

Work and Economic Support E-Newsletter

A Monthly Summary of Developments Impacting Wisconsin's Workers and Employers

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Feel free to forward this e-newsletter to other interested parties, and encourage them to sign up for this and/or other WCCF e-newsletter lists [here](#). You can contact the author, John Keckhaver, directly at jkeckhaver@wccf.org and ext. 305.

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1. The Federal Stimulus Makes its Way Through Congress

The national economy shrank in the last quarter of 2008 by 3.8 percent, the steepest decline in 26 years. Unemployment is the highest it's been since 1993 and is expected to worsen considerably in 2009. Talk of the housing industry often brings up the question - what housing industry? The possibility that the recession may get deeper before the economy improves has brought about a sense of urgency to the President and Congress alike to pass a stimulus package - and soon.

This week the House passed an \$819 billion package dubbed the [American Recovery and Reinvestment Act](#). The Senate is expected to vote on a similar measure next week.

The [Center for American Progress](#) provides a good summary of the stimulus package and gives some indication of how individual states will fare if it is implemented.

For a brief look at how a few specific areas of policy critical to Wisconsin's families would be impacted, check out this WCCF [Highlights](#) release.

While consensus exists around the need for an economic stimulus package, there is debate about the impact that such a package will have on the nation's longer term economic health. Recent [testimony](#) by Alice Rivlin of the Brookings Institution to the Senate Committee on the Budget offers a good discussion of the two primary economic challenges faced by Congress and the new President - to devise an effective immediate response to the current recession *and* to improve the long-term fiscal health of the nation.

Click [here](#) for a recent New York Times article on the stimulus and what the world is thinking about the impact it may have on the growing U.S. debt.

2. Economic Downturn Focuses Attention on Financial Aid Availability

The federal response to the recession will likely include funds for financial aid through the existing Pell Grants program - with an increase in the maximum grant of \$500 most likely. At the state level, recognition has been growing of the need to increase our investments in need-based financial aid.

Click [here](#) for a recent article from Rolf Wegenke, President of the Wisconsin Association of Independent Colleges and Universities that appeared in the Wisconsin State Journal on the need for financial aid increases at all the state's higher educational institutions.

And from us here at WCCF, financial aid investments are front and center in our [2009-11 Workforce Policy Agenda](#). For two other recent WCCF publications on financial aid issues, see the issue brief on the state of [financial aid for technical college students](#), and another on the issue of [working adults' eligibility](#), or lack thereof, for state financial aid.

3. Updated Unemployment and Underemployment Numbers and News

As is the norm at the mid or tail end of economic downturns, the unemployment rate continues to rise, and stood at 7.2 percent in December (nationally). 2008 saw a loss of 2.6 million jobs, with many commentators predicting another 2 million job losses this year. Wisconsin has not fared as poorly as the national average, though its unemployment rate has climbed as well, reaching 5.8 percent in December.

The economic stimulus plan described above includes funds for extended unemployment benefits, and many states have already taken action to ensure that their unemployed workers receive benefits for an longer period of time.

In addition to unemployment, an important economic bellweather is the *underemployment* rate (currently at 13.5 percent). Among others, this includes those seeking full time work who cannot find it and are instead working part time. For an informative description of this phenomenon currently, see this recent Bureau of Labor Statistics [report](#).

4. New Federal Poverty Levels Released

Jon Peacock, WCCF research director, recently updated two useful poverty-related releases, the federal poverty [guidelines](#) as well as the federal poverty [tables](#).

5. Foreclosure Data by County - 2007 and 2008

You've read numerous articles on foreclosure activity and the impact on Wisconsin's families in past E-Newsletters. Foreclosures continue to be a critical issue for families and communities around the state. The state courts have recently released a useful set of [data](#) showing the number of foreclosure actions filed in each county in the state in 2007 and 2008. With job losses mounting, foreclosures are not expected to wane any time soon.

6. State Legislative Update - Early Focus is on Jobs and Wages

The State Senate and Assembly have begun their 2009-10 legislative session, and the early focus is on jobs and wages. This is the first of this year's state legislative updates where we'll give a rundown of work and economic support-related legislative proposals.

[SB1](#) - Minimum wage - This bill would increase the state's minimum wage to \$7.60 an hour (for general employees), and would also automatically increase the wage annually based on inflation, commonly referred to as indexing.

[SB2](#) - Wage claim lien - Wage claim liens occur when employees are owed wages for work already done from employers who are experiencing financial difficulties. Currently the wage claim lien has priority over a prior lien by a commercial lending institution, but only as to the first \$3,000 of owed wages that are earned within six months preceding the claim. This bill eliminates both the \$3,000 and six-month limits.

Both SB1 and SB2 passed out of the Senate Committee on Labor, Elections, and Urban Affairs on January 29th.

SB20 - Damages awarded in employment discrimination cases - This bill requires that if a circuit court finds that a defendant has committed employment discrimination, that defendant must pay the plaintiff compensatory and punitive damages, as well as a surcharge to the court.

AB1 - Procurement of locally-produced goods and services - This bill requires DOA and other agencies making purchases to ensure that at least 2 percent of those come from Wisconsin-based businesses. The bill also sets a goal for local governments to do the same.

AB2 - Contraction for services limited to domestic businesses - State agencies are currently allowed to contract out services (as compared to using state employees) when it is more economical or efficient to do so. This bill - with some exceptions - requires that all contractual services by state executive branch agencies be performed within the United States. An identical Senate bill has now been introduced (SB8).

Both AB1 and AB2 passed out of the Assembly Committee on Jobs, the Economy and Small Business, and the full Assembly.

7. Other Reading and Resources

Wisconsin Department of Workforce Development Offers New [E-Newsletter](#)

[Economy, Housing Woes, Slow Migration, Census Shows](#) (includes state rankings for growth, migration, etc.)
Brookings Institution

[National Economic Activity Index](#)
Chicago Federal Reserve

[Fresh Water and the Great Lakes Economic Future](#)
Chicago Fed Letter - February, 2009