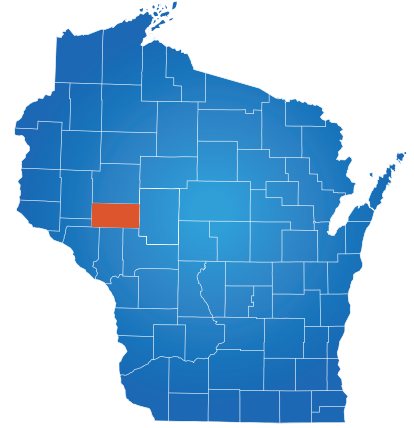


Eau Claire County

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.

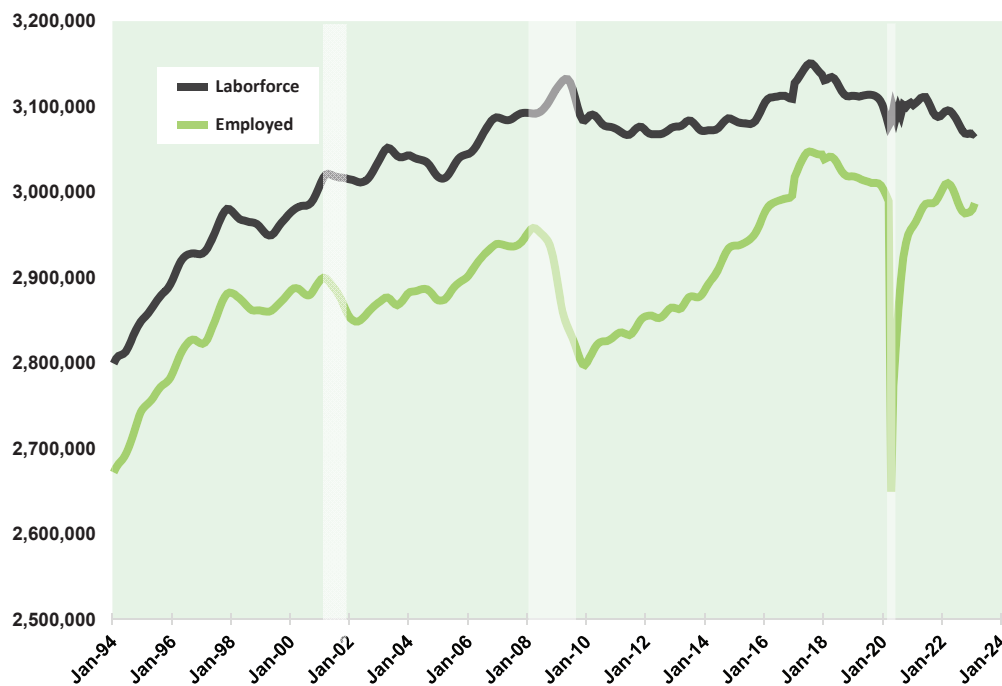


EMPLOYMENT

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 several 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.

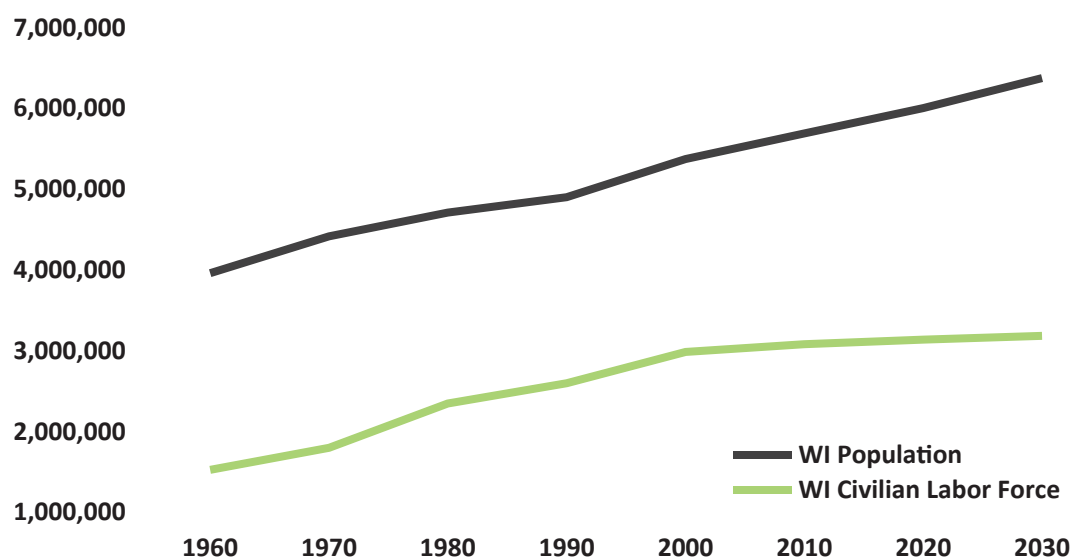
LONG-RUN CHALLENGE

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



Eau Claire County

POPULATION AND DEMOGRAPHICS

Eau Claire County added 2,309 residents from 2020 to 2022, growing at a rate of 2.2%, which is much faster than the state's growth rate of 0.9%. It has become the fourth fastest growing county among the state's 72 counties, reflecting the area's growing popularity. Eau Claire County's location at the confluence of two rivers and five major highways, in addition to its relative proximity to Minnesota's Twin Cities, has greatly influenced its growth. The City of Eau Claire, home to the University of Wisconsin-Eau Claire, is the largest population center in the county with 68,332 residents. The city also shares its northern border and workforce with Chippewa Falls, a city with 14,724 residents.

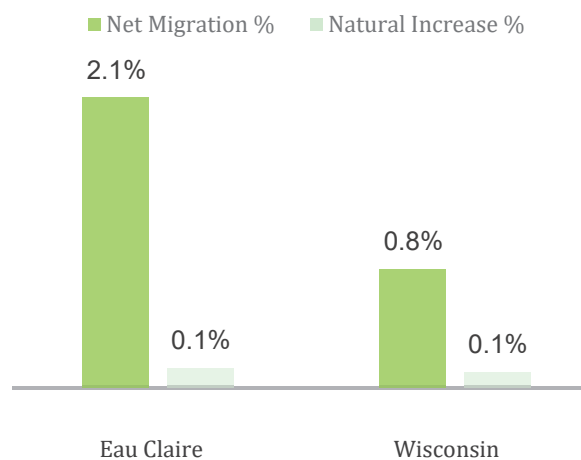
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Eau Claire, City	67,238	68,332	1,094	1.6%
Altoona, City	8,293	9,149	856	10.3%
Washington, Town	7,662	7,780	118	1.5%
Pleasant Valley, Town	3,791	3,939	148	3.9%
Seymour, Town	3,352	3,380	28	0.8%
Union, Town	2,696	2,695	-1	0.0%
Bridge Creek, Town	2,214	2,235	21	1.0%
Brunswick, Town	1,958	1,984	26	1.3%
Augusta, City	1,567	1,549	-18	-1.2%
Fall Creek, Village	1,422	1,428	6	0.4%
Eau Claire County	105,710	108,019	2,309	2.2%
Wisconsin	5,893,718	5,949,155	55,437	0.9%

Source: Demographic Services Center, WI Dept. of Administration

The City of Eau Claire accounted for most of the county's population growth, as evidenced by the boom in residential space downtown. Most other growth in the county is clustered around Eau Claire in a suburban/exurban pattern. Altoona especially added significant residential and business capacity near its western border shared with Eau Claire. This, along with strategic planning around the city's livability, is demonstrated by its high growth rate. Net-migration, which is defined as people moving into the county minus those leaving, was the main source of growth for the county. Eau Claire has focused its livability efforts to attract and retain younger workforce talent, contributing to a relatively high rate of in-migration. Growth due to natural increase (births minus deaths) was also comparatively high versus other Wisconsin counties, highlighting the county's relatively young population. Eau Claire County's median age of 35.2 is the 3rd youngest in the state.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

Eau Claire County gained 1,390 jobs from 2020 to 2021. However, COVID-19 caused a very steep job loss in 2020, from which we are still recovering. There were 2,044 fewer jobs in Eau Claire County in 2021 versus 2019. Education and health, the largest industry super-sector in Eau Claire County by employment, and even more so by payroll, grew by 206 jobs from 2020 to 2021..

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	2,093	153	7.9%	64	3.2%	3.7%
Education & Health Services	16,067	206	1.3%	-436	-2.6%	28.5%
Financial Activities	3,338	102	3.2%	2	0.1%	5.9%
Information	496	-38	-7.1%	-111	-18.3%	0.9%
Leisure & Hospitality	5,500	403	7.9%	-1,003	-15.4%	9.7%
Manufacturing	5,539	227	4.3%	40	0.7%	9.8%
Natural Resources & Mining	146	6	4.3%	0	0.0%	0.3%
Other Services	1,603	75	4.9%	-118	-6.9%	2.8%
Professional & Business Services	7,110	-277	-3.7%	-694	-8.9%	12.6%
Public Administration	2,334	-116	-4.7%	-28	-1.2%	4.1%
Trade, Transportation, Utilities	12,242	652	5.6%	241	2.0%	21.7%
All Industries	56,466	1,390	2.5%	- 2,044	-3.5%	100.0%

Source: WI DWD, Labor Market Information, QCEW 2021

Eau Claire has a high concentration of health care jobs compared to the state, with multiple large health care systems serving the surrounding counties. The strong nursing program at University of Wisconsin-Eau Claire also plays a role, as today's business location decisions are often driven by talent availability. On the education side, UW-Eau Claire and Chippewa Valley Technical College Eau Claire are both located in the county, making it a popular destination for post-secondary education.

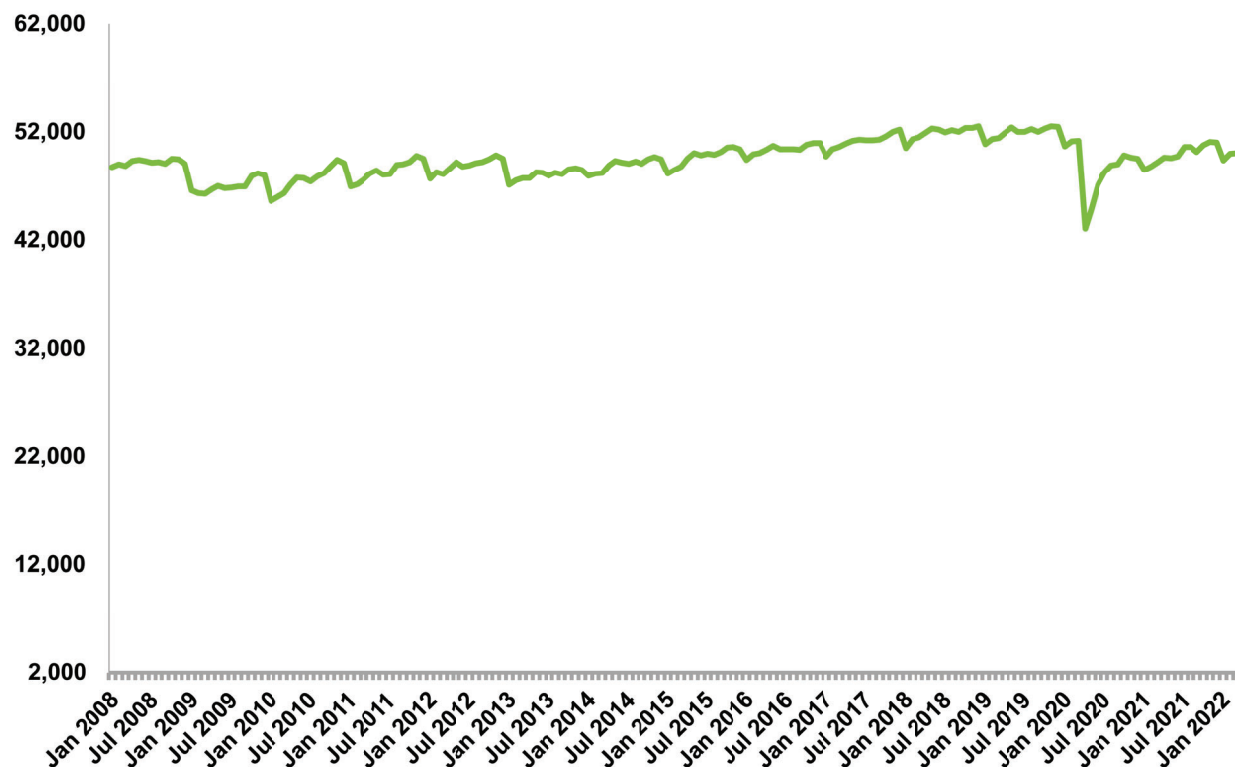
Both the education and health care sectors tend to be somewhat recession resistant, but the impacts of COVID-19 differed from a normal recession. In the health care sector, contrary to expectation, nurses and other medical staff were furloughed as hospitals put elective procedures on hold. And in education, virtual classes and school closures due to COVID-19 impacted employment, especially amongst support staff. Trade, transportation, and utilities, the second largest industry employment super-sector, lost 411 jobs from 2019 to 2020. Eau Claire is a retail hub for surrounding counties, resulting in a higher concentration of retail establishments. COVID-19 accelerated the online shopping trend that was already impacting physical retail locations, adding to employment declines.



TOTAL MONTHLY EMPLOYMENT

Economic disruption and volatility driven by COVID-19 complicates efforts to separate structural economic shifts from short-term changes. The pandemic caused the shortest recession in United States history beginning in February 2020 and ending in April 2020. However, impacts in Wisconsin were more evident from March to April, coinciding with the spread of the virus. Looking more closely at March 2020 and beyond, it's easy to see that this period stands in sharp contrast to the relative stability of the previous decade. Employment in Eau Claire County declined by 8,126 jobs (14.0%) in just one month, and although the subsequent recovery period began immediately in May, it has been inconsistent.

Graphic 6: QCEW Monthly Employment



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

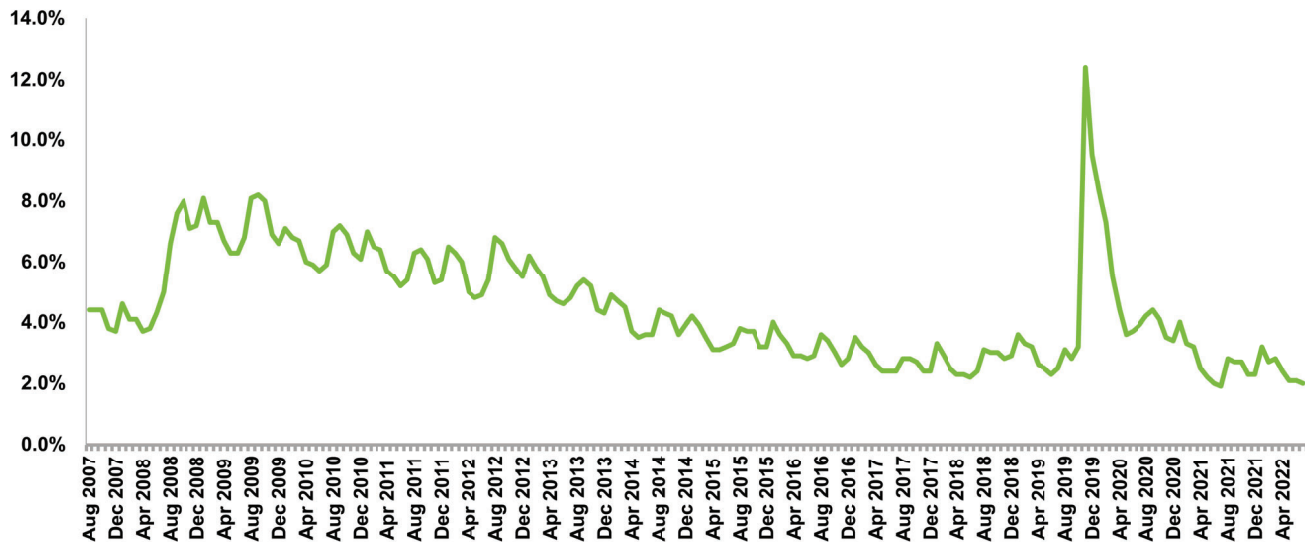
The most rapid rebound occurred in the spring and early summer of 2020, but then the pace of the recovery began to slow. Seasonality complicates month-to-month comparisons of jobs data – for example, construction employment is high in summer but drops as colder weather makes outdoor work impractical, and retail gains temporary jobs during the holiday season. Comparing the same month in different years takes seasonality out of the equation. The latest data available is June 2022, so in comparison to June 2019, Eau Claire County's total employment was still down about 1.5%. Versus historical recessions, this has been a very fast recovery.

It is difficult to say what the future holds for Wisconsin's economy. The U.S. economy has been sending mixed signals; it does face some domestic and international headwinds as of year-end 2022, but there continues to be surprising Gross Domestic Product (GDP), consumer spending, and job growth. Inflation peaked at 9% this summer, its highest rate since the early 1980s. It is 6.4% as of December 2022 (12-month annualized, seasonally adjusted), which is still high but dropping. Initial jobless claims have risen nationally since the spring but remain low, despite employers' concerns about the economy. This implies that finding workforce is still the bigger concern for employers. Regardless of economic conditions, tight labor force conditions seem likely to continue.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

Following the economic disruption of COVID-19, evident in the early 2020s on graphic 7, Eau Claire County's unemployment rate returned to its standard seasonal patterns. The non-seasonally adjusted unemployment rate rocketed up to 12.4% in April 2020, but is at 2.2% as of November 2022. This is below the statewide average, and while not quite as low as November 2021, it is still incredibly low by historical standards. Demographics are the root cause of these tight labor market conditions, creating a long-term trend that will impact Wisconsin's labor force for decades. Therefore, it's vitally important that we focus on efforts to create local talent pipelines in partnership with the education system, attract talent to the area, retain the talent we have, and recruit underutilized talent pools like the justice-involved, people with disabilities, etc.

Graphic 7: Unemployment Rate



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

Graphic 8 demonstrates the demographic shift underpinning today's labor force constraints. Eau Claire County's labor force participation rate (LFPR) has been trending downward (with the occasional recessionary ups and downs) since 2000, the time when the oldest members of the baby boomer generation were in the late stages of their prime working years. The LFPR in 2021 was 69.7%, up slightly from 2019, but it's likely to be a correction from the COVID-19 pandemic impacts. It's more important to note that this LFPR is much lower than the peak of the last two decades – 73.5% in 2007.

Graphic 8: Labor Force Participation Rate



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

BARRIERS TO FULL UTILIZATION

As baby boomers continue to age out of the labor force, Wisconsin faces a workforce quantity challenge. Wisconsin needs as many workers as possible, making it imperative that we address barriers keeping people out of the labor force. 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 broadband access.

Transportation

One barrier is the simple logistical problem of getting a worker to and from work. 87.4% of Eau Claire County residents drive a car to work, with the vast majority driving alone. Many families can't afford a reliable vehicle, a problem compounded by the increase in used car prices due to COVID-19-related supply chain issues. Helping workers acquire and service reliable vehicles can help, for example Wausau's Wheels to Work program takes aim at this by offering zero interest loans and donated vehicles. Public transit is another piece of the solution. Traditional fixed-route systems like buses can work in urban areas, while demand-responsive systems are more efficient in rural areas. Technology improvements are vital for both routing and ridership rates, but both suffer from the workforce shortage as well, at least until autonomous vehicles become more commonplace.

Graphic 9: Means of Transportation

	Wisconsin	Eau Claire County
Drive Car	87.6%	87.4%
Drive Alone	79.9%	80.2%
Mean Commute Time - Residents	22.2	17.9
Mean Commute Time - Workers	21.9	19.6
% of Residents Working in another County	28.0%	18.9%
% of Workers Residing in another County	24.3%	17.9%

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

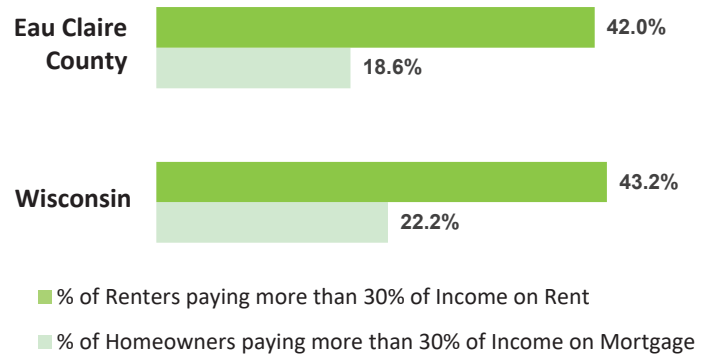


Housing

Housing is another common barrier to workforce growth. Housing affordability and availability make it difficult for workers to locate near job opportunities. Constricted housing supply in the face of increased demand fuels rising prices, contributing to affordability problems. The Department of Housing and Urban Development (HUD) uses 30% of income as a guideline for housing affordability. In Eau Claire County, and the state, renters allocate more than 30% of their income to housing. Early data shows that this issue is worsening, as home values and monthly rent increased at an accelerated rate between 2020 and 2022.

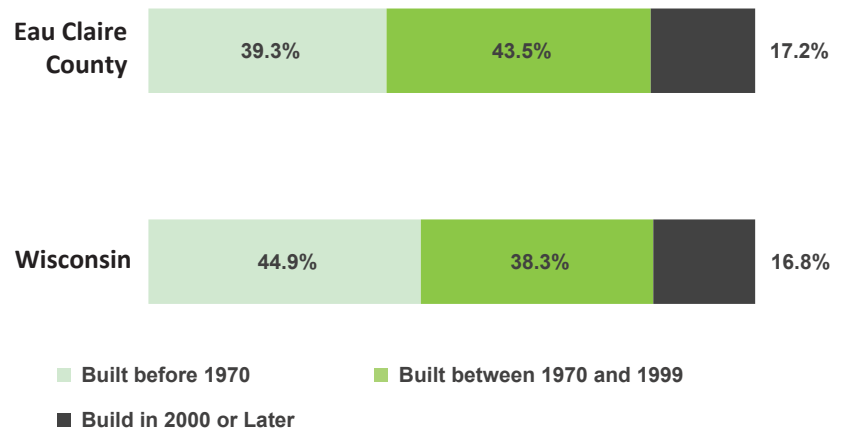
Not only is housing affordability a barrier for Wisconsin workers, but so is housing availability. While difficult to quantify, one way to assess the availability issue is to view the age distribution of existing housing stock. Eau Claire's housing stock is similar in age composition to the state's total. Eau Claire County's growth prompted an increase of multi-family properties, though prices indicate that there is still unmet demand. Communities have a central role in improving the housing situation, which includes updating zoning laws, building multi-family housing, and incentivizing affordable single-family housing developments.

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

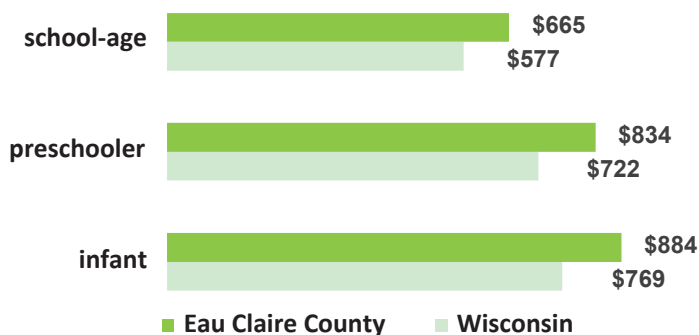
Caregivers are consistently one of the largest groups of people not in the labor force. Childcare costs continue to rise, as availability declines. Existing childcare providers struggle to find workers, disrupting childcare and reducing daycare capacity. The median wage of a childcare worker in Wisconsin is only \$11.57 per hour, adding to recruitment difficulties. The monthly cost of care in Eau Claire County ranges from \$884 for an infant to \$665 for a school-age child, 12% to 9% of its median family income. This contradicts The US Department of Health and Human Services, which considers childcare affordable at 7% of family income or less. Childcare access is also an issue for Wisconsin workers. According to the YoungStar provider database, which tracks approximately 82% of providers in the state, there are roughly 19 childcare slots for every 100 children under the age of 14 in Eau Claire County. Improving cost and access would help more parents participate in the labor market but may require major structural changes. Employers can also offer flexibility to parents or provide childcare options to attract and retain workers. Community nonprofits have also seen success in helping providers get licensed and opening their own daycares, expanding childcare capacity.

Graphic 12: Childcare Capacity

	Wisconsin	Eau Claire County
Providers	3,863	75
Maximum Capacity	132,075	3,044
Capacity/100 Children Under 14**	0.14	0.19

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

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. While a smaller percentage in Eau Claire County lack internet access compared to the state average, 12.3% of households do not have access. Lack of access varies widely by household income, as nearly 30% of Eau Claire County households with income below \$20,000 do not have access. It is more difficult for individuals living in these households to take advantage of virtual employment, training, or education opportunities. State and community efforts, plus \$40 million in federal pandemic recovery funds, are improving broadband access around the state, but there's still a need for more targeted interventions.

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

	Wisconsin	Eau Claire County
Total	14.8%	12.3%
Less than \$20,000:	38.4%	29.9%
\$20,000 to \$74,999:	17.5%	13.7%
\$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	213,421	230,292	16,871	7.9%
Natural Resources and Mining	4,326	4,533	207	4.8%
Construction	8,416	9,225	809	9.6%
Manufacturing	35,504	38,105	2,601	7.3%
Trade, Transportation, and Utilities	39,650	44,118	4,468	11.3%
Information	1,319	1,182	-137	-10.4%
Financial Activities	7,058	7,819	761	10.8%
Professional and Business Services	14,655	17,037	2,382	16.3%
Education and Health Services	48,327	49,678	1,351	2.8%
Leisure and Hospitality	17,494	19,966	2,472	14.1%
Other Services (except Government)	7,530	8,485	955	12.7%
Public Administration	11,834	12,327	493	4.2%
Self Employed and Unpaid Family Workers	17,308	17,817	509	2.9%

While studying past trends is useful, DWD also produces projections of industry and occupation employment into the future. The employment projections in this profile are for the nine-county West Central Wisconsin Workforce Development Area, are produced every two years, and follow the Bureau of Labor Statistics methodology. The current methodology accounts for different types of changes: growth, labor force exits, and occupational transfers. These categories are helpful when analyzing occupational change. Transfers include events like changing careers, being promoted to management, or completing a retraining program. The West Central region includes more than just Eau Claire County, which accounts for about 29% of employment in the region. However, employment and economic dynamics are similar enough throughout the region to comment on general trends.

Total industry employment is expected to grow by about 8%, or almost 17,000 workers from 2016 to 2026. Most industries are expected to grow over this period, though this projection only forecasts levels of filled positions rather than potential demand. This further illustrates the issues associated with the 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, utilization of worker training grants, increased focus on talent attraction and retention, formation of business and industry alliances, 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	213,421	230,292	26,525	7.9%
Management	10,662	11,333	987	6.3%
Business and Financial Operations	8,324	9,256	850	11.2%
Computer and Mathematical	2,712	3,167	250	16.8%
Architecture and Engineering	3,108	3,524	279	13.4%
Life, Physical, and Social Science	1,044	1,136	112	8.8%
Community and Social Service	2,595	2,871	297	10.6%
Legal	893	967	76	8.3%
Education, Training, and Library	14,588	13,835	1,200	-5.2%
Arts, Design, Entertainment, Sports, & Media	2,183	2,370	255	8.6%
Healthcare Practitioners and Technical	12,053	12,866	768	6.8%
Healthcare Support	10,963	12,812	1,618	16.9%
Protective Service	3,454	3,684	410	6.7%
Food Preparation and Serving Related	17,212	19,397	3,467	12.7%
Building & Grounds Cleaning & Maintenance	6,221	6,583	867	5.8%
Personal Care and Service	5,406	6,331	898	17.1%
Sales and Related	20,628	21,823	2,961	5.8%
Office and Administrative Support	24,985	25,132	2,791	0.6%
Farming, Fishing, and Forestry	2,934	2,988	464	1.8%
Construction and Extraction	9,765	10,679	1,078	9.4%
Installation, Maintenance, and Repair	8,322	9,192	923	10.5%
Production	25,123	26,487	2,912	5.4%
Transportation and Material Moving	20,246	23,859	3,061	17.9%

While industry projections have their uses, occupational projections are more applicable. Projections indicate growth in most sectors, supporting the narrative of long-range stability in many of West Central Wisconsin's largest industries. However, given the 2020 base year for this round of projections, the proportions in graphic 16 reflect these unique conditions rather than the expected trend. For example, growth in transportation and material moving occupations is far above past projections, highlighting the increase in online shopping trends. Interestingly, though, recent tech layoffs suggest shopping may be returning to pre-pandemic trends, which bears watching regarding current projections.

The other trend illustrated is that of labor constraints as openings created due to replacement needs far outnumber those generated by new growth in the region. Transfers are the largest component of these replacements, reflecting the increased labor market churn in which there are increased opportunities due to talent shortages. Labor force exits is the other component, which reflects continued baby boomer retirement. These challenges reemphasize the importance of efforts to create, attract, and retain Wisconsin's workforce and prioritize availability and skill sets of young workers.