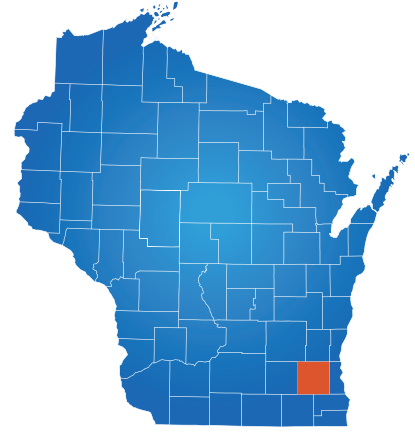


Waukesha County



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.

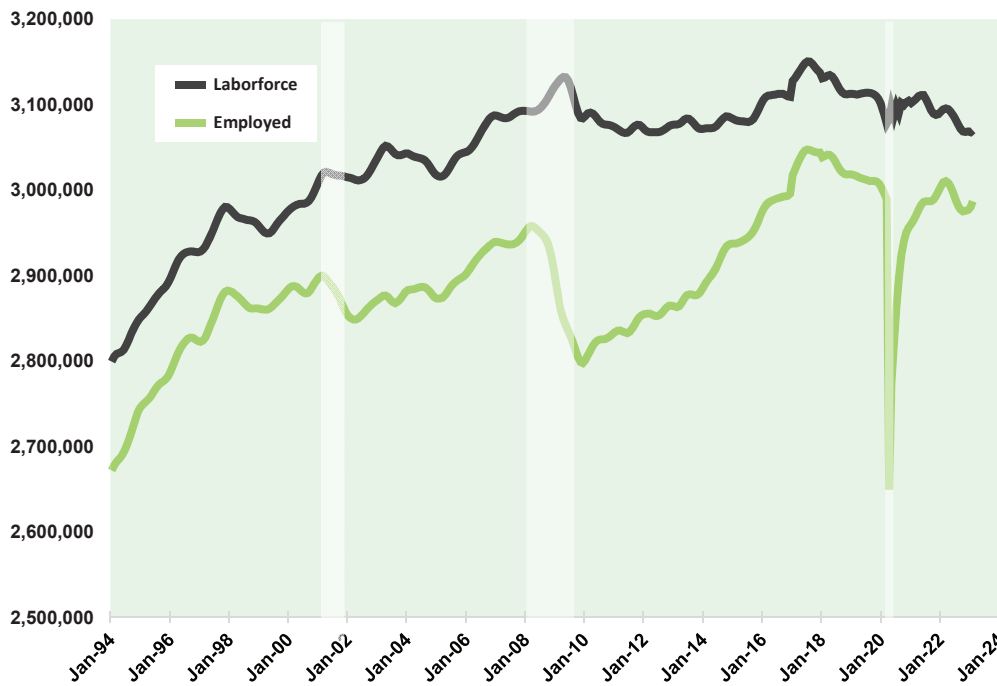


EMPLOYMENT

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.

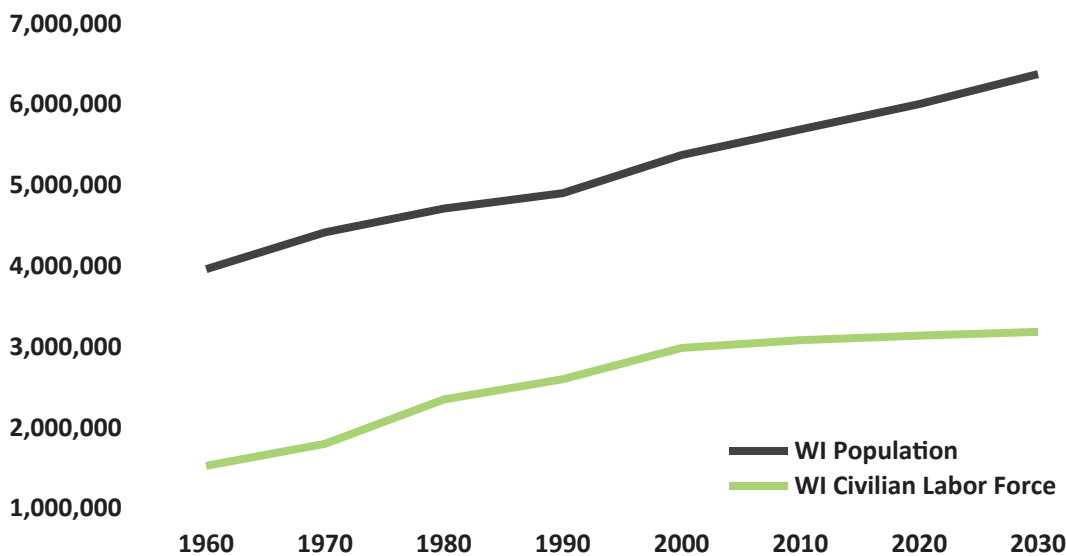
LONG-RUN CHALLENGE

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



Waukesha County

POPULATION AND DEMOGRAPHICS

Waukesha County is the third most populous county in the state with an estimated 410,739 residents. Its population grew by 0.9% in 2021 and 2022, which matched the state's growth rate. The county grew by 4.4% over the course of decade adding over 17,000 residents. Seven of the 10 most populous municipalities have grown from 2020 to 2022. Menomonee Falls had the largest numeric gain of 686 residents. Hartland grew at the fastest rate (4.7%). This village is located along the east-west I-94 corridor and on Highway 83, a major state highway that runs North-South.

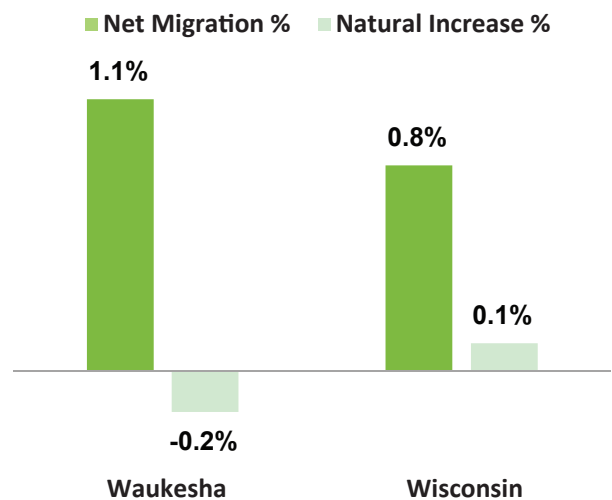
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Waukesha, City	71,158	71,146	-12	0.0%
Brookfield, City	41,464	41,430	-34	-0.1%
New Berlin, City	40,451	40,426	-25	-0.1%
Menomonee Falls, Village	38,527	39,213	686	1.8%
Muskego, City	25,032	25,343	311	1.2%
Oconomowoc, City	18,203	18,485	282	1.6%
Pewaukee, City	15,914	16,127	213	1.3%
Sussex, Village	11,487	11,750	263	2.3%
Lisbon, Town	10,477	10,735	258	2.5%
Hartland, Village	9,501	9,946	445	4.7%
Waukesha County	406,978	410,769	3,791	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 components of population change. 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. The county lost a nominal 0.2% of its population due to a natural decrease. The natural increase rate was a modest but positive 0.1% statewide. While the measure does not show immediate labor market availability, it provides some insight into the long-term workforce pipeline. The county gained 1.1% of its population due to net migration, which is more actionable than natural increase and has the more immediate impact on the county's labor force. Improving net migration could help mitigate workforce challenges that will continue as baby boomers age out of the workforce.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Waukesha County's employment increased by 5,080 jobs (2.2%) across all industries from 2020 to 2021. In comparison, the state grew by 2.4% over the year. However, it's more accurate to compare employment totals to 2019 as a pre-pandemic reference point. As of 2021, employment in the county was still 3.3% below 2019 levels, 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	17,678	-5	0.0%	6	0.0%	7.4%
Education & Health Services	41,526	1,001	2.5%	-478	-1.1%	17.5%
Financial Activities	15,760	-67	-0.4%	-8	-0.1%	6.6%
Information	3,577	-83	-2.3%	-477	-11.8%	1.5%
Leisure & Hospitality	19,748	1,403	7.6%	-2,220	-10.1%	8.3%
Manufacturing	41,310	-66	-0.2%	-2,705	-6.1%	17.4%
Natural Resources & Mining	578	11	1.9%	29	5.3%	0.2%
Other Services	7,593	149	2.0%	-999	-11.6%	3.2%
Professional & Business Services	34,925	1,492	4.5%	-861	-2.4%	14.7%
Public Administration	6,231	19	0.3%	89	1.4%	2.6%
Trade, Transportation, Utilities	48,946	1,230	2.6%	-554	-1.1%	20.6%
All Industries	237,870	5,080	2.2%	- 8,181	-3.3%	100.0%

Source: WI DWD, Labor Market Information, QCEW 2021

Seven out of 11 industries registered growth between 2020 and 2021. However, all but three remained below 2019 levels. Trade, transportation, and utilities; manufacturing; and education and health services are the three largest industries in terms of employment share, making up over half of total employment. Trade, transportation, and utilities and education and health services grew from 2020 to 2021, while manufacturing too remained essentially unchanged. In 2021, all three industries combined were still 2.8% below 2019.

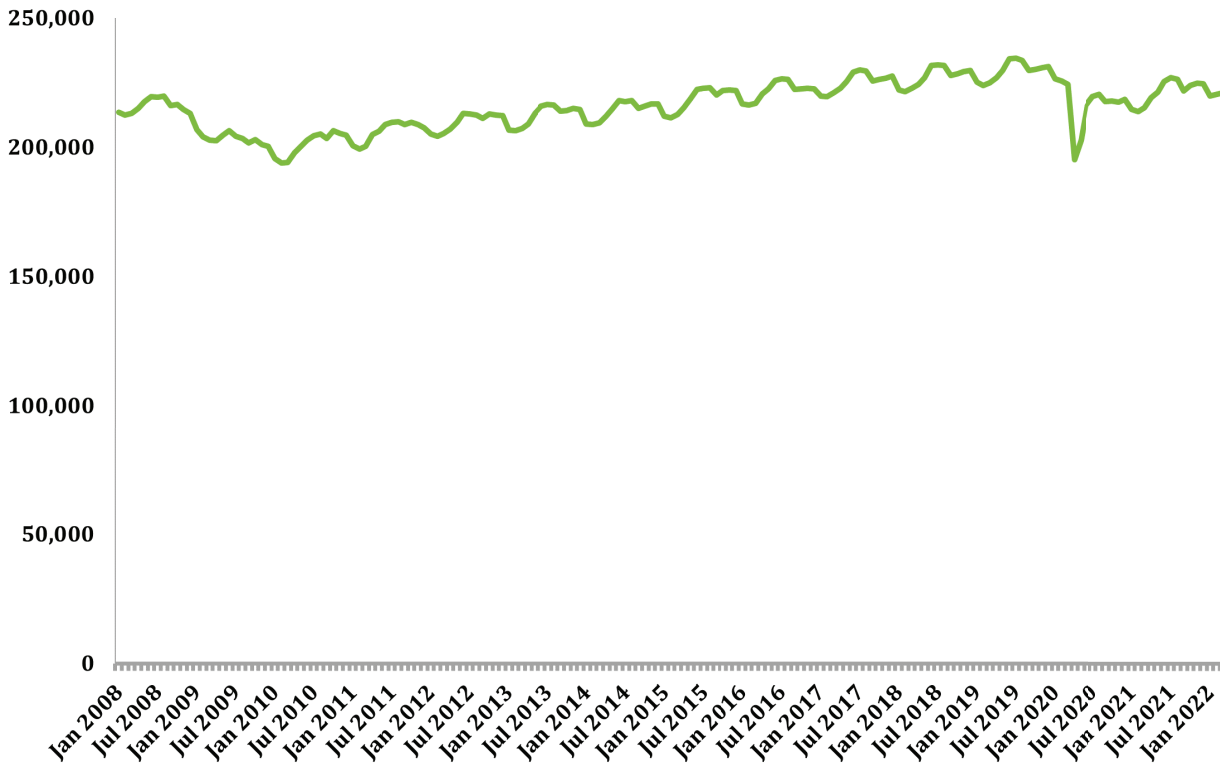
Wisconsin is known for having a strong base in manufacturing. Waukesha County has a slightly higher share of employment in manufacturing than the state (17.4% versus 16.7%). The industry is also relatively high paying. The average annual wage for manufacturing employees in Waukesha County is \$77,383 compared to \$53,681 for all covered employment. The statewide average wage in manufacturing is \$64,344. The county has a particularly strong base in printing and related support activities and electrical equipment and appliance manufacturing. The two industry subsectors have employment concentrations of more than five times the national average.



TOTAL MONTHLY EMPLOYMENT

The economic disruption and volatility driven by COVID-19 complicate efforts to separate structural economic shifts from temporary changes. With the pandemic, the employment total took an unprecedented dip in April 2020. Yet, seasonal fluctuation occurs regardless of economic conditions. For example, retail employment increases for the holiday season and construction activity is higher during the summer months. A comparison to the same month of a previous year accounts for these seasonal patterns. Milwaukee County jobs in the April 2020 were 14.0% below jobs in April 2019. Private sector employment, 195,182, was the lowest since 2010 in the wake of the Great Recession.

Graphic 6: QCEW Monthly Employment



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

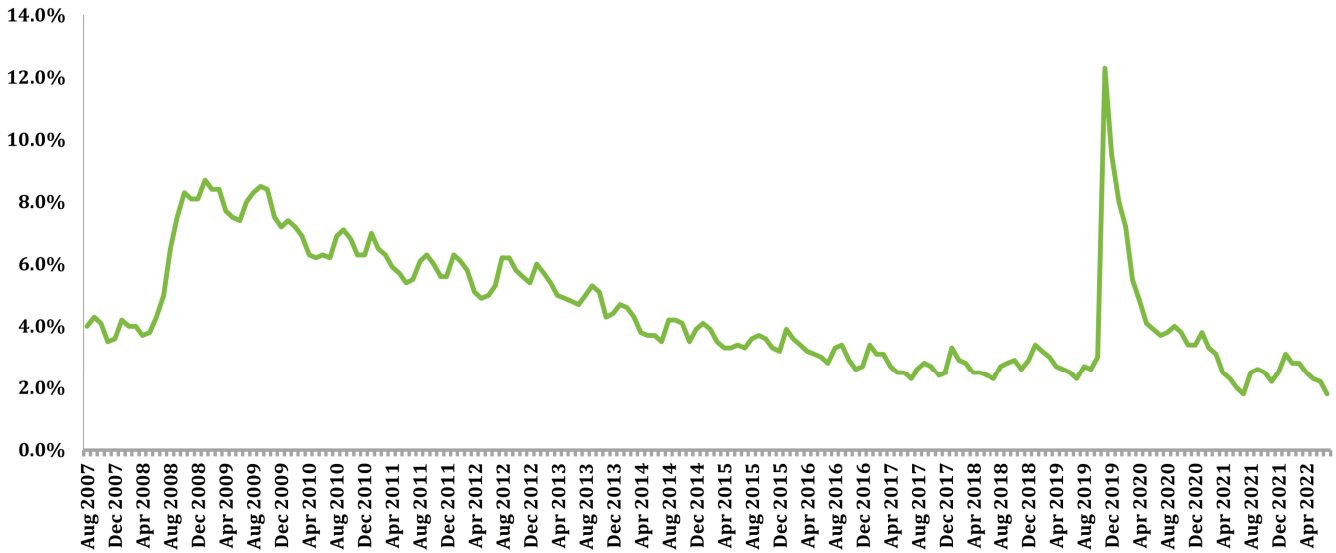
While employment declined drastically, it bounced back quickly. While jobs totals remained historically low, employment began to improve in May 2020. By the end of 2020, employment was within 7.1% of employment totals measured at the end of 2019. As of March 2022, employment was still 2.6% below the same month of 2019. It is unclear when employment will reach pre-pandemic levels, but is expected to recover quicker than the Great Recession. It took roughly nine years for the county to regain jobs lost during the Great Recession.

A temporary drop in employment is a cyclical change, however it's important to consider how COVID-19 changed the economy permanently, or structurally. Structural changes commonly come out of recessions and recoveries. History indicates that these changes concentrate in specific industries or sectors. The recovery from COVID-19 will likely be different, as businesses will permanently change their processes. For example, we anticipate a permanent increase in telecommuting and work-from-home options. It's critical to identify workers negatively impacted by these changes.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

The unemployment rate represents the number of residents that do not have a job but are actively seeking work. Waukesha County's non-seasonally adjusted unemployment rate spiked to 12.3% in April 2020. Since then, unemployment dropped to 1.8% as of December 2022. This rate is lower than the statewide rate, which stood at 2.2%. Both rates are considered low and indicative of tight labor market conditions that were experienced prior to the pandemic. A tight labor market means it is difficult for employers to fill open positions. There should be a continued emphasis on recruitment, retention, and training that "upskill" residents for high-demand job opportunities.

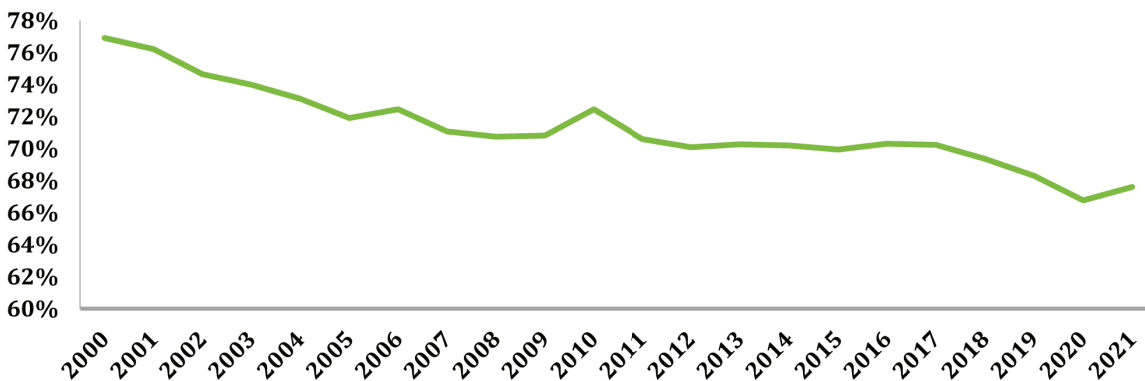
Graphic 7: Unemployment Rate



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

The labor force participation rate (LFPR) was 67.6% in 2021. Graphic 8 shows that LFPR has continued to decline over the past two decades. At first glance, raising the rate seems like a simple solution for increasing the size of the labor force. In reality, LFPR has remained stable when broken down by age. An aging baby boomer population is the biggest reason for the downward trend on county, state, and national levels. Filling labor market needs will require creative methods to attract marginally attached residents into the workforce and address barriers deterring otherwise qualified candidates.

Graphic 8: Labor Force Participation Rate



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

BARRIERS TO FULL UTILIZATION

Wisconsin's age demographics mean staffing difficulties will be a long-term challenge. Therefore, it is increasingly important to address barriers that prevent people from partly 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 broadband access.

Transportation

As would be expected in the largest metropolitan area, there is a comparatively high amount of commuting between counties. Nearly 34% work in another county. Conversely, employers pull 32.4% of the workforce from other counties. The strongest regional connection is with Milwaukee County. Waukesha County residents that work in Milwaukee County tend to be in

higher paying professions while Milwaukee County residents that work in Waukesha County are more likely to be in working class positions. The robust road system makes it relatively easy for individuals that have a car to move around the area. The numbers show that the incumbent workforce relies on cars to get to work. In Waukesha County, 89.4% of employed residents rely on a car to get to work, with more than 83% driving alone. Lack of reliable transportation can prevent individuals from pursuing good paying opportunities and employers from filling positions. It is becoming increasingly important to address this barrier as the labor market continues to tighten.

Graphic 9: Means of Transportation

	Wisconsin	Waukesha County
Drive Car	87.6%	89.4%
Drive Alone	79.9%	83.2%
Mean Commute Time - Residents	22.2	23.8
Mean Commute Time - Workers	21.9	24.4
% of Residents Working in another County	28.0%	33.7%
% of Workers Residing in another County	24.3%	32.4%

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

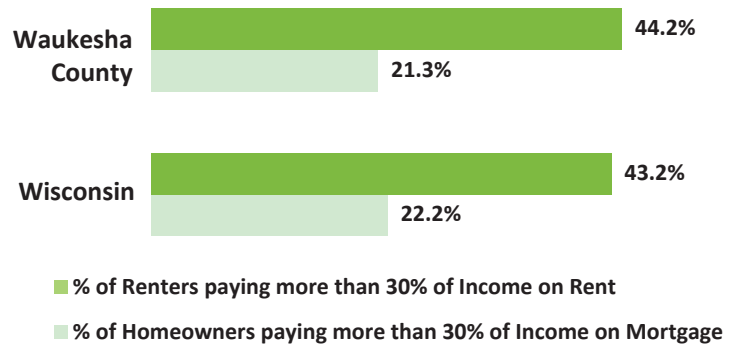


Housing

Housing availability and affordability are barriers making it difficult for workers to relocate for job opportunities. While difficult to quantify, one way to assess the issue is to view the age distribution of existing housing stock. Waukesha County's housing stock is relatively newer than the state as a whole with a lower share of homes built over 50 years ago when compared to the state. This corresponds with a sprawling population from the urban center in the region. Waukesha County has grown by about 200% since 1960. Milwaukee County's population declined slightly over the same timeframe.

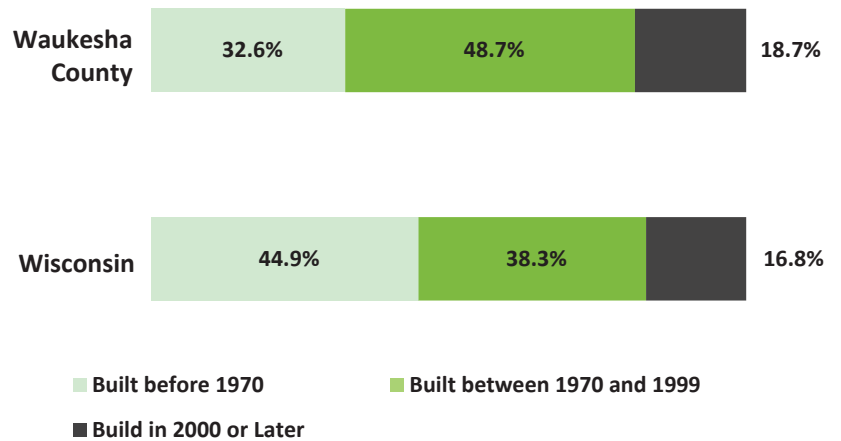
The County's economy developed as the population grew. These businesses rely on labor at a wide range of skill and wage levels. The proper quantity of middle and low wage earners in particular is essential for continued growth and development. Home ownership is a financial challenge for these workers. The County's median home value was \$331,204 in the third quarter of 2022 according to the National Association of Realtors, which is the fifth highest in the state. Additional data shows that finding affordable rent is also a challenge. The Department of Housing and Urban Development (HUD) uses 30% of income as a guideline for housing affordability. Renters are actually more likely to be over this guideline in the County and the state.

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

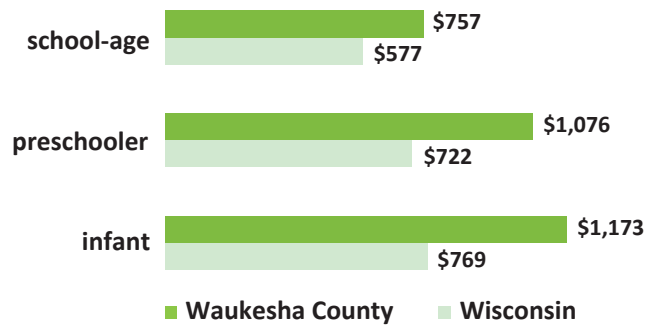
Child care is particularly costly in Waukesha County, with monthly costs ranging from \$1,173 for an infant to \$757 for a school-age child. For context, the infant cost is about 30% the monthly median income of a truck driver in Waukesha County. Child care availability is also a barrier to employment for Wisconsin families. The YoungStar provider database tracks 82% of child care providers in the state. According to their database, Waukesha County has 156 total providers for a potential capacity of 9,819 children. The county's capacity is slightly above the state on a per capita basis. There are 15 child care slots for every 100 children under the age of 14 in the county compared to 14 in the state. 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 parents with child care responsibilities.

Graphic 12: Child Care Capacity

	Wisconsin	Waukesha County
Providers	3,863	156
Maximum Capacity	132,075	9,819
Capacity/100 Children Under 14**	0.14	0.15

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 virtual learning environment will likely remain after COVID-19 is over. Employers can use these innovations to meet Wisconsin's workforce needs and alleviate talent shortages. Employees benefit from flexible schedules and varied geographic locations. 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 the share of households without internet in the home. Waukesha County has the lowest share of households without internet access in the state. This is a function of the relative affluence of the area and broadband infrastructure. However, lack of access varies widely by household income. Over 30% of households with income below \$20,000 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	Waukesha County
Total	14.8%	10.4%
Less than \$20,000:	38.4%	35.9%
\$20,000 to \$74,999:	17.5%	15.1%
\$75,000 or more:	4.6%	3.4%

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	364,810	401,378	36,568	10.0%
Natural Resources and Mining	1,774	1,970	196	11.1%
Construction	21,512	23,505	1,993	9.3%
Manufacturing	64,310	67,837	3,527	5.5%
Trade, Transportation, and Utilities	66,178	71,685	5,507	8.3%
Information	4,119	4,217	98	2.4%
Financial Activities	21,120	22,852	1,732	8.2%
Professional and Business Services	41,579	50,228	8,649	20.8%
Education and Health Services	69,233	74,974	5,741	8.3%
Leisure and Hospitality	27,245	33,021	5,776	21.2%
Other Services (except Government)	19,658	21,941	2,283	11.6%
Public Administration	10,438	11,035	597	5.7%
Self Employed and Unpaid Family Workers	17,644	18,113	469	2.7%

The workforce is constantly evolving as workers retire, change careers, take promotion opportunities, or complete retraining. DWD's projections methodology accounts for these types of job changes. The state is split into 11 Workforce Development Areas (WDAs), and projections are updated every two years. Waukesha County is part of the WOW WDA that also includes Ozaukee and Washington County.

Regional employment is expected to grow by 10.0% or 36,568 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 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 levels. 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	364,810	401,378	45,071	10.0%
Management	17,374	19,752	1,680	13.7%
Business and Financial Operations	22,569	25,869	2,417	14.6%
Computer and Mathematical	12,301	14,509	1,155	18.0%
Architecture and Engineering	9,464	10,715	824	13.2%
Life, Physical, and Social Science	1,814	2,062	194	13.7%
Community and Social Service	3,434	3,949	410	15.0%
Legal	1,464	1,656	136	13.1%
Education, Training, and Library	21,583	22,503	2,041	4.3%
Arts, Design, Entertainment, Sports, & Media	4,356	4,903	529	12.6%
Healthcare Practitioners and Technical	20,752	23,094	1,414	11.3%
Healthcare Support	14,016	16,402	2,073	17.0%
Protective Service	4,138	4,594	606	11.0%
Food Preparation and Serving Related	24,500	29,090	5,220	18.7%
Building & Grounds Cleaning & Maintenance	10,518	11,231	1,473	6.8%
Personal Care and Service	10,627	13,071	1,904	23.0%
Sales and Related	35,076	37,729	4,860	7.6%
Office and Administrative Support	46,201	46,908	5,247	1.5%
Farming, Fishing, and Forestry	894	959	149	7.3%
Construction and Extraction	19,497	21,360	2,157	9.6%
Installation, Maintenance, and Repair	14,139	15,563	1,553	10.1%
Production	41,146	42,532	4,610	3.4%
Transportation and Material Moving	28,947	32,927	4,423	13.8%

While industry projections have their uses, a more functional approach is to project occupational need. Occupational projections are separated into three categories: growth, labor force exits, and occupational transfers. Occupational transfers include workers that advance in careers or make lateral movements into different occupations. Generally, a higher need for replacements due to transfers is expected in lower-paying occupations. Retirements are a key driver in the labor force exits category. While actual retirement age varies among individuals, age 65 is used as a rough proxy for expected retirement. Considering this benchmark, Wisconsin is approximately halfway through baby boomer retirement.

These occupational projections indicate a higher need for replacement hires rather than new hires. One such example are office and administrative support occupations. This occupation group has the highest number of projected openings but lowest growth rate. The need for this group is almost entirely driven by labor force exits and occupational transfers. While the total need is comparatively small, the computer and mathematical occupations category stands out as a growing field. This growth may be driven by the high-wage jobs in this group.