

2019 WORKFORCE PROFILE

Ozaukee County



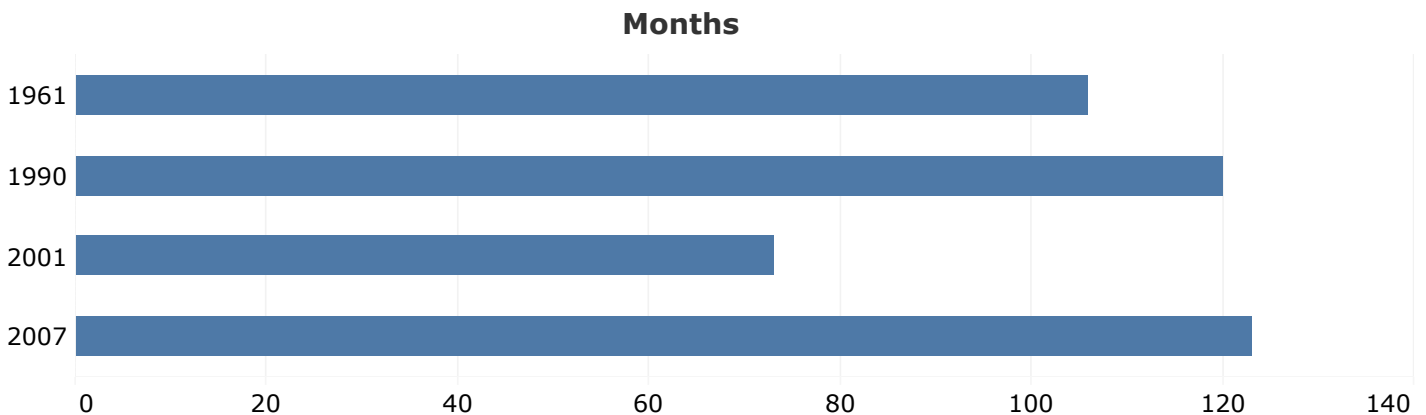
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2019 Wisconsin Overview

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

Record Economic Expansion

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



*Bureau of Labor Statistics, OEA

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

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

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

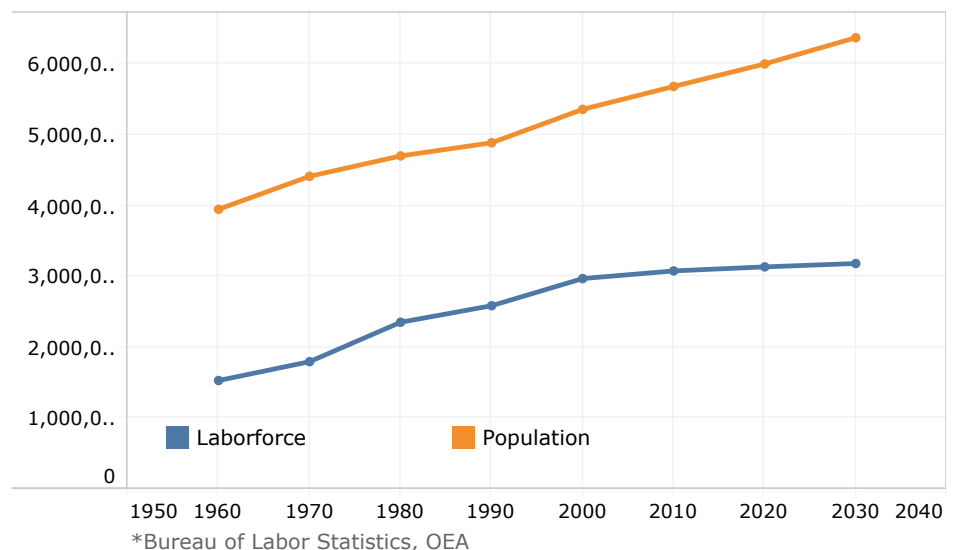
What's next in the short-run?

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

What are the long-run influences?

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

Wisconsin Population and Labor Force



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

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

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

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

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

Ozaukee County Population and Demographics

Ozaukee County is the eighth most population dense county in the state. The county is dissimilar from most population dense counties due to the absence of a definitive urban center. Its 88,667 residents are spread across the county. The largest municipality, Mequon, is about twice the size of the Port Washington, which is the designated county seat. A key difference between the two communities is location. Milwaukee is more accessible from Mequon, and many of the residents are employed in the much larger neighbor to the south. The overall county growth rate of 2.63% was slower than the nation (6.09%) but slightly outpaced statewide growth (2.27%). Growth was distributed across the county with eight of the 10 most populous municipalities gaining residents. The City of Mequon witnessed the largest increase with a net total of 818 new residents. The Village of Belgium, located in the north eastern corner of the county, grew at the fastest rate among the top 10 municipalities (5.75%).

10 Most Populous Municipalities in County

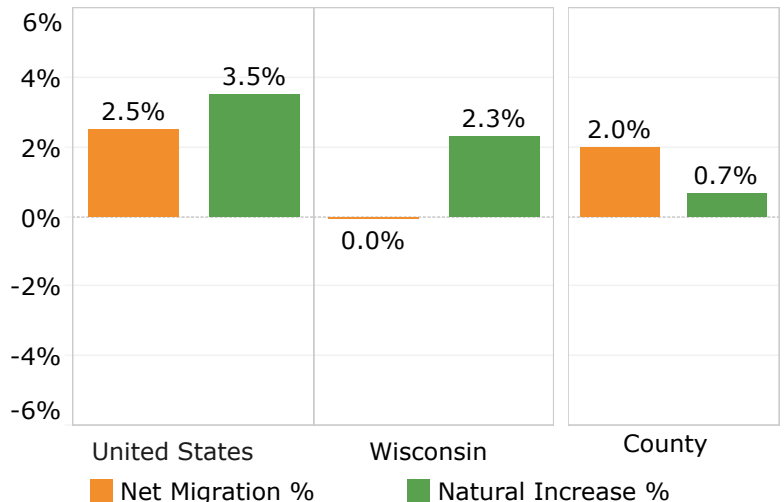
	2010 Census	2018 Final Estimate D	Numeric Change	Percent Change
Mequon, City	23,132	23,950	818	3.54%
Grafton, Village	11,459	11,803	344	3.00%
Port Washington, City	11,250	11,713	463	4.12%
Cedarburg, City	11,412	11,628	216	1.89%
Cedarburg, Town	5,760	5,927	167	2.90%
Saukville, Village	4,451	4,429	-22	-0.49%
Grafton, Town	4,053	4,159	106	2.62%
Thiensville, Village	3,235	3,192	-43	-1.33%
Belgium, Village	2,245	2,374	129	5.75%
Fredonia, Village	2,160	2,201	41	1.90%
Ozaukee County	86,395	88,667	2,272	2.63%
United States	308,400,408	327,167,434	18,767,026	6.09%
Wisconsin	5,686,986	5,816,231	129,245	2.27%

Source: Demographic Services Center, Wisconsin Department of Administration

Components of Change

Population change can be broken into net migration (those moving into the county minus those leaving) and natural increase (births minus deaths). Net migration has a more immediate impact on available labor force. Ozaukee County was relatively strong in this category with a positive increase of 2%. All suburban counties in the Milwaukee Metropolitan area measured positive net migration totals. However, the growth in the three surrounding counties did not match losses in Milwaukee County. The region as a whole lost about 30,000 residents to net migration through the decade.

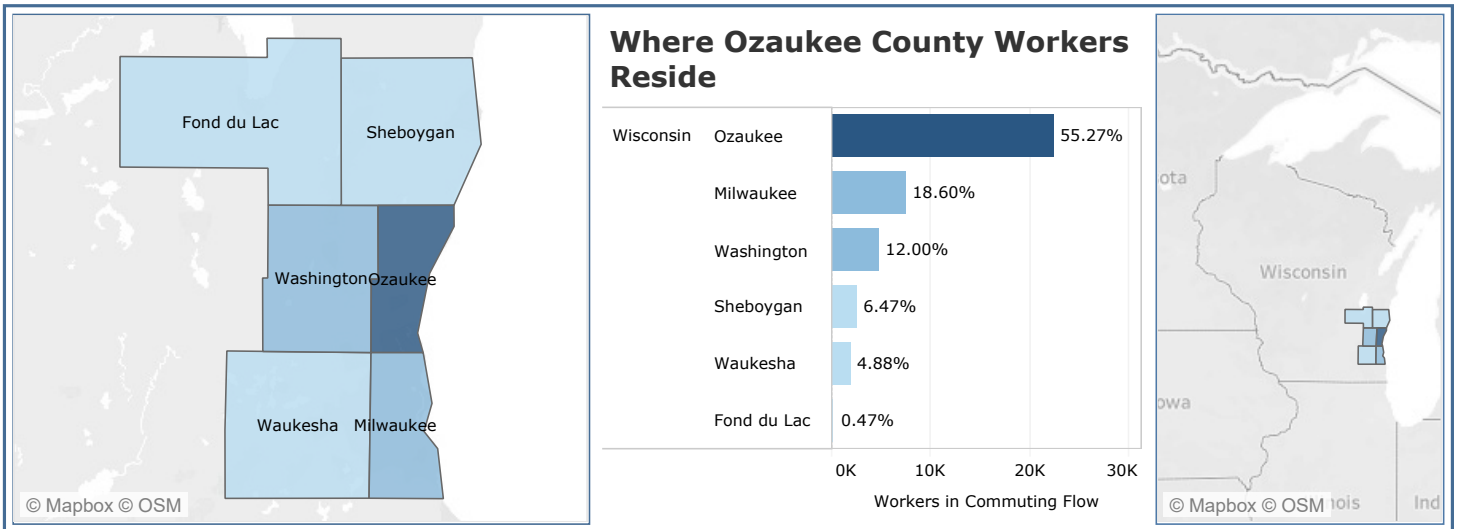
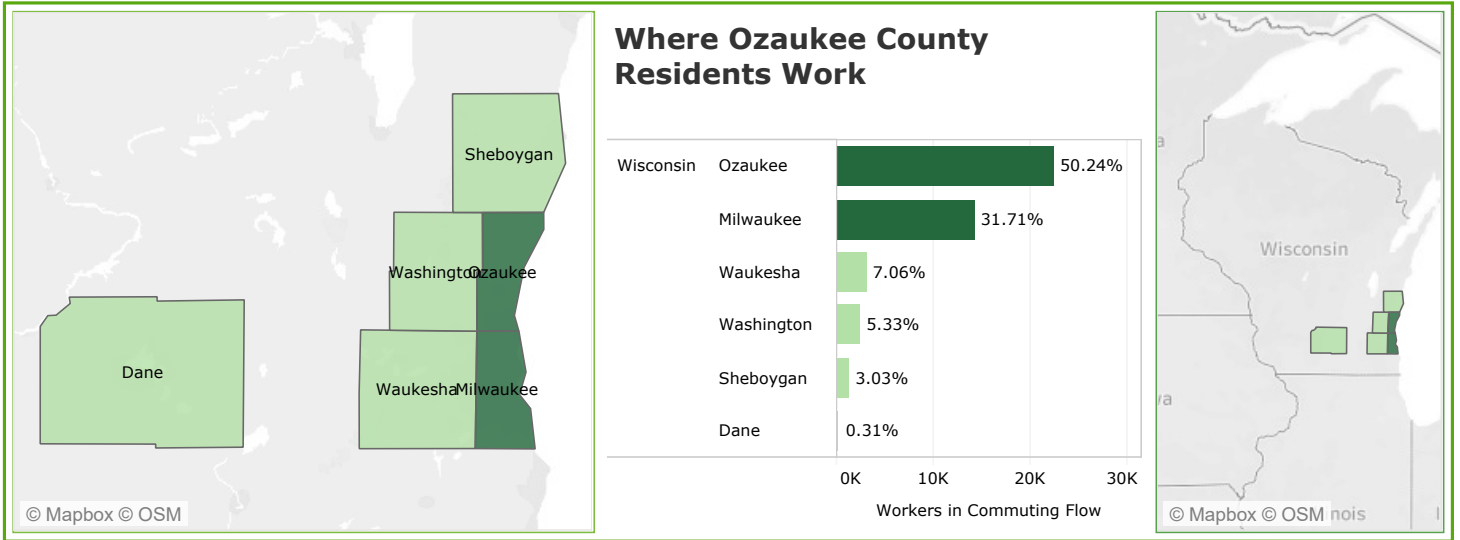
Components of Population Change



Ozaukee County Worker Commute

Residents Work

Of the Ozaukee County residents employed, about 50% work within its borders and the remaining pursue opportunities outside of the county. As a point of reference, 71.8% of employed Wisconsin residents work in their home county. Total land area and proximity to the largest urban area in the state factor into this high share of out-commuting. Ozaukee is the second smallest county as ranked by land area. The majority commuting out of the county travel south to Milwaukee County.



Workers Reside

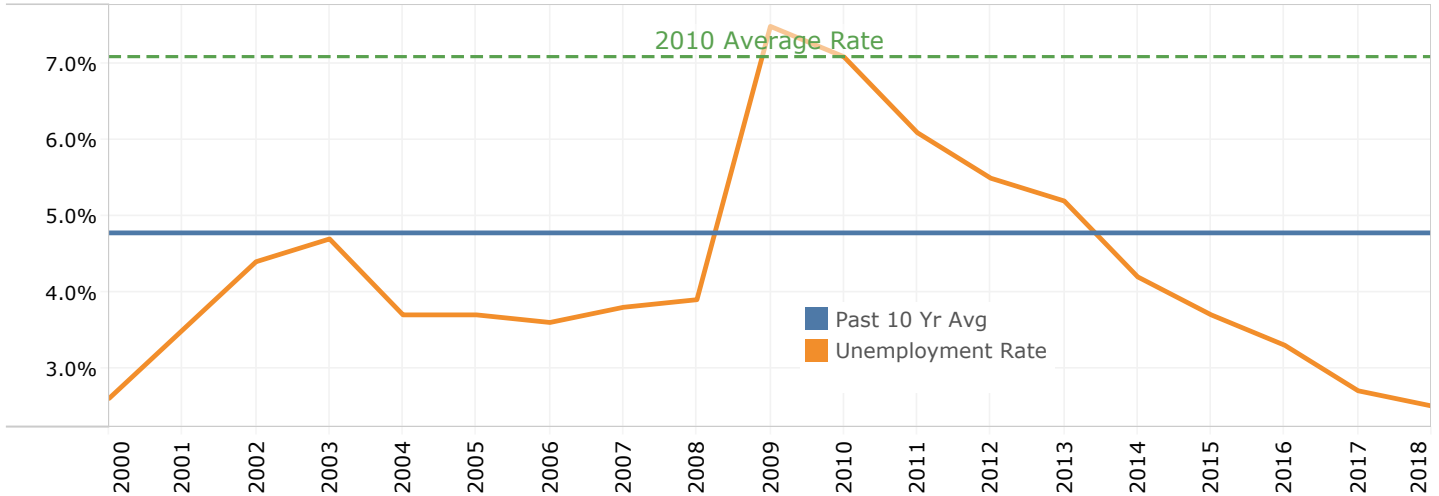
About 45% of the Ozaukee workforce commutes from outside of the county. Milwaukee County is the biggest originating location among these in-commuters. All the suburban counties in the Milwaukee Metro Area draw a large chunk of their workforce from the central hub. Residents in the suburban counties who travel to Milwaukee tend to work in higher paying jobs. Conversely workers who are making the reverse commute tend to be in low to medium paying jobs.

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

Labor Force Dynamics

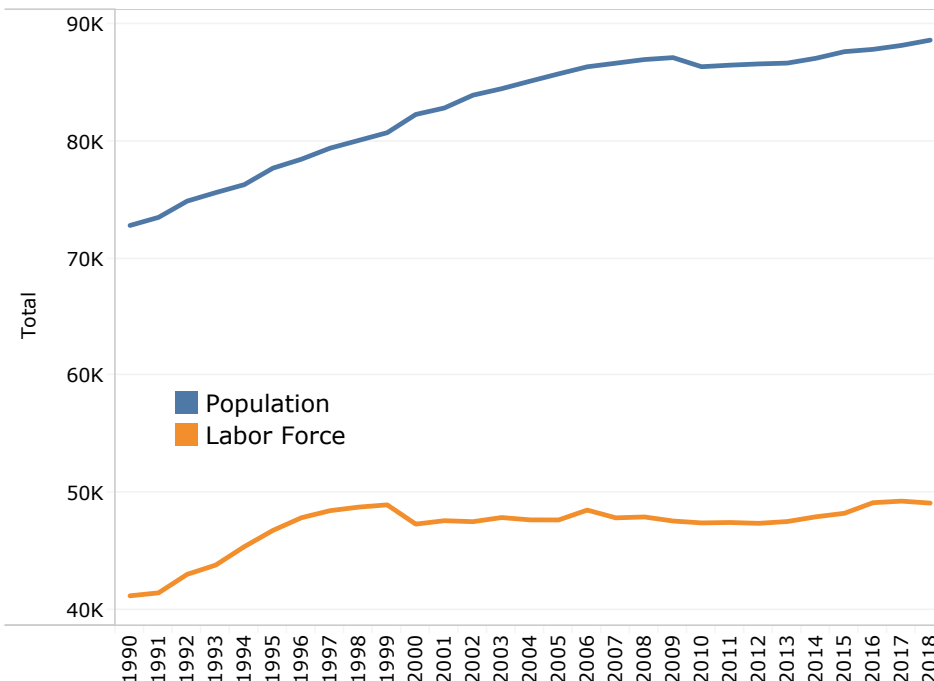
The unemployment rate represents the proportion of residents who did not have a job but were actively seeking work as a share of the total labor force. The Ozaukee County unemployment rate reached a high of 7.5% in 2009 following the Great Recession and declined to a low 2.5% by 2018. The steady decline in this important measure is consistent with both the nation and the state. The national unemployment rate peaked at 9.6% in 2010 and declined to 3.9% by 2018. Wisconsin's rate hit 8.7% and has since declined to 3.0%. Low unemployment rates signify a tight labor market, which means employers have difficulty finding available workers. Due to the tight labor market, employers must find ways to attract workers who are marginally attached to the labor force as well as address barriers to employment that may deter otherwise qualified candidates.

Ozaukee County Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Population and Labor Force



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

Ozaukee County Labor Force Components

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

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

	2018 Annual Average Employment	1-year change	Total Payroll (2018)	
Trade, Transportation, Utilities	7,114	59	\$275,930,650	
Public Administration	1,662	40	\$65,373,788	
Professional & Business Services	5,071	6	\$281,932,105	
Other services	1,251	114	\$36,327,119	
Natural Resources	243	14	\$8,659,991	
Manufacturing	9,299	-219	\$583,570,781	
Leisure & Hospitality	4,850	23	\$77,000,173	
Information	378	35	\$18,784,767	
Financial Activities	1,836	-575	\$155,292,614	
Education & Health	9,752	268	\$454,619,683	
Construction	1,344	18	\$74,204,097	
All industries	42,799	-219	\$2,031,695,768	

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

The table above displays both employment and payroll by industry sector as a percent of total employment in the county. These data are based on the location of the employer, which means it includes the workers who commute from outside of the county. The Education and Health sector has the highest share of employment (22.79%). The Manufacturing sector is just behind with 21.73% of employment but has the largest share of payroll (28.72%).

Ozaukee County has a particularly high concentration of employment in the Manufacturing sector when compared to the nation. The employment share in this sector is about two and a half times that of the nation. The county is particularly strong in Electrical Equipment, Appliance, and Component Manufacturing sector. The concentration of employment is more than 12 times greater when compared to the nation. Primary Metal Manufacturing, Fabricated Metal Product Manufacturing, and Machinery Manufacturing sectors also have a strong presence in the county.

2018 Average Annual Wage by Industry

	Wisconsin Average Annual Wage	County Average Annual Wage	2018 % Wisconsin	1-Year % Change*
Trade, Transportation, Utilities	\$41,901	\$38,787	92.6%	0.3%
Public Administration	\$47,859	\$39,334	82.2%	-1.1%
Professional & Business Services	\$60,729	\$55,597	91.6%	1.4%
Other services	\$30,674	\$29,038	94.7%	-2.3%
Natural Resources	\$39,444	\$35,638	90.4%	-7.5%
Manufacturing	\$58,048	\$62,756	108.1%	4.9%
Leisure & Hospitality	\$18,757	\$15,876	84.6%	-2.4%
Information	\$73,577	\$49,695	67.5%	3.7%
Financial Activities	\$71,474	\$84,582	118.3%	7.4%
Education & Health	\$49,185	\$46,618	94.8%	-3.4%
Construction	\$61,909	\$55,211	89.2%	-2.1%
All Industries	\$48,891	\$47,471	97.1%	-0.4%

Ozaukee County employers pay lower than average wages when compared to the state as a whole. This point highlights the difference between place of work and place of residence data. The county's income per capita of residents is the highest in the state. The high share of residents who commute out of the county for employment makes this difference in the two metrics possible.

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

Industry Employment Projections
WOW WDA - Industry Projections 2016-2026
Washington, Ozaukee, and Waukesha Counties

Industry	2016 Employment	Projected 2026 Employment	Employment Change	Percent Change
Total All Industries	363,595	395,297	31,702	8.7%
Natural Resources and Mining	2,240	2,452	212	9.5%
Construction	18,398	20,412	2,014	10.9%
Manufacturing	66,452	65,176	-1,276	-1.9%
Trade, Transportation, and Utilities	67,309	72,181	4,872	7.2%
Information	5,729	5,855	126	2.2%
Financial Activities	21,430	23,572	2,142	10.0%
Professional and Business Services	44,614	51,493	6,879	15.4%
Education and Health Services	64,413	73,469	9,056	14.1%
Leisure and Hospitality	30,917	35,421	4,504	14.6%
Other Services (except Government)	19,742	21,155	1,413	7.2%
Public Administration	10,669	11,085	416	3.9%
Self Employed and Unpaid Family Workers	11,682	13,026	1,344	11.5%

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

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

Regional employment is expected to grow by 8.7% over the 10-year period, or almost 32,000 workers. For the purposes of comparison, statewide employment is projected to grow by 6.8% during the same timeframe. Growth is expected in almost all industries. Manufacturing is the exception as a modest decline is expected. The industry projections shown here forecast levels of filled positions rather than demand. This illustrates the issues associated with the aging population. While growth in the labor force is slowing and, in some counties, declining, job growth is expected to continue. The aging population will increase the need for replacements. Employers may have trouble finding replacement workers even if overall employment in the industry declines. As a result, businesses that are already having difficulty filling job openings vacated by retirees will also strain to fill new openings. This could restrict job growth by limiting businesses' ability to expand. Solutions to these problems will differ for each business but will likely include a combination of developing a talent pipeline such as Wisconsin Fast Forward training grants or business alliances aimed at marketing specific careers; increasing focus on talent attraction and retention; engaging under-utilized workforces; increasing automation; and retaining retirees in non-conventional work arrangements.

Occupational Employment Projections WOW WDA - Occupation Projections 2016-2026 Washington, Ozaukee, and Waukesha Counties

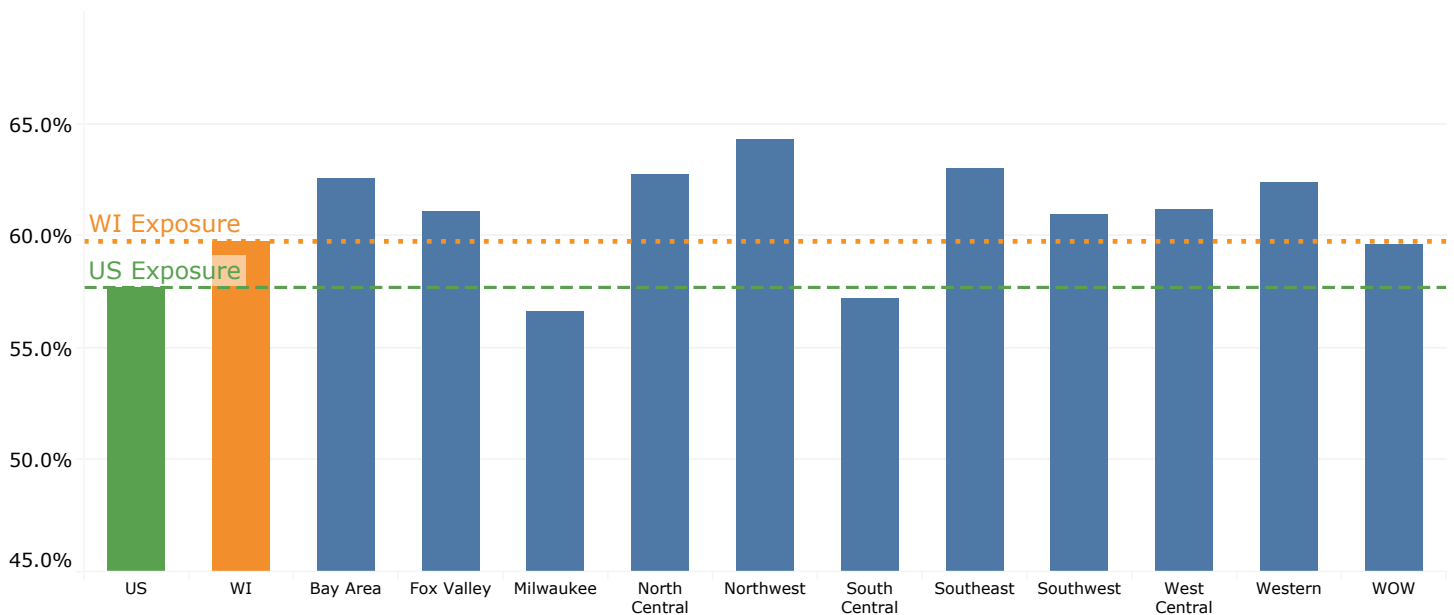
Occupation Title	2016 Employment	2026 Projected Employment	Occupational Openings	Percent Change (2016-2026)	
Total, All	363,600	395,300	44,690	8.7%	
Management	19,800	22,350	1,880	12.9%	
Business and Financial Operations	20,040	22,980	2,170	14.7%	
Computer and Mathematical	11,220	13,720	1,060	22.3%	
Architecture and Engineering	8,320	8,840	650	6.3%	
Life, Physical, and Social Science	1,720	1,940	180	12.8%	
Community and Social Service	3,350	4,040	470	20.6%	
Legal					
Education, Training, and Library	19,170	20,150	1,810	5.1%	
Arts, Design, Entertainment, Sports, and Media	5,470	5,710	590	4.4%	
Healthcare Practitioners and Technical	16,470	19,180	1,190	16.5%	
Healthcare Support	7,280	8,820	1,060	21.2%	
Protective Service	4,680	4,950	640	5.8%	
Food Preparation and Serving Related	29,500	33,830	5,820	14.7%	
Building and Grounds Cleaning and Maintenance	11,960	12,990	1,630	8.6%	
Personal Care and Service	16,090	19,470	2,900	21.0%	
Sales and Related	38,400	41,600	5,390	8.3%	
Office and Administrative Support	54,210	56,100	6,430	3.5%	
Farming, Fishing, and Forestry					
Construction and Extraction	16,030	17,570	1,830	9.6%	
Installation, Maintenance, and Repair	12,700	13,660	1,330	7.6%	
Production	42,490	40,940	4,430	-3.6%	
Transportation and Material Moving	21,820	23,310	2,910	6.8%	

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

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

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

Automation Exposure by Workforce Development Area



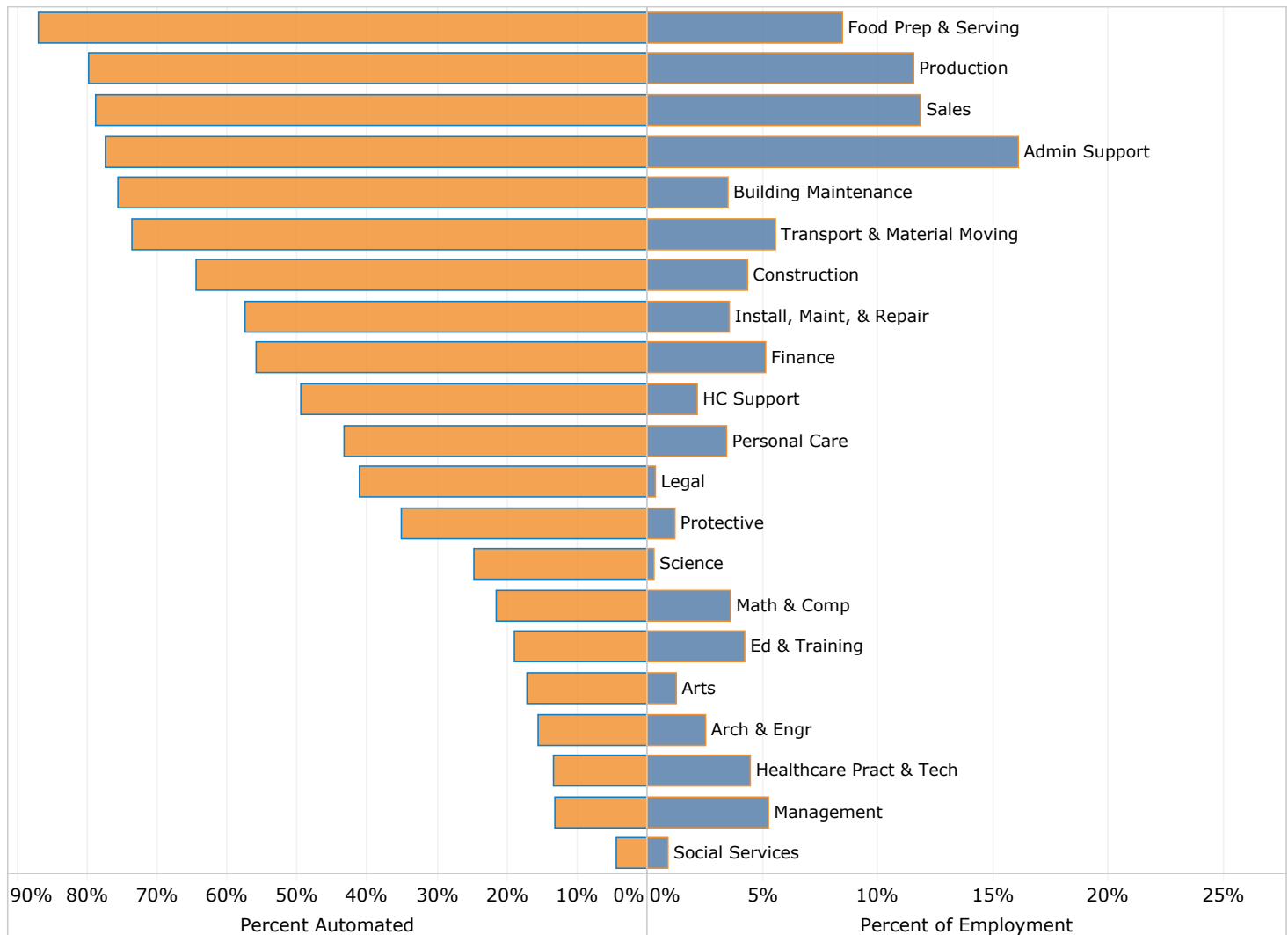
Source: The Future of Employment: How Susceptible are Jobs to Computerisation, C.B. Frey and M.A. Osborne, September 17, 2013, Oxford Martin School, University of Oxford; OES

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

An estimated 60% of current jobs in the WOW WDA have the propensity for automation. Automation is often incorrectly perceived as the creation of an autonomous robot workforce. The more accurate characterization is that automation will replace routine and repetitive tasks. Human capital will still be essential for parts of the job that cannot be automated. Local employers list problem solving as one of the top three most valued "essential skills" across all job functions. Communication and collaboration are also highly valued. Workers strong in these areas will be well positioned to thrive. Employers need to hire adaptable employees as job duties in the workforce continue to evolve.

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

Automation Exposure by Occupation Group for WOW WDA Washington, Ozaukee, and Waukesha Counties



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

The table above compares the propensity for automation to the current level of employment in each occupational category. The occupation groups with relatively low percent automated tend to require more non-routine work. The skillsets required to do many of these jobs (such as interacting with the environment, creativity, problem solving, and working with others) render them less exposed to automation, at least as technology stands now. The area of concern tends to be those occupations at the top of the graph. These occupations generally do not require a high degree of manual dexterity, problem solving, creativity, or adaptation. A high share of the tasks currently performed by workers in these occupations have the potential to be automated. One of the more disruptive and possibly unexpected occupation group on the list is Transportation and Materials Moving. These occupations are impacted by the growth of self-driving vehicles and highly automated warehouses.

While replacing jobs in a number of areas, automation will also create new jobs in other areas. The challenge is that the new jobs will not be in the same area or require the same skills as the jobs that are replaced. The ability of the workforce to adapt to these rapid changes and the new occupations they will bring will be essential to continued economic progress going forward.