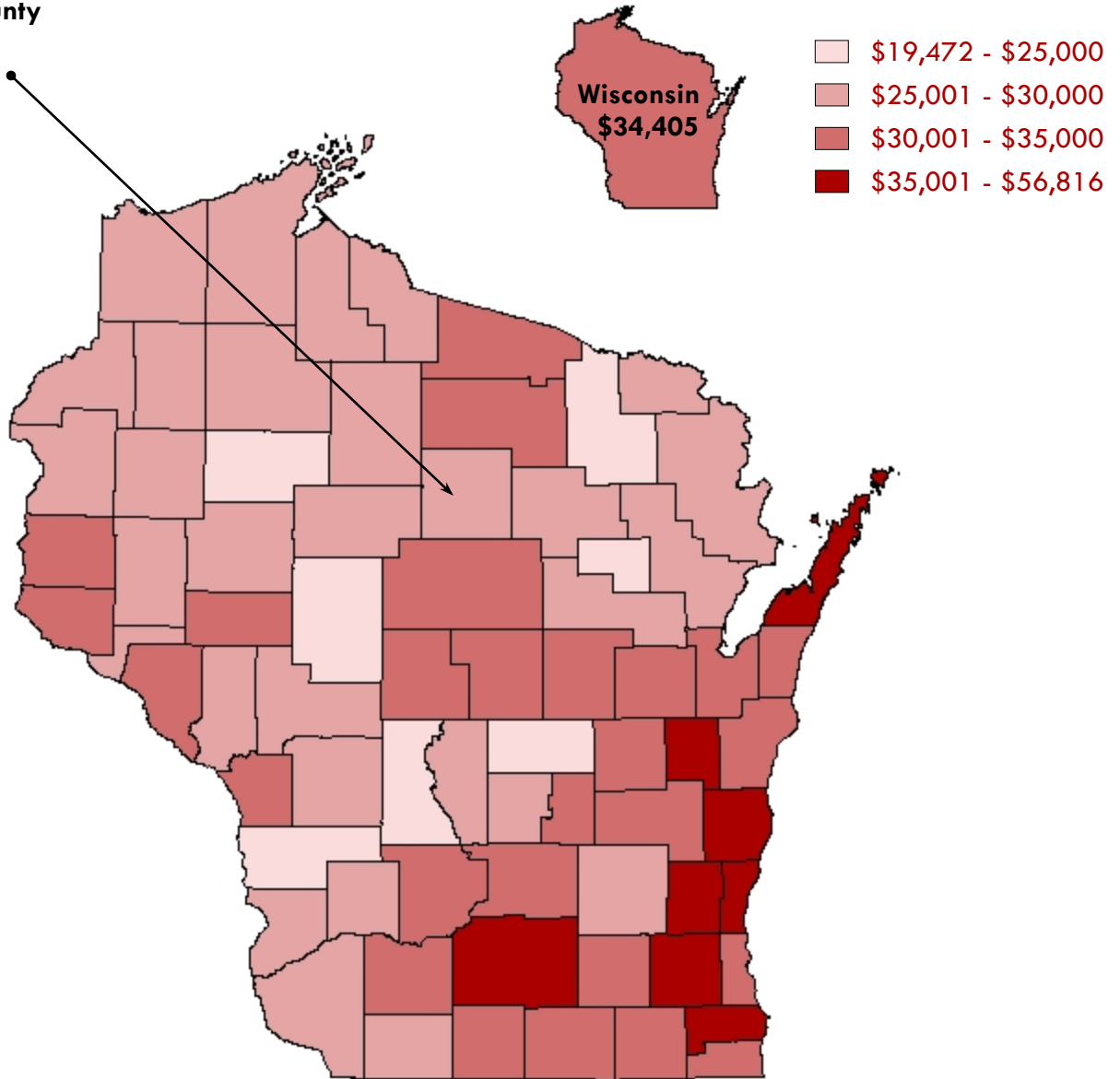


# Lincoln County Workforce Profile

## Per Capita Personal Income in 2006

Lincoln County  
\$28,252



2008

### Office of Economic Advisors

Wisconsin Department of Workforce Development  
OEA-10627-P

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### Population

Lincoln County's population included 30,562 residents on January 1, 2007. The current estimate represents a 3.1 percent increase since Census 2000 and includes the addition of 921 new residents. While the county continues to add population, growth has slowed from the 1990s and lags the change of 5.3 percent in Wisconsin's population and 6.9 percent in the United States since 2000. In 2007, Lincoln County's increase ranked 53<sup>rd</sup> among Wisconsin's 72 counties.

The change in population includes a small reduction in population from natural changes (2,103 deaths minus 2,096 births) and an increase of 928 residents from net-migration, more individuals moving into the county than leaving it.

Migration is an important component in the population growth of the county's municipalities. Of the 18 municipalities in the county, all but two (City of Merrill and Town of Birch) added population. The three towns adding the most residents are along Highway 51, and two, Town of Merrill and Scott, are within an easy commute of the City of Wausau in Marathon County. The Town of Bradley surrounds the City of Tomahawk in northern Lincoln County, and growth here reflects a common migration trend - the desire to live in a scenic area with an abundance of recreational opportunities, while still remaining relatively close to the amenities or job opportunities found in a population center. Population gains in these three towns account for 46 percent of the total increase in the county.

#### Lincoln County's Ten Most Populous Municipalities

	April 2000 Census	Jan.1, 2007 Estimate	Numeric Change	Percent Change
<b>United States</b>	281,421,906	300,888,812	19,466,906	6.9%
<b>Wisconsin</b>	5,363,715	5,647,000	283,285	5.3%
<b>Lincoln County</b>	29,641	30,562	921	3.1%
Merrill, City	10,146	10,135	-11	-0.1%
Tomahawk, City	3,770	3,820	50	1.3%
Merrill, Town	2,979	3,145	166	5.6%
Bradley, Town	2,573	2,728	155	6.0%
Pine River, Town	1,877	1,964	87	4.6%
Scott, Town	1,287	1,387	100	7.8%
Schley, Town	909	956	47	5.2%
King, Town	842	896	54	6.4%
Harrison, Town	793	888	95	12.0%
Corning, Town	826	867	41	5.0%

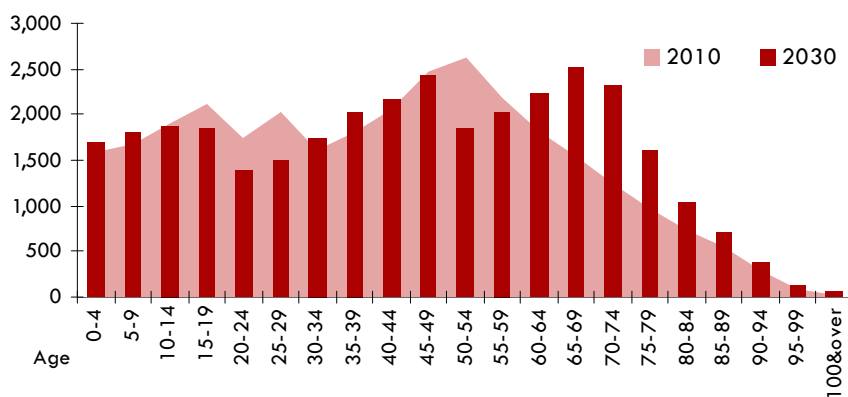
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

A population adding residents from net migration will often see an increase in the average age of its residents, since the in-migrants are almost always adults and often retirees. This is the case in Lincoln County where the average age was 39.2 years in 2000. By 2020 it is anticipated that the average age of county residents will be 42.9 years and 44.6 by 2030. This puts the county's average age 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 years in 2020, and 41.0 years in 2030.

The graph on the left not only demonstrates the 'weight' of this older population in Lincoln 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 now 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, and Lincoln County will face this demand in the near future.

**Population by Age Cohorts in Lincoln County**



In 2010, the average Lincoln County resident will be 41 years old.  
 In 2020, the average Lincoln County resident will be 42.9 years old.  
 In 2030, the average Lincoln County resident will be 44.6 years old.

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

### Population & Labor Force

Population Projections for Lincoln County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	5,576	7,073	8,969	9,399	25,441	31,017
2020	5,611	6,748	8,144	11,919	26,811	32,422
2030	5,753	6,119	8,466	12,996	27,581	33,334
Distribution of Labor-Force-Aged Population						
2010		27.8%	35.3%	36.9%	100.0%	
2020		25.2%	30.4%	44.5%	100.0%	
2030		22.2%	30.7%	47.1%	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 age distribution. Population growth in Lincoln 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 decades. Note that even though the population in the youngest age group is projected to increase slightly over the 20-year span, the population in both of the middle age groups will decline and the eldest group increases 38 percent. Furthermore, the population aged 55 years and older increases from 36.9 percent of the labor force aged population (the population aged 16 years and older) to 47.1 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 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 and seriously impedes workforce growth.

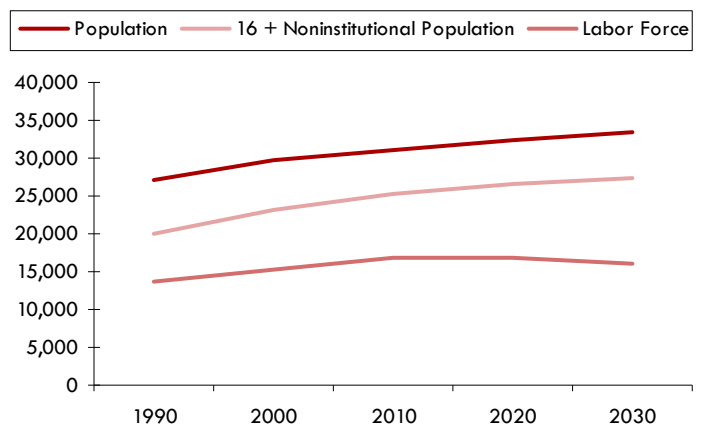
In fact, the 16 plus aged population is projected to add roughly 2,140 residents from 2010 to 2030, but the labor

force is expected to decline by approximately 705 participants (bottom table).

The graph below shows Lincoln County's total population, labor force aged population, and labor force. The top two lines, representing the total population and the labor-force-aged population respectively, 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 2020, 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 business expansions.

Lincoln County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Lincoln County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	5,673	7,764	3,324	16,761
2020	5,395	7,107	4,417	16,920
2030	4,871	7,373	3,812	16,056
Distribution of Labor Force				
2010	33.8%	46.3%	19.8%	100.0%
2020	31.9%	42.0%	26.1%	100.0%
2030	30.3%	45.9%	23.7%	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 actively looking for work.

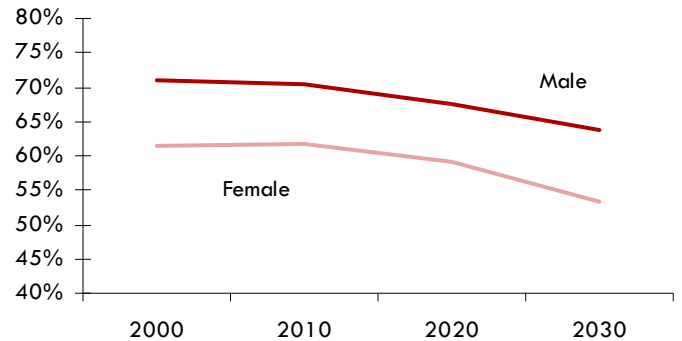
Even though recent decades witnessed increased participation of women in Lincoln County, from near 40 percent in 1970 to 61 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 71 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s just as baby boomers flooded the labor market. Now, as boomers celebrate their 55<sup>th</sup> birthdays and begin to retreat from the labor market, the LFPR for both men and women will begin to decline. By 2030 the LFPR for men in Lincoln County is projected to drop closer to 64 percent while women's LFPR declines to 53 percent (top graph).

The combined 2000 labor force participation rate of both men and women varies by age, illustrated in the second graph on the right. Beginning with the youngest age group, primarily teenagers still enrolled in school, the LFPR jumps from 61 percent to 85 percent in the 20-24 year old group. The LFPR remains above 86 percent through the 45-54 year group before declining rapidly to 57 percent for those 55-64 years old and to under 25 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 Lincoln County.

In fact, the overall LFPR in Lincoln County declined from 69.4 percent in 2003 to 64.7 percent in 2007 as the number of the labor force participants became a smaller share of a population that was still growing (page two graph). Also note that Lincoln County's current LFPR is considerably lower than Wisconsin's LFPR of 74.3 percent.

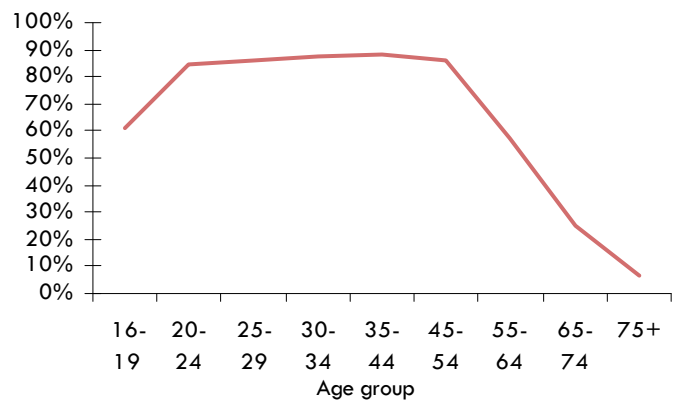
The bottom chart reflects some of these changes already

**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

occurring in the county's labor force. The total labor force has declined since 2003 which was already down from its record high of 16,343 in 2001. The labor force reduction from 2003 to 2007 resulted not only from a loss in the number of employed in Lincoln County, but also from a reduction in the number of unemployed. Residents no longer working dropped out of the labor force.

Unemployment rates followed the decline in the number of unemployed falling from 6.4 percent in 2003 to 5.6 percent in 2007. The unemployment rate, however, is very seasonal in Lincoln County, and in 2007 ranged from a high of 8.0 percent in February to a low of 4.1 percent in October. Rates fall as employers add jobs March through June and remain low through the peak employment months of September and October. Then the yearly cycle begins again.

**Lincoln County Civilian Labor Force Data**

	2003	2004	2005	2006	2007
Labor Force	16,198	15,916	15,878	15,951	15,682
Employed	15,156	15,013	15,000	15,067	14,796
Unemployed	1,042	903	878	884	886
Unemployment Rate	6.4%	5.7%	5.5%	5.5%	5.6%

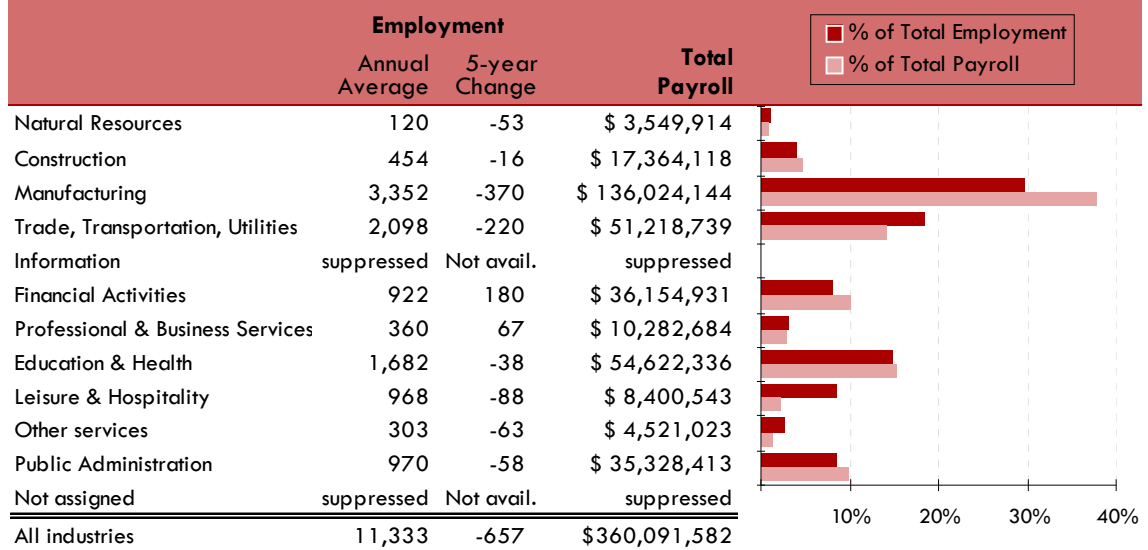
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

### 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. Lincoln County has a diversity of industry employment, but jobs are dominated by the manufacturing sector. Nearly 30 percent of the county's jobs are in manufacturing industries compared to 18 percent for the state. Manufacturing contributes substantially more as

a share of total payroll (38 percent) than total employment, meaning that manufacturing jobs, with an average annual wage of \$40,580, the highest in the county, pay relatively well. However, it should be noted that the annual average manufacturing wage in Lincoln County is only 86 percent of the Wisconsin industry average and the trend in manufacturing jobs, in the county, state, and nation, is dwindling as a share of total jobs. During the last five years the industry in Lincoln

**2007 Employment and Wage Distribution by Industry in Lincoln County**



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

County shed 370 jobs.

In fact, only two industry sectors added jobs during the five-year timeframe, financial activities and professional and business services. While these two account for all of the job growth, they provide only 11 percent of the county's total jobs.

Employers in trade, transportation, and utilities provide 18.5 percent of the county's jobs but only 14 percent of the total payroll. Nearly two-thirds of the jobs in this large grouping are with retail trade employers who paid an average annual wage of \$18,916 in 2007, a major reason for the super-sector's low average wage of \$24,413.

Wages from employers in Lincoln County increased at a faster pace than in the state in seven of the ten reported industries.

The all industry average annual wage of \$31,774 increased faster than the state's all industry average, but remained well below the average annual wage in the state (\$38,070 in 2007).

**Average Annual Wage by Industry Division in 2007**

	Average Annual Wage		Lincoln County as a Share of Wisconsin	Lincoln County 5-year % Change	Wisconsin 5-year % Change
	Lincoln County	Wisconsin			
All industries	\$31,774	\$38,070	83.5%	22.0%	17.4%
Natural Resources	\$29,583	\$29,235	101.2%	32.8%	14.7%
Construction	\$38,247	\$47,489	80.5%	18.4%	19.8%
Manufacturing	\$40,580	\$47,106	86.1%	23.7%	16.1%
Trade, Transportation & Utilities	\$24,413	\$32,762	74.5%	20.1%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$39,214	\$50,749	77.3%	20.3%	25.8%
Professional & Business Services	\$28,563	\$44,328	64.4%	10.0%	22.0%
Education & Health	\$32,475	\$39,606	82.0%	21.1%	17.3%
Leisure & Hospitality	\$8,678	\$13,589	63.9%	19.9%	14.8%
Other Services	\$14,921	\$22,073	67.6%	17.1%	13.2%
Public Administration	\$36,421	\$39,879	91.3%	18.8%	18.1%

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

## Jobs & Wages

Prominent Industries in Lincoln County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Lincoln County	Lincoln County	Wisconsin	Lincoln County	Wisconsin	Lincoln County	Wisconsin
Wood product manufacturing	1,064	-11.3%	-6.8%	\$ 30,508	\$ 31,799	12.4%	12.3%
Fabricated metal product manufacturing	839	2.3%	8.6%	\$ 36,969	\$ 43,765	24.7%	15.4%
Food services & drinking places	756	-6.2%	9.1%	\$ 8,219	\$ 10,859	17.3%	14.5%
Educational services	752	-9.5%	2.0%	\$ 32,834	\$ 39,753	20.8%	15.0%
Insurance carriers & related activities	663	29.5%	5.8%	\$ 43,966	\$ 56,218	21.7%	27.8%
Executive, legislative, & gen government	592	1.7%	-4.7%	\$ 29,692	\$ 36,340	18.4%	16.4%
Paper manufacturing	*	not avail.	-23.2%	*	\$ 55,837	not avail.	9.9%
Food & beverage stores	409	-4.4%	-4.9%	\$ 13,577	\$ 17,166	23.3%	9.7%
Transportation equipment manufacturing	*	not avail.	-4.9%	*	\$ 55,143	not avail.	10.1%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%

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

Not surprisingly, four of the ten leading industry sub-sectors in the above table, including the two largest, are from Lincoln County's leading super-sector, manufacturing. The sub-sectors are listed in descending order based on jobs, even though some of the data is suppressed to maintain employer confidentiality in sub-sectors with few employers. Even a low estimate of the suppressed employment shows that employers in these ten sub-sectors provide over half the jobs in Lincoln County.

Employers in wood and fabricated metal products provide well over half the manufacturing jobs, and four of the county's leading employers are from these two sub-sectors. And, even though the average annual wage of \$30,508 in wood products is much lower than the average of \$36,969 in fabricated metal products, it is

much closer to the average paid to workers statewide.

On the previous page it was noted that financial activities was one of only two industries adding jobs during the five-year timeframe. Here, insurance carriers and related activities, are on the prominent sub-sector list. The sub-sector not only comprises 73 percent of the jobs in financial activities in the county, it accounts for nearly all of the industry's growth and is represented by the county's largest employer. The sub-sector's wages, although well below those statewide, are also the highest on the list.

Not mentioned on page four were the 1,682 jobs in education and health services, the county's third leading industry super-sector. Two sub-sectors, education and hospitals, appear on the top list; while the bottom list includes two schools and a hospital. Many of the jobs in

both sub-sectors are in occupations that require some post-secondary education. These jobs generally command higher wages, although here education's average wage is only 82 percent of the state's.

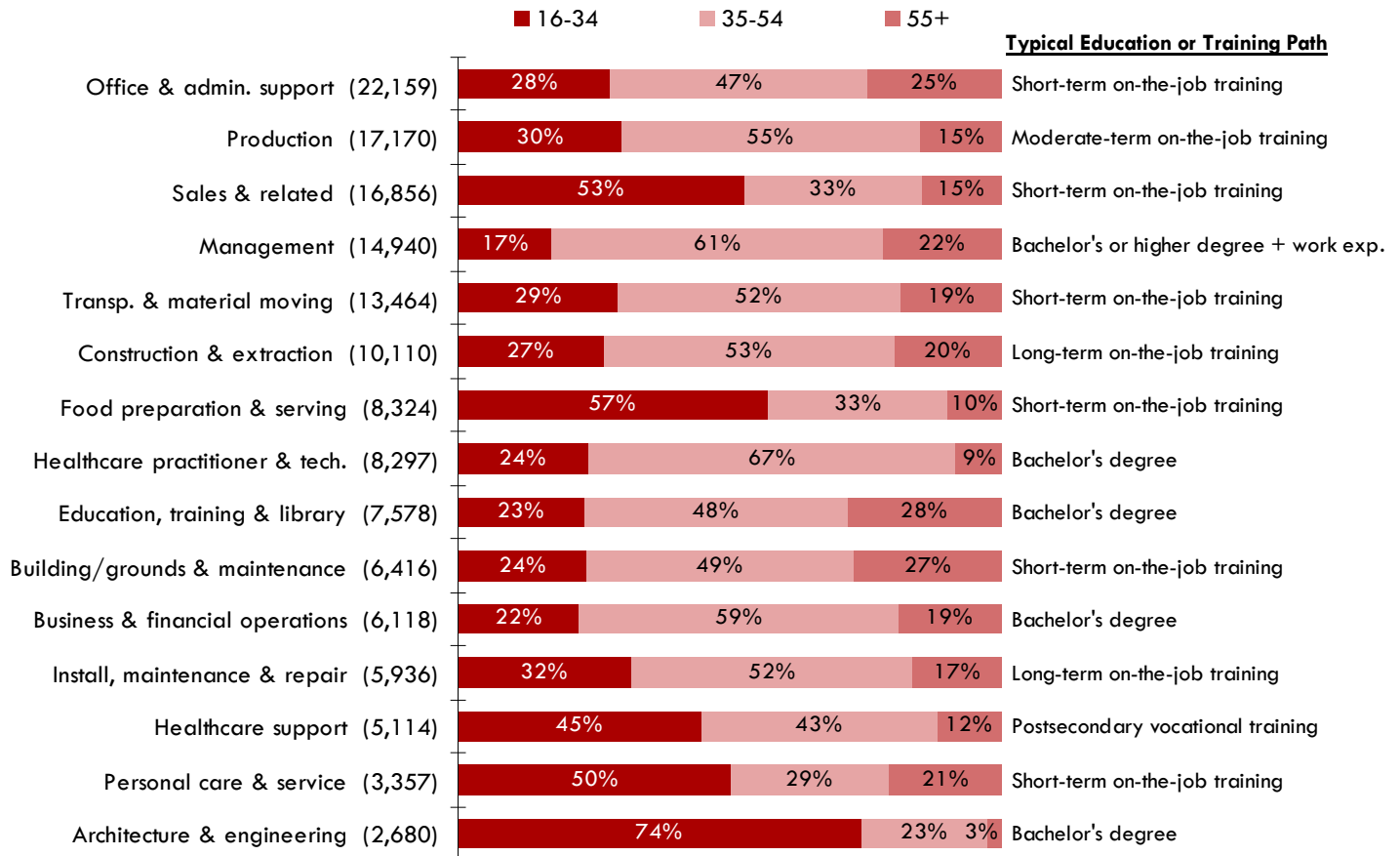
Prominent Public and Private Sector Employers in Lincoln County		
Establishment	Service or Product	Number of Employees (March 2007)
Church Mutual Insurance Company	Direct property & casualty insurers	500-999 employees
Merrill Public School	Elementary & secondary schools	500-999 employees
County of Lincoln	Executive & legislative offices, combined	250-499 employees
Packaging Corp of America	Paper, except newsprint, mills	250-499 employees
Harley-Davidson Motor Co	Motorcycle, bicycle, & parts manufacturing	250-499 employees
Semling-Menke Company, Inc	Wood window & door manufacturing	250-499 employees
Lincoln Wood Products Inc	Wood window & door manufacturing	250-499 employees
School District of Tomahawk	Elementary & secondary schools	250-499 employees
Hurd Windows & Doors Inc	Wood window & door manufacturing	250-499 employees
Good Samaritan Health Center	General medical & surgical hospitals	100-249 employees

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

**Occupations & Typical Education or Training**

**Age Distribution of Workers in Selected Occupational Groups**

Data includes residents of 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.  
Source: 2006 U.S. Census, PUMS 5% file, & 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 Lincoln 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

(Continued on page 7)

## Occupations & Typical Education or Training

(Continued from page 6)

occupations in these groups are with employers in the 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 Lincoln 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 dominated by young workers and for those reasons attract "retirees".

## Income

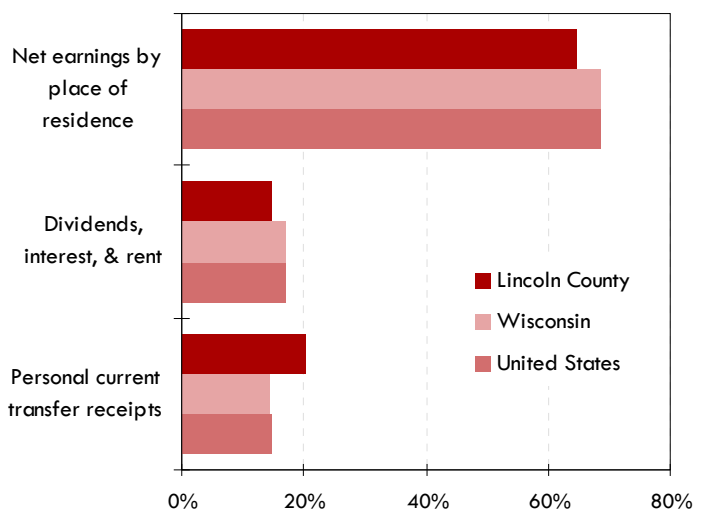
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, 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 exceeds two-thirds of total personal income. However, at 64 percent in Lincoln 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 in 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 jobs that pay on average 17 percent less than similar

(Continued on page 8)

Components of 2006 Total Personal Income



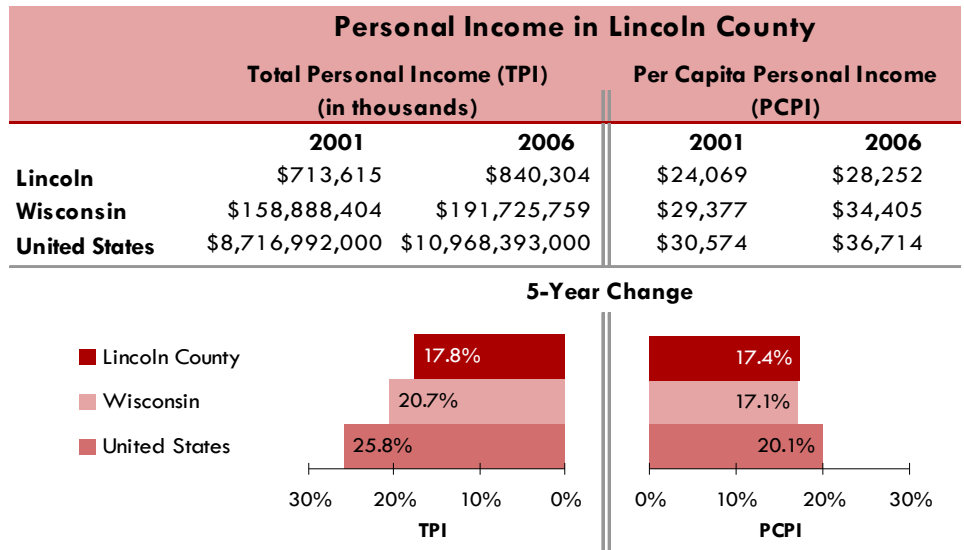
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

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 \$168.3 million to Lincoln County's total personal income while non-resident workers were paid \$92.3 million dollars in wages that left the county. The total residency adjustment netted \$75,975,000 in residents' earnings. Commuting patterns from Census 2000 show that most outbound workers are traveling to jobs in Marathon County while inbound workers arrive from Marathon and Oneida counties. Since 2001, the dollars from residency adjustment, which comprises nine percent of net earnings, increased 30.3 percent. Even though net earnings rose 19.7 percent during the five-year span, total personal income increased only 17.8 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



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

example, if there is a large number of younger residents that don't work, PCPI will be less because it is calculated using 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.

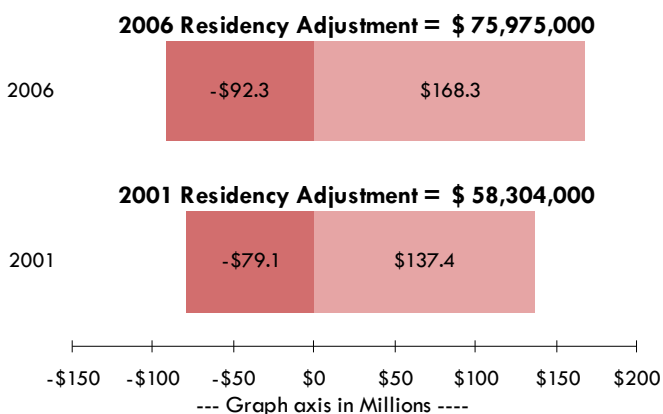
Lincoln County, with one-fifth of its residents over 65 years of age, has a higher proportion of transfer receipts (20 percent) compared with the state and nation (14 percent). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$28,252 in Lincoln County was only 82 percent of the Wisconsin PCPI of \$34,405. Lincoln's PCPI ranked 37<sup>th</sup> 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 Lincoln 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 \$28,252, Lincoln County's PCPI was 97 percent of the average nonmetropolitan PCPI in Wisconsin.

Lincoln 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