
Milwaukee Promise

2016 Performance Metrics

Employment & Income

Report to the Finance & Personnel Committee

July 18, 2016

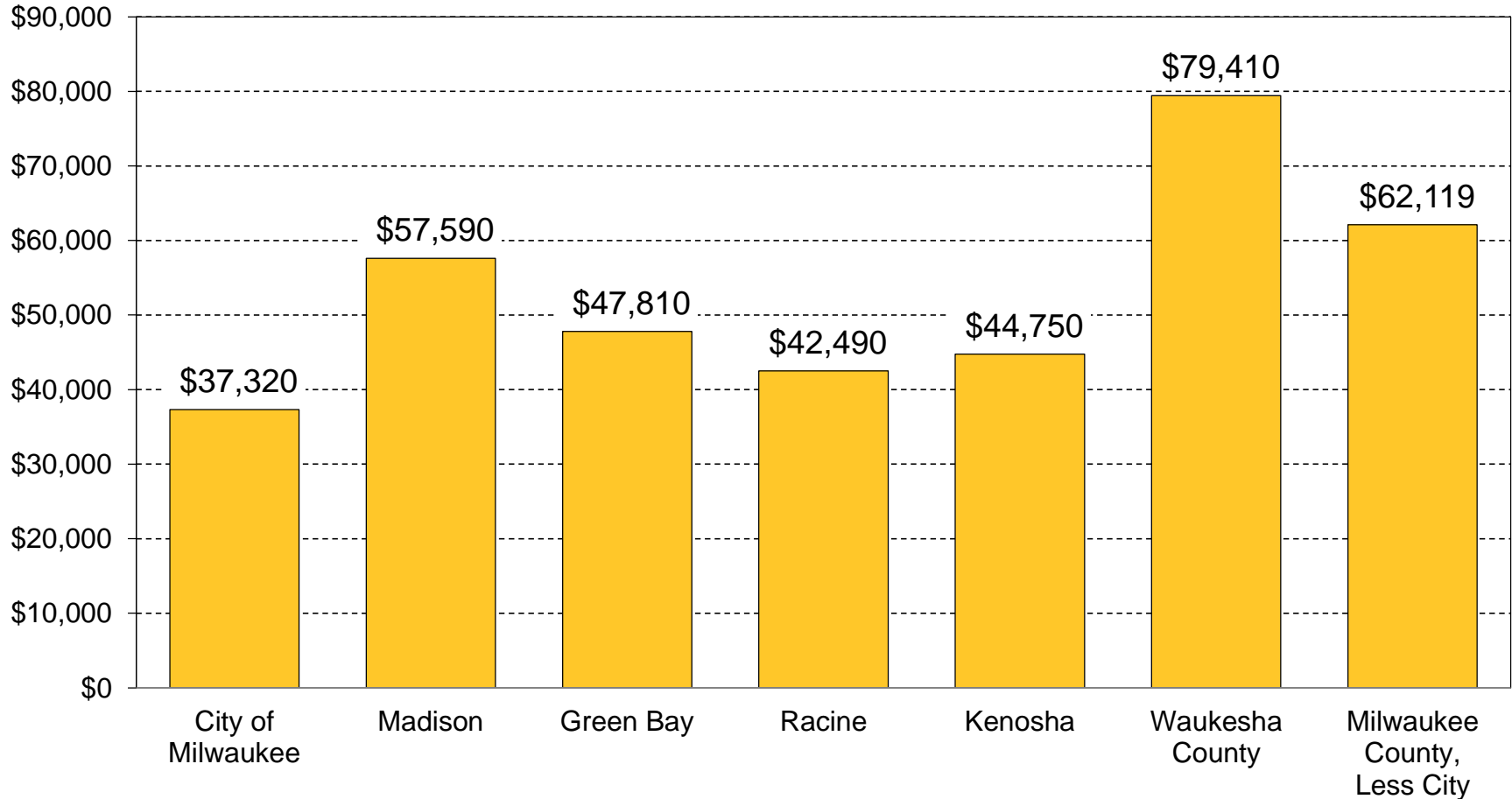
Presented by: Budget & Management Division

Executive Summary:

Employment & Income

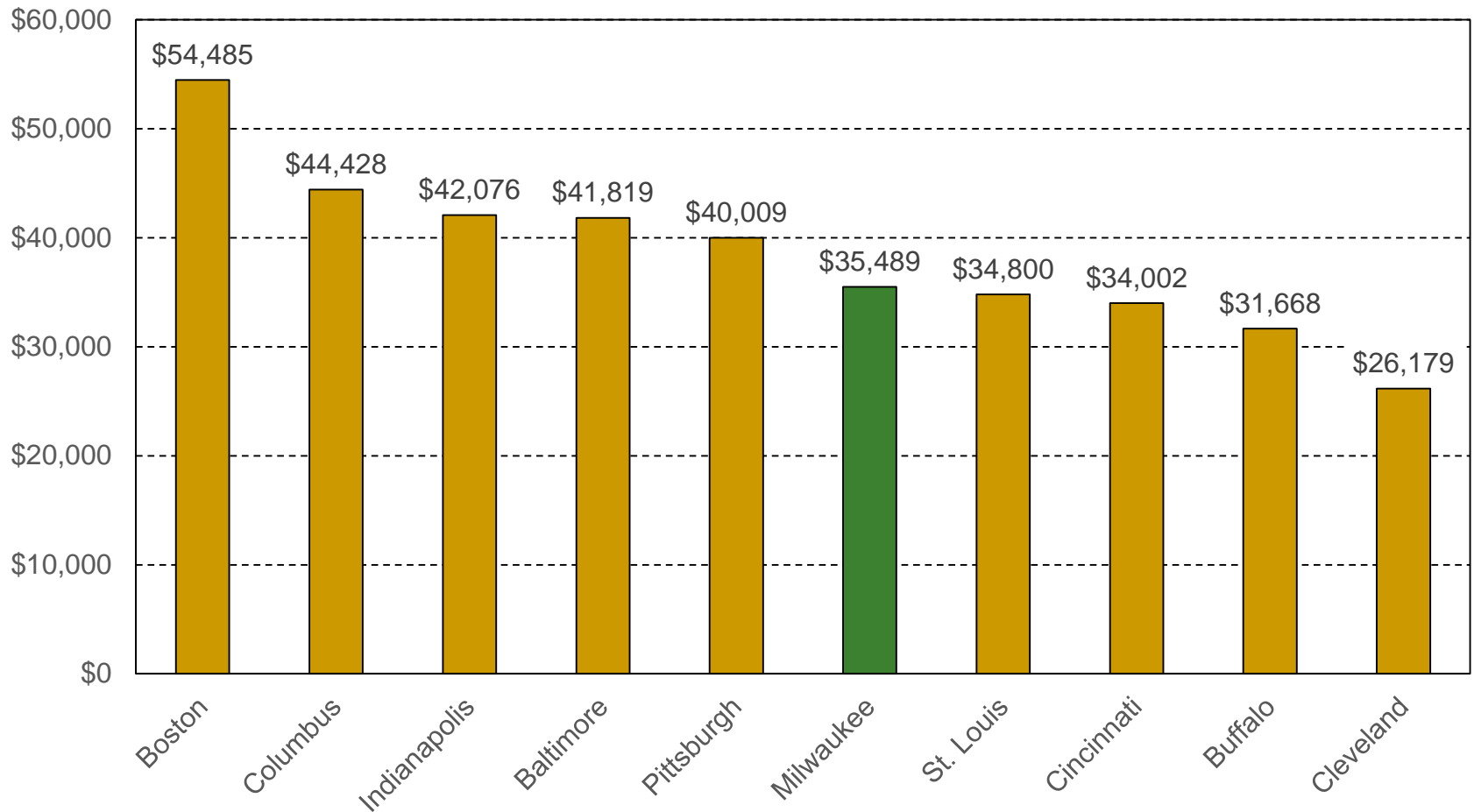
1. Regional trends have driven challenges with employment & income disparity
2. Ethnic and spatial disparities in income are significant
3. Employment trend in the City has improved since the 2010 nadir
4. City strategies combine micro and macro approaches
5. City's economic development strategies contribute to improvement, but in themselves can't completely resolve the challenge of low wages
6. Income support programs can enhance the lives of those persons working in relatively low-paying occupations

Average Taxable Income Selected Wisconsin Communities



Source: Wisconsin Dept. of Revenue, Wisconsin Municipal Per Return Income Report for 2014

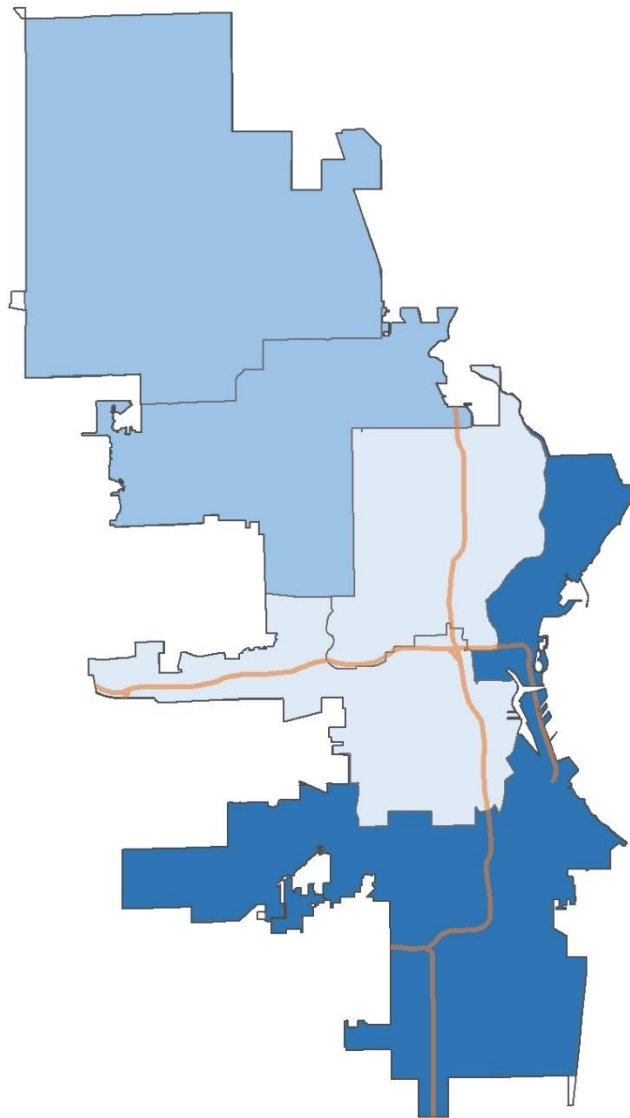
Median Household Income for Select Cities (2010-2014)



Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates






CITY OF MILWAUKEE

Median Household Income (2010-2014 Estimates)



LEGEND

Median Household Income

-  \$35,000 or less
-  \$35,001 to \$45,000
-  Greater than \$45,000
-  City Limit
-  Interstate

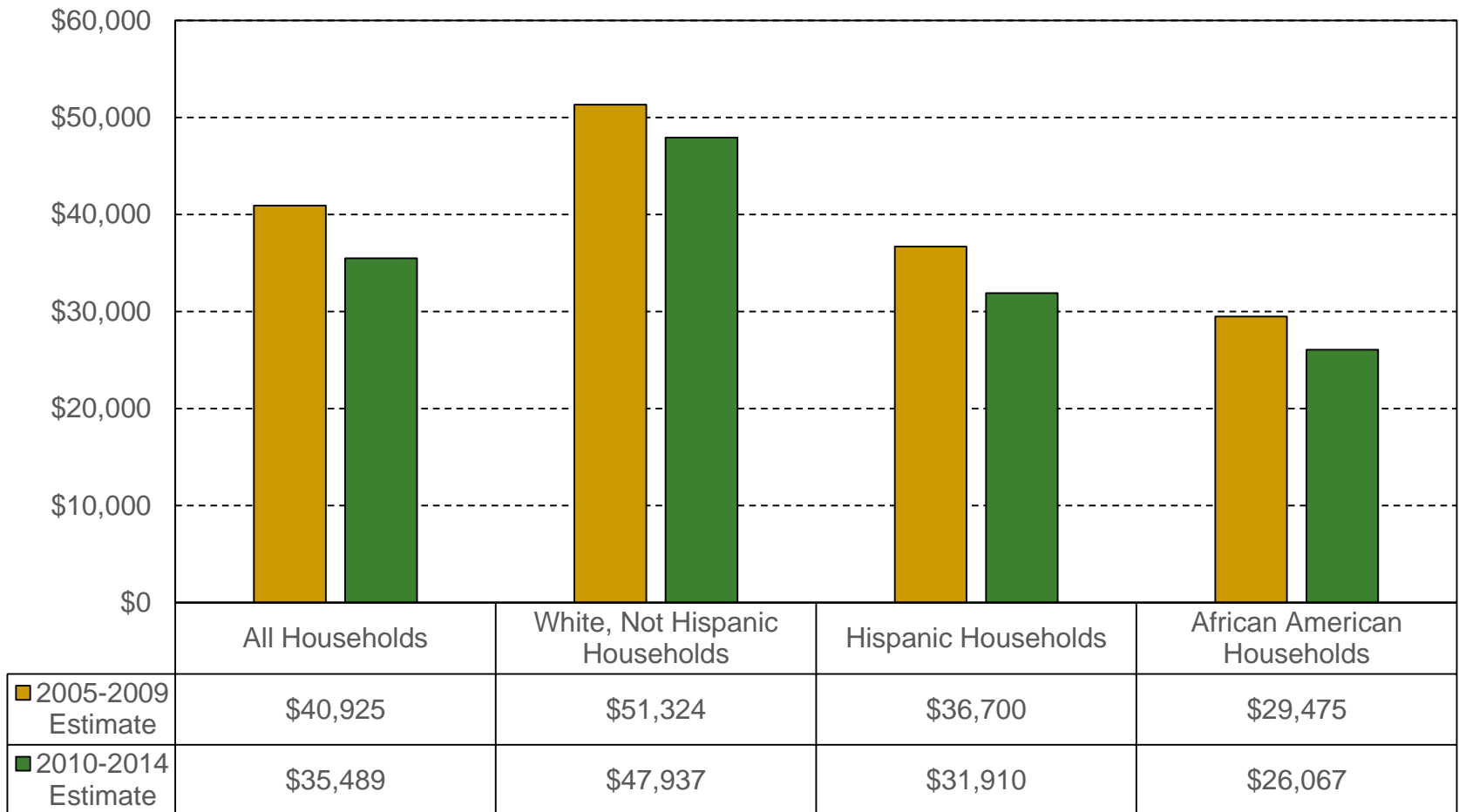


Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Public Use Microdata Areas (PUMA)

*Derived estimate for PUMA 40101 (Downtown and East Side) excludes data outside of the City of Milwaukee

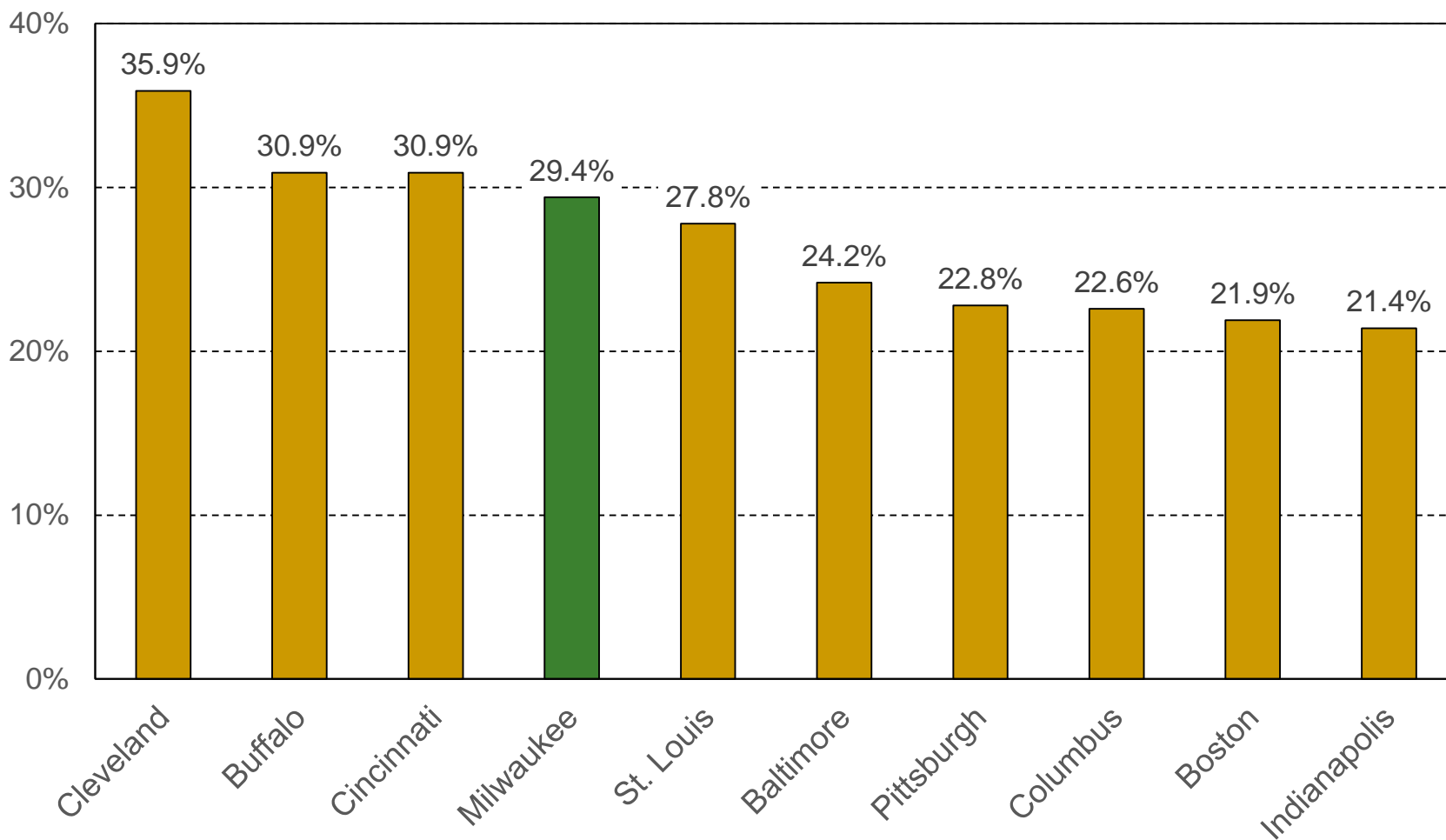
Prepared by City of Milwaukee DOA-BMD-kqp, 06/09/16

Median Household Income by Race/Ethnicity in Milwaukee



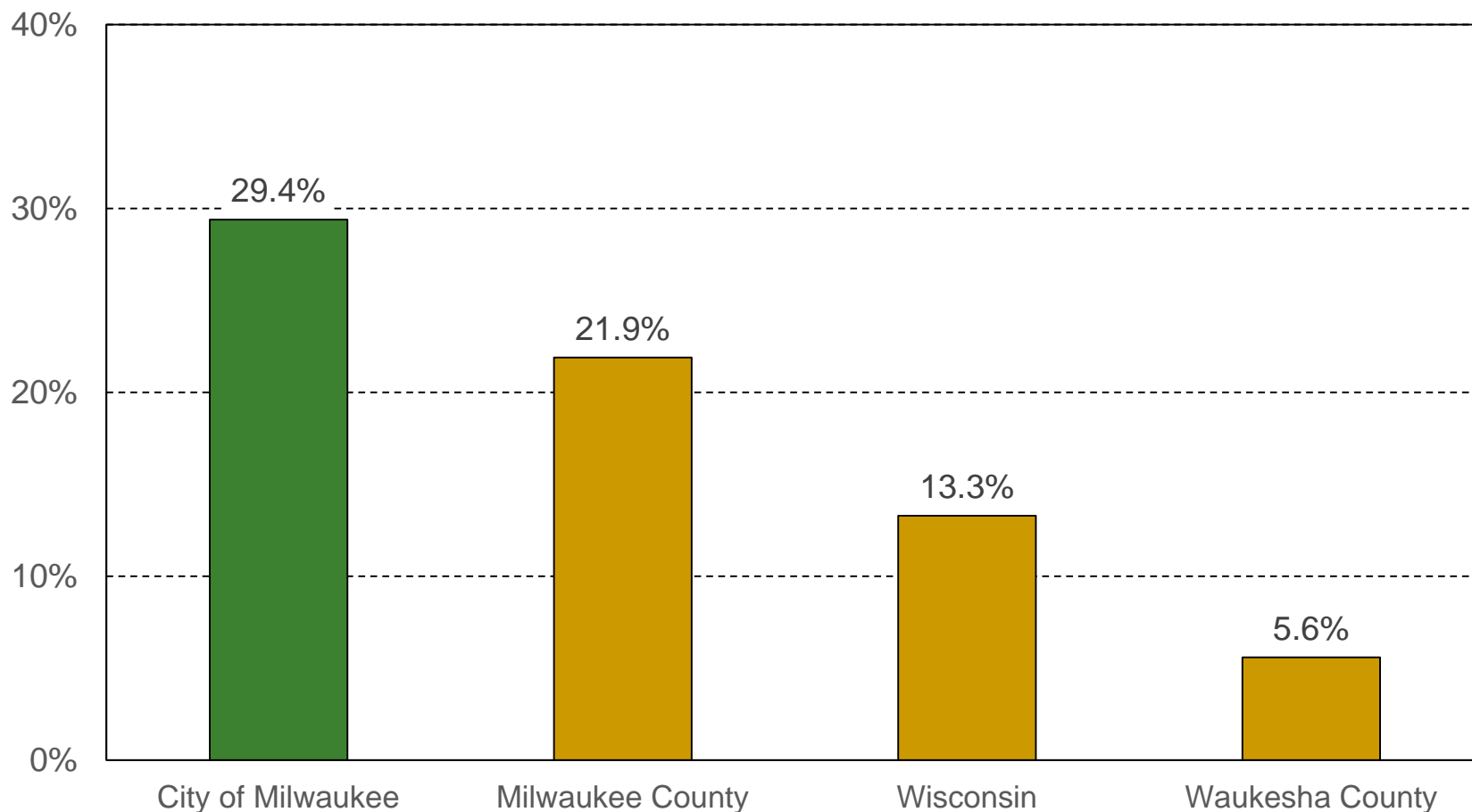
Source: US Census Bureau, 2005-2009 and 2010-2014 American Community Survey 5-Year Estimates (2014 Inflation-Adjusted Dollars)

Poverty Rate Estimates for Select Cities (2010-2014)



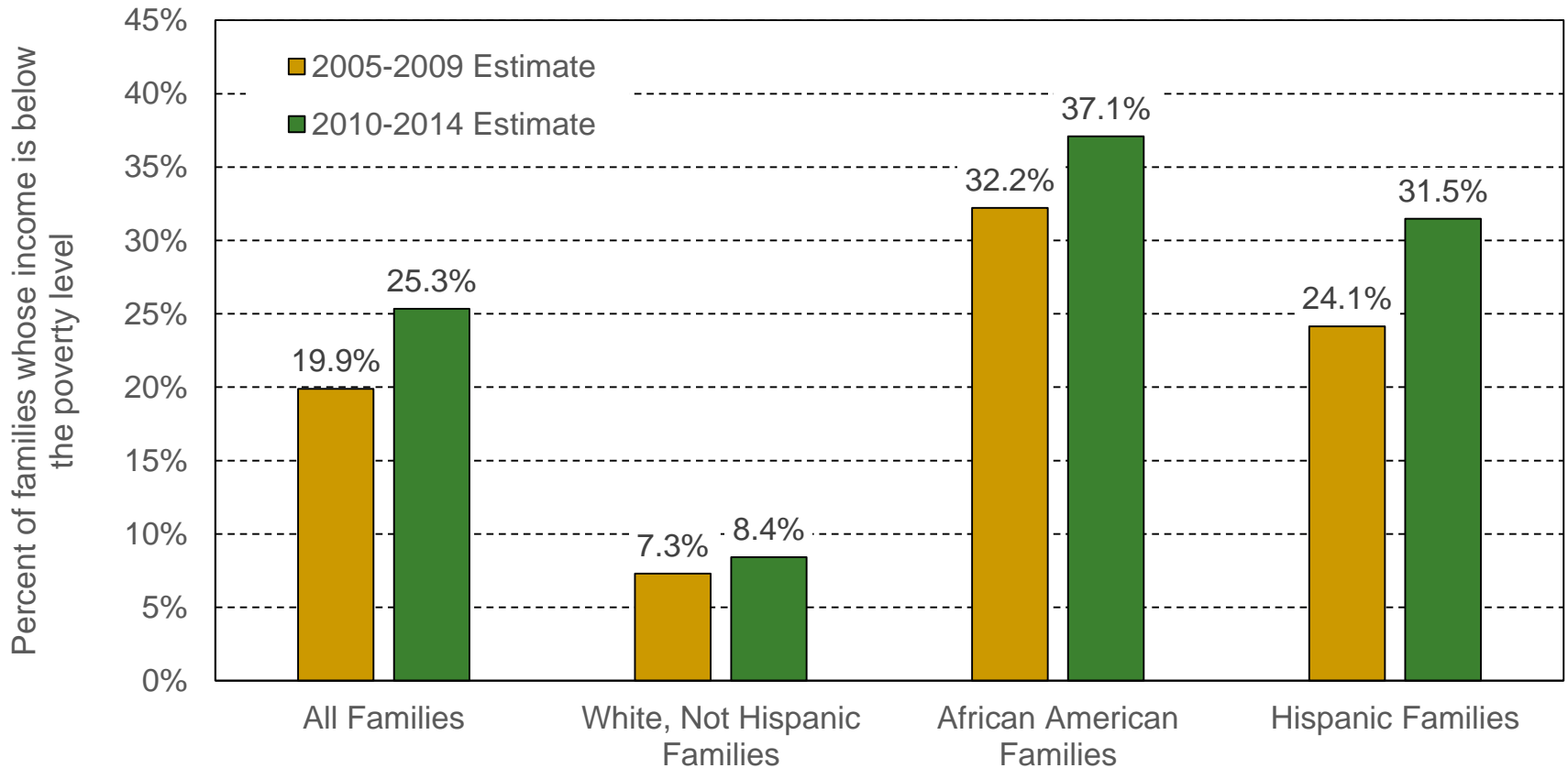
Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Poverty Rate Estimates in Milwaukee Area (2010-2014)



Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

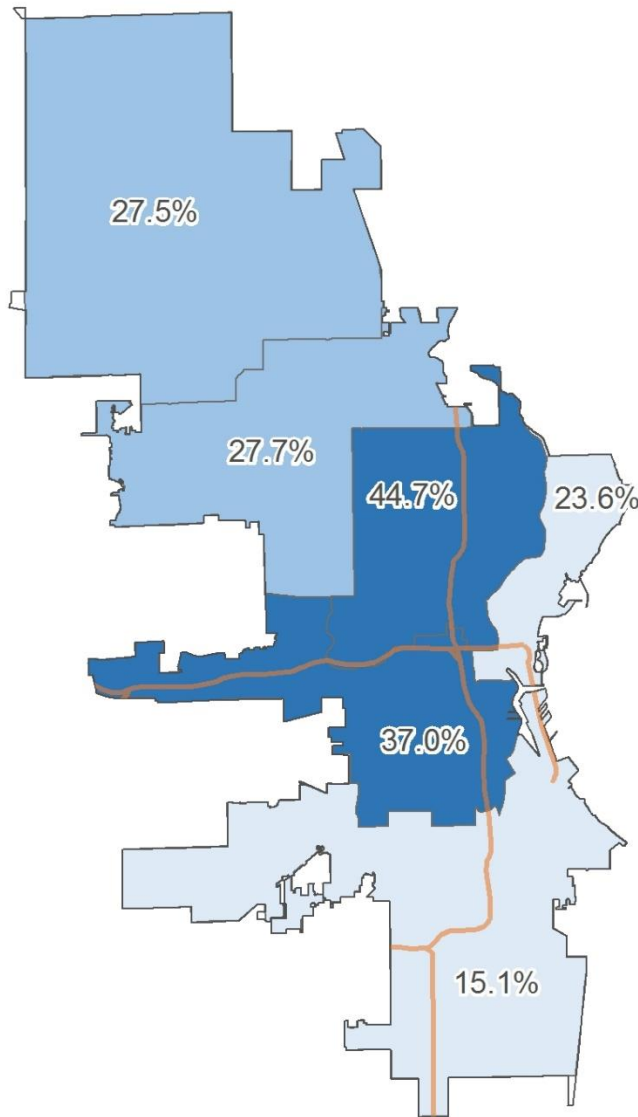
Family Poverty Rate Estimates by Race/Ethnicity in Milwaukee



Source: US Census Bureau, 2005-2009 and 2010-2014 American Community Survey 5-Year Estimates

CITY OF MILWAUKEE

Poverty Rate (2010-2014 Estimates)



LEGEND

Percent of people whose income in the past 12 months is below the poverty level

- 25% or less
- 25.1 to 35%
- Greater than 35%
- City Limit
- Interstate

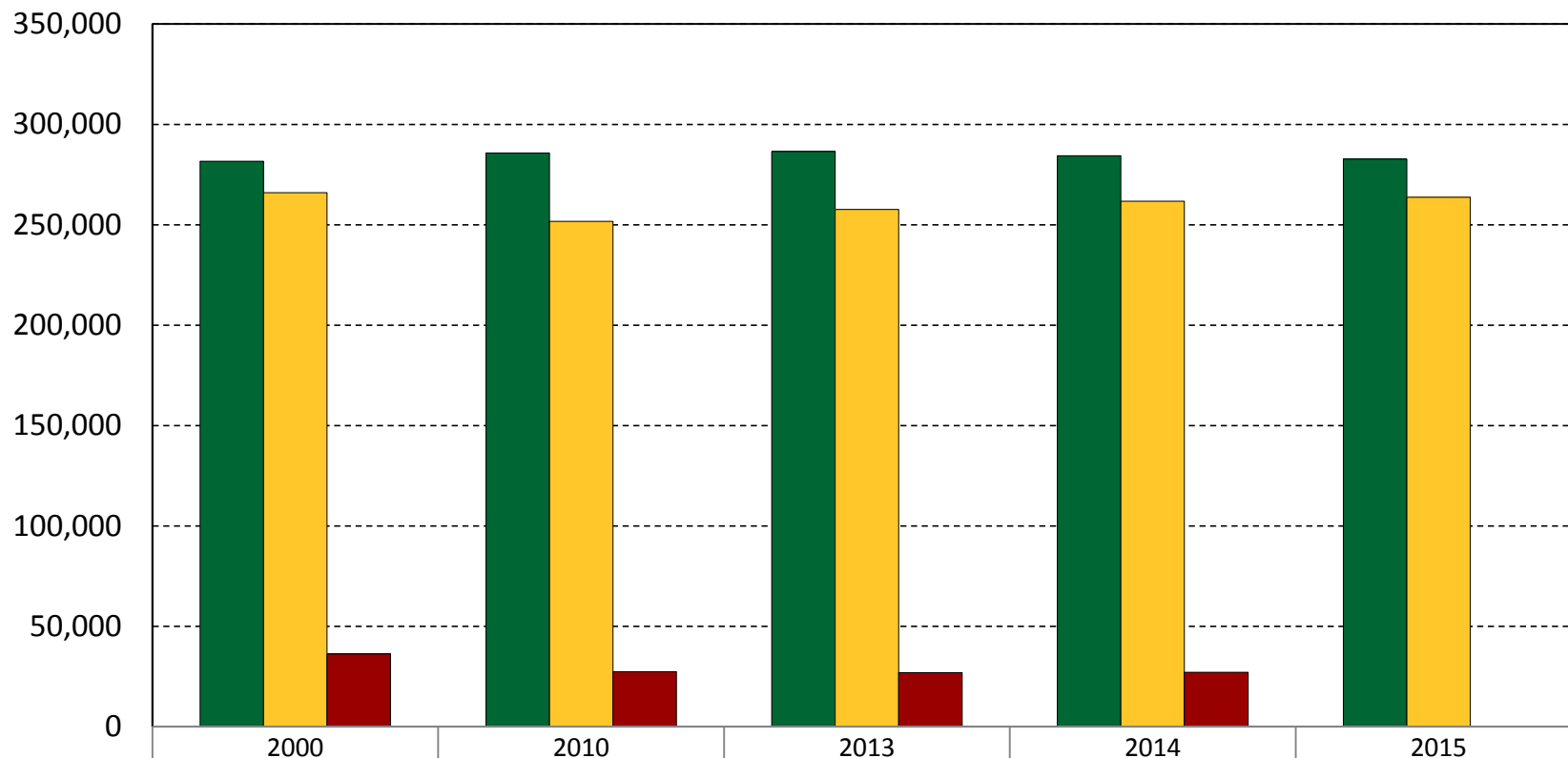


Source: US Census Bureau, 2010-2014 American Community Survey 5-Year Estimates, Public Use Microdata Areas (PUMA)

*Derived estimate for PUMA 40101 (Downtown and East Side) excludes data outside of the City of Milwaukee

Prepared by City of Milwaukee DOA-BMD-kqp, 06/09/16

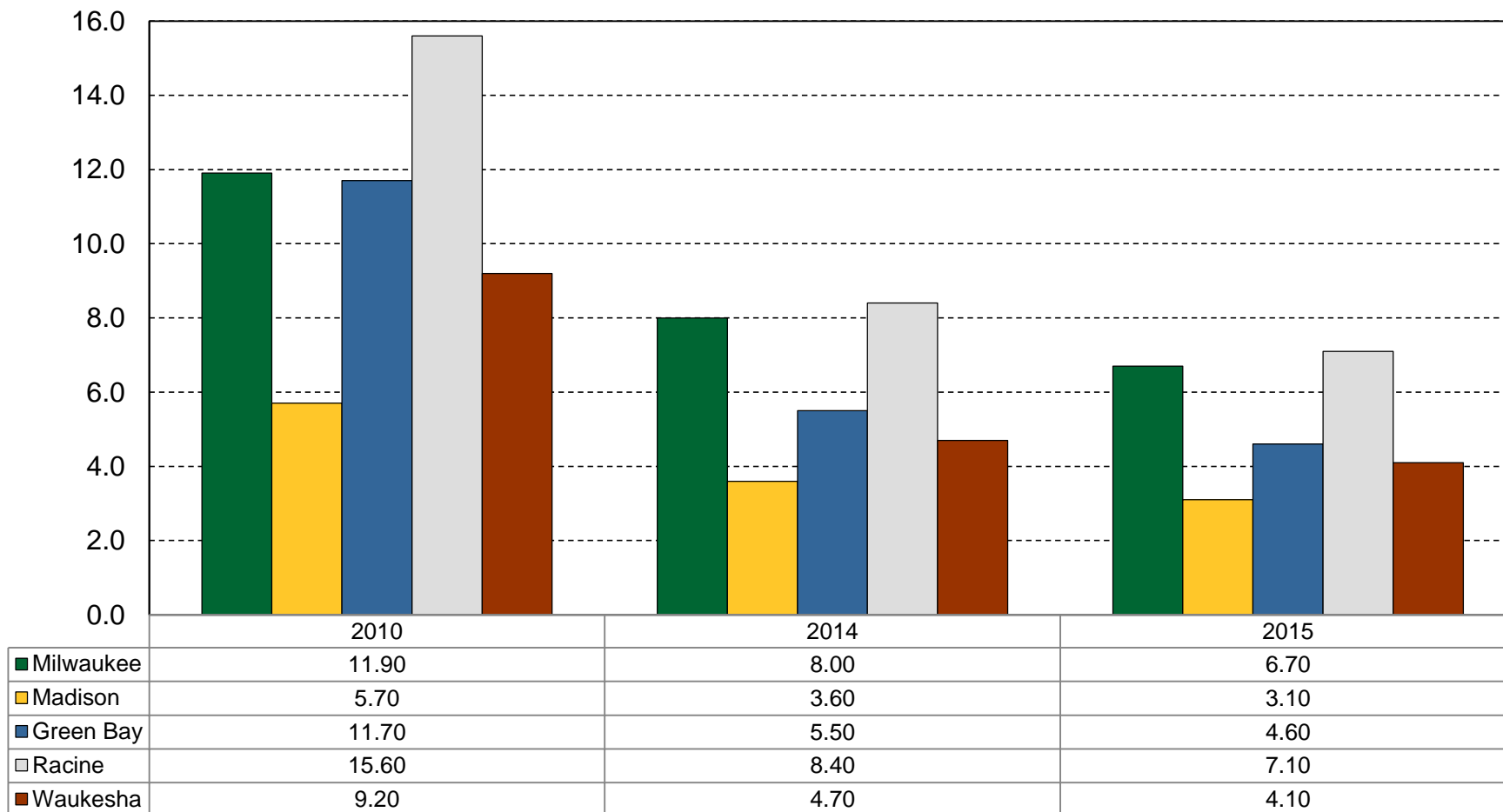
Milwaukee Labor Force



| | | | | | |
|-----------------------------|---------|---------|---------|---------|---------|
| ■ Labor Force | 281,556 | 285,710 | 286,555 | 284,335 | 282,662 |
| ■ Employed | 265,981 | 251,680 | 257,557 | 261,706 | 263,728 |
| ■ Employed in Manufacturing | 36,179 | 27,387 | 26,895 | 27,068 | |

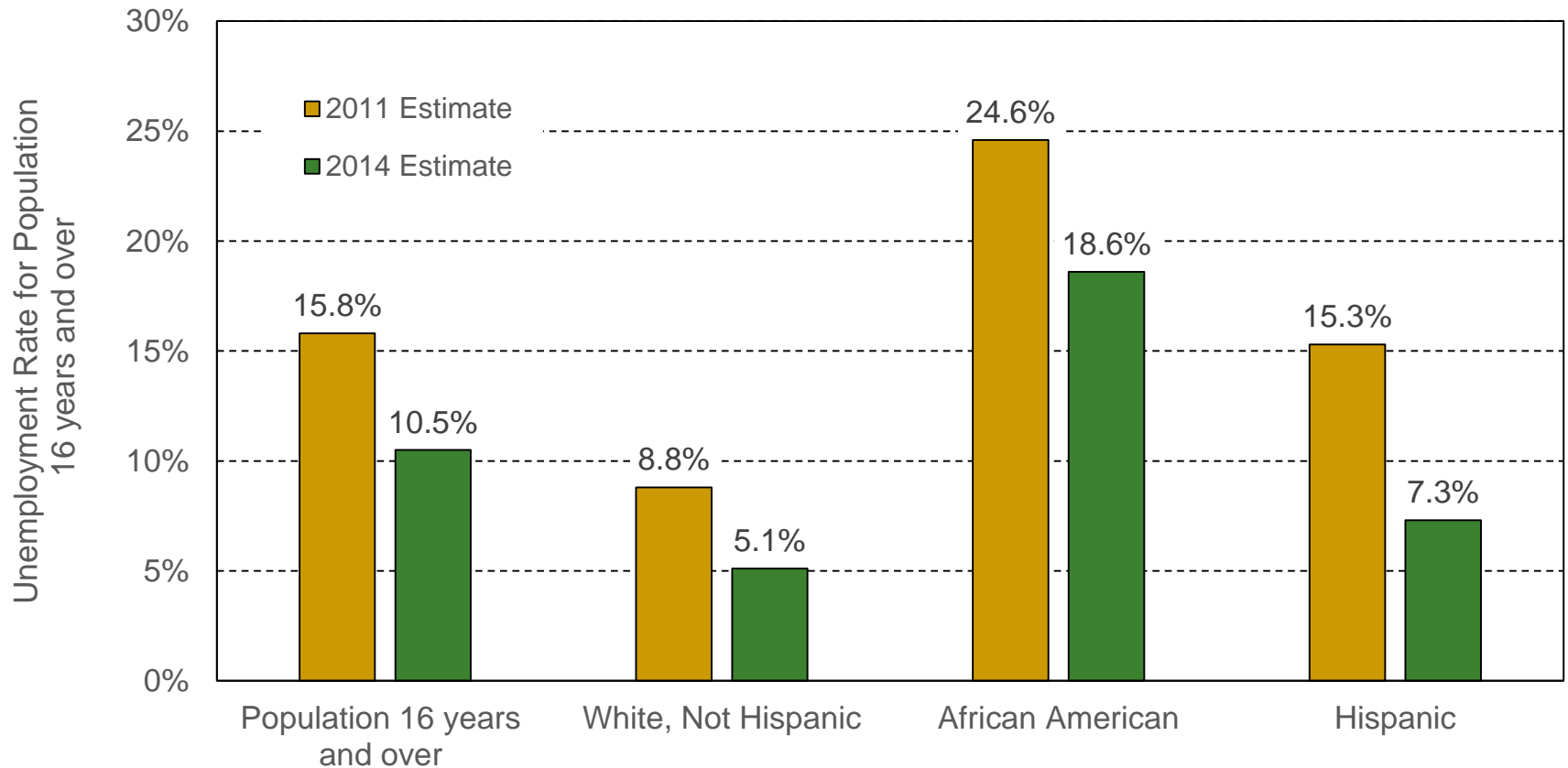
Source: U.S. Census Bureau, American FactFinder & Bureau of Labor Statistics

Unemployment Rates in Wisconsin Cities



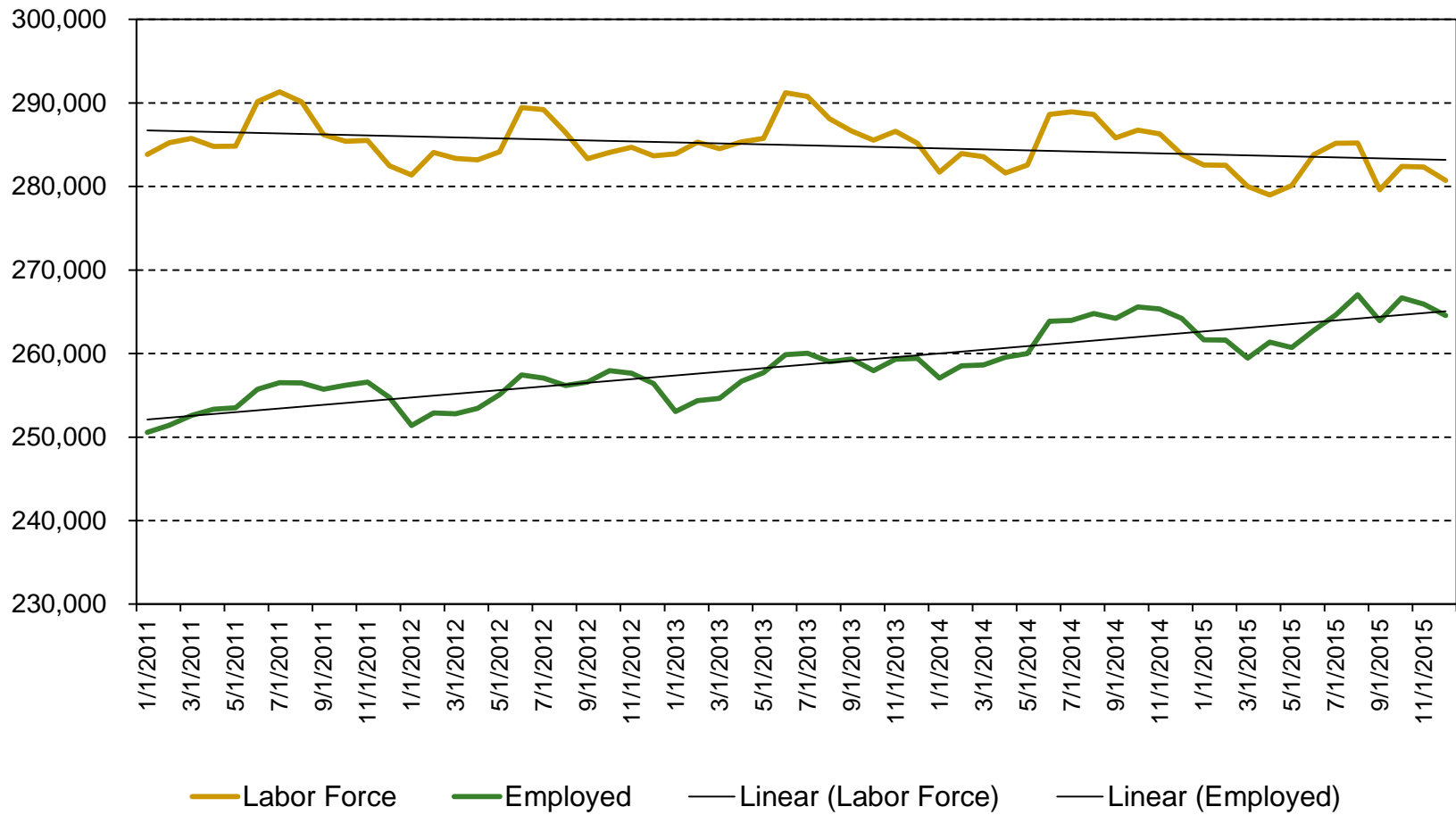
Source: State of Wisconsin, Dept. of Workforce Development

City of Milwaukee Unemployment Rates by Race/Ethnicity



Source: US Census Bureau, 2011 and 2014 American Community Survey 1-Year Estimates

Milwaukee Labor Force and Employment



Source: Bureau of Labor Statistics

State Alternative Measures by Unemployment Measure 2015:II–2016:I averages

| | U-1 | U-2 | U-3 | U-4 | U-5 | U-6 |
|----------------|-----|-----|-----|-----|-----|------|
| United States | 2.2 | 2.5 | 5.1 | 5.5 | 6.2 | 10.1 |
| Oklahoma | 1.7 | 2.2 | 4.6 | 4.9 | 5.6 | 8.3 |
| Oregon | 1.8 | 2.7 | 5.4 | 5.8 | 6.5 | 11.2 |
| Pennsylvania | 2.2 | 2.7 | 5.2 | 5.5 | 6.4 | 10.7 |
| Rhode Island | 2.8 | 3.2 | 5.7 | 5.9 | 6.8 | 11.0 |
| South Carolina | 2.6 | 2.6 | 5.7 | 6.2 | 7.0 | 11.2 |
| South Dakota | .8 | 1.0 | 2.9 | 3.1 | 3.6 | 5.4 |
| Tennessee | 2.0 | 2.6 | 5.2 | 5.7 | 6.3 | 10.2 |
| Texas | 1.6 | 2.1 | 4.4 | 4.8 | 5.3 | 8.3 |
| Utah | 1.2 | 1.6 | 3.6 | 3.9 | 4.4 | 7.7 |
| Vermont | 1.0 | 1.7 | 3.6 | 3.9 | 4.6 | 8.1 |
| Virginia | 1.8 | 1.9 | 4.2 | 4.6 | 5.4 | 9.7 |
| Washington | 2.1 | 2.8 | 5.7 | 6.0 | 6.8 | 10.9 |
| West Virginia | 3.1 | 3.1 | 6.8 | 7.2 | 8.1 | 11.9 |
| Wisconsin | 1.9 | 2.3 | 4.5 | 4.7 | 5.3 | 8.3 |
| Wyoming | 1.2 | 2.8 | 4.4 | 4.6 | 5.0 | 8.5 |

Alternative Measures of Labor Underutilization

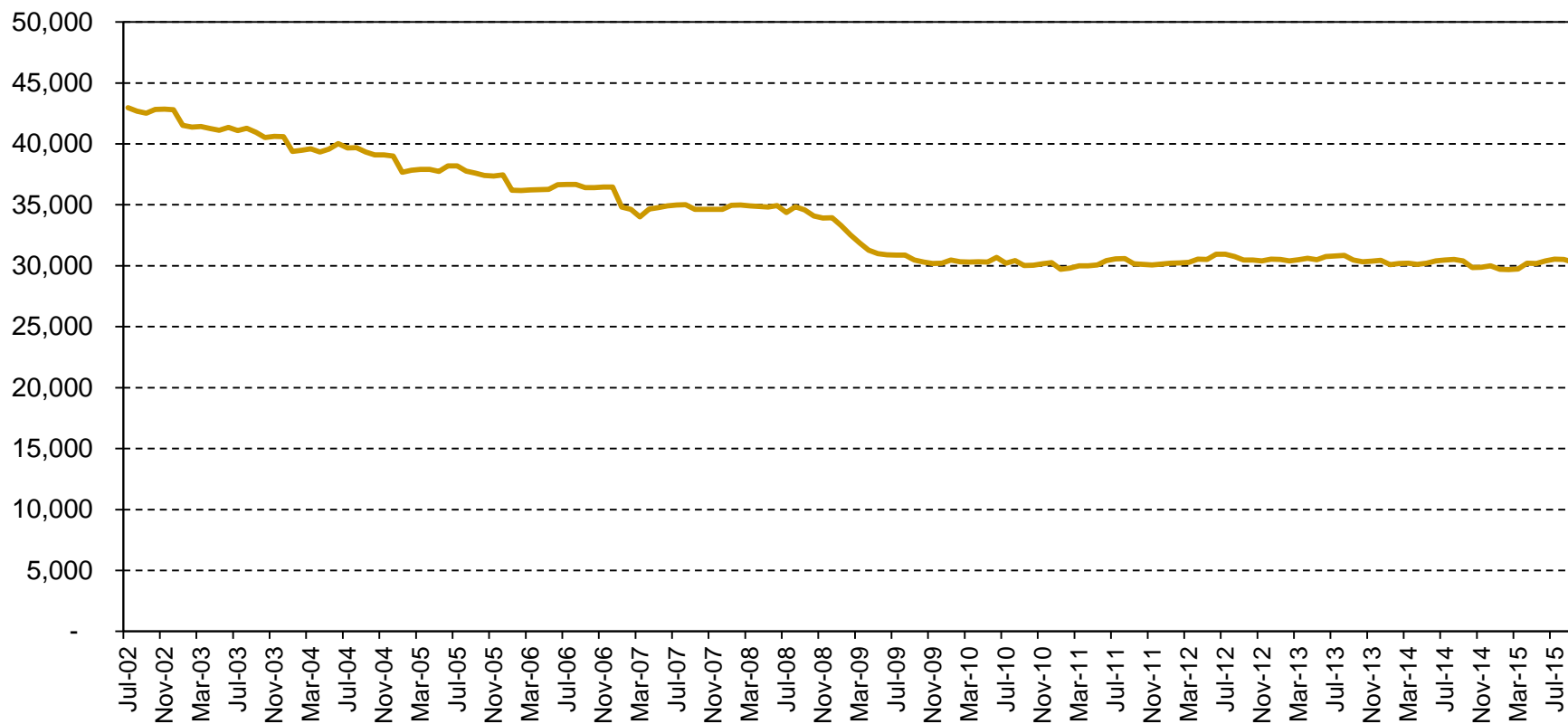
- U-1, persons unemployed 15 weeks or longer, as a percent of the civilian labor force;
- U-2, job losers and persons who completed temporary jobs, as a percent of the civilian labor force;
- U-3, total unemployed, as a percent of the civilian labor force (this is the definition used for the official unemployment rate);
- U-4, total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers;
- U-5, total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers; and
- U-6, total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

Milwaukeeans Employed in Manufacturing

1. 1980: 90,307
2. 1990: 60,991 (- 32.4% from 1980)
3. 2000: 47,396 (- 47.5% from 1980)
4. 2010: 34,618 (- 61.6% from 1980)
5. Changes in manufacturing location:
 - 1982: 43% of metro manufacturing in the city
 - 2009: 19% of metro manufacturing in the city
 - 2009: 54% of metro manufacturing in the “WOW” suburbs

Sources: Bureau of the Census documents; Marc V. Levine, “Perspectives on the Current State of the Milwaukee Economy” University of Wisconsin-Milwaukee, Center for Economic Development, July, 2013, page 8, Table 6

Manufacturing Employment in City of Milwaukee



Source: Bureau of Labor Statistics ES-202 Data

Manufacturing in Metropolitan Milwaukee: Trends

1. Several factors behind decentralization:
 - ❑ Cost advantages to greenfield locations
 - ❑ Federal interstate highway development
 - ❑ Federal housing policy encouraged population migration from core cities
 - ❑ MMSD's regional pollution abatement plan reinforced incentives for greenfield migration
2. Metro manufacturing employment declined 63,000 jobs (35%) between 1982 and 2010
 - ❑ Impact of Chinese imports (Autor, Dorn, & Hanson, MIT analysis)
 - ❑ Productivity/automation impacts
 - ❑ Shifts to Sun Belt states

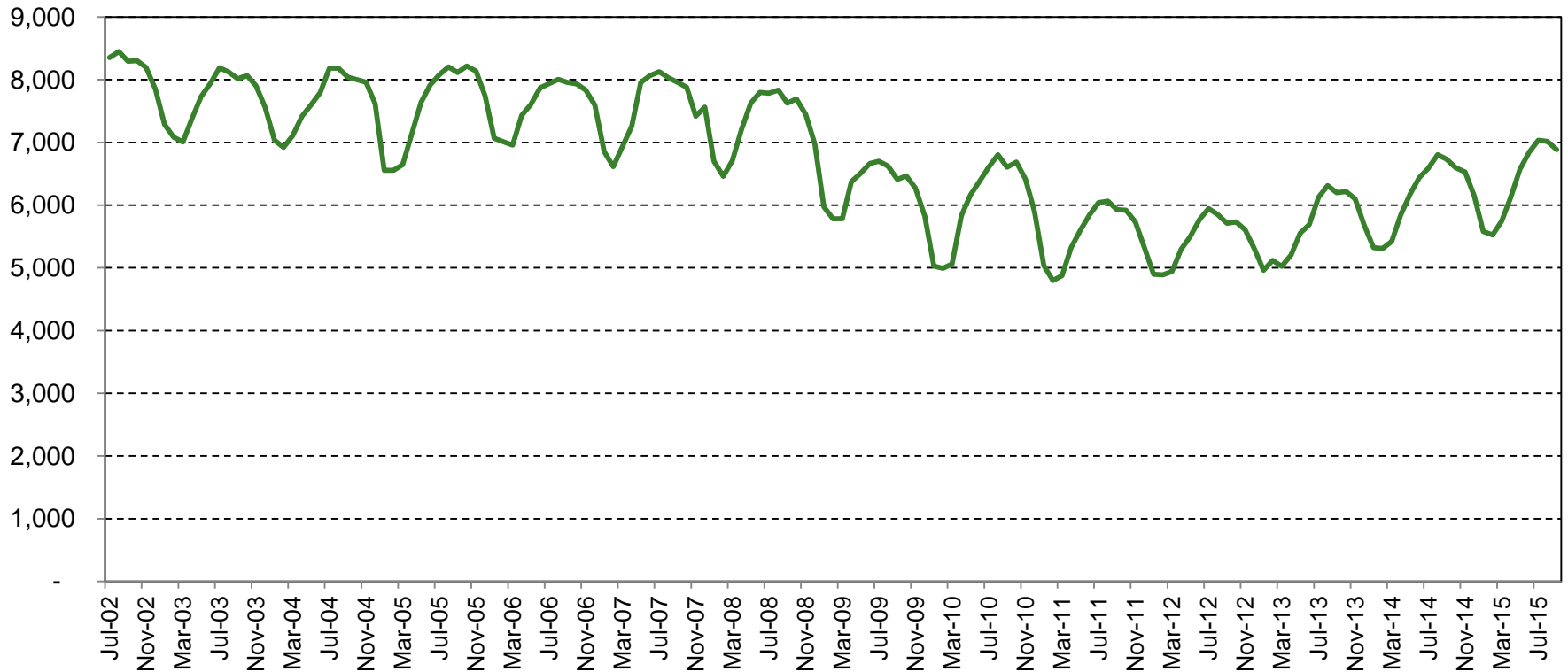
Manufacturing: Trade Impacts

1. Autor et alia (MIT) estimate impacts of Chinese competition:
 - 1999-2011: 2.4 million jobs reduction (direct & indirect)
 - 1.545 million of the total in manufacturing
 - Found little evidence of “compensating” employment impact from consumer benefits
2. Analyses of NAFTA find effects that are concentrated in certain local labor markets

Disparity in Private Construction Employment in Metropolitan Area

- 7,573 Total construction jobs in 2014
 - 89% of the positions filled by White employees
 - 3.6% of the positions filled by Black employees
 - 5.3% of the positions filled by Hispanic employees
- Of the 527 executive or senior manager jobs:
 - 4 are filled by Blacks
 - 7 are filled by Hispanics
 - 4 are filled by Asians
 - 2 are filled by American Indians

Construction Employment in City of Milwaukee



Source: Bureau of Labor Statistics ES-202 Data

Labor Market Change

- Labor demand has shifted from unskilled labor to relatively skilled labor
 - Capital investment in automation has attributed to the shift to skilled labor
 - Automation has increased productivity which has lowered the need for labor
 - The trend is not limited to manufacturing occupations
- Companies have moved to other countries to take advantage of lower unskilled labor wages
 - IT help services are an example

Wages by Occupation – May 2014

| Occupation | Employment Estimates | Mean Wage Hourly | Mean Wage Annually |
|---|----------------------|------------------|--------------------|
| Construction Managers | 710 | \$46.61 | \$96,944 |
| Carpenters | 2,260 | \$20.94 | \$43,563 |
| Electricians | 2,930 | \$29.21 | \$60,750 |
| Plumbers, Pipefitters, and Steamfitters | 1,860 | \$36.61 | \$76,143 |
| Construction Laborers | 3,170 | \$20.94 | \$43,563 |
| Helpers--Carpenters | 100 | \$14.69 | \$30,547 |
| Helpers--Electricians | 310 | \$16.59 | \$34,512 |
| Helpers--Pipe layers, Plumbers, Pipefitters, and Steamfitters | 240 | \$17.29 | \$35,970 |
| Food Service Managers | 1,040 | \$28.68 | \$59,652 |
| Dishwashers | 2,260 | \$9.33 | \$19,406 |
| Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop | 2,170 | \$8.69 | \$18,085 |
| Food Preparation Worker | 2,870 | \$9.88 | \$20,561 |
| First-Line Supervisors of Mechanics, Installers, and Repairers | 1,860 | \$32.26 | \$67,104 |
| Maintenance Workers, Machinery | 1,190 | \$24.32 | \$50,595 |
| Team Assemblers | 10,230 | \$16.89 | \$35,133 |
| Assemblers and Fabricators, All Other | 2,140 | \$13.32 | \$27,705 |
| Extruding and Drawing Machine Setters, Operators, and Tenders, Metal and Plastic | 380 | \$14.86 | \$30,908 |
| Machinists | 5,670 | \$19.99 | \$41,589 |
| Metal-Refining Furnace Operators and Tenders | 160 | \$17.54 | \$36,475 |
| Foundry Mold and Coremakers | 390 | \$13.75 | \$28,601 |
| Molding, Coremaking, and Casting Machine Setters, Operators, and Tenders, Metal and Plastic | 1,990 | \$14.64 | \$30,456 |
| Welders, Cutters, Solderers, and Brazers | 3,360 | \$19.54 | \$40,649 |

* \$24,300 is the poverty level for a family of four 2016 Federal Poverty Level Guidelines

Source: Dept. of Workforce Development 2014 Milwaukee-West Allis Occupation Employment & Wage Est.

Higher Education

- Children from families who earn more than \$90,000 have a one-in-two chance of getting a bachelor's degree by age 24.
- One-in-four chance for those from families earning between \$60,000 and \$90,000
- One-in-seventeen chance for those earning under \$35,000.
- Students from high-income families are also four times more likely than those from low-income families to attend a selective college

2016 Budget & Growing Prosperity Strategies

“Macro” Strategies

- Improve the City’s competitive position
- Match Demand and Supply of Labor
- Transportation access needs to improve
- Advanced industry retention/growth

“Micro” Strategies

- Focus primarily on local factors & opportunities
- Neighborhood-oriented projects
- Strong Neighborhood Employment impacts
- CDBG programs
- Compete Milwaukee & Earn and Learn

Examples of Key Macro Strategies

Land Redevelopment-Recent Examples

1. Menomonee Valley Business Park

- ❑ Current employment: 1,336 jobs
- ❑ Projected to full build out: 80 more jobs within 1 year
- ❑ Potential expansion: 100 more jobs within 4 years

2. Century City

- ❑ Current projection: 100 jobs within 2 years
- ❑ Potential for 600 additional jobs

3. Brewery

- ❑ Current projection: ~ 300 employees (excludes City employees)

Land Development – Recent Examples (cont'd)

4. Reed Street Yards

- ❑ Current projection: 120 jobs by end of 2016, + ~ 150 at the Global Water Center
- ❑ Total employment potential: ~ 1,800 jobs

5. Northwestern Mutual Life Headquarters

- ❑ Current Projection: 1,900 additional jobs over 15 years
- ❑ Contributes to fiscal capacity for Lakefront Gateway improvements

6. Retail “Big Box” Conversions

Other Macro Strategies

1. EMPLOY Milwaukee Sector strategies-target occupations with potential growth and demand
 - ❑ Health Care Industry Partnership
 - ❑ Retail Hospitality and Tourism
 - ❑ Construction/Energy (Green)
 - ❑ Water
 - ❑ Business/Financial Services
 - NML expansion provides huge opportunity
 - ❑ Power Controls/Advanced Manufacturing
 - Tied to Mayor's Manufacturing Partnership & MATC programs

Other Macro Strategies (cont'd)

2. Advanced industries => key to long-term growth

- ❑ MKE region remains competitive nationally, despite decline from 1980 (19.2% to 9.9%)
- ❑ Higher wages => stronger multiplier impact
 - Average earnings ~ \$80,000 annually
- ❑ > ½ of employees in advanced industries have < a college degree
- ❑ Technology investment & STEM competencies are essential factors
- ❑ Milwaukee 7 strategy focuses on many of these traditional strengths

Examples of Micro Strategies

1. Compete Milwaukee

- ❑ ~ 100 transitional jobs within City government
- ❑ Links to support services and permanent job placements (Career Pathways)

2. Resident Preference Program

- ❑ 2015: estimated 115 FTE from target area
- ❑ Should grow in 2016 & 2017 with major projects coming on line

Examples of Micro Strategies (cont'd)

3. Mayor's Manufacturing Partnership

- ❑ Purpose is to address the skills gap between unemployed City residents and open manufacturing positions
- ❑ Accomplished following outcomes in 2015:
 - 388 City residents employed in manufacturing jobs
 - 110 Unemployed job seekers trained on the job
 - 385 City residents with prior manufacturing experience connected with new jobs
 - 466 City residents received training to advance their skills

Examples of Micro Strategies (cont'd)

4. Strong Neighborhoods Program

- ❑ Induced via investments in housing and commerce
- ❑ 2015 estimate: 100 FTE
- ❑ MBE proportion: 55% as of May, 2015

5. CDBG-funded programs

6. KIVA

7. Mayor's Earn & Learn Program

Small Business Initiative

- Kiva City Milwaukee

- Program launched in February, 2015 as part of City efforts to support small businesses
- The goal of Kiva is to “enable underserved, financially excluded entrepreneurs to crowd fund 0% interest loans from Kiva’s global lender community.”
- Borrowers demonstrate creditworthiness through social capital as opposed to credit history, cash flow or collateral
- Fundraising provides members of the community and others the opportunity to support local businesses by lending as little as \$5
- As of May 20, 2016 Kiva City Milwaukee has funded 80 small business loans, totaling \$430,750

Small Business Initiative

- Kiva City Milwaukee (cont.)

- Kiva City Milwaukee borrowers are;
 - 56.5% Female
 - 43.5% Male

 - 46% Caucasian
 - 40% African American
 - 7% Hispanic
 - 7% Other

- Median household income of borrowers is \$33,850

- 38% of loans have been for startups or businesses in operation less than one year

Looking ahead:

2017 Performance Measures

- Determine which measure(s) of unemployment to use
- Develop method to measure labor supply so it can be compared to the demand for labor
- Continue to use the poverty measure provided by the American Community Survey
- Measure job growth in terms of family sustaining employment growth as well as absolute number of jobs
- Measure effectiveness of jobs programs both in job creation and staying employed
- Focus on impact of specific City-funded projects & Strong Neighborhoods Plan

Income Support Strategies

1. 50% of projected WI employment over next 3 years in occupations with \$34,350 annual income or less
2. Programs such as the Earned Income Tax Credit (EITC), Child Tax Credit (CTC) health insurance subsidies (Medicaid, CHIP, ACA), housing assistance, and food stamps (SNAP) boost employment rates and reduce poverty rates.
 - EITC and CTC lift family income of a minimum wage head of 4-person household from 61% to 87% of poverty line. The two programs kept 9.4 million people out of poverty in 2011.
 - In 2011 federal benefit programs lifted 8.7 million children out of poverty, most of them from working families.
 - Adult health “uninsured rate” dropped from 17.1% to 11.9% following ACA implementation
 - Research has demonstrated positive long-term benefits for children in families receiving assistance.

Summary

1. City of Milwaukee cannot solve the employment & poverty challenge on its own
 - E.g., City's manufacturing growth potential is much less than the impact of suburban job migration
2. Success of City redevelopment efforts depend on many external factors
3. Income and family support programs will play an increasingly important role in “making work pay.”