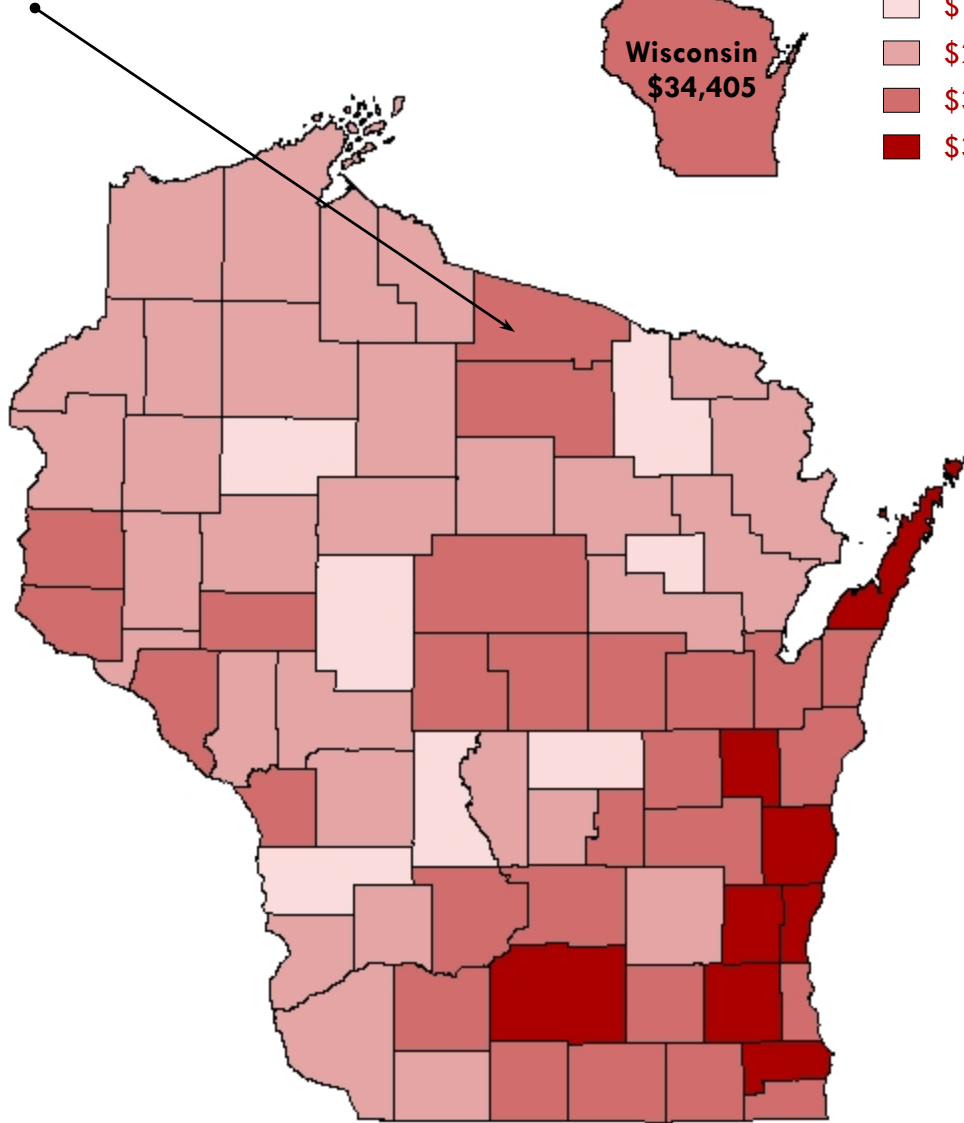


Vilas County Workforce Profile

Per Capita Personal Income in 2006

Vilas County
\$30,622



2008

Office of Economic Advisors

Wisconsin Department of Workforce Development
OEA-10656-P

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Population

Vilas County added 133 residents in the previous year to settle at a total population of 22,545 on January 1, 2007. The county's population increased 7.2 percent since 2000, exceeding 5.3 percent growth in the state's population and 6.9 percent in the nation. An ever-expanding population base has become the norm in Vilas County, occurring in every year since 1987. In 2007 Vilas County ranked 21st fastest growing among the 72 counties in Wisconsin.

Even through the pace of new residents moving into the county has slowed since the early 2000s, people moving in to the county are still the only source of population growth in Vilas.

Since 2000 the county population increased 1,952 from net migration (the difference of residents moving into and out of the county) far exceeding the reduction in population of 440 from the difference in births (1,241) minus deaths (1,681) since 2000.

Many of the new residents are settling in the county's three largest towns, Arbor Vitae, Lac du Flambeau, and Lincoln. Growth tends to be clustered in sub-divisions near popular lakes and recreation areas in the southern regions of the county, near major highways and relatively close to amenities like shopping and healthcare. That said, growth in the City of Eagle River has slowed somewhat since the majority of desirable lakefront properties have already been developed.

A rural population adding residents from net migration

Vilas 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%
Vilas County	21,033	22,545	1,512	7.2%
Arbor Vitae, Town	3,153	3,345	192	6.1%
Lac du Flambeau, Town	3,004	3,250	246	8.2%
Lincoln, Town	2,579	2,765	186	7.2%
St. Germain, Town	1,932	2,026	94	4.9%
Washington, Town	1,577	1,566	-11	-0.7%
Eagle River, City	1,443	1,512	69	4.8%
Phelps, Town	1,350	1,475	125	9.3%
Conover, Town	1,137	1,256	119	10.5%
Cloverland, Town	919	1,030	111	12.1%
Boulder Junction, Town	958	1,019	61	6.4%

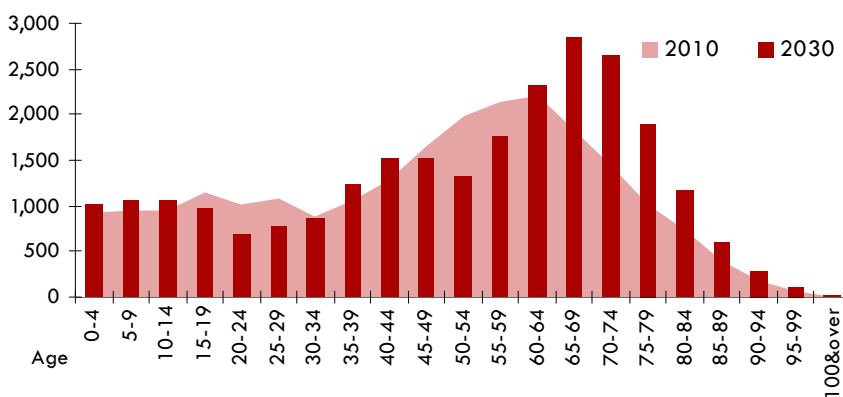
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

will see a fast rate of increase in the average age of its residents, since the in-migrants are almost always adults and often retirees. This is the case in Vilas County where the average age was 44.2 years in 2000. By 2020 it is anticipated that the average age of county residents will be 49.2 years and 51 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.

The graph on the left not only demonstrates the 'weight' of this older population in Vilas County, but also reflects the low birth rate and the loss of young people who leave the area seeking more enticing opportunities or more excitement away from their "home town". Without attractive job prospects, young people move in pursuit of more education and better jobs.

The county faces a future that includes meeting the needs of an elderly population and a shortage of workers to replace those retiring. While it is now true that many baby boomers don't plan to fully retire most will move into other positions. Studies show that only five percent of retirement-age workers remain full-time in their pre-retirement positions. Additionally, health care demands increase as the population ages. Due to the relatively advanced age of Vilas County residents, this demand will increase sooner than later.

Population by Age Cohorts in Vilas County



In 2010, the average Vilas County resident will be 46.8 years old.
 In 2020, the average Vilas County resident will be 49.2 years old.
 In 2030, the average Vilas County resident will be 51 years old.

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

Population & Labor Force

Population Projections for Vilas County						
Age Group:	0-15	16-34	35-54	55+	Labor-Force-Aged Population	Total Population
Years	Population					
2010	3,073	3,905	5,978	9,997	19,880	22,953
2020	3,177	3,693	5,217	12,558	21,468	24,645
2030	3,337	3,107	5,625	13,651	22,383	25,720
Distribution of Labor-Force-Aged Population						
2010		19.6%	30.1%	50.3%	100.0%	
2020		17.2%	24.3%	58.5%	100.0%	
2030		13.9%	25.1%	61.0%	100.0%	

Source: WI Dept. of Administration, Demographic Services

The graph on page one is indicative of the significance that baby boomers have on the overall age distribution. Population growth in Vilas County is dominated by an older generation that will be less likely to participate in the workforce.

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 even though the size of the population in the youngest age group increases over the 20-year span, that increase pales in comparison the 37 percent increase in the eldest group. Meanwhile, both of the middle age groups diminish in size, both numerically and proportionately. Additionally, the population aged 55 years and older is projected to increase from 50.3 percent of the labor force aged population (the population aged 16 years and older) to 61 percent in 2030.

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. These departures seriously impede workforce growth.

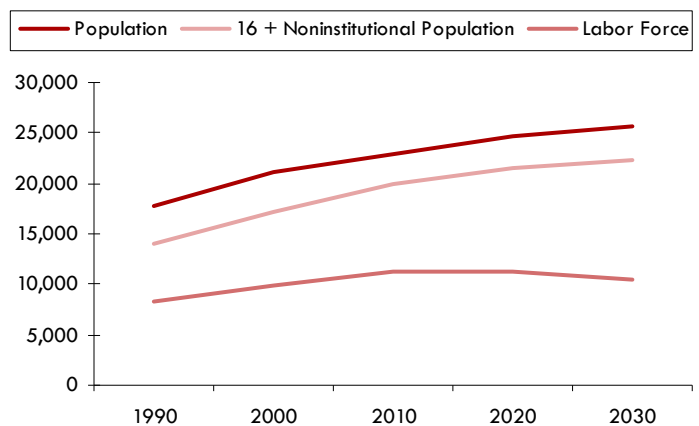
In fact, the 16 plus aged population is projected to add

roughly 2,500 residents from 2010 to 2030, but the labor force is expected to decline by approximately 790 participants (bottom table).

The graph below shows Vilas 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 somewhat slower

than during the 1990s. The bottom line, representing the county's labor force, peaks by 2010, then begins to decline. Competition to fill openings for replacements (workers leaving the occupation entirely) will be fierce in this tighter labor market, not to mention the additional openings generated from business expansions.

Vilas County Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for Vilas County				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	Labor Force			
2010	3,072	4,983	3,173	11,227
2020	2,942	4,400	3,935	11,276
2030	2,410	4,732	3,300	10,441
Distribution of Labor Force				
2010	27.4%	44.4%	28.3%	100.0%
2020	26.1%	39.0%	34.9%	100.0%
2030	23.1%	45.3%	31.6%	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.

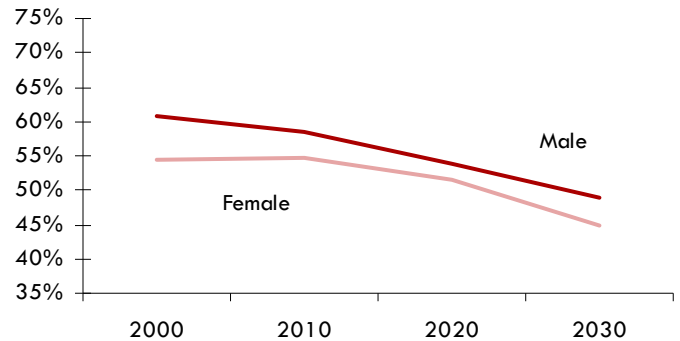
Even though recent decades witnessed increased participation of women in Vilas County, from less than 40 percent in 1970 to 55 percent in 2000, it never matched the participation of men, which remained relatively flat during the same time span, hovering near 58-60 percent (lower than neighboring counties). 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, 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 Vilas County is projected to drop closer to 49 percent while women's LFPR declines to 45 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 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 Vilas County.

In fact, the overall LFPR in Vilas County declined from 65 percent in 2003 to 64.4 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 Vilas County's current LFPR is considerably lower than Wisconsin's LFPR of 74.3 percent.

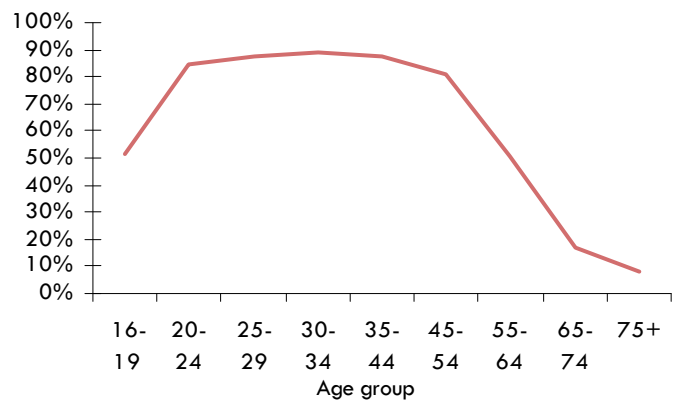
The bottom chart reflects that the labor force has not yet

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

reached its maximum potential. From 2003 to 2007 the labor force added 604 participants, largely from an increase of 662 in the number of employed residents. During that timeframe the number of unemployed was reduced by only 58 residents.

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 6.9 to 6.1 percent. Although unemployment rates have declined they remain considerably higher than in the late-1990s and higher than the state rate of 4.9 percent in 2007.

The unemployment rate is very seasonal in Vilas 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 March, beginning the yearly cycle again.

Vilas County Civilian Labor Force Data

	2003	2004	2005	2006	2007
Labor Force	11,610	11,788	11,807	11,803	12,214
Employed	10,805	11,032	11,091	11,086	11,467
Unemployed	805	756	716	717	747
Unemployment Rate	6.9%	6.4%	6.1%	6.1%	6.1%

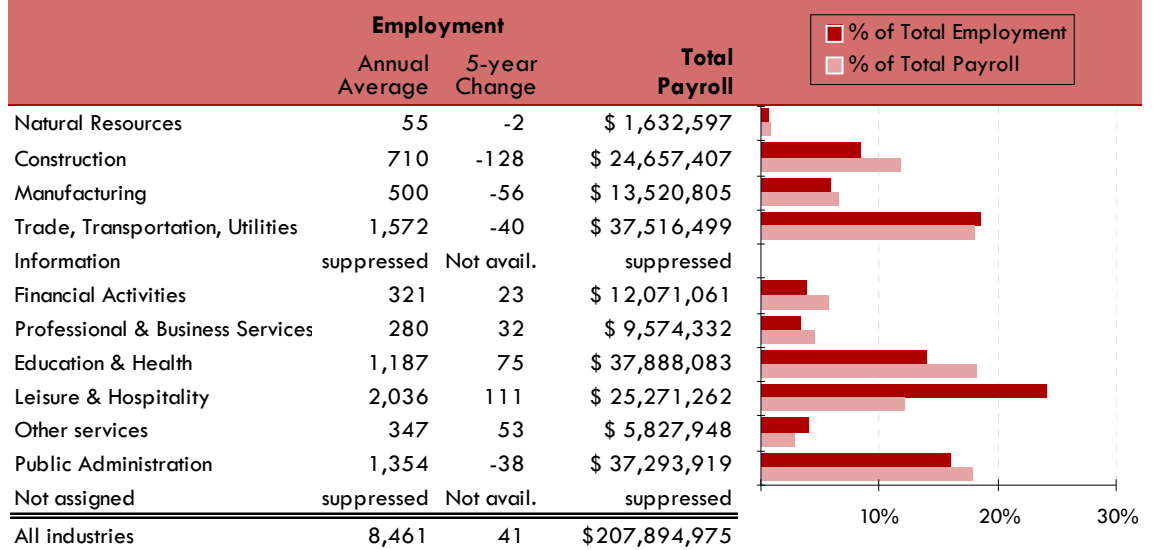
Source: WI DWD, Bur. of Workforce Training, Local Area Unemployment Statistics, 2008

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; and the more diverse the county's industry sectors the more insulated it is from major losses. In Vilas County, however, 24 percent of county jobs are in the industry super-sector of leisure and hospitality; and another 19 percent in the super-sector of trade, transportation, and utilities (trade comprises 88 percent of the jobs in this large grouping). Both of these super-sectors depend on seasonal tourism and consumer spending. Annual average wages are usually low in these two sectors, as many jobs are entry level and often part-time. The average annual wage in Vilas County in 2007 was \$24,571, only 64.5 percent of the average annual wage statewide.

The above chart shows that leisure and hospitality industry's share of total employment (24 percent of all jobs in

2007 Employment and Wage Distribution by Industry in Vilas County



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

the county) is substantially greater than the industry's share of total payroll (12 percent of total payroll). This means that leisure and hospitality jobs pay relatively low wages and, in fact, the annual average wage of \$12,412 is the lowest among the county's major industry sectors.

Trade, transportation, and utilities includes industries such as gasoline stations, wholesale food suppliers, and novelty shops that can also depend on seasonal tourism. Total county employment in this super-sector yields a slightly larger share than total payroll and the resulting annual average wage of \$23,865 is still below the county average.

The education and health services sector makes a substantial contribution to Vilas County's total employment and an even larger contribution to the county's total payroll. This sector's average wage is higher than the county's all-industries average wage, but below the statewide average wage for education and health services.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage		Vilas County as a Share of Wisconsin	Vilas County 5-year % Change	Wisconsin 5-year % Change
	Vilas County	Wisconsin			
All industries	\$24,571	\$38,070	64.5%	11.9%	17.4%
Natural Resources	\$29,684	\$29,235	101.5%	56.3%	14.7%
Construction	\$34,729	\$47,489	73.1%	18.7%	19.8%
Manufacturing	\$27,042	\$47,106	57.4%	-0.6%	16.1%
Trade, Transportation & Utilities	\$23,865	\$32,762	72.8%	10.5%	15.3%
Information	suppressed	\$48,483	Not avail.	Not avail.	24.7%
Financial Activities	\$37,605	\$50,749	74.1%	60.5%	25.8%
Professional & Business Services	\$34,194	\$44,328	77.1%	5.3%	22.0%
Education & Health	\$31,919	\$39,606	80.6%	8.5%	17.3%
Leisure & Hospitality	\$12,412	\$13,589	91.3%	5.9%	14.8%
Other Services	\$16,795	\$22,073	76.1%	22.9%	13.2%
Public Administration	\$27,544	\$39,879	69.1%	15.7%	18.1%

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

Jobs & Wages

Prominent Industries in Vilas County							
Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
	Vilas County	Vilas County	Wisconsin	Vilas County	Wisconsin	Vilas County	Wisconsin
Executive, legislative, & gen government	1,272	-2.8%	-4.7%	\$ 26,522	\$ 36,340	14.7%	16.4%
Food services & drinking places	1,201	11.6%	9.1%	\$ 10,484	\$ 10,859	4.2%	14.5%
Accommodation	659	9.1%	5.6%	\$ 15,150	\$ 15,941	11.6%	15.9%
Educational services	637	3.4%	2.0%	\$ 34,908	\$ 39,753	3.5%	15.0%
Food & beverage stores	373	-4.6%	-4.9%	\$ 15,753	\$ 17,166	12.5%	9.7%
Specialty trade contractors	286	-19.0%	-0.1%	\$ 30,615	\$ 43,664	19.8%	17.8%
Nursing & residential care facilities	252	13.0%	3.6%	\$ 20,956	\$ 23,295	9.9%	12.0%
Construction of buildings	244	-26.1%	-2.2%	\$ 27,980	\$ 47,774	6.8%	16.3%
Motor vehicle & parts dealers	201	-1.0%	-7.1%	\$ 28,690	\$ 34,243	1.2%	6.6%
Credit intermediation & related activity	154	8.5%	6.0%	\$ 36,165	\$ 42,493	29.4%	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

As mentioned on the previous page, leisure and hospital-ity is big business in Vilas County, and two of the industry's sub-sectors, food service/drinking places and accommo-dation, are included on the list above. With 147 square miles in lakes, and another 393 in conservation and rec-reation land, Vilas is a popular tourist destination, creat-ing more demand for restaurants, bars and hotels. Ironi-cally, the wages in these sub-sectors are the lowest on the list but are closest to sub-sector wages statewide.

Tourists are also attracted to the Lake of the Torches Ca-sino, operated by the Lac du Flambeau Band of Lake Su-perior Chippewa, the county's largest employer. In this instance, employment with the casino is included with ex-ecutive, legislative, & general government, the largest sub-sector of employment in Vilas County. It's not uncom-

mon for government to be a proportionately high sector of employment in small rural counties, but in Vilas it's even higher than most, with two government employers on the ten largest list below.

Educational services (including both public and private institutions) is also a large source of employment in Vilas County. This is not really surprising, given that there are three elementary & secondary schools on the ten largest employers list. This sector includes all five school districts serving their areas of the county. Education is the second highest paying sub-sector on the prominent industries list above, at nearly \$35,000 a year.

Construction of condos, rental properties, and lakefront dream homes hasn't just altered the physical landscape of Vilas County, it's changed the employment picture as well.

Employment in con-struction of build-ings and specialty contractors sub-sectors are all fu-eled by this growth and average wages exceed the overall average in the county.

Noteworthy is that county employers in the ten largest sub-sectors provide over 60 percent of all county jobs.

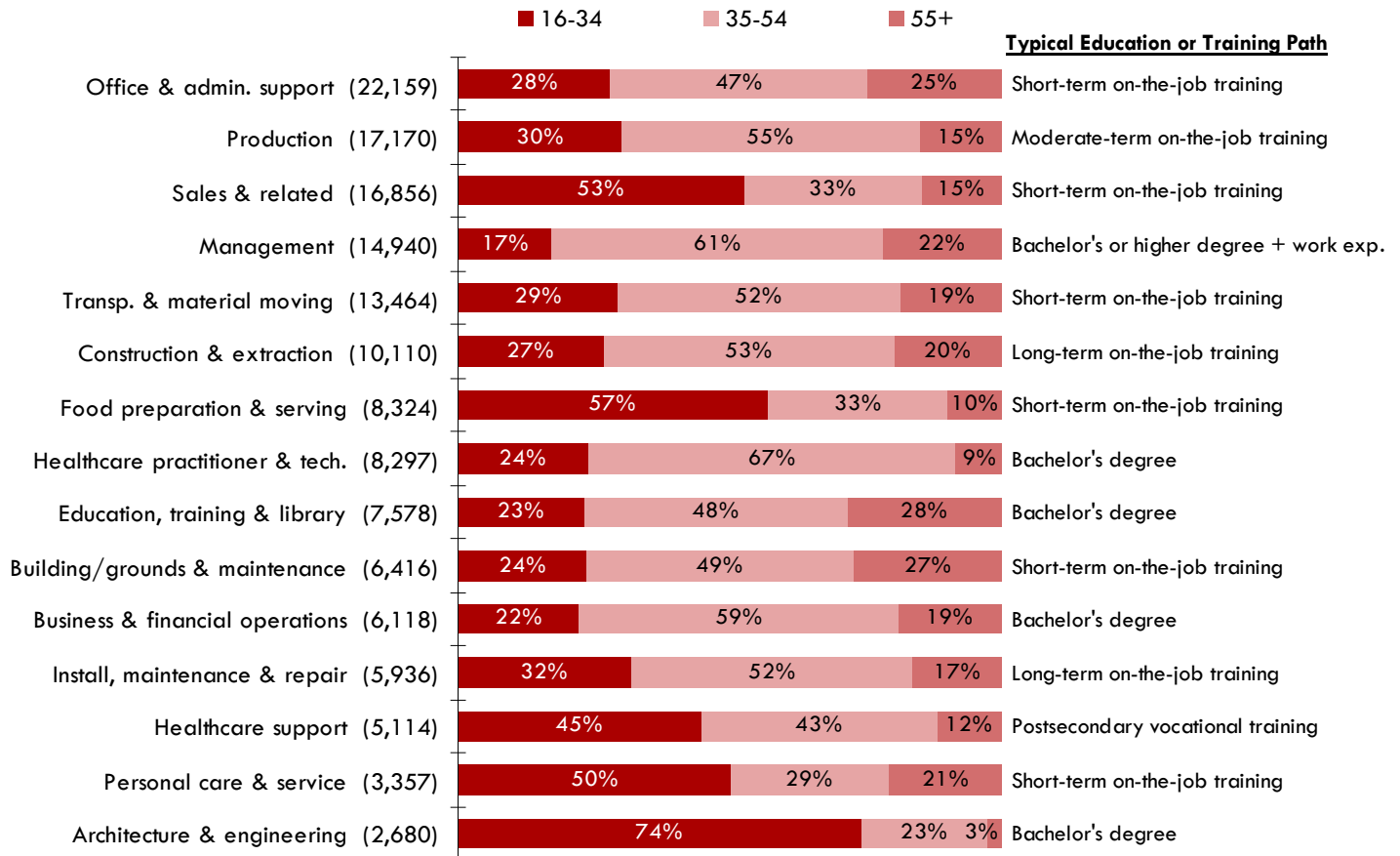
Prominent Public and Private Sector Employers in Vilas County		
Establishment	Service or Product	Number of Employees (March 2007)
Lac du Flambeau Band of Lk Superior	Tribal governments	1000+ employees
Northland Pines Schools	Elementary & secondary schools	250-499 employees
County of Vilas	Executive & legislative offices, combined	100-249 employees
Trig's Food & Drug Store	Supermarkets & other grocery stores	100-249 employees
Howard Young Medical Group	General medical & surgical hospitals	100-249 employees
Lac du Flambeau Public School	Elementary & secondary schools	100-249 employees
JT #1 Woodruff Arbor Vitae School	Elementary & secondary schools	100-249 employees
Aspirus Lillian Kerr Healthcare	Nursing care facilities	50-99 employees
Pick'n Save	Supermarkets & other grocery stores	50-99 employees
Pukall Lumber Co Inc	Sawmills	50-99 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 Adams, Forest, Juneau, Langlade, Lincoln, Oneida, Portage, Vilas, and Wood 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 Vilas County. In order to meet a minimum population standard the data is grouped with eight 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 distribution 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 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. Many of the jobs in these

(Continued on page 7)

Occupations & Typical Education or Training

(Continued from page 6)

occupational groups fall in Vilas County's leisure and hospitality sector or the retail trade segment of the trade, transportation, and utilities sector.

Another group, architects and engineering, also has a preponderance of young workers. Most of the young workers in this group are in mechanical engineering, drafting, and engineering technician occupations, jobs not readily found in Vilas County.

Of particular interest are the occupation groups with more than one-fifth of the workers aged 55 years or more. These workers are now within normal retirement age. For at least one of the groups - education, training, and library occupations - replacements for retiring workers will be critical and difficult. These occupations more often than not require post-secondary education and workers benefit from years of on-the-job experience and knowledge. This is also one occupation group where the proportion of younger workers (23 percent) is less than the share of older workers (28 percent).

A similar scenario is playing out in management occupations. Management occupations naturally tend to have an older age breakout simply because many of these occu-

pations 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 levels in the near future.

Older workers also fill one in four building/grounds and maintenance occupations. Even closer scrutiny of the data shows that over half of these workers are over the age of 60. Many of the job characteristics in this group are similar to those dominated by young workers and for those reasons attract "retirees".

Income

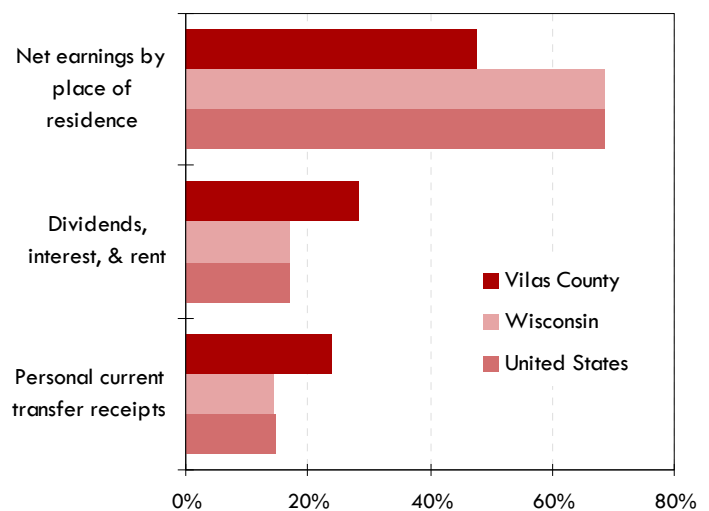
Total personal income, the broadest collection of income data, includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings come from employment, whether self-employed or employed by someone else. Dividends, interest and rents come from investments, savings accounts, dividends, retirement payments from company pensions, or 401(k) plans. Transfer receipts come from state and federal governments, primarily in the form of Social Security, Medicare payments, unemployment insurance, veterans benefits, welfare, and other payments received from public agencies.

Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. In most Wisconsin counties, and in the state and nation, income from net earnings exceeds two-thirds of total personal income. However, at 48 percent in Vilas County, residents' share of income from earnings is significantly lower than that of the state and the nation. There are two primary reasons for the lower share. First, the county's residents are older on the whole than in the state and depend to a greater degree on un-earned income. Second, many local jobs are seasonal which generate less

annual income, forcing workers to turn to other assistance in the off season (increasing transfer payments), and to jobs that pay on average 35 percent less than similar

(Continued on page 8)

Components of 2006 Total Personal Income



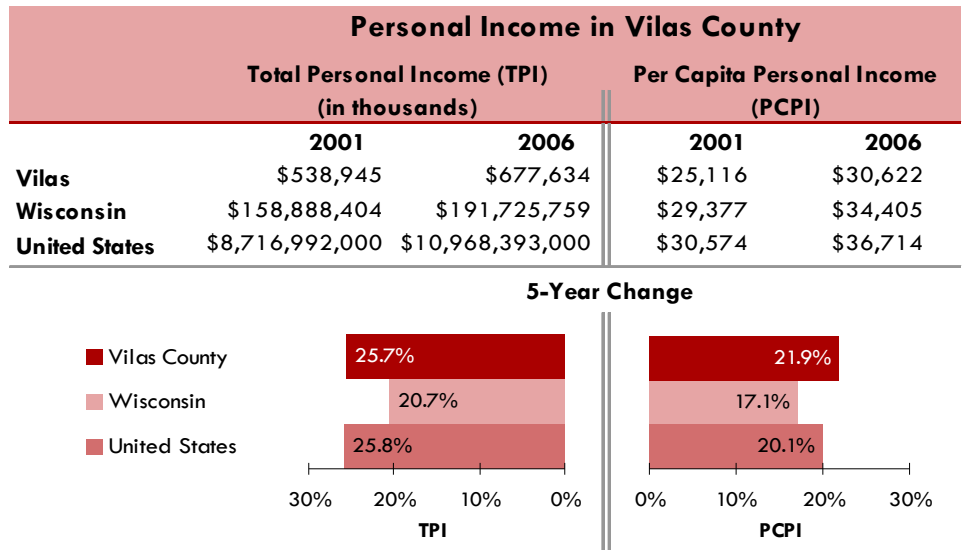
Source: US Dept. of Commerce, Bur. of Economic Analysis, 2008

Income

statewide jobs (see page 4). Net earnings also includes an adjustment for wages earned by residents working beyond the county's borders (inflow) and a similar adjustment for non-residents working for county employers (outflow).

The bottom chart shows that in 2006 residents working in jobs outside the county added \$77.1 million to Vilas County's total personal income while non-resident workers were paid \$54.9 million dollars in wages that left the county. The total residency adjustment netted \$22,203,000 in residents' earnings. Commuting patterns from Census 2000 show that while Oneida County is both the leading destination and source of commuters, there are nearly twice as many outbound workers as inbound. Since 2001, the dollars from residency adjustment increased 20.8 percent, less than the increase in total personal income over the five-year period of 25.7 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



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

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.

Due to Vilas County's high concentration of older residents, transfer receipts make up a larger share of total income in Vilas County (24 percent) compared with the state and nation (14 percent). In addition, Vilas has a higher share of income from dividends (think retirement funds and tribal disbursements), interest, and rent (29 percent) compared with the state and nation (17 percent). Both contribute to both lower TPI and PCPI. In 2006, the PCPI of \$30,622 in Vilas County was 89 percent of the Wisconsin PCPI and ranked 33rd highest among Wisconsin's 72 counties.

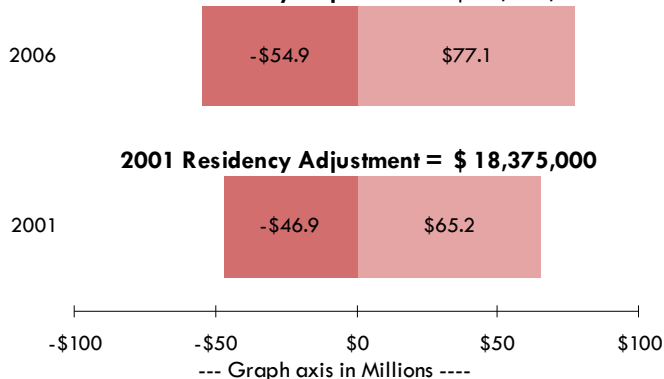
The major component of TPI, net earnings, is a significant factor in the lower PCPI. As mentioned earlier, the lower wages have a major impact on net earnings in Vilas County. While planners and developers strive to increase wages through better paying jobs it is much more difficult to change overall 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 metropolitan counties in 2006 was \$36,430 compared to \$29,022 in nonmetropolitan counties. Even though wages are lower in Vilas County, its PCPI exceeds that of the average for nonmetropolitan counties.

Vilas County Commuting Impact

- Earnings of workers living in another county (outflow)
- Earnings of residents working in other counties (inflow)

2006 Residency Adjustment = \$ 22,203,000



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