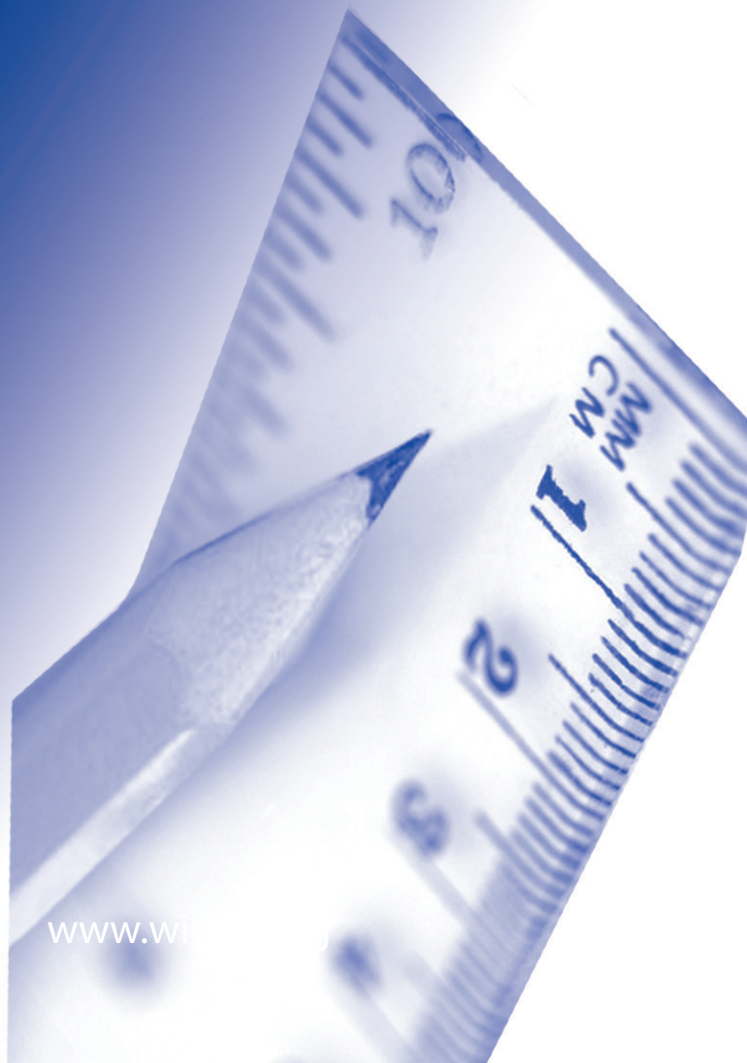


Measuring Success

Benchmarks for a
Competitive Wisconsin
2010



www.wisconsin.gov



Prologue

The Wisconsin economy is the driving force behind the state's fiscal health and competitive position. According to an old adage, however, "You can't manage what you don't measure." To aid state leaders in moving the Badger State in the right direction, this report benchmarks factors vital to state success.

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

Measuring Success: Benchmarks for a Competitive Wisconsin has been published each year since 1998. The original edition tracked 28 indicators in six major areas. Several changes have occurred over the years; the 2010 edition monitors 34 measures in the same six areas:

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

Each measure is reported, first, as a time series to gauge Wisconsin's progress against its own past and, second, as a comparison with neighboring states and the nation as a whole. Wisconsin's competitive position is rated positive (+),

neutral (o), or negative (-) relative to both its past and to surrounding states.

Refinements

Each measure is evaluated annually and, if necessary, refined or replaced. One measure was added this year, while one could not be updated.

New to the 2010 edition of *Benchmarks* is a measure of state fiscal condition: the general fund balance as reported according to generally accepted accounting principles, or GAAP. Because of peculiarities in budgeting among states, comparing state finances can be difficult. However, the GAAP fund balance relies on official state financial statements, one of the few tools for fairly comparing state finances.

The one measure that could not be updated was cost of living. For the past four years, the Berry-Fording-Hanson cost-of-living index has been used, but an update was unavailable for 2010.

To help summarize the positives and negatives throughout the book, we add a composite score index on page three. The index runs from zero to 100, with the latter score attained if all measures were positive.

Special Thanks

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

Highlights



Highlights

The 2010 edition of *Benchmarks* draws mostly on 2009 figures to provide a snapshot of the state during the most severe economic downturn since the 1930s. Despite the trying times, some measures showed signs of improvement.

As mentioned, for the first time, this report includes a composite index of state “competitiveness.” A positive rating on all indicators would yield a composite score of 100. If all indicators were negative, the index would be zero.

Composite Score Index

<u>Year</u>	<u>Trend</u>	<u>Region</u>
2005	50	47
2006	47	48
2007	45	47
2008	50	41
2009	56	40
2010	49	50

When measured against its own past performance, Wisconsin scored a 49 in 2010, compared to 56 in 2009. Relative to the region, the Badger State scored a 50, an improvement over its 2009 score of 40.

Strengths

Of the areas reviewed, the state’s workforce may be its greatest asset. Not only do students here do well on national assessments, but high school graduation rates and college entrance exam scores continue to rank high nationally.

While the Badger State has fewer residents with at least a bachelor’s degree than the national average, it has progressed in attracting and retaining college graduates. The state is also producing more students with doctoral degrees in the sciences, a testament to the state’s students and institutions of higher learning. In 2009, Wisconsin had 90.0 PhD’s per million residents, a rate that exceeded the national average (75.3) and neighbors Minnesota (53.9) and Illinois (86.7).

Wisconsin continues to have one of the nation's highest rates of health insurance coverage and one of the smallest percentages of uninsured. With only 9.6% lacking coverage, Wisconsin is well below the national average and all neighboring states, except Minnesota. The state's low uninsured rate is due to many factors, including a strong union presence here and the effects of state government programs. One unfortunate side effect, however, has been the shift from employer-sponsored to tax-funded health insurance.

Room to Improve

Employment here continued its downward trend in 2009. After falling 0.5% in 2008, nonfarm employment was down 4.3%, while unemployment in the state reached 8.5%.

For the third time in the last four years, the number of private businesses here declined from one year to the next. Wisconsin had 2.2% fewer private businesses in 2009 than in 2008.

Per capita income here fell in 2009, the first drop since 1949. Although the gap between Wisconsin and the nation remains, it closed slightly, from 6.1% to 5.6%.

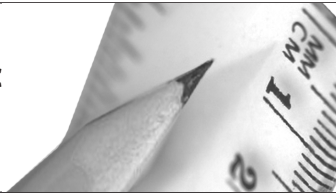
Venture capital investments were also lower in 2009, falling further behind all neighboring states and the national average. From 2004 to 2009, venture capital investments per worker dropped 57% in Wisconsin.

Wisconsin's electricity prices rose in 2009 as they continued to move up toward the national average. State electricity costs rose faster here than in most states during 2000-09.

Looking Ahead

The fiscal focus of state government is largely short-term, rather than long-term. Recurring budget problems and partisan politics sometimes distract policymakers from some of the state's biggest challenges. While it is important for Wisconsin to continue building on its historic strengths, state leaders also need to find ways for the state to better compete in areas of competitive disadvantage.

Economic Health



Incomes and jobs grow when a state economy is healthy. Other factors contribute to state competitiveness, though they are less appreciated in a down economy.

Wisconsin's per capita personal income is typically below the national average, and 2009 was no different. The number of jobs declined significantly in 2009, due to the national recession.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a **+** is indicated; where Wisconsin can improve, a **-** is shown; a **o** indicates a neutral position.

► Personal income per capita

Wisconsin Trend	-
Regional Comparison	-

► Household income

Wisconsin Trend	-
Regional Comparison	o

► Employment growth

Wisconsin Trend	-
Regional Comparison	o

► Unemployment

Wisconsin Trend	-
Regional Comparison	o

► Agricultural income

Wisconsin Trend	-
Regional Comparison	-



Personal Income Per Capita

Significance

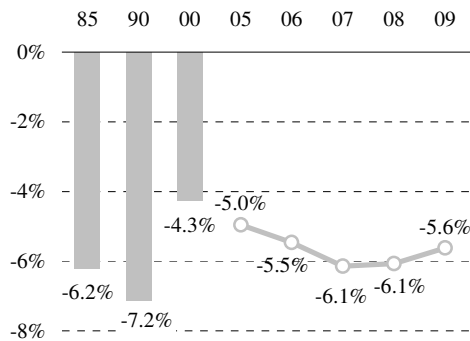
One measure of a state's relative economic health is its personal income per capita. This broad measure accounts for wages, dividends and interest, rental income, and government payments.

Performance

Wisconsin's per capita income declined 1.0% in 2009, the first drop here since 1949, when it fell 3.3%. However, because incomes here fell less than elsewhere, Wisconsin's per capita income moved from 6.1% below the U.S. average in 2008 to 5.6% below in 2009. Illinois and Minnesota had the highest per capita incomes among neighbors.

Income Gap Remains Large

Personal Income Per Capita, % Below U.S.



Growth Third Slowest in the Region

2009 Amount and 5-Year Change

Wisconsin, 2009	\$37,398	14.2%
U.S.	\$39,626	16.9%
Illinois	41,904	16.5
Iowa	37,623	18.8
Michigan	34,334	8.5
Minnesota	41,859	12.9

Source: U.S. Bureau of Economic Analysis.



Household Income

Significance

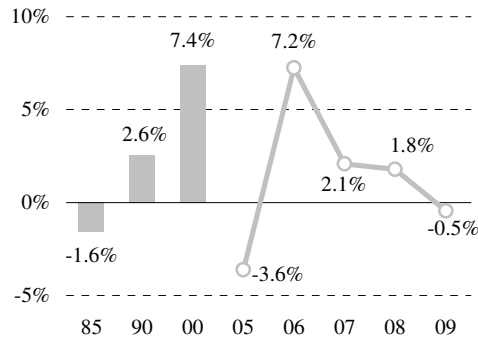
Median household income reflects the economic well-being of families. Household income depends primarily on wages and the number of household members who work.

Performance

For the third consecutive year, Wisconsin's median household income declined relative to the U.S. average. In 2009, Wisconsin was 0.5% below the U.S. Among neighbors, Illinois and Minnesota had higher household incomes, while Iowa and Michigan were lower.

Household Income Falls Below U.S.

Med. Household Inc., % Above (Below) U.S.

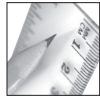


State Growth Below U.S. Average

2009 Amount and 5-Year Change

Wisconsin, 2009	\$49,993	9.3%
U.S.	\$50,221	13.3%
Illinois	53,966	17.1
Iowa	48,044	10.7
Michigan	45,255	7.1
Minnesota	55,616	-0.9

Source: U.S. Census Bureau.



Employment Growth

Significance

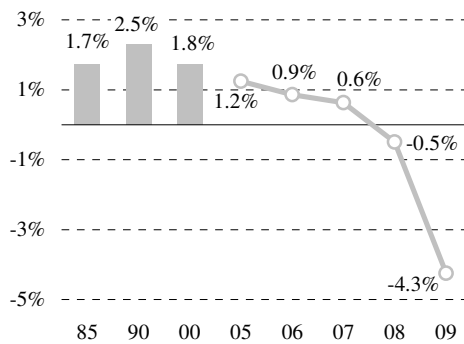
Job growth is an important measure of economic health. The annual change in nonfarm employment reflects the rate at which employers are creating jobs.

Performance

The number of jobs in Wisconsin fell considerably from 2008 to 2009 due to the national recession. The number of nonfarm jobs was down 4.3%, compared to a 4.5% decline nationally. With the exception of Iowa, all neighboring states had fewer jobs in 2009 than in 2004.

Employment Falls Again in 2009

Annual % Change in Nonfarm Employment

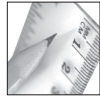


Below-Average Growth in Wisconsin

1-Year and 5-Year Change

Wisconsin, 2009	-4.3%	-2.1%
U.S.	-4.5%	-0.4%
Illinois	-4.9	-2.7
Iowa	-3.0	1.4
Michigan	-6.8	-11.9
Minnesota	-3.9	-1.2

Source: U.S. Bureau of Labor Statistics.



Unemployment

Significance

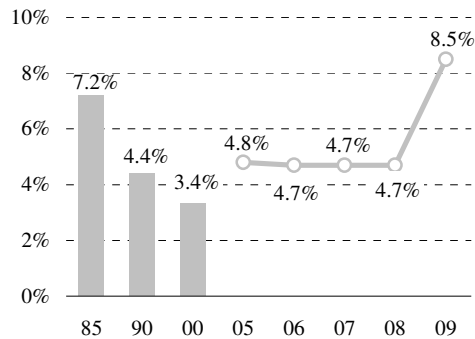
Unemployment quantifies unused economic resources. The unemployment rate measures the percentage of the labor force actively seeking work that is not gainfully employed.

Performance

Wisconsin's unemployment rate rose to 8.5% in 2009. Iowa and Minnesota had lower unemployment rates than the Badger State, while the Illinois, Michigan, and U.S. averages were all higher than Wisconsin's.

Unemployment Rate Rises Sharply

Average Annual % Unemployed



State Below U.S. Average

2009 Level and 5-Year Change

Wisconsin, 2009	8.5 %	3.5 pts.
U.S.	9.3%	3.8 pts.
Illinois	10.1	3.9
Iowa	6.0	1.3
Michigan	13.6	6.5
Minnesota	8.0	3.4

Source: U.S. Bureau of Labor Statistics.



Agricultural Income

Quality of Life

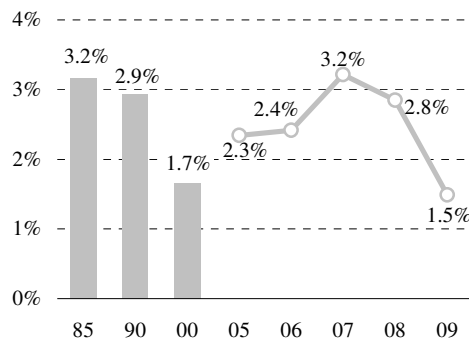
Significance

Agriculture is important to Wisconsin's economy, providing employment on and off the farm. The state's share of total U.S. farm income is one indicator of relative agricultural strength.

Performance

Wisconsin's share of farm income fell from 2.8% in 2008 to 1.5% in 2009. After growing faster than all neighboring states in 2007, growth in Wisconsin's farm income was slowest in the region for 2008 and 2009. Farm income is volatile and can change substantially from year to year.

State Share of Farm Income Rises, Falls



Farm Income Volatile

1-Year and 5-Year Change

Wisconsin, 2009	-54.1%	-47.0%
U.S.	-12.0%	-12.0%
Illinois	-20.5	10.3
Iowa	-13.5	6.5
Michigan	-28.8	5.0
Minnesota	-29.4	23.9

Source: U.S. Bureau of Economic Analysis.



Quality of Life

Prospective newcomers to Wisconsin—both employers and employees—want safe neighborhoods, affordable housing, and a reasonable cost of living.

Wisconsin's rate of uninsured citizens was unchanged from 2008 at 9.6%. At the same time, the state's violent crime fell while the poverty rate rose to 11.4% in 2009.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a **+** is indicated; where Wisconsin can improve, a **-** is shown; a **o** indicates a neutral position.

► Health insurance coverage

Wisconsin Trend	o
Regional Comparison	+

► Violent crimes

Wisconsin Trend	o
Regional Comparison	o

► Cost of living

Wisconsin Trend	+
Regional Comparison	o

► Home-ownership rate

Wisconsin Trend	o
Regional Comparison	-

► Poverty rate

Wisconsin Trend	-
Regional Comparison	+



Health Insurance Coverage

Significance

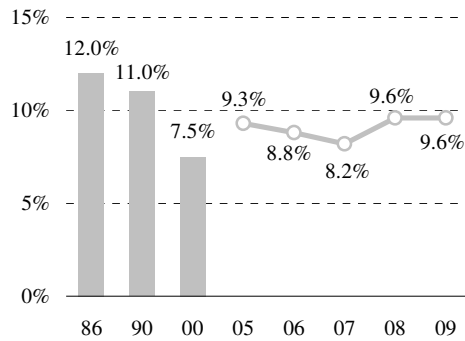
The availability and affordability of health insurance is becoming increasingly important for competitiveness. Lower uninsured rates are associated with more-productive workforces.

Performance

Wisconsin's uninsured rate (9.6%) was unchanged in 2009. It remained well below the U.S. average (16.0%) but was higher than Minnesota's (8.7%). Wisconsin historically has one of the nation's lowest uninsured rates.

State's Uninsured Rate Unchanged

% Uninsured

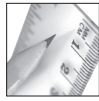


Second in Region

Current Level and 5-Year Change

Wisconsin, 2009	9.6%	-0.5 pts.
U.S.	16.0%	1.1 pts.
Illinois	13.9	0.9
Iowa	10.4	1.2
Michigan	12.7	1.6
Minnesota	8.7	0.2

Source: U.S. Census Bureau.



Violent Crimes

Significance

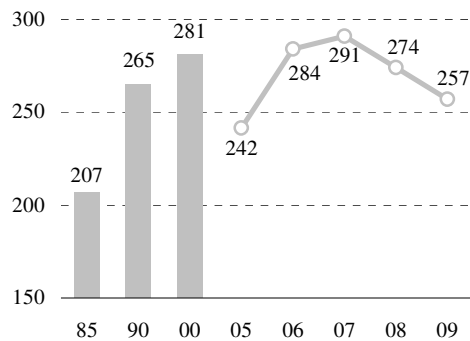
Keeping violent crime in check is important for state competitiveness. Safe communities are attractive to both workers and employers, supporting job growth.

Performance

After rising for three consecutive years, Wisconsin's violent crime rate declined in both 2008 and 2009. At 257 violent crimes per 100,000 residents, Wisconsin's rate is below the U.S. average and all neighboring states except Minnesota (244).

Violent Crimes Continue Falling

Violent Crimes Per 100,000 Population

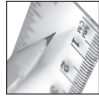


State Remains Below U.S.

2009 Level (Per 100,000) and 5-Year Change

	Wisconsin, 2009	257	22.5%
U.S.	429	-7.3%	
Illinois	497	-8.9	
Iowa	279	-3.0	
Michigan	497	1.0	
Minnesota	244	-9.6	

Source: Federal Bureau of Investigation.



Cost of Living

Significance

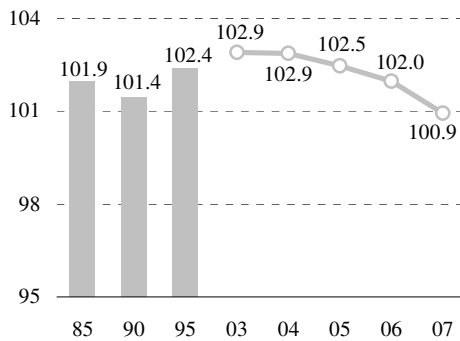
Affordable living is an asset for any state. A low cost of living is attractive to workers as well as businesses.

Performance

For the third consecutive year, cost of living in Wisconsin moved closer to the national average, dropping to 100.9. Cost of living in the Badger State was lower than in Illinois (103.1) and in Minnesota (103.0), but was higher than in Michigan (100.7) and Iowa (97.4).

Wisconsin Slightly Above National Norm

U.S. Median = 100

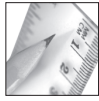


Third in Region

Level and 5-Year Change

Wisconsin, 2007	100.9	-2.2
U.S.	100.0	na
Illinois	103.1	-1.9
Iowa	97.4	-2.2
Michigan	100.7	-2.2
Minnesota	103.0	-2.1

Source: Berry-Fording-Hanson state cost-of-living index (2009 revision).



Home-Ownership Rate

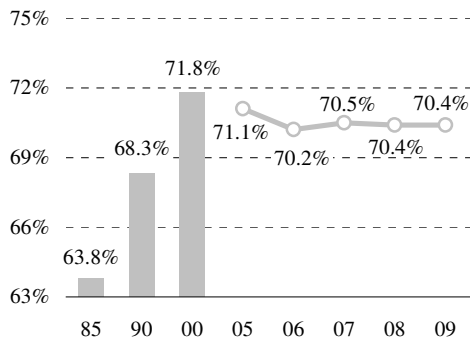
Significance

The home-ownership rate measures the percentage of households that own their homes. Higher rates can reflect greater economic well-being and a commitment to the surrounding community.

Performance

Wisconsin's home-ownership rate was 70.4% in 2009, unchanged from 2008. The state remained above the national average (67.4%) but was second lowest in the region. Among neighbors, only Illinois (69.1%) had a lower home-ownership rate.

Home Ownership Unchanged in 2009...

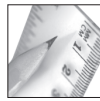


And Remains Above National Average

2009 Level and 5-Year Change

Wisconsin, 2009	70.4%	-2.9 pts.
U.S.	67.4%	-1.6 pts.
Illinois	69.1	-3.6
Iowa	72.4	-0.8
Michigan	74.5	-2.6
Minnesota	72.9	-3.5

Source: U.S. Census Bureau.



Poverty Rate

Workforce Excellence

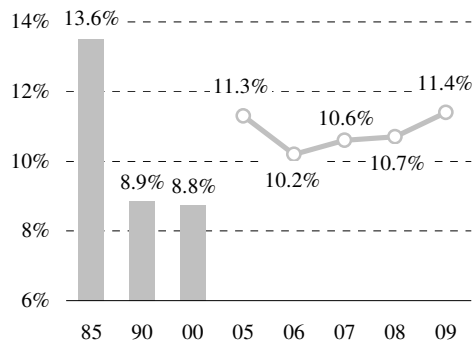
Significance

A productive, competitive state economy requires citizens who are ready to learn and to work. Lowering the number of Wisconsinites in poverty promotes this goal and can reduce the demand for tax-funded public assistance.

Performance

In 2009, Wisconsin's poverty rate was 11.4%, up from 10.7% the prior year. The rate was up 0.3 percentage points over the last five years. Even with Wisconsin's higher poverty rate in 2009, it remained below the national average (13.8%).

Poverty Rate Rises in Wisconsin



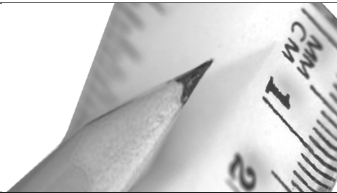
State Below U.S. Average

2008-09 Average and 5-Year Change

Wisconsin, 2009	11.4%	0.3 pts.
U.S.	13.8%	1.2 pts.
Illinois	12.8	0.4
Iowa	11.7	1.8
Michigan	15.4	3.1
Minnesota	10.4	3.2

Source: U.S. Census Bureau.

Workforce Excellence



Employers have long appreciated Wisconsin's hard-working and well-educated workforce. High school graduation rates, test scores, and college degrees are all measures of our workforce excellence.

While college entrance exam scores were down slightly from 2008 and 2009, the state's graduation rate relative to ninth-grade enrollment four years earlier was up for the third consecutive year. The percentage of college graduates was unchanged in 2009.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a **+** is indicated; where Wisconsin can improve, a **-** is shown; a **o** indicates a neutral position.

► **Low birth weights**

Wisconsin Trend	o
Regional Comparison	o

► **Student test scores**

Wisconsin Trend	o
Regional Comparison	+

► **College entrance scores**

Wisconsin Trend	o
Regional Comparison	+

► **High school graduation rates**

Wisconsin Trend	+
Regional Comparison	+

continued...

▶ **Percentage of college graduates**

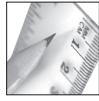
Wisconsin Trend +
Regional Comparison ○

▶ **Doctoral degrees in the sciences**

Wisconsin Trend +
Regional Comparison +

▶ **Healthy lifestyles**

Wisconsin Trend ○
Regional Comparison -



Low Birth Weights

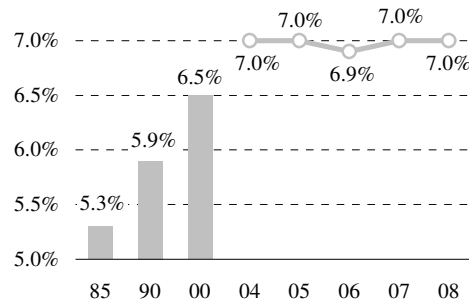
Significance

Low-birth-weight babies (below five pounds, eight ounces) are most at risk. Early difficulties often translate into problems later in life that can negatively impact competitiveness.

Performance

The percentage of low-birth-weight babies in Wisconsin was unchanged from 2007 to 2008. At 7.0%, the state was lower than the national average (8.2%), Illinois (8.4%), and Michigan (8.6%). Iowa's rate (6.6%) was slightly below Wisconsin's, while Minnesota (6.4%) was lowest in the region.

Low-Birth-Weight Percentage Unchanged % of Newborns Below Five Lbs., Eight Oz.

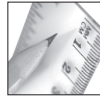


Wisconsin Below Nation

Level and 5-Year Change

Wisconsin, 2008	7.0%	0.2 pts.
U.S.	8.2%	0.3 pts.
Illinois	8.4	0.1
Iowa	6.6	0.0
Michigan	8.6	0.4
Minnesota	6.4	0.1

Source: National Center for Health Statistics.



Student Test Scores

Significance

Wisconsin needs a population strong in basic academic subjects to help ensure a technically competitive workforce.

Performance

On fall 2009 state proficiency tests, students performed well in most subjects. Of three grade levels tested, fourth graders scored the highest overall, followed by eighth and tenth graders. On the national reading test, Wisconsin students scored above national averages in both fourth and eighth grades.

Fall 2009 State Test Results

% Students “Proficient” or “Advanced”

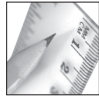
	4th Gr.	8th Gr.	10th Gr.
Reading	81%	83%	76%
Language	76	64	68
Math	80	77	69
Science	76	79	71
Soc. Std.	92	80	74

Wisconsin Above National Average

% Students “Proficient” or “Advanced” in Reading (2009 NAEP)

	Wisconsin: 4th Gr. 33%	8th Gr. 34%
U.S.	32%	30%
Illinois	32	33
Iowa	34	32
Michigan	30	31
Minnesota	37	38

Source: State WKCE tests, Wisconsin Department of Public Instruction; National Assessment of Education Progress (NAEP) 2009 reading test, U.S. Department of Education.



College Entrance Scores

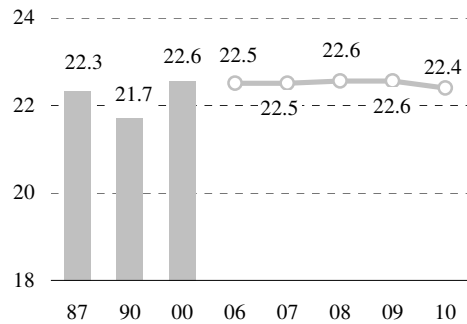
Significance

Admission to most universities, including those in the University of Wisconsin System, requires satisfactory ACT or SAT scores. State-wide average college entrance exam scores indicate student readiness for college.

Performance

Wisconsin's graduates scored well on college entrance exams. Combined ACT/SAT scores, converted to ACT equivalents, averaged 22.4 (out of 36) in 2010. State scores were above the U.S. average (21.5) and all surrounding states except Minnesota (23.2).

ACT/SAT* Scores Remain High

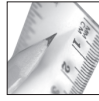


ACT/SAT* Scores Tied For Second in Region

Level and 5-Year Change

Wisconsin, 2010	22.4	-0.1 pts.
U.S.	21.5	0.0 pts.
Illinois	21.0	0.2
Iowa	22.4	0.1
Michigan	20.0	-1.9
Minnesota	23.2	0.4

*Combined ACT/SAT scores. See Appendix, page 50.
Source: ACT.org and The College Board.



High School Graduation Rates

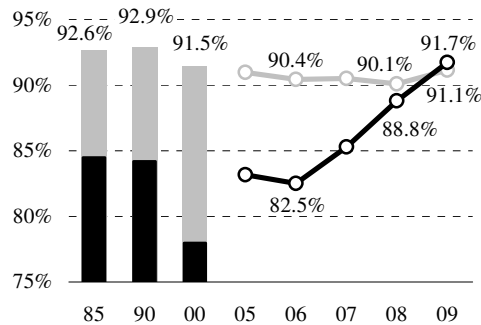
Significance

High school graduation is a basic necessity for most employment. Graduation rates are one indicator of workforce quality. The chart below shows the number of high school graduates relative to 12th-grade enrollment (gray) and to ninth-grade enrollment four years earlier (black).

Performance

Relative to ninth-grade enrollment four years earlier, the state's graduation rate increased 2.9 percentage points in 2009. Based on the size of the senior class, the graduation rate was up 1.1 percentage point.

Graduation Rates Rise in 2009

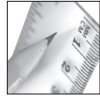


State Above Average

2008 Level and 5-Year Change

Wisconsin, 2008	89.6%	3.8 pts.
U.S.	74.9%	1.0 pts.
Illinois	80.4	4.5
Iowa	86.4	1.1
Michigan	76.3	2.3
Minnesota	86.4	1.6

Source: Wisconsin Department of Public Instruction (chart); NCES (table).



Percentage of College Graduates

Significance

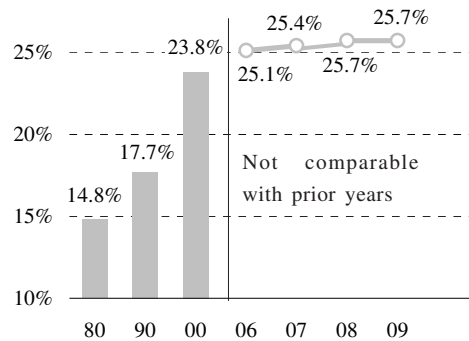
In an information economy, having a highly educated workforce is essential. The share of the population with at least a bachelor's degree is one measure of the potential productivity of the state.

Performance

The percentage of Wisconsin's population age 25 or older holding at least a bachelor's degree was unchanged in 2009 at 25.7%. However, the state remains below the national average (27.9%) and below neighboring Illinois (30.6%) and Minnesota (31.5%).

Bachelor's Degrees Growing Slowly...

% of Population with at least Bachelor's Degree

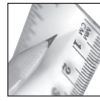


But Remain Below Average

2009 Level and 2-Year Change

Wisconsin, 2009	25.7%	0.3 pts.
U.S.	27.9%	0.4 pts.
Illinois	30.6	1.1
Iowa	25.1	0.8
Michigan	24.6	-0.1
Minnesota	31.5	0.5

Source: U.S. Census Bureau.



Doctoral Degrees in the Sciences

Significance

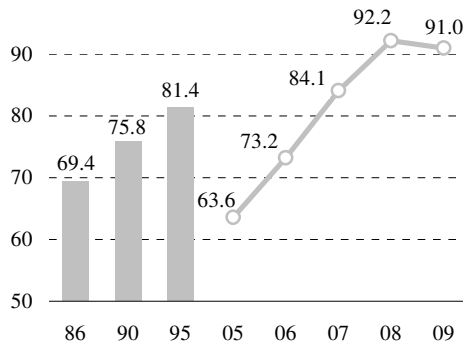
High-quality research sows the seeds of tomorrow's economic progress. PhD's in science, engineering, computer sciences, and mathematics provide the human capital for this research.

Performance

The number of doctoral degrees in the sciences declined slightly in 2009. At 91.0 PhD's per million residents, Wisconsin was above the national average (75.3) and trailed only Iowa (110.4) regionally.

PhD's Per Million Fall Slightly

Science, Engineering, Computing, and Math

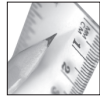


Above National Average

Per One Million Population and 5-Year Change

Wisconsin, 2009	91.0	38.0%
U.S.	75.3	29.5%
Illinois	86.7	37.2
Iowa	110.4	30.4
Michigan	86.6	33.1
Minnesota	53.9	38.0

Source: National Science Foundation.



Healthy Lifestyles

Significance

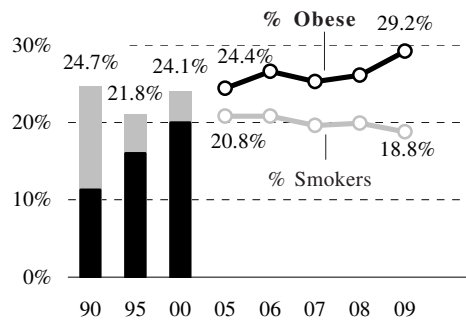
A healthy workforce is generally more productive. In addition, a healthier population reduces health care costs for citizens, employers, and governments.

Performance

The percentage of the adult population in Wisconsin that smokes declined in 2009, while the percentage of obese adults was up. Wisconsin was above the national average in both smoking and obesity. Regionally, the Badger State had the second-highest percentage of smokers and also the second-highest percentage of obese adults.

Obesity Up, Smoking Down

Obesity, Smoking as % of Adult Population



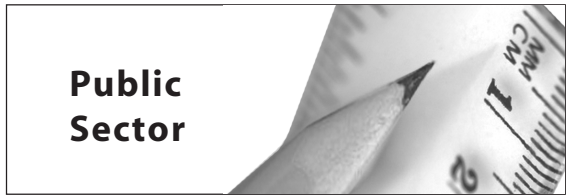
Wisconsin Health Mixed

% Adults Who Are Obese, Smoke; 2009

	Wisconsin: Obese 29.2%	Smoke 18.8%
U.S.	26.9%	17.9%
Illinois	27.4	18.6
Iowa	28.5	17.2
Michigan	30.3	19.6
Minnesota	25.4	16.8

Source: U.S. Center for Disease Control.

**Public
Sector**



Efficient delivery of quality public services enhances state competitiveness. However, government must ensure that taxes, public debt, and regulation do not become burdensome.

Due to stimulus spending and additional federal grant money, Wisconsin received above-average federal dollars per capita in 2009. After rising slightly in 2008, the state-local tax burden fell in 2009 to 11.3% of personal income.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a + is indicated; where Wisconsin can improve, a - is shown; a o indicates a neutral position.

▶ **State-local tax burden**

Wisconsin Trend +
Regional Comparison -

▶ **Federal dollars**

Wisconsin Trend o
Regional Comparison +

▶ **State bond rating**

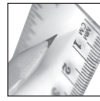
Wisconsin Trend o
Regional Comparison o

▶ **State-local government employees per capita**

Wisconsin Trend o
Regional Comparison o

▶ **GAAP General Fund Balance**

Wisconsin Trend -
Regional Comparison -



State-Local Tax Burden

Significance

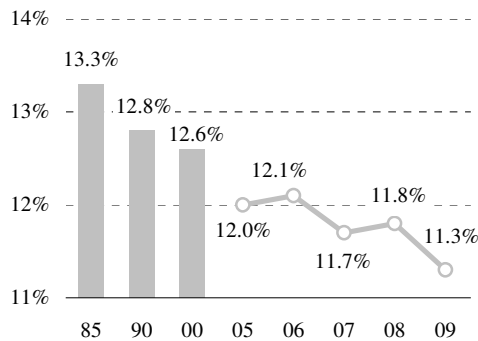
State and local taxes can impact competitiveness. They factor into employer and worker decisions, which directly affect job growth and economic stability.

Performance

Wisconsinites paid 11.3% of personal income in state-local taxes and fees in 2008-09, down from 11.8% in 2007-08. National figures show Wisconsin's 2008 tax burden was above average and higher than all neighboring states.

Tax Burden Declines

State-Local Taxes as % of Personal Income



Wisconsin Above National Average*

2008 Level and 5-Year Change

Wisconsin, 2008	11.8%	0.2 pts.
U.S.	11.2%	0.7 pts.
Illinois	10.8	0.6
Iowa	10.8	0.5
Michigan	11.0	0.6
Minnesota	11.4	0.4

*See Appendix, pages 50-51, to reconcile graph and table.

Source: Wisconsin Taxpayers Alliance (graph); Census Bureau (table).



Federal Dollars

Significance

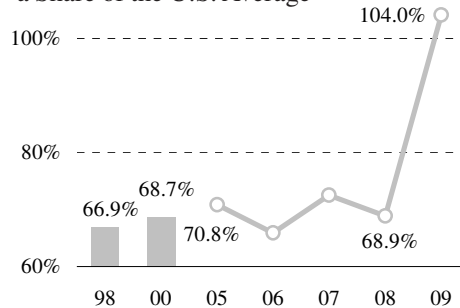
States receiving more federal dollars often face less local tax pressure. Federal monies help fund infrastructure and research that can spur a state's economy.

Performance

Wisconsin received \$7,987 of per capita federal money (excluding social security payments) in 2009, or 104.0% of the national average (\$7,678). Wisconsin historically receives fewer federal dollars than most states. However, the economic stimulus bill was partly responsible for a significant increase (128%) in federal grant money here.

Grant Money Drives Federal Spending Here

Per Capita Federal Spending* in Wisconsin as a Share of the U.S. Average



State Ranks Above All Midwest States

2009 Per Capita Amount and 5-Year Change

Wisconsin, 2009	\$7,987	125.8%
U.S.	\$7,678	50.4%
Illinois	6,468	59.9
Iowa	6,804	60.1
Michigan	6,134	64.9
Minnesota	6,083	64.9

*Excludes retirement and disability payments.

Source: U.S. Census Bureau.



State Bond Rating

Significance

A state's bond rating reflects the perception of its financial situation. High bond ratings allow states to borrow money at lower interest rates and pay less in debt service. Low ratings often result from poor fiscal management.

Performance

Wisconsin's bond ratings by Moody's and Fitch were upgraded in 2010, though it was due to an upward recalibration of all ratings. The state was given an outlook rating of "stable" by all three major bond houses.

State's GO Bond Ratings

	2008	2009	2010
Standard & Poor's	AA	AA	AA
Moody's	Aa3	Aa3	Aa2
Fitch	AA-	AA-	AA

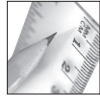
Moody's and Fitch ratings not comparable with prior years.

Ratings Here Below Two Neighbors

Moody's and Fitch GO Bond Rating, 2010

Wisconsin	Aa2	AA
U.S.	na	na
Illinois	Aa3	A+
Iowa	Aaa	AAA
Michigan	Aa2	AA-
Minnesota	Aa1	AAA

Source: Wisconsin Department of Administration and rating organizations listed above, compiled by Citi. (Ratings and outlook series 2010.)



State-Local Government Employees Per Capita

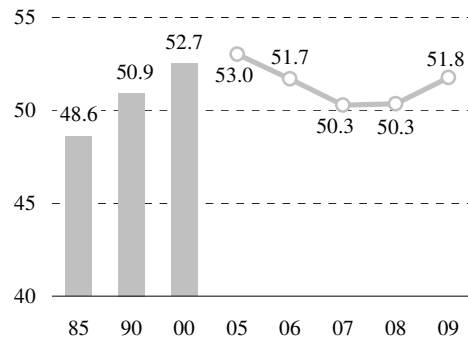
Significance

Wisconsin is generally considered a high-public-service state. To efficiently deliver the services that residents desire, effective use of public employees is necessary.

Performance

Relative to state population, the size of state and local government in Wisconsin increased slightly in 2009. At 51.8 employees per 1,000 residents, Wisconsin was below the national average (54.2), but above Michigan and Illinois.

Relative Size of Government Rises Slightly State-Local Employees Per 1,000 Population

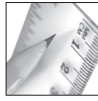


State In Middle In Region

2009 Level and 5-Year Change

Wisconsin, 2009	51.8	-0.4 pts.
U.S.	54.2	0.3 pts.
Illinois	49.8	-0.4
Iowa	59.7	-3.0
Michigan	47.5	-2.4
Minnesota	53.5	-0.6

Source: U.S. Census Bureau.



GAAP General Fund Balance

Business Climate

Significance

Comparing the fiscal condition of states is difficult, due to peculiarities in budgeting among states. However, each state controller prepares a Comprehensive Annual Financial Report (CAFR) using generally accepted accounting principles (GAAP). The CAFR offers the most comparable and least political way to compare state finances.

Performance

Wisconsin has reported a GAAP deficit in every year since 1990. In 2010, Wisconsin's general fund balance was -1.2% of GSP. Only Illinois had a larger GAAP deficit than Wisconsin in 2009 (most recent year for state-by-state data).

GAAP Deficit Growing Relative to GSP

Gen. Fund Surplus as % of Gross State Product



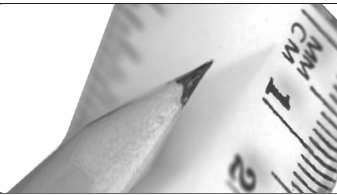
State Deficit Higher Than Most

2009 Level and 5-Year Change

Wisconsin, 2009	-1.1%	-0.2 pts.
U.S.	na	na
Illinois	-1.2%	-0.8
Iowa	1.4	-0.3
Michigan	0.3	-0.1
Minnesota	-0.2	-0.1

Source: Comprehensive Annual Financial Reports.

Business Climate



Growth in the number of employers can particularly impact statewide job and income growth. Energy costs, transportation infrastructure, and an active research base all enhance business climate.

Wisconsin's climate has strengths and weaknesses. The number of new private businesses in the state declined in 2009, largely reflecting the economic recession. As a share of total state employment, the manufacturing sector experienced a decline, as did the number of patents issued. Condition of highways also deteriorated for the second consecutive year.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a **+** is indicated; where Wisconsin can improve, a **-** is shown; a **o** indicates a neutral position.

▶ Economic dynamism

Wisconsin Trend	o
Regional Comparison	-

▶ Export sector

Wisconsin Trend	+
Regional Comparison	o

▶ Manufacturing jobs

Wisconsin Trend	o
Regional Comparison	+

▶ Energy costs

Wisconsin Trend	-
Regional Comparison	-

continued...

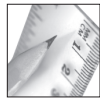
- ▶ **Highway condition**
 - Wisconsin Trend ○
 - Regional Comparison +

- ▶ **R&D spending**
 - Wisconsin Trend ○
 - Regional Comparison -

- ▶ **Patents**
 - Wisconsin Trend -
 - Regional Comparison ○

- ▶ **High-tech employment**
 - Wisconsin Trend +
 - Regional Comparison ○

- ▶ **Venture capital**
 - Wisconsin Trend -
 - Regional Comparison -



Economic Dynamism

Significance

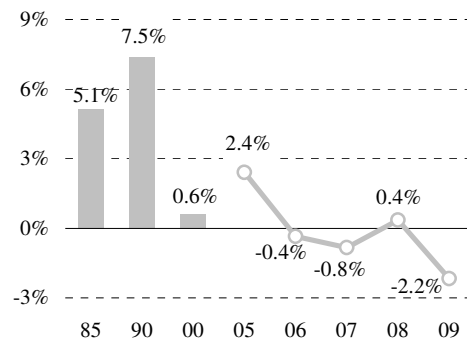
New businesses are constantly being created in a vibrant economy, while less innovative companies go out of business. The percentage increase in new private establishments is one measure of this economic dynamism.

Performance

After rising 0.4% in 2008, the number of private businesses in Wisconsin fell 2.2% the following year. Nationally, business creation was also negative, though neighbors Illinois and Iowa did have positive creation rates.

Number of Private Businesses Rises

% Increase (Decrease) from Prior Year



Wisconsin Below Average

1-Year and 5-Year Change

Wisconsin, 2009	-2.2%	-0.7%
U.S.	-0.9%	11.2%
Illinois	1.6	14.0
Iowa	0.2	2.8
Michigan	-2.0	-0.6
Minnesota	-2.4	4.8

Source: U.S. Bureau of Labor Statistics.



Export Sector

Significance

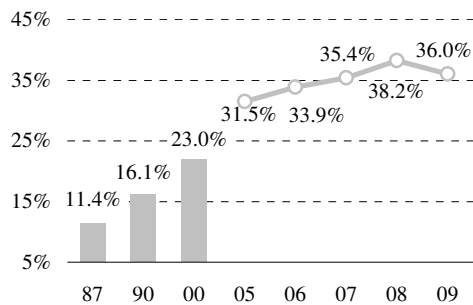
In an increasingly global economy, exports are vital. They create new jobs and bring capital and firms to the state. They diversify Wisconsin's economy, making it less vulnerable to economic downturns.

Performance

Wisconsin exports dipped in 2009, falling to 36.0% of manufacturing, mining, and farm (MMF) output. Wisconsin continued to trail the U.S. (54.5%) and all neighboring states except Iowa (29.0%). Wisconsin's export share rose about nine points in the five years ending in 2009.

State Export Sector Dips in 2009

Exports as % of MMF Output



State Below Average

2009 % of MMF Output and 5-Year Change

Wisconsin, 2009	36.0%	9.1 pts.
U.S.	54.5%	8.3 pts.
Illinois	54.2	14.9
Iowa	29.0	8.0
Michigan	57.4	7.3
Minnesota	41.7	6.3

Source: U.S. Bureau of Economic Analysis; WISERTrade.



Manufacturing Jobs

Significance

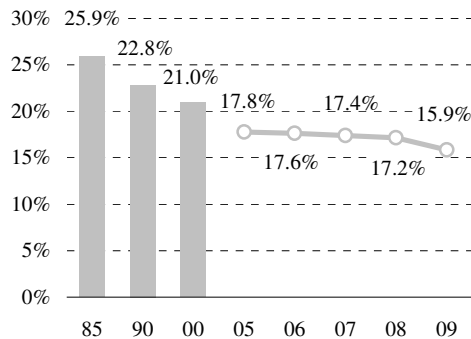
Manufacturing has traditionally been the engine driving the state economy. Manufacturing's share of total employment suggests how this core sector is doing here versus elsewhere.

Performance

As a share of total employment, the manufacturing sector declined to 15.9%, though still remained higher than the other states in the region. Over the last five years, Wisconsin has lost 13.3% of its manufacturing jobs. However, Wisconsin's manufacturing losses were less than those of neighbors Illinois and Michigan.

Manufacturing Declines Slowly

Mfg. Jobs as % of Total Employment

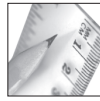


State Leads Neighbors and U.S.

Mfg. Jobs as % of Total Employment and 5-Year Change

Wisconsin, 2009	15.9%	-13.3%
U.S.	9.1%	-17.0%
Illinois	10.2	-17.1
Iowa	13.8	-8.8
Michigan	11.9	-34.0
Minnesota	11.3	-12.5

Source: U.S. Bureau of Labor Statistics.



Energy Costs

Significance

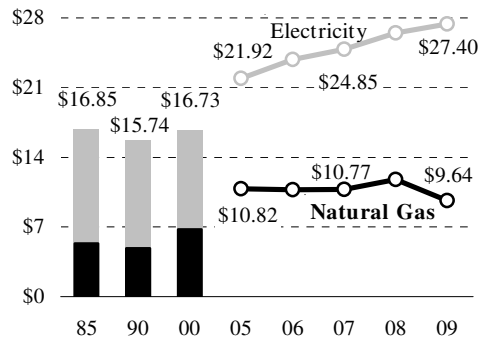
Low energy prices are critical for state competitiveness. Energy is an indispensable cost of business, and rising prices can make state businesses less competitive.

Performance

Electricity prices in Wisconsin have risen continuously since 2003, to \$27.40 per million Btu in 2009. Natural gas prices declined in 2009 to \$9.64 per million Btu. Both electricity and natural gas prices were lower in Wisconsin than nationwide.

Energy Prices Rise

Avg. of Comm., Res., & Mfg., \$/Mil. Btu's



Wisconsin Below National Averages

Electric (col. 2) and Nat. Gas (col. 3), \$/Mil. Btu's

Wisconsin, 2009	\$27.40	\$6.70*
U.S.	\$28.98	\$6.47
Illinois	26.76	5.71
Iowa	21.36	5.63
Michigan	28.37	7.24
Minnesota	23.83	5.68

*See Appendix, page 51.

Source: Wisconsin Office of Energy Independence.



Highway Condition

Significance

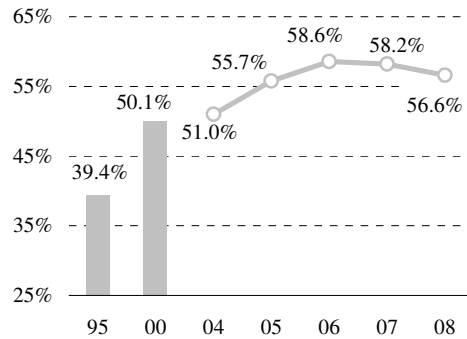
Highways are an important aspect of a state's infrastructure and can impact business location and expansion decisions. Well-paved highways ease transportation and reduce long-term costs.

Performance

In 2008, 56.6% of Wisconsin highway miles were in one of the two top smoothness categories, down from 58.2% in 2007. Wisconsin was above the U.S. average (54.8%). Only neighboring Michigan had a smoothness rate higher than Wisconsin's regionally.

Highway Conditions Decline

% Highway Miles Rated in Top Two Smoothness Categories

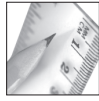


State Above National Average

2008 Level and 5-Year Change

Wisconsin, 2008	56.6%	1.5 pts.
U.S.	54.8%	3.2 pts.
Illinois	43.1	6.5
Iowa	47.2	4.8
Michigan	61.7	14.2
Minnesota	56.0	-3.5

Source: Federal Highway Administration.



R&D Spending

Significance

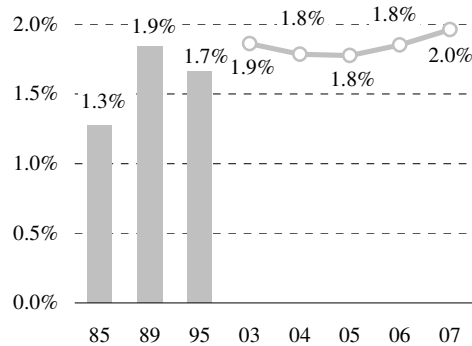
Research and development (R&D) spending promotes continued adaptation in a rapidly changing economy. In an increasingly technology-driven world, states active in R&D are best positioned to become tomorrow's leaders.

Performance

As a share of Wisconsin's total output, 2007 R&D spending (1.96%) was up slightly from prior years, but remained below the national average (2.71%) and most states. Percentages in Minnesota (2.95%) and Michigan (4.56%) were noticeably higher.

Wisconsin Investment in R&D Up...

R&D as a Share of Gross State Output

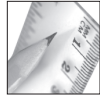


But Trails Most Neighbors

Share of Gross State Product and 5-Year Change

Wisconsin, 2007	1.96%	0.13 pts.
U.S.	2.71%	0.06 pts.
Illinois	2.34	0.14
Iowa	1.46	0.03
Michigan	4.56	-0.08
Minnesota	2.95	0.22

Source: National Science Foundation.



Patents

Significance

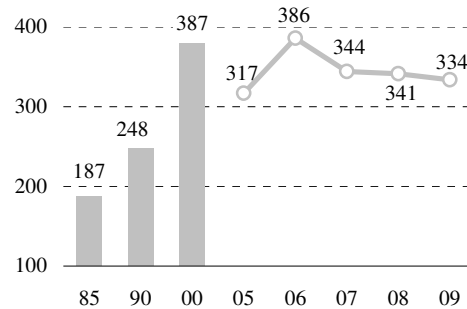
The number of patents received in a state reflects the impact that both public and private sectors have in advancing science and technology.

Performance

Patents awarded to Wisconsinites fell again in 2009 to 334 per million people. The state was above the national average (310), but below Michigan (353) and Minnesota (564). The number of patents in Wisconsin has fallen in each year since reaching 386 per million people in 2006.

Wisconsin Patent Rate Falls Again

Patents Per One Million Population



State Above U.S.

Patents Per Million Population and 5-Year Change

Wisconsin, 2009	334	-6.9%
U.S.	310	-3.6%
Illinois	280	-5.4
Iowa	243	-2.9
Michigan	353	-13.6
Minnesota	564	-4.2

Source: U.S. Patent and Trademark Office.



High-Tech Employment

Significance

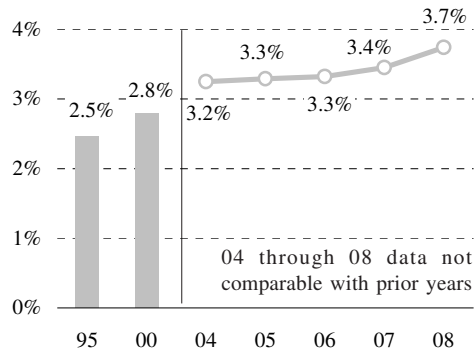
Within manufacturing and service industries, high-tech companies have become critical for economic growth. In addition, jobs in these industries pay well above average.

Performance

As a share of private employment, Wisconsin's high-tech industries grew in 2008. At 3.7% of jobs, Wisconsin trailed the 5.4% national average. Among neighbors, Wisconsin had the largest increase in high-tech employment over the past five years.

High-Tech Employment Rises ...

Share of Private Employment



But State Remains Below Average

2008 Level and 5-Year Change

Wisconsin, 2008	3.7%	0.5 pts.
U.S.	5.4%	0.3 pts.
Illinois	4.6	0.3
Iowa	na	na
Michigan	5.3	0.4
Minnesota	5.9	0.3

Source: American Electronics Association.



Venture Capital

Significance

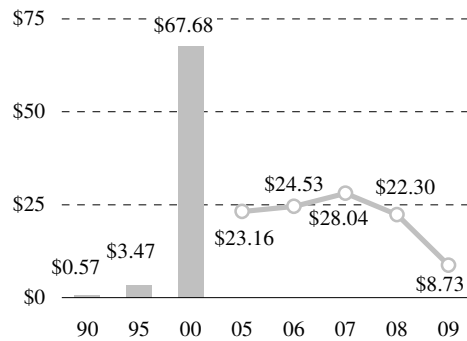
Often, young companies with high growth potential turn to venture capital firms, rather than to traditional lenders, for start-up money. The amount of venture capital per worker is one indication of a state's entrepreneurial vitality.

Performance

Venture capital investments per worker dropped in Wisconsin from \$22.30 in 2008 to \$8.73 in 2009. Over the past five years, it fell 57.0%. The state continues to trail the U.S. (\$139.41), as well as all neighboring states.

Venture Capital Activity Slows Significantly

Venture Capital Disbursements Per Worker



Wisconsin Below Average

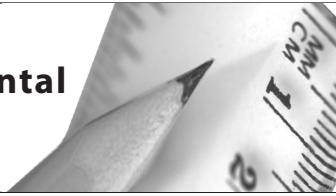
2009 Level and 5-Year Change

Wisconsin, 2009	\$8.73	-57.0%
U.S.	\$139.41	-18.4%
Illinois	40.48	10.3
Iowa	56.83	686.2
Michigan	34.57	17.4
Minnesota	100.00	-31.2

Source: Pricewaterhouse Coopers/Thomson Venture Economics/NVCA.

Environmental Quality

Environmental Quality



Land, air, and water quality all contribute to making Wisconsin special. Our environment is an asset in attracting new firms and employees to the state.

Two of the three environmental quality measures showed signs of improvement from the prior year. Per capita air emissions dropped for the second consecutive year, while the number of hazardous waste sites here also declined. Wisconsin's surface water discharges were up slightly in 2008, ending at 0.75 pounds per capita.

Based on state trends and regional comparisons, scores are given for each measure. Where Wisconsin has a competitive advantage, a **+** is indicated; where Wisconsin can improve, a **-** is shown; a **o** indicates a neutral position.

► Surface water discharges

Wisconsin Trend	+
Regional Comparison	+

► Air emissions

Wisconsin Trend	+
Regional Comparison	o

► Hazardous waste sites

Wisconsin Trend	o
Regional Comparison	o



Surface Water Discharges

Significance

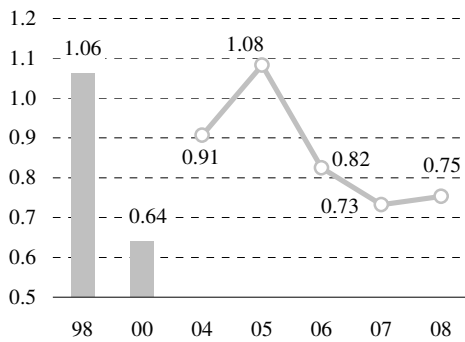
Clean water is a vital part of a healthy environment. Toxic discharges into surface waters pollute the environment, jeopardizing both health and recreation.

Performance

After falling in 2006 and 2007, Wisconsin's surface water discharges were up in 2008, ending at 0.75 pounds per capita. The state's water discharges were above Michigan and Minnesota, but below Illinois and Iowa. Since 2003, water discharges in Wisconsin have decreased more than 10%.

Water Pollution Up Slightly in 2008

Pounds of Water Pollution Per Capita

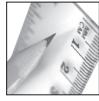


State Below U.S.

2008 Level and 5-Year Change

Wisconsin, 2008	0.75	-10.4%
U.S.	0.82	3.7%
Illinois	0.97	70.4
Iowa	1.51	36.1
Michigan	0.23	90.6
Minnesota	0.29	10.6

Source: U.S. Environmental Protection Agency.



Air Emissions

Significance

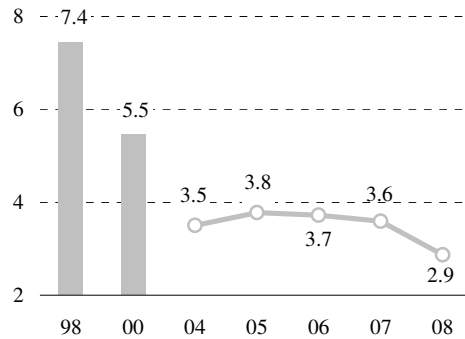
Polluted air can have a strong negative impact on a state's well-being and competitiveness. Clean air promotes a healthy workforce and provides an incentive for employers to relocate.

Performance

Wisconsin's air pollution level fell in 2008, to 2.9 pounds of emissions per capita. Wisconsin's air emissions were below the national average (3.2) and down 33.9% over the past five years. The state had the third-highest air emissions regionally.

Air Emissions Decline

Pounds of Emissions Per Capita

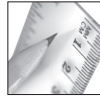


State Below Two of Four Neighbors

2008 Level and 5-Year Change

Wisconsin, 2008	2.9	-33.9%
U.S.	3.2	-40.4%
Illinois	2.4	-44.5
Iowa	6.0	-20.5
Michigan	4.3	-13.8
Minnesota	1.6	-40.7

Source: U.S. Environmental Protection Agency.



Hazardous Waste Sites

Appendix: Data Sources

Significance

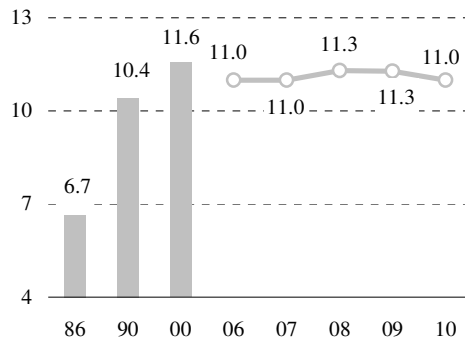
Contaminated properties depress property values, threaten the quality of the environment, and cost taxpayers if the public bears the charge of cleaning them. The Environmental Protection Agency lists sites that no responsible party is able and willing to clean up.

Performance

Wisconsin had 38 proposed and final sites in 2010, one fewer than in 2009. Among its neighbors, Michigan (67) had the most. In sites per 10,000 square land miles, Wisconsin (11.0) was above the national average (7.1).

Site Concentration Changes Little

Sites Per 10,000 Square Miles of Land



State Above Average in Sites

Per 10,000 Square Miles of Land and 5-Year Change

Wisconsin, 2010	11.0	0.0%
U.S.	7.1	3.2%
Illinois	12.5	-6.4
Iowa	3.1	-8.3
Michigan	18.5	-1.5
Minnesota	5.0	4.2

Source: U.S. Environmental Protection Agency.



Appendix: Data Sources

This section aids the reader in more fully understanding the measures analyzed in this report. The measures are organized by category; individual measures follow the same order as the text. Any comments or data issues are discussed here.

Economic Health (pages 5-10)

Personal Income Per Capita

Source: U.S. Bureau of Economic Analysis, Regional Economic Information System.

Comment: September 2010 revisions.

Household Income

Source: U.S. Census Bureau, *Median Income of Households*.

Comment: Estimates based on Current Population Survey.

Employment Growth

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.

Unemployment

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.

Agricultural Income

Source: U.S. Bureau of Economic Analysis, Regional Economic Information System; state estimates of personal income and earnings by industry.

Comment: September 2010 revisions.

Quality of Life (pages 11-16)

Health Insurance Coverage

Source: U.S. Census Bureau, Current Population Survey.

Comment: The data are subject to sampling error.

Violent Crimes

Source: Federal Bureau of Investigation.

Comment: Includes murder, forcible rape, robbery, and aggravated assault.

Cost of Living

Source: Berry-Fording-Hanson state cost-of-living index.

Comment: 2009 revision.

Home-Ownership Rate

Source: U.S. Census Bureau, Housing Vacancy Survey.

Comment: Home-ownership rates are defined as the proportion of owner-occupied households to the total number of occupied households.

Poverty Rate

Source: U.S. Census Bureau, Current Population Survey.

Comment: The data are collected at the national level, making state data less reliable. Reported poverty rates are based on two-year averages, as recommended.

Workforce Excellence (pages 17-25)

Low Birth Weights

Source: National Center for Health Statistics, *Vital Statistics of the U.S.*; Wisconsin Department of Health and Family Services.

Comment: The data are based on registered births.

Student Test Scores

Source: Wisconsin Department of Public Instruction, *2009-10 Knowledge and Concepts Examinations*; U.S. Department of Education, *National Assessment of Education Progress 2009 Reading Test*.

Comment: Due to test changes, Wisconsin test scores for 2003 through 2007 are not comparable to prior years' scores.

College Entrance Scores

Source: Wisconsin Department of Public Instruction; U.S. Department of Education.

Comment: SAT scores are converted to their ACT equivalents and averaged with actual ACT scores.

High School Graduation Rates

Source: Wisconsin Department of Public Instruction; National Center for Educational Statistics.

Percentage of College Graduates

Source: U.S. Census Bureau; American Community Survey.

Comment: Data prior to 2005 is from the Current Population Survey and is not comparable with later figures.

Doctoral Degrees in the Sciences

Source: National Science Foundation.

Healthy Lifestyles

Source: U.S. Center for Disease Control.

Public Sector (pages 27-32)

State-Local Tax Burden

Source: Wisconsin Taxpayers Alliance, *The Wisconsin Taxpayer*, "Total Taxes" (various years); Census Bureau, state and local tax estimates.

Comment: Total taxes data in graph are based on fiscal years; 2008-09 taxes divided by 2008 personal income.

Census data (in table) are calendar year 2008 taxes divided by 2008 income.

Federal Dollars

Source: U.S. Census Bureau Consolidated Federal Funds Report (CFFR), 2009. Summary of Federal Expenditures by State and Outlying Area. Per capita expenditures do not include social security payments.

State Bond Rating

Source: Wisconsin Department of Administration, Capital Finance Office; rating organizations.

Comment: Ratings and outlooks as of April 2010.

State-Local Government Employees Per Capita

Source: U.S. Census Bureau, Public Employment.

GAAP General Fund Balance

Source: Comprehensive Annual Financial Reports, by state.

Business Climate (pages 33-43)

Economic Dynamism

Source: U.S. Bureau of Labor Statistics, Current Employment and Wages.

Comment: This benchmark is the percentage increase in the number of firms.

Export Sector

Source: U.S. Bureau of Economic Analysis; WISERTrade.

Manufacturing Jobs

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, *Employment, Hours, and Earnings*.

Energy Costs

Source: Wisconsin Office of Energy Independence, *Wisconsin Energy Statistics Book* (various years).

Comment: The energy prices listed are the average of residential, commercial, and industrial sectors. Electric prices were converted from cents per kilowatt hour to dollars per million Btu's. The difference between the figures in the chart and the table arises because prices for commercial and industrial gas used to develop the averages in the chart do not include the price of transport gas, but represent the cost of gas purchased directly from the utility. The average gas price shown for the U.S. and neighboring states is the "city gate" price, or the price charged at the point where a pipeline or distribution company delivers gas to the utility.

Highway Condition

Source: Federal Highway Administration, *Functional System Length* (various years), *Paved Miles by Measured Pavement Roughness*.

Comment: State highway departments use scanning equipment to measure surface smoothness of highway miles on the International Roughness Index (IRI). IRI ratings are grouped into eight levels of roughness. This measure calculates the percentage of total miles in the top two of the eight IRI categories. States may be using different scanning technologies, which makes comparison difficult. Wisconsin changed its scanning technology in late 1999.

R&D Spending

Source: National Science Foundation.

Comment: R&D spending includes government, universities and colleges, other nonprofit organizations, and private industry.

Patents

Source: U.S. Patent and Trademark Office.

Comment: Includes patents for inventions, designs, botanical plants, and reissues. Includes only U.S. patents granted by state of origin.

High-Tech Employment

Source: American Electronics Association.

Comment: Data are percentages of total employment in various high-tech industries.

Venture Capital

Source: National Venture Capital Association; PricewaterhouseCoopers; Thomson Venture Economics.

Environmental Quality (pages 45-48)

Surface Water Discharges

Source: U.S. Environmental Protection Agency, toxic release inventory.

Comment: Reportable chemicals change annually.

Air Emissions

Source: U.S. Environmental Protection Agency, toxic release inventory.

Hazardous Waste Sites

Source: U.S. Environmental Protection Agency, *Auxiliary Information: National Priorities List, Proposed Rule and Final Rule*.



The authors of this report—all with the Wisconsin Taxpayers Alliance—are: Todd A. Berry, President; Dale J. Knapp, Research Director; and Kyle C. Christianson, Policy-Research Analyst. Founded in 1932, WISTAX is a nonprofit, nonpartisan organization dedicated to public-policy research and citizen education.