Buffalo County

WORKFORCE & ECONOMIC

2015 PROFILE

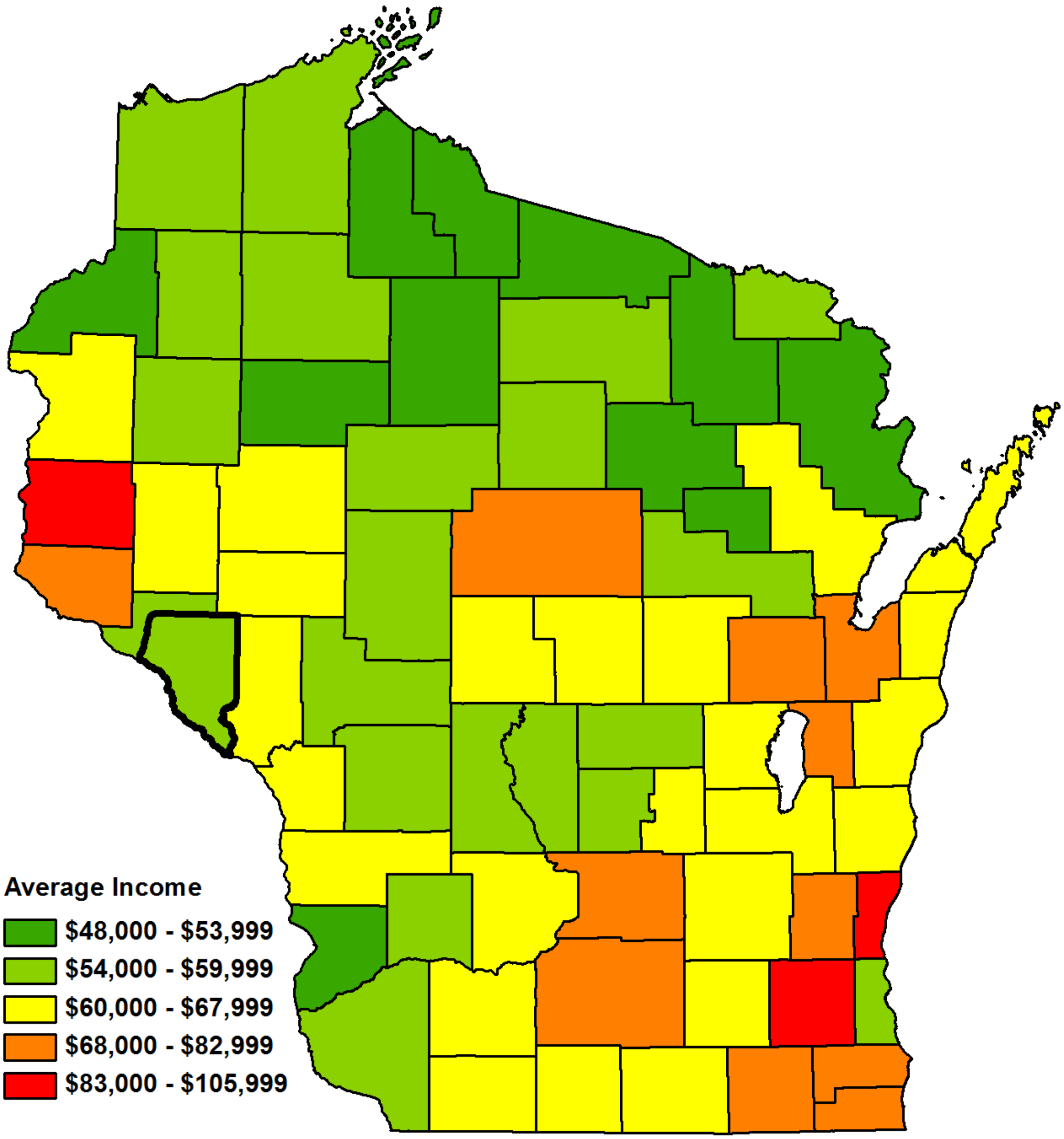
STATE OF WISCONSIN DWD

Department of Workforce Development

OEA

DETI-17957-BUF-P (N. 3/2016)

Average Household Income By County



Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Office of Economic Advisors

STATE OF WISCONSIN DWD Department of Workforce Development

National and State Economic Outlook

Robust economic growth after the Great Recession remains anticipated. The recession ended in June of 2009. This recovery has been the slowest of post-war cycles. U.S. gross domestic product (GDP) growth through this recovery cycle has averaged just over two percent per year. Most recoveries show growth rates in the three percent range.

As with all economic growth, benefits have accrued. Job levels are up. Wages have increased. Home values are nearly back to prerecession levels. Wisconsin total non-farm jobs have increased by 200,000 since the trough in February 2010 through October 2015. The state's manufacturing industries have gained almost 50,000 jobs. Total nominal wages paid have increased by 17 percent since bottoming out in 2009. Aggregate household real estate values have all but full recovered from the national housing devaluations that began in 2006.

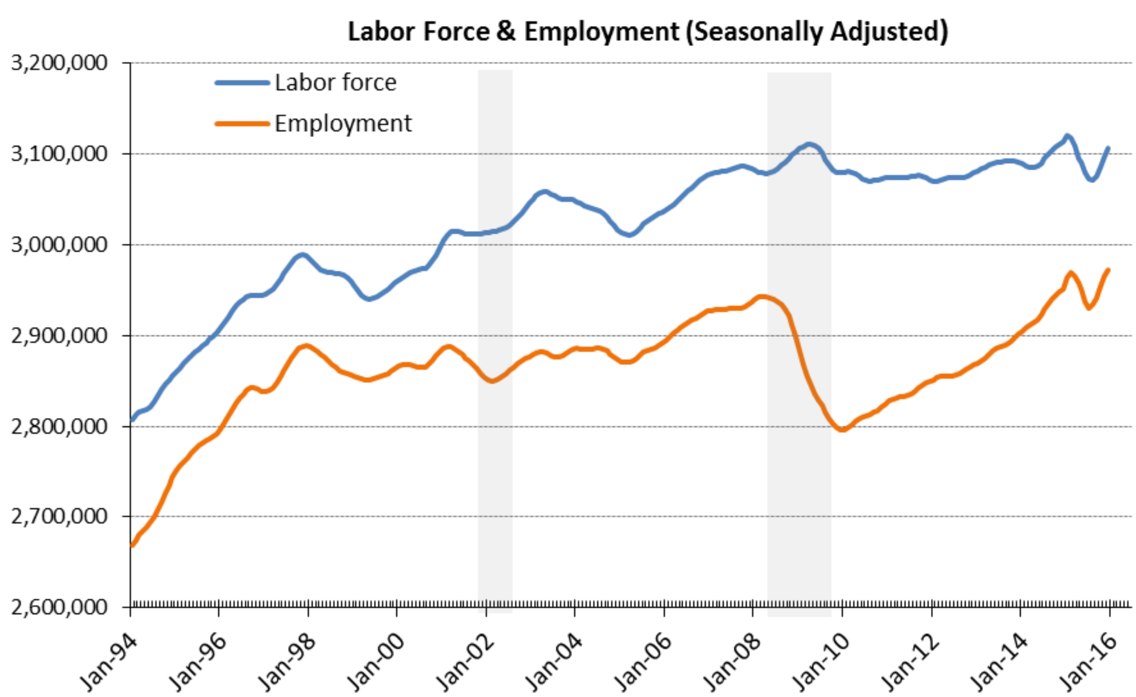
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency and its impact on U.S. and Wisconsin exports, and snug government capital and operations budgets.

The silver lining may be that the slower the growth, the longer the recovery will last. This recovery is 70 months old as of December 2015 with no expected downturn in sight. The average growth period of post-war business cycles is 58.4 months.

Workforce Outlook

On the workforce front, there is much discussion of the "skills gap" – the inability of employers to find and keep skilled workers. One anecdote often voiced is that Wisconsin companies could expand business if only they could find and retain skilled workers.

Wisconsin has never had more people employed and the unemployment rate is registering low levels not seen since the early 2000s. However, as has been discussed repeatedly over the years (Winters, String, & Klaus, 2000; Winters, Gherkin, Grosso, & Ulanova, 2009; Wisconsin Taxpayer Alliance, 2015), Wisconsin faces a quantity challenge and, as a consequence, a skills challenge.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

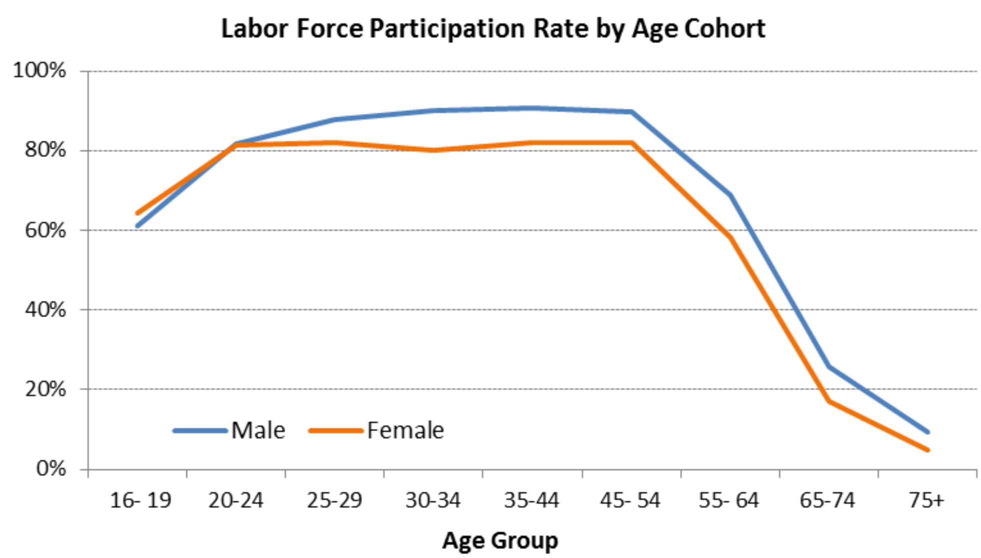
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance company, which, in turn, may try to recruit someone out of health care. The point is that without enough workers to go around, some businesses will end up short of talent.

This is true not only of highly skilled workers, but for all positions. Even retail and restaurant operations are displaying help-wanted signs.

During the late 1990s when the U.S. economic expansion was setting new longevity marks, there was a similar quantity challenge. The national unemployment rate fell to 3.8 percent in July 2000 and Wisconsin's unemployment rate fell to 3.0 percent in July of 1999. Two recessions alleviated the labor quantity constraints from 2001 to 2014. Now the U.S. unemployment rate is down to 5.0 percent (Wisconsin December 2015 seasonally adjusted unemployment rate was 4.3 percent), GDP is only growing at 2.0 percent, and businesses are already experiencing quantity challenges.

The major change in the labor force during this period is that now the Baby Boomers are fifteen years older and leaving the labor force in unprecedented numbers. The oldest Baby Boomers (born in 1946) will be 70 years old in 2016. The youngest (born in 1964) will be 52 years old, a mere three years from a rapid decline in their participation in the labor force.

Below is a graph of the labor force participation rate (LFPR) by age cohort. The LFPR drops precipitously after age 55. The bulk of the Baby Boomers are now over age 55.



Source: Bureau of Labor Statistics

Wisconsin's overall labor force participation rate peaked in the late 1990s and the employment-to-population ratio (e/pop) peaked in 1997 at 72.9 percent. The 2014 e/pop rate was above the 2010 low of 63.4 percent, at 64.7 percent.

The exit of Baby Boomers (people born between 1946 and 1964) from the labor market will affect future growth of Wisconsin’s e/pop rate.

Population growth and age distribution will drive labor force availability in local and regional labor sheds. Below are county level demographic and economic characterizations. The primary factor driving economic trends in future years will be workforce developments and talent access.

Population and Demographics

Buffalo County's 10 Most Populous Municipalities

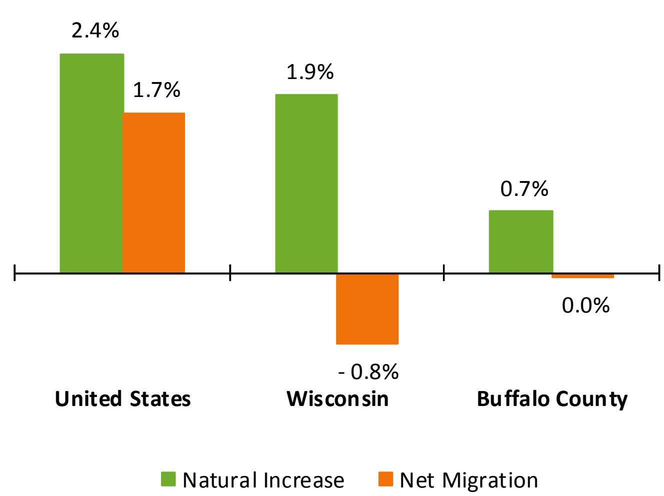
	April 2010 Census	January 2015 Estimate	Numeric Change	Proportional Change
United States	308,745,538	321,418,820	12,673,282	4.1%
Wisconsin	5,686,986	5,753,324	66,338	1.2%
Buffalo County	13,587	13,672	85	0.6%
Mondovi, City	2,777	2,776	-1	0.0%
Buffalo City, City	1,023	1,013	-10	-1.0%
Fountain City, City	859	850	-9	-1.0%
Alma, City	781	786	5	0.6%
Buffalo, Town	705	704	-1	-0.1%
Naples, Town	691	700	9	1.3%
Nelson, Town	571	601	30	5.3%
Milton, Town	534	547	13	2.4%
Glencoe, Town	485	492	7	1.4%
Dover, Town	486	487	1	0.2%

Source: Demographic Services Center, Wisconsin Department of Administration

At 13,672 residents, Buffalo County is among the state's least populated counties, with only five others having fewer residents as of January 1, 2015. Like many of its rural Western Wisconsin counterparts, Buffalo County's population growth has been among the state's slowest since 2010, with net growth of 85 residents. That translates to a 0.6 percentage point growth rate, half of the statewide rate and substantially lower than the national rate of growth. Buffalo's population growth rate over the last three years ranks 67th among the state's 72 counties.

The table on the top of the page shows the population and population change of Buffalo County's ten most populous municipalities. Alma, the Buffalo County seat, added five individuals as compared to the Census 2010 total (for Alma) but lost population as compared to their January 1, 2013 population estimate of 801.

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration

Four of the ten most populous municipalities lost population during the aforementioned time period, including the county's most populous municipality, Mondovi. Buffalo City, Fountain City, the City of Mondovi and the Town of Buffalo combined lost 21 people during the five year period.

Population changes are made up of two components: natural and migration. Natural changes compare births and deaths. Migration looks at movement of people in and out of an area. Natural growth is generally stable over time while migration patterns can change quickly with economic factors.

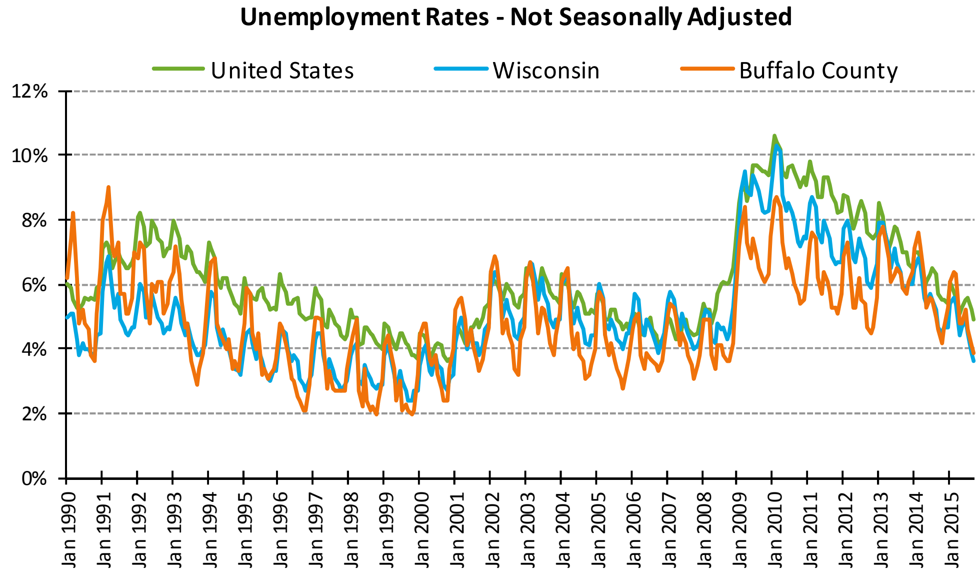
Population growth, to the extent that it's occurred in Buffalo, has been due almost entirely to a positive net natural change (births minus deaths), with net migration (in and out migration of residents) totals

Labor Force Dynamics

being flat.

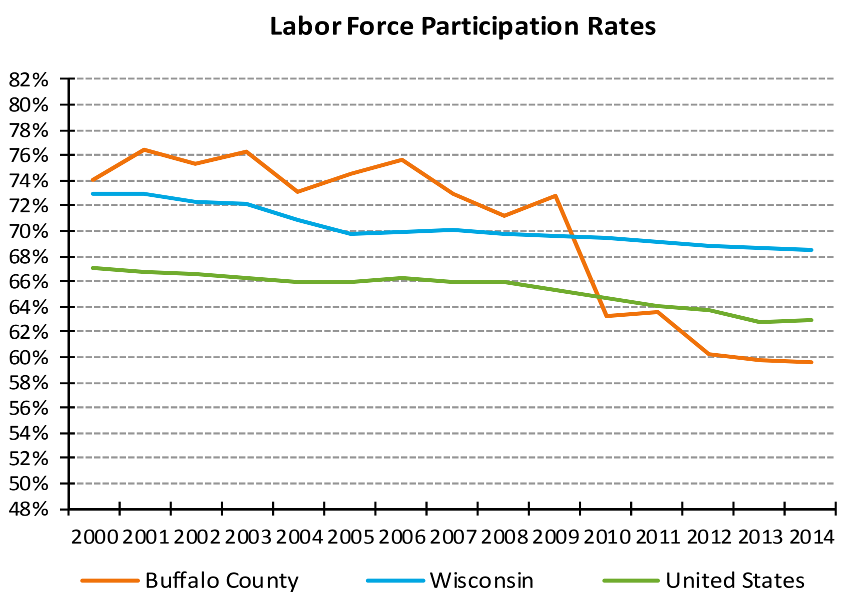
Buffalo County, as well as many Wisconsin counties, is experiencing an aging resident population and the county's average age has been on the rise for several decades.

The graph to the right outlines Buffalo County's monthly unemployment rate over the last 25 years and compares it to the state and nation. The graph provides insight into two elements: 1) long-term unemployment trends and 2) labor market seasonality.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Labor force seasonality in Buffalo County is a bit more volatile compared to the state as a whole. For example, while one expects [not seasonally adjusted] unemployment rates to be higher during the colder months of the year in Wisconsin, Buffalo's rate is, on average, 24 percent higher in the first four months of the year relative to its annual average. Statewide, this period is usually about 13 percent higher. Historically, Buffalo's average annual unemployment rates were higher than the statewide rates, but since 1996 Buffalo's rates have only been higher than the statewide rates during the early 21st Century's recessionary period.



Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

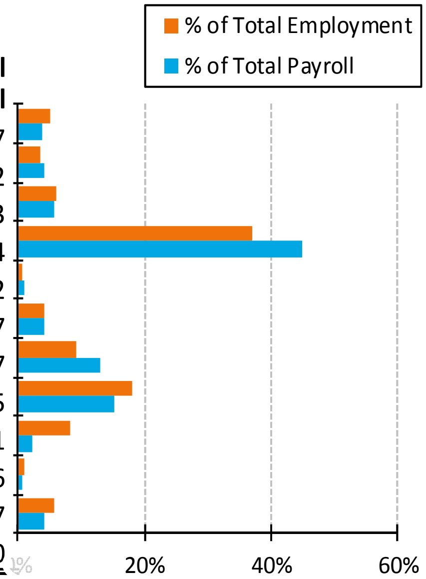
The graph to the left depicts the labor force participation rate (LFPR) for Buffalo County, Wisconsin, and the nation over the last 14 years. The participation rate denotes the number of people who are either working or are actively looking for employment; persons who are no longer actively looking for work are not included in the LFPR.

This graph shows a downward trend for LFPR for the nation, state, and Buffalo County. It is tempting to attribute the downward trend entirely to the economy, as 2000 marked the end of an unprecedented expansionary period and 2008 the start of the "Great

Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Buffalo County

	Employment Annual Average	Employment 1-year change	Total Payroll
Natural Resources	194	-6	$ 5,028,317
Construction	136	6	$ 5,319,992
Manufacturing	228	-31	$ 7,481,173
Trade, Transportation, Utilities	1,383	4	$ 57,462,654
Information	31	-3	$ 1,343,942
Financial Activities	161	-8	$ 5,210,967
Professional & Business Services	348	-41	$ 16,694,707
Education & Health	679	-3	$ 19,639,105
Leisure & Hospitality	312	-14	$ 3,046,281
Other services	38	-7	$ 837,606
Public Administration	212	3	$ 5,573,947
Not assigned	0	0	$ 0
All industries	3,722	-98	$127,638,691



Source: WI DWD, DET, BWITS, Quarterly Census Employment and Wages, June 2015

Recession." However, the long term tread showing a declining LFPR is largely due to an aging population.

The graph above demonstrates the economic impact of industry sectors in Buffalo County juxtaposing each sector's employment share of total to its payroll share of total. For example, education and health services represents 18.2 percent of the county's job base ranking it as the second largest employment sector, while its aggregate payroll accounted for 15.4 percent of the county's total wage base. The fact that this sector's wage share is lower than its employment share is anomalous, especially in a rural county in which school systems and healthcare establishments are usually among the largest employers.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Buffalo County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	$ 43,856	$ 34,293	78.2%	2.9%
Natural Resources	$ 36,156	$ 25,919	71.7%	7.4%
Construction	$ 55,317	$ 39,118	70.7%	3.5%
Manufacturing	$ 54,365	$ 32,812	60.4%	-4.2%
Trade, Transportation & Utilities	$ 37,362	$ 41,549	111.2%	1.3%
Information	$ 62,482	$ 43,353	69.4%	11.1%
Financial Activities	$ 61,884	$ 32,366	52.3%	6.8%
Professional & Business Services	$ 52,386	$ 47,973	91.6%	6.7%
Education & Health	$ 44,829	$ 28,924	64.5%	5.0%
Leisure & Hospitality	$ 16,055	$ 9,764	60.8%	0.9%
Other Services	$ 25,847	$ 22,042	85.3%	5.8%
Public Administration	$ 44,462	$ 26,292	59.1%	3.0%

Source: WI DWD, Labor Market Information, QCEW, June 2015

Trade, transportation and utilities is the largest employing sector in the county by a sizeable margin, and its payroll share is even larger. While the sector remains strong at 37.2 percent of the county's job base, that is down from a 44 percent share in 2010. The sector has shed over 1,000 jobs since 2009, perhaps due to geographic reallocation of reported employment. Wages paid by employers in this super-sector account for 45 percent of all wages paid to workers in Buffalo County.

Employment Projections

Western Workforce Development Area Industry Projections, 2012-2022

Buffalo, Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau and Vernon Counties

Industry	2012 Employment	Projected 2022 Employment	Change (2012-2022) Employment	Change (2012-2022) Percent
All Industries	139,677	151,338	11,661	8%
Natural Resources	1,064	1,026	-38	-4%
Construction	4,542	5,512	970	21%
Manufacturing	22,935	22,623	-312	-1%
Trade, Transportation, and Utilities	29,490	31,423	1,933	7%
Information	1,481	1,535	54	4%
Financial Activities	5,472	5,988	516	9%
Professional and Business Services	8,996	11,521	2,525	28%
Education and Health Services	27,922	31,986	4,064	15%
Leisure and Hospitality	13,083	14,349	1,266	10%
Other Services	3,771	4,073	302	8%
Public Administration	13,368	13,503	135	1%
Self-Employed and Unpaid Family Workers	7,553	7,799	246	3%

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, September 2015.

In addition to looking at the current state of the economy in Buffalo County, it is useful to look at projections of how employment in the area is expected to change. What follows are projections of employment changes by industry sector and by occupation. Please note that these projections are for the collective counties of Buffalo, Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau and Vernon. Together, these eight counties form the Western Wisconsin Workforce Development Area.

These projections use information from the Quarterly Census of Employment and Wages (QCEW) program, including unpublished data from the Bureau of Labor Statistics (BLS) as well as data from the Census Bureau's Current Population Survey (CPS). While these projections take into account anticipated changes in Wisconsin's economy, please note that unanticipated events may affect the accuracy of the projections.

In 2012, the area's three largest industry sectors by jobs were the Trade, Transportation, & Utilities; Education & Health Services; and Manufacturing sectors. Together, these sectors represented 57.5 percent of jobs in 2012 and are expected to continue as the three largest in 2022. The Education & Health Services sector is projected to gain more jobs than the other two leading sectors. Overall, there are 11,661 more jobs projected in 2022, an eight percent increase from 2012.

The share of total jobs by industry sector is projected to change little through 2022. The Manufacturing sector is projected to have the largest decline in share of jobs even with an increase in employment. From 2012 to 2022, the share of jobs in the Manufacturing sector is projected to decrease from 16.4 percent to 14.9 percent. Readers should note that while manufacturing employment as a whole will decline, there will be many opportunities for young workers in manufacturing because retirements in the sector are going to outpace employment declines due to economic shifts for the foreseeable future.

The share of jobs in the Education & Health Services sector is projected to have the largest gain. Furthermore, the Education & Health Services sector is projected to have the largest numeric gain in jobs with 4,064 additional jobs in 2022, a 15 percent gain from 2012. The largest proportional increases are projected in the Professional & Business Services sector with an 28 percent rate of growth. Most sectors are projected to gain jobs by 2022 with two sectors, Natural Resources and Manufacturing, expecting slight contractions in total employment.

Employment Projections

Western Workforce Development Area Occupation Projections, 2012-2022

Buffalo, Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau and Vernon Counties

	Employment				Average Annual Openings			
			Change (2012-2022)					
Occupation Group	2012	2022	Number	Percent	Due to Growth	Due to Replace-ment	Total Openings	Median Annual Wage
All Occupations	139,677	151,338	11,661	8%	1,292	3,264	4,556	$ 32,627
Management	5,511	6,118	607	11%	62	113	175	$ 72,275
Business and Financial	5,232	5,793	561	11%	58	104	162	$ 52,004
Computer and Mathematical	1,883	2,186	303	16%	31	32	63	$ 55,845
Architecture and Engineering	1,388	1,423	35	3%	7	33	40	$ 60,099
Life, Physical, and Social Science	863	894	31	4%	5	26	31	$ 52,722
Community and Social Service	1,834	1,982	148	8%	15	42	57	$ 43,293
Legal	638	739	101	16%	10	10	20	$ 47,177
Education, Training, and Library	4,858	5,198	340	7%	35	107	142	$ 41,930
Arts, Entertainment and Media	1,876	2,093	217	12%	24	44	68	$ 32,461
Healthcare Practitioners	9,935	11,729	1,794	18%	180	192	372	$ 54,848
Healthcare Support	4,559	5,141	582	13%	58	87	145	$ 27,554
Protective Service	2,716	2,890	174	6%	18	78	96	$ 38,419
Food Preparation and Serving	12,781	13,854	1,073	8%	109	488	597	$ 18,375
Building & Grounds Maintenance	4,294	4,932	638	15%	64	88	152	$ 24,906
Personal Care and Service	5,706	6,458	752	13%	75	99	174	$ 21,080
Sales and Related	13,760	14,553	793	6%	85	428	513	$ 23,062
Office and Administrative Support	19,308	20,543	1,235	6%	148	438	586	$ 30,568
Farming, Fishing, and Forestry	774	655	-119	-15%	0	20	20	$ 33,460
Construction and Extraction	5,336	6,214	878	16%	88	88	176	$ 42,964
Installation, Maintenance, Repair	6,405	6,845	440	7%	46	143	189	$ 40,284
Production	16,373	16,470	97	1%	62	306	368	$ 32,789
Transportation & Material Moving	13,647	14,628	981	7%	110	298	408	$ 31,156

Source: Office of Economic Advisors, Wisconsin Department of Workforce Development, September 2015

In 2012, the area's largest occupation group was Office & Administrative Support with 19,308 jobs, 14 percent of total employment. Of the twenty-two occupation groups, the top five together accounted for 54.3 percent of jobs. While these five groups are projected to remain the top groups in 2022, the share of jobs within these groups is projected to decline to 52.9 percent of jobs.

The share of total jobs by occupational group is projected to change little through 2022. However, all of the top five groups, Office & Administrative Support; Transportation & Material Moving; Production; Sales & Related; and Food Preparation and Serving are projected to experience slight declines in employment share. The Healthcare Practitioners & Technical group is projected to have the largest gain in share, with a rise from 7.1 percent to 7.8 percent of jobs between 2012 and 2022.

Furthermore, the largest numeric and proportional gain in jobs is projected in the Healthcare Practitioners group with an increase of 1,794 jobs by 2022, an 18 percent gain. The Construction & Extraction group is projected to experience the second largest proportional gain in jobs with a numeric gain of 878. The Farming, Fishing, and Forestry occupation group is projected to experience a decrease of 119 jobs by 2022, a 15 percent decline. All other occupation groups are projected to add jobs.

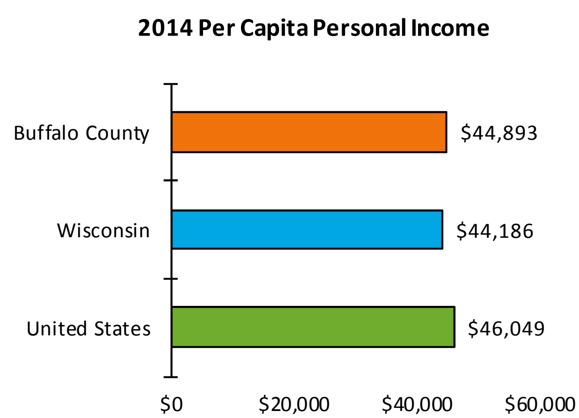
Personal Income

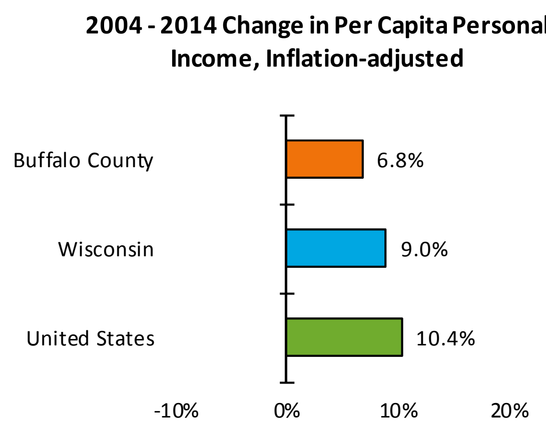
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	$34,316	$41,709	$46,049	34.2%	10.4%
Wisconsin	$33,350	$40,534	$44,186	32.5%	9.0%
Buffalo County	$34,572	$42,020	$44,893	29.9%	6.8%

Source: Bureau of Economic Analysis

Total Personal Income (TPI) is the sum of three components, namely (i) employment earnings; (ii) property income (dividends, interest and rental income); and (iii) personal current transfers receipts (government payments like social security, Medicare, Medicaid and Unemployment Insurance).

Per capita personal income (PCPI) is Total Personal Income (TPI) divided by the total population. This average income figure is often used to gauge economic vitality. It is a useful indicator for comparing income dynamics among geographic areas since it provides comparison of income per resident.





Source: Bureau of Economic Analysis

The PCPI figures displayed in the tables above differ from the annual average wage discussed on page five in two ways. First, PCPI refers to place of residence while annual wages refers to place of work. This means PCPI includes wages earned by Buffalo County residents, but not wages of those that travel from another county to work for employers located in Buffalo County. Second, PCPI includes multiple sources of income, not just wages.

At $44,893, Buffalo County's PCPI was higher than the state average PCPI, ranking 11th among Wisconsin's 72 counties. Of the ten Wisconsin counties that have a higher PCPI than Buffalo, only two — Door and Iron — are nonmetropolitan counties. The two principle reasons why Buffalo County's PCPI is higher than the state average are: 1) county residents working in jobs outside Buffalo county (adding wages to county income) add more to Buffalo County's total personal income than nonresident workers take away (wages that leave the county's income base); 2) the aforementioned dominance of the transportation sector within the county's industrial make up, and the higher than average wage that industry pays.

For More Information:

William (Bill) Brockmiller

Regional Economist — Western WDA

Phone: (608) 785-9337 Email: william.brockmiller@dwd.wisconsin.gov

http://dwd.wisconsin.gov/oea

STATE OF WISCONSIN DWD Department of Workforce Development