Labor Market Trends in Wisconsin
Is there a labor shortage?

- Use economic indicators to assess the evidence of a labor shortage
  - “Shortage”
    - A quantity issue
  - “Mismatch” or “Gap”
    - A quality issue
    - A spatial issue
Unemployment is low.
One unemployed worker per job opening.
Average hours worked is slightly high but stable.
Wages have increased moderately.
Labor force participation rate has started increasing.
The evidence of a severe labor shortage is weak.

- But there are signs of a tight labor market
- Potential for a more serious shortage in the future
  - Growing labor demand
  - Large wave of retirements
  - Low in-migration
Many Wisconsin residents are nearing retirement.
...especially in some sectors.
Out-migration is low, and that’s good.

Domestic Out-Migration Rates and Rank
(2011-2015, 5-year Estimates)
Per 1,000 Population Age 16 to 64 with a Bachelor’s Degree or Higher

- Minnesota: 49
- Michigan: 45
- Illinois: 40
- Wisconsin: 39
- Indiana: 28
In-migration is low, and that’s bad.
What if in-migration were higher?

Wisconsin
Domestic Out-Migration Rate
and Median In-Migration

Actual
Policy Options for a Labor Quantity Issue

- Increasing the pool of workers
  - Mothers of young children
  - Previously incarcerated
  - Low income and low-skilled workers

- In-migration
  - Attracting new workers in the state
  - Place-making

- Immigration

- Automation
Alternative Explanations for a Perceived Labor Shortage

• Quantity, quality, and location of workers matter

• Skill mismatch

• Spatial mismatch

• May require different policies
Skill Mismatch

Projected Job Growth By Education Level 2014-2024

- No Formal Educational Credential: 33%
- More than a High School Diploma: 41%
- High School Diploma or Equivalent: 26%
- Bachelor's Degree: 25%
- MA, PhD, and Professional Degree: 5%
- Post-secondary Non-degree Award: 8%
- Associate's Degree: 3%
Spatial Mismatch

- There are job openings
  - Employers are not able to fill openings

- There are people looking for work
  - Workers are not able to find jobs

- Job openings are far from available workers
  - Can affect rural and urban areas
  - Transportation
  - Commuting costs
  - Housing
Policy Options for a Labor Quality Issue

- Shift industrial composition
  - Indiana
  - Strategy to attract companies

- Entrepreneurship
  - Skilled populations
  - Create jobs for themselves and others
Key Takeaways

• The labor market is tight

• There is potential for a more serious labor shortage in the future
  • Aging demographic
  • Low in-migration

• Policies for a labor quantity issue
  • Expand the labor pool

• Policies for a labor quality issue
  • Focus on business development