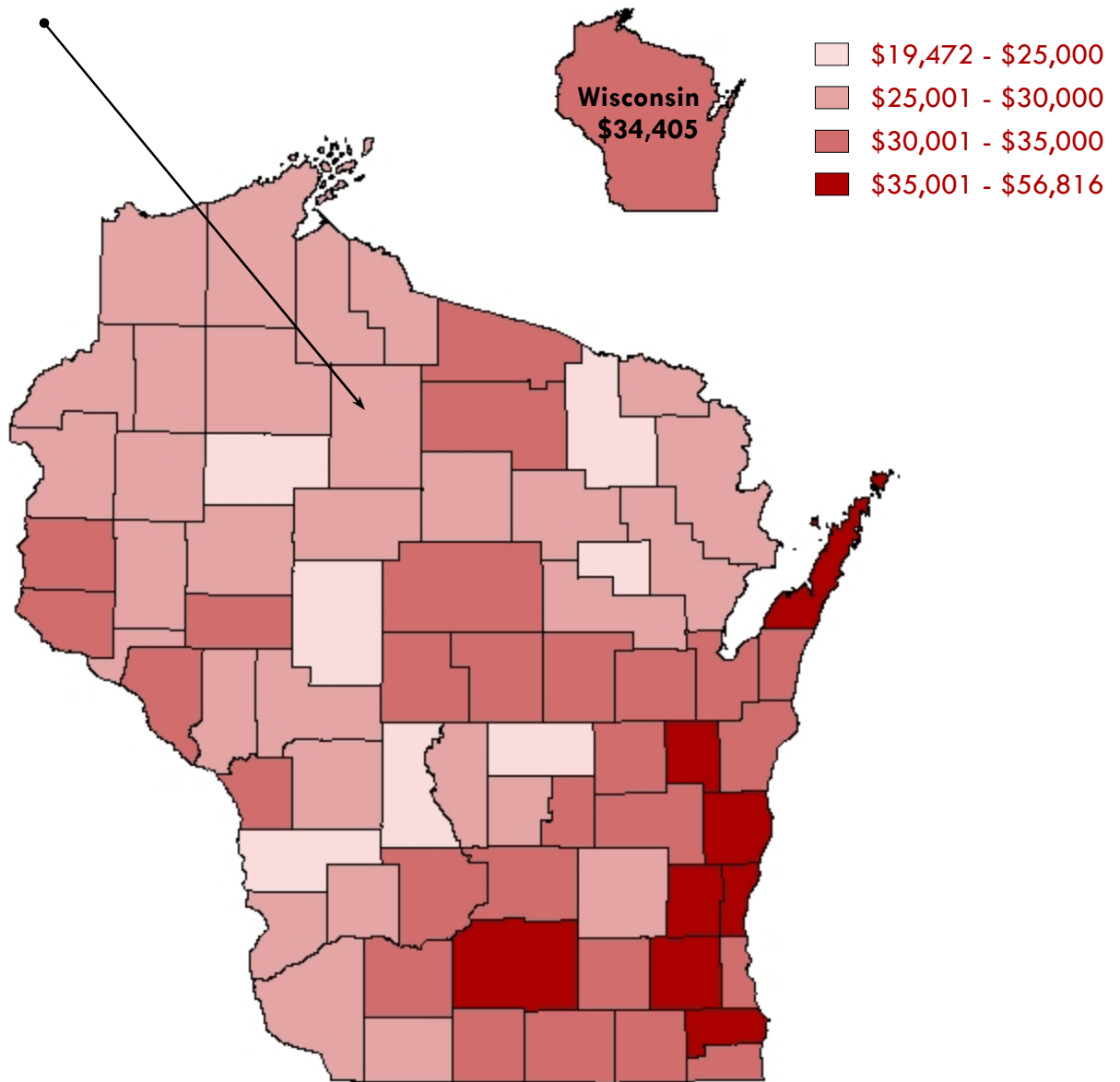


Price County Workforce Profile

Price County
\$28,160

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10643-P

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Population

Population growth in Price County may not be leading other counties in Wisconsin, it ranked 68th among the state's 72 counties, but since 2000 there has been an increase of 247 residents. The January 1, 2007 estimated population numbered 16,069, representing a 1.6 percent increase since Census 2000, lagging increases of 5.3 and 6.9 percent in Wisconsin and the United States, respectively.

Price County's population growth has relied on increases from net migration rather than from natural causes since 1992, the last year there were more births recorded in the county than deaths. Since 2000 there were 1,331 deaths in Price County, out-numbering the 867 births by 464. Net migration, more people moving into the county than out, has been steadily increasing in the county, and since 2000 the increase from net migration added 711 residents.

The municipalities attracting new residents are within reasonable commuting distance to the county's larger cities, while the cities themselves are losing residents. Although the cities of Park Falls and Phillips experienced a combined loss in population of 197 since 2000 they are still home to roughly 27 percent of the county's residents.

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

Price County's Ten Most Populous Municipalities

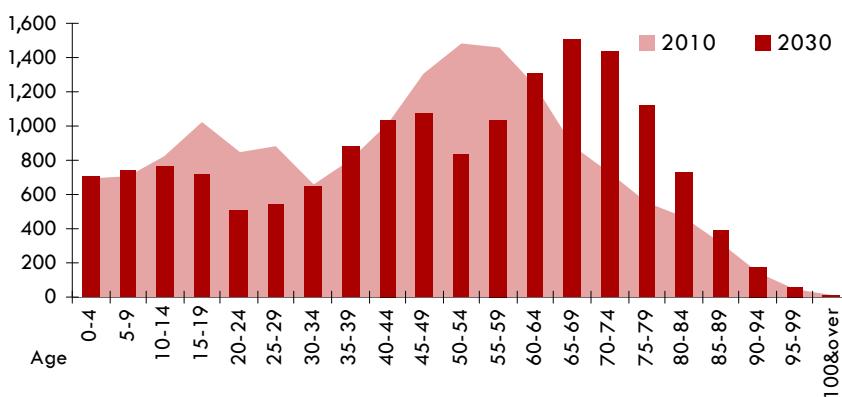
	April 2000 Census	Jan.1, 2007 Estimate	Numeric Change	Percent Change
United States	281,421,906	300,888,812	19,466,906	6.9%
Wisconsin	5,363,715	5,647,000	283,285	5.3%
Price County	15,822	16,069	247	1.6%
Park Falls, City	2,793	2,633	-160	-5.7%
Worcester, Town	1,711	1,758	47	2.7%
Phillips, City	1,675	1,638	-37	-2.2%
Lake, Town	1,319	1,395	76	5.8%
Elk, Town	1,183	1,227	44	3.7%
Fifield, Town	989	993	4	0.4%
Ogema, Town	882	918	36	4.1%
Eisenstein, Town	669	681	12	1.8%
Prentice, Village	626	641	15	2.4%
Flambeau, Town	535	587	52	9.7%

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

almost always adults and often retirees, will see a fast rate of increase in the average age of its residents.

In Price County the average age was 41.3 years in 2000, among the oldest in the state. By 2020 it is anticipated that the average age of county residents will be 46.7 years and by 2030 will increase to 48.9 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 years in 2020, and 41.0 years in 2030. By 2030, 42 percent of the county's population will be over the age of 60.

Population by Age Cohorts in Price County



In 2010, the average Price County resident will be 43.9 years old.
 In 2020, the average Price County resident will be 46.7 years old.
 In 2030, the average Price County resident will be 48.9 years old.

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

The graph on the left demonstrates the 'weight' of this older population in Price County and how it is projected to change over the next three decades. It also reflects the loss of young people who leave the area seeking more enticing opportunities or more excitement away from their "home town".

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 5 percent of retirement-age workers remain full-time in their pre-retirement positions. Additionally, health care demands increase as the population ages. Due to the relatively advanced age of Price County residents, this demand will increase sooner rather than later.

Population & Labor Force

Population Projections for Price County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	2,422	3,207	4,604	5,843	13,654	16,076
2020	2,329	2,884	3,755	7,346	13,985	16,314
2030	2,344	2,271	3,813	7,788	13,872	16,216
Distribution of Labor-Force-Aged Population						
2010		23.5%	33.7%	42.8%	100.0%	
2020		20.6%	26.9%	52.5%	100.0%	
2030		16.4%	27.5%	56.1%	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 Price 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 is that the population aged 55 years and older is the only population age group to increase in size over the 20-year span. Not only does the number of residents in this group increase but its share of the labor force aged population (the population aged 16 years and older) increases from 42.8 percent in 2010 to 56.1 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 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.

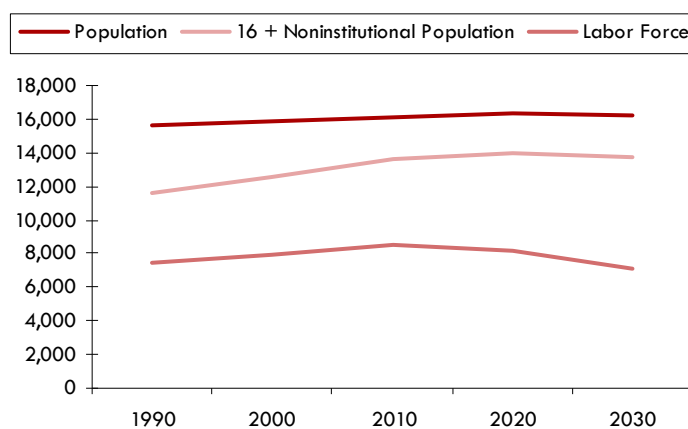
In fact, the 16 plus aged population is projected to add roughly 218 residents from 2010 to 2030, but the labor force is expected to decline by approximately 1,460

participants (bottom table).

The graph below combines the three major components of Price County's total population, labor force aged population, and labor force. The top line reflects little change in total population since 1990 while the middle line includes some increase in the labor force age population but only through 2010. 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 business expansions. It will be critical to hold on to talented workers in these conditions.

Price County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Price County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	2,577	3,899	2,052	8,529
2020	2,343	3,204	2,567	8,115
2030	1,815	3,254	2,001	7,070
Distribution of Labor Force				
2010	30.2%	45.7%	24.1%	100.0%
2020	28.9%	39.5%	31.6%	100.0%
2030	25.7%	46.0%	28.3%	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.

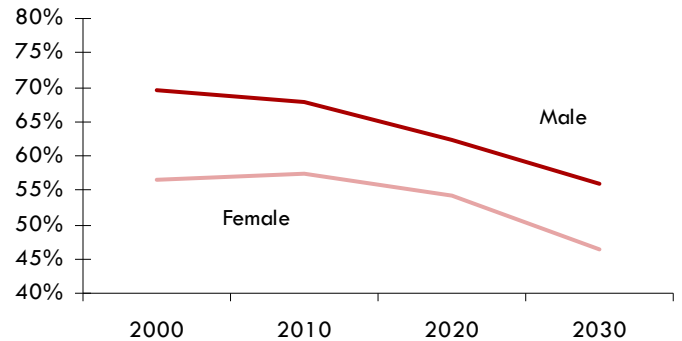
Even though recent decades witnessed increased participation of women in Price County, from 29 percent in 1970 to 56 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 68-69 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s just as baby boomers flooded the labor market. Now, as boomers celebrate their 55th 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 Price County is projected to drop closer to 56 percent while women's LFPR declines to 46 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 58 percent to 91 percent in the 20-24 year old group. The LFPR remains above 85 percent through the 45-54 year group before declining rapidly to 58 percent for those 55-64 years old and to under 18 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 Price County.

In fact, the overall LFPR in Price County declined from 67.8 percent in 2003 to 66.2 percent in 2007 as the number of the labor force participants became a smaller share of a population that was still growing (page 2 graph). Also note that Price County's current LFPR is considerably lower than Wisconsin's LFPR of 74.3 percent.

The bottom chart reflects some of these changes in the

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

county's labor force which added only 68 participants since 2003. The slight increase in total labor force in Price County resulted from an increase in the number of employed residents and a reduction in the number of unemployed.

Unemployment rates in the county have declined since 2003 as the number of residents employed increased from 8,146 to 8,265. The current unemployment rate of 4.9 percent is 0.6 percentage points lower than in 2003 and matches the state unemployment rate in 2007. The unemployment rate is very seasonal in Price County, falling as employers add jobs March through June. Rates decline throughout most of the summer months to a low in September or October. Afterwards the rate climbs to a typical seasonal peak in February or March, beginning the yearly cycle again.

Price County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	8,624	8,550	8,652	8,699	8,692
Employed	8,146	8,143	8,221	8,218	8,265
Unemployed	478	407	431	481	427
Unemployment Rate	5.5%	4.8%	5.0%	5.5%	4.9%

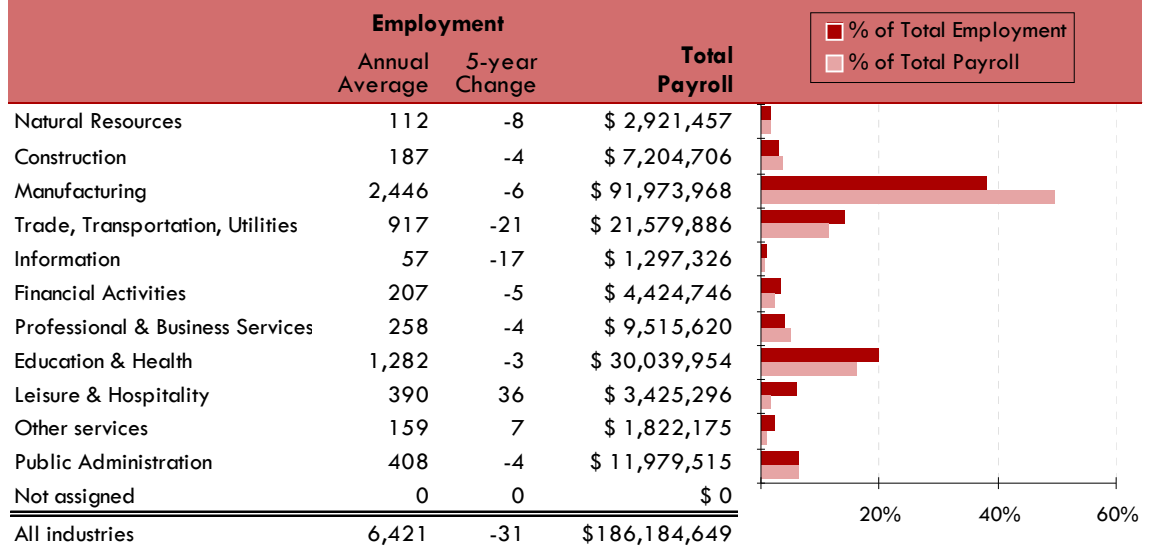
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

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. Price County has a diversity of industry employment, but jobs are dominated by the manufacturing sector. Thirty-eight percent of the county's jobs, one of the highest concentrations in Wisconsin, are in the manufacturing industry compared to 18 percent for the

state. Manufacturing contributes substantially more as a share of total payroll than total employment. This means that manufacturing jobs in Price County pay relatively well - only construction industry wages in the county exceed manufacturing wages. The problem is manufacturing wage increases lagging those statewide have produced an annual average manufacturing wage in Price County that is only 80 percent of the Wisconsin industry average. Additionally, the trend in manufacturing jobs, at least in

2007 Employment and Wage Distribution by Industry in Price County



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

the U.S. and Wisconsin, is dwindling as a share of total jobs.

Also at issue in Price County is that the wages in the growing sectors of the economy (leisure and hospitality, and other services) are well below state averages for the same industries. And even though wage increases in leisure and hospitality exceeded those in the state, it is difficult to build a successful economy on an industry that comprises only six percent of the county's jobs which are dominated by jobs that are part-time, seasonal, and pay low wages.

The table left shows that Price County wages fall short of state wages in each industry. Wages in only one industry, natural resources, even approach wages statewide but the industry, which does not include independent loggers, supports only 112 jobs. Overall, the all industries average annual wage of \$28,996 is only 76 percent of the state's all industries average and county wage increases lagged those in the state.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Price County as a Share of Wisconsin	Price County 5-year % Change	Wisconsin 5-year % Change
	Price County	Wisconsin			
All industries	\$28,996	\$38,070	76.2%	11.7%	17.4%
Natural Resources	\$26,084	\$29,235	89.2%	32.4%	14.7%
Construction	\$38,528	\$47,489	81.1%	18.0%	19.8%
Manufacturing	\$37,602	\$47,106	79.8%	10.9%	16.1%
Trade, Transportation & Utilities	\$23,533	\$32,762	71.8%	18.6%	15.3%
Information	\$22,760	\$48,483	46.9%	41.6%	24.7%
Financial Activities	\$21,376	\$50,749	42.1%	11.7%	25.8%
Professional & Business Services	\$36,882	\$44,328	83.2%	7.1%	22.0%
Education & Health	\$23,432	\$39,606	59.2%	6.4%	17.3%
Leisure & Hospitality	\$8,783	\$13,589	64.6%	19.9%	14.8%
Other Services	\$11,460	\$22,073	51.9%	-2.2%	13.2%
Public Administration	\$29,362	\$39,879	73.6%	17.8%	18.1%

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

Jobs & Wages

Prominent Industries in Price County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Price County	Price County	Wisconsin	Price County	Wisconsin	Price County	Wisconsin
Machinery manufacturing	778	19.5%	-4.5%	\$ 47,377	\$ 53,720	20.7%	19.1%
Wood product manufacturing	693	11.2%	-6.8%	\$ 30,369	\$ 31,799	4.0%	12.3%
Educational services	393	-10.3%	2.0%	\$ 29,618	\$ 39,753	7.0%	15.0%
Plastics & rubber products manufacturing	*	not avail.	-5.0%	*	\$ 41,268	not avail.	17.5%
Nursing & residential care facilities	310	-8.0%	3.6%	\$ 19,333	\$ 23,295	10.3%	12.0%
Food services & drinking places	285	6.3%	9.1%	\$ 8,160	\$ 10,859	26.5%	14.5%
Paper manufacturing	*	not avail.	-23.2%	*	\$ 55,837	not avail.	9.9%
Ambulatory health care services	212	14.0%	8.7%	\$ 17,591	\$ 57,969	-2.6%	18.5%
Executive, legislative, & gen government	208	14.3%	-4.7%	\$ 17,362	\$ 36,340	3.9%	16.4%
Social assistance	*	not avail.	17.0%	*	\$ 19,100	not avail.	9.2%

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, eight of the ten leading industry sub-sectors in the above table are included in Price County's leading industries, manufacturing, and education and health services. In industry sub-sectors (above) 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. However, even a low estimate where data is suppressed would show that these ten sub-sectors provide over half the jobs in Price County!

Contrary to the lists on page 4, the top list shows more industry sub-sectors adding jobs; and wages, though still not matching, are closer to those paid in Wisconsin. Machinery manufacturing wages in Price County are 88 percent of the same industry wages in Wisconsin and wood products manufacturing average wages are 96

percent of Wisconsin wages. This might be encouraging except that wood products is one of the lowest paying manufacturing sub-sectors in the state. Of the five manufacturing employers included on the bottom list only one produces wood products.

On the previous page, no mention was made of the education and health services industry which provides one in every five jobs in the county. Four of the industry's five sub-sectors appear on the top list (hospitals is missing) and four employers, including the hospital, appear on the bottom list. Nearly all employment in educational services is found in elementary and secondary schools where enrollments have been declining. This might explain the reduction in county jobs and the lower wages compared with the state (jobs in post-secondary education command higher salaries).

The average wage in ambulatory health care also reflects the lack of county jobs that command higher wages. Local clinics and doctor's offices have fewer specialists and often schedule fewer hours to other office staff.

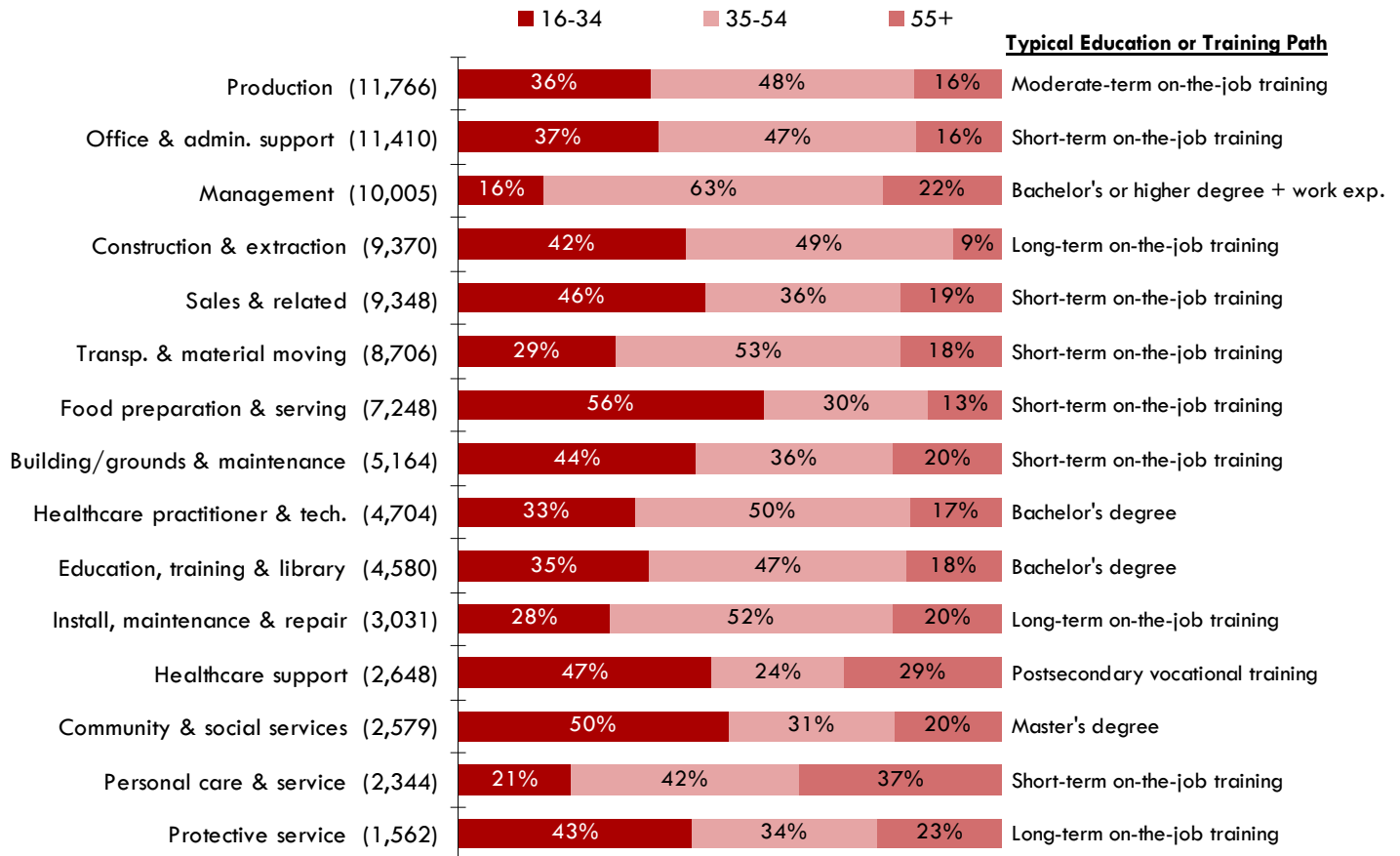
Prominent Public and Private Sector Employers in Price County		
Establishment	Service or Product	Number of Employees (March 2007)
Marquip	Paper industry machinery manufacturing	250-499 employees
Phillips Plastics Corp	All other plastics product manufacturing	250-499 employees
Flambeau River Papers	Paper, except newsprint, mills	250-499 employees
Weather Shield	Wood window & door manufacturing	250-499 employees
Flambeau Hospital	General medical & surgical hospitals	100-249 employees
School District of Phillips	Elementary & secondary schools	100-249 employees
County of Price	Executive & legislative offices, combined	100-249 employees
Park Manor	Nursing care facilities	100-249 employees
Blount Inc	Construction machinery manufacturing	100-249 employees
Park Falls Public School	Elementary & secondary schools	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 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 & WIDWD, OEA

Information on jobs by industry (pages 4-5) is readily available because this 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 Price 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.

(Continued on page 7)

Occupations & Typical Education or Training

(Continued from page 6)

If the above conditions favor a preponderance of young workers in food service and sales occupations one is left to wonder why half the jobs in community and social services, where a master's degree dominates other educational paths, is also predominantly staffed 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.

Production occupations, the largest group in the ten-county region, has a smaller share of younger workers than half of the listed groups. This is especially important in Price County since manufacturing jobs are such a large source of jobs. This group includes a wide selection of occupations with varying skill levels, training requirements, and learned knowledge that only comes from experience. With greater mobility of young workers, and wages

below state averages, employers are finding it more difficult to fill production vacancies. This difficulty will only increase as older workers near retirement and take with them the knowledge that took years to acquire.

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.

Income

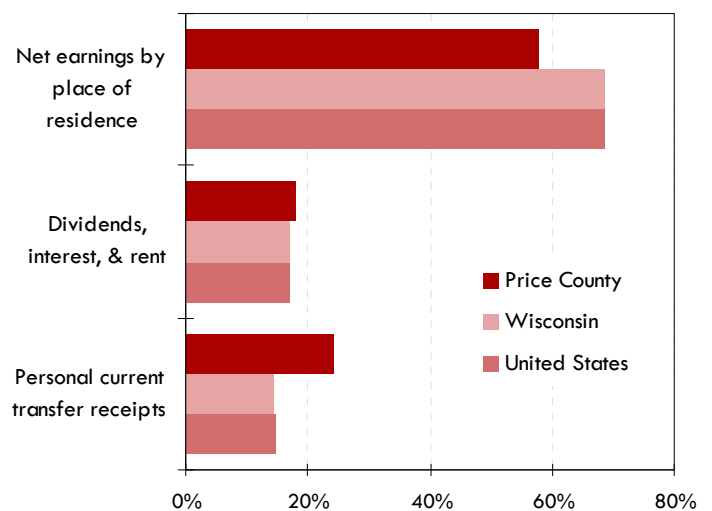
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, 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 58 percent in Price 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 24 percent

(Continued on page 8)

Components of 2006 Total Personal Income



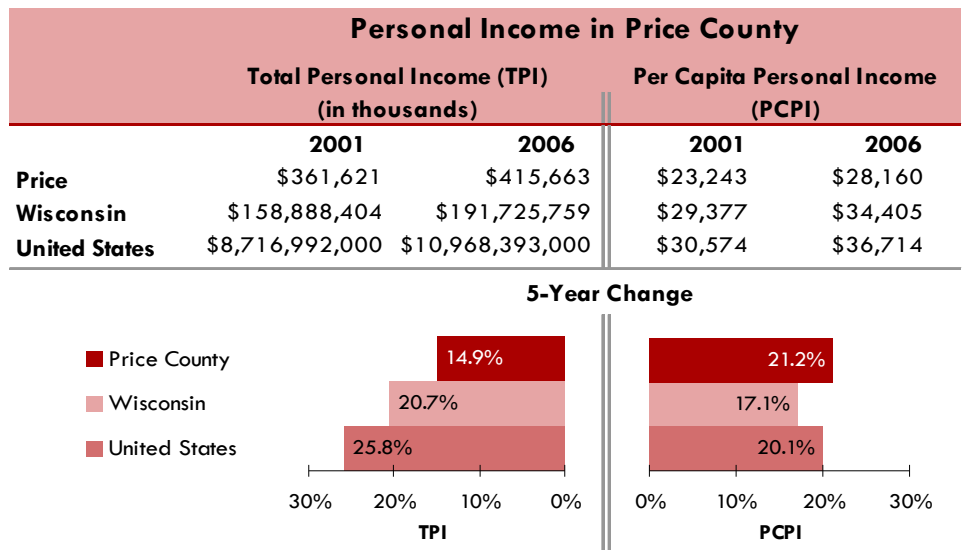
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

less than similar statewide 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 \$40.8 million to Price County's total personal income while non-resident workers were paid \$35.5 million dollars in wages that left the county. The total residency adjustment netted \$5,310,000 in residents' earnings. Commuting patterns from Census 2000 show that most outbound workers are traveling to jobs in Rusk and Taylor counties while inbound workers arrive from Ashland County. Since 2001, the dollars from residency adjustment increased 14.9 percent, matching the increase in total personal income over the five-year period.

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



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

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 are receiving 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.

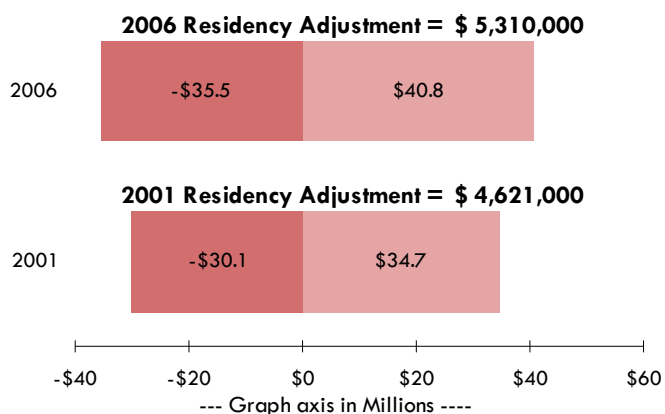
Price County, with a high share of older residents, has a higher proportion of transfer receipts (24%) compared with the state and nation (14%). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$28,160 in Price County was 82 percent of the Wisconsin PCPI of \$34,405. Price's PCPI ranked 40th highest 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 Price County. 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. Price County's PCPI was 97 percent of the nonmetropolitan PCPI, which presents a more reasonable target for planners and developers.

Price 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