

# THE WISCONSIN TAXPAYER

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## Wisconsin's Migration Challenge

Residents Stay, But State Needs Newcomers to Bolster Workforce

*IRS figures show Wisconsinites move to other states at lower rates than residents of all but three states. However, because Wisconsin lags in attracting people, it is a net loser in migration. Weather, relatively low wages, and, in some cases taxes all play a role. The state needs to reverse this trend: Over the next 20 years, it must attract as many as 300,000 people just to maintain its current workforce.*

The combination of baby-boom retirements and declining school enrollments means Wisconsin's biggest long-term economic challenge is a shortage of workers. As a 2014 WISTAX study, "*The Impending Storm*," noted, forecasts from state demography experts show the working-age population declining 0.2% between 2010 and 2040.

To ensure continued economic growth, Wisconsin must not only retain its current workforce but must also attract workers from other states. More people must move here from elsewhere than leave.

State population forecasts are optimistic on this point. By 2040, they assume a gain of nearly 300,000

people from migration. Unfortunately, recent trends show the opposite. Since the mid-2000s, Wisconsin has lost more residents from migration than it has gained. New IRS figures show that continuing through 2014.

The figures also show that Wisconsinites are among the least likely to leave their state. Thus, much of the recent net losses are from failure to attract residents of other states. While state leaders should work to retain residents who might leave, they must focus on attracting people from elsewhere.

### THE BIG PICTURE

In every year since 2005, more people left Wisconsin than moved here. But that was not always the case.

### Gaining People, Losing Families

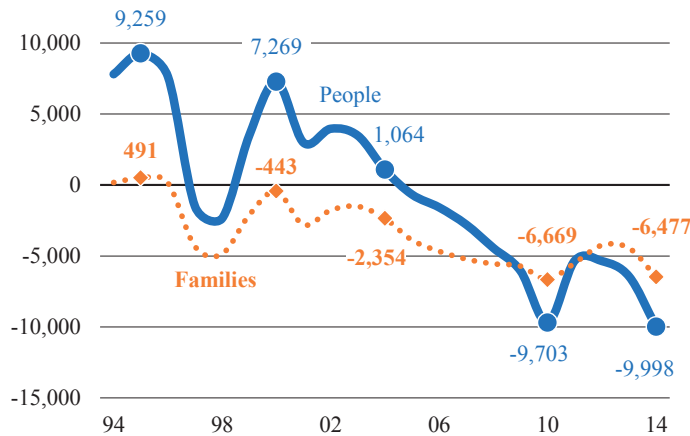
*People.* From 1994 through 2004, Wisconsin gained 43,000 more people than it lost due to migration (see blue line in Figure 1, page 2). In fact, throughout that decade, Wisconsin was a net gainer of people in every year, except 1997 and 1998. These figures are based on income tax returns (see box on page 9), so they could be understated since some low-income movers do not file.

While gaining 43,000 people is not large for a state with more than

### Also in this issue:

Moving by County • Property Values Rise • More Teachers and Administrators • WISTAX Wins National Award

**Figure 1: Wisconsin Migration Patterns Worsen**  
Net Migration of People (blue) and Families (orange), 1994-2014



five million residents, the net gain was a positive, given the state's northern location. Generally, the nation's population has shifted from north and east to south and west.

During 1994-2004, net migration (the difference between those moving in and out) was negative for Illinois (-639,203), Michigan (-170,658), and Iowa (-64,763). Like Wisconsin, Minnesota (28,191) gained residents from migration, albeit a smaller number.

*Families.* While good news, Wisconsin's population gains during this period masked a troubling trend: The state was losing more families than it was gaining (Figure 1, dashed orange line). During the decade studied, 19,413 more families left Wisconsin than came here from other states.

That the state was gaining people but losing families might seem contradictory. However, the reason is family size. On average, families entering Wisconsin were 9.5% larger than those leaving.

### Losing People and Families

While Wisconsin continued to add people during 2000-04, net annual gains declined from 7,269 in 2000 to 1,064 in 2004 (see graph above). After 2004, our temporary migration advantage reversed as the number of people leaving exceeded the number arriving. Over the next 10 years (2005-14), the state lost 52,380 residents to migration, and about the same number of families (52,403).

Annual losses generally grew over time. In 2005, 674 more people (and 3,886 more families) left Wis-

consin than came here from other states; by 2014, the net loss was 9,998 people and 6,477 families.

Wisconsin was not alone in losing population during this period. Net losses in Illinois (-513,986) and Michigan (-435,754) were more than eight times larger than here. Minnesota (-60,723) lost slightly more than the Badger State, while Iowa's net loss was small (-1,349).

Figure 1 is not a welcome sight for policymakers. Workforce projections mentioned at the outset assume positive net immigration of almost 300,000 people from 2010 to 2030. Since 2010, however, the state has lost more than 27,000 residents. Without a reversal in this outflow, the size of the state's workforce will begin to shrink even sooner than projected.

### Losing Income

When a family moves to another state, Wisconsin loses not only an actual or potential worker but also his or her income and wealth. Money that would have been spent or invested here to create and sustain jobs disappears.

In 2014, Wisconsin lost more than \$500 million in income due to the net outflow of families. During

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the ten years from 2005 through 2014, losses totaled \$3.6 billion.

## National Perspective

While the focus here is primarily on migration to and from Wisconsin, a national perspective is helpful. During 2012-14, Wisconsin's net migration rate (net migration per 1,000 residents) was -1.55: For every 1,000 residents, Wisconsin lost 1.55 due to migration. This rate placed us 35th among the states; 15 states had worse rates, including Illinois (-6.12, 48th) and Michigan (-2.23, 40th). Minnesota's rate (-1.34, 31st) was slightly better than Wisconsin's. Iowa (-0.33) placed best (21st) among the five upper midwest states.

Figure 2 summarizes these net migration figures. Only 20 states, mostly in the west and south, gained population on net (two shades of green). Leading gainers were North Dakota (+13.42 per 1,000 residents), Texas (+7.73), South Carolina (+7.18), Colorado (+5.94), and Nevada (+5.76). States with the most adverse rates were Alaska (-11.22), New York (-7.21), Illinois (-6.18), New Mexico (-5.58), and New Jersey (-5.03).

For the rest of this report, the focus is on migration during 2012-14, the most recent three years for which data are available.

## WISCONSIN DETAIL

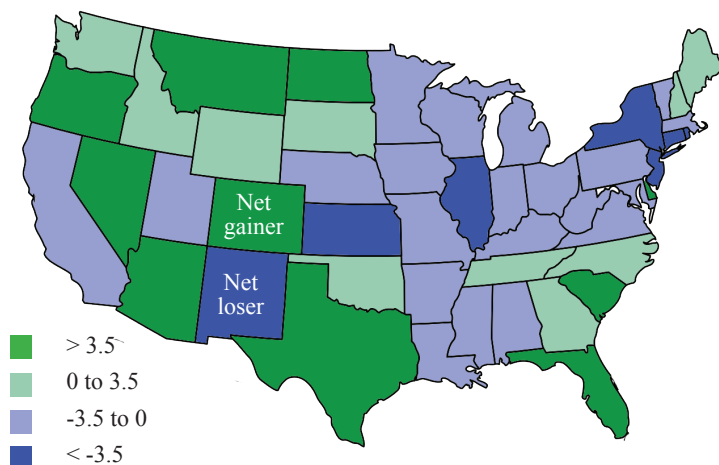
If state leaders are to address effectively Wisconsin's migration problem, they must first understand its geography.

### "Trading" Partners

For Wisconsin, nearly two-thirds of migration activity occurs with just 10 other states. Of the 271,436 people who left during 2012-14, 65% moved to one of our four neighbors, or to Florida, Texas, California, Arizona, Colorado, or Indiana. Of the 249,633 who moved here from elsewhere, 66% came from one of these states (see Table 1). Wisconsin gained people on net with only three of these 10 states: Illinois, Michigan, and Iowa—all of which are neighbors.

In terms of people, Wisconsin's largest single "trading" partner was Illinois. During 2012-14, 37,873 state residents left for the Land of Lincoln, while 51,905 made the opposite move. On average, those moving here had higher family incomes than those leaving—\$56,092 vs. \$50,150. Thus, net migra-

**Figure 2: U.S. Population Moving West, South**  
Net Migration Per 1,000 Population, by State, 2012-14



tion with Illinois added almost \$500 million to total Wisconsin income during those years.

Neighboring Minnesota was Wisconsin's second leading migration partner. During the three years, 2,503 more Wisconsinites left for Minnesota than came here (35,381 vs. 32,878). Similar to Illinois, those entering Wisconsin had average family incomes greater than those leaving (\$53,250 vs. \$47,435). The Badger State had a modest income loss (\$1.9 million) to Minnesota because of the net population loss.

Compared to Illinois and Minnesota, migration to other states pales. While more than 68,000 people moved between Wisconsin and Minnesota, fewer than 37,000 were involved in Wisconsin-Florida or Wisconsin-Texas moves. The two southern states were Wisconsin's third and fourth largest partners in exchanging people.

**Table 1: Wisconsin's 10 Largest Migration "Partners"**  
Migration Out of and In to Wisconsin, by State, 2012-14

State	Out of Wis.		Into Wis.		Net	
	Num.	Avg. AGI	Num.	Avg. AGI	Num.	AGI (\$ Mill.)
Illinois	37,873	\$50,150	51,905	\$56,092	14,032	\$478.7
Minn.	35,381	47,435	32,878	53,250	-2,503	-1.9
Florida	21,892	93,554	14,646	51,694	-7,246	-702.1
Texas	20,711	54,559	12,533	52,358	-8,178	-229.3
Calif.	14,973	63,721	13,390	55,193	-1,583	-159.5
Mich.	11,843	53,819	12,773	49,285	930	1.8
Arizona	10,889	62,576	7,114	52,766	-3,775	-162.6
Iowa	7,761	49,987	7,885	47,213	124	-6.7
Colorado	7,862	49,518	5,750	49,548	-2,112	-79.1
Indiana	6,648	52,321	6,303	48,755	-345	-12.5
All States	271,436	57,394	249,633	54,056	-21,803	-1,318.9

Also, Wisconsin's largest migration deficits were with these two states. During the three years studied, net outmigration was 7,246 to Florida and 8,178 to Texas. In both cases, average incomes of those leaving were greater than of those arriving. The gap was widest with Florida: Incomes of those leaving the Badger State

**During 2012-14, just 1.9% of Wisconsinites moved to another state. Only three states had a lower percentage: California, Michigan, and Ohio. Nationally, 2.6% of the population moved interstate.**

averaged \$93,554, compared to just \$51,694 for those coming here. Net, Wisconsin lost nearly \$1 billion in income to Florida and Texas combined.

Wisconsin also lost significant income to Arizona. Along with Florida, that sunny, desert state is a popular retirement destination. Net, the Badger State lost 3,775 people and \$162.6 million in income to Arizona.

### A State of "Stayers"

While Wisconsinites leaving for elsewhere is a concern for state officials, it is important to grasp an essential point: Wisconsin residents are less likely to move than residents of other states. During 2012-14, 2.6% of the U.S. population on average moved each year from one state to another, compared to only 1.9% for Wisconsin (see Figure 3). Indeed, the state ranked 47th on that percentage, ahead of only California, Michigan, and Ohio.

With only a small share of its population leaving, it is clear that Wisconsin is good at keeping its own.

Reasons vary, but they fall into one of two categories. Either the state has attributes that are attractive, or residents are culturally hesitant about moving elsewhere. The latter seems likely as lack of interstate migration appears to be a Midwestern trait. Along with Wisconsin and Michigan, Minnesota (46th), Illinois (42nd), and Iowa (40th) all ranked low in the percentage of residents leaving their state.

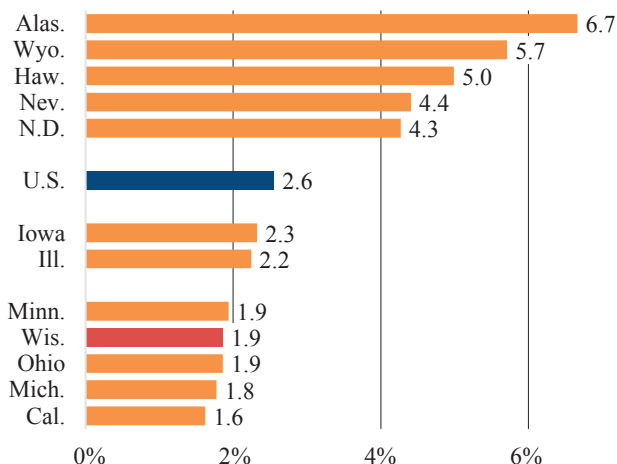
At the same time, Wisconsin does not attract many residents of other states. During 2012-14, an average of 1.7% of the state's population were new arrivals from another state. Wisconsin ranked 45th among the states, ahead of only California, Illinois, Michigan, New York, and Ohio. Minnesota (1.8%, 43rd) fared only slightly better than Wisconsin, while Iowa (2.3%) ranked 38th.

### Movement by Age and Income

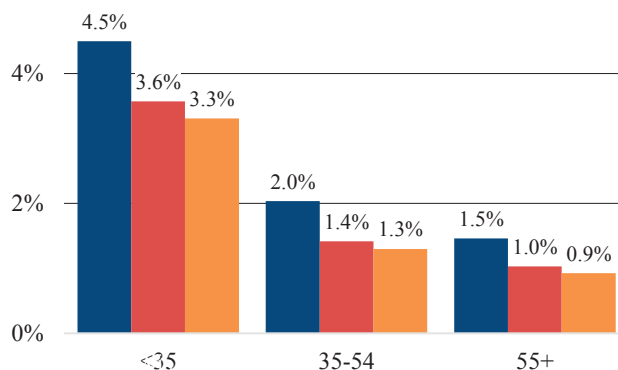
Individuals and families move for a variety of reasons. Young people relocate to pursue higher education, find their first "real" job, or travel before settling down. For those in their 30s, 40s, or 50s, a job change for higher pay or a better quality of life (e.g., good schools, availability of parks and recreation) may trigger a move. As individuals retire, weather and taxes can influence location decisions. If policies to retain and attract people are to be developed, information about mover characteristics is needed, especially age and income.

*Leavers by Age.* First, it must be recognized that both here and nationally, young people tend to move to other states at higher rates than others (see Figure 4). Nationally, 4.5% of those under age 35 move between states, while only 2.0% of those

**Figure 3: Wisconsinites Tend to "Stay Home"**  
% of Pop. Moving Between States, 2012-14



**Figure 4: Migration Rates Vary by Age**  
% of Pop. Moving Between States by Age of HH Head, U.S. (blue), Out of (red) and Into (orange) Wis., 2012-14





35 to 54 do so. This is to be expected since many young people leave home for college. Upon graduation or military service, they often move again to begin a career.

Second, migration rates decline as people age and settle into jobs and homes. Rates were lowest among those ages 55 to 64, when job change is less likely as retirement nears. Migration rises slightly among those of retirement age (65 or older).

A third important point regarding age is that Wisconsin's outmigration rates trailed national averages among all age groups. The difference was largest in households headed by persons between 26 and 34. In this group, an average of 4.5% of the U.S. population moved to a different state during 2012-14, compared to only 3.3% for Wisconsinites.

As age increased, U.S.-Wisconsin differences narrowed. For example, 1.1% of Wisconsin residents in households headed by someone 45 to 54 left the state; nationally, that percentage was 1.5%.

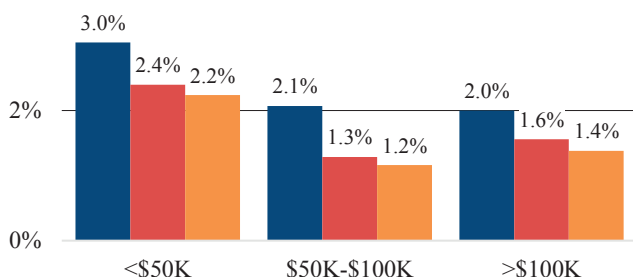
*Entrants by Age.* Wisconsin's impressive ability to keep its own is offset by its relative inability to attract others. While 1.9% of Wisconsinites on average left the state during the three years studied, just 1.7% of the state's population came from elsewhere.

This pattern was consistent across ages (see orange bars in Figure 4). Note that nationally, rates of outmigration and immigration must be the same: A person departing one state is arriving in another.

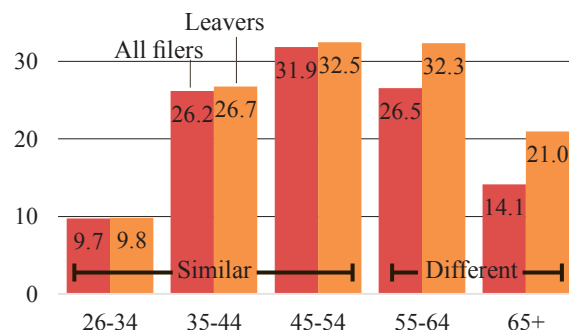
## By Income

In many ways, migration by income level (Figure 5) mimics the age pattern. This is not surprising as income generally rises with age. Again, migration

**Figure 5: Migration Varies by Income**  
% of Pop. Moving Between States by Income of HH Head, U.S. (blue), Out of (red) and In to (orange) Wis., 2012-14



**Figure 6: % of Pop. in High-Income Families**  
% With Incomes > \$100,000, All (red) and Leavers (orange), Wisconsin, 2012-14



rates here are less than national rates at all income levels.

However, at incomes above \$100,000, Wisconsin bucks the national trend. U.S. migration rates were nearly identical for those with incomes in the \$50,000-\$100,000 and over-\$100,000 groups (2.1% and 2.0%, respectively). In Wisconsin, however, rates rise from 1.3% to 1.6%. For the smaller group with incomes above \$200,000, Wisconsin's outmigration rate is 2.2%. This is the only income cohort in which Wisconsin's migration rate nearly matches the nation's (2.3%).

*High-Income Families.* Upon closer inspection, Wisconsin's challenge is primarily with high-income seniors. Figure 6 shows, by age, the percentage of people with family incomes above \$100,000. For example, during 2012-14, 1.1 million Wisconsinites were members of families headed by someone between 35 and 44 years of age. Of them, 285,000, or 26.2% (second red bar), had incomes above \$100,000.

Among the 57,935 in that same age group who left the state during 2012-14 (orange bars), 15,491, or 26.7%, were in high-income families. In other words, among those 35-44 years of age, high-income filers were just as prevalent among those leaving (26.7%) the state as among those remaining (26.2%). The same pattern held for those younger (26-34) and just older (45-54).

However, the pattern does not hold for those 55 or older. For all families headed by someone 55 to 64, 26.5% had incomes above \$100,000. Among those leaving the state, 32.3% had similar incomes, however. For those 65 or older, the percentage difference was even greater: 14.1% for all residents, but 21.0% for emigrants. In short, Wisconsin is losing a disproportionate share of high-income seniors.

Census figures analyzed here do not reveal the destination of these individuals, but they hint at one: Florida. About 15% of those moving to Florida from all other states were 65 or older, the highest percentage of any state, and their incomes averaged almost \$115,000.

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**Wisconsin is losing a disproportionate number of high-income retirees. While 14.1% of Wisconsin filers 65 or older had incomes above \$100,000, 21.0% of movers of that age had high incomes.**

Closer to home, average incomes of former Wisconsinites regardless of age, who moved to Collier (\$341,301), Miami-Dade (\$216,529), Palm Beach (\$196,539), or Lee (\$144,071) counties in Florida topped \$100,000. Orange County (\$100,096) in California was the only other county near that level. Combining national senior data with Wisconsin information about high-income movers suggests many of the state's high-income seniors are moving to Florida.

### **Wisconsin in Short**

Due to an aging population and relatively low birth rates, Wisconsin must retain its workers and attract others from elsewhere if its workforce is to grow. Over the past decade, however, more people and families left Wisconsin than have moved here from other states. What is more, the imbalance continues to worsen.

For the most part, this pattern is not about outmigration: Wisconsin's outmigration rate is lower than all other states save California, Michigan, and Ohio. The challenge for the state is attracting people. The number of people and families moving to Wisconsin is even smaller than the relatively small number leaving. State leaders and policymakers need to explore how to turn that around.

### **WHY DO PEOPLE MOVE?**

Research on migration is abundant, and sometimes contradictory. Studies generally focus on two areas—individual characteristics (age, education, etc.) and external factors (labor market conditions, quality of life, taxes, etc.)—and their impact on migration patterns.

#### **Individual Characteristics**

Among migration researchers, general consensus prevails on the relationship between certain

individual characteristics and the decision to move. First, consistent with Figure 4 (page 4), young adults tend to move more than middle-aged or older people. Second, those with college degrees are more likely to move than individuals with less education. And third, renters are significantly more likely to move than homeowners.

This line of research is consistent with the tendency of Wisconsinites to remain in-state. State residents are generally older than those in other states: We rank 16th in percentage of residents ages 35 or older. Wisconsin also ranks in the top half (20th) of states on home ownership, and in the bottom half (27th) on share of residents with college degrees.

These characteristics make Wisconsin residents less likely to leave than residents of other states. They are also factors over which state officials have little or no control.

#### **External Factors**

While there is general agreement on which personal characteristics are associated with migration, the same is not true for external factors. That said, most studies find labor market conditions are associated with moves between states.

*New Job.* For young people, particularly those just graduating college or leaving the military, a move across state lines is not uncommon as they begin careers. For mid- or late-career workers, a job transfer or unemployment can trigger a move.

For the unemployed, jobs are easiest to find when unemployment rates are low. In 2015, Wisconsin's unemployment rate averaged 4.6%. While below the national average, this was still higher than in 18 states, including neighboring Minnesota and Iowa (both 3.7%). That stands in contrast to 1992-99, a period when the state's unemployment rate was one of the 10 lowest and Wisconsin was adding residents via migration. In other words, for job seekers, the job market was more favorable here than elsewhere.

At the individual level, policymakers can do little about job transfers. For example, it is unlikely that lower state taxes would stop a multi-state firm from transferring Jane Smith to another state where her talents are badly needed.

However, by ensuring that Wisconsin's transportation network, tax system, and schools are attractive to firms looking to relocate, state officials can increase

aggregate transfers of people to the state.

#### *Better Paying Job.*

While the unemployed may relocate to find work, most workers who move do so for higher pay. IRS figures do not provide direct information on why people move, but they provide hints. Information from 2014 are consistent with people moving for higher-paying jobs.

That year, the IRS began reporting two years of filer income. Thus, for any particular group, average incomes before (2013) and after a move (2014) can be compared.

Two features of the data stand out. First, movers—especially those of working age—generally had lower average incomes in 2013 than non-movers. Second, they had larger income gains than those not moving.

Table 2 (blue box) shows that 2013 incomes averaged \$55,807 for those who moved from Wisconsin to another state. That was over \$10,000 less than the \$66,767 claimed by those who did not move (unshaded section). However, movers reported income gains averaging 4.1% after moving, versus one-year gains of 1.2% for those who remained in the state.

This pattern—movers having lower incomes but more income growth than non-movers—changes with age. Among movers under 26, average incomes were only slightly less than those of non-movers (\$21,123 vs. \$21,338). However, their average income growth (29.1%) from 2013 to 2014 exceeded the 17.7% increase averaged by those remained in the state.

For those in the 26 to 34 age range, income gains were not as large, but those moving from the state experienced more income growth than those who did not (15.3% vs. 9.6%).

While year-over-year wage gains contribute to these large income changes, other factors can play a role. Particular for individuals under 35, marital status is one factor. Some of these filers were single in 2013 but married a year later. Their returns showed a single person's income in 2013, but a couple's

**Table 2: Income Gains For Wisconsin Movers Generally Higher Than For Non-Movers**  
Average AGI and % Change, By Age, 2014

Age	Non-Movers			Moved Out of Wis.			Moved In To Wis.		
	2013	2014	% ch.	2013	2014	% ch.	2013	2014	% ch.
All	\$66,767	\$67,595	1.2%	\$55,807	\$58,114	4.1%	\$53,929	\$55,484	2.9%
<26	21,338	25,119	17.7%	21,123	27,278	29.1%	20,957	24,823	18.4%
26-34	42,563	46,660	9.6%	38,985	44,949	15.3%	39,527	44,485	12.5%
35-44	71,480	74,734	4.6%	69,638	73,059	4.9%	74,125	71,771	-3.2%
45-54	86,877	87,765	1.0%	91,527	93,247	1.9%	87,339	89,877	2.9%
55-64	86,854	84,405	-2.8%	111,865	97,859	-12.5%	94,530	91,164	-3.6%
65+	65,532	63,241	-3.5%	80,808	76,246	-5.6%	69,816	64,976	-6.9%

income in 2014. A significant household income gain would be expected with marriage. Unfortunately, the IRS does not report filing status in their migration data.

Income patterns shifted as individuals entered their prime earning years, 45 to 54. Income growth continued to be larger for movers (1.9%) than non-movers (1.0%), but differences were much smaller than for those under 35. The more noticeable difference was in average income before moving. Those leaving the state had higher incomes in 2013 than those staying (\$91,527 versus \$86,877).

After 55, retirement becomes a factor in analyzing incomes of movers and non-movers. As individuals leave the workforce, their incomes decline. IRS figures show this decline for the two oldest groups shown above. Retirees move for reasons other than wages and those are explored later.

Nevertheless, the pattern of higher average incomes for those leaving compared to those staying not only continued for those 55 or older, but the gap widened. The difference was 5.4% (\$91,527 vs. \$86,877) for those ages 45 to 54, but more than 20% for for those 55 or older.

*Wisconsin Wages.* If people leave the state for higher paying jobs elsewhere, it is useful to explore how wages here and elsewhere compare. An annual federal survey shows wages here, both in total and for many individual occupations, rank in the lower half of states.

Historically, Wisconsin has been a relatively low-wage state. In 2015, it ranked 29th nationally on average wages across all occupations. Among 22 major occupational groups, wages trailed the 50-state median (half lower, half higher) in 16. The

other six occupational groups were construction, education, healthcare technicians (doctors, nurses, etc.), healthcare support, office administration and support, and sales.

A closer look at specific occupations highlights the challenges Wisconsin faces, particularly when trying to keep or attract college graduates. Table 3

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**One of the challenges Wisconsin faces is low average wages, particularly for occupations that require college degrees. For example average pay for mechanical engineers in Wisconsin is nearly 14% below the 50-state median.**

shows average wages for 10 relatively high-paying occupations that typically require college degrees. In each one, average wages in Wisconsin are below the 50-state median.

Particularly noticeable are wages paid to engineers. Electrical and chemical engineers earn about 9% less than the median. Mechanical engineers earn nearly 14% less. Wisconsin's average pay for mechanical and electrical engineers placed it in the bottom 10 states.

At least two factors can mitigate the impact of wage differentials. First, Wisconsin's cost of living is less than in many other parts of the country, particularly on the east and west coasts. Second, some people will trade higher earnings for attractive amenities, such as quality schools or recreation facilities. On the other hand, high state-local taxes can exacerbate post-tax wage differences.

**Table 3: Wisconsin Wages Below Par**  
Average Wage, Wis. vs. Other States, Sel. Occ's, 2015

Occupation	Wis. Avg.	50-State Median	Wis. +/- Median
Human Resources	\$55,330	35	\$58,595 -5.6%
Marketing	56,330	39	62,490 -9.9
Accountant	67,420	27	69,255 -2.6
Credit Analyst	64,280	36	69,595 -7.6
Ins. Underwriter	63,850	32	66,110 -3.4
Systems Analyst	79,200	29	82,120 -3.6
Comp. Prog.	73,830	29	76,040 -2.9
Chemical Engineer	88,660	37	97,600 -9.2
Electrical Engineer	83,080	42	91,250 -9.0
Mech. Engineer	72,930	49	84,685 -13.9

## Taxes

Researchers debate the impact of taxes on migration patterns. Young people often find wages and local amenities such as recreation, cultural attractions, and nightlife more important than taxes. Middle-aged families often place a premium on good schools and safe neighborhoods.

At the same time, taxes may be important for specific groups. Two recent studies show taxes to be a significant factor in explaining international and interstate movement of "star" inventors and scientists with high incomes.

WISTAX analysis of IRS figures provides some confirmation of this pattern. First, a 2012-14 database of state-to-state movement of families was created with nearly 7,000 observations. Then, advanced statistical techniques were used to identify factors that are related to these movements.

The most significant factor was proximity. As would be expected, there was much more movement to neighboring states than to others. That makes sense, for individuals are more likely to have family and friends in neighboring states and be more familiar with them than states 500 or more miles away.

The next two factors that explained interstate moves were income taxes and winter temperatures. Property and sales taxes, on the other hand, appeared to have little impact on migration. Wages and unemployment rates also seemed minimally related to moving.

The analysis covered all movers; but no age or income figures were available for state-to-state movements. Lack of information on age and income could influence the findings. It has already been shown that seniors are affected by different factors than those influencing young people.

*Taxes, Weather, and Seniors.* Although IRS figures do not include age and income data for specific state-to-state moves, they do provide that information for moves into each state from all other states combined. Analyzing these figures suggests high-income seniors are more likely than their lower-income counterparts to move to warmer states with no income tax.

Among those 65 or older, more than half moved into one of the 10 states listed in Table 4 (see page 9). Three (Florida, Texas, and Washington) have no income tax, while another three (New York,



**Table 4: To Which States Do Retirees Move?**  
% in Income Group Moving to Particular State, 2012-14

State	Wint. Temp	<\$100K	\$100K- \$200K	>\$200K
<i>States With No Income Tax</i>				
Florida	59.4	14.8%	17.5%	19.9%
Texas	47.9	7.3	6.0	6.6
Washington	33.0	2.6	2.6	2.6
Subtotal		24.7	26.2	29.1
<i>States With An Income Tax</i>				
California	46.2	6.2	5.5	6.7
Arizona	43.6	4.6	5.0	4.3
North Carolina	42.1	3.7	4.4	4.2
New York	23.3	3.6	2.8	3.7
Georgia	47.8	3.5	3.0	2.6
Pennsylvania	28.4	2.8	2.8	2.8
Virginia	36.8	2.6	3.1	2.9
Subtotal		26.8	26.7	27.2
Total		51.5	52.9	56.3
"Warm"		42.6	44.7	47.2
"Cold"		8.9	8.2	9.1

Pennsylvania, and Washington) have average winter temperatures below 35 degrees.

During 2012-14, 24.7% of movers 65 or older with incomes under \$100,000 migrated to no-income-tax Florida, Texas, or Washington (see underlined numbers in Table 4). A slightly larger percentage (26.8%) moved to one of the other seven states with the tax.

However, as income rises, larger percentages of movers chose the no-income-tax states. Among retirees with incomes between \$100,000 and \$200,000, the no-tax states claimed 26.2% of the movers (boxed numbers), compared to 24.7% in the lower-income group. The states with an income tax claimed 26.7%, about the same as in the lower-income group.

Among those with the highest incomes—over \$200,000—a much larger percentage (29.1%) chose either Florida, Texas, or Washington (shaded boxes). The percentage opting for one of the other seven remained near 27%. In other words, as incomes rose, seniors were more likely to choose to retire to a state with no income tax.

In comparing “warm” states with “cold” states, a similar pattern emerges (see bottom of Table 4). The percentage of retirees moving to the “warm” states rises from 42.6% for those with incomes under \$100,000 to 44.7% for those with incomes between \$100,000 and \$200,000, and to 47.2% for those with

incomes above \$200,000. Percentages varied little among “cold” states.

These figures prompt at least two questions for state leaders and policymakers. First, what matters more for high-income seniors, income taxes or weather? Are seniors who move doing so because of weather, and then choosing a specific “warm” state based on other factors, such as income taxes. If temperature is the primary motivator, reducing income taxes on seniors here will not materially affect the state’s continuing loss of this population.

Alternatively, are seniors moving primarily due to income taxes, and then choosing low-tax states that are also warm states? If so, then reducing income taxes might help retain this demographic.

Retaining high-income seniors provides benefits to the state, including investment in small businesses, charitable giving, and tax revenues to fund state and local services. Unfortunately, such a change cannot help Wisconsin attract the younger workers needed to address its labor and skill shortages.

## SUMMARY

Over the next 20 years, Wisconsin will need to import nearly 300,000 people from other states just to maintain its workforce. Recent losses from migration make reaching that goal a challenge.

Wisconsin’s climate is not conducive to attracting workers from other states. That said, high-quality schools, a world-class university, and a reasonable cost of living make the state attractive. However, relatively low wages, particularly for jobs requiring a college degree, limit the state’s appeal for those most likely to move. □

## IRS Migration Data

The data used in this report are from federal income tax filings and are based on addresses of filers from year to year. The IRS reports the number of filers (approximates the number of families), the number of exemptions claimed (approximates the number of people), and total adjusted gross income (AGI) for those who: did not move; moved between counties; moved between states; and moved internationally. Average incomes reported here are family incomes (AGI per filer).

For a variety of reasons, some people do not file federal income taxes and are not included in the data. Thus, the figures reported here may slightly understate migration.

## MOVING BY COUNTY

Wisconsinites clearly relocate to other states less than others do. That the state ranked 47th nationally is clear confirmation.

However, people also move within their home states. And, as it turns out, Wisconsin residents move from county to county within the state at a rate similar to the U.S. average. During 2012-14, 3.0% of state residents moved to another of our 72 counties. Nationally, the rate was 3.2%.

State leaders generally do not concern themselves with intercounty movement; their focus is on interstate relocation. However, while counties lose individuals or families to other states, they also lose them to other counties within the state. Net migration at the county level accounts for both and can be a local issue of economic consequence.

### People

Much of the inter-county migration is regional: People typically move to a neighboring county. These moves are less significant than leaving a region or state for local economic activity is not greatly affected.

Nevertheless, local migration patterns say something about residential preferences. When major outmigration from one county to another occurs, local officials should try to assess and act upon reasons for moving.

During the 2012-14 period, the two counties losing the most people (net) to migration were—not surprisingly—the two most populous ones (see Table 5). In Milwaukee County, 22,224 more people left than moved there from other Wisconsin counties or states. Half (11,139) of the total was a net loss to neighboring Racine, Ozaukee, Washington, and Waukesha counties. Milwaukee County lost a total of 2,492 more people than it gained from the retiree destinations of Florida and Arizona.

Net, Dane County lost 2,110 people due to migration. Some of the loss may be a result of the university. Many U.W. Madison students leave the state or return to their hometown upon graduation. Unfortunately, the migration data used here are based on income tax filing, and many students do not need to file, or file using their home address. In those cases, they would not be reported as movers.

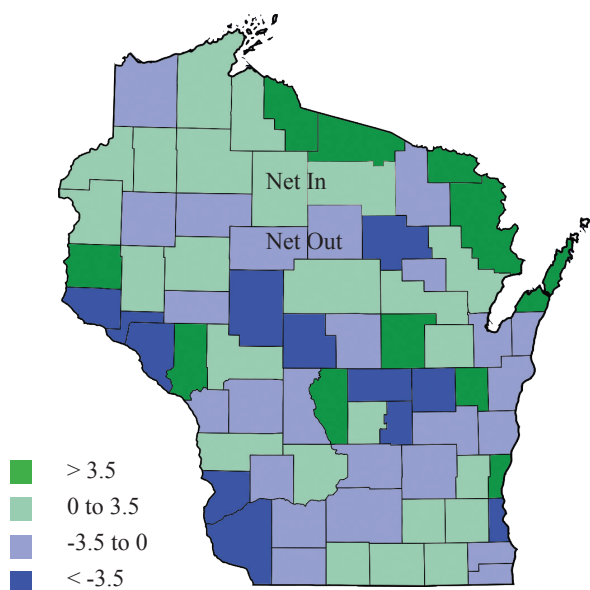
Like Milwaukee, much of Dane County's net losses were to neighbors: 810 (38%) of the 2,110 net loss was to Columbia, Green, Jefferson, Rock, and Sauk counties.

The experiences of Milwaukee and Dane counties were not unusual in one aspect: Net outflows occurred in many of the state's most populous counties. Net, Winnebago County lost 1,543 people; Kenosha County lost 947; Brown shed 451; and Racine, 358.

**Table 5: Net Migration by County**  
Net People and Income (\$ Thousands) From Migration, 2012-14

County	Num.	Income	County	Num.	Income	County	Num.	Income	County	Num.	Income
Adams	370	\$17,800	Florence	112	\$3,511	Marathon	151	-\$42,760	Rusk	-96	\$5,530
Ashland	2	-999	Fond du Lac	-146	-24,375	Marinette	542	11,614	St. Croix	1,364	85,546
Barron	-308	2,123	Forest	-47	4,074	Marquette	0	16,716	Sauk	426	15,170
Bayfield	132	13,352	Grant	-497	-41,782	Menominee	-24	2,113	Sawyer	128	10,661
Brown	-451	-72,445	Green	96	-4,209	Milwaukee	-22,224	-927,199	Shawano	121	7,014
Buffalo	-244	-6,453	Green Lake	-190	-16,346	Monroe	-115	-6,540	Sheboygan	-610	-27,244
Burnett	91	16,278	Iowa	-186	-257	Oconto	226	20,800	Taylor	-56	-9,791
Calumet	831	23,092	Iron	173	6,975	Oneida	190	98,745	Trempealeau	486	1,723
Chippewa	241	30,754	Jackson	10	2,086	Outagamie	905	-4,776	Vernon	47	5,832
Clark	-460	-10,593	Jefferson	302	-3,121	Ozaukee	946	-34,796	Vilas	787	43,486
Columbia	-77	-22,938	Juneau	-131	9,947	Pepin	-89	957	Walworth	112	69,260
Crawford	-153	6,720	Kenosha	-947	-45,909	Pierce	-418	-12,407	Washburn	37	10,018
Dane	-2,110	-153,343	Kewaunee	-109	-10,623	Polk	234	5,327	Washington	886	-51,204
Dodge	-88	-22,370	La Crosse	-546	-21,216	Portage	-596	-9,423	Waukesha	3,204	-31,652
Door	387	43,857	Lafayette	-152	-4,509	Price	106	-5,440	Waupaca	482	14,558
Douglas	-157	-1,472	Langlade	-198	2,769	Racine	-358	-61,186	Waushara	-222	9,278
Dunn	31	-14,657	Lincoln	-36	1,225	Richland	-72	-471	Winnebago	-1,543	-66,065
Eau Claire	-702	-54,566	Manitowoc	-525	-47,041	Rock	33	-21,619	Wood	-1,111	-53,514

**Figure 6: State Migration Patterns Mixed**  
Net Migration Per 1,000 Population, by County, 2012-14



Waukesha (+3,204) and St. Croix (+1,364) were the only counties adding more than 1,000 residents. Other counties with relatively large net gains were two bordering Milwaukee: Ozaukee (+946) and Washington (+886). In the Fox River Valley, Outagamie (+905) and Calumet (+831) counties were net gainers.

Probably the biggest surprise among the top 10 counties gaining residents was Vilas, which added 787 people from migration. Sparsely populated, Vilas is among Wisconsin's northern-most counties. It gained 450 people from within the state and 337 from elsewhere.

*Net Rates.* To compare counties with different populations, a net migration rate is obtained by dividing total net migration in a county by its population. To be consistent with the state migration rates (page three), net rates are reported per 1,000 residents.

A few unexpected results emerge. First, not only did many of Wisconsin's northern counties gain residents from migration, they had some of the highest net migration rates. Vilas (14.2 net migrants per 1,000 residents), Iron (11.6), and Florence (10.0) counties ranked 1-2-3 among the 72 counties. Marinette and Door counties were also in the top 10.

Milwaukee County not only lost the most people, its net rate (-9.6) was the lowest of any county. Buffalo County (-6.8) on the Mississippi River was

second lowest.

Most southwestern counties also lost people. Grant (-4.0) and Crawford (-3.8) counties had some of the lowest net migration rates.

### Income Movements

Although income movement in the state is not as important as income leaving the state, these patterns do inform the migration discussion.

Just as it lost the most people, Milwaukee County also lost the most income from migration. Over the three years studied, nearly \$1 billion in income left the county. Fortunately for the region, about \$420 million of that moved from Milwaukee to a neighboring county.

Dane was the only other county with a net income loss of more than \$100 million. Other relatively large income losses occurred in Brown (-\$72 million), Winnebago (-\$66 million), and Racine (-\$61 million) counties.

Eleven counties gained people but lost income due to migration, including Outagamie, Ozaukee, Washington, and Waukesha. This occurs when average incomes of those leaving exceed incomes of those arriving. One possible explanation is high-income retirees leaving these counties for Florida and other southern states.

Another nine counties had the opposite experience—losing people but gaining income. These counties (Barron, Crawford, Forest, Juneau, Langlade, Lincoln, Menominee, Pepin, and Rusk) are sparsely populated, and both the population losses and income gains were small.

### Summary

County officials can do little to stem the tide of residents leaving for other states. However, they should be cognizant of those moves, as well as migration to other counties in the state. Identifying destinations of those moving out of a county and origins of those moving in can help assess county strengths to be enhanced and weaknesses to be remedied. □

### DATA SOURCES:

Federal Reserve Bank of St. Louis; Internal Revenue Service; Journal of Urban Economics; National Bureau of Economic Research; Wisconsin Department of Administration.



## Wisconsin Taxpayers Alliance

401 North Lawn Avenue • Madison, WI 53704-5033  
608.241.9789 • [www.wistax.org](http://www.wistax.org)

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### WISTAX NOTES

■ **Property Values Rise 3%.** Total equalized property values rose 3.0% this year, reaching \$505.1 billion. Values statewide remain 1.8% below their 2008 peak of \$514.4 billion (see chart). This year's gain was the third consecutive, following an unprecedented five years of decline. Recent increases have been modest, averaging 2.6% per year during 2014-16. That rate of increase was about a third of the 7.6% average during 2000-08 (see Focus #15).

Equalized property values are Wisconsin Department of Revenue estimates of the fair market value of taxable property in the state. In conjunction with tax levies, these values are used by local governments to set local property tax rates.

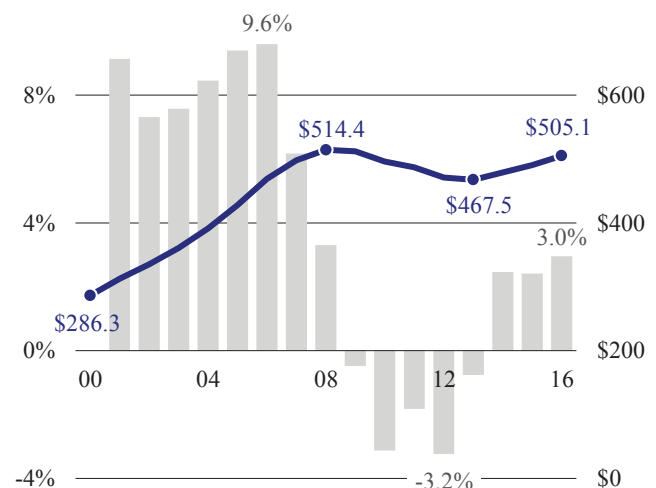
■ **More Teachers and Administrators.** In 2014-15, Wisconsin's 424 public school districts employed 71,579 full-time equivalent (FTE) administrators and licensed staff, an increase of 1,166, or 1.7%, from 2013-14. Since the 2009 peak of 72,914, the number of staff is down 1.8%.

FTE teacher counts rose 1.1% from 58,145 in 2013-14 to 58,787 in 2014-15. Since 2009, however, the number of teachers has declined 2.5%. Administrator numbers increased 4.4% over the year to 6,567, the largest number on record. They are up 3.9% since 2009.

Student counts put these numbers in context. The number of FTE students declined 2,571 (0.3%) in 2014-15, from 857,345 to 854,774. Since 2009, enrollment has dropped 0.7%.

The statewide student-teacher ratio stood at 14.5 in 2015, down from 14.7 in the year prior, but slightly higher than the 14.3 recorded in 2009.

### Equalized Property Values Grow, Remain Below Peak Statewide Equalized Values and Annual Changes, 2000-16



■ **WISTAX Wins National Award.** The Governmental Research Association (GRA), a national association of public policy research organizations, recently gave its "Most Distinguished Research" award to the Wisconsin Taxpayers Alliance for its 2015 study of Wisconsin's prevailing wage law. The report used various innovative approaches to show how the state's calculation of prevailing wages was flawed. □

### In FOCUS . . . recently in our biweekly newsletter

- Final property tax numbers for 2016 (#9-16)
- They're off: State legislative candidates set for August primary, fall general (#10-16)
- Historic July 4 speeches: Presidents Roosevelt and Reagan (#11-16)