GOVERNOR’S
NORTHERN WISCONSIN
ECONOMIC DEVELOPMENT SUMMIT

December 16 & 17, 2013
Four Seasons Island Resort
Pembine, Wisconsin

Dennis K. Winters
Chief, Office of Economic Advisors
Wisconsin Department of Workforce Development

December 17, 2013
ECONOMIC RECOVERY
HOW IS THIS ONE NOT LIKE THE OTHER ONES

Real GDP Growth Sixteen Quarters into Recovery

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>30%</td>
<td>25%</td>
<td>22%</td>
<td>20%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

1953-54: 9.2%
1957-58: 0%
1960-61: 5%
1969-70: 10%
1973-75: 15%
1981-82: 20%
1990-91: 25%
2001-09: 30%
JOBS RECOVERY
HOW IS THIS ONE NOT LIKE THE OTHER ONES

Percent Job Losses in Post WWII Recessions, aligned at maximum job losses

Current Employment Recession

Dotted line ex-Census Hiring

http://www.calculatedriskblog.com/
RECESSION COMPARISONS
LAGGING ACROSS ALL INDICATORS

Source: William Testa, Federal Reserve Bank of Chicago
REAL ESTATE EQUITY
GETTING A NICE REBOUND

Households and nonprofit organizations; real estate at market value, Level (HNOREMQ027S)
Source: Board of Governors of the Federal Reserve System

Shaded areas indicate US recessions.
2013 research.stlouisfed.org
SECURITIES’ APPRECIATION IS GETTING US BACK OVER THE HUMP

Households and nonprofit organizations; total liabilities and net worth (IMA), Level (HNOTLNQ027S)
Source: Board of Governors of the Federal Reserve System

Shaded areas indicate US recessions.
2013 research.stlouisfed.org
STATE AND LOCAL SPENDING
ON A NEW TRAJECTORY

State & Local Government Current Expenditures (SLEXPND)
Source: U.S. Department of Commerce: Bureau of Economic Analysis

FRED
2013 research.stlouisfed.org
JOBS GROWTH SCENARIOS

CONSTRAINTS ON ECONOMY

Unemployment rates assume a participation rate of 63.5%

Source: William Testa, Federal Reserve Bank of Chicago
UNEMPLOYMENT RATE DROPPING

Wisconsin

U.S.
WISCONSIN JOBS INCREASE

Source: CES, BLS, OEA
WISCONSIN JOBS INCREASE

Source: CES, BLS, OEA
Who is in demand?
MOST JOB OPENINGS
BY OCCUPATION

Cashiers: 32,110 replacement, 1,900 growth
Food preparation and serving: 17,140 replacement, 15,360 growth
Retail salespersons: 22,300 replacement, 8,350 growth
Waiters and waitresses: 21,640 replacement, 8,580 growth
Registered nurses: 10,450 replacement, 13,780 growth
Customer service: 14,180 replacement, 7,760 growth
Office clerks, general: 12,420 replacement, 9,290 growth
Material movers: 15,280 replacement, 5,410 growth
Truck drivers: 9,040 replacement, 9,490 growth
Bartenders: 9,770 replacement, 5,180 growth
Personal and home care aides: 2,470 replacement, 11,470 growth
Janitors and cleaners: 8,910 replacement, 4,470 growth
Sales representatives: 8,030 replacement, 3,250 growth
Nursing aides and attendants: 4,900 replacement, 6,290 growth
Elementary school teachers: 7,010 replacement, 2,720 growth

*Job Openings includes both turnover and new jobs that are created.
MOST JOB OPENINGS
ON JOB CENTER OF WISCONSIN

Job Center of Wisconsin Openings

- Customer Service Representatives
- Production Workers, All Other
- Personal Care Aides
- Registered Nurses
- Food Preparation and Serving Workers
- Retail Salespersons
- First-Line Supervisors, Food Workers
- Nursing Assistants
- Truck Drivers
- Janitors and Cleaners
- First-Line Supervisors, Retail Workers
- Material Movers
- Stock Clerks
- Assemblers and Fabricators
- Telemarketers
- Tax Preparers
- Tellers
- Packers and Packagers
- Welders
- First-Line Supervisors, Production Workers
## MOST OFTEN HEARD POSITION CHALLENGES

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Annual % Growth</th>
<th>Growth Openings</th>
<th>Replacement Openings</th>
<th>Total Openings</th>
<th>Typical Entry Education</th>
<th>Median Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy truck drivers</td>
<td>1.90</td>
<td>9,490</td>
<td>9,040</td>
<td>18,530</td>
<td>H.S. diploma</td>
<td>$38,300</td>
</tr>
<tr>
<td>Welders</td>
<td>1.50</td>
<td>1,840</td>
<td>3,010</td>
<td>4,850</td>
<td>H.S. diploma</td>
<td>$37,980</td>
</tr>
<tr>
<td>Customer service representatives</td>
<td>1.50</td>
<td>7,760</td>
<td>14,180</td>
<td>21,940</td>
<td>H.S. diploma</td>
<td>$31,430</td>
</tr>
<tr>
<td>CNC machine operators</td>
<td>2.20</td>
<td>1,310</td>
<td>1,020</td>
<td>2,330</td>
<td>H.S. diploma</td>
<td>$35,860</td>
</tr>
<tr>
<td>Maintenance workers, machinery</td>
<td>0.70</td>
<td>180</td>
<td>440</td>
<td>620</td>
<td>H.S. diploma</td>
<td>$39,460</td>
</tr>
<tr>
<td>Nursing aides</td>
<td>1.50</td>
<td>6,300</td>
<td>4,900</td>
<td>11,200</td>
<td>Postsecondary</td>
<td>$25,020</td>
</tr>
<tr>
<td>Registered nurses</td>
<td>2.20</td>
<td>13,780</td>
<td>10,450</td>
<td>24,230</td>
<td>Associate's degree</td>
<td>$62,860</td>
</tr>
<tr>
<td>Mechanical engineers</td>
<td>0.70</td>
<td>470</td>
<td>2,010</td>
<td>2,480</td>
<td>Bachelor's degree</td>
<td>$68,340</td>
</tr>
<tr>
<td>Food preparation and serving workers</td>
<td>2.30</td>
<td>15,360</td>
<td>17,140</td>
<td>32,500</td>
<td>&lt; high school</td>
<td>$17,910</td>
</tr>
</tbody>
</table>
## WHAT TRAINING TO PURSUE

### FIVE MAKE ALL THREE LISTS

<table>
<thead>
<tr>
<th>Make all three lists</th>
<th>Total Openings</th>
<th>Typical Entry Education</th>
<th>Median Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food preparation</td>
<td>32,500</td>
<td>&lt; high school</td>
<td>$17,910</td>
</tr>
<tr>
<td>Customer service</td>
<td>21,940</td>
<td>H.S. diploma</td>
<td>$31,430</td>
</tr>
<tr>
<td>Registered nurses</td>
<td>24,230</td>
<td>AD/BS</td>
<td>$62,860</td>
</tr>
<tr>
<td>Heavy truck drivers</td>
<td>18,530</td>
<td>H.S. diploma</td>
<td>$38,300</td>
</tr>
<tr>
<td>Health care aides</td>
<td>11,200</td>
<td>Postsecondary</td>
<td>$25,020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Make two lists</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Welders</td>
<td>4,850</td>
<td>H.S. diploma</td>
<td>$37,980</td>
</tr>
<tr>
<td>Material Movers</td>
<td>38,900</td>
<td>H.S. diploma</td>
<td>$23,590</td>
</tr>
<tr>
<td>Retail sales</td>
<td>69,030</td>
<td>&lt; high school</td>
<td>$20,570</td>
</tr>
</tbody>
</table>
Northern Wisconsin Economic and Workforce Profile
Average Number of Employment Per Rural Establishment
Q2 2012

Sources: Job Numbers Estimates from the SNAP, land areas from Census Bureau’s Population and Housing Estimates.
Total Population Change
April 2010 Census to January 2013 Final Estimate

Source: WI Dept. of Administration, Demographic Services Center, Population and Housing Estimates
Northern Wisconsin,
Total Nonfarm Employment x Quarter (4 Quarter Moving Average)

Source: Bureau of Labor Statistics (BLS) and WI Worknet, Quarterly Census of Employment and Wages (QCEW).
October 2013
Unemployment Rates

Source: Local Area Unemployment Statistics Program, Labor Market Information Unit, DWD
Northern Wisconsin
Avg. Quarterly New Stable Hires by Sector

Source: U.S. Census, Quarterly Workforce Indicators (QWI), retrieved from LED Extraction Tool BLS, All Urban Cons. Chained Consumer Price Index
## Northern Wisconsin
### Industry Sector Earnings Changes
#### 2012 Real Avg. Annual Earnings

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$31,401.28</td>
<td>$31,595.97</td>
<td>$30,917.94</td>
<td>$483.34</td>
<td>-$194.69</td>
</tr>
<tr>
<td>Ag., Forestry, Fishing and Hunting</td>
<td>$27,944.35</td>
<td>$27,746.97</td>
<td>$27,153.25</td>
<td>$791.10</td>
<td>$197.38</td>
</tr>
<tr>
<td>Construction</td>
<td>$37,914.25</td>
<td>$36,212.81</td>
<td>$36,633.68</td>
<td>$1,280.57</td>
<td>$1,701.44</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$42,622.93</td>
<td>$40,822.79</td>
<td>$40,288.83</td>
<td>$2,334.10</td>
<td>$1,800.14</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>$42,852.27</td>
<td>$42,751.99</td>
<td>$38,433.17</td>
<td>$4,419.10</td>
<td>$100.28</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>$21,758.78</td>
<td>$22,024.01</td>
<td>$22,895.73</td>
<td>-$1,136.95</td>
<td>-$265.23</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>$38,543.97</td>
<td>$35,467.87</td>
<td>$34,155.53</td>
<td>$4,388.44</td>
<td>$3,076.10</td>
</tr>
<tr>
<td>Information</td>
<td>$49,274.72</td>
<td>$63,786.80</td>
<td>$48,902.51</td>
<td>$372.21</td>
<td>-$14,512.08</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>$40,362.09</td>
<td>$40,114.45</td>
<td>$37,666.44</td>
<td>$2,695.65</td>
<td>$247.64</td>
</tr>
<tr>
<td>Professional, Scientific, and Tech. Srv</td>
<td>$40,349.36</td>
<td>$40,939.61</td>
<td>$40,603.24</td>
<td>-$253.88</td>
<td>-$590.25</td>
</tr>
<tr>
<td>Adm. and Support and Waste Mngmt.</td>
<td>$21,592.24</td>
<td>$27,140.93</td>
<td>$19,557.87</td>
<td>$2,034.37</td>
<td>-$5,548.69</td>
</tr>
<tr>
<td>Educational Services</td>
<td>$33,147.42</td>
<td>$34,952.98</td>
<td>$36,028.27</td>
<td>-$2,880.85</td>
<td>-$1,805.56</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>$33,442.78</td>
<td>$34,088.65</td>
<td>$31,489.00</td>
<td>$1,953.78</td>
<td>-$645.87</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>$18,178.71</td>
<td>$16,476.85</td>
<td>$16,734.57</td>
<td>$1,444.14</td>
<td>$1,701.86</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>$10,933.64</td>
<td>$10,539.11</td>
<td>$10,731.27</td>
<td>$202.37</td>
<td>$394.53</td>
</tr>
<tr>
<td>Public Administration</td>
<td>$31,232.92</td>
<td>$31,854.67</td>
<td>$31,856.28</td>
<td>-$623.36</td>
<td>-$621.75</td>
</tr>
</tbody>
</table>

Source: U.S. Census, Quarterly Workforce Indicators (QWI), retrieved from LED Extraction Tool BLS, All Urban Cons. Chained Consumer Price Index
## Employment Shares, 2012

<table>
<thead>
<tr>
<th></th>
<th>Education and health services</th>
<th>Leisure and hospitality</th>
<th>Manufacturing</th>
<th>Natural resources and mining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wisconsin -- Statewide</td>
<td>22.3%</td>
<td>9.9%</td>
<td>16.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Ashland County</td>
<td>26.9%</td>
<td>9.4%</td>
<td>13.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Bayfield County</td>
<td>22.3%</td>
<td>29.6%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Burnett County</td>
<td>18.5%</td>
<td>20.4%</td>
<td>18.6%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Douglas County</td>
<td>22.4%</td>
<td>13.7%</td>
<td>8.4%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Florence County</td>
<td>18.4%</td>
<td>21.2%</td>
<td>17.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Forest County</td>
<td>17.2%</td>
<td>18.8%</td>
<td>7.3%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Iron County</td>
<td>20.1%</td>
<td>17.1%</td>
<td>11.5%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Langlade County</td>
<td>19.9%</td>
<td>10.3%</td>
<td>20.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Lincoln County</td>
<td>16.4%</td>
<td>8.3%</td>
<td>24.4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Marinette County</td>
<td>21.4%</td>
<td>8.6%</td>
<td>32.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Menominee County</td>
<td>36.2%</td>
<td>23.2%</td>
<td>0.0%</td>
<td>0.0%</td>
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<tr>
<td>Oconto County</td>
<td>24.5%</td>
<td>9.0%</td>
<td>22.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Oneida County</td>
<td>23.3%</td>
<td>12.6%</td>
<td>9.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Price County</td>
<td>20.1%</td>
<td>6.3%</td>
<td>37.3%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Rusk County</td>
<td>14.8%</td>
<td>5.6%</td>
<td>28.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Sawyer County</td>
<td>22.7%</td>
<td>20.1%</td>
<td>9.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Shawano County</td>
<td>21.8%</td>
<td>13.4%</td>
<td>15.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Taylor County</td>
<td>16.6%</td>
<td>6.3%</td>
<td>24.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Vilas County</td>
<td>14.4%</td>
<td>28.0%</td>
<td>5.2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Washburn County</td>
<td>24.2%</td>
<td>11.1%</td>
<td>19.4%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Source: WI Worknet, Quarterly Census of Employment and Wages (QCEW),
Share of the population is 65 or more years old…

in the year 2010

in the year 2035

Source: WI Dept. of Administration, Demographic Services Center, Population and Housing Estimates
Northern Wisconsin
The Aging Workforce, A Solution for Tight Labor Markets?

Source: U.S. Census, Quarterly Workforce Indicators (QWI), retrieved from LED Extraction Tool BLS, All Urban Cons. Chained Consumer Price Index
Natural Resources and Mining As Share of Total Private Sector Employment Q2 2013

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW),
Manufacturing
As Share of Total Private Sector Employment
Q2 2013

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW),
Education and Health Services
As Share of Total Private Sector Employment
Q2 2013

Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW),
Wisconsin and Upper Midwest Well Positioned Going Forward

Results of Boston Consulting Group Research
Midwest Manufacturing Advantages

- We have the infrastructure
- We have the clusters
- We have the talent
- We have the cost structure
Exhibit 1: Labor and Energy Costs Will Make the U.S. One of the Developed Worlds Lowest Cost Countries

Source: Boston Consulting Group, Aug 20, 2013
Exhibit 2: The U.S. Labor Market is the Most Attractive of Developed Worlds Major Manufacturers

Their Labor Costs Are 1.2 to 1.6 Times Higher

US Labor Market More Flexible

Source: Boston Consulting Group, Aug 20, 2013
Exhibit 3: Abundant Natural Gas Gives Large Energy Cost Advantage to U.S. Manufacturers

Source: Boston Consulting Group, Aug 20, 2013
CONTACT INFORMATION

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- Phone: 608-267-3262
- Email: dennis.winters@dwd.wisconsin.gov
- Website: www.dwd.wisconsin.gov
- OEA website: www.dwd.wisconsin.gov/oea