

W I S C O N S I N

FAMILY
PROSPERITY
I N D E X



2016

2016 FAMILY PROSPERITY INDEX

WISCONSIN

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EXECUTIVE SUMMARY



What is “prosperity?” Merriam-Webster defines it as *“the condition of being successful or thriving; especially economic well-being.”* The Family Prosperity Index, or FPI, assesses the degree to which a state creates an environment for families to thrive. Specifically, the FPI comprehensively measures the economic and social factors that contribute to family prosperity, filling in the gaps around measures such as Gross Domestic Product (GDP), which only considers economic variables. A state that scores high on the FPI is one that is moving toward the goal of facilitating family prosperity, whereas a state that scores low is moving in the opposite direction.

Wisconsin falls just inside the top 20 as the 18th best state for family prosperity. While this is better than average, Wisconsin also appears to be stuck. More specifically, Wisconsin does well on three of the six major indexes that comprise the FPI – family health, family culture, and family self-sufficiency – but not so well on the remaining family structure, demographics, and economics indexes.



Close inspection of the 57 variables used as the basis for the FPI reveals that two measures are particularly responsible for weighing down Wisconsin's overall score—entrepreneurship (rank 50th) and marriage (rank 44th). In turn, these are intertwined with three other measures that are showing troubling signs of worsening—the fertility rate (rank 27th), net natural population rate (rank 28th), and domestic migration (rank 31st).

This study explores each of the measures in detail in order to better understand the important inter-relationship between them. A key insight from this analysis is that the majority of the net out-migration of income is from taxpayers over the age of 45 earning more than \$100,000.

Why is this important? There is a significant difference in the characteristics of taxpayers earning more than versus less than \$100,000 (as a percent of taxpayers). They tend to be married (89 percent versus 32 percent), give to charity (81 percent versus 18 percent) and are heavily involved in business activity. Additionally, and just as importantly, average family size is also higher (2.9 versus 1.7 children) among those at the \$100,000+ income level.

Overall, this analysis shows that the net out-migrants from Wisconsin are predominantly business and community leaders. This further saps the state's entrepreneurial vitality as well as its share of successful, intact families—the two weakest areas identified in the Wisconsin FPI. Clearly, stemming this out-flow is the first step toward solving the state's entrepreneurship and marriage deficits.

Yet, this will not be an easy task since the two states most benefiting from Wisconsin's out-migration are Texas and Florida. While nothing can be done about the obvious temperature differences, Wisconsin has leveled half of the playing field with the recent enactment of Right-to-Work laws in the state, which will equalize union membership levels over time. However, not nearly as much progress has been made in terms of equalizing the differences in tax burdens between Wisconsin and its migratory rivals.

As such, lowering the state and local tax burden on Wisconsin's families (to help, on the margin, to reverse out-migration and increase fertility) and businesses (to help, on the margin, to increase entrepreneurship and boost job creation) should be a major policy priority sooner rather than later.





WISCONSIN'S RANK IN THE FAMILY PROSPERITY INDEX



The Family Prosperity Index (FPI) broadens the definition of “prosperity” since common metrics, such as GDP, show prosperity as an amorphous aggregate measured strictly in economic terms.¹ Yet, who is the actor in the prosperity story and what truly influences their well-being?

Data transformations such as “per capita GDP” still leave much to be desired even as they help control for demographic differences among areas. A child does not interact with GDP the same way an adult does. Not only are adults and children at different life stages, but, furthermore, their economic activity is co-mingled.

¹ Although, keep in mind, that “dollars and cents” measures do in fact make value judgments. In essence, anytime a dollar exchanges hands, whether for an abortion, divorce, prostitution, etc., GDP considers it implicitly “good” through inclusion. Yet, for other nonmarket activities, such as the production of stay-at-home moms, GDP considers it “bad” through exclusion. For more information, see: Warcholik, Wendy P., “Some Economic Applications Evangelii Gaudium,” Crisis Magazine, December 3, 2013. http://www.crisismagazine.com/2013/some-economic-applications-of-evangelii-gaudium?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+CrisisMagazine+%28Crisis+Magazine%29

This leads us to the family as the core socio-economic unit from which to judge “prosperity.” Families seeking reliable measures of prosperity look beyond common, crude, economic measures like GDP. Instead, families look to measures that consider safety, opportunity, education, and health to name a few. In turn, the states that perform the best in relation to these factors are the ones that are truly prospering.

In fact, to that point, a landmark study on intergenerational mobility found that:

“Intergenerational mobility varies substantially across areas. For example, a child born in the bottom fifth of income distribution has a 7.8% chance of reaching the top fifth in the U.S. as a whole. But in some places, such as Salt Lake City and San Jose, the chance of moving from the bottom fifth to the top fifth is as high as 12.9%. In others, such as Charlotte and Indianapolis, it is as low as 4.4%. The spatial variation in intergenerational mobility is strongly correlated with five factors: (1) residential segregation, (2) income inequality, (3) school quality, (4) social capital, and (5) family structure.”²

Another study also found that:

“... [S]hifts in marriage and family structure are important factors in states’ economic performance, including their economic growth, economic mobility, child poverty, and median family income.”³

As such, the FPI comprehensively measures the economic and social factors that are indicative of family prosperity, offering a true alternative to measures such as GDP.⁴

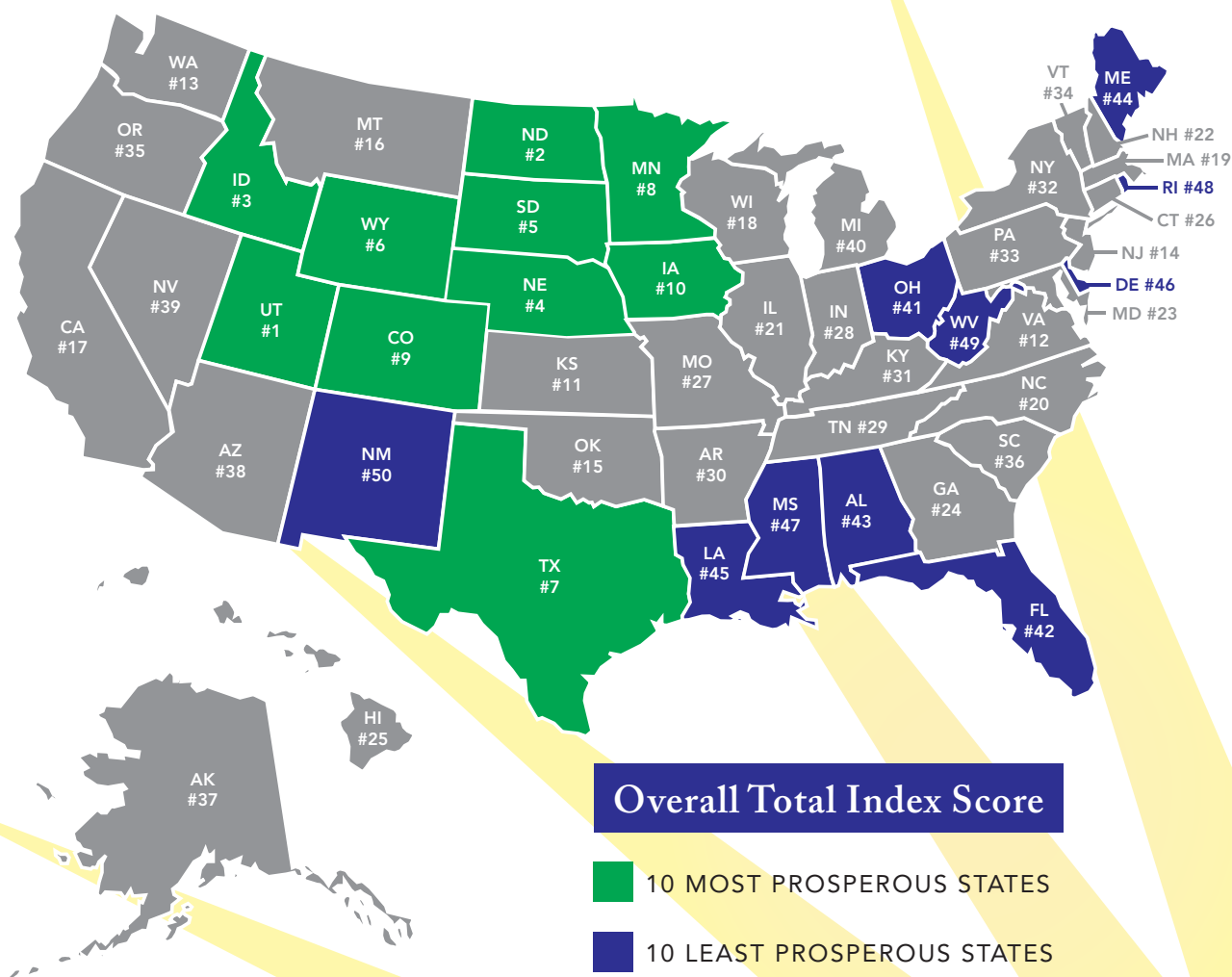


- 2 Chetty, Raj, Hendren, Nathaniel, Kline, Patrick, and Saez, Emmanuel, “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” National Bureau of Economic Research, Working Paper 19843, January 2014. http://equality-of-opportunity.org/images/mobility_geo.pdf
- 3 Lerman, Robert I., Price, Joseph, and Wilcox, W. Bradford, “Strong Families, Prosperous States: Do Healthy Families Affect the Wealth of States?” American Enterprise Institute and Institute for Family Studies, 2015. <https://www.aei.org/wp-content/uploads/2015/10/IFS-HomeEconReport-2015-FinalWeb.pdf>
- 4 For a full explanation of the methodology behind the Family Prosperity Index, see the full study at: <http://familyprosperity.org/application/files/4314/5705/1843/FPI-2016-Paper-FullPublication3-3-16-web.pdf>

Based on the 2016 Family Prosperity Index, the top 10 prospering states are:

THE TOP 10 PROSPERING STATES ARE:		
1	Utah	7.38
2	North Dakota	6.46
3	Idaho	6.22
4	Nebraska	6.14
5	South Dakota	6.03
6	Wyoming	6.03
7	Texas	5.91
8	Minnesota	5.80
9	Colorado	5.77
10	Iowa	5.77

THE BOTTOM 10 STATES ARE:		
41	Ohio	4.41
42	Florida	4.38
43	Alabama	4.38
44	Maine	4.35
45	Louisiana	4.31
46	Delaware	4.23
47	Mississippi	4.10
48	Rhode Island	4.00
49	West Virginia	3.87
50	New Mexico	3.85



Wisconsin falls just inside the top 20 as the 18th best state for family prosperity. While this is better than average, Wisconsin also appears to be stuck. Previous years' rankings do not indicate sustained improvement—21st in the 2012 FPI, 16th in the 2013 FPI, 18th in the 2014 FPI, and 19th in the 2015 FPI.

As previously noted, Wisconsin does well on three of the six major indexes, including family health (12th), family culture (15th), and family self-sufficiency (20th). However, Wisconsin does not do so well on the family structure (28th), demographics (34th), and economics (32nd) indexes.





IMPROVING WISCONSIN'S RANK



Also noted above, two measures are particularly responsible for the drag on Wisconsin's overall score—entrepreneurship (50th) and marriage (44th)—and three other measures show signs of worsening—the fertility rate (27th), net natural population rate (28th), and domestic migration (31st). This section will explore each of the measures in detail in order to better understand the important inter-relationship between them.

Entrepreneurship

Jobs are a result of entrepreneurship. Therefore, understanding the health of entrepreneurship in a state is essential to understanding the growth – or lack thereof – in jobs. As economist Tim Kane succinctly puts it:

“The oft-quoted American sports slogan, ‘Winning isn’t everything. It’s the only thing!’ could well be attributed to the economic importance of firm formation in creating jobs. A relatively new dataset from the U.S. government called Business Dynamics Statistics (BDS) confirms that startups aren’t everything when it comes to job growth. They’re the only thing.”⁵

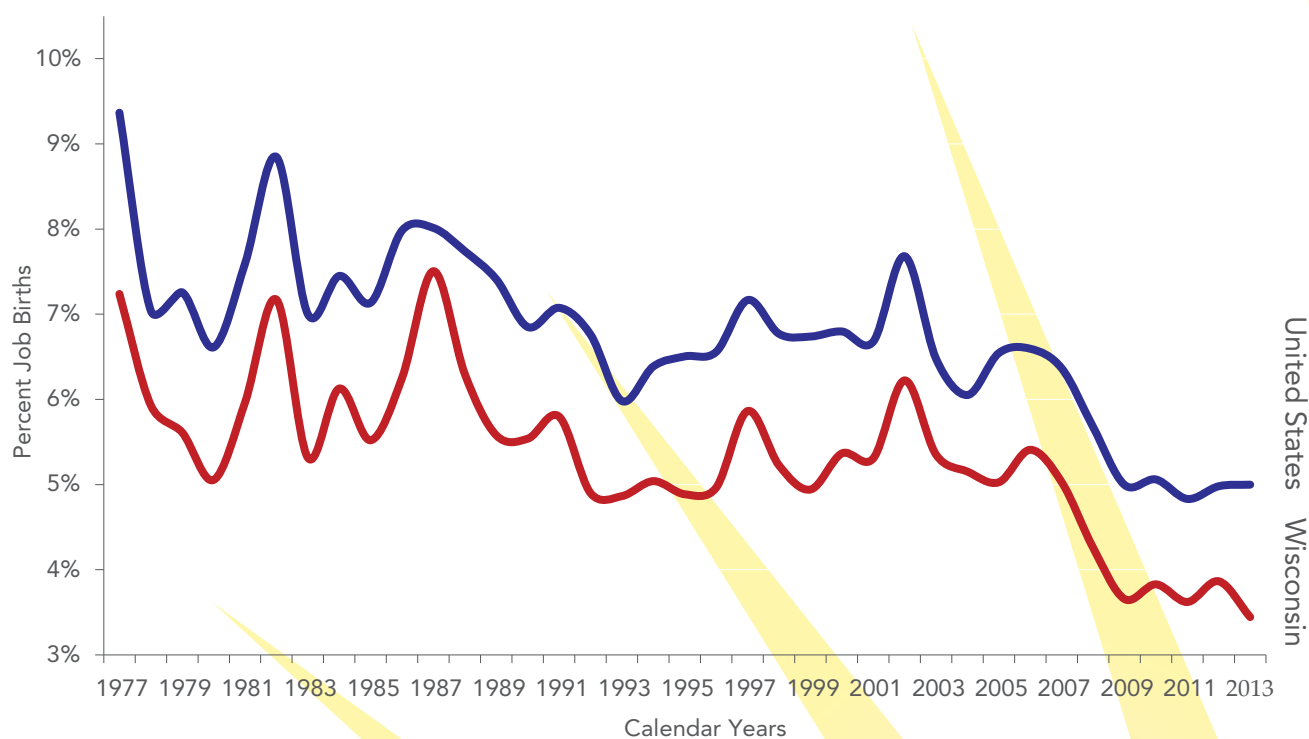
5 Kane, Tim, “The Importance of Startups in Job Creation and Job Destruction,” Ewing Marion Kauffman Foundation, July 2010. http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2010/07/firm_formation_importance_of_startups.pdf

Charts 1 and 2 show the variance in the various measures of entrepreneurship (job and establishment birth rate) nationally and in Wisconsin from 1977 (the earliest year of available data) to 2013.⁶

As shown in **Chart 1**, the job birth rate (as a percent of total jobs) decreased nationally by 49 percent to 4.5 percent in 2013 from 8.9 percent in 1977. In Wisconsin, the job birth rate has not only trailed the national average, but has fallen at a faster pace of 56 percent to 2.8 percent in 2013 from 6.7 percent in 1977. It is currently the lowest job birth rate in the country.

CHART 1

Job Births as a Percent of Total Jobs Calendar Years 1977 to 2013



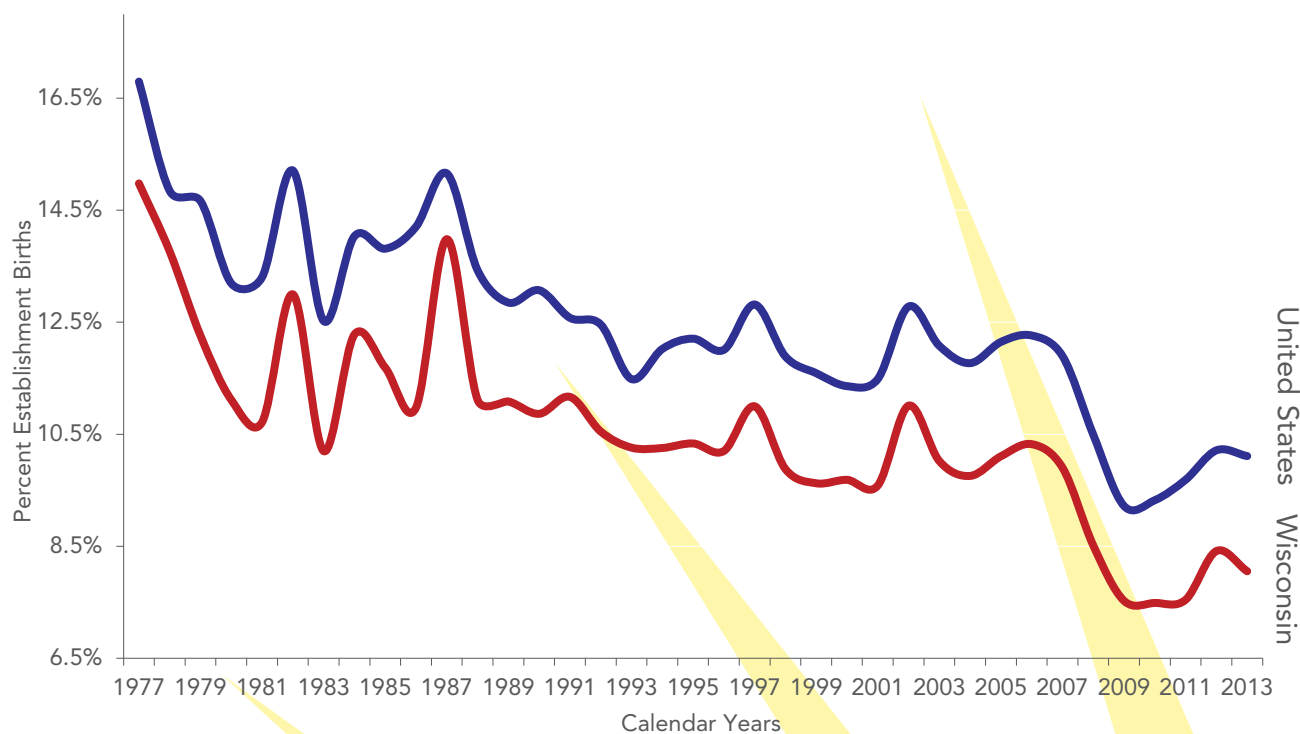
Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

6 Business Dynamics Statistics, U.S. Department of Commerce: Census Bureau http://www.census.gov/ces/dataproducts/bds/data_estab.html

As shown in **Chart 2**, the establishment birth rate (as a percent of total establishments) decreased nationally by 40 percent to 10.1 percent in 2013 from 16.8 percent in 1977. In Wisconsin, the establishment birth rate has also trailed the national average, and has fallen at a faster rate of 46 percent to 8.1 percent in 2013 from 15 percent in 1977. It is currently the 5th lowest establishment birth rate in the country.

CHART 2

Establishment Births as a Percent of Total Establishments Calendar Years 1977 to 2013



Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

Increasing the level of entrepreneurship in Wisconsin is vital to assuring that the economy can sustainably generate well-paying jobs which will, in turn, boost family prosperity. To put this into perspective, in 2013, if Wisconsin had been at the national average for entrepreneurship, the state's economy would have created another 37,281 new jobs and 2,603 establishments. These jobs would have shaved a full percentage point off the 2014 unemployment rate (U3) to 4.6 percent from 5.6 percent.

Overall, for the 2016 entrepreneurship sub-index, Wisconsin had the lowest score (1.51) followed by Mississippi (1.56), Iowa (2.03), Indiana (2.23), and West Virginia (2.25). On the other hand, Florida had the top score (9.79) followed by Utah (9.30), Nevada (9.16), North Dakota (8.54), and Montana (8.48).

Marriage

Families are the engine that powers the American economy. As with an engine, when a family breaks down, there are very real economic costs – for that family and society as a whole. Marriage is the institutional structure from which families are born, so the marriage rate in a state influences its long-term prosperity. Unfortunately, Wisconsin’s marriage rate is among the lowest in the country.

The formation of families through marriage and the dissolution of families through divorce impact the individuals involved in a number of ways. For instance, if you compare two men with similar backgrounds, the married man will enjoy a marriage premium in his earnings. In fact, a comprehensive study by economist Robert Lerman and sociologist Brad Wilcox calculated this earning premium is worth a whopping \$15,900 per year!⁷

Yet, it’s not just men who benefit economically from marriage. Consider these other facts from their study:

“Young men and women from intact families enjoy an annual ‘intact family premium’ that amounts to \$6,500 and \$4,700, respectively, over the incomes of their peers from single-parent families.”

“Men and women who are currently married and were raised in an intact family enjoy an annual ‘family premium’ in their household income that exceeds that of their unmarried peers who were raised in non-intact families by at least \$42,000.”



“... [T]he growth in median income of families with children would be 44 percent higher if the United States enjoyed the 1980 levels of married parenthood today. Further, at least 32 percent of the growth in family-income inequality since 1979 among families with children and 37 percent of the decline in men’s employment rates during that time can be linked to the decreasing number of Americans who form and maintain stable, married families.”

One area of growing concern is that declining marriage rates are resulting in family structures that are less attached to the workforce, especially for men. It is no coincidence that the decline in men’s labor

7 Lerman, Robert I. and Wilcox, W. Bradford, “For Richer, For Poorer: How Family Structures Economic Success in America,” American Enterprise Institute and Institute for Family Studies, October 2014. https://www.aei.org/wp-content/uploads/2014/10/IFS-ForRicherForPoorer-Final_Web.pdf

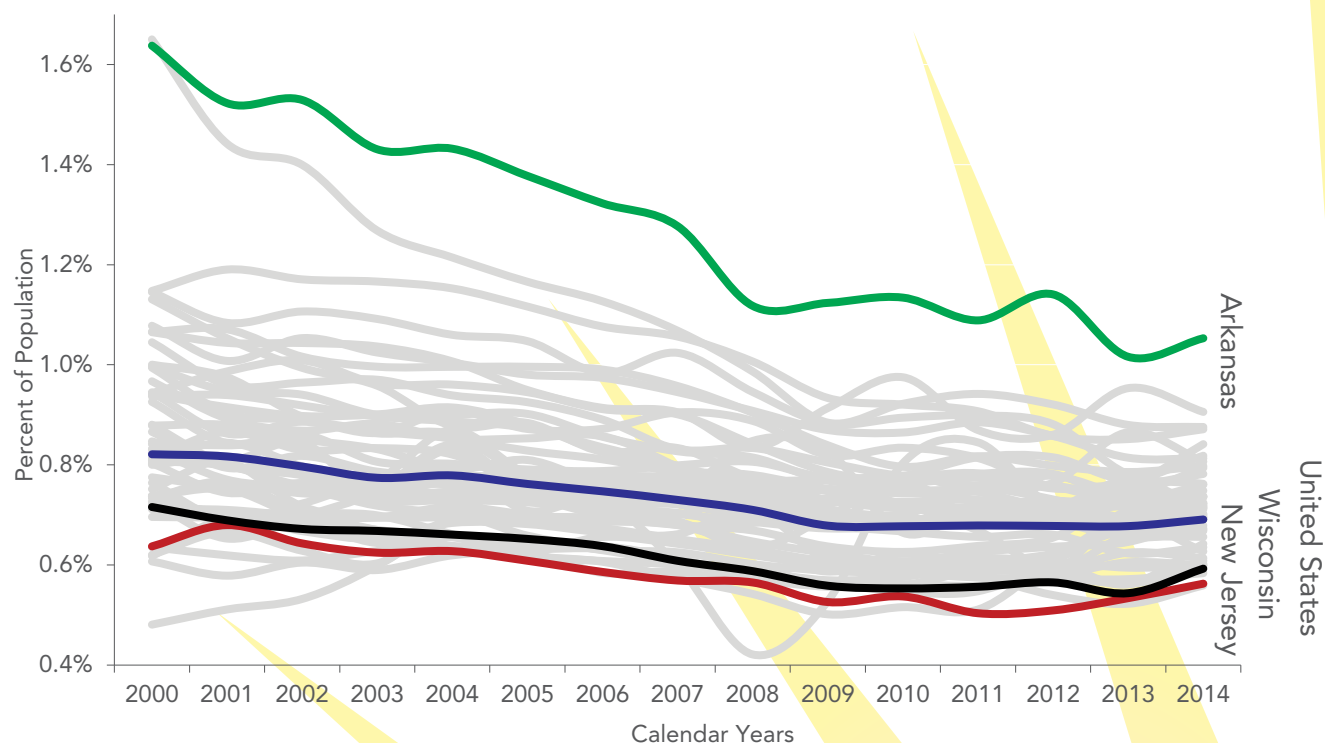
force participation parallels the decline in marriage rates. The drop has been so severe and prolonged that there is growing worry of it plunging America into an economic depression.⁸

As shown in **Chart 3**, the marriage rate (as a percent of the population) declined nationally by 15.9 percent to 0.69 percent in 2014 from 0.82 percent in 2000. In 2014, Arkansas had the highest marriage rate at 1.14 percent while New Jersey had the lowest marriage rate at 0.51 percent—that is a difference of 124 percent.⁹ Wisconsin had the 3rd lowest marriage rate at 0.57 percent.

CHART 3

Marriages

Calendar Years 2000 to 2014



Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

If Wisconsin's marriage rate were at the national average in 2014, then there would have been 5,654 more marriages. In addition to the boon this would create in the economy, it would also be a necessary first step toward fixing Wisconsin's long-term fertility dearth (see next section on fertility).

Overall, for the 2016 marriage rate sub-index, Wisconsin had the 7th lowest score (2.27) while Connecticut had the lowest score (0.67) followed by New Jersey (1.36), Massachusetts (1.61), Arizona (1.86), and

8 Fagan, Patrick and Potrykus, Henry, "Non-Marriage Reduces U.S. Labor Participation: The Abandonment of Marriage Puts America at Risk of a Depression," Marriage & Religion Research Institute, August 27, 2012. <http://downloads.frc.org/EF/EF12H57.pdf>

9 U.S. Department of Health and Human Services: Centers for Disease Control and Prevention, National Center for Health Statistics, National Vital Statistics System. Data obtained via email request. <http://www.cdc.gov/nchs/mardiv.htm>

Ohio (1.93). Arkansas had the top score (10.00) followed by Vermont (9.38), Tennessee (8.75), Idaho (8.62), and New Mexico (8.48).

Note: Hawaii and Nevada have very high marriage rates because so many out-of-state residents get married in those states. The FPI adjusts for this distortion by setting the marriage rate for Hawaii and Nevada equal to the national average. The remaining marriages are assumed to be out-of-state residents and are allocated to the other 48 states based on their proportion of total marriages for those 48 states.

Fertility

In Wisconsin, and America as a whole, the demographic pendulum has reached its crest with the Baby Boom generation and is now swinging the other way due to the significantly smaller generations behind it. So small, in fact, that maintaining current population levels in some states, such as Maine and West Virginia, is already impossible without strong in-migration.

This demographic bust is being called “Demographic Winter” and it will be the major economic and fiscal issue for the next few decades. Reversing it will not be an easy task. Of course, understanding why it is happening is the first step toward fixing it. To answer this question, let’s examine the steep drop in the fertility rate (the number of children a woman gives birth to over her lifetime).

Unfortunately, there is no single explanatory reason for the drop in the fertility rate. Some of the more common explanations include:

Higher opportunity costs for women: The mass entry of women into the workforce post-WWII significantly boosted household income, which allowed for greater consumption—another car, bigger homes, more vacations, etc. Having a child became a material sacrifice.¹⁰

Legalization of abortion and advent of “the pill” and other forms of contraception: A baby that is never born directly lowers the fertility rate.¹¹



- 10 Bloom, David E., Canning, David, Fink, Gunther, and Finlay, Jocelyn E., “Fertility, Female Labor Force Participation, and the Demographic Dividend,” National Bureau of Economic Research, Working Paper 13583, November 2007. <http://www.nber.org/papers/w13583.pdf>
- 11 Kane, Thomas J., Levine, Phillip B., Staiger, Douglas, Zimmerman, David J., “Roe V. Wade and American Fertility,” National Bureau of Economic Research, Working Paper 5615, June 1996. <http://www.nber.org/papers/w5615.pdf>



The decline in religiosity: Religious families have a higher fertility rate than non-religious families.^{12 13} However, according to a recent study by the Pew Foundation, religiosity is in major decline in America. Between 2007 and 2014, the number of people who claim to be unaffiliated with any religion rose 6.7 percent to 22.8 percent from 16.1 percent.¹⁴

The increase in sexually transmitted diseases (STDs): A 2004 Report to Congress found that “...[m]ore than 50% of all preventable infertility among women is a result of sexually transmitted diseases (STDs), primarily chlamydial infection and gonorrhea.”¹⁵ In 2014, there were 1,436,496 cases of chlamydia and another 348,179 cases of gonorrhea which causes pelvic inflammatory disease that can then lead to infertility.

The increase in the average age of women having their first child:

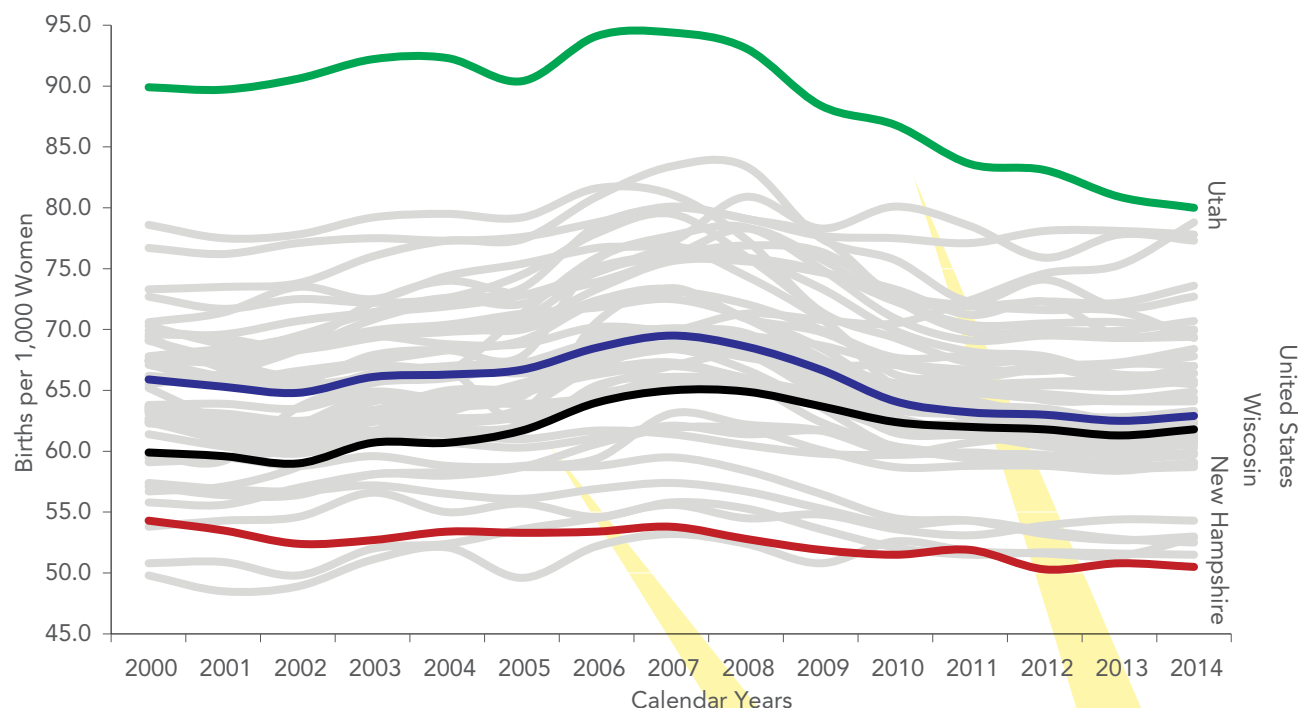
The CDC recently found that “...the average age of first-time mothers increased by 1.4 years from 2000 to 2014, with most of the increase occurring from 2009 to 2014 . . . This trend and the more recent uptick in delayed initial childbearing can affect the number of children a typical woman will have in her lifetime, family size, and the overall population change in the United States.”¹⁶

- 12 Hayford, Sarah R. and Morgan, S. Philip, “Religiosity and Fertility in the United States: The Role of Fertility Intentions,” Soc Forces, 2008, Vol. 86, No. 3, pp. 1163-1188. <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2723861/>
- 13 Zhang, Lee, “Religious Affiliation, Religiosity, and Male and Female Fertility,” Max Planck Institute for Demographic Research, Demographic Research, April 2008, Vol. 18, No. 8, pp. 233-262. <http://www.demographic-research.org/volumes/vol18/8/18-8.pdf>
- 14 Cooperman, Alan, Ritchey, Katherine, and Smith, Gregory, “America’s Changing Religious Landscape,” Pew Research Center, May 12, 2015. <http://www.pewforum.org/files/2015/05/RLS-08-26-full-report.pdf>
- 15 Gerberding, Julie Louise, “Report to Congress: Infertility and Prevention of Sexually Transmitted Diseases 2000 – 2003,” Centers for Disease Control and Prevention, November 2004. <http://www.cdc.gov/std/infertility/ReportCongressInfertility.pdf>
- 16 Hamilton, Brady E. and Matthews, T.J., “Mean Age of Mothers is on the Rise: United States, 2000-2014,” Centers for Disease Control and Prevention, NCHS Data Brief, No. 232, January 2016. <http://www.cdc.gov/nchs/data/databriefs/db232.pdf>

As shown in **Chart 4**, the fertility rate (babies per 1,000 women between the ages of 15 and 44) declined nationally by 4.6 percent to 62.9 in 2014 from 65.9 in 2000. In 2014, Utah had the highest fertility rate at 80 while New Hampshire had the lowest fertility rate at 50.5—that is a difference of 58 percent.¹⁷

CHART 4

Fertility Calendar Years 2000 to 2014



Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

Wisconsin's fertility rate has persistently been below the national average over the entire time period. While the gap has closed in recent years, this is more a result of the national average falling more quickly than the average in Wisconsin. Overall, in 2014, Wisconsin had only the 30th highest fertility rate.

If Wisconsin's fertility rate were at the national average in 2014, then there would have been approximately 1,207 additional babies born to women between the ages of 15 and 44. These babies, in turn, would have improved Wisconsin's net natural population rate (see next section on net natural population rate).

Overall, for the 2016 fertility sub-index, Wisconsin had the 27th highest score (4.42) while North Dakota had the top score (10.00) followed by South Dakota (9.62), Utah (9.30), Alaska (8.99), and Nebraska (8.35). On the other hand, New Hampshire had the lowest score (0.73) followed by Rhode Island (1.15), Massachusetts (1.26), Connecticut (1.42), and Vermont (1.79).

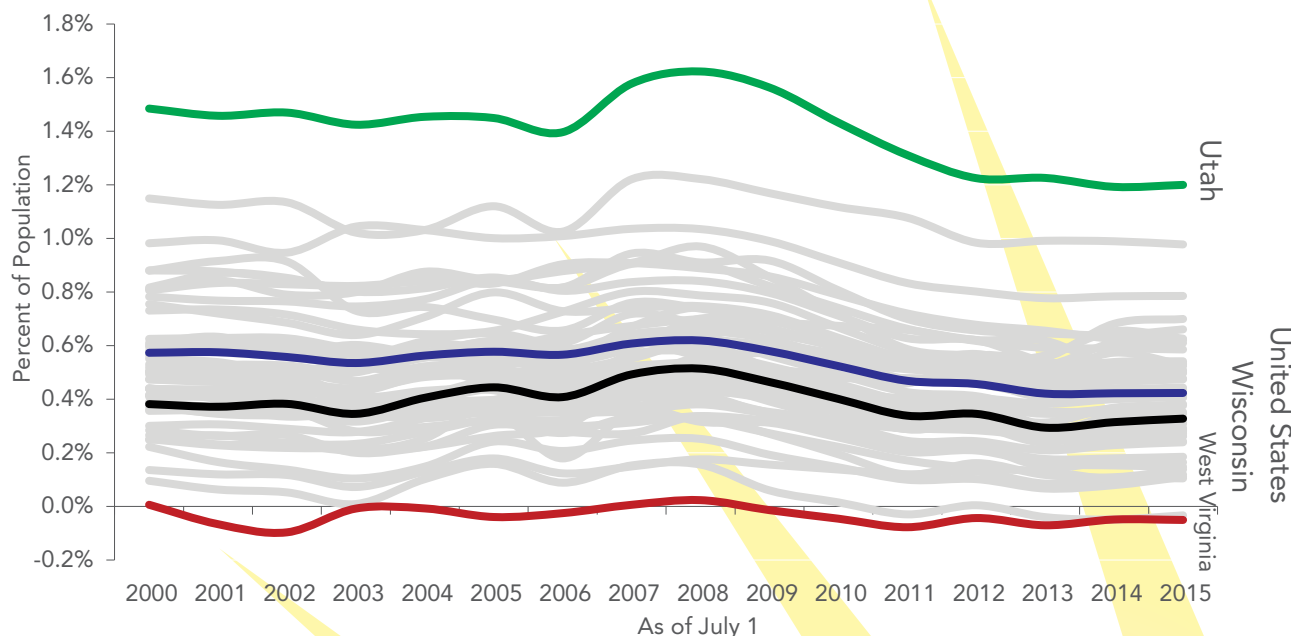
17 U.S. Department of Health and Human Services: Centers for Disease Control and Prevention, National Center for Health Statistics, National Vital Statistics System http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64_12.pdf

Net Natural Population Growth

Not surprisingly, the long-term impact of a below-average fertility rate is also affecting the net natural rate of population growth, which is the difference between the number of births and deaths. **Chart 5** shows the variance in the net natural population change—births minus deaths—as a percent of the population nationally and in the 50 states from 2000 to 2015.¹⁸

CHART 5

Net Natural Population Growth Rate (Birth Rate Minus Death Rate) July 1, 2000 to July 1, 2015



Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

In 2015, Utah had the highest net natural rate at 1.2 percent while West Virginia had the lowest and negative net natural rate at -0.05 percent. Only one other state, Maine (-0.03 percent), had a negative net natural rate.

Since 2008, the national average has been trending downward and Wisconsin has followed that trend—due entirely to a drop in the birth rate, which fell 7.8 percent in Wisconsin from 2008 to 2015. In 2015, Wisconsin had the 30th highest net natural population rate.

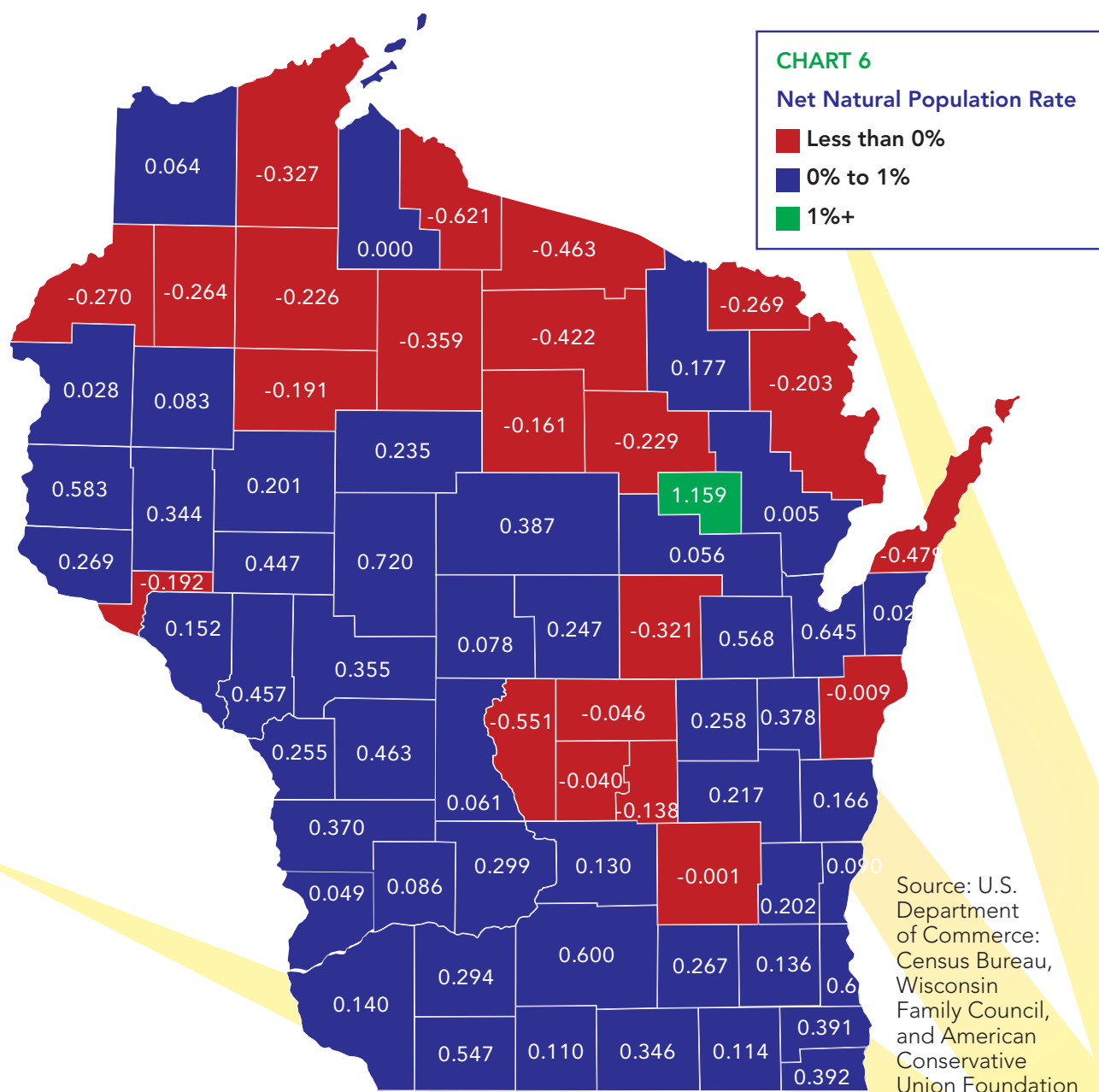
Overall, for the net natural population rate sub-index, Wisconsin had the 28th highest score (4.52) while Utah had the top score (9.67) followed by Alaska (8.78), North Dakota (8.47), Texas (7.92), and South

18 Population Estimates, U.S. Department of Commerce: Census Bureau <http://www.census.gov/popest/data/state/totals/2015/index.html>

Dakota (7.32). On the other hand, Maine had the lowest score (1.91) followed by West Virginia (2.03), New Hampshire (2.61), Pennsylvania (2.89), and Vermont (2.90).

If Wisconsin's natural population rate were at the national average in 2015, then there would have been approximately 4,689 more babies and 844 fewer deaths—meaning a total boost in the net natural population of 5,533 people.

In addition, as shown in **Chart 6**, the data by county shows that 22 Wisconsin counties in 2015 had a negative net natural population rate—meaning they had more deaths than births. As the statewide trend of lower births continues, more and more counties will fall into this troubling category.



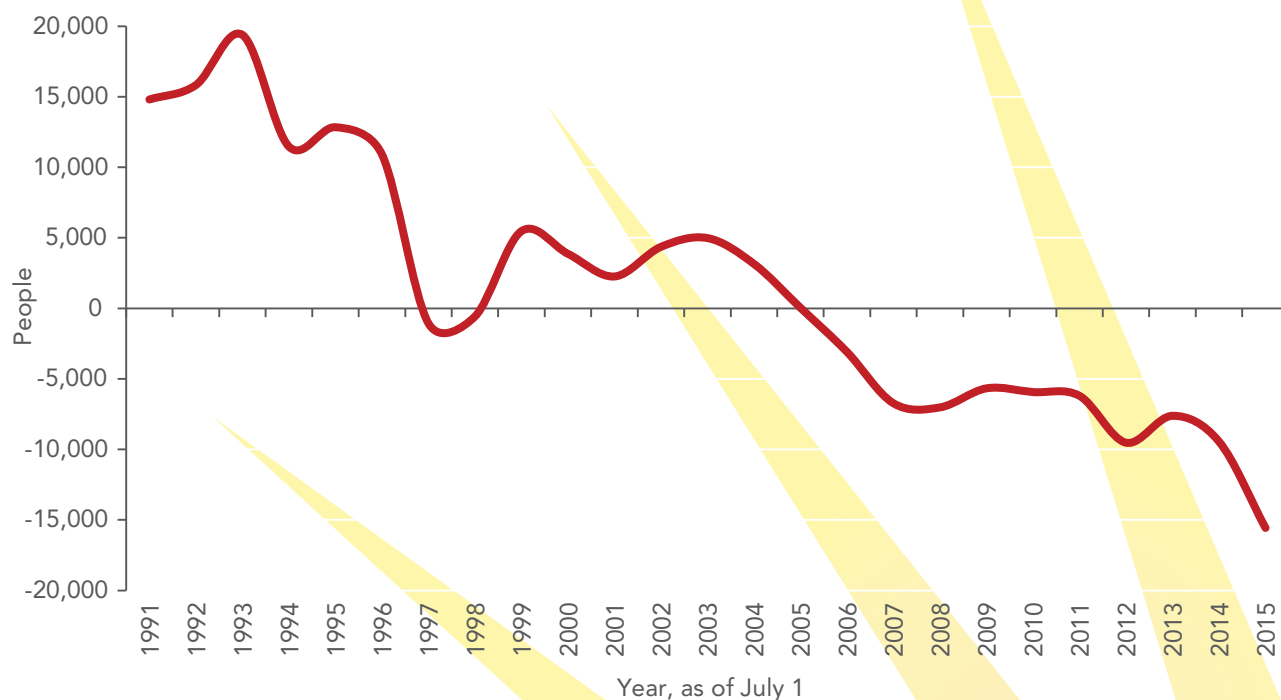
Domestic Migration

In the short run, states can shift the tides of demographic change through migration between the states. An economically thriving state will be attractive to families who are in search of greener pastures. The net migration (+/-) of families is an important feedback mechanism for state leaders, political and otherwise, to better understand the social and economic health of their state.

The most comprehensive data available on domestic migration comes from the U.S. Department of Commerce's Census Bureau.¹⁹ **Chart 7** and **Table 1** show that between 1991 and 2005, Wisconsin gained 107,717 residents from other states. However, in 2006, Wisconsin's in-migration quickly reversed to out-migration. Between 2006 and 2015, Wisconsin has lost 76,810 residents to other states.

CHART 7

Wisconsin's Net Domestic Migration July 1, 1991 to July 1, 2015



Source: U.S. Department of Commerce: Bureau of Economic Analysis and American Conservative Union Foundation

¹⁹ The migration data is a subset of data known as "Components of Population Change." The most recent data for Wisconsin can be found here: <http://www.census.gov/popest/states/NST-comp-chg.html>. The data's timeframe is not the typical calendar year as it begins and ends on July 1.

TABLE 1

WISCONSIN'S NET DOMESTIC MIGRATION JULY 1, 1991 TO JULY 1, 2015		
Year, as of July 1	Net Domestic Migration	Aggregate Change
1991	14,806	14,806
1992	15,831	30,637
1993	19,385	50,022
1994	11,466	61,488
1995	12,839	74,327
1996	10,910	85,237
1997	(1,063)	84,174
1998	(578)	83,596
1999	5,472	89,068
2000 (a)	3,865	92,933
2001	2,257	95,190
2002	4,358	99,548
2003	4,981	104,529
2004	3,150	107,679
2005	38	107,717
2006	(3,089)	104,628
2007	(6,732)	97,896
2008	(7,022)	90,874
2009	(5,672)	85,202
2010 (a)	(5,937)	79,265
2011	(6,202)	73,063
2012	(9,525)	63,538
2013	(7,620)	55,918
2014	(9,443)	46,475
2015	(15,568)	30,907

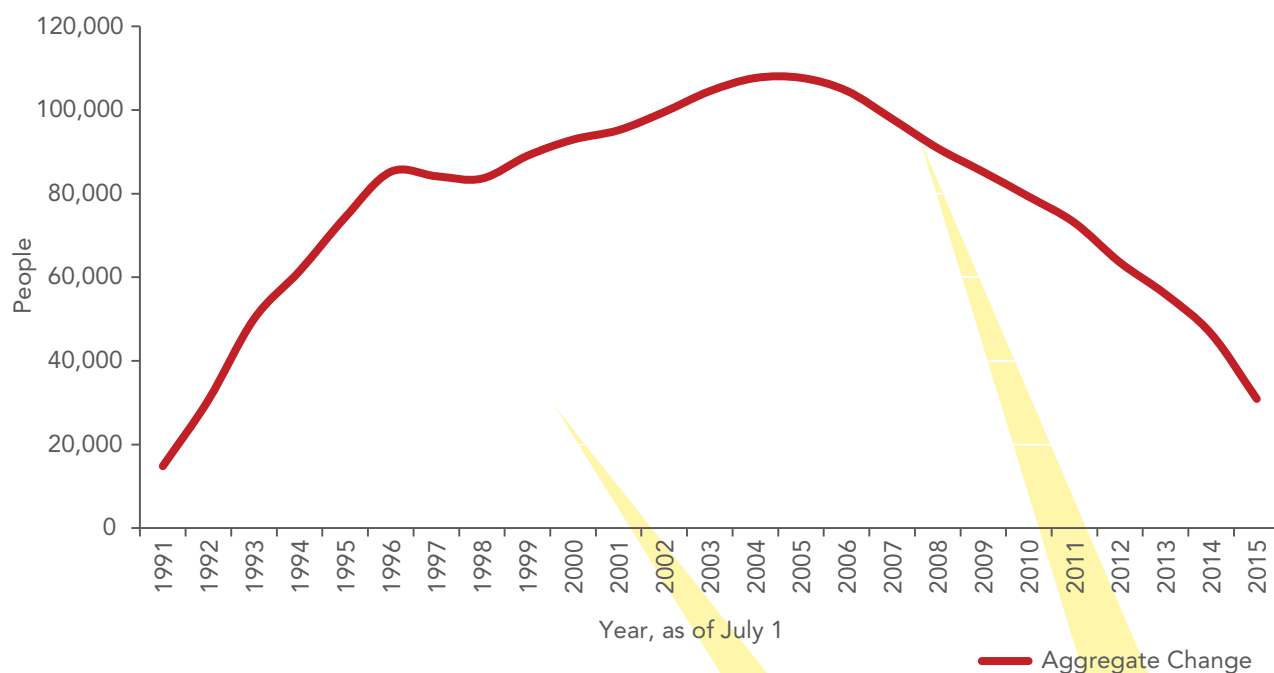
(a) Interpolated.

Source: U.S. Department of Commerce: Census Bureau, Wisconsin Family Council, and American Conservative Union Foundation

Chart 8 shows that nearly the entire gain in residents between 1991 and 2005 has been lost. More troubling, Wisconsin's out-migration appears to be accelerating with a record 15,568 people leaving in 2015.

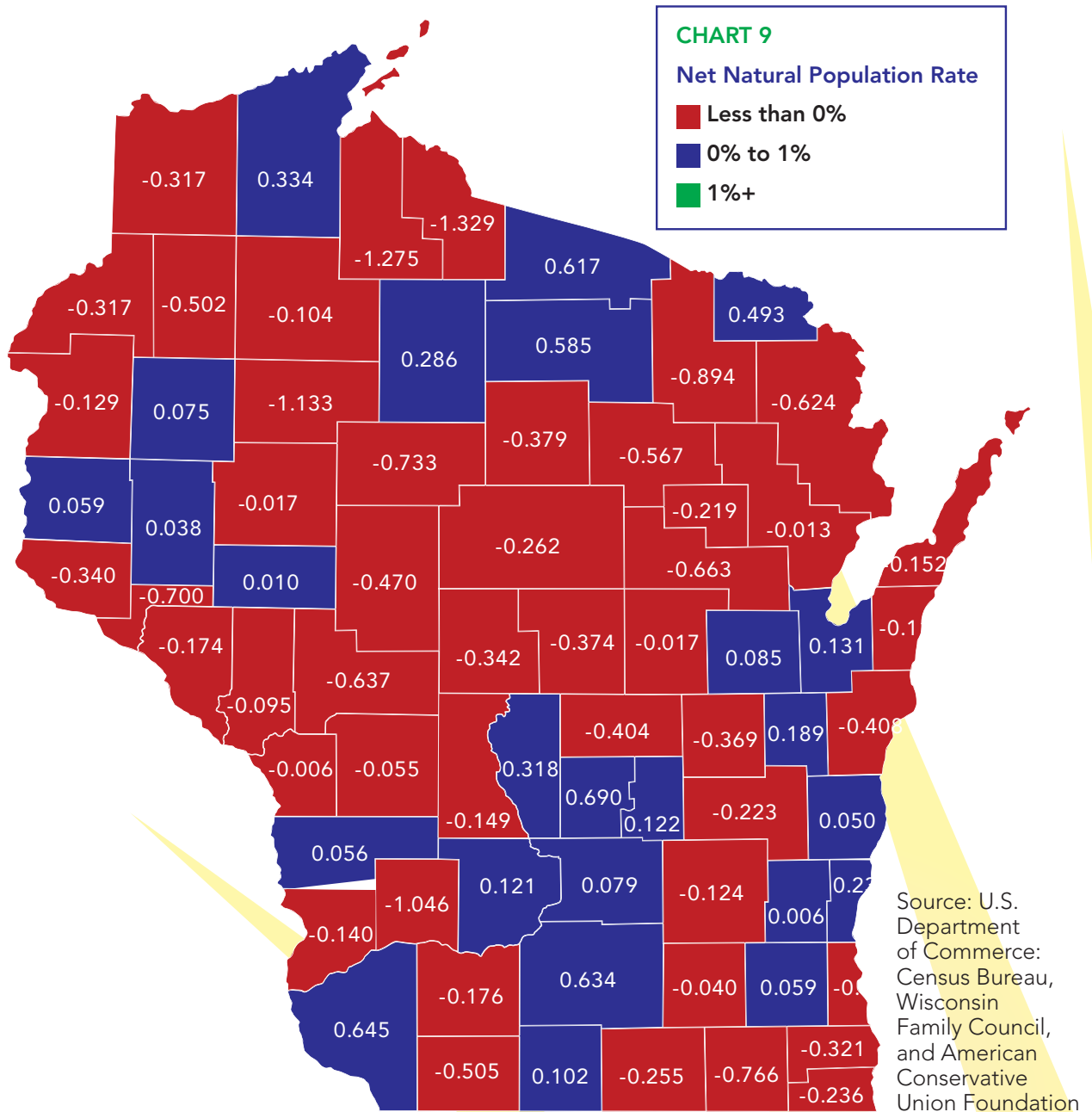
CHART 8

Wisconsin's Net Population Gain/Loss to Other States July 1, 1991 to July 1, 2015



Source: U.S. Department of Commerce; Bureau of Economic Analysis and American Conservative Union Foundation

In addition, as shown in **Chart 9**, the data by county shows there are 47 counties experiencing net out-migration—this includes in-state and out-of-state moves—while only 25 counties are experiencing net in-migration.



However, while the Census Bureau data is comprehensive, it is also very shallow. Fortunately, the Internal Revenue Service (IRS) provides an annual snapshot of taxpayer migration via tax returns, which provides for a much richer picture of migrants.²⁰

20 The IRS migration data is available at the state and county levels and can be found here: <https://www.irs.gov/uac/soi-tax-stats-migration-data>

The IRS has access to actual tax returns, an accurate proxy for the number of households; it also provides the number of exemptions, which is a proxy for the number of people in the household and their reported Adjusted Gross Income (AGI), which is a proxy for household income.

Table 2 (below) shows the IRS's aggregate migration data for the state of Wisconsin. In 2013 (the latest data available), 49,555 taxpayers left the state while 42,939 taxpayers entered the state—a net loss of 6,616 taxpayers. Overall, Wisconsin also lost 9,998 exemptions and \$509 million in AGI.

TABLE 2

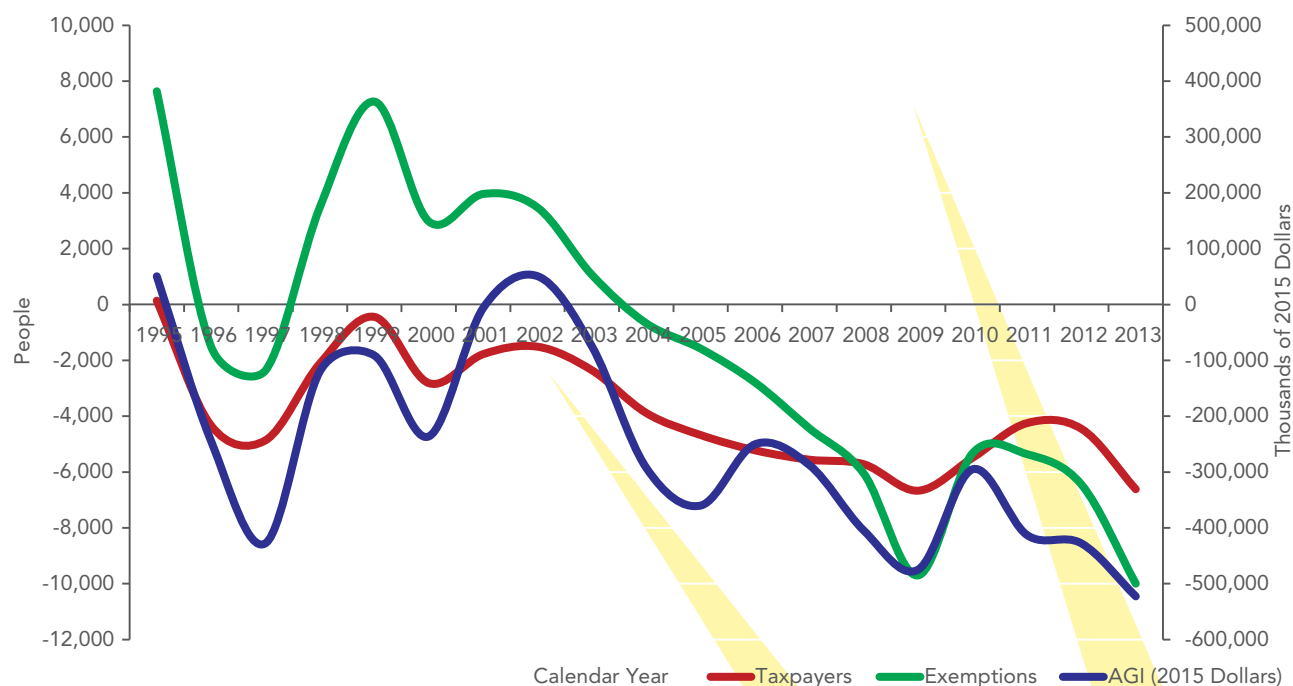
WISCONSIN'S NET TAXPAYER MIGRATION CALENDAR YEARS 1995 TO 2013												
Calendar Year	IN-MIGRANTS				OUT-MIGRANTS				NET MIGRATION			
	Taxpayers	Exemptions	AGI (\$Thousands)	AGI (2015 Dollars)	Taxpayers	Exemptions	AGI (\$Thousands)	AGI (2015 Dollars)	Taxpayers	Exemptions	AGI (\$Thousands)	AGI (2015 Dollars)
1995	40,388	81,303	1,388,186	2,021,379	40,250	73,665	1,353,485	1,970,850	138	7,638	34,701	50,529
1996	39,834	79,410	1,450,893	2,074,875	44,173	80,927	1,622,258	2,319,939	(4,339)	(1,517)	(171,365)	(245,064)
1997	40,534	80,313	1,548,234	2,176,624	45,396	82,670	1,852,299	2,604,102	(4,862)	(2,357)	(304,065)	(427,478)
1998	42,854	84,301	1,755,415	2,441,413	44,964	80,809	1,841,331	2,560,905	(2,110)	3,492	(85,916)	(119,491)
1999	44,056	86,238	1,969,544	2,700,562	44,499	78,969	2,036,090	2,791,807	(443)	7,269	(66,546)	(91,245)
2000	43,606	84,575	1,972,316	2,644,093	46,421	81,598	2,148,583	2,880,397	(2,815)	2,977	(176,267)	(236,304)
2001	43,435	83,404	1,947,424	2,552,589	45,214	79,445	1,952,354	2,559,051	(1,779)	3,959	(4,930)	(6,462)
2002	42,561	81,371	1,859,785	2,400,881	44,073	77,896	1,820,474	2,350,133	(1,512)	3,475	39,311	50,748
2003	41,440	78,644	1,839,792	2,328,657	43,794	77,580	1,898,877	2,403,442	(2,354)	1,064	(59,085)	(74,785)
2004	42,171	80,809	1,960,891	2,415,567	46,057	81,483	2,198,359	2,708,098	(3,886)	(674)	(237,468)	(292,530)
2005	43,408	82,946	2,048,193	2,444,472	48,084	84,527	2,349,884	2,804,533	(4,676)	(1,581)	(301,691)	(360,061)
2006	42,498	81,002	2,138,561	2,476,221	47,722	83,796	2,354,708	2,726,496	(5,224)	(2,794)	(216,147)	(250,275)
2007	43,545	81,060	2,182,853	2,461,865	49,104	85,500	2,437,855	2,749,462	(5,559)	(4,440)	(255,002)	(287,596)
2008	41,507	76,166	1,951,687	2,159,488	47,229	82,223	2,317,636	2,564,401	(5,722)	(6,057)	(365,949)	(404,913)
2009	37,112	67,527	1,570,401	1,724,018	43,781	77,230	2,002,902	2,198,826	(6,669)	(9,703)	(432,501)	(474,808)
2010	39,974	73,884	1,847,363	2,003,509	45,464	79,212	2,119,463	2,298,608	(5,490)	(5,328)	(272,100)	(295,099)
2011	44,364	82,643	2,223,857	2,363,059	48,613	88,004	2,612,383	2,775,905	(4,249)	(5,361)	(388,526)	(412,846)
2012	46,696	87,392	2,604,965	2,717,908	51,147	93,836	3,014,977	3,145,697	(4,451)	(6,444)	(410,012)	(427,789)
2013	42,939	79,598	2,303,206	2,364,526	49,555	89,596	2,812,330	2,887,204	(6,616)	(9,998)	(509,124)	(522,679)
TOTAL	802,922	1,532,586	36,563,566	44,471,707	875,540	1,558,966	40,746,248	49,299,854	(72,618)	(26,380)	(4,182,682)	(4,828,147)

Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

As shown in **Chart 10**, for the entire time period between 1995 and 2013, Wisconsin has lost 72,618 taxpayers, 26,380 exemptions and over \$4.8 billion in AGI (in real 2015 dollars). More disturbingly, as shown in **Chart 10**, AGI was negative in nearly every year of this time period—despite both the Census and IRS data showing net in-migration of people in the late 1990s and early 2000s.

CHART 10

Net Taxpayer Migration in Wisconsin Calendar Years 1995 to 2013



Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

The IRS data also provides state-by-state migrant data, which is useful in determining where out-migrants are going and where in-migrants are coming from. **Tables 3a, 3b and 3c** rank the net migration totals for the years 1995 to 2013 for taxpayers, exemptions and AGI, respectively.

TABLE 3a

As shown in **Table 3a (at right)**, the top taxpayer (household) out-migrant states are Florida (23,343), Arizona (15,322), Texas (12,810), Minnesota (10,053), and Colorado (9,444). On the other hand, the top taxpayer in-migrant states are Illinois (42,229), Michigan (8,562), Iowa (1,930), Ohio (1,319), and Indiana (1,238). Overall, Wisconsin loses taxpayers to 36 states and D.C. while gaining taxpayers from 13 states.

Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

NET WISCONSIN MIGRATION TO OTHER STATES SORTED BY TAXPAYERS (HOUSEHOLDS) TAX YEARS 1995 TO 2013				
State	Taxpayers	Rank	Exemptions	AGI (2015 dollars)
Florida	(23,343)	1	(41,032)	(3,510,262)
Arizona	(15,322)	2	(24,555)	(1,177,370)
Texas	(12,810)	3	(23,647)	(795,555)
Minnesota	(10,053)	4	5,307	473,399
Colorado	(9,444)	5	(10,856)	(560,976)
California	(7,538)	6	2,139	(385,616)
Georgia	(5,337)	7	(9,695)	(336,552)
North Carolina	(5,291)	8	(8,586)	(409,220)
Tennessee	(4,983)	9	(9,685)	(309,825)
Washington	(4,319)	10	(4,333)	(236,771)
Oregon	(3,689)	11	(4,690)	(181,065)
Nevada	(3,480)	12	(5,081)	(248,308)
Missouri	(2,916)	13	(5,997)	(150,154)
South Carolina	(2,783)	14	(5,072)	(323,652)
Virginia	(2,147)	15	(1,487)	(82,938)
Arkansas	(2,110)	16	(4,569)	(135,193)
Massachusetts	(1,679)	17	(1,172)	(15,710)
Kentucky	(1,504)	18	(2,894)	(77,018)
Montana	(1,292)	19	(1,865)	(72,358)
District Of Columbia	(1,242)	20	(1,154)	(15,873)
New Mexico	(1,190)	21	(1,347)	(68,650)
New York	(1,185)	22	2,136	92,588
Alabama	(1,028)	23	(2,104)	(65,235)
Mississippi	(949)	24	(1,611)	(48,661)
Oklahoma	(861)	25	(1,443)	(31,999)
Maryland	(790)	26	(88)	12,007
Louisiana	(724)	27	(876)	(29,384)
Alaska	(711)	28	(647)	(7,048)
Wyoming	(527)	29	(635)	(119,726)
Idaho	(479)	30	(435)	(30,946)
Hawaii	(435)	31	(22)	(40,870)
Utah	(280)	32	593	(31,728)
West Virginia	(106)	33	(357)	(2,960)
Vermont	(95)	34	(64)	(929)
Maine	(57)	35	33	(15,837)
Delaware	(51)	36	(48)	6,987
New Hampshire	(41)	37	(25)	(24,630)
Kansas	25	38	556	26,231
Rhode Island	55	39	229	9,895
North Dakota	79	40	414	11,370
South Dakota	175	41	567	4,016
Connecticut	229	42	1,185	81,867
Nebraska	478	43	1,354	53,397
New Jersey	761	44	2,293	102,309
Pennsylvania	1,093	45	3,915	112,171
Indiana	1,238	46	2,358	77,585
Ohio	1,319	47	2,136	80,340
Iowa	1,930	48	4,151	209,604
Michigan	8,562	49	13,522	344,362
Illinois	42,229	50	106,804	3,016,749

As shown in **Table 3b (at right)**, the top exemption (people) out-migrant states are Florida (41,032), Arizona (24,555), Texas (23,647), Colorado (10,856) and Georgia (9,695). On the other hand, the top exemption in-migrant states are Illinois (106,804), Michigan (13,522), Minnesota (5,307), Iowa (4,151) and Pennsylvania (3,915). Overall, Wisconsin loses exemptions to 31 states and D.C. while gaining exemptions from 18 states.

TABLE 3b

NET WISCONSIN MIGRATION TO OTHER STATES SORTED BY EXEMPTIONS TAX YEARS 1995 TO 2013				
State	Taxpayers	Exemptions	Ranks	AGI (2015 dollars)
Florida	(23,343)	(41,032)	1	(3,510,262)
Arizona	(15,322)	(24,555)	2	(1,177,370)
Texas	(12,810)	(23,647)	3	(795,555)
Colorado	(9,444)	(10,856)	4	(560,976)
Georgia	(5,337)	(9,695)	5	(336,552)
Tennessee	(4,983)	(9,685)	6	(309,825)
North Carolina	(5,291)	(8,586)	7	(409,220)
Missouri	(2,916)	(5,997)	8	(150,154)
Nevada	(3,480)	(5,081)	9	(248,308)
South Carolina	(2,783)	(5,072)	10	(323,652)
Oregon	(3,689)	(4,690)	11	(181,065)
Arkansas	(2,110)	(4,569)	12	(135,193)
Washington	(4,319)	(4,333)	13	(236,771)
Kentucky	(1,504)	(2,894)	14	(77,018)
Alabama	(1,028)	(2,104)	15	(65,235)
Montana	(1,292)	(1,865)	16	(72,358)
Mississippi	(949)	(1,611)	17	(48,661)
Virginia	(2,147)	(1,487)	18	(82,938)
Oklahoma	(861)	(1,443)	19	(31,999)
New Mexico	(1,190)	(1,347)	20	(68,650)
Massachusetts	(1,679)	(1,172)	21	(15,710)
District Of Columbia	(1,242)	(1,154)	22	(15,873)
Louisiana	(724)	(876)	23	(29,384)
Alaska	(711)	(647)	24	(7,048)
Wyoming	(527)	(635)	25	(119,726)
Idaho	(479)	(435)	26	(30,946)
West Virginia	(106)	(357)	27	(2,960)
Maryland	(790)	(88)	28	12,007
Vermont	(95)	(64)	29	(929)
Delaware	(51)	(48)	30	6,987
New Hampshire	(41)	(25)	31	(24,630)
Hawaii	(435)	(22)	32	(40,870)
Maine	(57)	33	33	(15,837)
Rhode Island	55	229	34	9,895
North Dakota	79	414	35	11,370
Kansas	25	556	36	26,231
South Dakota	175	567	37	4,016
Utah	(280)	593	38	(31,728)
Connecticut	229	1,185	39	81,867
Nebraska	478	1,354	40	53,397
New York	(1,185)	2,136	41	92,588
Ohio	1,319	2,136	42	80,340
California	(7,538)	2,139	43	(385,616)
New Jersey	761	2,293	44	102,309
Indiana	1,238	2,358	45	77,585
Pennsylvania	1,093	3,915	46	112,171
Iowa	1,930	4,151	47	209,604
Minnesota	(10,053)	5,307	48	473,399
Michigan	8,562	13,522	49	344,362
Illinois	42,229	106,804	50	3,016,749

Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

As shown in **Table 3c (at right)**, the top AGI (income in real 2015 dollars) out-migrant states are Florida (\$3.5 billion), Arizona (\$1.2 billion), Texas (\$796 million), Colorado (\$561 million), and North Carolina (\$409 million). On the other hand, the top AGI in-migrant states are Illinois (\$3 billion), Minnesota (\$474 million), Michigan (\$344 million), Iowa (\$210 million), and Pennsylvania (\$112 million). Overall, Wisconsin loses AGI to 32 states and D.C. while gaining AGI from 17 states.

TABLE 3c

NET WISCONSIN MIGRATION TO OTHER STATES SORTED BY AGI (INCOME) TAX YEARS 1995 TO 2013				
State	Taxpayers	Exemptions	AGI (2015 dollars)	Ranks
Florida	(23,343)	(41,032)	(3,510,262)	1
Arizona	(15,322)	(24,555)	(1,177,370)	2
Texas	(12,810)	(23,647)	(795,555)	3
Colorado	(9,444)	(10,856)	(560,976)	4
Georgia	(5,291)	(8,586)	(409,220)	5
Tennessee	(7,538)	2,139	(385,616)	6
North Carolina	(5,337)	(9,695)	(336,552)	7
Missouri	(2,783)	(5,072)	(323,652)	8
Nevada	(4,983)	(9,685)	(309,825)	9
South Carolina	(3,480)	(5,081)	(248,308)	10
Oregon	(4,319)	(4,333)	(236,771)	11
Arkansas	(3,689)	(4,690)	(181,065)	12
Washington	(2,916)	(5,997)	(150,154)	13
Kentucky	(2,110)	(4,569)	(135,193)	14
Alabama	(527)	(635)	(119,726)	15
Montana	(2,147)	(1,487)	(82,938)	16
Mississippi	(1,504)	(2,894)	(77,018)	17
Virginia	(1,292)	(1,865)	(72,358)	18
Oklahoma	(1,190)	(1,347)	(68,650)	19
New Mexico	(1,028)	(2,104)	(65,235)	20
Massachusetts	(949)	(1,611)	(48,661)	21
District Of Columbia	(435)	(22)	(40,870)	22
Louisiana	(861)	(1,443)	(31,999)	23
Alaska	(280)	593	(31,728)	24
Wyoming	(479)	(435)	(30,946)	25
Idaho	(724)	(876)	(29,384)	26
West Virginia	(41)	(25)	(24,630)	27
Maryland	(1,242)	(1,154)	(15,873)	28
Vermont	(57)	33	(15,837)	29
Delaware	(1,679)	(1,172)	(15,710)	30
New Hampshire	(711)	(647)	(7,048)	31
Hawaii	(106)	(357)	(2,960)	32
Maine	(95)	(64)	(929)	33
Rhode Island	175	567	4,016	34
North Dakota	(51)	(48)	6,987	35
Kansas	55	229	9,895	36
South Dakota	79	414	11,370	37
Utah	(790)	(88)	12,007	38
Connecticut	25	556	26,231	39
Nebraska	478	1,354	53,397	40
New York	1,238	2,358	77,585	41
Ohio	1,319	2,136	80,340	42
California	229	1,185	81,867	43
New Jersey	(1,185)	2,136	92,588	44
Indiana	761	2,293	102,309	45
Pennsylvania	1,093	3,915	112,171	46
Iowa	1,930	4,151	209,604	47
Minnesota	8,562	13,522	344,362	48
Michigan	(10,053)	5,307	473,399	49
Illinois	42,229	106,804	3,016,749	50

Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

These out-migrants also take their incomes and purchasing power with them. As shown in [Table 4](#), between 1995 and 2013, the total gross amount of income leaving the state was at nearly \$4.8 billion in 2015 dollars. The greatest out-migration of income was in 2015 at \$523 million.

TABLE 4

WISCONSIN'S NET AND CUMULATIVE AGI MIGRATION		
Year	Net AGI (2015 Dollars)	Cumulative AGI Loss (2015 Dollars)
1995	50,529	960,054
1996	(245,064)	(4,411,144)
1997	(427,478)	(7,267,118)
1998	(119,491)	(1,911,858)
1999	(91,245)	(1,368,679)
2000	(236,304)	(3,308,258)
2001	(6,462)	(84,006)
2002	50,748	155,249
2003	(74,785)	(822,634)
2004	(292,530)	(2,925,303)
2005	(360,061)	(3,240,552)
2006	(250,275)	(2,002,198)
2007	(287,596)	(2,013,175)
2008	(404,913)	(2,429,475)
2009	(474,808)	(2,374,041)
2010	(295,099)	(1,180,396)
2011	(412,846)	(1,238,537)
2012	(427,789)	(855,578)
2013	(522,679)	(522,679)
Total	(4,828,147)	(36,840,326)

Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

Of course, when someone leaves, the lost net income isn't limited to the year the person left. It's lost for every year moving forward, too. [Table 4](#) shows that compounding the net income losses over the nineteen years considered above, the total income loss comes to a whopping \$36.8 billion.

More troubling for policymakers, **Table 5** shows that had this income stayed in Wisconsin, state and local governments would have annually collected an estimated \$900 million, in 2015 dollars, in higher taxes over this time period. This not only includes higher income taxes, but also higher sales and property taxes. Compounded, this tax loss climbs to over \$6.7 billion.

TABLE 5

ESTIMATED STATE AND LOCAL TAXES LOST DUE TO OUT-MIGRATION CALENDAR YEARS 1995 TO 2013 THOUSANDS OF DOLLARS					
Calendar Year	Net AGI (Nominal)	State and Local Tax Burden (a)	Estimated Tax Loss	Estimated Tax Loss (2015 Dollars)	Cumulative Tax Loss (2015 Dollars)
1995	34,701	19.5%	6,775	9,866	187,450
1996	(171,365)	18.9%	(32,383)	(46,310)	(833,574)
1997	(304,065)	18.4%	(55,937)	(78,641)	(1,336,897)
1998	(85,916)	18.0%	(15,475)	(21,523)	(344,362)
1999	(66,546)	17.8%	(11,840)	(16,234)	(243,513)
2000	(176,267)	17.1%	(30,144)	(40,412)	(565,761)
2001	(4,930)	17.4%	(858)	(1,125)	(14,627)
2002	39,311	18.1%	7,097	9,162	109,942
2003	(59,085)	18.4%	(10,875)	(13,764)	(151,405)
2004	(237,468)	18.4%	(43,592)	(53,700)	(537,003)
2005	(301,691)	18.4%	(55,390)	(66,106)	(594,955)
2006	(216,147)	18.2%	(39,269)	(45,470)	(363,758)
2007	(255,002)	17.9%	(45,588)	(51,415)	(359,902)
2008	(365,949)	18.5%	(67,829)	(75,050)	(450,303)
2009	(432,501)	20.0%	(86,559)	(95,026)	(475,131)
2010	(272,100)	19.5%	(53,110)	(57,599)	(230,394)
2011	(388,526)	19.3%	(75,053)	(79,751)	(239,254)
2012	(410,012)	18.7%	(76,499)	(79,816)	(159,632)
2013	(509,124)	19.0%	(96,832)	(99,410)	(99,410)
Total	(4,182,682)	--	(783,360)	(902,324)	(6,702,491)

(a) As a percent of Non-Migrant Adjusted Gross Income

Source: Internal Revenue Service, U.S. Department of Commerce: Bureau of Economic Analysis and Census Bureau, Wisconsin Family Council, and American Conservative Union Foundation



CHARACTERISTICS OF WISCONSIN'S OUT-MIGRANTS



Important additional details about Wisconsin migrants have recently been provided by the IRS through their “gross migration file” that shows the age of the taxpayer and income class.²¹ As shown in **Table 6**, a compelling insight from this data is that the majority of the net out-migration of income is from taxpayers over the age of 45 earning more than \$100,000—67 percent in 2011, 53 percent in 2012, and 57 percent in 2013.

TABLE 6

PERCENT AND AMOUNT OF NET OUT-MIGRANT INCOME FROM TAXPAYERS OVER THE AGE OF 45 AND EARNING MORE THAN \$100,000		
Year	Percent	Amount (\$Millions)
2011	67%	-\$289
2012	53%	-\$230
2013	57%	-\$258

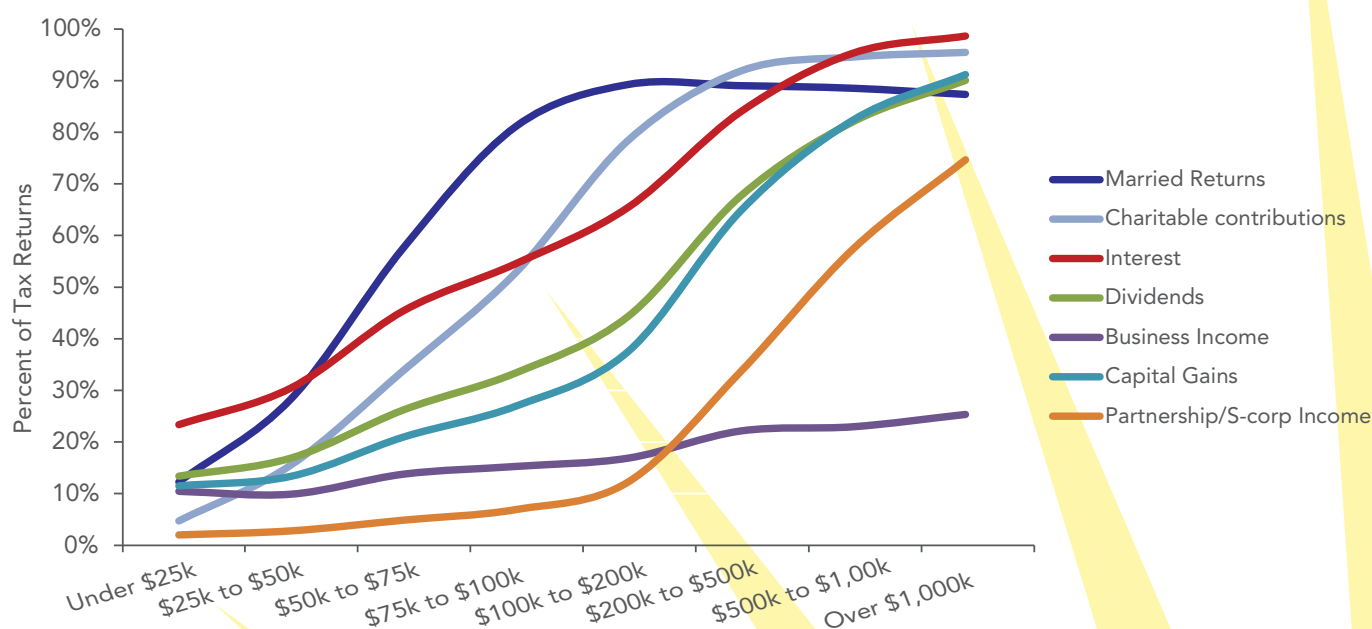
Source: Internal Revenue Service, Wisconsin Family Council,
and American Conservative Union Foundation

21 Internal Revenue Service, “Gross Migration File,” Various Years, <https://www.irs.gov/uac/soi-tax-stats-migration-data>

Why is this important? As shown in **Chart 11**, there is a significant difference in the characteristics of taxpayers earning more than versus less than \$100,000 (as a percent of taxpayers). They tend to be married (89 percent versus 32 percent), give to charity (81 percent versus 18 percent) and are heavily involved in business—partnership/S-corporation in particular skyrockets over \$100,000 in income peaking at 75 percent of taxpayers for those earning over \$1 million. Not shown, but perhaps most important, is that average family size is also higher (2.9 versus 1.7).

CHART 11

Characteristics of Wisconsin's Taxpayers 2013



Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

Additionally, the loss in income and taxes shown previously should be viewed as the minimum loss. If the losses are derived from discretionary income (such as business income or capital gains), the long-term loss to Wisconsin's economy and government coffers is likely to be significantly higher since they very likely won't be cashed-out until after the move to states like Texas or Florida that don't have an income tax.

For example, the state of New Jersey is learning a hard lesson about the impact on its budget of a single individual's out-migration. Of course, the individual in question is multi-billionaire David Tepper who founded the hedge fund Appaloosa Management.²² Not only is he taking his current income with him, but it is very likely that he won't be selling any business assets until he has planted his feet on Florida soil as a resident.

As noted earlier, this analysis shows that the net out-migrants from Wisconsin are predominantly business and community leaders. Further, these leaders are the most likely to be married, so their departure contributes to the decline in Wisconsin's marriage rate. Their decision to move has a disproportionate impact on the two factors where the Wisconsin FPI is the weakest—entrepreneurship and the marriage rate.



Clearly, stemming this out-flow of Wisconsin's business and community leaders is the first step toward solving its entrepreneurship and marriage deficits.

22 Lopez, Linette, "New Jersey has to rethink its budget because one guy moved," Business Insider, April 5, 2016. <http://www.businessinsider.com/tepper-move-hurts-new-jersey-2016-4>



OUT-MIGRATION SHOWS THE WAY FORWARD

Reversing Wisconsin's growing out-migration problem requires an understanding of why residents are leaving. As shown in **Table 7**, one way to do this is by comparing various characteristics of Wisconsin versus the destination states.²³ In economic terms, out-migrants are expressing their “revealed preferences” by moving to another state more in line with their preferences and values.

TABLE 7

NETTED VALUES OF KEY STATE VARIABLES CALENDAR YEARS 1995 TO 2013							
Variable	Minnesota	Weighted Average of Other States			Percent Difference		
		Taxpayers	Exemptions	AGI	Taxpayers	Exemptions	AGI
Private Sector Job Growth	13.1%	31.9%	33.1%	33.8%	144.0%	153.7%	158.6%
State and Local Tax Burden	15.6%	13.7%	13.3%	13.3%	-12.2%	-14.5%	-14.3%
Union Membership	15.8%	9.4%	7.5%	7.6%	-40.4%	-52.4%	-51.5%
Average Temperature	47.5	61.2	64.1	65.4	28.8%	34.9%	37.7%

Note: Bold, green figures indicate variable with greatest differential.

Sources: U.S. Department of Commerce: Bureau of Economic Analysis and Census Bureau, www.unionstats.com, U.S. National Oceanic and Atmospheric Administration, Wisconsin Family Council, and American Conservative Union Foundation.

23 Including Washington, D.C, except for state and local tax burden.

We compare Wisconsin to these destination states via four variables that illustrate obvious differences between them—private sector jobs, state and local tax burdens, union membership, and average temperature.



Private Sector Jobs: This variable measures the percentage change in private sector jobs between 1995 and 2013.²⁴ Private sector job growth in Wisconsin was 13.1 percent. Households left for states where job growth was 144 percent higher (31.9 percent), while for people it was 153.7 percent higher (33.1 percent) and for income it was 158.6 percent higher (33.8 percent).²⁵ Overall, the migration of income was the most sensitive to private sector job growth.

State and Local Tax Burden: This variable measures total state and local taxes collected as a percent of private sector personal income as averaged over the 1995 to 2013 time period.²⁶ Wisconsin's average tax burden was 15.6 percent. Taxpayers left for states where tax burdens were 12.2 percent lower (13.7 percent), while exemptions were 14.5 percent lower (13.3 percent) and AGI was 14.3 percent lower (13.3 percent). Overall, the migration of people was most sensitive to state and local tax burdens although income is a very close second.

Union Membership: This variable measures the percent of the state's employed labor force that are members of a union as averaged over the 1995 to 2013 time period.²⁷ Wisconsin's average union membership was 15.8 percent. Taxpayers left for states where union membership was 40.4 percent lower (9.4 percent), while exemptions were 52.4 percent lower (7.5 percent) and AGI was 51.5 percent lower (7.6 percent). Overall, the migration of people was most sensitive to union membership although income is a very close second.

Average Temperature: This variable measures the annual average of the daily mean temperature.²⁸ Wisconsin's temperature by this measure was 47.5 degrees Fahrenheit. Taxpayers left for states where temperatures were 28.8 percent higher (61.2 degrees), while exemptions were 34.9 percent higher (64.1 degrees) and AGI was 37.7 percent higher (65.4 degrees). Overall, the migration of income was most sensitive to temperature.



24 The job data is from the U.S. Department of Labor's Bureau of Labor Statistics.

25 The values for the destination states are based on the weighted average of these states in proportion to their representation of total out-migration from Wisconsin.

26 The tax collection data is from the U.S. Department of Commerce's Census Bureau and the personal income data comes from the U.S. Department of Commerce's Bureau of Economic Analysis.

27 The union membership data is from www.unionstats.com.

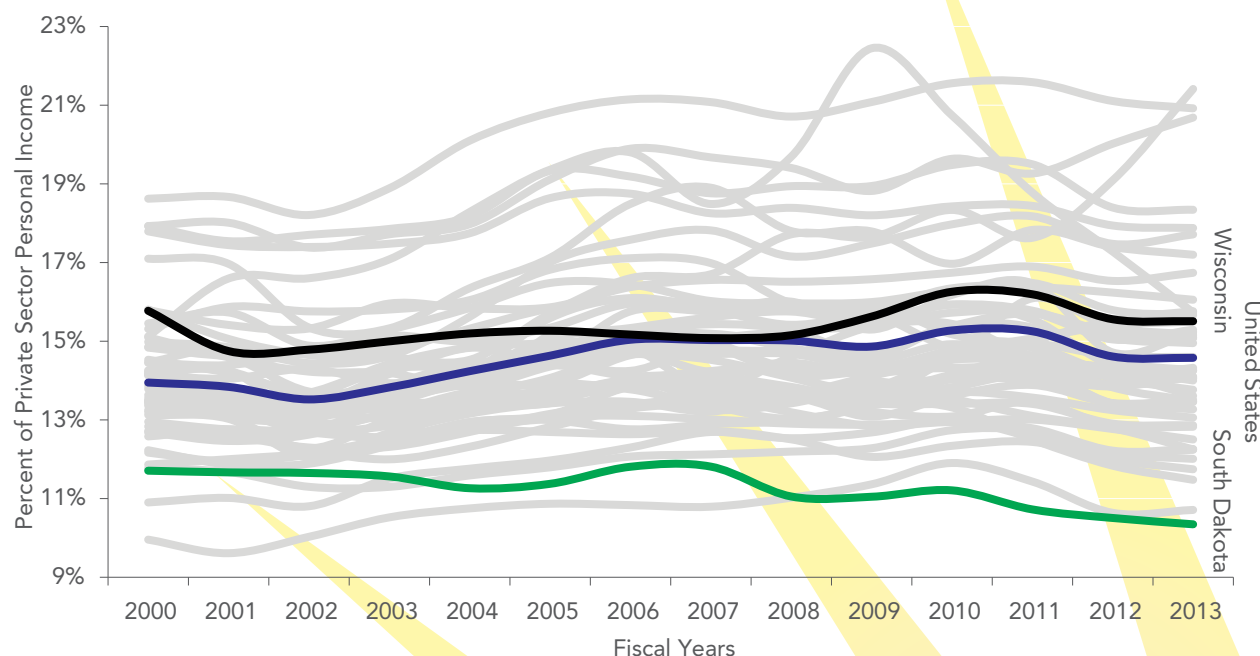
28 The temperature data is from the U.S. National Oceanic and Atmospheric Administration. The data is usually for one selected city in each state. However, in cases where more than one city is provided, especially in large states, the data is averaged.

While nothing can be done about temperature differences, Wisconsin has begun to even the playing field with its recent enactment of Right-to-Work laws, which will equalize union membership levels over time. However, not nearly as much progress has been made in reducing tax burdens.

As shown in **Chart 12**, Wisconsin's state and local tax burden as a percent of private sector personal income has exceeded the national average for nearly the entire FY 2000 to FY 2013 time period and in FY 2013 was 15.5 percent and ranked as the 14th highest in the country. In stark contrast, Texas was 12 percent (ranked as the 46th highest) and Florida was 11.5 percent (ranked as the 48th highest).

CHART 12

State and Local Tax Burden as a Percent of Private Sector Personal Income Fiscal Years 2000 to 2013



Source: Internal Revenue Service, Wisconsin Family Council, and American Conservative Union Foundation

In dollar terms, lowering Wisconsin's state and local tax burden to the national average would require a \$1.7 billion tax cut out of the \$27.6 billion in taxes raised in FY 2013. To match Texas and Florida would require tax reductions of \$6.5 and \$7.2 billion, respectively. Keep in mind, of course, that these are static estimates and that any move to reduce tax burdens at this level would be a strong boost to the private sector—thus significantly reducing the needed size of the tax cut in dollar terms.



CONCLUSION



Wisconsin finishes in the top half of the country (18th) in its ranking on the 2016 Family Prosperity Index due to its good performance in family health, family culture, and family self-sufficiency. The state can improve its ranking by focusing on improvements in the remaining three indexes – demographics (particularly out-migration – people, wealth, and jobs moving out of the state to other domestic destinations – and fertility rates), family structure (particularly marriage rates), and economics (especially entrepreneurship).

These factors are self-reinforcing given that Wisconsin is suffering from out-migration of its community and business leaders, who are the most entrepreneurial, have the highest marriage rates, and have the largest families.

A study of the reasons for Wisconsin's high rate of out-migration offers a starting point for state policymakers, activists, civic leaders and private individuals and institutions to attack the root of the problem. These reasons include Wisconsin's higher state and local tax burden and its business-strangling union presence, both of which contribute to lower private sector job growth.

Progress has been made in addressing the obstacles posed by growth-suppressing union activity; the next step on Wisconsin's path to prosperity is to tackle the tax issue. Lowering the state and local tax burden on families (to help, on the margin, to reverse out-migration and improve fertility rates) and on businesses (to help, on the margin, to increase entrepreneurship and boost job creation) should be a major policy priority sooner rather than later.



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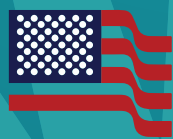
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