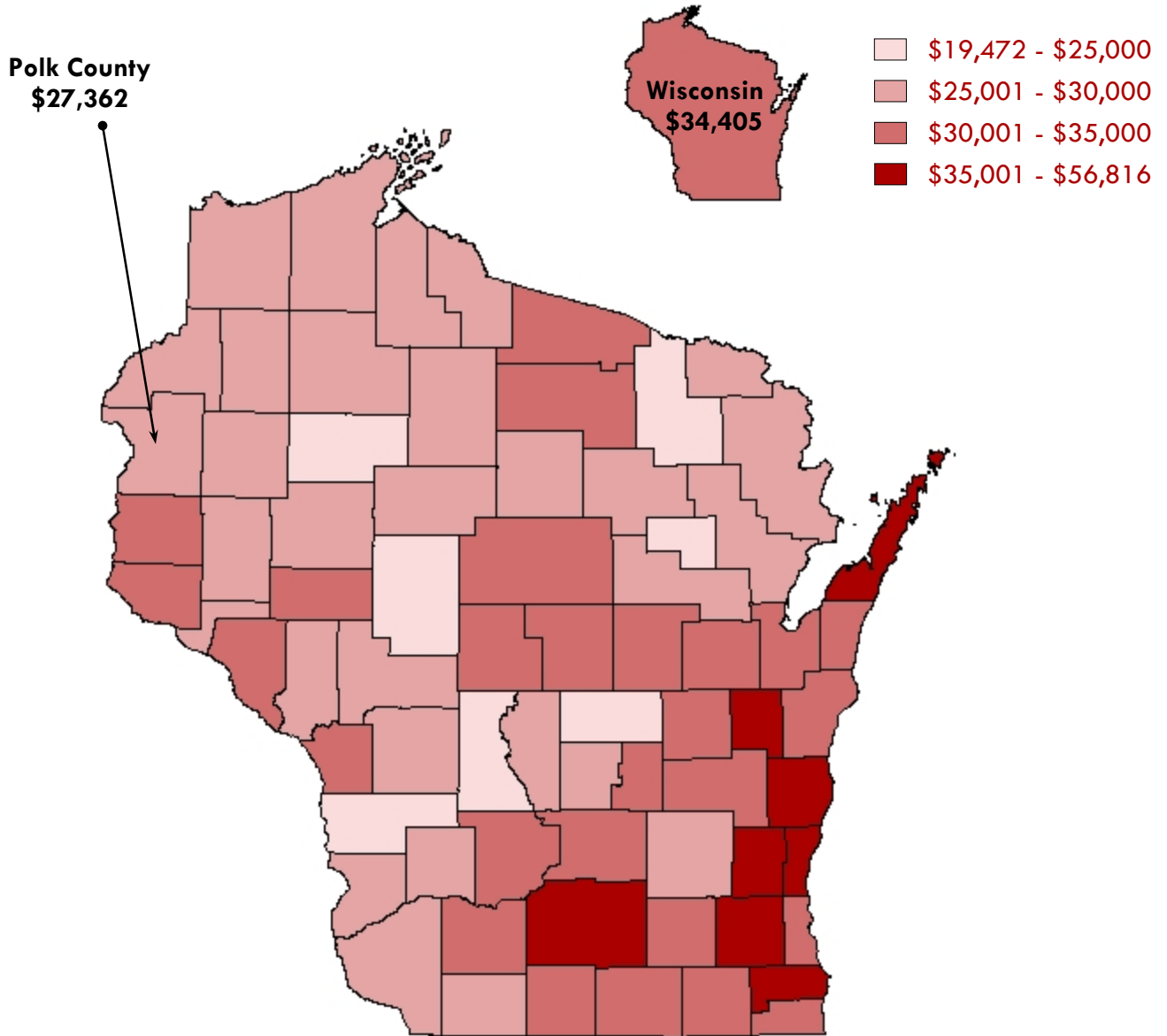


Polk County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10641-P

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Population

Polk County added 4,292 residents from 2000 to 2007, growing to 45,611, according to the finalized estimates from Wisconsin's Department of Administration. The county grew by 10.4 percent, making it the fifth fastest growing county in Wisconsin. Scenic Polk County is located on the Minnesota state border, not far 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, in 2000, almost one out of every four Polk workers commuted to jobs in Minnesota!

Net migration accounts for the grand majority of Polk's population growth, adding about 3,692 residents. Natural increase, or births minus deaths, accounts for only 14 percent of the county's growth, a gain of 600 residents.

Though Amery is the largest city in Polk County, the county doesn't really have a dominant urban center. Instead, population centers are spread throughout the county, the largest municipalities having between 1,500 and 3,000 residents. This rural nature, coupled with an abundance of lakes, is what draws migrant Minnesotans across the border.

The effects of nearby Minnesota are easy to spot. The lion's share of people moving in choose to settle in the southern half of the county. Not coincidentally, this part of the county is the closest to the Twin Cities. Easy access to

Polk 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%
Polk County	41,319	45,611	4,292	10.4%
Alden, Town	2,615	2,912	297	11.4%
Amery, City	2,845	2,906	61	2.1%
Osceola, Town	2,085	2,743	658	31.6%
Osceola, Village	2,421	2,726	305	12.6%
Lincoln, Town	2,304	2,479	175	7.6%
St Croix Falls, City	2,033	2,186	153	7.5%
Farmington, Town	1,625	1,874	249	15.3%
Garfield, Town	1,443	1,665	222	15.4%
Eureka, Town	1,338	1,605	267	20.0%
Balsam Lake, Town	1,384	1,473	89	6.4%

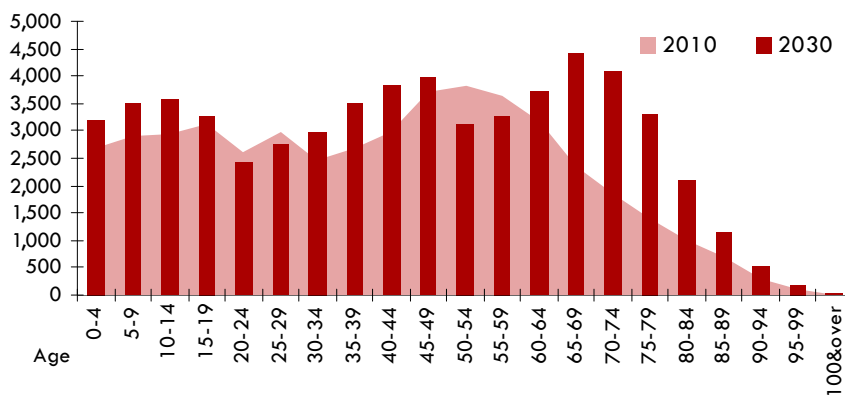
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

the bridges spanning the St. Croix River, the county's border with Minnesota, also influences where new residents settle, as evidenced by runaway growth in the Town of Osceola, where the southernmost bridge is located. Not only did the Town of Osceola grow by almost one-third since 2000, it also added the most residents, gaining 658.

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 Polk County resident will be about 40 years old; by 2030, the average is expected to jump to about 44 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by almost four years between 2010 and 2030.

The graph on the left not only demonstrates the 'weight' of this older population in Polk County, but also reflects 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. Another important point about 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.

Population by Age Cohorts in Polk County



In 2010, the average Polk County resident will be 40.4 years old.
 In 2020, the average Polk County resident will be 42.3 years old.
 In 2030, the average Polk County resident will be 44 years old.

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

Population & Labor Force

Population Projections for Polk County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	9,132	10,553	13,167	14,563	38,283	47,415
2020	10,108	11,022	12,747	19,847	43,616	53,724
2030	10,911	10,784	14,408	22,763	47,955	58,866
Distribution of Labor-Force-Aged Population						
2010		27.6%	34.4%	38.0%	100.0%	
2020		25.3%	29.2%	45.5%	100.0%	
2030		22.5%	30.0%	47.5%	100.0%	

Source: WI Dept. of Administration, Demographic Services

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, while the remaining majority pursue other interests and opportunities.

The table above illustrates the changes in Polk's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 47,955 in 2030. In 2010, the largest age cohort in the labor force aged population will already be those aged 55 and older, making up about 38 percent, a high proportion compared to other counties around the state. By 2030, those 55 and older will make up almost half of Polk's labor force aged population.

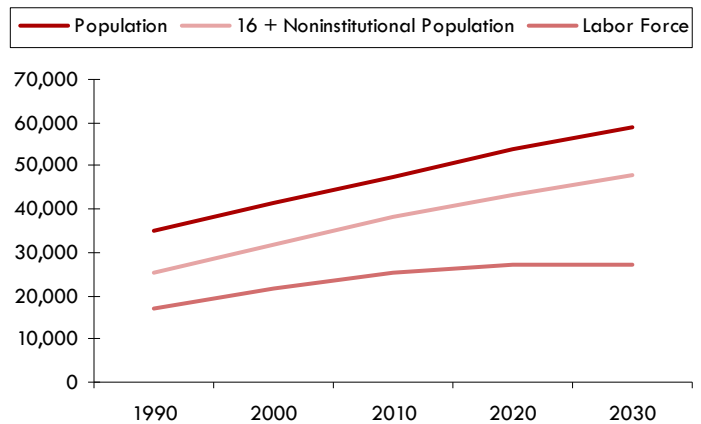
So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 9,672 residents from 2010 to 2030, but the labor force is only expected to gain about 2,045 participants. Population growth in Polk County that is dominated by an older generation will contribute little to the workforce, and rather than expanding the overall economy, it could instead even drain resources.

As shown on the graph below, the labor force total is always below the total for the population from which it draws (the 16+ non-institutional population) simply

because not everyone who could participate in the labor force chooses to do so. Beginning in 2010, the lines representing the labor force and the source population diverge further from each other. Despite continued population growth, the labor force growth slows to an almost flat trendline, to the point that entrants into the workforce may only barely fill the number of replacement openings left by retirees. Competition for workers

to fill job openings will be fierce in this tighter labor market, and holding onto talent will become ever more critical.

Polk County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Polk County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	8,521	11,433	5,380	25,334
2020	8,827	11,172	7,151	27,151
2030	8,607	12,579	6,193	27,379
Distribution of Labor Force				
2010	33.6%	45.1%	21.2%	100.0%
2020	32.5%	41.1%	26.3%	100.0%
2030	31.4%	45.9%	22.6%	100.0%

Source: WI DWD, OEA

Labor Force

Polk County is one of the older counties in Wisconsin. It had a median age of 40.6 in 2007 according to U.S. Census Bureau estimates. As we will see, 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 within the county or not. The county labor force does not include commuters from outside the county.

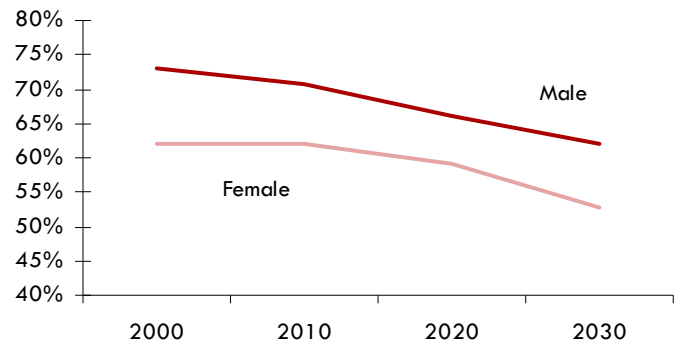
Basically, the labor force is the portion of the total population 16 years and older that is either working (classified as the "employed") or actively looking for work (the "unemployed"). A common misconception is that everyone not employed is considered unemployed. That is not the case. Those of workforce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

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, though some also believe this rate is raised by the famous Wisconsin work ethic). In Polk's case, the LFPR was an estimated at about 71 percent in 2007, fairly close to the statewide average.

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 percentage of the population is available for employment!

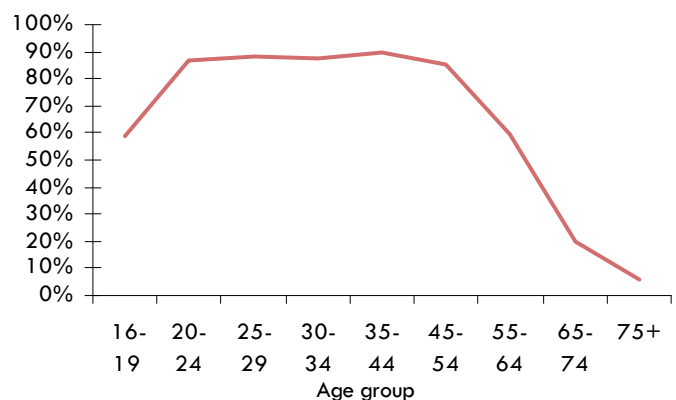
We can see why on the second graph above. Labor force participation rates begin to drop sharply around age 55. Reasons for this could range from the younger retirement ages in fields like construction and protective

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

services, to an increased incidence of career ending illness or injury beginning at age 55. Regardless of causes, this trend will have a huge impact on an area's workforce. And in Polk, of that available group, many will still choose the higher paying jobs in the Cities, further restricting the local labor supply.

Polk County's unemployment rate is very seasonal, falling February through June, as construction and tourism employers add jobs. There is a slight spike in June as schools recess for summer and the job market absorbs the students. Unemployment rates then fall to an October low. Afterwards the rate climbs to a typical seasonal peak in February, resuming the yearly cycle again.

Polk County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	23,835	23,541	23,945	24,258	24,541
Employed	22,196	22,238	22,687	22,860	23,025
Unemployed	1,639	1,303	1,258	1,398	1,516
Unemployment Rate	6.9%	5.5%	5.3%	5.8%	6.2%

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

Jobs & Wages

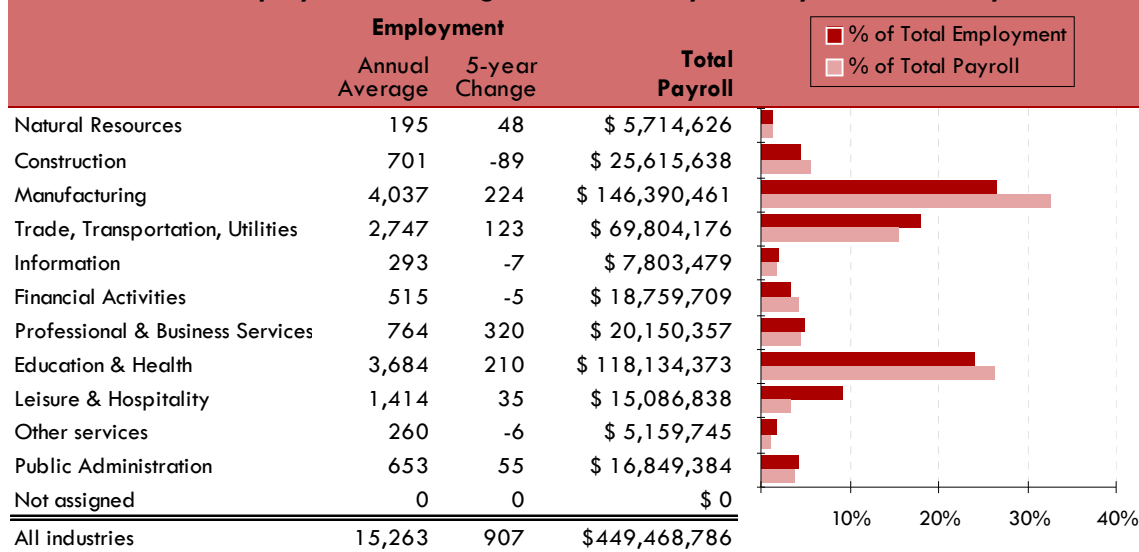
Polk County's average wage in 2007 was \$29,448—about 77 percent of the average wage in Wisconsin, a slightly higher percentage than last year. Polk County's largest industry, by employment and total payroll, is manufacturing; the average wage in this industry, \$35,851, is only about 77 percent of the statewide average. It is still one of the highest paying industries in the county, despite this fact.

All three major sub-sectors within Polk's manufacturing industry (transportation equipment, plastics and rubber, and fabricated metal product manufacturing) pay significantly below their statewide same-industry averages. This is most likely an effect of the occupational mix, with higher concentrations of highly paid positions like engineers and supervisors in these industry sectors elsewhere in the state. Though rural jobs do also tend to

pay less than their more urban counterparts.

The next largest sector, education and health, also pays wages below the state average, at only 81 percent of the state wage for this industry. Both education and health also pay below state averages. Education in the area lacks the higher paying college jobs found in the statewide average, and healthcare has the same type of occupational mix issue as manufacturing—rural areas have fewer highly paid specialists, which lowers the average, though too, wages in comparable jobs also tend to be lower in rural areas. The impact of these two large sectors on the local average wage likely accounts for much of the disparity between Polk County and the state, though all industries in Polk pay well below the statewide average. Polk County gained 907 jobs from 2002 to 2007. Professional and business services gained the most, up 320 jobs, mostly in the relatively low paying administrative/waste services. Manufacturing also gained a significant number of jobs, up 224 since 2002.

2007 Employment and Wage Distribution by Industry in Polk 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		Polk County as a Share of Wisconsin	Polk County 5-year % Change	Wisconsin 5-year % Change
	Polk County	Wisconsin			
All industries	\$29,448	\$38,070	77.4%	15.2%	17.4%
Natural Resources	\$29,306	\$29,235	100.2%	16.2%	14.7%
Construction	\$36,542	\$47,489	76.9%	12.0%	19.8%
Manufacturing	\$36,262	\$47,106	77.0%	10.9%	16.1%
Trade, Transportation & Utilities	\$25,411	\$32,762	77.6%	17.0%	15.3%
Information	\$26,633	\$48,483	54.9%	15.2%	24.7%
Financial Activities	\$36,427	\$50,749	71.8%	30.1%	25.8%
Professional & Business Services	\$26,375	\$44,328	59.5%	7.8%	22.0%
Education & Health	\$32,067	\$39,606	81.0%	20.6%	17.3%
Leisure & Hospitality	\$10,670	\$13,589	78.5%	18.1%	14.8%
Other Services	\$19,845	\$22,073	89.9%	3.0%	13.2%
Public Administration	\$25,803	\$39,879	64.7%	13.6%	18.1%

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

Jobs & Wages

Prominent Industries in Polk County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Polk County	Polk County	Wisconsin	Polk County	Wisconsin	Polk County	Wisconsin
Educational services	1,368	3.0%	2.0%	\$ 33,055	\$ 39,753	9.6%	15.0%
Food services & drinking places	1,015	3.7%	9.1%	\$ 9,198	\$ 10,859	18.1%	14.5%
Hospitals	956	15.3%	12.6%	\$ 35,631	\$ 43,750	34.5%	24.1%
Fabricated metal product manufacturing	700	90.2%	8.6%	\$ 38,708	\$ 43,765	39.8%	15.4%
Nursing & residential care facilities	674	11.2%	3.6%	\$ 22,496	\$ 23,295	12.7%	12.0%
Transportation equipment manufacturing	646	-21.3%	-4.9%	\$ 38,421	\$ 55,143	0.6%	10.1%
Plastics & rubber products manufacturing	618	31.5%	-5.0%	\$ 31,220	\$ 41,268	3.5%	17.5%
Ambulatory health care services	495	13.0%	8.7%	\$ 37,183	\$ 57,969	19.1%	18.5%
General merchandise stores	447	58.5%	7.1%	\$ 18,708	\$ 17,914	28.2%	16.3%
Furniture & related product mfg	416	76.3%	-4.4%	\$ 35,626	\$ 37,602	11.8%	19.7%

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

This importance of manufacturing in Polk County is easy to spot, with three listings on the prominent industries table above. Two of the county's largest employers are manufacturers, Bishop Fixture and Millwork, and the county's single largest employer, Polaris Industries.

The transportation equipment manufacturing sub-sector includes several employers, but the largest employer in the county, Polaris Industries Mfg. LLC, provides most of the jobs. However, the table ranks sub-sectors based on employment levels and shows that this sub-sector is actually the fourth largest source of jobs in the county. Wages in this sub-sector used to be the highest of the prominent industries in 2005, at \$41,703, but the 2007 wage level of \$38,421 drops it to second highest, after significant job losses. It falls far short of the sub-sector

average wage in the state of \$55,201, though the state average wage is likely skewed by the higher wages paid by automobile and parts manufacturers to their union employees.

Two other manufacturing sub-sectors are among the county's ten prominent industries, fabricated metal products and plastics and rubber products, where employers provided 700 and 618 jobs in 2007, respectively. Both are up significantly since 2002 in contrast to transportation equipment manufacturing.

Educational services, with the most employment of any sub-sector, had 1,346 jobs in 2007. Two of the county's largest employers are schools, in fact.

Healthcare is also an important sector, especially in a county with an aging population. Three of the prominent

sub-sectors on the table above are in healthcare, while three of the largest employers in the county are hospitals. All three sub-sectors have added jobs from 2002 to 2007.

Prominent Public and Private Sector Employers in Polk County

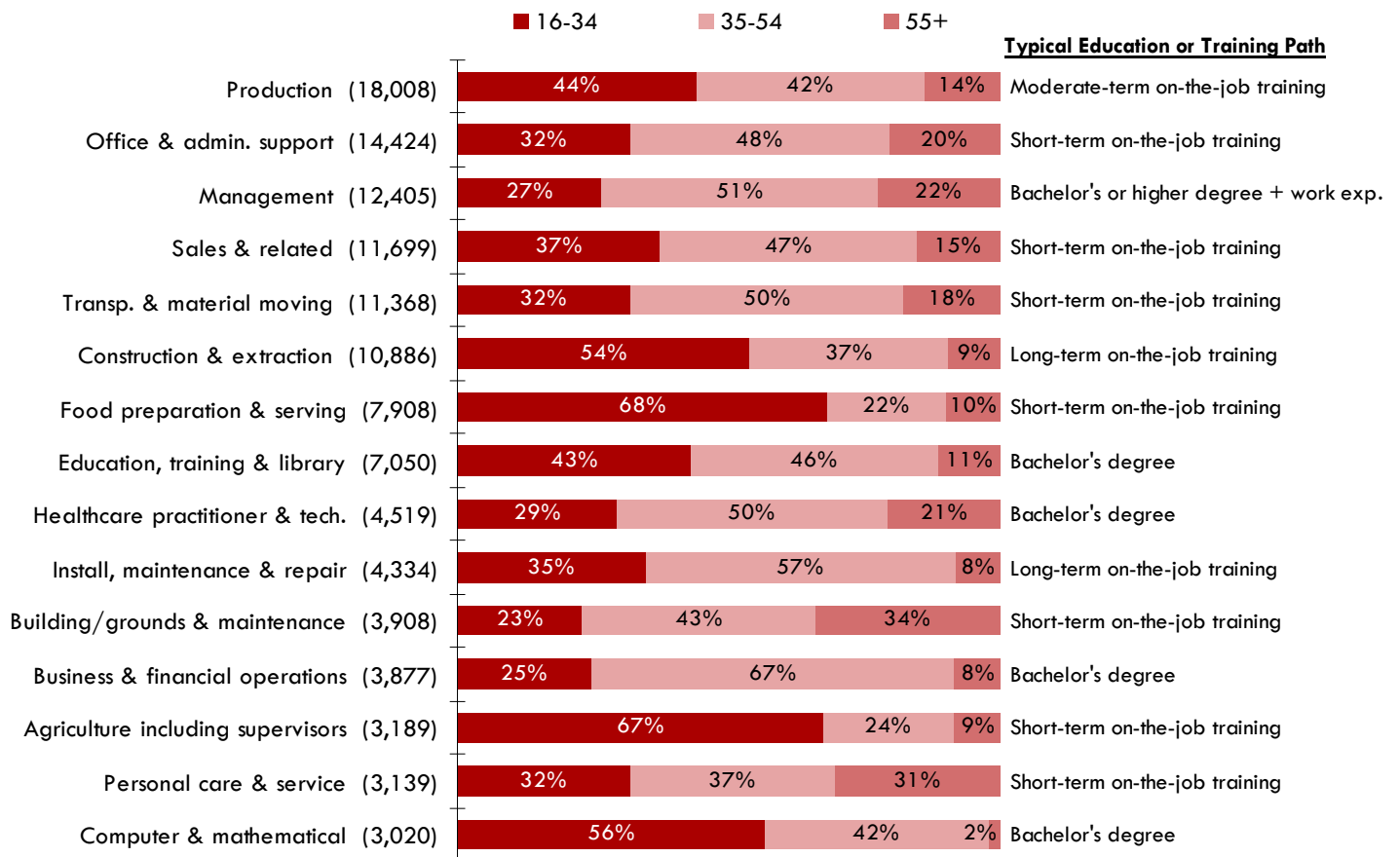
Establishment	Service or Product	Number of Employees (March 2007)
Polaris Industries Mfg	All other transportation equipment mfg.	500-999 employees
County of Polk	Executive & legislative offices, combined	500-999 employees
Wal-Mart	Discount department stores	250-499 employees
St Croix Regional Medical Center	General medical & surgical hospitals	250-499 employees
Osceola Public School	Elementary & secondary schools	250-499 employees
Amery Regional Medical Center Inc	General medical & surgical hospitals	250-499 employees
School District of Amery	Elementary & secondary schools	250-499 employees
Bishop Fixture & Millwork Inc	Showcases, partitions, shelving, & lockers	100-249 employees
Balsam Lake-Unity-Milltown Public Schools	Elementary & secondary schools	100-249 employees
Ladd Memorial Hospital Inc	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 Barron, Clark, Dunn, Polk, and St. Croix 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 on previous pages only tells part of Polk 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 Polk 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 Polk. For the purposes of this data, Polk belongs to a group that also includes Barron, Clark, Dunn, and St. Croix Counties.

There are some readily apparent trends that most counties share. For example, employment in food preparation and serving occupations is high. 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. Other occupation groups have a higher proportion of young employees because of the physical nature of the work, like construction or agriculture. Another group, computer and mathematical occupations, has a younger workforce despite the typical education being a bachelor's degree, creating something of a barrier to entry. This is not surprising given that the computer didn't really start becoming ubiquitous until the 1980s. And continued growth in this field keeps the young graduates

Occupations & Typical Education or Training

flowing in, lowering the average age.

Other occupational groups find themselves with an older average age than most. Occupational groups like building maintenance or personal service seem to attract an older workforce. Over 30 percent of the workers in these groups are over the age of 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 and healthcare.

Management occupations naturally tend to have an older age breakout, simply because these occupations are the kind in which you typically have to work your way up. This is reflected in the typical education path — bachelor's degree or higher plus work experience — the highest on the table. It 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 the upcoming boomer retirees. Businesses that have succession planning in place for these higher level occupations will no doubt have a competitive advantage over those that don't in the coming years.

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.

In the area including Polk County, production occupations are the largest occupation group, with over 18,000 workers. This is not surprising given that Wisconsin in general, and the Polk County area in particular, have a large number of manufacturers. Polk has significant county employment in a diverse array of production positions including transportation equipment, fabricated metal, and plastics and rubber products manufacturing. Over 85 percent of production workers in Barron County are under 55 years of age, leaving some buffer for instituting succession plans.

Income

Polk County's total personal income (TPI) has grown by about 21 percent in the five-year period from 2001 to 2006, faster than statewide average growth, though still slower than the national rate.

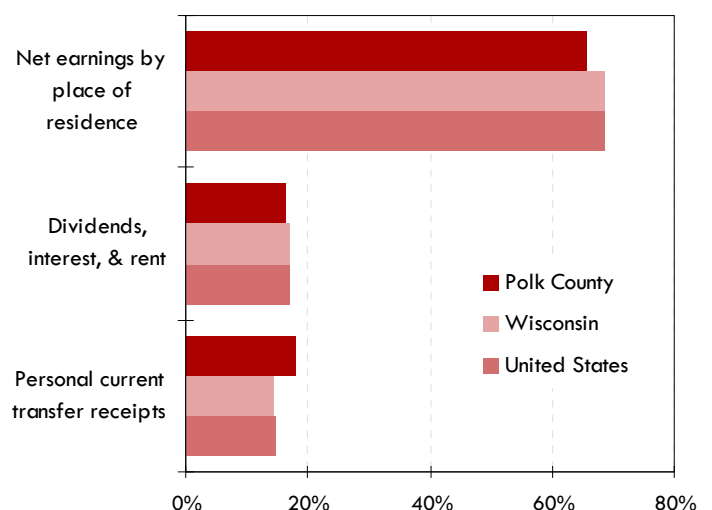
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution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

In Polk County, about 66 percent of TPI is from net earnings, lower than the state and national levels (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.

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. To make sure that incomes are attributed to the county where the workers live regardless

of where they work, the residency adjustment is used. As shown on the graph on the next page, the adjustment is basically the earnings from Polk County residents working

Components of 2006 Total Personal Income



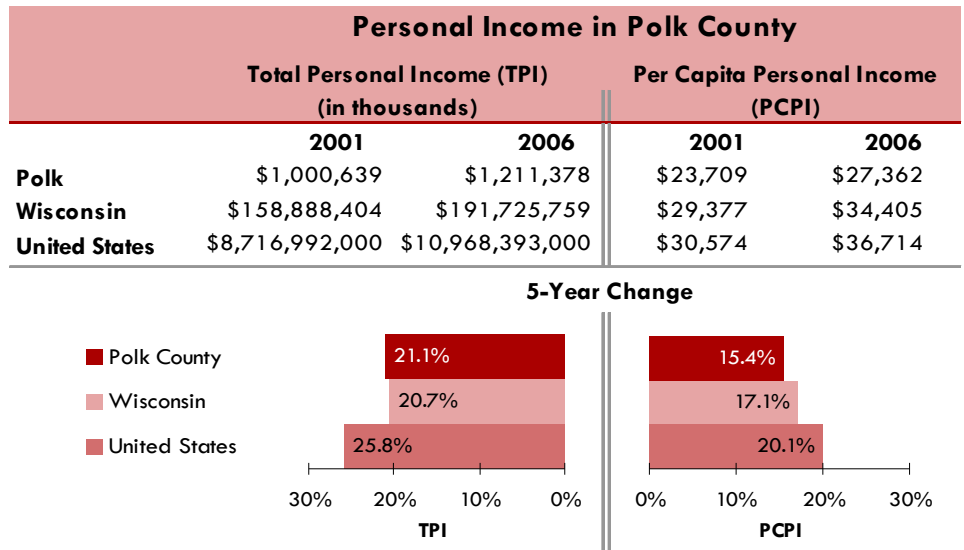
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

in other counties (inflow), minus the earnings of residents of other counties working in Polk (outflow). In 2006, the net adjustment was almost \$235 million. It indicates that Polk is by far a net exporter of labor, with commuters bringing high wages made across the border back to Polk. This adjustment was up close to \$57 million from 2001 to 2006, showing an acceleration of this trend. In fact, this adjustment alone accounts for almost 30 percent net earnings in the county.

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 16 percent of TPI in Polk County, slightly 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, and welfare. Over 18 percent of TPI in Polk County is from transfer receipts, higher than the state and national averages of 14 and 15 percent, respectively. A high share of income made up of transfer receipts tends to



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

indicate an older population.

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. Polk's per capita personal income of \$27,362 ranks relatively low, 50th among Wisconsin's 72 counties.

The lower industry wages seen on page 4 play a major role in Polk's low PCPI, especially since net earnings are such a high proportion of total personal income, but the high share of transfer receipts also pushes Polk below the state average. A resident relying on transfer receipts generally earns less than someone who is employed.

Per capita personal income growth of 15.4 percent over the five-year timeframe from 2001 to 2006 lagged increases in both the state and nation, again likely linked to the high proportion of income from transfer receipts. Income from government aid sources tends to increase much slower than wage income.

Even though Polk's PCPI is only about 80 percent of the state PCPI, it is nearly 94 percent of the PCPI for other non-metropolitan counties in the state. So, Polk County's PCPI is fairly average for a non-metro county in Wisconsin.

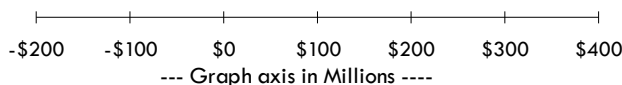
Polk County Commuting Impact

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

2006 Residency Adjustment = \$ 234,948,000



2001 Residency Adjustment = \$ 198,543,000



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