

Attachment 14, a draft CWI vision, mission and goals, reflects the members' preliminary discussions that were expounded at the March 27, 2000 meeting. The committees began developing work plans that will identify specific strategies. The completion of this exercise will enable speaking to strategic goals and other future impacts to the workforce system.

The Governor intends to continue appropriate realignments of workforce development programs to ensure coordination and non-duplication of services. As part of that thrust, the CWI has as one of its missions to "Recommend strategies, policies and legislative changes that will lead toward a truly unified investment system." Through strategic planning and specific CWI committee activities, the Council will review the individually funded programs including Wagner-Peyser and Unemployment Insurance, and provide guidance to massage these programs for a universal system. The tentative timeline to solidify an integrated program approach was in years two and three of WIA implementation.

C. Quantified Performance Indicators and Goals. See *Attachment 11* for agreed upon performance standards.

III. Assessment

A. Market Analysis

1. Five year economic trends.

The key economic trends for Wisconsin include:

- A decreasing rate of growth for the state's population;
- A decreasing number of young people available for entry level jobs;
- A rapidly growing number of older people reaching retirement age;
- An acceleration in the aging of the state's overall population;
- Industry employment, where although growth has stalled due to the current economic conditions, will outpace growth in the labor force over the next decade;
- A continuing geographic mismatch between the location of jobs in the state and the population segments that might fill those jobs.
- A increasing number of residents commuting to jobs in neighboring states.

The first four key economic trends are the result of a dramatic change in the number of births in Wisconsin which have averaged approximately 71,000 per year since 1965, the end of the baby boom. During the baby boom, Wisconsin averaged approximately 93,000 births per year. **This change has resulted in a very slow state population growth attributable to natural increase.** At the same time, in-migration to the state has been very small.

The decreasing number of births has resulted in an extraordinary decrease in the number of young people available for entry-level positions. In the 1980s, Wisconsin had some 93,000 people turning eighteen years of age each year. During the 1990s, that figure dropped to about 81,000 per year. After 2005, the figure will drop to fewer than 75,000. Between 2005 and 2025, the average number of 18 year olds in Wisconsin's population will be 77,300. In addition, many of Wisconsin's young people opt for four-

year college and university education, which takes them out of the market for the types of jobs that are open in Wisconsin.

The aging of the baby boom cohort portends an upcoming crisis brought about by a large number of pending retirements. Based on the State of Wisconsin's Demographic Services projections, there are presently some 205,000 people in the age group 60 through 64, meaning that about 41,000 people are turning retirement age each year. By 2015, there will be 366,111 people in that age group increasing the number of people turning retirement age to 73,000 each year. Nor will that end the onslaught. By 2025 the base figure will grow to 407,170, or roughly 81,500 retirements per year.

The reduction in the number of young people and increase in the number of older people is bringing about a very rapid increase in the average age of Wisconsin residents. Between 1980 and 2005, the average age of Wisconsin's residents will have increased from about 33.6 years to approximately 37.2. This higher average age will be reflected in the State's labor force. The acceleration will increase as the baby boomers are pushed into the older age group. In 2000, 61.4 percent of the State's population was in the 17 to 64 year old age group the age most synonymous with labor force participation. By 2030, only 56.6 percent of Wisconsin's population will be in that age group.

Implications of these four important economic trends include:

Wisconsin had experienced an extremely tight labor market for most of the period from 1985 to 2000. The economic slowdown of 2000 through 2003 has changed that temporarily. And, unfortunately, the change is temporary. In about 1987, Wisconsin's annual average unemployment rate began to diverge sharply from the national average. Although like the nation, Wisconsin's unemployment rate increased considerably in 1991 and 1992, and again in 2001 and 2002, for ten of the last fourteen years, Wisconsin's annual average unemployment rate has hovered around 4 percent, falling to near 3.5 percent from 1995 through 1998. In 1999, Wisconsin's annual average unemployment rate was 3.0 percent. In 2000, the State's average unemployment rate was 3.5 percent. In 2001 the unemployment rate increased to 4.6 percent and for 2002 it was 5.5 percent. This does not, however, negate the long-term trends. As recovery comes, the labor market will again become very tight.

Wisconsin either led the nation or was very near the top in labor force participation over the past fifteen years. In 1996, and again in 1997, Wisconsin experienced a 74.7 percent labor force participation rate, the highest in the nation. In 1998, Wisconsin's labor force participation rate was 74.4 percent ranking third in the United States. Even during the economic slowdown, Wisconsin's labor force participation rate has been quite high, about 72.0 percent.

It is estimated that by 2015, Wisconsin will have some 80,000 retirees per year. Wisconsin has an annual job turnover of 393,609. And, Wisconsin's projected total job growth is 388,108, which is the net number of new jobs projected to be added between 1998 and 2008. This brings the annual number of hires to 470,000.

Wisconsin has a very high percent of its total population participating in the labor force. The estimate for the 1997-1998 year was 55.9 percent. That same figure for the US is a little over 50 percent. The Milwaukee County WDA has Wisconsin's lowest participation ratio at 50.8 percent followed by the Northwest WDA at 52.2 percent. The highest ratio is the South Central WDA at 61.1 percent, which is followed closely by the Fox Valley WDA at 60.6 percent. Counties vary from Calumet County's high of 64.2 percent to Florence County's low of 33.1 percent. The labor force to population participation ratio is indirectly related to the percentage of the population that is younger and/or older than the normal working age.

Wisconsin continues to see employment increases in many industries. Wisconsin has a very strong service industrial sector, with 25.6 percent of Wisconsin's total non-farm employment found in that sector. Many of the state's fastest growing industries are found in the services sector, and the industries adding the most jobs over the next ten years will undoubtedly be the business services sector and the health services sector. Each will add near 45,000 jobs.

Although the manufacturing sector has taken a beating in the last 30 months, dropping from 620,000 jobs to about 560,000 jobs, recovery is expected. Manufacturing continues to be very strong in Wisconsin, and in fact the state ranks second in the percentage of its non-farm wage and salary employment found in manufacturing. Only Indiana has a higher percentage.

Trade, including both retail and wholesale trade is the third largest of Wisconsin's industrial sectors at 22.8 percent. Total non-farm employment, currently at about 2,800,000 is expected to reach 3,000,000 by 2005.

Much of the growth in Wisconsin's fastest growing industries is a result of the fast growing older population. Examples include:

Industry Title

1. Security & Commodity Brokers
2. Museums, Botanical And Zoological Gardens
3. Services, N.E.C
4. Nondepository Institutions
5. Social Services
6. Amusement and Recreational Services
7. Agricultural Services
8. Legal Services
9. Local and Interurban Transit
10. Hotels & Other Lodging Places
11. Holding & Other Investment
12. Real Estate
13. Insurance Agents, Brokers

14. Transportation by Air
15. Health Services
16. Real Estate
17. Insurance Agents, Brokers, etc
18. Personal Services
19. Membership Organizations
20. Transportation by Air
21. Motion Pictures

The present sluggish labor market, particularly in the manufacturing sector, will result in a general shortage of skills necessary for many growth industries found in the state. Manufacturing oriented occupations, i.e. machinery operators, tool and die makers, welders, material handlers, truck drivers, industrial technicians of all kinds are presently in low demand, and abundant supply. This will result in a decrease in training. Then as manufacturing employment increases following recovery, which will most certainly occur and retirement of the present skilled workforce accelerates and young people continue to pursue college training there will be short supply of entry workers with adequate training coupled to a sudden increase in demand.

A considerable discrepancy or mismatch is developing between where jobs are found and where the workers will be found. Increased opportunities for workers are found in suburban and semi/rural areas of the state - physically and geographically removed from the potential workforce. As is the case in most areas of the country, industry tends to relocate to areas of the state that are more remote and removed from the potential supply of workers. Better highway connections, lower taxes, better educational statistics, safer home environments, less congestion of all kinds, fewer prohibitive rules, all combine to lure industry to suburban and semi/rural areas of the state, leaving behind the population segments that are most likely to relieve the tight labor market conditions.

2. Five-year employment needs. The implications of all of these trends is a growing general mismatch in the skills acquired by Wisconsin's young people and the skills required by Wisconsin businesses. There will be no shortage of employment opportunities for Wisconsin's workforce, but the jobs are very likely to be in occupations not matched to the training obtained by Wisconsin's young workforce. The 30 Wisconsin occupations with the greatest expected employment in 2008 constitute 37 percent of Wisconsin's anticipated total employment for 2008. Only six of those 30 jobs require baccalaureate degree training, and they represent less than 20 percent of the anticipated 37 percent of employment opportunities for Wisconsin's workforce.

Another six of the jobs require long term training, but less than a baccalaureate degree, and they too represent less than 20 percent of the anticipated 37 percent of employment opportunities for Wisconsin's workforce. Eighteen of the 30 occupations require only short-term on-the-job training, and those eighteen occupations will make up 64 percent of the anticipated 37 percent of employment opportunities for Wisconsin's workforce.

Those figures tend to play out for the entire Wisconsin job market. Some 20 percent of Wisconsin's jobs appear to require four-year college degrees or more. Another 25 to 30 percent require technical college training and/or long-term on-the-job training. The remaining jobs require short-term on the job training with a minimum of previous technical training and/or on-the-job training.

With about 45 percent of Wisconsin's high school graduates going on to four-year colleges and universities, Wisconsin ends up with:

- Too many college graduates for the jobs available, prompting many of those college graduates to look out of the state for career opportunities;
- Too few technically training workers for the jobs that are open in Wisconsin, resulting in good paying technical jobs that go begging; and
- A large number of jobs that can be performed by workers with a minimum of skills, but jobs that now appear to be below the level expected by the future and present workforce.

One of the obvious implications is the need to motivate job seekers to obtain skills needed for high-wage technical jobs.

3. Customers. Wisconsin's JobNet has a voluntary survey built into its registration process. Results of that survey indicate the following demographic characteristics. These results only reflect persons using the touch screen JobNet at Job Centers; not those accessing the system via the Internet or other current or potential customers to be served under unified planning.

By Age Group:

Under 23 years of age	23%
From 23 to 39 years old	57%
From 40 to 54 years old	18%
Over 55 years old	2%

By Education:

Less than high school	25%
High school degree	52%
High school no degree	6%
Certificate	7%
Associate's degree	4%
Bachelor's degree	6%
Master's degree	1%
Doctor's degree	Trace

By Gender:

Male	53%
Female	47%
By Employment:	
Unemployed	41%
Employed	59%
By military status :	
Non vet	91%
Vet	9%
By disability:	
Veterans with disability	1%
Non veterans with disability	10%
Job seekers without disability	89%
Veterans with special disabilities	Trace

4. Skill Development Needs. Given diverse labor market needs, it is difficult to project job skills needs by customer category. Skill development needs are based more on local economy needs than on general needs of customer segments. In addition, many needs may be based more on other barriers to employment that are not skill related, such as transportation, child care, employer attitudes, etc.

We do know that the labor shortages are being experienced particularly in the technical and skilled trades occupations as well as in the hospitality and retail industries. Skill training activities will be determined based on local needs but one can assume that training in these areas will be a priority in many areas of the state. Technical education will be emphasized in our workforce development programs in partnership with other K-12 education, youth and adult apprenticeship programs.

B. State Readiness Analysis

1. Leadership

a. Council on Workforce Investment

i. The new State CWI was created by the Governor to meet the requirements of the Act: Majority of business representatives (21), 4 state legislators (two from each chamber and their respective minority/majority parties), 3 labor representatives; 2 with youth experience; 2 with technical college and community-based organization expertise; a chief local-elected official; the Governor; and, 7 representatives from state agencies responsible for WIA partner programs and activities.

ii. Specific organizations or entities represented on the Council: International Brotherhood of Teamsters, Wisconsin AFL-CIO, Wisconsin State Council of Carpenters, Wisconsin Counties Association, YWCA of Greater Milwaukee, Metropolitan Milwaukee Association of Commerce, local technical college, local K-12 public school, a consultant on youth services, and state agencies: Departments of Commerce, Corrections,

Health and Family Services; Public Instruction; Workforce Development, Veteran's Affairs and the Technical College System.

iii. Nominations for the business representatives were solicited from state business and trade organizations including the Wisconsin Manufacturers and Commerce, Wisconsin Independent Businesses, Inc. and Associated Builders and Contractors. In order to achieve diversity reflective of the state as well as business sector mix, additional solicitations were made through the Governor's Diamond Award recipients and the Governor's Glass Ceiling Commission.

Over 60 nominations were received, reflecting a balance of diversity and business sectors, geographic and demographic areas, along with the factor of optimum policy-making authority. The state's labor federations provided the nominations for the labor seats. The nominations were