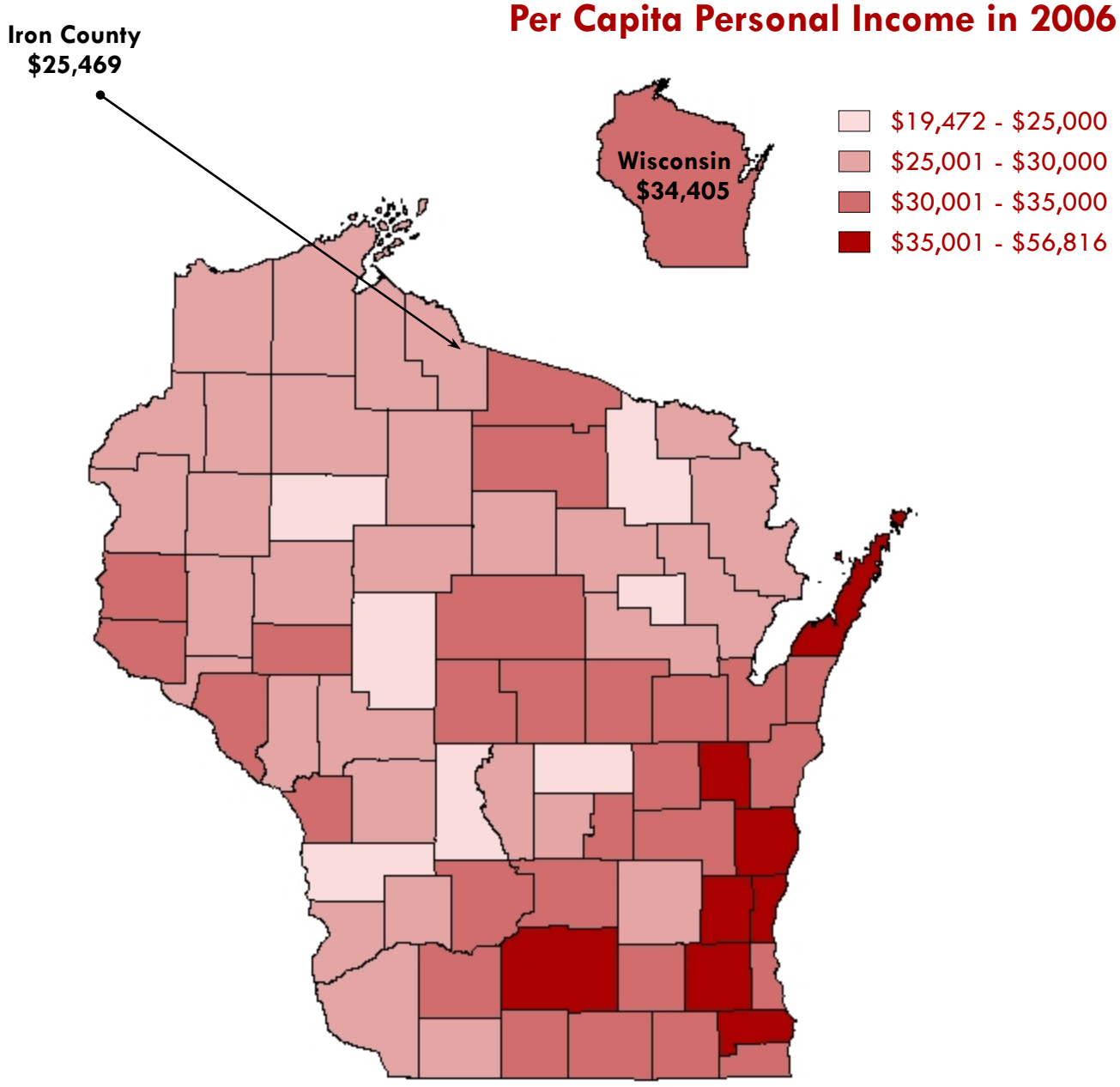
Iron County Workforce Profile

Per Capita Personal Income in 2006



2008

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Population

Iron County's population included 7,002 residents on January 1, 2007, an increase of 141 new residents since the 2000 census. Even though the county adds a few residents in most years, the population increase of only 2.1 percent, is well below the 6.9 percent increase in the nation's population and the 5.3 percent increase in the State of Wisconsin. The county remains the third least populated among the state's 72 counties.

Like other northern counties, the increase in population, albeit only a small number, resulted from net migration, more persons moving into the county than leaving it. From 2000 to 2007, the county added 446 residents from net migration. At the same time the county experienced a reduction of 332 in population from natural causes when the number of deaths in the county (605) exceeded the number of births (30).

Iron 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%
Iron County	6,861	7,002	141	2.1%
Mercer, Town	1,732	1,857	125	7.2%
Hurley, City	1,818	1,769	-49	-2.7%
Montreal, City	838	827	-11	-1.3%
Kimball, Town	540	556	16	3.0%
Oma, Town	355	401	46	13.0%
Sherman, Town	336	350	14	4.2%
Saxon, Town	350	344	-6	-1.7%
Knight, Town	284	279	-5	-1.8%
Pence, Town	198	195	-3	-1.5%
Carey, Town	191	188	-3	-1.6%

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

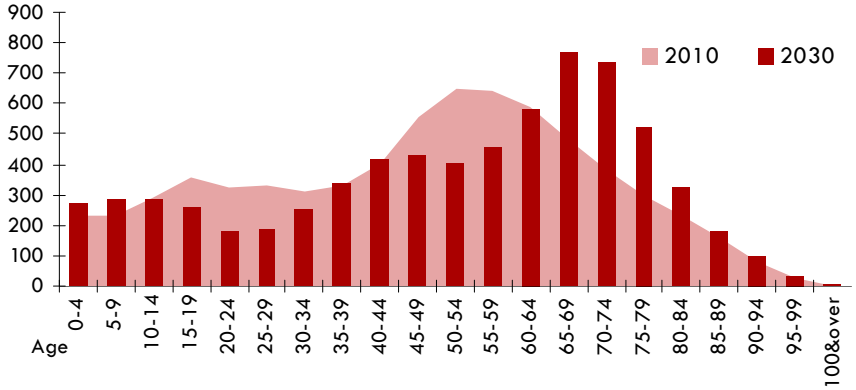
Not all areas of the county are benefiting from net migration, however. Six of the county's 12 municipalities lost population since 2000, with the greatest reduction occurring in the City of Hurley. That loss, coupled with the largest increase in population in the Town of Mercer of 125 new residents, displaced Hurley as the largest municipality in the county. Roughly half the county's population, however, live in either the Town of Mercer or the City of Hurley.

Since the increase in population relies on new residents moving into the county, it should be expected that the average age in the county is advancing more quickly than if the population were adding residents from births. A population adding residents from net migration, who are almost always adults and often retirees, will see a faster rate of increase in the average age of its residents.

In Iron County the average age was 44.5 years in 2000, one of the oldest in the state. By 2020 it is anticipated that the average age of county residents will be 49.7 years and by 2030 will increase to 51.4 years! This puts the county's average age substantially above the state mean of 36.4 years of age in 2000, and the gap will widen with time as the state average age increases to 39.6 yeas in 2020, and 41.0 years in 2030. By 2030, 46 percent of the county's population will be over the age of 60. The graph on the left demonstrates the 'weight' of this older population in Iron County and how it is projected to change over the next two decades.

The county faces a future that includes meeting the needs of an elderly population and a shortage of workers to replace those retiring. While most baby boomers don't plan to fully retire most will move into other positions. Studies show that only 5 percent of retirement-age workers remain full-time in their pre-retirement positions. Most pursue other interests and opportunities. Additionally, health care demands increase as the population ages. Due to the relatively advanced age of Iron County residents, this demand will increase sooner than later.

Population by Age Cohorts in Iron County



In 2010, the average Iron County resident will be 47.2 years old.
In 2020, the average Iron County resident will be 49.7 years old.
In 2030, the average Iron County resident will be 51.4 years old.

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

Note: All data appearing in this profile is subject to revision.

Population & Labor Force

Population Projections for Iron County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	**Population**					
2010	828	1,249	1,940	2,902	6,091	6,919
2020	816	1,056	1,564	3,566	6,186	7,002
2030	891	819	1,583	3,702	6,104	6,995
	Distribution of Labor-Force-Aged Population					
2010		20.5%	31.9%	47.6%	100.0%	
2020		17.1%	25.3%	57.6%	100.0%	
2030		13.4%	25.9%	60.6%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page 1 is indicative of the significance that baby boomers have on the total population. Population growth in Iron County that is dominated by an older generation will contribute little to the workforce, and rather than expanding the overall economy, could easily drain resources.

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).

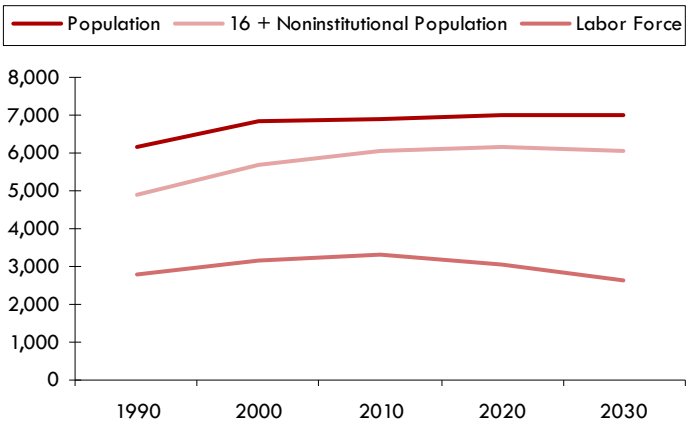
The above table delineates the population by selected age groups over the next three decades. Note that the population in the youngest age group changes little over the 20-year span, the middle age groups decline from 2010 to 2030, and the eldest group increases 27 percent. The population aged 55 years and older increases from 47.6 percent of the labor force aged population (the population aged 16 years and older) to 60.6 percent in 2030. This is a population projection not a labor force projection.

The labor force includes only that share of the population that is engaged in either working or 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 and seriously impedes workforce growth.

In fact, the 16 plus aged population is projected to add a few residents from 2010 to 2030, but the labor force is expected to decline by nearly 685 participants (bottom table).

The graph below shows the three major components of Iron County's total population, labor force aged population, and labor force. The top two lines in fact indicate continued growth through 2030,albeit somewhat slower than during the 1990s. The bottom line, representing the county's labor force, peaks by 2010, then begins to decline. Competition to fill openings for replacements (workers leaving the occupation entirely, whether due to retirement or other reasons) will be fierce in this tighter labor market, not to mention the additional openings generated from businesses expanding. Holding on to talented workers in these conditions will become ever more critical.

Iron County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Iron County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	**Labor Force**			
2010	962	1,599	745	3,306
2020	825	1,297	919	3,041
2030	617	1,305	699	2,620
	Distribution of Labor Force			
2010	29.1%	48.4%	22.5%	100.0%
2020	27.1%	42.7%	30.2%	100.0%
2030	23.5%	49.8%	26.7%	100.0%

Source: WI DWD, OEA

Labor Force

Delving deeper into the relationship between population and labor force requires more detailed information on how the population engages, or participates, in the labor force. The labor force participation rate (LFPR) is the share of the eligible population (the non-institutionalized population aged 16 years and older) that is working or looking for work.

Even though recent decades witnessed increased participation of women in Iron County, from 37 percent in 1970 to 50 percent in 2000, it never matched the participation of men. During the same time span, men's participation hovered near 60 percent, though remaining flat and low compared to other counties. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s just as baby boomers flooded the labor market. Now, as boomers begin to retreat from the labor market, the LFPR for both men and women will begin to decline as they celebrate their 55th birthdays (top graph).

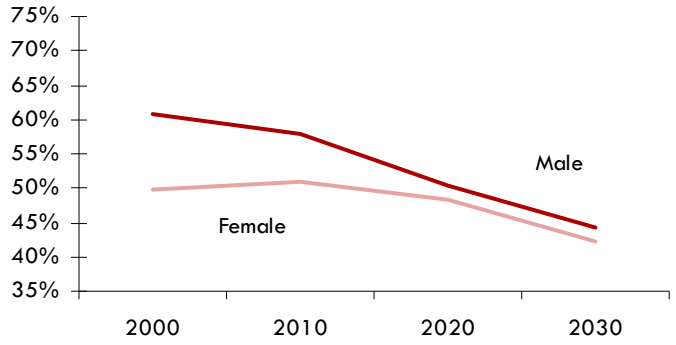
Labor force participation rates in 2000 for both men and women vary by age, as illustrated in the second graph on the right. Beginning with the youngest age group, primarily teenagers still enrolled in school, the LFPR jumps from 48 percent to 85 percent in the 20-24 year old group. The LFPR remains above 82 percent through the 45-54 year group before declining rapidly to under 46 percent for those 55-64 years old and to under 13 percent for those over 65 years. Although there has been a recent uptick nationally of 2-3 percentage points in participation from the older population, it will not significantly increase the overall labor force in Iron County.

The bottom chart reflects some of these changes already occurring in the county's labor force. The total labor force declined in each year from 2003 to 2007 and from its peak of 3,353 in 2002. The smaller labor force resulted from reductions in both the number of employed and unemployed in Iron County.

Labor force reductions since 2003 produced a loss of 7.9 percent even though the population increased 1.0 percent over the same period. The overall LFPR in Iron County declined from 58.1 percent in 2003 to 51.9 percent in 2007. It should be noted that Iron County's current LFPR is considerably lower than Wisconsin's LFPR of 74.3 percent.

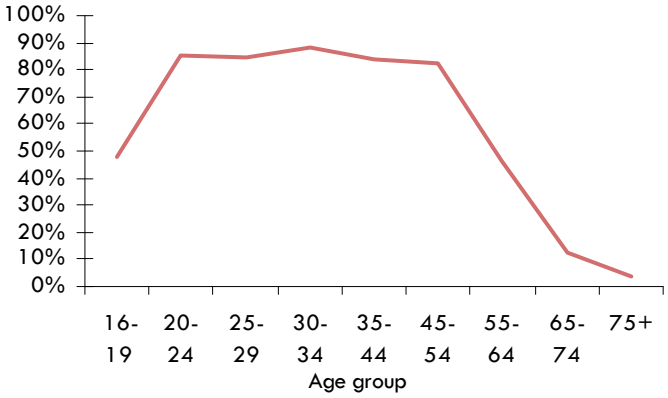
Because there are fewer participants in the labor force the percent of those unemployed has declined since 2003. The current unemployment rate of 8.1 percent is more than a full percent point lower than in 2003 although it remains much higher than the state unemployment rate of 4.9 percent in 2007. The unemployment rate is very seasonal in Iron County, falling as employers add jobs February through June. Rates decline throughout most of the summer to a low in September or October. Afterwards the rate climbs to a typical seasonal peak in February, beginning the yearly cycle again.

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

Iron County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	3,347	3,291	3,200	3,196	3,082
Employed	3,032	2,992	2,930	2,934	2,832
Unemployed	315	299	270	262	250
Unemployment Rate	9.4%	9.1%	8.4%	8.2%	8.1%

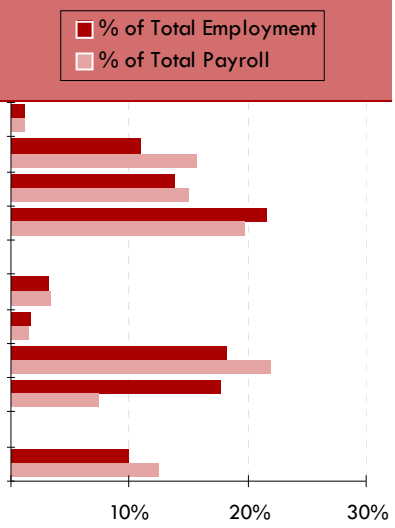
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

Jobs & Wages

Iron County has an established history as a tourist destination and yet the tourism-related jobs, concentrated in the leisure and hospitality industry, account for only 18 percent of all jobs in the county. The industry is the county's third largest job-provider but makes up less than 8 percent of the total payroll from employers in the county. The ratio of jobs to payroll is high and as a result produces the lowest annual average wage ($10,230) among the major super-sectors. Even though that wage increased in the last five years it remains only 75 percent of wages paid to leisure and hospitality workers in the state.

2007 Employment and Wage Distribution by Industry in Iron County

	Employment		Total Payroll
	Annual Average	5-year Change	
Natural Resources	24	-34	$ 599,753
Construction	214	-26	$ 7,421,302
Manufacturing	269	-132	$ 7,167,439
Trade, Transportation, Utilities	419	-11	$ 9,382,265
Information	suppressed	Not avail.	suppressed
Financial Activities	63	1	$ 1,571,235
Professional & Business Services	33	Not avail.	$ 717,487
Education & Health	353	-198	$ 10,401,118
Leisure & Hospitality	346	-12	$ 3,539,428
Other services	suppressed	Not avail.	suppressed
Public Administration	194	0	$ 5,894,040
Not assigned	0	0	$ 0
All industries	1,947	-423	$47,537,059



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

Some industry sub-sectors within the large trade, transportation, and utilities group such as wholesale distribution, gasoline stations, and miscellaneous retail stores, also lean toward tourist services. This group provides the greatest number of jobs in Iron County but only the second highest payroll. The annual average wage in the industry group of $22,392 is only 68 percent of state wages. Both of the previously mentioned industries lost jobs over the previous five years.

In fact, nearly all industry super-sectors posted job losses over the five-year period but most of those losses pale when compared with the reductions that occurred both in manufacturing and in education and health services jobs. These two industries absorbed three-quarters of the job loss that occurred over the five years among Iron County employers.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Iron County as a Share of Wisconsin	Iron County 5-year % Change	Wisconsin 5-year % Change
	Iron County	Wisconsin			
All industries	$24,416	$38,070	64.1%	16.0%	17.4%
Natural Resources	$24,990	$29,235	85.5%	-23.9%	14.7%
Construction	$34,679	$47,489	73.0%	7.1%	19.8%
Manufacturing	$26,645	$47,106	56.6%	23.2%	16.1%
Trade, Transportation & Utilities	$22,392	$32,762	68.3%	16.7%	15.3%
Information	suppressed	$48,483	Not avail.	Not avail.	24.7%
Financial Activities	$24,940	$50,749	49.1%	21.7%	25.8%
Professional & Business Services	$21,742	$44,328	49.0%	Not avail.	22.0%
Education & Health	$29,465	$39,606	74.4%	35.3%	17.3%
Leisure & Hospitality	$10,230	$13,589	75.3%	18.3%	14.8%
Other Services	suppressed	$22,073	Not avail.	Not avail.	13.2%
Public Administration	$30,382	$39,879	76.2%	9.9%	18.1%

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

In spite of job reductions only natural resources shows lower annual average wages. Average wages often increase as lower-paid workers are the first to leave when an industry downsizes. The annual average wage for all industries in Iron County in 2007 was $24,416. The increase of 16 percent during the five-year span lagged an increase of 17.4% in the state, leaving a significant gap in wages earned in the county.

Jobs & Wages

Prominent Industries in Iron County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Iron County	Iron County	Wisconsin	Iron County	Wisconsin	Iron County	Wisconsin
Food services & drinking places	230	-10.2%	9.1%	$ 8,080	$ 10,859	8.8%	14.5%
Wood product manufacturing	201	not avail.	-6.8%	$ 29,987	$ 31,799	not avail.	12.3%
Educational services	*	not avail.	2.0%	*	$ 39,753	not avail.	15.0%
Executive, legislative, & gen government	169	1.2%	-4.7%	$ 29,587	$ 36,340	9.4%	16.4%
Construction of buildings	128	-15.8%	-2.2%	$ 34,260	$ 47,774	1.5%	16.3%
Nursing & residential care facilities	*	not avail.	3.6%	*	$ 23,295	not avail.	12.0%
Food & beverage stores	115	-8.0%	-4.9%	$ 17,922	$ 17,166	12.1%	9.7%
Accommodation	*	not avail.	5.6%	*	$ 15,941	not avail.	15.9%
Building material & garden supply stores	60	-24.1%	2.8%	$ 26,678	$ 25,514	58.3%	5.4%
Gasoline stations	56	16.7%	0.9%	$ 13,358	$ 14,803	8.8%	7.1%

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

The ten most prominent, industry sub-sectors in Iron County are listed in the above table. The sub-sectors are listed in descending order based on employment, even though some of the detailed data is suppressed to provide confidentiality to the few employers completing the reports. The industries on this list provide, at a minimum, two-thirds of the jobs in Iron County! The sub-sectors represent a diversity of jobs ranging from waiters and store clerks to construction and production workers to health professionals and business managers.

The largest sub-sector, food services and drinking places, is part of leisure and hospitality, as is accommodation. Roughly 12 percent of all county jobs are with leisure and hospitality employers who pay an annual average wage of $8,080, perhaps the lowest of any industry.

The highest annual wage among the leading sub-sectors in Iron County is earned by workers in construction of buildings. In 2007 there were 128 jobs in the sub-sector, down from 131 in 2006. Another construction sub-sector, specialty trade contractors, which appeared on the 2006 list with 83 jobs, is no longer among the top ten. The loss of only a few good-paying construction jobs in Iron County is significant since the industry's payroll (page 4) is 16 percent of the payroll from all industries in the county. The loss of jobs will likely continue in 2008 and 2009.

The same dismal forecast as in new construction will likely effect jobs in wood products manufacturing, the second leading sub-sector. Three in every four manufacturing jobs in the county are with employers in this sub-sector. The annual average wage of $29,987 is only 6 percent below the sub-sector wages in the state; but wood manufacturing wages in the state are well below other manufacturing wages.

Prominent Public and Private Sector Employers in Iron County

Establishment	Service or Product	Number of Employees (March 2007)
Hurley School District	Elementary & secondary schools	100-249 employees
Villa Maria Health & Rehabilitation	Nursing care facilities	100-249 employees
Action Floor Systems	Other millwork, including flooring	100-249 employees
County of Iron	Executive & legislative offices, combined	50-99 employees
Wayne Nasi Construction Inc	Commercial building construction	50-99 employees
Copps	Supermarkets & other grocery stores	50-99 employees
Liberty Bell Chalet	Limited-service restaurants	50-99 employees
Art Unlimited Sportswear	Commercial screen printing	50-99 employees
School District of Mercer	Elementary & secondary schools	20-49 employees
Giovanoni True Value Hardware Inc	Hardware stores	20-49 employees

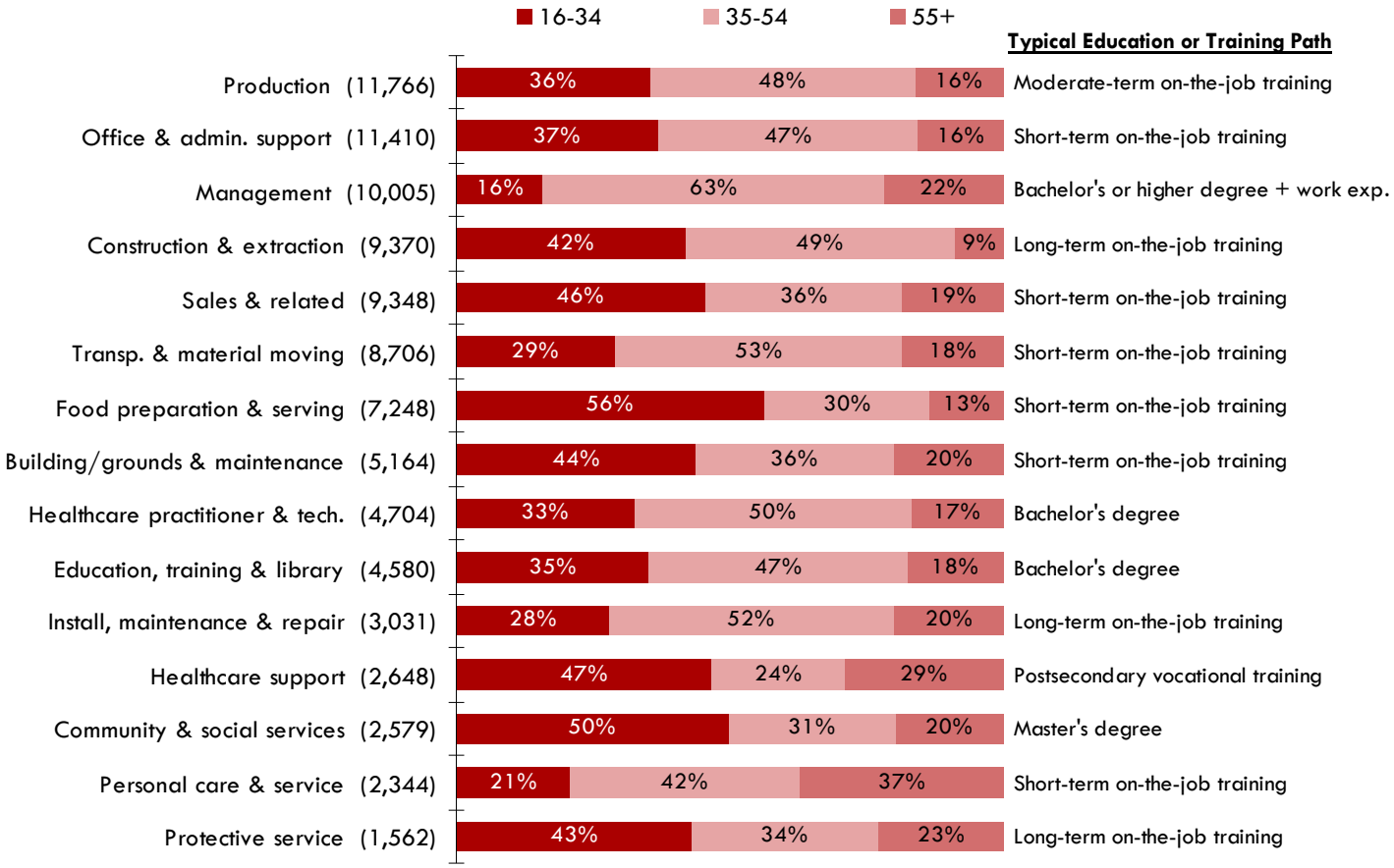
Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

The list of top employers did not change since 2006 but the order of prominence did. Hurley School District, third largest in 2006, is now the county's largest.

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 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 training required of workers to 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 Iron County. In order to meet a minimum population standard the data is grouped with nine 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.

Most of the occupations 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.

If the above conditions favor a preponderance of young workers in food service and sales occupations one is left to

(Continued on page 7)

Occupations & Typical Education or Training

(Continued from page 6)

wonder why half the jobs in community and social services, where a master's degree dominates other educational paths, is also dominated by younger workers. First, there are fewer than 2,600 jobs in community and social services compared with nearly 7,300 in food preparation and serving which means that a smaller number of young workers comprise a greater share of overall jobs. And second, even though many of the occupations within the group typically require a master's degree one of the largest occupations, social and human services assistants, provides entry-level opportunities for younger workers.

Perhaps nearly as perplexing is the 37 percent share of older workers in personal care and service occupations where only short-term training is required. Again, the number of total workers is smaller than other groups and several of the occupations within the group, like hairstylist, represent self-employed workers who are less likely to retire early. Other occupations in this group include casino workers and home care providers, jobs that may attract early-retirees to return to work.

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 sets in the near future.

Production occupations, the largest occupation group in the ten-county region, where a similar proportion of workers by age represents a large number of older workers will be facing shortages of younger workers in skilled positions.

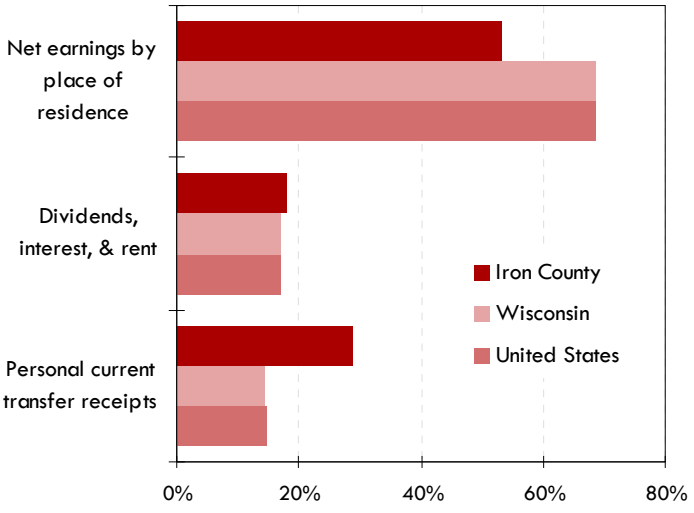
Income

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 exceeds two-thirds of total personal income. However, at 53 percent in Iron County, residents' share of income from earnings is significantly 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 in the state and depend to a greater degree on un-earned 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 jobs that pay on average 36 percent

(Continued on page 8)

Components of 2006 Total Personal Income



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

Income

less than state jobs (see page 4). 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 $35.5 million to Iron County's total personal income while non-resident workers were paid $21.1 million dollars in wages that left the county. The total residency adjustment netted $14,439,000 in residents' earnings. Commuting patterns from Census 2000 show that most outbound workers travel to jobs in Gogebic County, Michigan, and to Ashland and Vilas counties in Wisconsin while a much smaller number of inbound workers arrive primarily from Gogebic County. Since 2001, the dollars from residency adjustment increased 91 percent, significantly more than the increase in total personal income over the five-year period of 6.8 percent.

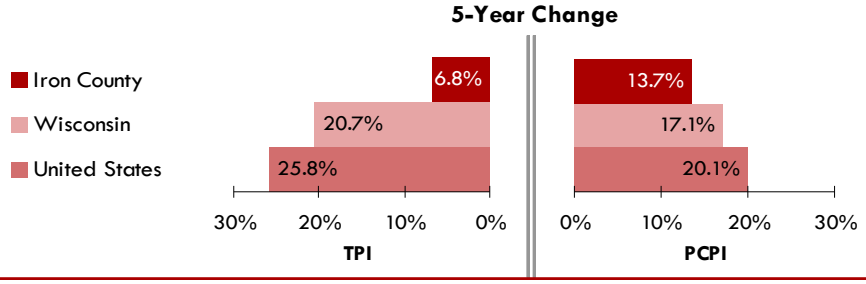
While total personal income (TPI) is the sum of its parts, per capita personal income (PCPI) is derived by dividing total personal income by total population. Thus, PCPI can be affected by the county residents' demographics. For example, if there is a large number of younger residents that don't work, PCPI will be less because TPI is less but is still distributed among the entire population. Also, if there is a large number of retiring residents in an area PCPI will 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.

Iron County, with a high share of older residents, has a higher proportion of transfer receipts (29%) compared with the state and nation (14%). This contributes to both lower TPI and PCPI. In 2006, the PCPI of $25,469 in Iron County was only 74 percent of the Wisconsin's PCPI. Iron's PCPI ranked 59th lowest among Wisconsin's 72 counties. The major component of TPI, net earnings, is a significant factor in PCPI. Although county wages are low, wages from commuters raise the overall net earnings for Iron County residents.

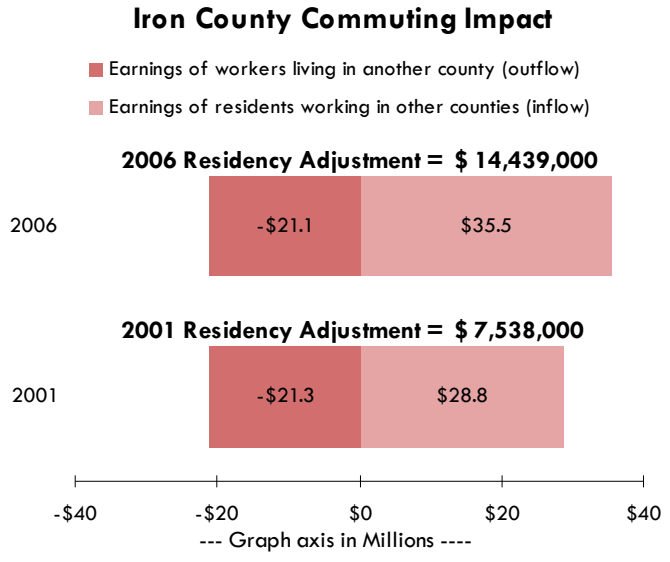
While planners and developers strive to increase wages through better paying jobs, they can do little to change the overall occupational composition in the county. Large metropolitan areas, not small rural counties, will always attract the higher-paying occupations found in large corporate offices, specialized medical and educational facilities, and financial institutions. PCPI in Wisconsin's metropolitan counties in 2006 was $36,430 compared to $29,022 in nonmetropolitan counties. Iron's PCPI was 88% of the nonmetropolitan PCPI and presents a more reasonable target for county planners and developers.

Personal Income in Iron County

	Total Personal Income (TPI) (in thousands)		Per Capita Personal Income (PCPI)	
	2001	2006	2001	2006
Iron	$152,326	$162,622	$22,404	$25,469
Wisconsin	$158,888,404	$191,725,759	$29,377	$34,405
United States	$8,716,992,000	$10,968,393,000	$30,574	$36,714



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



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