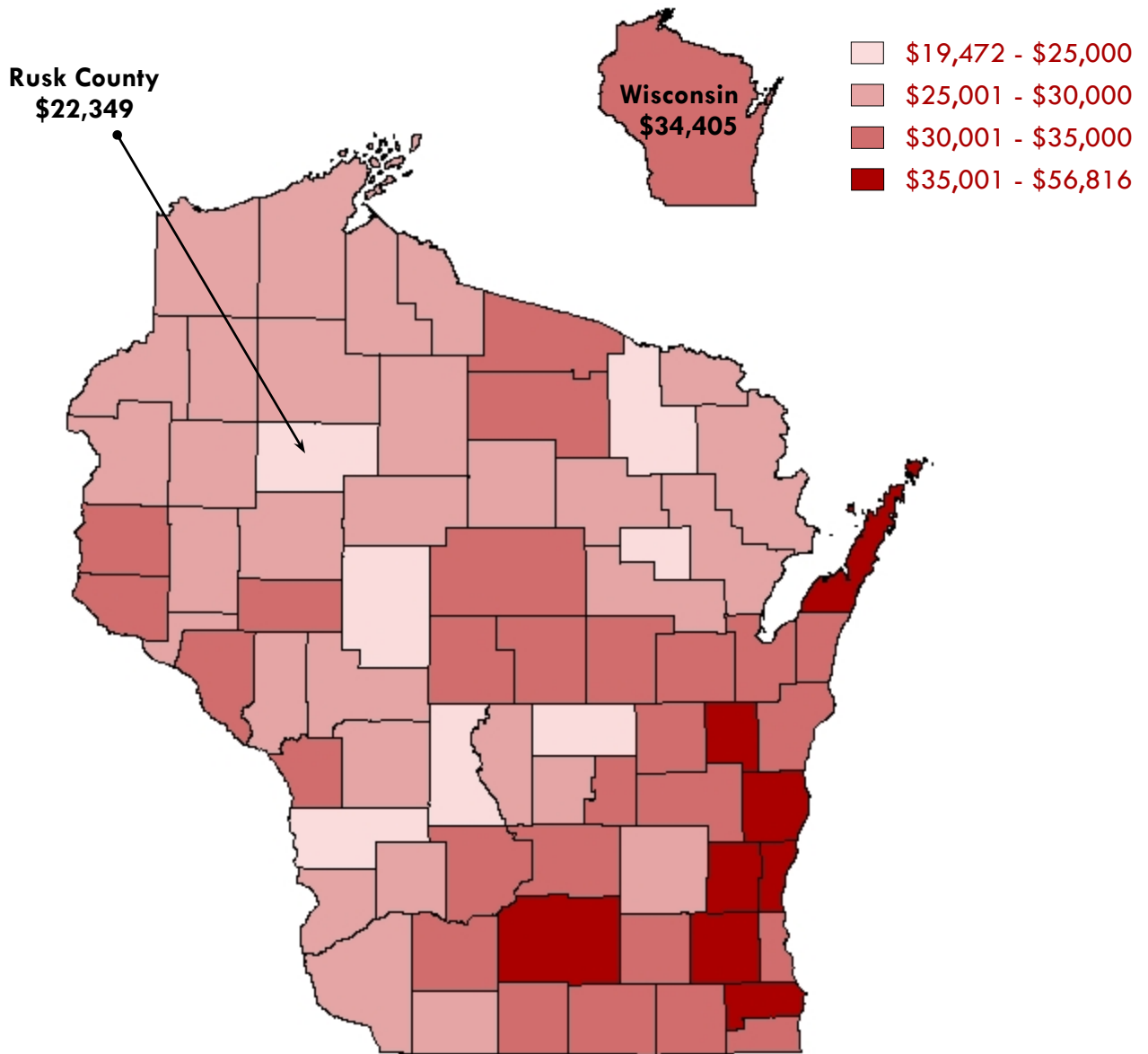


# Rusk County Workforce Profile

## Per Capita Personal Income in 2006



2008

### Office of Economic Advisors

Wisconsin Department of Workforce Development  
OEA-10647-P

Scott Hodek  
221 W. Madison St  
Eau Claire, WI 54703  
715.836.2997  
Scott.Hodek@dwd.wisconsin.gov

### Population

Rusk County has had a rough go of it over the last several years — job losses, college closing, and tornado disaster. Rusk County faces many of the same population challenges as do other rural upper-Midwest regions. Population growth in the counties of this areas is slow at best and in some locales population is actually declining. Rusk County is fairing better than many other places. The county added 280 residents to its population from April 2000 to January 2007. That translates into a 1.8 percent gain over the period. A rate that is, however, much slower than the state or national average rates of 5.3 percent and 6.9 percent, respectively.

The economic development issues causing the population consequences in Rusk County are congruent across many rural Midwest areas. Many of the local production businesses have closed or moved away in pursuit of larger markets and many of the workers leave the area in search of other opportunities. Product sales and distribution practices have also changed. Fewer people and businesses depend on local private merchants to supply goods and services. As a result, the major communities in the area play a smaller role in supporting local needs. Rusk County's largest (and only) city, Ladysmith, lost 270 people since 2000.

Exacerbating the population situation is young people leaving the area seeking more enticing opportunities or more excitement away from their "home town". Without attractive jobs prospects, young people move in pursuit of more education and better jobs. Without the young to start new families, population growth slows. The net gains

Rusk 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>Rusk County</b>	15,347	15,627	280	1.8%
Ladysmith, City	3,932	3,662	-270	-6.9%
Flambeau, Town	1,067	1,127	60	5.6%
Thornapple, Town	811	829	18	2.2%
Grant, Town	767	792	25	3.3%
Bruce, Village	787	766	-21	-2.7%
Marshall, Town	683	711	28	4.1%
Atlanta, Town	627	664	37	5.9%
Stubbs, Town	587	630	43	7.3%
Willard, Town	539	619	80	14.8%
Dewey, Town	523	594	71	13.6%

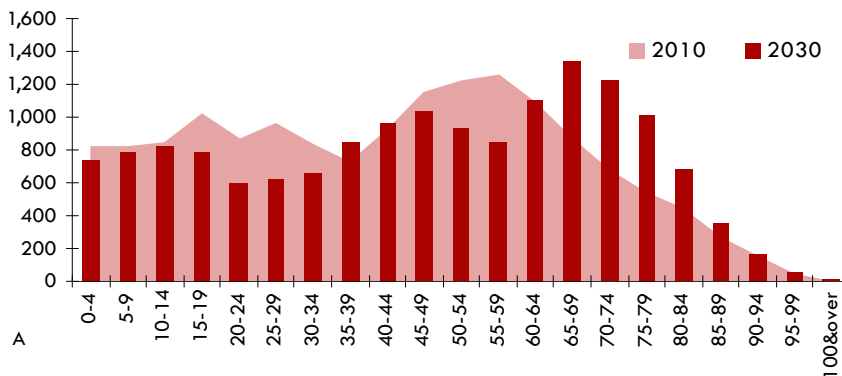
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

in population for Rusk County have been due to immigration rather than natural causes (births). Since 2000, Rusk County has had a net migration increase of 423 people. The net natural change (births minus deaths) in the county's population during the period has been a decrease of 143 people.

As younger people leave, taking or starting their families elsewhere, the age of the local population increases. Coupling the dearth of young people in the area with the aging of resident Baby Boomers, Rusk County's population is growing older on average. The county's average age was 40.1 years of age in 2000. The average county resident will be 44.7 years old by 2020, and 46.9 years by 2030. 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.

Rusk County's aging population has many significant economic ramifications. As the population and the workforce age, fewer workers will be available to replace those retiring. While most Baby Boomers don't plan to fully retire as soon as they are eligible, most will move into other positions. Only 5 percent of workers eligible for full retirement benefits remain full-time in their pre-retirement positions, instead pursuing other interests and opportunities. In addition, health care demands will increase as the population ages. Due to the relatively advanced age of Rusk County residents, this demand will increase sooner than later.

**Population by Age Cohorts in Rusk County**



In 2010, the average Rusk County resident will be 42.2 years old.  
 In 2020, the average Rusk County resident will be 44.7 years old.  
 In 2030, the average Rusk County resident will be 46.9 years old.

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

### Population & Labor Force

Population Projections for Rusk County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	2,697	3,495	4,031	5,368	12,894	15,591
2020	2,633	3,005	3,627	6,522	13,154	15,787
2030	2,510	2,521	3,780	6,811	13,112	15,622
Distribution of Labor-Force-Aged Population						
2010		27.1%	31.3%	41.6%	100.0%	
2020		22.8%	27.6%	49.6%	100.0%	
2030		19.2%	28.8%	51.9%	100.0%	

Source: WI Dept. of Administration, Demographic Services

We are in a new era in the relationship between the population and the labor force. The previous era was defined by the large size of the Baby Boomer generation (those born from 1946 and 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 swelling 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 this year) and will be eligible for full benefits in 2011. (We use this milestone as a proxy to judge retirement inclinations.) Soon thereafter, the Boomers will exit the labor force *en masse*.

Some of the Boomers will delay retirement by a few years for a variety of reasons, such as money needs, health care benefits, social contacts, or desire to contribute. However, the movement is inevitable and unprecedented. One deviation from a total reversal of the previous era's trend is that women will remain in the workforce in high numbers. The flip side of that attribute is that women can no longer be called upon to swell worker numbers; they are tapped out as workforce segment to be mobilized.

Never before has the U.S., Wisconsin, or Rusk County faced a long-term flat or declining rate of workforce growth. The economic ramifications of this new era are enormous. Without increases in total factor productivity, and thus earnings and purchasing power, demand for goods and services will stagnate.

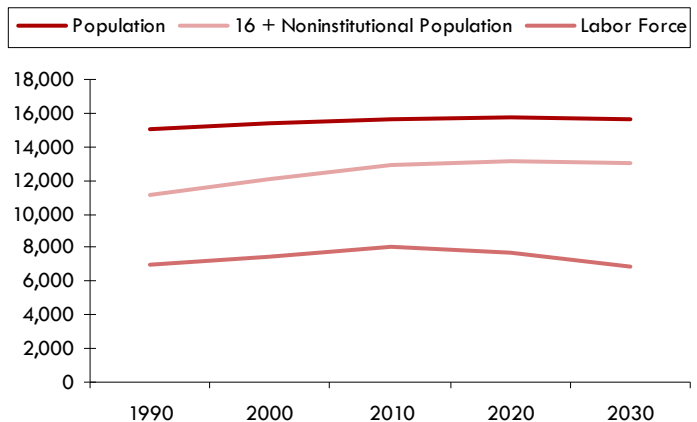
Wisconsin, the upper Midwest, and places like Rusk County will see their workforce growth depend primarily on net in-migration. This is a conundrum given that most U.S. migration is occurring from north to south.

As you can see in the tables and graphs on this page,

Rusk County's population will age and increase until about 2020. Thereafter, the population will continue to increase in age but decrease in size. Likewise, the county's workforce will age and grow slowly, then decrease in size over the next twenty years. By 2010, the county's labor force growth will be essentially flat, and shortly thereafter it will decrease.

The effects of this new population/workforce era will be widely distributed. The future Rusk County economy will depend on resident wealth, health care financing, social service and education consolidation, and the success with which the county and the region can attract, retain, and develop new economic drivers.

Rusk County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Rusk County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	2,732	3,374	1,898	8,004
2020	2,341	3,067	2,269	7,676
2030	1,937	3,180	1,758	6,875
Distribution of Labor Force				
2010	34.1%	42.2%	23.7%	100.0%
2020	30.5%	39.9%	29.6%	100.0%
2030	28.2%	46.2%	25.6%	100.0%

Source: WI DWD, OEA

### Labor Force

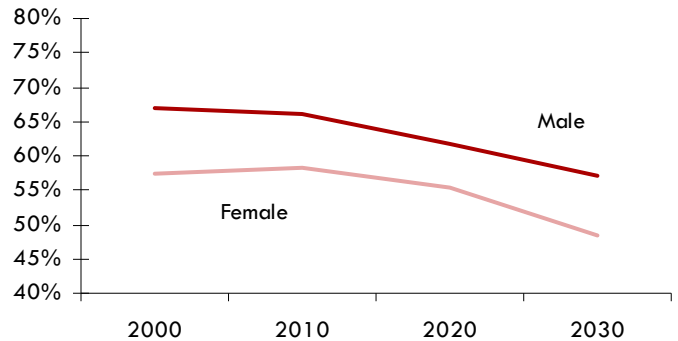
Looking at the labor force in more detail requires the introduction of the Labor Force Participation Rate (LFPR) concept. LFPR is the share of the eligible population (essentially the non-institutionalized population aged 16 years and older) that are working or looking for work. As we mentioned earlier, the LFPR for women soared beginning in the 1960s. The chart at top right indicates, that on the whole, the LFPR for women is lower than for men. For most young and old age cohorts, women's LFPRs are similar to men's. Female participation rates are lower than males' during the child-bearing ages 20 to 45. Thereafter, male's LFPRs fall to the same level of the women's. The combined affect leaves overall women's LFPRs lower than men's.

Rusk County's LFPR for men and women is considerably lower than the state average. For example, the male LFPR for Rusk County in 2000 was 67.1 percent, compared to 74.3 percent for the state.

What can also be seen in the top right chart is that LFPRs for men and women are expected to decrease over time. Recent evidence indicates that LFPRs for older working men and women (aged 55 and older) have been rising as per our previous discussion. This should raise the curve and contribute to a boost in the workforce as Baby Boomers stay in the workforce longer. However, you can see in the lower right graph that LFPRs for those 55 years of age and older drop precipitously. Even though the participation rates for older workers are increasing, it won't offset the sharp declines in the rates for older cohorts. In addition, the LFPR for young people, the 16-24 year old cohort, is projected to decrease, due to an increase in immediate post-secondary education.

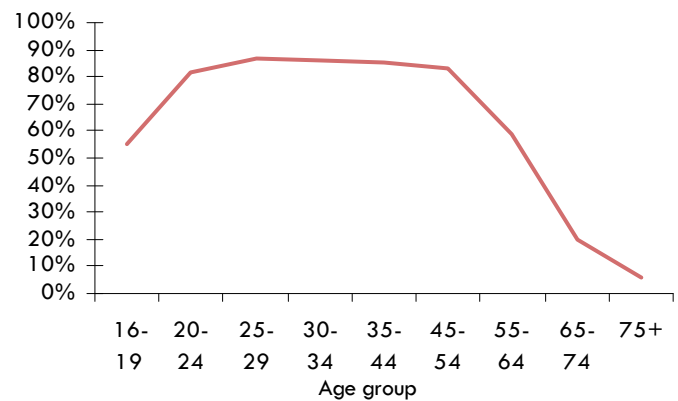
Rusk is one county that is more exposed to this phenomenon than others. Rusk County's workforce is older than the state's and its younger population is growing slower relative to its older population, as young people leave the county and older people retire to the area. Rusk County's aggregate LFPR begins to fall earlier than the state average. As illustrated in the lower right graph, Rusk County's LFPR begins to decline with the 30-34 year

**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

old age cohort as opposed to the 55+ age cohort for the state.

Folding this in with the Baby Boomers leaving the workforce results in the aggregate LFPR for men and women decreasing over time. This leaves overall participation rates and workforce growth on a flat and then falling trend in the next twenty years as aging Baby Boomers exiting the workforce overwhelm the number of new entrants.

In fact, this trend may already have begun in Rusk County. The county's labor force has been decreasing the last couple years as has the number of its employed. Employment and jobs numbers peaked in 2005. Rusk has the highest unemployment rate of its neighboring counties. Among the neighboring counties, only Rusk and Taylor counties have shown a multi-year decrease in employment and jobs.

#### Rusk County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	7,829	7,825	8,021	7,913	7,728
Employed	7,320	7,324	7,511	7,387	7,190
Unemployed	509	501	510	526	538
Unemployment Rate	6.5%	6.4%	6.4%	6.6%	7.0%

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

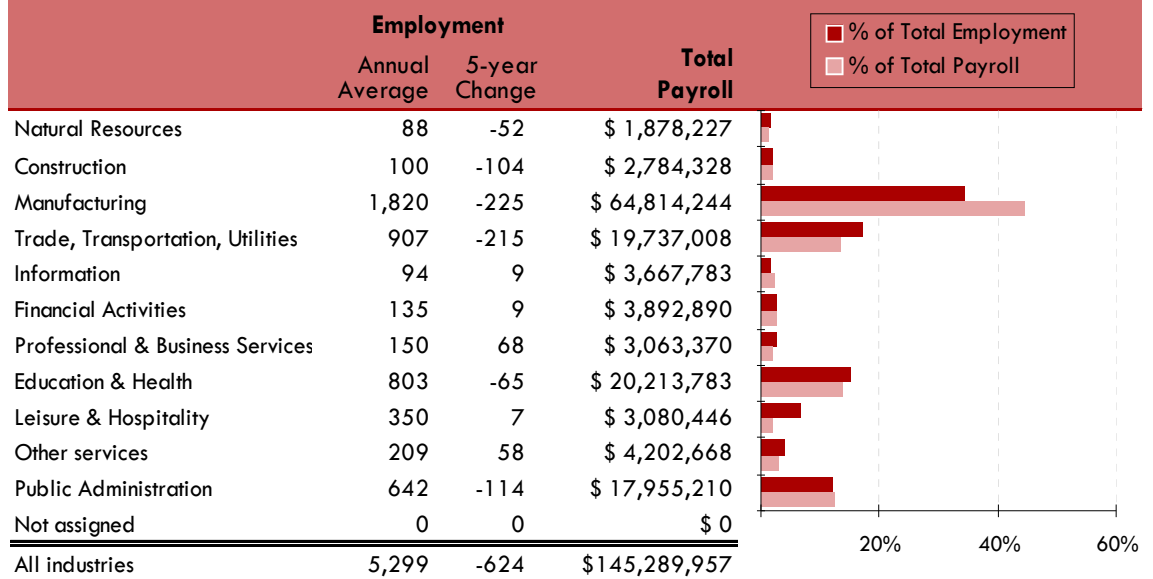
### Jobs & Wages

Jobs and wages are the lifeblood of any economy. The more good-paying jobs in a region, the better the prospects for its economy. Rusk County has a diversity of industry employment, but jobs are dominated by the manufacturing sector. Thirty-four percent of the county's jobs are in the manufacturing industry compared to 18 percent for the state. This attribute is an asset and a liability. As the chart above shows,

manufacturing contributes substantially more as a share of total payroll than total employment. This means that manufacturing jobs in Rusk County pay relatively well. Only the information industry wages in the county are comparable. The problem for the local economy is that manufacturing jobs are on the decline. Rusk County is not alone in this respect as manufacturing jobs are becoming a smaller share of U.S., and Wisconsin total jobs.

Also at issue for Rusk County is that the wages in the

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



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

growing sectors of the economy (health care, business services, financial activities) are far below state averages for the same industries. As seen in the chart below, Rusk County wages in many growing industries are far below state rates. This is primarily due to the lower cost of living in the area and local value expectations. In addition, other sectors are not delivering the high-value services and commanding concomitant wages.

Wages in the industries with significant growth in the county are growing at rates below the state average. Local manufacturing wages are 75 percent of state rates, but professional and business services wages are less than half the state average, and it is a sector adding significant jobs in the county. Other Services annual wages are actually falling over the five-year period.

Leisure and hospitality wages in the area have risen faster than the state average. However, it is difficult to build a successful economy on jobs that are part-time, seasonal, and pay low wages.

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

	Average Annual Wage		Rusk County as a Share of Wisconsin	Rusk County 5-year % Change	Wisconsin 5-year % Change
	Rusk County	Wisconsin			
All industries	\$27,418	\$38,070	72.0%	16.9%	17.4%
Natural Resources	\$21,343	\$29,235	73.0%	-42.8%	14.7%
Construction	\$27,843	\$47,489	58.6%	10.2%	19.8%
Manufacturing	\$35,612	\$47,106	75.6%	29.2%	16.1%
Trade, Transportation & Utilities	\$21,761	\$32,762	66.4%	14.8%	15.3%
Information	\$39,019	\$48,483	80.5%	-2.6%	24.7%
Financial Activities	\$28,836	\$50,749	56.8%	26.8%	25.8%
Professional & Business Services	\$20,422	\$44,328	46.1%	4.7%	22.0%
Education & Health	\$25,173	\$39,606	63.6%	3.4%	17.3%
Leisure & Hospitality	\$8,801	\$13,589	64.8%	16.0%	14.8%
Other Services	\$20,108	\$22,073	91.1%	-7.3%	13.2%
Public Administration	\$27,968	\$39,879	70.1%	32.5%	18.1%

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

### Jobs & Wages

Prominent Industries in Rusk County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Rusk County	Rusk County	Wisconsin	Rusk County	Wisconsin	Rusk County	Wisconsin
Wood product manufacturing	1,165	-3.4%	-6.8%	\$ 31,944	\$ 31,799	7.3%	12.3%
Executive, legislative, & gen government	605	-14.8%	-4.7%	\$ 27,494	\$ 36,340	34.0%	16.4%
Educational services	441	-15.5%	2.0%	\$ 31,377	\$ 39,753	4.6%	15.0%
Food services & drinking places	261	2.8%	9.1%	\$ 7,769	\$ 10,859	13.1%	14.5%
Social assistance	196	0.0%	17.0%	\$ 10,373	\$ 19,100	1.5%	9.2%
Food & beverage stores	173	-61.7%	-4.9%	\$ 11,767	\$ 17,166	-12.5%	9.7%
Membership organizations & associations	169	56.5%	1.0%	\$ 18,722	\$ 20,647	-9.9%	19.6%
Printing & related support activities	167	not avail.	-4.6%	\$ 28,927	\$ 42,314	not avail.	15.7%
Electrical equipment & appliance mfg	*	not avail.	-9.1%	*	\$ 54,242	not avail.	29.3%
Furniture & related product mfg	124	-18.4%	-4.4%	\$ 28,310	\$ 37,602	7.7%	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

Wood product manufacturing is the predominate manufacturing industry in Rusk County, accounting for 64 percent of all manufacturing jobs, but employment in the industry is decreasing. Wages in the industry are very close to the industry state average.

The housing market is currently in an abysmal state. However, window and door product manufacturing might serve as the foundation for an economic development industry cluster formed around the current energy conservation agenda. Matching the production expertise with new energy efficient applications and higher value-added products could be a key to expanding the manufacturing sector in the area.

Other major employers in Rusk County include the school districts. Schools' employees are often the most skilled

and highest paid workers in rural areas. Schools depend on population demographics and the county's aging population works against maintaining the education system's capital structure.

Health care is one of the fastest growing industries in the nation and the state. Attracting health care providers to rural areas is a chronic problem. The Marshfield Clinic and Rusk County Memorial Hospital and attached nursing home serve some 25,000 people. Providing health care to aging Baby Boomers is and will be a growing industry for the next 20 years. Rusk County could take advantage of its demographics to establish a center for elderly health care.

One of the bottlenecks for getting qualified health care workers is the lack of education and training facilities.

Perhaps the local college facilities could be reengaged as a health care training facility, partnering with other health care clinics and training institutions such as UW-Eau Claire and Wisconsin Indianhead Technical college.

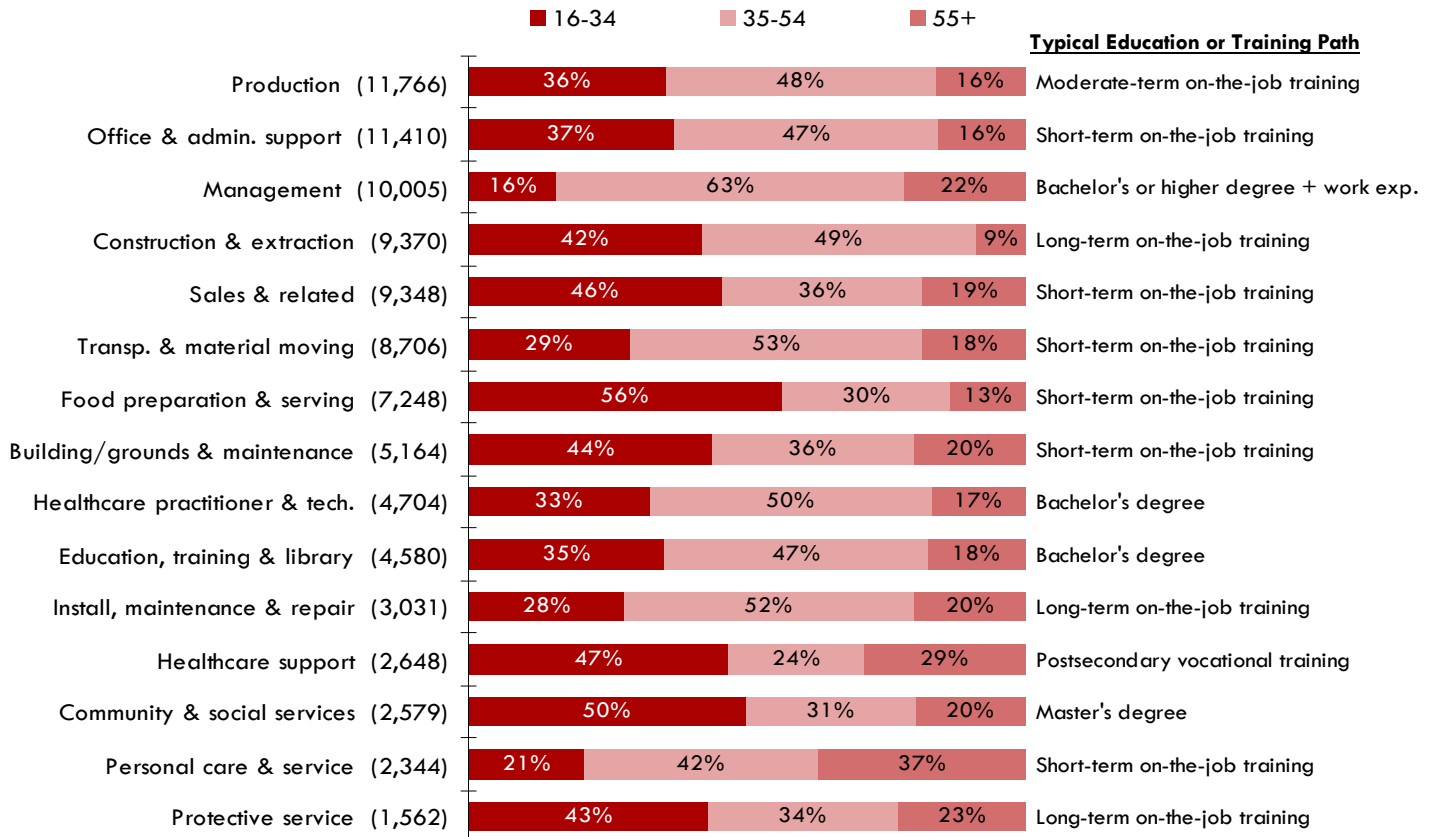
Prominent Public and Private Sector Employers in Rusk County		
Establishment	Service or Product	Number of Employees (March 2007)
Weather Shield Mfg	Wood window & door manufacturing	500-999 employees
Jeld-Wen Windows & Doors	Wood window & door manufacturing	250-499 employees
County of Rusk	Executive & legislative offices, combined	250-499 employees
Ladysmith-Hawkins School District	Elementary & secondary schools	100-249 employees
County Market/ACE Hrdw./Flambeau Pharmacy	Supermarkets & other grocery stores	100-249 employees
Indianhead Community Action Agency	Other social advocacy organizations	100-249 employees
Rockwell Automation Inc	Relay & industrial control manufacturing	100-249 employees
Artisans Inc	Commercial screen printing	100-249 employees
School District of Flambeau	Elementary & secondary schools	100-249 employees
Bruce 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

The chart above shows the demographic breakout of workers in selected professions in three major age groups in Rusk and counties to the north and east: younger workers, prime working years, and older workers (those not long to or past retirement eligibility). The typical training path for each profession is also presented.

Most of the professions listed are heavily weighted with prime working years workers. Others have obvious deviations. For example, food preparation is skewed to younger workers, and management toward the older workers. Construction is also a younger person's endeavor.

In light of the Baby Boomer demographic phenomenon, the fact that healthcare support and community and social services professions are dominated by younger workers is reassuring. These are skilled positions that will be in increasing demand over the next twenty years.

A bit disconcerting is that 29 percent of healthcare support workers in the region will be eligible for retirement within the next ten years. Many of these

workers will be leaving the workforce just at the time when their skills will be more in demand.

By comparison, regional healthcare practitioners have one of the lowest shares of younger workers, 33 percent. This is partly due to the fact that the more skilled positions in the profession require advanced education that can't be accomplished by people younger than 20 years of age. Regional healthcare practitioners also have a relatively low share of older workers with 50 percent of regional healthcare practitioners in their prime working years. Rusk County area health care practitioners have a lower share of workers pending retirements than counties to the west or south. The western counties' (Barron, Clark, Dunn Polk, and St. Croix,) health care practitioners are somewhat older than the Rusk County region. The health care practitioner demographics of Chippewa and Eau Claire counties are more evenly split (roughly in thirds) across the age groups.

### Occupations & Typical Education or Training

The right column of the chart on page 6, gives the typical education or training path for the occupations listed. Typical refers to the amount of education and training that is most often required for workers in the occupations. For example, short-term on-the-job training refers to on-site training that usually last days or weeks.

Generally speaking, the more education and/or training a worker has, the higher the worker's wages. For example, teachers and nurses make more money than retail sales clerks. Healthcare practitioners and technical occupations typically require a bachelor's degree, although this is not always the case. Most occupations requiring education beyond high school command a higher than average wage, which was \$27,418 per year in Rusk County in 2007.

Among the fastest growing industries in Rusk County are professional and business services, food services and drinking places (within the leisure & hospitality industry grouping), and other services. Professional and business services jobs tend to be higher value-added occupations and command higher wages. However, as discussed on page 4, the average earnings in this profession in Rusk County is \$20,422 per year.

Food services jobs are relatively low-skilled and low-paying. Many of these occupations are found in the

leisure and hospitality industry sector. The age of the food preparation and serving related workers is skewed to the younger end of the age spectrum. Many of these occupations, such as waiters/waitresses, host/hostesses, and retail salespersons, have high turn-over rates and usually open positions are filled by younger workers. Occupations within this group typically require less than a month of on-the-job training at the jobsite. The average annual earnings for these positions in Rusk County is less than \$8,000 per year, and for the larger industry classification of leisure and hospitality the annual earnings are less than \$9,000.

Social assistance is a stable industry in Rusk county, but earnings in the profession are also at the low end, just over \$10,000 per year in the county. Typically, social service assistants have moderate on-the-job training and their state average annual earnings are almost \$29,000.

Other services, which is growing in employment in the county, can include anything from auto mechanic to shampooer. However, the typical training will be different as will the earnings. Auto mechanics today typically have post-secondary vocational training and earn over \$34,000 per year. Shampooers, on the other hand, typically have short-term on-the-job training and earn about \$13,000 a year.

### Income

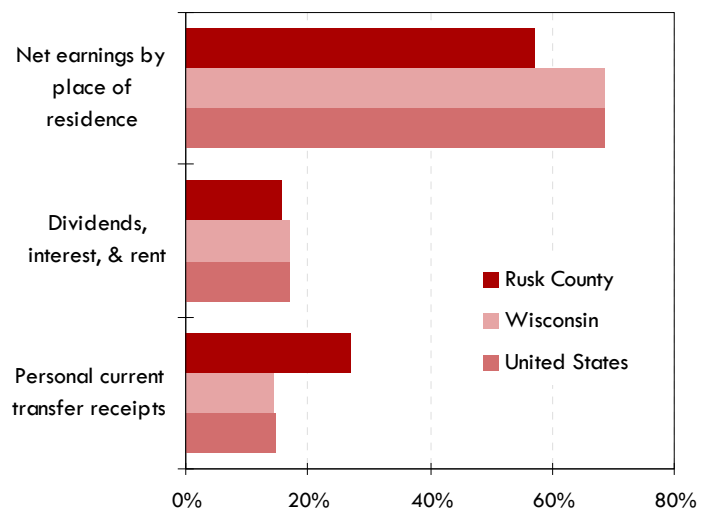
There are three components of total person income: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or working for someone else. Dividends, interest and rents come from investments, savings accounts, dividends, retirements payments from company pensions, or 401(k) plans. Transfer receipts come from state and federal governments and are represented by social security, welfare, veterans benefits, and other payments received from public agencies.

Net earnings provides the largest percentage of personal income, usually over two-thirds. Rusk County residents' share of income from earnings is significantly lower than that of the state and the nation, at 57%. This is primarily due to two reasons. The first is that county residents are older on the whole than the state and more dependent on un-earned income. Secondly, many local jobs are seasonal and these workers generate less annual income and draw on other assistance in the off season.

This variant in income sources is further illustrated by the relatively low proportion of investment income and high proportion of transfer receipts for Rusk County residents. With a relatively older population, Rusk County should see increases in investment income over the coming years.

This shift will be dependent on the accumulated investment wealth of the county's population. Transfer payments should also rise as more residents become eligible for Social Security.

**Components of 2006 Total Personal Income**



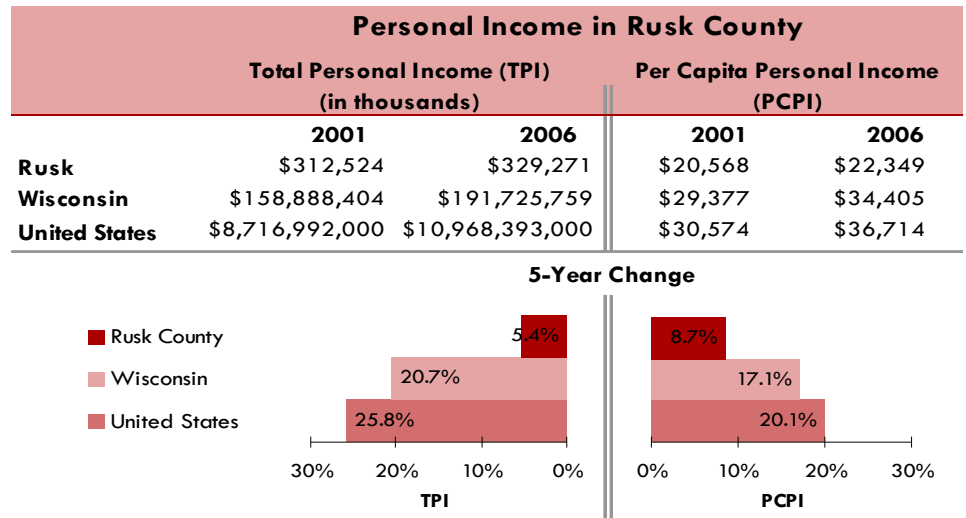
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

### Income

Income measures are important inputs into measuring economic vitality. Among other measures, total income and total per capita income are monitored for trends. Total personal income (TPI) is income received from all sources. This includes income for county residents commuting to other counties for work, but not people working in the county but living elsewhere. Per Capita Personal Income (PCPI) is calculated by dividing TPI by the population in the area.

While TPI is a straight forward number, PCPI can be affected by the type of residents in a county. For example, if there are a large number of residents that don't work because they are too young, PCPI will be less because TPI is less and yet must be divided by the same population. If there are a large number of retiring residents in an area PCPI will probably be lower since the amount they are collecting from pensions and/or social security may be less than the amount they would receive if employed. This would also decrease the amount of TPI while keeping the same population denominator when calculating PCPI.

Total Rusk County personal income increased 5.4 percent over the five-year period from 2001 through 2006. Per capita income increased 8.7 percent. At face value, an



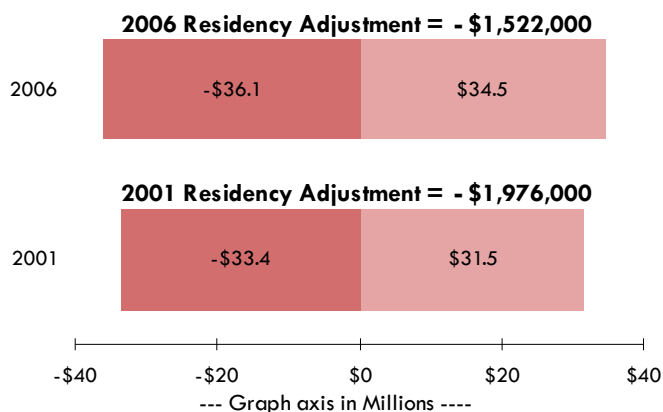
Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2007

increase in per capita income is a positive sign, people are better off. However, Rusk County job losses have dampened the rate of gain in TPI and PCPI. Rusk County TPI growth was about a quarter of the state rate over the last five years. PCPI also lagged the state average. Combined with population data, it suggests more people retiring into the county with less earnings, such as explained earlier. This trend supports the need to develop more health care and recreation resources targeted to the senior population cohort. It also supports the need to develop more high-valued goods and services.

There were 7,190 employed people living in Rusk County in 2007 (see page 3). But, there were only 5,299 jobs (see page 4). This means many Rusk County residents leave the county for work. But as you can see in the chart to the left, earnings outflows are greater than inflows. This indicates that workers commuting into the county are earning more than Rusk County residents, whether they work in the county or not. Taken together, the result is that Rusk County residents are taking lower paying jobs outside the county, and out-county residents have the higher-paying jobs within the county, but take the earnings back home. The net result is a loss of \$1.5 million dollars leaving the county. The data indicates that that money is going mostly into Chippewa county. The good news is that the residency earnings adjustment has decreased over the last five years. Rusk County needs to attract more talent and/or increase the skills of residents in order to keep the earnings from the higher-paying jobs in the county.

### Rusk 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