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After the Boom: Joblessness in Milwaukee Since 2000

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*After the Boom: Joblessness
in
Milwaukee Since 2000*

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About This Report

This report was produced at the University of Wisconsin-Milwaukee Center for Economic Development (UWMCED), a unit of the College of Letters and Science at the University of Wisconsin-Milwaukee. The College established UWMCED in 1990, with the assistance of a grant from the U.S. Department of Commerce, Economic Development Administration's "University Center" program, to provide university research and technical assistance to community organizations and units of government working to improve the Greater Milwaukee economy. In 2000, UWMCED also became part of UWM's "Milwaukee Idea," as one of the core units of the "Consortium for Economic Opportunity." The analysis and conclusions presented in this report are solely those of UWMCED and do not necessarily reflect the views and opinions of UW-Milwaukee or the U.S. Department of Commerce.

The author of this report is Dr. Marc V. Levine, director of UWMCED. Lauren McHargue, Kathleen Schilling, and Lisa Heuler Williams, all policy analysts at the Center, provided indispensable assistance.

UWMCED strongly believes that informed public debate is vital to the development of good public policy. The Center publishes briefing papers, detailed analyses of economic trends and policies, and "technical assistance" reports on issues of applied economic development. In these ways, as well as in conferences and public lectures sponsored by the Center, we hope to contribute to public discussion of economic development policy in Southeastern Wisconsin.

Further information about the Center and its reports and activities is available at our web site: www.ced.uwm.edu

Executive Summary

Recently released employment data from the U.S. Bureau of Labor Statistics confirm that Milwaukee remains in the throes of a “stealth depression” of joblessness. In the aftermath of the 1990s economic boom, Milwaukee’s employment picture deteriorated faster and more extensively than in other cities between 2000-2002 –even as Milwaukee’s suburban labor markets remain solid. By 2002, 42.9 percent of working-age residents of the city of Milwaukee did not hold jobs.

For black Milwaukeeans, the situation is even bleaker. In 2002, an astounding 58.8 percent of working-age African American males in the city of Milwaukee were jobless, by far the highest rate of joblessness found in any of the cities surveyed by the Bureau of Labor Statistics.

Racial disparities in employment in both metro Milwaukee and the city of Milwaukee are the highest in the country. In 2002, black male joblessness in metropolitan Milwaukee was 29.2 percentage points higher than white joblessness; only one other metro area (Kansas City) had a racial gap higher than 20 points. The black jobless rate was 25.7 percentage points higher than the white rate in the city of Milwaukee.

By any reckoning, the city of Milwaukee faces nothing short of an employment crisis for black males.

Introduction

Last year, the University of Wisconsin-Milwaukee Center for Economic Development released a report documenting how, despite the national economic boom, joblessness had grown during the 1990s in the city of Milwaukee. In many neighborhoods, we reported that over half of the working age population was either unemployed or not actively looking for work, and that Milwaukee's racial disparities in employment were higher than any city and metropolitan area in the country. We called this labor market situation a "stealth depression:" a crisis of joblessness, particularly in the black community, which seemed to have escaped the attention of the city's political and business leadership.¹

This follow-up report, using recently released data from the U.S. Bureau of Labor Statistics (BLS), confirms that Milwaukee remains in the throes of a "stealth depression." Although the labor market remains relatively robust in the Milwaukee suburbs, joblessness has climbed steadily in the city of Milwaukee since the economic boom ended in 2000 –and at a much higher rate than in other cities surveyed by BLS. Moreover, for Milwaukee's African-American community, joblessness has increased substantially since the end of the boom, even since the technical end of the recession in 2001. For black Milwaukee, this has truly been a jobless recovery so far. Racial disparities in joblessness in Milwaukee remain higher than in any city and any metropolitan area in the country surveyed by the BLS.

¹See UW-Milwaukee Center for Economic Development, *Stealth Depression: Joblessness in the City of Milwaukee Since 1990* (Milwaukee: UWMCED, 2003). Neighborhood-level labor market data is contained in the Center's report, *The Economic State of Milwaukee's Inner City, 1970-2000* (Milwaukee: UWMCED, 2002).

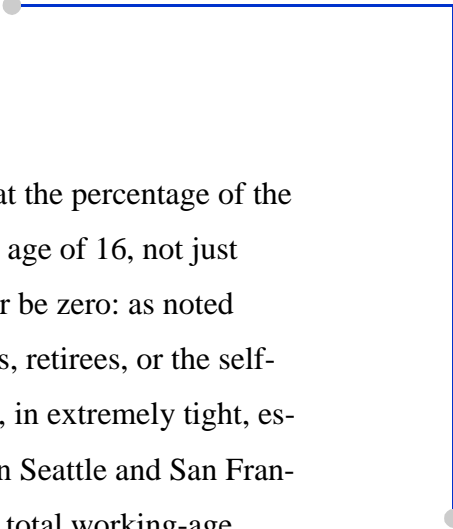
Measuring Unemployment

Public interest in labor market conditions usually focuses on one key number: the unemployment rate. As we reported in *Stealth Depression*, the official unemployment rate began rising dramatically in Milwaukee in the late 1990s, at a much faster rate than almost any of the nation's largest cities. Consequently, by 2003, Milwaukee had the 44th highest unemployment rate among the nation's 50 largest cities (up from 16th highest in 1992).

However, as we have become painfully aware during the national post-2001 jobless recovery, the unemployment rate can be a misleading statistic. The unemployment rate measures the percentage of people over the age of 16 in the civilian labor force, actively looking for work, who do not have a job. It does not include working-age people who are jobless but, for various reasons, are not in the labor force.

Some, such as most students and homemakers, as well as the voluntarily self-employed or voluntarily retired, choose not to be in the labor force. However, many other potential workers are not included in the unemployment statistics even though they are jobless. Some are "discouraged" workers, who have given up looking for elusive employment. Others may simply not enter the labor market, convinced that jobs are simply not available. The Bureau of Labor Statistics does not classify these people as unemployed.

Consequently, because it does not measure the unemployed who are not in the civilian labor force, the official unemployment rate understates the extent of joblessness. Paradoxically, the official unemployment rate can stay stable or even decline, even as the number of jobless increases among the working-age population, if those without jobs have dropped out of the civilian labor force (and thus are no longer counted as unemployed). This is precisely what has happened nationally since 2000, as approximately five million working age adults have dropped out of the civilian labor force – yet, the unemployment rate has remained generally steady since November, 2001. Clearly, then, the unemployment rate does not give us a full picture of the overall state of joblessness.



A different way, therefore, to gauge joblessness is to look at the percentage of the *total* working-age population not employed: *everyone* over the age of 16, not just those in the civilian labor force. Obviously, this rate will never be zero: as noted above, there will always be working-age students, homemakers, retirees, or the self-employed who are voluntarily not in the labor force. Typically, in extremely tight, essentially “full employment” labor markets such as metropolitan Seattle and San Francisco at the end of the 1990s boom, about 25-30 percent of the total working-age population is not employed (although, as we shall see, this figure varies by race, ethnicity, and gender).²

However, by looking at employment among the entire working-age population instead of simply unemployment among the civilian labor force, what might be called a “jobless rate” takes into account the problem of discouraged workers and thus gives us a fuller measure of joblessness in cities and metropolitan areas.

²The BLS data, drawn from the Current Population Survey, provide for 50 large metropolitan areas and 17 large cities, “employment-population” ratios: the number of employed divided by the “civilian noninstitutional population,” defined by BLS as persons over the age of 16 not in the armed forces, prisons, or other institutions (essentially, the working-age population). Joblessness is calculated by subtracting the employment-population ratio from 100%. Thus, if the employment-population ratio for a city were 85%, the jobless rate by this measure would be 15%.

Growing Joblessness Since 2000

Using the most recent BLS subnational data³ covering the entire working-age population (which run through 2002), Tables 1 and 2 show that joblessness has grown across the country and in Milwaukee since the economic boom ended in 2000. Moreover, even though the recession officially ended in 2001, joblessness continued to rise in 2002.

As Table 1 shows, joblessness among the working-age population grew by three percentage points in metro Milwaukee between 2000-2002, slightly faster than for the average for the fifty large metropolitan areas surveyed by the BLS. Nevertheless, the jobless rate here remained below the national metro average through 2002.

On the other hand, as Table 2 shows, joblessness rose steeply in the city of Milwaukee after the boom ended, by over seven percentage points between 2000-2002. Nationally, in the cities surveyed by BLS, the jobless rate rose by a little less than three percentage points during this period. Consequently, although the jobless rate in Milwaukee was lower than the national big city average in 2000, by 2002 Milwaukee's jobless rate was two percentage points *higher* than the national urban rate.

Three important trends are immediately apparent in these tables. First, although joblessness has increased in metropolitan Milwaukee since 2000, it still remains lower here than the average of large metropolitan areas. Indeed, when we rank the metropolitan areas surveyed by BLS in 2002 from the lowest to the highest jobless rate, metro Milwaukee placed 9th out of 50. On the whole, despite erosion since 2000, the labor market situation in metro Milwaukee remains solid, although, as we shall see, this has been due chiefly to the excellent labor market conditions in suburban Milwaukee.

³An important note of caution: the BLS rates are based on the monthly CPS survey of 60,000 households nationally. Consequently, for any one city or metro area, the smaller sample size means that the rates are estimates within a range of sampling error. In fact, for certain cities with relatively small samples of certain demographic groups – blacks in Salt Lake City or Hispanics in Buffalo, for example—BLS does not report employment estimates because they do not meet the minimum base for reliability. For more on the BLS sampling, see *Geographic Profile of Employment and Unemployment, 2002*, appendix B.

Table 1:

**Joblessness Among the Working-Age Population
in Metropolitan Areas, 2000-2002**

(jobless percentage of entire population over age of 16)

Year	National Metro Area Average*	Metro Milwaukee
2000	34.0	30.2
2001	34.8	31.3
2002	36.1	33.2

*Average jobless rate nation's fifty largest metropolitan areas,
surveyed by the BLS

Source: U.S. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*, 2000,
2001, and 2002.

Table 2:

Table 2:

**Joblessness Among the Working-Age Population
in Cities, 2000-2002**

(jobless percentage of entire population over age of 16)

Year	National City Average*	City of Milwaukee
2000	38.1	35.5
2001	39.4	38.3
2002	40.9	42.9

*Average jobless rate in 17 large cities, surveyed by the BLS

Source: BLS, *Geographic Profile of Employment and Unemployment*

Second, the employment decline in the city of Milwaukee has been precipitous since 2000, with joblessness here increasing much faster than in other cities. In 2000, Milwaukee's jobless rate ranked 7th of the 17 large cities surveyed by BLS (ranked from lowest to highest); by 2002, we had fallen to 13th. Our earlier research in *Stealth Depression* revealed that compared to other big cities, even during the economic boom, the city of Milwaukee's labor market underperformed. Clearly, however, Milwaukee's decline has been much more rapid than other cities since the 2001 recession and during the post-2001 "jobless recovery."

Finally, the tables reveal a widening gap since 2000 in the performance of the city and suburban labor markets in metropolitan Milwaukee. In 2000, joblessness in the city of Milwaukee ran 5.3 percentage points higher than for metro Milwaukee as a whole; in 2002, the city's jobless rate was 9.7 points higher. Since the metro rate *includes* the city, the best estimate is that joblessness in the city of Milwaukee in 2002 was about 16 percentage points higher than the suburban rate (up from a 9 percentage point gap in 2000).⁴

In short, since 2000 the metro Milwaukee has become increasingly polarized into two distinct labor markets: one, a robust, suburban job market where joblessness has barely increased since the end of the 1990s boom; the other, a city labor market where joblessness has surged and where, by 2002, over 42 percent of the working-age population was not employed.

⁴ Although the BLS does not provide employment-population ratios separately for the suburbs, we can disaggregate the metro area rate by taking the city's proportion of the metro area's working-age population (40%), and then, since we know the city's jobless rate, making the necessary calculations to estimate the suburban rate.

Widening Racial Disparities Since 2000

This labor market polarization is especially striking when we break down jobless rates by race and ethnicity since 2000 in the cities and metropolitan areas surveyed by the BLS. These data are presented in Tables 3 and 4. Once again, although there was a rise in joblessness across the board since 2000 –including increases after the recession ended in 2001— the variations by race and ethnicity are stark.

In 2000, at the end of the economic boom, joblessness among whites and Hispanics in both metro Milwaukee and the city of Milwaukee was significantly lower than the average rate for these groups in the nation’s large metropolitan areas and cities. Moreover, although the black jobless rate remained slightly higher here than the national metropolitan average, the gains of the 1990s had brought black joblessness in Milwaukee closer to the national average than ever before.

Table 3:

**Jobless Rates for the Working-Age Population
By Race and Ethnicity in
U.S. Metropolitan Areas, 2000-2002**

(jobless percentage of entire population over age of 16)

	White		Black		Hispanic	
	National MSA Average	Metro Milwaukee	National MSA Average	Metro Milwaukee	National MSA Average	Metro Milwaukee
2000	33.3	29.1	37.8	38.4	31.5	25.1
2001	34.1	29.6	38.8	44.9	33.3	28.1
2002	35.3	30.9	41.2	52.0	33.9	33.7

Source: BLS, *Geographic Profile of Employment and Unemployment*

Table 4:

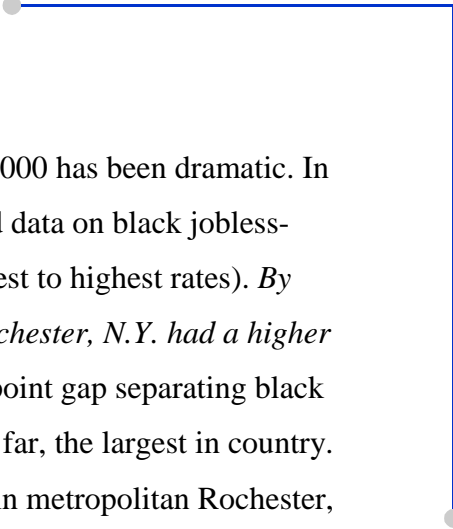
**Jobless Rates for the Working-Age Population
By Race and Ethnicity in
Selected U.S. Cities, 2000-2002**

(jobless percentage of entire population over age of 16)

Year	White		Black		Hispanic	
	National City Average	Milwaukee	National City Average	Milwaukee	National City Average	Milwaukee
2000	35.7	34.8	43.7	35.9	34.6	29.5
2001	36.5	34.3	45.1	46.3	35.6	34.5
2002	37.8	38.4	46.6	53.3	37.6	40.7

Source: BLS, *Geographic Profile of Employment and Unemployment*

Between 2000-2002, however, the bottom fell out of the labor market for blacks in Milwaukee. By 2002, 52 percent of metro Milwaukee's black working-age population was either unemployed or not in the labor force (up from 38.4 percent in 2000). This rate of joblessness was almost 11 percentage points higher than the average jobless rate in the large metropolitan areas surveyed by the BLS. (The same pattern is observable in the smaller sample of cities –14—for which the BLS could obtain reliable survey data in 2002).



The collapse of the job market for blacks in Milwaukee after 2000 has been dramatic. In 2000, among the largest metropolitan areas for which the BLS had data on black joblessness, Milwaukee ranked 22nd of 37 metro areas (arrayed from lowest to highest rates). *By 2002, among all of the nation's large metropolitan areas, only Rochester, N.Y. had a higher rate of black joblessness than did Milwaukee.* The 21 percentage point gap separating black and white joblessness in metropolitan Milwaukee in 2002 was, by far, the largest in country. By contrast, the next highest gap in black-white jobless rates was in metropolitan Rochester, at 14.7 percent.

Since the end of the economic boom, joblessness in Milwaukee (and nationally) has increased much more rapidly for blacks than for whites (and much more rapidly for blacks here than for blacks across the country). Between 2000-2002, the black jobless rate in metro Milwaukee surged by 13.6 percentage points (compared to a 3.4 percentage point rise nationally); by contrast, the white jobless rate increased modestly, by 1.8 points (less than the national white metro area increase of 2.1 percentage points), while the Hispanic rate increased in Milwaukee by 8.6 percentage points (compared to a 2.4 percentage point increase nationally). Clearly, minority workers have absorbed the heaviest job losses in Milwaukee during the recession and the post-2001 jobless recovery.

The Continuing Employment Crisis of Black Males In Milwaukee

The deepening racial and ethnic polarization of Milwaukee's labor market since the economic boom ended can be seen even more clearly if we control for the analytic ambiguities involving gender and workforce participation and look solely at employment among the male working-age population. Unfortunately, the BLS data for males by race

Table 5:

**Jobless Rates for Working-Age Males,
By Race and Ethnicity in
U.S. Metropolitan Areas, 2001-2002**

(jobless percentage of male population over age of 16)

Year	White		Black		Hispanic	
	National MSA Average	Metro Milwaukee	National MSA Average	Metro Milwaukee	National MSA Average	Metro Milwaukee
2001	26.6	25.2	37.2	49.2	21.5	20.8
2002	27.9	24.8	37.7	54.0*	23.5	25.4

Source: BLS, *Geographic Profile of Employment and Unemployment*

*This is an estimate: in 2002, the BLS only provides employment-population ratios in metro Milwaukee for the entire black population and for women

Table 6:

**Jobless Rates for Working-Age Males,
By Race and Ethnicity in Selected
U.S. Cities, 2001-2002**

(jobless percentage of male population over age of 16)

Year	White		Black		Hispanic	
	National Average	Milwaukee	National Average	Milwaukee	National MSA Average	Milwaukee
2001	29.2	30.7	43.8	51.8	23.5	25.1
2002	30.8	33.1	43.9	58.8	26.5	26.9

Source: BLS, *Geographic Profile of Employment and Unemployment*

and ethnicity is only available since 2001.⁵ Nevertheless, these data give us a clear indication of how working-age minority males have fared in the Milwaukee job market since the 2001 recession: a) in comparison to whites; and b) in comparison to minorities in other large metropolitan areas and cities surveyed by the BLS.

As Tables 5 and 6 clearly show, the post-boom years have deepened the employment crisis facing Milwaukee's African American males. By 2002, the black male jobless rate in metro Milwaukee ran 16.3 percentage points higher than the national metro area average for black males, and *almost thirty percentage points higher than the white and Hispanic jobless rates in metropolitan Milwaukee* (see Table 5). Similarly wide racial and ethnic disparities exist when the city of Milwaukee is compared to other big cities surveyed by the BLS. Most distressingly, these gaps all widened *after* the recession ended in 2001, a sign that the black male employment crisis in Milwaukee, at least through 2002, had not been alleviated by the post-2001 resumption of economic growth. At the metro area level, the gap between black male joblessness in Milwaukee and the national MSA average for black males grew by 4.3 percentage points between 2001 and 2002, and the gap between black and white male joblessness in metro Milwaukee grew by 5.2 percentage points during that same year.

By 2002, an astounding 58.8 percent of working-age African American males in the city of Milwaukee were jobless, by far the highest rate of joblessness found in any of the cities surveyed by the BLS (Chicago and Detroit were the other cities in which more than half the working-age black males were out of work in 2002). 54 percent of working-age black males in metro Milwaukee were without work in 2002; only two other metropolitan areas --Rochester, N.Y. (51.0 percent) and Buffalo (51.5 percent) -- reported that a majority of African American males were not working. As Table 7 shows, metro Milwaukee had the highest racial disparity in male joblessness of any metropolitan area surveyed by BLS. Similarly, as Table 8 reveals, *the racial employment gap among males was wider in the city of Milwaukee than any other city.*

⁵ And even in these years, this data is not available for all of the cities and metro areas surveyed by BLS (it is available for around 80 percent of them).

Table 7:**Racial Disparities in Employment for Males
In Metropolitan Areas, 2002*****(jobless rates, by race, for all working-age males)**

Metropolitan Area	White Jobless Rate	Black Jobless Rate	Disparity
Atlanta	19.6	26.5	6.9
Baltimore	26.0	36.9	10.9
Boston	26.3	30.4	4.1
Buffalo	33.7	51.5	17.8
Charlotte	26.4	38.6	12.2
Chicago	26.8	44.5	17.7
Cincinnati	27.2	44.5	17.3
Cleveland	27.6	33.9	6.3
Columbus	24.8	35.3	10.5
Dallas	21.7	25.4	3.7
Dayton	38.7	47.0	8.3
Denver	24.1	35.9	11.8
Detroit	29.9	46.6	16.7
Ft. Lauderdale	29.5	27.4	(2.1)
Hartford	27.9	36.1	8.2
Houston	22.2	35.6	13.4
Kansas City	24.6	45.0	20.4
Los Angeles	28.2	42.5	14.3
Memphis	24.7	30.5	5.8
Miami	37.2	31.4	(5.8)
Milwaukee**	24.8	54.0	29.2
Minneapolis	21.6	31.0	9.4
Nassau-Suffolk	28.4	39.4	11.0
New Orleans	32.7	41.6	8.9
New York	35.8	44.0	8.2
Newark	26.6	39.6	13.0
Norfolk-Va. Beach	30.2	42.7	12.5
Oakland	25.2	41.4	16.2
Oklahoma City	28.7	32.4	3.7
Philadelphia	29.2	41.8	12.6
Phoenix-Mesa	27.3	25.3	(2.0)
Providence	30.9	29.1	(1.8)
Riverside	29.0	39.3	10.3
Rochester, N.Y.**	33.1	51.0	17.9
St. Louis	27.9	40.1	12.1
Tampa	35.1	36.9	1.8
Washington, D.C.	20.7	29.8	9.1

Source: BLS, *Geographic Profile of Employment and Unemployment*

*Certain metro areas not included because BLS did not report employment by race and/or gender.

**Black rate for males is estimated; BLS data provides total black rate and rate for black women.

Table 8:
Racial Disparities in Employment for Males
In Cities, 2002*
(jobless rates, by race, for all working-age males)

City	White Jobless Rate	Black Jobless Rate	Disparity
Baltimore	33.7	46.6	12.9
Chicago	27.6	50.6	23.0
Cleveland	33.7	40.5	6.8
Dallas	21.4	33.3	11.9
Detroit	55.6	51.8	(3.8)
District of Columbia	19.4	41.8	22.4
Houston	21.4	40.9	19.5
Los Angeles	27.4	41.8	14.4
Milwaukee	33.1	58.8	25.7
New York	37.4	44.3	6.6
Philadelphia	40.2	49.7	9.5
Phoenix	25.4	30.7	5.3
St. Louis	26.5	39.9	13.4

Source: BLS, *Geographic Profile of Employment and Unemployment*

* Certain cities not included because BLS did not report employment by race and/or gender.

There is a final analytic point worth noting: the disparities in joblessness revealed in Tables 5 and 6 between blacks and Hispanics in Milwaukee. Clearly, joblessness among working-age Hispanics –particularly among males—is substantially lower than black joblessness in Milwaukee. The black jobless rate is over twice the Hispanic rate in the city, and the gap widened in the year after the 2001 recession. Moreover, while black joblessness is much higher in Milwaukee than it is nationally, the Hispanic jobless rate in Milwaukee fairly closely tracks the national average. We do not yet have research to explain these rather substantial differences in minority community employment in Milwaukee. Some have speculated that the emergence of an entrepreneurial,

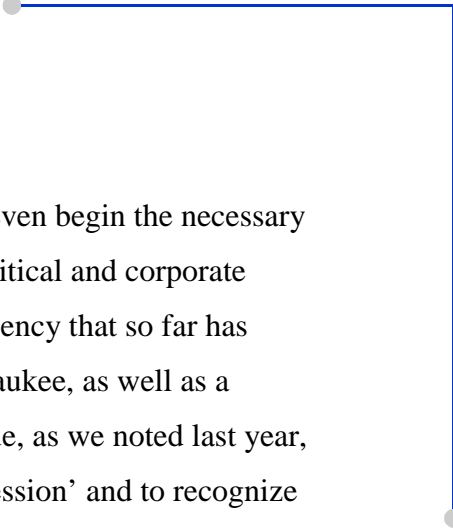
linguistic “enclave economy” has boosted economic development in Milwaukee’s Hispanic community, but we will need in-depth research to confirm that hypothesis. It will be research worth doing, with potentially important policy implications, as the data presented in this report reveal a stark contrast in employment among the working-age males of Milwaukee’s two major minority communities.

Conclusion

By any reckoning, the “stealth depression” in Milwaukee’s job market not only continued in Milwaukee after the 1990s boom, but deepened in the first years of the 21st century. Overall, the city of Milwaukee’s employment picture deteriorated faster and more extensively than in other cities between 2000-2002 – even as Milwaukee’s suburban labor markets remained solid.

Consequently, in hypersegregated Milwaukee, with one of the lowest rates of black suburbanization of any metropolitan area in the country, the post-2000 difficulties in the city of Milwaukee labor market have exacted a fearsome toll on the city’s black community, particularly for working-age males. Milwaukee remains the city and metropolitan area in the United States with the highest rates of black joblessness, and where the employment disparities between whites and blacks remain the widest. Despite the 1990s boom, the crisis of black joblessness has not abated here; indeed, by any measure, whatever gains blacks made in Milwaukee during the 1990s were wiped out by the recession and “jobless recovery” of the 2000-2002 period. 58.8 percent of working-age African American males in the city of Milwaukee were without work in 2002 – a shocking statistic that reveals all we need to know about the effectiveness of economic development and job growth strategies over the past decade in this city.

In last year’s *Stealth Depression* report, we delineated a range of policy options that Milwaukee might consider to address the city’s employment crisis: public investment, reduced city-suburban segregation, regional cooperation, industrial policy, and community benefits agreements with developers. As we noted, these hardly exhaust the range of new policies that could combat joblessness in Milwaukee, and we also noted the need for state and federal



policies to address the employment crisis. But, before we can even begin the necessary public debate about policy options, we need recognition by political and corporate leaders here that there is indeed a crisis – a recognition and urgency that so far has been lacking. As we approach the election of a mayor in Milwaukee, as well as a county executive in Milwaukee county, the time is long overdue, as we noted last year, “to acknowledge the seriousness of Milwaukee’s ‘stealth depression’ and to recognize that ‘business as usual’ has failed to combat the city’s structural employment crisis.”