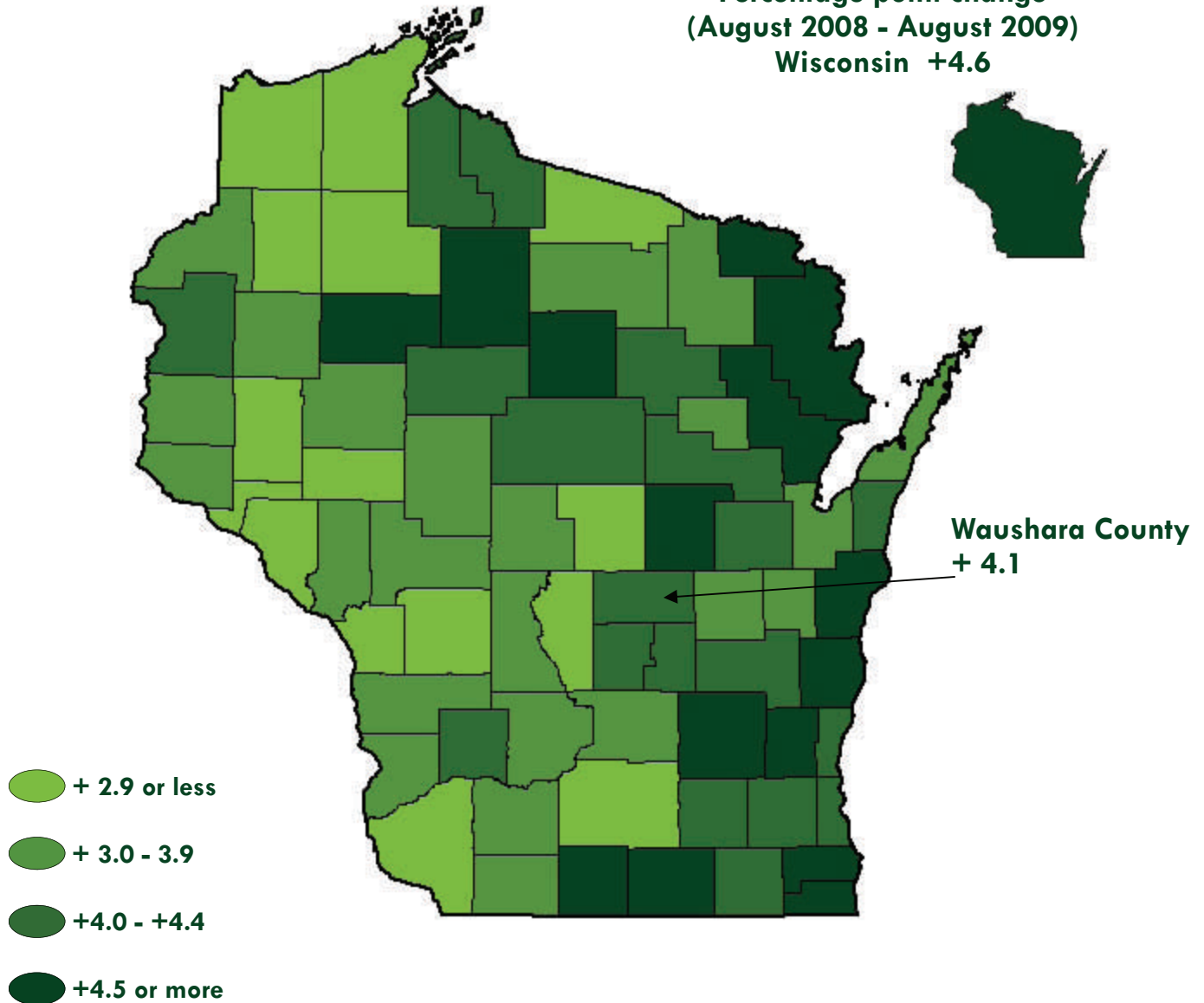


Waushara County Workforce Profile 2009

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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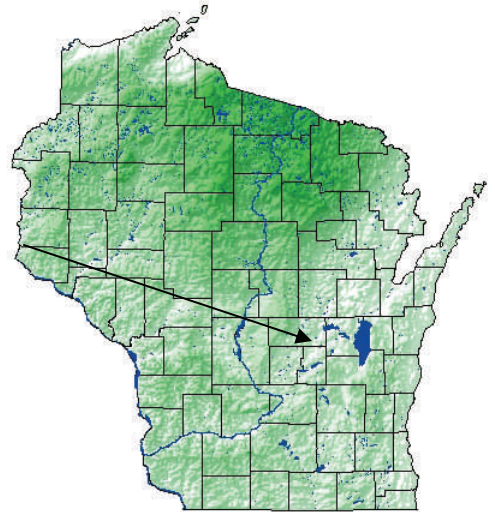
OEA-10654-P



Wisconsin Department of Workforce Development

Waushara County Workforce Profile

Waushara
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

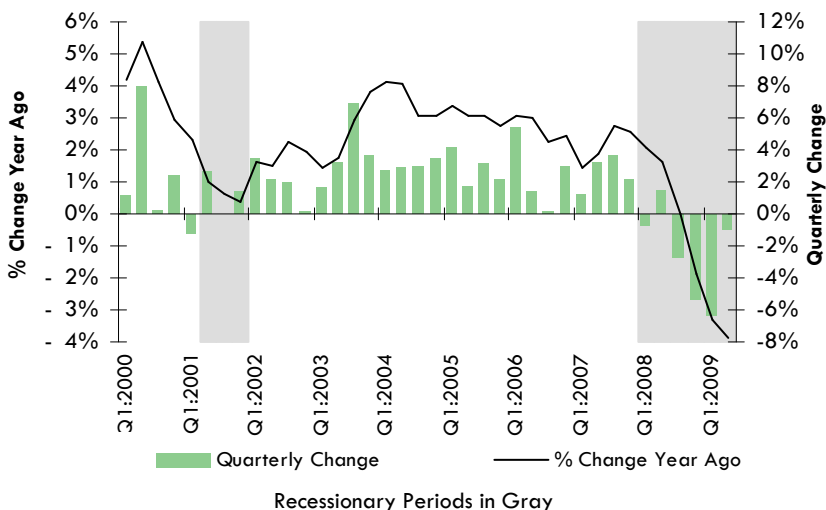
large a GDP loss as did the back-to-back quarters of Q4 2008 and Q1 2009, one was Q1 of 1958 and the other was Q2 in 1980. This is the first time that the economies of the U.S. and Japan were in recession at the same time. In fact, it was the first time since WWII that aggregate global economic growth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

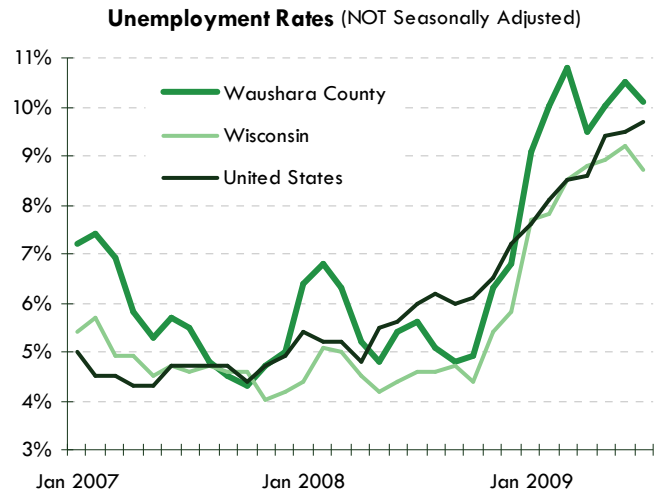
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the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

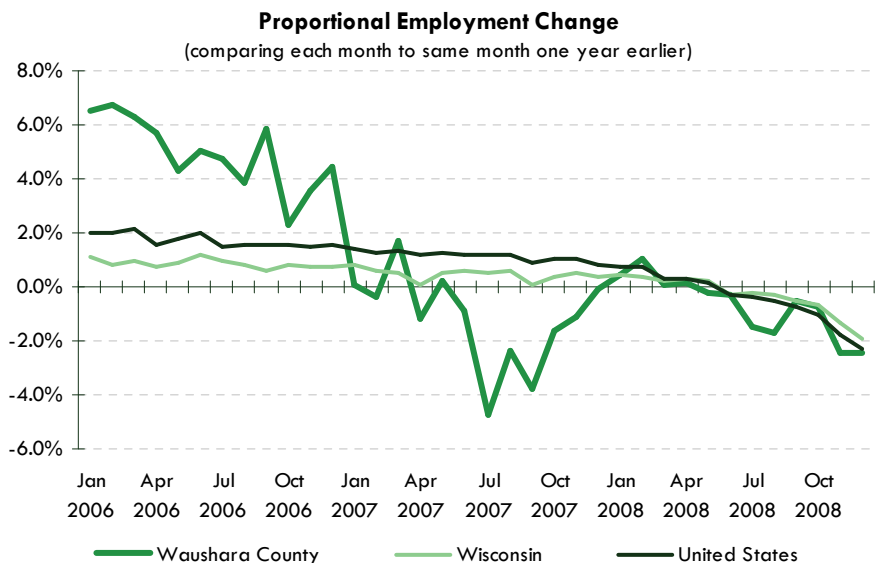
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



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

The population of Waushara County increased by just over 2,200 residents between 2000 and 2008, or 9.8 percent. This growth rate surpassed both state and national growth for the same period, suggesting that the county has become a population magnet for area residents. Limiting one's focus to a basic analysis of population growth rates can be rather deceptive, however, as the county's total added population of 2,256 residents is less than one percent of the state's total population gain and lags significantly behind increases observed in larger neighboring counties, such as Waupaca (2,332) and Winnebago (8,595) Counties. This suggests that the county is benefitting from the economic vitality of the Fox Valley region, as a whole, yet remains somewhat on the periphery of the region's population base.

In examining population gains within the county, we see that nearly half of the county's new residents have settled in a single municipality — the Village of Redgranite — within the study period. Over this period, the village's population essentially doubled. This increase is rather deceptive, however, as it coincides with the opening of the new state correctional institution in 2004. The county's other municipal units exhibited moderate growth over the past nine years, led by the Town of Leon (15.0 percent.)

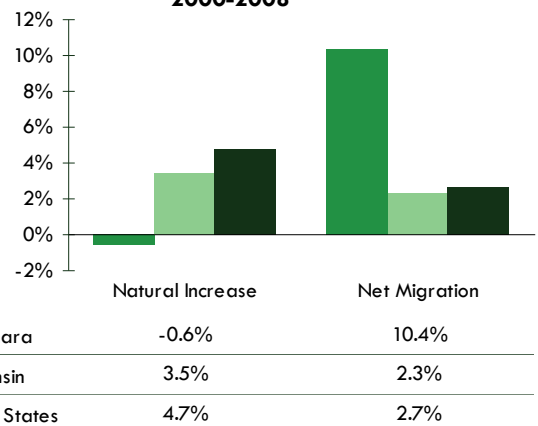
If we further examine the components of this population change, we see that the county has significantly benefitted from the in-migration of new residents, with a net migration rate of 10.4 percent over this period. This far exceeds a slightly negative rate of natural increase, which suggests that the resident population base has stagnated.

Waushara 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%
Waushara County	23,066	25,322	2,256	9.8%
Marion, Town	2,065	2,226	161	7.8%
Wautoma, City	1,998	2,101	103	5.2%
Redgranite, Village	1,040	2,087	1,047	100.7%
Leon, Town	1,281	1,473	192	15.0%
Springwater, Town	1,389	1,451	62	4.5%
Wautoma, Town	1,312	1,379	67	5.1%
Dakota, Town	1,259	1,292	33	2.6%
Mount Morris, Town	1,092	1,159	67	6.1%
Bloomfield, Town	1,018	1,065	47	4.6%
Aurora, Town	971	1,057	86	8.9%

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

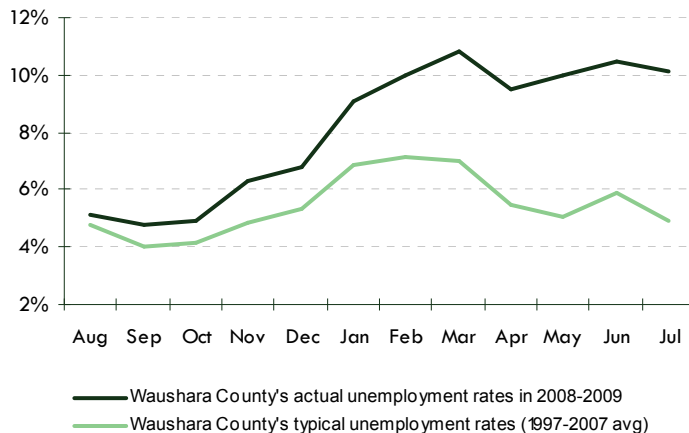
Components of Population Change, 2000-2008



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

County Unemployment Rate Situation

Waushara County's Typical & Current Unemployment Rates



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

One of the hallmarks of the most recent economic recession was a pronounced period of significant job losses in the fourth quarter of 2008 and first quarter of 2009. This pattern is exhibited in the chart at left, which compares the monthly county unemployment rates from August 2008 to July 2009 to an eleven-year average of monthly rates from 1997 to 2007. We can see that Waushara County's unemployment rate increased sharply in December 2008 through March 2009 before resuming a relatively normal seasonal pattern of gains and losses. What is again somewhat uncharacteristic of employment losses in the current recession as compared to a "typical" economic cycle is both the punctuated timeframe where the majority of losses occurred, and the substantial magnitude of the losses.

Jobs & Wages

Waushara 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	6,202	0.5%	6,580	- 0.1%	6,658	- 1.2%	6,485	- 1.9%
Natural Resources	368	- 0.3%	600	3.8%	754	- 16.7%	519	- 12.9%
Construction	200	- 10.3%	231	- 11.2%	235	- 15.5%	220	- 15.7%
Manufacturing	1,121	0.6%	1,077	- 4.0%	1,132	1.5%	1,091	0.6%
Trade, Transport. & Utilities	1,232	5.7%	1,329	5.1%	1,312	4.0%	1,281	- 0.2%
Information	44	- 2.2%	44	- 8.3%	44	- 2.2%	42	- 6.7%
Financial Activities	154	8.5%	155	9.9%	153	2.7%	155	5.4%
Prof. & Business Services	166	10.7%	170	3.0%	174	22.5%	168	2.4%
Education & Health	1,196	0.1%	1,188	- 0.8%	1,012	2.4%	1,220	1.9%
Leisure & Hospitality	768	- 6.7%	794	- 6.3%	808	- 9.2%	739	- 8.4%
Other Services	115	- 5.7%	131	12.9%	153	17.7%	160	10.3%
Public Administration	838	1.9%	860	1.4%	881	5.5%	891	1.5%

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

Looking at quarterly industry employment figures for 2008, we see that total county non-farm employment levels increased by 283 workers from the first quarter to fourth quarter. Despite these intra-year increases, quarterly figures as a whole, as well as in a number of prominent industry sectors were well off those of 2007. What is perhaps most interesting about these employment dynamics, however, is the fact that no prominent industry sectors, with the exception of manufacturing (-30 positions) and leisure and hospitality (-29 positions) ended 2008 with significantly fewer employees than what was reported in the first quarter of the year.

If we analyze employment dynamics across specific industry sectors, we see that construction employment was an average 13 percent below 2007 quarterly levels, which is reflective of the general slowdown in construction activity previously discussed in this profile. Similarly, we have already discussed the general weakness in leisure and hospitality employment. This dynamic is also to be expected as sector activity is highly dependent on personal income and consumer spending, both of which tend to be

weaker in periods of economic recession. Finally, we do see that public sector employment has remained relatively stable throughout this period.

All industry annual average wages in Waushara County in 2008 were \$27,584, or about 71 percent of the state average. This income gap did close slightly in the past year, as county wage growth (4.3 percent) outpaced state wage growth (2.9 percent) in 2008. Of perhaps the most significance at the industry level is annual average wage growth in the natural resources industry sector, which grew by 13.4 percent in 2008, or over twice the state average. This has drawn sector wages closer to parity with state averages.

Waushara County	Waushara 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	\$27,584	4.3%	70.4%	\$39,169	2.9%
Natural Resources	\$29,557	13.4%	94.7%	\$31,227	6.8%
Construction	\$27,809	5.9%	56.0%	\$49,658	4.6%
Manufacturing	\$35,270	0.2%	73.3%	\$48,116	2.1%
Trade, Transport. & Utilities	\$26,117	0.9%	77.7%	\$33,604	2.6%
Information	\$34,262	8.6%	68.7%	\$49,838	2.8%
Financial Activities	\$26,918	- 1.1%	51.8%	\$52,008	2.5%
Prof. & Business Services	\$20,081	- 2.2%	44.5%	\$45,114	1.8%
Education & Health	\$29,220	7.4%	70.9%	\$41,222	4.1%
Leisure & Hospitality	\$9,463	1.4%	67.1%	\$14,102	3.8%
Other Services	\$18,083	0.6%	79.9%	\$22,628	2.5%
Public Administration	\$35,482	3.8%	86.5%	\$41,040	2.9%

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



Jobs & Wages

Prominent Industries in Waushara County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Waushara County	Change 2007- 2008 Waushara County	Change 2007- 2008 Wisconsin	2008 Wage Waushara County	Change 2007- 2008 Waushara County	Change 2007- 2008 Wisconsin
Food services & drinking places	594	- 5.1%	- 2.2%	\$9,343	0.3%	2.1%
Education services	566	- 0.9%	1.8%	\$33,708	7.5%	4.0%
Executive legislative & general government	500	4.4%	0.5%	\$28,403	- 1.2%	1.8%
Justice public order & safety activities	*	not avail.	2.8%	\$45,258	8.8%	5.5%
Crop production	315	- 33.8%	3.7%	\$30,772	13.4%	17.0%
Electrical equipment & appliance mfg	*	not avail.	- 2.3%	*	not avail.	3.0%
Nursing & residential care facilities	232	- 3.3%	2.8%	\$17,664	2.0%	3.5%
Food & beverage stores	219	- 10.2%	- 4.0%	\$15,201	2.5%	2.1%
Truck transportation	199	- 7.9%	- 4.8%	\$36,700	5.5%	0.3%
Ambulatory health care services	170	not avail.	2.3%	\$41,050	not avail.	4.7%

* Data suppressed to protect employer confidentiality.

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

The most prominent industry sub-sector in Waushara County is food services and drinking places. This fact is not surprising as this sector tends to be relatively prominent in many of the state's more rural counties, as well as those that benefit from a certain degree of tourism activity. One relative disadvantage of the prominence of this subsector is the fact that employment and earnings in this sub-sector are very strongly driven by consumer spending, which has been generally weak in the current economic recession. As a consequence, we see that sub-sector employment decreased by five percent over the course of the year, and wages, which are strongly dependent on tip and gratuity income increased by a miniscule 0.3 percent.

Nursing and residential care facilities, one of two sub-sectors of education and health services (along with education services), is also among the most prominent sub-sectors in the county. However, this sub-sector only accounts for 21.2 percent of total education and health jobs.

In addition, based on the nature of the work and the educational requirements, the average wage is much lower (\$17,664) than total sector wages. Employment in this sub-sector is of particular interest as it is again strongly dependent on demand for services. While sub-sector employment decreased slightly in 2008, we are aware of the significant present and future needs for additional capacity in staffing and facilities. As the county and state's population continues to age, we would expect that sub-sector employment will expand with a possible modest improvement in average wages as competition for skilled employees increases.

The crop production sub-sector is another major player in Waushara County, a fact that makes the county unique in a state that is generally recognized for its agricultural production. While sub-sector employment is relatively modest and experienced significant losses (-33.8 percent) in 2008, we do see that annual average wages

are significantly (4 percent) higher than those of the parent sector (natural resources.) As demand for cash crops, as well as those used in the production of renewable energy such as ethanol increase, we would expect to see future growth.

Prominent Public and Private Employers in Waushara County

Establishment	Service or product	Number of Employees (December 2008)
County of Waushara	Executive & legislative offices, combined	250-499 employees
Wautoma Public School District	Elementary & secondary schools	250-499 employees
Dept of Corrections (Redgranite)	Correctional institutions	250-499 employees
Magnum Products LLC	Other lighting equipment manufacturing	250-499 employees
Fleet Guard Inc	Miscellaneous general purpose machine mfg	100-249 employees
Wild Rose Public School District	Elementary & secondary schools	100-249 employees
Wild Rose Community Memorial Hospital	General medical & surgical hospitals	100-249 employees
Tri-County Area School District	Elementary & secondary schools	100-249 employees
Mayville Engineering Co Inc	Metal coating & nonprecious engraving	100-249 employees
Milsco Manufacturing (Jason Incorporated)	Motor vehicle seating & interior trim mfg	100-249 employees

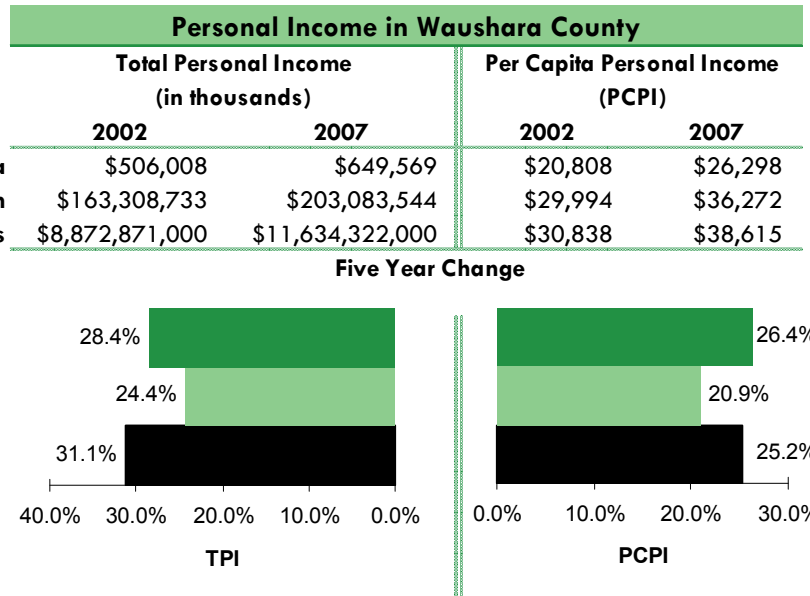
Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2009

Income

One final aspect of the Waushara County economy that bears analysis is the dynamics affecting personal income growth. Total personal income, or TPI represents income derived from a variety of sources, not just salary and wage income. As a consequence, we frequently look at TPI as a measure of general economic prosperity. Waushara County's 2007 TPI of \$649.6 million represents an increase of 28.4 percent from 2002. This growth rate is significantly higher than state income growth of 24.4 percent, but lags behind national income growth during the same period. This disparity is likely the result of a combination of a number of factors, including the fact that wage growth in Waushara County did beat the state average during the period, despite the fact that county average wages continue to generally lag behind state averages.

Total personal income also can be analyzed on a per capita basis (PCPI) by dividing TPI by the total population. When a county consists of a large share of the population that is under the age of 16 (not eligible to participate in the labor force) as well as over the age of 64, one will see a lower per capita income figure, as is the case in Waushara County (approximately 36 percent of the population is within those two age cohorts). Since Waushara County's population is older on average with proportionally fewer workers that are earning their highest income from wages and salaries than the state's and nation's, the county's PCPI is only \$26,298, lower than the state's (\$36,272) and nation's (\$38,615). While the county's PCPI has traditionally lagged behind state and national averages, we see that PCPI growth in the county from 2002-2007 surpassed state and national rates. This is again likely due to better-than-average wage growth coupled with population growth that is heavily focused among working-age residents. As a consequence, the number of primary wage earners has increased in the county over this period.

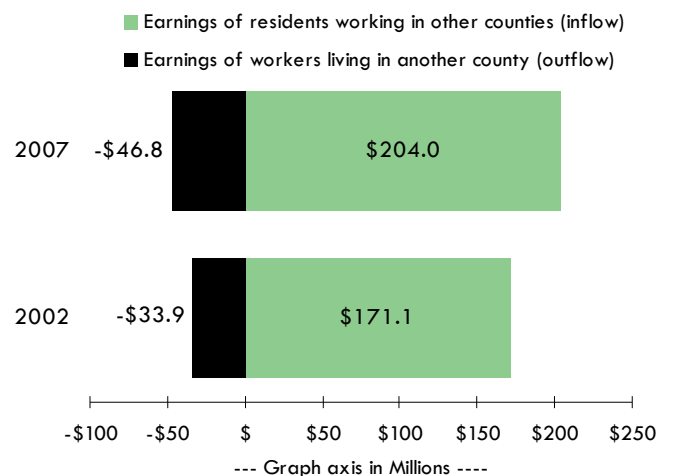
One final aspect of personal income that warrants mention is the impact that regional mobility has had on Waushara County's economy. One way that we examine commuting dynamics is through the use of residency adjustments, which are adjustments made for wages earned by residents who work outside the county. The graph at right suggests that the total earnings of



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

Waushara County residents who work in another county is larger than the total earnings of non-Waushara County residents who work in Waushara County by \$157.2 million in the year 2007. The gap has widened over the five-year period from 2002-2007 by \$20 million. This pattern is somewhat expected as employers in Waushara County fail to provide sufficient employment opportunities for all of the resident workers in the county. As such, residents have traditionally sought employment beyond the county's borders. As the county's force continues to age and eventually contract, we would expect this commuting disparity to possibly shrink, to some degree as we would see workers occupying the positions available within the county and place less of a premium on regional employment in response to increased travel costs.

Waushara County Commuting Impact



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