



STATE OF THE WORKFORCE



August 2003 • The Lake County Workforce Investment Board

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I want to commend the Lake County Workforce Investment Board for undertaking this State of the Workforce Report for Lake County. For many years the county has enjoyed a stable economy, industrial diversity and a highly educated population.

This report also outlines some very real challenges and opportunities that face Lake County in this new century. Some of the challenges in the State of the Workforce Report are the same challenges contained in the Lake County Board's recently adopted Strategic Plan – development and expansion of an efficient transportation system and greater availability of affordable housing.

I am confident the factors that have helped Lake County to prosper – active leadership, pivotal geographic location, and excellent schools – will continue to build Lake County for future generations.

The Lake County State of the Workforce Report is a call to action for all of us. I am confident we will rise to meet the challenge with your help and commitment.

Sincerely,

A handwritten signature in black ink that reads "Suzi Schmidt".

Suzi Schmidt
Chairman
Lake County Board



What is the State of the Workforce Report?

The State of the Workforce Report is an analysis of Lake County's workforce demand, workforce supply, emerging workforce, and quality of life. The full report (on the attached CD) provides extensive data and storyline interpretation about the area and how it compares to its neighbors in the greater Chicago metropolitan area. This briefing highlights some of the major findings.

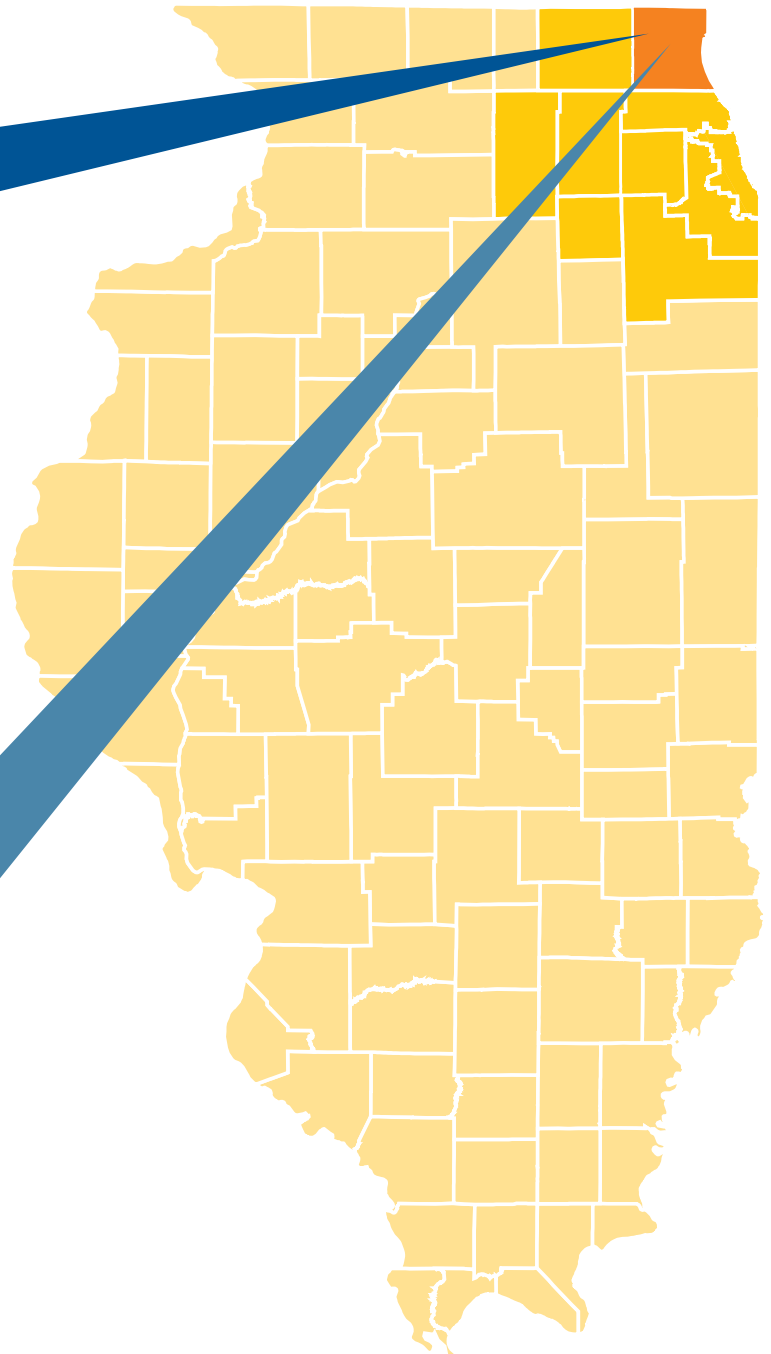
HOW IS LAKE COUNTY DOING?

Lake County has many assets, including:

- ✓ An excellent school system, which is a selling point to new families.
- ✓ A highly educated adult population.
- ✓ Industrial diversity. The county is not reliant on one industry.
- ✓ A pivotal geographic location.
- ✓ The largest naval recruiting and training school in the nation.
- ✓ Commitment to preserving open space.
- ✓ A stable economy with few ups and downs.
- ✓ Active leadership politically and in the relationships among providers in the community.

But Lake County also has challenges that must be addressed:

- ✓ A shortage of affordable housing close to available jobs.
- ✓ A “haves” and “have-nots” dichotomy among the population, reflected in thousands without health insurance.
- ✓ A lack of sufficient public transportation, which is a barrier to employment.
- ✓ One third of its working age population who leave the county to work.
- ✓ A need for additional services to address the growth of ethnically diverse populations



LAKE COUNTY WORKFORCE DEMAND

Lake County enjoys a diversified industrial base marked by significant employment growth. Services, Manufacturing, and Retail Trade are the top three industries in terms of the number of people employed (Figure 2). However, all Lake County industries demonstrated strong employment growth between 1991 and 2001, ranging from 15% in Manufacturing to 109% in Wholesale Trade.

During the 1991-2001 period, more firms and employees moved into the county than moved out. New firms moving into the county totaled 1,714, offsetting the 1,076 firms that left. More significantly, while the 1,076 firms that left represented 54,193 jobs, the 1,714 firms that located in Lake County brought 114,113 jobs, a net gain of 59,920 jobs.

Between 1991 and 2001, Lake County was second only to DuPage County in its increase in the share of the metropolitan region's private sector employment, with an increase of 1.6%. From 2000 to 2001, Lake County had the highest employment gain of any county in the region: 3.6%, or 9,421 jobs.

Deloitte & Touche mapped 56 industries based upon their projected 2010 national employment growth against the relative concentration of those industries in Lake County. The industries were then segmented into four categories designed to help Lake County economic developers with prioritizing their efforts. The four categories are (1) Attract: High Growth, Low Presence; (2) Nurture: High Growth, High Presence; (3) Retain: Low Growth, High Presence; and (4) React: Low Growth, Low Presence. (Low growth, low presence industries were eliminated from further consideration). The industry groupings are shown in Table 1.

Lake County's unemployment rate is still lower than the region as a whole. However, after hitting a low of 3.4% in 1999, it climbed to 4.6% in 2001, to 5.8% in July 2002 (compared with 7.0% for the

region) and then to 6.2% in December 2002 and 5.7% in June 2003. This is the highest rate in a decade (Figure 1). A downturn in Manufacturing has hit the northeast quadrant of the county harder than other areas. Between September 2001 and September 2002, Lake County lost 559 manufacturing jobs in layoff events. While this is a lower number of jobs lost than in other industries, such as agriculture and retail trade, manufacturing jobs tend to be higher paying than jobs in agriculture or retail trade so that the economic impact on families and communities is perceived to be greater. There is also some concern that growth in manufacturing firms in Kenosha County, Wisconsin may mean that workers being laid off in northern Lake County are leaving the county to go work and live in Kenosha County, which has a very high concentration of manufacturing firms.

Unemployment Rate (1990-2002), Lake County

Source: Bureau of Labor Statistics

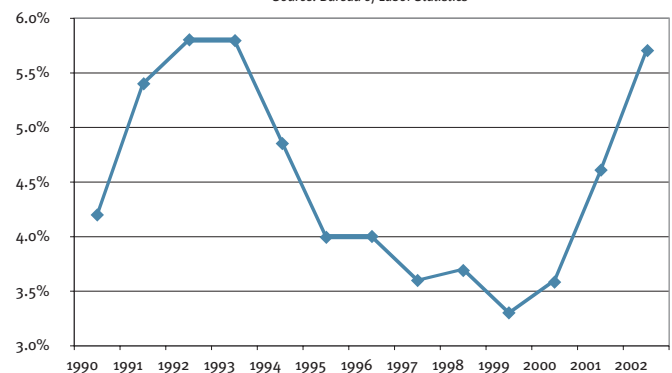


Figure 1

Private Sector Employment Distribution by Industry 2001 Quarter 1, NAICS¹

Source: Illinois Department of Employment Security

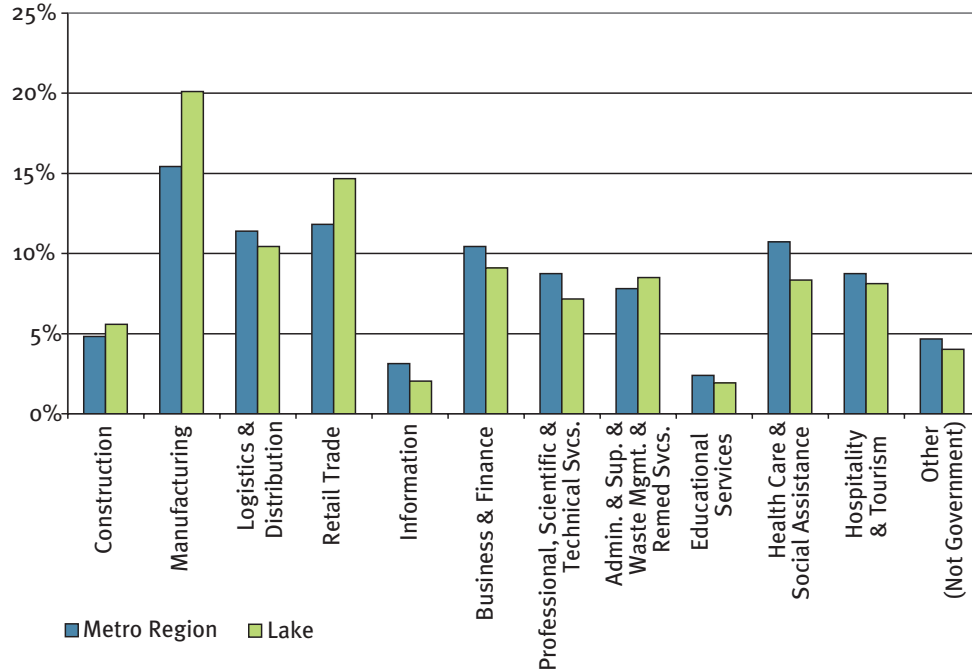


Figure 2

Table 1: Top Priority Industries

Attract:
High Growth, Low Presence

Wood Buildings and Mobile Homes
Misc. Transportation Equip.
Health Services
Research and Testing Services
Trucking and Warehousing
Transportation by Air
Transportation Services
Business Services
Auto Repair, Services and Garages
Legal Services

Nurture:
High Growth, High Presence

Electronic Components and Accessories
Medical Instruments and Supplies
Drugs
Rubber and Plastic Products
Communications
Non-Depository, Holding, Investment
Security and Commodity Brokers
Engineering, Management Services

Retain:
Low Growth, High Presence

Cutlery Handtools and Hardware
Screw Machine Products, Bolts, Etc
Metalworking Machinery
Electric Lighting and Wiring Equip
Household Audio and Video Equip
Measuring and Controlling Devices
Video Tape Rental
Fabricated Metal Products
Machinery, Not Electrical
Instruments and Related Products
Misc. Manufacturing
Paper and Allied Products
Chemical Products
Wholesale Trade
Insurance Carriers
Insurance Agents and Brokers

Source: Deloitte & Touche, 2002.

¹ North American Industrial Classification System

LAKE COUNTY WORKFORCE SUPPLY

Population projections indicate that by the year 2020 more than 800,000 people will live in Lake County and more than 600,000 will work here. These are gains of approximately 23 percent in total population and 33 percent in the size of the workforce, including both residents and commuters.

Employers locate in Lake County to take advantage of the generally high skill levels and educational achievements of its residents. At the same time, a surplus in residents with high skill levels means that the county, in effect, has to export much of its workforce to other areas of the region, while at the same time having to import lower skilled workers. The number and types of occupations reported by household and the number and types of jobs reported by worksite in Lake County do not align.

In Lake County, 41% of individuals hold jobs in management, professional and related occupations, but only 29% of jobs available in Lake County are in those occupations (Figure 3). Therefore, at least 12% of the population must commute out of the county to work in these occupations. When it comes to construction and production jobs, the opposite is true; 26% of jobs in the region are in this field, but only 19% of the population holds those types of jobs.

25% of the jobs in Lake County require a Bachelor's degree or higher, 9% requires some form of post-secondary education less than a degree and 66% require only a high school diplo-

ma or some work experience (Figure 4). Yet, 44% of the 25 and older population possess a Bachelor's Degree (Figure 5).

Lake County's demographics are changing. The population is aging (Figure 6). One out of every five individuals is over the age of 50. From 1990 to 2000, people between the ages of 50 and 64 increased their share of the county's population by 1.8%. The 35-49 age group, which increased more than any other group, accounts for one in every four residents. At the same time, the share of the total population for 25-34 year olds declined by 4.5% in Lake County.

However, there has also been growth in the youngest age groups, very likely due to the influx of immigrants. In 2000, 14.8% of the Lake County population was born outside of the United States (Figure 7). Diversity among the public school population is higher than among the general population of the county. Immigrants may be contributing to the increase of youth in an otherwise "aging" county. This is both good and challenging news for Lake County, since younger workers will be needed to offset projected skill shortages.

Lake County is home to the second largest Hispanic population among the suburban counties, at 14% of its population, compared to only 7% in 1990 (Figure 8). Its 141% increase in actual Hispanic population between 1990 and 2000 was the second highest in the region.

Jobs Reported by Employers vs. Occupations Reported by Household, Lake County

Source: US Census Bureau (2000 Data Set), AGS Demographics (2002 Estimates Data Set)²

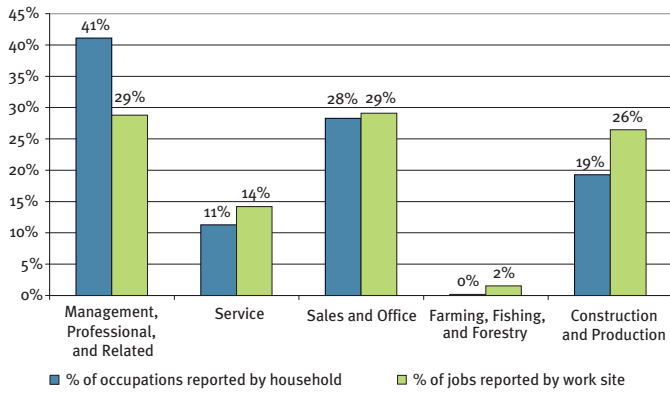


Figure 3

Distribution of Jobs by Educational Requirement

Source: Bureau of Labor Statistics, Illinois Department of Labor

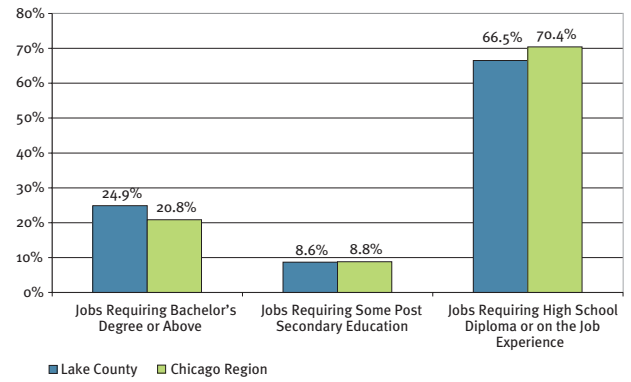


Figure 4

Educational Attainment of Population 25 Years and Older, 2000

Source: US Census Bureau 2000

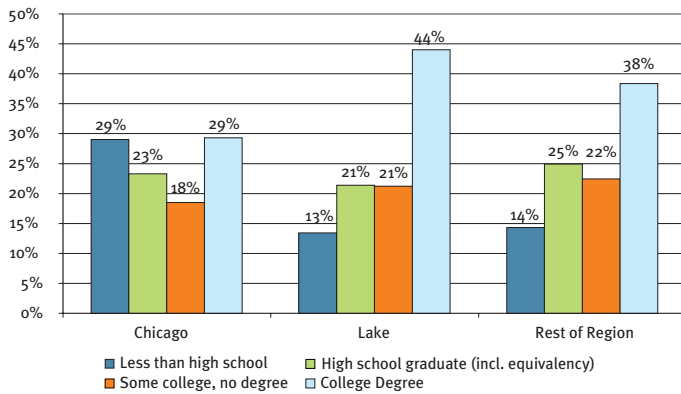


Figure 5

Change in Age Distribution, 1990-2000

Source: US Census Bureau 2000

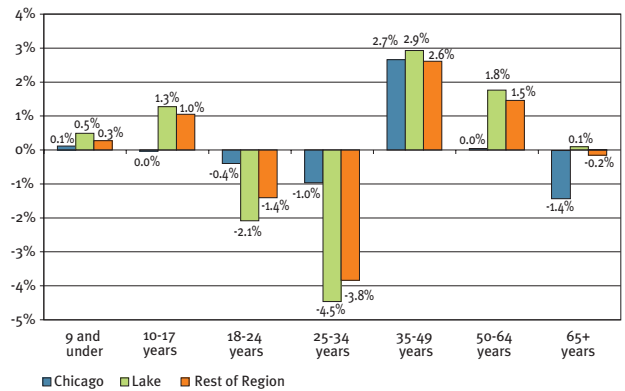


Figure 6

Percent of Population of Foreign Birth, 2000

Source: US Census Bureau 2000

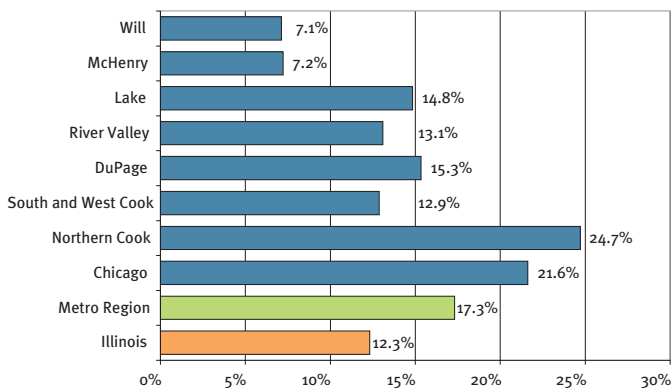


Figure 7

% of Population of Hispanic Origin, 1990-2000

Source: US Census Bureau 2000

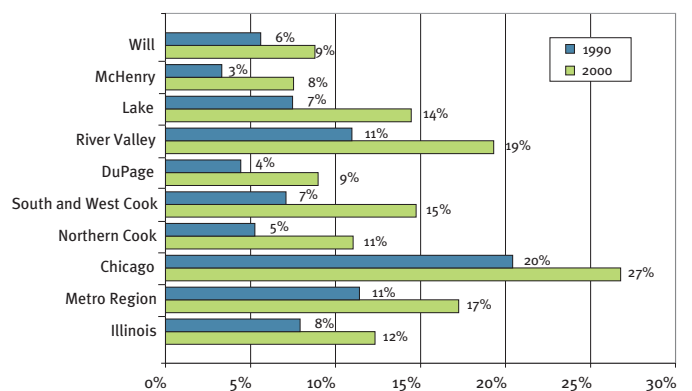


Figure 8

LAKE COUNTY

THE EMERGING WORKFORCE

Lake County fares considerably better than the remainder of the region in terms of school dropout rates. However, although the county's overall high school dropout rate is 2.2%, the dropout rate for students from low-income families or households is 17.8%. While a high school diploma is no guarantee that a person possesses the minimum level of skills required for certain entry-level jobs, it is still commonly used by employers as a measure of a person's skill level. And that means that the 17.8% low-income student dropout rate represents a potential deepening into poverty for these students and their families.

The percent of Lake County youth that are "at risk" (age 16-19, not enrolled in school, not a high school graduate, and not in the armed forces) is almost identical to the rate in South and West

Cook and Will Counties, and higher than in three other workforce areas (Figure 9). The sizeable numbers represented by this group need particular attention if they are to fully participate in the Lake County economy and contribute to – and enjoy – its quality of life.

While a high school diploma is no guarantee that a person possesses the minimum level of skills required for certain entry-level jobs, it is still commonly used by employers as a measure of a person's skill level.

Percent of Civilian Youth Ages 16-19 Not Enrolled in School and Not High School Graduates

Source: US Census Bureau 2000

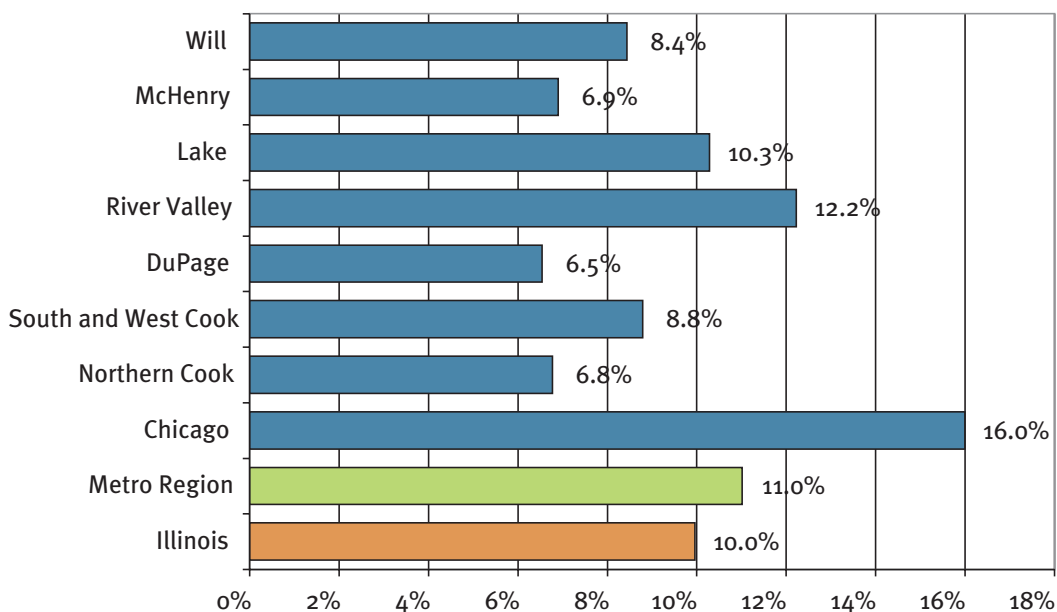


Figure 9

LAKE COUNTY

QUALITY OF LIFE

Overall, Lake County is a healthy community and performs well in many key health and wellness indicators. Yet, there are still portions of the county's workforce with significant needs that affect not only the individuals, but their families, employers and communities. The most pressing of these needs is the lack of health insurance.

According to the Lake County Health Department and Community Health Center, 67,600 individuals in Lake County lack access to affordable and adequate health care because they are uninsured. This is 11.4% of the total Lake County population. Lack of insurance affected racial groups differently. In 1997, 29% of Lake County Hispanics were without health insurance compared with 13% of Blacks and 7% of Whites. In addition, an estimated 70,000 to 90,000 individuals are under-insured.

Perhaps most troubling, according to the Access Project, the fastest growing group of uninsured individuals both in Illinois and nationwide are working people with moderate incomes (between \$25,000 and \$50,000 per year). This group has experienced a 70 percent increase in the number of people uninsured since 1995.

Affordable housing is another key quality of life issue. The federal government assumes that housing which costs more than one-third of a family's income causes a financial burden on the household. The majority of housing within Lake County falls into the "somewhat affordable" category.

The median cost for a home in Lake County in 2000 was \$198,200. The median income for Lake County falls around \$66,000. An affordable home would cost \$150,000 with a conventional loan or \$133,300 (FHA) to a family of four making 80% of the median income in Lake County (\$52,800), assuming no debt and a 5% down payment. Clearly, those at the bottom

end of the median income range or lower would find it very difficult to own their own home in Lake County.

Transportation also impacts the quality of life in a community. One result of the mismatch between the skill and educational levels of residents and those required by county employers is that nearly 30% of the Lake County workforce commutes to other counties to work, and approximately 15% of people who work in the county commute in from elsewhere. Transportation challenges, particularly traffic congestion and travel times (Figure 10) across the region, have emerged as a top priority. Congestion is the major constraint cited by the majority of businesses, community leaders and residents. This has become a critical concern for companies in making expansion and location decisions in Lake County. Generally, employment opportunities and affordable housing are not close to each other, increasing the traffic congestion during peak commuting periods.

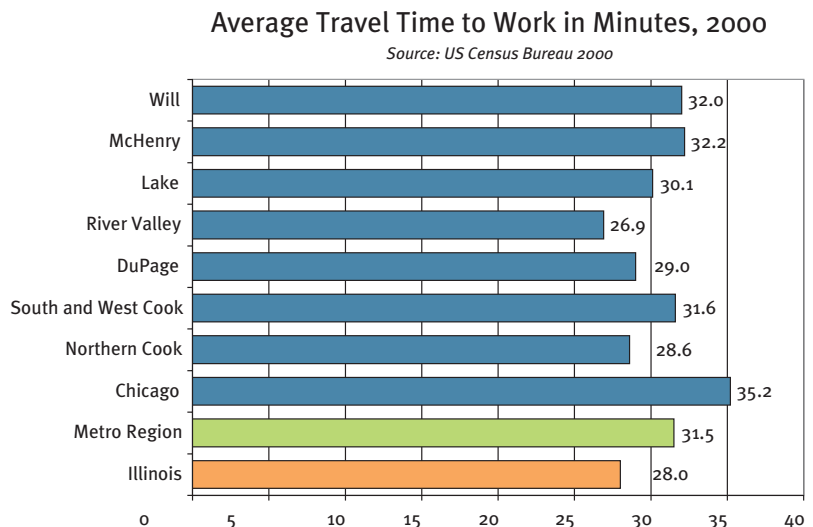


Figure 10

LAKE COUNTY

THE BOTTOM LINE



Lake County Economy Shows Steady Growth

Lake County as a whole benefits from a highly diversified mix of industries that has insulated many segments from major dips in the economy. Manufacturing and Retail Trade, in particular, have been affected by recent slow-downs. Yet, over the past decade, twice as many employers and jobs have moved into the county than have left. This steady growth has resulted in an overall standard of living that is among the highest in Illinois. At the same time, economic disparity is growing among the county's quadrants, with a lack of affordable housing options topping the list of challenges to the county's continued economic growth.

County Can't Employ All Residents

Lake County's workforce has grown along with the economy. However, that growth has been uneven due to a surplus of workers with four-year college degrees and a deficit in workers with two-year degrees and technical or production skills. The results include a rising unemployment rate (6.2% in December 2002) and a high rate of commuting out of the county: one-third of Lake County's working age residents commute to the City of Chicago, the North Shore and Northwest Cook County for work.

Workforce Wellness Good Overall But Many Not Insured

Lake County fares better than many other counties in the Metropolitan Chicago area with regard to the health and wellness of its residents and workforce. Yet there are still portions of the county's workforce with significant needs that affect not only the individuals, but their families, employers and communities. Access to affordable and adequate health insurance is one of the most pressing needs: approximately 67,000 Lake County individuals are

uninsured and another estimated 70,000 to 90,000 are under-insured. Most troubling is that the vast majority of uninsured and under-insured individuals are employed.

More Growth Projected, Age and Diversity Big Factors

Population projections indicate that by the year 2020, 802,000 people will live in Lake County and 610,000 will work here. The County will continue to attract a steady and more diverse influx of new residents and workers, including Asians, Latinos and African-Americans. Age will also play a factor in future growth; although the County may, in fact, be 'growing older', nearly 40% of the residents are currently below the age of 24 and this segment of the population is also projected to continue growing.

Next Steps

The Lake County Workforce Investment Board prioritized two conditions for action:

- Large number of youth not enrolled in high school and not high school graduates; and
- More jobs, much growth occurring in lower skill, lower wage industries and occupations.

The Board plans to convene a meeting among the Lake County Workforce Investment Board, Lake County Partners, and United Way to compare individual studies, findings, and initiatives. Together, the groups will develop strategies and goals and identify the players and resources needed to address the priority conditions.

FOR MORE INFORMATION OR TO PARTICIPATE IN ACTION PLANNING, CONTACT THE LAKE COUNTY WORKFORCE INVESTMENT BOARD.

Acknowledgements

The Lake County Workforce Investment Board and the Corporation for a Skilled Workforce thank the following individuals and organizations for participation on the local steering committee:

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Comcast

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Lake County Community Action Project

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