

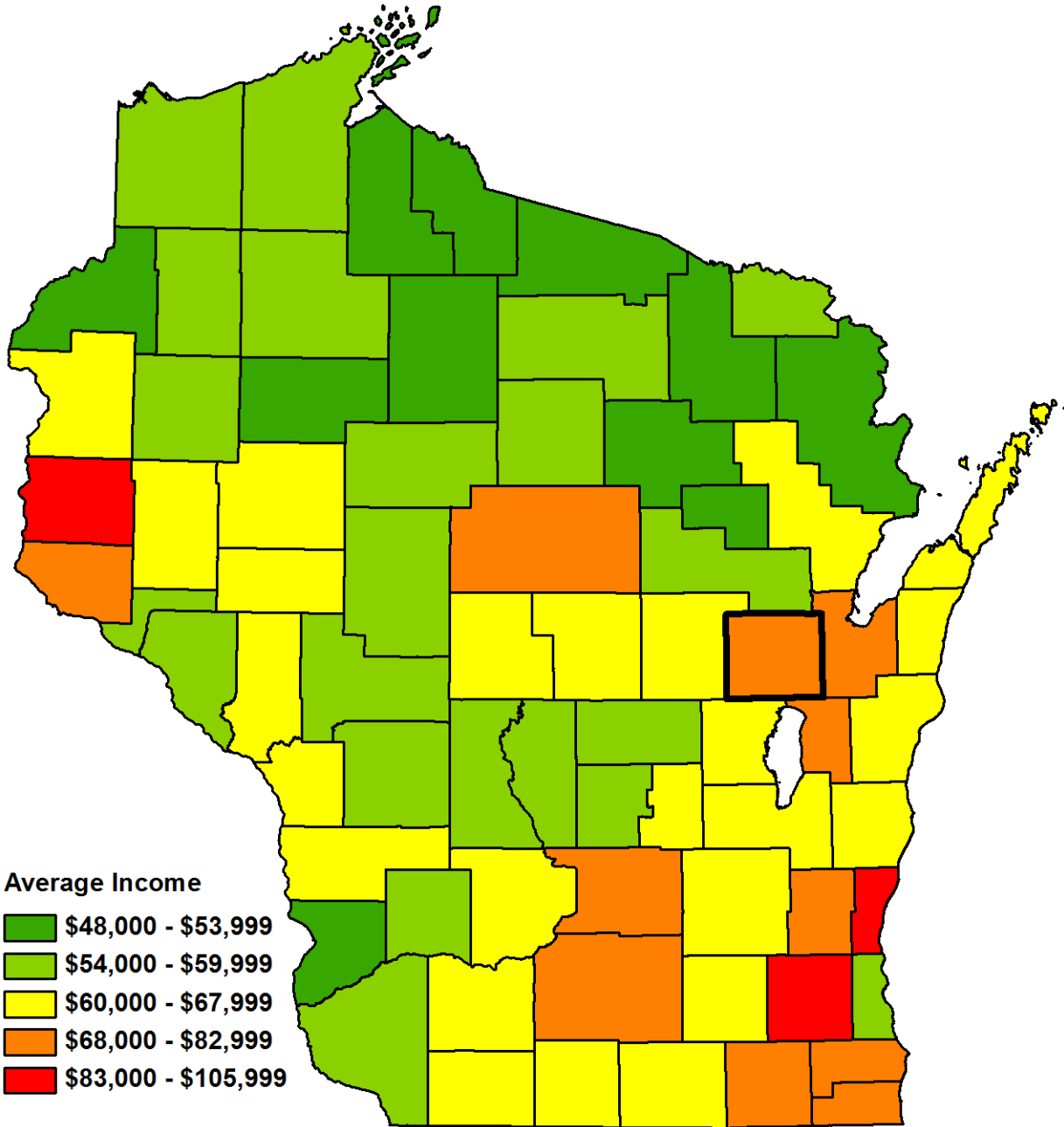


Outagamie County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 Outagamie 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.

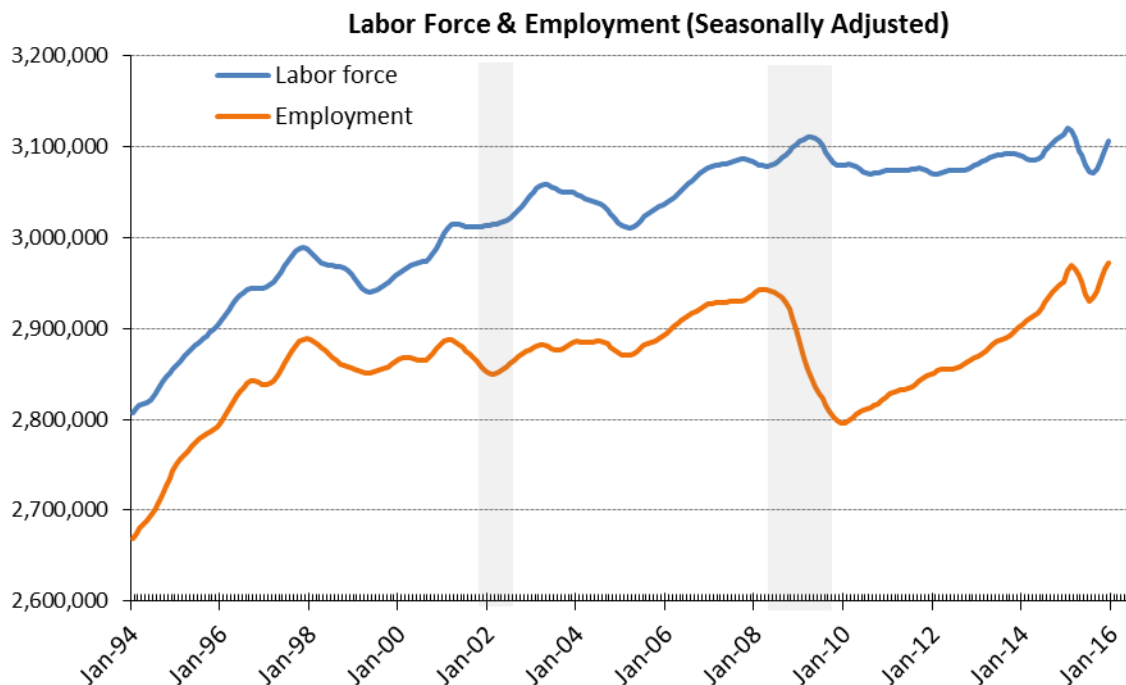
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

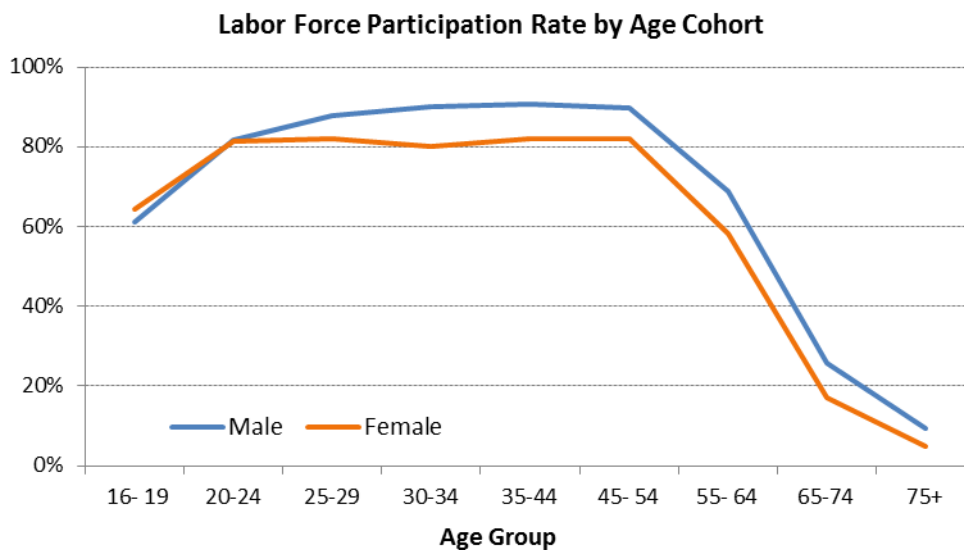
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

Outagamie 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%
Outagamie County	176,695	181,310	4,615	2.6%
Appleton, City *	60,045	60,838	793	1.3%
Grand Chute, Town	20,919	21,909	990	4.7%
Kaukauna, City *	15,462	15,848	386	2.5%
Greenville, Town	10,309	11,303	994	9.6%
Little Chute, Village	10,449	10,778	329	3.1%
Buchanan, Town	6,755	6,935	180	2.7%
Kimberly, Village	6,468	6,677	209	3.2%
Freedom, Town	5,842	5,991	149	2.6%
Oneida, Town	4,678	4,711	33	0.7%
Combined Locks, Village	3,328	3,477	149	4.5%

*Outagamie County portion only.

Source: Demographic Services Center, Wisconsin Department of Administration

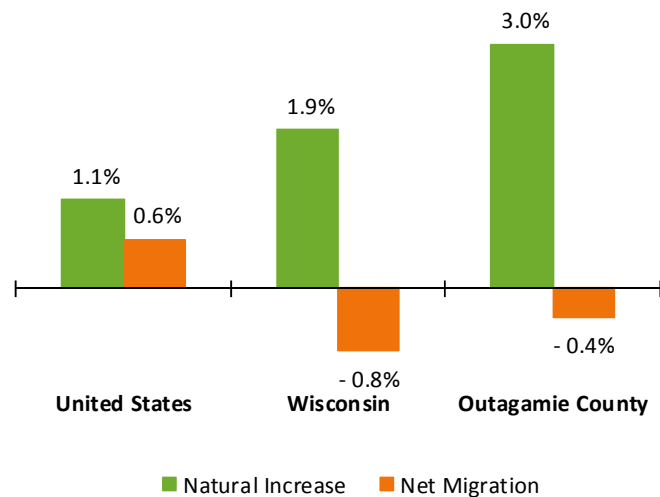
Outagamie County's population continues to be among the most dynamic in Northeast Wisconsin, if not the entire state. County population grew by 2.6 percent since the 2010 Census. In comparison the state's population has grown at a much slower rate over the same period, illustrating a series of disparate dynamics that will be discussed throughout the course of this profile. The county added 4,615 residents between 2010 and 2015, a sum that is 30 percent of the county's population growth that occurred during the previous decade (15,604 growth from 2000 to 2010). Its 2.6 percent growth rate is also significantly slower than the 9.7 percent observed in the earlier period, suggesting that the population growth that has occurred over the past forty years is slowing. This is a common theme among many of the region's largest counties.

Many of the county's largest municipalities have also witnessed considerable growth over the past five years. Much of the region's population growth has been located in the western part of the Appleton market in the communities of Grand Chute and Greenville. This growth will be further facilitated by ongoing improvements to I-41. Growth in more established communities such as Kaukauna, Kimberly, and Little Chute has been more moderate in comparison.

Population growth has further been fueled with a strong birth rate. Net migration remains negative.

A great deal of recent attention has been committed

Components of Population Change 2010-2015



Source: Demographic Services Center, Wisconsin Department of Administration

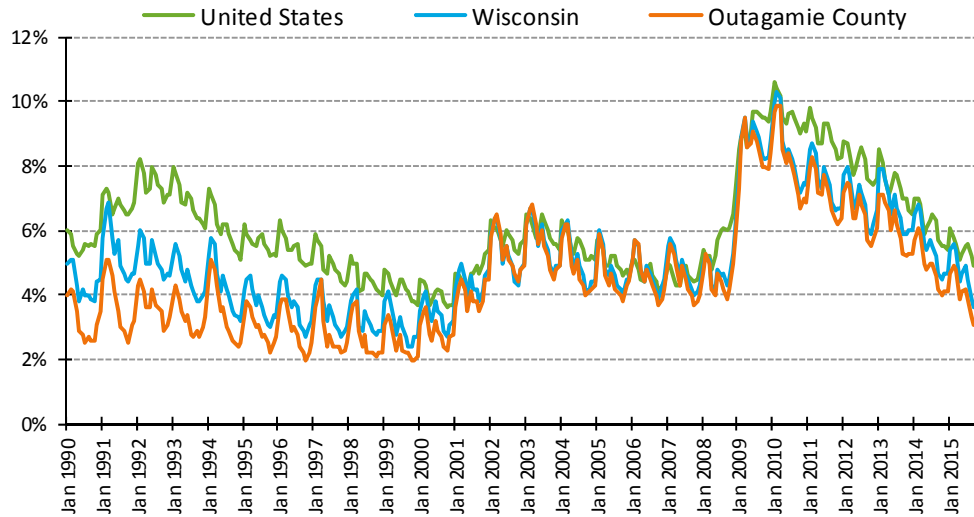
Labor Force Dynamics

to changes in the Outagamie 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.

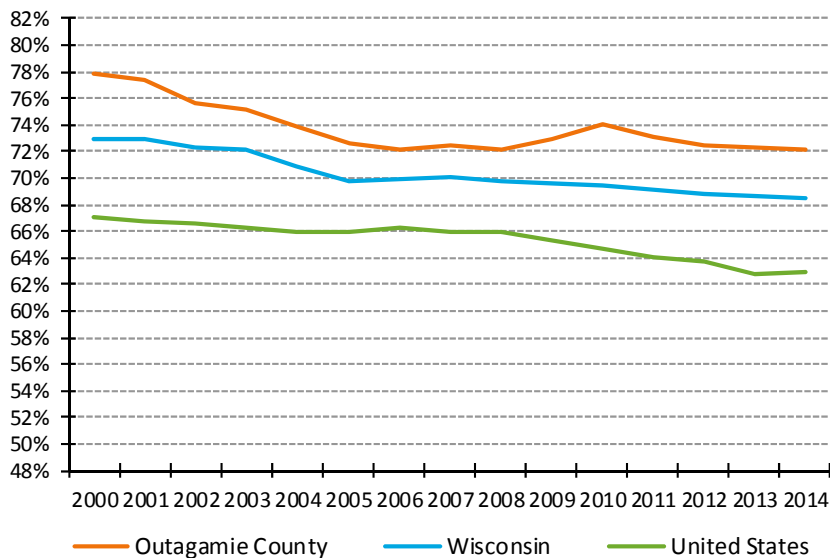
The chart above tracks Outagamie County’s unemployment rate against that of both the nation and state from January 1990 to September 2015. It is important to first note that significant seasonality exists in this data, reflecting calendar year changes in demand in industries ranging from construction to hospitality. The county’s

Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Labor Force Participation Rates



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

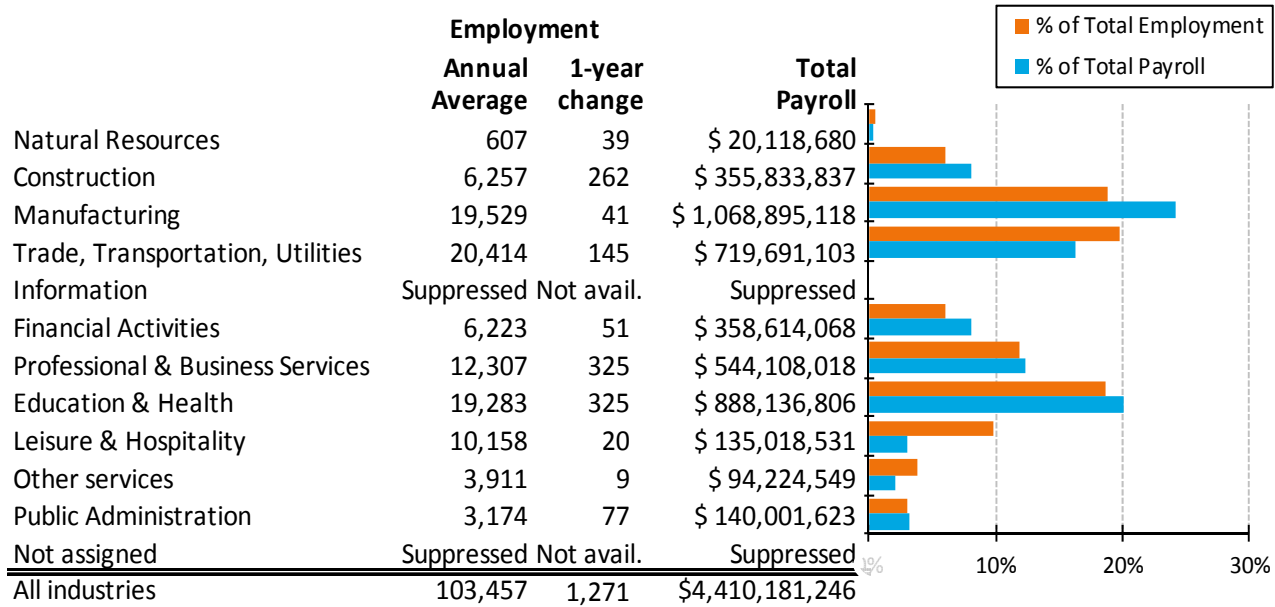
unemployment rate is presently at its lowest point in more than a decade. This is also true of the state, as a whole, which highlights common issues. The county’s labor force has remained virtually unchanged over this period suggesting that individuals are finding employment more rapidly than new entrants are added.

Outagamie County’s labor force participation rate has largely stabilized over the past two years and remains significantly higher than either the state or the national rate. This closely mirrors changes in local unemployment and is also



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Outagamie County



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

bolstered by a series of industry employment conditions that we will discuss in the coming pages.

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 Outagamie County increased by 1,271 employees, or 1.2 percent. This growth rate was roughly equal to the state’s employment growth rate over the same period, suggesting that a number of key industry sectors have experienced little or no growth. This is particularly notable in many of the county’s largest industry sectors. The Education and Health Services super sector experienced an increase in employment while the Manufacturing sector also grew. The

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Outagamie County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 42,628	97.2%	2.9%
Natural Resources	\$ 36,156	\$ 33,144	91.7%	1.4%
Construction	\$ 55,317	\$ 56,870	102.8%	3.0%
Manufacturing	\$ 54,365	\$ 54,734	100.7%	1.7%
Trade, Transportation & Utilities	\$ 37,362	\$ 35,255	94.4%	4.0%
Information	\$ 62,482	suppressed	Not avail.	Not avail.
Financial Activities	\$ 61,884	\$ 57,627	93.1%	2.8%
Professional & Business Services	\$ 52,386	\$ 44,211	84.4%	3.0%
Education & Health	\$ 44,829	\$ 46,058	102.7%	2.8%
Leisure & Hospitality	\$ 16,055	\$ 13,292	82.8%	3.1%
Other Services	\$ 25,847	\$ 24,092	93.2%	4.4%
Public Administration	\$ 44,462	\$ 44,109	99.2%	1.3%

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

most notable numerical employment growth occurred in the Education and Health Services sector and in the Professional and Business Services sector. The construction industry has experienced significant growth throughout the state as both the residential and commercial sectors have recovered to near pre-recessionary levels.

Employers in many of Outagamie County’s industry sec-

Employment Projections

Bay Area Workforce Development Area Industry Projections, 2012-2022

Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano and Sheboygan Counties

Industry	2012	Projected	Change (2012-2022)	
	Employment	2022 Employment	Employment	Percent
All Industries	323,664	348,446	24,782	8%
Natural Resources	8,255	8,862	607	7%
Construction	10,700	12,705	2,005	19%
Manufacturing	67,700	68,837	1,137	2%
Trade, Transportation, and Utilities	55,602	58,517	2,915	5%
Information	2,879	3,084	205	7%
Financial Activities	16,123	17,420	1,297	8%
Professional and Business Services	27,659	32,241	4,582	17%
Education and Health Services	61,237	69,444	8,207	13%
Leisure and Hospitality	30,300	32,236	1,936	6%
Other Services	8,197	8,691	494	6%
Public Administration	17,188	18,085	897	5%
Self-Employed and Unpaid Family Workers	17,824	18,324	500	3%

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

tors continue to pay wages that approach but are below state averages. The county annual average wage of \$42,628 is 2.8 percent below the state average and has increased by 2.9 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 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 Outagamie County and Wisconsin annual average industry wages can be found in the Construction sector, where local wages are nearly three percent higher than the state average. This difference can be generally accounted for by variations within the industry with a higher share of workers in Outagamie County working for a concentration of large regional and national commercial contractors. It is also important to note that wages in this sector are strongly influenced by activity across the country.

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 eleven-county Bay Area Workforce Development Area. This region includes more than just the area directly impacted by the Outagamie County regional economy. Industry employment in Outagamie County does comprise 31.9 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 (8,207) and Professional



Employment Projections

Bay Area Workforce Development Area Occupation Projections, 2012-2022

Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Menominee, Oconto, Outagamie, Shawano and Sheboygan Counties

Occupation Group	Employment				Average Annual Openings			Median Annual Wage
	2012	2022	Change (2012-2022)		Due to Growth	Due to Replace-ment	Total Openings	
			Number	Percent				
All Occupations	323,664	348,446	24,782	8%	2,689	7,614	10,303	\$ 33,670
Management	15,139	16,313	1,174	8%	119	308	427	\$ 82,570
Business and Financial	13,645	14,838	1,193	9%	122	281	403	\$ 53,758
Computer and Mathematical	5,759	6,439	680	12%	70	95	165	\$ 63,339
Architecture and Engineering	5,364	5,664	300	6%	35	131	166	\$ 64,071
Life, Physical, and Social Science	3,705	3,979	274	7%	28	123	151	\$ 50,119
Community and Social Service	3,406	3,731	325	10%	32	80	112	\$ 37,766
Legal	1,036	1,210	174	17%	17	17	34	\$ 56,297
Education, Training, and Library	17,164	18,467	1,303	8%	130	371	501	\$ 44,662
Arts, Entertainment and Media	4,701	5,026	325	7%	38	109	147	\$ 36,214
Healthcare Practitioners	16,057	19,184	3,127	19%	313	328	641	\$ 57,592
Healthcare Support	7,988	9,083	1,095	14%	110	152	262	\$ 28,272
Protective Service	5,844	6,251	407	7%	42	173	215	\$ 31,062
Food Preparation and Serving	26,386	27,977	1,591	6%	168	987	1,155	\$ 18,564
Building & Grounds Maintenance	10,267	11,545	1,278	12%	128	210	338	\$ 22,720
Personal Care and Service	14,154	16,050	1,896	13%	194	277	471	\$ 21,364
Sales and Related	31,092	32,432	1,340	4%	147	942	1,089	\$ 24,086
Office and Administrative Support	44,891	47,632	2,741	6%	321	1,028	1,349	\$ 31,575
Farming, Fishing, and Forestry	3,333	3,531	198	6%	23	89	112	\$ 32,025
Construction and Extraction	12,254	14,016	1,762	14%	176	196	372	\$ 45,684
Installation, Maintenance, Repair	12,081	12,941	860	7%	94	273	367	\$ 42,013
Production	43,393	44,645	1,252	3%	221	864	1,085	\$ 35,008
Transportation & Material Moving	26,005	27,492	1,487	6%	160	583	743	\$ 30,799

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

and Business Services (4,582) industry sectors. This is equal to 13 and 17 percent period growth, rates that are only eclipsed by anticipated growth in the Construction sector (19 percent).

Growth in a number of other industry sectors is significant with a pair of notable outliers. Public sector 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 2 percent. This equals anticipated statewide sector growth.

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

Personal Income

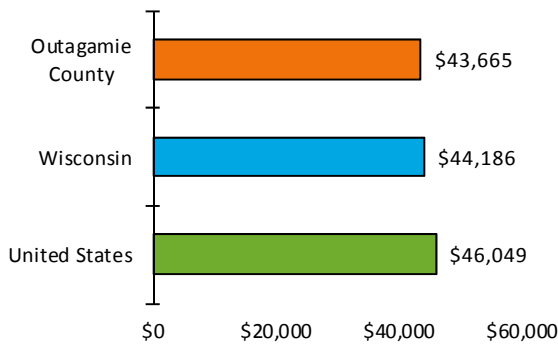
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	\$34,316	\$41,709	\$46,049	34.2%	10.4%
Wisconsin	\$33,350	\$40,534	\$44,186	32.5%	9.0%
Outagamie County	\$33,756	\$41,028	\$43,665	29.4%	6.4%

Source: Bureau of Economic Analysis

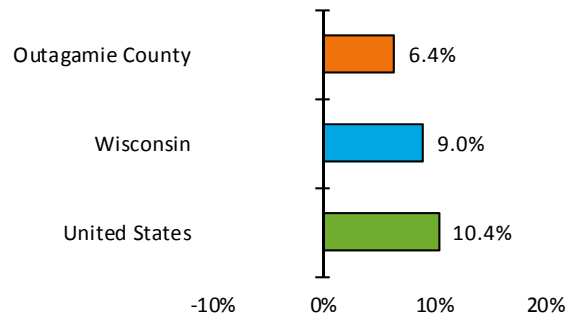
placed on the availability and skill sets of young workers entering the region’s workforce.

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. Outagamie County’s per capita personal income in 2014 was \$43,665, or \$500 lower than the state average, making it the fourteenth highest income county in the state. This measure also is below the national average of

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

\$46,049. Current measures stand in comparison to those observed a decade earlier as both nominal and inflation-adjusted per capita personal income in Outagamie County previously exceeded state averages. Over the course of the decade state and national income growth has significantly outpaced local growth. This is largely due to slowing wage growth within the county. This is further attributed to differences in both industry and occupation composition of the region compared to national averages. Outagamie County’s manufacturing sector has a larger share of production employment and fewer office or technical positions than the manufacturing sector nationally, for example. As the character of many of the region’s most prominent industry sectors continues to change we should expect this difference to once again narrow. This again suggests that the region should continue to enjoy a high level of economic prosperity.

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