

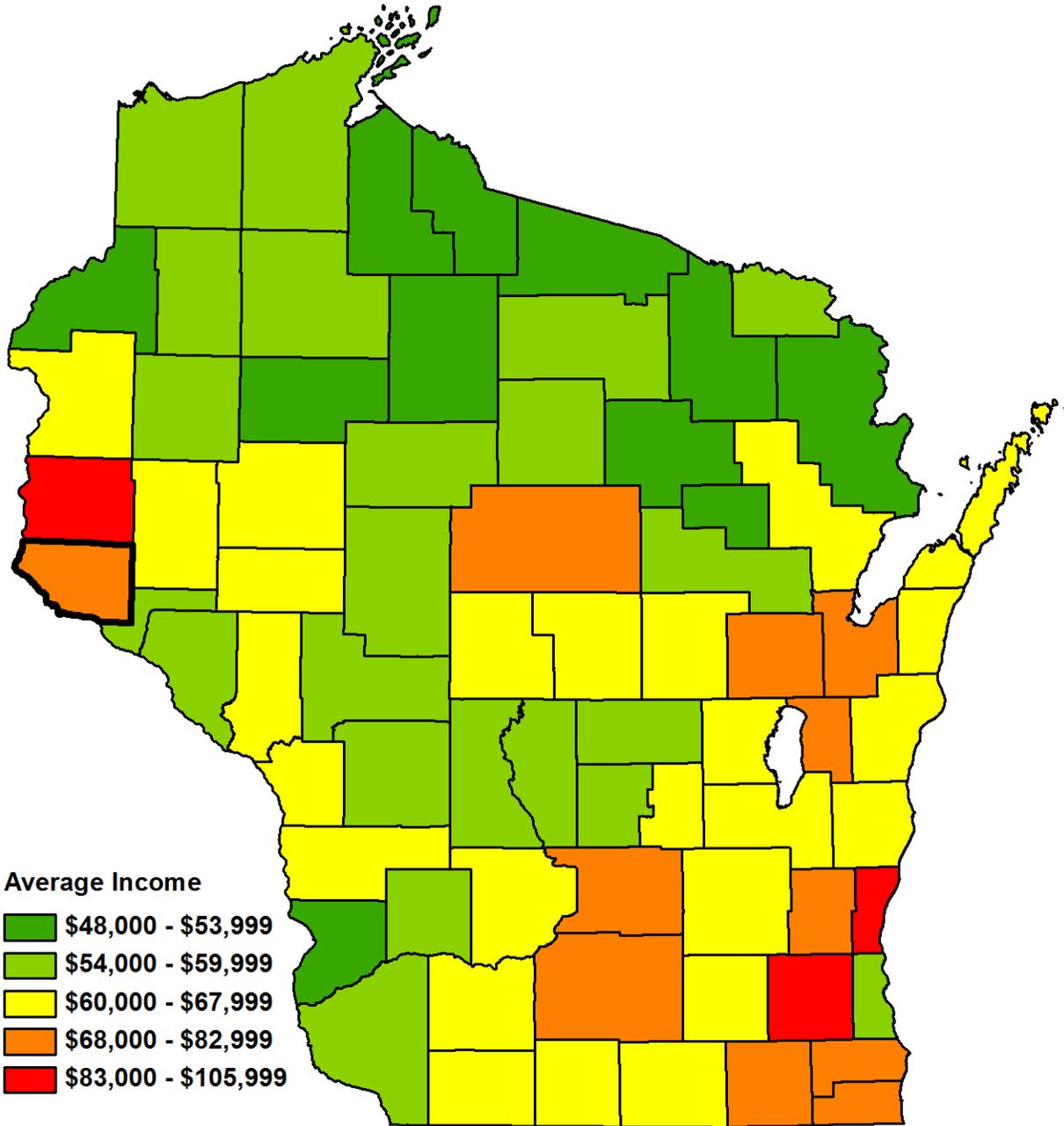


Pierce County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 Pierce 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.

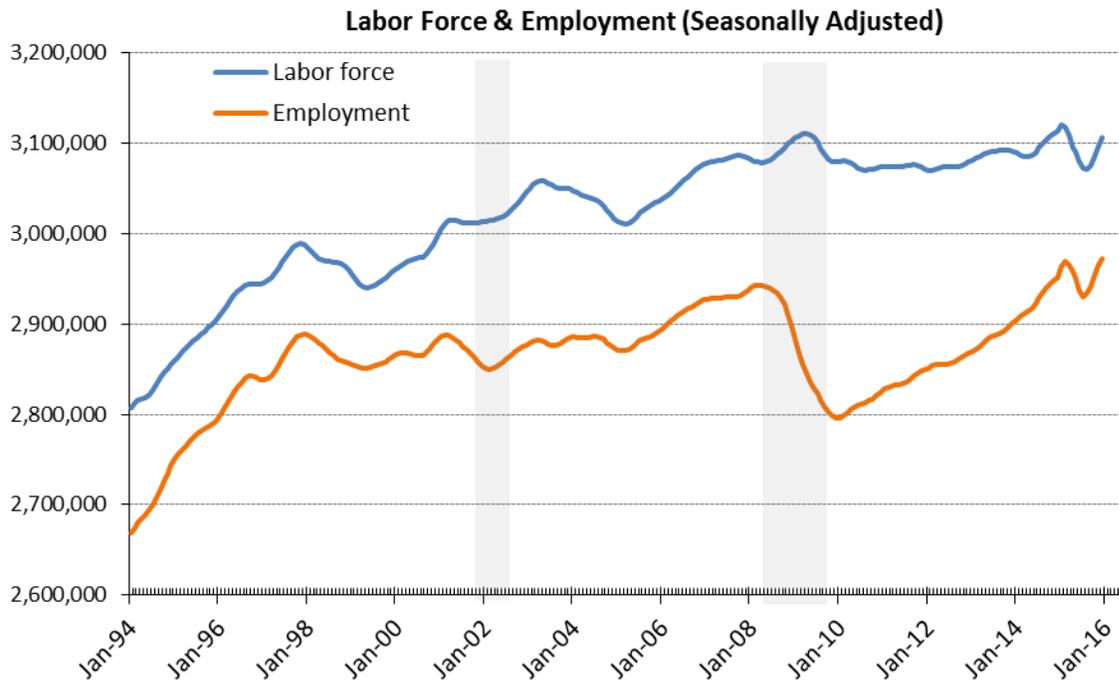
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

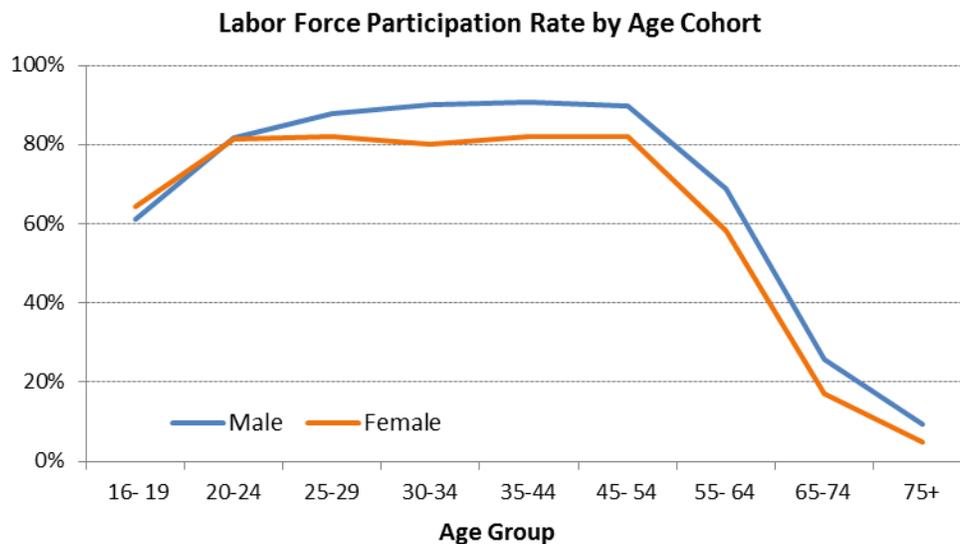
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

Pierce 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%
Pierce County	41,019	41,251	232	0.6%
River Falls, City *	11,851	11,906	55	0.5%
Prescott, City	4,258	4,262	4	0.1%
Ellsworth, Village	3,284	3,295	11	0.3%
River Falls, Town	2,271	2,295	24	1.1%
Oak Grove, Town	2,150	2,176	26	1.2%
Clifton, Town	2,012	2,033	21	1.0%
Trenton, Town	1,829	1,837	8	0.4%
Trimble, Town	1,679	1,674	-5	-0.3%
Spring Valley, Village *	1,346	1,358	12	0.9%
Martell, Town	1,185	1,188	3	0.3%

* Pierce County Portion Source: Demographic Services Center, Wisconsin Department of Administration

Pierce County added 232 residents from April 2010 to January 2015, growing at a rate of 0.6%, slower than the statewide growth rate of 1.2%. This ranks Pierce the 40th fastest growing among the state's 72 counties.

Net migration, which is defined as people moving into the county minus those leaving, was negative for the period studied, as it was in just over half of Wisconsin counties over the last five years. Population change due to net-migration was -1.5% from 2010 to 2015, larger than the drop in the statewide figure of -0.8%.

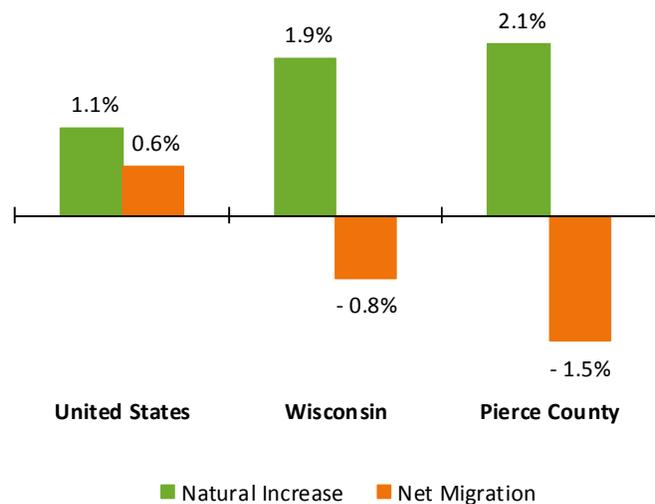
Growth due to natural increase (as seen on the graph below) was 2.1% in Pierce County, slightly higher than the statewide percentage gain. This highlights the low median age in the county. Pierce County's median age of 35.3 is ranked the 6th lowest in the state (ACS, 2010-2014).

Of the two sources of population growth, natural increase tends to be more stable. Birth and death patterns normally don't change quickly over time, while net migration can be more volatile. Previous county profiles tended to show the majority of growth due to net migration. That trend has since reversed, highlighting how quickly migration trends can change.

The City of River Falls, home to the University of Wisconsin-River Falls, is the largest population center in Pierce County. The city gained 55 residents from 2010 to 2015, growing at a rate of 0.5%

The municipalities that experienced the most growth tended to be near the Minnesota border, a continuation of a common trend. The flow of migrant Minnesotans spreads east from the Twin Cities with workers accepting ever longer commutes to achieve their desired lifestyle,

Components of Population Change



Source: Demographic Services Center, Wisconsin Department of Administration



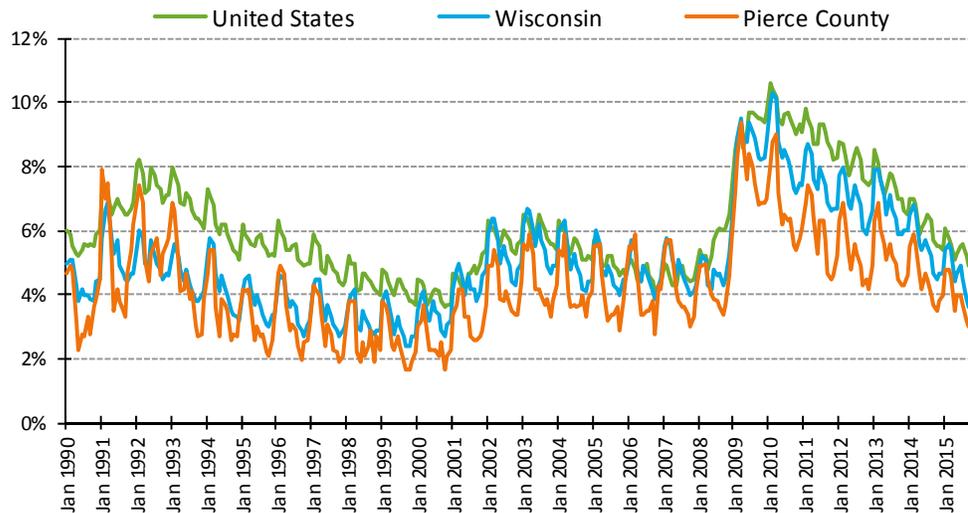
Labor Force Dynamics

as well as near River Falls.

The graph to the upper right displays Pierce County's monthly unemployment rate over the last 25 years comparing it to the state and nation. Pierce County's rate of 3.0% is fairly low historically speaking, although not as low as during the booming economy of the late 1990s as seen above.

While an improved economy is partially responsible for today's low unemployment rates, the trend of slow labor force growth due to baby boomers leaving the labor force also impacts the rates.

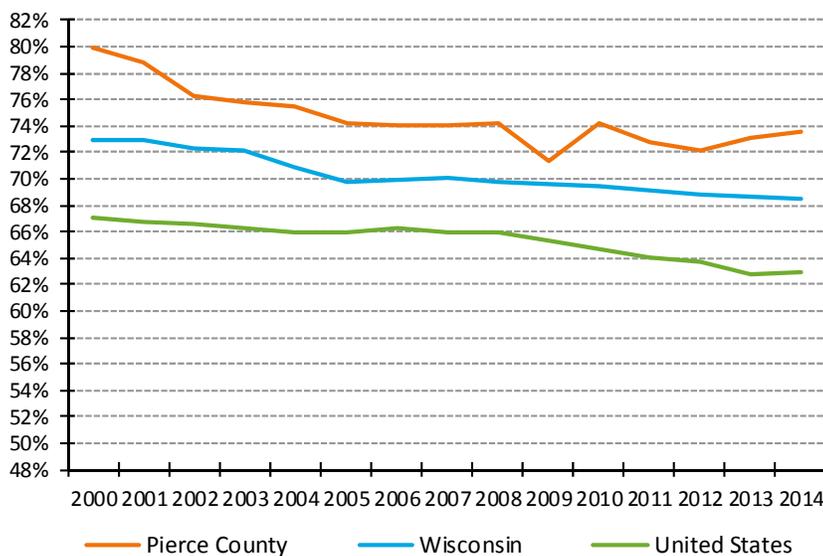
Unemployment Rates - Not Seasonally Adjusted



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

The graph below is the fourteen-year trend in labor force participation rate (LFPR). LFPR is defined as the labor force (sum of employed and unemployed) divided by total population ages 16 and older. Pierce County's annual average LFPR was 73.6% in 2014, higher than the national (62.9%) average and the statewide (68.5%) average. In Pierce's case this is largely a reflection of its younger population, highly engaged in the labor force, but also a large student population, which participates at a lower rate.

Labor Force Participation Rates



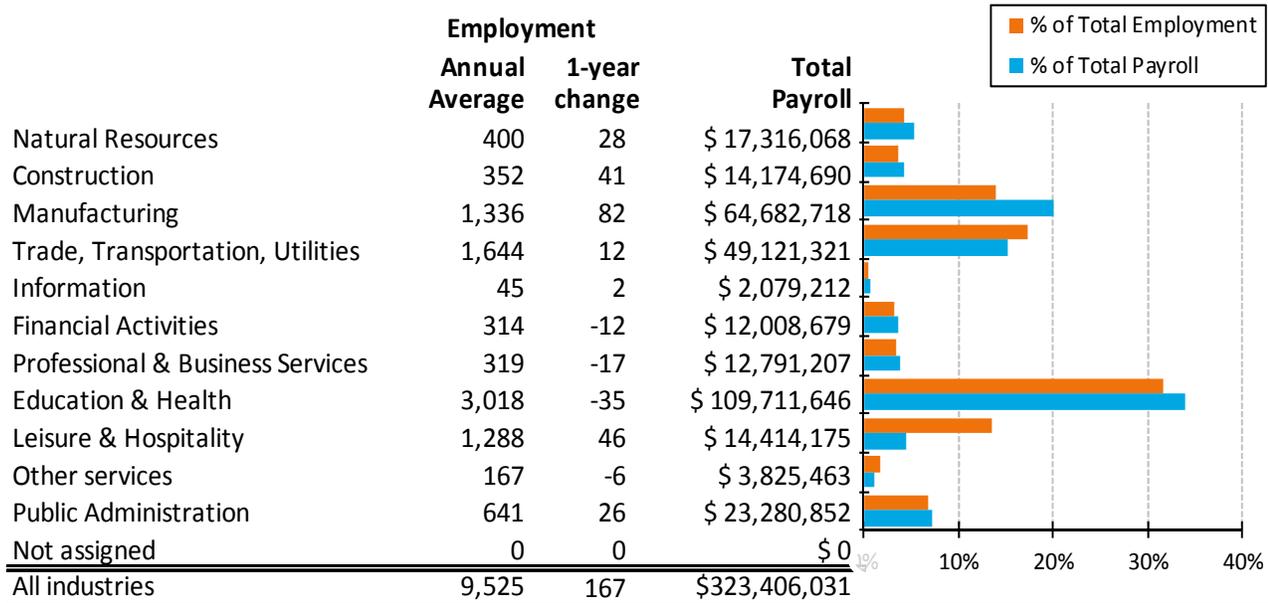
Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

LFPR over the last decade shows an overall downward trend, as the population skews older. Some of the baby boomer generation has already reached retirement age, and participation rates reflect this shift. Pierce's LFPR was one of the highest in the state, ranked 3rd highest. While Pierce's young median age and high LFPR may blunt some of the impact that retiring baby boomers will have on the area's labor force, it's important to remember that many of those younger workers are already employed in the Twin Cities. While it may be possible to lure some commuters away to work in Pierce, where they already live, with the promise of a shorter commute, many may not be



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Pierce County



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

available to Pierce County employers. However, this is still a better situation than many Wisconsin counties face; it tends to be easier to get people already living in a county to work there, rather than luring residents of other counties or states to work there. Also, it's important to remember that many of the younger workers are post-secondary students. During school they're likely working in lower skill level jobs, and many leave after graduating. However, having a pool of possible workers available after graduation, if the county has the higher-skill jobs to absorb them, is a much better situation than many counties around the state will experience. Employers will need to convince recent graduates to stay in Pierce County, often an easier prospect for an area than luring in workers from elsewhere.

Pierce County saw job growth of roughly 1.8% (167 jobs) from 2013 to 2014, ranking it 18th among the state's 72 counties, by percent change. The longer term five-year growth from 2009 was slightly slower, at 1.4%, it ranked Pierce 46th in terms

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Pierce County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 33,953	77.4%	3.9%
Natural Resources	\$ 36,156	\$ 43,290	119.7%	2.7%
Construction	\$ 55,317	\$ 40,269	72.8%	5.8%
Manufacturing	\$ 54,365	\$ 48,415	89.1%	6.5%
Trade, Transportation & Utilities	\$ 37,362	\$ 29,879	80.0%	3.9%
Information	\$ 62,482	\$ 46,205	73.9%	1.3%
Financial Activities	\$ 61,884	\$ 38,244	61.8%	-0.3%
Professional & Business Services	\$ 52,386	\$ 40,098	76.5%	6.3%
Education & Health	\$ 44,829	\$ 36,352	81.1%	2.4%
Leisure & Hospitality	\$ 16,055	\$ 11,191	69.7%	7.0%
Other Services	\$ 25,847	\$ 22,907	88.6%	2.4%
Public Administration	\$ 44,462	\$ 36,320	81.7%	1.6%

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

of job growth percentages in the state. Wages grew by 5.7% (vs. the statewide average of 3.8%), with Pierce's all industry wage at 77.4% of the statewide level, down a couple percent points since last county profile. Pierce's all industry wage was \$33,953, up 3.9%, which ranked it 26th fastest in Wisconsin by percent change.

Education and health services, by far the largest industry super-sector of employment listed in Pierce County, lost 35 jobs from

Employment Projections

West Central Workforce Development Area Industry Projections, 2012-2022
 Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix Counties

Industry	2012	Projected	Change (2012-2022)	
	Employment	2022 Employment	Employment	Percent
All Industries	179,507	197,498	17,991	10%
Natural Resources	2,217	2,082	-135	-6%
Construction	6,251	7,672	1,421	23%
Manufacturing	31,604	31,062	-542	-2%
Trade, Transportation, and Utilities	36,849	39,788	2,939	8%
Information	1,730	1,697	-33	-2%
Financial Activities	7,060	7,668	608	9%
Professional and Business Services	15,691	19,602	3,911	25%
Education and Health Services	33,232	39,322	6,090	18%
Leisure and Hospitality	18,240	20,248	2,008	11%
Other Services	4,779	5,301	522	11%
Public Administration	12,122	12,750	628	5%
Self-Employed and Unpaid Family Workers	9,732	10,306	574	6%

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

2013 to 2014. Wages in education and health are 81.1% of the statewide average; the healthcare industry in smaller rural counties tend to have lower concentrations of highly paid specialists, a factor that normally lowers average healthcare wages outside of more urban areas. Wages in the education sector were much closer to the statewide average, probably due to the presence of UW-River Falls.

Manufacturing is the third largest super-sector of employment in Pierce County, though it is actually the second-largest in terms of total payroll, due to relatively high average wages. Manufacturing gained 82 jobs from 2013 to 2014, with the largest job growth in computer and electronic product manufacturing and in food manufacturing. Wages in this super-sector are about 89% of the statewide average, and up a couple percent points from last profile.

While studying past trends is useful, DWD also produces projections of industry and occupation employment into the future. The data presented on this page and the next has is produced every two years, following Bureau of Labor Statistics methodology. The current ten-year forecast examines employment over the period between 2012 and 2022 and has been published at both the state and Workforce Development Area level. The industry and occupational employment projections in this profile are for the nine-county West Central Wisconsin Workforce Development Area. This region includes more than just the area directly impacted by the Pierce County regional economy. Employment in Pierce County accounts for about 5% of employment in the region. However, employment and economic dynamics are similar enough within all parts of the region to comment on general trends.

Employment across all industries is expected to grow by 10% over the ten year period, or almost 18,000 workers. This projection only forecasts levels of filled positions rather than potential demand. This further illustrates the issues associated with the aging population—while growth in the labor force is slowing, and in some counties even declining, job growth is expected to continue. So while businesses are already having difficulty filling the job openings vacated by retirees, increasing difficulty will be felt filling new openings as well. This could even constrain job growth, if openings businesses already have can't be filled, businesses may not find enough employees to fill newly created positions, even if enough demand in the market exists to expand.

Solutions to this issue will be different for each business, but will likely include a combination of possibilities like talent pipeline development (examples include the Wisconsin Fast Forward training grants, and business alliances aimed at marketing



2015 Pierce County Workforce Profile

Employment Projections

West Central Workforce Development Area Occupation Projections, 2012-2022

Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Pierce, Polk, and St. Croix Counties

Occupation Group	Employment				Average Annual Openings			Median Annual Wage
	2012	2022	Change (2012-2022)		Due to Growth	Due to Replacement	Total Openings	
All Occupations	179,507	197,498	17,991	10%	1,923	4,243	6,166	\$ 31,988
Management	7,640	8,451	811	11%	82	153	235	\$ 80,633
Business and Financial	5,611	6,233	622	11%	63	115	178	\$ 52,258
Computer and Mathematical	2,143	2,488	345	16%	34	36	70	\$ 58,701
Architecture and Engineering	3,150	3,307	157	5%	20	75	95	\$ 61,622
Life, Physical, and Social Science	863	953	90	10%	9	27	36	\$ 47,598
Community and Social Service	1,815	2,012	197	11%	20	42	62	\$ 44,525
Legal	752	913	161	21%	16	12	28	\$ 51,849
Education, Training, and Library	4,751	5,149	398	8%	40	106	146	\$ 45,573
Arts, Entertainment and Media	1,854	2,029	175	9%	20	46	66	\$ 32,900
Healthcare Practitioners	11,497	13,855	2,358	21%	236	232	468	\$ 56,984
Healthcare Support	5,919	6,771	852	14%	85	112	197	\$ 28,445
Protective Service	2,972	3,234	262	9%	26	93	119	\$ 36,477
Food Preparation and Serving	16,711	18,441	1,730	10%	173	620	793	\$ 18,343
Building & Grounds Maintenance	5,150	5,935	785	15%	78	105	183	\$ 25,637
Personal Care and Service	10,146	12,334	2,188	22%	221	161	382	\$ 21,692
Sales and Related	19,083	20,368	1,285	7%	130	593	723	\$ 22,657
Office and Administrative Support	25,723	27,883	2,160	8%	244	599	843	\$ 30,509
Farming, Fishing, and Forestry	1,557	1,470	-87	-6%	1	38	39	\$ 25,373
Construction and Extraction	6,398	7,544	1,146	18%	115	106	221	\$ 43,024
Installation, Maintenance, Repair	7,805	8,427	622	8%	66	180	246	\$ 39,729
Production	24,010	24,280	270	1%	91	486	577	\$ 31,688
Transportation & Material Moving	13,957	15,421	1,464	10%	151	304	455	\$ 29,346

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

specific careers), increased focus on talent attraction and retention, engaging under-utilized workforces (like those with barriers to workforce entry), increased automation, and retaining retirees in non-conventional work arrangements

The most significant numerical growth is expected in Education and Health Services (6,090, 18% growth rate), and Professional and Business Services (3,911, 25% growth rate). Another super-sector with strong anticipated growth is the Construction sector (23%).

While industry projections have their uses, a more functional approach is projected occupational growth. An examination of projected occupational employment growth reveals a possible explanation for the moderate growth rates anticipated in a number of the region's largest industry sectors. We first see that the most significant occupational growth can be observed in a number of occupational categories largely concentrated in the Health Services sector, including Healthcare Practitioners, Healthcare Support, and Personal Care and Services workers. Significant growth is also anticipated in many other occupational sectors, supporting the narrative of long-range stability in many of the region's largest industries. The other trend that is also illustrated is that of labor constraints as openings created due to replacement needs outnumber those generated by new growth by a factor of two-to-one in the region. This suggests that there will be increased importance placed on the availability and skill sets of young workers entering the region's workforce. It's vitally important to realize that slow growth or declines in employment don't-necessarily reflect on the health of those industries. Employment declines may be due to factors such as increased automation and productivity. There will be many openings simply due to retirements!

Personal Income

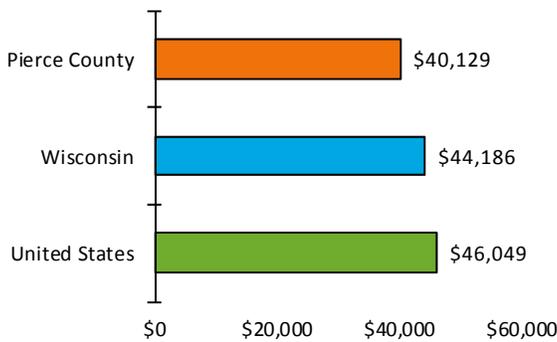
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	\$34,316	\$41,709	\$46,049	34.2%	10.4%
Wisconsin	\$33,350	\$40,534	\$44,186	32.5%	9.0%
Pierce County	\$29,610	\$35,989	\$40,129	35.5%	11.5%

Source: Bureau of Economic Analysis

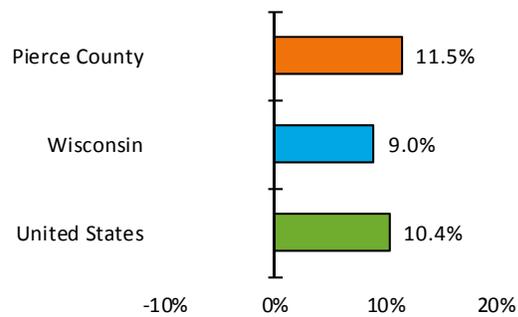
Pierce County's inflation adjusted (real) per capita personal income grew by 11.5% from 2004 to 2014, faster than both the statewide and national averages. Per capita personal income (PCPI) is derived by dividing total personal income by total population, making comparisons among areas with different populations much more useful. The recession affected incomes throughout the nation, and Wisconsin felt the effects as well. Slow growth and even losses in real income persisted throughout the 2007-2009 recession, and for some time after, though we are seeing growth in most counties again.

In 2014, the PCPI of \$40,129 in Pierce County was about 91% of Wisconsin's PCPI, rising against the statewide average in recent years. Pierce's PCPI ranked 38th among Wisconsin's 72 counties.

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

Though Pierce County is technically part of the Minneapolis - St. Paul Metropolitan Area, most of the county is rural. Large metropolitan areas, not rural areas, will always attract the higher-paying occupations found in large corporate offices, specialized medical and educational facilities, and financial institutions. In addition, the University of Wisconsin-River Falls being located in the county impacts the PCPI as well. Of the students who 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 in a county like Pierce, where the students will make up a higher proportion of the population than they would in some of the state's more populous urban counties.

Pierce County's PCPI is slightly higher than the PCPI for the non-metropolitan counties in the state, a more reasonable comparison than to the statewide average, which is heavily influenced by higher wages paid in metro areas.

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