

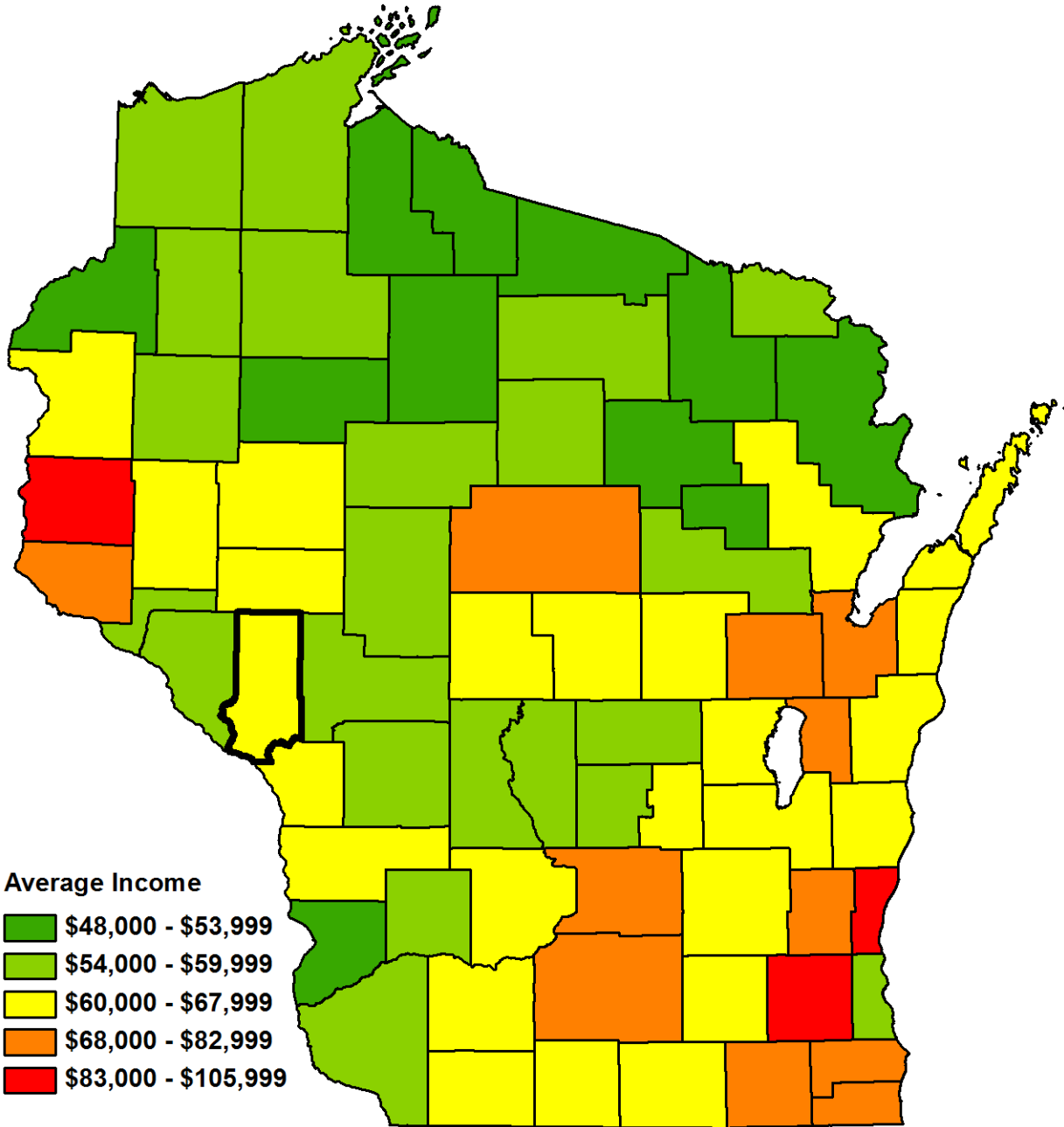


Trempealeau County

WORKFORCE & ECONOMIC 2015 PROFILE



Average Household Income By County



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

2015 Trempealeau 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.

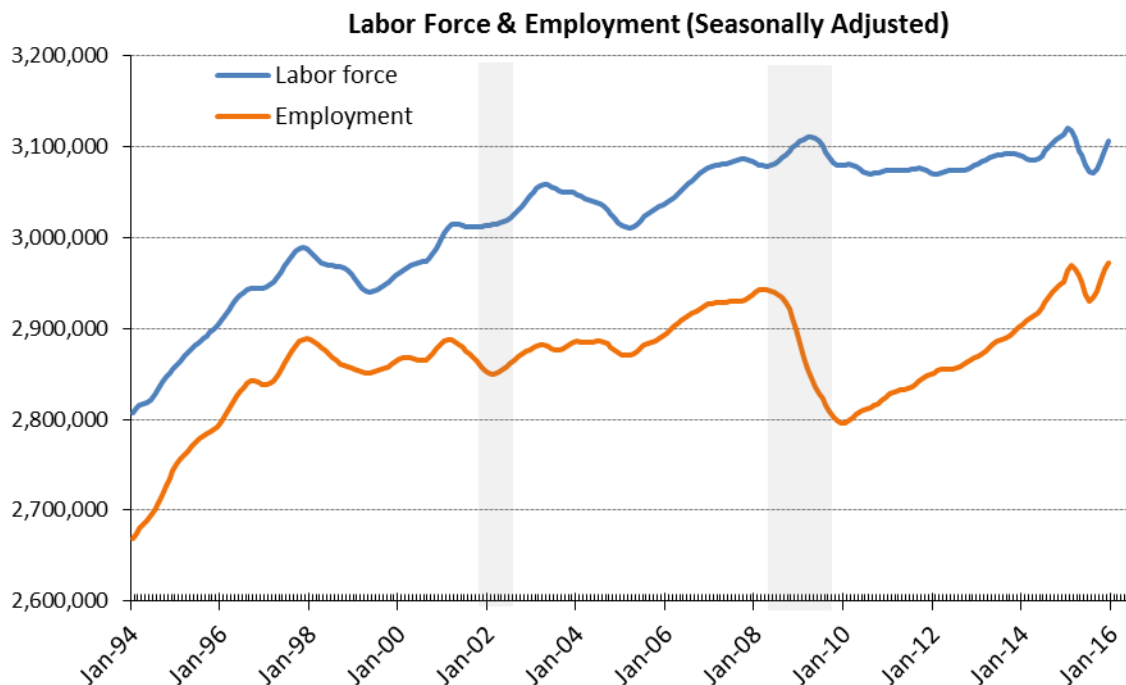
So what is it, six years after the recession ended, that is holding the national economy back from even stronger growth? A variety of factors are having an impact, such as: flat real wages, lack of business investment, focus of business investment, slower global economic growth, a stronger U.S. currency 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, String, & Klaus, 2000; Winters, Gherkin, Grosso, & Ulanova, 2009; Wisconsin Taxpayer Alliance, 2015), Wisconsin faces a quantity challenge and, as a consequence, a skills challenge.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

2015 Trempealeau County Workforce Profile

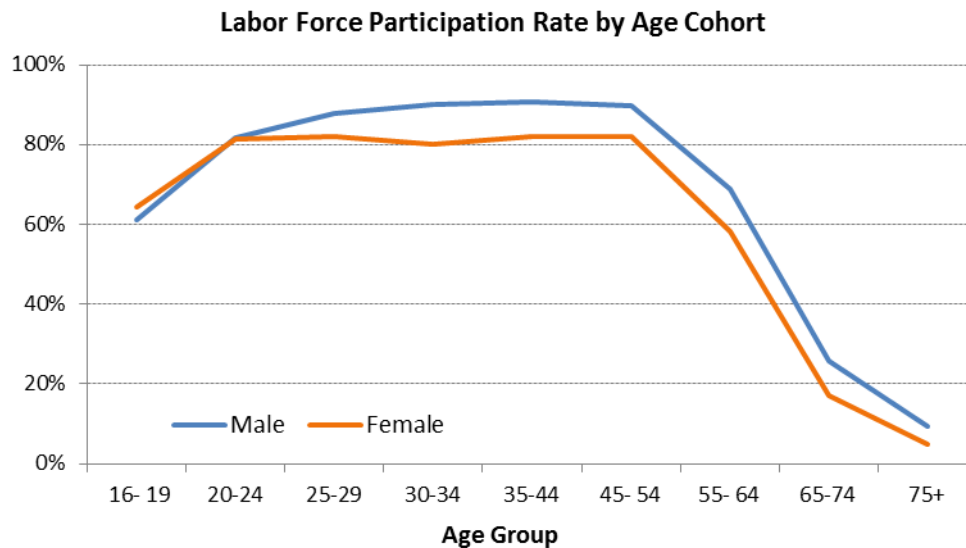
Businesses will be competing not only with each other for workers with similar skills, but also with entities of other disciplines. For example, one company may try to recruit a math teacher to become a computer programmer. Then the school will have to find another math teacher from, say, an insurance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

Trempealeau County's 10 Most Populous Municipalities

	April 2010 Census	January 2015 Estimate	Numeric Change	Proportional Change
United States	308,745,538	321,418,820	12,673,282	4.1%
Wisconsin	5,686,986	5,753,324	66,338	1.2%
Trempealeau County	28,816	29,305	489	1.7%
Arcadia, City	2,925	2,957	32	1.1%
Arcadia, Town	1,779	1,815	36	2.0%
Trempealeau, Town	1,756	1,800	44	2.5%
Gale, Town	1,695	1,740	45	2.7%
Osseo, City	1,701	1,701	0	0.0%
Trempealeau, Village	1,529	1,616	87	5.7%
Whitehall, City	1,558	1,546	-12	-0.8%
Galesville, City	1,481	1,506	25	1.7%
Blair, City	1,366	1,372	6	0.4%
Independence, City	1,336	1,370	34	2.5%

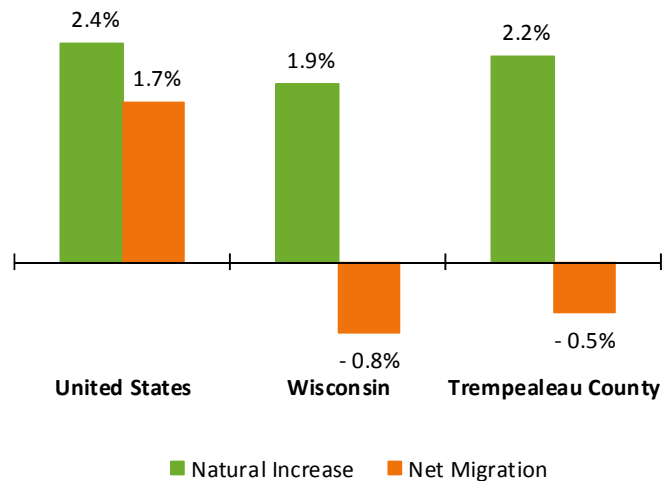
Source: Demographic Services Center, Wisconsin Department of Administration

Trempealeau County added a net total of 489 residents during the almost five year period ending January 1, 2015. The growth rate of 1.7 percent exceeded the statewide (1.2 percent) growth rate but fell well short of the 4.1 national growth rate during the same time period. Trempealeau County's population grew at the 11th fastest rate in Wisconsin. In net terms, Trempealeau County is the 43rd most populous county in the state. Its population density of 39 residents per square mile is relatively low, illustrating the potential for future growth and development as the county's economy continues to evolve.

The table on the top of the page shows the population and population change of Trempealeau County's ten most populous counties. Whitehall, the Trempealeau County seat, nominally slipped in population since Census 2000. The Village of Trempealeau experienced the fastest growth rate and gained 87 new faces over the five-year time period.

Population changes are made up of two components: natural and migration. Natural changes compare births and deaths. Migration looks at movement of people in and out of an area. Natural growth is generally stable over time while migration patterns can change quickly with economic factors. Trempealeau County's population increase was entirely due to net natural increase; the county suffered a loss in population due to net migration. The migration component is more susceptible to economic changes.

Components of Population Change



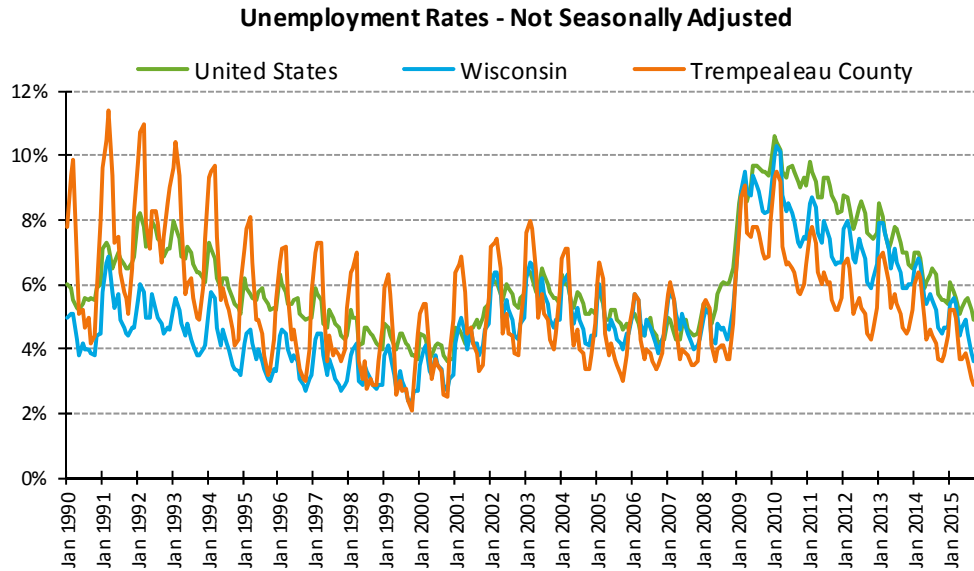
Source: Demographic Services Center, Wisconsin Department of Administration



Labor Force Dynamics

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

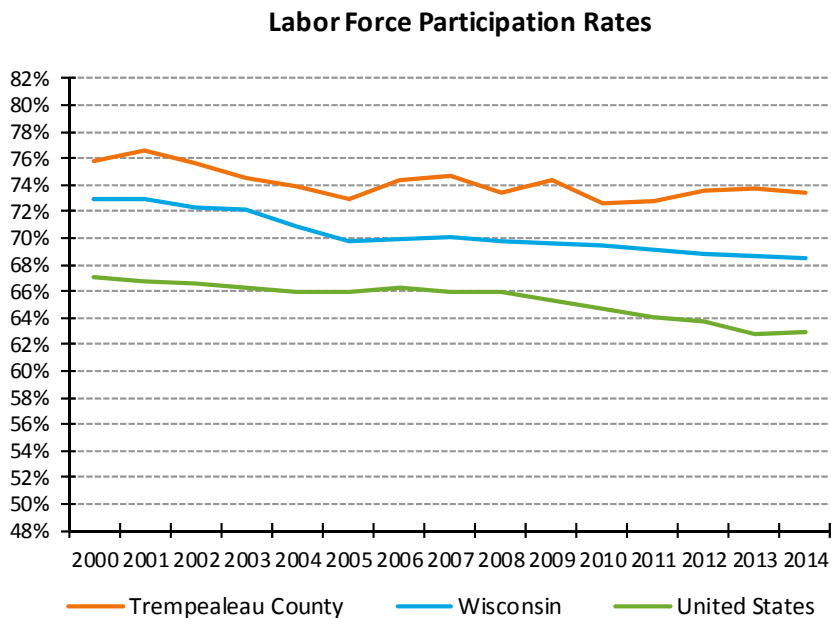
The unemployment rate in Trempealeau County had historically been higher than the statewide rate, but the gap closed over time and just before the start of the “Great Recession” reversed itself with statewide rates going higher than Trempealeau County rates.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

The county’s unemployment rate is more seasonal than the state as a whole, which indicates a differing industry employment mix. Trempealeau County’s employment is more heavily influenced by hospitality, agriculture, and seasonally based manufacturing than the state as a whole.

The graph on the bottom of the page depicts the labor force participation rate (LFPR) for Trempealeau County, Wisconsin, and the nation over the last fourteen years. The LFPR is typically used to measure the engaged portion of an economy's labor force. The participation rate denotes the number of people who are either working or are actively looking for employment.



The number of people who are no longer seeking work are not included in the participation rate. During an economic recession, workers may get discouraged and stop looking for employment and, as a result, the participation rate decreases.

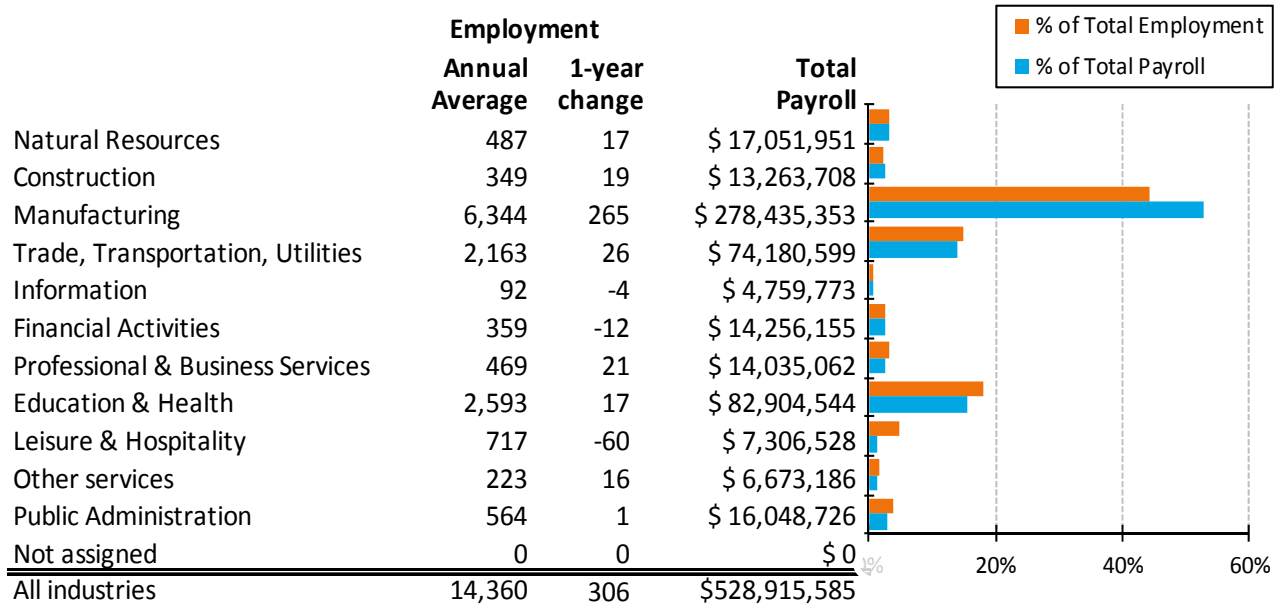
This graph speaks to three salient points, namely, (i) the persistently high LFPR of Trempealeau County relative to Wisconsin and the U.S.; (ii) the sustained downward trend observed at the state and national levels; and (iii) Trempealeau County’s higher and stable LFPR that actually slightly ticked upwards in 2011-2013.

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



Industry Employment and Wages

2014 Employment and Wage Distribution by Industry in Trempealeau County



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

The chart above depicts a breakdown of the Trempealeau County employer base by industry, employment, and payroll. This illustrates the relative importance of each industry sector to the vitality of the county's economy.

The first interesting dynamic that can be gleaned from this data is noted in the county's largest industry sector — manufacturing, insofar as it is the only industry sector of substance in Trempealeau wherein total payroll accounts for a greater share of the county's total payroll than total employment (44.2 percent and 52.6 percent, respectively.) Trempealeau County manufacturing's share of county payroll and employment has been increasing over the last several years.

Conversely, opposite dynamics are observed in many of the county's other industry sectors, with the disparity noted in some, such as leisure & hospitality, being rather stark. In this instance the share of total employment is

relatively higher than the share of total payroll. This dynamic is typical of comparatively lower wage industries. This is, in part, because higher wage industries are also those that are staffed predominately by relatively older workers and low wage, high turnover industries are staffed largely by younger workers. In addition, often times employment in leisure & service sectors are seasonal and/or part-time in nature.

Average Annual Wage by Industry Division in 2014

	Wisconsin Average Annual Wage	Trempealeau County Average Annual Wage	Percent of Wisconsin	1-year % change
All industries	\$ 43,856	\$ 36,833	84.0%	3.9%
Natural Resources	\$ 36,156	\$ 35,014	96.8%	4.9%
Construction	\$ 55,317	\$ 38,005	68.7%	-2.0%
Manufacturing	\$ 54,365	\$ 43,890	80.7%	4.2%
Trade, Transportation & Utilities	\$ 37,362	\$ 34,295	91.8%	3.1%
Information	\$ 62,482	\$ 51,737	82.8%	6.2%
Financial Activities	\$ 61,884	\$ 39,711	64.2%	1.6%
Professional & Business Services	\$ 52,386	\$ 29,926	57.1%	6.0%
Education & Health	\$ 44,829	\$ 31,972	71.3%	0.9%
Leisure & Hospitality	\$ 16,055	\$ 10,190	63.5%	2.8%
Other Services	\$ 25,847	\$ 29,925	115.8%	3.3%
Public Administration	\$ 44,462	\$ 28,455	64.0%	1.9%

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

Employment Projections

Western Workforce Development Area Industry Projections, 2012-2022

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

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

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

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

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

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

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

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

Employment Projections

Western Workforce Development Area Occupation Projections, 2012-2022

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

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

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

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

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

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

French fur traders were the first Europeans to enter what is now Trempealeau County. At the mouth of the Trempealeau River (which flows from northeast to southwest across the county on its way to the Mississippi River) those merchants found a bluff bounded by water and called it "La Montagne qui trempe à l'eau," which means "mountain with its foot in the water."

Personal Income

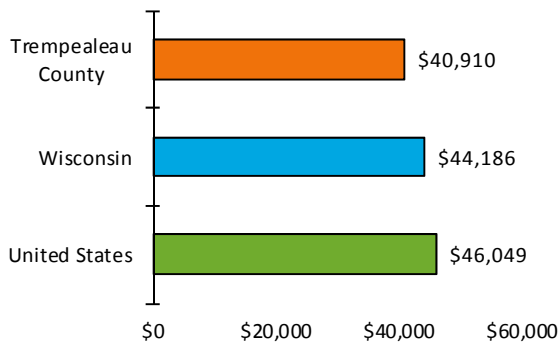
	2004 Nominal Per Capita Personal Income	2004 Per Capita Personal Income in 2014 dollars	2014 Per Capita Personal Income	Nominal Change in Per Capita Personal Income (2004 - 2014)	Inflation-adjusted Change in Per Capita Personal Income (2004 - 2014)
United States	\$34,316	\$41,709	\$46,049	34.2%	10.4%
Wisconsin	\$33,350	\$40,534	\$44,186	32.5%	9.0%
Trempealeau County	\$29,543	\$35,907	\$40,910	38.5%	13.9%

Source: Bureau of Economic Analysis

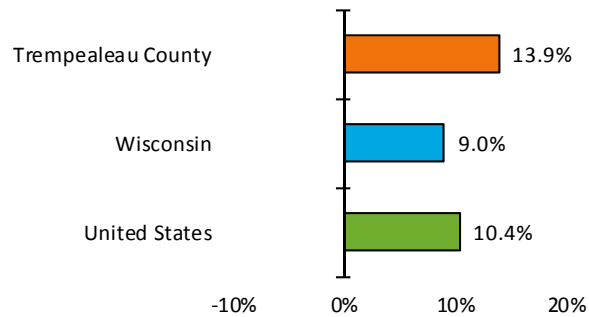
Total Personal Income (TPI) is the sum of three components, namely (i) employment earnings; (ii) property income (dividends, interest and rental income); and (iii) personal current transfers receipts (government payments like Social Security, Medicare, Medicaid and Unemployment Insurance).

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

2014 Per Capita Personal Income



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



Source: Bureau of Economic Analysis

The PCPI figures displayed in the tables above differs from the annual average wage discussed on Page 5 in two ways. First, PCPI refers to place of residence while annual wages refers to place of work. This means PCPI includes wages earned by Trempealeau County residents, but not wages of those who travel from another county to work for employers located in Trempealeau County. Second, PCPI includes multiple sources of income, not just wages.

At \$40,910, PCPI in Trempealeau County was lower than both the state and national average. The county's PCPI ranked 33rd among Wisconsin's 72 counties.

While Trempealeau County's PCPI is still below the aforementioned national and state averages, its rate of growth, both before and after adjusting for inflation, is more robust than at the state or national level.

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