

# Assessing Wisconsin's Economy in 2024

As we move through 2024, it is worth taking stock of the overall health of Wisconsin's economy. Over the past few years, the state's gross domestic product (GDP) and personal income have risen. Wisconsinites have seen the unemployment rate spike, and then fall to record lows. The labor force has remained very competitive, especially in the months and years following the pandemic. Personal consumption and inflation have increased and remain stubbornly elevated. So, where are we now?



2017 with 3.14 million people in the workforce. Due partially to the pandemic, this figure dropped to 3.08 million in 2022 before unexpectedly rising in 2023 to 3.13 million.

Part of the decline is due to the large baby boom generation aging into their retirement years. A second factor is a general decline in the labor force participation rate, or the percentage of adults who are in the workforce. The rate increased slightly between 2012 and 2017, reaching 69.0%. It began to fall the following year and by 2022, reached a low of 64.5%. In 2023, the rate increased to 65.2%, which is still significantly lower than pre-pandemic levels.

There are various reasons for the lower participation

## ▶ GDP and income

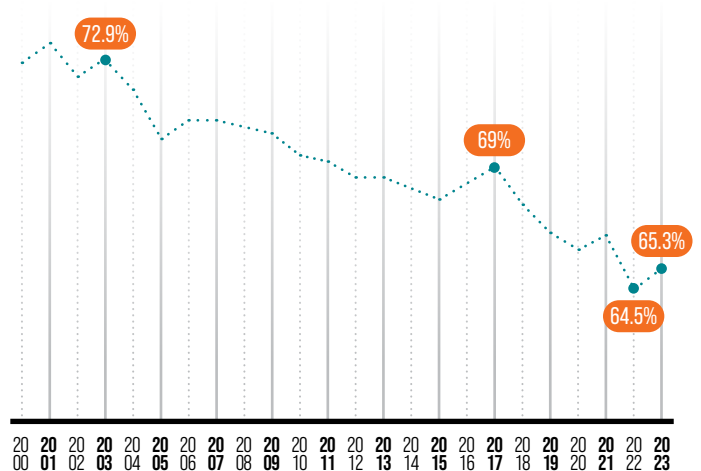
At a high level, the state's economy appears strong. Real GDP, which measures the total output of the state adjusted for inflation, is projected to increase by a little over 1.0% in 2023. Despite a decline in 2020 due to the pandemic, real GDP has increased by 4.3% from 2017 through 2022.

At the same time, personal income has grown steadily. In 2023, per capita personal income increased an estimated 3.9% to \$63,845. Personal income, bolstered by federal COVID-19 relief dollars, grew each year, rising 15.2% from 2020 through 2023, after increasing 14.7% from 2017 through 2020.

## ▶ Labor force

Increases in GDP and personal income depend in part on a growing labor pool, which, for various reasons, continues to elude the state. The size of Wisconsin's labor force peaked in

**Labor Force Participation Rate 2000-2023**





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rate, but perhaps most importantly, some “family-age” workers are opting to leave the workplace. From 2017 to 2022, the participation rate for women aged 35 to 44 dropped 6.5 percentage points, and 7.4 points for those aged 45 to 54. The rates for men in these age groups declined as well but by smaller margins.

One of the most likely reasons for this age group leaving the workforce is the difficulty finding affordable child care. In a recent Forward Analytics report “[Priced Out: The Steep Cost of Childcare in Wisconsin](#),” we found that the cost of child care for a newborn could consume as much as 18% of the median income for a Wisconsin family age 25-44 and the cost of a newborn and toddler could consume up to 34%. Partly because of the cost of child care, some parents are choosing to forgo working to stay home and care for children.

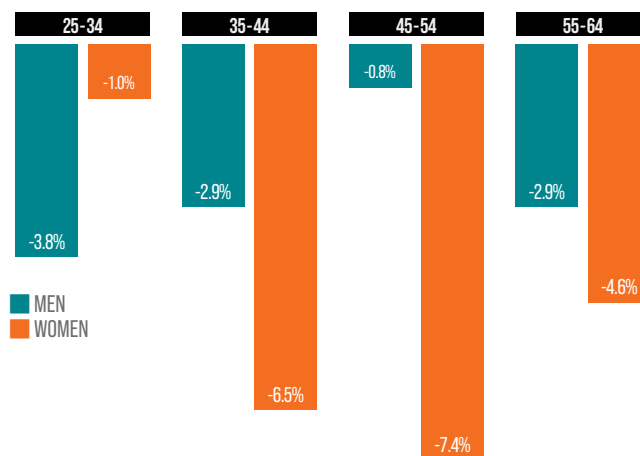
### ▶ Record low unemployment

One consequence of a small and competitive labor pool is a low unemployment rate. Indeed, Wisconsin’s unemployment rate dropped below 3% for the first time in January 2022 and then set a record low of 2.4% in April 2023. At the time of this article, it remains low at 3.3%.

With declining workforce participation and low unemployment, the shortage of workers in Wisconsin has become progressively more challenging. One measure of the shortage is the number of job openings relative to the number of people collecting unemployment. In June 2013, there were 45 job openings for every 100 people on unemployment. By June 2023, this figure soared to 200 jobs available for every 100 unemployed people.

This fierce competition for workers has pushed wages up for most occupations, but particularly those who have historically earned the least. From 2019 through 2022, the jobs earning the least saw their average wages increase the most. The bottom 10% of jobs in terms of wages saw

**Change in Labor Force Participation Rate by Age 2017-2022**



an average of a 25% pay increase. The next 10% saw a 17% average increase, and the third lowest saw a 16% average increase in wages.

### ▶ Final thoughts

Overall, the Wisconsin economy is strong in some ways and struggling in others. The unemployment rate remains low and personal income continues to grow. Yet, the workforce population is relatively stagnant, participation in the labor force has still not recovered to pre-pandemic levels, and personal consumption continues to increase due, in part, to inflation.

In the near future, Wisconsinites will benefit from increasing wages. But in the long term, Wisconsin businesses will likely continue struggling to find workers, which may lead some businesses to relocate as discussed in the February 2024 Research Room column. Additionally, families will continue to feel the pressure of inflated prices for everyday goods. While personal income has increased, and inflationary increases have begun to slow, prices on staples such as groceries remain high. ■

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