



Wisconsin Has Nation's Highest Ratio of Manufacturing Jobs to Government Jobs

Some people believe that the ratio of manufacturing jobs to government jobs in a state is a good measure of a state's economic health. For people who use that yardstick, it should be welcome news that Wisconsin has the highest ratio of manufacturing jobs to government jobs in the nation, tied with Indiana. Wisconsin's high ranking is due to having a higher percentage of our workforce in manufacturing than most other states, as well as having a relatively lean public sector.

Employment in the manufacturing industry in Wisconsin has waned in recent years as part of a national decline in manufacturing. The ratio of manufacturing jobs to government jobs has been falling more slowly in Wisconsin than in the nation as a whole.

About the Data

Industry employment figures in this analysis come from the Bureau of Labor Statistics, and are seasonally adjusted. The paper has been updated with data for the full 12 months of 2010.

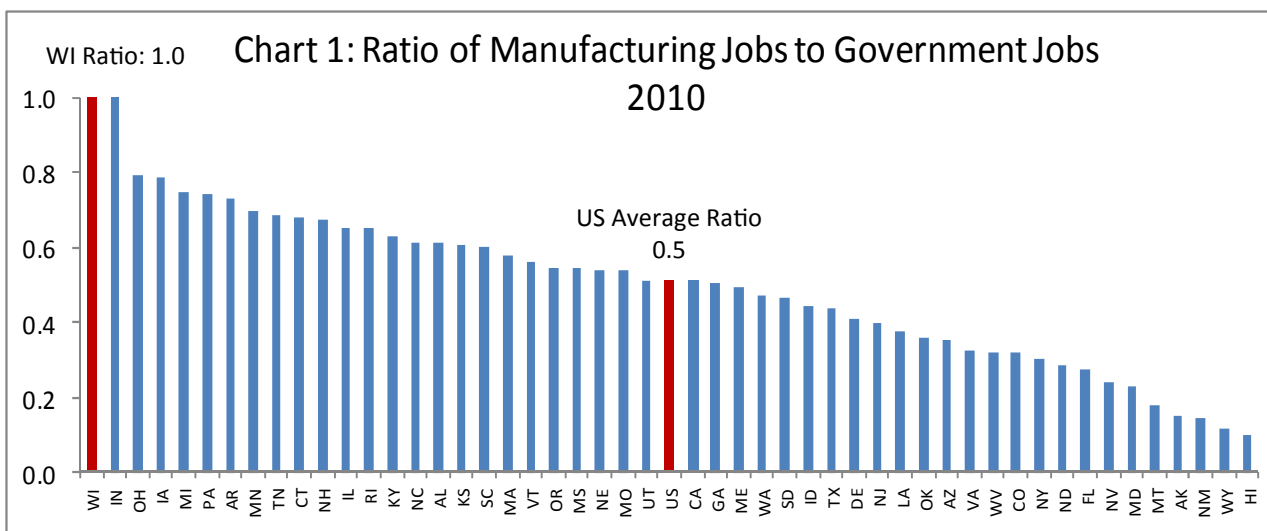
Figures regarding the number of state and local government employees in 2009 are taken from U.S. Census Bureau data. Population numbers represent U.S. Census Bureau estimates for the number of people living in the state in July of that year.

A Leader in Manufacturing Jobs

Wisconsin has the second-highest percentage of its workforce in manufacturing among all states, after Indiana. Moreover, our state has the highest ratio of manufacturing to public sector jobs in the nation, tied with Indiana.

Both Wisconsin and Indiana had a ratio just above 1.0, as shown in Chart 1, and the other states all had at least 20 percent fewer manufacturing jobs than government jobs. In other words, Wisconsin has slightly more people working in locations like foundries and assembly lines as in locations like classrooms and police stations.

Wisconsin's ratio was twice the national average of just 0.51 jobs in manufacturing for each government job.



Change Over Time

We examined the job sector trends in Wisconsin and nationally for each year from 1990. Not surprisingly, we found that there has been a significant drop in manufacturing jobs in Wisconsin and in the U.S. as a whole. However, at no time in the last 20 years has the national ratio of manufacturing to employment jobs been higher than it currently is in Wisconsin. Table 1 illustrates that the ratio dropped 47% nationally since 1990, compared to 33% in Wisconsin.

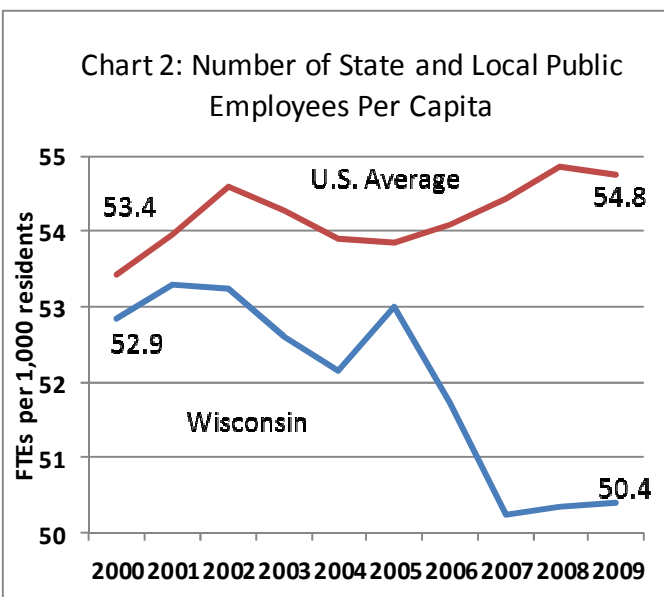
Table 1: Change in the Ratio Since 1990

	1990	2010	Change
U.S.	0.96	0.51	-47%
WI	1.53	1.03	-33%

Public Sector Employment

Someone might infer from the nature of the debate that the drop in the ratio of manufacturing to government jobs in Wisconsin reflects a large and growing number of public sector jobs in Wisconsin. That is not the case.

We analyzed the most recent U.S. Census Bureau data on state and local government employment, which is from 2009. As Chart 2 illustrates, Wisconsin actually has a relatively lean public sector. The chart shows that state and local



government employment across the U.S. has grown slightly since 2000 (as measured in FTEs per thousand residents), but has declined in Wisconsin. In 2009, Wisconsin was 7.9 percent below the national average in the number of state and local employees for every 1,000 state residents. Only seven other states had fewer state and local government employees, measured relative to the state's population.

Conclusion

Manufacturing has long been a very important part of the Wisconsin economy, and none of us wants to see it decline. However, if having more manufacturing jobs than public sector jobs is an important objective, then it appears the focus should be on U.S. economic and trade policy, since the ratio of manufacturing to government jobs has been much lower and falling faster at the national level compared to Wisconsin.

An objective analysis of the job sector data reveals the following:

- Wisconsin and Indiana have a larger percentage of their total jobs in manufacturing than any other states.
- The size of Wisconsin's public sector workforce is 7.9 percent below average, relative to the state population.
- In 2009 Wisconsin was one of only two states with as many manufacturing jobs as government jobs; all other states had fewer.
- At no time in the last 20 years has the national ratio of manufacturing to government jobs exceeded the current ratio in Wisconsin.
- That ratio is almost twice as high in Wisconsin in 2010 as it is nationally.

Whether the ratio of manufacturing to government jobs is a good measure of a state's economic health and competitiveness is beyond the scope of this short paper. But if it is a useful gauge of a state's economic vitality, then we should all celebrate the fact that Wisconsin is #1 and is far above most other states.

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