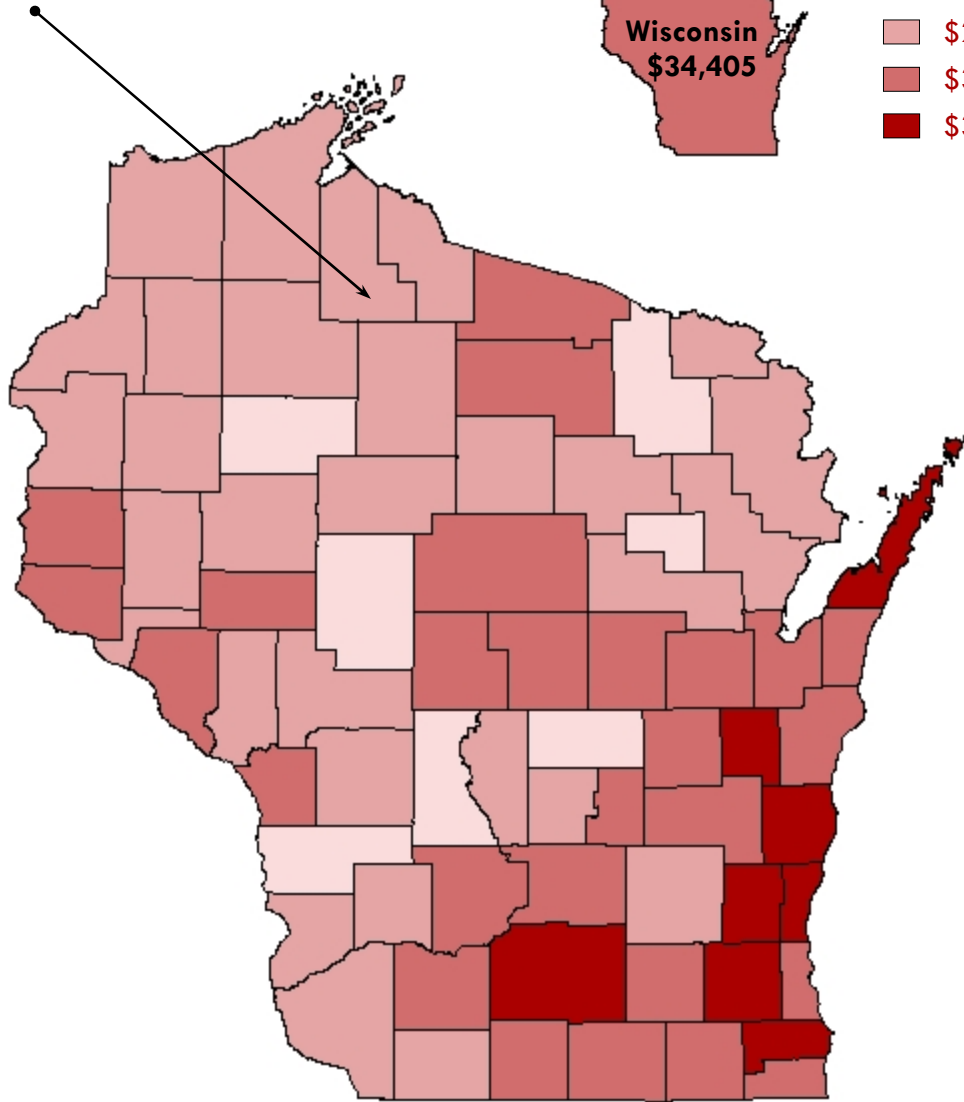


Ashland County Workforce Profile

Per Capita Personal Income in 2006

Ashland County
\$26,705



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10594-P

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Population

Ashland County's population was estimated at 16,879 residents on January 1, 2007. The county's population has changed little over the previous three decades, adding 123 residents from 1970 - 2000 and only 13 residents since Census 2000. Among Wisconsin's 72 counties, only Milwaukee County, where the population is declining, has a smaller increase and a lower percent change in population. The increase of 0.1 percent in Ashland County lags both the 5.3 and 6.9 percent change in the state's and nation's population, respectively.

There were a few years earlier in this decade when it appeared that Ashland County had reversed the trend in population decline. However, that spurt in population was short-lived and subsequent reductions affected most of the county's municipalities. Since 2000, nine of the county's 15 municipalities, including six of the county's largest, lost population. Of those that added residents, the largest increase, both in absolute number and percent change, occurred in the Town of Gingles, adjacent to the City of Ashland.

Ashland County's population is changing as a result of increases in natural causes and losses from net-migration. Since 2000 the number of births in Ashland County (1,362) exceeded the number of deaths (1,335) by 27. Meanwhile, the number of residents moving out of the county exceeded the number who moved in by 14. Some of the in- and out-migration occurs each year from turn-over of college students. Although many students do not

Ashland County's Ten Most Populous Municipalities

	April 2000 Census	Jan. 1, 2007 Estimate	Numeric Change	Percent Change
United States	281,421,906	300,888,812	19,466,906	6.9%
Wisconsin	5,363,715	5,647,000	283,285	5.3%
Ashland County	16,866	16,879	13	0.1%
Ashland, City*	8,620	8,502	-118	-1.4%
Sanborn, Town	1,272	1,238	-34	-2.7%
White River, Town	892	938	46	5.2%
Jacobs, Town	835	824	-11	-1.3%
Mellen, City	845	806	-39	-4.6%
Gingles, Town	640	743	103	16.1%
Ashland, Town	603	599	-4	-0.7%
Morse, Town	515	542	27	5.2%
Agenda, Town	513	505	-8	-1.6%
Chippewa, Town	433	438	5	1.2%

* Ashland County portion only

Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

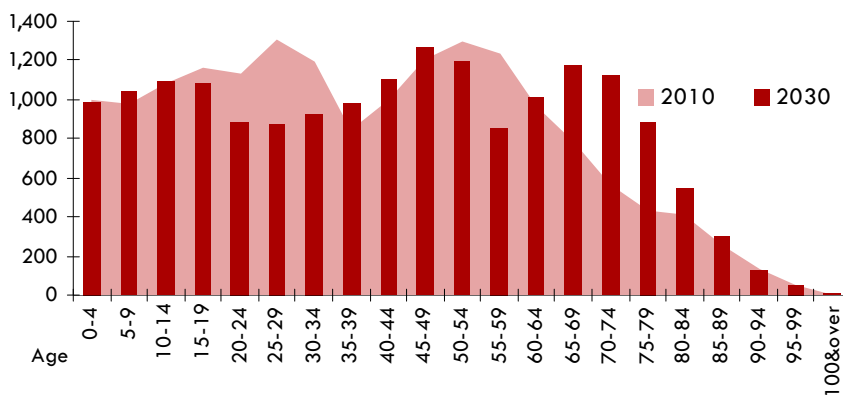
remain the area after graduation, while here they bolster the size of the county's younger population.

As a consequence, Ashland County's average age in 2000 was 37.9 years, much lower than in neighboring counties. By 2020, as Baby Boomers age, the average age of county residents will increase to 40.8 years and to 42.5 by 2030. This puts the county's average age a bit higher than the state mean of 36.4 years of age in 2000, and that gap remains fairly constant with time as the state average age increases to 39.6 years in 2020, and 41.0 years in 2030.

The graph on the left demonstrates the 'weight' of the current younger population in Ashland County who will be in their mid-40s and 50s by 2030. It also shows that over time there will be fewer residents in their post-teen years and, as Baby Boomers age, more residents in post-retirement years.

Eventually, the county faces a future that includes meeting the needs of an elderly population and a shortage of workers to replace those retiring. While it is now true that many baby boomers don't plan to fully retire most will move into other positions. Studies show that only 5 percent of retirement-age workers remain full-time in their pre-retirement positions. Additionally, health care demands increase as the population ages. Since Ashland County is a regional center for health services it is imperative that these issues are addressed sooner rather than later.

Population by Age Cohorts in Ashland County



In 2010, the average Ashland County resident will be 39.2 years old.
 In 2020, the average Ashland County resident will be 40.8 years old.
 In 2030, the average Ashland County resident will be 42.5 years old.

Source: WI Dept. of Administration, Demographic Services, & WI DWD, OEA

Population & Labor Force

Population Projections for Ashland County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	3,287	4,556	4,342	4,829	13,727	17,014
2020	3,337	3,862	4,312	5,853	14,027	17,364
2030	3,331	3,538	4,551	6,064	14,153	17,484
Distribution of Labor-Force-Aged Population						
2010		33.2%	31.6%	35.2%	100.0%	
2020		27.5%	30.7%	41.7%	100.0%	
2030		25.0%	32.2%	42.8%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page 1 is indicative of the significance that Baby Boomers will have on the total population. Even though the younger populations currently provide some 'balance' to the older population that dissipates over time. Ashland County's population, like most in the state, will be dominated by an older generation that will contribute little to the workforce, and rather than expanding the overall economy, could instead drain resources.

The relationship between the population and the labor force has entered a new era. The previous era was defined by the large size of the Baby Boomer generation (those born from 1946 and 1964) plus the propensity of women to enter the workforce. This combination immensely swelled the workforce beginning in the late 1960s. Forty years later, that workforce expansion is on the cusp of deflating. The first Baby Boomers entered the workforce around 1964 and the rest followed *en masse*. The first Boomers are now eligible for reduced Social Security benefits (the '46ers turned 62 years of age in 2008).

The above table delineates the population by selected age groups over the next three decades. Note that the population projection for the youngest age group and 35-54 year group changes little over the 20-year span, the 16-34 year group (new workers) declines, and the eldest group increases 26 percent. The population aged 55 years and older increases from 35.2 percent of the labor force aged population (the population aged 16 years and older) to 42.8 percent in 2030.

The labor force includes only that share of the population that is engaged in either working or actively looking for work. Beginning near age 55 the rate at which people participate in the labor force begins to drastically decline. As more of the labor force aged population reaches 55 years, the number of departures from the labor force increases and seriously impedes workforce growth.

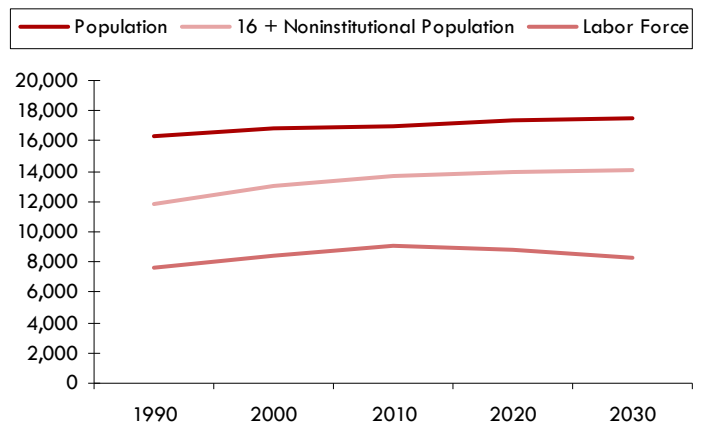
In fact, the 16 plus aged population is projected to add

roughly 425 residents from 2010 to 2030, but the labor force is expected to decline by approximately 790 participants (bottom table).

The graph below shows the three major components of Ashland County's total population, labor-force-aged population, and labor force. The top two lines do indicate continued population growth through 2030, albeit somewhat slower than during the 1990s. The bottom line,

representing the county's labor force, peaks by 2010, then begins to slowly decline. Competition to fill openings for replacements (workers leaving the occupation entirely, whether due to retirement or other reasons) will be fierce in this tighter labor market. It will be critical to hold on to talented workers in these conditions.

Ashland County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Ashland County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	3,651	3,650	1,733	9,034
2020	3,049	3,654	2,126	8,829
2030	2,772	3,831	1,642	8,246
Distribution of Labor Force				
2010	40.4%	40.4%	19.2%	100.0%
2020	34.5%	41.4%	24.1%	100.0%
2030	33.6%	46.5%	19.9%	100.0%

Source: WI DWD, OEA

Labor Force

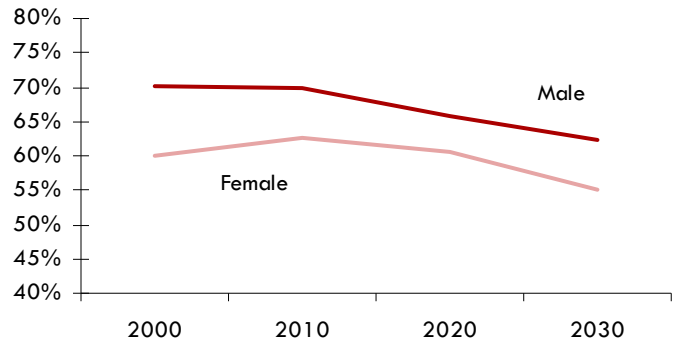
Delving deeper into the relationship between population and labor force requires more detailed information on how the population engages, or participates, in the labor force. The labor force participation rate (LFPR) is the share of the eligible population (the non-institutionalized population aged 16 years and older) that is working or actively looking for work.

Even though recent decades witnessed increased participation of women in Ashland County, from 39 percent in 1970 to 60 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 68-70 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s as baby boomers flooded the labor market. Now, as boomers celebrate their 55th birthdays and begin to retreat from the labor market, the LFPR for both men and women will begin to decline. By 2030 the LFPR for men in Ashland County is projected to drop closer to 62 percent while women's LFPR declines to 55 percent.

The combined 2000 labor force participation rate of both men and women varies by age, illustrated in the second graph on the right. Beginning with the youngest age group, primarily teenagers still enrolled in school, the LFPR jumps from 58 percent to 82 percent in the 20-24 year old group. The LFPR remains near, or above, 85 percent through the 45-54 year group before declining to 58 percent for those 55-64 years old and to under 22 percent for those over 65 years. Although there has been a recent uptick nationally of 2-3 percentage points in participation from the older population it will not significantly increase the overall labor force in Ashland County.

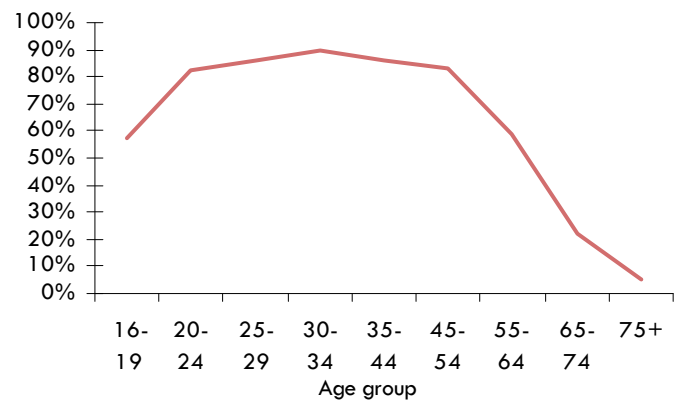
In spite of projections that show Ashland County's labor force declining as participation rates decrease, current estimates reveal just the opposite. The overall labor force participation rate rose from 70.2 percent in 2003 to 72.7 percent in 2007 and, as the bottom table shows, the number of labor force participants increased from 9,204 to 9,528, most of which occurred during 2007.

Labor Force Participation Rates by Sex: 2000-2030



Source: WI DWD, OEA

Labor Force Participation Rates by Age in 2000



Source: Census 2000, SF-3

The spike in overall labor force reflects an increase in the number of employed Ashland County residents who work for employers or are self-employed. Employment increased by 432 from 2003 to 2007, attracting new participants into the labor force and reducing the number of unemployed from 655 to 547. As a result the county's unemployment rate also declined from 7.1 percent in 2003 to 5.7 percent in 2007. However, the current unemployment is still higher than the state unemployment rate in 2007 of 4.9 percent.

Unemployment, and the unemployment rate, is very seasonal in Ashland County, falling as employers add jobs March through June. Rates decline throughout most of the summer to a low in September or October. Afterwards the rate climbs to a typical seasonal peak in February, beginning the yearly cycle again.

Ashland County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	9,204	9,241	9,288	9,281	9,528
Employed	8,549	8,686	8,733	8,718	8,981
Unemployed	655	555	555	563	547
Unemployment Rate	7.1%	6.0%	6.0%	6.1%	5.7%

Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

Jobs & Wages

Jobs and wages are the lifeblood of any economy. The more good-paying jobs in a region, the better the prospects for its economy. Ashland County has a diverse range of industry employment but the wages paid to workers in those jobs fall well below the statewide average for many of those industries.

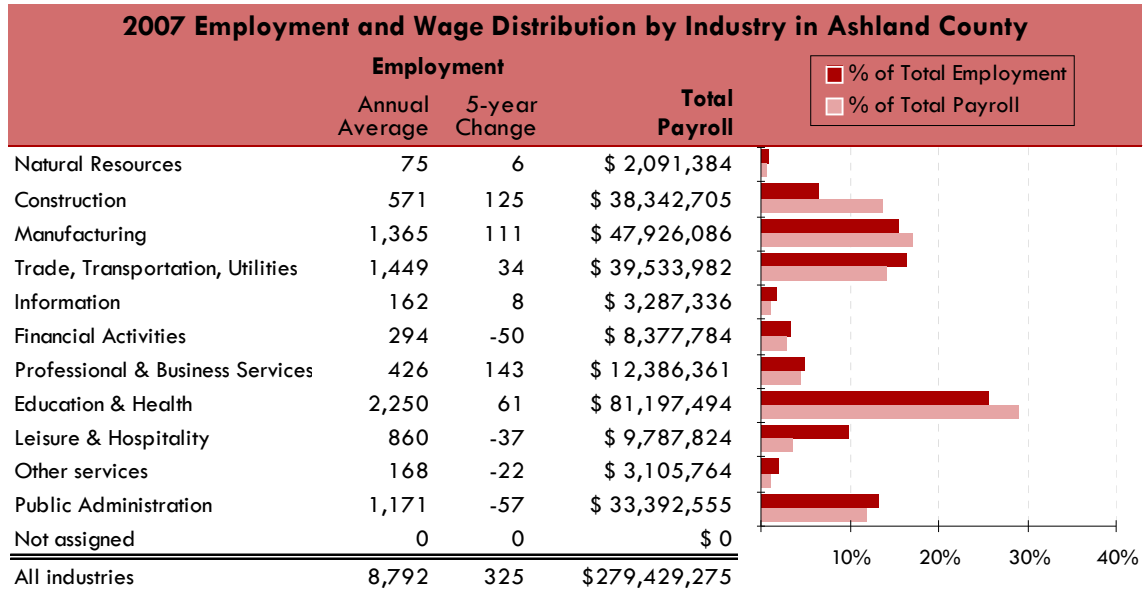
One industry super-sector, construction, added jobs over the previous 5-year span and paid workers an average annual wage higher than construction workers in Wisconsin. Most of the growth in construction, and the higher wages, occurred with specialty trade contractors (listed among the top ten industry sub-sectors on page 4), and more specifically, with site preparation. The additional jobs more-than-likely included site preparation for expansion of natural gas transmission and not all of the work occurred in Ashland County.

Average annual wages in two other super-sectors, natural resources, and education and health services,

approach statewide wages. Natural resources employs relatively few workers in the county, but education and health services, with 2,250 jobs, is the county's leading industry. One in every four jobs in Ashland County is in this super-sector. Ashland County is a regional center for health services with a large network of clinics and a hospital that serves a wide radius. In addition to local school districts, the county is home to Northland College and a Wisconsin Indianhead Technical College campus.

The industry group of trade, transportation, and utilities employers provide the second highest number of jobs, but over 62 percent of them are in retail trade where the annual average wage was \$20,702 in 2007. This is considerably less than the super-sector average of \$27,284.

The all industry average annual wage in Ashland County was \$31,782 in 2007. Over the five-year timeframe the increase in wages beat the statewide increase, but the overall wage was still only 83.5 percent of the statewide average of \$38,070.



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2008

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Ashland County as a Share of Wisconsin	Ashland County 5-year % Change	Wisconsin 5-year % Change
	Ashland County	Wisconsin			
All industries	\$31,782	\$38,070	83.5%	25.0%	17.4%
Natural Resources	\$27,885	\$29,235	95.4%	16.8%	14.7%
Construction	\$67,150	\$47,489	141.4%	78.4%	19.8%
Manufacturing	\$35,111	\$47,106	74.5%	18.4%	16.1%
Trade, Transportation & Utilities	\$27,284	\$32,762	83.3%	25.4%	15.3%
Information	\$20,292	\$48,483	41.9%	0.8%	24.7%
Financial Activities	\$28,496	\$50,749	56.2%	23.4%	25.8%
Professional & Business Services	\$29,076	\$44,328	65.6%	10.8%	22.0%
Education & Health	\$36,088	\$39,606	91.1%	15.0%	17.3%
Leisure & Hospitality	\$11,381	\$13,589	83.8%	14.9%	14.8%
Other Services	\$18,487	\$22,073	83.8%	14.3%	13.2%
Public Administration	\$28,516	\$39,879	71.5%	18.0%	18.1%

Source: WI DWD, Workforce Training, QCEW, June 2008

Jobs & Wages

Prominent Industries in Ashland County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Ashland County	Ashland County	Wisconsin	Ashland County	Wisconsin	Ashland County	Wisconsin
Executive, legislative, & gen government	857	-0.8%	-4.7%	\$ 24,394	\$ 36,340	10.5%	16.4%
Educational services	779	-2.7%	2.0%	\$ 33,822	\$ 39,753	8.8%	15.0%
Food services & drinking places	654	-4.2%	9.1%	\$ 9,863	\$ 10,859	10.5%	14.5%
Wood product manufacturing	614	not avail.	-6.8%	\$ 27,869	\$ 31,799	not avail.	12.3%
Machinery manufacturing	*	not avail.	-4.5%	*	\$ 53,720	not avail.	19.1%
Ambulatory health care services	392	5.4%	8.7%	\$ 56,023	\$ 57,969	14.6%	18.5%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%
Social assistance	377	not avail.	17.0%	\$ 17,085	\$ 19,100	not avail.	9.2%
Specialty trade contractors	377	59.7%	-0.1%	\$ 81,597	\$ 43,664	115.2%	17.8%
Nursing & residential care facilities	*	not avail.	3.6%	*	\$ 23,295	not avail.	12.0%

Note: * data suppressed for confidentiality and not available for calculations
 Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, June 2008

The tables on this page include more detailed information on industry jobs and the county's largest employers. In the above table, industry sub-sectors are listed in descending order based on jobs even though some of the data is suppressed to maintain employer confidentiality in sub-sectors with few employers. However, even a low estimate where data is suppressed would show that these ten sub-sectors provide roughly 60 percent of the jobs in Ashland County!

The largest sub-sector - executive, legislative, and general government - includes employment with three of the county's largest employers. Jobs with the largest employer, Bad River Band of Lake Superior Chippewa, range from natural resources workers to health care providers to gaming attendants.

Education and health services was mentioned on page 4 as the largest industry super-sector and all five of the sub-sectors are included in the top table. Educational services include both private and public facilities, including two from the bottom list. However, ambulatory health care services (clinics and specialty offices) include many smaller employers who together provide 392 jobs in Ashland County and paid an annual average wage of \$56,023 in 2007. This sub-sector is adding jobs, jobs that typically require advanced training and education, jobs with good wages, and jobs that are increasingly more difficult to fill.

At least three-fourths of the jobs in manufacturing are with employers in wood products or machinery manufacturing, two of the county's leading industry sub-sectors. Employers from both sub-sectors are also included

among the county's most prominent on the bottom table. Both sub-sectors in Wisconsin, and in the United States, are losing jobs; and it would be reasonable to suspect that what is occurring in the state and nation is also occurring in those sub-sectors in Ashland County.

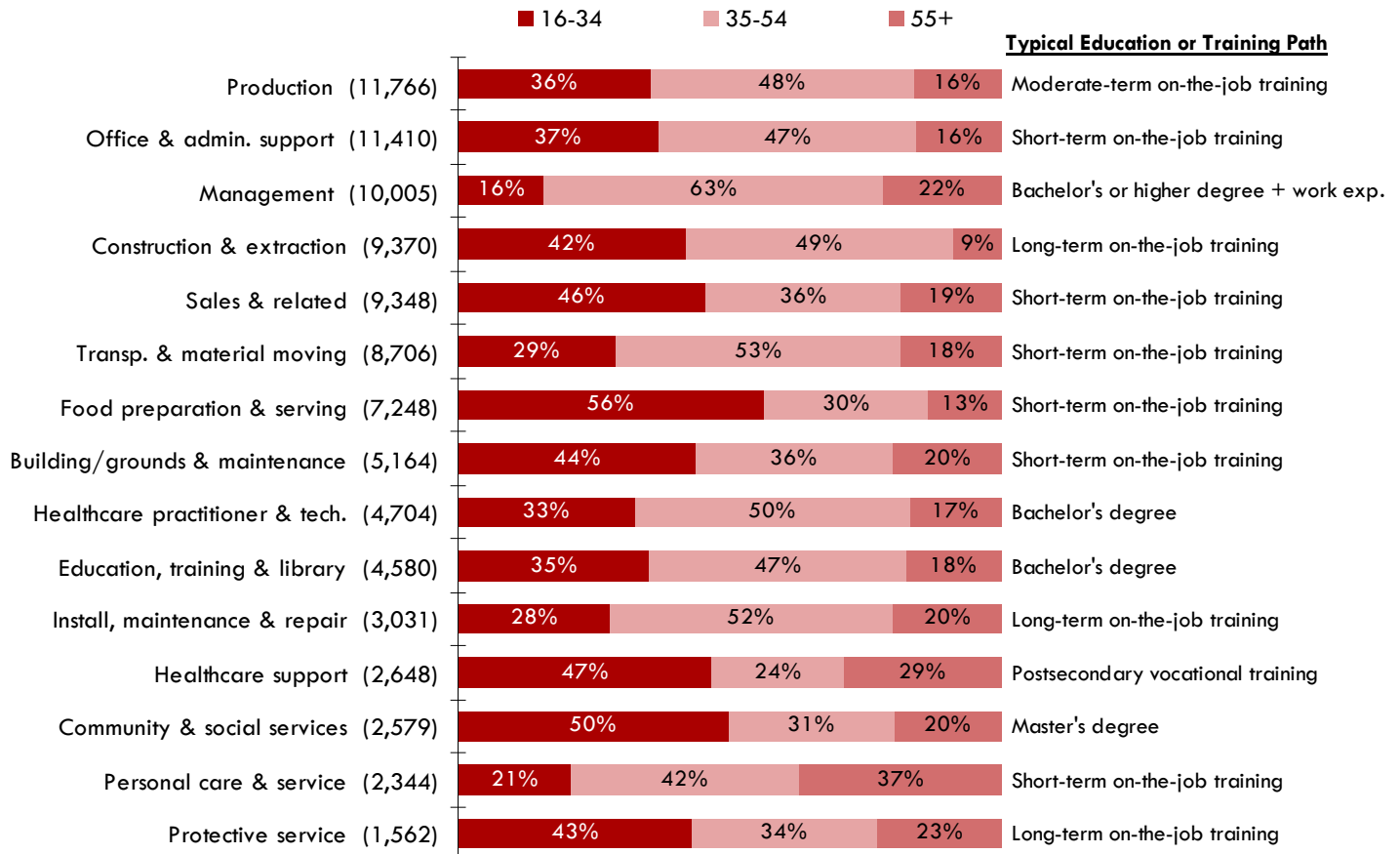
Prominent Public and Private Sector Employers in Ashland County		
Establishment	Service or Product	Number of Employees (March 2007)
Bad River Band of Lake Superior Chippewa	Tribal governments	250-499 employees
C G Bretting Mfg	Paper industry machinery manufacturing	250-499 employees
Memorial Medical Center	General medical & surgical hospitals	250-499 employees
School District of Ashland	Elementary & secondary schools	250-499 employees
Columbia Forest Products	Hardwood veneer & plywood manufacturing	100-249 employees
Wal-Mart	Discount department stores	100-249 employees
Lori Knapp Inc	Services for the elderly & disabled	100-249 employees
Northland College	Colleges & universities	100-249 employees
County of Ashland	Executive & legislative offices, combined	100-249 employees
City of Ashland	Executive & legislative offices, combined	100-249 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

Occupations & Typical Education or Training

Age Distribution of Workers in Selected Occupational Groups

Data includes residents of Ashland, Bayfield, Burnett, Douglas, Iron, Price, Rusk, Sawyer, Taylor, and Washburn counties.



Note: Occupation groups are in descending order based on the number of workers in each group.

Source: 2006 U.S. Census ACS PUMS & WI DWD, OEA

Information on jobs by industry (pages 4-5) is readily available because the data is collected from employers' quarterly reports on total payroll and jobs. However, industry reports lack information on the occupations and the training required of the workers who fill those jobs. One source of occupational information is the American Community Survey conducted by the U.S. Census Bureau. Unfortunately this information is not available for small population areas, like Ashland County. In order to meet a minimum population standard the data is grouped with nine neighboring counties listed in the above chart's title.

The chart includes the 15 largest occupational groups, listed in descending order by employment (number of workers in parenthesis), and shows the age demographics of area workers in each group. The three age categories represent all workers in each occupation group while the

typical training path represents the dominant path for the occupations within the group. This does **not** mean that every occupation within that group requires that education or training path.

Most of the occupations listed are heavily weighted with workers in the prime working years (35-54 years old). Others have obvious deviations. For example, the two groups of food preparation and sales are skewed to younger workers. It's not surprising that these occupation groups, with many part-time and seasonal jobs, low wages, and low training requirements employ a high proportion of young workers. This kind of work is also popular with students, both high school and post secondary, because of the large number of frequent job openings and low training requirements.

(Continued on page 7)

Occupations & Typical Education or Training

(Continued from page 6)

If the above conditions favor a preponderance of young workers in food service and sales occupations one is left to wonder why half the jobs in community and social services, where a master's degree dominates other educational paths, is also predominantly staffed by younger workers. First, there are fewer than 2,600 jobs in community and social services compared with nearly 7,300 in food preparation and serving which means that a smaller number of young workers comprise a greater share of overall jobs. And second, even though many of the occupations within the group typically require a master's degree one of the largest occupations, social and human services assistants, provides entry-level opportunities for younger workers.

Skilled healthcare occupations, on-the-other-hand, have a low proportion of younger workers. High education and work experience requirements for doctors and nurses play a major role here. With more and more new openings due to demand from aging baby boomers, and a high number of upcoming retirements, healthcare (already a field with a high number of job openings) will need a tremendous number of new workers of all skill sets in the near future.

This is especially critical in Ashland County where occupations in health care are a major source of jobs.

Production occupations, the largest group in the ten-county region, has a smaller share of younger workers than half of the listed groups. This group includes a wide selection of occupations with varying skill levels, training requirements, and learned knowledge that only comes from experience. With greater mobility of young workers, and wages below state averages, employers are finding it more difficult to fill production vacancies. This difficulty will only increase as older workers near retirement and take with them the knowledge that took years to acquire.

Management occupations naturally tend to have an older age breakout simply because many of these occupations typically require work experience in addition to post-secondary education. This is reflected in the typical education path, bachelor's degree or higher plus work experience, and explains the high wages paid in this group. But the higher barriers to entry, coupled with 22 percent of this group being over the age of 55, means that there could be significant problems filling all the positions vacated by the upcoming boomer retirees.

Income

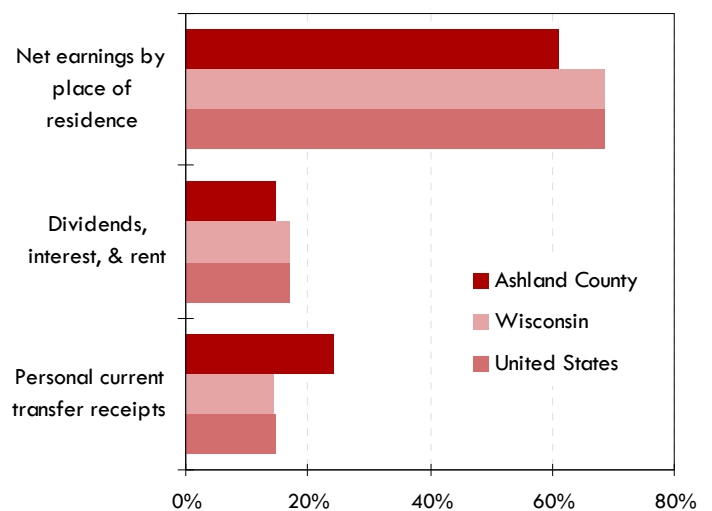
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, savings accounts, dividends, retirement payments from company pensions, or 401(k) plans. Transfer receipts come from state and federal governments, primarily in the form of Social Security, Medicare payments, unemployment insurance, veterans benefits, welfare, and other payments received from public agencies.

Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. In most Wisconsin counties, and in the state and nation, income from net earnings exceeds two-thirds of total personal income. However, at 61 percent in Ashland County, residents' share of income from earnings is significantly lower than that of the state and the nation. There are two primary reasons for the lower share. First, the county's residents are older on the whole than in the state and depend to a greater degree on un-earned income. Second, many local jobs are seasonal which

generate less annual income, forcing workers to turn to other assistance in the off season (increasing transfer payments), and to jobs that pay on average 26 percent

(Continued on page 8)

Components of 2006 Total Personal Income



Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

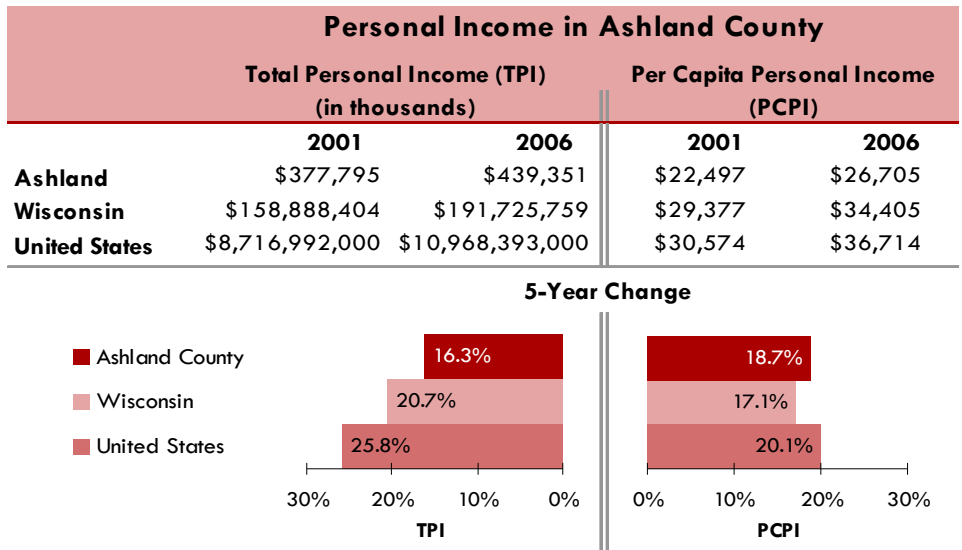
Income

less than similar statewide jobs (see page 4). Net earnings also includes an adjustment for wages earned by residents working beyond the county's borders (inflow) and a similar adjustment for non-residents working for county employers (outflow).

The bottom chart shows that in 2006 residents working in jobs outside the county added only \$33.0 million to Ashland County's total personal income while non-resident workers were paid \$102.6 million dollars in wages that left the county. The total residency adjustment netted a reduction of \$69,588,000 in county earnings (primarily wages paid by county employers to workers from other counties).

Commuting patterns from Census 2000 show that most outbound workers are traveling to jobs in Price and Bayfield counties while inbound workers arrive primarily from Bayfield County. Since 2001, the earnings flowing out of the county increased 28 percent while dollars flowing into the county increased 20 percent. Total personal income rose 16.3 percent since 2001.

Total personal income (TPI) is the sum of its parts, while per capita personal income (PCPI) is derived by dividing total personal income by total population. Thus, PCPI can



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007

be affected by the demographics of county residents. For example, if there is a large number of younger residents that don't work, PCPI will be less because it is calculated using the entire population. Also, if there is a large number of retiring residents in an area PCPI will probably be lower since the amount they receive from pensions and/or social security may be less than wages. This would also decrease the amount of TPI while keeping the same population denominator when calculating PCPI.

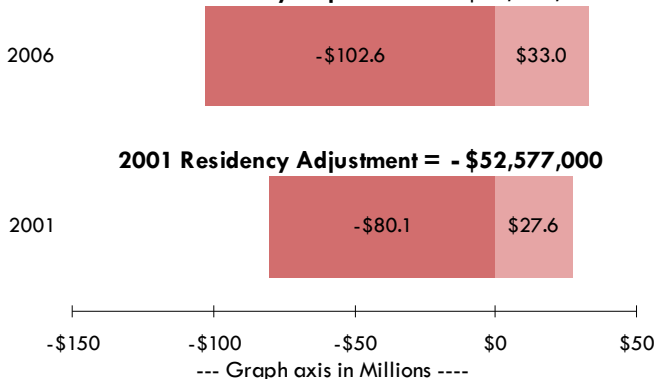
Ashland County, with a large share of older residents, has a higher proportion of transfer receipts (24%) compared with the state and nation (14%). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$26,705 in Ashland County was only 78 percent of the Wisconsin PCPI of \$34,405. Ashland's PCPI ranked 54th lowest among Wisconsin's 72 counties.

The major component of TPI, net earnings, is a significant factor in the lower PCPI. As mentioned earlier, the lower wages have a major impact on net earnings in Ashland County. While planners and developers strive to increase wages through better paying jobs, they can do little to change the overall occupational composition in the county. Large metropolitan areas, not small rural counties, will always attract the higher-paying occupations found in large corporate offices, specialized medical and educational facilities, and financial institutions. PCPI in Wisconsin's metropolitan counties in 2006 was \$36,430 compared to \$29,022 in nonmetropolitan counties. Targeting the nonmetropolitan PCPI presents a more reasonable goal for Ashland County developers.

Ashland County Commuting Impact

- Earnings of workers living in another county (outflow)
- Earnings of residents working in other counties (inflow)

2006 Residency Adjustment = - \$69,588,000



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007