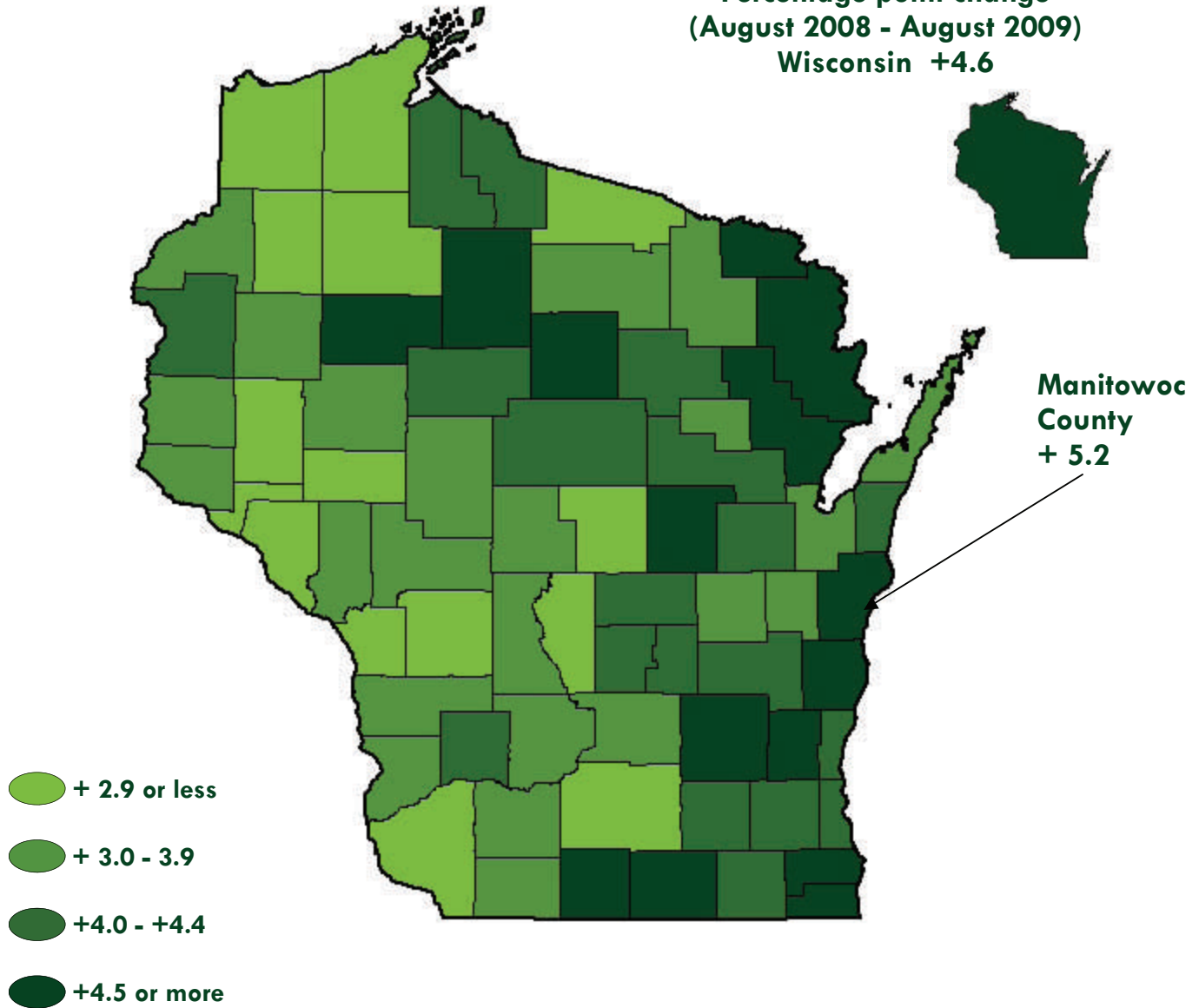


Manitowoc County Workforce Profile 2009

Unemployment Rate Increases

Percentage point change
(August 2008 - August 2009)

Wisconsin +4.6



Note: This year's County Workforce Profile has a slightly different layout. The first two pages give a brief synopsis of the recession, the worst by most measures since the Great Depression. We would be remiss if this publication didn't recognize and report on it. More information about the stages of the recession can be found on our website: <http://dwd.wisconsin.gov/oea/>. In the subsequent pages of the Profile, readers will find the figures and analysis they depend on. If you have any questions or comments, please don't hesitate to contact us.

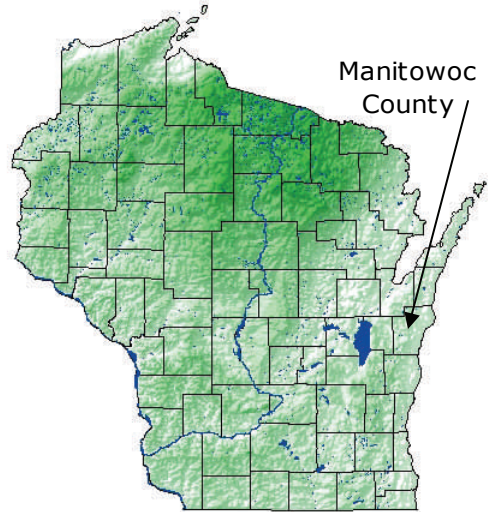
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OEA-10654-P



Wisconsin Department of Workforce Development

Manitowoc County Workforce Profile



Note: All data appearing in this profile is subject to revision.

The Big Picture

As this piece of the profile is written in mid-September 2009, the economic recovery appears to be underway. It is expected that the trough of the recession will be registered in the third quarter of 2009 when it is finally decided by the National Bureau of Economic Research (NBER) in about a year from now. It is the NBER that pegged the beginning of the recession at December 2007. This recession will be documented as the longest recession since the Great Depression of the early 1930s. This 2007 recession has lasted more than twenty months, twice the length of the average post-war recession.

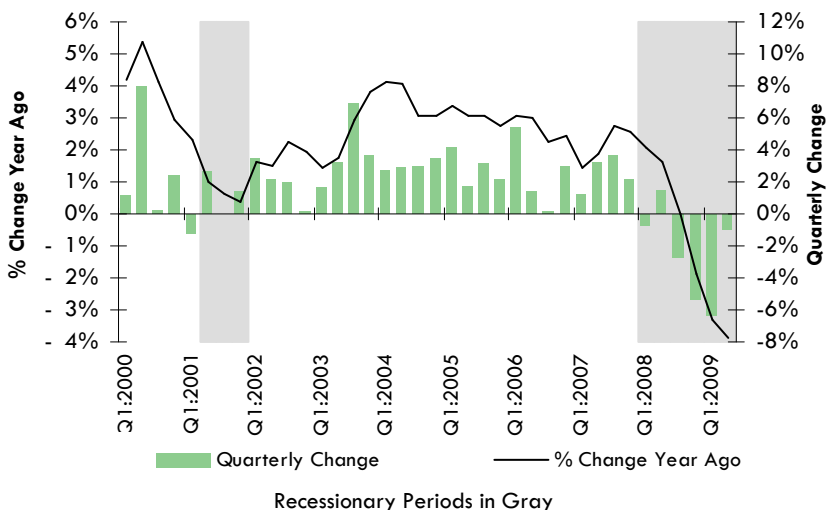
How bad was this downturn? Bad. Real GDP growth was negative for four quarters in a row. That has never happened before in quarterly data dating back to 1947. Only two quarters in the last fifty-three years suffered as

large a GDP loss as did the back-to-back quarters of Q4 2008 and Q1 2009, one was Q1 of 1958 and the other was Q2 in 1980. This is the first time that the economies of the U.S. and Japan were in recession at the same time. In fact, it was the first time since WWII that aggregate global economic growth turned negative.

Why was this recession so bad? There were two downturns, one on top of the other. The first one started in December 2007 and was an economic recession, based on falling demand for housing construction. The second began in earnest in September 2008 and was a financial crisis, based on weak underlying supports (housing) of new unregulated financial tools and products. The first downturn led to the second. They are now interdependent. Volumes will be written on this great recession of 2007. A brief synopsis follows here.

Low interest rates and incentives led to a wave of debt-based asset accumulation — buying stuff on credit: homes, businesses, cars, vacations. A home buying spree ensued as did commercial debt-financed acquisitions. Housing developers responded with enthusiasm. Lenders, with the help of the federal government, did their part to make home ownership more accessible. Early on, housing supply could not keep up with demand and housing prices increased. In parallel, global economic gains swelled stock market values. Debt was cheap and highly utilized across all sectors of the economy around the world. The financial industry created new tools to extend and diversify the new debt loads, many based on home mortgage debt.

Real GDP Growth 2000 Q1 - 2009 Q2



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, July 2009

The Big Picture Cont.

These new tools — derivatives — were unregulated, off-exchange transactions between individual parties.

When housing became over supplied and prices began to adjust (fall), mortgage defaults increased, and it was discovered that the newly created financial products were under-collateralized. More important perhaps, the issuers of debt insurance were hugely under capitalized (short of money to pay out claims). When the homeowner couldn't pay and the insurer couldn't pay, the lenders faced gigantic losses — a financial crisis. The crisis quickly spread as financial markets are highly integrated worldwide.

At present, global financial and political institutions continue to work on repairing the financial wreck. With cash and credit being the grease that lubricates the global economic engine, the rapidity and robustness with which the economy recovers is dependent on the speed and strength of the financial markets fix.

The severity of this recession affected employment in a commensurate manner. Wisconsin's unemployment rate increased from a seasonally adjusted 4.5 percent in December of 2007, when the recession began, to 8.8 as of August 2009, almost doubling over the period. Wisconsin

The Current Employment Landscape

Wisconsin lost 137,000 jobs during this downturn, almost 5 percent of its job base since the recession began in December 2007, on a seasonally adjusted basis. All sectors suffered job losses with the exception of health care.

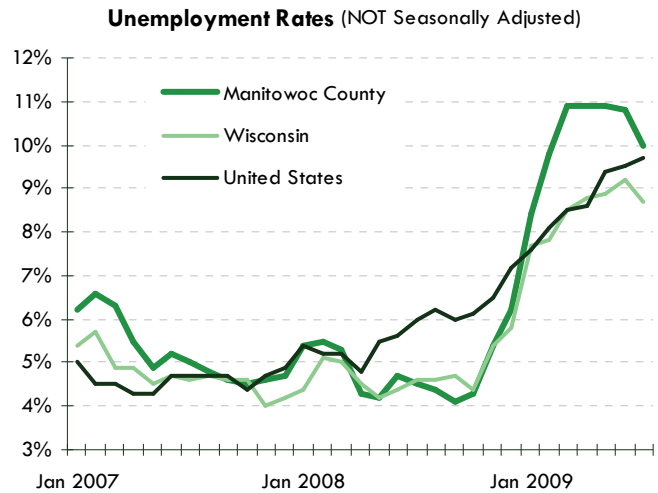
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the auto industry. With large manufacturing job losses in Indiana, Wisconsin became the leader in the share of its workers employed in manufacturing.

Construction, which was the first industry to be affected with the housing turn that began in Wisconsin in 2006, lost 16 percent of its jobs since December 2007, and almost 20 percent since its peak in February of 2006. Professional and Business Services also lost more jobs on a percentage basis than the state average, 8.9 percent. Other sectors lost jobs as well, but were not impacted quite as severely as those above. Leisure and Hospitality, for example, lost 1.4 percent of its jobs.

Employment recovery always lags economic recover. Following recessions since WWII, the economic upswings led job gains by nine to nineteen months. After the 2001

last reached an unemployment rate peak of 11.8 percent in January of 1983, after the harsh recession of 1981-82.

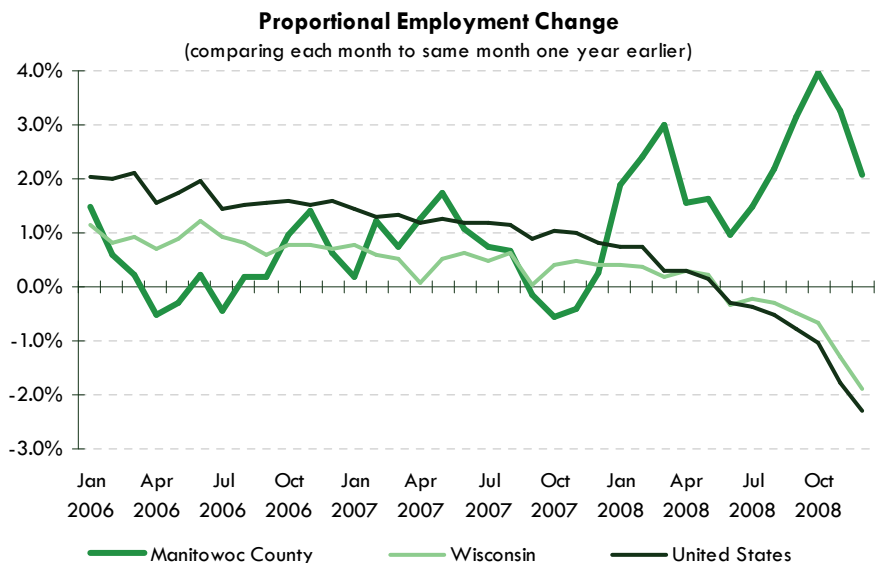
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



Source: U.S. Bureau of Labor Statistics, CPS, LAUS, 2009

recession, it took Wisconsin twenty-six months before job numbers began to increase again on a sustained basis. It was fifty months before the state's job levels recovered to pre-2001 recession levels. Job recovery following the current recession is expected to be slow as well. Consumers are not expected to be the driving sector in the economic recovery, as the huge destruction in home and financial equity wealth will force an increased proclivity for savings instead of consumption.

The chart below is a comparison of employment change.



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2009

Population

The population of Manitowoc County has increased at a steady, if unremarkable rate since the last decennial census of 2000. The county has added just under 2,000 new residents, but lags significantly behind both the state and nation with a meager 2.3 percent periodic growth rate. It is interesting to note that only 38 percent of this growth, or roughly 900 new residents is accounted for in the county's three largest municipalities — Manitowoc, Two Rivers, and Kiel — as the city of Two Rivers is the only one of the county's ten largest civil divisions to experience a net decline in its population since 2000. A greater number of the county's new residents are to be found throughout its several townships. In considering growth patterns in the more rural areas of the county, we see that the bulk of the population growth has been concentrated in townships south of WI 310, which appears to be consistent with recent development and employment growth patterns.

Any examination of population growth in a region often leads to a consideration of the components of change, which are commonly divided into natural change, or the balance between births and deaths, and net migration. Manitowoc County's population growth runs somewhat counter to patterns observed statewide and nationally. Less than one percent of the county's periodic growth is accounted for by natural increases, while the county experienced a net migration rate nearly twice as large, although still significantly smaller than either the state or national rate. This suggests that the county is still found to be attractive to newcomers.

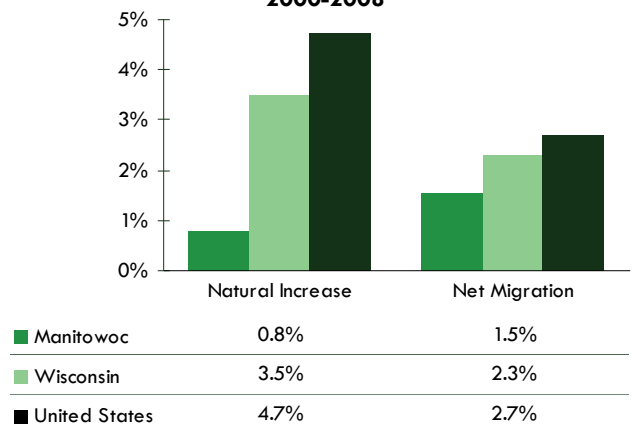
Manitowoc County's Ten Most Populous Municipalities

	April 1, 2000 Census	Jan 1, 2008 Estimate	Numeric Change	Proportional Change
United States	281,421,906	304,059,724	22,637,818	8.0%
Wisconsin	5,363,715	5,675,156	311,441	5.8%
Manitowoc County	82,893	84,830	1,937	2.3%
Manitowoc, City	34,053	34,670	617	1.8%
Two Rivers, City	12,639	12,540	- 99	- 0.8%
Kiel, City*	3,129	3,345	216	6.9%
Manitowoc Rapids, Town	2,520	2,543	23	0.9%
Newton, Town	2,241	2,358	117	5.2%
Kossuth, Town	2,033	2,115	82	4.0%
Schleswig, Town	1,900	2,073	173	9.1%
Two Rivers, Town	1,912	1,914	2	0.1%
Cato, Town	1,616	1,691	75	4.6%
Meeme, Town	1,538	1,554	16	1.0%

* Manitowoc County portion only.

Source: WI Dept. of Administration, Demographic Services, Population Est., July 2009

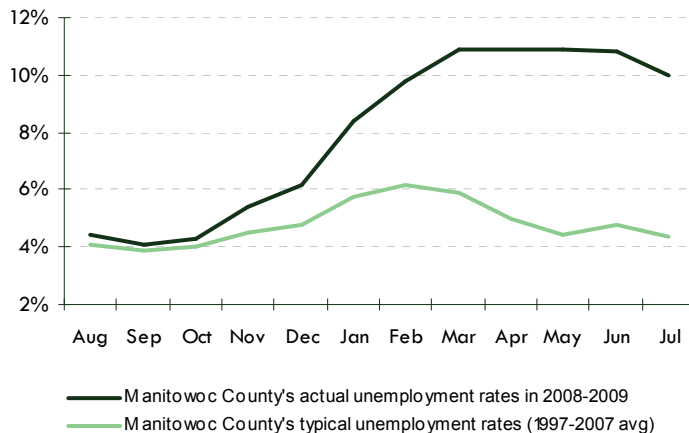
Components of Population Change, 2000-2008



Source: WI Dept. of Administration, Demographic Svcs, Pop Est.

County Unemployment Rate Situation

Manitowoc County's Typical & Current Unemployment Rates



Source: WI DWD, Bureau of Workforce Training, LAUS, 2009

One of the means by which observers and analysts have tracked the life cycle of the current economic recession is through an analysis of employment and unemployment trends, particularly as measured against a benchmark, as indicated in the chart at left. A comparison of monthly unemployment rates for Manitowoc County between August 2008 and July 2009 to a pre-recession eleven-year average of the same months shows that employment in the county demonstrated patterns that do not generally correspond with what one would expect to observe over this period. We specifically see that unemployment started a sharp upward trend at the beginning of 2009 and leveled off at a new, higher level in the second quarter of the year.

Jobs & Wages

Manitowoc County	First Quarter Employment		Second Quarter Employment		Third Quarter Employment		Fourth Quarter Employment	
	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change
All industries	35,237	2.4%	36,070	1.4%	35,983	2.3%	36,356	3.1%
Natural Resources	809	5.5%	893	6.2%	917	5.4%	930	8.8%
Construction	1,103	1.8%	1,304	- 5.2%	1,423	- 0.4%	1,328	- 1.3%
Manufacturing	11,591	5.8%	11,706	5.2%	12,052	5.9%	11,666	5.3%
Trade, Transport. & Utilities	6,180	0.9%	6,295	0.7%	6,455	1.4%	6,568	4.4%
Information	390	1.0%	385	- 2.5%	375	- 7.2%	378	- 4.3%
Financial Activities	973	0.6%	969	0.2%	985	1.3%	973	1.6%
Prof. & Business Services	2,105	15.5%	2,110	11.0%	2,100	11.9%	2,044	8.4%
Education & Health	6,795	- 0.7%	7,056	1.0%	6,234	1.7%	7,167	3.0%
Leisure & Hospitality	2,766	- 4.2%	2,934	- 4.9%	3,056	- 2.6%	2,865	- 1.0%
Other Services	888	- 6.1%	916	- 4.3%	874	- 8.4%	908	- 6.3%
Public Administration	1,637	1.3%	1,502	- 11.8%	1,511	- 9.4%	1,530	- 6.0%

Source: WI DWD, Workforce Training, QCEW, June 2009

Industry employment and wages in Manitowoc County demonstrated marked resilience in 2008, with a few notable exceptions. Over the course of the past year, the county's public and private sector employers added a total of just over 1,100 workers, notwithstanding typical seasonal fluctuations in industry and market trends. In the fourth quarter of 2008 all industry employment was 3.1 percent higher than at the end of the previous year, suggesting, as we have previously, that the full force of the current economic downturn did not impact Manitowoc County's labor market until the beginning of 2009.

One industry that serves as an early indicator of the impact of the current recession is the construction sector.

As previously suggested, one of the earliest indicators of economic strain was a drop in demand for residential housing construction. As demand for services declines, so too does demand for labor, particularly in the heart of the spring and summer building season. This is reflected in the significant second quarter decline in construction employment when other sectors were demonstrating fairly robust growth. Variation in employment growth is certainly not reflected

in an analysis of wage growth in Manitowoc County in 2008. Average wages increased by four percent from the previous year, outpacing statewide average wage growth by a full percent. Many sectors continue to lag behind the statewide average for their respective industries, yet significant growth in average wages in natural resources, construction, and education and health services, for example, is helping to close this gap. The significance of the gap between county and state average wages is further deemphasized with the recognition that a high level of natural amenities and a low cost of living continue to make Manitowoc County an attractive destination.

Manitowoc County	Manitowoc County Annual Average Wage			Wisconsin Annual Average Wage	
	2008 level	2007-2008 change	As a share of Wisconsin	2008 Level	2007-2008 change
All industries	\$36,059	4.0%	92.1%	\$39,169	2.9%
Natural Resources	\$26,001	9.0%	83.3%	\$31,227	6.8%
Construction	\$40,373	5.6%	81.3%	\$49,658	4.6%
Manufacturing	\$41,557	1.7%	86.4%	\$48,116	2.1%
Trade, Transport. & Utilities	\$35,522	3.6%	105.7%	\$33,604	2.6%
Information	\$29,817	2.8%	59.8%	\$49,838	2.8%
Financial Activities	\$30,209	2.5%	58.1%	\$52,008	2.5%
Prof. & Business Services	\$48,871	3.1%	108.3%	\$45,114	1.8%
Education & Health	\$37,825	5.1%	91.8%	\$41,222	4.1%
Leisure & Hospitality	\$10,029	4.1%	71.1%	\$14,102	3.8%
Other Services	\$16,788	- 3.9%	74.2%	\$22,628	2.5%
Public Administration	\$38,877	4.3%	94.7%	\$41,040	2.9%

Source: WI DWD, Workforce Training, QCEW, June 2009



Jobs & Wages

Prominent Industries in Manitowoc County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Manitowoc County	Change 2007- 2008 Manitowoc County	Change 2007- 2008 Wisconsin	2008 Wage Manitowoc County	Change 2007- 2008 Manitowoc County	Change 2007- 2008 Wisconsin
Education services	2,590	- 1.7%	1.8%	\$37,567	5.1%	4.0%
Fabricated metal product manufacturing	2,475	4.1%	- 2.8%	\$42,398	3.5%	4.2%
Machinery manufacturing	2,246	3.7%	- 0.7%	\$47,621	- 3.9%	2.4%
Food services & drinking places	2,199	- 1.3%	- 2.2%	\$9,131	2.9%	2.1%
Hospitals	*	not avail.	2.2%	*	not avail.	4.2%
Food manufacturig	1,489	1.1%	- 0.6%	\$35,821	6.5%	2.9%
Executive legislative & general government	1,384	- 7.7%	0.5%	\$37,846	4.3%	1.8%
Nursing & residential care facilities	1,366	16.9%	2.8%	\$22,320	5.3%	3.5%
Ambulatory health care services	1,167	10.8%	2.3%	\$53,319	3.9%	4.7%
Furniture & related product manufacturing	1,101	27.1%	- 5.6%	\$39,602	- 5.0%	2.4%

* Data suppressed to protect employer confidentiality.

Source: WI DWD, Workforce Training, QCEW, July 2009

The list of prominent industries and employers in Manitowoc County in 2008 contains a number of familiar names and some unfamiliar trends. Manitowoc County's local economy has been dominated by manufacturing interests for some time, and this certainly was the case again the last year, with firms such as Manitowoc Cranes machinery), Fisher Hamilton (institutional furniture), and Federal-Mogul (fabricated metal products) once again being listed among the county's most prominent industry sectors and employers. Employment and wage growth among these prominent industry sectors has fluctuated over the course of the past year, again confirming the previous assertion that the current economic downturn has not affected all sectors of the economy equally or at the same time. For example, employment in each of the county's prominent manufacturing-based industries grew over the past year — a pattern that was not experienced statewide.

At the same time, however, employment in service-based industries, such as education services and food services experienced a slight drop in employment. Despite this, Manitowoc County's service sector appears to be quite robust, with employment growth in the health care sector dominating the discussion. This is especially pronounced in the presence of two hospitals — Holy Family Memorial and Aurora Medical Center of Manitowoc — among the ten largest employers in the county. The rapidly growing demand for health care services in the county, as well as throughout the state, has been well documented elsewhere. Nonetheless, it is important to note that demand for these services is relatively insulated from fluctuations in the greater economy. As such, future growth in the area is to be expected.

A further analysis of Manitowoc County's prominent employers illustrates the significant role played by government employment. While employment in this sector

tends to be relatively insulated from fluctuations in the economy, one must note that the sector is also subject to stagnation due to its reliance on tax revenue to support its operations. This does create a level of uncertainty for future progress.

Prominent Public and Private Employers in Manitowoc County

Establishment	Service or product	Number of Employees (December 2008)
Holy Family Memorial Inc	General medical & surgical hospitals	1,000+ employees
Manitowoc Cranes Inc	Construction machinery manufacturing	1,000+ employees
Manitowoc Public School District	Elementary & secondary schools	500-999 employees
Nextera Energy Point Beach LLC	Nuclear electric power generation	500-999 employees
Fisher Hamilton LLC	Institutional furniture manufacturing	500-999 employees
Federal-Mogul Piston Rings Inc	Carburetor, piston, ring, & valve mfg	250-499 employees
County of Manitowoc	Executive & legislative offices, combined	250-499 employees
Lakeside Foods Inc	Fruit & vegetable canning	250-499 employees
City of Manitowoc	Executive & legislative offices, combined	250-499 employees
Aurora Medical Center of Manitowoc	General medical & surgical hospitals	250-499 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2009

Income

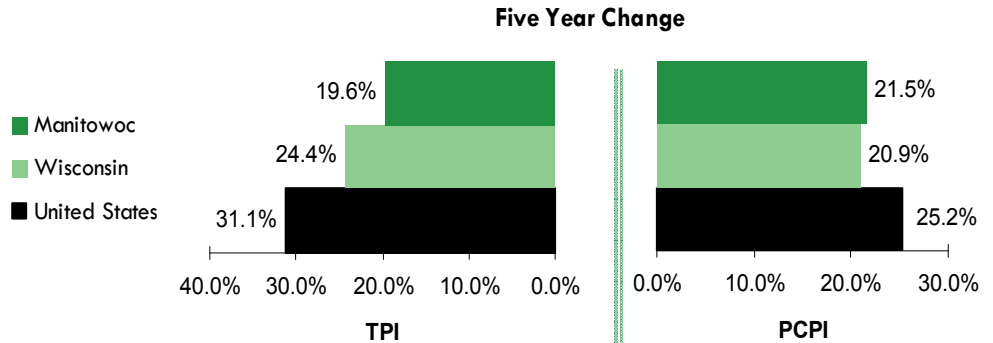
Analyzing trends in a county's population, labor force, and industry activity provide a fair profile of the county's economic well-being. However, these facets alone do not provide a complete picture of the region's economic health. One must also consider the state of the county's personal income, particularly as it compares to similar figures in the state and nation. The total personal income (TPI) for Manitowoc County in 2007 was just under \$2.7 billion, and TPI growth over the five-year period from 2002 to 2007 was just under 20 percent. This growth rate was significantly slower than

similar rates for the state and nation, suggesting that, while growth has been greater elsewhere, income in Manitowoc County has demonstrated greater relative stability. This further suggests that Manitowoc County's economy has "matured" insofar as growth potential has been exchanged for stability.

Any discussion of income and wages must also take into account relative disparities in the cost of living. The cost of living index for the state of Wisconsin and Manitowoc County for 2008 (based on a 100 point national baseline) was 94.2 and 78.1, respectively, suggesting that there are significant cost advantages for the residents of Manitowoc County as compared to their neighbors throughout the state. These relative cost disparities temper any suggestions that Manitowoc County is relatively less prosperous than any other region.

An examination of per capita personal income (PCPI) demonstrates a markedly similar pattern to that observed in total personal income. PCPI increased by nearly \$6,000 between 2002 and 2007, rising to a level of just over \$33,000. This remains well below both the state (\$36,272) and national figures (\$38,615) for this same period, which is to be expected given the significant disparities in total personal income growth. While the PCPI of Manitowoc County lags behind other indicators, it is significant to note that growth in this indicator over the five year reference period was greater than PCPI growth in the state. Economists generally expect PCPI growth to lag behind TPI growth due to the effects of population growth, but this was not the case in Manitowoc County, where PCPI growth is nearly two percentage points greater than TPI growth. This disparity suggests that income is becoming more concentrated.

Personal Income in Manitowoc County				
	Total Personal Income (in thousands)		Per Capita Personal Income (PCPI)	
	2002	2007	2002	2007
Manitowoc	\$2,243,063	\$2,683,305	\$27,337	\$33,222
Wisconsin	\$163,308,733	\$203,083,544	\$29,994	\$36,272
United States	\$8,872,871,000	\$11,634,322,000	\$30,838	\$38,615



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2008

One final measure of changes in income that economists frequently analyze is the impact that commuting patterns bear on a region's income dynamics. Manitowoc County's commuting workforce brought in over twice as much income from activities performed outside of the county than the county "lost" to workers residing in other counties. Over the five year period referenced earlier, we see that the inflow of income from commuting increased by over \$70 million, while the outflow of income grew by only \$25 million. In part, this suggests that economic activities outside of Manitowoc County may be more attractive than those opportunities within the county's borders. What is more significant, however, is the suggestion that changes in these figures point to a greater sense of economic integration in the surrounding region, as a whole.

Manitowoc County Commuting Impact



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2009