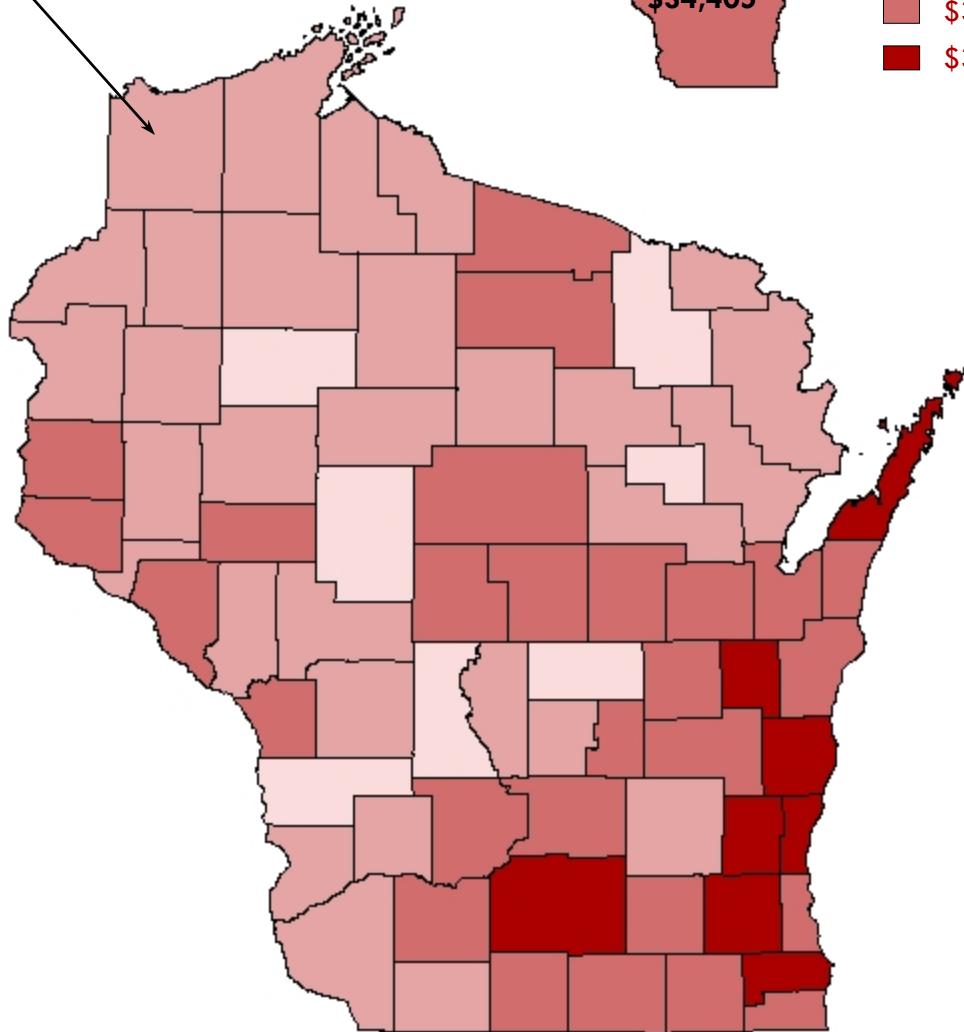
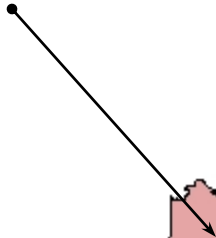


Douglas County Workforce Profile

Per Capita Personal Income in 2006

Douglas County
\$26,396



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10608-P

Scott Hodek
221 W. Madison St
Eau Claire, WI 54703
715.836.2997
Scott.Hodek@dwd.wisconsin.gov

Population

Douglas County grew by 809 residents from 2000 to 2007, for a total population of 44,096, according to the finalized estimates from Wisconsin's Department of Administration. The county's growth rate of 1.9 percent ranked it one of the slowest growing counties in the state overall—62nd amongst the state's 72 counties.

Net-migration, which is defined as people moving into the county minus those leaving, accounted for the largest share of the population growth, as it does in most Wisconsin counties. About 58 percent of Douglas's growth was from net-migration, an increase of 470 new residents. This is a common trend in recreation-rich, rural counties like Douglas, as retirees pour in to spend their golden years enjoying the county's many lakes and rivers. This large county has 431 inland lakes, to be exact. The northern edge of the county also borders Lake Superior, one of the world's largest freshwater lakes. Natural increase, or births minus deaths, accounted for the other 42 percent, adding 339 residents.

All but four of the 22 municipalities in the county added residents since 2000, but this growth occurred outside the county's largest municipality, the city of Superior. Since 2000, the city's population declined while adjoining municipalities gained residents. The Town of Superior, with an increase of 189 residents, showed the largest increase in population, followed by an increase of 105 residents in the village of Superior (not in the table). The village's population jumped 21 percent to 605, making it the

Douglas 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%
Douglas County	43,287	44,096	809	1.9%
Superior, City	27,368	27,160	-208	-0.8%
Superior, Town	2,058	2,247	189	9.2%
Parkland, Town	1,240	1,298	58	4.7%
Oakland, Town	1,144	1,211	67	5.9%
Amnicon, Town	1,074	1,149	75	7.0%
Summit, Town	1,042	1,060	18	1.7%
Hawthorne, Town	1,045	1,045	0	0.0%
Lk. Nebagamon, Village	1,015	1,036	21	2.1%
Solon Springs, Town	807	896	89	11.0%
Wascott, Town	714	785	71	9.9%

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

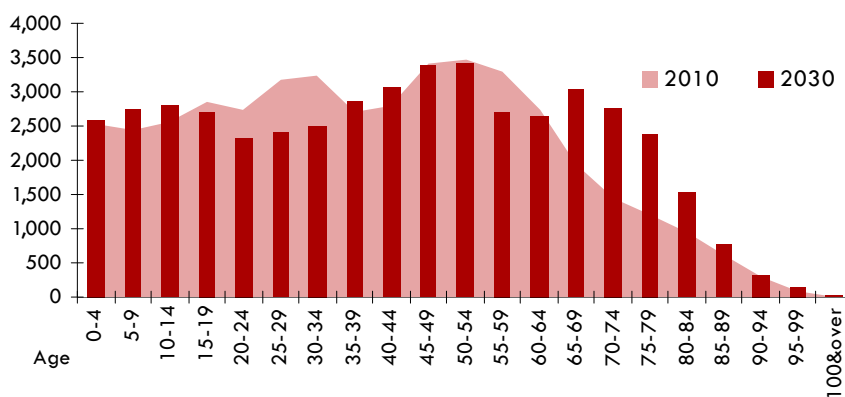
fastest growing municipality in the county. That was followed by an increase of 19.8 percent in the village of Oliver (which benefits from proximity to Superior) and a 12.7 percent increase in the town of Gordon, boosting respective populations to 429 and 727. High growth rates in areas like Gordon (as well as Wascott and Solon Springs) show a clear trend of new residents moving to the area's lakes and rivers.

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 Douglas County resident will be close to 40 years old; by 2030, the average is expected to jump to about 43 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by almost three years between 2010 and 2030.

The graph on the left not only demonstrates the 'weight' of this older population in Douglas 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 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

Population by Age Cohorts in Douglas County



In 2010, the average Douglas County resident will be 39.6 years old.
 In 2020, the average Douglas County resident will be 41.2 years old.
 In 2030, the average Douglas County resident will be 42.7 years old.

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

Population & Labor Force

Population Projections for Douglas County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	8,111	11,442	12,387	12,575	36,404	44,515
2020	8,485	10,007	12,290	15,336	37,633	46,118
2030	8,671	9,406	12,718	16,309	38,433	47,104
Distribution of Labor-Force-Aged Population						
2010		31.4%	34.0%	34.5%	100.0%	
2020		26.6%	32.7%	40.8%	100.0%	
2030		24.5%	33.1%	42.4%	100.0%	

Source: WI Dept. of Administration, Demographic Services

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 workers remain full-time in their pre-retirement positions, instead they pursue other interests and opportunities. Additionally, health care demands increase as the population ages.

The table above illustrates the changes in Douglas's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 38,433 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 already be those aged 55 and older, making up about 35 percent, a high proportion compared to other counties around the state. By 2030, those 55 and older will make up 42 percent of Douglas's labor force aged population.

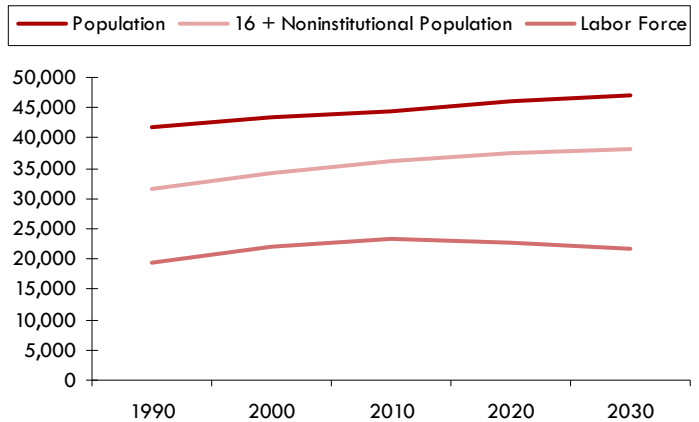
So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 2,589 residents from 2010 to 2030, but the labor force is actually expected lose about 1,700 participants. Population growth in Douglas County that is dominated by an older generation will contribute little to the workforce, and rather than expanding the overall economy, it could instead even drain resources.

As shown on the graph to the right, the labor force totals are always below the totals for the population from which it draws (the 16+ non-institutional population) simply because not everyone who could participate in the labor

force chooses to do so. Beginning in 2010, the lines representing the labor force and the source population diverge further from each other. Despite continued population growth, labor force growth slows, and begins declining around 2015, to the degree that entrants into the workforce may not be numerous enough to fill the extensive replacement openings left by retirees. Competition for workers to fill job openings will be fierce

in this tighter labor market, and holding onto talent will become ever more critical.

Douglas County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Douglas County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	8,983	10,293	4,095	23,372
2020	7,751	10,296	4,750	22,797
2030	7,229	10,602	3,841	21,672
Distribution of Labor Force				
2010	38.4%	44.0%	17.5%	100.0%
2020	34.0%	45.2%	20.8%	100.0%
2030	33.4%	48.9%	17.7%	100.0%

Source: WI DWD, OEA

Labor Force

Douglas County has a median age very close to the statewide average in Wisconsin. The county's median age in 2007 was 39.4 according to U.S. Census Bureau estimates. This is actually relatively low for a northern county, likely an effect of the University of Wisconsin - Superior being located in the county, and is a bit misleading. We have seen from earlier pages that Douglas has a relatively older workforce, despite the somewhat lower median age. As we will see, the age of the population has major implications for the available workforce in the area.

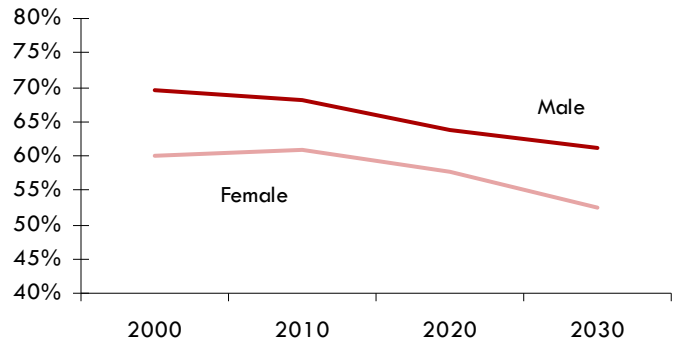
A county's labor force is an estimate of the resident workers available for employment. Since this is a "place of residence" measure, it only includes workers living in the county, regardless of whether they work within the county or not. The county labor force does not include commuters from outside 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 misconception is that everyone not employed is considered unemployed. That is not the case. Those of workforce age who are not looking for work are not considered part of the labor force.

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 give us important information about an area's workforce, chief among those is what kind of labor 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, though some also believe this rate is raised by the famous Wisconsin work ethic). In Douglas's case, the LFPR was estimated at about 66 percent in 2007, below the statewide average.

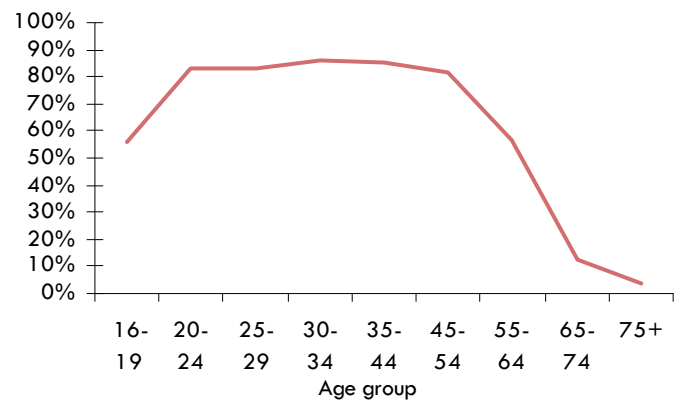
As the population grows progressively older, we can expect the labor force to shrink, as demonstrated by the

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

graph near the top right of the page. As early as 2010, the LFPR starts trending dramatically downward for both sexes. This means that even though the number of residents over 16 years old is expected to increase, a smaller and smaller percentage will be available for employment.

We can see why on the second graph above. Labor force participation rates begin to drop sharply around age 55. Reasons for this could range from the younger retirement ages in fields like construction and protective services, to an increased incidence of career ending illness or injury beginning at age 55. Regardless of causes, this trend will have a huge impact on the area's workforce.

Douglas County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	22,821	22,779	22,762	23,142	23,229
Employed	21,405	21,444	21,539	21,978	22,062
Unemployed	1,416	1,335	1,223	1,164	1,167
Unemployment Rate	6.2%	5.9%	5.4%	5.0%	5.0%

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

Jobs & Wages

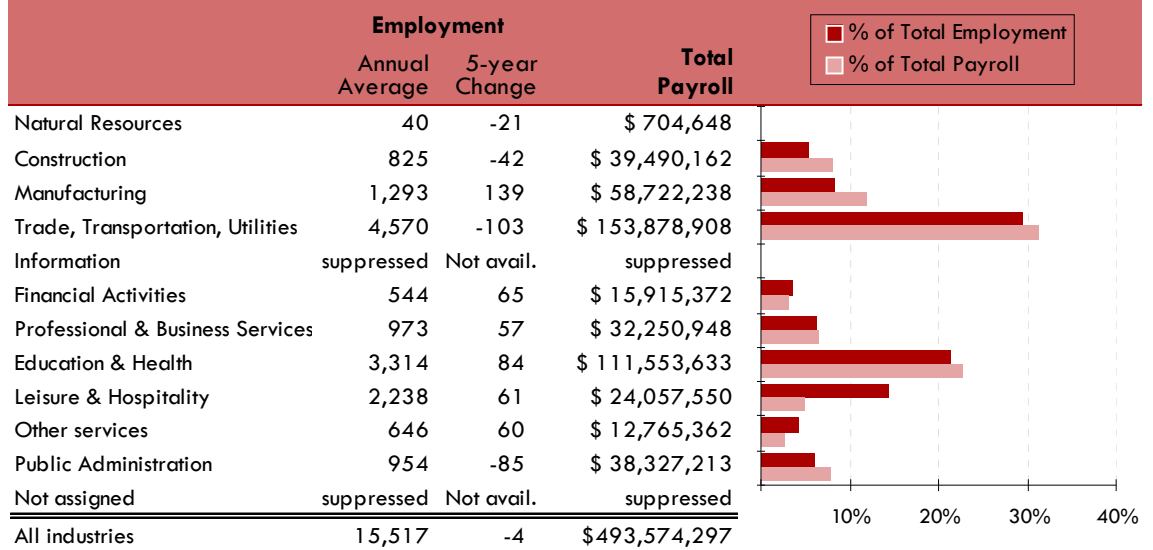
Douglas County's average wage in 2007 was about 84 percent of the average wage in Wisconsin, up from 72 percent last year. Douglas County's largest industry, both by employment and by total payroll, is trade, transportation, and utilities. The average wage in this super-sector in Douglas County, \$32,762 is about 2.8 percent higher than the state industry wage. Despite that fact, this super-sector is still pays relatively low wages compared to other industries.

This is due to the retail trade sector, with many low-paying sales positions, which also pay lower wages in Douglas than the statewide average. Trade, both retail and wholesale, makes up the majority of jobs in this super-sector, as it does statewide. At the statewide level trade accounts for 78 percent of jobs in the trade, transportation, and utilities super-sector, whereas in

Douglas it is closer to only 62 percent. It's the concentration of transportation jobs that raises the average wage in this super-sector above the state average. Truck transportation is the third largest sub-sector on the prominent industries table on the following page, with 941 jobs in 2007, up 1.6 percent since 2002. Much of this employment stems from trucking goods to and from the busy port on Lake Superior. In fact, two of the largest employers in the county are long-distance trucking

lines. But transportation also includes pipeline transportation, which accounts for 166 jobs in Douglas, over two-thirds of all pipeline jobs in the state! In this case the pipeline jobs mostly involve transporting oil to and from the state's only refinery, Murphy Oil Inc. located in Superior, one of Douglas County's largest employers. Lower-than-average wages paid in other local industries likely accounts for much of the disparity between Douglas County and the state. Education and health is the second largest super-sector in the county, and together with trade, transportation, and

2007 Employment and Wage Distribution by Industry in Douglas 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		Douglas County as a Share of Wisconsin	Douglas County 5-year % Change	Wisconsin 5-year % Change
	Douglas County	Wisconsin			
All industries	\$31,809	\$38,070	83.6%	17.7%	17.4%
Natural Resources	\$17,616	\$29,235	60.3%	-30.4%	14.7%
Construction	\$47,867	\$47,489	100.8%	27.9%	19.8%
Manufacturing	\$45,415	\$47,106	96.4%	23.3%	16.1%
Trade, Transportation & Utilities	\$33,672	\$32,762	102.8%	8.4%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$29,256	\$50,749	57.6%	21.9%	25.8%
Professional & Business Services	\$33,146	\$44,328	74.8%	48.2%	22.0%
Education & Health	\$33,661	\$39,606	85.0%	19.5%	17.3%
Leisure & Hospitality	\$10,750	\$13,589	79.1%	19.0%	14.8%
Other Services	\$19,761	\$22,073	89.5%	22.0%	13.2%
Public Administration	\$40,175	\$39,879	100.7%	21.6%	18.1%

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

Jobs & Wages

Prominent Industries in Douglas County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Douglas County	Douglas County	Wisconsin	Douglas County	Wisconsin	Douglas County	Wisconsin
Educational services	1,637	3.1%	2.0%	\$ 36,228	\$ 39,753	7.3%	15.0%
Food services & drinking places	1,621	-3.8%	9.1%	\$ 9,401	\$ 10,859	20.1%	14.5%
Truck transportation	941	1.6%	7.1%	\$ 39,967	\$ 41,316	-4.6%	14.6%
Executive, legislative, & gen government	717	-7.2%	-4.7%	\$ 38,324	\$ 36,340	25.3%	16.4%
General merchandise stores	636	38.9%	7.1%	\$ 18,635	\$ 17,914	20.2%	16.3%
Nursing & residential care facilities	547	-9.7%	3.6%	\$ 21,651	\$ 23,295	19.2%	12.0%
Ambulatory health care services	531	-5.2%	8.7%	\$ 40,782	\$ 57,969	48.1%	18.5%
Administrative & support services	470	-10.1%	15.8%	\$ 21,498	\$ 23,144	77.9%	15.4%
Food & beverage stores	428	-13.5%	-4.9%	\$ 16,715	\$ 17,166	-7.8%	9.7%
Social assistance	*	not avail.	17.0%	*	\$ 19,100	not avail.	9.2%

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

utilities super-sector, they account for over half the total jobs in the county. But wages in education and health are only 85 percent of the state average for this industry.

Pay in both sectors is below the statewide average, but healthcare is farther below the state average than education. Wages paid by a large post-secondary provider like a college tend to raise education wages in an area, in Douglas's case the effects of UW-Superior, likely accounts for education wages at 91 percent of the state average. The two largest employers in the county, as seen on the table below, are education providers.

Wages in healthcare are a different story, however. While occupations in rural counties often pay less than their urban counterparts for a variety of reasons, such as adjustments for a lower cost of living, this isn't the main reason for differences at the broader industry level. It

generally has to do with the occupation mix in the area. Clinics in smaller rural counties tend to have lower concentrations of highly paid specialists, a factor that normally lowers average healthcare wages there.

Douglas County lost 4 net jobs from 2002 to 2007, changing very little in terms of the number of jobs. However, there were gains and losses that could affect the industry mix in the county. Trade, transportation, and utilities lost 103 jobs, with gains in transportation offsetting some of the lost jobs in wholesale trade. Both education and health gained jobs, with the super-sector up 84. Manufacturing gained 139 jobs, with losses in wood products more than offset by gains in sub-sectors like plastic and rubber, and fabricated metal product manufacturing.

Unfortunately missing from the lists is rail transportation, with over 450 jobs, and the larger railroads that have business offices in Superior. Railroads are not covered by Wisconsin's Unemployment Insurance law, the primary source of Quarterly Census of Employment and Wage (QCEW) data.

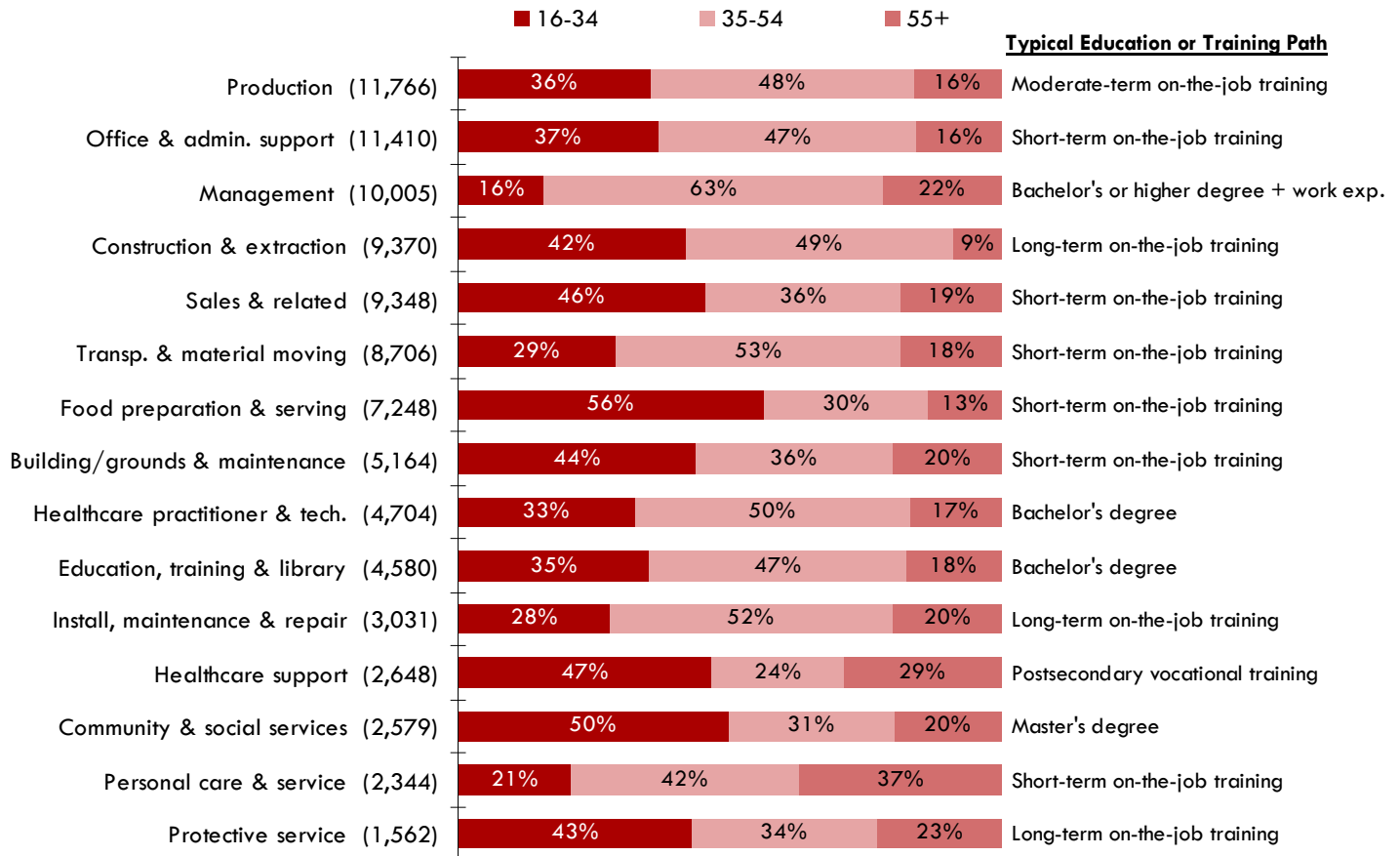
Prominent Public and Private Sector Employers in Douglas County		
Establishment	Service or Product	Number of Employees (March 2007)
School District of Superior	Elementary & secondary schools	500-999 employees
University of Wisconsin- Superior	Colleges & universities	250-499 employees
Wal-Mart	Discount department stores	250-499 employees
Halvor Lines Inc	General freight trucking, long-distance TL	250-499 employees
County of Douglas	Executive & legislative offices, combined	250-499 employees
City of Superior	Executive & legislative offices, combined	250-499 employees
School District of Maple	Elementary & secondary schools	100-249 employees
Jeff Foster Trucking Inc	General freight trucking, long-distance TL	100-249 employees
Super-One Foods	Supermarkets & other grocery stores	100-249 employees
Murphy Oil USA Inc	Petroleum refineries	100-249 employees

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

Occupations & Typical Education or Training

Age Distribution of Workers in Selected Occupational Groups

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



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

Source: 2006 U.S. Census, PUMS 5% file, & WI DWD, OEA

Analyzing employment at the industry level on previous pages only tells part of Douglas 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 Douglas County area. 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 Douglas. For the purposes of this data, Douglas belongs to a group that also includes Ashland, Bayfield, Burnett, Iron, Price, Rusk, Sawyer, Taylor, and Washburn Counties. And while there are definite similarities between those counties, the data doesn't shed as much light on the unique details of Douglas as

comparable data can in other, more populous counties.

There are some readily apparent trends that most counties share. For example, employment in food preparation and serving occupations is high. 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. Other occupation groups have a higher proportion of young employees because of the physical nature of the work, like construction.

Another occupational group with a younger workforce is community and social services, despite the masters degree

Occupations & Typical Education or Training

typical education creating a high barrier to entry. Though we don't have the historical occupational data to definitively explain this, it's possible increased demand for these services or a wave of retirements (or a trend towards more experienced workers moving out of this occupational group as they further their careers) has prompted a recent hiring surge, bringing in mostly younger workers. Or it could even be that this type of work simply appeals to the ideals of the younger generations.

Other occupational groups find themselves with an older average age than most. Occupational groups like personal service (which includes occupations like tour guide, or recreation/amusement attendant) seem to attract an older workforce. About 37 percent of the workers in this group are over the age of 55. 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 that involve 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 management and healthcare.

Management occupations naturally tend to have an older age breakout, simply because these occupations are the kind in which you typically have to work your way up. This is reflected in the typical education path — bachelor's degree or higher plus work experience — the highest on the table. It explains the high wages paid in this group. But these high barriers to entry, coupled with 22 percent of this group being over the age of 55, means that there could be significant problems filling the positions vacated by the upcoming boomer retirees. Businesses that have succession planning in place for these higher level occupations will no doubt have a competitive advantage over those that don't in the coming years.

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 sets in the near future.

Income

Douglas County's total personal income (TPI) has grown by about 15 percent in the five-year period from 2001 to 2006, significantly slower than state and nationwide growth.

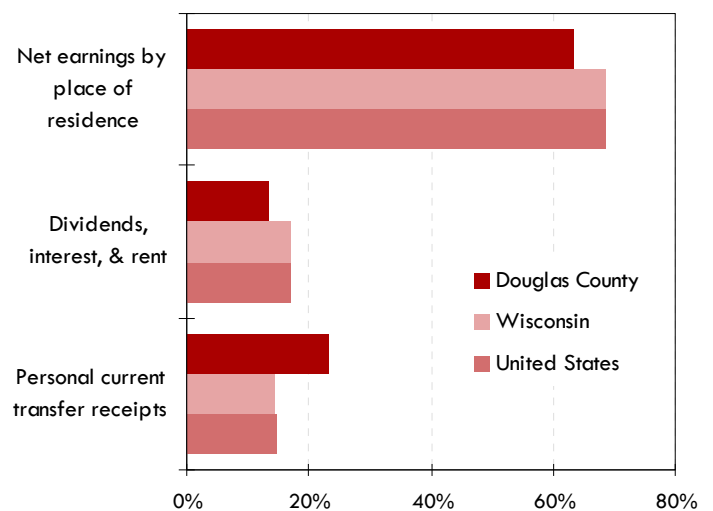
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution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

In Douglas County, about 63 percent of TPI is from net earnings, lower than the state and national levels (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 fact that this accounts for a lower proportion of total income in Douglas County probably explains its relatively slower TPI growth rate, since income from this component tends to be much higher than the other sources.

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. To make sure that incomes are

Components of 2006 Total Personal Income



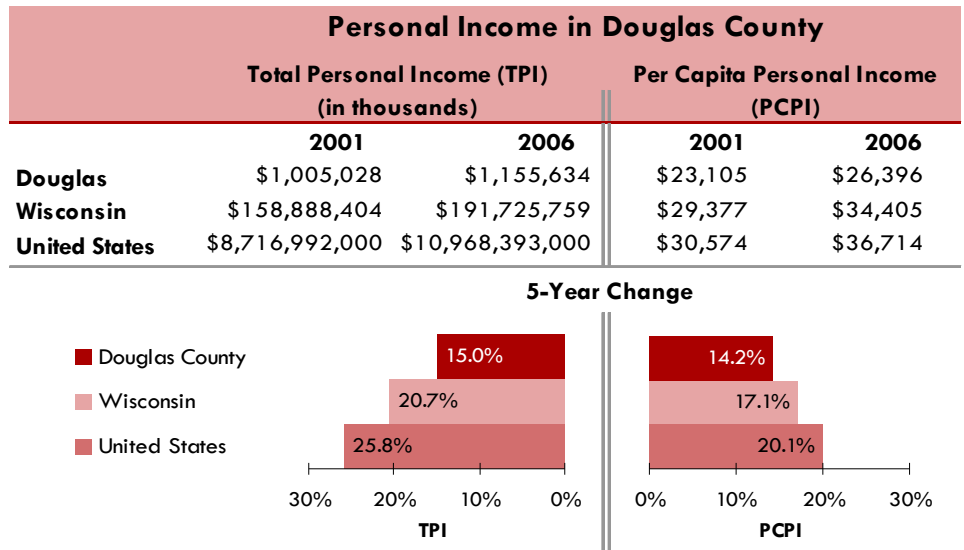
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

attributed to the county where the workers live regardless of where they work, the residency adjustment is used. As shown on the graph below, the adjustment is basically the earnings from Douglas residents working in other counties (inflow), minus the earnings of residents of other counties working in Douglas (outflow). In 2006, the net adjustment was \$85.6 million, up from \$64.3 million in 2001. It indicates that Douglas is a net exporter of labor, most likely showing the effects of commuters from the Superior area to nearby Duluth, MN.

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 roughly 13 percent of TPI in Douglas County, significantly lower than both 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. Over 23 percent of TPI in Douglas County is from transfer receipts, much higher than the state and national averages of 14 and 15 percent, respectively. A



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

high share of income made up of transfer receipts tends to indicate an older population.

Total personal income divided by the total population produces per capita personal income (PCPI). This is a very useful indicator for comparing geographic areas. While counties with a high 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. Douglas's per capita personal income of \$26,396 ranks relatively low, 55th among Wisconsin's 72 counties, and is below the average state and national PCPI levels.

The lower industry wages seen on page 4 play a major role in Douglas'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 Douglas below the state average. A resident relying on transfer receipts generally earns less than someone who is employed.

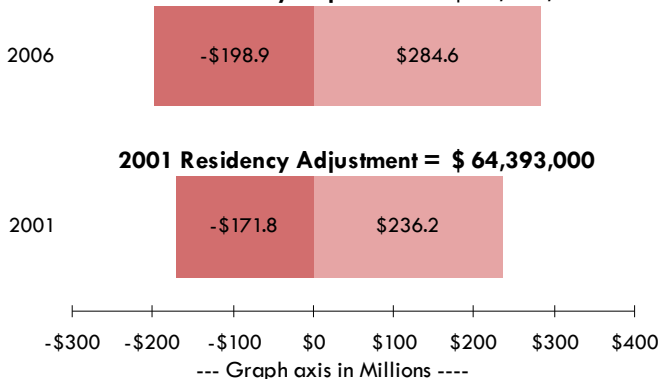
Per capita personal income growth of 14.2 percent over the five-year timeframe from 2001 to 2006 lagged increases in both the state and nation, again likely linked to the high proportion of income from transfer receipts. Income from government aid sources tends to increase much slower than wage income.

Even though Douglas's PCPI is only about 77 percent of the state PCPI, it is nearly 91 percent of the PCPI for other non-metropolitan counties in the state. Douglas County's PCPI is fairly average for a non-metro county in Wisconsin.

Douglas County Commuting Impact

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

2006 Residency Adjustment = \$ 85,627,000



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