

Measuring Success

Benchmarks for a
Competitive Wisconsin
2008



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Wisconsin Taxpayers Alliance

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education

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Prologue

Just as the world and nation are constantly changing, Wisconsin's economy, government, and way of life are ever-transforming. Is the state improving? Or, are we lagging the nation or other states? Like a student's report card, this booklet provides a review of the state in several key areas.

The state's annual report card is prepared by the Wisconsin Taxpayers Alliance (WISTAX) on behalf of Competitive Wisconsin, Inc. (CWI)—a consortium of state leaders in agriculture, business, education, and labor. This publication fulfills a gubernatorial commission's recommendation to identify the state's current condition, providing information relevant to short- and long-term planning efforts.

Titled *Measuring Success: Benchmarks for a Competitive Wisconsin*, the report has been published each year since 1998. The original *Benchmarks* publication tracked 28 indicators in six major areas. Several changes have occurred over the years, and the 2008 edition tracks 33 measures in the same six areas:

- economic health;
- quality of life;
- workforce excellence;
- public sector;
- business climate; and
- environmental quality.

Each measure is reported: first, as a time series to gauge Wisconsin's progress against its own past; and second, as a comparison with neighboring states and the nation as a whole. Wisconsin's

competitive advantage is rated positive (+), neutral (●) or negative (-) relative to its past and to surrounding states.

Refinements

Each measure is evaluated annually and, if necessary, refined or replaced. None of the indicators changed this year, although several could not be updated because new data were not available. Annual cost-of-living figures are difficult to find. Two years ago, we shifted to the Berry-Fording-Hanson state cost-of-living index. However, the index has not been updated recently.

New figures were also unavailable for low birth weight babies and return on federal dollars.

Special Thanks

The WISTAX research staff is grateful to the directors and members of Competitive Wisconsin, Inc. for their continual support and commitment to this one-of-a-kind project.



Highlights

The 2008 edition of *Benchmarks* captures a snapshot of the state as it heads into a national recession. But not all numbers were negative. Among the 12 changes this year, seven showed an improvement over previous years. These positive changes outline Wisconsin's strengths in areas that may help the state weather difficult economic times. However, the state's economic recovery may be slowed by the five negative trending areas.

In addition to tracking Wisconsin's own performance over time, *Benchmarks* compares how the state is doing versus other states and the nation. In total, nine indicators showed movement (three positive and six negative).

Each of the 33 benchmarks measured both state trends over time and Wisconsin's differences between national averages and Midwest neighbors. Among state indicators, only three changed, all from a neutral rating to a positive one: the percentage of high school graduates, the state-local tax burden, and per capita government employment. Regionally, five of 33 indicators were rated positively, compared to 11 last year. The state had 11 negatives, two fewer than last year. The largest gain was in the number of neutral ratings, up by eight to 17.

Strengths

If a state's educational system is the pipeline for its future workforce, Wisconsin had many reasons to be optimistic in 2007. High school graduation rates increased to 82.2%, and remained well-above U.S. averages. The percentage of college graduates in the state increased slightly over the past few years, ending at 25.4%. And the number of doctoral degrees awarded in math, science, and engineering fields jumped in 2007 to 73.2 per million residents.

Businesses in the state also put up promising numbers in recent years. Venture capital investments, though well below the \$223.98 national average per worker, grew for the fourth consecutive year to \$31.28 in 2007. Wisconsin's export sector continued to expand in 2007, reaching a record high 36.0% of manufacturing output. And agricultural income growth, 86.9% in 2007, outpaced all neighbors and the 39.2% national average.

Room To Improve

Other areas were not as positive. State per capita personal income continued to decline relative to the nation's and was 6.0% below the U.S. norm in 2007. Business creation fell for the second year in a row, down 0.8%. The number of patents awarded to Wisconsinites was lower, 344 per million in 2007 versus 386 in 2006.

An important measure of economic health, employment growth was 0.5% in 2007, slowing for the second straight year. Home ownership, though experiencing slight one-year gain, was below three of four neighbors. Wisconsin's 70.5% ownership rate was down 1.7 percentage points from 2002, more than the national average and three surrounding states.

The Badger State had two other negative trends this time. Electricity costs were up for the fourth consecutive year. And violent crime grew 29.3% between 2002 and 2007, while falling 5.7% nationally.

Looking Ahead

The state can improve its economic health and quality of life by building on existing advantages. Wisconsin continues to score well on national tests and graduate high numbers of high schoolers. Its health insurance coverage rates rank among the highest nationwide. And growing agricultural income and exports bode well for the economy.

However, trouble spots remain as well. Some areas warranting attention are slow employment growth, falling business creation numbers, and a growing poverty rate.