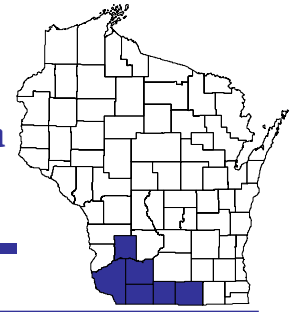


WORKFORCE OBSERVATIONS

for the Southwest Wisconsin Workforce Development Area
Consisting of Grant, Green, Iowa
Lafayette, Richland and Rock counties



Workforce Observations are published quarterly by the Office of Economic Advisors,
Wisconsin Department of Workforce Development

Second QUARTER 2007

Highlights:

- > In 2006, Southwest Wisconsin's all-industries average annual wage (\$32,860) was below the statewide average (\$36,830).
- > Between 2005 and 2006, Southwest Wisconsin's all-industries average wage grew 4.7 percent, a full percent point faster than the state's 3.7 percent increase.
- > Southwest Wisconsin's manufacturing reported a higher average annual wage than any other sector and faster growth in average wages than any other sector.
- > Southwest Wisconsin has a high concentration of manufacturing employment and a low concentration of jobs in financial activities and professional and business services.

Quarterly Census of Employment and Wages: Data Treasures

In June the Department of Workforce Development's Bureau of Workforce Information released the 2006 data from the Quarterly Census of Employment and Wages. A sidebar on page 2 defines this data set. This newsletter summarizes Southwest Wisconsin's employment and wage trends. Readers who need more detailed industry information or individual county information should contact the author. (See lower left corner of this page.)

The table below shows average wages for Southwest Wisconsin in 2006. The all-industries average wage for this region (\$32,860) is lower than Wisconsin's (\$36,830). Rock County's all-industries average wage (\$36,457) was the highest of the region while Grant (\$27,813), Richland (\$27,463) and Lafayette (\$24,667) counties were lower. Southwest Wisconsin's all-industries wage grew 4.7 percent between 2005 and 2006, a full percent point faster than the statewide rate of all-industries wage growth (3.7%).

The manufacturing sector reported the highest average wage (\$47,771) of any sector in Southwest Wisconsin. It was the only sector to post a higher wage in this region than in the state as a whole. Moreover, Southwest Wis-

consin's the manufacturing sector saw faster average wage growth from 2005 to 2006 (11.1%) than any other sector in the region. Over half the region's manufacturing jobs were in Rock County in 2006, and Rock County's average manufacturing wage fell in 2004 and 2005, so the region's manufacturing wage rebound in 2006 may be partially attributable to Rock County manufacturing workers regaining recently lost ground.

The average annual leisure and hospitality wage is lower in Southwest Wisconsin (\$10,047) than it is statewide (\$13,058). Part-time and seasonal schedules can retrain wages in many segments of the leisure and hospitality sector. Limited advancement opportunities and perceived low replacement costs can also affect wages in this sector. The average leisure and hospitality job pays \$7,730 per year in Grant County and \$6,114 per year in Lafayette County.

In the financial activities sector, Southwest Wisconsin's average annual wage (\$35,228) is just 72.1 percent of the statewide average (\$48,859). In the professional and business services sector, Southwest Wisconsin's average

(Continued on page 2)

Southwest Wisconsin's average annual wage by industry division in 2006

	Average Annual Wage Wisconsin	Average Annual Wage Southwest	Percent of Wisconsin	1-year % change
All industries	\$ 36,830	\$ 32,860	89.2%	4.7%
Natural Resources	\$ 28,301	\$ 26,689	94.3%	-0.8%
Construction	\$ 44,682	\$ 40,631	90.9%	5.5%
Manufacturing	\$ 45,952	\$ 47,771	104.0%	11.1%
Trade, Transportation & Utilities	\$ 31,935	\$ 29,438	92.2%	0.2%
Information	\$ 45,704	suppressed	Not avail.	Not avail.
Financial Activities	\$ 48,859	\$ 35,228	72.1%	7.2%
Professional & Business Services	\$ 42,612	\$ 30,686	72.0%	5.8%
Education & Health	\$ 38,492	\$ 34,597	89.9%	1.9%
Leisure & Hospitality	\$ 13,058	\$ 10,047	76.9%	4.1%
Other Services	\$ 21,228	\$ 17,198	81.0%	1.6%
Public Administration	\$ 38,294	\$ 31,979	83.5%	2.9%

Source: WI DWD, Bureau of Workforce Information, Quarterly Census of Employment & Wages, June 2007

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The Quarterly Census of Employment and Wages (QCEW) reports the number of jobs with employers covered by a state's Unemployment Insurance law. The data is collected when taxes are due (generally at the end of the quarter following the collection period; ie, first quarter payroll is due at the end of the second quarter, plus there is a delay to accommodate late reporting and editing). Fourth quarter 2006 was published June 2007.

Because QCEW is based on payroll reports every precaution is taken to maintain the confidentiality of employers submitting those reports. If there are fewer than three employers, or if any single employer provides more than 80% of the jobs in an industry, then the data is suppressed. In small counties this produces more suppressed cells and to provide confidentiality to employers in that county the cells cannot be added to larger geographic areas.

QCEW is not an estimate and is seldom revised. QCEW is a count of jobs and does not adjust for workers employed in more than one job. Nor does it include a break-out for full- or part-time hours. It does include payroll data and this divided by the number of jobs is used to produce average wages. However, since hours are not included in the QCEW data the average wage cannot be used to determine hourly wages.

QCEW is used as the foundation for current monthly job estimates and is a contributing factor in estimating the number of employed residents in an area. QCEW and the monthly job estimate count jobs based on the location of the employer. QCEW includes only jobs covered by UI law whereas the monthly estimate includes an estimate of workers not covered by the law who still receive wages such as work-study students, railroad workers, and religion-based workers. The monthly estimates use QCEW as a base then incorporate survey reports into a methodology to produce an estimate of the number of jobs in an area.

The monthly jobs estimate is then used to estimate the number of employed in the labor force, a report of employed workers by where they live, not where they work. In addition to adjusting for where a jobholder lives, the labor force estimate also includes proprietors, the self-employed, and farmers.

annual wage (\$30,686) is a fairly similar 72.0 percent of the statewide average for the sector (\$42,612). These sectors often see their highest-paying jobs and their greater concentrations of jobs gravitate toward metropolitan areas. Southwest Wisconsin's Janesville-Beloit metropolitan area has more of a manufacturing focus than most.

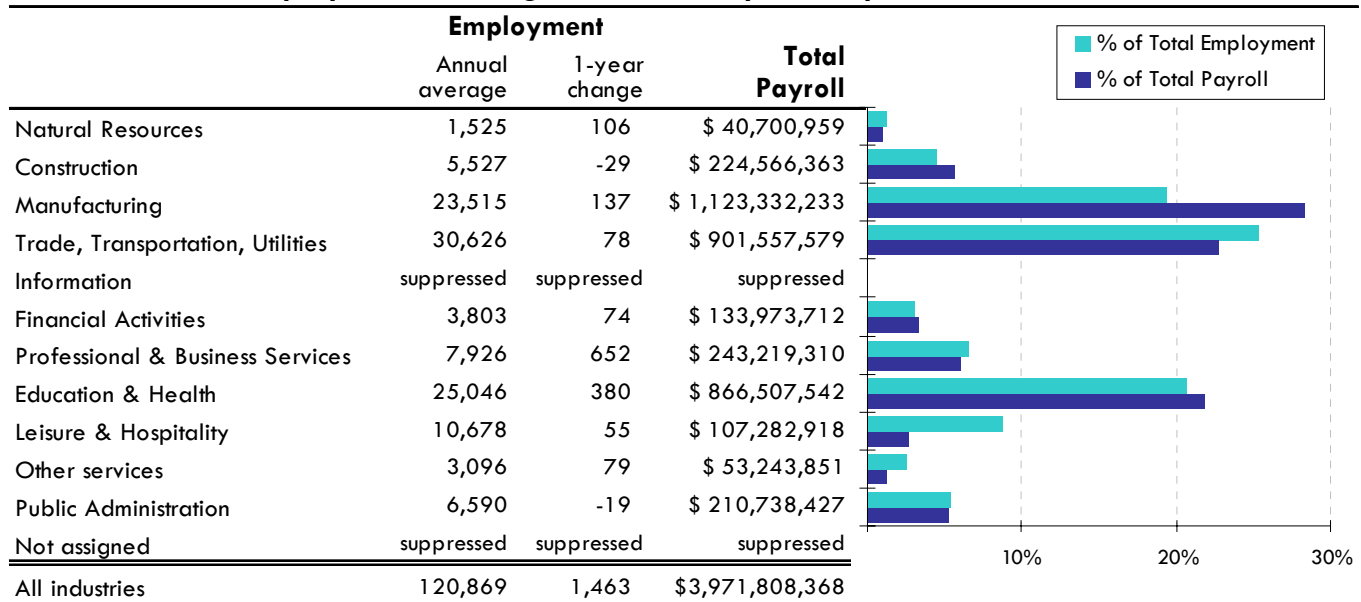
The table below shows that the manufacturing sector provides 23,515 jobs and \$1.1 billion of total payroll in Southwest Wisconsin. The chart below shows that this amounts to 19.5 percent of total employment and 28.43 percent of total payroll. For Richland County, these figures are 28.5 percent and 37.7 percent, respectively.

The professional and business services sector added 652 jobs between 2005 and 2006, more than any other sector in Southwest Wisconsin. Temporary staffing agencies are often a driving force in this sector; in this region, temporary workers placed at manufacturing facilities can be a substantial share of the total. Available data does not offer this level of detail.

It is difficult to discuss trade, transportation and utilities as a single sector. Retail trade tends to offer many of jobs at lower pay scales while the utilities sub-sector tends to offer fewer jobs with much higher average wages. In 2006, this sector was responsible for 25.3 percent of the region's total employment and 22.7 percent of the region's total payroll. This dynamic is the reverse of manufacturing because the trade, transportation and utilities average wage (\$29,438) is below the all-industries average wage (\$32,860), while the manufacturing average wage (\$47,771) is higher.

The education and health sector had the second-highest employment figure (25,046 jobs) of any sector in Southwest Wisconsin, the third-highest total payroll (\$866.5 million) and the second-highest number of jobs added between 2005 and 2006 (380 jobs). If this sector is to continue growing strong in Southwest Wisconsin, its average annual wage (\$34,597) may need to rise closer to the statewide average annual wage (\$38,492). Otherwise trained professionals could feel the economic pull of higher-paying jobs elsewhere.

2006 employment and wage distribution by industry in Southwest Wisconsin



Source: WI DWD, Bureau of Workforce Information, Quarterly Census Employment and Wages, June 2007

The table in the upper right corner of this page lists the 15 industry sub-sectors that reported the greatest employment in Southwest Wisconsin in March 2006. Educational services includes public and private schools from kindergarten through 12th grade as well as colleges and universities. This broad definition is part of the reason this sub-sector's employment figures are so high.

Between March 2001 and March 2006, the transportation equipment manufacturing sub-sector shed 1,274 jobs and the administrative and support services sector added 1,437 jobs. If manufacturers were shifting from a historical reliance on in-house employees toward workers supplied by staffing agencies, the data might show a trend like this one. Unfortunately available data cannot directly verify or directly refute such a hypothesis.

The role of public funding is fairly clear in some prominent sub-sectors. Government and the kindergarten through 12th grade segment of educational services both rely almost exclusively on taxpayer support. Though less obvious, their role of public funding may be just as critical in sub-sectors such as hospitals, ambulatory health care, and nursing and residential care. Without Medicare, BadgerCare, Medicaid and Social Security, many patients would not be able to afford the health services they receive today.

Prominent industries in Southwest Wisconsin

Industry Sub-sectors (3-digit NAICS)	March 2006 Employment	Change in March employment	
		1-year	5-year
Educational Services	11,129	- 85	- 107
Food Services and Drinking Places	8,003	30	108
Transportation Equipment Manufacturing	6,899	- 302	- 1,274
Hospitals	5,591	194	696
Nonstore Retailers	5,295	- 267	- 1,238
Executive, Legislative, & Gen Government	4,914	13	- 332
Administrative and Support Services	4,622	not avail.	1,437
Ambulatory Health Care Services	3,804	72	499
Food Manufacturing	3,630	42	390
Merchant Wholesalers, Durable Goods	3,424	63	483
General Merchandise Stores	3,204	102	- 166
Nursing and Residential Care Facilities	3,178	124	469
Machinery Manufacturing	2,844	44	not avail.
Specialty Trade Contractors	2,764	- 203	50
Truck Transportation	2,683	- 36	84

Source: Wisconsin DWD, Quarterly Census of Employment & Wages, June 2007

In coming years, an increasing share of the population will leave prime taxpaying years and will become eligible for benefits such as those listed above. It will become more challenging for governments to fund those programs at current levels while funding other priorities (like educational services) at current levels. Short-term political support and long-term economic vitality could diverge.

Southwest Wisconsin Employment-by-Industry Estimates - not seasonally adjusted

		Jun 2006	Jul 2006	Aug 2006	Sep 2006	Oct 2006	Nov 2006	Dec 2006	Jan 2007	Feb 2007	Mar 2007	Apr 2007	May 2007	Jun 2007
Grant County	Actual	4.7%	4.3%	4.0%	3.7%	3.8%	4.3%	4.4%	5.8%	5.9%	6.1%	5.2%	4.5%	5.4%
	Typical	5.0%	4.5%	4.5%	3.7%	3.6%	3.9%	4.2%	5.8%	6.1%	6.0%	4.9%	4.1%	5.0%
	Difference	- 0.3%	- 0.2%	- 0.5%	0.0%	0.2%	0.4%	0.2%	0.0%	- 0.2%	0.1%	0.3%	0.4%	0.4%
Green County	Actual	4.5%	4.3%	3.7%	3.5%	3.2%	3.6%	3.9%	5.1%	5.9%	6.1%	4.9%	5.0%	4.7%
	Typical	4.5%	4.3%	3.5%	3.2%	3.1%	2.9%	2.9%	4.8%	5.4%	5.4%	4.5%	4.1%	4.5%
	Difference	0.0%	0.0%	0.2%	0.3%	0.1%	0.7%	1.0%	0.3%	0.5%	0.7%	0.4%	0.9%	0.2%
Iowa County	Actual	3.9%	3.6%	3.5%	3.6%	3.3%	3.6%	4.2%	5.7%	6.6%	6.0%	4.9%	4.0%	4.4%
	Typical	3.5%	3.1%	2.8%	2.7%	2.5%	2.9%	3.6%	5.5%	6.4%	6.1%	4.1%	3.3%	3.5%
	Difference	0.4%	0.5%	0.7%	0.9%	0.8%	0.7%	0.6%	0.2%	0.2%	- 0.1%	0.8%	0.7%	0.9%
Lafayette County	Actual	4.2%	4.1%	3.6%	3.3%	3.0%	3.4%	3.8%	5.3%	5.9%	5.3%	4.5%	3.8%	4.4%
	Typical	4.5%	4.0%	3.7%	3.2%	3.2%	3.3%	3.5%	5.0%	5.6%	5.5%	4.4%	3.7%	4.5%
	Difference	- 0.3%	0.1%	- 0.1%	0.1%	- 0.2%	0.1%	0.3%	0.3%	0.3%	- 0.2%	0.1%	0.1%	- 0.1%
Richland County	Actual	4.7%	4.4%	4.2%	4.4%	4.2%	4.4%	4.7%	5.8%	6.5%	6.1%	5.9%	5.2%	5.6%
	Typical	4.3%	3.9%	3.6%	3.6%	3.4%	4.0%	4.5%	5.5%	6.3%	6.1%	4.6%	3.8%	4.3%
	Difference	0.4%	0.5%	0.6%	0.8%	0.8%	0.4%	0.2%	0.3%	0.2%	0.0%	1.3%	1.4%	1.3%
Rock County	Actual	5.0%	6.3%	4.6%	4.4%	4.3%	4.6%	4.8%	6.8%	6.3%	6.5%	5.5%	5.6%	5.7%
	Typical	5.9%	7.0%	5.3%	5.0%	5.0%	4.9%	4.5%	6.4%	6.4%	6.0%	5.3%	5.3%	5.9%
	Difference	- 0.9%	- 0.7%	- 0.7%	- 0.6%	- 0.7%	- 0.3%	0.3%	0.4%	- 0.1%	0.5%	0.2%	0.3%	- 0.2%

** Includes labor force participants residing in area. Estimates are **NOT** seasonally adjusted. Current month estimates are preliminary and subject to revision. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers. Results are rounded. For more information call (608) 242-4885 or email dan.barroilhet@dwd.state.wi.us.

South Central Wisconsin Employment-by-Industry Estimates - not seasonally adjusted

	Grant			Green		
	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006
Total jobs, all industries*	19,700	620	3.2%	15,900	650	4.3%
Const., min'g & nat. resources	1,430	340	31.5%	610	30	5.5%
Manufacturing	2,700	- 20	- 0.6%	3,400	10	0.4%
Trade (w wholesale & retail)	2,900	40	1.3%	2,700	- 50	- 1.8%
Transport, Wrhsing, Utilities	610	80	14.5%	400	70	20.2%
Financial activities	1,290	190	17.7%	470	40	8.4%
Education & health services	2,600	110	4.3%	2,200	80	3.8%
Leisure & hospitality	1,370	- 80	- 5.3%	1,330	110	9.0%
Info, prof, bus. & other srvcs	2,200	- 10	- 0.6%	2,700	390	17.0%
Government	4,600	- 40	- 0.8%	2,000	- 30	- 1.4%
	Madison MSA Includes Columbia, Dane and Iowa counties			Lafayette		
	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006
Total jobs, all industries*	350,100	800	0.2%	3,900	130	3.4%
Const., min'g & nat. resources	18,100	730	4.2%	180	30	16.3%
Manufacturing	32,900	- 1,270	- 3.7%	580	70	12.6%
Trade (w wholesale & retail)	49,700	- 170	- 0.3%	770	20	3.1%
Transport, Wrhsing, Utilities	8,700	70	0.8%	190	0	- 2.4%
Financial activities	28,200	- 700	- 2.4%	150	- 10	- 3.8%
Education & health services	34,600	- 770	- 2.2%	270	30	11.8%
Leisure & hospitality	30,400	- 500	- 1.6%	290	40	14.5%
Info, prof, bus. & other srvcs	64,500	730	1.1%	320	- 30	- 8.6%
Government	83,100	2,700	3.3%	1,110	- 10	- 1.2%
	Richland			Janesville MSA		
	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006	Apr-Jun 2007 average	# change from Apr-Jun 2006	% change from Apr-Jun 2006
Total jobs, all industries*	6,700	250	3.8%	70,100	70	0.1%
Const., min'g & nat. resources	190	0	2.1%	3,300	- 330	- 9.1%
Manufacturing	1,720	- 40	- 2.2%	13,600	- 1,230	- 8.3%
Trade (w wholesale & retail)	1,260	60	4.7%	12,700	- 570	- 4.3%
Transport, Wrhsing, Utilities	130	0	- 0.5%	3,600	570	18.9%
Financial activities	230	40	21.1%	2,000	- 70	- 3.2%
Education & health services	970	110	12.9%	9,800	1,100	12.6%
Leisure & hospitality	410	- 20	- 3.6%	6,500	0	0.0%
Info, prof, bus. & other srvcs	630	90	17.4%	9,700	430	4.7%
Government	1,170	0	- 0.4%	8,800	170	1.9%

* Includes jobs with employers in area. Estimates are NOT seasonally adjusted. Current month estimates are preliminary and subject to revision. Numbers 2,000 and greater are rounded to nearest 100. Numbers under 2,000 are rounded to nearest 10. Sub-units may not add to totals due to rounding. Calculations are based on unrounded numbers. Results are rounded. For more information call (608) 242-4885 or email dan.barroilhet@dwd.state.wi.us. Separate methodologies produce estimates for Metropolitan Statistical Areas and other counties, so these estimates do not sum to statewide totals.