



The Migration Solution to Worker Shortages

by Dale Knapp, Director, Forward Analytics

Wisconsin is facing an assortment of workforce challenges. Housing, child care, training and broadband access are a few of the challenges addressed elsewhere in this issue of the magazine. But the state also faces a more fundamental challenge — too few workers. This past spring, the U.S. Bureau of Labor Statistics reported that there were 233,000 job openings across the state. With unemployment at a record low of 2.8%, Wisconsin had just 91,000 unemployed residents to fill those jobs.

This lack of workers is not a temporary phenomenon. It will be with us for the foreseeable future. While there are a variety of factors in play, the primary reason for the shortage is demographics. The state does not have enough young residents to replace the retiring baby boom generation.

Given the state's aging population, part of the answer to the worker shortage is increased migration. If Wisconsin is to grow or even maintain the size of its labor force, it must focus on attracting workers from other states and/or other countries.

► Workforce demographics

Growth in the labor force, particularly the full-time labor force, is driven by the population aged 25-64 years old — those of prime working age. Most workers younger than 25 are finishing their education and often are working part time. Those 65 years old or older are usually retired from the workforce.

The oldest half of the large baby boom generation were 55-64 years old in 2010. This group was 53% larger than the same age cohort in 2000. As those baby boomers aged out

of their prime working years from 2010 to 2020, they were replaced by millennials who were 15-24 years old in 2010.

While the state had a sufficient number of these millennials in 2010 to replace the older baby boomers, it experienced a 10-year net loss of 40,000 as millennials moved to other states. That out-migration is part of the explanation for today's worker shortage.

► Looking ahead

The bigger demographic challenge comes over the next decade. In 2020, the younger baby boomers were 55-64 years old and outnumbered their older counterparts by 20%. The size of the younger generation who will replace them is 60,000 less than those who will retire. If migration patterns mirror those from 2010 to 2020, the number of residents of prime working age in 2030 will be 130,000 fewer than in 2020.

► Migration an answer

Part of the workforce shortage could be ameliorated by reversing the decline in Wisconsin's labor force participation rate — the percentage of the 16 or older population that is in the workforce. In Wisconsin, that rate fell from 69.4% in 2010 to 66.5% in 2021.

However, migration must be part of the solution. The state has been a net importer of people in each of the last three



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decades (see graph). Wisconsin added more than 220,000 residents during the 1990s which helped to sustain a robust economy. However, net migration dropped to 80,000 in the 2000s and to just 54,000 during the most recent decade.

Migration levels of that magnitude can help but are not enough. Wisconsin's demographics are such that we will likely need to add 170,000 people ages 25 to 64 just to maintain the size of that age group. That is a mountain to climb, but one that must be attempted.

► Touting Wisconsin

Our state has much to offer. With a cost of living 5% below the national average, it is affordable. The state ranks in the middle of the pack in terms of taxes, a big improvement from two decades ago when Wisconsin consistently ranked among the 10 highest taxing states.

We have good schools. On the most recent national education assessment, Wisconsin eighth graders had the fourth highest scores in math and fifth highest in reading. In higher education, the University of Wisconsin-Madison ranks among the top 15 public universities in the country and several of the smaller universities in the UW System and private colleges consistently rank high in the Midwest.

Wisconsin is relatively safe. The latest figures from the

FBI show Wisconsin with the 11th lowest crime rate in the country. The state ranks high on recreation activities. It is the number two state in the country in terms of high-quality, public-access golf courses and 11th for camping. The list goes on.

Wisconsin has a lot of work to do if it wants to continue to grow over the next decade or two. An important piece of that work involves

attracting working families from other states and nations to help fill the void left by retiring baby boomers. ■

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

1. Council For Community and Economic Research
2. Wisconsin Policy Forum
3. 2019 National Assessment of Educational Progress
4. U.S. News & World Report 2022 rankings
5. Golfweek and 247WallStreet, respectively

