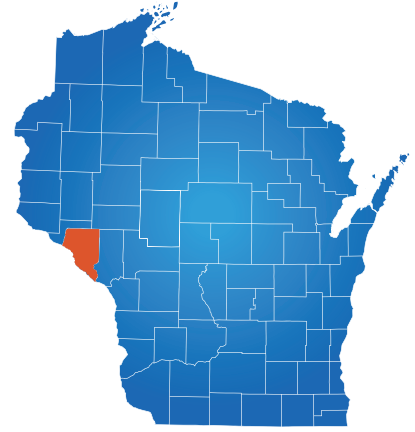


Buffalo County



2023 WORKFORCE PROFILE



2022 Wisconsin Overview

Wisconsin's economy broke numerous records during 2022, as the rebound from the COVID-19 pandemic continued.

During January through April, the state achieved a record low seasonally adjusted unemployment rate of 2.8%, while also achieving record lows in initial and continuing weekly unemployment insurance claims. As the number of unemployed people trended downward, construction employment reached a record high, and the manufacturing industry also experienced strong growth.

By year end, the state had regained 99% of the 404,000 jobs lost during the COVID-19 pandemic, including the short, sharp recession of March and April 2020. In addition to the strong rebound in jobs during 2022, Wisconsin's real GDP reached record highs and the state concluded the year with a record high state surplus approaching \$7 billion.

While Wisconsin's year-ending labor force participation rate of 64.6% remained more than 2 percentage points above the national average, demographic trends including the aging and retirement of Baby Boomers contributed to the labor quantity challenge. Concerns over inflation, compounded by China's response to the COVID-19 pandemic and resulting supply chain disruptions, also defined the year.

As demand for workers grew throughout 2022, employers voiced concerns about their inability to attract talent and workers in general. This is unlikely to change in the foreseeable future. The primary underlying challenge is the demographic situation as Baby Boomers exit the workforce. This lifecycle event will continue to complicate employers' ability to find workers and talent. These demographic problems extend beyond Wisconsin and affect the upper Midwest, the U.S. as a whole, much of Western Europe, and in fact, the developed world. Even China faces a talent shortage.

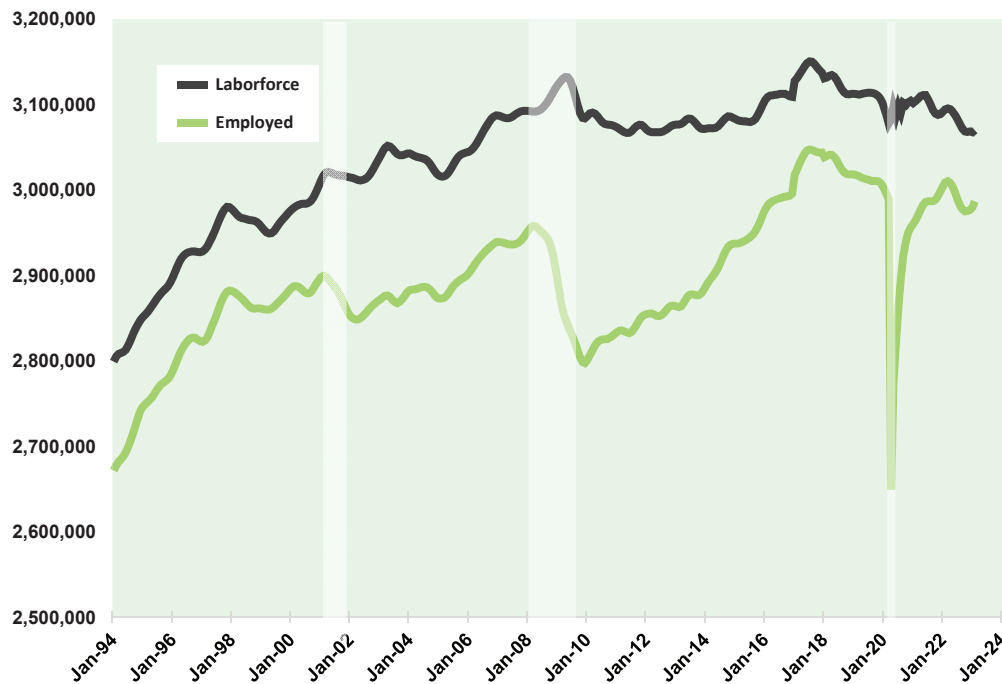


EMPLOYMENT

Wisconsin's labor force held relatively steady through the pandemic, while employment dropped severely and then recovered quickly. See Graphic 1.

The employment gyrations pushed the unemployment rate to 14.1% in April 2020. As employment recovered, the unemployment rate fell to new lows of 2.8% in March and April of 2022. As of December 2022, Wisconsin's seasonally adjusted unemployment is 3.2%.

Graphic 1: Wisconsin's Labor Force and Employment



Source: Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics

SHORT-RUN OUTLOOK

The short-run outlook for the state looks positive. Job levels continue at high levels, registering gains in 10 out of 12 months in 2022.

Job gains coupled with higher wages translate into healthy consumption, which makes up two-thirds of the economy. Wage gains have been robust. However, the surge in inflation brought about by supply chain disruptions and the war in Europe have undercut the gains in real terms. We expect high inflation to be transitory while wage gains will be permanent. With continued job and wage gains, consumption will be the underpinning of economic growth.

The most prominent economic risk is the Federal Reserve Bank (Fed) aggressively combatting inflation through higher interest rates. The Fed raised interest rates seven times in 2022 – going from essentially zero to 5%. They set a range of 25 basis points. As of March 1, 2023 the range is 4.7 – 5%. Interestingly, Fed fiscal policy contributed to inflation pressures over the last few years.

Experts expect that inflation pressures will ease as supply chains readjust. As inflation pressures ease, the Fed will be able to conduct a more accommodative monetary policy. Tighter fiscal policy will have an influence over the coming years as well.

Businesses continue to voice lack of workforce talent as the primary constraint on production growth. Pursuit of workers has brought about wage and benefit increases, signing bonuses, and other incentives to attract workers. However, other workforce barriers such as transportation, dependent care, housing affordability, and the uncertainty of workplace safety surrounding COVID-19. Solutions to these barriers are discussed below.

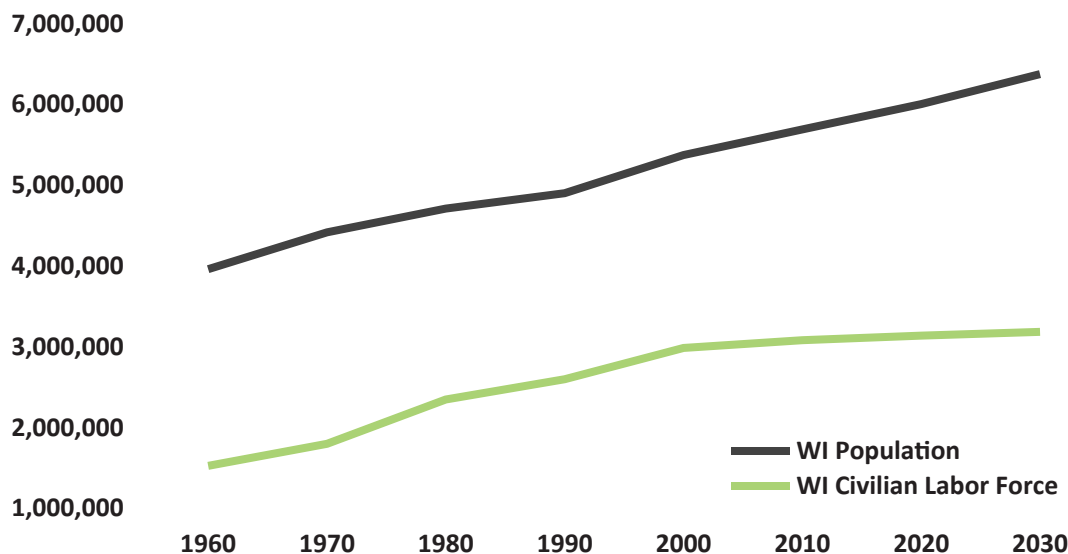
LONG-RUN CHALLENGE

Workforce quantity is the primary challenge facing Wisconsin's economic future. The demographic dynamics facing the state, other upper-Midwest states, the U.S., and most of the developed economies will advance unaltered in the coming decades.

While Wisconsin's population will continue to grow over the next 20 years, the workforce faces serious constraints. The labor force trend began to seriously flatten in 2008 after slowing in the late 1990s as the first baby boomers (those born in 1946) reached age 62 and began to leave the workforce. Baby boomers continue to exit the workforce in great numbers and will continue to do so over the next 20 years.

The number of retiring baby boomers nearly match the influx of new workers, resulting in a slow-growing workforce. This constrains employers' ability to secure talent across industries. Many businesses report that the lack of available workers has hindered expansion, and in some cases, even curtailed the ability to meet current business needs.

Graphic 2: Wisconsin Population and Labor Force



Source: WI DWD, OEA Special Tabulation

There are four solutions to the macroeconomic labor quantity challenge: 1) offshoring production, 2) immigration, 3) mitigating barriers to employment of the chronically unemployed, and 4) technological advancement. Critical to the technology solution is the concomitant match of labor skills with technologies' sophistication. This is true for designing, building, installing, operating, and maintaining the advanced technology being put in place as well as for development of the infrastructure and facilities needed to support technological progress: broadband, power, water, transportation.

Worker skills must align with skills demanded by the position. If you have the talent and not the job, the talent goes elsewhere. If you have the job and not the talent, the job goes elsewhere. For Wisconsin to successfully compete in the global economy, the state needs to attract and retain every body it can and educate and train everybody to match the requirements of the new technologies.

FOUR SOLUTIONS



Buffalo County

POPULATION AND DEMOGRAPHICS

Buffalo County is the sixth least populated county among Wisconsin's 72 counties. With an estimate of 13,301 residents in 2022, the county's population has remained stable in the first two years of this decade. The county lost 16 residents, equivalent to 0.1% of its population. By comparison, Wisconsin experienced population growth of 0.94% and the United States experienced population growth of 0.3% over the same period. Of the county's 10 most populous municipalities, the City of Mondovi gained the most residents (7), while the Town of Waumandee lost the most residents (-5).

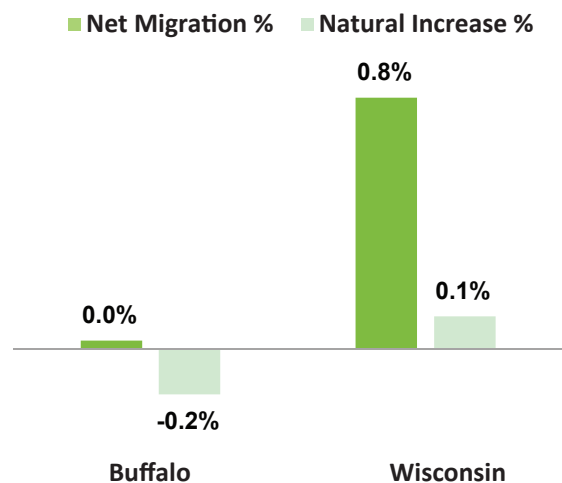
Graphic 3: 10 Most Populous Municipalities in County

	2020 Census	2022 Final Estimate	Numeric Change	Percent Change
Mondovi, City	2,845	2,852	7	0.3%
Buffalo City, City	1,007	1,009	2	0.2%
Fountain City, City	806	803	-3	-0.4%
Buffalo, Town	746	743	-3	-0.4%
Alma, City	716	717	1	0.1%
Naples, Town	697	697	0	0.0%
Nelson, Town	574	576	2	0.4%
Milton, Town	541	540	-1	-0.2%
Dover, Town	515	520	5	1.0%
Waumandee, Town	508	503	-5	-1.0%
Buffalo County	13,317	13,301	-16	-0.1%
Wisconsin	5,893,718	5,949,155	55,437	0.9%

Source: WI Dept. of Administration, Demographic Services Center

Net migration and natural increase are the two factors that contribute to population change. A net migration rate of 0.03% in Buffalo County indicates that there are slightly more people moving into the county than exiting. The rate is lower compared to the statewide rate (0.8%). While net migration has an immediate impact on the county's labor force, natural increase provides some insights into the county's future labor force condition. A natural increase rate of -0.2% implies that the number of deaths exceeds births in the county. Natural increase is largely a function of age and is expected to decline in the coming decades as the state's fertility rate has been below replacement level since 1975. Improving net migration could help mitigate long-run workforce challenges as the baby boomer population ages out of the workforce.

Graphic 4: Components of Population Change



Source: Demographic Services Center, WI Dept. of Administration

EMPLOYMENT BY INDUSTRY

From 2020 to 2021, employment in the county increased by 82 jobs (2.2%) across all industries. The growth raised total employment to 3,800, just below the pre-pandemic level in 2019 (3,845), a change of -1.2%. In comparison, Wisconsin's total employment grew by 2.4% over the year. However, the state's total employment was still 3.1% below the pre-pandemic level in 2019.

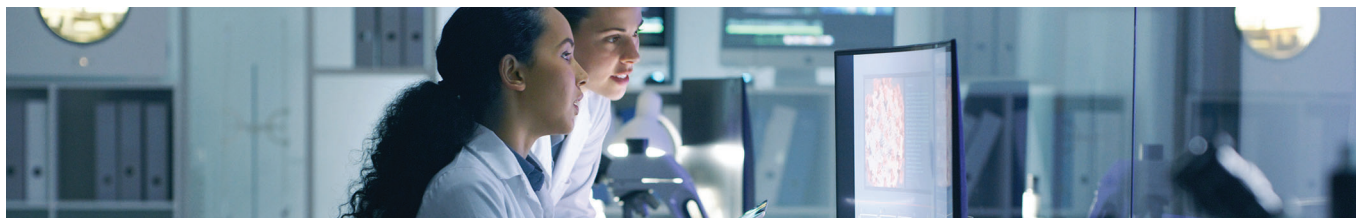
Graphic 5: Employment Change by Industry

	2021 Average Monthly Employment	1-year Numeric Change	1-year Percent Change	2-year Numeric Change	2-year Percent Change	Percent of Total Employment
Construction	171	2	1.2%	12	7.5%	4.5%
Education & Health Services	661	-2	-0.3%	-52	-7.3%	17.4%
Financial Activities	152	6	4.1%	5	3.4%	4.0%
Information	22	-2	-8.3%	-3	-12.0%	0.6%
Leisure & Hospitality	395	79	25.0%	7	1.8%	10.4%
Manufacturing	291	36	14.1%	37	14.6%	7.7%
Natural Resources & Mining	306	16	5.5%	30	10.9%	8.1%
Other Services	48	3	6.7%	2	4.3%	1.3%
Professional & Business Services	323	9	2.9%	3	0.9%	8.5%
Public Administration	229	-6	-2.6%	-11	-4.6%	6.0%
Trade, Transportation, Utilities	1,202	-60	-4.8%	-75	-5.9%	31.6%
All Industries	3,800	82	2.2%	-45	-1.2%	100.0%

Source: WI DWD, Labor Market Information, QCEW 2021

Seven of 11 industries registered growth from 2020 to 2021, and employment in these seven industries all surpassed the 2019 level. The three largest industries in terms of employment share are trade, transportation, utilities; education and health services; and leisure and hospitality. Together, they account for 59% of total employment in the county. Leisure and hospitality grew from 2020 to 2021, while the other two saw slight declines. For comparison, these three industries comprised about 62% of the county's total employment in 2019.

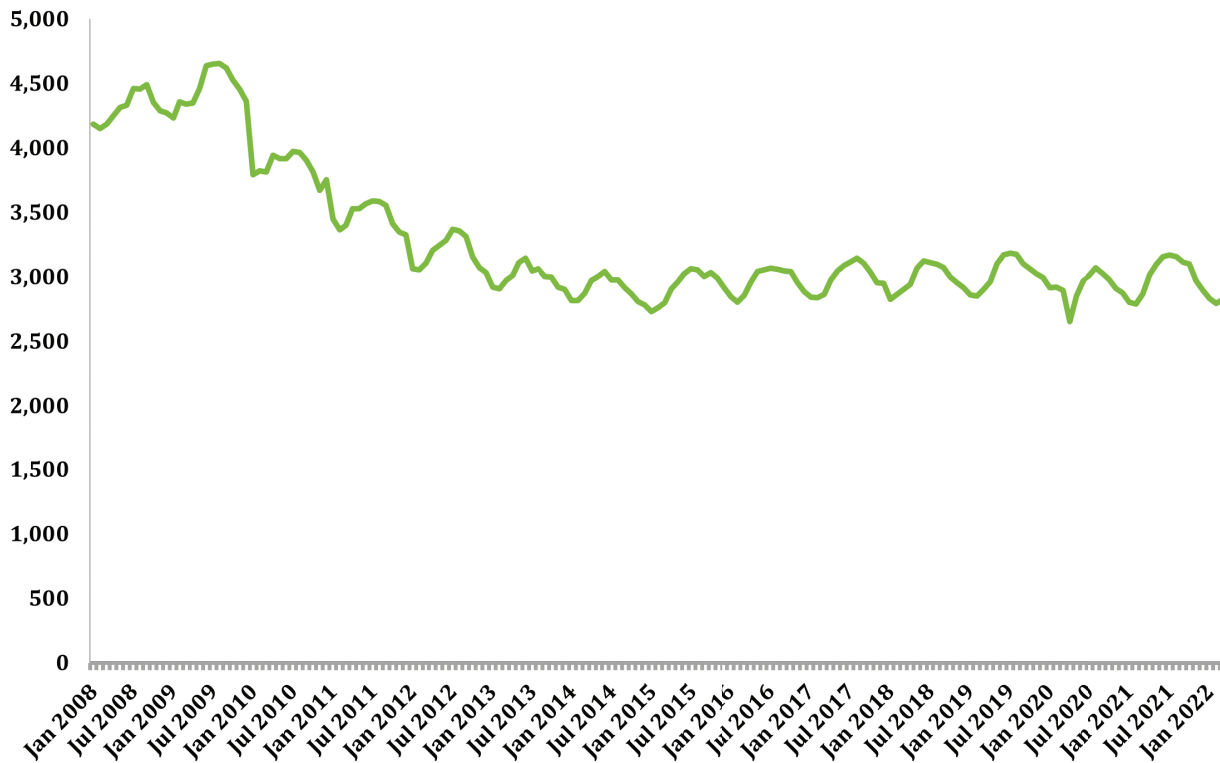
In Buffalo County, the leisure and hospitality industry suffered both the greatest numerical and proportional loss in 2020 because of the pandemic. However, like in many rural counties, the industry experienced a strong recovery over the course of 2021. Employment in the industry grew by 25%, adding 79 jobs during the year, exceeding the 2019 level by 1.8%. The strong growth was encouraging, and the industry has potential to continue its expansion as more leisure activities had shifted from urban area to rural since the pandemic. The manufacturing industry saw a 14.1% growth during the year 2021, the second highest in the county. In contrast, the manufacturing industry in the state grew roughly 1.6% during the same time frame.



TOTAL MONTHLY EMPLOYMENT

Graphic 6 is a traditional staple of the county profiles. In normal (non-pandemic) years, it provides a sufficient summary of how local employment conditions have changed in the past year. However, economic disruption and volatility driven by the COVID-19 pandemic complicate efforts to separate structural economic shifts from brief changes. Prior to the COVID-19 pandemic, the county's average monthly employment levels remained relatively flat, hovering at around 3,000 since 2013. During economic shutdowns in April 2020, the county employment dropped to 2,655, the lowest level since 2006, when this data was first reported. After the disruption, it has recovered to the pre-pandemic level in 2021 because of the growth in the leisure and hospitality; manufacturing; and natural resources and mining industries.

Graphic 6: QCEW Monthly Employment



Source: WI DWD, Labor Market Information, QCEW Second Quarter

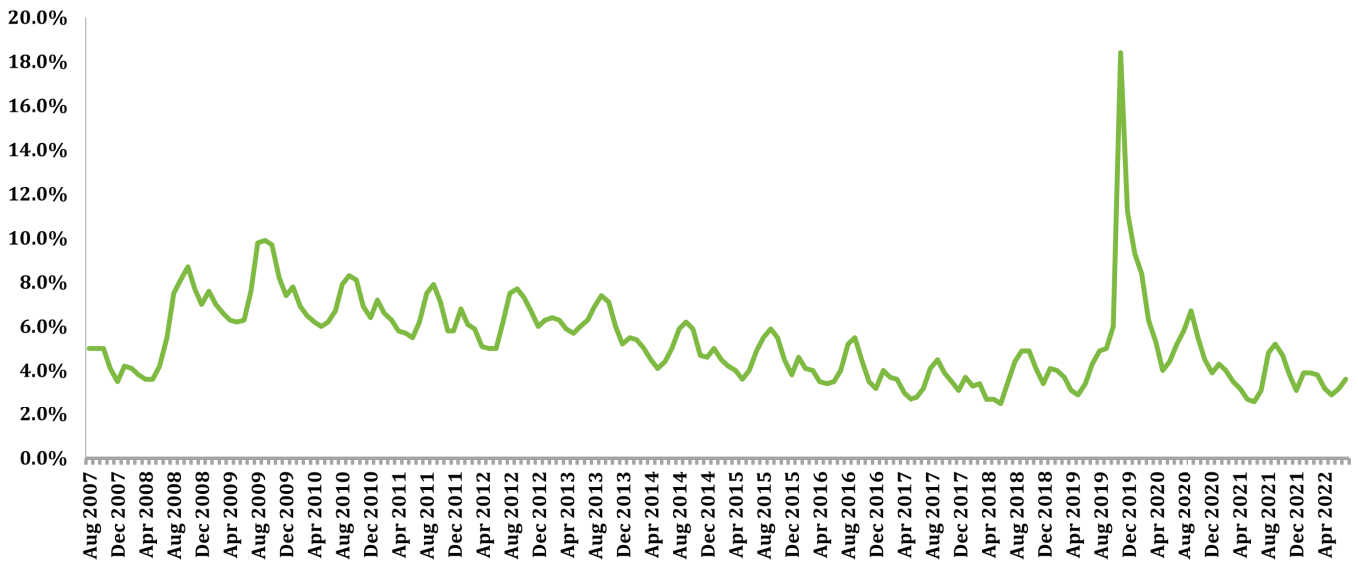
Seasonal fluctuation occurs regardless of economic conditions. For example, retail employment generally ramps up for the Christmas holiday season. Construction activity is higher during the summer months when weather conditions are better. Making a comparison to the same month of a previous year is a way to make a comparison that accounts for these seasonal patterns. In April of 2020, county job counts were down 10.2% compared to the same month in 2019. In Q4 of 2020, county job counts were down 3.5% compared to the same quarter in 2019, which indicates a quick initial employment recovery. As of March of 2022, the latest month for which county-level data are available at the time of writing, county employment was down 2.8% compared to the same month in 2019.

A temporary drop in employment is a cyclical change. An important question for the future is how the economy will change permanently, or structurally. Structural changes commonly come out of recessions and recoveries. History reveals that these changes are concentrated in specific industries or sectors. In the cases of plant closures, former workers typically require retraining. Those that are impacted are relatively easy to identify. This recovery will likely be different. A main theme will be changes in business processes. Many changes made out of sheer necessity may permanently be incorporated. For example, we can expect a permanent increase in telecommuting and work from home options. It will be important to identify the workers that are negatively impacted by these changes.

UNEMPLOYMENT AND LABOR FORCE PARTICIPATION

In contrast to the Great Recession, job losses occurred more swiftly at the onset of the pandemic but returned quickly. In April of 2020, Buffalo County's unemployment rate peaked at 18.4%, significantly higher than the rates following the 2008 financial crisis. In November 2021, nearly two years after this initial spike, the unemployment rate fell to a historic low of 2.6%. However, the rapid economic recovery came at the cost of high inflation. In June 2022, the Consumer Price Index for All Urban Consumers increased 9.1% year-over-year, the largest increase in 40 years. The economy began to slow down as the Federal Reserve raised interest rates to tackle inflation. The unemployment rate increased to 3.6% in December of 2022.

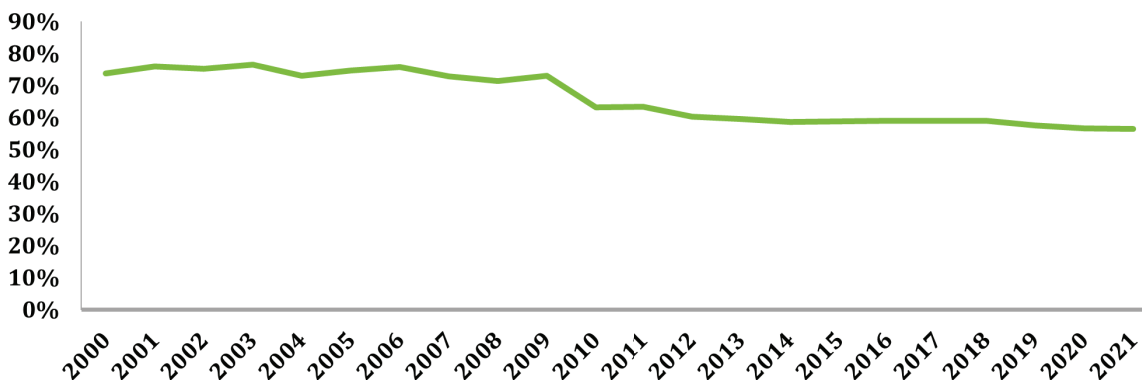
Graphic 7: Unemployment Rate



Source: Local Area Unemployment Statistics (LAUS), Bureau of Labor Statistics

Even though recent attention on the labor market has focused on the difficulty employers face finding and retaining workers, it is important to remember that some of those pressures were building years before the pandemic – and will likely persist. The labor force participation rate (LFPR) measures the percentage of the civilian noninstitutional population 16 years and older that is working or actively looking for work. This rate faces downward pressure anytime there is an aging population. Buffalo County's LFPR has been trending steadily downward since 2000, when the oldest members of the baby boomer generation were in the latest stages of their prime working years. The local LFPR was 73.8% in 2000 and has diminished to 56.5% in 2021.

Graphic 8: Labor Force Participation Rate



Source: WI DWD, Office of Economic Advisors (OEA)

BARRIERS TO FULL UTILIZATION

The age demographics of the population means that staffing difficulties will remain an ongoing challenge. Therefore, it is increasingly important to address barriers that prevent people from participating or fully participating in the labor market. These vary across the state and among individuals. Although there is no single solution to demographically driven staffing challenges, four common barriers persist across areas and industries. These barriers are transportation, housing, child care, and access to broadband.

Transportation

Lack of reliable transportation can prevent individuals from pursuing opportunities and makes it difficult for employers to fill positions. Buffalo County is a rural county. There is no local or intercity public transit system available in the county as of 2022. Over half of the residents travel outside of the county for work, and 33.4% of

those that work in the county reside in another county. As expected, 86.6% of employed county residents rely on a car to get to work. Over three quarters drive alone. The average commute time is 24.6 minutes. Car-centered infrastructure leads to a difficult conundrum. Qualified individuals could fill jobs if they had cars. However, some can't afford cars without a good-paying job. Some employers address this issue by offering telecommuting and transportation reimbursement.

Graphic 9: Means of Transportation

	Wisconsin	Buffalo County
Drive Car	87.6%	86.6%
Drive Alone	79.9%	78.6%
Mean Commute Time - Residents	22.2	24.6
Mean Commute Time - Workers	21.9	20.7
% of Residents Working in another County	28.0%	58.0%
% of Workers Residing in another County	24.3%	33.4%

Source: US Census Bureau, American Community Survey, 2020 5-year File



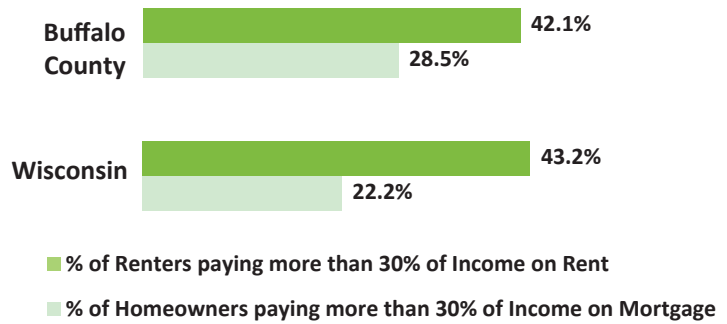
Housing

Affordable and available housing that can fit different lifestyles and family needs are essential to attracting and retaining a productive workforce. Less time commuting lead to higher productivity and better mental health. However, as of December 2022, home prices have surged almost 40% over two years, while mortgage rates have more than doubled since January. This double-whammy has priced many buyers out of the market and slowed the construction of new homes, putting more stress into the rental market. High housing costs discourage job seekers from moving into the region, leading to a shortage of workers, especially for lower-wage roles.

The Department of Housing and Urban Development (HUD) uses 30% of income as a guideline for housing affordability. Buffalo County has a lower share of renters allocating more than 30% of income for housing compared to the state.

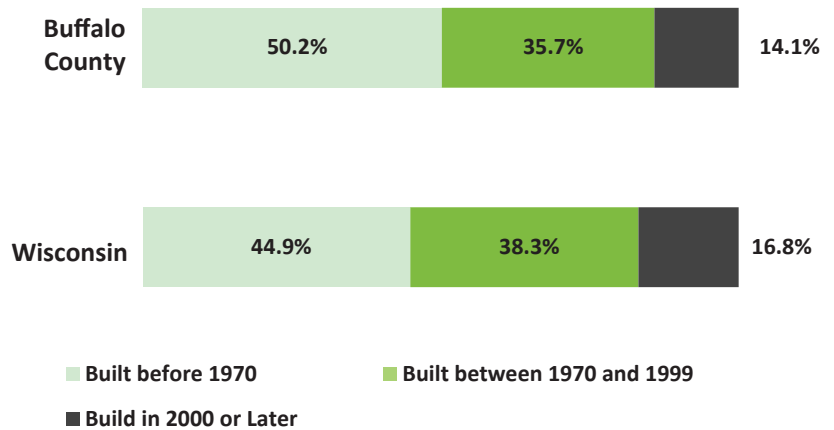
Nonetheless, approximately four out of 10 renters still pay more than 30% of income on housing. Over half of housing in Buffalo County is over 50 years old compared to 44.9% in Wisconsin a whole. Only 14.1% was built between 2000 and 2020, compared to 16.8% of housing constructing more affordable housing is a solution to reducing the cost burden; however, the county's declining population has reduced the need for new housing. Further examination is needed to determine whether the existing housing stock is ready to accommodate growth and development.

Graphic 10: % Paying more than 30% of Income on Housing



Source: US Census Bureau, American Community Survey, 2020 5-year File

Graphic 11: Housing Share by Year Built



Source: US Census Bureau, American Community Survey, 2020 5-year File



Child Care

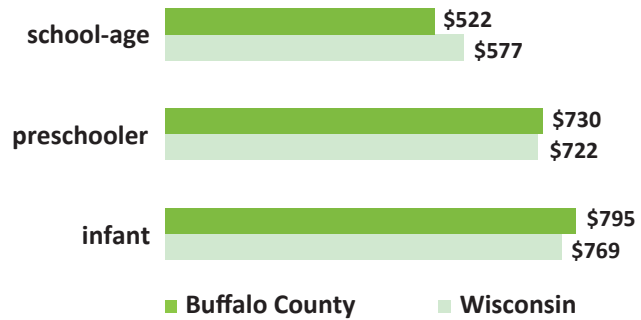
Child care is costly. In Buffalo County, the monthly cost of care ranges from \$795 for an infant to \$522 for a school aged child. To put this cost in perspective, a household with median earnings in Buffalo County would need to use about 18% of their earnings on infant care. In addition to cost, residents struggle with access. There is no definitive source for access or availability relative to need. According to the YoungStar provider database, there are eight total providers with a potential capacity of 81 in Buffalo County. This database tracks approximately 82% of providers in the state. The county has a relatively low capacity when compared to the state. There are four child care slots for every 100 children under the age of 14 in Buffalo County compared to 14 statewide. Additionally, even families that have child care struggle with child care disruptions. Easing the cost and access burden would help more parents enter or participate more fully in the labor market. Employers could also help improve participation by providing flexibility to parents with child care responsibilities.

Graphic 12: Child Care Capacity

	Wisconsin	Buffalo County
Providers	3,863	8
Maximum Capacity	132,075	81
Capacity/100 Children Under 14**	0.14	0.04

Source: Wisconsin Department of Children and Families, Youngstar Database

Graphic 13: Child Care Cost



Source: Center for Women's Welfare, Uni. of Washington, 2019 Self-Sufficiency Standards

Broadband

Elements of the work-from-home economy and best practices from virtual learning will remain after the pandemic is over. Employers can use innovations developed out of necessity to meet Wisconsin's workforce needs. For example, increased work-from-home options could alleviate talent shortages by providing flexible scheduling options that benefit workers. However, access to high-speed internet is needed to reap the benefits of virtual options.

Graphic 14 displays the share of households that do not have internet in the home. It compares the percentages of households who do not have internet access in the county to the state based on income level. Buffalo County has the infrastructure for high-speed internet, and access is on par with the state average. It is no surprise that low-income households are less likely to have internet access. Forty percent of households with income below \$20,000 do not have internet. However, it is worth noting that the Public Service Commission of Wisconsin has a Lifeline Program which provides low-income Wisconsin residents affordable access to essential telecommunications services by discounting the cost of phone, cell, and internet services.

Graphic 14: Percent of Households that DO NOT have Internet Access by Annual Household Income

	Wisconsin	Buffalo County
Total	14.8%	15.6%
Less than \$20,000:	38.4%	39.9%
\$20,000 to \$74,999:	17.5%	17.6%
\$75,000 or more:	4.6%	4.0%

Source: US Census Bureau, American Community Survey, 2020 5-year File

INDUSTRY EMPLOYMENT PROJECTIONS

Graphic 15: Industry Employment Projections

Industry	2020 Employment	Projected 2030 Employment	Employment Change	Percent Change (2020-2030)
Total All Industries	439,519	474,738	35,219	8.0%
Natural Resources and Mining	8,297	9,187	890	10.7%
Construction	21,427	23,459	2,032	9.5%
Manufacturing	89,339	92,139	2,800	3.1%
Trade, Transportation, and Utilities	76,011	81,063	5,052	6.6%
Information	2,875	2,484	-391	-13.6%
Financial Activities	25,017	25,513	496	2.0%
Professional and Business Services	39,239	43,246	4,007	10.2%
Education and Health Services	78,470	86,488	8,018	10.2%
Leisure and Hospitality	34,212	41,516	7,304	21.3%
Other Services (except Government)	19,947	22,999	3,052	15.3%
Public Administration	21,487	23,155	1,668	7.8%
Self Employed and Unpaid Family Workers	23,198	23,489	291	1.3%

The previous sections examined the past and current economic trends. The DWD also produces future projections of industry and occupation employment because the workforce is constantly evolving. Workers leave an occupation for reasons other than retirement or death, such as changing careers, being promoted to management or completing a retraining program. Projection methodology accounts for these different types of job changes. The state is split into 11 Workforce Development Areas (WDAs), and projections are updated every two years. Buffalo County is part of the Western WDA that also includes Crawford, Jackson, Juneau, La Crosse, Monroe, Trempealeau, and Vernon Counties.

Regional employment is expected to grow by 6.48% over the 10-year period, or by 10,029 jobs. Statewide employment is projected to grow by 6.29% during the same timeframe. Growth is projected to be stronger in service-producing industries than goods-producing industries due to strong growth in trade, transportation, and utilities; along with leisure and hospitality. A significant part of that growth is recovery from the pandemic. This projection only forecasts levels of filled positions rather than potential demand, which further illustrates the issues associated with the aging population. While growth in the labor force is slowing, and in some counties even declining, job growth is expected to continue. Employers may experience difficulties finding replacement workers even if overall employment in the industry declines. Businesses are already having challenges filling the job openings vacated by retirees, but they will feel this difficulty when filling new openings as well. This could even end up constraining job growth by limiting expansions. Solutions to this issue will be different for each business but will likely include a combination of talent pipeline development, increased focus on talent attraction and retention, engagement of under-utilized populations, increased automation, and retainment of retirees in non-conventional work arrangements.



OCCUPATIONAL EMPLOYMENT PROJECTIONS

Graphic 16: Occupational Employment Projections

Occupation Title	2020 Employment	Projected 2030 Employment	Occupational Openings	Percent Change (2020-2030)
Total All Occupations	439,519	474,738	53,987	8.0%
Management	21,494	23,549	2,036	9.6%
Business and Financial Operations	24,520	26,593	2,401	8.5%
Computer and Mathematical	9,463	11,202	893	18.4%
Architecture and Engineering	7,538	8,191	618	8.7%
Life, Physical, and Social Science	2,652	2,925	286	10.3%
Community and Social Service	5,292	6,009	618	13.6%
Legal	1,653	1,779	132	7.6%
Education, Training, and Library	20,015	22,535	2,102	12.6%
Arts, Design, Entertainment, Sports, & Media	5,139	5,699	594	10.9%
Healthcare Practitioners and Technical	24,260	26,506	1,629	9.3%
Healthcare Support	17,447	19,806	2,473	13.5%
Protective Service	7,127	8,093	1,060	13.6%
Food Preparation and Serving Related	30,060	35,623	6,368	18.5%
Building & Grounds Cleaning & Maintenan..	11,325	12,142	1,607	7.2%
Personal Care and Service	11,535	14,021	2,101	21.6%
Sales and Related	40,524	42,164	5,621	4.1%
Office and Administrative Support	53,827	53,059	5,872	-1.4%
Farming, Fishing, and Forestry	5,046	5,478	861	8.6%
Construction and Extraction	20,675	22,664	2,307	9.6%
Installation, Maintenance, and Repair	19,368	21,118	2,062	9.0%
Production	62,207	63,233	6,934	1.7%
Transportation and Material Moving	38,352	42,349	5,413	10.4%

While industry projections provide more of a broad view of employment expectations, a more functional approach is projected occupational need. Occupational projections are separated into three categories: growth, labor force exits, and occupational transfers. Retirements will be a key driver in the "labor force exits" category. While actual retirement age varies among individuals, age 65 can be used as a rough proxy for expected retirement. We are approximately at the halfway point of baby boomers retiring. Occupational transfers can include workers that advance in careers or make lateral movements into different occupations. Generally, a higher need for replacements due to transfers can be expected in lower paying occupations.

An examination of projected occupational employment reveals a higher need for replacements than filling new positions due to growth. Office and administrative support occupations provide a perfect example of the importance of replacements, as this occupation group has the third highest number of projected openings but a declining total number of jobs. The need is entirely driven by labor force exits and occupational transfers. Personal Care and Service Occupations stands out as the fastest growing field in the Western WDA. It is expected to expand by 21% over 10 years. This growth rate driven by the rapid recovery of service industries from the pandemic.