THE TIPPING POINT

MANUFACTURING, HEALTH CARE, AND TWO DECADES OF ECONOMIC TRANSFORMATION

Kevin Dospoy, Director
Jacob Anderson, Research Analyst

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Executive Summary

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For more than two decades, manufacturing defined Wisconsin's economy more than any other industry. In 2001, manufacturing was the state's largest employment sector, as it was in 24 states nationwide. However, steady job losses concentrated in paper, printing, and transportation equipment manufacturing, combined with rapid growth in other sectors, eroded that lead from a 239,714-job cushion over the next-largest sector in 2001 to under 15,000 jobs by 2024. Preliminary 2025 data now show that the health care and social assistance sector has overtaken manufacturing as Wisconsin's largest employer by a margin of 4,933 jobs, making Wisconsin the 47th state to complete this transition and leaving just one state where manufacturing still leads.

This shift is not, on its own, cause for alarm. Manufacturing remains a vital part of Wisconsin's economy: nearly 460,000 workers, average pay of $75,115, and an estimated $74 billion contribution to the state GDP, about 15.6% of the total. The transition is less a story of decline than as an economic and demographic inevitability. Health care and social assistance employment has grown by nearly 143,000 jobs since 2001, driven substantially by the needs of an aging population.

That growth, however, has been uneven. Hospitals and ambulatory care, where pay ranges from roughly $77,000 to $93,000 a year, have grown more slowly than social assistance, the sector's lowest-paid subsector at roughly $30,000 annually. Employment in nursing and residential care facilities, the subsector most directly tied to the needs of an aging population, has grown only 5.6% since 2001 and has shed jobs since 2019, even as demand for these services is set to intensify.

Beyond these two sectors, Wisconsin's broader employment picture reflects similar structural patterns. Total employment grew 8.3% between 2001 and 2024, less than half the national rate of 19.6%, and the 11th-slowest pace of any state. Retail trade contracted while warehousing, professional services, and management of companies expanded. Additionally, nearly all net job growth came from the private sector, with government employment rising just 2.5% over the period.

Together, these trends describe a state in transition, one whose economic identity is shifting from factory floor to health care facility. The success of that shift will be determined by whether wage growth and workforce investment keep pace with the services needed for an aging population.

The Tipping Point

Manufacturing, Health Care, and Two Decades of Economic Transformation

Kevin Dospoy, Director, and Jacob Anderson, Research Analyst

Wisconsin has long been defined by its manufacturing heritage, with the industry serving as the state's largest employment sector for decades. In 2001, Wisconsin was among 24 states where manufacturing employed more workers than any other industry. By 2024, that number had dwindled to just two states — Indiana and Wisconsin. Preliminary 2025 data indicate that Wisconsin has now joined 46 other states in which the health care and social assistance sector has surpassed manufacturing as the largest employment sector, marking a significant shift in the state's workforce landscape. See Figure 2 on the following page.

The margin is narrow — fewer than 5,000 jobs — and the 2025 figures are preliminary. Final data is expected in August 2026, but the direction is consistent with employment trends spanning more than two decades. Manufacturing employment has fallen from 560,000 jobs in 2001 to fewer than 460,000 today, while health care and social assistance employment has grown from 321,000 to more than 463,000 over that same time period.

This shift, in itself, is not a cause for alarm. The industries that define a state's workforce in one generation rarely define it in the next. Indeed, Wisconsin is navigating a transition that 46 other states have already made. While the health care and social assistance sector continues to emerge, manufacturing remains strong both in terms of the number of jobs and average wages. Yet, there are several implications and consequences of this transition that are worth understanding.

First, the manufacturing sector in Wisconsin is as much cultural as financial. The state's paper mills and machine shops shaped communities and defined generations, and they will continue to do so, even at a smaller scale.

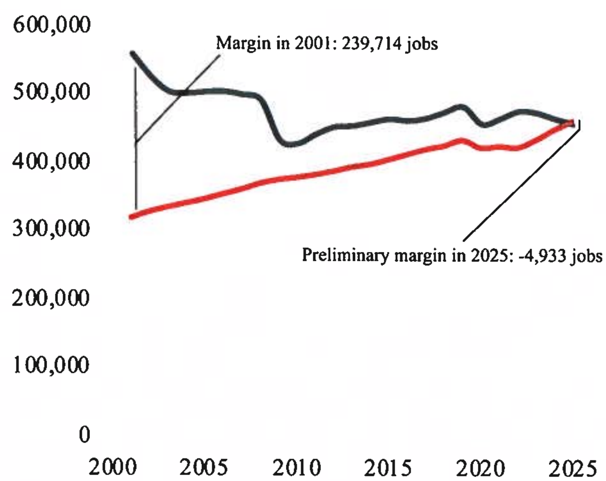
Second, the transition is economic. Manufacturing jobs in Wisconsin averaged over $75,000 in pay per year in 2025. In comparison, annual pay in the health care and social services sector ranged from $30,000 to more than $92,000. Whether the transition delivers comparable living standards depends on whether more jobs are created in higher-wage clinical roles or lower-wage support and social assistance positions.

The third is demographic. Wisconsin's population is aging faster than the national average, therefore, the demand for health and long-term care services will continue to grow. The growth in health care and social services employment is an economic trend grounded in a rapid increase in demand.

What follows is an analysis of how Wisconsin's workforce arrived at this moment, what the structural forces driving it mean for the state, and what the state's changing employment base suggests about the decade ahead. The analysis draws on more than two decades of federal and state employment data to examine how the state economy has changed relative to Wisconsin's peer states and the nation.

FIGURE 1: Manufacturing's Margin Flips

WI manufacturing jobs (teal) margin over health care and social assistance jobs (orange), 2001-2025.



MANUFACTURING

In 2001, manufacturing led Wisconsin's economy by more than 230,000 jobs over the next largest sector. By 2024, due to losses in manufacturing and large gains in the health care and social services sector, that margin had shrunk to less than 15,000. Preliminary 2025 data show that health care and social services now leads manufacturing by 4,933 jobs.

What is driving the drop?

The loss in manufacturing jobs in the state was driven largely by a few subsectors. Paper manufacturing declined by nearly 45% and printing declined by 42%, which coincides with the reduction in printed materials and the ubiquitous move to digital products. Employment in transportation equipment manufacturing, that is jobs that produce motor vehicles, aerospace equipment and rail products, declined by 37%. Manufacturing of machinery dropped by almost 22%.

While these losses were significant, not all manufacturing subsectors declined by such large percentages. Fabricated metal production held relatively flat, dropping by fewer than five percentage points, from 74,595 to 71,678 jobs during this time period.

One bright spot is the food manufacturing subsector, which added over 17,000 jobs, a growth rate of more than 27%. The beverage and tobacco manufacturing subsector, though relatively small, grew by almost 150%, driven largely by the expansion of craft breweries. See Table 1.

The overall decline of employment in the manufacturing sector was a nearly universal national trend. Only seven states have grown manufacturing employment since 2001, all of which are in the mountain-west area of the country and none of which are manufacturing dominant.

METHODOLOGY

To examine employment patterns, this report uses the North American Industry Classification System (NAICS), the standard framework that groups employment into sectors (such as manufacturing and health care) and subsectors (such as paper mills or nursing). This hierarchical structure makes it possible to measure broad employment sectors as well as specific industries that drive changes within these larger sectors.

Employment and wage figures for manufacturing and health care and social services are drawn from Bureau of Labor Statistics preliminary 2025 data released in June 2026. Wisconsin data for these sectors is fully populated and reliable. State-level totals and other employment sectors contain suppressed figures in the preliminary 2025 file and therefore, are discussed in Part 2 of this report using final 2024 data.

FIGURE 2: Manufacturing Losing Ground, Health Care and Social Assistance Gaining

Dominant sector employment by state in 2001 (left) and 2025 (right)

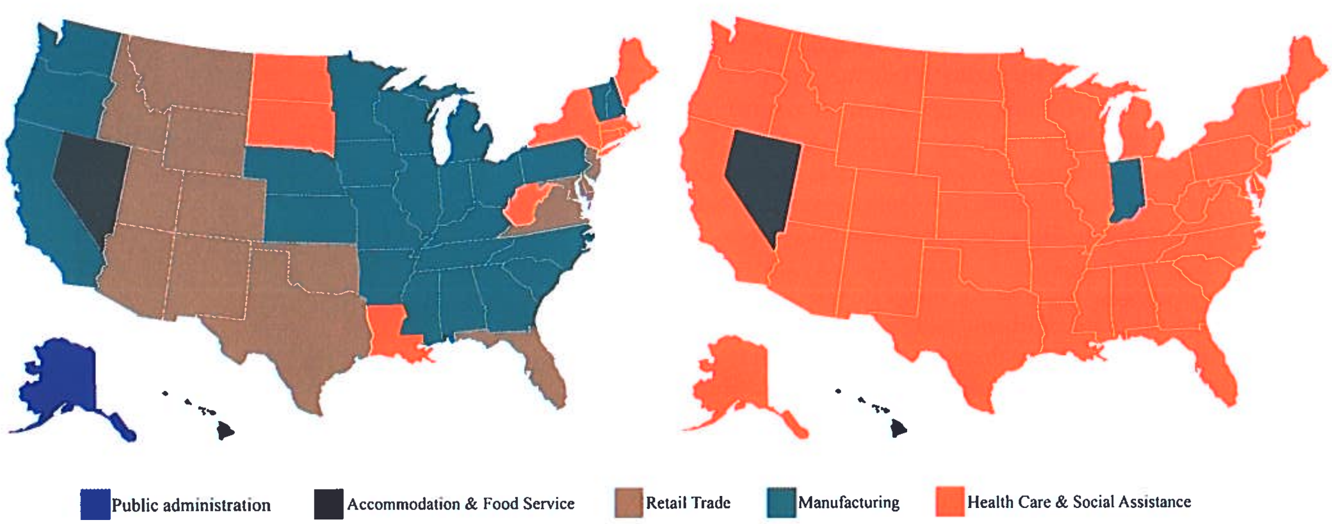


Table 1: WI Employment for Selected Sectors & Subsectors
Changes in Manufacturing and Health Care and Social Assistance, 2001-2025

Sector/Subsector	2001	2025	Total	(%)
Manufacturing	560,251	458,453	-101,798	-18.2
Food Manufacturing	64,526	82,011	17,485	27.1
Beverage & Tobacco	2,709	6,706	3,997	147.5
Paper Manufacturing	47,949	26,686	-21,263	-44.3
Printed and Related	37,561	21,922	-15,639	-41.6
Fabricated Metal Products	74,595	71,678	-2,917	-3.9
Machinery	81,211	63,537	-17,674	-21.8
Computer & Electronic	27,156	15,956	-11,200	-41.2
Electrical Equipment	30,099	22,398	-7,701	-25.6
Transportation Equipment	38,033	23,901	-14,132	-37.2
Health Care and Social Assistance	320,537	463,386	142,849	44.6
Ambulatory & Outpatient	92,055	141,869	49,814	54.1
Hospitals	103,668	140,989	37,321	36.0
Nursing and Res. Care	73,973	78,101	4,128	5.6
Social Assistance	48,340	99,958	51,618	106.8

Wages

Manufacturing has long been among Wisconsin's better-paying sectors, and that remains true today. Average pay rose from $39,220 in 2001 to $75,117 in 2025, an increase of 91.5%. The average manufacturing worker still earns roughly $9,000 more per year than the average Wisconsin worker.

This advantage has existed since at least 2001, but it has narrowed over time. In 2001, manufacturing pay ran 24.4% above the state average; by 2025 that gap had fallen to 13.5%, as wages in health care, professional services, and other growing sectors caught up.

Between the drop in paper manufacturing and the rapid increase in food and beverage manufacturing, the composition of this sector's workforce is consistently changing. Despite two decades of change, wages for the sector are holding strong even as the workforce is declining.

HEALTH CARE & SOCIAL ASSISTANCE

If the manufacturing sector shows significant loss of jobs while retaining relatively high pay, parts of the health care and social assistance sector show the inverse.

As a whole, employment in the health care and social assistance sector increased 44.6% from 2001 through 2025. In raw numbers, the field added almost 143,000 jobs, increasing the total from 320,537 to 463,386. The sector is indispensable to the state's employment base, but it is comprised of several industries that serve a variety of purposes. There are significant differences between the health care part of the sector and the social services part, both in terms of employment patterns and wages.

Health Care

The ambulatory and outpatient subsector consists of jobs that provide medical services without overnight admittance to hospitals or other facilities. Common settings include dental offices, family doctor clinics, outpatient care centers, and diagnostic laboratories.

In Wisconsin, this subsector grew by 54.1% from 2001 through 2025, which tracks the national shift towards clinic-based care. As the health care subsector continues to grow, and as the state continues to age, employment in this field will become an even more significant part of Wisconsin's overall workforce and economy.

The hospitals subsector is defined as employment in establishments providing inpatient medical care, diagnostic treatment, specialized accommodation, and 24-hour care. Hospitals are a critical source of employment for the health care sector, but also for the entire state (and national) workforce.

Wisconsin's employment in the hospital sector grew by 36% from 2001 through 2025, just shy of the national rate of 37.2%. As the state ages and requires more health care, demand for physicians and nurses will remain high, especially in hospital and clinical settings.

Social Assistance

The social assistance subsector includes jobs that provide direct care to individual and families, especially those in vulnerable populations, such as child care and vocational rehabilitation. While closely linked to health care, jobs in this subsector specialize in support rather than medical or clinical care. From 2001 to 2025, employment in Wisconsin's social assistance subsector more than doubled, from 48,340 to 99,958. This was the largest single subsector contributor to gains in the sector.

Nursing and residential care facilities is a critical employment subsector in Wisconsin specifically because of the states rapidly aging population. Jobs in this subsector provide, among many services, inpatient nursing and rehabilitative assistance in nursing homes as well as personal care in other senior care facilities. Since 2001, this subsector has grown by just 5.6% in Wisconsin compared to the national growth rate of 24.8%. Regionally, Minnesota, with a similar demographic composition and population growth pattern, grew its workforce in this sector by over 46% through 2024, more than 8 times the increase in Wisconsin (in percentage terms).

Perhaps more concerning for Wisconsin are the post-pandemic trends in this field. Since 2019, employment in the nursing and residential care facilities subsector declined by 5,000 jobs (around 6%), compared to a national increase of 1.1%. The field is contracting in Wisconsin at precisely the moment when an aging population requires mass hiring of certified nursing assistants, registered nurses, and home health and personal care aides to work in nursing homes and aging care facilities. The ongoing struggle to maintain employment in this subsector is at least partly due to wage pressures.

Wage Stratification

At the sector level, average pay for health care and social assistance employees more than doubled from 2001 through 2025, growing from $31,611 to over $65,000 per year. In aggregate, this sector kept pace with the broader economy, but this high-level figure masks significant differences within underlying subsectors.

In 2025, wages in the ambulatory care subsector averaged around $92,500 per year and jobs in the hospitals subsector paid around $77,300. At the same time, nursing and residential care subsector jobs averaged $39,719 and social assistance employment averaged just over $30,000. Part of this divide is based on the demand for nurses. Higher-wage settings, such as hospitals, are competing for the same nurses as lower-wage settings, such as nursing homes. As demand increases, employers who pay lower wages (often out of necessity), will continue to struggle to maintain the needed workforce.

Beyond the economic value of wages, output, and employment, the shift towards health care and social assistance as the dominant employment sector reflects the demand of changing demographics. The state's 65 and older population is projected to grow by 26.7% (around 283,000 residents) between 2020 and 2030. Considering that this age group generally needs health care services more frequently, growth in this employment sector is both necessary and perhaps inevitable.

PART TWO: WISCONSIN'S BROADER WORKFORCE, 2001 -2024

Manufacturing and health care and social assistance together employ roughly one in three Wisconsin workers. The structural shifts in these two sectors explain much of what has happened in the overall workforce in the state over the past two decades.

The section that follows examines Wisconsin's broader employment picture using 2024 data, which is the most recent complete dataset across all sectors. The 2025 preliminary file used in the preceding section is fully populated for manufacturing and health care and social assistance, but several other sectors have suppressed figures and as such, 2024 final data is used here to ensure accuracy across all industries and all states. Where relevant, 2019 is retained as a pre-pandemic reference point.

Wisconsin's Workforce in Transition

In 2001, total employment in Wisconsin measured just over 2.7 million. By 2024, this figure had grown 8.3% to over 2.9 million. This growth rate was less than half the national rate of 19.6%. Indeed, Wisconsin ranked the 11th lowest in overall employment growth among all 50 states and the District of Columbia. See Figure 3.

The gap is partially, but not fully explained by the structural shifts described in the preceding section — significant manufacturing job loss partially offset by strong gains in health care and social service sector employment.

The remainder of the change reflects a more fundamental relationship between population and employment. People live where employers provide jobs, and more importantly, employers locate where workers live. Workers are also consumers, generating demand for goods and services that sustain businesses and create jobs. Population growth drives labor supply and consumer demand simultaneously.

A useful way to compare employment and population growth across states is to express them as a ratio — employment growth divided by population growth. A ratio of 1.0 means employment and population grew at exactly the same rate, as was the case nationally. A ratio above 1.0 means employment grew faster than population, often reflecting in-migration of workers, rising labor force participation, or an economic environment that attracts businesses from elsewhere. Utah, for example, had a ratio of 1.2 because its population grew 53.4% while total employment in the state grew by 63.1%.

A ratio below 1.0 means population grew faster than employment, meaning the state added people without adding jobs at the same rate. This suggests structural constraints on job creation or population growth concentrated in cohorts outside the labor market, such as seniors. Connecticut, for example, grew its population by 7.1% over the period while employment grew just 1.1%, a ratio of 0.2.

Wisconsin's population grew 10.2% between 2001 and 2024, below the national average and below most peer states, while employment grew more slowly at 8.3% (a ratio of 0.8). Among peer states, Indiana (0.8) and Minnesota (0.8) had the same ratio, while Iowa (0.9) was slightly higher. Illinois (1.5) added jobs faster than its nearly flat population growth. Michigan (-1.0) saw little population growth and declining employment.

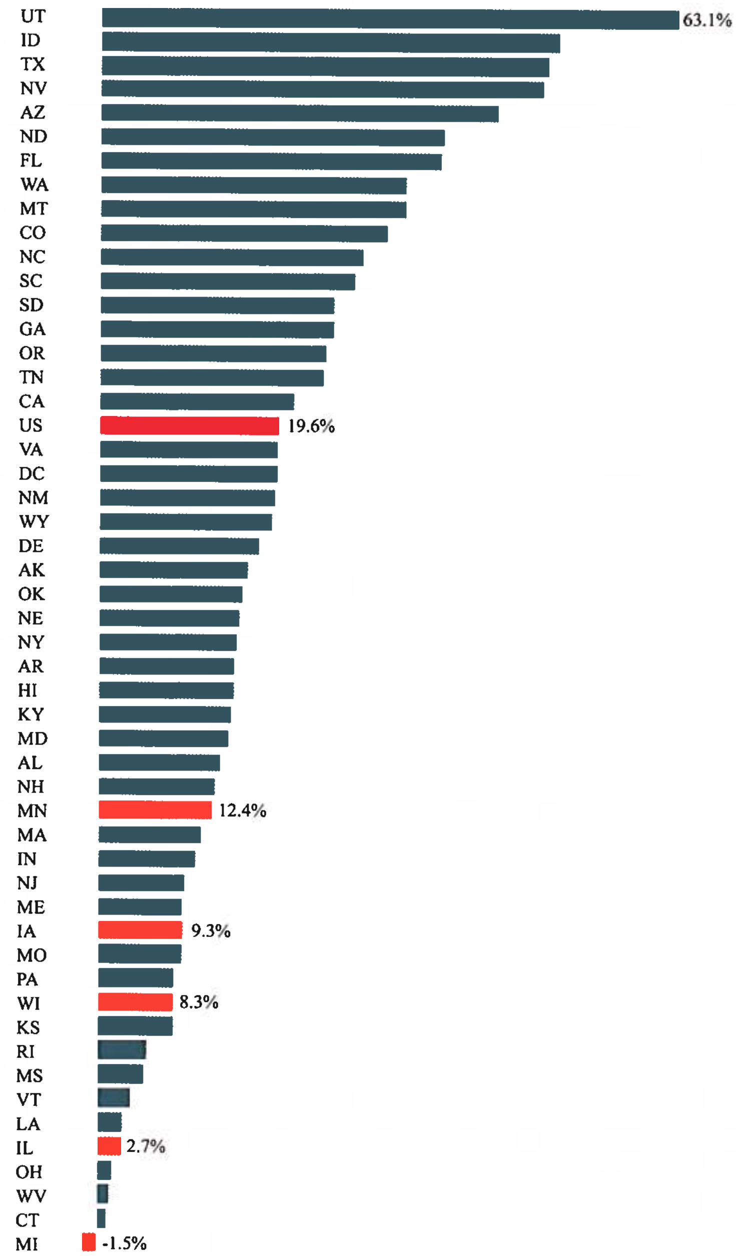
Population changes reinforce the sector-level analysis in the previous section. A slower-growing state generates less demand, attracts fewer employers, and produces fewer jobs across nearly every sector.

Other Sectors

While the manufacturing and health care and social assistance sectors account for around a third of all jobs in Wisconsin, many other industries have also changed since 2001, further altering the employment mix across the state.

FIGURE 3: Total Change in Employment by State

Percent change in total employment, 2001-2024



Through 2024, retail trade employment dropped by around 30,000 jobs, or 9.3%, compared to a national increase of nearly 2%.

The warehousing and storage subsector (classified as part of the transportation and warehousing sector) saw a significant increase in employment growth, driven in large part by e-commerce and online shopping. Though a relatively small portion of the overall employment picture in Wisconsin, the subsector grew by more than 230% (around 22,500 jobs).

The professional and technical services sector, which includes employment in highly specialized fields such as legal, scientific research, engineering, and accounting, saw the number of jobs grow by over 45% (around 40,700 jobs).

Employment in the management of companies sector grew by 134% (37,384 jobs), more than double the national rate of 52.1%. Growth in this field could signify corporate headquarter relocation and expansion.

The construction industry, critical to Wisconsin and many other states, grew by 12.2% from 2001 through 2024 to a total of 143,334 jobs. Growth in this field trailed the national rate of nearly 20%. Yet, since 2019, the state growth rate (13.1%) has surpassed the national rate (9.7%), suggesting the state is gaining ground and recovering from the pandemic much more quickly than the nation as a whole.

Taken together, these sectors show patterns of uneven growth compared to national trends and peer states. But understanding the impact of employment changes requires one additional distinction: whether jobs are created by private employers or state, local, or federal governments.

Private vs. Government

The sectors and subsectors discussed throughout this report include workers employed privately and by all levels of government. The economic impact of health care, manufacturing, and other industries depends on the overall employment picture, not just where and how wages are generated. But at the broadest level, Wisconsin's workforce growth has been almost entirely driven by the private sector. Of the approximately 227,000 net jobs added, more than 95% were in the private sector. Put another way, compared to a national growth rate of 10.3%, the number of government sector jobs in Wisconsin grew by 2.5% from 2001 through 2024, ranking 38th among all states and the District of Columbia.

Among peer states, Iowa (+8.7%), Minnesota (+6.1%), and Indiana (+3.5%) all grew government sector employment faster than Wisconsin, while Illinois (-0.3%) and Michigan (-9.5%) shed government workers.

WHAT DO THESE TRENDS MEAN

The trends identified in this report highlight some important changes for the workforce and economy of Wisconsin. First, the state's manufacturing sector remains vital. Despite the losses since 2001, it still employs nearly half a million workers at an average annual wage of $75,117. The sector lost its lead over the health care and social assistance sector by fewer than 5,000 jobs based on preliminary data, but this does not mean that the manufacturing sector becomes less important or significant to the overall health of the Wisconsin economy. On the contrary, because of the relatively high average wages and the overall contribution to the state economy (almost $74 billion to the state GDP in 2025 — around 15.6% of the state total), manufacturing jobs will remain as important as ever.

The health care and social assistance sector has grown substantially over the same time period, adding more than 142,000 jobs and more than offsetting the losses in the manufacturing sector in raw numbers. However, growth in this sector has not been uniform. Social assistance, the lowest-wage subsector at an average of $30,184, has grown at the fastest rate. Employment in hospitals and ambulatory care, where wages average between $77,000 and almost $93,000, has grown more slowly. The aggregate employment numbers tell an optimistic story, but the composition of the growth tells a more nuanced one.

The demographic pressures driving the expansion of the health care sector will intensify through the rest of this decade and the next. The greatest demand, driven by the state's aging population, will be placed on subsectors that have grown the least. The nursing and residential care subsector, which serves the aging population most directly, has been contracting since 2019 while the national rate has ticked up slightly. Wisconsin will need more of these workers as its population ages, and the current trajectory of growth within the sector is not aligned with where the demand will be the greatest.

FORWARD ANALYTICS
forward-analytics.net

22 E. Mifflin St., Suite 900
Madison, WI 53703
608.663.7188
forward-analytics.net