

Wisconsin's birth rate is falling, but why?

Wisconsin's birth rate is at its lowest point in at least a generation. Annual births are at a near-low for the time period, and the fertility rate has declined as well over the past decade. Given the state's recent history of net out-migration, this trend deserves consideration by policy makers. Together, those challenges could complicate efforts to grow the state's workforce and its economy.

With Wisconsin's population aging and its businesses reporting labor shortages, policymakers need to keep an eye on the workforce of the future. Data show one key source of new workers is on the decline: Mirroring a national trend, Wisconsin's birth rate has fallen steadily over the past three decades. According to data from the Wisconsin Department of Health Services, the number of babies delivered annually for every 1,000 people in the state is at its lowest point in at least a generation.

Several measures are important for understanding trends in birth and fertility. While annual births tell us how many children are born each year, the birth rate effectively compares that number to the state's total population. A related metric, the fertility rate, is meant to express births relative to the population of residents capable of childbearing, generally considered to be women between the ages of 15 and 44.

Annual births in Wisconsin peaked in 2007 at 72,757, but dropped rapidly afterward to 66,593 in 2016. That is just 103 births above a three-decade low set in 1997. The state's fertility rate (births per 1,000 women aged 15-44) has declined as well over the past decade.

Birth and fertility rates are influenced by a variety of demographic, social, and economic factors. Nationally and in Wisconsin, an aging population has put downward pressure on the birth rate, as a smaller share of women are capable of bearing children. Additionally,

couples tend to postpone having children when the economy is weak.

Declining birth and fertility rates are especially important in Wisconsin given the state's recent history of net out-migration. Since the mid-2000s, Wisconsin has lost more residents to migration than it has gained.

Together, these trends could add to the state's future labor challenges. The most recent state projections suggest Wisconsin's working-age population (20-64) will decline by 0.2% between 2010 and 2040, while the retirement-age population will nearly double. But these estimates may be too optimistic, since they assume the state will net nearly 300,000 residents through migration and that annual births will rise.

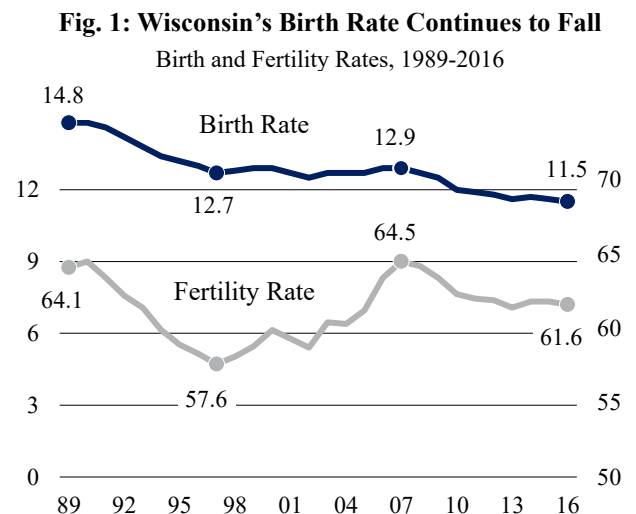
Birth and fertility in Wisconsin

Over the past three decades, Wisconsin's birth rate fell 22.3%, from 14.8 births per 1,000 residents in 1989 to 11.5 in 2016. (See Figure 1.) The trend does not appear to be abating; Wisconsin's birth rate has fallen in all but one year since 2007.

Wisconsin's fertility rate has risen and fallen over the decades. That said, despite a slight increase since 2013, the fertility rate has been declining since 2007. In 2016, the state saw 61.6 births per 1,000 women ages 15 and 44, down from 64.1 in 1989.

These trends can be attributed in part to Wisconsin's aging population. The decline in the birth rate over the years can be partially explained by the shrinking share of women between the ages of 15 and 44. While the total population of Wisconsin has continued to increase over the past three decades, the state has fewer women of child-bearing age now (1.08 million) than it did in 1989 (1.12 million). Similarly, because most births occur with mothers between ages 20 and 34, a drop in the share of women in those peak years can also lower the fertility rate.

Additionally, there is evidence to suggest that couples tend to postpone child-bearing during economic declines. The Pew Research Center found that states with the largest downturns in 2007-08 were most likely to experience large drops in fertility in the following years. The coming years will clarify whether the recent drop in fertility is a temporary or lasting change.

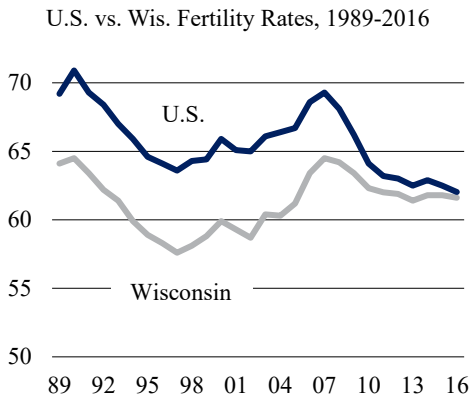


National Context

Compared to other states, Wisconsin's birth rate is relatively low, ranking 38th of the 50 states and 5.6% below the national average of 12.2 births per 1,000 people. Wisconsin's fertility rate, by contrast, is only slightly lower (0.7%) than the national average of 62. Among the states, Wisconsin's fertility rate is near the median, ranking 28th. States with the highest birth and fertility rates are scattered throughout the West, while those with the lowest rates are clustered in New England.

The decline in the state birth rate mirrors a national trend; since 1989,

Fig. 2: Wis. Fertility Approaches Nation



the U.S. and Wisconsin birth rates have fallen by 25.5% and 22.3%, respectively. When it comes to fertility, however, the

state has recently diverged from the rest of the country. Although Wisconsin's fertility rate remains slightly below the national average, the gap has narrowed substantially in recent years. (See Figure 2.) As recently as 2002, the national rate exceeded the Wisconsin rate by 6.3 babies per 1,000 women of child-bearing age. By 2016, however, the gap had narrowed to 0.4.

Because today's children are tomorrow's students, workers, and citizens, the birth rate can have a long-term effect on Wisconsin. As state leaders consider policies such as immigration, taxes, and family leave, they may want to take into account the decline in this rate. □

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Policy notes

■ *In response to a recent U.S. Supreme Court decision, Governor Walker (R) signaled that the state would begin to collect sales taxes for online purchases, but that any new revenue from the move would be offset by cutting other taxes. The ruling allows states to collect sales taxes for online purchases, including those from retailers without a physical presence in the state, a group previously exempted. The U.S. Govern-*

ment Accountability Office estimates online sales taxes could generate up to \$187 million a year in revenue for Wisconsin. The ruling could also increase collections for counties, which levy their own 0.5% sales tax.

■ *Attorney General Brad Schimel appointed Kristen Devitt director of the state's new Office of School Safety, which was founded as part of a plan to give schools \$100 million in grants to improve school safety fea-*

tures. So far, more than 735 schools have requested grants, and over \$3.6 million has been distributed.

■ *According to the Wisconsin Technology Council, the number of startups raising investment capital in the state has declined. In 2017, 127 startups raised capital, an 8% decline from the previous year and down 71% from 2012. However, startups raised \$231 million in 2017, second only to a record-breaking \$276 million in 2016.*