



Wisconsin Taxpayers Alliance

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NEWS

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Population Shifts to Affect State's Future Growth

WISTAX Highlights Economic and Tax Implications of Retiring Baby Boomers

MADISON—Wisconsin is undergoing a major demographic shift that will impact employers, taxpayers, government, and the state economy's ability to grow over the next 30 years. The state's working-age population is expected to decline 0.2% between 2010 and 2040, while the number of seniors will nearly double, according to the latest report from the Wisconsin Taxpayers Alliance (WISTAX), "The Impending Storm: Changing Demographics and Wisconsin's Economic Future." WISTAX is a nonpartisan, nonprofit organization devoted to public policy research and citizen education.

"It is difficult to create jobs when there are no people to fill them," observed Todd A. Berry, WISTAX President, referring to new projections from state demographers that show a working-age population changing little from now until 2040. "The size of our labor force is in the early stages of stagnation," Berry noted. "While partisans debate economic development and job creation, their efforts might come up short as employment cannot expand beyond the size of the work-eligible population."

The picture remains cloudy beyond 2040. The school-age population—the state's future workers—is expected to increase just 3.4% between 2010 and 2040. This portends little labor force growth after 2040, as well.

The retirement of baby boomers—those born between 1945 and 1964—is the prime factor behind a stagnating workforce. As this group matured, it affected, in turn, public schools, universities, the housing market, and nearly every aspect of the state economy. Now, this group is leaving the workforce for retirement. The number of retirees (65 or older) is expected to increase 97.5% during 2010-40, and Wisconsin does not have enough young people to replace them.

WISTAX researchers expect the changing composition of Wisconsin's population will put pressure on state finances. Increases in income tax collections depend partly on wage growth and partly on a growing workforce. Little change in the number of workers will slow income tax collections. Moreover, a greater share of total state income will come

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from Social Security, which has been untaxed since 2008. Sales tax collections will also be affected as the elderly tend to purchase more untaxed food, medicine, and services and fewer taxable goods than young people.

Some parts of Wisconsin will be more affected by demographic changes than others. While state population will increase 14.1% over the next 30 years, changes will range from a 17.1% decline in Price County to a 41.1% increase in Saint Croix. Only 25 counties will grow faster than the state average; 47 will grow slower.

Workforce figures are less encouraging. In only 21 of the state's 72 counties is the 20-64 year old age group expected to grow, and only six will see increases of more than 10%. Working-age populations are expected to decline more than 10% in 13 northern counties.

The economic prospects for northern Wisconsin are of greater concern when student populations are considered. During 2010-40, the school-age population will drop more than 30% in Bayfield and Price counties, and declines will top 20% in Ashland, Lincoln, Pepin, and Rusk counties.

A free copy of *The Wisconsin Taxpayer* magazine, "The Impending Storm: Changing Demographics and Wisconsin's Economic Future," is available by visiting www.wistax.org; emailing wistax@wistax.org; calling 608.241.9789; or writing WISTAX at 401 North Lawn Ave., Madison, WI 53704-5033. □

(Editor's Note: An electronic version of this release is available at www.wistax.org.)