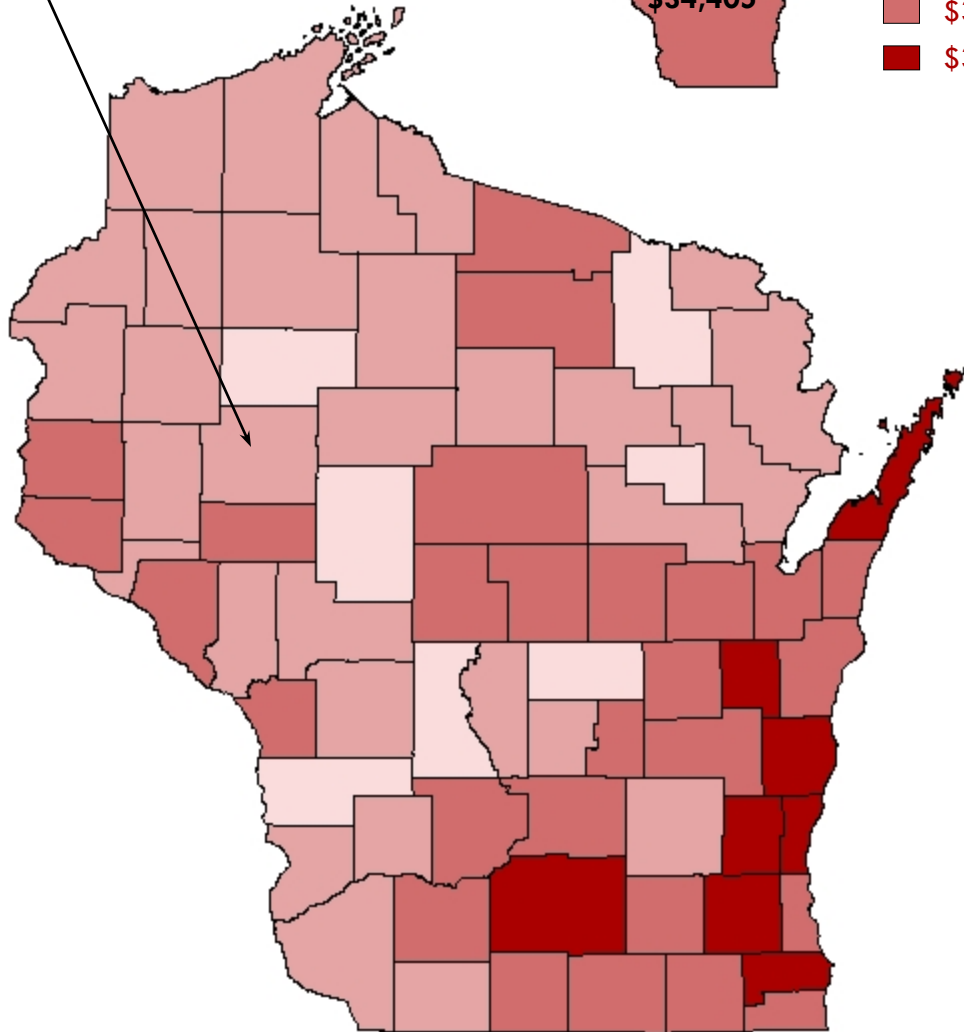


Chippewa County Workforce Profile

Per Capita Personal Income in 2006

Chippewa County
\$27,459



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10601-P

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Population

Chippewa County grew by 6,409 residents from 2000 to 2007, for a total population of 61,604, according to the finalized estimates from Wisconsin's Department of Administration. The county's growth rate of 11.6 percent ranked it fourth amongst the state's 72 counties. Unfortunately, the county's growth rate is misleading in this case—the 1,500 inmates housed at the Stanley Correctional Institution were added to the population figures when it opened in 2002. In reality, the county's growth rate would have been closer to nine percent without the inmates, still fairly fast growth, but probably closer to a rank of thirteenth.

Natural increase, or births minus deaths, accounts for about 22 percent of the county's growth, adding 1,416 residents. Net-migration, or people moving into the county minus those leaving, accounted for an increase of 4,993 residents—even after subtracting the 1,500 prisoners, the grand majority of population growth was still due to migration.

The City of Chippewa Falls is the largest population center in the county, with over 13,500 residents. The city also shares its southern border, and its workforce, with another much larger city, Eau Claire (pop. 63,190), located in Eau Claire County. Though Chippewa Falls added 590 residents from 2000 to 2007, other areas of the county grew faster, and some even added more residents.

The City of Stanley appears to be adding the most

Chippewa 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%
Chippewa County	55,195	61,604	6,409	11.6%
Chippewa Falls, City	12,925	13,515	590	4.6%
Lake Hallie, Village	4,949	6,132	1,183	23.9%
Lafayette, Town	5,199	5,911	712	13.7%
Bloomer, City	3,347	3,488	141	4.2%
Stanley, City*	1,898	3,389	1,491	78.6%
Eagle Point, Town	3,049	3,186	137	4.5%
Wheaton, Town	2,366	2,670	304	12.8%
Anson, Town	1,881	2,108	227	12.1%
Eau Claire, City*	1,910	2,012	102	5.3%
Cornell, City	1,466	1,454	-12	-0.8%

* Chippewa County portion only

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

residents, but due to the opening of the Stanley prison, as discussed above, those numbers are misleading.

The Village of Lake Hallie actually grew the fastest and added the most residents. Location is the key, as Lake Hallie is sandwiched between Chippewa Falls to the north, and Eau Claire to the south. In fact, the fastest growing areas all border the two cities, highlighting the interdependence of the two cities.

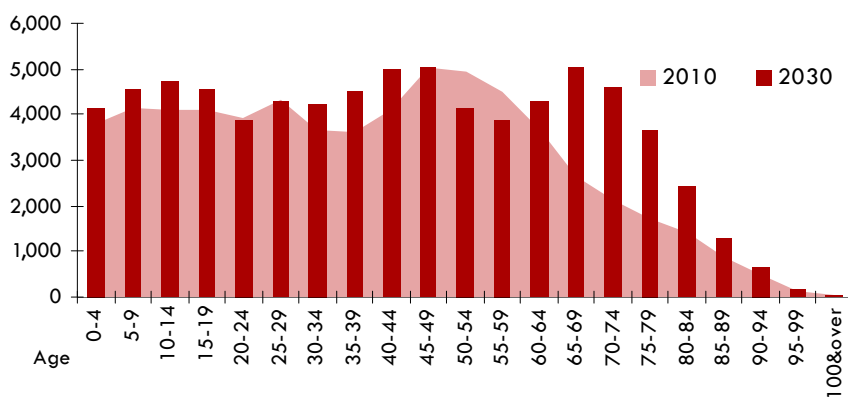
However, despite this population growth, the county still faces serious workforce issues. The baby boomers, commonly defined as those born from 1946 and 1964, is the largest generation the country has ever seen, and they

will be exiting the workforce in the coming years. In 2010, the average Chippewa County resident will be about 39 years old; by 2030, the average is expected to jump to over 42 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by over three years between 2010 and 2030.

Their influence is easily seen on the graph to the left, represented by the large swell in the population from the 40 to mid-60s age group in 2010, which moves well into the 60+ years range in 2030.

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

Population by Age Cohorts in Chippewa County



In 2010, the average Chippewa County resident will be 39.1 years old.
 In 2020, the average Chippewa County resident will be 40.6 years old.
 In 2030, the average Chippewa County resident will be 42.2 years old.

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

Population & Labor Force

Population Projections for Chippewa County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	12,853	15,263	17,705	17,592	50,560	63,413
2020	13,882	15,881	16,923	23,267	56,071	69,953
2030	14,352	16,063	18,664	26,073	60,800	75,152
Distribution of Labor-Force-Aged Population						
2010		30.2%	35.0%	34.8%	100.0%	
2020		28.3%	30.2%	41.5%	100.0%	
2030		26.4%	30.7%	42.9%	100.0%	

Source: WI Dept. of Administration, Demographic Services

only 5 percent of workers remain full-time in their pre-retirement positions, instead they pursue other interests and opportunities.

The table above illustrates the changes in Chippewa's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 60,800 in 2030. But it isn't the total size of this group that raises issues, it is the demographic change within the group as we move through the next couple of decades. In 2010, the largest age cohort in the labor force aged population will be those aged 35 to 54, making up about 35 percent. While this age group will stay significant, it is already projected to be eclipsed by the 55 plus age group by 2020. By 2030, those 55 and older will make up almost 43 percent of the labor force aged population. This is a few percent points higher than the statewide average for this population group in 2030, but still fairly middle of the pack in terms of the state's 72 counties.

So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 10,240 residents from 2010 to 2030, but the labor force is only expected to add about 723 participants.

The graph to the right highlights this trend. The labor force totals are always below the totals for the population it draws from (the 16+ noninstitutional population) simply because not everyone who could participate in the labor force chooses to do so. However, by 2010, the lines representing the labor force and the 16 plus population it draws from have begun to diverge further and further. Despite continued population growth,

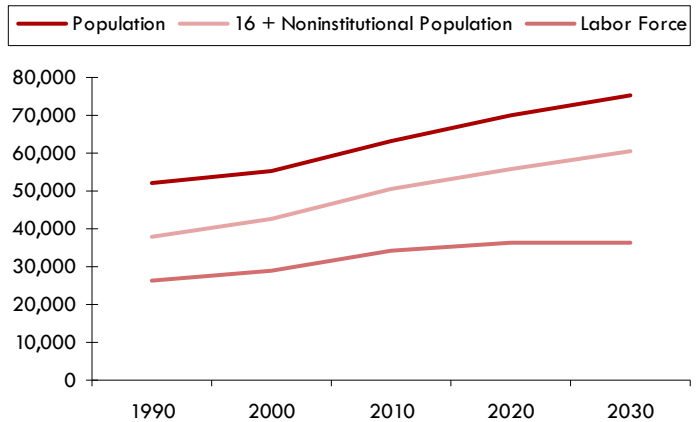
the labor force growth slows to an almost flat trend, to the point that entrants into the workforce may only barely fill the number of replacement openings left by retirees.

This presents a long-term problem for local businesses. Competition to fill openings for replacements, not to mention the additional openings generated from businesses expanding, will be fierce in this tighter labor market.

We may even see situations

where inability to fill open positions could conceivably limit business expansions despite clear reasons to do so on the demand side. Holding on to talent in these conditions will become ever more critical.

Chippewa County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Chippewa County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	12,642	15,237	6,494	34,373
2020	12,925	14,669	8,587	36,181
2030	13,180	16,155	7,217	36,552
Distribution of Labor Force				
2010	36.8%	44.3%	18.9%	100.0%
2020	35.7%	40.5%	23.7%	100.0%
2030	36.1%	44.2%	19.7%	100.0%

Source: WI DWD, OEA

Labor Force

Chippewa County had a median age of 38.3 in 2007 according to U.S. Census Bureau estimates—placing it in the youngest one-third of Wisconsin counties. This has major implications for the available workforce in the area.

A county’s labor force is an estimate of the resident workers available for employment. Since this is a “place of residence” measure, it only includes workers living in the county, regardless of whether they work inside the county or not. It will not include commuters from outside the county.

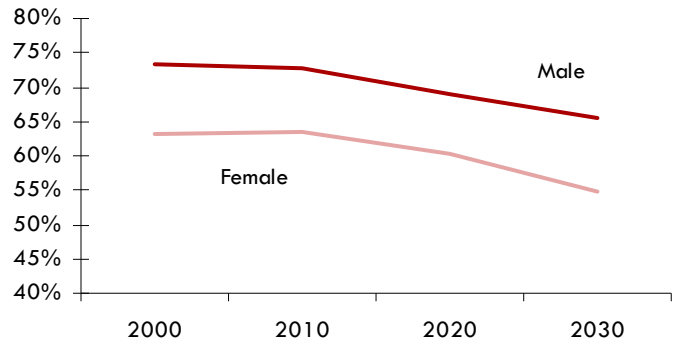
Basically, the labor force is the portion of the total population 16 years and older that is either working (classified as the “employed”) or actively looking for work (the “unemployed”). A common misperception is that everyone not employed is considered unemployed. That is not the case. Those of workforce age not looking for work are not even considered to be part of the labor force, since they are not actually available to work.

Another useful indicator is the labor force participation rate (lfpr) - the percentage of an area’s 16 years and older non-institutional population that is in the labor force. It tells us some important things about an area’s workforce, chief among them is what kind of reserves the area has in terms of untapped potential workforce (given the right conditions to motivate them to join the labor force). Wisconsin is a state known for its high lfpr, possibly showing that with lower wages families need the dual incomes provided by two wage earners. This could also possibly show, as some believe, that the famous Wisconsin work ethic raises the labor force participation rate. Chippewa’s lfpr was an estimated 72 percent in 2007, higher than the statewide average, and in the top third among the state’s 72 counties, doubtless reflecting the younger residents.

However, as early as 2010 the lfprs start trending dramatically downward for both sexes. This means that even though the number of residents over 16 years old is still increasing as we saw earlier in this profile, a smaller and smaller percentage is available for employment!

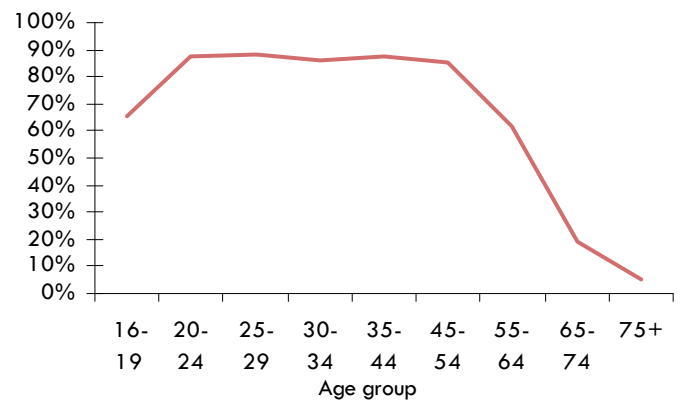
And we can see why on the second graph above. While Chippewa’s younger population insulates it somewhat

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

from the effects of the aging baby boomer generation, the county’s population will still grow progressively older, as demonstrated on previous pages. And labor force participation rates begin to drop sharply around age 55. Reasons for this could range from the younger retirement ages in fields like protective services, to an increased incidence of career ending illness or injury beginning at age 55. Regardless of causes, this trend has a huge impact on an area’s workforce.

The unemployment rate, which is the unemployed as a percentage of the total labor force, was 4.2 percent annually in 2007. The unemployment rate is very seasonal in Chippewa County, falling as employers add jobs February through June. There is a spike in June, as schools recess for summer and the job market absorbs the students. Rates then fall throughout most of the summer to an October low.

Chippewa County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	31,611	31,967	32,751	33,718	34,095
Employed	29,613	30,150	30,958	31,980	32,267
Unemployed	1,998	1,817	1,793	1,738	1,828
Unemployment Rate	6.3%	5.7%	5.5%	5.2%	5.4%

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

Jobs & Wages

Chippewa County's average wage in 2007 was about 81 percent of the average wage in Wisconsin, similar to its percentage in 2006. The county's largest industry, by employment and even more so by total payroll, is manufacturing. The average wage in this industry, \$42,967, is about 91 percent of the statewide average, the closest of any sector wage.

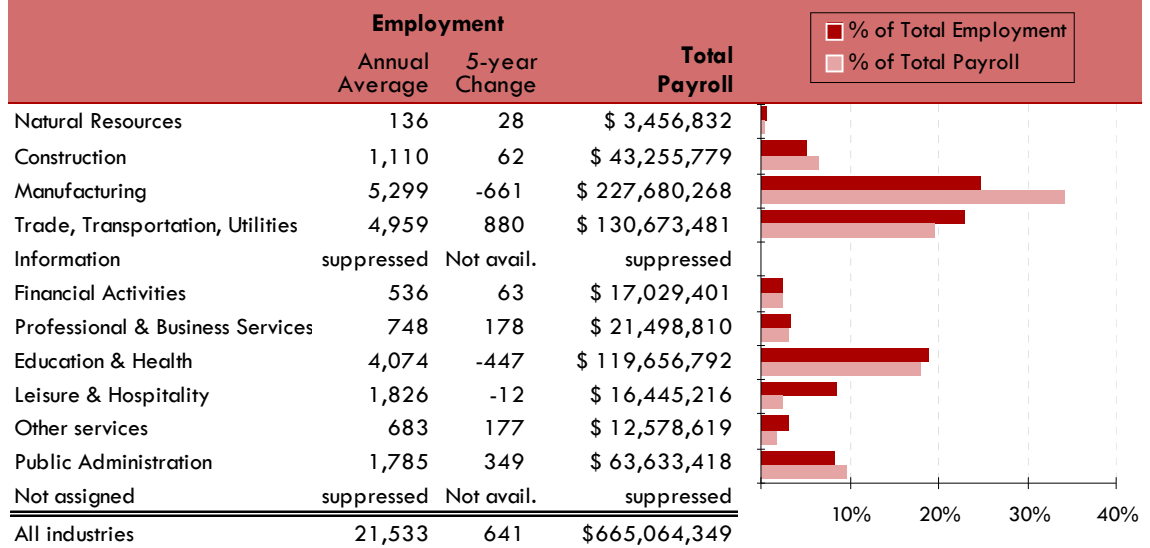
In contrast, many of the other industry sectors in the county pay significantly lower than the statewide averages. The second largest industry super-sector, trade, transportation, and utilities, pays only 80 percent of the statewide average. Jobs in the sub-sectors that make up this industry pay lower than their statewide averages. In addition, Chippewa has a higher-than-average concentration of low paying retail trade jobs. The occupational mix is probably behind the low wages in the next largest sector, education and healthcare, which

only pays 74 percent of the statewide wage. Education has a higher concentration of K-12 teachers, lacking the higher paid college personnel that raise the state average. And healthcare has a similar issue—rural areas like most of Chippewa County have fewer highly paid specialists and also a higher concentration of low paying nursing home jobs. The impact of these large sectors on the local average wage likely accounts for much of the disparity between Chippewa County's average wage and the state's.

Chippewa County added 641 net jobs in the five-year period ending in 2007. Average wages in the county grew by 10.1 percent, much slower than the state's growth of 17.4 percent.

Job gains in various industries were balanced against losses in Chippewa's two biggest industry sectors. Significant job losses occurred in both manufacturing (also the highest paying sector) and education and health. Though most other industries gained jobs, the majority were in the lower paying retail trade sub-sector.

2007 Employment and Wage Distribution by Industry in Chippewa County



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		Chippewa County as a Share of Wisconsin	Chippewa County 5-year % Change	Wisconsin 5-year % Change
	Chippewa County	Wisconsin			
All industries	\$30,886	\$38,070	81.1%	10.1%	17.4%
Natural Resources	\$25,418	\$29,235	86.9%	9.9%	14.7%
Construction	\$38,969	\$47,489	82.1%	13.9%	19.8%
Manufacturing	\$42,967	\$47,106	91.2%	11.1%	16.1%
Trade, Transportation & Utilities	\$26,351	\$32,762	80.4%	13.6%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$31,771	\$50,749	62.6%	23.3%	25.8%
Professional & Business Services	\$28,742	\$44,328	64.8%	4.2%	22.0%
Education & Health	\$29,371	\$39,606	74.2%	6.9%	17.3%
Leisure & Hospitality	\$9,006	\$13,589	66.3%	15.6%	14.8%
Other Services	\$18,417	\$22,073	83.4%	21.3%	13.2%
Public Administration	\$35,649	\$39,879	89.4%	25.7%	18.1%

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

Jobs & Wages

Prominent Industries in Chippewa County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Chippewa County	Chippewa County	Wisconsin	Chippewa County	Wisconsin	Chippewa County	Wisconsin
Computer & electronic product mfg	1,678	-21.3%	-2.8%	\$ 50,733	\$ 59,935	4.5%	20.4%
Educational services	1,442	1.3%	2.0%	\$ 31,025	\$ 39,753	4.0%	15.0%
Food services & drinking places	1,405	9.1%	9.1%	\$ 8,483	\$ 10,859	16.7%	14.5%
Nursing & residential care facilities	1,009	-31.0%	3.6%	\$ 23,054	\$ 23,295	-5.8%	12.0%
Executive, legislative, & gen government	886	-15.1%	-4.7%	\$ 33,113	\$ 36,340	25.3%	16.4%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%
Machinery manufacturing	852	19.5%	-4.5%	\$ 44,265	\$ 53,720	12.7%	19.1%
General merchandise stores	739	82.5%	7.1%	\$ 18,583	\$ 17,914	25.3%	16.3%
Motor vehicle & parts dealers	736	0.7%	-7.1%	\$ 31,419	\$ 34,243	2.6%	6.6%
Justice, public order, & safety activity	604	594.3%	12.4%	\$ 38,740	\$ 45,710	33.8%	18.7%

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

The importance of manufacturing, the largest industry in Chippewa County, is easily seen on the table above. The grand majority of employment is still in computer and electronic product manufacturing, despite this industry having been hit hard by the last recession. The largest employer in Chippewa County is a circuit board manufacturer, TTM Advanced Circuits. Silicon Graphics Inc (SGI), and Cray Inc., are also top ten employers found in the computer and electronic product manufacturing sub-sector. This sub-sector pays considerably higher than the county average, at an average annual wage of \$50,733 in 2007. However, wages in this sub-sector are over \$9,000 lower than the statewide average, and have grown much slower since 2002, at a rate of 4.5 percent. This is probably related to the types of jobs losses in 2005 and 2006, causing wages to actually decrease. This

keeps the five-year average low, despite a comeback in wage growth in 2007.

Machinery manufacturing, another top sub-sector from the manufacturing industry, actually added jobs at a rate of 19.5 percent since 2002, despite a statewide trend to the opposite. However, wages are significantly lower than the statewide average, with a slower growth rate as well.

Educational services (including both public and private institutions) is also a major employer in Chippewa. This sector is mostly made up of the seven school districts serving their areas of the county, though it also includes a satellite office of the Eau Claire based Chippewa Valley Technical College. The second largest employer in the county is in the education sector, Chippewa Falls Public School. This sector has experienced very little change in employment, and wages, since 2002.

Prominent Public and Private Sector Employers in Chippewa County		
Establishment	Service or Product	Number of Employees (March 2007)
TTM Advanced Circuits Inc	Bare printed circuit board manufacturing	500-999 employees
Chippewa Falls Public School	Elementary & secondary schools	500-999 employees
Saint Joseph's Hospital	General medical & surgical hospitals	500-999 employees
Stanley Correctional Institution	Correctional institutions	500-999 employees
Mason Companies Inc	Mail-order houses	250-499 employees
County of Chippewa	Executive & legislative offices, combined	250-499 employees
Wal-Mart	Discount department stores	250-499 employees
Silocon Graphics Inc (SGI)	Electronic computer manufacturing	250-499 employees
Bloomer Memorial Medical Center Inc	General medical & surgical hospitals	100-249 employees
Cray Inc	Electronic computer manufacturing	100-249 employees

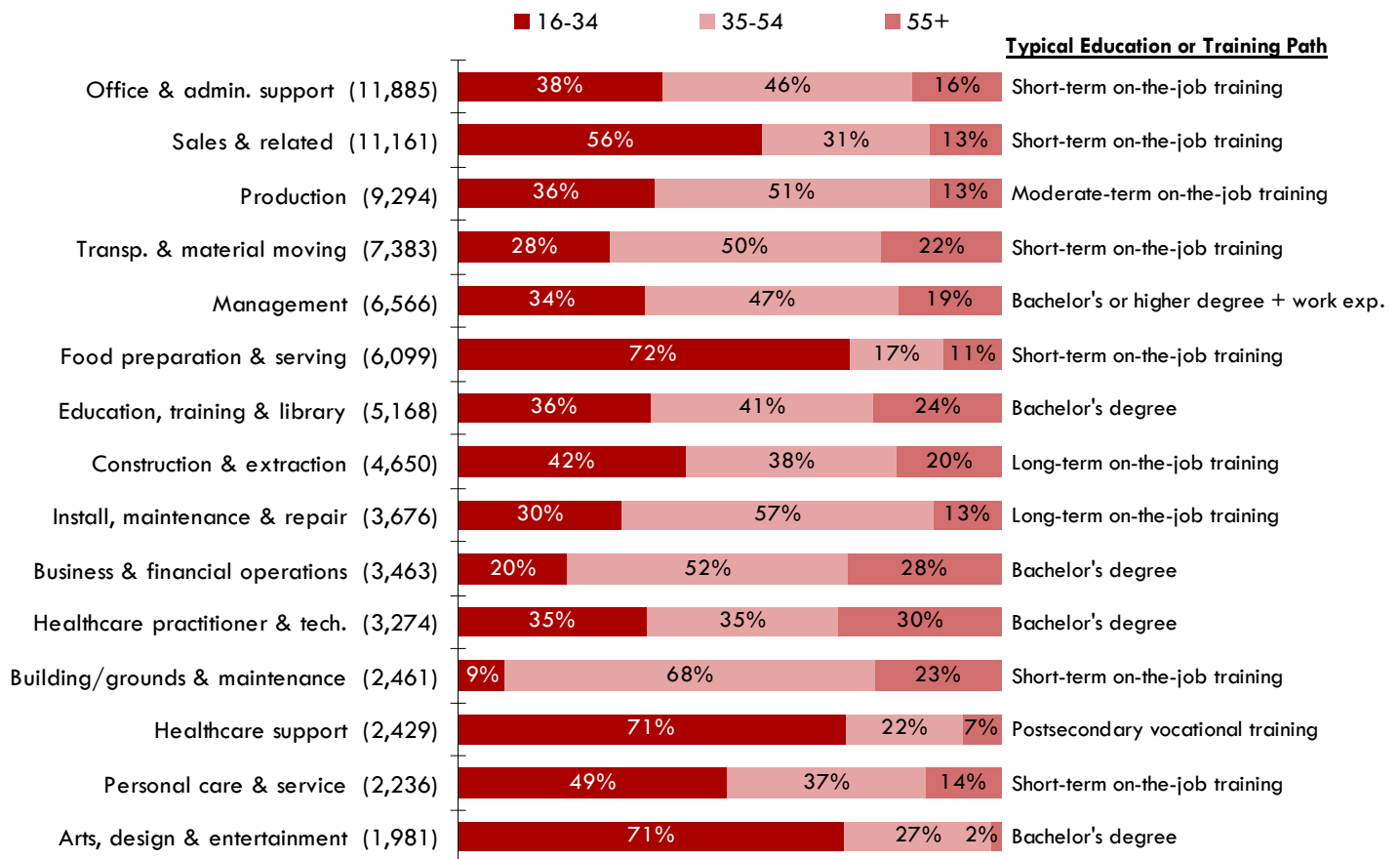
Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

The eye-catching employment growth in justice, public order, and safety sub-sector was a result of the Stanley Correctional Institution opening in 2002, with continued hiring in subsequent years.

Occupations & Typical Education or Training

Age Distribution of Workers in Selected Occupational Groups

Data includes residents of Chippewa and Eau Claire 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

Analyzing employment at the industry level only tells part of the county's employment story. Taking an in-depth look at the occupational breakdown in the county can reveal things that aren't readily apparent at the industry level.

The table above holds a wealth of information on the top occupation groups in the Eau Claire Metropolitan Statistical Area (MSA). The occupation employment and age data are from the American Community Survey by the U.S. Census Bureau. Unfortunately, data at this depth are not available at the county level for Chippewa, only the metro level, which includes Eau Claire County.

There are some readily apparent trends that most counties share. For example, employment in food preparation and serving occupations is high, as it is in many counties. It's also an occupational group dominated

by younger workers. It's not surprising to see an occupational group like this, with many part-time and seasonal jobs, low wages, and low training requirements employing a high proportion of young workers. This kind of work is popular with students, both high school and post secondary, because of the large number of frequent job openings and low training requirements. Sales occupations, the second largest occupational group due to the MSA's status as a retail hub for surrounding areas, shares similar traits. Another occupation group, arts, design, and entertainment has a higher proportion of young employees for other reasons. Though there are some relatively higher paying fields in this group, like public relations or design, many of the jobs are in fields like sports or entertainment, which pay fairly low wages for most positions. These types of occupations attract a

Occupations & Typical Education or Training

younger group, able to deal with lower wages while chasing their dreams of making it big, before they have to worry about supporting a family or funding a 401(k).

Other occupational groups find themselves with an older average age than most. Occupational groups like building maintenance seem to attract an older workforce. Over 90 percent of the workers in this group are over the age of 35, unusual for a young population like the Eau Claire MSA. This may reflect a trend seen from retirees that return to work, working in occupations they enjoy rather than continuing the career they've had most of their work-life. Jobs like maintaining lawns or buildings, or working in the recreation industry may have an appeal on this level.

Other occupations with a low level of younger workers, and higher proportions of both the 35 to 55, and 55-plus age groups include the business and financial operations, and healthcare practitioners occupational groups. Many of these types of occupations tend to require a significant amount of education and experience, which naturally leads to an older workforce, and helps to explain the higher average wages paid in these fields.

These barriers to entry, coupled with the fact that almost

one-third of these workers are over the age of 55, means that there could be significant problems filling the positions vacated by all the upcoming boomer retirees. Businesses that have succession planning in place for these higher level occupations will no doubt have a competitive advantage in the coming years. Healthcare practitioners especially (already a group with a high number of job openings) will need a tremendous number of new workers of all skill sets in the near future. Healthcare support (which includes titles like dental assistant and nursing aide), with its lower entry requirements, has a much younger workforce than the rest of the healthcare industry.

In the metro area including Chippewa County, office and administrative support occupations are the largest occupation group, with almost 12,000 workers. These occupations, the backbone of the massive service industry, support the various industries in the area, especially the dominant healthcare and education sector. Sales occupations run a close second, highlighting the Eau Claire/Chippewa Falls area's status as a retail shopping hub.

Income

Chippewa County's total personal income (TPI) has grown by over 17 percent in the five-year period from 2001 to 2006, slower than growth in both the statewide and national averages.

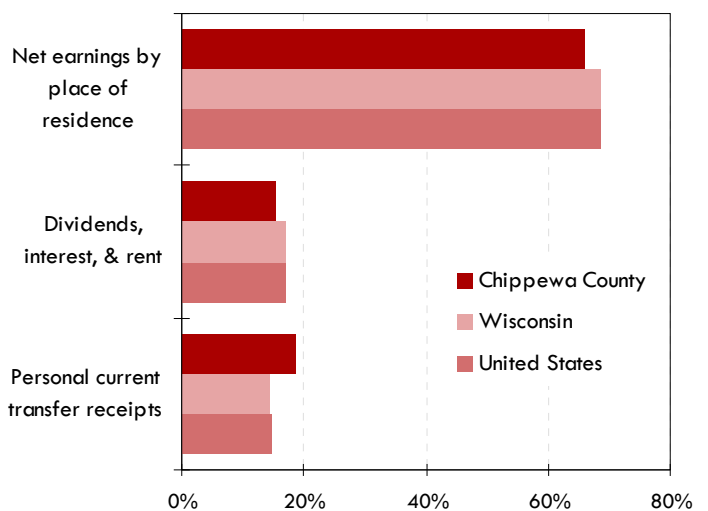
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution can tell us a lot about an area.

In Chippewa County, about 66 percent of TPI is from net earnings, below the state and national averages (68.5 percent for the state, and 68.4 percent for the nation). Net earnings includes wages earned from employers, as well as earnings of self-employed workers and proprietors, and adjustments for wages earned by residents who work outside the county.

The adjustment for residency is an interesting piece of net earnings to analyze, as it can tell us a lot about a county's commuting situation. Personal income is a place of residence measure, so to make sure that incomes are attributed to the county where the worker lives, regardless

of where their job is, the adjustment for residency is used. As shown on the graph on the following page, it's basically the earnings from Chippewa County residents

Components of 2006 Total Personal Income



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

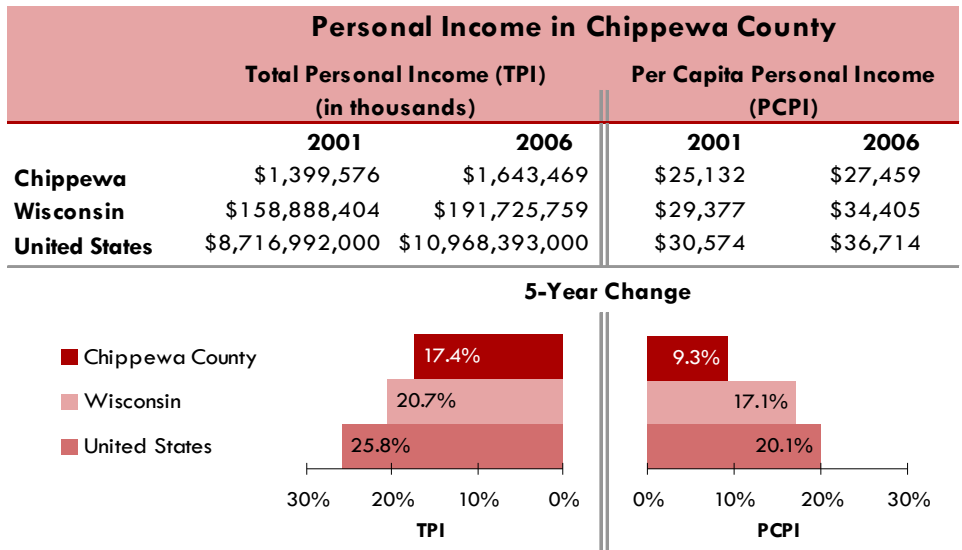
Income

working in other counties (inflow), minus the earnings of residents of other counties working in Chippewa (outflow). In 2006 it was almost \$213 million. This indicates that Chippewa County is a net exporter of labor, with most commuters heading to nearby Eau Claire for the higher paying jobs found in an urban area, and taking those wages back to Chippewa. This trend has accelerated from 2001 to 2006, with the earnings inflow from commuters rising by over 30 percent!

The second major component of TPI is dividends, interest and rent. While this label is fairly self-explanatory, it's important to note that it includes income from both retirement savings programs like 401(k)s and IRAs, as well as defined pensions. It accounts for 15.5 percent of TPI in Chippewa County, slightly lower than the statewide and national levels.

The third component of TPI is income from transfer receipts. Transfer receipts refer to benefits like Social Security, unemployment insurance, Medicaid, Medicare, and welfare. About 18.5 percent of TPI in Chippewa County is from transfer receipts, higher than the state and national averages, about 14 and 15 percent respectively.

Total personal income divided by the total population



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

produces per capita personal income (PCPI). This is a very useful indicator for comparing geographic areas. Counties with a large population will, not surprisingly, also have a high level of total personal income; turning it into a per capita measure gives us an estimate of income per resident. Chippewa's per capita personal income of \$27,459 ranks it in the lowest one-third of Wisconsin's 72 counties; it is well below the average state and national PCPI levels. Chippewa ranked 49th highest in Wisconsin, falling three ranks.

The lower industry wages seen on page 4 play a major role in Chippewa's low PCPI, especially since net earnings are such a high proportion of total personal income, but the high share of transfer receipts also pushes Chippewa below the state average. A resident relying on transfer receipts generally earns less than someone who is employed.

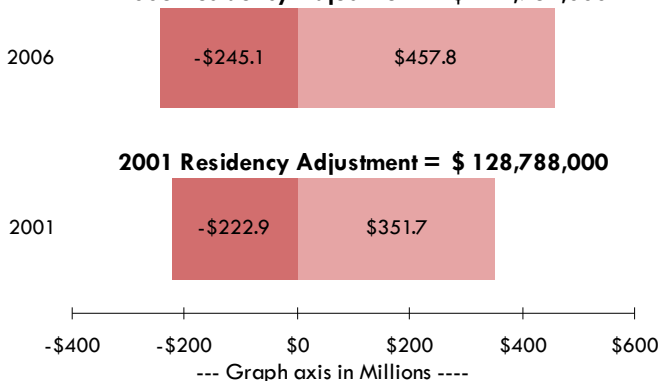
Per capita personal income growth of 9.3 percent over the five-year timeframe from 2001 to 2006 lagged increases in both the state and nation, again likely linked to the high proportion of income from transfer receipts. Income from government aid sources tends to increase much slower than wage income, since they are largely fixed.

Even though Chippewa's PCPI is only about 80 percent of the state PCPI, it is nearly 95 percent of the PCPI for other non-metropolitan counties in the state. So, Chippewa County's PCPI is fairly average for a non-metro county in Wisconsin.

Chippewa County Commuting Impact

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

2006 Residency Adjustment = \$ 212,769,000



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