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A SERVICE OF THE WISCONSIN TAXPAYERS ALLIANCE

A monthly review of Wisconsin government, taxes and public finance

# The Wisconsin Taxpayer

Student views Bascom Hall. Will he stay? Source: UW-Madison.

## Also in this issue:



Special thanks to former state DOA Secretary George Kaiser for helping underwrite this issue. Kaiser played a key role in a prior study of migration and the corrective tax reforms that followed.

## Moving In, Moving On: Migration in Wisconsin

### IN BRIEF

Almost 669,000 people moved either to or from Wisconsin during the five years prior to the 2000 census. However, net in-migration was only 7,282. This modest number is deceiving and hides many important and revealing trends. This report examines Wisconsin migration data from the U.S. Census. Among the important findings are:

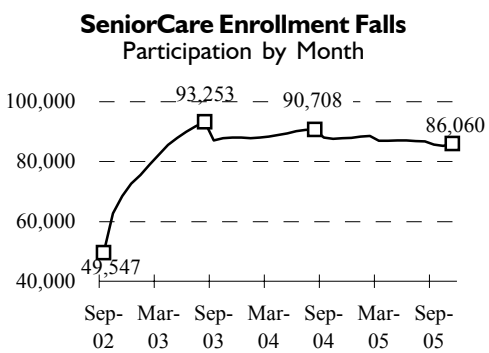
- Wisconsin was a net gainer of individuals ages 30-49 and children 19 and under. Good schools and low crime rates likely play a role.
- Individuals with college or advanced degrees were more likely to leave the state, while those with less education tended to come.
- On a net basis, individuals with household incomes above $75,000 left the state. Those with incomes of $200,000 or more had the highest net out-migration rates.
- The above-average exodus of wealthy Wisconsinites led to a loss of an estimated $4.72 billion in net worth over the five years studied.

*Report begins on page 3*

## Wisconsin Notes

■ **SeniorCare Enrollment Declining.** A total of 86,060 Wisconsin seniors were enrolled in the state's SeniorCare program in November 2005. That was 7.7% less than the 93,253 enrolled in August 2003. SeniorCare was created as part of the 2001-03 state budget to assist residents age 65 or over in purchasing prescription drugs.

In early October 2005, the state received federal approval for SeniorCare qualifying as an alternative to the new Medicare prescription drug benefit. In November, the state received more than 175 new SeniorCare applications per day, up from an average of 70 per day a year earlier.




■ **Remembering Dr. Rupert Theobald.** In early November, H. Rupert Theobald, Ph.D., passed away after a long illness. Born in Berlin, he came to the University of Wisconsin in 1950 to study journalism. In 1957, Theobald became a research associate at the Legislative Reference Bureau (LRB), and the rest is history. For 37 years, he "did it all" at the LRB: researching, writing, bill drafting, library cataloging—and still managed to earn M.A. and Ph.D. degrees in political science. In 1964, he became the Bureau's director. Dr. Theobald was a recognized authority on such complex topics as redistricting, parliamentary procedure and government reorganization. Wisconsin government has known few who were more dedicated, professional and nonpartisan than Rupert Theobald. A plaque honoring Theobald in the Assembly chambers reads: "His dedication, vision, and standards of excellence light the way for those who follow." He will be missed.

## WISTAX Focus

■ **State "buys down" '05-'06 school tax hike.** With talk of a "property tax freeze" and an infusion of new state income, sales and gas tax dollars into school aids, news of the 2005-06 levies for schools has been widely anticipated. School taxes across Wisconsin total $3.59 billion on December tax bills. This is 0.5% less than last year. The slight drop is due mainly to state revenue caps and $300 million in new state aid to "buy down" tax increases. Overall, 189 districts are increasing taxes and 236 are not (*Focus* #25-05).


# The Wisconsin Taxpayer

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The Wisconsin Taxpayers Alliance, founded in 1932, is the state's oldest and most respected private government-research organization. Through its publications, civic lectures and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan and independently funded, WISTAX is not affiliated with any group—national, state or local—and receives no government support.

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# Moving In, Moving On: Migration in Wisconsin

Why people come to or leave Wisconsin is much debated. Some fear our best college graduates leave for good jobs. Others maintain Wisconsin's schools and quality of life attract people to the state.

Many observe that retirees are leaving, taking their incomes and wealth with them. Still other claims relate to the appeal of our social programs or the challenge of recruiting well-paid managers to a high-tax state.

Much of the debate over these issues is based on anecdotal evidence. However, the last decennial census can inform the discussion. It asked respondents whether they lived in the same home in 2000 as in 1995. The unpublished data help provide a better understanding of who is moving in and who is moving on.

## THE BIG PICTURE

At first glance, census figures do not reveal much. Between 1995 and 2000, 330,826 residents left Wisconsin, while 338,108 moved here from other states. The result was net in-migration of a modest 7,282 people (338,108 less 330,826).

Of the 668,934 people entering or leaving Wisconsin, states "trading" the most people with the Badger State were: Illinois (122,343); Minnesota (103,204); California (40,545); Florida (37,581); and Michigan (36,753).

These totals tell the number of people moving across the Wisconsin border, but they ignore direction. For example, of the 122,343 who moved across the border with Illinois, 80,569 entered Wisconsin, while 41,774 left. Thus, our net in-migration from Illinois was 38,795 (80,569 less 41,774). California (6,087), Michigan (2,817), Iowa (2,495) and Pennsylvania (2,087) followed Illinois on the list of states that, on a net basis, sent the most people to the Badger State (see graphic below).

***Net migration is the difference between the number of people moving into the state and the number moving out.***

Different states were the prime destinations for Wisconsinites. Florida sent 13,074 people to Wisconsin but received 24,507, for net out-migration from here of 11,433. Other states at the top of this list were Arizona (10,131), Tennessee (4,865), Colorado (3,752) and Georgia (3,102).

## AGE AND MIGRATION

The differences between states that sent people to or received them from Wisconsin

**Entering and Leaving Wisconsin, 1995 - 2000**
States with Most Net Migration Activity, In and Out

**Wisconsin's Greatest Net In-migration from:**

Illinois (38,795)
California (6,087)
Michigan (2,817)
Iowa (2,495)
Pennsylvania (2,087)

**Wisconsin's Greatest Net Out-migration to:**

Florida (11,433)
Arizona (10,131)
Tennessee (4,865)
Colorado (3,752)
Georgia (3,102)

lead to several migration theories related to age, income, education and other factors. Census figures help illustrate how these factors might or might not impact migration.

### Who Comes? Who Goes?

Talk of a "brain drain" or retiree flight is common, and raises the question: Are certain age groups more likely to come to or leave Wisconsin?

***A migration rate is found by dividing the number moving by the group's Wisconsin population.***

Regardless of whether a move is in or out of the state, it should be recognized that certain age groups are just more prone to move. Among those 20-29, 186,707 individuals, or about 27% of all Wisconsinites in this age group, moved to or from the state between 1995 and 2000. The average percentage moving for all other age groups combined was under 11%.

*Children.* In the youngest age cohort, ages five through nine in 2000, 22,960 children moved out and 31,169 moved in for net Wisconsin in-migration of 8,209. The graph below displays net migration for this and other age categories.

Another way to look at this number is to convert it to a migration rate. In this case, 8,209 net newcomers is 2.20% of 373,440, the 1995 population of this group. Thus, the net migration rate was 8,209 divided by 373,400, or 2.20%. Said another way, net in-migration resulted in 2.20% more five-through-nine year olds in 2000 compared to a case of no migration.

The graph below recaps net migration, both in numerical and in rate terms. In addition to children five through nine, two other age groups composed of those up through age 19 were also net gainers of population.

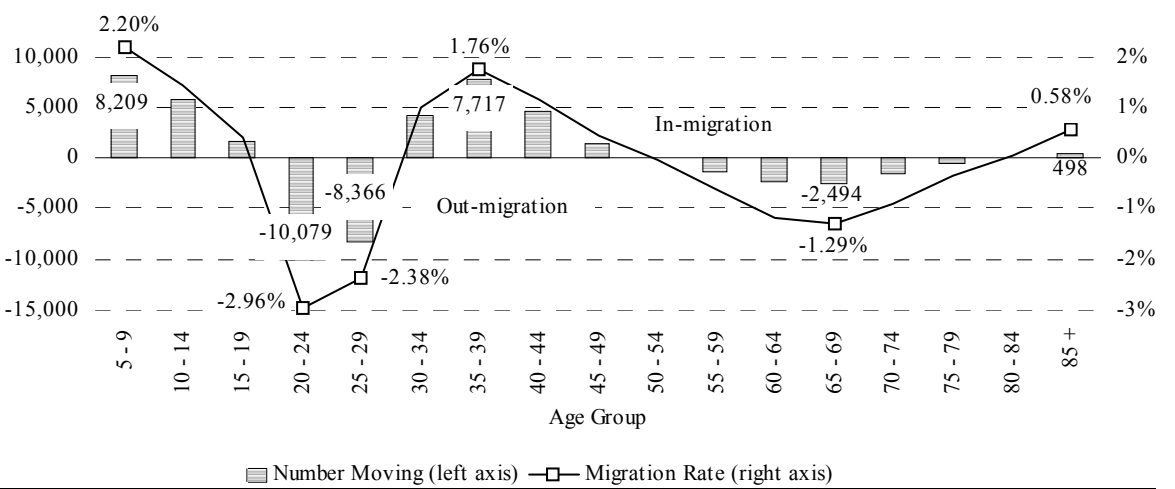
*Young Adults.* The pattern reverses for those in their 20's, who lost a net total of 18,445 persons. Net migration rates were negative for these individuals: -2.96% for those 20 through 24, and -2.38% for the 25-through-29 cohort.

*Middle Age.* Net migration was favorable for all Wisconsin age groups 30 through 49. Net in-migration peaked at 7,717 (1.76%) for those 35 to 39.

*Seniors.* For Wisconsinites ages 50 through 79, out-migration is more the norm. Net migration was negative for all age cohorts in this range, but particularly so for those in the prime retirement years from 60 through 69. The rate bottomed out at -1.29% for those 65 through 69 years

**Kids, Families Coming; Young Adults, Retirees Going**

Net Migration (in or out) by Number and % of Age Group Moving (Rate), 1995 to 2000



**Age and Migration, 1995 - 2000**
Numbers In/Out/Net and Net Rate (%)

| Age | State | Migration In | Migration Out | Migration Net | Net Rate |
|---|---|---|---|---|---|
| | | *Net to Wis.* | | | |
| 5-19 | Ill. | 19,797 | 8,741 | 11,056 | 0.93% |
| | Cal. | 6,389 | 2,483 | 3,906 | 0.33 |
| | Wash. | 1,657 | 896 | 761 | 0.06 |
| | N.Y. | 1,682 | 954 | 728 | 0.06 |
| | Penn. | 1,640 | 945 | 695 | 0.06 |
| | | *Net from Wis.* | | | |
| 20-29 | Minn. | 17,184 | 22,456 | -5,272 | -0.76 |
| | Colo. | 1,571 | 4,212 | -2,641 | -0.38 |
| | Ariz. | 1,370 | 3,431 | -2,061 | -0.30 |
| | Fla. | 2,327 | 4,031 | -1,704 | -0.25 |
| | Cal. | 5,288 | 6,676 | -1,388 | -0.20 |
| | | *Net to Wis.* | | | |
| 30-54 | Ill. | 31,953 | 14,703 | 17,250 | 0.93 |
| | Cal. | 9,652 | 6,344 | 3,308 | 0.18 |
| | Minn. | 17,985 | 14,896 | 3,089 | 0.17 |
| | Iowa | 4,991 | 3,140 | 1,851 | 0.10 |
| | N.Y. | 2,941 | 2,007 | 934 | 0.05 |
| | | *Net from Wis.* | | | |
| 55-79 | Fla. | 1,895 | 8,356 | -6,461 | -0.70 |
| | Ariz. | 1,018 | 5,406 | -4,388 | -0.48 |
| | Texas | 931 | 1,865 | -934 | -0.10 |
| | Ark. | 270 | 1,113 | -843 | -0.09 |
| | Nev. | 393 | 1,132 | -739 | -0.08 |

old. The 60-64 (-1.17%) and 70-74 (-0.91%) groups were also net losers. Though the total number of seniors 80 and over who moved was small, this group had a net in-migration rate of 0.58%.

### Where From? Where To?

If young and middle-aged parents with children are, on net, coming to Wisconsin, where are they coming from? The table above addresses this question for these groups and for other age cohorts as well.

*Families and Children.* For the 5-19 and 30-54 age groups—potentially parents and children—the five states with the largest Wisconsin in-migration rates overlapped. Illinois and California topped both lists with New York also appearing. Iowa and Minnesota were among the top five states sending individuals 30-54 to the Badger State. Since they are neighbors sharing a regional labor market, it would make sense for these people to "border hop" during their careers.

*"The 20's."* In the 20-29 cohort, net migration rate is negative: More young adults leave Wisconsin than come. Minnesota is the main beneficiary. Wisconsin lost, on net, 5,272 young people to its neighbor to the west. As the table shows, no other state came close to Minnesota on this score.

***On net, families with children appear to be moving to Wisconsin.***

The remaining states are an unusual mix. All have major metro areas with weather and sporting appeal; several are known for their technology base. Florida and Arizona have no state income tax.

*Retirees.* As mentioned, the other major age group that tended to leave Wisconsin was the 50-79 bracket. The top five states receiving our retirees were in the south or west. Florida was the clear leader, followed by Arizona. Other states trailed.

## THE INCOME DYNAMIC

Due to Wisconsin's social safety net and tax burden, it has long been argued that income plays a role in the migration decisions to and from the Badger State.

***Retirees are leaving the Badger State at a fairly high rate.***

The table on page 6 summarizes Wisconsin's 1995 population by 1999 household income, and shows migration statistics and rates.

In terms of total movement in and out of the state, there was little variability across most income classes. For example, for those with household incomes under $25,000, the total number crossing state lines in thousands was 131.1 (or 63.2 out + 67.8 in). Put another way, this meant that 12.7% of this income category moved in or out of the state during 1995-2000.

The percentage moving (in or out) did not vary much for middle-income groups.

It ranged from a low of 11.0% in the $50,000-$75,000 category to a high of 12.2% for the $25,000-$50,000 group (see table).

When income reached the six-figure level, however, total movement rates increased, reaching 18.4% for incomes above $200,000. Those in higher-income groups appeared to have more latitude in moving in or out of Wisconsin.

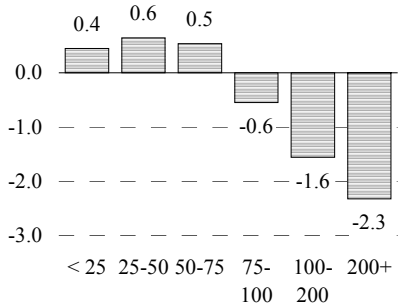
coming to the Badger State than leaving. The one exception was households with incomes of $75,000 or more where a net 8,250 left for a net rate of -1.0, or 1% of the population in this group.

For those 55 and over, net migration rates were all negative and increased with income. At or above $75,000 of household income, 11,250 left and 7,220 entered

**Out-migration Rises with Income**

Migration Levels and Rates (%) by Income Level

| Income ($000) | '95 Pop. (000) | Migration (000) | | | | Mig. Rates (%) | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Out | In | Tot. | Net | Out | In | Tot. | Net |
| Under 25 | 1,028.2 | 63.2 | 67.8 | 131.1 | 4.6 | 6.2 | 6.6 | 12.7 | 0.4 |
| 25 - 50 | 1,510.1 | 87.4 | 97.1 | 184.5 | 9.7 | 5.8 | 6.4 | 12.2 | 0.6 |
| 50 - 75 | 1,309.9 | 68.6 | 75.6 | 144.2 | 7.0 | 5.2 | 5.8 | 11.0 | 0.5 |
| 75 -100 | 672.6 | 42.6 | 38.9 | 81.6 | -3.7 | 6.3 | 5.8 | 12.1 | -0.6 |
| 100 -200 | 501.6 | 42.5 | 34.7 | 77.1 | -7.8 | 8.5 | 6.9 | 15.4 | -1.6 |
| 200+ | 96.1 | 10.0 | 7.7 | 17.7 | -2.2 | 10.4 | 8.0 | 18.4 | -2.3 |
| Total | 5,118.5 | 314.3 | 321.8 | 636.1 | 7.5 | 6.1 | 6.3 | 12.4 | 0.1 |




This pattern became more evident when in-migration and out-migration rates were examined separately and a net rate was calculated (final column in the table). Net migration rates were small but positive for the first three income categories, those up to $75,000. More low- and middle-income individuals entered than left Wisconsin.

***Net migration was positive for those with modest incomes and negative for those with high incomes.***

However, above that level, the rates became increasingly negative. The graph (above, right) clearly shows net migration rates dropping as income rises.

## AGE AND INCOME COMBINED

Having looked at age and income separately, what, if anything, can be learned by examining the combined effects of the two on migration? Are people in specific age-income groups more likely to come or leave?

The table on page 7 provides some answers. For those under 55, net migration was generally positive, with more people

Wisconsin for a net loss of 4,030, or a net migration rate of -1.6%.

### Destinations

Where did the seniors and young households with above-average incomes go?

For the 55-and-under group with incomes of at least $75,000, the leading destinations were similar to those identified earlier. Florida and Minnesota led, followed by Colorado and Arizona. The actual numbers of people Wisconsin lost to these states are shown in the table on page 7 (right).

For those 55 and older, Florida and Arizona were consistently the two lead destinations, regardless of income. Seniors with incomes over $75,000 also made Texas, Nevada and Colorado prime destinations.

Other states of interest to these two age groups are: Arkansas, Georgia, Missouri and Tennessee. Arkansas and Tennessee

are chiefly destinations for those with modest incomes.

## BRAIN DRAIN?

Wisconsin has one of the largest and most accessible public university systems in the U.S. Yet analysts have long been concerned that the share of the state's population with college and advanced degrees is below the national average. They fear this lack of well-educated workers retards state growth and discourages new firms from locating here.

How can this apparent contradiction be? How can Wisconsin have many "seats" for students seeking postsecondary education on the one hand, yet lack college-educated workers on the other?

Consider this: In 1995, Wisconsin's population was 4.8 million; five years later, it had increased almost 5% to surpass 5.0 million. At the same time, the number of state residents in their 20's actually fell from 692,297 to 691,205.

It is tempting to dismiss this change as trivial, but a closer look is warranted. First, note that the drop occurred despite an economic boom during which the state upped its population by 226,000.

Also, it is worth noting that there is a lot more migration occurring than totals might suggest. Of more than 691,000 residents ages 15-24 in 1995 (20-29 in 2000), 14.8%, or 102,576, left the state by 2000. This is two to three times more than the out-migration rates for most age groups. Even after accounting for similarly aged individuals moving into Wisconsin, the state still had a net loss of 18,445 (2.7%).

Census figures are not precise enough to know who these young people are. But, since relocation is far less frequent among older working adults, migration data based on education and occupation are useful.

### Migration by Education Level

There was very little migration in or out of the state among less-educated groups. What activity there was resulted in a net gain of residents. However, the two groups with the most education, i.e., those with bachelor's degrees or with graduate or professional degrees, were different.

First, they were more mobile. While 9.2% of those with less than a bachelor's degree moved in or out of Wisconsin during 1995-2000, 23.3% of the college-

***Seniors in all income groups were net leavers, but high-income seniors left at a higher rate.***

**Seniors, High-Income Most Likely To Leave; Florida, Arizona Top Destinations**

Mig. Counts (000)/Rates (%) by Age, HH Income

| Income ($000) | '95 Pop. (000) | Migration (000) | | | Mig. Rates (%) | | |
|---|---|---|---|---|---|---|---|
| | | Out | In | Net | Out | In | Net |
| *Under 55* | | | | | | | |
| Under 25 | 662.1 | 52.4 | 57.8 | 5.5 | 7.9 | 8.7 | 0.8 |
| 25 - 50 | 1,081.7 | 74.1 | 87.8 | 13.7 | 6.9 | 8.1 | 1.3 |
| 50 - 75 | 912.2 | 60.2 | 70.3 | 10.0 | 6.6 | 77.0 | 1.1 |
| 75+ | 814.1 | 82.6 | 74.4 | -8.3 | 10.1 | 9.1 | -1.0 |
| *55 and Over* | | | | | | | |
| Under 25 | 646.1 | 10.7 | 10.2 | -0.5 | 1.7 | 1.6 | -0.1 |
| 25 - 50 | 533.6 | 13.1 | 10.2 | -2.9 | 2.4 | 1.9 | -0.5 |
| 50 - 75 | 270.1 | 8.1 | 5.5 | -2.7 | 3.0 | 2.0 | -1.0 |
| 75+ | 257.8 | 11.3 | 7.2 | -4.0 | 4.4 | 2.8 | -1.6 |

Top Five States in Each Group

| Age: | < 55 | 55 and Over | | | |
|---|---|---|---|---|---|
| Inc.: | 75+ | < 25 | 25-50 | 50-75 | 75+ |
| Ariz. | -1,560 | -760 | -1,830 | -1,120 | -1,300 |
| Ark. | | -160 | -320 | -290 | |
| Colo. | -1,630 | | | -190 | -190 |
| Fla. | -1,940 | -1,180 | -2,190 | -1,400 | -2,320 |
| Ga. | -1,170 | | | | |
| Minn. | -1,910 | | | | |
| Mo. | | | -200 | | |
| Nev. | | | | -240 | -230 |
| Tenn. | | -150 | -210 | | |
| Texas | | -400 | | | -340 |

educated did so. The difference is even more noticeable when just out-migration is examined. Only 4.3% of the nondegreed left the state, while 12.5% of those with undergraduate or advanced degrees did.

Second, while net migration rates were positive for those with an Associate degree or less, they were negative for those with higher degrees. Net, Wisconsin lost 1.8% of bachelor-degree and 1.6% of advanced-degree holders over the five years studied (see table below).

***Wisconsin lost 1.8% of bachelor-degree and 1.6% of advanced-degree holders.***

If young adults are the age group most likely to leave the state, and if out-migration increases with level of education, one possible conclusion might be: Wisconsin imports young people with less education and exports people with more. Out-migration of college students, e.g., those in the 20-24 group, occurs. But it is not necessarily reason for concern; loss of college graduates with their higher salaries and, often, greater savings and other investments is another matter.

### By Occupation and Industry

Besides educational level, another way to look at migration is from occupational and industry perspectives.

*Occupation.* Among those in professional and related occupations, Wisconsin lost 7,900 people over the study period, for a net out-migration rate of -1.5%. Corresponding rates for business/finance (-0.8) and various sales-related positions (-0.5%) were also negative (see top table, page 9).

For professionals, Minnesota was the leading destination, with a net out-migration rate of -0.47%. California (-0.30%) and Arizona (-0.20%) followed, with Colorado and Florida rounding out the top five states. For business/finance, the destination states were largely the same, only with Texas replacing California.

In terms of numbers of workers entering the state, production (8,100) was the single largest occupational group, followed by transportation (3,300). Production also had one of the greatest in-migration rates at 2.3%. These figures reflect Wisconsin's position as one of the nation's leading manufacturing states.

Illinois was the leading source of production workers moving north, with an in-migration rate of 0.81%. California (0.45%) was second. The other leading states were Michigan, Texas and Florida.

*Industry.* That Wisconsin was losing ground in certain high-wage occupations is reinforced by industry statistics (see bottom table on page 9).

In "clean" growth industries such as information (e.g., computing), science, management and insurance, more workers were leaving than coming to the state. Net migration rates were most negative for the information (-3.4%) and professional/scientific/managerial (-2.2%) sectors.

Net out-migration of information-industry personnel was greatest to Minnesota, California, Colorado, Florida and Washington. Workers in the professional/scientific/managerial sectors went to the same states, only with Arizona replacing Washington.

Industries with net in-migration included agriculture/fishing/forestry (7.5%) and

**Less Educated Come, More Educated Leave**
Migration Counts (000) and Rates (%) by Education Level

| Education (Level/Degree) | Pop. (000) | Migration | | | Mig. Rates (%) | | |
|---|---|---|---|---|---|---|---|
| | | Out | In | Net | Out | In | Net |
| < 9th grade | 183.4 | 5.5 | 8.2 | 2.7 | 3.0 | 4.5 | 1.5 |
| 9th-12th gr. | 330.5 | 13.0 | 14.8 | 1.8 | 3.9 | 4.5 | 0.5 |
| HS or equiv. | 1,196.7 | 40.8 | 45.9 | 5.1 | 3.4 | 3.8 | 0.4 |
| Some college | 711.0 | 42.6 | 47.3 | 4.7 | 6.0 | 6.6 | 0.7 |
| Associate | 259.6 | 14.3 | 15.4 | 1.1 | 5.5 | 5.9 | 0.4 |
| Bachelor | 540.2 | 62.5 | 52.5 | -9.9 | 11.6 | 9.7 | -1.8 |
| Grad/Prof'l | 226.2 | 33.6 | 30.0 | -3.6 | 14.9 | 13.3 | -1.6 |
| Total | 3,447.6 | 212.2 | 214.1 | 1.9 | 6.2 | 6.2 | 0.1 |

manufacturing (2.0%). The largest net numbers of manufacturing workers entering Wisconsin are from the same states that were the source of production workers.

The industries previously mentioned include largely private employers. Two areas, however, are more likely to include public employers. The net migration rate for public administration (-0.1%) was slightly negative, which probably largely reflects retirement activity. By contrast, there was a net gain of those working in education and human services (0.3%).

## UNDERSTANDING WHY

From this analysis, the migration behavior of several groups stands out. Families with children and seniors 80 or over were among those likely to move here. Young adults, high-income people under 55 and retirees of all incomes were more likely to leave. Census figures do not explain why people enter or exit Wisconsin, but they can hint at some possible explanations.

### Moving In

*Families and Children.* With both more children and more middle-aged adults moving into the state than moving out, it is reasonable to say that Wisconsin is attractive to families.

Logical explanations include: former state residents moving home after marriage to be close to family and friends; and young families with children relocating from elsewhere, particularly the coasts. What distinguishes Wisconsin from some of these states are: less population density; generally better schools; much lower crime rates; and, in many cases, lower living costs, especially for housing.

*Seniors 80 or Over.* Although there was slight in-migration of this group during 1995-2000, its relatively small size makes explaining the group's movements difficult. Some theorize that those over 80 return to be close to family and for better health care.

### Moving Out

*Young Adults.* One reason Wisconsin loses young adults relates to college. Tuition reciprocity with Minnesota means students cross the border at little or no added tuition cost. Given that the University of Minnesota is the largest institution in either state, it can be expected to draw Wisconsin students, particularly those who cannot meet Madison's admissions criteria.

College students also tend to go to Colorado, California, Arizona and Florida. Na-

**Gains, Losses by Occupation and Industry**
Migration Counts (000) and Net Rate (%)

| Occupation (By Gen'l Category) | Pop. (000) | Migration Out | Migration In | Migration Net | Rate % Net |
|---|---|---|---|---|---|
| Prof'l & related | 514.1 | 56.3 | 48.4 | -7.9 | -1.5 |
| Business & finance | 353.9 | 30.8 | 27.9 | -2.9 | -0.8 |
| Sales, etc. | 278.7 | 22.0 | 20.7 | -1.3 | -0.5 |
| Office/admin. support | 413.3 | 25.1 | 24.7 | -0.3 | -0.1 |
| Protected service | 39.8 | 2.2 | 2.4 | 0.2 | 0.5 |
| Construction/mining | 130.0 | 5.4 | 6.4 | 1.0 | 0.7 |
| Other services | 340.7 | 19.9 | 22.8 | 2.9 | 0.9 |
| Installation/repair | 104.8 | 4.3 | 5.6 | 1.3 | 1.3 |
| Transportation | 181.8 | 7.1 | 10.4 | 3.3 | 1.8 |
| Production | 347.7 | 9.3 | 17.4 | 8.1 | 2.3 |
| Farming, fishing, etc. | 25.1 | 0.6 | 1.2 | 0.6 | 2.4 |
| Total | 2,729.9 | 182.9 | 187.9 | 5.0 | 0.2 |

| Industry Sector (Civilian Pop. over 16) | Pop. (000) | Migration Out | Migration In | Migration Net | Rate % Net |
|---|---|---|---|---|---|
| Information | 53.6 | 7.6 | 5.7 | -1.8 | -3.4 |
| Prof'l, science, mgmt. | 271.1 | 22.8 | 16.7 | -6.1 | -2.2 |
| Finance, insur., etc. | 157.5 | 13.0 | 10.9 | -2.2 | -1.4 |
| Other services | 112.5 | 8.2 | 7.7 | -0.5 | -0.5 |
| Public administration | 283.8 | 5.2 | 4.9 | -0.3 | -0.1 |
| Arts & recreation | 229.9 | 16.6 | 16.7 | 0.1 | 0.0 |
| Construction/mining | 125.8 | 8.0 | 8.2 | 0.3 | 0.3 |
| Ed. & human svcs. | 346.9 | 41.2 | 42.3 | 1.1 | 0.3 |
| Trade | 439.9 | 26.9 | 28.2 | 1.4 | 0.3 |
| Transport, utilities | 92.1 | 6.9 | 7.7 | 0.8 | 0.9 |
| Manufacturing | 560.9 | 25.2 | 36.4 | 11.1 | 2.0 |
| Ag., fishing, forestry | 15.3 | 1.3 | 2.4 | 1.1 | 7.5 |
| Total | 2,689.3 | 182.9 | 187.8 | 5.0 | 0.2 |

tional enrollment statistics from a leading higher education source, "postsecondary.org," show that, to attend college, more students graduating from high school moved from Wisconsin to these states than the reverse.

***Minnesota has more "white collar" jobs, and those jobs tend to pay more.***

Minnesota is even more attractive after college, in part because of the "bright lights, big city" phenomenon. Minneapolis-St. Paul is a growing metropolitan area that offers more cultural, social and professional amenities for the young and well-educated than either Madison or Milwaukee.

Another reason for the appeal of the Twin Cities to graduates early in their careers relates to jobs and income. A 2003 WISTAX study (*Focus* #28) found that our neighbors to the northwest had 20.6% (or 17,873) more jobs in management, 61.7% (14,579) more jobs in computer-related fields, and 34.2% (14,470) more jobs in business and finance. Minnesota also had an edge in sales, office and architectural/engineering positions.

Moreover, the median earnings in these fields were all 10% to 12% higher in Minnesota than in Wisconsin. For example, the median earnings in computer-related fields were $52,773 there vs. $47,024 here. Similar wage gaps were found between Badger State and national averages in a number of other professional fields, including legal, scientific, and art and design.

***Combined Wisconsin income and property taxes exceed those in prime destination states.***

*Seniors.* The exodus from Wisconsin of people in their 50's, 60's and 70's is well-known, both anecdotally and statistically (see pages 4 and 5). Florida is easily the top destination for retirees, followed by Arizona, Texas, Arkansas and Nevada. All these states are in the Sunbelt or West, so the appeal of warm weather is one motive often mentioned for leaving Wisconsin.

*High-Income Individuals.* For both seniors and recent college graduates, another reason for leaving is economic. Census data show that out-migration rose with income, education and occupational status.

In addition to this state's relative lack of good-paying professional, managerial and technical jobs, another economic factor related to out-migration might be income and property taxes. Unfortunately, these two taxes are higher in Wisconsin than in other states and are most unpopular with the public.

When taxes for a hypothetical high-income couple in a state's largest city are calculated (see table on page 11, including notes), the combined income-property tax burden for a Milwaukee couple is $20,382. This is higher than what would be paid in each of the 10 states to which Wisconsin lost, on a net basis, the most individuals with incomes of $100,000 or more.

During 1995-2000, the largest number of high-income people (2,700 net) were lost to Florida, where combined income and property taxes are 42.4% less in Miami ($11,740) and 71.6% less in Jacksonville ($5,785). Since the Sunshine State has no income tax, these gaps widen as earnings, dividends and capital gains increase. Texas and Nevada also have no income tax.

Arizona (-1,660) and Colorado (-1,230) followed, with respective tax burdens 56.0% and 60.7% less than Wisconsin's. Together, these three states represented over half of all the Badger State's net losses of high-income individuals.

### Weather? Wages? Taxes?

If weather, wages, job availability and taxes all contribute to the loss of high earners and retirees, is it possible to say anything about their relative importance?

Wages and taxes are difficult to disentangle; both affect net household income. But, if analysis centers only on individuals

55 or over, job and wage considerations become less important, and attention can focus on tax effects, if any.

Likewise, any climate effects are more likely to be found if only states with particularly warm weather are studied. The two with most obvious appeal to Wisconsinites are Florida and Arizona. A cold-weather state, Illinois, is used as a benchmark.

**Taxes in States Gaining the Most $100,000+ Wisconsinites, 2003**

| Wis. to: | Net Loss | Taxes ($) Inc. | Prop. | Total | % +/- Wis. |
|---|---|---|---|---|---|
| Wis. | - | 7,787 | 12,595 | 20,382 | 0.0 |
| Fla.[m] | -2,700 | 0 | 11,740 | 11,740 | -42.4 |
| Fla.[J] | | 0 | 5,785 | 5,785 | -71.6 |
| Ariz. | -1,660 | 4,158 | 4,800 | 8,958 | -56.0 |
| Colo. | -1,230 | 5,464 | 2,555 | 8,019 | -60.7 |
| Cal. | -1,080 | 7,113 | 6,165 | 13,278 | -34.9 |
| Minn. | -870 | 8,040 | 7,090 | 15,130 | -25.8 |
| Texas | -810 | 0 | 11,730 | 11,730 | -42.4 |
| Ga. | -760 | 6,510 | 7,345 | 13,855 | -32.0 |
| Nev. | -570 | 0 | 5,620 | 5,620 | -72.4 |
| N.Y. | -490 | 8,926 | 4,000 | 12,926 | -36.6 |

Assumptions: Couple with a $500,000 home living in state's largest city and jointly earning $150,000. Notes: m, Miami-Dade; j, Jacksonville.

The small table (above, right) examines only seniors and only out-migration. If weather and taxes are two possible reasons for exiting Wisconsin, it makes sense to focus on those leaving the state and not on the net exchange of individuals.

Migration rates in this section are expressed as number leaving Wisconsin per 1,000 people in a particular age/income group. Thus, for every 1,000 Wisconsinites 55 years or over with incomes of $75,000 or above, 10.36 leave for Florida, 5.47 for Arizona and 5.20 for Illinois.

If weather were the main factor in out-migration, exit rates for seniors should: be higher than for those under 55; be higher to warm states than to cold; and vary little by income. The first proposition is somewhat true, e.g., 4.19 vs. 4.69 for lower-income groups in Florida (see boxed numbers). The same can be said for the second: out-migration is higher to Arizona (5.47) and Florida (10.36) than to colder Illinois (5.20).

Finally, rates for seniors going to Florida are 4.69 per 1,000 for those with lower incomes and 10.36 for those at $75,000 and up (see gray box in table). The same relationship holds for Arizona (3.30 vs. 5.47); however, the difference in rates is not as large. One explanation for the higher out-migration rate to Florida is that it has no income tax, unlike Arizona.

**Taxes or Weather?**
Out-migration Rates per 1,000 in Group

| Income ($000) | Age < 55 | 55 + |
|---|---|---|
| *Florida* | | |
| < $75 | 4.19 | 4.69 |
| $75 + | 5.12 | 10.36 |
| *Arizona* | | |
| < $75 | 3.20 | 3.30 |
| $75 + | 3.57 | 5.47 |
| *Illinois* | | |
| < $75 | 8.93 | 1.86 |
| $75 + | 15.62 | 5.20 |

***High-income seniors go to Florida at higher rates than to Arizona. Both are warm, but Florida has no income tax.***

Another way to separate weather and tax effects is to examine out-migration rates for high-income seniors going to income-tax states where winters are not the same. The table above shows rates for Arizona and Illinois, both states with income taxes but with very different winters. The out-migration rates from Wisconsin to these states (underlined numbers, 5.47 vs. 5.20) are quite similar, yet very different from Florida (10.36), where income is not taxed.

Even though movement between Wisconsin and Illinois is largely due to young people and families seeking work or family amenities, the like behavior of seniors going to Illinois and to Arizona suggests that weather is not transcendent.

*continued on page 12*

**DATA SOURCE:**

Internal Revenue Service; Postsecondary Education OPPORTUNITY (postsecondary.org); U.S. Census Bureau; and WISTAX calculations.

*continued from page 11*

## IMPACT OF MIGRATION

***The net 1995-2000 cost to Wisconsin of out-migration was $455 million in income and $4.7 billion in net worth.***

Census and IRS figures, plus some reasonable assumptions about household size, make it possible to say that 127,064 households left the state during 1995-2000, while more than 131,504 came, for net in-migration of 4,440.

On balance, however, net migration was positive for household groups with less than $75,000 of income and negative for those in higher income ranges. As a result, the first group brought an estimated $346.8 million of income into the state, while the second withdrew $801.6 million, for a net income loss of almost $455 million (see table below).

The financial consequences of out-migration are even more significant when household net worth is considered. As the table below shows, households at or below $75,000 of income brought an estimated $1.44 billion in net worth to the state. However, a much smaller number of high-income households was responsible for $6.16 billion in net worth leaving.

Although net migration figures for the state are relatively small in people terms, the loss of $4.72 billion in net worth over five years is not trivial. These assets can cease to be in-state bank deposits, or stock in Wisconsin firms, or investment capital for in-state ventures or money that is more likely to be given to in-state charities. ☐

**The Financial Impact of Household Out-migration: Losing Income and Assets**
Household Income and Migration in Thousands; Income and Net Worth Totals in $ Millions

| HH Inc. | Avg. HH Data | | | Migration (000) | | | Income ($mill.) | | Net Worth ($mill.) | |
|---|---|---|---|---|---|---|---|---|---|---|
| ($000) | Size | Inc. | Net Wth. | Out | In | Net | Out | Net | Out | Net |
| Under 25 | 1.9 | 14.2 | 67.9 | 32.8 | 35.1 | 2.4 | 464.5 | 33.6 | 2,226.3 | 160.9 |
| 25 - 50 | 2.3 | 37.1 | 148.8 | 37.6 | 41.8 | 4.2 | 1,396.8 | 155.0 | 5,596.0 | 621.1 |
| 50 - 75 | 2.8 | 62.8 | 260.9 | 24.7 | 27.2 | 2.5 | 1,553.0 | 158.2 | 6,446.0 | 656.7 |
| 75 - 100 | 3.0 | 87.5 | 389.7 | 14.4 | 13.2 | -1.3 | 1,262.3 | -109.9 | 5,622.3 | -489.3 |
| 100 - 200 | 3.0 | 130.1 | 662.2 | 14.1 | 11.5 | -2.6 | 1,837.6 | -337.6 | 9,354.1 | -1,718.8 |
| 200 + | 2.9 | 461.3 | 5,143.8 | 3.4 | 2.7 | -0.8 | 1,581.7 | -354.1 | 17,638.5 | -3,949.2 |
| Total | - | - | - | 127.1 | 131.5 | 4.4 | 8,095.9 | -454.8 | 46,883.3 | -4,718.6 |

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Due to a printing error, some issues of the October issue may be defective. Please call if you need a correct copy. We apologize.