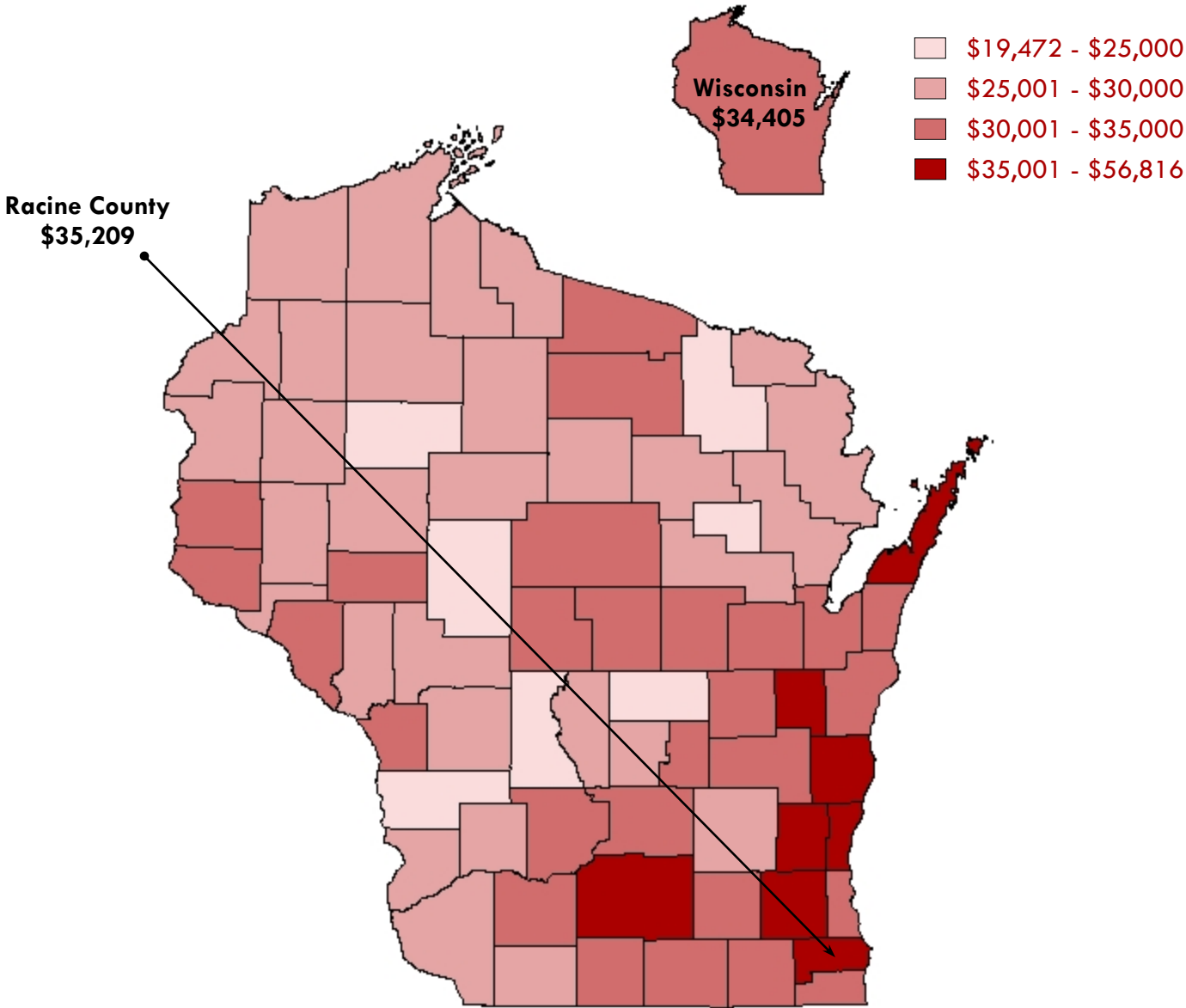


Racine County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors
Wisconsin Department of Workforce Development
OEA-10644-P

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Population

Racine County's population continues to grow and has added 6,282 residents since the 2000 Census for an increased of 3.3 percent. Although the increase is less than the 6.9 percent increase in the United States or the 5.3 percent increase in Wisconsin, the county continues in a positive direction. Racine County's growth of 3.3 percent places it in 52nd place among Wisconsin's 72 counties, while making it Wisconsin's 5th largest county.

Of the ten largest municipalities in Racine County only the City of Racine lost residents. The City of Racine's population loss of 1,795 was more than made up by the rest of the county. If the city were removed from the county, the county's increase was 7.6 percent, well above both the state and the national percent.

Numerically, the Village of Mount Pleasant grew more than any other municipality in the county. The 2,568 new residents represent an increase of 11.1 percent, a significantly higher than the state or nation. Adding 787 new residents, the Village of Waterford grew by the highest percentage of any Racine County municipality. At 19.4 percent, Waterford's increase is more than three times the increase as the nation and almost four times the state increase of 5.3 percent.

Population changes happen from natural changes (births minus deaths) and from migration. The change in population in Racine County is all from natural increases. There were 6,981 more births than deaths in the county

Racine County's Ten Most Populous Municipalities

	April 2000 Census	Jan.1, 2007 Estimate	Numeric Change	Percent Change
United States	281,421,906	300,888,812	19,466,906	6.9%
Wisconsin	5,363,715	5,647,000	283,285	5.3%
Racine County	188,831	195,113	6,282	3.3%
Racine, City	81,855	80,060	-1,795	-2.2%
Mount Pleasant, Village	23,142	25,710	2,568	11.1%
Caledonia, Village	23,614	25,010	1,396	5.9%
Burlington, City*	9,936	10,470	534	5.4%
Norway, Town	7,600	8,043	443	5.8%
Burlington, Town	6,384	6,473	89	1.4%
Waterford, Town	5,938	6,436	498	8.4%
Sturtevant, Village	5,287	6,197	910	17.2%
Waterford, Village	4,048	4,835	787	19.4%
Union Grove, Village	4,322	4,531	209	4.8%

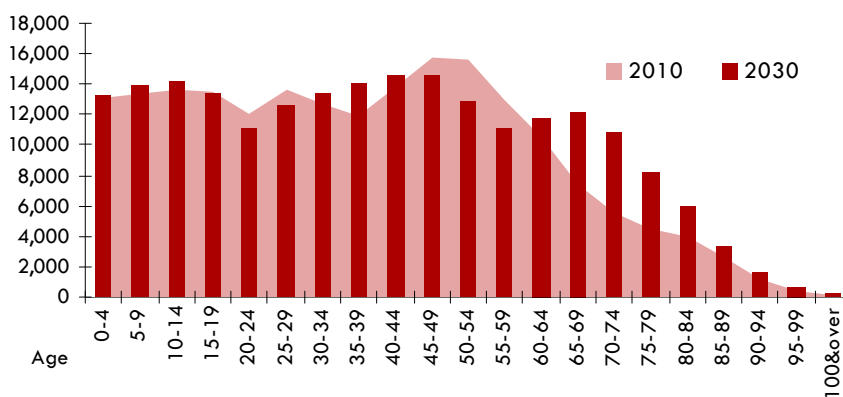
* Racine County portion only

Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

while net migration (inflow minus outflow) was a negative 699. Racine's population stands in contrast to the other two counties in Southeast Wisconsin. Kenosha's population increase of 11,793 was almost equally divided between natural (50.1 percent) and migration (49.9 percent) increases. While not as balanced, Walworth's population increase of 8,659 is from both natural changes (26.0 percent) and migration (74.0 percent).

Racine County is aging. The average age is projected to increase by almost three years between 2010 and 2030 going from 37.7 years old in 2010 to 40.4 years old in 2030. The shift to the right in the age distribution could be caused by a lower birth rate or because people are living longer. In 2010 approximately 87 percent of the population will be less than 65 years old. By 2030 those under 65 will shrink to about 80 percent of the population. Those 65 and older will increase from about 13 percent of the population to about 20 percent, a significant change for Racine. Most of the shift in the population is due to the dominance of the baby boomer population. Boomers were born between 1946 and 1964 with the oldest celebrating their 62nd birthday in 2008. By 2010, the oldest Boomers will be 64 while the youngest will be 44. By 2030, the oldest will be 84 while the youngest will be approaching traditional retirement at 65.

Population by Age Cohorts in Racine County



In 2010, the average Racine County resident will be 37.7 years old.

In 2020, the average Racine County resident will be 39 years old.

In 2030, the average Racine County resident will be 40.4 years old.

Source: WI Dept. of Administration, Demographic Services, & WI DWD, OEA

Population & Labor Force

Population Projections for Racine County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	42,779	49,191	56,965	49,195	155,351	198,130
2020	43,736	48,933	52,898	61,474	163,305	207,041
2030	43,975	47,760	55,976	65,906	169,642	213,617
Distribution of Labor-Force-Aged Population						
2010		31.7%	36.7%	31.7%	100.0%	
2020		30.0%	32.4%	37.6%	100.0%	
2030		28.2%	33.0%	38.9%	100.0%	

Source: WI Dept. of Administration, Demographic Services

Total population numbers may give a quick overall view of the county's changes; however, labor force and labor force participation rates give a more helpful view of work related issues. For a variety of reasons, not all of the population is included in the labor force. By definition, the labor force includes those at least 16 years old who are working or actively looking for work. However, residents may have a myriad of reasons for not being in the labor force: attending school full-time, caring for family members, or being retired. If residents are not either working or looking for work, they are not part of the labor force.

The number of those 55 and older is expected to increase as a percentage of total population and as a percentage of the labor force. Between 2010 and 2030, this age group is projected to increase from 24.8 percent to 30.9 percent of the total population while growing from 31.7 percent to 38.9 percent of the labor force. By 2030, almost 40 percent of the labor force will be at least 55. While total population is expected to increase by 7.8 percent, those 55 and older will increase by 34.0 percent.

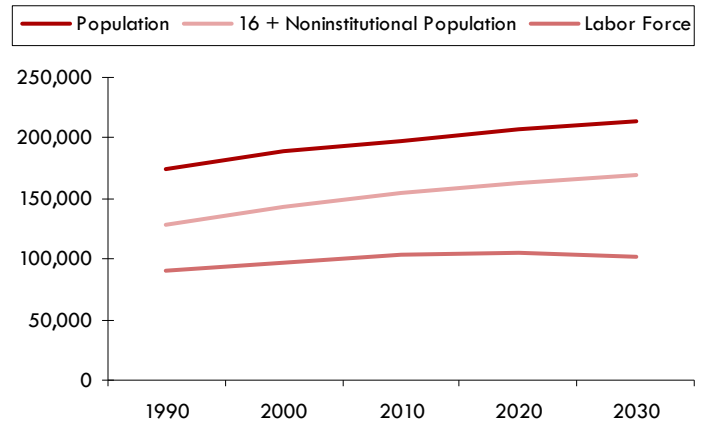
This aging trend is shown graphically in the Historic and Projected Population and Labor Force chart on this page. Between 1990 and 2030, total population is expected to increase by about 22 percent. Those 16 and older are expected to increase by about 31 percent but the labor force is projected to increase by only 14 percent. Only those 16 years old and older can be part of the labor force so an increase of 31 percent in that group coupled with only a 14 percent increase in the labor force lends additional evidence to the aging population. The proportion of those at and over retirement age will continue to increase for the foreseeable future.

In addition to the aging of the labor force, there is another side to the older population issue. As people age they are inclined to drop out of the labor force. Labor

force rates peak at around 55 years old and then decrease as people move to retirement, part-time employment or have other issues that take them out of the labor force. The two tables on this page shows that as people age, they drop out of the labor force. The Racine County population of 35 to 54 year olds in 2010 is expected to be 56,965. Of those 47,725 will be in the labor force, a participation rate of 83.8 percent. The number of those 55

and older in 2010 is 49,195 with 18,822 in the labor force, a participation rate of 38.2 percent.

Racine County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Racine County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	37,582	47,725	18,822	104,129
2020	36,924	44,502	23,722	105,149
2030	36,159	47,004	19,608	102,771
Distribution of Labor Force				
2010	36.1%	45.8%	18.1%	100.0%
2020	35.1%	42.3%	22.6%	100.0%
2030	35.2%	45.7%	19.1%	100.0%

Source: WI DWD, OEA

Labor Force

Racine County's older population is increasing at a much faster rate than the rest of the population. While the total population of 16 and older is expected to increase by about 18 percent between 2000 and 2030, those 60 and older are expected to increase by about 70 percent, an increase of almost 4 times that of the general population.

Racine County is aging and the impact on the labor force will be widespread. Why the aging population has such an impact on the labor force is demonstrated graphically by the Labor Force Participation Rates chart on this page. Labor force participation tends to peak around age 54 and then declines with age. At 45 to 54, the participation rate is about 85 percent. By the time the population moves into the 64 to 74 year old bracket, the participation rate has dropped to about 20 percent and for those 75 and older, the participation rate is only 8.3 percent. Noting the participation rate by age and the aging population helps explain the decreasing participation rate from 2000 to 2030.

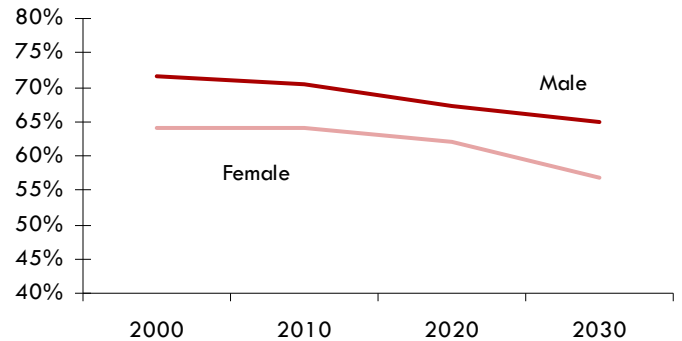
Historically, women in Racine County have about an 8 percent lower labor force participation rate than men. This is illustrated by the Labor Force Participation Rates by Sex chart on this page. Reasons for this may include women being full-time caretakers and women generally living longer than men.

In addition to the labor force issues involved in the aging population, there are other issues such as providing health care and other senior services that must be addressed by the community. The aging population will not only put a strain on employers but also on communities coping with this increasing population segment.

Employment in Racine County has remain fairly consistent over the past five years. While there has been movement up and down over the years, the unemployment rate has varied by only about one percentage point. From 2003 and 2007, the unemployment rate decreased by one full percentage point. The good news in this decline is that the decrease came about by an increase in employment not by a decrease in the labor force.

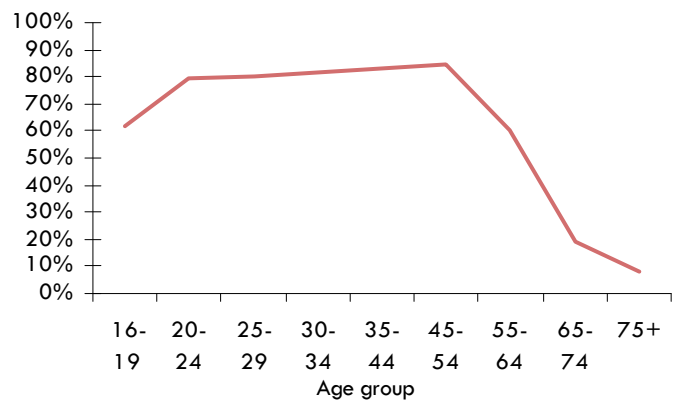
Changes in the unemployment rate are affected by

Labor Force Participation Rates by Sex: 2000-2030



Source: WI DWD, OEA

Labor Force Participation Rates by Age in 2000



Source: Census 2000, SF-3

changes in the number employed and the labor force. If there is a decrease in the labor force without a change in the number employed, the unemployment rate will go down. While a decrease in the unemployment rate is normally a good thing, one that comes about because less people are in the labor force can signal an increase in discouraged workers, more retirees or others not available to work. Whatever the reason, a decrease in the labor force could signal problems for employers trying to hire people to grow their companies.

The decrease in the unemployment rate for Racine County was caused by an increase in the number employed. Between 2003 and 2007, the number employed increased by 1,033 while the number unemployed decrease by 1,048. Of the decrease in unemployment, only a small part (15 residents) was due to a drop in the labor force.

Racine County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	99,381	99,247	98,854	99,723	99,366
Employed	92,409	93,245	92,904	94,073	93,442
Unemployed	6,972	6,002	5,950	5,650	5,924
Unemployment Rate	7.0%	6.0%	6.0%	5.7%	6.0%

Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

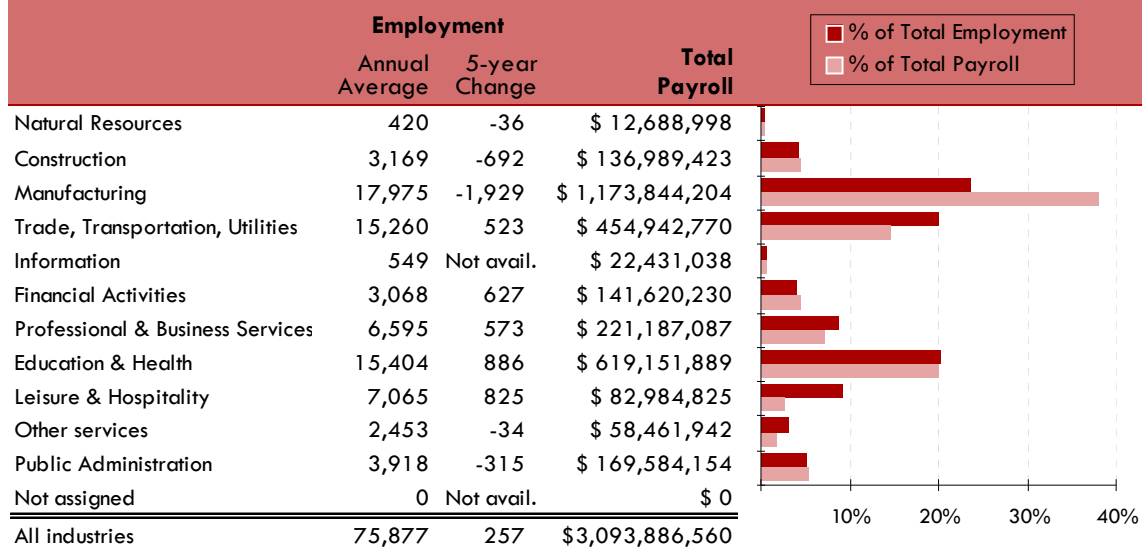
Jobs & Wages

By far the industry with the greatest impact on Racine County is manufacturing. Even with the loss of jobs over the past five years, manufacturing continues to have the highest number of jobs. At almost 18,000 jobs (about 24 percent of total employment), manufacturing contributes about 38 percent of the total payroll, larger than any other industry.

Education and health had the largest number of new employees over the past five years. For the most part the increases in employment are in the health field. Health services has been and is projected to be one of the fastest growing industries in Racine, the state and the nation.

While education and health added the most jobs, the fastest growing industry was financial activities. With a five year growth of about 26 percent, new jobs in that industry increase at higher rate than the next highest

2007 Employment and Wage Distribution by Industry in Racine County



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2008

industry, leisure and hospitality which grew by about 13 percent.

Comparing wages in Racine County with those of the state may show why Racine is positioned to attract and retain talented employees. As may be inferred by the employment and wage distribution chart above, manufacturing wages in Racine County are substantially higher than the state. At 138.6 percent of the state average annual wage, manufacturing has the highest average annual wage in Racine while financial activities is the highest paying industry in Wisconsin.

Racine County has several industries that have a higher average annual wage than Wisconsin. In addition to individual industries, the average wage for all industries is higher in Racine than the state. Racine's location in the southeast corner of the state puts employees and employers in competition with the surrounding Wisconsin counties as well as the northern counties in Illinois. This may help explain the higher average annual wage in Racine County.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Racine County as a Share of Wisconsin	Racine County 5-year % Change	Wisconsin 5-year % Change
	Racine County	Wisconsin			
All industries	\$40,775	\$38,070	107.1%	18.6%	17.4%
Natural Resources	\$30,212	\$29,235	103.3%	19.6%	14.7%
Construction	\$43,228	\$47,489	91.0%	6.9%	19.8%
Manufacturing	\$65,304	\$47,106	138.6%	29.6%	16.1%
Trade, Transportation & Utilities	\$29,813	\$32,762	91.0%	18.9%	15.3%
Information	\$40,858	\$48,483	84.3%	Not avail.	24.7%
Financial Activities	\$46,160	\$50,749	91.0%	43.3%	25.8%
Professional & Business Services	\$33,539	\$44,328	75.7%	16.4%	22.0%
Education & Health	\$40,194	\$39,606	101.5%	14.8%	17.3%
Leisure & Hospitality	\$11,746	\$13,589	86.4%	13.6%	14.8%
Other Services	\$23,833	\$22,073	108.0%	11.1%	13.2%
Public Administration	\$43,283	\$39,879	108.5%	19.4%	18.1%

Source: WI DWD, Workforce Training, QCEW, June 2008

Jobs & Wages

Prominent Industries in Racine County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Racine County	Racine County	Wisconsin	Racine County	Wisconsin	Racine County	Wisconsin
Food services & drinking places	5,340	13.0%	9.1%	\$ 10,951	\$ 10,859	15.3%	14.5%
Educational services	4,918	8.9%	2.0%	\$ 39,107	\$ 39,753	6.1%	15.0%
Administrative & support services	4,159	19.1%	15.8%	\$ 21,901	\$ 23,144	15.0%	15.4%
Hospitals	3,858	8.4%	12.6%	\$ 46,130	\$ 43,750	26.6%	24.1%
Chemical manufacturing	3,291	-2.8%	6.6%	\$ 133,008	\$ 71,730	44.7%	27.1%
Machinery manufacturing	2,884	-26.8%	-4.5%	\$ 64,852	\$ 53,720	17.7%	19.1%
Executive, legislative, & gen government	2,746	-16.3%	-4.7%	\$ 43,160	\$ 36,340	19.5%	16.4%
Ambulatory health care services	2,710	4.2%	8.7%	\$ 60,383	\$ 57,969	16.3%	18.5%
Electrical equipment & appliance mfg	2,501	-17.2%	-9.1%	\$ 43,889	\$ 54,242	24.5%	29.3%
Fabricated metal product manufacturing	2,455	19.8%	8.6%	\$ 40,027	\$ 43,765	9.5%	15.4%

Note: * data suppressed for confidentiality and not available for calculations

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, June 2008

A review of the top ten employers in Racine County reveals a good mix of industries. Two of the top 10 are in health care, three in manufacturing, one in retail and four governmental units, including Racine Unified School District and the Department of Corrections. The three manufacturing companies represent three different segments. SC Johnson represents chemical manufacturing; CNH America machinery manufacturing; and Emerson Electric, electrical equipment and appliances. While the manufacturing industry occupies three spots among the top ten employers, having each employer in a different segment helps the county by spreading out the risk of increased unemployment if there is a downturn in one part of this industry.

Five of the top ten have 1,000 or more employees while

the other five companies have between 500 and 999 employees. In other words, the top 10 employers represent a significant portion of employment in Racine County.

Not surprisingly, the industry with the most employees is food service. Many of these jobs are seasonal or part-time. For many in this industry, these are second jobs or they are filled by those that only work part of each day or week. This could also explain the low average annual wage in this industry for both the county and the state. Average annual wage is based on total yearly earnings even if earned working part-time.

Three manufacturing segments, chemical, machinery and electrical equipment, saw a decrease in employment from 2002 to 2007. The only manufacturing segment with an

increase was fabricated metal products. With the exception of chemical manufacturing, the state mirrored the county with changes in three manufacturing segments. The state added jobs in chemical manufacturing.

Prominent Public and Private Sector Employers in Racine County

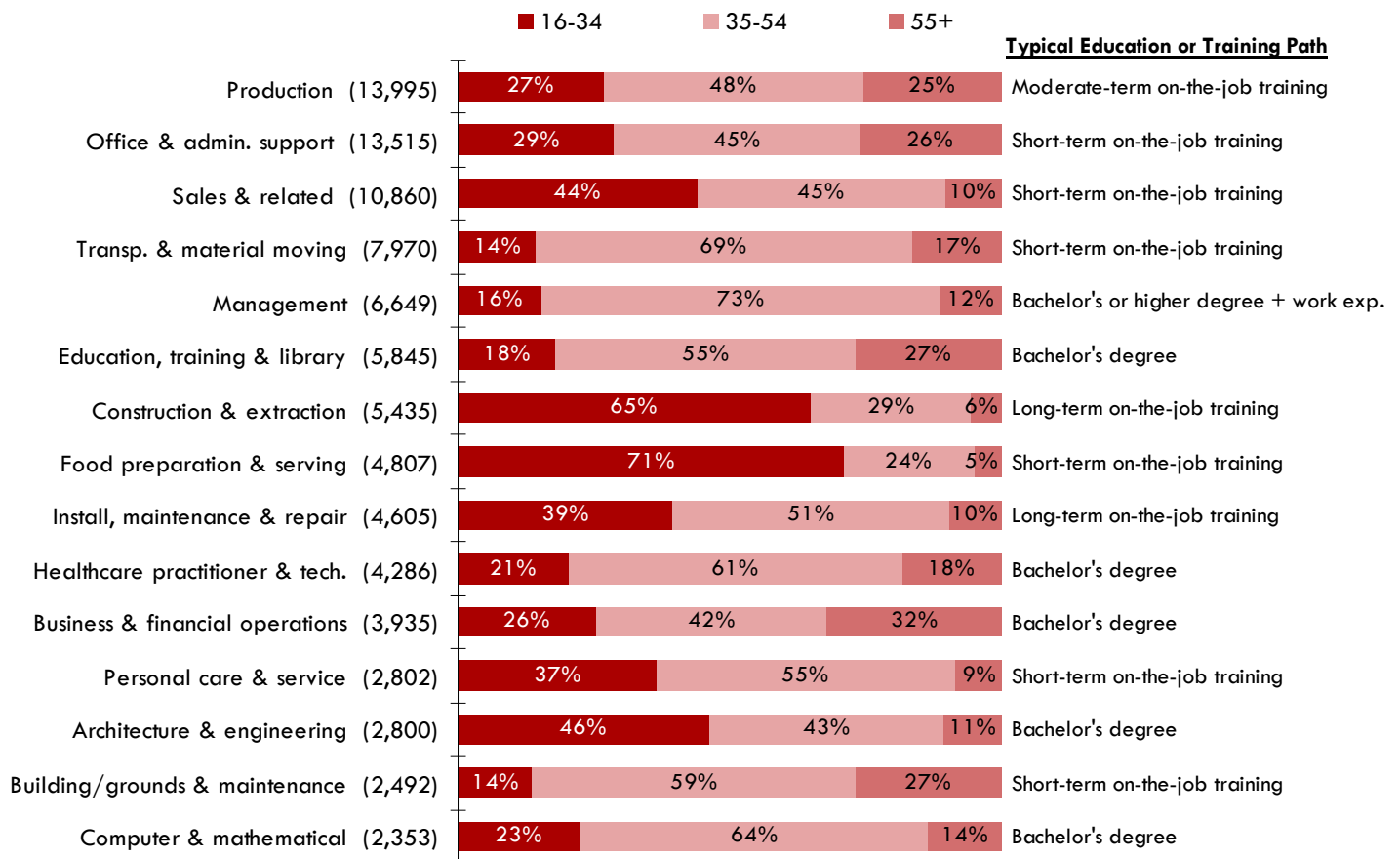
Establishment	Service or Product	Number of Employees (March 2007)
Wheaton Franciscan Healthcare –All Saints	General medical & surgical hospitals	1000+ employees
Racine Unified School District	Elementary & secondary schools	1000+ employees
SC Johnson	Polish & other sanitation good mfg.	1000+ employees
CNH America	Farm machinery & equipment manufacturing	1000+ employees
Emerson Electric Co	Other major household appliance manufacturing	1000+ employees
Wal-Mart	Discount department stores	500-999 employees
City of Racine	Executive & legislative offices, combined	500-999 employees
County of Racine	Executive & legislative offices, combined	500-999 employees
Department of Corrections	Correctional institutions	500-999 employees
Aurora Health Care of Southern Lake	General medical & surgical hospitals	500-999 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

Occupations & Typical Education or Training

Age Distribution of Workers in Selected Occupational Groups

Data includes residents of Racine County.



Note: Occupation groups are in descending order based on the number of workers in each group.
Source: 2006 U.S. Census, ACS PUMS & WIDWD, OEA

Age distribution for occupational groups gives a glimpse of the workforce as it is and what type of changes may be coming. This should allow employers time to plan for the changing workforce.

Of the top five occupations with the highest percent of workers 55 and older, two require Bachelor's degrees, one required moderate on-the-job training while the other two are listed as requiring short on-the-job training. The two top occupations requiring a Bachelor's Degree are, the business and finance group, and the education, training and library group. Business and finance has 32 percent of currently workers 55 and older. That means that over the next 10 years, almost one third of workers in that age group will be at or over the normal retirement age. While not all of them may retire, this could still leave a large number of positions to fill. The other occupation, -

education, training and library- currently has about 27 percent of its workers in the top age group. Older workers in education may represent a more serious problem since retirement starting at age 55 is offered in many school districts.

Short on-the-job training is the listed requirement for two occupations with large numbers of older workers. Office and administrative support and building/grounds and maintenance list short term training but many employers require much more training and education for these type of positions. Typical education and training is only the minimum hiring requirement not necessarily the most common requirement. As jobs become more demanding and technical, minimum education and training requirements may change.

Occupations & Typical Education or Training

Of the top five occupations with the largest percentage of younger workers, two require only short on-the-job training, two require long on-the-job training while only one requires a Bachelor's Degree.

Workers in the 16 to 34 year old category represent 71 percent of the food preparation and service employment. That occupation only has about five percent of the 55 and older worker, the smallest percentage of older workers of any occupation. As seen on page five, food service and drinking places employ the largest percentage of workers (13 percent) and pay the lowest average annual wage (\$10,951) of any industry in Racine County.

The other occupation that requires short on-the-job training and have a high percentage of younger workers is sales. About 44 percent of the workers in sales are 16 to 34 years old. Older workers represent only about 10 percent of the total. It is not as easy to determine which industry sales is part of. It occurs in numerous industries from retail (cashiers at the local quick mart) to manufacturing (technical sales). The large number of industries employing sales persons emphasizes that typical education and training is only a minimum requirements for employment, not necessarily the most common

requirement.

Two occupations that are heavily staffed by younger workers and require long on-the-job training are construction and extraction, and install, maintenance and repair. Construction has about 65 percent of workers 16 to 34 with only about 6 percent of the workforce made up of those over 55. Install, maintenance and repair has about 39 percent younger workers and 10 percent older. Both of these occupations are more physically demanding which could help explain the high percentage of younger workers.

Only one of the top five occupations with high younger worker percentages requires a Bachelor's Degree. Architecture and engineering finishes off the top five occupations with the highest percentage of workers in the 16 to 34 year olds. Older workers (55 and older) represent about 11 percent of total workers. There may be several reasons why there is a much higher number of younger workers in this occupation but one seems to stand out. With a decline in the industrial Midwest over the past decade or two, engineering was not an occupation in much demand. Renewed interest in engineering over the past few years has drawn younger workers into the field.

Income

The three components of total person income are Net earnings, Dividends, interest and rent, and Transfer receipts. Net earnings come from employment whether self-employed or working for someone else. Dividends, interest and rents come from investments, savings accounts, dividends, retirements payments from companies or 401 (k) plans. Transfer receipts come from state and federal governments and are represented by social security, welfare, veterans benefits and other payment received from government agencies.

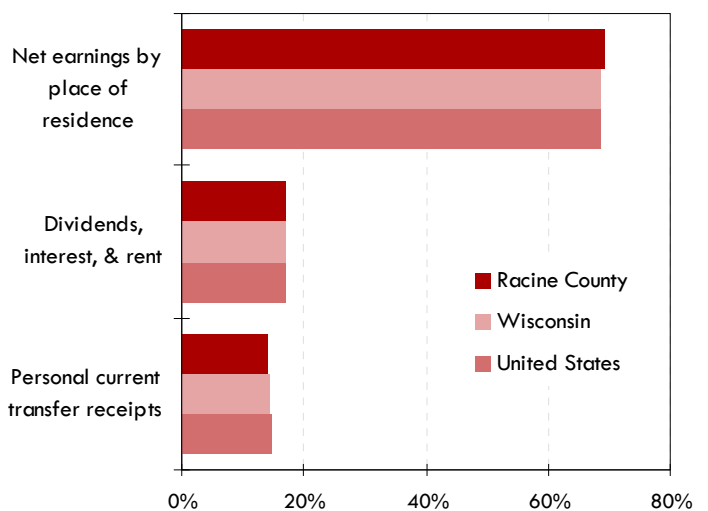
Net earnings provides the largest percentage of personal income for the county, state and nation. This overwhelming source of income is very similar for the county, state and nation. At 69.2 percent, Racine County is within one percentage point of the state (68.5%) and nation (68.4%) in percent of net earnings.

The dividends, interest and rent components are equally close. Racine County receives 16.8 percent from dividends, interest and rents, the state receives 17.1 percent, and the United State averages 16.9 percent.

Transfer payment represent the smallest percent of total income for the county, state and nation. At 14.0 percent in

Racine County, 14.3 percent for the state and 14.7 percent for the nation, these payments represent the smallest portion of total personal income.

Components of 2006 Total Personal Income

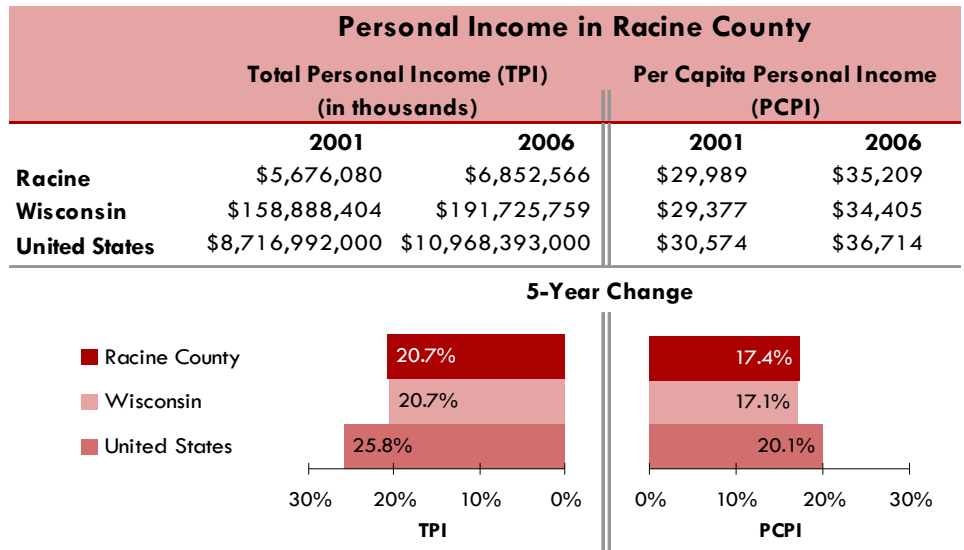


Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

Total personal income (TPI) is income received from all sources. As noted on page 7, income can be from earnings, interest, dividend, rent or transfer payments. Total personal income is made up of all of those sources for all residents in Racine County, the state and the nation. For the county, this includes people commuting to Milwaukee or other counties to work while living in Racine County but would not include people working in the county but living in Kenosha County. Per Capita Personal Income (PCPI) is calculated by dividing TPI by the number of people living in the area.

TPI is a very straight forward number. It is just all income from all sources. The amount of PCPI can be affected by the type of residents in a county. For example, if there are a large number of residents that don't work because they are too young, the amount of PCPI will be less because TPI is less but must be divided by the same number of residents. If there are a large number of retiring residents in an area PCPI will probably decrease since the amount they are collecting from pensions and/or social security may be less than the amount they received when employed. This decreases the amount of TPI while keeping the same denominator when



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007

calculating PCPI.

Over the past five years, TPI and PCPI increased by a very similar rates in Racine County and the state. The nation's TPI rate increase of 25.8 percent, was more than 5 percentage points higher than Racine's while the PCPI increase only 2.7 percentage points more. This could point to faster income growth in the United States than in Racine since total income is increasing faster than per capita income, and there may be proportionally fewer income-receiving residents in the county than in the nation.

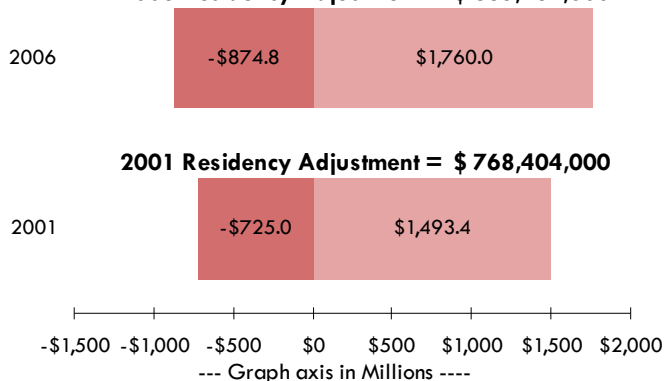
Commuting patterns are illustrated in the Racine County Commuting Impact chart to the left. When Racine County residents work in another county, they bring their earnings back to Racine County. What the chart indicates is that there are more employees going to other counties to work than are coming to Racine to work.

In dollar values, this trend has increased slightly from 2001 to 2006. For both years, there are about 50 percent more dollars coming into the county than going out of the county. The numbers by themselves should not be interpreted as positive or negative but rather another piece of information about Racine county. Generally when there is more income coming into the county it means that proportionally there may not be as many businesses paying taxes in the area, that the county is more residential. Residential property tends to require more services than business property in the form of schools, social services and other people-related costs. The decision about residential versus commercial development is one that should be done with all available information.

Racine County Commuting Impact

- Earnings of workers living in another county (outflow)
- Earnings of residents working in other counties (inflow)

2006 Residency Adjustment = \$ 885,232,000



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007