Update to Labor Supply and Income Projections
2020-2040

Dennis Winters, Jaspreet Kaur, and Franklin Otis | July 2025

1) Summary

The demographic crisis facing Wisconsin has been a close topic of research by the Department of Workforce Development's (DWD) Office of Economic Advisors (OEA). In 2024, OEA published a report projecting Wisconsin's labor supply through 2040 (found here). This report's novel methodology projected various workforce trends which, when combined, estimated Wisconsin's future labor supply by age and gender.

A primary input into this model was Wisconsin's projected population, an average of two sources: the Weldon Cooper Center and Wisconsin Department of Administration (DOA). In 2025, DOA released a new vintage of their population projections (found here). This necessitates an update to OEA's labor supply and personal income projections.

Overall, these updated population projections are lower than the previous population projections used. The results is a lower forecasted labor supply and total personal income, emphasizing the importance of demographics on the state's labor market and economy, already characterized by chronic labor shortages.

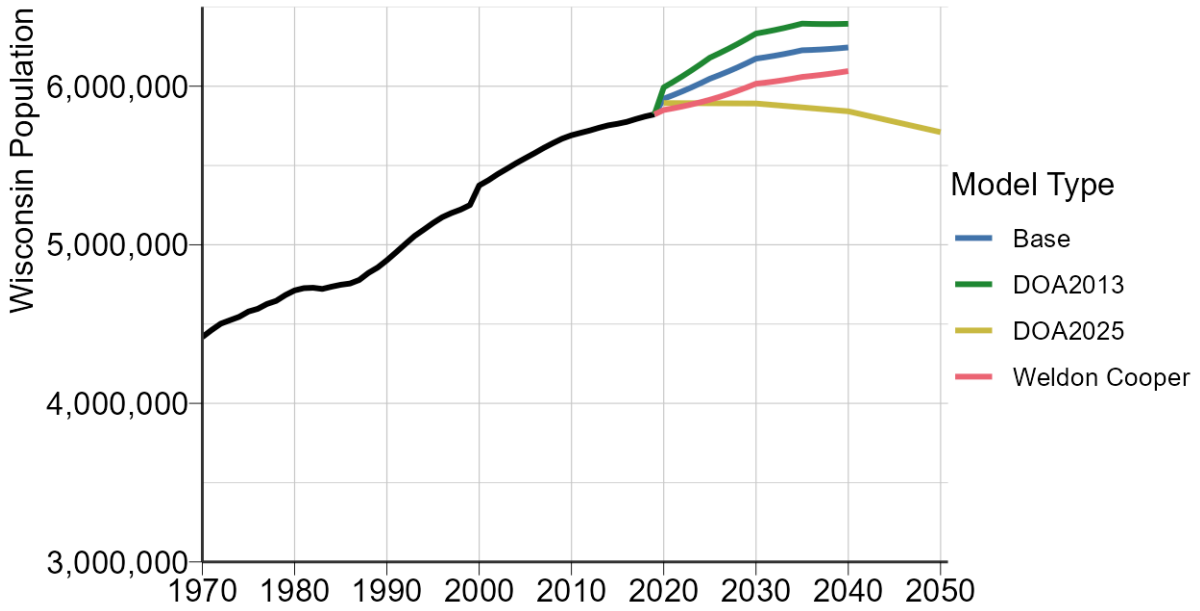
2) Population Differences

Table 1 — Population projection comparisons.

Year	DOA2013	Weldon Cooper	Base	DOA2025
2020	5,992,405	5,849,851	5,921,128	5,893,718
2030	6,331,853	6,015,674	6,173,763	5,890,915
2040	6,393,585	6,095,187	6,244,386	5,841,620
2050				5,710,120

Overall, the most recent vintage of population projections produced by DOA show a marked decline in Wisconsin's population in the coming decades. In 2030, the 2025 DOA projections are lower than the base model by 282,848 individuals, a 4.6% difference. By 2040, this difference grows to 6.5%.

Figure 1 — Population projection comparisons.



Compared to the previous base model projections, the largest differences in population occur in younger age groups. Using broad age categories, the largest differences occurred in the youngest grouping, those under 25. Compared to the previous base model, the 2025 DOA projections decrease 11.9% for that age group in 2040. In contrast, the older age grouping is much closer to the original estimate. The population of those 65 and up are only slightly lower than the base model (2.9% lower in 2040).

The youngest age group also has the lowest labor force participation rate. The combination of a lower projected population of this age group and the low labor force participation rate results in a lower difference in overall labor supply than might be expected given the updated data.

Table 2 — Population projection comparisons by age.

		Population		Difference
Year	Age Group	Base	DOA2025	
2030	0 to 24	1,886,306	1,735,220	−151,086
	25 to 64	2,936,563	2,812,840	−123,723
	65 and up	1,350,895	1,342,855	−8,040
2040	0 to 24	1,881,076	1,656,330	−224,746
	25 to 64	2,960,231	2,822,780	−137,451
	65 and up	1,403,079	1,362,510	−40,569

In the previous report investigating Wisconsin's predicted worker shortage, the state's population was the foundation upon which the rest of the model was built. The labor supply model was constructed such that population was an external input, allowing for comparison of different population projections.

3) Labor Supply

The share of the population in the oldest age group increases with the 2025 DOA vintage while the youngest population group declines. The overall composition of the labor force does not drastically change. Individuals in the middle of the age curve have the highest labor force participation rate, leading to most of the labor force being between 25 and 64 in both models.

Table 3 — Share of overall labor force by age.

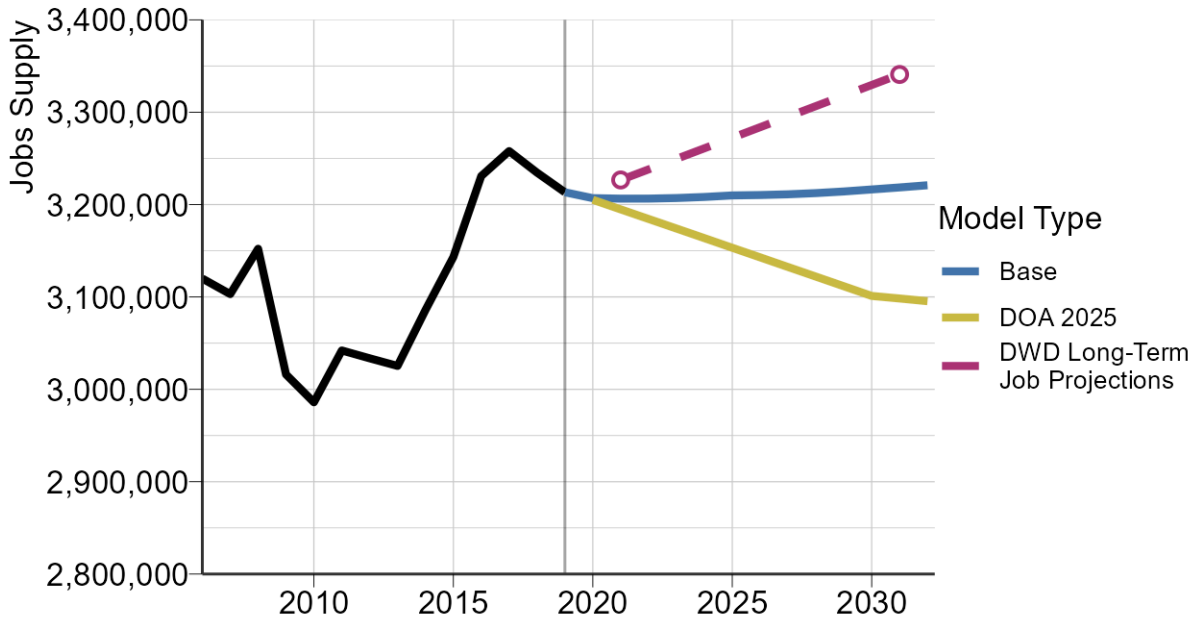
Year	Age Group	Base	DOA2025
2020	0 to 24	14.1%	14.4%
	25 to 64	79.7%	79.2%
	65 and up	6.2%	6.3%
2030	0 to 24	13.9%	14.2%
	25 to 64	78.0%	77.3%
	65 and up	8.1%	8.4%
2040	0 to 24	13.3%	12.8%
	25 to 64	78.5%	78.8%
	65 and up	8.2%	8.4%

Table 4 — Difference in jobs supply by age.

Year	Age Group	Job Supply Base		Job Supply DOA2025		Difference	
2030	0 to 24	441,108	3,216,375	435,620	3,101,101	−5,487	−115,275
	25 to 64	2,514,222		2,404,222		−109,999	
	65 and up	261,046		261,258		212	
2040	0 to 24	427,460	3,238,541	388,905	3,073,082	−38,556	−165,460
	25 to 64	2,547,945		2,428,494		−119,450	
	65 and up	263,136		255,683		−7,453	

4) Demand Comparison

Figure 2 — Demand shortfall comparison.



One basis for comparison is the occupation-based, long-term projections of employment produced by DWD. Using the pre-pandemic job demand growth rate, these predict that total jobs in Wisconsin will be 3,340,884 by 2031. However, this report's supply-constrained base model projections released last year predict that only 3,218,568 of those jobs will be able to be filled, resulting in a shortage of 122,316.

This shortage nearly doubles when the 2025 DOA projections are incorporated. The projected jobs supply declines to 3,098,314 for a shortfall of 242,570 filled positions.

Table 5 — 2031 shortfall comparison.

Model Type	Jobs	Shortfall
Base	3,218,568	−122,316
DOA2025	3,098,314	−242,570

5) Income

Projected total personal income is smaller with the 2025 DOA model compared to the prior base model. From 2030 to 2040, the annual difference between the two models grows from $5.7 billion to $7.8 billion. This represents a −4.5% difference, a smaller magnitude difference than the overall population difference of −6.8% between the two models.

Figure 3 — Comparison of total personal income (billions of 2010 dollars).

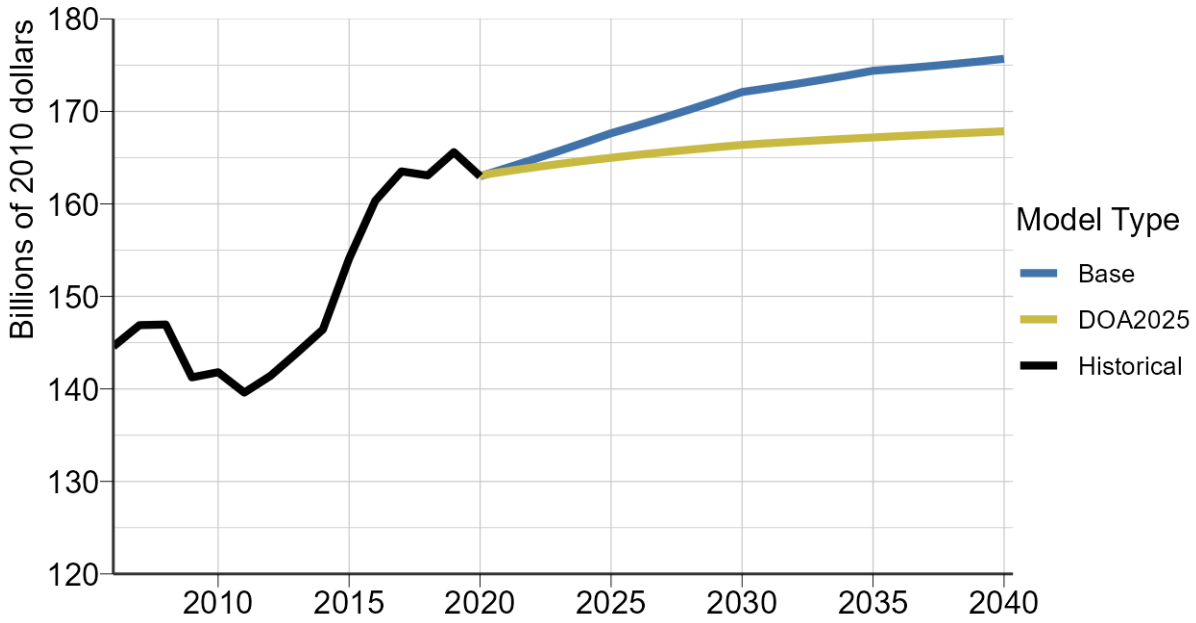


Table 6 — Total personal income (billions of 2010 dollars).

Year	Base	DOA2025	Difference
2020	163.0	163.1	0.1
2030	172.1	166.4	−5.7
2040	175.7	167.8	−7.8

The age makeup of the 2025 DOA population projections is slightly older than the prior base model population projections. As such, this yields differential changes in the composition of total personal income. Income from all sources is smaller with the new population projections. As might be expected given the older population predicted by the DOA 2025 population projections, income from retirement and Social Security are the least affected by this change.

Figure 4 — Income source comparison by 2040.