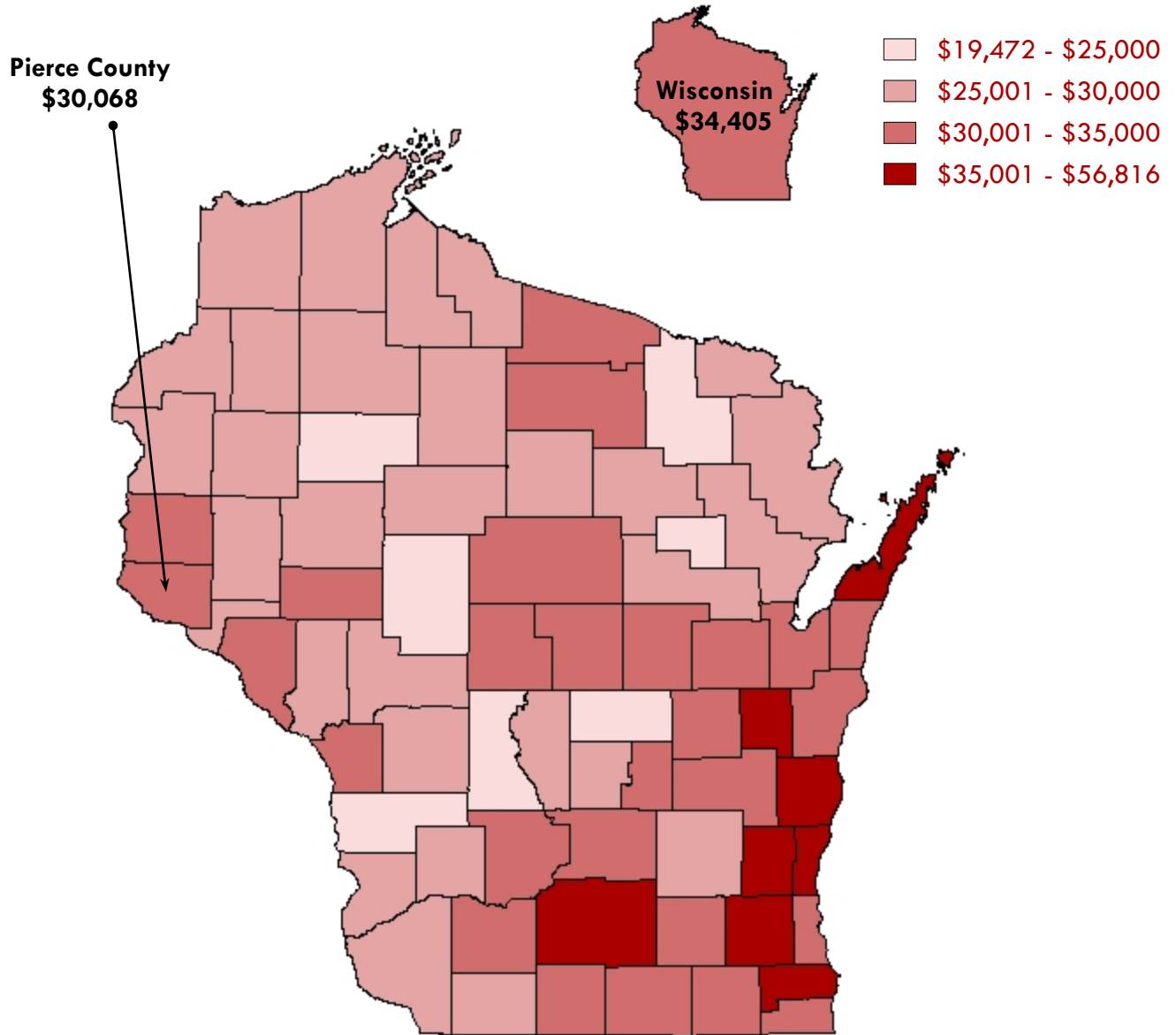


Pierce County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10640-P

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Population

Pierce County added 3,431 residents from 2000 to 2007, growing to 40,235, according to the finalized estimates from Wisconsin's Department of Administration. Though Pierce County's growth was modest compared to nearby St. Croix, the same growth trend was readily apparent. Pierce was the tenth fastest growing county in the state, with a seven-year growth rate of 9.3 percent, modest compared to the population. Pierce County is located just across the Minnesota state border from the rapidly developing Twin Cities. Skyrocketing land prices near the Cities, and the appeal of living in a rural area while still having access to high paying urban jobs, has fueled growth in Wisconsin's nearby border counties. In fact, over 40 percent of all Pierce's workers commuted to jobs in Minnesota in 2000!

Net migration accounts for almost 59 percent of Pierce's population growth, adding about 2,023 residents. Natural increase, or births minus deaths, accounts for the other 41 percent of the county's growth. Pierce County has one of the highest rates of natural increase in the state, a fact which indicates a relatively young population starting families.

The City of River Falls, home to the University of Wisconsin-River Falls, is the largest population center in Pierce County. Even though the City of River Falls grew at 10.3 percent, adding 1,053 people between 2000 and 2006, it is not the fastest growing area in the county.

The fastest growing townships in Pierce County were Oak

Pierce 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%
Pierce County	36,804	40,235	3,431	9.3%
River Falls, City*	10,242	11,295	1,053	10.3%
Prescott, City	3,764	4,053	289	7.7%
Ellsworth, Village	2,909	3,179	270	9.3%
River Falls, Town	2,304	2,390	86	3.7%
Oak Grove, Town	1,522	1,961	439	28.8%
Clifton, Town	1,657	1,955	298	18.0%
Trenton, Town	1,737	1,888	151	8.7%
Trimbelle, Town	1,511	1,621	110	7.3%
Spring Valley, Village*	1,187	1,306	119	10.0%
Martell, Town	1,070	1,177	107	10.0%

* Pierce County portion only

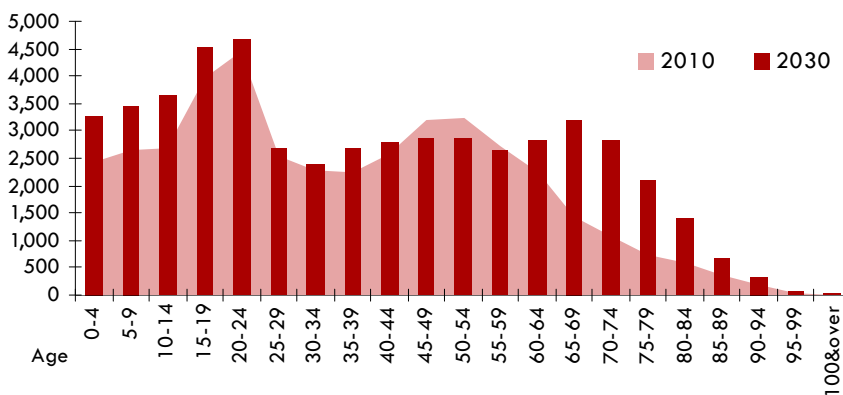
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

Grove, growing at a rate of 28.8 percent, and Clifton, at 18 percent. Both townships are located on the state border, and close to the Twin Cities. The City of Prescott, also on the border, added 289 residents. It's easy to spot the growth trend here—the flow of migrant Minnesotans spreads east from the Twin Cities, as workers accept ever longer commutes to achieve their desired lifestyle.

However, despite this population growth, the county still faces serious workforce issues. The baby boomers, commonly defined as those born from 1946 and 1964, is the largest generation the country has ever seen, and they will be exiting the workforce in the coming years. In 2010, the average Pierce County resident will be about 36 years old; by 2030, the average is expected to jump to almost 39 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by almost three years between 2010 and 2030.

Their influence is easily seen on the graph to the left, represented by the large swell in the population from the 40 to mid-60s age group in 2010, which moves well into the 60+ years range in 2030. Unlike in many counties, this swell is followed by a significant number of youths. The persistent spike in the 15 to 24 range represents the UW-River Falls students. Despite this group bolstering the size of the workforce, it's important to remember that many college students leave after graduation to pursue their careers. Another important point about

Population by Age Cohorts in Pierce County



In 2010, the average Pierce County resident will be 36 years old.
 In 2020, the average Pierce County resident will be 37.7 years old.
 In 2030, the average Pierce County resident will be 38.9 years old.

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

Population & Labor Force

Population Projections for Pierce County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	8,558	12,433	11,264	9,440	33,137	41,695
2020	9,950	12,709	10,598	13,751	37,058	47,008
2030	11,294	13,363	11,197	16,109	40,669	51,963
Distribution of Labor-Force-Aged Population						
2010		37.5%	34.0%	28.5%	100.0%	
2020		34.3%	28.6%	37.1%	100.0%	
2030		32.9%	27.5%	39.6%	100.0%	

Source: WI Dept. of Administration, Demographic Services

this projection is that it assumes continued spillover from the Twin Cities, which in turn relies on that area's continued economic growth, which has dampened with the current economy's woes. And even given that growth, as shown by commuting patterns, many of these younger workers will likely choose to work in Minnesota rather than at local businesses.

The county faces a future that includes meeting the needs of an elderly population and a possible 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 5 percent of workers remain full-time in their pre-retirement positions, instead they pursue other interests and opportunities.

The table above illustrates the changes in Pierce's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 40,669 in 2030. But it isn't the total size of this group that raises issues, it is the demographic change within the group as we move through the next couple of decades. In 2010, the largest age cohort in the labor force aged population will be those aged 16 to 34, making up almost 38 percent. By 2030, those 55 and older will make up almost 40 percent of the labor force aged population, the largest single age-group component.

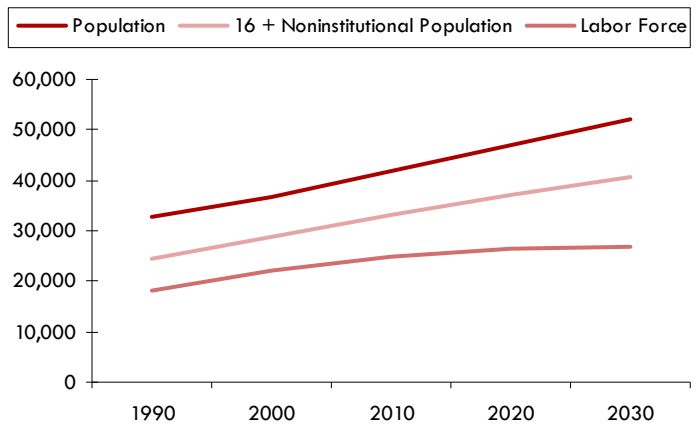
So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 7,532 residents from 2010 to 2030, but the labor force is only expected add about 1,846 participants.

The graph to the right highlights this trend. The labor force totals are always below the totals for the population it draws from (the 16+ non-institutional population) simply because not everyone who could participate in the labor force chooses to do so. However, by 2010, the lines representing the labor force and the 16 plus population it draws from have begun to diverge further and further from each other. Despite continued population growth, the

labor force growth slows to an almost flat trend line, to the point that entrants into the workforce may only barely fill the number of replacement openings left by retirees.

Competition to fill openings for replacements, not to mention the additional openings generated from

Pierce County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Pierce County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	10,404	10,161	4,365	24,931
2020	10,433	9,628	6,269	26,329
2030	11,109	10,146	5,522	26,777
Distribution of Labor Force				
2010	41.7%	40.8%	17.5%	100.0%
2020	39.6%	36.6%	23.8%	100.0%
2030	41.5%	37.9%	20.6%	100.0%

Source: WI DWD, OEA

Labor Force

businesses expanding, will be fierce in this tighter labor market. Holding on to talent in these conditions will become ever more critical.

Pierce County had a median age of 34.1 in 2007 according to U.S. Census Bureau estimates—a younger population than all but three counties in Wisconsin. This has major implications for the available workforce in the area.

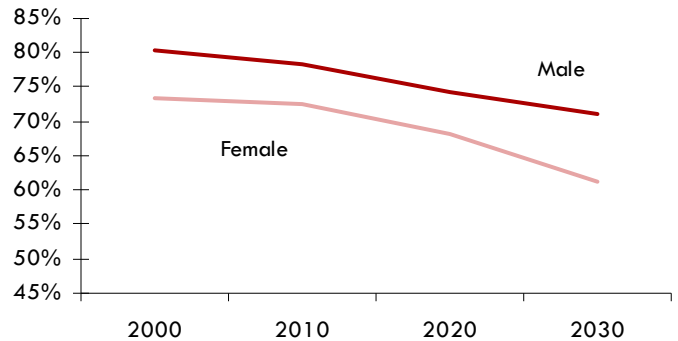
A county's labor force is an estimate of the resident workers available for employment. Since this is a "place of residence" measure, it only includes workers living in the county, regardless of whether they work inside the county or not. It will not include commuters from outside the county.

Basically, the labor force is the portion of the total population 16 years and older that is either working (classified as the "employed") or actively looking for work (the "unemployed"). A common misconception is that everyone not employed is considered unemployed. That is not the case. Those of workforce age not looking for work are not even considered to be part of the labor force, since they are not actually available to work.

Another useful indicator is the labor force participation rate (lfpr) - the percentage of an area's 16 years and older non-institutional population that is in the labor force. It gives us important information about an area's workforce, chiefly about the area's untapped potential workforce (given the right conditions to motivate non-entrants to join the labor force). Wisconsin is a state known for its high lfpr, possibly showing that with lower wages families need the dual incomes provided by two wage earners. This could also possibly show, as some believe, that the famous Wisconsin work ethic raises the labor force participation rate. Pierce's lfpr was an estimated 74 percent in 2007, higher than the statewide average, tenth highest in the state in fact.

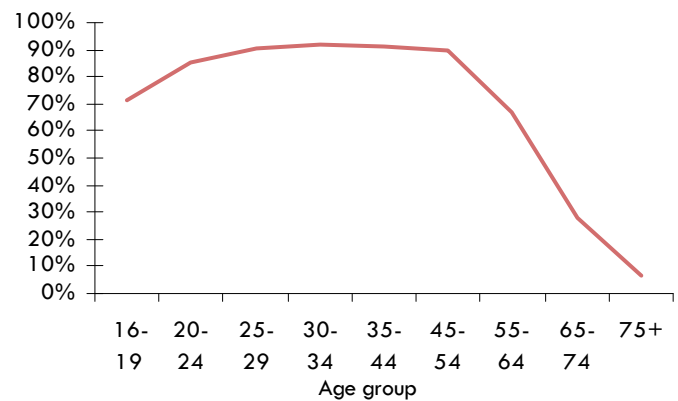
As early as 2010 the lfprs start trending dramatically downward for both sexes. This means that even though the number of residents over 16 years old is still increasing as we saw earlier in this profile, a smaller and smaller

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

percentage is available for employment! And in Pierce, of that available group, many will still choose the higher paying jobs in the Cities, further restricting the local labor supply.

While Pierce's younger population insulates it somewhat from the effects of the aging baby boomer generation, the county's population will still grow progressively older, as demonstrated on previous pages. And labor force participation rates begin to drop sharply around age 55.

Reasons for this could range from the younger retirement ages in fields like protective services, to an increased incidence of career ending illness or injury beginning at age 55. Regardless of causes, this trend has a huge impact on an area's workforce.

Pierce County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	22,914	23,066	23,410	23,761	23,782
Employed	21,892	22,097	22,436	22,753	22,742
Unemployed	1,022	969	974	1,008	1,040
Unemployment Rate	4.5%	4.2%	4.2%	4.2%	4.4%

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

Jobs & Wages

Pierce County's average wage in 2007 was about 80 percent of the average wage in Wisconsin, similar to its percentage last year. Pierce County's largest industry, by employment and by total payroll, is education & health. In fact, almost one-third of all jobs in the county are in this super-sector. The average wage in education and health, \$34,473, is 87 percent of the statewide average.

Education and health added the most jobs from 2002 to 2007, up 170, though healthcare was entirely responsible for the gain.

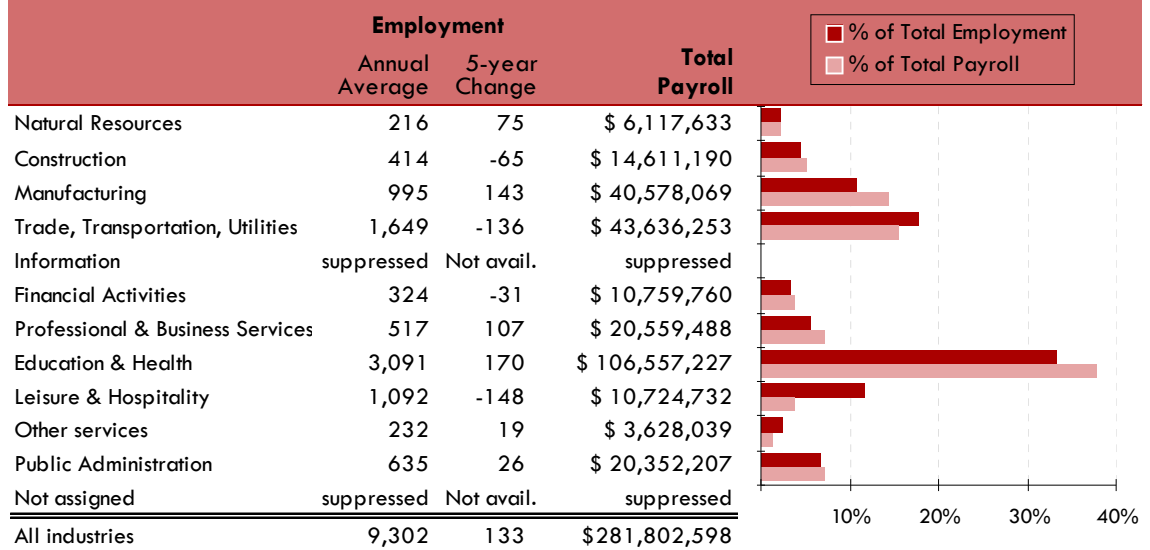
Pay in the education sector is quite close to the state average, but healthcare is a different story. The healthcare sector employment in Pierce is dominated by residential care and nursing facilities jobs, and most of the healthcare jobs added were in this sub-sector. These jobs are fairly low paying relative to occupations in the rest of

the healthcare industry. This accounts for the wide difference between healthcare wages in Pierce versus the state, which has a much more balanced mix of healthcare occupations. Also, clinics in smaller rural counties tend to have lower concentrations of highly paid specialists, a factor that normally lowers average healthcare wages in these counties. The impact of this large sector on the local average wage likely accounts for much of the disparity between Pierce County and the state.

Trade, transportation, and utilities is the second largest super-sector, though it has only slightly over half as many jobs as education and health. Most of the jobs in this super-sector are in retail trade; that sub-sector's relatively low wages help explain why wages in this super-sector are only about 81 percent of the statewide average.

Pierce County's job count rose by 133 jobs from 2002 to 2007, with mixed gains and losses throughout industries. The average wage in the county grew by 15.4 percent, slower than statewide wage growth.

2007 Employment and Wage Distribution by Industry in Pierce 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		Pierce County as a Share of Wisconsin	Pierce County 5-year % Change	Wisconsin 5-year % Change
	Pierce County	Wisconsin			
All industries	\$30,295	\$38,070	79.6%	15.4%	17.4%
Natural Resources	\$28,322	\$29,235	96.9%	27.1%	14.7%
Construction	\$35,293	\$47,489	74.3%	4.7%	19.6%
Manufacturing	\$40,782	\$47,106	86.6%	13.8%	16.1%
Trade, Transportation & Utilities	\$26,462	\$32,762	80.8%	12.2%	15.1%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$33,209	\$50,749	65.4%	7.2%	25.8%
Professional & Business Services	\$39,767	\$44,328	89.7%	8.7%	22.0%
Education & Health	\$34,473	\$39,606	87.0%	15.3%	17.3%
Leisure & Hospitality	\$9,821	\$13,589	72.3%	21.1%	14.8%
Other Services	\$15,638	\$22,073	70.8%	-5.0%	13.2%
Public Administration	\$32,051	\$39,879	80.4%	18.4%	18.1%

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

Jobs & Wages

Prominent Industries in Pierce County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Pierce County	Pierce County	Wisconsin	Pierce County	Wisconsin	Pierce County	Wisconsin
Educational services	1,848	-0.1%	2.0%	\$ 39,024	\$ 39,753	13.4%	15.0%
Food services & drinking places	941	-12.9%	9.1%	\$ 9,281	\$ 10,859	21.7%	14.5%
Nursing & residential care facilities	784	29.2%	3.6%	\$ 19,676	\$ 23,295	13.7%	12.0%
Executive, legislative, & gen government	516	4.0%	-4.7%	\$ 32,886	\$ 36,340	17.6%	16.4%
Ambulatory health care services	378	0.8%	8.7%	\$ 47,154	\$ 57,969	48.9%	18.5%
Food & beverage stores	360	-6.3%	-4.9%	\$ 15,078	\$ 17,166	18.1%	9.7%
Specialty trade contractors	305	-14.3%	-0.1%	\$ 35,746	\$ 43,664	10.8%	17.8%
Professional & technical services	273	-4.2%	10.0%	\$ 57,444	\$ 56,267	39.1%	20.9%
Truck transportation	256	-15.5%	7.1%	\$ 37,346	\$ 41,316	7.9%	14.6%
Administrative & support services	221	179.7%	15.8%	\$ 18,784	\$ 23,144	-15.9%	15.4%

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

This importance of education and healthcare to Pierce County is easy to spot, with three listings on the prominent industries table above. In fact, six of the top ten largest employers in Pierce County are either in the education or healthcare sectors.

This is not really surprising, given that Pierce County is home to the University of Wisconsin—River Falls, the single largest employer in the county. This sector also includes the six school districts serving their areas of the county. Employment in the education sub-sector in 2007 was very similar to 2002 levels.

The healthcare industry is also a major employer in Pierce County. In fact, two of the ten sub-sectors on the prominent industries list above are part of the healthcare industry. Most of this employment is in nursing and

residential care facilities, with two employers on the largest employers list above. Spring Valley Health Care Center operates a nursing care facility in the Town of Spring Valley, and The Mentor Network with a local office in River Falls, provides various services for adults and children with disabilities.

Employment in food services and drinking places is high in Pierce County, as it is in most other counties. Though the industry averages 941 employees, in most counties you won't find any of these businesses on the top ten employers list. However, in Pierce County, Compass Group, the organization contracted to provide dining services to the state university, is one of the ten largest employers! This is an example of the effects of a state university being located in a small town.

Jobs in the specialty trade contractors sub-sector have fallen significantly since 2002. Pierce's rapid growth had resulted in a building boom, but employment in this sub-sector has dropped, echoing the trends in the troubled housing market nationwide

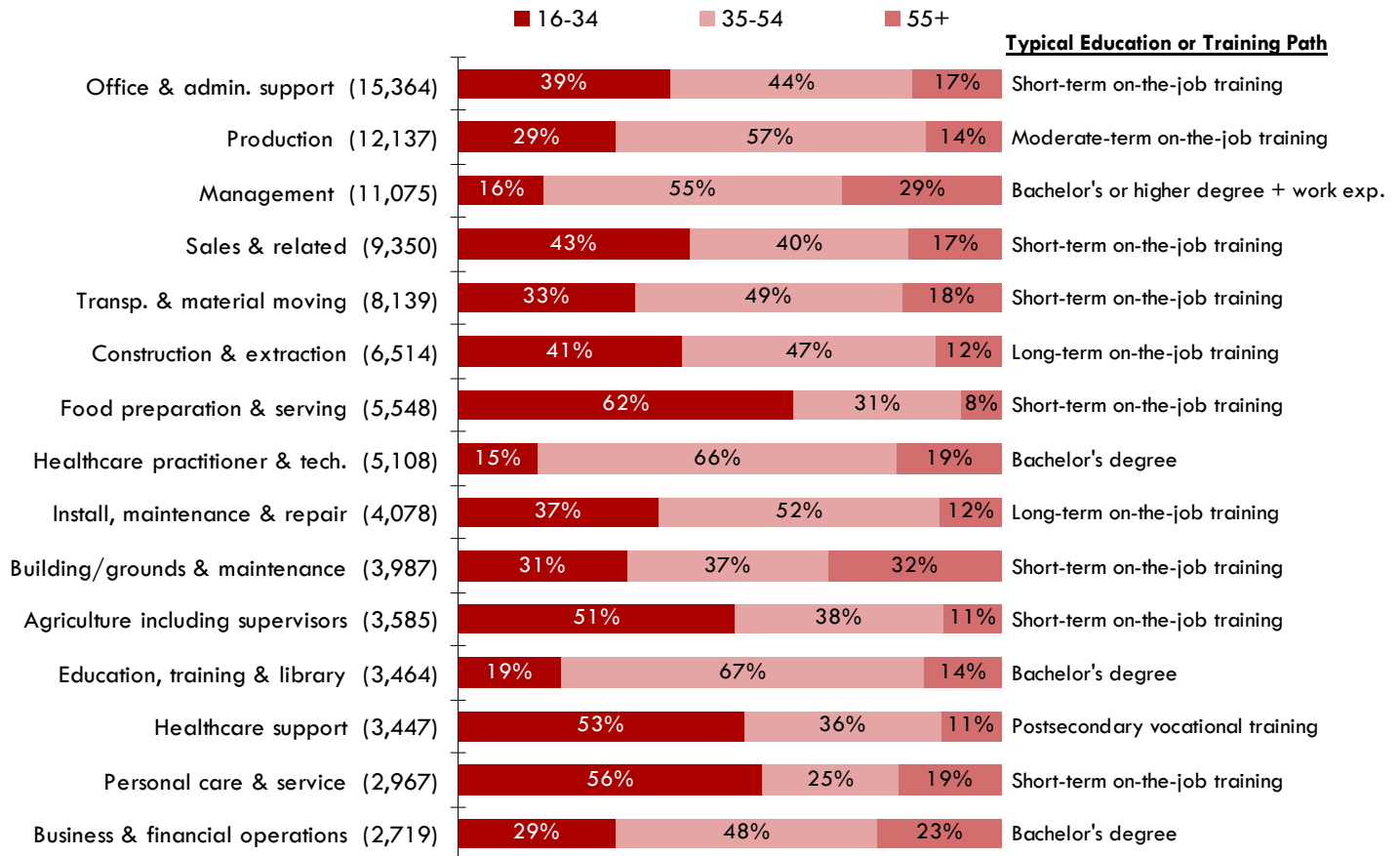
Prominent Public and Private Sector Employers in Pierce County		
Establishment	Service or Product	Number of Employees (March 2007)
University of Wisconsin- River Falls	Colleges & universities	500-999 employees
School District of River Falls	Elementary & secondary schools	500-999 employees
County of Pierce	Executive & legislative offices, combined	250-499 employees
The Mentor Network	Residential mental retardation facilities	250-499 employees
Ellsworth Community School District	Elementary & secondary schools	250-499 employees
School District of Prescott	Elementary & secondary schools	100-249 employees
Thomas & Betts Corp	Iron, steel pipe & tube from purchase steel	100-249 employees
Spring Valley Health Care Center	Nursing care facilities	100-249 employees
City of River Falls	Executive & legislative offices, combined	100-249 employees
Compass Group HE Services	Food service contractors	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 Buffalo, Crawford, Jackson, Monroe, Pepin, Pierce, Trempealeau, and Vernon counties.



Note: Occupation groups are in descending order based on the number of workers in each.

Source: 2006 U.S. Census, PUMS 5% file, & WI DWD, OEA

Analyzing employment at the industry level only tells part of the county's employment story. Taking an in-depth look at the occupational breakdown in the county can reveal things that aren't readily apparent at the industry level.

The table above holds a wealth of information on the top occupation groups in the Pierce County area. The occupation employment and age data are from the American Community Survey by the U.S. Census Bureau. Unfortunately, data at this depth are not available at the county level for Pierce. The county belongs to a group that also Buffalo, Crawford, Jackson, Monroe, Pepin, Trempealeau, and Vernon Counties.

There are some readily apparent trends that most counties share. For example, employment in food preparation and serving occupations is high, as it is in

many counties. It's also an occupational group dominated by younger workers. It's not surprising to see an occupational group like this, with many part-time and seasonal jobs, low wages, and low training requirements employing a high proportion of young workers. This kind of work is popular with students, both high school and post secondary, because of the large number of frequent job openings and low training requirements. The personal care and service occupations group shares similar traits. Other occupation groups have a higher proportion of young employees because of the physical nature of the work, like agriculture.

Other occupational groups find themselves with an older average age than most. Occupational groups like building maintenance seem to attract an older workforce. Over 32 percent of the workers in this group are over the age of

Occupations & Typical Education or Training

55! This may reflect a trend seen from retirees that return to work, working in occupations they enjoy rather than continuing the career they've had most of their work-life. Jobs like maintaining lawns or buildings, or working in the recreation industry may have an appeal on this level.

Other occupations with a low level of younger workers and high proportions of both the 35 to 55, and 55-plus age groups include management, business and financial operations, and healthcare.

Management occupations naturally tend to have an older age breakout, simply because these occupations are the kind that you typically have to work your way up to. This is reflected in the typical education path, bachelor's degree or higher plus work experience, the highest on the table, and explains the high wages paid in this group. But these high barriers to entry, coupled with 22 percent of this group being over the age of 55, means that there could be significant problems filling the positions vacated by all the upcoming boomer retirees. Businesses that have succession planning in place for these higher level occupations will no doubt have a competitive advantage in the coming years. Similar education/training barriers to entry characterize the business and financial operations

occupational group.

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. Healthcare support (which includes titles like dental assistant and nursing aide), with its lower entry requirements, has a much younger workforce than the rest of the healthcare industry.

In the area including Pierce County, office and administrative support occupations are the largest occupation group, with almost 12,000 workers. These occupations, the backbone of the massive service industry, support the various industries in the area, especially the dominant healthcare and education sector.

Income

Pierce County's total personal income (TPI) has grown by almost 18 percent in the five-year period from 2001 to 2006, slower than the average growth rate at both the state and nationwide levels.

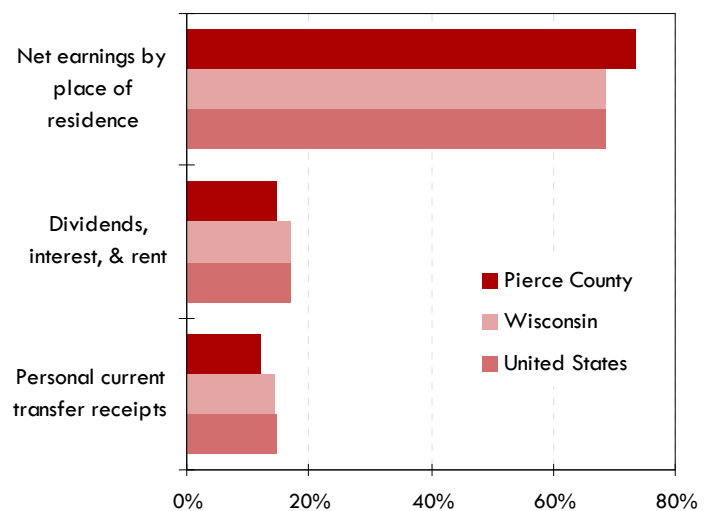
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution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

In Pierce County, about 73 percent of TPI is from net earnings, a higher percent than the state and nation (68.5 percent for the state, and 68.4 percent for the nation). Net earnings includes wages earned from employers, as well as earnings of self-employed workers and proprietors, and adjustments for wages earned by residents who work outside the county. In Pierce this reflects the high wages being paid to commuters to the Twin Cities, as illustrated by the massive adjustment for residency.

The adjustment for residency is an interesting piece of net earnings to analyze, as it can tell us a lot about a county's

commuting situation. Personal income is a place of residence measure, so to make sure that incomes are attributed to the county where the workers live, regardless

Components of 2006 Total Personal Income



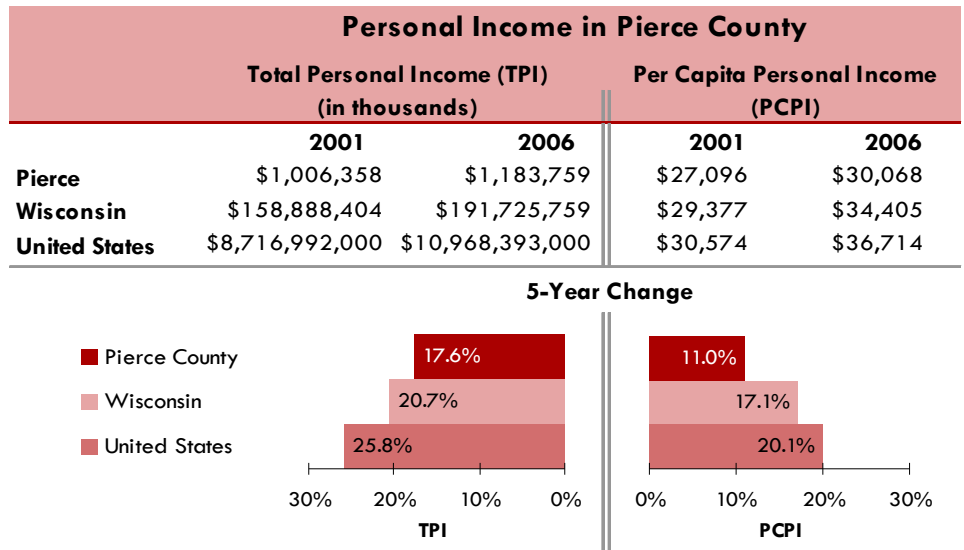
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

of where their jobs are, the adjustment for residency is used. As shown on the graph on the following page, it's basically the earnings from Pierce County residents working in other counties (inflow), minus the earnings of residents of other counties working in Pierce (outflow). In 2006 the difference was close to \$480 million. It indicates that Pierce is by far a net exporter of labor, with commuters bringing high wages made across the border back to Pierce. This adjustment was up close to \$80 million from 2001 to 2006, showing an acceleration of this trend. In fact, this adjustment alone accounts for over 40 percent of all personal income in the county, from all sources!

The second major component of TPI is dividends, interest and rent. While this label is fairly self-explanatory, it's important to note that it includes income from both retirement savings programs like 401(k)s and IRAs, as well as defined pensions. It accounts for roughly 15 percent of TPI in Pierce County, lower than both the statewide and national levels.

The third component of TPI is income from transfer receipts. Transfer receipts refer to benefits like Social Security, unemployment insurance, Medicaid, Medicare,



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

and welfare. About 12 percent of TPI in Pierce County is from transfer receipts, below the state and national averages, about 14 and 15 percent respectively. The levels of these last two components are probably lower because of the proportionally massive amount of net earnings in the county, rather than being unusually low in and of themselves compared to the statewide averages.

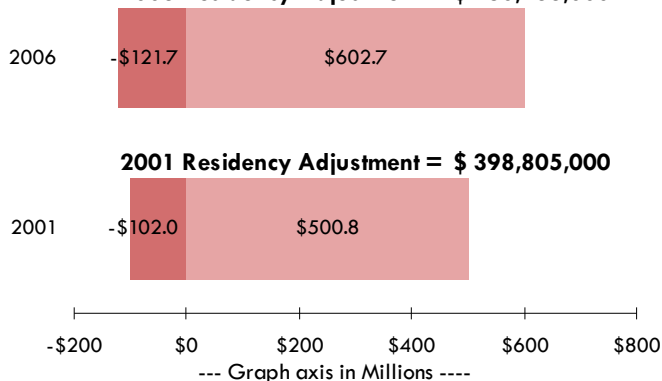
Total personal income divided by the total population produces per capita personal income (PCPI). This is a very useful indicator for comparing geographic areas. While counties with a high population will, not surprisingly, also have a high level of total personal income, turning it into a per capita measure gives us an estimate of income per resident. Pierce's per capita personal income of \$30,068 ranks 35th among Wisconsin's 72 counties; it is below the average state and national PCPI levels.

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

Pierce County Commuting Impact

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

2006 Residency Adjustment = \$ 480,966,000



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