
Milwaukee Promise: 2015 Performance Metrics Discussion: Employment & Income

Report to the Finance & Personnel Committee

May 29, 2015

Presented by: Budget & Management Division

Today's Presentation

1. Extends report beyond initial resolution's parameters
2. Dimensions for today's report:
 - Employment & income
3. Approach to 2015 Reports:
 - Significant focus on 2015 Budget strategies & performance measures
 - Forward looking to 2016 as well
 - Includes discussion of how federal & State level programs can link with City efforts

Executive Summary:

Employment & Income

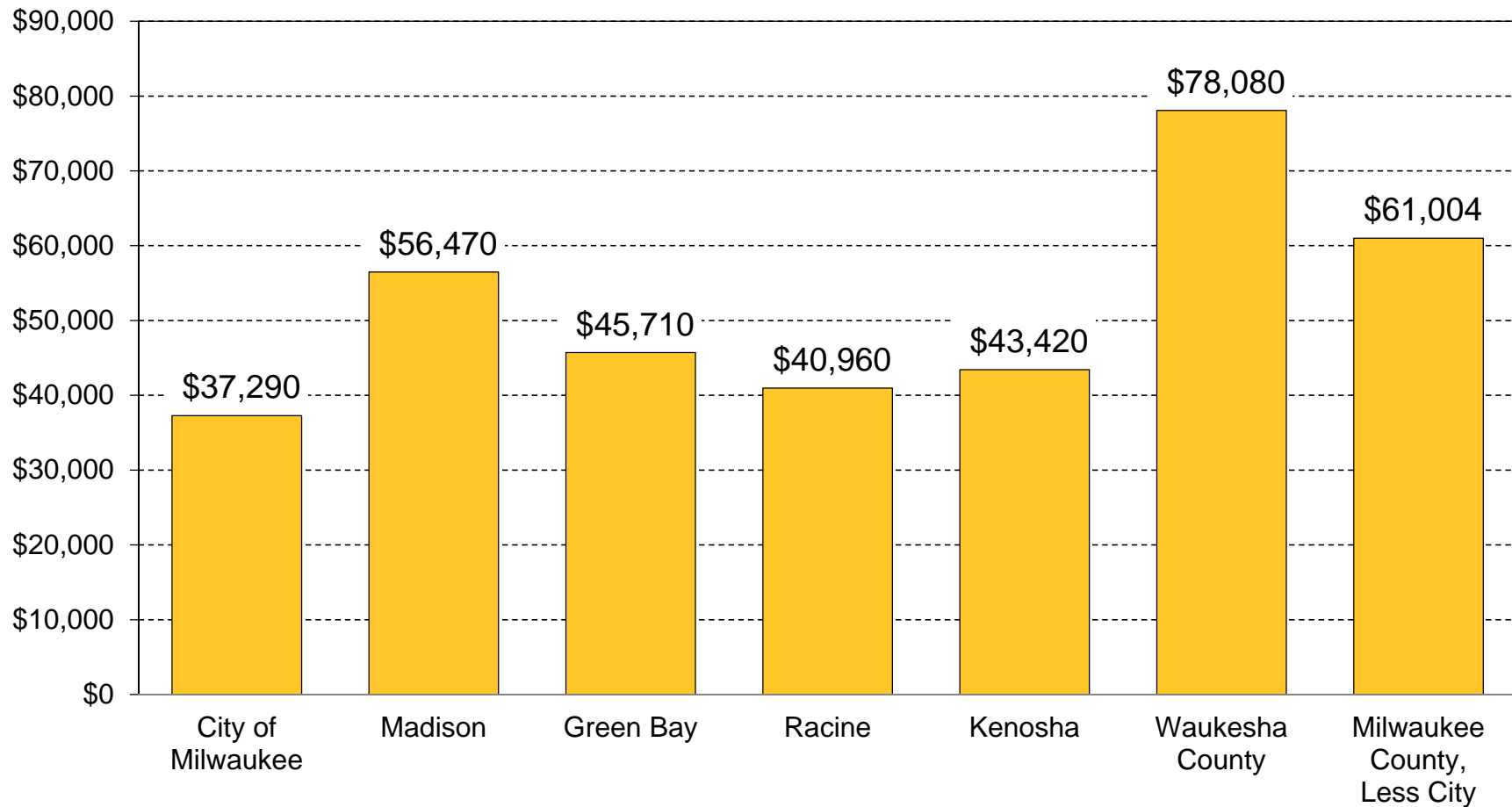
1. Regional trends have driven challenges with employment & income disparity
2. Changes to the location of manufacturing employment in the region have had a major influence on employment & income disparities
3. Ethnic disparities in poverty are significant
 - White poverty rate has grown
4. Employment trend in the City is improving
5. City strategies combine micro and macro approaches

Executive Summary:

Employment & Income (cont'd)

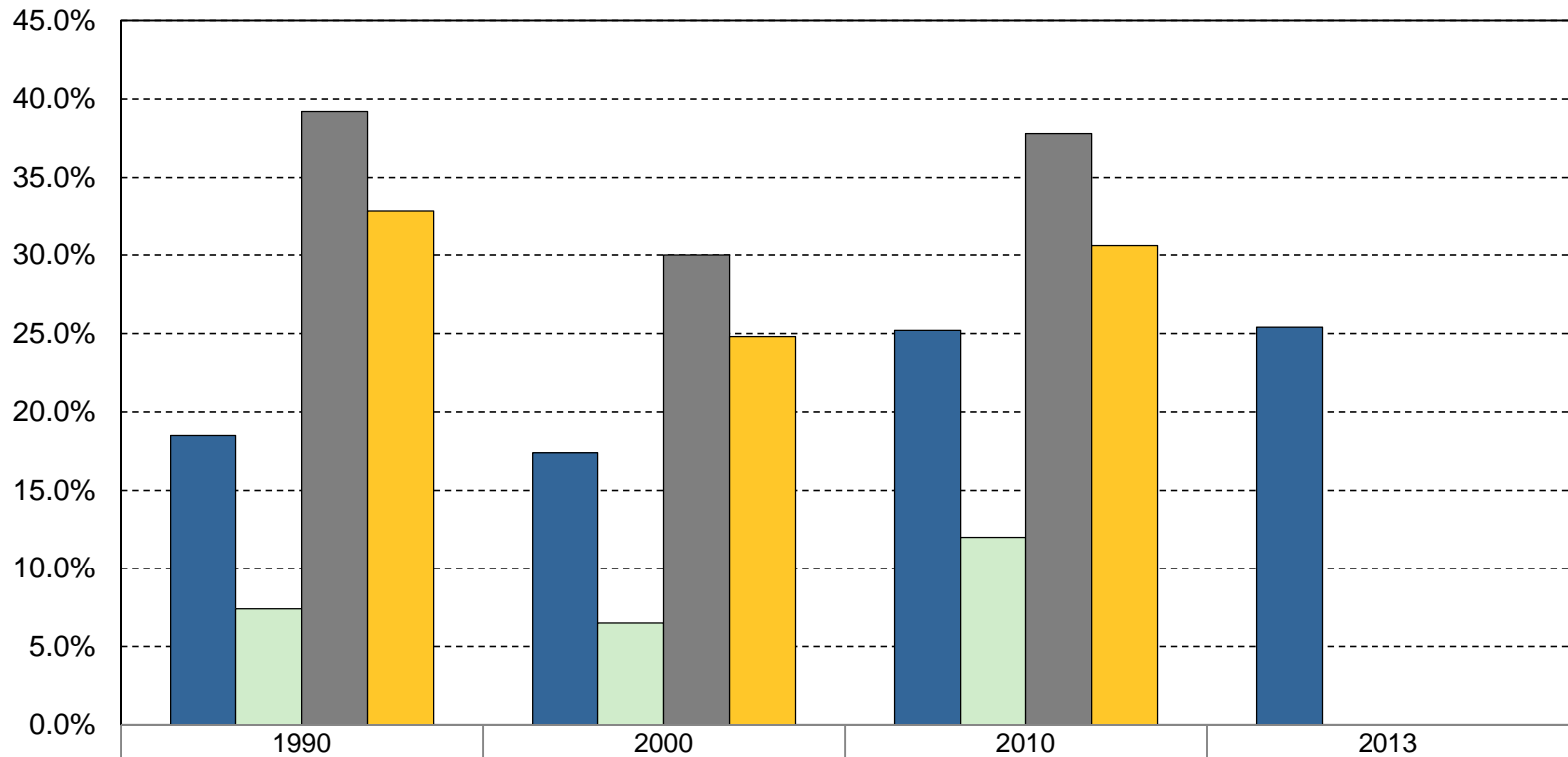
6. Residential segregation is generating disparities in many occupational areas
7. The City's economic development strategies can contribute to improvement, but...=>
 - ▣ Can't overcome by themselves the impact of private sector investment and location decisions
8. Enhanced connections to the regional economy are required to reduce Milwaukee's income challenges
 - ▣ The "replacement" job phenomenon
9. Income support strategies need to accompany redevelopment and training strategies

Average Taxable Income Selected Wisconsin Communities



Source: Wisconsin Dept. of Revenue, Wisconsin Municipal Per Return Income Report for 2013

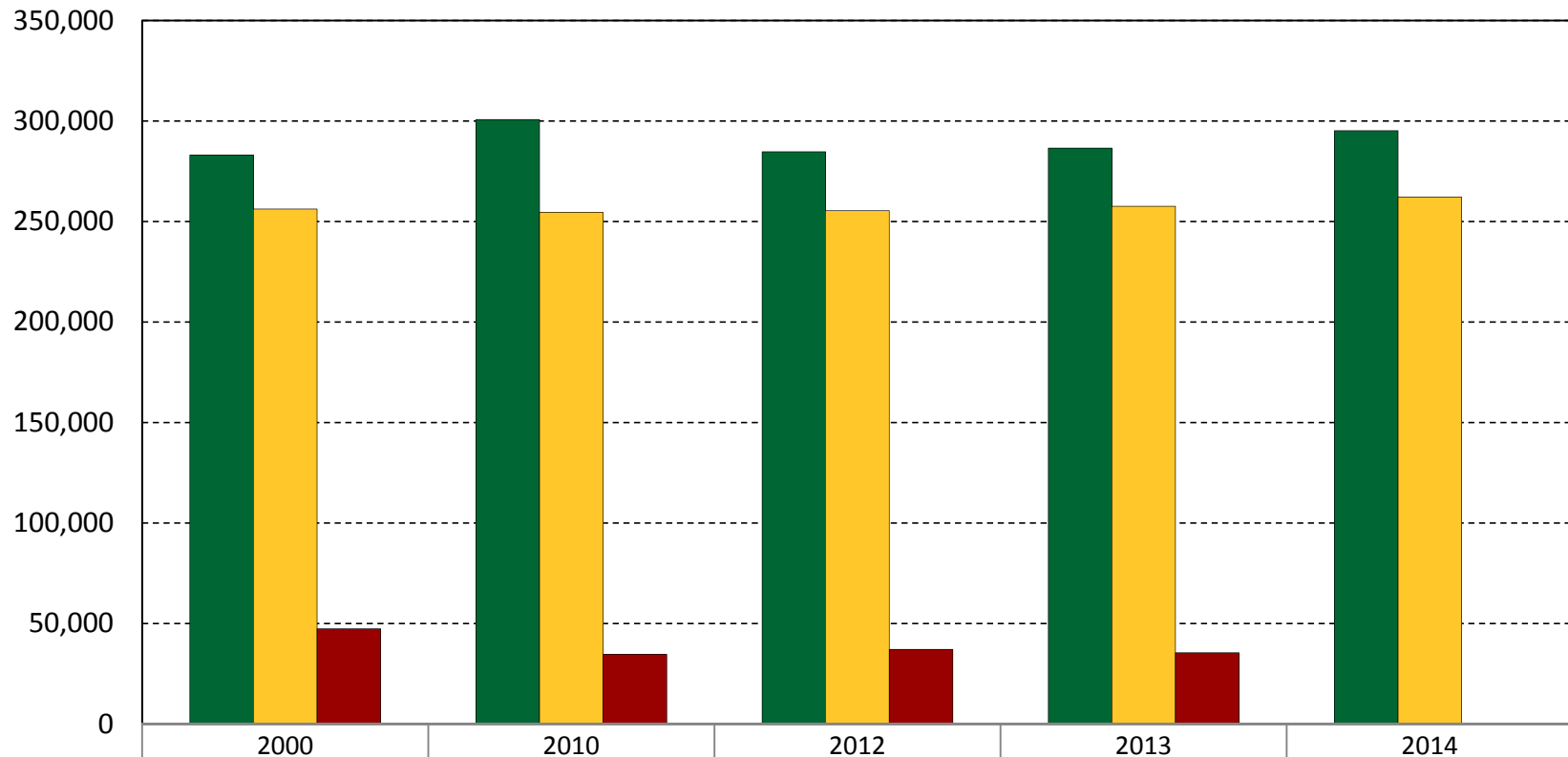
Milwaukee Families Living Below Poverty



■ Families Below Poverty	18.5%	17.4%	25.2%	25.40%
■ White Persons	7.4%	6.5%	12.0%	
■ Black Persons	39.2%	30.0%	37.8%	
■ Hispanic Persons	32.8%	24.8%	30.6%	

Source: U.S. Census Bureau, American Community Survey

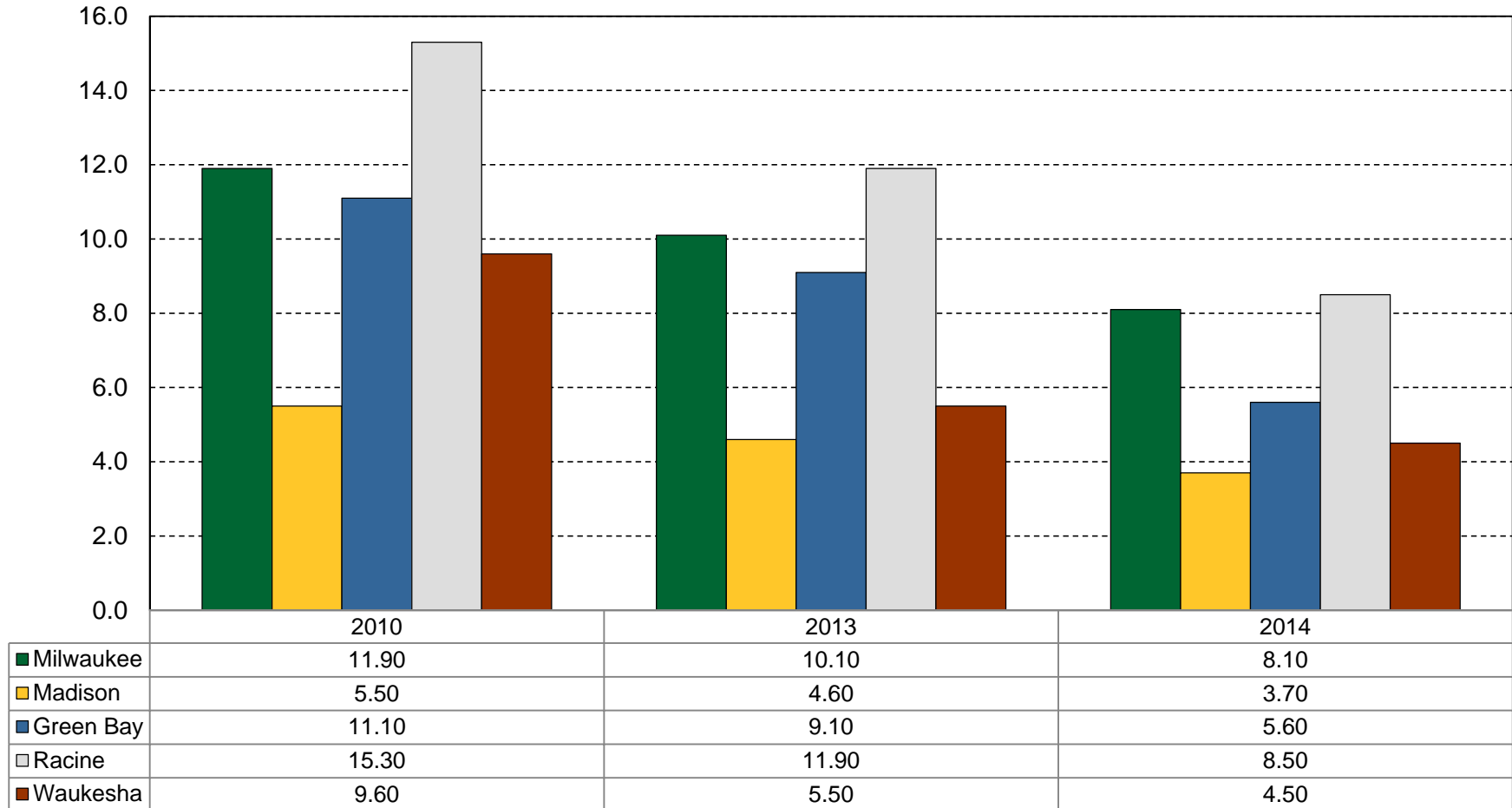
Milwaukee Labor Force



■ Labor Force	283,052	300,734	284,758	286,574	295,191
■ Employed	256,244	254,544	255,403	257,618	262,154
■ Employed in Manufacturing	47,396	34,618	37,130	35,460	

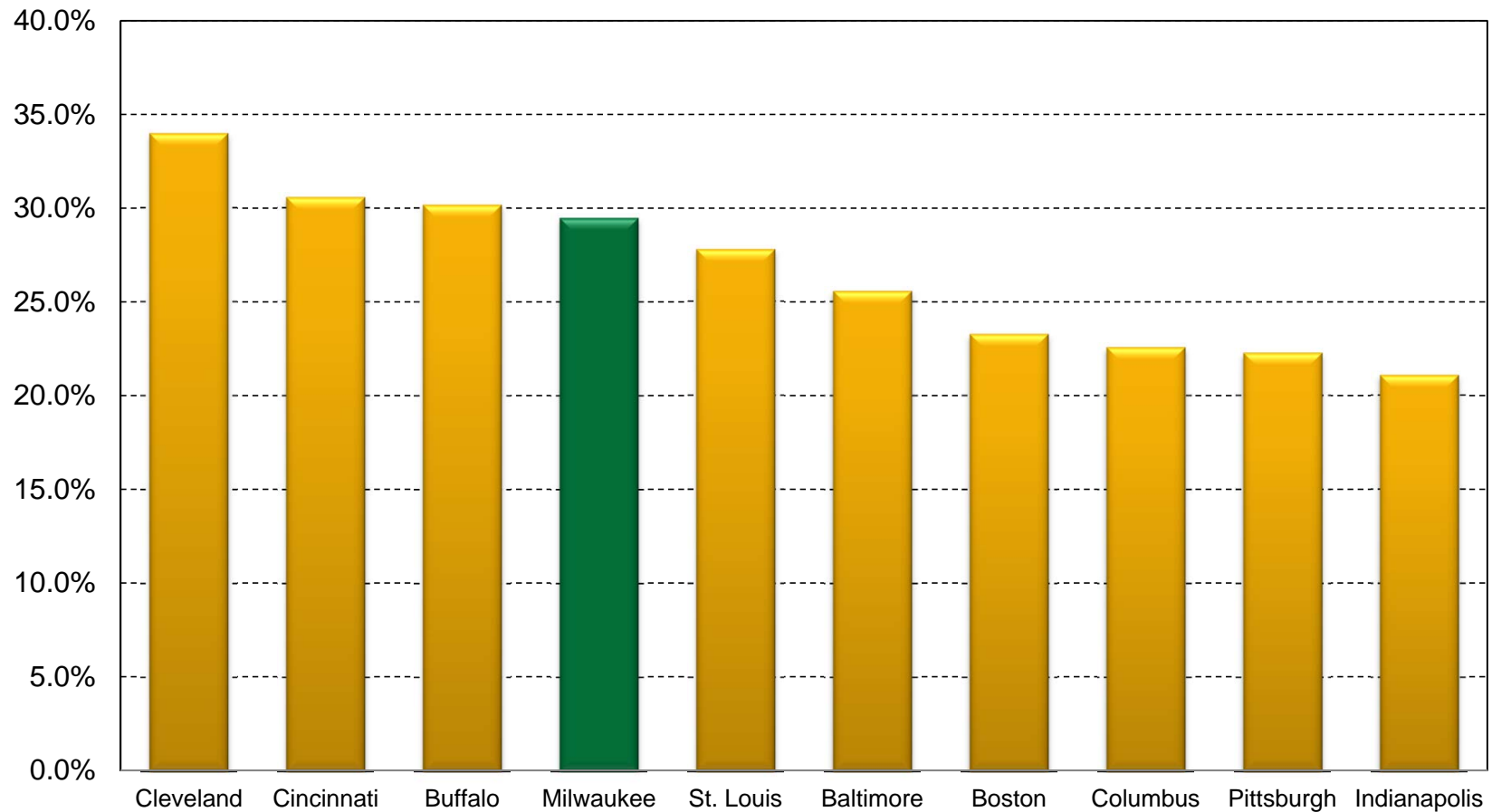
Source: U.S. Census Bureau, American FactFinder

Unemployment Rates in Wisconsin Cities



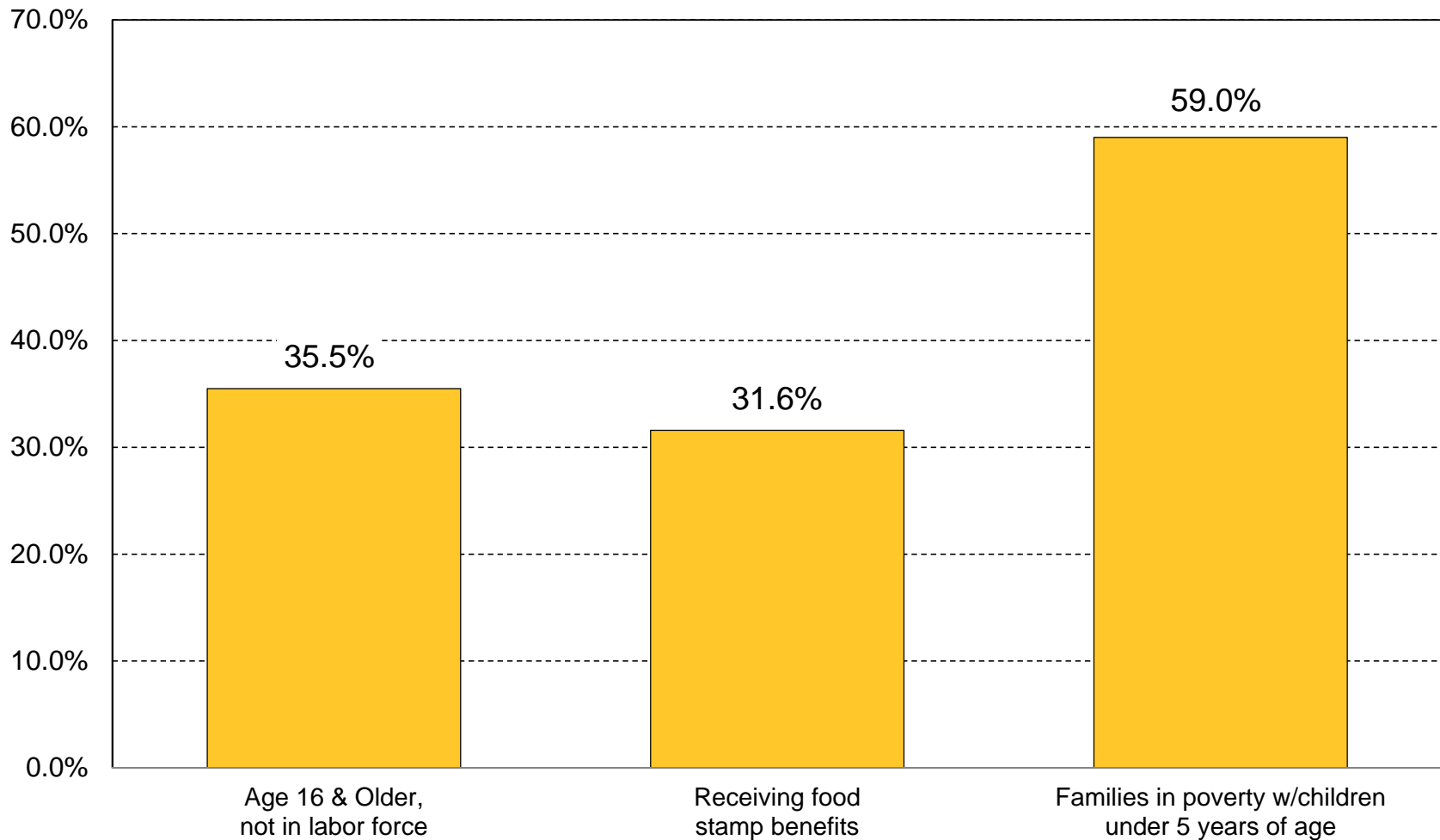
Source: State of Wisconsin, Dept. of Workforce Development

2010 Total Population Poverty Rates



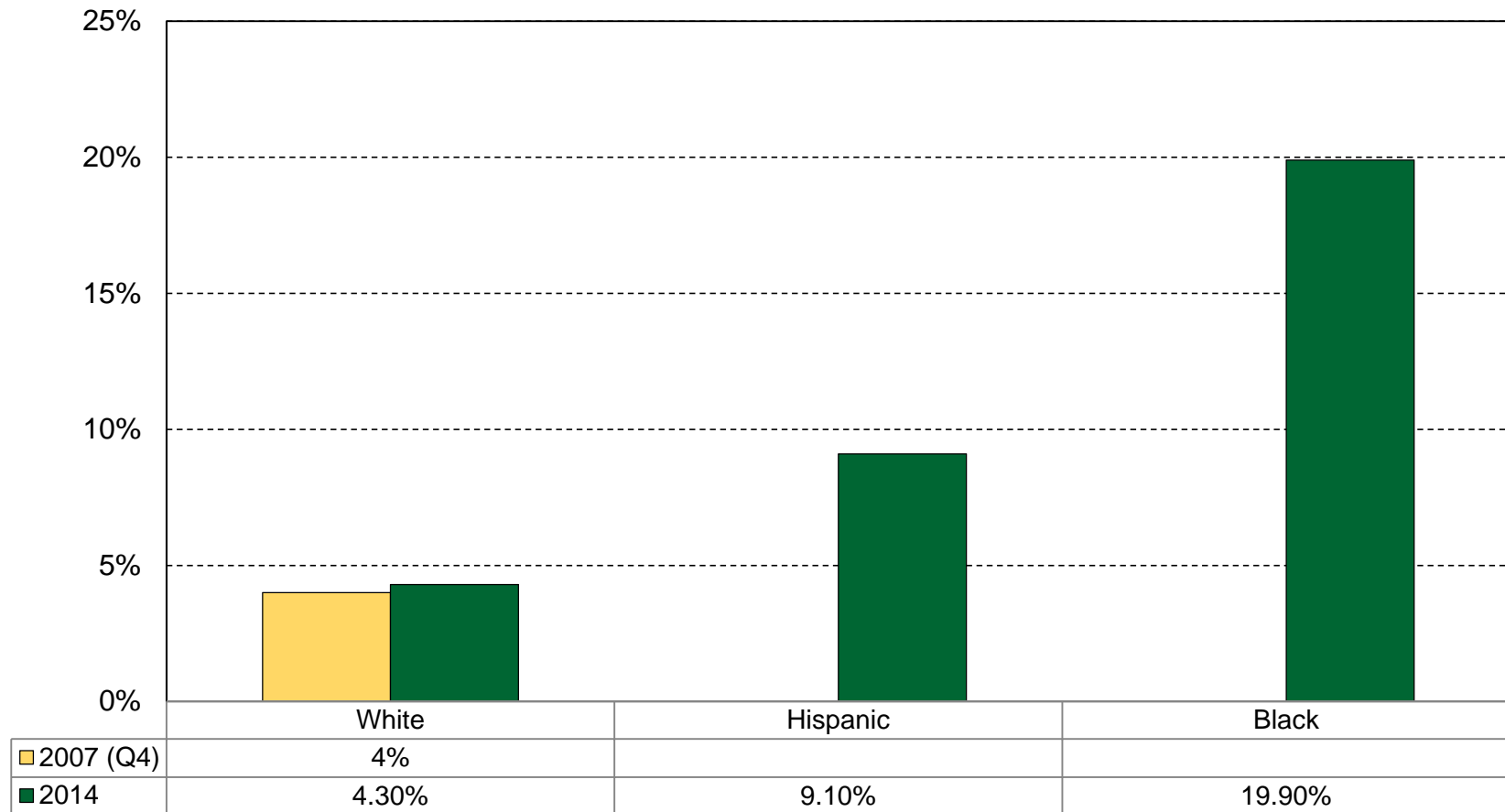
Source: American Community Survey

Percent of Milwaukeeans: Select Economic Characteristics, 2013



Source: U.S. Census Bureau, American Community Survey

Wisconsin Unemployment Rates by Ethnic Group, 2007 Q4 and 2014



Source: Valerie Wilson, Projected Decline in 2015 Unemployment Won't Lift Blacks Out of the Recession-Carved Crater, Economic Policy Institute, March 2015

Milwaukeeans Employed in Manufacturing

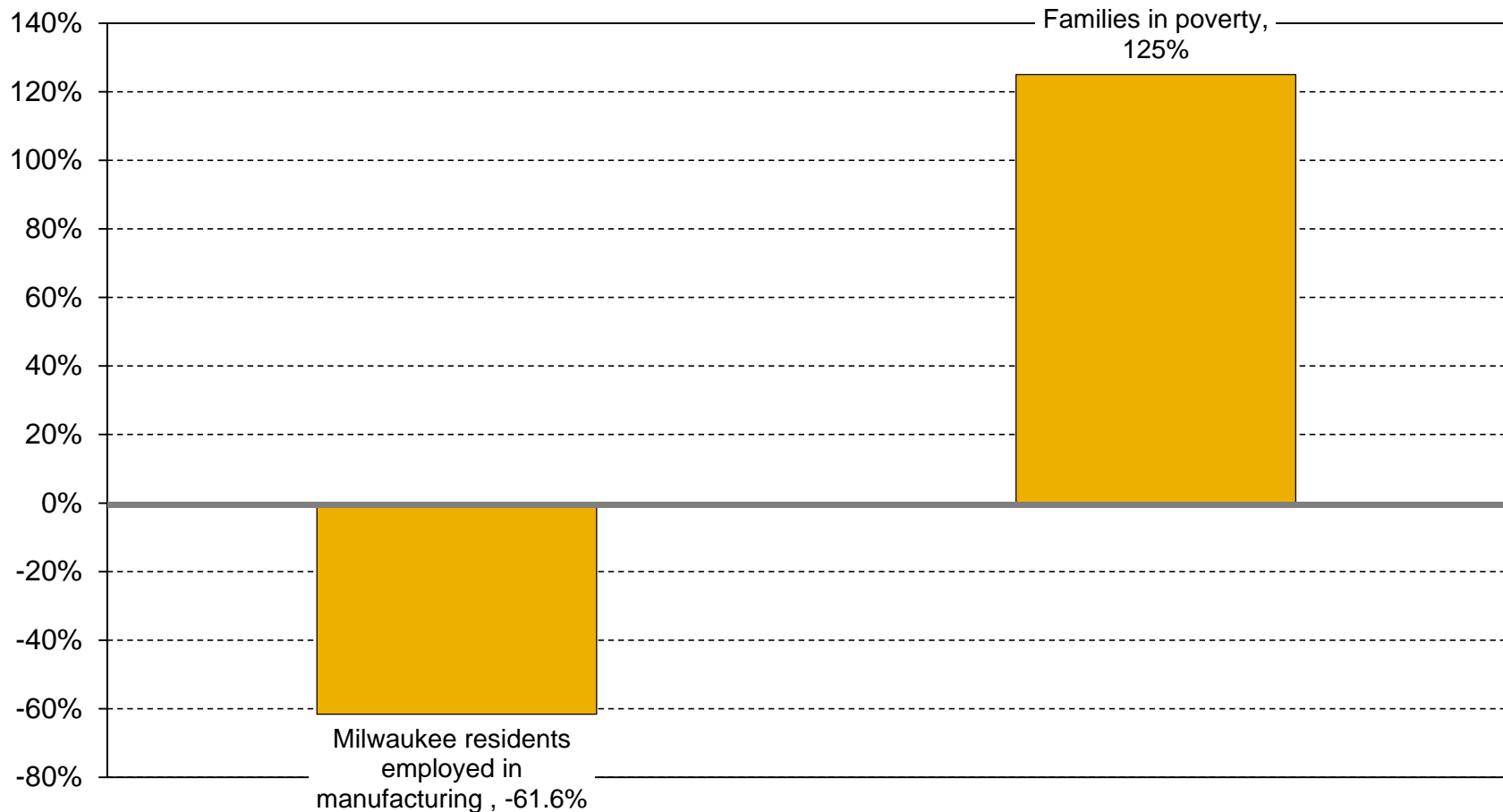
1. Manufacturing sector has an “outsized” influence on employment & income outcomes
2. Declines in Milwaukeeans employed in manufacturing mirror increases in poverty rates
3. Decentralization of regional manufacturing correlates with the above trends

Milwaukeeans Employed in Manufacturing (cont'd)

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

Change in Milwaukee Manufacturing Employment and Family Poverty Rate, 1980-2010



Source: Bureau of Census Documents; Marc V. Levine, "Perspectives on the Current State of the Milwaukee Economy"

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 Remains Important in 4-County Metro Area

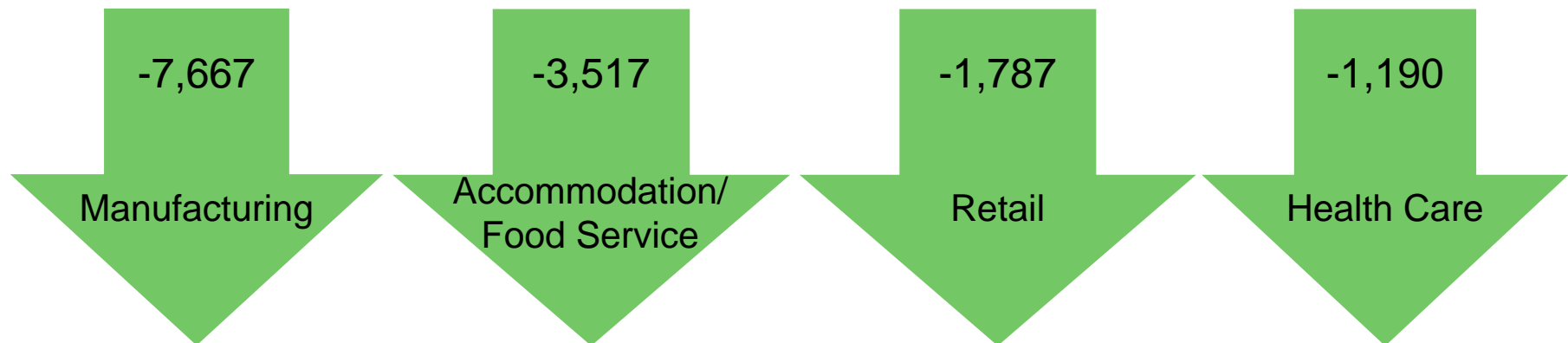
1. 4-county region remains significant in manufacturing:
 - ❑ ~ 107,000 positions in 2010
 - ❑ 58% of 2010 total is in “WOW” counties
 - ❑ Milwaukee 7: 172,000 manufacturing positions (2009)
2. “Replacement” jobs present opportunities
 - ❑ Aging manufacturing workforces in all 3 WOW counties
 - ❑ State DWD 2010-2020 projection for 4-county region:
 - ~ 2,500 new manufacturing jobs; 15,200 “replacements”

Other Issues Regarding Employment & Poverty

1. Relatively small proportion of Milwaukee County residents work outside the County
 - 19% vs. 28% statewide (DWD data)
 - About 24% of city residents work outside of County (UW-CED analysis)
2. More than 100,000 non-County residents commute to Milwaukee County
3. Majority of projected new jobs by 2020 in 4-County area are relatively low-paying
 - Need for a supplemental income strategy, e.g., EITC, Child Care tax credit, health insurance access
4. Transportation challenge becomes an employment challenge

Impact of Reduced Transit Access on Resident Employment

- Estimated net reduction of access to 30,923 jobs at 1,324 firms since 2001, when major transit changes occurred
- Decreased access of 14,161 jobs in four sectors where low and moderate income populations are heavily represented



Progress on Transportation Options

- Milwaukee County Transit announced new routes that will increase employment access
 - Route 6 – New Berlin Industrial Park Express
 - Route 61 – Germantown Industrial Park
 - Route 279 – Menomonee Falls Industrial Park Express
- New routes provide access to jobs in the four sectors

2015 Budget Strategies & Performance Measures

“Macro” Strategies

- Focus on regional growth themes/improving City’s competitive position
- Land redevelopment initiatives are a major focus
- Transportation access to MKE 7 needs to improve
- Advanced industry retention/growth

“Micro” Strategies

- Focus primarily on local factors & opportunities
- Neighborhood-oriented projects
- Strong Neighborhood Employment impacts
- CDBG programs

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 (continued)

4. Reed Street Yards

- ❑ Current projection: 250 jobs by end of 2016
- ❑ Total employment potential: ~ 1,800 jobs

5. Northwestern Mutual Life Headquarters

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

Other Macro Strategies

1. MAWIB Sector strategies-target high demand areas
 - ❑ Health Care Industry Partnership: broad participation
 - ❑ Retail Hospitality and Tourism: under revision
 - ❑ Water Industry Partnership
 - ❑ Business/Financial Services
 - NML expansion provides huge opportunity
 - ❑ Power Controls/Advanced Manufacturing
 - Tied to Mayor's Manufacturing Partnership & MATC programs

2. Energy and Green Construction & Information Technology are embedded throughout the 5 sectors
 - ❑ Construction partnership with City's Resident Preference program

Other Macro Strategies (cont'd)

3. 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

Examples of Micro Strategies

1. Compete Milwaukee

- ❑ ~ 135 transitional jobs
- ❑ Links to support services and permanent job placements

2. Resident Preference Program

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

Examples of Micro Strategies (cont'd)

3. Strong Neighborhoods Program

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

4. CDBG-funded programs

5. KIVA

6. Mayor's Earn & Learn Program

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
 - Increasing use of transitional jobs can help with challenge of concentrated poverty
2. Success of City redevelopment efforts depend on many external factors
3. An active workforce policy aimed at job opportunities outside Milwaukee County => MAWIB trains persons for employment throughout the region