



Updated: October 17, 2011

REBUILD WISCONSIN'S MIDDLE CLASS

Wisconsin State AFL-CIO Jobs Agenda

The jobs crisis in Wisconsin is acute. Many counties face high levels of unemployment, with the highest official rates found in: Menominee (20.2%), Lincoln (10.8%), Rusk (10.5%), Iron (10.0%), Marinette (9.9%), Kenosha (9.9%), Ashland (9.9%), Adams (9.8%), Milwaukee (9.6%) and Rock (9.5%).¹ These dismal figures do not count people who need full-time work but are working part-time, those who have exhausted their unemployment benefits but cannot find jobs, and young people who are unable to pursue the careers for which they are educated and trained.

The response to address this crisis must be on the same scale as the economic disaster we face. Wisconsin had a net job loss of 8,200 in July.² As of August 2011, Wisconsin lost another 2,300 jobs with an overall unemployment rate of 7.9 percent. The state needs 183,100 new jobs to regain its pre-recession employment level, which includes the jobs needed to match population growth since the recession began.³ When the private sector fails to provide needed jobs, it is the responsibility of the public sector to act. *However, every legislative proposal with the stated goal of creating and retaining jobs must have an estimate for the number of jobs that will be created or retained, along with accountability for those jobs, so that taxpayer money is spent wisely.*

Elected Representatives Need to Act

- ***Strengthen “Buy Wisconsin” and “Buy American” requirements.*** When the State of Wisconsin buys products and contracts for services, the products and services should be provided by Wisconsin companies that do the work in our state. If that is not possible, they should be procured from a company doing work in the U.S. If neither is possible, a report must be done and submitted to the legislature to explain why. This should include cases where international trade agreements and the World Trade Organization (WTO) limit or prevent enforcement. This damaging interference with state sovereignty must be challenged.
- ***Insist on Corporate Accountability to Taxpayers.*** All grants, loans, subsidies, tax breaks, tax incentives and other financial assistance offered to businesses which represent an actual or potential loss to the state treasury must include accountability standards. When corporations receive financial assistance from taxpayers, it results in a loss of revenue to state government to pay for vital public services, economic support programs, public education and infrastructure. Any such shortfall in revenue must either be addressed through budget cuts or by shifting the costs to regular taxpayers. Government has a role in aiding economic development because it is assumed that this will benefit

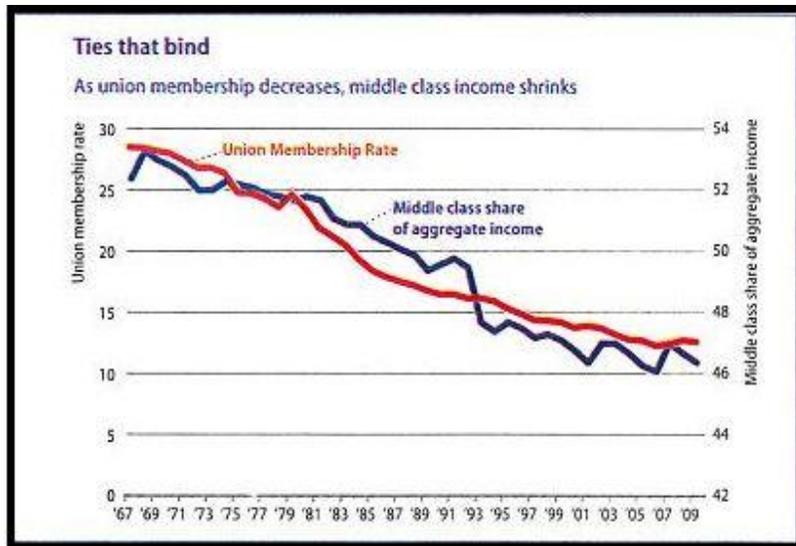
communities by helping to create or retain jobs. It is only fair that the state requires the following accountability standards from business to justify a specific public investment. This will also make certain that the approach is a responsible and effective strategy for job creation:

- (a) specific benchmarks for the number of jobs that will be created or retained based on the public assistance provided, and whether the jobs are full- or part-time;
- (b) wages and affordable health benefits that must be provided so that family-sustaining, quality jobs are promoted. Taxpayers should not pay twice—once through the economic development assistance and again by economic support programs that workers need to supplement low wages and poor health benefits;
- (c) annual reports that must be filed with the state in a centralized location that detail compliance with the above standards, are available for public review, and are accessible through a central web-based state government site;
- (d) specific payback responsibilities to recapture financial assistance given by taxpayers if the conditions are not met; and
- (e) a yearly report readily available to the public on the taxes paid to the state by the business receiving assistance.

- ***Restore the Freedom for Workers to Organize and Collectively Bargain with Employers.*** Repeal Wisconsin Act 10 and restore to public employees in Wisconsin the freedom to collectively bargain based on the rights which existed in state law prior to Governor Walker's union-busting legislation. Defend and strengthen the freedom of Wisconsin's private sector employees to organize and collectively bargain with rights guaranteed under the federal National Labor Relations Act.

Unions created the middle class. As the percentage of workers in unions has declined, so has the middle class (as shown by the chart to follow).⁴ The median household income in Wisconsin, adjusted for inflation, fell to \$49,001 in 2010, a decrease from \$50,973 in 2007.⁵ (The median figure represents the midpoint with half of the people above and half below.) This economic stagnation for working families occurred even though worker productivity increased. Wealth is now concentrated at the very top income levels; prosperity is no longer shared with the middle class and working class. Without the workplace democracy provided through strong unions, our economy and political system are dominated by corporate interests and the wealthy.

Less well understood is the effect that Governor Walker's move to strip public employees of their bargaining rights (Wisconsin Act 10) will have on private sector jobs. An estimated 22,000 private sector jobs will be lost because of the ripple effect of the reduced purchasing power of public sector workers in their own communities.⁶ Both private and public sector workers need a strong, independent counterbalance to corporate power provided by the labor movement. This freedom for all working people must be defended and encouraged by policymakers.



- Support the American Jobs Act.** Support the substantial infrastructure investment and job creation that will result from President Obama’s *American Jobs Act* which provides roughly \$450 billion in job creation measures nationwide. *The following are funds that would be directed to Wisconsin:*⁷ (a) \$575.4 million in highway, transit, rail and aviation modernization, which would support approximately 7,500 jobs; (b) \$536 million to support up to 7,400 jobs in education, police or fire services; (c) \$368.7 million to modernize Wisconsin school infrastructure, which would support up to 4,800 jobs, along with \$79.9 million for technical college infrastructure and \$27.4 million to rehabilitate vacant or foreclosed homes in Wisconsin. The *American Jobs Act* would also extend unemployment benefits for long-term unemployed workers, offer various kinds of tax credits for businesses that hire, including targeted credits for employers that hire veterans and the long-term unemployed.
- Invest in Green Technology and Green Jobs.** Wisconsin is one of the top 10 states with the potential to create the most green jobs of the future.⁸ Many of these jobs involve some task that will improve the environment, like reducing carbon emissions and creating and/or using energy more efficiently. Some examples of potential green-collar jobs involve current workers: machinists, truck drivers, pipefitters, insulators, carpenters, technicians, mechanics and maintenance workers. In the renewable energy and energy efficiency sectors, green-collar work includes manufacturing, assembly, transportation, construction, installation and maintenance. Most are jobs that require more than high school, but less than a four-year degree.⁹ A wise taxpayer investment in business and workforce development should promote green job innovation and skills, so that Wisconsin can gradually reduce the billions of energy-related dollars it sends out of state each year, mainly due to our costly reliance on foreign oil. One example of such job-creating innovation would be Energy Efficiency (E2) retrofits of public buildings.
- Raise Wisconsin’s Minimum Wage.** Support Assembly Bill 281 which will increase the state minimum wage to \$7.60 an hour (currently \$7.25) and index the wage annually

based on inflation, so that it does not continue to fall so drastically below a wage that will respect and reward work.

- ***Repeal New Corporate and Wealthy Investor Tax Breaks.*** Massive new tax breaks that total close to \$2.3 billion over ten years have been enacted during the early months of the Walker Administration.¹⁰ This was done at the same time that the Governor insisted “the state is broke” and he justified stripping public employees of their collective bargaining rights, along with making deep cuts to public services and education. Most of these tax breaks will benefit corporations and wealthy investors. Yet none have a requirement that employers or investors create a single new job, or even maintain the current level of employment, to benefit from this taxpayer assistance. This substantial loss to the state treasury in the years ahead will require still deeper budget cuts, or a greater shift in the cost of public services and education to individual taxpayers. *All taxpayer assistance for corporations and investors must include specific accountability and job creation standards.* This massive giveaway of taxpayer funds should be repealed and the public funds carefully redirected to proven job creation initiatives.

- ***Invest in People.***

Support Skill Training for Employment. Restore \$71.6 million in deep cuts that were made to the Wisconsin Technical College System in Governor Walker’s 2011-2013 Wisconsin State Budget. The state’s technical education system provides essential skill training for Wisconsin’s workforce and it is a vital component for economic recovery. Manufacturing employers express concern that they face a lack of skilled workers:

“Even as thousands of Wisconsin manufacturing workers remain unemployed, companies are worried about a lack of skilled labor. Some manufacturers say they’ve lost business or face stagnant growth because they can’t find qualified help. Often there’s a disconnect between people who are out of work and companies struggling to fill factory jobs that require advanced skills such as reading blueprints and programming computer-controlled machines.”¹¹

Help for Families Also Creates Jobs. Remove the cap on enrollment in Family Care, a program which provides seniors and the disabled the assistance needed to remain in their own homes, rather than moving into a nursing home. This would create approximately 2,000 home care jobs.

- ***Require the Wealthy to Pay Their Fair Share.*** The wealth created by increased worker productivity is being concentrated at the highest income levels rather than being shared. No one achieves success on their own. Public investments in infrastructure, education and numerous public services benefit everyone and those who have become very comfortable in our society as a result of such investments need to pay their fair share. A higher income tax rate should be created on income of \$250,000 or more, and that additional revenue should be directed by the state to the job creation initiatives listed in this agenda.
- ***Oppose Unfair International Trade Agreements.*** Urge Congress not to approve trade agreements that are closely patterned after the North American Free Trade Agreement (NAFTA). The U.S. Labor Department documents that Wisconsin lost 82,000 net

manufacturing jobs due to NAFTA and the World Trade Organization (WTO). This includes jobs displaced by imports and created by exports, meaning we lost 16% of all Wisconsin manufacturing jobs. Nationally, close to 5 million manufacturing jobs have been lost and 43,000 factories shuttered due to the off-shoring of jobs—and now jobs in the service sector are being affected as well.¹² Unfortunately, the recently approved trade agreements with Colombia and South Korea are likely to eliminate or displace another 214,000 U.S. jobs.¹³ (Colombia is also the most dangerous place in the world for union activists. In 2010, 51 labor leaders were murdered there, an increase over 2009 and more than the rest of the world combined.)¹⁴ *Any new trade agreements must have protections for labor standards that will ensure fair trade and prevent the transfer of family-sustaining American jobs to other countries.* Negotiations are in process for a new Trans Pacific “Free” Trade Agreement that will include at least nine Asian and Pacific nations (from Australia to Vietnam to Peru and Chile). The labor movement supports *fair* trade agreements so that workers will benefit from global trade, not just CEOs and shareholders of multinational corporations.

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Sources:

¹*Unemployment by County in Wisconsin, July 2011.* Wisconsin Department of Workforce Development.

²*“Job Losses—July Wipes Out June Gains”*, Wisconsin Job Watch, July 2011 Data Update, Center on Wisconsin Strategy.

³*“Wisconsin is Still Suffering in the Wake of the Great Recession”*, August 2011 Wisconsin Job Watch, published by the Center on Wisconsin Strategy.

⁴*“Unions Make the Middle Class: Without Unions, the Middle Class Withers”*, April 2011, by the Center for American Progress Action Fund (www.americanprogressaction.org). Statistics for chart are compiled from “Estimates of Union Density by State” by Barry Hirsch, David Macpherson and Wayne Vroman, plus the U.S. Census Bureau data on the middle class share of aggregate income.

⁵*“Child Poverty Rose Dramatically in Wisconsin Last Year: New Census Bureau Data Show State Families Experiencing Serious Economic Strain”*, Wisconsin Council on Children & Families, September 22, 2011.

⁶ Study by Professor Seven Deller of the UW-Madison Agricultural and Applied Economics Department. (2011) Referenced by the Center on Wisconsin Strategy.

⁷*“The American Jobs Act: Impact for Wisconsin”* (www.whitehouse.gov/jobsact).

⁸JOB21! A Blue Green Alliance Blueprint to Solve the Jobs Crisis (2011) (www.bluegreenalliance.org).

⁹*“Greening Wisconsin’s Workforce: Training, Recovery and the Clean Energy Economy”*, Center on Wisconsin Strategy, 2009.

¹⁰Legislative Fiscal Bureau Memo to Sen. Mark Miller, June 9, 2011.

¹¹ *“Skilled Laborers Sought in Factories”*, Milwaukee Journal Sentinel, September 3, 2011.

¹²*“Treaties Destroy Middle Class”*, by Lori Wallach, Director of Public Citizen’s Global Trade Watch, Milwaukee Journal Sentinel, October 29, 2010.

¹³*“Trade Policy and Job Loss: U.S. Trade Deals with Colombia and Korea Will Be Costly”*, Economic Policy Institute Working Paper, February 25, 2010.

¹⁴ Letter from AFL-CIO to members of Congress, July 7, 2011.