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# Center on Wisconsin Strategy

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*NOTE: Joel Rogers and Laura Dresser will be available for interviews on Monday, September 5, 2005, 2-3 p.m., at LaborFest, Madison Labor Temple, 1602 S. Park St., Madison, WI.*

## **WISCONSIN ECONOMIC PICTURE DARKENS STUDY SHOWS DECLINING WAGES AND BENEFITS**

**Madison**—Job growth in Wisconsin is slowly improving, but income and wages are down, health benefits are eroding, and racial inequality continues to plague the state, according to *The State of Working Wisconsin, Update 2005*, a report by the UW-Madison-based Center on Wisconsin Strategy (COWS).

COWS' Labor Day report helps explain the background to the recently released (August 29) U.S. Census Bureau statistics, which found Wisconsin poverty rates rising faster than any other state – nearly two percentage points over the past couple of years. Wisconsin's poverty rate is now 11 percent – the state's highest poverty rate in more than a decade.

COWS' report shows that while Wisconsin, compared to other states in the Midwest, is doing well on some measures – jobs have grown in the state, the manufacturing decline has leveled off, and unemployment is slightly down – the state isn't faring so well in other areas.

Real (adjusted for inflation) median household income has fallen by more than \$4,000 since 1999. And after nine years of steady growth, Wisconsin's median wage actually fell over 2003-04. The longer term picture is even darker. Median wages today are only 5 percent (68¢) above their level of a quarter century ago, despite the fact that worker productivity is up 70 percent. New data also show a serious decline in employer-provided health insurance. The social contract in Wisconsin is shredding.

These negative trends in the economy are felt particularly hard among black Wisconsinites, who have much higher rates of poverty and unemployment than whites, and are clustered in lower-paying occupations and among employers with even lower rates of insurance coverage.

“Wisconsin has done better the past few years than much of the depressed Midwest region, but that's cold comfort when you consider these broader trends,” said UW-professor Joel Rogers, director of COWS. “The working class in Wisconsin is getting hammered. To lift that hammer, we've got to turn state energies to getting on the high road of high wages, low waste, and democratic accountability. We know how to do these things. These data tell us we better start doing them in earnest.”

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Among the report's findings:

- Wisconsin's median wage dropped over 2003-04, after nine consecutive years of growth. The value of the median wage, \$13.91 per hour, is now less than a dollar more per hour than it was 25 years ago.
- Employer-based health care coverage for Wisconsin's private sector workers has fallen steadily. In 1980, 73 percent of these workers had health insurance through their employers; by 2002, the share dropped to 58 percent.
- Wisconsin has shocking levels of inequality between black and white residents of the state. On a variety of measures – ranging from poverty to unemployment, graduation rates to incarceration rates – Wisconsin's black/white differences are the worst, or among the worst, in the nation.

On the brighter side, the report notes that:

- On June 1, 2005, workers at the minimum wage got a needed boost in pay from \$5.15 per hour to \$5.70.
- Wisconsin generated jobs in 2004 and continues to do so in 2005, particularly in construction and education and health services.
- Job growth has helped to push the state's unemployment rate down, from 5.5 percent in 2002 to 5.0 in 2004 – notably less than the 5.7 unemployment rate found in the Midwest region as a whole.

COWS releases *The State of Working Wisconsin* every two years, in conjunction with the release of *The State of Working America* by the Washington, D.C.-based Economic Policy Institute. The report offers a comprehensive review of the status of workers and jobs in Wisconsin. Every other year, COWS releases *The State of Working Wisconsin Update*.

***NOTE: The report is embargoed for release until 12:01 a.m. on Sunday, September 4, 2005. To obtain a copy, contact Satya Rhodes-Conway at 608-262-5387 or [satya@cow.org](mailto:satya@cow.org). The report will also be available on the COWS website, [www.cow.org](http://www.cow.org).***

*COWS is a research center and incubator for applied policy experiment, based at the University of Wisconsin Madison, dedicated to inclusive sustainable growth in living standards.*