

MEMORANDUM

To: Whitewater Common Council

From: John Weidl, City Manager

Date: March 17, 2026

Subject: Wisconsin Economic Growth Trends and Implications for Whitewater and Wisconsin Municipalities

Purpose

The purpose of this memorandum is to summarize the key findings of the economic analysis *Keeping Pace? Wisconsin's Economic Performance Since 2017* and to discuss the implications of those findings for both the City of Whitewater and municipalities across Wisconsin.

The report provides a useful lens for understanding the structural forces shaping the state's economic trajectory. While the analysis focuses on statewide economic indicators, the underlying trends—particularly those related to population growth and labor force expansion—have direct implications for local governments responsible for managing land use, housing supply, infrastructure investment, and long-term fiscal sustainability.

The findings also highlight broader structural challenges that municipalities across Wisconsin must consider as they plan for economic competitiveness, workforce attraction, and long-term fiscal sustainability.

Executive Summary

A recent economic analysis, *Keeping Pace? Wisconsin's Economic Performance Since 2017*, finds that while Wisconsin's economy has continued to grow, it has done so significantly more slowly than most other states. The report concludes that the primary constraint on the state's long-term economic growth is demographic, specifically slow population growth and limited labor force expansion. Since 2017, Wisconsin has ranked in the bottom third of states for population and labor force growth, and the state's real GDP growth (10.1%) has trailed the national average by a substantial margin. While Wisconsin has seen some progress in reducing poverty, overall income growth has also lagged national trends.

For municipalities, these findings highlight a structural shift in economic development. Communities are increasingly competing not just for businesses but for residents and workforce participation. Population attraction, housing availability, and workforce retention are becoming central determinants of local economic competitiveness and long-term fiscal sustainability.

Municipal governments play a key role in shaping these outcomes through land-use policy, housing development, infrastructure investment, and economic development strategies. Communities that can accommodate residential growth and attract working-age households will be better positioned to support business expansion and maintain a healthy municipal tax base. Conversely, communities

experiencing stagnant population growth may face increasing fiscal and service delivery pressures over time.

Whitewater is relatively well-positioned within this environment due to several structural advantages, including the presence of UW–Whitewater, a regional employment base, and comparatively attainable housing. However, maintaining this position will require continued attention to housing development, workforce attraction, and policies that encourage the retention of university graduates.

Overall, the study reinforces the importance of housing supply, workforce attraction, infrastructure readiness, and long-term fiscal sustainability as central components of both municipal economic development strategy and statewide economic competitiveness.

Overview of the Study

The report evaluates Wisconsin's economic performance since 2017 using six primary indicators:

- Population growth
- Labor force growth
- Real gross domestic product (GDP)
- Per capita personal income
- Median household income
- Poverty rate

While Wisconsin's economy has continued to grow in absolute terms, the study concludes that the state has grown significantly more slowly than the national average across most major indicators.

Since 2017

- Wisconsin ranked in the bottom third of states for population growth and labor force growth.
- Real GDP grew 10.1%, roughly half the national rate, placing Wisconsin 38th among states.
- Growth in per capita personal income and median household income has lagged national trends.
- Wisconsin has performed relatively well in reducing poverty, though that improvement has not offset broader growth challenges.

The central conclusion of the report is that Wisconsin's long-term economic growth is constrained primarily by demographics, specifically slow population growth and limited labor force expansion.

Key Statewide Findings

Several themes emerge from the analysis that are particularly relevant for municipal governments.

1. Demographics Are the Primary Constraint on Growth

Economic growth ultimately depends on the availability of people—both residents and workers. Wisconsin's population growth has slowed relative to most states, limiting workforce expansion and overall economic output.

In effect, the state's economic ceiling is increasingly determined by demographic trends rather than productivity alone.

2. Labor Force Growth Has Lagged

Even in areas where population growth has occurred, labor force participation has not always kept pace. In some cases, population growth has been driven by demographic groups less connected to the workforce, including retirees.

This dynamic creates a structural constraint on business expansion and regional economic growth.

3. Workforce Availability Is the Dominant Constraint on Business Growth

Employers across Wisconsin consistently cite workforce availability as the primary barrier to expansion. Regions that successfully attract and retain residents, particularly working-age residents, are more likely to experience sustained economic growth.

This represents a notable shift in economic development strategy: communities are increasingly competing for people rather than solely competing for employers.

4. Slower Income Growth Reflects the Broader Growth Challenge

While incomes have increased in Wisconsin, they have grown more slowly than in most other states. Over time, slower income growth can affect household wealth accumulation, regional competitiveness, and communities' ability to sustain public services.

Implications for Wisconsin Municipalities

Although the study evaluates statewide economic performance, its findings have significant implications for municipalities across Wisconsin.

1. Population Attraction Will Increasingly Determine Economic Growth

Communities capable of attracting residents—particularly working-age households—will be better positioned to support business growth, maintain vibrant local economies, and sustain municipal tax bases.

Conversely, communities experiencing stagnant population growth may face increasing fiscal and service delivery challenges.

2. Housing Supply Functions as Economic Infrastructure

One of the most important policy implications of the report is the role housing plays in economic competitiveness.

Municipalities control many of the key policy levers that influence housing supply, including:

- zoning and land-use regulations

- subdivision approvals
- density allowances
- infrastructure readiness

Communities that cannot accommodate residential growth will likely struggle to attract workers and support local employers.

In this context, housing policy increasingly functions as economic development policy.

3. Municipal Fiscal Sustainability Is Linked to Population Growth

Slow population growth has implications not only for economic development but also for municipal fiscal sustainability. Communities experiencing stagnant growth must maintain infrastructure, public safety services, and other municipal responsibilities with limited tax base expansion, placing increasing pressure on local budgets and long-term infrastructure investment.

Over time, this dynamic can create structural pressures on municipal budgets.

4. Growth May Become Increasingly Uneven Across Communities

One likely outcome of the trends identified in the report is increasing divergence among Wisconsin communities. Municipalities that successfully attract population growth—often those with strong employment centers, universities, or regional accessibility—may continue to expand, while others may face slower growth or stagnation.

Understanding and responding to this divergence will be an important challenge for local governments across the state.

Implications for Whitewater

The structural trends identified in this report are not theoretical; they directly influence the economic trajectory of communities like Whitewater.

Whitewater possesses several characteristics that position it relatively well within Wisconsin's demographic and economic landscape, provided the community continues to manage growth strategically.

1. Population Growth Is a Strategic Objective

In a state experiencing relatively slow demographic expansion, communities that successfully attract residents will outperform regional averages.

For Whitewater, this places strategic importance on housing development and residential growth policies.

2. UW–Whitewater Provides a Structural Population Advantage

University communities represent one of the few environments in Wisconsin with a built-in mechanism for attracting younger residents.

The long-term opportunity is not only attracting students but also retaining graduates as permanent residents and members of the regional workforce.

Policies that support housing options, employment opportunities, and quality-of-life amenities for young professionals may therefore play an important role in Whitewater's long-term growth.

3. Whitewater Is Positioned Within a Regional Labor Market

Whitewater sits within a broader regional labor market that includes Walworth County, Jefferson County, and portions of the western Milwaukee metropolitan area.

With relatively attainable housing costs compared to larger metropolitan areas, Whitewater may be well-positioned as a residential option for workers employed throughout the broader region.

4. Housing Development Supports Workforce Competitiveness

The study reinforces a broader national trend: housing availability directly affects workforce attraction.

Ensuring that the community can accommodate residential growth across a range of housing types and price points will be important to maintaining economic competitiveness.

Strategic Considerations for the Council

In light of these trends, several considerations may warrant continued discussion as the City evaluates long-term growth strategies.

1. Residential Growth Capacity. The City should continue evaluating whether zoning, infrastructure capacity, and development policies are adequate to support population growth.

2. Workforce Housing. Maintaining a range of housing price points is essential to support workforce attraction, particularly for employees in manufacturing, education, healthcare, and service sectors.

3. Retention of University Graduates. Strengthening the connection between UW–Whitewater and the local economy may help retain graduates in the community. Housing availability, employment opportunities, and quality-of-life amenities all play a role in this effort.

4. Regional Economic Positioning. Whitewater's relative affordability and regional accessibility may provide opportunities to attract residents seeking alternatives to higher-cost metropolitan housing markets.

5. Infrastructure and Development Readiness. Communities prepared for growth—through infrastructure capacity, clear land-use policies, and predictable permitting processes—are more likely to capture development opportunities when they arise.

Additional Observations

One issue not emphasized heavily in the report, but increasingly important nationally, is domestic migration patterns within states and regions. Communities offering attainable housing, strong schools, and proximity to employment centers are increasingly attracting residents relocating from higher-cost metropolitan areas.

Whitewater's housing costs, quality of life, and regional accessibility may position the city to capture some of this movement if development opportunities remain available.

Conclusion

The report's central finding is that Wisconsin's economic growth is constrained primarily by demographic trends—specifically, slow population and labor force growth. Communities that successfully attract residents and support workforce expansion are likely to experience stronger economic performance than the state average.

For municipalities across Wisconsin, this reinforces the importance of:

- housing supply and land-use policy
- workforce attraction and retention
- infrastructure readiness
- long-term fiscal sustainability

For Whitewater, these trends reinforce the strategic importance of housing development, university integration, and regional workforce positioning as the City continues to plan for long-term growth.

Staff will continue monitoring statewide economic trends and provide additional analysis as relevant to the City's strategic planning and development policies.