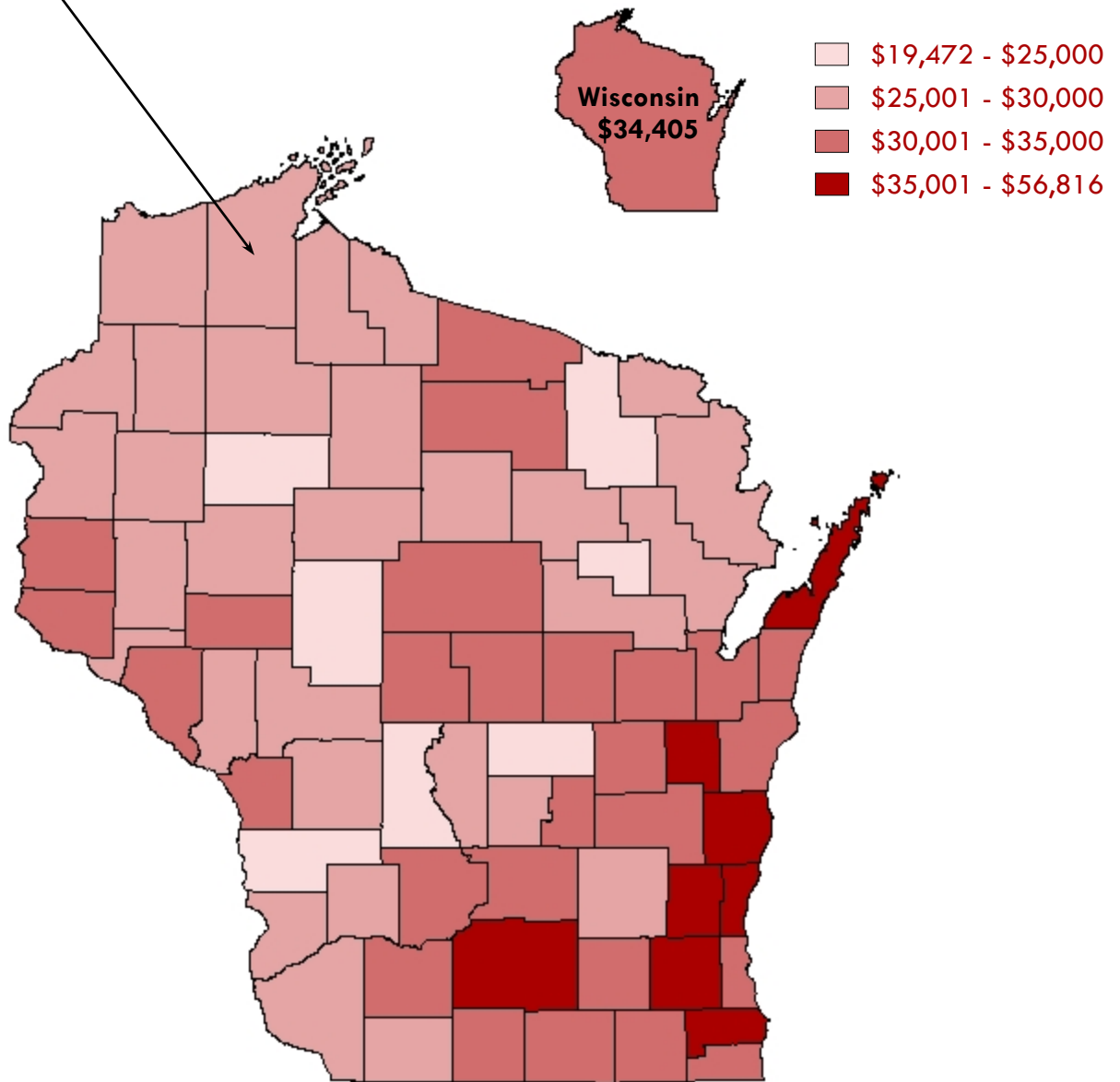


# Bayfield County Workforce Profile

Bayfield County  
\$27,066

## Per Capita Personal Income in 2006



2008

### Office of Economic Advisors

Wisconsin Department of Workforce Development  
OEA-10596-P

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**Population**

Bayfield County's population included 15,990 residents on January 1, 2007, an increase of 977 new residents since the 2000 census. Although the county's total population makes it one of the lesser populated in the state, the percent change since 2000 of 6.5 percent exceeded the 5.3 percent increase in the State of Wisconsin.

Like other northern counties the increase in population resulted from net migration, more persons moving into the county than leaving it. From 2000 to 2007, the county added 1,062 residents from net migration. At the same time the number of deaths in the county (987) exceeded the number of births (902). The result was a loss in population of 85 from natural causes. Bayfield County has not added residents from natural causes since 1994.

Most of the new residents are settling in communities in the northern regions of the county. Over one-third of the increase in county population occurred in the towns of Russell and Bayfield, both bordering Lake Superior. The county's largest city, Washburn with 2,246 residents, experienced a drop in population from Census 2000 to 2007.

Since the increase in population relies heavily on new residents moving into the county, it should be expected that the average age in the county is advancing more quickly than if the population were adding residents from births. A population adding residents from net migration, who are almost always adults and often retirees, will see

**Bayfield County's Ten Most Populous Municipalities**

	April 2000 Census	Jan.1, 2007 Estimate	Numeric Change	Percent Change
<b>United States</b>	281,421,906	300,888,812	19,466,906	6.9%
<b>Wisconsin</b>	5,363,715	5,647,000	283,285	5.3%
<b>Bayfield County</b>	15,013	15,990	977	6.5%
Washburn, City	2,280	2,246	-34	-1.5%
Russell, Town	1,216	1,400	184	15.1%
Iron River, Town	1,059	1,186	127	12.0%
Cable, Town	836	854	18	2.2%
Barksdale, Town	801	825	24	3.0%
Bayfield, Town	625	782	157	25.1%
Barnes, Town	610	693	83	13.6%
Eileen, Town	640	647	7	1.1%
Bayfield, City	611	618	7	1.1%
Drummond, Town	541	572	31	5.7%

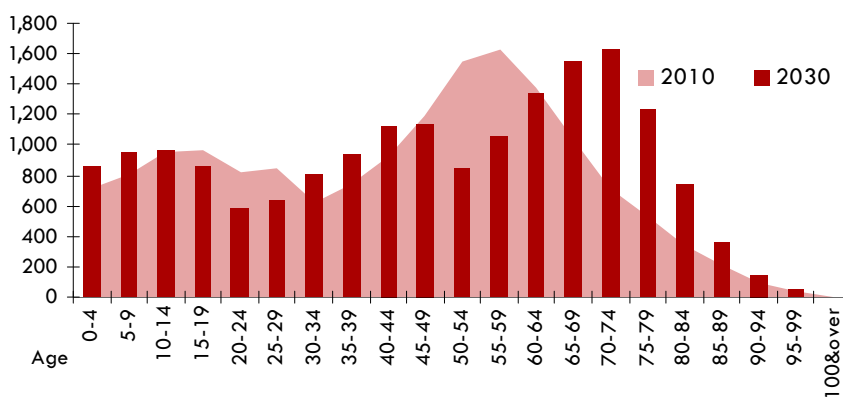
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

a fast rate of increase in the average age of its residents. In Bayfield County, the average age was 40.5 years in 2000. By 2020, it is anticipated that the average age of county residents will be 45.8 years and by 2030 will increase to 47.2 years. This puts the county's average age substantially above the state mean of 36.4 years of age in 2000, and the gap will widen with time as the state average age increases to 39.6 years in 2020, and to 41.0 years in 2030. By 2030, 30 percent of the county's population will be over the age of 60.

The graph on the left not only demonstrates the 'weight' of this older population in Bayfield County but also reflects the loss of young people who leave the area seeking more enticing opportunities or more excitement away from their "home town". Without attractive jobs prospects, young people move in pursuit of more education and better jobs.

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. Most pursue other interests and opportunities. Additionally, health care demands increase as the population ages. Due to the relatively advanced age of Bayfield County residents, this demand will increase sooner than later.

**Population by Age Cohorts in Bayfield County**



In 2010, the average Bayfield County resident will be 43.3 years old.  
In 2020, the average Bayfield County resident will be 45.8 years old.  
In 2030, the average Bayfield County resident will be 47.2 years old.

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

**Population & Labor Force**

Population Projections for Bayfield County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	2,668	3,052	4,418	5,976	13,446	16,114
2020	2,704	3,059	3,663	7,720	14,442	17,146
2030	2,956	2,700	4,057	8,122	14,879	17,835
Distribution of Labor-Force-Aged Population						
2010		22.7%	32.9%	44.4%	100.0%	
2020		21.2%	25.4%	53.5%	100.0%	
2030		18.1%	27.3%	54.6%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page 1 is indicative of the significance that Baby Boomers have on the total population. Population growth in Bayfield County that is dominated by an older generation will contribute little to the workforce, and rather than expanding the overall economy, could easily 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 to 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 in the middle age groups that declines from 2010 to 2030. The youngest age group is projected to increase by nearly 290 individuals over the 20-year span, but that pales in comparison to the increase of more than 2,100 elderly in the county. The population aged 55 years and older increases from 44.4 percent of the labor force aged population (the population aged 16 years and older) in 2010 to 54.6 percent in 2030.

The labor force includes only that share of the population that is engaged in either working or 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.

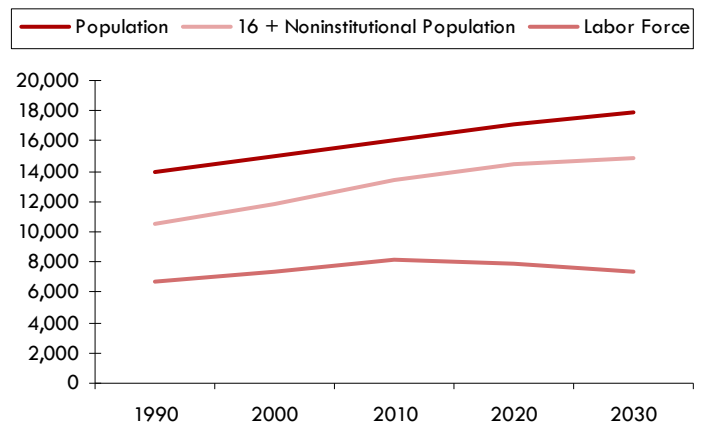
In fact, the 16 plus aged population is projected to add roughly 1,430 residents from 2010 to 2030, but the labor

force is expected to decline by approximately 770 participants (bottom table).

The graph below shows the three major components of Bayfield County's total population, labor force aged population, and labor force. The top two lines in fact indicate continued population growth through 2030, albeit somewhat slower than during the 1990s. The bottom labor force line 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, not to mention the additional openings generated from business expansions. It will be critical to find and hold on to talented workers in these conditions.

**Bayfield County Historic and Projected Population and Labor Force**



Source: WI DWD, OEA

Labor Force Projections for Bayfield County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	2,355	3,743	1,997	8,095
2020	2,409	3,120	2,340	7,869
2030	2,082	3,445	1,801	7,328
Distribution of Labor Force				
2010	29.1%	46.2%	24.7%	100.0%
2020	30.6%	39.6%	29.7%	100.0%
2030	28.4%	47.0%	24.6%	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 looking for work.

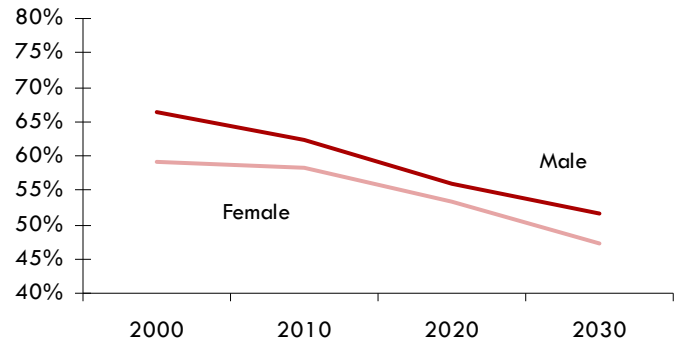
Even though recent decades witnessed increased labor participation of women in Bayfield County, from 35 percent in 1970 to 59 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 64-66 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s just as baby boomers flooded the labor market. Now, as boomers celebrate their 55<sup>th</sup> 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 Bayfield County is projected to drop closer to 52 percent while women's LFPR declines to 47 percent (top graph).

The 2000 combined 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 53 percent to 82 percent in the 20-24 year old group. The LFPR remains above 85 percent through the 45-54 year group before declining rapidly to 51 percent for those 55-64 years old and to under 16 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 Bayfield County.

The decline in labor force participation has begun in some Wisconsin counties, but not in Bayfield. The bottom chart shows an increase of 500 participants in Bayfield's labor force since 2003. Most of the increase occurred as residents found jobs. The labor force in 2007 of 8,540 is the highest on record, but the county recorded lower unemployment rates at the turn of the century.

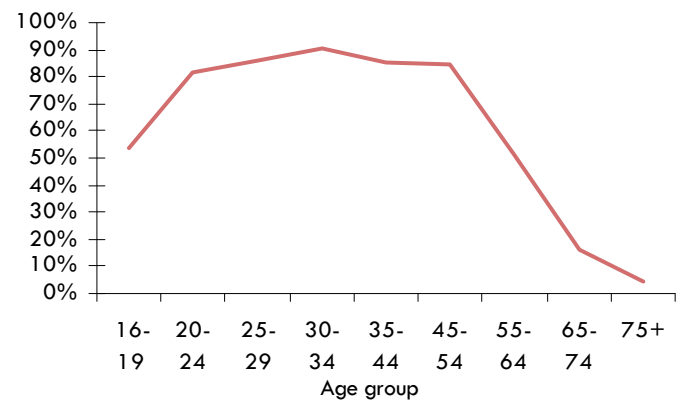
The total labor force expanded 6.3 percent since 2003,

**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

exceeding the population increase of 3.9 percent over the same period. The overall LFPR in Bayfield County also increased from 64.5 percent in 2003 to 65.2 percent in 2007. It should be noted that Bayfield County's current LFPR is still considerably lower than Wisconsin's LFPR of 74.3 percent.

Unemployment rates in the county have fallen since 2003 as the number of residents employed increased from 7,508 to 7,998. However, the current unemployment rate of 6.3 percent remains much higher than the state unemployment rate in 2007 of 4.9 percent. The unemployment rate is very seasonal in Bayfield County, falling as employers add jobs February through June. Rates decline throughout most of the summer to a low in September or October as seasonal workers are needed to accommodate seasonal visitors. Afterwards the rate climbs to a typical seasonal peak in February, beginning the

**Bayfield County Civilian Labor Force Data**

	2003	2004	2005	2006	2007
Labor Force	8,033	8,185	8,231	8,293	8,540
Employed	7,508	7,661	7,723	7,763	7,998
Unemployed	525	524	508	530	542
Unemployment Rate	6.5%	6.4%	6.2%	6.4%	6.3%

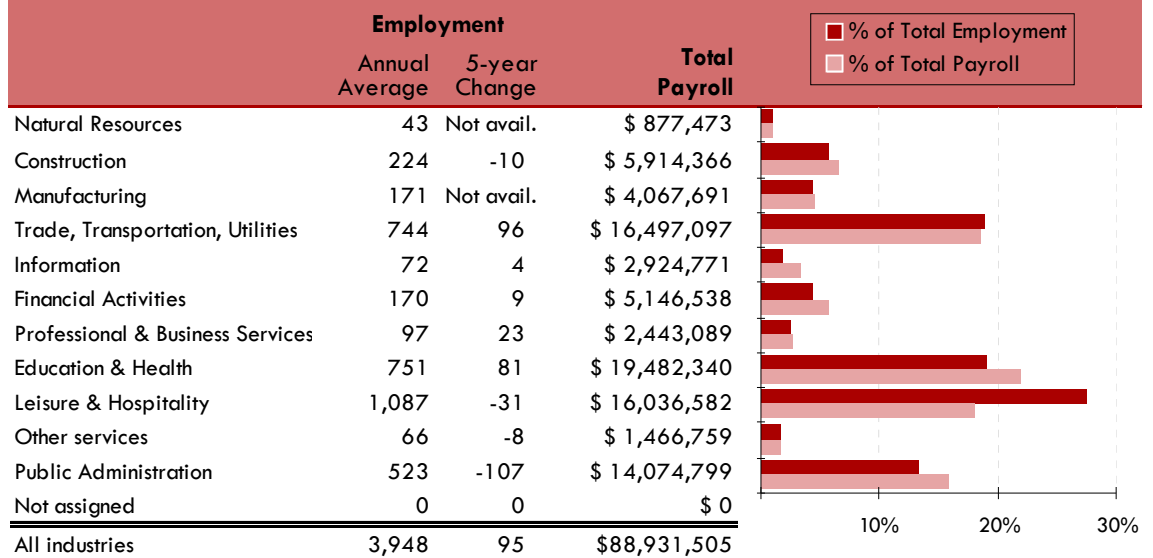
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

### 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; and the more diverse the county's industry sectors the more insulated it is from major losses. In Bayfield County, however, 27 percent of county jobs are in the industry super-sector of leisure and hospitality; and another 19 percent in the super-sector of trade, transportation, and utilities (trade comprises three-quarters of the jobs in this large grouping). Both super-sectors depend on seasonal tourism and consumer spending and annual average wages are low. The average annual wage in Bayfield County in 2007 was only \$22,526, the second lowest among the state's 72 counties.

The above chart shows that jobs in the seasonal leisure and hospitality industry (27.5% of all jobs in the county) are a substantially greater share of total jobs than is payroll (18% of total payroll). This means that leisure and

**2007 Employment and Wage Distribution by Industry in Bayfield County**



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

hospitality jobs pay relatively low wages. The annual average wage in leisure and hospitality of \$14,753 is the lowest among the county's major industry sectors. However, these wages are higher than average leisure and hospitality wages in Wisconsin and have increased a bit faster than the state over the previous five-year span.

Trade, transportation, and utilities includes industries such as gasoline stations, wholesale food suppliers, and novelty shops that also can be dependent on seasonal tourism. Total county employment in this super-sector yields a slightly larger share than total payroll resulting in an annual average wage of that is slightly below the county average, \$22,174.

Education and health services jobs, on the other hand, are more stable by nature and relatively high paying. Education and health services provide a greater share of total county payroll than jobs, and higher than average county wages. While education and health services industry wages are higher than average county wages, the wages are below the state average wages for the industry.

**Average Annual Wage by Industry Division in 2007**

	Average Annual Wage		Bayfield County as a Share of Wisconsin	Bayfield County 5-year % Change	Wisconsin 5-year % Change
	Bayfield County	Wisconsin			
All industries	\$22,526	\$38,070	59.2%	13.6%	17.4%
Natural Resources	\$20,406	\$29,235	69.8%	Not avail.	14.7%
Construction	\$26,403	\$47,489	55.6%	16.0%	19.8%
Manufacturing	\$23,788	\$47,106	50.5%	Not avail.	16.1%
Trade, Transportation & Utilities	\$22,174	\$32,762	67.7%	12.0%	15.3%
Information	\$40,622	\$48,483	83.8%	10.2%	24.7%
Financial Activities	\$30,274	\$50,749	59.7%	19.9%	25.8%
Professional & Business Services	\$25,186	\$44,328	56.8%	8.4%	22.0%
Education & Health	\$25,942	\$39,606	65.5%	12.3%	17.3%
Leisure & Hospitality	\$14,753	\$13,589	108.6%	15.5%	14.8%
Other Services	\$22,224	\$22,073	100.7%	34.9%	13.2%
Public Administration	\$26,912	\$39,879	67.5%	14.7%	18.1%

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

## Jobs & Wages

Prominent Industries in Bayfield County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Bayfield County	Bayfield County	Wisconsin	Bayfield County	Wisconsin	Bayfield County	Wisconsin
Food services & drinking places	440	-0.7%	9.1%	\$ 9,087	\$ 10,859	12.1%	14.5%
Executive, legislative, & gen government	431	-19.7%	-4.7%	\$ 24,524	\$ 36,340	10.0%	16.4%
Educational services	370	-14.9%	2.0%	\$ 31,912	\$ 39,753	17.3%	15.0%
Accommodation	351	-11.1%	5.6%	\$ 14,749	\$ 15,941	11.7%	15.9%
Amusement, gambling & recreation ind	211	7.7%	7.2%	\$ 16,281	\$ 15,962	7.9%	11.3%
Social assistance	134	173.5%	17.0%	\$ 16,299	\$ 19,100	70.7%	9.2%
Nursing & residential care facilities	*	not avail.	3.6%	*	\$ 23,295	not avail.	12.0%
Food & beverage stores	96	1.1%	-4.9%	\$ 17,157	\$ 17,166	30.5%	9.7%
Credit intermediation & related activity	95	13.1%	6.0%	\$ 38,985	\$ 42,493	24.3%	19.7%
Gasoline stations	95	26.7%	0.9%	\$ 13,210	\$ 14,803	14.6%	7.1%

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

As mentioned on the previous page, leisure and hospitality is the leading industry super-sector in Bayfield County. Three of the industry's sub-sectors, which rely heavily on tourism, are among the county's largest when it comes to providing jobs. Employers in the largest sub-sector, food services and drinking places, provided an average of 440 jobs in 2007, but that ranged from 600 jobs in the summer months to 300 in winter. Since many jobs are seasonal and hours can be sporadic, hourly wages in the sub-sector often fall below the average. All of these factors contribute to annual average wages of only \$9,087 in the sub-sector.

Even though these same factors affect the accommodation sub-sector, accommodation worker wages are a bit higher (\$14,749 annually) than the leisure and hospitality average. Jobs in amusement, gambling, and

recreation, the third leisure and hospitality sub-sector listed above, pay even more, although supporting a family on \$16,281 would be very difficult. Of the three, the only the last one added jobs during the five-year period and is the only one with wages higher than state industry average.

The sub-sectors in the top list provide nearly 60 percent of all the jobs in Bayfield County, yet only three pay higher than average county wages (there is little reason to expect nursing and residential facilities wages would exceed the county average).

Two employers from the leisure and hospitality sector appear among the largest in the county, Telemark and Isle Vista Casino. Bayfield County's two largest employers provide the majority of the jobs in the executive, legislative, and general government sub-sector. However,

the sub-sector lost more than 100 jobs in the previous five years, much greater than losses occurring in the state.

Many county residents work more than one job, taking jobs in other counties and bringing millions of earned income back into Bayfield County (see details on page 8).

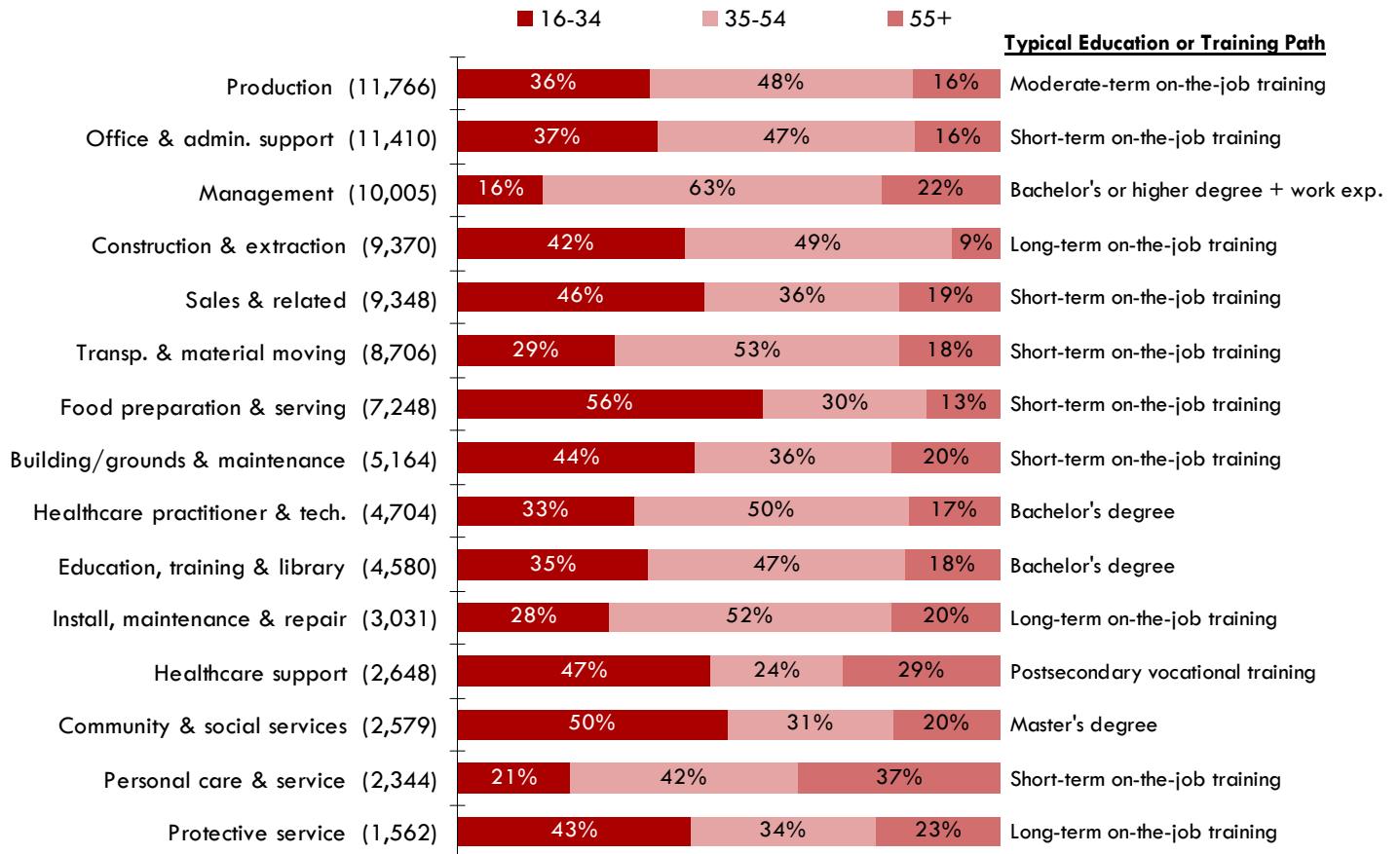
Prominent Public and Private Sector Employers in Bayfield County		
Establishment	Service or Product	Number of Employees (March 2007)
County of Bayfield	Executive & legislative offices, combined	100-249 employees
Red Cliff Band of Lake Superior Chippewa	Tribal governments	100-249 employees
School District of Washburn	Elementary & secondary schools	100-249 employees
Northern Lights Health Care Center	Nursing care facilities	100-249 employees
School District of Bayfield	Elementary & secondary schools	100-249 employees
Drummond Area School District	Elementary & secondary schools	50-99 employees
Telemark	Hotels & motels, except casino hotels	50-99 employees
Isle Vista Casino	Casinos, except casino hotels	50-99 employees
Washburn IGA	Supermarkets & other grocery stores	50-99 employees
Chequamegon Communications Coop	Wired telecommunications carriers	50-99 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 training required of workers to 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 Bayfield 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.

If the above conditions favor a preponderance of young workers in food service and sales occupations one is left to

*(Continued on page 7)*

## Occupations & Typical Education or Training

(Continued from page 6)

wonder why half the jobs in community and social services, where a master's degree dominates other educational paths, is also dominated 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.

Perhaps nearly as perplexing is the 37 percent share of older workers in personal care and service occupations where only short-term training is required. Again, the number of total workers is less than most other groups and several of the occupations within the group, like hairstylist, represent self-employed workers who are less likely to retire early. Other occupations in this group include casino workers and home care providers, jobs that may attract early-retirees to return to work.

Management occupations naturally tends 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.

Skilled healthcare occupations also 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 levels in the near future.

Production occupations has the largest occupation group in the ten-county region. With a similar worker age grouping proportion as healthcare practitioners and technicians, a large number of production employers will be facing shortages of workers for experienced and skilled positions.

## Income

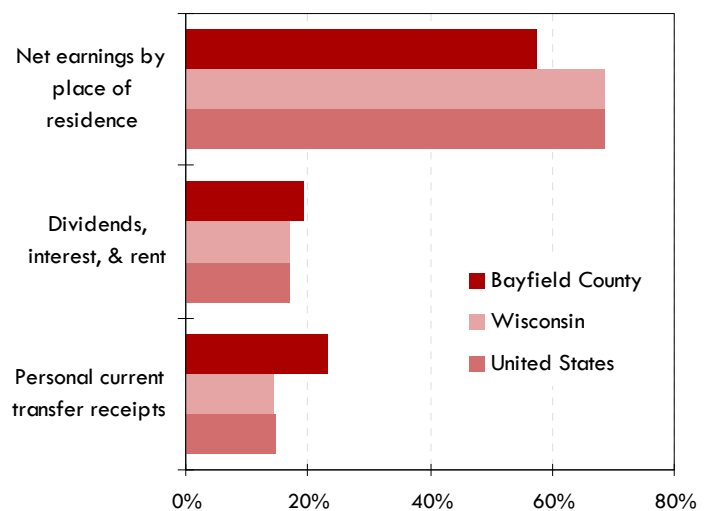
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, 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 58 percent in Bayfield 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 40 percent

(Continued on page 8)

Components of 2006 Total Personal Income



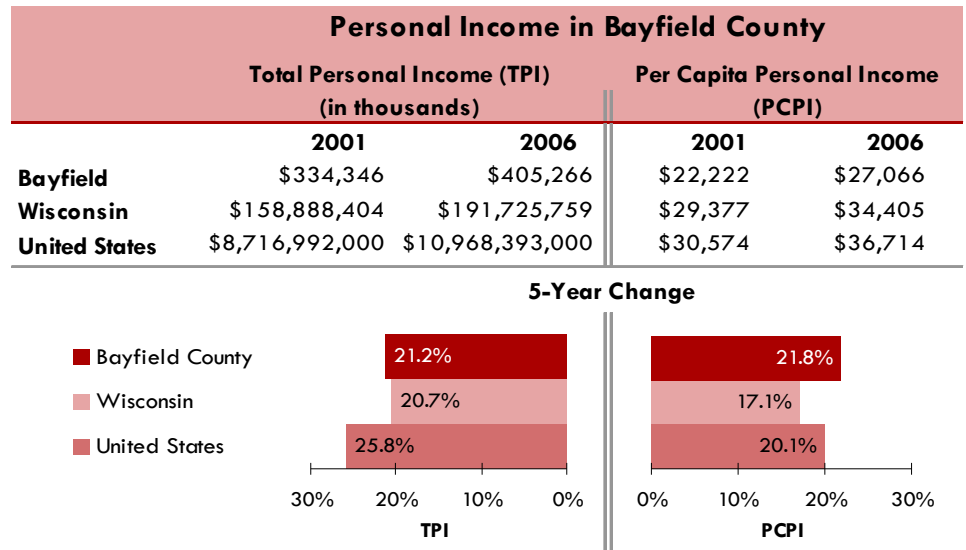
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

### Income

less than state 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 \$108.7 million to Bayfield County's total personal income while non-resident workers were paid \$16.1 million in wages that left the county. The total residency adjustment netted \$92,561,000 in Bayfield County residents' earnings. Commuting patterns from Census 2000 show that most outbound workers commute to jobs in Ashland County, while a much smaller number of inbound workers arrive from Ashland and Douglas counties. Since 2001, the dollars from residency adjustment increased 25.3 percent, a somewhat more than the increase in total personal income over the five-year period of 21.2 percent.

While total personal income (TPI) is the sum of its parts, per capita personal income (PCPI) is derived by dividing total personal income by total population. Thus, PCPI can be affected by the county residents' demographics. For example, if there is a large number of younger residents that don't work, PCPI will be less because TPI is less but is



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

still distributed among 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.

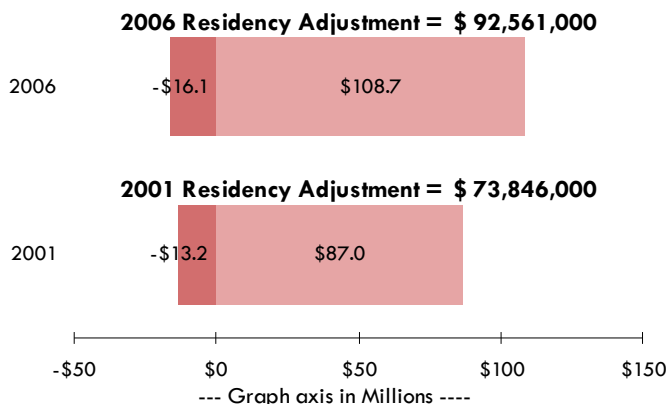
Bayfield County, with a high share of older residents, has a higher proportion of transfer receipts (23%) compared with the state and nation (14%). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$27,066 in Bayfield County was only 79 percent of Wisconsin's PCPI. Bayfield's PCPI ranked 51<sup>st</sup> lowest among Wisconsin's 72 counties, still this is a much better rank than the second lowest in the state for annual average wages.

The major component of TPI, net earnings, is a significant factor in the lower PCPI. Although county wages are low, wages from commuters raises the overall net earnings for Bayfield County residents.

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 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. Bayfield's PCPI was 93 percent of the nonmetropolitan PCPI and presents a more reasonable target for county planners and developers.

### Bayfield County Commuting Impact

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



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