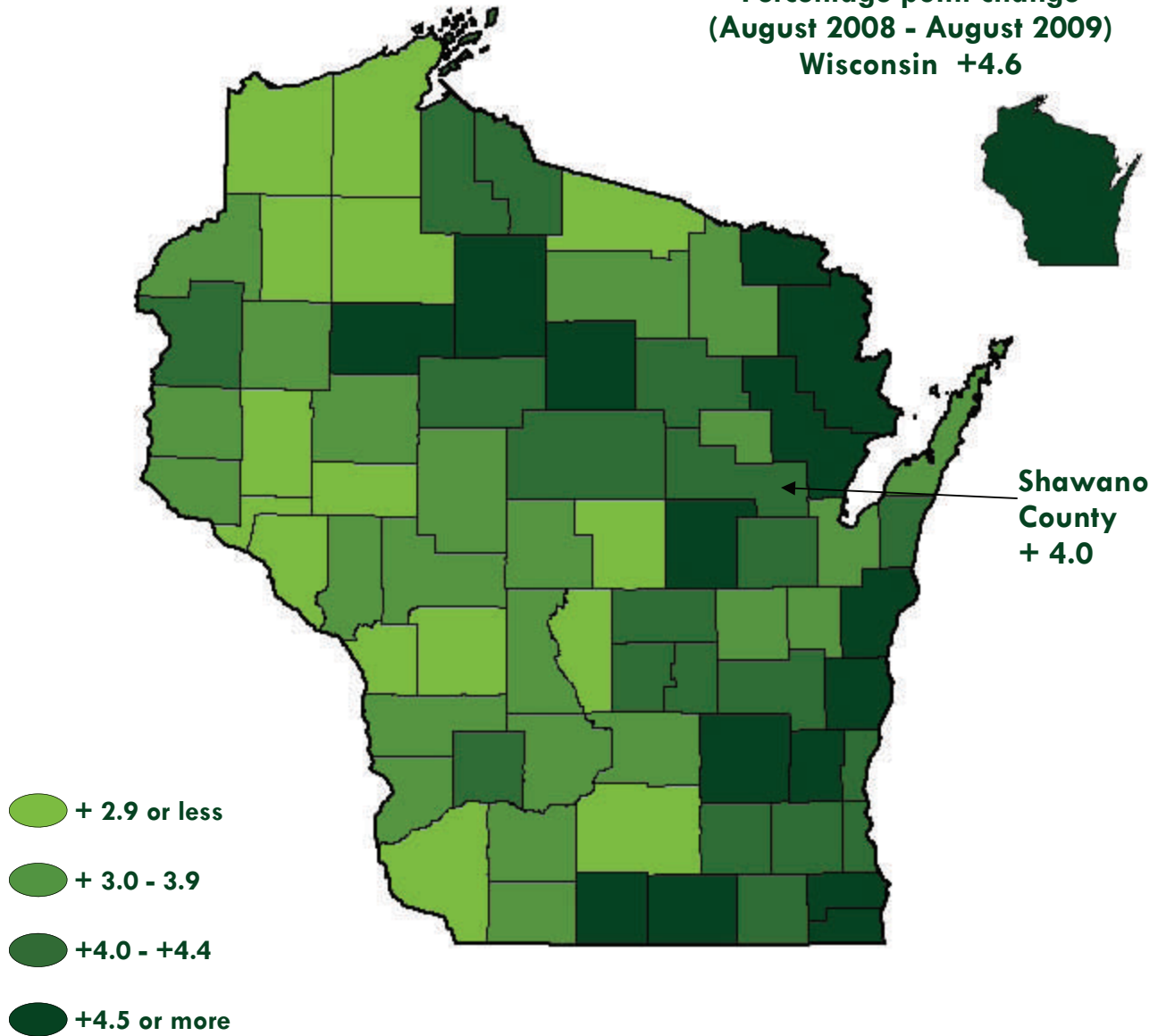


Shawano County Workforce Profile 2009

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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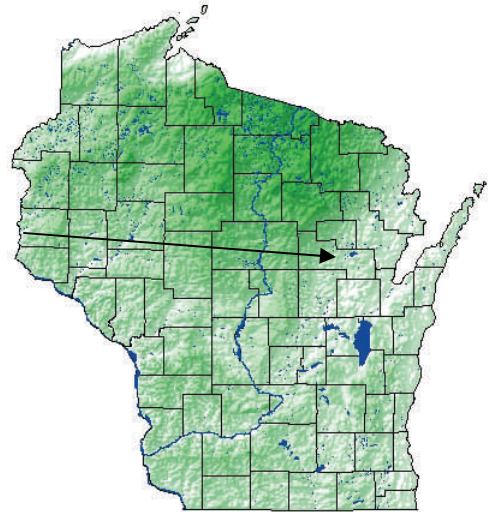
OEA-10654-P



Wisconsin Department of Workforce Development

Shawano County Workforce Profile

Shawano
County



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.

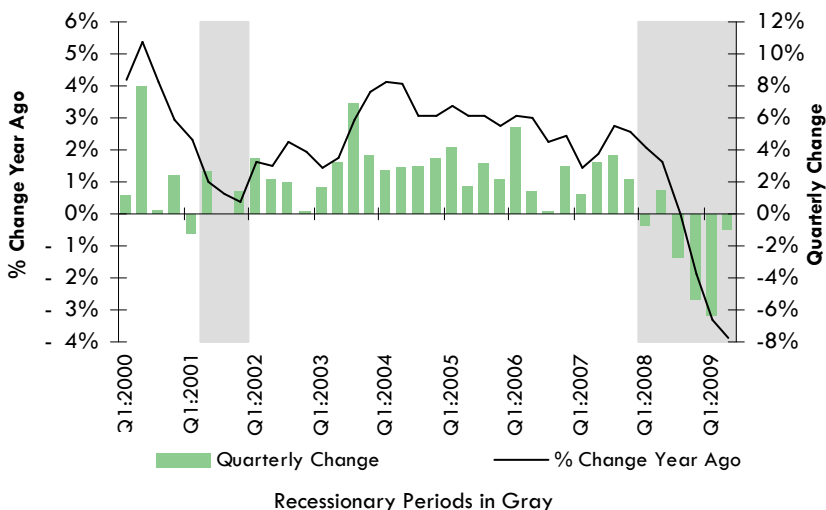
How bad was this downturn? Bad. Real GDP growth was negative for four quarters in a row. That has never happened before in quarterly data dating back to 1947. Only two quarters in the last fifty-three years suffered as

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.

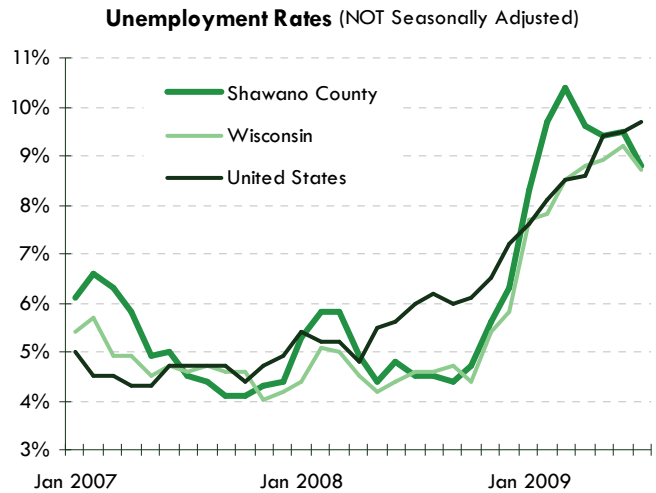
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the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

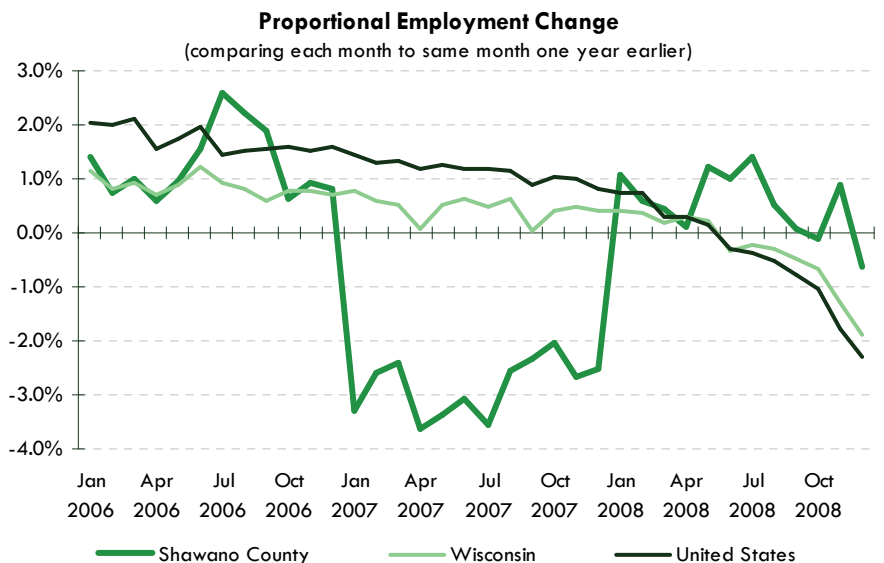
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



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

Shawano County's population has exhibited modest growth over the course of the past eight years. Since 2000, the county has added slightly less than 2,000 residents, or 4.8 percent of its population. This growth rate lags behind both the nation and state. However, this relatively slow growth rate is fairly consistent with patterns observed in the state's other small, rural counties, particularly those in the northern part of the state.

If we look at population trends in neighboring counties, we see that Shawano County's 2000-2008 population growth lagged behind Oconto County (10.1 percent), but it surpassed that of Menomonee County (1.5 percent), Marinette County (3.3 percent), and Florence County (4.5 percent). There are a number of possible explanations for these disparities, with the mostly likely of these being differences in the rate of population migration or movement, as is illustrated at right.

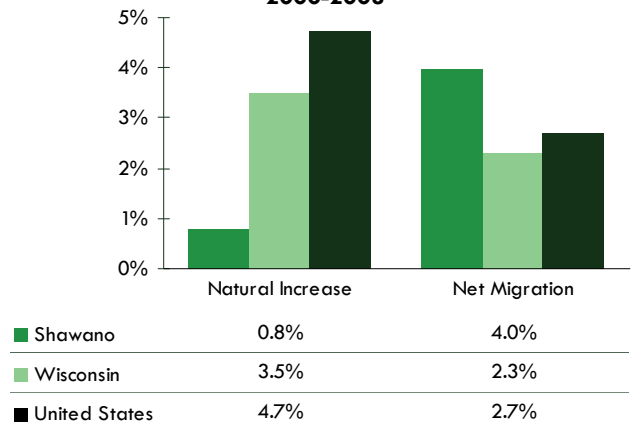
Net population change in any region is defined as the sum of natural increase — which is the balance of births and deaths over a period of time — and net migration. The natural increase of Shawano County's population from 2000 to 2008 was only 0.8 percent, or around 325 new residents. Over the same period, however, the county's net migration rate of 4.0 percent is nearly twice the rate of the state or nation and accounted for over 1,600 residents. This net migration rate is significantly lower than that of neighboring counties, but Shawano County distinguishes itself from its neighbors in that it has a positive natural increase.

Shawano 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%
Shawano County	40,664	42,602	1,938	4.8%
Shawano, City	8,298	8,754	456	5.5%
Wescott, Town	3,653	3,780	127	3.5%
Washington, Town	1,903	2,038	135	7.1%
Belle Plaine, Town	1,867	1,921	54	2.9%
Richmond, Town	1,719	1,872	153	8.9%
Angelica, Town	1,635	1,762	127	7.8%
Bonduel, Village	1,416	1,436	20	1.4%
Lessor, Town	1,112	1,243	131	11.8%
Wittenberg, Village	1,177	1,113	- 64	- 5.4%
Waukechon, Town	928	1,051	123	13.3%

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

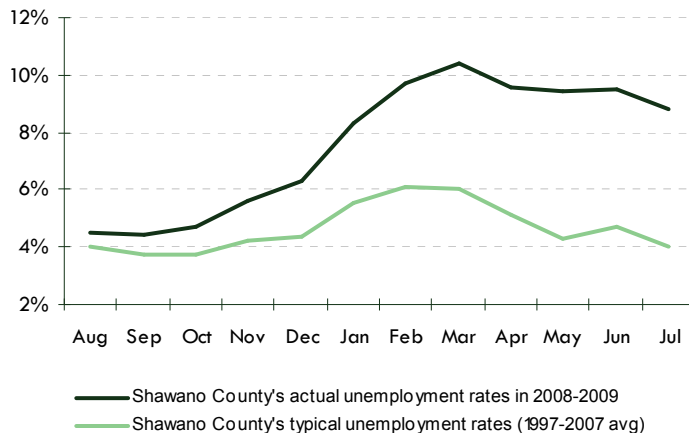
Components of Population Change, 2000-2008



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

County Unemployment Rate Situation

Shawano County's Typical & Current Unemployment Rates



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

The rapid rise in unemployment has been one of the most troubling trends in the current recession. While employment losses are associated with and accepted as somewhat inevitable in any economic downturn, what distinguishes recent losses is both the rate and relatively concentrated period of the decline. This is illustrated in the chart at right. We find that massive jumps in the county's unemployment rate occurred in December 2008 and the first few months of 2009, particularly as compared to a eleven-year average of comparable monthly rates. In the months following this significant, uptick, however, we find that the county's unemployment rate largely stabilized through the remainder of 2009, albeit at a much higher level. This suggests that the recent job losses are not the result of any seasonal factor.

Jobs & Wages

Shawano 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	12,606	0.7%	13,164	0.8%	13,047	0.7%	12,942	0.1%
Natural Resources	518	0.4%	562	- 2.3%	601	0.5%	624	8.9%
Construction	396	- 10.4%	476	- 5.2%	498	- 4.2%	467	- 9.7%
Manufacturing	2,096	7.3%	2,139	7.2%	2,161	6.6%	1,995	- 1.1%
Trade, Transport. & Utilities	2,595	1.5%	2,714	0.8%	2,697	0.8%	2,618	- 1.8%
Information	244	- 6.2%	243	- 3.6%	235	- 8.2%	239	- 7.4%
Financial Activities	406	- 1.7%	410	- 1.4%	418	1.5%	403	- 1.7%
Prof. & Business Services	573	2.5%	586	2.1%	606	5.8%	607	10.0%
Education & Health	2,543	- 1.1%	2,546	- 1.4%	2,361	1.4%	2,598	1.4%
Leisure & Hospitality	1,606	- 0.9%	1,846	0.2%	1,839	- 5.4%	1,667	- 2.7%
Other Services	430	2.1%	432	- 3.4%	453	- 1.7%	444	- 1.3%
Public Administration	1,199	- 0.4%	1,211	2.1%	1,176	0.9%	1,278	5.2%

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

A number of possible factors contributing to the current economic recession have already been suggested in this profile, including such things as a softening of the residential real estate sector, and uncertainty in national and global financial markets. While many of these trends occurred as early as 2007, we did not see any indication of weakening in local labor markets until the second half of 2008. Total non-farm industry employment increased by just over 300 positions, or 2.7 percent. This growth appears to have occurred slowly, with gains distributed sporadically across most industry sectors, with one clear exception.

Weakness in the manufacturing sector is seen as one of the hallmarks of the current economic downturn, with the state having lost 63,600 jobs in the sector between 2007 and 2009, or roughly 12.7 percent of sector employment. Granted, employment losses in the manufacturing sector in Shawano County were not as significant as those experienced statewide, the effect is indeed significant. Over the course of 2008, Shawano County lost 100 manufacturing jobs. Comparing same-quarter employment, we see

that while 2000's employment was consistently above 2007 levels, signs of weakness emerged in the 4th quarter. Looking now at average industry wages, we see that annual average wages in most industry sectors increased in Shawano County in 2008, with the exception of manufacturing. Annual average manufacturing wages decreased by 3.3 percent in 2008 and were only 70 percent of the state average. Wage growth in natural resources, construction, information, education and health services, and other services was quite robust in the county in 2008, largely reflecting statewide trends.

Shawano County	Shawano 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	\$27,245	2.7%	69.6%	\$39,169	2.9%
Natural Resources	\$33,783	5.2%	108.2%	\$31,227	6.8%
Construction	\$34,421	6.0%	69.3%	\$49,658	4.6%
Manufacturing	\$33,673	- 3.3%	70.0%	\$48,116	2.1%
Trade, Transport. & Utilities	\$26,929	2.7%	80.1%	\$33,604	2.6%
Information	\$32,460	14.6%	65.1%	\$49,838	2.8%
Financial Activities	\$30,796	0.2%	59.2%	\$52,008	2.5%
Prof. & Business Services	\$28,475	0.5%	63.1%	\$45,114	1.8%
Education & Health	\$30,388	5.4%	73.7%	\$41,222	4.1%
Leisure & Hospitality	\$13,088	1.5%	92.8%	\$14,102	3.8%
Other Services	\$13,997	5.9%	61.9%	\$22,628	2.5%
Public Administration	\$26,766	3.1%	65.2%	\$41,040	2.9%

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



Jobs & Wages

Prominent Industries in Shawano County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Shawano County	Change 2007- 2008 Shawano County	Change 2007- 2008 Wisconsin	2008 Wage Shawano County	Change 2007- 2008 Shawano County	Change 2007- 2008 Wisconsin
Executive legislative & general government	1,115	4.1%	0.5%	\$26,971	4.7%	1.8%
Education services	1,101	- 2.5%	1.8%	\$31,748	3.9%	4.0%
Food services & drinking places	914	- 5.5%	- 2.2%	\$9,060	2.3%	2.1%
Amusements gambling & recreation	602	- 1.3%	0.1%	\$20,294	- 0.7%	3.2%
Nursing & residential care facilities	542	3.0%	2.8%	\$21,463	3.1%	3.5%
Wood product manufacturing	487	- 24.8%	- 15.4%	\$28,214	- 0.5%	1.2%
General merchandise stores	487	5.4%	0.3%	\$18,277	- 3.7%	2.5%
Ambulatory health care services	459	8.3%	2.3%	\$33,527	8.3%	4.7%
Merchant wholesalers nondurable goods	408	14.6%	- 1.6%	\$40,933	0.4%	3.0%
Hospitals	*	not avail.	2.2%	*	not avail.	4.2%

* Data suppressed to protect employer confidentiality.

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

An analysis of major industry subsector employment in Shawano County shows that the bulk of the county's labor force is engaged in some aspect of service-related employment, with the bulk of these workers employed in the public sector. This observation is confirmed in the fact that the two largest prominent industries in the county — executive, legislative, and general government, and education services — combined employ 2,200 workers, or 17.1 percent of all non-farm workers. Additionally, if one excludes the county's sole major manufacturing subsector — wood product manufacturing — we see that the eight service-based prominent industries for which data is available employ 5,600 workers in the county, or 43.4 percent of all workers. These findings suggest that employment is heavily concentrated in a small number of industry sectors and is therefore more sensitive to economic shocks than a more diversified industry base may be.

The sensitivity inherent in Shawano County's employer

base is made evident when we look at annual changes in industry employment. As the county's health care infrastructure added workers in 2008 — as suggested by employment growth in hospital, ambulatory health services, and nursing and residential care facilities — only other prominent industry sectors to experience growth were wholesale and retail trade and government employment. Further, with the exception of education services, of amusements, gambling, and recreation, and of merchant wholesalers of nondurable goods, we find that local industry trends generally follow statewide patterns in direction if not in scope.

Turning our attention to the prominent employers in Shawano County, we see that the list of the ten largest employers is dominated by public sector concerns. Shawano County government is the largest single employer, and is joined on the list by the county's two public school districts — Shawano and Wittenberg-Biramwood. Tribal govern-

ment concerns are also represented in the Stockbridge-Munsee Community and Mohican North Star Casino. One of the prominent manufacturing firms on this list — Owens, Inc. — closed its doors in late 2009.

Prominent Public and Private Employers in Shawano County

Establishment	Service or product	Number of Employees (December 2008)
County of Shawano	Executive & legislative offices, combined	500-999 employees
Shawano School District	Elementary & secondary schools	250-499 employees
Mohican North Star Casino	Casinos, except casino hotels	250-499 employees
Shawano Medical Center Inc	General medical & surgical hospitals	250-499 employees
Wal-Mart Associates Inc	Discount department stores	250-499 employees
Aarrowcast Inc	Iron foundries	250-499 employees
Stockbridge-Munsee Community	Tribal governments	250-499 employees
Wittenberg-Biramwood School District	Elementary & secondary schools	100-249 employees
Owens Inc	Wood window & door manufacturing	100-249 employees
County Market (Reinhart Foodservice LLC)	General line grocery merchant wholesalers	100-249 employees

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

Income

Labor force and industry employment trends provide us with a great deal of information about the health of Shawano County's economy. We have measured the effects, to date, of the recent economic downturn, and know that an analysis of the 2009 data will show a deepening of these effects. However, in order to get a true "pulse" of the local economy, we also must consider changes in local personal income, as wealth is considered the lifeblood of any economic activity.

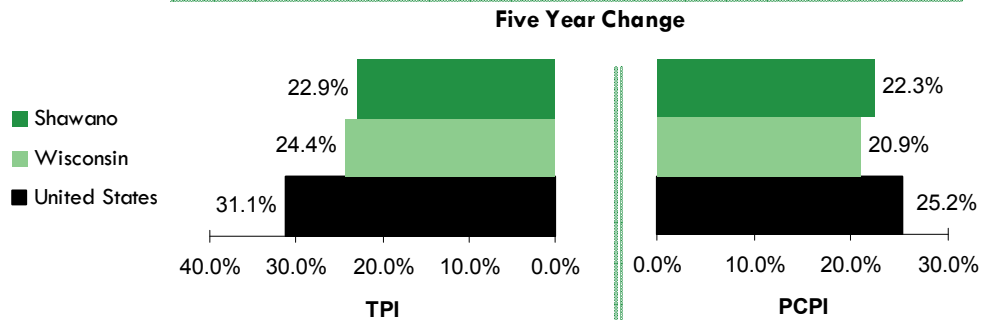
The total personal income of Shawano County in 2007 was \$1.2 billion. This represents an increase of \$222 million, or 22.9 percent from 2002. This rate of growth is slightly below that of the state (24.4 percent), and significantly lower than national income growth (31.1 percent).

Much of this disparity can be explained by the fact that industry wages in Shawano County tend to lag behind state averages, which themselves are at or slightly below the national average. This disparity, however, is offset by significant differences in the cost of living in Shawano County, as compared to the state and nation. The current cost-of-living index for the county is 79.16 on a national average of 100. This suggests that goods and services are an average of 20 percent less expensive than they are nationally.

Another way that we can look at the dynamics of local personal income is to consider this measure on a per-capita basis. The 2007 per capita personal income (PCPI) of Shawano County was \$29,111. This figure was again significantly lower than state (\$36,272) or national figures (\$38,615). This figure must be taken in a regional context, however. Shawano County's PCPI is fairly consistent with the other, largely rural counties in Northeast Wisconsin, such as Oconto County (\$29,802), Florence County (\$29,364), and Marinette County (\$29,140). The similarity between these counties suggests that Shawano County's relatively low PCPI is a result of regional trends, rather than a truly local dynamic. What is also significant here is that the county's 2002 to 2007 PCPI growth rate of 22.3 percent eclipsed that of the state (20.9 percent) for the same period. This disparity is largely explained by the fact that the county's population growth during this same period lagged behind the statewide average.

Commuting pattern and income data provides us

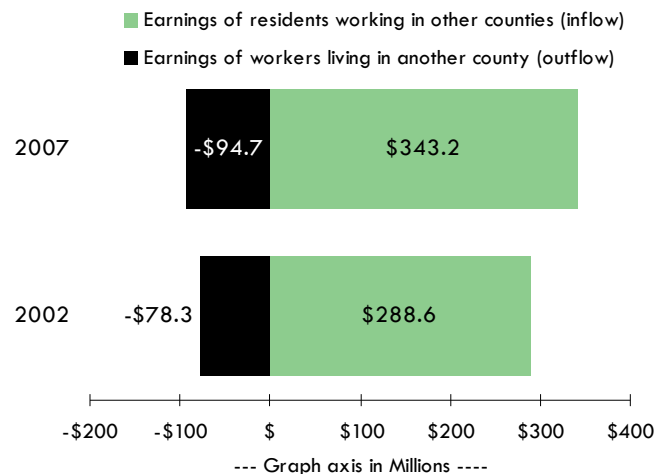
Personal Income in Shawano County				
	Total Personal Income (in thousands)		Per Capita Personal Income (PCPI)	
	2002	2007	2002	2007
Shawano	\$970,767	\$1,192,769	\$23,803	\$29,111
Wisconsin	\$163,308,733	\$203,083,544	\$29,994	\$36,272
United States	\$8,872,871,000	\$11,634,322,000	\$30,838	\$38,615



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

with a final dynamic that measures the degree to which Shawano County is integrated into the larger region. In 2007, Shawano County residents earned \$343 million from employers based outside of the county, while only \$94.7 million was effectively "exported" by residents from neighboring counties working in Shawano County. This disparity is the largest of any counties in the region, suggesting that Shawano County is truly a regional entity. This dynamic has also increased over the period from 2002 to 2007, as \$54.6 million more was "imported," while only \$16.4 million more was "exported." As local industries continue to become regional concerns, we would expect that this dynamic will continue to intensify in the coming years.

Shawano County Commuting Impact



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

