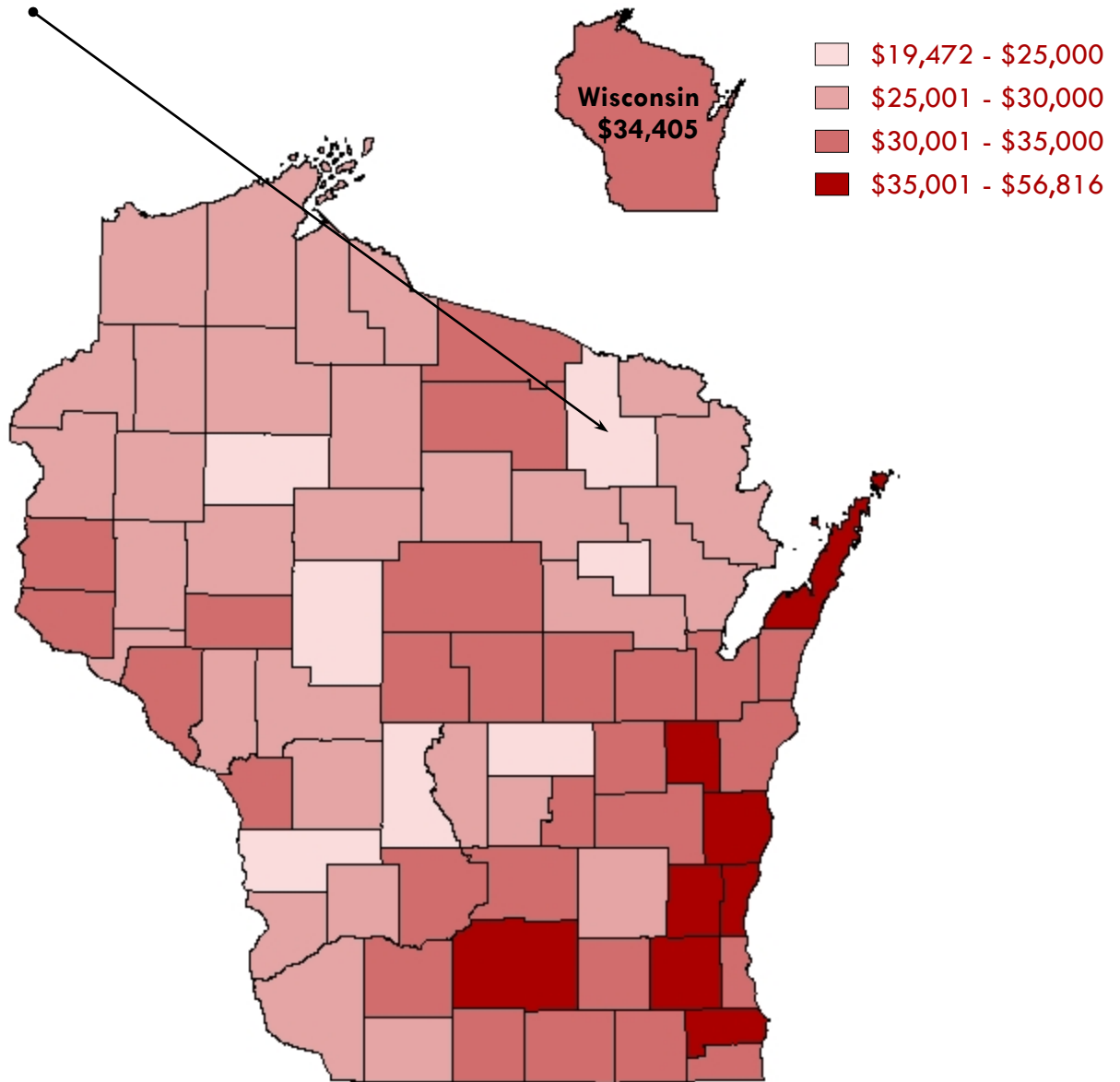


Forest County Workforce Profile

Forest County
\$23,857

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10613-P

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Population

Forest County added 305 residents over the past seven years to settle at a total population of 10,329. The county's population increased 3.0 percent since 2000, less than the state increase of 5.3 percent or the nation's 6.9 percent increase. In 2007 Forest County was the 68th largest county in Wisconsin.

Even through the pace of new residents moving into the county has slowed since the early 2000s, people moving in to the county are the only source of population growth in Forest.

Since 2000 the county population increased by 315 residents from net migration (the difference between those moving into and out of the county), far exceeding the reduction in population due to natural changes of 10 from the difference between births (735) and deaths (745).

All of the larger metropolitan areas in the county saw an increase in population. The largest city, Crandon added 16 residents for an increase of .08 percent. The Town of Nashville, added 78 to lead in both the number of new residents and the percentage (6.7 percent) increase for all municipal areas.

A rural population adding residents from net migration may see a faster rate of increase in the average age of its residents, since in-migrants are almost always adults and often retirees. This is the case in Forest County where the average age was 43.2 years in 2000. By 2020 it is anticipated that the average age of county residents will be 46.3 years, and by 2030 it will be 49 years.. This puts

Forest 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%
Forest County	10,024	10,329	305	3.0%
Crandon, City	1,961	1,977	16	0.8%
Laona, Town	1,367	1,396	29	2.1%
Wabeno, Town	1,264	1,300	36	2.8%
Nashville, Town	1,157	1,235	78	6.7%
Lincoln, Town	1,005	1,036	31	3.1%
Crandon, Town	614	618	4	0.7%
Argonne, Town	532	554	22	4.1%
Armstrong Creek, Town	463	483	20	4.3%
Hiles, Town	404	414	10	2.5%
Freedom, Town	376	391	15	4.0%

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

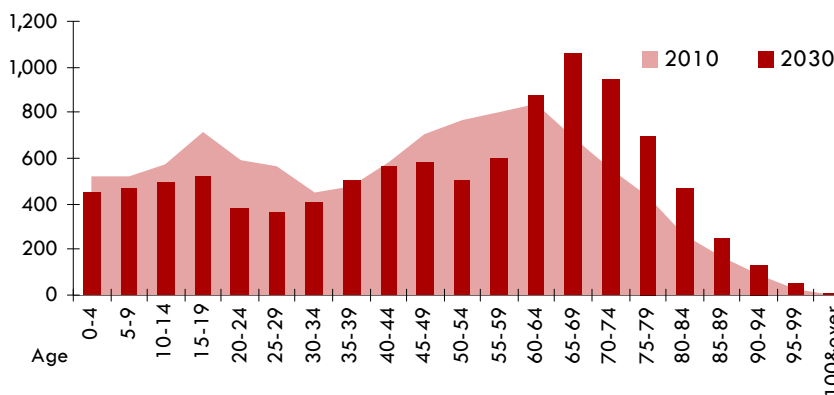
the county's average age substantially above the state mean of 36.4 years of age in 2000, and the gap widens with time as the state average age increases to 39.6 years in 2020, and 41.0 years in 2030.

Between 2010 and 2030, the population is projected to decrease by 3 residents, less than a tenth of a percent. Those 16 and older are projected to increase by more than 230 or 2.8 percent. Those 65 and older are projected to increase by almost 1,400 or 62 percent. Clearly the population is aging which may have serious repercussions for employers in the future.

The graph on the left not only demonstrates the 'weight' of this older population in Forest County, but also reflects the low birth rate and 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 and a shortage of workers to replace those retiring. While it is true that many baby boomers don't plan to fully retire, most will move into other positions. Studies show that only five percent of retirement-age workers remain full-time in their pre-retirement positions. Additionally, health care demands increase as the population ages so the county could face both a declining workforce and a greater demand for services.

Population by Age Cohorts in Forest County



In 2010, the average Forest County resident will be 43.2 years old.
 In 2020, the average Forest County resident will be 46.3 years old.
 In 2030, the average Forest County resident will be 49 years old.

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

Population & Labor Force

Population Projections for Forest County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	1,758	2,174	2,524	3,870	8,568	10,326
2020	1,639	1,897	2,154	4,773	8,824	10,463
2030	1,517	1,561	2,146	5,099	8,806	10,323
Distribution of Labor-Force-Aged Population						
2010		25.4%	29.5%	45.2%	100.0%	
2020		21.5%	24.4%	54.1%	100.0%	
2030		17.7%	24.4%	57.9%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page one is indicative of the significance that baby boomers have on the overall age distribution. Population growth in Forest County is dominated by an older generation that will be less likely to participate in the workforce.

The relationship between the population and the labor force has entered a new era. The previous era was defined by the large size of the Baby Boomer generation (those born from 1946 to 1964) plus the propensity of women to enter the workforce. This combination immensely swelled the workforce beginning in the late 1960s. Forty years later, that workforce expansion is on the cusp of deflating. The first Baby Boomers entered the workforce around 1964 and the rest followed *en masse*. The first Boomers are now eligible for reduced Social Security benefits (the '46ers turned 62 years of age in 2008).

The above table delineates the population by selected age groups over the next three decade years. Total population is projected to remain almost the same from 2010 to 2030. The only age group projected to increase is the 55 and older group. That group should add about 1,230, an increase of about 32 percent. The other groups show a decrease of 1,232 or about 19 percent.

The labor force includes only those that are 16 years old or older and are engaged in either working or actively looking for work. Beginning near age 55 the rate at which people participate in the labor force begins to drastically decline. As more of the labor-force-aged population reaches 55 years, the number of departures from the labor force increases. These departures seriously impede workforce growth. This decrease in participation can be shown for each time period. For example, in 2010, the number of residents 35-54 is 2,524. Of those, 2,051 are in the labor force for a participation rate of 81.3 percent. Those 55 and older amount 3,870 residents, 1,061 of which are working. The participation rate for this group is

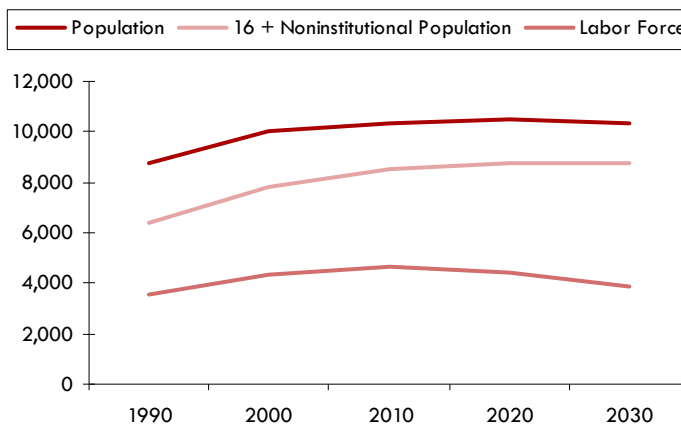
27.4 percent.

The population table and the labor force table are combined graphically in the Forest County Historic and Projected Population and Labor Force chart.

From 1990 to 2030, total population is projected to increase by 1,547 or 17.6 percent. Those 16 and older should increase by 2,375 or 37.2% while the labor force is projected to increase by 338 or 10 percent. The increase of 37.2

percent in those 16 and older coupled with the 10 percent increase in the labor force is another indication of the aging population. By 2030, those 16 and older will contain a large number of those 65 and older who have left the labor force.

Forest County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Forest County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	1,545	2,051	1,061	4,656
2020	1,357	1,767	1,291	4,415
2030	1,090	1,752	1,041	3,883
Distribution of Labor Force				
2010	33.2%	44.0%	22.8%	100.0%
2020	30.7%	40.0%	29.2%	100.0%
2030	28.1%	45.1%	26.8%	100.0%

Source: WI DWD, OEA

Labor Force

Forest County's older population is increasing at a much faster rate than the rest of the population. While the total population of 16 and older is expected to increase by only about 3 percent between 2000 and 2030, those 60 and older are expected to increase by about 46 percent, an increase substantially higher than that of the general population.

Forest County is aging and the impact on the labor force will be widespread. Why the aging population has such an impact on the labor force is demonstrated graphically by the Labor Force Participation Rates chart on this page. Labor force participation tends to peak around age 54 and then declines with age. At 45 to 54, the participation rate is about 85 percent. By the time the population moves into the 64 to 74 year old bracket, the participation rate has dropped to about 20 percent and for those 75 and older, the participation rate is only 8.3 percent. Noting the participation rate by age and the aging population helps explain the decreasing participation rate from 2000 to 2030.

Historically, women in Forest County have about a 7 percent lower labor force participation rate than men. This is illustrated by the Labor Force Participation Rates by Sex chart on this page. Reasons for this may include women being full-time caretakers and generally living longer than men.

In addition to the labor force issues involved in the aging population, there are other issues such as providing health care and other senior services that must be addressed by the community. The aging population will not only put a strain on employers but also on communities coping with this increasing population segment.

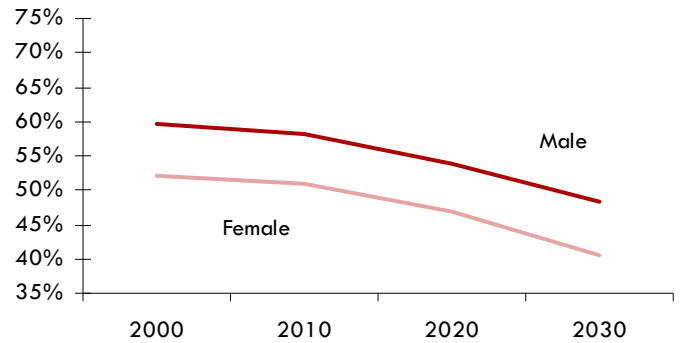
Employment in Forest County has remain fairly consistent over the past five years. While there has been movement up and down over the years, the unemployment rate has varied by less than one percentage point. From 2003 to 2007, the unemployment rate decreased by 0.3 of a percentage point. The good news in this decline is that the decrease came about by an increase in employment not by a decrease in the labor force.

Forest County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	5,068	4,991	4,968	5,027	5,305
Employed	4,708	4,676	4,617	4,694	4,944
Unemployed	360	315	351	333	361
Unemployment Rate	7.1%	6.3%	7.1%	6.6%	6.8%

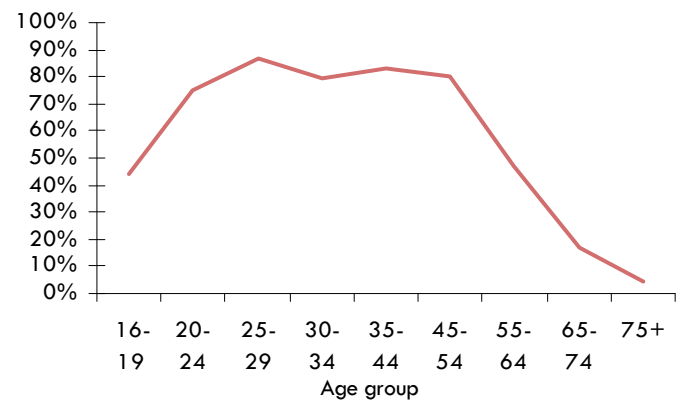
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

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

Changes in the unemployment rate are affected by changes in the number employed and the labor force. If there is a decrease in the labor force without a change in those employed, the unemployment rate will go down. While a decrease in the unemployment rate is normally a good thing, one that comes about because less people are in the labor force can signal an increase in discouraged workers, more retirees or others not available to work. Whatever the reason, a decrease in the labor force could

signal problems for employers trying to hire people to grow their companies.

Forest County's labor force increased by 237 while the number employed increased by 236 which left only one more resident unemployed in 2007 than there had been in 2003. The addition to both the labor force and the number employed led to a decrease of 0.3 percent in the unemployment rate.

Jobs & Wages

Jobs and wages are the lifeblood of any economy. The more good-paying jobs in a region, the better the prospects for its economy; and the more diverse the county's industry sectors the more insulated it is from major losses. In Forest County, however, 21 percent of county jobs are in the industry super-sector of leisure and hospitality; and another 15 percent in the super-sector of trade, transportation, and utilities. Both of these super-sectors depend on seasonal tourism and consumer spending. Annual average wages are usually low in these two sectors, as many jobs are entry level and often part-time. In 2007, the average annual wage of \$25,892 in Forest County was only 68 percent of the statewide average.

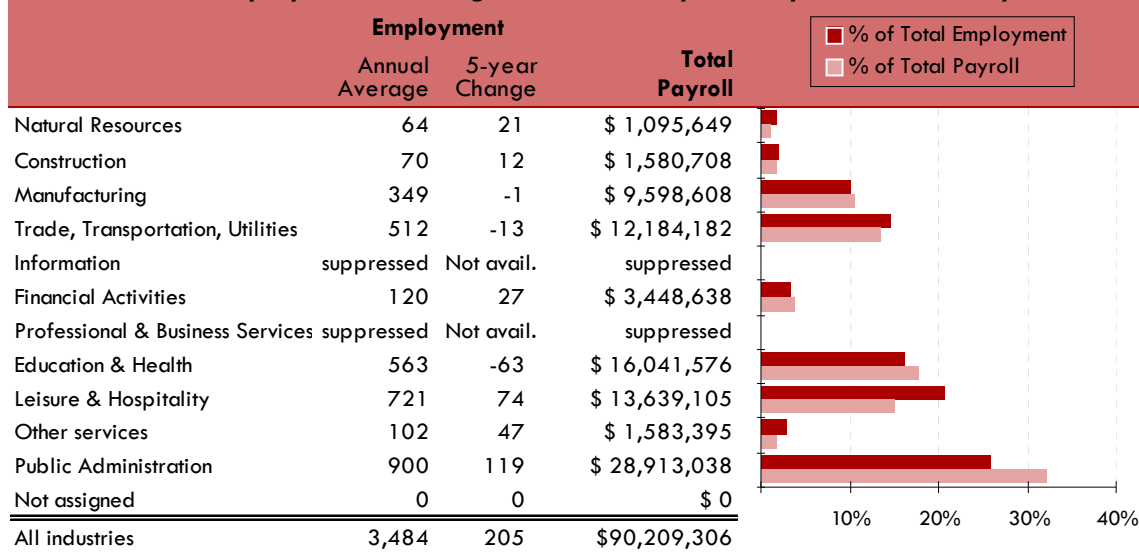
The above chart shows that leisure and hospitality industry's share of total employment (21 percent of all jobs in the county) is substantially greater than the

industry's share of total payroll (15 percent of total payroll). This means that leisure and hospitality jobs in the county pay relatively low wages. Yet, in that industry alone, the county's average wage (\$18,917) averages higher than the state's annual wage (\$13,589).

Trade, transportation, and utilities includes industries such as gasoline stations, wholesale food suppliers, and novelty shops that can also depend on seasonal tourism. Shares of total for this super-sector are slightly larger for employment than for payroll.

The resulting annual average wage of \$23,797 is below the county's total industry average. The education and health services sector makes a substantial contribution to Forest County's total employment and an even larger contribution to the county's total payroll. This sector's average wage is higher than the county's all-industries average wage, but below the statewide average wage for education and health services.

2007 Employment and Wage Distribution by Industry in Forest 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		Forest County as a Share of Wisconsin	Forest County 5-year % Change	Wisconsin 5-year % Change
	Forest County	Wisconsin			
All industries	\$25,892	\$38,070	68.0%	18.6%	17.4%
Natural Resources	\$17,120	\$29,235	58.6%	-23.5%	14.7%
Construction	\$22,582	\$47,489	47.6%	5.3%	19.8%
Manufacturing	\$27,503	\$47,106	58.4%	12.4%	16.1%
Trade, Transportation & Utilities	\$23,797	\$32,762	72.6%	22.9%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$28,739	\$50,749	56.6%	28.3%	25.8%
Professional & Business Services	suppressed	\$44,328	Not avail.	Not avail.	22.0%
Education & Health	\$28,493	\$39,606	71.9%	19.0%	17.3%
Leisure & Hospitality	\$18,917	\$13,589	139.2%	17.4%	14.8%
Other Services	\$15,523	\$22,073	70.3%	9.6%	13.2%
Public Administration	\$32,126	\$39,879	80.6%	24.4%	18.1%

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

Jobs & Wages

Prominent Industries in Forest County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Forest County	Forest County	Wisconsin	Forest County	Wisconsin	Forest County	Wisconsin
Executive, legislative, & gen government	812	19.8%	-4.7%	\$ 30,523	\$ 36,340	26.8%	16.4%
Amusement, gambling & recreation ind	*	not avail.	7.2%	*	\$ 15,962	not avail.	11.3%
Educational services	291	-3.6%	2.0%	\$ 33,449	\$ 39,753	7.9%	15.0%
Nursing & residential care facilities	190	-9.5%	3.6%	\$ 19,032	\$ 23,295	14.9%	12.0%
Wood product manufacturing	*	not avail.	-6.8%	*	\$ 31,799	not avail.	12.3%
Food services & drinking places	141	-17.5%	9.1%	\$ 6,926	\$ 10,859	19.2%	14.5%
Food & beverage stores	138	4.5%	-4.9%	\$ 13,692	\$ 17,166	12.7%	9.7%
Truck transportation	100	-34.2%	7.1%	\$ 32,442	\$ 41,316	26.2%	14.6%
Credit intermediation & related activity	86	43.3%	6.0%	\$ 28,462	\$ 42,493	28.7%	19.7%
Administration of environmental programs	80	-17.5%	-9.7%	\$ 49,641	\$ 46,637	30.4%	22.4%

Note: * data suppressed for confidentiality and not available for calculations

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

As mentioned on the previous page, leisure and hospitality is big business in Forest County, and two of the industry's sub-sectors, food service & drinking places; and amusement, gambling and recreation, are included on the prominent-industries list above. With miles of lakes, and recreation land, Forest County is a popular tourist destination, creating more demand for restaurants, bars and hotels. Ironically, the wages in the food service, and food and beverage stores sub-sectors are the lowest on the list. Wages are also lower than these sub-sectors statewide.

Tourists are attracted to the two casinos in the county. Potawatomi Bingo/Northern Lights and Grand Royale and Regency Resort are two of the largest employers in the county. Surpassing employment in either of the casinos, the

Forest County Potawatomi Community is the largest employer in the county. With 500—999 employees, this is by far the largest employer in the county.

Educational services is a large source of employment in Forest County. This is not really surprising, given that there are two school districts listed among the ten largest employers. This sector includes all school districts serving their areas of the county. Education is the second highest paying sub-sector on the prominent industries list above, at nearly \$33,500 a year.

There are two nursing facilities in the county that made the top ten list. Arizconsin Group, Inc. with 100 to 249 employees and Nu-Roc Community Healthcare Inc. with 50 to 99 employees were among the top ten employers. The effect of these two groups shows up in the industry

sub-sector. Nursing and residential care is the fourth largest industry sub-sector in the county although wages are much less than state averages. In Forest County, education and health account for about 16 percent of employment and about 18 percent of wages.

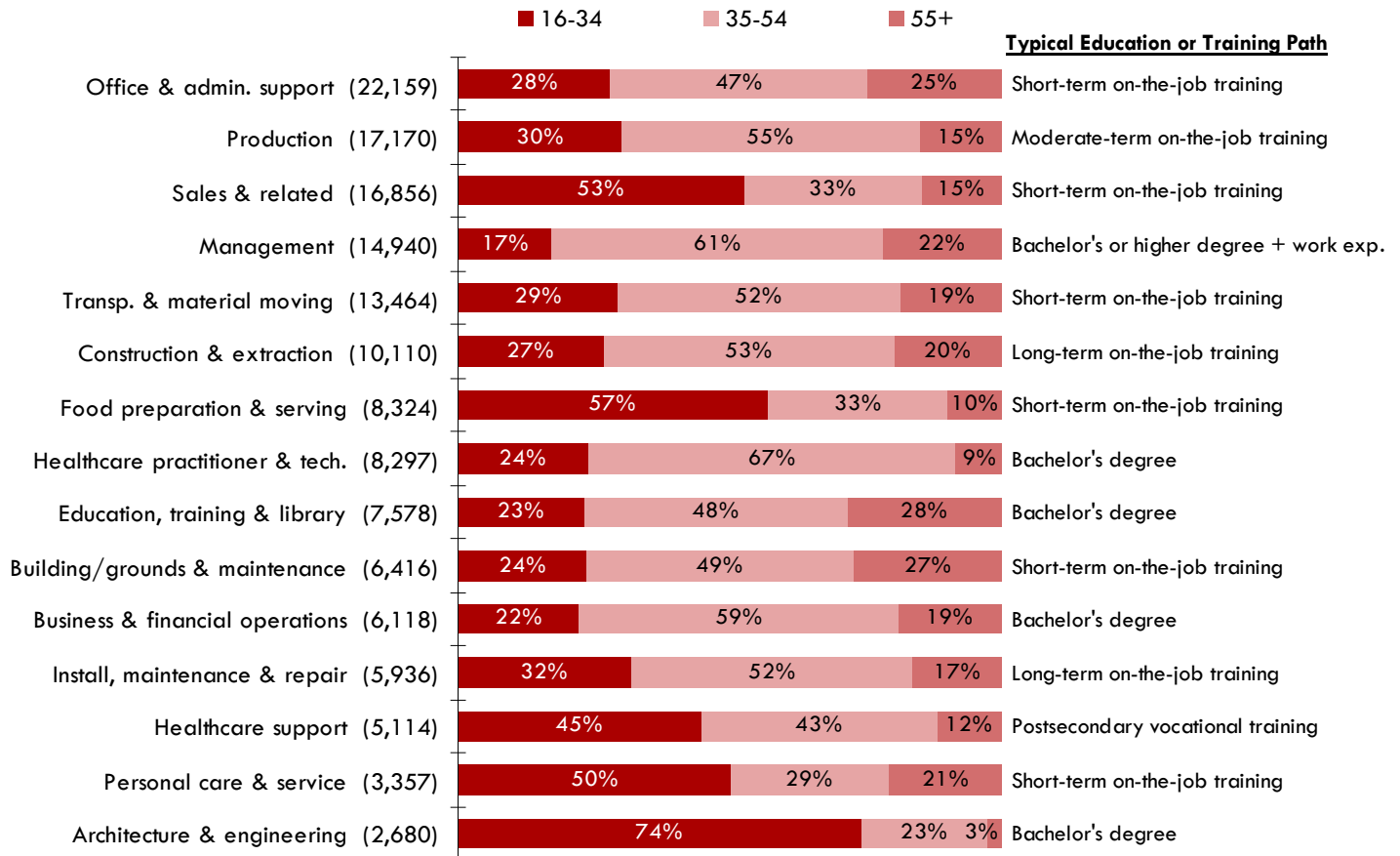
Prominent Public and Private Sector Employers in Forest County		
Establishment	Service or Product	Number of Employees (March 2007)
Forest County Potawatomi Community	Tribal governments	500-999 employees
Potawatomi Bingo/Northern Lights	Casinos, except casino hotels	250-499 employees
Grand Royale & Regency Resort	Casinos, except casino hotels	100-249 employees
School District of Crandon	Elementary & secondary schools	100-249 employees
County of Forest	Executive & legislative offices, combined	100-249 employees
WD Flooring	Other millwork, including flooring	100-249 employees
Arizconsin Group Inc	Nursing care facilities	100-249 employees
School District of Wabeno Area	Elementary & secondary schools	50-99 employees
Schaefers Food Mart	Supermarkets & other grocery stores	50-99 employees
Nu-Roc Community Healthcare Inc	Nursing care facilities	50-99 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 Adams, Forest, Juneau, Langlade, Lincoln, Oneida, Portage, Vilas, and Wood 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

Information on jobs by industry (pages 4-5) is readily available because the data is collected from employers' quarterly reports on total payroll and jobs. However, industry reports lack information on the occupations and the training required of the workers who fill those jobs. One source of occupational information is the American Community Survey conducted by the U.S. Census Bureau. Unfortunately this information is not available for small population areas, like Forest County. In order to meet a minimum population standard, the data is grouped with eight neighboring counties listed in the above chart's title.

The chart includes the 15 largest occupational groups, listed in descending order by employment (number of workers in parenthesis), and shows the age demographics of area workers in each group. The three age categories represent all workers in each occupation group while the

typical training path represents the dominant path for the occupations within the group. This does **not** mean that every occupation within that group requires that education or training path.

Many of the occupation groups listed are heavily weighted with workers in the prime working years (35-54 years old). Others have obvious deviations. For example, the two groups of food preparation and sales are skewed to younger workers. It's not surprising that these occupation groups, with many part-time and seasonal jobs, low wages, and low training requirements, employ a high proportion of young workers. This kind of work is also popular with students, both high school and post secondary, because of the large number of frequent job openings and low training requirements. Many of the occupations in these groups are with employers in the

Occupations & Typical Education or Training

industry sectors of leisure and hospitality or the retail trade segment of the trade, transportation, and utilities sector.

Another group, architects and engineering, also has a preponderance of young workers. Most of the young workers in this group are in mechanical engineering, drafting and engineering technician occupations, jobs not readily found in Forest County.

Of particular interest are the occupation groups with more than one-fifth of the workers aged 55 years or more. These workers are now within normal retirement age. For at least one of the groups - education, training, and library occupations - replacements for retiring workers will be critical and difficult. These occupations more often than not require post-secondary education; and workers benefit from years of on-the-job experience and knowledge.

A similar scenario is playing out in management occupations. Management occupations naturally tend to have an older age breakout simply because many of these occupations typically require work experience in addition to post-secondary education. This is reflected in the typical education path, bachelor's degree or higher

plus work experience, and explains the high wages paid in this group. But the higher barriers to entry, coupled with 22 percent of this group being over the age of 55, means that there could be significant problems filling all the positions vacated by the upcoming boomer retirees.

Skilled 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 levels in the near future.

Older workers also fill one in four building/grounds and maintenance occupations. Even closer scrutiny of the data shows that over half of these workers are over the age of 60. Many of the job characteristics in this group are similar to those of jobs dominated by young workers and for those reasons attract "retirees".

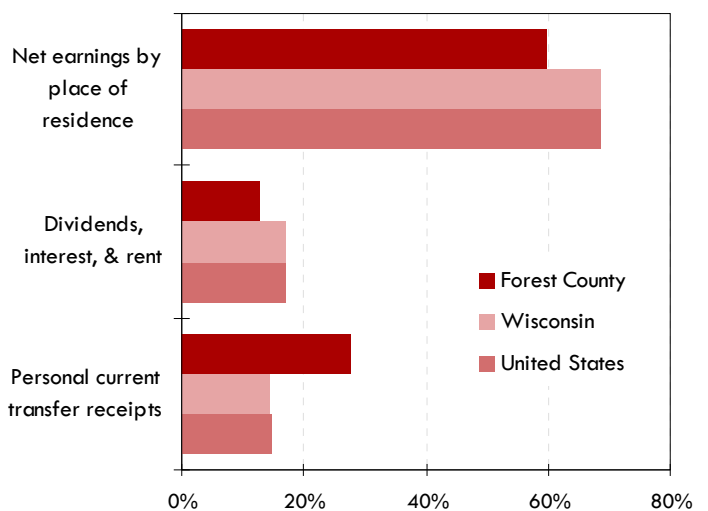
Income

Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, savings accounts, dividends, retirement payments from company pensions, or 401(k) plans. Transfer receipts come from state and federal governments, primarily in the form of Social Security, Medicare payments, unemployment insurance, veterans benefits, welfare, and other payments received from public agencies.

Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. In most Wisconsin counties, and in the state and nation, income from net earnings contributes more than half of total personal income. However, at 59.8 percent in Forest County, residents' share of income from earnings is lower than that of the state and the nation. There are two primary reasons for the lower share. First, the county's residents are older on the whole than the state and depend to a greater degree on unearned income. Second, many local jobs are seasonal which

generate less annual income, forcing workers to turn to other assistance in the off season (increasing transfer payments), and to seek jobs that pay on average 32

Components of 2006 Total Personal Income



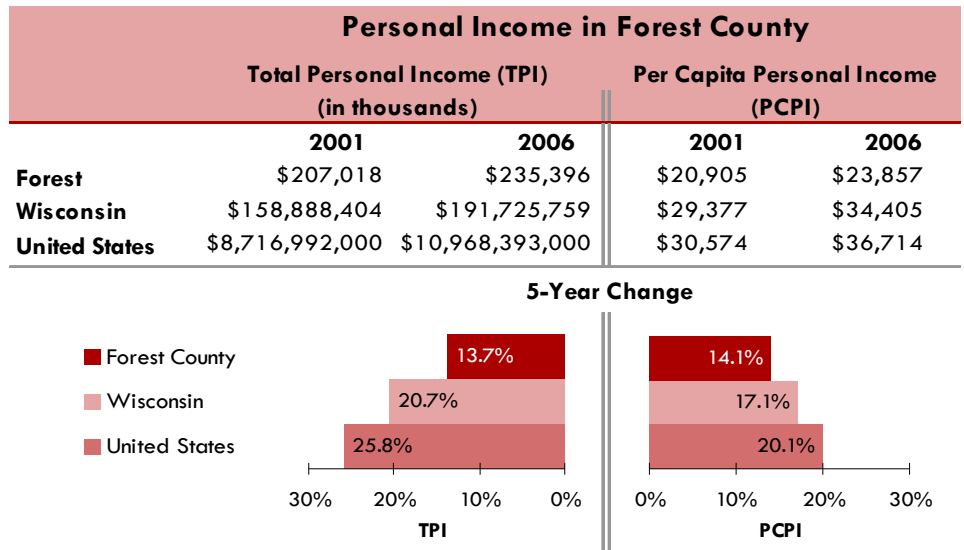
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

percent less than similar statewide jobs (see page four). Net earnings also includes an adjustment for wages earned by residents working beyond the county's borders (inflow) and a similar adjustment for non-residents working for county employers (outflow).

The bottom chart shows that in 2006 residents working in jobs outside the county added \$30.6 million to Forest County's total personal income while non-resident workers were paid \$19.3 million dollars in wages that left the county. The total residency adjustment netted \$11,259,000 in residents' earnings. Commuting patterns from Census 2000 show that most outbound workers are traveling to jobs in Oneida County while inbound workers arrive from Oconto and Langlade counties. Since 2001, the dollars from residency adjustment, which comprises about five percent of net earnings, decreased by about one percent.

While total personal income (TPI) is the sum of its parts, per capita personal income (PCPI) is derived by dividing total personal income by total population. Thus, PCPI can be affected by the county residents' demographics. For example, if there is a large number of younger residents that don't work, PCPI will be less because it is calculated



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

using the entire population. Also, if there is a large number of retiring residents in an area, PCPI is probably be lower since the amount they receive from pensions and/or social security may be less than wages. This would also decrease the amount of TPI while keeping the same population denominator when calculating PCPI.

Forest County, with about one-fifth of its residents over 65 years of age, has a higher proportion of transfer receipts (28 percent) compared with the state and nation (14 percent). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$23,857 in Forest County was only 69 percent of the Wisconsin PCPI of \$34,405. Forest's PCPI ranked 68th lowest among Wisconsin's 72 counties.

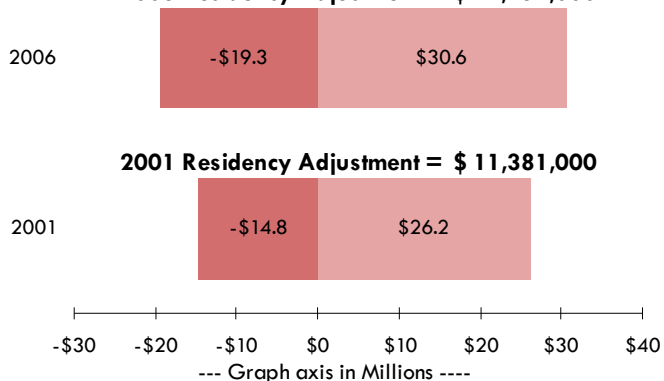
The major component of TPI, net earnings, is a significant factor in the lower PCPI. As mentioned earlier, the lower wages have a major impact on net earnings in Forest County. While planners and developers strive to increase wages through better paying jobs it is much more difficult to change overall occupational composition in the county. Large metropolitan areas often attract the higher-paying occupations found in large corporate offices, specialized research facilities, and financial institutions.

PCPI in Wisconsin's metropolitan counties in 2006 was \$36,430 compared to \$29,022 in nonmetropolitan counties. At \$23,857, Forest County's PCPI was 82 percent of the average nonmetropolitan PCPI in Wisconsin. Perhaps this is a better target to work towards instead of the entire state average annual wage.

Forest County Commuting Impact

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

2006 Residency Adjustment = \$ 11,259,000



2001 Residency Adjustment = \$ 11,381,000

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