



# The Great Recession in Wisconsin and Minnesota: Comparing Employment Effects in Two Neighboring Midwestern States



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## Introduction

The economic downturn that began at the end of 2008 has become known as the *Great Recession* and by most accounts the economy has been slow to recover from this hit. The standard way of judging the severity of a recession and success of a recovery is to look at labor market information. This poster compares the impact of the *Great Recession* and the subsequent recovery in the two neighboring Midwestern states of Minnesota and Wisconsin as whole.

Table 1: Annual Total Employment (thousands of jobs)

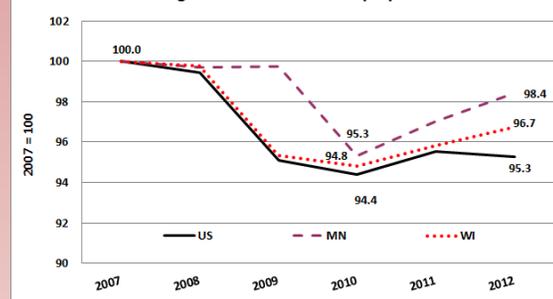
Date	US	MN	WI
2007	137,645.3	2,771.3	2,878.3
2010	129,916.7	2,641.3	2,728.7
2012	131,130.5	2,727.6	2,784.6
Change (2010)	-7,728.7	-130.1	-149.6
Change (2012)	-6,514.8	-43.7	-93.8

## Annual Total Employment

The story of the *Great Recession* and subsequent recovery for Minnesota, Wisconsin and the United States as a whole can be seen in Figure 1 and Table 1. Overall, the recession was somewhat less severe in Minnesota and Wisconsin than the United States as a whole. By 2010 employment in Minnesota had fallen 4.7% (over 130,000 jobs), while Wisconsin employment dropped by 5.2% (nearly 150,000 jobs). By comparison, employment in the United States as a whole fell by 5.6% (over 7.73 million jobs).

Minnesota and Wisconsin have achieved a more significant recovery than the United States as a whole. 2012 employment for the entire United States still sits at 95.3% of the 2007 level. Wisconsin 2012 employment exceeded this, reaching 96.7% of the 2007 level, while Minnesota has had an even smoother recovery, reaching 98.4% of the 2007 level.

Figure 1: Annual Total Employment Index



## Total Employment by Sector

Overall, employment in 2012 was down 1.6% in Minnesota and 3.3% in Wisconsin compared to 2007. The impact of the recession and the subsequent recovery in Minnesota and Wisconsin can be seen in more detail by looking at employment by sector in each state. Tables 2 and 3 show employment levels and changes for selected sectors in 2007 and 2012. In Minnesota, 2012 employment was down in seven of the nine selected sectors compared to 2007, while in Wisconsin, 2012 employment was down in eight of the nine selected sectors over the same period.

Construction was the hardest hit sector in both states. Minnesota 2012 construction employment was down 21.1% compared to 2007, while the drop was more severe in Wisconsin at 26.2%. In contrast, 2012 employment in healthcare and social assistance was up in both Minnesota (11.1%) and Wisconsin (6.9%) compared to 2007. Other employment also grew in Minnesota between 2007 and 2012 (1.1%).

Table 2: Minnesota Total Employment by Sector 2007 and 2012 (thousands of jobs)

Date	Manufacturing	Retail Trade	Hlth/Soc/Ass	Leis/Hosp	Financial	Construction	Information	Government	Other	Total
2007	341.5	301.4	371.9	247.8	179.5	120.1	58.0	414.6	736.7	2,771.3
2012	305.4	282.7	413.2	244.3	177.1	94.8	53.7	411.8	744.9	2,727.6
Change	-36.1	-18.7	41.2	-3.5	-2.4	-25.3	-4.3	-2.8	8.2	-43.7
% Change	-10.6	-6.2	11.1	-1.4	-1.3	-21.1	-7.4	-0.7	1.1	-1.6

Table 3: Wisconsin Total Employment by Sector 2007 and 2012 (thousands of jobs)

Date	Manufacturing	Retail Trade	Hlth/Soc/Ass	Leis/Hosp	Financial	Construction	Information	Government	Other	Total
2007	501.3	314.6	343.9	262.0	163.1	125.9	50.2	416.0	701.3	2,878.3
2012	454.9	294.4	367.7	257.4	162.6	93.0	46.2	410.7	697.7	2,784.6
Change	-46.4	-20.2	23.8	-4.6	-0.5	-33.0	-4.0	-5.2	-3.6	-93.8
% Change	-9.3	-6.4	6.9	-1.8	-0.3	-26.2	-8.0	-1.3	-0.5	-3.3

Figure 2: Minnesota 2007

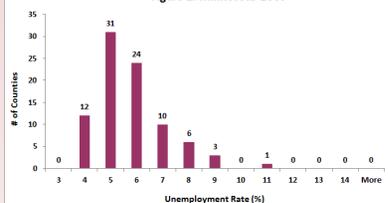


Figure 3: Minnesota 2010

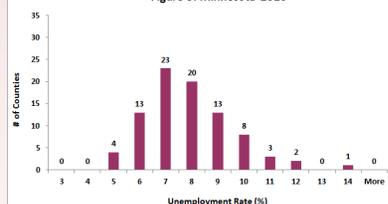
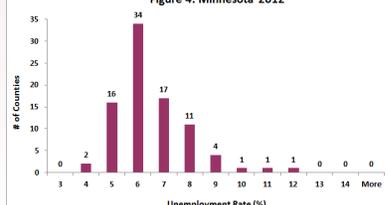


Figure 4: Minnesota 2012



## Unemployment Rate by County

As we can see from the analysis so far, the recession had varying impacts on different states. Similarly, the recession also had varying impacts across counties within a state. We next investigate the impact of the recession on the unemployment rate across counties in both Minnesota and Wisconsin. Figures 2 - 4 show the distribution of unemployment rates across Minnesota counties in 2007, 2010 and 2012, while Figures 5 - 7 show the county unemployment rate distribution in Wisconsin for the same years.

### Minnesota Unemployment Rate by County

The Minnesota state unemployment rate in 2007 was 4.7%, rising to 7.4% in 2010 at the height of the recession and recovering to 5.7% in 2012. This state average masks important variation in the impact of the recession across Minnesota counties.

Of Minnesota's 87 counties, 12 had an unemployment rate of between 3-4% and another 31 counties were between 4-5% in 2007. Overall in 2007, 77.0% of Minnesota counties had an unemployment rate of 6% or less, while the highest rate of unemployment was 10.4% in Clearwater County.

In 2010 however, only four Minnesota counties had an unemployment rate between 3-4% and only 19.5% of the 87 counties had an unemployment rate of 6% or less. In contrast, three counties had an unemployment rate of between 10-11%, while another two counties were between 11-12%, while Clearwater County had the highest unemployment rate at 13.5%.

Despite some recovery in 2012, three Minnesota counties still had an unemployment rate of at least 9% and only 59.8% had an unemployment rate of 6% or less compared to 77.0% in 2007.

### Wisconsin Unemployment Rate by County

The Wisconsin state unemployment rate in 2007 was 4.8%, rising to 8.5% in 2010 at the height of the recession and recovering to 6.9% in 2012. This state average masks important variation in the impact of the recession across Wisconsin counties.

Of Wisconsin's 72 counties, five had an unemployment rate of between 3-4% and another 29 counties were between 4-5% in 2007. Overall in 2007, 81.9% of Wisconsin counties had an unemployment rate of 6% or less, while the highest rate of unemployment was 10.2% in Menominee County.

In 2010 however, only one Wisconsin county had an unemployment rate between 5-6% and only 1.4% of the 72 counties had an unemployment rate of 6% or less. In contrast, 17 counties had an unemployment rate of between 10-11%, while another five counties were between 11-12%, while Menominee County again had the highest unemployment rate at 16.8%.

Despite some recovery in 2012, 24 Wisconsin counties still had an unemployment rate of at least 9% and only 16.6% had an unemployment rate of 6% or less compared to 81.9% in 2007.

Figure 5: Wisconsin 2007

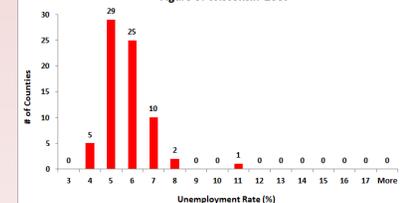


Figure 6: Wisconsin 2010



Figure 7: Wisconsin 2012



## Conclusion/Discussion

Most analyses of economic recessions and recoveries focus on employment and/or unemployment. National and even state level analyses can miss the story of how recessions and recoveries have varying impacts and timelines across states and across counties within states. This poster takes a preliminary look at the impact of the *Great Recession* and subsequent recovery in the two neighboring Midwestern states of Minnesota and Wisconsin compared to the United States as a whole. From this analysis we clearly see a large degree of variation in the recession/recovery experiences of these two states both of which were hit less hard by the recession than the United States as a whole.