



Wisconsin Taxpayers Alliance

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NEWS

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Wisconsin Economy Lags Nation's State Incomes Now 6% Below U.S. Average

MADISON—Although attention is understandably focused on Washington and the paralyzed credit markets, the latest report from the Wisconsin Taxpayers Alliance (WISTAX), drawing both on state forecasts and federal figures, finds that Wisconsin's economy has been lagging the nation for some time. WISTAX is a nonprofit, nonpartisan, public-policy research firm with 76 years of service to Wisconsin citizens.

A simple indicator of state economic performance is personal income, which includes wages, government payments, and investment earnings. In 2006, total state income rose 5.4% to \$191.7 billion, while national growth was 7.1%. Reflecting the economic slowdown, 2008 personal income is estimated to increase 3.4% in Wisconsin vs. 4.3% nationally.

A recent state Department of Revenue forecast predicts state income to grow slower than the U.S. in 2009 (2.6% vs. 3.3%) and in 2010 (4.4% vs. 4.9%) when the delayed recovery is now expected to begin in earnest.

Due to Wisconsin's lagging income growth, 2006 state per capita personal income trailed the nation by 6.2%, the largest amount in almost 20 years. In 2007, it was 6.0% below the U.S. average.

Several factors help explain why state per capita income trails the U.S., according to WISTAX. With "baby boomers" starting to retire, the state's senior population will double by 2030. Meanwhile, school- and working-age populations will not grow. Fewer workers earning and spending money means less income to fuel the economy (and fill state tax coffers).

In another sign that the state economy slowed before the nation, our job growth peaked and began to slow (2005) before the U.S. (2006). It began to contract (1/2008) ahead of the nation, as well.

WISTAX goes on to say: Not only did Wisconsin shed jobs faster than the U.S., the average wage per worker here has long been lower. In 1969, it was 3.9% below the nation. The gap grew to 10% by the 1980s and exceeded 14% beginning in 2005.

For a copy of the WISTAX report, ". . . and what about the Wisconsin economy?" write: WISTAX, 401 North Lawn Ave., Madison, Wisconsin 53704; e-mail, wistax@wistax.org; or call 608.241.9789. □

(Editors' Note: An electronic version of this release is available at www.wistax.org.)

The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

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WISTAX is a nonprofit, nonpartisan, public-policy research firm celebrating 76 years of service to Wisconsin citizens.