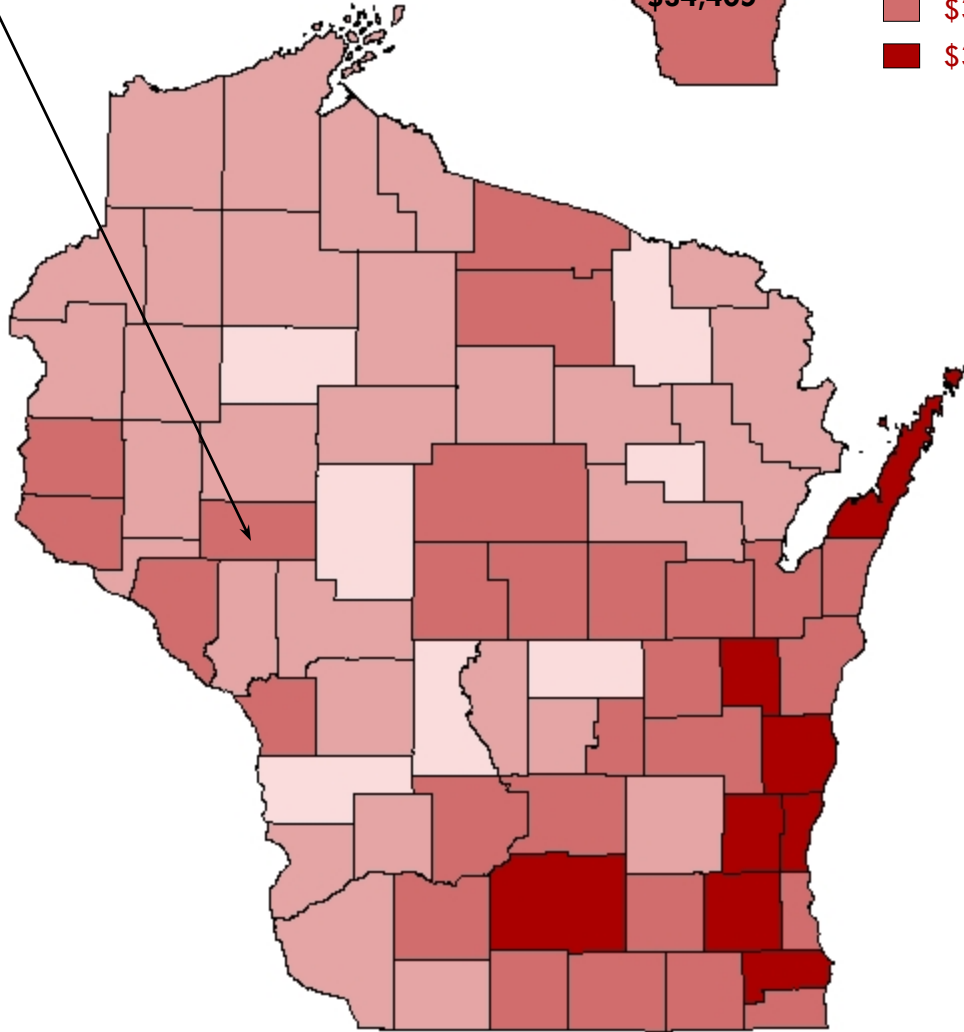


Eau Claire County Workforce Profile

Per Capita Personal Income in 2006

Eau Claire County
\$31,314



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10610-P

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Population

Eau Claire County grew by 4,858 residents from 2000 to 2007, for a total population of 98,000, according to the finalized estimates from Wisconsin's Department of Administration. The county's growth rate of 5.2 percent ranked it 36th amongst the state's 72 counties.

Natural increase, or births minus deaths, accounts for about 59 percent of the county's growth, adding 2,870 residents. Eau Claire County has one of the highest rates of natural increase in the state, 19th among the state's 72 counties, a fact which indicates a relatively young population starting families. Net-migration, or people moving into the county minus those leaving, accounted for an increase of 1,988 residents.

The City of Eau Claire, home to the University of Wisconsin-Eau Claire, is the largest population center in the county, with over 63,000 residents.

Eau Claire's location at the confluence of two rivers and five major highways has greatly influenced its growth. The city also shares its northern border, and its workforce, with another city, Chippewa Falls (pop. 13,515) - though Eau Claire is the much larger population center. The City of Eau Claire accounted for almost 70 percent of the county's population growth, adding 3,396 residents. Despite this addition, other areas of the county are actually growing at a faster rate.

A growth rate of 14.4 percent made the Town of Pleasant Valley the fastest growing municipality in Eau Claire County. The developments along Hwy 93 through

Eau Claire 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%
Eau Claire County	93,142	98,000	4,858	5.2%
Eau Claire, City*	59,794	63,190	3,396	5.7%
Washington, Town	6,995	7,299	304	4.3%
Altoona, City	6,698	6,770	72	1.1%
Seymour, Town	2,978	3,159	181	6.1%
Pleasant Valley, Town	2,681	3,067	386	14.4%
Union, Town	2,402	2,563	161	6.7%
Bridge Creek, Town	1,844	1,863	19	1.0%
Brunswick, Town	1,598	1,672	74	4.6%
Augusta, City	1,460	1,458	-2	-0.1%
Fall Creek, Village	1,236	1,302	66	5.3%

* Eau Claire County portion only

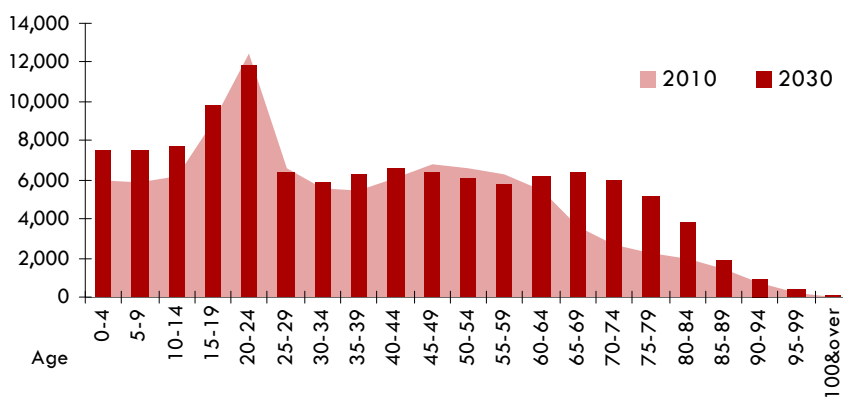
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

Pleasant Valley are only the most recent example of growth clustered around the City of Eau Claire in a suburban pattern, with residents making the daily commute into the city. Not surprisingly, the most heavily populated townships in the county border the City of Eau Claire, a growth trend likely to continue, as developers search further and further out for land to turn into suburban housing.

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 Eau Claire County resident will be about 37 years old; by 2030, the average is expected to jump to over 39 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by over two 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 even taller, persistent spike in the late teens/early twenties age group represents the UW-Eau Claire students. Despite this group bolstering the size of the workforce, it's important to remember that many college students leave after graduation to pursue their careers.

Population by Age Cohorts in Eau Claire County



In 2010, the average Eau Claire County resident will be 36.7 years old.
 In 2020, the average Eau Claire County resident will be 38.1 years old.
 In 2030, the average Eau Claire County resident will be 39.2 years old.

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

Population & Labor Force

Population Projections for Eau Claire County						
Age Group:	0-15	16-34	35-54	55+	Labor Force Aged Population	Total Population
	Years	Population				
2010	19,749	31,718	24,939	24,742	81,399	101,148
2020	22,407	31,679	24,159	31,940	87,778	110,185
2030	24,774	31,934	25,389	36,631	93,954	118,728
Distribution of Labor-Force Aged Population						
2010		39.0%	30.6%	30.4%	100.0%	
2020		36.1%	27.5%	36.4%	100.0%	
2030		34.0%	27.0%	39.0%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The county faces a future that includes meeting the needs of an elderly population and a shortage of workers to replace those retiring. It is probably true that many baby boomers won't fully retire, but they 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.

The table above illustrates the changes in Eau Claire's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 93,954 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 16 to 34, making up about 39 percent, a high proportion compared to other counties around the state. While this age group will always be significant, given the large UW-Eau Claire student population, it is already projected to be eclipsed by the 55 plus age group by 2020. By 2030, those 55 and older will make up about 39 percent of the labor force aged population.

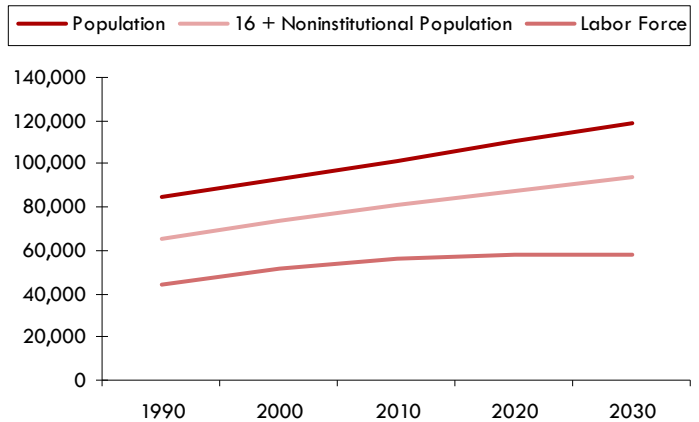
So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 12,555 residents from 2010 to 2030, but the labor force is only expected add about 1,199 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 from each other. 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.

Competition to fill openings for replacements, not to mention the additional openings generated from businesses expanding, will be fierce in this tighter labor market. Holding on to talent in these conditions will become ever more critical.

Eau Claire County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Eau Claire County				
Age Group:	16-34	35-54	55+	Total Labor Force
	Years	Labor Force		
2010	25,270	21,808	9,343	56,422
2020	24,905	21,266	11,512	57,682
2030	25,111	22,307	10,202	57,621
Distribution of Labor Force				
2010	44.8%	38.7%	16.6%	100.0%
2020	43.2%	36.9%	20.0%	100.0%
2030	43.6%	38.7%	17.7%	100.0%

Source: WI DWD, OEA

Labor Force

Eau Claire County had a median age of 33.8 in 2007 according to U.S. Census Bureau estimates—a younger population than all but two counties in Wisconsin. 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.

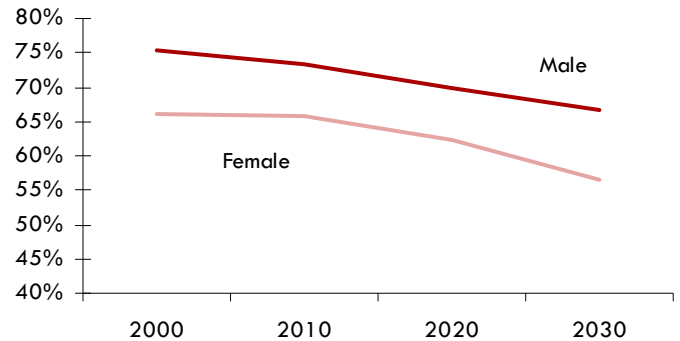
Basically, the labor force is the portion of the total population 16 years and older that is either working (classified as the "employed") or actively looking for work (the "unemployed"). A common misperception is that everyone not employed is considered unemployed. That is not the case. Those of workforce 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 gives us important information about an area's workforce, chiefly about the area's untapped potential workforce (given the right conditions to motivate non-entrants 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. Eau Claire's lfpr was an estimated 72 percent in 2007, higher than the statewide average.

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!

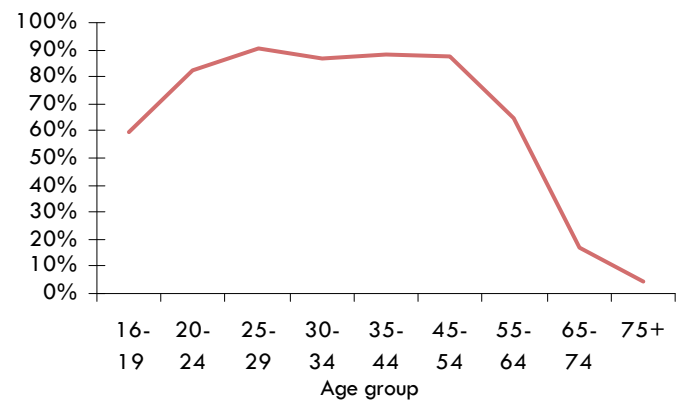
And we can see why on the second graph above. While Eau Claire's younger population insulates it somewhat from the effects of the aging baby boomer generation, the county's population will still grow progressively older,

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

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 Eau Claire County, falling as employers add jobs February through June. There is a spike in June, higher in education-heavy Eau Claire than in most of the state, as schools recess for summer and the job market absorbs the students. Rates then fall throughout most of the summer to an October low.

Eau Claire County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	54,462	53,639	53,933	55,677	56,327
Employed	51,877	51,291	51,697	53,462	53,942
Unemployed	2,585	2,348	2,236	2,215	2,385
Unemployment Rate	4.7%	4.4%	4.1%	4.0%	4.2%

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

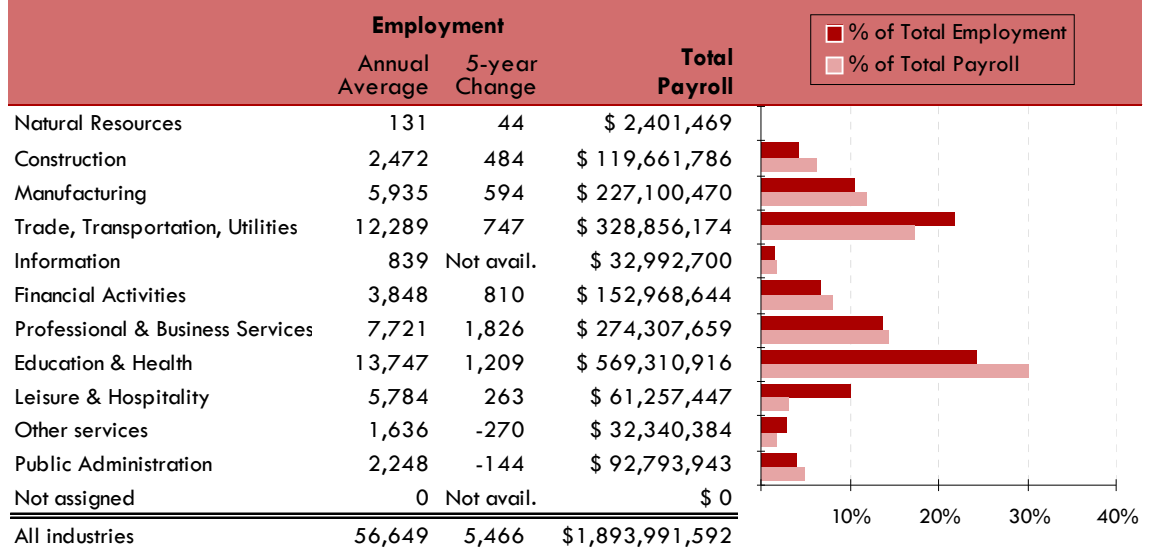
Jobs & Wages

Eau Claire County's average wage in 2007 was almost 88 percent of the average wage in Wisconsin, similar to its percentage last year. Eau Claire County's largest industry, by employment and even more so by total payroll, is education & health. The average wage in this industry, \$41,413, is 4.6 percent higher than the state wage, though the statewide average has gained

on Eau Claire County, it was 5.2 percent higher last year. This higher wage results from the high pay in the dominant healthcare sector; education pay in Eau Claire is fairly close to the statewide average.

In contrast, the next largest industry super-sector, trade, transportation, and utilities, pays only 82 percent of the statewide average. Jobs in the individual sectors that make up this industry pay lower than their statewide averages. In addition, Eau Claire is a retail shopping hub

2007 Employment and Wage Distribution by Industry in Eau Claire County



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

for surrounding areas, and as a result it has a higher-than-average concentration of low paying retail trade jobs. The impact of this large sector on the local average wage likely accounts for much of the disparity between Eau Claire County's average wage and the state's.

Eau Claire County added 5,466 net jobs from 2002 to 2007; only two sectors contracted, and only slightly. Average wages in Eau Claire grew by 15.5 percent, slower than the state's growth of 17.4 percent.

Professional and business services, which makes up about 14 percent of Eau Claire County employment, gained the most jobs since 2002, adding 1,826 positions. Most of the jobs added are in the relatively low-paying administrative services sub-sector, which lowers the average for all of professional and business services. This accounts for the falling wages in this sector shown in the table on the left.

Surging healthcare demand fueled the growth in the education and health sector, which added 1,209 jobs since 2002.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Eau Claire County as a Share of Wisconsin	Eau Claire County 5-year % Change	Wisconsin 5-year % Change
	Eau Claire County	Wisconsin			
All industries	\$33,434	\$38,070	87.8%	15.5%	17.4%
Natural Resources	\$18,332	\$29,235	62.7%	-7.7%	14.7%
Construction	\$48,407	\$47,489	101.9%	39.9%	19.8%
Manufacturing	\$38,265	\$47,106	81.2%	15.3%	16.1%
Trade, Transportation & Utilities	\$26,760	\$32,762	81.7%	14.8%	15.3%
Information	\$39,324	\$48,483	81.1%	Not avail.	24.7%
Financial Activities	\$39,753	\$50,749	78.3%	38.3%	25.8%
Professional & Business Services	\$35,527	\$44,328	80.1%	-16.4%	22.0%
Education & Health	\$41,413	\$39,606	104.6%	21.9%	17.3%
Leisure & Hospitality	\$10,591	\$13,589	77.9%	14.6%	14.8%
Other Services	\$19,768	\$22,073	89.6%	1.8%	13.2%
Public Administration	\$41,278	\$39,879	103.5%	19.5%	18.1%

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

Jobs & Wages

Prominent Industries in Eau Claire County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Eau Claire County	Eau Claire County	Wisconsin	Eau Claire County	Wisconsin	Eau Claire County	Wisconsin
Educational services	4,660	-2.2%	2.0%	\$ 38,872	\$ 39,753	12.5%	15.0%
Food services & drinking places	4,561	6.1%	9.1%	\$ 10,264	\$ 10,859	14.2%	14.5%
Administrative & support services	3,728	61.3%	15.8%	\$ 19,251	\$ 23,144	12.5%	15.4%
Hospitals	3,123	not avail.	12.6%	\$ 40,684	\$ 43,750	not avail.	24.1%
Ambulatory health care services	2,872	12.5%	8.7%	\$ 70,380	\$ 57,969	35.3%	18.5%
Nursing & residential care facilities	2,109	15.1%	3.6%	\$ 21,373	\$ 23,295	11.4%	12.0%
Professional & technical services	2,070	9.5%	10.0%	\$ 44,519	\$ 56,267	9.7%	20.9%
Insurance carriers & related activities	2,001	37.6%	5.8%	\$ 41,276	\$ 56,218	40.7%	27.8%
Management of companies & enterprises	1,766	15.3%	33.1%	\$ 59,260	\$ 82,145	-29.9%	25.0%
General merchandise stores	1,763	-9.4%	7.1%	\$ 16,963	\$ 17,914	12.2%	16.3%

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

Eau Claire is home to a booming healthcare cluster, with three local hospitals, as well as numerous clinics and residential care facilities. Demand for health services has skyrocketed nationally, causing a surge in healthcare employment, and the industry has a higher than average concentration in Eau Claire. Healthcare employs 9,087 workers in the county, and has added over 1,300 jobs from 2002 to 2007! Three of the largest employers in the county are in the healthcare sector—with over 1,000 employees each. The highest paying sub-sector on the list above is also part of the healthcare industry. The average wage in ambulatory health care services, like clinics and dental offices, is \$70,380. This is over 20 percent higher than the state average for this sub-sector, and has risen by over 35 percent from 2002 to 2007, signaling the

demand for skilled professionals.

Educational services (including both public and private institutions), the other sector included in the large education & healthcare industry, is also a major source of jobs in Eau Claire. This is not really surprising, given that Eau Claire County is home to the University of Wisconsin—Eau Claire, and Chippewa Valley Technical College. This sector also includes the four school districts serving their areas of the county.

Menard Inc. is the largest employer in the county. The corporation operates a chain of home center retail stores, though it is also involved in the prefabricated building production and warehousing sectors. But the main reason they have so much employment in the area is because the corporation is still headquartered in the City of Eau Claire, where the company was started.

Manufacturing is also very important to the area. Hutchinson Technology, which produces computer hard drive components, is the third largest employer in the county.

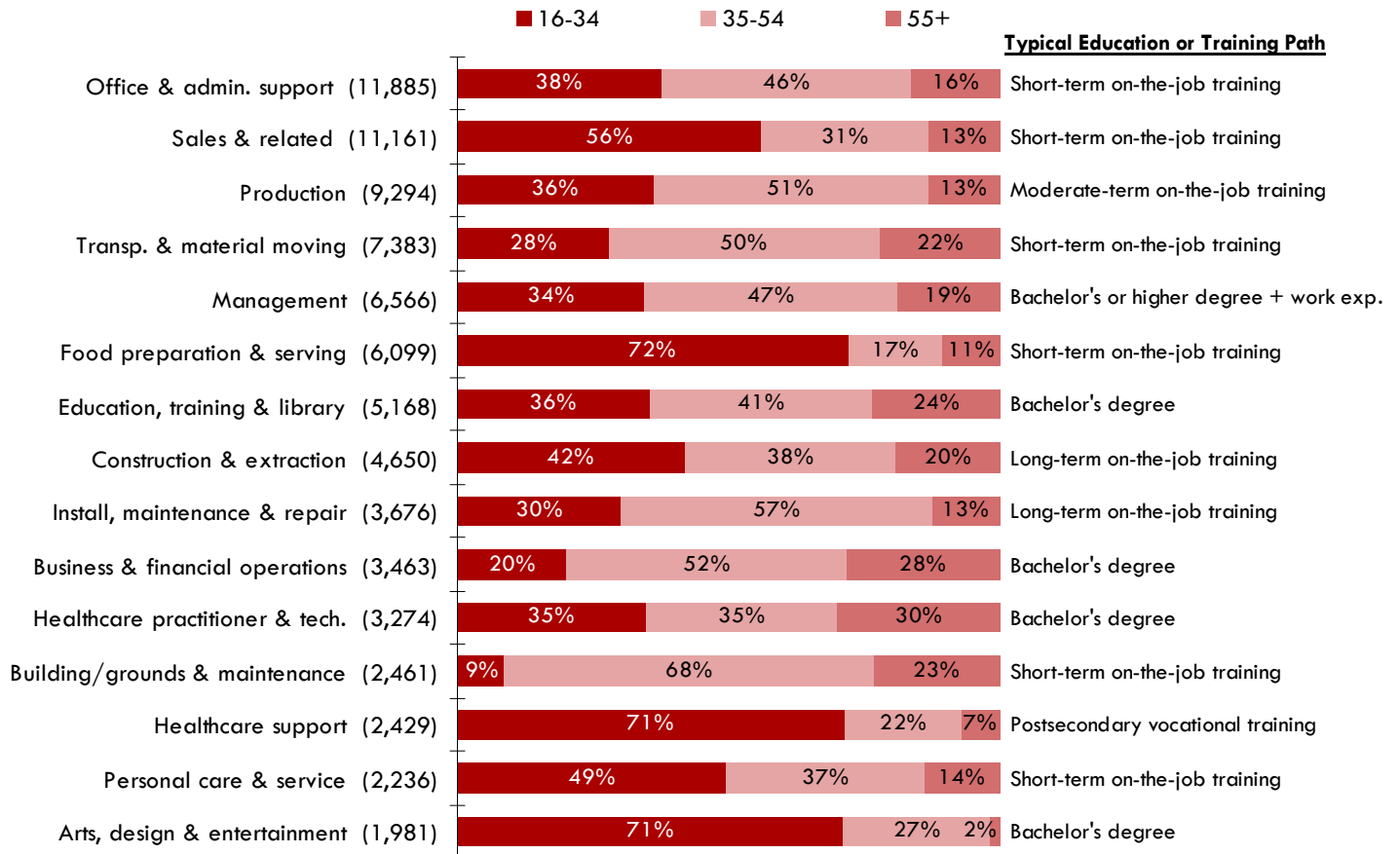
Prominent Public and Private Sector Employers in Eau Claire County		
Establishment	Service or Product	Number of Employees (March 2007)
Menard Inc	Home centers	1000+ employees
Eau Claire Area School District	Elementary & secondary schools	1000+ employees
Hutchinson Technology Inc	Computer storage device manufacturing	1000+ employees
Luther Hospital	General medical & surgical hospitals	1000+ employees
University of Wisconsin- Eau Claire	Colleges & universities	1000+ employees
Sacred Heart Hospital	General medical & surgical hospitals	1000+ employees
Midelfort Clinic Ltd Mayo Health	Offices of physicians, except mental health	1000+ employees
United Healthcare Services Inc	Direct health & medical insurance carriers	500-999 employees
The Charlton Group Inc	Telemarketing bureaus	500-999 employees
City of Eau Claire	Executive & legislative offices, combined	500-999 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 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 from the American Community Survey by the U.S. Census Bureau. Unfortunately, data at this depth are not available at the county level for Eau Claire, only the metro level, which includes Chippewa 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

Occupations & Typical Education or Training

for most positions. These types of occupations attract a 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 their previous careers. 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 area including Eau Claire 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

Eau Claire County's total personal income (TPI) has grown by almost 22 percent in the five-year period from 2001 to 2006, faster than statewide growth, though still slower than the nation.

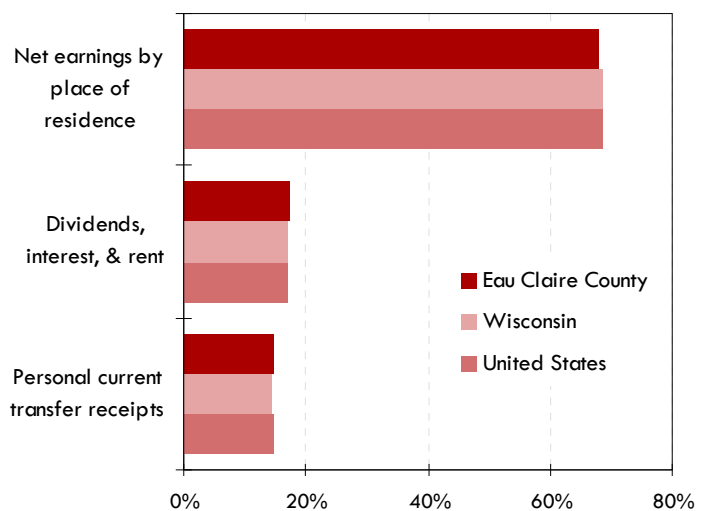
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution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

In Eau Claire County, about 68 percent of TPI is from net earnings, very similar to the state and nation (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 below, it's basically the earnings from Eau Claire residents working in other counties

Components of 2006 Total Personal Income



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

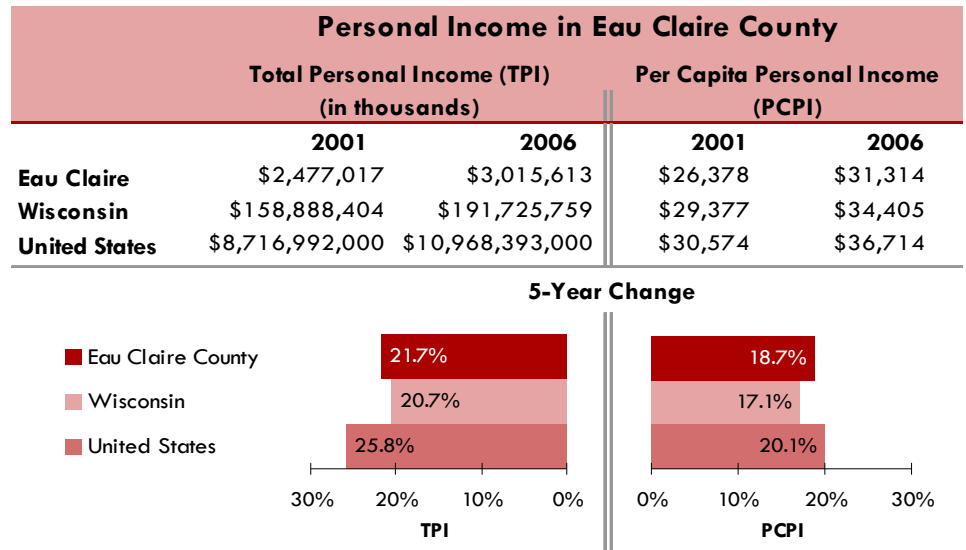
Income

(inflow), minus the earnings of residents of other counties working in Eau Claire (outflow). In 2006 it was almost minus \$258 million. This indicates that Eau Claire County is a net importer of labor, with many workers from surrounding counties commuting to Eau Claire for the higher paying jobs found in an urban area, and taking those wages back to their home counties.

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 17 percent of TPI in Eau Claire County, similar to 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. About 15 percent of TPI in Eau Claire County is from transfer receipts, fairly close to the state and national averages, about 14 and 15 percent respectively.

Total personal income divided by the total population produces per capita personal income (PCPI). This is a very



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

useful indicator for comparing geographic areas. While 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. Eau Claire's per capita personal income of \$31,314 ranks somewhat low for one of the state's metropolitan counties, 31st among Wisconsin's 72 counties, and one rank lower than last year; it is below the average state and national PCPI levels.

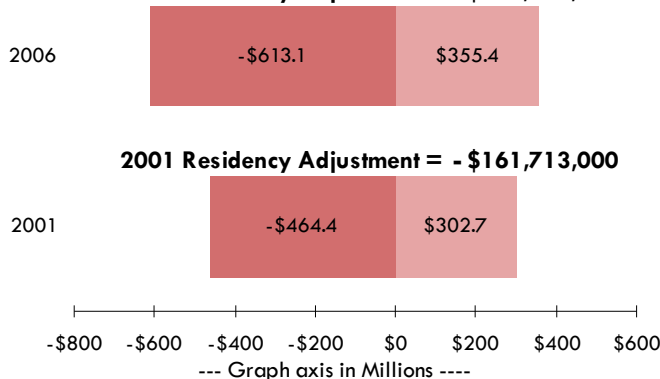
The lower industry wages seen on page 4 play a role in Eau Claire's low PCPI, especially since net earnings are such a high proportion of total personal income, but having the University of Wisconsin-Eau Claire located in the county also has an effect on PCPI. Of the students that do work, many only work part-time, often in low paying jobs. But regardless of that fact, they are still included in the total population, used as the denominator in determining PCPI. This contributes to a lower per capita income, which can be misleading when assessing income in an area. This is especially true in a county like Eau Claire, where the students will make up a higher proportion of the population than they would in some of the more populous urban counties around the state.

Per capita personal income growth of almost 19 percent over the five-year timeframe from 2001 to 2006 exceeded the statewide growth rate, although the rates in both the county and the state have lagged the nationwide PCPI growth rate.

Eau Claire County Commuting Impact

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

2006 Residency Adjustment = - \$257,700,000



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