

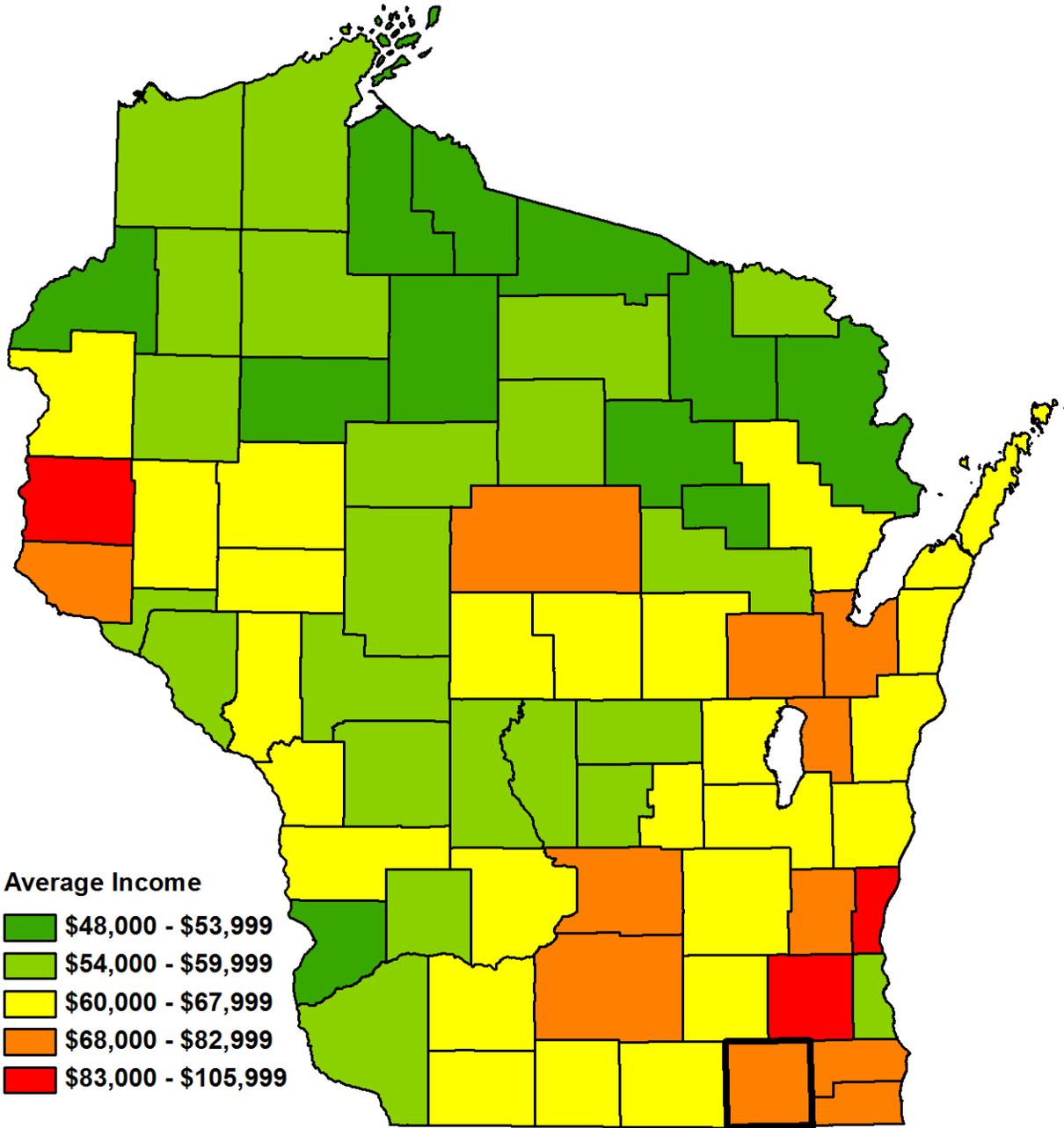


# Walworth County

## WORKFORCE & ECONOMIC 2015 PROFILE



## Average Household Income By County



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

# 2015 Walworth 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.

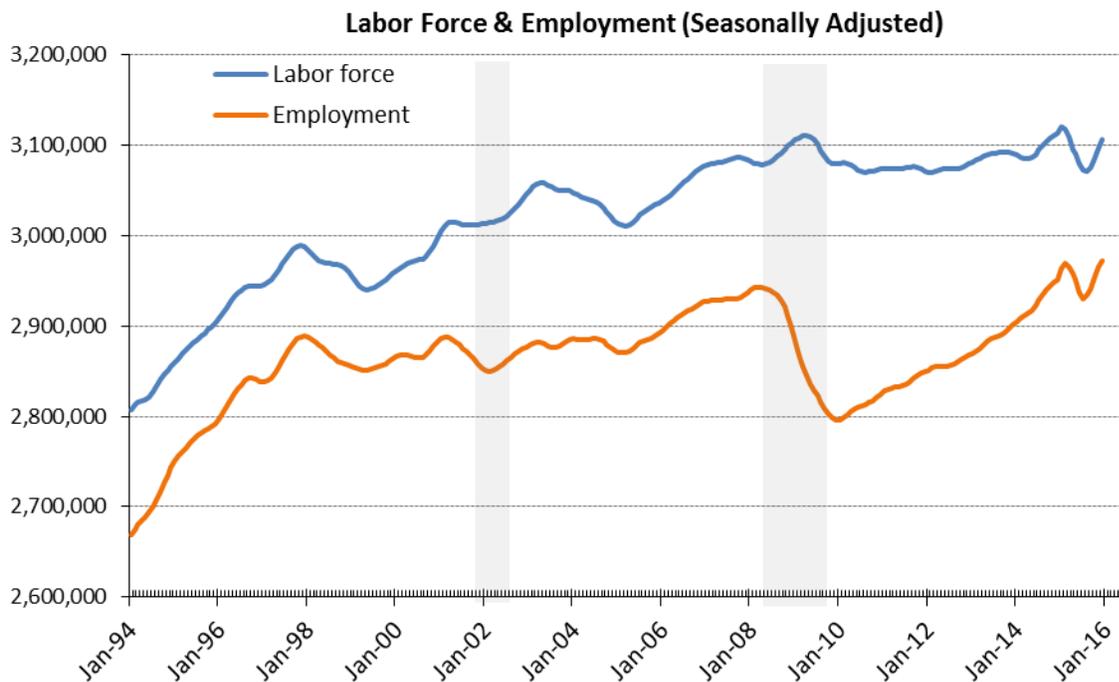
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

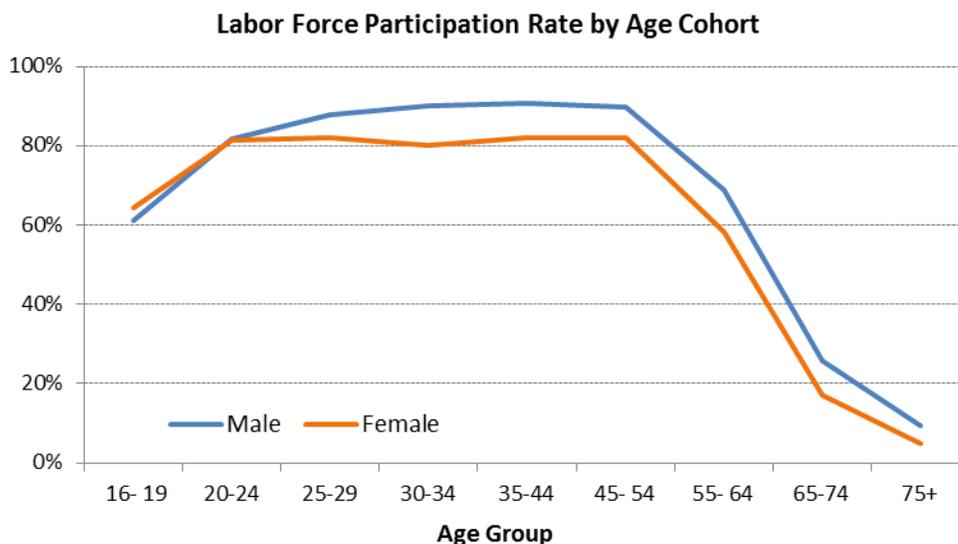
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

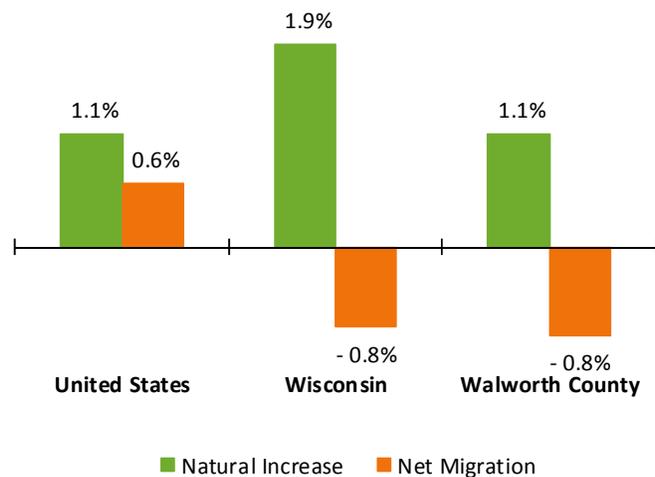
### Walworth County's 10 Most Populous Municipalities

	April 2010 Census	January 2015 Estimate	Numeric Change	Proportional Change
<b>United States</b>	308,400,408	320,289,069	11,888,661	3.9%
<b>Wisconsin</b>	5,686,986	5,753,324	66,338	1.2%
<b>Walworth County</b>	102,228	102,469	241	0.2%
Whitewater, City *	11,150	11,353	203	1.8%
Elkhorn, City	10,084	9,924	-160	-1.6%
Delavan, City	8,463	8,415	-48	-0.6%
Lake Geneva, City	7,651	7,727	76	1.0%
Delavan, Town	5,285	5,250	-35	-0.7%
Geneva, Town	4,993	5,017	24	0.5%
Bloomfield, Village	0	4,685	4,685	#DIV/0!
East Troy, Village	4,281	4,341	60	1.4%
East Troy, Town	4,021	4,044	23	0.6%
Sugar Creek, Town	3,943	3,935	-8	-0.2%

Source: Demographic Services Center, Wisconsin Department of Administration

The chart above lists Walworth County's ten largest municipalities and compares population growth since 2010 at the municipal, county, state, and national level. Population growth in Wisconsin and Walworth County was slow as compared to the United States. County growth of 241 residents was distributed differently among municipalities. While the City of Whitewater gained 203 residents, the City of Elkhorn experienced a decline by 160. The Village of Bloomfield was incorporated from the more populated portions of Bloomfield Township in 2011. The incorporation resulted in a transfer of about 4,630 residents from the Township to the Village. The Town of Bloomfield's population was 6,278 as of the 2010 Census and was estimated to be 1,600 on January 1, 2015. The combined Town and Village of Bloomfield totaled 6,285 residents on January 1, 2015.

Components of Population Change



The graph to the right displays the components of population growth in Walworth 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. Net migration remains negative. Natural increases in population are closely correlated with age demographics. Strong natural increases generally occur in younger populations, which have higher fertility and birth rates and lower death rates. At 39.7 years, the median age of Walworth County residents was slightly older than the state median age of 39.2, but its natural rate of increase was much lower. This is likely due to the

Source: Demographic Services Center, Wisconsin Department of Administration



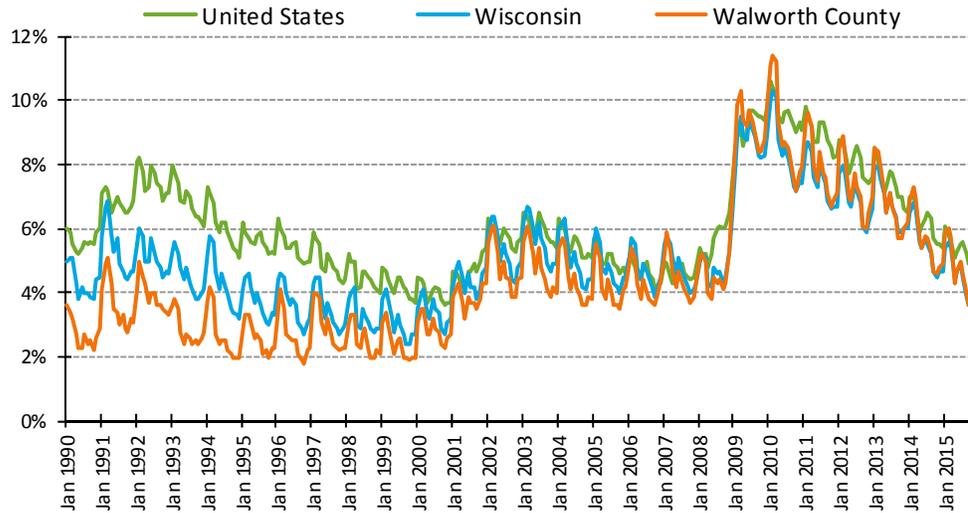
## Labor Force Dynamics

large concentration of young adults attending the University of Wisconsin at Whitewater who have not yet started families.

The labor force dynamics graph to the right tracks the unemployment rate in Walworth County since 1990 and compares it to state and national rates during the same time period. Since this unemployment data has not

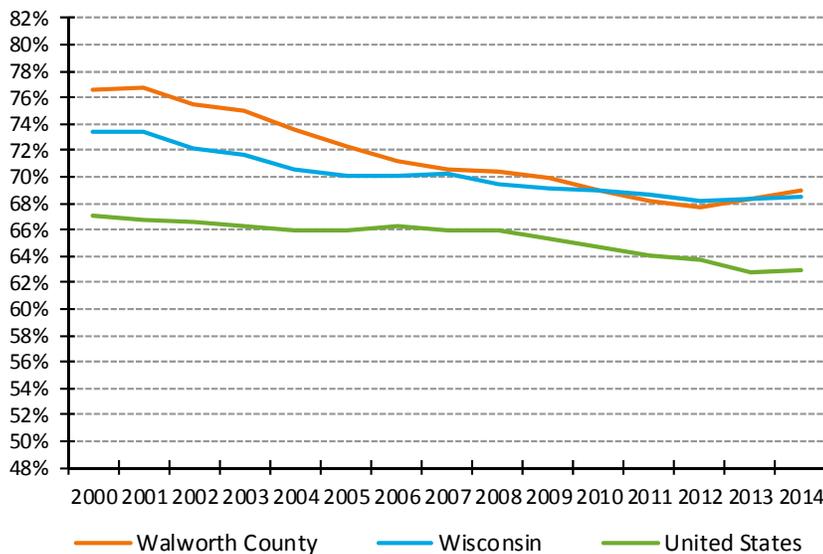
been seasonally adjusted, the graph also shows seasonal employment variations within each year. The seasonality of the county's labor market is more pronounced than other counties in southeast Wisconsin which are primarily metropolitan and suburban in nature and resembles other, more rural counties in its seasonality. Walworth County is home to the University of Wisconsin at Whitewater so the educational services sector, which tends to be seasonal, plays a large role in the local economy. And unlike other counties in southeastern Wisconsin, Walworth has large tourism and agriculture-based food processing industries, both of which exhibit highly seasonal employment patterns. The seasonal fluctuations of the county's labor market are pronounced

Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

## Labor Force Participation Rates



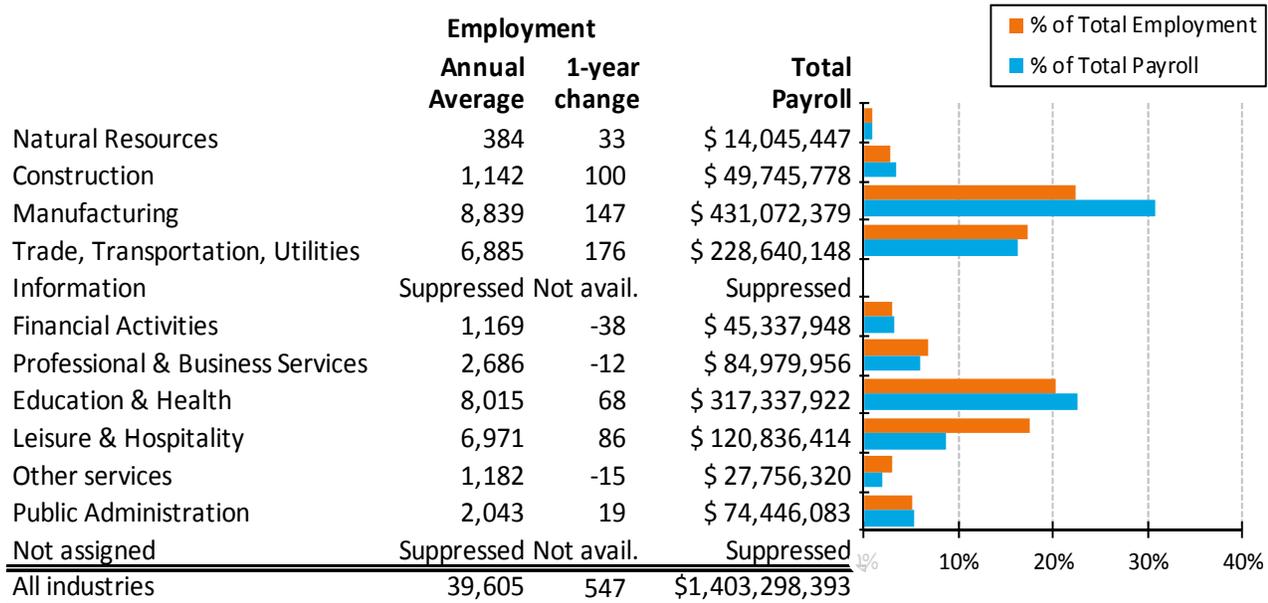
Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

but typical. 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 has recovered. Walworth County's average annual unemployment rate in 2015 was 4.8 percent, slightly higher than the state rate of 4.6 percent, but substantially lower than the national rate of 5.3 percent.

The unemployment rate is closely related to the labor force participation rate (LFPR), which reflects not only an area's economic conditions, but also its age de-

## Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Walworth County



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

mographics. It is the portion of the population age 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 participation rates to level off in the United States and Wisconsin and increase in Walworth County. The County's LFPR increased 1.3 percent between 2012 and 2014 to 69 percent, higher than Wisconsin's LFPR and the national participation rate.

The employment and wage distribution graph above displays the economic impact of the various industry sectors in Walworth County from both an employment and payroll perspective. Some data has been suppressed for confidentiality.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Walworth County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 35,432	80.8%	2.8%
Natural Resources	\$ 36,156	\$ 36,577	101.2%	14.1%
Construction	\$ 55,317	\$ 43,560	78.7%	4.7%
Manufacturing	\$ 54,365	\$ 48,769	89.7%	3.5%
Trade, Transportation & Utilities	\$ 37,362	\$ 33,208	88.9%	3.4%
Information	\$ 62,482	suppressed	Not avail.	Not avail.
Financial Activities	\$ 61,884	\$ 38,784	62.7%	1.3%
Professional & Business Services	\$ 52,386	\$ 31,638	60.4%	-1.0%
Education & Health	\$ 44,829	\$ 39,593	88.3%	1.8%
Leisure & Hospitality	\$ 16,055	\$ 17,334	108.0%	2.6%
Other Services	\$ 25,847	\$ 23,483	90.9%	3.4%
Public Administration	\$ 44,462	\$ 36,440	82.0%	1.6%

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

Walworth County's job base grew by 547 jobs or 1.4% percent during 2014, higher than average statewide job growth of 1.3 percent during the same period. Manufacturing remains the largest sector in terms of both employment and wages, but the third-largest sector, trade, transportation and utilities, added the most jobs in 2014.

The table at the bottom of

Employment Projections

Southeast Workforce Development Area Industry Projections, 2012-2022  
Kenosha, Racine and Walworth Counties

Industry	2012 Employment	Projected 2022 Employment	Change (2012-2022)	
			Employment	Percent
All Industries	185,706	205,324	19,618	11%
Natural Resources	6,420	6,013	-407	-6%
Construction	4,348	5,287	939	22%
Manufacturing	33,613	36,719	3,106	9%
Trade, Transportation, and Utilities	32,095	34,863	2,768	9%
Information	945	864	-81	-9%
Financial Activities	5,198	5,664	466	9%
Professional and Business Services	15,223	18,484	3,261	21%
Education and Health Services	42,491	48,144	5,653	13%
Leisure and Hospitality	19,860	22,369	2,509	13%
Other Services	5,443	5,989	546	10%
Public Administration	9,797	10,178	381	4%
Self-Employed and Unpaid Family Workers	10,273	10,750	477	5%

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

page five shows annual average wage by industry in Walworth County, compares those wages to the statewide average, and displays the county’s one-year change in each of the sectors. Walworth’s average annual wage is less than the state average but increased at a faster rate, 2.8 percent in Walworth County, compared to 2.5 percent in Wisconsin. Wages in leisure and hospitality, the county’s third largest sector behind manufacturing and education and health services, were higher than state average wages in the sector by 8 percent. Wages are also higher than average in natural resources, but those wages do not significantly raise the countywide average as the sector is relatively small.

The table above presents ten-year regional employment projections by industry sector for the Southeast Workforce Development Area, which is comprised of Racine, Kenosha, and Walworth counties. The change in the number of jobs from 2012 to 2022 represents new jobs expected to be created during the period.

In 2014, Racine had the largest job base of the three counties, with 44 percent of the region’s jobs. Kenosha and Walworth counties had 33 and 24 percent, respectively. Ten-year regional employment growth is projected to exceed statewide projected job growth of 7.1 percent. Jobs in the three-county area are expected to increase 11 percent between 2012 and 2022, with average annual growth of 1.1 percent or 1,962 jobs per year. Employment in the area grew by over 3,000 new jobs or 1.9 percent during 2014, exceeding projections. Most of the job growth occurred in Kenosha County which, despite comprising 33 percent of the regional job base, accounted for 54 percent of the area’s new jobs in 2014.

The education and health services sector is projected to add the most jobs between 2012 and 2022, with health services employment expected to grow faster than educational services. The professional and business services sector, which provides professional, technical, and administrative services to businesses, is also expected to add jobs. A large portion of recent and projected growth in this sector are in the employment services subsector, which often provide business 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



Employment Projections

Southeast Workforce Development Area Occupation Projections, 2012-2022

Kenosha, Racine and Walworth Counties

Occupation Group	Employment				Average Annual Openings			Median Annual Wage
	2012	2022	Change (2012-2022)		Due to Growth	Due to Replacement	Total Openings	
All Occupations	185,706	205,324	19,618	11%	2,047	4,462	6,509	\$ 31,892
Management	8,492	9,354	862	10%	94	174	268	\$ 87,429
Business and Financial	5,748	6,500	752	13%	76	120	196	\$ 55,529
Computer and Mathematical	1,457	1,700	243	17%	25	24	49	\$ 62,575
Architecture and Engineering	2,677	2,957	280	10%	29	69	98	\$ 67,167
Life, Physical, and Social Science	821	910	89	11%	9	24	33	\$ 55,847
Community and Social Service	2,368	2,588	220	9%	22	55	77	\$ 41,122
Legal	643	752	109	17%	11	10	21	\$ 54,657
Education, Training, and Library	13,406	14,532	1,126	8%	113	293	406	\$ 47,831
Arts, Entertainment and Media	2,540	2,892	352	14%	40	63	103	\$ 38,745
Healthcare Practitioners	9,160	11,029	1,869	20%	187	182	369	\$ 60,470
Healthcare Support	4,446	5,164	718	16%	72	84	156	\$ 28,118
Protective Service	4,013	4,301	288	7%	30	127	157	\$ 41,078
Food Preparation and Serving	16,333	18,043	1,710	10%	172	613	785	\$ 18,440
Building & Grounds Maintenance	7,224	8,315	1,091	15%	109	148	257	\$ 23,263
Personal Care and Service	9,825	11,282	1,457	15%	146	209	355	\$ 21,334
Sales and Related	17,920	19,005	1,085	6%	111	558	669	\$ 22,821
Office and Administrative Support	27,100	28,856	1,756	6%	200	601	801	\$ 30,593
Farming, Fishing, and Forestry	2,983	2,744	-239	-8%	3	82	85	\$ 27,528
Construction and Extraction	4,855	5,812	957	20%	96	80	176	\$ 50,932
Installation, Maintenance, Repair	6,787	7,644	857	13%	87	154	241	\$ 42,190
Production	22,994	25,209	2,215	10%	233	467	700	\$ 31,378
Transportation & Material Moving	13,914	15,735	1,821	13%	184	324	508	\$ 28,273

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

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 more detailed information about 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 and includes not only openings resulting from the creation of new jobs (Change column) but 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 exceed the number of openings expected to occur as a result of job growth. This phenomenon is occurring not only in the Southeast region, but throughout the state economy as well. The largest number of job openings are projected in office and administrative support, food preparation and serving, production, and sales and related. Large numbers of replacement openings are projected in those occupations that are not expected to grow significantly, such as office and administrative support and sales and related. This is especially common in occupations with older workforces and large numbers of anticipated retirements during the projection period, as well as low-wage occupations which tend to have younger workforces but higher rates of employee turnover.

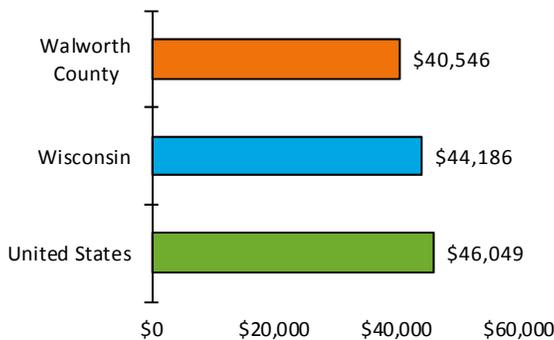
## Personal Income

	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%
Walworth County	\$30,821	\$37,461	\$40,546	31.6%	8.2%

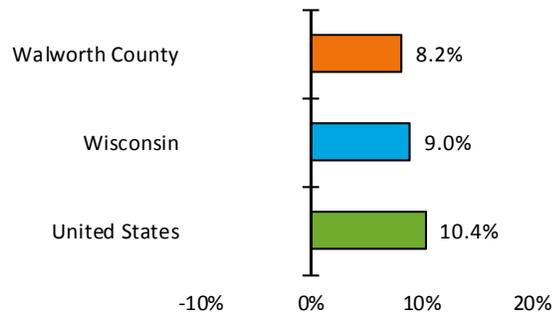
Source: Bureau of Economic Analysis

The chart above displays the ten-year personal income trend in Walworth 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 checks, Unemployment Insurance, veterans' benefits, Medicare, Medicaid, and public assistance. Per capita personal income (PCPI) is calculated by dividing

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

total personal income in a geographic area by that area's total population. The population 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 which have different population sizes.

Walworth's PCPI of \$40,546 in 2014 was less than state and national PCPI. Ten-year nominal and inflation adjusted increase in personal income was also lower than state and national income growth.

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