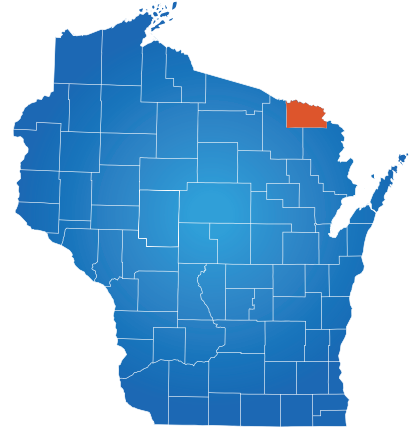


Florence County

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.

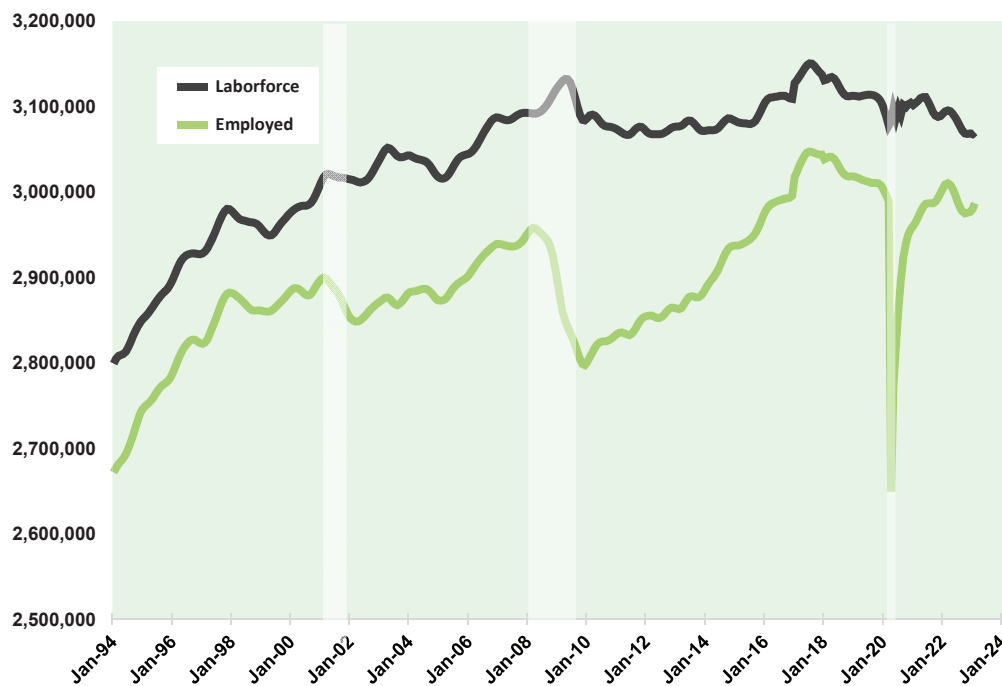


EMPLOYMENT

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.

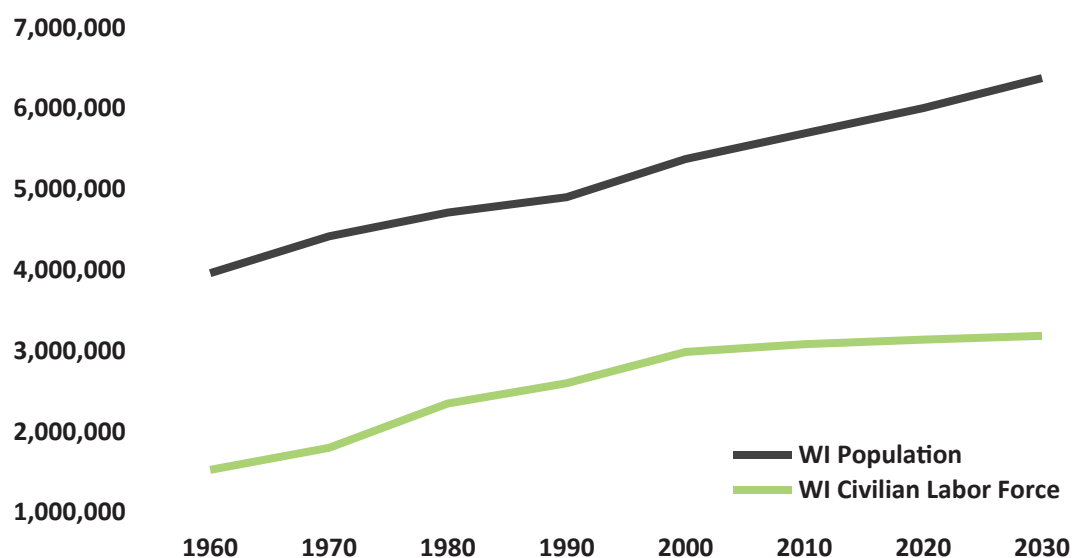
LONG-RUN CHALLENGE

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



Florence County

POPULATION AND DEMOGRAPHICS

In recent years, Florence County's population grew more rapidly than the nation but at a lower rate than the state. Since the 2020 Census, the county's population increased by 0.4% or 17 residents. For each of the county's eight towns, numeric population change was less than 10 residents.

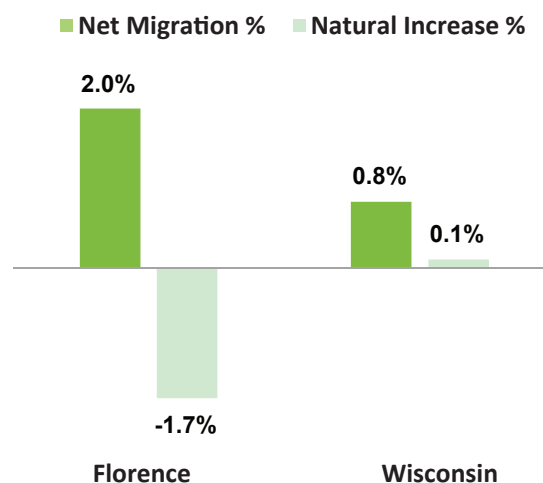
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Florence, Town	2,096	2,098	2	0.1%
Aurora, Town	987	988	1	0.1%
Commonwealth, Town	390	398	8	2.1%
Homestead, Town	383	386	3	0.8%
Fern, Town	181	185	4	2.2%
Fence, Town	183	183	0	0.0%
Long Lake, Town	178	178	0	0.0%
Tipler, Town	160	159	-1	-0.6%
Florence County	4,558	4,575	17	0.4%
Wisconsin	5,893,718	5,949,155	55,437	0.9%

Source: WI Dept. of Administration, Demographic Services Center

Natural increase and net 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 net migration arises when more people enter the county than exit. Like Wisconsin, Florence County had positive net migration since 2020. However, the natural increase rate of -1.7% was almost enough to offset the gains through net migration. Natural increase is largely a function of age, illustrating the state level workforce quantity issues on a local scale.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Graphic 5 displays employment data for some industries, but not all of them. More specifically, in 2021, 96 jobs in Florence County were in industries with suppressed data. Employment changes in 2021 were unsurprisingly less volatile than those in 2020, but jobs totals will also be compared to 2019 as a pre-pandemic benchmark. Employment in Florence County increased by 0.8% or 8 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 5.1% below the 2019 total while Wisconsin's total employment was 3.1% 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	S	N/A	N/A	N/A	N/A	N/A
Education & Health Services	152	2	1.3%	-18	-10.6%	15.4%
Financial Activities	S	N/A	N/A	N/A	N/A	N/A
Information	S	N/A	N/A	N/A	N/A	N/A
Leisure & Hospitality	166	N/A	N/A	-15	-8.3%	16.8%
Manufacturing	211	13	6.6%	12	6.0%	21.3%
Natural Resources & Mining	S	N/A	N/A	N/A	N/A	N/A
Other Services	S	N/A	N/A	N/A	N/A	N/A
Professional & Business Services	34	N/A	N/A	-18	-34.6%	3.4%
Public Administration	195	-10	-4.9%	1	0.5%	19.7%
Trade, Transportation, Utilities	135	0	0.0%	-5	-3.6%	13.7%
All Industries	989	8	0.8%	- 53	-5.1%	100.0%

S = Suppressed

Source: WI DWD, Labor Market Information, QCEW 2021

Two industries registered growth between 2020 and 2021, while four industries remained below 2019 levels. The two largest industries in terms of employment share are manufacturing and public administration. These two industries make up 41.1% of the county's total employment.

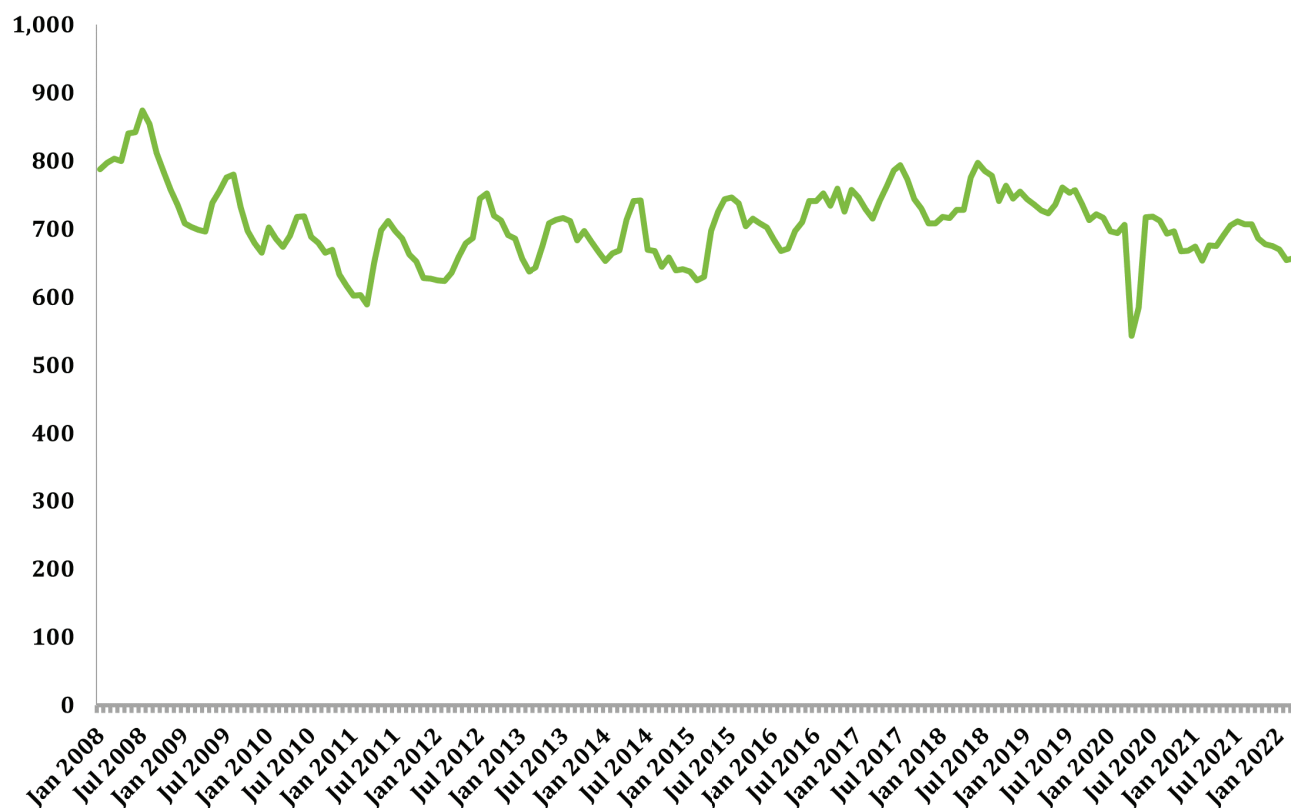
The leisure and hospitality industry stands out in terms of disproportionate employment losses since 2019. The industry accounted for 28.3% of the county's jobs decline despite making up 16.8% of total employment. Other industries that experienced relatively high rates of employment decline relative to 2019 include professional and business services and education and health services.



TOTAL MONTHLY EMPLOYMENT

The monthly employment data in Graphic 6 provides updated local employment trend data, extending through March 2022. In addition, seasonal patterns are also evident here, with employment reaching a bottom in February and peaking in August. With these seasonal changes in mind, it's necessary to compare view employment changes using the same month across different years. For example, total employment in Florence County was 707 in August 2021 and 757 in August 2019.

Graphic 6: QCEW Monthly Employment



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

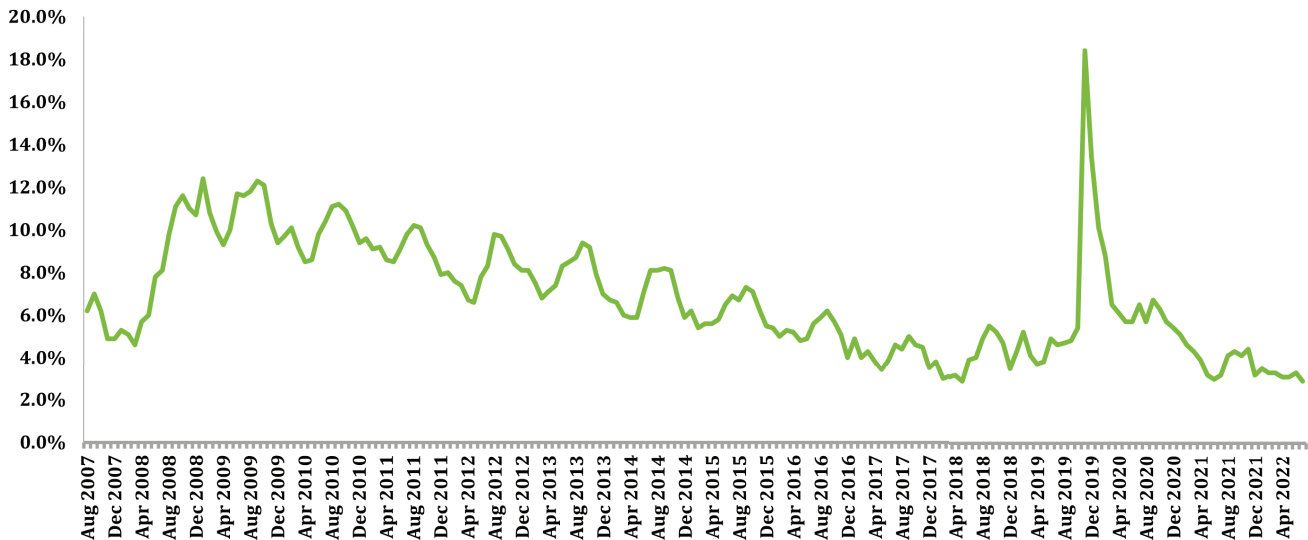
Local employment declined by 163 jobs (23.1%) in April 2020 and given how local employment tends to reach annual lows earlier in the year, this highlights the impacts to employment caused by COVID-19. As of March 2022, local employment stood at 657, representing a 12-month decline of 19. That is still 49 jobs lower than the March 2020 level of 706.

Analyzing the monthly data in Graphic 6 shows that it's difficult to disentangle pandemic-induced employment effects from seasonal shifts and downward trends going back to 2018. In comparison to Florence County, its more metropolitan counterparts had more lost ground to recapture on the road to recovery. In the short term, the jobs outlook remains uncertain amid concerns over inflation, international supply chain disruptions, pandemic-induced behavioral changes, and monetary policy changes. Long-term changes will be covered in the discussion of industry and occupational employment projections.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

In contrast to the Great Recession, the unemployment increase at the onset of COVID-19 was more severe but less persistent. While Florence County's unemployment rate peaked at 12.4% in the aftermath of the 2008 financial crisis, in April 2020 it climbed 13 percentage points to 18.4%. The economy recovered rapidly after the most stringent lockdowns were lifted; however, throughout 2021 and 2022, the local unemployment rate continued to trend toward pre-pandemic levels. The August 2022 rate of 3.3% was one percentage point lower than August 2021, which is notable given current economic uncertainties and inflation trends.

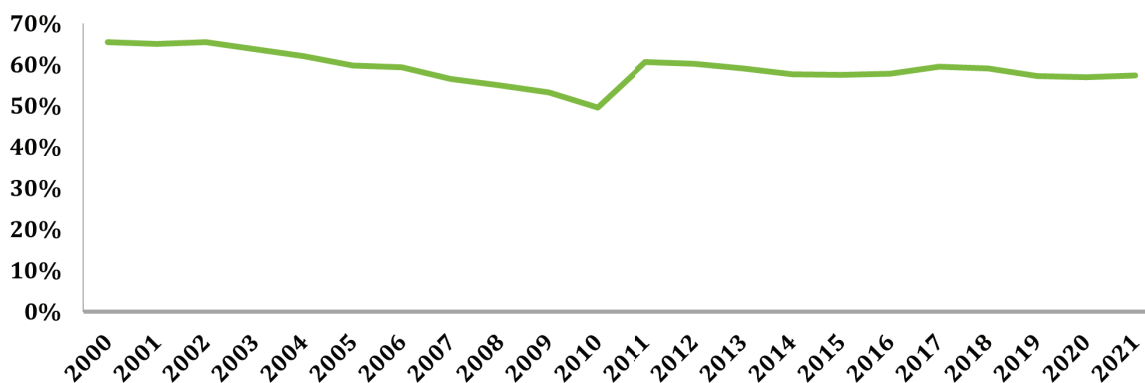
Graphic 7: Unemployment Rate



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

Many of the current labor market challenges existed before COVID-19. Florence County's labor force participation rate (LFPR) has been on a mostly downward trend since 2011. As of 2021, the local LFPR of 57.5% was 0.5 percentage points higher than 2020. However, this recent bump is relatively minor compared to the 8 percentage point decline since 2000.

Graphic 8: Labor Force Participation Rate



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

BARRIERS TO FULL UTILIZATION

As Florence 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 attaining their full employment potential. Although there is no single solution to demographically driven staffing challenges, four common barriers persist across areas and industries. These barriers are transportation, housing, childcare, and access to broadband.

Transportation

Lack of reliable transportation can prevent individuals from pursuing opportunities and employers from filling good-paying positions. In Florence County, 90.3% of employed residents rely on a car to get to work, with over 80% driving alone. The average commute time for residents is 22.3 minutes.

Inter-county commuting

dynamics in Florence County diverge from the state as evidenced by the higher share of residents commuting out of the county (61.2%) and lower share of workers who live in a different county (15.1%). These data may change as the impacts of COVID-19 manifest into permanent structural changes. However, most incumbent workers will continue to rely on a car to get to work. Transportation as a condition of work leads to a conflict: qualified individuals could fill a job if they had transportation and could afford transportation if they had a job.

Graphic 9: Means of Transportation

	Wisconsin	Florence County
Drive Car	87.6%	90.3%
Drive Alone	79.9%	82.8%
Mean Commute Time - Residents	22.2	22.3
Mean Commute Time - Workers	21.9	21.0
% of Residents Working in another County	28.0%	61.2%
% of Workers Residing in another County	24.3%	15.1%

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

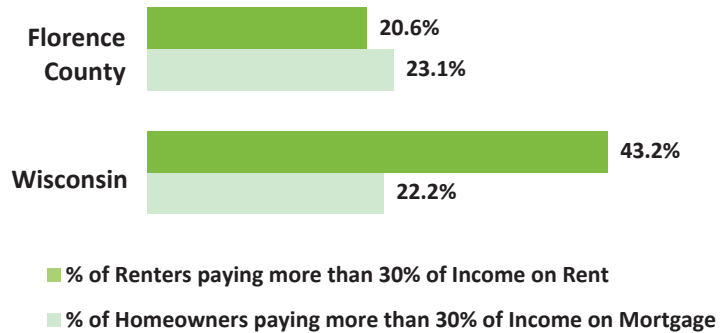


Housing

Housing affordability and availability are barriers making 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. Unlike the state, homeowners in Florence County are more likely than renters to allocate more than 30% of their income to monthly housing payments. Early data shows that this issue is worsening, as home values and monthly rent increased at an accelerated rate between 2020 and 2022. Two ways to bring this share down would be to 1) provide more housing at a lower cost and 2) increase earnings.

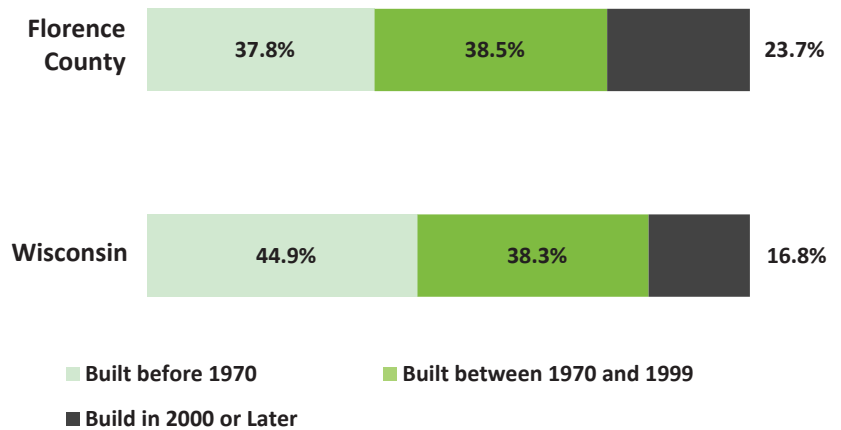
Lack of availability can make it difficult for individuals to find housing even if cost isn't an issue. Housing availability is difficult to quantify, but one way of looking at the issue is to view the age distribution of existing housing stock. Overall, Florence County's housing stock tends to be younger than the state's. This is made most evident by the fact that 23.7% of the local housing stock was built since 2000, which is 6.9 percentage points higher the state's rate.

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



Childcare

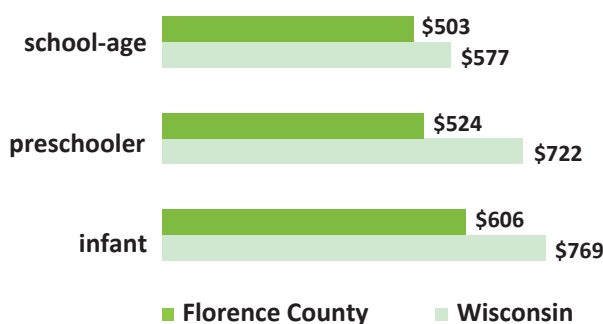
Due to its high cost, childcare is a significant barrier to employment for families across Wisconsin. With that in mind, childcare costs in Florence County are lower than statewide levels across all three age groups, with monthly costs ranging from \$503 for a school-aged child and \$606 for an infant. In addition to cost, childcare availability is also a barrier to employment. The YoungStar provider database tracks 82% of childcare providers in the state. According to the database, Florence County has one total provider with a potential capacity of 38 children. This capacity is relatively low capacity in comparison to the state. There are eight childcare slots for every 100 children under the age of 14 in Florence County compared to 14 statewide. Even families that have childcare struggle with disruptions to access. Easing the cost and access burden would allow parents to attain their full employment potential. Employers could also improve participation by providing flexibility to employees with childcare responsibilities.

Graphic 12: Childcare Capacity

	Wisconsin	Florence County
Providers	3,863	1
Maximum Capacity	132,075	38
Capacity/100 Children Under 14**	0.14	0.08

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

Innovations in the work-from-home economy and virtual learning environment arose during the pandemic. Employers can use these 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 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 19% of households in Florence County do not have internet, which is 4.3 percentage points higher than the state. Lack of access is especially notable in households earning less than \$20,000, where 46.4% of Florence County households do not have broadband internet. It is more difficult for individuals living in these households to take advantage of virtual employment, training, and education opportunities.

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

	Wisconsin	Florence County
Total	14.8%	19.1%
Less than \$20,000:	38.4%	46.4%
\$20,000 to \$74,999:	17.5%	14.1%
\$75,000 or more:	4.6%	8.1%

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. Florence County is part of the Bay Area WDA, which includes 11 counties in northeast Wisconsin. DWD's projections methodology accounts for 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 (6.3%). Growth is projected to be stronger in service industries than product industries, due to a projected rebound in the leisure and hospitality industry. Note that these projections only forecast levels of filled positions rather than potential demand, which further illustrates 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 used for workforce and career planning. These current projections implement 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). Graphic 16 provides an accurate idea of 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% of 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.