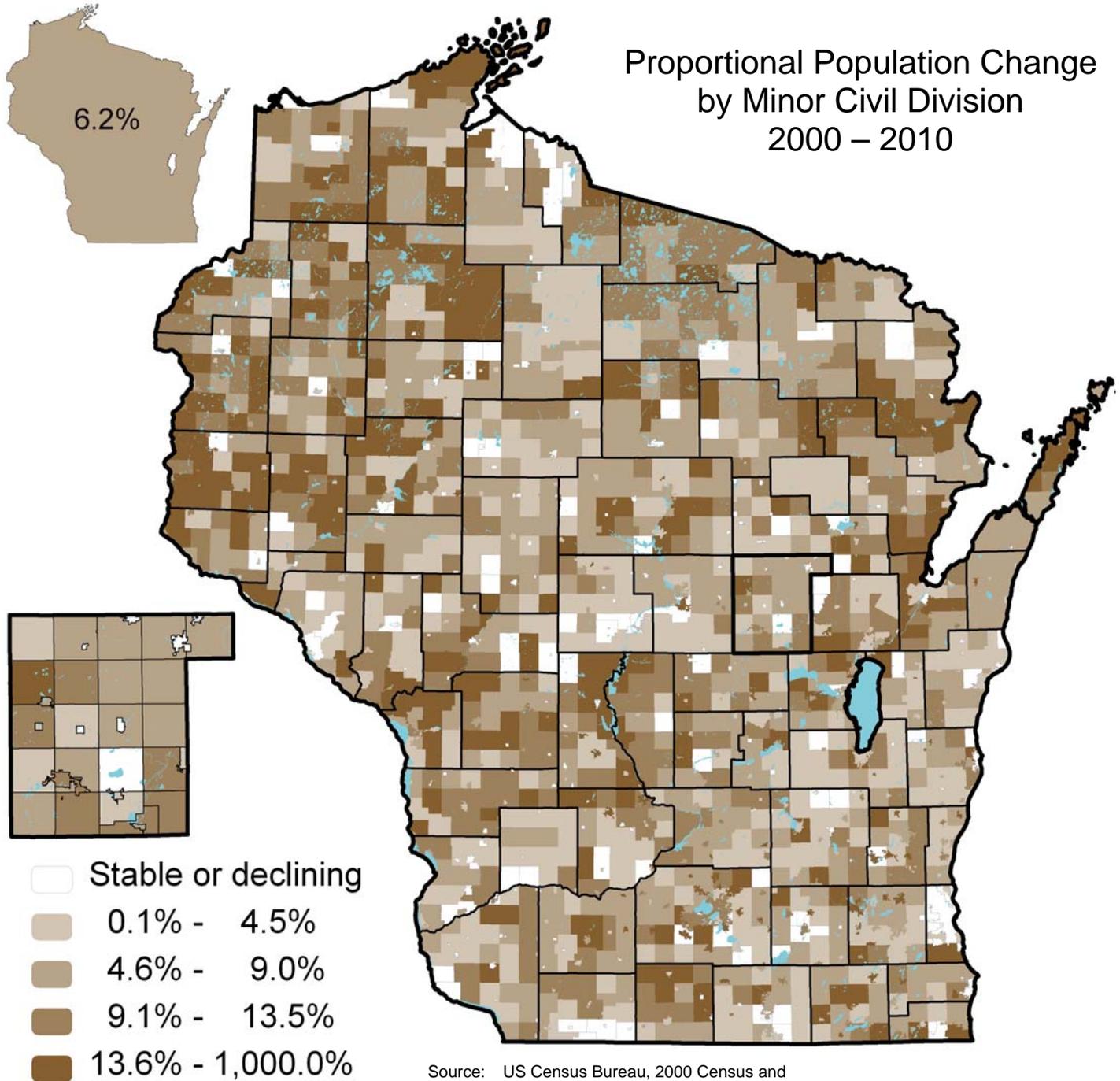


Waupaca County Workforce Profile

2011



Source: US Census Bureau, 2000 Census and
WI Dept. of Administration Demographic Services, January 2010

WISCONSIN



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Office of Economic Advisors

OEA-10661-P

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Waupaca County Workforce Profile



2011

Slowly It Grows

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

As this is written in November 2011, the economic recovery is officially more than two years old. The National Bureau of Economic Research, the organization that defines U.S. recessions, stated that the recession began in December 2007 and ended in June 2009. Mapping economic activity and employment changes through this business cycle has charted new territory.

This “Great Recession” has discovered new latitudes on a number of fronts. It is the first time since World War II that GDP registered declines four quarters in a row. GDP dropped 5.4 percent from the fourth quarter of 2007 peak, to the second quarter of 2009 trough. The previous worst post-war recession GDP decline was 3.7 percent in the 1957 recession. The severe recessions of 1973 and 1981 saw GDP fall by 2.8 percent and 2.9 percent respectively. In most recessions, the trough occurred in the second or third quarter following the peak. This recession’s trough occurred six quarters after the peak. Suffice it to say that the Great Recession set new records in depth and duration for post-war recessions.

The recovery from this recession has been lethargic. Post-war economic recoveries usually reached new real GDP levels two or three quarters after the trough. The

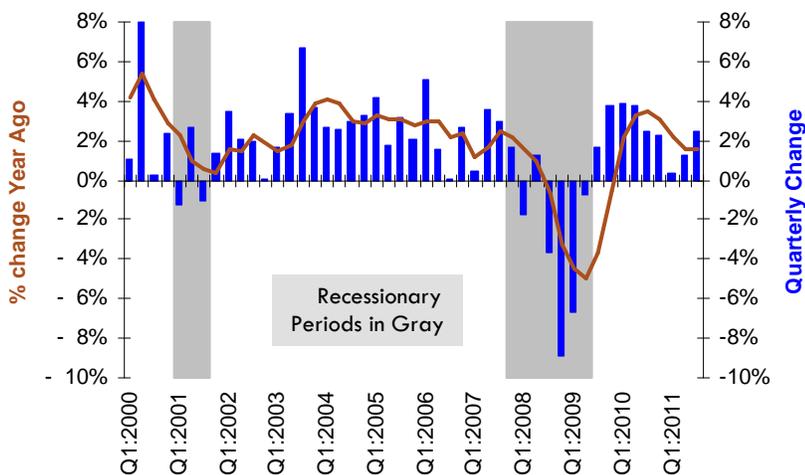
1981 recovery took five quarters to reach new output levels. The current growth cycle is nine quarters old and GDP has only now reached pre-recession levels.

The primary drags on the recovery have been: 1) housing markets, 2) deleveraging, and 3) high unemployment. New home construction is running at about a quarter of the previous peak and about one million units per year below long-run demand rates of 1.5 million units per year. Consumers, companies, banks, and governments are all deleveraging — paying down debt and recalibrating cash flows. Companies are reluctant to hire new workers in this uncertain economic environment.

Concerning the housing market, relatively few new homes being built generate little demand for new carpet, doors, windows, appliances, etc. Also, and more importantly for economic demand, the trillions of dollars that evaporated from home equity balances have disappeared from the economy. With that loss, consumers now must pay for purchases out of cash flow, primarily earnings, instead of unrealized capital gains. The six trillion dollars of lost home and investment equity has revalued baby boomers’ retirement portfolios and induced higher savings. In addition, high unemployment is retarding aggregate earnings growth. It is difficult to increase consumption while paying down debt and increasing savings with stagnant income.

The exiguous demand growth offers no incentive to expand production. Non-residential investment has been increasing in equipment and software — labor saving investment. Structures investment — production expansion — has been flat. Limited demand coupled with productivity investments yields little need to increase payroll. The economic feedback loops follow that no new hiring leads to no new earnings leads to no new production capacity leads to no new hiring; hence slow economic recovery.

Real GDP Change 2000 Q1 - 2011 Q3



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, May 2011

Slowly It Grows (cont.)

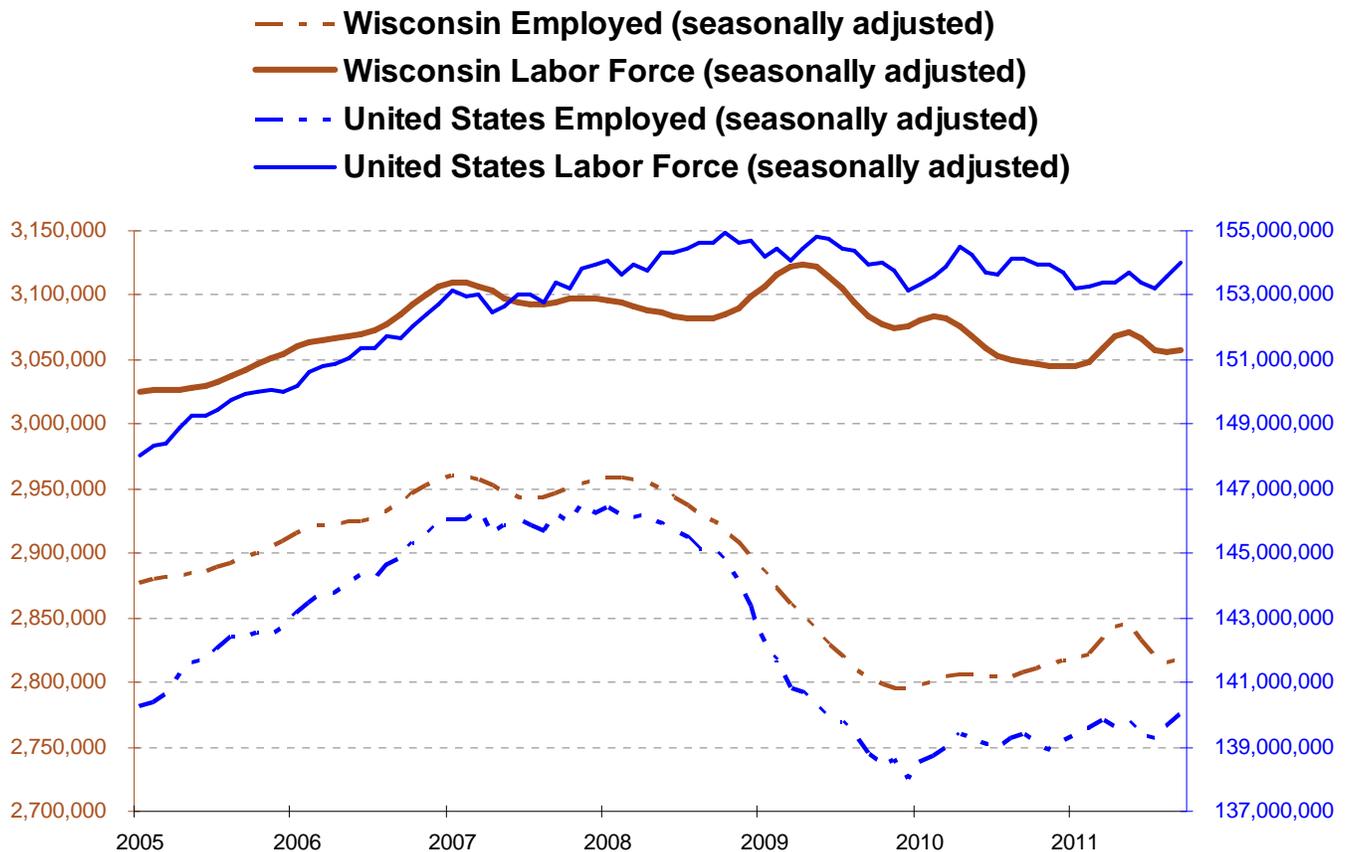
The employment situation mimics the economic path, with some lag. The U.S. unemployment rate peaked at 10.1 percent in October 2009 on a seasonally adjusted basis, after the recession was declared over. Wisconsin's unemployment rate peaked at 9.2 percent in June and July 2009, and matched it again in January 2010. The unemployment rate didn't get as elevated as it had in the past. The U.S. unemployment rate reached 10.8 percent in November and December of 1982. Wisconsin's unemployment rate peaked at 11.5 percent in January of 1983. Wisconsin's unemployment rate has remained below the nation through this business cycle. This is due to the fact that Wisconsin's residential construction sector didn't collapse to as great a degree as did some other states, such as Arizona, California, and Florida. Also, Wisconsin's diversified industry alleviates it from large impacts to a single industry, such as the automobile industry concentrations in Michigan, Ohio, and Indiana.

Job loss in the state was more severe than past recessions. Wisconsin displaced almost six percent of its job base during this recession. The state displaced just over five percent of its job base in the 1981 recession.

To a large extent, this has been a "jobless" recovery. Wisconsin's job level is still more than four percent below pre-recession levels twenty-three months after the employment bottom. Job recovery in the 1981 economic recovery was relatively rapid, reaching pre-recession job levels thirteen months after the bottom.

Illustrated below are the workforce and employment dynamics for the state and the nation through the last two business cycles. What is evident is the loss of employment during the recessions. What has changed over the period is that the workforce actually turned negative. Wisconsin's workforce declined 0.6 percent through the 2001 recession. The jobs recovery then took over four years to reach pre-recession levels. This time, Wisconsin's workforce decreased 1.7 percent at the lowest point, and the U.S. workforce turned lower for the first time.

Due to the way the unemployment rate is calculated, the state and national unemployment rates would be higher than the current (September 2011) 7.8 percent and 9.1 percent for Wisconsin and the U.S., respectively, if the workforce had remained steady or increased over the period.



Source: WI DWD, Bureau of Workforce Training, LAUS, 2011

Population

Over the past decade, Waupaca County, along with the seventeen other counties of the New North, have faced the challenge of fostering collaboration and greater integration of a regional economy and labor market while maintaining the unique character of each of the respective counties. Waupaca County is uniquely positioned in this transition as it lies at the periphery of two economic regions — the Fox Cities and Wisconsin River valley communities of Wisconsin Rapids and Stevens Point. The economic restructuring of each of these areas affects Waupaca County to some degree, even as the county faces those challenges typical of the state’s rural counties.

Waupaca County’s 2010 population of 54,500 ranks as the 27th largest county in the state. It’s growth since the 2000 Census of 5.2 percent ranks 48th, however, suggesting that the county has grown at a far more sluggish manner than that of their metropolitan neighbors. To put this growth in context, Outagamie County’s population grew by nine percent over this period, and Portage County experienced six percent growth. This suggests that population growth along the U.S. Highway 10 corridor has been slightly more sluggish than that of counties along the U.S. Highway 41 corridor due to a number of factors that will be explored throughout this profile.

Waupaca County’s 10 Most Populous Municipalities				
	Apr 1, 2000 Census	Jan 1, 2010 Estimate	Numeric Change	Proportional Change
United States	281,421,906	308,400,408	26,978,502	9.6%
Wisconsin	5,363,715	5,695,950	332,235	6.2%
Waupaca County	51,825	54,500	2,675	5.2%
Waupaca, City	5,676	6,265	589	10.4%
New London, City*	5,618	5,702	84	1.5%
Clintonville, City	4,736	4,624	-112	-2.4%
Farmington, Town	4,148	4,270	122	2.9%
Mukwa, Town	2,773	3,066	293	10.6%
Dayton, Town	2,734	2,968	234	8.6%
Weyauwega, City	1,806	1,870	64	3.5%
Lebanon, Town	1,648	1,783	135	8.2%
Caledonia, Town	1,466	1,627	161	11.0%
Lind, Town	1,381	1,557	176	12.7%

*Waupaca County portion only.

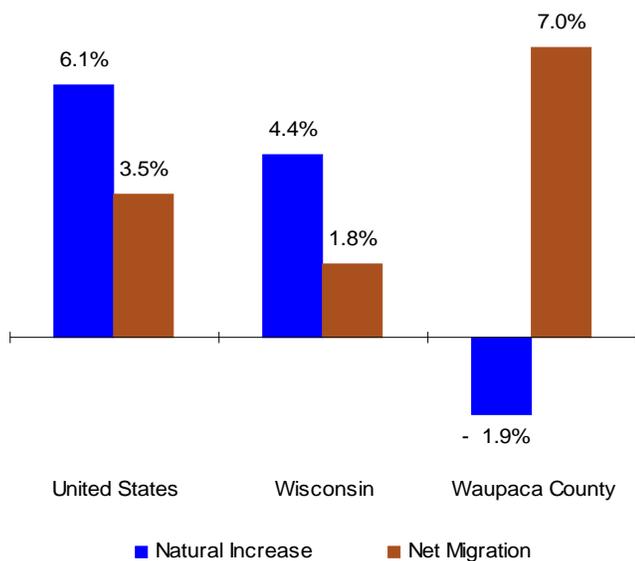
Source: WI Dept. of Administration, Demographic Services, Population Est., 2011

We can place Waupaca County’s population growth in further context by comparing it to that of the state and nation, which suggests again that the county’s population growth is lagging. Further, if you compare the county’s growth over the past decade to that of the 1990’s we see that it grew far more slowly in recent years, as compared to the 12.4 percent growth of the previous decade. This pattern is fairly common throughout the state’s counties, as the aging of the Baby Boom generation and the economic and financial recession of the latter half of the decade has slowed population growth and mobility. The county’s population density, which was 73 persons per square mile in 2010 is also suggestive of the potential for future growth, as the county’s density is much less than that of neighboring counties.

As we examine population growth among the county’s municipalities, we see that many of the cities and townships grew between eight and twelve percent, yet growth in numerical terms is again rather sluggish. Only one municipality — Clintonville experienced a declining population over this period.

Population growth over a period of time can be decomposed into the two major parts — net increase, which is the balance of births and deaths, and net migration. The first, and most striking point illustrated in the chart at left is the fact that the county’s natural increase was negative over this period, in stark contrast to that of either the state or the nation. This is indicative of the gradual aging of the county’s population, which will be explored further in the coming pages. On the contrary, the county’s net migration far exceeds that of either the state or nation.

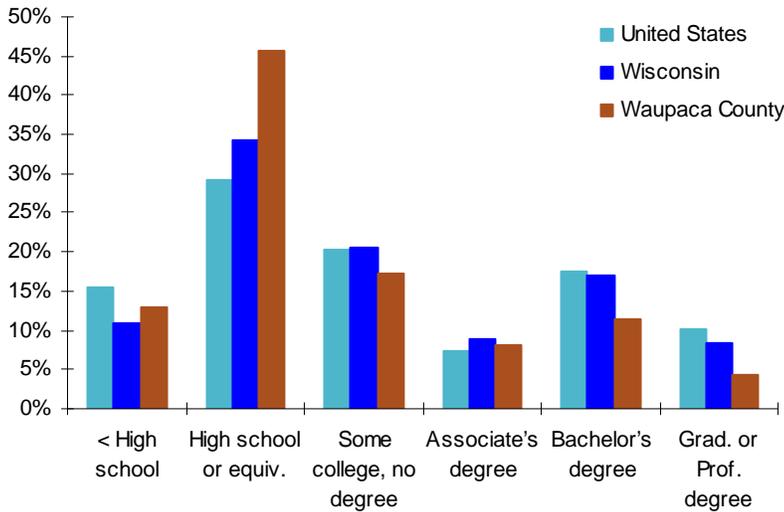
Components of Population Change



Source: WI DOA, Demographic Services, Population Est., 2011

Demographics

**Educational Attainment of Residents
25 or More Years Old**



Source: US Census Bureau, American Community Survey, Table B15002, 2005-2009

One characteristic of the population that is of particular interest to business leaders and policy makers in the state is the educational attainment of the workforce. Educational attainment is measured as the highest level of education completed and is generally reported for the population 25 and over in order to account for the completion of associate's and baccalaureate degree programs by so-called "traditional" students, or those students who pursue post-secondary education immediately following high school graduation. It is generally assumed that a region with a high degree of educational attainment is better able to capitalize on the opportunities present in a diversified economy.

The first, and most striking conclusion that we can draw from the chart above is that a significantly higher number of Waupaca County's residents count a high school education (45.6 percent) as their highest level of attainment than either the state (34.3 percent) or the nation (29.3 percent). The county also counts a relatively higher percentage of residents who failed to finish high school than the state, but less than the national average. This suggests that many of the employment opportunities present in the regional labor market historically required a relatively low level of education in order to be successful. This dynamic has been changing rapidly over the last several years, thereby resulting in calls in greater levels of educational attainment among the region's workforce. The im-

plications of this transition will be more fully explored in later discussions.

If we look at the distribution of residents at higher levels of attainment, we see that Waupaca County also has a relatively low share of residents who have either completed some college education or received an associate's or vocational degree. However, far fewer residents of the county possess either baccalaureate or graduate degrees. In fact, the percentage of residents with bachelor's degrees (11.5 percent) is roughly 5.5 percent below the state average and six percent below the national average, and the number of those with graduate or professional degrees (4.3 percent) is less than half of the state or national average. As the education demands of the region's employers increases, we would hope that attainment increases accordingly.

One other demographic factor that affects the composition of the Waupaca County labor force is the commuting behavior of the working age population. A few basic facts about the county's commuting patterns are represented below. The most significant of these is that a greater share of the county's residents are employed within of the county than are employed outside of it. As growth continues to occur throughout the region, we would expect that commuting may increase.

Where do Waupaca County residents work?
Waupaca Co., WI
Outagamie Co., WI
Winnebago Co., WI
Brown Co., WI
Portage Co., WI
Milwaukee Co., WI

Where do Waupaca County workers live?
Waupaca Co., WI
Outagamie Co., WI
Shawano Co., WI
Portage Co., WI
Winnebago Co., WI
Waushara Co., WI

Source: US Census Bureau, Local Employer-Household Dynamics

Commuting Patterns of Waupaca County Residents

Work in Waupaca County:	16,511	65.5%
Work in another Wisconsin County:	8,538	33.9%
Work outside Wisconsin:	140	0.6%
Total:	25,189	100.0%

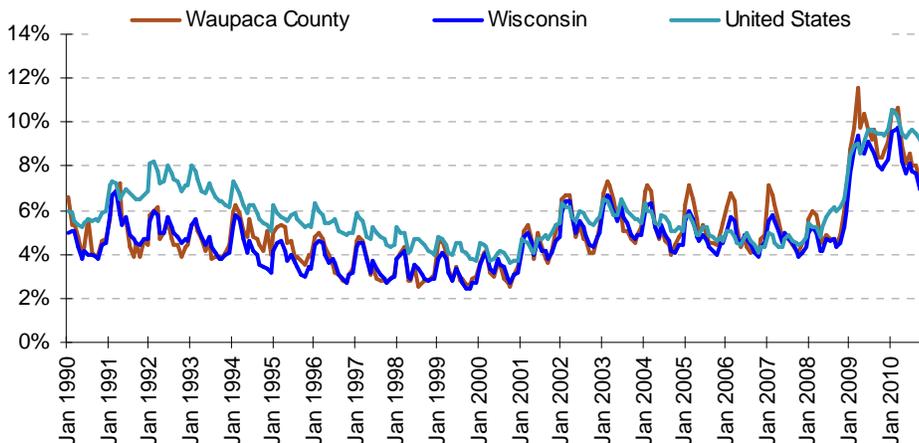
Source: US Census Bureau, American Community Survey, Table B08007, 2005-2009

Workforce

The Waupaca County labor force in the midst of a number of structural changes related both to the economic restructuring of the employer base and several demographic transitions that will be discussed later in this profile. One catalyst for these transitions was the economic recession of 2007 to 2009. The effects of the recent recession can be viewed most succinctly by tracking the monthly unemployment rate over this period, as depicted in the graph at right.

The first assumption that we can deduce from this data is that there is a certain degree of seasonal periodicity endemic in the county's employment dynamics. Unemployment in many of the state's counties tends to be significantly higher during the first several months of the year for a number of reasons, most notably inactivity among a number of weather-dependent industries, such as construction, tourism-related industries, and certain subsectors in the manufacturing base including food processing. As activity in these industries increases through the spring and summer, the unemployment rate gradually declines and remains relatively low through the remainder of the year as seasonal retail employment supplants activity in these other sectors.

Unemployment Rates - Not Seasonally Adjusted

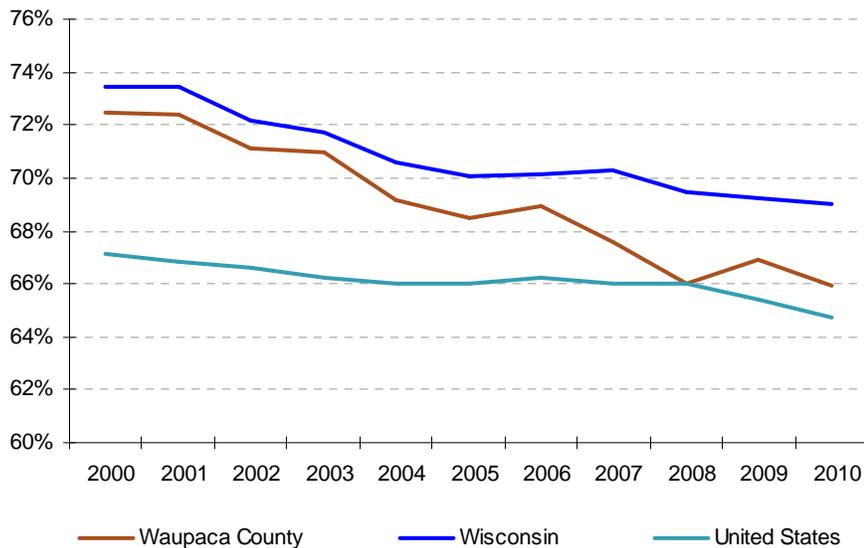


Source: U.S. Bureau of Labor Statistics, CPS, LAUS, 2011

When examining the county's employment dynamics over the entire time period, we see that, after 1996 that the county's labor force dynamics track closely with that of the state until the most recent recession, as the downturn in construction employment has led to greater seasonality in the Waupaca County labor market. This pattern remains persistent even during the most recent economic recession and current recovery as both the county and state and recovered more quickly than the national economy largely due to the presence of a strong manufacturing base. The strength of the region's manufacturers along with greater diversification and integration of the region's economy, as a whole, explains the unemployment dynamics in the county throughout this period.

An alternative way of looking at the dynamics of the labor force is by reviewing changes in the labor force participation rate, or LFPR. The labor force participation rate is a measure of the percentage of non-institutional population age 16 and over that is either presently employed or is actively seeking employment and is considered a more robust measure than the unemployment rate. Waupaca County's 2010 LFPR was 66.0 percent, a rate that is closer to that of the nation (64.7 percent) than that of the state (69.0 percent). As we see in the chart at left, however, this was not always the case. Through the first

Labor Force Participation Rates

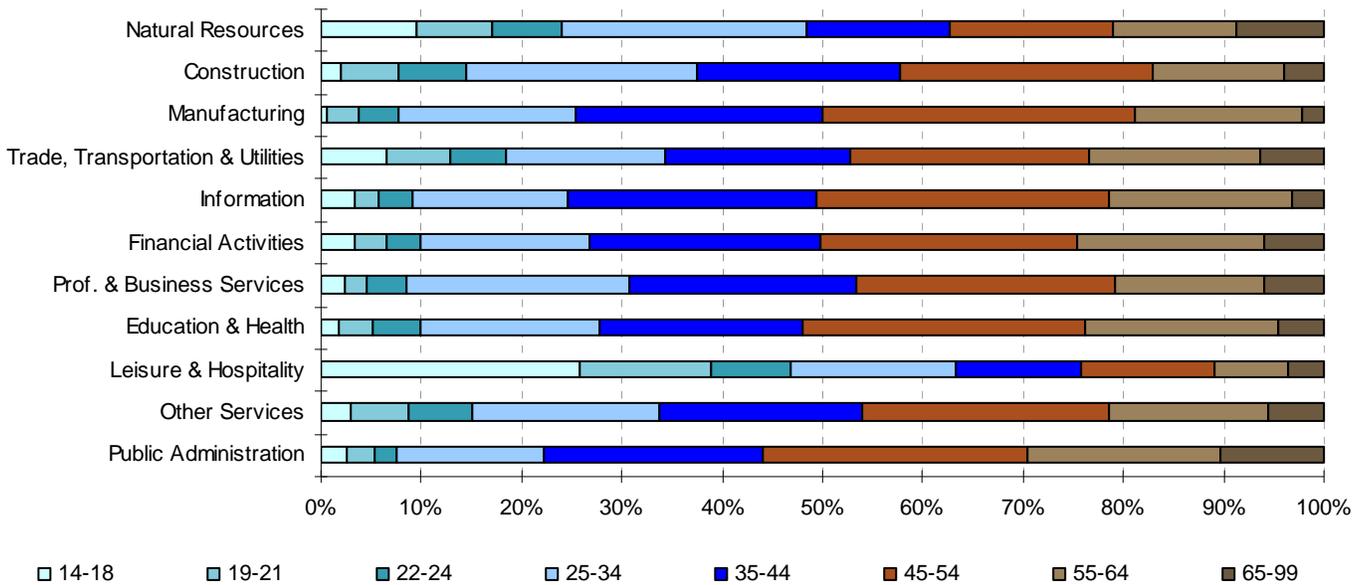


Source: WI DWD, OEA Special Tabulation



Workforce (cont.)

Waupaca County's Age Distribution by Industry



Source: U.S. Dept. of Commerce, Census Bureau, Local Employment Dynamics, 2009 Annual

half of the 2000's, Waupaca County's LFPR closely mirrored that of the state within roughly one percent. The county has historically tracked closely with the state over the last several decades as its industry composition resembled that of the state, as a whole. As we see in the chart presented on the previous page, that pattern diverged markedly over the course of the past decade.

Waupaca County's LFPR decreased from a high of 72.5 percent in 2000 to a low of 66.0 percent in both 2008 and 2010. While the principal cause of this erosion is the economic restructuring that has occurred over the last decade, more recent forces are also at play.

Another impact of the recession that bares note is that the long-term effects of unemployment have created a group of discouraged workers that is not considered to be part of the labor force unless actively seeking employment. As national economic conditions have improved, many of these individuals have returned to the labor force in recent months. At the same time, the county's population has aged significantly over the last decade.

The median age of Oconto County's population currently stands at 43.5 years. This ranks the county as the 25th oldest in the state by this measure. Over the course of the last decade, the county's median age has grown by roughly five years, from 38.5 in 2000. The effects of this gradual aging are profound and varied.

Turning our attention now to the age distribution of the

county's major industry sectors, as depicted in the chart above, we see that several dominant industry sectors are predominately staffed by mature workers. This is especially true in the Manufacturing, Information, Education and Health, and Public Administration sectors. The age distribution of workers in any given industry sector is determined by the availability of entry-level positions within the sector, which are generally more attractive to younger workers, and the premium paid for long tenures in a particular firm or sector, which tends to result in a preponderance of older workers in those sectors with the highest wage premiums.

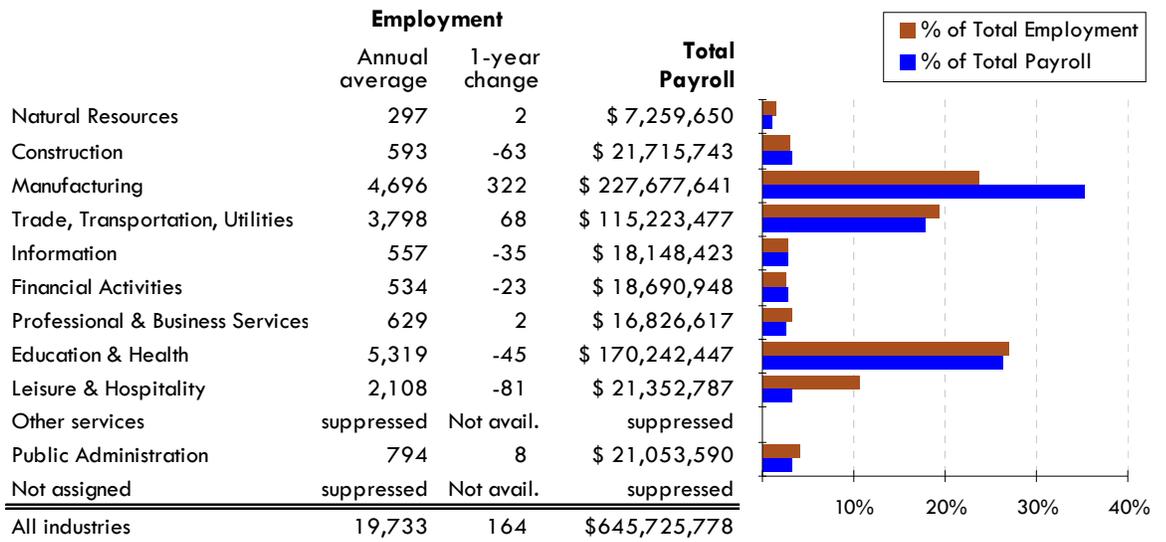
The tenure dividends provided among manufacturers and public sector employers in the form of such things as employer-provided health insurance and retirement pension benefits, coupled with wage schedules that are frequently tied to seniority account for the presence of a relatively higher percentage of mature workers (those aged 45 years and older) than average. Conversely, those industry sectors that are especially physically demanding, such as construction, and those sectors that offer a high number of entry-level positions or experience high rates of turnover, such as leisure and hospitality are dominated by younger workers.

The challenge presented in this distribution is how young workers can effectively transition from high turnover to high wage industries.

Jobs & Wages

The chart at right depicts a decomposition of the Waupaca County employer base by industry, employment, and payroll. This illustrates the relative importance of each industry sector to the vitality of the county's economy. Please note that data for all industry sectors may not be available due to confidentiality disclosure concerns.

2010 Employment and Wage Distribution by Industry in Waupaca County



Source: WI DWD, Bureau of Workforce Training, Quarterly Census Employment and Wages, June 2011

The first interesting dynamic that can be gleaned from this data is noted in the county's second largest industry sector — manufacturing. The sector, along with that of construction and financial activities, to a far lesser degree, represents a greater relative share of total payroll than of total employment. This suggests, as we shall see, that these are industry sectors that pay, on average, higher relative wages. This being said, however, we see that the disparity between the employment and payroll shares attributed to manufacturing in the county (23.8 percent and 35.3 percent, respectively) is relatively higher than that of education and health services, the county's largest industry sector. The dominance of these two industry sectors is fairly typical of counties in Northeast Wisconsin.

Conversely, the opposite dynamic can be observed in many of the county's other industry sectors, with the disparity noted in some, such as leisure and hospitality, being rather stark. In this instance the share of total employment is relatively higher than the share of total payroll. This dynamic is typical of relatively lower wage industries. This relates effectively to our previous discussion as the higher wage industries are also those that are staffed predominately by relatively older workers and low wage, high turnover industries are staffed largely by younger workers.

In aggregate terms, non-farm industry employment in Waupaca County decreased by a net of 164 jobs in 2010, or roughly eight-tenths of one percent. This would generally suggest a certain degree of stability in the county's employer base. However, speaking in the aggregate masks a number of notable trends. Construction employment, for example, decreased by roughly ten percent over the year, as the effects of the ongoing real estate crisis continue to be felt. Similar losses in the financial activities and leisure and hospitality industry sectors point to continued weaknesses in consumer confidence and spending throughout the region. Employment in the county's largest industry sector — education and health services also declined over the last year in response to changes in the public sector. Conversely, manufacturing employment did increase by seven percent over this period.

Waupaca County's all industries average annual

	Wisconsin Average Annual	Waupaca County Average	Percent of Wisconsin	1-year % change
All industries	\$ 39,985	\$ 32,723	81.8%	7.0%
Natural Resources	\$ 30,613	\$ 24,443	79.8%	-1.8%
Construction	\$ 49,135	\$ 36,620	74.5%	1.7%
Manufacturing	\$ 50,183	\$ 48,483	96.6%	16.7%
Trade, Transportation & Utilities	\$ 34,132	\$ 30,338	88.9%	5.8%
Information	\$ 51,764	\$ 32,582	62.9%	-2.2%
Financial Activities	\$ 53,332	\$ 35,002	65.6%	1.9%
Professional & Business Services	\$ 46,516	\$ 26,751	57.5%	-7.4%
Education & Health	\$ 42,464	\$ 32,006	75.4%	-0.2%
Leisure & Hospitality	\$ 14,597	\$ 10,129	69.4%	4.5%
Other Services	\$ 22,682	suppressed	Not avail.	Not avail.
Public Administration	\$ 41,653	\$ 26,516	63.7%	1.8%

Source: WI DWD, Workforce Training, QCEW, June 2011



Jobs & Wages (cont.)

Prominent Industries in Waupaca County

Industry Sub-sectors (3-digit NAICS)	Average Employment			Average Wages			
	2010 Avg.	5-year Percent Change		2010 Average		5-year Percent Change	
	Waupaca County	Waupaca County	Wisconsin	Waupaca County	Wisconsin	Waupaca County	Wisconsin
Nursing and residential care facilities	2,151	2.7%	10.0%	\$ 29,406	\$ 24,057	11.8%	9.0%
Educational services	1,662	-1.0%	5.2%	\$ 32,740	\$ 42,666	11.7%	13.5%
Food services and drinking places	1,540	-15.8%	-1.4%	\$ 9,587	\$ 11,693	23.8%	16.2%
Primary metal manufacturing	suppressed	not avail.	-24.4%	suppressed	\$ 51,479	not avail.	13.6%
Merchant wholesalers, nondurable goods	893	44.5%	-4.6%	\$ 48,120	\$ 48,828	-24.5%	9.7%
Fabricated metal product manufacturing	641	11.9%	-12.3%	\$ 42,582	\$ 46,362	25.1%	12.2%
Transportation equipment manufacturing	702	-9.4%	-30.8%	\$ 40,180	\$ 58,079	12.2%	10.6%
Ambulatory health care services	616	-6.4%	6.8%	\$ 43,363	\$ 62,533	15.4%	15.4%
Social assistance	suppressed	not avail.	15.1%	suppressed	\$ 20,181	not avail.	10.1%
Food manufacturing	597	13.9%	-0.0%	\$ 35,296	\$ 41,456	-1.1%	13.7%

Note: * data suppressed for confidentiality and not available for calculations
 Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, 2011

wage is significantly lower than the state mark but increased marginally over the past year. This is relatively consistent across all industry sectors and is typical of small, rural counties. Only the manufacturing sector has median wages that approach the state average. The relatively low wage rates paid by employers in the county are offset by a number of factors which will be further explored, not the least of which being the relatively low cost of living afforded to residents.

Turning our attention now to an examination of the prominent industry subsectors in the county, we see that the two largest sectors — manufacturing and education and health services — are well-represented. Nursing and residential care facilities is the largest industry subsector, followed by educational services. Prominent employers in these subsectors include the Wisconsin Veteran’s Home, and the school districts of Clintonville, New London, and

Waupaca. If we trace employment across these subsectors over the last five years, we see that local employment growth has been modest or slightly declining despite marked growth statewide. The health services industry sector is further represented by the ambulatory health services and social assistance subsectors as marked by the presence of Thedacare and DEN Services among the most prominent employers.

The role of manufacturing in the county is concentrated in four prominent subsectors — primary metal manufacturing, fabricated metal products manufacturing, transportation equipment manufacturing and food manufacturing. Waupaca Foundry dominates manufacturing employment in the county and is joined by the Hoffmaster Group among the county’s most prominent firms. Employment growth among manufacturing subsectors has been mixed over the last five years in response to changing demands.

Prominent Employers in Waupaca County

Establishment	Service or Product	Number of Employees (June 2010)
Waupaca Foundry	Iron foundries	1,000 or more employees
Wisconsin Veteran’s Home	Nursing care facilities	500-999 employees
Sturm Foods Inc	Other grocery product merchant wholesalers	500-999 employees
Waupaca County	Police protection	250-499 employees
School District of Waupaca	Elementary & secondary schools	250-499 employees
Thedacare Group	General medical & surgical hospitals	250-499 employees
School District of New London	Elementary & secondary schools	250-499 employees
D E N Services Inc	Services for the elderly & disabled	250-499 employees
Hoffmaster Group Inc	Nonfolding sanitary food container mfg.	250-499 employees
Clintonville Public School District	Elementary & secondary schools	250-499 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, Sept. 2011

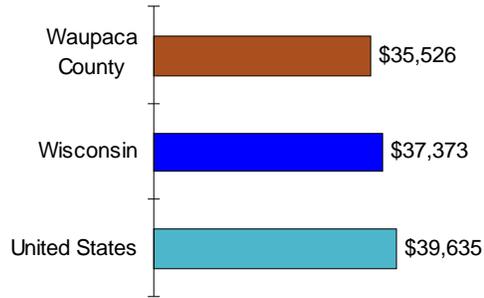
Income

Total personal income (TPI) is the sum of employment earnings, rental property income, personal dividend income, personal interest income, and personal current transfer (government) receipts such as social security, Medicare/Medicaid, public assistance, veterans benefits, unemployment insurance and other government payments.

Waupaca County's Total Personal Income in 2009 was \$1.835 billion. This is nine-tenths of one percent of the state's TPI of \$211 billion. Over the course of the decade from 1999 to 2009, the county's TPI grew by 44.9 percent in nominal terms, a growth rate that is slightly higher than the state's growth rate but is well below national growth during the same period. After adjusting for the effects of inflation, we see that the county's "real" income growth rate is 12.5 percent. This is again higher than the state's adjusted growth of 11.3 percent, but is seven percent below the national average. The significant income growth in the region can be attributed to a number of factors, including the in-migration of more relatively affluent residents, appreciation of real estate values, and the ability of workers to tap into higher wage employment opportunities throughout the region.

The effects of the county's population dynamics can be demonstrated more succinctly in an analysis of its per capita personal income. Per capita personal income (PCPI) is TPI divided by the total population. Waupaca County's 2009 PCPI was \$35,526, or roughly \$2,000 below the state mark and nearly \$4,000 below the national average. Waupaca County's PCPI ranks 23rd in the state, and is well below the \$36,222 of Outagamie County, but above the \$34,314 of Portage County. Over the course of the decade, the county's PCPI grew by 44.1 percent in nominal terms or 11.9 percent after adjusting for inflation. This growth is significantly higher than the state (5.0) or

2009 Per Capita Personal Income



Source: US Dept. of Commerce, Bureau of Economic Analysis, 2011

national (8.6 percent) growth rates over the same period. Much of this disparity can be accounted for by a dynamic first discussed at the beginning of this profile, namely the in-migration of wage-earning residents. As a great majority of the county's population growth has occurred through in-migration rather than natural increase, the total number of wage earners has also increased, thereby

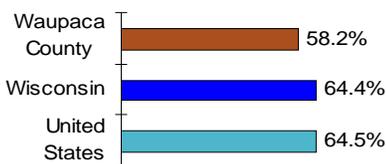
accelerating income growth. This again speaks to the further integration of Waupaca County's population into the New North.

A few additional points regarding the significance of the county's income base can be illustrated in the three tables below. First, it is important to note that personal income, much like the labor force statistics presented on page five is based on one's place of residence. As such, it is possible for the county's income characteristics to closely mimic the state's even though the relative wages paid by employers in the county are significantly lower, on average. Second, it is important to note that the role of wage earnings is slightly less important in Waupaca County than it is in either the state or the nation. The county ranks 45th in the state in reliance on this measure. As the county's population continues to change and migration patterns continue as expected, we would suspect that earnings growth will persist.

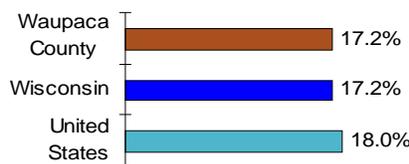
In the other two principal components of personal income — dividends, interest, and rent and transfer receipts — we see that the role of investment income is in line with the state but below national trends, but the role of transfer payments, such as unemployment insurance and social security is significantly more important. As the economy continues to improve, we would expect that the share of the latter component will decrease.

Income Components - 2009

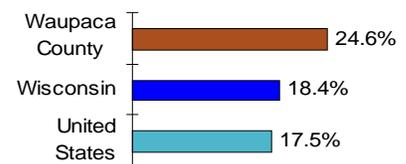
Net earnings by place of residence



Dividends, interest, and rent



Personal current transfer receipts



Source: US Dept. of Commerce, Bureau of Economic Analysis, 2011