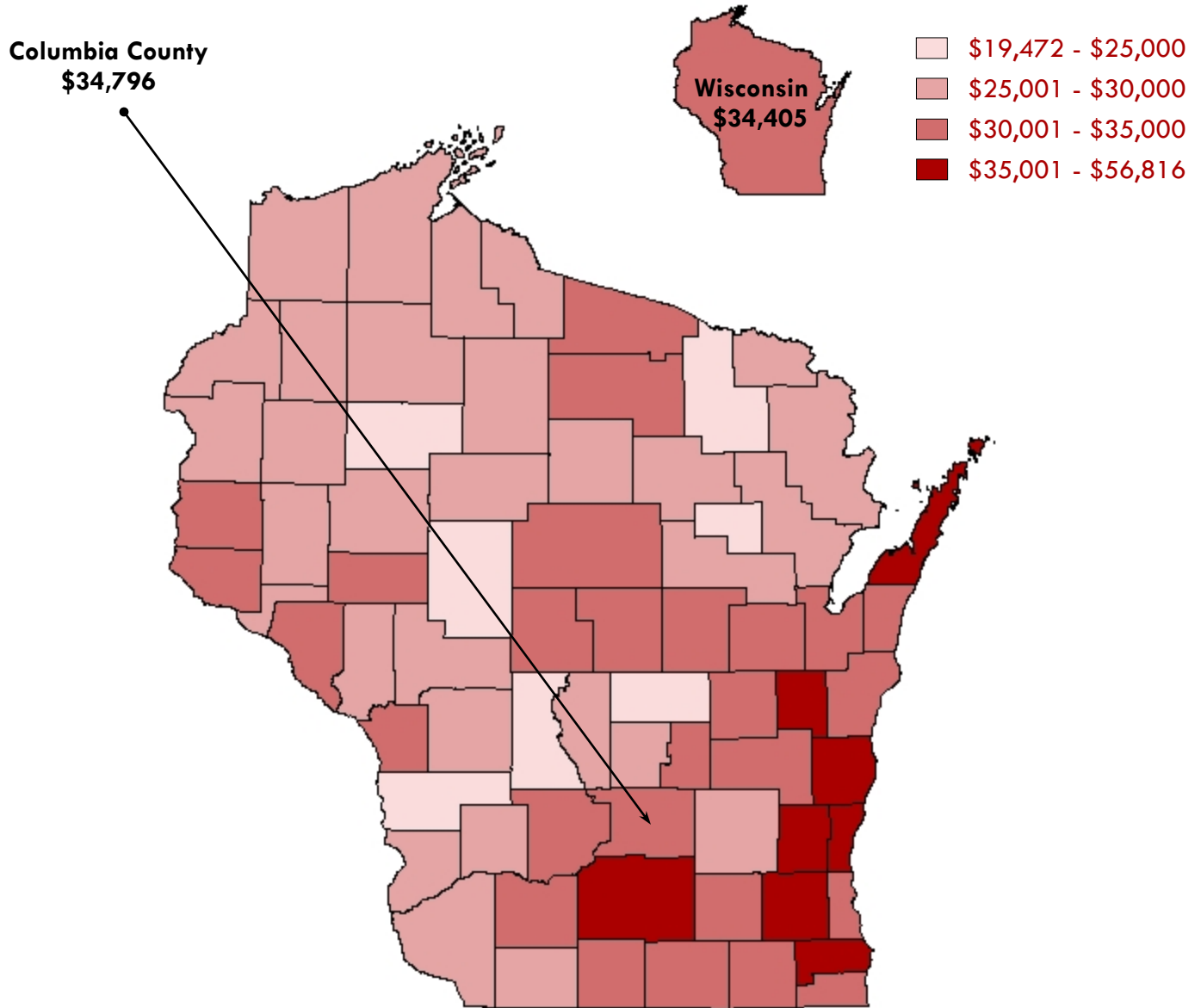


Columbia County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10603-P

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Population

Population trends affect the demand for goods and services as well as the supply of labor to produce goods and services. Columbia County's population grew by 3,168 people or 6.0 percent between the April 2000 Census and the January 2007 estimate. This is roughly in line with the statewide growth rate (5.3%) and the national growth rate (6.9%). In this time period, the estimates suggest Columbia County experienced 951 more births than deaths and 2,217 more people moved in than moved out. Natural change (births minus deaths) tends to be more steady and reliable, while net migration (in-movers minus out-movers) changes direction more quickly and less predictably. The dominance of net migration introduces a degree of uncertainty in Columbia County's future population growth.

Columbia County's population and growth cluster around thoroughfares to employment centers in neighboring counties, particularly Dane County. Page 8 further details the growing role of commuting in Columbia County's economy. Many residents commuting may be people who moved to the area while holding on to jobs elsewhere.

As demographic patterns shift, individual municipalities' growth rates and population ranks will change. One of the few certainties of demographic change is this: the baby boom generation that once swelled the working-age cohorts will eventually reach retirement age and become eligible for age-triggered programs such as Social Security,

Medicare, and Wisconsin counterparts.

Wisconsin Department of Administration population projections suggest that Columbia County's population will climb from 57,207 in 2010 to 66,504 in 2030. During that time, the population between the ages of 45 and 59 will shrink from 13,461 people, or roughly 23.5 percent of the population, to 13,119 people, or 19.7 percent of the population. The population between the ages of 65 and 79 will grow from 5,637 people, or 9.9 percent of the population, to 11,045 people, or 16.6 percent of the population. Analysis on page three suggests that residents aged 45 to 59 years are much more likely to participate in the labor force than residents aged 65 to 79 years. As a result of these trends, Columbia County's labor force growth is projected to shrink after 2020.

In addition to affecting the supply of labor, demographic shifts could affect demand for goods and services. Demand for health services will probably grow. Demand for nursing homes, assisted living facilities, and other senior housing may grow. These trends could sharply increase the supply of available single-family housing. Between 2010 and 2030 the total population will grow by over 16 percent and the 20- to 34-year-old cohort will grow less than 5 percent. If this age group is responsible for a large share of births and home purchases, this could soften demand for single-family housing and local public education.

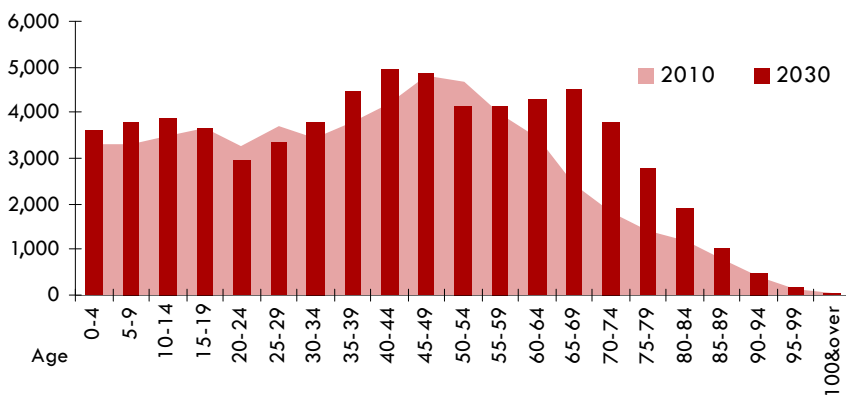
Columbia County's Ten Most Populous Municipalities

	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%
Columbia County	52,468	55,636	3,168	6.0%
Portage, City	9,728	10,070	342	3.5%
Columbus, City*	4,443	4,844	401	9.0%
Lodi, Town	2,791	3,132	341	12.2%
Lodi, City	2,882	3,006	124	4.3%
Pacific, Town	2,518	2,708	190	7.5%
Poynette, Village	2,266	2,520	254	11.2%
Dekorra, Town	2,350	2,456	106	4.5%
Wisconsin Dells, City*	2,293	2,320	27	1.2%
Pardeeville, Village	1,982	2,098	116	5.9%
West Point, Town	1,634	1,807	173	10.6%

* Columbia County portion only

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

Population by Age Cohorts in Columbia County



In 2010, the average Columbia County resident will be 39.4 years old.
In 2020, the average Columbia County resident will be 41 years old.
In 2030, the average Columbia County resident will be 42.6 years old.

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

Population & Labor Force

Population Projections for Columbia County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	10,826	13,375	17,468	15,538	46,381	57,207
2020	11,491	13,605	16,983	20,235	50,823	62,314
2030	12,025	13,028	18,393	23,058	54,479	66,504
Distribution of Labor-Force-Aged Population						
2010		28.8%	37.7%	33.5%		
2020		26.8%	33.4%	39.8%		
2030		23.9%	33.8%	42.3%		

Source: WI Dept. of Administration, Demographic Services

The table above indicates that Columbia County's population is projected to grow 16.3 percent (from 57,207 to 66,504) between 2010 and 2030. Meanwhile, the labor-force-aged population (residents 16 or more years old) will grow 17.5 percent (from 46,381 to 54,479). Page three will show that some labor-force-aged residents (especially those 55 or more years old) are less likely to be in the labor force. The lower portion of the table above projects that residents under 35 years old make will make up 28.8 percent of the labor-force-aged population in 2010 and that this share will shrink to 23.9 percent in 2030. Residents between the ages of 35 and 54 will see their share of the labor-force-aged population shrink from 37.7 percent in 2010 to 33.8 percent in 2030.

The remaining segment of the labor-force-aged population – Columbia County residents 55 or more years old – is projected to grow from 33.5 percent of the labor-force-aged population in 2010 to 42.3 percent in 2030. Some baby boomers will work later in life than previous generations of 55-and-older residents have worked. This effect will be massively overshadowed by the fact that residents over 55 years old have historically left the labor force in substantial numbers between the ages of 55 and 60 and even more quickly thereafter. Page three discusses this further.

One result of this shift is illustrated by the line graph to the right. While total population numbers increase, the labor force (those working or looking for work) will shrink eventually. Many baby boomers will be leaving the local labor force at a time when baby boomers (as a group) increase demand for labor-intensive services like health care and home maintenance.

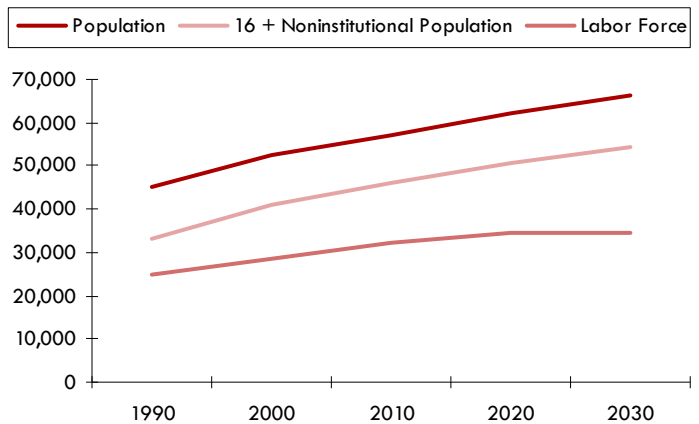
Another result of this demographic shift may be more intense competition for workers 55 or more years old. Their experience and expertise will be hard to replace in

some cases. Baby boomers who do continue to work will often change occupations or work fewer hours due to personal interests, health concerns, or family needs. Some employers will benefit tremendously from far-sighted recruitment and retention efforts.

If Columbia County employers struggle to find workers, some may use more appealing compensation or work environments to boost recruitment. Meanwhile,

some employers may resort to outsourcing, off-shoring, importing goods or labor, automating, changing locations, or going out of business. Demographic changes cannot be stopped, but their consequences can be shaped for the better with sound workforce planning.

Columbia County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Columbia County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	10,451	15,237	6,701	32,389
2020	10,578	14,900	9,051	34,528
2030	10,106	16,103	8,283	34,492
Distribution of Labor Force				
2010	32.3%	47.0%	20.7%	
2020	30.6%	43.2%	26.2%	
2030	29.3%	46.7%	24.0%	

Source: WI DWD, OEA

Labor Force

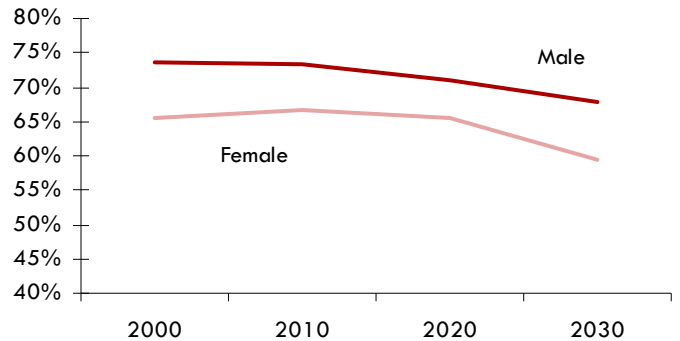
Advocates for workers 55 and over hasten to remind us that, with each passing decade, the economy places more value on the problem-solving, leadership, and innovation skills that baby boomers have developed. The workplace's social and professional networks are a bigger part of individual and community identities than ever before. In the workplace, the relative importance of physical limitations has fallen because there is more demand for non-physical work and there are more ways to accommodate or overcome physical limitations.

Nonetheless, the figures in the first three pages of this profile suggest that recent decades' growth in labor force participation will be reversed. To participate in the labor force is simply to work or to look for work. The labor force participation rate is the share of the eligible residents that works or looks for work. Ineligible residents who do not affect the participation rate are residents under 16, residents engaged in active military service, and residents of institutions like correctional or nursing facilities.

In the 1970s, 1980s, and 1990s, many women joined the labor force for the first time. The female labor force participation rate surged from a fraction of the male rate to a level much closer to the male rate. The graph to the upper right suggests that labor force growth in the next 30 years cannot rely on rising LFPR the way it did over the previous 30 years.

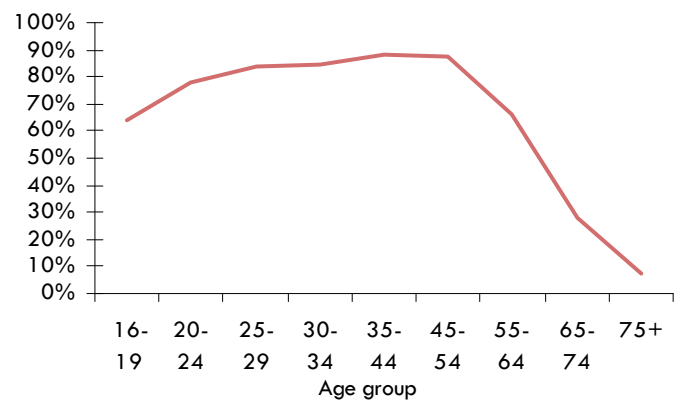
Two significant factors will probably prevent substantial increases in female labor force participation rates. First, women enjoy longer life expectancies than men. Those additional years are in a time of life when labor force participation rates tend to be at their lowest. Second, female participation rates tend to be lower in age cohorts often associated with bearing and raising children (say, ages 25 to 34) and tend to be higher in age cohorts where residents often have older kids (say, ages 35 to 54). This suggests that decisions made around the time children are often born and raised are primary reasons for female labor force participation rates being lower in the early age cohorts. Available data does not suggest that females will stop outliving males or that female LFPR

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

around typical child-bearing and child-raising years will rise dramatically. Therefore, a major source of labor force growth in decades past will not cause pronounced labor force growth in the future.

The lower of the two graphs above shows how dramatically labor force participation rates fall as age increases past 54 years old. Baby boomers may participate at higher rates than generations before them, but they would have to depart radically from conventional notions of retirement in order to keep the labor force from shrinking. Barring substantial reductions in Social Security and Medicare benefits, this seems unlikely. Many of the most qualified, sought-after workers have significant resources set aside for their later years, so it may take more than a job offer to keep them in the labor force.

Columbia County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	31,041	31,264	31,680	31,724	31,755
Employed	29,316	29,788	30,252	30,234	30,172
Unemployed	1,725	1,476	1,428	1,490	1,583
Unemployment Rate	5.6%	4.7%	4.5%	4.7%	5.0%

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

Jobs & Wages

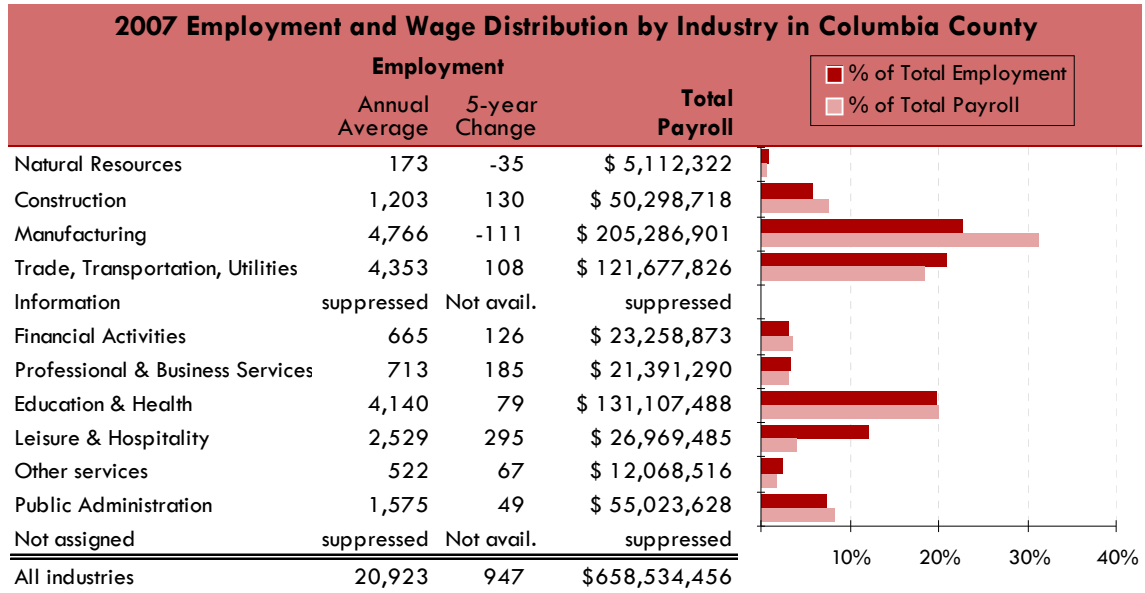
Few factors influence a local economy more than the number of jobs in the area and the average wage of those jobs. Payroll reports show that in 2007 Columbia County's manufacturing sector generated more employment (4,766 jobs) and more payroll (\$205 million) and higher average wages (\$43,073) than any other sector. Between 2002 and 2007, this was the only sector with declining employment (111 jobs lost) but the pace of wage growth (27.9 percent) was faster than the all-industries average wage growth (21.8 percent), so the jobs lost probably were not among the sector's highest-paying.

Within the trade, transportation, and utilities sector, the retail trade segment accounted for a large share of employment (2,577 jobs) and offered relatively low average wages (\$20,703). Between 2002 and 2007, retail trade employment declined 4.7 percent and the average

retail wage rose 6.9 percent (which was much slower than the all-industries average of 21.8 percent). Other segments in this sector (wholesale trade, transportation and warehousing, and utilities) also experienced wage growth slower than the all-industries wage growth.

The education and health sector is Columbia County's third-largest when measuring by total employment and second-largest when measuring by total payroll. (Higher average wages boost its payroll above trade, transportation, and utilities.) Demand for education and health is probably growing faster than one might infer from the 74 jobs added between 2002 and 2007. Ability to pay for these services might not be keeping pace with demand growth.

Between 2002 and 2007, the leisure and hospitality sector saw larger numerical employment gains (295 jobs) than any other sector, and its' wage growth (15.7 percent) was very slow. Adding lots of jobs in a sector with slow wage growth and the lowest average wage (\$10,664) lowers overall average wages and wage growth.



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		Columbia County as a Share of Wisconsin	Columbia County 5-year % Change	Wisconsin 5-year % Change
	Columbia County	Wisconsin			
All industries	\$31,474	\$38,070	82.7%	21.8%	17.4%
Natural Resources	\$29,551	\$29,235	101.1%	14.4%	14.7%
Construction	\$41,811	\$47,489	88.0%	28.1%	19.8%
Manufacturing	\$43,073	\$47,106	91.4%	27.9%	16.1%
Trade, Transportation & Utilities	\$27,953	\$32,762	85.3%	17.9%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$34,976	\$50,749	68.9%	49.1%	25.8%
Professional & Business Services	\$30,002	\$44,328	67.7%	17.3%	22.0%
Education & Health	\$31,668	\$39,606	80.0%	22.3%	17.3%
Leisure & Hospitality	\$10,664	\$13,589	78.5%	15.7%	14.8%
Other Services	\$23,120	\$22,073	104.7%	19.7%	13.2%
Public Administration	\$34,936	\$39,879	87.6%	16.4%	18.1%

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

Jobs & Wages

Prominent Industries in Columbia County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Columbia County	Columbia County	Wisconsin	Columbia County	Wisconsin	Columbia County	Wisconsin
Food services & drinking places	1,786	22.2%	9.1%	\$ 10,267	\$ 10,859	13.4%	14.5%
Educational services	1,738	3.2%	2.0%	\$ 31,624	\$ 39,753	13.0%	15.0%
Plastics & rubber products manufacturing	1,046	-9.9%	-5.0%	\$ 41,674	\$ 41,268	19.0%	17.5%
Specialty trade contractors	898	18.8%	-0.1%	\$ 42,231	\$ 43,664	32.4%	17.8%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%
Food manufacturing	894	-9.6%	-6.7%	\$ 31,928	\$ 38,239	12.1%	13.2%
Executive, legislative, & gen government	833	6.1%	-4.7%	\$ 28,785	\$ 36,340	11.3%	16.4%
Ambulatory health care services	666	6.6%	8.7%	\$ 35,971	\$ 57,969	19.6%	18.5%
Machinery manufacturing	616	29.1%	-4.5%	\$ 56,029	\$ 53,720	54.8%	19.1%
Nursing & residential care facilities	581	-25.0%	3.6%	\$ 22,226	\$ 23,295	20.0%	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

In 2007, seventy percent of the jobs in Columbia County's leisure and hospitality sector were in the food services and drinking places sub-sector. Between 2002 and 2007, employment growth in food services and drinking places (22.2 percent) far outpaced overall employment growth (4.9 percent). The county's all-industries average wage was \$31,474 in 2007, an increase of 21.8 percent from 2002; the county's food services and drinking places wages showed both a lower level (\$10,267) and slower 5-year growth (13.4 percent). Wages in this sub-sector were further below the average in 2007 than they had been in 2002.

Although it doesn't appear here, more detailed machinery manufacturing data suggests a noneconomic code change, not a surge in local employment.

When reviewing the above list of Columbia County's prominent sub-sectors, it is interesting to consider the impact of public funding in conjunction with demographic shifts discussed earlier. Most readers quickly see how public funding relates to sub-sectors like educational services and executive, legislative, and general government. Though less obvious, it is no less important to consider how nursing and residential care facilities and ambulatory health clinics rely on payments from programs like Medicare, Medicaid, Social Security, and Wisconsin counterparts. Today, many baby boomers are near the peak of their income-tax-paying curves. As they shift from prime tax-payers to the largest group of benefits-eligible residents ever, local, state, and federal budgets could face increasing strain. In recent years, many Wisconsin school

districts have faced increasing pressure to keep property taxes from rising. In the healthcare arena, it is not clear how the desire for low taxes will match up with the demand for publicly-funded services. These dynamics could dramatically affect prominent local industries.

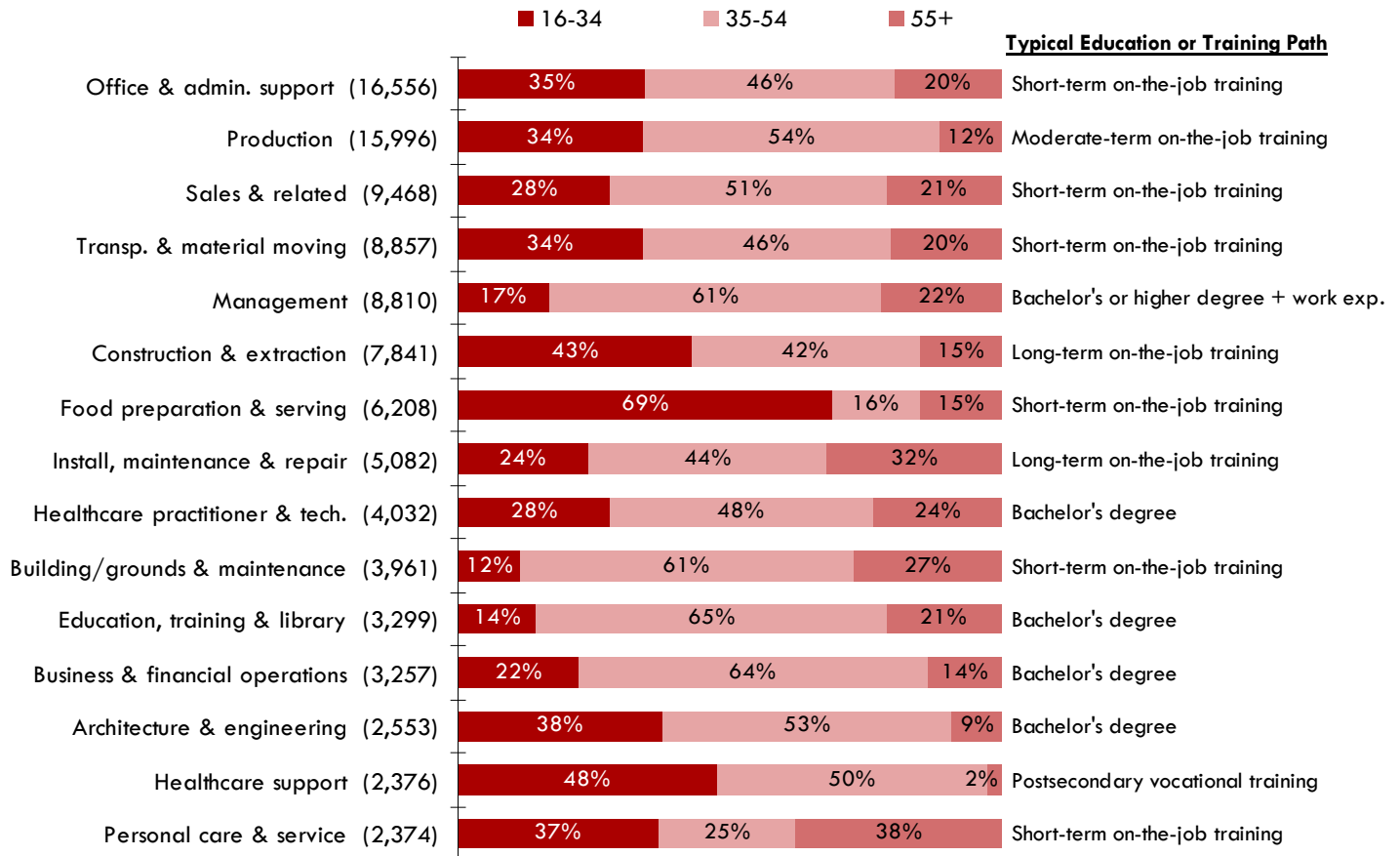
Prominent Public and Private Sector Employers in Columbia County		
Establishment	Service or Product	Number of Employees (March 2007)
Divine Savior Healthcare Inc	General medical & surgical hospitals	500-999 employees
County of Columbia	Executive & legislative offices, combined	500-999 employees
Portage Community Schools	Elementary & secondary schools	250-499 employees
Assoc Milk Producers Inc	Cheese manufacturing	250-499 employees
Wal-Mart	Discount department stores	250-499 employees
Columbia Correctional Institution	Correctional institutions	250-499 employees
XXPC Inc	All other plastics product manufacturing	250-499 employees
J W Jung Seed Co	Mail-order houses	250-499 employees
School District of Lodi	Elementary & secondary schools	250-499 employees
Saint-Gobain Performance	Rubber product mfg. for mechanical use	250-499 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 Columbia, Dodge, and Sauk 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

It is important to note that pages four and five focus on the industries that employers belong to, while this section focuses on the occupational groups that workers belong to. Sometimes, the worker's job duties can be more informative than the nature of the employer's business. The chart above first lists the occupational groups with the greatest numbers of workers in the area that includes Columbia, Dodge, and Sauk counties. The actual employment numbers appear in parenthesis. The bar graph shows each occupational group's age distribution.

The youngest age cohort, residents between the ages of 16 and 34, reflects people in their early working years and captures the overwhelming majority of jobs in food preparation and serving occupations and agriculture occupations. This cohort also accounts for very large shares of workers in healthcare support occupations and construction

and extraction occupations. Student schedules and seasonal demand account for some of younger workers' prevalence in some agricultural occupations, some food service occupations and some construction occupations. Low starting wages and limited wage growth in some healthcare support occupations and many food service occupations mean that older, more experienced workers often prefer to change occupations. Whether employers' perceptions are well-founded assumptions or ill-founded prejudice, they often expect younger workers to offer more schedule flexibility and physical stamina than older workers.

Education, training, and experience requirements explain why 16- to 34-year-olds do not make up large shares of workers management occupations; education, training, and library occupations; or financial operations

Occupations & Typical Education or Training

occupations. It is somewhat more puzzling that there are relatively few younger workers in installation, maintenance, and repair occupations or building and grounds cleaning and maintenance occupations. Many jobs in these fields require relatively manageable education and training preparation and some jobs in these fields offer decent career paths. Anecdotally, employers often complain that counselors and parents push students with good work habits into four-year post-secondary programs and that many workers who apply for manual labor jobs have less work-readiness than employers demand.

The 35- to 54-year-old cohort accounts for fairly large shares of workers in education, training, and library occupations (65 percent) and in business and financial operations occupations (64 percent). Both of these occupational groups include many workers with better-than-average retirement resources. While it is unlikely that massive numbers of these workers will retire at age 55, they may be more likely to retire before 65 than their counterparts in other occupations.

Elements of this reasoning probably apply to the very low shares 55-and-over workers in production occupations (12 percent), architecture and engineering occupations (9

percent), and healthcare support occupations (2 percent). Retirement resources may play a somewhat larger role in the first two cases, while physical demands may play a somewhat larger role in the first case and third case. Also, workers may leave healthcare support occupations to join the ranks of healthcare practitioners and technical occupations.

As Columbia County's population grows more concentrated in older age cohorts, demand for healthcare services will rise. Because 38 percent of personal care workers are 55 or more years old, many will soon approach retirement just as demand accelerates. For the sake of argument, suppose that older residents require more assistance maintaining their single-family homes or suppose that many older residents move into senior communities, assisted living facilities, and nursing homes. If either of these things occurs, then these residents could increase demand for installation, maintenance, and repair workers (32 percent of whom are 55 or more years old), as well as demand for building and grounds cleaning and maintenance workers (27 percent of whom are at least 55). Employers who solve the riddle of recruiting and retaining younger workers may enjoy a competitive advantage.

Income

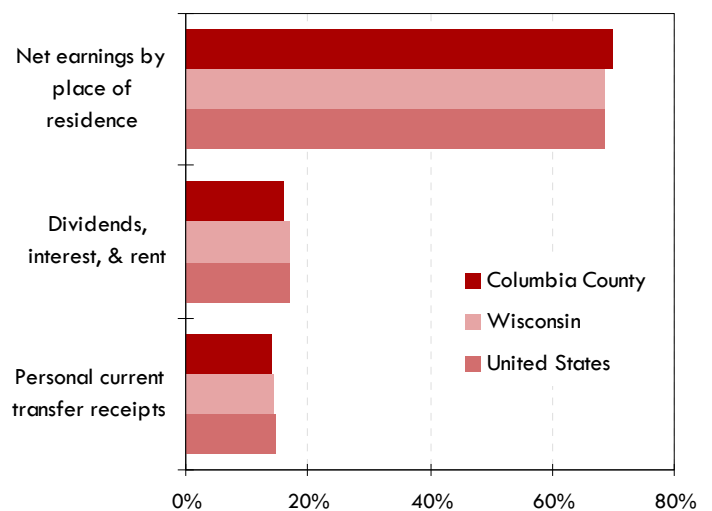
Pages four and five analyze payroll employment and wage data that employers report to Wisconsin's Unemployment Insurance system. Pages seven and eight analyze income data from federal tax records; this includes non-payroll income sources such as proprietors' income, investment income, and government transfers.

The first category of income that this profile will discuss is net earnings by place of residence. These earnings are typically associated with current vocations which may include a payroll job, self-employment, or business proprietorship. Without net earnings, most people would have difficulty buying assets that would generate dividends, interest, or rent and most people would have difficulty paying taxes that make government transfers possible. Many readers will consider net earnings the driving force that sets the stage for long-term income trends.

Whether we focus on the nation, the state or Columbia County, the graph to the right shows that net earnings is the largest share of total income. While this will probably always be true, the balance will shift. Pages one through three discuss baby-boomers' move from prime income-earning years to ages in which they draw on private re-

tirement resources (dividends, interest, and rent) and begin to receive government transfers like Social Security and Medicare. This means that net earnings could make

Components of 2006 Total Personal Income



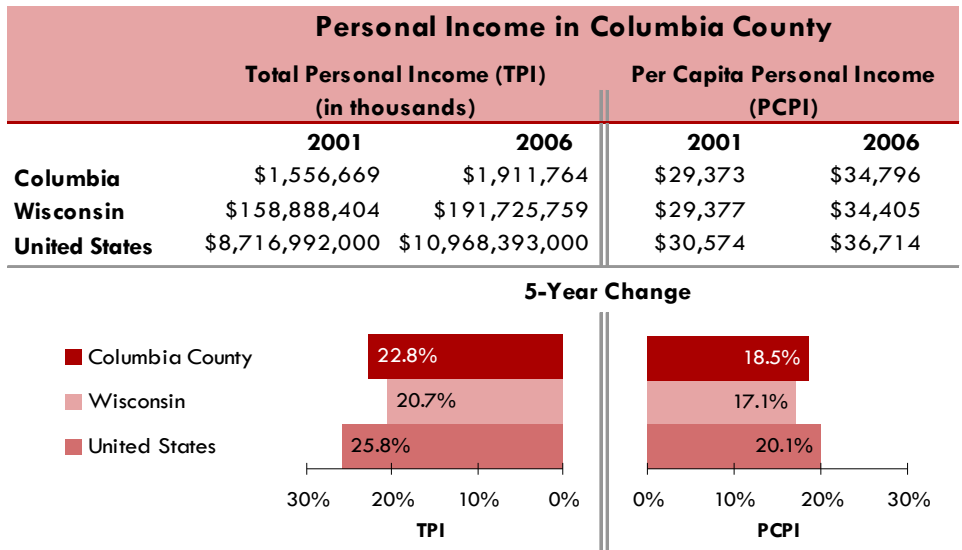
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

up a smaller share of Columbia County's total income and investment income and transfer payments could become a larger share.

When investments pay off, they yield dividends, interest, and rent. This is the second category of income. Net earnings are often tied to jobs at specific physical locations. When people leave jobs, other people typically fill the positions, and spend the earnings locally. In contrast, owners of income-earning assets can often collect their income from nearly anywhere, so leaving the area does not necessarily affect their income stream. Imagine for a moment that many Columbia County residents with income-earning assets moved to larger cities or warmer climates. They could take much of their income with them. Nothing about their departure would cause other residents to fill the investment income gap. If younger residents lack resources to invest or choose to consume rather than invest, investment income will decline.

Personal current transfer receipts (mainly programs like Medicare and Social Security) have a substantial impact on several key industries listed on page five. The group of benefits-eligible residents in Columbia County will grow quickly in the near future. Whether benefits will remain at



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

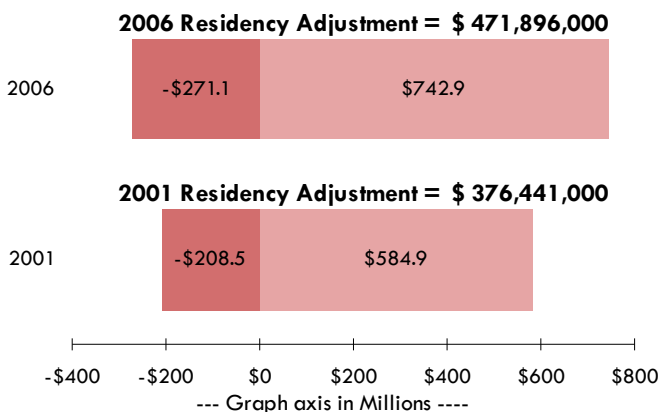
historically normal levels and how they will be paid remains uncertain in the medium term. With each passing year the political feasibility and practical necessity of radical change move in opposite directions.

Between 2001 and 2006, Columbia County's total income (TPI) grew from nearly \$1.6 billion to \$1.9 billion, or 22.8 percent. This was between Wisconsin's TPI growth (20.7 percent) and U.S. TPI growth (25.8 percent). Dividing total income by population yields per capita personal income (PCPI). Columbia County's PCPI grew more quickly than the state's and more slowly than the nation's. Columbia County's PCPI (\$34,796) remains very close to Wisconsin's (\$34,405) and below the nation's (\$36,714). Suburban areas and select segments of urban areas tend to report much higher PCPI, while rural areas and parts of inner cities tend to report lower PCPI. To the extent that high-income residents often cluster, redeveloping is one of the only ways to change an area's relative standing.

In 2006, Columbia County residents earned nearly \$743 million by commuting to jobs in other counties and residents of other counties earned over \$271 million by commuting to jobs in Columbia County. The difference, just under \$472 million, is the net impact of commuting on Columbia County's total income. This is about 24.7 percent of total income. Between 2001 and 2006, the net commuting impact grew 25.4 percent, which was faster than total income (18.5 percent). This suggests that wages earned outside Columbia County have become more important to the local economy over time.

Columbia 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