

Focus

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In brief

Based on its analysis of the state's "competitiveness," WISTAX assigned grades in each of 33 areas. High marks were given for health insurance coverage, student test scores, and highway condition. New business creations, venture capital per worker, and state bond ratings all received low grades.

Capitol notes

- Milwaukee-based American Society for Quality (ASQ) celebrates 40 years of certifying "quality professionals around the world."
- The head of the Financial Accounting Standards Board recalls that, in late 2005, FASB warned investors and the financial sector that subprime mortgages were risky.
- Gaps in white-black graduation rates at major universities: Texas (5 points), Georgia (7), Arizona (13), Purdue (14), Penn State (15), Iowa State (16), UW-Madison (22).
- Both Arizona and Maine now have taxpayer-funded political campaigns. One hope was that more "ordinary citizens" would run for the legislature. However, data through 2006 show "no evidence" of more lawmakers from "nontraditional backgrounds." Business and law remain the leading legislator occupations in Arizona, business and education in Maine. (Source: Center for Competitive Politics)

Report card time . . . for state, too

It's report card time again across the state. Students have been receiving grade reports for generations; and, now, Wisconsin gets one, too, thanks to a "competitiveness benchmarking" project at the Wisconsin Taxpayers Alliance (WISTAX).

Grading

For ten years, WISTAX researchers have tracked for Competitive Wisconsin, Inc. the state's performance on 33 measures in six categories—economic health, business climate, environmental quality, quality of life, workforce excellence, and public sector performance. The goal has been to gauge the change in the state's competitive position over time and to compare it to surrounding states and the U.S.

This analysis represents the first attempt by WISTAX to translate tables

and charts contained in a more extensive report, *Measuring Success: Benchmarks for a Competitive Wisconsin* (order info, over), into simple letter grades for the public and press.

To eliminate subjectivity, arithmetic scoring rules were used. For example, Wisconsin's grade on college entrance exams was a B. The average of the state's combined ACT/converted-SAT score (22.6) was above the national average (21.6) and all surrounding states, except Minnesota (22.9). Under the scoring rubric, that would earn an A. However, since Badger State test scores have remained virtually unchanged for the past eight years, the grade was lower.

Results

Of the 33 measures, Wisconsin had four grades in the A range, 12 each in

Wisconsin Report Card (Benchmarks for a Competitive Wisconsin, 2007)			
Quality of Life		Business Climate	
Hlth insurance coverage	A-	New business creations	D+
Violent crimes	B+	Exports as pct. output	B-
Cost of living	B-	Pct. jobs in manufacturing	B-
Home-ownership rate	C	Energy costs	C-
Poverty rate	B-	Highway condition	A-
		R & D spdg., pct. output	C
		Patents/population	B-
		High tech, % of employm't	C
		Venture capital per worker	D
Workforce Excellence		Public Sector	
Low birthweights	B	State-local tax burden	C+
Student test scores	A	Return on federal dollars	C+
College entrance scores	B	State bond ratings	D+
HS graduation rates	B+	Public employees/capita	B-
Pct. college graduates	C-		
PhD's in sciences	C		
Health lifestyles	B-		
Economic Health		Environmental quality	
Personal income per capita	C-	Water pollution (lbs/capita)	D-
Household income	B	Air emissions (lbs/capita)	A
Employment growth	C	Hazard. waste sites/sq. mi	C
Unemployment	C		
Agricultural income	D+		

the B and C ranges, and five in the D range. The average grade over all measures was just below 2.5, or B-/C+. The two areas with the strongest grades were quality of life (averaging about a B) and workforce excellence (B- average).

Quality of life. The top grade in this area was an A- for health insurance coverage. Wisconsin has one of the highest insured rates in the nation and is still improving. The state also fared well on violent crimes per 100,000 population, falling well below the national average (284 vs. 474) and all but one of the surrounding states (tied with Iowa). Its B+ grade would have been an A until recently; however, the crime rate suddenly reversed in 2005 and 2006, climbing from a low of 210 to 242 and then to 284.

A moderate cost of living and relatively low poverty rates both resulted in B- grades. The surprise was the share of households owning homes. Historically, it exceeded the national average and was rising. In 2005 and 2006, however, it dropped from 73.3% to 70.2% and now trails all neighboring states (hence, a C).

Workforce excellence. This area included measures of school readiness and performance, earning grades mostly in the B range or above. School test scores earned an A; high school graduation rates, a B+.

However, the share of the population with college degrees (C-) and doctoral degrees in engineering and the hard sciences (C) lagged. Science PhD's have eroded in recent years, from 81.4 per million population in 1995 to 63.6 in 2005. The state still has a slim lead over the nation (63.3) but now trails Illinois (71.8), Iowa (88.7), and Michigan (69.6). Lack of advanced research capacity in science and technology may lessen Wisconsin's future ability to innovate and spawn new companies and high-paying jobs.

Business and economics. Relative income, employment, and economic strength, among others, are represented by these two categories. Combined, their grades in 14 areas included one A, four Bs, six Cs, and three Ds, or about a C average.

Low grades were given to new business creations (D+) and venture capital per worker (D), both of which suggest that future job creation could be at risk. Also disconcerting was the steady rise in energy costs (C-), once an area of decided advantage.

A C- was also given to per capita personal income (PCPI). This indicator is a "canary in the mineshaft," for it suggests that Wisconsin is losing ground to the U.S. In 2003, state PCPI was within 2.3% of the national norm. In the subsequent four years, it steadily declined and stood at 5.9% below the

U.S. average in 2006. This is a level not seen since the late 1980s.

Wisconsin was relatively strong in manufacturing, export, and patent activity (all B-). Exports have grown dramatically in recent years, but as a share of manufacturing and farm output, they still trail the U.S. (34.0% vs. 51.6%) and three of the four adjoining states.

Public sector and environment. The four indicators of government performance all fell in the B- to D+ range. State-local tax burden and the state's receipt of federal funds are familiar vulnerabilities (both C+). The relative leanness of public sector employment earned the state a B-. Bringing up the rear was the state's bond ratings (D+). Wisconsin's once-lofty ratings fell early in the decade and have not changed since due to repeated state budget problems and rising debt. It is hard to generalize about environmental quality, as grades ranged from an A for air emissions to a D- for surface water discharge.

To improve

With mostly B and C grades, Wisconsin has room to improve. Our quality of life and workforce remain attractive. The challenge is to improve government performance, boost capital availability, and spur job and firm creation to raise incomes.

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The state's complete report card, Measuring Success: Benchmarking for a Competitive Wisconsin, is available from WISTAX (see above). The price is \$3.00 per copy; annual donors are being mailed a free copy. Quantity discounts are available.

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