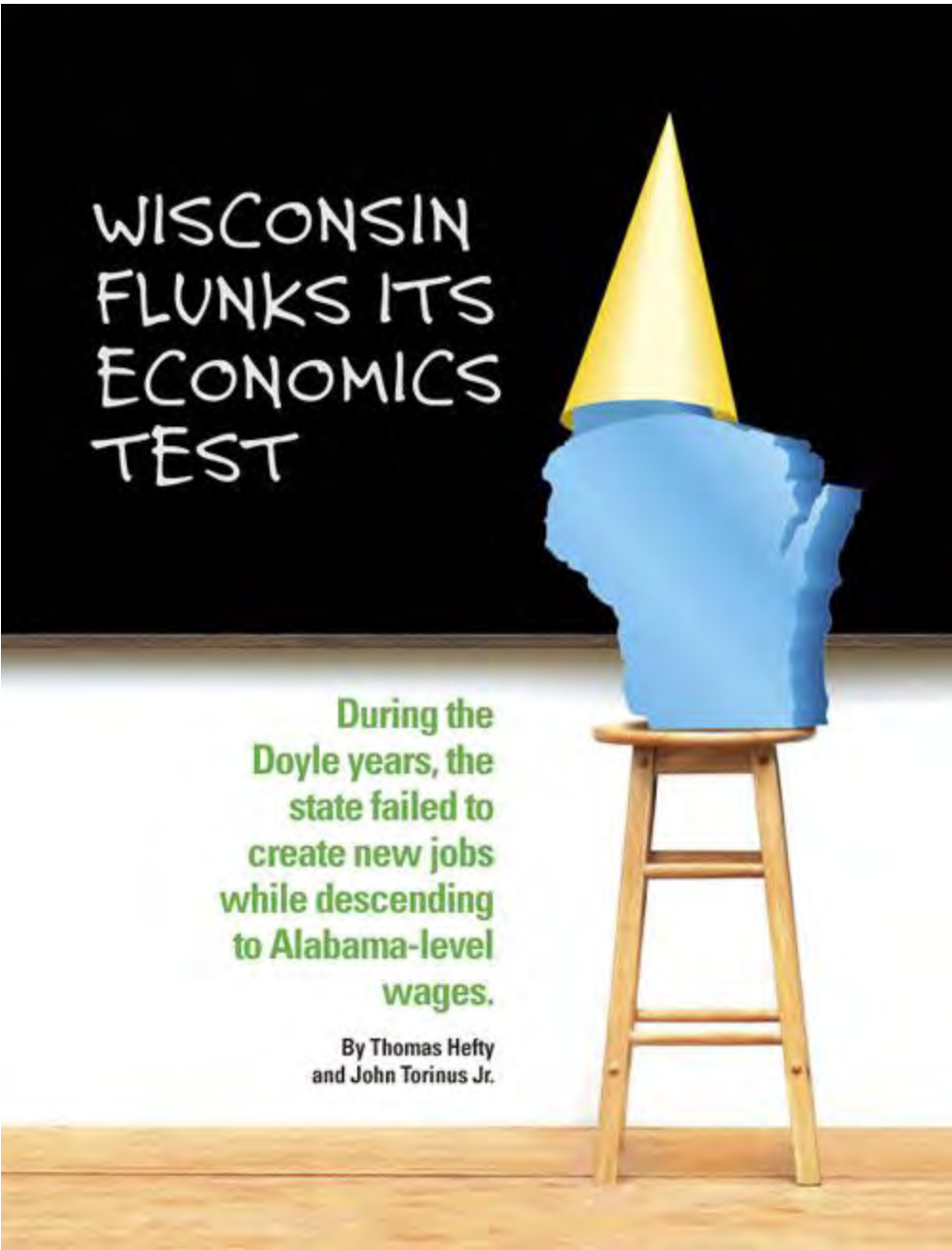# Falling Behind:

Wisconsin Policy Research Institute

WISCONSIN FLUNKS ITS ECONOMICS TEST

During the Doyle years, the state failed to create new jobs while descending to Alabama-level wages.

By Thomas Hefty and John Torinus Jr.

"Our state motto is "Forward," but Wisconsin is falling behind in the economic race to create jobs and raise family incomes."

From the Left:
Description from COWS

— The national economy has grown more rapidly that Wisconsin's leaving the state's per capita income more than $2500 behind the national average. The gap separating Wisconsin and the U.S. emerged in the 1980's, but strong growth during the 1990's helped Wisconsin close the gap. Unfortunately, Wisconsin is beginning to lag again."

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From the Center:

- The nonpartisan Competitive Wisconsin group (includes both business and labor representatives) 2008 benchmark report:
    - ——"Wisconsin has moved further away from the national average in per capita income, number of new jobs created, and number of new private businesses."

From the Right:
How We Stack Up

Chief Executive 2009	43rd
Forbes 2008	43rd
CNBC 2008	37th
State Competitiveness	41st

State	Average Annual Job Growth 2006-8	Average Annual Economic Growth 2006-8*	Forbes State Ranking for Business Climate 2008	CNBC State Ranking for Business Climate 2008
Wisconsin	**0.40%**	**.85%**	**43rd**	**37th**
Iowa	1.50%	2.75%	22nd	9th
Illinois	1.10%	1.10%	35th	30th
Minnesota	0.80%	1.80%	11th	10th

*as defined by Gross Domestic Product

WPRI

A Failure to Meet 1997 Blue Ribbon Commission on Jobs' Goals

- *Goal 1: Move Per Capita Income to 100% of national average*
  - **Failure: Dropped to 93.8%**
- *Goal 2: Job Growth should Outpace the Nation*
  - **Failure: Job Growth 2000-05 was zero**

    Job Growth 2005-07 was 50% of the national average
- *Goal 3: Unemployment rate 10% below the National Average*
  - **Failure: Since 2007, Wisconsin equal to National Average**

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Governor Doyle's Response:
Grow Wisconsin

- Grow Wisconsin was not a strategic plan—

- Grow Wisconsin was a lengthy list of action items. Most of the 300 ideas were positive, but **they lacked a focus** and overarching strategy.

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Lack of focus = Job Loss!

- Wisconsin lost 114,000 jobs between July 2008 and July 2009
- 312 jobs lost every day, or
- 13 jobs lost every hour

- Source: Wisconsin Department of Workforce Development. July 2009 Unemployment Numbers.

WPRI

Grow Wisconsin Goal:
Raise Wisconsin Wages

- Result: **Failure**

Annual Covered Employment and Wages Over Time

	Average Wage Per Job	Rank	Pct. Of U.S. Avg. Wage
2008	$39,125	33rd	85.9%
2003	$39,038	31st	88.5%

Source: STATS Indiana

People are Voting with their Feet:

—Wisconsin is more attractive to low-income individuals than to high-income earners."

Net Wisconsin migration

Wisconsin is attracting poor people and losing wealthier residents.

Income level of people moving to and from Wisconsin
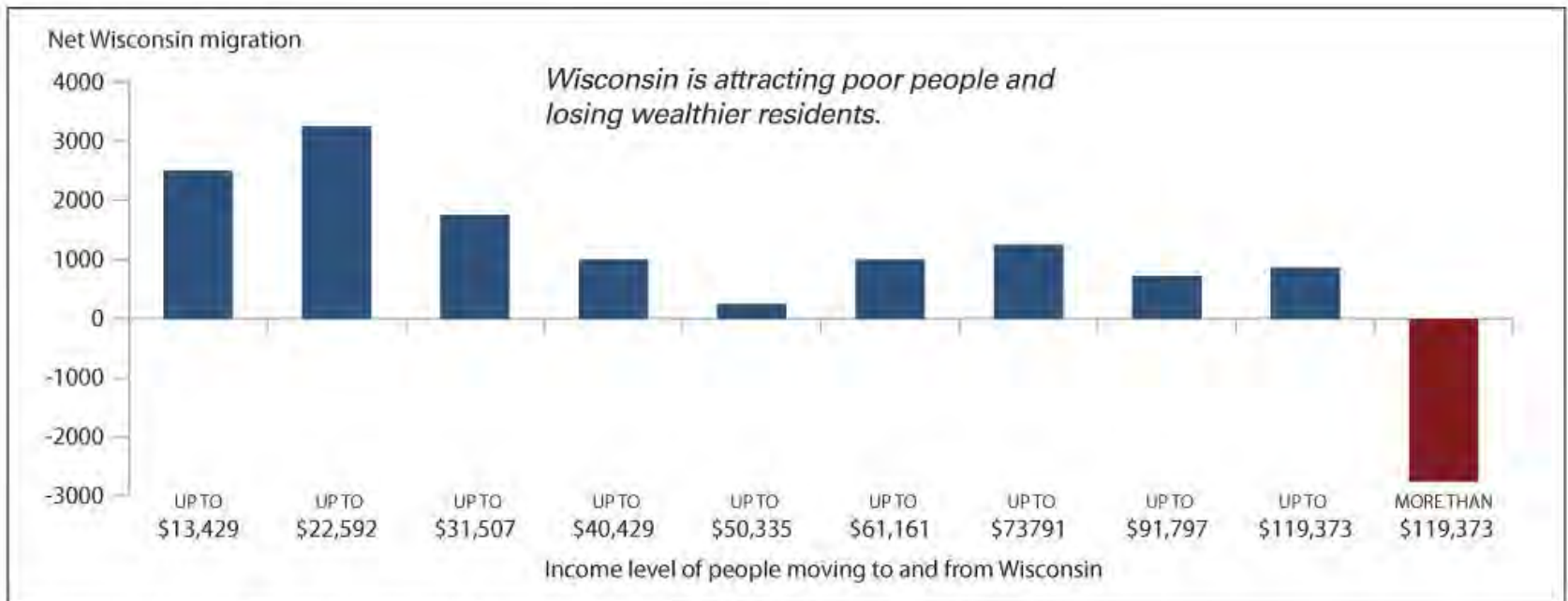
Source: "Trends In New Jersey Migration" (September 2008), Princeton University

Source: Princeton

State and Local Government hit hard by declining revenues

April-May 2009 State Tax Collections compared to 2008

	Personal Income	Corp. Income	Sales	Total
Iowa	(16.9%)	(23.4%)	11.4%	(8.5%)
Illinois	(26.8%)	19.9%	(12.8%)	(15.5%)
Wisconsin	(29.2%)	(46.6%)	(5.5%)	(19.7%)
Great Lakes Average				**(15.2%)**

Source: The Rockefeller Institute

Reasons for Flunking the Economics Test

- Lack of Focus
  - Legislative Audit Bureau found 154 programs
  - Grow Wisconsin was 300 different initiatives
  - Turnover in the Economic Development Leadership
- Lack of a Strategic Plan
  - Generally ignored the Cluster Strategy recommended by UW Summits and adopted by other states
  - Political Strategy—not an Economic Development Strategy
  - There is no Plan

What Wisconsin Needs:

1. **Success requires a plan**

   1. COWS says: —Wisconsin workers need a real strategy for economic development. This strategy needs to follow from a sober and disinterested assessment of our current challenges, resources, weaknesses, strengths, needs and viable opportunities."

2. **A solid plan requires leadership in the governor's office and in the cabinet offices**

3. **Wisconsin needs a positive attitude toward business, and enthusiastic salesmanship**