

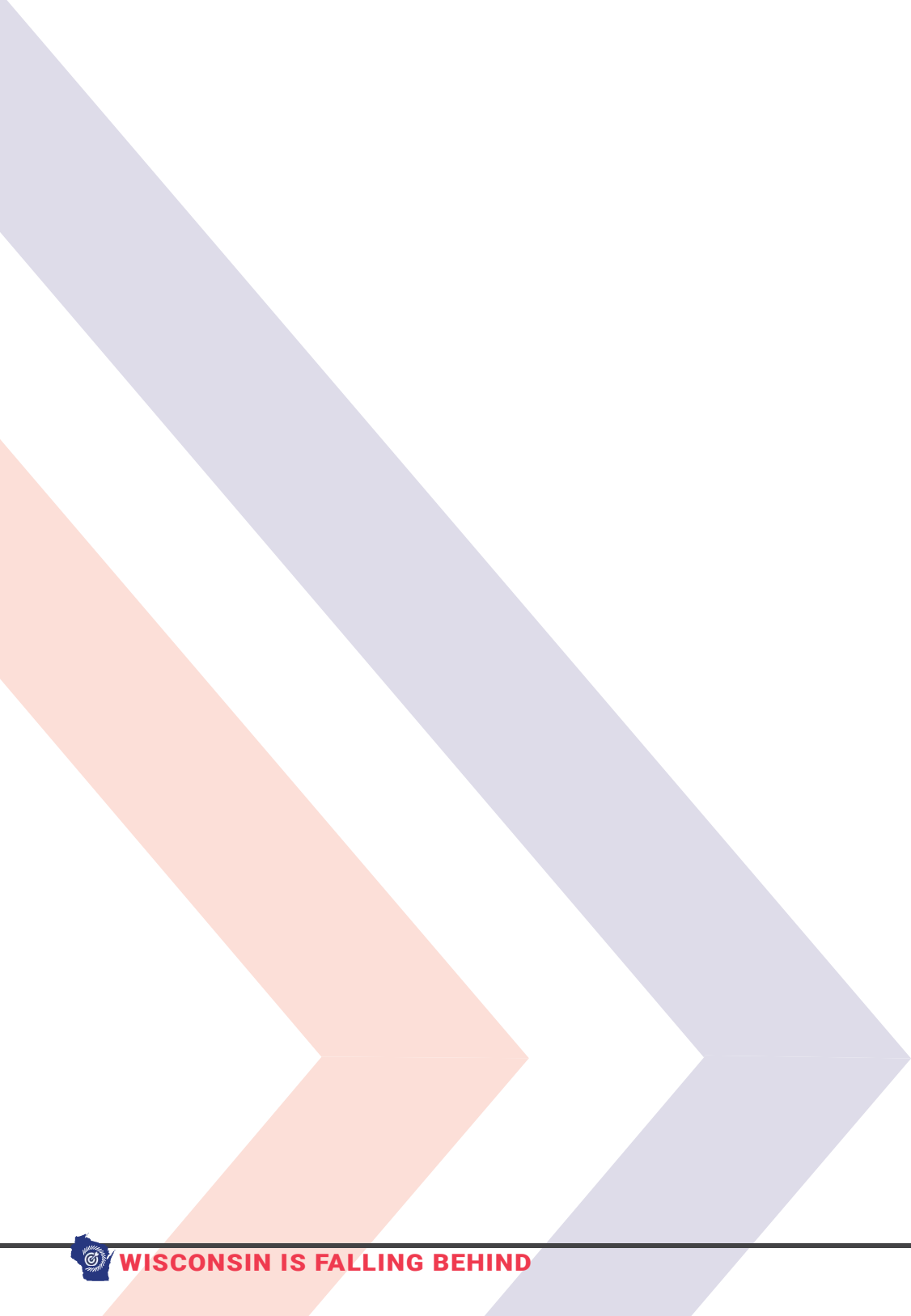
WISCONSIN COMPETITIVENESS REPORT



**WISCONSIN IS
FALLING BEHIND**

FEBRUARY 2026





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EXECUTIVE SUMMARY

Wisconsin is falling behind. The *Wisconsin Competitiveness Report* addresses the issues currently crippling our state and sets the roadmap to save Wisconsin.

Since its inception, the Future Wisconsin Project's stated mission has been to solve our state's long-term systemic challenges through collaboration with Wisconsin's business community. But our end goal is much simpler.

We aim to keep Wisconsin a place where decent people can lead happy, successful lives. Unfortunately, this reality is slipping away faster than anyone could have imagined. That is why WMC Foundation partners with employers and business leaders throughout Wisconsin to diagnose issues and provide real, effective prescriptions.

Our goal is not just to identify Wisconsin's challenges, but to solve them.

In 2026, Wisconsin stands at a crossroads, facing fundamental decisions. The *Wisconsin Competitiveness Report* will serve as a blueprint for the next governor, backed by the voice of the business community, real economic data, and a clear set of ready-to-enact policies.

Wisconsin faces a shrinking population, a labor market that's failing to grow, burdensome regulations, lagging educational performance, soaring health care costs, and a tax climate that weighs heavily on families and employers alike — all of which jeopardize the long-term strength of our state.

These pressures do not exist in isolation. They are making Wisconsin increasingly unaffordable for working families who are already struggling to make ends meet.

The report outlines forward-looking solutions to these problems that can be implemented immediately.

Through reforming our tax code, controlling hospital costs, equipping schools to guide students toward career pathways, and attracting new residents through smart policy, we can put our state back on track.

The *Wisconsin Competitiveness Report* is the roadmap to save Wisconsin.



“Some states roll out the red carpet for businesses. Other states roll out the red tape. Wisconsin has to decide which state it wants to be.”

WISCONSIN’S CHALLENGES: A STATE AT A CROSSROADS

Wisconsin stands at a pivotal moment.

Wisconsin boasts a proud legacy of innovation and resilience. Since our state’s founding in 1848, Wisconsin has been home to proud, hardworking families and a place where the American Dream was within reach.

Unfortunately, we are now confronting a series of structural challenges that threaten our long-term competitiveness.

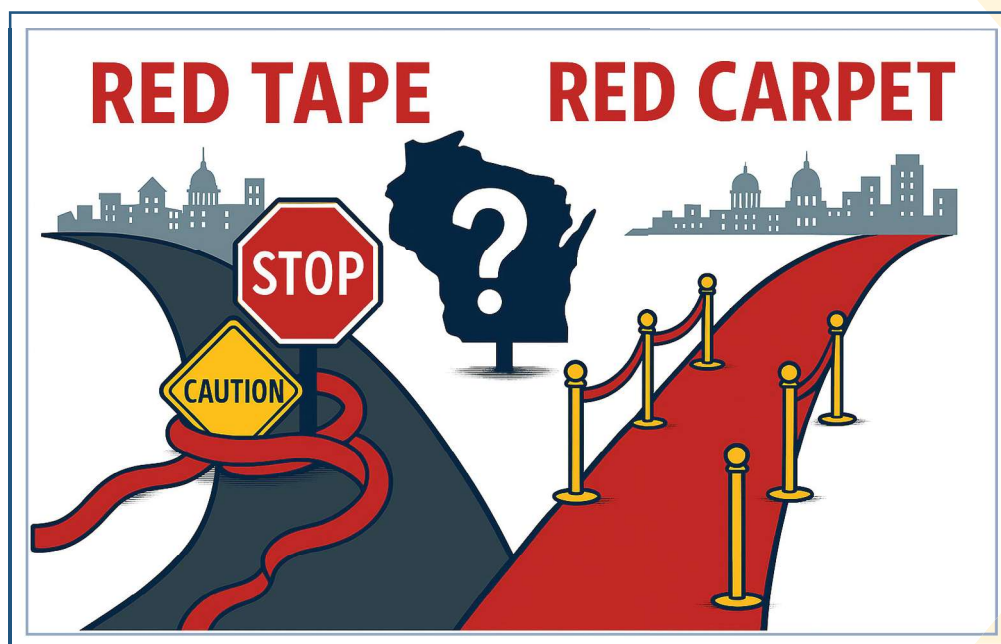
When families and businesses look for a home, they make calculated decisions and weigh the pros and cons. Some states roll out the red carpet for businesses. Other states roll out the red tape. Wisconsin has to decide which state it wants to be.

A declining population, a stagnant workforce, an unworkable regulatory environment, poor educational outcomes, unaffordable health care, and a hefty tax burden on middle-class families and businesses are all issues that threaten our state’s future.

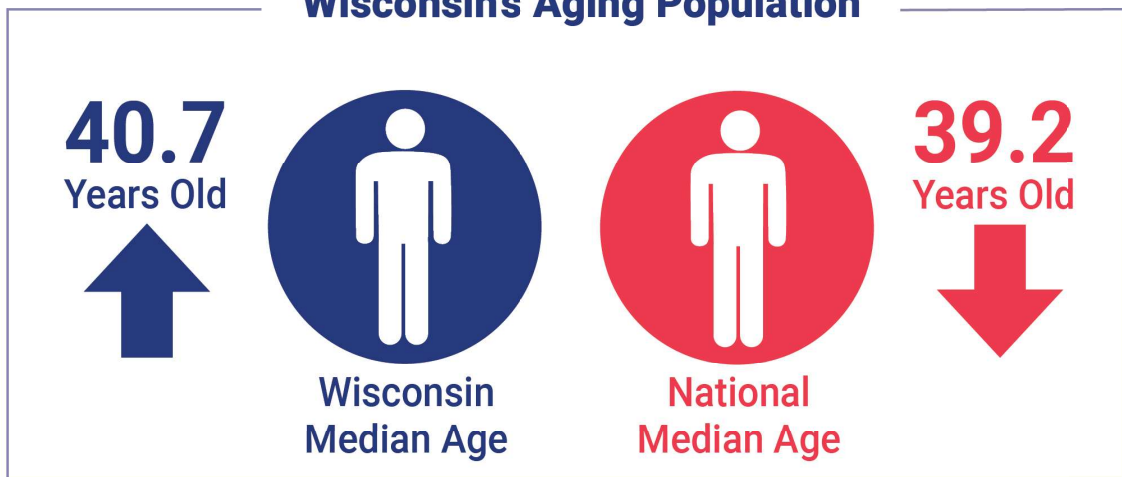
These pressures erode affordability for families and employers, and ultimately drive up costs, making it harder for people to live, work, and build a future in Wisconsin.

If we stay on this course, Wisconsin will become unrecognizable.

- Kurt Bauer, President & CEO of Wisconsin Manufacturers & Commerce



Wisconsin's Aging Population



Source: United States Census Bureau

DEMOGRAPHICS & WORKFORCE

Wisconsin is where we live, work, and raise our families. It's where we planted roots, found opportunity, and built stable lives. For us, Wisconsin is home.

Our mission is to preserve everything that makes Wisconsin special. But the reality is hard to ignore: our state is falling behind, and demographic trends pose an existential threat to our future.

As identified in our 2023 report, *Wisconsin's Demographic Dilemma*, Wisconsin's population growth consistently lags the national average.¹ Real-time data only reinforces that conclusion. In short, the state's population trends are stagnant.

That stagnation masks deeper challenges. Birth rates are falling. Mortality rates are concerning. And Wisconsin continues to struggle to attract working-age residents. Together, these forces are reshaping the state's workforce, economy, and long-term outlook.

Wisconsin's Aging Problem

Wisconsin's population is aging rapidly. According to the U.S. Census Bureau, the median age in Wisconsin is 40.7 – more than a year older than the national average.² Residents age 65 and older make up 19.2 percent of the population, compared to 18 percent nationally.

This shift is already affecting Wisconsin's labor force, health care system, and fiscal health. While older residents contribute significantly to the economy, they also rely more heavily on public resources and will exit the workforce in growing numbers in the near future. The result is added pressure on both labor supply and state spending.

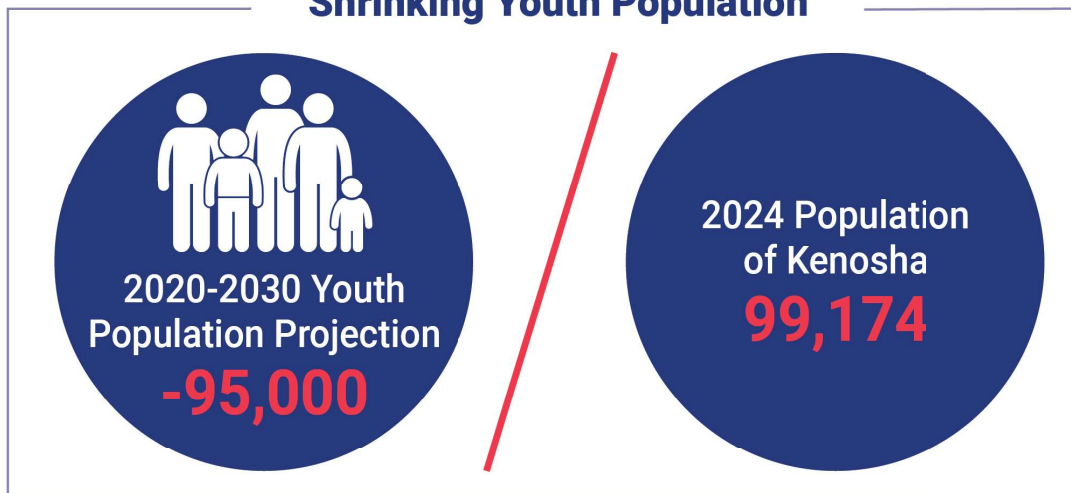
Worse, these trends are expected to accelerate in the decades ahead.

¹ Wisconsin Manufacturers & Commerce Foundation, *Wisconsin's Demographic Dilemma* (2023)

² U.S. Census Bureau, *Wisconsin Profile*



Shrinking Youth Population



Source: United States Census Bureau

Shrinking Youth Population

Wisconsin's challenges are not limited to its aging population. The state is also seeing a sharp decline among its youngest residents.

Between 2010 and 2020, Wisconsin lost 58,000 residents under age 18.³ The trend has continued. From 2020 to 2024 alone, the under-18 population fell by another 40,000. If this pace continues, Wisconsin is on track to lose 95,000 young people this decade – nearly the entire population of Kenosha.⁴

Wisconsin recorded fewer births every year but one between 2010 to 2020. Overall, the state had 44,000 fewer births than in the previous decade.⁵ Projections now indicate Wisconsin's population could decline by nearly 200,000 residents by 2050.⁶

Consequences

Wisconsin's labor force participation peaked in 1997 and has steadily declined since. Last year, the state recorded its lowest labor force participation rate on record, with less than 65 percent of residents working or actively seeking work.⁷ Today, our labor force participation rate is actually lower than it was at the height of the COVID-19 pandemic.

Men's participation in the workforce has fallen especially sharply. In 1950, 86.4 percent of Wisconsin men were active in the labor force.⁸ Today, that figure is just 68 percent.

The share of residents in their prime working years is shrinking as well. In 2015, 52.7 percent of Wisconsinites were working-age adults. By 2023, that fell to 50.4 percent. The future workforce is also contracting, with school-age residents now making up just 18.5 percent of the population, down from more than 20 percent in 2010.²

³ WNA News, *Youth Population Drop a Troubling Trend (2025)*

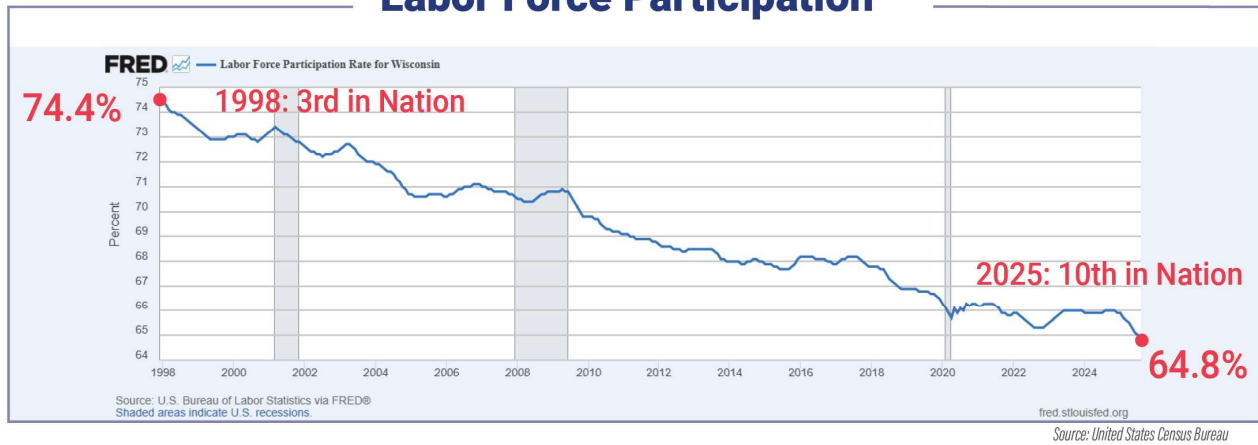
⁴ Wisconsin Demographics, *Wisconsin Cities by Population*

⁵ Forward Analytics, *Slowing Down Report*

⁶ Wisconsin Department of Administration, *Population Projections*

² U.S. Census Bureau, *Wisconsin Profile*

Labor Force Participation



Wisconsinites on the Sidelines

Despite these trends, proposals coming out of Madison have been confusing and counterproductive. A major contributor to Wisconsin’s workforce challenges is the structure of public assistance programs, including FoodShare (food stamps) and unemployment benefits.

While state law includes work and drug-testing requirements for FoodShare recipients, enforcement has been inconsistent. Governor Tony Evers even proposed repealing the requirement for able-bodied adults without dependents to either work or receive training in order to qualify for FoodShare benefits. At the same time, changes proposed by Governor Evers during the 2025 budget process would have paid people more money to not work by significantly increasing unemployment benefits while reducing work search requirements to receive them.⁹

Instead of incentivizing work, Wisconsin is moving in the opposite direction. For many workers – especially younger Wisconsinites – the gap between entry-level wages and overly-generous government benefits has narrowed to the point that staying out of the workforce is an increasingly viable option.

MANUFACTURING, TAXES, & REGULATIONS

Manufacturing is the bedrock of Wisconsin’s economy. The industry employs nearly half a million Wisconsinites, supporting an extensive network of trade, foreign investment, and high-value industries.

In 2024, Wisconsin’s manufacturing industry contributed \$73.7 billion to its GDP, making it the largest single sector of Wisconsin’s economy.¹⁰ Wisconsin manufacturers sold \$209 billion in manufactured goods (final & non-final) and generated an estimated \$42.8 billion in earnings for manufacturing workers.

The state’s exports have a monstrous reach that makes the state stand out on the national and global stage. In 2024 alone, Wisconsin’s manufacturing exports totaled an estimated \$24 billion and played a crucial role in the state’s employment landscape.



⁷ Federal Reserve Bank of St. Louis (FRED), *Labor Force Participation – Wisconsin* (LBSSA55)

⁸ Federal Reserve Bank of St. Louis (FRED), *Unemployment Data – Wisconsin* (LNS11300001)

⁹ WQOW News, *Evers Wants to Raise State Unemployment Benefits*

¹⁰ Wisconsin Manufacturers & Commerce, *New Report Shows Strength of Wisconsin Manufacturing*



In 2024, Wisconsin exports directly or indirectly supported five percent of Wisconsin's total employment. Nearly 150,000 Wisconsin jobs are related to exports. Of that number, 60,440, or two percent of the workforce, were directly supported by manufacturing exports, while an additional 88,620 jobs, three percent of the workforce, were indirectly supported.¹⁰

Despite Wisconsin's manufacturing industry being a thriving economic sector and overwhelming force for good, the industry still faces challenges.

Chief among those challenges is the inability to change a prevailing public narrative and an active campaign by a small group of elected officials in Madison who seem determined to kill productivity and the industry altogether.

An old narrative, unfortunately, remains prevalent in the public's opinion of manufacturing work. Many Wisconsinites still believe and associate words like dumb and dirty with manufacturing work.

This prevailing narrative and perception come from a time when the majority of manufacturing workers were in assembly lines. This is simply not the case anymore.

Today, Wisconsin manufacturing jobs are high-tech, high-skill, and high-wage careers. In 2024, the average manufacturing worker earned \$106,691, including pay and benefits.¹¹ According to an ADP study, in 2024, the average annual salary in Wisconsin was \$58,522.¹² These data points prove that the old narratives surrounding manufacturing work should finally be put to rest.

All of this data is readily available to the public and our elected officials. Despite the easy access to this data, some politicians in Wisconsin have made it a point to try to harm Wisconsin's most significant economic industry.

Harmful Proposals

Unfortunately, recent proposals from Governor Tony Evers and certain lawmakers have introduced uncertainty and potential financial strain on manufacturers and businesses across the state, which would, in turn, harm families trying to make ends meet.

From business and individual tax increases to changes in tax credits and incentives, these proposals risk making Wisconsin less attractive for investment and expansion.

For four straight budgetary terms, Governor Evers has proposed devaluing and cutting essential features of the Manufacturing & Agriculture Tax Credit (MAC).¹³ Wisconsin operates on a biennial budget cycle, which means that Evers has proposed devaluing the MAC at every opportunity he has had.

Undermining this credit would raise operating costs for manufacturers, which inevitably translates into higher prices for consumers and fewer affordable opportunities for working families.

Additionally, Governor Evers sought to double the energy tax on the monthly electric and heating bills for residential, commercial, and industrial customers in his 2025–2027 budget proposal – a tax he has repeatedly sought to increase in the past.¹⁴ On top of the higher property taxes from his 400-year veto, doubling the energy tax would hit homeowners, renters, and businesses at a time when they can least afford it.

¹⁰ [Wisconsin Manufacturers & Commerce, *New Report Shows Strength of Wisconsin Manufacturing*](#)

¹¹ [National Association of Manufacturers, *Facts About Manufacturing*](#)

¹² [Milwaukee Journal Sentinel, *Wisconsin Workers' Average Pay Jumps*](#)

¹³ [Wisconsin Manufacturers & Commerce, *Evers Risks Manufacturing Jobs With Tax Hike*](#)

¹⁴ [Wisconsin Legislative Fiscal Bureau, *Summary of Governor's Budget Recommendations \(2025–27\)*](#)



Tax Climate

Perhaps the best way to describe Wisconsin's tax climate is that we are falling behind. Stagnant tax rates plague our state as other states are competing to lower tax rates and lessen the tax burden for families and businesses alike. We have a taxing problem, and we must fix it.

Wisconsin's current corporate tax rate is the 12th highest in the nation at 7.9 percent.¹⁵ While Wisconsin's corporate tax rates don't apply to the majority of Wisconsin businesses, the state's heavy burden on its top individual tax bracket similarly tacks a hefty tax burden on the bulk of Wisconsin businesses.

According to the Tax Foundation, 95 percent of Wisconsin businesses are structured as "pass-throughs," meaning that their business profits are subject to the individual income tax code rather than the corporate income tax code, with the majority of those companies falling into Wisconsin's highest tax bracket of 7.65 percent.¹⁶

Penalizing job providers with high tax rates is not only bad for individual businesses but also harms Wisconsin workers and consumers. On that note, looking at Wisconsin's individual tax income rates makes it easy to understand why we are failing to attract individuals and families.

Wisconsin's top marginal individual income rate is 7.65 percent, the 9th highest state income tax rate in the nation.¹⁷ Of our Midwest neighbors, Minnesota is the only state that puts a heftier tax burden on its residents.



Source: Experian & Tax Foundation

And while only Minnesota taxes its residents higher in the Midwest, a broader view of the Midwest's tax climate paints a more damning picture for Wisconsin. Our Midwest neighbors, states like Michigan, Illinois, Indiana, and Iowa, all have flat individual income tax structures and lower rates than the marginal rate paid by most Wisconsinites. And Ohio joined the flat-tax rate club in 2026, implementing an across-the-board 2.75 percent rate, the second lowest rate in the nation.

These higher tax burdens ultimately raise costs for families through higher prices and reduce take-home pay, making Wisconsin increasingly unaffordable compared to neighboring states.

In a broader view, many American states have been transitioning to more competitive tax structures, while Wisconsin fails to keep up.

From 2021 to 2025, eight states in the U.S. signed legislation to transition to a flat individual income tax structure.¹⁸ Of those states, Kansas and Ohio are the last to actually implement the new flat rate.

Once those two states implement the new rates, a total of 16 states will operate under a flat individual income tax rate, while another nine states levy no income taxes on their residents.

While other states are innovating and providing needed tax relief to taxpayers, Wisconsin continues to fall behind.

¹⁵ Tax Foundation, [State Corporate Income Tax Rates and Brackets](#)

¹⁶ Tax Foundation, [Wisconsin Tax Reform Options](#)

¹⁷ Experian, [States With the Highest and Lowest Income Taxes](#)

¹⁸ Tax Foundation, [Flat-Tax State Income Tax Reform](#)



Sales Tax

Wisconsin's sales tax rate sits at five percent, and nearly every county opts to collect an additional half-percent as allowed by law.¹⁹ While the City of Milwaukee and Milwaukee County have special authority to collect more than the half percent of other counties, generally, the sales tax across the state is uniform.

As Wisconsin looks to reform its tax code, make it more competitive, and focus on lowering taxes on productivity, the sales tax is an additional tool in the toolbox for policymakers to utilize.



Source: WDDA, WRS, & ETF

Wisconsin's Fiscal Health & Devastating Tax Proposals

While credit can certainly be given to the Wisconsin legislature for not worsening Wisconsin's tax climate, it is undeniable that divided government has stymied our progress.

In the 2025-2027 Wisconsin State Budget, pro-growth lawmakers effectively eliminated a tax hike that would have cost Wisconsin taxpayers billions of dollars.

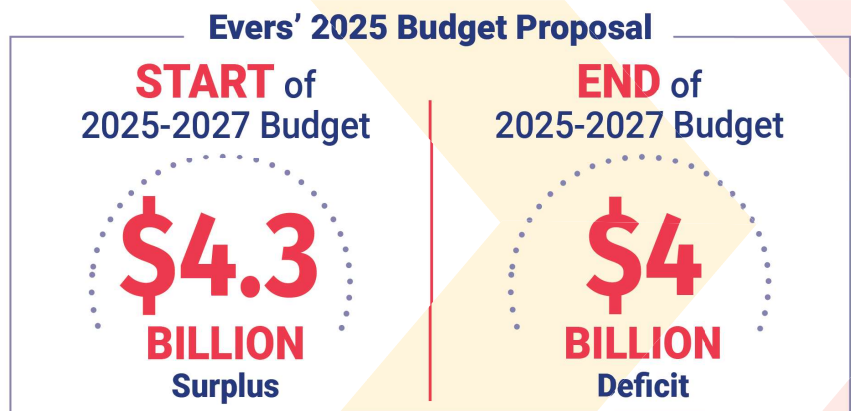
Prior to the 2025-2027 budget, Wisconsin's fiscal status was strong and healthy, in large part, because of the work of pro-growth legislators. Prior to the budget, Wisconsin was sitting on a \$4.3 billion surplus and a record-high rainy day fund balance of \$2 billion.²⁰ Additionally, Wisconsin has a fully funded pension fund.²¹

Governor Evers' proposed budget called for a dizzying set of tax increases on families and businesses that together would have amounted to roughly \$3 billion in new taxes.²² Evers' \$3 billion tax hike included higher income and capital gains rates, surtaxes on job creators, and other reductions in tax relief programs.

If Governor Evers' budget proposal had gone into effect, Wisconsin's \$4.3 billion surplus would have turned into a \$4 billion deficit.

Even worse, Evers' sweeping tax hike proposal

came right after the Wisconsin Supreme Court blessed a partial veto by the governor that has resulted in a 400-year autopilot property tax increase for Wisconsin taxpayers and property owners.



Source: Wisconsin Legislative Fiscal Bureau

¹⁹ Wisconsin Department of Revenue, *Sales and Use Tax Rates*

²⁰ Wisconsin Department of Administration, *2025-27 Budget in Brief*

²¹ Wisconsin Department of Employee Trust Funds, *Wisconsin Retirement System*

²² Wisconsin Legislative Fiscal Bureau, *State Tax and Fee Modifications (2025-27 Budget)*



Property Taxes & the 400-Year Veto

Wisconsin's property taxes are among the highest in the country. Whether it is a family struggling to purchase and afford to live in a home, renters feeling the cost pressures of property taxes at lease renewal time every year, or a brick-and-mortar retailer, manufacturer, or other business, property taxes affect every Wisconsinite.

Property taxes are vital to local communities, including schools and the technical education system. As noted later in this report, though, increased education funding does not always equal better educational results. We must be mindful of how our education property tax dollars are spent to ensure that the tax burden is justified by educational results.

In April of 2025, the Wisconsin Supreme Court ruled 4-3 against two taxpayers challenging a controversial veto by Governor Evers in the 2023 state budget.²³ The partial veto authorized the increase of school property tax levies by \$325 per pupil for 402 years, four centuries longer than the two school-year bump intended by the Legislature.²⁴

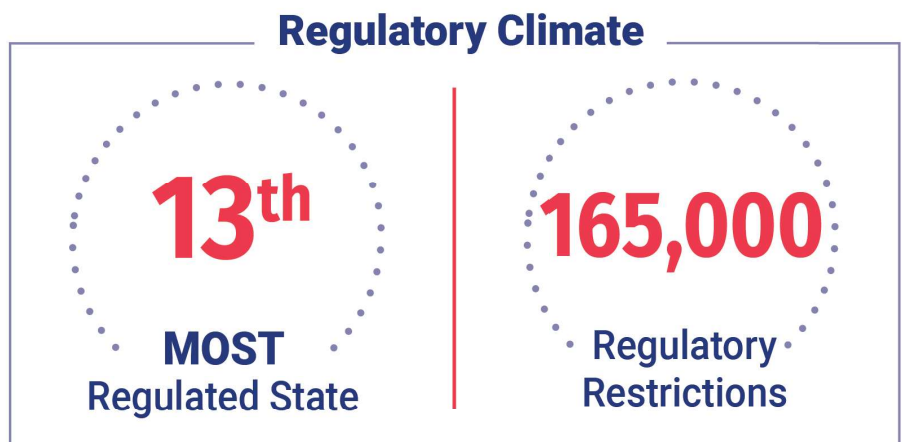
If school districts take advantage of this new tax revenue, the school portion of property tax bills will double in about 21 years.²⁵ By that time, the average residential property owner will have paid an estimated \$21,107 in additional school property taxes solely because of the governor's veto.

Levy limits and other referendum requirements to raise local taxes are one check on property tax increases. But the fact remains that Wisconsin's property tax burden is a significant factor holding back Wisconsinites' forward progress, particularly those trying to buy or afford to live in their homes.

Red Tape

In addition to Wisconsin's worrisome tax climate, the state's regulatory climate is distressing.

Wisconsin's regulatory climate and permitting burdens are already viewed as among the most aggressive in the country. According to the Mercatus Center, Wisconsin is the 13th most regulated state in the nation.²⁶ The state's administrative code includes more than 165,000 unique regulatory restrictions.²⁷



Source: Mercatus Center & WI Administrative Code

This red tape crushes businesses. Every dollar a business spends navigating unnecessary, complex, or duplicative regulations is a dollar it cannot use to raise wages, hire additional workers, or expand operations.

These regulatory costs do not just hit employers – they show up in higher consumer prices and reduced affordability for households across Wisconsin.

Companies want to locate in communities that view them as partners, not obstacles. Wisconsin's regulatory climate undoubtedly harms the state's competitiveness.

²³ Wisconsin Public Radio, *Wisconsin Supreme Court Upholds Evers' 400-Year Veto*

²⁴ Realtor.com, *Wisconsin Homeowners Face Property Tax Impacts From Evers' Veto*

²⁵ Wisconsin Institute for Law & Liberty, *Analysis of the 400-Year Veto*

²⁶ Mercatus Center at George Mason University, *Regulatory Snapshot: Wisconsin*

²⁷ State of Wisconsin, *Wisconsin Administrative Code*



EDUCATION

Wisconsin's future depends on its workforce, and that workforce begins with our children. Unfortunately, the outlook for the next generation raises serious concerns. Wisconsin's educational system is failing. Our students have never been less prepared to enter the workforce and are falling behind in nearly every conceivable metric.

Bloated Bureaucracy

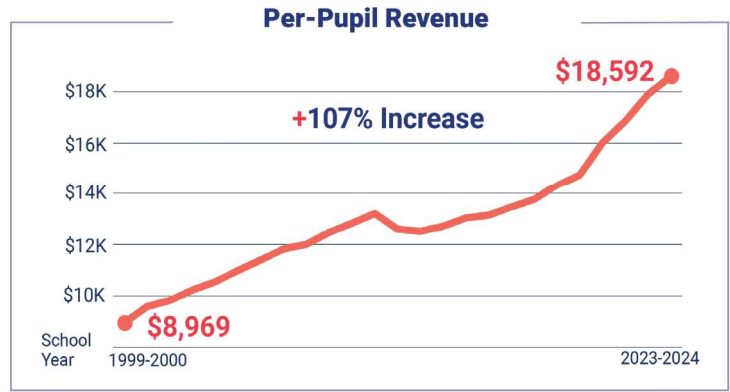
Wisconsin State Superintendent of Public Instruction Jill Underly was elected in 2021 and subsequently reelected in 2025.

During Underly's tenure, she has argued that Wisconsin's education system deserves more funding, and Republicans in the Wisconsin Legislature have generally agreed.²⁸

Over the last three state budgets, Wisconsin has significantly increased K-12 funding. In the 2025–2027 budget, Republicans and Democrats came together to pass nearly \$14.8 billion in spendable revenue for K-12 schools.²⁹

But the issue for Wisconsin isn't a lack of educational funding. Funding for Wisconsin's public K-12 system has increased over the last 25 years, despite a major decrease in students. In fact, Wisconsin's raw per-pupil spending has more than doubled since 2000.³⁰

According to metrics from the U.S. Department of Education, from 2000 to 2023, enrollment in Wisconsin public schools dropped by 65,000 students, and in that same time period, the number of teachers decreased by 2,700.³¹ With such a major decrease in students, it would be reasonable to assume that non-instructional staff and administrator positions would accordingly decrease. Surprisingly, this is not the case.



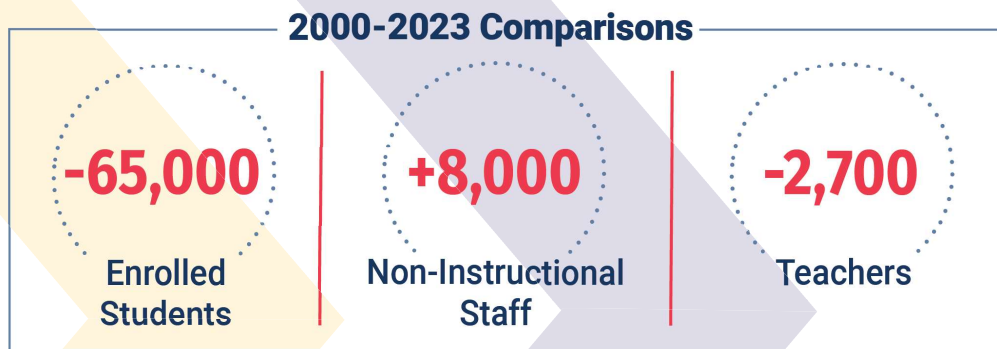
Since 2000, non-instructional staff positions have increased by over 8,000, with school or district administrator positions increasing by nearly 700. This means that during this period, for every eight students lost, public schools added one non-instructional staff member. Meanwhile, for every teacher lost, districts hired three non-instructional staff, including one additional administrator – effectively replacing educators with non-teaching roles at an accelerated pace.

The bloat in Wisconsin's education system, especially over the last two decades, is undeniable. As a state, our primary concern should be less focused on how much money is allocated to public schools, rather it should be focused on how we are spending the money we are currently investing.

Education Standards

In 2024, Jill Underly and DPI revised Wisconsin's academic standards, lowering proficiency benchmarks.³² DPI's decision was met with public backlash, as new data from the department paints a significantly different picture than data from nonpartisan institutes and organizations.

According to a poll conducted for the Jobs First Coalition by Public Opinion Strategies, 82 percent of voters want to restore higher academic standards and require honest school report cards.³³



²⁸ Milwaukee Journal Sentinel, *Wisconsin School Funding and State Budget Commentary*

²⁹ Wisconsin Legislative Fiscal Bureau, *2025–27 Biennial Budget Materials*

³⁰ Denver Gazette, *Wisconsin Per-Pupil Spending Doubled Since 2000*

³¹ U.S. Department of Education

³² Wisconsin Department of Public Instruction, *Proficiency Benchmarks (2024)*

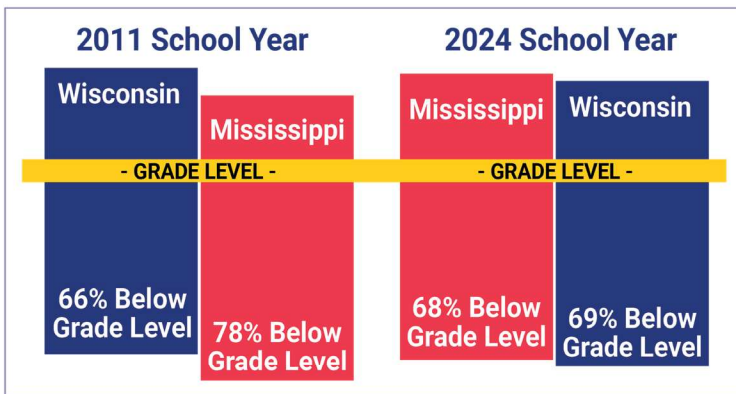
³³ Wisconsin Manufacturers & Commerce, *Poll Shows Support for Stronger Work Requirements and Education Reform*



Under Wisconsin's new proficiency benchmarks, DPI released data indicating that 94 percent of Wisconsin schools met or exceeded expectations in the 2024–2025 school year.³⁴ These numbers offer a monstrous misrepresentation of the reality of Wisconsin public schools.

The National Assessment of Educational Progress, or NAEP, is a report issued by the Institute of Education Sciences that measures student performance across subjects nationwide.³⁵

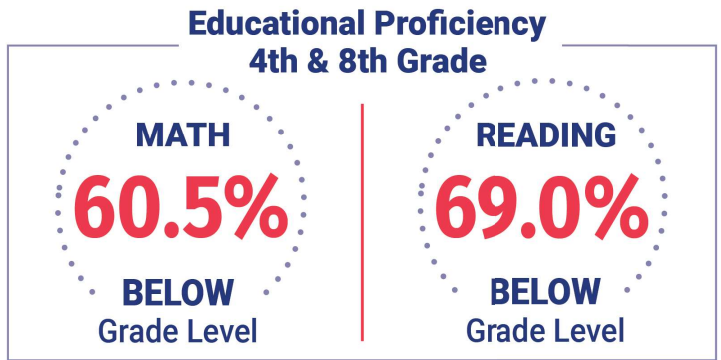
According to the latest available NAEP data, nearly two-thirds of Wisconsin students are below grade level in math, and seven in 10 students are not reading at grade level. That is more than a crisis. It is a catastrophe. We are failing our children, and in doing so, we are failing our future workforce.



NAEP also shows how far Wisconsin has fallen compared to other states. In 2011, 78 percent of Mississippi fourth graders were below grade level in reading, compared to 66 percent in Wisconsin.³⁶ Today, nearly 70 percent of Wisconsin students are below grade level in reading, while Mississippi has made dramatic gains.

What changed? In 2013, Mississippi passed legislation requiring schools to emphasize literacy and phonics.³⁷ Mississippi improved reading proficiency by 10 percent. They faced a crisis and chose action, proving that focused policy and accountability can reverse failure.

NAEP metrics compared to DPI's lowered proficiency benchmarks tell a crystal clear story. DPI saw the devastating reality and underperformance of Wisconsin schools and



Source: NAEP

students, and instead of working to improve, the department just changed the standards to misrepresent the metrics altogether. This is not leadership – it is deception.

The education crisis becomes even clearer when examining Wisconsin's educational achievement gap, measured as the difference in academic proficiency between white students and students of color.

In Wisconsin, the gap between white and Black students is particularly severe.

Among fourth graders, 49 percent of white students are below grade level in math, compared to a staggering 95 percent of Black students.³⁸ By eighth grade, proficiency declines further, with 55 percent of white students and 93 percent of Black students below grade level in math.³⁹

Reading scores show a similarly troubling pattern. Sixty-two percent of white fourth graders and 64 percent of white eighth graders are not reading at grade level.⁴⁰ For Black students, the numbers are even more dire, with 92 percent of fourth graders and 91 percent of eighth graders below grade level in reading.⁴¹

Put plainly, only 5 percent of Black fourth graders in Wisconsin are proficient in math, and just 8 percent are proficient in reading.



Source: NAEP

³⁴ Wisconsin Public Radio, *Wisconsin Schools Meet or Exceed Expectations on Report Cards*
³⁵ National Center for Education Statistics, *National Assessment of Educational Progress (NAEP)*
³⁶ National Center for Education Statistics, *NAEP State Profile (2011)*
³⁷ Mississippi State Treasury, *The Mississippi Miracle Explained*
³⁸ National Center for Education Statistics, *NAEP Math – Grade 4 (Wisconsin)*
³⁹ National Center for Education Statistics, *NAEP Math – Grade 8 (Wisconsin)*
⁴⁰ National Center for Education Statistics, *NAEP Reading – Grade 4 (Wisconsin)*
⁴¹ National Center for Education Statistics, *NAEP Reading – Grade 8 (Wisconsin)*



HEALTH CARE

Wisconsin's health care costs are out of control. According to a recent Gallup poll, three in ten U.S. adults indicated they skipped a recommended medical procedure in the past year because they couldn't afford it.⁴² Further, a new report from the Kaiser Family Foundation showed that over 60 percent of Americans are worried about being able to afford unexpected medical bills.⁴³

Far too often, Wisconsin families are skipping vital appointments, postponing critical medical procedures, and rationing prescriptions. It's not because they don't care about their family's health – it's because they can't afford it.

Hospital Prices

Wisconsin is one of the costliest states in the nation for health care. This unfortunate fact is largely driven by the disproportionately high costs of Wisconsin hospitals.

New data released by RAND, a nonprofit and nonpartisan research organization, shows that hospitals in Wisconsin charge 318 percent of Medicare rates, a standard for measuring health care prices.⁴⁴ The national average is 254 percent, which makes Wisconsin's hospital costs the fourth highest in the nation and the costliest in the Midwest. According to the report, hospitals account for 38 percent of health care spending by the privately insured population, making them a key contributor to rising costs.

Health care is essentially the only service consumers pay for without knowing the price until after receiving it. This lack of transparency is a major reason for exorbitant costs. When employers and patients are unaware of prices, they are left in the dark and unable to make informed decisions.

Both the Trump and Biden administrations recognized this issue and sought to enact meaningful reform. Both implemented policies to improve price transparency, but success has been limited. Despite federal requirements for hospitals to post prices, compliance remains low, and enforcement is lacking.

RAND further explains that a contributing factor to higher costs is an increasing number of hospital mergers. The equation is simple: when consumers and patients have fewer options, costs rise. For example, when Advocate Aurora merged with Atrium Health to form Advocate Health, their relative cost to Medicare jumped. In 2020, before the merger, the relative cost was 409 percent. After completion in 2022, that figure jumped to 530 percent.

This point is reinforced by a recent medical costs report from the Workers Compensation Research Institute (WCRI), which explains that Wisconsin's health care market is dominated by large, multistate health systems like Advocate Health and Marshfield Medical Centers.⁴⁵ The report notes that Wisconsin has experienced an increase in hospital and physician practice mergers, leading to more physician-hospital affiliations and in-system referrals – both of which tend to be higher cost than independent practices.

That's not innovation; it's consolidation. And this consolidation continues to drive prices through the roof. These inflated hospital prices directly raise premiums, copays, and out-of-pocket costs, making health care one of the biggest affordability pressures facing Wisconsin families.

Health Care Costs



Source: RAND & Health Care Cost Institute

⁴² West Health & Gallup, *U.S. Health Care Affordability Findings!*

⁴³ Kaiser Family Foundation, *Health Tracking Poll (June 2025)*

⁴⁴ RAND Corporation, *Hospital Prices in Wisconsin (2024)*

⁴⁵ Wisconsin Compensation Rating Bureau, *Workers' Compensation Medical Benchmarks (2025)*



Workers' Compensation

The WCRI report highlights another massive issue in Wisconsin's health care market: the high cost of workers' compensation medical payments.

According to the report, Wisconsin has the highest medical payments under workers' compensation of 36 states. The state's medical payments are 55 percent higher than the median state in the study and between 9 percent and 28 percent higher than Illinois, Indiana, and Iowa. Additionally, Wisconsin medical costs account for 62 percent of total costs, the largest share of any of the 36 states, with some states as low as 25 percent.

The report demonstrates that Wisconsin is an outlier when comparing workers' compensation medical costs to identical procedures in other states – or even those same services under a group health plan in Wisconsin. These higher costs have put Wisconsin businesses at a significant disadvantage.

These excessive medical payments ultimately drive up the cost of goods, services, and insurance, putting additional affordability strain on both families and businesses.

Currently, the government regulates virtually every aspect of workers' compensation: it requires employers to carry insurance, sets insurance prices, establishes statutory benefit levels for lost or injured limbs, and even prohibits employers from utilizing preferred doctor networks as they do with regular health insurance.

The only aspect not regulated is the price paid to health care providers – mainly hospitals. Essentially, employers are stuck paying whatever providers decide the cost is, and routinely, it's far more than what the same procedure would cost outside the workers' compensation system. The need for reform is long overdue.



Source: RAND & Health Care Cost Institute

Health Insurance Mandates

Health insurance mandates are laws requiring health plans to cover certain services or follow specific rules. These mandates often sound helpful and are well-intentioned, but in practice, they drive up costs.

Many mandates remove cost-control tools that employers and insurers rely on. When such tools are banned or removed, controlling and keeping costs low becomes more difficult.

While these proposals often sound like they will lower costs, they actually remove employer options to design quality, affordable plans. The bottom line: every mandate adds cost. Employers pay more, employees pay more, and Wisconsin becomes less competitive.



“It’s our responsibility not only to recognize the obstacles ahead but to champion innovative solutions to lift our state out of economic uncertainty and guide it toward a more prosperous future.”

SOLUTIONS: THE ROADMAP TO SAVE WISCONSIN

Wisconsin’s challenges are significant, and without immediate attention and the implementation of common-sense reforms, the state will continue down a steady road of decline.

Wisconsin faces a crossroads. A shrinking population, stagnant workforce, burdensome regulations, lagging educational outcomes, unaffordable health care, and a heavy tax load on middle-class families and businesses are converging to threaten the state’s long-term viability.

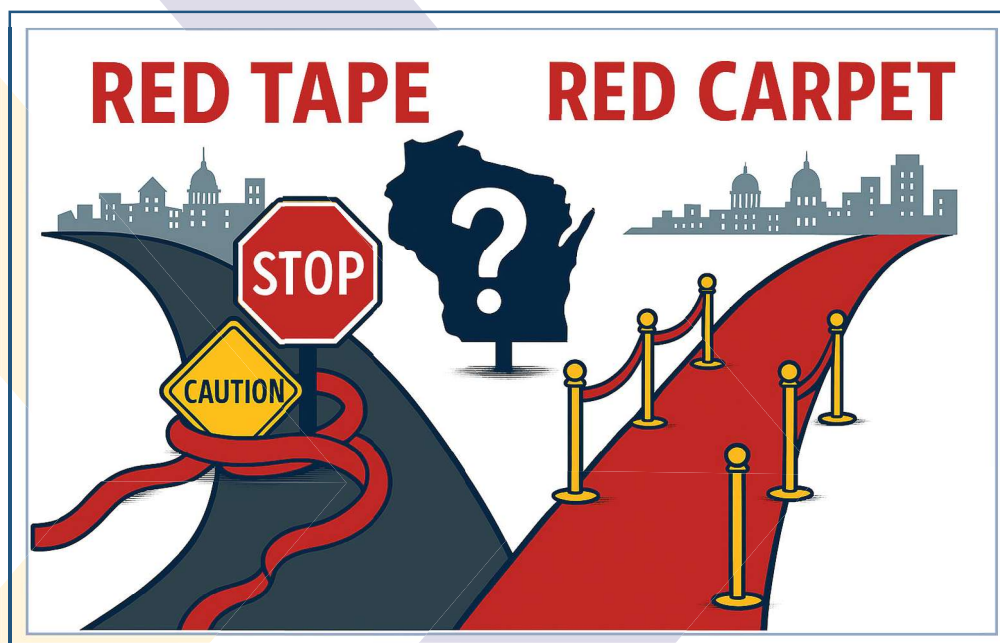
Left unaddressed, these pressures will continue driving up costs for families and employers, making Wisconsin less affordable and accelerating the economic strain already felt across the state.

Wisconsin has to decide whether it wants to be a state that rolls out the red carpet or red tape for families and businesses. Despite the clear and present danger our state faces, for the last eight years, we have witnessed leaders implement destructive policies.

Throughout our state’s history, we have faced challenges similar to the ones we face today, but we have always recovered. As leaders in the business community, it’s our responsibility not only to recognize the obstacles ahead but to champion innovative solutions to lift our state out of economic uncertainty and guide it toward a more prosperous future.

Wisconsin can regain what we’ve lost and become competitive once again. This is the red-carpet plan to save Wisconsin.

- Kurt Bauer, President & CEO of Wisconsin Manufacturers & Commerce



GROW THE WORKFORCE

Month-to-month workforce data fluctuates, but the long-term pattern is clear: Wisconsin's labor market is stagnating.

Job growth is slow. Labor force participation is declining. Private-sector momentum remains uneven. If left unaddressed, these trends will continue to weaken the state's competitiveness and resilience.

Marketing Career Opportunities in Wisconsin

Wisconsin employers consistently cite workforce shortages as a top challenge. In WMC's Winter 2026 Wisconsin Employer Survey, 60 percent of employers reported difficulty finding workers. Nearly the same share cited a lack of skilled applicants as their biggest obstacle.

Employers support a sustained effort to market Wisconsin's job opportunities and quality of life to workers and families in other states. Nearly three-quarters back a taxpayer-funded talent-attraction campaign.

While recent state efforts have brought attention to the issue, stronger and more focused programs are needed to deliver meaningful results. Wisconsin must continue investing in attracting skilled workers from across the Midwest and beyond.

Upskill Workers for New Opportunities

The state does deserve credit for its collaboration with employers to upskill existing workers and improve labor-market data systems.

These efforts should be expanded and refined to better match workers with available jobs and respond more quickly to changing employer needs. Our public schools must also do a better job informing students about the well-paying career opportunities in manufacturing, construction, and other skilled trades.

Exposing the next generation of workers to the incredible career opportunities in our state is critical. Career and Technical Education (CTE) programming in our schools should include on-site visits to local employers in the manufacturing and other high-demand sectors of our economy. Schools should also offer more opportunities for students to engage in apprenticeships and work-based learning opportunities while earning high school credits.

Removing Individuals from the Sidelines

Workforce growth requires clear incentives. Wisconsin should enforce existing work requirements for FoodShare and unemployment benefits and ensure able-bodied adults without dependents are working, seeking work, or participating in training.

Unemployment benefits should be better aligned with labor-market conditions, with benefit duration tied to the unemployment rate. The state should also strengthen enforcement by auditing work-search activities and denying benefits to individuals who decline job offers or fail to participate in interviews.

Are you having trouble hiring employees?

YES
60%

NO
40%

Source: WMC Wisconsin Employer Survey - Winter 2026

What is the **#1 obstacle** to having trouble hiring?

LACK OF SKILLED APPLICANTS	59%
LACK OF JOB APPLICANTS	20%
GOVERNMENT BENEFITS TOO GENEROUS	7%
HOUSING SHORTAGE	5%
CAN'T COMPETE ON WAGES / BENEFITS	5%
OTHER	4%

Source: WMC Wisconsin Employer Survey - Winter 2026



MAKE WISCONSIN AFFORDABLE

Wisconsin is becoming unaffordable for families and businesses. Home prices are on the rise, rental property costs are too much, consumer products feel like luxury items, and the state's tax rates are penalizing both labor and capital.

If the state remains on this course, Wisconsinites will keep fleeing and migrating to less expensive states. There are simple reforms that can be enacted immediately that will get our state back on track.

Taxation: Opportunity for Optimism



Governor Evers' \$3 billion tax hike proposal was discussed previously. Thanks to common-sense legislators and business advocates, Evers' harmful tax hike proposals were eliminated from the 2025-2027 Wisconsin budget.

In addition to eliminating anti-growth policies, pro-growth advocates also successfully advocated for the inclusion of necessary tax relief for Wisconsin families and businesses.

The tax relief provided in the state's budget is primarily sourced from the expansion of a tax bracket for middle-income earners. Specifically, the legislation provided relief to many taxpayers by subjecting more income to a lower tax bracket. The Legislature and Governor also created a retirement income tax exemption for those 67 years old and older. This will help incentivize retirees to stay in Wisconsin and keep spending their economic activity here.

Although the tax cuts were modest, sources, such as Bloomberg, estimate that over 1.5 million Wisconsin residents will see a tax reduction.⁴⁶

While Wisconsin has made small steps toward creating a better tax climate, the state must commit to addressing the issue with larger, more ambitious solutions. Achieving a competitive tax climate is a necessary component to promoting a strong economy and making Wisconsin competitive.

Flattening or Eliminating Wisconsin's State Income Tax

States with no income tax have seen their gross state product grow faster than states with an income tax, and no-tax or low-tax states have experienced positive in-migration.⁴⁷

As mentioned previously, Wisconsin is falling behind our neighboring states when it comes to taxation. Wisconsin currently operates under a graduated individual income tax system with four tax brackets. The state's tax brackets range from 3.5 percent to 7.65 percent.

Right now, Wisconsin could make itself attractive to businesses and families alike by simplifying and modernizing our tax code. Our neighbor and arguably our greatest competitor is Illinois. Illinois is generally known as an anti-growth and anti-business state. Unfortunately for Wisconsin, Illinois benefits from its constitutionally mandated flat tax rate for both corporations and individual income.⁴⁸ In fact, in 2020, Illinois voters rejected a proposal to move away from their flat tax and dramatically increase taxes on businesses and individuals.

⁴⁶ Bloomberg Tax, *Wisconsin Passes Budget With Middle-Income Tax Cuts*

⁴⁷ Redfin, *Migration to Low-Tax States*

⁴⁸ Illinois Department of Revenue, *Illinois Income Tax Rates*



Wisconsin could instantly become more competitive by repealing the personal income tax altogether. This reform would make the business climate more attractive, help address worker shortages, and unlock Wisconsin's economic potential. In the absence of eliminating the income tax, Wisconsin should follow the national tax-cutting and flattening trend by implementing a flat tax rate like 14 other states and another two in the coming years.

Even if Wisconsin fails to flatten or eliminate the personal income tax, the state could make itself more competitive by reforming the tax code under the current structure. Seemingly every budget cycle, someone introduces a proposal to raise Wisconsinites' taxes. This is a fool-proof way to ensure that businesses and families look elsewhere when considering where to move.

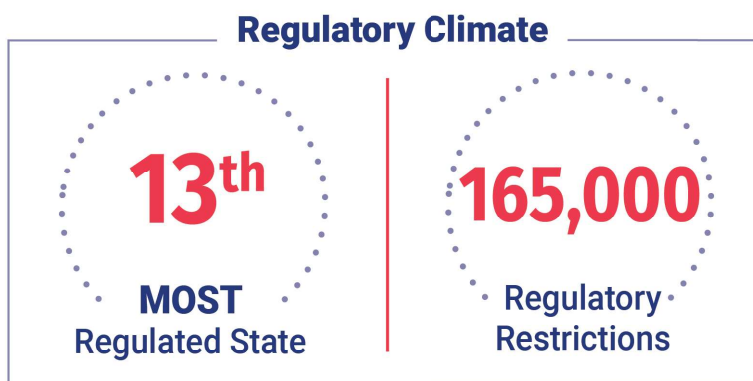
As mentioned previously, many Wisconsin companies are "pass through" and are taxed at Wisconsin's personal income tax rate instead of the corporate tax rate. Wisconsin's 7.65 percent top income tax rate is harmful and penalizes the state's job providers, and should therefore be reduced.

In the absence of more expansive and comprehensive tax reform, Wisconsin should follow the lead of pro-growth states and create certainty for taxpayers by capping the top individual income tax rate in the state constitution so income taxes can be lowered – but not raised.

Reduce Red Tape

Wisconsin's regulatory climate and permitting burdens are often viewed as among the most aggressive in the country. Wisconsin businesses are increasingly encountering overly aggressive state regulators with a "gotcha" mentality toward regulatory compliance – seeking to impose penalties first and asking questions later.

This approach creates uncertainty and adds unnecessary costs that discourage investment and innovation.



Source: Mercatus Center & WI Administrative Code

In order to remain competitive, Wisconsin must modernize its regulatory framework and embrace a philosophy of efficiency and predictability.

Simple reforms can significantly reduce the cost of doing business and improve the state's economic climate. Streamlining permitting processes, eliminating duplicative requirements, and setting clear timelines for agency decisions will help businesses plan and grow with confidence.

Despite contemporary rhetoric, the fact is and has always been that freeing up regulations and financial burdens on the private sector will result in more affordable products for consumers. A regulatory environment that prioritizes collaboration over confrontation will make Wisconsin a more attractive place to invest, start a business, and create jobs.

Cut Childcare Costs

In today's economic climate, families simply can't afford to live off of just one salary. Therefore, now more than ever, both parents are going to work instead of staying at home with young children. As more children are being sent to daycare and childcare facilities, the cost of childcare keeps rising.

Wisconsin should encourage and incentivize businesses in the state to offer childcare services for their employees. Across America, twenty-five states have some sort of tax credit for employer-provided, operated, paid-for, or reimbursed childcare benefits for employees.



REVITALIZE MANUFACTURING

Manufacturing is the backbone of Wisconsin's economy. Employing more than 465,000 Wisconsinites across more than 9,000 manufacturers, Wisconsin's manufacturing industry contributed \$73.7 billion to Wisconsin's economy in 2024, more than 16 percent of the state's GDP.

Too often, we see policymakers advocate for policies that would harm our largest economic industry. Instead, Wisconsin must incentivize manufacturers to expand and innovate. We must protect the state's leading industry.

+465,000

High-Wage, High-Skill,
High-Tech Jobs

Make The Research And Development (R&D) Tax Credit Fully Refundable

The Research & Development Tax Credit has been a fundamental and strategic tool for Wisconsin to attract and retain innovative, forward-thinking companies. Private companies spent \$7.03 billion in R&D activities in 2023 and supported 47,000 jobs in Wisconsin.⁴⁹

The private sector conducts 79 percent of R&D across the country, and of that, particularly important to Wisconsin's economy, manufacturing conducts 55 percent of private sector R&D spending. Many states across America have implemented positive reforms to modernize their R&D tax incentives.

Compared to other states, making the R&D tax credit fully refundable is paramount for Wisconsin's R&D competitiveness.⁵⁰ This simple reform would solidify the credit's power to incentivize innovation and drive high-skilled, high-paying job creation. Refundability is strategically beneficial as it ensures that companies in both early growth stages and companies that are investing in R&D can benefit in real time, rather than having to wait years to offset liabilities.

Short of full refundability, supporting efforts to extend the expiration date of already-earned credits or allowing businesses to transfer the credit in order to realize at least some of their value will ensure Wisconsin's R&D credit is the most effective incentive it can be.

On top of the real-time and productive incentives for businesses, updating the R&D credit would help Wisconsin send a clear message to both in-state businesses and out-of-state businesses looking for a new home. It would signal to the business community that Wisconsin is committed to supporting the high-tech industries that fuel that state's long-term economic growth, and help ensure that we remain a leader in innovation and opportunity.

Defend The Manufacturing & Agriculture Tax Credit

Signed into law by Governor Scott Walker in 2011 and phased in beginning in 2013, the Manufacturing & Agriculture Tax Credit (MAC) incentivizes manufacturing growth and expansion in the state.

Many manufacturers across Wisconsin utilize the MAC to reinvest in employees and hire new ones, purchase new equipment, and expand their operations, which stimulates Wisconsin's economy. Manufacturers must earn the MAC credits based on the value of goods they produce here. Because production is impossible without employees, the credit is essentially an employment and production credit. If the MAC is repealed and manufacturers' tax burden goes up, it will be a tax on middle-class manufacturing jobs.

⁴⁹ National Center for Science and Engineering Statistics (NSF), *Business Enterprise Research & Development (2023)*

⁵⁰ Wisconsin Manufacturers & Commerce, *Extending the R&D Tax Credit to Pass-Through Entities*



Overall, the MAC has benefited Wisconsin's economy by propelling investments and expansions that, in turn, grow our manufacturing capabilities and output. Now more than ever, it is critical that Wisconsin continues to invest in American manufacturing and ensure that our top industry is equipped to face the global challenges ahead.

Curb Costly & Time-Consuming Litigation

Wisconsin has made great strides over the past 15 years to enact civil justice and tort reforms to curb costly and frivolous litigation, including reforms to discovery practices, aligning Wisconsin's class action rules with federal court system rules and other states', requiring third party litigation financing disclosures, reducing statutes of limitations for various actions to reasonable periods of time to provide certainty to businesses, and much more.

Despite these successful efforts over the years, businesses remain subject to threatening litigation that costs businesses time and money, and ultimately, consumers will pay the price. To ensure a fair and efficient court system, Wisconsin should continue its forward progress in enacting civil litigation reforms.

Nuclear Verdicts

Attorney advertising has become ubiquitous – TV, radio, sports arena advertising, even at the gas pump.

Top of mind for many people recently has been advertising lawsuit jury awards and settlements of tens of millions of dollars or more, termed “nuclear verdicts,” most often associated with semi-truck crash incidents.

Between June 2020 and April 2023, the average verdict was nearly \$32 million, and the median was over \$300,000; settlements, the average was over \$10.5 million, and the median was over \$210,000.⁵¹ Yet another study examined “nuclear verdicts” across a number of industries and found trucking had the greatest increase in the value of its verdicts, a 17,681 percent increase from 2020-2021 (led by two exceedingly large verdicts), and the increase from 2020 to 2022 was a 638 percent increase, indicating a continued trend from the prior decade.⁵² As the cost of moving goods, components, or final products, from A to B goes up due to increased insurance rates and payouts, consumers will feel the pinch.⁵³

Leading the skyrocketing costs for these verdicts and settlements are “noneconomic” damages, for example, pain and suffering, which are not easily quantifiable and subjective. Because of the uncertainty and variety in awards, where the sky is the limit, one solution to manage this risk for businesses that will also benefit consumers is to place a cap on these types of damages.

Limiting these damages, as has been done in other states, will provide greater certainty for business and keep costs at bay for consumers who ultimately pay higher prices as insurance and transportation costs rise for truck-transported goods. Unfortunately, in 2024, Governor Evers vetoed a bill that would have placed a \$1 million cap on these runaway costs that impact the consumers' bottom line.

⁵¹ U.S. Chamber of Commerce – Institute for Legal Reform, *Roadblock: The Trucking Litigation Problem*

⁵² Marathon Strategies, *Nuclear Verdicts Report (2025)*

⁵³ CNBC, *Insurance Costs Hit Corporate Earnings*



REFORM THE EDUCATION SYSTEM

To restate the severity of Wisconsin's education outlook, nearly 70 percent of students in the state are below grade level in both math and reading. Wisconsin's students are failing because we are failing them.

To create better educational outcomes, Wisconsin must implement and enforce stronger standards on schools while expanding and incentivizing charter schools and the choice program.

Support School Choice and Independent Charter Schools

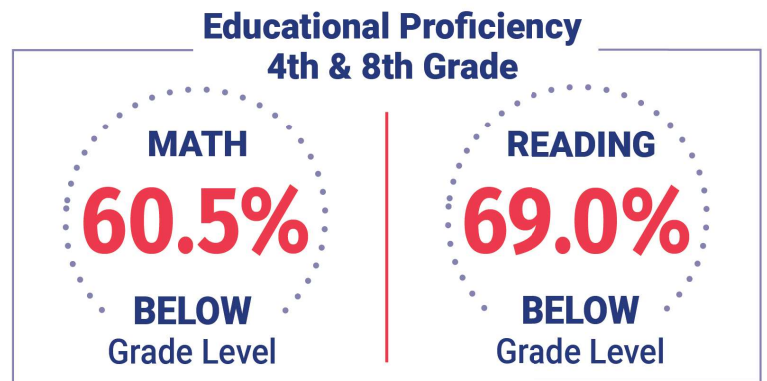
In 1990, Wisconsin led the nation by creating the parental school choice program in Milwaukee to provide education options for low-income students trapped in failing public schools. Since then, the program has expanded statewide, allowing students throughout Wisconsin access to more educational opportunities.

Wisconsin's choice program is a popular option for parents and students, with more than 60,000 students currently enrolled statewide.⁵⁴ Enrollment has nearly doubled over the past decade, including nearly 4,000 new students in the 2024–2025 school year alone.⁵⁵

The growth of the choice program across the state is not a coincidence. A recent study using data from the 2023–2024 school year showed that students enrolled in choice and charter schools scored higher in English language arts and math than their peers in traditional public schools.⁵⁶

The study also found that statewide, choice school students achieved English language arts proficiency rates 8.57 percent higher and math proficiency rates 5.42 percent higher than traditional public school students. In addition, choice and charter schools demonstrated stronger academic growth, earning 7.23 and 1.94 more growth points, respectively.

Alongside Wisconsin's choice program, independent charter schools provide innovative alternatives to traditional public education. Wisconsin should expand independent charter school options and allow additional authorizers to make these opportunities available to more students statewide.



Case Study: The Lincoln Academy

The Lincoln Academy, a K-4 through 12 school based in Beloit, is one example of a thriving independent charter school. Rather than relying on a traditional classroom model, The Lincoln Academy is built around a project-based, experiential approach to learning.

This model emphasizes strong academic skill development while ensuring students understand how education connects directly to careers, economic opportunity, and long-term success. Through intentional career exploration, including real-world learning experiences, students are encouraged to discover pathways that align with their interests, strengths, and individual skill sets.

Combining high academic expectations with meaningful, career-connected learning has produced measurable results. As the data show, The Lincoln Academy consistently outperforms the School District of Beloit on state standardized assessments.

In the 2024–2025 school year, The Lincoln Academy outperformed the School District of Beloit on the Forward Exams in every measurable category.⁵⁷ The most striking results were in math and reading. Students at The Lincoln Academy were more than twice as likely to be proficient in math and nearly twice as likely to be proficient in reading as students in the Beloit public school system.

This performance is particularly notable given that roughly two-thirds of The Lincoln Academy's students are from economically disadvantaged families and more than half are students of color.⁵⁸ The Lincoln Academy has demonstrated that it is a strong model for Wisconsin and should be replicated where possible.

⁵⁴ [School Choice Wisconsin, Choice Enrollment Surpasses 60,000 Students](#)

⁵⁵ [Badger Institute, Changes in Wisconsin School Choice Enrollment](#)

⁵⁶ [Milwaukee Mainstay, Wisconsin School Choice Performance \(2025\)](#)

⁵⁷ [Beloit Daily News, School District of Beloit Forward Exam Results](#)

⁵⁸ [The Lincoln Academy, Academic Performance Report](#)

Decoupling Choice and Independent Charter Schools

One option to strengthen Wisconsin's choice program and independent charter schools is to shift student funding from local district finances to General Purpose Revenue.⁵⁹

Currently, Milwaukee is the only area in the state where the choice program is funded directly through General Purpose Revenue. Decoupling the Racine choice program, statewide independent charters, and the statewide choice program would align funding mechanisms and reduce unnecessary complexity. This change would ensure local property tax dollars support local public-school students and would result in meaningful property tax savings across the state.

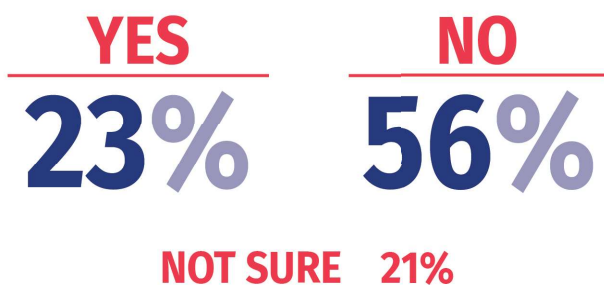
Fund All Students Equally

In addition to decoupling funding for choice and charter schools, Wisconsin must ensure every student is funded equally.

Today, students attending choice and charter schools receive significantly less funding than their peers in traditional public schools. This imbalance sends the wrong message about the value of those students and the legitimacy of the educational choices their families make.

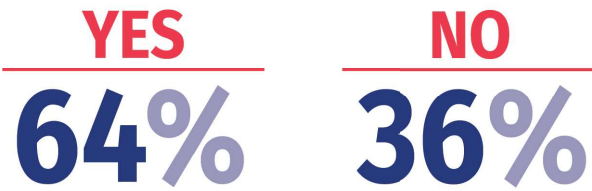
Wisconsin's school financing system should reflect a simple and fair principle: all students have equal worth. Investment in a child's education should follow the student, not the type of school they attend.

Does your current K-12 education system adequately prepare students for your workforce needs?



Source: WMC Wisconsin Employer Survey - Winter 2026

Do you have any employees who struggle with the ability to read or do math?



Source: WMC Wisconsin Employer Survey - Winter 2026

Worker Readiness

According to the Winter 2026 *Wisconsin Employer Survey*, nearly 60 percent of Wisconsin employers believe students graduating from the state's K-12 system are not prepared for the workforce.⁶⁰

Nearly 65 percent of businesses report having employees who struggle with basic reading or math skills, and three in five companies have reported to providing tutoring or additional training to bring employees up to speed.

To address these challenges, K-12 students should be introduced to career opportunities early and often. When students understand the path to a successful career and the steps required to get there, they are more likely to stay engaged in the classroom and better prepared for the workforce.

Proven methods to improve workforce readiness include expanding the Wisconsin Youth Apprenticeship Program, increasing internship opportunities, and growing access to technical education.

Apprenticeships and internships provide students with hands-on experiences that lead to meaningful job opportunities. Wisconsin should do more to ensure students can access these real-world work experiences while in high school by incentivizing school partnerships with local employers.

The need for technical education continues to grow in Wisconsin as slow population growth and persistent workforce shortages leave employers struggling to fill open positions. For many students, pursuing a technical degree can lead to a high-paying career with little to no student debt.

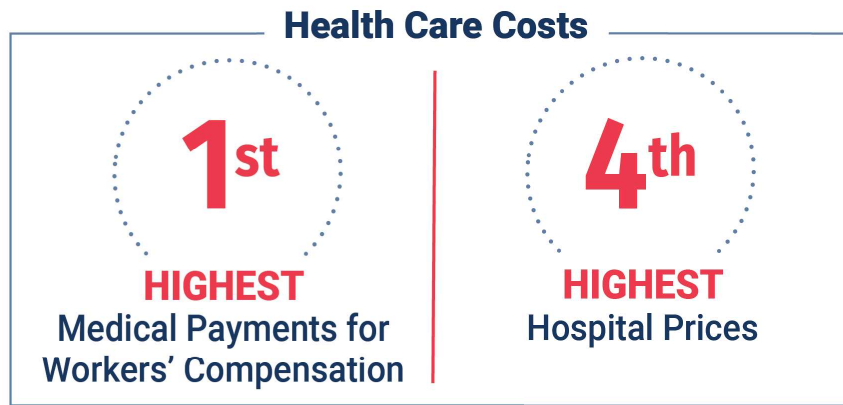
Introducing these pathways at a younger age can spark interest in the skilled trades while building in-demand skills. That is why more middle and high schools should expand technical education offerings, and policymakers should direct education funding toward programs that address Wisconsin's workforce needs.

⁵⁹ Wisconsin State Legislature, *General Purpose Revenue Statutes*

⁶⁰ Wisconsin Manufacturers & Commerce, *Employers Say Students Are Unprepared for the Workforce*



FIX THE HEALTH CARE SYSTEM



Source: RAND & Health Care Cost Institute

As the nation's most expensive state for workers' compensation medical fees and the fourth most expensive for hospital charges, Wisconsin must make substantial changes to the industry. To combat rising and unaffordable health care costs, Wisconsin can enact and expand a few key policies. These policies – maintaining employer-based coverage, improving price transparency, and expanding fee schedules – are reasonable, attainable, and popular.

Maintain an Employer-Based System

First and foremost, we must maintain our state's employer-based system and oppose Medicaid expansion.

The employer-based health insurance system we currently have is in the best interest of every Wisconsin resident. When it becomes too expensive for employers to provide coverage, workers are often shifted to costly government programs, which increases the financial burden on taxpayers.

Maintaining our employer-based system is the most obvious way to combat rising health care costs; however, time and again, politicians propose changes that would have adverse consequences for Wisconsin families and businesses.

One of those disastrous proposals is expanding Medicaid. Medicaid expansion will increase the number of Wisconsin residents receiving taxpayer-subsidized health insurance, potentially leading to a corresponding cost shift to employees and their health plans. Federal Medicaid dollars will decline over time, leaving state taxpayers responsible for paying for a large unfunded entitlement.

It is important that pro-growth advocates in Wisconsin oppose expanding Medicaid.

Price Transparency

In every other industry, a customer knows the cost before making that purchase. However, that is not the case with health care.

Even after receiving a service at a clinic or hospital, one patient's cost could differ dramatically from another patient's cost, even for the same exact procedure. This secrecy puts employers and patients at a disadvantage when trying to make informed decisions about medical care.

To reverse this outdated practice and reduce health care costs for Wisconsin families, the state must enact reforms that promote price transparency.

Patients deserve clear, accessible information to make informed, market-based decisions about their care. Currently, Wisconsin employers and consumers lack practical tools to compare medical costs and quality.

States across the nation have enacted price transparency laws, and the positive effects have trickled down to families in need of relief. Additionally, President Trump created federal rules requiring price transparency. These rules were continued under President Biden and further expanded under President Trump.

Despite these federal requirements, compliance remains inconsistent. Reviews conducted by the Office of Inspector General (OIG) and analyses from groups such as Patient Rights Advocate have repeatedly found that many hospitals fail to fully meet federal standards.⁶¹

⁶¹ U.S. Department of Health & Human Services, *Office of Inspector General, Hospital Price Transparency Compliance Report (2024)*



Specifically, a report commissioned by Patient Rights Advocate in early 2025 found that only 24.5 percent of hospitals were fully complying with the federal price transparency rule that went into effect in January 2021.⁶²

These studies show that even years after the federal rule took effect, a significant share of hospitals still do not provide complete, accessible pricing information. This widespread noncompliance underscores why state-level action is essential to ensure patients and employers can actually benefit from the transparency they have been promised.

In the summer of 2025, the Wisconsin State Legislature introduced proposed price transparency legislation, outlining specific requirements for hospitals to disclose pricing information publicly.⁶³

The legislation requires that hospitals in Wisconsin comply with federal hospital price transparency rules. If the federal requirements cease to exist, state-level requirements would be enforced by the Wisconsin Department of Health Services (DHS), including a machine-readable file and a consumer-friendly list of “standard charges.”

The bill also outlines the process for DHS to monitor hospitals’ compliance and align them with the current requirements; this includes maintaining a public list of noncompliant hospitals, requesting a corrective action plan, or imposing penalties. Wisconsin DHS is in a far better position to monitor and work with hospitals in Wisconsin than federal entities tasked with wide-scale monitoring across the nation.

WMC and other Wisconsin business leaders came out in strong support of the legislation. We must work to pass price transparency legislation into law.

Expanding Workers’ Compensation Medical Fee Schedule

For too long, Wisconsin’s business community has suffered from unreasonably high workers’ compensation medical costs, which have made our employers less competitive. But in the summer of 2025, Wisconsin enacted legislation to combat these costs by passing a workers’ compensation medical fee schedule for hospital facility charges.

The newly enacted fee schedule for hospital facility charges is a step in the right direction for controlling medical expenses in the state.

Under the new law, the Wisconsin Department of Workforce Development (DWD) will divide Wisconsin into five regions based on geography and the similarity of commercial market prices.

Within each region, DWD will establish the fee schedule for each procedure at the 75th percentile of group health/self-insured payments for that procedure, plus 20 percent. The new fee schedule could result in savings for employers, as workers’ compensation medical charges are typically higher than those for group health.

The fee schedule that was passed into law serves as a foundation Wisconsin should build upon and expand in the future.

Avoid Mandates That Increase Insurance Costs

Instead of piling on mandates, Wisconsin should take a smarter approach that focuses on affordability and flexibility.

Wisconsin should avoid creating and implementing any new mandate that increases costs, such as legislation that bans cost-saving practices. One example is white bagging, a practice that allows insurers or employers to use a specialty pharmacy to ship clinician-administered drugs directly to providers.

Proposals to ban white bagging would eliminate an important tool for employers and insurers to negotiate fair prices and keep health care affordable, as hospitals are, on average, marking up these drugs 200–500 percent over the acquisition cost.

Wisconsin should focus on innovation instead of adding mandates to an already complicated health care ecosystem. Innovation can be achieved by supporting employer flexibility to use tools like mail-order pharmacies, direct primary care, and on-site clinics. These strategies lower costs and improve access. The goal is not to deny care but to keep health care affordable and sustainable for Wisconsin families and businesses.

⁶² Patient Rights Advocate, *Hospital Price Transparency Report (November 2024)*

⁶³ Wisconsin State Legislature, *Assembly Bill 353 (2025)*



“By increasing workforce participation, modernizing tax and regulatory systems, and strengthening education and health care outcomes, Wisconsin can roll out the red carpet and regain what we’ve lost.”

CONCLUSION

Wisconsin faces a critical turning point that threatens its future.

Often, Wisconsin’s competitiveness challenges are discussed in isolation. Workforce shortages, tax pressures, a declining population, and gaps in the state’s education and health care systems are all serious issues in their own right. But all of these issues point to a frightening, individual truth: Wisconsin is becoming unaffordable for hard-working families and individuals.

Wisconsin’s challenges pose a great threat to our future, but we can turn the ship around and save our great state. The solutions outlined in this report are grounded in a simple but powerful goal: restore Wisconsin’s competitive advantage.

The roadmap to save Wisconsin is clear and achievable.

By increasing workforce participation, modernizing tax and regulatory systems, and strengthening education and healthcare outcomes, Wisconsin can roll out the red carpet and regain what we’ve lost.

- Kurt Bauer, President & CEO of Wisconsin Manufacturers & Commerce



SOURCE MATERIAL

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WISCONSIN IS FALLING BEHIND

