



WORKFORCE EFFECTS ON WISCONSIN'S ECONOMY

Innovative Ideas for Need-Based Aid in Wisconsin

WISCAPE

Wisconsin Center for the Advancement
of Postsecondary Education



Dennis K. Winters
Chief, Office of Economic Advisors
Wisconsin Department of Workforce Development

November 17, 2009



**Workforce
Effects
on
Wisconsin's
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**MAJOR POLICY ISSUE OF THE NEXT 20 YEARS
WIDEN THE SIDEWALKS WILL YA ?!**





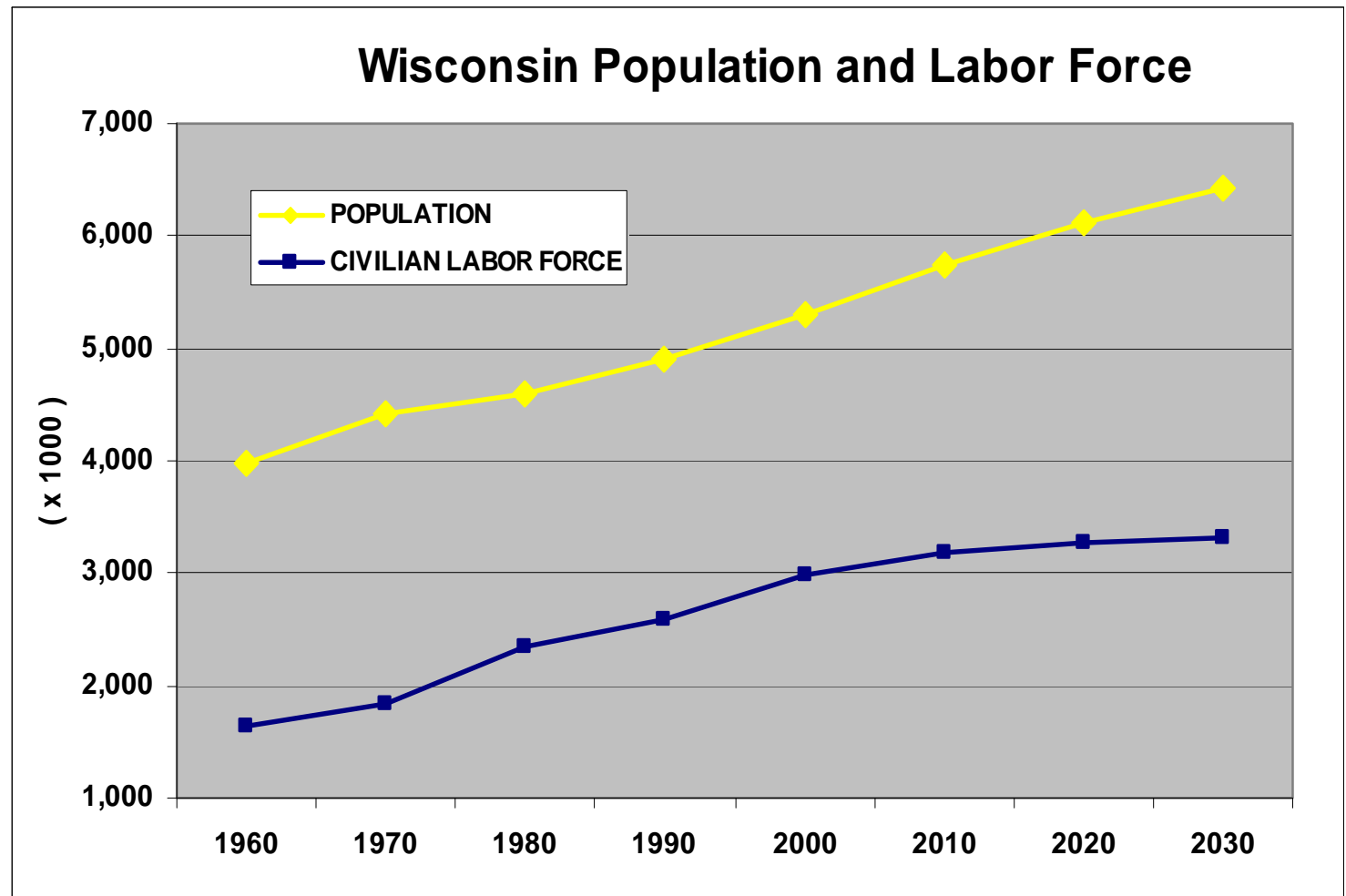
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WISCONSIN'S WORKFORCE GROWTH BECOMES FLAT



Source: Bureau of Labor Statistics, OEA



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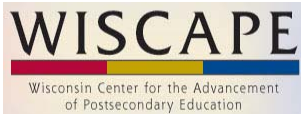


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**LET'S JUST
KEEP THE OLD FOLKS
WORKING**

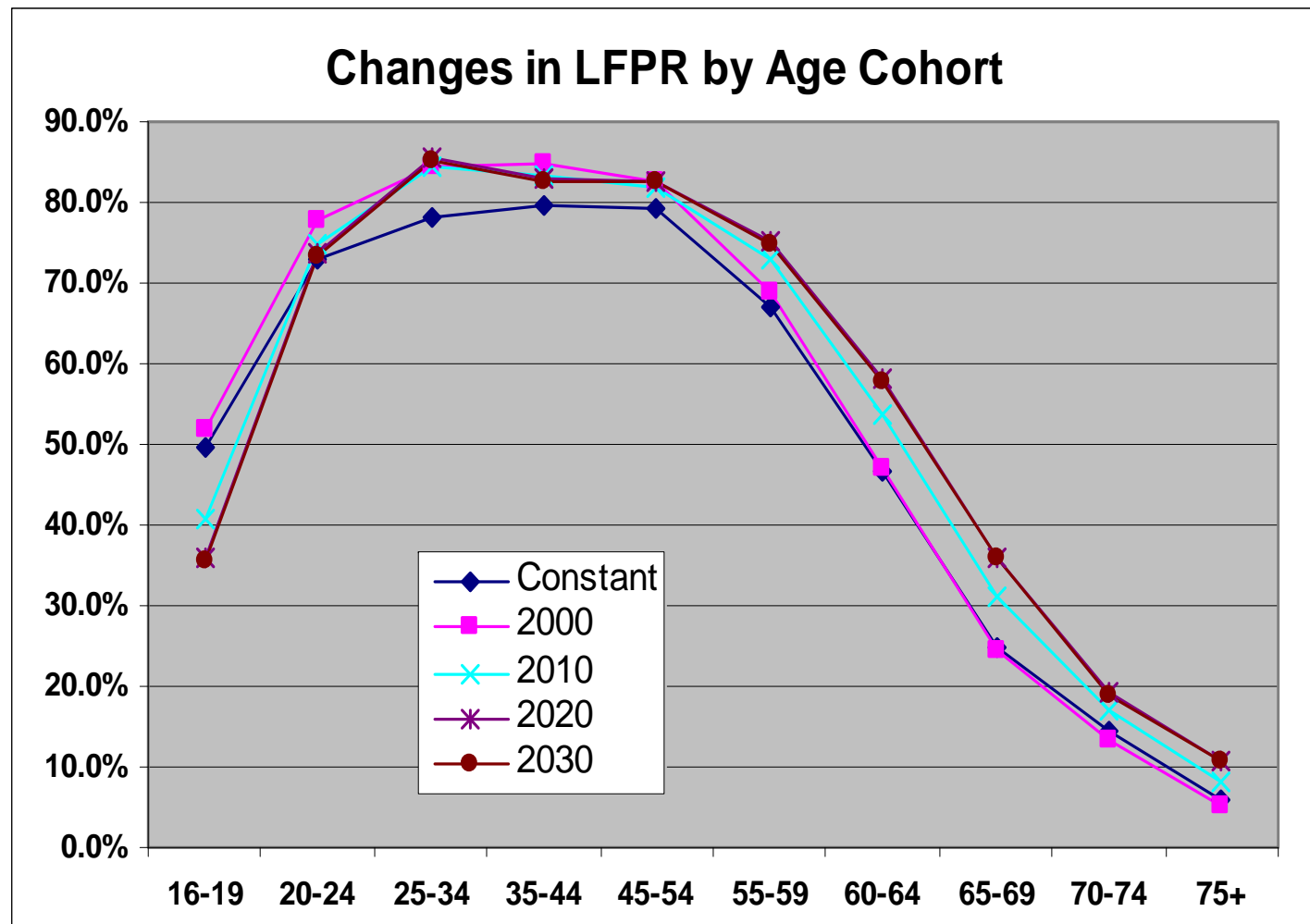


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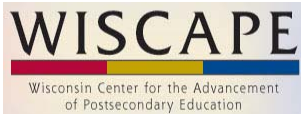
BLS RAISED LFPR FOR THE FUTURE PARTICULARLY FOR OLDER COHORTS



Source: Bureau of Labor Statistics, Bureau of the Census, OEA

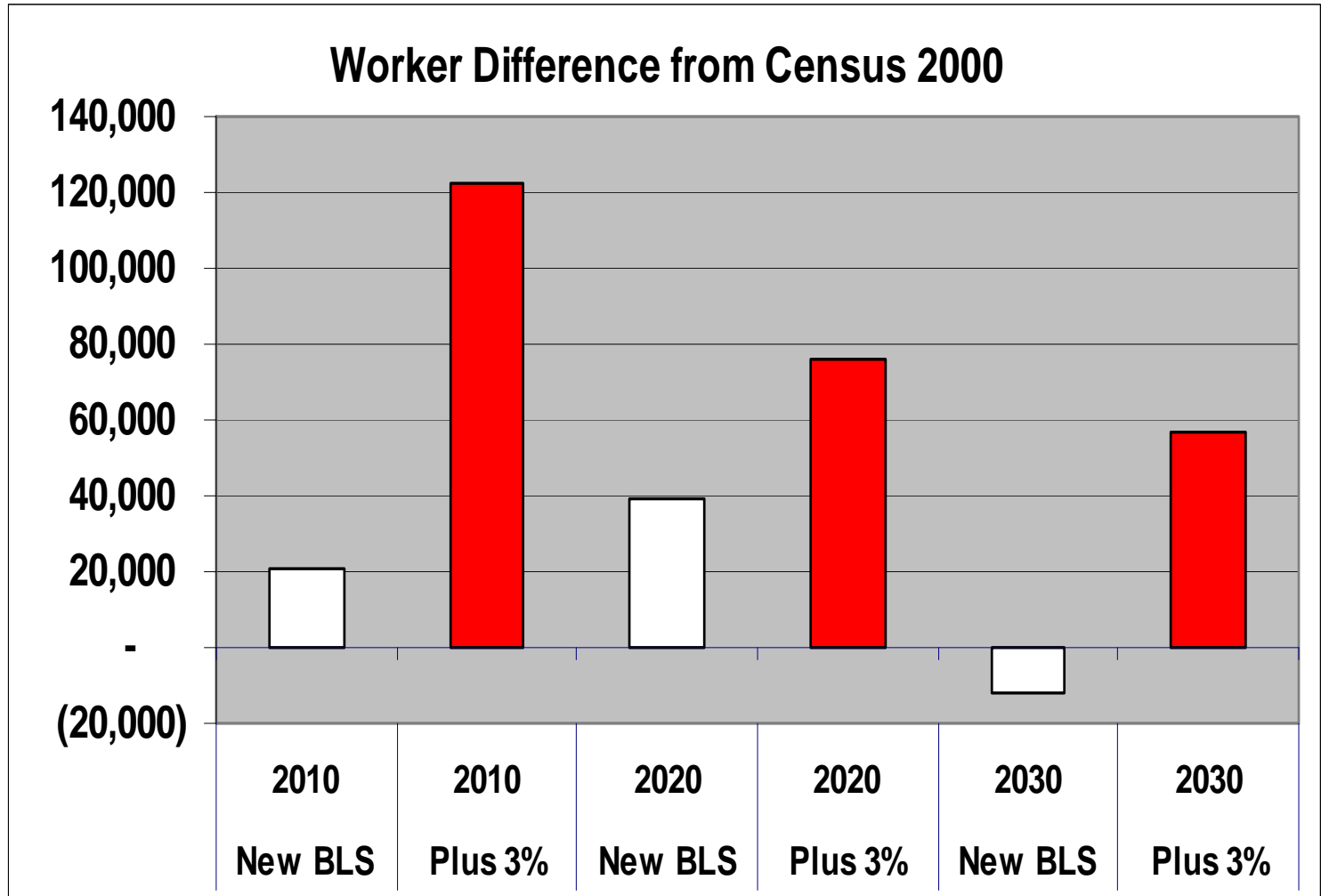


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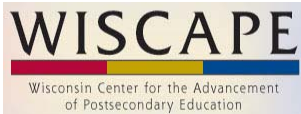
WISCONSIN'S WORKFORCE HIGHER LFPRs OFFER LIMITED GAINS



Source: Bureau of Labor Statistics, OEA

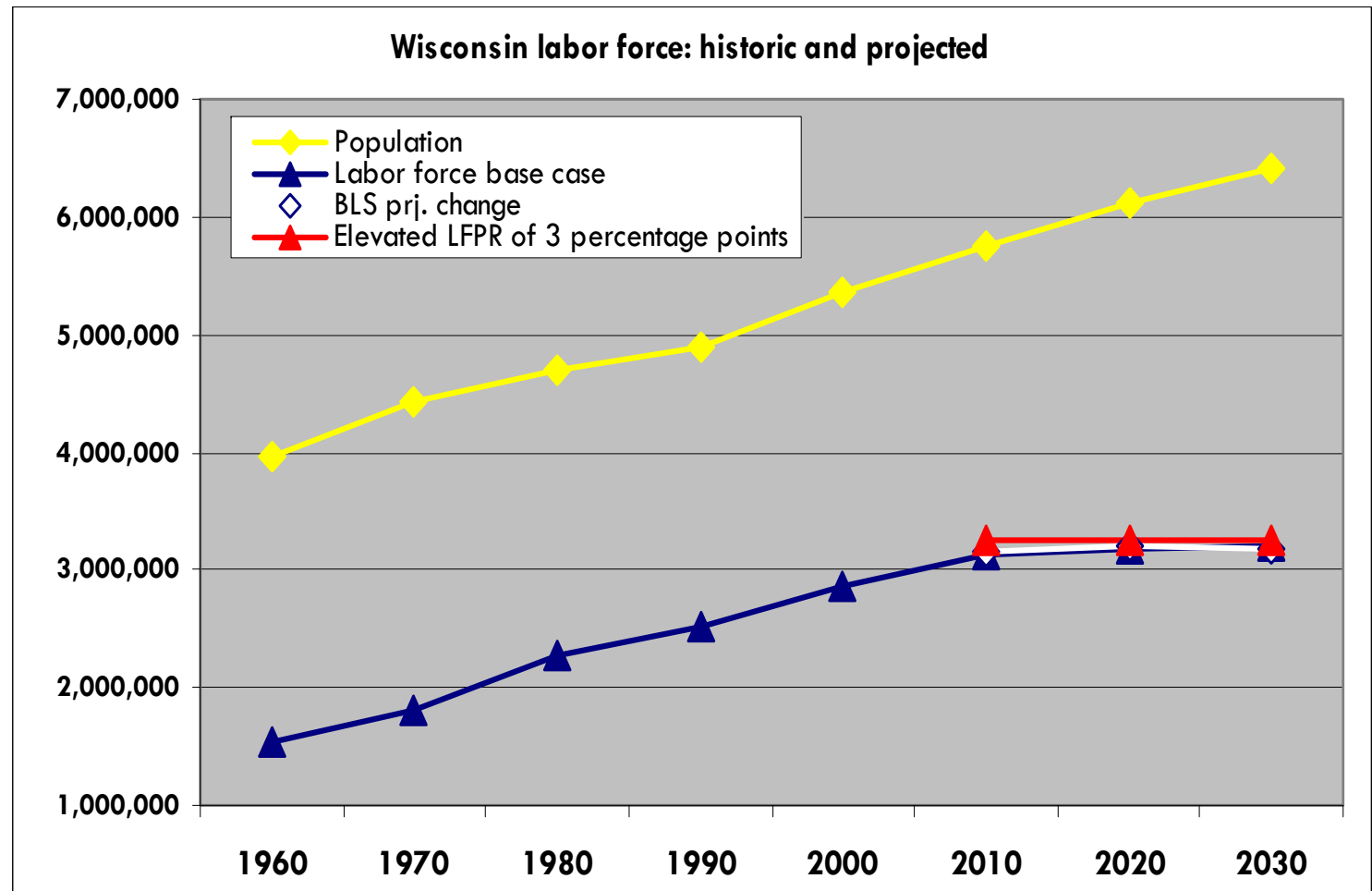


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LITTLE CHANGES EVEN WITH HIGHER LFPR RETIREMENTS SWAMP PARTICIPATION



Source: Bureau of the Census, DOA, OEA



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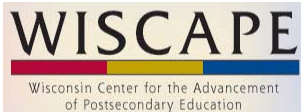


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EFFECTS



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Data:

March Supplement of CPS, 1992-2007 (via IPUMS)
Population projections from DOA

Age Groups:

15-24
25-34
35-44
45-54
55-64
65-74
over 75

Education Categories:

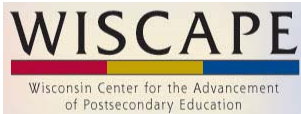
Less than high school
High school graduate
Some college, no degree
Associate degree,
Bachelor's degree,
Graduate or Professional degree

Income Categories:

Earnings
Transfer payments
Dividends (interest, rent, and other income)
Total income

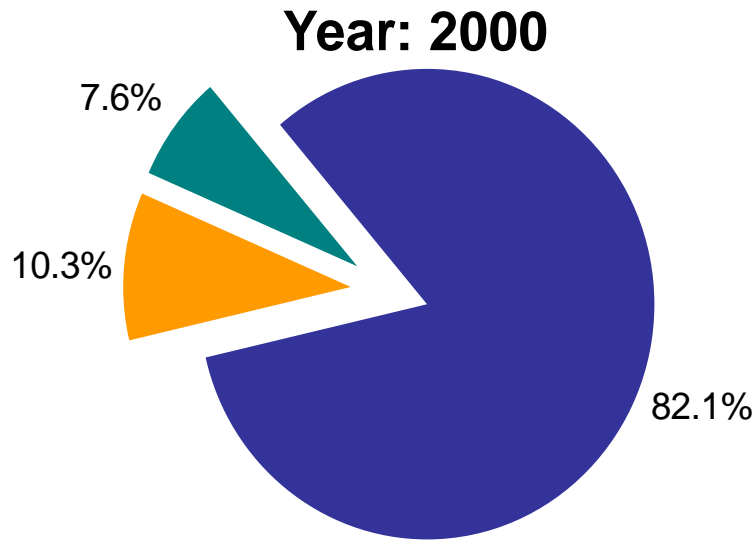


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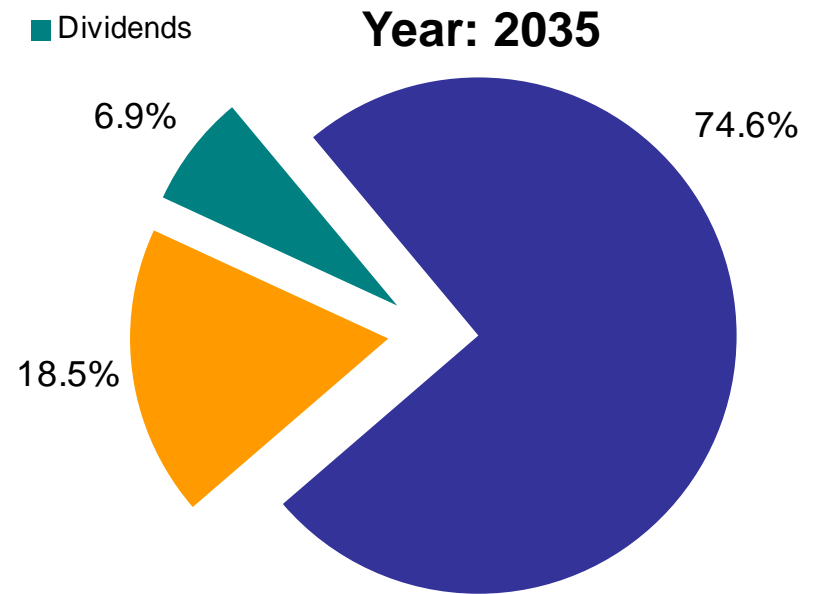
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AS BOOMERS RETIRE INCOME COMPONENTS CHANGE



Income stream shifts with age from earned income to transfer payments.

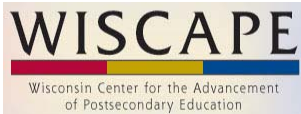
Real escalation in transfer payments is near zero – essentially eliminating gains from this income source.



Source: 1992-2007 CPS (Wisconsin) & DOA Pop Projections

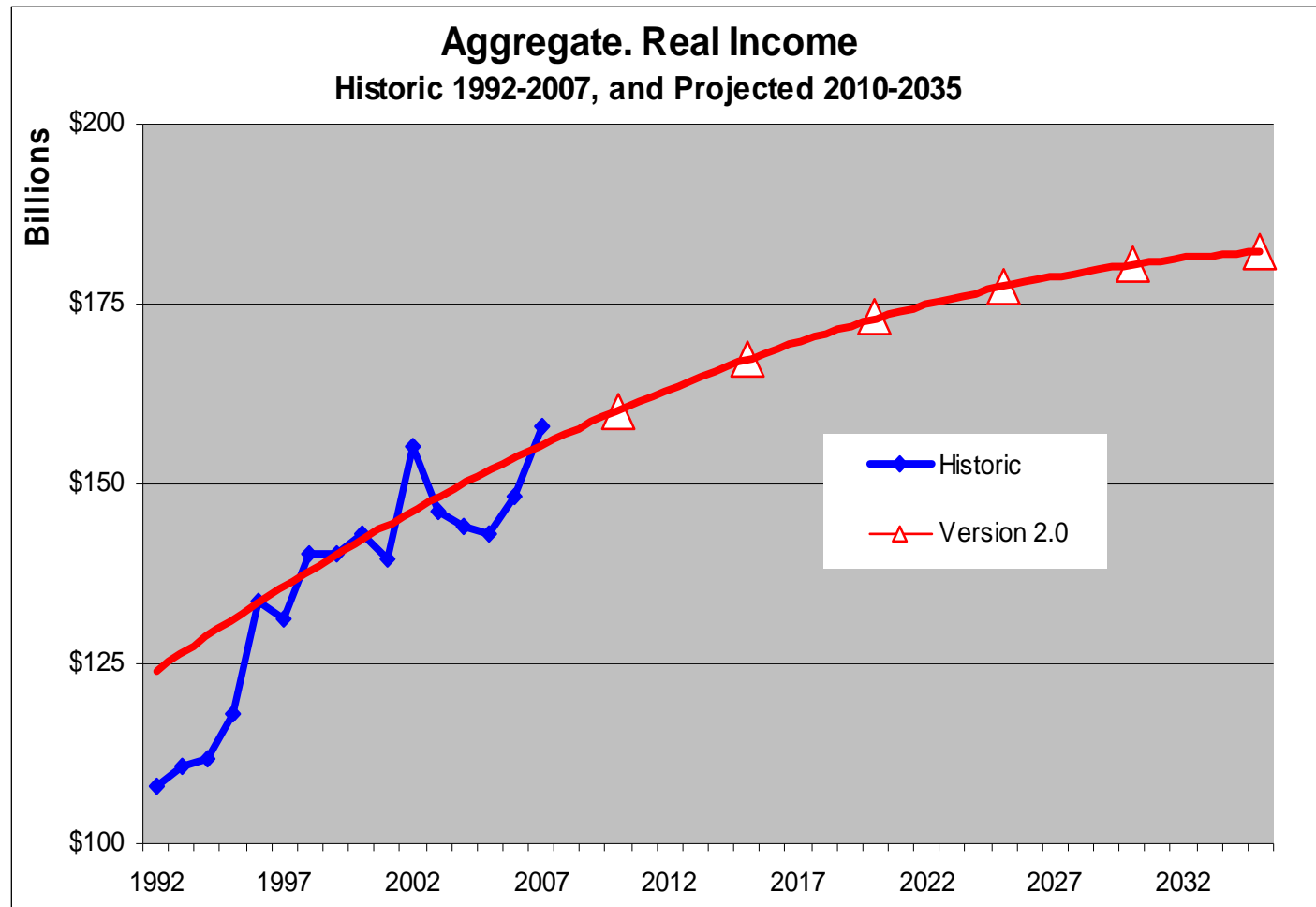


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AGGREGATE REAL INCOME GROWTH FLATTENS WITH WORKFORCE AND SOURCE



Source: 1992-2007 CPS (Wisconsin) & DOA Pop Projections



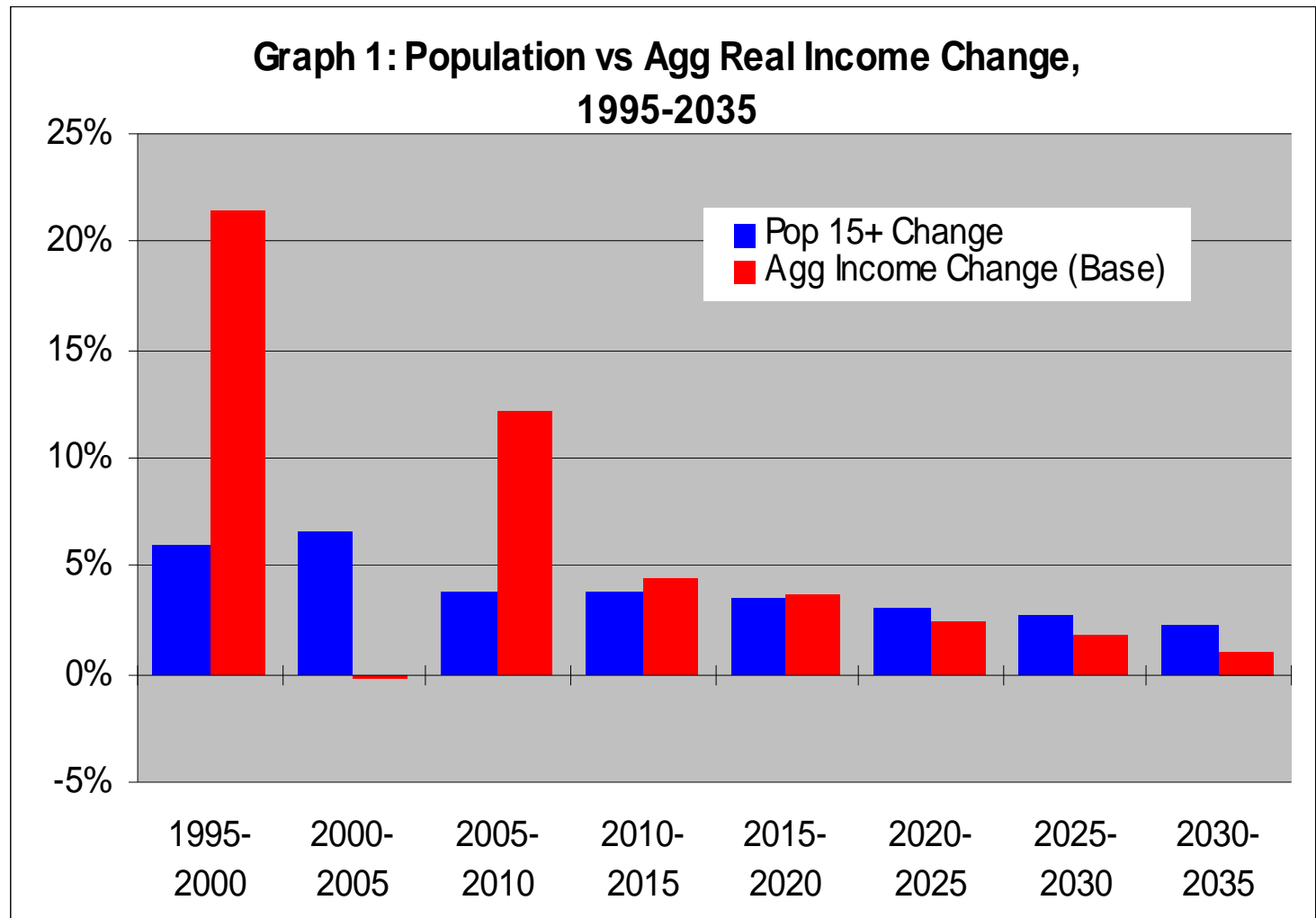
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UNDER BASE CASE ASSUMPTIONS PCI DECREASES STARTING IN 2015



Source: Bureau of Labor Statistics, Bureau of the Census, OEA



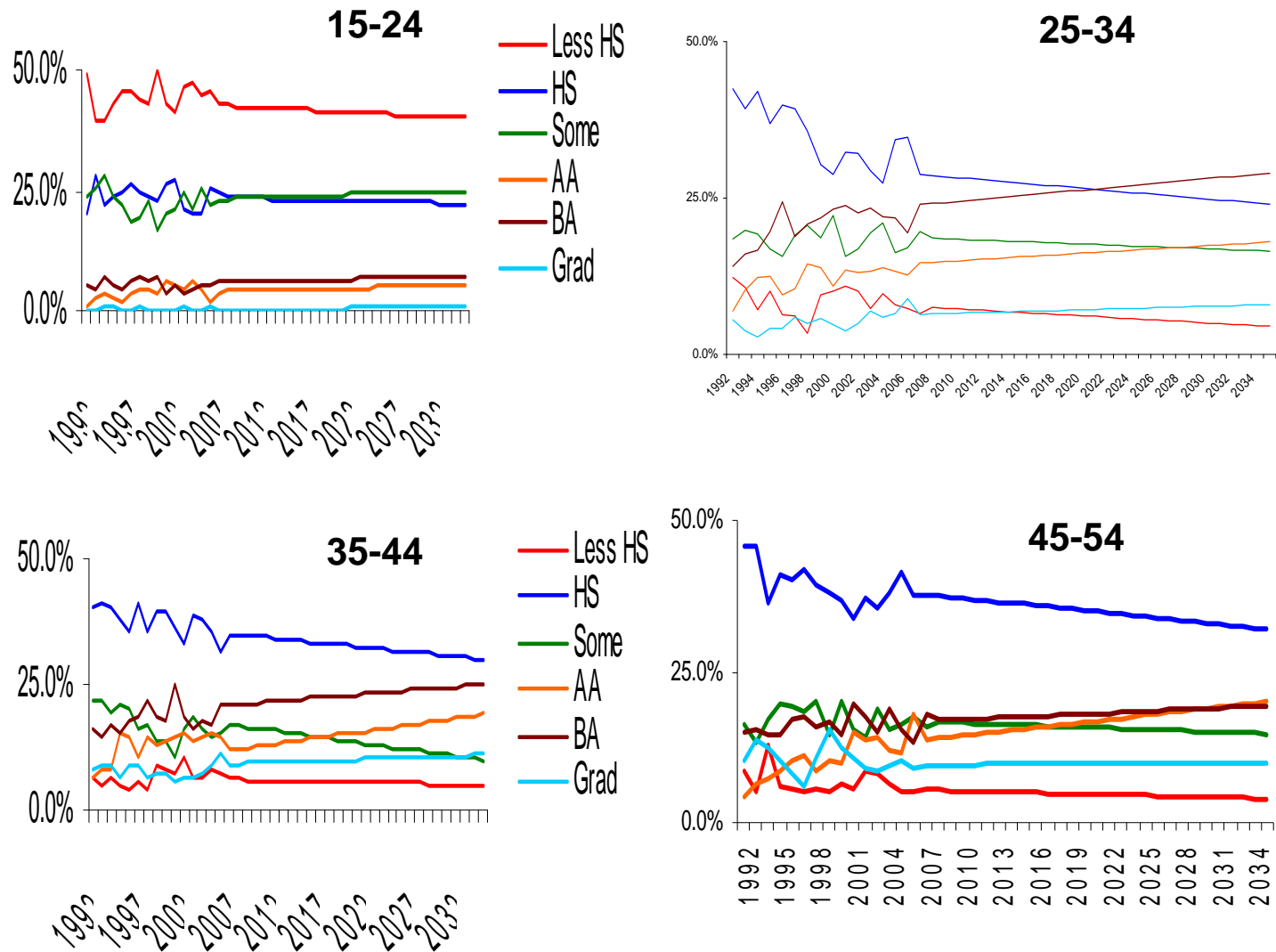
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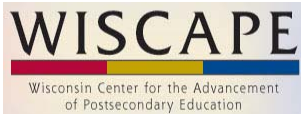
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LAYING IN EDUCATION PROJECTIONS TO ACCOUNT FOR ATTAINMENT TRENDS



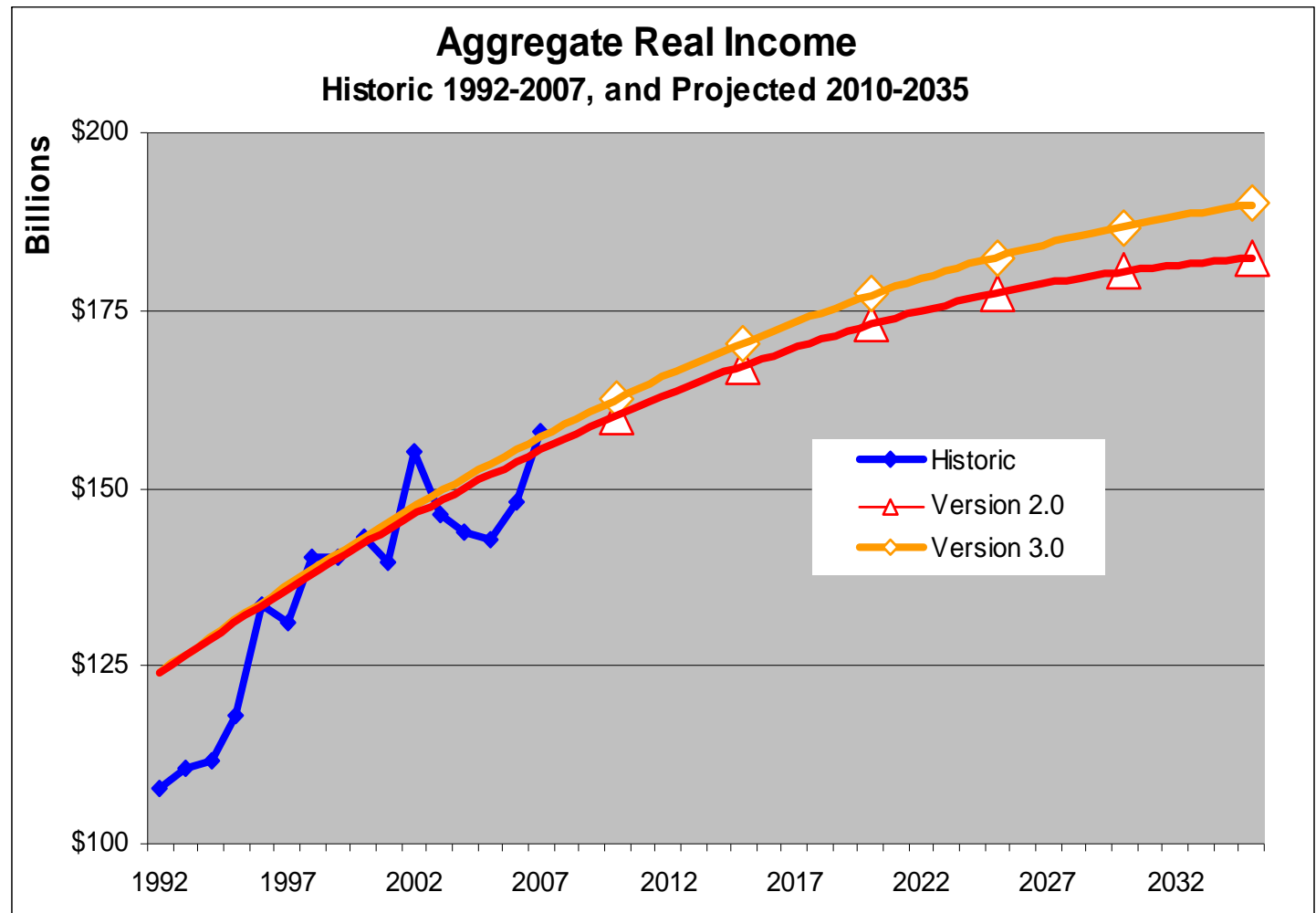


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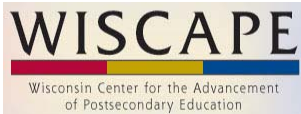
WE GET A BOOST IN PERSONAL INCOME FROM MORE EDUCATION AND TRAINING



Source: 1992-2007 CPS (Wisconsin) & DOA Pop Projections

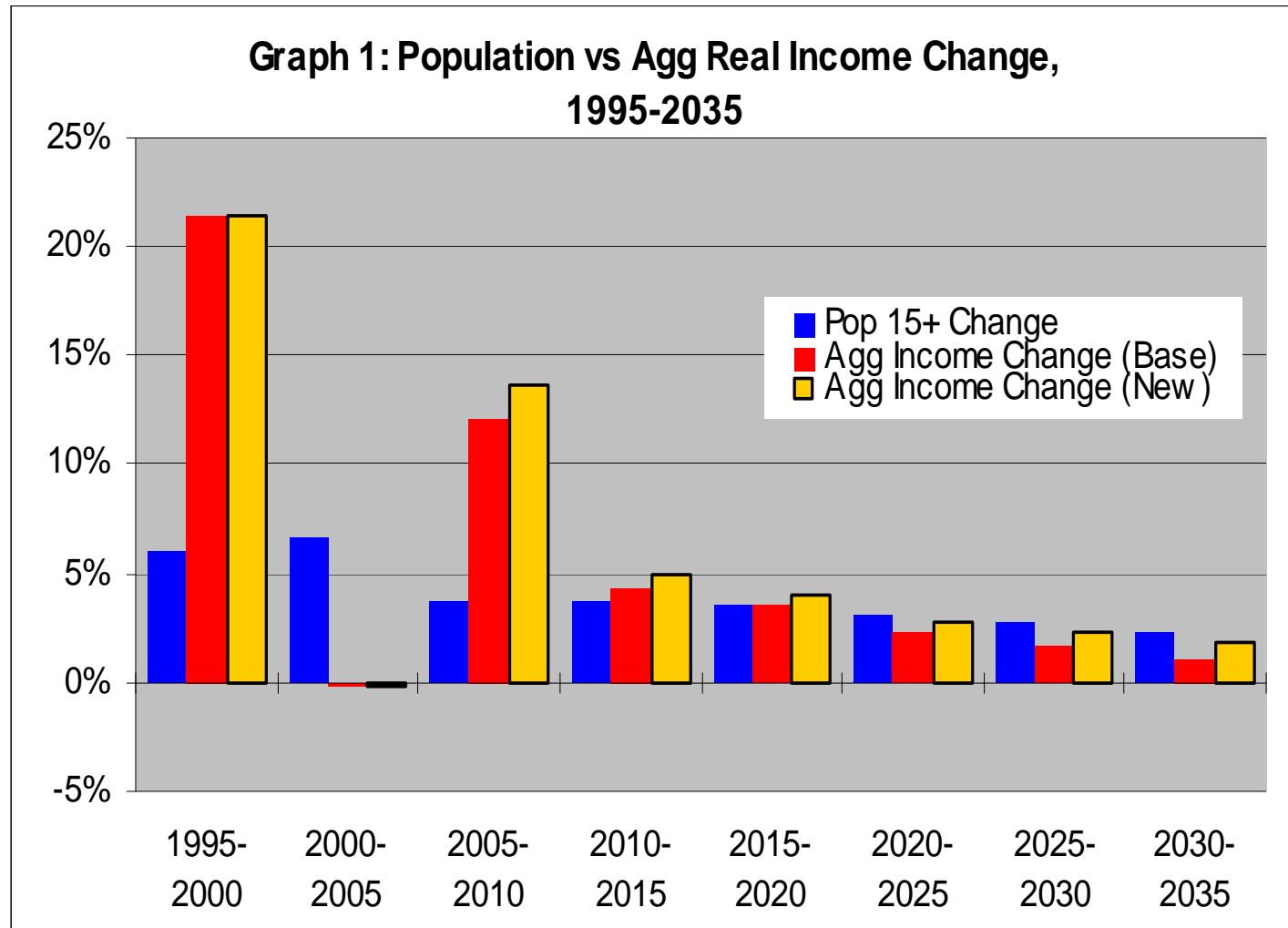


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THE INCOME BOOST ONLY DELAYS THE PCI LOSS FOR A FEW YEARS



Source: Bureau of Labor Statistics, Bureau of the Census, OEA



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WORKFORCE TRENDS ARE:

- **Unprecedented – we have never faced a declining workforce before;**
- **Assured – demographics will change little;**
- **Largely unalterable – demographics and migration patterns do not change abruptly.**



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RAMIFICATIONS OF WORKFORCE TRENDS ARE:

- **Potentially devastating – without sufficient productivity gains the state's economy will stagnate;**
- **Necessitating a focus on talent – large investments in education and training are needed;**
- **Requiring match – talent supply and industry demand must be matched or you lose both.**