

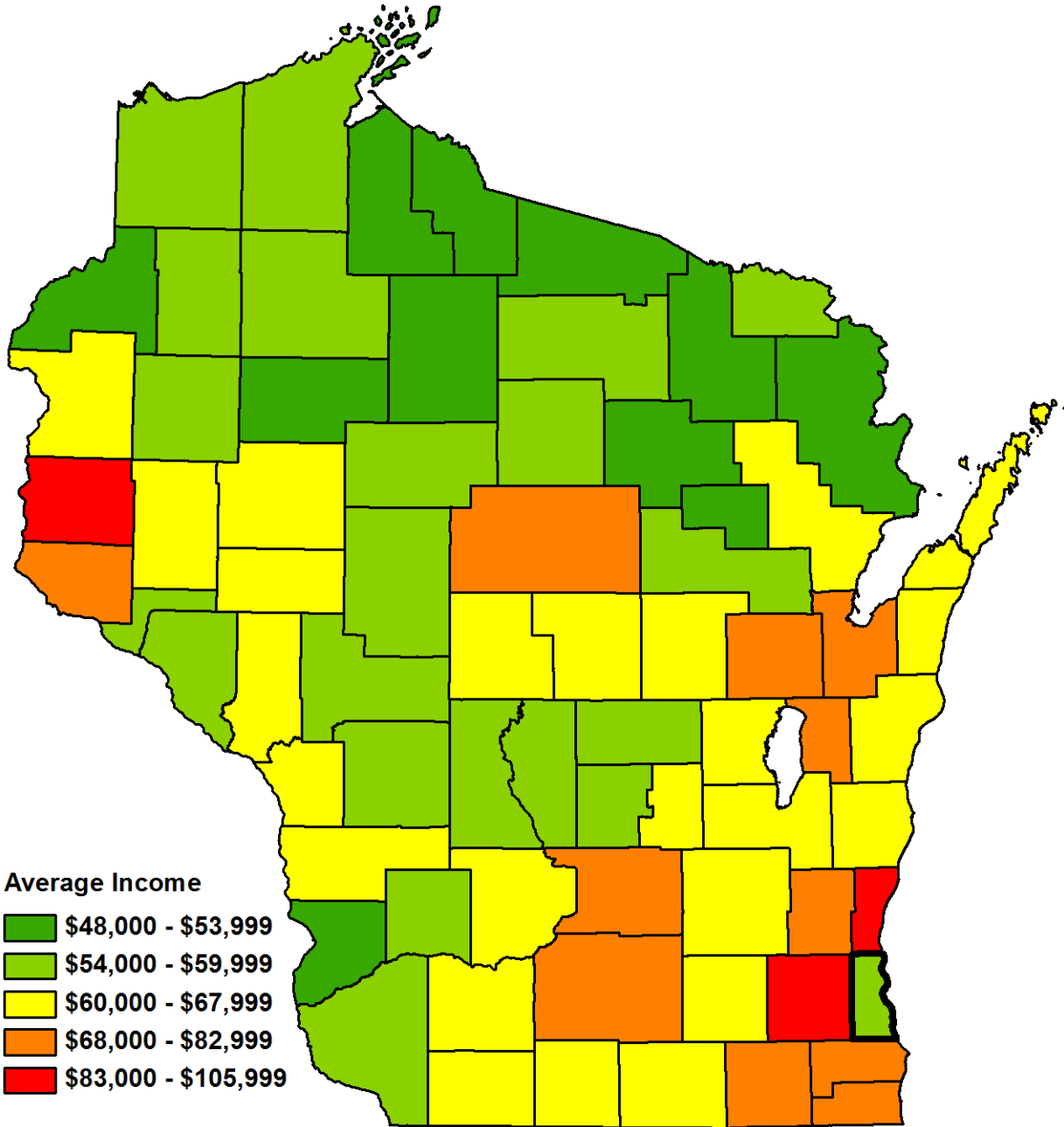


Milwaukee County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 Milwaukee County Workforce Profile

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.

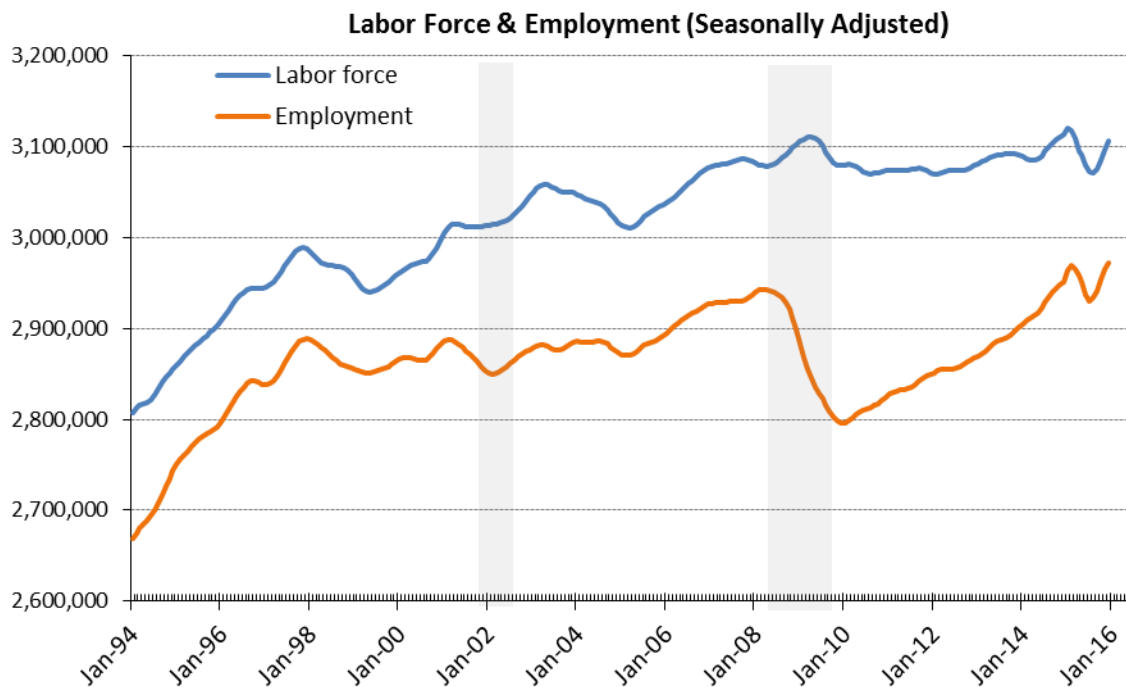
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

2015 Milwaukee County Workforce Profile

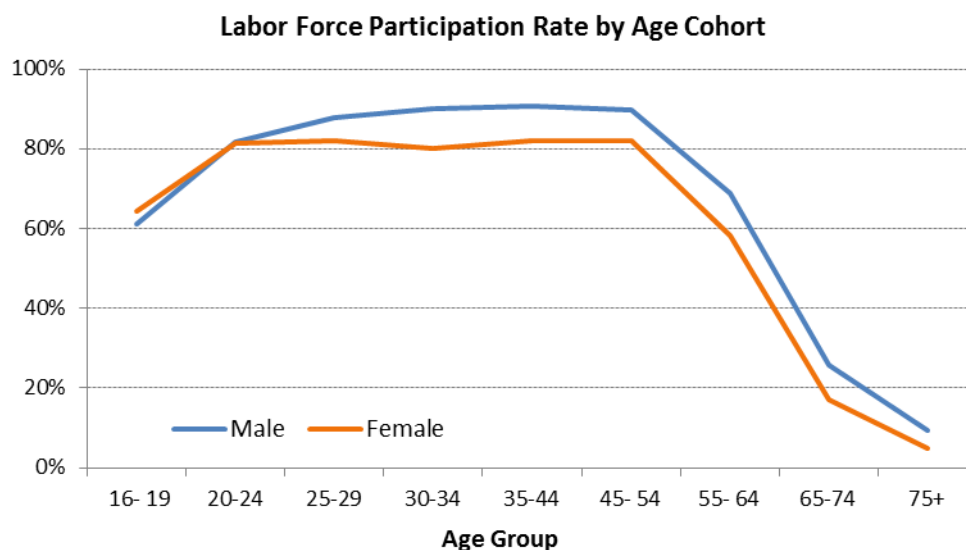
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance 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

Milwaukee 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%
Milwaukee County	947,735	949,795	2,060	0.2%
Milwaukee, City *	594,833	595,787	954	0.2%
West Allis, City	60,411	60,329	-82	-0.1%
Wauwatosa, City	46,396	46,947	551	1.2%
Greenfield, City	36,720	36,473	-247	-0.7%
Franklin, City	35,451	35,655	204	0.6%
Oak Creek, City	34,451	34,791	340	1.0%
South Milwaukee, City	21,156	21,142	-14	-0.1%
Cudahy, City	18,267	18,250	-17	-0.1%
Whitefish Bay, Village	14,110	14,243	133	0.9%
Greendale, Village	14,046	14,135	89	0.6%

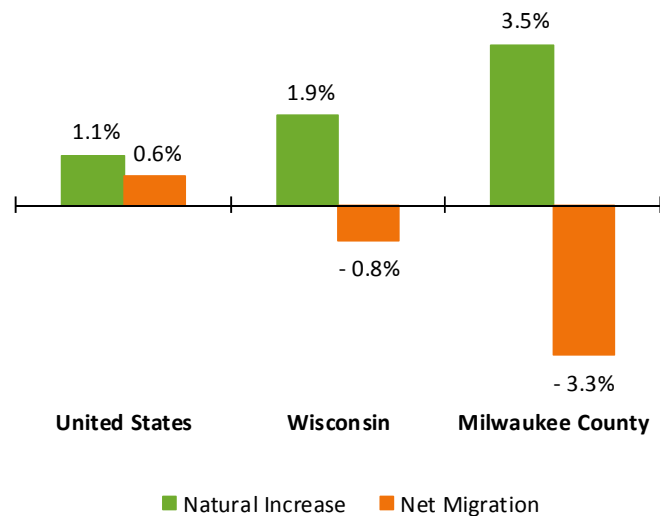
* Milwaukee County portion only.

Source: Demographic Services Center, Wisconsin Department of Administration

The chart above lists Milwaukee County's ten largest municipalities and compares population growth since the 2010 Census at the municipal, county, state, and national level. Population growth in Wisconsin and Milwaukee County was lower than the United States. County growth of 2,060 residents, or 0.2 percent, was not evenly distributed among municipalities. The Cities of Milwaukee, Wauwatosa, Franklin, and Oak Creek gained the most residents while the Cities of West Allis, Greenfield, South Milwaukee, and Cudahy lost population. The City of Milwaukee's increase of 954 residents accounts for 46 percent of the county's growth during the period. A small portion of the City of Milwaukee extends into Washington County on the city's northwest corner. The small parcel of land contains a recycling facility and has no residents.

The graph to the right displays the components of population growth in Milwaukee County, the state, and the nation. The components include migration, which is movement of residents into and out of the area, and natural increases and decreases resulting from births and deaths. Both Wisconsin and Milwaukee County lost population to out-migration, though the county's rate of loss was larger than the state's. Milwaukee was hit especially hard by job losses and high unemployment during and after the Great Recession, which contributed to its higher rate of out-migration. Strong natural increase in

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration



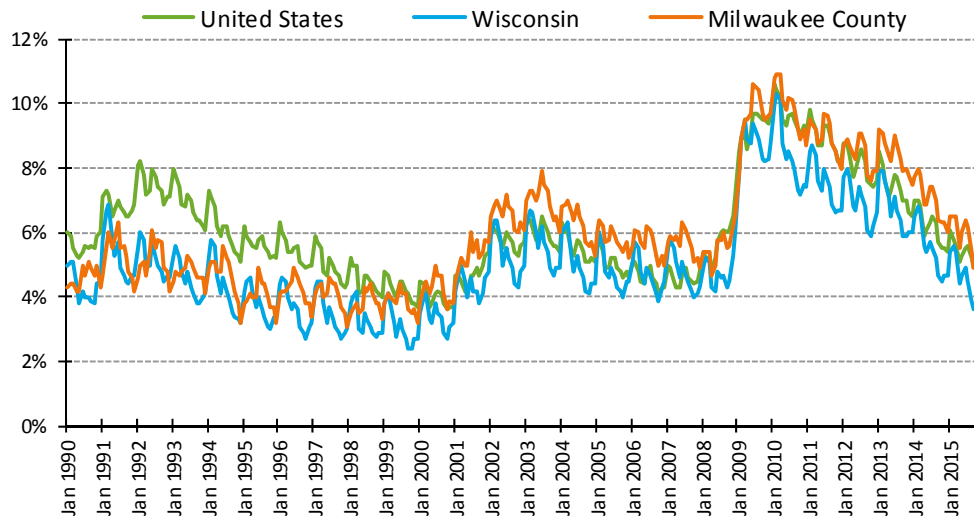
Labor Force Dynamics

Milwaukee County during the period more than made up for population lost through out-migration.

The graph to the right tracks the unemployment rate in Milwaukee County since 1990 and compares it to state and national rates during the same time period. Since this unemployment data has not been seasonally adjusted, or smoothed, the

graph also shows seasonal employment variations within each year. The seasonality of the county's labor market is moderate and typical, with normal peaks of unemployment early in the year and again in summer as students enter the job market in search of work, and normal troughs late in the year. The Great Recession caused national, state, and county unemployment rates to rise sharply after 2008 and peak in early 2010. Since then, rates have steadily fallen as the economy slowly recovers. Milwaukee County's average annual unemployment rate in 2015 was 5.8%, higher than the national rate of 5.3% and the state rate of 4.6%.

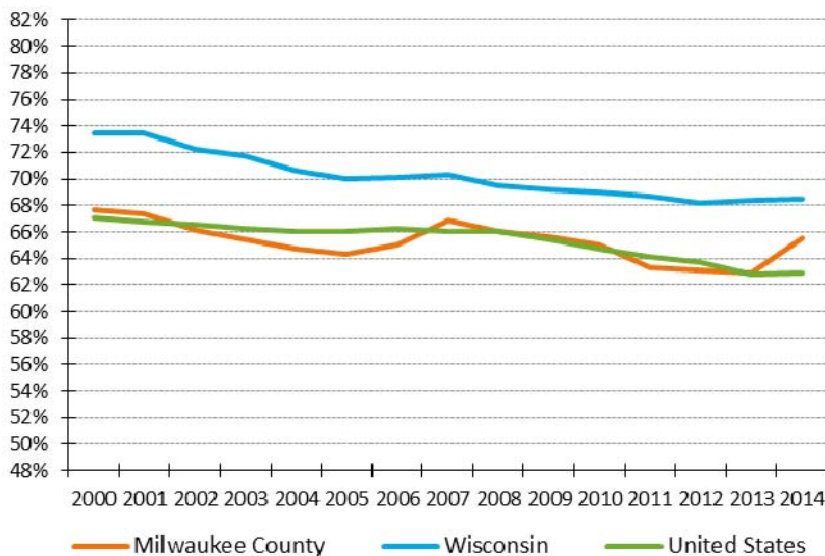
Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

The unemployment rate is closely related to the labor force participation rate (LFPR), which reflects not only an

Labor Force Participation Rates



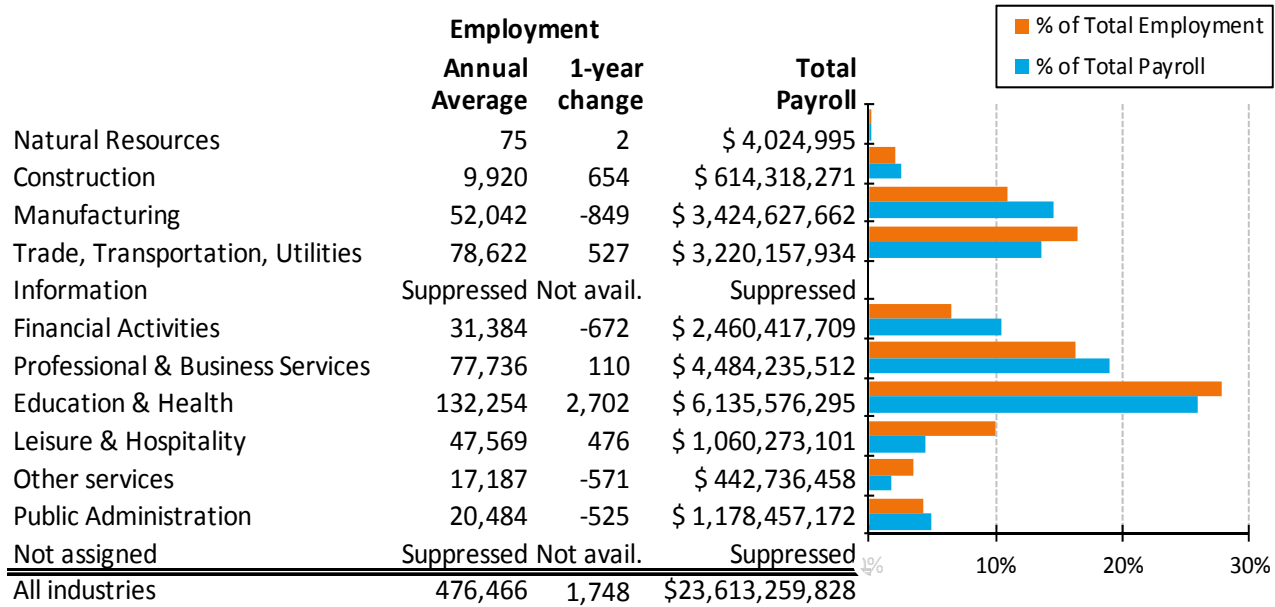
Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

area's economic conditions, but also its age demographics. It is the portion of the population ages 16 years and older who are employed or actively seeking employment. Aging of the population combined with high unemployment during and after the Great Recession have caused national, state, and county LFPRs to trend downward in recent years. But recent tightening in the job market has attracted more participants, causing the participation rates to level off in the United States and Wisconsin and rise in Milwaukee County. The County's LFPR increased 2.7 percent be-



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Milwaukee County



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2015

tween 2012 and 2014 to 65.6 percent, about midway between the state LFPR of 68.5 percent and national rate of 62.9 percent.

The employment and wage distribution graph above displays the economic impact of the various industry sectors in Milwaukee County from both an employment and payroll perspective. Some data has been suppressed for confidentiality. The county's job base grew by 1,748 jobs or 0.4 percent during 2014, substantially less than average statewide job growth of 1.3 percent during the same period. Milwaukee's largest sector, education and health services, added the most jobs in 2014. Employment growth was concentrated in the health services sub-sector, which grew by 3,485 jobs, rather than education services, which lost 783 jobs. There were also job losses

in manufacturing and financial activities, the county's highest wage sectors.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Milwaukee County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 49,559	113.0%	2.8%
Natural Resources	\$ 36,156	\$ 53,667	148.4%	-2.4%
Construction	\$ 55,317	\$ 61,927	111.9%	5.3%
Manufacturing	\$ 54,365	\$ 65,805	121.0%	0.4%
Trade, Transportation & Utilities	\$ 37,362	\$ 40,957	109.6%	0.7%
Information	\$ 62,482	suppressed	Not avail.	Not avail.
Financial Activities	\$ 61,884	\$ 78,397	126.7%	8.6%
Professional & Business Services	\$ 52,386	\$ 57,685	110.1%	4.0%
Education & Health	\$ 44,829	\$ 46,392	103.5%	1.1%
Leisure & Hospitality	\$ 16,055	\$ 22,289	138.8%	6.9%
Other Services	\$ 25,847	\$ 25,760	99.7%	5.6%
Public Administration	\$ 44,462	\$ 57,531	129.4%	5.4%

The table to the left shows annual average wage by industry in Milwaukee County, compares those wages to the statewide average, and displays the county's one-year change in each of the sectors.

Despite job losses in high-wage industries, Milwaukee

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

Employment Projections

Milwaukee Workforce Development Area Industry Projections, 2012-2022
Milwaukee County

Industry	2012	Projected	Change (2012-2022)	
	Employment	2022 Employment	Employment	Percent
All Industries	504,198	532,738	28,540	6%
Natural Resources	*	*	*	*
Construction	*	*	*	*
Manufacturing	53,695	52,656	-1,039	-2%
Trade, Transportation, and Utilities	77,422	80,181	2,759	4%
Information	9,193	9,093	-100	-1%
Financial Activities	32,864	35,744	2,880	9%
Professional and Business Services	74,457	84,055	9,598	13%
Education and Health Services	125,242	136,851	11,609	9%
Leisure and Hospitality	45,011	46,659	1,648	4%
Other Services	14,902	15,424	522	4%
Public Administration	26,661	26,296	-365	-1%
Self-Employed and Unpaid Family Workers	29,334	29,979	645	2%

* Due to confidentiality, data is suppressed and so detail may not add to totals.

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

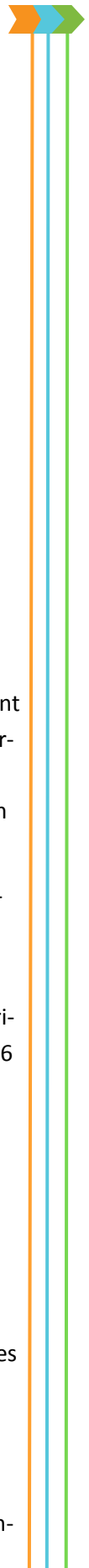
County’s 2014 average annual wage was thirteen percent higher than the state average and increased 2.8 percent in 2014, slightly more than statewide annual wage growth of 2.5 percent. Wage growth was strong across several sectors, especially construction, which is not surprising given employment growth in the sector, and financial activities, which is notable given job losses in the industry during the year. It is likely that lower wage jobs within the industry were lost while higher wage jobs occupied by workers with longer tenure were retained.

The table above presents ten-year regional employment projections by industry sector for the Milwaukee Workforce Development Area (WDA), the only single-county WDA among the eleven in Wisconsin. Despite its small geographic size, Milwaukee is the state’s largest WDA in terms of jobs, with 17 percent of Wisconsin jobs.

The change in the number of jobs from 2012 to 2022 represents new jobs expected to be created during the period. Employment is projected to increase six percent between 2012 and 2022, with average annual growth of 0.6 percent or 2,854 jobs per year. While actual 2014 job growth of 0.4 percent discussed above fell short, 2013 growth of 1.2 percent exceeded projections.

The education and health services sector and professional and business services sector are projected to add the most jobs between 2012 and 2022. The professional and business services sector provides professional, technical, and administrative services to businesses. A significant portion of recent and projected growth in this sector is in the employment services subsector, which often provides businesses with temporary workers. These workers may work in a variety of industries such as health care or manufacturing, but as long as they are employed by an employment services establishment, their jobs are counted in the professional and business services sector, even if they are a nurse working in a hospital or a welder working in a manufacturing plant.

To get a better idea of the types of jobs included in employment projections, we can also look at expected job growth by occupation. The table above displays projected total job openings through 2022, which includes open-



Employment Projections

Milwaukee Workforce Development Area Occupation Projections, 2012-2022

Milwaukee County

Occupation Group	Employment				Average Annual Openings			Median Annual Wage
	2012	2022	Change (2012-2022)		Due to Growth	Due to Replacement	Total Openings	
All Occupations	504,198	532,738	28,540	6%	3,443	11,506	14,949	\$ 36,268
Management	30,719	32,851	2,132	7%	221	636	857	\$ 97,182
Business and Financial	30,173	32,756	2,583	9%	277	602	879	\$ 61,434
Computer and Mathematical	13,357	14,316	959	7%	102	219	321	\$ 71,847
Architecture and Engineering	9,080	9,358	278	3%	39	221	260	\$ 67,741
Life, Physical, and Social Science	3,117	3,390	273	9%	28	91	119	\$ 60,658
Community and Social Service	6,990	7,166	176	3%	25	163	188	\$ 38,453
Legal	5,232	5,895	663	13%	67	84	151	\$ 71,842
Education, Training, and Library	29,435	30,598	1,163	4%	158	584	742	\$ 47,596
Arts, Entertainment and Media	10,654	11,449	795	7%	102	245	347	\$ 44,426
Healthcare Practitioners	36,362	41,006	4,644	13%	468	729	1,197	\$ 65,333
Healthcare Support	15,476	17,314	1,838	12%	184	295	479	\$ 27,190
Protective Service	11,548	11,984	436	4%	46	298	344	\$ 34,523
Food Preparation and Serving	37,920	39,705	1,785	5%	191	1,439	1,630	\$ 18,429
Building & Grounds Maintenance	14,752	16,658	1,906	13%	191	297	488	\$ 20,881
Personal Care and Service	29,622	33,120	3,498	12%	370	515	885	\$ 21,376
Sales and Related	42,538	44,003	1,465	3%	190	1,257	1,447	\$ 27,028
Office and Administrative Support	74,901	76,716	1,815	2%	329	1,628	1,957	\$ 34,817
Farming, Fishing, and Forestry	5,488	4,680	-808	-15%	1	152	153	\$ 30,479
Construction and Extraction	9,587	10,543	956	10%	96	164	260	\$ 57,623
Installation, Maintenance, Repair	15,564	16,265	701	5%	86	347	433	\$ 43,767
Production	39,413	39,325	-88	0%	120	785	905	\$ 33,267
Transportation & Material Moving	32,270	33,640	1,370	4%	153	755	908	\$ 28,174

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

ings resulting from creation of new jobs (Change column) and also replacement openings in previously created jobs that are anticipated to occur as incumbent workers leave those positions, necessitating the hiring of new workers to replace them (Replacement Openings column).

Large numbers of baby boomers are expected to retire within the next few years, which is why projected replacement openings far exceed the number of openings expected to occur as a result of job growth. This phenomenon is occurring not only in Milwaukee, but throughout the wider state economy as well. The largest number of job openings is projected in office and administrative support, food preparation and serving, sales and related, and healthcare practitioners.

Large numbers of replacement openings are projected even in those occupations that are not expected to grow significantly, such as office and administrative support. This is especially common in occupations with older workforces and large numbers of anticipated retirements during the projection period, as well as in low-wage occupations such as food service and preparation, which tend to have younger workforces but higher rates of employee turnover.

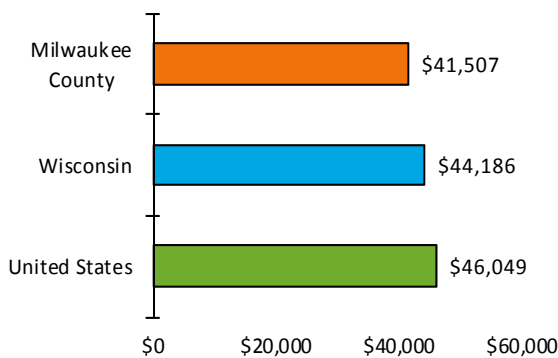
Personal Income

	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%
Milwaukee County	\$32,685	\$39,726	\$41,507	27.0%	4.5%

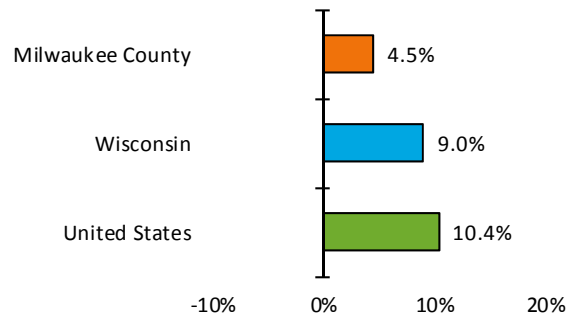
Source: Bureau of Economic Analysis

The chart above displays the ten-year personal income trend in Milwaukee County, Wisconsin and the United States. Dollar amounts have been adjusted for inflation to allow comparison between 2004 and 2014. Personal income consists of earned income from employment plus income from assets (dividends, interest, and rent receipts) plus transfer receipts. Transfer receipts are government payments not made in exchange for goods or services. Examples include, but are not limited to, social security disability and retirement, Unemployment Insurance, veterans' benefits, Medicare, Medicaid, and public assistance. Per capita personal income (PCPI) is calculated by dividing total personal income in a geographic area by that area's total population. The popula-

2014 Per Capita Personal Income



2004 - 2014 Change in Per Capita Personal Income, Inflation-adjusted



Source: Bureau of Economic Analysis

tion number used to calculate PCPI is the entire population, not just those of working age, and includes children, retirees and others who are not typically wage earners. Similar to adjusting for inflation, which allows us to compare between time periods, adjusting personal income to a per capita basis allows us compare areas that have different population sizes.

Ten-year nominal increase in personal income was significantly lower than state and national income growth and after adjusting for inflation, county PCPI increased 4.5 percent since 2004. Milwaukee's PCPI of \$41,507 in 2014 was less than state and national PCPI, which is notable given high average wages paid by Milwaukee County employers. Ozaukee and Waukesha counties, located just north and west of Milwaukee, had the highest PCPIs in Wisconsin, which suggests that Milwaukee's highest wages are earned by residents of neighboring counties.

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