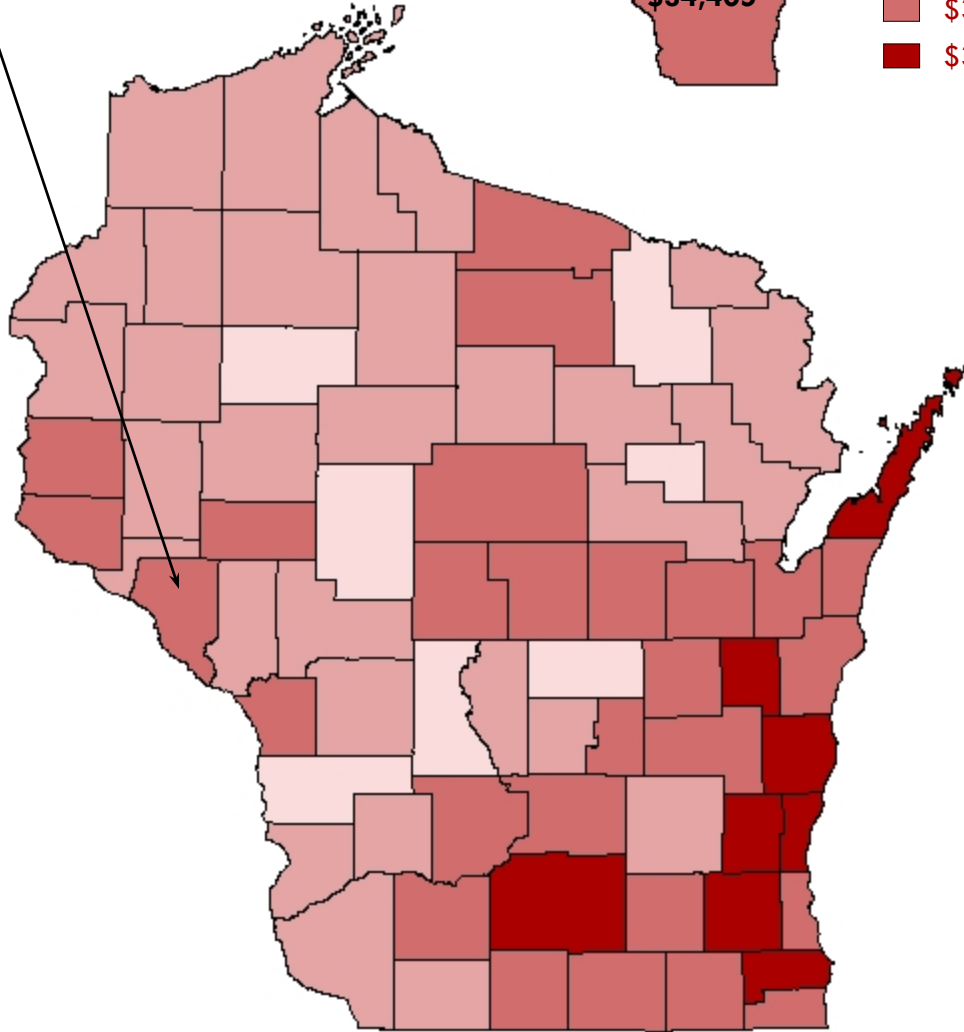


# Buffalo County Workforce Profile

## Per Capita Personal Income in 2006

Buffalo County  
\$34,255



2008

### Office of Economic Advisors

Wisconsin Department of Workforce Development  
OEA-10598-P

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### Population

At just over 14,000 residents, Buffalo County is among the state's least populated, with only five other counties having fewer residents in 2007. Like many of its rural, Western Wisconsin counterparts, Buffalo County's population growth has been among the state's slowest since 2000, with net growth of 379 residents. That translates to a 2.7 percent growth rate, or about one-half of the statewide rate. Buffalo's population growth rate over the last seven years ranks 58th among the state's 72 counties.

The County's largest municipalities have measured at least a scrap of net population growth, characterized by larger growth in the county's western communities along the Mississippi River and along State Highway 35, which runs parallel to the Mississippi.

Population growth, to the extent that it's occurred in Buffalo, has been particularly well balanced between natural change (births minus deaths) and net migration (in and out migration of residents). Its seven-year net growth is evenly divided between natural growth and net immigration. In most rural counties, the majority of residential growth comes via migration and not by natural means, given the counties' propensity to skew toward older populations.

With a median age close to 42 years (16th eldest statewide), Buffalo County exemplifies the "demographic imperatives" issues facing other counties, states and even other industrialized nations. By 2020 it is anticipated that

#### Buffalo 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>Buffalo County</b>	13,804	14,183	379	2.7%
Mondovi, City	2,634	2,708	74	2.8%
Buffalo, City	1,040	1,059	19	1.8%
Fountain City	983	1,016	33	3.4%
Alma, City	942	943	1	0.1%
Buffalo, Town	667	710	43	6.4%
Naples, Town	584	621	37	6.3%
Nelson, Town	586	608	22	3.8%
Milton, Town	517	542	25	4.8%
Waumandee, Town	515	517	2	0.4%
Dover, Town	484	501	17	3.5%

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

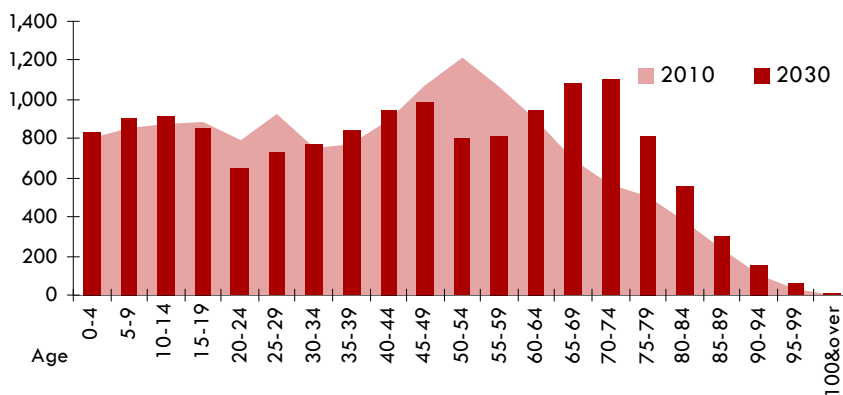
the average age of county residents will be 42.6 years, and by 2030 will be 44 years old. This puts the county's average age substantially above the state mean of 36.4 years of age in 2000, and the gap will widen with time as the state average age increases to 39.6 years in 2020, and 41.0 years in 2030.

The graph on the left not only demonstrates the 'weight' of this older population in Buffalo County, but also reflects the low birth rate and the loss of young people who leave the area seeking more enticing opportunities or more excitement away from their "home town". Without attractive job 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 five percent of retirement-age workers remain full-time in their pre-retirement positions.

Additionally, health care demands increase as the population ages. Due to the relatively advanced age of Buffalo County residents, this demand will increase sooner than later. Such growth will be a "double-edged sword" for health services employers; their business will significantly increase at the same time that their workforce will decrease (retirements), with fewer young workers to replace those that are retiring.

Population by Age Cohorts in Buffalo County



In 2010, the average Buffalo County resident will be 41 years old.  
 In 2020, the average Buffalo County resident will be 42.6 years old.  
 In 2030, the average Buffalo County resident will be 44 years old.

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

### Population & Labor Force

Population Projections for Buffalo County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	2,704	3,175	3,956	4,473	11,604	14,308
2020	2,782	3,043	3,455	5,514	12,012	14,794
2030	2,835	2,841	3,580	5,844	12,265	15,100
Distribution of Labor-Force-Aged Population						
2010		27.4%	34.1%	38.5%	100.0%	
2020		25.3%	28.8%	45.9%	100.0%	
2030		23.2%	29.2%	47.6%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page one indicates the significance that baby boomers have on the overall age distribution. Population growth in Buffalo County is dominated by an older generation that will be less likely to participate in the workforce.

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).

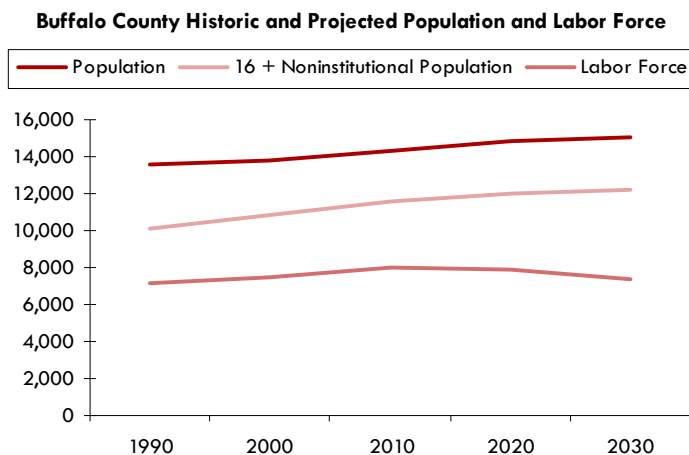
The above table delineates the population by selected age groups over the next three decades. Note that even though the size of the population in the youngest age group increases over the 20-year span, that increase pales in comparison to the 31 percent increase in the eldest group. Meanwhile, both of the middle age groups diminish in size, both numerically and proportionately. Additionally, the population aged 55 years and older is projected to increase from 38.5 percent of the labor force aged population (the population aged 16 years and older) to 47.6 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. These departures seriously impede workforce growth.

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

roughly 660 residents from 2010 to 2030, but the labor force is expected to decline by approximately 600 participants (bottom table).

The graph below shows Buffalo County's total population, labor force aged population, and labor force. The top two lines, representing the total population and the labor-force-aged population respectively, in fact indicate continued 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 decline. Competition to replace workers who leave jobs and to hire workers for business expansion will be more difficult in this tighter labor market.



Source: WI DWD, OEA

Labor Force Projections for Buffalo County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	2,650	3,528	1,796	7,974
2020	2,513	3,101	2,259	7,872
2030	2,343	3,200	1,832	7,374
Distribution of Labor Force				
2010	33.2%	44.2%	22.5%	100.0%
2020	31.9%	39.4%	28.7%	100.0%
2030	31.8%	43.4%	24.8%	100.0%

Source: WI DWD, OEA

**Labor Force**

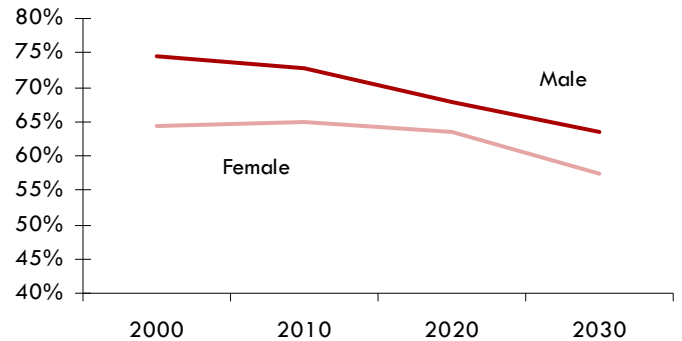
Delving deeper into the relationship between population and labor force requires more detailed information on how the population engages, or participates, in the labor force. The labor force participation rate (LFPR) is the share of the eligible population (the non-institutionalized population aged 16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

Even though recent decades witnessed increased participation of women in Buffalo County, from less than 40 percent in 1970 to 64 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 73 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s as both male and female 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 Buffalo County is projected to drop closer to 63 percent while women’s LFPR will decline to 57 percent (top graph).

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 63 percent to 87 percent in the 20-24 year old group. The LFPR remains above 87 percent through the 45-54 year group before declining to 65 percent for those 55-64 years old and to under 29 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 labor force in Buffalo County.

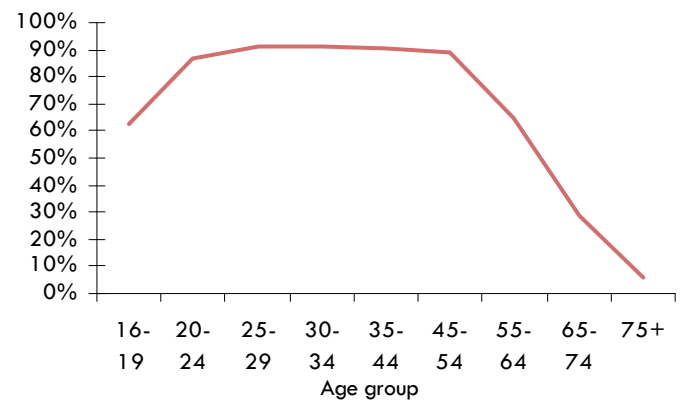
The chart below details unemployment rates for Buffalo County over the last five years. The number of unemployed became a smaller share of the total labor force from 2003 to 2007 and the county’s unemployment rate dropped from 5.2 to 3.9 percent. Although unemployment rates have declined, they remain higher than in the late-1990s.

**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

This chart (bottom left) also reflects a local labor force that has not yet reached its maximum potential. From 2003 to 2007 the labor force added 812 participants, largely from an increase of 882 in the number of employed residents. During that timeframe the number of unemployed was reduced by only 70 residents.

While as of this writing (Fall 2008), an economic downturn appears to be on the horizon, the fact remains that after recovery and in the future, unemployment rates will stabilize and labor shortages will continue. These shortages will be due to the continuing shift in age demographics in Buffalo County.

**Buffalo County Civilian Labor Force Data**

	2003	2004	2005	2006	2007
Labor Force	8,367	8,061	8,328	8,549	9,179
Employed	7,936	7,702	7,986	8,208	8,818
Unemployed	431	359	342	341	361
Unemployment Rate	5.2%	4.5%	4.1%	4.0%	3.9%

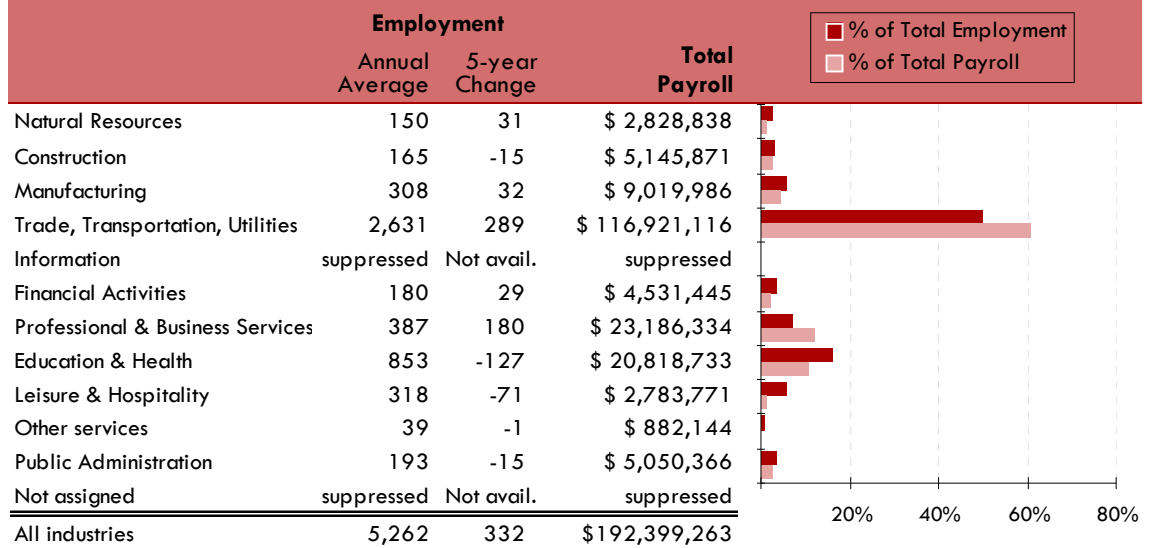
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

### 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 Buffalo County, however, 50 percent of county jobs are in the industry super-sector of trade, transportation, & utilities; and another 16 percent in the super-sector of education & health.

When an area's economy is reliant on just one or two principle sectors, even area businesses completely unrelated to these principle sectors are sensitive to changes in the area's dominant sectors. With such dominance in an area's economy, dependencies may develop between otherwise unrelated businesses, and the fate of an entire area can be tied to one or two principle businesses.

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



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

The graph and table displayed on this page examine the jobs and wages representing each major employment sector in the county. As previously noted the trade, transportation & utilities super-sector, provides the largest job base in the county, additionally it accounts for the highest share (60.8 percent) of total payroll in Buffalo County. Conversely, leisure & hospitality sector jobs, which comprise six percent of the county's jobs, pay a disproportionately lower 1.4 percent of the total wage base. The higher wage-to-jobs ratio in trade, transportation & utilities is indicative of the occupational makeup within the sector, workers' longer tenures, and the skills and experience of its workers. The lower wage-to-jobs ratio in leisure and hospitality reflects the seasonal employment nature of this sector, the prevalence of part-time, seasonal employment scheduling, and the heavy presence of entry-level jobs, typically requiring less skill and experience of its workers.

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

	Average Annual Wage		Buffalo County as a Share of Wisconsin	Buffalo County 5-year % Change	Wisconsin 5-year % Change
	Buffalo County	Wisconsin			
All industries	\$36,564	\$38,070	96.0%	21.3%	17.4%
Natural Resources	\$18,859	\$29,235	64.5%	26.2%	14.7%
Construction	\$31,187	\$47,489	65.7%	17.1%	19.8%
Manufacturing	\$29,286	\$47,106	62.2%	5.1%	16.1%
Trade, Transportation & Utilities	\$44,440	\$32,762	135.6%	14.9%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$25,175	\$50,749	49.6%	12.1%	25.8%
Professional & Business Services	\$59,913	\$44,328	135.2%	44.9%	22.0%
Education & Health	\$24,406	\$39,606	61.6%	3.7%	17.3%
Leisure & Hospitality	\$8,754	\$13,589	64.4%	22.8%	14.8%
Other Services	\$22,619	\$22,073	102.5%	32.6%	13.2%
Public Administration	\$26,168	\$39,879	65.6%	22.5%	18.1%

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

### Jobs & Wages

#### Prominent Industries in Buffalo County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Buffalo County	Buffalo County	Wisconsin	Buffalo County	Wisconsin	Buffalo County	Wisconsin
Truck transportation	1,806	7.1%	7.1%	\$ 47,193	\$ 41,316	11.7%	14.6%
Educational services	416	-5.5%	2.0%	\$ 28,949	\$ 39,753	9.2%	15.0%
Food services & drinking places	*	not avail.	9.1%	*	\$ 10,859	not avail.	14.5%
Nursing & residential care facilities	234	3.5%	3.6%	\$ 18,802	\$ 23,295	15.6%	12.0%
Administrative & support services	199	521.9%	15.8%	\$ 62,993	\$ 23,144	68.1%	15.4%
Food manufacturing	*	not avail.	-6.7%	*	\$ 38,239	not avail.	13.2%
Support activities for transportation	184	not avail.	21.9%	\$ 46,852	\$ 36,975	not avail.	12.5%
Professional & technical services	*	not avail.	10.0%	*	\$ 56,267	not avail.	20.9%
Animal production	*	not avail.	32.3%	*	\$ 24,416	not avail.	16.3%
Utilities	*	not avail.	-4.9%	*	\$ 70,766	not avail.	19.3%

Note: \* data suppressed for confidentiality and not available for calculations

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

The list above includes the ten largest industry sub-sectors based upon 2007 annual employment reported by employers covered by Wisconsin's Unemployment Insurance law. Industry sub-sectors provide a more detailed look at employment data, at least when the data is not suppressed to provide confidentiality to employers.

The county's more job-abundant industries and its largest employers are predominantly a mix of services providers. One manufacturing industry comprises the lone goods-producing portion of the prominent industries.

Truck transportation is overwhelmingly Buffalo's largest industry sub-sector via employment. In fact, truck transportation's 2007 employment is 4.5 times higher than educational services, the second largest employing industry in the county.

Healthcare-related industries appear once on the list: nursing & residential care facilities. One can expect this industry to become larger as healthcare is projected to be the fastest and largest growing portion of the state's (and most local areas') total job base. It is likely that other healthcare-related industries will work their way onto Buffalo's prominent employer list in future years.

The list below of specific prominent public and private-sector employers in the county offers an assortment similar to the larger industries list. School districts' and local government entities make up a large contingent of employers, which is common in rural counties. One health care facility and one manufacturer round out the top ten largest individual employers.

The ten largest employers accounted for approximately one-half of Buffalo County's total job base in 2007. Its ten largest employing industries accounted for 70 percent of the county's total job base, which is much higher than the average for the top ten industries' ratio, statewide.

#### Prominent Public and Private Sector Employers in Buffalo County

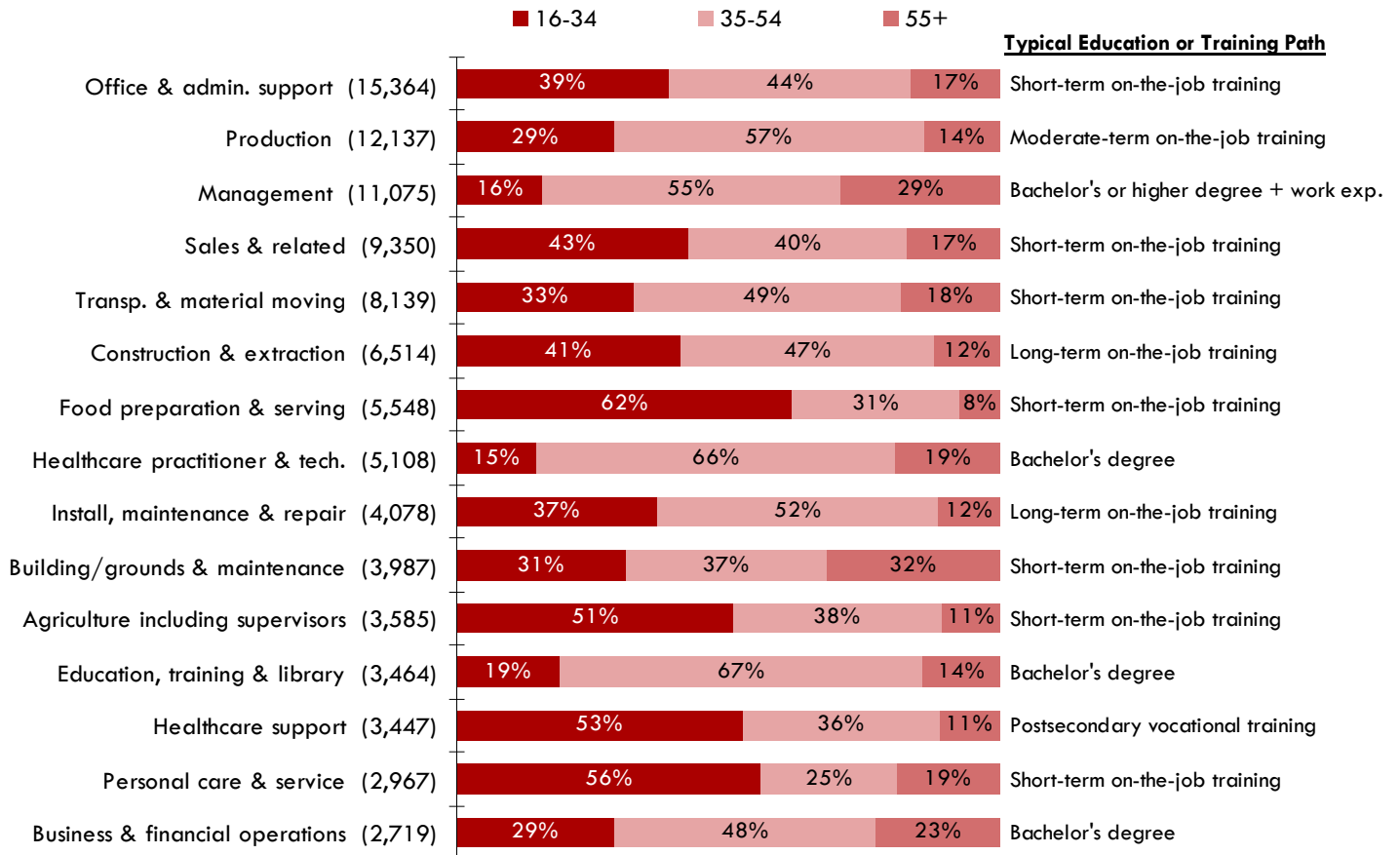
Establishment	Service or Product	Number of Employees (March 2007)
Marten Transport	General freight trucking, long-distance TL	1000+ employees
Mondovi Public Schools	Elementary & secondary schools	100-249 employees
Marten Transport Services	Freight transportation arrangement	100-249 employees
Staffing Network Holding LLC	Temporary help services	100-249 employees
County of Buffalo	Executive & legislative offices, combined	100-249 employees
Dairyland Power	Fossil fuel electric power generation	100-249 employees
Cochrane-Fountain City Public Schools	Elementary & secondary schools	100-249 employees
American Lutheran Homes	Nursing care facilities	100-249 employees
La Crosse Milling Co	Other animal food manufacturing	50-99 employees
Department of Defense	Engineering services	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 Buffalo, Crawford, Jackson, Monroe, Pepin, Pierce, Trempealeau, and Vernon counties.



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

Source: 2006 U.S. Census, PUMS 5% file, & 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 Buffalo County. In order to meet a minimum population standard the data is grouped with seven 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.

Many of the occupation groups listed are heavily weighted with workers in the prime working years (35-54 years old). Others have obvious deviations. For example, the occupational grouping of food preparation is skewed to younger workers. It's not surprising that this occupational group, 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. Many of the

(Continued on page 7)

## Occupations & Typical Education or Training

*(Continued from page 6)*

occupations in these groups are with employers in the industry sectors of leisure and hospitality or the retail trade segment of the trade, transportation, and utilities sector.

Three other occupational groupings; healthcare support, agriculture, and personal care services also have a preponderance of young workers. A substantial number of occupations in these three groupings are quite physical, requiring more lifting and more standing. Examples of physical jobs within these groupings include nurses aide, orderly, laboratory animal caretaker, and psychiatric aide from healthcare support; farmhand, logger, faller, and crop worker from agriculture; and nonfarm/non-laboratory animal caretaker, bellhop, personal home care aide, and child care worker from personal care services. In addition to the physical requirements of many jobs in these three groupings, one finds that most occupations in these groupings pay less than overall average wages and require only short-term training to perform. These factors account for the predominance of younger workers in these occupational groupings.

Of particular interest are occupation groups with a

prevalence of workers aged 55 years or more. Management occupations naturally tend to have an older age breakout simply because these occupations typically require work experience in addition to post-secondary education. This is reflected in the typical education path in this group, and explains the high wages paid. But the higher barriers to entry, coupled with 29 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 will need a tremendous number of new workers in the future.

Older workers fill one in three building/grounds and maintenance occupations. Closer scrutiny of the data shows that over half of these workers are 60 or older. "Retirees" are attracted to this work because it's often seasonal and/or part-time, offering the flexibility that many "retired" people look for in employment.

## Income

Total personal income (TPI) is aggregate income from all sources. TPI is gathered by the Bureau of Economic Analysis and includes income from three major components: net earnings; dividends, interest, and rent (property income); and transfer receipts.

Approximately 68.5 percent of total personal income in Wisconsin comes from net employment earnings (e.g., payroll and self employment), another 17 percent from dividend, interest and rental property income (returns on equities and other portfolio items, interest-bearing accounts, rental of housing and business units), and the remaining 14 percent is derived from personal current transfer receipts (social security, Medicare and Medicaid, and mainly other government monies to people).

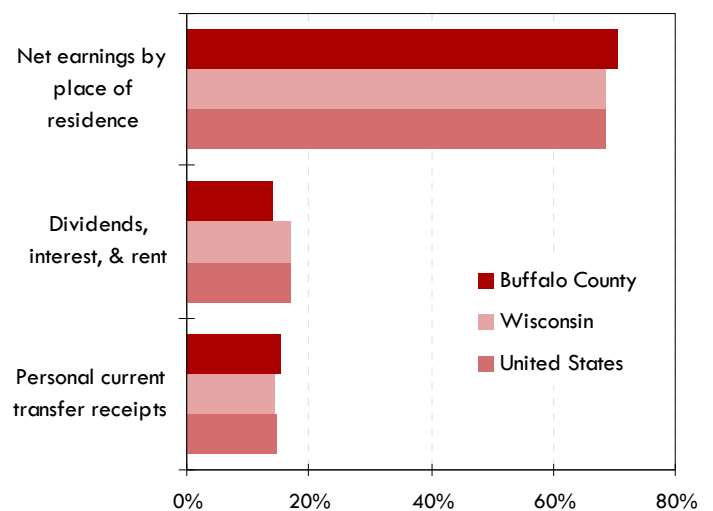
In 2006, Buffalo County's total personal income (TPI) stood at just under \$474 million. Buffalo's TPI composition is slightly higher than statewide average in personal current transfer receipts at 15 percent, but is three percent lower than the statewide average in dividends, interest and rental income. Its net employment earnings share (70.6) is roughly two percent higher than both the state and nation.

Per capita personal income (PCPI) is the result of

dividing an area's total personal income (TPI) by its total population. The dynamics of the three components of TPI impact total personal income, and TPI and population are

*(Continued on page 8)*

**Components of 2006 Total Personal Income**



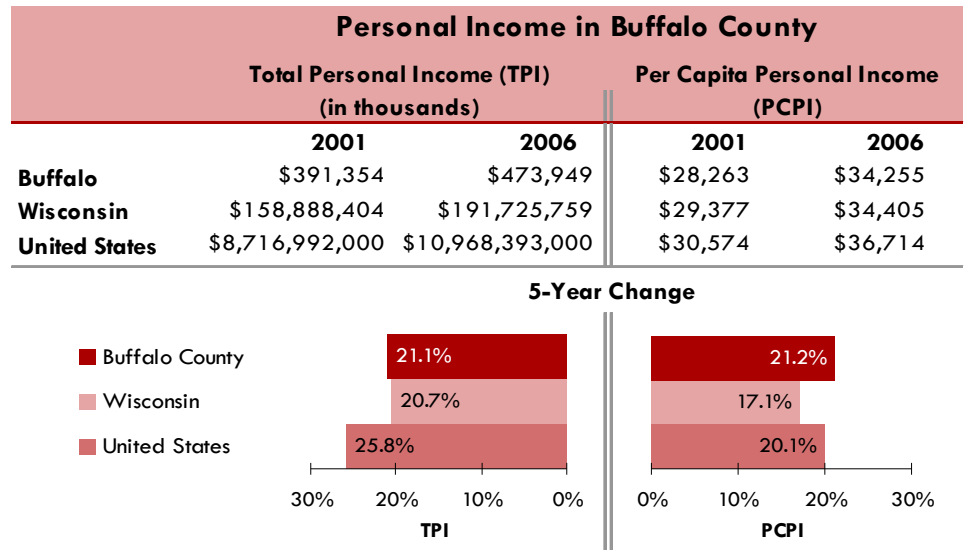
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

**Income**

affected by the county residents' demographics. For example, if there is a large number of young 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.

As previously mentioned, Buffalo County had a higher proportion of income from net earnings compared with the state and nation and this contributes to both higher TPI and PCPI in Buffalo. In 2006, the PCPI of \$34,255 in Buffalo County was 99 percent of the statewide average and 93 percent of the national average. Buffalo's PCPI ranked 13th among Wisconsin's 72 counties.

Buffalo's PCPI total as compared to its peers (other non-metro counties) is nothing short of astounding. At \$34,255, Buffalo County's PCPI was 118 percent of the average nonmetropolitan PCPI in Wisconsin. In addition, Buffalo's PCPI is higher than the PCPI in a number of Wisconsin's metropolitan counties, including; Marathon, La Crosse,



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

Milwaukee, Eau Claire, Douglas and Rock.

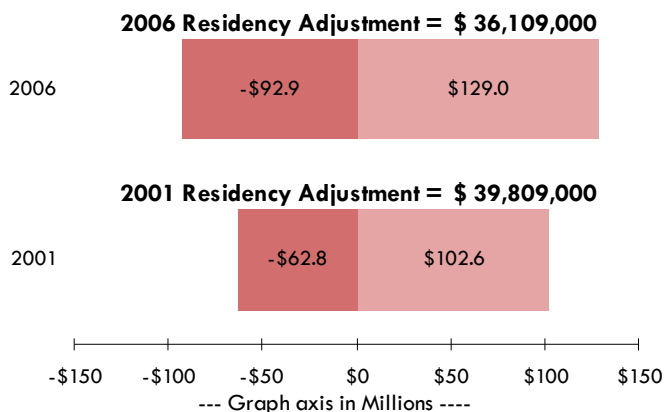
Buffalo County's relatively strong PCPI is the result of both a higher-than-average share of the county's TPI being derived from net earnings and also the wage strength in Buffalo County's largest industrial sector — trade, transportation, & utilities (page 4). In other words, 50 percent of employment and 60 percent of wages paid in the county comes from an industry that is paying 134 percent of the statewide average pay and this bodes well for income totals in Buffalo County.

Buffalo also increases its TPI total because Buffalo commuters bring more wages back to the county than non-residents export from the county. The chart on the left shows that in 2006 residents working in jobs outside the county added \$129 million to Buffalo County's total personal income while non-resident workers were paid \$92.9 million dollars in wages that left the county. The total residency adjustment shifted a net of \$36.1 million in earnings paid by employers in other counties to residents of Buffalo. Commuting patterns from Census 2000 show that most outbound workers are traveling to jobs in Winona & Wabasha Counties in Minnesota, as well as to Trempealeau and Eau Claire Counties in Wisconsin.

This residency adjustment has declined somewhat since 2001, where Buffalo County's TPI was increased by \$39.8 million by the net gain realized from the residency adjustment question.

**Buffalo 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