

## 7.0 ECONOMIC CONDITIONS

### 7.1 HISTORIC ECONOMIC OVERVIEW

Bayfield County's local economy, which has been historically based in forestry, fishing, and farming, has evolved into an economy that is dominated by the tourism industry (See Outdoor Recreation and Tourism Section). Table 7.1 represents the ten largest industry groups in Bayfield County in March 2000. The presence of the tourism industry is evident through the prevalence of jobs related to this industry. There also exists a notable proportion of educational and government jobs in the county. Logging related employment, a traditional manufacturing industry within the county, is no longer in the top ten county industry groups.

Table 7.1 - Top Ten Industry Groups in Bayfield County (March 2000)<sup>1</sup>

Industry Group (Standard Industry Classification Code) <sup>2</sup>	Employers	Employment
Educational Services	7	446
Executive, Legislative and General Government	28	343
Eating and Drinking Places	46	308
Hotels and Other Lodging Places	24	299
Amusement and Recreation Services	13	156
Health Services	8	125
Administration of Environmental Quality and Housing Programs	*	*
Membership Organizations	*	*
Special Trade Contractors	31	100
Automotive Dealers & Service Stations	11	91

\* Data suppressed to maintain confidentiality

### 7.2 FOREST PRODUCTS INDUSTRY

While no longer a dominant industry in Bayfield County, the forest products industry remains significant to the local economy. The county lost a number of jobs in this economic sector when the James River Mill located in Ashland County closed in 1998 dislocating 221 employees. Export of raw forest products from Bayfield County provides a forest resource base supporting the forest products industries of surrounding counties.

### 7.3 BAYFIELD COUNTY ECONOMIC DEVELOPMENT DIVERSIFICATION PLAN

In 1998, a three-county economic development committee was formed between Ashland, Bayfield, and Iron Counties. The committee's responsibilities were to analyze local economic conditions and develop goals, economic strategies, and activities to further economic development in the region. The results of the committee's findings and recommendations are

<sup>1</sup> Source: Wisconsin Department of Workforce Development

<sup>2</sup> See page 7-5 for SIC definitions

contained within the “*Bayfield County Economic Development Diversification Plan*”. Future planning and activities related to economic development within Bayfield County should refer to the actions, activities, and recommendations contained within this document.

A direct result of the economic diversification plan was the creation of a committee to guide future economic development initiatives; and in the fall of 1999, the Bayfield County Economic Development Corporation (BCEDC), was formed. This committee developed a strategic plan in June 2002 (*Bayfield County Economic Development Corporation Strategic Plan*), which defined new economic development goals and provided a list of potential economic resources for the county. To date, the BCEDC is credited with providing economic development assistance to several local businesses, developing several county economic development initiatives, securing grant funding for local business development, and numerous other economic development activities.

#### 7.4 EMPLOYMENT CHARACTERISTICS

With such a large percentage of the employment opportunities in Bayfield County linked to the tourism industry, noticeable seasonal fluctuations occur in county unemployment rates (see Table 7.3). The peak tourism season is summer, with a fairly robust fall/winter season based on snowmobiling, hunting, and other outdoor recreation. Tourism related jobs tend to oscillate based on these seasonal fluctuations. Many tourism related jobs within Bayfield County are classified as part-time employment (<40 hour per week).

#### 7.5 UNEMPLOYMENT TRENDS IN BAYFIELD COUNTY

Unemployment figures for Bayfield County indicate a significant departure from the statewide-unadjusted unemployment figure of 4.2 percent for December 2001. Historically, unemployment rates for Bayfield County have remained above both the state and national averages (Table 7.2). Significant monthly fluctuation in the unemployment numbers in Table 7.3 is indicative of the seasonal nature of the county employment market. In February 2001, unemployment rates soared to as high as 9.2 percent, rebounding to 3.0 percent in September. These dramatic shifts in the county unemployment rate characterize the nature of the tourism-based economy. Personal income levels are strongly affected by the seasonal fluctuations in the availability of jobs. Other implications may include problems related to housing, transportation, and the adequacy of existing infrastructure to meet peak demands.

Table 7.2 - Unemployment Trends<sup>3</sup> 1990-2000 (Annual – not seasonally adjusted)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Labor Force	6,618	6,568	6,821	7,092	7,425	7,332	7,585	7,767	7,452	7,195	7,367
Employment	6,105	6,011	6,296	6,538	6,830	6,841	7,129	7,249	6,960	6,784	6,888
Unemployment	513	557	525	554	595	491	456	518	492	411	479
Rate	7.8%	8.5%	7.7%	7.8%	8.0%	6.7%	6.0%	6.7%	6.6%	5.7%	6.5%

<sup>3</sup> Wisconsin Department of Workforce Development

Table 7.3 - Unemployment Trends<sup>3</sup> 2001 (Monthly)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Labor Force	7,381	7,447	7,447	7,492	7,524	7,865	7,767	7,627	7,406	7,390	7,378	7,359
Employment	6,718	6,759	6,778	6,876	7,129	7,479	7,450	7,353	7,186	7,122	6,918	6,828
Unemployment	663	688	669	616	395	386	317	274	220	268	460	531
Rate	9.0%	9.2%	9.0%	8.2%	5.2%	4.9%	4.1%	3.6%	3.0%	3.6%	6.2%	7.2

7.6 TEN LARGEST EMPLOYERS IN BAYFIELD COUNTY<sup>4</sup>

Table 7.4 – County Employers

Company/Organization	Product or Service	Employees
Bayfield County	Executive and General Government	100-249
Bayfield School District	Education	100-249
Washburn School District	Education	100-249
Northern Lights Health Center	Health Care Services	50-99
Drummond School District	Education	50-99
Isle Vista Casino	Amusement Services, Gaming	50-99
Red Cliff Band, Lake Superior Chippewa	Membership Services, Administration	135*
Telemark Interval Owners Assn.	Hotels & Lodging Services	50-99
South Shore School District	Education	50-99
Hood Equipment	Industrial Equipment	50-99

7.7 INCOME AND WAGES

As indicated in Table 7.5 (Per Capita Personal Income), Bayfield County PCPI was significantly lower than both the US and state of Wisconsin. In 1999, Bayfield County ranked 61<sup>st</sup> out the states 72 counties in PCPI. Also, annual and five-year increases in PCPI in Bayfield County fell short of both state and US increases during the same period.

Table 7.5 - Per Capita Personal Income<sup>5</sup> (PCPI)

	1994	1995	1996	1997	1998	1999	Percent Change	
							1 Year	5 Years
USA	\$22,581	\$23,562	\$24,651	\$25,874	\$27,321	\$28,546	+4.5%	+26.4%
Wisconsin	\$21,699	\$22,573	\$23,554	\$24,791	\$26,227	\$27,370	+4.4%	+26.1%
Bayfield Co.	\$16,327	\$16,531	\$17,232	\$18,161	\$18,845	\$19,390	+2.9%	+18.8%

<sup>4</sup> DWD, Bureau of Workforce Information, ES-202 file tape, 1<sup>st</sup> quarter 1999 and LMI benchmark 20

\* Red Cliff Figure

<sup>5</sup> Data – Wisconsin Department of Workforce Development. Per Capita Personal Income = Total income from wages and self-employment, assets, and other transfer payments divided by the total population.

The data in Table 7.6 (1999 Bayfield County Average Annual Wages by Industry) indicates that county wages by type of industry are significantly lower than the statewide average for the same industry. In some cases, the county average wage barely exceeds 50 percent of the statewide average for that industry.

Table 7.6 – 1999 Bayfield County Average Annual Wages by Industry<sup>3</sup>

	Number of Workers	Annual Average Wage	State Average Wage	% Of State Average
All Industries	3,651	\$17,902	\$29,609	60.5%
Agriculture, Forestry & Fishing	22	\$11,515	\$21,499	53.6%
Mining	*	*	\$39,968	*
Construction	207	\$21,195	\$36,772	57.6%
Manufacturing	213	\$24,389	\$37,773	64.6%
Transportation, Communications & Utilities	249	\$27,019	\$34,523	78.3%
Wholesale Trade	53	\$19,645	\$38,048	51.6%
Retail Trade	762	\$10,186	\$15,066	67.6%
Finance, Insurance & Real Estate	150	\$22,139	\$37,911	58.4%
Services	996	\$14,100	\$26,041	54.1%
Total Government	999	\$22,651	\$32,017	70.7%

Note – The data from Employment and Wages Covered by Wisconsin's Unemployment Insurance Law differs from employment data in the nonfarm wage and salary estimates because: 1) multi-location employers report all workers and wages at a single site, i.e., retail franchises; 2) not all employers are covered by the unemployment insurance law and therefore are not included in this data, i.e., railroads, parochial schools; 3) employment and wages with Indian-owned establishments are reported by industrial classification, not by government ownership. This is most apparent in services and government.

\* Data suppressed for confidentiality

Table 7.7 provides a summary of educational attainment for Bayfield County.

Table 7.7 - Educational Attainment<sup>6</sup>

	Number of Residents	Percent of Residents over age 18
Less than 9th grade education	406	3.9%
9th to 12th grade, no diploma	968	9.2%
High school graduate (includes equivalency)	398	34.2%
Some college, no degree	2,268	21.5%
Associate degree	1,015	9.6%
Bachelor's degree	1,546	14.7%
Graduate or professional degree	725	6.9%

<sup>6</sup>Source: U.S. Census Bureau, 2000

## 7.8 BAYFIELD COUNTY COMMUTING PATTERNS

See County Transportation Network

## 7.9 SIC CODE DEFINITIONS

### *Educational Services*

This major group includes establishments providing academic or technical instruction. Also included are establishments providing educational services such as libraries, student exchange programs, and curriculum development.

### *Executive, Legislative and General Government*

This major group includes offices of executives, legislative bodies, and general government offices not elsewhere classified.

### *Eating and Drinking Places*

This major group includes retail establishments selling prepared foods and drinks for consumption on the premises and also lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption. Restaurants, lunch counters, and drinking places operated as a subordinate service facility by other establishments are not included in this industry, unless they are operated as leased departments by outside operators.

### *Hotels and Other Lodging Places*

This major group includes commercial and noncommercial establishments engaged in furnishing lodging or lodging and meals and camping space and camping facilities

### *Amusement and Recreation Services*

This major group includes establishments engaged in providing amusement or entertainment services, not elsewhere classified.

### *Health Services*

This major group includes establishments primarily engaged in furnishing medical, surgical, and other health services to persons.

### *Environmental Quality and Housing*

This major group includes government establishments primarily engaged in the administration of environmental quality and housing programs.

### *Membership Organizations*

This major group includes organizations operating on a membership basis for the promotion of the interests of their members. Included are organizations such as trade associations, professional membership organizations, labor unions and similar labor organizations, and political and religious organizations.

### *Special Trade Contractors*

This major group includes special trade contractors who undertake activities of a type that are specialized either to building construction, including work on mobile homes, or to both building and nonbuilding projects.

### *Automotive Dealers & Service Stations*

This major group includes retail dealers selling new and used automobiles, boats, recreational vehicles, utility trailers, and motorcycles including mopeds; those selling new automobile parts and accessories; and gasoline service stations.