



**For Immediate Release**  
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## **Debunking Governor Walker's SOTS Claims**



**MADISON-** This evening, Governor Walker is scheduled to give his 2016 State of the State Address in the Assembly Chamber of the State Capitol at 7:00 p.m. In advance of the occasion, Rep. Gordon Hintz (D-Oshkosh) released a useful primer to assist in interpreting the Governor's most commonly-used statements made during the last few weeks leading up to the address.

### **1. The truth behind Wisconsin's workforce numbers**

**CLAIM: "We have at least according to two of the statistics from the federal government, the highest number of people last year working in the last 20 years."**

<http://www.wearegreenbay.com/news/local-news/state-of-the-state-preview> 1/17/16

In May of 2010, Wisconsin had 3,074,000 people in the labor force (BLS). In May of 2015, Wisconsin had 3,076,000 people in the labor force. The labor force growth rate over the past 5 years is an anemic 0.01%. Compare that to the growth of Indiana (.41%), Iowa (.31%), and Minnesota (.61%) over the same time period.

**CLAIM: "We're one of the top 10 states in terms of the percentage of people in the work force."**

<http://www.wearegreenbay.com/news/local-news/state-of-the-state-preview> 1/17/16

This is not significant or new in any meaningful way. Wisconsin has typically had a higher labor participation rate than the rest of the U.S. going back to 1990. And it was higher than it is now under Governor Jim Doyle. Regionally, it has been higher than all neighboring states except Iowa and Minnesota.

<b>Month</b>	<b>WI</b>	<b>US</b>	<b>IL</b>	<b>IN</b>	<b>IA</b>	<b>MI</b>	<b>MN</b>	<b>OH</b>
May-90	70.03	66.53	68.26	67.81	69.21	65.86	73.18	66.08
May-95	73.4	66.44	68.07	71.16	72.58	66.1	74.57	65.7
May-00	72.33	66.97	69.38	68.36	70.9	68.74	75.32	67.02
May-05	70.14	65.97	66.37	67.54	71.38	65.97	73.38	66.76
May-10	69.39	64.79	67.08	64.37	71.05	62.72	71.47	65.41
May-15	67.57	62.97	64.39	63.64	69.88	60.91	70.66	63.09

What is significant is that Wisconsin's labor participation rate has dropped nearly 6 percentage points since 1995, exceeding all but Indiana and Michigan. This reflects that Wisconsin's labor force as a percentage of population appears to be shrinking faster than most of our neighboring states.

## **2. Low unemployment + slow job growth ≠ successful economic measure**

**CLAIM: "A recent revised report from the federal government shows that the unemployment rate in Wisconsin is the lowest it has been since the spring of 2001."**

Wisconsin does have low unemployment by almost any measure, although not as low as 15 other states.

So how can our unemployment rate be so low if our job creation rate is so bad?

The answer is that Wisconsin is losing workers at nearly every age level over the prime working years, with more people moving out of the state than are moving in. And the people who are moving out are predominantly 20-to-50 year olds. Had Wisconsin's population growth stayed at the level consistent with our neighboring states growth rates, we would have had an additional 46,000 state residents 16 and over. Our low unemployment rate is in part the product of workers who are choosing to leave the state for work.

([http://www.uwosh.edu/faculty\\_staff/mcgee/Jobs\\_or\\_Unemployment.pdf](http://www.uwosh.edu/faculty_staff/mcgee/Jobs_or_Unemployment.pdf))

## **3. Job numbers need context**

**CLAIM: "The 16,600 new jobs created in the month of October is the best monthly jobs gain since April of 1992 and the best October since at least 1990." And the 45,100 new private sector jobs added October over October is statistically significant."**

It is interesting that the Governor chose to tout October jobs in December, after the newer November numbers had been released. The 12-month growth in November was nearly 13,000 jobs less than October's 32,400 and trailed neighboring states. A classic example of cherry-picking.

## **4. "New businesses" that don't actually exist.**

**CLAIM: "There has also been a net increase of over 43,000 new businesses."**

Governor Walker is referencing the number of newly registered "business entities". However, many of these entities have no employees at all, and never will. According to Politifact, that is because the Governor's numbers also include non-profits such as youth groups, recreational athletic leagues, and home associations. It also includes thousands of limited-liability companies only set up to function as holding companies, startups, and out-of-state companies that register as a placeholder in case they were to do business in Wisconsin in the future.

## **5. "Chief Executive" Magazine**

**CLAIM: "Chief Executive Magazine today ranked Wisconsin the "12th Best State for Business" in its annual survey of CEOs, an increase of two spots over the 2014 ranking, and a significant increase since 2010, when the state ranked 41st."**

Business leaders were asked to grade states with which they are familiar on a variety of competitive metrics that CEOs themselves regard as critical. These include: 1) taxation and regulation; 2) quality of workforce; and 3) living

environment. The tax and regulatory grade includes a measure of how CEOs grade a state's attitude toward business, a key indicator. "

One of the State Advocate CEOs for Chief Executive.Net Magazine is none other than Diane Hendricks, Chairman of Hendricks Holding, Beloit, WI. Forbes Magazine estimated Hendricks' March net worth at \$2.8 billion. Hendricks and her husband, Kenneth, built ABC Supply. She became chairman of the company after her husband died in 2007. The company posts annual revenue of more than \$4 billion.

She was also Scott Walker's largest donor, and yet owed no state income tax in 2010.

In Summary, the rankings include "a measure of how CEOs grade a state's attitude toward business, a key indicator." In this case, how Diane Hendricks, Governor Walker's largest donor perceives things to be in Wisconsin.

## **6. K-12 education: taking credit from decades of investment**

**CLAIM: "Schools are doing better."**

***"High school graduation rates are up again — now ranking third in the nation."***

***"Reading/Math scores are up in fourth and eighth grades."***

***"ACT scores are second best in the nation."***

Most 2015 Wisconsin high school graduates started school in 2000 or 2001. Fourth graders started school in 2008 or 2009. Eighth graders started school in 2004 or 2005. The point is that the achievement at any of these levels is not a snapshot of momentary success. It is the product of investments made in public education in our state over time.

Under Governor Walker and Republicans, K-12 GPR School Aids have lost more than \$1 Billion (\$1.05 Billion). Recent cuts in state education spending, no matter how damaging, take years to work their way through the system as students moved from grade to grade.

Wisconsin is just beginning to feel the effects of Act 10 as there are fewer teachers, fewer students enrolling in teaching programs and a reduction in education licensing.

## **7. The UW System: When less is actually less.**

**CLAIM: "For the first time in University of Wisconsin history, in-state tuition is frozen at all UW campuses for four years in a row. That makes college more affordable for our students and working families."**

The UW System has lost \$795 million in state aid since Governor Walker became Governor. In the strongest national economy in a decade, Governor Walker and the Republican Legislature cut \$250 million in the most recent budget from our UW system. These cuts will lead to fewer courses offered and longer graduation times. And the low morale is leading to high faculty turnover as talented professors leave for other states.

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