

2023 KENOSHA COUNTY ECONOMIC INDICATOR REPORT



CONTRIBUTOR:

Savannah Meyers
UW-Extension Kenosha County
Community Development Educator

Acknowledgements

The author would like to thank the following individuals for their contributions to this report: Steven Deller and Matt Kures, Community Development Specialists, UW-Madison, Division of Extension; Pamela Larson, Area 22 Extension Director, UW-Madison, Division of Extension; Brandon Hofstedt, Community Economic Development Program Manager, UW-Madison, Division of Extension; and Nicole Ryf, President, Kenosha Area Business Alliance. Any errors in this report are the responsibility of the author.

Data Appendix

This report utilized data from three data sources: the US Department of Commerce's Bureau of Economic Analysis (BEA), the U.S. Census Bureau, and Woods and Poole, Inc. The BEA collects the majority of their data through unemployment compensation tax filings and other business tax records and its geographical location reflects where the employers are located. The U.S. Census Bureau collects their data through surveys sent to an individual's place of residence. The Woods and Poole economic data is enhanced BEA data, specially they provide a method for addressing data disclosure limitations with the BEA data. More information can be found on their website:

<https://www.woodsandpoole.com/>.

Background

Since 1850, Kenosha County has been contributing to the robustness of Wisconsin's economy. While the geographic size (square mileage) of the county may be small, it is home to the 4th largest city in the state and has significant opportunity for economic innovation and growth. This opportunity is heavily influenced by the county's unique geographical location: on the shore of Lake Michigan centered between Milwaukee and Chicago. Interstate 94 connects these two metropolitan areas and crosses through the middle of Kenosha County. This quick access to Chicago and Milwaukee has made Kenosha County a hub for businesses such as international headquarters, manufacturing plants, and warehouses.

Due to the proximity and economic interdependence, Kenosha County is categorized with the Chicago Metropolitan area when discussing economic growth and development. Kenosha County's place within the regional economy exceeds this categorization as the county is also part of the Milwaukee Metropolitan Area. This relationship and its interactions will become clearer as the Chicago-Milwaukee Metropolitan Areas are compared to Kenosha County throughout the report.

Population

Based on 2022 Census Data, Kenosha County is the home to 167,817 individuals, a -0.8% change since April of 2020. This negative change in population has been experienced throughout the region over the past few years with the Milwaukee Metropolitan area experiencing a -0.95% change and the Chicago Metropolitan experiencing a -1.83% change. This change, along with other patterns in the population, is an integral part in determining the available workforce in the area. To better understand the relationship between these patterns and the local economy, it is important to discuss the different demographics characteristics of Kenosha County's population.

One of the primary concerns about the Kenosha County and Wisconsin economies is the availability of workers. Here notions around an aging population coupled with labor force participation rates helps coming to grasp with trends in the supply of workers. Like much of the nation, Kenosha County is aging.

In 1970 the median age for the county was 26.4, increasing to 34.3 by 2000 and is today 38.6 years of age. Correspondingly, in 1970 9.5% of the county population was age 65 and over, by 2000 the share had increased to 11.5% and today 16.0% of the county population is age 65 and over. Yet, the share of the population that is “prime working age” (20-59) increased from 46.3% of the county total population to 52.4% in 2022. Part of the reason for this increase in the share of the population classified as prime working age is due to the slow growth of the population aged 19 and younger.

While the county is growing older, this does not necessarily mean that the number of available workers is declining as an increasing number of people are putting off retirement beyond that traditional age of 65. In 2010 the overall labor force participation rate was 67.3% with a slight decline to 65.8% in 2022. This slight downward trend reflects overall downward trends in the labor force participation rate across the nation and Wisconsin. For example, the labor force participation rate for Wisconsin peaked in November of 1997 at 74.5% and declined to a low of 64.5% in February 2023, and rebounded slightly to 65.9% in November of 2023 (most current available). Thus, the modest decline for the county is tracking larger national and state trends.

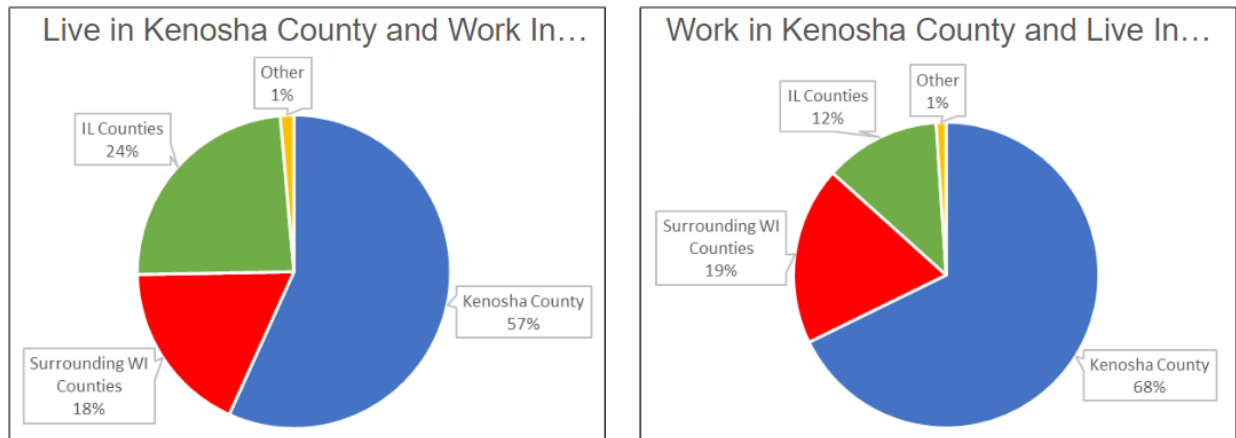
Ability to engage in the work force can also be influenced by educational attainment, as higher amounts of education can qualify individuals for more specialized positions. In Kenosha County, 91.3% of people 25 years or older have graduated high school. The county is home to one technical college and three 4-year universities and 29.4% of the population have received a bachelor’s degree or higher. This percentage is higher in both metropolitan areas: 41.1% of the Chicago Metro and 39.3% of the Milwaukee Metro areas receiving bachelor’s degrees or higher. This lower share of population with college degrees could influence future economic growth and development opportunities for the Kenosha County.

Another demographic important to consider when looking at economic indicators is race. Kenosha County is predominately White with 86.5% of the population identifying as White alone. The county also has a large Hispanic/Latino population with 14.6% of the population identifying as Hispanic/Latino. This is comparable to the larger metropolitan areas with 23% of the Chicago Metro and 12% of the Milwaukee Metro areas population identifying as Hispanic/Latino.

Commuter Data

As previously stated, Kenosha County has experienced employment growth over the past few years. However, only 67.8% of the labor force is housed within the county, meaning they also are dependent on workers living outside of the county. Due to Illinois’s high property taxes, many individuals who work in northern Illinois will move across the border into Wisconsin counties. Another important dimension of the commuting patterns is access to the interstate which connects the county to both Milwaukee and Chicago. Based on the Census estimates, 12.3% of Kenosha County workers commute in from Illinois while 18.9% commute in from other Wisconsin counties (*Figure 3*). In aggregate, about 36,500 Kenosha County residents commuted out of the county for work while 23,300 people commuted into Kenosha County for work. These estimates are a five-year average (2016-2020, the most recent data available from the Census) and do not reflect the growth in hybrid-remote work in the post-COVID world. While we would expect the growth in hybrid-remote work to lower the total flow of commuters into and out of the county, it is unclear how the distribution of those flows has been and will continue to be affected.

Figure 3. KENOSHA COUNTY COMMUTING PATTERNS



Source: US Census Bureau

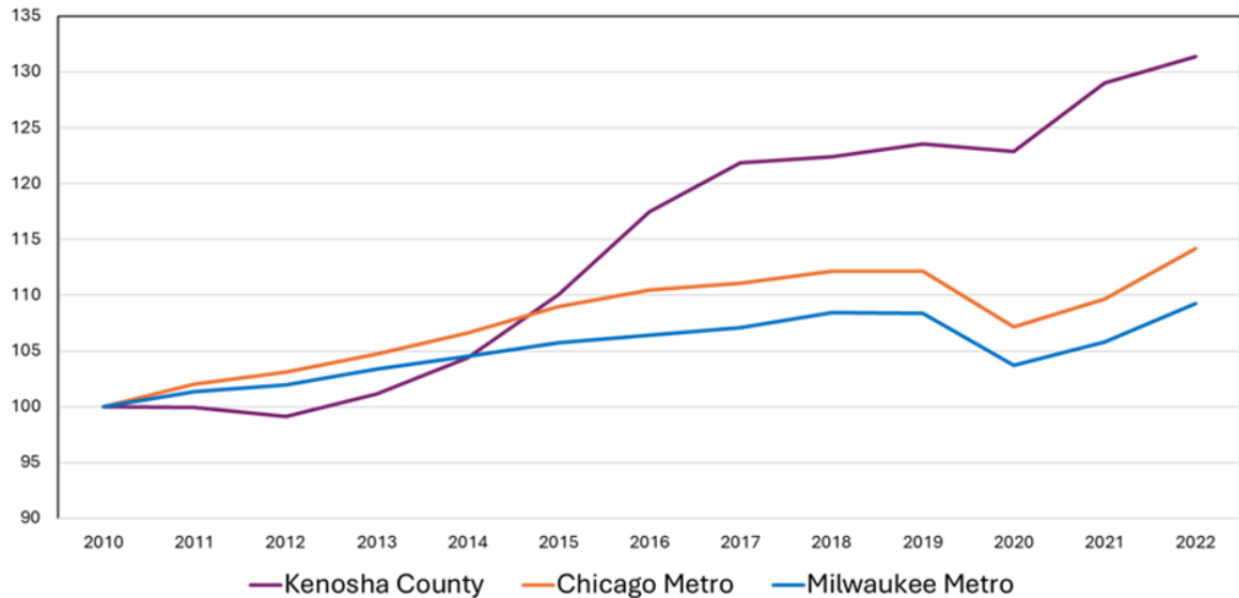
Given these commuting patterns it is clear Kenosha County is not a “closed economy”. This has two practical implications. First, discussions centering on economic growth and development must recognize that the county economy is embedded in a larger regional economy. Second, on a more practical level, the use of business centric data, such as the employment trends discussed above, is reported on location of the business whereas the commuting data is based on the Census which is reported on location of the individual. This important distinction has the potential to lead to apparent inconsistencies and contradiction.

Economic Growth

Economic growth can be thought about through several different lenses such as changes in population and property values to more traditional views such as employment and income. Here we consider each in turn.

Historically, Kenosha County has been known for its strong employment base, its access to larger metropolitan areas, and its location on the shores of Lake Michigan. These factors have allowed for employment growth to flourish in the county. Using a simple employment growth index, we can see that the county went through periods of relative stagnation followed by periods of strong growth (Figure 1). In the years following the Great Recession employment growth was relatively flat with actual modest declines up until 2012. From 2013 to 2017 Kenosha County’s employment growth increased rapidly and surpassed the growth rates of both the Chicago and Milwaukee metropolitan areas.

Figure 1. **EMPLOYMENT GROWTH INDEX**



Source: Woods and Poole

Between 2017 up to the pandemic (2020), employment growth in the county slowed and more closely tracked both the Chicago and Milwaukee growth rates. The impact of the COVID pandemic on both the Chicago and Milwaukee areas are clear, but the impact on Kenosha County employment was much more modest. Indeed, growth in employment post-pandemic appears to be strong for all three regions. The relative mild impact of the COVID induced economic recession on county employment speaks to the growing resiliency of the regional economy and warrants further examination.

Unemployment

Unemployment is a relatively direct measure of the performance of the economy and complements growth in employment. The data are collected and reported monthly often with a very short lag time, making it one of the timelier indicators available at the local level. The unemployment rate is composed of two parts: frictional and structural or cyclical. The economy is always in a state of churn with businesses opening, closing, expanding, and contracting resulting in some workers being laid off. As such, we would expect the unemployment rate to be some positive value. When the economy slows down or experiences an unexpected shock, such as the COVID pandemic, business will lay people off and the unemployment rate will increase.

When addressing employment in an area, it is important to also address unemployment. Kenosha County saw a similar pattern as most of the country regarding unemployment highs: a high spike with a slow recovery after the Great Recession and a huge spike with quicker recovery after the COVID pandemic. Compared to the Chicago Metro area, Kenosha County and Milwaukee had a much quicker recovery following the unemployment high of April 2020. This latter observation for the county is consistent with the modest downturn in employment observed above. This indicates that employment in these two areas was more resilient to the shutdown.

As of October 2023, Kenosha County has an unemployment rate of 3.5%, which is below the average unemployment rate of 4.3% (November 2023) for the Chicago Metropolitan area and slightly above the 3.1% (November 2023) unemployment rate of the Milwaukee Metropolitan area. While economists differ on what an “optimal” unemployment rate might be, the current unemployment rate in Kenosha County appears reasonable.

Income

A broad goal of economic growth and development efforts tends to focus not solely on job creation, but also on the nature of those jobs often measured in terms of income. But income from work is only one source of income. For example, in 2022 44.4% of total personal income came from wage and salary employment, 5.7% from proprietary income (e.g., self-employment), 15.1% from dividends, interest and rent, and 18.7% from transfer income (e.g., social security). Regardless of the source, growth in income is a broad goal of economic growth and development efforts.

Per Capita Income

Per capita income refers to total personal income in the region divided by the region’s population. Here, if a resident is drawn at random from the region (county) one would expect their income to be equal to per capita income. The average income for an individual in the Kenosha County geographical area is \$58,225. This value has been increasing since the end of the Great Recession. However, when expanding the scope to the neighboring metropolitan areas, Kenosha County’s per capita income is significantly less (*Table 1*). Those working in the Milwaukee Metro area make an average of \$68,155 a year and those in the Chicago metro area make \$72,512. The larger incomes in the metro areas may be one of the driving forces of the commuting patterns discussed earlier in the report.

TABLE 1: PER CAPITA INCOME (2022)	
Kenosha County	\$58,255
Milwaukee Metro	\$68,155
Chicago Metro	\$72,512

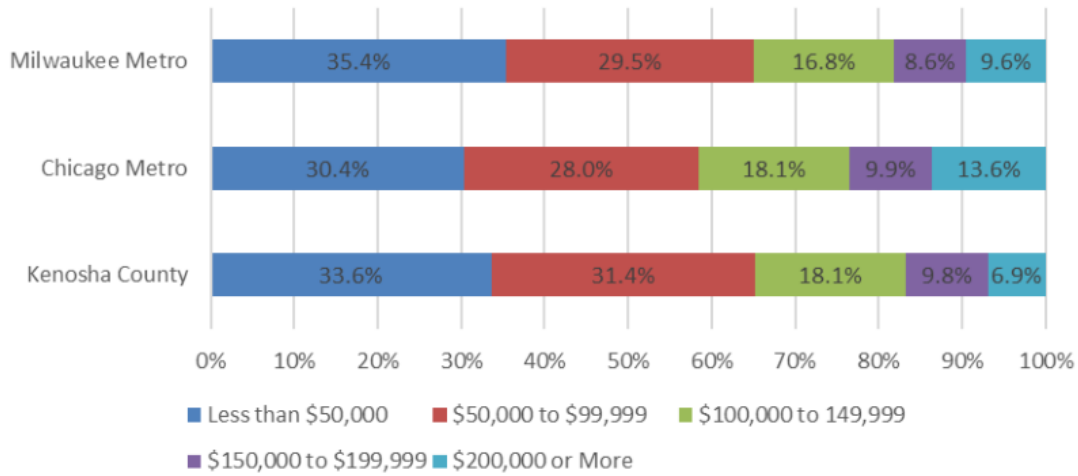
Source: Bureau of Economic Analysis

Household Income

Household Income account for all salaries of individuals 15 or older living in the same household. This statistic is a more accurate estimate of cost of living as many individuals do not solely live on their personal per capita income and pay all goods and services themselves.

Based on the 2022 Census, Kenosha County’s median household income is \$70,658. This is comparable to the household income of the Milwaukee Metro area (\$70,898) and lower than the Chicago Metro area (\$82,914).

Figure 4. HOUSEHOLD INCOME DISTRIBUTION



Household income distribution can also be a useful evaluation tool. Comparing these distributions shows that Kenosha County and the Milwaukee Metro area have a comparable distribution for low to moderate household incomes. However, the Milwaukee Metro area has a higher percentage of high-income homes. The Chicago Metro area has a lower amount of lower and moderate-income homes, with more households fitting in the higher income category than either of the other areas (*Figure 4*).

Kenosha County has lower per capita and household incomes than the Milwaukee and Chicago metropolitan areas. This may have direct and indirect impacts on the economic well-being of Kenosha County.

Industry Cluster Analysis

Employment Structure

Every county is unique because their industrial structure is different. In essence, the types of businesses that make up their economy varies. While each business or industrial sector plays a distinctive role in how the local economy functions, some industries play a stronger role than others. Kenosha County currently is seeing the highest employment levels in transportation and warehousing (12.4%), retail trade (11%), health care/social assistance (10.5%), and manufacturing (10.1%) (*Figure 2*). Some of these businesses have been supporting the population of Kenosha County since the beginning while others have observed less longevity in the county.

Figure 2. KENOSHA COUNTY INDUSTRY BY EMPLOYMENT



Source: Bureau of Economic Analysis

While the overview of general employment levels helps us better understand the Kenosha County economy, the simple distribution of county employment across industries does not provide adequate insights into the relative strengths of each industry. One way to gain such insights is to compare the distribution of employment within the county relative to the larger regional economy, for this study the Chicago and Milwaukee Metropolitan areas combined into one larger regional economy. For this study we compute Location Quotients (LQs). LQs center around the value one. A value higher than one indicated a higher level of employment in that industry than expected, a value of one indicates the expected level of employment, and a value lower than one indicates a lower level of employment in the industry than expected. In other words, industries with a LQ greater than one indicates a potential strength for the county because the share of employment within the industry is greater than expected.

For this study, we look at not only current LQs for the county but also changes in the LQs over time (specifically 2015 to 2022) with the intent of identifying potential economic clusters. Here there are four possible combinations. The LQ for 2022 is greater than one, indicating a higher share of employment in the industry than expected, and a growth in the LQ over time. This industry could be classified as a strength and growing and could be a potential economic cluster and may warrant further exploration. A second combination is a LQ greater than one but declining over time. The industry could be considered a strength but declining. Is this decline an indication a potential threat to the economy? A third combination is an industry with a LQ less than one, which means a smaller share of employment in the industry than we might expect given the larger combined Chicago-Milwaukee metro areas but growing over time. Industries fitting this classification could be classified a weakness but growing. Are there unique opportunities for these industries that warrants further consideration? The final

combination is a LQ less than one and declining overtime. Industries fitting these characteristics may not be best positioned to make major contributions to the Kenosha County economy.

Using employment data, the results of this analysis for the county are reported in Table 2 and Figures 5 and 6. Note that a third industry characteristics is also included in the analysis, the total share of employment within the given industry. The size of the industry is an important consideration because it can help determine the overall impact of the industry. For example, there could be an industry that has a large and growing LQ, which would indicate a strength and growing industry or a potential cluster, but it is relatively small employing few people. An industry with a large and growing LQ that employs a high share of total employment, however, has the potential to have a larger impact on the overall economy and as such warrants further attention.

Table 2. LOCATION QUOTIENTS

Based on Chicago-Milwaukee Combined Metro	LQ 2022	Change LQ 2015- 2022	Share of Employment 2022
<u>Strength and Growing: Potential Cluster</u>			
Management of companies and enterprises	1.92	0.67	3.0%
Transportation and warehousing	1.99	0.65	12.4%
Wholesale trade	1.36	0.39	5.6%
Manufacturing	1.39	0.13	10.1%
<u>Strength and Declining: Potential Threat</u>			
Retail trade	1.29	-0.13	11.0%
Accommodation and food services	1.05	-0.20	6.9%
Farm	3.98	-0.30	0.6%
Forestry, fishing, and related activities	2.81	-1.14	0.2%
State government	1.01	-1.65	1.6%
Local government	1.37	-2.54	8.1%
<u>Weakness and Growing: Opportunity</u>			
Mining, quarrying, and oil and gas extraction	0.48	0.18	0.0%
Administrative and support and waste management and remediation services	0.91	0.05	6.7%
Utilities	0.22	0.04	0.1%
<u>Weakness and Declining</u>			
Educational services	0.62	-0.01	1.8%
Finance and insurance	0.33	-0.02	2.4%
Federal civilian	0.34	-0.02	0.3%
Construction	0.87	-0.02	3.7%
Information	0.29	-0.03	0.4%
Arts, entertainment, and recreation	0.82	-0.05	1.8%
Professional, scientific, and technical services	0.36	-0.06	3.1%
Real estate and rental and leasing	0.81	-0.07	4.2%
Health care and social assistance	0.94	-0.08	10.5%
Other services (except government and government enterprises)	0.85	-0.10	4.7%
Military	0.85	-0.34	0.4%

Source: Bureau of Economic Analysis, Woods and Poole

There are four industries that have large LQ (i.e., greater than one) and growing (i.e., the LQ is increasing over the study period): management of companies and enterprises, transportation and warehousing, wholesale trades, and the broad category manufacturing. This data shows an increase in specialization in these industries over the past seven years compared to the growth of these industries in the Chicago-Milwaukee Metro area. But based on the relative size of each of these four industries two warrant further consideration, transportation, and warehousing which currently account for 12.4% of total employment and manufacturing with accounts for 10.1% of total employment. The relatively large and growth in the LQ transportation and warehousing suggests that this is an economic cluster using this particular methodology. Managements of companies and enterprises has a large and growing LQ, the sector accounts for only three percent of the county's employment. Wholesale trade could also be considered a potential cluster, but it accounts for 5.6 percent of total county employment. Whether or not wholesale trade should be further considered is largely a judgment.

A more intuitive visualization of the information provided in Table 2 are provided in Figures 5 and 6 and provides a representation of how prominent a type of business is in Kenosha County compared to the Chicago-Milwaukee metropolitan area. The vertical axis (change in LQ) signifies if the industry has been increasing or declining in the area in the past seven years. The horizontal axis signifies the current (2022) value of the location quotient. The size of the bubble signifies the share of employment. For example, retail trade is to the right of the vertical axis as the location quotient is larger than one showing Kenosha County is more specialized in this industry than the Chicago-Milwaukee metro area. The bubble is below the horizontal axis because there has been a decline in the relative strength of this industry over the past seven years. This combination (LQ above one but declining) along with the relatively high share of employment (11.0%) could be interpreted as a potential threat to Kenosha County's economy. These analyses indicate that the largest growing industries in the county over the past seven years are transportation/warehousing, manufacturing, and perhaps wholesale trade.

Figure 5. KENOSHA COUNTY CLUSTER ANALYSIS: BASED ON CHICAGO-MILWAUKEE METRO COMBINED

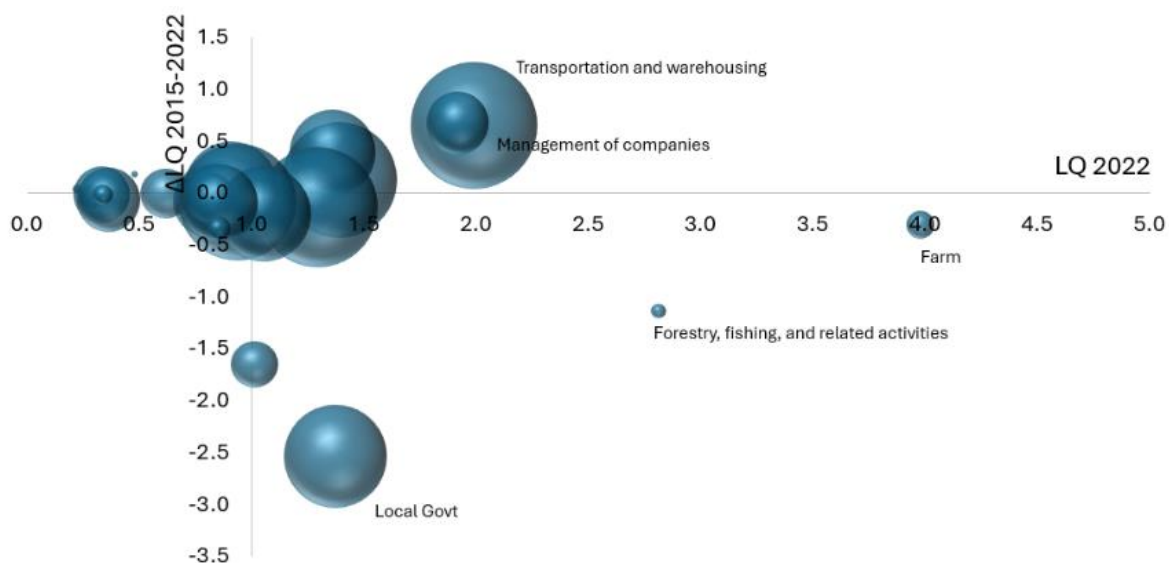
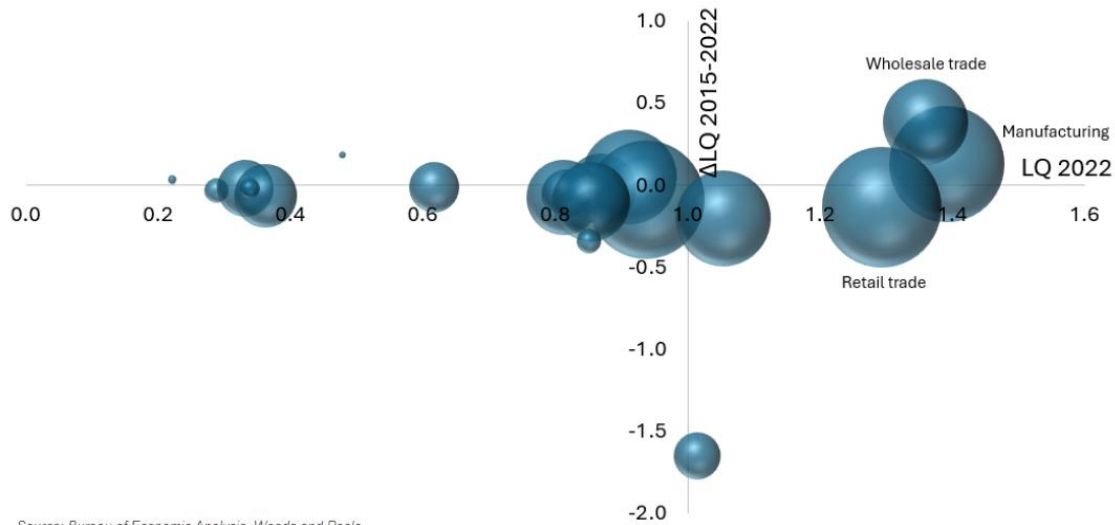


Figure 6. KENOSHA COUNTY CLUSTER ANALYSIS: BASED ON CHICAGO-MILWAUKEE METRO COMBINED (ZOOMED)



While the county has showed significant strengths in their specialized areas, the analysis has also indicated potential areas of concern (e.g., threats) for the county. The following industries have previously been identified as strengths for the county with large shares of employment in 2022 but have experienced declines in the LQ since 2015: retail trade, government (local and state), and accommodation/food service. These industries have been strong in the county in the past, so it is important to see why these industries are weakening in the area. Based on the share of employment, the decline in the LQ for retail trade (11.0% of total employment) appears to be the one industry that might warrant further examination.

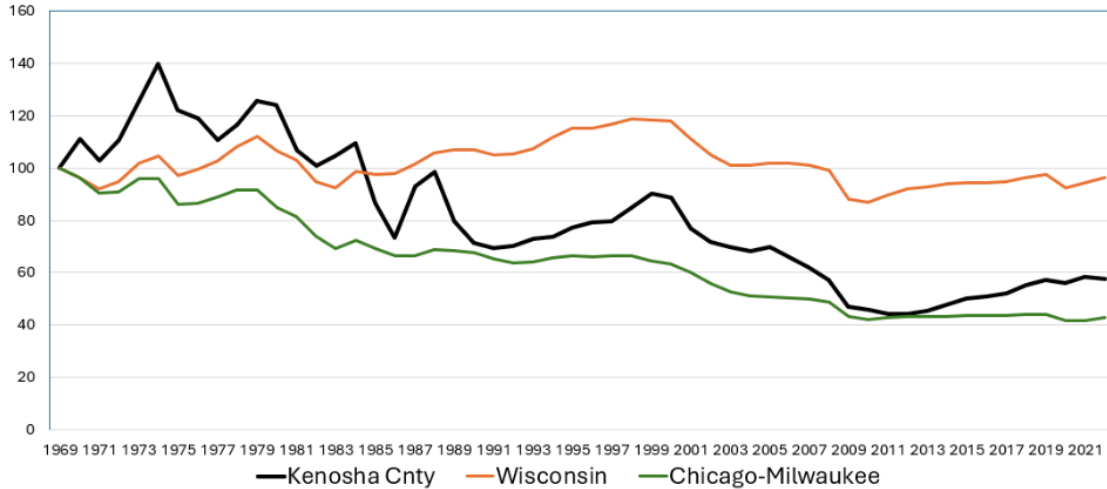
Industry-Specific Analysis

Based on the previous data discussed in this report, there are two industries that could be identified as viable economic clusters (i.e., large and growing LQs and a high share of employment): transportation/warehousing and manufacturing. Each are now examined in more in-depth analysis.

Manufacturing

Manufacturing is a key component of Kenosha County's economic history. Historically, its geographical location provided manufacturers access to relatively cheap natural resources including materials such as iron, wood, and fresh water. Perhaps more important is the strategic location between Milwaukee and Chicago providing manufacturers with access to key input suppliers and potential customers. Kenosha County has been home to many different types of manufactures. While the county has lost some manufacturers, such as Nash Motors and Simon Mattress, there has been recently introduced firms such as Haribo. Others have stood the test of time such as Jockey International and Snap-On Tools. Due to these changes throughout time, Kenosha County has experienced many peaks and valleys surrounding employment growth in manufacturing.

Figure 7. **EMPLOYMENT GROWTH INDEX: MANUFACTURING**



Employment in manufacturing has generally followed the national downward trend in employment apart from an upward trend in the 1980s. More recently, however, there has been an upward trend in manufacturing employment in the county, specifically after the end of the Great Recession (*Figure 7*). The Chicago-Milwaukee Metro area also observed a more subtle decline in this industry, however, did not experience the same increase following the Great Recession which helped launch the county into seeing manufacturing as a strength. This relationship is interesting because if Wisconsin would have been chosen as the comparison for the location quotients manufacturing would not have identified as a strength for Kenosha County.

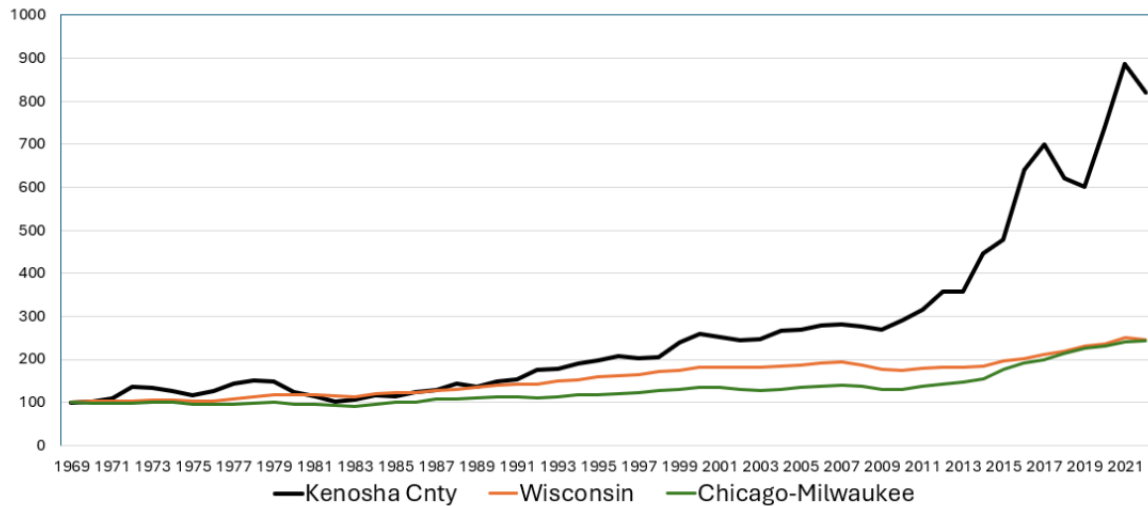
Manufacturing has been undergoing fundamental structural changes for decades. On the one hand, many manufacturers have “off-shored” their operations in their quest to lower operating costs. This trend has largely explained the decline in employment throughout the 1970s and 1980s and into the 1990s. The second trend is the movement to automation with the introduction of robotic technologies and computer systems. This latter trend resulted in an overall decline in the demand for labor, but perhaps more fundamental shifted the nature of manufacturing jobs. Today, manufacturing jobs require a different set of skills than even 20 years ago. Therefore, it is important to better understand the projected demand for employment in manufacturing when discussing how actions surrounding this industry can better support the county’s economy.

Transportation and Warehousing

Another fundamental change in manufacturing is the adoption of “last minute inventory” production strategies. Here, rather than manufacturers having large supplies of input materials on-site manufacturers have shifted the costs of warehousing and delivery onto input suppliers. Given the county’s geographic location between Chicago and Milwaukee this shift may have created opportunities for the transportation and warehousing industry. Since 1970, Kenosha County was following a similar

growth pattern in this industry to the Chicago-Milwaukee Metro area and Wisconsin. In the 1990's Kenosha County began to experience more growth and experienced a sharp increase starting around 2014 (Figure 8). This industry has had a few small valleys but has been increasing in the county since.

Figure 8. EMPLOYMENT GROWTH INDEX: TRANSPORTATION AND WAREHOUSING



Source: Bureau of Economic Analysis, Woods and Poole

Beyond opportunities associated with manufacturing adopting “last minute inventory” strategies, shifts in consumer purchasing has created additional opportunities. For example, the Amazon DML4 facility reflects the growth in warehousing and transportation demands flowing from on-line retail. This has already brought large names in the area and could be a way to bring even more business into the area.

Conclusion

Overall, Kenosha County is uniquely positioned for significant long-term economic growth due to its unique geographical location, centered between the Milwaukee and Chicago metropolitan areas. Its location has created relatively porous borders regarding commuting patterns and allowed for strong employment clusters in the transportation, warehousing, and manufacturing industries.

This report only reflects a small portion of the complexity of Kenosha County and the surrounding metropolitan areas. As these areas continue to grow, the relationship between their economies should continue to be explored through forthcoming analysis.