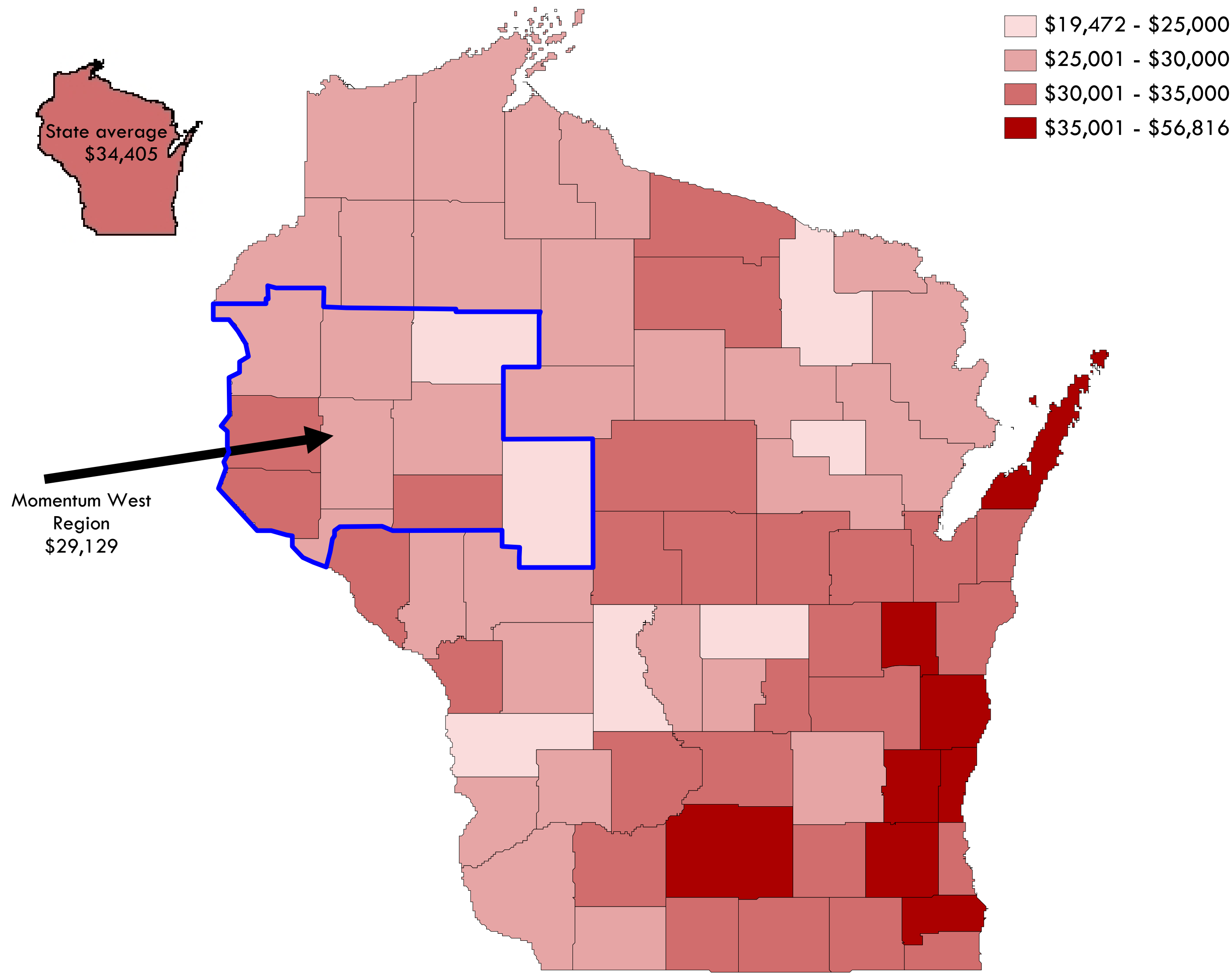
Momentum West Workforce Profile 2008

Per Capita Personal Income in 2006



2008

Office of Economic Advisors

Wisconsin Department of
Workforce Development

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Population

Momentum West is a regional economic development organization established to develop partnerships and leverage the resources in West Central Wisconsin to market the region and grow the economy. The ten county region served by Momentum, including Barron, Clark, Chippewa, Dunn, Eau Claire, Pierce, Pepin, Polk, Rusk, and St. Croix counties, is the subject of this economic and demographic profile

Momentum's Ten Most Populous Municipalities	April 2000 Census	Jan.1, 2007 Estimate	Numeric Change	Percent Change
United States	281,421,906	300,888,812	19,466,906	6.9%
Wisconsin	5,363,715	5,647,000	283,285	5.3%
Momentum Region	430,553	472,959	42,406	9.8%
Eau Claire, City	61,704	65,202	3,498	5.7%
Menomonie, City	14,937	15,940	1,003	6.7%
River Falls, City	12,560	14,015	1,455	11.6%
Chippewa Falls, City	12,925	13,515	590	4.6%
Hudson, City	8,775	11,770	2,995	34.1%
Rice Lake, City	8,312	8,653	341	4.1%
New Richmond, City	6,310	7,899	1,589	25.2%
Hudson, Town	6,213	7,821	1,608	25.9%
Washington, Town	6,995	7,299	304	4.3%
Altoona, City	6,698	6,770	72	1.1%

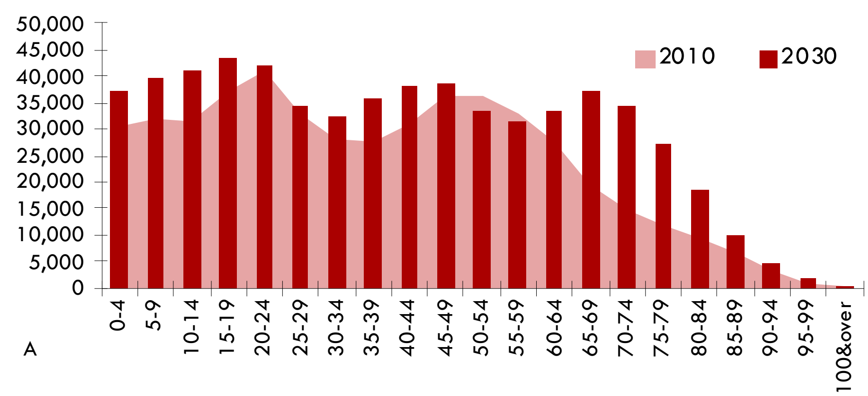
Source: WI Dept. of Administration, Demographic Services, Population Est., July 2008

The Momentum region grew by 42,206 residents from 2000 to 2007, for a total population of 472,959 according to the finalized estimates from Wisconsin's Department of Administration. The region experienced faster than statewide average growth, at 9.8 percent. This rate is no doubt influenced by the spectacular growth in the Momentum counties bordering Minnesota. Skyrocketing land prices near the Twin Cities, and the appeal of living in a rural area while still having access to high paying urban jobs, has fueled growth in Wisconsin's nearby border counties. St. Croix County, just across the bridge from the Cities, was the fastest growing county in Wisconsin from 2000 to 2007, with a growth rate over 25 percent. In fact, almost half of all St. Croix's workers commuted to jobs in Minnesota in 2000! Pierce and Polk counties exhibit similar commuting trends, and were also ranked in the top ten fastest growing counties in the state.

The City of Eau Claire is Momentum's largest population center, at 65,202 residents. Home to the University of Wisconsin - Eau Claire, the city added 3,498 residents from 2000 to 2007, the most of any municipality in the region. However, with a growth rate of 5.7 percent for Eau Claire, other municipalities actually grew faster relative to their 2000 populations.

The City of Hudson, which ran a relatively close second to Eau Claire in terms of total population growth, was the fastest growing municipality, at 35 percent. This is in no small part because of its location just across the bridge from the Twin Cities. Other municipalities near the border also grew rapidly, including the cities of New Richmond and River Falls, and the township of Hudson.

Population by Age Cohorts in the Momentum Region



In 2010, the average Momentum resident will be 37.7 years old.
In 2020, the average Momentum resident will be 39.1 years old.
In 2030, the average Momentum resident will be 40.5 years old.

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

However, despite its population growth, the region still faces serious workforce issues. The baby boomers, commonly defined as those born from 1946 and 1964, is the largest generation the country has ever seen, and they will be exiting the workforce in the coming years. In 2010, the average Momentum resident will be almost 38 years old; by 2030, the average is expected to jump to over 40 years. The baby boomers are such a large population component that their aging literally causes the area's average age to rise by almost three years between 2010 and 2030.

Their influence is easily seen on the graph to the left, represented by the large swell in the population from the 40 to mid-60s age group in 2010, which moves well into the 60+ years range in 2030. The persistent spike in the late teens/early twenties age

(Continued on page 2)

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

Population & Labor Force

Population Projections for the Momentum Region						
Age Group:	0-15	16-34	35-54	55+	Labor Force Aged Population	Total Population
Years	**Population**					
2010	101,389	132,059	131,679	127,540	391,278	492,667
2020	115,999	137,876	131,525	172,407	441,808	557,807
2030	126,292	143,827	146,121	199,389	489,337	615,629
	Distribution of Labor-Force Aged Population					
2010		33.8%	33.7%	32.6%	100.0%	
2020		31.2%	29.8%	39.0%	100.0%	
2030		29.4%	29.9%	40.7%	100.0%	

Source: WI Dept. of Administration, Demographic Services

(Continued from page 1)
group represents Momentum's sizeable postsecondary student contingent. Five colleges are located in the region, and the area is also served by two technical colleges, so the area is very education-rich. But despite this group bolstering the size of the workforce, it's important to remember that many college students leave after graduation to pursue careers in larger urban areas.

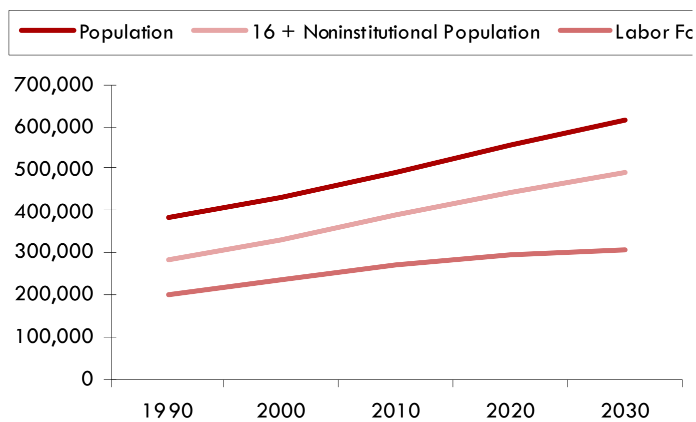
The table above illustrates the changes in Momentum's population in the coming years. The labor force aged population (those 16 years old or older) is projected to continue growing, to 489,337 in 2030. But it isn't the total size of this group that raises issues, it is the demographic change within the group as we move through the next couple of decades. In 2010, the largest age cohort in the labor force aged population will be those aged 16 to 34, making up about 34 percent, a couple percent points higher than the statewide average. While this age group will always be significant, given Momentum's large postsecondary student population, it is already projected to be eclipsed by the 55 plus age group by 2020. By 2030, those 55 and older will make up over 40 percent of the labor force aged population.

So what does this mean? We know that beginning at age 55, the rate at which people participate in the labor force begins to drop drastically. And if more and more of the labor force aged group is reaching 55 and over, then we can expect an increasing number of departures from the labor force, seriously impeding workforce growth. In fact, the 16 plus aged population is projected to grow by about 98,059 residents from 2010 to 2030, but the labor force is only expected add about 31,343 participants.

The graph to the right highlights this trend. The labor force totals are always below the totals for the population it draws from (the 16+ noninstitutional population) simply because not everyone who could participate in the labor force chooses to do so. However, by 2010, the lines representing the labor force and the 16 plus population it draws from have begun to diverge further and further from each other. Despite continued population growth, the labor force growth slows to an almost flat trend, to the point that entrants into the workforce may only barely fill the number of replacement openings left by retirees.

Competition to fill openings for replacements (workers leaving the occupation entirely, whether due to retirement or other reasons) will be fierce in this tighter labor market. Not to mention the additional openings generated from businesses expanding. Holding on to talent in these conditions will become ever more critical.

Momentum Historic and Projected Population and Labor Force



Source: WI DWD, OEA

Labor Force Projections for the Momentum Region				
Age Group:	16-34	35-54	55+	Total Labor Force
Years	**Labor Force**			
2010	107,213	115,258	50,051	272,522
2020	110,208	116,040	66,954	293,202
2030	115,663	128,647	59,555	303,865
	Distribution of Labor Force			
2010	39.3%	42.3%	18.4%	100.0%
2020	37.6%	39.6%	22.8%	100.0%
2030	38.1%	42.3%	19.6%	100.0%

Source: WI DWD, OEA

Labor Force

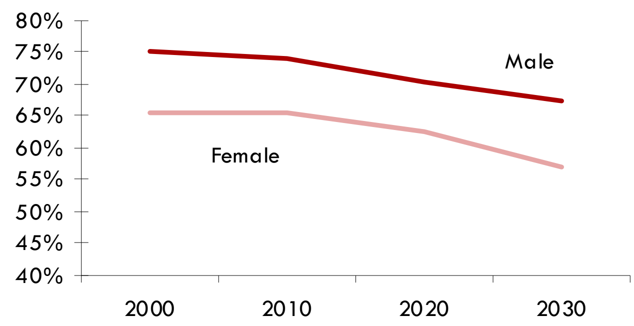
A region's labor force is an estimate of the resident workers available for employment. Since this is a "place of residence" measure, it only includes workers living in the region, regardless of whether they work inside the region or not. It will not include commuters from outside the region.

Basically, the labor force is the portion of the total population 16 years and older that is either working (classified as the "employed") or *actively* looking for work (the "unemployed"). A common misperception is that everyone not employed is considered unemployed. That is not the case. Those of workforce age not looking for work are not even considered to be part of the labor force, since they are not actually available to work.

Another useful indicator is the labor force participation rate (lfpr) - the percentage of an area's 16 years and older non-institutional population that is in the labor force. It tells us some important things about an area's workforce, chief among them is what kind of reserves the area has in terms of untapped potential workforce (given the right conditions to motivate them to join the labor force). Wisconsin is a state known for its high lfpr, possibly showing that with lower wages families need the dual incomes provided by two wage earners. This could also possibly show, as some believe, that the famous Wisconsin work ethic raises the labor force participation rate.

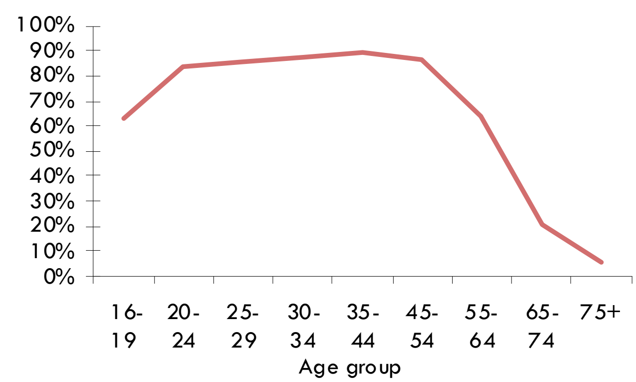
As early as 2010 the lfprs start trending dramatically downward for both sexes. This means that even though the number of residents over 16 years old is still increasing as we saw earlier in this profile, a smaller and smaller percentage is available for employment!

Labor Force Participation Rates by Sex: 2000-2030



Source: WI DWD, OEA

Labor Force Participation Rates by Age in 2000



Source: Census 2000, SF-3

And we can see why on the second graph above. While Momentum's younger population insulates it somewhat from the effects of the aging baby boomer generation, the region's population will still grow progressively older, as demonstrated on previous pages. But labor force participation rates begin to drop sharply around age 55. Reasons for this could range from the younger retirement ages in fields like protective services, to an increased incidence of career ending illness or injury beginning at age 55. Regardless of causes, this trend has a huge impact on an area's workforce.

The unemployment rate, which is the unemployed as a percentage of the total labor force, was 5.1 percent annually in 2007, rising slowly since 2005. The unemployment rate is very seasonal in the Momentum region, falling as employers add jobs February through June. Rates fall throughout most of the summer, with a slight spike in June that represents students recessing for the summer or graduating, and joining the labor force. It takes a little while for the labor force to absorb all these new workers, but after the June spike the rate continues falling to an October low. Afterwards the rate climbs to a typical seasonal peak in February, beginning the yearly cycle again.

Momentum Civilian Labor Force Data

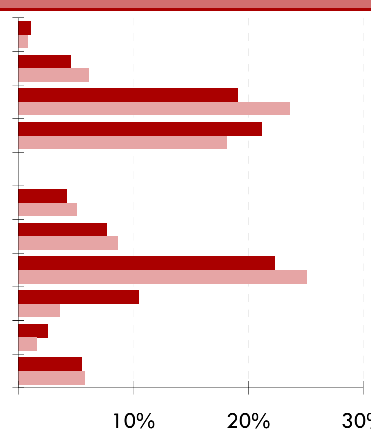
	2003	2004	2005	2006	2007
Labor Force	254,854	254,209	258,217	263,791	266,770
Employed	240,536	241,410	245,727	250,916	253,237
Unemployed	14,318	12,799	12,490	12,875	13,533
Unemployment Rate	5.6%	5.0%	4.8%	4.9%	5.1%

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

Jobs & Wages

2007 Employment and Wage Distribution by Industry in Barron County

	Employment: Annual Average	Employment: 5-year Change	Total Payroll
Natural Resources	2,045	346	$ 50,448,609
Construction	8,467	74	$ 356,997,879
Manufacturing	35,590	-166	$ 1,377,738,210
Trade, Transportation, Utilitie	39,503	1,454	$ 1,058,479,584
Information	suppressed	Not avail.	suppressed
Financial Activities	7,809	1,072	$ 298,032,159
Professional & Business Servic	14,350	3,452	$ 507,062,517
Education & Health	41,570	2,964	$ 1,465,555,187
Leisure & Hospitality	19,569	794	$ 214,384,427
Other services	4,758	131	$ 92,360,516
Public Administration	10,275	165	$ 335,728,825
Not assigned	suppressed	Not avail.	suppressed
All industries	186,423	10,199	$5,837,476,910



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

Momentum's average wage in 2007 was about 82 percent of the average wage in Wisconsin. The Momentum region's largest industry super-sector, by both employment and total payroll is the education & health sector. The trade, transportation, and utilities; and manufacturing super-sectors both run a close second. Between the three industries, they account for almost 2/3 of the region's jobs. While all industries in the Momentum region pay less than the statewide average (which is influenced by high population, high wage metros like Milwaukee) the average wages in the three industries listed above have a disproportionate impact on Momentum's average.

Most of the Momentum region is relatively rural in comparison to the large metropolitan areas of the state and nation. And similar occupations do tend to pay less in rural areas than in more urban areas. However, the culprit in a lower average wage tends to mostly be the different occupational makeup of a rural vs. an urban area. For example, a more rural area will have fewer highly paid managers or CEOs. It will also have fewer high paying non-management jobs, like engineers, to raise the average wage.

The Momentum region has added 10,199 net jobs over the five year period ending in 2007, with gains in most industries. Professional and business services added the most jobs, 3,452, a gain of over 30 percent. This reflects the trend for businesses to outsource many of the non-core functions that used to be handled in-house, everything form janitorial services to accounts and human resource personnel. The average wage has actually dropped in this sector as most of the growth has been in the lower paying sub-sectors like administrative and support services.

Education and health added 2,964 jobs, with most of the gains in healthcare, as aging populations increase demand for health services.

Manufacturing lost 166 net jobs, though this isn't a bad outcome, given that the state has lost almost 27,000 manufacturing jobs in the same time period.

Average Annual Wage by Industry Division in 2007

	Average Annual Wage: Momentum	Average Annual Wage: Wisconsin	Momentum Region as a Share of Wisconsin	Momentum Region 5-year % Change	Wisconsin 5-year % Change
All industries	$31,313	$38,070	82.3%	16.3%	17.4%
Natural Resources	$24,669	$29,235	84.4%	8.1%	14.7%
Construction	$42,164	$47,489	88.8%	26.1%	19.8%
Manufacturing	$38,712	$47,106	82.2%	16.9%	16.1%
Trade, Transportation & Utilities	$26,795	$32,762	81.8%	16.9%	15.3%
Information	suppressed	$48,483	Not avail.	Not avail.	24.7%
Financial Activities	$38,165	$50,749	75.2%	37.1%	25.8%
Professional & Business Services	$35,335	$44,328	79.7%	-6.2%	22.0%
Education & Health	$35,255	$39,606	89.0%	17.5%	17.3%
Leisure & Hospitality	$10,955	$13,589	80.6%	14.0%	14.8%
Other Services	$19,412	$22,073	87.9%	8.1%	13.2%
Public Administration	$32,674	$39,879	81.9%	20.4%	18.1%

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

Jobs & Wages

Prominent Industries in the Momentum Region							
	Average Employment			Average Wages			
	2007 Avg.	5-year Percent Change		2007 Average		5-year Percent Change	
Industry Sub-sectors (3-digit NAICS)	Momentum	Momentum	Wisconsin	Momentum	Wisconsin	Momentum	Wisconsin
Educational services	16,622	1.1%	2.0%	$ 36,050	$ 39,753	10.2%	15.0%
Food Services & Drinking Places	14,476	7.1%	9.1%	$ 9,590	$ 10,859	13.6%	14.5%
Nursing & Residential Care Facilities	7,938	7.7%	3.6%	$ 21,237	$ 23,295	6.6%	12.0%
Executive, legislative, & gen government	7,081*	*	-4.7%	$30,722*	$ 36,340	*	16.4%
Administrative & support services	6,672*	*	15.8%	$18,900*	$ 23,144	*	15.4%
Hospitals	6,060*	*	12.6%	$40,216*	$ 43,750	*	24.1%
General Merchandise Stores	5,746*	*	7.1%	$17,850*	$ 17,914	*	16.3%
Ambulatory Health Care Services	5,544*	*	8.7%	$57,131*	$ 57,969	*	18.5%
Specialty Trade Contractors	5,155	2.0%	-0.1%	$ 37,476	$ 43,664	15.1%	17.8%
Fabricated metal product manufacturing	5,113*	*	8.6%	$37,938*	$ 43,765	*	15.4%

Note: * data suppressed for confidentiality and not available for calculations
Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, June 2008

As mentioned on the previous page, education and health is the largest industry super-sector in the region. This importance is easy to spot, with four sub-sectors on the prominent industries table above. six of the top employers listed on the table below (table entries appear in no particular order, it is not a ranked table) are in this super-sector.

Education is the single largest sub-sector of employment in Momentum region, with 16,622 jobs. This data section again demonstrates the high concentration of educational institutions in the Momentum region. The University of Wisconsin - Eau Claire, University of Wisconsin - Stout, as well as the Eau Claire Area School District are all major employers in the education sub-sector.

Luther and Sacred Heart Hospitals, both in Eau Claire, are also major employers. Unfortunately, if we try to analyze the healthcare industry on the table above we start to run into some data problems. Data in some of the Momentum counties were suppressed to protect business confidentiality. Entries where some data have been omitted are marked with an asterisk. This makes listings of employment and wages somewhat unreliable.

Momentum's diverse manufacturing sector is also a large source of jobs. Fabricated metal manufacturing is the largest, with over 5,113 jobs. Other major types of manufacturing in the Momentum region include food, machinery, plastics and rubber products, and computer and electronic products. The nature of these types of manufacturing is most likely responsible for Momentum fairing better than other areas of the state in terms of manufacturing employment. And many of these products are highly exported, taking advantage of the dollar's current weakness against foreign currencies to sell goods cheaper abroad. Much of the statewide loss is in paper and wood product manufacturing, not highly represented in this region.

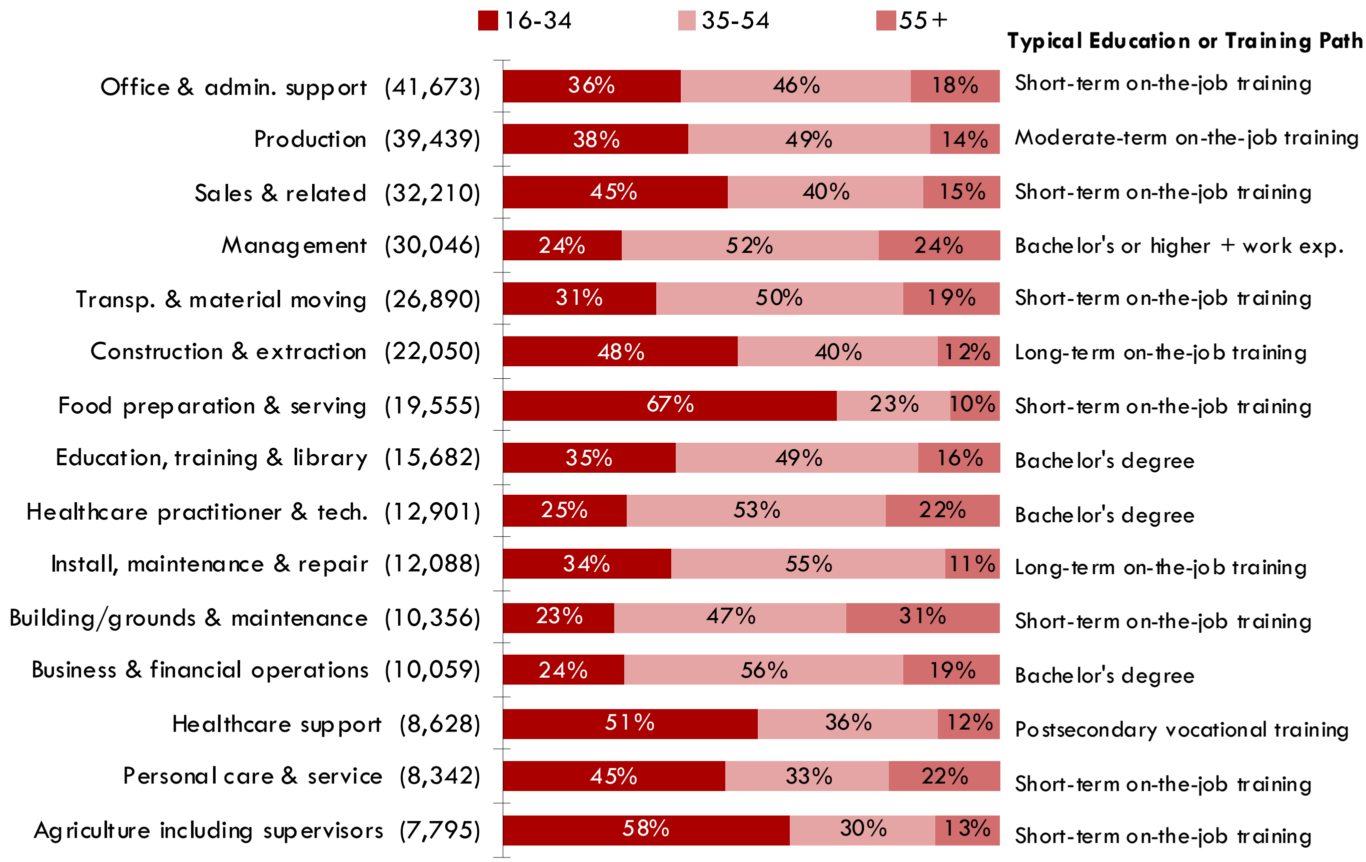
Prominent Public and Private Sector Employers in the Momentum Region		
Establishment	Service or Product	Number of Employees (March 2007)
Menards	General warehousing & storage	1000+ employees
Wal-Mart	Discount department stores	1000+ employees
Eau Claire Area School District	Elementary & secondary schools	1000+ employees
Hutchinson Technology Inc	Computer storage device manufacturing	1000+ employees
Luther Hospital	General medical & surgical hospitals	1000+ employees
Jennie-O Turkey Store	Poultry processing	1000+ employees
University of Wisconsin- Eau Claire	Colleges & universities	1000+ employees
Sacred Heart Hospital	General medical & surgical hospitals	1000+ employees
Midelfort Clinic Ltd Mayo Health	Offices of physicians, except mental health	1000+ employees
University of Wisconsin- Stout	Colleges & universities	1000+ employees
St Croix Casino	Casinos, except casino hotels	1000+ employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2008

Occupations & Typical Education or Training

Age Distribution of Workers in Selected Occupational Groups

Data includes Barron, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Monroe, Pepin, Pierce, Polk, Trempealeau, and St. Croix counties



Note: Occupation groups are in descending order based on the number of workers in each.
Source: 2006 U.S. Census, PUMS 5% file, & WI DWD, OEA

Analyzing employment at the industry level only tells part of the region's employment story. Taking an in-depth look at the occupational breakdown in the region can reveal things that aren't readily apparent at the industry level.

The table above holds a wealth of information on the top occupation groups in the Momentum area. The occupation employment and age data are from the are from the American Community Survey by the U.S. Census Bureau. Unfortunately, data at this depth are not available at the county level to be easily aggregated into a regional view. In this case, we've had to include four counties that were not in the Momentum region (Buffalo, Jackson, Monroe, and Trempealeau) and exclude one county that was (Rusk). But after analysis, the trends shown above should still be valid for the Momentum region, though the actual employment numbers listed will not be completely accurate in regards to the Momentum region.

There are some readily apparent trends that most areas share. For example, employment in food preparation and serving occupations is high, as it is in many counties. It's also an occupational group dominated by younger workers. It's not surprising to see an occupational group like this, with many part-time and seasonal jobs, low wages, and low training requirements employing a high proportion of young workers. This kind of work is popular with students, both high school and post secondary, because of the large number of frequent job openings and low training requirements. Other occupation groups have a higher proportion of young employees because of the physical nature of the work, like construction or agriculture.

Other occupational groups find themselves with an older

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Occupations & Typical Education or Training

(Continued from page 6)

average age than most. Occupational groups like building maintenance seem to attract an older workforce. Over 30 percent of the workers in this group are over the age of 55! This may reflect a trend seen from retirees that return to work, working in occupations they enjoy rather than continuing the career they've had most of their work-life. Jobs like maintaining lawns or buildings, or working in the recreation industry may have an appeal on this level.

Other occupations with a low level of younger workers, and higher proportions of both the 35 to 55, and 55-plus age groups include management and healthcare practitioners.

Management occupations naturally tend to have an older age breakout, simply because these occupations are the kind that you typically have to work your way up to. This is reflected in the typical education path, bachelor's degree or higher plus work experience, the highest on the table, and explains the high wages paid in this group. But these high barriers to entry, coupled with 24 percent of this group being over the age of 55, means that there could be significant problems filling the positions vacated by all the upcoming boomer retirees. Businesses that have succession planning in place for these higher level occupations will no doubt have a competitive advantage in the coming years.

Some healthcare occupations also have a low proportion of younger workers, like the healthcare practitioners occupation group. High education and work experience requirements for doctors and nurses play a major role here. With more and more new openings due to demand from aging baby boomers, and a high number of upcoming retirements, healthcare (already a field with a high number of job openings) will need a tremendous number of new workers of all skill sets in the near future.

In the Momentum area, office and administrative support occupations top the list, as they do in many areas, a small army of workers that perform the office functions that keep businesses running.

But production occupations run a close second, with over 39,000 workers. This is not surprising given that Wisconsin in general, and the Momentum area in specific, have a high number of manufacturers. A fourteen percent 55-plus age proportion signifies many upcoming retirements for this occupation group, as well, though the 38 percent proportion in the 16-34 age group is higher than many other occupational groups.

Income

The Momentum region's total personal income (TPI) has grown by about 21 percent in the five-year period from 2001 to 2006, slightly faster than statewide growth, though still slower than the nation.

Total personal income includes income from three main sources: net earnings; dividends, interest and rent; and transfer receipts. Net earnings make up the vast majority of income, with the remaining percentage divided between the other two components. However, despite this common pattern, the exact distribution can tell us a lot about an area.

In the Momentum region, about 68.9 percent of TPI is from net earnings, slightly higher than the state and nation (68.5 percent for the state, and 68.4 percent for the nation). Net earnings includes wages earned from employers, as well as earnings of self-employed workers and proprietors, and adjustments for wages earned by residents who work outside the county.

The adjustment for residency is an interesting piece of net earnings to analyze, as it can tell us a lot about a county's commuting situation. Personal income is a place of residence measure, so to make sure that incomes are attributed to the county where the worker lives, regardless of where their job is, the adjustment for residency is used. It's basically the earnings from a county's residents working in other counties (inflow), minus the earnings of residents of

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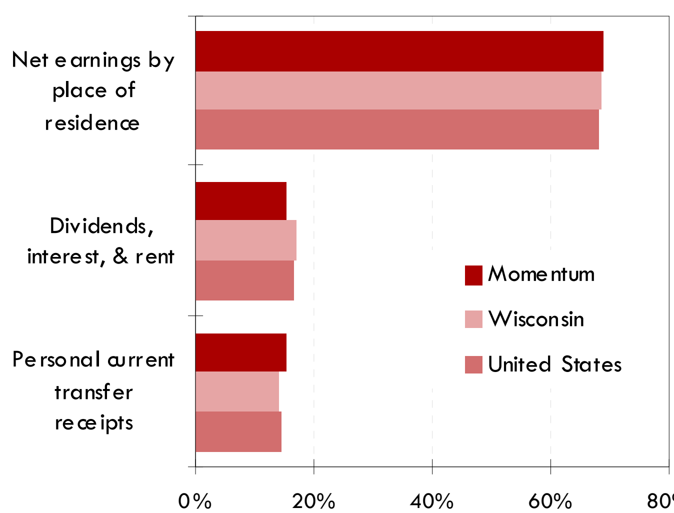
Components of 2006 Total Personal Income



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

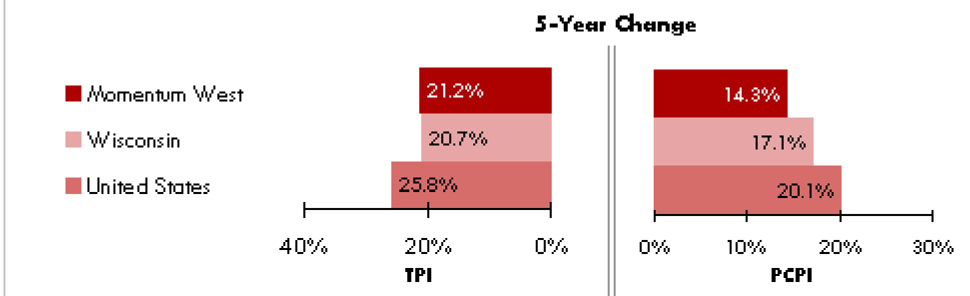
Income

(Continued from page 7)

other counties working in the county being measured (outflow). However, the fact that it's measured at the county level means we can't measure mathematically how much inflow and outflow occurs when we aggregate the data up to the Momentum region—some of the flows occur from county to county within the region. However, the net flow of money is still valid at the regional level, shown on the graph below. In 2006 it was over $2.5 billion, and made up about 19 percent of net earnings, up from 17 percent in 2001. This indicates that Momentum is a net exporter of labor, with the balance shifting more towards commuters since 2001. Many no doubt commute into the nearby Twin Cities, bringing their wages home to the Momentum region.

Personal Income in the Momentum Region

	Total Personal Income (TPI) (in thousands)		Per Capita Personal Income (PCPI)	
	2001	2006	2001	2006
Momentum	$11,117,280	$13,472,280	$25,480	$29,129
Wisconsin	$158,888,404	$191,725,759	$29,377	$34,405
United States	$8,716,992,000	$10,968,393,000	$30,574	$36,714



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

The second major component of TPI is dividends, interest and rent. While this label is fairly self-explanatory, it's important to note that it includes income from both retirement savings programs like 401(k)s and IRAs (when retirees start drawing from them), as well as defined pensions. It accounts for roughly 16 percent of TPI in the region, lower than both the statewide and national levels.

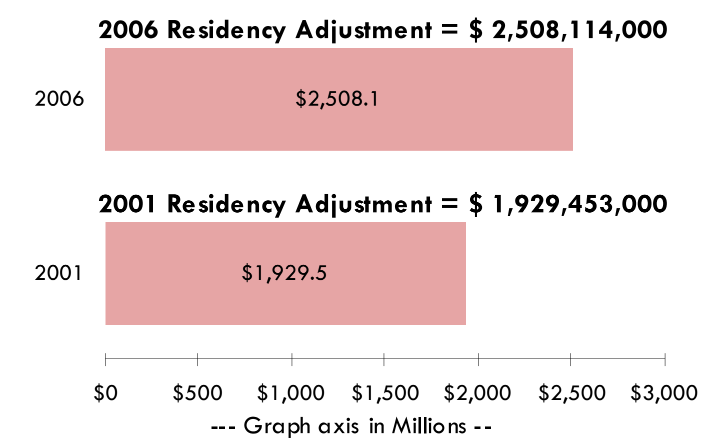
The third component of TPI is income from transfer receipts. Transfer receipts refer to benefits like Social Security, unemployment insurance, Medicaid, Medicare, and welfare. About 16 percent of TPI in the region is from transfer receipts, higher than the state and national averages, about 14 and 15 percent respectively.

Total personal income divided by the total population produces per capita personal income (PCPI). This is a very useful indicator for comparing geographic areas. While areas with a high population will, not surprisingly, also have a high level of total personal income, turning it into a per capita measure gives us an estimate of income per resident. Momentum's per capita personal income of $29,129 was lower than the average state and national PCPI levels.

The lower industry wages seen on page 4 play a major role in Momentum's low PCPI, especially since net earnings are such a high proportion of total personal income, and are probably responsible for the lower PCPI. But having so many post-secondary educational institutions located in the county also has an effect on PCPI. Of the students that do work, many only work part-time, often in low paying jobs. But regardless of that fact, they are still included in the total population, used as the denominator in determining in PCPI. This contributes to a lower per capita income, which can be misleading when assessing income in an area.

Per capita personal income growth of about 14 percent over the five-year timeframe from 2001 to 2006 lagged both statewide and nationwide PCPI growth rate.

Momentum Region Net Commuting Impact



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