

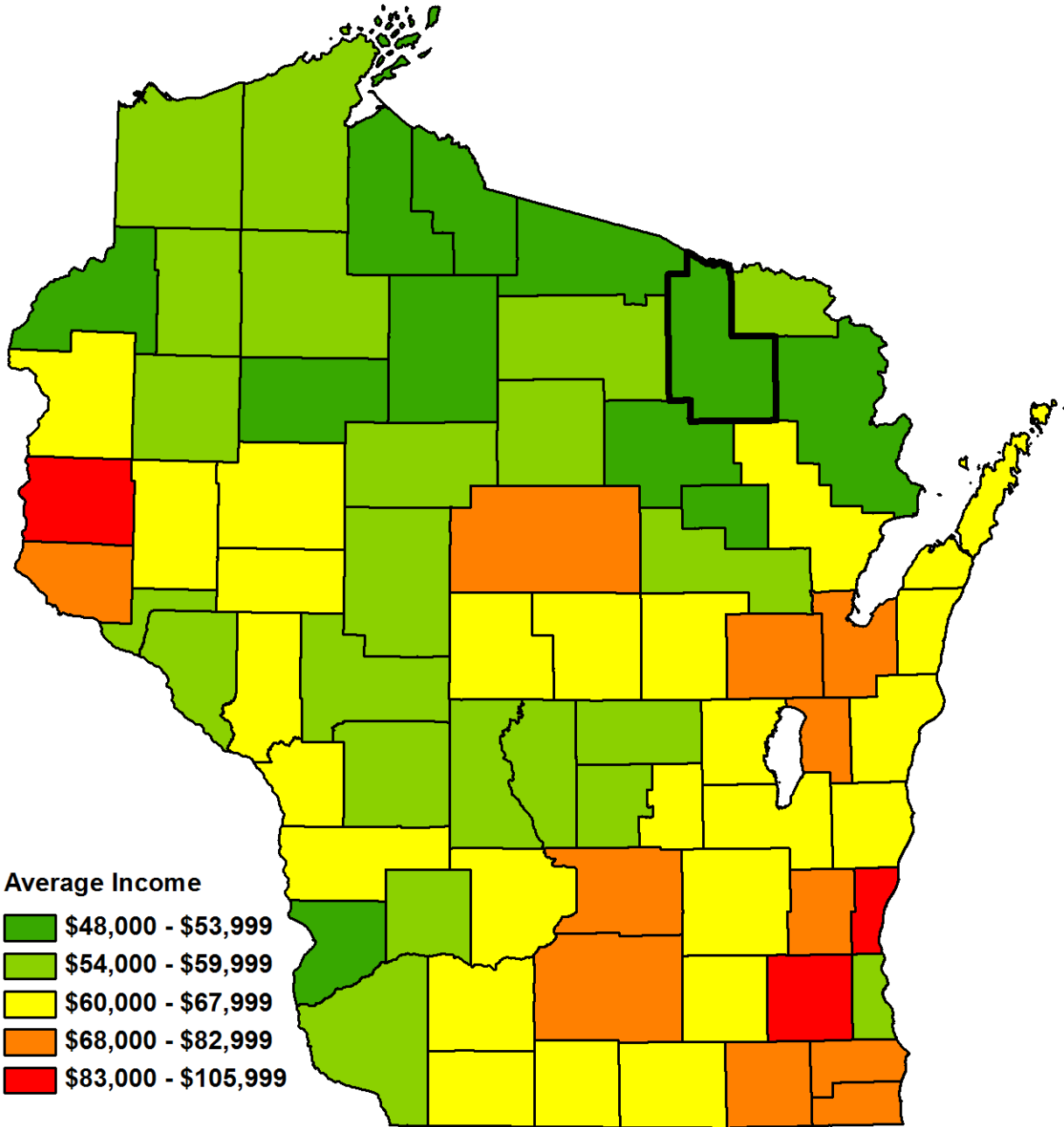


# Forest County

## WORKFORCE & ECONOMIC 2015 PROFILE



## Average Household Income By County



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

# 2015 Forest 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.

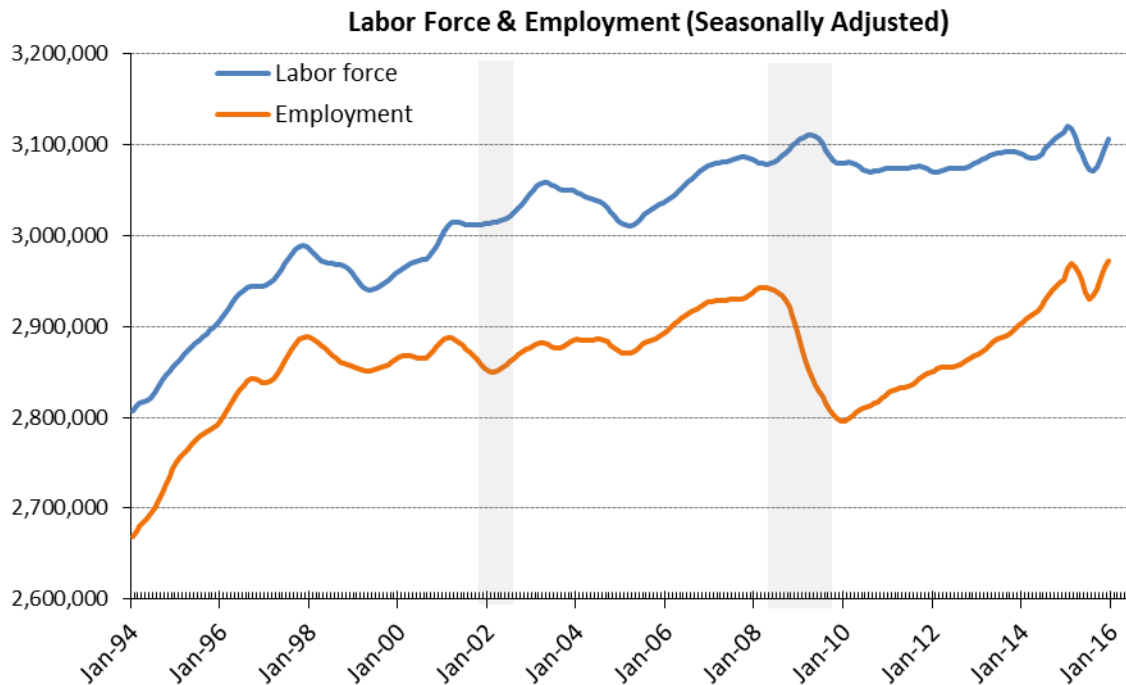
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency 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 Forest County Workforce Profile

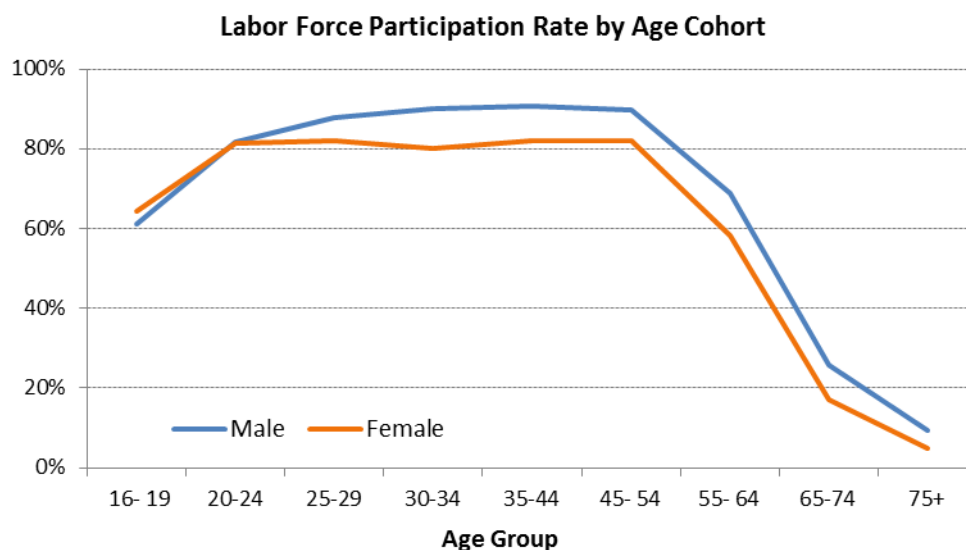
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

### Forest County's 10 Most Populous Municipalities

|                       | April 2010 Census | January 2015 Estimate | Numeric Change | Proportional Change |
|-----------------------|-------------------|-----------------------|----------------|---------------------|
| <b>United States</b>  | 308,400,408       | 320,289,069           | 11,888,661     | 3.9%                |
| <b>Wisconsin</b>      | 5,686,986         | 5,753,324             | 66,338         | 1.2%                |
| <b>Forest County</b>  | 9,304             | 9,287                 | -17            | -0.2%               |
| Crandon, City         | 1,920             | 1,866                 | -54            | -2.8%               |
| Laona, Town           | 1,212             | 1,205                 | -7             | -0.6%               |
| Wabeno, Town          | 1,166             | 1,177                 | 11             | 0.9%                |
| Nashville, Town       | 1,064             | 1,083                 | 19             | 1.8%                |
| Lincoln, Town         | 955               | 969                   | 14             | 1.5%                |
| Crandon, Town         | 650               | 653                   | 3              | 0.5%                |
| Argonne, Town         | 512               | 519                   | 7              | 1.4%                |
| Armstrong Creek, Town | 409               | 405                   | -4             | -1.0%               |
| Freedom, Town         | 345               | 349                   | 4              | 1.2%                |
| Blackwell, Town       | 332               | 321                   | -11            | -3.3%               |

Source: Demographic Services Center, Wisconsin Department of Administration

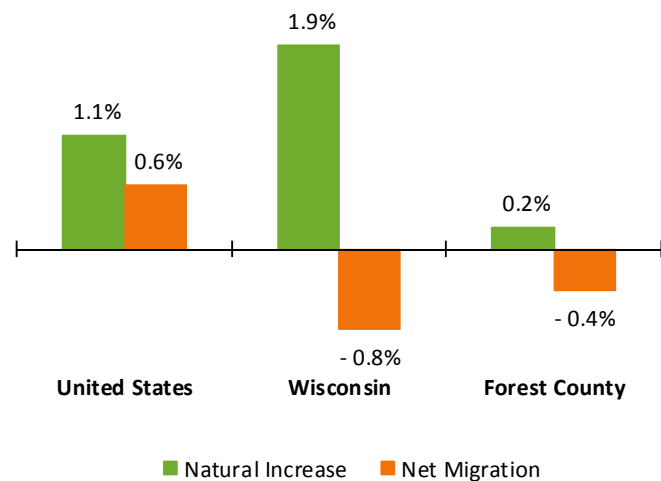
From the 2010 Census to early 2015, Forest County's estimated population decreased by seventeen residents. This population decrease contrasts with the growth in Wisconsin. However, Forest County and Wisconsin are similar in their components of change, natural population change and net migration.

Natural population change measures the difference between births and deaths in an area. The 0.2 percent increase in Forest County due to natural population change was less than the 1.9 percent increase in Wisconsin. Natural population change is particularly sensitive to age. The modest increase experienced in Forest County reflects its older population. While the median age in Wisconsin is 39.2 years, the median age in Forest County is 45.7 years.

Net migration measures the difference between residents moving into and residents moving out of an area. Forest County's net migration decrease of 0.4 percent was less than the 0.8 percent decrease in Wisconsin.

Over 92 percent of the population lives within Forest County's ten most populous municipalities. The city of Crandon experienced the largest numeric change over the first half of the decade with a decrease of fifty-four residents, a 2.8 percent decrease. The town of Blackwell experienced the greatest proportional change with a 3.3 percent decrease. The town of Nashville experienced the largest increase with a gain of nineteen residents.

Components of Population Change



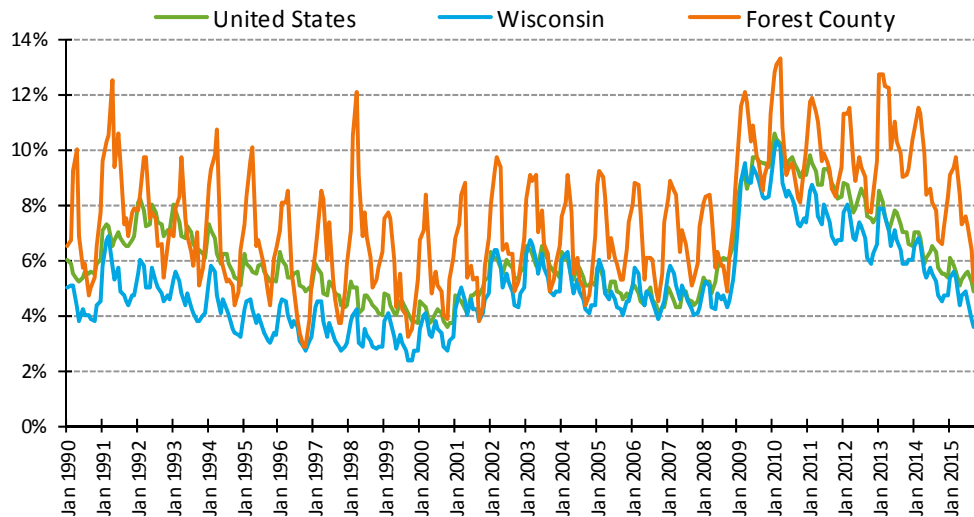
Source: Demographic Services Center, Wisconsin Department of Administration



## Labor Force Dynamics

In considering the full range of the data, Forest County's unemployment rate has generally been higher than the state and national unemployment rate. Although closer to the national rate in the 1990s, the unemployment rate in Forest County has been higher than both the state and nation more recently.

Unemployment Rates - Not Seasonally Adjusted

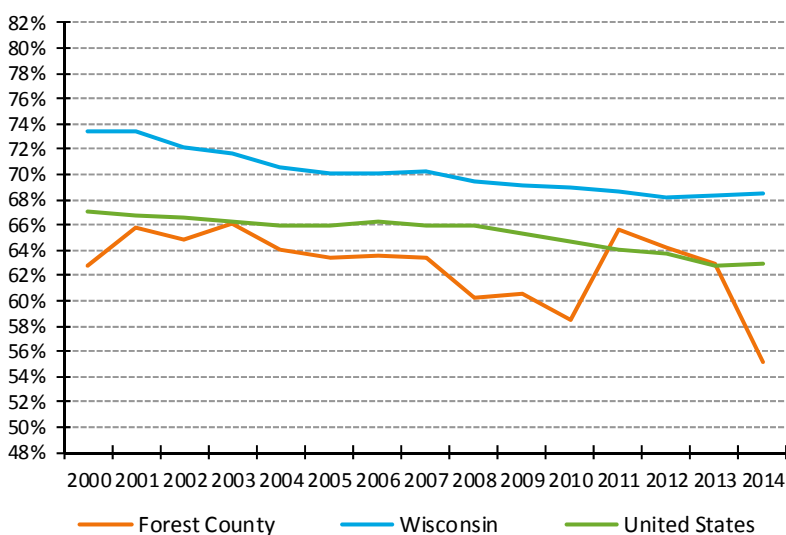


Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

Additionally, Forest County's unemployment rate experiences large fluctuations during the course of a year. For many counties within Wisconsin, higher levels of unemployment occur over the first months of the year. Weather-dependent industry sectors such as Construction, tourism-related sectors, and subsectors in Manufacturing such as food-processing and heating/air conditioning production experience decreases in employment during the first several months of the year. Seasonal fluctuations in Forest County's unemployment rate arise in part from the high portion of jobs within the Leisure & Hospitality and Construction sectors.

The Labor Force Participation Rate (LFPR) is the number of persons employed or unemployed, collectively

Labor Force Participation Rates



known as the labor force, divided by the number of persons age 16 and older. Forest County is estimated to have an LFPR of 55.2 percent in 2014; a rate significantly lower than the state rate of 68.5 percent and the national rate of 62.9 percent. Forest County's LFPR has trended downward since 2000.

As a population ages, the LFPR tends to decline. A greater portion of residents in retirement results in fewer residents participating in the labor force. The lower LFPR experienced in Forest County in part reflects its older population.

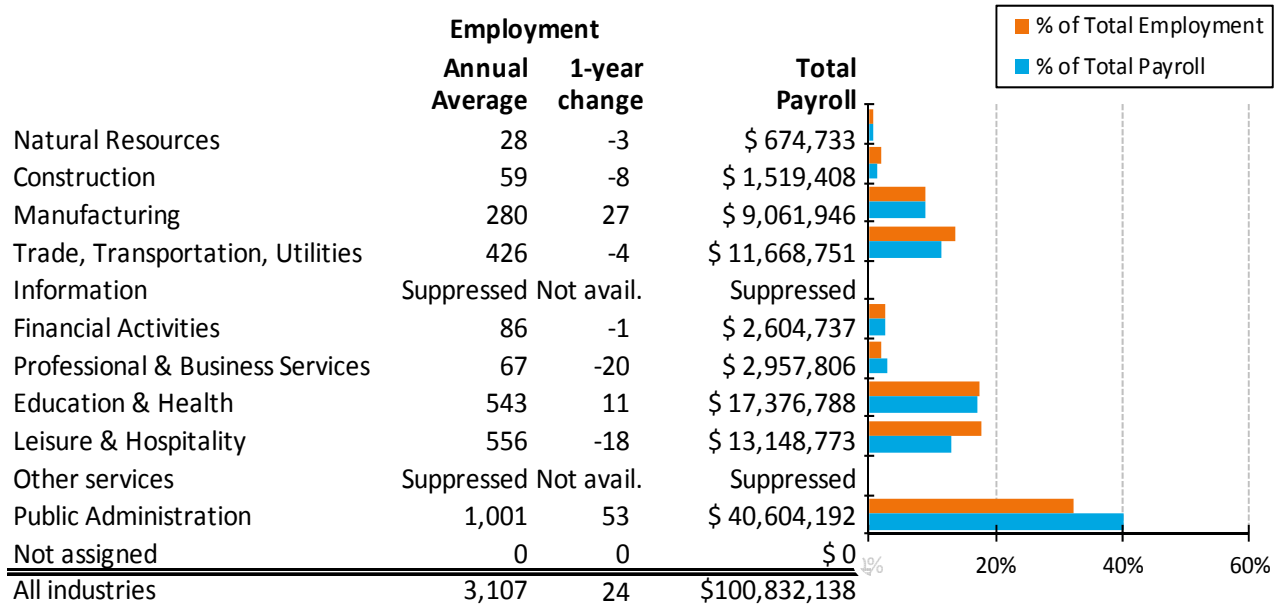
Source: Current Population Survey, U.S. Department of Commerce, Census Bureau





## Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Forest County



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2015

From the Quarterly Census of Employment and Wages (QCEW) program, trends in the industry sector composition of Forest County can be examined. While labor market information examines the employment status of Forest County residents, this information is based on establishments located within Forest County. Due to confidentiality disclosure concerns, data for all industry sectors may not be available.

The Public Administration, Leisure & Hospitality, and Education & Health Services sectors have the largest share of jobs in Forest County. Together, these sectors accounted for over 67 percent of jobs in 2014. The Public Administration sector had the largest increase from 2013 to 2014 with a gain of fifty-three workers. The Manufacturing sector had the largest proportional increase with a 10.7 percent increase in the number of jobs. However, most sectors have declined.

Average Annual Wage by Industry Division in 2014

|                                   | Wisconsin Average Annual Wage | Forest County Average Annual Wage | Percent of Wisconsin | 1-year % change |
|-----------------------------------|-------------------------------|-----------------------------------|----------------------|-----------------|
| All industries                    | \$ 43,856                     | \$ 32,453                         | 74.0%                | 4.2%            |
| Natural Resources                 | \$ 36,156                     | \$ 24,098                         | 66.7%                | -11.6%          |
| Construction                      | \$ 55,317                     | \$ 25,753                         | 46.6%                | 2.8%            |
| Manufacturing                     | \$ 54,365                     | \$ 32,364                         | 59.5%                | -1.5%           |
| Trade, Transportation & Utilities | \$ 37,362                     | \$ 27,391                         | 73.3%                | 4.6%            |
| Information                       | \$ 62,482                     | suppressed                        | Not avail.           | Not avail.      |
| Financial Activities              | \$ 61,884                     | \$ 30,288                         | 48.9%                | 5.6%            |
| Professional & Business Services  | \$ 52,386                     | \$ 44,146                         | 84.3%                | 9.4%            |
| Education & Health                | \$ 44,829                     | \$ 32,001                         | 71.4%                | -0.1%           |
| Leisure & Hospitality             | \$ 16,055                     | \$ 23,649                         | 147.3%               | 4.7%            |
| Other Services                    | \$ 25,847                     | Suppressed                        | Not avail.           | Not avail.      |
| Public Administration             | \$ 44,462                     | \$ 40,564                         | 91.2%                | 4.6%            |

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

While the average wage in Forest County is 36 percent lower than the state average, the average wage increased by 4.2 percent from 2013 to 2014. Wage growth was highest in the Professional & Business Services sector while average wages in the Natural Resources, Manufacturing, and Education & Health Services sectors declined.

## Employment Projections

### North Central Workforce Development Area Industry Projections, 2012-2022

Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas and Wood Counties

| Industry                                | 2012       | Projected  | Change (2012-2022) |         |
|---|------------|------------|--------------------|---------|
|   | Employment | Employment | Employment         | Percent |
| All Industries                          | 190,647    | 204,652    | 14,005             | 7%      |
| Natural Resources                       | 2,907      | 2,657      | -250               | -9%     |
| Construction                            | 5,925      | 7,006      | 1,081              | 18%     |
| Manufacturing                           | 30,819     | 31,263     | 444                | 1%      |
| Trade, Transportation, and Utilities    | 43,393     | 45,964     | 2,571              | 6%      |
| Information                             | 2,232      | 2,370      | 138                | 6%      |
| Financial Activities                    | 12,315     | 13,176     | 861                | 7%      |
| Professional and Business Services      | 9,860      | 11,654     | 1,794              | 18%     |
| Education and Health Services           | 35,891     | 40,945     | 5,054              | 14%     |
| Leisure and Hospitality                 | 18,269     | 19,693     | 1,424              | 8%      |
| Other Services                          | 6,122      | 6,447      | 325                | 5%      |
| Public Administration                   | 12,484     | 12,893     | 409                | 3%      |
| Self-Employed and Unpaid Family Workers | 10,430     | 10,584     | 154                | 1%      |

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

In addition to looking at the current state of the economy in Forest 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 Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas, and Wood. Together, these nine counties form the North Central Workforce Development Area.

These projections use information from the QCEW program, including unpublished data from the Bureau of Labor Statistics as well as data from the Current Population Survey from the Census Bureau. 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 over 57 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 sectors. Overall, there are 14,005 more jobs projected in 2022, a seven 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 16.2 percent to 15.3 percent. 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 5,054 additional jobs in 2022, a 14 percent gain from 2012. The largest proportional increases are projected in the Professional & Business Services and Construction sectors with an 18 percent increase in jobs for each. Most sectors are projected to gain jobs by 2022. One sector, Natural Resources, is expected to contract with a projected decrease of 250 jobs from 2012 to 2022, a nine percent decrease.



# 2015 Forest County Workforce Profile

## Employment Projections

### North Central Workforce Development Area Occupation Projections, 2012-2022

Adams, Forest, Langlade, Lincoln, Marathon, Oneida, Portage, Vilas and Wood 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                    | 190,647    | 204,652 | 14,005             | 7%      | 1,594                   | 4,424              | 6,018          | \$ 32,649.00       |
| Management                         | 8,273      | 8,874   | 601                | 7%      | 63                      | 167                | 230            | \$ 76,839.00       |
| Business and Financial             | 8,007      | 8,568   | 561                | 7%      | 61                      | 167                | 228            | \$ 50,519.00       |
| Computer and Mathematical          | 3,956      | 4,441   | 485                | 12%     | 50                      | 64                 | 114            | \$ 61,197.00       |
| Architecture and Engineering       | 2,309      | 2,409   | 100                | 4%      | 11                      | 55                 | 66             | \$ 59,012.00       |
| Life, Physical, and Social Science | 1,264      | 1,465   | 201                | 16%     | 21                      | 40                 | 61             | \$ 47,098.00       |
| Community and Social Service       | 1,880      | 1,954   | 74                 | 4%      | 8                       | 44                 | 52             | \$ 44,283.00       |
| Legal                              | 792        | 887     | 95                 | 12%     | 10                      | 13                 | 23             | \$ 53,887.00       |
| Education, Training, and Library   | 3,994      | 4,169   | 175                | 4%      | 20                      | 88                 | 108            | \$ 44,734.00       |
| Arts, Entertainment and Media      | 2,211      | 2,348   | 137                | 6%      | 18                      | 53                 | 71             | \$ 34,565.00       |
| Healthcare Practitioners           | 12,779     | 15,036  | 2,257              | 18%     | 226                     | 254                | 480            | \$ 58,750.00       |
| Healthcare Support                 | 6,667      | 7,575   | 908                | 14%     | 91                      | 127                | 218            | \$ 27,739.00       |
| Protective Service                 | 3,246      | 3,423   | 177                | 5%      | 18                      | 94                 | 112            | \$ 37,978.00       |
| Food Preparation and Serving       | 15,595     | 16,667  | 1,072              | 7%      | 109                     | 576                | 685            | \$ 18,507.00       |
| Building & Grounds Maintenance     | 6,057      | 6,856   | 799                | 13%     | 80                      | 122                | 202            | \$ 22,922.00       |
| Personal Care and Service          | 7,831      | 8,990   | 1,159              | 15%     | 116                     | 128                | 244            | \$ 21,536.00       |
| Sales and Related                  | 18,854     | 19,508  | 654                | 3%      | 78                      | 592                | 670            | \$ 22,627.00       |
| Office and Administrative Support  | 30,469     | 31,971  | 1,502              | 5%      | 191                     | 711                | 902            | \$ 29,930.00       |
| Farming, Fishing, and Forestry     | 2,536      | 2,224   | -312               | -12%    | 0                       | 48                 | 48             | \$ 23,063.00       |
| Construction and Extraction        | 7,544      | 8,603   | 1,059              | 14%     | 106                     | 125                | 231            | \$ 42,972.00       |
| Installation, Maintenance, Repair  | 8,349      | 8,737   | 388                | 5%      | 47                      | 184                | 231            | \$ 38,195.00       |
| Production                         | 21,302     | 21,788  | 486                | 2%      | 118                     | 421                | 539            | \$ 32,731.00       |
| Transportation & Material Moving   | 16,732     | 18,159  | 1,427              | 9%      | 152                     | 352                | 504            | \$ 32,390.00       |

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 30,469 jobs, 16 percent of total employment. Of the twenty-two occupation groups, the top five together accounted for 54 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 52.8 percent of jobs.

The share of total jobs by occupational group is projected to change little through 2022. However, the top three groups, Office & Administrative Support; Production; and Sales & Related, are projected to experience the largest decreases in share. The Healthcare Practitioners & Technical group is projected to have the largest gain in share, with a rise from 6.7 percent to 7.3 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 2,257 jobs by 2022, an 18 percent gain. The Life, Physical, & Social Science group is projected to experience the second largest proportional gain in jobs though, due to its small size, the anticipated numeric gain of 201 is modest. The Farming, Fishing, and Forestry occupation group is projected to experience a decrease of 312 jobs by 2022, a 12 percent decline. All other occupation groups are projected to add jobs.

## Personal Income

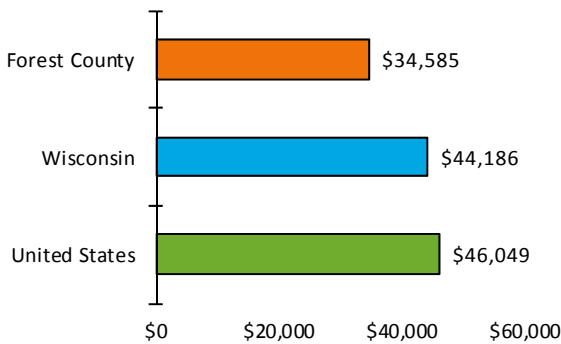
|               | 2004 Nominal<br>Per Capita<br>Personal Income | 2004 Per Capita<br>Personal Income in<br>2014 dollars | 2014 Per Capita<br>Personal Income | Nominal Change in<br>Per Capita<br>Personal Income<br>(2004 - 2014) | Inflation-adjusted<br>Change in Per Capita<br>Personal Income<br>(2004 - 2014) |
|---------------|---|---|------------------------------------|---|--|
| United States | \$34,316                                      | \$41,709  | \$46,049                           | 34.2%   | 10.4%  |
| Wisconsin     | \$33,350                                      | \$40,534  | \$44,186                           | 32.5%   | 9.0%   |
| Forest County | \$24,164                                      | \$29,370  | \$34,585                           | 43.1%   | 17.8%  |

Source: Bureau of Economic Analysis

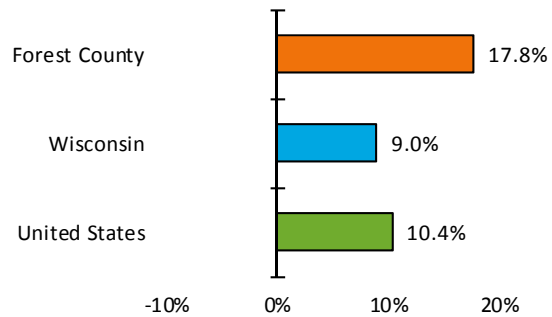
To compare economic well-being among different areas, one often uses Per Capita Personal Income (PCPI). PCPI is the Total Personal Income (TPI) of an area divided by its population. TPI is the sum of employment earnings, rental property income, personal dividend income, personal interest income, and personal current transfer receipts such as Social Security, Medicare/Medicaid, public assistance, veterans' benefits, Unemployment Insurance, and other government payments.

From 2004 to 2014, Forest County experienced a 17.8 percent gain in its inflation-adjusted PCPI. This gain

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

was higher than the 9.0 percent gain in the state and the 10.4 percent gain in the nation. However, although Forest County's PCPI experienced higher gains, its nominal value is below the state and nation. In 2014, the nominal PCPI of Forest County was \$34,585.

The share of income by its components in Forest County differs from the shares of income in the United States and Wisconsin. Typically, wage earnings are the most prominent source of income. While wage earnings are the largest source of income in Forest County, they are a much smaller share of income compared to the state. Wage earnings comprise 49.2 percent of income in Forest County compared to 65 percent in Wisconsin. Instead, 31.4 percent of income in Forest County comes from personal current transfer receipts compared to 17.3 percent in the state. This reflects the older population in Forest County.

**For More Information:**

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