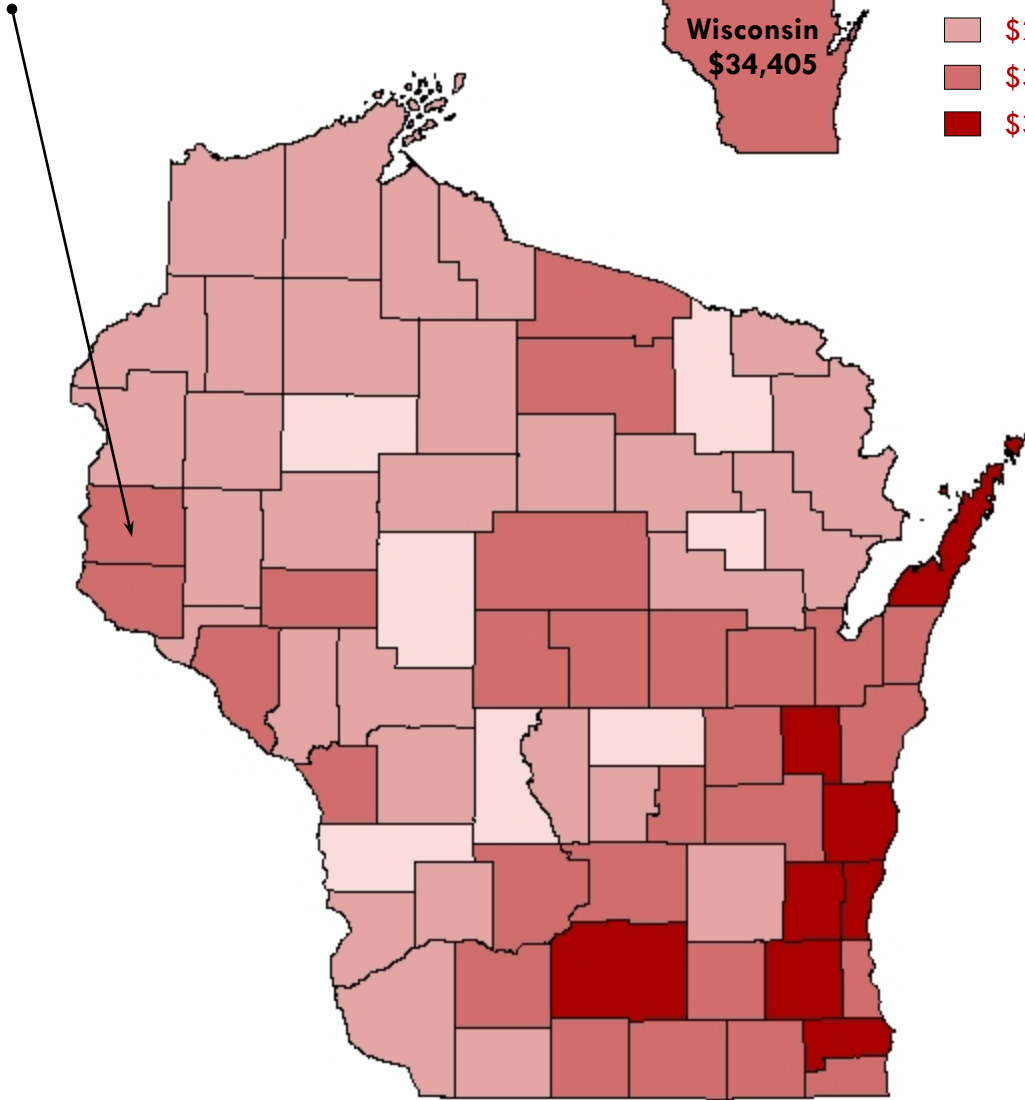


St. Croix County Workforce Profile

Per Capita Personal Income in 2006

St. Croix County
\$34,319



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10648-P

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

Population

St. Croix County added a whopping 15,865 residents from 2000 to 2007, growing to 79,020, according to the finalized estimates from Wisconsin's Department of Administration. St. Croix was actually the fastest growing county in the state, with a seven-year growth rate of 25 percent. St. Croix 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, almost half of all St. Croix's workers commuted to jobs in Minnesota in 2000!

Unsurprisingly, net migration accounts for almost three-quarters of St. Croix's population growth, adding about 11,690 residents. Though natural increase, or births minus deaths, accounts for only about 26 percent of the county's growth, St. Croix County has the second highest rate of natural increase in the state, a fact which indicates a relatively young population starting families.

The City of Hudson is the largest population center in St. Croix County, with 11,770 residents. Hudson's population grew by 34 percent from 2000 to 2007, in no small part because of its location just across the bridge from the Twin Cities.

Other border townships that haven't reached the level of development of Hudson are also growing rapidly, like the

St. Croix 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%
St. Croix County	63,155	79,020	15,865	25.1%
Hudson, City	8,775	11,770	2,995	34.1%
New Richmond, City	6,310	7,899	1,589	25.2%
Hudson, Town	6,213	7,821	1,608	25.9%
Troy, Town	3,661	4,524	863	23.6%
St. Joseph, Town	3,436	3,848	412	12.0%
North Hudson, Village	3,463	3,710	247	7.1%
Star Prairie, Town	2,944	3,557	613	20.8%
Baldwin, Village	2,667	3,555	888	33.3%
Somerset, Town	2,644	3,429	785	29.7%
Richmond, Town	1,556	2,767	1,211	77.8%

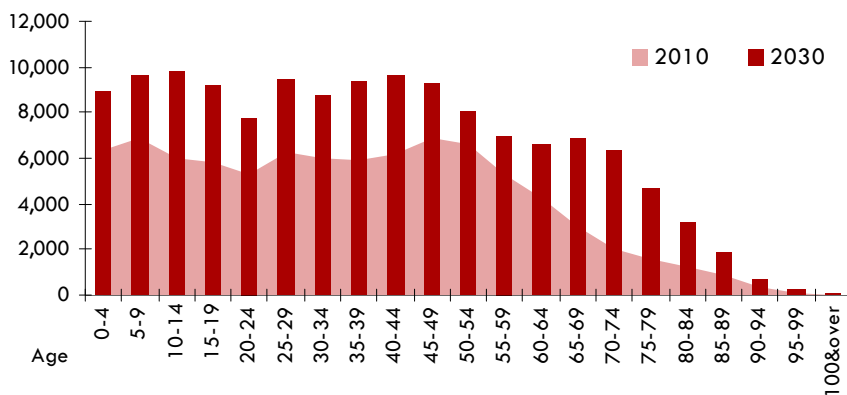
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

towns of Troy and Somerset. Even the City of New Richmond and Town of Richmond, somewhat removed from the border, grew by leaps and bounds, as people moving in settled further eastward. In fact, the Village of Baldwin, located about 20 miles east of Hudson, grew by 33 percent mostly because its location on I-94 makes for an easier commute. And commuting drives St. Croix's growth—as workers deal with 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 St. Croix County resident will be about 36 years old; by 2030, the average is expected to jump to over 38 years. The baby boomers are such a large population component that their aging literally causes the county's average age to rise by over two 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 younger workers. However, this projection assumes continued spillover from the Twin Cities, which in turn relies on that area's continued economic

Population by Age Cohorts in St. Croix County



In 2010, the average St. Croix County resident will be 35.9 years old.
 In 2020, the average St. Croix County resident will be 37 years old.
 In 2030, the average St. Croix County resident will be 38.4 years old.

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

Population & Labor Force

Population Projections for St. Croix County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	20,377	22,254	25,555	18,937	66,746	87,123
2020	26,351	27,708	29,623	29,472	86,803	113,154
2030	30,182	33,256	36,253	37,669	107,178	137,360
Distribution of Labor-Force-Aged Population						
2010		33.3%	38.3%	28.4%	100.0%	
2020		31.9%	34.1%	34.0%	100.0%	
2030		31.0%	33.8%	35.1%	100.0%	

Source: WI Dept. of Administration, Demographic Services

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, while the remaining majority pursue other interests and opportunities.

The table above illustrates the changes in St. Croix's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 107,178 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 35 to 54, making up about 38 percent. By 2030, those 55 and older will make up about 35 percent of the labor force aged population, the largest single age-group component.

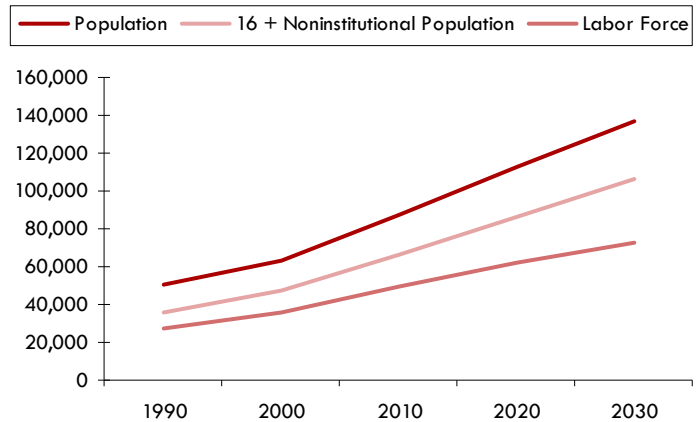
So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 40,432 (a massive amount of growth, but again, assuming current patterns hold) residents from 2010 to 2030, but the labor force is only expected add about 23,132 participants.

The graph below highlights this trend. The labor force total is always below the total for the population it draws from (the 16+ noninstitutional 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. Despite continued population growth, the labor

force growth slows to a more flattened trendline, 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

St. Croix County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for St. Croix County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	18,579	22,757	8,136	49,471
2020	22,653	26,577	12,566	61,795
2030	27,456	32,467	12,680	72,603
Distribution of Labor Force				
2010	37.6%	46.0%	16.4%	100.0%
2020	36.7%	43.0%	20.3%	100.0%
2030	37.8%	44.7%	17.5%	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.

St. Croix County had a median age of 39.1 in 2007 according to U.S. Census Bureau estimates—ranked 29th youngest out of Wisconsin’s 72 counties. This has major implications for the available workforce in the area.

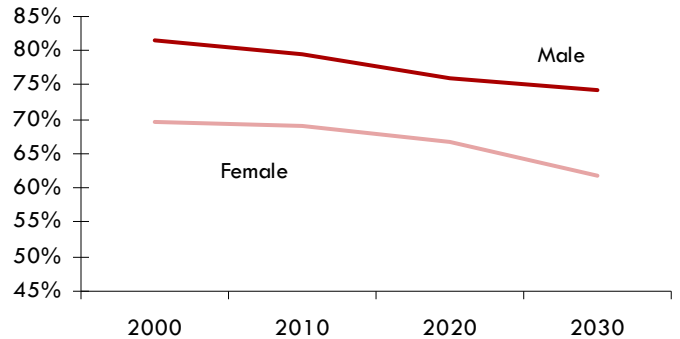
A county’s labor force is an estimate of the resident workers available for employment. Since this is a “place of residence” measure, it only includes workers living in the county, regardless of whether they work inside the county or not. It will not include commuters from outside the county.

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 misperception 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. St. Croix’s lfpr was an estimated 76.8 percent in 2007, higher than the statewide average, fifth highest in the state in fact.

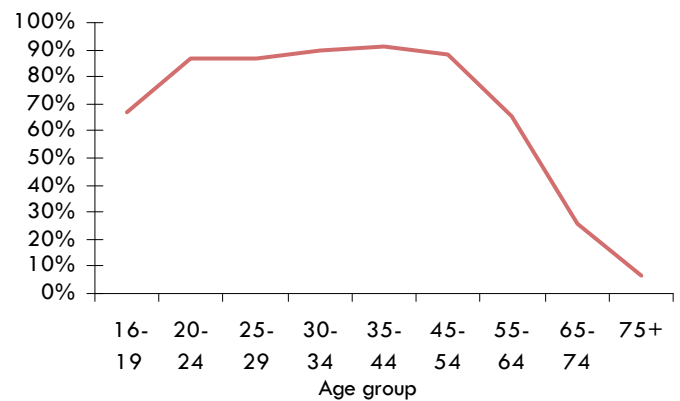
As early as 2010 the lfprs starts trending dramatically downward for both sexes. This means that even though the number of residents over 16 years old is still increasing as we saw earlier in this profile, a smaller and smaller percentage is available for employment! And in St. Croix,

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

of that available group, many will still choose the higher paying jobs in the Cities, further restricting the local labor supply.

While St. Croix’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.

St. Croix County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	42,168	43,268	44,769	46,905	46,897
Employed	39,685	41,138	42,683	44,587	44,565
Unemployed	2,483	2,130	2,086	2,318	2,332
Unemployment Rate	5.9%	4.9%	4.7%	4.9%	5.0%

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

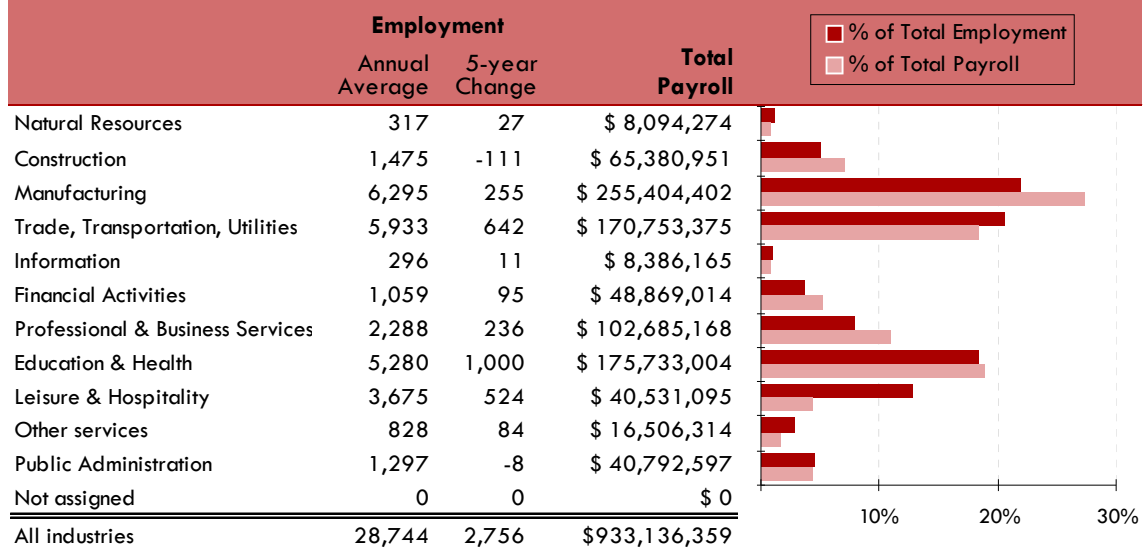
Jobs & Wages

St. Croix County's average wage in 2007 was over 85 percent of the average wage in Wisconsin, slightly higher than its percentage last year. St. Croix County's largest industry, by employment and even more so by total payroll, is manufacturing; the average wage in this industry, \$40,573, is about 86 percent of the statewide average, a slightly lower percentage

than in 2006. Lower wages for manufacturers in rural areas are fairly common; a less competitive market for workers, combined with fewer high-level management jobs at the rural location tend to lower the average wage.

The other two major industry sectors in St. Croix, trade, transportation & utilities and education and health, also pay less than the state average, for reasons similar to manufacturing. But in these sectors, industry mix also plays a role. The education and health sector employment in St.

2007 Employment and Wage Distribution by Industry in St. Croix County



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

Croix is dominated by education jobs, which pay lower on average than healthcare. Trade, transportation, and utilities in the county is dominated by the lower paying retail trade jobs. The impact of these three large sectors on the local average wage likely accounts for much of the disparity between St. Croix County and the state.

St. Croix County added 2,756 net jobs from 2002 to 2007; only two sectors lost jobs. Construction lost 111 jobs, likely a reflection of the recent national decline in the

housing market. Average wages in St. Croix grew by 16.2 percent, slower than the state's growth of 17.4 percent. Education and health added the most jobs, with gains divided between both sectors. Growth in education employment followed runaway population growth; school staff increased to cover ever larger enrollments. Healthcare employment growth is a national trend, an inevitable consequence of the aging population. Surging demand leads to increased employment in occupations all throughout the healthcare sector.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		St. Croix County as a Share of Wisconsin	St. Croix County 5-year % Change	Wisconsin 5-year % Change
	St. Croix County	Wisconsin			
All industries	\$32,464	\$38,070	85.3%	16.2%	17.4%
Natural Resources	\$25,534	\$29,235	87.3%	20.4%	14.7%
Construction	\$44,326	\$47,489	93.3%	16.1%	19.8%
Manufacturing	\$40,573	\$47,106	86.1%	14.2%	16.1%
Trade, Transportation & Utilities	\$28,780	\$32,762	87.8%	13.5%	15.3%
Information	\$28,332	\$48,483	58.4%	14.2%	24.7%
Financial Activities	\$46,146	\$50,749	90.9%	54.8%	25.8%
Professional & Business Services	\$44,880	\$44,328	101.2%	24.9%	22.0%
Education & Health	\$33,283	\$39,606	84.0%	12.7%	17.3%
Leisure & Hospitality	\$11,029	\$13,589	81.2%	7.3%	14.8%
Other Services	\$19,935	\$22,073	90.3%	28.4%	13.2%
Public Administration	\$31,452	\$39,879	78.9%	33.6%	18.1%

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

Jobs & Wages

Prominent Industries in St. Croix County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	St. Croix County	St. Croix County	Wisconsin	St. Croix County	Wisconsin	St. Croix County	Wisconsin
Food services & drinking places	2,807	18.0%	9.1%	\$ 10,224	\$ 10,859	8.2%	14.5%
Educational services	2,202	22.7%	2.0%	\$ 32,786	\$ 39,753	3.6%	15.0%
Fabricated metal product manufacturing	1,451	41.1%	8.6%	\$ 38,374	\$ 43,765	9.1%	15.4%
Machinery manufacturing	1,238	-17.7%	-4.5%	\$ 47,528	\$ 53,720	20.8%	19.1%
Plastics & rubber products manufacturing	1,234	-1.9%	-5.0%	\$ 36,335	\$ 41,268	17.6%	17.5%
Executive, legislative, & gen government	1,041	-1.0%	-4.7%	\$ 32,159	\$ 36,340	36.4%	16.4%
General merchandise stores	1,018	28.7%	7.1%	\$ 19,001	\$ 17,914	16.2%	16.3%
Professional & technical services	1,008	17.5%	10.0%	\$ 44,317	\$ 56,267	9.7%	20.9%
Hospitals	964	20.0%	12.6%	\$ 44,471	\$ 43,750	42.7%	24.1%
Administrative & support services	948	-4.5%	15.8%	\$ 18,315	\$ 23,144	-38.0%	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

The importance of manufacturing, the largest industry in St. Croix County, is easily seen on the table above. In fact, four of the top ten largest employers in St. Croix County are manufacturers. Machinery manufacturing, also the highest paying sub-sector on the table above, saw an employment decline of 18 percent. It was hit hard in the last recession, but has added jobs in 2007. Plastics manufacturing had a similar trend, but has almost recovered its level before the 2002-2003 recession. In contrast, fabricated metals manufacturing has steadily gained jobs since 2002, even during the last recession.

Educational services (including both public and private institutions) also an important industry in St. Croix County, ranked second in the prominent industries list above. This sector includes the six school districts serving their areas of the county. Employment in the education sector grew by

almost 23 percent from 2002 to 2007. This kind of growth in the school systems is not surprising, as districts race to keep pace with the demands of a growing population with many school-age children. Schools are three of the top ten employers in St. Croix County, led by the School District of Hudson, the single largest employer in the county.

The tremendous population growth has fueled demand for local goods and services. The food services and drinking places sub-sector averages 2,807 employees, though you won't find any of these businesses on the top ten employers list. Employment in food services & drinking places is spread amongst 158 establishments, adding new places each year. General merchandise store employment was up almost 29 percent from 2002 to 2007.

In an interesting change from last year, specialty trade contractors did not make the prominent industries list. St. Croix's rapid growth had resulted in a building boom, but employment in this sub-sector has fallen since a peak in 2005, echoing the trends in the troubled housing market nationwide.

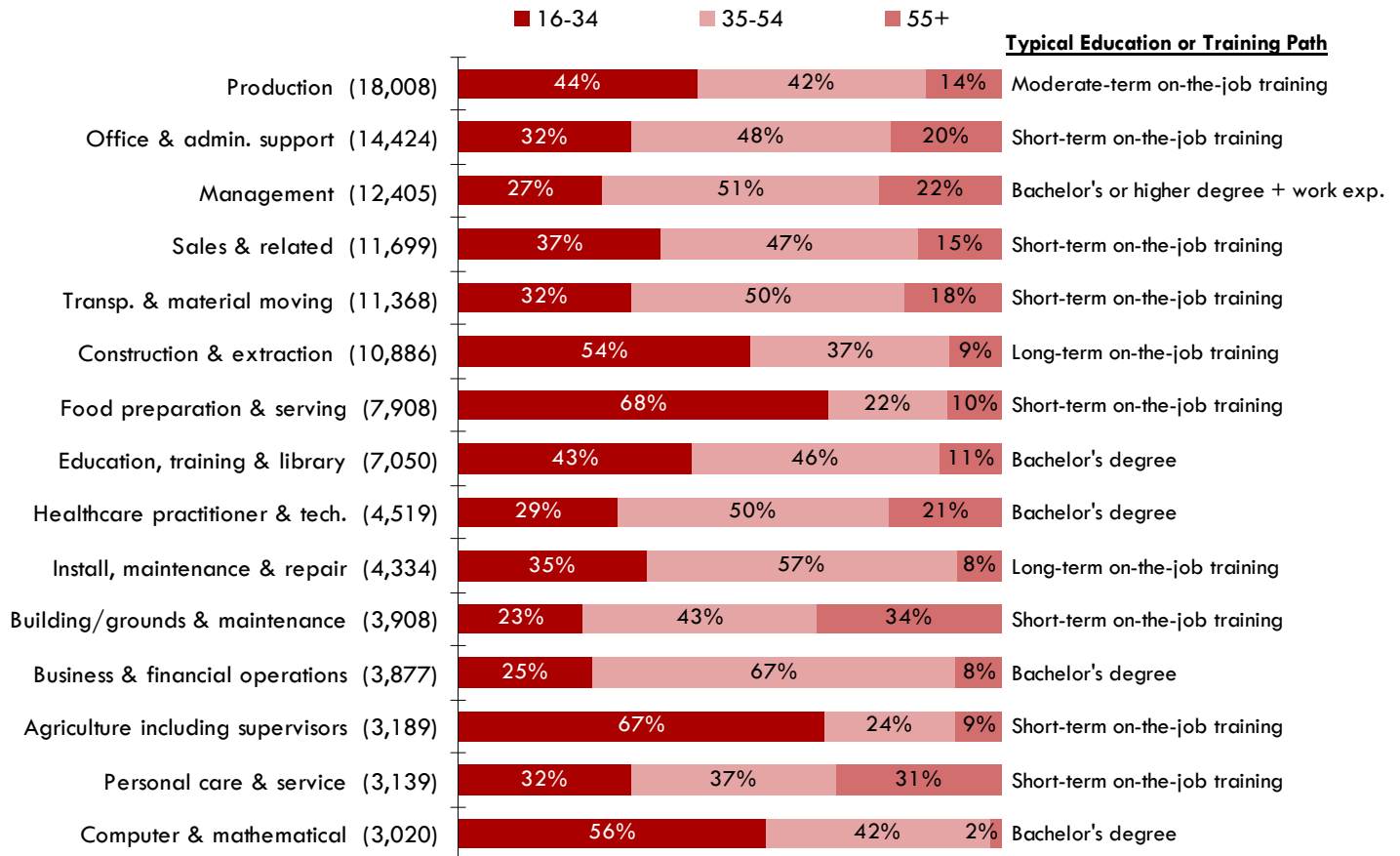
Prominent Public and Private Sector Employers in St. Croix County		
Establishment	Service or Product	Number of Employees (March 2007)
School District of Hudson	Elementary & secondary schools	500-999 employees
County of St Croix	Executive & legislative offices, combined	500-999 employees
Wal-Mart	Discount department stores	500-999 employees
New Richmond Public School	Elementary & secondary schools	250-499 employees
Phillips Plastics Corp	All other plastics product manufacturing	250-499 employees
YMCA	Civic & social organizations	250-499 employees
Nor Lake Inc	AC, refrigeration, & forced air heating	250-499 employees
Baldwin-Woodville Area School	Elementary & secondary schools	250-499 employees
Mc Millan Electric Co	Motor & generator manufacturing	250-499 employees
OEM Fabricators Inc	Miscellaneous fabricated metal product mfg.	250-499 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 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 St. Croix 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 St. Croix. The county belongs to a group that also Barron, Clark, Dunn, and Polk 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. 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 flowing in,

Occupations & Typical Education or Training

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 higher 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 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.

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 St. Croix County, production occupations are the largest occupation group, with over 18,000 workers. This is not surprising given that Wisconsin in general, and the St. Croix County area specifically, have a high number of manufacturers. St. Croix has significant county employment in a diverse array of production led by machinery, plastics, and fabricated metal products manufacturing. A fourteen percent 55-plus age proportion signifies many upcoming retirements for this occupation group, as well.

Income

St. Croix County's total personal income (TPI) has grown by about 33 percent in the five-year period from 2001 to 2006, faster than statewide and even nationwide growth.

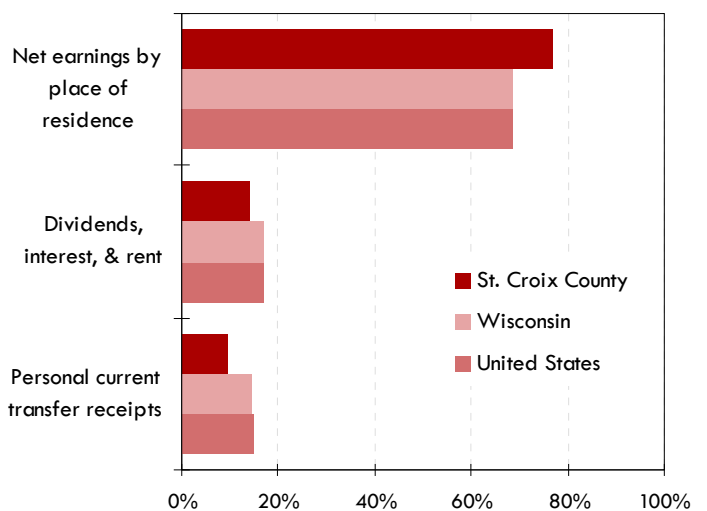
Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution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

In St. Croix County, almost 77 percent of TPI is from net earnings, quite high compared to 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 St. Croix 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 worker lives, regardless of where their job is, the adjustment for residency is used.

Components of 2006 Total Personal Income



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

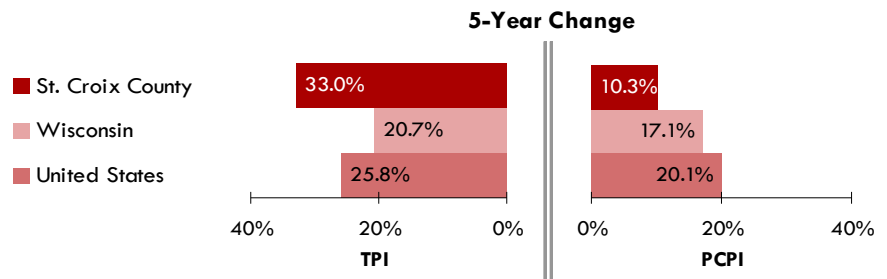
Income

As shown on the graph below, it's basically the earnings from St. Croix residents working in other counties (inflow), minus the earnings of residents of other counties working in St. Croix (outflow). In 2006 it was close to \$1 billion. It indicates that St. Croix is by far a net exporter of labor, with commuters bringing high wages made across the border back to St. Croix. This adjustment was up close to \$300 million from 2001 to 2006, showing an acceleration of this trend. In fact, this adjustment alone accounts for over one-third 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 14 percent of TPI in St. Croix 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, and welfare. About 9 percent of TPI in Eau Claire County is from transfer receipts, low compared to the state and

Personal Income in St. Croix County				
	Total Personal Income (TPI) (in thousands)		Per Capita Personal Income (PCPI)	
	2001	2006	2001	2006
St. Croix	\$2,042,821	\$2,716,134	\$31,113	\$34,319
Wisconsin	\$158,888,404	\$191,725,759	\$29,377	\$34,405
United States	\$8,716,992,000	\$10,968,393,000	\$30,574	\$36,714



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

national averages, about 14 and 15 percent respectively. The percentages 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.

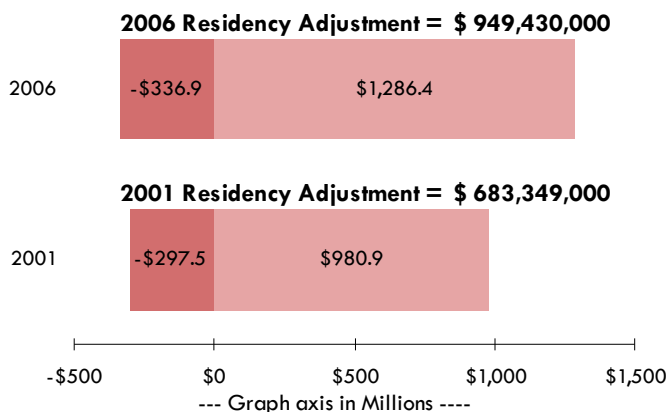
Total personal income divided by the total population produces per capita personal income (PCPI). This is a very useful indicator for comparing geographic areas. Counties with a high population will, not surprisingly, also have a high level of total personal income; turning it into a per capita measure gives us an estimate of income per resident. St. Croix's per capita personal income of \$34,319 ranks 12th among Wisconsin's 72 counties, and up four ranks since 2005. It is very similar to the statewide average, though still below the national level.

Per capita personal income growth of about 10 percent over the five-year timeframe from 2001 to 2006 was significantly below both the state and national rates.

So why is TPI growing so much faster than PCPI in St. Croix—TPI at 33 percent compared to only about 9 for PCPI? The answer lies in the population make-up. St. Croix has a younger population, with a higher percentage of family-age residents, and their children are included in the PCPI calculations. In fact, 23 percent of the population in St. Croix County was aged 15 or younger in 2005, according to Wisconsin Department of Administration projections. This tends to lower the PCPI growth rate (and even the PCPI itself), despite the higher incomes residents are earning in Minnesota.

St. Croix 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