MOMENTUM WEST ANNUAL MEETING MARCH 7, 2018
the need for broad vision, sound research, collaborative commitment and bold action
BE BOLD III: Accelerate Wisconsin

BE BOLD IV: Workforce Recruitment & Retention
THE ASSIGNMENT: SUSTAIN AND TURBOCHARGE SUCCESSFUL EMPLOYMENT AND WEALTH CREATING CLUSTERS

**COMPETITIVE WISCONSIN**

**BE BOLD III: Accelerate Wisconsin**

**Food and Beverage and Tobacco Products Manufacturing**

Gross Domestic Product by State (in Millions $ 2014)

- California: $8,282
- North Carolina: $6,187
- Virginia: $5,492
- Texas: $6,111
- Illinois: $3,949
- Georgia: $2,934
- Ohio: $2,456
- New York: $2,723
- Pennsylvania: $2,375
- Wisconsin: $8,282
- Missouri: $2,375
- Kentucky: $2,375
- Tennessee: $2,375
- Iowa: $2,375
- Indiana: $2,375
- Florida: $2,375
- Michigan: $2,375
- Minnesota: $2,375
- Washington: $2,375

Source: Bureau of Economic Analysis

**Change in Food Manufacturing Employment – 1990 to 2015**

Percent Change Since 1990

- State of Wisconsin
- United States

Source: Quarterly Census of Employment and Wages
THE ASSIGNMENT: SUSTAIN AND TURBOCHARGE SUCCESSFUL EMPLOYMENT AND WEALTH CREATING CLUSTERS

BE BOLD III: Accelerate Wisconsin

Ambulatory Health Care, Hospitals and Nursing and Residential Care Facilities GDP as a Percent of Total State GDP – Top 20 States in 2015*

- Maine: 10.5%
- Rhode Island: 9.4%
- Vermont: 9.2%
- Tennessee: 9.2%
- West Virginia: 8.9%
- Pennsylvania: 8.6%
- Montana: 8.5%
- South Dakota: 8.3%
- Massachusetts: 8.3%
- New Hampshire: 8.3%
- Minnesota: 8.3%
- Florida: 8.0%
- Ohio: 7.8%
- Wisconsin: 7.8%

State of Wisconsin Total Employment - Ambulatory Health Care, Hospitals, and Nursing and Residential Care Facilities (1990 to 2015)

These classifications = 328,000+ in 2015

All health care workers = 400,000+
THE ASSIGNMENT: SUSTAIN AND TURBOCHARGE SUCCESSFUL EMPLOYMENT AND WEALTH CREATING CLUSTERS

BE BOLD III: Accelerate Wisconsin

http://www.competitivewi.com
2 Reports
- UW Madison Findings
- WEDC Spreadsheets and research findings
- Deloitte Research Findings

- 40+ specific recommendations
- One-on-one interviews with CEO’S and experts
- Panel discussions.
ACCELERATE WISCONSIN!

- Rethinking the regulatory dynamic.

- Addressing Wisconsin’s physician and nurse shortages.
BE BOLD IV: Workforce Recruitment & Retention
89,298
70% to 77%
-118,000
89,298 = NUMBER OF CURRENT JOB OPENINGS LISTED ON WISCONSIN’S JOB SITE

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70% to 77% = PERCENTAGE OF WISCONSIN EMPLOYERS WHO SAY THEY CANNOT FIND THE WORKERS THEY NEED

-118,000
Wisconsin Population Growth by Age 2015 to 2040

- 65 and Older = 82% increase
- 18 to 64 = 0.05% decrease
- 0 to 17 = 0.05% increase

2015 - 2040: -88,325
WISCONSIN’S YOUNGER WORKFORCE POPULATION IS SHRINKING.

- **Wisconsin Population**
  - 1960: 3,500,000
  - 1980: 4,750,000
  - 1990: 5,375,000
  - 2000: 5,800,000
  - 2015: 6,000,000

- **Number of Live Births in Wisconsin**
  - 1960: 100,000
  - 1980: 90,000
  - 1990: 80,000
  - 2000: 70,000
  - 2015: 60,000
WISCONSIN’S ELDERLY POPULATION IS GROWING.

- Pressure on need for/access to services - e.g., health care, transportation, senior services
- Pressure on local economy - e.g., fixed incomes, decline in full-time worker consumer spending
- Pressure on property tax base capacity - e.g., fixed incomes, erosion in rural housing market
NUMBER OF WISCONSIN WORKERS AGED 25-54 PROJECTED BY THE PEW FOUNDATION AND UNIV OF VIRGINIA TO LEAVE THE WISCONSIN WORKFORCE BETWEEN 2015 AND 2040

-118,000 = AN ANNUAL LOSS OF

* $5.5 BILLION IN ANNUAL INCOME
* $275.9 MILLION IN STATE INCOME TAXES
* $168.3 MILLION IN PROPERTY TAXES
MARCH 7, 2018

* WISCONSIN’S OLDER WORKFORCE IS SHRINKING.

* WISCONSIN’S YOUNGER WORKFORCE IS NOT LARGE ENOUGH.

* WISCONSIN’S OLDER POPULATION IS GROWING.

* WISCONSIN’S WORKFORCE IS BECOMING EVEN MORE URBAN.

* WISCONSIN’S TAX BASE IS ERODING.

...AND THE CLOCK IS TICKING
WHAT'S the PROBLEM

WISCONSIN DOESN'T HAVE THE WORKFORCE IT NEEDS TO PROSPER
WHAT ARE the SYMPTOMS

EMPLOYERS CAN’T FIND THE WORKERS THEY NEED

STATE AND LOCAL TAX BASES ARE AT RISK
WHAT ARE the CAUSES of decades of low birth rates?  

- Changing skill requirements  
- Very low rates of immigration  
- Aging population & increasing retirements
WHO’S WORKING on the PROBLEM everyone
WHO’S WORKING on the SYMPTOMS?
WHO'S WORKING on the CAUSES?

- Decades of low birth rates
- Changing skill requirements
- Very low rates of immigration
- Aging population & increasing retirements
WHO’S WORKING on the AGING POPULATION & INCREASING RETIREMENTS?

• Very low rates of immigration.
• Changing skill requirements.
• Millennials delaying marriage and childbearing.
• Decades of low birth rates not likely to turn around anytime soon.

CAUSES

CHANGING SKILL REQUIREMENTS

VERY LOW RATES OF IMMIGRATION

AGING POPULATION & INCREASING RETIREMENTS
WHO'S WORKING ON THE CAUSES?

- Low birth rates not likely to turn around anytime soon.
- Millennials delaying marriage and childbearing.
- Continued aging a certainty.
- Retirements may be slowed with incentives and weak economy, but ultimately also inevitable.

CHANGING SKILL REQUIREMENTS

VERY LOW RATES OF IMMIGRATION
WHO'S WORKING on the CAUSES?

- Low birth rates not likely to turn around anytime soon.
- Millennials delaying marriage and childbearing.
- State government, educational institutions, and employers have made significant strides in addressing skill gaps and improving coordination and impact of effort.
- Continued aging a certainty.
- Retirements may be slowed with incentives and weak economy, but ultimately also inevitable.

Very Low Rates of Immigration
WHO’S WORKING on the CAUSES of VERY LOW IN MIGRATION RATES?
Domestic In-Migration Rate Comparison for Ages 25 to 29 (2011 to 2013)

Source: U.S. Census Bureau 2011-2013 American Community Survey and Author’s Calculations
### Who's Working on the VERY LOW IN MIGRATION RATES?

<table>
<thead>
<tr>
<th>LOCAL &amp; REGIONAL EFFORTS</th>
<th>STATE EFFORTS</th>
<th>CWI, Inc. BE BOLD IV</th>
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<tbody>
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<td>• Enhancing local and regional amenities and services that might attract and help retain workers.</td>
<td>• State marketing aligned with local and regional marketing efforts.</td>
<td>A search for BOLD systemic opportunities to increase the likelihood that the current and future young workers Wisconsin needs will choose to live and work in Wisconsin rather than someplace else.</td>
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<td>• Community marketing.</td>
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CWI, Inc.’s search for BOLD systemic opportunities to increase the likelihood that the current and future young workers Wisconsin needs will choose to live and work in Wisconsin rather than someplace else.

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the need for broad vision
sound research
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and bold action
the need for broad vision, sound research, collaborative commitment, and bold action.
There is a wealth of sound data that indicates that Wisconsin needs to grow its *residential* workforce not by tens or hundreds of people a year, but by thousands of people each year for the next twenty years to meet the projected demand.
BE BOLD 4: OPERATING ASSUMPTION

- There is a wealth of sound data that indicates that Wisconsin needs to grow its residential workforce not by tens or hundreds of people a year, but by thousands of people each year for the next twenty years to meet the projected demand.
- The workers we want are people who will make rational decisions about their own economic, physical and social wellbeing.
BEBOLD 4: OPERATING ASSUMPTION

- There is a wealth of sound data that indicates that Wisconsin needs to grow its residential workforce not by tens or hundreds of people a year, but by thousands of people each year for the next twenty years to meet the projected demand.
- The workers we want are people who will make rational decisions about their own economic, physical and social wellbeing.
- There are untapped potential revenue streams available to facilitate the required transformations.
  - There is a quantifiable, retrievable value attached to every job that goes unfilled.
  - There is quantifiable, retrievable value related to home ownership and other quality of life elements.
  - There is quantifiable, retrievable value related to population health.
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Collaborations between the public and private sectors serve both sectors best when they are focused on problem solving.
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Our goal is to identify opportunities to address the structural realities driving the challenges and energize new collaborative engagement with those pathways to building a stronger, more prosperous workforce.
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- **BE BOLD initiatives will not duplicate, replicate or compete with existing good/best practice initiatives.**
CWI, Inc.’s search for BOLD systemic opportunities to increase the likelihood that the current and future young workers Wisconsin needs will choose to live and work in Wisconsin rather than someplace else.

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Wisconsin needs tens of thousands of current and future workers to check these boxes... and right now they aren’t!
CWI, Inc.'s search for BOLD systemic opportunities to increase the likelihood that the current and future young workers Wisconsin needs will choose to live and work in Wisconsin rather than someplace else.
THE WORKERS WE WANT ARE PEOPLE WHO WILL MAKE RATIONAL DECISIONS RELATED TO THEIR OWN ECONOMIC, PHYSICAL AND SOCIAL WELLBEING.
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THERE IS A QUANTIFIABLE AND RETRIEVABLE VALUE ATTACHED TO EVERY JOB THAT GOES UNFILLED; SO, WE NEED TO FOCUS ON CREATING TAXPAYERS AS WELL AS CREATING JOBS.

ADN Nurse ($40,000)
Physician ($160,000)
Electrician ($50,000)
Teacher ($38,000)
Construction ($60,000)
Laboratory Assistant ($35,000)

Numbers based on 5% State Income Tax
TAXES

- JOB VACANCY TAX INVESTMENTS IN STUDENTS
- JOB VACANCY TAX INVESTMENTS IN WORKERS
- JOB VACANCY REDUCED TAX RATES AND FEES
- GREATER RELIANCE ON CONSUMPTION TAXES
- RECRUITMENT AND RETENTION RELATED LOCAL TAX SHARING
The following slides represent one example of how a job vacancy tax investment concept could be put to work. The calculations are rudimentary and, we believe, conservative.
COST ASSUMPTIONS
- Annual Tuition @ $7500
- 5% discount in Year 1
- 10% discount in Year 2
- 15% discount in Year 3
- 20% discount in Year 4

INCOME ASSUMPTIONS
- $40,000 Annual income
- 5% State Income Tax
- 4 Year obligation

TUITION BASED STUDENT/WORKER RECRUITMENT INCENTIVE
TUITION BASED STUDENT/WORKER RECRUITMENT INCENTIVE
CUMULATIVE NET

- $100,000,000
- $50,000,000
  
8 YEAR COST (20,800 GRADUATES) ...........$97.8 MILLION

8 YEAR OF 5% INCOME TAX ....................$281.9 MILLION

12 YEAR NET ..................................... $184 MILLION
OPPORTUNITIES FOR ENGAGEMENT

❖ DIGITAL PLATFORM
❖ REGIONAL CLUSTER COUNCILS
❖ CASE STUDY OVERSIGHT PANELS
❖ JOIN CWI