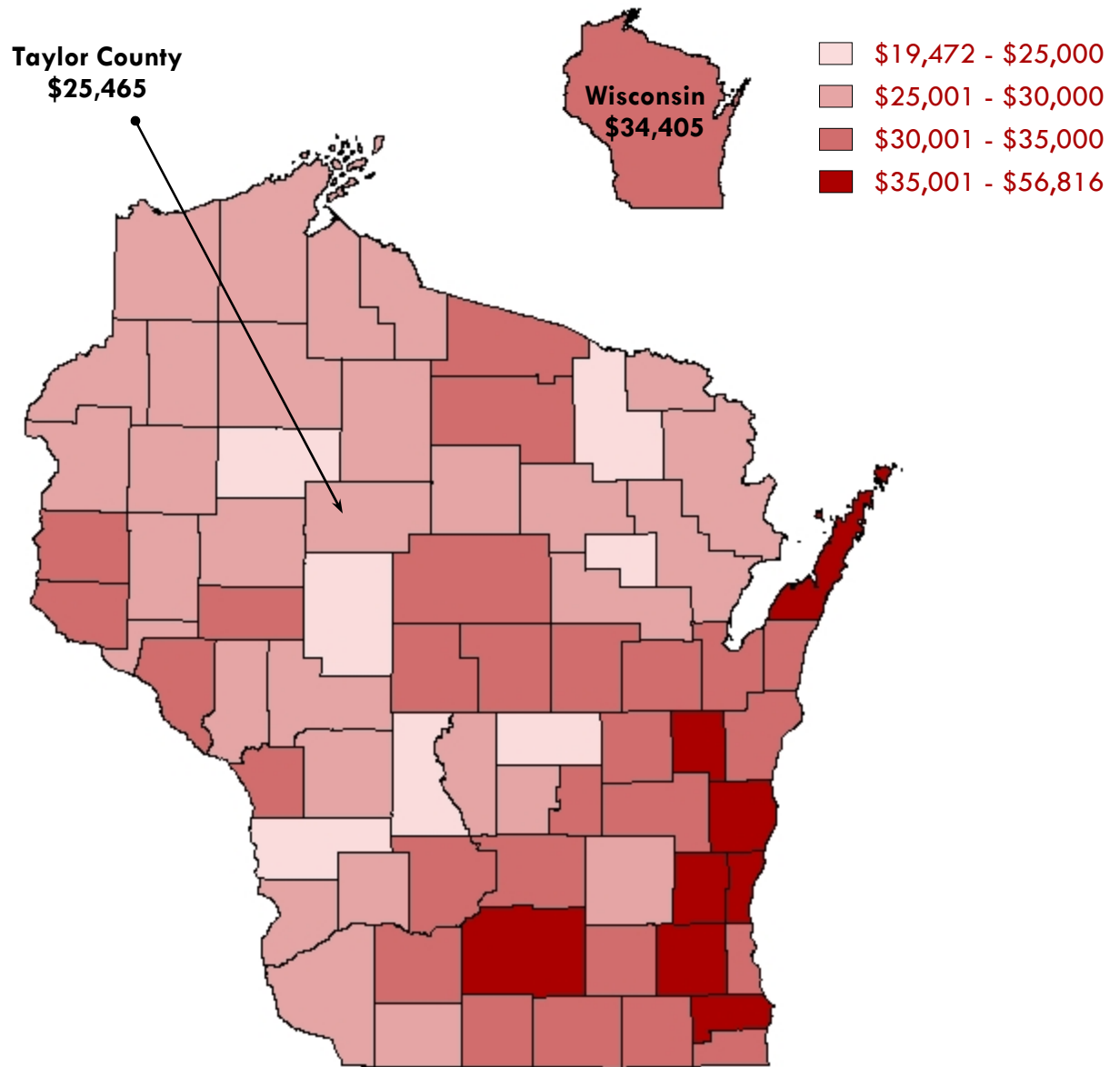


Taylor County Workforce Profile

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10653-P

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Population

The population estimate for Taylor County on January 1, 2007, after adding 369 new residents since Census 2000, was 20,049. The county's population increase of 1.9 percent since 2000 was well below the 5.3 percent growth in the state's total population and 6.9 percent in the nation. Although population growth has slowed from the 1990s, Taylor County has added new residents every year since 1988.

Somewhat unique to Taylor County is that the population increase is largely from natural changes, more births than deaths, rather than from net migration. Since 2000, more people have moved out of Taylor County than have moved in, a situation that occurred in only seven of Wisconsin's 72 counties. The increase in population since 2000 resulted from the number of births (1,618) exceeding the number of deaths (1,202) by 416.

Two-thirds of the county's population live in the ten municipalities listed in the top table. Of the 27 municipalities in the county, 19 added population while seven had fewer residents and one experienced no change. All of the county's five incorporated places (1 city and 4 villages) lost population. The City of Medford incurred the greatest loss in population with 52 fewer residents since 2000, while the greatest increase occurred in the Town of Medford with the addition of 90 residents. The towns adding the most residents are all within an easy commute of the City of Medford. There is have a major highway connecting them and they seem to benefit from

Taylor 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%
Taylor County	19,680	20,049	369	1.9%
Medford, City	4,350	4,298	-52	-1.2%
Medford, Town	2,216	2,306	90	4.1%
Little Black, Town	1,148	1,192	44	3.8%
Browning, Town	850	897	47	5.5%
Holway, Town	854	883	29	3.4%
Rib Lake, Village	878	864	-14	-1.6%
Rib Lake, Town	768	775	7	0.9%
Chelsea, Town	719	768	49	6.8%
Deer Creek, Town	733	749	16	2.2%
Hammel, Town	735	745	10	1.4%

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

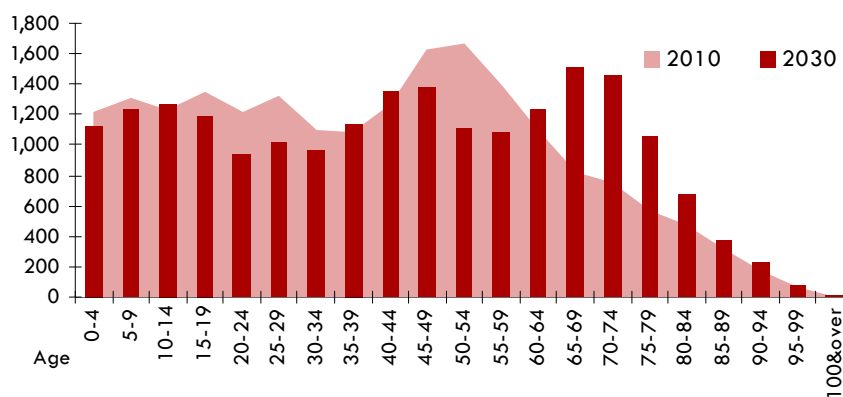
population gains from in-migration.

Even though there has been more out-migration than in-migration, some areas still attract new residents. Taylor County has a large manufacturing presence and employers are always seeking new workers. Perhaps because of this, coupled with more births than deaths, there is a larger younger population than in many neighboring counties, especially those to the north.

Still the county has its share of Baby Boomers and because there are so many of them, the average age was 37.9 years in 2000. More sobering is that the average age of county residents is projected to rise to 41.6 years by 2020 and to 43.6 by 2030. The county's average age in 2000 was 1.5 years above the state mean of 36.4 years. That gap will widen with time as the state average age increases to 39.6 years in 2020, and to 41.0 years in 2030.

The graph on the left demonstrates the 'weight' of this older population in Taylor County. Over time, this will impact the county's economy. It faces a future that includes meeting the needs of an elderly population, especially in providing health services, and a shortage of workers to replace those retiring. Even though many baby boomers don't plan to fully retire (generating job replacement vacancies) most will move into other positions. Studies show that only 5 percent of retirement-age workers remain full-time in their pre-retirement positions.

Population by Age Cohorts in Taylor County



In 2010, the average Taylor County resident will be 39.5 years old.

In 2020, the average Taylor County resident will be 41.6 years old.

In 2030, the average Taylor County resident will be 43.6 years old.

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

Population & Labor Force

Population Projections for Taylor County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	4,035	4,713	5,656	5,674	16,043	20,078
2020	4,006	4,300	4,829	7,241	16,370	20,376
2030	3,858	3,871	4,984	7,703	16,558	20,416
Distribution of Labor-Force-Aged Population						
2010		29.4%	35.3%	35.4%	100.0%	
2020		26.3%	29.5%	44.2%	100.0%	
2030		23.4%	30.1%	46.5%	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 Taylor County is dominated by an older generation that will contribute little to the workforce. Rather than expanding the overall economy, could instead 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 that the population in the youngest age group is projected to decline over the 20-year span, as is the population in both of the middle age groups, while the eldest group increases 36 percent. The population aged 55 years and older increases from 35.4 percent of the labor force aged population (the population aged 16 years and older) to 46.5 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 actively 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.

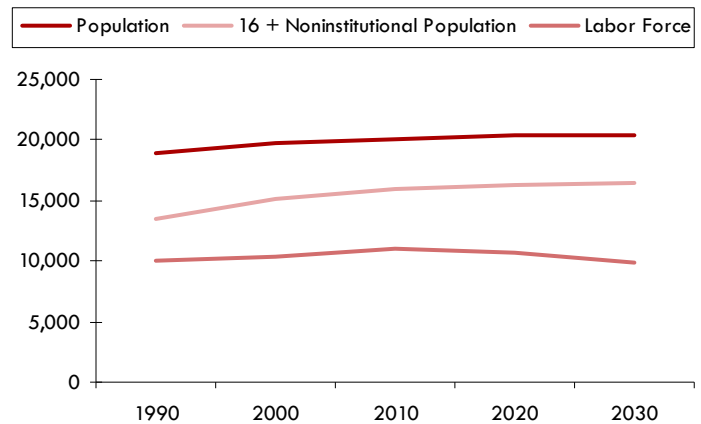
In fact, the 16 plus aged population is projected to add roughly 515 residents from 2010 to 2030, but the labor

force is expected to decline by approximately 1,240 participants (bottom table).

The graph below shows the three major components of Taylor County's total population, labor force aged population, and labor force. The top two lines indicate continued population growth through 2030, albeit somewhat slower than during the 1990s. The bottom line, representing the county's labor force, peaks by 2010, then begins to slowly

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.

Taylor County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Taylor County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	3,808	5,037	2,230	11,075
2020	3,431	4,318	2,963	10,712
2030	3,087	4,443	2,305	9,835
Distribution of Labor Force				
2010	34.4%	45.5%	20.1%	100.0%
2020	32.0%	40.3%	27.7%	100.0%
2030	31.4%	45.2%	23.4%	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 actively looking for work.

Even though recent decades witnessed increased participation of women in Taylor County, from 37 percent in 1970 to 63 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 72-75 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 Taylor County is projected to drop closer to 66 percent while women's LFPR declines to 54 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 61 percent to 87 percent in the 20-24 year-old group. The LFPR remains above 87 percent through the 45-54 year group before declining rapidly to 66 percent for those 55-64 years old and to under 20 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 Taylor County.

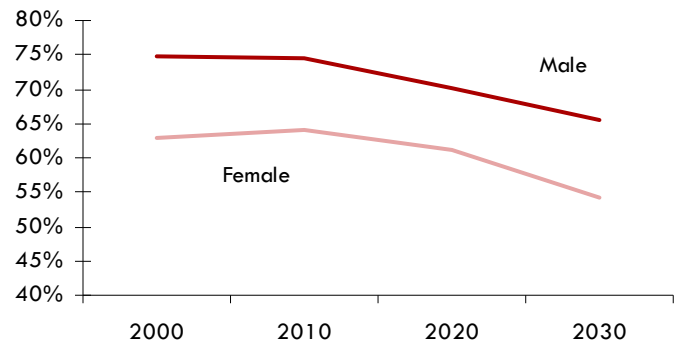
The bottom chart reflects some of these changes already occurring in the county's labor force. The total labor force has declined in each year since 2003 when it set an all-time high of 11,644. The labor force reduction from 2003 to 2007 resulted from a loss in the number of employed residents in Taylor County, even though the number of unemployed changed very little.

Taylor County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	11,644	11,344	11,138	10,989	10,919
Employed	10,983	10,739	10,518	10,438	10,316
Unemployed	661	605	620	551	603
Unemployment Rate	5.7%	5.3%	5.6%	5.0%	5.5%

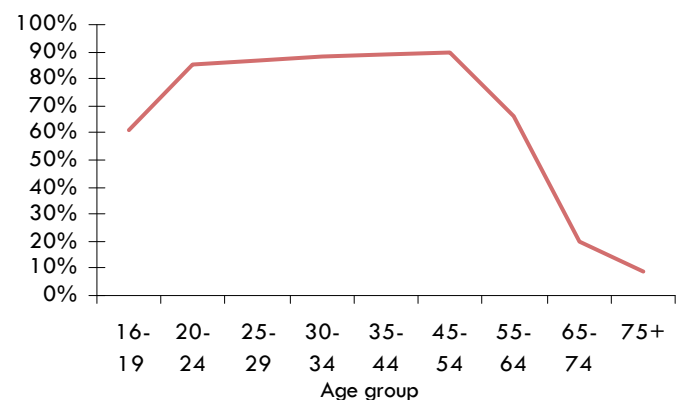
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

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

In spite of an increase in total population of 1.6 percent from 2003 to 2007 and little change in the 16-plus population, the labor force declined 6.2 percent. This precipitated a drop in the overall LFPR in Taylor County from 76.3 to 69.3 percent. Taylor County's current LFPR, is higher than most neighboring counties, but lower than Wisconsin's LFPR of 74.3 percent.

Unemployment rates in the county have vacillated between 5.7 and 5.0 percent since 2003. The current unemployment rate of 5.5 percent is higher than the state unemployment rate of 4.9 percent in 2007. The unemployment rate is very seasonal in Taylor County, falling as employers add jobs March through June. Rates decline throughout most of the summer 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.

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. Taylor County has a diversity of industry employment, but jobs are dominated by the manufacturing sector. Thirty-one percent of the county's jobs, the 8th highest concentration in Wisconsin, are in the manufacturing industry compared to 18 percent for the

state as a whole. Manufacturing contributes substantially more as a share of total payroll (36%) than total employment, meaning that manufacturing jobs, with an average annual wage of \$35,000, pay relatively well. The problem is that the annual average manufacturing wage in Taylor County is only 74 percent of the Wisconsin industry average and the trend in manufacturing jobs, in the county, state, and nation, is dwindling as a share of total jobs. During the last five years, the manufacturing industry in Taylor County shed 236 jobs.

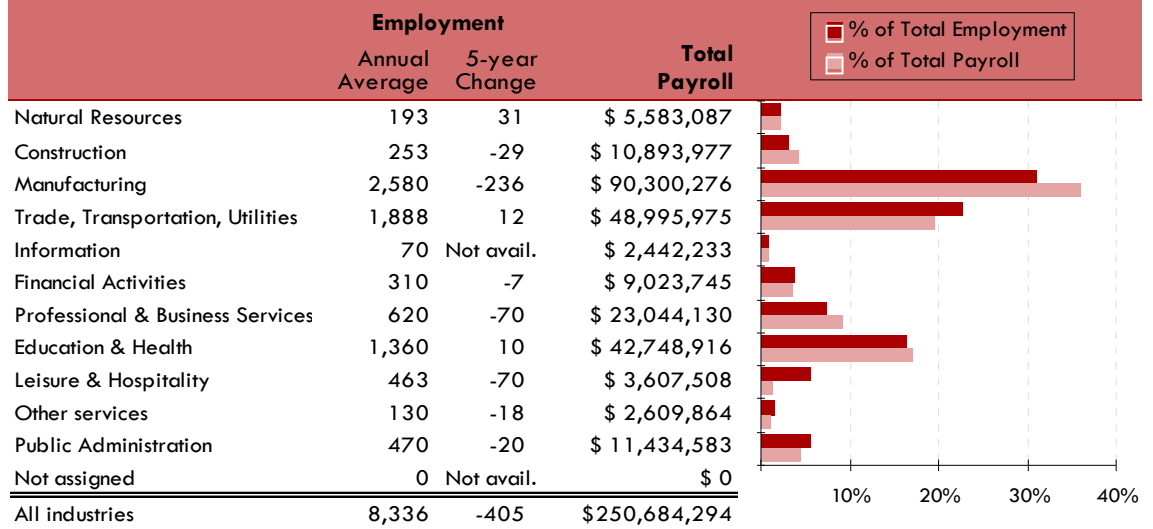
Average annual wages are higher in only two other industry super-sectors: construction, and professional and

business services. The average wage of \$43,059 in construction is the highest in the county, but still falls shy of the industry's average in Wisconsin and is paid to workers in only three percent of the county's jobs. Likewise, the second highest average of \$37,168 was earned by the 620 workers in professional and business services. Neither has as much impact on the overall average wage as wages earned by the 4,228 workers in the three dominant industries of manufacturing; trade, transportation, and utilities; and education and health services. Additionally, only the latter two industries are adding jobs. Average local wages in these industries are only 79 percent of average state industry wage. This further increases the disparity with statewide overall wages.

Furthermore, any advantage in overall wages gained by the higher construction wages are reduced by the lowest wages of \$7,792 earned by nearly twice as many workers in the leisure and hospitality industry. Over the five-year period, the all industry average wage increased 14.1 percent in Taylor County, lagging the statewide increase of 17.4 percent.

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2007 Employment and Wage Distribution by Industry in Taylor 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		Taylor County as a Share of Wisconsin	Taylor County 5-year % Change	Wisconsin 5-year % Change
	Taylor County	Wisconsin			
All industries	\$30,072	\$38,070	79.0%	14.1%	17.4%
Natural Resources	\$28,928	\$29,235	98.9%	10.2%	14.7%
Construction	\$43,059	\$47,489	90.7%	23.1%	19.8%
Manufacturing	\$35,000	\$47,106	74.3%	12.3%	16.1%
Trade, Transportation & Utilities	\$25,951	\$32,762	79.2%	13.0%	15.3%
Information	\$34,889	\$48,483	72.0%	Not avail.	24.7%
Financial Activities	\$29,109	\$50,749	57.4%	10.1%	25.8%
Professional & Business Services	\$37,168	\$44,328	83.8%	22.3%	22.0%
Education & Health	\$31,433	\$39,606	79.4%	15.1%	17.3%
Leisure & Hospitality	\$7,792	\$13,589	57.3%	9.9%	14.8%
Other Services	\$20,076	\$22,073	91.0%	19.7%	13.2%
Public Administration	\$24,329	\$39,879	61.0%	14.4%	18.1%

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

Jobs & Wages

Prominent Industries in Taylor County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Taylor County	Taylor County	Wisconsin	Taylor County	Wisconsin	Taylor County	Wisconsin
Wood product manufacturing	1,222	3.4%	-6.8%	\$ 30,145	\$ 31,799	1.8%	12.3%
Food manufacturing	635	not avail.	-6.7%	\$ 47,373	\$ 38,239	not avail.	13.2%
Merchant wholesalers, nondurable goods	619	27.6%	4.7%	\$ 28,713	\$ 46,622	18.5%	15.5%
Educational services	463	3.3%	2.0%	\$ 33,712	\$ 39,753	3.3%	15.0%
Executive, legislative, & gen government	424	-0.9%	-4.7%	\$ 22,671	\$ 36,340	12.6%	16.4%
Plastics & rubber products manufacturing	*	not avail.	-5.0%	*	\$ 41,268	not avail.	17.5%
Food services & drinking places	368	-11.5%	9.1%	\$ 7,858	\$ 10,859	10.4%	14.5%
Management of companies & enterprises	301	-9.1%	33.1%	\$ 48,823	\$ 82,145	23.2%	25.0%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%
Truck transportation	290	-23.7%	7.1%	\$ 37,070	\$ 41,316	14.9%	14.6%

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, five of the ten leading industry sub-sectors in the above table are parts of Taylor County's leading industry sectors of manufacturing and trade, transportation, and utilities. The sub-sectors 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 of the suppressed employment shows that employers in these ten sub-sectors provide nearly 60 percent of the jobs in Taylor County.

The top table on page 4 showed the manufacturing sector losing 236 jobs from 2002 to 2007. But, as you can see in the table above, the wood manufacturing sub-sector, with nearly half of all manufacturing jobs in the county, added jobs in the five-year period. Four of the

five manufacturing employers included in the bottom table produce either wood or food products.

Wood sub-sector wages are 95 percent of the wages paid in Wisconsin. Wages in food manufacturing, the second largest sub-sector, are 124 percent of the sub-sector's wages in state.

Employment with the sub-sectors of merchant wholesalers and truck transportation, part of the trade, transportation, and utilities industry group, is also integral to both wood and food manufacturing. Likewise, the jobs in management of companies are found in the corporate offices of the leading employers from wood and food products manufacturing. This sub-sector's average annual wages are relatively high in both the county and state and point to the value of these jobs (and occupations) in an economy.

Similarly valued are the jobs in the two prominent sub-sectors of education services and hospitals. These occupations usually require post-secondary education or training and command higher wages.

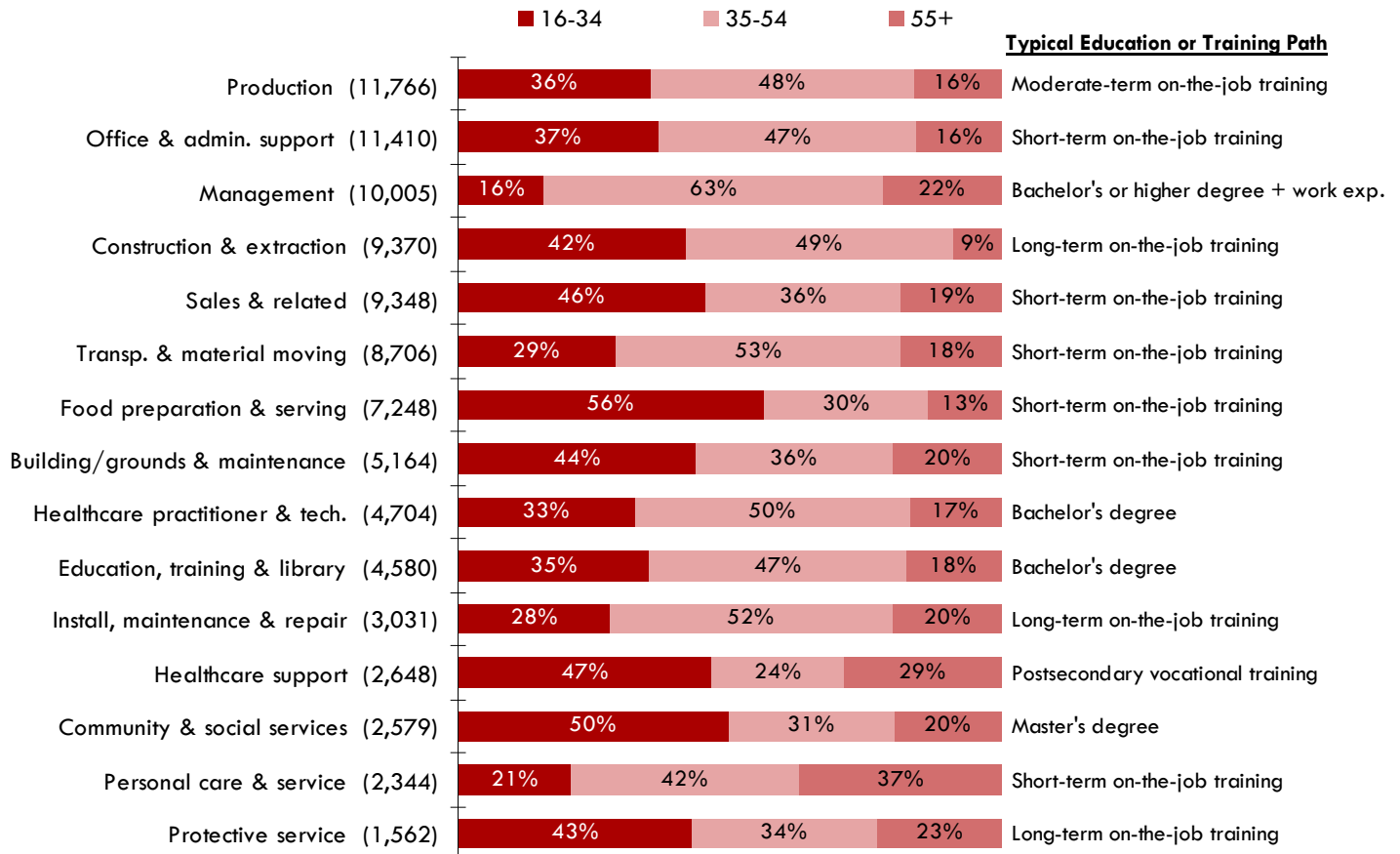
Prominent Public and Private Sector Employers in Taylor County		
Establishment	Service or Product	Number of Employees (March 2007)
Weather Shield Mfg Inc	Wood window & door manufacturing	1000+ employees
Marathon Cheese	Dairy product merchant wholesalers	500-999 employees
Memorial Health Center Inc	General medical & surgical hospitals	500-999 employees
Kraft Pizza Co	Frozen specialty food manufacturing	500-999 employees
Medford Public School District	Elementary & secondary schools	250-499 employees
Hurd Windows & Doors Inc	Wood window & door manufacturing	250-499 employees
Phillips Plastics Corp	All other plastics product manufacturing	250-499 employees
County of Taylor	Executive & legislative offices, combined	100-249 employees
Medford Coop Inc	Supermarkets & other grocery stores	100-249 employees
Manpower	Temporary help services	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 the 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 Taylor 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). The chart also 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 social service 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 Taylor 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

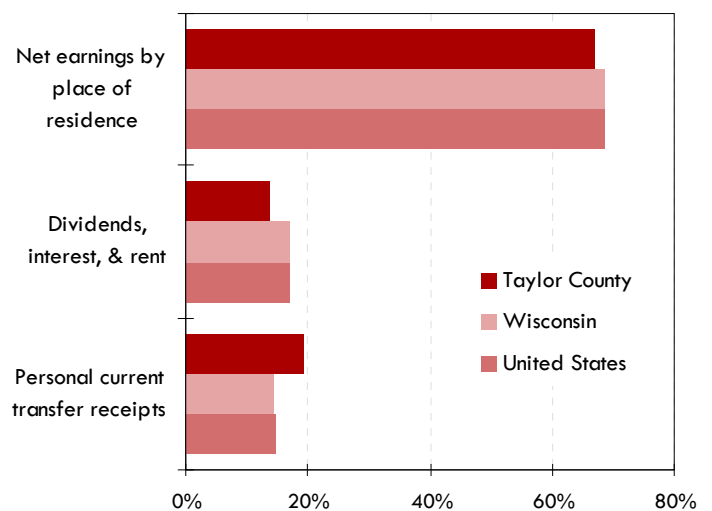
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, 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. Taylor County residents' share of income from earnings is 67 percent, nearly matching that of the state and the nation. However, the majority of net earnings are wages and salaries paid to workers by employers. Since Taylor County jobs pay on average 21 percent less than similar statewide jobs (see page 4) and many are seasonal, those wages and salaries generate

less annual earned income. This, in turn, forces workers to turn to other assistance in the off season (increasing transfer payments). In addition to wages paid by local

(Continued on page 8)

Components of 2006 Total Personal Income



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

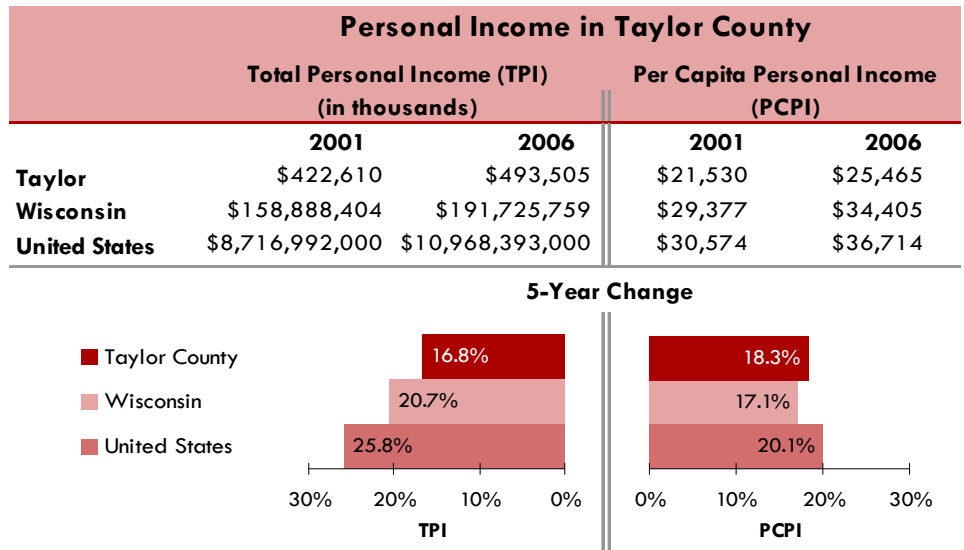
Income

employers, net earnings also include an adjustment for wages earned by residents working outside 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 \$59.6 million to Taylor County's total personal income while non-resident workers were paid \$58.1 million dollars in wages that left the county. The total residency adjustment netted \$1,439,000 in Taylor County residents' earnings. Commuting patterns from Census 2000 show that nearly an equal number of commuters travel to jobs in Clark and Marathon counties as arrive from these counties to work in Taylor County. Earnings from the residency adjustment, which increased 51.8 percent since 2001, are still less than one percent of net county earnings.

During the five-year span, net earnings rose 19 percent, but total personal income increased only 16.8 percent.

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



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

example, if there is a large number of younger residents 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 receive 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.

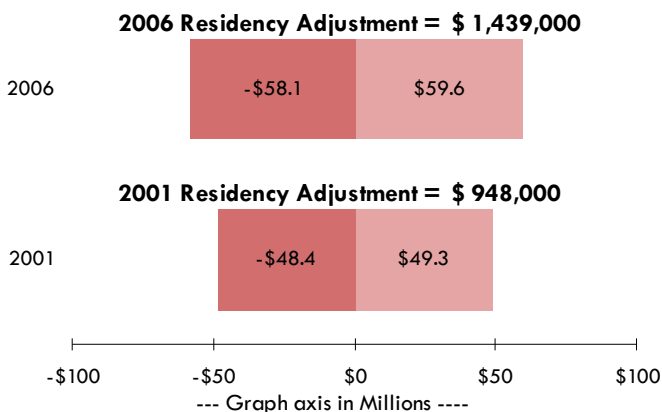
Taylor County, with one-fifth of its residents over 65 years of age, has a higher proportion of transfer receipts (19%) compared with the state and nation (14%). This contributes to both lower TPI and PCPI. In 2006, the PCPI of \$25,465 in Taylor County was only 74 percent of the Wisconsin PCPI of \$34,405. Taylor's PCPI ranked 60th lowest 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 Taylor County. While planners and developers strive to increase wages through better paying jobs they can do little in the short-run 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. Taylor's PCPI was 70 percent of the nonmetropolitan PCPI, which presents a more reasonable target for county planners and developers.

Taylor 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