



# Wisconsin's EVER-CHANGING Workforce

There is an old saying that the only constant in this world is change. That adage can be applied to Wisconsin's labor force. The retirement of the large baby boom generation beginning in 2011 has been a driving factor in the state's labor shortage and rising wages. Cultural shifts, such as changing preferences on family formation and work-life balance, have workforce implications while technology has at least partially severed the link between place of work and residence.

For counties, these changes can create difficulties in attracting and retaining workers. Understanding how the workforce is evolving can help county officials devise plans to address the attraction/retention challenges.

## ► Demographics

The most significant workforce event currently facing Wisconsin is the retirement of the large baby boom generation. Wisconsin has gone from about 42,000

residents turning 65 in 1990 and 2000, to 63,000 in 2010 and 82,000 in 2020. In other words, the number of residents reaching retirement age nearly doubled from 2000 to 2020.

At the other end of the workforce age spectrum, the number of residents turning 16 (the youngest labor force age) was almost twice the number turning 65 in 1990 and 2000. But by 2020, the state had more residents reaching retirement age than "working age."

## ► Leaving the workforce

At the same time, some "family formation age" workers are opting to leave the workforce. The labor force participation rate (the percentage of a certain population in the workforce) for women aged 35-44 dropped 3.6 percentage points from 2017 to 2023. For males of that age, participation declined by 5.3 percentage points. A major contributing factor to the

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decline is likely the significant difficulty in finding affordable child care. When child care for two children can consume 34% of household income or more, some parents choose to stay home until their children go to school full time.<sup>1</sup>

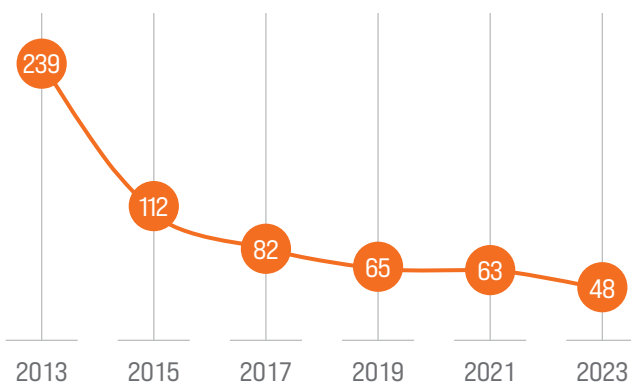
► **Measuring the shortage**

What has this meant for the workforce over the past decade? The size of Wisconsin’s labor force peaked in 2017 at 3.14 million. It then declined for several years, rising again in 2023 to 3.13 million.

Since 2018, the monthly unemployment rate has been under 3% in 17 of the 29 months. In May 2024, the most recent month for which data is available, the rate was 2.9%.<sup>2</sup>

And yet the demand for workers continues to grow. A decade ago, Wisconsin had 240 unemployed people for every 100 job openings (see graphic below). With more people competing for fewer jobs, employment terms, such as wages, flexibility, and benefits, were usually more beneficial to employers. However, this dynamic has completely reversed in recent years.

Number of Unemployed Per 100 Job openings



Last year, Wisconsin averaged nearly 200,000 job openings per month for 95,000 unemployed residents (48 unemployed per 100 openings). Put another way, there were more than two job openings for every unemployed person. Those openings may not have been filled due to a skill or location mismatch between the job and job seeker.

► **Migration**

One way that Wisconsin’s demographic challenges can be overcome is through migration, both international and from other states. However, the state’s net migration patterns have been trending in the wrong direction. Overall, net migration into the state has fallen from nearly 230,000 during the 1990s to just over 80,000 during 2000-2010 and to less than 55,000 during 2010-2020.

More importantly for the workforce, the trends among those in their family formation and prime working years (25 to 54) are similar. During the 1990s, the state added about 60,000 to this age group. In the last decade, we added less than 7,000.

While it is difficult to solve the demographic issue in a timely fashion, the migration issue can be addressed. States, counties and cities across the country provide a blueprint by offering incentives for people to move in. Tulsa, Oklahoma, for example, gives new residents \$10,000 grants for relocating to the city while West Virginia offers up to \$12,000 to those who relocate to the state.

► **Rising wages**

The worker shortage is not just about difficulty in finding workers, it is also about rising pay. With the demand for workers high and the worker supply falling, wages are naturally rising. In Wisconsin, they are being



pushed up from the bottom. Between 2019 and 2023, the average pay in the lowest-paying occupations (bottom 20%) in the state rose 29%. Among the 20% of occupations that paid the most, wages increased less than 16%.

Rising pay is good for workers. At the same time, it can be difficult for employers, especially small businesses, to pay higher wages without raising prices.

### ► The remote option

Although the number of remote workers had been rising before 2020, the COVID-19 pandemic made it the temporary “normal” for many workers. According to the Pew Research Center, 35% of workers with jobs that can be done remotely are working from home full-time. Another 41% are working remotely most or some of the time.

Among those working remotely, 42% said it helped a lot

with work/life balance and 30% said it significantly helped them get work done or meet deadlines. However, 10% said it hurt their connection with coworkers a lot. Another 33% felt the connection was hurt a little.

### ► The future

These workforce patterns will ultimately change again, but the foreseeable future looks much the same. More than a decade of declining births will put pressure on the state’s workforce 10 to 20 years out. Wage pressures are likely to continue. And the remote work option will likely grow. Any recruitment/retention plan needs to account for these trends. ■

*Forward Analytics is a Wisconsin-based research organization that provides state and local policymakers with nonpartisan analysis of issues affecting the state.*

1. “Priced Out: The Steep Cost of Childcare in Wisconsin,” September 2023, Forward Analytics.
2. Preliminary rate as of July 1 and subject to revision.

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**ATTOLLES**  
LAW, S.C.

Andy Phillips, Attorney and WCA General Counsel  
aphillips@attolles.com | 414-644-0391 | Milwaukee

[www.attolles.com](http://www.attolles.com)