

Cuts to public employees would punish Wisconsin's economy

Governor Walker promised jobs, but his plan destroys jobs

People in Wisconsin may disagree about many things — but everyone wants more jobs.

Gov. Scott Walker's plan to slash take-home pay for public workers would **destroy about 10,000 jobs** in Wisconsin's private sector. At a time when the state needs good jobs more than anything, it is the wrong economic strategy.

The Governor promised to boost jobs, but his immediate priority—announced last week—is to cut compensation for public employees. This directly **affects over 340,000 people** working in state, county and municipal government and in public schools. **It indirectly affects everyone.**

Walker wants big increases in worker contributions to health insurance and pensions. He'd do it by removing public workers' ability to negotiate benefits or anything other than wages. Walker would cut middle-class jobs to pay for tax cuts for the wealthiest.



Cutting purchasing power stalls the economy

The Governor's plan would take a huge bite out of the purchasing power of public workers. This would cause ripple effects throughout the private sector. The total effect would be to destroy in the range of 9,000 to 11,500 good jobs statewide, according to the Institute for Wisconsin's Future (IWF), a nonprofit research organization. IWF used economic simulation to calculate the impact.

When workers have more purchasing power, it means a stronger economy. Keeping pay in the hands of public employees ensures they have money to buy groceries, go to restaurants and purchase cars. This benefits everyone. This keeps the economy growing and private-sector employees at work.

Walker's proposal would take more than **\$900 million a year out of the state economy, perhaps as much as \$1.2 billion**. That is based on published statements by Walker's staff, estimates from the Department of Administration and data from the Department of Workforce Development.

[For details, including methodology, see IWF's report, *Unintended Consequences: The economic impact of cutting public sector wages and benefits*, at its web page: www.wisconsinsfuture.org.]

Cuts harm the private sector

Walker wants people to think that cuts to public employees are painless for everyone else. But reducing compensation for public workers carries a large hidden cost.

Public sector workers are consumers just like their neighbors whose paychecks come from private employers. Cutting the disposable income of public workers undermines their purchasing power, the most important element in economy recovery.

Closing a big employer in every county

The economic ripple effects from his plan would be the same as if he ordered businesses to shut down in every county. **It would be the equivalent of closing a 400-employee firm in Green Bay, or a 200-employee company in Appleton, or a 3,000-employee business in Madison.**

Wisconsin's public workers live, work and spend in Wisconsin. Cutting their ability to put cash into the economy would be an economic disaster.



If all public workers took an 8% cut in take-home pay

The chart shows public-sector employment by county; the average impact of an 8% pay cut; and the total loss of purchasing power in that county.

| County | # Public employees | Average annual pay cut | Total loss |
|-------------|--------------------|------------------------|---------------|
| Adams | 872 | \$2,351 | \$2,049,660 |
| Ashland | 1,832 | \$2,372 | \$4,344,815 |
| Barron | 4,198 | \$2,275 | \$9,548,907 |
| Bayfield | 1,159 | \$2,201 | \$2,550,477 |
| Brown | 15,695 | \$3,111 | \$48,831,266 |
| Buffalo | 674 | \$2,274 | \$1,532,379 |
| Burnett | 1,125 | \$2,326 | \$2,616,522 |
| Calumet | 1,246 | \$2,525 | \$3,145,831 |
| Chippewa | 3,314 | \$2,861 | \$9,480,235 |
| Clark | 1,830 | \$2,344 | \$4,289,678 |
| Columbia | 3,612 | \$2,685 | \$9,696,432 |
| Crawford | 1,000 | \$2,608 | \$2,607,705 |
| Dane | 65,262 | \$3,988 | \$260,242,661 |
| Dodge | 5,061 | \$2,991 | \$15,139,818 |
| Door | 1,611 | \$2,679 | \$4,315,283 |
| Douglas | 2,654 | \$3,111 | \$8,256,726 |
| Dunn | 2,940 | \$3,286 | \$9,660,284 |
| Eau Claire | 6,256 | \$3,363 | \$21,036,703 |
| Florence | 808 | \$2,397 | \$1,938,114 |
| Fond du Lac | 5,562 | \$3,099 | \$17,238,524 |
| Forest | 1,585 | \$2,397 | \$3,800,459 |
| Grant | 3,984 | \$2,882 | \$11,481,039 |
| Green | 1,938 | \$2,584 | \$5,008,301 |
| Green Lake | 1,040 | \$2,389 | \$2,484,724 |
| Iowa | 1,266 | \$2,538 | \$3,212,611 |
| Iron | 338 | \$2,604 | \$880,191 |
| Jackson | 2,445 | \$2,461 | \$6,016,481 |
| Jefferson | 3,941 | \$2,737 | \$10,785,492 |
| Juneau | 2,256 | \$2,794 | \$6,304,062 |
| Kenosha | 8,659 | \$3,495 | \$30,266,836 |
| Kewaunee | 1,096 | \$2,502 | \$2,742,688 |
| La Crosse | 7,908 | \$3,060 | \$24,196,982 |
| Lafayette | 1,020 | \$2,377 | \$2,424,503 |
| Langlade | 1,041 | \$2,549 | \$2,653,558 |
| Lincoln | 1,773 | \$2,986 | \$5,293,571 |
| Manitowoc | 3,739 | \$3,171 | \$11,856,237 |
| | | | |

| County | # Public employees | Average annual pay cut | Total loss |
|------------------|--------------------|------------------------|------------------------|
| Marathon | 6,953 | \$3,103 | \$21,577,639 |
| Marinette | 1,974 | \$2,583 | \$5,099,657 |
| Marquette | 704 | \$2,333 | \$1,642,508 |
| Menominee | 704 | \$2,397 | \$1,687,602 |
| Milwaukee | 48,379 | \$3,831 | \$185,340,125 |
| Monroe | 2,404 | \$2,461 | \$5,917,108 |
| Oconto | 1,735 | \$2,503 | \$4,342,238 |
| Oneida | 2,115 | \$3,060 | \$6,472,819 |
| Outagamie | 9,765 | \$3,358 | \$32,790,597 |
| Ozaukee | 3,736 | \$3,169 | \$11,838,380 |
| Pepin | 1,176 | \$2,397 | \$2,819,438 |
| Pierce | 3,048 | \$2,917 | \$8,889,954 |
| Polk | 2,483 | \$2,555 | \$6,343,394 |
| Portage | 4,382 | \$3,149 | \$13,799,613 |
| Price | 893 | \$2,195 | \$1,960,182 |
| Racine | 9,098 | \$3,541 | \$32,217,100 |
| Richland | 1,008 | \$2,378 | \$2,396,949 |
| Rock | 8,294 | \$3,155 | \$26,171,345 |
| Rusk | 1,100 | \$2,345 | \$2,579,322 |
| Saint Croix | 3,947 | \$2,671 | \$10,542,118 |
| Sauk | 5,108 | \$2,625 | \$13,407,059 |
| Sawyer | 1,967 | \$2,293 | \$4,509,351 |
| Shawano | 2,774 | \$2,335 | \$6,478,585 |
| Sheboygan | 5,820 | \$3,179 | \$18,499,257 |
| Taylor | 906 | \$2,406 | \$2,179,435 |
| Trempeleau | 2,014 | \$2,411 | \$4,855,877 |
| Vernon | 1,698 | \$2,138 | \$3,629,993 |
| Vilas | 1,943 | \$2,448 | \$4,755,532 |
| Walworth | 5,974 | \$3,182 | \$19,011,193 |
| Washburn | 1,117 | \$2,792 | \$3,118,422 |
| Washington | 5,036 | \$3,094 | \$15,583,204 |
| Waukesha | 16,569 | \$3,377 | \$55,952,562 |
| Waupaca | 3,874 | \$2,582 | \$10,001,674 |
| Waushara | 1,411 | \$2,766 | \$3,903,135 |
| Winnebago | 10,655 | \$3,235 | \$34,471,773 |
| Wood | 4,722 | \$3,065 | \$14,471,297 |
| WISCONSIN | 356,227 | \$3,277 | \$1,167,186,194 |

