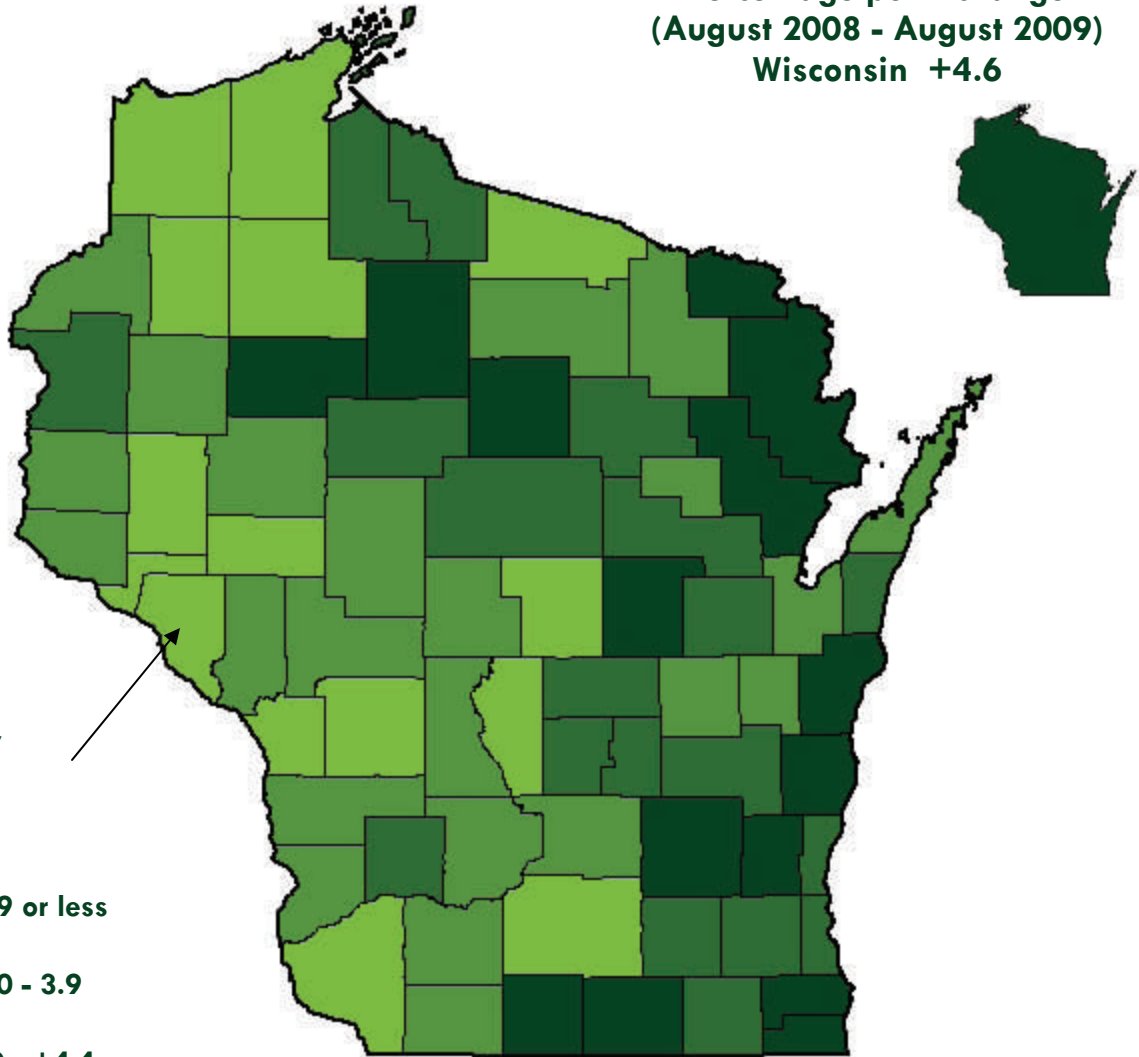


Buffalo County Workforce Profile 2009

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.

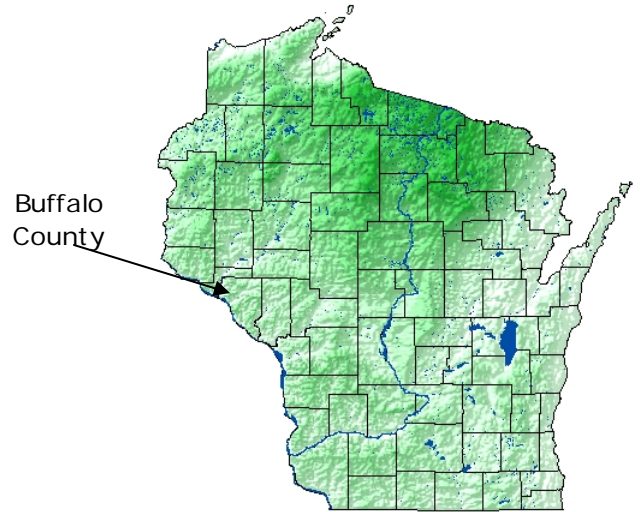
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OEA-10654-P



Wisconsin Department of Workforce Development

Buffalo County Workforce Profile



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

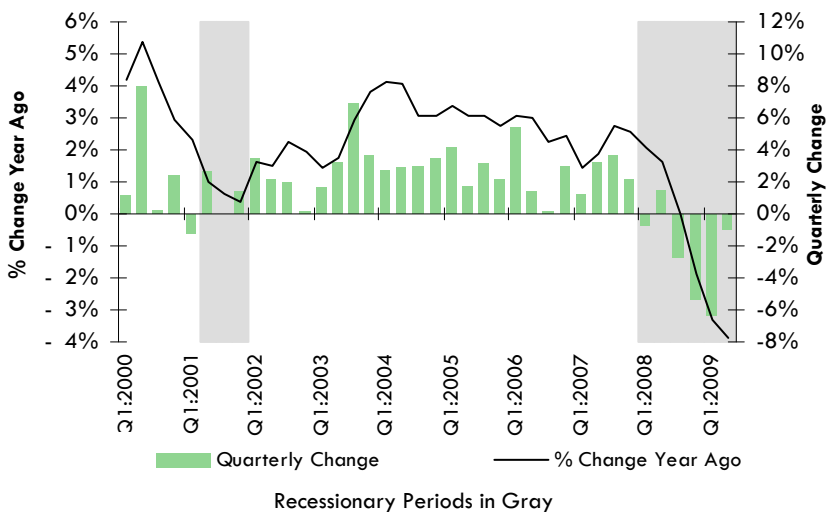
large a GDP loss as did the back-to-back quarters of Q4 2008 and Q1 2009, one was Q1 of 1958 and the other was Q2 in 1980. This is the first time that the economies of the U.S. and Japan were in recession at the same time. In fact, it was the first time since WWII that aggregate global economic growth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

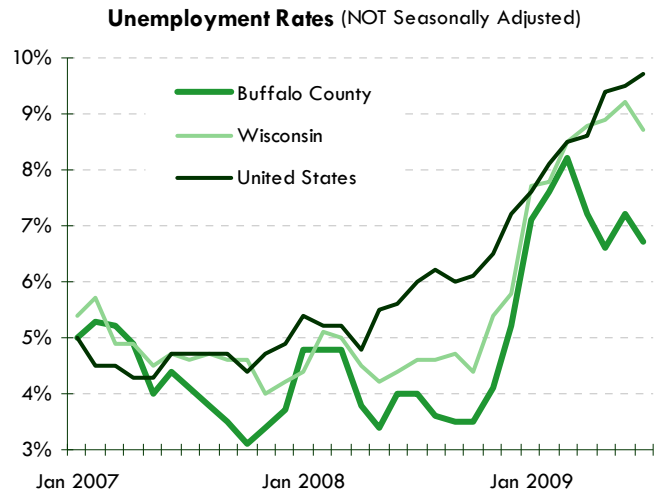
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the 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.

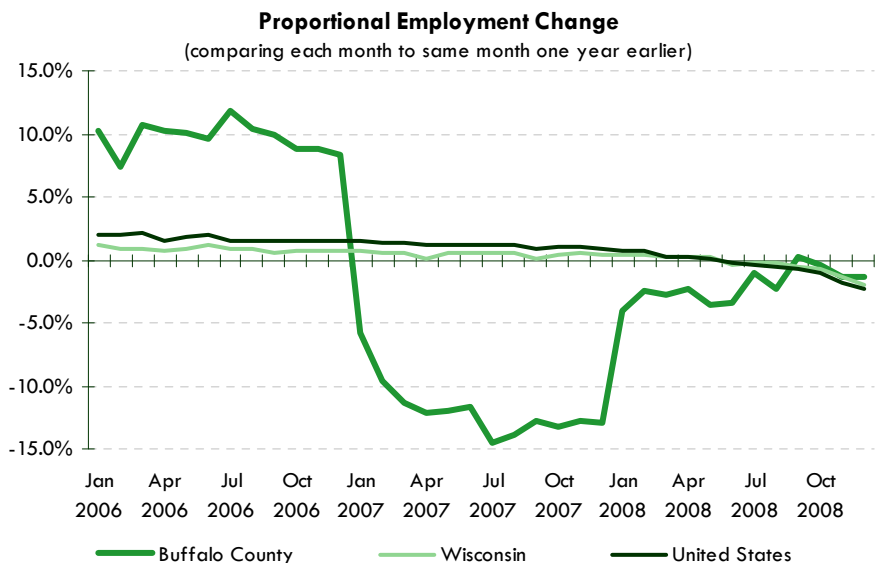
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



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

At 14,200 residents, Buffalo County is among the state's less populated, with only five other counties having fewer residents in 2008. Like many of its rural Western Wisconsin counterparts, Buffalo County's population growth has been among the state's slowest since 2000, with net growth of 396 residents. That translates to a 2.9 percent growth rate, or about one-half of the state-wide rate. Buffalo's population growth rate over the last seven years ranks 58th among the state's 72 counties.

Population growth, to the extent that it's occurred in Buffalo, has been well balanced between natural change (births minus deaths) and net migration (in and out migration of residents). Its eight-year net growth is roughly evenly divided between natural growth and net immigration. Because rural counties tend to have concentrations of older populations, the majority of residential growth comes from migration and not natural means.

The County's larger municipalities, except for Alma, measured small gains in net population growth, characterized by larger growth in the county's western communities along the Mississippi River and along State Highway 35, which runs parallel to the Mississippi.

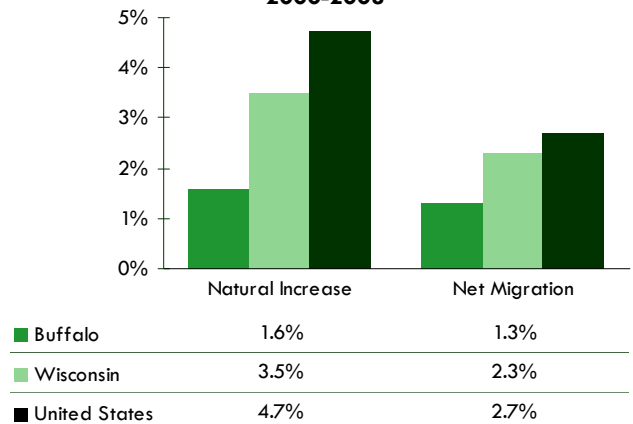
Buffalo County, as well as many Wisconsin counties, is experiencing an aging resident population and the county's average age has been on the rise for several decades.

Buffalo County's Ten Most Populous Municipalities

	April 1, 2000 Census	Jan 1, 2008 Estimate	Numeric Change	Proportional Change
United States	281,421,906	304,059,724	22,637,818	8.0%
Wisconsin	5,363,715	5,675,156	311,441	5.8%
Buffalo County	13,804	14,200	396	2.9%
Mondovi, City	2,634	2,706	72	2.7%
Buffalo, City	1,040	1,055	15	1.4%
Fountain City, City	983	1,011	28	2.8%
Alma, City	942	934	- 8	- 0.8%
Buffalo, Town	667	714	47	7.0%
Naples, Town	584	621	37	6.3%
Nelson, Town	586	611	25	4.3%
Milton, Town	517	547	30	5.8%
Waumandee, Town	515	525	10	1.9%
Dover, Town	484	509	25	5.2%

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

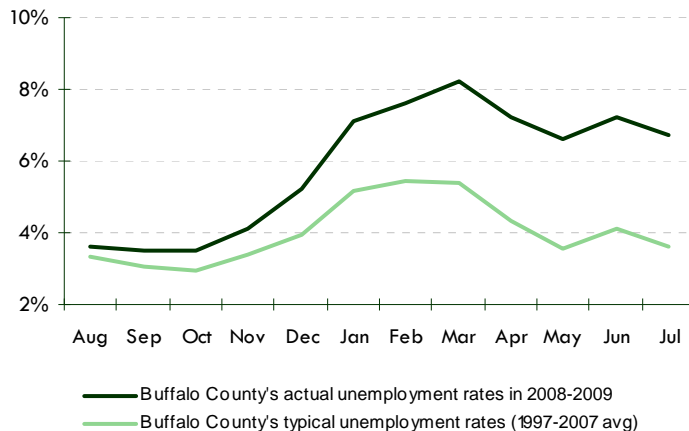
Components of Population Change, 2000-2008



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

County Unemployment Rate Situation

Buffalo County's Typical & Current Unemployment Rates



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

The graph to the left presents Buffalo unemployment rates from August 2008 through July 2009 and compares them to eleven-year historical averages. Like the nation and like most counties in the state, Buffalo's unemployment rates have climbed to levels not equaled since the early 1980s. A rise in the rates during the fourth quarter of 2008 is evident and, as seen, the rise accelerated in earnest during 2009.

Readers can take note that rates continue to follow typical seasonal patterns, albeit at higher levels.

Even if economic recovery is declared in the second half of 2009, it is likely that unemployment rates will remain quite elevated for the remainder of 2009 and into year 2010.

Jobs & Wages

Buffalo 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	5,010	- 3.1%	5,191	- 3.1%	5,222	- 1.0%	5,189	- 1.0%
Natural Resources	155	6.9%	169	12.7%	165	9.3%	173	11.6%
Construction	147	0.0%	167	0.6%	171	- 6.6%	165	- 0.6%
Manufacturing	307	6.2%	331	18.6%	415	13.4%	317	7.1%
Trade, Transport. & Utilities	2,480	- 6.5%	2,493	- 7.4%	2,551	- 0.8%	2,610	0.2%
Information	suppressed	not avail.	36	- 2.7%	37	0.0%	38	not avail.
Financial Activities	164	- 4.7%	163	- 7.9%	170	- 6.6%	168	- 12.0%
Prof. & Business Services	336	- 7.2%	372	- 6.1%	388	- 4.7%	291	- 24.2%
Education & Health	870	0.9%	883	0.3%	728	- 8.0%	869	- 1.1%
Leisure & Hospitality	270	- 4.3%	325	- 5.8%	349	0.6%	314	5.4%
Other Services	47	38.2%	50	25.0%	37	5.7%	42	- 8.7%
Public Administration	190	1.1%	202	2.5%	211	2.9%	202	10.4%

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

The table, above, is a quarter-by-quarter analysis of Buffalo County's 2008 job market by industry sector and of its rate of job growth compared to the same quarter in year 2007. The intent of this annual comparison is to show how Buffalo County's job market changed in 2008.

Buffalo County lost jobs in each quarter of 2008. In Buffalo, a number of industries led that decline. These industries include: professional and business services; trade, transportation and utilities; financial activities; and leisure and hospitality.

Declines in trade, transportation and utilities employment is likely centered in transportation in Buffalo. The national recession led to less product being made and less product being purchased; therefore the demand for the transportation of product declined. Trade, transportation & utilities average annual wages were also on the decline.

Employment in financial activities followed the financial crisis in much of the state and nation. Losses in employment are due, in part, to consolidation in that sector.

Employment with temporary help agencies is included within the professional and business service industry category and declines in

this subsector is part of the reason for employment declines in the professional and business services sector.

Declines in leisure and hospitality employment often occur during a recession as individual consumers cut back on recreational spending.

The table below displays the average wages paid by industries in Buffalo. Overall, Buffalo's employers pay 86.6 percent of the statewide average. Two county industries, trade, transportation & utilities, and other services pay wages in excess of the statewide average. However, the only other industry paying wages at least 85 percent of the industry's statewide average is professional & business services.

Buffalo County	Buffalo 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	\$33,905	- 7.3%	86.6%	\$39,169	2.9%
Natural Resources	\$19,763	4.8%	63.3%	\$31,227	6.8%
Construction	\$32,751	5.0%	66.0%	\$49,658	4.6%
Manufacturing	\$30,359	3.7%	63.1%	\$48,116	2.1%
Trade, Transport. & Utilities	\$41,122	- 7.5%	122.4%	\$33,604	2.6%
Information	suppressed	not avail.	not avail.	\$49,838	2.8%
Financial Activities	\$25,892	2.8%	49.8%	\$52,008	2.5%
Prof. & Business Services	\$44,929	- 25.0%	99.6%	\$45,114	1.8%
Education & Health	\$25,607	4.9%	62.1%	\$41,222	4.1%
Leisure & Hospitality	\$8,883	1.5%	63.0%	\$14,102	3.8%
Other Services	\$24,095	6.5%	106.5%	\$22,628	2.5%
Public Administration	\$25,833	- 1.3%	62.9%	\$41,040	2.9%

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



Jobs & Wages

Prominent Industries in Buffalo County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Buffalo County	Change 2007- 2008 Buffalo County	Change 2007- 2008 Wisconsin	2008 Wage Buffalo County	Change 2007- 2008 Buffalo County	Change 2007- 2008 Wisconsin
Truck transportation	*	not avail.	- 4.8%	*	not avail.	0.3%
Education services	417	- 5.2%	1.8%	\$31,135	7.6%	4.0%
Food services & drinking places	*	not avail.	- 2.2%	*	not avail.	2.1%
Food manufacturing	*	not avail.	- 0.6%	*	not avail.	2.9%
Nursing & residential care facilities	232	- 4.1%	2.8%	\$20,155	7.2%	3.5%
Support activities for transportation	*	not avail.	- 5.0%	*	not avail.	3.8%
Professional & technical services	*	not avail.	- 0.2%	\$58,028	not avail.	2.1%
Executive legislative & general government	149	31.9%	0.5%	\$18,989	- 6.3%	1.8%
Animal production	146	not avail.	8.6%	\$19,781	not avail.	5.5%
Utilities	*	not avail.	0.4%	*	not avail.	5.9%

* Data suppressed to protect employer confidentiality.

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

This section is a look at the specific industries and employers with the largest number of jobs in Buffalo County in the fourth quarter of 2008. Above are the top ten industries. The annual percent change in jobs of each industry is compared to its statewide counterpart.

The tables found above and below reflect the significance of the truck transportation sector in Buffalo County. Truck transportation is overwhelmingly Buffalo's largest industry sub-sector, ranked by employment. While exact figures for 2008 are suppressed for confidentiality purposes, it is known that in 2007 truck transportation employment in Buffalo was 4.5 times higher than educational services, the second ranked employing industry in the county.

The more diverse the county's industry sectors the more insulated it is from major employment losses. In Buffalo County, however, 50 percent of county jobs are in the industry super-sector of trade, transportation, & utilities;

and another 16 percent in education & health.

When an area's economy is reliant on just one or two principle sectors, even area businesses completely unrelated to these principle sectors are sensitive to changes in the area's dominant sectors. With such dominance in an area's economy, dependencies may development between otherwise unrelated businesses, and the fate of an entire area can be tied to one or two principle businesses.

The list below of specific prominent public and private sector employers in the county offers an assortment similar to the larger industries list. Particular to Buffalo County, the two largest employers are directly involved in truck transportation. School districts and local government entities make up a large contingent of employers, which is common in rural counties. Rounding out the list is a health care facility, a utility, and a federal agency at the lock and dam on located on the Mississippi.

Prominent Public and Private Employers in Buffalo County

Establishment	Service or product	Number of Employees (December 2008)
Marten Transport	General freight trucking, long-distance	1,000+ employees
Marten Transport Services	Freight transportation arrangement	100-249 employees
Mondovi Public School	Elementary & secondary schools	100-249 employees
Cochrane-Fountain City Public School	Elementary & secondary schools	100-249 employees
County of Buffalo	Executive & legislative offices, combined	100-249 employees
Dairyland Power Coop	Fossil fuel electric power generation	100-249 employees
American Lutheran Homes	Nursing care facilities	100-249 employees
Department of Defense	Engineering services	100-249 employees
La Crosse Milling	Breakfast cereal manufacturing	100-249 employees
School District of Alma	Elementary & secondary schools	50-99 employees

Employment in food services and drinking places, is the third largest industry in Buffalo County. Despite ranking third, none of the businesses in this industry are on the top ten employers list. Employment is spread amongst a multitude of establishments.

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

Income

Buffalo County's \$489 million total personal income (TPI) or aggregate income in 2007 translated to \$35,409 per person living in the county. This per capita personal income (PCPI) figure ranked 16th highest among Wisconsin's 72 counties.

Total personal income is composed of all monies accrued in three distinct categories: (1) net employment earnings, which is payroll and self-employment income; (2) dividends, interest, and rental property income, which are returns on equities and other portfolio items, interest-bearing accounts, rental housing/business units; and (3) personal current transfer receipts which are Social Security, Medicare/Medicaid, public assistance and other government or private retirement monies.

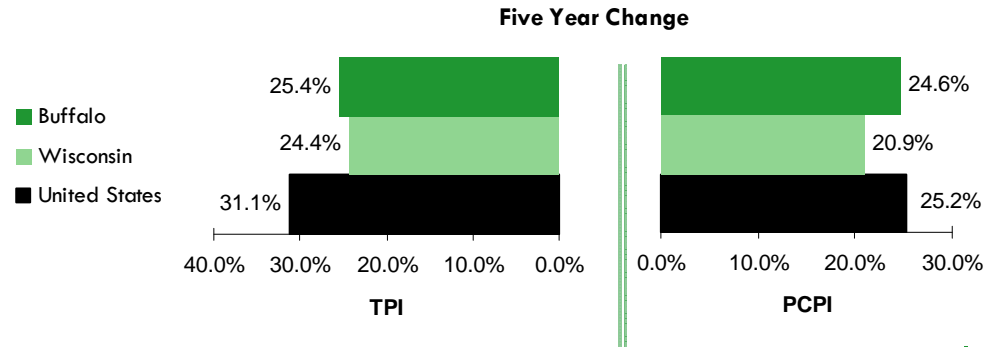
Buffalo County's PCPI of \$35,409 was 97 percent of the statewide average and 92 percent of the national average. Buffalo County's PCPI is only somewhat lower than the state or national average PCPI and, thus, Buffalo has a healthy PCPI for a nonmetropolitan area. Of the 15 Wisconsin counties that have a higher PCPI than Buffalo, only three — Door, St. Croix, and Wood, are nonmetropolitan counties.

PCPI in Wisconsin's metropolitan counties in 2007 was \$38,382 compared to \$30,627 in nonmetropolitan counties. Buffalo County's PCPI, at \$35,409, was 115 percent of Wisconsin's nonmetropolitan PCPI average.

A closer look at the components of total personal income lends some insight to the PCPI in Buffalo County. In Buffalo County, almost 71 percent of TPI is from net earnings. This comprises the greatest source of income in the county, at a higher percentage than in the state (68 percent). Property income is roughly 13 percent of TPI in Buffalo County, a smaller share than in the state and nation. The third component of TPI, transfer receipts, was more than 16 percent of TCPI Buffalo County. The statewide average was 14.6 percent. A high share of income made up of transfer receipts indicates an older population, which is the case in Buffalo County.

The higher-than-statewide averages paid in two industries in Buffalo; trade, transportation, & utilities and other services (page 4), along with the higher-than-statewide average percentage of the county's income that is based on wages are the reasons for Buffalo's comparatively high PCPI ranking among Wisconsin's counties.

Personal Income in Buffalo County				
	Total Personal Income (in thousands)		Per Capita Personal Income (PCPI)	
	2002	2007	2002	2007
Buffalo	\$390,499	\$489,595	\$28,410	\$35,409
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

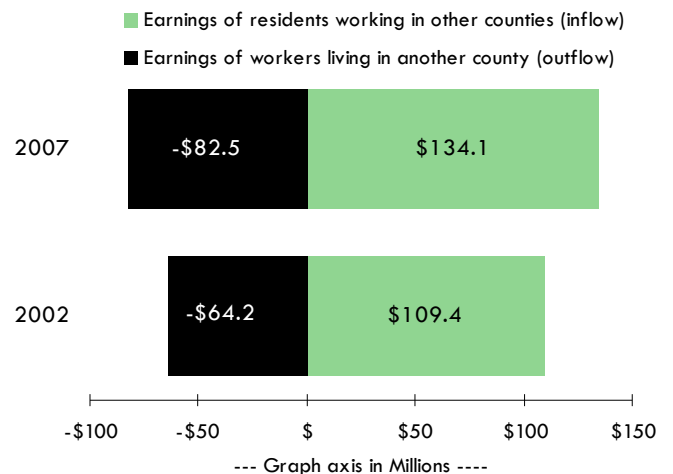


Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2008

The chart below shows that in 2007 residents working in jobs outside the county added \$134.1 million to Buffalo County's total personal income while nonresident workers were paid \$82.5 million dollars in wages that left the county. The total residency adjustment increased total county income by \$51.6 million.

In 2002, the total residency adjustment in Buffalo County increased total county income by \$45.2 million.

Buffalo County Commuting Impact



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