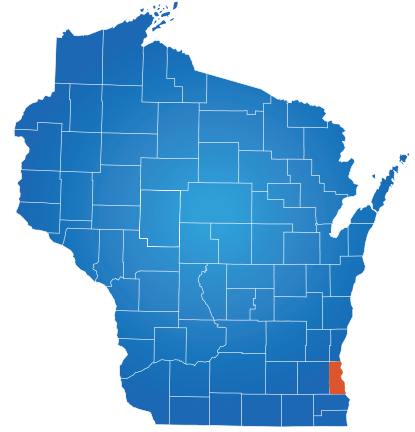


Milwaukee County

2023 WORKFORCE PROFILE



2022 Wisconsin Overview

Wisconsin's economy broke numerous records during 2022, as the rebound from the COVID-19 pandemic continued.

During January through April, the state achieved a record low seasonally adjusted unemployment rate of 2.8%, while also achieving record lows in initial and continuing weekly unemployment insurance claims. As the number of unemployed people trended downward, construction employment reached a record high, and the manufacturing industry also experienced strong growth.

By year end, the state had regained 99% of the 404,000 jobs lost during the COVID-19 pandemic, including the short, sharp recession of March and April 2020. In addition to the strong rebound in jobs during 2022, Wisconsin's real GDP reached record highs and the state concluded the year with a record high state surplus approaching \$7 billion.

While Wisconsin's year-ending labor force participation rate of 64.6% remained more than 2 percentage points above the national average, demographic trends including the aging and retirement of Baby Boomers contributed to the labor quantity challenge. Concerns over inflation, compounded by China's response to the COVID-19 pandemic and resulting supply chain disruptions, also defined the year.

As demand for workers grew throughout 2022, employers voiced concerns about their inability to attract talent and workers in general. This is unlikely to change in the foreseeable future. The primary underlying challenge is the demographic situation as Baby Boomers exit the workforce. This lifecycle event will continue to complicate employers' ability to find workers and talent. These demographic problems extend beyond Wisconsin and affect the upper Midwest, the U.S. as a whole, much of Western Europe, and in fact, the developed world. Even China faces a talent shortage.

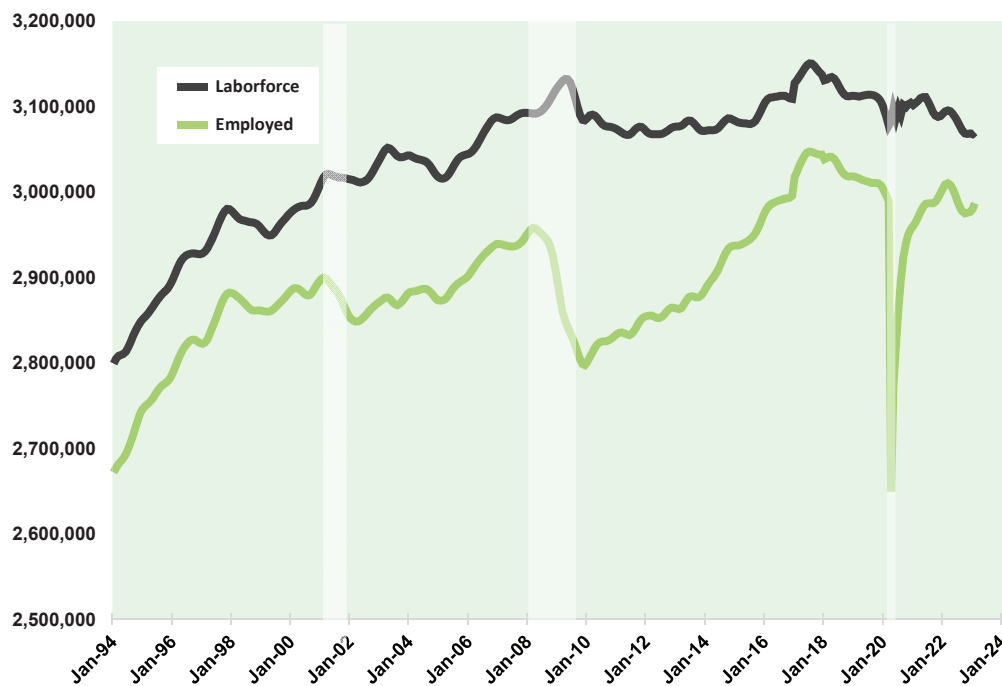


EMPLOYMENT

Wisconsin's labor force held relatively steady through the pandemic, while employment dropped severely and then recovered quickly. See Graphic 1.

The employment gyrations pushed the unemployment rate to 14.1% in April 2020. As employment recovered, the unemployment rate fell to new lows of 2.8% in March and April of 2022. As of December 2022, Wisconsin's seasonally adjusted unemployment is 3.2%.

Graphic 1: Wisconsin's Labor Force and Employment



Source: Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics

SHORT-RUN OUTLOOK

The short-run outlook for the state looks positive. Job levels continue at high levels, registering gains in 10 out of 12 months in 2022.

Job gains coupled with higher wages translate into healthy consumption, which makes up two-thirds of the economy. Wage gains have been robust. However, the surge in inflation brought about by supply chain disruptions and the war in Europe have undercut the gains in real terms. We expect high inflation to be transitory while wage gains will be permanent. With continued job and wage gains, consumption will be the underpinning of economic growth.

The most prominent economic risk is the Federal Reserve Bank (Fed) aggressively combatting inflation through higher interest rates. The Fed raised interest rates seven times in 2022 – going from essentially zero to 5%. They set a range of 25 basis points. As of March 1, 2023 the range is 4.7 – 5%. Interestingly, Fed fiscal policy contributed to inflation pressures over the last few years.

Experts expect that inflation pressures will ease as supply chains readjust. As inflation pressures ease, the Fed will be able to conduct a more accommodative monetary policy. Tighter fiscal policy will have an influence over the coming years as well.

Businesses continue to voice lack of workforce talent as the primary constraint on production growth. Pursuit of workers has brought about wage and benefit increases, signing bonuses, and other incentives to attract workers. However, other workforce barriers such as transportation, dependent care, housing affordability, and the uncertainty of workplace safety surrounding COVID-19. Solutions to these barriers are discussed below.

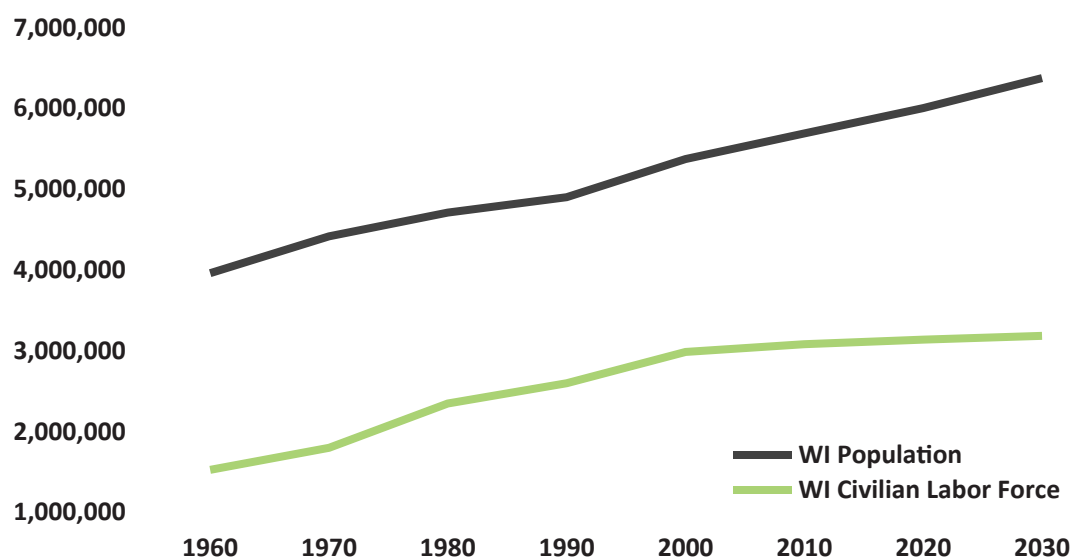
LONG-RUN CHALLENGE

Workforce quantity is the primary challenge facing Wisconsin's economic future. The demographic dynamics facing the state, other upper-Midwest states, the U.S., and most of the developed economies will advance unaltered in the coming decades.

While Wisconsin's population will continue to grow over the next 20 years, the workforce faces serious constraints. The labor force trend began to seriously flatten in 2008 after slowing in the late 1990s as the first baby boomers (those born in 1946) reached age 62 and began to leave the workforce. Baby boomers continue to exit the workforce in great numbers and will continue to do so over the next 20 years.

The number of retiring baby boomers nearly match the influx of new workers, resulting in a slow-growing workforce. This constrains employers' ability to secure talent across industries. Many businesses report that the lack of available workers has hindered expansion, and in some cases, even curtailed the ability to meet current business needs.

Graphic 2: Wisconsin Population and Labor Force



Source: WI DWD, OEA Special Tabulation

There are four solutions to the macroeconomic labor quantity challenge: 1) offshoring production, 2) immigration, 3) mitigating barriers to employment of the chronically unemployed, and 4) technological advancement. Critical to the technology solution is the concomitant match of labor skills with technologies' sophistication. This is true for designing, building, installing, operating, and maintaining the advanced technology being put in place as well as for development of the infrastructure and facilities needed to support technological progress: broadband, power, water, transportation.

Worker skills must align with skills demanded by the position. If you have the talent and not the job, the talent goes elsewhere. If you have the job and not the talent, the job goes elsewhere. For Wisconsin to successfully compete in the global economy, the state needs to attract and retain every body it can and educate and train everybody to match the requirements of the new technologies.

FOUR SOLUTIONS



Milwaukee County

POPULATION AND DEMOGRAPHICS

Milwaukee County has 939,407 residents and is the most populated county in Wisconsin. Its population has remained essentially unchanged for the first two years of the 2020s. By comparison, the state grew by 0.9% over the same time frame. The county lost 3,636 residents, or 0.4% of its population, over the course of the 2010s. Eight of the 10 most populous municipalities have measured modest declines from 2020 to 2022. Oak Creek gained 877 residents, an increase of 2.4%. Since the local economy draws workers throughout the surrounding region, population change for the whole Milwaukee metropolitan statistical area provides valuable context. Population grew by 0.4% in the four-county region with growth in the suburban counties.

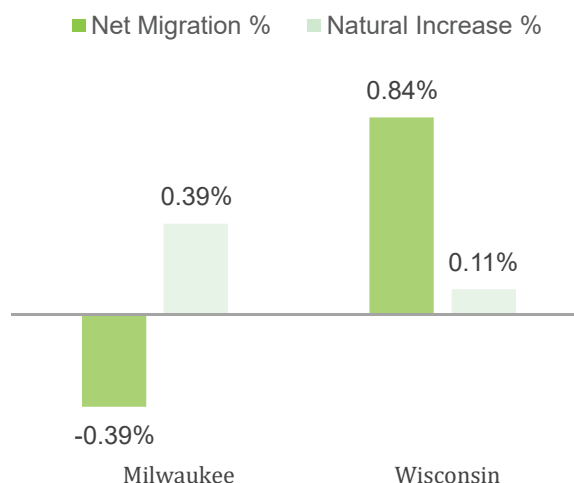
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Milwaukee, City	577,922	577,309	-613	-0.11%
West Allis, City	60,325	60,068	-257	-0.43%
Wauwatosa, City	48,387	48,638	251	0.52%
Greenfield, City	37,803	37,709	-94	-0.25%
Oak Creek, City	36,497	37,374	877	2.40%
Franklin, City	36,116	35,895	-221	-0.61%
South Milwaukee, City	20,795	20,703	-92	-0.44%
Cudahy, City	18,204	18,134	-70	-0.38%
Whitefish Bay, Village	14,954	14,905	-49	-0.33%
Greendale, Village	14,854	14,815	-39	-0.26%
Milwaukee County	939,489	939,487	-2	0.00%
Wisconsin	5,893,718	5,949,155	55,437	0.94%

Source: Demographic Services Center, WI Dept. of Administration

While the net population remained virtually the same, the two components of change, natural increase and net migration, moved in opposite directions. The county gained population through natural increase since there were more births than deaths. The rate of increase was relatively high when compared to the state (0.4% versus 0.1%). Natural increase is largely a function of age. While the measure does not show immediate labor market availability, it provides some insight into the long-term workforce pipeline. The county lost 0.4% of its population, however, due to net migration. Net migration is more actionable than natural increase and has the more immediate impact on the county's labor force. Improving net migration could help mitigate workforce challenges that will continue as baby boomers ages out of the workforce.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Milwaukee County's employment increased by 4,171 jobs (0.9%) across all industries from 2020 to 2021. This gain was relatively modest due to low employment following the onset of COVID-19. In comparison, Wisconsin's total employment grew by 2.4% over the year. Employment should also be compared to 2019 as a pre-pandemic reference point. As of 2021, employment in the county was still 6.4% below 2019 levels, while Wisconsin's total employment was 3.1% below 2019. Six out of 11 industries registered growth between 2020 and 2021. However, all but two remained below 2019 levels.

Graphic 5: Employment Change by Industry

	2021 Average Monthly Employment	1-year Numeric Change	1-year Percent Change	2-year Numeric Change	2-year Percent Change	Percent of Total Employment
Construction	11,298	217	1.96%	173	1.56%	2.48%
Education & Health Services	137,097	-83	-0.06%	-4,202	-2.97%	30.10%
Financial Activities	29,235	-43	-0.15%	-317	-1.07%	6.42%
Information	8,348	73	0.88%	-465	-5.28%	1.83%
Leisure & Hospitality	40,994	3,737	10.03%	-11,650	-22.13%	9.00%
Manufacturing	46,678	-1,118	-2.34%	-4,432	-8.67%	10.25%
Natural Resources & Mining	65	14	27.45%	9	16.07%	0.01%
Other Services	13,507	92	0.69%	-2,302	-14.56%	2.97%
Professional & Business Services	71,226	-12	-0.02%	-6,108	-7.90%	15.64%
Public Administration	19,194	-678	-3.41%	-794	-3.97%	4.21%
Trade, Transportation, Utilities	77,772	1,972	2.60%	-1,037	-1.32%	17.08%
All Industries	455,415	4,171	0.92%	- 31,125	-6.40%	100.00%

Source: WI DWD, Labor Market Information, QCEW 2021

The nature of the pandemic and the requisite public health response led to the leisure and hospitalities industry being particularly hard hit. Employment in the industry declined by 29.2% between 2019 and 2020. The industry showed signs of a strong rebound between 2020 and 2021 by adding 3,737 jobs, a 10.0% growth rate. However, there were still 11,650 fewer jobs when compared to 2019.

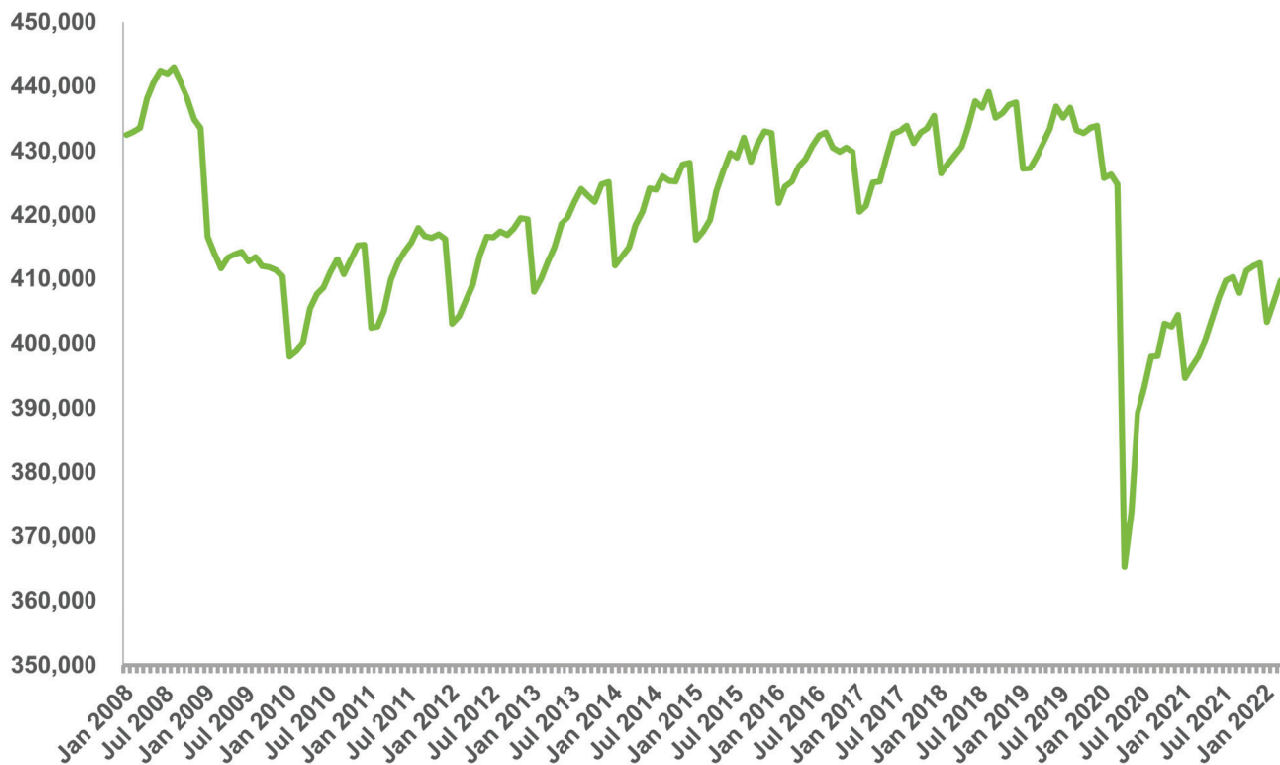
Manufacturing played an integral role in the county's history. It continues to be an important part of the local economy, but employment in the industry has been declining for past three decades. There were over 100,000 jobs in the industry in 1990, making up over 19% of total employment. Employment declined and there were fewer than 50,000 employees in the industry for a second consecutive year, and the industry now accounts about 10% of total employment. Regaining the prominence of manufacturing is likely far-fetched. However, reversing the downward trend in the once predominant industry provides an opportunity to add good paying jobs to the county.



TOTAL MONTHLY EMPLOYMENT

The economic disruption and volatility driven by COVID-19 complicate efforts to separate structural economic shifts from temporary changes. The pandemic caused the shortest recession in United States history beginning in February 2020 and ending that in April 2020. However, impacts in Wisconsin were more evident from March to April, coinciding with the virus's spread. Looking more closely at March 2020 and beyond, it's easy to see that this period stands in sharp contrast to the relative stability of the previous decade. Milwaukee County jobs in the April 2020 were 15.3% below jobs in April 2019. Private sector employment, 365,266, was below any month recorded going back to 2006.

Graphic 6: QCEW Monthly Employment



Source: WI DWD, Labor Market Information, QCEW Second Quarter

While employment declined drastically, it bounced back quickly. Private sector employment declined by almost 66,000 jobs or 15.3% between April 2019 and April 2020. While jobs totals remained historically low, employment began to improve in May 2020. By the end of 2020, employment was within 7.0% of employment totals measured at the end 2019. As of March 2022, employment was still 4.5% below the same month of 2019. It is unclear when employment will reach pre-pandemic levels, but is expected to recover quicker than the recession that started in 2009. It took roughly six years for the county to regain jobs lost during the Great Recession.

A temporary drop in employment is a cyclical change, but it's important to consider how COVID-19 changed the economy permanently, or structurally. Structural changes commonly come out of recessions and recoveries. The structural changes of this recession will likely be related to business processes. Businesses needed to make substantial changes in operations to carry on during the pandemic. Some of these changes that were developed out of necessity will become permanent. For example, it is safe to assume that more telecommuting and work-from-home options will be available.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

Milwaukee County's non-seasonally adjusted unemployment rate spiked to 15.7% in April 2020 following the economic disruptions of COVID-19. Unemployment dropped to 4.7% as of August 2022. This rate is still high compared to the state, which stood at 3.3%. Milwaukee County is not immune to the tight labor market conditions facing the state and the country. A tight labor market means it's difficult for employers to find workers to fill open positions. There should be a continued emphasis on recruitment, retention, and training to upskill residents for in-demand job opportunities.

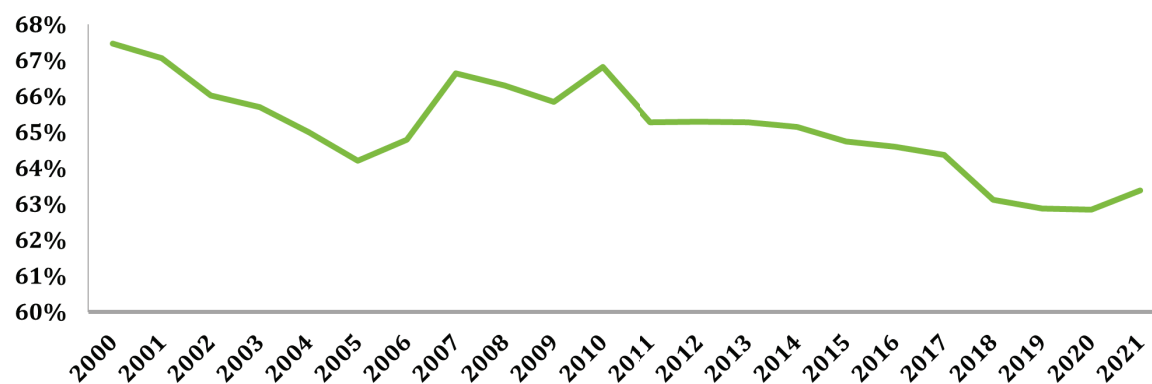
Graphic 7: Unemployment Rate



Source: Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics

The Labor Force Participation Rate (LFPR) is the percent of the population over the age of 16 that is either employed or actively seeking work. The LFPR has continued to decline over the past two decades. At first glance, raising the rate seems like a simple solution for increasing the size of the labor force. However, an aging baby boomer population is the biggest reason for the downward trend on county, state, and national levels. Filling labor market needs will require creative methods to attract marginally attached residents into the workforce and address barriers deterring otherwise qualified candidates.

Graphic 8: Labor Force Participation Rate



Source: WI DWD, Office of Economic Advisors (OEA)

BARRIERS TO FULL UTILIZATION

Wisconsin's age demographics mean staffing difficulties will be a long-term challenge. Therefore, it is increasingly important to address barriers that prevent people from participating or fully participating in the labor market. Although there is no single solution to demographically driven staffing challenges, four common barriers persist across areas and industries. These barriers are transportation, housing, childcare, and broadband access.

Transportation

Lack of reliable transportation can prevent individuals from pursuing good paying opportunities and employers from filling positions. In Milwaukee County, 84.6% of employed residents rely on a car to get to work, with more than 75% driving alone. Over 20% work in another county. Conversely, employers pull 20.5% of the workforce from other counties. The relative population density of the county opens the door for improvements in public transportation. However, the majority of the workforce will continue to rely on a car to get to work. Transportation as a condition of work leads to a conflict: qualified individuals could fill a job if they had transportation and could afford transportation if they had a job.

Graphic 9: Means of Transportation

	Wisconsin	Milwaukee County
Drive Car	87.6%	84.6%
Drive Alone	79.9%	75.9%
Mean Commute Time - Residents	22.2	22.5
Mean Commute Time - Workers	21.9	24.0
% of Residents Working in another County	28.0%	21.2%
% of Workers Residing in another County	24.3%	20.5%

Source: US Census Bureau, American Community Survey, 2020 5-year File

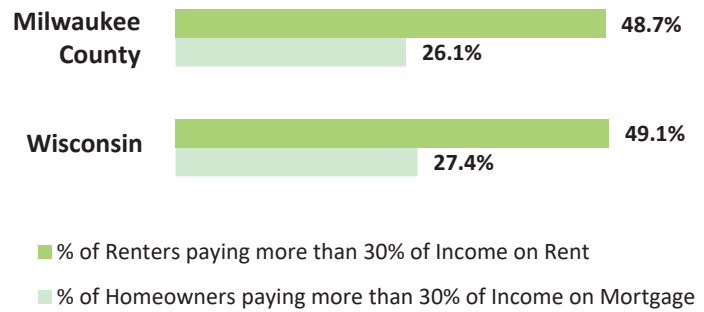


Housing

Housing affordability and availability are barriers making it difficult for workers to relocate for job opportunities. The Department of Housing and Urban Development (HUD) uses 30% of income as a guideline for housing affordability. In Milwaukee County, and the state, renters allocate more than 30% of their income to housing. In contrast, buyers, on average, allocate less than 30% of their income to housing. Early data suggests that this issue is worsening, as home values and monthly rent increased at an accelerated rate between 2020 and 2022. Two ways of bringing this share down would be 1) providing more housing that is available at a lower cost and 2) increasing earnings.

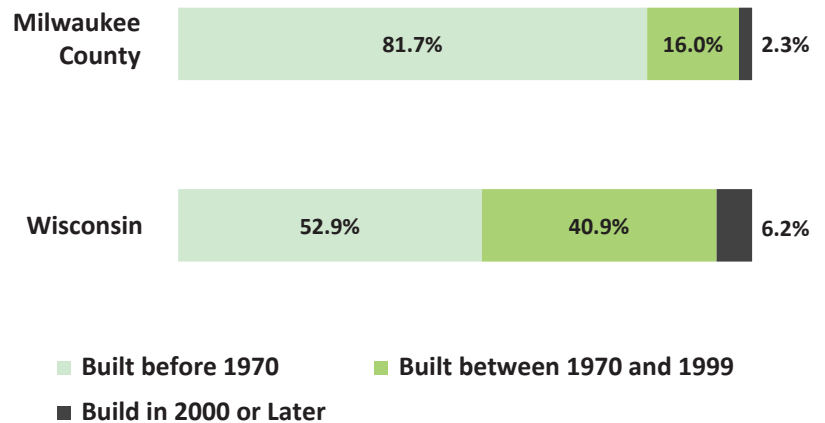
Not only is housing affordability a barrier for Wisconsin workers, but also housing availability. While difficult to quantify, one way to assess the issue is to view the age distribution of existing housing stock. Milwaukee County contains a noticeably higher share of homes built over 50 years ago when compared to the state. Only 6.9% of Milwaukee County homes were built between 2000 and 2020, while 16.8% of housing was built in the first part of the century statewide. However, as the county's population declines, which suggests that there isn't as much of a need for new housing. In recent years there's been notable housing development in the City of Milwaukee. These statistics provides interesting context for further examination into whether existing housing stock is ready to accommodate future expansion.

Graphic 10: % Paying more than 30% of Income on Housing



Source: US Census Bureau, American Community Survey, 2020 5-year File

Graphic 11: Housing Share by Year Built



Source: US Census Bureau, American Community Survey, 2020 5-year File



Childcare

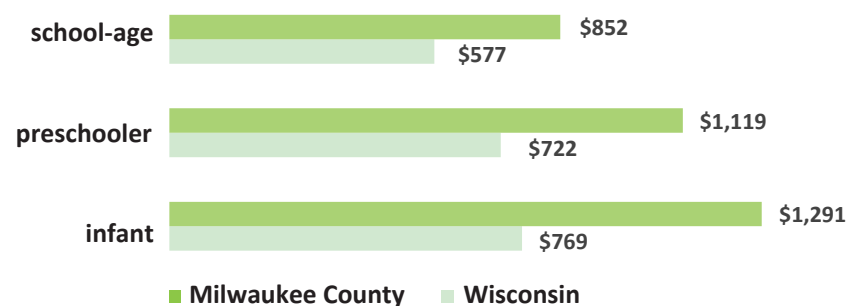
Childcare is particularly costly in Milwaukee County, with monthly costs ranging from \$1,291 for an infant to \$852 for a school-age child. For context, the infant cost is about 30% of monthly median income of a truck driver in Milwaukee County. Childcare availability is also a barrier to employment for Wisconsin families. The YoungStar provider database tracks 82% of childcare providers in the state. According to their database, Milwaukee County has 1,427 total providers for a potential capacity of 41,788 children. The county has a relatively high capacity when compared to the state. When compared to the population of children under 14, Milwaukee County has 24 childcare slots for every 100 children, while the state has 14. Even families that have childcare struggle with disruptions to access. Easing the cost and access burden would allow parents to more fully participate in the labor market. Employers could also improve participation by providing flexibility to parents with childcare responsibilities.

Graphic 12: Childcare Capacity

	Wisconsin	Milwaukee County
Providers	3,863	1,427
Maximum Capacity	132,075	41,788
Capacity/100 Children Under 14**	0.14	0.24

Source: Wisconsin Department of Children and Families, Youngstar Database

Graphic 13: Childcare cost



Source: Center for Women's Welfare, Uni. of Washington, 2019 Self-Sufficiency Standards

Broadband

Elements of the work-from-home economy and virtual learning environment will likely remain after COVID-19 is over. Employers can use these innovations to meet Wisconsin's workforce needs and alleviate talent shortages. Employees benefit from flexible schedules and varied geographic locations. Despite these potential benefits, broadband internet availability issues limit employers and employees who need high-speed internet to make remote operations possible.

Graphic 14 displays the share of households without internet in the home. Milwaukee County has infrastructure for high-speed internet, yet over 18% of households do not have broadband in the home. In comparison, only 8.7% of households in neighboring Waukesha County did not have broadband. Lack of access varies widely by household income, as 40% of households with income below \$20,000 do not have broadband access. It is more difficult for individuals living in these households to take advantage of virtual employment, training, or education opportunities.

Graphic 14: Percent of Households that DO NOT have Internet Access by Annual Household Income

	Wisconsin	Milwaukee County
Total	14.8%	18.6%
Less than \$20,000:	38.4%	40.1%
\$20,000 to \$74,999:	17.5%	19.2%
\$75,000 or more:	4.6%	5.9%

Source: US Census Bureau, American Community Survey, 2020 5-year File

INDUSTRY EMPLOYMENT PROJECTIONS

Graphic 15: Industry Employment Projections

Industry	2020 Employment	Projected 2030 Employment	Employment Change	Percent Change (2020-2030)
Total All Industries	489,391	507,796	18,405	3.8%
Natural Resources and Mining	*	*	*	*
Construction	*	*	*	*
Manufacturing	47,794	48,820	1,026	2.1%
Trade, Transportation, and Utilities	75,553	78,407	2,854	3.8%
Information	7,970	7,547	-423	-5.3%
Financial Activities	30,962	31,018	56	0.2%
Professional and Business Services	70,953	73,346	2,393	3.4%
Education and Health Services	137,346	139,675	2,329	1.7%
Leisure and Hospitality	36,787	48,530	11,743	31.9%
Other Services (except Government)	25,719	25,984	265	1.0%
Public Administration	24,963	23,787	-1,176	-4.7%
Self Employed and Unpaid Family Workers	16,927	16,190	-737	-4.4%

The workforce is constantly evolving as workers retire, change careers, take promotion opportunities, or complete retraining. DWD's projections methodology accounts for these types of job changes. The state is split in 11 Workforce Development Areas (WDAs), and projections are updated every two years. Milwaukee County is unique as the only single county WDA.

Regional employment is expected to grow by 3.8% or 18,405 jobs from 2020 to 2030. Statewide employment is projected to grow at a faster rate during the same timeframe (6.3%). Growth is projected to be stronger in service industries than product industries, due to a projected rebound in leisure and hospitality. Note that these projections only forecast levels of filled positions rather than potential demand, which can further illustrate the issues associated with an aging population. Job growth is expected to continue, despite declines in labor force levels. Employers find it difficult to replace workers even if overall employment in the industry declines. Businesses already face difficulty replacing retirees' positions, and this difficulty will expand to filling new openings, too. This could constrain job growth by limiting expansion. Although solutions will be different for each business, they will likely include a combination of talent pipeline development, increased focus on talent attraction and retention, engagement of under-utilized populations, increased automation, and retention of retirees in non-conventional work arrangements.



OCCUPATIONAL EMPLOYMENT PROJECTIONS

Graphic 16: Occupational Employment Projections

Occupation Title	2020 Employment	Projected 2030 Employment	Occupational Openings	Percent Change (2020-2030)
Total All Occupations	522,240	540,960	59,560	3.6%
Management	31,570	34,560	2,840	9.5%
Business and Financial Operations	33,300	35,840	3,300	7.6%
Computer and Mathematical	14,520	16,380	1,200	12.8%
Architecture and Engineering	8,340	8,670	630	4.0%
Life, Physical, and Social Science	2,600	2,790	250	7.3%
Community and Social Service	11,410	12,030	1,340	5.4%
Legal	5,330	5,590	380	4.9%
Education, Training, and Library	32,850	34,400	3,040	4.7%
Arts, Design, Entertainment, Sports, & Media	10,380	11,400	1,180	9.8%
Healthcare Practitioners and Technical	37,340	38,770	2,100	3.8%
Healthcare Support	13,580	14,140	1,600	4.1%
Protective Service	12,070	11,970	1,350	-0.8%
Food Preparation and Serving Related	42,490	44,460	7,600	4.6%
Building & Grounds Cleaning & Maintenance	15,210	15,030	1,890	-1.2%
Personal Care and Service	38,160	44,990	6,700	17.9%
Sales and Related	42,150	42,040	5,580	-0.3%
Office and Administrative Support	72,360	70,340	7,780	-2.8%
Farming, Fishing, and Forestry	1,860	1,780	260	-4.3%
Construction and Extraction	11,220	12,020	1,230	7.1%
Installation, Maintenance, and Repair	15,200	15,490	1,480	1.9%
Production	40,190	37,150	4,070	-7.6%
Transportation and Material Moving	30,110	31,120	3,830	3.4%

While industry projections have their uses, a more functional approach is to project occupational need. Occupational projections are separated into three categories: growth, labor force exits, and occupational transfers. Occupational transfers include workers that advance in careers or make lateral movements into different occupations. Generally, a higher need for replacements due to transfers is expected in lower-paying occupations. Retirements are a key driver in the "labor force exits" category.

These occupational projections indicate a higher need for replacement hires rather than new hires. One such example is office and administrative support occupations. This occupation group has the second highest number of projected openings but a declining total number of jobs. The need for this group is entirely driven by labor force exits and occupational transfers. While the total need is comparatively small, the architecture and engineering occupations category stands out as a growing field. This growth may be driven by the high-wage jobs in this group.