

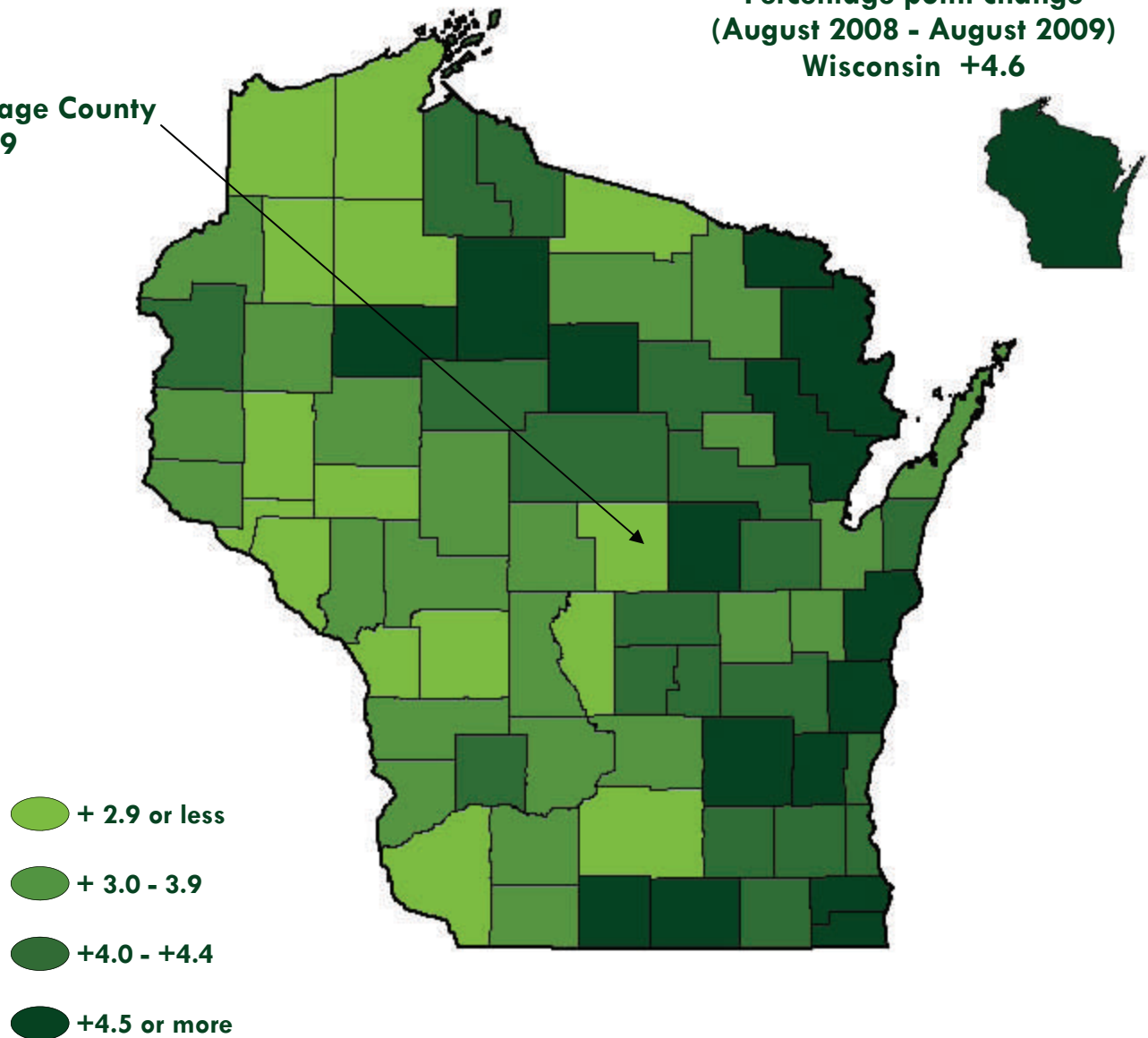
Portage County Workforce Profile 2009

Unemployment Rate Increases

Percentage point change
(August 2008 - August 2009)

Wisconsin +4.6

Portage County
+ 2.9



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.

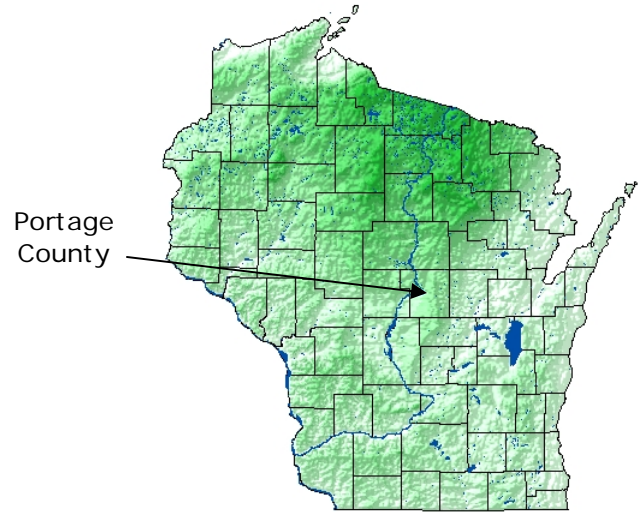
Bill Brockmiller
402 North 8th Street
La Crosse, WI 54601
608.785.9337
william.brockmiller@dwd.wisconsin.gov

OEA-10654-P



Wisconsin Department of Workforce Development

Portage County Workforce Profile



Note: All data appearing in this profile are 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.

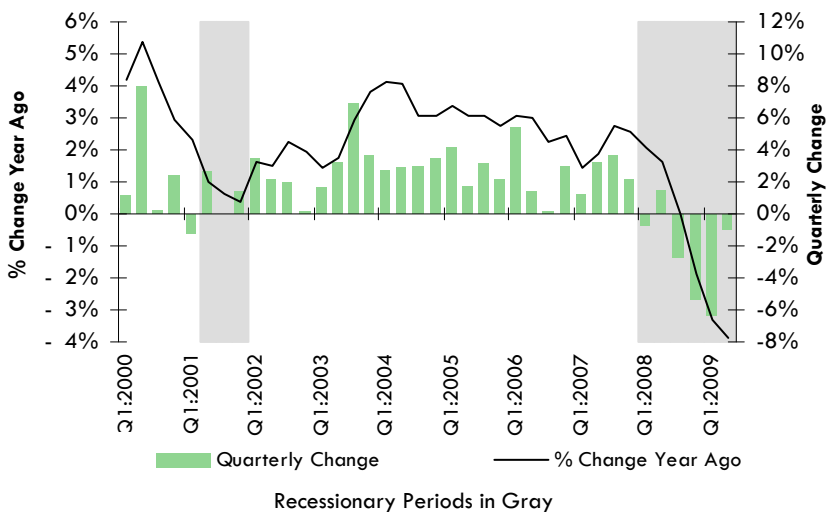
How bad was this downturn? Bad. Real GDP growth was negative for four quarters in a row. That has never happened before in quarterly data dating back to 1947. Only two quarters in the last fifty-three years suffered as

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.

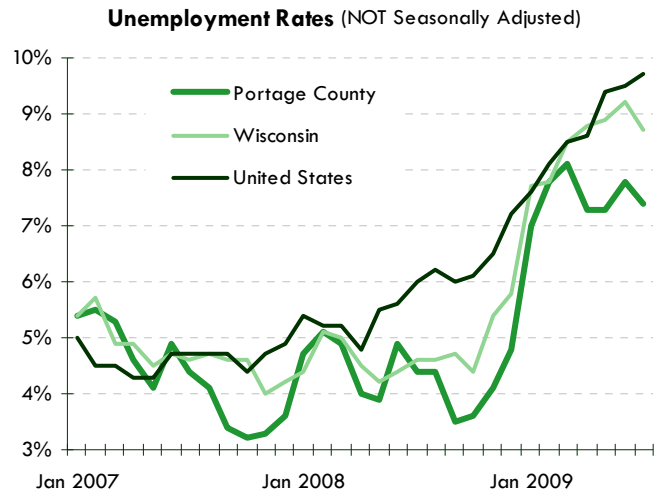
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the 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.

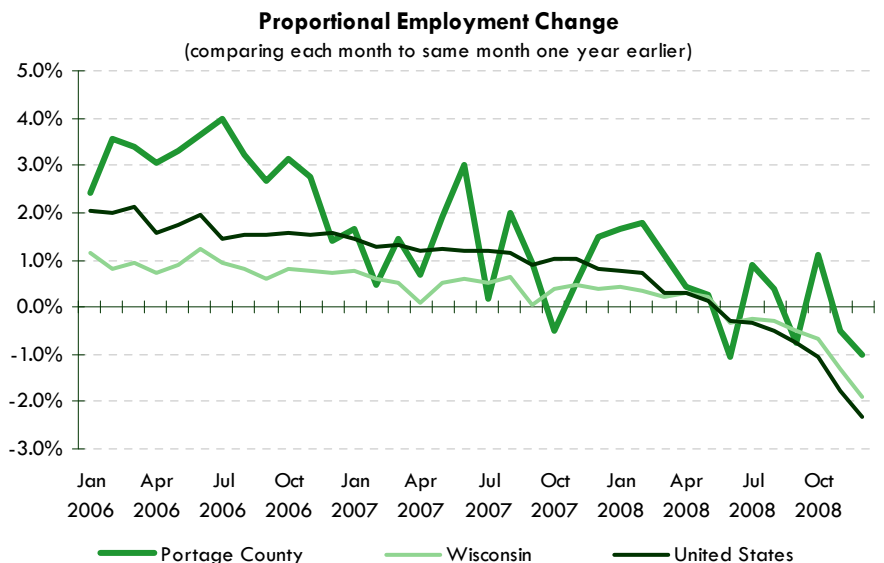
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



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

Portage County's addition of 3,324 new residents since the 2000 Census makes the county the 23rd largest in the state. The rate of increase, 4.9 percent, is less than either the state increase of 5.8 percent or the nation's increase of 8.0 percent.

Eight of the ten largest municipalities in the county saw increases in population although at various rates. The Village of Plover saw the second largest increase in the number of new residents and had the largest percentage increase. With the addition of 1,330 residents, the village increase by more than 12 percent. The city of Stevens Point saw an increase of more than 3,300 for an 6.1 percentage point increase, higher than the state but lower than the nation.

Changes in population are made up of two components. Natural increases compute births minus deaths, and migration looks at how many people move into and out of an area. The combination of these two factors make up increases or decreases in population. Portage County is fortunate that growth came from both natural increase and migration. As shown on the chart to the right, Portage County's natural increase is 3.4 percent while migration is 1.6 percent.

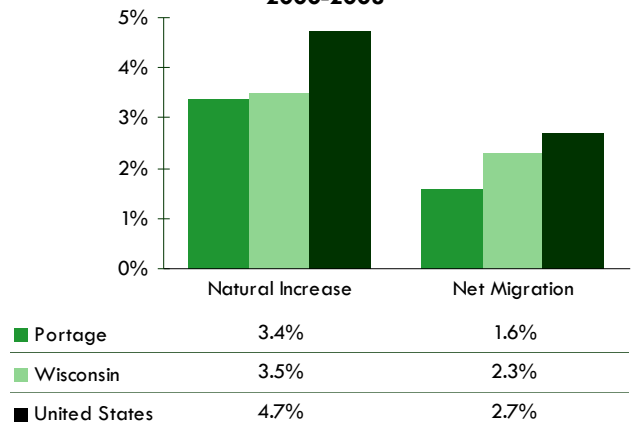
These increases are lower than the state's 3.5 percent natural increase and 2.3 percent migration increase. Also, Portage County's natural increase is lower than the nation's 4.7 percent natural increase and the county's migration growth is lower than the nation's 2.7 percent.

Portage 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%
Portage County	67,182	70,506	3,324	4.9%
Stevens Point, City	24,551	26,050	1,499	6.1%
Plover, Village	10,520	11,850	1,330	12.6%
Hull, Town	5,493	5,638	145	2.6%
Stockton, Town	2,896	3,062	166	5.7%
Grant, Town	2,020	2,105	85	4.2%
Sharon, Town	1,936	2,040	104	5.4%
Plover, Town	2,415	1,910	- 505	- 20.9%
Whiting, Village	1,760	1,671	- 89	- 5.1%
Lanark, Town	1,449	1,597	148	10.2%
Amherst, Town	1,435	1,496	61	4.3%

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

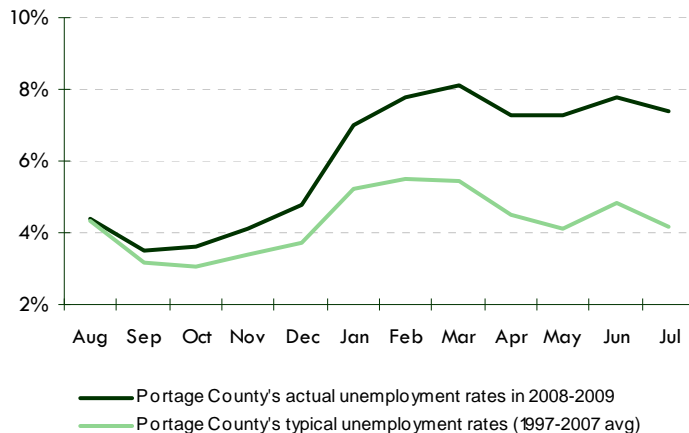
Components of Population Change, 2000-2008



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

County Unemployment Rate Situation

Portage County's Typical & Current Unemployment Rates



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

While following normal seasonal trends in unemployment rates, Portage County's rate has been near four or five percent for much of the past eleven years. Starting in the summer of 2008, things began to change. As demonstrated on the chart to the left, the monthly unemployment rates from August 2008 to July 2009 ballooned to almost four percentage points higher than their corresponding eleven-year averages. The greatest spread came at the end of the first quarter. The second quarter of 2009 shows a slight decrease in the unemployment rate but even if economic recovery is declared in year-end 2009, it is likely that unemployment rates will remain quite elevated for the remainder of 2009 and into year 2010.

Jobs & Wages

Portage 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	32,479	1.5%	33,179	- 0.1%	33,058	0.2%	33,644	- 0.1%
Natural Resources	483	- 7.5%	674	6.3%	742	3.9%	736	9.5%
Construction	814	11.2%	977	0.1%	1,085	0.9%	898	- 7.3%
Manufacturing	4,574	1.1%	4,619	- 2.0%	5,062	0.3%	4,743	1.3%
Trade, Transport. & Utilities	7,560	- 1.6%	7,635	- 1.3%	7,531	- 0.6%	7,979	- 2.6%
Information	290	3.2%	288	3.6%	281	3.3%	282	2.2%
Financial Activities	4,330	- 2.1%	4,361	- 1.8%	4,425	- 2.7%	4,358	- 4.5%
Prof. & Business Services	2,259	19.0%	2,345	17.3%	2,370	15.8%	2,372	13.8%
Education & Health	5,920	1.7%	5,888	- 1.6%	5,237	- 0.2%	5,931	1.9%
Leisure & Hospitality	3,207	1.7%	3,425	- 2.4%	3,394	- 3.1%	3,294	- 2.6%
Other Services	1,495	- 0.5%	1,537	- 0.1%	1,445	- 5.2%	1,519	- 2.0%
Public Administration	1,547	7.4%	1,430	0.9%	1,486	2.3%	1,532	2.7%

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

The unemployment rate calculates a statistic based on employees' residence. Another employment statistic compares changes in the number of jobs in various industries.

The industry-specific table above shows the number of jobs in Portage County displayed by quarter for 2008, along with rates of change from the same quarter of 2007. The second and fourth quarters saw slight decreases of 0.1 percent. The county saw a lower loss of jobs than many of the surrounding counties. The transportation, trade and utility industry, the financial activities industry, and the other services industry were the only three industries with less employment in each quarter. The information industry, the professional and business services industry, and the public administration industry saw increases in each quarter.

An interesting note is that unlike many other counties in the state, education and health care saw decreased employment in both the second and third quarters.

Professional and business services includes temporary-employment companies, which could explain why that industry increased the number of employees by double-digit percentage points in each quarter.

Often these types of businesses lead others into and out of recession. As businesses begin to decrease employment, they usually let the temporary workers go first. As the economy begins to pick up, employers will bring in temporary workers until sustained business warrants hiring permanent workers.

Portage County's average annual wage is only 87.9 percent of the state's average. This may be explained by the county having only two industries, natural resources and financial activities, that pay more than the state average. While finance is an economic driver in the county, natural resources employment is not.

Portage County	Portage 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	\$34,439	4.0%	87.9%	\$39,169	2.9%
Natural Resources	\$38,003	16.7%	121.7%	\$31,227	6.8%
Construction	\$38,176	- 0.8%	76.9%	\$49,658	4.6%
Manufacturing	\$41,696	1.8%	86.7%	\$48,116	2.1%
Trade, Transport. & Utilities	\$27,199	2.0%	80.9%	\$33,604	2.6%
Information	\$34,454	- 1.9%	69.1%	\$49,838	2.8%
Financial Activities	\$52,659	2.4%	101.3%	\$52,008	2.5%
Prof. & Business Services	\$36,225	7.0%	80.3%	\$45,114	1.8%
Education & Health	\$41,159	7.6%	99.8%	\$41,222	4.1%
Leisure & Hospitality	\$10,575	6.1%	75.0%	\$14,102	3.8%
Other Services	\$18,502	6.6%	81.8%	\$22,628	2.5%
Public Administration	\$31,949	2.3%	77.8%	\$41,040	2.9%

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



Jobs & Wages

Prominent Industries in Portage County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Portage County	Change 2007- 2008 Portage County	Change 2007- 2008 Wisconsin	2008 Wage Portage County	Change 2007- 2008 Portage County	Change 2007- 2008 Wisconsin
Insurance carriers & related activities	3,264	- 5.7%	- 0.5%	\$58,252	3.3%	3.0%
Education services	2,795	0.8%	1.8%	\$43,354	7.0%	4.0%
Food services & drinking places	2,482	- 4.9%	- 2.2%	\$9,819	4.2%	2.1%
Nonstore retailers	1,337	1.5%	- 2.7%	\$17,956	- 0.8%	1.2%
Executive legislative & general government	1,317	2.7%	0.5%	\$31,239	2.1%	1.8%
Food manufacturig	*	not avail.	- 0.6%	*	not avail.	2.9%
General merchandise stores	1,230	- 0.4%	0.3%	\$17,674	3.9%	2.5%
Administrative & support services	1,156	18.4%	- 8.4%	\$23,613	28.0%	2.1%
Hospitals	*	not avail.	2.2%	*	not avail.	4.2%
Truck transportation	1,023	- 1.4%	- 4.8%	\$41,964	- 0.4%	0.3%

* Data suppressed to protect employer confidentiality.

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

This section is a specific look at the industries and employers with the largest number of jobs in Portage County in fourth quarter of 2008. Above are the prominent industries. The annual growth rate of jobs in each industry is compared to the growth rate of jobs in its respective industry statewide.

Of the sub-sectors with available data, only one, administrative services, had a double-digit increase in employment from the fourth quarter of 2007 to the fourth quarter of 2008. The state did not see an increase but rather had an 8.4 percentage point decrease in this sub-sector. There are no prominent employers in the county in this sub-sector, although there are several firms with employment between 20 to 99 employees.

Sentry Insurance, an employer of at least 1,000 employees, is in the highest employing sub-sector in the county, insurance carriers and related activities. Education, the second largest sub-sector, is represented by two

prominent employers. The Stevens Point Public School system and the University of Wisconsin — Stevens Point have at least 1,000 employees apiece.

The downturn in the economy may be demonstrated by the loss of 128 employees in the food service and drinking places industry. The state also saw a decrease in that industry, but by only 2.2 percentage points, less than half of Portage County's rate of decline.

Mail order is an important industry for the county with both Figi's and Lands' End employing between 500 to 999 each. The non-store retailers sub-sector increased employment in 2008 by 1.5 percentage points. This again is different than the state, which saw a 2.7 percentage point decrease in employment.

As noted on page four, manufacturing is an economic driver for the county. With increasing employment in three of the four quarters in 2008 and, the second highest average annual wage, it is not surprising that three of the

Prominent Public and Private Employers in Portage County

Establishment	Service or product	Number of Employees (December 2008)
Sentry Insurance	Direct property & casualty insurers	1,000+ employees
Stevens Point Public School	Elementary & secondary schools	1,000+ employees
University of Wisconsin - Stevens Point	Colleges, univ. & professional schools	1,000+ employees
St Michael's Hospital	General medical & surgical hospitals	1,000+ employees
County of Portage	Executive & legislative offices, combined	500-999 employees
Figi's	Mail-order retailers	500-999 employees
Stora Enso North America (now NewPage)	Paper, except newsprint, mills	500-999 employees
Lands' End	Mail-order retailers	500-999 employees
McCain Foods USA	Frozen fruit & vegetable manufacturing	500-999 employees
Donaldson Co	Air purification equipment manufacturing	250-499 employees

prominent employers are in manufacturing. Although producing three very different products, Stora Enso North America, McCain Foods, and Donaldson Co are all listed in the ten largest employers.

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

Income

Total personal income (TPI) is income received from all sources for all residents. Total personal income data is available for all residents in the nation, the state, and Portage County. For the county, this includes people commuting to other counties to work while living in Portage County, but does not include people working in Portage but living outside the county. Per Capita Personal Income (PCPI) is calculated by dividing TPI by the number of people living in the geographic area.

TPI is a straight forward number. It is just all income from all sources. The amount of PCPI can be affected by the type of residents in a county. For example, if a large number of residents don't work because they are too young, the calculated average income of individuals, PCPI, would be less because the areas' total personal income, TPI, would be less, but it must be divided by the same number of residents. If a large number of residents in an area retire, PCPI would probably decrease, since pension and social security income is usually less than an individual's wage or salary. This decreases the amount of TPI while keeping the same denominator when calculating PCPI.

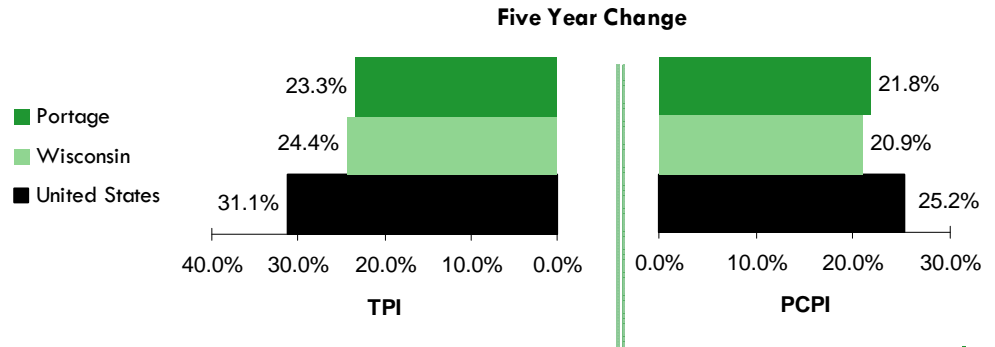
TPI for the county grew by 23.3 percent from 2002 to 2007. This increase is 1.1 percentage points lower than the state's rate of 24.4 percent and almost eight percentage points lower than the nation. Among Wisconsin's 72 counties, Portage County is ranked 27th in terms of TPI growth.

PCPI increased at a slightly higher rate than the state but lower than the nation. At 21.8 percent, Portage County's increase was 0.9 percentage points higher than the state (20.9 percent) and 3.4 percentage points lower than the nation (25.2 percent). The county's 21.8 percent five-year increase in PCPI ranks Portage County 33rd among Wisconsin's 72 counties.

The bottom chart shows that in 2007 residents working in jobs outside the county added \$297.5 million to Portage County's total personal income, while non-resident workers were paid \$210.9 million in wages that left the county. The total residency adjustment netted an increase of \$86.6 million in the county's total earnings.

Commuting patterns from Census 2000 show that there are about 1,000 more Portage County residents working outside of the county (6,657) than there are work-

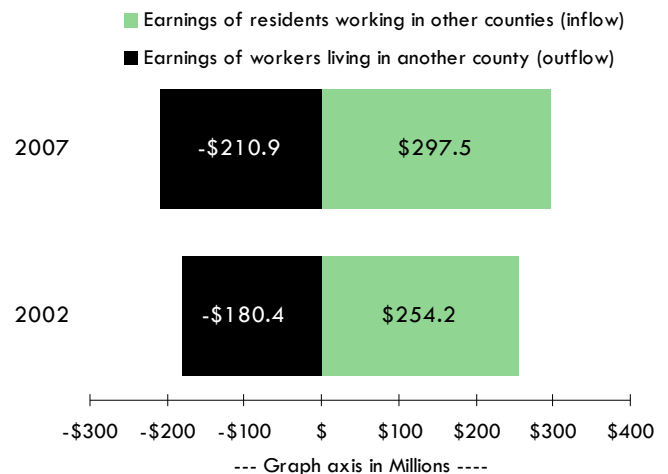
Personal Income in Portage County				
	Total Personal Income (in thousands)		Per Capita Personal Income (PCPI)	
	2002	2007	2002	2007
Portage	\$1,798,076	\$2,216,922	\$26,643	\$32,450
Wisconsin	\$163,308,733	\$203,083,544	\$29,994	\$36,272
United States	\$8,872,871,000	\$11,634,322,000	\$30,838	\$38,615



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

ers from other counties commuting in (5,569). Wood, Marathon and Waupaca counties supply the most workers to the county. These three counties also supply the most jobs for Portage County residents. Of the 6,657 residents working outside of the county, 5,089 work in these three counties. Wood, Marathon and Waupaca account for 4,112 of the 5,569 workers commuting into Portage County. There is a strong economic bond linking the economies of Portage, Wood, Marathon and Waupaca counties. Employment changes in any of these four counties creates a ripple effect felt throughout the area. As shown in the chart below, movement into and out of Portage County for employment has not only existed for an extended period of time but has continued to grow.

Portage County Commuting Impact



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