

2017 ECONOMIC AND WORKFORCE PROFILE

Waushara County

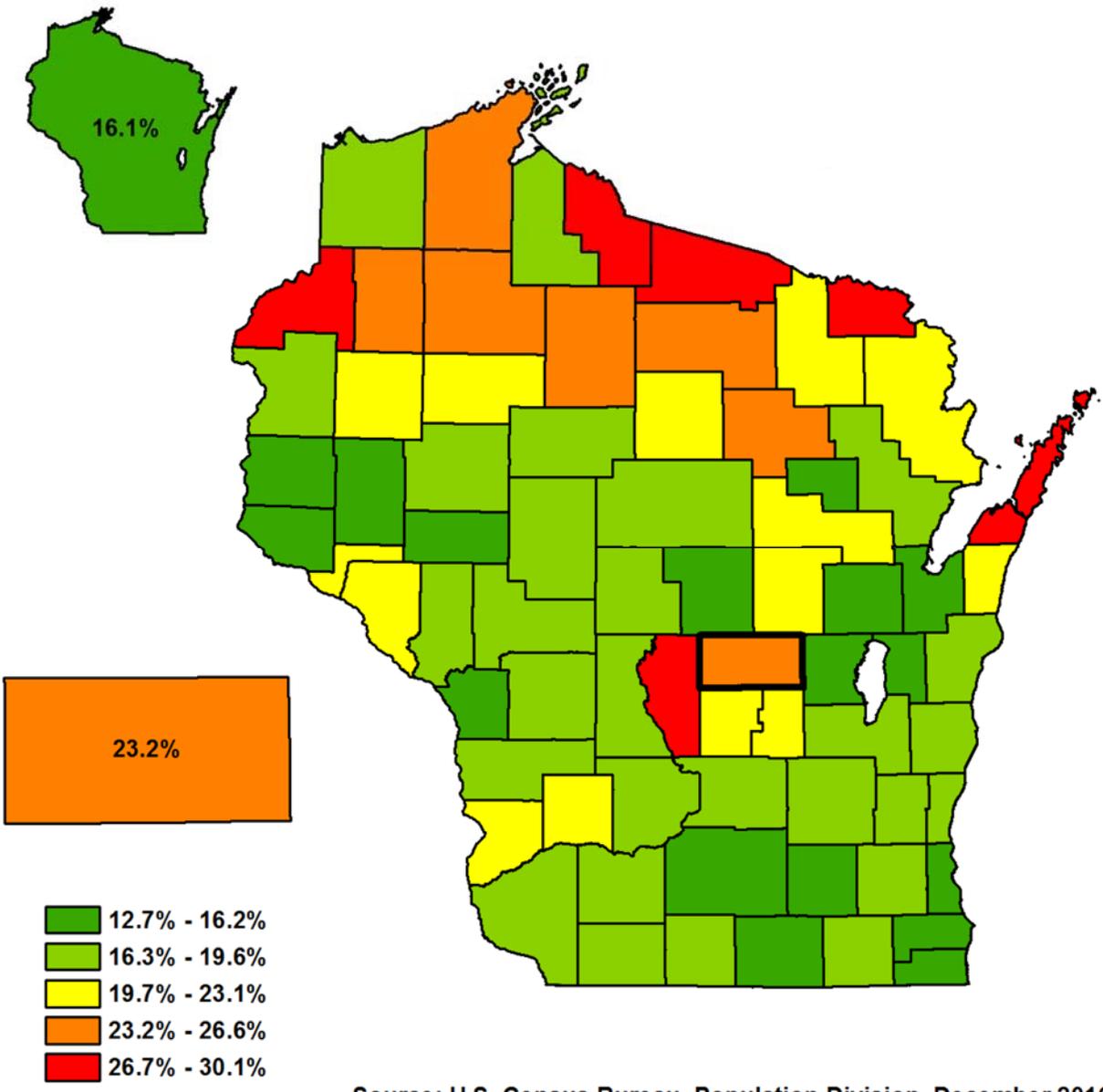


STATE OF WISCONSIN



Department of Workforce Development

Percentage of Total Population, Ages 65 and Older



Source: U.S. Census Bureau, Population Division, December 2016

2017 Waushara County Workforce Profile

Wisconsin now has more people employed and more private sector jobs than at any time in its history. As of this writing, the state added 56,100 jobs during 2016 and 2017. Employment increased in almost all industry sectors, with prominent gains in construction, manufacturing, and healthcare.

Wisconsin's unemployment rate is near lows not seen in a generation, decreasing from 4.3 percent in January 2016 to 3.2 percent in December 2017, on a seasonally adjusted basis.

Wisconsin faces a worker quantity challenge. The number of retiring Baby Boomers nearly match the influx of new workers, resulting in a slow growing workforce and placing constraints on the ability by employers across all industries to hire talent. Many businesses report that the lack of available workers has hindered expansion and, in some cases, even curtailed their ability to meet current product orders.

The blue-line, orange-line graph to the right illustrates the situation in Wisconsin and other upper-Midwest states. While Wisconsin's population will continue to grow over the next twenty years, the workforce faces serious constraints.

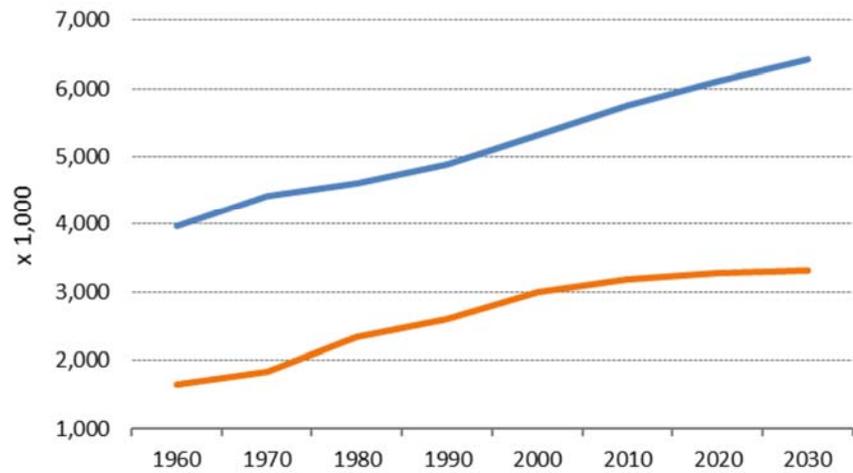
The labor force participation rate (LFPR), defined as the labor force (sum of employed and unemployed) divided by the total population ages 16 and older, measures the population's engagement in the workforce and serves as an indicator in determining how Wisconsin's workforce will be constrained.

The overall LFPR peaked in the late 1990s and has been trending lower ever since. The LFPR peaks across the 30-55 age cohort at over ninety percent and decreases rapidly into the single digits by age seventy.

Baby Boomers have and continue to exit with respect to their LFPR. The mass of Baby Boomers has moved into the work lifecycle stage of declining LFPRs, with the tail end of the cohort turning 55 in 2019.

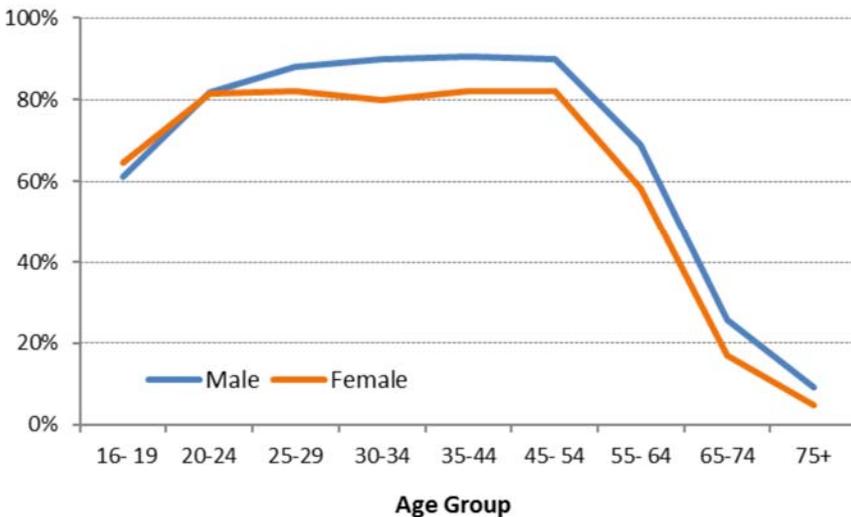
A recent development is the change in the labor force participation rate trend. The LFPR of older workers (those aged 55 years and older) has turned upwards, resulting in flattening of the overall LFPR. More boomers are staying in the workforce longer, which may portend higher workforce growth over the coming years. Due to the size of the Baby Boomer cohort and the sensitivity of the LFPR to workforce growth rates, a relatively small change in the LFPR of older workers would significantly boost the number in the workforce.

Wisconsin Population and Labor Force



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Labor Force Participation Rate by Age Cohort



Source: Bureau of Labor Statistics



Population and Demographics

Waushara County's 10 Most Populous Municipalities

	April 2010 Census	January 2016 Estimate	Numeric Change	Proportional Change
United States	308,400,408	323,127,513	14,727,105	4.8%
Wisconsin	5,686,986	5,775,120	88,134	1.5%
Waushara County	24,496	24,471	-25	-0.1%
Wautoma, City	2,218	2,154	-64	-2.9%
Redgranite, Village	2,149	2,139	-10	-0.5%
Marion, Town	2,038	2,037	-1	0.0%
Leon, Town	1,439	1,432	-7	-0.5%
Wautoma, Town	1,278	1,281	3	0.2%
Springwater, Town	1,274	1,280	6	0.5%
Dakota, Town	1,227	1,231	4	0.3%
MounMorris, Town	1,097	1,114	17	1.5%
Bloomfield, Town	1,052	1,069	17	1.6%
Aurora, Town	985	997	12	1.2%

Source: Demographic Services Center, Wisconsin Department of Administration

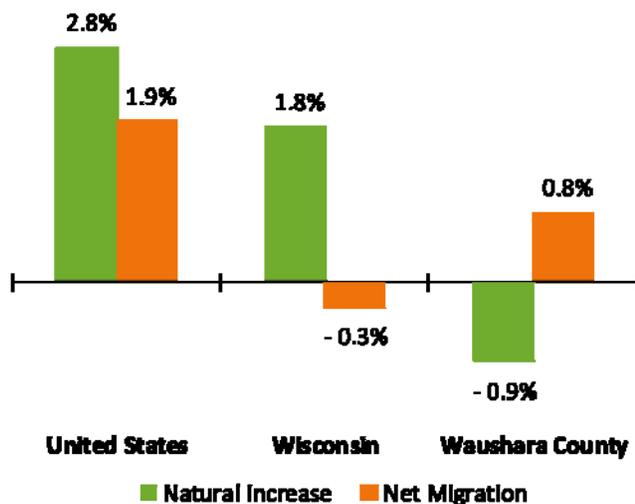
Population growth for the nation outpaced the rate of growth for both the state of Wisconsin and Waushara County. During this time period, Waushara County's population decreased by 25 residents, or 0.1%. Within the county, population losses in the four most populous municipalities were enough to offset minor gains in the rest of the county.

The next graph presents the components of population change for the nation, state, and Waushara County. The two components shown here are natural increase and net migration. Natural increase is defined as the difference between the number of births and the number of deaths in the county. Waushara County's natural increase rate since 2010 was -0.9%. This can be partly explained by the fact that Waushara County is a relatively older county compared to the most others in Wisconsin. With a median age of 47.9 years, Waupaca County is the 13th oldest county in the state out of 72. (ACS, 2011-2015).

The other component of population change, net migration, is defined as the difference between the number of people who move into the county and the number of people who leave. Waushara County's net migration rate of 0.8% almost offsets the negative natural increase rate.

We begin our discussion of labor force dynamics with a look at historical unemployment rates for the county, state, and nation dating back to the begin-

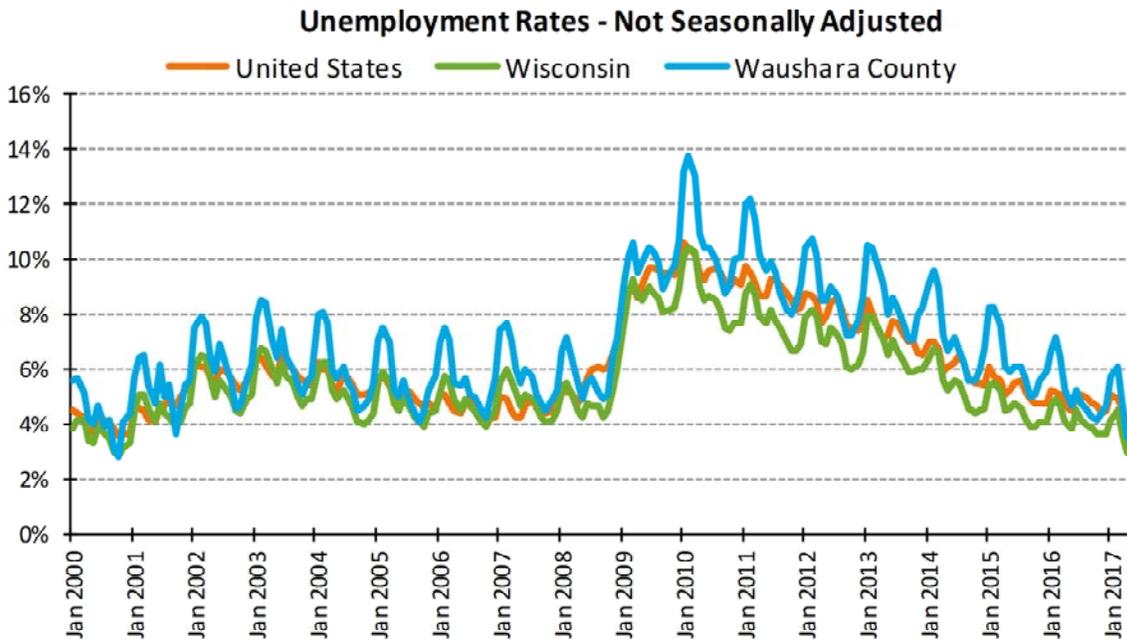
Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration



Labor Force Dynamics



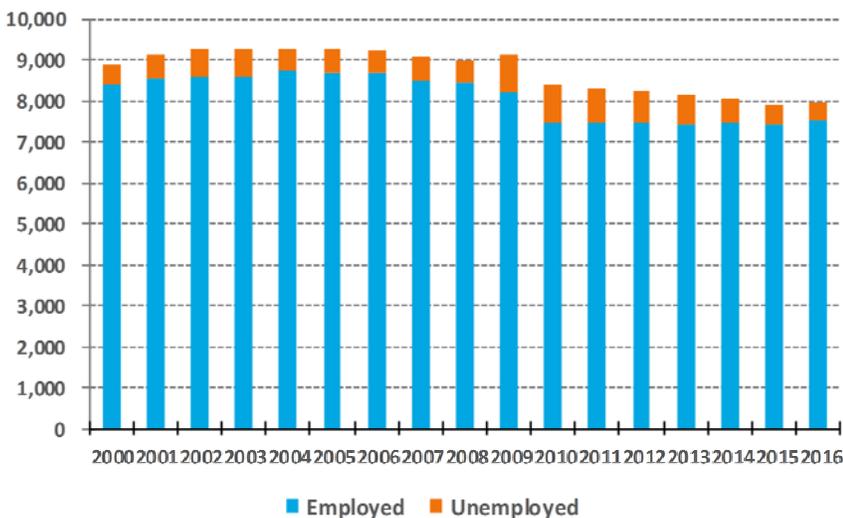
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

ning of 2000. It is important to

note that this unemployment data is not seasonally adjusted, which means that regular and predictable employment changes over the course of the year have not been accounted for. As a result, this chart shows considerable volatility within each year.

An examination of historical unemployment shows that unemployment trends in Waushara County tend to closely follow changes in the state and nation. The common theme of the past seven years has been a gradual

Waushara County Labor Force Components



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

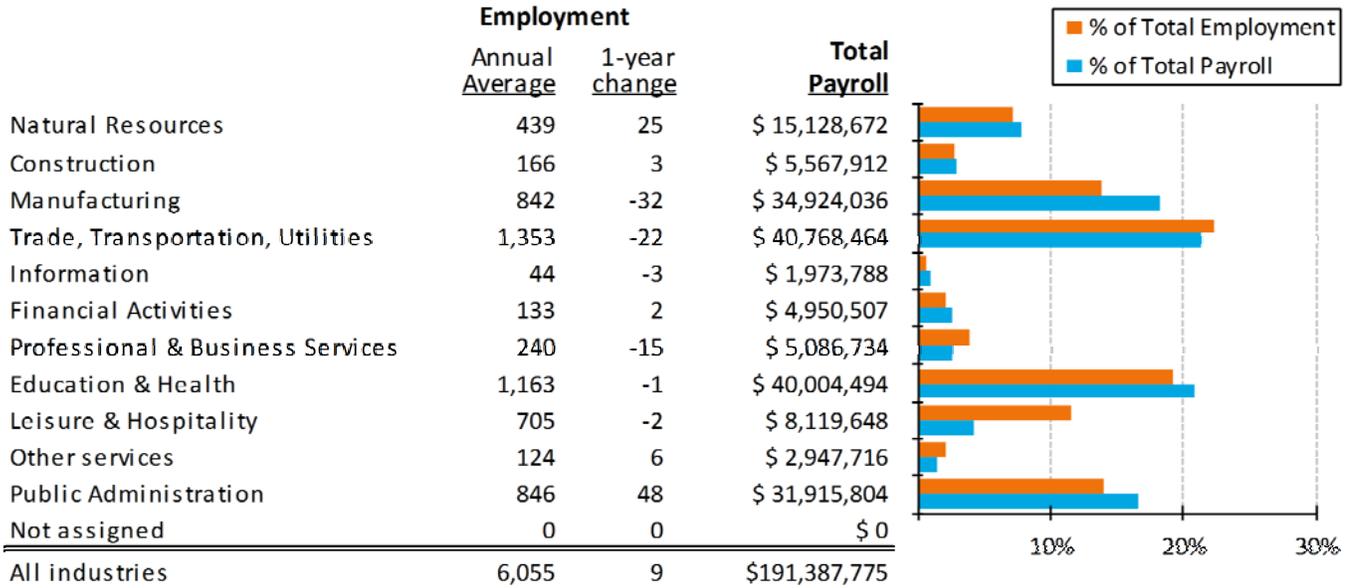
economic recovery followed by a steady reduction of the county's unemployment rate. As of September 2017, the county's rate of 3.2% is lower than at any other point over the last 15 years. While the growing economy plays a large role in the declining unemployment rate, the changing demographic situation and the exodus of the baby boomers from the labor force is also responsible for the current low rates.

Interactions between economics and demographics can also be seen on the graph to the left,



Industry Employment and Wages

2016 Employment and Wage Distribution by Industry in Waushara County



Source: WI DWD, Labor Market Information, QCEW, June 2017

which shows the labor force components in the county for each year dating back to 2000. Since the labor force is the sum of the employed and the unemployed, this graph simultaneously demonstrates changes in the short-run economic situation (by showing changes in employment and unemployment) and the long-run demographic situation (since the aging population can constrain labor force growth even as the labor market continues to tighten). On the employment side, this chart tells a similar story to that of the previous graph. After experiencing gradual growth throughout the early-mid 2000s, total employment in Waushara County was adversely affected by the Great Recession of 2008, causing a reduction of 1,230 workers from 2008 to 2010. However, employment levels have essentially flattened over the past six years. As can be seen by looking over the tops of the stacked bars on

the graph, the total number of people in the labor force has been on a downward trend since the late 2000s. In 2016, the total number of people in Waushara County's labor force was at a 16-year low of 11,464 participants. Even as the economy continues to grow, the gradual aging of the county's population has exerted downward pressure on labor force growth. The combination of economic recovery and demographic shifts has

2016 Average Annual Wage by Industry

	Wisconsin Average Annual Wage	Waushara County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 46,031	\$ 31,608	68.7%	-0.3%
Natural Resources	\$ 36,560	\$ 34,462	94.3%	-1.8%
Construction	\$ 58,668	\$ 33,542	57.2%	4.0%
Manufacturing	\$ 55,328	\$ 41,477	75.0%	2.8%
Trade, Transportation & Utilities	\$ 38,893	\$ 30,132	77.5%	-0.9%
Information	\$ 67,842	\$ 44,859	66.1%	-1.0%
Financial Activities	\$ 66,967	\$ 37,222	55.6%	4.5%
Professional & Business Services	\$ 57,134	\$ 21,195	37.1%	3.6%
Education & Health	\$ 46,790	\$ 34,398	73.5%	-2.9%
Leisure & Hospitality	\$ 17,018	\$ 11,517	67.7%	4.7%
Other Services	\$ 28,157	\$ 23,772	84.4%	2.6%
Public Administration	\$ 45,690	\$ 37,726	82.6%	-3.0%

Source: WI DWD, Labor Market Information, QCEW, June 2017

Employment Projections



Fox Valley Workforce Development Area Industry Projections, 2014-2024
 Calumet, Fond du Lac, Green Lake, Waupaca, Waushara, and Winnebago Counties

Industry	Projected		Change (2014-2024)	
	2014 Employment	2024 Employment	Employment	Percent
All Industries	236,327	247,083	10,756	5%
Natural Resources	14,606	14,989	383	3%
Construction	8,155	8,965	810	10%
Manufacturing	45,196	45,568	372	1%
Trade, Transportation, and Utilities	32,962	34,606	1,644	5%
Information	3,194	2,659	-535	-17%
Financial Activities	7,675	8,407	732	10%
Professional and Business Services	15,872	17,307	1,435	9%
Education and Health Services	51,179	53,715	2,536	5%
Leisure and Hospitality	16,048	17,473	1,425	9%
Other Services	12,409	12,670	261	2%
Public Administration	11,871	11,936	65	1%
Self-Employed and Unpaid Family Workers	17,160	18,788	1,628	9%

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, November 2016.

placed significant pressure on businesses to find and maintain a skilled workforce not only in the short-term but also for at least the next decade.

Our attention now shifts to information on the distribution of employment and wages across different industries in Waushara County. As can be seen on the chart on the top of the last page, all industries employment in the county increased by 9 employees, or 0.1%. This growth rate was less than the state's employment growth rate of 1.2% over the same period. The Public Administration and Natural Resources sectors added the most jobs in 2016 with 73 combined new workers. The Manufacturing and Trade, Transportation, Utilities sectors experienced the most significant employment reduction over the past year, shedding 54 combined workers. Three industries accounted for 60% of total payroll: Manufacturing, Trade, Transportation, & Utilities, and Education & Health.

The table on the bottom of the last page shows annual average wages by industry in Waushara County, compares those wages to the statewide average, and displays the county's one-year change in each of the sectors. Employers in all of Waushara County's industry sectors continue to pay wages that are below state averages. The county annual average wage of \$31,608 is 31.3% lower than the state average and has decreased by 0.3% over the past year. Part of the difference between county and state averages can be explained by lower costs of living in Waushara County relative to the rest of the state. Wages in the Leisure & Hospitality sector were the fastest-growing in the county in 2016, growing at a rate of 4.7%.

While there is much to be gained from understanding past trends, DWD also produces projections of industry and occupation employment into the future. The data presented above and on the following page 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 2014 and 2024 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 Waushara County regional economy. Industry employment in Waushara County only accounts for 3.3%

2017 Waushara County Workforce Profile

Employment Projections

Fox Valley Workforce Development Area Occupation Projections, 2014-2024
Calumet, Fond du Lac, Green Lake, Waupaca, Waushara, and Winnebago Counties

Occupation Group	Employment				Average Annual Openings			Median Annual Wage
	2014	2024	Change (2014-2024)		Due to Growth	Due to Replacement	Total	
			Number	Percent			Openings	
All Occupations	236,327	247,083	10,756	5%	1,332	5,497	6,829	\$ 34,347
Management	20,261	21,515	1,254	6%	127	418	545	\$ 81,355
Business and Financial	8,913	9,324	411	5%	55	193	248	\$ 51,577
Computer and Mathematical	2,777	2,992	215	8%	23	40	63	\$ 56,988
Architecture and Engineering	3,903	4,020	117	3%	20	99	119	\$ 61,593
Life, Physical, and Social Science	1,462	1,641	179	12%	18	46	64	\$ 57,740
Community and Social Service	2,598	2,678	80	3%	8	55	63	\$ 45,829
Legal	600	623	23	4%	3	11	14	\$ 55,808
Education, Training, and Library	21,542	22,119	577	3%	59	471	530	\$ 45,352
Arts, Entertainment and Media	2,972	3,021	49	2%	10	76	86	\$ 36,966
Healthcare Practitioners	10,459	11,114	655	6%	67	222	289	\$ 56,188
Healthcare Support	5,467	6,059	592	11%	61	122	183	\$ 28,219
Protective Service	4,086	4,191	105	3%	11	105	116	\$ 36,754
Food Preparation and Serving	15,373	16,583	1,210	8%	131	562	693	\$ 18,814
Building & Grounds Maintenance	7,059	7,604	545	8%	54	143	197	\$ 23,690
Personal Care and Service	10,306	11,491	1,185	11%	119	205	324	\$ 21,621
Sales and Related	18,132	18,838	706	4%	79	540	619	\$ 24,599
Office and Administrative Support	29,314	29,326	12	0%	67	630	697	\$ 31,748
Farming, Fishing, and Forestry	8,290	8,338	48	1%	16	215	231	\$ 34,653
Construction and Extraction	8,604	9,367	763	9%	77	129	206	\$ 43,124
Installation, Maintenance, Repair	8,464	8,954	490	6%	53	193	246	\$ 42,904
Production	29,047	29,291	244	1%	142	638	780	\$ 34,818
Transportation & Material Moving	16,698	17,994	1,296	8%	133	383	516	\$ 32,229

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

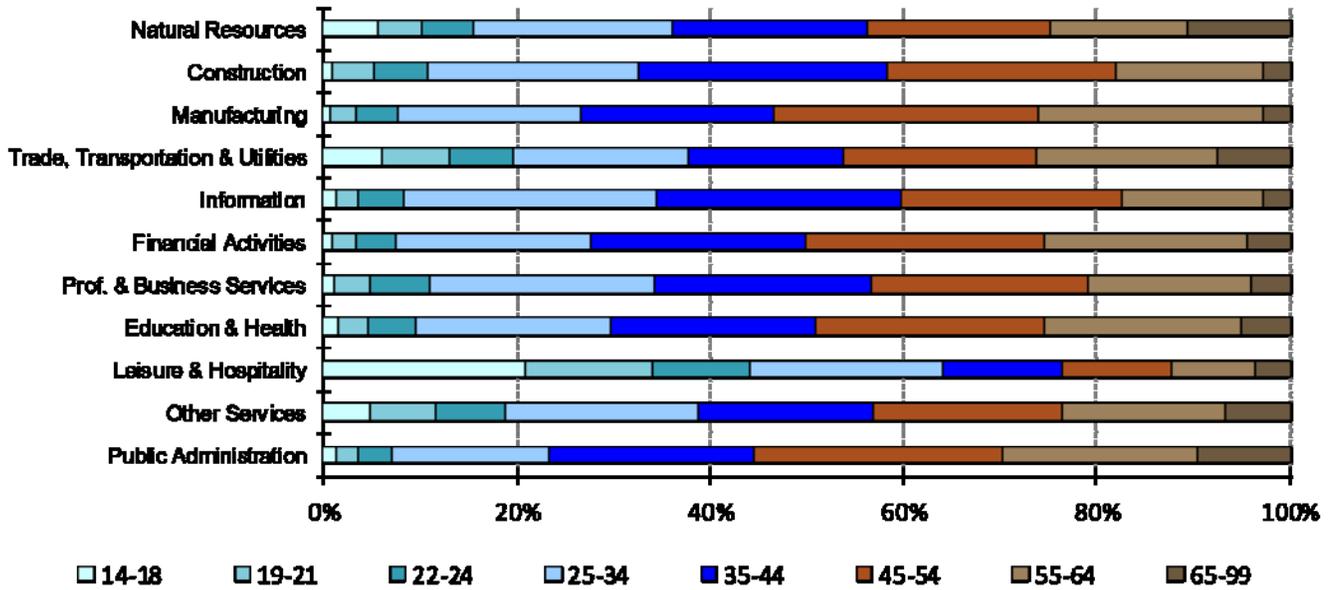
of employment in the region. However, employment and economic dynamics are similar enough within all parts of the region to comment on general trends.

Employment across all industries is expected to grow by 5% over the ten year period, or slightly less than 11,000 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 (2,536) and Trade, Transportation, and Utilities (1,644) industry sectors. Employment in both sectors is expected to grow by 5% over the ten year period.

The Fox Valley WDA accounted for 7.3% of total statewide employment in 2014 and is expected to add 5.8% of the state's total new jobs by 2024. Over 50% of the expected new jobs in the Fox Valley WDA are concentrated in three industries: Education and Health Services (23.6%), Trade, Transportation, and Utilities (15.3%), and Self-Employed and Unpaid Family Workers (15.1%). The fastest growing sectors are Construction and Financial Activities, which are both expected to grow by 10%.



Fox Valley WDA's Age Distribution by Industry



Source: U.S. Dept. of Commerce, Census Bureau, Local Employment Dynamics 2016.

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 by a factor of over 4 to 1. This phenomenon is occurring not only in the Fox Valley region, but throughout the state and national economies as well. The largest number of job openings are projected in the Production, Office and Administrative Support, Food Preparation and Servings, and Sales and Related occupation groups. Large numbers of replacement openings are projected in those occupations that are not expected to grow significantly. 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 such as Food Service and Preparation, which tend to have younger workforces but higher rates of employee turnover.

Turning our attention now to the age distribution of the WDA’s major industry sectors, as depicted in the chart above, we see that several dominant industry sectors are predominately staffed by mature workers. This is especially true in the Manufacturing and Public Administration sectors. The age distribution of workers in any given industry sector is determined by the availability of entry-level positions within the sector, which are generally more attractive to younger workers, and the premium paid for long tenures in a particular firm or sector, which tends to result in a preponderance of older workers in those sectors with the highest wage premiums.

The challenge presented in this distribution is how young workers can effectively transition from high turnover to high wage industries.

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