at any postsecondary institution but never completed a degree; (2) those who have completed an associate (AA) degree in an occupational or vocational area; and (3) those who have completed an academic AA degree. (The academic AA is used to transfer into a four-year degree program.) These divisions make some very important distinctions among the “some college” group.

table 2.3

MEDIAN WAGES AND SHARE OF WORKFORCE BY EDUCATION, WISCONSIN AND US (2015 dollars)

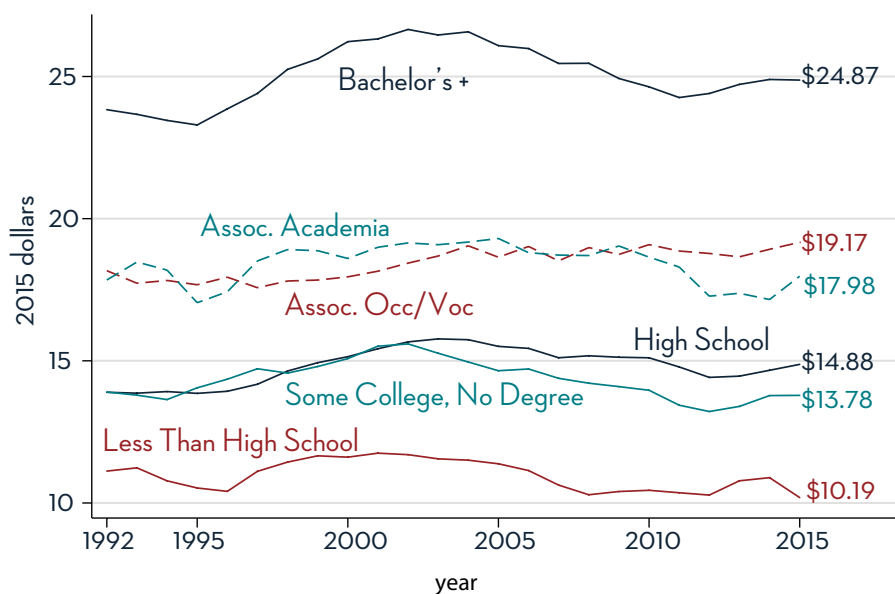
	WISCONSIN	UNITED STATES
WAGE		
Less Than High School	\$10.19	\$10.62
High School	14.88	14.04
Some College, No Degree	13.78	14.00
Associate Degree		
Occupational/Vocational	19.17	17.11
Academic	17.98	17.29
Bachelor's Degree or Higher	24.87	26.47
SHARE		
Less Than High School	9.8%	7.8%
High School	28.5	26.6
Some College, No Degree	18.8	19
Associate Degree		
Occupational/Vocational	9.5	4.5
Academic	5.3	6.2
Bachelor's Degree or Higher	33.1	35.9
SHARE WITHIN ASSOCIATE DEGREES		
Occupational/Vocational	64.1	42.3
Academic	36	57.7

Both nationally and in the state, getting some time at college without completing a degree has almost no pay-off for workers. Indeed in Wisconsin, the group with some college but no degree earns less (\$13.78 per hour) than the median earned by high school graduates (\$14.88 per hour). The real wage pay-off in the “some college” group is reserved for those who complete associate degrees.

Wisconsin’s associate degrees, especially occupational associate degrees, offer a very strong pay-off for workers. The median wage for Wisconsin workers with occupational associate degrees was \$19.17 compared to \$17.11 nationally. Academic associate degrees (a smaller group in Wisconsin, and showing some decline over the last years) also pay off for Wisconsin workers but not to the same degree, with a median of \$17.98 per hour. Since 1992, workers with associate degrees have done better than every education group except for those with four-year college degrees or more. Finally, and perhaps most important, almost 10 percent of Wisconsin’s workers hold an occupational AA degree—more than twice the national share. Wisconsin’s technical college system produces substantially more occupational associate degrees than other states, and those degrees produce better wages than they do in other states.

figure 2.9

MEDIAN WAGES BY EDUCATIONAL ATTAINMENT, WISCONSIN, 1992-2015 (2015 dollars)



COWS analysis of CPP ORG data

table 2.4

WISCONSIN MEDIAN WAGES BY INDUSTRY AND OCCUPATION, 2015 (2015 dollars)

	MEDIAN WAGE
INDUSTRY	
Agriculture, Forestry, Fishing, and Hunting	11.85
Construction	20.99
Manufacturing	18.64
Wholesale and Retail Trade	13.59
Transportation and Utilities	18.58
Information	22.50
Financial Activities	21.28
Professional and Business Services	21.11
Educational and Health Services	18.05
Leisure and Hospitality	9.55
Other Services	14.93
Public Administration	21.62
OCCUPATION	
Management, Business, and Financial Occupations	26.20
Professional and Related Occupations	24.27
Service Occupations	10.96
Sales and Related Occupations	13.64
Office and Administrative Support Occupations	15.01
Farming, Fishing, and Forestry Occupations	10.18
Construction and Extraction Occupations	20.24
Installation, Maintenance, and Repair Occupations	22.64
Production Occupations	16.05
Transportation and Material Moving Occupations	15.10

COWS analysis of CPS ORG data

WAGES BY INDUSTRY AND OCCUPATION

Industry and occupation have a powerful influence on wages for Wisconsin workers. Table 2.4 makes this influence clear. Industry and occupation are closely related, but they offer distinct ways of looking at the labor force. “Industry” groups employers in terms of their products and services. For example, “leisure and hospitality” includes all workers who are employed by hotels, motels, restaurants, and other similar establishments. The industry includes everyone from hotel managers to wait staff at local restaurants. “Occupation” groups workers together on the basis of the sort of work they do, regardless of industry. For example, “office and administrative support occupations” can be found in all industries, as manufacturing plants, hospitals, hotels, and schools all employ administrative and office workers.

Beginning with industry, Wisconsin’s highest paying industry is the information sector with an hourly median wage of \$22.50. The median wage for the public sector is just behind, with an hourly median of \$21.62. At the other extreme, leisure and hospitality (\$9.55 per hour) and agriculture (\$11.85) offer the state’s lowest median wages. These industries are dominated by very low-paying jobs, often with only seasonal demand.

Turning to occupation—the work that people do—we find significant wage disparity again. Wisconsin’s highest paying jobs are found in management (\$26.20) and professional occupations (\$24.27). The state’s lowest paying occupations include farming (\$10.18) and service occupations (\$10.96). Offering slightly higher wages, sales (\$13.64), office work (\$15.01), and transportation (\$15.10) are key occupations as well.

UNIONS AND WAGES IN WISCONSIN

Unions have played a critical role in Wisconsin's economic history, helping secure better wages and working conditions for their members and for workers throughout the state. This history, including the state's long-standing public-sector union laws, came into focus starting in February 2011, when Act 10 was passed in spite of mass mobilization against it. The Act has dramatically cut public-sector union membership given the design of the bill itself, which undermines unions in important ways. As a result of Act 10, public-sector unions in Wisconsin can no longer bargain over any issue other than wages—not safety or working conditions, not benefits. Further, in negotiations bargained wage increases cannot exceed the rate of inflation. Union employers are not allowed to collect union dues in paychecks, even when a signed card states a worker's interest in such collection. Additionally, every public-sector bargaining unit is required to annually recertify the unit through an election in which the union must receive votes from at least 51 percent of all members of the unit, whether or not all members of the unit vote. (This standard far exceeds the norm in political and labor elections of winning on the basis of the votes actually cast.)

The effect of this array of restrictions and rules around public sector collective bargaining has been dramatic. Many unions have not even attempted to recertify under these terms, and public-sector union membership is falling. The decline in public sector unions is clear in Figure 2.10. From a unionization rate of more than 50 percent for most of the last decades, union coverage has fallen to 26 percent. It is reasonable to expect that, without policy change, Wisconsin's public sector unionization rate will fall further in the upcoming years, as contracts expire and unions either lose or simply quit pursuing recertification.

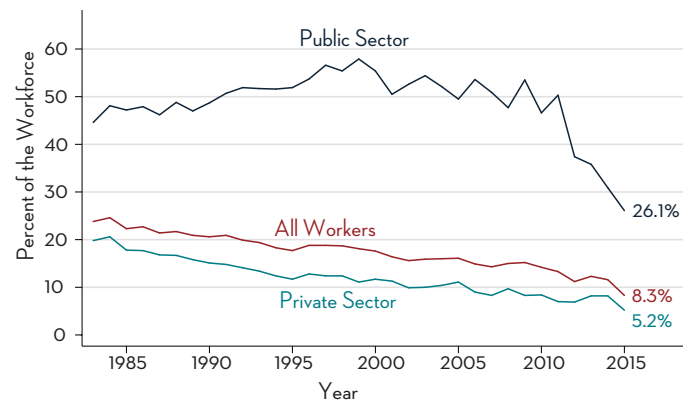
Overall unionization both in Wisconsin and the U.S. declined dramatically over the last 30 years even before the state's anti-union legislation. The share of workers in unions (both public and private sector) fell from 24 percent in the early 1980s to just 8 percent today (Figure 2.10). As in the rest of the country, the long-term decline has been driven by the abrupt fall in private-sector unionization; in the state, only 5 percent of private-sector workers belong to a union.

The decline in unions contributes to the decline in wages documented in this chapter, as union members earn higher wages than their nonunion counterparts, both in the private and in the public sector (Figure 2.11). Further, unionization has a positive effect on nonunion workers' wages. When union membership is higher, even nonunion employers need to pay something approaching the union rate to attract and keep skilled workers.

But these positive effects on wages occur only if unions have a sufficient share of the workforce organized. As membership declines, unions' ability to deliver wages for their members and to generate positive "spillover" effects to nonunion workers wanes as well. The positive effects of unionization decline dramatically as union density declines. The loss of union power in recent decades has had a negative impact on Wisconsin workers, whether they are unionized or not. Long-term decline in Wisconsin's unions is one important reason why wages have hardly improved in the last quarter century, in spite of the sustained increase in workers' productivity over that period.

figure 2.10

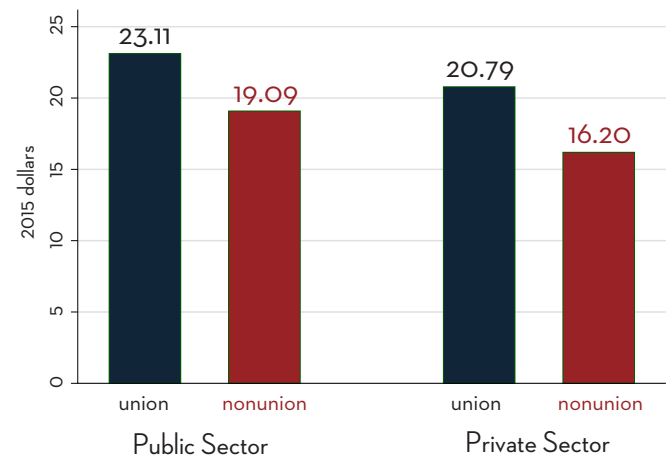
WISCONSIN UNION MEMBERSHIP, 1983-2015



Unionstats.com

figure 2.11

WISCONSIN MEDIAN HOURLY WAGES BY SECTOR AND UNION STATUS, 2015 (2015 dollars)



COWS analysis of CPS annual social and economic supplement data

CHAPTER 3: POVERTY-WAGE JOBS

In this chapter, we shift our focus to the bottom of Wisconsin's labor market and consider poverty-wage jobs. More than one in four Wisconsin workers toil in jobs that pay wages below what it would take a full-time worker to keep a family of four out of poverty. These are jobs in which workers often do not make enough to cover basic expenses, cannot rely on the hours they need to get by, cannot save money for retirement, or cannot afford even to ride the bus to get to work. Health care workers go without health insurance. Food service workers rely on food pantries. The stress in these jobs can be overwhelming.

In this chapter, we describe the workers and jobs in the low-wage labor market. We also discuss the real costs of living that everyone in this state faces and consider how hard it is to make ends meet. The transformation of the state's economy in recent decades has been dramatic, not only the shift from manufacturing to services, but also declining unionization and decreasing job quality. Increasing the minimum wage is probably the most concrete policy to increase wages in these jobs. And while some continue to argue that increasing the minimum wage is "bad for business" and low-wage workers, facts on the ground suggest otherwise: the 13 states that raised the minimum wage at the beginning of 2014 experienced subsequent job growth equal to or better than states that did not.¹

POVERTY-WAGE WISCONSIN

Poverty-wage work is widespread in Wisconsin. More than 740,000 Wisconsin workers, more than one of every four workers in the state, earn wages below the poverty-wage marker of \$11.56 per hour. Below this wage a worker cannot keep a family of four (two adults, two children) out of poverty, even with full-time, year-round work. These are not teenagers working part-time for pocket change. The median age of a poverty-wage worker in Wisconsin is 29, and almost 60 percent of them are women.

As we show below, poverty-wage workers are three times as likely to have no health insurance as other workers – in 2014, 17 percent of poverty-wage workers had no health insurance while just six percent of higher-wage workers lacked it. Getting enough hours in these jobs can be as big a problem as wages. Poverty-wage work is often formally or functionally part-time. Just-in-time scheduling, where employers offer little or no advance warning of changes in work times, is on the rise. In many service sector jobs, bad weather, bad traffic, or just too few customers can send workers home mid-shift.

¹ <http://cepr.net/blogs/cepr-blog/update-13-states-that-raised-minimum-wage>

Fast Facts

28%

Share of WI workers earning poverty wages, 2014

39%

Share of WI black workers in poverty wage jobs, 2014

29 years old

Median age of WI workers in poverty-wage jobs, 2014

DEFINING "POVERTY-WAGE" JOBS

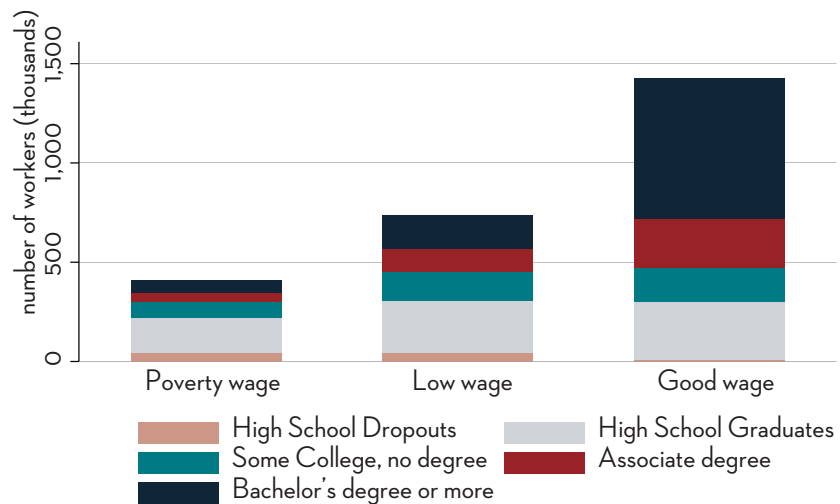
We define poverty-wage jobs as those paying a wage that is insufficient to lift a full-time (40 hours per week), year-round (52 weeks a year) worker above the poverty line for a family of four with two children. In 2015 dollars, the "poverty wage" was \$11.56 an hour or less. Workers with full-time employment for the entire year earning this wage would make annual income of \$24,036. Of course, this definition of "poverty wage" is somewhat arbitrary. And not all workers who earn "poverty wages" are actually living in poverty. They may be a part of a household or family with other earners that pushes income up. Or they may live by themselves and therefore meet the poverty threshold. This is not a measure of the income status of workers, rather it is a benchmark on job quality at the bottom of the labor market.

Is education the problem?

Low education is an attractive and simple explanation of the poverty-wage job problem. It is also not a particularly good one. Nine out of ten poverty-wage workers in Wisconsin have completed high school, and more than half have some college experience. So while it is true that greater levels of education lead, in general, to higher wages, many workers toil in poverty-wage jobs despite years of education or even college degrees. Figure 3.1 shows that a vast majority (75 percent) of Bachelor degree holders between 25 and 64 years old (a little more than 708,000 workers) work in “good wage” jobs (jobs paying above the state median of \$17.34), a sizable 6.5 percent of these highly educated workers earn less than \$11.56 per hour. The same is true for almost 12 percent of Associate Degree holders; more than 20 percent of workers with some college experience but no degree, and almost one in every four high school graduates (24 percent). While our workforce is substantially more educated today than it was 35 years ago, the chance of working in a poverty-wage job has not changed – so while education generally pays off for workers, it is also true that it is no guarantee.

figure 3.1

WISCONSIN EMPLOYMENT STRUCTURE BY WORKER'S EDUCATION, AGE 25-64, 2015



Poverty wage <\$11.56/hr; Low wage >\$11.56 & <\$17.34/hr; Good wage >\$17.34/hr
COWS analysis of EPI-CPS 2015 data

ECONOMIC INEQUALITY AND THE WEAK FLOOR UNDER JOB QUALITY

As we pointed out in the previous chapter, wage stagnation and the prevalence of poverty-wage work are rooted in the great divergence which has opened, leaving workers out of the growth of the American economy. We know that over the past 40 years, like their national counterparts, Wisconsin workers have become far more productive. Yet pay has not kept pace. And while wages are stagnant at the middle, they are actually falling at the bottom of the labor market. For most workers, real wages in 2015 are still lower than they were in 2007 before the Great Recession. The median worker is almost back to 2007 levels, as are workers in the lowest tenth of the wage distribution (see Table 3.1).

Wisconsin's median worker has seen real wages increase by a paltry 2.5 percent since 1979. Low-wage workers wages haven't even reached that growth. Workers in the bottom tenth of the wage distribution in Wisconsin are making only 0.6 percent more than they did in 1979. In other words, despite the fact that low-wage workers in Wisconsin are older, better educated, and producing more income for their employers than their counterparts a generation ago, they are being paid what they were paid 35 years ago.

table 3.1

WAGES IN WISCONSIN BY DECILE BY YEAR, 1979 - 2015 (2015 dollars)

	10TH PERCENTILE	30TH PERCENTILE	50TH PERCENTILE (MEDIAN)	70TH PERCENTILE	90TH PERCENTILE
1979	9.06	12.51	16.71	22.14	29.86
1989	7.49	11.16	15.21	20.95	30.74
1995	8.02	11.53	15.70	21.09	31.86
2000	9.78	13.43	16.84	22.60	34.57
2007	9.20	13.18	17.34	23.23	35.52
2015	9.11	13.04	17.12	23.72	36.95
Cumulative change 2007-2015	-1.0%	-1.1%	-1.3%	2.1%	4.0%
Cumulative change 1979-2015	0.6%	4.2%	2.5%	7.1%	23.7%

EPI analysis of CPS data
Note: Dollars deflated using the CPI-U-RS

Table 3.2 shows the changing sectoral composition of work (manufacturing vs. service sectors), and with it the declining influence of unions, both of which are related to the prevalence of poverty-wage jobs. Wisconsin is still a manufacturing state, with a higher percentage of manufacturing jobs than its Midwest neighbors. But even so, we are less defined by manufacturing than in the past. In 2015, one in five Wisconsin workers worked in manufacturing down from one in three in 1979. Service sector jobs, which pay less on average, have risen from 26 percent of all jobs in 1979 to 45 percent in 2015. One reason there are so many low-wage service sector jobs, and why service sector jobs on average pay less than manufacturing, is the lesser presence of unions in the service sector. But declining union strength is also evident in manufacturing. While the median wage in manufacturing was 21 percent higher than the overall median in 1979, that premium had slipped to nine percent by 2015.

table 3.2

DECLINING ECONOMIC PROSPECTS FOR WISCONSIN WORKERS

	1979 OR CLOSEST AVAILABLE	2015 OR MOST RECENT AVAILABLE
Median wage (2015 dollars)	16.71	17.12
Manufacturing share of total jobs (%)	33.6	19.9
Manufacturing median wage (2015 dollars)	20.18	18.64
as % of median wage in WI (%)	120.8	108.9
Service share of total jobs (%)	26.3	44.7
Service median wage (2015 dollars)	14.91	16.82
as % of median wage in WI (%)	89.2	98.3
Share of workers in unions (%)*	23.8	8.3
Share of workers in poverty-wage jobs (<\$11.56/ hour, 2015 dollars) (%)	20.8	22.4
Minimum wage (2015 dollars)**	8.53	7.25

COWS calculations from CPS data provided by the EPI

*unionstats.com. Earliest data corresponds to 1983.

** Wisconsin Department of Workforce Development "Historical resume of minimum wage regulations in Wisconsin." Min. wage for 1979 (\$2.8/hour inflated to 2015 dollars using CPI-U deflator by the BLS)

RACE, GENDER, AND EDUCATION OVER TIME

Poverty-wage jobs are concentrated –though not exclusively– among women, minorities, and workers with lower levels of education. To have a more complete picture of the inequalities embedded in the lower part of the wage distribution, Table 3.3 shows the incidence of poverty-wage jobs among different educational as well as racial and gender groups over time, starting in 1979. The last two columns in the table show the changes since 1979, and since 1990.

Two facts stand out from the table. First, workers without at least some college education are increasingly likely to work in poverty-wage jobs. This trend is even more clear for Wisconsin workers without a high school degree, for whom the chances of earning poverty wages have more than doubled since 1979. Second, the table shows that this trend has hit African Americans particularly hard.

The evolution of racial and gender differences in the chances of landing a poverty-wage job are clear in the following graph (Figure 3.2). While white women have closed the gap with their male counterparts since the 1990s, blacks have not seen the same decrease in their chances of landing poverty-wage jobs, and the last recession has undone all of the achievements of the 1990s and early 2000s.

table 3.3

SHARE OF WISCONSIN WORKERS EARNING POVERTY WAGES (%), 1979-2015

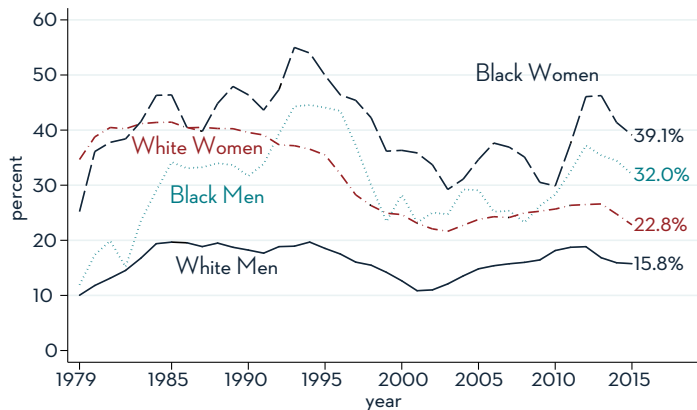
	1979	1990	2000	2007	2015	PERCENTAGE CHANGE	
						1979-2015	1990-2015
All Workers	20.8	29.0	19.2	21.6	22.4	7.6	-22.8
Full-time Workers	12.9	20.6	13.8	14.8	14.4	11.7	-29.8
BY RACE AND GENDER							
White Men	10.0	17.2	11.6	15.7	15.8	57.0	-8.6
Black Men	11.9	36.1	23.6	19.0	32.0	168.1	-11.3
White Women	34.7	40.3	23.6	24.6	22.8	-34.2	-43.4
Black Women	25.2	45.6	31.9	37.6	39.1	55.1	-14.3
BY EDUCATION							
No High School Degree	27.0	46.7	48.2	54.7	55.7	106.1	19.2
High School Degree	23.5	32.5	21.1	26.8	29.8	26.9	-8.5
Some College	22.2	33.0	19.4	22.2	26.7	20.5	-19.1
Bachelor's or Higher	6.4	11.5	6.4	8.0	6.8	6.3	-40.7

COWS analysis of CPS data provided by EPI

figure 3.2

SHARE OF WISCONSIN WORKERS EARNING POVERTY WAGES (1979-2015)

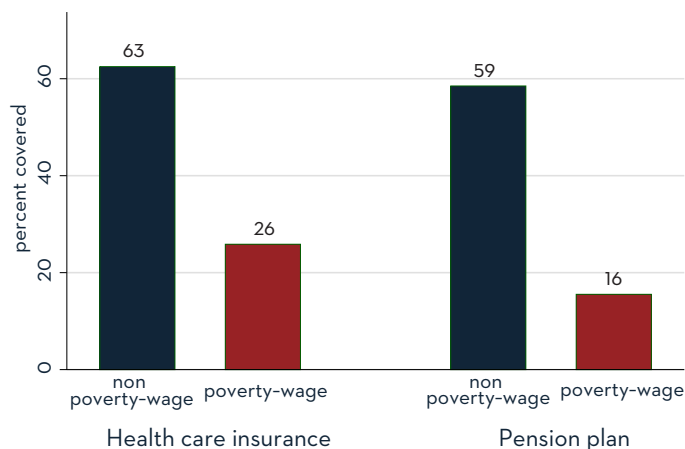
(wages less than \$11.56/hour, 2015 dollars)



COWS analysis of CPS data

figure 3.3

BENEFITS IN POVERTY-WAGE AND NON-POVERTY-WAGE JOBS, 2014 (wages less than \$11.56/hour, 2015 dollars)



COWS analysis of CPS annual social and economic supplement data.

BAD JOBS COME IN BAD PACKAGES

Wages aren't the only problem in poverty-wage jobs. Poverty-wage jobs also tend to offer very few benefits and low and unpredictable hours of work. Work schedules are perhaps as difficult as wages for many workers. In these jobs, work is often formally or functionally part-time. Offering limited and volatile hours, jobs simply cannot be relied upon to produce a sufficient or even predictable income. Increasing reliance on just-in-time scheduling contributes to this problem as companies adjust work hours in response to customer demand. Bad weather or bad traffic can be enough to send workers home mid-shift. With irregular and fluctuating hours, a second job — a traditional strategy for dealing with low wages — is even harder to manage (especially if both jobs post schedules just days before the week begins). Also hours can be hard to secure in instances where managers are seeking to hold workers below the hours thresholds that allow access to benefits.

Access to benefits, especially health insurance, is another significant problem in these jobs. In 2014 — the last year for which data is currently available — three in four workers in poverty-wage jobs obtained no health insurance benefits from their employers. In jobs above the poverty-wage threshold, more than 60 percent of workers received health insurance from their employer. Sick leave, pensions, and other benefits are all much less common in poverty-wage work as well.

WORKING AT THE WAGE FLOOR: WISCONSIN WORKERS

As we have mentioned, we define poverty-wage jobs as those where workers are earning too little to keep a family of four out of poverty, even with full-time, year-round work. This is a measure of job quality. The infographic shows the workers who are employed in poverty-wage jobs (details can be found in the appendix, Table A3.1). More than one in four workers in the state hold poverty-wage jobs. But, no surprise, groups that face greater economic disadvantage are more likely to hold poverty-wage jobs. More than 30 percent of women are in poverty-wage jobs, compared with 24 percent for their male counterparts. African American and Hispanic workers are much more likely to hold poverty-wage jobs: 39 percent of black and 49 percent of Hispanic workers do. Still, given the demographics of the state, 77 percent of Wisconsin's poverty-wage workers are white.

The median poverty-wage worker in Wisconsin is 29 years old, and nearly 63 percent of poverty-wage workers are 25 years or older. Just 10 percent of poverty-wage workers have not completed high school, 97 percent of them speak English, and more than one in five have at least an Associate degree.

As the infographic (and appendix Table A3.1) shows, the median hourly wage of Wisconsin workers in poverty-wage jobs is \$7.96, which is barely above the current minimum wage of 7.25 dollars per hour, and is less than half the median wage in the state as a whole. Many workers in these jobs work year-round. More than two out of three poverty-wage workers worked at least 50 weeks, and more than 79 percent of them worked for at least 40 weeks. Finally, almost one in five workers employed in poverty-wage jobs has no access to health insurance.²

² The discrepancy between this and the figure mentioned above arises from the data source. The American Community Survey registers positive responses to the question about employer-provided health insurance if the respondent is covered through her employer or that of another family member. The Current Population Study number indicating coverage in the figure above pertains strictly to health insurance provided to the respondent by her own employer.

WORKING AT THE WAGE FLOOR: WISCONSIN WORKERS...

DEFINING JOB QUALITY

\$11.56
AN HOUR *Wage required for a full-time/-
year-round worker to keep a family
of four out of poverty..*



POVERTY-WAGE JOBS
pay \$11.55/hr or less



BETTER JOBS
pay \$11.56/hr or more



DEMOGRAPHICS OF POVERTY-WAGE WORKERS

*Share of workers in poverty-wage jobs for
key demographic groups*

25%
OF WHITE WORKERS

39%
OF AFRICAN AMERICAN WORKERS

49%
OF HISPANIC WORKERS

HOURS WORKED PER WEEK

38	40
-----------	-----------

MEDIAN HOURLY WAGE

\$7.96	\$21.32
---------------	----------------

SOURCE OF HEALTH INSURANCE

EMPLOYER/UNION	
52%	80%
PUBLICLY FUNDED	
20%	7%
PRIVATE PURCHASE	
11%	8%
NO INSURANCE	
17%	6%

274,778

of Wisconsin's 741,806 poverty-wage workers work in these 3 sectors.

FOOD SERVICE



MEDIAN WAGE
\$9.67/HR



63%

*of workers earn
poverty wages*

RETAIL



MEDIAN WAGE
\$11.94/HR



48%

*of workers earn
poverty wages*

RESIDENTIAL & HOME HEALTH CARE



MEDIAN WAGE
\$12.66/HR



41%

*of workers earn
poverty wages*

37%

OF POVERTY-WAGE WORKERS
are in these three sectors.

13%

OF BETTER-WAGE WORKERS
are in these sectors.

WORKING AT THE WAGE FLOOR: WISCONSIN POVERTY-WAGE SECTORS

Just three sectors are responsible for 37 percent of all poverty-wage jobs in Wisconsin: Retail, Food Service, and Long-term Care. Taken together, these three sectors account for about 275,000 of the state's 742,000 poverty-wage jobs. In each one of these sectors, wages are low overall. More than 60 percent of jobs in food service pay poverty-level wages. The same is true for almost 50 percent of retail jobs, and for 40 percent of jobs in long-term care. As a comparison, less than 18 percent of manufacturing jobs fall in this category.

Important features of these sectors are summarized in the infographic shown on the previous page (see table A3.2 in the appendix for details). Food Service jobs, with almost 200,000 frontline workers, pay a median hourly wage of \$9.67 per hour (a little more than half the median wage in the state). The sector is responsible for 124,000 poverty-wage jobs in Wisconsin, which is two-thirds of frontline workers in the sector. The industry is relatively diverse and young. One out of every ten frontline workers in the industry is of Hispanic origin, and more than two out of ten are non-white. This workforce is also less educated than other workers in the state, but more than half of its workers have at least some college experience, and 19 percent hold at least an Associate degree. Workers in the industry work only thirty hours per week. Nearly one in five workers in this sector have no access to health insurance coverage at all.

The median retail worker earns \$11.94 per hour, just 69 cents for each dollar the median worker in the state earns. With almost half of its frontline workforce earning poverty-wage jobs, the sector adds about 110,000 workers to this category in the state. Female workers are over represented in retail, holding 59 percent of the jobs in the industry. Almost nine out of ten workers in the sector are white, and the median worker is 34 years old. Only six percent of retail workers have no high school education, and almost six out of ten have at least some college experience. Half of the workers in this sector work at least 39 hours per week, and 75 percent of them work at least 50 weeks per year.

Long-term Care employs workers who support and assist the elderly in their own homes and in nursing homes and other residential facilities. The median wage for these workers, providing intimate and necessary care throughout the state, is just \$12.66 per hour. Over 40 percent of these care workers, almost 40,000 in a sector numbering 98,000, work in poverty-wage jobs. Long-term care and home health workers are mostly women, and mostly white, though African Americans make up for 13 percent of the sector workforce. Workers in this sector are older (median age is 37, with almost two out of five workers between 45 and 65 years old), and more educated: two out of three workers have at least some college education. Most workers work on a full-time basis, and almost 81 percent of them work year-round.

HOW MUCH DOES IT REALLY TAKE TO LIVE IN WISCONSIN?

The minimum wage in Wisconsin is the same as the federal minimum, \$7.25 per hour. At the minimum, even workers lucky enough to get full-time work earn just \$1,250 per month, or \$15,000 per year. According to official federal guidelines, this is enough to keep a single individual "above the poverty line" but not a household of two or more. Researchers also broadly agree that the federal poverty threshold, which was developed in the 1960s and has simply been adjusted for inflation since then, is a woefully inadequate measure of what it actually takes a typical family to survive today. As such, a number of alternative measures have been developed to assess true economic security.

The Family Budget Calculator, developed by the Economic Policy Institute (EPI), yields location-specific estimates of the level of family income required to attain a secure, yet modest standard of living. It incorporates local costs of housing, food, childcare, transportation, health care, taxes, and other necessities, and provides economic security thresholds for six different family types, localized to 615 communities throughout the United States.

EPI's Family Budget Calculator is an aspirational measure, not a marker of outright destitution. For example, it assumes that all families will be able to own one car. Yet it does not assume any expenses for television or internet service, nor any savings whatsoever. Even in the best of economic times, many workers will not earn enough to reach this level of economic security, but it is instructive to see just how many workers in Wisconsin are below it.

The Family Budget Calculator contains budget thresholds for specific regions of Wisconsin, as well an estimate for the remaining rural areas (see table 3.4 for more areas and family types). There is some variation in different places across the state. In Madison or Milwaukee, for example, a one-adult, one child family would need an annual income of \$51,778 or \$51,107, respectively, to meet the family budget threshold. This equates to an hourly wage of \$24.89 or \$24.57, respectively, for a full-time, year-round worker. In Sheboygan, by contrast, the same household would need an annual income of \$47,296 to meet the threshold. The map shows thresholds in terms of hourly wages for each location for each kind of household.

figure 3.4

FAMILY BUDGETS FOR DIFFERENT CITIES IN WISCONSIN

Wages required to meet costs of living

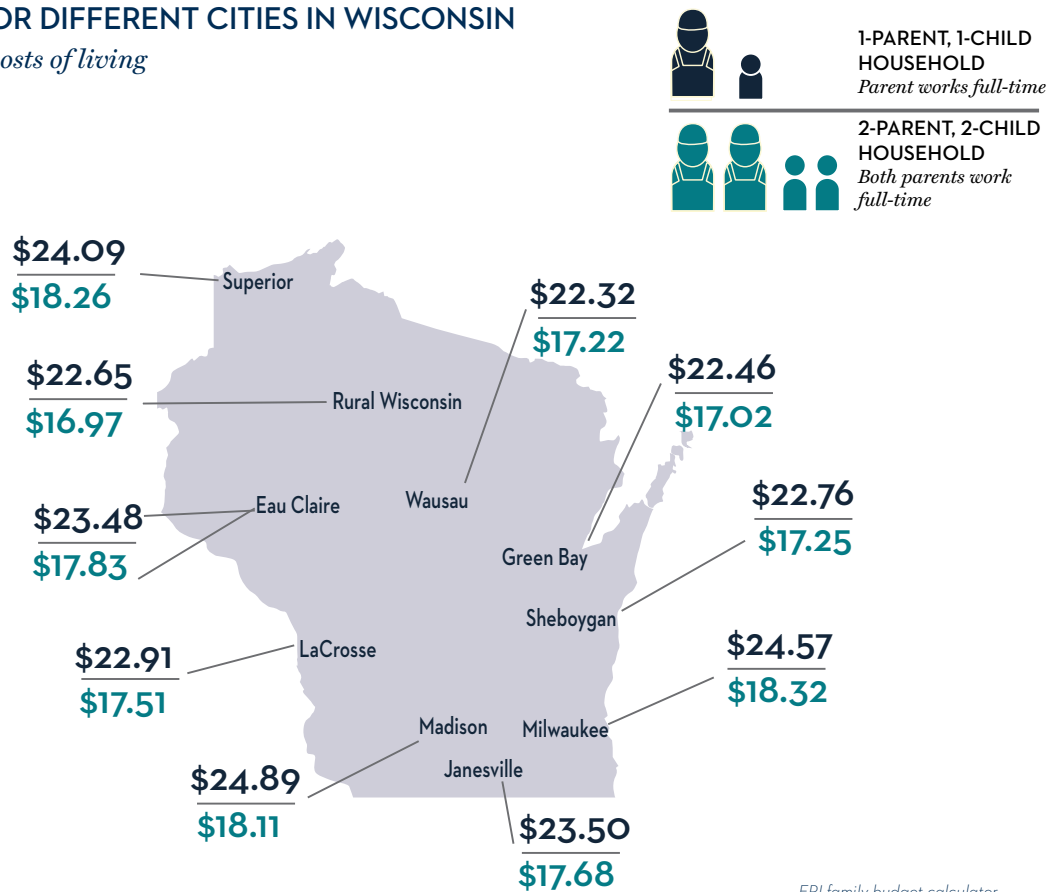


table 3.4

ANNUAL BASIC BUDGET FOR WISCONSIN FAMILIES IN DIFFERENT AREAS OF THE STATE (2015 DOLLARS)

	ONE PARENT, ONE CHILD (IF PARENT WORKS FULL-YEAR, FULL-TIME)	ONE PARENT, THREE CHILDREN (IF PARENT WORKS FULL-YEAR, FULL-TIME)	TWO PARENTS, TWO CHILDREN (IF BOTH PARENTS WORK FULL- YEAR, FULL-TIME)	TWO PARENTS, THREE CHILDREN (IF BOTH PARENTS WORK FULL- YEAR, FULL-TIME)
Appleton metro area				
Total monthly expenses	3,851	6,659	5,885	7,074
Total annual basic budget	46,209	79,904	70,614	84,887
Hourly wage required (with full-time, year-round work)	22.22	38.42	16.97	20.41
Douglas County				
Total monthly expenses	4,176	6,915	6,330	7,350
Total annual basic budget	50,112	82,984	75,958	88,202
Hourly wage required (with full-time, year-round work)	24.09	39.90	18.26	21.20
Eau Claire metro area				
Total monthly expenses	4,070	7,077	6,182	7,463
Total annual basic budget	48,834	84,919	74,188	89,557
Hourly wage required (with full-time, year-round work)	23.48	40.83	17.83	21.53
Fond du Lac metro area				
Total monthly expenses	3,868	6,388	5,902	6,838
Total annual basic budget	46,419	76,656	70,826	82,061
Hourly wage required (with full-time, year-round work)	22.32	36.85	17.03	19.73
Green Bay metro area				
Total monthly expenses	3,894	6,647	5,900	7,038
Total annual basic budget	46,723	79,768	70,794	84,454
Hourly wage required (with full-time, year-round work)	22.46	38.35	17.02	20.30
Janesville metro area				
Total monthly expenses	4,073	6,669	6,129	7,098
Total annual basic budget	48,881	80,026	73,545	85,179
Hourly wage required (with full-time, year-round work)	23.50	38.47	17.68	20.48
Kenosha County metro area				
Total monthly expenses	4,662	7,956	6,796	8,284
Total annual basic budget	55,938	95,471	81,551	99,408
Hourly wage required (with full-time, year-round work)	26.89	45.90	19.60	23.90
La Crosse metro area				
Total monthly expenses	3,972	6,749	6,072	7,196
Total annual basic budget	47,659	80,991	72,862	86,354
Hourly wage required (with full-time, year-round work)	22.91	38.94	17.51	20.76
Madison metro area				
Total monthly expenses	4,315	7,230	6,278	7,509
Total annual basic budget	51,778	86,766	75,339	90,104
Hourly wage required (with full-time, year-round work)	24.89	41.71	18.11	21.66
Milwaukee/Waukesha/West Allis metro area				
Total monthly expenses	4,259	7,008	6,350	7,388
Total annual basic budget	51,107	84,095	76,205	88,655
Hourly wage required (with full-time, year-round work)	24.57	40.43	18.32	21.31
Oshkosh/Neenah metro area				
Total monthly expenses	3,818	6,395	5,851	6,844
Total annual basic budget	45,813	76,739	70,214	82,132
Hourly wage required (with full-time, year-round work)	22.03	36.89	16.88	19.74
Pierce/St. Croix Counties				
Total monthly expenses	4,703	7,946	6,921	8,335
Total annual basic budget	56,431	95,347	83,048	100,019
Hourly wage required (with full-time, year-round work)	27.13	45.84	19.96	24.04
Racine metro area				
Total monthly expenses	4,043	6,731	6,142	7,181
Total annual basic budget	48,513	80,776	73,710	86,167
Hourly wage required (with full-time, year-round work)	23.32	38.83	17.72	20.71
Rural Wisconsin				
Total monthly expenses	3,926	6,335	5,883	6,846
Total annual basic budget	47,115	76,023	70,598	82,151
Hourly wage required (with full-time, year-round work)	22.65	36.55	16.97	19.75
Sheboygan metro area				
Total monthly expenses	3,946	6,562	5,981	6,990
Total annual basic budget	47,350	78,739	71,770	83,874
Hourly wage required (with full-time, year-round work)	22.76	37.86	17.25	20.16
Wausau metro area				
Total monthly expenses	3,869	6,615	5,969	7,080
Total annual basic budget	46,431	79,380	71,627	84,960
Hourly wage required (with full-time, year-round work)	22.32	38.16	17.22	20.42

CHAPTER 4: INCOME & POVERTY

In this chapter, we focus on family income. Family income is the total amount of money that comes into the family from all of its members from all sources including wages, rents, and investment returns. For working families, most income is earned at work. This chapter focuses on income data for Wisconsin families, how these have changed in recent years, and how they compare to national trends. Trends in median income are an indicator of the living standards and wellbeing of families in the middle of the income distribution of the state. Families with income insufficient to cover for basic needs are considered to be “poor” because their income falls below the federal poverty threshold. Poverty rates help see problems at the bottom of Wisconsin’s income distribution. With both income and poverty, this chapter describes the living standards at the middle and the bottom of Wisconsin’s income distribution.

In the last two years, middle-class, working families have seen an important increase in their income compared to previous years. While real income for families and households is still below the benchmark established in 2000, the effects of the Great Recession are fading as median income has now finally recovered to levels comparable the historic highs of the early 2000s . This picture is partially consistent with the story from previous chapters. While real wages have not increased by much, jobs have certainly expanded in the state and more people are working. Some workers are getting more income even when wages are stuck simply by securing more hours of work. Some families have more income because two workers have solid jobs.

But while this is a good trend for the median family, the struggle to make ends for poor families in Wisconsin remains acute. For them, stagnant wages and unstable jobs are forcing painful choices among necessities like food, rent, and health care. In 2015, 11.4 percent of Wisconsin residents and more than 18 percent of Wisconsin children lived in poverty. Just getting a job is not enough to overcome the problem. As we saw in the previous chapter, a quarter of Wisconsinites who live in households with a steady commitment to work do not earn enough to comfortably support their families.

Fast Facts

\$5,384

Increase in WI median four-person family income from 2010 to 2015, 2015 dollars

18.3%

Share of children in WI who live in poverty, 2015

11.4%

Share of all Wisconsinites who live in poverty, 2015

FEDERAL POVERTY THRESHOLDS, 2015

\$12,331 for one individual under 65

\$16,337 for a family with one parent and one child

\$19,096 for a family with one parent and two children

\$24,036 for a family with two parents and two children

DEFINING AND MEASURING POVERTY

The current federal “poverty line,” adopted more than 40 years ago, was constructed by multiplying a family’s subsistence food budget by three. A lot has changed since the guideline was established, not least that food has fallen from one-third, to less than one-eighth of a family’s budget. That shift means that the poverty threshold is more out of touch with family needs each year. We could measure poverty better and develop a threshold that takes into account increasing housing, transportation, and health costs and adjusts for regional cost-of-living differences. Some progress has been made toward implementing a new measure, but for now we report using the outdated poverty line. Although flawed, it does allow us to generate data on the very lowest-income Americans and to examine the status of those families over the past four decades.

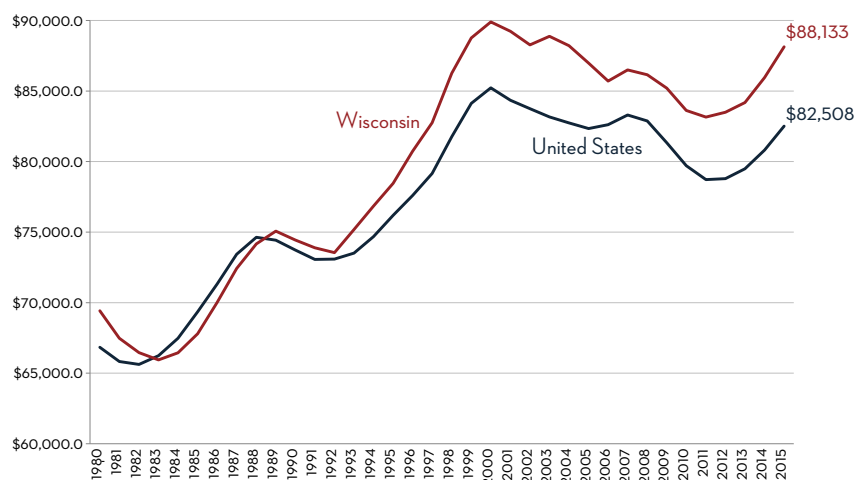
FOUR-PERSON FAMILY INCOME RECOVERING IN WISCONSIN

Figure 4.1 and Table 4.1 show median income data for four-person families from 1980 to 2015, adjusted for inflation. For more than two decades, Wisconsin median incomes have been higher than the national level, and both trends have roughly followed the same trajectory. In 2015, Wisconsin’s four-person median income (\$88,133) exceeded the national (\$82,508) by a little less than \$6000. Although every year is different, this gap has been widening in favor of Wisconsin in the last ten years.

Regardless of the comparison with the nation, however, Wisconsin median incomes had been falling since the beginning of the century, but a noteworthy change took place in the last two years when the state has seen a dramatic increase that puts it now less than \$4000 below the level of 2000. This is welcome news and a trend worth watching. Hopefully there will be sustained income increases, rather than just a blip in the downward path that has been established for the state and nation in this new century.

figure 4.1

MEDIAN FOUR-PERSON FAMILY INCOME, WISCONSIN AND US, 1980-2015 *(three-year moving averages; 2015 dollars)*



EPI analysis of CPS and ACS data. Data series changes from CPS to ACS in 2004-2005.
Note: Last data point corresponds to the actual income in 2015 (not averaged).

Adjusting for inflation, the state median income for four-person families in 2015 is higher compared to 2013, and substantially higher compared to 2010, when the negative impact of the Great Recession was most evident in families' incomes. Compared to 2013, last year's median income for a family of four members is almost \$4400 higher. Compared to family income in 2000, when the state posted the highest median family income year in its history, 2015 median incomes are \$3700 lower in Wisconsin, and about \$3200 lower in the United States.

Like Wisconsin, other states in the Midwest posted slow income growth in the 1980s and surged in the 1990s (Table 4.1). Iowa was hit the hardest during the 1980s, while Wisconsin, Michigan, Ohio, Minnesota, and Illinois fared better. In the 1990s, these same states posted growth rates significantly higher than national growth. Family income in Wisconsin, Illinois, and Indiana grew more slowly than other states in the Midwest, although they still grew faster than the national rate.

The years since 2000 have been devastating throughout the Midwest. The recovery of the last two years has helped, but the scarring effects of the previous decline are still hard-felt. Michigan and Indiana remain far below the median income level of 2000, at about \$13,000 and \$9000 below, respectively. Iowa has experienced some recovery. And Minnesota, in particular, shows a strong economy with an edge of more than \$3000 in median income above the 2000 level, and almost \$9000 above the level of 2010. This, it should be noted, follows a path of strong growth in the 1980s and, especially, in the 1990s. Put in regional perspective, Wisconsin's losses were not as severe, and its recovery is slightly ahead of many neighboring states.

table 4.1

MEDIAN INCOME FOR FOUR-PERSON FAMILIES, WISCONSIN, US, AND PEER STATES, 1980-2015
2015 dollars

	1980	1990	2000	2010	2015	CHANGE				
						1980-1990	1990-2000	2000-2010	2000-2015	2010-2015
Wisconsin	\$68,606	\$75,917	\$91,842	\$82,749	\$88,133	\$7,311	\$15,925	-\$9,093	-\$3,709	\$5,384
UNITED STATES	\$66,640	\$72,874	\$85,652	\$79,107	\$82,508	\$6,234	\$12,778	-\$6,545	-\$3,144	\$3,401
Illinois	\$71,761	\$77,742	\$93,758	\$85,964	\$90,080	\$5,981	\$16,016	-\$7,795	-\$3,678	\$4,116
Indiana	\$65,848	\$69,795	\$85,447	\$73,159	\$76,600	\$3,947	\$15,652	-\$12,288	-\$8,847	\$3,441
Iowa	\$66,399	\$66,965	\$79,724	\$78,528	\$82,481	\$566	\$12,759	-\$1,196	\$2,757	\$3,953
Michigan	\$69,406	\$76,555	\$94,616	\$76,357	\$81,951	\$7,149	\$18,060	-\$18,259	-\$12,665	\$5,594
Minnesota	\$69,548	\$75,652	\$97,111	\$91,592	\$100,494	\$6,103	\$21,459	-\$5,519	\$3,383	\$8,902
Ohio	\$68,190	\$75,282	\$85,684	\$76,750	\$82,005	\$7,092	\$10,402	-\$8,934	-\$3,679	\$5,255

EPI analysis of CPS and ACS data; data series changes from CPS to ACS in 2004-2005

HOUSEHOLD INCOME: SLIGHT INCREASE SINCE 2010, BUT STILL BELOW 2000 LEVEL

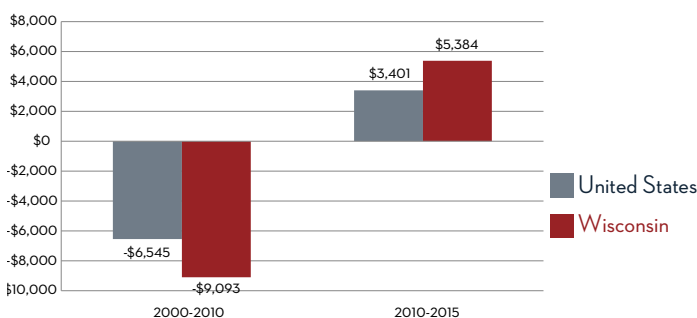
Before we turn to the changes in the income of households in the state, some definitions are in order. “Household” data include families living together, single person households, and housing units where unrelated people share a residence. In 2015, Wisconsin had 2,319,538 households and the median income of those households was \$55,425 per year. Household income is much lower than four person family income for a number of reasons. Single individuals often have less income than families with multiple earners. Older retired people with fixed incomes have lower incomes than four person families as well. “Family” is a narrow definition referring to the co-residence of two or more related individuals, and “four-person families” are a subset of the family category. In general, “four-person families” have two adults in the unit and their income is higher because of the greater hours of work that they commit to the labor market. We include data for both four-person families (with the highest median income) and households (with lower income) to get a sense of distribution of income increases in the Wisconsin economy.

Figure 4.2 shows changes in both four-person family incomes and household incomes. From between 2000 to 2010, income declined for both families and households. But since 2010, income gains appear to be concentrated on four-person families. In those families where two adults at work often contribute to the total family income, we see income has grown by about \$5400 in Wisconsin compared to \$3400 in the nation. Considering all households, however, median income in the state now is barely above the level of 2010, whereas household median income in the nation is almost \$3000 higher. So the good news in income growth has not reached broadly to all households. Wisconsin household income is lower than national household income: \$55,425 in Wisconsin compared to \$56,516 nationally. Worse, whereas the household median income in the country is just \$1000 below the level of the year 2000, in Wisconsin household median income is still \$6600 below the 2000 benchmark.

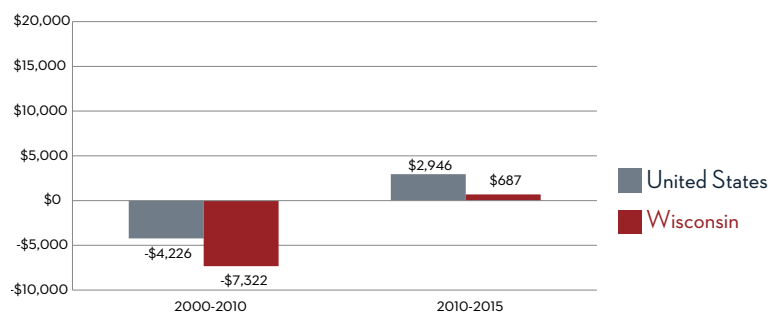
figure 4.2

CHANGE IN MEDIAN INCOME BY DECADE

Four-Person Families



Households



EPI analysis of CPS and ACS data. Note: The source from 2004-2005 changes from CPS to ACS.

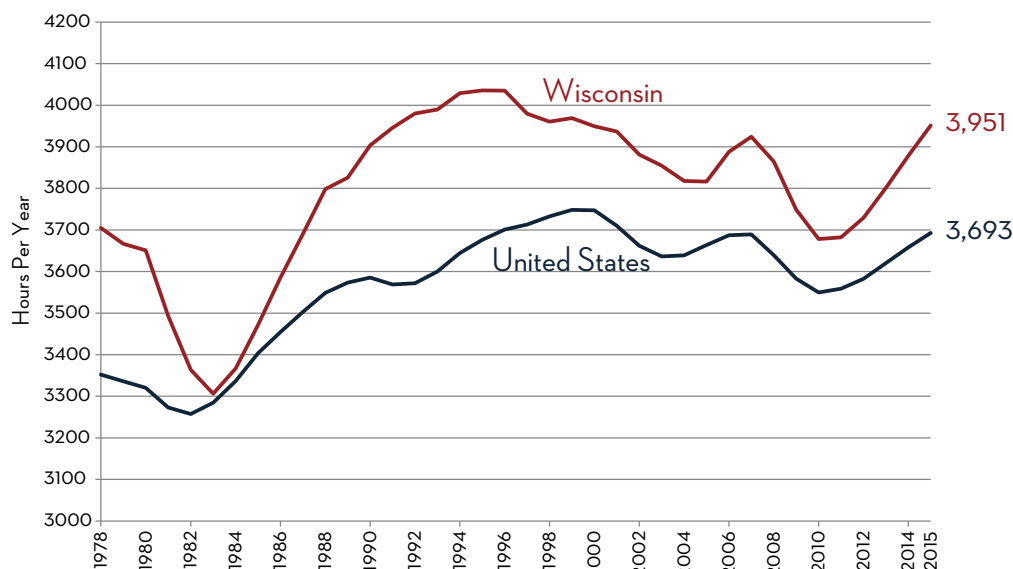
FAMILY HOURS OF WORK

We showed in previous chapters that the median wage in the state is very similar to the national median wage. How is it that here we show higher incomes in Wisconsin for four-person families? The reason for higher income in the state is that Wisconsinites commit more hours to paid work. Two-parent families in Wisconsin are more likely to work and work more hours per year than the average in the nation, providing higher income to families in the state. Data on family hours of work show Wisconsin families' additional hours spent in the labor market and also help explain both the decline and the recent recovery in income in the last few years.

Figure 4.3 shows average hours of work for families with two parents for both Wisconsin and the United States. Wisconsin families' additional hours of work are shown clearly in the entire period. The figure also shows how the 1980s recession represented first a convergence in the hours of work of families in Wisconsin and the nation, and then how Wisconsin families dedicated more hours to work to make up for declining incomes. For much of the late 1990s, Wisconsin's families committed nearly 4000 hours to the labor market, which is just under full-time work for both adults (2080 hours per year). The 2007 recession meant a decline in the work hours for all families, but the decline was more pronounced in the state compared to the national average. Since 2010 the opposite is true: two-parent families have committed more hours to work, and the increase has been more rapid for families in Wisconsin. Just like work hour declines are an indication of weak labor market conditions, more hours partially indicate labor market recovery: more adults getting more full-time jobs, more people transitioning from unemployment into work. The picture of increasing work hours is consistent with the trend of family income increase that we showed above.

figure 4.3

AVERAGE TOTAL FAMILY HOURS OF WORK, TWO-PARENT FAMILIES, WISCONSIN AND US, 1978-2015 (three-year moving averages)



EPI analysis of CPS data

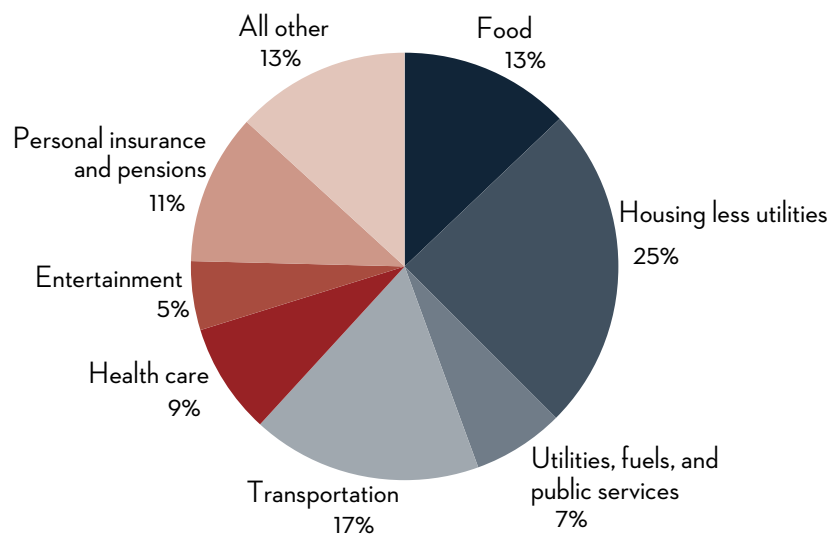
Family Expenditure Data Shows How Money is Spent

Data on annual expenditures provide an indication of how family/household income is spent. This is of interest in helping understand living standards of families and households and also in identifying relevant points for policy to support families and households. Figure 4.4 presents data for the Midwest region from the Consumer Expenditure Survey conducted by the Bureau of Labor Statistics. Data are not available at the state level. Consistent with previous years, housing is the largest single category for expenditure, accounting for a quarter of annual expenditures in the Midwest. Costs of transportation are the second largest category, accounting for 17 percent of expenditures in the region. Taken together, housing and transportation represent more than four of every ten dollars a family spent in the Midwest. Utilities, fuels, and public services account for another 7 percent of total household expenditures. Personal insurance and pensions represent a little more than 11 percent of total expenditures, and health care accounts for another 8 percent.

With income still below 2000 levels, families and households are still struggling. Reducing the cost of living is one direct way to support those caught in the economic bind. Public programs to make transportation more affordable and increase the energy efficiency of housing stock are two ways to put money back in the pockets of Wisconsin's working families. Reducing the cost of living in meaningful ways could increase security and stability for workers and families who need it most.

figure 4.4

SHARES OF AVERAGE ANNUAL HOUSEHOLD EXPENDITURES, MIDWEST, 2015 (average total expenditure \$55,071)



BLS Consumer Expenditure Survey, 2015.

POVERTY IN WISCONSIN

The federally designated “poverty line” is a useful threshold that indicates whether families do not have enough economic means to cover basic expenses and maintain a minimal standard of living. This level is adjusted for each type of family. In 2015, a family of two adults and two children under 18 years old is said to be poor if their income is below \$24,036 per year. However, many people have argued that the income established by the federal poverty standard is woefully inadequate to cover basic needs, especially in urban areas. Because of the inadequacy of the federal poverty line, some have proposed that the minimum amount a family needs to avoid substantial material stress and deprivation is twice as much the poverty threshold. It has become common to use twice the poverty line to compute a more realistic estimate of how many people do not make enough money to sustain a minimally decent standard of living.

Wisconsin has posted relatively low poverty rates in the last decades as Figure 4.5 shows. Despite being always below the national level, poverty in Wisconsin has had significant shifts in the last decades. After a spike at the beginning of the 1990s, poverty remained at low levels for most of the decade and until the beginning of the 2000s. From 2002 to 2004, poverty in Wisconsin grew substantially and moved close to the US standard. From 2005 to 2009 poverty was again stable and increasingly lower than the national trend. The consequences of the Great Recession became evident as there were large increases in poverty beginning in 2009. In 2015, poverty in the state stood at 11.4 percent, slightly up from a lower level in 2014, but well below the high point of 2012. The national poverty rate was 13.5 percent in 2015.

figure 4.5

POVERTY RATE, WISCONSIN AND US, 1980-2015

(three-year moving averages)

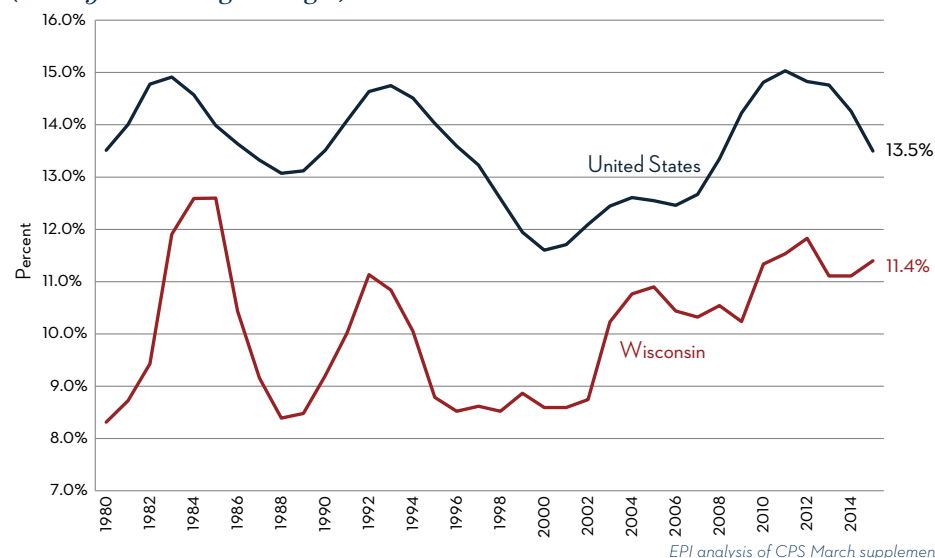
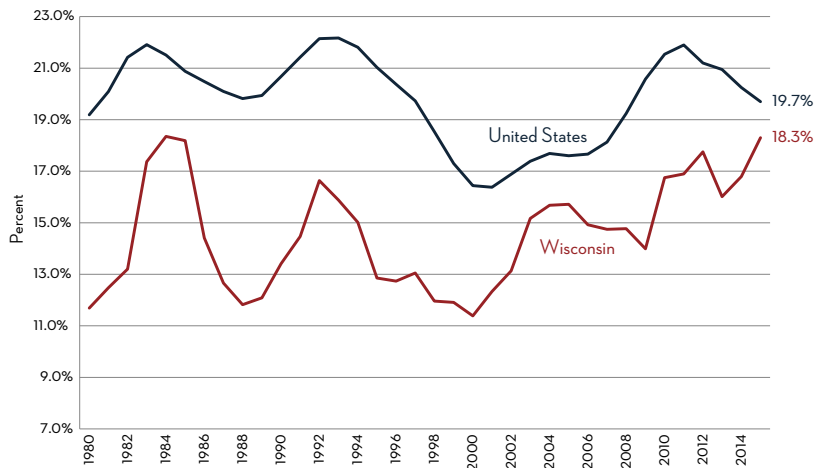


figure 4.6

CHILD POVERTY RATE, WISCONSIN AND US, 1980-2015 (three-year moving averages)



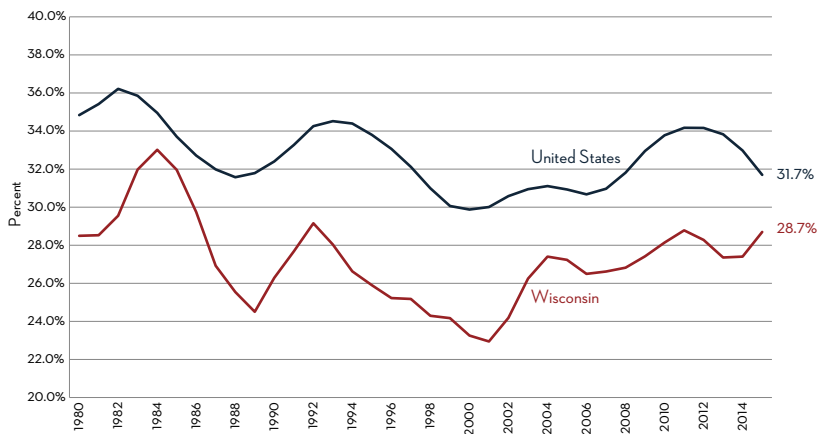
EPI analysis of CPS March supplement.
Note: Last data point corresponds to the actual poverty rate in 2015 (not averaged).

Children are much more likely to be poor than adults. Figure 4.6 shows the poverty rate for children from 1980 to 2015. As in the case of the total poverty rate, the child poverty rate in the state has generally stayed below the national rate. In 2015, about 18 percent of the state's children lived in poverty, which constitutes an alarming increase compared to previous years. Substantively, this means that about one in six children in the state are growing up in situations of serious deprivation, inadequately housed or fed, and facing other stresses arising from situations of vulnerability and instability such as crime and violence.

Figure 4.7 shows the evolution over time of the share of the population with total income below twice the poverty line. In 2015, almost 29 percent Wisconsinites fell below this marker, a level we reached after the crisis of 2008, and from which have not yet recovered.

figure 4.7

POPULATION BELOW TWICE THE POVERTY LINE, WISCONSIN AND US, 1980-2015 (three-year moving averages)



EPI analysis of CPS March supplement.
Note: Last data point corresponds to the actual poverty rate in 2015 (not averaged).

CONCLUSION

The data on income in the state is consistent with the story clear in jobs and wages. First, for four-person families in the state, income is rising. After significant declines and stagnation across for much of the last decade, this is welcome news indeed. However, the growth in income is not particularly strong – four-person families remain below the 2000 benchmark, once inflation is taken into account. And the growth is not broadly shared – household income (which measures income for a broader population in the state) is stagnant and poverty remain troublingly high.

DATA SOURCES & METHODOLOGY

This edition of *The State of Working Wisconsin* relies on a wide range of data sources. The specific source or sources relied on for any given table or figure are identified below the figure or table in question. In this section we define the abbreviations used in tables and figures source notes to refer to our sources, discuss those sources for which some methodological detail and description are required, and explain some other methodological issues. Two data sources provide for the majority of our analysis: The Current Population Survey, and the American Community Survey.

THE CURRENT POPULATION SURVEY

One of our primary sources is the annual compilation of the Current Population Survey (CPS), which is conducted jointly by the U.S. Bureau of Labor Statistics (BLS) and the U.S. Census Bureau. From these, the National Bureau of Economic Research (NBER) develops the CPS Outgoing Rotation Group (CPS ORG) file, which contains earnings questions only given to a subset of respondents. We relied on a version of the CPS ORG developed by the Economic Policy Institute (EPI) for almost all of our tabulations and calculations. For unemployment, underemployment, and labor force participation, EPI provided us with calculations based on data from the full monthly CPS sample.

We base our analysis of wages on CPS ORG data because it is the best source for analyzing state- and national-level trends. Unlike the “average wage” series produced by the U.S. Department of Labor, CPS data permit calculation of individual hourly earnings and the linkage of earnings to demographic characteristics such as race, sex, and educational attainment. The CPS sample also includes a wide range of workers and employment situations and permits comparison between Wisconsin workers and those elsewhere. Also, the CPS allows for much longer-term analysis than the American Community survey.

The sample used for all analyses involving wages includes all wage and salary workers with valid wage and hour data. In

FREQUENTLY USED ABBREVIATIONS

ACS: American Community Survey

BLS: U.S. Bureau of Labor Statistics

CES: Current Employment Statistics

CPI: Consumer Price Index

CPS: Current Population Survey

CPS ORG: Outgoing Rotation Group of the Current Population Survey

DOL: Department of Labor

EPI: Economic Policy Institute

GSP: Gross State Product

NBER: National Bureau of Economic Research

QCEW: Quarterly Survey of Employment and Wages

UI: Unemployment Insurance

the CPS, respondents answer the question regarding wages in one of two ways. If they are paid an hourly wage, they simply report that wage. If they are paid on a salary basis, they report their weekly earnings and their usual hours of work in a given week. To estimate their hourly wage, we then divide earnings by usual hours. For wage estimates, we include all respondents between the ages of 18 and 64 but exclude the unincorporated self-employed. In the cases of labor force participation and unemployment, we include all respondents ages 16 and older. CPS demographic weights were applied to make the sample representative of the population.

In 1994, the CPS altered its education question. Up until then, CPS respondents were asked their highest grade completed. Since then, they have been asked the highest degree received. Although not perfectly equivalent, these two schemes provide reasonable consistency, especially given the broad educational groups we use in our analyses. Here, we usually group individuals into four educational categories: less than high school, high school graduates, people with some college, and college graduates. In the years before 1994, we assign individuals with less than 12 years of schooling to the first category, those with 12 years to the second, those with 13 to 15 to the third, and those with 16 or more to the fourth. For years after 1994, the assignment of those reporting high school or college degrees is straightforward. Those who report no degree are classed as “less than high school,” and those reporting any of a range of technical or associate degrees are classed in the “some college” category, as are those who report having begun college but not having completed it.

This is the fifth time we have analyzed the effects of associate degrees on earnings. Although in most of the report we use the four categories above, in one section we break down those with some college into three categories: those who have had some college but have not attained a degree; those who obtained an academic associate degree; and those that obtained an occupational or vocational associate degree. For instances where this was done, see Table 2.3 and Figure 2.9.

We also make use of the CPS Annual Social and Economic Supplement, or March supplement. This supplement contains data on pension and health care coverage as well as earnings from the previous year.

Data on unionization in Wisconsin comes from unionstats.com, which is maintained by Prof. Barry Hirsch of Trinity University and Prof. David Macpherson of Florida State University. They use the CPS ORG for their calculations.

THE AMERICAN COMMUNITY SURVEY

Our other source for many of the figures and tables contained in this report, the American Community Survey (ACS), is an ongoing yearly survey conducted by the Census Bureau that provides data aimed at giving communities up-to-date information for planning and policy. Besides providing demographic information, the Survey asks about family relationships, income, earnings, and benefits, health insurance, education, veteran status, disabilities, work and employment status, housing, etc. Because it is aimed at providing information at the local level, the ACS offers a larger sample than the CPS and other nationally representative samples, surveying more than 3 million people every year, and providing data all the way down to the county level. In practice, since 2010 the ACS has replaced the national Census long form. In making our calculations, we use the Public Use Microdata Sample (PUMS) version of the survey.

The sample used for all of our analyses involving wages includes all wage and salary workers with non-zero wages, and wages below \$500/hour, who do not work for the military (i.e. are part of the civilian labor force), and who are between

18 and 64 years old at the time of the survey. Hourly wages are calculated by using the number of weeks worked during the past 12 months. The figure is originally provided in six discrete intervals (less than 14 weeks worked; 14 to 26; 27 to 39; 40 to 47; 48 to 49; and 50 to 52). The number of weeks worked by an individual are imputed by using the median of the given interval. Hourly wages are then calculated by dividing the total wages received during the last 12 months, divided by the product of the (imputed) number of weeks worked and the average number of hours worked per week, as reported by the interviewee. The resulting average hourly wage is adjusted using the inflation adjustment variable provided by the Census Bureau, and by adjusting these hourly wages from its value in dollars of July on the survey year to average dollars for that year, using the CPI deflator provided by the Bureau of Labor Statistics.

OTHER SOURCES

We have used data on employment levels from the Current Employment Statistics (CES) program of the BLS. Some of these data were supplied to us indirectly by the Economic Policy Institute. We have also used data from the Covered Employment and Wages program, which is a joint program of the Wisconsin Department of Workforce Development (DWD) and the BLS.

Data on per capita personal incomes and on gross state product are from the U.S. Bureau of Economic Analysis (BEA).

For data on the population, and on the race and ethnic breakdown thereof, we have used the U.S. Decennial Censuses.

The data on consumer expenditures reported in Chapter 4 are from the BLS' Consumer Expenditure Survey. To avoid confusion with the Current Employment Statistics, we do not abbreviate the Consumer Expenditure Survey as a source.

REAL MEDIAN WAGES

In general, we present trends in real median hourly wages. “Real” means inflation adjusted—in our case, through the Consumer Price Index Research Series Using Current Methods, or CPI-U-RS. “Median” means the center of a distribution, with exactly half the distribution above and half below it. The alternative expression of average wage trends is in terms of an actual average, or “mean,” calculated simply by taking all wages for a population and dividing by its number of members. We prefer the median to the mean, because the mean can mislead; a few very high-earning individuals can raise the mean so that it does not represent the center of the distribution. In the comparison of Wisconsin to the nation, moreover, the use of means artificially disfavors us on grounds of which we should be proud: we have a comparatively equal distribution of earnings and so less opportunity for such upward distortion. Compared to the rest of the nation, then, Wisconsin's mean wages look worse than our median wages do, but only because we have less inequality.

appendix table A3.1

SOCIAL, DEMOGRAPHIC, JOB, AND EMPLOYMENT PROFILES

	ALL JOBS IN WI	POVERTY-WAGE JOBS	ABOVE POVERTY-WAGE JOBS
Number of workers	2,697,907	741,806	1,956,101
as percentage of workers in WI		27.5	72.5
Gender			
Female	1,317,906	412,399	905,507
as percentage of female workers in WI		31.3	68.7
Male	1,380,001	329,407	1,050,594
as percentage of male workers in WI		23.9	76.1
Race/Ethnicity			
White non-hispanic	2,292,926	570,534	1,722,392
as percentage of white workers in WI		24.9	75.1
Black non-hispanic	132,107	51,666	80,441
as percentage of black workers in WI		39.1	60.9
Hispanic	150,517	73,264	77,253
as percentage of hispanic workers in WI		48.7	51.3
Other non-hispanic, including multiple races	122,357	46,342	76,015
as percentage of other non-hispanic workers in WI		37.9	62.1
Racial composition within each group (%)			
White non-hispanic	85.0	76.9	88.1
Black non-hispanic	4.9	7.0	4.1
Hispanic	5.6	9.9	4.0
Other non-hispanic, including multiple races	4.5	6.2	3.9
Age			
Median age	41	29	44
Age composition within each group (%)			
[18, 25)	15.1	37.1	6.8
[25, 35)	22.2	23.4	21.7
[35, 45)	20.9	13.7	23.6
[45, 55)	24.0	14.4	27.7
[55, 65)	17.8	11.4	20.2
Education composition within each group (%)			
<HS	5.4	10.3	3.6
HS or GED	27.7	34.8	25.0
Some College, no degree	24.2	32.1	21.2
Associate's degree	11.7	8.7	12.9
Bachelor's degree	21.3	11.9	24.9
Graduate degree	9.6	2.3	12.4
English proficiency, percentage within each group			
Percentage of workers who speak little or no english	1.4	2.9	0.8
Median hourly wage	17.25	7.96	21.32
as percentage of median hourly wage in WI		46.2	123.6
Hours worked			
Median	40	38	40
Weeks worked (% within each group)			
50 to 52	80.3	68.3	84.8
48 to 49	2.1	3.0	1.8
40 to 47	6.0	8.0	5.2
27 to 39	5.1	8.6	3.8
14 to 26	3.6	6.2	2.6
less than 14	3.0	5.9	1.9
Health insurance coverage (% within each group)			
No health insurance coverage	8.8	17.3	5.6
Through employer/union	72.2	52.1	79.8
Private purchase	8.7	10.9	7.9
Medicare	0.4	0.6	0.3
Medicaid	7.6	16.5	4.2
Tricare/Military	0.7	0.8	0.6
VA	1.3	1.1	1.3
Indian Health Service	0.4	0.6	0.3

appendix table A3.2

SOCIAL, DEMOGRAPHIC, JOB, AND EMPLOYMENT PROFILES, BY INDUSTRY

	ALL INDUSTRIES	MANUFACTURING	RETAIL	FOOD & ENTERTAINMENT	LONG-TERM & HOME HEALTH CARE
Number of workers	2,697,907	535,678	230,472	197,712	97,945
as percentage of workers in all industries		19.9	8.5	7.3	3.6
Gender					
Female (%)	48.9	30.2	58.8	54.3	85.3
Male (%)	51.2	69.8	41.2	45.7	14.8
Race/Ethnicity (%)					
White non-hispanic	85.0	84.9	87.0	76.1	78.9
Black non-hispanic	4.9	3.1	5.6	6.6	13.2
Hispanic	5.6	7.4	3.2	10.0	4.5
Other non-hispanic, including multiple races	4.5	4.7	4.2	7.3	3.5
Age					
Median age	41	45	34	27	37
Age composition within each industry (%)					
[18, 25)	15.1	9.4	28.1	42.9	22.6
[25, 35)	22.2	18.9	22.1	23.7	24.3
[35, 45)	20.9	21.5	13.9	13.6	17.1
[45, 55)	24.0	29.4	19.8	13.1	18.9
[55, 65)	17.8	20.8	16.2	6.8	17.2
Education composition within each industry (%)					
<HS	5.4	7.0	5.8	12.0	4.3
HS or GED	27.7	39.8	35.1	34.1	32.5
Some College, no degree	24.2	20.7	31.7	34.8	33.3
Associate's degree	11.7	11.1	9.6	6.0	13.2
Bachelor's degree	21.3	17.3	15.3	12.1	13.4
Graduate degree	9.6	4.2	2.5	1.0	3.4
English proficiency, by industry					
Percentage of workers who speak little or no english	1.4	2.6	0.2	3.2	0.4
JOB AND EMPLOYMENT PROFILES					
	ALL INDUSTRIES	MANUFACTURING	RETAIL	FOOD & ENTERTAINMENT	LONG-TERM & HOME HEALTH CARE
Wages					
Median hourly wage	17.25	19.90	11.94	9.67	12.66
as percentage of median hourly wage in WI		115.4	69.2	56.0	73.4
Number of workers in poverty wage jobs	741,806	93,799	111,158	123,932	39,688
as percentage of workers in industry	27.5	17.5	48.2	62.7	40.5
Hours worked					
Median	40	40	39	30	38
Weeks worked (% within each industry)					
50 to 52	80.3	88.4	75.3	68.2	80.8
48 to 49	2.1	1.6	2.5	3.2	1.2
40 to 47	6.0	3.2	5.6	8.2	4.2
27 to 39	5.1	2.6	6.6	7.8	5.9
14 to 26	3.6	2.2	5.1	7.2	4.9
less than 14	3.0	2.0	4.9	5.5	2.9
Health insurance coverage (% within each industry)					
No health insurance coverage	8.8	7.6	12.2	18.7	13.1
Through employer/union	72.2	80.1	62.9	50.4	56.5
Private purchase	8.7	5.8	8.9	10.5	10.3
Medicare	0.4	0.3	0.5	0.2	0.1
Medicaid	7.6	4.5	12.9	18.0	17.8
Tricare/Military	0.7	0.3	1.2	0.6	1.5
VA	1.3	1.1	1.0	0.6	0.5
Indian Health Service	0.4	0.3	0.4	1.1	0.1