

3 DEMOGRAPHIC, ECONOMIC, AND HOUSING PROFILE

Three separate but inter-related local units of government neighbor the Flambeau Mine site and make up the study area: Rusk County, the City of Ladysmith, and Town of Grant. An analysis of those municipalities is presented in this section. Some statistical data, however, is available only at the county and state level.

3.1 POPULATION

Population Trends

Past and current populations of the local units of government surrounding the Flambeau Mine are addressed in Table 3.1. The population in Rusk County peaked in 1940 at 17,737 and declined each decade until the 1970's. Since 1980, it has been fairly static.

Population growth in Rusk County, the City of Ladysmith, and Town of Grant did not keep pace with the growth in the State of Wisconsin from 1990 to 2000. In fact, Ladysmith and Grant experienced a loss in population during that decade.

Population growth and decline are the result of two factors, the rate of natural increase (the number of births versus deaths) and net migration (movement in and out of the area). The modest increase of 268 residents between 1990 and 2000 for Rusk County was due to a natural increase of 166 residents and 102 from net migration.

Based on the 2002 population estimate, Rusk County was ranked 64 out of 72 counties in Wisconsin. From 2000 to 2002, the County and Town of Grant were estimated to experience a gain in population, while the City of Ladysmith was estimated to suffer a modest decline.

Table 3.1 Summary of Population Trends 1970-2002

	1970	1980	1990	1993 Est.	1997 Est.	2000	2002 Est.	% Change 1990-2000
State of Wisconsin	4,417,821	4,705,642	4,891,769	5,020,994	5,192,298	5,363,715	5,441,196	9.65%
Rusk County	14,238	15,589	15,079	15,189	15,310	15,347	15,458	1.78%
City of Ladysmith	3,674	3,826	3,938	4,006	4,002	3,932	3,896	-0.15%
Town of Grant	931	998	847	838	844	767	772	-9.45%

Source: U.S. Census Bureau, WI Dept. of Administration

Population Projections

Shown in Table 3.2 are population projections to 2030 by the Wisconsin Department of Administration (DOA) and NWRPC. NWRPC projections were done using 30 years for a historical average (HA), linear regression (LR), and a 20 year average (20-YR). Although the outcomes vary, Rusk County and the City of Ladysmith show a gain in three out of four projections, but the Town of Grant shows a decline in all four projections.

Table 3.2 Population Projections 2005 to 2030

Place	2000	2005	2010	2015	2020	2025	2030	% Change
Wisconsin								
DOA	5,363,715	5,563,896	5,751,470	5,931,386	6,110,878	6,274,867	6,415,923	19.6%
Rusk County								
DOA	15,347	15,564	15,854	15,996	16,124	15,944	15,634	1.9%
HA	15,347	15,551	15,756	15,966	16,176	16,391	16,607	8.2%
LR	15,347	15,627	15,768	15,908	16,049	16,190	16,331	6.4%
20-YR	15,347	15,290	15,232	15,175	15,119	15,062	15,006	-2.2%
City of Ladysmith								
DOA	3,932	3,913	3,902	3,852	3,799	3,673	N/A	-6.6%
HA	3,932	3977	4022	4069	4115	4162	4210	5.9%
LR	3,932	4020	4064	4108	4153	4197	4241	6.7%
20-YR	3,932	3959	3987	4014	4042	4070	4098	3.5%
Town of Grant								
DOA	767	748	732	708	684	648	N/A	-15.5%
HA	767	745	723	702	681	661	641	-13.8%
LR	767	757	725	693	661	629	596	-18.1%
20-YR	767	720	673	631	590	554	518	-27.8%

Source: U.S Census Bureau; Demographic Services Center, WI Department of Administration; NWRPC Projections

Racial Composition

The racial composition of the population from 1990 and 2000 in the communities surrounding the Flambeau mine is summarized in Table 3.3. In all areas, the percentage of the black ethnic group increased the most during that decade. Rusk County, the City of Ladysmith, and Town of Grant have a lower percentage in all ethnic groups than the State of Wisconsin.

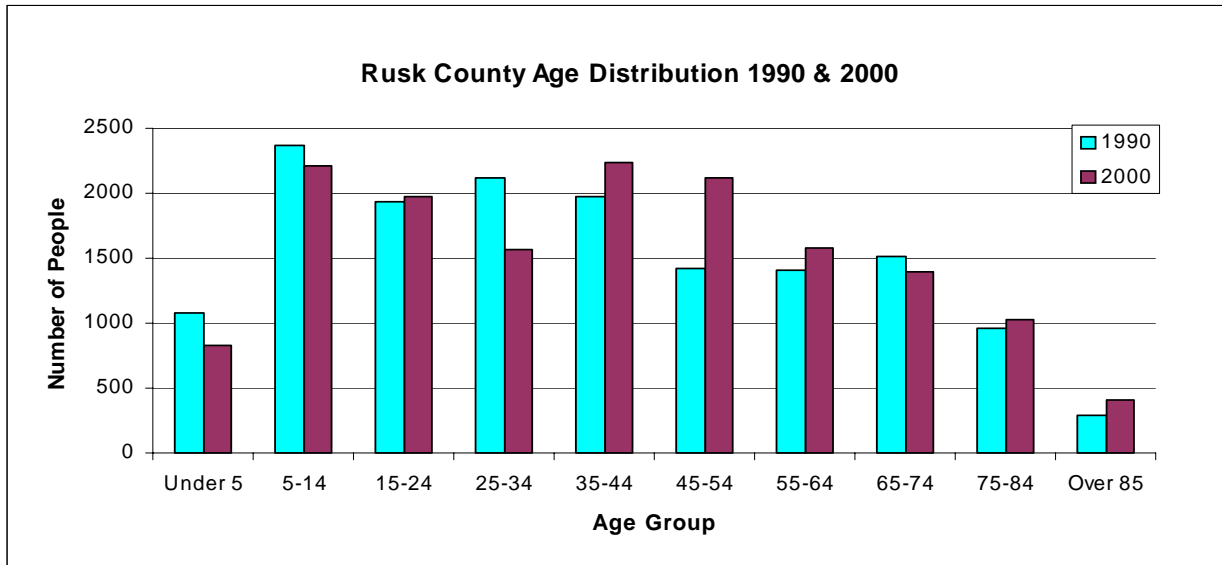
Table 3.3 Ethnic Composition								
	% White		% Black		% American Indian		% Other	
	1990	2000	1990	2000	1990	2000	1990	2000
State of Wisconsin	92.3%	90.0%	5.0%	6.1%	0.8%	1.3%	1.9%	2.6%
Rusk County	98.3%	98.3%	0.2%	0.7%	0.5%	0.8%	1.0%	0.2%
City of Ladysmith	96.0%	97.2%	0.6%	1.7%	0.8%	0.9%	2.7%	0.2%
Town of Grant	99.4%	98.8%	0.0%	0.3%	0.6%	0.4%	0.0%	0.5%

Source: U.S. Census Bureau

Population Distribution by Age

A comparison of the age distribution for the population in Rusk County for 1990 and 2000 is depicted in Figure 3.1. The high proportion of older residents in the County is because two of the three age categories under age 25 suffered losses in population and four out of five of the age categories over 45 years made gains in population.

Figure 3.1

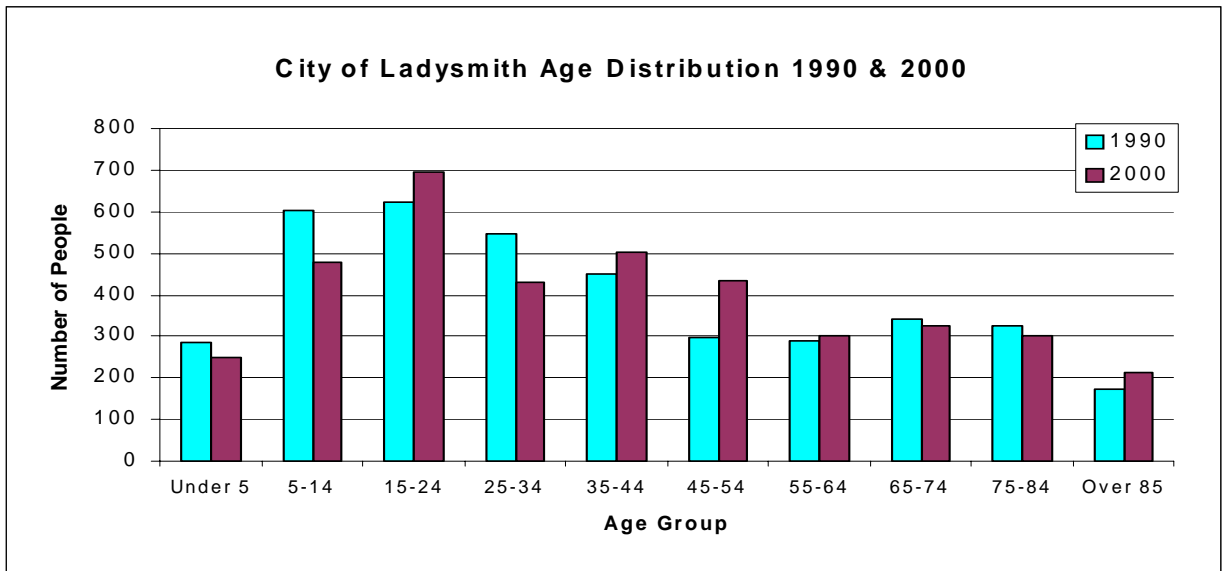


Source: U.S. Census Bureau

The largest percentage increases were in the 45-54 (49%) and the over 85 (42%) age groups. The largest percentage decreases were in the under 5 and 25-34 age groups. Numerically, the largest increase (693) was in the 45-54 age category and the largest decrease (551) was in the 25-34 age category. In total, the over 45 population grew by 933 residents and the 44 years and under population decreased by 665 residents for a net growth of 268 people.

The age distribution for the population in the City of Ladysmith for the years 1990 and 2000 is shown in Figure 3.2. Following the trend of the County, the City lost population in two out of three age categories under age 25 represented by the groups under 5 and 5-14 years. Furthermore, the City, like the County, had its biggest percentage and numeric gain in the 45-54 age group (135 residents).

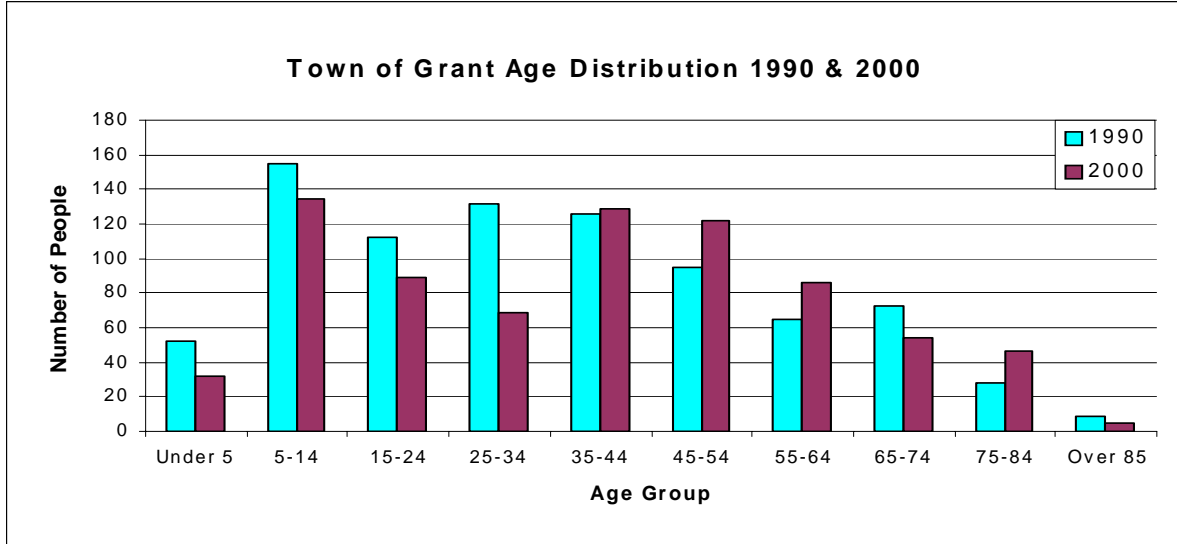
Figure 3.2



Source: U.S. Census Bureau

Figure 3.3 depicts the age distribution of the population in the Town of Grant for the years 1990 and 2000. The Town experienced a loss in all age categories 34 years and under. Like the City and the County, the Town had its largest numeric increase in population (27) in the 45-54 age group. Its largest percentage increase was in the 75-84 age category.

Figure 3.3



Source: U.S. Census Bureau

Median Age

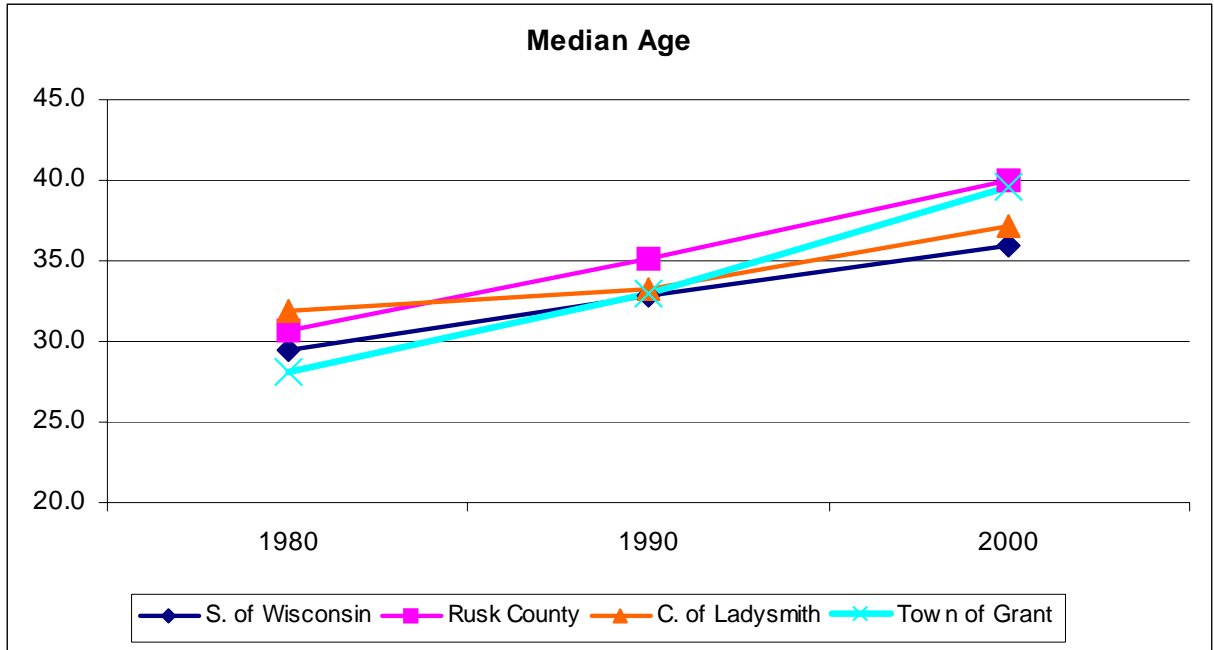
Comparisons of median age for the population in the study area and the State of Wisconsin are shown in Table 3.4 and Figure 3.4. In 2000, all the areas shown had a higher median age than the nation, which is 33.3 years. Both the increase in near retirement age people moving to the County and the aging of the existing population impacted the median age in Rusk County. Another factor affecting the median age is the loss of young people as they leave the area to continue their education or look for employment opportunities.

	1980	1990	2000
State of Wisconsin	29.4	32.9	36.0
Rusk County	30.7	35.2	40.0
City of Ladysmith	31.9	33.2	37.2
Town of Grant	28.1	33.0	39.6

Source: U.S. Census Bureau

Rusk County has a much larger share of population over the age of 60 than either Wisconsin or the nation and is a cause for concern. The consequences of this age disparity on the current and future labor supply include fewer workers available for the labor force. Compounding the problem of a labor shortage is an aging population requiring more services that historically have been supplied by a young workforce (7:2)

Figure 3.4



Source: U.S. Census Bureau

3.2 EDUCATIONAL ATTAINMENT

Educational attainment continues to be a measure that is strongly correlated with economic well being, not just for individuals, but for communities as well. Generally, a high level of educational attainment reflects a skilled population with higher earnings potential.

Table 3.5 gives the levels of educational attainment of residents over 25 years of age for the Town of Grant, City of Ladysmith, Rusk County, and the State of Wisconsin for the years 1990 and 2000. In general, residents in all areas had achieved higher levels of education in 2000 compared to 1990. The largest percentage change was in the population that received high school diplomas in Rusk County.

Overall, the County, City, and Town have a lower level of educational attainment than the State. In 2000, 11 percent of Rusk County, 15 percent of City of Ladysmith, and 19 percent of Town of Grant residents held a bachelors degree or higher compared to 22 percent for the State of

Wisconsin. In other words, the percentage of Rusk County residents that hold a bachelors degree or higher is only half that of all Wisconsin residents.

Table 3.5 Educational Attainment 1990 & 2000								
	Town of Grant		City of Ladysmith		Rusk County		State of Wisconsin	
	1990	2000	1990	2000	1990	2000	1990	2000
No High School Diploma	21.5%	20.5%	27.7%	20.6%	29.7%	20.9%	21.4%	15.0%
High School Graduate or Higher	78.5%	79.4%	72.2%	79.4%	70.3%	79.1%	78.6%	85.1%
Bachelor's Degree or Higher	12.1%	19.3%	16.6%	15.2%	10.9%	11.2%	17.7%	22.4%

Source: U.S. Census Bureau

3.3 INCOME

Total Personal Income

Total personal income has three sources – earnings from work (wages and salaries, other labor income, and proprietor’s income), investments (yielding dividends, interest, and rent), and transfer payments (such as Social Security, pensions, and welfare). Income data, which are by place of residence, can tell how much regional income is generated in aggregate, per capita (aggregate income divided by population), and per household (aggregated income divided by households) (4:4-12).

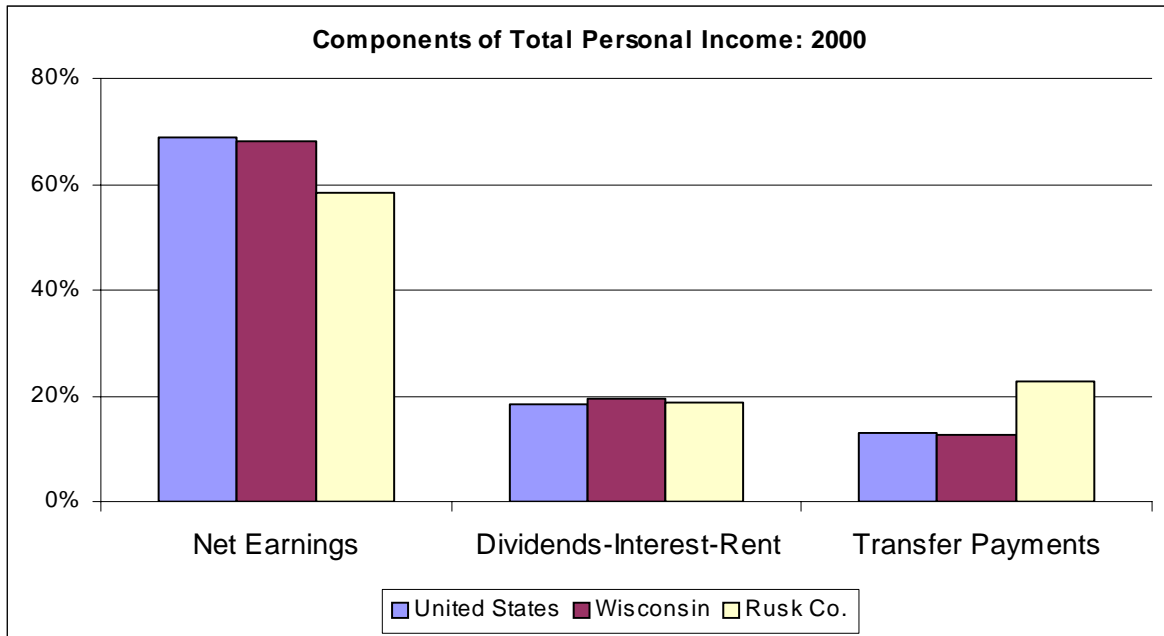
Table 3.6 compares the percent of each component of total personal income for Rusk County and the State of Wisconsin. Since 1990, the percentage share of income from net earnings in the State and the County has increased only slightly (1-1.5%) and the percent share of transfer payments has decreased only slightly (less than 1%).

Table 3.6 Total Personal Income 1990 & 2000				
	1990	% of Total	2000	% of Total
Wisconsin - Total	\$88,634,560		\$153,547,595	
Net Earnings	\$59,453,463	67.1%	\$104,497,748	68.1%
Dividends-Interest-Rent	\$17,469,801	19.7%	\$29,870,364	19.5%
Transfer Payments	\$11,711,296	13.2%	\$19,179,483	12.5%
Rusk County - Total	\$182,003		\$296,839	
Net Earnings	\$103,386	56.8%	\$173,224	58.4%
Dividends-Interest-Rent	\$36,281	19.9%	\$55,869	18.8%
Transfer Payments	\$42,336	23.3%	\$67,746	22.8%

Source: Bureau of Economic Analysis: Regional Economic Accounts

Figure 3.5 gives a comparison of the components of total personal income for the United States, Wisconsin, and Rusk County in 2000. Incomes are low in Rusk County, not only because of lower wages, but also because of a large elderly population living on fixed incomes. In 2000, income from government retirement and medical payments comprised 79 percent of transfer payments in the County and transfer payments in the County are a much greater share of income than in either Wisconsin or the United States (7:9).

Figure 3.5



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Personal Income and Per Capita Income

Per capita *personal* income (PCPI) is widely used and accepted as an indicator of economic well being of residents of an area. It provides a description of a region's overall level of income. It is calculated and reported by the U.S. Department of Commerce, Bureau of Economic Analysis, on a yearly basis. PCPI is the income received from all sources and should not be confused with per capita *money* income (PCI), which is reported by the decennial census.

Per capita *money* income is often used as a proxy for a region's overall standard of living. PCI involves generally traceable money from wages, interest, dividends, welfare program payments, etc. It does not take into account money received from sale of property, money borrowed, exchange of money between relatives in same households, tax refunds, gifts, and insurance payments, which PCPI figures do take into consideration. Consequently, per capital *personal* income figures are always higher than per capita *money* income figures. Unfortunately, PCPI is only available on a county basis; for this reason, per capita money income statistics are used to report and compare income levels between minor civil divisions (4:4-12).

Table 3.7 gives the per capita personal income for Rusk County and the State of Wisconsin from 1992 to 2002. In 1992, the County's PCPI was 65.6 percent of the State's PCPI. By 1995, the percent had increased slightly but was back down to 65.6 percent for 1997. However, by 2002, Rusk County's PCPI, as a percent of the State, had grown to 69.4 percent.

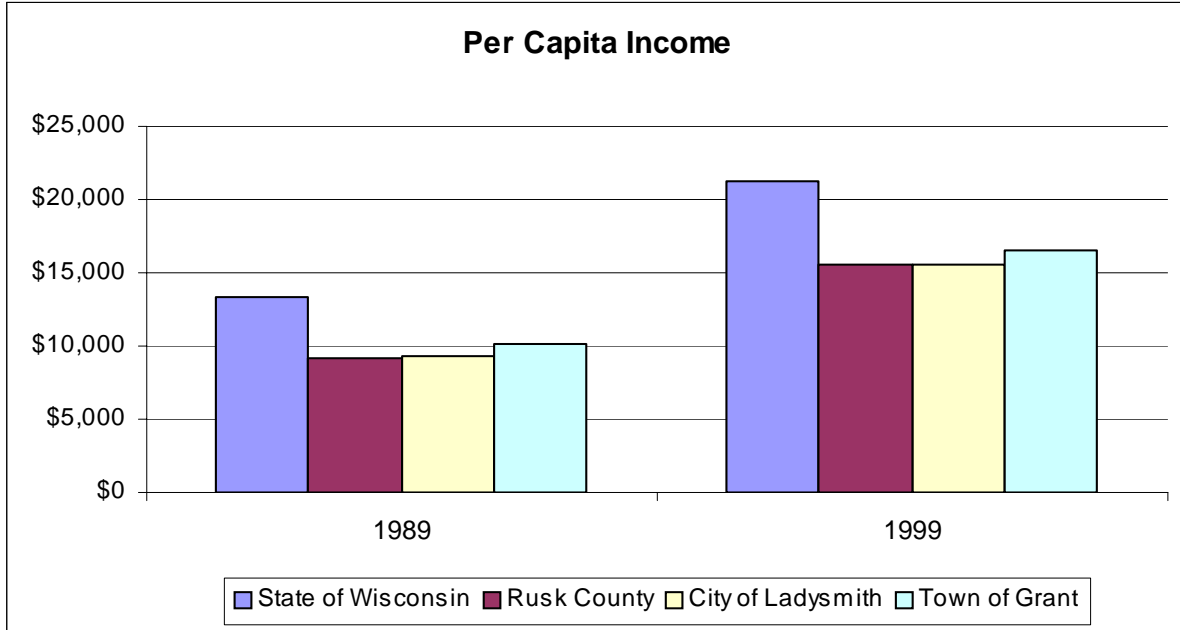
Table 3.7 Per Capita Personal Income										
	1992	% of State	1995	% of State	1997	% of State	2000	% of State	2002	% of State
State of Wisconsin	\$19,683		\$22,215		\$24,514		\$28,573		\$30,050	
Rusk County	\$12,906	65.6%	\$14,759	66.4%	\$16,078	65.6%	\$19,334	67.7%	\$20,859	69.4%

Source: U.S. Department of Commerce, BEA, Regional Economic Accounts

Figure 3.6 compares the per capita income for the Town of Grant, City of Ladysmith, Rusk County, and the State of Wisconsin for the years 1989 and 1999. As indicated, all three local

units of government had a considerably lower PCI than the State. Of those three, the Town of Grant had the highest PCI in 1989 and 1999.

Figure 3.6



Source: U.S. Census Bureau

Table 3.8 lists the per capita income for the State of Wisconsin, Rusk County, City of Ladysmith, and Town of Grant in 1989 and 1999. As shown, Rusk County’s PCI was only 68.7 percent of the state PCI in 1989, but by 1999, that percentage had increased to 73.2 percent. The City of Ladysmith and Town of Grant also showed an increase in their percentage of the State PCI. However, even with those gains, all three local units of government continue to have a significantly lower PCI than the State.

Table 3.8 Per Capita Income				
	1989	% of State	1999	% of State
State of Wisconsin	13,276		21,271	
Rusk County	9,127	68.7%	15,563	73.2%
City of Ladysmith	9,244	69.6%	15,499	72.9%
Town of Grant	10,191	76.8%	16,491	77.5%

Source: U.S. Census Bureau

Median Household Income

Median household income (MHI) helps to establish a sense of the standard of living across households for an area. Table 3.9 looks at the median household income for the communities in the study area and the State for 1989 and 1999. In 1989, the median household income in Rusk County, the City of Ladysmith, and Town of Grant was significantly lower than the State MHI and were only 66.6 percent, 63.9 percent, and 82.8 percent, respectively, of the State MHI. By 1999, however, the median household income as a percent of the State MHI had improved for all three local units of government. In particular, the Town of Grant had a significant gain in percentage, from 82.8 percent to 95.7 percent over the ten years.

Table 3.9 Median Household Income				
	1989	% of State	1999	% of State
State of Wisconsin	\$29,442		\$43,791	
Rusk County	\$19,617	66.6%	\$31,344	71.6%
City of Ladysmith	\$18,811	63.9%	\$28,274	64.6%
Town of Grant	\$24,375	82.8%	\$41,908	95.7%

Source: U.S. Census Bureau

Another way to measure the level of distress using median household income is the percent of households that have income levels at or below 80 percent of the statewide MHI. As shown in Table 3.10, in 1989, Rusk County had 59 percent of its households at or below 80 percent of Wisconsin’s MHI. By 1999 that percent had decreased by four points to 55 percent, indicating an improvement in the level of MHI for Rusk County residents.

Table 3.10 Households at or Below 80% of State MHI		
Rusk County Households	1989	1999
Less than \$10,000	1,322	670
\$10,000 to \$14,999	840	506
\$15,000 to \$19,999	738	654
\$20,000 to \$24,999	475	532
\$25,000 to \$29,999		561
\$30,000 to \$34,999		445
\$35,000 to \$39,999		3
Totals	3,375	3,371
% of Total Households	59%	55%
Total Households	5,693	6,119

Source: U.S. Census Bureau

3.4 EMPLOYMENT AND WAGES

Rusk County was first settled in the late nineteenth century as railroads extended through the area to serve the lumber industry. By 1910, large scale pine lumbering was already rapidly declining. Hardwood lumbering followed and continues to contribute to the local economy today. Farming became a dominant economic activity in the County after the decline of lumbering. At that time, a small 40-acre farm could support an entire family. After World War II, farms had to become larger, which triggered a period of consolidation of farmlands that continues today in Rusk County and all over the nation. Farming was joined by manufacturing, which has become the most significant economic sector in the County. Wood-based industries dominate area manufacturing, in particular, millwork manufacturers. A surplus of quality hardwood timber in the County provides the opportunity for future expansion of wood related industries.

Labor Force

A county's labor force consists of all non-institutionalized *county residents* 16 years and older who are either working or actively looking for work, but does not include individuals who have made a choice not to work (retirees, homemakers, and students), nor does it include military personnel and discouraged job seekers. The labor force is dynamic; it grows and contracts with changes in the seasons and also depends on the interest of county residents in available jobs. That interest is variable and determines the rate of participation of the population in the labor force. The *labor force participation rate* is the percent of the population 16 years and over who are in the labor force.

Labor force participation in Rusk County peaked in the mid 1990's and has been falling steadily since then. In 1997, the participation rate was 62.2 percent, which was a slight increase from 1990 (8:2). In 2001, the participation rate was 59.9 percent, which was considerably less than the State rate (73.5%). One of the primary reasons for lower participation is the large share of residents over 65 years old, but a secondary reason is the lack of available jobs (7:3).

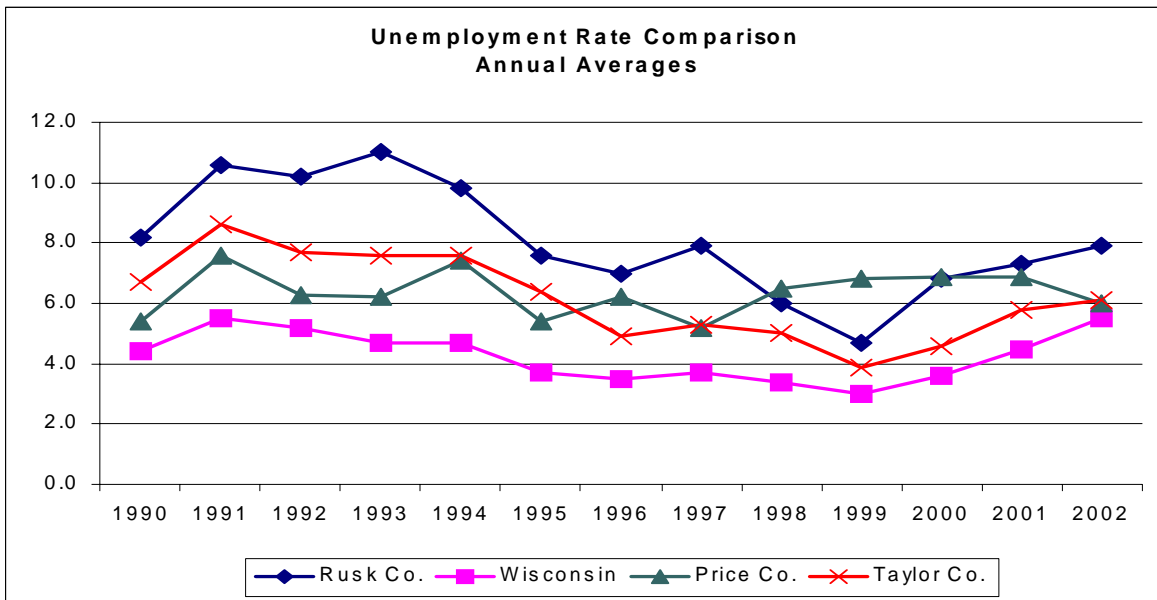
Table 3.11 gives the annual averages of labor force data for Rusk County from 1992 to 2002. As indicated by the table, after a high in 1995, the number of residents in the labor force in 2002 had not increased significantly since 1993.

Table 3.11 Rusk County Labor Force 1992-2002 Annual Averages											
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Labor Force	6,825	7,104	7,100	7,175	7,101	7,159	7,133	7,005	7,145	7,128	7,119
Employment	6,126	6,320	6,403	6,632	6,604	6,592	6,708	6,677	6,660	6,605	6,555
Unemployment	699	784	697	543	497	567	425	328	485	523	564
Rate	10.2	11.0	9.8	7.6	7.0	7.9	6.0	4.7	6.8	7.3	7.9

Source: WI Dept. of Workforce Development (DWD), Local Area Unemployment Statistics

As shown in Figure 3.7, the unemployment rate for Rusk County from 1990-2002 compared to Wisconsin and two neighboring manufacturing dominant counties, Price and Taylor, has been consistently higher (except for 1999 when Price County experienced layoffs from several major manufacturers). After suffering the closure of several manufacturers and retailers in the City of Ladysmith and Rusk County in the late 1980's and early 1990's, the unemployment rate hit a high of 11.0 percent in 1993. Throughout the middle and late 1990's, the County unemployment rate dropped until a major manufacturer in the City of Ladysmith closed its doors in 2000, causing the unemployment rate to rise once again.

Figure 3.7



Source: Wisconsin Department of Workforce Development, Local Area Unemployment Statistics

Employment

Wage and salary employment in Rusk County by industry for the years 1990-2000 is given in Table 3.12. Jobs that are exempt or otherwise not covered by unemployment insurance are not included in the tabulations. Roughly 75 percent of employment in the County is for wages and 25 percent is proprietor's employment. As shown in the table, after declining from 1990 to 1992, the total number of jobs steadily increased after 1992.

Manufacturing, government, and retail trade are currently the dominant employment industries in the County. Numerically, the largest gains were in the manufacturing (555 jobs) and retail trade (432 jobs) sectors. Prior to the opening of the Flambeau Mine, the mining industry in the County consisted of a small amount of sand and gravel mining. Table 3.12 shows the number of mining employees going from 9 in 1990 to a high of 62 in 1997 and then back down to 6 in year 2000.

Table 3.12 Rusk County Employment by Industry 1990-2000											
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Goods Producing Industries											
	Average number of employees										
Construction	188	173	160	101	83	82	68	70	72	136	189
Mining	6	11	44	62	51	56	37	34	5	5	9
Manufacturing	2,260	2,292	2,120	1,934	1,896	1,926	1,970	1,839	1,798	1,641	1,705
Durable Goods	1,870	1,889	1,696	1,476	1,429	1,485	1,530	1,462	1,393	1,254	1,289
Nondrbl.Goods	390	403	425	458	468	440	440	377	405	387	416
Service Producing Industries											
Agric, Forestry & Fishing	76	78	74	75	68	59	56	54	46	45	42
Transportation, Communication & Utilities	233	253	227	235	228	214	181	172	161	156	172
Wholesale Trade	118	115	112	111	119	122	128	125	125	124	132
Retail Trade	1,080	1,042	1,026	1,030	1,064	981	699	658	649	648	648
Finance, Insurance, & Real Estate	120	122	127	123	118	116	114	115	120	115	116
Services	742	738	758	818	810	765	711	705	667	847	746
Government	1,263	1,207	1,202	1,218	1,207	1,189	1,176	1,160	1,182	1,137	1,129
All Industries	6,086	6,031	5,851	5,707	5,645	5,509	5,140	4,932	4,825	4,854	4,888

Source: DWD, Employment and Wages Covered by WI Unemployment Insurance Law

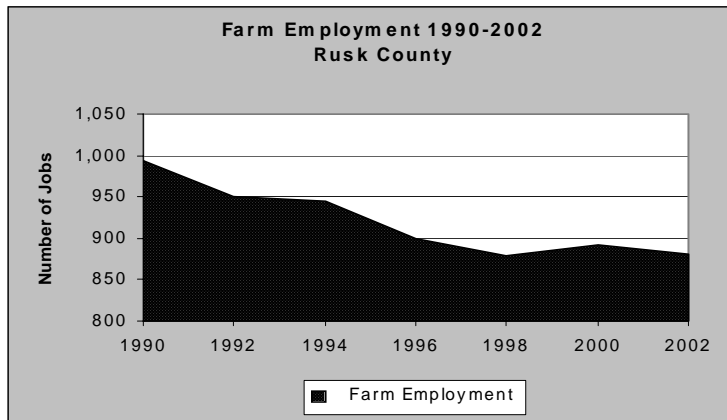
Table 3.13 indicates the number of farm and nonfarm proprietors in Rusk County and Wisconsin for the years 1990-2000. In the County, nonfarm proprietors increased by 574 (54.0%) while

farm proprietors decreased by 72 (9.5%). In Wisconsin, nonfarm proprietors increased by 91,812 (26.9%) while farm proprietors decreased by 5,361 (6.4%). On a percentage basis, the loss of farm proprietors in the County was greater than the State loss; however, the County's gain in nonfarm proprietors was significantly greater than what the State experienced, 54 percent compared to 27 percent.

Table 3.13 Rusk County and Wisconsin Proprietor's Employment 1990-2000											
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
County Farm proprietors	685	692	696	694	698	722	729	742	743	742	757
Nonfarm proprietors	1,638	1,604	1,563	1,539	1,449	1,434	1,321	1,151	1,119	1,143	1,064
State Farm proprietors	78,771	79,574	80,028	79,783	79,672	81,875	82,179	83,218	82,855	82,674	84,132
Nonfarm proprietors	432,735	417,455	414,558	412,977	409,571	395,023	377,635	357,177	355,494	354,549	340,923

Source: Bureau of Economic Analysis, Regional Economic Accounts

Figure 3.8



Source: Bureau of Economic Analysis, Regional Economic Accounts

Farming has been on the decline for decades over the entire State of Wisconsin, including Rusk County. Figure 3.8 shows the decline in the number of jobs (from 994 to 880) in the farming industry from 1990 to 2002 for Rusk County. In 1990, farm employment was 13.4 percent

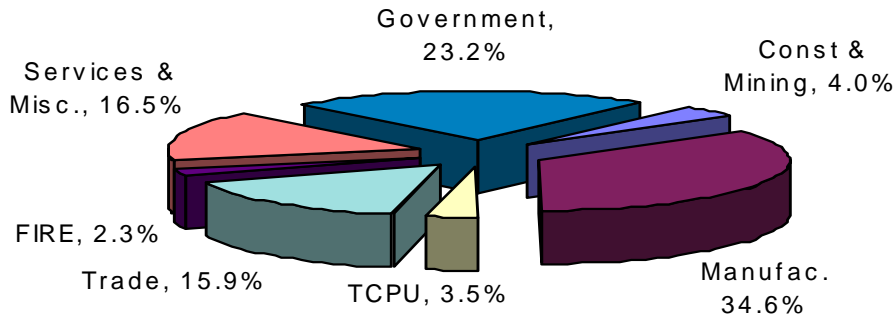
of total employment in the County. By 2002, the percent of farm employment in the County had decreased to 9.6 percent.

Figures 3.9 and 3.10 depict the nonfarm employment distribution by industry in Rusk County for 1990 and 2001, respectively. As indicated, manufacturing became even more dominant in 2001 (38.2%) compared to 1990 (34.6%). Government is the second largest industry sector in the County and includes the county-operated hospital and nursing home in the City of Ladysmith

and the local school districts. Construction jobs were high in 1990 when workers were hired (temporarily) to excavate the site for the Flambeau Mine. Once the mine began operating, construction employment fell until the Flambeau Mine reclamation began in late 1996. An increase occurred at that time and has not declined since (8:4). The finance, insurance, and real estate industry division in the County is small because there are no corporate offices with higher paying professional jobs located there. (4:5-22).

Figure 3.9

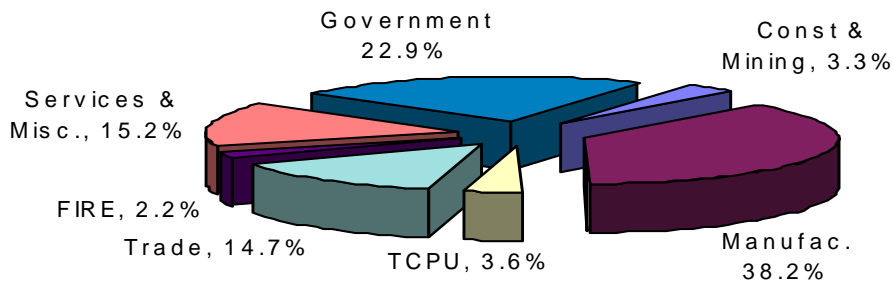
Rusk County Employment by Industry, 1990



Source: WI DWD, Nonfarm Wage & Salary Estimates

Figure 3.10

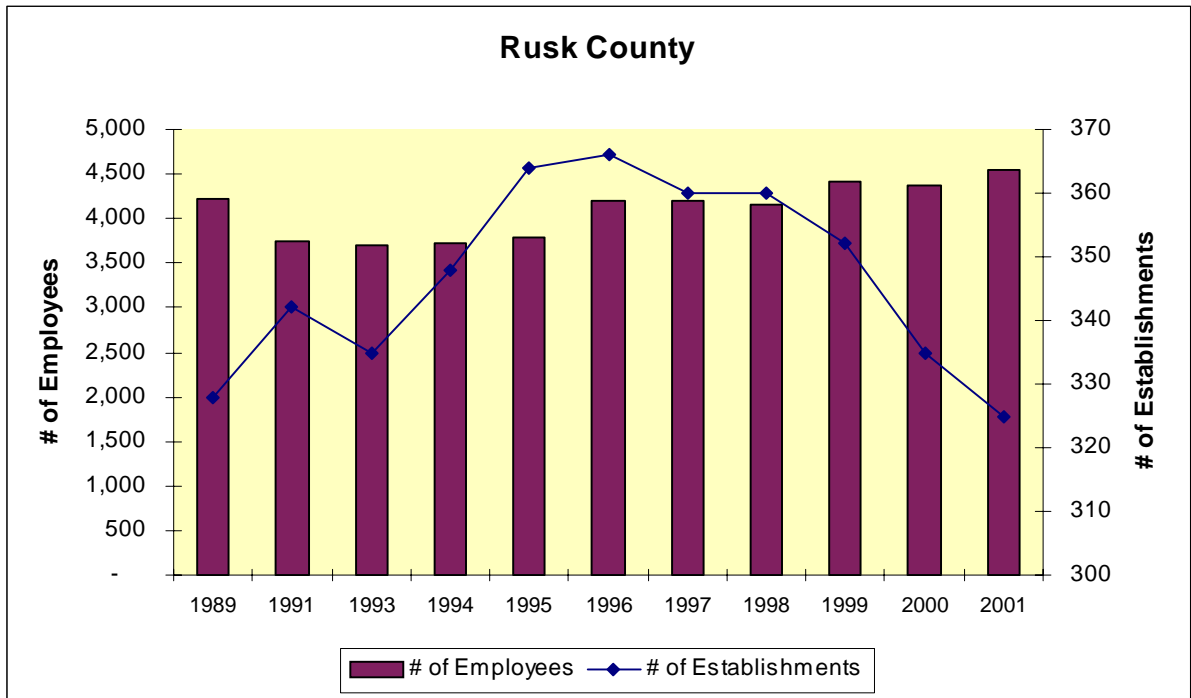
Rusk County Employment by Industry, 2001



Source: WI DWD, Nonfarm Wage & Salary Estimates

Based on the County Business Patterns Report produced by the U.S. Department of Commerce and the U.S. Census Bureau, Figure 3.11 shows the number of establishments and number of employees in Rusk County from 1989 to 2001. Although the number of establishments has decreased from a high in 1996, the number of employees has increased indicating the demise of many small businesses, but growth and expansion for many others.

Figure 3.11



Source: U.S. Census Bureau, County Business Patterns

Notes: Nonfarm wage and salary employment estimates indicate the number of jobs generated by employers located in Rusk County. The data from Employment and Wages Covered by Wisconsin’s Unemployment Insurance Law differs from employment data in the nonfarm wage and salary estimates for two reasons: 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 law and therefore are not included in the data, e.g., railroads, parochial schools, etc. (8:6).

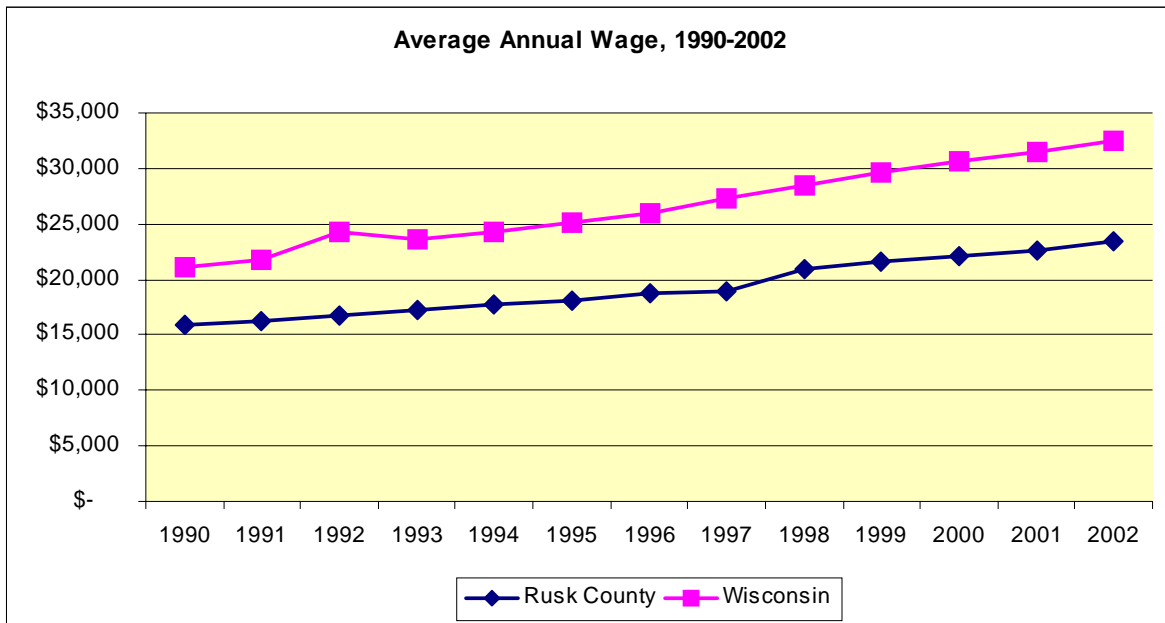
Because of the changeover from the Standard Industrial Classification (SIC) codes to the completely new North American Industry Classification System (NAICS), historical comparisons in many industry sectors for jobs and wages are not possible beyond 2001. For example, all loggers who were included in manufacturing under SIC are now included in agriculture, forestry, and fishing; and publishing and printing is split between the new information sector and manufacturing (9:2).

Wages

Wages in Rusk County have historically been significantly lower than wages in the State of Wisconsin. Figure 3.12 displays a comparison of the average annual wage for Rusk County and the State. In 1990, the County’s average annual wage of \$15,925 was 75.4 percent of the State’s average wage of \$21,111. By 2002, the gap had widened; the County’s average annual wage of \$23,447 was only 72.3 percent of the State’s average wage of \$32,422.

As stated previously, one of the components of total personal income is earnings from work, or wages. As shown in Table 3.6, in 2000, 58 percent of total personal income in Rusk County came from earnings. Because wages have historically been low in Rusk County, per capita income in the area is also low.

Figure 3.12



Source: DWD, Employment and Wages Covered by WI Unemployment Insurance Law

Table 3.14 shows the average annual wage for the years 1990 to 2000 for Rusk County by industry sector. Wages in the retail trade industry division are the lowest because many of the jobs in retail trade are part time and seasonal and often have a high turnover rate. Furthermore, many of the employers are smaller and cannot offer higher hourly wages to workers.

Wages in the mining industry are the highest, but have fluctuated over the ten years. The big jump in annual average wage in mining in the early 1990s was probably caused by the influx of management personnel from Kennecott moving to the area. Because of the small number of mining employees in the County during that year, even one person’s salary could have an impact on the average mining wage. However, due to the small number of employees in the mining industry in the County, the higher wages had little effect on the overall annual average wage for Rusk County.

Table 3.14 Annual Average Wages by Industry for Rusk County											
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Goods Producing Industries											
Construction	\$23,923	\$24,980	\$22,461	\$20,337	\$16,821	\$16,786	\$15,366	\$14,872	\$14,650	\$24,524	\$29,325
Mining	\$62,082	\$38,602	\$65,677	\$59,888	\$49,110	\$44,515	\$43,870	\$44,453	\$66,195	\$53,993	\$33,353
Manufacturing	\$26,221	\$25,737	\$25,410	\$22,262	\$22,450	\$20,814	\$20,029	\$19,296	\$19,955	\$20,191	\$19,493
Service Producing Industries											
Agric, Forestry & Fishing	\$18,357	\$18,037	\$18,153	\$16,559	\$15,385	\$15,809	\$16,228	\$16,290	\$15,142	\$14,084	\$13,627
Transportation, Communication & Utilities	\$31,117	\$29,779	\$28,094	\$24,925	\$23,809	\$23,766	\$23,353	\$23,113	\$22,632	\$20,958	\$20,083
Wholesale Trade	\$23,190	\$21,881	\$19,991	\$19,566	\$18,119	\$17,388	\$16,840	\$16,115	\$15,959	\$15,526	\$14,918
Retail Trade	\$12,454	\$11,979	\$11,652	\$11,145	\$10,435	\$10,490	\$9,667	\$9,717	\$9,416	\$9,028	\$8,441
Finance, Insurance & Real Estate	\$21,805	\$19,764	\$20,100	\$18,793	\$18,072	\$17,245	\$16,699	\$16,209	\$15,195	\$14,851	\$14,831
Services	\$17,275	\$16,270	\$14,662	\$13,071	\$15,560	\$15,378	\$14,523	\$14,253	\$13,913	\$11,564	\$9,881
Government	\$23,743	\$23,251	\$22,105	\$20,993	\$20,443	\$19,895	\$19,420	\$18,595	\$17,244	\$16,937	\$16,111
ALL	\$22,081	\$21,581	\$20,937	\$18,950	\$18,709	\$18,117	\$17,752	\$17,191	\$16,828	\$16,311	\$15,925

Source: DWD, Employment and Wages Covered by WI Unemployment Insurance Law

Flambeau Mine Employment

Per the Local Agreement, 75 percent of all the jobs generated by the mine had to be held by individuals who had resided in or within ten miles of the Rusk County border for a period of at least one year prior to hiring. Included in this agreement is anyone hired directly by Flambeau Mining Company or any contractor/subcontractor. During the life of the project, Flambeau averaged approximately 81 percent of local hire.

As indicated in Table 3.14, the mining industry has the highest wages of any industry in the County. That is also true for Wisconsin. Approximately 50-60 percent of the workers at the mine were employed by Ames Construction, a mining subcontractor for Flambeau Mining Company. Both companies paid above average wages during the life of the mine project. Most of those wages were spent in the local economy, therefore causing a multiplier effect in the communities. Due to the multiplier effect, it is estimated that for every dollar in salary paid to mine employees, \$2.00 to \$3.00 more circulated through the local economy in the form of tax payments and purchases of other goods and services. Furthermore, in a study called *The Economic Good News About Environmentally Safe Mining*, Dr. Richard Green, a professor at the University of Wisconsin-Madison's School of Business, stated "In addition to creating jobs that provide good wages, mining stimulates other industries and businesses—each mining job creates at least one other local, non-mining job."

Based on Flambeau Mining Company records, nine positions at the mine site were held by people who moved to Rusk County and included the following: the General Manager, Mine Manager, Technical Superintendent, Geologist, Controller, HR/Safety Manager, Chief Chemist, Water Treatment Plant (WTP) Supervisor, and Instrumentation/Electrical Technician. No wage information was available from the company for those jobs. Ten types of positions were held by local area residents and included the following: the Accounting Assistant, Environmental Manager, Laboratory Technicians, Operations/WTP Technicians, Environmental Technician, Engineering Technicians, Chemists, Sample Prep Technicians, Maintenance Technicians, and Administrative Assistants. Wages were based upon the job requirements and company standards for corresponding jobs. Flambeau Mining was a non-union company, which allowed for pay increases according to job performance and merit. In general, the technician and office assistant positions started in 1993 at an annual salary of approximately \$16,000 to \$20,000. Over the course of the project, wages had increased substantially by about an average of \$10,000.

Throughout the life of the project, Flambeau Mining hired a total of 18 summer interns through the University recruitment program and children of Flambeau employees. Interns at Flambeau worked in many different departments and areas of the company depending on their educational interests. Wages were based upon job responsibility, company standard wages for corresponding

job responsibilities, and the completion of their degree. The range of wages was about \$15,000 to \$30,000 annually with the highest pay given to college seniors and graduate students and the lowest to recent high school graduates.

On average, 60 people were employed at the Flambeau Mine, sometimes as many as over 100 and sometimes only 20, depending on the time of year and the phase of the mine operations. At mine closure, several programs were initiated to help employees, which included training in interviewing skills and resume preparation, professional development, on site cross training, stress management training, paid time off for interviewing, reimbursement of interviewing travel expenses, moving expenses (if transferring within company or a non-local hire), early vesting in retirement and savings investment, severance, and outreach to Kennecott properties and other outside businesses “selling” employees (3). Only two individuals were hired during the project that were not local and not originally with the company. One left the company and the other transferred to another project within the company. Personnel within the company who had transferred to the Flambeau Project tended to stay within the Rio Tinto organization. Four local Flambeau employees transferred to other locations with the company. Likewise, several other local employees were offered opportunities in other parts of the country with Kennecott, but chose to stay in the area. Currently, only one part time environmental manager is still employed by the Flambeau Mining Company from its office in the Town of Grant.

3.5 RETAIL TRADE

Comparisons of retail trade are somewhat difficult to do between the 1992 and 1997 Economic Census because of the reporting changeover from SIC based data to NAICS based data. State data has been compared and reported both ways, but county data has not.

Table 3.15 shows total retail trade by number of establishments and sales for Rusk County and the State of Wisconsin including eating and drinking places, which is the way that category is classified under the SIC based reporting system. Rusk County showed a larger increase in percent of sales and sales per capita between 1992 and 1997 than the State did.

Table 3.15 Retail Trade					
	Establishments		Sales (\$1,000)		% Change in Sales
	1992	1997	1992	1997	
Rusk County	105	96	61,038	84,936	39.15%
Wisconsin	31,955	32,260	38,350,527	51,066,574	33.16%
% Change					
Rusk County Sales Per Capita			4,045	5,548	37.15%
Wisconsin Sales Per Capita			7,719	9,835	27.41%

Source: U.S. Census of Retail Trade, Wisconsin Department of Administration

3.6 HOUSING STOCK AND PROPERTY VALUES

Equalized Value

Another indicator of economic distress is the change in equalized value of real property, which includes real estate and personal property. Table 3.16 shows the equalized value of all property in Rusk County, counties surrounding Rusk County, and the State of Wisconsin. Rusk County is the only county listed in the table whose equalized value declined from 1980 to 1990 (-0.4%).

From 1990 to 2000, however, equalized values in the State and the local areas skyrocketed. Rusk County realized a very large percent gain (124.6%) in equalized value. That increase was less than Sawyer County or Price County, but more than Taylor County or Barron County and the State of Wisconsin.

Table 3.16 Equalized Value 1980, 1990, 2000					
	1980	1990	Percent Change 1980-1990	2000	Percent Change 1990-2000
Rusk County	\$295,489,250	\$294,278,400	-0.4%	\$660,872,100	124.6%
Sawyer County	\$400,020,485	\$555,338,340	38.8%	\$1,683,130,200	203.1%
Price County	\$320,596,200	\$361,401,600	12.7%	\$869,847,900	140.7%
Taylor County	\$367,274,120	\$375,583,350	2.3%	\$789,832,200	110.3%
Barron County	\$875,346,930	\$997,674,200	14.0%	\$2,093,893,900	109.9%
Wisconsin	\$108,480,469,889	\$141,370,307,160	30.3%	\$286,321,491,800	102.5%

Source: WI Department of Revenue, Statistical Report of Property Values, 1980-2000

Housing Stock

Table 3.17 compares the housing units by tenure for 1990 and 2000 in the municipalities surrounding the Flambeau Mine. During that decade, Rusk County, the City of Ladysmith, and Town of Grant had an increase in the percent of owner occupied units and a decrease in renter occupied units.

As indicated earlier, income and wages increased in the area since 1990, which is likely to have an

effect on the ability of some people to buy a home. In Rusk County, a total of 402 additional housing units were added from 1990 to 2000. During that decade, 526 owner occupied units were added with a loss of 124 renter occupied units, representing a net gain of 402 additional housing units.

Vacancy rates, homeowner and rental, for 1990 and 2000 are shown in Table 3.18 for the three municipalities surrounding the Flambeau Mine. The homeowner vacancy rate in the County, City, and Town experienced a decrease during that time period, compared to the State vacancy rate, which remained unchanged.

Table 3.17 Housing Units by Tenure				
	1990		2000	
Rusk County	Number of Housing Units	Percent of Total	Number of Housing Units	Percent of Total
Total Occupied	5,693		6,095	
Owner Occupied	4,269	75.0%	4,795	78.7%
Renter Occupied	1,424	25.0%	1,300	21.3%
Town of Grant				
Total Occupied	292		293	
Owner Occupied	240	82.2%	256	87.4%
Renter Occupied	52	17.8%	37	12.6%
City of Ladysmith				
Total Occupied	1,544		1,570	
Owner Occupied	873	56.5%	929	59.2%
Renter Occupied	671	43.5%	641	40.8%

Source: U.S. Census Bureau, STF 1 (1990) and SF 1 (2000)

Table 3.18 Vacancy Rates								
	Rusk County		Town of Grant		City of Ladysmith		State of Wisconsin	
	1990	2000	1990	2000	1990	2000	1990	2000
Homeowner	2.4%	1.4%	1.6%	0.8%	2.9%	1.2%	1.2%	1.2%
Rental	5.5%	6.0%	0.0%	0.0%	6.3%	5.5%	4.7%	5.6%

Source: U.S. Census Bureau, STF 1, SF1

Table 3.19 Year Structure was Built			
	Rusk County	Town of Grant	City of Ladysmith
Totals	7,609	317	1,662
Built 1999 to March 2000	131	6	2
Built 1995 to 1998	478	23	23
Built 1990 to 1994	461	13	61
Built 1980 to 1989	901	41	194
Built 1970 to 1979	1,438	79	247
Built 1960 to 1969	725	35	151
Built 1950 to 1959	670	15	204
Built 1940 to 1949	705	16	178
Built 1939 or earlier	2,100	89	602

Source: U.S. Census Bureau, SF 3

Table 3.19 lists the number of homes and the year in which they were built for Rusk County, the Town of Grant, and City of Ladysmith. In terms of age of housing, roughly 55 percent of the housing in the County, 49 percent in the Town, and 68 percent in the City were built before 1970. This may account for the low median value of housing in the area, which is shown in Table 3.20.

The median values of specified owner-occupied housing units in the County, Town, City, and State are shown in Table 3.20. As indicated, the median housing values in the communities surrounding the mine are just slightly more than half of the median value for the State. The median housing values draw a correlation between the per capita income and types of jobs available in the County and represented local units of government.

Table 3.20 Median Value		
	2000	% of State
Rusk County	\$63,200	56.3%
Town of Grant	\$70,800	63.1%
City of Ladysmith	\$61,800	55.1%
State of Wisconsin	\$112,200	

Source: U.S. Census Bureau, SF3, Specified Owner-Occupied Units

Property Taxes

Total equalized valuations have seen dramatic increases over the past decade. These increases, while not necessarily negative, identify an increasing demand and price paid for local improved and unimproved land holdings. Total equalized value for Rusk County in 2004 was \$936,864,600. This value represents a 10.57 percent increase over 2003 and ranks Rusk County 11th in growth order out of Wisconsin’s 72 counties for 2004.

Equalized values impact the overall property tax rate within local jurisdictions. In the City of Ladysmith, while the overall tax rate per \$1,000 assessed value was on the decline from 1983 to 2003, overall equalized values have increased. The falling total tax rate over the 20-year period does not necessarily mean individuals are paying less in taxes. Instead, this is the result of assessed valuations having continued to increase over the period.

The significant drop in total tax rate between 1993 and 2003 cannot be fully attributed to the economic impact resulting from the Flambeau Mine (Table 3.21). However, the resulting economic development initiatives funded through mine tax funds can be attributed to helping lower the total tax rate. According to local representatives, approximately \$6,500,000 in new tax base (new construction) was added. This new tax base assists in distributing the overall tax burden amongst all tax paying property owners.

Table 3.21 Tax Rate Per \$1,000 of Assessed Valuation			
	1983	1993	2003
State of Wisconsin	0.259	0.204	0.212
Rusk County	6.833	5.466	4.395
City of Ladysmith	5.853	6.721	5.928
Ladysmith-Hawkins School District	23.052	21.785	14.445
Indianhead VTAE	1.695	1.78	1.211
Total Tax Rate	37.692	35.956	26.192
Ratio of Assessed Value to Equalized Value	77.30%	97.99%	94.55%

Source: Wisconsin Department of Revenue

If the estimated \$6.5 million were actual assessed values for tax purposes, in 2003 this would have resulted in \$170,248 in net taxes shared by all five taxing jurisdictions. In the case of the City of Ladysmith, its share would have been \$38,532, Rusk County would have received \$28,568, and the Ladysmith-Hawkins School District would have received \$93,893. It is important to note that these are tax revenues that will continue into the future unless a catastrophic event was to occur destroying the premise and no replacement is constructed.

The Town of Grant has also benefited from new tax base as the result of the development of a business park on the 58 acres of land gifted by Flambeau Mining Company and an additional 22 acres purchased from Flambeau. Only one business had occupied the site prior to September 2002. However, after the tornado that devastated portions of the City of Ladysmith and other towns in Rusk County, a number of additional businesses have located in the business park. Tax revenues to the Town are significantly lower compared to the City tax revenue previously reported. All but one of the buildings in the business park is a commercial enterprise.

During mine operations, property taxes on the mineral deposit were not paid. Rather, a Net Proceeds Tax was assessed and paid to the State of Wisconsin. It is estimated that over \$14 million was paid in Net Proceeds Tax by Flambeau Mining. Some of these funds were in turn distributed to Rusk County, the City of Ladysmith, and Town of Grant in the form of mandatory payments and discretionary grant awards from the Mining Investment and Local Impact Fund during and after mine operations. The State of Wisconsin also benefited from the tax levied on the mineral deposit. Net Proceed Tax is discussed in more detail in Section 6.