Green Lake County

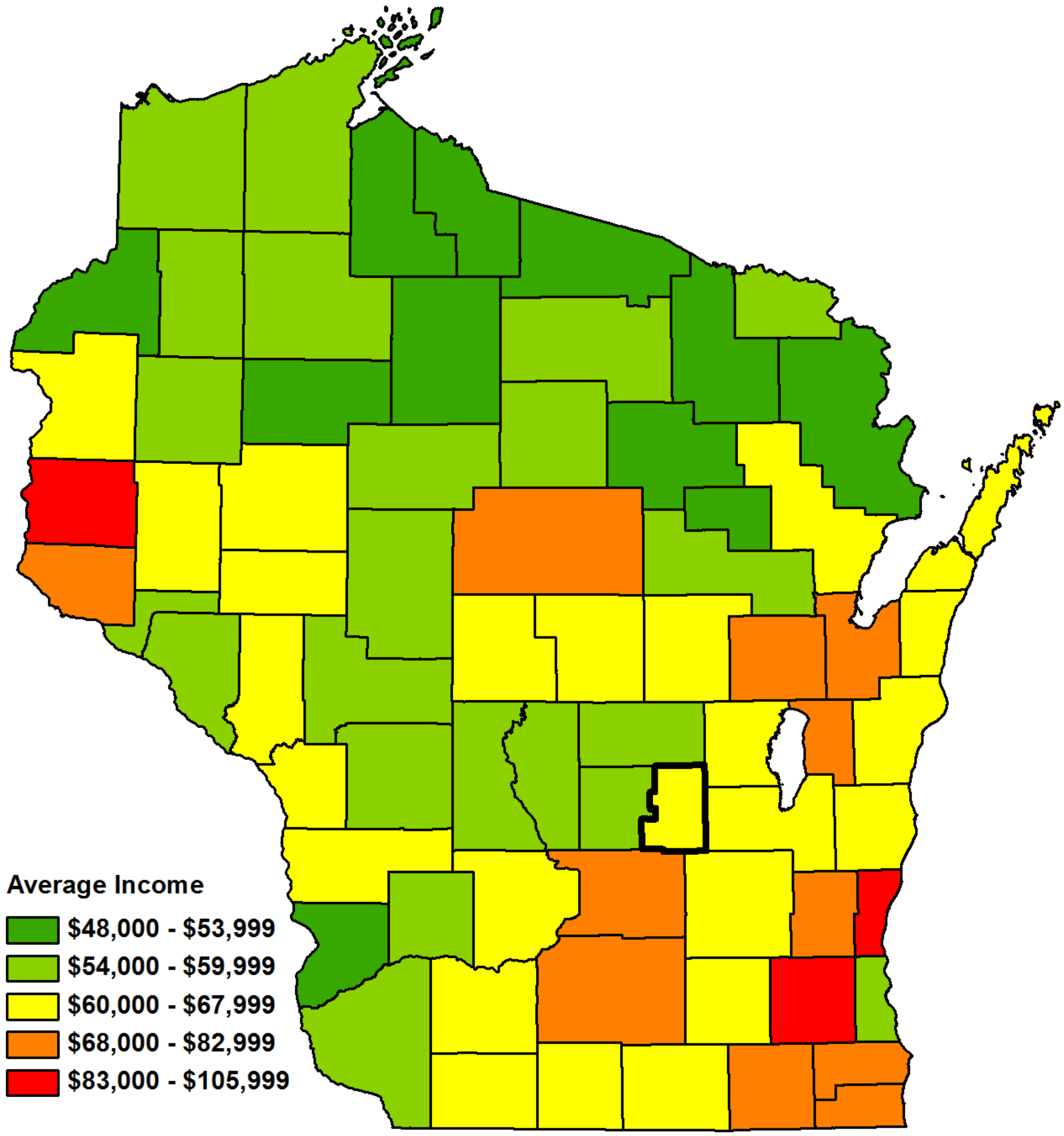
WORKFORCE & ECONOMIC 2015 PROFILE

STATE OF WISCONSIN DWD
Department of Workforce Development

OEA

DETI-17957-GRL-P (N. 3/2016)

Average Household Income By County



Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

OEA Office of Economic Advisors

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National and State Economic Outlook

Robust economic growth after the Great Recession remains anticipated. The recession ended in June of 2009. This recovery has been the slowest of post-war cycles. U.S. gross domestic product (GDP) growth through this recovery cycle has averaged just over two percent per year. Most recoveries show growth rates in the three percent range.

As with all economic growth, benefits have accrued. Job levels are up. Wages have increased. Home values are nearly back to prerecession levels. Wisconsin total non-farm jobs have increased by 200,000 since the trough in February 2010 through October 2015. The state's manufacturing industries have gained almost 50,000 jobs. Total nominal wages paid have increased by 17 percent since bottoming out in 2009. Aggregate household real estate values have all but full recovered from the national housing devaluations that began in 2006.

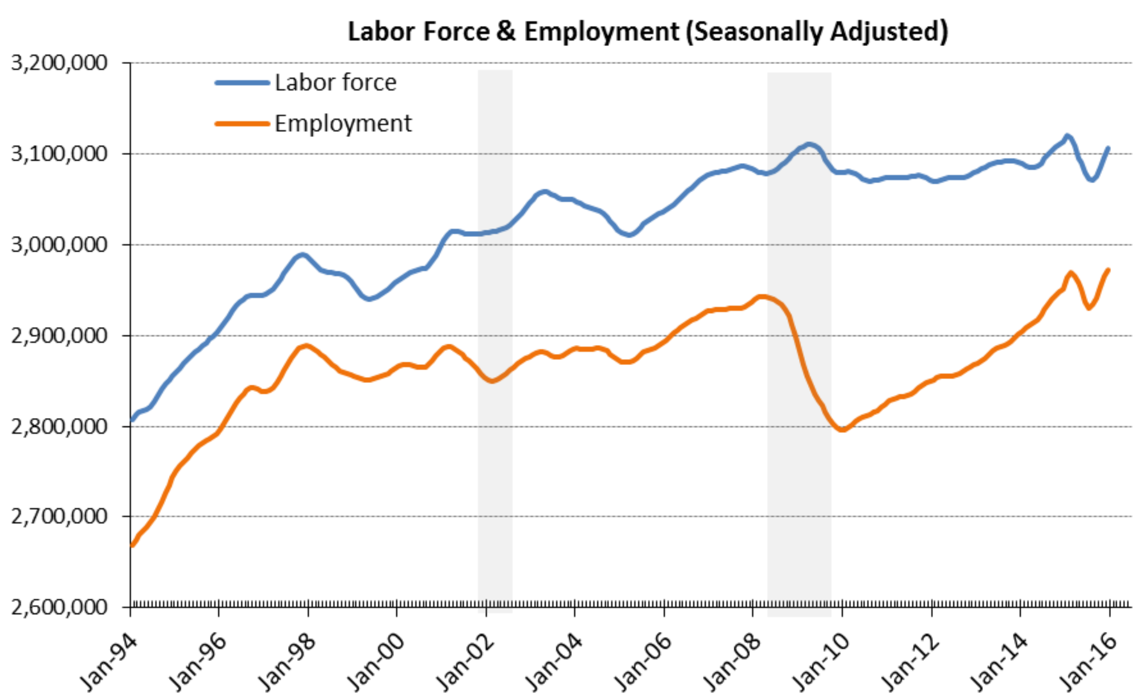
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency and its impact on U.S. and Wisconsin exports, and snug government capital and operations budgets.

The silver lining may be that the slower the growth, the longer the recovery will last. This recovery is 70 months old as of December 2015 with no expected downturn in sight. The average growth period of post-war business cycles is 58.4 months.

Workforce Outlook

On the workforce front, there is much discussion of the "skills gap" – the inability of employers to find and keep skilled workers. One anecdote often voiced is that Wisconsin companies could expand business if only they could find and retain skilled workers.

Wisconsin has never had more people employed and the unemployment rate is registering low levels not seen since the early 2000s. However, as has been discussed repeatedly over the years (Winters, Strang, & Klus, 2000; Winters, Gehrke, Grosso, & Udalova, 2009; Wisconsin Taxpayer Alliance, 2015), Wisconsin faces a quantity challenge and, as a consequence, a skills challenge.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

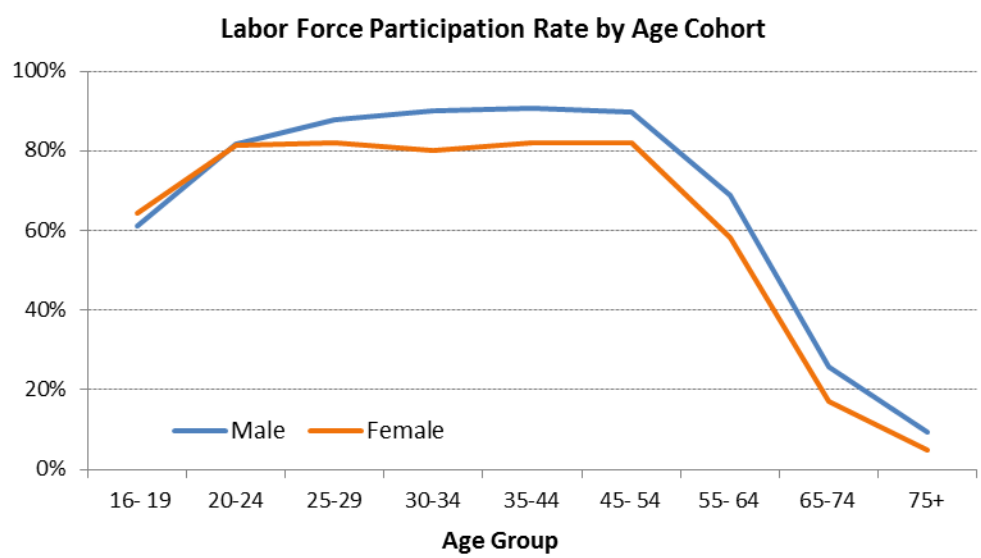
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance company, which, in turn, may try to recruit someone out of health care. The point is that without enough workers to go around, some businesses will end up short of talent.

This is true not only of highly skilled workers, but for all positions. Even retail and restaurant operations are displaying help-wanted signs.

During the late 1990s when the U.S. economic expansion was setting new longevity marks, there was a similar quantity challenge. The national unemployment rate fell to 3.8 percent in July 2000 and Wisconsin's unemployment rate fell to 3.0 percent in July of 1999. Two recessions alleviated the labor quantity constraints from 2001 to 2014. Now the U.S. unemployment rate is down to 5.0 percent (Wisconsin December 2015 seasonally adjusted unemployment rate was 4.3 percent), GDP is only growing at 2.0 percent, and businesses are already experiencing quantity challenges.

The major change in the labor force during this period is that now the Baby Boomers are fifteen years older and leaving the labor force in unprecedented numbers. The oldest Baby Boomers (born in 1946) will be 70 years old in 2016. The youngest (born in 1964) will be 52 years old, a mere three years from a rapid decline in their participation in the labor force.

Below is a graph of the labor force participation rate (LFPR) by age cohort. The LFPR drops precipitously after age 55. The bulk of the Baby Boomers are now over age 55.



Source: Bureau of Labor Statistics

Wisconsin's overall labor force participation rate peaked in the late 1990s and the employment-to-population ratio (e/pop) peaked in 1997 at 72.9 percent. The 2014 e/pop rate was above the 2010 low of 63.4 percent, at 64.7 percent.

The exit of Baby Boomers (people born between 1946 and 1964) from the labor market will affect future growth of Wisconsin’s e/pop rate.

Population growth and age distribution will drive labor force availability in local and regional labor sheds. Below are county level demographic and economic characterizations. The primary factor driving economic trends in future years will be workforce developments and talent access.

Population and Demographics

Green Lake County's 10 Most Populous Municipalities

	April 2010 Census	January 2015 Estimate	Numeric Change	Proportional Change
United States	308,400,408	320,289,069	11,888,661	3.9%
Wisconsin	5,686,986	5,753,324	66,338	1.2%
Green Lake County	19,051	19,174	123	0.6%
Berlin, City *	5,435	5,454	19	0.3%
Brooklyn, Town	1,826	1,853	27	1.5%
Markesan, City	1,476	1,444	-32	-2.2%
Princeton, Town	1,434	1,440	6	0.4%
Princeton, City	1,214	1,200	-14	-1.2%
Green Lake, Town	1,154	1,160	6	0.5%
Berlin, Town	1,140	1,146	6	0.5%
Kingston, Town	1,064	1,086	22	2.1%
Manchester, Town	1,022	1,044	22	2.2%
Green Lake, City	960	994	34	3.5%

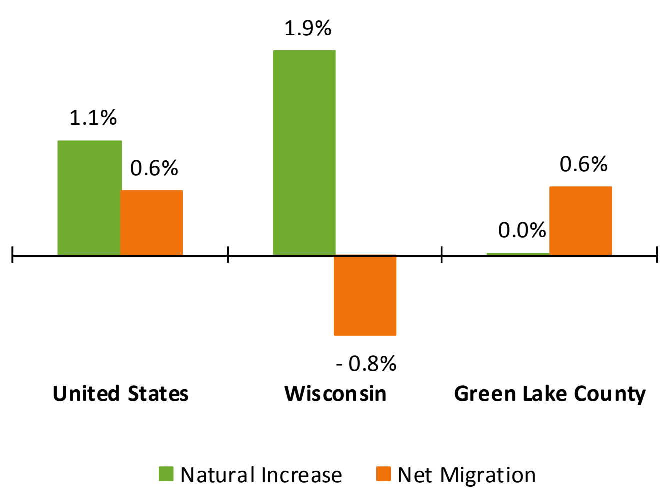
Source: Demographic Services Center, Wisconsin Department of Administration

Green Lake County's population growth has slowed significantly along with most of Northeast Wisconsin, if not the entire state. The population has trailed national growth trends, growing by 0.6 percent since the 2010 Census. In comparison the state's population has increased 1.2 percent over the same period, illustrating a series of disparate dynamics that will be discussed throughout the course of this profile. The addition of 123 county residents between 2010 and 2015, although modest, suggests a reversal from the contraction that occurred during the previous decade. The county lost 54 residents or 0.3% of its population between 2000 and 2010. This is a common theme among many of the state's more rural counties.

Many of the county's municipalities have also witnessed some growth over the past five years. The City of Green Lake experienced the greatest growth over the past five years gaining 34 residents. The Town of Brooklyn also gained 27 residents. This has largely been a result of the county's proximity to the Oshkosh and Fond du Lac employment markets.

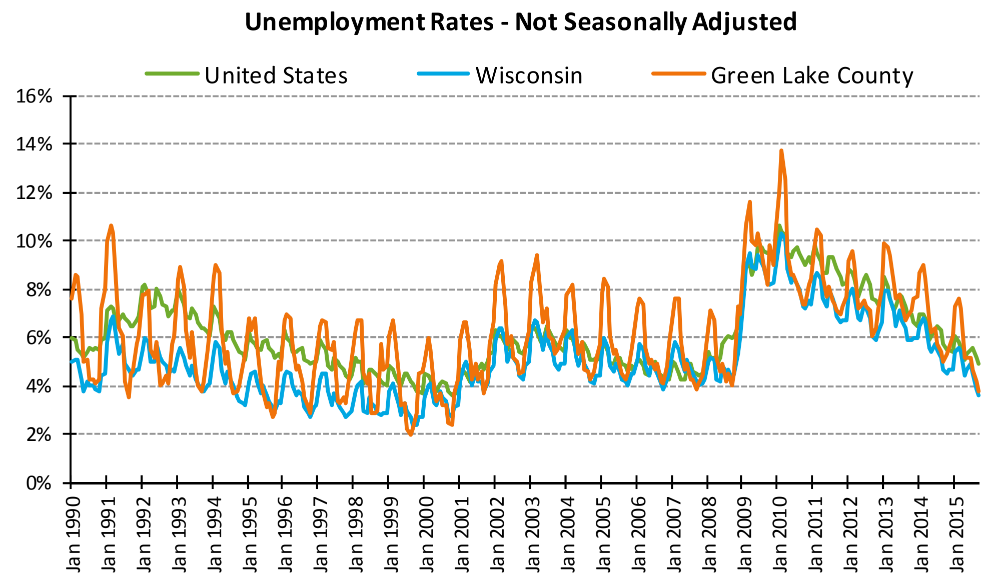
Population growth has been stemmed by a flat natural increase rate. Net migration is significantly positive resulting from movement into the region. This has become more pronounced over the past several years in response to an aging population.

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration

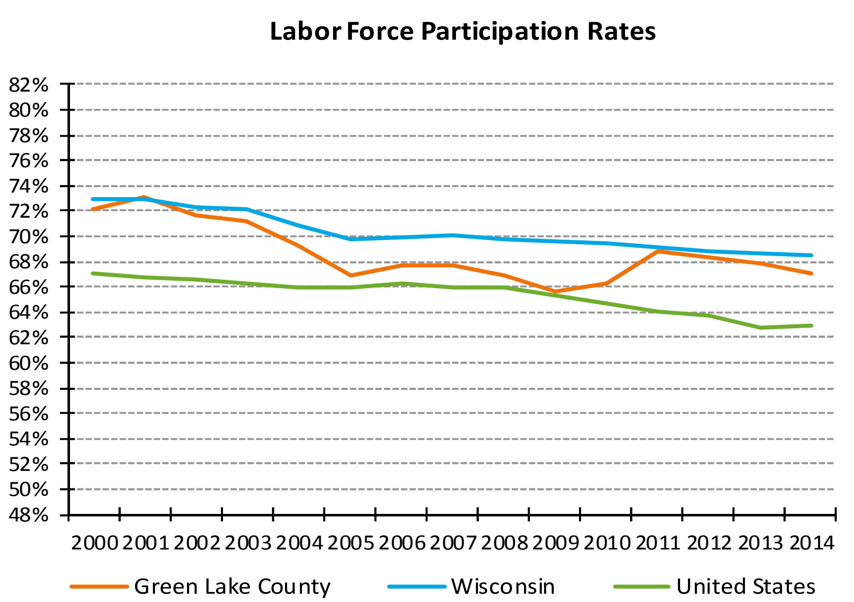
Labor Force Dynamics



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

A great deal of recent attention has been committed to changes in the Green Lake County labor force over the past several years. Many of these conversations have focused on two related metrics — the county's unemployment rate and the relative ability of the county's employers to find needed talent. The narrative that has emerged in this dialogue has concluded that, as the county's unemployment rate has decreased precipitously since the peak of the 2007-2009 recession, employers have witnessed greater difficulty in finding needed workers. While there is a great deal of credence to this assumption, the cause of these issues is largely demographic.

The chart above tracks Green Lake County's unemployment rate against that of both the nation and state from January 1990 to September 2015. It is important to first note that significant seasonality exists in this data, reflecting calendar year changes in demand in industries ranging from construction to hospitality. The county's unemployment rate is close to its lowest point in more than a decade. This is also true of the state, as a whole, which highlights common issues. The county's labor force has remained virtually unchanged over this period suggesting that individuals are finding employment more rapidly than new entrants are added.



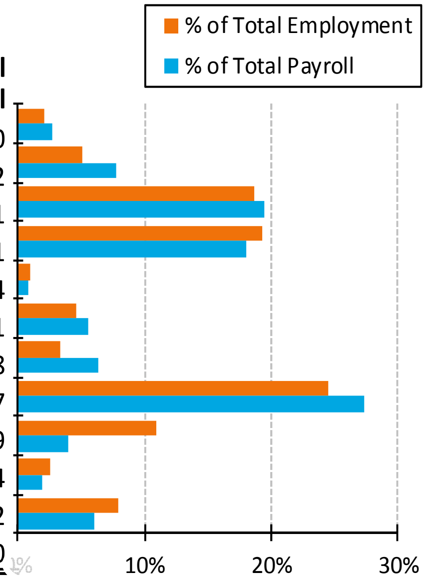
Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

Green Lake County's labor force participation rate has dipped below the state average over the past fifteen years. This closely mirrors changes in local unemployment and is also bolstered by a series of industry employment conditions that we will discuss in the coming pages.

Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Green Lake County

	Employment Annual Average	Employment 1-year change	Total Payroll
Natural Resources	131	3	$ 6,392,400
Construction	318	10	$ 18,199,782
Manufacturing	1,175	-60	$ 45,835,121
Trade, Transportation, Utilities	1,218	-33	$ 42,560,341
Information	66	-1	$ 2,152,084
Financial Activities	298	4	$ 12,992,581
Professional & Business Services	214	-7	$ 15,018,178
Education & Health	1,552	-21	$ 64,302,507
Leisure & Hospitality	694	77	$ 9,294,989
Other services	160	-9	$ 4,467,504
Public Administration	498	-14	$ 14,166,612
Not assigned	0	0	$ 0
All industries	6,323	-53	$235,382,099



Source: WI DWD, DET, BWITS, Quarterly Census Employment and Wages, June 2015

The charts included on this page represent 2014 annual averages from the Quarterly Census of Employment and Wages. This program presents employment and wage data for more than 186,000 employers in Wisconsin and represent our most comprehensive look at industry dynamics. All industries employment in Green Lake County decreased by 53 employees, suggesting that a number of key industry sectors have experienced little to no growth with one exception. This is particularly notable in the county's largest industry sectors. The Education and Health Services, Trade, Transportation, and Utilities, and Manufacturing sectors experienced a decline in workers. The most notable numerical employment growth occurred in the Leisure and Hospitality sector. The construction industry growth mirrors growth throughout the state as both the residential and commercial sectors have recovered to near pre-recessionary levels.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Green Lake County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	$ 43,856	$ 37,226	84.9%	3.2%
Natural Resources	$ 36,156	$ 48,797	135.0%	5.5%
Construction	$ 55,317	$ 57,232	103.5%	9.4%
Manufacturing	$ 54,365	$ 39,009	71.8%	-1.5%
Trade, Transportation & Utilities	$ 37,362	$ 34,943	93.5%	12.2%
Information	$ 62,482	$ 32,607	52.2%	-1.7%
Financial Activities	$ 61,884	$ 43,599	70.5%	0.0%
Professional & Business Services	$ 52,386	$ 70,178	134.0%	1.4%
Education & Health	$ 44,829	$ 41,432	92.4%	2.7%
Leisure & Hospitality	$ 16,055	$ 13,393	83.4%	5.0%
Other Services	$ 25,847	$ 27,922	108.0%	15.8%
Public Administration	$ 44,462	$ 28,447	64.0%	1.2%

Source: WI DWD, Labor Market Information, QCEW, June 2015

Employers in many of Green Lake County's industry sectors continue to pay wages that are below state averages. The county annual average wage of $37,226 is 15 percent below the state average and has increased by 3.2 percent over the past year, exceeding the rate of inflation over the same period. It is difficult to ascertain whether wages have increased over this period

Employment Projections

Fox Valley Workforce Development Area Industry Projections, 2012-2022

Calumet, Green Lake, Fond du Lac, Waupaca, Waushara, and Winnebago Counties

Industry	2012 Employment	Projected 2022 Employment	Change (2012-2022) Employment	Percent
All Industries	284,635	307,699	23,064	8%
Natural Resources	2,251	2,442	191	8%
Construction	13,976	16,736	2,760	20%
Manufacturing	65,617	67,889	2,272	3%
Trade, Transportation, and Utilities	51,266	53,891	2,625	5%
Information	4,619	4,170	-449	-10%
Financial Activities	13,177	14,204	1,027	8%
Professional and Business Services	25,256	29,584	4,328	17%
Education and Health Services	39,768	45,668	5,900	15%
Leisure and Hospitality	25,856	28,361	2,505	10%
Other Services	9,333	10,023	690	7%
Public Administration	16,425	17,325	900	5%
Self-Employed and Unpaid Family Workers	17,091	17,406	315	2%

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, September 2015.

among individuals in similar roles or if wages have increased by a more significant degree due to individuals changing roles either within or between organizations.

The largest difference between Green Lake County and Wisconsin annual average industry wages can be found in the Natural Resources, Construction, Professional and Business Services, and Other Services sectors where wages exceed the state average. These disparities are accounted for by differences in industry composition. Differences among other sectors can be generally accounted for by variations within the industry and are also offset to a large extent by a relatively lower cost of living.

Our focus now shifts to the consideration of potential future employment trends. The data presented on the next two pages has been produced as part of the Department's two-year long-range employment projections cycle. The current ten-year forecast examines employment over the period between 2012 and 2022 and has been published at both the state and Workforce Development Area level. The industry and occupational employment projections are presented for the six-county Fox Valley Workforce Development Area. This region includes more than just the area directly impacted by the Fond du Lac County regional economy. Industry employment in Fond du Lac County does accounts for 17 percent of employment in the region. However, employment and economic dynamics are similar enough within all parts of the region to comment on general trends.

Employment across all industries is expected to grow by eight percent over the ten year period, or slightly less than 25,000 workers. This projection only forecasts levels of filled positions rather than potential demand. This further supports the earlier assertion that the availability of labor throughout the region may be actively constraining employment growth. As the region's population continues to age and growth slows this will continue. The most significant numerical growth is expected in the Education and Health Services (5,900) and Professional and Business Services (4,328) industry sectors. This is equal to 15 and 17 percent period growth, rates that are only eclipsed by anticipated growth in the Construction sector (20 percent).

Employment Projections

Fox Valley Workforce Development Area Occupation Projections, 2012-2022

Calumet, Green Lake, Fond du Lac, Waupaca, Waushara, and Winnebago Counties

	Employment				Average Annual Openings			
			Change (2012-2022)					
Occupation Group	2012	2022	Number	Percent	Due to Growth	Due to Replace-ment	Total Openings	Median Annual Wage
All Occupations	284,635	307,699	23,064	8%	2,484	6,631	9,115	$ 33,280
Management	14,077	15,188	1,111	8%	114	281	395	$ 80,427
Business and Financial	11,683	12,602	919	8%	98	239	337	$ 51,050
Computer and Mathematical	3,398	3,727	329	10%	34	58	92	$ 56,522
Architecture and Engineering	5,724	6,091	367	6%	39	139	178	$ 61,122
Life, Physical, and Social Science	1,767	1,974	207	12%	21	56	77	$ 54,949
Community and Social Service	2,791	2,987	196	7%	20	66	86	$ 46,827
Legal	1,097	1,269	172	16%	17	18	35	$ 53,877
Education, Training, and Library	6,285	6,721	436	7%	44	138	182	$ 43,207
Arts, Entertainment and Media	3,343	3,508	165	5%	27	80	107	$ 36,825
Healthcare Practitioners	14,789	17,645	2,856	19%	286	303	589	$ 56,547
Healthcare Support	7,553	8,510	957	13%	96	144	240	$ 28,152
Protective Service	4,823	5,163	340	7%	35	150	185	$ 39,341
Food Preparation and Serving	22,789	24,816	2,027	9%	204	856	1,060	$ 18,470
Building & Grounds Maintenance	7,565	8,537	972	13%	97	156	253	$ 23,406
Personal Care and Service	11,450	13,062	1,612	14%	162	208	370	$ 21,263
Sales and Related	28,662	29,824	1,162	4%	122	856	978	$ 23,864
Office and Administrative Support	41,821	44,335	2,514	6%	303	987	1,290	$ 30,222
Farming, Fishing, and Forestry	2,101	1,951	-150	-7%	10	60	70	$ 32,698
Construction and Extraction	13,265	15,439	2,174	16%	217	214	431	$ 42,655
Installation, Maintenance, Repair	12,939	14,320	1,381	11%	140	294	434	$ 41,318
Production	43,190	44,935	1,745	4%	240	813	1,053	$ 34,139
Transportation & Material Moving	23,523	25,095	1,572	7%	157	516	673	$ 31,037

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, September 2015

Growth in a number of other industry sectors are significant with a pair of notable outliers. Public sector and trade, transportation and utilities employment is expected to be constrained over the next decade as the workforce in this sector continues to age more rapidly than the population as a whole. Manufacturing employment is also expected to grow more modestly at three percent, slightly exceeding anticipated statewide sector growth of two percent.

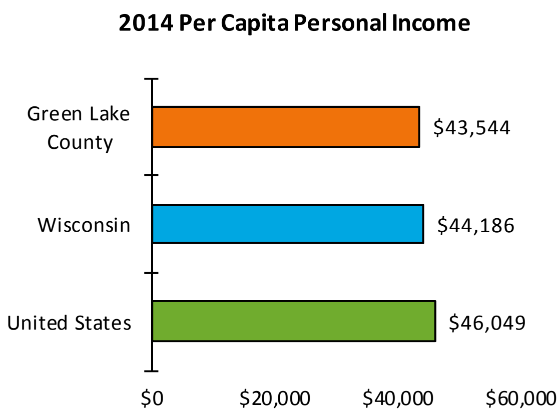
An examination of projected occupational employment growth reveals a possible explanation for the moderate growth rates anticipated in a number of the region's largest industry sectors. We first see that the most significant occupational growth can be observed in a number of occupational categories largely concentrated in the Health Services sector, including Healthcare Practitioners, Healthcare Support, and Personal Care and Services workers. Significant growth is also anticipated in many other occupational sectors, supporting the narrative of long-range stability in many of the region's largest industries. The other trend that is also illustrated is that of labor constraints as openings created due to replacement needs outnumber those generated by new growth by a factor of three-to-one in most occupation sectors. This suggests that there will be increased importance placed on the availability and skill sets of young workers entering the region's workforce.

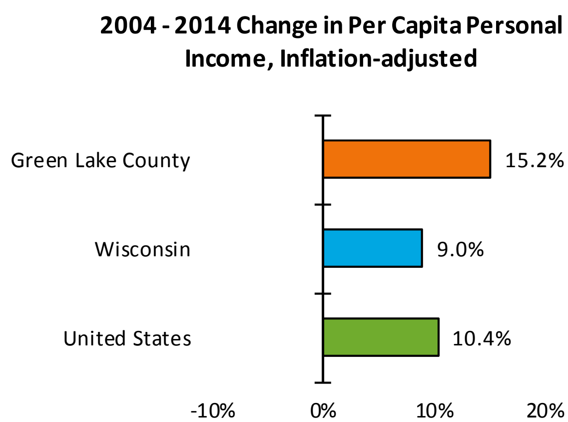
Personal Income

	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	$34,316	$41,709	$46,049	34.2%	10.4%
Wisconsin	$33,350	$40,534	$44,186	32.5%	9.0%
Green Lake County	$31,101	$37,801	$43,544	40.0%	15.2%

Source: Bureau of Economic Analysis

The final topic to be considered in this profile is that of personal income. It is again important to note that personal income differs from wage income in that wage income is one component of personal income, but personal income also includes secondary income sources such as rental and dividend income and transfer payments. Green Lake County's per capita personal income in 2014 was $43,544 or $642 lower than the state average, making it the fifteenth highest income county in the state. This measure also is below the national average of $46,049 by 5.5 per-





Source: Bureau of Economic Analysis

cent. While the county's per capita personal income is lower than Wisconsin's or the United States', it has grown faster than either the state or national average over the past decade as both nominal and inflation-adjusted per capita personal income in Green Lake County continue to exceed national averages. This is largely due to a rapid growth in non-wage income within the county. This is further attributed to growth in rental and investment dividend revenue as well as transfer payments such as Social Security Insurance and Unemployment Insurance. Green Lake County's wage growth has been modest in recent years, but as the character of many of the region's most prominent industry sectors continues to change, we anticipate future wage growth, especially in sectors related to an aging and retired population. This again suggests that the region should continue to enjoy some measure of economic prosperity in the near future.

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