

Door 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.

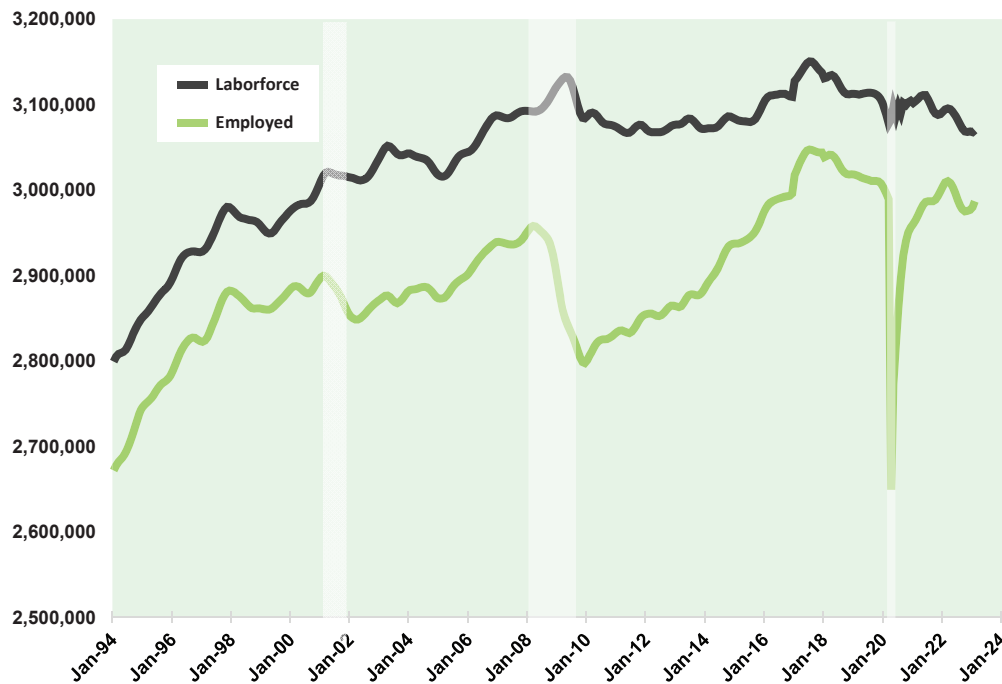


EMPLOYMENT

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.

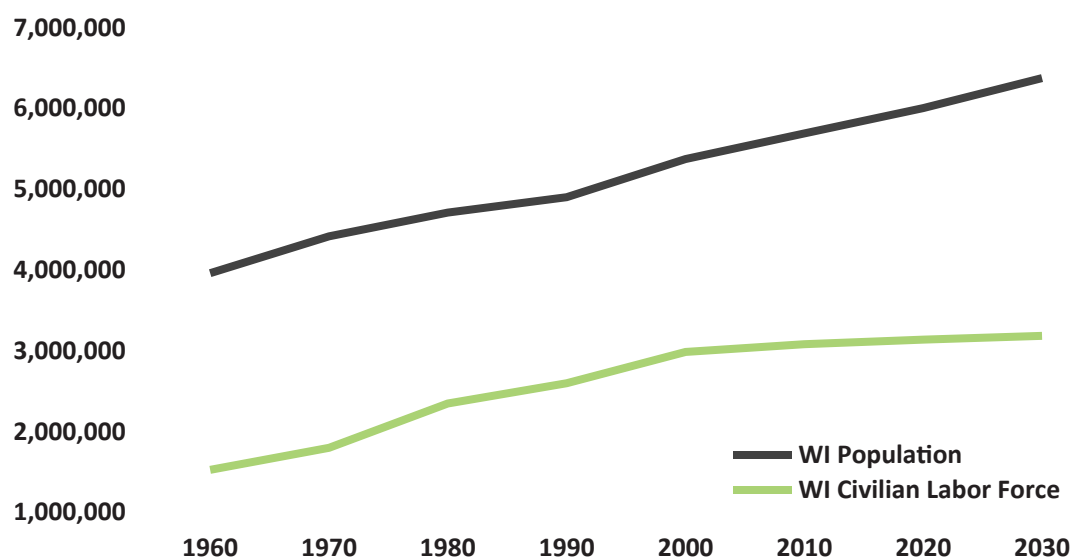
LONG-RUN CHALLENGE

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



Door County

POPULATION AND DEMOGRAPHICS

Population growth in Door County in recent years was slightly below the statewide rate. Since the 2020 Census, the county's population increased by 0.9% or 262 residents. The Town of Gibraltar and the Village of Sister Bay each experienced population growth of at least three percent while Town of Brussels' total population remained unchanged.

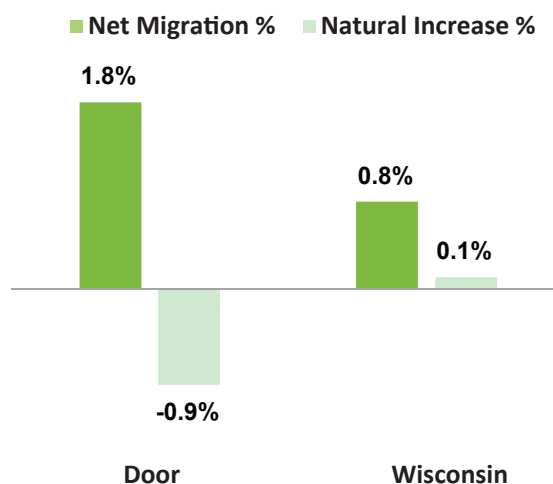
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Sturgeon Bay, City	9,646	9,656	10	0.1%
Sevastopol, Town	2,826	2,858	32	1.1%
Liberty Grove, Town	2,096	2,125	29	1.4%
Nasewaupee, Town	1,984	2,002	18	0.9%
Egg Harbor, Town	1,458	1,495	37	2.5%
Gibraltar, Town	1,228	1,266	38	3.1%
Baileys Harbor, Town	1,223	1,238	15	1.2%
Gardner, Town	1,218	1,228	10	0.8%
Sister Bay, Village	1,148	1,184	36	3.1%
Brussels, Town	1,125	1,125	0	0.0%
Door County	30,066	30,328	262	0.9%
Wisconsin	5,893,718	5,949,155	55,437	0.9%

Source: WI Dept. of Administration, Demographic Services Center

Natural increase and migration are the two sources of population change. A natural increase in population occurs when there are more births than deaths, while an increase through migration arises when more people enter the county than exit. Across both sources, population trends in Door County differed from the state. The net migration rate of 1.8% was more than enough to offset negative natural increase, resulting in an overall population change of just below 0.9%. This contrasts with statewide patterns where net migration was significantly less notable but natural increase was a slight positive.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Employment changes in 2021 were less volatile than the prior year, but nevertheless jobs totals will also be compared to 2019 to provide a pre-pandemic benchmark. Employment in Door County increased by 4.97% or 632 jobs across all industries from 2020 to 2021. In comparison, Wisconsin's total employment grew by 2.4% over the year. As of 2021, employment in the county was still 2.70% below the 2019 total while Wisconsin's total employment was 3% below 2019.

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	701	19	2.8%	47	7.2%	5.2%
Education & Health Services	2,291	91	4.1%	-1	0.0%	17.2%
Financial Activities	355	-1	-0.3%	-53	-13.0%	2.7%
Information	141	19	15.6%	-35	-19.9%	1.1%
Leisure & Hospitality	2,932	413	16.4%	-97	-3.2%	22.0%
Manufacturing	2,142	-50	-2.3%	-144	-6.3%	16.0%
Natural Resources & Mining	205	7	3.5%	23	12.6%	1.5%
Other Services	577	23	4.2%	-136	-19.1%	4.3%
Professional & Business Services	641	45	7.6%	72	12.7%	4.8%
Public Administration	888	-18	-2.0%	-64	-6.7%	6.6%
Trade, Transportation, Utilities	2,484	86	3.6%	18	0.7%	18.6%
All Industries	13,357	632	5.0%	- 370	-2.7%	100.0%

Source: WI DWD, Labor Market Information, QCEW 2021

Eight of 11 industries registered growth between 2020 and 2021. However, seven industries still remained below 2019 levels. The three largest industries in terms of employment share are leisure and hospitality; trade, transportation, and utilities; and education and health services. These three industries make up 57.7% of total employment but only accounted for 21.6% of the overall decline in employment.

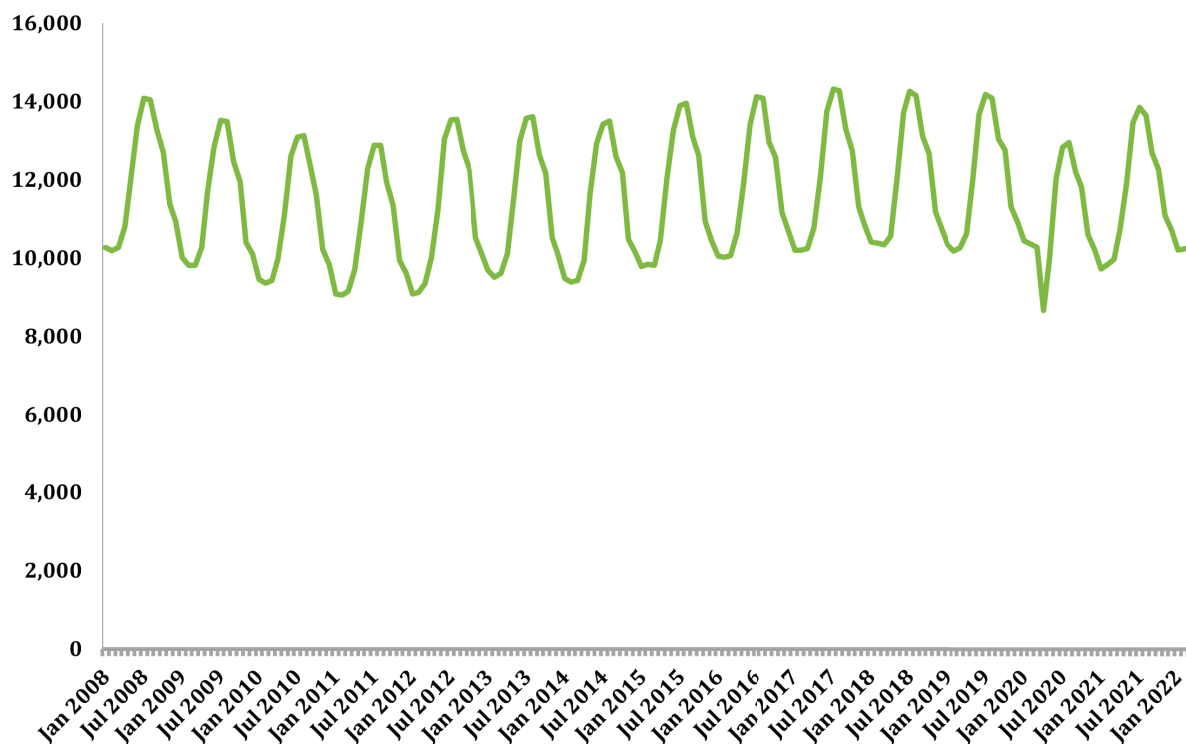
Among the 11 industries in the county, manufacturing experienced the largest numerical employment decrease from 2019 to 2021 (144). The two-year decline of 6.30% is more than three percentage points greater than the statewide decline in manufacturing employment (3.6%). Specifically within manufacturing, the two subsectors in particular that account for much of the recent employment decline are fabricated metal products (down 10.4% in Door County compared to 6.9% statewide) and machinery manufacturing (down 6.2% in the county and 3.1% statewide).



TOTAL MONTHLY EMPLOYMENT

The monthly employment data in Graphic 6 provide a more timely look at local employment trends compared to the table on the last page, given that this series extends to March 2022. In addition, seasonal patterns are also evident here, with employment typically reaching a low in February and peaking in August. Given the relatively high share of employment in Door County is concentrated in leisure and hospitality, these yearly patterns are more apparent. With these seasonal changes in mind, it is constructive to view employment changes by comparing the same month across different years. For example, total employment in Door County was 13,645 in August 2021 and 14,085 in August 2019.

Graphic 6: QCEW Monthly Employment



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

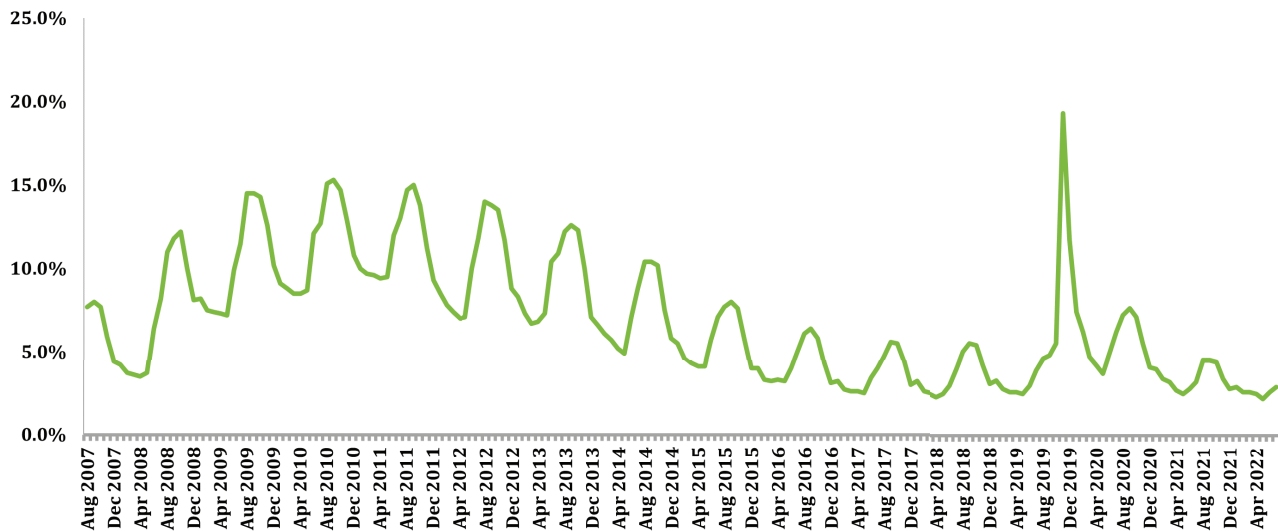
Local employment declined by over 1,600 jobs (15.8%) in April 2020, and the subsequent recovery period has been inconsistent. The most rapid rebound occurred in the spring and early summer of 2020, but the following winter experienced more employment declines than normal in the midst of a new COVID wave at the time. Jobs growth continued throughout much of 2021 and into 2022 as well. As of March 2022, local employment stood at 10,257, representing a 12 month gain of 285. That is only 15 jobs lower than the March 2020 level of 10,272.

Analyzing the more recent monthly data shows that, in contrast to many other counties in the state, Door County's post-pandemic employment recovery is largely complete. However, that is not the only way in which recent employment trends in the county differ from many of its peers. Door County's average monthly employment pre-pandemic remained fairly flat for multiple years, hovering at just under 12,000. The pre-pandemic employment trend statewide was decidedly more upward, meaning that other areas had more "lost ground" to recapture on the road to recovery. In the short term, the jobs outlook remains quite uncertain amid continued concerns over issues such as inflation, international supply chain disruptions, pandemic-induced behavioral changes, and subsequent monetary policy responses. Expected changes over the longer term will be covered in the discussion of industry and occupational employment projections.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

In contrast to the Great Recession, the increase in unemployment that occurred at the onset of the pandemic was more severe but ended more quickly. While Door County's unemployment rate peaked at 15.3% in the aftermath of the financial crisis, in April 2020 it climbed up by nearly 14 percentage points to 19.3%. The subsequent recovery was most rapid in the immediate aftermath of the most stringent lockdowns being lifted; however the local unemployment rate has still been trending toward pre-pandemic levels throughout 2021 and 2022. The August 2022 rate of 2.7% was 0.5 percentage points lower than the same month a year prior, which is notable given the continued economic uncertainties fueled by recent inflation trends.

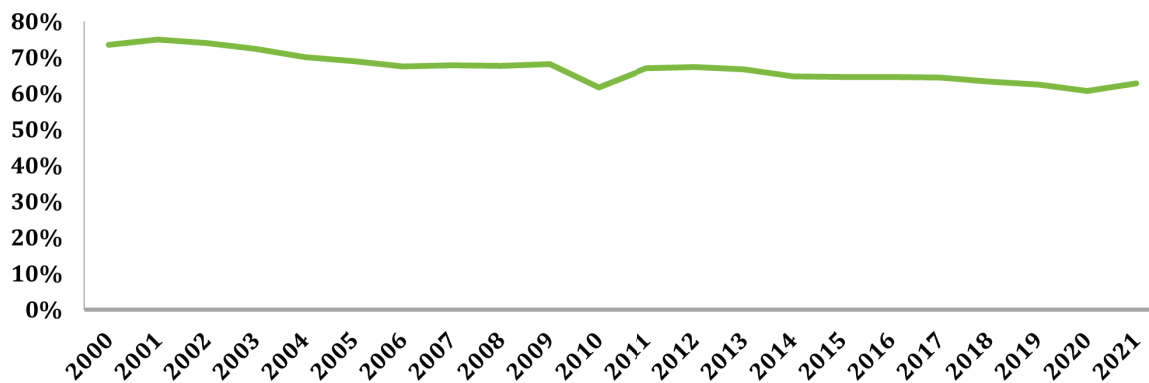
Graphic 7: Unemployment Rate



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

Many of the current labor market challenges existed before COVID-19. Door County's labor force participation rate (LFPR) has been trending steadily downward since 2000, when the oldest members of the baby boomer generation were in the late stages of their prime working years. As of 2021, the local LFPR of 62.9% was more than two percentage points higher than 2020.

Graphic 8: Labor Force Participation Rate



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

BARRIERS TO FULL UTILIZATION

As Door County's population ages and baby boomers exit the workforce, a long-term workforce quantity challenge arises. 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, child care, and access to broadband.

Transportation

Job and residence location don't always line up. Lack of reliable transportation can prevent individuals from pursuing opportunities and employers from filling good-paying positions. In Door County, 88.7% of employed residents rely on a car to get to work, with over 80% driving alone. The average commute time for workers is 17.8 minutes. Inter-county

commuting dynamics are much less apparent in Door County compared to the state as a whole as evidenced by the significantly lower shares of residents commuting out of the county (10.8%) and workers who live in a different county (10.2%). These data may change as the impact of COVID-19 manifest into permanent structural changes. However, it is safe to say that the overwhelming majority of the incumbent workforce will continue to rely on a car to get to work. This dynamic leads to a difficult conundrum. Qualified individuals could fill good job if they had a car. They could afford a car if they had a good job.

Graphic 9: Means of Transportation

	Wisconsin	Door County
Drive Car	87.6%	88.7%
Drive Alone	79.9%	80.8%
Mean Commute Time - Residents	22.2	17.0
Mean Commute Time - Workers	21.9	17.8
% of Residents Working in another County	28.0%	10.8%
% of Workers Residing in another County	24.3%	10.2%

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



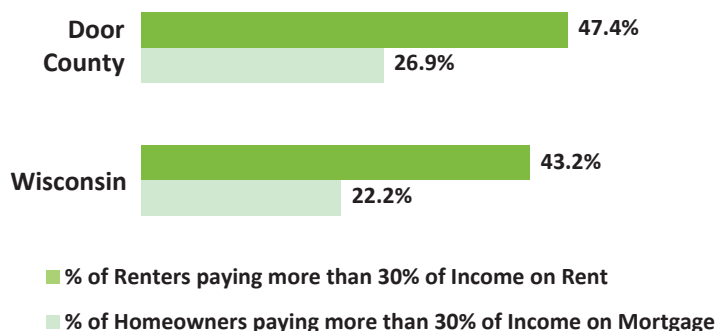
Housing

Affordability and availability of housing are barriers that make it difficult for workers to relocate for job opportunities. The Department of Housing and Urban Development uses 30% of income as a guideline for housing affordability. Like the state, just slightly less than half of renters and around 27% of homeowners spend more than 30% of their income on monthly housing payments. Early data show that home values and monthly rent increased at an accelerated rate between 2020 and 2022, which suggests that the issue could be getting worse.

Two ways of bringing this share down would be 1) providing more housing that is available at a lower cost and 2) increasing earnings.

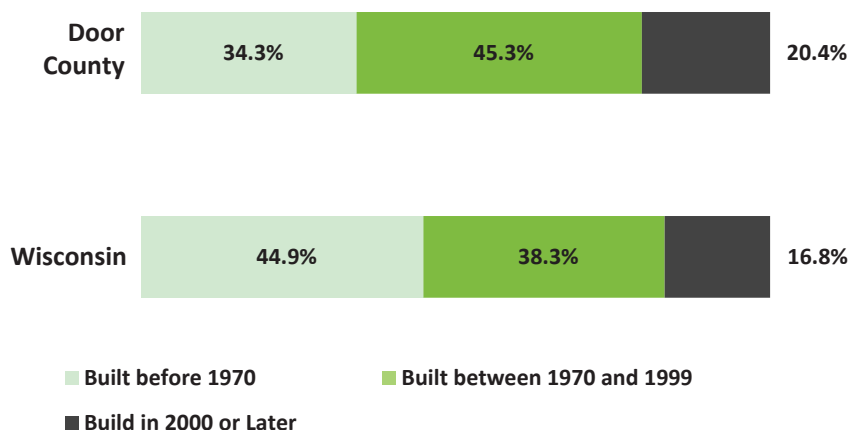
Even if cost isn't an issue, lack of availability can make it difficult for individuals to find housing. Housing availability is difficult to quantify, but one way of looking at the issue is to view the age distribution of the existing housing stock. About half of Door County's housing stock (48.8%) was built before 1970, which is below the statewide rate of 52.9%. Compared to the state, a relatively high portion of local housing construction occurred between 1970 and 1999; the share of existing housing units that were built during this time was almost five percentage points higher in Door County. This contrasts with more recent decades given that only 5.4% of local housing units were built after 1999.

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



Child Care

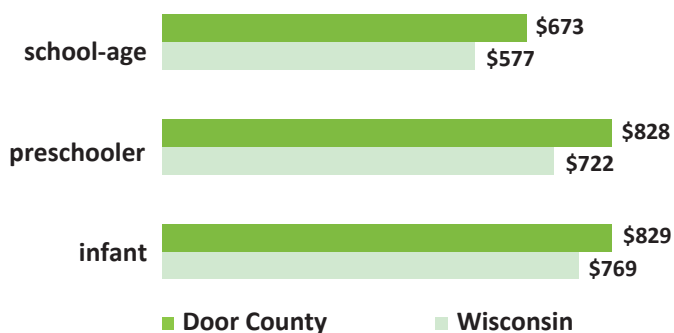
Due to its high cost, child care is a significant barrier to employment for families across Wisconsin. Child care is especially expensive in Door County, with monthly costs ranging from \$673 for a school-aged child and \$829 for an infant. In addition to cost, child care availability is also a barrier to employment. The YoungStar provider database tracks 82% of child care providers in the state. According to the database, Door County has 9 total providers with a potential capacity of 325 children. This capacity is relatively low capacity in comparison to the state. There are 9 child care slots for every 100 children under the age of 14 in Door County compared to 14 statewide. Even families that have child care 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 employees with child care responsibilities.

Graphic 12: Child Care Capacity

	Wisconsin	Door County
Providers	3,863	9
Maximum Capacity	132,075	325
Capacity/100 Children Under 14**	0.14	0.09

Source: Wisconsin Department of Children and Families, Youngstar Database

Graphic 13: Child Care Cost



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

Broadband

Elements of the work-from-home economy and best practices from virtual learning will remain after the pandemic is over. Employers can use innovations developed out of necessity to meet Wisconsin's workforce needs. For example, increased work-from-home options could alleviate talent shortages by providing flexible scheduling options that benefit workers. 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 broadband internet access distribution across households. Over 17% of households in Door County do not have internet, which is 2.7 percentage points higher than the state. Lack of access is especially notable in households earning less than \$20,000, where over 40% of households 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	Door County
Total	14.8%	17.5%
Less than \$20,000:	38.4%	42.9%
\$20,000 to \$74,999:	17.5%	21.7%
\$75,000 or more:	4.6%	4.9%

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	439,519	474,738	35,219	8.0%
Natural Resources and Mining	8,297	9,187	890	10.7%
Construction	21,427	23,459	2,032	9.5%
Manufacturing	89,339	92,139	2,800	3.1%
Trade, Transportation, and Utilities	76,011	81,063	5,052	6.6%
Information	2,875	2,484	-391	-13.6%
Financial Activities	25,017	25,513	496	2.0%
Professional and Business Services	39,239	43,246	4,007	10.2%
Education and Health Services	78,470	86,488	8,018	10.2%
Leisure and Hospitality	34,212	41,516	7,304	21.3%
Other Services (except Government)	19,947	22,999	3,052	15.3%
Public Administration	21,487	23,155	1,668	7.8%
Self Employed and Unpaid Family Workers	23,198	23,489	291	1.3%

While studying past trends is useful, DWD also produces projections of industry and occupation employment into the future. The state is split into 11 Workforce Development Areas (WDAs) and projections are updated every two years. Door County is part of the Bay Area WDA, which includes 11 counties in northeast Wisconsin. DWD's projections methodology takes into account various ways the local workforce continuously evolves: including retirements, career changes, and changing demand.

Regional employment is expected to grow by 8% or over 35,000 jobs from 2020 to 2030. Statewide employment is projected to grow at a slower rate during the same timeframe (6.2%). Growth is projected to be stronger in service industries than product industries, due in large part 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 growth. 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	439,519	474,738	53,987	8.0%
Management	21,494	23,549	2,036	9.6%
Business and Financial Operations	24,520	26,593	2,401	8.5%
Computer and Mathematical	9,463	11,202	893	18.4%
Architecture and Engineering	7,538	8,191	618	8.7%
Life, Physical, and Social Science	2,652	2,925	286	10.3%
Community and Social Service	5,292	6,009	618	13.6%
Legal	1,653	1,779	132	7.6%
Education, Training, and Library	20,015	22,535	2,102	12.6%
Arts, Design, Entertainment, Sports, & Media	5,139	5,699	594	10.9%
Healthcare Practitioners and Technical	24,260	26,506	1,629	9.3%
Healthcare Support	17,447	19,806	2,473	13.5%
Protective Service	7,127	8,093	1,060	13.6%
Food Preparation and Serving Related	30,060	35,623	6,368	18.5%
Building & Grounds Cleaning & Maintenance	11,325	12,142	1,607	7.2%
Personal Care and Service	11,535	14,021	2,101	21.6%
Sales and Related	40,524	42,164	5,621	4.1%
Office and Administrative Support	53,827	53,059	5,872	-1.4%
Farming, Fishing, and Forestry	5,046	5,478	861	8.6%
Construction and Extraction	20,675	22,664	2,307	9.6%
Installation, Maintenance, and Repair	19,368	21,118	2,062	9.0%
Production	62,207	63,233	6,934	1.7%
Transportation and Material Moving	38,352	42,349	5,413	10.4%

DWD's occupational projections are widely used for the purposes of workforce and career planning. This current cycle of projections implements the separations methodology, which more accurately captures the churns of the labor market by estimating the number of openings induced by workers who leave the labor force entirely (exits) and workers who change jobs and leave an occupation (transfers). Looking at the table can yield a better idea of the occupations that will be in demand in the future. The fastest-growing occupational groups in terms of percentage change are personal care and service, food preparation and serving, computer and mathematical, community and social service, and protective service.

Over 45 percent of the projected annual openings in the Bay Area are concentrated in four occupational groups: production, food preparation and serving, office and administrative support, and sales. This result might be unexpected to some because three of these areas are projected to grow less than the Bay Area overall. Taking a more detailed look at the sources of openings will help explain why. Even though there are several occupational groups that have a larger number of openings due to growth, the number of openings induced by exits and transfers is more than enough to compensate. One of the main takeaways here is that there will be jobs in fields not associated with high growth due to the openings brought about by other causes.