

3. The 2013 Shawano County & Menominee County/Nation Regional Economic Analysis Project.

(AKA the *Matt Kures Study*)

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Section 1

Section 1 –Perspectives on Rural Economic Development

While formal definitions of rural and urban areas vary, Shawano County and Menominee County/Nation are undoubtedly rural in character. Similar to other rural regions, the Shawano-Menominee area faces a rural economy that has changed dramatically over the past century. In its entirety, the rural economy is no longer based primarily on farming and extractive industries. Factors such as reduced transportation costs, increased agricultural productivity, improved access to broadband, and proximity to growing urban areas have diversified the economies of many rural regions. Certainly natural resource sectors such as agriculture, forestry, and mining remain important economic drivers, but rural economies increasingly depend on other industries such as manufacturing, tourism, and services.

The diversification of rural economies has boosted prosperity in some rural areas. However, success has been uneven across rural regions and throughout economic cycles. Other factors such as rural population loss, inadequate investment, lower levels of educational attainment, and the loss of young residents challenge many rural economic development efforts. These issues, along with other factors, too often lead to rural economies being discussed in terms of decline and competitive disadvantage. That is, dialogues on rural economic development frequently concentrate on addressing general weaknesses in rural economies, especially in terms of economic limitations relative to urban areas. Instead, rural economic development must focus on unique strengths or assets of rural areas that could form the basis for economic growth (Porter, 2004).

In thinking about rural assets rather than deficits, researchers and policy analysts are re-considering which economic development strategies are the most effective in rural areas. Importantly, a large portion of this research considers how structural changes to the national and international economies have undermined several comparative advantages that rural areas once possessed. Rural areas traditionally benefitted as they presented a low-cost alternative to urban locations, offering businesses cheap land and inexpensive labor. Some of these advantages still exist, but they have been largely eroded by global competition. That is, rural areas in the United States can no longer solely compete on a cost basis with many overseas locations. Consequently, rural economic development strategies that rely on offering the lowest-cost locations are increasingly ineffective and other approaches are needed.

To better understand the evolving rural economy from a local context, Section 1 examines how the Shawano-Menominee area has changed using several key economic indicators. These indicators serve as a starting point for identifying potential strengths and weaknesses in the regional economy. Section 1 also considers current perspectives

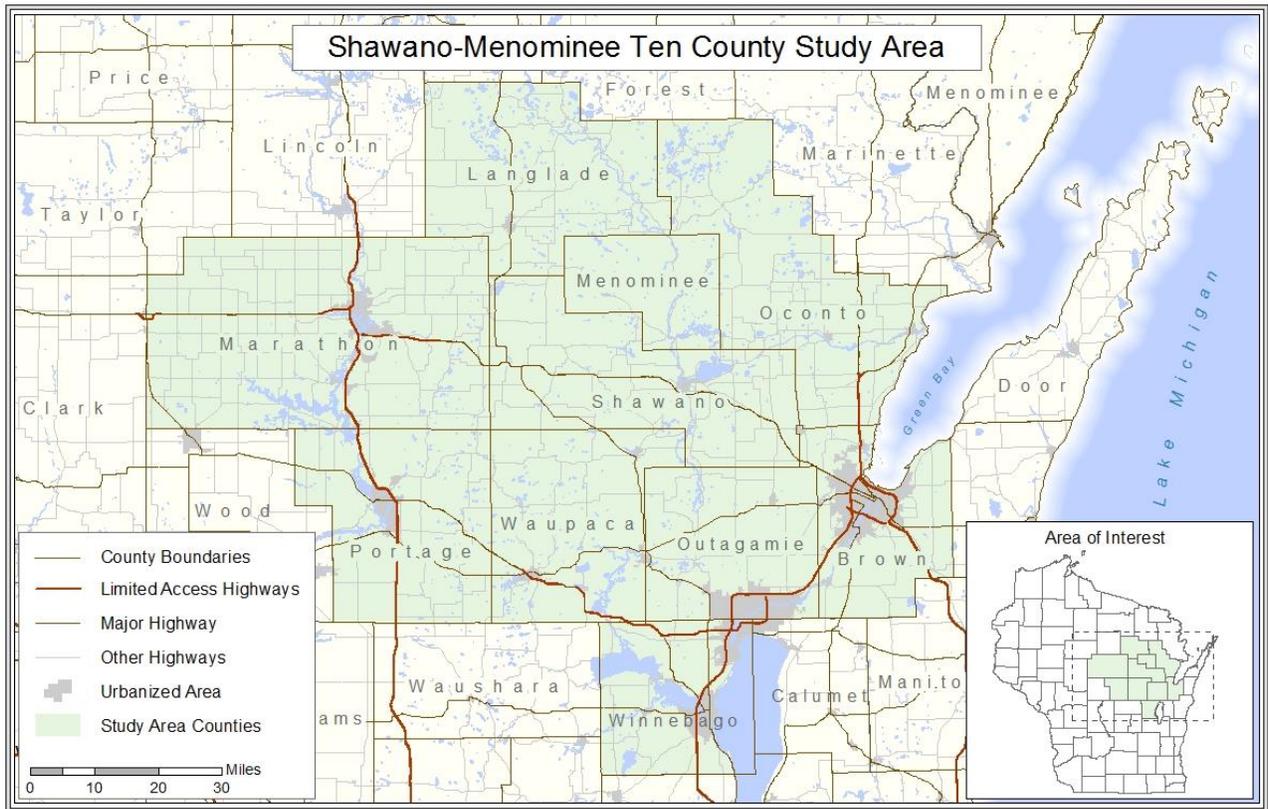
on rural economic development strategies. While not all of these strategies will be used in the Shawano-Menominee area, they provide important insights into those economic development initiatives that might have promise locally. Ultimately, Section 1 provides important background information and context for the remaining sections in this regional economic assessment.

Study Area Definition

While Shawano County and Menominee County/Nation are the focus of this regional economic analysis, the Shawano-Menominee area is also part of a larger economic region. Shawano County and Menominee County/Nation are tightly connected to nearby communities and counties throughout Northeast and North-Central Wisconsin through commuting patterns, shopping destinations, industry supply chains, transportation networks, and geographic identity. Ignoring these connections and approaching the Shawano-Menominee region as a self-contained economy will obscure local economic conditions and limit options for crafting economic development strategies (Porter, 2004). In particular, identifying assets and strengths at the regional level has the potential to better understand key industry concentrations in the region, increase political and economic awareness of the regional economy, leverage a larger labor pool, and uncover urban-rural linkages that could suggest new or expanded economic opportunities.

While the exact definition of the surrounding economic region is debatable, the Shawano-Menominee area has connections with urbanized areas such as Green Bay, Appleton and Wausau. Shawano County and Menominee County/Nation are also connected to rural areas in adjacent counties including Oconto, Langlade and Waupaca. In recognizing these connections, the study committee defined a ten county study area that includes Shawano County, Menominee County/Nation and the eight surrounding counties of Brown, Langlade, Marathon, Portage, Oconto, Outagamie, Waupaca and Winnebago (Map 1.1). With the exception of Winnebago County, these counties are all adjacent to the Shawano-Menominee area. Winnebago County was included due to its proximity, industrial base, and transportation linkages. These eight surrounding counties will be referred to as the *Balance of the Ten County Region* throughout this report.

Map 1.1 – Ten County Study Area



The Shawano-Menominee Area in the Context of a Changing Rural Economy

Studies examining rural economies have identified a number of common and persistent challenges. In no particular order, specific issues identified in rural areas include lagging employment growth rates, depopulation, stagnant incomes, high poverty levels, an over-dependence on commodity-based industrial development, an aging population, and lower levels of educational attainment (Drabenstott, 2010; Irwin, Isserman, Kilkenny, and Partridge, 2010; Longworth, 2010). The persistence of these issues across many rural areas has led economic development professionals and policy makers to craft strategies intended to ameliorate these challenges. Subsequently, exploring metrics related to population change, employment growth, and income levels in the Shawano-Menominee area may also help inform local economic development approaches.

When examining these metrics, it is important to not approach them as deficits to be addressed. Instead, the following measures should be considered as starting points for discussion. In fact, the metrics may reveal potential assets that could support future development efforts. Note that issues related to educational attainment and age structure also are important rural issues, but are considered as part of the labor force analysis in Section 2 of this report.

Population

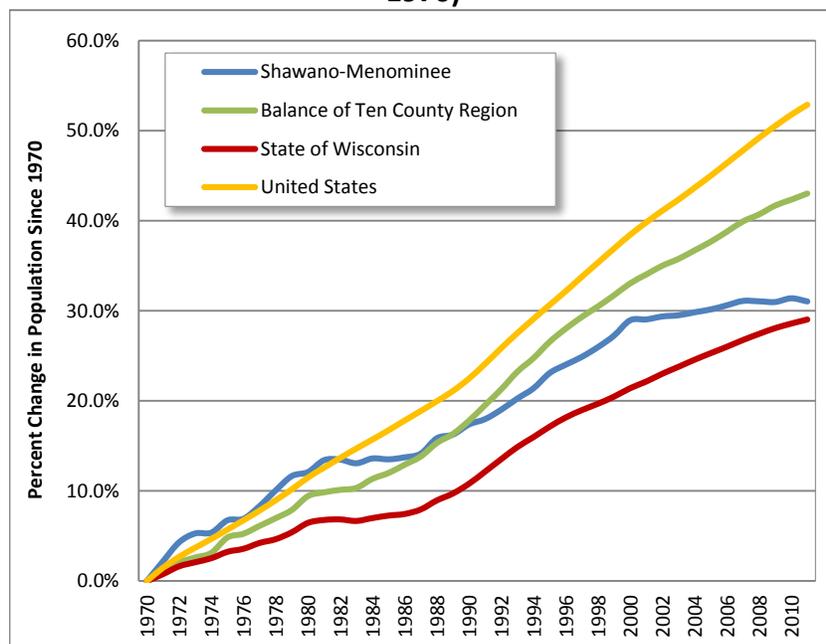
Population growth or decline can impact a region's labor force, its tax base, and the overall demand for many goods and services. Between 1970 and 2011, population in the Shawano-Menominee area grew by 31 percent (Chart 1.1). The pace of local population growth was somewhat larger than the State of Wisconsin's rate (29%), but lagged that of the United States (53%) and the Balance of the Ten County Region (42%). Importantly, much of the population increase in the Shawano-Menominee area occurred in the 1970's and the 1990's, with growth flattening significantly between 2000 and 2011. The lower growth rate during this recent period is attributed to a -7.0% population decline in Menominee County/Nation combined with a modest increase of 3.0% in Shawano County.

Population changes in the Shawano-Menominee area over the past decade are somewhat indicative of trends throughout the United States (Chart 1.1). Population in many rural counties throughout the Upper Midwest and Great Plains either declined between 2000 and 2010, or experienced minimal growth. Instead, counties with the fastest population growth rates are often found either in

fact, metro areas with over one-million residents accounted for 57% of

the nation's total population growth between 2000 and 2010. When combined, metro areas of all sizes were responsible for 92% of the nation's growth over the past decade.

Chart 1.1 – Population Change 1970 to 2011 (% Change since 1970)

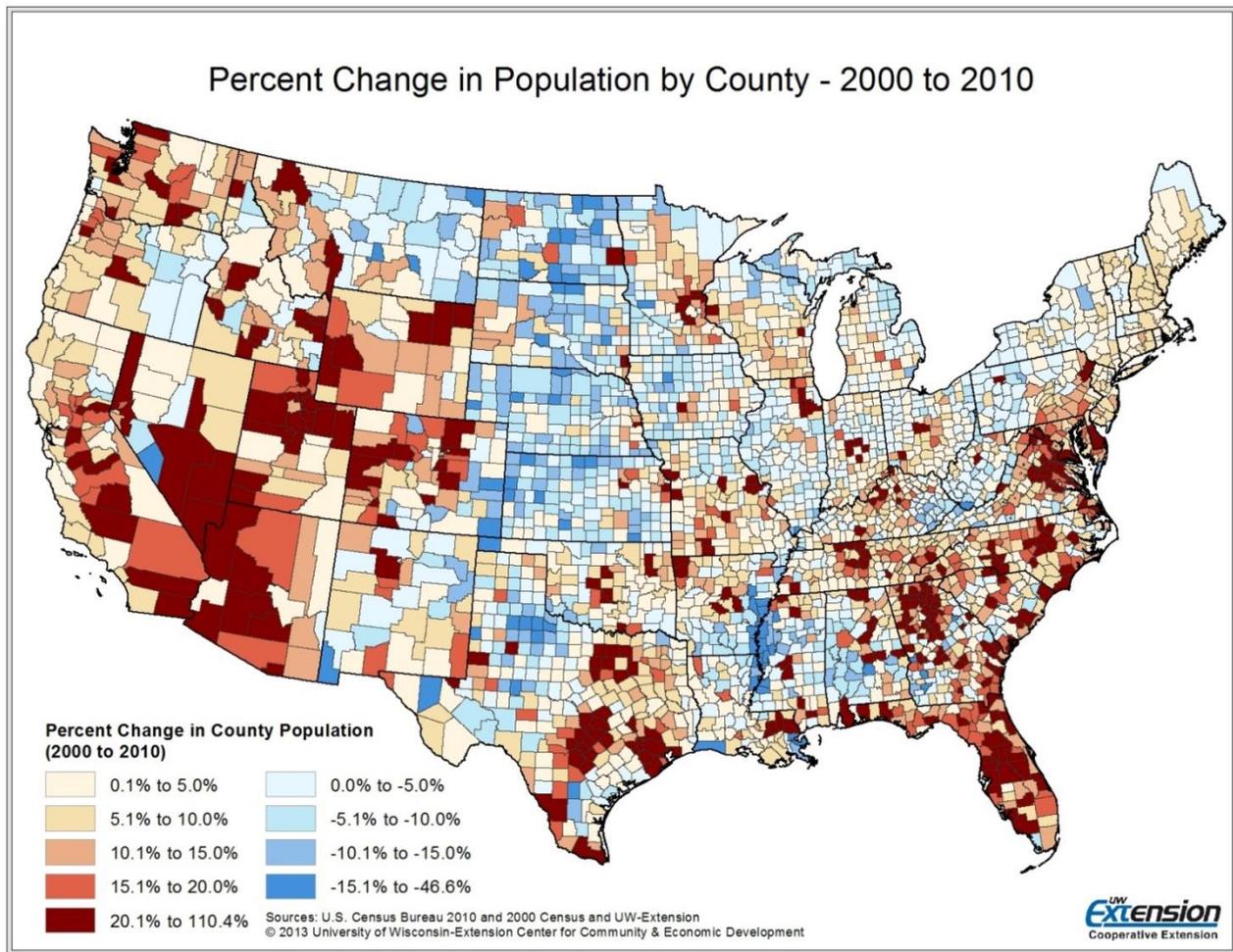


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Map 1.1 – Percent Change in Population by County (2000 to 2010)



The division between rural and urban population growth raises an important question for economic benchmarking in the Shawano-Menominee area. In particular, should the Shawano-Menominee region be compared to counties or regions largely influenced by metropolitan areas, or are there other geographic units that might provide more appropriate economic benchmarks? One alternate method for comparing change across counties is to use Rural-Urban Continuum Codes (RUCC) designated by the USDA’s Economic Research Service (ERS). These continuum codes attempt to classify counties into one of nine categories based on their proximity to metropolitan areas and their urban compositions.

More simply, Rural-Urban Continuum Codes are an attempt to place counties into categories based on those areas that are either the most metropolitan or those that are the most rural in character. Counties located in metropolitan areas are classified with an RUCC of 1, 2 or 3 according to the metro area’s population size. Non-metropolitan counties have codes of 4 to 9 and are based on population size and adjacency to metropolitan areas (Table 1.1). Using these codes, Shawano County is classified under RUCC 6, while Menominee County/Nation is found under RUCC 8. A map of all counties with an RUCC of 6 or 8 is included in Appendix 1A

Table 1.1 – Rural-Urban Continuum Code Descriptions

RUCC	Description
Metropolitan Counties	
1	Counties in metro areas of 1 million population or more

2 Counties in metro areas of 250,000 to 1 million population

3 Counties in metro areas of fewer than 250,000 population

Non-Metropolitan Counties

4 Counties with an urban population of 20,000 or more and adjacent to a metro area

5 Counties with an urban population of 20,000 or more and not adjacent to a metro area

6 Counties with an urban population of 2,500 to 19,999 and adjacent to a metro area

7 Counties with an urban population of 2,500 to 19,999 and not adjacent to a metro area

8 Counties that are completely rural or have less than 2,500 urban population and are adjacent to a metro area

9 Counties that are completely rural or have less than 2,500 urban population and are not adjacent to a metro area

Source: USDA Economic Research Service

While Rural-Urban Continuum Codes are not a perfect means of comparing county economies, they do provide an opportunity for comparing areas with some similar characteristics as those found in Shawano County or Menominee County/Nation. RUCCs also provide a basis for measuring metropolitan proximity, which is an important geographic consideration. Specifically, adjacency to a metropolitan area is a potential driver of commuting patterns, population growth, retail leakage, and other economic trends. The importance of these urban-rural dependencies is explored later in Section 1.

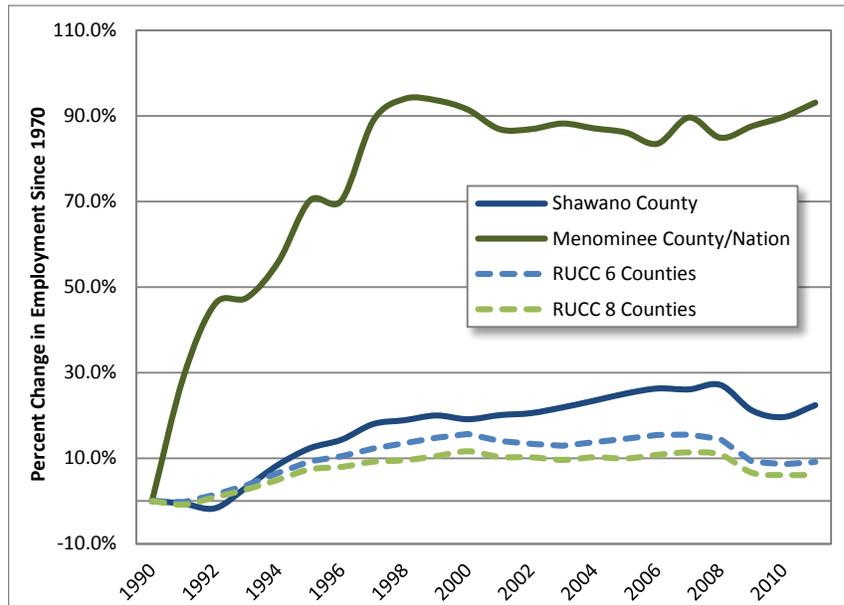
Wage and Salary Employment

Changes in wage and salary employment track the net number of jobs that have been created or eliminated in a given area. Between 1970 and 2011, wage and salary employment in the Shawano-Menominee area increased by almost 104%, while employment in the Balance of the Ten County Region increased by 120 percent. The employment increases in both of these areas outpaced growth rates in the State of Wisconsin and the United States.¹

Comparisons between 1990 and 2011 are also available for counties with similar Rural-Urban Continuum Codes

(Chart 1.2).² From 1990 to 2000, employment growth in Menominee County/Nation occurred at a significantly faster rate than found in other counties with a RUCC of 8. This period marked a period of expansion at Menominee Casino Resort and the opening of The College of Menominee Nation. On a percentage basis, employment in Shawano County grew at a lesser rate than that of Menominee County/Nation, but still exceeded the overall growth rate for all counties having an RUCC of 6. The difference between Shawano County and all counties of RUCC 6 is particularly evident between the recent recessionary periods beginning in March 2001 and December 2007. Between 2001 and 2008, wage and salary employment in Shawano County increased by 8.0%, while decreasing by -1.2% in the combined counties with an RUCC of 6.

Chart 1.2 – Wage and Salary Employment Change 1990 to 2011



Source: Bureau of Economic Analysis and UW-Extension Center for Community and Economic Development

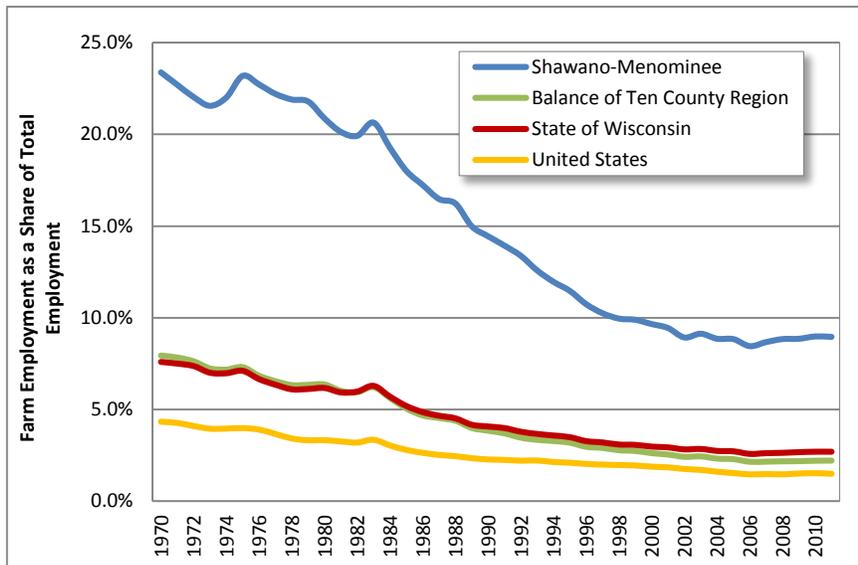
Farm Employment

¹ See the chart in Appendix 1B for employment growth comparisons among the Shawano-Menominee area, the Balance of the Ten County Region, the State of Wisconsin, and the United States.

² Prior to 1989, figures for Shawano County and Menominee County/Nation were reported together. Consequently, comparisons with other counties having the same RUCCs cannot be made for longer timeframes.

Over the past century, non-metropolitan areas as a whole have become dramatically less reliant on agricultural employment. Improved chemicals, new machinery, and the adoption of innovative technologies have greatly improved agricultural yields. As agricultural productivity increased through the use of these non-labor inputs, employment declined dramatically in the agricultural sector. These productivity and employment trends are apparent locally. In 1970, farm employment comprised over 23% of employment in the Shawano-Menominee area. By 2011, farm employment accounted for only 9.0% of local employment (Chart 1.3). Despite this decline, the value agricultural marketings (e.g. output) employee in the Shawano-Menominee area steadily increased between 1970 and 2011 (See Chart Appendix 1B).³ While the State of Wisconsin and the Balance of the County Region depend less on farm employment than the Shawano-Menominee area, farm employment also declined as a share of total employment in these areas over the past four decades.⁴

Chart 1.3 – Farm Employment as a Share of Total Employment – 1970 to 2011



Source: Bureau of Economic Analysis and UW Extension Center for Community and Economic

While increased agricultural productivity may have improved the sector’s competitiveness, higher yields and lower employment have other implications for many rural counties. For instance, USDA ERS research shows counties highly dependent on farm payments had high rates of population loss, even during those periods when many other rural counties were experiencing population growth (Whitener and Parker, 2007). These continued population losses are partially attributed to a lack of employment opportunities in agriculture and other sectors.

³ Measuring the value of agricultural products per employee should not be confused with worker productivity in the sector. Many other non-labor factors are important drivers of agricultural productivity as well.

⁴ These employment trends do not include figures from the 1950s and 1960s when the USDA estimated that farm employment in the United States decreased by 4% per year.

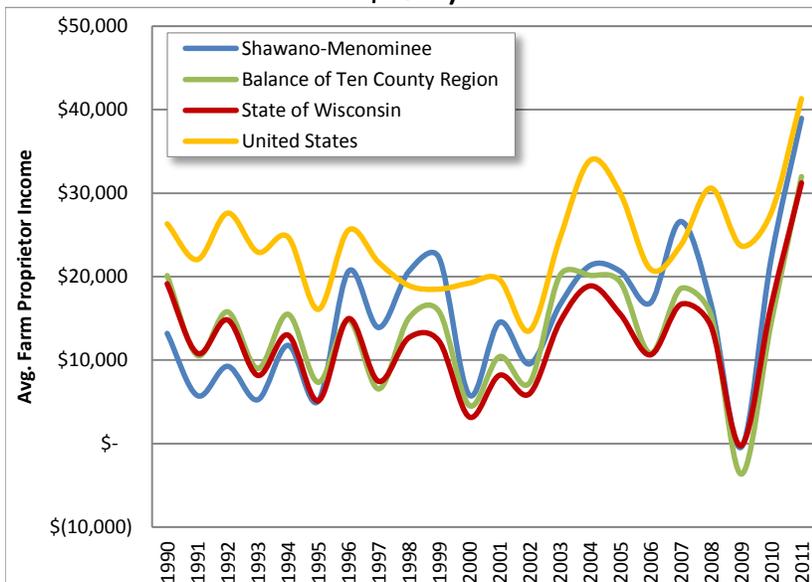
Furthermore, productivity improvements have not necessarily led to sustained increases in farm proprietor incomes. Farm proprietor incomes vary dramatically and may even be negative some years depending on growing conditions, the cost of inputs, federal price supports, and other factors. For instance, the 2011 average farm proprietor income in the

Shawano-Menominee area was \$39,000. In 2000, it was just \$5,800 (Chart 1.4). In fact, farm proprietor income was in the red in the Shawano-Menominee area, the State of Wisconsin, and the Balance of the Ten County Region as revenues were operating costs. The dramatic decline between 2008 and 2009 reflects a plummet in milk prices, caused many dairy producers to use financial reserves, liquidate assets, access lines of credit (Cropp, 2010).⁵

The preceding trends should not that agriculture is no longer important to the region. While farms

longer employ the share of workers they once did, the agricultural sector in the Shawano-Menominee area continues to employ a notably greater percentage of workers relative to the Balance of the Ten County Region and the State of Wisconsin. As will be discussed in Section 3, agriculture is also an important export industry for the region. Furthermore, agriculture is also significant from a support industry perspective, and in value-added contexts through food manufacturing. These connections are also discussed in Section 3.

Chart 1.4 – Average Farm Proprietor Income 1990 to 2011 (in \$2011)



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Manufacturing Employment

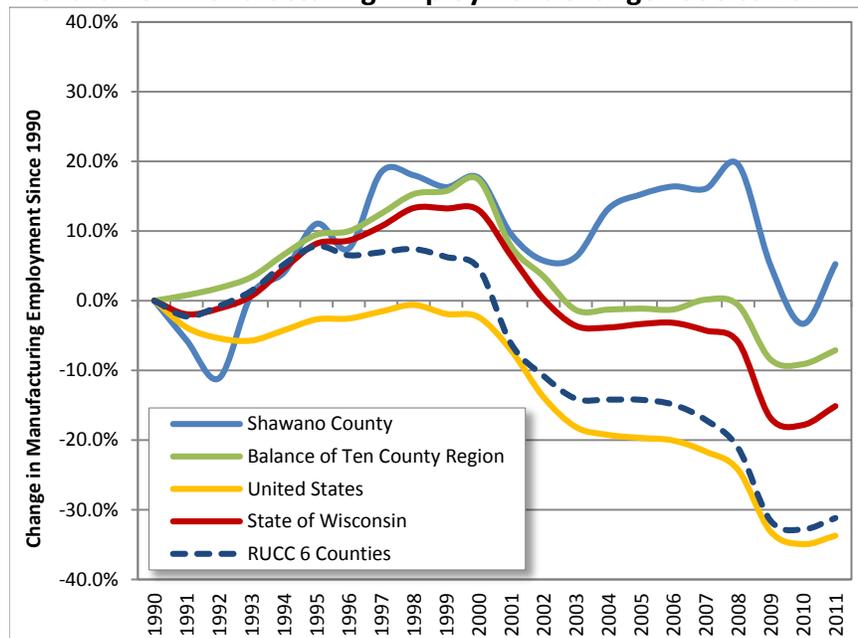
Rural areas across the United States experienced an expansion of manufacturing jobs throughout the 1970s and 1980s (Irwin, et al., 2010; Henderson, 2012). A notable portion of this growth was driven by manufacturers locating in rural areas to benefit from lower labor and land costs. However, starting in the late 1990s, rural manufacturing has faced intense foreign competition and a strong dollar which undermined the price competitiveness of domestically manufactured products. Consequently, rural manufacturing employment declined by a third between 2000 and 2010, mirroring employment losses found in urban areas (Henderson, 2012).

As cost competitiveness eroded, it is not surprising that manufacturing employment over the past decade also marked a shift away from low-cost, low-skilled manufacturing sub-sectors. For instance, steep declines in rural manufacturing earnings were found in lower-skilled sectors, such as textiles and apparel manufacturing, which face intense competition from low-cost foreign locations. In contrast, the greatest gains in rural manufacturing earnings were seen in higher-skilled sectors such as machinery, chemicals, beverages, and petroleum and coal product manufacturing (Henderson, 2012). These shifts in rural manufacturing earnings suggest that low-cost locations offered by rural areas are not necessarily the comparative advantage they once were. Instead, rural areas looking to expand manufacturing employment increasingly will depend on the availability of a highly-skilled workforce (Whitener and Parker, 2007).

In 2011, manufacturing accounted for almost 12% of all jobs located in Shawano County.⁶ However, manufacturing employment in Shawano County has varied significantly over the past two decades (Chart 1.5). Similar to overall trends in the manufacturing sector, the local industry is highly cyclical and sensitive to recessionary periods. Specifically, manufacturing employment in Shawano County declined after the three most recent recessionary periods that started in July 1990, March 2001 and December 2007. The most recent recessionary period was particularly difficult as manufacturing employment in the county dropped by over 20% between 2008 and 2010. Similar, but less intense declines also occurred in the Balance of the Ten County Region, the State of Wisconsin, and the United States.

Since 2010, manufacturing jobs in Shawano County have rebounded somewhat, pushing overall manufacturing employment above its level in 1990. Employment upticks are also apparent in the comparison regions in Chart 1.5. While this recent growth is encouraging, the overall employment trends since 1990 show the dramatic change to the manufacturing sector across the region, state, and United States. The employment trends in counties with Rural-Urban Continuum Codes of six are particularly important. Despite the manufacturing growth in these rural counties prior to 2000, employment declined by 34% between 2000 and 2011. These trends echo the previous discussion that rural counties have not been immune to employment changes in the manufacturing sector. While there are emerging opportunities in manufacturing, the Shawano-Menominee region needs to consider how the sector is evolving when developing economic development strategies.

Chart 1.5 - Manufacturing Employment Change 1990 to 2011



Source: BEA and UW-Extension Center for Community and Economic Development

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⁵ For more on farm income during this period, see *the Status of Wisconsin Agriculture: 2010*, produced by the Department of Agricultural and Applied Economics, UW-Madison and Cooperative Extension, University of Wisconsin-Extension.

⁶ Unfortunately, manufacturing employment figures for Menominee County/Nation are not available over this time period. Due to a small number of establishments, the Bureau of Economic Analysis suppresses the data to avoid revealing employment figures at individual firms.

Per Capita Income

Per capita income (PCI) provides a basic measure of an area’s economic well-being. Per capita income is calculated by dividing the aggregate income received by individuals in a given area by the area’s population. When measuring per capita income in the Shawano-Menominee area, it is important to note that PCI is perhaps a more useful as an indicator of overall national economic health than local prosperity. In particular, comparing counties or regions solely on the basis of per capita income ignores factors such as variations in cost of living which may influence spending power in a given community. Per capita income differences may be particularly skewed when comparing rural regions against large metropolitan areas which may face higher housing costs or other inflated costs of living.

Cost of living influences can be partially diminished by comparing per capita incomes in Shawano County and Menominee County/Nation to per capita incomes in counties with similar Rural-Urban Continuum Codes. While these counties may still differ in factors such as housing costs, they are less likely to have the variations found in areas influenced by large metro areas. Accordingly, Chart 1.6 depicts these per capita income comparisons in Shawano County and Menominee County/Nation between 1990 and 2011. Note that per capita incomes are measured as a percentage of the national per capita income. For instance, if Shawano County had the same PCI as the United States, then its share of the national PCI would be 100 percent.

In 2011, Shawano County’s per capita income was \$32,911, or 79.2% of the national PCI. While the county’s per capita income fluctuated between 1990 and 2011, the overall trend has been upward since a low of 69.0% in 1990. In 2011, the Shawano County PCI was three percentage points above the average per capita income for all counties with an RUCC of 6.

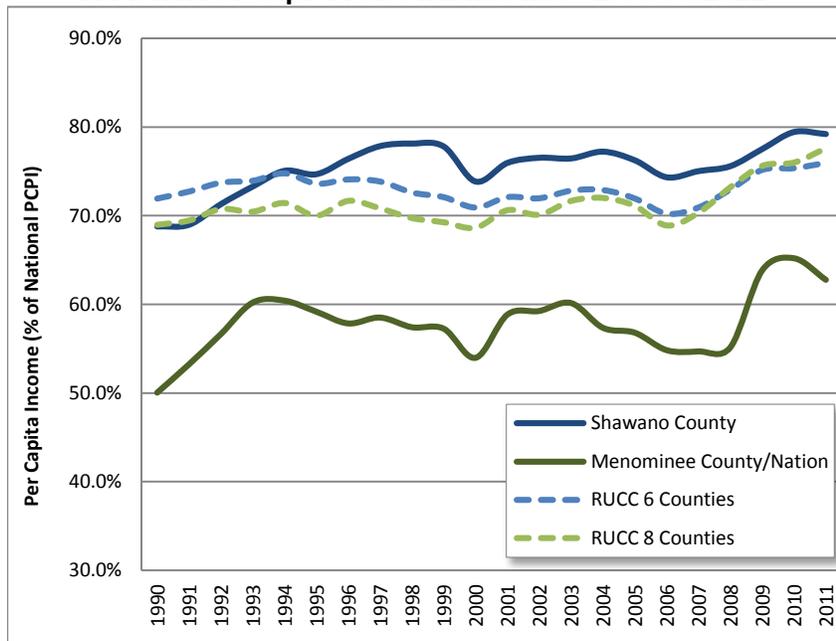
Over the past two decades, per capita incomes in Menominee

County/Nation have also fluctuated relative to the national average. However, per capita income trends in Menominee County/Nation were somewhat more erratic, marked by several large increases followed by periods of decline.

Nonetheless, per capita income in 2011 (\$26,087) was the highest in two decades, despite a small decline relative to the national PCI.⁷ When compared to PCIs in other counties with an RUCC of 8, Menominee County/Nation trailed these areas by 10 to 19 percentage points depending on the year.

While Shawano County has a per capita income that is somewhat higher than the average PCI of all counties with an RUCC of 6, these figures still do not explain why Shawano’s per capita income is 20% below the national average. Similarly, why does the PCI in Menominee County/Nation lag the national average by 28 percent? A portion of these

Chart 1.6 – Per Capita Personal Income (PCPI) as a Share of the National Per Capita Personal Income – 1990 to 2011



Source: BEA and UW-Extension Center for Community and Economic Development

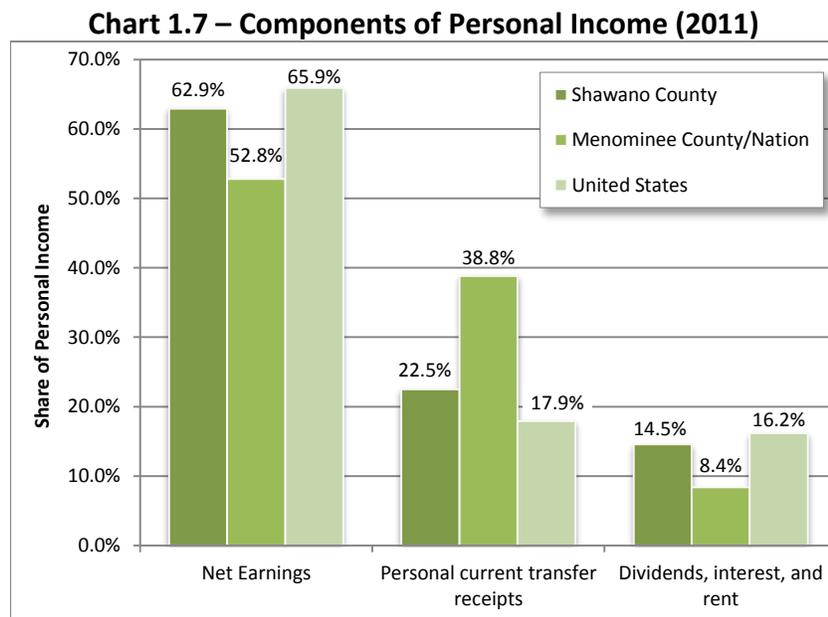
⁷ While the per capita income in Menominee County/Nation increased between 2010 and 2011, it did not increase as fast as the national per capita income. This difference in these growth rates accounts for the drop in local per capita income as a percentage of national PCI. A similar trend occurred in Shawano County.

differences can be explained by the composition of income in the two areas. Per capita income is comprised of three components:

1. *Earnings* – A combination of wages and salaries, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance;
2. *Dividends, interest, and rent* – Includes personal dividend income, personal interest income, and rental income of persons. In other words, dividends, interest and rent are investment income and property income;
3. *Personal current transfer receipts* – Transfer receipts include government retirement (i.e. Social Security) and disability insurance benefits, medical payments (mainly Medicare and Medicaid), income maintenance benefits (i.e. SSI), unemployment insurance benefits, veterans' benefits, and federal grants and loans to students.

When considering the contributions from each of these income components, both Shawano County and Menominee County/Nation are more dependent on personal transfer receipts than the overall nation (Chart 1.7). As these payments tend to be fixed over time, there is limited opportunity for this income component to increase local per capita incomes relative to the national average. The high share of income contributions from personal current transfer receipts is partially indicative of an older population in the area, particularly in Shawano County. Discussed further in Section 2, Shawano County has a larger share of its population over the age of 65. Subsequently, many of these residents likely receive both Medicare and Social Security payments.

Conversely, both Shawano County and Menominee County/Nation derive income from earnings and dividends, interest and rent. Average wages in Shawano-Menominee area partially contribute to these lesser contributions, as the average wages job both Shawano County and Menominee County/Nation are approximately 40 percent below the national average wage. These wage differences are explained by the local industry mix as well as cost of living differences. More information on average wages and cost of living are available in Section 3 and Section 5 respectively.



Source: Bureau of Economic Analysis and UW-Extension Center for Community and Economic Development

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Poverty Rates

Poverty rates provide one final perspective on local economic well-being. Poverty rates are based on income thresholds that vary by family size and composition. If the total income for a family or an unrelated individual falls below the relevant poverty threshold, then the family or unrelated individual is classified as being "below the poverty level."⁸

Criticisms have been leveled against the federal poverty calculations due to their failure to account for geographic variations in costs of living and other income support sources such as tax credits and non-cash benefits. However, the federal poverty rate is used here as it is a common measure used in rural economic studies. Poverty rates are also common criteria for many federal assistance and grant programs.⁹

As Shawano County and Menominee County/Nation differ significantly in their respective poverty rates, figures for each individual area are reported in Table 1.2. The share of the total population below poverty in Shawano County trails the national average and is statistically similar to the State of Wisconsin and many rural counties in the Balance of the Ten

County Region. While the percentage of residents under the age of 18 living in poverty is higher than the overall population, it is not statistically different from rates in many surrounding counties and the United States average. The share of residents age 65 and over living below the poverty level is also not statistically different than the national average.

Overall, non-metro counties in the Balance of the Ten County Region tend to have higher poverty rates than metro counties in the region such as Brown, Marathon, Outagamie and Winnebago. However, rates are particularly high in Menominee County/Nation. Despite large margins of error, poverty rates for the total population and residents under age 18 are above those of the surrounding region, the State of Wisconsin, and the United States.

Table 1.2 – Poverty Rates for Selected Groups (2007-2011)¹⁰

Percent Below Poverty Level	Total Population ¹¹		Age under 18 Years		Age 65 Years and Over	
	Value	Margin of Error	Value	Margin of Error	Value	Margin of Error
<i>Geography</i>						
Shawano County	11.3%	1.3%	17.7% *	3.6%	8.3% *	1.4%
Menominee County/Nation	29.8%	6.2%	42.5%	10.3%	12.3% *	7.9%
Brown County	10.7%	0.8%	14.4%	1.7%	6.7%	1.0%
Langlade County	11.7%	1.8%	14.0%	3.5%	8.5% *	2.2%
Marathon County	9.4%	0.7%	13.6%	1.8%	8.3% *	1.2%
Oconto County	11.6%	1.2%	17.3% *	2.8%	10.0% *	1.5%
Outagamie County	8.3%	0.8%	10.7%	1.6%	7.8%	1.2%
Portage County	12.7%	1.0%	11.4%	2.0%	8.9% *	1.7%
Waupaca County	10.3%	1.2%	15.0%	2.9%	9.4% *	2.0%
Winnebago County	11.1%	0.8%	13.5%	1.9%	6.9%	1.1%
Wisconsin	12.0%	0.2%	16.4%	0.3%	7.8%	0.2%

⁸ Full poverty definitions are available at <http://www.census.gov/hhes/www/poverty/poverty-cal-in-ac.pdf>

⁹ For a more detailed discussion and alternate measures, see the Wisconsin Poverty Report series from the Institute for Research on Poverty at UW-Madison: <http://www.irp.wisc.edu/>

¹⁰ The 2007-2011 estimates from the American Community Survey should be viewed as a period estimate, not an average across the timeframe. For more information on the American Community Survey, see Section 2.

¹¹ Total population for which poverty is measured.

United States	14.3%	0.1%	20.0%	0.2%	9.4%	0.1%
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Source: U.S. Census Bureau 2007-2011 American Community Survey

* not statistically different from U.S. rate at 95%

Rural Economic Development Strategies

The preceding economic overview suggests that the Shawano-Menominee area has changed dramatically over the past few decades. The area’s population continues to increase, but growth rates have flattened since the late 1990s.

Employment growth rates remain above the national average and those found in counties with similar Rural-Urban Continuum Codes. Farm employment remains high, but has decreased significantly in its share of overall employment.

While manufacturing employment in Shawano County has performed somewhat better than the region, state and nation, this trend runs counter to the decline in found in other counties with a RUCC of six. Finally, per capita income in Shawano County is largely similar to other counties with an RUCC of six, but sits well below the national average.

Income disparities and poverty rates are somewhat more pronounced in Menominee County/Nation.

Ultimately, economic development professionals, elected officials and other community leaders will need to decide whether these trends provide an appropriate direction for the region, or if there are specific challenges that should be addressed. Information in Section 2 and Section 3 of this analysis will likely provide additional perspectives on potential community strengths or weaknesses. To provide insights on strategies that could build upon local assets or address potential challenges, the following discussion provides an overview of current rural economic development strategies. While there is no one-size-fits-all approach, this information is based on contemporary research into those strategies that work best in rural communities and regions. In particular, these strategies recognize how rural economies have changed over the preceding decades.

As mentioned earlier in Section 1, rural economic development strategies should focus on a community’s assets rather than its deficits. Focusing on assets does not mean that potential challenges are ignored. Instead, communities should focus on resources currently exist internally, rather than continually relying on external assistance. so allows rural communities to enhance their local economic development capacity.

While some rural areas are endowed with more potential assets than others, every rural community has assets to build upon. Some of these assets involve residents, while others involve infrastructure, geographic location, or natural amenities (Figure 1.1).

Each type of asset lends itself to certain economic development strategies. Some strategies are traditional in that they have been implemented for an extended period. Others are non-traditional, emerging strategies being adopted by some communities.

Traditional strategies include industrial recruitment; leveraging regional linkages; and amenity-driven development. In contrast, emerging strategies include entrepreneurial development; cluster-based

Figure 1.1 – Community Asset Categories

- *Human capital* – The knowledge and skill levels of the region’s labor force and entrepreneurs;
- *Research and educational institutions* – Colleges, universities, research centers, K-12 systems and other educational institutions can foster innovation, develop a skilled labor force, and contribute to a community’s quality of life;
- *Natural amenities* – Natural assets can include natural resources, agricultural land, recreational amenities, and unique landscapes;
- *Industry Concentrations* - Regional industry agglomerations can differentiate a region’s economy from other national and international competitors and diversify its economic base;
- *Physical and Information Infrastructure* – Transportation networks and communication infrastructure improve access to markets, facilitate information sharing, and decrease travel costs;

development; and human capital development with an emphasis on knowledge and the creative class. Each strategy is summarized in Figure 1.2, with more detailed discussions to follow.

Figure 1.2 – Summary of Traditional and Non-Traditional Economic Development Strategies

Strategy	Approach	Places most suited to strategy
Traditional		
Industrial recruitment	<ul style="list-style-type: none"> Attract traditional export-based industry using tax breaks and other concessions; 	<ul style="list-style-type: none"> Places with low-cost, low-skilled labor force and convenient transport to sources of inputs and markets.
Leveraging Regional Linkages	<ul style="list-style-type: none"> Expand retail and services sectors to attract workers and consumers from nearby towns; Provide good schools and residential amenities to commuters to larger cities; 	<ul style="list-style-type: none"> Places located near large and growing cities with good transportation to the cities; Places centrally located in rural regions, with good transportation access to rest of region;
Amenity-Driven Development	<ul style="list-style-type: none"> Provide services desired by tourists, seasonal migrants, knowledge workers, entrepreneurs and retirees; 	<ul style="list-style-type: none"> Places with good natural and/or cultural amenities, broadband access, good transportation connections with population centers;
Non-traditional		
Entrepreneurial development	<ul style="list-style-type: none"> Provide training, financing, and technical assistance to entrepreneurs; Use entrepreneurial development systems to establish an entrepreneurial culture and develop networks; 	<ul style="list-style-type: none"> Any rural community with access to education, training, and technical assistance providers;
Cluster-based	<ul style="list-style-type: none"> Improve supply chains among firms in a cluster, develop a skilled labor force, increase networking, address infrastructure needs, and help market the cluster; 	<ul style="list-style-type: none"> Any place that already has a concentration or cluster of similar firms with growth potential or having properties that could help establish such a cluster;
Human Capital Development – Knowledge and the Creative Class	<ul style="list-style-type: none"> Promote increased use of local educational and technological resources by local businesses; Attract well-educated or creative people with desired goods and services, add amenities sought by well-educated individuals, assist their 	<ul style="list-style-type: none"> Any place with convenient access to educational or technology resources; Places with amenities, close to cities, with a concentration of small businesses/self-employed working population.

starting or growing of local
businesses.

Source: Adapted from Pender, Marre and Reeder (2012)

Industry Recruitment

Industrial recruitment is the primary economic development strategy for many rural communities and regions. In fact, the practice of industrial recruitment has rural roots in Mississippi's Balancing Agriculture with Industry (BAWI) policies that were enacted in the 1930s. BAWI sought to diversify Mississippi's largely agricultural economy by attracting manufacturing to Mississippi and is often identified as the beginning of the industrial recruiting era. As part of these attraction efforts, BAWI offered firms various financial incentives as an enticement to relocate in Mississippi. Similar practices continue today as many industrial recruitment efforts involve incentives such as tax breaks or free land. Other efforts involve the promotion of a community as a low-cost location in terms of cheap labor or other lower costs of production.

Despite its popularity as an economic development strategy, the overall effectiveness of industrial recruitment is often questioned. Rural policies that waive taxes or provide subsidies to employ more people in rural communities have shown to be largely ineffective (Gray and Kraybill, 2002; Whitener and Parker, 2007; McGranahan, Wojan and Lambert, 2010). As an example, consider the long-term effectiveness of BAWI. Despite eight decades of industrial recruitment efforts in Mississippi, the state remains at or near the bottom of national rankings for state per capita income, unemployment rates, and poverty levels.

Similar perspectives on the effectiveness of industrial recruitment are apparent when viewing the contributions of industrial relocations to overall job growth. Employment growth in any area can be decomposed into three components:

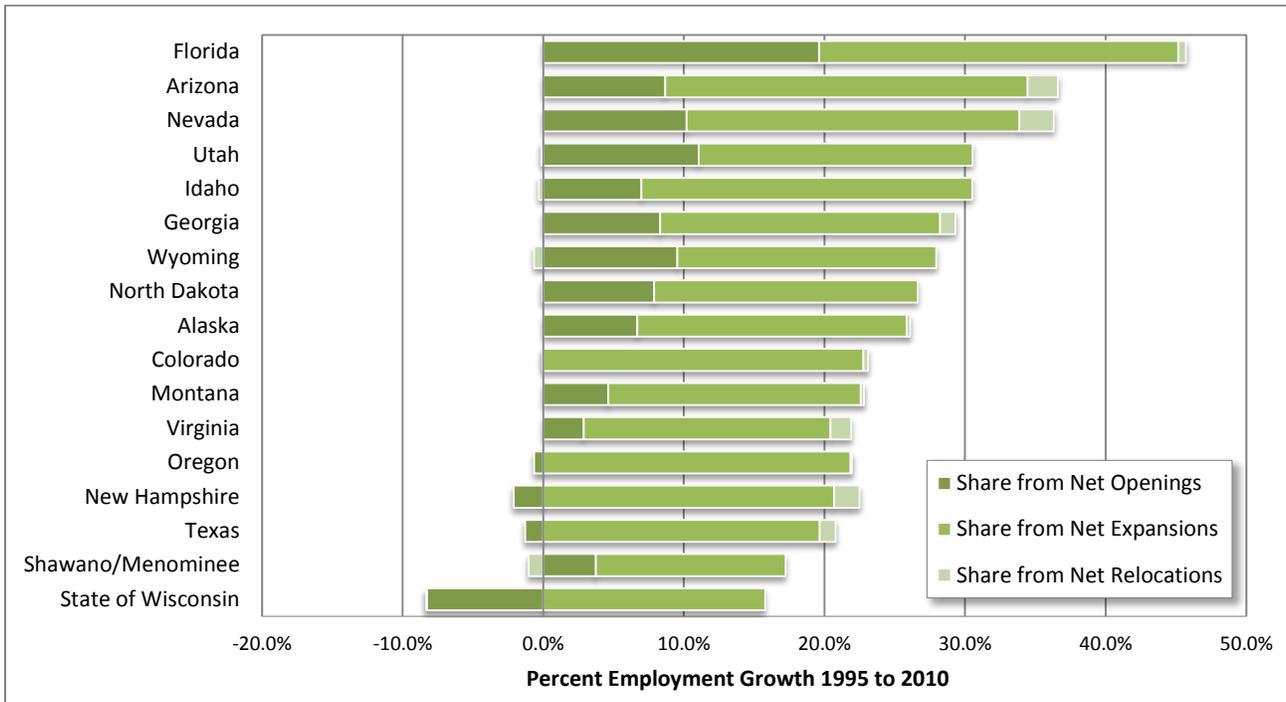
1. *Net employment change due to establishment openings and closings* – Net employment change from openings equals jobs in establishment openings minus jobs in establishment closings;
2. *Net employment change attributed establishment expansion and contractions* – Net change from expansions equals jobs in establishment expansions minus jobs in establishment contractions;
3. *Net employment change from establishment relocations* – Net change includes jobs from establishments moving into a region minus jobs in establishments moving out of a region;

Using these three components of job growth, consider the 15 states with the greatest employment growth rates between 1995 and 2010 (Chart 1.8). Job contributions from establishment expansions provided *by far* the greatest shares of new jobs in each of the top 15 states. Furthermore, jobs from net openings tended to provide the second largest source of job growth in most states. Net relocations, the remaining component, provided only minor influences on new employment in some states, with no contributions in others. Similar trends were present in the Shawano-Menominee area. While these figures provide just one perspective, additional research shows similar connections between economic growth and business start-ups and expansions at a variety of geographic scales, both urban and rural.

Despite the limited contributions of relocations, these figures do not mean that rural areas should abandon industrial attraction. Instead communities should weigh the importance of industrial attraction as a part of broader economic development strategies. A particular caution should be noted when competing on the basis of being a low cost location. As noted earlier, rural areas no longer have a low-cost comparative advantage relative to many international locations.

Instead, industry attraction efforts should be prepared to compete on other site selection factors such as labor availability and quality, access to markets, transportation networks, and supply chain accessibility.

Chart 1.8 – Components of Job Growth among the 15 States with Greatest Employment Growth Rates (1995 to 2010)



Sources: YourEconomy.org and UW-Extension Center for Community and Economic Development

Leveraging Regional Linkages

Rural economies often face issues of scale. Less populous areas lack critical masses of establishments, labor, and consumers available to support local businesses. Individual rural counties and communities cannot create a critical mass on their own, but scale can be developed by fostering regional economic linkages with neighboring areas. In particular, enhancing connections between rural communities and metropolitan areas is a recognized avenue for growth. While there is growing evidence that access to urban economies is not necessary for rural development, this access is increasingly a sufficient condition for rural economic growth (Wu and Gopinanth, 2008; Olfert and Partridge, 2010). Importantly, the potential positive effects of urban-rural linkages are not necessarily limited to adjacent areas and can be extensive, reaching far away from metropolitan areas (Olfert and Partridge, 2010). However, some of the benefits from urban-rural connections likely depend on the health of the adjacent metro areas (Porter 2004).

Economic linkages between the Shawano-Menominee region and metro areas occur in several manners. Perhaps the most obvious example is through commuting patterns. Many employees working in either Shawano County or Menominee County/Nation reside in the surrounding region. However, even more workers residing in the Shawano-Menominee area commute to places of employment in metropolitan counties such as Brown (Green Bay), Outagamie (Appleton), Marathon (Wausau) and Winnebago (Oshkosh, Neenah and Menasha). These workers choose to live in the Shawano-Menominee for some reason, perhaps due to lower housing costs, school considerations, or other local quality of life aspects. Identifying why workers choose to live in the Shawano-Menominee area may help to identify some assets in the community. These urban-rural commuting patterns and their economic implications are discussed further in Section 2.

Other examples of economic linkages between the Shawano-Menominee area and the surrounding region include tourism and access to specialized services. Residents of the Ten County Study Area and more distant areas provide customers that support tourist attractions in Shawano County and Menominee County/Nation. Furthermore, metro areas can provide access to some services that are typically found in larger communities of a sufficient population. Examples of these services include specialized medical facilities; higher-end retail; expanded entertainment and cultural activities; and specialized professional and technical services. Access to these services in communities such as Green Bay and Appleton can enhance the quality of life for local residents, but can also benefit businesses in the Shawano-Menominee area that depend on some of these services (Dabson, 2007).

Finally, access to metropolitan areas can provide markets for products produced in the Shawano-Menominee area. While many goods and services produced locally have national and international markets, the Shawano-Menominee area is less than 250 miles from both Minneapolis and Chicago. At 9.5 million residents, the Chicago-Naperville-Elgin metropolitan statistical area (MSA) is the third largest in the United States. Additionally, the Minneapolis-St. Paul-Bloomington MSA contains 3.4 million residents, making it the 16th largest metro area in the nation. Overall, approximately 20 million people reside within 250 miles of the Shawano-Menominee area, or 6.6% of the U.S. population.

Amenity-Driven Development

The presence of natural amenities has become a primary determinant of rural growth. Not surprisingly, amenities in the form of water bodies, forests, mountains and beaches can foster the growth of tourism and recreational activities in rural areas. Development tied to tourism has been linked to increases in income, wages, and employment, as well as improvements in other conditions such as poverty, education, and public health (Whitener and Parker, 2007). Importantly, natural amenities alone may be insufficient without an appropriate complement of built amenities (Deller et al., 2001; Kim, Marcouiller and Deller, 2005; Carruthers and Visas, 2005). Consequently, leveraging natural amenities as an economic development strategy likely requires a more comprehensive approach than simply promoting the presence of natural features in a community. Furthermore, successful recreational development can have drawbacks in a community, particularly in the form of higher housing costs (Hand et al., 2008; Wu and Gopinath, 2008).

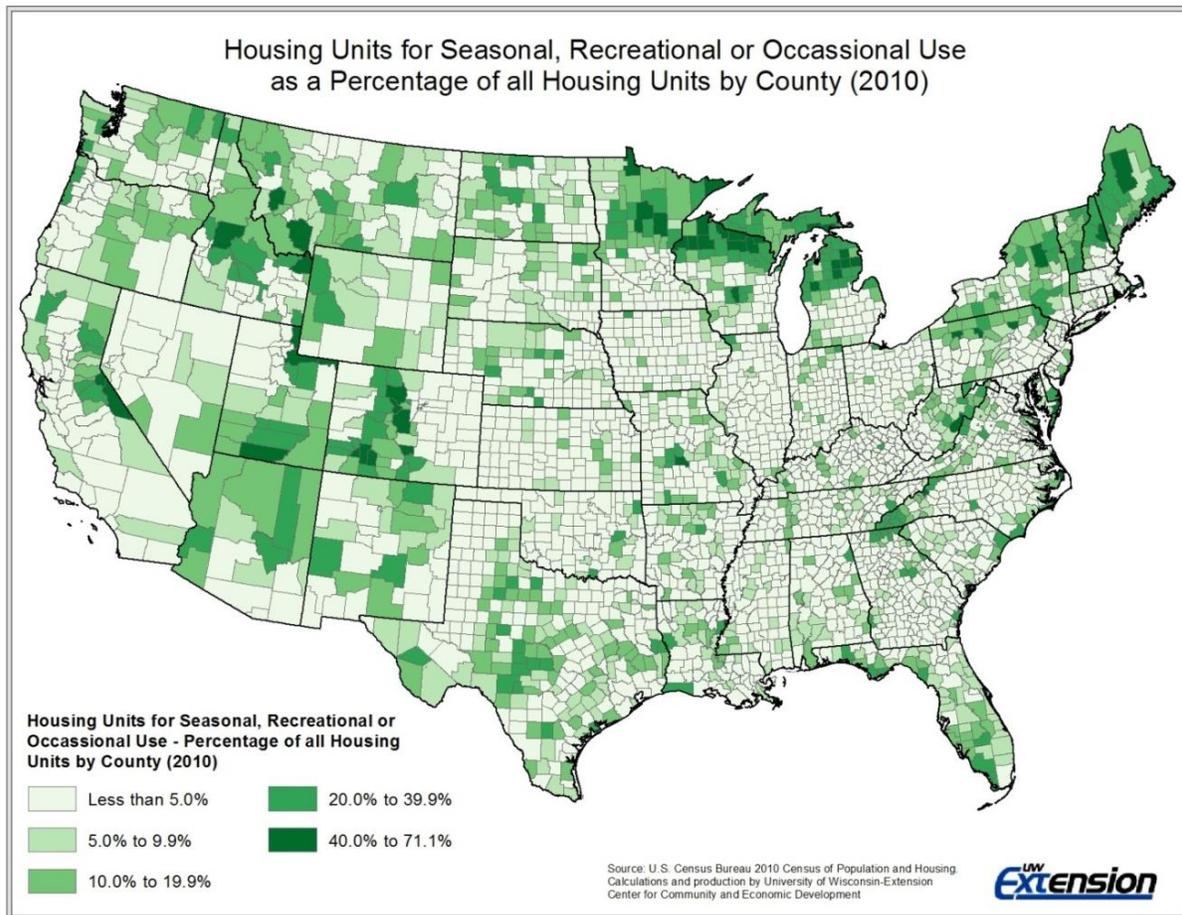
As migrants are often driven by the same features as tourists, natural amenities can also attract retirees and other individuals seeking lifestyles tied to these amenities (McGranahan and Wojan, 2007; Carlino and Saiz, 2008). Subsequently, many counties endowed with natural amenities have become retirement destinations. Similarly, high amenity counties have also been shown to attract entrepreneurs, particularly knowledge workers known as the “creative class.” Consequently, rural counties pursuing entrepreneurship as an economic development strategy should consider the potential contributions and benefits of natural amenities beyond tourism and retirees (McGranahan, Wojan and Lambert, 2010). As with tourism, eventual drawbacks such as increased housing prices and income disparities can occur through amenity migration (Irwin et al., 2010; McGranahan, 2008). Importantly, many of the potential amenity migration benefits are also dependent on broadband Internet availability (Olfert and Partridge, 2010).

When considering amenities as an opportunity for development, it is important to recognize that Shawano County and Menominee County/Nation do not qualify as “high-amenity” areas using some measures. Much of the research on amenity-driven rural development considers the links between growth and so-called high amenity areas that measure favorably on indices such as the USDA’s natural amenity scale.¹² The USDA scale is based on six measures including: warm winter, winter sun, temperate summer, low summer humidity, topographic variation, and water area. Accordingly, the Shawano-Menominee area does not score well according to many of these measures.

Other research has pointed to the importance of forest (but not pervasive forest) as an important natural amenity. Furthermore, some outdoor enthusiasts consider the presence of snow to be a benefit. When using these other measures, the Shawano-Menominee area ranks more favorably and is found in the middle tier of amenity-rich counties (McGranahan, Wojan and Lambert, 2010). The relatively high share of local housing units devoted to seasonal and recreational uses reinforces this finding (Map 1.2). Therefore, the economic benefits often associated with high amenity natural areas are likely to be less dramatic in the Shawano-Menominee area, but still important nonetheless.

¹² For more information on the USDA natural amenity scale, see: <http://www.ers.usda.gov/data-products/natural-amenities-scale.aspx#.Uqdd8uUKF8>

Map 1.2 – Housing Units for Seasonal, Recreational, or Occasional Use (2010)



Entrepreneurial Development

As noted earlier, most employment growth occurs through business start-ups and expansions. In recognizing the economic contributions of new and existing businesses, rural communities and regions are increasingly identifying the importance of developing and supporting entrepreneurs. While entrepreneurship is by no means a new concept, understanding how to leverage entrepreneurship from an economic development perspective remains misunderstood by many economic development practitioners and elected officials. Consequently, rural communities often face obstacles to developing entrepreneurial support initiatives. Specific challenges include those suggested by Markely et al (2005):

- A reluctance of local leaders to abandon traditional strategies;
- A lack of institutional support for an entrepreneurship strategy;
- Minimal experience with entrepreneurship among economic development practitioners;
- Recognizing that the outcomes of entrepreneurship are less rapid and visible;
- A limited number of examples of rural strategies are available for providing guidance and support to rural entrepreneurs;

Given these challenges, embracing entrepreneurship as an economic development strategy requires faith in the process and recognition that entrepreneurial support is a long-term process. Community leaders and economic developers will need to be educated. Importantly, rural entrepreneurial development strategies involve much more than providing access to financial capital for small businesses. While access to capital is certainly important, a robust entrepreneurial support system is also needed. These systems work to develop networks among local entrepreneurs, improve the entrepreneurial culture in a community, and provide technical assistance. Furthermore, communities will need to understand an individual's motivation for becoming an entrepreneur. Some entrepreneurs pursue business opportunities out of economic necessity, while others look to develop high-growth firms. Support strategies for different entrepreneurial types need to adjust accordingly. Fortunately, there are growing resources, such as the Center for Rural Entrepreneurship, that help rural communities understand entrepreneurial support strategies.

Cluster-Based Development

Industry clusters are widely embraced by states and regions as economic development strategies. A wide variety of definitions exist, but industry clusters are often described as “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that compete but also cooperate” (Porter 1998, p. 197). While this definition is somewhat technical, industry clusters provide a more robust means of examining industries in a region. Specifically, clusters recognize that the competitiveness and success of an industry category depends on more than individual firms. Other factors include:

- *The presence of specialized suppliers, service providers, and firms in related industries* – Industry clusters acknowledge the importance of connections and relationships among businesses that assist industries through supply chains and other support services (e.g. marketing, transportation, accounting, R&D, etc.). For instance, a food processing cluster would include food manufacturing firms, but also agricultural producers, truck transportation, packaging manufacturers, industrial machinery manufacturing, food safety services, and other related firms. Consequently, many industry cluster initiatives seek to improve the quality of regional supply chains, develop access to support industries, and enhance necessary infrastructure needed by firms in the cluster;
- *The availability of a skilled, competitive labor force* – The competitiveness of a cluster depends on an effective labor force that supports firms across the entire cluster. Many industry cluster assistance programs involve workforce development efforts that improve skills needed throughout the cluster, rather than skills needed by a single employer;
- *Support from associated institutions* – Industry clusters are not solely comprised of private firms and industries. Industry clusters recognize the potential assistance and technology transfer that universities, colleges, trade associations, and government agencies can provide. The participation of these institutions in cluster-based initiatives can provide research, labor training, support, and advocacy for cluster establishments;

Importantly, industry clusters also have a geographic concentration that typically extends beyond community or county boundaries. That is, industry clusters are concentrated in regions that are based on supply chains, labor markets, and other connections among companies. Consequently, clusters must be evaluated on a regional basis. In the context of this study, examining clusters on a regional basis may suggest industry concentrations present in the Ten County Study Area that could benefit the Shawano-Menominee area, regardless of their presence directly in Shawano County or Menominee County/Nation. For instance, Section 3 shows that the transportation equipment manufacturing industry has very little direct presence in the Shawano-Menominee area. However, the industry’s larger presence in the overall region suggests that the Shawano-Menominee area could be a location for labor or firms acting as suppliers for the industry.

While there are many potential benefits associated with industry cluster development strategies, industry clustering is particularly relevant to rural areas with limited economic development resources. Identifying the most desirable clusters in a region and targeting assistance around these clusters allows for resources to be more efficiently directed.

Furthermore, the potential connections among firms in a cluster suggest that local programs supporting specific businesses could have relatively large multiplier effects. That is, the total employment and income gains from recruiting and expanding cluster-based firms could exceed those associated with non-cluster firms of similar size (Barkley and Henry, 2001). Finally, it is important to recognize that the success of clusters as an economic development strategy is

open to considerable debate. *Specifically, empirical evidence on the ability of clusters to increase competitiveness, generate job growth, and produce new economic activity is somewhat limited.*¹³ Nonetheless, clusters still provide a useful framework for rural economic analysis and strategy development.

Human Capital Development – Education and the Creative Class

Human capital is often defined as the knowledge and skills of a community's residents. In an economic development context, human capital typically refers to the education, knowledge, and skills of a region's labor force, its entrepreneurs, and other individuals that support community development efforts. According to Barkley, Henry, and Li (2005) and Henderson and Abraham (2004) human capital levels are thought to influence rural economic development through several mechanisms:

- Higher levels of human capital enhance the capacity of local businesses to adopt new technologies and adapt to changing economic conditions;
- From an industrial recruitment perspective, a well-educated labor force improves a community's chances of attracting new businesses, particularly for those establishments in high technology sectors or those relying on employment in skilled and technical occupations;
- A community's entrepreneurial activity and small business development benefit from the availability of skilled people in management, technical, and entry-level positions. A highly-educated labor force is particularly important to an economic climate conducive to the development, attraction, and retention of entrepreneurs;
- Knowledge is a driver of innovation that creates new products, new firms, new jobs and new wealth. Ultimately, knowledge levels can differentiate individual firms and entire regions. As knowledge is derived from a person's ability to combine education, experience and ingenuity, firms and communities that have higher stocks of human capital tend to have higher levels of growth.

While characteristics of the local labor force are detailed in Section 2 of this analysis, it should be broadly mentioned that efforts to improve human capital levels often involve educational initiatives or workforce development programs. Certainly these initiatives are a route toward increasing local educational attainment and skills levels, but they do not always result in greater levels of human capital or higher economic growth rates (Olfert and Partridge 2010). One reason for this dynamic is that commuting patterns may result in locally educated residents traveling to other communities for employment opportunities. To avoid local investments in human capital leaking from a community, many workforce development efforts are approached from a regional perspective that recognize a region's labor market boundaries.

¹³ For several summaries on the debate surrounding the effectiveness of industry clusters as an economic development strategy, see:

- McDonald, F., Huang, Q., Tsagdis, D. and Tüselmann, H.J. (2007). Is there Evidence to Support Porter-type Cluster Policies? *Regional Studies*, 41(1), 39-49.
- Motoyama, Y. (2008). What Was New About the Cluster Theory?: What Could it Answer and What Could it Not Answer? *Economic Development Quarterly*, 22(4), 353-363.
- Palazuelos, M. (2005). Clusters: Myth or Realistic Ambition for Policy-makers? *Local Economy*, 20(2), 131-140.

Rural human capital investments can also leave a community through the out-migration of younger, educated residents to metropolitan areas with greater amenity levels and thicker labor markets (Olfert and Partridge 2010). Consequently, rural communities are increasingly looking at strategies to attract former residents back to their communities at later stages in life. More information on migration patterns is available in Section 2.

As suggested earlier, rural communities are also looking at how to leverage local amenities to attract knowledge workers that are highly educated and skilled. Many of these workers are classified as creative class workers, who are creative individuals likely to become entrepreneurs or work in creative businesses. Unfortunately, the creative class is frequently misunderstood by both economic development researchers and practitioners. However, many creative class development strategies appropriately recognize that many creative workers and entrepreneurs are attracted and retained by natural and cultural amenities rather than job opportunities. While attracting and retaining creative knowledge workers is by no means a panacea, many rural communities tend to ignore the role of amenity development and promotion in favor of traditional industry attraction strategies.

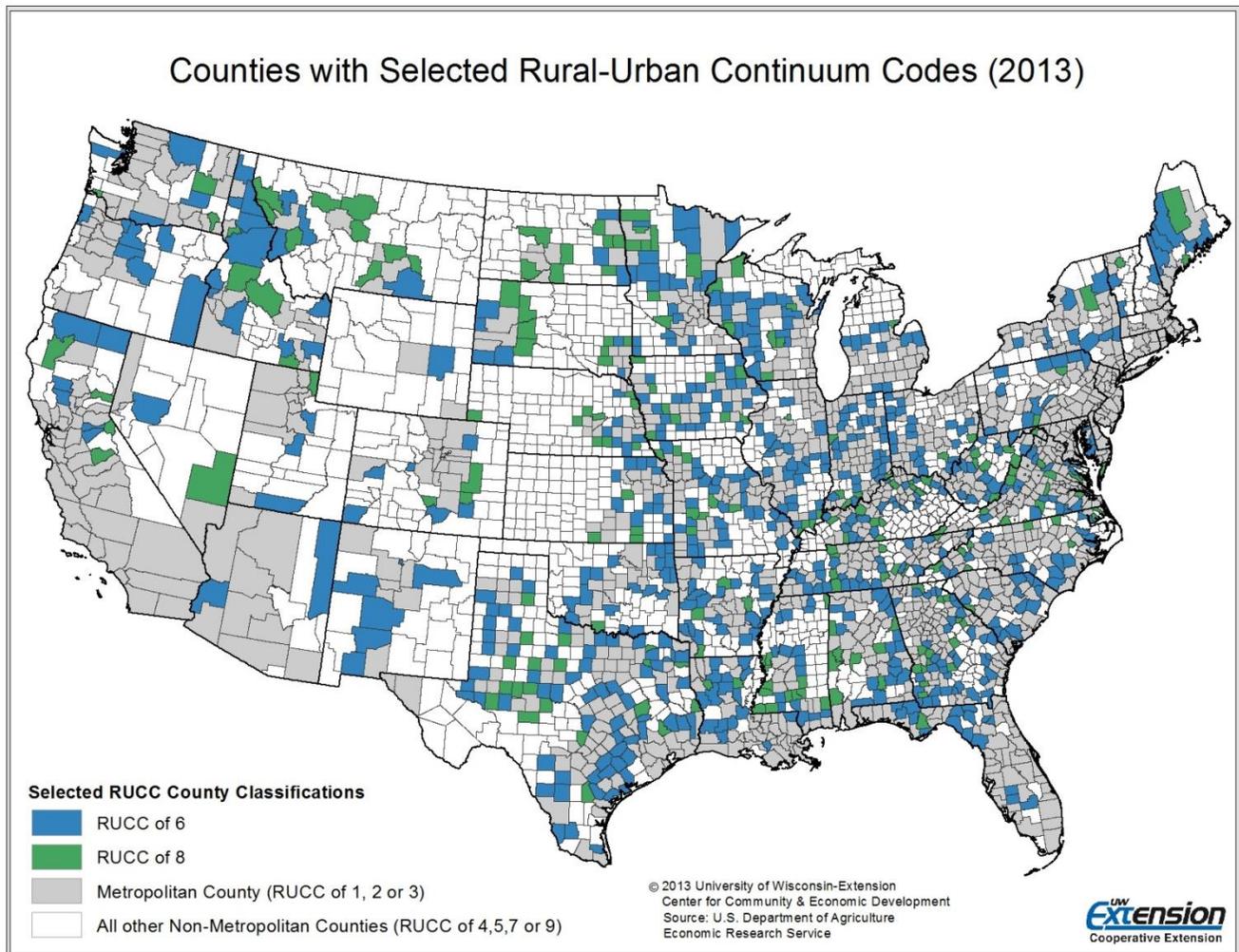
Summary

The Shawano-Menominee area is part of an evolving rural economy. By many metrics, the region's economy is performing well relative to somewhat similar rural areas. However, local leaders may also find some economic measures that need improvement. In doing so, a number of potential strategies are available to economic development professionals. Some of these strategies are traditional while others are emerging. The information included in Section 1, as well as the remaining information in this report, will help the study committee, elected officials, and economic development organizations determine which strategies are the best fit for the area.

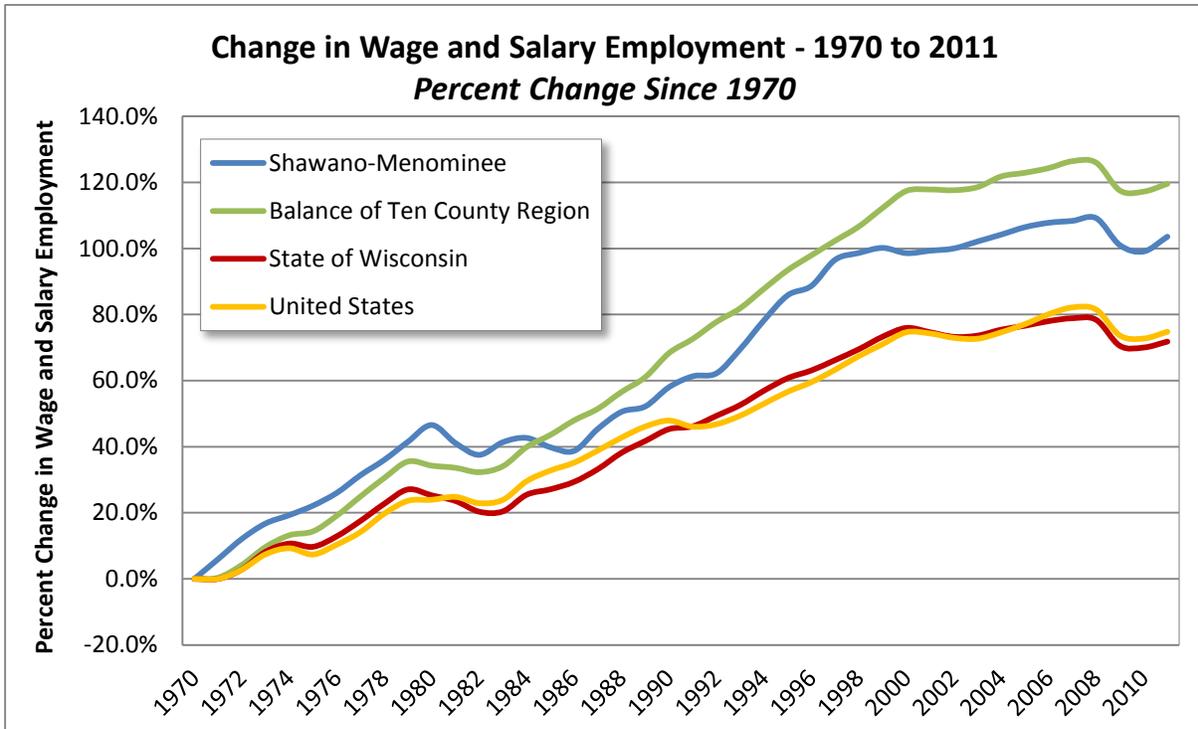
With Section 1 providing background and defining a broader context for examining the Shawano-Menominee area, the remainder of this study is divided into four sections:

- *Section 2: Labor Force Analysis* – Examines characteristics of the region's labor force including age, migration, commuting patterns, educational attainment, occupations, and potential alignment with various industries;
- *Section 3: Current Industry Structure* - The industry structure analysis evaluates potential industry niches, concentrations, gaps, and opportunities within the Shawano-Menominee area and the Balance of the Ten County Region. The goal of the analysis is to identify industry categories that might provide attraction, retention, and expansion opportunities in the area;
- *Section 4: Target Industry Overview* – Based on information in Section 3, the target industry overview examines characteristics of industries suggesting potential for the region. Specific industry information includes employment trends, transportation needs, labor characteristics, supply chains, and typical markets;
- *Section 5: Summary* - The final section summarizes findings throughout the study and provides potential options for further actions. The information in Section 5 should not be viewed as recommendations, but rather a series of conclusions, observations and potential strategies that could help implement local economic development initiatives.

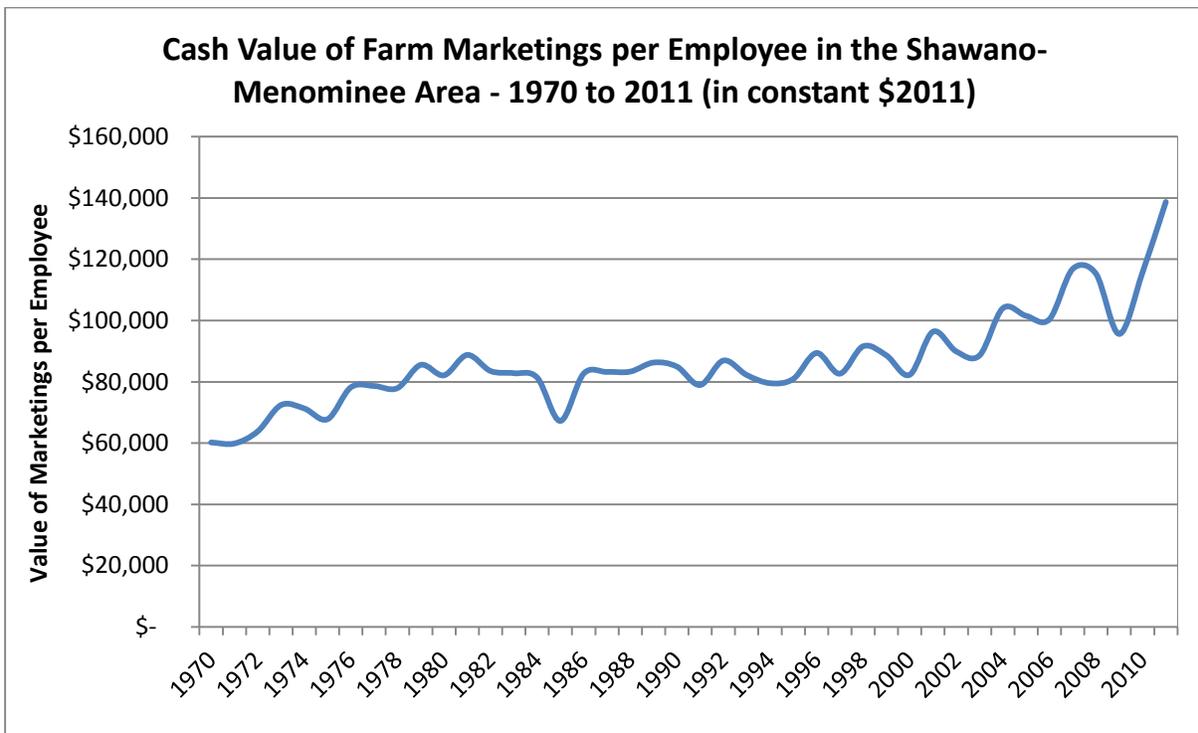
Appendix 1A – Counties with Rural-Urban Continuum Codes of Six and Eight



Appendix 1B – Supplemental Charts



Source: Bureau of Economic Analysis and UW-Extension Center for Community and Economic Development



Source: Bureau of Economic Analysis and UW-Extension Center for Community and Economic Development

Section 2 Labor Force Analysis

...population growth rates in the Shawano and Menominee area declined dramatically between 2000 and 2010 relative to the Balance of the Ten County Region, the State of Wisconsin and the United States. Population estimates from the Census Bureau also suggest the local population declined marginally (-0.5%) between 2010 and 2012. A similar decline over the past two years is noted by the Wisconsin Department of Administration's Demographic Services Center."

When compared to other counties with similar rural characteristics, Shawano County has a remarkably similar population growth trend, particularly over the last decade. ...but Shawano County does mimic the national average of these non-metro county types. Growth in Menominee County/Nation is more erratic than its peer counties having an RUCC of eight. ... the period between 2002 and 2009 did show a noticeable decline in population that has since rebounded somewhat

Individuals between the ages of 16 and 64 are commonly considered to be of working age, while ages 25 to 54 are often defined as prime working years. Within these two age groups, Shawano County and Menominee County/Nation have a smaller share of residents than the surrounding region, the State of Wisconsin and the United States (Table 2.2). **A closer analysis of these working age distributions shows that the Shawano-Menominee area is skewed by higher shares of residents ages 45 and older. Conversely, every age cohort under the age of 45 in the Shawano and Menominee area has a lower share of residents, with the largest difference found in the 25 to 34 age group.**

... over one-third of Menominee County/Nation's population is under age 20. In comparison, only 25 percent of Shawano County's population is under age 20. While population density in Menominee County/Nation is lower than the densities in many other areas, its younger population could suggest a labor force that emerges over the next two decades rather than recedes.

...the net migration rates in Chart 2.2 show a distinct pattern of younger residents migrating from the area with older residents moving into Shawano County and Menominee County/Nation. These negative migration rates found among younger residents of rural areas are well-chronicled throughout the Midwest.¹⁴

Negative migration rates among younger age cohorts often cause concern among community leaders and workforce development professionals. ...many times these individuals are moving to acquire education or gain work experiences. Consequently, if a community can attract these individuals later in life, then a community can benefit from education and/or skill investments made elsewhere. There is some evidence of this phenomenon in Shawano County as both the 30 to 34 age group and 35 to 39 age cohort have positive migration rates. As these two age groups are in prime child raising years, these

¹⁴ For two examples see Longworth (2009) and Carr and Kefalasof (2010)

age cohorts also likely contribute to the positive migration rates found among children (e.g. ages 0 to 14) in Chart 2.2.

... The positive net migration rates among individuals either approaching or beyond retirement age shows the potential attractiveness of the area as a retirement destination...
...Between 2010 and 2035, the share of residents ages 16 to 64 is projected to decline from 63% to 56%, suggesting almost a 1-to-1 ratio of working age residents to the non-working age population (Chart 2.3).

In Shawano County, industries with a high share of workers age 55 and over include transportation and utilities; public administration; financial activities; educational services; wholesale and retail trade; information; and other services (Chart 2.4). In fact, all but three industry sectors in Shawano County have higher shares of workers approaching retirement age over the next decade than the state average.

...prime working years of 25 to 54. Within the Shawano-Menominee area, participation rates among individuals age 25 to 54 exceed the national average and are statistically similar to the Balance of the Ten County Region and the State of Wisconsin (Table 2.3). In contrast, labor participation rates among residents age 55 to 64 and age 65 to 74 are lower in the Shawano-Menominee area than in the balance of the region or the State of Wisconsin.

Local households may be more reliant on multiple earners to meet their monthly or annual income requirements.

Just over 19,000 residents of the Shawano and Menominee area were employed at the beginning of Q2 2011. Only one-third of these employees worked in Shawano County while another 6.9% were employed in Menominee County/Nation (Table 2.8). Subsequently, almost 60 percent of these employed residents worked outside the area, with almost a quarter of them traveling to jobs located in either Brown County (16.3%) or Outagamie County (7.7%).

Counties with a net outflow of labor can view this dynamic from several perspectives. Certainly, residents of Shawano County and Menominee County/Nation who commute outside the area bring income back into their local communities. For instance, 2011 figures from the Bureau of Economic Analysis show that **Shawano County commuters accounted for a net inflow of \$265.1 million in earnings to the county.¹⁵ However, an alternate perspective suggests an imbalance of out-commuters may make a county less economically competitive.** In particular, recent research on commuting networks suggests that a greater mass of out-commuters is associated with lower per capita income growth rates in counties (Goetz, Han, Findeis and Brasier 2010). Instead, counties having the position of being both a bedroom community and a business hub receive an economic boost.

In the Shawano and Menominee area, almost half (46.1%) of all residents age 25 and over report high school as their highest completed level of educational attainment (Table 2.6). ... Just 14.5% of residents age 25 and over in the Shawano and Menominee area have

¹⁵ Comment by JSM; increased transportation fuel costs, if at an unacceptable level to the commuter, could reduce this figure, and the number of commuters.

graduated from college, compared to 23.5% in the Balance of the Ten County Region; 26.0% in the State of Wisconsin; and 28.2% in the United States.

A lower share of individuals with a bachelor's degree or higher is also a limiting factor for the expansion and attraction of industries that highly depend on college graduates (e.g. many professional, scientific and technical services). ...Many of **these areas are endowed with natural amenities that have been shown to attract college graduates who are seeking specific lifestyles in rural communities. Shawano County and Menominee County/Nation have a number of similar assets that could be leveraged locally.** ¹⁶

Occupational categories where either the Shawano-Menominee area or the Balance of the Ten County Region exceed national employment shares include health care support; personal care services; farming, fishing and forestry; office and administrative support; production; transportation; and material moving (Table 2.8). ¹⁷

... the Shawano-Menominee area has employment shares statistically below the national average in occupational categories related to business and financial operations; computer and mathematical; architecture and engineering; legal services; education, training and library; arts, design, entertainment, sports and media; health care practitioners; and sales.

One means for aligning workforce development and economic development is to develop retention, attraction and expansion strategies around the labor force needs of industry sectors that are well-suited to the Shawano-Menominee area.

many working age residents in the region are broadly qualified for employment in so-called middle-skill occupations... For purposes of this analysis, occupations in Job Zone 2 and Job Zone 3 are considered to be middle-skill. ...

The industries with the highest shares of middle-skill jobs are largely a mix of retail; transportation and warehousing; manufacturing; construction; and health care. Many of the industries with high potential shares of middle-skill jobs are largely weighted toward occupations in Job Zone 2. These categories include: truck transportation; most retail sub-sectors; wood product manufacturing; plastics and rubber product manufacturing; waste management; couriers and messengers; transit and ground passenger transportation; warehousing and storage; and food manufacturing.

RE the 10 county Region – jsm

With almost 49,000 jobs, the “skilled production workers” cluster is by far the largest in the region. This occupational cluster is largely aligned with advanced manufacturing and its employment decline of -10% between 2001 and 2010 is not surprising given the recent recessionary period. The declining employment within this cluster also resulted in its location quotient declining from 1.21 to 1.16. Other occupational clusters showing decreasing employment in the region include: legal and financial services and real estate; natural

¹⁶ Comment by jsm; Study of lifestyle views and choices of under 30 – 35 age bracket should be done on this, as there may be significant changes in world views between the various generations.

¹⁷ Note that occupational information only includes information for employed individuals.

sciences and environmental management; agribusiness and food technology; building, landscape and production design; and engineering and related sciences.

The remaining occupation clusters in Table 2.9 grew in employment between 2001 and 2010, despite the recession. Importantly, most of these growing clusters also had location quotients that increased over this period. For these location quotient values to increase, local employment must have grown at a faster rate than the national average within these clusters. Consequently, a number of these clusters could be emergent in the region and may provide opportunities for additional growth and development in the future. Specific examples include: health care and medical science; mathematics, statistics, data and accounting; information technology; postsecondary education and knowledge creation; and managerial, sales, marketing and H.R. While employment in a number of these occupational clusters is likely concentrated in Green Bay and the Fox Cities, these figures do suggest that the region's labor force has grown among these knowledge-based occupations. Consequently, employers in Shawano County and Menominee County/Nation could potentially have access to these individuals in the regional labor market.

Matt Kures Summary

The current and future labor force surrounding Shawano County and Menominee County/Nation will be an important determinant of the region's economic trajectory. While it is tempting to suggest workforce development strategies based on the preceding labor force overview, more information on the region's industry structure is needed to appropriately align workforce and economic development efforts. These potential strategies are presented in Section 5 of this study. However, a number of important conclusions from the preceding analysis should be considered in the development of these strategies:

- The region's age structure could be a defining workforce issue over the next two decades. The region, state, and United States are all projected to have a smaller share of working age residents, which will affect individual businesses and entire industry sectors alike. While Menominee County/Nation's high share of residents under the age of 20 could create an emergent labor force, Shawano County may be particularly impacted by its aging population;**
- When compared to the State of Wisconsin, most of Shawano County's industry sub-sectors have greater shares of employees approaching retirement age over the next 10 years. Two notable exceptions appear to be Shawano County's manufacturing and health care sectors. In Shawano County, these industries have among the lowest shares of employees age 55 and over. In contrast, manufacturing and health care have some of the oldest workforces in many Wisconsin counties. Specific strategies for addressing an aging labor force will be examined in Section 5 and could include flexible work**

schedules; job sharing, phased retirement programs; employment of seasonal residents; telecommuting; and reverse mentoring.

- The Shawano-Menominee area, the Balance of the 10 County Region, and the State of Wisconsin all have labor participation rates above the national average for prime working age residents. These high participation rates could also impact future labor availability as there may be fewer working age residents who could be enticed to enter the labor market if needed;
- Migration patterns among different age groups are partially responsible for the local age structure. Both Shawano County and Menominee County/Nation have net out-migration among young adults and net in-migration of residents in their 40's and 50's. While the loss of younger residents is often troubling, these dynamics are common in rural areas. The region should not necessarily ignore these losses, but energy may be better spent on encouraging young residents to move back to Shawano County and Menominee County/Nation after they have been educated or gained career experience. In fact, net migration rates between 2000 and 2010 show some evidence of Shawano County attracting residents between the ages of 30 and 39;
- The net in-migration rates of retirement age residents slowed somewhat in the last decade. Nonetheless, the migration of potential retirees provides a number of opportunities for the local economy related to housing, retail and services;
- Worker flow figures show the regional nature of the labor market. These commuting patterns have several potential implications for Shawano County and Menominee County/Nation:
 1. Employers in the Shawano-Menominee area potentially have access to a greater pool of employees living in surrounding counties. The regional nature of the labor market also suggests that workforce development strategies should not necessarily be limited to the efforts of workforce intermediaries in Shawano County and Menominee County/Nation. Local partners will be important, but connections in surrounding counties will be valuable as well;
 2. The Shawano-Menominee area has a net outflow of 5,300 commuters. While these commuters bring a positive flow of earnings into local communities, there is also some evidence that creating a better balance between in-commuters and out-commuters could benefit the local economy. Consequently, job creation efforts could provide more value than promoting the area as a "bedroom community" for workers employed in surrounding employment centers;

3. The net outflow of workers also suggests a latent labor force for local employers. That is, some workers who are now commuting to distant places of employment may be willing to work locally if comparable job opportunities become available;

- Educational attainment levels in Shawano County and Menominee County/Nation are not dramatically different from many other rural counties in the nation. The area has a greater share of residents having a high school degree as their highest level of educational attainment and lower shares of residents with some sort of post-secondary education (some college, associate’s degree, bachelor’s degree, etc.). When combined with the region’s occupational structure, a large share of the labor force is broadly qualified for employment in so-called middle skill jobs. Industries with high shares of middle-skill employment will be part of the industry targeting criteria used to identify candidates for retention, expansion and attraction;
- College graduates are concentrated in large metropolitan areas. However, some rural areas with high levels of natural amenities have also attracted residents with college degrees. These individuals are often looking for specific lifestyles or quality of life considerations that include amenities such as rivers, lakes, trails and natural areas. The Shawano-Menominee area could also consider strategies that leverage local amenities as a means of attracting new residents and entrepreneurs;
- Despite the smaller share of residents with a post-secondary education, a number of knowledge-based occupational clusters may be emerging gradually in the region. These include occupations related to health care and medical science; mathematics, statistics, data and accounting; information technology; postsecondary education and knowledge creation; and managerial, sales, marketing and H.R. The region also has high employment concentrations in occupational clusters related to skilled production and agribusiness/food technology. However, these two clusters are also decreasing in employment and their relative concentration in the region. The presence of these emerging and declining occupational clusters will be further considered in Section 3 of this study.

Section 3 Current Industry Structure

For purposes of this analysis, industries can be characterized according to three types: export industries, linkage industries, and population-driven industries (Figure 3.1)

Types	Description	Typical Share of Employment in a Region	Level of Value-Added
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Export Industries	Industries that export goods and services to markets outside the region, bringing new revenues into the local economy (e.g. manufacturing, large scale agriculture, knowledge, etc.)	Low	High
Linkage Industries	Industries that provide support to other firms in the local market, but can also service the non-local market (e.g. business services, transportation, distribution, etc.)	Medium	Medium
Population Driven Industries	Industries with demand largely driven by a community's population base rather than by business-to-business demand (e.g. retail, hospitality, personal services, real estate, etc.).	High	Low

Notes by M. Kures:

Value-added is defined as the additional value added to goods and services through different stages in the production and distribution process. It is the final sales price of a good or service less the cost of materials purchased.

Industries that bring federal or state payments into the community also transfer external dollars to local establishments (i.e. some categories of health care and procurement contracting).

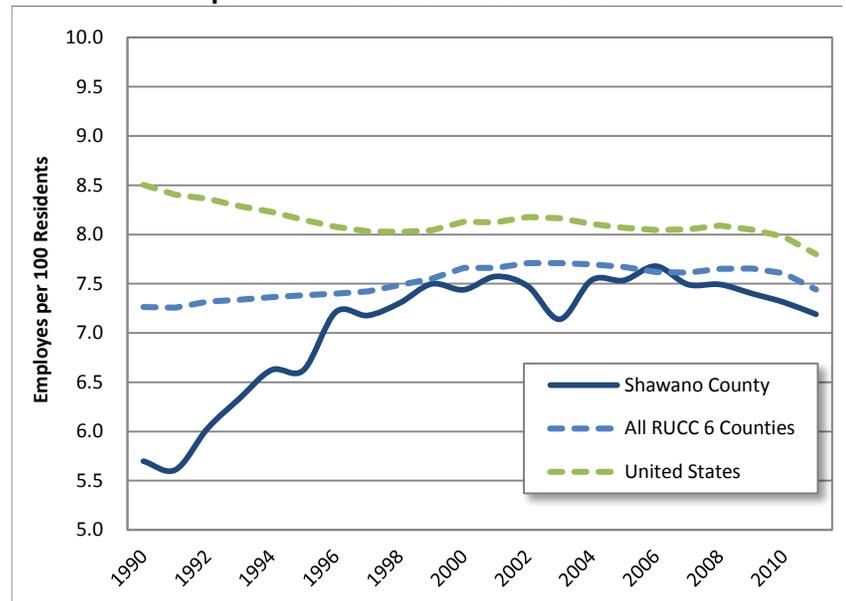
... less emphasis should be placed on the precision of specific numbers. Instead, overall trends and patterns present in the data are used to provide guidance and triangulate findings.

The government enterprises category is listed as the largest employment category in both the Shawano-Menominee area and the Balance of the Ten County Region. Again, the IMPLAN data used in Table 3.1 classify all government-related employment in this category including public administration; public schools, colleges and universities; military personnel; government-operated health care facilities; and other government enterprises.

Accordingly, **it is common for government enterprises to appear as the largest industry in many regions when using IMPLAN employment figures;**

While the government enterprises category is the largest employer in both areas, this category accounts for a significantly larger share of employment in the Shawano-Menominee area (25.6%) than found in the Balance of the Region (10.7%). The large share in Shawano-Menominee is largely influenced by tribal enterprise employment in Menominee County/Nation and in the Stockbridge-Munsee Community, which includes large employers such as Menominee Casino Resort, North Star Mohican Casino Resort, Menominee Tribal Enterprises, and the College of Menominee Nation. Nonetheless, when measuring government enterprise employment on a per capita basis,

Chart 3.1 – Number of Employees in Government Enterprises per 100 Residents - 1990 to 2011



Source: Bureau of Economic Analysis. Calculations by UW-Extension Center for Community

on a per capita basis, **Shawano County remains below the national average and is largely similar to other counties with a Rural-Urban Continuum Code of six** (Chart 3.1).¹⁸ The influence of the government enterprises category is noted throughout Section 3.

A number of manufacturing categories are among the largest employing industries in the Shawano-Menominee area. Plastics and Rubber Product Manufacturing (NAICS 326); Primary Metal Manufacturing (NAICS 331); Wood Product Manufacturing (NAICS 321); Fabricated Metal Product Manufacturing (NAICS 332); Food Manufacturing (NAICS 311); and Furniture and Related Product Manufacturing (NAICS 337) are among the largest employment sub-sectors in the area. These categories also include some of the area's largest private sector employers such as Arrowcast Inc., Nueske's, Wisconsin Film & Bag, Wisconsin Veneer & Plywood, Woodport Doors, Tigerton Lumber Co, World Wide Sign Systems, and KI Inc. Employment at Menominee Tribal Enterprises is classified under government enterprises in Table 3.1, but is also an important contributor to the local wood product manufacturing industry;

Professional, Scientific and Technical Services (NAICS 541) also rely heavily on occupations in Job Zone 4. However, the Shawano-Menominee area's share of employment in this industry (1.0%) is well below that of the Balance of the Ten County Region (4.5%). ...Similarly, the construction sector in Shawano County and Menominee County/Nation also accounts for a significantly smaller share of employment (1.4%) than found in the Balance of the Ten County Region (4.1%)

¹⁸ Due to scale issues, per capita values for Menominee County/Nation are not included on Chart 3.1. In 2011, Menominee County/Nation had 49.0 employees in government enterprises for every 100 residents.

As with total employment, the government enterprises ...category's average compensation per employee in the Shawano-Menominee area is more than 20% lower than that of the Balance of the Ten County Region; ... With the exception of Support Activities for Agriculture and Forestry; Construction; and Chemical Manufacturing; every industry category in Table 3.2 has a lower average compensation per employee in the Shawano-Menominee area than in the Balance of the Ten County Region. ... The average wages in Shawano County and Menominee County/Nation also trailed the average wages for counties with Rural-Urban Continuum Codes of six and eight.

hospitals and ambulatory health care contribute a high share of employee compensation in the Shawano-Menominee area and the Balance of the Ten County Region. However, average employee compensations in this category differ significantly between the two areas, with compensation levels being notably lower in the Shawano-Menominee area.

Employee compensation in Support Activities for Agriculture and Forestry is significantly higher in the Shawano-Menominee area than the Balance of the Ten County Region. This difference is largely attributed to the presence of Cooperative Resources International in Shawano.

Industry Location Quotients

...industries related to agricultural production have high LQs in both the Shawano-Menominee area and the Balance of the Region. Largely reflecting dairy cattle and milk production in the region, Animal Production (NAICS 112) has the highest location quotient in the Shawano-Menominee area and has an LQ of 2.02 in the Balance of the Region. Crop Production (NAICS 111) also shows a large LQ in the Shawano-Menominee area as does Support Activities for Agriculture and Forestry (NAICS 115).

While Food Manufacturing (NAICS 311) has an LQ of just 1.19 in the Shawano-Menominee area, the industry shows over 14,000 employees and a location quotient of 2.87 in the Balance of the Ten County Region. Overall, the region's food manufacturing industry is driven by four sub-categories (see Table 3.4):

1. Dairy Product Manufacturing - LQ of 9.28 and 4,440 employees;
2. Fruit and Vegetable Preserving and Specialty Food Manufacturing - LQ of 6.29 and 3,900 employees;
3. Animal Slaughtering and Processing - LQ of 2.35 and 4,200 employees;
4. Bakeries and Tortilla Manufacturing – LQ of 1.71 and 1,675 employees;

...the region has a notably smaller percentage of employment attributed to government enterprises than the national average.

Many population-driven industries showing high overall shares of employment and compensation are ranked much lower when using location quotients. For example, food services and drinking places (NAICS 722) account for a large share of employment in the region, but show an LQ of 0.97 in the Shawano-Menominee area and an LQ of 1.01 in the

Balance of the Region. These location quotients suggest that the industry is largely meeting local demand and is neither a gap nor a source of specialization.

...low LQs in some industries may suggest local gaps in supply. A number of categories with low location quotients are retail sub-sectors including: Building Materials and Garden Dealers; Health and Personal Care Stores; Food and Beverage Stores, Furniture and Home Furnishings Stores; Electronics and Appliance Stores; Clothing and Accessories Stores

As manufacturing is an export-oriented sector, it should not surprise that many industries with large LQs are manufacturing categories. At the three-digit NAICS level, eight manufacturing categories in the Shawano-Menominee area have location quotients above or well above 1.0. In some instances, these location quotients in the Shawano-Menominee area are driven mainly by a single large employer (e.g. primary metal manufacturing and Arrowcast Inc.). However, almost every manufacturing category with a location quotient above 1.0 in the Shawano-Menominee area also has a large LQ in the Balance of the Ten County region. The large location quotients across the region suggest broader concentrations that could signify sources of economic specialization or differentiation. In addition to the aforementioned food manufacturing industry, other specific manufacturing sub-sectors of note include: Wood Product Manufacturing; Primary Metal Manufacturing, Plastics Manufacturing, Furniture and Related Product Manufacturing, Textile Product Mills, and Fabricated Metal Product Manufacturing;

Location quotients at the four-digit NAICS level of classification (Table 3.4) provide additional insights on potential manufacturing concentrations in the region. In particular, fabricated metal product manufacturing is comprised of a number of diverse sub-categories including:

1. Forging and stamping (NAICS 3321) - LQ of 2.18 and 760 employees;
2. Coating, engraving, heat treating and allied activities (NAICS 3328) - LQ of 2.95 and 1,393 employees;
3. Architectural and structural metals manufacturing (NAICS 3323) – LQ of 2.18 and 2,600 employees;
4. Machine shops; turned product; and screw, nut and bolt manufacturing – LQ of 1.89 and 2,342 employees;
5. Other fabricated metal product manufacturing (NAICS 3329) – LQ of 3.22 and 2,964 employees;

The four-digit NAICS location quotients in Table 3.4 suggest that wood product manufacturing in the Ten County Region is concentrated in Other Wood Product Manufacturing (NAICS 3219). This sub-category has an LQ of 4.22 and accounts for almost 80% of the region's wood product manufacturing employment.¹⁹ Establishments in this category are also important employers in the Shawano-Menominee area, but Shawano

¹⁹ Other Wood Product Manufacturing includes the production of cut stock, wood windows, wood doors, other millwork, wood flooring, wood pallets and prefabricated wood buildings.

County and Menominee County/Nation also have notable employment in Sawmills (NAICS 3211) and Veneer, Plywood, and Engineered Wood Product Manufacturing (NAICS 3212);

An analysis of four-digit NAICS location quotients shows that machinery manufacturing and transportation equipment manufacturing are industries that are highly concentrated in the Ten County Region, but have a smaller presence in the Shawano-Menominee area. Despite a lesser concentration of firms locally, these categories are important end-users of plastic products, metal components and electronic assemblies.²⁰ Consequently, there may be opportunities to connect to these regional industries through their respective supply chains. These two manufacturing categories also have high shares of employment found in Job Zone 3 (See Section 2) which might align with the local workforce. Notable sub-categories of machinery manufacturing and transportation equipment manufacturing with high LQs in the region include:

- 1. Industrial machinery manufacturing...;**
- 2. Motor vehicle manufacturing ...**
- 3. Motor vehicle body and trailer manufacturing ...**
- 4. Commercial and service industry manufacturing ...**
- 5. Other general purpose machinery manufacturing ...**
- 6. Engine, turbine and power transmission equipment manufacturing ...**
- 7. HVAC and commercial refrigeration equipment manufacturing ...**

Potential Gaps and Disconnects

Location quotients provide some insight into the import or export of goods and services within an area. ...an industry showing a small location quotient and limited employment does not necessarily mean that that the local economy is importing the industry's goods or services at a high level. Instead, a small location quotient for a given industry may simply mean that there is little local demand for the industry's goods or services. ...imports are evaluated in the context of potential "gaps" and "disconnects" in the regional economy.

When goods and services are purchased outside of the region, these imports can be viewed as a "leakage" of economic activity from the region..... If there is no commodity production in the region, then the imported commodity must constitute a gap. In contrast, if some production exists in the region, there is some potential that the imported good or service is partially attributed to a disconnect.

Intermediate imports are goods or services imported into the region by private industries, rather than those imported by households or institutions (e.g. schools).²¹ Importantly, the import figures reported in this analysis are based partially on national purchasing patterns

²⁰ Typical supply chains for these industries are examined in Section 4.

²¹ While goods and services also may be imported by public institutions or private households, imports by industries are of the greatest concern for understanding regional supply chains.

among industry sectors. Consequently, these estimates should be used as a means of encouraging discussion and guiding targeted research efforts. Businesses are cautioned not to rely on the figures in Table 3.5 to make operational decisions. Specific import substitution opportunities will need to be confirmed with local primary research (e.g. business owner surveys or other interview methods). Despite these caveats, the intermediate import data reveal a number of insights to the regional economy:

motor vehicle parts are the largest good imported into the Ten County Region. A large share of these imports are attributed to heavy duty truck manufacturing and vehicle body manufacturing establishments in the region such as Oshkosh Defense and Pierce Manufacturing in Oshkosh and Appleton. Motor vehicle parts are also imported by automotive repair services, trailer manufacturing, boat manufacturers and the truck transportation industry. As motor vehicle parts encompass a large number of specific products, it is difficult to identify which specific types of parts are being imported at the greatest levels;

Also used greatly by heavy duty truck manufacturing, other engine equipment products ...While this category excludes automotive gasoline engines and aircraft engines, it includes diesel engines, marine engines, outboard boat motors, and most other internal combustion engines. Consequently, this product is also imported at lesser levels by construction machinery manufacturing; motor and generator manufacturing; farm machinery and equipment manufacturing; and the region's boat building industry;

Plastics materials and resins is another product that is largely petroleum-based and imported in large amounts by the region's sizeable plastics manufacturing industry;

basic organic chemicals; adhesives; printing inks; all other basic inorganic chemicals; and all other chemical products and preparations rely heavily on petrochemicals for their production. These product categories include a wide variety of chemicals such as acids, ethers/esters, and alcohols.

A number of agricultural products potentially are imported into the region despite a large presence of local producers. Cattle from ranches and farms; dairy cattle and milk products; cheese; corn sweeteners, corn oils and corn starches; and other animal food are imported primarily by the region's food manufacturing and agricultural production industries. The corn sweeteners, corn oils and corn starches category is the only product that suggests a potential gap, with imported values largely exceeding local production. The remaining categories may suggest some levels of purchasing disconnects that could be explored locally. Furthermore, some imports might be attributed to inadequate levels of regional supply despite high levels of local production. For instance, some cheese producers are importing milk from outside the state due to an insufficient local supply

A number of primary and fabricated metal products are imported into the region. Iron, steel and ferroalloy products are one of the region's largest import categories... Other metal products ...include machined products, ...coated, engraved, heat treated products, ...valves and fittings, ...and aluminum products

Semiconductors and related devices and printed circuit assemblies are two of the larger electronic component product categories imported into the region

Regional Analysis of Establishment Concentration

The concept of industrial agglomeration remains an important consideration in the analysis of industrial location. Agglomeration economies are associated with the competitiveness and cost savings resulting from a business' proximity to markets, suppliers and labor force. More specifically, a concentration of firms in a given industry can influence production costs through the presence of suppliers competing for business, a greater specialization of supporting firms, and the development of a specialized labor force. Furthermore, the greater the number of similar firms located in an area, the greater the overall market to which businesses can sell goods and services.

.... A 100-mile radius is used as this distance often defines the service area for short-haul trucking operations that could quickly connect customers and suppliers within supply chains. For comparison purposes, numbers of establishments within a 250-mile radius are also included. **The 250-mile distance is important as it includes the large metro areas of Chicago, and Minneapolis-St. Paul. These areas should be viewed as key markets given that the Shawano-Menominee area is almost equidistant between Chicago and Minneapolis-St Paul. Consequently, the area could be a strategic location for firms looking to efficiently serve these two markets simultaneously. Ultimately, identifying industries with high concentrations of establishments within a 100-mile radius or 250-mile radius might suggest regional specializations that could differentiate the Shawano-Menominee area's economy.**

(emphasis added by writer).

Non-durable manufacturing sub-sectors are among the highest ranked manufacturing concentrations within 100-mile and 250-mile radii. Paper manufacturing, wood product manufacturing, food manufacturing, and plastics and rubber product manufacturing have among the highest relative establishment concentrations of any industries in these regions.

...the region's food manufacturing industry is driven by dairy product manufacturing; fruit and vegetable preserving and specialty food manufacturing; and animal slaughtering and processing. However, notable concentrations of animal food manufacturing and sugar and confectionery product manufacturing establishments are also found within a 100-mile radius;

As in the Ten County Region, highly-ranked durable manufacturing industries within 100-miles and 250 miles of the Shawano-Menominee area are largely associated with primary and fabricated metal products, machinery manufacturing, and transportation equipment manufacturing. Establishment counts suggest that these industries are important throughout the geographic triangle formed by the Twin Cities, Green Bay and Chicago. Electrical equipment, appliance and electrical component manufacturing (NAICS 335) also has a high relative share of establishments with 100-mile and 250-mile radii;

While **non-store retailers** in the Shawano-Menominee area are largely sole-proprietors or home-based businesses, **the 100-mile concentration of establishments in this category includes a number of large, nearby catalog and Internet-based retailers** such as Figi's, Herrschners, Eastbay, Lands' End, and Drs. Foster & Smith. These firms provide examples of

how smaller communities with access to adequate transportation and Internet infrastructure can provide effective locations for large retailers in this category. Consequently, non-store retailers might be a possible target for local development efforts;

Conclusions (Matt Kures)

The previous analysis of the region's industry structure likely confirms a number of long-held assumptions about the importance and influence of various industries in the Shawano-Menominee area. In particular, wood product manufacturing remains a key industry in the region as do industries related to agricultural production and tourism. These industries should be considered as part of the region's economic foundation and should be important targets for local retention, expansion and recruitment activities. However, a number of other industries also deserve additional consideration for industry targeting efforts and analysis due to their notable regional concentrations and their export potential. These industries could include:

- Food manufacturing;
- Plastics manufacturing;
- Machinery manufacturing;
- Transportation equipment manufacturing;
- Primary and fabricated metal manufacturing;
- Non-store retailers;

Other industries and products suggest potential gaps in the economy. A number of these potential gaps are found in the retail sector and are not considered as part of this analysis. Nonetheless, retail categories such as building materials and garden dealers; health and personal care stores; food and beverage stores, furniture and home furnishings; electronics and appliance stores; clothing and accessories stores should be explored as part of a separate retail market analysis. The construction industry also suggests a local gap, but this industry is largely driven by economic growth in other sectors and is not considered here. Additional non-retail categories suggesting gaps or high levels of importation include:

- Professional, scientific and technical services;
- Electronic component manufacturing;
- Chemical manufacturing;

With the exception of tourism, each of these aforementioned industries is analyzed in greater detail in Section 4. (As noted in Section 1, tourism and retail are being analyzed as part of other economic development efforts in the area.) While these industries imply some level of current strength; a potential source of specialization; or a possible gap in the economy; the inclusion of these industries does not imply that they will necessarily succeed in the area.

Instead, these categories deserve further analysis to determine their potential for industry recruitment, retention and expansion efforts. In particular, many of the manufacturing categories listed above have faced significant domestic challenges of over the last two decades that need to be understood. Other issues related to industry trends, site preferences and labor force alignments also must be considered.

The industry structure analysis also shows that the region's health care industry is a both a large employer and an important source of income. With the coming construction of the new \$50 million ThedaCare Medical Center, the health care industry is not considered as a part of this analysis. However, its exclusion should not imply that the industry is not important to the region or that it does not face other issues (such as workforce availability). In fact, the aging population noted in Section 2 suggests that health care will be particularly important in the coming decades;

Finally, the industry structure analysis reveals that the Shawano-Menominee area is potentially in a strategic geographic location that may not have been leveraged in the past. As noted in the industry concentration analysis, over 6.6% of the nation's population resides within 250 miles of the Shawano-Menominee area. This population concentration is driven by the Shawano-Menominee area's equidistant location between the Minneapolis-St. Paul metropolitan statistical area and the Chicago metro area. Consequently, the area may provide an ideal location for firms wishing to serve these two large urban markets. In particular, the site may provide opportunities firms operating in wholesale trade and warehousing and storage.

Section 4 TBP

Section 5 – Summary and Conclusions

Community economic development efforts are strategically driven, collaborative and interactive. To be effective, efforts also must evolve from a series of ad hoc initiatives to those that are long-term, concerted strategies. The prior sections in this study assessed many economic, industry and workforce characteristics of the Shawano-Menominee region. While the content in these sections is informative, how does this information translate into long-term economic development initiatives? Recognizing that moving from information to action is a difficult process, the following discussion suggests a number of potential strategies that could be employed based on prior findings in this study.

Potential strategies are categorized according to three primary areas of emphasis: 1) Developing and Leveraging Human Capital; 2) Determining an Appropriate Balance of Business Retention, Start-up, Expansion and Attraction Activities; and 3) Communications. Note that not all of these strategies can be implemented at once and some of these initiatives may be already occurring in some form. Furthermore, this list is not intended to be comprehensive, but rather serve as a starting point. Other strategies not included here should be considered as well. *Importantly, the potential strategies outlined below are not recommendations.* Ultimately, the appropriateness of any specific courses of action will need to be prioritized or dismissed by local economic development organizations and their partners. When making these decisions, the following questions should be considered:

- Which strategies are most realistic given time commitments, budget considerations, and staff or volunteer capacities?
- Are there initiatives that can be accomplished through partnerships with other organizations and agencies?

Area of Emphasis #1 - Developing and Leveraging Human Capital

As noted in Section 2, human capital is a local asset that can promote rural development by improving productivity, providing opportunities to diversify the industrial base, and fostering innovation. As non-metropolitan economies increasingly face domestic and international economic pressures, the importance of rural human capital will likely grow. While human capital-based initiatives will not explicitly solve the region's economic development needs, a number of strategies could potentially better develop and leverage the knowledge and skills of residents in the Shawano-Menominee area. Specific examples include:

- **Communicate labor force statistics at the regional level** - The Shawano-Menominee area has a working age population of roughly 28,000 residents. Even if every potential worker is participating in the labor force, the Shawano-Menominee area remains below the size threshold for many business relocation or expansion projects. However, the figures for the Shawano-Menominee region do not reflect the true size of the labor force. In fact, almost half of the individuals working in either Shawano County or Menominee County/Nation reside outside the area. Consequently, any labor force characteristics conveyed to current or potential employers should reflect the assets of the 10-county region, rather than just the Shawano-Menominee area. Statistics for the entire region also should be included on relevant websites and in business retention, expansion and attraction collateral materials. Specific labor force information to include is listed later in Section 5;
- **Work with businesses and workforce development organizations to address an aging labor force** – The Shawano-Menominee region faces a growing share of residents who will be age 65 or over. While the share of workers approaching a traditional retirement age varies by industry (Section 2), the aging labor force could present a challenge for region. While the impact of an aging population may be lessened by factors such as increased productivity or greater immigration rates, businesses likely will need to identify strategies to address this issue. Conversations with individual businesses about the age of their work force should be part of business retention and expansion activities. Workforce development intermediaries and institutions should be part of these conversations as well. Specific strategies to be covered could include:
 1. Finding means for transferring tacit knowledge from retiring workers to incoming employees;
 2. Developing flexible work schedules or creating phased retirement programs;
 3. Exploring telecommuting and job sharing options;
 4. Identifying succession planning resources in the region and connecting them to business owners approaching retirement;

5. Determining and funding capital investments that could increase productivity within facilities (new equipment, etc.);
- **Engage youth** – When compared to the United States and State of Wisconsin, the Shawano-Menominee region has a smaller share of residents of prime working age (age 25 to 54). Despite this age distribution, its share of residents under the age 16 is only slightly smaller than the percentages found in the Balance of the Ten County Region, the State of Wisconsin, and the United States (see Section 2). While these residents are not yet part of the current labor force, they are an asset and potential source of labor in the future. Engaging young residents as a potential source of labor now could help the region better retain them in the future; encourage their potential return to the community after attending a post-secondary institution; and develop stronger overall connections to the community. Examples of engaging youth as a long-term economic development strategy could include:
 1. Exposing young residents to career opportunities in locally prevalent industries through field trips, class presentations, job shadowing opportunities, or other means;
 2. Providing internships or mentoring opportunities at local firms;
 3. Asking high school students about their opinions on the region. Listening to the thoughts of younger residents may help identify hidden assets in the community and detect quality of life mismatches between older and younger generations. Addressing these assets and opinions may help to build a community that students want to remain in or return to someday;
 4. Provide entrepreneurship education at the K-12 level. This opportunity is further discussed below;
 - **Leverage unique regional assets to attract and retain talent** – As noted in Section 2, the net outmigration of young residents often generates unease among rural areas such as the Shawano-Menominee region. A limited ability to attract residents with a college degree evokes similar concerns in some regions. The combination of these two mobility trends has led some smaller, rural areas to develop strategies that intend to attract and retain young, college graduates. These strategies are often based on small communities trying to replicate some level of amenities often found in large metropolitan areas.

Unfortunately, these attempts are misguided and the Shawano-Menominee region should not seek to compete directly with large urban areas for attracting young, educated workers. Young workers are attracted to large metro areas due to their thick labor markets and a critical mass of amenities. The Shawano-Menominee region (or other rural areas) will never be able replicate these two conditions. Instead, the region should seek to leverage its own unique assets that may be desirable to a specific segment of the population. In particular, Shawano County shows a net in-migration of residents in the 30 to 34 age group and the 35 to 39 age cohort. These individuals are attracted to the community for some reason. The *Leadership Shawano County Live and Work Survey* may provide some insights to what makes the region desirable to these individuals. Conversations with new residents could also provide additional insights. These community assets could be part of an attraction/retention strategy for these age groups.

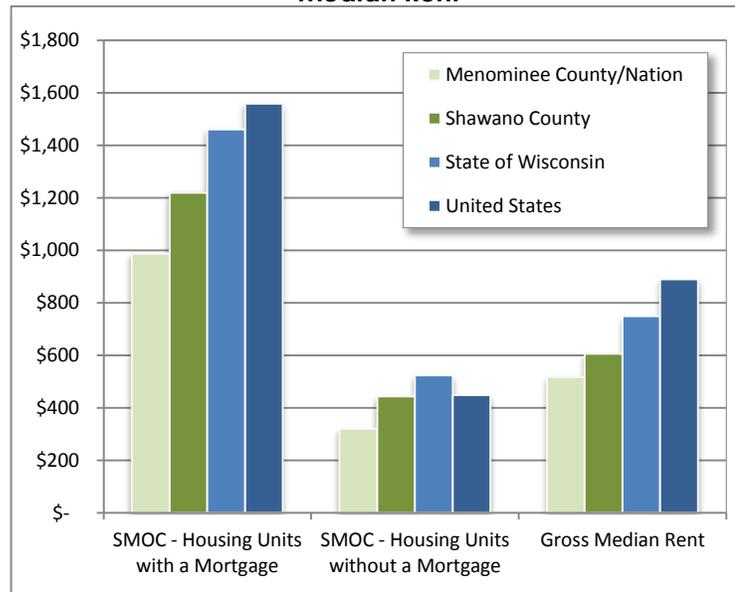
Furthermore, there are some young and/or educated individuals who may desire a lifestyle built around characteristics and amenities found in rural areas. Not all young professionals want to live in an urban setting and the region should consider other cultural and/or natural assets that could provide a basis for attraction and

retention. For instance, Andreson (2009) found that many of the assets that brought new, young residents to Iron County, Wisconsin were overlooked or considered detriments to long-term community members. Conversations with young professionals in the Shawano-Menominee area may also identify similar local assets that could serve as the foundations for attraction and retention strategies. Cataloging and marketing natural, cultural and other assets in the region could provide a starting point for these efforts;

- **Illustrate cost of living comparisons** – Section 1 and Section 3 note wage and income disparities in the Shawano-Menominee region relative to the State of Wisconsin and the United States. Perception of lower wages, particularly in professional/technical occupations, was suggested as a potential deterrent to attracting and retaining talent. However, these figures are not adjusted for variations in local costs of living. While small area cost of living estimates are not easily produced, housing rates do provide some perspective on local living costs. The American Community Survey (described in Section 2) reports median gross rent and selected median owner costs (SMOC) for owner-occupied housing units. For housing units without a mortgage, selected owner costs include real estate taxes, insurance, utilities, fuels, mobile home costs, and condominium fees. Housing units with a mortgage include these costs as well as the monthly mortgage payment.

For housing units with a mortgage, median owner costs in the Shawano-Menominee area are well below those found in the United States and the State of Wisconsin (Figure 5.1). Similar differences are found when comparing gross median rents. Note that these monthly cost figures are not necessarily direct comparisons of housing stock with similar characteristics (square footage, number of bedrooms, lot size, etc.). However, these figures do provide a starting point for arguing that the Shawano-Menominee area offers lower costs of living. Housing costs can also be benchmarked against other areas of interest to make similar comparisons.

Chart 5.1 – Selected Median Owner Costs and Gross Median Rent



Source: U.S. Census Bureau, 2009-2010 ACS and LW Extension

- **Connect with former graduates** – Former graduates of local high schools or higher educational institutions may have considered returning to the area, but may not be aware of potential opportunities in the area. The rise of social media sites such as Facebook, LinkedIn and Classmates make this task easier;
- **Consider developing a retiree attraction strategy** – Migration data by age group (Section 2) suggest that Shawano County has a positive net migration of individuals at or near retirement age. While the in-migration of these individuals contributes to the region’s older age structure, retirees also provide assets and opportunities such as a larger retail and property tax base; an increase in a community’s bank deposits; greater demand for local goods and services; and a source of volunteers and community leadership. However, potential disadvantages also exist, including limited support for funding public schools; increased demands on the health care system; and potential conflicts between new and long-time residents (Chestnut, 2007).

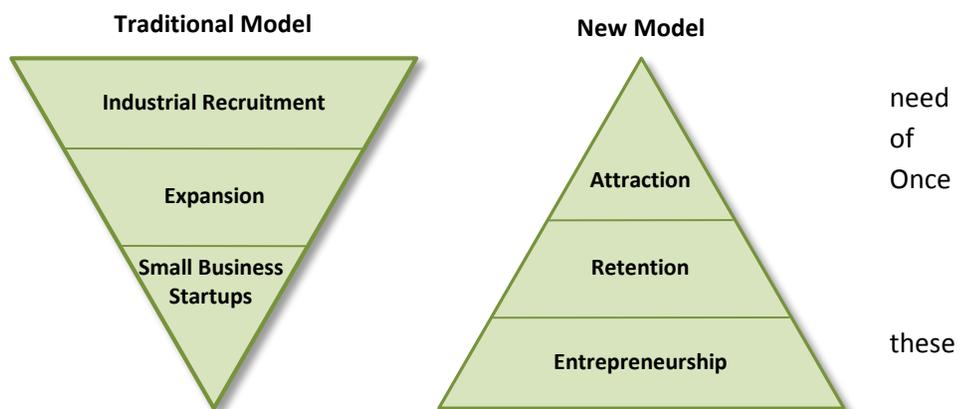
For those communities that decide the benefits of attracting retirees outweigh the disadvantages, a retiree attraction strategy may provide an economic development opportunity. These strategies may be particularly relevant for regions that can offer the amenities desired by retirees such as a lower costs of living; low levels of urbanization; quality housing options; good health care; outdoor and cultural attractions; and adequate transportation services (Chestnut, 2011). While the Shawano-Menominee area offers many of these qualities, an active program to leverage and promote these assets may help to market the area. If the Shawano-Menominee region decides to actively pursue this strategy, guidebooks are available from the Alabama Cooperative Extension System at: https://www.auburn.edu/outreach/ecdi/documents/tourism/74_marketing.pdf and http://www.auburn.edu/outreach/ecdi/documents/tourism/73_establishing.pdf

Area of Emphasis #2 – Determine an Appropriate Balance of Business Retention, Start-up, Expansion and Attraction Activities

As noted in Section 1, by far the greatest share of net job growth comes from existing businesses (expansions) and new business formations (e.g. start-ups). In contrast, very low shares of net new jobs typically are attributed to industry relocations, even in fast growing regions. While these job growth figures do not imply that regions should abandon industrial attraction, the statistics do suggest a needed balance between industry attraction, retention, start-up, and expansion activities. Accordingly, those regions that recognize an imbalance among their economic development initiatives are moving from a traditional model to a new model of economic development (Figure 5.1).

Implementing a new model for local economic development can be challenging. Understandably, political pressure, reduced visibility, and loss of funding are common concerns of organizations considering a new approach. Some of these apprehensions can be eased by noting that industry attraction is not abandoned in the new model of economic development. Nonetheless, a balanced approach may better reflect the current rural economic realities outlined in Section 1. The Shawano-Menominee region will to decide its own mix and allocation economic development activities. Once decided, a number of strategies below are available for consideration and possible implementation. Again, some of actions are already occurring while others may be nascent or new.

Figure 5.1 – Traditional and New Models of Economic



Source: Dabson (2003)

- Pursue attraction and expansion activities through a sector-based strategy** – As mentioned in Section 4, a sector-based strategy could help the Shawano-Menominee region to better align its local economic and workforce development activities. When conducted effectively, sector-based approaches allow for efficient focusing and allocation of resources. Sector-based approaches also offer opportunities to create market efficiencies between the labor supply produced by workforce development efforts and the labor demand created through economic development efforts.

As noted in Section 3 and Section 4, there are many sectors that are either concentrated or have other strengths in the area. While the specific industries to target will need to be prioritized locally, the Shawano-Menominee region should focus on no more than four or five. These sectors should also be focused on those that are export-based, or those that export goods and services beyond the region (Figure 5.1). For instance, health care and retail are important industries in the region. However, health care and retail tend to be driven by the needs of the local population rather than external demand. Consequently, these industries are not considered as part of a sector-based industrial attraction and expansion strategy. *Again, these findings do not imply that other industries are unimportant and do not deserve support.* However, support for these industries will likely involve strategies and activities other than committed attempts at attraction or expansion.

Specific targets to pursue include those that have concentrations or other strengths in the Shawano-Menominee region. Again, not all of these industries are necessarily concentrated in Shawano County or Menominee County/Nation, but instead reflect intensities in the 10-County Region (Figure 5.2). Importantly, most of these targeted categories are mature, legacy industries. The durable manufacturing categories in Figure 5.2 also tend to be cyclical in nature. *Consequently, the region faces challenges in that many of these industries are subject to macroeconomic forces uncontrollable by local efforts.* recognizing this fact, the region may need to diversify somewhat by considering other emerging opportunities. Targeting opportunities for diversification could be pursued through a broader entrepreneurial development strategy as discussed



several
to
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below.

Specific strategies to attract and expand target industries could include:

1. *Develop a working knowledge of each target industry* – The Shawano-Menominee region should learn as much as possible about the needs and trends occurring in each industry. Doing so will help position the region to meet the necessities of each industry. Knowledge could be gathered by individuals or through a committee structure. Examples of specific activities include: visiting industry association websites (see Section 4); obtaining secondary market research reports through IBISWorld or other resources; talking with local firms in the industry as part of business retention and expansion visits; keeping up-to-date on trends in site selection publications; or visiting trade shows. Note that some of these options may be costly;
2. *Devote a prominent section of local economic development websites to target industries* – A web page for each target industry should include major employers; current wage rates and wage comparisons to other areas; a listing of relevant degree/training programs at local higher educational institutions or workforce development intermediaries; information on access to markets; and other relevant information (such as a catalog of natural resources in the region); The website should also include keywords significant to each industry. These keywords will help to direct search traffic to local websites;
3. *Partner with WEDC, New North or other regional economic development agencies to market the area* – It is unlikely that local economic development organizations have the budget or resources to place advertisements in national publications or attend large industry trade shows that often are used to market a region; However,

most initial site selection is done at the regional level and these other economic development organizations may be potential partners in these types of marketing efforts;

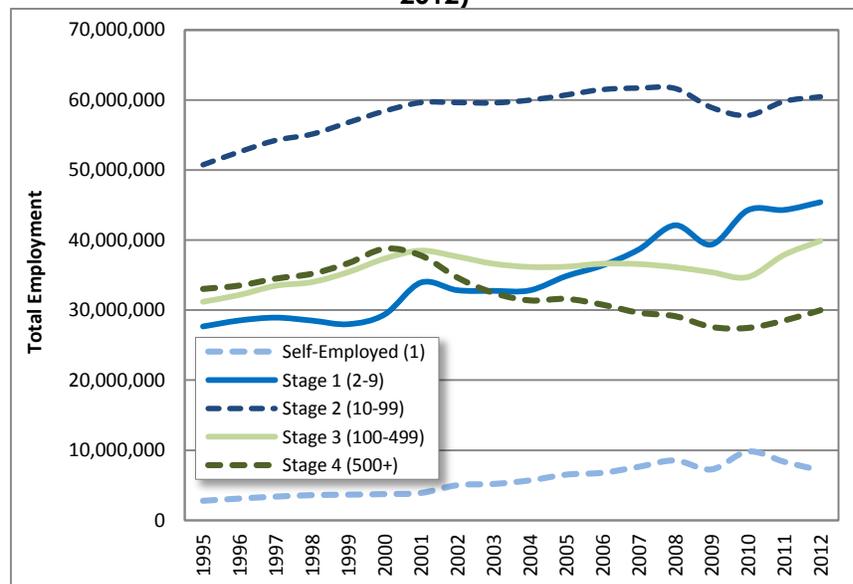
- **Work with existing businesses and leverage other regional assets to fill potential gaps in the market** – As noted in Section 3 and Section 4, a number of goods and services suggest large levels of importation into the region. These include electronic component manufacturing; chemical manufacturing; and professional, scientific and technical services. As part of business retention and expansion activities, local businesses should be consulted as to whether they face difficulties purchasing these (or other) inputs. Businesses could also be asked about specific firms in their supply chains. If a large enough local market exists, some of these supplier firms may become targets for recruitment.

Given the discussion in Section 4, local gaps in the professional, scientific and technical service categories may be somewhat difficult to fill. However, the Shawano-Menominee region may want to pursue these gaps based on lifestyle assets it can offer. Specifically, there may be individuals working in this industry who choose their workplace based on a certain lifestyle that the area can offer. More discussion on attracting lifestyle entrepreneurs is provided below.

- **Ensure that economic development and workforce development efforts are seamless** – Workforce development cannot be approached from a supply-side perspective. That is, workforce development programs must know the demand for specific skills and occupations needed by local employers rather than simply producing skilled labor. Economic development professionals have an opportunity to inform this demand by serving as intermediaries and entry points to the workforce development system. That is, economic development professionals can help inform workforce development needs with frequent contacts with local employers. The ability of economic development professionals to advise workforce development needs is particularly important for understanding the needs of smaller employers (e.g. State 1 and Stage 2 firms) who are sometimes overlooked. Consequently, economic development organizations need strong relationships with all workforce development organizations in the region (i.e. K-12 systems, workforce development boards, higher educational institutions, non-profits, etc.).

- **Consider allocating a high level of support for Stage 1 and Stage 2 businesses** – As firms change in size, their needs and requirements for support also vary. The Edward Lowe Foundation classifies establishments according to five different stages (Figure 5.3 on following page). These stages range from establishments operated by self-employed individuals to firms with more than 500 employees. Over time, Stage 1 and Stage 2 businesses have become the largest overall source of employment in the United States (Chart 5.2). In contrast to Stage 3 and Stage 4 establishments, employment has also grown steadily in Stage 1 and Stage 2 establishments. When considering the general characteristics of establishments in each stage, these trends are not surprising. Specifically, large firms may have achieved a sufficient scale and seek to increase productivity through

Chart 5.2 – National Employment by Establishment Stage (1995 to 2012)



means other than adding employees. In contrast, smaller firms are still trying to achieve scale and often need additional employees to do so.

Figure 5.3 – Business Stages

1. **Self-Employed (1 employee)** - Includes small-scale business activity that can be conducted in homes as well as sole proprietorships;
2. **Stage 1 (2-9 employees)** – Includes partnerships, lifestyle businesses and startups. This stage is focused on defining a market, developing a product or service, obtaining capital and finding customers;
3. **Stage 2 (10-99 employees)** - At this phase, a company typically has a proven product, and survival is no longer a daily concern. Companies begin to develop infrastructure and standardize operational systems. Leaders delegate more and wear fewer hats;
4. **Stage 3 (100-499 employees)** - Expansion is a hallmark at this stage as a company broadens its geographic reach, adds new products and pursues new markets. Stage 3 companies introduce formal processes and procedures, and the founder is less involved in daily operations and more concerned with managing culture and change;
5. **Stage 4 (500 or more employees)** – By Stage 4, an organization dominates its industry and is focused on maintaining and defending its market position. Key objectives are controlling expenses, productivity, global penetration and managing market niches.

Source: Edward Lowe Foundation/YourEconomy.org

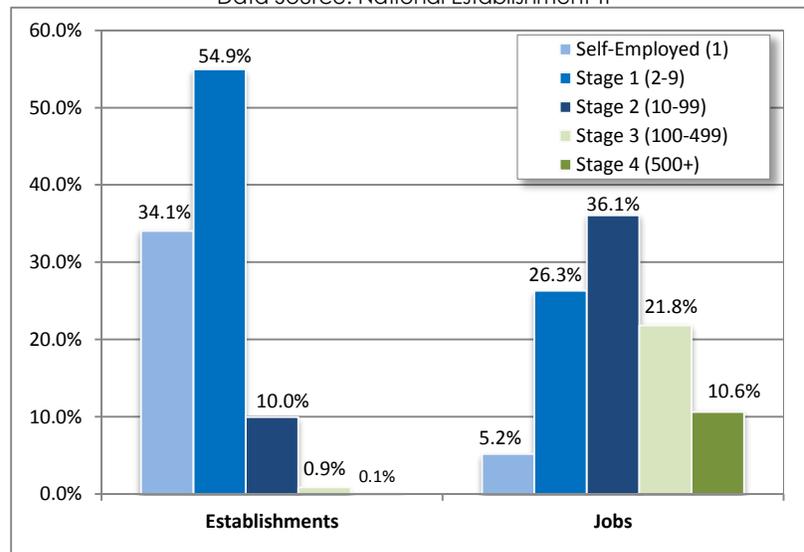
From a strategic perspective, these employment trends do not suggest that large firms should be ignored or discounted in a community. In the Shawano-Menominee region, Stage 3 and Stage 4 businesses still account for almost 11 percent of all establishments and a third of total employment (Chart 5.3). The loss or downsizing of a large employer in the region would certainly have a significant negative impact on the community. However, the distribution of establishments and employment in Chart 5.3 also show that Stage 1 and Stage 2 firms comprise two-thirds of all establishments and employment in the region.

Accordingly, an important question to whether Stage 1 and Stage 2 firms the same level of attention as Stage 3 Stage 4 firms in the community? The to this question is particularly important considering that Stage 1 Stage 2 firms most likely offer a source of future employment growth. Furthermore, many of the potential sector industries are dominated by 1 and Stage 2 firms (see Section 4).

- **Foster entrepreneurial support in the community** – As previously noted, business start-ups are an important component of job growth.

Chart 5.3 – Distribution of Establishments and Employment in the Shawano-Menominee Region by Business Stage

Data Source: National Establishment Ti



me Series Database extracted from YourEconomy.org

ask is receive and answer and greater target Stage

- *Furthermore, developing new business ideas in the region may provide one opportunity to diversify the economy from its current reliance on mature industries.* Consequently, developing support for current and prospective entrepreneurs should be a consideration when developing a long-term economic development strategy.

One means for developing a pool of potential entrepreneurs is to develop an entrepreneurial culture in a community. Economic environments, family backgrounds, employment histories, organizational experiences, social networks, and personality traits all affect the probability of someone acting entrepreneurially (Rauch and Frese, 2000). Some of these factors are deeply engrained in individuals and in societies. Other elements, such as organizational experiences and social networks, can be changed and influenced to develop and grow a community's pipeline of entrepreneurs. Examples of opportunities to foster entrepreneurial support in the Shawano-Menominee region could include:

1. *Ensuring websites have a dedicated section for potential start-ups* - Local economic development websites should include information that targets new business operators and includes links to entrepreneur support organizations (ESOs), business plan competitions, entrepreneur networks, sources of legal advice, financial resources, licensing information, access to technical services, and other relevant information;
2. *Connecting with existing entrepreneurship programs at regional higher educational institutions* – Many colleges and universities in the region including UW Green Bay, UW Stevens Point, and College of Menominee Nation offer various entrepreneur programs to students and the broader community. Outreach to these programs and their respective participants may provide opportunities for recruiting these individuals once they have completed their studies or programs;
3. *Leverage local natural amenities to lifestyle entrepreneurs* – Some entrepreneurs base their operations and location on personal lifestyle choices. These lifestyles could include work/life balance, access to cultural or natural amenities, or other considerations. Consequently, these entrepreneurs are often tied to location and not market opportunity. The Shawano-Menominee region may want to leverage local natural amenities and other quality of life assets as a means of attracting lifestyle entrepreneurs, particularly those in professional and technical industries;
4. *Remain current with current rural entrepreneurship trends and best practices* – The Center for Rural Entrepreneurship is a good resource for learning about rural entrepreneurship activities and opportunities around the nation (www.energizingentrepreneurs.org);
5. *Build entrepreneurship into local K-12 education systems* - One of the greatest opportunities for building an entrepreneurial culture lies with the region's youth. As noted earlier, the Shawano-Menominee region's share of residents age 16 and under is similar to the national average, despite an older overall population. Providing opportunities for these younger residents to learn about entrepreneurship could develop a future pool of potential entrepreneurs. The CEO (Creating Entrepreneurial Opportunities) program in Effingham County, Illinois provides an interesting model for engaging youth (www.effinghamceo.com). The aforementioned Center for Rural Entrepreneurship also has resources on youth entrepreneurship. In particular, see: <http://extension.missouri.edu/ceed/reports/EnergizingYouthEntrepreneurs.pdf>

6. *Highlight existing entrepreneurs in the community* – Recognizing existing entrepreneurs in the media and asking why an entrepreneur chose the Shawano-Menominee region for their enterprise raises awareness of the region as a business location. Doing so also may uncover additional community assets;
7. *Help current or prospective entrepreneurs network* – Economic development organizations provide an opportunity to develop entrepreneurial networks, roundtables, and other networking opportunities. Building networks helps entrepreneurs to share common challenges and learn about resources available to them.

Area of Emphasis # 3 - Communications

Economic development relies on an interconnected network of community members, small business operators, large corporations, non-profit organizations, and government agencies. Successful initiatives require teamwork among all of these stakeholder groups, some of which are willing collaborators while others may be unwilling conspirators (Shaffer, Deller and Marcouiller, 2004). As resources are often limited in smaller communities, the need to build collaborations; marshal volunteers; and approach economic development from a strategic perspective is vital in areas such as the Shawano-Menominee region.

Developing a common direction for the community requires helping stakeholders understand opportunities and challenges faced by the region. Consequently, economic development organizations should consistently communicate with both frequent collaborators and the greater community at large. Outreach efforts could include local newspaper articles, blogs, presences on social media, presentations to community groups, and regular meetings with elected officials. In addition to developing an understanding of local economic development efforts, other possible outcomes of communication include:

- Developing community champions, or individuals who will promote the community wherever they may be;
- Soliciting additional ideas for addressing challenges. As an example, consider the potential implications related to the aging labor force. Conversations with local businesses, residents, school district officials, elected representatives, and other organizations may help to develop strategies that address issues related to tax base, school enrollment, health care, housing and transportation needs, the labor force and other unseen impacts;
- Identifying additional assets in the community. This analysis identifies numerous assets for the region. However, these assets are only a starting point and the community at large may identify other potential resources. As an example from another community, conversations with new residents in Iron County, Wisconsin identified snow as a potential asset in the community. While many long-time residents view snow as a hassle, some residents actually moved to Iron County because the snow levels allowed them to engage in outdoor recreational activities more readily than in other places (Andresen, 2009).

In addition to communicating with local residents, economic development efforts in the Shawano-Menominee area need to connect with external audiences. In fact, the Internet has become *the* primary source of information for

business expansion and relocation activities. Businesses seeking a new location (especially those working with a site selector) will research regions using sophisticated economic databases and web searches. Most communities may not even know they are a candidate as a business location until they become a finalist. Accordingly, many communities may also never know they were eliminated from a site selection process. Consequently, websites and social media are vital communication tools and are often the initial points of contact for businesses, investors and residents.

Given the importance of a community's Internet presence, it is *imperative* to provide relevant, up-to-date information. *Having up-to-date information will also allow local economic development organizations to respond quickly to RFIs.* Specific areas of improvement frequently needed by economic development websites include:

- ***Fixing or removing broken or outdated links*** - For instance, links to largely defunct organizations such as Forward Wisconsin and the Wisconsin Department of Commerce are still found frequently on the websites of economic development organizations;
- ***Providing updated economic and demographic information*** - Some of this information is available in prior sections of this report. Appendix 5A also includes other sources of information available. Specific information to provide includes:
 1. *Current information on available sites and buildings* – This information could be added to [LocateInWisconsin \(www.locateinwisconsin.com\)](http://www.locateinwisconsin.com) and embedded on the website;
 2. *Labor force* – Should include commuting patterns, wages, occupations, educational attainment, age distribution, unemployment and labor participation rates. As noted above, this information should be conveyed at the regional level;
 3. *Natural resource information* – As previously noted, information on agricultural and forest resources in the region should be included;
 4. *A comprehensive listing of incentive sources organized by application* – All state and local incentives should be included. Portions of the Shawano-Menominee region also qualify for Federal programs such as the EB-5 Visa Program, New Market Tax Credits and Low Income Housing Tax Credits. All of this information should be listed by specific use and eligibility considerations (training, equipment purchases, real estate, export assistance, etc.);
 5. *Transportation access* – Listing of major highways and traffic counts; railway operators; airports and other modes of transportation. The listing should include air transportation from Austin Straubel International Airport in Green Bay and Central Wisconsin Airport in Mosinee. Information on the Port of Green Bay should be listed as well;
 6. *Utilities, including broadband* – Utility providers and up-to-date rate information should be listed. Utility information should also include broadband providers, speed (upload and download) and a coverage map;
 7. *Tax Rates* – Local and state information on property taxes, income taxes, corporate taxes and sales taxes;
 8. *Other quality of life information* – Listing of cultural and natural amenities in the region (including Green Bay, Wausau, Stevens Point and Fox Valley communities), school information (graduation rates, teacher-to-student ratios, etc.), health care system figures, air quality, etc.

- **Benchmark information against the United States, State of Wisconsin and comparable areas** – Benchmark information may help businesses quickly compare local economic and workforce characteristics to those found in other areas. In addition to the U.S. and State of Wisconsin, the Shawano-Menominee region may want to choose several other comparison regions across the country that may be similar in population, urban-rural location, and industry structure.
- **Convey the geographic location of the region relative to the state and nation** – Unless a community is a Tier 1 city, it is unlikely that people have a common knowledge of a community’s geographic location. Maps showing the location of the Shawano-Menominee region from state and national perspectives are needed. The Shawano-Menominee region should visually highlight its location relative to Green Bay, Wausau, Madison and Milwaukee. The region should also note that it is equidistant between the Chicago and Twin Cities markets, which places the region at a unique locational advantage.
- **Include information specific to target industries** – As noted above, a portion of websites should be devoted to target industries;
- **Organize information around specific needs of businesses seeking information on relocation, expansion, or start-up activities** – Prospective businesses should not need to hunt for information related to their specific interest in the Shawano-Menominee region. Two websites that could serve as models for *structuring information delivery* include Economic Development Washington County (<http://businessreadywi.com>) and New York City’s Small Business Solutions (<http://www.nyc.gov/html/sbs/nycbiz/html/home/home.shtml>)
- **Consider using search engine optimization tools and social media to improve site visitation** – Many free or low-cost analytical tools (such as Google Analytics) and consultants can help analyze site traffic and access to local economic development websites. These tools may help to identify keywords that could be included on the website; improve search rankings and site visits; and connect the region to other key resources through an effective social media strategy.

Appendix 5A – Economic and Demographic Information Data Sources

Category	Examples of Information to Include	Available Resources
Labor Force	<ul style="list-style-type: none"> Population Age distribution Educational attainment Occupations Average wages Unemployment rates Labor participation rates Commuting patterns Employment by industry 	<ul style="list-style-type: none"> U.S. Census Bureau American Factfinder: factfinder2.census.gov U.S. Census Bureau OnTheMap: onthemap.ces.census.gov U.S. Census Bureau Local Employment Dynamics Quarterly Workforce Indicators: lehd.ces.census.gov/applications/qwi_online Wisconsin Department of Workforce Development: worknet.wisconsin.gov/worknet
Natural Resources	<ul style="list-style-type: none"> Number of farms and agricultural production land area Livestock and crop production Farm operator characteristics and income Forest area, volume, net growth and removals Soil quality Air quality Water quality 	<ul style="list-style-type: none"> USDA Census of Agriculture: www.agcensus.usda.gov US Forest Services Forest Inventory Data Online: www.fia.fs.fed.us USDA National Resources Conversation Service Web Soil Survey (WSS): websoilsurvey.sc.egov.usda.gov WI Department of Natural Resources: dnr.wi.gov/topic/AirQuality/ dnr.wi.gov/topic/water.html USGS National Water Quality Assessment Data: cida.usgs.gov/nawqa_queries_public
Utilities	<ul style="list-style-type: none"> Electrical and natural gas rates Water rates Broadband availability and rates 	<ul style="list-style-type: none"> Local utilities in service area: psc.wi.gov/utilityinfo/maps/electricmaps.htm Local municipal water utilities LinkWisconsin State Broadband Map: www.link.wisconsin.gov/lwi/maps.aspx
Transportation Access	<ul style="list-style-type: none"> Airports Rail lines Highways and traffic counts Ports 	<ul style="list-style-type: none"> FAA Airport Data: www.faa.gov/airports/airport_safety/airportdata_5010/ Austin Straubel International Airport: www.flygrb.com Central Wisconsin Airport: www.fly-cwa.org Canadian National: www.cn.ca/en/ Wisconsin DOT Traffic Counts www.dot.wisconsin.gov/travel/counts/index.htm Port of Green Bay: www.portofgreenbay.com

Appendix 5A – Economic and Demographic Information Data Sources

Category	Examples of Information to Include	Available Resources
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Tax Rates	<ul style="list-style-type: none"> • Corporate income tax • Personal income tax • Property tax • Sales tax 	<ul style="list-style-type: none"> • Wisconsin Economic Development Institute: www.forwardwiccompare.com/ • Wisconsin Department of Revenue: www.revenue.wi.gov/corpfanchise/index.html www.revenue.wi.gov/individuals/income.html www.revenue.wi.gov/salesanduse/index.html
Incentives	<ul style="list-style-type: none"> • Real estate • Equipment • Working capital • Training • Research and development • Export/import assistance 	<ul style="list-style-type: none"> • WEDC: http://inwisconsin.com/grow-your-business/programs/ • Wisconsin Department of Revenue: www.revenue.wi.gov/businesses/incentives.html • WHEDA: www.wheda.com • SCEPI: www.shawanoecondev.org • U.S. Citizen and Immigration Services: www.uscis.gov/working-united-states/permanent-workers/employment-based-immigration-fifth-preference-eb-5/eb-5-immigrant-investor • Small Business Administration: www.sba.gov
Quality of Life	<ul style="list-style-type: none"> • School quality • Outdoor recreation resources • Cultural resources • Shopping and dining • Health care and public health • Housing costs 	<ul style="list-style-type: none"> • Wisconsin Department of Public Instruction WISEDash: wisedash.dpi.wi.gov/Dashboard/portalHome.jsp • Regional Chambers of Commerce • Wisconsin DNR: dnr.wi.gov/topic/outdoorrecreation • Wisconsin Department of Health Services City, County and Regional Data: www.dhs.wisconsin.gov/localdata/index.htm • Local Realtors • U.S. Census Bureau American Factfinder: factfinder2.census.gov

Note by the writer **jsm**

When the labor force section in the Matt Kures report was reviewed by a couple elected officials in Shawano County, they thought the utility of the report, as to the report on the labor pool, was not useful, because it combined Shawano County and Menominee County-Nation, and they believed there were significant, relevant differences in the 2 populations. I looked into that, and made the following response.

During Redicated concern was expressed over the Workforce section of the economics study being completed used the two above counties as one “entity” for analysis purposes, instead of keeping them separate.

That will remain the case with the final report, since the advisory committee (comprised primarily of economic development people, business people, and local educators) wanted that. It is meant to support economic development efforts in the future, but is not a document intended to be used as “attraction materials”.

But I will have data from the attached added to the forthcoming *Economic Development Studies and Paths* that I am preparing for stakeholders in economic development, including you. That will be completed this fall.

Attached are 4 PDF documents. They are the 5 year summary data re each county, as to social and economic figures.

I recall the two areas of concern being the comparative unemployment stats and the educational attainment stats.

From the attached documents:

Estimated averages, 2007-2011 and Kures study figures

Category	Population	25 years and older	Completed High School /GED only	2 year degree (aka Associate's Degree)	Bachelor's Degree	Post Graduate Degree	Unemployment
Shawano County	41,866	29,266	46.9%	8.6%	9.7%	4.8%	8.0%
Menominee County-Nation	4,262	2,500	36.6%	5.8%	8.2%	5.8%	18.1%
Kures Study, combined data	-	-	46.1%	8.4%	9.6%	4.9%	Graphed figure would average a tad less 9% over the 5 year period.

So why does the combining of the stats for both counties, make so little difference? It is because of the population difference. Shawano’s population is nearly 10x that of Menominee, and the over 25 population is almost 12x different.

Biobased Production Notes re Matt Kures Study jsm

The following “Gaps” in the 10 county could be considered in studying the biobased industrial potential of our two county region:

“Plastics materials and resins is another product that is largely petroleum-based and imported in large amounts by the region’s sizeable plastics manufacturing industry;

basic organic chemicals; adhesives; printing inks; all other basic inorganic chemicals; and all other chemical products and preparations rely heavily on petrochemicals for their production. These product categories include a wide variety of chemicals such as acids, ethers/esters, and alcohols.

A number of agricultural products potentially are imported into the region despite a large presence of local producers. “

