



For Immediate Release

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Hintz Column: Where Will Wisconsin Find the Workers?

The shiny object in front of lawmakers' eyes when talking about the Foxconn proposal is the potential of new jobs. "13,000 direct jobs! Another 22,000 indirect jobs!"

All of these claims ignore the reality in 2017 Wisconsin faces. If the jobs do materialize, where will the workers come from?

The important statistic when considering the availability of labor is the "prime working age" population, which economists classify as people between 25 and 54 years old. Wisconsin had 105,000 fewer prime working age people in 2015 than it did in 2010. Some of the sharpest decreases occurred in Jefferson, Kenosha, Ozaukee, Racine, Walworth, Washington and Waukesha counties. As the state with the 15th oldest population in the U.S., Wisconsin's prime working age population is expected to continue to shrink through 2040 to just 33% of its total population. This is down from 41% in 2010.

Looking at 2016 census estimates for Racine and Kenosha counties, Racine lost 6,709 (8.3%) of its prime working age population in just the past 6 years. Kenosha lost 2,998 (4.3%) since 2010. So the very region being counted on to fill as many as 35,000 jobs has a smaller number of working aged people, and that number is continuing to decrease.

Wisconsin's current and future demographic challenge is not new, but considerations for how the state will address this challenge and manage the consequences do not seem to be at the forefront of the Governor's current decision-making.

In addition to the lost workforce due to the retirements of baby boomers, more than 27,000 people left Wisconsin between 2010 and 2014, according to a study from the Wisconsin Taxpayers Alliance (WISTAX). According to Todd Berry, WISTAX president, Wisconsin lost people "at a faster rate than we should, and this means not only are we not going to grow the workforce, we're going to see a shrinking workforce if we keep that up."

If you build it, will they come?

Wisconsin is not alone in facing a labor shortage. Both Illinois and Michigan face shrinking working age populations, while Minnesota and Iowa expect small increases through 2040. Nationwide, there are more than 1 million unfilled manufacturing jobs and there is high demand for skilled labor.

Workers choose where they want to work. Advocates for Foxconn have referenced both Silicon Valley and North Dakota's oil boom as examples for Wisconsin's hopes. However, Silicon Valley succeeded primarily because of the open immigration policies of the U.S. and the importance the world's best and brightest immigrants have played in the tech business. Wisconsin share of foreign-born Wisconsin residents stood at 4.8% in 2015, well below the U.S. percentage of 13.5% for the same year. And the average wage during the oil boom in 2012 in North Dakota for oil field workers was \$112,462, while entry level rig workers averaged about \$66,000 a year, according to *Rigzone*, an industry information provider and job website.

It remains unclear what the actual job range will be or what the specific pay for those jobs at Foxconn will be beyond the unverified average annual pay of \$53,000. With a significant labor shortage in Wisconsin and neighboring states, will that level of compensation be enough to recruit as many as 13,000 people (not to mention 22,000 more) from around the U.S. to move to southeastern Wisconsin as our existing working age resident population declines? It seems unlikely. The need to increase compensation will drive up labor costs and result in a larger and faster push to automate the Foxconn plant. The result? Far fewer jobs, and a much higher cost to the taxpayer. Lawmakers should not let the shine blind this reality.

Rep. Gordon Hintz (D-Oshkosh) represents the 54th District in the Wisconsin State Assembly and is a member of the Legislature's budget-writing Joint Committee on Finance.

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