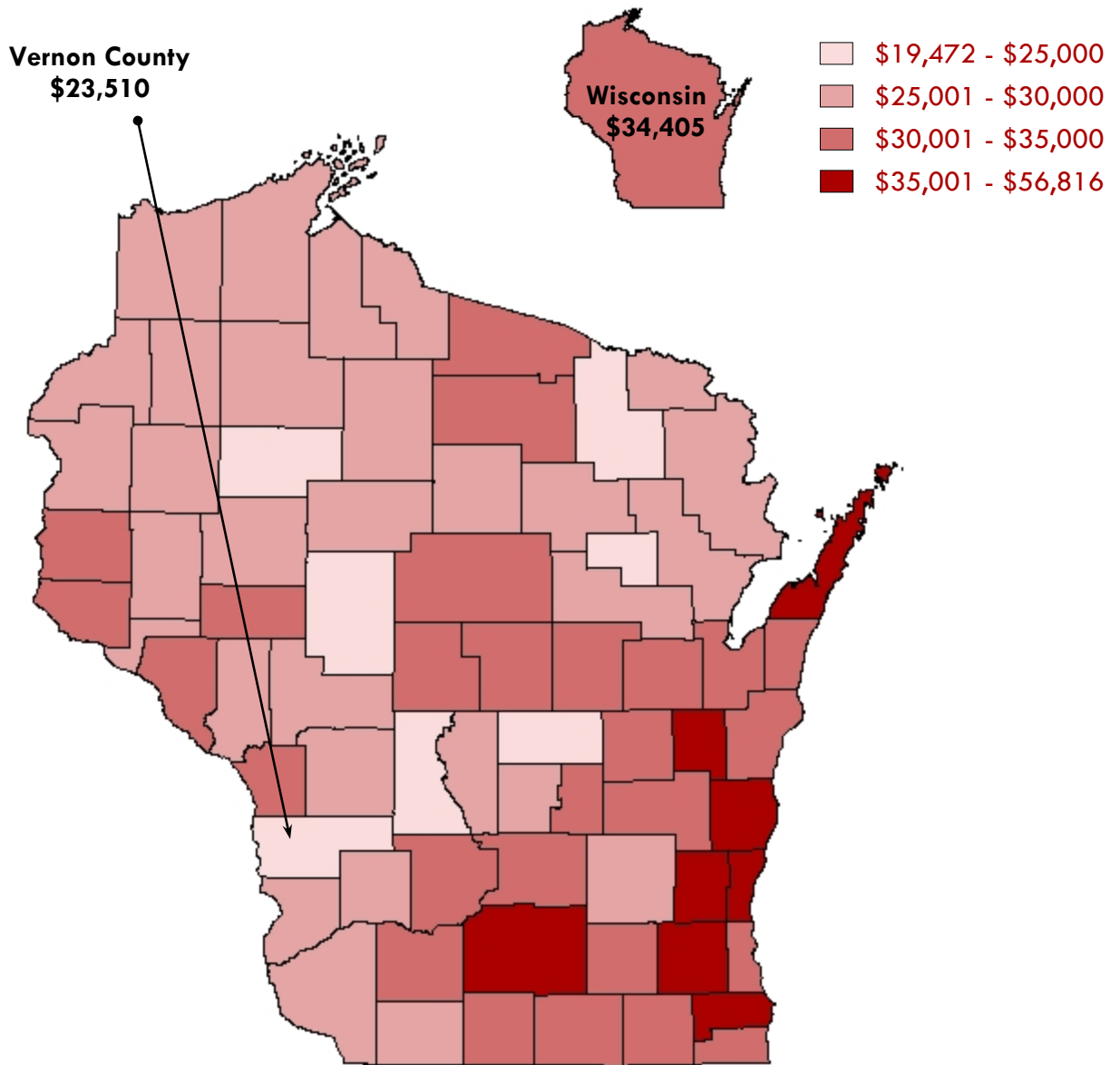


# Vernon County Workforce Profile

## Per Capita Personal Income in 2006



2008

### Office of Economic Advisors

Wisconsin Department of Workforce Development  
OEA-10655-P

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## Population

The population in Vernon County totaled 29,530 on January 1, 2007 after adding over 130 new residents during 2006 and posting an increase since Census 2000 of 1,474 new residents. The 5.3 percent increase from 2000 ranked 34th highest among the state's 72 counties, matching the increase in the state but lagging growth in the nation.

The majority of municipalities added residents since 2000, and increases in the five largest municipalities accounted for over one-third of the total increase in the county. Only five of the county's 33 municipalities lost residents, with the greatest loss occurring in the City of Hillsboro.

Vernon County's total population is increasing from both natural causes (births minus deaths) and net-migration (more individuals moving into the county than leaving). Since 2000 births outnumbered deaths by 679 while net-migration added 795 residents.

Adding new residents from natural causes will help to keep the median age in the county at 39 years in 2010, but it will still be higher than 35 other counties in the state and higher than the estimated median age of 38.1 years for the state. Although the county's median age has dropped in the last three years, it is poised to increase as a large share of the county's population advances toward the older age groups.

The bottom graph shows the shift in population projected over the next 20 years. In 2010, roughly 28 percent of

### Vernon 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%
Vernon County	28,056	29,530	1,474	5.3%
Viroqua, City	4,335	4,417	82	1.9%
Westby, City	2,045	2,166	121	5.9%
Viroqua, Town	1,560	1,711	151	9.7%
Clinton, Town	1,354	1,467	113	8.3%
Bergen, Town	1,317	1,393	76	5.8%
Hillsboro, City	1,302	1,272	-30	-2.3%
Jefferson, Town	974	1,059	85	8.7%
Franklin, Town	923	1,003	80	8.7%
Hamburg, Town	848	930	82	9.7%
Christiana, Town	871	882	11	1.3%

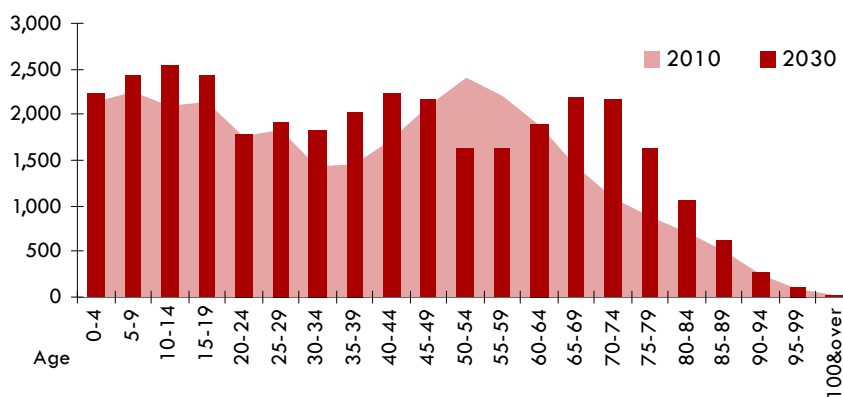
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

the population will be less than 20 years old. Although projections do show an increase in the number of residents in this younger group, from 8,618 in 2010 to 9,615 in 2030, the group's share of county population will decline to 27 percent. More striking is the shift in Vernon's older population; by 2030 roughly 29 percent of Vernon County's population will have celebrated their 60th birthday. In contrast, in 2010, slightly better than 22 percent of the population will be aged 60 years or older.

This pattern is typical of many Wisconsin counties, but it should be noted that this change is less drastic than what's slated to occur in counties to the south (Crawford), to the southeast (Richland), and in many other nonmetropolitan counties in the state. In these counties this shift is more striking, and actual losses in the number of persons under 20 will occur. Often times, declines in the population aged 16-34 are also projected to take place in other rural counties.

Nevertheless, the shifting age demographics in Vernon County will change the types of services and goods purchased by area residents. Perhaps the most apparent of these changes will be in the demand for health care services; likely increasing exponentially as the county's population ages. Such growth will be a "double-edged sword" for health services employers; their business will increase at the same time that their workforce will decrease (retirements), with proportionally fewer young workers to replace those retiring.

Population by Age Cohorts in Vernon County



In 2010, the average Vernon County resident will be 39 years old.

In 2020, the average Vernon County resident will be 39.6 years old.

In 2030, the average Vernon County resident will be 40.6 years old.

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

### Population & Labor Force

Population Projections for Vernon County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force- Aged Population	Total Population
Years	Population					
2010	6,902	6,731	7,658	9,029	23,418	30,320
2020	7,508	7,276	6,947	11,041	25,264	32,772
2030	7,673	7,504	8,074	11,576	27,154	34,827
Distribution of Labor-Force-Aged Population						
2010		28.7%	32.7%	38.6%	100.0%	
2020		28.8%	27.5%	43.7%	100.0%	
2030		27.6%	29.7%	42.6%	100.0%	

Source: WI Dept. of Administration, Demographic Services

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 for the years 2010, 2020, and 2030. Note that even though the size of the population in all four age groups detailed above increases over the 20-year span, the largest increase is found in the eldest group. In addition, the three younger age groups diminish proportionately (their relative size decreases compared to the county's total population). Additionally, the population aged 55 years and older is projected to increase from 38.6 percent of the labor force aged population (the population aged 16 years and older) to 42.6 percent in 2030. This is a population projection, not a labor force projection.

The labor force includes only that share of the population 16 years of age and older 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.

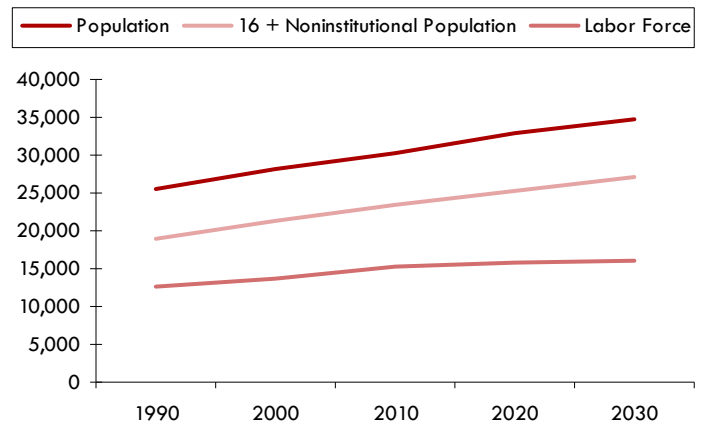
In fact, the 16-plus aged population (potential labor force) is projected to add roughly 3,736 residents from 2010 to 2030, but the actual labor force is expected to increase by a much smaller total of 846 participants

(table at right).

The graph below shows Vernon County's total population, labor force aged population, and labor force. The top two lines, representing the total population and the labor-force-aged population respectively, in fact indicate continued growth through 2030, albeit a tad slower than during the 1990s. The bottom line, representing the county's labor force, peaks by 2020. After 2020 increases to Vernon

County's labor force will be minimal. Competition to replace workers who leave jobs and to hire workers for business expansion will be more difficult in this tighter labor market.

Vernon County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Vernon County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	5,128	6,564	3,542	15,234
2020	5,451	5,993	4,370	15,814
2030	5,675	6,941	3,464	16,080
Distribution of Labor Force				
2010	33.7%	43.1%	23.3%	100.0%
2020	34.5%	37.9%	27.6%	100.0%
2030	35.3%	43.2%	21.5%	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 Vernon County, from less than 40 percent of labor-force-age women in 1970 to 59 percent in 2000, it never matched the participation rate of men, which remained relatively flat during the same time span, hovering near 68-70 percent. That said, women contributed significantly to overall labor force expansion in the 1970s and 1980s as both male and female baby boomers flooded the labor market. Now, as boomers celebrate their 55<sup>th</sup> 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 Vernon County is projected to drop closer to 64 percent while women's LFPR declines to 55 percent (top graph).

The combined 2000 labor force participation rate of both men and women varies by age, as illustrated in the second graph on the right. Beginning with the youngest age group, primarily teenagers still enrolled in school, the LFPR jumps from 51 percent to 84 percent in the 20-24 year old group. The LFPR remains above 87 percent through the 45-54 year group before declining to 51 percent for those 55-64 years old and to under 17 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 labor force in Vernon County.

In fact, the overall LFPR in Vernon County declined from 69.8 percent in 2003 to 66.4 percent in 2007 as the number of the labor force participants became a smaller share of a population that was still growing (page two graph). Also note that Vernon County's current LFPR is considerably lower than Wisconsin's LFPR of 74.3 percent.

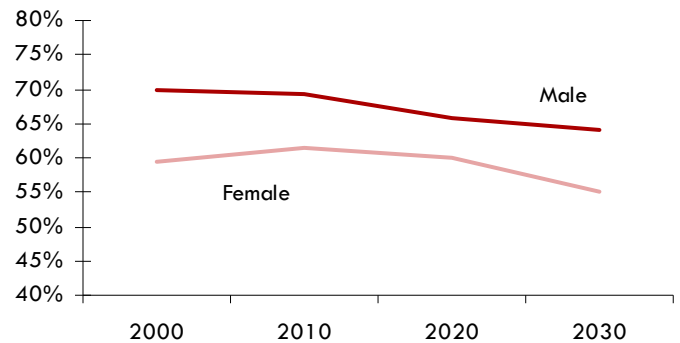
The chart below details unemployment rates for Vernon

### Vernon County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	15,224	14,688	14,283	14,446	15,133
Employed	14,426	13,989	13,624	13,749	14,391
Unemployed	798	699	659	697	742
Unemployment Rate	5.2%	4.8%	4.6%	4.8%	4.9%

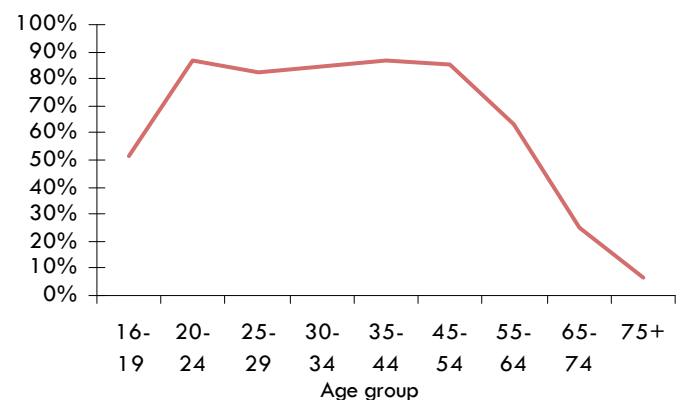
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

### 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

County over the last five years. The number of unemployed became a smaller share of the total labor force from 2003 to 2007 and the county's unemployment rate dropped from 5.2 to 4.9 percent. Although unemployment rates have declined they remain higher than in the late-1990s.

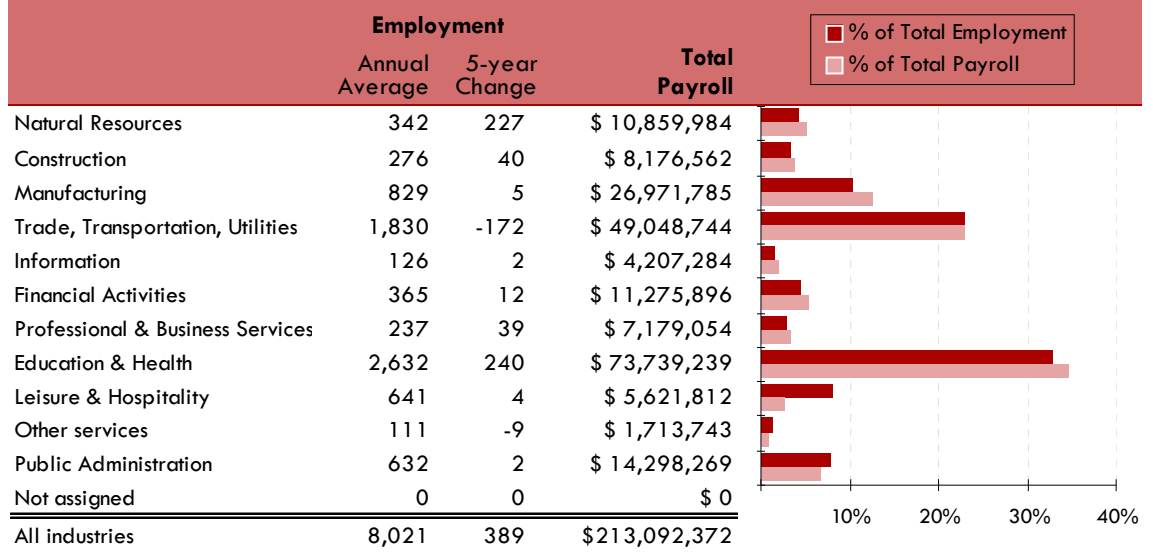
While as of this writing (Fall 2008), an economic downturn appears to be on the horizon, the fact remains that after recovery and in the future, unemployment rates will stabilize and labor shortages will continue. These shortages will be due to the continuing shift in age demographics in Vernon County.

### 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; and the more diverse the county's industry sectors, the more insulated it is from major losses. In Vernon County, however, 32.8 percent of county jobs are in the industry super-sector of education & health services; and another 22.8 percent in the super-sector of trade, transportation, & utilities.

Retail and wholesale trade account for the lion's share of Vernon County's employment in the super-sector of trade, transportation, & utilities. In fact, retail trade accounts for 57.7 percent and wholesale trade comprises 19 percent of employment in the aforementioned large grouping. The remaining 23.3 percent of employment in this super-sector in Vernon is distributed across the transportation, warehousing, and utilities sub-sectors.

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



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

Employers in education and health services provide the greatest share of jobs in the county as well as the highest total payroll. Employment in education and health care increased by roughly 240 jobs in the last five years, completely overshadowing any increases in other major industry sectors. This increase accounted for more than 60 percent of Vernon County's total increase in employment in the last five years.

The annual average wages that an industry sector pays can depend upon many factors such as its geographic location, seasonal activity, the presence of workers under collective bargaining agreements, and others. But the most crucial wage structure component is an industry's occupational composition. Even two companies in the same industry and the same county could show differing average wages if their occupational compositions are significantly different.

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

	Average Annual Wage		Vernon County as a Share of Wisconsin	Vernon County 5-year % Change	Wisconsin 5-year % Change
	Vernon County	Wisconsin			
All industries	\$26,567	\$38,070	69.8%	20.4%	17.4%
Natural Resources	\$31,754	\$29,235	108.6%	70.5%	14.7%
Construction	\$29,625	\$47,489	62.4%	12.9%	19.8%
Manufacturing	\$32,535	\$47,106	69.1%	8.1%	16.1%
Trade, Transportation & Utilities	\$26,803	\$32,762	81.8%	17.6%	15.3%
Information	\$33,391	\$48,483	68.9%	22.8%	24.7%
Financial Activities	\$30,893	\$50,749	60.9%	26.2%	25.8%
Professional & Business Services	\$30,291	\$44,328	68.3%	19.6%	22.0%
Education & Health	\$28,016	\$39,606	70.7%	22.7%	17.3%
Leisure & Hospitality	\$8,770	\$13,589	64.5%	19.7%	14.8%
Other Services	\$15,439	\$22,073	69.9%	12.8%	13.2%
Public Administration	\$22,624	\$39,879	56.7%	21.9%	18.1%

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

### Jobs & Wages

#### Prominent Industries in Vernon County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Vernon County	Vernon County	Wisconsin	Vernon County	Wisconsin	Vernon County	Wisconsin
Educational services	957	-6.9%	2.0%	\$ 28,017	\$ 39,753	12.8%	15.0%
Hospitals	*	not avail.	12.6%	*	\$ 43,750	not avail.	24.1%
Food services & drinking places	561	2.7%	9.1%	\$ 8,397	\$ 10,859	20.4%	14.5%
Executive, legislative, & gen government	536	-6.6%	-4.7%	\$ 22,570	\$ 36,340	30.8%	16.4%
Nursing & residential care facilities	516	14.4%	3.6%	\$ 22,081	\$ 23,295	14.9%	12.0%
Social assistance	326	24.4%	17.0%	\$ 15,334	\$ 19,100	20.8%	9.2%
Credit intermediation & related activity	255	7.6%	6.0%	\$ 31,162	\$ 42,493	18.6%	19.7%
Machinery manufacturing	*	not avail.	-4.5%	*	\$ 53,720	not avail.	19.1%
Merchant wholesalers, nondurable goods	247	-39.6%	4.7%	\$ 33,063	\$ 46,622	22.5%	15.5%
Ambulatory health care services	*	not avail.	8.7%	*	\$ 57,969	not avail.	18.5%

Note: \* data suppressed for confidentiality and not available for calculations

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, June 2008

As previously mentioned, in Vernon County, education and healthcare provide both the greatest number of jobs and the largest portion of the county's wages. The list of largest employers has three employers related to health care and two school districts. This is also apparent in the list of the prominent industries with educational services listed as the largest employing industry, and all four healthcare and social assistance industries within the top ten.

The prominence of healthcare on both these lists reflects the fact that healthcare employment is the state's fastest and largest growing employment base and will remain so for the foreseeable future. It is a demand driven industry fueled by, and increasingly needed by, an aging population.

It is not unusual for school districts and government to be included among the largest employers in a county as well as among prominent employing industries. Government and public schools serve a large segment of the county's population resulting in a large concentration of employment with a single or few employers.

Nevertheless, Vernon County has remained true to Wisconsin's agricultural heritage. Economic analysis by the UW Extension indicates that Vernon County has a presence in agricultural activity that is stronger than the average Wisconsin County — estimating that more than 40 percent of all economic activity in the county is directly linked to agriculture. Vernon County appears on a number of top 100 county lists (national rankings) from the U.S. Census of Agriculture, including number of farms in a county.

The list of largest employers in the county (left) includes two firms (CROPP & Accelerated Genetics) with clear and present ties to agriculture. Numerous other employers in Vernon County have direct ties to agricultural activity.

#### Prominent Public and Private Sector Employers in Vernon County

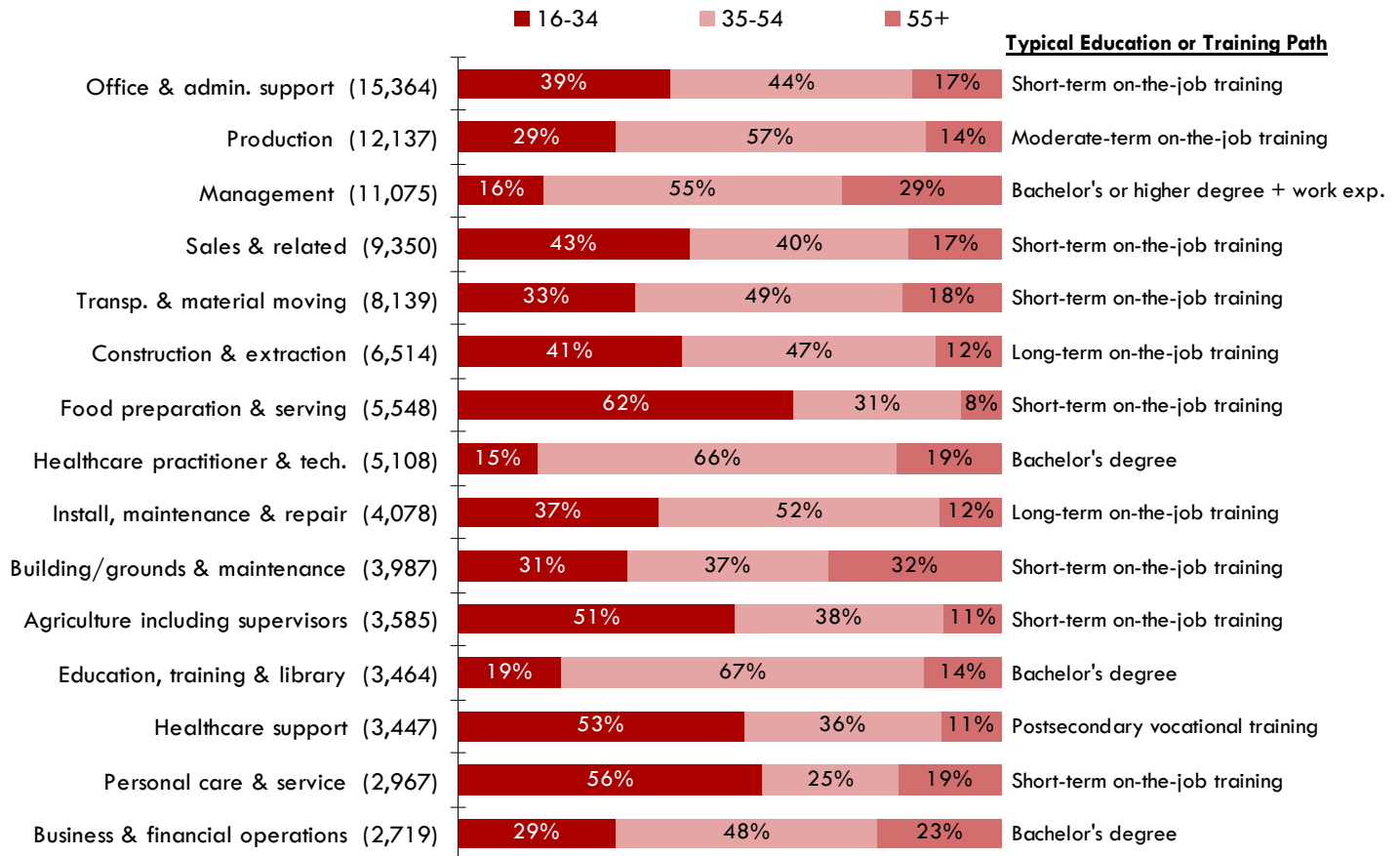
Establishment	Service or Product	Number of Employees (March 2007)
Vernon Memorial Healthcare Inc	General medical & surgical hospitals	250-499 employees
CROPP	Dairy product merchant wholesalers	250-499 employees
Fleet Guard Inc	Miscellaneous general purpose machinery mfg.	250-499 employees
Westby Area Schools	Elementary & secondary schools	100-249 employees
Viroqua Area Schools	Elementary & secondary schools	100-249 employees
Bethel Home and Services Inc	Nursing care facilities	100-249 employees
County of Vernon	Executive & legislative offices, combined	100-249 employees
Accelerated Genetics	Support activities for animal production	100-249 employees
Wal-Mart	Warehouse clubs & supercenters	100-249 employees
St Joseph's Community Health	General medical & surgical hospitals	100-249 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

## Occupations & Typical Education or Training

### Age Distribution of Workers in Selected Occupational Groups

Data includes residents of Buffalo, Crawford, Jackson, Monroe, Pepin, Pierce, Trempealeau, and Vernon 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

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 Vernon County. In order to meet a minimum population standard the data is grouped with seven 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.

Many of the occupation groups listed are heavily weighted with workers in the prime working years (35-54 years old). Others have obvious deviations. For example, the occupational grouping of food preparation is skewed to younger workers. It's not surprising that this occupational group, 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. Many of the

(Continued on page 7)

## Occupations & Typical Education or Training

(Continued from page 6)

occupations in these groups are with employers in the industry sectors of leisure and hospitality or the retail trade segment of the trade, transportation, and utilities sector.

Three other occupational groupings; healthcare support, agriculture, and personal care services also have a preponderance of young workers. A substantial number of occupations in these three groupings are more physical, requiring more lifting and more standing. Examples of physical jobs within these groupings include nurses aide, orderly, laboratory animal caretaker, and psychiatric aide from healthcare support; farmhand, logger, faller, and crop worker from agriculture; and nonfarm/non-laboratory animal caretaker, bellhop, personal home care aide, and child care worker from personal care services. In addition to the physical requirements of many jobs in these three groupings, one finds that most occupations in these groupings pay less than overall average wages and require only short-term training to perform. These factors account for the predominance of younger workers in these occupational groupings.

Of particular interest are occupation groups with a

prevalence of workers aged 55 years or more. Management occupations naturally tend to have an older age breakout simply because these occupations typically require work experience in addition to post-secondary education. This is reflected in the typical education path in this group, and explains the high wages paid. But the higher barriers to entry, coupled with 29 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 within the industry, healthcare will need a tremendous number of new workers in the future.

Older workers fill one in three building/grounds and maintenance occupations. Closer scrutiny of the data shows that over half of these workers are 60 or older. "Retirees" are attracted to this work because it's often seasonal and/or part-time, offering the flexibility that many "retired" people look for in employment.

## Income

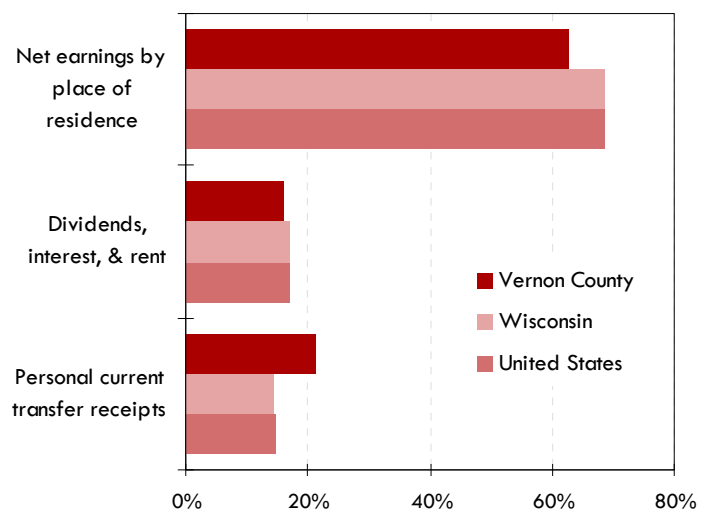
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employment or employment by someone else. Dividends, interest and rents come from 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 62 percent in Vernon County, residents' share of income from earnings is 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, there several industries predominately featured in

the county's industrial make-up that traditionally pay a lower wage, are part-time, and/or seasonal in nature (leisure & hospitality, retail trade). Additionally, jobs

(Continued on page 8)

Components of 2006 Total Personal Income



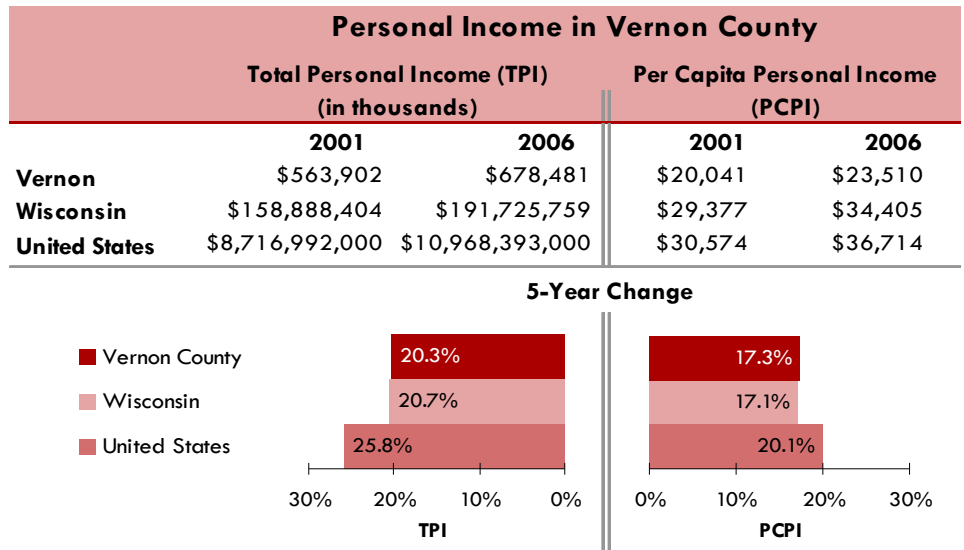
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

### Income

in Vernon County pay, on average, 20 percent less than similar jobs statewide (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 \$179.2 million to Vernon County's total personal income while non-resident workers were paid \$55.6 million in wages that left the county. The total residency adjustment netted \$123.6 million in residents' earnings. Since 2001, the dollars from residency adjustment increased 13.9 percent, less than the increase in total personal income over the five-year period of 20.3 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 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



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

be lower since the amount retirees 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.

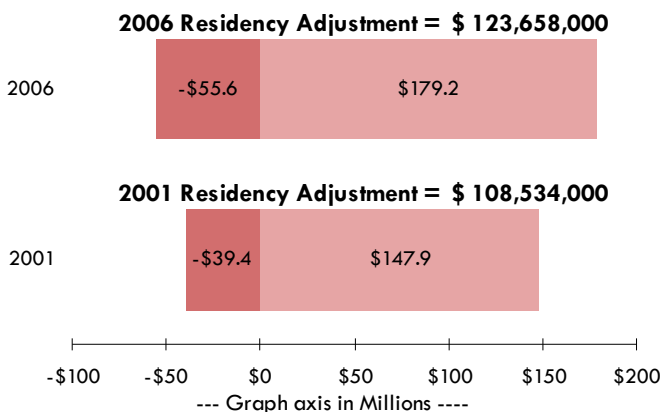
Due to Vernon County's high concentration of older residents, transfer receipts make up a larger share of total income in Vernon County (21 percent) compared with the state and nation (14 percent). In addition, farm proprietor's income reported a \$3.8 million dollar loss in 2006 and gross farm receipts have declined by 66.7 percent in the last five years, having the effect of reducing overall income for the county. Both contribute to lower TPI and PCPI. In 2006, the PCPI of \$23,510 in Vernon County was 64 percent of the Wisconsin PCPI and ranked 70th 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 Vernon County. While planners and developers strive to increase wages through better paying jobs, it is much more difficult to change overall occupational composition in the county. Large metropolitan areas often attract the higher-paying occupations found in large corporate offices, specialized research facilities, and financial institutions.

PCPI in Wisconsin's nonmetropolitan counties in 2006 was \$29,022. Vernon County's PCPI of \$23,510 was 81 percent of Wisconsin's nonmetropolitan PCPI.

### Vernon 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