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# Perspectives on the Current State of the Milwaukee Economy

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# ***Perspectives on the Current State Of the Milwaukee Economy***

***Report prepared for Wisconsin Voices***

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## Introduction

The purpose of this report is to provide a data-driven overview of the key economic forces and trends shaping Milwaukee today. Historical and contemporary data are clear: metro Milwaukee is an economically stagnant region, with an especially troubled urban core characterized by sharply declining incomes, growing poverty, and a shrinking job base. In particular, the hypersegregated Milwaukee region is marked by some of the widest racial and spatial disparities—in employment, income, and poverty—of any metropolitan area in the country. City-suburban economic disparities have grown over the past 30 years, as has overall economic inequality and the “secession” of the region’s most affluent households from the central city to suburban and exurban communities (taking with them a good portion of the city’s tax-base and social capital). Finally, in Milwaukee’s slow-growth regional economy, the labor market has become increasingly segmented (along racial and gender lines) and polarized, with projections that the lion’s share of job growth in the next decade will be in low-paying, low-skill jobs.

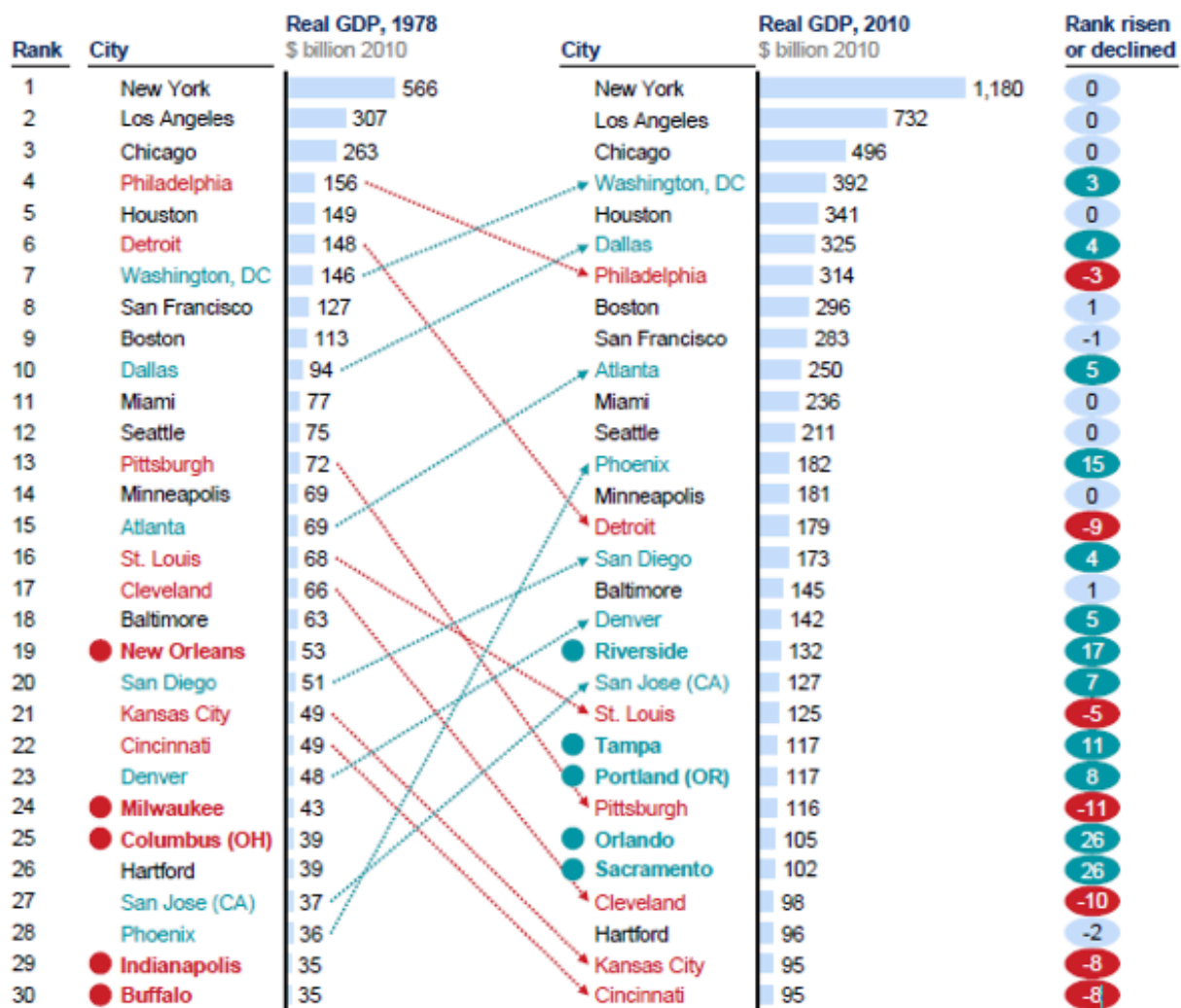
This report is divided into the following sections, each organized around a series of key charts and tables:

- A Slow-Growth Regional Economy: GDP Growth in Metro Milwaukee (p.3);
- The Milwaukee “Jobs Gap” (p.5);
- Deindustrialization and the Jobs Crisis in Milwaukee (p.8);
- Offshoring, Trade, and the Milwaukee Economy (p.9);
- Hypersegregation and Economic Opportunity (p.11);
- An Economically Fragmented Region (p.15);
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- Deunionization (p.21);
- Inequality and Skyrocketing Corporate Executive Pay (p. 22);
- Growing Income Disparities: Racial and Spatial (p. 25);
- Poverty (p. 26);
- Race, Gender, Age, Ethnicity and the Milwaukee Labor Market (p. 30);
- An Economy of Low Wages and Bad Jobs (p.36);
- The Fake Skills Gap in Milwaukee (p. 45)

## A Slow-Growth Regional Economy

- Metropolitan Milwaukee has dropped from the nation's 24<sup>th</sup> largest regional economy in 1978, to the 37<sup>th</sup> largest today (Chart 1)
- Table 1 shows how Milwaukee stacks up over the past 30 years in real metro GDP growth—a measure of total economic activity in a region—compared to a group of metro economies that were about the same size in 1978. Although Milwaukee's growth has been higher than in troubled regions such as Cleveland, Detroit, and (surprisingly given all the hype) Pittsburgh, growth here has lagged considerably behind prosperous regions such as Boston, Minneapolis, and Seattle.

**Chart 1:**  
**America's Richest Metropolitan Areas: 1978 and Today**



Source: Moody's analytics; McKinsey Global Institute



**Table 1:**

**Real GDP Growth: 1978-2010  
Selected Metropolitan Areas**

(in billions of inflation-adjusted 2010 dollars)

<b>Metro Area</b>	<b>1978</b>	<b>2010</b>	<b>% Change, 1978-2010</b>
Baltimore	\$63	\$145	+130.2
Boston	\$113	\$296	+161.9
Cleveland	\$66	\$98	+48.4
Denver	\$48	\$142	+195.8
Detroit	\$148	\$179	+20.9
Milwaukee	\$43	\$85	+97.7
Minneapolis	\$69	\$181	+162.3
Pittsburgh	\$72	\$116	+61.1
St. Louis	\$68	\$125	+83.8
San Diego	\$51	\$173	+239.2
Seattle	\$75	\$211	+181.3

Source: Moody's Analytics; McKinsey Global; Bureau of Economic Analysis

## *The Milwaukee Jobs Gap*

Slow growth in the region has meant a chronic jobs shortage, especially in the city of Milwaukee. The number of jobs in the city of Milwaukee has declined by 14 percent since 1980. Although the city has not lost as many jobs as places such as Baltimore, Cleveland, Detroit, or St. Louis over the past thirty years (Table 2), there is little question that Milwaukee's job creation machinery is creaky.

Although the metro area has gained 122,000 jobs since 1980 (Table 3), it has added only 20,000 jobs since 2000, and as Tables 4 and 5 show, there is a chronic "jobs gap" in metro Milwaukee: a gap between the number of full-time job openings in a given year, and the number of job-seekers. Table 4 shows the gap between the officially unemployed and the number of reported openings in various years; Table 5 shows the gap between reported openings and broader measure of the unemployed, which includes estimated "uncounted" jobless (discouraged workers, involuntarily part-time workers, and working-age adults otherwise marginally attached to the labor market). The local openings data are available only through the trough of the recession in 2009, and the jobs gap has clearly closed since then. (The national ratio today is three unemployed for every job opening, and there is no reason to believe that Milwaukee's job gap is much better than that, and a broader measure of "job-seekers" would bring the ratio to around 4-1. See Chart 2). In short, the local economy is not generating a sufficient number of jobs for all who want to work.

**Table 2:**  
**Job Growth in Selected Cities: 1980-2011**

(number of jobs located in cities)

<b>Metro Area</b>	<b>1980</b>	<b>2011</b>	<b>% Change, 1980-2011</b>
Baltimore	433,147	364,024	-16.0
Boston	465,331	556,837	+19.7
Cleveland	371,604	265,618	-28.5
Detroit	467,065	262,778	-43.7
Milwaukee	331,982	284,876	-14.1
Minneapolis	469,926	479,713	+2.1
Pittsburgh	330,410	288,934	-12.6
St. Louis	346,003	252,626	-27.0
Seattle	387,357	494,762	+27.7

Sources: U.S. Journey to Work Census; American Community Survey

**Table 3:**  
**Job Growth in Selected Metropolitan Areas: 1980-2011**

(number of jobs located in metro area)

<b>Metro Area</b>	<b>1980</b>	<b>2011</b>	<b>% Change, 1980-2011</b>
Baltimore	936,583	1,283,672	+37.1
Boston	1,878,547	2,440,017	+29.9
Cleveland	998,863	981,612	-1.7
Detroit	1,710,906	1,764,703	+3.1
Milwaukee	659,230	781,321	+18.5
Minneapolis	1,087,651	1,706,027	+56.9
Pittsburgh	1,029,641	1,104,920	+7.3
St. Louis	1,037,914	1,092,991	+5.3
Seattle	814,762	1,735,632	+113.0

Sources: U.S. Journey to Work Census; American Community Survey

**Table 4:**  
**Milwaukee's Job Shortage: Minimum Estimates**

<b>Year</b>	<b>Job Seekers</b>	<b>Full Time Openings</b>	<b>Job Gap</b>	<b>Ratio</b>
2000	35,591	24,242	-11,349	1.3-1
2006	48,826	12,381	-36,445	3.9-1
2009	75,571	6,003	-69,568	12.6-1

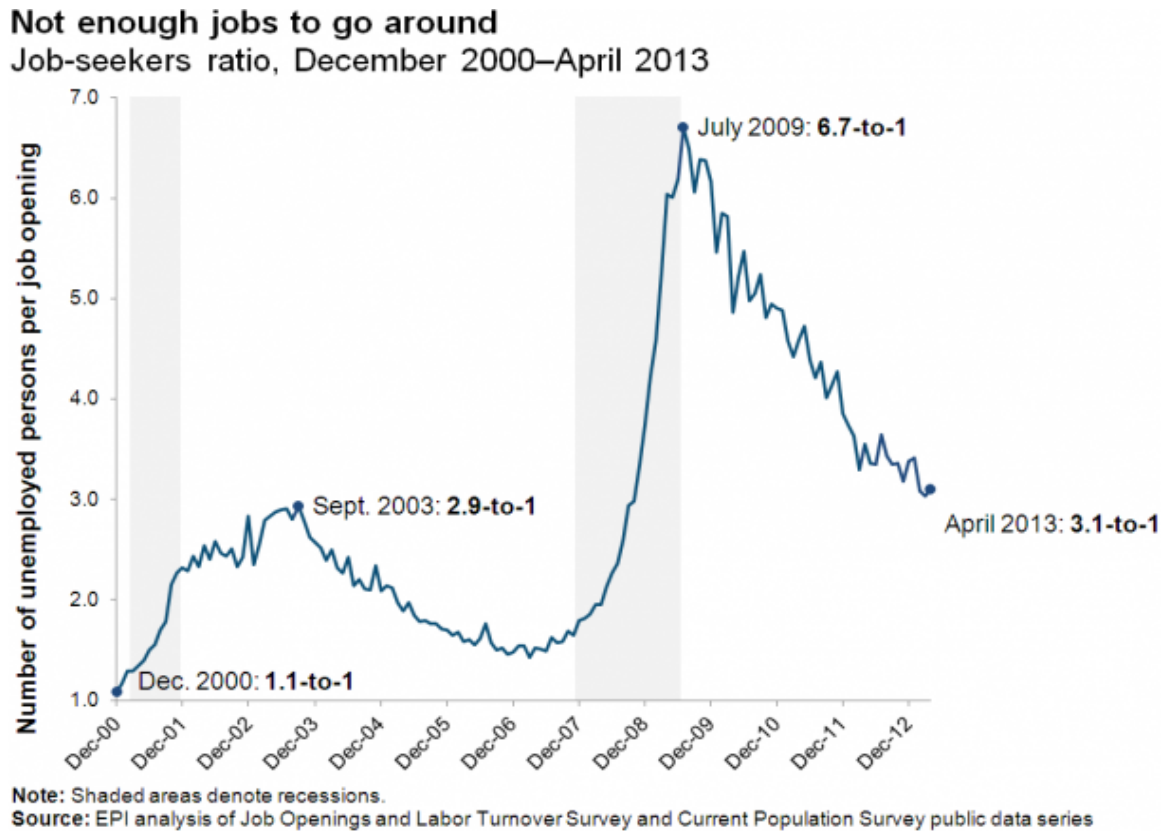
Sources: Bureau of Labor Statistics; UWMETI Job Openings Survey

**Table 5:  
Milwaukee's Job Shortage: Broader Estimates**

Year	Job Seekers	Full Time Openings	Job Gap	Ratio
2000	50,612	24,242	-26,370	2.1-1
2006	64,141	12,381	-51,760	5.2-1
2009	92,751	6,003	-86,748	15.4-1

Sources: Bureau of Labor Statistics; UWMETI Job Openings Survey

**Chart 2:  
National Job Openings-Job Seekers Ratio: 2000-2013**



## *Deindustrialization and the Jobs Crisis in Milwaukee*

The loss of manufacturing employment, the historical backbone of family-supporting jobs economic prosperity in Milwaukee, has been relentless and substantial since the 1970s. After peaking in 1963, manufacturing employment has declined by over 77 percent in the city of Milwaukee. In 1970, manufacturing employment represented almost 36 percent of the city's job base; today, less than 10 percent of the city's jobs are in manufacturing. In the 1960s, almost 60 percent of metro Milwaukee's industrial jobs were located in the city; today, less than 19 percent of regional manufacturing takes place in the city of Milwaukee. (As Table 32 below shows, the declining availability of production worker jobs in the city has had a particularly deleterious impact for black males).

In the Milwaukee County suburbs, manufacturing employment peaked in 1977, and has declined by 53 percent since then. In exurban Milwaukee, the so-called "WOW" counties (Waukesha, Ozaukee, and Washington), manufacturing employment peaked in 1997—indeed, it grew from the 1970s through the 1990s as local manufacturers abandoned the city and Milwaukee County suburbs as well, many relocating in the WOW counties—but it has declined by over 19 percent since then.

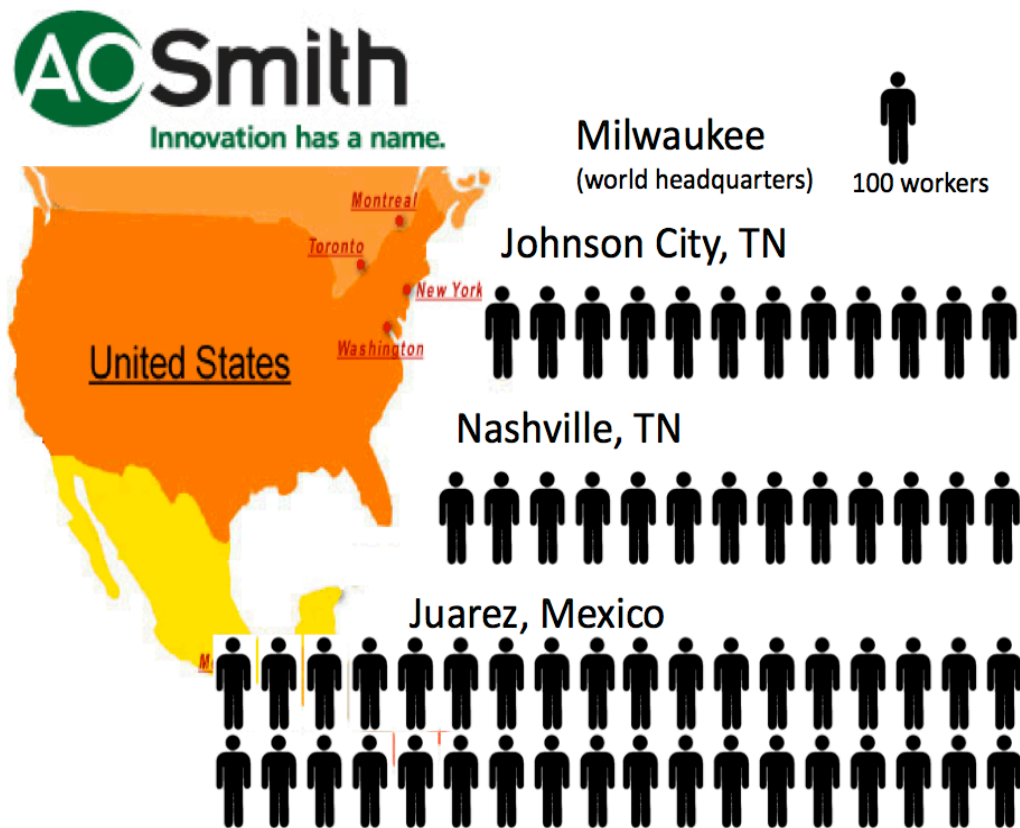
Manufacturing employment declined markedly in metro Milwaukee across all sub-regions during the first decade of the 2000s, mirroring the national industrial performance during the decade that a recent report on the state of manufacturing in the U.S. characterized as "worse than the Great Depression."<sup>1</sup>

**Table 6:**  
**The Deindustrialization of Milwaukee, 1963-2009**

Year	City of Milwaukee	Milwaukee Co. Suburbs	WOW Exurbs	% of MSA mfg in city
1963	119,284	56,051	24,858	59.6%
1967	118,600	62,500	35,400	54.8%
1977	91,400	62,200	50,500	44.8%
1982	77,900	51,400	51,100	43.2%
1987	63,900	43,100	57,000	40.0%
1997	46,467	40,466	78,210	28.1%
2002	34,957	32,654	71,386	25.1%
2009	27,253	26,342	63,025	18.9%
% change, 1963-2009	-77.2%	-53.0%	+153.6%	
% change 1997-2009	-38.6%	-34.9%	-19.4%	

Source: U.S. Bureau of the Census, Economic Census; LEHD

## Offshoring, Trade, and the Milwaukee Economy



The shortage of jobs, especially in the city of Milwaukee is the result of a confluence of factors: long-term industrial decline, the decentralization of employment to suburban locations, national shifts in employment from the “frostbelt” to the “sunbelt,” local corporate disinvestment decisions, and the impact of globalization. Trade, globalization, and the offshoring of industrial employment have played an important role in Milwaukee’s jobs crisis. A recent study by Autor, Dorn, and Hanson at M.I.T. estimate that 55 percent of the employment decline in U.S. manufacturing between 2000 and 2007 – *before* the Great Recession—was caused by rising exposure to Chinese imports. Milwaukee, according to their analysis, ranked 8<sup>th</sup> among the nation’s 40 largest metro areas in exposure of the local labor market to Chinese import shocks.<sup>2</sup> Moreover, studies show that post-NAFTA impacts –through offshoring and exposure to imports—have resulted in net job displacement in the Milwaukee region.<sup>3</sup> Studies at the Economic Policy Institute estimate that approximately 17,000 net jobs have been lost in metro Milwaukee over the past decade as a consequence trade and offshoring with China and Mexico – around 2.6 percent of the region’s job base.<sup>4</sup>

The recent boosterism around Milwaukee’s alleged economic future as a “Silicon Valley of water technology” underscores how trade and offshoring have damaged Milwaukee’s job base.<sup>5</sup> The two “bellwether” companies in the M-7 Water Council –Badger Meter and A.O. Smith—have both created more jobs in Mexico (and low-wage states like Tennessee) since the 1990s

than in Milwaukee. A.O. Smith, for example, though nominally headquartered in Milwaukee, employs only 110 persons here; by contrast, the company employs about 5,500 workers in Mexico, including 4,000 in the border city of Juarez. Moreover, despite former CEO Paul Jones' declaration of Milwaukee as a world "water hub," the company employs 2,800 at two Tennessee facilities, including a "high tech research and development facility" and engineering design center in Johnson City, Tennessee. In short, A.O. Smith has not only favored for many years low-wage locations such as Mexico and Tennessee over Milwaukee for its manufacturing facilities and water products headquarters, but now it also located high-end, technology and engineering jobs *away* from Milwaukee's putative water "hub" as well.

Similarly discouraging employment trends are evident at Badger Meter. Total Milwaukee (Brown Deer) employment at the company has declined by around 10 percent since the mid-1990s. In the meantime, the company has expanded outside Milwaukee, beginning in the 1970s when it built a pre-NAFTA "maquiladora" plant in Nogales, in search of cheap labor. In 2008, post-NAFTA Badger Meter opened a second, \$8.5 million plant in Nogales, and all told the company now employs over 600 in Mexico (more than in Milwaukee). Moreover, the company has announced that an undetermined additional number of production jobs will be shifted in the near future from its Brown Deer production facility to the new Nogales plant.

A.O. Smith and Badger Meter are the "bellwether" companies of the "new" Milwaukee "freshwater" economy, but their job creation history illustrates, in microcosm, how trade, offshoring, and globalization have been devastating the Milwaukee economy.

## *Hypersegregation and Economic Opportunity*

A fundamental force shaping economic opportunity in metro Milwaukee is the region's status as one of the nation's most racially segregated metropolitan areas. By 1970, after the first small wave of black migration to Milwaukee, the metro area posted the fifth highest level of segregation among the 30 U.S. metropolises containing large black populations, according to the most authoritative study of racial segregation in American cities.<sup>6</sup> The standard measure of segregation used by sociologists is the "index of dissimilarity,"<sup>7</sup> and a measure of 60 is considered "high" segregation; 80 is considered "extreme" segregation. By 1970, the black-white index of dissimilarity in Milwaukee was 90.5, and it has never dipped below 80 since.

By 1980, using five different indicators of segregation (dissimilarity, isolation, clustering, centralization, and concentration), researchers identified Milwaukee as one of the nation's most *hypersegregated* large metropolitan areas, ranking in the top five on *each* of these indicators. As Douglas S. Massey points out: "A high level of segregation on any single dimension is problematic because it isolates a minority group from amenities, opportunities, and resources that affect socioeconomic well-being. As high levels of segregation accumulate across dimensions, however, the deleterious effects of segregation multiply."<sup>8</sup>

Even as major metro areas across the U.S. have modestly desegregated since the 1980s, Milwaukee's rate of black-white segregation has barely budged. Not only has Milwaukee persistently ranked among the nation's most racially segregated metropolitan areas since 1970, but in contrast to many of the country's historically most segregated regions, the residential segregation of African Americans has barely diminished in Milwaukee over the past thirty years.

Two major studies based on 2010 census data – from William Frey of the University of Michigan and the Brookings Institution and from Edward Glaeser (Harvard) and Jacob Vigdor (Duke) found Milwaukee to be the most racially segregated metropolitan area in the country.<sup>9</sup>

Frey also examined "Hispanic-white" segregation " and found that Milwaukee ranked 9<sup>th</sup> highest in the rate of Hispanic-white segregation in 2010 (compared to 11<sup>th</sup> highest in 2000 and 14<sup>th</sup> highest in 1990). Although the segregation of Milwaukee's Hispanic population is less intense than for blacks – the Hispanic-white segregation rate in 2010 (57.0) was substantially lower than the black-white rate (81.5)-- Hispanic segregation in Milwaukee nevertheless ranks among the worst in the nation. These Hispanic segregation figures are consistent with data on what the census bureau called "linguistic isolation": households in which no person age 14 or over speaks English at least "very well." The 2010 census revealed that 31.8 percent of Milwaukee's Hispanic population lived in such households, up from 24.7 percent in 2000 and 18.9 percent in 1990. In 20 census tracts across Milwaukee's south side, the rate of such "linguistic isolation" was over 40 percent, a sign of the degree to which linguistic segregation is also part of Milwaukee's demographic and socio-economic landscape.

At the heart of metropolitan Milwaukee's hypersegregation is this fact: Milwaukee has the lowest rate of black suburbanization of any large metropolitan area in the country.<sup>10</sup> As Table 7 shows, among the nation's most segregated metropolises in 2010 --the seven metros posting the highest dissimilarity scores in the Frey study--Milwaukee had, by far, the lowest percentage of blacks and Hispanics living in the region's suburbs. Only 8.8 percent of metro Milwaukee's blacks lived in the region's suburbs in 2010. By contrast, in metro areas such as Chicago,



Cleveland, and Detroit, with overall levels of segregation comparable to Milwaukee's as measured by the dissimilarity index, black suburbanization rates range between 40 and 50 percent. The racial "suburbanization gap" in Milwaukee – the difference in the percentages of blacks and whites living in the suburbs—is far greater, at over 70 percentage points, than any other metropolis in the country, including, as Table 7 shows, even the nation's most segregated metropolitan areas. The Hispanic level of suburbanization in Milwaukee, though much higher than the black rate, still lags significantly behind other highly segregated metropolises. In short, to a greater extent than any large region in the country, Milwaukee's minorities are concentrated in the urban core, in neighborhoods marked by concentrated poverty, joblessness, and other measures of socio-economic distress.

Tables 8-10 show graphically how this hypersegregation affects economic opportunity in the Milwaukee region. Virtually all African Americans in metro Milwaukee live in the city of Milwaukee. All of the net job growth in the Milwaukee region since the 1990s has occurred in the suburban collar, the vast majority in the exurban WOW counties that are poorly connected to the city by mass transit. Consequently, few African Americans have secured employment in the part of the region that has generated the lion's share of jobs since the 1990s. This racial-spatial mismatch, a result of Milwaukee's hypersegregation, is a central economic challenge facing the region.

**Table 7:**  
**Segregation, Suburbanization, Race, and Ethnicity**  
**Percentage of Metro Area Population Living in Suburbs,**  
**By Race and Ethnicity: 2010**

**The 7 Most Segregated Metro Areas in the US**

<b>Metro Area</b>	<b>Black</b>	<b>White NH</b>	<b>Hispanic</b>	<b>Black-White Gap</b>
Milwaukee	8.8	79.5	30.2	70.7
Buffalo	29.4	86.4	40.7	57.0
New York	39.2	70.3	46.3	31.1
Detroit	41.0	97.3	71.0	56.3
Chicago	46.7	83.4	60.2	36.7
Cleveland	50.2	90.8	59.7	40.6
St. Louis	70.1	93.5	84.6	23.4

Source: U.S. Bureau of the Census

**Table 8:  
Where Do Milwaukeeans Live?  
By Race and Ethnicity, 2010**

Place	Black	White	Hispanic
City of Milwaukee	237,769 (91.1%)	220,219 (20.5%)	103,007 (69.8%)
Milwaukee County Suburbs	15,995 (6.1%)	294,739 (27.5%)	23,032 (15.6%)
WOW Suburbs	7,246 (2.8%)	558,146 (52.0%)	21,464 (14.6%)
Metro Milwaukee	261,010	1,073,109	147,503

**Table 9:  
The Geography of Net Job Growth in Metro Milwaukee: 1994-2009**

Area	Net Job Growth
City of Milwaukee	-27,858
Inner City Zip Codes	-3,848
Downtown	+1,500
Far Northwest Side	-7,685
Rest of City	-17,825
Milwaukee County Suburbs	+15,834
WOW Exurbs	+56,271
Metro Milwaukee Total	+44,247

**Table 10:**  
**Where Do Milwaukeeans Work?**  
**By Race and Ethnicity, 2010**

Place	Black	White	Hispanic
City of Milwaukee	48,362 (60.0%)	180,676 (30.4%)	18,062 (44.3%)
Milwaukee County Suburbs	19,641 (24.4%)	151,828 (25.6%)	11,137 (27.3%)
WOW Suburbs	12,591 (15.6%)	260,979 (44.0%)	11,562 (28.4%)
Metro Milwaukee	80,594	593,483	40,761

## *An Economically Fragmented Region*

As we have seen (Tables 2, 6, and 9), the economic center of gravity in metro Milwaukee over the past 40 years has shifted from the city of Milwaukee and its inner suburbs to the exurban ring of the WOW counties. This reality of economic sprawl plays a major role in the concentration of economic distress in the city, underpins many of the sharp socio-economic disparities present in the region, and represents a serious impediment to the development of regional economic development strategies to generate jobs, new and growing businesses, and income growth.

Tables 11 and 12 illustrate how the place of the city of Milwaukee has diminished in the regional economy since the 1970s. In 1970, over 56 percent of all workers in metro Milwaukee held a job in the city; today, only 34 percent work in the city. The decline has been especially precipitous in city neighborhoods outside of downtown. At the same time, the share of metro area workers working in the WOW counties jumped from 18 percent to 34 percent. A further sign of sprawl: the share of metro area workers working *outside* the region *quintupled* between 1970 and 2011.

As a result, metro Milwaukee has evolved into increasingly separate and disconnected sub-regional economies. The work destination for a majority of city residents is the city of Milwaukee; the work destination for a majority of WOW counties residents is the WOW counties. Fewer than a quarter of WOW workers commute to the city of Milwaukee for work; conversely, only 16 percent of city residents commute to WOW workplaces (see Table 13). Suburb-to-suburb commuting is increasingly the rule in metro Milwaukee. The economic linkages between the central city and Milwaukee's suburbs are becoming more and more tenuous.

Another sign of the economic fragmentation of metro Milwaukee has been the degree to which affluent households have abandoned the city. Former Labor Secretary Robert Reich has written about the "secession of the successful," the withdrawal by the affluent to exclusive, often exurban enclaves, where "generosity and solidarity end at the border of similarly valued properties."<sup>11</sup> Stanford sociologist Sean Reardon has documented the growth of "economic segregation" in metropolitan areas marked by the "substantial and growing isolation of high-income families," greater concentrations of the poor, and the hollowing-out of mixed-income, middle-class neighborhoods.<sup>12</sup> According to Reardon's calculations, Milwaukee experienced the second largest growth in income segregation of any U.S. metropolitan area between 1970-2007, fueled by a combination of suburban growth and "rising income inequality that accompanied the decline of the manufacturing sector."

Table 14 shows the extent to which Milwaukee region's affluent households have left the city over the past 50 years. In 1960, 54 percent of metro Milwaukee's most affluent households – the top 5% in the income distribution—lived in the city of Milwaukee; nearly the same proportion as all households. Today, fewer than 11 percent of the region's richest households live in the city, compared to 37 percent of all households – a significant difference.

**Table 11:**  
**The Changing Geography of Employment: 1970-2011**  
**Where Residents of Metro Milwaukee Work**

Place of Work	1970	2011
Downtown Milwaukee	8.5%	8.7%
Rest of City of Milwaukee	47.2%	25.3%
Milwaukee County Suburbs	23.9%	20.7%
Waukesha	11.9%	24.6%
Washington	3.3%	5.1%
Ozaukee	3.1%	4.3%
Outside the Metro Area	2.1%	11.3%

**Table 12:**  
**The City of Milwaukee's Decline as Regional Employment Hub**  
**Share of Employed Residents Working in the City, 1980-2011**

Place	1980	2011
Bayside	50.3%	30.4%
Fox Point	57.1%	32.7%
Franklin	44.0%	36.7%
Glendale	51.9%	44.8%
Milwaukee	75.3%	52.9%
River Hills	65.1%	45.9%
Shorewood	68.4%	53.8%
Wauwatosa	45.9%	38.8%
Whitefish Bay	61.0%	47.4%
Mequon	46.6%	35.6%
Germantown	33.3%	19.8%
Brookfield	33.4%	23.0%

**Table 13:**  
**Regionally Segmented Labor Markets in Milwaukee:**  
**Work Destinations of Residents in Metro Milwaukee, 2011**

Live in:	Work In:			
	WOW Counties	Milwaukee County Suburbs	City of Milwaukee	Outside Metro Milwaukee
City of Milwaukee	16.7%	21.4%	52.7%	9.2%
Milwaukee Co. Suburbs	18.5%	25.8%	45.7%	10.0%
Ozaukee County	53.9%	13.7%	25.3%	7.1%
Washington County	60.3%	9.1%	14.5%	16.1%
Waukesha County	52.8%	15.9%	18.5%	12.8%

**Table 14:**  
**The Secession of the Affluent**

**The Shrinking Share of Metro Milwaukee's Most Affluent Households  
Living in the City of Milwaukee**

Year	% of all metro HH living in city	share of "top 5%" metro HH living in city
1960	62.1	54.1
1970	51.1	24.1
1980	48.3	20.4
1990	44.8	14.5
2000	39.5	12.8
2010	37.3	10.6

## ***Plummeting Household Income***

A slow-growth metro area economy and broken job creation machinery in the city of Milwaukee have combined to produce a shocking decline in household incomes –both in the city and in the region as a whole-- over the past generation. As Table 15 shows, median household income in metro Milwaukee, adjusted for inflation, has fallen by 12 percent since 1979; it has dropped by a staggering 25.4 percent in the city of Milwaukee during this time period – 15 percent during the last decade alone, as the Great Recession ravaged the city economy. The declines have been especially pronounced in minority communities, with nearly a 29 percent real income decline for black households in metro Milwaukee since 1979.

Tables 16 and 17 place Milwaukee’s income decline in comparative perspective. Over the past 40 years, with the exceptions of the severely distressed cities and regions of Cleveland and Detroit, none of our benchmark metropolises experienced the kind of household income contraction posted in Milwaukee. Table 17 is especially revealing. In 1969, among our benchmark cities, Milwaukee had the second highest median household income, narrowly behind Detroit’s, but far higher than cities such as Boston, Minneapolis, and Seattle. Over the next 40 years, however, Milwaukee’s real median household income declined by 28 percent, while it grew by 24 percent in Minneapolis, 35 percent in Seattle, and over 40 percent in Boston. As the 1970s began, Milwaukee was the “star of the snowbelt,” to borrow from a *Wall Street Journal* headline during that decade; today, the city’s income trends put it closer to bankrupt Detroit and struggling Cleveland than prospering metropolises such as Minneapolis, Boston, or Seattle.

**Table 15:  
Declining Real Household Income in Milwaukee**

**% Change in Median Household Income, By Race and Ethnicity: 1979-2010  
(income adjusted for inflation)**

<b>Race</b>	<b>% Δ 1979-89</b>	<b>% Δ 1989-99</b>	<b>% Δ 1999-2010</b>	<b>% Δ 1979-2010</b>
Metro Milwaukee (all HH)	-5.8	+5.7	-11.7	<b>-12.0</b>
City of Milwaukee (all HH)	-13.7	+1.5	-14.8	<b>-25.4</b>
Black Households	-28.0	+17.4	-15.9	<b>-28.9</b>
White NH Households	-1.6	+7.6	-7.6	<b>-2.2</b>
Hispanic Households	-15.1	+9.8	-15.0	<b>-20.7</b>

Sources: U.S. Bureau of the Census; American Community Survey

**Table 16:**  
**Trends in Median Household Income in**  
**Selected Metropolitan Areas: 1969-2011**  
(all income in 2011 inflation-adjusted dollars)

<b>Metro Area</b>	<b>1969</b>	<b>1989</b>	<b>2011</b>	<b>% change 1969-2011</b>
Baltimore	53,047	66,303	67,891	+28.0
Boston	53,948	72,883	71,878	+33.2
Cleveland	59,195	55,057	49,024	-17.2
Detroit	65,641	64,591	52,244	-20.4
Milwaukee	58,631	58,622	53,618	-8.6
Minneapolis	57,350	66,154	66,157	+15.4
Pittsburgh	50,227	48,356	49,246	-2.0
St. Louis	53,746	57,538	54,148	+0.7
Seattle	57,496	65,535	67,023	+16.6

Source: HUD, SOCD; American Community Survey

**Table 17:**  
**Trends in Median Household Income in**  
**Selected Cities: 1969-2011**  
(all income in 2011 inflation-adjusted dollars)

<b>Metro Area</b>	<b>1969</b>	<b>1989</b>	<b>2011</b>	<b>% change 1969-2011</b>
Baltimore	41,653	43,618	40,100	-3.7
Boston	36,612	52,933	51,379	+40.3
Cleveland	43,694	32,330	27,470	-37.1
Detroit	50,543	35,293	27,862	-44.9
Milwaukee	49,878	42,860	35,851	-28.1
Minneapolis	38,265	45,938	47,478	+24.1
Pittsburgh	39,294	37,635	37,161	-5.4
St. Louis	36,762	35,297	34,412	-6.4
Seattle	45,557	53,247	61,806	+35.7

Source: HUD, SOCD; American Community Survey



## ***Growth in Household Income Inequality***

At the same time as real median household income declined in metro Milwaukee and in the city of Milwaukee over the past 30 years, income inequality has also grown. There has been a growth in the proportion of low- and high-income households (adjusted for inflation) since 1979, and a concomitant “hollowing out” in the percentage of middle-income households (\$30,000-\$75,000 a year) and upper middle-income households (\$75,000 to \$150,000 annual income). In the city of Milwaukee, for example, the share of households with income under \$30,000 annually increased from 31.1 percent in 1979 to 42.1 percent in 2010; the share of households with income between \$30,000 and \$150,000 annually decreased from 66.7 percent to 55.6 percent; and the share of households with income over \$150,000 rose from 2.2 percent to 2.4 percent. Similar, though less pronounced trends occurred between 1979-2010 at the metro area level.

**Table 18:**  
**Growing Inequality in Household Income**  
**in Metro Milwaukee: 1979-2010**  
% metro area households in various income classes (adjusted for inflation)

<b>Annual Income Category</b>	<b>1979</b>	<b>2010</b>
Under \$15,000	9.4%	11.9%
\$15,000-29,999	13.3%	16.0%
\$30,000-75,000	40.8%	38.0%
\$75,000-150,000	31.2%	26.5%
\$150,000 and above	5.2%	7.6%

Source: U.S. Census of Population; American Community Survey

**Table 19:**  
**Growing Inequality in Household Income**  
**in the City of Milwaukee: 1979-2010**  
% city households in various income classes (adjusted for inflation)

<b>Annual Income Category</b>	<b>1979</b>	<b>2010</b>
Under \$15,000	13.6%	20.0%
\$15,000-29,999	17.5%	22.1%
\$30,000-75,000	43.4%	40.1%
\$75,000-150,000	23.3%	15.5%
\$150,000 and above	2.2%	2.4%

Source: U.S. Census of Population; American Community Survey

## *Deunionization*

The loss of unionized manufacturing employment, the growth of offshoring, and the political mobilization of anti-union corporate leadership have all resulted in a stunning decline of the place of organized labor in the metro area economy. Numerous national studies have concluded that deunionization has played an important role in the growth of income inequality, chiefly through its effect on wage inequality.<sup>13</sup> Estimates vary, but some researchers attribute 30-40 percent of the rise in inequality in the past thirty years to the decline of unions. As Schmitt and Jones conclude:

The decline in the economy's ability to create good jobs is related to deterioration in the bargaining power of workers, especially those at the middle and bottom of the pay scale. The restructuring of the U.S. labor market – including the decline in the inflation-adjusted value of the minimum wage, the fall in unionization, deregulation, pro-corporate trade agreements, a dysfunctional immigration system, and macroeconomic policy that has with few exceptions kept unemployment well above the full employment level—has substantially reduced the bargaining power of U.S. workers, effectively pulling the bottom out of the labor market and increasing the share of bad jobs in the economy.<sup>14</sup>

Although systematic data on union membership in metro areas is available only from 1986 on, estimates are that in Milwaukee's economic heyday in the 1950s and 1960s, 35-40 percent of the region's labor force was unionized. As Table 20 shows, by 1986 that percentage had fallen to slightly under 26 percent, but today only 11 percent of metro Milwaukee workers are covered by union contracts – and stunningly, only 5 percent of private sector workers are covered. Even in sectors that were formerly union strongholds, such as manufacturing, the unionization rate has precipitously fallen, which helps explain why real wages fell for production workers in metro Milwaukee between 2000-2012 by 6.4 percent. In addition, public sector unionization –the one growing area in union membership nationally and in Milwaukee between 1986-2000—has declined substantially in Milwaukee since 2000, with indications of major hemorrhaging in membership since Act 10 was passed in 2011.<sup>15</sup>

**Table 20:  
The Deunionization of Milwaukee**

### **Share of Workers Covered by Union Contracts, 1986-2012**

<b>Category</b>	<b>1986</b>	<b>2000</b>	<b>2012</b>
All Workers	25.7%	22.8%	11.0%
Private-sector	19.2%	15.1%	5.0%
Private-Manufacturing	31.4%	21.6%	9.7%
Public-sector	62.0%	73.3%	56.4%

Source: Unionstats.com

## *Inequality and Skyrocketing Corporate Executive Pay*

The soaring compensation of CEOs and other corporate executives has played a major role, according to researchers, in the rise of inequality in the U.S. over the past thirty years. National numbers vary, but a recent, careful study by the Economic Policy Institute, analyzing compensation for CEOs at the top 350 firms in the U.S. ranked by sales, found that CEO annual compensation, driven by a massive growth in stock options granted to executives, rose by 785 percent between 1978-2011 (compared to a 5 percent real pay increase for the average worker), and that the CEO-to-worker compensation ratio grew from 20-1 in 1965, to 58-1 in 1989, 383-1 in 2000, and 231-1 in 2011.<sup>16</sup>

While we do not yet have Milwaukee data to make precise comparisons to the national data, the tables below provide considerable and compelling evidence that soaring executive compensation here, combined with stagnant worker pay, has resulted in similar CEO-worker pay gaps here. The cash compensation of 25 highest paid executives of public companies in Milwaukee climbed 317 percent between 1990-2011, adjusted for inflation. But, with the explosion in options granted to executives after 1990, cash compensation represented less than half the total compensation of top Milwaukee executives in 2011; when realized stock options are included, the average “top 10” highest paid executive took home over \$12 million in 2011. As Table 21 shows, the 2011 ratio of “top 10” Milwaukee executive to average worker pay (275-1) approximates the national CEO-to-worker compensation ratio. But even simply taking cash compensation (since we don’t yet have “options realized” data for 1990), we can see that the CEO-to-worker compensation ratio, for “top 10” and “top 25” executives in Milwaukee, increased significantly between 1990 and 2011 (from 27-1 to 102-1 for “top 10” executives).

Table 22 gives a more personalized flavor for how executive compensation has skyrocketed in Milwaukee. The table compares the compensation in 1990 and in 2011 for the CEOs of three companies (Johnson Controls; Wisconsin Electric/WE Energies; and Harnischfeger/Joy Global) as well as a fourth executive from major Milwaukee corporations (Harley Davidson and Rockwell). Although we do not have “stock options exercised” data for 1990, we do have the “total value of company stock held” that year as something of a comparison. The differences are extraordinary. Gale Klappa, the CEO of WE Energies, made 12 times as much in 2011 as his counterpart, Charles McNeer, did in 1990. In cash compensation alone, Stephen Roell of Johnson Controls made 11 times more in 2011 than did James Keyes in 1990. And Milwaukee’s highest paid executive in 2011, Keith Nosbush, brought home \$28.78 million that year, which was 635 times more than the average metro Milwaukee worker earned in 2011. No executive in 1990, even if all his<sup>17</sup> stock holdings were “cashed out” in 1990, earned even close to a third of Nosbush’s 2011 haul.

Thus, even as metro Milwaukee’s economy was stagnating after 1990, with plummeting household incomes, growing poverty, slow GDP growth, and anemic job creation, the region’s corporate leaders – the ones running the largest companies and dominating city and regional economic development strategy through the Greater Milwaukee Committee and the Metropolitan Milwaukee Association of Commerce—were enjoying spectacular income gains.

**Table 21:  
Growing Corporate Executive/Worker Pay Gap  
in Metro Milwaukee: 1990-2011**

(average worker and executive pay in \$2011 inflation adjusted dollars)

	1990	2011	% Δ 1990-2011
Worker Average Annual Pay	\$41,649	\$45,260	+8.7%
Top 25 Executive Average Cash Compensation	\$895,555	\$3,732,752	+316.8%
Top 10 Executive Average Cash Compensation	\$1,137,225	\$4,609,043	+305.3%
Top 10 Executive Average Total Compensation		\$12,455,000	
Top 25 Executive Average Total Compensation		\$7,690,000	
Ratio: Top 25 Average Executive Cash Compensation/Worker Pay:	22 to 1	83 to 1	
Ratio: Top 10 Average Executive Cash Compensation/Worker Pay	27 to 1	102 to 1	
Ratio: Top 25 Average Executive Total Compensation/Worker Pay:	N/A	170 to 1	
Ratio: Top 10 Average Executive Cash Compensation/Worker Pay:	N/A	275 to 1	

Source: *The Business Journal of Milwaukee, Book of Lists*

**Table 22:  
Soaring Executive Pay:  
The Changing Landscape of Executive Compensation  
in Milwaukee: 1990-2011**

(all figures in \$2011, adjusted for inflation)

<b>1990</b>	<b>Cash Compensation</b>	<b>Total Value of Company Stock Held</b>
William Goessel (Harnischfeger)	\$1.56 million	\$3.38 million
James Keyes (Johnson Controls)	\$1.29 million	\$4.13 million
Charles McNeer (Wisconsin Electric)	\$1.08 million	N/A
Richard Teerlink (Harley Davidson)	\$929,739	\$6.82 million
<b>2011</b>	<b>Cash and Deferred Compensation</b>	<b>Total Compensation (including Stock Options Exercised)</b>
Stephen Roell (Johnson Controls)	\$14.29 million	\$18.98 million
Michael Sutherlin (Joy Global)	\$4.01 million	\$11.43 million
Gale Klappa (WE Energies)	\$6.94 million	\$5.93 million
Keith Nosbush (Rockwell)	\$6.11 million	\$22.67 million

Source: *The Business Journal of Milwaukee, Book of Lists*

### ***Growing Income Disparities: Racial and Spatial***

As Table 15 showed, although median household incomes have declined in metro Milwaukee as whole over the past generation, the deterioration has been much more pronounced in minority communities and in the city of Milwaukee. Consequently, as Table 23 reveals, income disparities of all sorts have widened considerably in the Milwaukee region over the past 30 years: black and Hispanic household income has fallen further behind white household income, and households living in the city of Milwaukee have fallen behind households in the rest of the region. Median household income in the city of Milwaukee is now less than half of the median in Waukesha County. And black household income in metro Milwaukee is now barely more than one-third the level of median household income in Waukesha County. As Table 23 and several subsequent tables reveal, the Milwaukee region is starkly divided into separate and unequal communities and spaces.

The black percentage of white household income (45.2 percent) in Milwaukee places the region 39<sup>th</sup> among the nation's 40 largest metropolitan areas.

**Table 23:  
Income Disparities in Metropolitan Milwaukee:**

<b>Median HH Income as % of:</b>	<b>1979</b>	<b>1989</b>	<b>1999</b>	<b>2010</b>
City of Milwaukee as % of Metro Median	79.7	73.1	70.2	67.7
City of Milwaukee as % of Waukesha County Median	62.1	53.0	51.3	47.8
Black HH Income as % of White (Metro Area)	62.2	45.5	49.6	45.2
Black HH Income as % of Waukesha County	50.3	35.9	40.1	36.9
Hispanic HH Income as % of White (Metro)	61.0	51.3	53.7	50.0

Source: U.S. Bureau of the Census, Census of Population; American Community Survey

## Poverty

Poverty has grown steadily in the Milwaukee region over the past 30 years, virtually doubling in the city of Milwaukee since 1979. 26.3 percent of the city's population lived below the federal poverty line in 2010, giving Milwaukee the 7<sup>th</sup> highest poverty rate of any big city in the United States.

Poverty in Milwaukee is marked by several key characteristics:

1) A high percentage of the region's poor live in the city of Milwaukee. Although this concentration of poverty has diminished somewhat since the late 1980s, as there has been some growth of suburban poverty in the region, the city of Milwaukee is still home to almost three-quarters of the region's poor. This concentration of the poor in the central city has fiscal implications (on the tax base and on municipal expenditures) as well as social and economic consequences (the relationship of poverty to other urban problems).

2) There are significant racial and ethnic disparities in poverty in metro Milwaukee. At 35.9 percent, the black poverty rate in Milwaukee is the highest among the nation's 40 largest metropolitan areas. The Hispanic poverty rate was 24.5 in metro Milwaukee; this ranks 15<sup>th</sup> among the nation's 40 largest metropolitan areas. The black poverty rate in Milwaukee is 4.67 times higher than the white rate, a racial disparity that is the second worst in the U.S.

3) Not only do metro Milwaukee's minority communities report high levels of poverty and wide racial disparities in poverty rates, but as a consequence of hypersegregation here, a high proportion of Milwaukee's minorities live in conditions of *concentrated* or *extreme* poverty – defined by urban sociologists as neighborhoods in which the poverty rate is over 40 percent. Scholars such as William Julius Wilson, Douglas Massey, Robert Sampson, and Paul Jargowsky have all noted the especially deleterious socioeconomic, cultural, and political consequences of extreme, concentrated poverty.<sup>18</sup> As a recent Brookings Institution study put it: “Why does concentrated poverty matter? Being poor in a very poor neighborhood subjects residents to costs and limitations above and beyond the burdens of individual poverty.”<sup>19</sup> As Jargowsky puts it: “In these poorest neighborhoods the poverty rate exceeds 40 percent, and opportunities for successful social and economic contacts are few. The problem is exacerbated as families and businesses with better prospects relocate out of impoverished inner-city neighborhoods, leaving many cities with abandoned and decaying cores.”<sup>20</sup>

Jargowsky's research found that by 1990 Milwaukee led the nation in the percentage of the region's black population living in extreme poverty neighborhoods: 47.0 percent. 64.3 percent of poor blacks lived in extreme poverty neighborhoods. Those rates have come down over the past twenty years: in 2010, 33 percent of all Milwaukee blacks lived in extreme poverty neighborhoods, while 45 percent of poor blacks lived in such neighborhoods. But the rates remain high, among the highest in the country, and, in fact, increased during the economically difficult decade of 2000-2010. Moreover, some of the reduction in “extreme” poverty is artificial – it is merely the result of some residents leaving “40%” poverty neighborhoods in Milwaukee's inner city for “30%” poverty neighborhoods on the city's Northwest side, where the overall poverty rate doubled from 13 percent in 1990 to 29 percent in 2010.<sup>21</sup>

The disparity between the proportion of whites and blacks in metro Milwaukee living in extreme poverty is enormous. While 32.9 percent of Milwaukee blacks live in concentrated poverty neighborhoods, only 1.6 percent of whites do – a staggering 20 to 1 ratio. 13.7 percent of Milwaukee Hispanics live in extreme poverty neighborhoods, over eight times the white rate.

Put another way, although blacks and Hispanics make up 23 percent of metro Milwaukee's population, they represent 86.1 percent of all Milwaukeeans living in extreme poverty neighborhoods.

**Table 24:**  
**Poverty Rates By Race, Metro Milwaukee: 1979-2010**

Race	1979	1989	2010
Black	29.4	41.3	35.9
White	5.2	5.8	7.7
Hispanic	18.4	30.3	24.5
Metro Area (All)	8.1	11.6	13.5
City of Milwaukee (All)	13.8	22.2	26.3

Source: U.S. Bureau of the Census, Census of Population; American Community Survey

**Table 25:**  
**The Urban Concentration of Poverty in Metro Milwaukee, 1979-2010**

**% of poor living in metro Milwaukee jurisdictions**

Place	1979	1989	1999	2010
City of Milwaukee	77.0	83.6	79.4	73.9
Milwaukee County Suburbs	9.8	7.8	10.3	12.5
WOW Counties	13.2	8.6	10.3	13.6
Total	100.0	100.0	100.0	100.0

Source: U.S. Bureau of the Census, Census of Population; American Community Survey



**Table 26:**  
**Race and “Extreme” Poverty in Milwaukee**

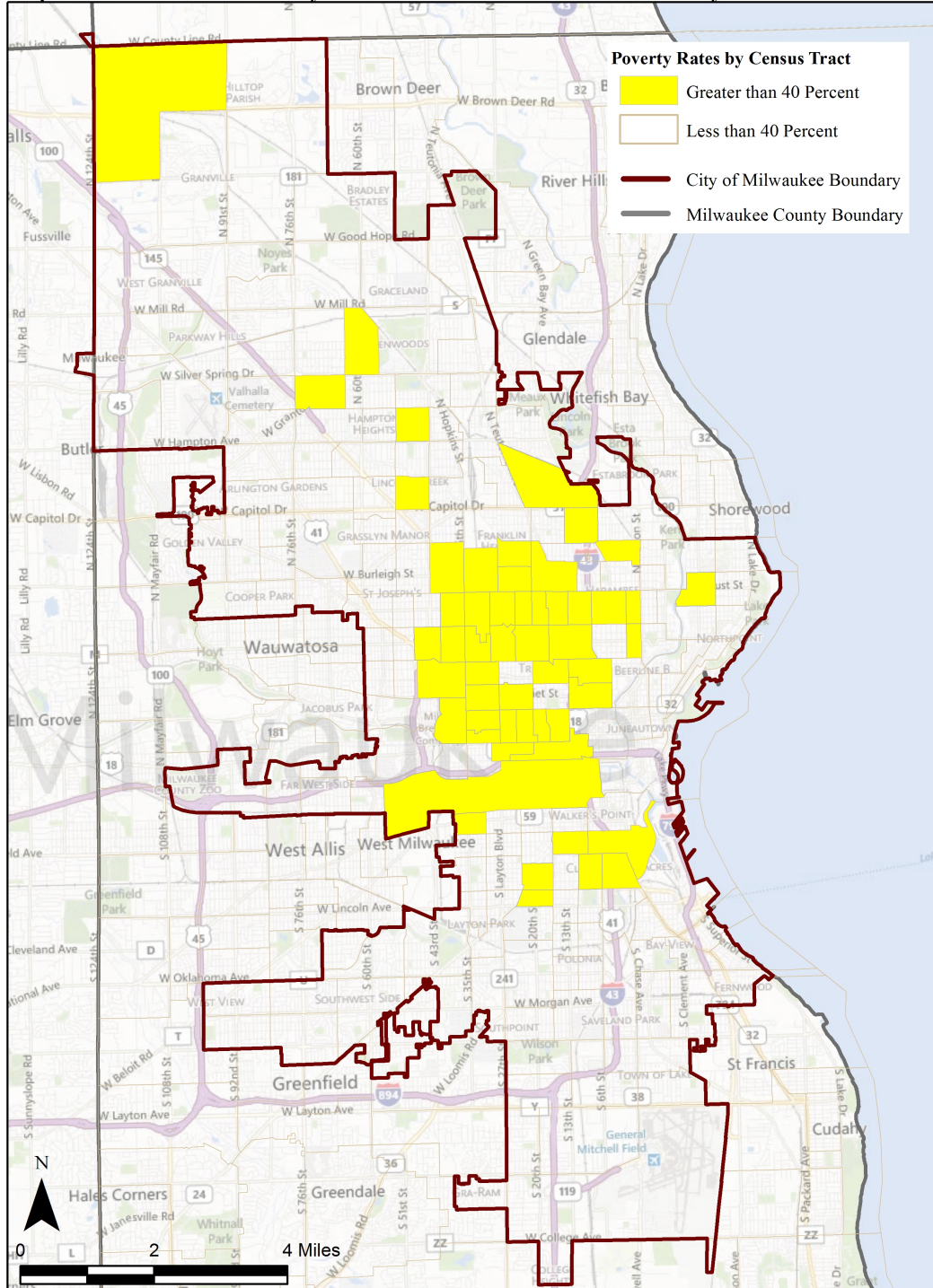
**Share of Population, by Race, Living in  
Extreme Poverty Neighborhoods: 1980-2010**

Race	1980	1990	2010
Black	15.0	47.2	32.9
White	0.7	2.8	1.6
Hispanic	3.2	31.3	13.7

Source: Jargowsky, *Poverty and Place*; U.S. Bureau of the Census, American Community Survey (2006-10 data)

# **Map 1: Extreme Poverty Census Tracts in Metro Milwaukee**

**Map: Census Tracts with Poverty Rates Greater Than 40 Percent in the City of Milwaukee: 2011**



Sources: 2007 to 2011 American Community Survey, ESRI, and UW-M Center for Economic Development.

## *Race, Gender, Age, Ethnicity, and the Milwaukee Labor Market*

As we examined earlier (Tables 2-6), Metro Milwaukee's labor market has been sluggish for the past decade, employment has declined by over 14 percent in the city since 1980, and the Milwaukee region suffers from a serious imbalance between the number of job-seekers and the number of available jobs – a “jobs gap.”

However, the employment situation in Milwaukee varies considerably, by race, gender, age, and ethnicity. Tables 27 and 28 show employment rates for various groups in Milwaukee since the 1970s. The employment rate – also called by economists the “employment-population” ratio—measures the percentage of the working-age population (or a subset of that population) that is employed. Its particular value as a labor market indicator is that it tells us, much better than the flawed, narrow official unemployment rate (which significantly undercounts the number of jobless), the extent to which the working-age population in a community or among certain subsets of the community is, in fact working.

Along with Detroit, no metropolitan area has witnessed an erosion in the labor market for black males of all ages over the past 40 years as deep as Milwaukee's. Once a region posting black male employment rates above the national average, by the beginning of the 21<sup>st</sup> century Milwaukee's black male employment rate –for all age groups—had plummeted to among the lowest in the country. Black-white disparities in male employment are wider in Milwaukee than in any metropolis in the nation (see Table 30). In 2011, just 53.6 percent of black males in their prime working years (ages 25-54) were employed in metro Milwaukee (down from almost 85 percent in 2001). The declining employment rate for young black men in Milwaukee has been especially steep. In 1970, around three-quarters of black males between the ages of 20-24 were working – about the same percentage as white and Hispanic males. Today, the young black male employment rate in Milwaukee has plummeted to 38.5 percent –the lowest in the nation among large metro areas—and barely *half* the rate for white and Hispanic males. These are the “disconnected young men” noted in several recent studies of urban labor market conditions.<sup>22</sup> As recent research by the UWM Employment and Training Institute reveals, staggeringly large numbers of black males in their 20s and 30s, perhaps as high as 50 percent, have been incarcerated in Milwaukee; mass incarceration, along with the disproportionate impact of deindustrialization on black male employment prospects (see Table 32), has played a major role in devastating the labor market for black males in Milwaukee.

Maps 2 and 3 illustrate graphically how this erosion in the labor market for black males has made joblessness an increasingly central feature of inner city (and increasingly Northwest side) Milwaukee neighborhoods since the 1970s.

Tables 27 and 28 also reveal other impact elements of the Milwaukee labor market.

- The employment rate for all males has fallen since the 1970s, although not nearly as precipitously as for black males. Still, the employment rate for white males in their prime working years dropped from 95 percent in 1970 to 85 percent today; there has also been a 10 point drop in the Hispanic male rate.
- White female labor force participation (for the 25-54 age group) has climbed consistently since the 1970s. At 80.5 percent in 2011, the white female employment rate is barely below the white male rate, and is the 2<sup>nd</sup> highest in the nation (among the

40 largest metro areas). The employment rate for young white females (ages 20-24) in Milwaukee in 2011 (81.8 percent) is the highest in the country, and has also climbed consistently since the 1970s [We examine in the next part of this report precisely the kinds of jobs held by these women].

- Employment rates for black and Hispanic females have also climbed since the 1970s, though not as steeply as for white females. For black females in Milwaukee, there was a significant jump in employment between 1990 and 2007, reflecting no doubt the exigencies of local and national welfare reform policies (especially W-2). Employment rates for black and Hispanic females, however, have fallen by five percentage points (a decline of 10 percent) since the Great Recession.

**Table 27:**  
**Employment Rates By Race and Ethnicity:**  
**Metropolitan Milwaukee, 1970-2011**  
**Working-Age Adults (ages 20-24)**

YEAR	1970	1980	1990	2000	2007	2011
White Males	78.6	79.1	81.6	80.6	75.5	70.0
Black Males	74.7	56.6	53.1	44.1	46.6	38.5
Hispanic Males	78.8	70.6	67.2	66.6	69.1	79.2
White Females	62.7	73.9	81.1	81.4	80.8	81.8
Black Females	51.0	44.4	39.2	53.0	55.6	57.2
Hispanic Females	46.8	51.0	49.6	54.4	58.0	58.1

**Table 28:**  
**Employment Rates By Race and Ethnicity:**  
**Metropolitan Milwaukee, 1970-2011**  
**Working-Age Adults (ages 25-54)**

YEAR	1970	1980	1990	2000	2007	2011
White Males	94.5	92.3	92.1	89.7	89.6	85.7
Black Males	84.9	74.9	64.7	61.2	56.8	53.6
Hispanic Males	90.8	83.1	77.9	70.6	84.4	81.1
White Females	49.6	65.4	77.7	80.6	79.2	80.5
Black Females	57.7	62.6	56.9	62.1	69.4	63.8
Hispanic Females	43.8	56.0	56.7	58.4	63.0	58.7

**Table 29:**  
**Black Male Employment Rates (ages 25-54) in selected Metro Areas: 1970-2010**

<b>Metro Area</b>	<b>1970</b>	<b>2010</b>
Milwaukee	84.8	52.7
Detroit	83.2	53.6
Cleveland	84.3	58.1
Buffalo	79.9	54.7
St. Louis	85.7	62.0
Atlanta	85.7	70.0
Boston	85.2	68.9
Dallas	79.4	71.9
Washington, D.C.	86.3	79.3
Nashville	<b>80.9</b>	<b>67.4</b>

**Table 30:**  
**Racial Disparities in Male Employment Rates (ages 25-54)**  
**in selected metro areas: 2010**

<b>Metro Area</b>	<b>Black</b>	<b>White</b>
Milwaukee	52.7	85.1
Detroit	53.6	77.8
Cleveland	58.1	84.0
Buffalo	54.7	80.9
St. Louis	62.0	82.0
Atlanta	70.0	85.1
Boston	68.9	85.0
Dallas	71.9	86.3
Washington, D.C.	79.3	90.2
Minneapolis	71.9	87.1

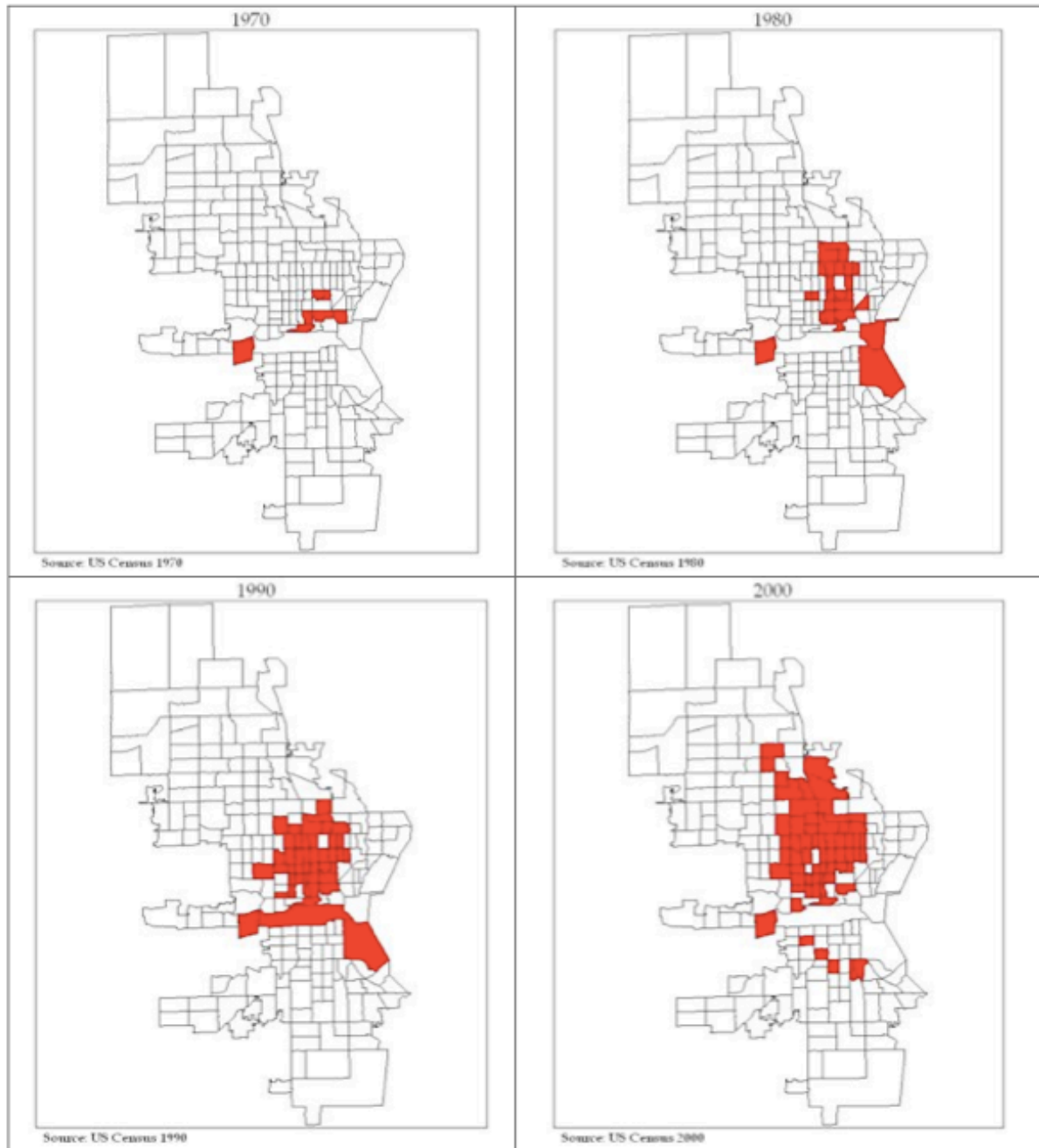
**Table 31:**  
**Male Employment Rates, Ages 25-54: International Comparisons**  
**(2010)**

Country	Employment Rate
Germany	86.5
Belgium	85.5
Canada	83.9
Spain	75.7
Milwaukee (white)	85.1
Milwaukee (black)	52.7
France	87.1
Ireland	75.6
Netherlands	90.0

**Table 32:**  
**Race and Deindustrialization in Milwaukee:**  
**Percentage of Males, By Race, Employed in Production Jobs,**  
**1970-2010**

Year	Black	White	Hispanic
1970	35.6%	16.6%	34.6%
2000	20.4%	14.7%	31.2%
2010	13.4%	11.4%	22.7%

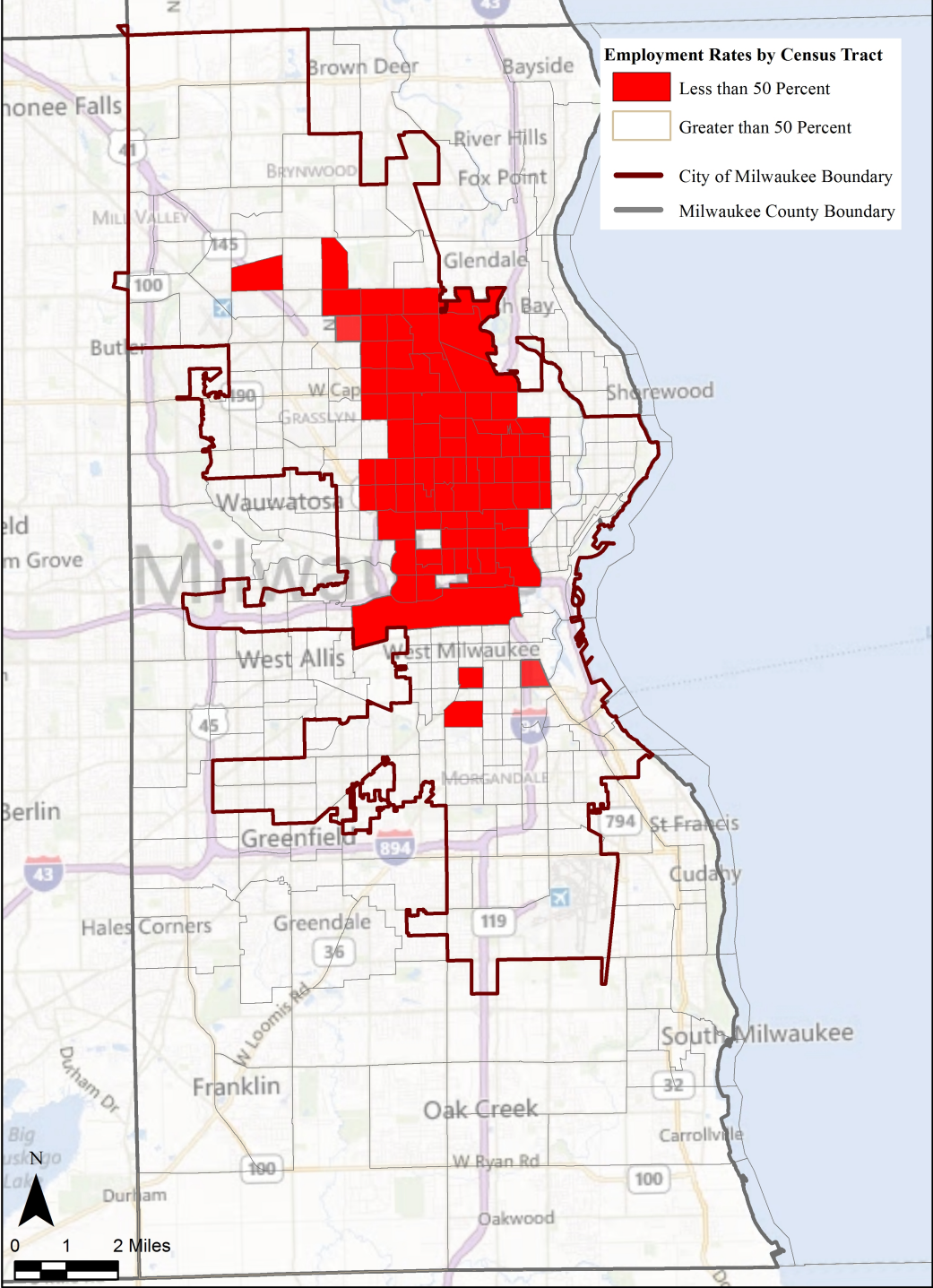
**Map 2:**  
**Growing Male Joblessness in Milwaukee, 1970-2000**  
**Census Tracts with Working-Age Male Employment Rates Under 50 percent**





### Map 3: Male Joblessness in Milwaukee: 2011

Map: Census Tracts with Male Employment Rates Less Than 50 Percent in Milwaukee County: 2011



Sources: 2007 to 2011 American Community Survey, ESRI, and UWMs Center for Economic Development.



## *An Economy of Low Wages and Bad Jobs*

As M.I.T. economist David Autor has documented, the U.S. labor market has been polarizing for three decades now, with a hollowing out of so-called “middle-skill” jobs and with employment growth at the lower and upper ends of the skills spectrum. But since 1999, Autor’s research shows, low-skill (and, unfortunately, low-wage) jobs have dominated employment growth.<sup>23</sup>

Tables 18 and 19 earlier revealed the extent to which this polarization has occurred in household incomes in Milwaukee: significant growth since 1979 in the lower income categories, especially in the city of Milwaukee.

Tables 33-36 below present the most recent data on *earnings* in metro Milwaukee, by race, gender, and ethnicity. For all categories, a sizeable percentage of workers earned under \$15,000 annually (Table 33), although there are stark gender and racial disparities. Table 34 shows an even more striking percentage of Milwaukee workers making under \$25,000 a year – a modest pay that few economists would find “family supporting.” 40 percent of white female and black male workers fall into this low-wage category, while over 50 percent of black female, Hispanic male, and Hispanic females earn near poverty-level wages in Milwaukee.

Tables 35 and 36 show the racial and ethnic disparities in these earnings. The median white female worker, for example, earns 66 percent as much as the median white male; the median Hispanic female, for example, earns 62 percent as much as the median white female. These disparities do not control for education, experience, occupation, and so forth, but they do show the degree to which the metro Milwaukee is characterized by what sociologists would call an “ethnic division of labor.” Minorities and women are disproportionately found in the low-wage, part-time work sector of the Milwaukee economy.

Despite relentless rhetoric about the high-skills, high-tech jobs of the future, the employment projections of the state of Wisconsin are that the vast majority of employment created through 2020 will be in jobs requiring a high school degree or less, and which pay well below the median wage in the state. Table 37 displays the 30 jobs projected by the state to provide the most openings through 2020; in the DWD projections, these jobs alone will account for over 42 percent of all job openings in the state. (All told, jobs requiring a high school diploma or less are forecast to provide over 70 percent of Wisconsin’s openings through 2020). As Table 37 shows, 27 of these 30 jobs require a high school degree or less. And 21 of these 30 jobs pay less than the median wage in Wisconsin. In short, the projected job openings of the future are in low-wage and low-paying employment, and, although local policymakers are focused these days on an imaginary “skills gap” in Milwaukee and Wisconsin (more on that below), the real challenge is to develop policies that will make this work pay better. As Table 38 shows, wages in most of these occupations pay wages that offer little in the way of economic security.

Table 39 provides additional information on these low-wage jobs that will provide the lion’s share of Wisconsin and Milwaukee’s openings over the next decade. For the most part, women hold the majority of these service-sector jobs; thus, the low-wages in these “pink collar” jobs helps explain the overall gender gap in wages in Milwaukee. Indeed, as Table 41 shows, women—especially minority women—hold a disproportionate percentage, in relation to their overall share of employment in the region, of low-wage jobs such as cashiers, personal and home care

aides, childcare workers, and waiters and waitresses. For example, although black females make up only 6.6 percent of metro Milwaukee's workforce, they hold 46.1 percent of the region's jobs as home health aides, 31.6 percent of the jobs as personal care aides, and 29.1 percent of the positions as childcare workers. Put another way, black females hold seven times more jobs as home health care aides than their overall share of metro Milwaukee employment; five times as many jobs as personal care aides, and four times as many positions as childcare workers. Similar concentrations are discernible for Hispanic females as cashiers, waitresses, and childcare workers, and for white females as registered nurses, childcare workers, waitresses, and cashiers.

[And, as a sidebar, Table 41 also shows the degree to which production jobs, even as they represent a shrinking part of Milwaukee's job base, constitute a disproportionate source of employment for minority males. Hispanic males constitute 4.2 percent of all workers in metro Milwaukee, but hold 11.0 percent of all production jobs; black males hold 4.5 percent of all jobs, but 7.4 percent of all production jobs. The black male share of factory employment, however, has been steadily declining since the 1980s in Milwaukee, and today, in a chilling indication of the consequences of a generation of mass incarceration and deindustrialization, there are more Milwaukee black males admitted annually to Wisconsin prisons than working in the city's factories].

Finally, as Tables 39 and 40 show, despite the fact that most of the "occupations of the future" require a high school degree or less, college graduates hold a high percentage of jobs in many of these occupations in Milwaukee; and in most cases well over 40 percent of the job-holders have at least some college education. This high level of *underemployment* speaks not only to the myth of a skills gap in Milwaukee, but also underscores the extent to which the Milwaukee economy is generating an insufficient number of jobs for prospective job seekers. Moreover, as an *oversupply* of college-educated workers permits employers to demand college credentials for jobs requiring "high school skills," the economic opportunities for less educated workers become more and more precarious. As the *New York Times*' Catherine Rampell found, the share of advertised jobs requiring a bachelor's degree in several occupations soared between 2007-2012, but many of these jobs—such as lab technicians or purchasing agents, for example—"require fewer technical skills, so it's not clear why a college-level education would suddenly become more important—except maybe as a sorting device for narrowing down the deluge of resumé to the most qualified (or overqualified) applicants."<sup>24</sup> But "credential inflation" by employers who can afford to be picky in a slack labor market hampers to job prospects for low- and moderate-skill workers, and reflects a failure of economic development policy to generate sufficient quality employment opportunities for all in the regional economy.

**Table 33:**  
**A Polarized Labor Market:**

**Earnings Inequality By Race, Gender, and Ethnicity in  
Metro Milwaukee, 2006-10**

**% distribution of workers by earnings class, race, gender, and ethnicity**

<b>Earnings Class</b>	<b>White Male</b>	<b>White Female</b>	<b>Black Male</b>	<b>Black Female</b>	<b>Hispanic Male</b>	<b>Hispanic Female</b>
\$1-14,999	14.5%	24.2%	24.9%	30.9%	22.4%	34.9%
\$15,000-34,999	19.2%	32.0%	37.5%	43.4%	47.6%	43.5%
\$35,000-\$74,999	43.5%	35.5%	32.0%	21.8%	25.9%	19.5%
\$75,000-\$124,999	15.7%	6.5%	4.2%	3.4%	3.2%	1.8%
\$125,000 and above	7.2%	1.7%	1.3%	0.5%	0.9%	0.4%
All Classes	100%	100%	100%	100%	100%	100%

Source: U.S. Bureau of the Census, American Community Survey

**Table 34:**  
**Share of Workers in Metro Milwaukee in  
High- and Low-Wage Earnings Classes**

**By Race, Gender, and Ethnicity**

<b>Earnings Class</b>	<b>White Male</b>	<b>White Female</b>	<b>Black Male</b>	<b>Black Female</b>	<b>Hispanic Male</b>	<b>Hispanic Female</b>
Under \$25,000 (Low Wage)	22.5%	39.6%	42.6%	53.8%	50.5%	61.9%
Over \$75,000 (High Wage)	22.9%	8.2%	5.5%	3.9%	4.1%	2.2%

**Table 35:**  
**Earnings Disparities in Metro Milwaukee:**

**Median Earnings of Full Time Workers in Metro Milwaukee  
By Race, Gender, and Ethnicity (2007-2011)**

<b>Group</b>	<b>Median Earnings</b>	<b>As % of WNH Male Earnings</b>
White Male	\$55,457	---
White Female	\$42,133	76.0
Black Male	\$36,546	65.9
Black Female	\$30,631	55.2
Hispanic Male	\$29,651	53.5
Hispanic Female	\$26,611	48.0

U.S. Bureau of the Census, American Community Survey

**Table 36:**  
**Earnings Disparities in Metro Milwaukee**

**Median Earnings of All Workers in Metro Milwaukee  
By Race, Gender, and Ethnicity (2007-2011)**

<b>Group</b>	<b>Median Earnings</b>	<b>As % of WNH Male Earnings</b>
White Male	\$44,212	---
White Female	\$29,273	66.2
Black Male	\$22,879	51.7
Black Female	\$20,792	47.0
Hispanic Male	\$23,183	52.4
Hispanic Female	\$18,206	41.2

Source: U.S. Bureau of the Census, American Community Survey

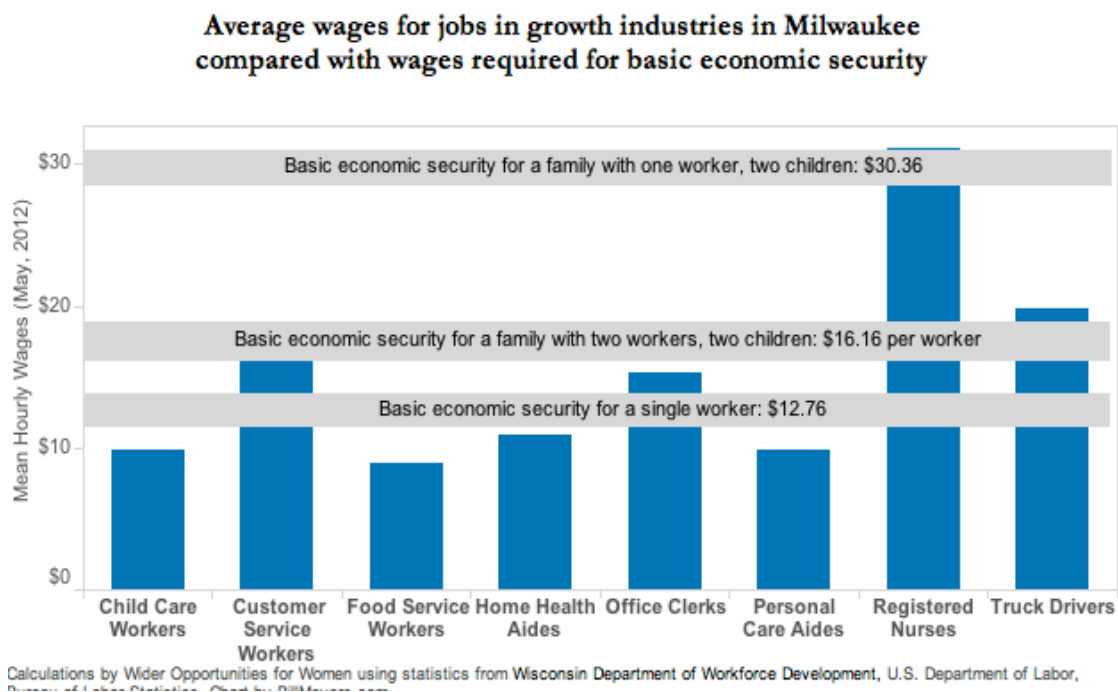
**Table 37:**  
**The 30 Occupations in Wisconsin Projected to Provide**  
**The Most Job Openings, 2010-2020**

<b>Occupation</b>	<b># of projected openings 2010-20</b>	<b>Education/Skill required</b>	<b>Median Annual Pay</b>	<b>Pay as % of All Occs Median</b>
Cashiers	34,010	< High school degree	\$18,430	55.3
Food Preparation/Serving	32,500	< High school degree	\$17,910	53.7
Retail Salespersons	30,650	< High school degree	\$20,190	60.5
Waiters and Waitresses	30,220	< High school degree	\$18,060	54.5
Registered Nurses	24,230	Associate Degree	\$62,860	188.5
Customer Service Reps	21,940	High school degree	\$31,430	94.2
Office Clerks	21,710	High school degree	\$28,080	84.2
Laborers	20,690	< High school degree	\$26,080	78.2
Truck Drivers	18,530	High School degree	\$38,300	114.8
Bartenders	14,950	< High school degree	\$18,220	54.6
Personal and Home Care Aides	13,940	< High school degree	\$20,430	61.2
Janitors	13,380	< High school degree	\$23,150	69.4
Sales Representatives	11,280	High School Degree	\$55,350	166.0
Nursing Aides	11,190	Post-secondary work	\$24,800	74.4
Elementary School Teachers	9,730	Bachelor's Degree	\$54,720	164.1
Child Care Workers	9,100	High School Degree	\$19,620	58.8
Receptionists	8,380	High School Degree	\$26,120	78.3
Supervisors of Office Staff	8,280	High School Degree	\$46,200	138.5
Landscaping and Groundskeeping	8,150	< High school degree	\$25,010	75.0
Maids/Housekeeping	7,920	< High school degree	\$19,060	57.2
Carpenters	7,920	High school degree	\$41,960	125.8
Bookkeeping clerks	7,570	High School degree	\$33,320	100.0
Cooks	7,450	< High school degree	\$21,130	63.3

Supervisors of retail sales staff	7,310	High school degree	\$35,830	107.4
Dishwashers	7,300	<High school degree	\$17,660	52.9
Packers and packagers	7,290	<High school degree	\$24,840	74.4
Tellers	7,080	High school degree	\$23,270	69.8
Accountants	6,990	Bachelor's degree	\$58,020	173.9
Maintenance and repair worker	6,980	High school degree	\$37,790	113.3
Counter attendants	6,970	<High school degree	\$18,110	54.3

Source: State of Wisconsin, Department of Workforce Development

**Table 38:**  
**Average Wages for Jobs in Growth Industries in Milwaukee**  
**Compared to Wages Required for Basic Economic Security**



Source: Billmoyers.com; Wider Opportunities for Women

**Table 39:**  
**Gender and Educational Background of Jobholders in the 30 Occupations**  
**Projected to Provide the Most Openings in Wisconsin: 2010-2020**

<b>Occupation</b>	<b>% Female</b>	<b>Education/Skill required</b>	<b>% w/ BA or + degree</b>	<b>% w/ some college or +</b>
Cashiers	74.6	<High school degree	10.2	47.8
Food Preparation/Serving	55.8	<High school degree	11.3	42.2
Retail Salespersons	55.3	<High school degree	30.7	64.2
Waiters and Waitresses	78.4	<High school degree	15.3	51.7
Registered Nurses	91.8	Associate Degree	64.3	99.3
Customer Service Reps	70.8	High school degree	21.9	64.6
Office Clerks	84.8	High school degree	17.3	67.4
Laborers	16.9	<High school degree	4.5	27.8
Truck Drivers	4.0	High School degree	5.4	33.0
Bartenders	54.1	<High school degree	29.2	59.2
Personal/Home Care Aides	84.2	<High school degree	11.0	36.8
Janitors	33.6	<High school degree	6.1	28.9
Sales Representatives	35.1	High school degree	53.8	29.9
Nursing Aides	92.4	Post-secondary work	6.8	48.2
Elementary Teachers	76.5	Bachelor's Degree	96.2	99.3
Child Care Workers	94.4	High school degree	19.4	55.1
Receptionists	91.3	High school degree	16.0	56.2
Supervisors of office staff	45.0	High school degree	35.2	68.6
Landscaping/Grounds	7.8	<High school degree	9.5	35.5
Maids/Housekeeping	82.2	<High school degree	3.0	20.6
Carpenters	1.1	High school degree	3.7	39.3
Bookkeeping clerks	86.5	High school degree	16.1	67.1
Cooks	40.6	<High school degree	6.0	37.4

Supervisors of retail sales staff	45.0	High school degree	39.3	69.1
Dishwashers	23.2	<High school degree	5.9	12.2
Packers and packagers	59.1	<High school degree	3.5	14.5
Tellers	91.6	High school degree	13.9	43.6
Accountants	57.1	Bachelors degree	76.8	95.7
Maintenance and repair workers	6.0	High school degree	5.3	44.1
Counter attendants	70.1	<High school degree	3.0	21.4

Source: State of Wisconsin, Department of Workforce Development

**Table 40:**  
**Growing Underemployment in Milwaukee, 1990-2010:**  
**College Graduates in “Low-Skill” Jobs**

(% of jobholders in selected occupations with B.A. degrees +)

Occupation	1990	2010
Bartenders	10.0%	29.2%
Retail Sales Clerks	15.6%	30.7%
Office Clerks	8.3%	17.3%
Waiters and Waitresses	10.8%	15.3%
Cashiers	8.6%	10.2%

Source: The Milken Institute



**Table 41:  
Ethnic, Racial, and Gender Concentrations in Selected  
Occupations in Metro Milwaukee: 2006-2010**

**% of jobholders in selected occupations, by ethnicity, race, and gender**

<b>Occupation</b>	<b>HM</b>	<b>HF</b>	<b>WM</b>	<b>WF</b>	<b>BM</b>	<b>BF</b>	<b>Others</b>
Total – All Occupations	4.2	2.9	40.8	37.1	4.5	6.6	3.9
Registered Nurses	0.2	2.2	7.0	82.5	0.5	5.0	2.6
Cashiers	2.5	6.3	17.4	50.6	3.6	13.1	6.5
Retail Salespersons	0.9	2.6	38.9	42.8	3.4	7.4	4.0
Personal Care Aides	0.9	3.8	7.3	41.1	6.4	31.6	8.9
Home Health Aides	0.6	4.2	3.5	39.1	3.1	46.1	3.4
Childcare Workers	1.1	5.0	3.0	58.5	1.4	29.1	1.9
Waiters and Waitresses	2.2	6.1	15.4	64.0	2.3	3.3	6.7
Production Occupations	11.0	4.8	51.7	15.6	7.4	4.1	5.4

Source: U.S. Bureau of the Census, American Community Survey

## *The Fake Skills Gap in Milwaukee*

Milwaukee's core economic problems stem from a myriad of issues. Among them: an insufficient number of quality, family supporting jobs; city-suburban disparities, hypersegregation, and uneven development; corporate disinvestment and the deleterious impact of trade policies; the decline of unions and the impact on worker bargaining power and wages; shrinking household incomes; and yawning racial, gender, and ethnic inequalities in earnings and employment.

Yet, in recent years, local policymakers and corporate leaders have focused on a supposed "skills gap" as perhaps *the* central labor market problem facing the region. "The jobs are already here," claim Milwaukee's corporate leaders. What we lack, supposedly, are sufficiently educated and trained workers to fill them.

In a detailed study released earlier this year, the premises of the skills gap thesis in Milwaukee were thoroughly debunked.<sup>25</sup> As Lawrence Mishel of the Economic Policy Institute has astutely observed on national discussions of the issue, the skills gap narrative "is very comfortable reasoning for the very comfortable class. It identifies 'failing schools' and 'dumb workers' for the economic calamity actually caused by a deregulated financial sector following a massive redistribution of wealth and income."<sup>26</sup> This applies to metro Milwaukee as well: while local leadership focuses on an imaginary skills gap, the core economic problems facing the region – inequality, wage stagnation, corporate disinvestment, and regional fragmentation—are off the policymaking radar.

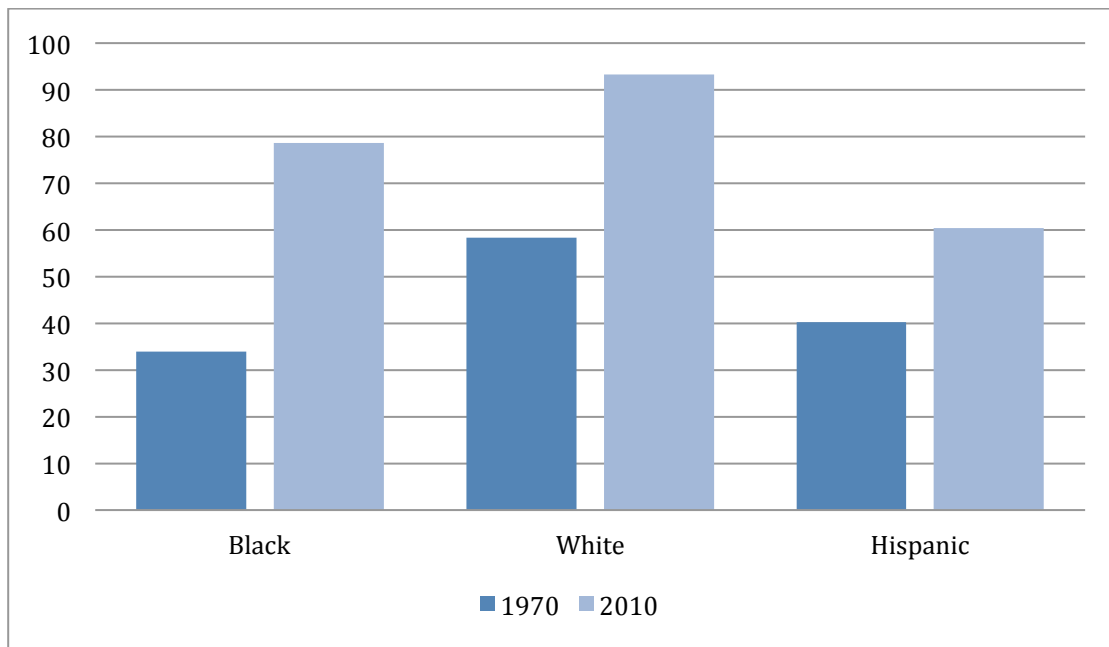
As Table 37 showed, the vast majority of job openings likely to occur in Milwaukee over the next decade will be in low-skill, low-wage jobs – not jobs in which workforce skills deficiencies would be problematic. Indeed, as Tables 39 and 40 revealed, a substantial number of these low-skill jobs in Milwaukee are held by individuals possessing far more education than the jobs require – a sign of an *underemployment* crisis, not a skills gap.

Tables 42 and 43 show that despite the tendentious rhetoric around public education in Milwaukee – often driven by ideologues bent on privatizing public schools – educational achievement has steadily improved since the 1970s, for all ethnic and racial groups in the region. There are disparities and much room for improvement, of course, but the superficial mantra that Milwaukee's economic crisis is fundamentally an education crisis – requiring such unproven nostrums as choice, charter, and voucher schools-- is fallacious.

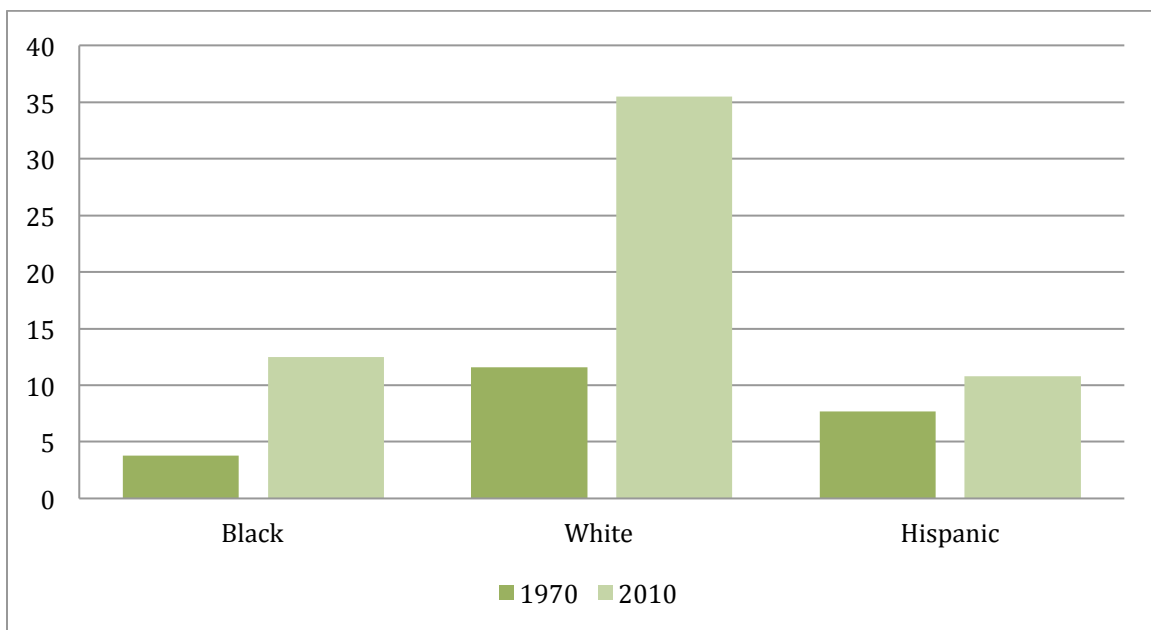
Finally, Tables 44 and 45 provide concrete evidence that the fake skills gap is really a jobs gap in Milwaukee and in Wisconsin. Two manufacturing occupations – welders and CNC machinists—are relentlessly cited by skills gap lobbyists as examples of skills shortages in the Milwaukee economy. Yet, as Tables 44 and 45 show, there is a huge gap between the unemployed workers in these job –in Wisconsin and in the Midwest—and the number of projected annual openings in these occupations. Most of these unemployed workers were employed within the past year, making it highly unlikely that their skills have disappeared. If there were truly a labor shortage in these occupations in Milwaukee and in Wisconsin, surely many of the unemployed welders and machinists from the Detroit area, many of whom had recently worked in high-skill workplaces of big automakers, could be enticed to migrate to Milwaukee. That hasn't happened – because there is no genuine labor shortage in Milwaukee.

There's a job shortage – and the central challenge of policymakers in the years ahead is to implement policies to generate economic growth and quality job creation in the city and the region.

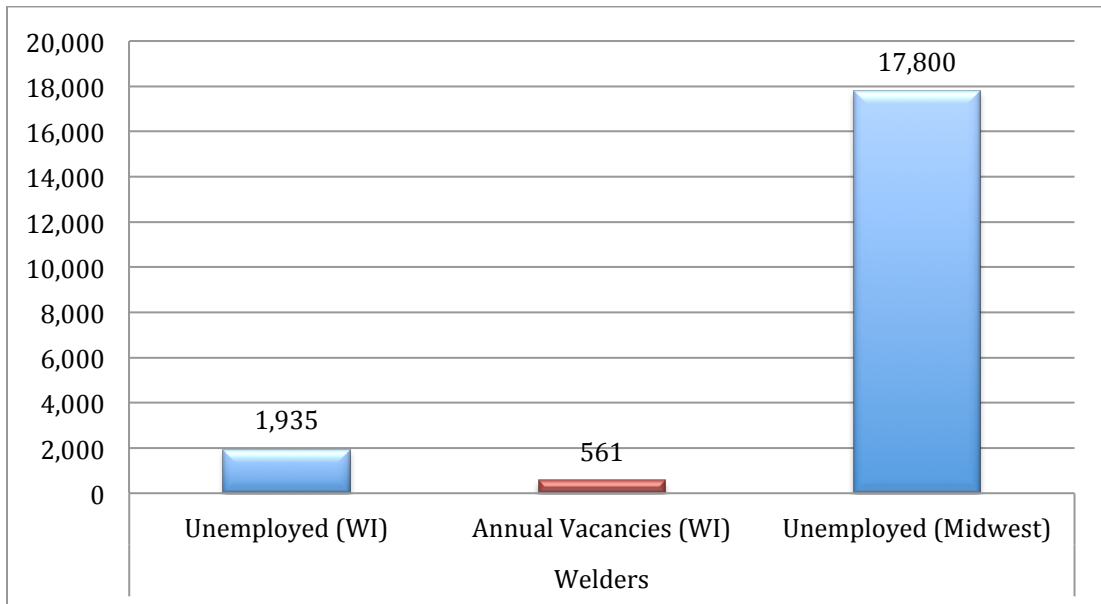
**Table 42:**  
**Growth in High School Graduates By Race:**  
**Metro Milwaukee, 1970-2010**



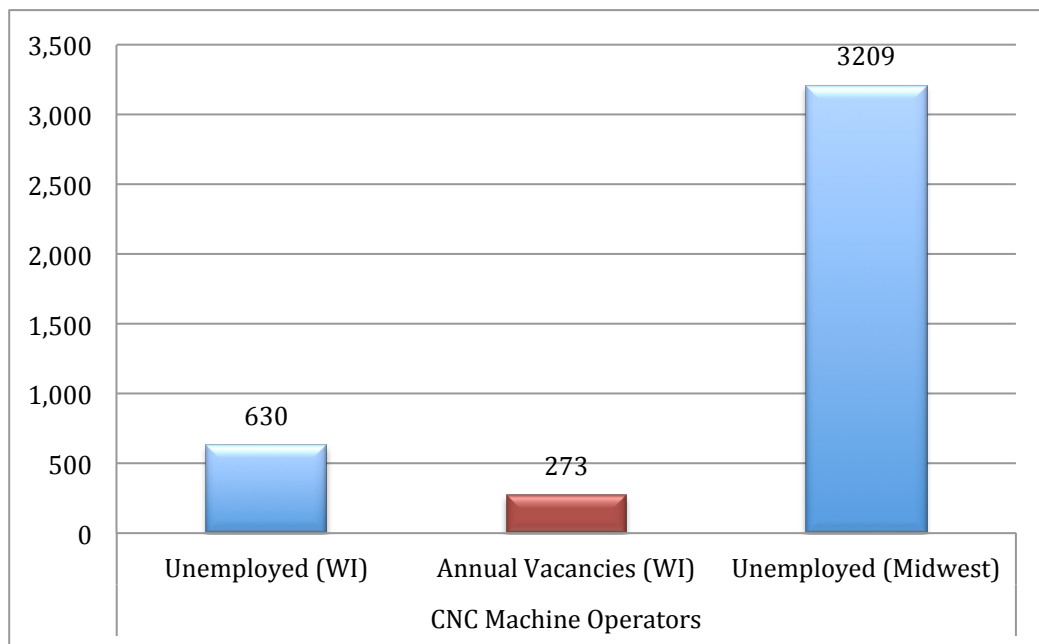
**Table 43:**  
**Growth in College Graduates By Race:**  
**Metro Milwaukee, 1970-2010**



**Table 44:**  
**Skills Gap or Jobs Gap: The Case of Welders**



**Table 45:**  
**Skills Gap or Jobs Gap: The Case of CNC Machine Operators**



## ENDNOTES

<sup>1</sup> Robert D. Atkinson, et al, *Worse than the Great Depression: What Experts Are Missing About American Manufacturing Decline* (Washington, D.C.: ITIF, March 2012).

<sup>2</sup> David H. Autor, David Dorn, and Gordon H. Hanson, “The China Syndrome: Local Labor Market Effects of Import Competition in the United States,” forthcoming, *American Economic Review*. Accessed at: <http://economics.mit.edu/files/6613>.

<sup>3</sup> Robert Scott, “Heading South: US-Mexico trade and job displacement after NAFTA,” Economic Policy Institute Briefing Paper, 3 May 2011. Accessed at: [http://www.epi.org/publication/heading\\_south\\_u-s-mexico\\_trade\\_and\\_job\\_displacement\\_after\\_nafta1/](http://www.epi.org/publication/heading_south_u-s-mexico_trade_and_job_displacement_after_nafta1/)

<sup>4</sup> Scott, “Heading South;” and Robert Scott, “Growing U.S. Trade Deficit With China Cost 2.8 Million Jobs Between 2001-2010,” EPI Briefing Paper #323, 20 September 2011. Accessed at: <http://www.epi.org/publication/growing-trade-deficit-china-cost-2-8-million/>

<sup>5</sup> The following analysis is from Marc V. Levine, *The False Promise of the Entrepreneurial University: Selling Academic Commercialism in Milwaukee* (Milwaukee: UWM Center for Economic Development), pp. 81-84.

<sup>6</sup> Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge, Mass: Harvard University Press, 1993), p. 64.

<sup>7</sup> The index of dissimilarity measures the degree to which racial groups are evenly spread among neighborhoods in a metro area or city, with respect to the racial composition of the city or region as a whole. Thus, as Massey and Denton note: “The index of dissimilarity gives the percentage of blacks who would have to move to achieve an ‘even’ residential pattern – one where every neighborhood replicates the racial composition of the city.” (p. 20).

<sup>8</sup> Douglas S. Massey, “Residential Segregation and Neighborhood Conditions in U.S. Metropolitan Areas,” in Neil J. Smelser, William Julius Wilson, and Faith Mitchell (eds), *American Becoming: Racial Trends and Their Consequences, Volume 1* (Washington, D.C.: National Research Council, 2001), p. 409.

<sup>9</sup> William Frey, “New Racial Segregation Measures for Large Metropolitan Areas: Analysis of 1990-2010 Decennial Census,” University of Michigan Population Studies Center, Institute for Social Research. Accessed at: <http://www.psc.isr.umich.edu/dis/census/segregation2010.html>; and Edward Glaeser and Jacob Vigdor, *The End of the Segregated Century: Racial Separation in America’s Neighborhoods, 1890-2010*, Manhattan Institute for Policy Research, Civic Report, January 2012.

<sup>10</sup> Marc V. Levine, *Race and Male Employment in the Wake of the Great Recession: Black Male Employment Rates in Milwaukee and the Nation’s Largest Metro Areas* (UW-Milwaukee Center for Economic Development, January 2012), p. 34.

<sup>11</sup> Robert Reich, “The Secession of the Successful,” *The New York Times*, January 20, 1991.

<sup>12</sup> Sean F. Reardon and Kendra Bischoff, *Growth in the Residential Segregation of Families by Income, 1970-2009*. US2010 Project, Russell Sage Foundation, p.

<sup>13</sup> See Timothy Noah, *The Great Divergence: America’s Growing Inequality Crisis and What We Can Do About It* (London: Bloomsbury Press, 2012); and Lawrence Mishel, Josh Bivens, Elise Gould, and Heidi Shierholz, *The State of Working America, 12<sup>th</sup> Edition* (Ithaca, N.Y.: Cornell University Press, 2013).

<sup>14</sup> John Schmitt and Janelle Jones, “Bad Jobs on the Rise,” Center for Economic and Policy Research (September 2012). Accessed at: <http://www.cepr.net/documents/publications/bad-jobs-2012-09.pdf>

<sup>15</sup> Daniel Bice, “Membership in public workers unions takes a hit under Act 10,” *The Milwaukee Journal Sentinel*, July 20, 2013. See also Erik Gunn, “Busting Wisconsin’s unions: Act 10 is part of a larger battle against organized labor,” *Isthmus: The Daily Page*, February 28, 2013.

<sup>16</sup> Lawrence Mishel and Natalie Sabadish, *CEO pay and the top 1%: How executive compensation and financial-sector pay have fueled income inequality*, Economic Policy Institute report. Accessed at: <http://www.epi.org/publication/ib331-ceo-pay-top-1-percent/>

<sup>17</sup> And they were all men in 1990.

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<sup>18</sup> See William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1990); Massey and Denton, *American Apartheid*; Robert Sampson, *The Great American City: Chicago and the Enduring Neighborhood Effect* (Chicago: University of Chicago Press, 2012); Paul A. Jargowsky, *Poverty and Place: Ghettos, Barrios, and the American City* (New York: Russell Sage Foundation, 1997); and Jargowsky, *Stunning Progress, Hidden Problems: The Dramatic Decline of Concentrated Poverty in the 1990s*, The Brookings Institution, May 2003.

<sup>19</sup> Elizabeth Kneebone, Carey Nadeau, and Alan Berube, *The Re-Emergence of Concentrated Poverty: Metropolitan Trends in the 2000s*, The Brookings Institution, November 2011, p. 2.

<sup>20</sup> Jargowsky, *Poverty and Place*, p. 1

<sup>21</sup> If we look at the percentage of minorities living in very high poverty census tracts (30% poverty or higher in the tract), over *half* of metro Milwaukee's black population (53.2%) and over one-third of the Hispanic population (36.0%) lived in neighborhoods of extreme poverty and those just under the threshold for "extreme" poverty. By contrast, only 4.2% of Milwaukee's white population lived in census tracts in which the poverty rate was 30% or higher.

<sup>22</sup> Peter Edelman, Harry Holzer, and Paul Offner, *Reconnecting Disadvantaged Young Men* (Washington, D.C.: The Urban Institute Press, 2006).

<sup>23</sup> David Autor, "The Polarization of Jobs Opportunities in the U.S. Labor Market," (Washington, D.C.: Center for American Progress, April 2010). See also John Schmitt and Janelle Jones, "Bad Jobs on the Rise," Center for Economic and Policy Research (September 2012). Accessed at: <http://www.cepr.net/documents/publications/bad-jobs-2012-09.pdf>

<sup>24</sup> Catherine Rampell, "Degree Inflation? Jobs That Newly Require B.A.'s," *The New York Times*, December 4, 2012.

<sup>25</sup> Marc V. Levine, *The Skills Gap and Unemployment in Wisconsin: Separating Fact from Fiction* (UWM Center for Economic Development Working Paper, February 2013); and Marc V. Levine, *The Myth of the Skills Gap in Wisconsin: A Research Update* (UWM Center for Economic Development Working Paper, March 2013).

<sup>26</sup> Lawrence Mishel, "The Overselling of Education," *The American Prospect*, February 7, 2011. Accessed at: <http://prospect.org/article/overselling-education-0>