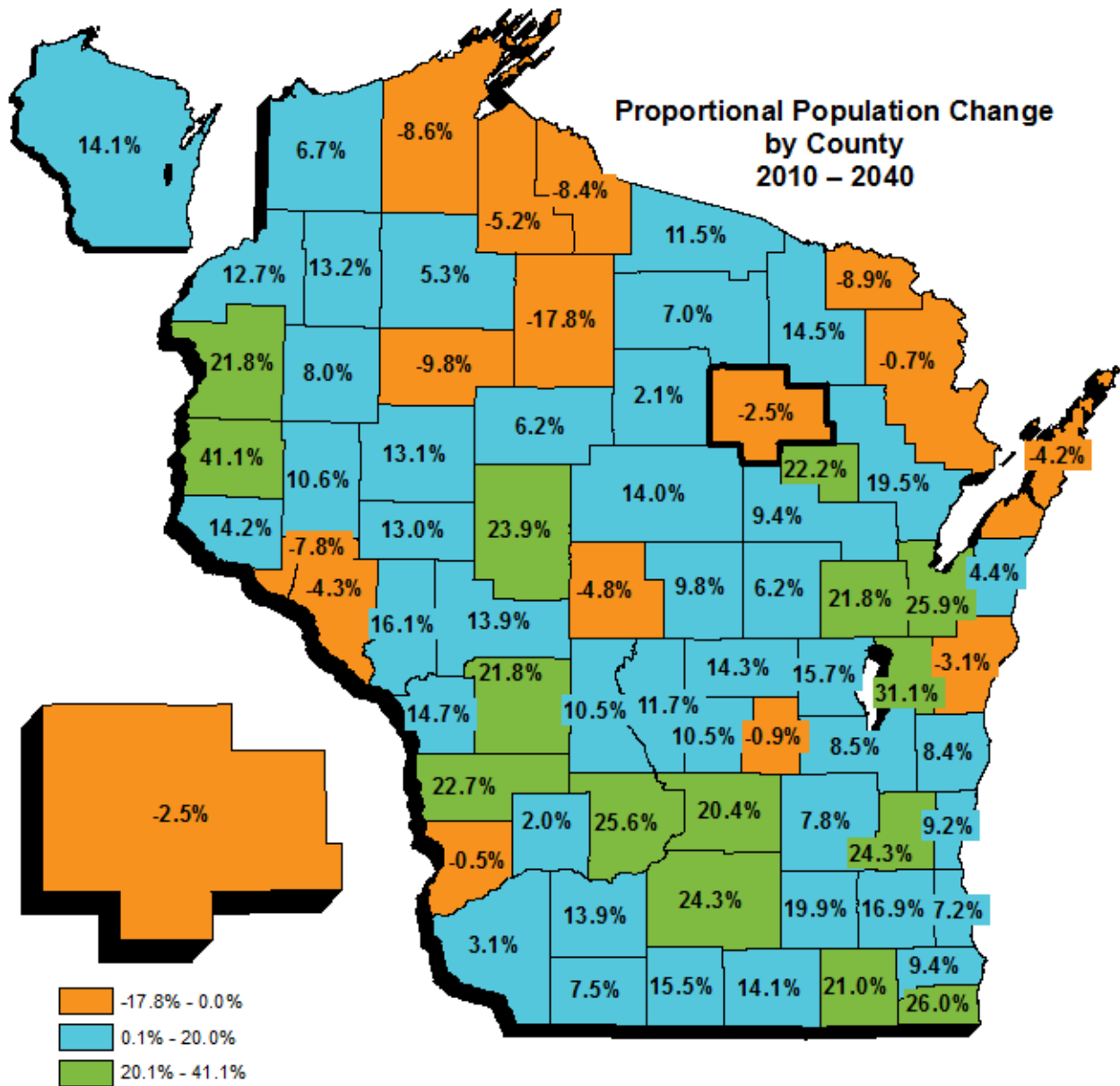


2013 Langlade County Economic and Workforce Profile



Source: WI Dept. of Administration Demographic Services, December 2013



Unsteady as She Goes

Economic Situation

The economy continues to improve, albeit at a less than desirable pace. U.S. Gross Domestic Product (GDP) is up 9.2 percent through sixteen quarters since the trough of June 2009. That is the slowest rate of GDP recovery of all post-WWII business cycles.

Our economy is largely based on consumption. Nearly 70 percent of U.S. GDP is consumption or consumer spending. Consumption is being dampened on a number of fronts: real earnings have been flat for a decade; spending supported by home equity has dropped by about \$1.3 trillion since the housing bust; revolving credit has fallen by \$130 billion; interest income is down \$400 billion as the Federal Reserve Bank maintains near-zero interest rates; and our savings rate has turned around from nearly zero, but that has pulled another \$350 billion

out of the consumption contribution to economic growth. The sum total effect is an absence of \$2.2 trillion of spending in a \$16.9 trillion dollar economy, almost 13 percent.

Add in the fact that private non-residential investment is down about \$500 billion and businesses and banks are sitting on a couple trillion dollars in cash.

Also in the mix is a decline in federal, state, and local spending. Between the national sequestration and state and local budget cuts, government spending has been a drag on the economy. During this recovery, government spending is down 1.7 percent. Moreover, the rate at which federal, state and local spending growth will be reestablished will be substantially below historical rates, certainly in the short-term.

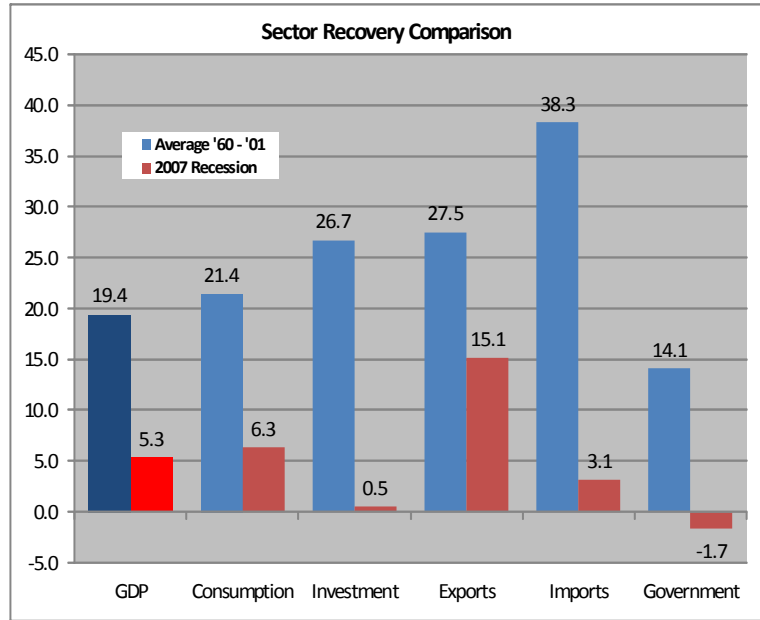
GDP growth is projected to be about 1.8 percent for 2013. Interest rates are expected to remain relatively low, with the Federal Reserve Bank holding the Fed Funds rate near zero into 2015. The outlook for economic growth in the next year is for continued growth at sub-potential rates. U.S. GDP is expected to grow at 2.8 percent in 2014, with growth picking up in the later half of the year. Global activities will have a significant influence on U.S. and Wisconsin economic growth in the near-term as will U.S. government fiscal policy.

Employment Situation

Employment continues to rise as well and the unemployment rate continues to fall, but both are being hampered by the slower than desired economic pace, plus a couple other concerns.

The U.S. and Wisconsin unemployment rates are on a downward trend that is expected to continue. As of October 2013, the seasonally adjusted U.S. unemployment rate is 7.3 percent, down from 7.9 percent in October of 2012. Wisconsin's unemployment rate has also tracked lower over the period and is below than the U.S. rate. Wisconsin's seasonally adjusted unemployment rate was 6.5 percent in October 2013, down from 6.8 percent a year earlier.

Wisconsin jobs have increased during the recovery. The state has added 122,000 private sector jobs since bottoming out in January of 2010, a full six months after the economic recovery began. Over 39,000 of those jobs have been in the manufacturing sector. Neither U.S. nor Wisconsin jobs levels have breached the 2007 prerecession peaks. At the current pace



Source: William Testa, Federal Reserve Bank of Chicago

2013 Langlade County Workforce Profile

of job growth, it is expected that Wisconsin jobs will reach new levels in the third quarter of 2015. A spurt of economic growth would hasten the jobs breach timing and spur self-sustaining economic growth. The source of that spurt is not yet visible.

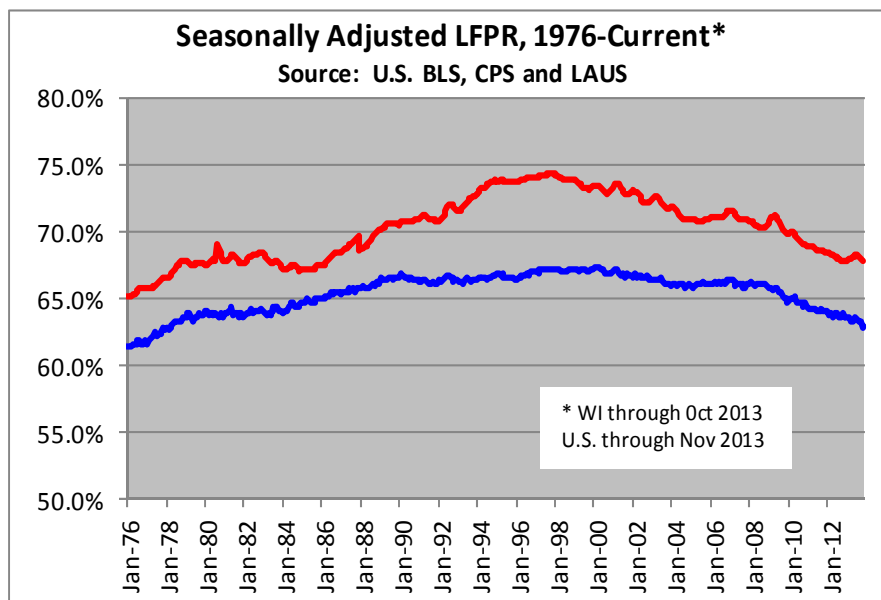
In addition to the subpar pace of economic growth, concomitant business practices are holding back more robust job growth. Above we mentioned that business investment was \$500 billion short of prerecession levels. Adding employment insult to injury, the investments businesses are making are primarily in equipment and software — labor saving investments. Investments in new structures, which would lead to increased employment, are still lagging. Moreover, the slow pace of economic activity allows firms to meet their incremental product demand with self-financed productivity increases versus bank-financed production line expansions.

One of the other concerns mentioned earlier, is that the downward path of the unemployment rate is due in part to job increases and in part to labor force dynamics. While employment has increased and unemployment has decreased, the size of the workforce has also decreased. Wisconsin employment decreased almost 150,000 from its peak in February 2008 to its trough in December 2009, and recovered 59,000 since.* By comparison, Wisconsin's workforce peaked in April 2009, lost 93,000 by September 2012, and recovered only 31,000 people by July 2013. Employment has continued to grow, while the workforce has begun to shrink again. Wisconsin's labor force participation rate has dropped from 71.6 in 2006 to 67.8 today. Both numbers are well off the highs of 74.3 reached back in 1997 and there is little chance for significant upward movement from here on out.

The dearth of qualified workers will continue to challenge the state for years to come. Not only is the problem one of worker quality, it is also one of quantity. The grey tsunami of Baby Boomers nearing the end of their work life cannot be halted. Perhaps, at best, it can be delayed a few years. Even so, only 5 percent of Boomers plan to extend their working years full-time in the job they now have. The flattening (even declining) workforce will affect most industries — construction, manufacturing, retail, information, finance, professional services, education, health care and government.

Attracting and retaining talent should be by now the most critical undertaking of businesses and communities over the foreseeable future. Technology can be substituted to alleviate some of the quantity problem, but more sophisticated technology will require more sophisticated workers. Firms that *invest* in training and attracting talent will have a competitive advantage in producing higher-margin products. Communities that *invest* in attracting and retaining talent will raise the quality of life in their communities that will perpetuate the further attraction of skilled workers and citizens.

* Employment in this case is measured from a household survey as opposed to jobs numbers that are derived from an business establishment survey.



Population and Demographics

Langlade County's 10 Most Populous Municipalities

	Apr 1, 2010 Census	Jan 1, 2013 Estimate	Numeric Change	Proportional Change
United States	308,400,408	315,090,923	6,690,515	2.2%
Wisconsin	5,686,986	5,717,110	30,124	0.5%
Langlade County	19,977	19,835	-142	-0.7%
Antigo, City	8,234	8,091	-143	-1.7%
Rolling, Town	1,504	1,510	6	0.4%
Antigo, Town	1,412	1,403	-9	-0.6%
Elcho, Town	1,233	1,237	4	0.3%
Polar, Town	984	987	3	0.3%
Norwood, Town	913	903	-10	-1.1%
Neva, Town	902	902	0	0.0%
Wolf River, Town	731	739	8	1.1%
Upham, Town	676	680	4	0.6%
Ackley, Town	524	527	3	0.6%

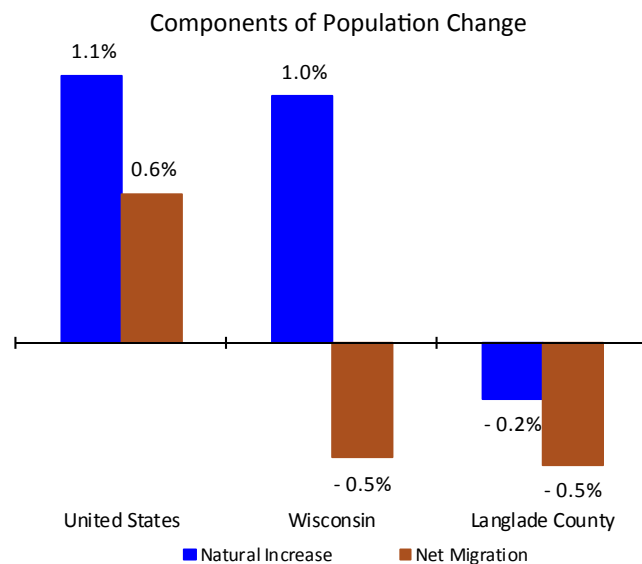
Source: Demographic Services Center, Wisconsin Department of Administration

Langlade County lost 142 residents, or 0.7% of its population, between the 2010 Census and January of 2013. The loss was driven by a declining population in the City of Antigo as the Langlade County seat lost a net total of 143 residents over the first part of the decade. Populations were fairly stable in the county's remaining ten most populous municipalities. Other than Antigo, none of the top municipalities lost or gained more than ten people.

Population change can be broken into two components: natural change and net migration. Natural change is easy to predict and relatively stable over time. Net migration is difficult to predict, somewhat volatile over time, and susceptible to economic changes. Langlade County registered negative changes in both components.

Natural increase, or the difference between births and deaths, is determined by fertility and age demographics in an area. Relative to the state, Langlade County records high fertility rates among women between 15 and 50 years old (64 vs. 55 per 1,000). However, the county's population skews older than Wisconsin's. The median age of Langlade County residents was 47.1 in 2012 compared to 38.9 for the state as a whole, and 21.2% of the county's population was 65 years or older compared to 14.4% statewide. The county's negative balance between births and deaths is reflective of its relatively old population.

More residents moved out of Langlade County than moved into the county between April of 2010 and January of 2013. The net migration rate of -0.5% matched the statewide rate. Many of Langlade County's neighbors in the North Woods registered positive net migration rates over the same time frame. Other counties in the region are magnets for retirees. These counties typically have natural features such as numerous lakes that attract retirees to the area, and they can depend on a steady stream of silver spenders to supplement the local economy by moving in and bring their retirement income with them. Langlade County is not a retirement magnet largely because it doesn't have some of the same features as some of its neighbors. For example, 15.8% of Vilas County and 10.0% of Oneida County is covered by water compared to only 1.8% of Langlade County. Strategies that attract and retain people in Langlade County need to focus on economic development instead of bring in retirees since the county doesn't have the same advantages as some of its neighbors.



Source: Demographic Services Center, Wisconsin Department of Administration

Commuting Patterns

Commuting Patterns for Langlade County, WI



People who work in Langlade Co., WI, live in:

<u>Residence</u>	<u>Estimated # of Workers</u>
Langlade Co., WI	7,621
Shawano Co., WI	340
Marathon Co., WI	309
Oneida Co., WI	144
Forest Co., WI	98
Lincoln Co., WI	94
Oconto Co., WI	55
Menominee Co., WI	42
Platte Co., NE	34
Portage Co., WI	28

People who live in Langlade Co., WI, work in:

<u>Workplace</u>	<u>Estimated # of Workers</u>
Langlade Co., WI	7,621
Marathon Co., WI	644
Oneida Co., WI	222
Forest Co., WI	213
Shawano Co., WI	167
Lincoln Co., WI	164
Brown Co., WI	60
Wood Co., WI	45
Menominee Co., WI	35
Oconto Co., WI	30

U.S. Dept. of Commerce, Census Bureau, American Community Survey 2007-2011, Table S0801

Commuting patterns can be used to help identify and examine regional relationships between counties. Overall, about 1,400 workers commute into Langlade County while about 2,000 county residents travel to other counties for employment opportunities. The southwestern edge of Langlade County is on the periphery of the Wausau area commuting shed and a small but significant number of county residents travel to the region’s largest county and only metropolitan area. However, beyond the small part of the county that is loosely tied to Marathon County, Langlade County is relatively isolated from other counties in terms of commuting connections.

Consistent with the relative lack of commuting ties are the low typical commute times among Langlade County residents (table at the bottom of the page). Employed county residents spend more than two fewer minutes traveling to work when compared to the statewide average. The short commute times are partially related to geography. For the most part, Langlade County is not close to any job dense urban centers, and residents need to look within the borders for employment opportunities. About 81% of employed county residents work in Langlade County. As a comparison, 72% of Wisconsin residents work in the county in which they reside.

Along with geography, a reluctance to travel for work likely also factors into the relatively low commute times. An astounding 33.6% of employed Langlade County residents live less than ten minutes from their place of work. The close proximity was traditionally made possible by reasonable real estate prices and relatively stable jobs throughout the county. Residents could afford to live close to where they worked. However, the Great Recession eliminated a number of formerly stable jobs. More and more opportunities are becoming available as the economy recovers, but opportunities that match the skills of unemployed workers are likely outside of the same short commute distance as previous jobs. Many of the displaced workers are entrenched in their communities or are home owners, which means relocation is not a realistic option. Therefore, the only way to open the door to new opportunities is to look beyond a narrow search radius. The longstanding ability to work close to home may have created a culture in which residents close the door to opportunities that are more than 15 minutes from their front porch, and the idea of a 30 minute commute is anathema to many. The desire to work close to home is understandable. However, in reality, it is no longer an option in many cases. Most of the opportunities for Langlade County residents will remain within the county borders but will require longer commute times than positions lost as a result of the recession.

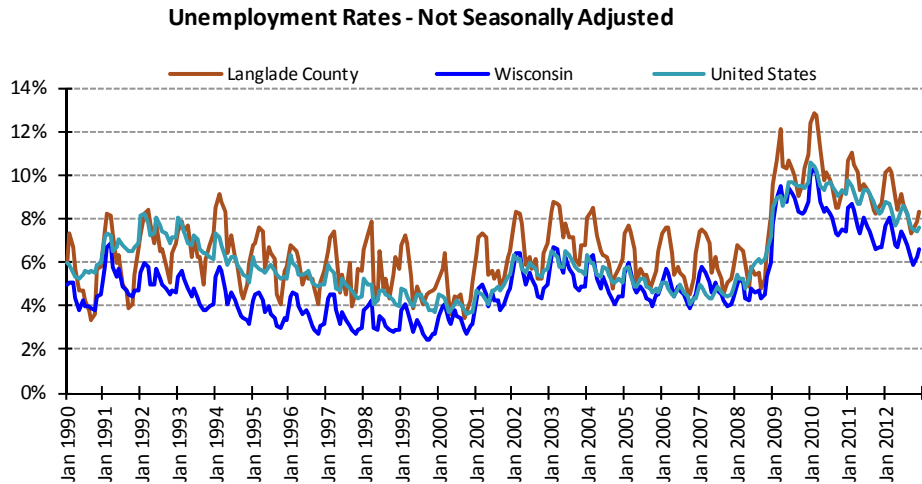
Travel Time to Work (in Minutes)

	< 10	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 44	45 to 59	60+	Average
Langlade Co. Estimate	33.6%	19.6%	13.2%	6.7%	4.0%	6.8%	4.6%	6.4%	5.0%	19.3
Wisconsin Estimate	18.8%	17.5%	16.4%	14.8%	6.4%	10.6%	5.4%	5.3%	4.6%	21.5

U.S. Dept. of Commerce, Census Bureau, American Community Survey 2007-2011, Table S0801

Labor Force Dynamics

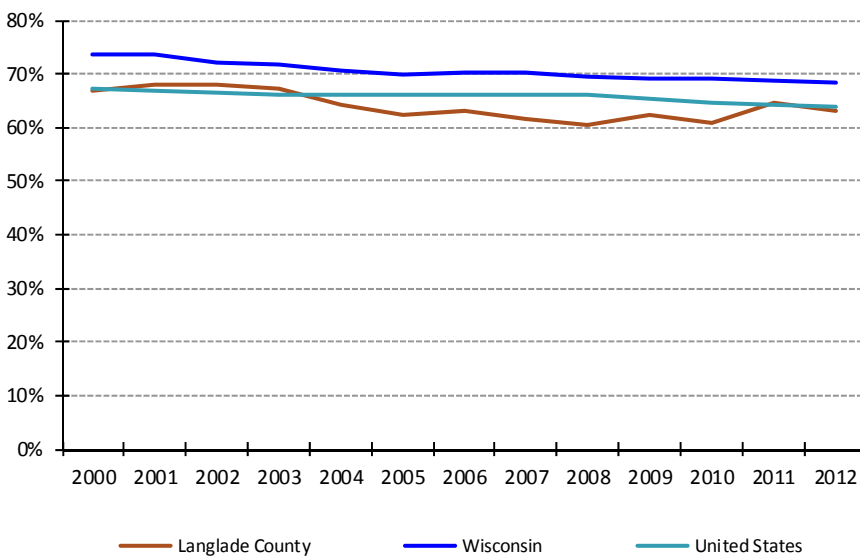
Seasonally unadjusted monthly unemployment rates (graph to the right) provide insight on long-term unemployment trends and labor market seasonality. Like the state, Langlade County's unemployment rates peak around February and hit the low point around October. However, the county experiences much larger fluctuations in the unemployment rate. The rate is slightly higher than the statewide rate during the summer but spikes substantially during the winter months. The fluctuations indicate a highly seasonal economy that struggles to keep workers employed during the winter months. The county would benefit from an increased number in jobs that keep residents employed and earning wages year round.



Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

The labor force participation rate (LFPR) provides another important metric of economic vitality. The LFPR measures that share of the population 16 years or older that is either employed, actively seeking work, or laid off and expecting to be recalled. Economic cycles impact labor force participation, but age is the most predictable long-term indicator. The national, state, and county LFPR declined over the first part of the century. The rate will continue to decline moving forward as those born during the nation's "baby-boom" begin to retire in large numbers. The oldest boomer turned 65 in 2011 and the youngest will turn 65 in 2029. The number of workers entering the labor force will fall short of the number of workers leaving the labor force.

Labor Force Participation Rates

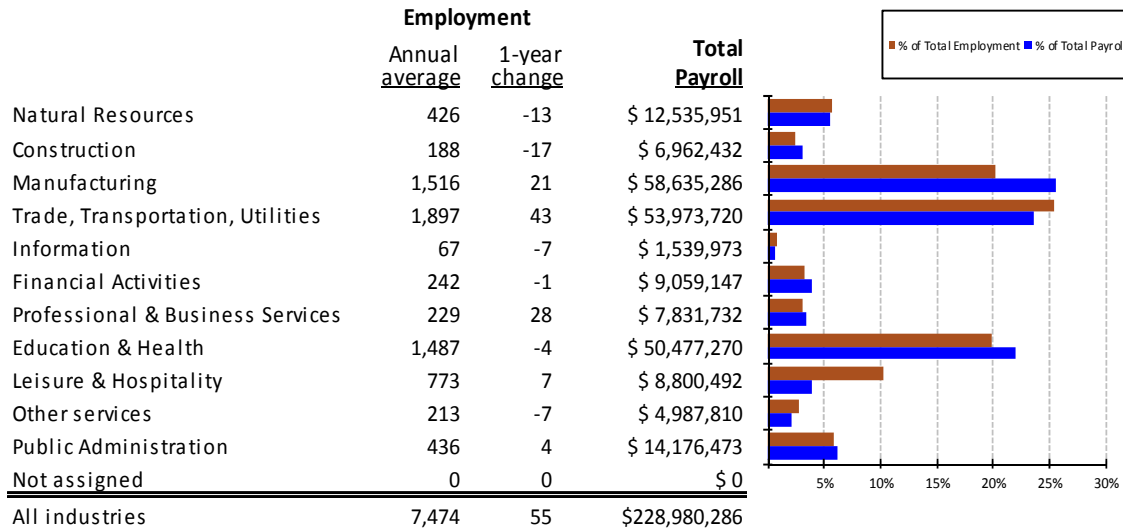


Source: Current Population Survey, U.S. Department of Commerce, Census Bureau

Langlade County's LFPR (63.2%) is lower than the statewide rate (68.7%) and national rate (63.7%). Given the county's relatively old population, the LFPR among working age residents between 20 and 64 years old is a more relevant comparison across the geographies. Although not directly comparable to data graphed on the bottom of the page, the American Community Survey can be used to make the comparison. The county's working age LFPR slightly lower than that of the state (78.8% vs. 82.4%), which indicates that the low overall LFPR is likely a function of both age and relatively few economic opportunities.

Industry Employment and Wages

2012 Employment and Wage Distribution by Industry in Langlade County



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2013

Jobs and wages are the lifeblood of any economy. More good paying jobs in a region provide better prospects for its residents, and a healthy balance among a variety of industry sectors helps to insulate the economy from major losses. While the data presented on this page are collected from businesses located in Langlade County and not the county's residents, the numbers are largely representative of economic opportunities available to those living in the county. In Langlade County, 25.4% of county jobs are in the Trade, Transportation, and Utilities industry and another 20.3% are in Manufacturing. Of the jobs in Trade, Transportation and Utilities, the wholesale trade and transportation and warehousing subsectors comprise a little over 30% of industry employment. Manufacturing, wholesale trade, and transportation provide, and continue to provide, a number of good jobs in the county. However, the industry mix makes the county more susceptible to economic downturns that impact the manufacturing industry. To put it simply, you have to sell and ship the stuff you make. Therefore, changes in manufacturing, whether positive or negative, have substantial ripple effects on other parts of the county's economy. Langlade County can mitigate the effects of future economic downturns by focusing diversifying the local economy.

Average Annual Wage by Industry Division in 2012

	Average Annual Wage		Percent of Wisconsin	1-year % change
	Wisconsin Average Annual Wage	Langlade County Average Annual Wage		
All industries	\$ 41,985	\$ 30,637	73.0%	1.6%
Natural Resources	\$ 33,047	\$ 29,427	89.0%	1.6%
Construction	\$ 51,670	\$ 37,034	71.7%	9.2%
Manufacturing	\$ 52,413	\$ 38,678	73.8%	1.0%
Trade, Transportation & Utilities	\$ 35,946	\$ 28,452	79.2%	-0.2%
Information	\$ 56,015	\$ 22,985	41.0%	1.2%
Financial Activities	\$ 58,493	\$ 37,434	64.0%	12.5%
Professional & Business Services	\$ 49,451	\$ 34,200	69.2%	17.1%
Education & Health	\$ 43,781	\$ 33,946	77.5%	-0.5%
Leisure & Hospitality	\$ 15,221	\$ 11,385	74.8%	3.8%
Other Services	\$ 23,598	\$ 23,417	99.2%	5.2%
Public Administration	\$ 42,198	\$ 32,515	77.1%	-1.1%

Source: WI DWD, Workforce Training, QCEW, June 2013

Therefore, changes in manufacturing, whether positive or negative, have substantial ripple effects on other parts of the county's economy. Langlade County can mitigate the effects of future economic downturns by focusing diversifying the local economy.

The overall average wage is below the statewide average, and Langlade County employers pay less than that statewide average in all industries. Information and Financial Activities have the lowest wages relative to the state, paying 41.0% and 64.0% of the state average, respectively. Differences in average wages within an industry can be caused by a number of factors. Key determinants include the composition of industry subsectors, differences in the types of occupations in the industry, hours worked per employee, and

differences in the cost of living of an area. Relatively low wages in Langlade County industries are likely caused by a combination of all four factors.

Prominent Industries and Employers



Prominent Industries in Langlade County

Industry Sub-sectors (3-digit NAICS)	Average Employment				Average Monthly Wages				
	2012 Avg.	2007	5-year Percent Change		2012 Avg.	2007 Avg.		5-year Percent Change	
	Langlade County	Average	Langlade County	Wisconsin	Langlade County	Langlade County	Wisconsin	Langlade County	Wisconsin
Educational Services	614	599	2.5%	7.1%	\$ 3,065	\$2,971	\$ 3,873	3.2%	13.0%
Food Services and Drinking Places	579	567	2.1%	-3.5%	\$ 914	\$863	\$ 1,056	5.9%	6.5%
Fabricated Metal Product Manufacturing	348	403	-13.6%	-7.2%	\$ 3,456	\$2,770	\$ 4,229	24.8%	12.3%
General Merchandise Stores	346	321	7.8%	-0.3%	\$ 1,880	\$1,718	\$ 1,682	9.4%	0.4%
Machinery Manufacturing	341	388	-12.1%	-4.5%	\$ 4,973	\$4,020	\$ 5,285	23.7%	18.7%
Executive, Legislative, and Other General Govt	320	373	-14.2%	-12.7%	\$ 2,726	\$2,325	\$ 3,228	17.2%	0.5%
Wood Product Manufacturing	271	378	-28.3%	-35.1%	\$ 2,664	\$2,650	\$ 2,679	0.5%	-2.8%
Crop Production	245	244	0.4%	-8.8%	\$ 1,513	\$1,778	\$ 2,508	-14.9%	-3.6%
Truck Transportation	219	236	-7.2%	-13.5%	\$ 2,645	\$2,884	\$ 3,431	-8.3%	-1.1%
Nursing and Residential Care Facilities	206	247	-16.6%	9.1%	\$ 2,073	\$1,818	\$ 2,168	14.0%	3.5%

Note: * data suppressed for confidentiality and not available for calculations

Examining more detailed industry subsectors helps to better understand and evaluate regional economies, and the table above displays employment and wage statistics for the ten most prominent industry subsectors in Langlade County. It also allows us to examine changes from the start of the Great Recession to 2012. Employment in Fabricated Metal Product Manufacturing remains well below prerecession levels. The subsector has shown strong growth over the past few years on the state level. Growth within the county has lagged, but the industry will likely follow the statewide pattern in the long-term. Wood Products Manufacturing also remains well below pre-recession levels for both the county and the state. The industry is tied to the housing market. The future of the industry will not look exactly like it did in the past because housing will not recover to levels witnessed during the housing boom. However, the industry still provides a number of potential opportunities for Langlade County. The county can build on its natural advantages in wood, but future growth will require new markets and innovative products.

The ranking only include industries in which employment totals are available. Data are kept confidential if releasing the numbers would make information about an individual employers identifiable. The gaps left by the necessary confidentiality can make sub-sector industry analysis difficult on the county level, particularly in relatively small counties like Langlade. Examining prominent industries (table below) can help to fill in some of the holes left by confidentiality. The table lists the top employers in descending order by total employment. The exact placement on the list is uncertain, but Hospitals would rank among the top 10 industries if data were available for the industries. Langlade Hospital provides between 250-499 jobs and is the counties largest employers. The employment total in the single establishment would place the hospital industry subsector somewhere between third and eighth on the prominent industry sector list.

Prominent Employers in Langlade County

Establishment	Service or Product	Number of Employees
LANGLADE HOSP-HOTEL DIEU OF ST JOSE	General medical and surgical hospitals	250-499 employees
AMRON	Small arms ammunition manufacturing	250-499 employees
WAL-MART	Discount department stores	100-249 employees
COUNTY OF LANGLADE	Executive and legislative offices, combined	100-249 employees
COVANTAGE CREDIT UNION	Credit unions	100-249 employees
WAUKESHA BEARINGS	Mechanical power transmission equipment mfg.	100-249 employees
EASTVIEW MEDICAL & REHAB CNTR	Nursing care facilities	100-249 employees
UNIFIED SCHOOL DISTRICT OF ANTIGO	Elementary and secondary schools	100-249 employees
MERIT GEAR LLC	Speed changer, drive, and gear manufacturing	100-249 employees
KARL'S TRANSPORT INC	General freight trucking, long-distance TL	100-249 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, Sept. 2013

Personal Income

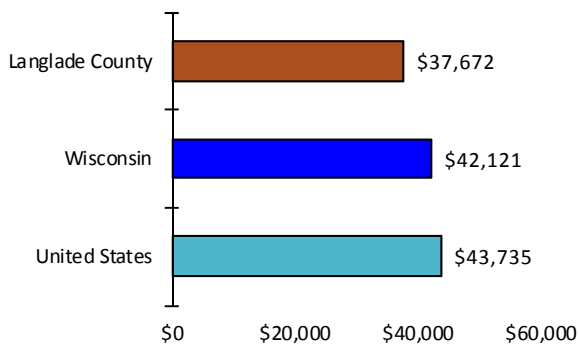


	2002 Nominal Total Personal Income (in thousands)	2002 Total Personal Income in 2012 dollars (in thousands)	2012 Total Personal Income (in thousands)	Nominal change in Total Personal Income (2002 - 2012)	Inflation-adjusted change in Total Personal Income (2002 - 2012)
United States	\$9,145,998,000	\$11,672,408,365	\$13,729,063,000	50.1%	17.6%
Wisconsin	\$169,440,687	\$216,245,498	\$241,200,961	42.4%	11.5%
Langlade County	\$527,620	\$673,365	\$740,096	40.3%	9.9%

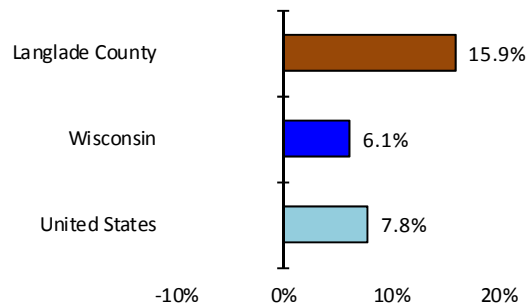
Source: Bureau of Economic Analysis

Total personal income (TPI) refers to the total dollars received by individuals from wage earnings, self-employment income, investments, and transfer receipts. Langlade County’s TPI equaled about \$740,000 in 2012. The county’s TPI increase by 40.3% over the decade in nominal terms. However, inflation-adjusted numbers provide a better reference for income comparisons overtime because the adjustment accounts for changes in the purchasing power of a dollar. Inflation-adjusted TPI increased by 9.9% in Langlade County compared to 11.5% and 17.6% in the state and nation, respectively.

2012 Per Capita Personal Income



Inflation-adjusted change in Per Capita Personal Income (2002 - 2012)



Source: Bureau of Economic Analysis

Per capita personal income (PCPI) is TPI divided by the total population, regardless of age or labor force status. By controlling for varying population sizes, the figure provides a means of comparing income levels across geographies. Langlade County registered a substantially higher increase in inflation-adjusted income per capita (15.9%) when compared to the state and nation (6.1% and 7.8%).

The county’s PCPI falls about \$4,500 below the statewide income level. However, the state average is somewhat skewed by high earnings in a few high population counties. Langlade County’s PCPI is fairly close the statewide median value of \$38,125, which is a more reasonable measuring stick for the county.

Langlade County has low share of income coming from wage earnings and a relatively high share of income coming from sources associated with and older population such as income from investments and transfer payments. Based on the last available data, roughly 55% of the county’s income is earned through wages or self-employment. The remaining income comes from other sources.

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