

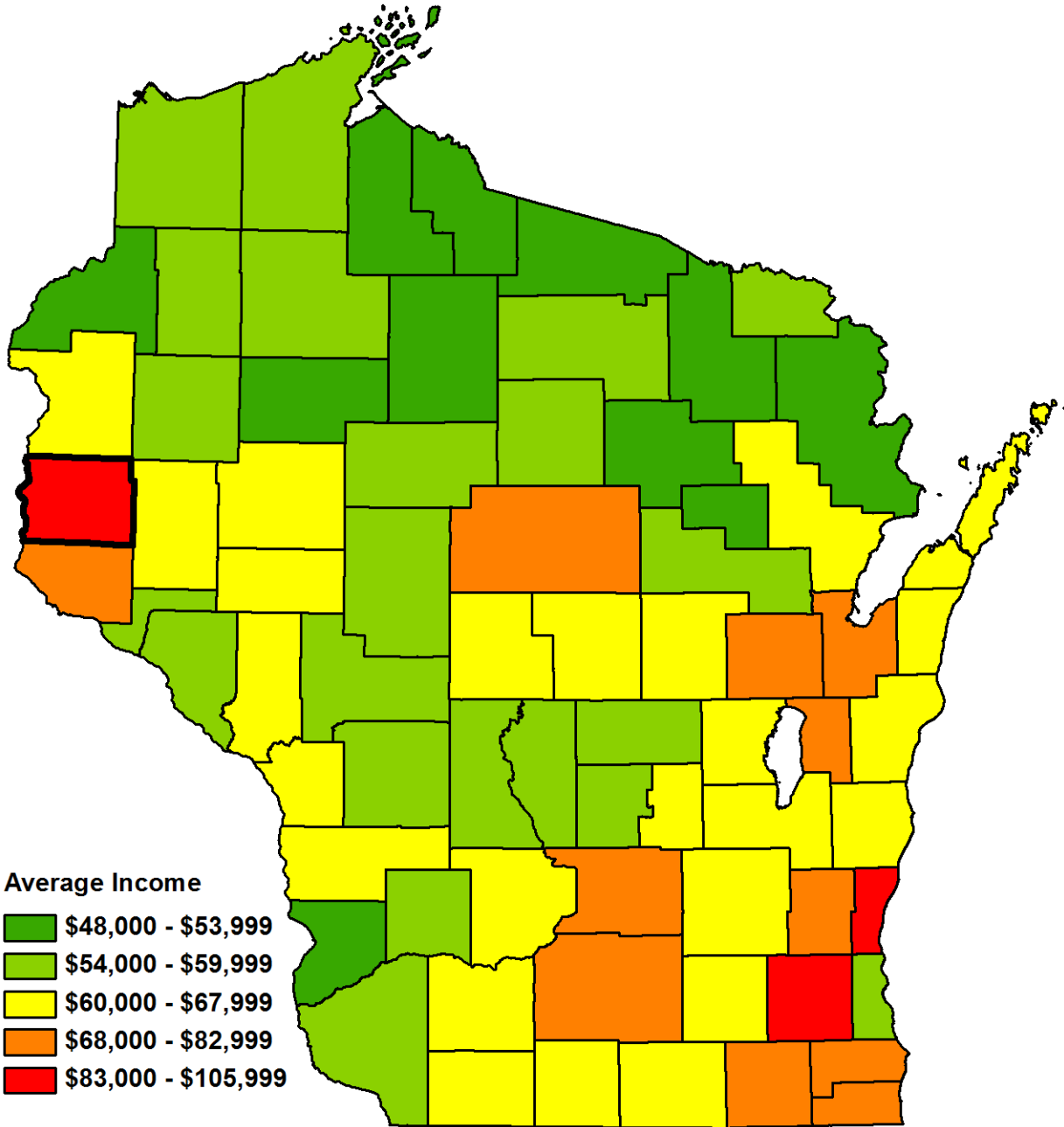


St. Croix County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 St. Croix 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.

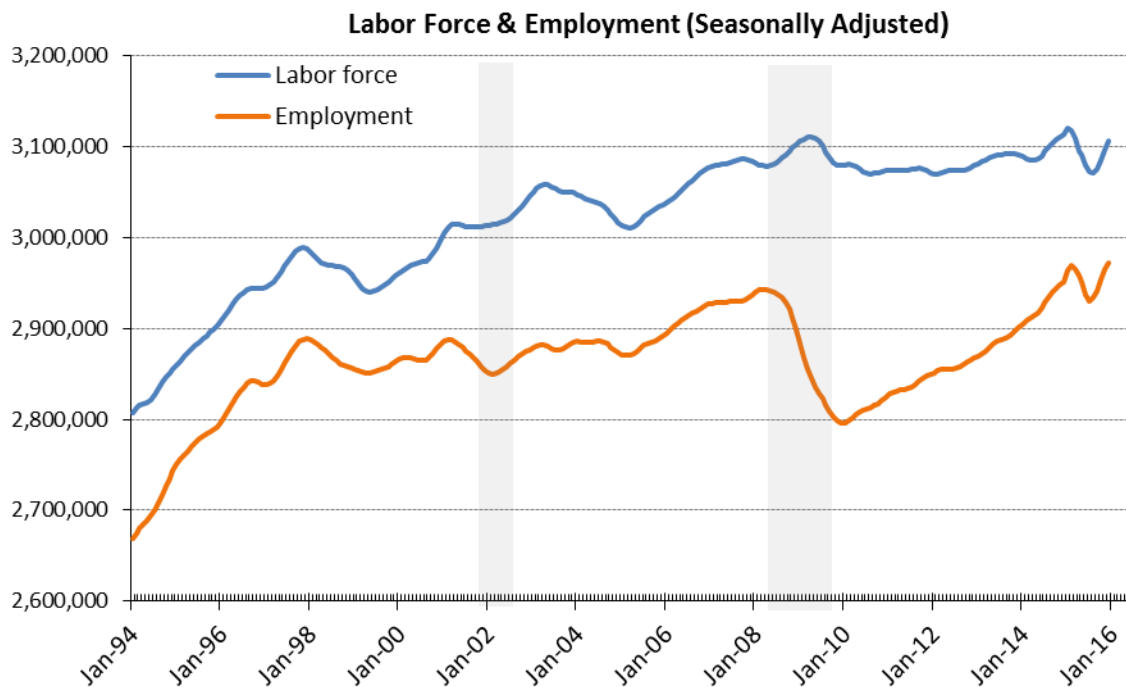
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency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

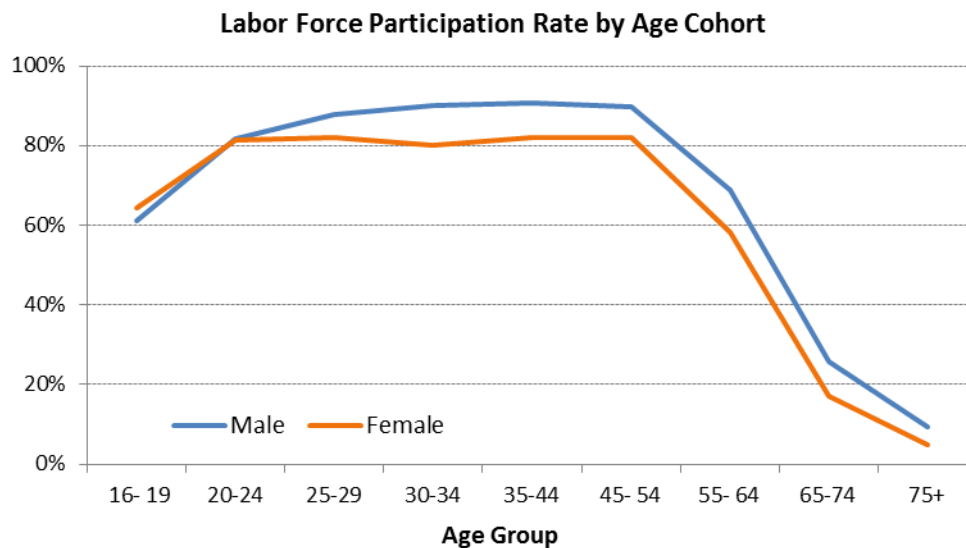
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

St. Croix 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%
St. Croix County	84,345	86,169	1,824	2.2%
Hudson, City	12,719	13,400	681	5.4%
New Richmond, City	8,375	8,715	340	4.1%
Hudson, Town	8,461	8,571	110	1.3%
Troy, Town	4,705	4,948	243	5.2%
Somerset, Town	4,036	4,120	84	2.1%
Baldwin, Village	3,957	3,964	7	0.2%
St. Joseph, Town	3,842	3,883	41	1.1%
North Hudson, Village	3,768	3,765	-3	-0.1%
Star Prairie, Town	3,504	3,524	20	0.6%
Richmond, Town	3,272	3,397	125	3.8%

Source: Demographic Services Center, Wisconsin Department of Administration

St. Croix County added 1,824 residents from April 2010 to January 2015, growing at a rate of 2.2%, much faster than the statewide growth rate of 1.2%. This ranks St. Croix the 7th fastest growing among the state's 72 counties.

Net migration, which is defined as people moving into the county minus those leaving, was actually negative for the period studied, as it was in just over half of Wisconsin counties over the last five years, although this is a very recent shift for St. Croix. Population change due to net-migration was -1.1% from 2010 to 2015, higher than the drop in the statewide figure of -0.8%.

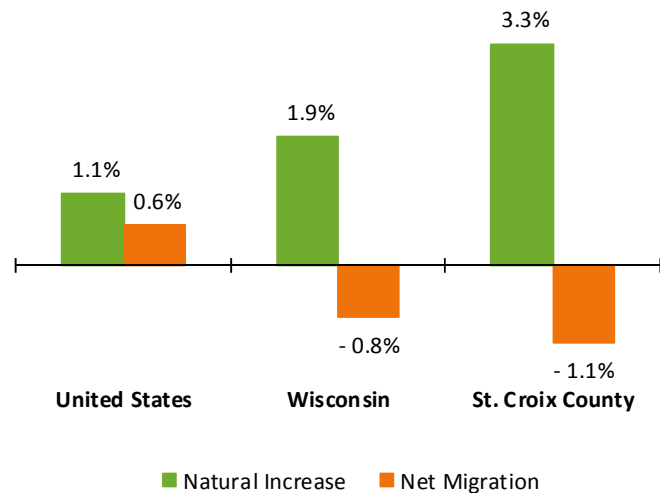
Growth due to natural increase (as seen on the graph below) was 3.3% in St. Croix County, much higher than the statewide percent gain. This highlights the low median age in the county. St. Croix County's median age of 37.4 is ranked the 13th lowest in the state (ACS, 2010-2014).

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 Hudson is the largest population center in St. Croix County, with 13,400 residents. Hudson's population grew by about 5.4% from 2010 to 2015, the fastest growth in the county, in no small part because of its location just across the bridge from the Twin Cities.

Other border townships that haven't reached the level of development of Hudson are also growing rapidly, like the

Components of Population Change



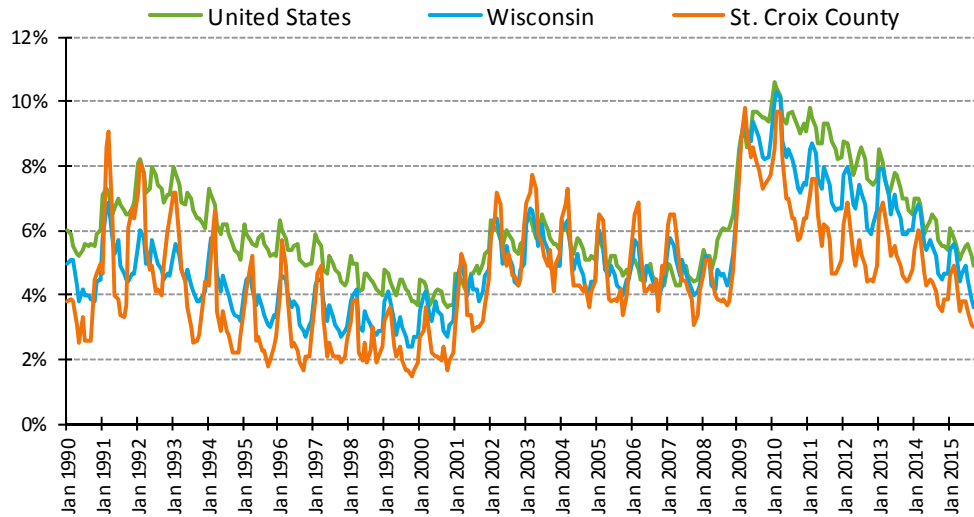
Source: Demographic Services Center, Wisconsin Department of Administration



Labor Force Dynamics

towns of Troy and Somerset. Even the City of New Richmond and Town of Richmond, somewhat removed from the border, grew quickly as people moving in to the county settled further eastward. Commuting drives the county's growth as workers deal with ever longer drive times to achieve their desired lifestyle, raising their families in St. Croix.

Unemployment Rates - Not Seasonally Adjusted



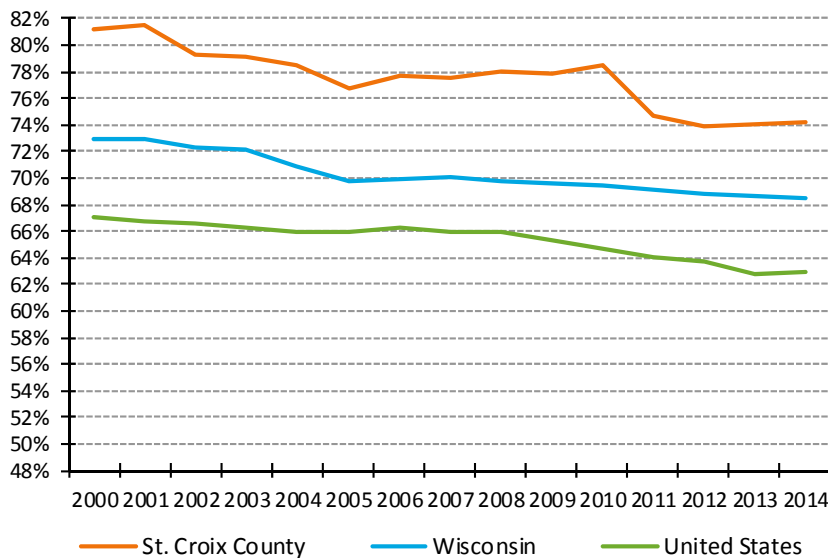
Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

The graph to the upper right displays St. Croix County's monthly unem-

ployment rate over the last 25 years comparing it to the state and nation. St. Croix's rate of 3.1% 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.

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. St. Croix County's annual average LFPR was 74.2% in 2014, higher than the national (62.9%) average and the statewide (68.5%) average. In St. Croix's case this is large-

Labor Force Participation Rates



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

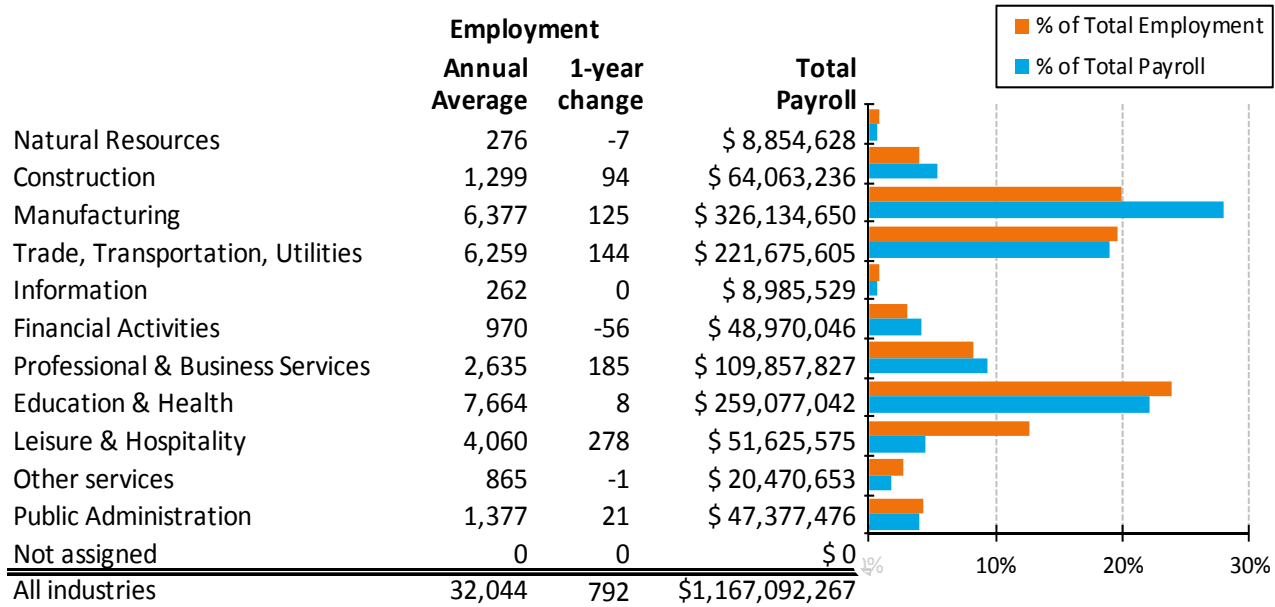
ly a reflection of its younger population, highly engaged in the labor force.

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. St. Croix's LFPR was one of the highest in the state, ranked 2nd highest. While St. Croix'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 commut-



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in St. Croix County



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

ers away to work in St. Croix, where they already live, with the promise of a shorter commute, many may not be available to St. Croix 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.

St. Croix County saw job growth of roughly 2.5% (792 jobs), ranking it 10th among the state's 72 counties, by percent change. The longer term five-year growth from 2009 was even faster, at 16.5%, it ranked St. Croix the fastest in terms of job growth percentages in the state! Wages grew by 6.4% (vs. the statewide average of 3.8%), with St. Croix's all industry wage at 83% of the statewide level, up a couple percent points since last county profile. St. Croix's all industry wage was \$36,422, up 3.8%, which ranked it 28th fastest in Wisconsin by percent change.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	St. Croix County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 36,422	83.0%	3.8%
Natural Resources	\$ 36,156	\$ 32,082	88.7%	7.4%
Construction	\$ 55,317	\$ 49,317	89.2%	2.4%
Manufacturing	\$ 54,365	\$ 51,142	94.1%	8.9%
Trade, Transportation & Utilities	\$ 37,362	\$ 35,417	94.8%	5.2%
Information	\$ 62,482	\$ 34,296	54.9%	-8.0%
Financial Activities	\$ 61,884	\$ 50,485	81.6%	-3.6%
Professional & Business Services	\$ 52,386	\$ 41,692	79.6%	-1.7%
Education & Health	\$ 44,829	\$ 33,804	75.4%	2.9%
Leisure & Hospitality	\$ 16,055	\$ 12,716	79.2%	2.7%
Other Services	\$ 25,847	\$ 23,665	91.6%	6.8%
Public Administration	\$ 44,462	\$ 34,406	77.4%	2.3%

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

Education and health services, the largest industry super-sector of employment listed in St. Croix County, grew very little from 2013 to 2014. While manufacturing has traditionally been the largest super-sector in the county, education and health overtook it in 2009. Wages in education and health services are only about 75.4% of the statewide average, although rising slowly against the average. Clinics in smaller rural counties tend to have lower concentrations of highly paid specialists, a factor

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.

that normally lowers average healthcare wages outside of more urban areas.

Manufacturing is the second largest super-sector of employment in St. Croix County, though it is actually the largest in terms of total payroll, due to relatively high average wages. In fact, manufacturing has the highest industry average wage in the county. Manufacturing added 125 jobs from 2013 to 2014, continuing its post-recession growth trend. Most manufacturing sub-sectors added jobs, although plastics and rubber products manufacturing (51 jobs) and machinery manufacturing (108 jobs) accounted for much of the growth, and together make up almost half the manufacturing jobs in the county. Fabricated metal manufacturing, another large sub-sector in St. Croix, lost 30 jobs.

Trade, transportation and utilities, the third largest industry super-sector by total employment gained 144 jobs from 2013 to 2014, while leisure and hospitality gained 278. This highlights the Hudson area’s status as a shopping hub, and the overall county’s recreational opportunities, as well as the relatively high disposable income of St Croix residents.

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 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 St. Croix County regional economy. Employment in St. Croix County accounts for about 17% 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.

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

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 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 to name a few.

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

Personal Income

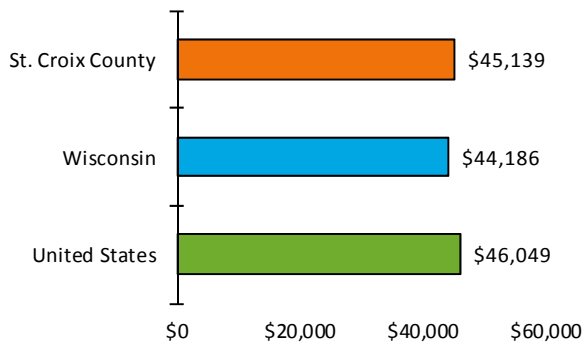
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	\$34,316	\$41,709	\$46,049	34.2%	10.4%
Wisconsin	\$33,350	\$40,534	\$44,186	32.5%	9.0%
St. Croix County	\$34,773	\$42,264	\$45,139	29.8%	6.8%

Source: Bureau of Economic Analysis

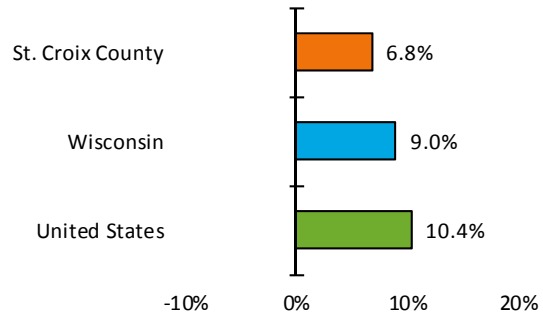
the availability and skill sets of young workers entering the region’s workforce. It’s vitally important to realize that slow growth or declines in employment don’t-necessarily reflect on the health of those industries. Employment declines may be due to factors such as increased automation and productivity. There will be many openings simply due to retirements!

St. Croix County’s inflation adjusted (real) per capita personal income grew by 6.8% from 2004 to 2014, slower 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

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

throughout the 2007-2009 recession, and for some time after, though we are seeing growth in most counties again.

In 2014, the PCPI of \$45,139 in St. Croix County was about 2% higher than Wisconsin’s PCPI, rising slowly against the statewide average in recent years. St. Croix’s PCPI ranked 9th among Wisconsin’s 72 counties.

St. Croix is technically part of the Minneapolis - St. Paul Metropolitan Area, though much of the county is still rural. Despite its mostly rural nature, St. Croix manages to beat the statewide average PCPI, and almost match the average for Wisconsin metropolitan areas. The high wages paid by employers in the Twin Cities is clearly the largest factor in St. Croix’s high PCPI, reflected in both the net earnings component of total personal income, as well as the adjustment for residency, which shows a large inflow of income streaming across the state border.

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