

For Immediate Release
January 10, 2017

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Mistaking Blindness for a Bright Future

MADISON- Governor Walker is scheduled to give his State of the State Address in the Assembly Chamber of the State Capitol at 3:00 p.m. In advance of the occasion, Rep. Gordon Hintz (D-Oshkosh) released a useful primer to assist in interpreting the Governor’s most commonly-used statements made during the last few weeks leading up to the address.

1. The truth behind Wisconsin’s workforce numbers

CLAIM: "Employment in Wisconsin reached an all-time high in November."

https://dwd.wisconsin.gov/dwd/newsreleases/2016/unemployment/161215_november_state.pdf 12/15/16

The total number of people employed in Wisconsin is at an all-time high because Wisconsin’s total population is at an all-time high. Total number people employed is not a significant economic measurement, especially when you consider the labor participation rate is lower than it has been historically, and because Wisconsin’s job growth has been well below the national average. The record number of jobs has not kept up with Wisconsin’s population growth.

CLAIM: "Wisconsin's labor force participation rate also remained unchanged at 68.4 percent and continues to outpace the U.S. rate which dropped to 62.7 percent in November."

https://dwd.wisconsin.gov/dwd/newsreleases/2016/unemployment/161215_november_state.pdf 12/15/16

This is not significant or new in any meaningful way. Wisconsin has typically had a higher labor participation rate than the rest of the U.S. going back to 1990. And it was higher than it is now under Governor Jim Doyle. Regionally, it has been higher than all neighboring states except Iowa and Minnesota.

Month	WI	US	IL	IN	IA	MI	MN	OH
May-90	70.03	66.53	68.26	67.81	69.21	65.86	73.18	66.08
May-95	73.4	66.44	68.07	71.16	72.58	66.1	74.57	65.7
May-00	72.33	66.97	69.38	68.36	70.9	68.74	75.32	67.02
May-05	70.14	65.97	66.37	67.54	71.38	65.97	73.38	66.76
May-10	69.39	64.79	67.08	64.37	71.05	62.72	71.47	65.41
May-15	67.57	62.97	64.39	63.64	69.88	60.91	70.66	63.09

What is significant is that Wisconsin’s labor participation rate has dropped 6.8 percentage points since 1995, which is faster than the national rate of 5.6%. This reflects that Wisconsin’s labor force as a percentage of population appears to be shrinking faster than the national labor force overall.

2. Low unemployment + slow job growth ≠ successful economic measure

CLAIM: “The unemployment rate in Wisconsin is the lowest it has been in 15 years, and is lower than the national unemployment rate.”

Wisconsin does have low unemployment by almost any measure, although not as low as 15 other states including Iowa and Minnesota.

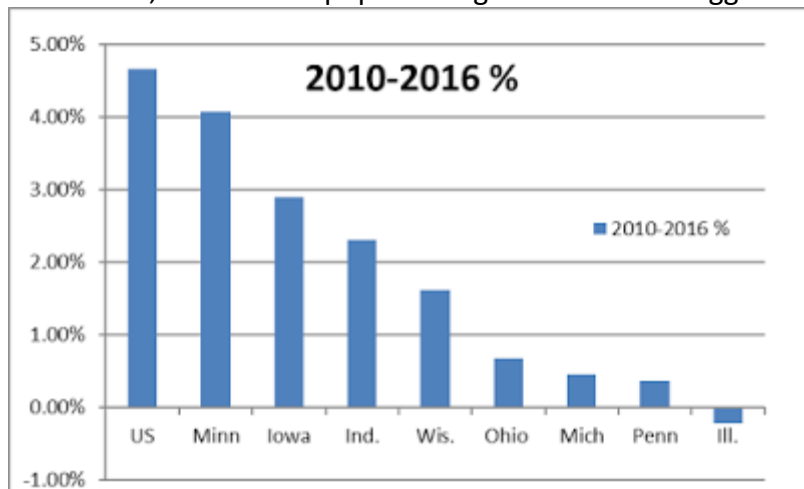
So how can our unemployment rate be so low if our job creation rate is so bad?

The answer is that Wisconsin is losing workers at nearly every age level over the prime working years, with more people moving out of the state than are moving in. And the people who are moving out are predominantly 20-to-50 year olds. Had Wisconsin’s population growth stayed at the level consistent with our neighboring states growth rates, we would have had an additional 46,000 state residents 16 and over. Our low unemployment rate is in part the product of workers who are choosing to leave the state for work.

(http://www.uwosh.edu/faculty_staff/mcgee/Jobs_or_Unemployment.pdf)

New estimates recently released by the US Census Bureau of state populations for 2016 reaffirmed Wisconsin’s slow population growth over the past year. Meanwhile, Minnesota continued to outpace the rest of the Midwest, adding 37,517 people between 2015 and 2016, nearly matching the 0.70% national population growth rate.

Since 2010, Wisconsin’s population growth rate has lagged behind neighboring states and the nation.



3. Wage growth is the market response to Wisconsin’s labor shortage

Claim: “Wisconsin has experienced some of highest wage growth for private sector wages in the nation outpacing outpacing Illinois, Indiana, Michigan, Minnesota and Ohio.”

The median household income in Wisconsin was \$60,344 in 2000 but by 2013 was just \$51,467 after adjusting for inflation. That’s a dip of 14.7 percent. The wage growth is the market responding to the labor shortage, which has too often been portrayed as a skills gap instead of a pay gap. Wisconsin’s people shortage is a significant challenge for the state, but it won’t be solved by crumbling infrastructure, lower quality schools, and a more polluted environment.

4. Job numbers need context

CLAIM: “Today, we’ve more than recovered the jobs that departed during the recession”

The goal posts have moved from Governor Walker’s failed promise to add 250,000 new jobs by 2014. Wisconsin’s economy ranks 8th in job creation out of ten Midwest states over the last five years, and is dead last in the nation when it comes to start-up activity. Since 2011, Wisconsin private sector job growth has been 6.99%, or 1.4% a year. The U.S. rate of private sector job growth has been 12.34% or 2.47% a year. If Wisconsin had created jobs at national rate, it would have 108,454 additional private sector jobs the past five years. Governor Walker’s December release of the U.S. Bureau of Labor Statistics preliminary jobs estimates for November of 2016 show that Wisconsin has lost 4,500 private sector jobs since March 2016. This includes a loss of 3,600 manufacturing jobs. The total estimated job loss since March 2016 is 2,700.

5. “New businesses” that don’t actually exist.

CLAIM: “Since Governor Walker took office, over 52,000 new business entities have been created.”

Governor Walker is referencing the number of newly registered "business entities". However, many of these entities have no employees at all, and never will. According to Politifact, that is because the Governor’s numbers also include non-profits such as youth groups, recreational athletic leagues, and home associations. It also includes thousands of limited-liability companies only set up to function as holding companies, startups, and out-of-state companies that register as a placeholder in case they were to do business in Wisconsin in the future.

6. “Chief Executive” Magazine

CLAIM: “Chief Executive Magazine today ranked Wisconsin the “11th Best State for Business” in its annual survey of CEOs. Wisconsin has improved 30 places in this ranking since 2010.”

Selected Business leaders were asked to grade states with which they are familiar on a variety of competitive metrics that CEOs themselves regard as critical. These include: 1) taxation and regulation; 2) quality of workforce; and 3) living environment. The tax and regulatory grade includes a measure of how CEOs grade a state’s attitude toward business, a key indicator. “

One of the State Advocate CEOs for Chief Executive.Net Magazine is none other than Diane Hendricks, Chairman of Hendricks Holding, Beloit, WI. Forbes Magazine estimated Hendricks' March net worth at \$2.8 billion. Hendricks and her husband, Kenneth, built ABC Supply. She became chairman of the company after her husband died in 2007. The company posts annual revenue of more than \$4 billion.

She was also Scott Walker’s largest donor, and yet owed no state income tax in 2010.

In Summary, the rankings include “a measure of how CEOs grade a state’s attitude toward business, a key indicator.” In this case, how Diane Hendricks, Governor Walker’s largest donor perceives things to be in Wisconsin.

7. K-12 education: taking credit from decades of investment

CLAIM: *“Schools are doing better.”*

“High school graduation rates are up again — now ranking third in the nation.”

“Reading/Math scores are up in fourth and eighth grades.”

“ACT scores are second best in the nation.”

Most 2016 Wisconsin high school graduates started school in 2001 or 2002. Fourth graders started school in 2009 or 2010. Eighth graders started school in 2005 or 2006. The point is that the achievement at any of these levels is not a snapshot of momentary success. It is the product of investments made in public education in our state over time.

Under Governor Walker and Republicans, K-12 GPR School Aids have lost more than \$1 Billion (\$1.05 Billion). Recent cuts in state education spending, no matter how damaging, take years to work their way through the system as students moved from grade to grade.

Wisconsin is just beginning to feel the effects of Act 10 as there are fewer teachers, fewer students enrolling in teaching programs and a reduction in education licensing.

8. The UW System: When less is actually less.

CLAIM: *“For the first time in University of Wisconsin history, in-state tuition is frozen at all UW campuses for four years in a row. That makes college more affordable for our students and working families.”*

Frozen tuition with major cuts to the UW System does not provide value to students or the state. The UW System has lost \$795 million in state aid since Governor Walker became Governor. In the strongest national economy in a decade, Governor Walker and the Republican Legislature cut \$250 million in the most recent budget from our UW system. These cuts will lead to fewer courses offered and longer graduation times. And the low morale is leading to high faculty turnover as talented professors leave for other states.

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