

# Economic Security Across the American States



## WISCONSIN

Across the nation, Americans experienced record levels of economic insecurity during and since the recent downturn. This report concerns economic insecurity in Wisconsin from 1986 to 2010.

### The Economic Security Index

The ESI is a comprehensive measure of economic security, which tracks the proportion of Americans who see their "available household income"—their household income after paying for medical care and servicing their financial debts—decline by 25 percent or more from one year to the next and who lack sufficient financial wealth (such as savings) to replace this lost income.

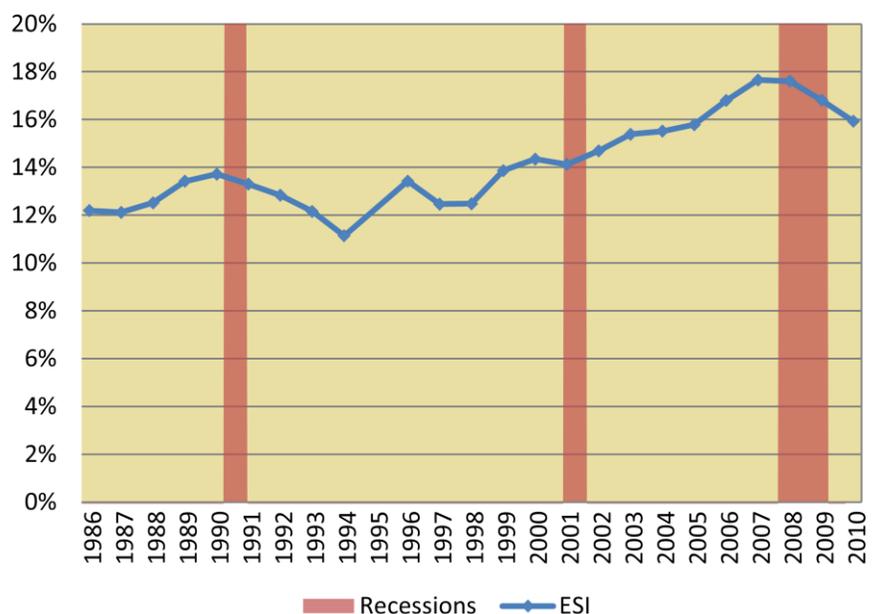
### Insecurity in Wisconsin

Figure 1 shows the ESI for Wisconsin between 1986 and 2010. Wisconsin experienced a record level of insecurity (17.7 percent) in 2007. Over the last quarter century, Wisconsin's ESI has increased at a rate of 2 percentage points per decade on average. It was 12.2 in 1986 and 15.9 in 2010. In terms of individuals affected, roughly 706,000 Wisconsin residents experienced a 25 percent drop or greater in 2010, compared with 437,000 in 1986, reflecting higher insecurity as well as a larger state population.

### Highlights:

- Wisconsin had the 2<sup>nd</sup> lowest insecurity in the nation during 2008-2010, according to the Economic Security Index—a novel measure of economic instability in the United States.<sup>1</sup>
- The Economic Security Index (ESI) tracks the share of Americans who see their available household income—their total income after subtracting out medical costs—decline by 25 percent or more from one year to the next. For the first time, the ESI is available for the American states.
- In addition to showing that about 1 in 6 Wisconsin residents experienced large losses in 2010, the ESI shows that on average insecurity in Wisconsin rose proportionally by 44 percent between 1986 and 2010.<sup>2</sup>
- This translates into roughly 706,000 Wisconsin residents (out of a population of 4.4 million) who experienced large economic losses in 2010, as opposed to 437,000 in 1986, reflecting both a rise in insecurity and state population growth.

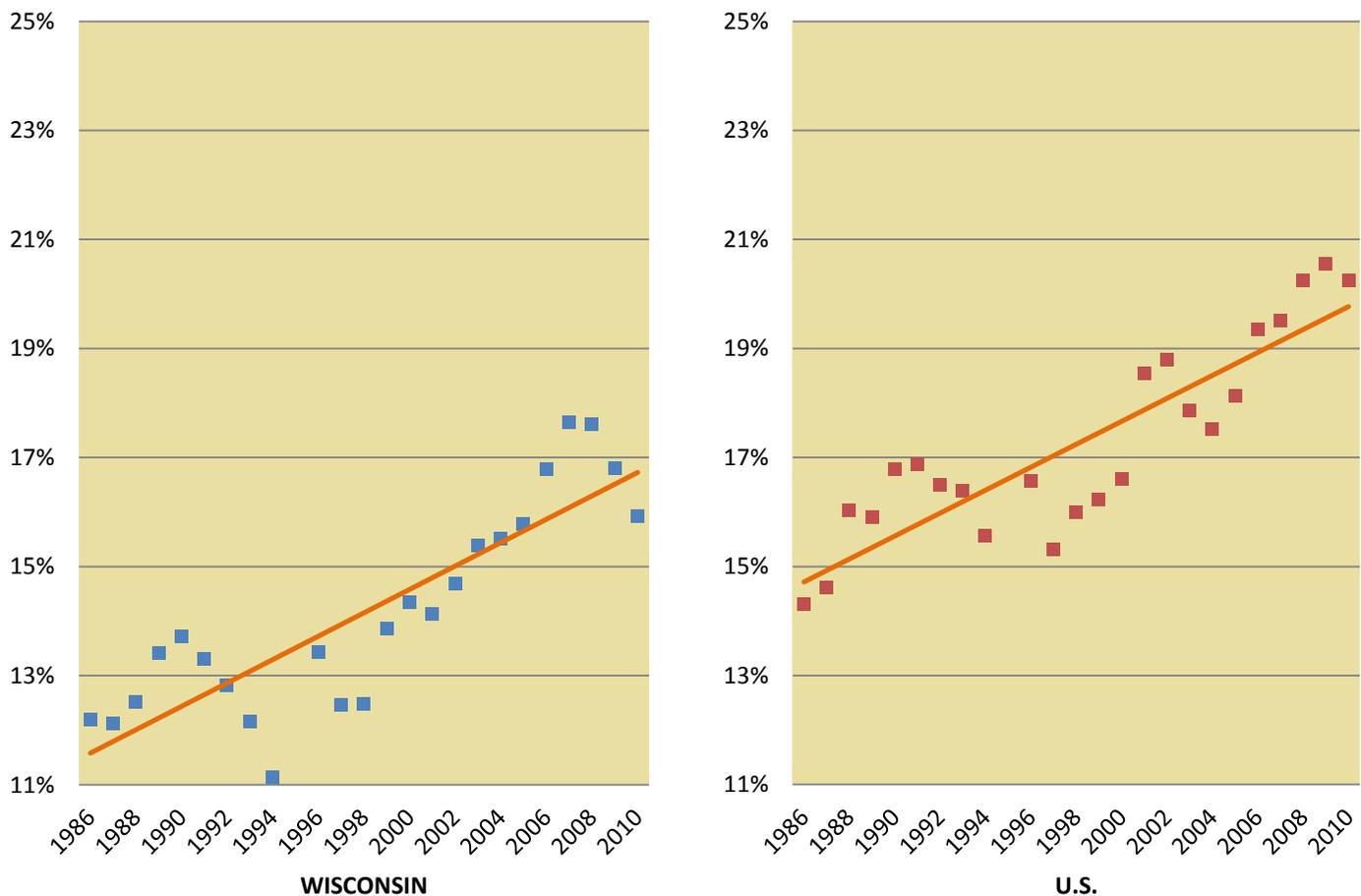
Figure 1: Prevalence of large economic losses, 1986-2010



## Wisconsin's Insecurity in National Perspective

Figure 2 compares the ESI in Wisconsin with the ESI for the nation as a whole. The Wisconsin ESI may have been lower than the national average in 2010 for several reasons. Variation in state level ESIs are likely driven by a combination of state policies, exposure to macroeconomic shocks, and the demographic composition of the state. The Wisconsin ESI may be lower due to lower concentrations of individuals known to have higher exposure to economic risk at the national level. For example, large losses are more prevalent among individuals who reside in a household headed by someone who has less than a college degree, is Black or Hispanic, or is a single parent. For more information on the relationship between demographic composition, employment, and state insecurity, see *Economic Insecurity Across the American States* at [http://economicsecurityindex.org/upload/media/ESI\\_cross\\_state.pdf](http://economicsecurityindex.org/upload/media/ESI_cross_state.pdf).

**Figure 2: The ESI for Wisconsin and the U.S., 1986-2010**



### Notes

<sup>1</sup> Rankings are out of 49 because reliable estimates cannot be obtained for Alaska or Hawaii; in addition to the 48 contiguous American states, rankings are available for the District of Columbia.

<sup>2</sup> This percentage increase is measured by comparing the average over-time trend for the whole series over the trended value for 1986. In other words, annual fluctuations in the ESI are averaged out to focus on the long-term trend. It should be noted, however, that substantial increases in insecurity are robust to a variety of measures, including measurement from the recessionary period of 1991-1993 to that of 2008-2010.