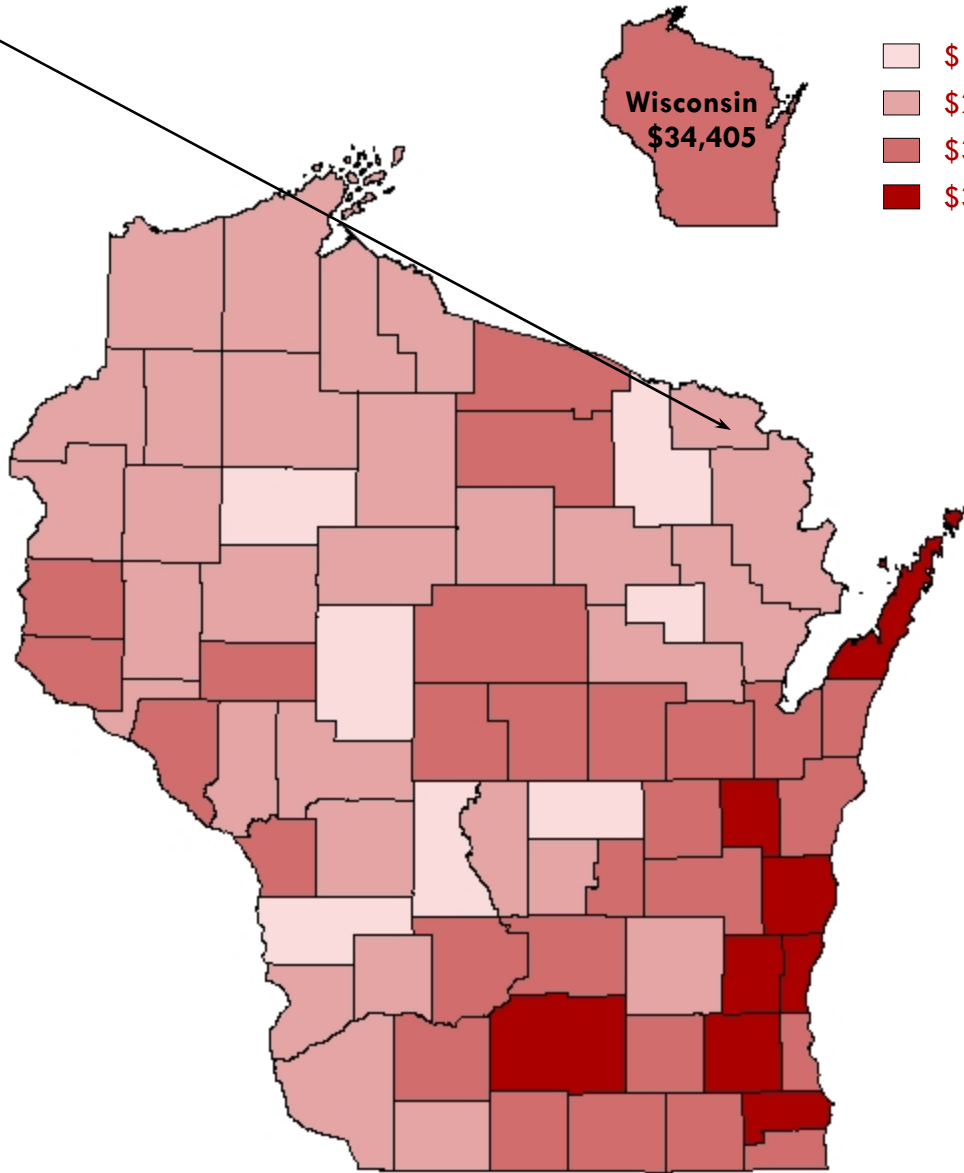


Florence County Workforce Profile

Per Capita Personal Income in 2006

Florence County
\$28,210



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10611-P

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Population

Population demographics are important to analyze. Since Florence County is the second least populated out of the 72 counties in Wisconsin and the average age of its residents is one of the oldest in the state, the aging of the baby boom generation population will be particularly important to examine. The aging of the baby boomers will significantly impact Florence County's future labor force as well as future job growth.

Since 2000, Florence County's population has grown by 207 residents. Even though only a little over two hundred residents were added over the seven-year span, this is equivalent to a growth rate of 4.1 percent. Although the county's population did not grow as fast as in the state (5.3%) or in the nation (6.9%), it still grew faster than 26 other counties in Wisconsin.

Florence County consists of only eight municipalities as shown on the table above. The Town of Florence is the largest municipality in the county. Almost half of the total population in the county resides in the Town of Florence and nearly half of the total net change in residents in the county occurred as a result of a net population change in the municipality. Population growth within the Town of Florence, Florence County, or throughout any area for that matter, occurs as a result of two sources: natural increase and net migration. Florence County was only one of twenty counties that grew solely from net migration (+ 315 residents), more in-movers than out-movers. This means that the population in the county did not grow as a

Florence County's Eight 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%
Florence County	5,088	5,295	207	4.1%
Florence, Town	2,319	2,418	99	4.3%
Aurora, Town	1,186	1,226	40	3.4%
Commonwealth, Town	419	415	-4	-1.0%
Homestead, Town	378	392	14	3.7%
Fence, Town	231	238	7	3.0%
Tipler, Town	205	234	29	14.1%
Long Lake, Town	197	215	18	9.1%
Fern, Town	153	157	4	2.6%

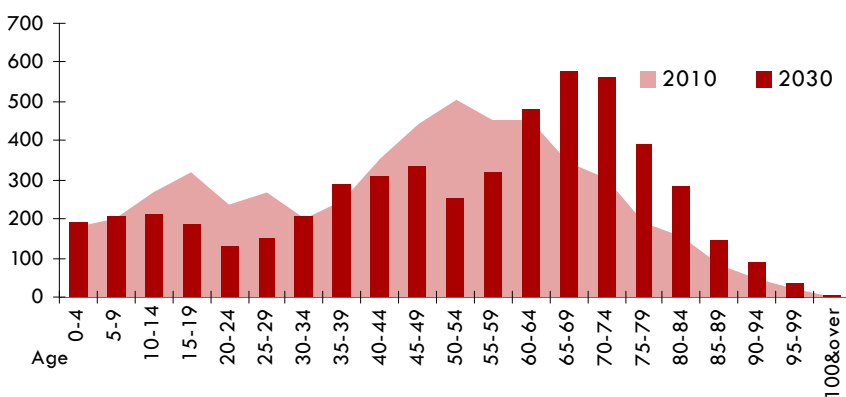
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

result of natural increase. The county saw a natural decrease, meaning that the number of deaths (351) outnumber the number of births (243).

Although the population is growing in the county, it is growing from an in-migration of older residents rather than younger residents. In addition, Florence County has the second lowest birth rate among the 72 counties in the state and this rate has declined over the last five years. If this trend continues as the population in the county ages, the number of deaths could outnumber the number of births by a larger margin. In fact, over the last few years, the county has seen declining enrollment in its public schools. This means that the number of students leaving the county's schools (due to graduation or out-migration) is

greater than the number of students entering the county's schools (starting for the first time, continuing, and moving in). Many of those that graduate high school and continue their education elsewhere may not return to Florence County either. Because of these facts in addition to others, it is projected that the population under the age of 25 is projected to drop from 22.9 percent of the total population in the year 2010 to 17.3 percent in the year 2030. On the flip side, it is projected that the population that is 60 years old and older will increase from 30.2 percent of the total population in the year 2010 to 48.0 percent in the year 2030. As a result, Florence County's average age jumps from 45.5 years old in the year 2010 to an average age of 52.1 years old in the year 2030. This shift in the population will affect the supply and demand for goods

Population by Age Cohorts in Florence County



In 2010, the average Florence County resident will be 45.5 years old.
 In 2020, the average Florence County resident will be 49.3 years old.
 In 2030, the average Florence County resident will be 52.1 years old.

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

(Continued on page 2)

Population & Labor Force

Population Projections for Florence County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	717	959	1,548	2,049	4,556	5,273
2020	636	855	1,204	2,678	4,737	5,373
2030	642	634	1,185	2,879	4,698	5,340
Distribution of Labor-Force-Aged Population						
2010		21.0%	34.0%	45.0%	100.0%	
2020		18.0%	25.4%	56.5%	100.0%	
2030		13.5%	25.2%	61.3%	100.0%	

Source: WI Dept. of Administration, Demographic Services

and services in the county.

The total population in Florence County is projected to grow by only 100 people between 2010 and 2020 and then decline by 33 people between the years of 2020 and 2030. On a net basis, this is a growth rate of 1.3 percent over the twenty-year period. The labor-force-aged population (16+ population) is projected to grow at a much faster pace (+3.1%) between 2010 and 2030 than the total population. This follows with the discussion on page one: declining birth rates and net-migration of older residents. The only age group to grow in numbers is the 55 and older population group (+830 residents). This fact is going to have significant implications on the labor force (working or seeking work).

In year 2030, over sixty percent of the labor-force-aged population (table above) will be 55 years old and older. Typically labor force participation drops quite dramatically after the age of 55 (see page 3). Because of that known fact, as the population grows between 2010 and 2030, particularly the 55 year old and older population, one can expect the labor force (working or seeking work) to decline, as seen on the line graph to the right.

The table on the bottom right corner of the page suggests that the number of residents that participate in the labor force (working or seeking work) will decline by 22.4 percent between the years 2010 and 2030, while the labor-force-aged population (16+ population; table above) will grow by 3.1 percent.

Between the years 2010 and 2030, the share of the 55 year old or older participants will increase by 1.6 percentage points. This might suggest that some baby boomers will continue to work later in life than their predecessors did (most likely not in their current capacities), but that number is insignificant to the overarching number of baby boomers that will be leaving

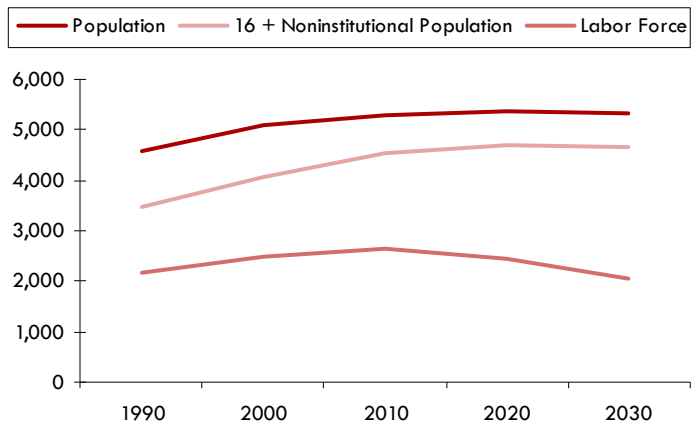
the labor force.

As the population ages and the labor pool shrinks in Florence County as previously described, employers may have stiffer competition whether they are trying to keep the baby boomers in the workforce longer (either full-time or part-time), or recruiting a younger workforce. The baby boomers that do decide to work later in life will find that personal interests, health concerns, and family needs will

prevent them from working indefinitely. In some cases, the experience and knowledge that will be lost from the baby boomers' departures could be hard to replace.

In the year 2007, Florence County had the fourth lowest labor force participation rate (57.5%) among the

Florence County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Florence County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	784	1,292	556	2,633
2020	723	1,016	705	2,444
2030	521	999	524	2,044
Distribution of Labor Force				
2010	29.8%	49.1%	21.1%	100.0%
2020	29.6%	41.6%	28.8%	100.0%
2030	25.5%	48.9%	25.7%	100.0%

Source: WI DWD, OEA

(Continued on page 3)

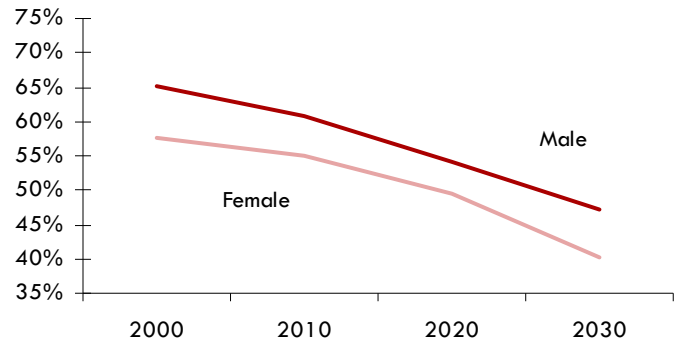
Labor Force

72 counties in the state. The labor force participation rate (LFPR) is defined as the percentage of the non-institutional population (not incarcerated or in nursing facilities) 16 years old or older that is in the labor force (working or seeking work). The line graph on the top right corner of the page suggests that the LFPR will drop below 50 percent for both males and females in the year 2030. This is an almost 18 percentage point drop in participation compared to only about a 7.5 percentage point drop in Wisconsin. The bottom line graph to the right in combination with the population and labor force tables on page two, help to explain why this trend is expected to occur in the county. In particular, participation drops quite dramatically at the age of 55 and beyond for both males and females. In the year 2007, a little over one-third of the total population in Florence County is 55 years old or older; in Wisconsin, less than one quarter of the total population is 55 years old or older. The dramatic projected shift in the demographics of Florence County's population causes participation to decline much faster than in the state for both males and females.

Female participation has historically been lower than male participation, although females have gained ground since the 1970s. However, it is not projected that female participation will match male participation in the future in Florence County (see top line graph). One explanation, of many, for the gap between male and female LFPRs is that there is a great disparity between male and female LFPRs throughout the child-bearing years (20-45 years old), even though Florence County has a low birth rate. The lower participation among females in this age cohort results in a lower overall participation rate compared to males.

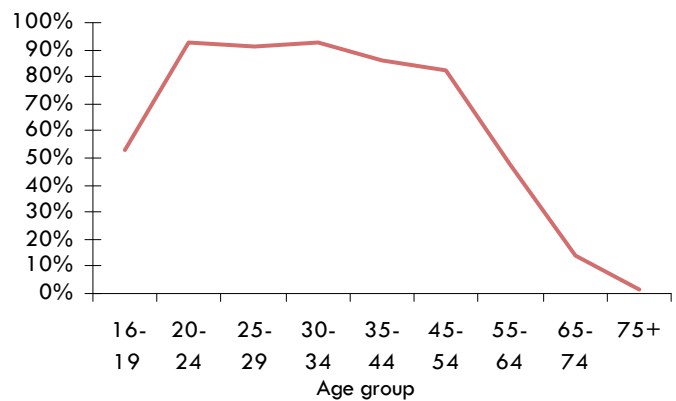
As discussed on page two, it is projected that the labor force will decline by 22.4 percent between 2010 and 2030. This trend may have already begun. The table below suggests that the labor force has already declined by 4.8 percent between the years 2003 and 2007. As the labor force declined, so did 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

unemployment rate by one half of a percentage point between 2003 and 2007. Unlike Florence County, the labor force in Wisconsin grew by 1.8 percent over that same time period, but like the county, the state's unemployment rate also dropped, by seven-tenths of a percentage point to 4.9 percent. Wisconsin has a younger population than the county and thus it is not expected that the state labor force will decline like Florence County's labor force is projected to.

Florence County has a smaller labor market with limited job opportunities so small changes are statistically significant. This also means that the county tends to have a higher unemployment rate than the more populated areas with a plethora of job opportunities. On average since 2000, Florence County has had a higher unemployment rate than Wisconsin by approximately one percentage point.

Florence County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	2,667	2,629	2,567	2,592	2,539
Employed	2,495	2,460	2,389	2,420	2,388
Unemployed	172	169	178	172	151
Unemployment Rate	6.4%	6.4%	6.9%	6.6%	5.9%

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

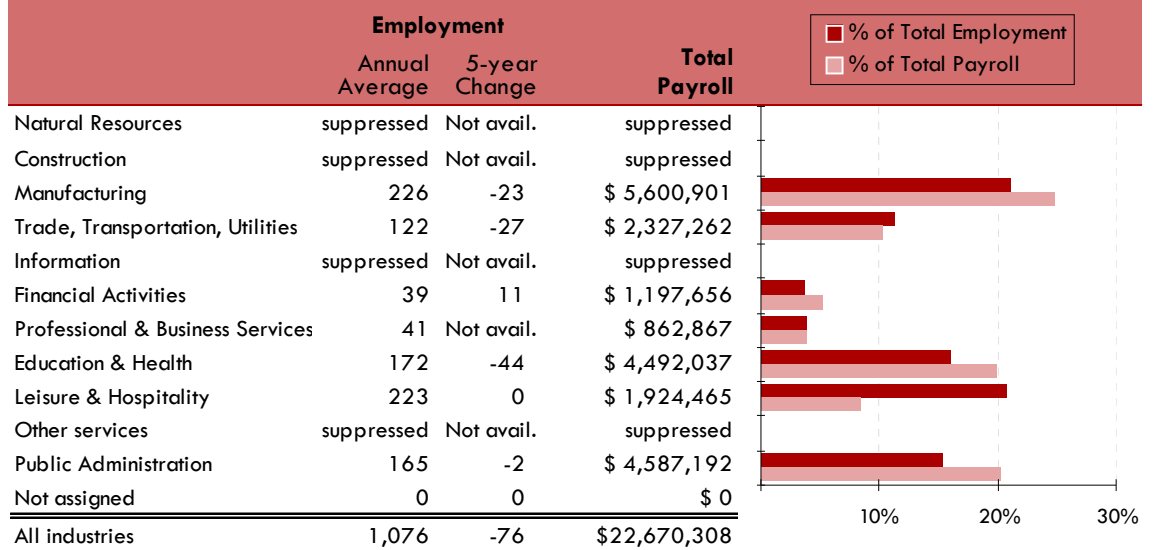
Jobs & Wages

Florence County was among 17 counties in the state that saw a reduction in total all-industry employment (-76 jobs) between 2002 and 2007. Of the industry sectors in the county, only the financial activities sector added jobs (+11 jobs). Four industry sectors lost jobs and two saw no change between 2002 and 2007. Five-year change in the remaining five sectors are not available as a result

of the data being suppressed to provide confidentiality to employers in those industries. In total, there are only 174 establishments in Florence County in the year 2007.

Florence County's largest industry sector, by three jobs, is manufacturing, with 226 jobs in the year 2007. This accounts for about 21 percent of total employment in the county, but manufacturing payroll only accounts for 24.7 percent of the total payroll in the county. As a result, the average annual manufacturing wage in

2007 Employment and Wage Distribution by Industry in Florence County



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

Florence County is only \$24,783 compared to \$47,106 statewide in 2007. Like Wisconsin, manufacturing employment declined between 2002 and 2007 in Florence County. Even though employment declined in both regions over the five-year time period, the average annual wage grew in the county (+ 6.5%) and the state (+ 16.1%). This suggests that some of the jobs that were lost were not among the higher paying ones. Also, there was an increase in wages in the jobs that were not eliminated, which made up for the loss in wages of the eliminated positions.

The low wages on average in manufacturing, coupled with a large share of the total county jobs that are in industries that typically pay low wages, such as leisure and hospitality (\$8,630) and trade, transportation, and utilities (\$19,076), have the greatest impact on the total wage and thus cause the all-industry average annual wage in Florence County to be only \$21,069 in the year 2007. This is only 55.3 percent of Wisconsin's all-industry average annual wage.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Florence County as a Share of Wisconsin	Florence County 5-year % Change	Wisconsin 5-year % Change
	Florence County	Wisconsin			
All industries	\$21,069	\$38,070	55.3%	7.0%	17.4%
Natural Resources	suppressed	\$29,235	Not avail.	Not avail.	14.7%
Construction	suppressed	\$47,489	Not avail.	Not avail.	19.8%
Manufacturing	\$24,783	\$47,106	52.6%	6.5%	16.1%
Trade, Transportation & Utilities	\$19,076	\$32,762	58.2%	12.0%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$30,709	\$50,749	60.5%	16.8%	25.8%
Professional & Business Services	\$21,046	\$44,328	47.5%	Not avail.	22.0%
Education & Health	\$26,116	\$39,606	65.9%	-0.9%	17.3%
Leisure & Hospitality	\$8,630	\$13,589	63.5%	24.3%	14.8%
Other Services	suppressed	\$22,073	Not avail.	Not avail.	13.2%
Public Administration	\$27,801	\$39,879	69.7%	14.7%	18.1%

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

Jobs & Wages

Prominent Industries in Florence County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Florence County	Florence County	Wisconsin	Florence County	Wisconsin	Florence County	Wisconsin
Food services & drinking places	184	-12.8%	9.1%	\$ 9,165	\$ 10,859	33.7%	14.5%
Wood product manufacturing	166	-10.8%	-6.8%	\$ 25,965	\$ 31,799	4.5%	12.3%
Executive, legislative, & gen government	125	-3.1%	-4.7%	\$ 24,169	\$ 36,340	12.1%	16.4%
Educational services	111	not avail.	2.0%	\$ 27,223	\$ 39,753	not avail.	15.0%
Fabricated metal product manufacturing	*	not avail.	8.6%	*	\$ 43,765	not avail.	15.4%
Food & beverage stores	38	-22.4%	-4.9%	\$ 17,056	\$ 17,166	41.8%	9.7%
Nursing & residential care facilities	*	not avail.	3.6%	*	\$ 23,295	not avail.	12.0%
Merchant wholesalers, nondurable goods	20	53.8%	4.7%	\$ 13,686	\$ 46,622	17.2%	15.5%
Specialty trade contractors	*	not avail.	-0.1%	*	\$ 43,664	not avail.	17.8%
Credit intermediation & related activity	*	not avail.	6.0%	*	\$ 42,493	not avail.	19.7%

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

The prominent industries list above includes the ten largest industry sub-sectors based upon 2007 employment. Over 65 percent of the total jobs in Florence County are found in one of the sub-sectors listed above and all ten of the largest employers (list below) are classified in one of the sub-sectors listed above.

Food services and drinking places tops the list above with 184 jobs. This accounts for almost 83 percent of the total jobs in leisure and hospitality. Of the 34 total establishments in leisure and hospitality, 26 of them are in food services and drinking places. Unlike most counties, two employers in this sub-sector make the list below: Aurora Liquors Inc. and Dina Mia. In fact, both of these establishments employ more workers than the average seven workers per establishment. This industry has shown

a decline in employment (-12.8%) between 2002 and 2007, but wages have grown (+33.7%). This suggests that of the jobs that were lost, many were among the lower paying jobs in the industry. Even though the 2007 average wage in the county grew at a fast pace, the wage is still less than the average wage in the state. But, the county wage in this sub-sector is 106.2 percent of the leisure and hospitality average wage in the county.

Merchant wholesalers, nondurable goods is a sub-sector of trade, transportation, and utilities. Even though the large industry sector lost 27 jobs on a net basis between the years 2002 and 2007, merchant wholesalers, nondurable goods gained seven jobs. Although the county wage has grown at a faster pace than the wage in the state in this industry sub-sector, the

2007 average wage in Florence County is still only 29.4 percent of the statewide wage. Not only is the wage in the county lower than the state wage, but it is also the lowest reported wage among the 65 counties in which wage data is available in this industry sector.

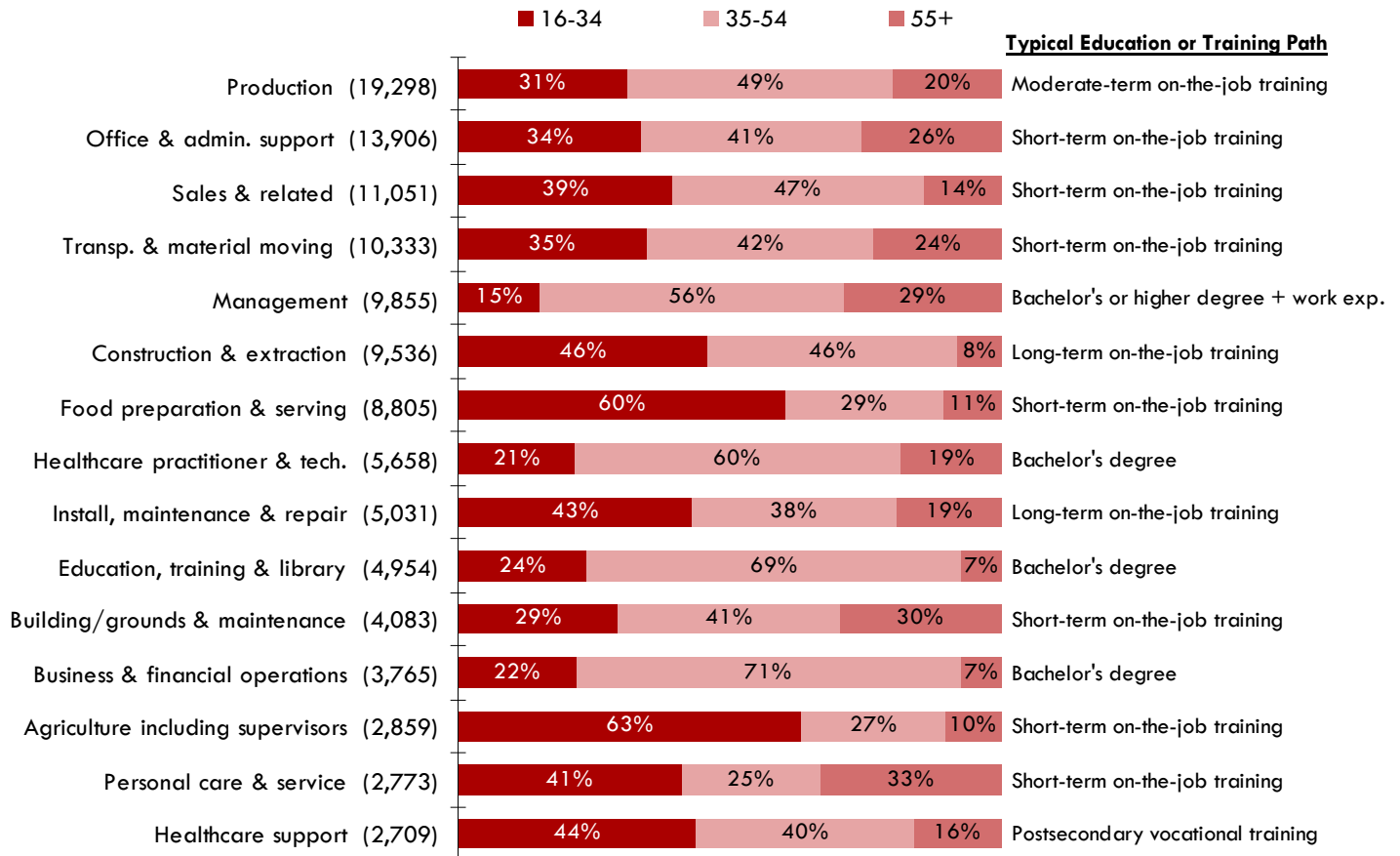
Prominent Public and Private Sector Employers in Florence County		
Establishment	Service or Product	Number of Employees (March 2007)
Florence Public School	Elementary & secondary schools	100-249 employees
County of Florence	Executive & legislative offices, combined	50-99 employees
Pride Mfg Co LLC	Miscellaneous wood product manufacturing	50-99 employees
Florence Villa (Beverly Health & Rehabilitation)	Nursing care facilities	50-99 employees
Aurora Casting Services (Koller Industries Inc)	Electroplating, anodizing, & coloring metal	50-99 employees
Northern Component Solutions LLC	Sawmills	20-49 employees
Pine River Lumber Co Ltd	Sawmills	20-49 employees
Aurora Liquors Inc	Full-service restaurants	20-49 employees
State Bank of Florence	Commercial banking	20-49 employees
Dina Mia (DCK Enterprises Inc)	Drinking places, alcoholic beverages	20-49 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 Door, Florence, Kewaunee, Manitowoc, Marinette and Oconto 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

The previous two pages described industry employment or where a person works. That is place of work data meaning that the jobs exist in Florence County, but the worker may not live in the county. Occupational employment describes what a person does. For example, one can be an accountant (what the person does), but can work in a manufacturing firm or in a financial firm (where the person works). This is place of residence data.

The graph above describes the age distribution in selected occupational groups of workers that live in Door, Florence, Kewaunee, Manitowoc, Marinette, and Oconto counties, but these workers may not hold a job in those counties (place of residence data). The education or training path listed for each occupational group is the typical education or training requirement for entry into that group. It does not mean that every occupation within

that groups requires that type of education or training path to be qualified to enter the job.

Manufacturing has a significant impact on the economy in not only Florence County, but also throughout parts of northeast Wisconsin, as suggested on the graph above. Of the 19,298 production workers in the region, most will hold a job in the manufacturing industry. Production type jobs include such occupations as assemblers, packagers, welders, machinists, and painters. Entry into each of these occupations requires a different set of skills and therefore a different education and training requirement. But the typical entry requirement designated for all production occupations is moderate-term on-the-job training, meaning that training lasts one to twelve months at the workplace.

Food preparation and serving related occupations

(Continued on page 7)

Occupations & Typical Education or Training

consist of 8,805 workers in the region, the seventh largest occupational group (see graph on page 6). Many of these occupations are typically found in leisure and hospitality (2nd largest industry in Florence County – see table on page 4). Workers in this occupational group tend to be younger in age. In fact, sixty percent of workers in this group are between the ages of 16 and 34 (see graph on page 6). This makes sense since many of these jobs, such as waiters/waitresses and host/hostesses, tend to be held by younger workers such as students, for example. The nature of the work coupled with the composition of the workforce tends to result in high turnover rates. Usually these open positions are then filled by a new batch of younger workers. Occupations within this group typically have an entry requirement of less than one month of on-the-job training, which is learned at the workplace.

Although Florence County has a smaller labor market than Door, Kewaunee, Manitowoc, Marinette, and Oconto counties, the healthcare field is still a topic of discussion. Over three-quarters of the healthcare practitioners and technical occupation group workers that live in the six-county region are 35 years-old or older. Since many of

these workers are close to the age in which they are eligible to retire, there could potentially be many openings in the future as a result of replacement needs. For example, a registered nurse is one occupation within this group that is already seeing many replacement openings. In addition, many new jobs have been created. As the population ages, more and more residents, particularly the baby boomers, will demand services in healthcare. This increases the need for more registered nurses as well as other occupations within the healthcare field. However, this occupational path take some preparation.

Typically, the entry requirement for occupations within the healthcare practitioners and technical group is a bachelor's degree, although this is not always the case. For example, some registered nursing positions require only an associate's degree, while others require a higher degree. In addition, all nurses must pass a licensing exam. In general, the more education one has, the higher the wages one will earn. In fact, the healthcare practitioners and technical group is one of the highest paying occupational groups on average among the groups listed on page six.

Income

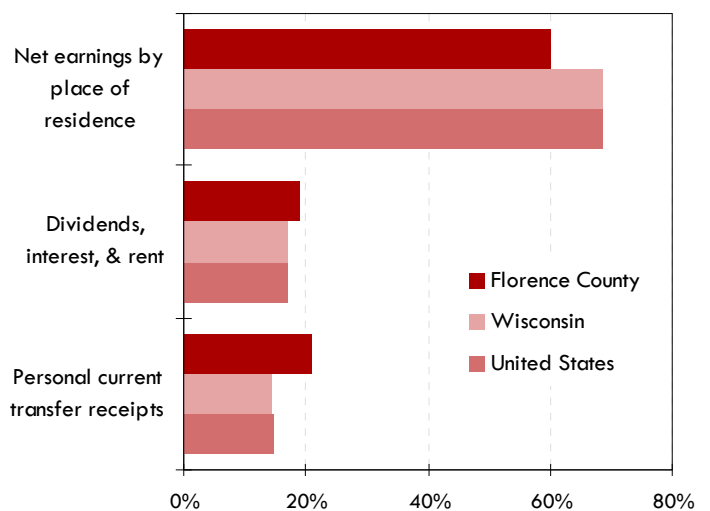
Total Personal Income (TPI) is the sum of net earnings by place of residence, dividends, interest, and rent, and personal current transfer receipts. Net earnings includes wages and salaries (whether the workers are covered by Wisconsin's unemployment law or not), income from self-employment, proprietorship income, and income earned by residents commuting to jobs outside the county. Dividends, interest, and rent includes payments in cash or other assets made by corporations located in the United States, monetary interest income, and the income derived by the rental of real property except for the income of persons primarily engaged in the real estate business. Personal current transfer receipts includes payments, other than wages, salaries, or commissions, to individuals and to nonprofit institutions by federal, state, and local government and local businesses.

Population demographics significantly impact the components of TPI. Florence County's population is on the older side as noted on pages one and two of this profile. As a result, net earnings is a much smaller share of TPI in the county (60.2%) than in the state (68.5%) and nation (68.4%), while transfer receipts is a much larger share of TPI in the county (20.8%) than in the state (14.3%) and

nation (14.7%).

Florence County is not the only county that is seeing this. For example, Door County's population is older than

Components of 2006 Total Personal Income



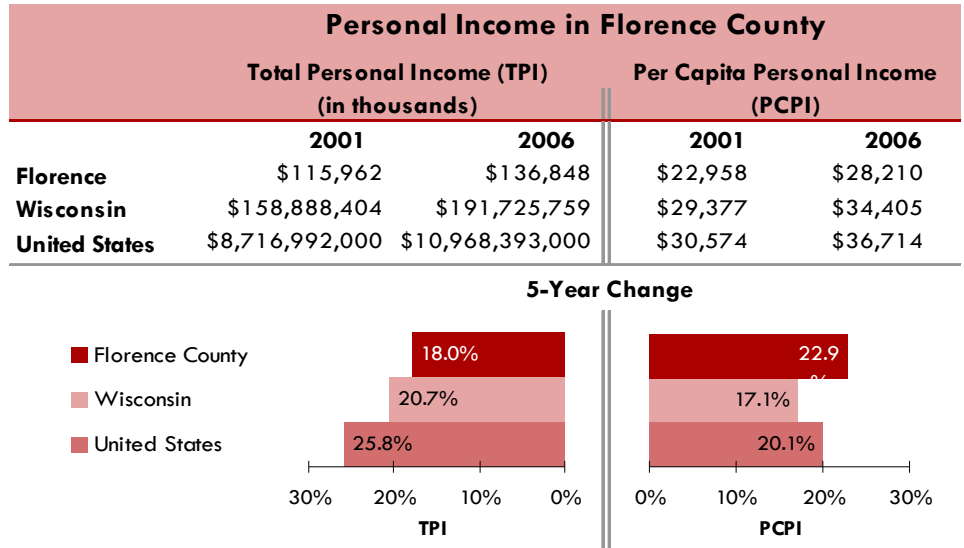
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

(Continued on page 8)

Income

Florence County's population on average, so net earnings as a share of TPI is lower in Door County (51.9%) than in Florence County. But, transfer receipts in Door County account for only 17.2 percent of TPI, a smaller share than the share in Florence County. This means that proportionally more Florence County residents than Door County residents are receiving income disbursements from the government, such as Social Security and Medicare, even though Door County, on average, has an older aged population. As the baby boomers leave the labor force and become eligible for government assistance programs, one might see the share of transfer payments rise while the share of net earnings declines.

Total personal income also can be analyzed on a per capita basis (PCPI) by dividing TPI by the total population. When a county consists of a large share of the population that is under the age of 16 (not eligible to participate in the labor force) as well as over the age of 64, one will see a lower per capita income figure, as is the case in Florence County (over one-third of the population is within those two age cohorts). Even though Florence County is one of the oldest-aged counties in the



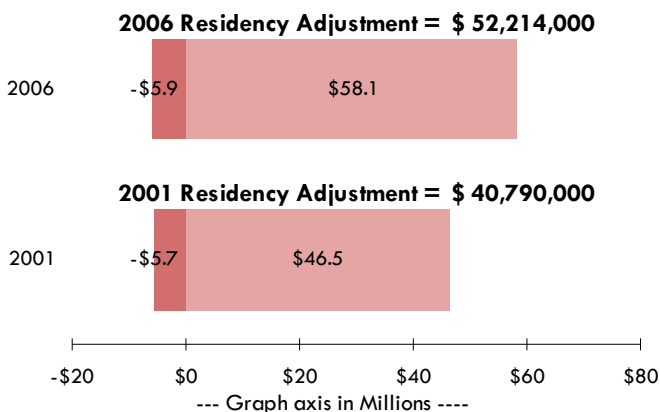
Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007

Wisconsin, and with proportionally few workers that are earning their highest income from wages and salaries, the county still has a higher PCPI (\$28,210) than almost half of the counties in Wisconsin. However, PCPI in the county is significantly lower than PCPI in the state (\$34,405) and in the nation (\$36,714).

As discussed in this profile, Florence County has a small labor force that is decreasing. The county also has fewer job opportunities than the number of employed workers and the number of jobs are decreasing. The graph in the bottom left corner of the page displays the commuting impact of workers. Residency adjustment is an adjustment made for wages earned by residents who work outside the county. The graph suggests that the total earnings of Florence County residents who work in another county is larger than the total net earnings of non-county residents who work in Florence County by over \$52 million in the year 2006. The gap has widened over the five year period as a result of the inflow earnings growing at a faster rate than the outflow earnings. However, this could change in the coming years as the labor force continues to shrink. As long as the number of jobs in the county stays consistent while the labor force shrinks, employers could face higher competition to keep Florence County residents in the county working locally. If gas prices rise, and in addition to other conditions, workers may more easily be enticed to work locally. If this were to occur and less residents commuted outside the county for work, one could see the residency adjustment decline, although it would not likely be a negative value.

Florence 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