

WISCONSIN'S PUBLIC SECTOR EMPLOYMENT CONTINUES TO FALL

In 2021, Wisconsin's state and local governments and school districts counted just under 277,800 full-time equivalent employees, the fewest on a per-capita basis in two decades. While the pandemic played a role, years of tight school revenue limits and local property tax caps also likely contributed. Other factors may include technology, rising healthcare costs, and declining school enrollments. Average pay for these Wisconsin workers also declined relative to the nation, though that may reflect lagging incomes for all workers in the state.

Across school districts, state agencies, police departments, and more, Wisconsin's state and local governments employ hundreds of thousands of workers, but that number has fallen during the pandemic and has not kept pace with the state's population for decades.

Last year, out of every 1,000 state residents, 35.6 full-time equivalent employees (FTEs) worked for a local government (including school districts) in Wisconsin and 11.5 for the state government. Those numbers are down markedly from the early 2000s and have fallen even more than the national trend. In fact, the 47.1 state and local government FTEs in Wisconsin per

1,000 residents is the lowest level in the last two decades (see Figure 1).

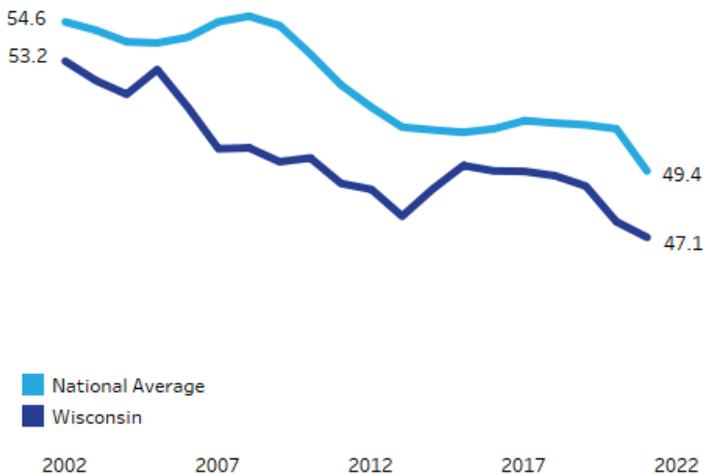
In 2002, Wisconsin's state and local employment level per capita was 2.5% below the national average. By 2021, however, Wisconsin's employment level per capita was 4.7% below the U.S. average. The total of 277,783 state and local government FTEs in Wisconsin was also lower in absolute terms in 2021 than in 2002 (289,944).

Compared to other states, Wisconsin tends to deliver more services [at the local level](#) and looking at local government employment alone yields an even clearer story. In 2021, Wisconsin employed 11.5% fewer local FTEs per capita compared to 2002, the tenth-largest decline of any state and above the national decline of 9.2%. This drop-off is largely driven by a decline in employment in K-12 school districts, which account for a majority of local workers in the state.

Our analysis draws on employment and payroll data from the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP) as well as Census population figures. In this brief, a worker means a full-time equivalent employee (FTE); part-time employees are counted in proportion to their hours worked.

In addition, payroll includes "all salaries, wages, fees, commissions, bonuses, or awards paid," meaning benefits are not included and take-home pay cannot be analyzed. The Census Bureau collects data each year "during the pay period that includes the date of March 12," meaning 2021 numbers reflect circumstances in March 2021 and not other months. In this report, we

Figure 1: Declining Public Employment in WI, Nationally
 Combined state-local full-time equivalent employees per 1,000 residents, Wisconsin vs. national average



Source: U.S. Census Bureau - Population Estimates and Annual Survey and Public Employment & Payroll



focus on long-term trends in the survey data rather than on year-to-year changes, which can fluctuate based on various factors, including which local governments are surveyed in a given year.

A DROP IN EMPLOYMENT

According to the Census Bureau, in 2021, state government in Wisconsin employed 67,828 FTEs, while all of its local governments collectively employed 209,955 FTEs. At the local level, this number is the lowest since 2014; for the state, it represents a slight recovery from 2020 but the lowest level prior to that in at least two decades.

Notably, the state trend does not correspond with the number of positions authorized within the state budget, which at nearly 71,800 is close to the most ever. One reason for at least part of the difference could be state positions that are authorized but not actually filled.

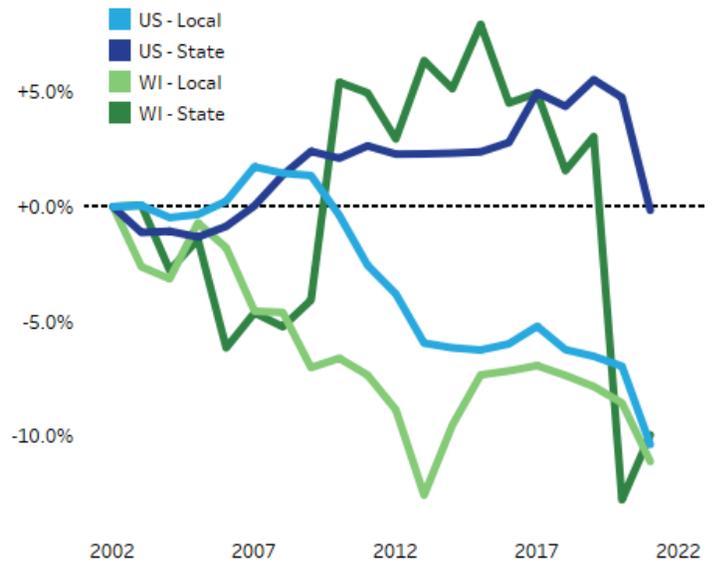
For both state and local government, employment trends are driven by education. Three out of five local government FTEs work in education, with the overwhelming majority in K-12 districts. A majority of state employees also work in education, nearly all of them for the University of Wisconsin System.

The Census Bureau survey data may have some flaws – for example, the figures for Wisconsin show an increase in higher education employment in 2000 and 2001 that is substantially greater than the increase shown in the UW System’s records for those years. For that reason, including 2000 and 2001 data in the analysis would have shown a more positive trend for state employment. Still, the data represents a reasonable basis for making comparisons over the long time period being examined.

Since 2002, state education employment per capita in Wisconsin has declined 9.9% while nationally it has stayed the same. Local education employees per capita have dropped 11.1% over the same time period; at the national level, local education employees per capita dropped by 10.4% (see Figure 2).

Several factors may help to explain the decrease in state and local workers. First, rising labor costs, particularly for health benefits, may have pressured government employers to limit their workforces. New technologies may have helped enable that, particularly in areas such as administration.

Figure 2: Wisconsin Loses Education Employees
Change in total per capita education employment relative to 2002 levels, state vs. local and U.S. vs. Wisconsin



Source: U.S. Census Bureau - Annual Survey of Public Employment & Payroll

Student enrollment trends in Wisconsin also played a role. For example, the UW and Wisconsin Technical College System benefited from rising enrollments during the 2000s but since then enrollments have fallen at [roughly twice the national rate](#). Enrollments also have fallen for public K-12 schools in recent years, driven by such forces as falling birthrates, the rise of publicly funded private voucher schools, [and COVID-19](#). The enrollment drops likely reduced K-12 and higher education revenues and staffing.

State limits on local taxes likely also had an influence. Since the 1993-94 school year, the state has capped the combined amount of revenue K-12 districts can raise per pupil from general school aids and property taxes. The state cut revenue limits by 5.5% in 2012 and has kept them [much tighter since then](#) than in previous years, likely affecting employment.

Additionally, state funding for public higher education in Wisconsin has [fallen behind national averages](#) and the state and UW System have frozen in-state undergraduate tuition at 2013 levels. That likely has also limited UW employment.

Employment in other major public sector categories also declined. Since 2002, total per capita state and local law enforcement employees nationwide – including non-sworn staff - has dropped by 6.5%. Wisconsin saw an even bigger decrease of 10.5% fewer FTEs per capita.



That may reflect factors that include both state-imposed property tax levy limits and lagging state aid for municipalities and counties – the largest employers of law enforcement in Wisconsin. In addition, unions for law enforcement employees are some of the only ones that still have broad collective bargaining powers in the state. That may have also added to the cost of these workers and limited state and local hiring.

In Wisconsin, total employment levels dropped between 2021 and 2002 in just eight of 23 local government categories and three of 14 state categories. To some extent, these changes mirror national trends.

Wisconsin's state employment per capita has declined notably since 2002, but its 2021 ranking of 41st among the 50 states is slightly better than 42nd in 2002.

Declines in local employment in Wisconsin, however, have been greater than national averages. In 2002, Wisconsin's 40.2 local FTEs per 1,000 state residents was 16th overall; by 2021, its 35.6 local FTEs per 1,000 state residents ranked 28th. Across both sectors, the 11.5% drop in per capita state and local employment levels in Wisconsin since 2002 was the 13th-largest drop in the country and dropped the state from 33rd to 42nd in per capita employment.

PAYROLL FOLLOWS STATE TRENDS

ASPEP also tracks gross payroll information, and does not include benefits, so it shows only part of the total compensation picture. While the ASPEP data show Wisconsin's public payroll declining relative to national levels over time, that may reflect lagging incomes for all workers in the state, both public and private.

In 2002, the average local government employee in Wisconsin made \$39,424, just 0.1% below the national average of \$39,480. By 2021, the average of \$59,076 for local employees in Wisconsin was nearly 7.4% lower than the national average of \$63,828. Notably, these figures do not account for the impact of 2011 Wisconsin Act 10, which led to most state and local employees contributing more for their pension and health care benefits, lowering their take-home pay.

That said, data from the U.S. Bureau of Economic Analysis show that personal income per capita in Wisconsin in 2002 was \$414, or 2.5%, lower (\$31,425) than nationally (\$31,839). By 2021, however, per capita income in Wisconsin (\$58,564) was nearly \$5,000, or 7.7%, lower than the \$63,444 nationally.

In addition, the average local employee in Wisconsin made 25.5% more than the statewide per capita personal income in 2002 but only 0.9% more by 2021. In a similar trend nationally, the average local public employee made 24.0% more in 2002 than per capita personal income but just 0.6% more in 2021. Meanwhile, Wisconsin's state employees made 40.5% more than statewide personal income per capita in 2002 and 25.0% more in 2021; at the national level, state workers outpaced national per capita income by 32.3% in 2002 but just 11.7% in 2021.

That suggests a double impact for local public employees in Wisconsin: incomes for public and private workers alike in the state lagged their counterparts nationally and local public sector workers in particular (both here and nationally) also saw an erosion in their advantage over other workers.

SUMMING UP

Over the past 20 years, Wisconsin has consistently ranked in the bottom 10 states for state workers per capita, while local government employment has fallen to the middle of the pack.

In ordinary times, these trends would be worthy of consideration, but today's tight labor markets add an important dimension. Going forward, policymakers will need to consider not only whether public sector employment levels are sufficient to meet the needs of citizens, but also whether government employers can compete with the private sector for workers.

Also, fiscal challenges for school districts and local governments may at least partially explain the decline in local employment and pay. Responses could range from providing additional local revenues to steps to hold down costs such as service sharing among local governments or changes to health and retiree benefits.

As our January 2021 report "[Dollar for Dollar](#)" made clear, a number of key public services such as law enforcement, public health, and parks are delivered more at the local level in Wisconsin than in other states. That makes it particularly critical to assess how local governments are faring as they seek to maintain the workforces they need to meet the needs of communities across the state.

