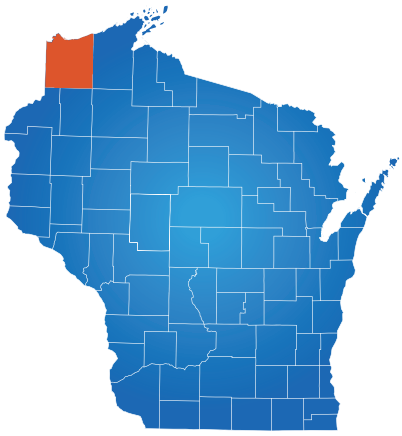
Douglas County



2023 WORKFORCE PROFILE

STATE OF WISCONSIN
DWD
Department of Workforce Development

WisConomy

DETI-17957-DOU-P (R. 05/2023)

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.

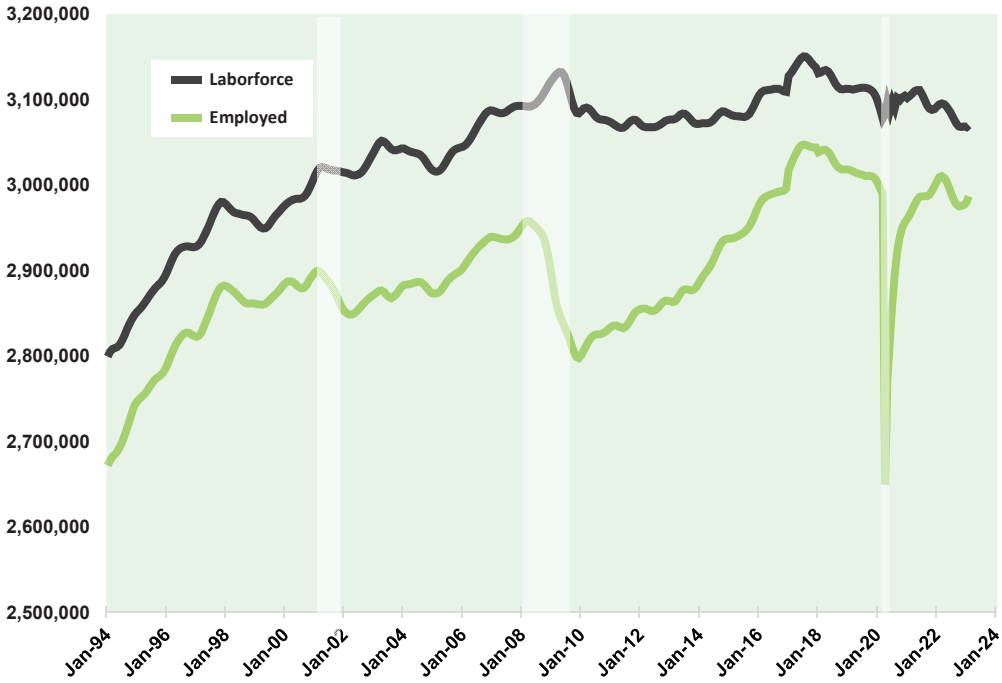
As demand for workers grew throughout 2022, employers voiced concerns about their inability to attract talent and workers in general. This is unlikely to change in the foreseeable future. The primary underlying challenge is the demographic situation as Baby Boomers exit the workforce. This lifecycle 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.

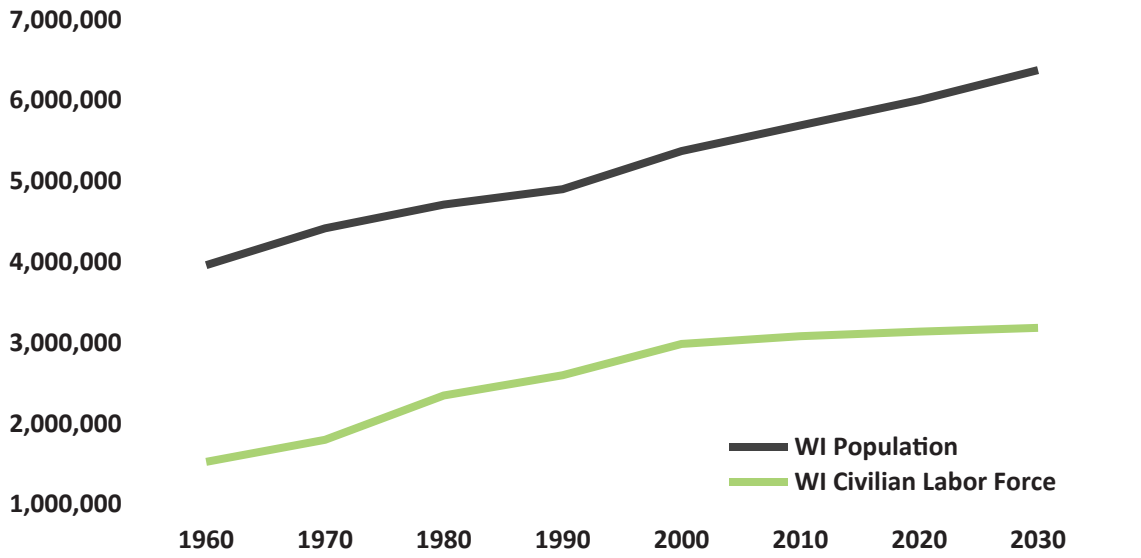
LONG-RUN CHALLENGE

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

Douglas County

POPULATION AND DEMOGRAPHICS

Douglas County added 252 residents between 2020 and 2022, growing at a rate of 0.6%, which is slower than the state's growth rate of 0.9%. It has become the 29th fastest growing county among the states 72 counties. Douglas County's population growth rate ranks 29th among Wisconsin's 72 counties. This continues the recent trend of population increase that started in the 1990s when the county's population was 41,758. Between 2020 and 2022, both the United States and Wisconsin had a positive population growth rate. Wisconsin's population growth rate was 0.9%. From 2010 to 2020, Douglas County had a yearly average growth rate of 0.2%, which increased to 0.3% from 2020 to 2022. According to the recent estimates indicated in Graphic 3, Douglas County's population increase is accelerating.

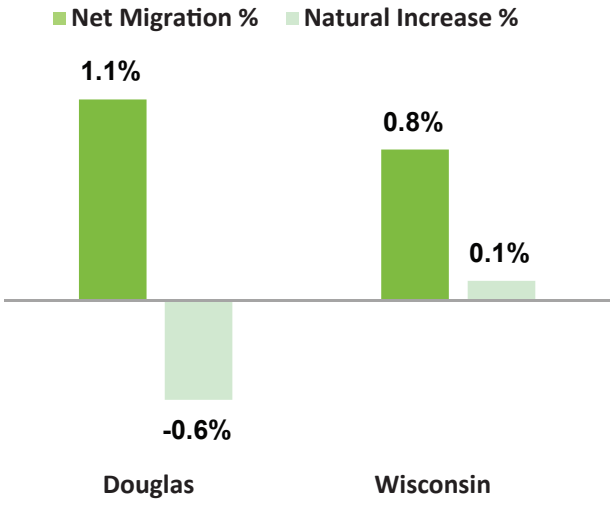
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Superior, City	26,751	26,943	192	0.7%
Superior, Town	2,264	2,285	21	0.9%
Parkland, Town	1,231	1,242	11	0.9%
Amnicon, Town	1,224	1,223	-1	-0.1%
Oakland, Town	1,170	1,186	16	1.4%
Lake Nebagamon, Village	1,123	1,130	7	0.6%
Summit, Town	1,030	1,041	11	1.1%
Hawthorne, Town	1,058	1,033	-25	-2.4%
Solon Springs, Town	970	976	6	0.6%
Wascott, Town	912	905	-7	-0.8%
Douglas County	**44,295**	**44,547**	**252**	**0.6%**
Wisconsin	**5,893,718**	**5,949,155**	**55,437**	**0.9%**

Source: Demographic Services Center, WI Dept. of Administration

Douglas County's net population increase was primarily based on the county population's net migration. Graphic 4 shows that the natural increase decreased 0.55% from 2020 to 2022, indicating that Douglas County recorded fewer births than deaths over the two-year period. More people moved into Douglas County than those who moved out and, therefore, net migration increased to 1.1%. Douglas's net migration value is higher than Wisconsin's. According to data gathered by Wisconsin's Department of Health Services, Douglas County's birth rate (births per 1,000 women ages 15-44) in 2020 was 47.0, which rated 66th highest out of Wisconsin's 72 counties. In 2020, Wisconsin's birth rate was 55.4 and the United States' birth rate was 56.0. As a comparison, the rate for the county was 58.2, the state was 62.3 and the United States' was 64.7 in 2010.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Graphic 5 displays both one- and two-year industry employment change, to show whether or not employment fully recovered to its pre-pandemic level. These employment numbers are from the Quarterly Census of Employment and Wages, which only includes jobs that are covered by the Wisconsin Unemployment Insurance program. It is estimated that these figures account for 96% of jobs, leaving only a small percentage of jobs unaccounted for. In 2021, employment in Douglas County was 15,695, a one-year increase of 723 jobs. However, the numerical change from 2019-2021 was -67 jobs.

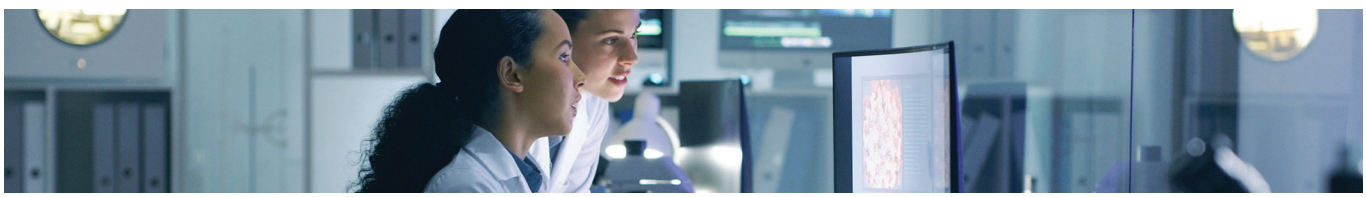
Graphic 5: Employment Change by Industry

	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	871	97	12.5%	61	7.5%	5.5%
Education & Health Services	3,334	-27	-0.8%	-235	-6.6%	21.2%
Financial Activities	474	-3	-0.6%	-24	-4.8%	3.0%
Information	160	-9	-5.3%	-38	-19.2%	1.0%
Leisure & Hospitality	2,085	231	12.5%	-149	-6.7%	13.3%
Manufacturing	2,042	193	10.4%	204	11.1%	13.0%
Natural Resources & Mining	30	4	15.4%	6	25.0%	0.2%
Other Services	554	23	4.3%	-58	-9.5%	3.5%
Professional & Business Services	933	68	7.9%	54	6.1%	5.9%
Public Administration	909	-15	-1.6%	-6	-0.7%	5.8%
Trade, Transportation, Utilities	4,303	160	3.9%	116	2.8%	27.4%
All Industries	**15,695**	**723**	**4.8%**	**- 67**	**-0.4%**	**100.0%**

Source: WI DWD, Labor Market Information, QCEW 2021

Douglas County's employment has not fully recovered from COVID-19, as indicated in the 2019 to 2021 comparisons. Only five of the 11 industry super sectors had positive employment growth from 2019 to 2021. These industries were construction, manufacturing, natural resources & mining, professional & business services, and trade, transportation, utilities. Education & health services had the largest numerical decline from 2019 to 2021. Douglas County's employment percentage decline of 0.4% was the 64th largest decline out of Wisconsin's 72 counties.

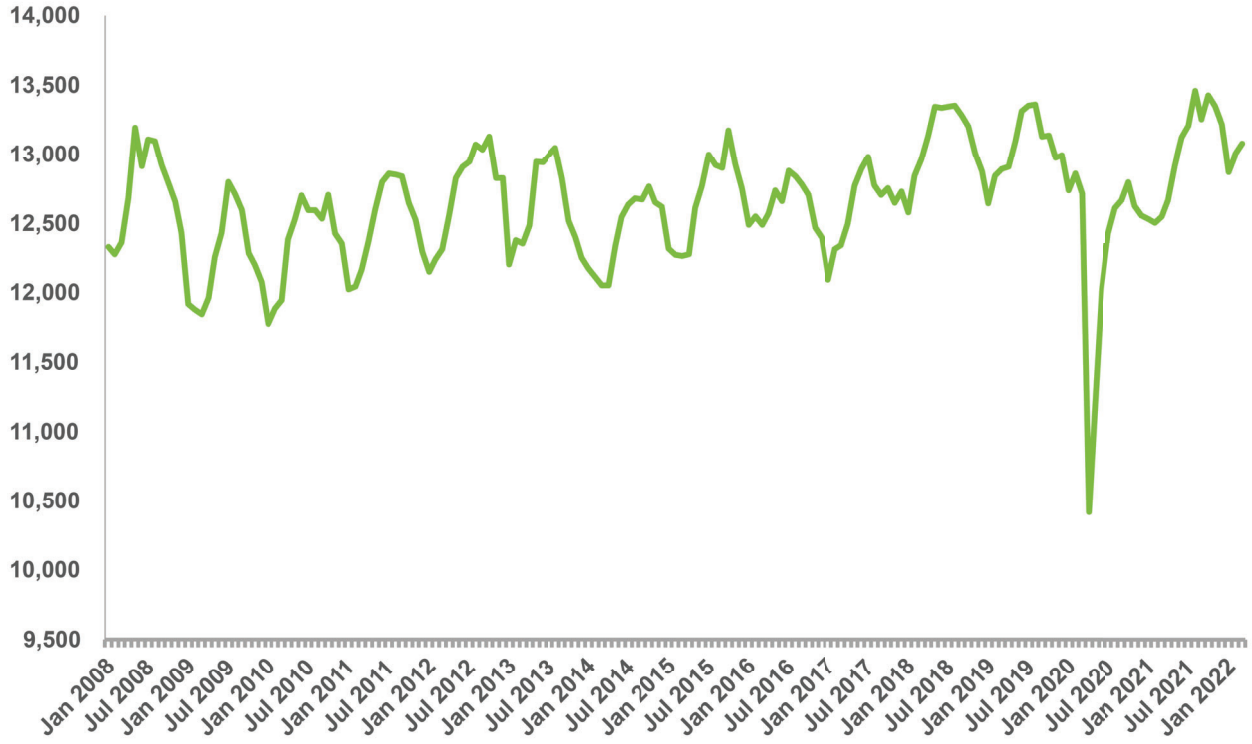
Although Douglas County's employment level has not fully recovered from COVID-19, employment did grow from 2020 to 2021. One industry greatly affected by the pandemic statewide was leisure & hospitality, which experienced a -6.7% change from 2019 to 2021. The change from 2020 to 2021 was a positive 12.5%, recovering 60.8% of the jobs lost during the pandemic. Employment increased in three of Douglas county's four largest industries: leisure & hospitality; manufacturing; and trade, transportation, utilities. Education & health services, the remaining large industry, did not gain employment in 2021. Overall, Douglas County saw a growth rate of 4.8% in 2021. It is questionable that employment will reach pre-pandemic levels in Douglas County due to its stagnant population growth and aging workforce.



TOTAL MONTHLY EMPLOYMENT

Graphic 6 shows the quarterly change of the number of private sector jobs located within Douglas County from January 2008 to March 2022. The number of jobs come from the Quarterly Census of Employment and Wages (QCEW). Unlike most economic data, QCEW data is a census, not an estimate. QCEW data includes any employer paying into the state unemployment insurance system, which covers around 96% of all employment. Some employees that are not covered by the unemployment insurance system are: minor children employed by their parents, or parents employed by their children; railroad workers; state and local government elected officials and judiciary; the armed forces; and higher education students who work at their school.

Graphic 6: QCEW Monthly Employment



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

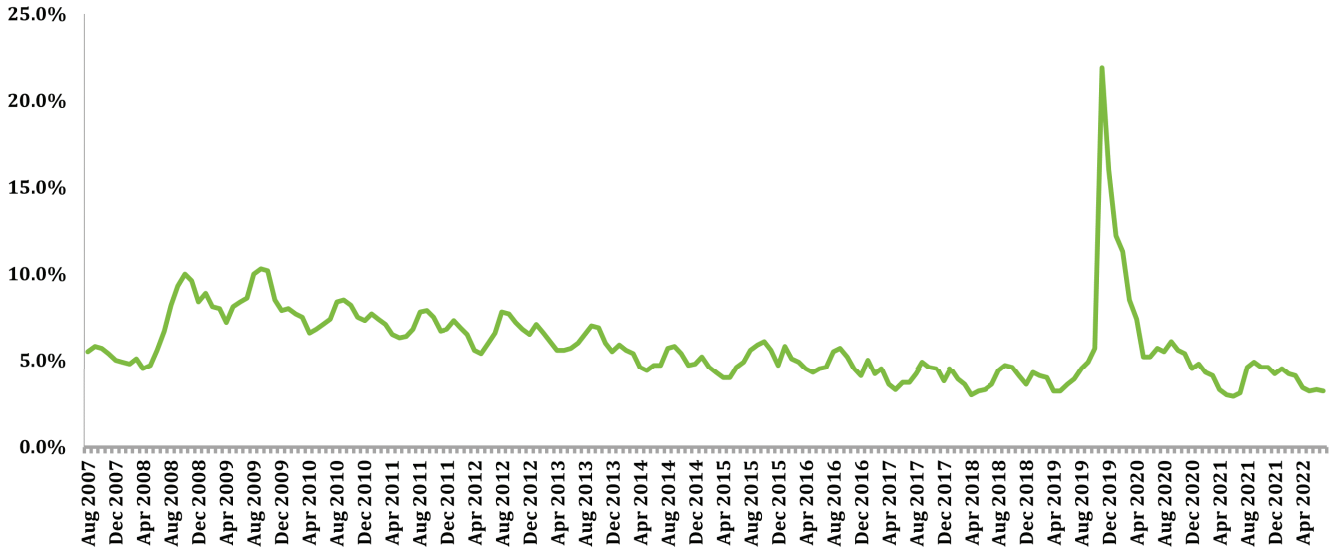
Like the rest of Wisconsin, Douglas County's employment follows a seasonal pattern as more people work in the summer and fall and fewer people work in the winter and spring. This pattern is clearly observed in Graphic 6. The short days and cold weather in the winter and summer tourism are two causes for this employment seasonality. Outdoor industries such as agriculture, construction, and tourism are less busy during the cold winters of Northwest Wisconsin. The demand for the leisure and hospitality industry increases during the summer months, as more tourists visit to enjoy the natural beauty and warm weather. In addition, summer vacation for students results in a higher supply of low wage labor.

Douglas County's long-term increase in median age and labor force participation rate trends hampered full private employment growth after the Great Recession. Private employment decreased slightly from 2008 to 2010, then increased at an average annual rate of 103 jobs (0.8%) from 2010 to 2022. COVID-19 greatly impacted private employment in Douglas County in April 2020. The private employment difference between April 2019 and 2020 was an astounding -2,489, a 19.3% decline. Once the initial panic subsided, private employment rapidly increased by 2,017 in July 2020. From 2021 to 2022, Douglas County private employment returned to regular seasonal patterns. Despite the County's lower than average population growth and the aging of its workforce, private sector employment has surpassed its pre-pandemic levels.

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 less persistent. In general, Douglas County's unemployment rate fluctuates greatly due to seasonal economic changes. Before COVID-19, the annual variance in Douglas County's unemployment rates was 2.3 percentage points on average. In 2020, the difference between the highest and lowest unemployment rate was 17.4 percentage points. Comparing Douglas County to the state and the region highlights some differences. The difference between Wisconsin's highest and lowest unemployment rate in 2020 was 10.8 percentage points. This difference was only 14.3 percentage points in the Northwest region of the state. Since then, unemployment rates have stabilized in all three geographies.

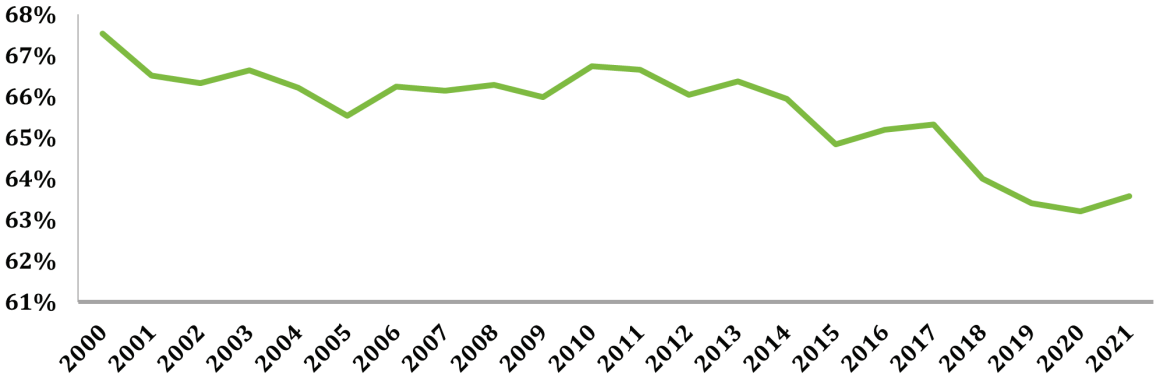
Graphic 7: Unemployment Rate



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

The labor force participation rate (LFPR) is a more inclusive economic measure than the unemployment rate and has more breadth as an economic gauge. It speaks to economic conditions, and reflects an area's age demographics. On average, the older a county's median age, the lower its LFPR. Douglas County has the 41st highest median age of all Wisconsin counties at 42.3 years old. Given these age demographics, Douglas County's LFPR has trended downward since 2000. It was stable until 2017, when it started to decline more rapidly. COVID-19 had a noticeable impact on Douglas County's LFPR. Douglas County's LFPR decreased 4.0 percentage points from 67.5% in 2000 to 63.6% in 2021.

Graphic 8: Labor Force Participation Rate



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

BARRIERS TO FULL UTILIZATION

As Douglas 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, there are four common barriers that persist across many areas and industries. These four barriers are transportation, housing, childcare, and access to broadband.

Transportation

Douglas County is in a rural part of Wisconsin. According to the US Census Bureau, 97% of Wisconsin's land mass is considered rural and 30% of Wisconsin residents live in the rural areas of the state. However, the vast majority of Wisconsin jobs are located within urban areas and the majority of employees need transportation to get to work. Large cities have the population and funding to operate mass public transportation such as trains and buses. Rural counties typically do not have public transportation, so most people drive to work. Douglas County contains the City of Superior (pop. 26,943) and is neighbors to the City of Duluth MN (pop. 86,372). These two cities share a public transit service that provided bus transportation. Despite this, Douglas County's public transportation commuter usage as a percentage of total commuters is lower than Wisconsin, 1.3% compared 1.8% respectfully. A larger percentage of Douglas County commuters walked (3.8%) than the Wisconsin average (3.1%).

Graphic 9: Means of Transportation

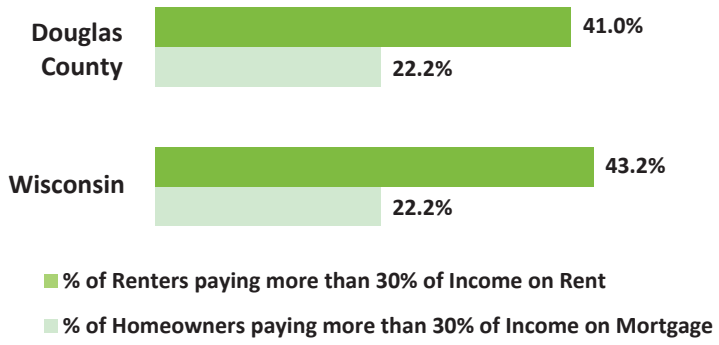
	Wisconsin	Douglas County
Drive Car	87.6%	88.2%
Drive Alone	79.9%	77.4%
Mean Commute Time - Residents	22.2	22.8
Mean Commute Time - Workers	21.9	21.9
% of Residents Working in another County	28.0%	39.1%
% of Workers Residing in another County	24.3%	3.0%

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

Housing

Another barrier to employment in Douglas County is housing access and affordability. In the City of Superior especially, construction of new homes and market rate apartment buildings has lagged. The City of Superior was built on wetlands and has few new plots of land to develop. Its long-term decline in population has led to existing homes to be neglected and/ or demolished. On the apartment front, only low-income government subsidized rental apartment buildings were built over the last few decades. The last few years have reversed that two private companies have built multiple market rate apartment buildings, totaling 500 units between 2017 and 2023, attracting people from Duluth and retaining Superior residents in Superior who might have had to moved to Duluth to find market rate apartments.

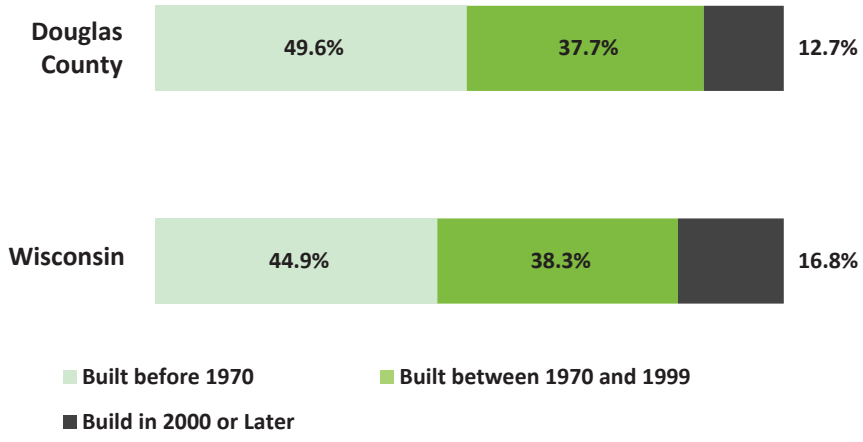
Graphic 10: % Paying more than 30% of Income on Housing



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

Graphic 10 shows the percentage of residents' income going to housing, both renters and homeowners. Financial experts advise that people should contribute no more than 30% of their gross household income on housing. For renters, housing expenses include rent and utility costs. For homeowners, housing expenses include property taxes, utility costs, homeowners' insurance, and the mortgage. In Douglas County, 41% of renters pay more than 30% of their gross income on housing. This is lower than the state's average. It reveals a need for affordable rental units in both Douglas County and Wisconsin. Douglas County homeowners contribute 22% of their gross income to housing. This is the same as the average Wisconsin homeowner. This can be attributed to, in part, Douglas County containing the city of Superior. Property, on average, is more expensive in urban areas compared to rural areas. This helps counter the fact that Douglas County's housing stock is older than Wisconsin's.

Graphic 11: Housing Share by Year Built



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

Childcare

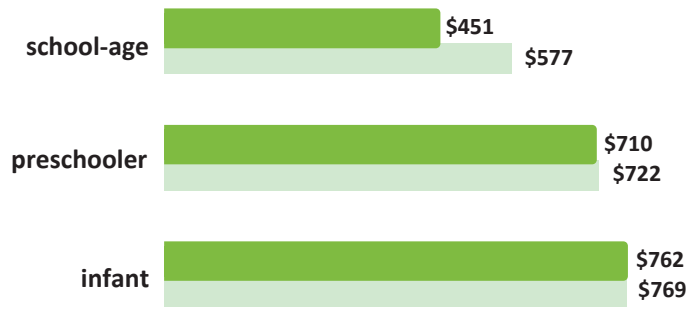
Childcare is another barrier to employment in Wisconsin. Both affordability and availability are issues in most of Wisconsin. Graphic 13 displays Douglas County's lower than average childcare costs in all three age categories. The Douglas County median household income is lower than the Wisconsin average. In some instances, childcare costs as much as the income earned by the parent who is working outside of the home. The cost of infant childcare for a single mother in Douglas County is 31% of annual income compared to 27% for Wisconsin. Not only can childcare be costly but also difficult to find. There is a shortage of childcare workers in the labor force, caused in part by low wages. In general, occupations that require the same level of education as childcare workers have higher wages. According to the Wisconsin Department of Children and Families, which licenses and certifies childcare facilities, Douglas County has a maximum childcare capacity of 721 children aged 0-14. That is only 11% of all children in that age demographic, 3/4th as much as the average county in Wisconsin.

Graphic 12: Childcare Capacity

	Wisconsin	Douglas County
Providers	3,863	24
Maximum Capacity	132,075	721
Capacity/100 Children Under 14**	0.14	0.11

Source: Wisconsin Department of Children and Families, Youngstar Database

Graphic 13: Childcare cost



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

Broadband

Lack of high-speed internet access can be detrimental for businesses, employees, and community members. COVID-19 accelerated the need for internet as remote work increased. Graphic 14 displays the percentage of households without broadband separated by income. Douglas County has a higher percentage of households without broadband when compared to Wisconsin in all income categories. This is not surprising when considering the low population density in most of the county and lower median income in Douglas County.

In a large county like Douglas, it is hard for private internet providers to increase internet connectivity from below ground fiber optic cables to customers' homes. Profitability oftentimes is not there in non-dense areas. Douglas County has used government grants awarded to private-sector internet providers to help stimulate investment in rural Wisconsin Some other solutions are satellite internet and broadband using cell towers They are not without issues of their own. Satellite internet is usually more expensive and has a slower upload speed than fiberoptic cable broadband internet Using cell towers to broadcast broadband at long distances need to use a spectrum range that is blocked by some types of foliage.

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

	Wisconsin	Douglas County
Total	14.8%	17.1%
Less than $20,000:	38.4%	41.2%
$20,000 to $74,999:	17.5%	18.7%
$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	71,188	74,333	3,145	4.4%
Natural Resources and Mining	1,133	1,662	529	46.7%
Construction	2,642	2,838	196	7.4%
Manufacturing	11,694	12,210	516	4.4%
Trade, Transportation, and Utilities	12,848	13,025	177	1.4%
Information	495	454	-41	-8.3%
Financial Activities	1,864	1,796	-68	-3.7%
Professional and Business Services	3,044	3,228	184	6.0%
Education and Health Services	14,521	14,781	260	1.8%
Leisure and Hospitality	6,767	7,984	1,217	18.0%
Other Services (except Government)	2,988	3,209	221	7.4%
Public Administration	7,255	7,417	162	2.2%
Self Employed and Unpaid Family Workers	5,937	5,729	-208	-3.5%

The table above shows the 2020-2030 industry employment projections for the Northwest Workforce Investment Development Area (Northwest WDA). It projects the demand employers will have for employees by industry. Whether Northwest WDA will have enough workers to fill the projected jobs is another matter. Douglas County is one of the ten counties within this area. The ten-county area is projected to see a net increase of 3,145 employed positions, a 4.4% increase. Its goods producing industries (natural resources and mining, construction, and manufacturing sectors) are projected to add a net employment to 1,241, an increase of 8%. Its services providing industries (trade, transportation, and utilities, information, financial activities, professional and business services, education and health services, leisure and hospitality, other services, and public administration sectors) are projected to add a net employment of 2,112, with an increase of 4.2%.

The natural resources and mining sector in Northwest WDA is projected to have the highest growth by percentage: 47%. The only other sector in Northwest WDA projected to have double digit percentage growth is leisure & hospitality at 18%. Three industries in Northwest WDA are projected to have negative growth over the 10-year period: self-employed (-3.5%), financial activities (-3.7%), and information (-8.3%).

In 2021, Douglas County had 2,943 jobs (19% of total) in the goods producing industry sectors and 12,752 jobs (81% of total) in the service providing industry sectors, Northwest WDA had 25% of its jobs in the goods producing industry sectors and 75% of its jobs in the service providing industry sectors. Douglas County's goods producing jobs comprised 19% of the goods producing jobs in Northwest WDA. Its services providing jobs comprised 27% of Northwest WDA's services providing jobs. If employment growth were to be evenly distributed based on the counties' share of Northwest WDA's goods producing and services producing employment, Douglas County is projected to gain 229 goods producing sector jobs and 564 services providing sector jobs.

OCCUPATIONAL EMPLOYMENT PROJECTIONS

Graphic 16: Occupational Employment Projections

Occupation Title	2020 Employment	Projected 2030 Employment	Occupational Openings	Percent Change (2020-2030)
Total All Occupations	71,188	74,333	8,468	4.4%
Management	3,679	4,033	351	9.6%
Business and Financial Operations	2,418	2,482	219	2.7%
Computer and Mathematical	673	692	50	2.8%
Architecture and Engineering	764	846	66	10.7%
Life, Physical, and Social Science	814	849	86	4.3%
Community and Social Service	1,015	1,030	101	1.5%
Legal	263	276	21	4.9%
Education, Training, and Library	4,947	4,997	434	1.0%
Arts, Design, Entertainment, Sports, & Media	595	624	67	4.9%
Healthcare Practitioners and Technical	3,431	3,658	214	6.6%
Healthcare Support	2,763	2,905	356	5.1%
Protective Service	1,606	1,690	200	5.2%
Food Preparation and Serving Related	5,515	6,388	1,115	15.8%
Building & Grounds Cleaning & Maintenan..	2,692	2,815	368	4.6%
Personal Care and Service	2,022	2,258	319	11.7%
Sales and Related	6,710	6,520	900	-2.8%
Office and Administrative Support	7,601	7,244	783	-4.7%
Farming, Fishing, and Forestry	831	1,105	177	33.0%
Construction and Extraction	3,962	4,144	416	4.6%
Installation, Maintenance, and Repair	3,454	3,620	353	4.8%
Production	8,422	8,645	949	2.7%
Transportation and Material Moving	7,011	7,512	922	7.2%

Graphic 16 displays the 2020-2030 Occupational Employment Projections for Northwest Wisconsin. The farming, fishing, and forestry occupational group has the highest projected percentage change in employment at 33%. However, this group represents a relatively small amount of total employment in the region. The food preparation and serving related occupational group has the largest projected numerical change, with a growth of 873 positions. The occupations in this group do not require formal education and pay below average wages if you exclude tips. Within the food preparation and serving related occupation group, restaurant cooks are projected to see the greatest percentage growth (45%) and numerical growth (265).

The full projections found on WisConomy.com include three categories of openings: annual growth, labor force exits, and occupational transfers. This gives the ability to determine how many job openings exist because people left the workforce altogether. This also allows for a calculation of the average number of years an individual works in any occupation. The separation rate can be derived by adding the annual exits and the annual transfers then dividing that sum by the number of those employed. The inverse of this separation rate equals the average number of years people stay employed in that occupation. For example, dentists continue as dentists for 26 years and waitresses continue as waitresses for 5 years.