

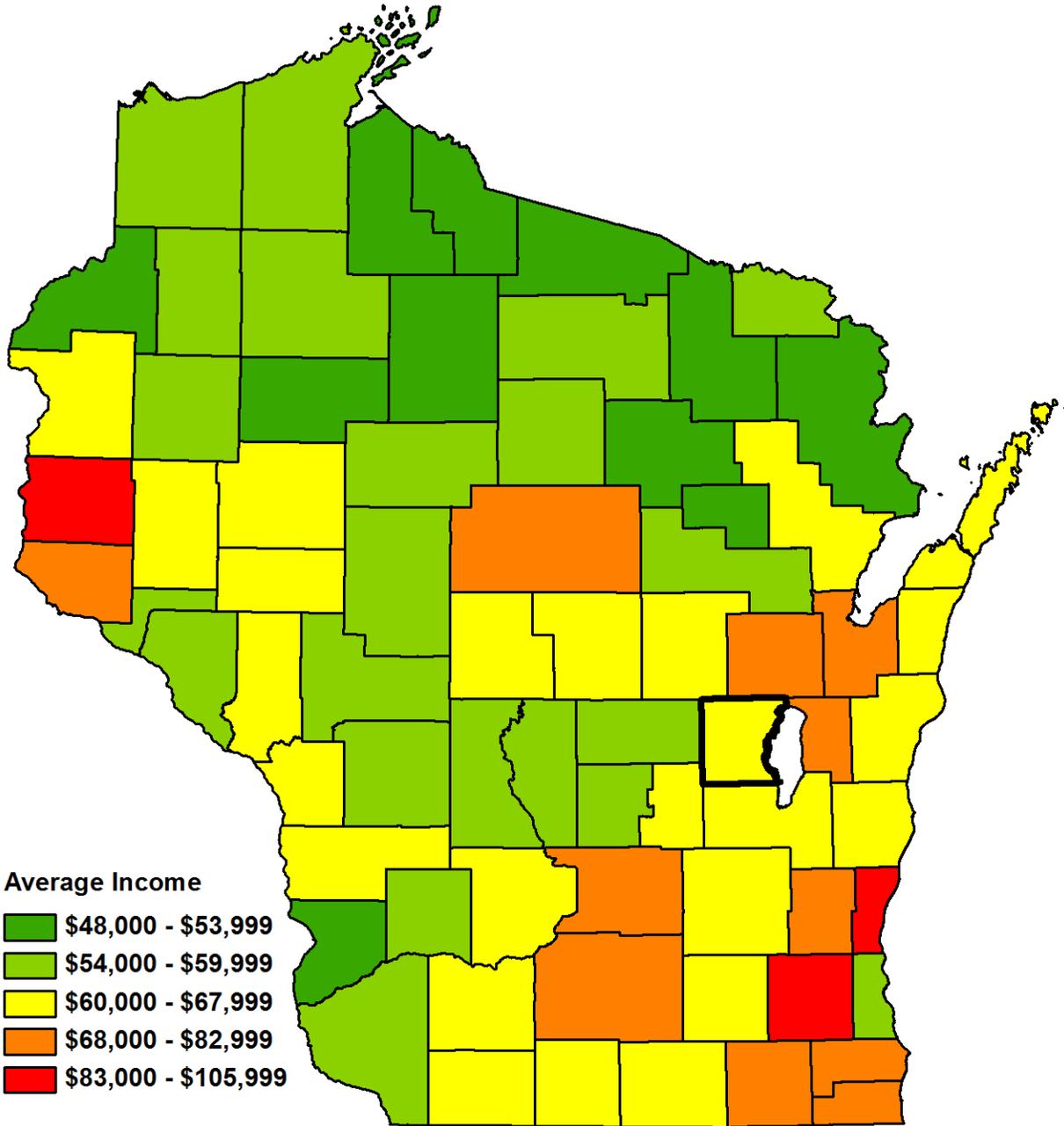


# Winnebago County

## WORKFORCE & ECONOMIC 2015 PROFILE



## Average Household Income By County



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

# 2015 Winnebago 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.

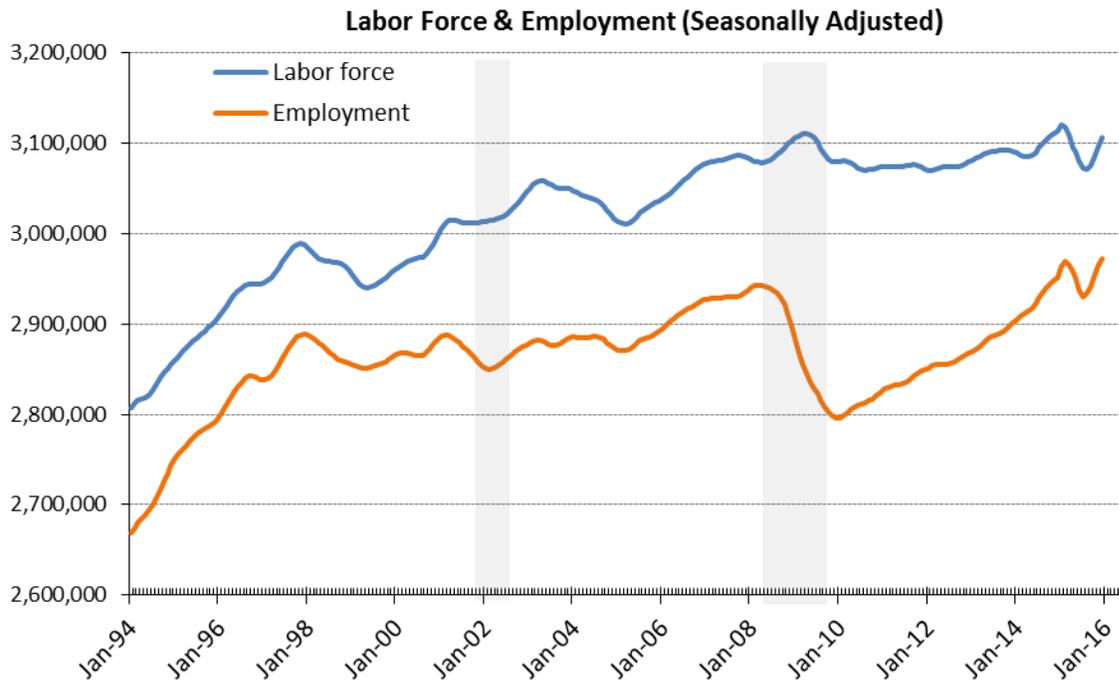
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

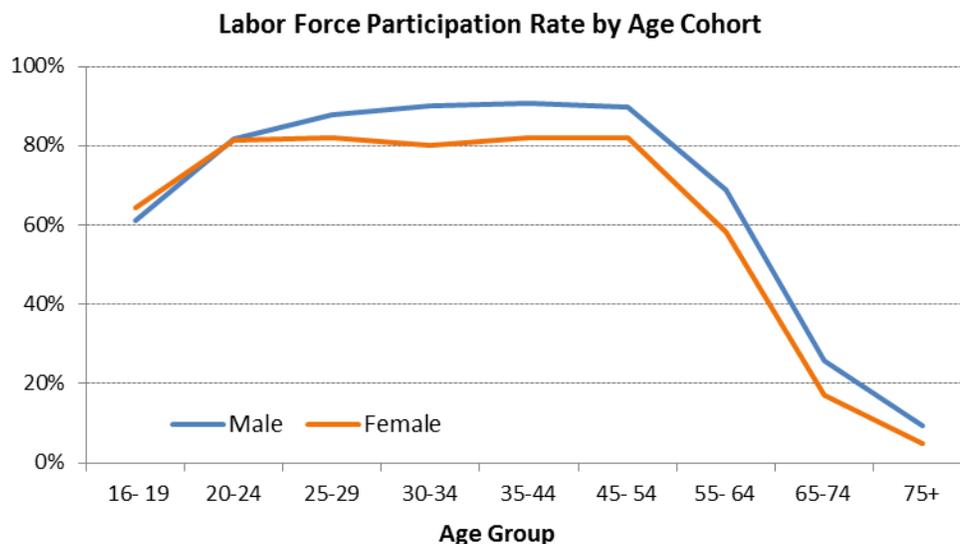
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

### Winnebago 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>Winnebago County</b>	166,994	168,526	1,532	0.9%
Oshkosh, City	66,083	66,451	368	0.6%
Neenah, City	25,501	25,871	370	1.5%
Menasha, Town	18,498	18,665	167	0.9%
Menasha, City *	15,144	15,067	-77	-0.5%
Algoma, Town	6,822	6,957	135	2.0%
Clayton, Town	3,951	4,053	102	2.6%
Omro, City	3,517	3,560	43	1.2%
Neenah, Town	3,237	3,492	255	7.9%
Oshkosh, Town	2,475	2,477	2	0.1%
Black Wolf, Town	2,410	2,437	27	1.1%

\*Winnebago County portion only.

Source: Demographic Services Center, Wisconsin Department of Administration

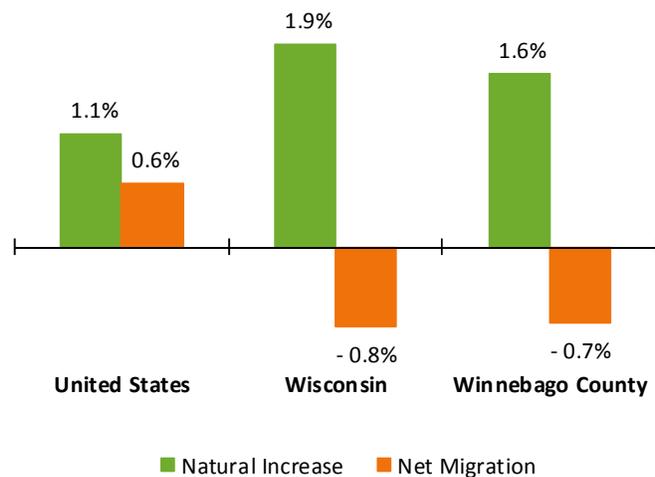
Winnebago County's population growth has slowed significantly along with most of Northeast Wisconsin, if not the entire state. The population has fallen behind national growth trends, growing by 0.9 percent since the 2010 Census. In comparison the state's population has increased 1.2 percent over the same period, illustrating a series of disparate dynamics that will be discussed throughout the course of this profile. The county added 1,532 residents between 2010 and 2015, a sum that is slightly less than a tenth of the county's population growth that occurred during the previous decade (15,604 growth from 2000 to 2010). Its 0.9 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 eastern part of Winnebago County in the communities of Oshkosh and Neenah. This growth will be further facilitated by ongoing improvements to I-41. Growth in more established communities such as Menasha and Omro 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



Source: Demographic Services Center, Wisconsin Department of Administration



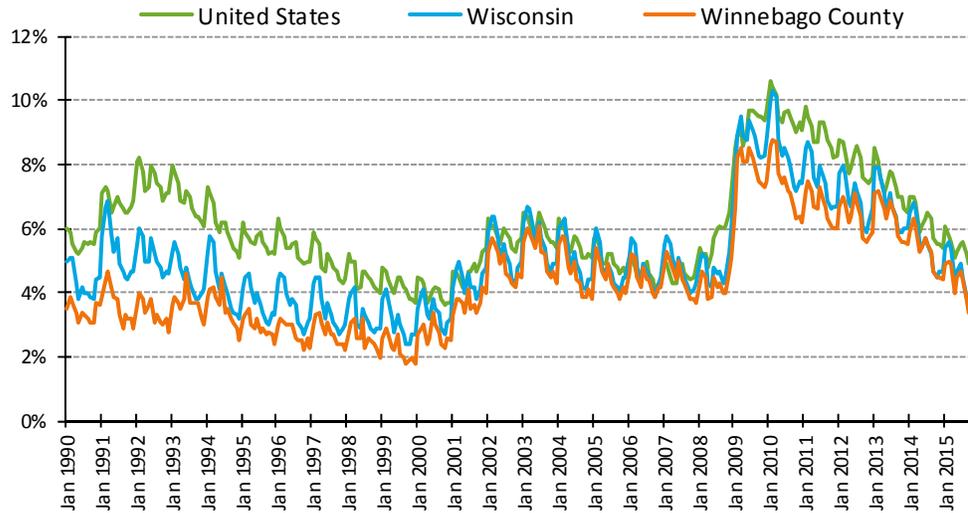
## Labor Force Dynamics

to changes in the Winnebago 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 Winnebago 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

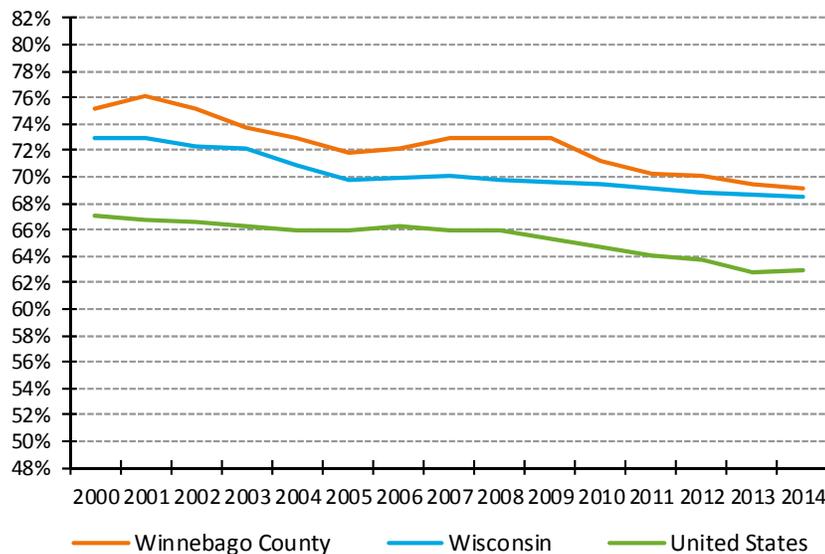
Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

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.

Labor Force Participation Rates



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

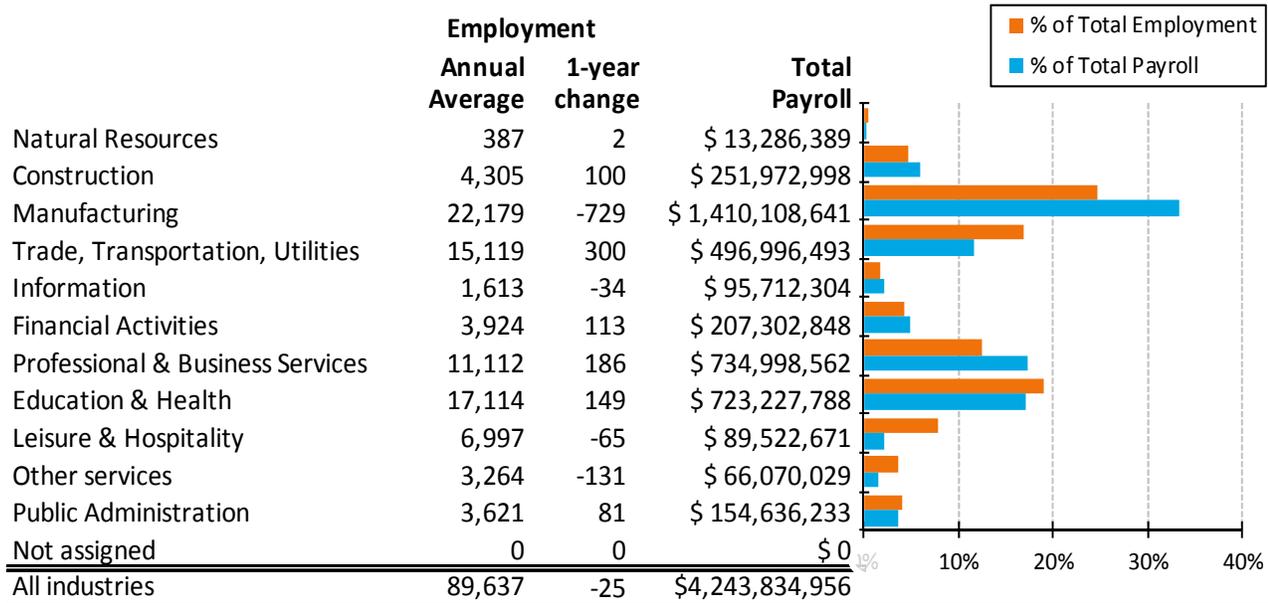
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Winnebago County’s labor force participation rate remains higher than either the state or the national rate, though it has declined recently. This closely mirrors changes in local unemployment and is also bolstered by a series of indus-



## Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Winnebago County



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

try 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 Winnebago County decreased slightly by 25 employees, suggesting that a number of key industry sectors have experienced little to no growth. This is particularly notable in many of the county's largest industry sectors. The Education and Health Services super sector experienced a significant increase in employment while the Manufacturing sector contracted. The most notable numerical employment growth occurred in the Trade, Transportation, and Utilities sector

### Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Winnebago County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 47,345	108.0%	2.5%
Natural Resources	\$ 36,156	\$ 34,332	95.0%	1.5%
Construction	\$ 55,317	\$ 58,530	105.8%	5.3%
Manufacturing	\$ 54,365	\$ 63,579	116.9%	3.6%
Trade, Transportation & Utilities	\$ 37,362	\$ 32,872	88.0%	1.2%
Information	\$ 62,482	\$ 59,338	95.0%	5.5%
Financial Activities	\$ 61,884	\$ 52,829	85.4%	3.5%
Professional & Business Services	\$ 52,386	\$ 66,145	126.3%	1.8%
Education & Health	\$ 44,829	\$ 42,259	94.3%	1.4%
Leisure & Hospitality	\$ 16,055	\$ 12,794	79.7%	3.7%
Other Services	\$ 25,847	\$ 20,242	78.3%	4.3%
Public Administration	\$ 44,462	\$ 42,705	96.0%	0.8%

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

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 Winnebago County's industry sectors continue to pay wages that approach or exceed state averages. The county annual average wage of \$47,345 is

Employment Projections

Fox Valley Workforce Development Area Industry Projections, 2012-2022  
 Calumet, Green Lake, Fond du Lac, Waupaca, Waushara, and Winnebago Counties



Industry	2012	Projected	Change (2012-2022)	
	Employment	2022 Employment	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.

eight percent above the state average and has increased by 2.5 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 Winnebago County and Wisconsin annual average industry wages can be found in the Professional and Business Services sector and Manufacturing sector, where local wages are nearly 17 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 Winnebago County working for a concentration of large regional and national manufacturers. 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 six-county Fox Valley Workforce Development Area. This region includes more than just the area directly impacted by the Winnebago County regional economy. Industry employment in Winnebago County does comprise almost one-third 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

Employment Projections

Fox Valley Workforce Development Area Occupation Projections, 2012-2022

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

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).

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

## Personal Income

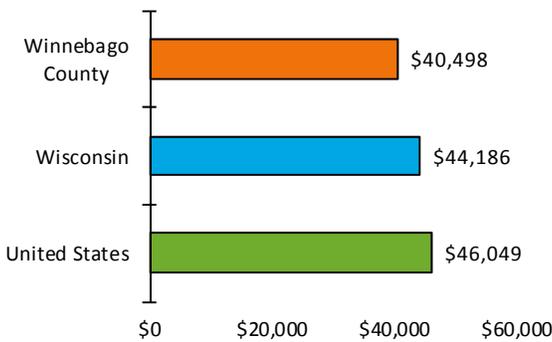
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	\$34,316	\$41,709	\$46,049	34.2%	10.4%
Wisconsin	\$33,350	\$40,534	\$44,186	32.5%	9.0%
Winnebago County	\$32,135	\$39,058	\$40,498	26.0%	3.7%

Source: Bureau of Economic Analysis

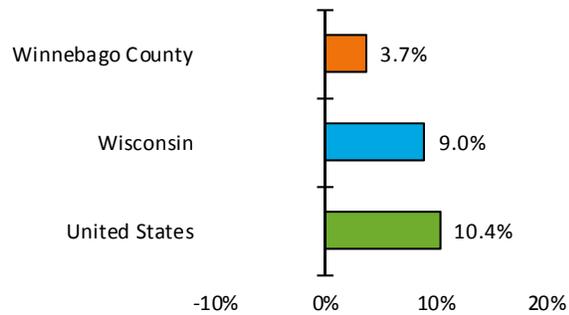
a factor of three-to-one in most occupation sectors. This suggests that there will be increased importance placed on the availability and skill sets of young workers entering the region’s workforce.

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. Winnebago County’s per capita personal income in 2014 was \$40,498, or \$3,688 lower than the state average.

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

This places Winnebago County in the middle of Wisconsin’s 72 counties ranked by income. This measure also remains below the national average of \$46,049 by twelve percent, double the six percent gap observed a decade earlier as both nominal and inflation-adjusted per capita personal income in Winnebago County have been below national averages. Over the course of the decade 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. Winnebago 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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