

CHAPTER 3: ECONOMIC DEVELOPMENT

Introduction

Economic development is an area of planning that can address many issues ranging from enhancing a community's competitiveness, a means of establishing industrial policy, a way of encouraging sustainable development, and a tool to create jobs, increase wages and enhance worker training. All of these issues affect residents within the region and will be addressed directly or indirectly in this comprehensive planning effort.

This chapter begins with an overview of major policy initiatives at the federal, state and regional level that have shaped the direction of economic development planning within the region. Historic and current economic information for the region is provided. The data and related analysis addresses the region's labor force, employment, and income levels. Industrial parks and resources for brownfield redevelopment are also discussed briefly. The chapter concludes by summarizing current and future trends and by identifying the economic development issues that should be addressed in the regional comprehensive plan.

In terms of the 14 local comprehensive planning goals listed in Chapter 1, East Central takes the view that those listed below relate specifically to planning for economic development.

- Promotion of the redevelopment of lands with existing infrastructure and public services and the maintenance and rehabilitation of existing residential, commercial and industrial structures.
- Encouragement of land uses, densities and regulations that promote efficient development patterns and relatively low municipal, state governmental and utility costs.
- Encouragement of coordination and cooperation among nearby units of government.
- Building of community identity by revitalizing main streets and enforcing design standards.
- Providing adequate infrastructure and public services and an adequate supply of developable land to meet existing and future market demand for residential, commercial and industrial uses.
- Promoting the expansion or stabilization of the current economic base and the creation of a range of employment opportunities at the state, regional and local levels.

Policy Context

Federal

The major impetus for much of East Central's work in the field of economic development began in the early 1980s. In August of 1984, East Central was designated an Economic Development District (EDD) by the U.S. Department of Commerce, Economic Development Administration (EDA). This formalized relationship at the federal level was possible under the provisions of Title IV of the Public Works and Economic Development Act of 1965, as amended. The designation occurred with EDA's approval of East Central's Overall Economic Development Program (OEDP). Continued eligibility for the EDD, up until 1999, was contingent upon East Central submitting a comprehensive annual update to the original 1981 OEDP document. Since

the Economic Development Reform Act of 1998, the OEDP document has been replaced by the Comprehensive Economic Development Strategy (CEDS). The most recent CEDS, adopted and published by East Central in July, 2002, continues to provide an update of the economic statistics in the region. In addition, it examines needs, resources, and local projects designed to meet stated goals and strategies within the document.

EDA related economic development initiatives are guided by the agency's mission, which is to generate and retain jobs, stimulate industrial, technological, and commercial growth in economically distressed areas. To fulfill this mission, EDA works in partnership with state and local government, regional economic development districts, non-profits, and Indian tribes to help distressed communities identify and address problems associated with long-term economic distress, sudden and severe economic dislocations, changing trade patterns and the depletion of natural resources.

State

The Wisconsin Department of Commerce offers a broad range of financial assistance programs to help communities undertake economic development. These programs include assistance with public facilities for economic development, community-based economic development, and blight elimination/brownfield redevelopment. In many cases these programs, like the EDA programs, target communities with higher levels of unemployment and low per capita incomes. A list of state financial assistance programs is provided in Appendix A:1.

In addition to these standing state programs, there is a strategic planning initiative, introduced during Governor McCallum's tenure, called "Build Wisconsin". Build Wisconsin advocates regional approaches to encourage the development of industries with high growth potential. The program operates with the recognition that income levels within Wisconsin are not reaching national levels, and that the state can improve its economic condition by diversifying industries while also building on existing strengths like manufacturing, agriculture and tourism.

Regional

The regional approach emphasis is based on the observation that industries tend to grow in clusters. Typically, industrial clusters develop in regions, rather than in one location, and often provide a competitive advantage over regions without clusters. A specific regional cluster program is the Technology Zone program, introduced in the 2001-2003 governor's budget. It is designed to help generate technology development in Wisconsin communities. The program provides a tax credit incentive to businesses certified by the Wisconsin Department of Commerce. The Technology Zone program focuses primarily on businesses engaged in research, development, or manufacture of advanced products. However, zones can recommend certification of businesses that are identified as part of a cluster and knowledge-based business that utilize advanced technology production processes in more traditional manufacturing operations. Fifteen counties, including seven of the region's counties, and one Indian Nation, the Menominee, joined together to apply and receive technology zone status, forming the Northeast Wisconsin Regional Economic Partnership (NEWREP).

East Central has published many planning documents over the years that contain policies for economic development. *East Central Policy (2003)* compiles the current policies, for all policy

areas, into one document. Generally, regional economic development policies are reflective of federal and state initiatives discussed previously and, in short, include the following: expanding employment and income opportunities, developing and maintaining public facilities/infrastructure, judicious use of natural resources and developing and maintaining a skilled workforce.

Intergovernmental Cooperation

East Central has served as a facilitator for joint planning efforts throughout the region and continues to look for opportunities to serve in that capacity. The NEWREP Technology Zone is one example of a cooperative effort both in the region and with adjoining communities in northeast Wisconsin. The members of NEWREP intend to expand the program from its impetus, the technology zone, to a regional economic development entity to contribute to the economic growth of this area in Wisconsin. Another example of intergovernmental cooperation is the Fox Cities Economic Development Partnership, which is a business attraction organization comprised of the municipalities, organizations and utilities interested in the economic growth of the Fox Cities area. Its mission, along with that of the Fox Cities Chamber of Commerce and Industry, is to foster the Fox Cities' economic development by creating and implementing marketing programs that promote the area as an attractive location for business and industry.

Background Information

This section examines the economic base of the region by evaluating labor force information, industry specific employment, employment forecasts, and wages and income information. For most of the data included in this section, the years 1990 and 2000 serve as baseline years and subsequent data is the most recent available depending upon the source.

Labor Force

Labor force information is an indicator of regional economic performance¹. It shows how quickly the labor force is growing, the extent to which people are able to find jobs and an idea of people unable, or not wanting, to find work. Table Series ED-1 shows labor force data by county for persons 16 and older for the years 1990, 2000, 2001, and 2002 (Appendix A:2)²

In 1990, the region's labor force totaled 306,678. During this time the averaged unemployment rate was 5.8% for the region. This rate reflects some of the higher unemployment rates that occurred in rural counties during 1990. Outagamie and Winnebago counties' rates were both lower than the state's 4.4% rate, but all of the other counties in the region were above the state's rate.

By 2000 the region's labor force grew by 15% to 354,107. Unemployment rates for the region and all individual counties were lower than 1990 rates. The region's averaged rate was 4.3%. County unemployment rates included a low of 2.5% in Winnebago County and 3.6% and 4.6%

¹ The labor force is composed of those with a job, the employed, and those without a job and actively looking for one, the unemployed. Persons without a job and those not looking for one are not considered in the labor force.

² Table Series ED-1 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

in Waupaca, and Waushara counties respectively. The state's 2000 averaged unemployment rate was 3.5%.

Average annual labor force figures for the region reached 362,827 in 2001 an increase of 9,405 workers from 2000. The state also experienced an increase in its labor force during this time frame. The regional increase was 2.7%, while the state's was slightly less at 1.9%.

By September 2002, the labor force increased to 370,903, a 2.2% increase from the 2001 figure. Examination of September 2002 unemployment rates for the state, the region and in each county, indicates that rates in September were lower than they were for the averaged rates in 2001. The gradual decrease in unemployment rates show that the state and regional economy is in a rebounding process from the national economic downturn that began in the second quarter of 2001. In terms of the speed of this recovery, the Wisconsin Economic Outlook Report, August, 2002, published by the Wisconsin Department of Revenue, suggests that "lingering uncertainties associated with profitability and the slow recovery of demand" have demonstrated that this recovery is a more modest one than anticipated. Unemployment levels may remain near these current 2002 levels for several months as labor markets slowly add jobs. Looking at industry specific employment will show where modest growth in the region has occurred.

Employment by Industry

Non-Farm Employment

The Wisconsin Department of Workforce Development provides current industry specific employment levels in its Non-Farm Wage and Salary Employment information. These figures are available for individual counties within the region with the exception of the region's urban counties. Calumet, Outagamie, and Winnebago counties are grouped together into the Appleton-Oshkosh-Neenah Metropolitan Statistical Area (MSA).

The region's total non-farm employment figures in September of 2002 were 311,724. This is an increase of 3,184 employees, or 1%, from the averaged total non-farm employment in 2001. Table Series ED-2 provides Non-Farm Wage and Salary Employment information for 2001 and monthly figures for 2002 by county (Appendix A:3)³. These data provide the basis for the following review of non-farm employment sectors in the region.

The goods producing industrial sectors, manufacturing, and construction/mining, provide the first and fifth largest employment sectors, respectively, in the region. Manufacturing, in particular, paper and allied products, non-electrical machinery, food and kindred products, printing and publishing, and electronics machinery manufacturing provide the largest share of employment.

September, 2002 data indicates that manufacturing accounts for approximately 25.4% of total non-farm employment. This share of manufacturing employment is down from the 2001 regional employment share by 1.6%. Manufacturing employment levels have fluctuated somewhat but have primarily suffered losses during 2002. Losses occurred between the

³ Table Series ED-2 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

months of January and February, March through May, and from June through September. The total number of manufacturing sector employees in September of 2002 was 79,109. This figure for 2001 was 83,234 reflecting the losses sustained in this sector during 2002.

Information from the Wisconsin Department of Workforce Development plant closing database shows that through November of 2002, the Appleton-Oshkosh-Neenah MSA has experienced five manufacturing plant closings and four rounds of layoffs from a total of nine different companies. Five of the plant closings and/or lay-offs occurred in paper and printing related companies. The other reductions occurred at an electronics equipment manufacturer, rock crushing, compressors manufacturing company, and woodworking machine manufacturing. Waupaca County experienced one plant closing in the field of rock crushing. Waushara County had one plant closing of an exhaust stack systems manufacturer and Calumet County had farm machinery and equipment manufacturer lay-offs.

The August, 2002 Wisconsin Economic Outlook Report states that the forecast for manufacturing employment is continued weakness. It further states that factory jobs will continue to decline, but perhaps at a slower rate. The report does suggest that manufacturing employment will likely begin to grow again in 2004.

Evaluation of the other component of the goods producing sector, the construction/mining industries indicates that this sector ranks fifth in total employment for the region. This sector, unlike manufacturing, has grown from employing 17,958 in 2001 to 20,347 in September, 2002. This is an increase of 2,389 workers or 13.3%. Despite some cut backs in non-residential construction, this industrial sector has seen growth during 2002. However, construction employment will contract during the winter months of the year.

The retail and wholesale trade industries, transportation, communications and public utilities sectors, finance, insurance and real estate, service and government sectors all compose the service producing industries in the region. The service industry sector is the second largest employer in the region.

The service industry sector has grown since the 2001 averaged information was released. In 2001 service sector employment was 72,032. By September, 2002 employment reached 75,366, an increase of 3,334 workers, or a 4.6% increase. The service sector employment share in the region increased from 23.3% to 24.2%, a 1.2% increase. Monthly figures for the service sector show only one small dip in employment between June and July of 2002, otherwise, steady increases occurred in the total regional figures each month.

Again reviewing plant closing information, there was only one service related business that reported lay-offs through September of 2002 within the region. A computer/programming service center in Appleton laid off employees in April. In June of 2001, a packaging-business services establishment in Oshkosh closed.

The retail trade sector is the third largest non-farm employment sector in the region. In 2001, it accounted for 17.8% of total employment. Retail trade employment was reduced by one-tenth of a percent to 17.7% of total employment in September, 2002. Retail employment losses during 2002 occurred between June and July and again between August and September. The plant closing information confirms a retail establishment closing in Fond du Lac County. In

2001 there were three closings, two of which were restaurants, one in Appleton and one in Oshkosh, and one department store closing in Appleton.

The August, 2002 Wisconsin Economic Outlook Report states that employment growth prospects are best for broad-based service industries. Service industry jobs are expected to grow by 1.9% for 2002, which has already been exceeded in the region and by 2.6% in 2003. For both trade industries, retail and wholesale, growth will remain weak projected at 0.2% and 0.3%, respectively, for 2002. It is anticipated that retail jobs will remain weak into 2003.

The remaining service producing industrial sectors have had stable levels of employment. Government employment decreases slightly by 0.2%. Local, state, and federal government employs approximately 13.1% of non-farm employees in the region. The transportation, communications, and public utilities sector and the finance, insurance, and real estate sector are the smallest non-farm employment sectors. The transportation, communications, and public utilities employment increased 4.4%, employing 14,408 workers in September, 2002. The financial, insurance, and real estate sector employed an additional 384 workers from 2001, a 3.0% increase, employing 4.2% of all workers in the region.

The financial, insurance, and real estate sector was identified by the Wisconsin Department of Revenue as a good prospect for growth citing that finance jobs will grow by 1.6%, a figure that the region has already surpassed, and will continue to grow 2.2% in 2003. The transportation, communications, and public utilities sector is expected to recover from 2002 declines and grow 2.5% in 2003.

County Summary

Turning the focus to the individual counties, the following summary tracks private, non-farm employment activity between 1990 and 2001. Generally, for most of the counties manufacturing is the largest employer followed by services and retail trade; therefore, the highlights will mention significant changes among industries and not restate the top three employers in each in county:

Calumet: Within the largest employment sector, manufacturing, the highest number of employees is concentrated in the machinery, except electrical industries. There were employment gains of 11% between 1990 and 2000, but there was a 17% reduction by 2001. Another loss occurred in the printing, publishing, and allied industries between 1990 and 2000. Employment gains occurred in the transportation, communications, and public utilities sector, 70%, and in wholesale trade, 44%, between 1990 and 2000.

Fond du Lac: The greatest share of employees is concentrated in the machinery, except electrical industries. There were employment gains of 30% between 1990 and 2000, but there was a 9% reduction by 2001. There were gains of 80% in the stone, clay, glass, and concrete industry groups between 1990 and 2000. Services experienced the largest gain between 1990 and 2000 and the transportation, communications, and public utilities sector experienced the greatest employment share gains between 2000 and 2001

Green Lake: The greatest share of employees is employed in the primary metal industries. This industry experienced setbacks of 19% between 1990 and 2000 and 8% between 2000 and

2001. Service sector employment increased 59% and the financial, insurance, and real estate sector experienced increases of 20% by 2000 and 25% by 2001.

Marquette: The greatest share of employees is concentrated in the machinery, except electrical industries. Lumber and wood products except furniture experienced increases of 86% and then experienced losses of 19% between 2000 and 2001. Retail trade and services increased 39% and 36%, respectively.

Menominee: In 1990 and 2000 the service sector is the largest employer. Between 1990 and 2000 employment more than doubled, however, by 2001 significant losses occurred. In 2000, 73 people were employed in the finance, insurance and real estate industry group.

Outagamie: The greatest share of employees is concentrated in the machinery, except electrical industries in 1990, 2000 and 2001. This industry experienced slight losses of 1% between 1990 and 2000 and 2% by 2001. Fabricated metal products and electrical and electronic machinery and equipment employ a small share of workers, but were the only two manufacturing industries that experienced employment growth through 2001. Through 2001 the retail trade sector grew by 41%, the services sector by 47% and the transportation, communications, and public utilities sector grew 39%.

Shawano: The greatest share of employees is concentrated in the lumber and wood products, except furniture industry, which experienced setbacks between 1990 and 2000. Food and kindred products expanded through 2000 and then experienced a 7% employment decline by 2001. Services, retail trade, and transportation, communications, and public utilities all experienced growth between 1990 and 2000 and losses between 2000 and 2001.

Waupaca: Printing, publishing, and allied industries experienced significant growth of 62% through 2001. Fabricated metal products also experienced growth through 2001. The transportation, communications, and public utilities and services industries both grew through 2001.

Waushara: Food and kindred products experienced growth through 2001. The lumber and wood products, except furniture industry groups experienced losses between 2000 and 2001. The transportation, communications, and public utilities, financial, insurance, and real estate, retail trade, and services experienced growth through 2001.

Winnebago: The greatest share of employees is concentrated in the paper and allied products, which experienced 21% growth through 2001. Printing, publishing, and allied, electrical and electronic machine equipment, and rubber and miscellaneous plastic products all experienced growth through 2001. The financial, insurance, and real estate sector experienced a 17% growth rate through 2001.

Agriculture and Agriculture-Related Industry Employment

The Wisconsin Department of Workforce Development provides employment and wages by industry at a more detailed level most currently for the year 2000. This information will allow for a review of agriculture and agricultural-related employment and establishments in each

county of the region⁴. Table Series ED-3 provides Annual Employment for Agriculture Industries for the years 1990 and 2000 (Appendix A:4)⁵. These data, however, are unavailable in some cases. If there is less than three establishments or if one establishment represents 80 percent or more of the employment for an industry or county than the data are not available.

Agriculture and agriculture-related industries employ a small share of workers in the region⁶. These industries provided less than 1% of all employment in the region in 1990 and in 2000 that figure rose to 1.4%. Employment in the mining industry is the only sector that employs fewer people in the East Central region.

In 1990, the landscape and horticultural services industry employed the highest number of employees in agriculture-related industries. There were 78 establishments employing an average of 351 people. As mentioned previously, the suppression of data will not allow for an exact number of employees or establishments so the numbers referenced in the text and in the Table Series ED-3 is a calculation of available data only. The second largest agriculture-related industry employer was veterinary services in 1990. There were 40 establishments that employed an average of 292 people.

In review of actual crop production, vegetable and melon crops provided the third highest share of agriculture employment in 1990 with 20 establishments and an average of 333 employees. There were also field crop establishments, cash grains, and fruit and tree nut production in the region. Livestock operations, including dairy farms, and poultry and egg establishments were also present in the region.

By 2000, the biggest increase in the number of establishment and employees occurred in the landscape and horticultural services and dairy farms. Landscape and horticultural services increased to approximately 56 establishments employing an average of 509 workers in the region. The number of dairy farms increased from 5 in 1990 to 70 in 2000, employing an average of 603.

Overall, in the region, seven agriculture and agriculture-related industries experienced increases in the number of establishments and employees between 1990 and 2000. Only two industries, vegetable and melon crop production and general farms, primarily crop, experienced decreases. Nine industries continued to have unavailable data during this time. Agriculture and agricultural services are not diminishing within the region, but rather the numbers indicate that in some cases these industries are experiencing small levels of growth. The increase in dairy farming most likely is taking place in the form of "mega-farms" with hundreds of animal units located at one site.

⁴ An establishment is defined as a single, physical location at which economic activity occurs.

⁵ Table Series ED-3 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

⁶ These include: cash grains, field crops except cash grains, vegetables and melons, fruits and tree nuts, horticultural specialties, general farms primarily crop, livestock except dairy and poultry, dairy farms, poultry and eggs, animal specialties, soil preparation services, crop services, veterinary services, animal services except veterinary, farm labor and management services, landscape/horticultural services, timber tracts, and hunting, trapping, and game propagation.

County Summary

Turning the focus to the individual counties, the following summary tracks agriculture and agriculture-related industry employment between 1990 and 2000:

Calumet: Between 1990 and 2000 the number of dairy farms increased from 5 to 13. There were also increases in veterinary services and landscape and horticultural services. Fruit and tree nut production and soil preparation services were not present in 1990 but were in 2000.

Fond du Lac: Animal specialties, general farms, primarily animal, soil preparation services, timber tracts and hunting trapping, and game preparation industries were all agricultural industries added to the county after 1990. Dairy farms increased in number to 22 employing an average of 180 employees in 2000. Vegetable and melon crop production and horticultural specialty establishments were present in 1990, but not in 2000.

Green Lake: Dairy farms increased in the number of establishments to 6, employing an average of 12 employees in 2000. There was also an increase in landscape and horticultural services. There was a loss of horticultural specialties and livestock, except dairy and poultry establishments between 1990 and 2000.

Marquette: There was an increase in veterinary services during this time. The county also gained landscape and horticultural services and four timber tract establishments. There was a loss of vegetable and melon crop production, horticultural specialties and general farms, primarily animals between 1990 and 2000.

Menominee: The county gained landscape and horticultural services during this time.

Outagamie: There were no dairy farms reported in 1990, however, by 2000 there were 18 establishments employing an average of 165 workers. Landscape and horticultural services, animal services and veterinary services also increased in number. There was a loss of timber tract establishments between 1990 and 2000.

Shawano: There were several new industries present in 2000 that were not in 1990 including cash grains, vegetable and melon production, livestock, except poultry and dairy, dairy farms, and crop services. There was a loss of animal specialties between 1990 and 2000.

Waupaca: The county gained livestock production, except dairy and poultry, and animal services, except veterinary. Waupaca also experienced increases in veterinary services and landscape and horticultural services during this time. There was a loss of vegetable and melon production specialties between 1990 and 2000.

Waushara: The county gained livestock production, except dairy and poultry, animal specialties animal services, except veterinary, and landscape and horticultural services. There were also increases in field crops, vegetable and melon production, landscape and horticultural services, and timber tracts. There was a loss of cash grains and poultry and egg production between 1990 and 2000.

Winnebago: Cash grain crops and vegetable and melon production were new to the county by 2000. The county also experienced an increase in dairy farms, up to 11 establishments employing an average of 110 employees. Veterinary services, animal services, and landscape and horticultural services also increased in the number of establishments. There was a loss of poultry and egg producers between 1990 and 2000.

Employment Forecasts for Wisconsin Metropolitan Statistical Areas

The Wisconsin Department of Revenue annually develops projections of employment for Wisconsin MSAs. The most recent publication of these projections is included in the Metropolitan Area Outlook Report, August 30, 2002. The Wisconsin Department of Revenue has been using the national forecast developed by Global Insight (formerly DRI-WEFA) to drive the Wisconsin forecast, which is prepared by the Wisconsin Division of Research and Policy. The national forecast assumes there are no additional negative developments, such as war in the Middle East that could lead to another and possibly deeper economic contraction.

The report states that all MSAs in Wisconsin are expected to see an increase in employment in 2006. Employment forecasts for 2001-2006, however, are expected to be lower in most MSAs when compared to growth over the last five years. The impact of the 2001 economic downturn and the weaker labor market are expected to lower future employment growth compared to the most recent growth in all MSAs. Metropolitan areas that depend heavily on manufacturing have been more affected by the current economic employment slowdown. While a slowdown has occurred in the Appleton-Neenah-Oshkosh MSA because of its manufacturing employment, other areas of the state, such as Milwaukee and Racine, have suffered greater setbacks.

The Metropolitan Area Outlook Report states that manufacturing employment especially employment in primary metals and industrial machinery, is expected to decline in 2002 and 2003. For the time period of 2001 to 2006, it is anticipated a 5.1% employment growth will occur. The strongest growth is expected in the finance, insurance, and real estate sector and in the services sector.

Table ED-4 presents actual and forecasted growth for the MSAs throughout the state as completed by the Wisconsin Department of Revenue⁷. The actual employment growth figures indicate that the Appleton-Neenah-Oshkosh MSA has grown from 189,100 in 1996 to 206,500 in 2000, a 9.2% increase. This growth is expected to continue, albeit at a slower pace for the 2001 to 2006 time period. The projections show a 5.1% employment growth increase resulting in 217,100 employees in the Appleton-Neenah-Oshkosh MSA. This growth rate exceeds the state total projected growth rate of 4.2% for the 2001 to 2006 time period.

The Wisconsin Department of Revenue forecasts include a recovery in the manufacturing sector which is good news for the Appleton-Neenah-Oshkosh MSA and other areas within the region as manufacturing industries are also located in surrounding counties. Additional good news is the expectation that the printing and publishing industries will recover after sizable losses in 2001 and 2002. In terms of non-manufacturing sectors, both the finance and services sectors have experienced very little setback during this economic downturn and are expected to continue growing in the short and longer term of the 2002 to 2006 time frame.

⁷ Table Series ED-4 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

Table Series ED-4: Wisconsin Metropolitan Statistical Areas Employment Growth,
1996-2001 and Forecast, 2002-2006.
(in thousands)

MSAs	Actual			Forecast	
	1996	2001	% Change 1996-2001	2006	% Change 2001-2006
Appleton-Neenah-Oshkosh	189.1	206.5	9.2	217.1	5.1
Eau Claire	68.9	76.4	11	80.1	4.8
Green Bay	130.9	146.8	12.1	158.7	8.2
Janesville-Beloit	67.4	69.5	3	73	5
Kenosha	49.1	54.7	11.5	57.3	4.7
La Crosse	67.2	72.8	8.4	78.7	8.1
Madison	261.4	294.7	12.7	311.9	5.8
Milwaukee-Waukesha	812.9	860.9	5.9	862.7	0.2
Racine	79.4	81.1	2.2	84.1	3.7
Sheboygan	57.7	63	9.2	64.5	2.4
Wausau	61.8	69.7	12.8	74.8	7.2
Balance of State	759.6	836.2	10.1	890	6.4
State Total*	2600.6	2827.3	8.7	2947.4	4.2

Source: Wisconsin Department of Revenue, Division of Research and Policy, Metropolitan Area Outlook Report, August 30, 2002.

*Sum of MSAs and the Balance of State exceed the state total because La Crosse MSA includes Houston County, Minnesota.

Wages and Income

Average Weekly Wages

Reviewing wage information allows for some insight into industry specific rates of pay at the county and state level. Average weekly wage information is presented in Table Series ED-5 for all industries by county and for the state (A:5)⁸. According to wage information provided by the Wisconsin's Department of Workforce Development, all counties within the district experienced increases in their average weekly wages for all industries between 1990 and 2000. Increases ranged from a high in Shawano County of 52.1% and 51.5% in Winnebago County to 38% in Calumet County and 42.3% in Outagamie County. The state's average weekly wage grew by 48.1% during this time.

In 2001, Winnebago County's average weekly wage of \$689.58 is the highest in the region, also exceeding the state's average weekly wage. Outagamie and Fond du Lac Counties wages were also higher than the state's in 2001. Waushara County, one of the lesser populated counties in the region, has the lowest average weekly wage of \$391.80.

The greatest concentration of higher paying industries falls within the manufacturing sector in the production of durable and non-durable products. In the urban counties of Winnebago and

⁸ Table Series ED-5 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

Outagamie, this is particularly true in the manufacturing of paper and allied products and chemical and allied products. Average weekly wages in these industries and counties are among the highest in the region and range from \$1,290.86 in paper and allied products in Winnebago County to \$824.62 in chemical and allied products in Outagamie County. Machinery, except electrical is also a high paying manufacturing industry and is present in several counties: Calumet, Fond du Lac, Green Lake, Marquette, Outagamie, Shawano, Waupaca, and Winnebago. Generally, because there are more manufacturing companies in the urbanized area of the region the wages are reflective of the higher pay associated with these jobs. This is true for Winnebago and Outagamie Counties and, to a lesser extent, Calumet and Fond du Lac Counties. This is due, in part, to areas of more intense industrialization and a higher demand for a variety of needed skill jobs.

Non-manufacturing sectors that tend to pay wages at a higher level, comparatively, are the finance, insurance and real estate sector, wholesale trade, and the government sector. Lower paying industries include the retail trade sector, agriculture, forestry and fishing, and services sector. These lower paying industries, specifically retail trade wages, range from a \$298.44 average weekly wage in Outagamie County to \$193.11 in Marquette County. In both of these examples the retail wages were the lowest in each of these counties which is also the case for retail wages in every county of the region. A Wisconsin Department of Revenue study that evaluated industry wage rates as a component of per capita income will shed some light on the issue of wages. It is discussed in further detail in the next section.

Personal Per Capita

Personal income per capita⁹ is widely used as an indicator of economic well being of residents in an area. Changes in these figures provide evidence that regions and states are becoming more or less wealthy as compared to a region or national benchmark. The usefulness of per capita income as a measure for formulating policy proposals has been recognized nationally and in Wisconsin. Historically per capita income levels in Wisconsin have been lower than national figures. Table Series ED-6 presented below illustrates the state, region, and county per capita incomes and where these income levels rate as a percentage of US per capita income in 1990, 1999, and 2000¹⁰.

Regional income figures increased each year, but still lag behind state and national income levels. The region's averaged per capita income grew from \$15,592 to \$23,522 between 1990 and 2000, a 50.9% increase, compared to the state's 54.8% increase to \$28,100 during this time period.

Within the region, Outagamie County residents had the highest per capita personal income in 2000, \$29,541 followed by Winnebago County with \$27,819 and Fond du Lac County, with \$27,443. Menominee County residents had the lowest, with \$15,782 followed by Marquette County, with \$18,284, and Waushara County, with \$18,986.

⁹ Per capita income is calculated by dividing the total income of a particular group by the total population of that particular group, including all men, women and children in the group.

¹⁰ Table Series ED-6 is also available in interactive format (microsoft excel) at the East Central Data Center at www.eastcentralrpc.org/data_center/economic.htm.

Between 1990 and 2000, Waupaca County experienced the largest increase in per capita income, a 62.1% gain. Outagamie County showed the second largest increase of 61.1%, followed by Menominee County, a 59.1% increase. Between 1999 and 2000, the biggest increases occurred in Menominee, a 7.5% increase and Outagamie, a 7.2% increase. Shawano County experienced the smallest increase in per capita income between 1999 and 2000, 2.6%.

Table Series ED-6: East Central Wisconsin Per Capita Personal Income and Percent of US Average by State, Region and County, 1990, 1999, 2000.

	1990	1999	2000	% Change 1990-2000	% Change 1999-2000
Wisconsin					
Per Capita Income (dollars)	18,152	26,869	28,100	54.80%	4.58%
Per Capita Income Percent of US Average	92.7%	96.5%	95.40%	2.91%	-1.14%
EC District					
Per Capita Income (dollars) Average	15,592	22,524	23,522	50.86%	4.43%
Per Capita Income Percent of US Average	79.7%	80.6%	79.8%	0.21%	-0.93%
Calumet					
Per Capita Income (dollars)	16,518	24,569	25,511	54.44%	3.83%
Per Capita Income Percent of US Average	84.4%	89.8%	86.6%	2.61%	-3.56%
Fond du Lac					
Per Capita Income (dollars)	18,234	26,445	27,443	50.50%	3.77%
Per Capita Income Percent of US Average	93.2%	95.0%	93.1%	-0.11%	-2.00%
Green Lake					
Per Capita Income (dollars)	16,792	24,924	25,933	54.44%	4.05%
Per Capita Income Percent of US Average	85.7%	86.2%	88.0%	2.68%	2.09%
Marquette					
Per Capita Income (dollars)	14,279	17,590	18,284	28.05%	3.95%
Per Capita Income Percent of US Average	73.0%	63.6%	62.0%	-15.07%	-2.52%
Menominee					
Per Capita Income (dollars)	9,920	14,688	15,782	59.09%	7.45%
Per Capita Income Percent of US Average	50.5%	48.3%	53.6%	6.14%	10.97%
Outagamie					
Per Capita Income (dollars)	18,335	27,558	29,541	61.12%	7.20%
Per Capita Income Percent of US Average	93.6%	98.4%	100.2%	7.05%	1.83%
Shawano					
Per Capita Income (dollars)	13,266	19,840	20,354	53.43%	2.59%
Per Capita Income Percent of US Average	67.8%	72.2%	69.1%	1.92%	-4.29%
Waupaca					
Per Capita Income (dollars)	15,776	24,524	25,568	62.07%	4.26%
Per Capita Income Percent of US Average	80.6%	87.4%	86.8%	7.69%	-0.69%
Waushara					
Per Capita Income (dollars)	14,295	18,353	18,986	32.82%	3.45%
Per Capita Income Percent of US Average	73.1%	67.6%	64.4%	-11.90%	-4.73%
Winnebago					
Per Capita Income (dollars)	18,507	26,749	27,819	50.32%	4.00%
Per Capita Income Percent of US Average	94.6%	97.2%	94.4%	-0.21%	-2.88%

Source: Wisconsin Department of Revenue, Economic Outlook Appendices, August, 2002.

How these income levels compare to national figures is relevant to the state's, and region's ability to attract the necessary labor pool to fill jobs and to provide a quality of life that will encourage residents of working-age to remain in Wisconsin. The only county that exceeds the per capita income level for the nation is Outagamie. In 2000, the county's per capita income was 100.2% of the national per capita income figure, which was \$29,469. An objective of the Build Wisconsin initiative is to raise per capita income levels for the state in order to improve the economic well being of residents. The regional figures indicate that while progress is being made year to year, in many cases the per capita income as a percent of the national average is declining. For example, in Winnebago County the 1999 per capita income figure was 97.2% of the national per capita income which was \$27,519 in 2000, this decreased to 94.4% of the national figure. For Winnebago and for the counties of Calumet, Fond du Lac, Marquette, Shawano, Waupaca, and Waushara the 2000 percent of US per capita income figure decreased showing that income increases in these counties are not keeping up with national increases.

An in-depth analysis of per capita income trends in Wisconsin was completed by the Wisconsin Department of Revenue and compiled into four special reports issued with the Wisconsin Economic Outlook Reports in February, May, and December of 2001 and February of 2002. The study analyzed long term trends of Wisconsin's personal per capita income and compares it to national and regional trends. The results of this four part study are summarized below to provide a general understanding of the income issues raised in our regional planning process.

The first part of the study reviewed historical income information and found that between 1929 and 1999, with the exception of 1950-1953 and 1978-1982, Wisconsin per capita income has remained below the U.S. average. This shows that lower per capita income is not a newly discovered problem in our region or the state. The second part of the study looked at the components of income and found that there has been a cyclical pattern in per capita wage and salary income and a downward trend in proprietors' income per capita¹¹. The analysis further revealed that one major reason for a lower per capita income relative to the U.S. has been a decline in the relative average wage per job in Wisconsin. This decline has been mitigated somewhat by an increased ratio of jobs per person, meaning that people are taking on additional work, and there are more people entering the labor force.

The third part of the study found that declining wages is not limited to a few particular industries but rather has occurred in all major industry groups. The report identified that the decline was most dramatic after 1978. The analysis focused on two base industries in Wisconsin: manufacturing and the financial, insurance, and real estate industry groups. In manufacturing, the decline in relative wages is occurring in the electrical machinery, instruments, and industrial machinery industries. At the same time there has been faster growth in lower-paying industries such as lumber, furniture, printing, and plastics, which also contributes to declines in the relative wages. A second factor relating to the manufacturing industry is the higher number of production workers which receive, on average, lower wages than supervisory workers. Additionally, the supervisory workers receive below national average wages. A low concentration of corporate headquarters in Wisconsin can possibly explain the less than national average supervisory wage rates.

¹¹ Proprietor income is the income of sole proprietorships, partnerships, and tax-exempt cooperatives. This type of income, for example, may represent a payment for the labor of business owners, a return to capital invested by the business owner or a combination of the two.

In reviewing the financial, insurance, and real estate industry groups it was found that these wages have declined significantly in Wisconsin. However, when compared to other states this decline was not atypical but rather common among these other states with the exception of a select few with very large metropolitan areas, such as New York, where there is a high concentration of depository institutions and security brokers.

The fourth and final part of the study looked at the differences between metropolitan and non-metropolitan per capita income to see if there is a distinction between them. Many variables were analyzed resulting in a complex set of conclusions on the issue of non-metro versus metro per capita income patterns. When the study evaluated income based on geography, it found that Wisconsin has experienced a trend of growing non-metro population concurrently with a trend of increasing non-metro share of wage and salary employment. While the non-metro share of wage rates has been increasing, the wage rates in metro areas have not. The increases in the non-metro areas is not enough to counter the continued downward trend in metropolitan wage rates in Wisconsin which contributes to Wisconsin income being below the U.S. average. Furthermore, per capita income is strongly associated with population size and Wisconsin's metro areas are mostly small in population size, and that fact also explains a significant part of the Wisconsin – U.S. per capita income gap.

Each of the variables analyzed above explain in part why the region's per capita income levels are not reaching state or national levels. While the Appleton-Neenah-Oshkosh urban area is large relative to the East Central Region, it is not when compared to metro areas in other states. The smaller metro size may indicate the difficulties in attracting company headquarters to the region. The financial, insurance, and real estate industry groups employment figures do show growth occurring within most of the counties in the region, but perhaps not the level of growth accompanied by higher paying positions within this industry. All of these factors represent the challenges toward achieving long term increases in per capita income levels.

Industrial Parks

Industrial parks tend to be clustered in urban areas where transportation linkages, municipal services, labor, supplies and other economic forces are concentrated. However, there are smaller communities whose economic base is developed to support such facilities. East Central has distributed questionnaires to local municipalities to gather information about industrial parks throughout the region. The most recent results available are from the year 2001¹².

In short, the region supports 77 industrial parks. These are located in all of the region's ten counties. These facilities occupy 8,100 acres, or approximately 12.5 square miles. Outagamie County holds the greatest concentration of these facilities with 21 parks, followed by Winnebago County, with 14 industrial parks. Outagamie County also leads the region in total acreage of industrial parks, with 2,720 acres, followed by Winnebago County, with 2,435 acres.

The rural counties have various numbers of industrial parks, ranging from eight in Waupaca County to one in Menominee County. Of the more rural counties, Waupaca County has the

¹² The individual park information can be accessed via East Central's website at: www.eastcentralrpc.org. For specific information about the Fox Cities area, access the Fox Cities Economic development Partnership website at: www.foxcities-marketing.org/.

most acreage of industrial parks at this time, 879 acres, followed by Shawano County, with 419 acres.

Brownfield Development

For commercial and industrial uses, communities within the region can compile an inventory of areas identified as brownfield properties. Cleanup and redevelopment of these abandoned properties will put these properties back onto tax rolls and to productive uses and ultimately create jobs. Economic development grants for rehabilitation and other incentives should be utilized to fund projects in these areas.

Redevelopment opportunities can be combined with the Wisconsin Department of Commerce's Main Street program to assist in downtown revitalization efforts. For example, the City of Ripon, in Fond du Lac County, one of the three Main Street Communities in the region, took advantage of an historic, architecturally significant structure, the Pratt Building which is located in the downtown area. Ripon's Main Street, Inc. purchased the building and renovated the interior and exterior of the structure. There are apartments located on the second floor and a commercial use is in place on the street level. Ripon has capitalized on historic preservation and redevelopment opportunities to create a destination for shopping, festivals and other musical events.

The Wisconsin Department of Natural Resources and other state and federal agencies maintain several on-line resources to make available information about contaminated properties¹³.

¹³ They include the Bureau for Remediation and Redevelopment Tracking System (BRRTS) website at www.dnr.state.wi.us/org/aw/rr/brrts/index.htm. For groundwater contamination issues there is the Geographic Information System Registry of Closed Remediation Sites at gomapout.dnr.state.wi.us/org/at/et/geo/gwur/index.htm. For solid or hazardous waste site information access: www.dnr.state.wi.us/org/aw/rr/archives/pubs/RR108.pdf. The Department of Commerce provides information for under ground storage tanks at: comapp1.commerce.state.wi.us:8080/ers/ER-EN-TankSearch.htm.

Economic Development: Key Findings

Current Trends

- The region's labor force continues to increase reaching 370,903 by September of 2002, which is a 2.2% increase from 2001.
- Examination of 2002 unemployment rates for the state, the region and in each county indicates that rates in September were lower than they were for the averaged rates in 2001. This suggests that the state and regional economy is rebounding from the national economic downturn that began in March of 2001.
- September, 2002 data indicates that manufacturing, which accounts for approximately 25.4% of total non-farm employment, provides the largest share of employment in the region.
- The service industry sector is the second largest employer in the region. By September, 2002 employment reached 75,366, an increase of 3,334 workers, or a 4.6% increase from 2001.
- The retail trade sector is the third largest non-farm employment sector in the region, accounting for 17.7% of total employment in September, 2002.
- Agriculture and agriculture-related industries employ a very small share of workers in the region, 1.4% as of 2000.
- All counties within the region experienced increases in their average weekly wages for all industries between 1990 and 2000.
- The greatest concentration of higher paying industries falls within the manufacturing sector in the production of durable and non-durable products. The lowest paying jobs are in the retail trade and services sectors.
- Regional income figures increased each year, but still lag behind state and national income levels. A state initiated study of per capita income levels revealed several factors that are keeping Wisconsin incomes lower than national figures.
 - Between 1929 and 1999, with the exception of 1950-1953 and 1978-1982, Wisconsin per capita income has remained below the U.S. average.
 - The lower per capita income is due in part to a decline in the relative average wage per job in Wisconsin. This decline has been mitigated somewhat by an increased ratio of jobs per person: meaning that people are taking on additional work.
 - The decline in wages is not limited to a few particular industries but rather has occurred in all major industry groups.
 - And in addition, the study discovered that per capita income is strongly associated with population size and Wisconsin's metro areas are mostly small in population size, and that fact also explains a significant part of the Wisconsin – U.S. per capita income gap.
- Industrial park information from the year 2001 indicates that there are 77 industrial parks. These are located throughout the region's ten counties, with the greatest concentration of industrial park acreage in Outagamie and Winnebago counties.

Future Trends

- The current economic recovery may be more modest than originally anticipated. Unemployment levels may remain near these current 2002 levels for several months as labor markets slowly add jobs.

- According to the Wisconsin Department of Revenue, employment growth for the Metropolitan Statistical Areas is expected to continue, albeit at a slower pace from the last five years' growth levels, for the 2001 to 2006 time period. The projections show a 5.1% employment growth increase resulting in 217,100 employees in the Appleton-Neenah-Oshkosh MSA. This growth rate exceeds the state total projected growth rate of 4.2% for the 2001 to 2006 time period.
- The August, 2002 Wisconsin Economic Outlook Report states that the forecast for manufacturing employment is continued weakness. It further states that factory jobs will continue to decline, but perhaps at a slower rate. Specifically, manufacturing employment in primary metals and industrial machinery is expected to decline in 2002 and 2003. Some good news is the expectation that the printing and publishing industries will recover after sizable losses in 2001 and 2002. The report does suggest that overall manufacturing employment will likely begin to grow again in 2004.
- The strongest growth is expected in the finance, insurance, and real estate sector and in the services sector. Service industry jobs are expected to grow by 1.9% for 2002, which has already been exceeded in the region, and by 2.6% in 2003.
- For both trade industries, retail and wholesale, growth will remain weak projected at 0.2% and 0.3%, respectively, for 2002. It is anticipated that retail jobs will remain weak into 2003.
- Agriculture and agricultural-related services industries are not diminishing within the region, but rather the numbers indicate that in some cases these industries are experiencing small levels of growth. The increases in dairy farm operations could indicate the presence of mega-farm operations.

Identification of Issues

- How can we address the impact of the global economy, specifically mergers and takeovers, which have resulted in the closing down and the exporting of local businesses: in turn leading to a decline in the manufacturing base in the Fox Valley?
- How can we retain, preserve, and attract industry and businesses that will create good quality jobs that pay a living wage?
- How can we address the conflicts that exist between economic development and environmental preservation, especially in the rural areas of the region, where citizens are concerned about retaining the rural character of their communities while ensuring economic vitality?
- How can we address the "brain drain" from the counties, region and state? Young people are leaving because there are limited good quality career and job opportunities. In addition, wages are low when compared with other parts of the state and region.
- How can we prepare for potential labor shortages, given the demographic trends outlined in Chapter 2?
- How can we address the consequences of current farm economics, whereby the farm wage is insufficient to support a household and farmers are selling off their land for development to secure their retirements?
- How can we assess the real costs and benefits of commercial development, including utilities and services, outside the urban area?
- How can we ensure that communities take full advantage of opportunities to work together and share services to benefit the region as a whole?

- How can we resolve the conflicts that exist between the desire for good public services and the aspiration for lower taxes?

Page Left Blank