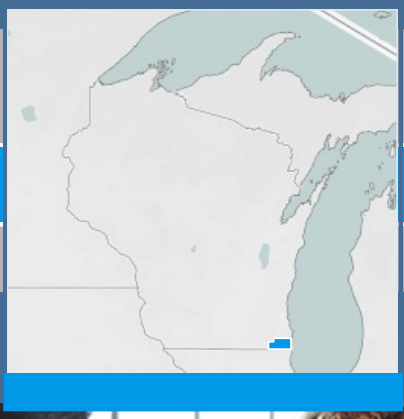
2019 WORKFORCE PROFILE

Kenosha County



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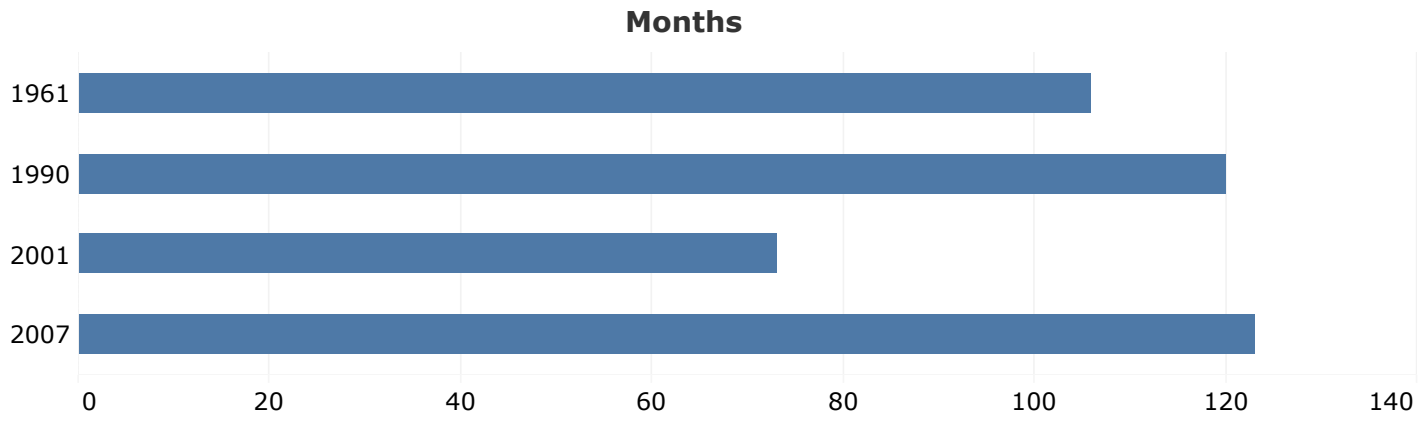
2019 Wisconsin Overview

The county workforce profiles provide snapshots of the labor market for each of the 72 Wisconsin counties. In addition to a static PDF version, each county profile will be available as an interactive document in which the reader can do additional manipulation of some tables. The profiles begin with an overview of the entire state's labor market outlook. From there, the profiles highlight the respective labor market with analyses of the current and projected population and labor force, community patterns, industries, occupations, and wages. We conclude each profile with an examination of the impact of automation on the county's workforce.

Record Economic Expansion

The economic expansion is now the longest on record. This current expansion surpassed the previous mark of 120 months set in the 1991-2001 stretch in June 2019. What has been good for the country has been good for Wisconsin and most other states.



*Bureau of Labor Statistics, OEA

Wisconsin's workforce and employment numbers have attained new highs. Employment exceeded the 3 million mark in the summer of 2016. Wisconsin jobs reached new highs in 2019 with not-seasonally adjusted, total non-farm jobs breaking through 3 million at 3.026 million in June 2019. The state's unemployment rate has reached lows not seen since at least 1976, 2.8% in the months of April and May of 2019. New unemployment rate lows were also recorded for the U.S. as a whole at 3.6%. Thirty of 72 Wisconsin counties reached new job highs in the last two years. Thirty state counties hit new unemployment rate lows. Initial and continued unemployment insurance claims have been tracking at 40-year lows over the past three years.

Given that new records are being set largely across the board for expansion longevity, employment highs, and unemployment lows, the question turns to when will the trends reverse.

Economic expansions don't die of old age. Expansions are usually curtailed by decreasing jobs, spending, investments, inflation, or interest rate pressures. Decreasing jobs lead to lower incomes that result in less consumption, which is the driving force in the U.S. economy. Employment numbers are not good indicators of pending recessions. In fact, they are a lagging indicator of economic downturns and recoveries.

What's next in the short-run?

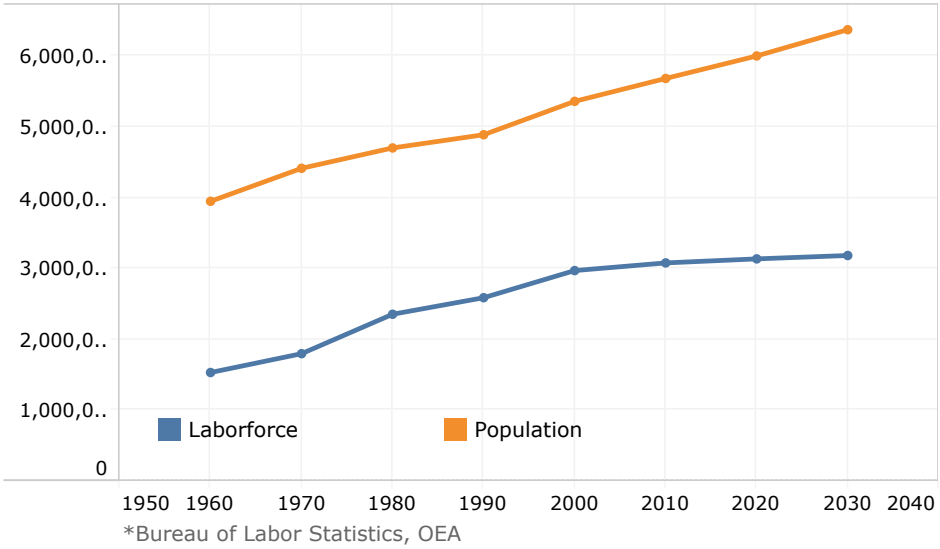
As this is being written in November 2019, job numbers are still climbing, earnings and income are rising, retail sales are expanding, debt-to-income ratio is low, and inflation is subdued at about 2%. Housing sales are relatively flat, vehicle sales have leveled off, and some European countries' economies are sagging. The primary unknown at the moment is the status of tariff and trade policy on the North American countries' trade agreement and trade with China. The uncertainty is dampening capital investment, injecting volatility in the equity markets, and causing household cogitation.

What are the long-run influences?

The primary long-term challenge facing Wisconsin's economic future is its workforce quantity. The demographic situation facing the state, other upper Midwest states, and most western state economies will advance unaltered in the coming decades. The number of retiring baby boomers nearly match the influx of new workers, resulting in a slow growing workforce that is constraining employers' abilities across industries to secure talent. Many businesses report the lack of available workers have hindered expansion and, in some cases, even curtailed their ability to meet current product orders.

The blue-line, orange-line graph to the right portrays the labor force facing Wisconsin and other upper-Midwest states. While Wisconsin's population will continue to grow over the next 20 years, the workforce faces serious constraints. The curve began to flatten in 2008 as the first baby boomers (those born in 1946) reached age 62 and began to leave the workforce.

Wisconsin Population and Labor Force



*Bureau of Labor Statistics, OEA

Baby boomers continue to exit the workforce in great numbers. However, the labor force participation rates for workers over 55 years of age have risen significantly. The need or want to remain in the workforce has assisted in staving off more severe worker shortages.

Our analysis shows a marked decrease in per capita personal income growth in the coming decades. The consequences for shared tax burden will be real and require new policy discussions about the social contract for infrastructure and government services.

One of the remedies for labor scarcity and increased productivity is the incorporation of labor-saving technology in the workplace. As such, not only does Wisconsin have a quantity challenge, the state must also make all available workers technologically savvy. The propensity for automation varies by occupation, but routine activities are the most susceptible to displacement.

To summarize, the state needs to find every body it can and get everybody trained up to their maximum potential.

Kenosha County
Population and Demographics

Kenosha County is the eighth most populated county and the third most population dense county in Wisconsin. With the City of Kenosha as its county seat and largest municipality, its 99,263 residents accounts for 59% of the county's total population. The chart below displays the population and population change among the largest municipalities. All 10 municipalities grew between 2010 and 2018. The overall county growth rate of 1.37% was slower than the national and statewide pace.

The Village of Pleasant Prairie, a community to the southwest of Kenosha, witnessed the largest numeric increase (1,447 residents) and grew at the fastest rate (7.34%). The municipality is in an advantageous position because of location and available land. The Village has a large foot print and highway access. The location along the Wisconsin-Illinois boarder makes it accessible to the Chicago area.

10 Most Populous Municipalities in County

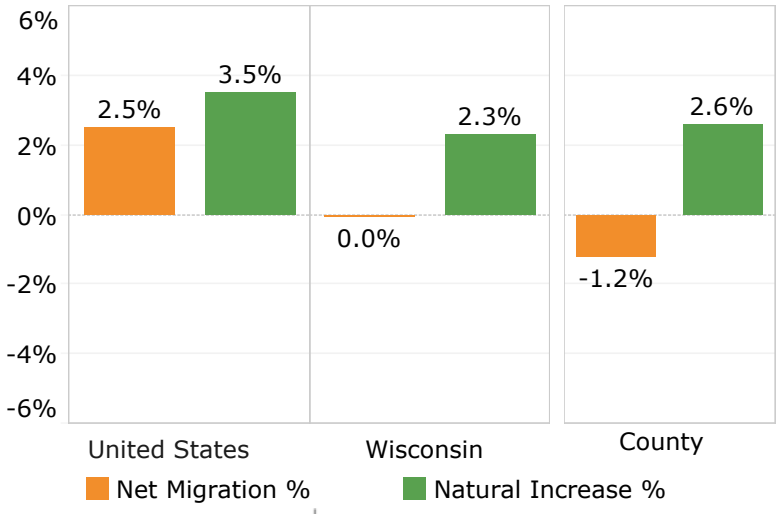
	2010 Census	2018 Final Estimate D	Numeric Change	Percent Change
Kenosha, City	99,218	99,263	45	0.05%
Pleasant Prairie, Village	19,719	21,166	1,447	7.34%
Salem Lakes, Village	14,478	14,531	53	0.37%
Somers, Village	0	8,827	8,827	
Twin Lakes, Village	5,989	6,068	79	1.32%
Bristol, Village	4,914	5,071	157	3.19%
Wheatland, Town	3,373	3,369	-4	-0.12%
Randall, Town	3,180	3,201	21	0.66%
Paddock Lake, Village	2,992	2,972	-20	-0.67%
Paris, Town	1,504	1,510	6	0.40%
Kenosha County	166,426	168,700	2,274	1.37%
United States	308,400,408	327,167,434	18,767,026	6.09%
Wisconsin	5,686,986	5,816,231	129,245	2.27%

Source: Demographic Services Center, Wisconsin Department of Administration

Components of Change

Population change can be broken into net migration (those moving into the county minus those leaving) and natural increase (births minus deaths). Net migration has a more immediate impact on available labor force. The county's net migration pattern differed from the state. Wisconsin had an equal number of residents moving in and out of the state, leading to 0% population growth due to net migration. Kenosha County declined by 1.2% in this category. The nation, state, and county had positive natural increases in the population. Kenosha County's natural population growth of 2.6% mirrored statewide growth of 2.3%.

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration

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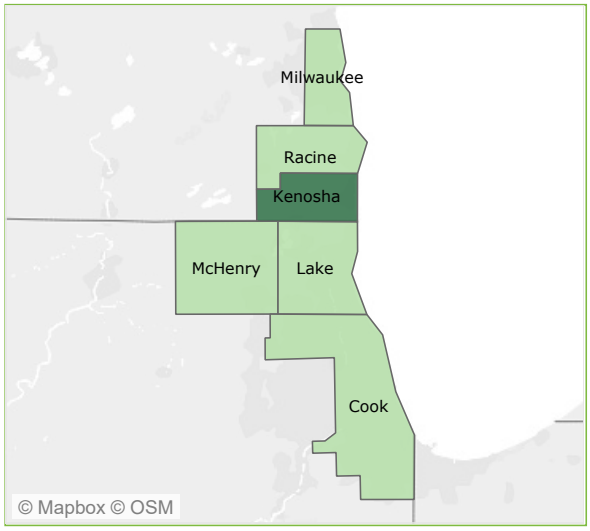
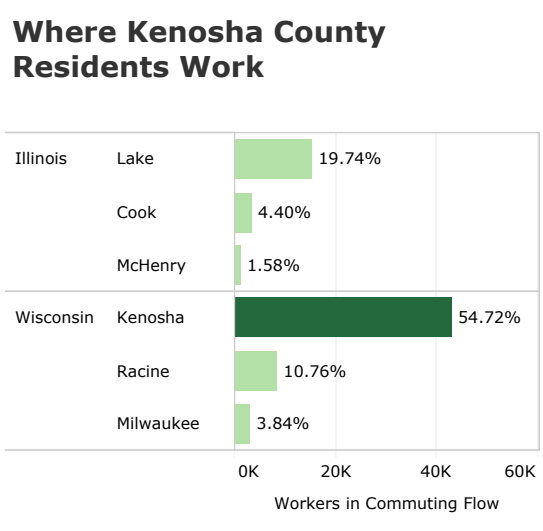
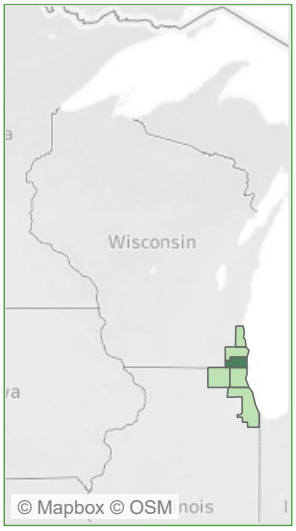
Kenosha County Worker Commute

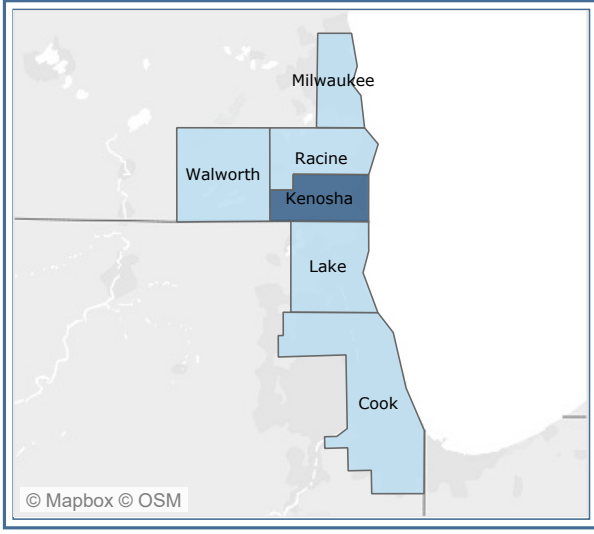
Residents Work

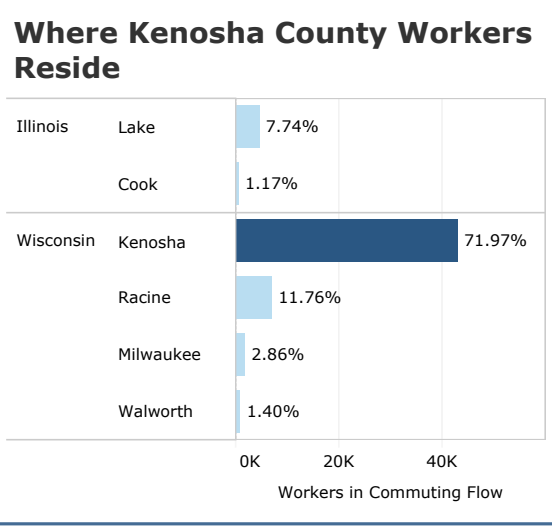
A little over half of employed Kenosha County residents work in the county, and the remaining 45% pursue opportunities outside its borders. As a point of reference, 71.8% of employed Wisconsin residents work in their home county. Proximity to the Chicago area is a contributing factor. Three of the top five destinations for commuters are across the state border into Illinois. Lake County is the most popular destination for work outside of Kenosha County.

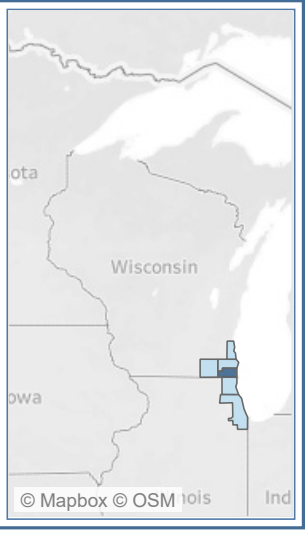












Workers Reside

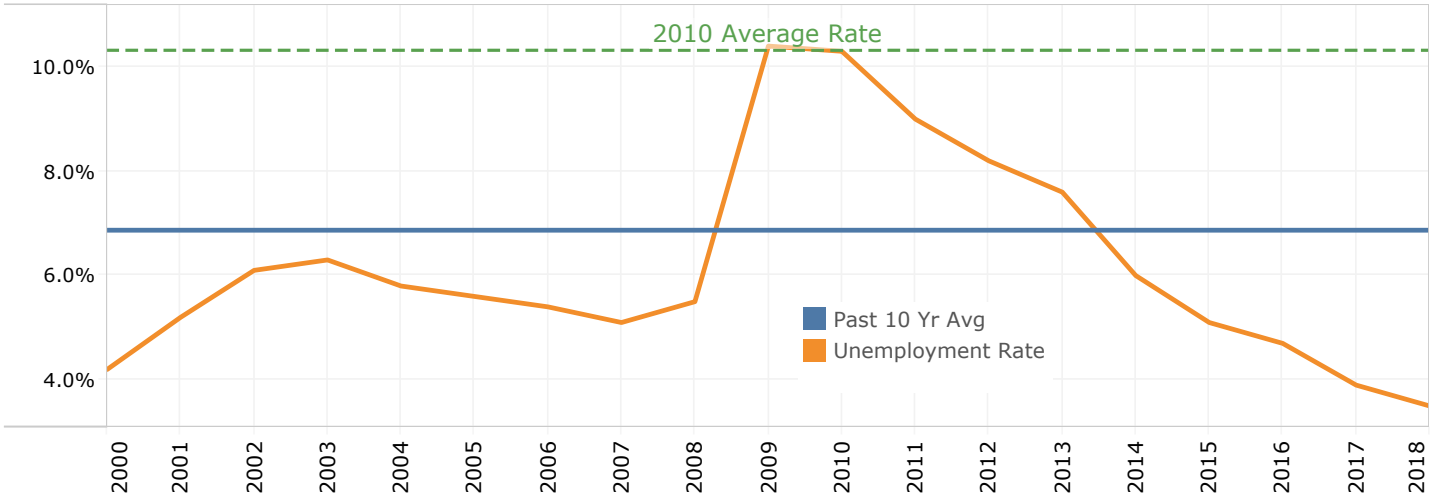
About 72% of Kenosha County workers also live in the county. The county gets about 7,000 workers, or 11.8% of its workforce, from its northern neighbor of Racine County. Lake County is the next largest home for Kenosha County's workforce. Due to its relatively small geographic size, proximity to neighboring counties, and freeway access, traveling to and from Kenosha county is convenient for those with automobiles.

*source: 2011-2015 5-Year American Community Survey Commuting Flows, US Census Bureau

Labor Force Dynamics

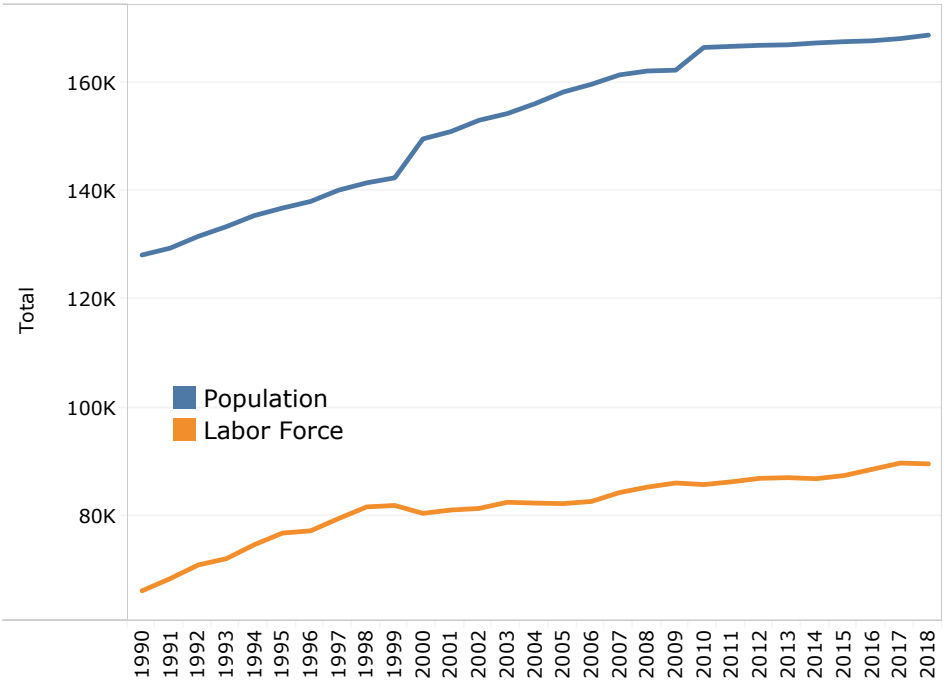
The unemployment rate represents the proportion of residents who did not have a job but were actively seeking work as a share of the total labor force. The Kenosha County unemployment rate reached a high of 10.4% in 2009 following the Great Recession and declined to 3.5% by 2018. The steady decline in this important measure is consistent with both the nation and the state. The national unemployment rate peaked at 9.6% in 2010 and declined to 3.9% by 2018. Wisconsin's rate hit 8.7% and has since declined to 3.0%. Low unemployment rates signify a "tight labor market", which means employers have difficulty finding available workers. Due to the tight labor market, employers must find ways to attract workers who are marginally attached to the labor force as well as address barriers to employment that may deter otherwise qualified candidates.

Kenosha County Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Population and Labor Force



Kenosha County Labor Force Components

Two factors influence the size of the labor force. The first is the size of the working age population. The primary way to improve this in the short term is by increasing net migration. The second influencing factor is the labor force participation rate (LFPR). The LFPR faces downward pressure due to an aging population. Wisconsin's LFPR is holding steady at around 85% for residents between 25 and 54 years old. LFPR starts to decline at around 55 years old and declines sharply after participants turn age 60.

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics and Wisconsin Deparment of Administration

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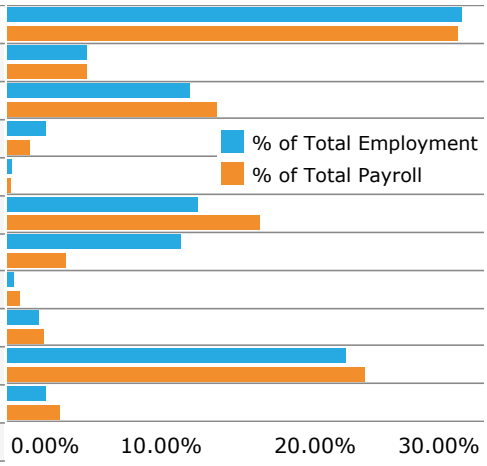
Industry Employment and Wages
2018 Employment and Wage Distribution by Industry
Kenosha County

	2018 Annual Average Employment	1-year change	Total Payroll (2018)
Trade, Transportation, Utilities	19,637	-916	$861,600,218
Public Administration	3,426	72	$152,543,584
Professional & Business Services	7,876	168	$400,925,362
Other services	1,652	-38	$42,057,061
Natural Resources	226	7	$7,357,804
Manufacturing	8,236	467	$483,221,156
Leisure & Hospitality	7,490	194	$113,841,721
Information	267	-1	$22,851,454
Financial Activities	1,399	-1	$70,365,373
Education & Health	14,641	127	$684,899,503
Construction	1,675	64	$100,608,309
All industries	66,526	144	$2,940,271,545



Source: WI DWD, Labor Market Information, QCEW, June 2019

The table above displays both employment and payroll by industry sector as a percent of total employment in the county. This data is based on the location of the employer, which means it includes the workers who commute from outside of the county. The Trade, Transportation, and Utilities sector has the highest share of payroll (29.30%) and employment (29.52%). This industry has seen strong growth over the past five years, and employment has increased by 56% since 2013.

One way of identifying key industry drivers in a local economy is comparing it to a larger reference economy. Kenosha county's employment share in the Manufacturing sector is more than three times that of the nation. More specifically, the county has a very high share of employment in printing and related support activities, which includes the Amazon fulfillment center that opened in 2015. The employment concentration is almost 14 times greater when compared to the United States in this sector.

2018 Average Annual Wage by Industry

	Wisconsin Average Annual Wage	County Average Annual Wage	2018 % Wisconsin	1-Year % Change*
Trade, Transportation, Utilities	$41,901	$43,876	104.7%	7.7%
Public Administration	$47,859	$44,525	93.0%	-0.4%
Professional & Business Services	$60,729	$50,905	83.8%	-3.0%
Other services	$30,674	$25,458	83.0%	-11.7%
Natural Resources	$39,444	$32,557	82.5%	0.5%
Manufacturing	$58,048	$58,672	101.1%	3.5%
Leisure & Hospitality	$18,757	$15,199	81.0%	-4.5%
Information	$73,577	$85,586	116.3%	11.9%
Financial Activities	$71,474	$50,297	70.4%	1.8%
Education & Health	$49,185	$46,780	95.1%	0.5%
Construction	$61,909	$60,065	97.0%	-1.4%
All Industries	$48,891	$44,197	90.4%	2.1%

Source: WI DWD, Labor Market Information, QCEW, June 2019
*Difference in the 2018 share of Wisconsin and the 2017 share of Wisconsin

The largest industry sector (Trade, Transportation, and Utilities) pays about $1,975 more per worker annually when compared to the state. The Financial Activities sector has the largest discrepancy between statewide wages and county wages. Low wages most likely indicate that the employment mix is heavier on lower paying positions. Higher paying management positions are housed in other locations.

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Industry Employment Projections
Southeast WDA - Industry Projections 2016-2026
Kenosha, Racine, and Walworth Counties

Industry	2016 Employment	Projected 2026 Employment	Employment Change	Percent Change
Total All Industries	197,023	222,515	25,492	12.9%
Natural Resources and Mining	2,293	2,364	71	3.1%
Construction	5,453	6,023	570	10.5%
Manufacturing	34,345	46,687	12,342	35.9%
Trade, Transportation, and Utilities	41,025	45,526	4,501	11.0%
Information	983	843	-140	-14.2%
Financial Activities	4,923	5,041	118	2.4%
Professional and Business Services	16,141	17,821	1,680	10.4%
Education and Health Services	43,590	46,629	3,039	7.0%
Leisure and Hospitality	22,059	23,801	1,742	7.9%
Other Services (except Government)	8,229	8,640	411	5.0%
Public Administration	10,126	10,303	177	1.7%
Self Employed and Unpaid Family Workers	7,856	8,837	981	12.5%

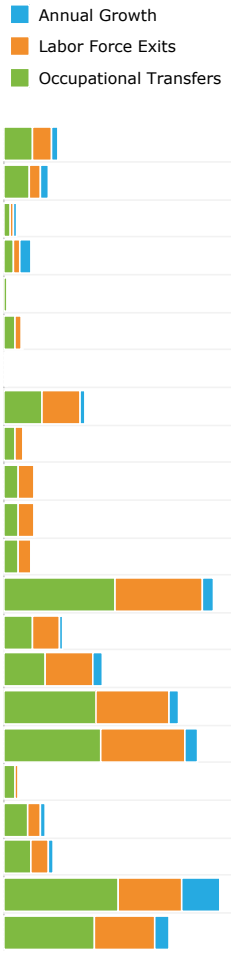
Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, December 2018

While studying past trends is useful, DWD also produces projections of industry and occupation employment into the future. Wisconsin is split into 11 Workforce Development Areas (WDAs) and projections are updated every two years. Kenosha County is part of the Southeast WDA, which also includes Racine and Walworth counties. New for the 2016-2026 projections, the Bureau of Labor Statistics (BLS) has changed the methodology to better project the workforce of the dynamic new economy in which a worker will likely have many occupations in a lifetime. The workforce is constantly evolving. Workers leave an occupation for reasons other than retirement or death, such as changing careers, promotions, or completing retraining programs. The new BLS "separations" methodology accounts for these different types of job changes (i.e. job growth, job exits, job transfers). The Occupation Employment Projections discussion on the next page reviews the impact of this revision.

Regional employment is expected to grow by 12.9% over the 10-year period, or almost 25,492 workers. Statewide employment is projected to grow by 6.8% during the same timeframe. Growth is particularly strong in manufacturing. These projections do attempt to incorporate anticipated employment in Foxconn, which was still being developed as this profile was written. The industry projections shown here forecast levels of filled positions rather than demand. This illustrates the issues associated with the aging population. While growth in the labor force is slowing and, in some counties, declining, job growth is expected to continue. The aging population will increase the need for replacements. Employers may have trouble finding replacement workers even if overall employment in the industry declines. As a result, businesses that are already having difficulty filling job openings vacated by retirees will also strain to fill new openings. This could restrict job growth by limiting businesses' ability to expand. Solutions to these problems will differ for each business but will likely include a combination of developing a talent pipeline such as Wisconsin Fast Forward training grants or business alliances aimed at marketing specific careers; increasing focus on talent attraction and retention; engaging under-utilized workforces; increasing automation; and retaining retirees in non-conventional work arrangements.

Occupational Employment Projections
Southeast WDA - Occupation Projections 2016-2026
Kenosha, Racine, and Walworth Counties

Occupation Title	2016 Employment	2026 Projected Employment	Occupational Openings	Percent Change (2016-2026)
Total, All	197,020	222,520	26,320	12.9%
Management	9,580	10,820	900	12.9%
Business and Financial Operations	6,260	7,500	740	19.8%
Computer and Mathematical	2,100	2,550	200	21.4%
Architecture and Engineering	2,700	4,670	460	73.0%
Life, Physical, and Social Science	840	960	90	14.3%
Community and Social Service	2,480	2,790	320	12.5%
Legal	550	530	30	-3.6%
Education, Training, and Library	14,970	15,630	1,340	4.4%
Arts, Design, Entertainment, Sports, and Media	2,880	3,190	350	10.8%
Healthcare Practitioners and Technical	9,100	9,530	540	4.7%
Healthcare Support	4,270	4,670	540	9.4%
Protective Service	4,370	4,440	470	1.6%
Food Preparation and Serving Related	18,510	20,250	3,480	9.4%
Building and Grounds Cleaning and Maintenan..	7,270	7,810	980	7.4%
Personal Care and Service	9,450	11,210	1,650	18.6%
Sales and Related	18,780	20,550	2,920	9.4%
Office and Administrative Support	25,600	27,650	3,220	8.0%
Farming, Fishing, and Forestry	1,670	1,720	260	3.0%
Construction and Extraction	5,820	6,380	680	9.6%
Installation, Maintenance, and Repair	7,240	8,180	820	13.0%
Production	23,350	29,810	3,600	27.7%
Transportation and Material Moving	19,240	21,660	2,750	12.6%

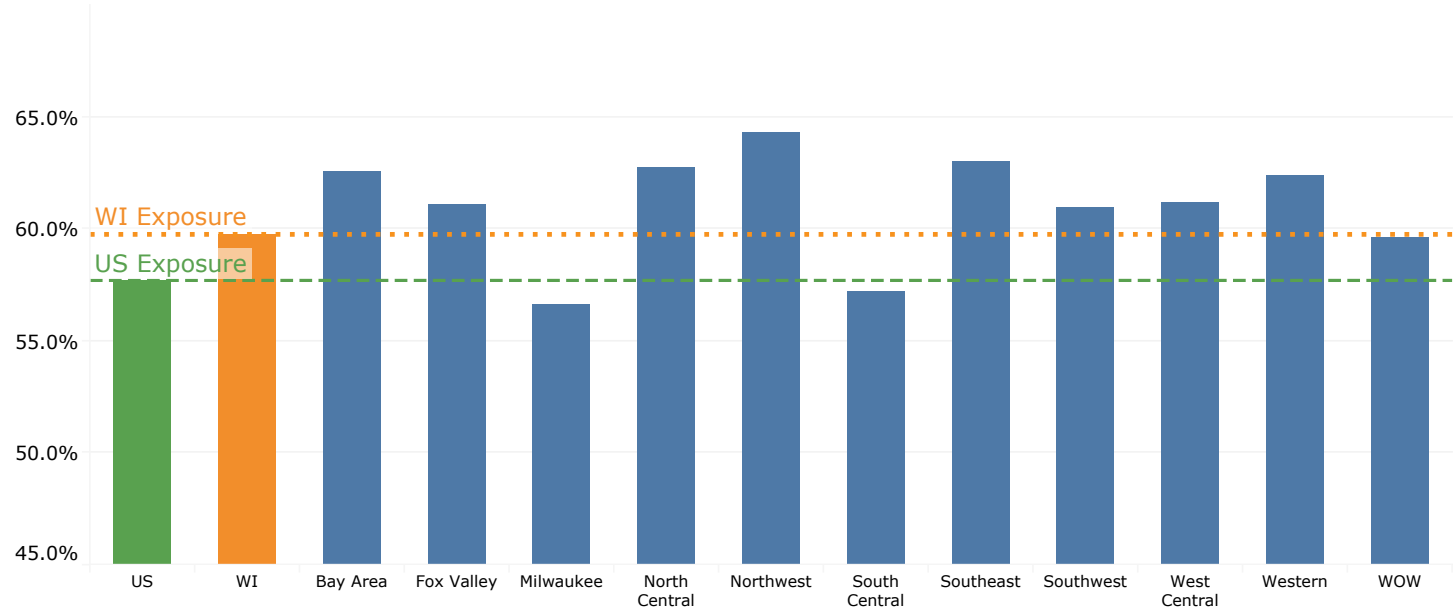


Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, December 2018

While industry projections have their uses, a more functional approach is projected occupational need. Occupational projections are separated into three categories: growth, labor force exits, and occupational transfers. Retirement will be a key driver in the "labor force exits" category. While actual retirement age varies among individuals, age 65 can be used as a rough proxy for expected retirement. We are approximately at the half way point of baby boomers retiring. Occupational transfers can include workers that advance in careers or make lateral movements into different occupations. As a general rule, a higher need for replacements due to transfers can be expected in lower paying occupations.

An examination of projected occupational employment reveals a higher need for replacements than filling new positions due to growth. Occupational transfers and labor force exits make up over 90% of projected annual openings. Facing the challenges of an aging baby boomer population, an increased importance must be placed on the availability and skill sets of young workers entering the region's workforce. While the total need is comparatively small, the Architecture and Engineering occupation category stands out as the fastest growing field. Jobs in this group are typically high paying, and growth in this area would bring additional income and spending power into the region.

Automation Exposure by Workforce Development Area



Source: The Future of Employment: How Susceptible are Jobs to Computerisation, C.B. Frey and M.A. Osborne, September 17, 2013, Oxford Martin School, University of Oxford; OES

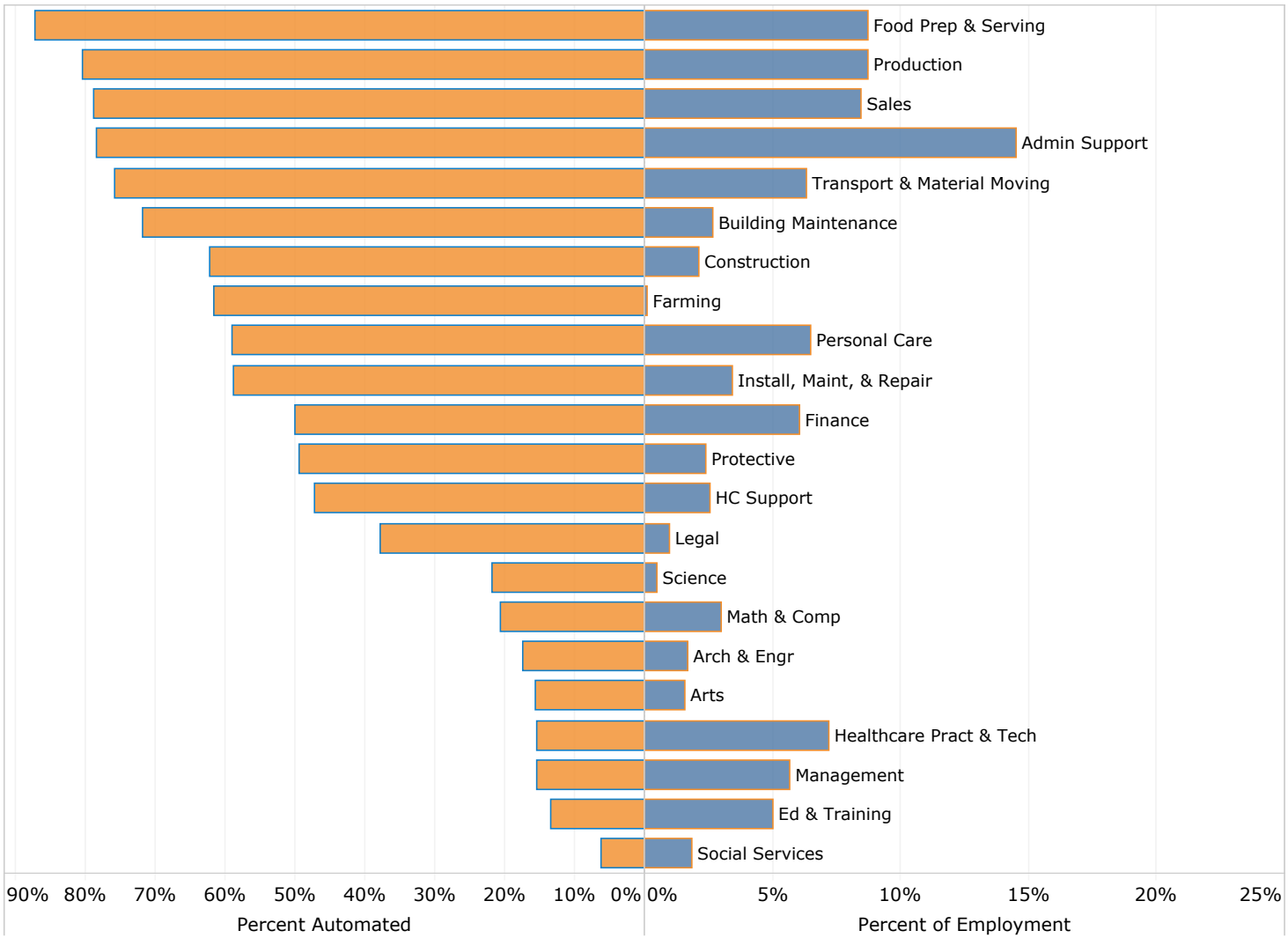
Technological advancements are changing the occupational landscape of the nation and Wisconsin is no exception. Developments in the fields of artificial intelligence, the internet of things (ability of electronic devices to communicate with each other), autonomous transportation, and many others are widely expected to have significant impacts on the nature of work, both in terms of the job mix and the skillsets needed to succeed in the labor market. By merging occupational-level probabilities of automation from a 2013 Oxford study with employment data from the Occupational Employment Statistics data set, we are able to estimate the overall level of exposure to automation and compare it across different geographies, which is identified in the chart above.

An estimated 63% of current jobs in the Southeast WDA have the potential to become automated. "Automation" is often incorrectly perceived as the creation of an autonomous robot workforce. A more accurate characterization is that automation will replace routine and repetitive tasks. Human capital will still be essential for parts of the job that cannot be automated. Local employers list problem solving as one of the top three most valued "essential skills" across all job functions. Communication and collaboration are also highly valued. Workers strong in these areas will be well positioned to thrive. Employers need to hire adaptable employees as job duties in the workforce continue to evolve.

Further analysis of the interactions between automation and other occupational characteristics yields some interesting conclusions that have broad implications on the labor market. Automation exposure is anticipated to continue contributing to inequality both in terms of wages and education. In other words, automation exposure has a strong tendency to decrease as wages and educational requirements associated with the job increase. Technological advancements can also help mitigate the workforce quantity challenge by enhancing labor productivity, which is essential for continued economic prosperity without increasing labor force. Of note, these developments are also anticipated to accelerate the evolution of workplace skills, which puts additional emphasis on the roles of postsecondary education and upskilling while still on the job.

Automation Exposure by Occupation Group for Southeast WDA

Kenosha, Racine, and Walworth Counties



Source: The Future of Employment: How Susceptible are Jobs to Computerisation, C.B. Frey and M.A. Osborne, September 17, 2013, Oxford Martin School, University of Oxford; OES

The table above compares the propensity for automation to the current level of employment in each occupational category. The occupation groups with relatively low percent automated tend to require more non-routine work. The skillsets required to do many of these jobs (such as interacting with the environment, creativity, problem solving, and working with others) render them less exposed to automation, at least as technology stands now. The area of concern tends to be those occupations at the top of the graph. These occupations generally do not require a high degree of manual dexterity, problem solving, creativity, or adaptation. A high share of the tasks currently performed by workers in these occupations have the potential to be automated. One of the more disruptive and possibly unexpected occupation group on the list is Transportation and Materials Moving. These occupations are impacted by the growth of self-driving vehicles and highly automated warehouses. While replacing jobs in a number of areas, automation will also create new jobs in other areas. The challenge is that the new jobs will not be in the same area or require the same skills as the jobs that are replaced. The ability of the workforce to adapt to these rapid changes and the new occupations they will bring will be essential to continued economic progress going forward.