

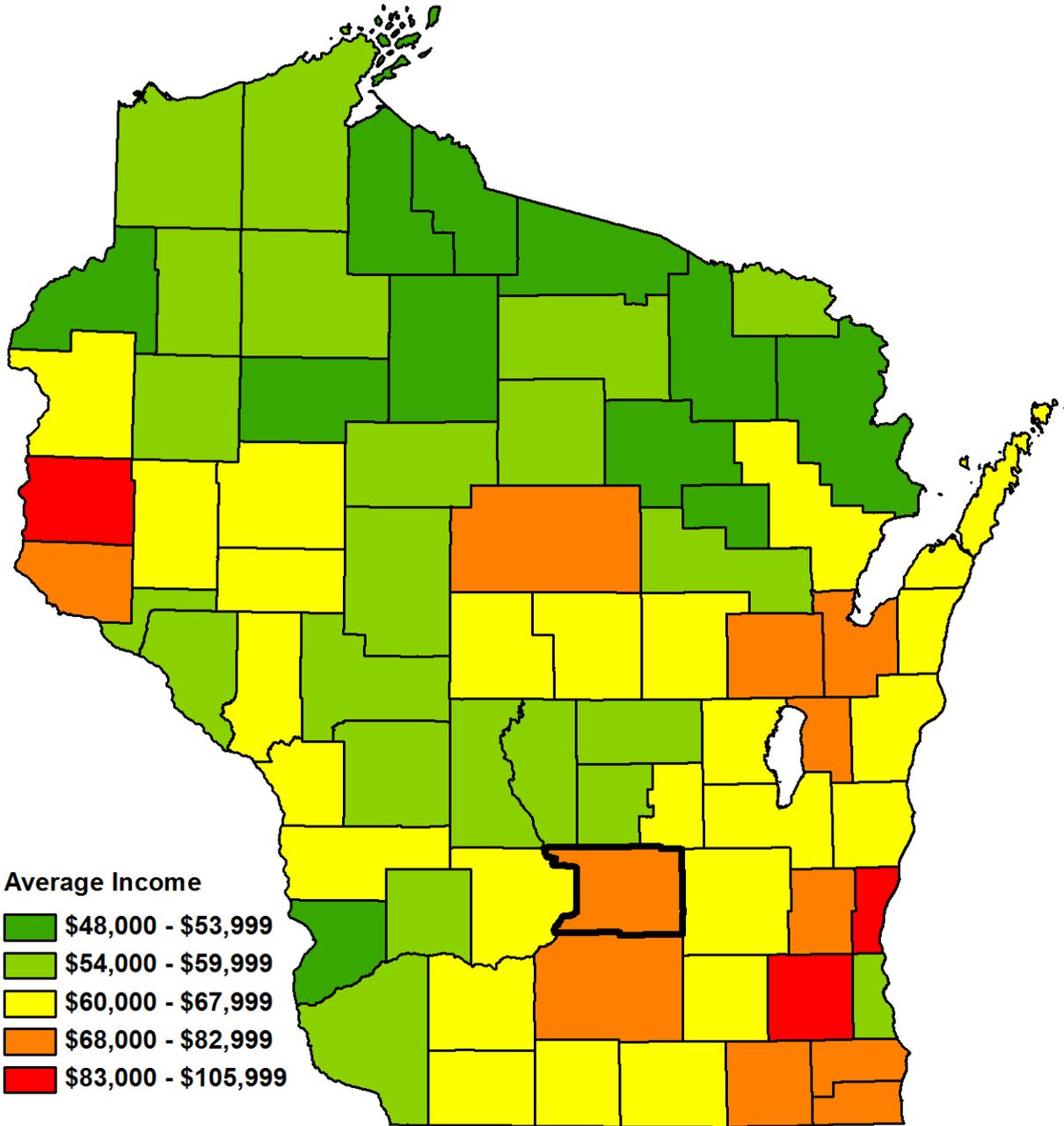


Columbia County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 Columbia County Workforce Profile

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.

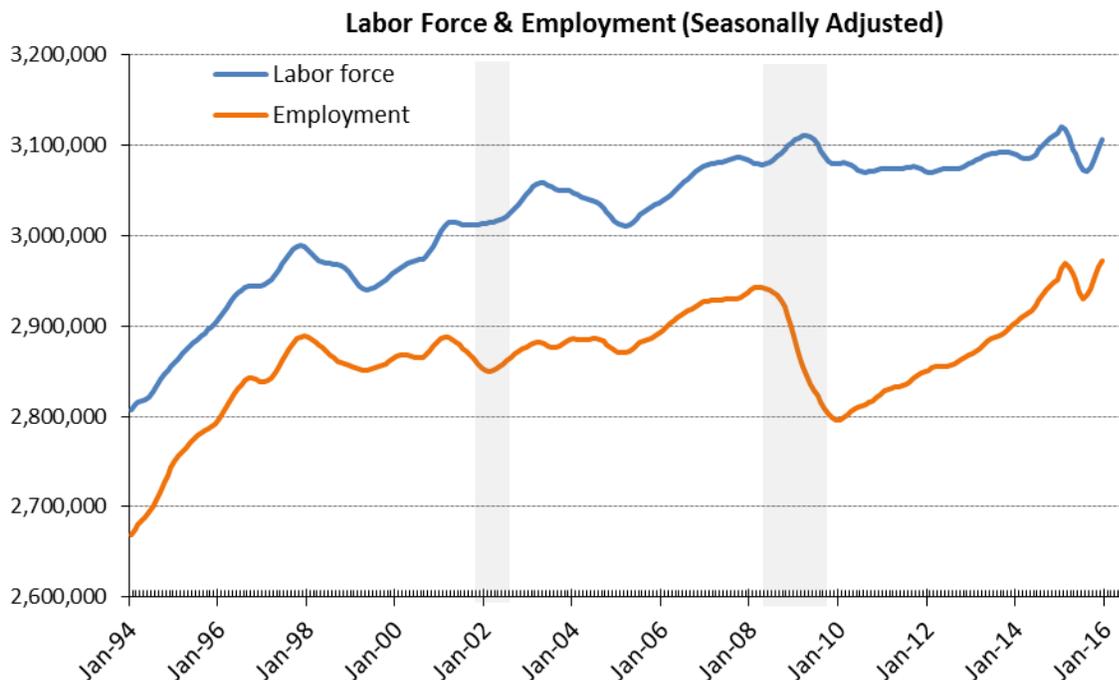
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency 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, Strang, & Klus, 2000; Winters, Gehrke, Grosso, & Udalova, 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

2015 Columbia County Workforce Profile

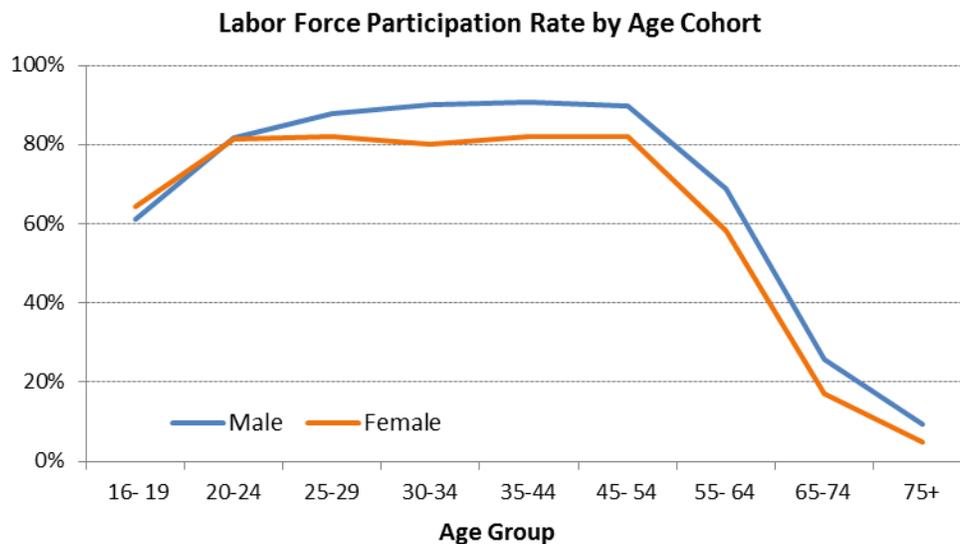
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance 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

Columbia County's 10 Most Populous Municipalities

| | April 2010 Census | January 2015 Estimate | Numeric Change | Proportional Change |
|-------------------------|-------------------|-----------------------|----------------|---------------------|
| United States | 308,400,408 | 320,289,069 | 11,888,661 | 3.9% |
| Wisconsin | 5,686,986 | 5,753,324 | 66,338 | 1.2% |
| Columbia County | 56,833 | 57,028 | 195 | 0.3% |
| Portage, City | 10,324 | 10,281 | -43 | -0.4% |
| Columbus, City * | 4,991 | 5,042 | 51 | 1.0% |
| Lodi, Town | 3,273 | 3,307 | 34 | 1.0% |
| Lodi, City | 3,050 | 3,071 | 21 | 0.7% |
| Pacific, Town | 2,707 | 2,714 | 7 | 0.3% |
| Poynette, Village | 2,528 | 2,531 | 3 | 0.1% |
| Wisconsin Dells, City * | 2,440 | 2,435 | -5 | -0.2% |
| Dekorra, Town | 2,311 | 2,327 | 16 | 0.7% |
| Pardeeville, Village | 2,115 | 2,110 | -5 | -0.2% |
| West Point, Town | 1,955 | 1,983 | 28 | 1.4% |

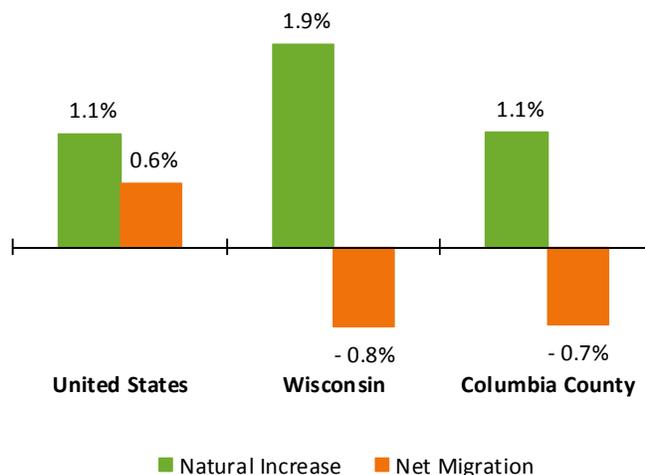
Source: Demographic Services Center, Wisconsin Department of Administration

Columbia County added an estimated 195 residents from April 2010 to January 2015, ranking as the 26th most populous county in the state at the end of the period. The slight increase (0.3 percent) stands below the state's increase of 1.2 percent and the nation's increase of 3.9 percent.

Population change is driven by two factors: natural change and migration. A natural increase of the population occurs when there are more births than deaths. Migration affects net population change in an area positively when the number of people moving into the area is larger than the number of people moving out. In the case of Columbia County, the relatively small expansion of the population resulted from a positive rate of natural increase that more than compensated for the negative rate of net migration. As shown on the chart, Columbia's rate of natural increase was 1.1 percent, while the rate of net migration was -0.7 percent. Columbia County's natural increase was lower than the state's 1.9 percent and the same as the nation's 1.1 percent. The county's migration rate was close to the state's negative rate, and both stand in contrast to a positive rate of 0.6 percent for the United States.

Columbia County's population is relatively concentrated in the City of Portage (18 percent), and is more evenly distributed across the rest of the top municipalities. The ten largest municipalities account for nearly 63 percent of the county's

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration



Labor Force Dynamics

population.

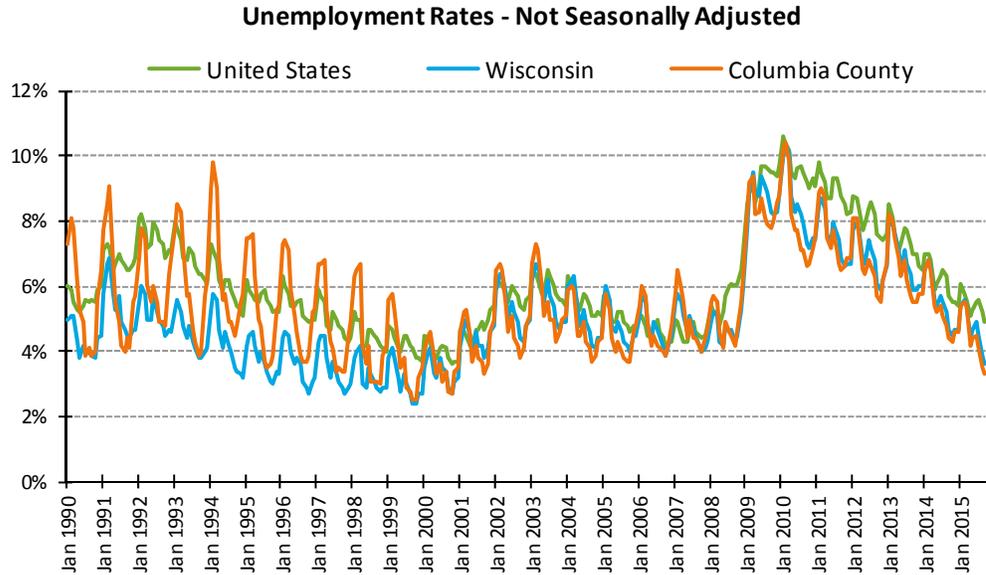
The chart to the right plots the monthly rates of unemployment for Columbia County, Wisconsin and the U.S. over the last two decades.

Since the early 1990s, Columbia County's unemployment rate followed the state and national trends in general. As in the state and the nation, the unemployment rate in Columbia County declined in the second half of the 1990s, reaching a historical low level towards the end of the decade.

The rate of unemployment climbed up again in the early 2000s recession. An important difference with the 1990s is that the recovery after the early 2000s recession was relatively weak in terms of job creation. As the chart shows, the employment recovery between 2003 and 2007 did not result in a significant decline in the unemployment rate. This is explained by an unprecedented low rate of job creation in the early phase of the last employment upturn. The subsequent increase in job creation was interrupted by the Great Recession, which

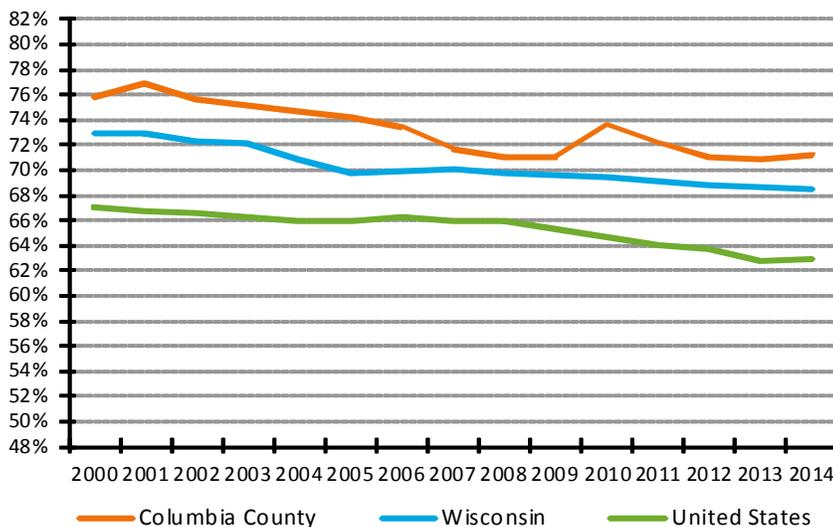
was characterized by a rapid and massive destruction of jobs across regions, industrial sectors and demographic groups. The current recovery did result in a sharp decline in the unemployment rate, but the unemployment rate has not yet reached the historically low levels achieved at the end of the 1990s.

The labor force participation rate (LFPR) is the labor force (sum of employed and unemployed) divided by the population age 16 and older. Columbia's LFPR was



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Labor Force Participation Rates

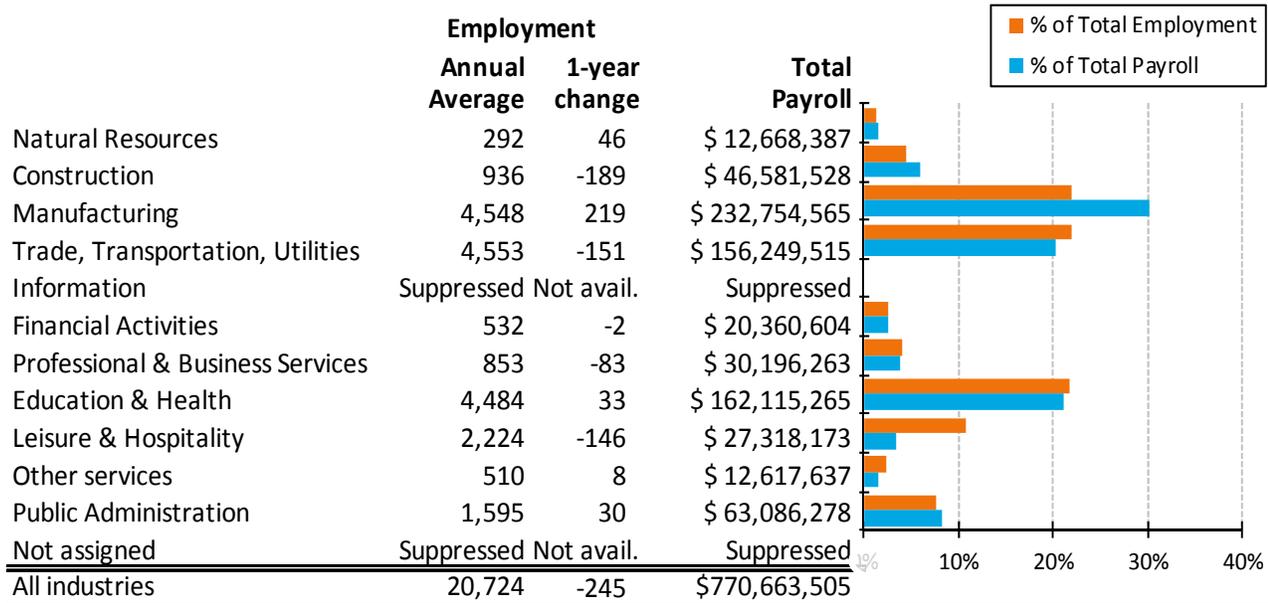


Source: Current Population Survey, U.S. Department of Commerce, Census Bureau



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Columbia County



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

71.2 percent in 2014, more than eight percentage points above the national rate (62.9 percent) and almost three points above the state rate (68.5 percent).

The three largest sectors in Columbia County in 2014 were Manufacturing; Trade, Transportation and Utilities; and Education and Health, each accounting for roughly 22 percent of total employment and for 30, 20 and 21 percent of total payroll, respectively.

Columbia County's annual average wage was \$37,187 in 2014, representing 85 percent of the statewide average of \$43,856. Compared with the statewide averages, all sectors except for Natural Resources reported lower

annual wages. Columbia County's highest-paying sector in 2014 was Manufacturing, with an average wage of \$51,177, followed by Construction (\$49,767), Natural Resources (\$43,385), and Public Administration (\$39,553). Manufacturing, Natural Resources, and Public Administration added jobs (219, 46, and 33), while Construction lost jobs (189).

Columbia's lowest-paying sector in 2014 was Leisure &

Average Annual Wage by Industry Division in 2014

| | Wisconsin Average Annual Wage | Columbia County Average Annual Wage | Percent of Wisconsin | 1-year % change |
|-----------------------------------|-------------------------------|-------------------------------------|----------------------|-----------------|
| All industries | \$ 43,856 | \$ 37,187 | 84.8% | 2.9% |
| Natural Resources | \$ 36,156 | \$ 43,385 | 120.0% | 19.6% |
| Construction | \$ 55,317 | \$ 49,767 | 90.0% | -4.9% |
| Manufacturing | \$ 54,365 | \$ 51,177 | 94.1% | -0.1% |
| Trade, Transportation & Utilities | \$ 37,362 | \$ 34,318 | 91.9% | 4.5% |
| Information | \$ 62,482 | suppressed | Not avail. | Not avail. |
| Financial Activities | \$ 61,884 | \$ 38,272 | 61.8% | -0.3% |
| Professional & Business Services | \$ 52,386 | \$ 35,400 | 67.6% | 16.2% |
| Education & Health | \$ 44,829 | \$ 36,154 | 80.6% | 3.2% |
| Leisure & Hospitality | \$ 16,055 | \$ 12,283 | 76.5% | 4.2% |
| Other Services | \$ 25,847 | \$ 24,740 | 95.7% | 5.0% |
| Public Administration | \$ 44,462 | \$ 39,553 | 89.0% | -0.2% |

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

Employment Projections

South Central Workforce Development Area Industry Projections, 2012-2022

Columbia, Dane, Dodge, Jefferson, Marquette and Sauk Counties

| Industry | 2012 | Projected | Change (2012-2022) | |
|---|------------|--------------------|--------------------|---------|
| | Employment | 2022 Employment | Employment | Percent |
| All Industries | 451,788 | 502,449 | 50,661 | 11% |
| Natural Resources | 8,002 | 7,795 | -207 | -3% |
| Construction | 16,190 | 20,135 | 3,945 | 24% |
| Manufacturing | 53,471 | 55,630 | 2,159 | 4% |
| Trade, Transportation, and Utilities | 74,382 | 80,664 | 6,282 | 8% |
| Information | 12,951 | 14,795 | 1,844 | 14% |
| Financial Activities | 28,375 | 31,541 | 3,166 | 11% |
| Professional and Business Services | 47,888 | 57,766 | 9,878 | 21% |
| Education and Health Services | 85,657 | 98,743 | 13,086 | 15% |
| Leisure and Hospitality | 44,030 | 49,495 | 5,465 | 12% |
| Other Services | 13,625 | 15,078 | 1,453 | 11% |
| Public Administration | 39,742 | 41,401 | 1,659 | 4% |
| Self-Employed and Unpaid Family Workers | 27,475 | 29,406 | 1,931 | 7% |

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

Hospitality, with an average wage of \$12,283, followed distantly by Other Services (\$24,740). In 2014, Leisure and Hospitality lost 146 jobs, whereas Other Services gained only 8 jobs.

The table above presents ten-year regional employment projections by industry sector for the South Central Workforce Development Area (WDA), which is comprised of Columbia, Dane, Dodge, Jefferson, Marquette and Sauk counties. The change in the number of jobs from 2012 to 2022 represents new jobs expected to be created during the period.

In 2014, Dane County had the largest share of the region’s employment, with 71 percent of the region’s jobs. Sauk and Dodge had nearly 8 percent each, Jefferson 7.5 percent, Columbia nearly 5 percent, and Marquette less than 1 percent. Ten-year regional employment is projected to exceed statewide job growth of 7.1 percent. Jobs in the area are expected to increase 11 percent between 2012 and 2022, with average annual growth of 1.1 percent or 5,066 jobs per year. Employment in the area exceeded projections, growing by 5,843 new jobs or 1.3 percent during 2014.

The South Central WDA accounted for nearly 15 percent of total statewide employment in 2012 and is expected to add 23 percent of the state’s total new jobs by 2022. Almost 70 percent of the expected new jobs in the South Central WDA are concentrated in four industries: Education and Health Services (26 percent), Professional and Business Services (19 percent), Trade, Transportation and Utilities (12 percent) and Leisure and Hospitality (11 percent). The fastest growing sectors are Construction (24 percent in 2012-2012), Professional and Business Services (21 percent), Educational and Health Services (15 percent) and Information (14 percent).

Within the larger education and health services sector, health services employment is expected to grow faster than educational services. The professional and business services sector provides professional, technical, and administrative services to businesses. A significant portion of recent and projected growth in this sector are in the employment services subsector, which often provide businesses with temporary workers. As long as these workers are employed by an employment services establishment, their jobs are counted in the professional and

Employment Projections

South Central Workforce Development Area Occupation Projections, 2012-2022

Columbia, Dane, Dodge, Jefferson, Marquette and Sauk Counties

| Occupation Group | Employment | | | | Average Annual Openings | | | Median Annual Wage |
|------------------------------------|------------|---------|--------------------|---------|-------------------------|--------------------|----------------|--------------------|
| | 2012 | 2022 | Change (2012-2022) | | Due to Growth | Due to Replacement | Total Openings | |
| | | | Number | Percent | | | | |
| All Occupations | 451,788 | 502,449 | 50,661 | 11% | 5,245 | 10,572 | 15,817 | \$ 36,526 |
| Management | 25,095 | 27,804 | 2,709 | 11% | 275 | 508 | 783 | \$ 90,340 |
| Business and Financial | 25,244 | 28,425 | 3,181 | 13% | 322 | 499 | 821 | \$ 58,391 |
| Computer and Mathematical | 18,142 | 21,541 | 3,399 | 19% | 340 | 314 | 654 | \$ 70,106 |
| Architecture and Engineering | 9,040 | 9,860 | 820 | 9% | 85 | 214 | 299 | \$ 63,466 |
| Life, Physical, and Social Science | 8,119 | 8,961 | 842 | 10% | 85 | 242 | 327 | \$ 52,854 |
| Community and Social Service | 6,685 | 7,290 | 605 | 9% | 60 | 157 | 217 | \$ 38,747 |
| Legal | 3,398 | 3,972 | 574 | 17% | 58 | 55 | 113 | \$ 66,548 |
| Education, Training, and Library | 24,534 | 26,981 | 2,447 | 10% | 245 | 494 | 739 | \$ 44,292 |
| Arts, Entertainment and Media | 8,419 | 9,343 | 924 | 11% | 102 | 190 | 292 | \$ 44,471 |
| Healthcare Practitioners | 22,558 | 26,887 | 4,329 | 19% | 434 | 464 | 898 | \$ 63,546 |
| Healthcare Support | 11,150 | 13,140 | 1,990 | 18% | 199 | 212 | 411 | \$ 29,136 |
| Protective Service | 10,100 | 10,859 | 759 | 8% | 77 | 309 | 386 | \$ 31,990 |
| Food Preparation and Serving | 35,784 | 39,838 | 4,054 | 11% | 405 | 1,364 | 1,769 | \$ 19,247 |
| Building & Grounds Maintenance | 15,540 | 18,177 | 2,637 | 17% | 264 | 320 | 584 | \$ 23,250 |
| Personal Care and Service | 18,444 | 21,573 | 3,129 | 17% | 313 | 354 | 667 | \$ 22,577 |
| Sales and Related | 41,603 | 45,029 | 3,426 | 8% | 344 | 1,258 | 1,602 | \$ 24,488 |
| Office and Administrative Support | 65,385 | 70,218 | 4,833 | 7% | 576 | 1,473 | 2,049 | \$ 33,912 |
| Farming, Fishing, and Forestry | 2,587 | 2,528 | -59 | -2% | 3 | 70 | 73 | \$ 27,495 |
| Construction and Extraction | 16,583 | 19,854 | 3,271 | 20% | 327 | 269 | 596 | \$ 48,592 |
| Installation, Maintenance, Repair | 15,868 | 17,582 | 1,714 | 11% | 176 | 361 | 537 | \$ 42,730 |
| Production | 39,100 | 41,513 | 2,413 | 6% | 285 | 801 | 1,086 | \$ 32,391 |
| Transportation & Material Moving | 28,410 | 31,074 | 2,664 | 9% | 269 | 643 | 912 | \$ 30,395 |

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

business services sector, even if they are a nurse working in a hospital or a welder working in a manufacturing plant.

Expected employment growth by occupation offers an important additional source of information on the types of jobs included in a ten-year employment projection. The table above displays projected total job openings through 2022, which includes openings resulting from creation of new jobs (Growth column) and also replacement openings in previously created jobs that are anticipated to occur as incumbent workers leave those positions (Replacement Openings column).

Large numbers of baby boomers are expected to retire within the next few years, which is why projected replacement openings exceed the number of openings expected to occur as a result of job growth. This phenomenon is occurring not only in the South Central region but throughout the state economy as well. The largest number of job openings are projected in Office and Administrative Support, Food Preparation and Servings, and Sales and Related. Large numbers of replacement openings are projected in those occupations that are not expected to grow significantly, such as Production. This is especially common in occupations with older workforces and large numbers of anticipated retirements during the projection period, as well as low-wage occupations

Personal Income

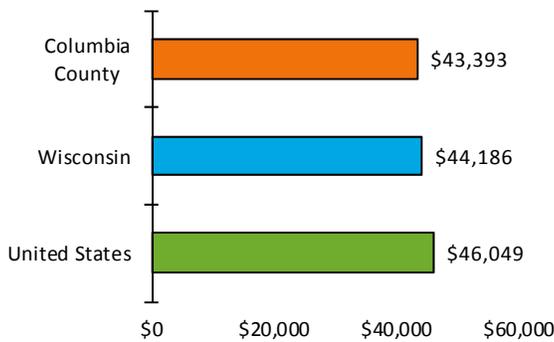
| | 2004 Nominal Per Capita Personal Income | 2004 Per Capita Personal Income in 2014 dollars | 2014 Per Capita Personal Income | Nominal Change in Per Capita Personal Income (2004 - 2014) | Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014) |
|-----------------|---|---|------------------------------------|---|--|
| United States | \$34,316 | \$41,709 | \$46,049 | 34.2% | 10.4% |
| Wisconsin | \$33,350 | \$40,534 | \$44,186 | 32.5% | 9.0% |
| Columbia County | \$33,313 | \$40,489 | \$43,393 | 30.3% | 7.2% |

Source: Bureau of Economic Analysis

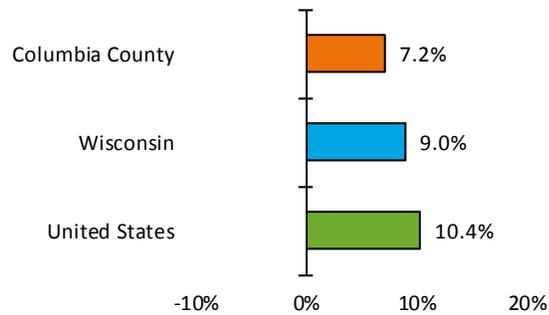
such as Food Service and Preparation, which tend to have younger workforces but higher rates of employee turnover.

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). Columbia County's TPI in 2014 was \$2.46 billion, or around 1.0 percent of the state's \$254 billion total. Its 10-year, inflation-adjusted TPI

2014 Per Capita Personal Income



2004 - 2014 Change in Per Capita Personal Income, Inflation-adjusted



Source: Bureau of Economic Analysis

growth was 10.1 percent, below the state rate of 13.7 percent, and much slower than the national rate of 20.1 percent.

Per Capita Personal Income (PCPI) is TPI divided by the total population. This average income figure is often used as a measure of economic development and standard of living. In 2014, Columbia County's PCPI was \$43,393, below the state's \$44,186 and the nation's \$46,049. Columbia County's PCPI ranks 16th highest in Wisconsin, being the second highest in Wisconsin's South Central Workforce Development Area (WDA) after Dane County's PCPI of \$51,523.

The change over time of PCPI is one of the most important indicators of economic performance at the county level. In 2004-2014, inflation-adjusted growth of Columbia County's PCPI was 7.2 percent, below the state's 9.0

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