**Fiscal Facts: Public Sector Workforce Takes a Hit**

Amid a historically tight labor market, reports from Wisconsin’s largest public employee retirement systems show that between retirements and other exits, state and local employees left their jobs at record rates in 2021.

While most of those workers have been replaced, the increase in turnover raises questions about the public sector’s ongoing ability to fill critical positions and merits the consideration of policymakers.

In 2021, 17,646 individuals left the ranks of the Wisconsin Retirement System’s (WRS) active employees for reasons besides retirement, death, or disability. That was the most since at least 2002 and exceeded the next highest year on record by more than 2,000 workers.

Overall, more than one in 10 WRS members who started 2021 as a state or local employee left their job or active status over the course of the year – another first in the available data. While these WRS data do not cover every type of public employee, they include more than 250,000 teachers, police officers, prison guards, and university employees from hundreds of local governments, school districts, and state agencies.

There are various reasons why a member of a retirement system may leave active status. Yet two reasons make up a vast majority of all departures: a normal or early retirement and “other separations,” including those who leave because they took a different job or became unemployed.

More than 8,100 individuals within WRS retired in both 2020 (8,151) and 2021 (8,303). The only other year since 2002 in which retirement reached that level was in 2011, following passage of 2011 Wisconsin Act 10, which eliminated most collective bargaining for most state and local workers.

The 17,646 individuals who left active WRS status due to “other separations” in 2021 were by far the largest for that category for a single year. Combined with other smaller factors, 26,237 WRS members became inactive during 2021 – the largest total since at least 2002.

The higher WRS retirements over the past two years are due in part to demographics, as Wisconsin’s workforce is aging and more individuals are reaching retirement age. That said, the COVID-19 pandemic and challenges in labor markets may have boosted retirements and increased other departures.

Given the state’s aging workforce and tight labor market, both the public and private sectors in Wisconsin will continue to face labor challenges. These trends may not be bad in every respect. However, if active workers continue to leave the public sector at high rates, that could put pressure on elected leaders to raise worker salaries and, ultimately, put pressure on government budgets.

To cope with higher turnover, public officials could consider a number of options in addition to increased pay, including providing more flexible workplaces and working conditions. Worker shortages also may encourage a greater use of new technology, service sharing arrangements between neighboring governments, and potentially, greater use of private contractors.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education. Learn more at* [*wispolicyforum.org*](https://wispolicyforum.org/research/state-tax-burden-up-but-overall-burden-still-falling/)*.*