



Stuck in Neutral

Even Using New Yardstick, Wisconsin is Far Off Pace to Create 250,000 New Jobs

An abrupt change in how the state measures job growth can't obscure the fact that Wisconsin is lagging behind other states in employment. By some measures, job creation in Wisconsin has been among the slowest in the country, despite pledges made by Governor Walker to help Wisconsin create 250,000 new jobs before 2015.

If Wisconsin wants to get serious about putting more people to work, we should invest in the education of our future workforce, the health of our workers, and the safety and stability of our communities. Instead, the legislature has handed out corporate tax breaks that will drain a billion dollars in resources from schools, health care and other essential services over the next 10 years, without requiring those businesses to create a single new job.

Wisconsin is Falling Behind

In the first year and a half after the recession, Wisconsin created jobs at a slow and steady pace, as shown in the chart below. But more recently, it has fallen behind other states. In fact, Wisconsin lost 21,400 jobs between April 2011 and April 2012, the most recent month for which there are job figures.

This dismal track record is particularly painful because Wisconsin still has a long way to go to

recoup the jobs lost during the recession. The state had 225,000 fewer jobs than it needed in March 2012 to make up for earlier losses and population growth, according to the non-partisan Center on Wisconsin Strategy. This includes the 151,000 new jobs Wisconsin needs to get back to the number it had in December 2007, plus another 74,800 jobs required to keep pace with population growth since then. Wisconsin is not making meaningful progress towards filling this hole.

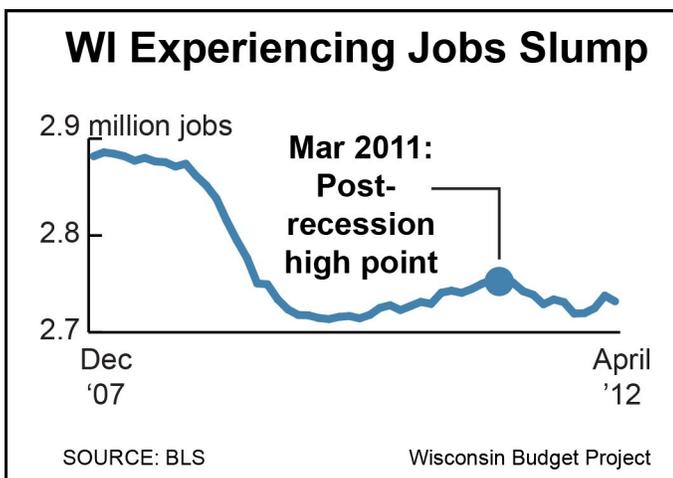
Overall, the nation has added jobs at a modest pace. Had Wisconsin employment grown at a similar rate, an additional 61,000 people would be working. That's nearly equivalent to all of the unemployed workers in the Milwaukee-West Allis-Waukesha metro area.

A Different Yardstick, Similar Results

Governor Walker recently contended that the traditional method of measuring jobs — which is based on a survey of employers conducted by the U.S. Bureau of Labor Statistics (BLS) — does not accurately depict job growth in Wisconsin. The governor made the creation of 250,000 jobs in his first term a cornerstone of his campaign.

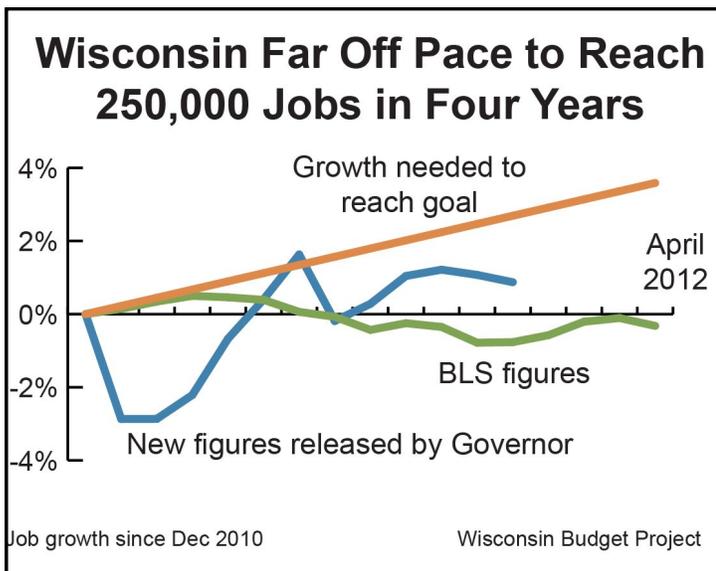
Governor Walker advocated using a different measuring stick for job growth in Wisconsin, one based on a state survey of businesses conducted as part of its unemployment insurance program. He argues that these figures are more sound because they are based on an actual count of jobs, rather than a sample. There is normally a six-month lag in these figures, but the Walker administration moved up the usual release date.

The new figures showed that Wisconsin gained 23,000 jobs from December 2010 through December 2011. That rate of growth is still far below the pace required to create 250,000 jobs over four years, as



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shown in the chart below. At the current rate, it would take nearly 11 years to create the pledged number of jobs. Comparisons with other states based on these figures will not be possible until June, when the federal government releases the data.



The Walker administration has argued that the BLS figures showing significant job loss must be flawed because other economic indicators point in a positive direction for Wisconsin. In particular, the administration cites a dropping unemployment rate, revenue collections that are running ahead of estimates, and growth in personal income.

A closer look shows that these indicators are at best mixed. Wisconsin's unemployment rate is dropping, but more slowly than the rate in nearby states like Minnesota, Michigan, Iowa, Indiana, and Ohio. State tax revenues for the two-year budget cycle are ahead of projections made in February 2012 — but still below estimates made in May 2011. And although Wisconsin ranked above the national average in personal income growth for most of 2011, it dropped to last among the states in the final three months of 2011.

How *Not* to Create New Jobs

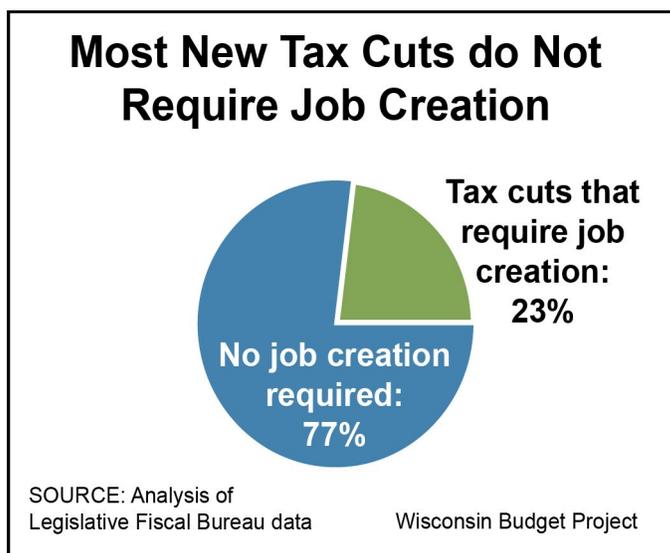
Much of the damage to Wisconsin's ability to create jobs is self-inflicted.

The state has cut its workforce, and steep cuts in state support to local governments and schools have sent teachers and other public servants to the unemployment line. Between December 2010 and

April 2012, the state lost more than 9,000 public sector jobs, according to BLS figures

Meanwhile, the Legislature has handed out over a billion dollars in tax cuts to corporations — in most cases without any requirements that those businesses create jobs.

These tax cuts add up to \$125 million over the current two-year budget period, and balloon to \$1.6 billion over the next 10 years. More than three-quarters of these giveaways — \$1.2 billion over the next decade — do not require the recipients create a single new job, as shown in the chart below.



Conclusion

Wisconsin workers are feeling the squeeze. Regardless of the yardstick used, the state is far off pace from creating 250,000 new jobs over four years. In fact, the most commonly cited measure of job growth shows that Wisconsin lost jobs over the last year instead of gaining them.

Wisconsin's job woes have been compounded by job loss in state and local governments, and big corporate tax cuts with little accountability to create jobs.

If Wisconsin wants workers to reach their potential, we should focus on investing in areas that really create jobs and build the economy — like education, public safety, transportation and health care.

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May 23, 2012