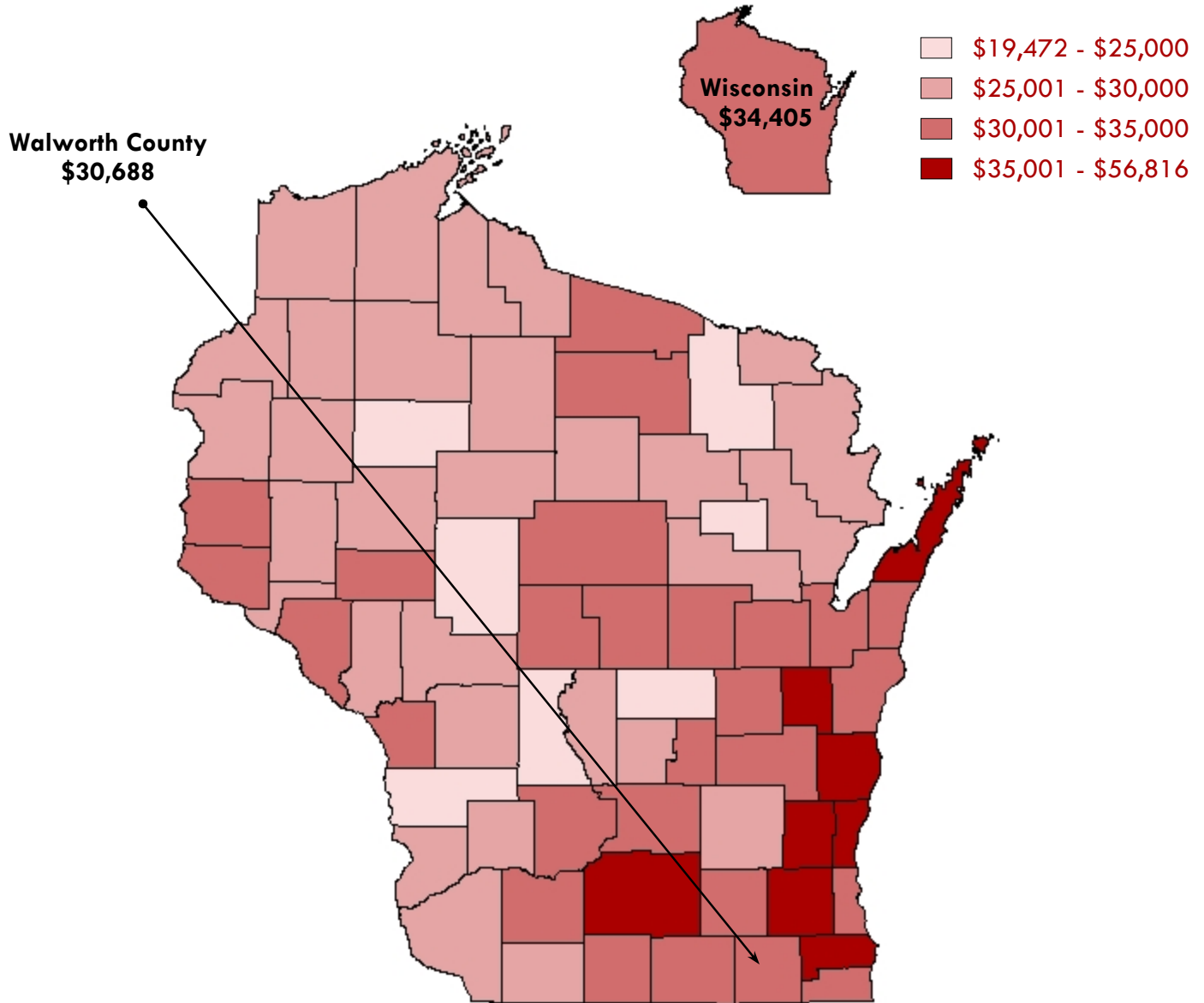


Walworth County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10657-P

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Population

Walworth County's population continues to grow and has added 8,659 residents since the 2000 Census for an increase of 9.4 percent. The almost double digit increase is 2.5 percentage points higher than the nation and 4.1 percentage points higher than the state. Walworth's growth rate places it in 9th places among Wisconsin's 72 counties and makes it Wisconsin's 15th most populous county.

Walworth County's ten most populous municipalities all gained residents, some faster than others. The Town of East Troy added the smallest number of new residents, 104 and grew at the slowest rate, 2.7 percent. All of the other municipalities except the Walworth County portion of the City of Whitewater grew faster than either the state or nation. The City of Elkhorn added the most residents between 2000 and 2007 adding more than 1,600. Elkhorn also grew faster than other municipalities. At 22.1 percent, Elkhorn's growth was more than four times that of the state and three times that of the nation.

Population change comes from natural change (births minus deaths) and from migration. Natural increases occur when there are more births than deaths. Migration increase occurs when there are more people moving into an area than moving out. Walworth County's increase of 8,659 is a mix of natural and migration. The population increase was about 27 percent natural growth (2,320), and 73 percent migration (6,339). Walworth County is

Walworth 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%
Walworth County	92,013	100,672	8,659	9.4%
Whitewater, City*	10,826	11,210	384	3.5%
Elkhorn, City	7,305	8,917	1,612	22.1%
Delavan, City	7,956	8,437	481	6.0%
Lake Geneva, City	7,148	7,596	448	6.3%
Bloomfield, Town	5,537	6,341	804	14.5%
Geneva, Town	4,642	5,107	465	10.0%
Delavan, Town	4,559	4,854	295	6.5%
East Troy, Village	3,564	4,016	452	12.7%
East Troy, Town	3,830	3,934	104	2.7%
Sugar Creek, Town	3,331	3,788	457	13.7%

* Walworth County portion only

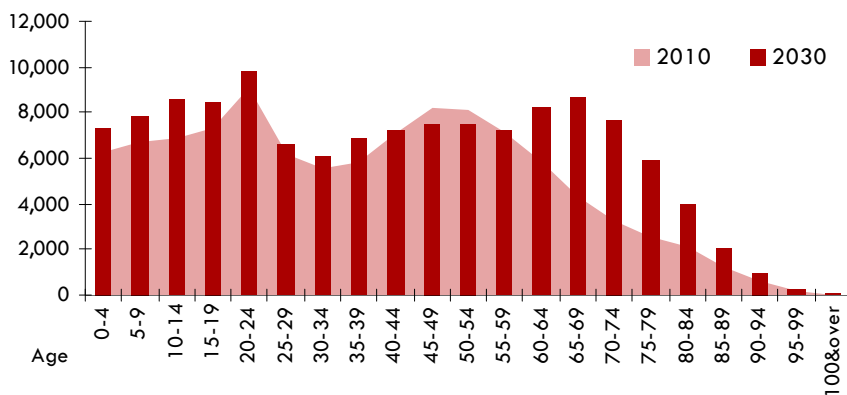
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

growing but it is also aging.

In 2010 and 2030, the county's average age is projected to be the highest in the three county southeast Wisconsin area. The projections for Walworth shows that the average age will increase by more than three years from 2010 and 2030. Almost all age groups in the county will increase between 2010 and 2030. The only two age groups projected to lose population are the 40 to 44 group with a loss of 745 and the 50 to 54 group which is projected to decrease by 634. As visually demonstrated on Population by Age Cohorts chart, the groups with the largest increase are in the older cohorts. The 60 to 64 age group is projected to increase by 4,351 or 101.3 percent. The increase in the 65 to 69 group will be 4,367 or 132.3 percent and the increase of those 75 to 79 will be 3,320 or 129.2 percent.

While the total population of the county is expected to increase by about 23 percent from 2010 to 2030, those 16 and older should increase by about 5 percent. Contrast that with the 83 percent increase of those 65 and older and the reason why the county's average age is increasing by more than three years becomes clear. Along with the impact on employment for Walworth County are other age related issues. As people age they normally consume more medical and social services. The increased services will have to be provided at a time of potential labor shortages and potentially lower tax dollar collections.

Population by Age Cohorts in Walworth County



In 2010, the average Walworth County resident will be 38.1 years old.
 In 2020, the average Walworth County resident will be 39.8 years old.
 In 2030, the average Walworth County resident will be 41.5 years old.

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

Population & Labor Force

Population Projections for Walworth County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	21,382	26,665	29,169	27,328	83,162	104,544
2020	23,877	27,847	27,930	37,952	93,729	117,606
2030	25,380	29,243	29,093	44,948	103,284	128,664
Distribution of Labor-Force-Aged Population						
2010		32.1%	35.1%	32.9%	100.0%	
2020		29.7%	29.8%	40.5%	100.0%	
2030		28.3%	28.2%	43.5%	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 26 percent to 35 percent of the total population while growing from 21 percent to 25 percent of the labor force. By 2030, almost a quarter of the labor force will be at least 55. While total population is expected to increase by 21 percent, those 55 and older will increase by 31 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 72 percent. Those 16 and older are expected to increase by about 79 percent but the labor force is projected to increase by only 53 percent. The 16-and-over population increases by 79 percent while the labor force increases only 53 percent. A larger share of the 16-and-over population will be entering age cohorts typically associated with retirement. The number of those at and over retirement age will continue to increase for the foreseeable future.

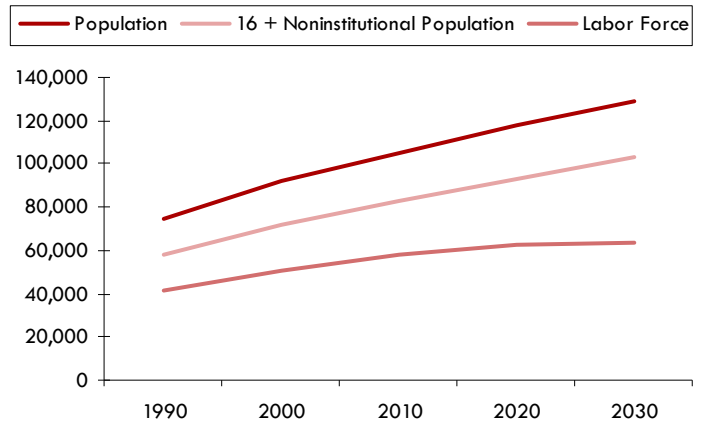
In addition to the aging of the labor force, there is another side to the older population issue. As people age they are inclined to drop out of the labor force. Labor

force rates peak at around 55 years old and then decrease as people move to retirement or have other issues that take them out of the labor force.

The Walworth County population of 35 to 54 year olds in 2010 is expected to be 29,169. Of those 25,372 will be in the labor force, a participation rate of 87 percent. The number of those 55 and older in 2010 is 27,328 with 12,123 in the labor force, a participation rate of 44 percent.

The large increase in the oldest age group coupled with decreasing participation in the labor force as people age is an indication that county employers may have a harder time finding qualified workers.

Walworth County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Walworth County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	20,929	25,372	12,123	58,425
2020	21,465	24,411	17,144	63,020
2030	22,756	25,352	15,881	63,990
Distribution of Labor Force				
2010	35.8%	43.4%	20.7%	100.0%
2020	34.1%	38.7%	27.2%	100.0%
2030	35.6%	39.6%	24.8%	100.0%

Source: WI DWD, OEA

Labor Force

Walworth County's older population is growing 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 30 percent between 2000 and 2030, those 60 and older are expected to increase by about 116 percent, an increase of almost 4 times that of the 16 and older population.

Walworth 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.

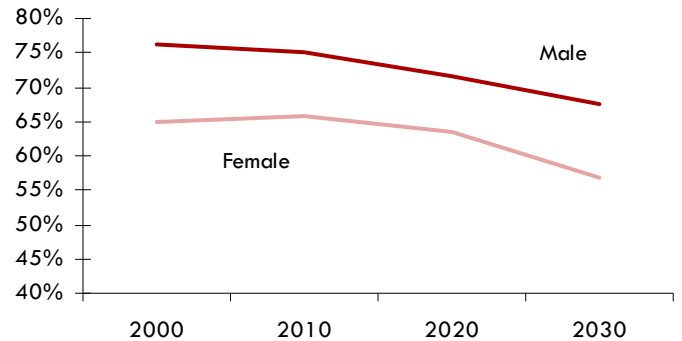
Historically, women in Walworth County have about a 10 percent lower labor force participation rate than men. This is illustrated by the Labor Force Participation Rates by Sex chart on this page. Reasons for this may include women being full-time caretakers and women generally living longer than men.

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.

The unemployment rate for Walworth County has fluctuated somewhat during the 2002 to 2007 time period but has remained between 4.3 and 4.8 percent, very close to traditional full employment.

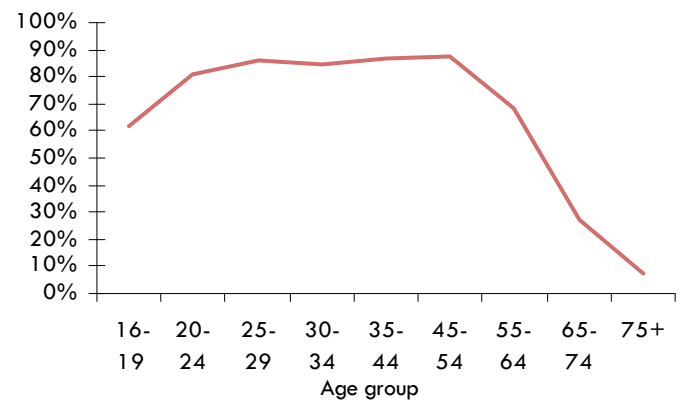
Changes in the unemployment rate are affected by changes in the number employed and the labor force. If there is a decrease in the labor force without a change in the number employed, the unemployment rate will go

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

down. While a decrease in the unemployment rate is normally a good thing, one that comes about because fewer people are in the labor force can signal an increase in discouraged workers, retirements 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.

Walworth County added 298 to its labor force. This addition was absorbed by the increase of 397 employed residents leading to a decrease of 99 unemployed, a decrease of 0.2 percent in the unemployment rate. The low unemployment rate added to the aging of the labor force could result in a tight labor market and difficulty finding and retaining qualified employees. Employers may want to start examining their workforce needs for the future.

Walworth County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	56,019	55,981	56,047	56,256	56,317
Employed	53,310	53,508	53,659	53,828	53,707
Unemployed	2,709	2,473	2,388	2,428	2,610
Unemployment Rate	4.8%	4.4%	4.3%	4.3%	4.6%

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

Jobs & Wages

By far the industry with the greatest impact on Walworth County is manufacturing. Unlike other counties in southeast Wisconsin, Walworth County added positions in manufacturing from 2002 to 2007. That is a positive sign for the county since manufacturing plays such an important part in Walworth's economy.

With 8,902 employees, manufacturing represents about 22

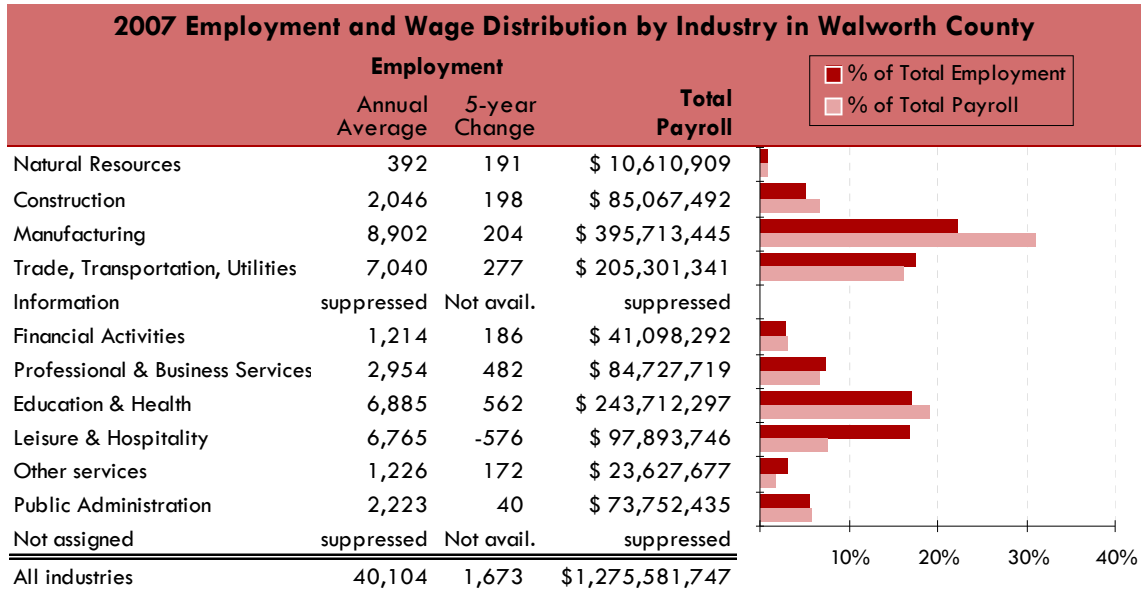
percent of all jobs and 31 percent of all payroll. The importance to the county is also shown in the Average Annual Wage table below. With an average wage of \$44,452, manufacturing jobs pay significantly more than the next closest industry, construction, with an average wage of \$41,577.

Education and health increase by 8.9 percentage points, added 562 during the period. Education and health is important to both the level of employment and wages

with 17.2 percent of employment and 19.1 percent of payroll.

The only industry that lost jobs over the past five years was leisure and hospitality. Leisure and hospitality is the direct opposite of manufacturing when it comes to employment and wages. While manufacturing has a greater impact on payroll than employment, leisure and hospitality represents 16.9 percent of the work force but only supplies 7.7 percent of total payroll. Leisure and

hospitality is the only industry in the county that has an average annual wage higher than the state. Walworth's average wage of \$14,471 is about \$880 more than the state's average wage of \$13,589. While having a higher average wage is good for the county's workers, leisure and hospitality is the lowest paying of all industries so the impact is not as great as it would be if it were manufacturing or another high paying industry. The lower payroll in Walworth County may make it difficult for employers in the county to find and retain qualified workers.



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

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Walworth County as a Share of Wisconsin	Walworth County 5-year % Change	Wisconsin 5-year % Change
	Walworth County	Wisconsin			
All industries	\$31,807	\$38,070	83.5%	14.7%	17.4%
Natural Resources	\$27,069	\$29,235	92.6%	15.3%	14.7%
Construction	\$41,577	\$47,489	87.6%	14.5%	19.8%
Manufacturing	\$44,452	\$47,106	94.4%	17.2%	16.1%
Trade, Transportation & Utilities	\$29,162	\$32,762	89.0%	11.5%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$33,854	\$50,749	66.7%	16.5%	25.8%
Professional & Business Services	\$28,682	\$44,328	64.7%	0.2%	22.0%
Education & Health	\$35,398	\$39,606	89.4%	11.7%	17.3%
Leisure & Hospitality	\$14,471	\$13,589	106.5%	18.7%	14.8%
Other Services	\$19,272	\$22,073	87.3%	19.0%	13.2%
Public Administration	\$33,177	\$39,879	83.2%	8.1%	18.1%

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

Jobs & Wages

Prominent Industries in Walworth County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Walworth County	Walworth County	Wisconsin	Walworth County	Wisconsin	Walworth County	Wisconsin
Food services & drinking places	3,621	-10.9%	9.1%	\$ 11,037	\$ 10,859	20.2%	14.5%
Educational services	3,598	4.6%	2.0%	\$ 40,778	\$ 39,753	11.0%	15.0%
Accommodation	2,125	-3.5%	5.6%	\$ 19,155	\$ 15,941	14.7%	15.9%
Administrative & support services	1,994	35.6%	15.8%	\$ 21,453	\$ 23,144	5.7%	15.4%
Machinery manufacturing	1,960	11.6%	-4.5%	\$ 54,694	\$ 53,720	32.3%	19.1%
Executive, legislative, & gen government	1,829	0.3%	-4.7%	\$ 33,912	\$ 36,340	9.1%	16.4%
Plastics & rubber products manufacturing	1,637	4.5%	-5.0%	\$ 43,317	\$ 41,268	15.2%	17.5%
Nursing & residential care facilities	1,275	11.1%	3.6%	\$ 19,826	\$ 23,295	9.8%	12.0%
Fabricated metal product manufacturing	1,216	-7.2%	8.6%	\$ 40,106	\$ 43,765	2.9%	15.4%
General merchandise stores	1,045	77.1%	7.1%	\$ 18,271	\$ 17,914	16.7%	16.3%

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 Walworth County reveals a good mix of industries. One of the top 10 is in health care, two in manufacturing, one in retail, two in leisure and hospitality, three in education and one governmental agency. The two manufacturing companies represent different segments. Pentair Water group manufactures pump and pumping equipment while Miniature Precision Components manufactures plastic products. Both manufacturing companies in the top ten employ between 500 and 999 people. Having them in two different sub-sectors lessens the risk if there is a downturn in the market.

The chart on page four indicated how important manufacturing is in Walworth County and the list of top employing sub-sectors bares that out. There are three

manufacturing sub-sectors listed. They include machinery, plastics & rubber products, and fabricated metal products manufacturing. Taken together these manufacturing sub-sectors represent 4,816 employees and help show why manufacturing is so important to the county.

Walworth County's hospitality industry is larger than other counties in southeastern Wisconsin. In fact, leisure and hospitality is the third highest industry in the county based on number of employees. Two of the top ten employers provide hotel services. Grand Geneva employs between 500 and 999 employees. The Abby Resort has between 250 and 499 employees.

Another sub-sector industry with multiple employers is education. UW-Whitewater employs more than 1,000

employees, while the Elkhorn and Delavan-Darien school districts each employ between 260 and 499.

Rounding out the list is Wal-Mart in retail and Walworth County, the only governmental employer in the top-ten list.

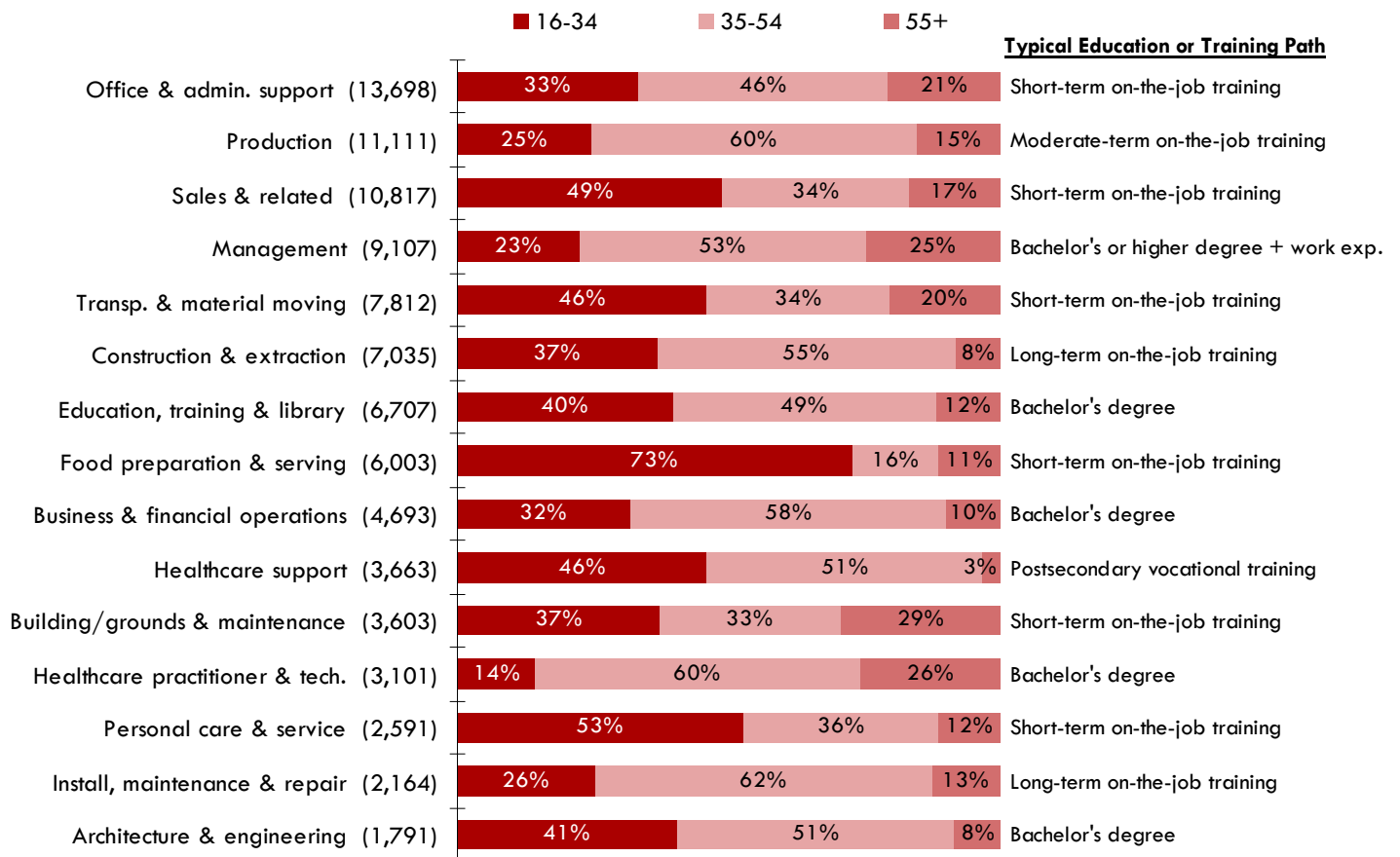
Prominent Public and Private Sector Employers in Walworth County		
Establishment	Service or Product	Number of Employees (March 2007)
University of Wisconsin- Whitewater	Colleges & universities	1000+ employees
County of Walworth	Executive & legislative offices, combined	500-999 employees
Grand Geneva	Hotels & motels, except casino hotels	500-999 employees
Wal-Mart	Discount department stores	500-999 employees
Pentair Water Group Inc	Pump & pumping equipment manufacturing	500-999 employees
Miniature Precision Components Inc	All other plastics product manufacturing	500-999 employees
Aurora Health Care of Southern Lake	General medical & surgical hospitals	500-999 employees
Elkhorn Area School District	Elementary & secondary schools	250-499 employees
School District of Delavan-Darien	Elementary & secondary schools	250-499 employees
Abbey Resort Mgmt	Hotels & motels, except casino hotels	250-499 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 Jefferson and Walworth counties.



Note: Occupation groups are in descending order based on the number of workers in each.

Source: 2006 U.S. Census, PUMS 5% file, & WI DWD, 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.

The occupation with the largest percentage of 55 and older workers is building/grounds & maintenance with 29 percent or 1,045 workers. The stated minimum requirement for this occupation is short on-the-job training. While there may be many individual jobs in this category that do not require much training, many others do and employers should consider their own employment requirements.

The occupation with the most 55 and older workers is office and administrative support. Occupations in that group represent only 21 percent of older workers but because of the size of the current workforce, there are

almost 2,900 employees that will be eligible for full Social Security benefits in ten years. This could indicate a future worker shortage for employers.

The occupation with the largest percentage of older workers that requires a Bachelor's degree is healthcare practitioners. The 26 percent of 55 and older workers represents over 800 workers. In addition to the large number of current older workers in this field, healthcare is one of the occupations that is projected to grow into the future. Additional new positions coupled with older workers could make it difficult for employers to find and retain qualified employees.

After healthcare support, the occupation with the next highest percent of older workers requiring a Bachelor's degree is management. With total employment of 9,107, 25 percent or 2,277 are 55 and older.

Occupations & Typical Education or Training

As may come as no surprise, the occupational groups with the largest 16- to 34-year old cohort is food preparation and serving. Occupations in this group may represent a first job or a part-time position while in school. These are jobs that generally require short on-the-job training to start, and there are large numbers of these job available for full or part-time employment. These factors may explain why, while employing such large numbers, the average wage is less than other occupations. In contrast to the large number of younger workers there are relatively small numbers of those 55 and over in food service. At 11.4 percent, there are about 60 employees 55 and older in Walworth County.

The other occupational group that has more than 50 percent of employees that are in the youngest age group is personal care and service. With 52.6 percent of total workforce in the 16 to 34 year old group, there are 1,348 people in that group. Both food service and personal care list short on-the-job training as a requirement for hiring. As with other occupations, this is just the minimum listed for most occupations in the group but individual occupations and employers may require additional education and training. A review of education

and training requirements can give employers some information on what is expected but the individual requirements by employers may not be reflected here.

As noted earlier, manufacturing is still a very significant industry in Walworth County. A review of the age distribution chart shows that currently only about 25 percent of production workers are in the youngest age group. Sixty percent are in the middle age group while only about 15 percent are in the older age group. Fifteen percent may not represent a significant number but when the total number of employees in manufacturing is considered, approximately 1,667 employees are in the upper age group, 2,778 are in the youngest age group while the rest of the employees (6,666) are in the 35 to 54 age group. For many employers having 9,444 available workers in the two lower age groups may seem sufficient but Walworth County is competing with other counties in southeast Wisconsin and northern Illinois that may have an older workforces. Being aware of aging issues is important but it is probably more important to keep track of the local industry as well as the specific training and education issues employers have.

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, Medicare, welfare, veterans benefits and other payment received from government agencies.

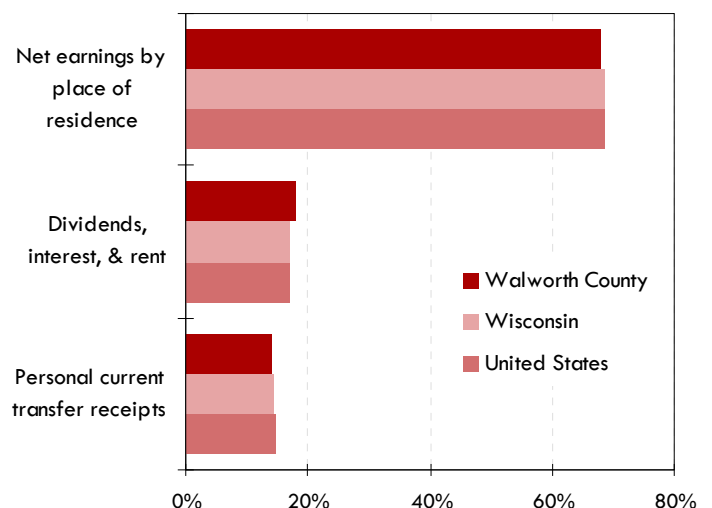
Net earnings provides the largest percentage of personal income for the county, state and nation. This overwhelming source of income is very similar for the county, state and nation. At 67.8 percent, Walworth County is within one percentage point of the state (68.5%) and nation (68.4%).

The dividends, interest and rent components are equally close. Walworth County receives 18.1 percent of its total income from dividends, interest and rents, the state receives 17.1 percent, and the United State averages 16.9 percent.

Transfer payments represent the smallest percent of total income for the county, state and nation. At 14.2 percent in

Walworth County, 14.3 percent for the state and 14.7 percent for the nation, these payments represent the very similar portion of total personal income.

Components of 2006 Total Personal Income

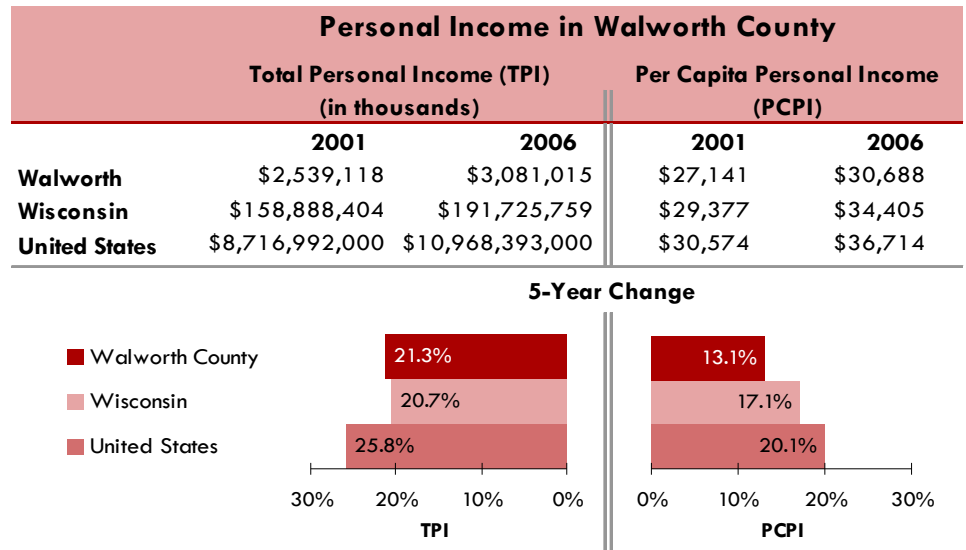


Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

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 Walworth County, the state and the nation. 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 calculating PCPI.

Over the past five years, TPI for Walworth County increased slightly more than the state but significantly less than the nation. At 21.3 percent, Walworth's TPI increase 0.6 percent more than the state but 4.5 percent less than the United States. PCPI for the county was less than either



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

the state or nation. Increasing just 13.1 percent, Walworth is 4 percent less than Wisconsin and seven percent less than the United States.

Examining the commuting impact chart to the left shows the difference in income coming into and out of Walworth County. The darker block to the left shows the amount earned in Walworth County by residents of other counties. For example, a person may work in the county but live in Racine or Kenosha County. The lighter colored block to the right indicates the amount earned by Walworth County residents working in other counties.

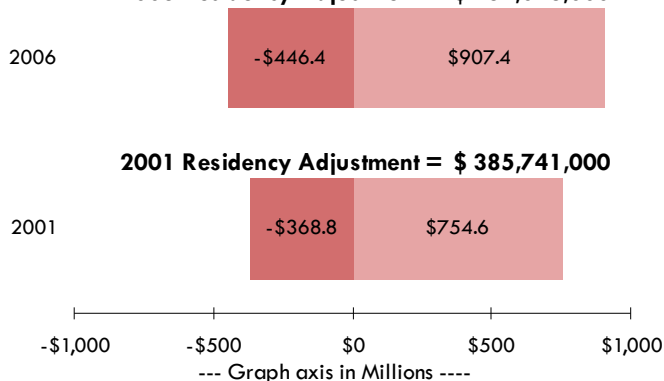
In both years, the amount earned by Walworth County residents is more than twice the amount of those coming to the county to work while living in a surrounding county. The explanation may be twofold. First, there may be more residents working outside of the county and second, the amount paid by Walworth employers may be less than paid by employers outside of the county. Both may contribute to the increase in income earned by Walworth residents in 2006 than 2001.

In 2006, Walworth County residents earned nearly \$907 million by commuting to jobs in other counties and residents of other counties earned over \$446 million by commuting to jobs in Walworth County. The difference, almost \$461 million, is the net impact of commuting on total income. The net commuting impact grew 26.4 percent, which was faster than total income (21.3%). This suggests that wages earned outside Walworth County have become more important to the local economy over time.

Walworth County Commuting Impact

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

2006 Residency Adjustment = \$ 461,023,000



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