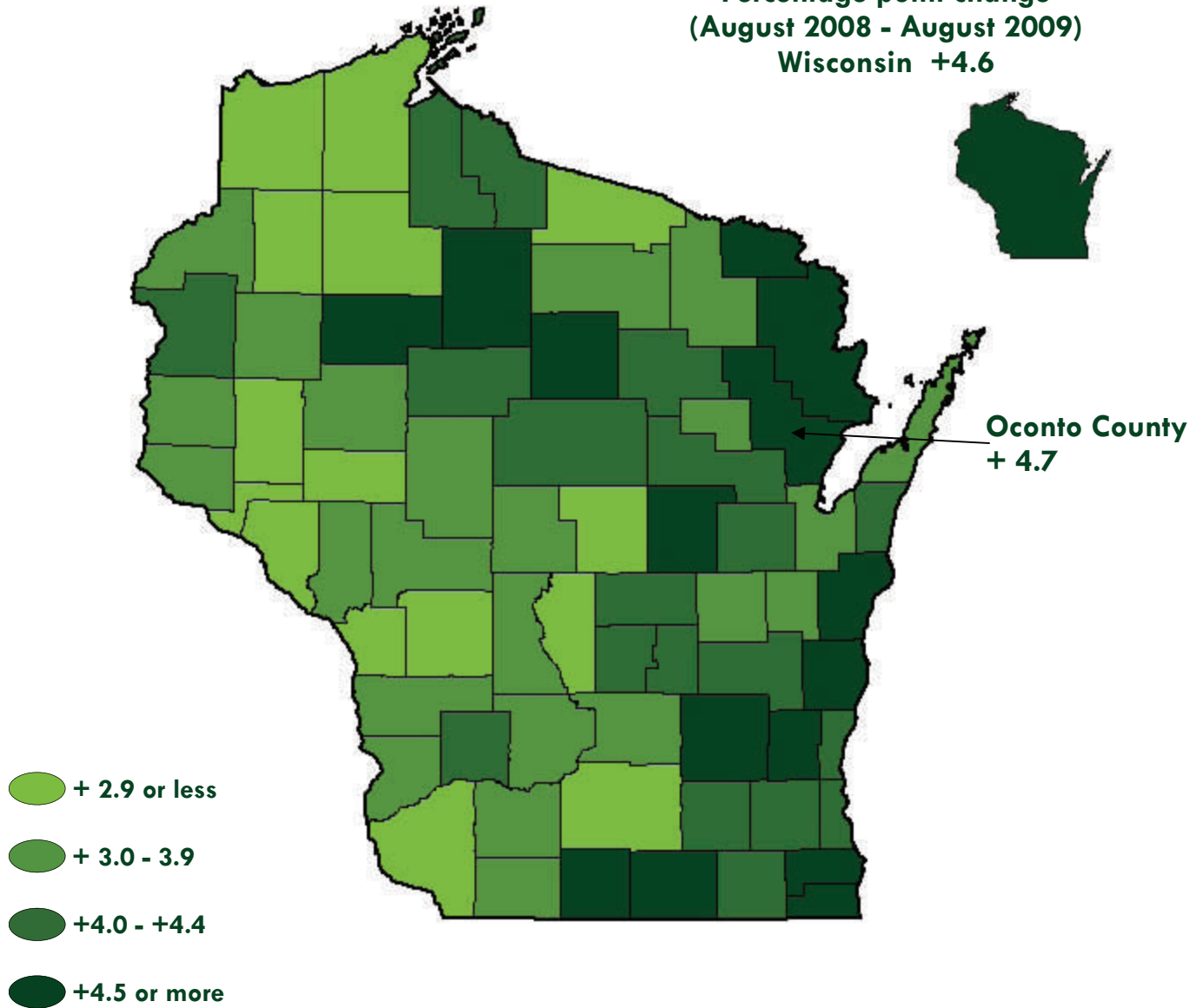


# Oconto County Workforce Profile 2009

## Unemployment Rate Increases

Percentage point change  
(August 2008 - August 2009)

Wisconsin +4.6



**Note:** This year's County Workforce Profile has a slightly different layout. The first two pages give a brief synopsis of the recession, the worst by most measures since the Great Depression. We would be remiss if this publication didn't recognize and report on it. More information about the stages of the recession can be found on our website: <http://dwd.wisconsin.gov/oea/>. In the subsequent pages of the Profile, readers will find the figures and analysis they depend on. If you have any questions or comments, please don't hesitate to contact us.

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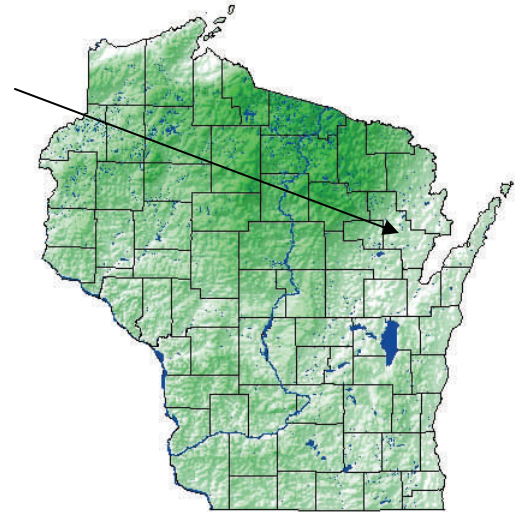
OEA-10654-P



Wisconsin Department of Workforce Development

# Oconto County Workforce Profile

Oconto  
County



Note: All data appearing in this profile are subject to revision.

## The Big Picture

As this piece of the profile is written in mid-September 2009, the economic recovery appears to be underway. It is expected that the trough of the recession will be registered in the third quarter of 2009 when it is finally decided by the National Bureau of Economic Research (NBER) in about a year from now. It is the NBER that pegged the beginning of the recession at December 2007. This recession will be documented as the longest recession since the Great Depression of the early 1930s. This 2007 recession has lasted more than twenty months, twice the length of the average post-war recession.

How bad was this downturn? Bad. Real GDP growth was negative for four quarters in a row. That has never happened before in quarterly data dating back to 1947. Only two quarters in the last fifty-three years suffered as

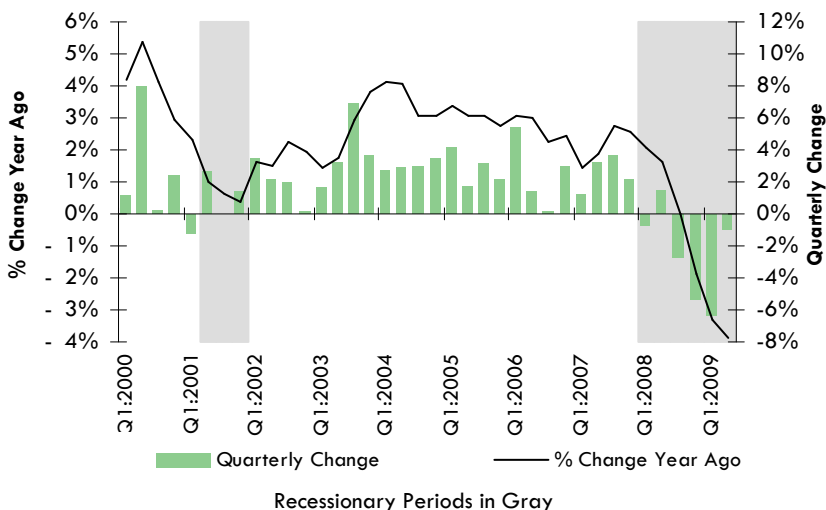
large a GDP loss as did the back-to-back quarters of Q4 2008 and Q1 2009, one was Q1 of 1958 and the other was Q2 in 1980. This is the first time that the economies of the U.S. and Japan were in recession at the same time. In fact, it was the first time since WWII that aggregate global economic growth turned negative.

Why was this recession so bad? There were two downturns, one on top of the other. The first one started in December 2007 and was an economic recession, based on falling demand for housing construction. The second began in earnest in September 2008 and was a financial crisis, based on weak underlying supports (housing) of new unregulated financial tools and products. The first downturn led to the second. They are now interdependent. Volumes will be written on this great recession of 2007. A brief synopsis follows here.

Low interest rates and incentives led to a wave of debt-based asset accumulation — buying stuff on credit: homes, businesses, cars, vacations. A home buying spree ensued as did commercial debt-financed acquisitions. Housing developers responded with enthusiasm. Lenders, with the help of the federal government, did their part to make home ownership more accessible. Early on, housing supply could not keep up with demand and housing prices increased. In parallel, global economic gains swelled stock market values.

Debt was cheap and highly utilized across all sectors of the economy around the world. The financial industry created new tools to extend and diversify the new debt loads, many based on home mortgage debt.

Real GDP Growth 2000 Q1 - 2009 Q2



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, July 2009

## The Big Picture Cont.

These new tools — derivatives — were unregulated, off-exchange transactions between individual parties.

When housing became over supplied and prices began to adjust (fall), mortgage defaults increased, and it was discovered that the newly created financial products were under-collateralized. More important perhaps, the issuers of debt insurance were hugely under capitalized (short of money to pay out claims). When the homeowner couldn't pay and the insurer couldn't pay, the lenders faced gigantic losses — a financial crisis. The crisis quickly spread as financial markets are highly integrated worldwide.

At present, global financial and political institutions continue to work on repairing the financial wreck. With cash and credit being the grease that lubricates the global economic engine, the rapidity and robustness with which the economy recovers is dependent on the speed and strength of the financial markets fix.

The severity of this recession affected employment in a commensurate manner. Wisconsin's unemployment rate increased from a seasonally adjusted 4.5 percent in December of 2007, when the recession began, to 8.8 as of August 2009, almost doubling over the period. Wisconsin

## The Current Employment Landscape

Wisconsin lost 137,000 jobs during this downturn, almost 5 percent of its job base since the recession began in December 2007, on a seasonally adjusted basis. All sectors suffered job losses with the exception of health care.

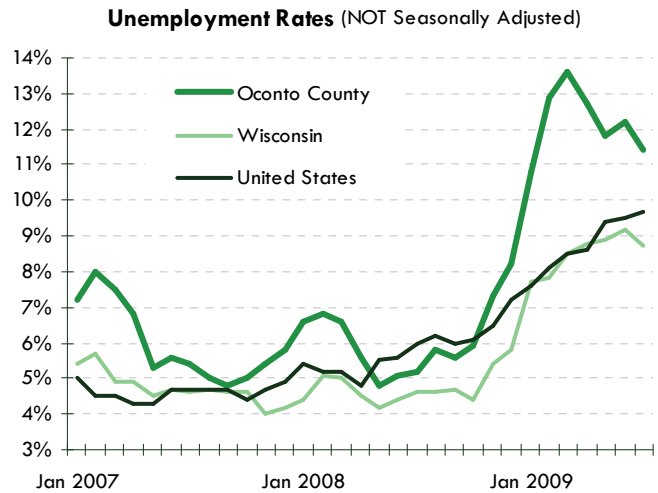
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the auto industry. With large manufacturing job losses in Indiana, Wisconsin became the leader in the share of its workers employed in manufacturing.

Construction, which was the first industry to be affected with the housing turn that began in Wisconsin in 2006, lost 16 percent of its jobs since December 2007, and almost 20 percent since its peak in February of 2006. Professional and Business Services also lost more jobs on a percentage basis than the state average, 8.9 percent. Other sectors lost jobs as well, but were not impacted quite as severely as those above. Leisure and Hospitality, for example, lost 1.4 percent of its jobs.

Employment recovery always lags economic recover. Following recessions since WWII, the economic upswings led job gains by nine to nineteen months. After the 2001

last reached an unemployment rate peak of 11.8 percent in January of 1983, after the harsh recession of 1981-82.

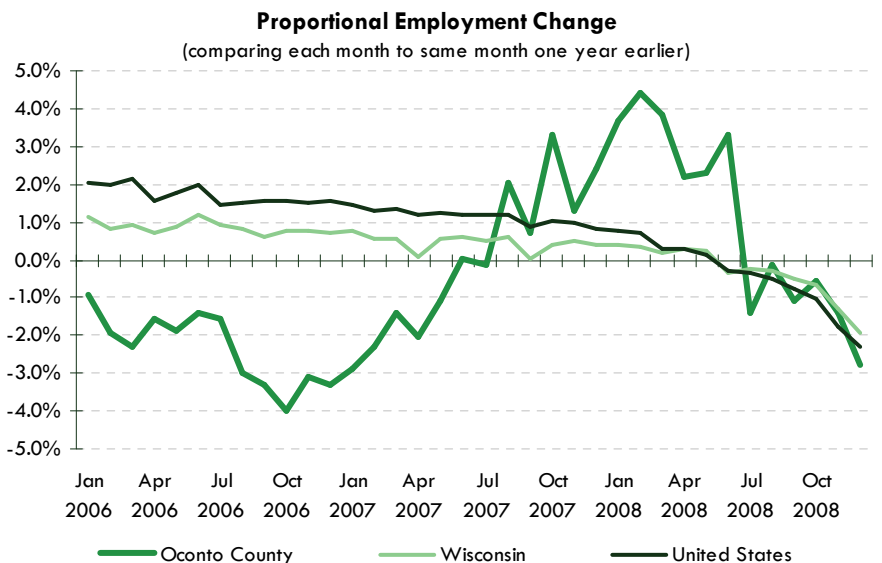
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



Source: U.S. Bureau of Labor Statistics, CPS, LAUS, 2009

recession, it took Wisconsin twenty-six months before job numbers began to increase again on a sustained basis. It was fifty months before the state's job levels recovered to pre-2001 recession levels. Job recovery following the current recession is expected to be slow as well. Consumers are not expected to be the driving sector in the economic recovery, as the huge destruction in home and financial equity wealth will force an increased proclivity for savings instead of consumption.

The chart below is a comparison of employment change.



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2009

## Population

Oconto County shares many of the same characteristics common to the counties of Northern Wisconsin. The populations of each of these counties is typically smaller than that of a mid-sized municipality, with residents living in a number of small cities and townships. This does not preclude these counties from experiencing significant growth. Oconto County's estimated 2008 population is 39,261, or approximately ten percent higher than the last decennial census. This growth rate, which amounts to a total increase of 3,609 residents in the county, is significantly higher than similar growth observed in the state or nation.

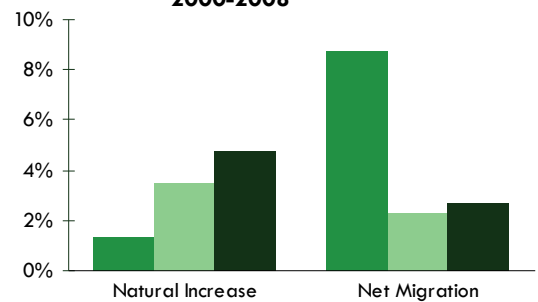
Several notable trends are hidden within the general growth pattern of the county. The bulk of Oconto County's new population is centered in two townships — Little Suamico and Chase. These townships are two most southern in the county and those that border upon Brown County. Convenient access to U.S. Highway 41 has certainly made this area of the county attractive to those new residents interested in establishing or maintaining an attachment to the Green Bay labor market. This pattern is certainly borne out in the recognition that growth in these two areas alone constitute over 47 percent of the county's total growth, and that no other area accounts for more than 5 percent of that same figure. This regional orientation is further confirmed through an examination of the components of population change during this same period as Oconto County's natural increase, that is, the ratio of births to deaths, increased only slightly while net migration was over three times as prevalent than either the state or nation.

### Oconto County's Ten Most Populous Municipalities

	April 1, 2000 Census	Jan 1, 2008 Estimate	Numeric Change	Proportional Change
<b>United States</b>	281,421,906	304,059,724	22,637,818	8.0%
<b>Wisconsin</b>	5,363,715	5,675,156	311,441	5.8%
<b>Oconto County</b>	35,652	39,261	3,609	10.1%
Little Suamico, Town	3,877	4,856	979	25.3%
Oconto, City	4,708	4,756	48	1.0%
Oconto Falls, City	2,843	2,917	74	2.6%
Chase, Town	2,082	2,822	740	35.5%
Abrams, Town	1,757	1,944	187	10.6%
Stiles, Town	1,465	1,589	124	8.5%
Brazeau, Town	1,408	1,491	83	5.9%
Oconto, Town	1,251	1,439	188	15.0%
Pensaukee, Town	1,214	1,407	193	15.9%
Oconto Falls, Town	1,139	1,256	117	10.3%

Source: WI Dept. of Administration, Demographic Services, Population Est., July 2009

### Components of Population Change, 2000-2008

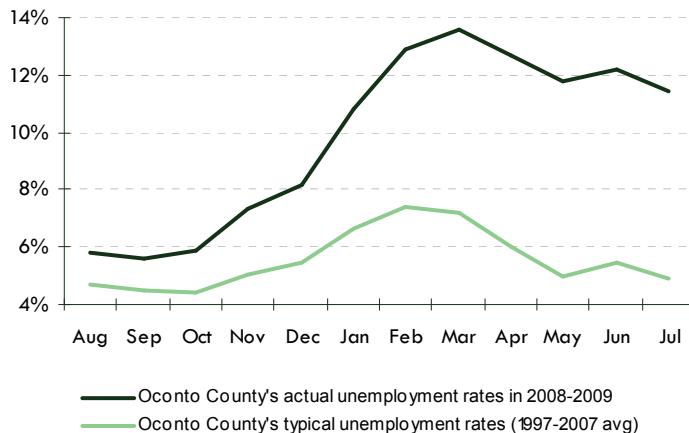


■ Oconto	1.4%	8.8%
■ Wisconsin	3.5%	2.3%
■ United States	4.7%	2.7%

Source: WI Dept. of Administration, Demographic Svcs, Pop Est.

## County Unemployment Rate Situation

### Oconto County's Typical & Current Unemployment Rates



Source: WI DWD, Bureau of Workforce Training, LAUS, 2009

A rapid, and sustained increase in unemployment is typically a hallmark of any prolonged economic downturn. Persistent job losses outpace any seasonal factors, thereby heightening the downturn's impact. This pattern can be seen in the chart presented at right, which compares Oconto County's August 2008 to July 2009 unemployment rate to a ten-year average of similar monthly rates over the period of 1997 to 2007. The trend of the past year suggests that the county's employment situation closely followed both state and national trends insofar as employment losses started in earnest in early 2009, and peaked in March, at the beginning of the traditional construction season. As the spring and summer progressed, seasonal factors pushed unemployment lower, but the losses suffered at the beginning of the year has kept the unemployment rate uncharacteristically high.

**Jobs & Wages**

Oconto County	First Quarter Employment		Second Quarter Employment		Third Quarter Employment		Fourth Quarter Employment	
	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change
All industries	8,902	4.0%	9,492	2.6%	9,403	- 0.9%	9,129	- 1.6%
Natural Resources	246	15.5%	311	12.3%	329	13.8%	289	4.0%
Construction	351	3.5%	411	- 11.2%	445	- 18.2%	386	- 19.2%
Manufacturing	2,285	5.3%	2,414	3.1%	2,465	- 2.3%	2,183	- 3.2%
Trade, Transport. & Utilities	1,525	3.5%	1,529	- 2.1%	1,527	- 2.2%	1,517	- 4.0%
Information	73	- 5.2%	68	- 4.2%	65	- 12.2%	51	- 32.0%
Financial Activities	258	4.9%	262	4.0%	259	1.2%	242	- 1.2%
Prof. & Business Services	237	0.0%	257	6.2%	280	10.2%	262	10.1%
Education & Health	2,070	7.3%	2,105	9.5%	1,849	3.4%	2,162	7.8%
Leisure & Hospitality	861	0.6%	1,013	- 4.7%	1,078	- 8.9%	904	- 11.4%
Other Services	193	- 3.0%	191	- 3.5%	195	- 3.5%	208	6.1%
Public Administration	805	- 1.9%	929	8.3%	911	12.3%	925	2.4%

Source: WI DWD, Workforce Training, QCEW, June 2009

There are a number of significant economic trends that can be observed in quarterly changes in employment in Oconto County's major industry sectors. The county's employment patterns for 2008 reflect seasonal trends that are fairly consistent, with a few notable exceptions. We see that industry employment decreased slightly below 2007 levels in the third and fourth quarters, predating the increases in unemployment discussed earlier.

Activity in the construction and leisure and hospitality industry sectors violate this pattern. Economists expect that employment in each of these sectors will be at their peak during times of highest demand, which are typically in the second and third quarters in Wisconsin. Employment in both of these sectors did indeed increase in Oconto County during this period in 2008, but at much lower levels than had previously been observed. This trend points again to the structural weaknesses that had raised both statewide and national concerns.

Changing patterns in industry employment levels only tell part of the story of a regional labor market. One other key piece is a comparison of average annual wages in Oconto County, particularly as to how

they compare to state averages. Across all industry sectors, the annual average wage earned by workers in 2008 was just under \$27,000, or about 68 percent of the state average. The average annual wages of all key industry sectors, with the exception of the "other services" catch-all sector were also well below the state average, with the manufacturing (67.6 percent) and education and health services (70.1 percent) among the most prominent. In most cases, these disparities are the result of differences in the mix of workers employed locally as opposed to those working in a typical firm. Finally, cost of living factors are also important to consider here, as low costs do make one's wages stretch further.

Oconto County	Oconto County Annual Average Wage			Wisconsin Annual Average Wage	
	2008 level	2007-2008 change	As a share of Wisconsin	2008 Level	2007-2008 change
All industries	\$26,706	2.3%	68.2%	\$39,169	2.9%
Natural Resources	\$24,532	10.9%	78.6%	\$31,227	6.8%
Construction	\$30,294	0.1%	61.0%	\$49,658	4.6%
Manufacturing	\$32,513	3.0%	67.6%	\$48,116	2.1%
Trade, Transport. & Utilities	\$23,396	2.0%	69.6%	\$33,604	2.6%
Information	\$26,808	8.9%	53.8%	\$49,838	2.8%
Financial Activities	\$31,053	13.6%	59.7%	\$52,008	2.5%
Prof. & Business Services	\$26,952	- 0.9%	59.7%	\$45,114	1.8%
Education & Health	\$28,897	- 2.3%	70.1%	\$41,222	4.1%
Leisure & Hospitality	\$9,287	1.7%	65.9%	\$14,102	3.8%
Other Services	\$30,191	5.8%	133.4%	\$22,628	2.5%
Public Administration	\$28,005	1.8%	68.2%	\$41,040	2.9%

Source: WI DWD, Workforce Training, QCEW, June 2009



**Jobs & Wages**

**Prominent Industries in Oconto County**

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level	Change	Change	2008 Wage	Change	Change
	Oconto County	2007- 2008 Oconto County	2007- 2008 Wisconsin	Oconto County	2007- 2008 Oconto County	2007- 2008 Wisconsin
Education services	852	- 1.0%	1.8%	\$35,252	3.3%	4.0%
Executive legislative & general government	738	12.7%	0.5%	\$26,475	3.3%	1.8%
Food services & drinking places	721	- 8.6%	- 2.2%	\$8,853	1.9%	2.1%
Nursing & residential care facilities	575	10.4%	2.8%	\$17,681	- 11.7%	3.5%
Food manufacturig	*	not avail.	- 0.6%	\$36,105	7.6%	2.9%
Transportation equipment manufacturing	425	- 25.2%	- 9.9%	\$32,553	- 1.9%	- 0.5%
Hospitals	*	not avail.	2.2%	*	not avail.	4.2%
Food & beverage stores	262	- 7.7%	- 4.0%	\$13,491	5.5%	2.1%
Ambulatory health care services	260	36.1%	2.3%	\$21,379	- 17.6%	4.7%
Gasoline stations	244	14.0%	- 2.2%	\$11,258	1.4%	3.8%

\* Data suppressed to protect employer confidentiality.

Source: WI DWD, Workforce Training, QCEW, July 2009

The gradual transition from a goods-producing to service-providing economy is one of the trends that has garnered the attention of economists and analysts for some time. A cursory glance at the list of the prominent industries in Oconto County shows that this pattern is certainly occurring. The two largest industry sectors in the county are tied to federal, state, and local government. The education and government industry sectors combined account for nearly 1,600 positions in Oconto County. What is significant about this fact is that employment volatility in these sectors is historically far less than what may be observed in private sector industries.

The continued significance of the health care sector is also of ongoing importance in the county. Employment in nursing and residential care facilities increased more than four times as rapidly as state industry growth, and employment growth in ambulatory health care services was seventeen times the state rate. This phenomenal growth

again attests to the impact that strong residential growth and an increasing regional integration on industry activity in Oconto County. This pattern is further confirmed in the presence of a number of key hospitality and service sectors among the list of prominent employment sectors.

We see a similar level of diversity with a strong public sector emphasis when examining a list of Oconto County's most prominent employers. Three public education entities — the Oconto Falls Public School District, Oconto Public School District, and CESA 8 are among the ten largest employers. Similarly, the presence of Oconto County and Community Memorial Hospital demonstrate the previously discussed trends. While the inclusion of these service-oriented employers, along with Heyde Health Systems demonstrates the presence of a diversified employer base, the region's traditional base — manufacturing — is also represented.

The top employers list illustrates the diversity of the

**Prominent Public and Private Employers in Oconto County**

Establishment	Service or product	Number of Employees (December 2008)
Saputo Cheese USA Inc	Cheese manufacturing	250-499 employees
K C S Intl Inc	Boat building	250-499 employees
Oconto Falls Public School District	Elementary & secondary schools	250-499 employees
Community Memorial Hospital Inc	General medical & surgical hospitals	250-499 employees
County of Oconto	Executive & legislative offices, combined	250-499 employees
Oconto Public School District	Elementary & secondary schools	100-249 employees
Unlimited Services of Wisconsin Inc	Current-carrying wiring device manufacturing	100-249 employees
CESA 8	Administration of education programs	100-249 employees
Heyde Health Systems - Oconto	Nursing care facilities	100-249 employees
Diversified Woodcrafts Inc	Institutional furniture manufacturing	100-249 employees

manufacturing sector in Oconto County. Saputo Cheese represents food manufacturing and KCS International reflects the region's maritime heritage. The diversity in manufacturing serves as a further hedge against employment volatility.

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2009

**Income**

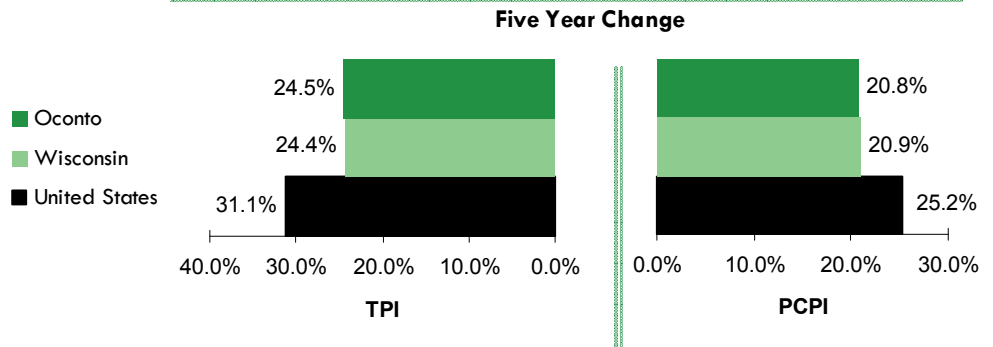
We can gain a great deal of information about the health of a region's economy by tracking its income dynamics. This is certainly the case in Oconto County, where personal income and wealth is very closely tied to dynamics that extend well beyond the county's borders. As the county's economic base continues to evolve into one component in a larger regional economy, these dynamics will only intensify.

Total Personal Income in Oconto County in 2007 was roughly \$1.1 billion. This represents a 24.5 percent increase over the five-year period dating back to 2002. This growth rate is roughly equivalent to state income growth during the same period, but is roughly seven percent below national income growth. Strong personal income growth is indicative of a number of factors, including employment and wage growth, increased investment activity, and an increase in the receipt of government transfer payments such as unemployment insurance, public assistance, and social security retirement benefits. Finally, it is worth noting that these figures represent estimates from 2007 are not reflexive of the effects of the current economic downturn, which will become more apparent in the coming months.

Total personal income estimates can only provide us with a certain amount of information about a local economy. Looking at the same figures on a per capita basis provides us with a better sense as to personal well-being, as well as the impact of income migration created by residential growth. The per capita personal income (PCPI) of Oconto County in 2007 was \$29,802, a figure which is significantly lower than either state or national benchmarks. In fact, Oconto County's PCPI in 2007 is close to the state and national estimates of five years earlier. Over the period from 2002 to 2007, county PCPI increased by nearly 21 percent, or again roughly equaling state growth, but lagging behind the national measure. It is also important to note that total personal income growth typically eclipses per capita personal income growth as a result of population growth, which we recall has been 10.1 percent since 2000. As a significant share of this new population comes through births, per capita personal income growth is more succinctly diluted.

One final facet of local income dynamics that must be discussed is the role that commuting patterns bears on the county's income base. Oconto County residents

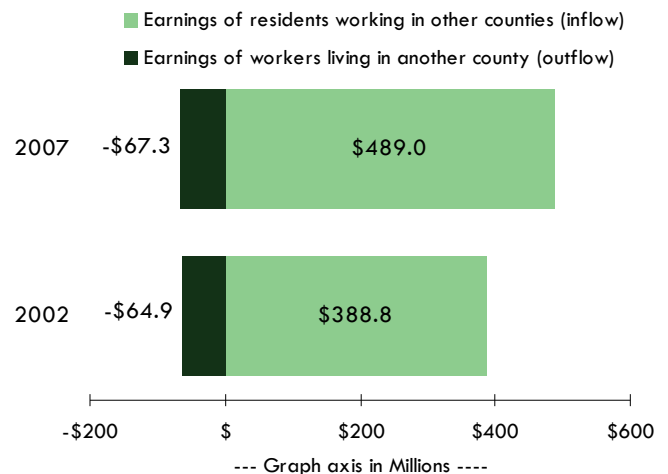
Personal Income in Oconto County				
	Total Personal Income (in thousands)		Per Capita Personal Income (PCPI)	
	2002	2007	2002	2007
Oconto	\$896,167	\$1,115,383	\$24,661	\$29,802
Wisconsin	\$163,308,733	\$203,083,544	\$29,994	\$36,272
United States	\$8,872,871,000	\$11,634,322,000	\$30,838	\$38,615



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2008

“imported” \$422 million more in earnings in 2007 than was “exported” by workers residing outside the county. This gap is significantly higher than the same dynamic in 2002, when residents enjoyed a “net income balance” of \$324 million. These patterns again suggest that Oconto County's economy is firmly integrated into the larger Green Bay metropolitan and northeastern Wisconsin regional economies. It is anticipated that the county will continue to serve as a magnet for new residents and income so long as its relatively low cost of living and high quality of life measures persist. What is rather less certain is how the recent economic downturn has affected either of these measures, leaving the economic future of the county a bit less clear than previously assumed.

**Oconto County Commuting Impact**



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2009