

### Context

Workforce industry professionals have long faced a common set of challenges:

- Navigating the paradox of simultaneous unemployment and talent scarcity<sup>1</sup> (or “skills gaps”);
- Investing time and resources in firms, workers, students, and communities thoughtfully, fairly, and in ways that maximize impact;
- Leveraging scarce resources (dollars, expertise, facilities, and reputation) among community partners and stakeholders; and
- Championing workforce intelligence and needed action at the community level.

In recent years, this work has become more complex, owing to:

- **Technology.** Both at work, creating the need for more training and learning even as people have ever less time and firms offer development opportunities unevenly; and at home, as web2.0 technologies including social networking, collaboration tools, and social media bring big changes to professional, family, and community life.
- **Demographics.** Increasing diversity (age, race, religion, sexual orientation, and culture) is already causing U.S. firms, educational institutions, and non-profit and government organizations to reevaluate workplace norms and practices.<sup>2</sup> And the aging of the workforce is a challenge not only in the U.S., but also in Europe and Asia.<sup>3</sup>
- **Convergence of global and local markets.** Five out of the top ten in-demand jobs in McHenry County are also among the top jobs in the Manpower 2008 Global Talent Survey. The demand for McHenry County’s talent is increasingly global. The demand for McHenry County products and services is also expanding worldwide, and many local firms are responding.<sup>4</sup> As communities compete for talent and enterprise, they are cultivating their unique assets, improving their quality of life, and collaborating in new ways—across jurisdictions, agencies, and public and private sectors.

It is in this context that we examined the state of McHenry County’s workforce. In the production of this report, we engaged McHenry County Workforce Investment Board staff and contributors in one in-person meeting and several conference calls, and relied extensively on data from Economic Modeling Specialists Inc. (EMSI), the State of Illinois, the U.S. Department of Labor’s Bureau of Labor Statistics, and the U.S. Census. The full report provides a snapshot of McHenry County’s workforce, industrial, and occupational base at a moment in time, together with summary headlines that run through each section of the report.

<sup>1</sup> *Confronting the Talent Crunch: 2008, Manpower Inc.*

<sup>2</sup> A recent survey of U.S. executives identified “dealing with the unreasonable demands of young people” as the second most significant HR challenge, illustrating the cultural divide between generations in the workplace (*TriNet 2008 HR Trends Report*).

<sup>3</sup> By 2025, Japan will see a decline of 16% in 15-64 year-olds. Predicted declines throughout Europe are in the double digits. Even China is aging – there are projected to be 265 million 65-year-olds by 2020. An OEDC official (Monika Quessier) referred to the aging workforce as “the biggest economic challenge policy makers will face in the next 20 years.” *Business Week International* (Cover Story), January 31, 2005.

<sup>4</sup> This creates both upsides and downsides for the county, and more volatility overall. A more competitive environment will favor firms and workers than can adapt to change, and may alter the County’s industry and employment base. For instance, Intermatic (lighting and controls), the largest employer in Spring Grove, is closing its manufacturing facilities in Springfield and Richmond because it is expanding in Europe, a loss of about 400 jobs. But it will keep 300 (higher paying) administrative and office jobs in Spring Grove.

But data is rooted in past trends, it is not destiny. McHenry County's business, government, civic, and community leaders can do much to manage negative trends and build on positive ones, and deliver county residents a bright future.

## Findings

We offer four major findings:

- *Ensuring that younger and more diverse workers have access to high-quality educational, learning, work-experience and mentoring and social networking opportunities (including entrepreneurship supports) throughout their careers could help cultivate the county's most sustainable competitive advantage – its talent.* Nearly all U.S. communities are becoming simultaneously older and more diverse. But McHenry County is different in two ways: it is younger than average, and boasts a labor market with a higher proportion of working age adults as a result; and its Hispanic residents (the largest and fastest growing minority group) achieve higher levels of educational credentials than their peers elsewhere. Educational attainment has long been an asset in McHenry County. Policymakers should do everything in their power to make sure that this commitment remains current, robust, and extends to all residents.
- *Increasing the quality of jobs—both the kinds of jobs available and the wages associated with them—offers policy makers an opportunity to significantly improve residents' quality of life.* Nearly two-thirds of residents leave McHenry County for work every day, up from 50% a few short years ago. Wages in the county have simply not kept pace with the rising cost of living,<sup>5</sup> creating incentives for residents to commute to better-paying jobs and exacting hidden costs on families, schools, and local community infrastructure.
- *Engaging manufacturers interested in increasing their competitiveness offers policy makers and workforce and economic development professionals an opportunity to help accelerate growth, mitigate likely job losses (in future years), increase the skills and adaptability of current workers, and enhance the county's overall reputation for high-quality business and jobs.* The manufacturing industry in the county employs nearly one in seven workers. Its large diverse and growing presence in the county should make it central to economic and workforce development efforts. However, with over 600 manufacturing firms in the region, county leaders will have to be strategic in their engagement efforts. Identifying groups of manufacturers with common interests<sup>6</sup> from which county partners, stakeholders, and even other industries might benefit would be a good starting point.<sup>7</sup>
- *Developing cross-jurisdictional, cross-agency, cross-organization intelligence-sharing systems, networks, or processes would increase the ability of all partners and stakeholders to collect and share information* about their data, strategies, plans and programs in important areas including: retirement or second-career plans of older workers; entrepreneurship networks and supports; common skill needs across industry groups, and efforts to increase educational attainment or build career pathways. McHenry County is small. To the extent that it is also intelligent and effectively networked, its size becomes a true asset.

In addition, we offer the following “headlines” arising from our data collection and analysis in each of the following categories.

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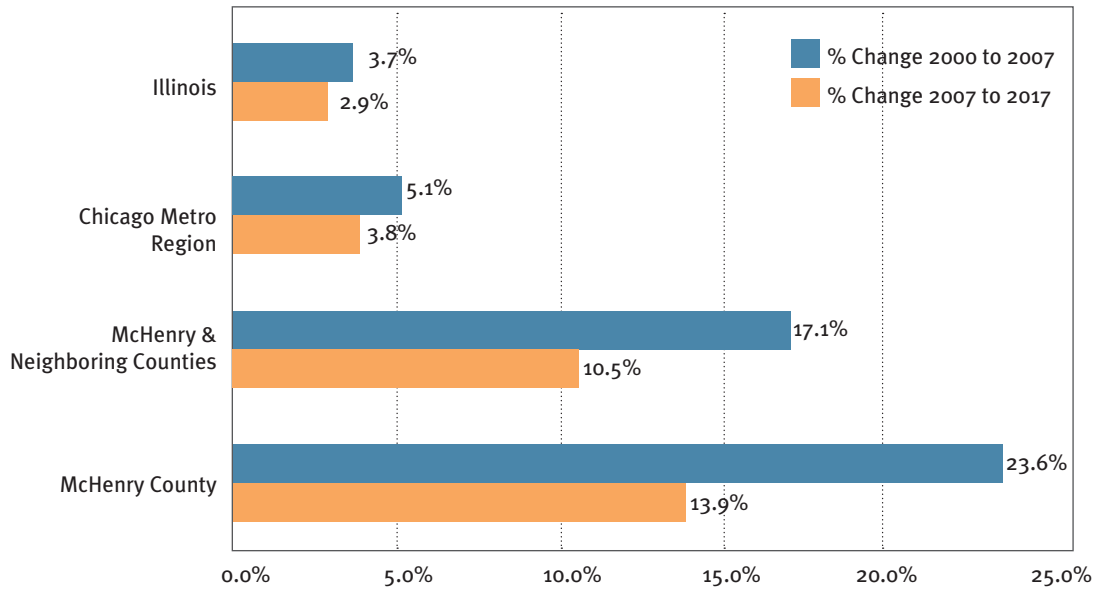
5 Housing, in particular, makes McHenry County one of the least affordable counties in the entire metro region.

6 Such interests might include: lean manufacturing; zero-waste or other “green” or sustainable initiatives; technology transfer or other innovation efforts; and learning partnerships, communities of practice or other talent-connected efforts.

7 It is quite likely that some level of engagement is occurring already, but that information about it is not shared widely among stakeholder. Mapping engagements efforts among all partners and stakeholder (Chambers, cities, associations, etc.) could accelerate effective and efficient engagement efforts.

**Figure A: Current (2000 – 2007) and Projected (2007 – 2017) Population Growth in McHenry County**

Source: U.S. Census; and Economic Modeling Specialists, Inc., EMSI



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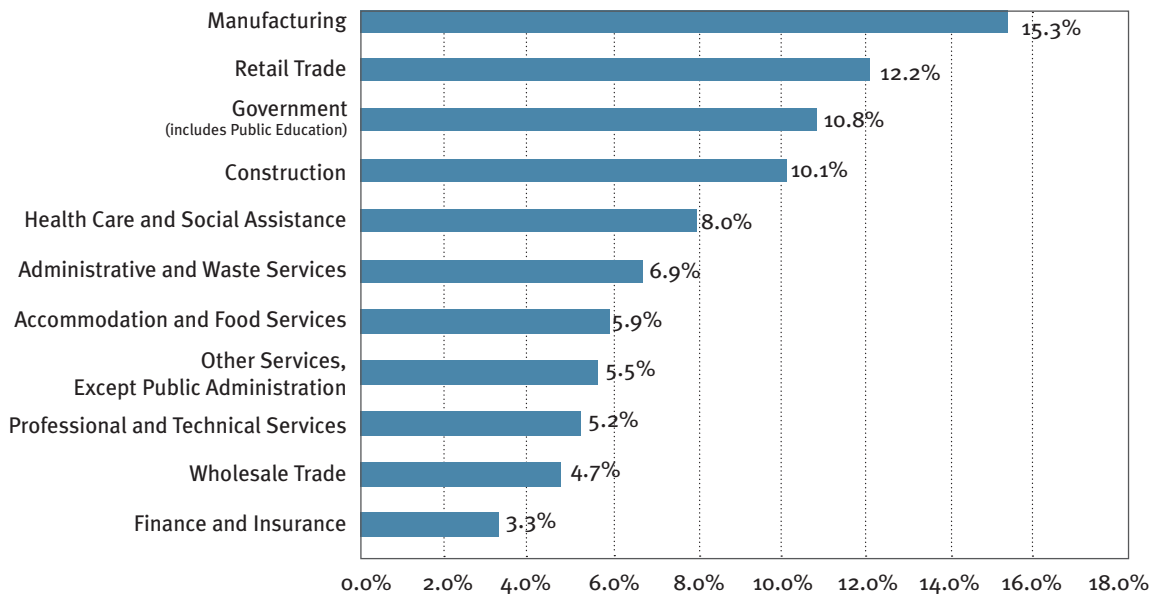
### People

- McHenry County’s population is small (321,437), but growing quickly (nearly 24% since 2000).
- McHenry County residents are slightly younger (35.2 years) than the residents of neighboring counties, and those of Illinois and the U.S., but reflecting national trends, the county is aging.
- McHenry County is much less racially diverse than its neighbors, though this is changing.

### Education, Economic and Social Well-Being

- Educational attainment is a key asset for McHenry County.
- Household income is high in McHenry County, but pockets of need remain.
- McHenry County faces new and significant housing affordability issues.
- Nearly two-thirds of McHenry County residents work outside McHenry County.

Figure B: McHenry County Employment by Industry 2007



Source: Economic Modeling Specialists, Inc., EMSI

### Industry and Employment

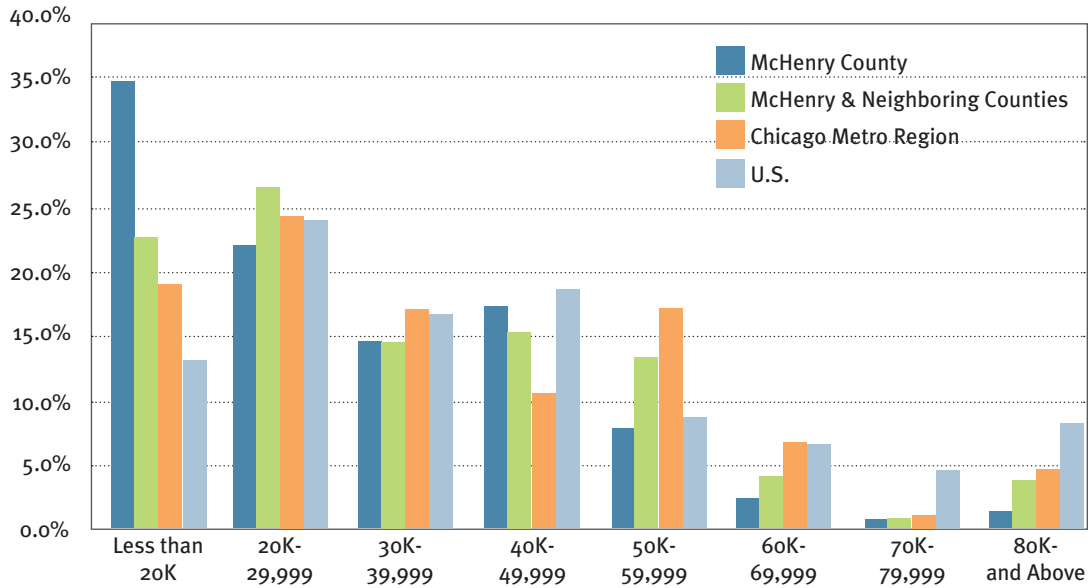
- McHenry County employment is growing much faster than that of neighboring counties or the Chicago metro area, but the county is more dependent on manufacturing than comparison regions, and less diverse overall.
- Key industries<sup>8</sup> include:
  - Plastics and rubber plastics manufacturing – firms that produce plastic materials and/or raw rubber to be used in the manufacture of other commercial or consumer products.
  - Specialty trade contractors – firms that specialize in one or more building or construction functions (site preparation, electrical, plumbing, etc.) but do not act as general contractors responsible for entire development projects.
  - Ambulatory healthcare services – firms that provide health-related services primarily to outpatients
  - Merchant wholesalers – trade establishments whose primary business is selling products to other businesses
  - Administrative and support services – firms that support the day-to-day operations of other businesses (general management, personnel management, clerical, etc.)

### Occupations and Skills

- McHenry County’s major occupational categories are similar to those of comparison regions, but the distribution and wage rates associated with specific jobs differ.
- McHenry County’s distribution of highest-paying occupations reveals a lower overall wage base across occupations, and less stratification of the wages associated with top jobs, but similar education requirements for these jobs to comparison regions.

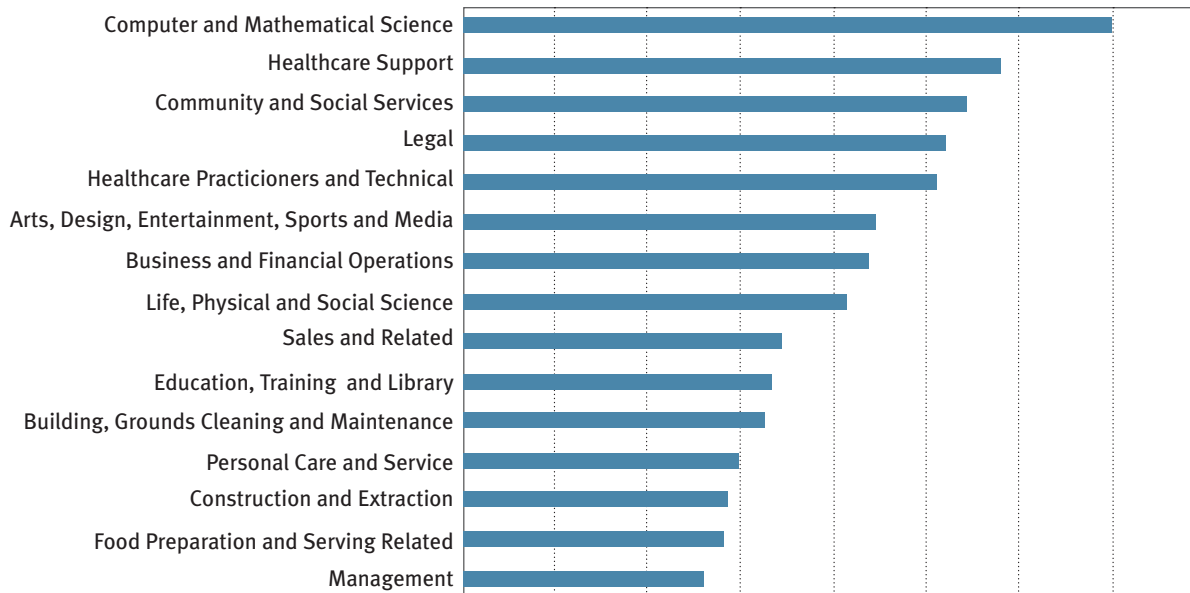
<sup>8</sup> We used the three-digit North American Industry Classification System (NAICS) for this analysis. More information about this analysis is presented in Section 3, Table 10.

Figure C: Distribution of Employment by Wages In McHenry County 2007



Source: Economic Modeling Specialists, Inc., EMSI

Figure D: Projected Growth Rates of McHenry County's Major Occupational Categories 2007 – 2017



Source: U.S. Census; and Economic Modeling Specialists, Inc., EMSI

- McHenry County’s future jobs will require more advanced skills than current jobs – both because higher skill levels will be required for existing jobs and because new jobs will demand ever more sophisticated skills.
- McHenry County will see significant increases in technology and healthcare occupations in the coming decade.
- Considering employment, wages, and growth projections together, McHenry County does offer good jobs with the potential for great careers—and will offer more such jobs in the future, especially in healthcare and computer technology.

McHenry County has many economic, workforce, and community assets to build upon. The county’s best days may be yet to come, but they will not happen by accident. Community leaders must set priorities, capitalize on key opportunities, and exercise effective stewardship over the long-term. We hope this report provides appropriate context and thoughtful guidance for leaders making these important choices about the community’s economic future.