# Buffalo County Economic Recovery Strategy



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# Buffalo County Economic Recovery Strategy

**Prepared by University of Wisconsin-Extension:**

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Buffalo County Economic Recovery Planning
Strategy Due to Coal Plant Shutdown

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# Acknowledgements

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# Introduction

Over the past century rural economies have experienced significant structural changes. Undoubtedly, many rural counties continue to rely on agriculture and natural resource extraction. However, improved transportation networks, lower labor costs, less expensive land and a demand for recreational opportunities and natural amenities allowed financial and industrial capital to flow from metropolitan areas into rural regions. As a result, many rural areas now depend more so on manufacturing, tourism, or service sectors rather than an agrarian economy (Irwin, Isserman, Kilkenny and Partridge, 2010).

Rural regions also have undergone transformations that have changed their demographic compositions. Over the past six decades, fluctuations between the out-migration and in-migration of residents have created ebbs and flows of citizens in rural counties. These population movements have generally resulted in a loss of young residents, but also increased the number of retirees and families in some areas. When combined, these migration patterns have resulted in an accelerated aging of the population in rural regions. Ultimately, these changes have a variety of implications for rural community, economic and workforce development strategies (Smith, Winkler, and Johnson, 2016).

These shifts in industrial and demographic structure are but two specific ways that rural economies have changed. Many other environmental, sociological and economic trends continue to influence rural regions. Certainly, these changes have boosted prosperity in some rural areas. However, success has been uneven across rural regions and throughout economic cycles. For instance, a number of rural comparative advantages related to cost still exist, but their influence has been eroded by global economic competition. An aging labor force will create pressures on labor availability. Furthermore, many of the economic gains arising after the end of the Great Recession have been concentrated in the nation's metropolitan areas (USDA Economic Research Service, 2016).

These issues, along with other factors, often lead residents, business owners, policy makers and economic development professionals to discuss rural regions in terms of decline and competitive disadvantage. However, rural regions continue to possess many internal opportunities that can benefit their communities. Instead of viewing rural economies in terms of their perceived limitations, rural economic development must focus on unique strengths or *assets* of rural areas that could form the basis for economic growth (Porter et al, 2004). This emphasis on assets is a hallmark of Buffalo County's economic recovery strategy.

## Creating a Strategy for Buffalo County

As with many rural regions, Buffalo County has faced economic changes over the past decades. However, the closing of Dairyland Power Cooperative's coal-fired Alma Station in 2014 was a particularly visible event that resulted in the loss of 109 jobs, $42.8 million in income, and $73.2 million in industrial sales across the area. Partially in response to this economic impact, Buffalo County Board Chairperson Douglas Kane asked UW-Extension to support the work of an ad hoc economic development study team. The purposes of the initiative were to understand the current economy and socio-economic structure; assess the county's community and

economic development assets; establish a vision for the development of the county; and propose broad strategies for addressing community and economic development opportunities in Buffalo County. This work concluded at the end of 2015, provided a cursory assessment of the county's development opportunities, and convinced the county that a commitment to economic development may have positive dividends for local communities. As a result, the County Board Chairperson established a new economic development standing committee of the county board.

Soon after these initial efforts, the U.S. Department of Commerce Economic Development Administration (EDA) made funds available to Buffalo County to provide a more detailed analysis of the economic impacts of the decommissioning of the aforementioned coal-fired power plant. Working with the Mississippi River Regional Planning Commission, the Buffalo County UW-Extension office developed a proposal to provide a more rigorous analysis of the impacts arising from the plant's closure and identify economic opportunities in the region that could assist in revitalizing the economy. The analysis also called for developing a specific plan of action, including organizational changes in the way the county approaches economic development. The development of this economic recovery strategy is detailed in the remainder of this document.

This study partially follows the community economic analysis (CEA) process. As noted by Shaffer, Deller and Marcouiller (2004, p. 5), "community economic analysis examines how a community is put together economically and how the community responds to external and internal stimuli. Community economic analysis is not a rationale for maintaining the status quo; it is a comprehensive concept for changing the economic situation in the community." Accordingly, this development of an economic recovery strategy involves an analysis of the region's economy and associated opportunities for development. The process has also provided opportunities for the community to be involved in this analysis of Buffalo County. Future opportunities for community involvement in implementation of the strategy are available as well.

As suggested earlier, this study also emphasizes Buffalo County's assets. Focusing on assets does not mean that potential challenges are ignored. However, this focus on internal assets will allow Buffalo County to better develop local capacity and resources for pursing economic development strategies, rather than relying solely on attracting resources and capital from other areas. Buffalo County's assets can be classified according to a number a categories derived partially from the Community Capitals Framework (Emery and Flora, 2006). Some of these assets involve residents, while others involve industries, natural resources or infrastructure (Figure i.1). *While each type of asset may support specific economic development strategies, this analysis largely focuses on human capital, natural amenities, industry structure and quality of life.*

**Figure i.1 – Potential Asset Categories**

- *Human capital* – The knowledge and skill levels of the region's residents, employees and entrepreneurs;
- *Natural amenities* – Natural assets can include natural resources, agricultural land, recreational amenities, and unique landscapes;
- *Quality of life* – While definitions for quality of life vary by person, the role of quality of life is increasingly important in attracting and retaining residents and businesses.
- *Industrial structure* - Regional industry strengths and niches provide opportunities for growing income and employment;
- *Physical and information infrastructure* – Transportation networks; available sites and buildings; and communication infrastructure improve access to markets, facilitate information sharing, offer business locations; and influence travel costs;
- *Political capital* - Reflects a community's access to power, organizations, and connections to resources and power actors;
- *Social capital* – The connections among people and organizations including relationships among individuals, businesses, organizations and political institutions.
- *Institutions* – Education providers, government, non-profit organizations, faith-based groups, social service providers can help to implement strategies, develop a skilled labor force, and contribute to a community's quality of life;
- *Cultural capital* - Reflects the way people understand their society and how they act within it.
- *Financial capita*l – Includes financial resources available to support businesses, entrepreneurs and invest in other types of assets;

Adapted from Emery and Flora, 2006.

The remainder of this report is structured as follows:

- *Section 1: Buffalo County Region Business, Industry, Tourism and Agriculture Economic Trends and Conditions* – This section provides an overview of population and employment trends; local economic conditions; and regional industry concentrations. This information is used to identify industry development strategies;

- *Section 2: Workforce Development and Engaging Our Youth* – Section 2 identifies key characteristics of the region's labor force and examines how these traits can align with economic development efforts. This section also considers several initiatives for leveraging the county's younger residents in the economic recovery strategy;

- *Section 3: Current Buffalo County Region Economic Development Strategies and Opportunities for Broader Regional Collaboration* – This section provides an overview of the county's current economic development capacity and examines several models for collaborating and partnering with neighboring counties on economic development initiatives;

- *Section 4: A Strategic Plan for Buffalo County Economic Development* – Section 4 identifies a number of priority actions and efforts for pursuing economic recovery in the county. These actions are structured around economic development, community development and business development strategies.

# Section 1 - Buffalo County Region Business, Industry, Tourism and Agriculture Economic Trends and Conditions

Rural regions can implement a variety of economic development strategies that have proved successful (Figure 1.1). However, not all of these strategies can or should be used Buffalo County. Few rural areas have the capacity, in terms of both financial resources and personnel, to tackle many strategies at once. Furthermore, Buffalo County's economic assets may suggest a greater potential for some economic development strategies than others. Consequently, crafting an effective economic development plan for Buffalo County requires understanding the how the regional economy is currently structured and how it may have changed over the past several decades. The following analyses consider the Buffalo County economy using measures of population change, industrial concentrations, and income conditions. The structure of the Buffalo County economy is further analyzed from a labor force, or human capital, perspective in Section 2 of this report.

**Figure 1.1 – Descriptions of Rural Economic Development Strategies**

*Entrepreneurial development* – Involves the provision of training, financing, and technical assistance to entrepreneurs. This strategy also uses entrepreneurial development systems to establish an entrepreneurial culture and develop networks among entrepreneurs and economic development organizations. The strategy can be used by any rural community with access to education, training, and technical assistance providers;

*Industrial recruitment* – Uses tax breaks and other concessions to attract export-based industries to the region. The strategy is often used by places having a low-cost, low-skilled labor force with convenient transportation to suppliers and markets;

*Leveraging Regional Linkages* – Considers opportunities to expand retail and service sectors with the goal of attracting workers and consumers from nearby towns. This strategy may also focus on providing good schools and residential amenities to commuters working in nearby cities. Leveraging regional linkages is often used in places located near large and growing cities with good transportation connections. It can also be used by places centrally located in rural regions with good transportation access to rest of the region;

*Amenity-Driven Development* - Provides services desired by tourists, seasonal migrants, knowledge workers, entrepreneurs and retirees. This strategy is appropriate in places with good natural and/or cultural amenities. Broadband access and good transportation connections with population centers are also helpful;

*Industry Cluster-Based Development* – Seeks to improve supply chains among firms in an industrial concentration, develop a skilled labor force, increase networking, address infrastructure needs, and assist in marketing. The strategy is applicable in places that already have a concentration or cluster of similar firms with growth potential or having properties that could help establish such a cluster;

*Human Capital Development* - Promotes increased use of local educational and technological resources by local businesses. The strategy also pursues the attraction of well-educated or creative people by leveraging amenities sought by well-educated individuals. Human capital development often works in: 1) places with convenient access to educational or technology resources; 2) locations with high amenity levels; and 3) places close to cities with a concentration of small businesses/self-employed working population.

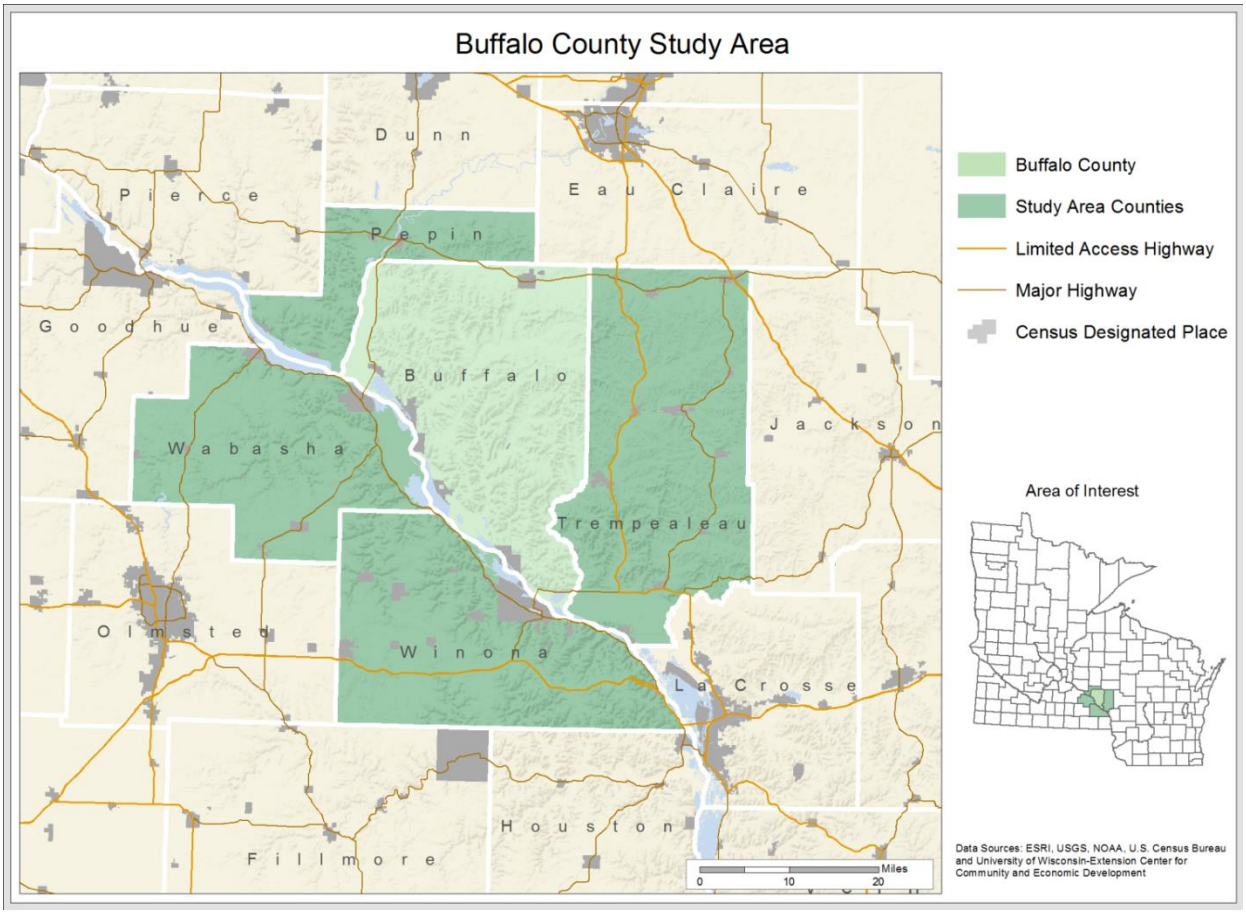
Adapted from Pender, Marre and Reeder (2012)

## Study Area Definition

While Buffalo County is the focus of this economic analysis, the county is also part of a larger economic region. Commuting patterns, shopping destinations, industrial supply chains, transportation infrastructure and cultural identities all connect Buffalo County to neighboring areas. While the scope and scale of these connections will vary, Buffalo County is certainly tied to neighboring communities and counties throughout West Central Wisconsin. These connections also extend across the Mississippi River into Minnesota. Simply ignoring these connections as part of this analysis 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 other linkages that could suggest new or expanded economic opportunities.

While regional connections may vary by the type of economic activity, a five county study area is considered in this study. This area includes Buffalo County, Pepin County and Trempealeau County in Wisconsin, as well as Wabasha County and Winona County in Minnesota (Figure 1.2). These counties are largely chosen due to their proximities, commuting connections (as shown in Section 2) and rural compositions. Certainly Buffalo County is also connected to La Crosse and Eau Claire. However, these two counties have economic scales and that may skew this analysis somewhat. Buffalo County may want to consider these more urban connections as part of future initiatives, but they are largely excluded from the following analyses.

**Figure 1.2 – Buffalo County Study Area**



## Population Trends

Population trends in rural regions are key drivers of economic development opportunities and challenges. Population growth or decline can impact a region's labor availability, its tax base, and the overall demand for goods and services provided by local businesses. Population trends may also affect internal and external perceptions of the region's overall economic capacity and potential. In 2015, Buffalo County's estimated population was 13,192, while the Balance of the Study Area was home to an additional 108,964 residents (Table 1.1). When combined, the five-county region is home to just over 122,000 residents.

Between 2010 and 2015, populations in both Buffalo County and the Balance of the Study area declined by -2.7% and -0.4% respectively. While these declines are by no means desirable, they are not surprising. Relative to prior time periods, population growth in the region has lagged both state and national averages. Furthermore, population growth rates across the region and the State of Wisconsin have slowed since the period spanning 1990 to 2000. Certainly, the continued recovery from the Great Recession has an influence on these declining rates. However, population growth rates for the State of Wisconsin started on a downward path prior to the onset of the recessionary period in December 2007. In fact, between 2000 and 2007 the State of Wisconsin had one of the slowest growth rates among all states in the nation.

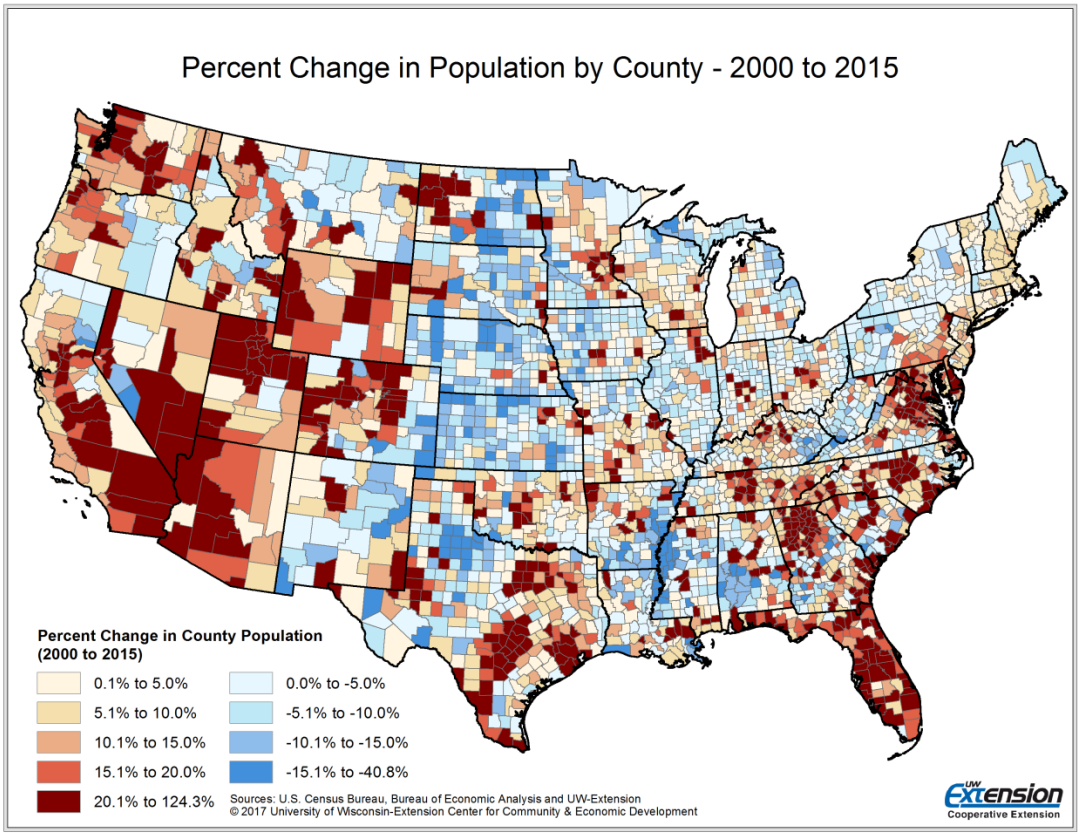
**Table 1.1 – Buffalo County Population Change 1980 to 2015**

| Time Period | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| 1980 | 14,337 | 99,424 | 4,712,045 | 227,224,719 |
| 1990 | 13,558 | 100,066 | 4,904,562 | 249,622,814 |
| 2000 | 13,799 | 106,106 | 5,373,999 | 282,162,411 |
| 2010 | 13,555 | 109,390 | 5,690,204 | 309,346,863 |
| 2015 | 13,192 | 108,964 | 5,771,337 | 321,418,820 |
| | | | | |
| Percent Change 1980 to 1990 | -5.4% | 0.6% | 4.1% | 9.9% |
| Percent Change 1990 to 2000 | 1.8% | 6.0% | 9.6% | 13.0% |
| Percent Change 2000 to 2010 | -1.8% | 3.1% | 5.9% | 9.6% |
| Percent Change 2010 to 2015 | -2.7% | -0.4% | 1.4% | 3.9% |

Source: U.S. Census Bureau 2010, 2000, 1990 Census. Calculations by UW-Extension Center for Community and Economic Development

While comparisons between Buffalo County and the other regions depicted in Table 1.1 provide broad perspectives on population change, these figures do not capture how Buffalo County is changing relative to other rural counties. In fact, study area population changes since the year 2000 reflect broader trends across the nation's metro and non-metro areas (Figure 1.3). That is, population in many rural counties throughout the Upper Midwest and Great Plains either declined between 2000 and 2015, or experienced minimal growth. Instead, counties with the fastest population growth rates are often found either in or adjacent to large metropolitan areas. Between 2000 and 2015, counties in a metro area of one million residents were responsible for 63% of the nation's population growth. Furthermore, counties in located in metro areas of all sizes accounted for 92% of the nation's growth over this period.

**Figure 1.3 – Percent Change in Population by County (2000 to 2015)**




Another method for comparing change in Buffalo County is to compare it to other counties that have the same *Rural-Urban Continuum Code (RUCC).* Rural-Urban Continuum Codes are designated by the USDA's Economic Research Service (ERS) and classify counties into one of nine categories based on their urban composition and proximity to a metropolitan statistical area (MSA). More simply, counties are classified by those that are either the most metropolitan or 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 1.2). Using this classification, Buffalo County is considered to have an RUCC of 8 as it has an urban population less than 2,500 and is located adjacent to the Eau Claire MSA.

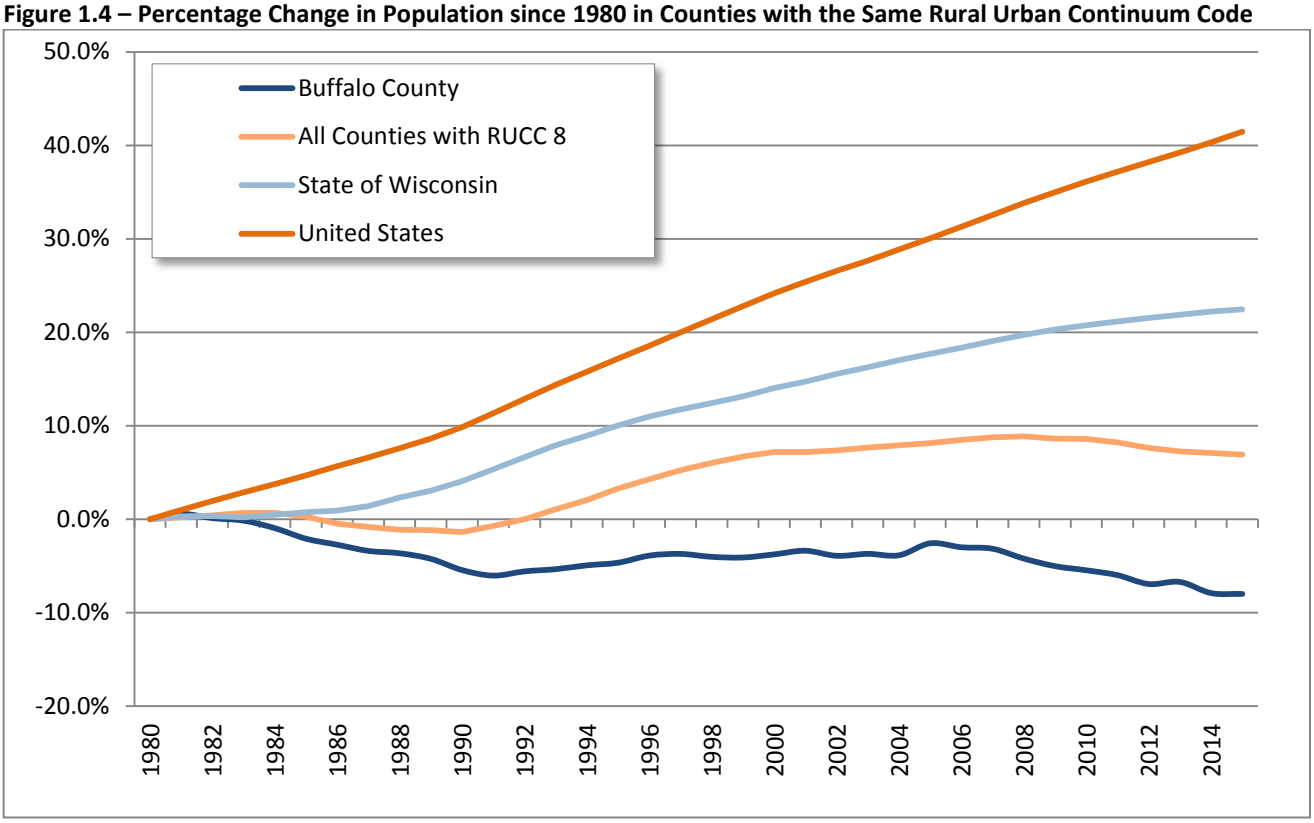
**Table 1.2 – Rural-Urban Continuum Code Descriptions**

| 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 Buffalo County. In fact, a county's urban population characteristics and its proximity to a metro area are particularly important given the previous population trends depicted on Figure 1.2. That is, Buffalo County's geographic location and small urban concentrations suggest that is should not have experienced the type of growth seen in and around large metro areas. Even so, Buffalo County's population growth has largely trailed the average growth rate for counties with an RUCC of 8 (Figure 1.4). These trends suggest that Buffalo County could face structural issues not present in many other rural areas in a similar position along the rural-urban continuum.

**Figure 1.4 – Percentage Change in Population since 1980 in Counties with the Same Rural Urban Continuum Code**



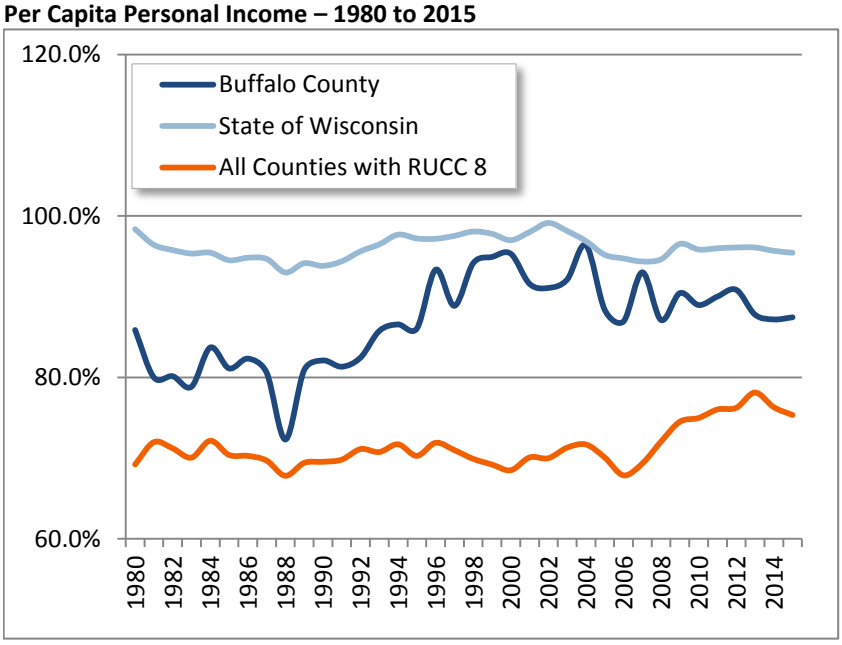

Source: BEA. Calculations by UW-Extension Center for Community and Economic Development

## Income, Poverty and Employee Compensation

Per capita personal 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 Buffalo County, 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. In particular, per capita income differences may be skewed when comparing areas with large differences in housing costs or other significant variations in costs of living.

Cost of living differences can be partially isolated by comparing per capita incomes in Buffalo County to those in other counties with an RUCC of 8. While these counties may still differ in factors such as housing costs, they are less likely to have the variations found in areas that may be influenced by large metro areas. Using counties with an RUCC of 8 as one benchmark, Figure 1.5 charts per capita personal income trends for Buffalo County between 1980 and 2015. Note that per capita income is represented as a percentage of the national PCPI. For instance, if Buffalo County had the same PCPI as the United States, then its percentage of the national PCI would be 100%.

**Figure 1.5 – Per Capita Personal Income (PCPI) as a Share of the National Per Capita Personal Income – 1980 to 2015**




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

In 2015, Buffalo County's per capita income was $42,066, or 87.4% of the national PCI of $48,112. The county's PCPI is also somewhat below the State of Wisconsin's per capita personal income of $45,914. In contrast, Buffalo County's PCPI has consistently exceeded the average per capita incomes for all counties with an RUCC of 8. However, per capita incomes in Buffalo County and other counties with an RUCC of 8 have converged somewhat over the last decade. Between 2006 and 2013, the average PCPI for counties with an RUCC of 8 increased as a percent of the national per capita income. However, Buffalo County's per capita personal income has trended downward somewhat since a high point in 2004.

The downward trend in per capita personal income can be partly explained by changes in sources of income. More specifically, per capita income is comprised of three components:

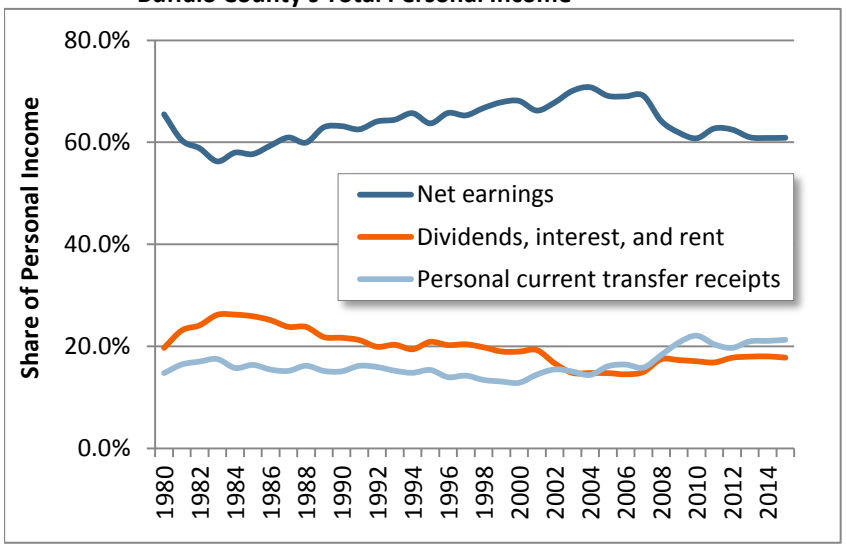
1. Earnings – A combination of wages and salaries, supplements to wages and salaries, and proprietors' income, less contributions for government social insurance;

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.

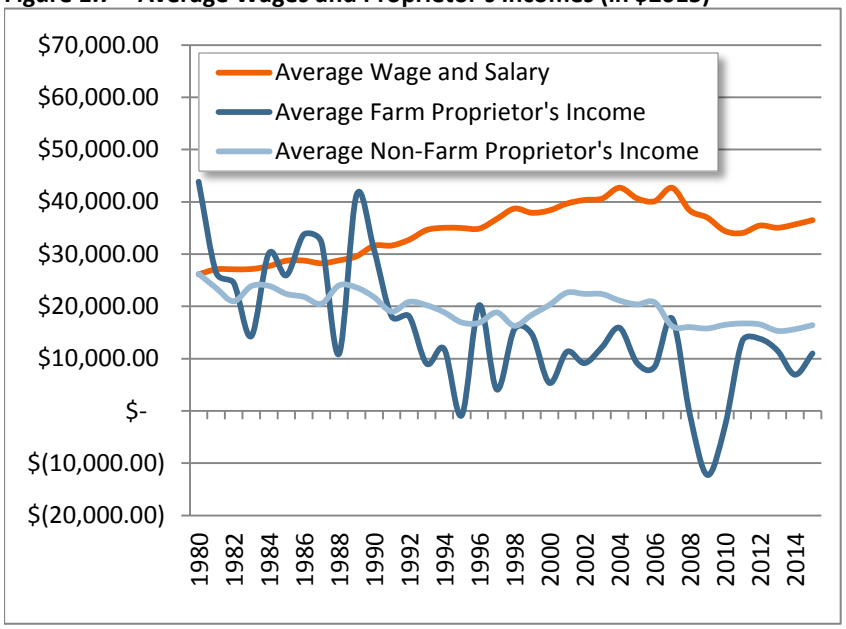
While net earnings are by far the largest contributor to personal income, their share of Buffalo County's personal income has declined since the mid-2000s. In contrast, the contributions from personal current transfer receipts have increased over this same period. These two trends in income contributions are partially attributed to an increase in Medicare dollars received by the county. In 1980, Medicare comprised only 1.9% of Buffalo County's personal income. By 2015, Medicare's share of total personal income increased to 5.5%

**Figure 1.6 – Components of Personal Income – Respective Contributions to Buffalo County's Total Personal Income**




Declining average wages and average proprietor's income are also responsible for some the changes in Buffalo County's per capita personal income (Figure 1.7). Since the mid-2000s, both average wages and non-farm proprietor's income have declined somewhat. Average farm proprietor's income has also declined, but this decrease is part of larger trend that started in the 1990s. While average wages have rebounded somewhat in the post-recessionary period, these increases have not been enough to offset other changes to Buffalo County's income structure.

**Figure 1.7 – Average Wages and Proprietor's Incomes (in $2015)**




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

Changes to Buffalo County's income are also seen in median household incomes and poverty rates (Appendix 1A). When adjusted for inflation, median household incomes were somewhat similar in 2015 to their levels in the year 2000. Poverty rates for the entire population and for individuals under the age of 18 have also increased since 2000. However, median household incomes have recovered somewhat since the year 2010 as have poverty rates. Furthermore, poverty rates in Buffalo County still remain below state and national averages.

## Employment

Changes in wage and salary employment track the net number of jobs that have been created or eliminated in a given area and provide another perspective on the direction of the region's economy.[1] While both Buffalo County and the Balance of the Study Area experienced significant growth between 1990 and 2000, this growth turned into a decline during the 2000 to 2010 period. This reversal is not surprising given the two recessionary periods that occurred during the 2000s, including the Great Recession which officially ended in June of 2009. Wage and salary jobs increased again between 2010 and 2015 in the Balance of the Study Area, the State of Wisconsin. However, employment continued to decline in Buffalo County over this period.

**Table 1.3 – Total Wage and Salary Employment Change from 1980 to 2015**

| Time Period | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| 1980 | 4,053 | 36,297 | 2,059,560 | 97,646,000 |
| 1990 | 4,255 | 41,999 | 2,389,174 | 116,544,000 |
| 2000 | 5,536 | 50,505 | 2,892,663 | 137,610,000 |
| 2010 | 5,151 | 49,264 | 2,783,755 | 135,526,000 |
| 2015 | 4,182 | 52,032 | 2,945,802 | 147,634,000 |
| | | | | |
| Percent Change 1980 to 1990 | 5.0% | 15.7% | 16.0% | 19.4% |
| Percent Change 1990 to 2000 | 30.1% | 20.3% | 21.1% | 18.1% |
| Percent Change 2000 to 2010 | -7.0% | -2.5% | -3.8% | -1.5% |
| Percent Change 2010 to 2015 | -18.8% | 5.6% | 5.8% | 8.9% |

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

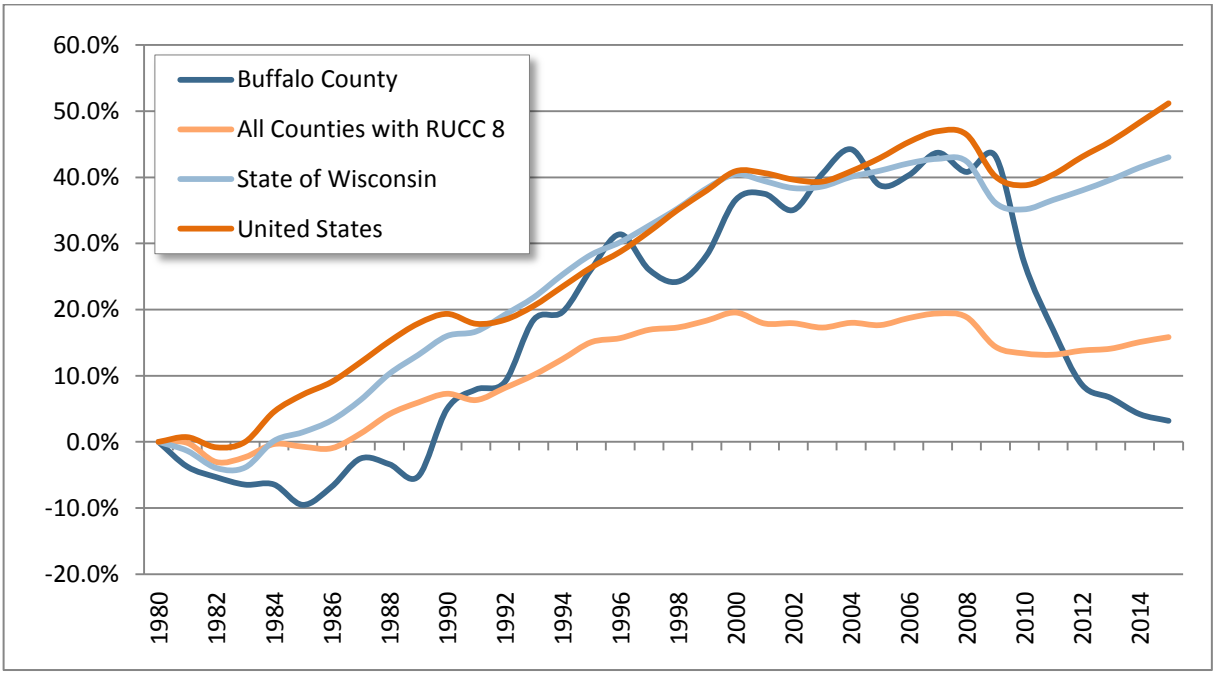
A more detailed look at employment change in Buffalo County suggests that most of the county's recent employment loss occurred after the onset of the Great Recession in 2007. Similar trends are apparent in the State of Wisconsin, the United States and among counties with a Rural-Urban Continuum Code of 8 (Figure 1.8). While these other areas have either stabilized or recovered employment since the Great Recession, Buffalo County has continued to shed wage and salary employment.

The overall patterns of employment growth in state, nation and among counties with an RUCC of 8 are somewhat expected given the prior discussion of population change. Employment growth and population growth are largely correlated. As population grows, so does employment. However, employment in Buffalo

[1] As noted by the Bureau of Economic Analysis, "wage and salary employment, also known as wage and salary jobs, measures the average annual number of full-time and part-time jobs in each area by place of work. All jobs for which wages and salaries are paid are counted."

County did not necessarily follow this pattern. Despite minimal population growth between 1980 and 2015, Buffalo County did experience several periods of significant employment growth, particularly between 1990 and 2007. This growth in wage and salary employment also parallels declining numbers of farm proprietors over this period. It may be that former proprietors shifted toward wage and salary employment as farms required fewer employees and farm operators looked for additional sources of income off the farm. Farm employment trends are examined later in Section 1.

**Figure 1.8 – Percentage Change in Employment since 1980 in Counties**




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

## Employment by Industry Category

Total employment by industry provides another perspective on the scale and scope of economic activity in Buffalo County and the surrounding region. The following discussion considers both broad categories of industrial classifications, as well as a more detailed analysis of employment within potential industrial niches. The broad level assessment uses data from the *Quarterly Census of Employment and Wages (QCEW)*. QCEW is a cooperative program involving the Bureau of Labor Statistics (BLS) and the State Employment Security Agencies (SESAs) that serves as a near census of monthly employment and quarterly wage information.

Employment data under the QCEW program represent the number of workers covered by unemployment insurance that worked during, or received pay for, the pay period including the 12$^{th}$ day of the month. Excluded are members of the armed forces, the self-employed, many proprietors, domestic workers, unpaid family workers, and railroad workers covered by the railroad unemployment insurance system. *The QCEW employment figures also exclude many agricultural employees. However, farm employment is considered later in Section 1.*

Note each business is classified into a single industrial category based on the primary good or service sold by that establishment. As industrial classifications are selected by the business owner, there may be differences between how the public perceives a business and the industrial category selected by the business owner. Furthermore, businesses that sell a variety of goods or provide multiple services are only classified under one category. Consequently, the employment numbers should not necessarily be viewed according to strict industrial classifications.

A number of subtle variations are apparent when comparing Buffalo County's employment distribution to that of the Balance of the Study Area, the State of Wisconsin and the United States (Table 1.4). However, several broad industry categories have more notable differences:

- Natural Resources and Mining employment in Buffalo County accounts for a significantly larger share of employment than found in the state or nation. This industry is largely comprised of agricultural operations in Buffalo County. Again, these figures do not count many agricultural employees that are not covered by the QCEW data set. Nonetheless, these employment differences show the importance of the agricultural sector in the county;

- Compared to the national average, manufacturing employment is prominent in both the Balance of the Study Area and the State of Wisconsin. These figures are expected given that Wisconsin has one of the highest shares of employment in manufacturing among all states. However, manufacturing accounts for just 6.4% of total employment in Buffalo County, one of the five smallest shares in all 72 Wisconsin counties. *In comparison, manufacturing accounts for 43.8% of employment in Trempealeau County, which is currently the highest share in the state*;

- Retail trade employment in Buffalo County trails the Balance of the Study Area, the State of Wisconsin and the United States. The employment figures likely reflect sales leakages from Buffalo County within many retail categories. These potential sales leakages will be explored further in Section 1.

- At 22.4%, transportation and warehousing accounts for the largest share of total employment in Buffalo County. The share of transportation and warehousing employment in Buffalo County is 5 to 6 times larger than the state and national averages and is largely influenced by the presence of Marten Transport in Mondovi;

- The shares of health care and social assistance employment in Buffalo County and the Balance of the Study Area trail both state and national percentages. This industry sector is an important consideration in quality of life. Furthermore, demand for health care services will likely grow in the region given the demographic projections noted in Section 2 of this analysis. Consequently, the current share of health care employment in the region should be of some concern and future consideration.

**Table 1.4 – Total Wage and Salary Employment by Industry Sector/Super Sector (2015 Annual Average)**

| Industry | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total Employment | 3,741 | 48,519 | 139,488,189 | 2,791,742 |
| Natural Resources and Mining | 5.6% | 3.1% | 1.4% | 1.1% |
| Utilities | 1.8% | 0.2% | 0.6% | 0.5% |
| Construction | 3.7% | 2.8% | 4.7% | 4.0% |
| Manufacturing | 6.4% | 29.5% | 8.8% | 16.7% |
| Wholesale Trade | 6.2% | 3.3% | 4.2% | 4.4% |
| Retail Trade | 6.8% | 9.4% | 11.3% | 10.9% |
| Transportation and Warehousing | 22.4% | 5.1% | 4.0% | 3.7% |
| Information | 0.9% | 1.5% | 2.1% | 1.8% |
| Financial Activities | 4.3% | 2.7% | 5.7% | 5.3% |
| Professional and Business Services | 8.4% | 5.8% | 14.2% | 11.2% |
| Educational Services | 9.4% | 10.8% | 8.8% | 7.6% |
| Health Care and Social Assistance | 8.3% | 10.9% | 14.5% | 14.6% |
| Arts, Entertainment, and Recreation | 0.7% | 0.9% | 1.8% | 1.7% |
| Accommodation and Food Services | 8.6% | 7.4% | 9.3% | 8.4% |
| Other Services (except Public Administration) | 1.0% | 2.2% | 3.1% | 3.0% |
| Public Administration | 5.4% | 4.3% | 5.2% | 4.9% |

Source: Bureau of Labor Statistics, QCEW. Calculations by UW-Extension Center for Community and Economic Development

Change in employment within industrial categories provides another perspective on how the region's economy is shifting. Change in employment can vary widely depending on the time period chosen for analysis. Given the employment levels influenced by the Great Recession beginning in December 2007, the following analysis uses the period between 2005 and 2015 to consider employment change. As suggested earlier in Section 1, Buffalo County's total employment declined over this period while also increasing slightly in the Balance of the Study Area, the State of Wisconsin and the United States (Table 1.5). While these employment losses are found across within many industry categories, a number industry changes are particularly important to this analysis:

- While natural resources and mining account for a relatively small share of total employment when compared to other industries, this sector experienced significant growth on a percentage basis. The particularly large increase in the Balance of the Study Area is largely driven by frac sand mining;

- Not surprisingly, the large decline in utilities employment within Buffalo County reflects the closure of the Dairyland Power Cooperative's Alma Station. The large percentage increase in utilities employment in the Balance of the Study Area is somewhat misleading given the small size of this sector. *In fact, total utilities employment within the Balance of the Study area increased from just 30 employees in 2005 to an estimated 85 in 2015*;

- Buffalo County employment in education services and health care and social assistance declined between 2005 and 2015. In contrast, these two sectors experienced employment increases in the Balance of the Study, the State of Wisconsin and the United States. As these industries rely largely on demand from local residents, these trends are not surprising given the prior discussion on population patterns. *For Buffalo County to grow (or maintain) these sectors, it will likely need to attract additional residents;*

- The wholesale; professional and business services; and accommodations and food services industry sectors were all sources of growth in Buffalo County. Local employment growth in these industries are indicative of overall growth within these sectors in the Balance of the Study Area, state and nation;

- Not only does manufacturing employ a sizeable number of employees in the Balance of the Study area, regional growth in the industry ran counter to the state and national employment declines over this period.

**Table 1.5 – Percent Change in Wage and Salary Employment by Industry Sector/Super Sector (2005 to 2015)**

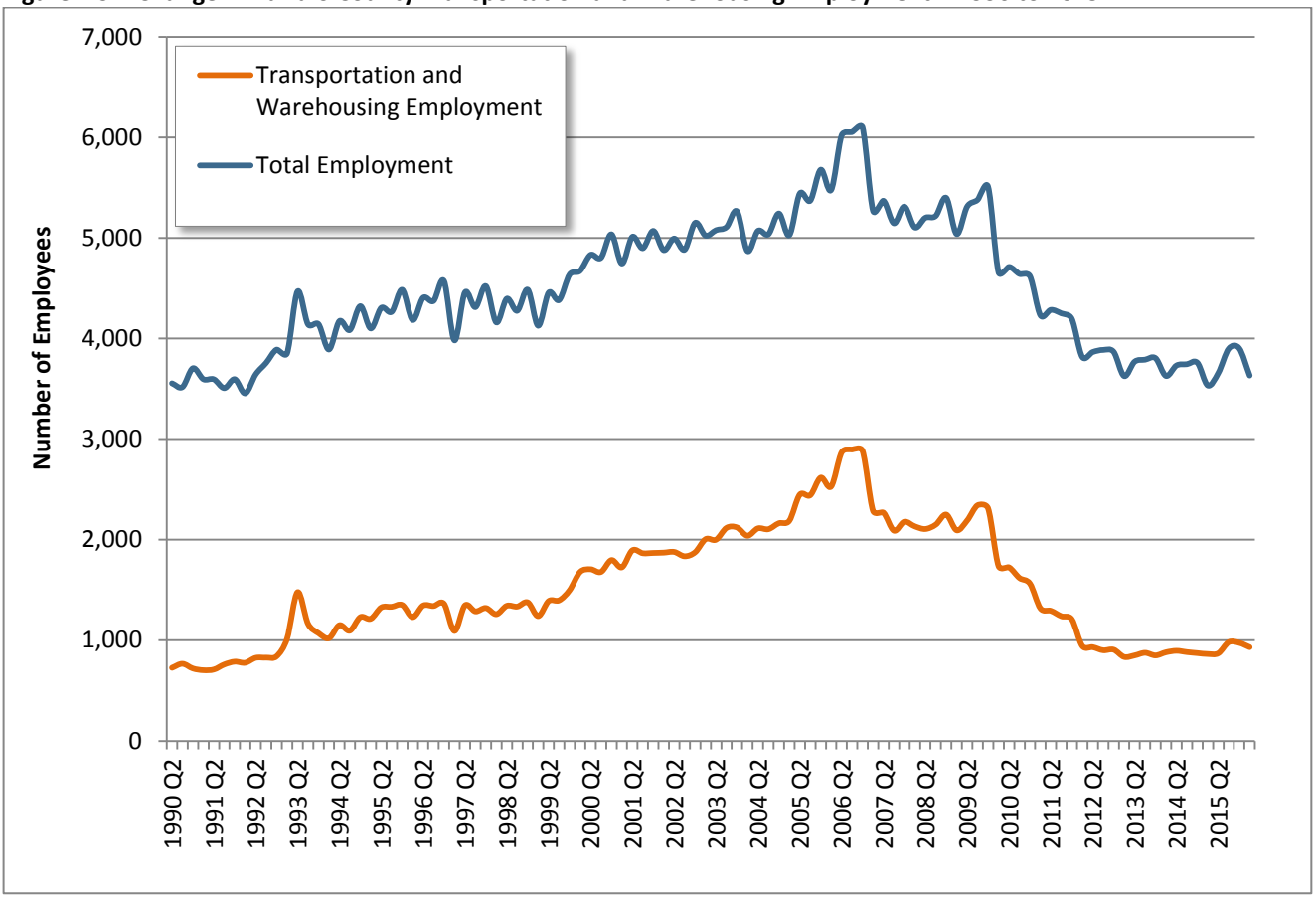
| Industry | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total Employment | -31.3% | 3.5% | 1.8% | 6.0% |
| Natural Resources and Mining | 52.9% | 117.5% | 41.8% | 15.9% |
| Utilities | -62.3% | 183.3% | -7.8% | 0.2% |
| Construction | -24.5% | -17.5% | -14.3% | -11.5% |
| Manufacturing | -22.0% | 5.1% | -7.9% | -13.3% |
| Wholesale Trade | 28.3% | 16.2% | 3.4% | 2.1% |
| Retail Trade | 0.8% | -13.2% | -3.8% | 2.4% |
| Transportation and Warehousing | -62.4% | 19.2% | -4.0% | 6.4% |
| Information | -20.0% | -28.0% | -1.5% | -9.5% |
| Financial Activities | -5.3% | -7.6% | -6.4% | -2.6% |
| Professional and Business Services | 42.7% | 0.6% | 18.6% | 15.9% |
| Educational Services | -17.8% | 7.6% | 3.9% | 6.3% |
| Health Care and Social Assistance | -46.6% | 2.5% | 16.8% | 25.9% |
| Arts, Entertainment, and Recreation | -39.1% | -15.3% | 9.7% | 13.0% |
| Accommodation and Food Services | 24.2% | 8.7% | 5.2% | 19.1% |
| Other Services (except Public Administration) | 8.3% | 18.0% | -0.2% | -0.8% |
| Public Administration | 0.0% | -1.9% | -2.2% | 1.3% |

Source: Bureau of Labor Statistics, QCEW. Calculations by UW-Extension Center for Community and Economic Development

The -62.4% decline in transportation and warehousing employment within Buffalo County is particularly notable given the large employment contributions of this sector. In fact, the aforementioned trends in total employment are largely influenced by changes to transportation and warehousing employment (Figure 1.9). Specifically, between 2005 and 2015 Buffalo County lost 1,705 total jobs while transportation and warehousing employment declined by an estimated 1,388 jobs over this period. *In other words, employment declines in the transportation and warehousing sector accounted for 81% of Buffalo County's total employment loss.*

The loss in transportation and warehousing employment may truly reflect employment changes in this sector. However, it may be worth exploring if some of these changes can be attributed to a shift in employment reporting. It may be that some transportation employees are no longer counted as being located in Buffalo County, but are instead counted at their place of residence (if outside the county). *If so, the employment changes in the county are less dramatic than they appear.*

**Figure 1.9 – Change in Buffalo County Transportation and Warehousing Employment – 1990 to 2015**




Source: U.S. Census Bureau LEHD. Calculations by UW-Extension Center for Community and Economic Development

### Employment by Detailed Industry Category

In addition to employment in broad industrial classifications, a snapshot of employment by detailed industry categories provides other important insights into the Buffalo County economy. The following employment figures by detailed industrial types are based on estimates from IMPLAN *(Impacts for PLANning)*. IMPLAN is an input-output (IO) economic modeling software package. Input-output models are widely used for measuring economic impact, but can provide a powerful tool for examining strengths and weaknesses in the region's economy. Using IMPLAN is advantageous as the QCEW data used in the discussion of broad industry employment is subject to many data suppression issues within more detailed industrial categories. IMPLAN provides estimates for these employment figures that may be otherwise missing in the QCEW data.

*As IMPLAN relies on estimation procedures* from a variety of public data sources (Bureau of Economic Analysis regional accounts, Census Bureau's County Business Patterns, Quarterly Census of Employment and Wages, Economic Census, etc.) to estimate data, there are likely inaccuracies that arise from the IMPLAN estimation process. Given these differences, 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. Furthermore, IMPLAN defines employees somewhat differently. As noted earlier, QCEW only reports employees covered by unemployment insurance. IMPLAN estimates include both covered employees as well as non-covered employment such as business owners, farm laborers and the self-employed. For comparison purposes, Buffalo County had 3,741 covered employees in 2015. However, Buffalo County also had an additional 3,222 farm and non-farm proprietors that are not considered wage and salary employees.

Based on 2013 estimates, the top 30 detailed industry categories by total employment are a largely a mix of service, retail, government, transportation and agricultural industries (Table 1.6):

- Not surprisingly, truck transportation accounts for the most employees in Buffalo County. The Balance of the Study Area also has a notable number of employees (1,600) in this industry;

- Agriculture and agricultural-related industries are found throughout Table 1.6. Dairy cattle and milk production; all other crop farming; poultry and egg production; breakfast cereal manufacturing; veterinary services; grain farming; and beef cattle ranching and farming are all among the top 30 employment categories;

- Restaurants, personal care service and a number of retail categories are among the top 30 employers. Note that the IMPLAN data used here does not distinguish between full and part-time employees. As these industry categories often rely on part-time employees, these employment estimates should not be viewed as comparable to the full-time equivalents that dominate many other industries;

- Electric power generation (fossil fuel) is listed as a top employer in Table 1.6. As these employment data are 2013 estimates, the figures do not yet reflect the closing of the Dairyland Power Cooperative's coal-fired Alma Station.

**Table 1.6 – Top 30 Detailed Industry Categories Based on Total Employment (2013)**

| Description | Buffalo County | | Balance of Study Area | |
|---|---|---|---|---|
| | Total Employees | Percent of Total | Total Employees | Percent of Total |
| Total | 8,750 | - | 62,125 | - |
| Truck transportation | 768 | 8.8% | 1,600 | 2.6% |
| Dairy cattle and milk production | 420 | 4.8% | 421 | 0.7% |
| Local government - education | 375 | 4.3% | 3,014 | 4.9% |
| Wholesale trade | 312 | 3.6% | 1,935 | 3.1% |
| Full-service restaurants | 300 | 3.4% | 1,381 | 2.2% |
| Non-store retailers | 298 | 3.4% | 632 | 1.0% |
| All other crop farming | 295 | 3.4% | 2,351 | 3.8% |
| Office administrative services | 287 | 3.3% | 279 | 0.4% |
| Real estate | 260 | 3.0% | 974 | 1.6% |
| Poultry and egg production | 237 | 2.7% | 48 | 0.1% |
| Local government - non-education | 235 | 2.7% | 1,648 | 2.7% |
| Breakfast cereal manufacturing | 207 | 2.4% | - | 0.0% |
| Other financial investment activities | 189 | 2.2% | 164 | 0.3% |
| All other food and drinking places | 178 | 2.0% | 1,241 | 2.0% |
| Automotive repair and maintenance, except car washes | 176 | 2.0% | 549 | 0.9% |
| Nursing and community care facilities | 173 | 2.0% | 1,622 | 2.6% |
| Accounting, tax preparation, bookkeeping & payroll services | 157 | 1.8% | 280 | 0.5% |
| Electric power generation (Fossil fuel) | 157 | 1.8% | 32 | 0.1% |
| Personal care services | 153 | 1.8% | 257 | 0.4% |
| Retail - Miscellaneous store retailers | 136 | 1.6% | 459 | 0.7% |
| Monetary authorities and depository credit intermediation | 131 | 1.5% | 926 | 1.5% |
| Veterinary services | 110 | 1.3% | 249 | 0.4% |
| Grain farming | 104 | 1.2% | 579 | 0.9% |
| Grantmaking, giving, and social advocacy organizations | 99 | 1.1% | 199 | 0.3% |
| Beef cattle ranching and farming | 96 | 1.1% | 1,038 | 1.7% |
| Management consulting services | 89 | 1.0% | 55 | 0.1% |
| Construction of other new non-residential structures | 88 | 1.0% | 341 | 0.5% |
| Offices of dentists | 88 | 1.0% | 277 | 0.4% |
| Federal government - non-military | 83 | 0.9% | 79 | 0.1% |
| Retail - Food and beverage stores | 80 | 0.9% | 966 | 1.6% |

Sources: IMPLAN

### Location Quotients

A location quotient (LQ) provides one means of analyzing industry concentration and specialization in an area. Location quotients are calculated by comparing a given industry's share of total local employment to the same industry's share of overall national employment:

$$\textit{Location Quotient (LQ) for industry (i) in Local Area} = \frac{\frac{\text{Industry (i) local employment}}{\text{Total local employment}}}{\frac{\text{Industry (i) national employment}}{\text{Total national employment}}}$$

The critical value for a location quotient is 1.0. An LQ of 1.0 means an area has the same proportion of local employment in an industry as the nation. An LQ *greater* than 1.0 denotes that an area's share of employment in a given industry is greater than its national share. Conversely, an LQ *less* than 1.0 indicates an area's employment in an industry is below the national percentage. Due to accuracy issues with employment data, location quotients between 0.75 and 1.25 are generally considered not to be significantly different from 1.0.

A location quotient of 1.0 suggests that the local level of demand for that good or service is satisfied by local industries (supply equals demand). Location quotients greater than 1.0 are important as they imply that an area has a specialization in a given industry. More specifically, an LQ greater than 1.0 suggests that an industry is producing more goods or services than can be consumed locally. These goods and services are in turn exported out of the region, connecting the area to external economies and bringing outside dollars into local communities (i.e. they have an export-orientation). In contrast, an LQ less than 1.0 suggests that local industries are not meeting demand (demand is greater than supply) and the good or service must be imported.

Note that differences in local demand preferences compared to national conditions, or the efficiency of a local industry, have the potential to skew the results of a location quotient analysis. Furthermore, Buffalo County, or the broader study area, should not seek to satisfy all local demand internally, as certain industries are better suited to other locations or simply are not feasible within the local economy. Even so, LQs serve as a starting point for examining potential export industries, exploring gaps in the local economy, and determining specialization within the region.[2]

Table 1.7 lists location quotients for broad sector/super sector industry categories. Several industries in Buffalo County have large location quotients (i.e. above 1.25) including: natural resources and mining (LQ = 3.92); wholesale trade (LQ = 1.47) and transportation and warehousing (LQ = 5.64). These large location quotients are to be expected given the previous analysis of employment statistics. These large LQs suggest that these industries are connections to economies outside of Buffalo County and in turn bring revenue and economic activity back to local business. Utilities also show a large location quotient in Buffalo County, but this figure may not yet fully reflect the aforementioned local changes occurring within this sector.

[2] The location quotient descriptions are similar to those used by the author in prior studies

Several key industries in Buffalo County also show location quotients well below 1.0. The low location quotients for retail trade (0.61), health care and social assistance (0.57), and other services (0.33) all suggest potential gaps in the local economy. That is, local industries may not be meeting demand and the good or service is being purchased elsewhere. These gaps suggest that the Buffalo County economy is leaking dollars to businesses in other areas, either within the Study Area or elsewhere.

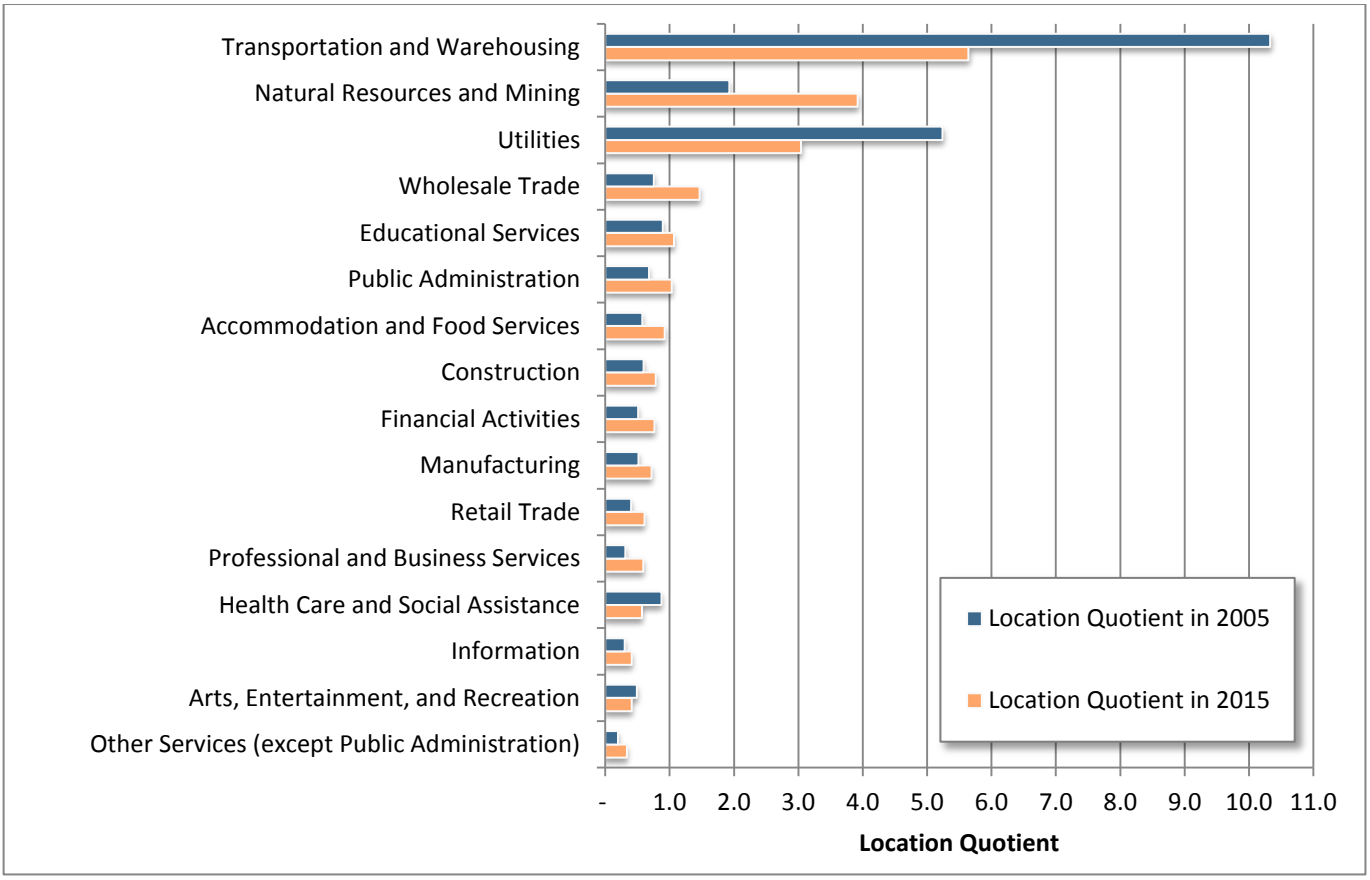
**Table 1.7 – Industry Sector/Super Sector Location Quotients (2015 Annual Average)**

| Industry | Buffalo County | Balance of Study Area | State of Wisconsin |
|---|---|---|---|
| Natural Resources and Mining | 3.92 | 2.15 | 0.75 |
| Utilities | 3.04 | 0.30 | 0.78 |
| Construction | 0.79 | 0.60 | 0.84 |
| Manufacturing | 0.72 | 3.34 | 1.89 |
| Wholesale Trade | 1.47 | 0.79 | 1.03 |
| Retail Trade | 0.61 | 0.84 | 0.97 |
| Transportation and Warehousing | 5.64 | 1.28 | 0.94 |
| Information | 0.41 | 0.71 | 0.87 |
| Financial Activities | 0.76 | 0.48 | 0.93 |
| Professional and Business Services | 0.59 | 0.41 | 0.79 |
| Educational Services | 1.07 | 1.22 | 0.86 |
| Health Care and Social Assistance | 0.57 | 0.75 | 1.00 |
| Arts, Entertainment, and Recreation | 0.41 | 0.51 | 0.92 |
| Accommodation and Food Services | 0.92 | 0.79 | 0.90 |
| Other Services | 0.33 | 0.72 | 0.96 |
| Public Administration | 1.03 | 0.83 | 0.94 |

Source: Bureau of Labor Statistics, QCEW. Calculations by UW-Extension Center for Community and Economic Development

Given the employment changes discussed earlier in Section 1, we should also expect location quotients to change as well (Figure 1.10). While most Buffalo County industries experienced slight increases in location quotients between 2005 and 2015, these changes partially reflect a shifting employment structure due to large declines in employment and LQs in utilities and transportation and warehousing. Nonetheless, wholesale trade made a notable increase from 0.76 to 1.47. Furthermore, natural resources and mining experienced the largest increase, growing from a location quotient of 1.93 in 2005 to 3.92 in 2015. These changes continue to show the importance of this sector as a tie to the external economy. The location quotient for manufacturing in Buffalo County also increased between 2005 and 2015. However, it continues to remain below 1.0 and well below the values found in the Balance of the Study Area and the State of Wisconsin.

**Figure 1.10 – Comparison of Location Quotients by Industry Sector/Super Sector – 2005 versus 2015**




Source: Bureau of Labor Statistics, QCEW. Calculations by UW-Extension Center for Community and Economic Development

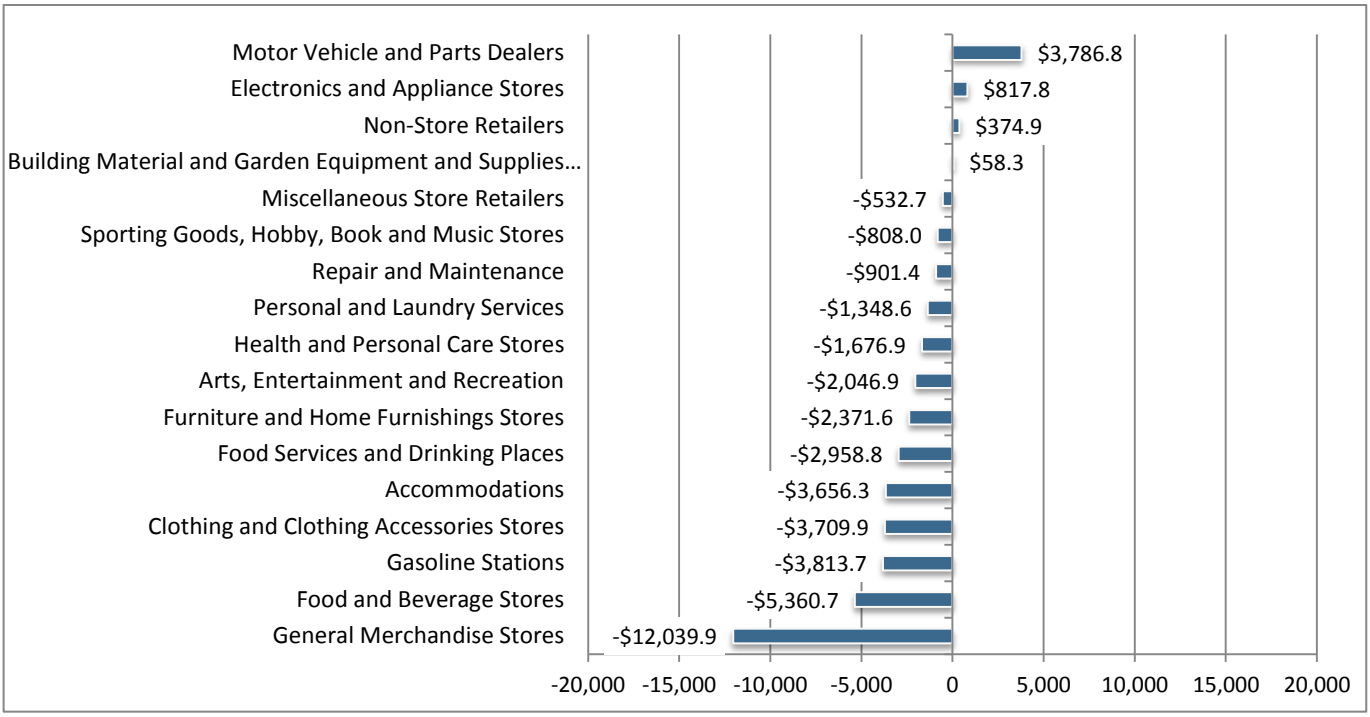
Buffalo County's location quotient for retail trade (0.61) suggests that this industry may be a source of leakage or a gap in the county's economy. As the retail trade industry is diverse in the goods and services sold to consumers, more specific information on retail conditions in the county can be assessed using sales tax data from the Wisconsin Department of Revenue. By comparing actual sales tax collections with potential sales tax collections, retail surplus and leakage calculations can be estimated for a variety of sales categories.[3] If actual sales exceed potential sales, then the retail category has a surplus in the county and is capturing more dollars than would be expected. In contrast, if potential sales exceed actual sales, then the county has a leakage in the retail category and may be losing sales to purchases made elsewhere.

Retail surplus and leakage figures calculated for Buffalo County suggest that only several retail categories have a surplus in sales: motor vehicle and parts dealers; electronics and appliance stores; non-store retailers; and building materials (Figure 1.11). The remaining categories show a potential leakage of sales to other destinations. Importantly, some of the largest leakages are found in general merchandise stores (e.g. Wal-Mart, etc.), grocery stores and gasoline stations. These three categories are often primary sources of basic goods and services in a community and in turn contribute to quality of life and livability.

[3] Expected sales tax collections are based on state per capita sales in a given category multiplied the population of an area. An income adjustment is also made based on the ratio of local to state per capita income in the area. For more information on these calculations, see: Deller, S. C. (2016). "A Trade Area Analysis of Wisconsin Retail Markets: Updated for 2015." University of Wisconsin-Madison Department of Agricultural and Applied Economics Miscellaneous Publications. Madison, WI.

While the suggested retail leakage figures suggest that there is unmet demand for these goods and services, these values are not sufficient to determine whether new businesses in a given category are feasible for development. Additional market analyses are needed to further quantify and assess the feasibility of any retail or service business in the county. Accordingly, Buffalo County may want to consider conducting a more formal assessment of retail and service opportunities. One set of resources for determining the market for retail businesses is available through the University of Wisconsin-Extension's *Downtown and Business District Market Analysis Toolbox* available at: http://fyi.uwex.edu/downtown-market-analysis/

**Figure 1.11 – Estimated Buffalo County Surplus and Leakage by Retail/Service Categories ($000s)**




Source: Deller, 2016

In addition to the location quotients for broad industry classifications, Buffalo County's 30 highest location quotients for detailed industry categories are provided in Table 1.8. For comparison purposes, the LQs and employment levels in the Balance of the Study Area are reported as well. The detailed industry categories with large location quotients are dominated by agriculture and food production industries. Breakfast cereal manufacturing (LQ of 292.66); dairy cattle and milk production (86.36); poultry and egg production (56.40); and other animal food manufacturing (31.68) have the four highest location quotients in Buffalo County at the detailed industry level. Cheese manufacturing (11.37); all other crop farming (9.03); flour milling (5.13); veterinary services (5.05); beef cattle ranching (3.42); animal production, other than cattle and poultry (3.28); and wineries (2.91) are also part of the county's agricultural sector. Many of these industries also have high location quotients in the Balance of the Study area.

The remaining detailed industries with high location quotients in Buffalo County include a mix of services, transportation, and natural resource extraction categories. However, several manufacturing categories are present. A number of industries connected to forest products are also included. The manufacturing and forest product industries in Table 1.8 tend to employ a small number of employees, but are important industries nonetheless.

**Table 1.8 – Top 30 Detailed Industry Categories Based on Location Quotient (2013)**

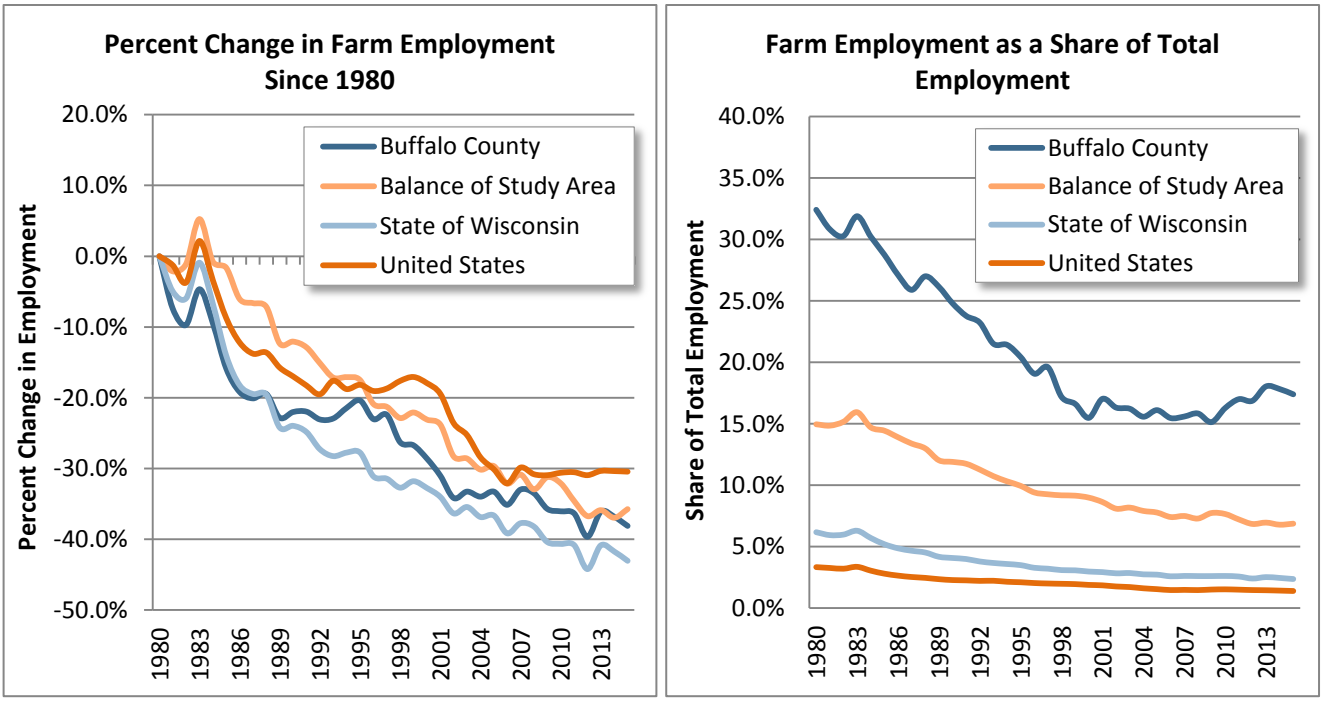
| Description | Buffalo County | | Balance of Study Area | |
|---|---|---|---|---|
| | Total Employees | Location Quotient | Total Employees | Location Quotient |
| Breakfast cereal manufacturing | 207 | 292.66 | - | 0.00 |
| Dairy cattle and milk production | 420 | 86.36 | 689 | 19.96 |
| Poultry and egg production | 237 | 56.40 | 183 | 6.13 |
| Other animal food manufacturing | 51 | 31.68 | 22 | 1.91 |
| Electric power generation - Fossil fuel | 157 | 31.50 | 32 | 0.91 |
| Sawmill, woodworking, and paper machinery | 12 | 17.87 | - | 0.00 |
| Cheese manufacturing | 25 | 11.37 | 337 | 21.73 |
| Office administrative services | 287 | 9.50 | 279 | 1.30 |
| Ornamental and architectural metal work manufacturing | 16 | 9.06 | - | 0.00 |
| All other crop farming | 295 | 9.03 | 2,055 | 8.87 |
| Racing and Track Operation | 53 | 9.02 | 30 | 0.71 |
| Sawmills | 34 | 7.85 | 58 | 1.91 |
| Truck transportation | 768 | 7.80 | 1,600 | 2.29 |
| Other millwork, including flooring | 14 | 7.44 | 28 | 2.04 |
| Grain farming | 104 | 7.26 | 567 | 5.57 |
| Flour milling | 3 | 5.13 | 126 | 27.01 |
| Veterinary services | 110 | 5.05 | 249 | 1.61 |
| Death care services | 73 | 4.03 | 169 | 1.30 |
| Retail – Non-store retailers | 298 | 3.51 | 632 | 1.05 |
| Beef cattle ranching and farming, including feedlots | 96 | 3.42 | 897 | 4.51 |
| Animal production, except cattle and poultry and eggs | 45 | 3.28 | 282 | 2.87 |
| All other miscellaneous manufacturing | 9 | 3.12 | 170 | 8.04 |
| Wineries | 7 | 2.91 | 6 | 0.35 |
| Sand and gravel mining | 5 | 2.78 | 39 | 3.16 |
| Commercial hunting and trapping | 3 | 2.76 | 14 | 1.90 |
| Grantmaking, giving, and social advocacy organizations | 99 | 2.50 | 199 | 0.71 |
| Other support services | 45 | 2.38 | 89 | 0.67 |
| Forestry, forest products, and timber tract production | 1 | 2.36 | 5 | 1.13 |
| Accounting, tax preparation, bookkeeping, and payroll services | 157 | 2.32 | 280 | 0.58 |
| Other financial investment activities | 189 | 2.27 | 164 | 0.28 |

Sources: IMPLAN

## Farm Employment

Agricultural productivity has increased over the past century through the adoption of improved chemicals, new machinery and innovative technologies. Not surprisingly, the increase in agricultural yields attributed to these non-labor inputs coincided with a decline in farm employment (Fernandez-Cornejo, 2007). For instance, farm employment in Buffalo County decreased by 38 percent between 1980 and 2015 (Figure 1.12). Somewhat similar declines are found in the Balance of the Study Area and the State of Wisconsin. As a result, Buffalo County's dependence on farm employment dropped from 30.8% of total employment in 1980 to 17.4% in 2015. Similar trends are found across non-metropolitan areas that as a whole have become less reliant on agricultural employment.

**Figure 1.12 – Farm Employment Changes 1980 to 2015**




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

*Despite declines in farm employment, the agriculture sector remains highly important to the region.* While Buffalo County farms no longer employ the number of workers they once did, the county's share of total employment attributed to farm employment remains 12 times larger than the national average. In the Balance of the Study Area, farm employment as a share of total employment is five times greater than that of the United States. Importantly, the region's agricultural producers are also potentially significant sources of inputs and products for the region's food manufacturing and processing industries. These connections are further explored later in Section 1.

While increased agricultural productivity may have improved the sector's competitiveness, the resulting lower employment levels have other implications for many rural counties. Specifically, farm proprietor incomes still vary dramatically and may even be negative some years depending on growing conditions, the cost of inputs, federal price supports, and other factors. Furthermore, USDA ERS research shows that counties highly dependent on farm payments had high rates of population loss, even during those periods (i.e. late 1990s)

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.

### Farms by NAICS Classification

As suggested by the previous analysis of location quotients, Buffalo County's agriculture sector produces a variety of products. The diversity of agricultural production is further apparent when grouping Buffalo County's farms by their primary type of production. Specifically, the Census of Agriculture classifies agricultural production establishments according to the North American Industrial Classification System (NAICS).[4] Note that individual farms may produce a diversity of agricultural products, but many farms will produce a primary commodity type that generates the majority of sales. Accordingly, the NAICS categories are based on the primary commodity type produced by a farm.

In comparing the distribution of farms by NAICS categories, farms in Buffalo County and the Balance of the Study Area are much more likely to be classified as oilseed and grain farms than the national distribution (Table 1.9). Large shares of farms are also classified as other crop farming (NAICS 1119) which partially reflects farms where less than half of their sales comes from one crop. However, Buffalo County's share of farms classified as other crop farming is somewhat below state and national averages. As expected, farms in the region are also distinguished by the high shares classified under dairy cattle and milk production (NAICS 11212). Buffalo County also has a relatively large share of farms engaged in poultry and egg production (NAICS 1123).

**Table 1.9 – Farms by NAICS Classification**

| NAICS Description and Classification | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total farms | 1,061 | 3,919 | 69,754 | 2,109,303 |
| Oilseed and grain farming (1111) | 34.9% | 36.4% | 28.3% | 17.5% |
| Vegetable and melon farming (1112) | 0.4% | 0.6% | 1.9% | 2.0% |
| Fruit and tree nut farming (1113) | 0.7% | 1.5% | 1.8% | 4.4% |
| Greenhouse, nursery, and floriculture production (1114) | 0.9% | 1.1% | 2.5% | 2.5% |
| Other crop farming (1119) | 21.3% | 21.0% | 22.5% | 23.6% |
| Beef cattle ranching and farming (112111) | 14.4% | 13.6% | 14.7% | 29.4% |
| Cattle feedlots (112112) | 0.8% | 1.8% | 1.3% | 0.7% |
| Dairy cattle and milk production (11212) | 12.1% | 13.9% | 14.9% | 2.2% |
| Hog and pig farming (1122) | 0.0% | 0.5% | 0.7% | 1.0% |
| Poultry and egg production (1123) | 6.3% | 2.9% | 2.3% | 2.5% |
| Sheep and goat farming (1124) | 1.9% | 1.5% | 2.2% | 3.5% |
| Animal aquaculture & other animal production (1125,1129) | 6.3% | 5.2% | 6.9% | 10.8% |

Source: USDA 2012 Census of Agriculture. Calculations by UW-Extension Center for Community and Economic Development

[4] NAICS is the North American Industrial Classification System. As noted by the U.S. Census Bureau, "NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy." For more information see: http://www.census.gov/eos/www/naics/.

**Figure 1.13 – NAICS Farm Classification Descriptions**

- *Oilseed and grain farming (NAICS 1111)* - Comprises establishments primarily engaged in (1) growing oilseed and/or grain crops and/or (2) producing oilseed and grain seeds. These crops have an annual life cycle and are typically grown in open fields. This category includes corn silage and grain silage;
- *Vegetable and melon farming (NAICS 11121)* - Comprises establishments primarily engaged in one or more of the following: (1) growing vegetables and/or melon crops, (2) producing vegetable and melon seeds, and (3) growing vegetable and/or melon bedding plants;
- *Fruit and tree nut farming (NAICS 1113)* - Comprises establishments primarily engaged in growing fruit and/or tree nut crops. These crops are generally not grown from seeds and have a perennial life cycle;
- *Greenhouse, nursery, and floriculture production (NAICS 1114)* - Comprises establishments primarily engaged in growing crops of any kind under cover and/or growing nursery stock and flowers. ''Under cover'' is generally defined as greenhouses, cold frames, cloth houses, and lath houses. Crops grown are removed at various stages of maturity and have annual and perennial life cycles. The category includes short rotation woody crops and Christmas trees that have a growing and harvesting cycle of 10 years or less;
- *Other crop farming (NAICS 1119)* - Comprises establishments primarily engaged in (1) growing crops such as tobacco, cotton, sugarcane, hay, sugarbeets, peanuts, agave, herbs and spices, and hay and grass seeds, or *(2) growing a combination of the valid crops with no one crop or family of crops accounting for one-half of the establishment's agricultural production (value of crops for market);*
- *Beef cattle ranching and farming (NAICS 112111)* - Comprises establishments primarily engaged in raising cattle (including cattle for dairy herd replacements). Pastureland-only farms, those with only 100 or more acres of pastureland, were classified as "All other animal production farming (11299);
- *Cattle feedlots (NAICS 112112)* - Establishments primarily engaged in feeding cattle for fattening;
- *Dairy cattle and milk production (NAICS 11212)* - This industry comprises establishments primarily engaged in milking dairy cattle;
- *Poultry and egg production (NAICS 1123)* - This industry group comprises establishments primarily engaged in breeding, hatching, and raising poultry for meat or egg production;
- *Sheep and goat farming (NAICS 1124)* - This industry group comprises establishments primarily engaged in raising sheep, lambs, and goats, or feeding lambs for fattening;
- *Animal aquaculture (NAICS 1125)* - Comprises establishments primarily engaged in the farm raising of finfish, shellfish, or any other kind of animal aquaculture. These establishments use some form of intervention in the rearing process to enhance production, such as holding in captivity, regular stocking, feeding, and protecting from predators;
- *Other animal production (NAICS 1129)* - Comprises establishments primarily engaged in raising animals and insects (except cattle, hogs and pigs, poultry, sheep and goats, and aquaculture) for sale or product production. These establishments are primarily engaged in one of the following: bees, horses and other equine, rabbits and other fur-bearing animals, etc., and producing products such as honey and other bee products. *Establishments primarily engaged in raising a combination of animals with no one animal or family of animals accounting for one-half of the establishment's agricultural production are included in this industry group. Farms with only 100 acres or more of pastureland are classified here as well.*

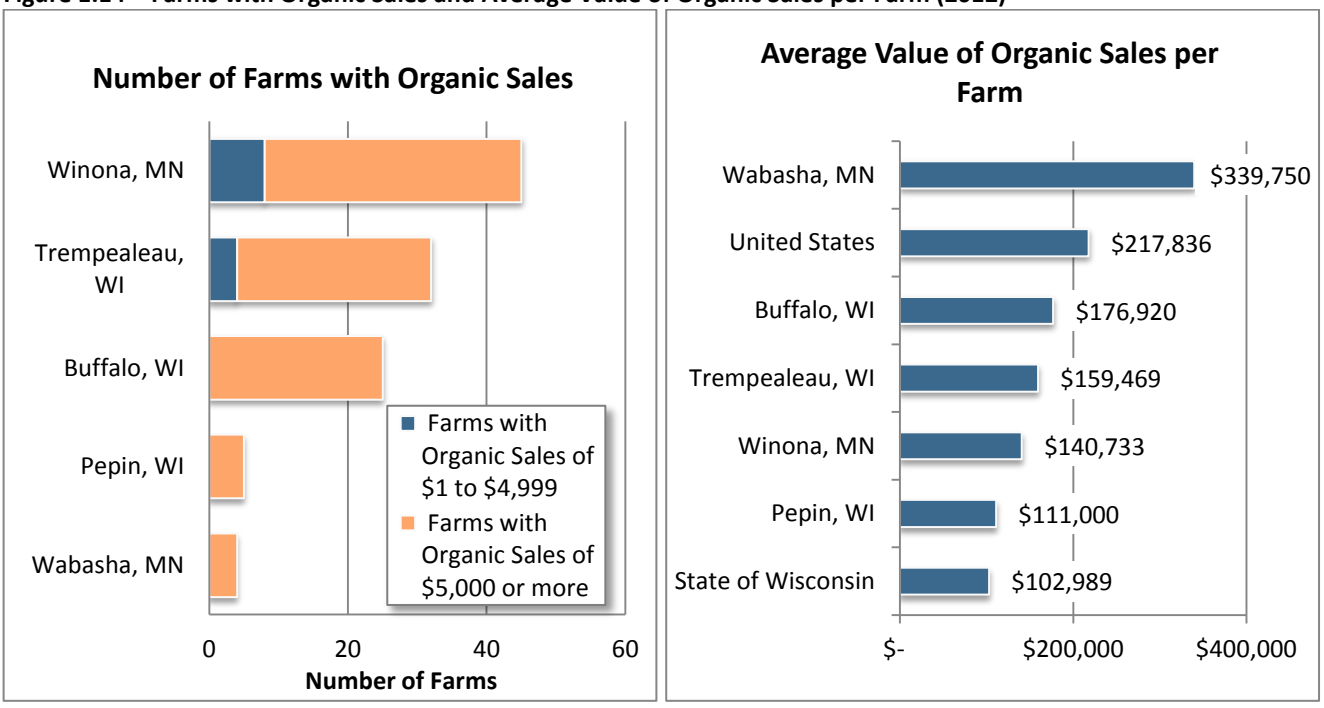
These descriptions are cited from the *2012 Census of Agriculture: Appendix B. General Explanation and Census of Agriculture Report Form. USDA, National Agricultural Statistics Service.*

## Organic Production

According to figures produced the *Nutrition Business Journal* and disseminated by the USDA, domestic sales of organic products reached an estimated $35 billion in 2014. While organic foods still constitute a relatively small share of overall food sales (approximately four percent), demand for organic goods continues to grow by double digits annually. These increases in organic sales are seen across many categories of food production and consumption.

According to the most recent Census of Agriculture, Buffalo County had 25 farms with sales of organic products in 2012. These farms averaged almost $177,000 in organic sales, which significantly exceeds Wisconsin's average of $103,000 (Figure 1.14). While 25 farms may seem like a small number relative to the county's total number of farms, Buffalo County is located in an area with a high relative concentration of farms producing organic products (Figure 1.15). The region is also surrounded by a notable concentration of processing establishments who are certified to handle organic products (Figure 1.16). Accordingly, the geographic location of Buffalo County positions it well to further build upon the organics niche.

**Figure 1.14 – Farms with Organic Sales and Average Value of Organic Sales per Farm (2012)**




Source: USDA 2012 Census of Agriculture. Calculations by UW-Extension Center for Community and Economic Development

**Figure 1.15– Farms with Sales of Organic Products of $5,000 or More**

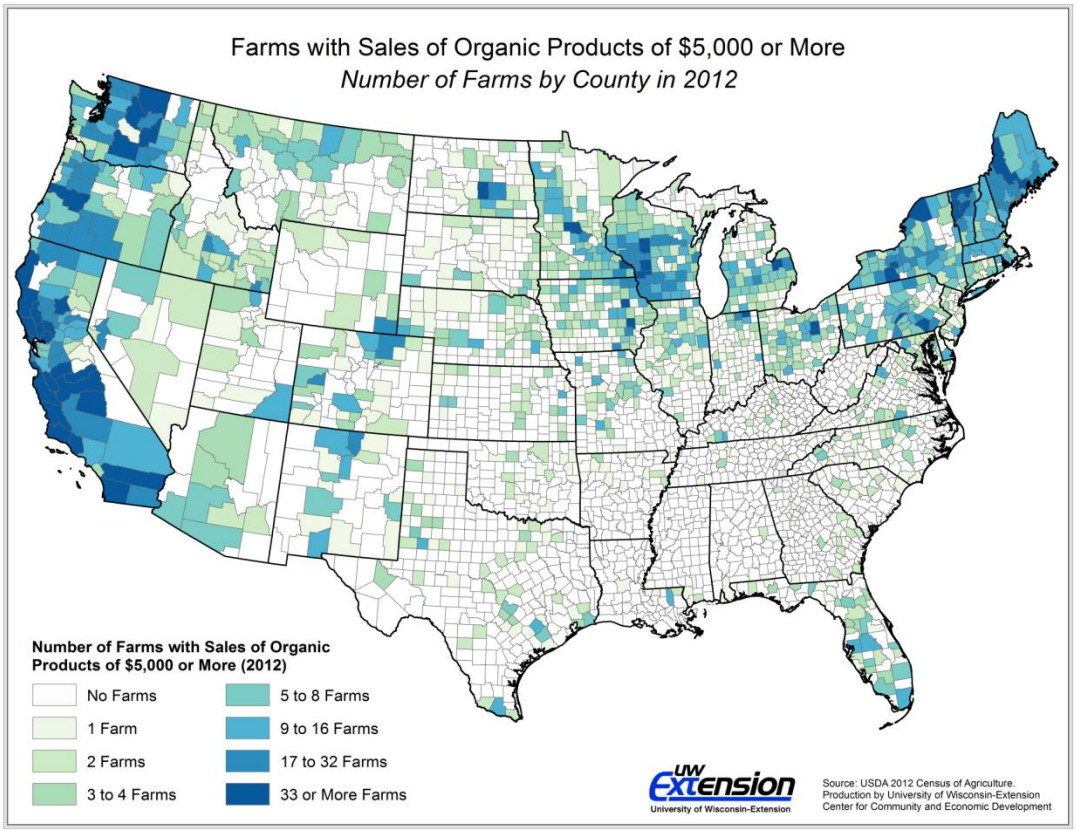
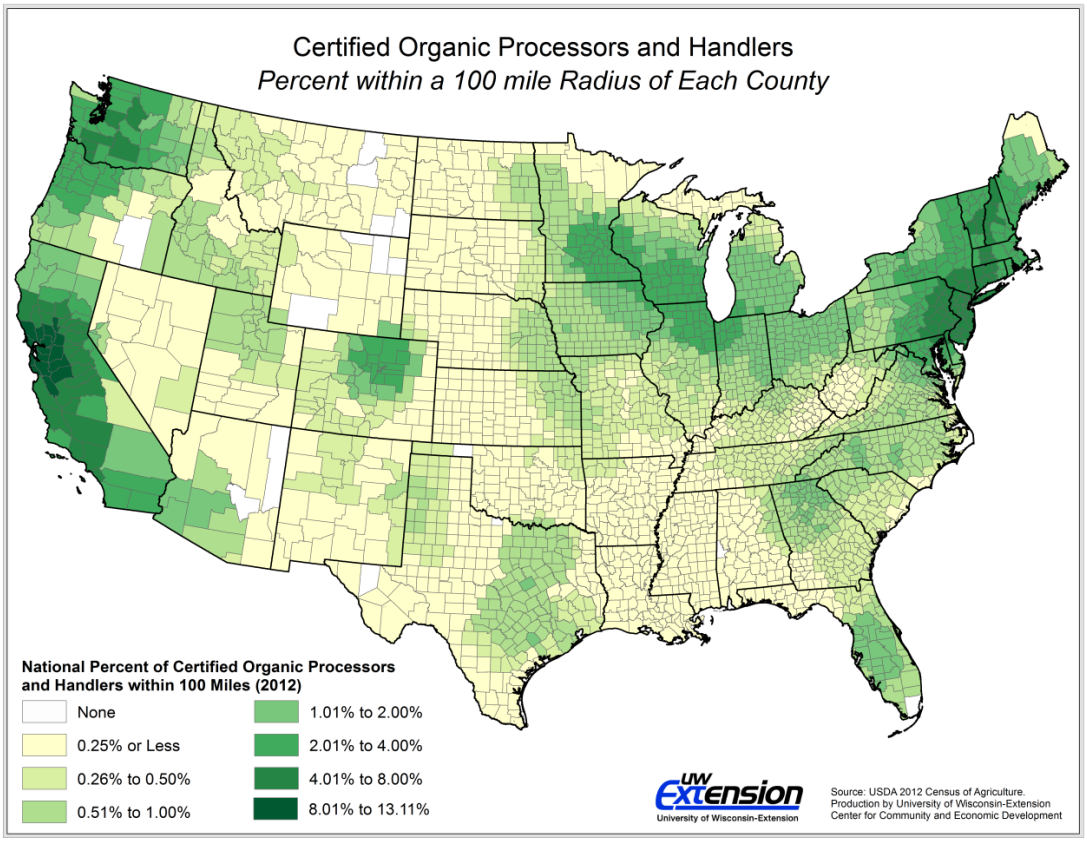



**Figure 1.15– Distribution of Organic Processors and Handlers**



## Regional Analysis of Establishment Concentrations

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. 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.[5]

Recent trends in globalization associated with higher adoption rates of technology, easier communication, international wage rates, and lower transportation and communication costs certainly have undercut many advantages formerly inherent in agglomeration economies. However, the presence of agglomeration economies and the somewhat related concept of industry clusters remain important considerations for understanding a region's potential specialization and competitive advantage in national and international contexts.

This analysis of establishment concentration relies on a basic measure known as *neighborhood analysis*. For Buffalo County the neighborhood analysis considers the number of establishments in various industry categories within a 100-mile neighborhood (radius) around the county. 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. Furthermore, a 100-mile distance is important as it includes the large metro area of Minneapolis-St. Paul. For comparison purposes, numbers of establishments within a 200-mile radius are also included.

Importantly, identifying industries with high concentrations of establishments within a 100-mile radius or 200-mile radius of Buffalo County might suggest regional specializations that could differentiate the region's economy. The numbers of establishments within 100-miles of Buffalo County are ranked according to their respective shares of all national establishments within a given industry. Industries at the three-digit NAICS level (Table 1.10) and four-digit NAICS level are included in the analysis (Table 1.11). Note that the establishment concentrations should only be used as basic guidelines as establishment counts as these figures do not account for employment, production or productivity levels in each firm. Furthermore, some other regions may have higher concentrations of a given industry; despite high relative concentrations locally (see Figure 1.16 for an example of NAICS 3219). However, high geographic concentrations elsewhere should not preclude the Buffalo County study area from focusing on an industry.

Not surprisingly, agricultural production, food manufacturing and farm-related industries are ranked highly in terms of their regional concentration. These concentrations are found at both the three-digit and four-digit NAICS level. The region also has a high relative concentration of establishments in machinery manufacturing and fabricated metal product manufacturing. Wood product manufacturing and paper manufacturing also have a notable concentration in the region. Given the prominence of these other manufacturing categories within a 100 mile and 200 mile radius, along with their direct presence in the study area, Buffalo County could consider focusing development efforts on machinery manufacturing, fabricated metal products, and forestry products in addition to food production and processing. Importantly, these are also key industries identified by the Mississippi River Regional Planning Commission's Comprehensive Economic Development Strategy for the region.

[5] This description of regional analysis of establishment concentration is from Kures (2013)

**Table 1.10 – Top Industries by National Share of Establishments within a 100-Mile Radius (Three-Digit NAICS)**

| NAICS | Description | 100-Mile Radius | | 200-Mile Radius | |
|---|---|---|---|---|---|
| | | Number of Establishments | National Share | Number of Establishments | National Share |
| 112 | Animal production | 612 | 2.7% | 2,100 | 9.3% |
| 623 | Nursing & residential care facilities | 1,853 | 2.6% | 4,134 | 5.8% |
| 326 | Plastics & rubber products manufacturing | 342 | 2.5% | 882 | 6.6% |
| 339 | Miscellaneous manufacturing | 732 | 2.3% | 1,503 | 4.8% |
| 334 | Computer & electronic product manufacturing | 425 | 2.3% | 798 | 4.2% |
| 332 | Fabricated metal product manufacturing | 1,284 | 2.2% | 3,545 | 6.0% |
| 333 | Machinery manufacturing | 643 | 2.2% | 2,127 | 7.2% |
| 323 | Printing & related support activities | 691 | 2.2% | 1,627 | 5.1% |
| 337 | Furniture & related product manufacturing | 429 | 2.1% | 1,092 | 5.4% |
| 311 | Food manufacturing | 583 | 2.0% | 1,666 | 5.8% |
| 485 | Transit & ground passenger transportation | 411 | 2.0% | 1,040 | 5.2% |
| 322 | Paper manufacturing | 121 | 2.0% | 381 | 6.4% |
| 321 | Wood product manufacturing | 308 | 2.0% | 928 | 6.0% |
| 533 | Lessors of nonfinancial intangible assets | 58 | 1.8% | 115 | 3.6% |
| 551 | Management of companies & enterprises | 957 | 1.8% | 1,929 | 3.7% |
| 454 | Non-store retailers | 696 | 1.8% | 1,595 | 4.2% |
| 511 | Publishing industries (except internet) | 632 | 1.8% | 1,472 | 4.3% |
| 611 | Educational services | 2,933 | 1.8% | 6,870 | 4.2% |
| 524 | Insurance carriers & related activities | 3,246 | 1.8% | 8,058 | 4.4% |
| 521 | Monetary authorities - central bank | 7 | 1.8% | 9 | 2.3% |
| 484 | Truck transportation | 1,926 | 1.7% | 6,420 | 5.8% |
| 314 | Textile product mills | 126 | 1.7% | 317 | 4.2% |
| 519 | Other information services | 303 | 1.7% | 527 | 2.9% |
| 713 | Amusement, gambling, & recreation industries | 1,225 | 1.6% | 3,530 | 4.7% |
| 525 | Funds, trusts, & other financial vehicles | 125 | 1.6% | 203 | 2.6% |
| 562 | Waste management & remediation services | 417 | 1.6% | 1,097 | 4.3% |
| 812 | Personal & laundry services | 3,143 | 1.6% | 7,194 | 3.7% |
| 523 | Securities, commodity contracts, & other investments | 1,500 | 1.6% | 2,902 | 3.1% |
| 531 | Real estate | 4,653 | 1.6% | 8,973 | 3.1% |
| 813 | Religious, grantmaking, civic, professional & similar | 2,224 | 1.6% | 5,112 | 3.7% |
| 447 | Gasoline stations | 1,607 | 1.5% | 4,524 | 4.4% |
| 335 | Electrical equipment, appliance, & component mfg. | 113 | 1.5% | 317 | 4.3% |
| 238 | Specialty trade contractors | 7,655 | 1.5% | 20,725 | 4.1% |
| 316 | Leather & allied product manufacturing | 19 | 1.5% | 50 | 3.9% |
| 491 | Postal service | 461 | 1.5% | 1,671 | 5.4% |
| 442 | Furniture & home furnishings stores | 778 | 1.5% | 1,988 | 3.8% |
| 515 | Broadcasting (except internet) | 147 | 1.5% | 398 | 4.0% |
| 453 | Miscellaneous store retailers | 1,687 | 1.5% | 4,227 | 3.7% |
| 712 | Museums, historical sites, & similar institutions | 114 | 1.5% | 326 | 4.2% |
| 722 | Food services & drinking places | 8,128 | 1.5% | 21,273 | 3.8% |

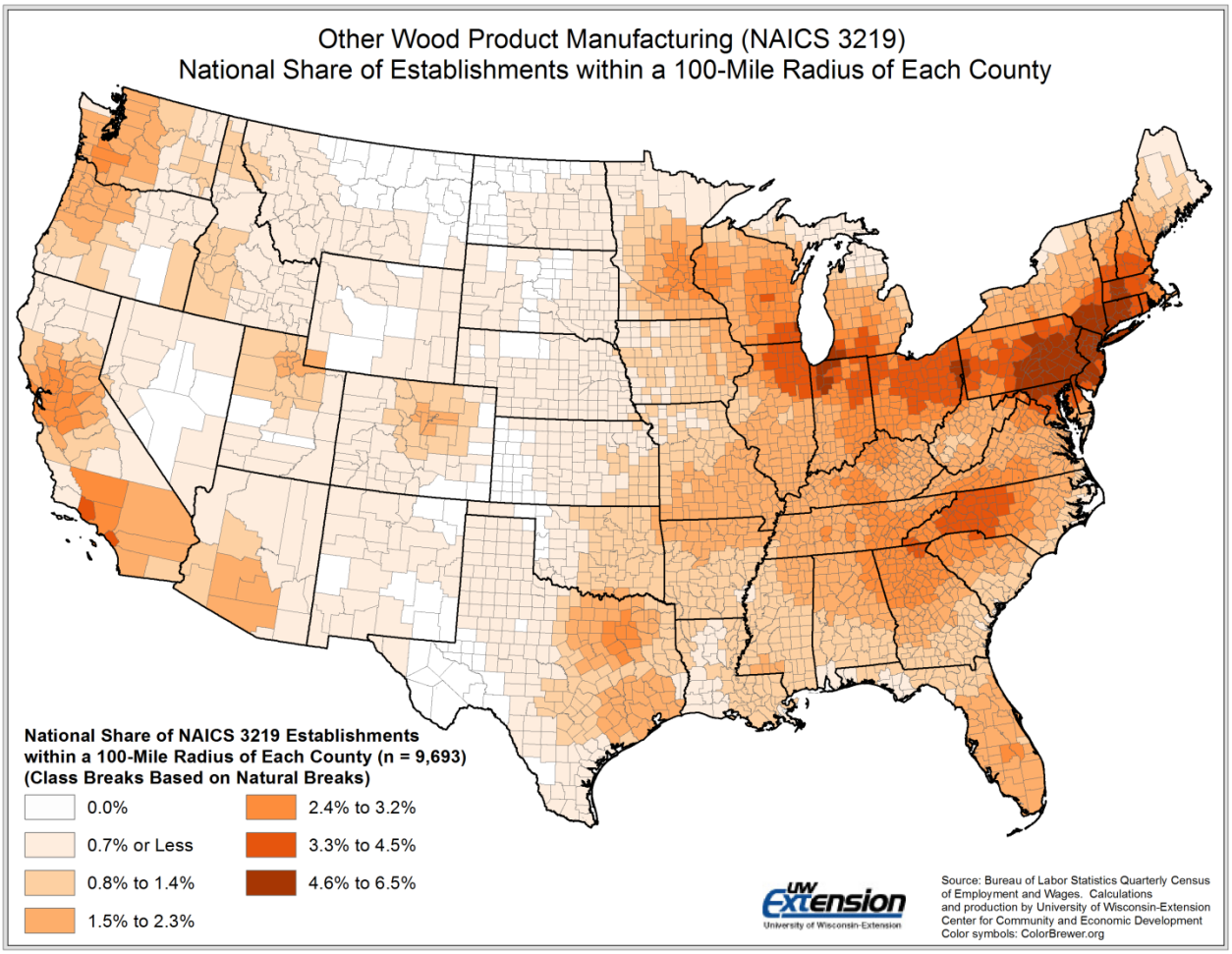
Sources: Quarterly Census of Employment and Wages. Calculations by UW-Extension Center for Community and Economic Development

**Table 1.11 – Top Industries by National Share of Establishments within a 100-Mile Radius (Four-Digit NAICS)**

| NAICS | Description | 100-Mile Radius | | 200-Mile Radius | |
|---|---|---|---|---|---|
| | | Number of Establishments | National Share | Number of Establishments | National Share |
| 3115 | Dairy product manufacturing | 109 | 6.2% | 289 | 16.5% |
| 1122 | Hog & pig farming | 91 | 4.2% | 473 | 21.6% |
| 3341 | Computer & peripheral equipment manufacturing | 68 | 4.1% | 89 | 5.4% |
| 5232 | Securities & commodity exchanges | 12 | 3.8% | 14 | 4.4% |
| 3112 | Grain & oilseed milling | 32 | 3.5% | 78 | 8.4% |
| 4854 | School & employee bus transportation | 187 | 3.4% | 537 | 9.8% |
| 6239 | Other residential care facilities | 231 | 3.4% | 369 | 5.4% |
| 6232 | Residential mental health & substance abuse facilities | 834 | 3.2% | 1,644 | 6.4% |
| 1123 | Poultry & egg production | 54 | 3.2% | 172 | 10.1% |
| 4245 | Farm product raw material merchant wholesalers | 193 | 3.1% | 764 | 12.2% |
| 3159 | Apparel accessories & other apparel manufacturing | 20 | 2.9% | 32 | 4.7% |
| 3329 | Other fabricated metal product manufacturing | 185 | 2.9% | 536 | 8.4% |
| 1121 | Cattle ranching & farming | 419 | 2.9% | 1,314 | 9.0% |
| 1142 | Hunting & trapping | 11 | 2.9% | 26 | 6.8% |
| 3372 | Office furniture (including fixtures) manufacturing | 106 | 2.7% | 222 | 5.7% |
| 7224 | Drinking places (alcoholic beverages) | 1,237 | 2.7% | 4,352 | 9.4% |
| 3261 | Plastics product manufacturing | 302 | 2.7% | 786 | 7.0% |
| 3321 | Forging & stamping | 65 | 2.6% | 162 | 6.5% |
| 3111 | Animal food manufacturing | 51 | 2.5% | 212 | 10.5% |
| 3315 | Foundries | 53 | 2.5% | 166 | 7.8% |
| 5251 | Insurance & employee benefit funds | 63 | 2.5% | 103 | 4.1% |
| 3345 | Navigational, measuring, electromedical & control mfg. | 185 | 2.5% | 378 | 5.1% |
| 3333 | Commercial & service industry machinery mfg. | 68 | 2.5% | 170 | 6.2% |
| 3391 | Medical equipment & supplies manufacturing | 319 | 2.4% | 589 | 4.5% |
| 3327 | Machine shops; turned product; & screw, nut & bolt mfg. | 556 | 2.4% | 1,566 | 6.8% |
| 3219 | Other wood product manufacturing | 229 | 2.4% | 669 | 6.9% |
| 3335 | Metalworking machinery manufacturing | 215 | 2.3% | 716 | 7.8% |
| 3116 | Animal slaughtering & processing | 91 | 2.3% | 296 | 7.4% |
| 3399 | Other miscellaneous manufacturing | 414 | 2.3% | 917 | 5.0% |
| 8133 | Social advocacy organizations | 424 | 2.3% | 860 | 4.6% |
| 3334 | HVAC & commercial refrigeration equipment mfg. | 49 | 2.3% | 125 | 5.8% |
| 5419 | Other professional, scientific, & technical services | 1,684 | 2.2% | 3,263 | 4.4% |
| 3328 | Coating, engraving, heat treating, & allied activities | 147 | 2.2% | 394 | 6.0% |
| 3339 | Other general purpose machinery manufacturing | 145 | 2.2% | 492 | 7.5% |
| 5323 | General rental centers | 100 | 2.2% | 212 | 4.7% |
| 6243 | Vocational rehabilitation services | 230 | 2.2% | 557 | 5.3% |
| 3231 | Printing & related support activities | 691 | 2.2% | 1,627 | 5.1% |
| 2389 | Other specialty trade contractors | 1,714 | 2.1% | 4,170 | 5.2% |
| 4543 | Direct selling establishments | 368 | 2.1% | 882 | 5.1% |
| 6111 | Elementary & secondary schools | 1,662 | 2.1% | 4,262 | 5.5% |

Sources: Quarterly Census of Employment and Wages. Calculations by UW-Extension Center for Community and Economic Development

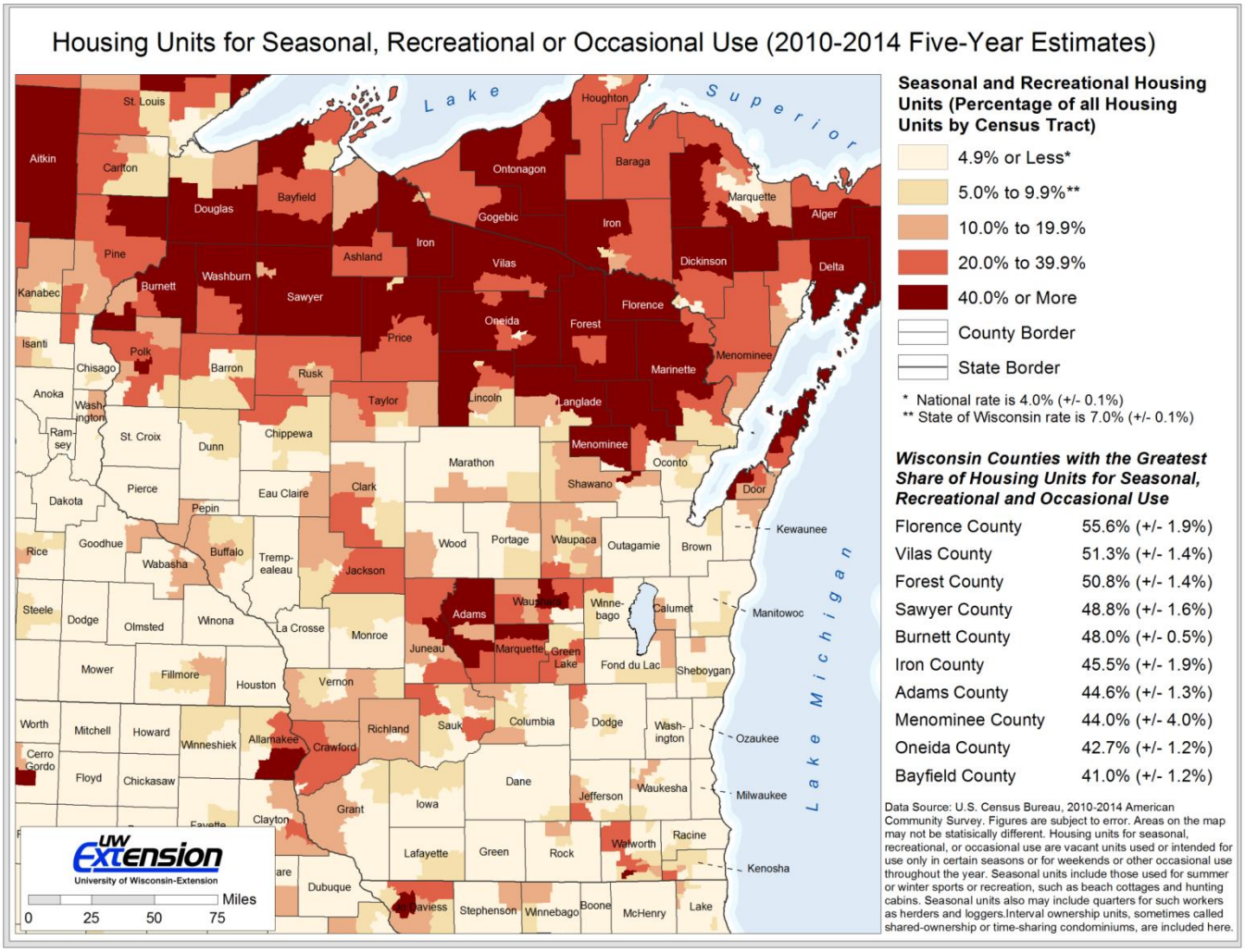
**Figure 1.16– Distribution of Other Wood Product Manufacturing Establishments (NAICS 3219)**




Buffalo County has many natural amenities related to waterways, forest cover and topography. The relative concentration of seasonal and recreational housing units in the western and central portion of the county somewhat affirms this observation (Figure 1.17). The asset analysis performed for Buffalo County in 2015 also reports perceptions of high levels of natural beauty and amenities in the county. While natural amenities often provide a foundation for tourism and recreational opportunities, the previous analysis of location quotients shows that Buffalo County has LQs below 1.0 in the hospitality and tourism-related industries of arts, entertainment and recreation and food services and accommodation. Accordingly, the region's natural beauty and amenities have not necessarily translated into a large tourism or recreation-based economy in Buffalo County.

Given the region's potential to grow as a tourism destination, the county may want to consider a more formal assessment of market opportunities surrounding tourism. As with the previous discussion of retail gaps in Buffalo County, University of Wisconsin-Extension's *Downtown and Business District Market Analysis Toolbox* also provides tools for analyzing a number of hospitality-related industries (http://fyi.uwex.edu/downtown-market-analysis/). Additional opportunities for building the recreation economy in Buffalo County are considered later in this report.

**Figure 1.17– Seasonal and Recreational Housing Units (2010-2014 Five Year Estimates)**




## A Word on Industry Clusters

When focusing on the development of specific industries, regions often use an industry cluster approach. While a wide variety of industry cluster definitions exist, but 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). A better understanding of this definition is gained by examining several key terms in greater detail:

- *Industry clusters involve interconnected companies, specialized suppliers, service providers, and firms in related industries* - The concept of clusters goes beyond the recognition of a single industry sector or classification. Clusters acknowledge important connections and relationships among different business types that support each other through supply chains and other buying and selling relationships. For instance, consider the industry connections in the agriculture, food and beverage cluster depicted in Figure 1.18. These connections recognize that the cluster depends on farms and food processors, but also

requires a variety of technical services, transportation and wholesale providers, and other support industries. In particular, the presence of quality local suppliers and services creates efficiencies and increases competitiveness. For instance, nearby firms in a cluster's supply chain can offer lower transportation costs and provide quicker delivery or access to support. Interconnectedness can also extend to firms in a cluster sharing a common labor force or similar types of infrastructure. Consequently, cluster-specific workforce and infrastructure development efforts can support many firms rather than just an individual company;

- *Industry clusters include associated institutions* – Industry clusters are not solely comprised of for-profit, private-sector firms. Industry clusters recognize the potential assistance and knowledge spillovers (transfers) that universities, 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;

- *Industry clusters have a geographic concentration* – Clusters and their associated components are concentrated in a distinct geographic area. Geographic concentration allows for increased interaction and efficiencies to be developed among companies in a cluster. Geographic proximity can also provide access to a concentrated, specialized labor force residing in a region. While the exact geographic extent of a cluster will depend on a variety of factors, industry clusters are often *regional* in nature. That is, clusters typically are not bound to a neighborhood or municipality. Instead, Porter (2000) suggests that the geographic scope of a cluster relates to the distance in which informational, transactional, incentive, and other efficiencies occur. Accordingly, the geographic boundaries of clusters are defined by inter-company relationships and *not* political boundaries (Rosenfeld, 2001);

- *Companies within a cluster compete, but also cooperate* – Individual firms within an industry cluster are in competition with one another, but also exhibit varying levels of cooperation. Examples of cooperation can include activities such as joint-contract bidding; developing custom labor force training programs; providing a unified voice on industry-wide issues; and improving an industry's visibility. The condition of cooperation requires that private industry stakeholders, or industry champions, have a lead role in the potential success of industry clusters. *Government can support the development of a cluster, but usually cannot be the motivating force for its formation and success*. Without private sector cooperation, a region does not have an industry cluster, but rather a concentration of similar firms;[6]

Industry cluster efforts often consider how to improve cluster needs or gaps related to human capital (i.e. workforce), supply chains, capital availability, access to markets, innovation and support for entrepreneurs in the cluster. However, effective cluster-related development efforts require strong regional partnerships and significant economic development capacity. Accordingly, Buffalo County should consider focusing efforts on a few key industries, but likely will require additional capacity and relationships before true cluster-based economic development strategies can be implemented.

[6] This industry cluster description is from Kures, 2013.

**Figure 1.18 – Examples of Industries in the Agriculture, Food and Beverage Cluster**

## Agricultural Production

**Oilseeds and Grains**

*Examples:*

- Canola
- Soybeans
- Safflower
- Cottonseed
- Corn
- Oats
- Barley
- Wheat

**Vegetable and Melons**

*Examples:*

- Squash
- Melons
- Greens
- Cabbage
- Carrots
- Potatoes
- Beans
- Peppers

**Fruits and Tree Nuts**

*Examples:*

- Apples
- Cherries
- Pears
- Bananas
- Berries
- Citrus
- Almonds
- Walnuts

**Other Crops**

*Examples:*

- Sugar cane
- Sugar beets
- Maple syrup
- Herbs
- Spices
- Hops
- Spices

**Beef, Poultry, Eggs and Pork**

*Examples:*

- Beef cattle
- Veal calves
- Chickens
- Turkeys
- Ducks
- Pheasant
- Eggs
- Pigs

**Dairy Producers**

*Examples:*

- Dairy cattle and milk production

**Seafood and Other Animal Products**

*Examples:*

- Fish
- Shellfish
- Goats and goat milk
- Wild game
- Apiculture
- Bison
- Sheep

## Food and Beverage Manufacturing

**Grain and Oilseed Milling**

*Examples:*

- Flour
- Malt
- Rice
- Corn Syrup
- Starches
- Oils
- Breakfast cereals

**Sugar & Confectionery Products**

*Examples:*

- Cane sugars and syrups
- Molasses
- Chocolate bars
- Cocoa products
- Candies and gum
- Granola Bars

**Dairy Products**

*Examples:*

- Fluid Milk
- Cheese
- Butter
- Whey & Casein
- Yogurt
- Ice Cream
- Infant Formula

**Animal Processing**

*Examples:*

- Fresh Beef, Pork, Lamb, or Poultry
- Sausages
- Bacon and Ham
- Animal fat and oil rendering
- Cured meats

**Fruit and Vegetable Preserving & Specialty Foods**

*Examples:*

- Fruit Juices
- Frozen/canned vegetables
- Frozen Dinners
- Pizzas
- Tomato and Pasta Sauces
- Jams and Jellies
- Soups

**Seafood and Other Animal Products**

*Examples:*

- Fresh fish
- Frozen seafood
- Pre-prepared seafood dinners
- Canned seafood
- Seafood soups

**Bakery and Tortilla Products**

*Examples:*

- Fresh and Frozen Breads
- Tortillas
- Pies and cakes
- Pastries
- Fresh or dried pasta

**Other Food**

*Examples:*

- Chips
- Coffee roasting
- Spices and extracts
- Sauces and dips
- Mayonnaise
- Fresh prepared

**Soft Drinks and Ice**

*Examples:*

- Soft drinks
- Flavored drinks
- Iced tea
- Bottled water
- Ice

**Breweries, Wineries and Distilleries**

*Examples:*

- Beer
- Wine
- Cider (alcoholic)
- Distilled liquor
- Packaged mixed drinks (alcoholic)

## Support Services and Distribution

**Packaging Materials**

*Examples:*

- Plastic, metal and glass containers
- Paperboard boxes
- Plastic films and bags
- Printing services

**Machinery and Equipment**

*Examples:*

- Food product machinery
- Packaging machinery
- Conveyors and handling equipment
- Farm equipment
- Equipment repair

**Professional and Technical Services**

*Examples:*

- Soil sciences
- Accounting
- Marketing
- Food testing
- Engineering and design
- Veterinary

**Utilities**

*Examples:*

- Electrical power generation
- Natural gas distribution
- Water and wastewater

**Distribution**

*Examples:*

- Farm, grocery and related wholesale
- Truck and rail transportation
- Logistics services
- Warehousing

Source: Kures, 2014

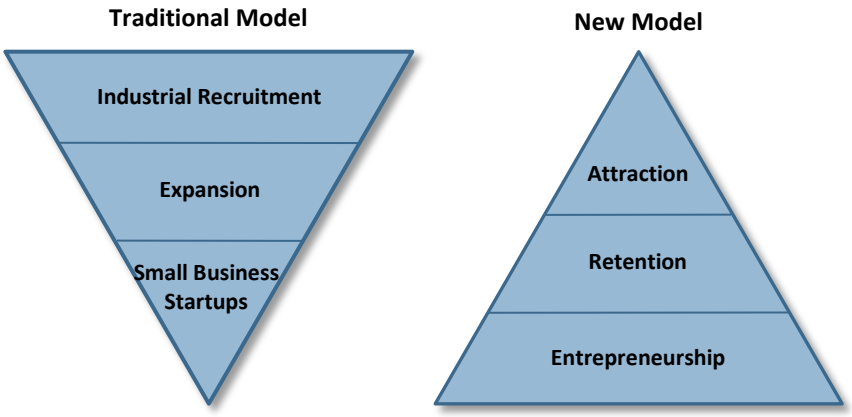
## Summary and Conclusions

Buffalo County faces a number of challenges related to population and employment loss. As will be further discussed in Section 2, the county's population trends will likely place pressure on local labor availability. Structural changes to the county's economy, particularly in terms of transportation, utilities and farm employment also have resulted in a downward overall employment and declining or stagnant average salaries and proprietor's income since the mid-2000s. Furthermore, Buffalo County has a number of gaps in the provision of basic goods and services that could create quality of life issues for current or potential residents.

When compared to many other rural areas, particularly those with a Rural-Urban Continuum Code of 8, Buffalo County is not alone in facing these types of economic changes. However, Buffalo County has a number of industry opportunities or assets that could provide the foundation for future economic development efforts. The region has a diverse and significant agricultural economy that could provide additional opportunities for growth. Buffalo County is home to many natural amenities that could create new recreational or tourism opportunities. A number of legacy industries surrounding the region, particularly those related to machinery manufacturing, fabricated metals and forestry products, might also provide additional prospects for regional economic development efforts.

A number of opportunities to growth the Buffalo County economy will be explored throughout the remainder of this report. As many of these opportunities involve specific industries, the county also will need to broadly consider how it should approach economic development in terms of using a traditional model or a new model (Figure 1.19). That is, should Buffalo County pursue the development of these industries through industrial recruitment or by fostering entrepreneurships? For instance, research suggests that most job creation is spurred by the emergence new firms rather than the relocation of existing firms (Conroy, T. and Deller, 2015). However, does this mean that Buffalo County should abandon the recruitment of new firms? Ultimately, Buffalo County will need to decide how to broadly support its economic development efforts. Additional information and discussion in this study will help the county determine its most appropriate path.

**Figure 1.19 – Traditional and New Models of Economic**




Source: Dabson (2005)

## Appendix 1A – Median Household Incomes and Poverty Rates

**Median Household Income (in $2015)**

| Time Period | 2015 | 2010 | 2005 | 2000 |
|---|---|---|---|---|
| Buffalo County, WI | $53,892 | $47,922 | $51,328 | $53,948 |
| Pepin County, WI | $50,094 | $47,730 | $50,239 | $53,094 |
| Trempealeau County, WI | $53,695 | $47,201 | $49,729 | $54,039 |
| Wabasha County, MN | $57,873 | $56,198 | $63,277 | $60,209 |
| Winona County, MN | $54,367 | $45,775 | $49,376 | $54,684 |
| | | | | |
| State of Wisconsin | $55,623 | $53,233 | $57,210 | $61,215 |
| United States | $55,775 | $54,398 | $56,119 | $57,758 |

Source: U.S. Census Bureau 2010, 2000, 1990 Census. Calculations by UW-Extension Center for Community and Economic Development

**Poverty Rates – Total Population**

| Time Period | 2015 | 2010 | 2005 | 2000 |
|---|---|---|---|---|
| Buffalo County, WI | 10.2% | 12.0% | 8.8% | 8.5% |
| Pepin County, WI | 10.1% | 12.3% | 9.0% | 8.8% |
| Trempealeau County, WI | 9.4% | 13.6% | 9.4% | 8.1% |
| Wabasha County, MN | 6.9% | 7.5% | 7.0% | 5.6% |
| Winona County, MN | 12.7% | 15.4% | 14.1% | 8.5% |
| | | | | |
| State of Wisconsin | 12.1% | 13.2% | 10.2% | 8.1% |
| United States | 14.7% | 15.3% | 13.3% | 11.3% |

Source: U.S. Census Bureau 2010, 2000, 1990 Census. Calculations by UW-Extension Center for Community and Economic Development

**Poverty Rates – Under Age 18**

| Time Period | 2015 | 2010 | 2005 | 2000 |
|---|---|---|---|---|
| Buffalo County, WI | 13.5% | 16.8% | 12.0% | 11.5% |
| Pepin County, WI | 16.9% | 20.7% | 14.8% | 14.2% |
| Trempealeau County, WI | 13.5% | 19.4% | 12.7% | 10.6% |
| Wabasha County, MN | 9.7% | 10.8% | 8.3% | 6.8% |
| Winona County, MN | 12.7% | 15.1% | 12.3% | 9.8% |
| | | | | |
| State of Wisconsin | 16.5% | 19.0% | 14.0% | 11.0% |
| United States | 20.7% | 21.6% | 18.5% | 16.2% |

Source: U.S. Census Bureau 2010, 2000, 1990 Census. Calculations by UW-Extension Center for Community and Economic Development

# Section 2 – Labor Force Analysis and Engaging Youth

A region's labor force is a potential source of comparative advantage. The knowledge, skills and capabilities of the labor force, or its levels of human capital, can influence the types and rates of economic activity in a region. In particular, higher levels of human capital and labor quality are connected to outcomes such as greater employment growth rates and increased per capita incomes (see Whitener and Parker, 2007 for one overview of this research). While a large amount of research examines the influence of human capital on metropolitan growth, there is evidence that knowledge and skills are also primary drivers of economic well-being in rural areas. In particular, human capital is a local asset that can promote rural development by enhancing productivity, providing opportunities to diversify the industrial base, and fostering innovation (Olfert and Partridge, 2010; Gibbs, 2005; Goetz and Rupasingha, 2004).

In the coming years, the importance of human capital as a source of comparative advantage will likely grow in rural areas. Certainly the size and composition of a rural area's labor force will be a factor in new business location decisions. However, many existing businesses are facing technological changes that change the skill requirements of workers. For instance, technological advancement in manufacturing is changing production processes so that the demand for routine assembly and maintenance workers is declining. Instead, workers with engineering knowledge or other advanced skills will be needed to repair, program and maintain new equipment and production functions. While these trends may reduce the overall need for labor, the workers that are needed will require higher levels of training (Conroy, Kures and Deller, 2016).

Given the importance of a region's labor force, rural development policies commonly suggest the need to strengthen non-metro labor markets; grow human capital levels; and upgrade worker skills as means of remaining competitive.[7] *However, it is important to for rural communities to understand that increased education and training cannot explicitly solve their region's economic development needs.* Too often workforce development efforts have a supply-side focus suggesting that the promise of a well-prepared labor force will spur economic growth for the region.[8] This misguided assumption does not explicitly lead to the attraction and retention of firms and cannot guarantee that employment will be available for newly-trained workers. Consequently, workforce development cannot be conducted as a standalone activity and must align itself with the area's broader economic development goals and strategies.

To understand the labor force residing in Buffalo County and the surrounding Study Area (as defined in Section 1), the following overview provides insights to worker flow, age structure, migration, labor participation, educational attainment, and occupational concentrations. A portion of the analysis relies on figures from the 2010-2014 American Community Survey (ACS). While the ACS is conducted by the U.S. Census Bureau, it should not be confused with the decennial census. While the decennial census still produces full counts of an area's population and its basic characteristics (such as gender, age and race), the ACS has replaced what was formerly known as the long-form portion of the census and includes detailed demographic, housing, social and economic data. When viewing labor force characteristics derived from the ACS, readers should consider several important caveats:

[7] For instance see Drabenstott 2010; Porter 2004; and Whitener and Parker 2007
[8] Grubb (2009) calls a supply-side focus on workforce development the "education gospel."

- Decennial census figures are based on information captured at a specific date (e.g. April of 2010), but the 2010-2014 ACS is based on survey data gathered over a five-year span. However, ACS figures should not necessarily be viewed as an average of values, but rather as a *period estimate* representing characteristics of the population across the 2010 to 2014 time period;

- The 2010-2014 ACS figures capture characteristics of the population as the United States recovered from the recessionary period that officially persisted from December 2007 to June 2009. Consequently, some figures in the analysis, such as unemployment and labor participation, may be influenced by macroeconomic conditions over this timeframe;

- Labor force information from secondary sources such as the ACS has limitations. Other primary data on the region's labor force may be available from local workforce development intermediaries.

- The ACS is a survey and all figures are estimates. The Census Bureau publishes a margin of error (MOE) to help interpret the reliability for each ACS estimate. These margins of error may influence statistical differences (or the lack of) when comparing figures;

To provide context, many labor force characteristics in Buffalo County are compared to those found in the Balance of the Study Area (Pepin, Trempealeau, Wabasha and Winona counties), the State of Wisconsin and the United States.

## Worker Flow

Commuting patterns in a region, also known as worker flow, provide several important perspectives on the origins and destinations of employees. First, worker flow figures show the distances employees are willing to travel for employment opportunities and ultimately describe the extent of the region's labor shed. Second, the magnitude of workers commuting to and from different destinations can reveal geographic mismatches in the supply and demand for labor. Finally, wage differentials for commuters provide potential insights into the competitiveness of Buffalo County.

Worker flow figures are derived from the Census Bureau's LEHD Origin-Destination Employment Statistics (LODES). The LODES dataset uses synthetic data manipulation methods to protect confidential information about workplaces and the residential locations of workers.[9] No actual data for a given employer are used for any workplace reports. Instead, workplace information is protected by combining confidential employment data with noise in a manner that ensures that the published data, while not exact, become increasingly more accurate as the number of businesses in an enumeration unit (such as a census block) gets larger. Consequently, the worker flow figures at the county level should be considered with a greater degree of confidence.

[9] A synthetic dataset is one that has similar statistical properties to an original dataset, but has been created in order to allow for the release of data in the public domain without compromising confidentiality.

Almost 7,400 residents of Buffalo County were employed at the beginning of Q2 2014. However, only 25.3% of these individuals worked in Buffalo County with the remaining 74.7% commuting to another county (Table 2.1). Winona County, MN and Trempealeau County, WI are the two largest destinations, accounting for 17.0% and 10.0% of out-commuters respectively. Larger employment centers found in Eau Claire County and La Crosse County are also notable destinations for Buffalo County residents. Furthermore, employment destinations in the study area counties of Wabasha County, MN and Pepin County, WI combine to attract 545 commuters from Buffalo County.

In contrast to the 7,400 workers residing in the county, approximately 3,900 (3,881) workers were employed by establishments physically located in Buffalo County (Table 2.1). Almost half of the workers employed in Buffalo County also resided in the county. However, other notable sources of employees for Buffalo County businesses include residents of Eau Claire County, Trempealeau County, Pepin County, Winona County and Dunn County. *The employee origins and destinations depicted in Table 2.1 confirm the regional economic connections between Buffalo County and its neighboring counties and should reinforce opportunities for regional collaboration around economic and workforce development efforts.*

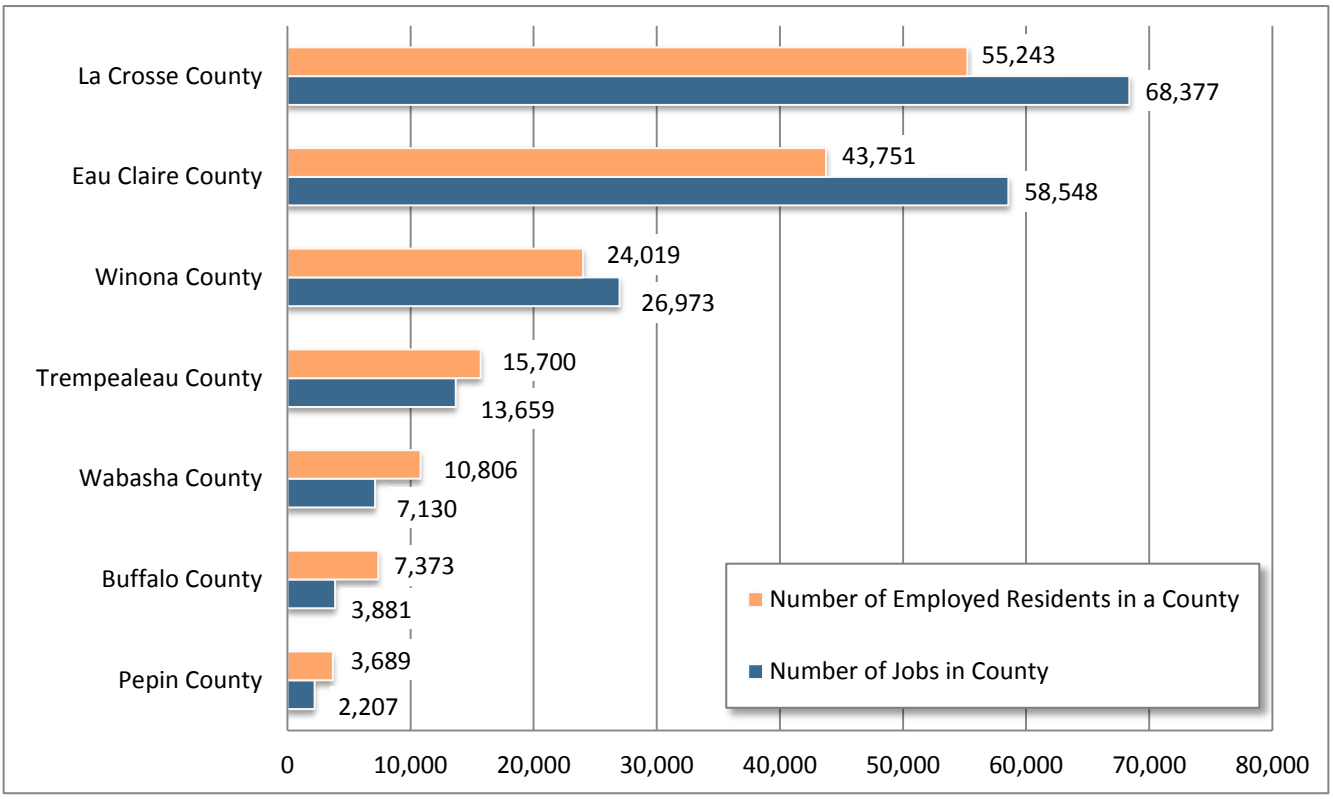
**Table 2.1 - Worker Flow for Buffalo County by Counties of Employment and Residence (Beginning of Q2 2014)**

| **County of Employment - Workers Residing in Buffalo County** | | | **County of Residence - Employees Working in Buffalo County** | | |
|---|---|---|---|---|---|
| **County of Employment** | **Number** | **Percent of Total** | **County of Residence** | **Number** | **Percent of Total** |
| Buffalo County, WI | 1,866 | 25.3% | Buffalo County, WI | 1,866 | 48.1% |
| Winona County, MN | 1,255 | 17.0% | Eau Claire County, WI | 345 | 8.9% |
| Trempealeau County, WI | 741 | 10.1% | Trempealeau County, WI | 227 | 5.8% |
| Eau Claire County, WI | 590 | 8.0% | Pepin County, WI | 206 | 5.3% |
| La Crosse County, WI | 379 | 5.1% | Winona County, MN | 143 | 3.7% |
| Wabasha County, MN | 325 | 4.4% | Dunn County, WI | 127 | 3.3% |
| Pepin County, WI | 220 | 3.0% | Chippewa County, WI | 80 | 2.1% |
| Dunn County, WI | 133 | 1.8% | La Crosse County, WI | 70 | 1.8% |
| Dane County, WI | 127 | 1.7% | Wabasha County, MN | 58 | 1.5% |
| Ramsey County, MN | 108 | 1.5% | St. Croix County, WI | 47 | 1.2% |
| All Other Locations | 1,629 | 22.1% | All Other Locations | 712 | 18.3% |
| *Total* | *7,373* | *100.0%* | *Total* | *3,881* | *100.0%* |

Source: LEHD Origin-Destination Employment Statistics (2014). Calculations by UW-Extension Center for Community and Economic Development

The worker flow figures for Buffalo County also suggest an important mismatch in local job availability. While Buffalo County is home to almost 7,400 residents who hold a job somewhere, only 3,881 jobs are located in Buffalo County. *In other words, the number of workers residing in Buffalo County exceeds the number of jobs in the county by almost 3,500 (i.e. 7,373 – 3,881 = 3,492).* This mismatch between the local labor supply and job opportunities is common in many rural counties that are adjacent to metropolitan employment centers. With the exception of Winona County, all of the counties in the Buffalo County Study Area have more employed residents living in a county than the number of jobs located in the county (Figure 2.1). If counties wish to retain these out-commuting workers, it will require creating appropriate local employment opportunities as an alternative to more distant locations.

**Figure 2.1 – Number of Jobs in a Located in a County versus Number of Employed Residents (Q2 2014)**




Source: LEHD Origin-Destination Employment Statistics (2014). Calculations by UW-Extension Center for Community and Economic Development

Counties with a net outflow of labor can view this dynamic from several perspectives. Certainly, residents of Buffalo County who commute outside the area bring income back into their local communities. For instance, Q2 2014 worker flow figures suggest that Buffalo County residents who commute outside the county are more likely to have higher earnings (i.e. more than $3,333 per month) than those who both live and work in Buffalo County (Table 2.2). In fact, estimates from the Bureau of Economic Analysis show that Buffalo County commuters account for a net inflow of $113.4 million in earnings to the county. However, an alternate perspective suggests an imbalance of out-commuters may make a county less economically competitive. In particular, some 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.

**Table 2.2 – Monthly Earning Characteristics of Buffalo County Commuters (Q2 2014)**

| | Workers Who Live and Work in Buffalo County | Workers Who Live in Buffalo County and Commute Elsewhere |
|---|---|---|
| Number of Workers | 1,866 | 5,507 |
| | | |
| *Distribution By Monthly Earnings* | | |
| Earning $1,250 per month or less | 32.5% | 24.9% |
| Earning $1,251 to $3,333 per month | 43.4% | 38.0% |
| Earning more than $3,333 per month | 24.1% | 37.2% |

Source: LEHD Origin-Destination Employment Statistics (2014). Calculations by UW-Extension Center for Community and Economic Development

## Age Structure

As noted in Section 1, Buffalo County's population has declined over the last 20 years, while the broader Study Area's population has experienced little growth. Should these trends continue, the size of region's labor force will undoubtedly be affected. However, the region's future labor force also depends on the age structure of residents. Specifically, age structure shapes future labor availability as it may dictate the numbers of workers entering the labor force versus those approaching retirement. Furthermore, age can impact the potential productivity of industries as productive capacities may differ by age groups. Consequently, local age structure can impact individual firms, broader industry sub-sectors, and the entire regional economy.

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, Buffalo County has a smaller share of residents than the State of Wisconsin and the United States (Table 2.3). Buffalo County also trails the working age population (age 16 to 64) in the Balance of the Study Area. A closer analysis of these working age distributions shows that Buffalo County is skewed by higher shares of residents ages 45 to 54 and 55 to 64. Conversely, every age cohort under the age of 45 in Buffalo County has a lower share of residents than state and national averages. Somewhat similar trends are apparent in the Balance of the Study Area. The primary exception is a higher share of residents in the 15 to 24 age group, which is influenced by the college student population at Winona State University.

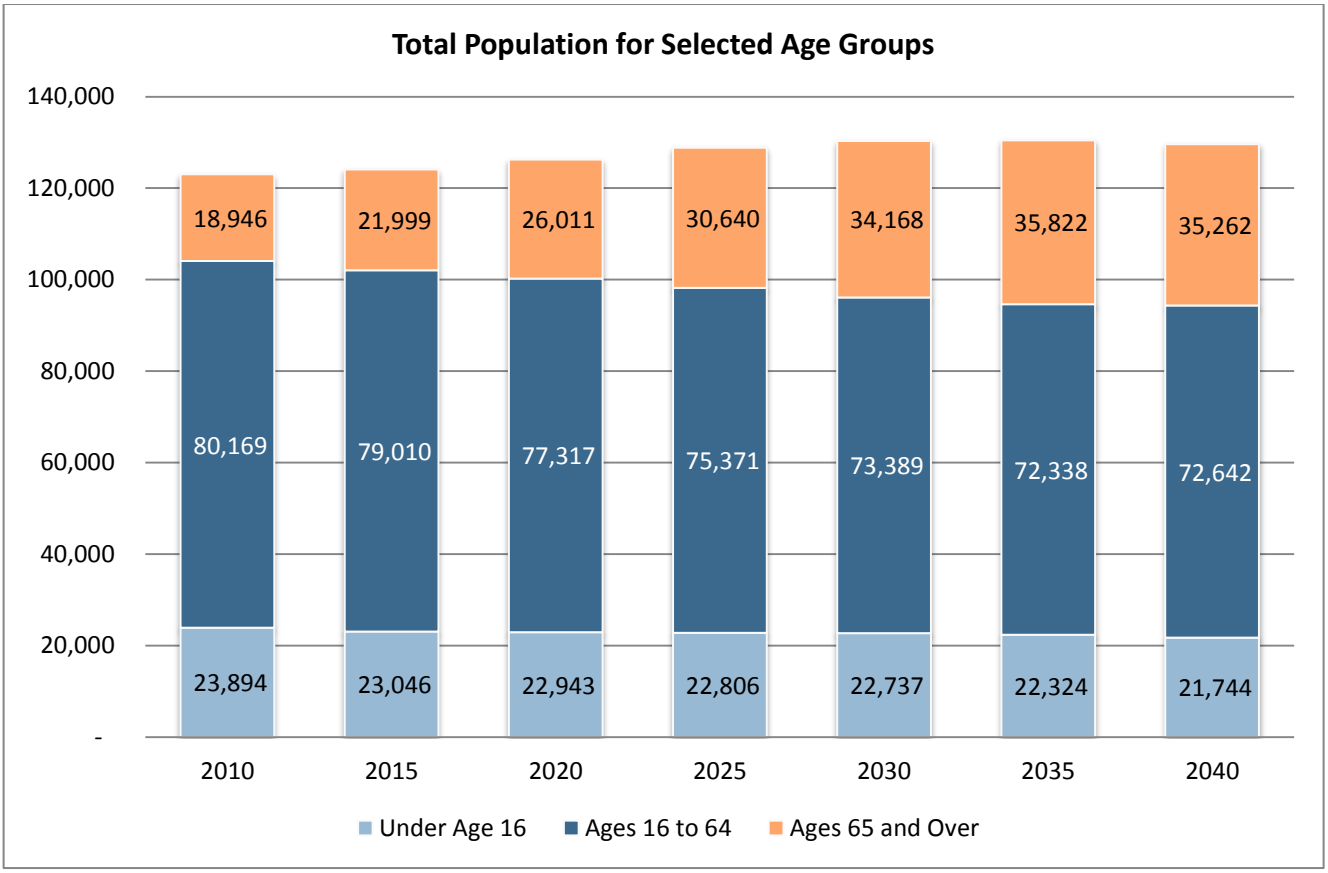
**Table 2.3 – Population Distribution by Selected Age Groups (2015 Estimates)**

| Age Group | Buffalo County | Balance of the Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total Population | 13,192 | 108,964 | 5,771,337 | 321,418,820 |
| Under 5 | 5.2% | 5.5% | 5.9% | 6.2% |
| 5 to 14 | 12.0% | 11.7% | 12.6% | 12.8% |
| 15 to 24 | 11.0% | 17.5% | 13.7% | 13.6% |
| 25 to 34 | 10.4% | 10.7% | 12.6% | 13.7% |
| 35 to 44 | 10.4% | 10.5% | 12.0% | 12.6% |
| 45 to 54 | 14.6% | 13.0% | 13.9% | 13.4% |
| 55 to 64 | 15.9% | 14.0% | 13.8% | 12.7% |
| 65 to 74 | 11.3% | 9.3% | 8.8% | 8.6% |
| 75 to 84 | 6.6% | 5.1% | 4.6% | 4.3% |
| 85 or More | 2.6% | 2.5% | 2.2% | 2.0% |
| | | | | |
| Age 25 to 54 | 35.4% | 34.3% | 38.4% | 39.8% |
| Age 16 to 64 | 61.1% | 64.6% | 64.5% | 64.8% |

Source: U.S. Census Bureau 2015 Estimates. Calculations by UW-Extension Center for Community and Economic Development

As residents between the ages of 45 and 64 grow older in the coming decades, a shift will occur in the size of the region's working age population. Between 2015 and 2025, the number of Study Area residents ages 16 to 64 is projected to decline from 80,169 to 75,317 (Figure 2.2). These declines are expected to continue through 2035. In contrast, the number of residents age 65 and over is expected to jump from 22,000 to 30,640 in the next decade; an increase of 39%. *If these projections hold over time, the region's population age 65 and over will have nearly doubled between 2010 and 2035.*

**Figure 2.2 – Projected Change in the Five County Study Area Age Structure (2010 to 2040)**

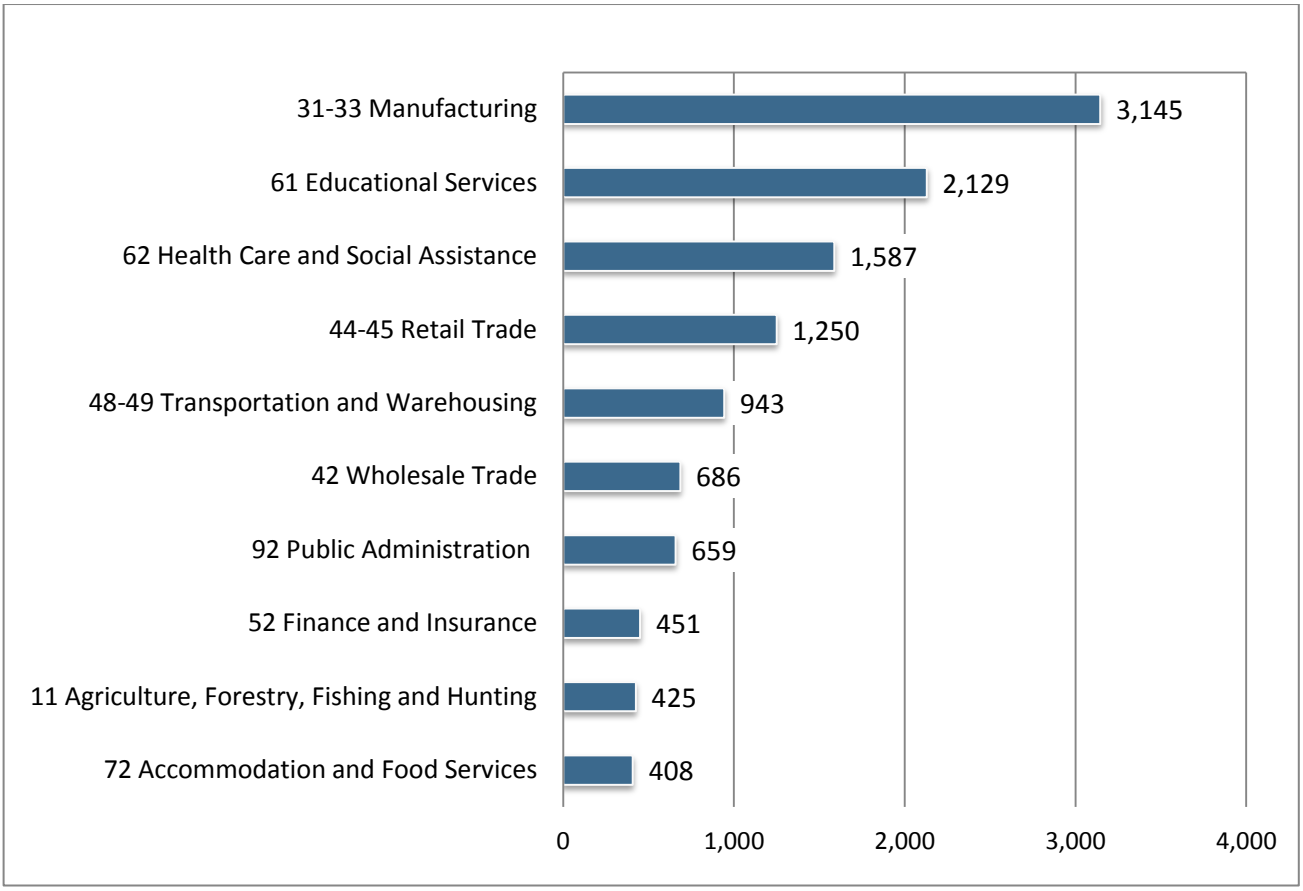



Sources: U.S. Census Bureau, Wisconsin Department of Administration, Minnesota State Demographic Center and authors' calculations.

Importantly, the Buffalo County Study Area is not expected to be alone in this age trend. Many counties throughout the State of Wisconsin are facing similar shifts in age structure. While not directly comparable to local figures, age projections from the Census Bureau also indicate that the United States population age 65 and older will increase from about 1 in 8 people in 2004 to 1 in 5 people by 2030 (Taeuber and Graham, 2008). These trends will likely pressure labor markets throughout the region, state and Upper Midwest. Shifts in age structure could also influence other local economic and fiscal conditions such as tax base, the demand for various goods and services, and housing needs.

As mentioned earlier, a region's labor force is a source comparative advantage. Consequently, shifts in age structure could require firms to make strategic locational or investment decisions partly based on a region's labor availability. Furthermore, an aging labor force will affect some industries more than others. For instance, industries with a high share or number of workers approaching retirement age may need to consider worker succession strategies within the coming decade. In Buffalo County, industries with a relatively large number of workers age 55 and over include manufacturing, educational services and retail trade (Figure 2.3). A large number of workers age 55 and over are also found in the health care and social assistance industry sector. This sector is particularly noteworthy as the demand placed on this industry will likely increase as the region's population ages.

**Figure 2.3 – Total Number of Workers Age 55 and Over by Industry in the Five County Study Area (Top 10 in Q2 2015)**



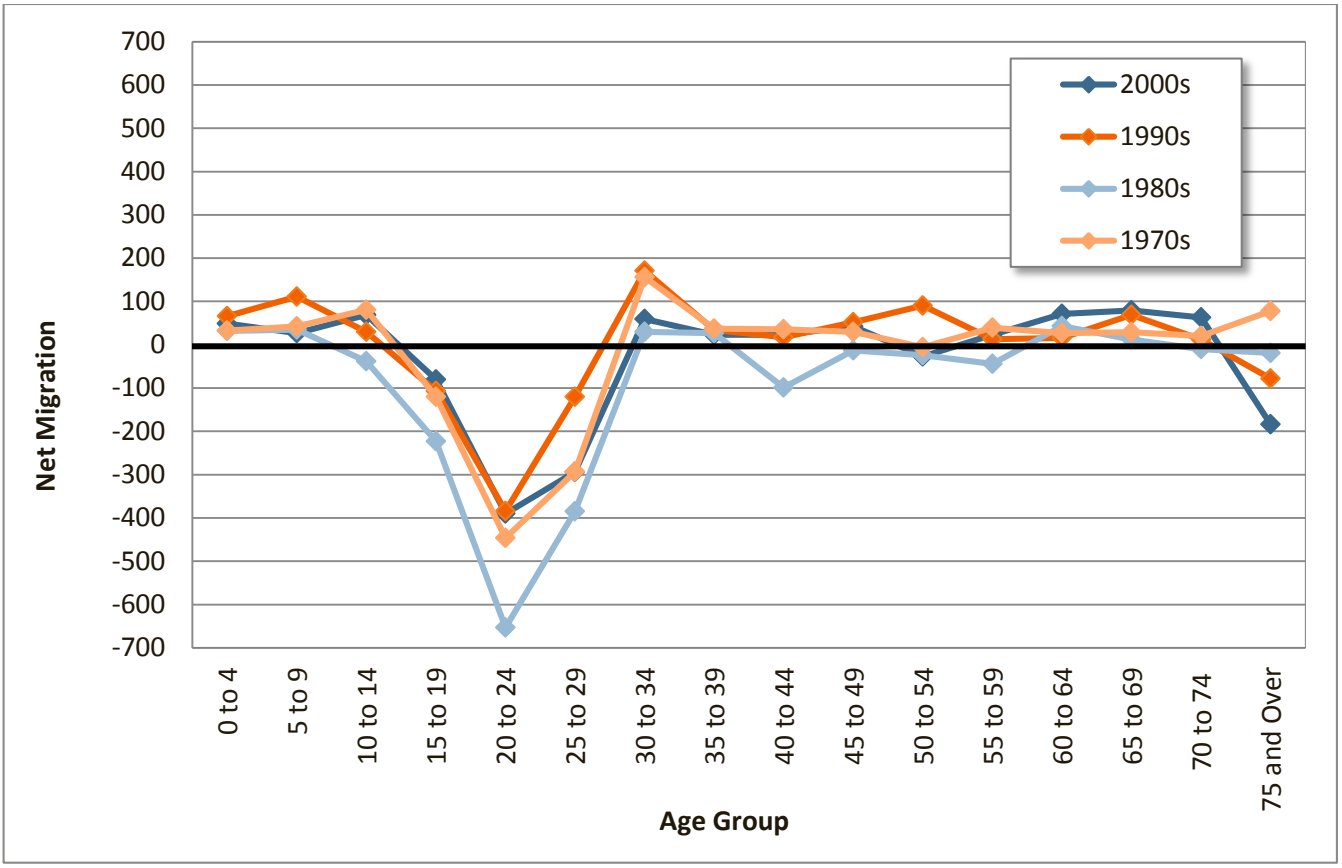

Source: U.S. Census Bureau Local Employment Dynamics. Calculations by UW-Extension Center for Community and Economic Development

Buffalo County's age structure is partially driven by migration patterns among different age groups. Specifically, the size of a given age group can be affected by residents moving into the region (in-migration) or moving to other areas (out-migration). Net migration of an age group is calculated by comparing the number in-migrants to out-migrants. *If in-migrants exceed out-migrants, then the region has a positive net migration of residents. In contrast, a greater number of out-migrants produces a negative net migration.*

Net migration patterns for Buffalo County are depicted in Figure 2.4. Migration figures are calculated for selected age groups for four periods: 1970 to 1980; 1980 to 1990; 1990 to 2000; and 2000 to 2010. With the exception of the 1980s, migration patterns are largely similar across all decades. A particular trend is apparent in younger residents migrating away from Buffalo County on a net basis. In contrast, a smaller net number of residents between the ages of 30 and 74 migrate into the county. These negative migration rates found among younger residents of rural areas are well-chronicled throughout the Midwest. [10] Somewhat similar patterns are also found in other Study Area counties (see Appendix 2A).

[10] For two examples see Longworth (2008) and Carr and Kefalas (2010)

**Figure 2.4 – Net Migration by Age Group for Buffalo County**




Source: Winkler, Richelle, Ken Johnson, Cheng Cheng, Jim Beaudoin, Paul Voss, and Katherine Curtis. Age-Specific Net Migration Estimates for US Counties, 1950-2010. Applied Population Laboratory, University of Wisconsin- Madison, 2013.

Negative migration rates among younger age cohorts often cause concern among community leaders and workforce development professionals. Certainly no one wants to see a large number of young people leave their community. However, 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. While there is some evidence of this trend in Buffalo County, particularly among the 30 to 34 age group, net migration among these age groups will need to grow in order to boost the county's population. The 30 to 34 age group and 35 to 39 age groups may be particularly attractive targets for recruitment as these two age groups are in prime child raising years and could also contribute to an increasing number of children in the county.

The migration rates among older age groups are also a potential asset to the community. The positive net migration rates among individuals either approaching or beyond retirement age show that some residents may be attracted to Buffalo County as a retirement destination. While these individuals do not necessarily directly contribute to the labor force, they may provide opportunities in other manners. Consequently, a number of economic development initiatives can focus on attracting and serving the needs of retirees.

**Figure 2.5 - Understanding the Locational Preferences of Local High School Students**

In 2016, 182 high school students from across Buffalo County responded to a survey about their locational preferences following graduation. While the preferences offered by these students may change over time, they do provide important insights and perspectives on how these young residents currently view their communities. Students ranked Buffalo County highly (i.e. above 80%) in terms of natural beauty, safety, affordability and as a place to raise a family. These factors were also rated highly by respondents as important factors in choosing a place to live. Survey respondents also reported that high speed internet and proximity to health care facilities were important factors in a place of residence. However, Buffalo County was rated poorly in these two areas. These assessments are not surprising, but reiterate several assets and challenges identified throughout this analysis.

**Type of neighborhoods where students would choose to live:**

- 74% would choose to live in a small town;
- 73% would choose to live in a rural place;
- 10% would choose to live in a neighborhood near the downtown of a large city;
- 9% would choose to live in the downtown of a large city.

**Most important factor on choosing where to live:**

- 91% - affordable place to live;
- 88% - a good place to raise a family;
- 85% - safe streets and neighborhoods;
- 85% - good public school;
- 78% - high speed internet and Wi-Fi;
- 74% - lots of natural beauty;
- 73% - close to health care facilities;
- 73% - would choose to live in a rural place.

**Plans following high school:**

- 54% plan to move to find a better job;
- 45% live in Buffalo County because the community fits their lifestyle;
- 39% plan to move away for education and return to Buffalo County.

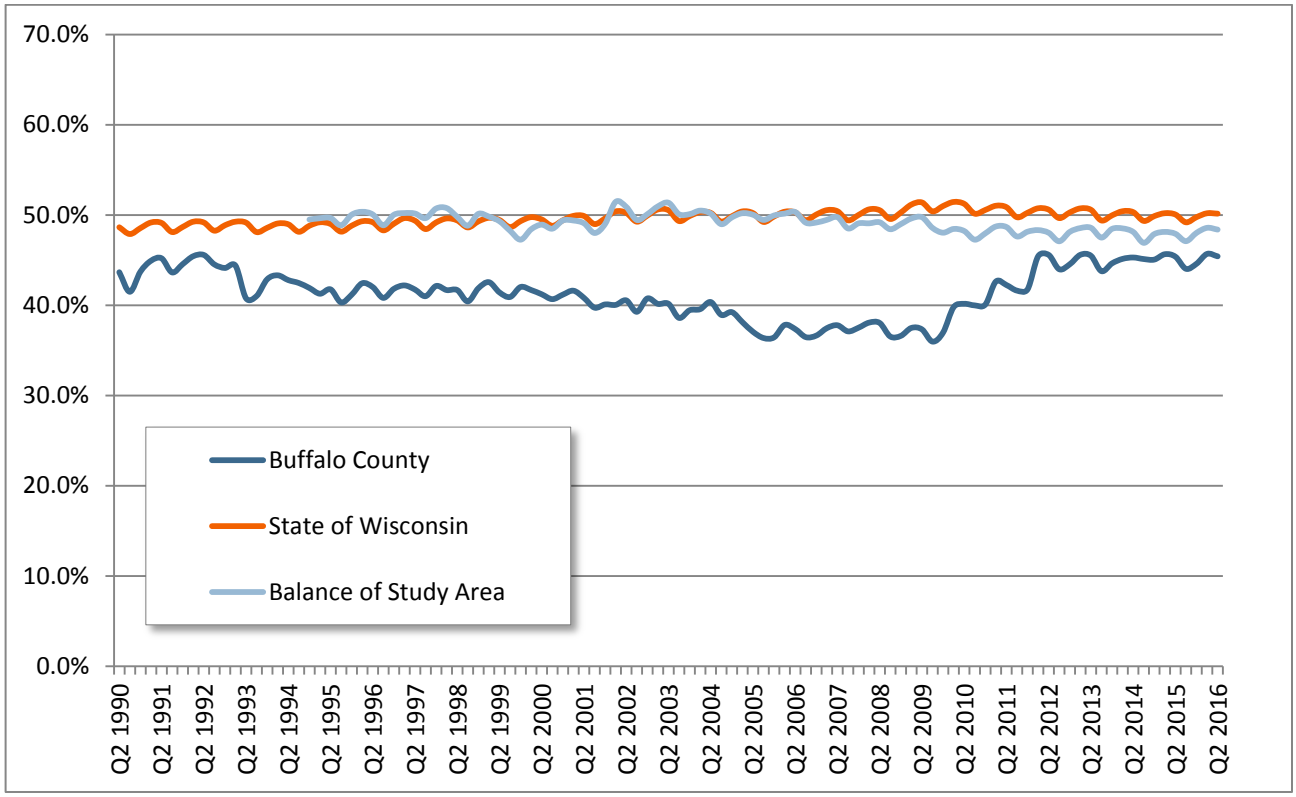
**Rate Buffalo County (% of students rating high):**

- 89% - lots of natural beauty;
- 83% - a good place to raise a family;
- 82% - affordable place to live;
- 81% - safe streets and neighborhoods;
- 64% - good public school;
- 58% - a place with concern for the environment;
- 37% - close to health care facilities;
- 36% - high speed internet and Wi-Fi;
- 32% - a place where I can start my own business;
- 11% - art or cultural opportunities;
- 31% - nightlife;
- 25% - a place that welcomes diversity.

## Gender and Race

In both the State of Wisconsin and the Balance of the Study Area, women typically have comprised approximately 50% of all employees since 1990 (Figure 2.6). In comparison, women as a share of total employment in Buffalo County traditionally remained closer to 40% until more recently. Beginning in 2009, women as a share of total employment increased from 36% to approximately 45%. These changes in gender distribution may reflect employment declines in Buffalo County industries that are traditionally dominated by male employees, such as transportation. The question is whether these shifts in gender distribution have left formerly employed men with the need for new employment opportunities.

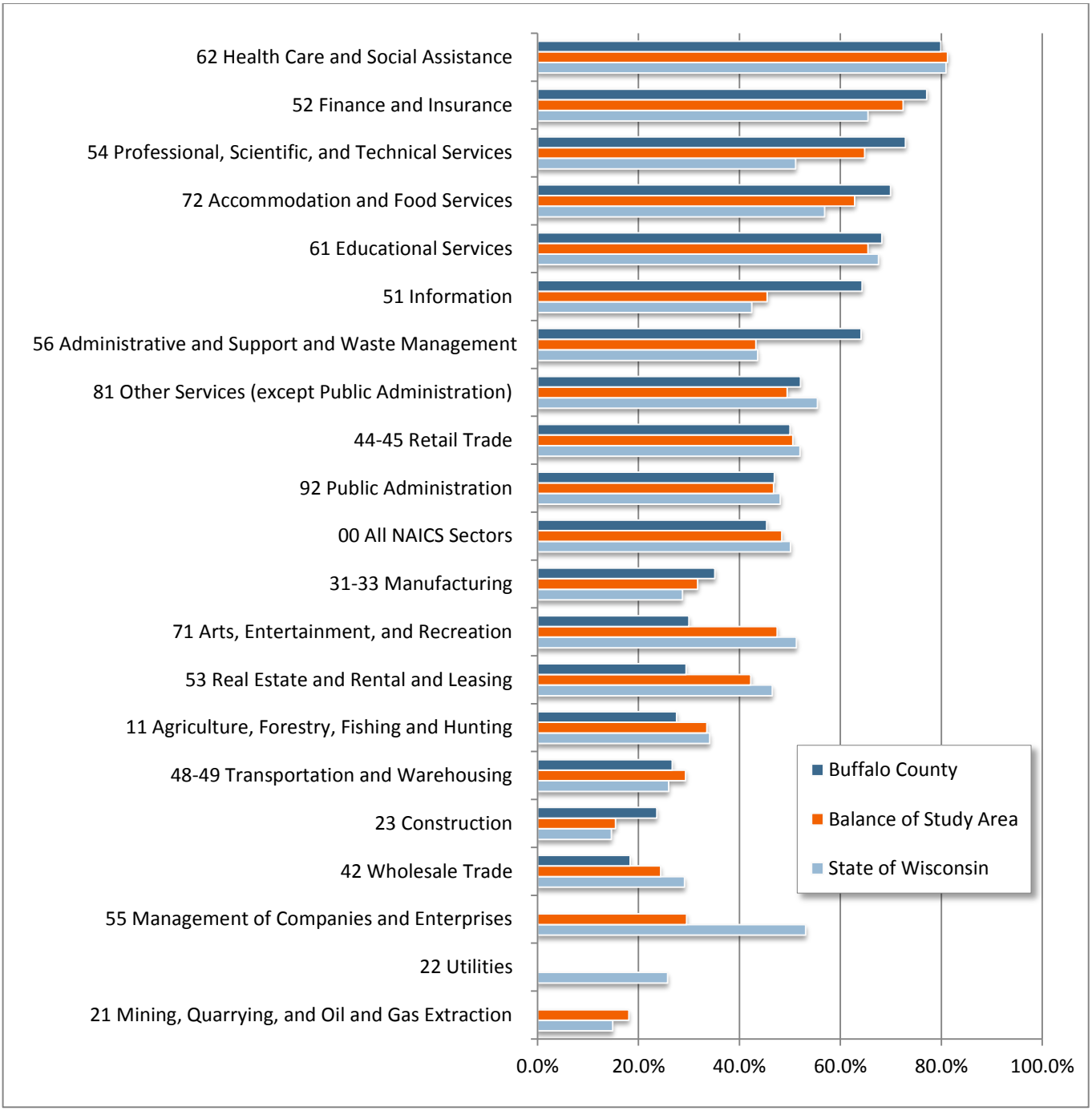
**Figure 2.6 – Women Employees as a Percent of Total Employees – 1990 to 2016**




Source: U.S. Census Bureau Local Employment Dynamics. Calculations by UW-Extension Center for Community and Economic Development

As in many areas, women employees in Buffalo County tend to be concentrated in health care and social assistance, finance and insurance, and educational services. However, the share of women employees in Buffalo County is notably higher than those of Balance of the Study Area and the State of Wisconsin in several other industries including professional, scientific and technical services; accommodation and food services; information; administrative and support services; manufacturing and construction. Notably, women in Buffalo County also comprise a smaller share of employment in agriculture, forestry, fishing and hunting when compared to the state and the Balance of the Study Area.

**Figure 2.6 – Women Employees as a Percent of Total Employees by Industry Category (Q2 2016)**




Source: U.S. Census Bureau Local Employment Dynamics. Calculations by UW-Extension Center for Community and Economic Development

Compared to state and national averages, residents in Buffalo County and the Balance of the Study Area are largely white. Furthermore, little change in terms of racial composition has occurred between the year 2000 and the five year period from 2011 to 2015. The most notable change occurred with the region's Hispanic or Latino population. In Buffalo County, the share of residents identifying as Hispanic or Latino increased from 0.6% in 2000 to 2.0% in 2011-2015. Similarly, the share increased from 1.2% to 3.7% in the Balance of the Study Area. While these percentages remain small as a share of total residents, these changes represent nearly a tripling of the Hispanic or Latino population in the region.

**Table 2.4 – Population by Race: 2000 and 2011-2015**

| | **Buffalo County** | | **Balance of Study Area** | | **State of Wisconsin** | | **United States** | |
|---|---|---|---|---|---|---|---|---|
| Time Period | *2000* | *2011-2015* | *2000* | *2011-2015* | *2000* | *2011-2015* | *2000* | *2011-2015* |
| White | 98.7% | 97.5% | 97.2% | 94.9% | 88.9% | 86.5% | 75.1% | 73.6% |
| Black or African American | 0.1% | 0.5% | 0.5% | 0.9% | 5.7% | 6.3% | 12.3% | 12.6% |
| American Indian and Alaska Native | 0.3% | 0.2% | 0.2% | 0.3% | 0.9% | 0.9% | 0.9% | 0.8% |
| Asian | 0.3% | 0.1% | 1.0% | 1.4% | 1.7% | 2.5% | 3.6% | 5.1% |
| Native Hawaiian and Other Pacific Islander | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.2% |
| Some other race | 0.1% | 0.8% | 0.5% | 1.4% | 1.6% | 1.7% | 5.5% | 4.7% |
| Two or more races | 0.5% | 0.9% | 0.6% | 1.1% | 1.2% | 2.1% | 2.4% | 3.0% |
| | | | | | | | | |
| Hispanic or Latino (of any race) | 0.6% | 2.0% | 1.2% | 3.7% | 3.6% | 6.3% | 12.5% | 17.1% |
| Not Hispanic or Latino | 99.4% | 98.0% | 98.8% | 96.3% | 96.4% | 93.7% | 87.5% | 82.9% |

Source: U.S. Census Bureau 2000 Decennial Census and 2011-2015 American Community Survey 5-Year Estimates

## Unemployment and Labor Participation Rates

Labor participation rates and unemployment rates provide important perspectives on the regional labor market. Labor participation rates describe the share of the civilian population age 16 and over who are either employed or unemployed. Consequently, labor participation rates measure the share of the population that is *actively* in the labor force. Individuals not in the labor force can include discouraged workers (those not actively seeking employment), students, retired workers, seasonal workers surveyed in the off-season, institutionalized individuals, and people doing incidental unpaid family work. As labor participation rates are influenced by individuals who do not wish to be part of the labor force, they provide one perspective on labor availability in an area.

Unemployment rates measure the number of individuals *in the labor force* who are unemployed and actively seeking a job. Therefore, an individual must be participating in the labor force to be counted in the unemployment rate. More specifically, the unemployment rates by age group reported here (Table 2.4) are based on American Community Survey figures that report unemployment rates as the percentage of civilian individuals age 16 years old who were: 1) neither "at work" nor "with a job but not at work"; *and* 2) were actively looking for work during the last four weeks; *and* 3) were available to accept a job. Also included as unemployed are civilians who did not work at all during the reference week; those who were waiting to be called back to a job from which they had been laid off; and those available for work except for temporary illness.

Among most age groups, unemployment rates in Buffalo County and the Balance of the Study Area are not statistically different (Table 2.5). The largest exception being the lower unemployment rates among ages 16 to 19 in Buffalo County. The low unemployment rate in this age group is likely attributed to the prevalence of the agricultural economy in Buffalo County. In particular, regions with high relative dependence on agricultural employment and operations tend to have lower employment rates than other rural areas. In fact, unemployment rates among all age groups in Buffalo County are largely below those of the state and national averages.

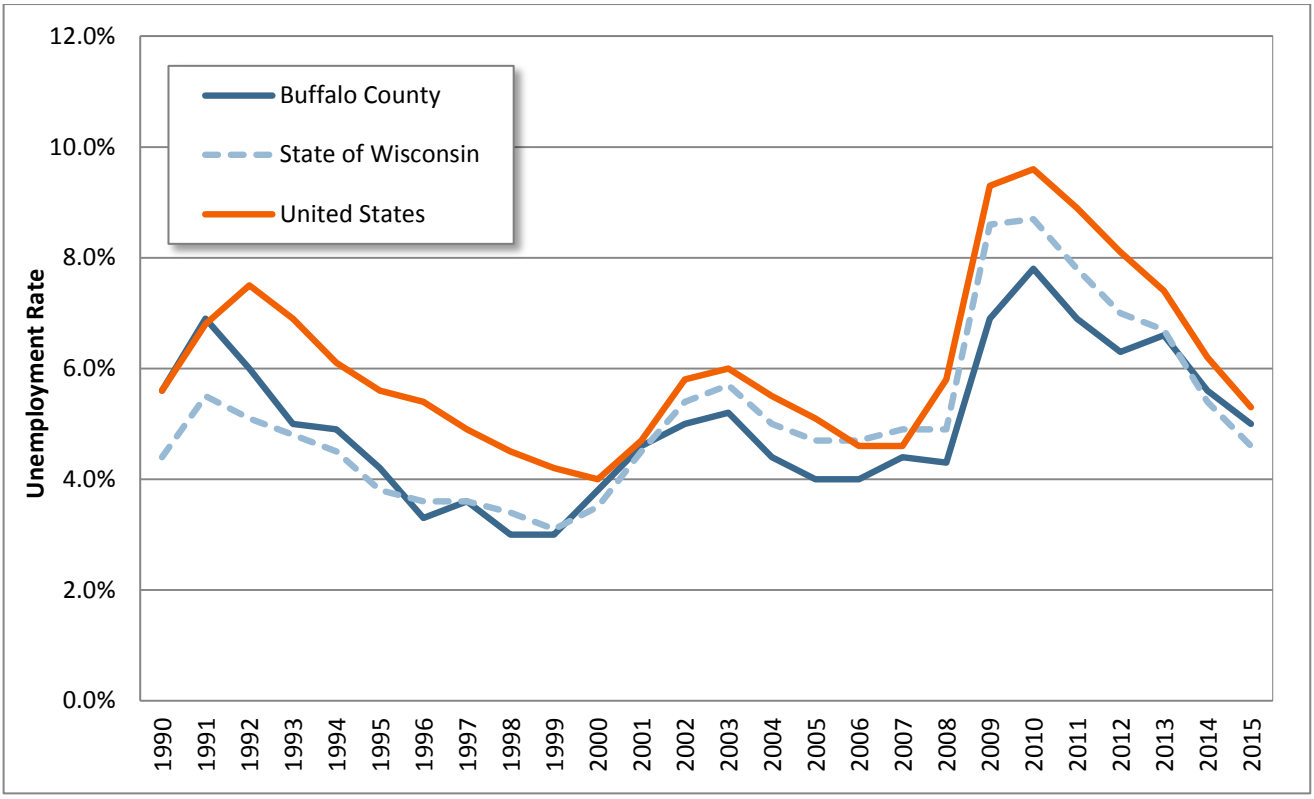
**Table 2.5 – Unemployment Rates for the Civilian Population by Age Group (2010-2014)**

| Age Group | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Age 16 to 19 | 8.5% | 27.3% | 17.7% | 27.1% |
| Age 20 to 24 | 7.4% | 9.5% * | 11.5% | 15.3% |
| Age 25 to 34 | 7.5% | 5.4% * | 7.6% * | 9.5% * |
| Age 35 to 44 | 3.8% | 4.0% * | 5.8% | 7.4% |
| Age 45 to 54 | 3.3% | 4.7% * | 5.6% | 7.0% |
| Age 55 to 64 | 2.5% | 3.6% * | 5.4% | 6.6% |
| Age 65 to 74 | 2.6% | 2.6% * | 4.9% | 6.2% |
| Age 75 and Over | 0.0% | 0.8% * | 4.3% * | 5.7% * |
| | | | | |
| Age 25 to 54 | 4.6% | 4.7% * | 6.3% | 7.9% |
| Age 16 to 64 | 4.6% | 6.8% | 7.3% | 9.3% |

Source: U.S. Census Bureau 2010-2014 ACS. Calculations by UW-Extension Center for Community and Economic Development
*value not statistically different from Buffalo County at 90% level

The unemployment rates by age in Table 2.5 provide a snapshot of conditions at a specific time period. Nonetheless, longer-term trends in unemployment rates also show that Buffalo County has traditionally been below national rates and has mostly mirrored rates in the State of Wisconsin. While Buffalo County's 2015 annual unemployment rate has not yet returned to its pre-recessionary level, it is at its lowest rate since 2008 (Figure 2.8). Again, the longer term trends in Buffalo County's unemployment rates are partially a function of the region's agricultural economy. However, the commuting patterns mentioned previously in this section, as well as the wage and salary employment trends noted in Section 1, suggest that declining unemployment rates may also be a function of job creation in the surrounding region. That is, a growing number of Buffalo County residents are finding employment outside of the county.

**Figure 2.8 – Annual Average Unemployment Rates 1990 to 2015**




Source: Local Area Unemployment Statistics. Calculations by UW-Extension Center for Community and Economic Development

As with unemployment rates, there are few statistical differences between labor participation rates in Buffalo County and the Balance of the Study Area (Table 2.6). Importantly, participation rates in the region are largely higher than national averages for each age group and reflect the State of Wisconsin's overall rate, which is among the highest in the United States. These rates are indicative of the local work ethic, but may also suggest economic necessity. High participation rates could imply that local households may be more reliant on multiple earners to meet their monthly or annual income requirements. Furthermore, there are likely individuals who are underemployed and others who would seek higher paying jobs if available.

Regardless of the factors driving the region's participation rates and unemployment rates, these conditions could pose a future challenge to labor availability. That is, areas with low labor participation may be able to entice people into jobs in a tight labor market. Similarly, high unemployment rates create a larger potential

labor pool. However, the high labor participation rates and low unemployment rates in Buffalo County (and the Balance of the Study Area) likely limit this type of latent or emergent labor in the region. The preceding discussion of the region's age structure complicates these labor force characteristics as well.

**Table 2.6 – Labor Participation Rates for the Civilian Population by Age Group (2010-2014)**

| Age Group | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Age 16 to 19 | 49.3% | 56.5% | 49.0% * | 37.0% |
| Age 20 to 24 | 84.8% | 82.7% * | 80.3% * | 72.2% |
| Age 25 to 34 | 87.4% | 89.5% * | 86.4% * | 81.3% |
| Age 35 to 44 | 89.5% | 89.4% * | 86.4% | 82.1% |
| Age 45 to 54 | 90.7% | 89.2% * | 85.3% | 80.3% |
| Age 55 to 64 | 69.4% | 74.8% | 68.5% * | 64.3% |
| Age 65 to 74 | 30.5% | 26.9% * | 24.4% | 25.3% |
| Age 75 and Over | 5.0% | 7.8% | 5.8% * | 6.0% * |
| | | | | |
| Age 25 to 54 | 89.4% | 89.4% * | 86.0% | 81.2% |
| Age 16 to 64 | 80.9% | 82.1% * | 78.8% | 73.3% |

Source: U.S. Census Bureau 2010-2014 ACS. Calculations by UW-Extension Center for Community and Economic Development
*value not statistically different from Buffalo County at 90% level

## Education and Occupations

Educational attainment and occupational structure provide two basic means of measuring human capital. Knowing the education levels and occupations of the region's labor force will partially determine the ability of Buffalo County and the broader Study Area to attract, retain and expand specific types of industries. While reliable data on educational attainment exists, it is difficult to obtain detailed information on specific worker skills and capabilities in non-metro areas such as Buffalo County. Accordingly, the occupational data presented in this overview are intended to offer basic insights rather than provide a comprehensive skills inventory. Local workforce development intermediaries may also have access to information on the region's labor capabilities.

### Educational Attainment

Educational attainment is a basic means for quantifying human capital. While educational attainment has shortcomings as a measure and does not independently qualify individuals for a given job, it does reflect the region's innovation capacity, which has been identified as a key element in rural competitiveness. Specifically, areas with higher levels of education do tend to be more innovative and enjoy greater economic activity (Abel and Gabe, 2011). Furthermore, if rural communities are to participate in growing industry sectors that depend on knowledge workers, then an appropriately educated labor force is needed in the region (Olfert and Partridge 2010). Otherwise, alternate industry development strategies that better align with local educational attainments must be considered.

In Buffalo County, 42 percent of all residents age 25 and over report high school as their highest completed level of educational attainment (Table 2.7). This figure is almost ten percentage points above the state average and 14 points above the national average. In contrast, both the state and the nation have higher shares of residents with some level of post-secondary education. Of particular difference is the share of residents age 25 and over with a college degree. Just 17.7% of residents age 25 and over in Buffalo County have graduated from college, compared to 27.4% in the State of Wisconsin; and 29.3% in the United States. However, both Buffalo County and the Balance of the Study Area have higher shares of residents with an associate's degree.

**Table 2.7 - Highest Level of Educational Attainment for the Population Age 25 and Over (2010-2014)**

| Highest Level of Educational Attainment (Age 25 and Over) | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total Population Age 25 and Over | 9,554 | 71,386 | 3,850,995 | 209,056,129 |
| Less than 9th grade | 4.3% | 4.2% | 3.2% | 5.8% |
| 9th to 12th grade, no diploma | 5.3% | 5.8% | 6.0% | 7.8% |
| High school graduate (includes GED) | 42.0% | 35.5% | 32.4% | 28.0% |
| Some college, no degree | 20.0% | 21.1% | 21.1% | 21.2% |
| Associate's degree | 10.7% | 10.8% | 9.9% | 7.9% |
| Bachelor's degree | 12.4% | 15.1% | 18.1% | 18.3% |
| Graduate or professional degree | 5.3% | 7.5% | 9.3% | 11.0% |
| | | | | |
| High School or Greater | 90.4% | 90.0% | 90.8% | 86.3% |
| Bachelor's or Greater | 17.7% | 22.7% | 27.4% | 29.3% |

Source: U.S. Census Bureau 2010-2014 ACS. Calculations by UW-Extension Center for Community and Economic Development

While non-metro areas have seen gains in educational attainment over the last decade, these increases are partially the result of overall educational improvements experienced across the United States. In particular, large metropolitan areas have benefitted from these increases as college graduates overwhelmingly concentrate in metropolitan areas of one-million residents or more. In fact, counties with a rural-urban continuum code of 1 (e.g. counties in metro areas of 1 million population or more) now contain almost two-thirds of college graduates age 25 and over, despite these counties only accounting for 55% of the United States' population (Table 2.8).[11] Consequently, levels of educational attainment in Buffalo County and the surrounding study area are not dissimilar from many other non-metropolitan areas having the same rural-urban continuum codes.

The metropolitan concentrations of college graduates may be discouraging to rural areas looking to attract and retain highly educated residents. 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). However, obtaining a college degree should not be a goal for all residents and the lower share of college graduates locally should not be viewed from a deficit perspective. Furthermore, a number of non-metro areas across Wisconsin and the Upper Midwest have relatively high levels of educational attainment (Figure 2.9). 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. Buffalo County has a number of similar asset levels that could be leveraged locally (Figure 2.10).

**Table 2.8 – National Distribution of College Graduates age 25 and Over by RUCC**

| Rural-Urban Continuum Code and Description | Share of Population with a College Degree | Share of U.S. Population Age 25 and Over | Share of U.S. College Graduates Age 25 and Over |
|---|---|---|---|
| 1. Counties in metro areas of 1 million population or more | 32.7% | 54.6% | 62.8% |
| 2. Counties in metro areas of 250,000 to 1 million population | 26.6% | 21.0% | 19.9% |
| 3. Counties in metro areas of fewer than 250,000 population | 23.4% | 9.1% | 7.6% |
| 4. Urban population of 20,000 or more, adjacent to a metro area | 19.1% | 4.4% | 3.1% |
| 5. Urban population of 20,000 or more, not adjacent to a metro area | 21.9% | 1.6% | 1.3% |
| 6. Urban population of 2,500 to 19,999, adjacent to a metro area | 15.2% | 4.9% | 2.8% |
| 7. Urban population of 2,500 to 19,999, not adjacent to a metro area | 17.4% | 2.8% | 1.8% |
| 8. Completely rural or less than 2,500 urban population, adjacent to a metro area | 14.8% | 0.8% | 0.4% |
| 9. Completely rural or less than 2,500 urban population, not adjacent to a metro area | 15.8% | 0.9% | 0.6% |

Sources: USDA ERS and U.S. Census Bureau ACS and author's calculations

[11] Rural-urban continuum codes are further explained in Section 1.

**Figure 2.9 – National Distribution of College Graduates age 25 and Over by County**

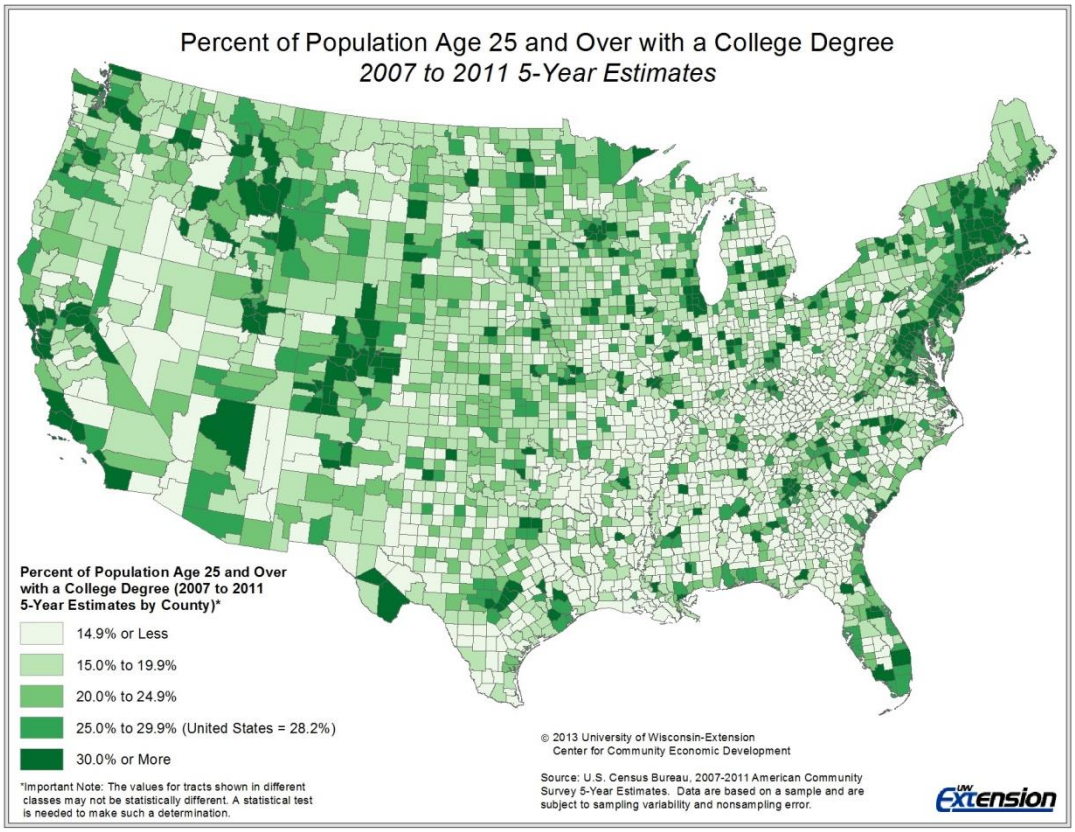
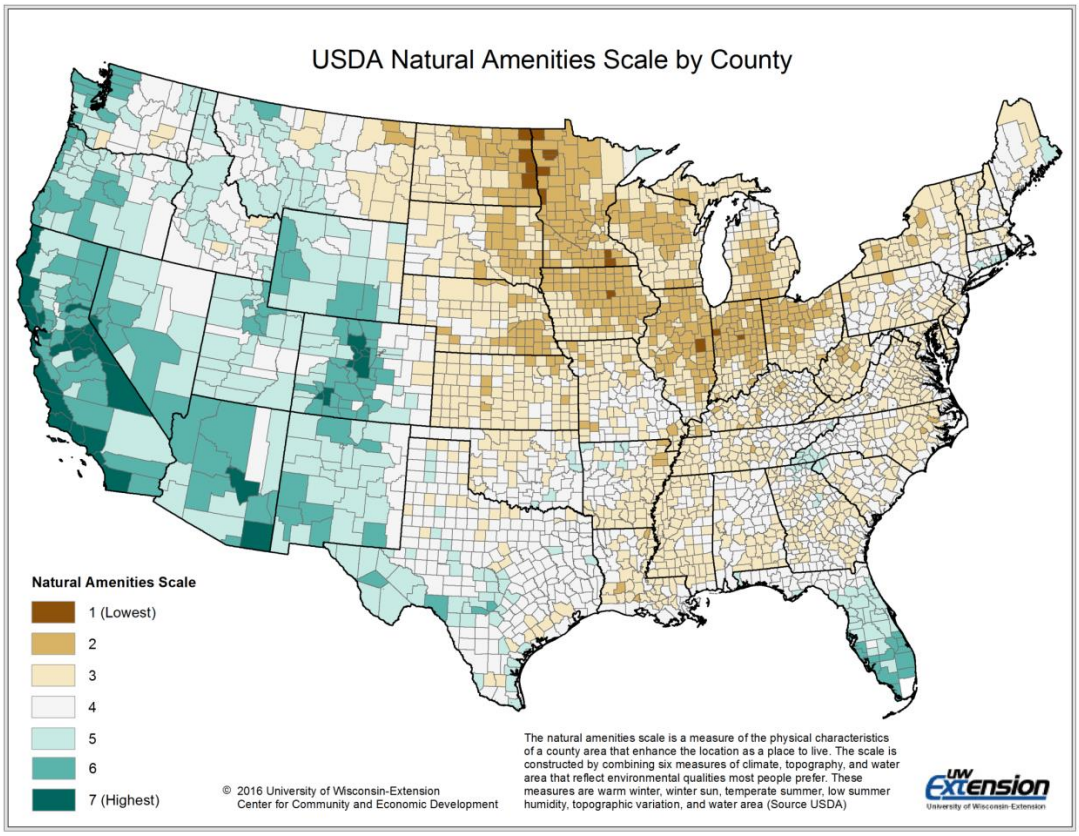



**Figure 2.10 – Natural Amenities Scale by County**



## Occupations

As a measure of an individual's knowledge and skills, educational attainment provides an incomplete perspective at best. Specifically, a worker's highest level of educational attainment is a more appropriate measure of a worker's vertical skills, but says nothing about the individual's specific types of abilities and talents (Marigee, Blum, and Strange, 2009). Other approaches to exploring skills have been based on examining employment in different industries. However, an industry-based approach only measures what is produced, rather than the skills needed in the production process. For instance, an industry-based analysis considers all workers in a manufacturing facility to be similar, regardless of the specific activities performed by an employee (e.g. welder, H.R. manager, IT, assembler or supervisor).

Additional insights on local workforce capacities are provided by the region's occupational structure. In particular, occupations distinguish between what the regional economy can "do" versus what it can "make" (Thompson and Thompson, 1987). The occupational distribution within Buffalo County differs from the Balance of the Study Area, the State of Wisconsin and the United States in several manners. Several notable occupational categories where Buffalo County exceeds state or national employment shares include sales and office; management; production; health care practitioners and technical; construction and extraction; food preparation and serving related; transportation; and material moving (Table 2.9). Somewhat surprisingly farming, fishing and forestry occupations show a smaller share of employment in Buffalo County, but this difference is likely explained by the county's high share of employment in management occupations. *Specifically, management occupations include agricultural managers who operate establishments that produce crops, livestock, and dairy products.*

**Table 2.9 - Occupation for the Civilian Employed Population Age 16 and Over (2010 – 2014)**

| Age Group | Buffalo County | Balance of Study Area | State of Wisconsin | United States |
|---|---|---|---|---|
| Total | 6,909 | 57,717 | 2,852,018 | 143,435,233 |
| Sales and office | 19.7% | 8.6% | 9.3% | 9.7% |
| Management | 13.8% | 4.4% | 4.3% | 4.7% |
| Production | 12.3% | 1.9% | 2.1% | 2.5% |
| Healthcare practitioners and technical | 5.9% | 1.7% | 1.9% | 1.9% |
| Construction and extraction | 5.5% | 0.5% | 0.8% | 0.9% |
| Food preparation and serving related | 5.2% | 1.3% | 1.5% | 1.7% |
| Transportation | 4.7% | 0.4% | 0.7% | 1.2% |
| Farming, fishing, and forestry | 4.4% | 5.1% | 5.7% | 6.0% |
| Education, training, and library | 4.1% | 1.4% | 1.6% | 1.9% |
| Installation, maintenance, and repair | 3.9% | 5.1% | 5.4% | 5.4% |
| Material moving | 3.7% | 2.8% | 2.8% | 2.4% |
| Building & grounds cleaning & maintenance | 3.2% | 1.5% | 1.7% | 2.2% |
| Healthcare support | 3.0% | 5.8% | 5.4% | 5.5% |
| Business and financial operations | 2.9% | 3.2% | 3.3% | 3.9% |
| Personal care and service | 2.1% | 2.9% | 3.1% | 3.4% |
| Community and social service | 1.4% | 10.6% | 10.1% | 11.1% |
| Computer and mathematical | 1.3% | 14.4% | 14.1% | 14.0% |
| Architecture and engineering | 1.0% | 1.1% | 1.0% | 0.7% |
| Protective service | 0.8% | 4.4% | 4.7% | 5.5% |
| Arts, design, entertainment, sports & media | 0.6% | 3.5% | 3.3% | 3.3% |
| Life, physical, and social science | 0.3% | 11.5% | 10.3% | 6.1% |
| Legal | 0.3% | 3.7% | 3.5% | 3.6% |

Source: U.S. Census Bureau 2010-2014 ACS. Calculations by UW-Extension Center for Community and Economic Development

Occupations with a disproportionately high share of employment in Buffalo County partially reflect the region's reliance on manufacturing and natural resource-based industries. In contrast, Buffalo County area has employment shares in many professional, financial, business, technical and science occupations that are below the levels found in the Balance of the Study Area, State of Wisconsin and United States. Not surprisingly, the occupational structures in Buffalo County and the Balance of the Study Area are reflective of the educational attainment levels in these two areas. Many (but not all) of the occupations with high employment shares in the region tend to require shorter overall preparation times and mid-levels of training requirements. Furthermore, those with lower employment shares often have longer training times and require higher levels of educational attainment.

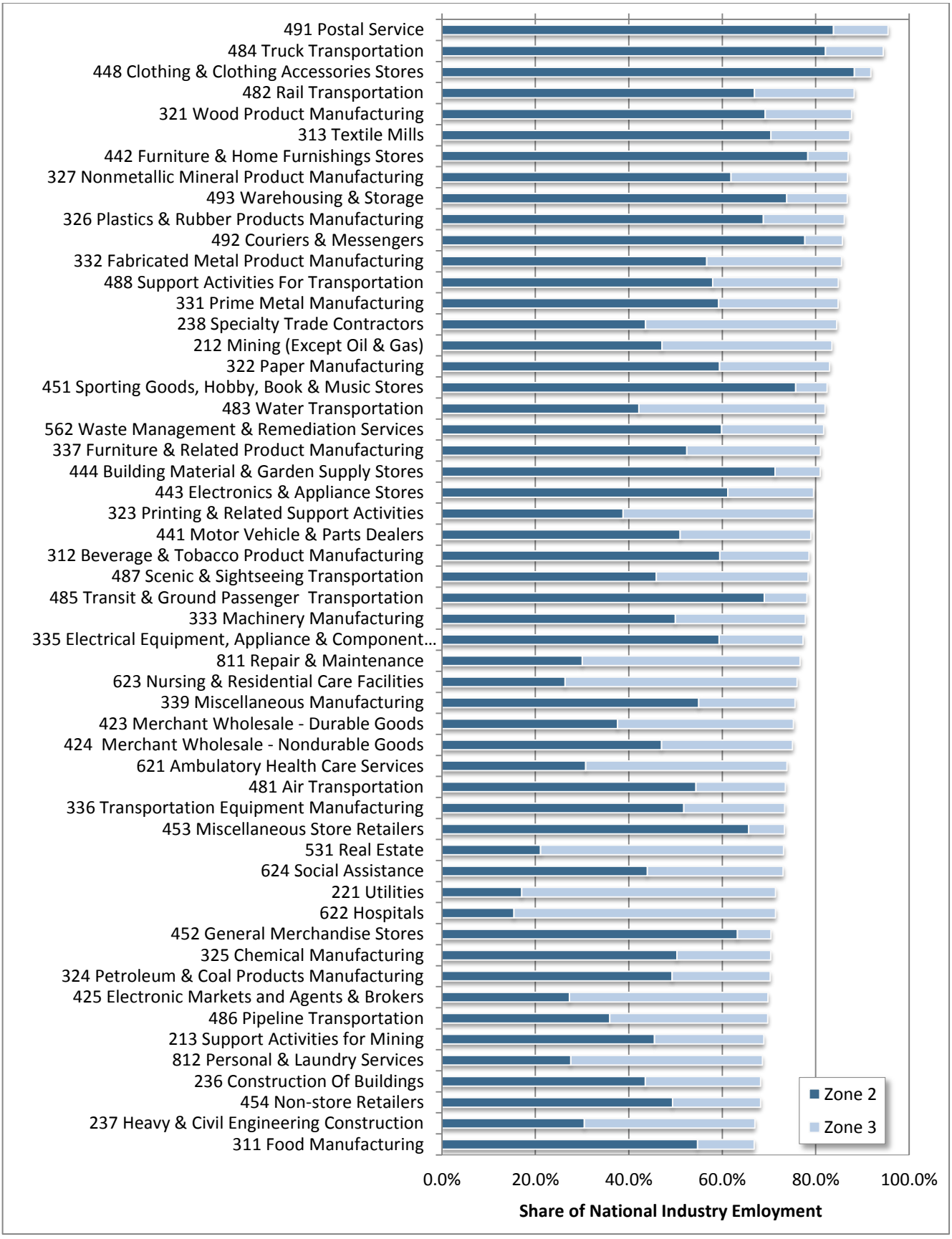
As suggested earlier, workforce development efforts should be matched to economic development goals and initiatives. One means for aligning workforce development and economic development is to create retention, attraction and expansion strategies around the labor force needs of industry sectors that are well-suited to the Study Area. The preceding overview of educational attainment and occupational distribution suggests that a large share of the region's labor force is positioned to work in jobs that require neither low skill levels nor high levels of educational attainment. In other words, many working age residents in the region are broadly qualified for employment in so-called *middle-skill* occupations.

Industries with a potentially high share of middle-skill occupations can be roughly identified using *job zone* information from the U.S. Department of Labor/Employment and Training Administration's Occupational Information Network (O*NET). O*NET describes occupations by their required levels of knowledge, skills, and abilities and is based on data collected from occupational experts and ongoing surveys of current workers in each occupation. Using this information, O*NET assigns a job zone to each occupation based on the usual type of preparation needed, as well as the typical length of time workers need to acquire information; learn techniques; and develop the capacity needed for average performance. Overall, occupations in Job Zone 1 have lower preparation and skills requirements while occupations in Job Zone 5 require the largest amount of preparation. *For purposes of this analysis, occupations in Job Zone 2 and Job Zone 3 are considered to be middle-skill*. More information on job zones is available in Appendix 2A.

To identify industries with the greatest national shares of employment in middle-skill occupations, job zone information is combined with occupational distributions by industry from the Bureau of Labor Statistics. These distributions, or occupational matrices, report the number and types of occupations present in each industry. The industries with the largest combined shares of employment in Job Zone 2 and Job Zone 3 are depicted in Figure 2.11. *Note that inclusion of an industry in Figure 2.9 does not necessarily mean that it is a good fit for the local economy. Accordingly, this information on middle-skill job concentrations must be considered alongside the region's industry structure and strengths noted in Section 1.*

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. Importantly, a number of these industries align with the industry concentrations noted in Section 1.

**Figure 2.11 – Industries with Greatest Share of Employment in Job Zone 2 and Job Zone 3 (National Distribution)**




Source: Bureau of Labor Statistics and O*NET. Calculations by UW-Extension Center for Community and Economic Development

Occupational clusters provide a final method for exploring capabilities of the region's labor force. Occupational clusters, or groups, share similar knowledge, skills, training requirements, educational attainments and wage levels. Understanding clusters of similar occupations can be used to identify a wide array of industries that could be built around these clusters. This analysis of occupational clusters relies on s 15 different categories that were developed by the Purdue Center for Regional Development.[12] *These clusters also rely on the aforementioned Job Zones from O*NET and only include occupations found in Job Zone 3, Job Zone 4, and Job Zone 5. Accordingly, these groupings are viewed not as high-tech clusters, but rather as knowledge-based clusters that tend to require higher levels of education and training.* While these clusters exclude the large share of employment found in Job Zone 1 and Job Zone 2, they do provide a means of differentiating the region's labor force from other areas. The specific occupations found in each cluster are available at: http://www.statsamerica.org/innovation/reports/sections2/H.pdf

Regional employment in each of the 15 occupational clusters is reported in Table 2.10. Note that figures are only reported for the combined five county Study Area as the limited number of cluster employees in Buffalo County only provide narrow insights to these occupational groups. Total cluster employment is reported along with the cluster's share of total employment and its location quotient (LQs). As noted in Section 1, a location quotient measures a cluster's share of employment locally compared to its share nationally. For instance, a location quotient of 1.0 suggests that the region has the same share of employment in an occupational cluster as the nation. A location quotient above 1.0 means the region has a higher share of cluster employment than the national average and that the cluster has a concentration in the region. Conversely, a location quotient below 1.0 suggests the cluster has a lower share than the national average.

Reflecting the limited levels of industrial diversification noted in Section 1, only two occupational clusters have location quotients above 1.1 and more than 1,000 employees in the region. With just over 5,700 jobs, the "agribusiness and food technology" cluster is the largest in the Study Area. The cluster also has a high location quotient of 5.36 showing its specialization in the region. As expected, this occupational cluster is aligned with the region's agricultural producers and processors. This occupational cluster includes farm managers and farm operators; purchasing agents and buyers of farm products; food scientists and technologists, agricultural and food science technicians; biological technicians; veterinarians among others.

The other large occupational cluster is "skilled production workers" which includes a wide variety of industrial technicians, operators, installers and repairers. The cluster also includes skilled occupations working in construction trades. With a location quotient of 1.15 and more than 5,600 jobs in the region, the skilled production workers cluster is largely aligned with the region's manufacturing, transportation and construction industries.

Many of the occupational clusters with low location quotients (i.e. less than 0.75) are associated with professional, technical and scientific services. These include technology-based knowledge clusters; legal and financial services, and real estate; managerial, sales, marketing and HR; mathematics, statistics, data and accounting; and information technology. These occupational clusters tend to be concentrated in metropolitan regions and the location quotients reported for the region are not surprising. However, the low location

[12] For more on these occupational clusters see: Nolan, Morrison, Kumar, Galloway and Cordes (2011). Additional resources are available at: http://www.statsamerica.org/innovation/guide/occupation_cluster.html

quotient (0.65) in the health care and medical sciences cluster is notable and reflects previous observations that health care access is a concern in the region. Given the age projections discussed earlier in this section, the demand for health care services will likely grow and there will be a need for additional employees in this cluster.

**Table 2.10 - Occupational Clusters in the Five County Study Area**

| Description | Total Employment | Share of Total Emp. | Occupation Cluster LQ |
|---|---|---|---|
| Agribusiness and Food Technology | 5,706 | 8.1% | 5.36 |
| Skilled Production Workers | 5,642 | 8.0% | 1.15 |
| Technology-Based Knowledge Clusters | 4,096 | 5.8% | 0.74 |
| Primary/Secondary and Vocational Education, etc. | 3,901 | 5.6% | 1.06 |
| Legal and Financial Services, and Real Estate | 3,642 | 5.2% | 0.66 |
| Managerial, Sales, Marketing and HR | 3,502 | 5.0% | 0.64 |
| Health Care and Medical Science | 2,576 | 3.7% | 0.65 |
| Personal Services Occupations | 1,330 | 1.9% | 0.78 |
| Arts, Entertainment, Publishing and Broadcasting | 1,184 | 1.7% | 0.72 |
| Mathematics, Statistics, Data and Accounting | 1,093 | 1.6% | 0.63 |
| Postsecondary Education and Knowledge Creation | 900 | 1.3% | 1.13 |
| Information Technology (IT) | 783 | 1.1% | 0.56 |
| Engineering and Related Sciences | 797 | 1.1% | 1.26 |
| Public Safety and Domestic Security | 610 | 0.9% | 0.73 |
| Building, Landscape and Construction Design | 230 | 0.3% | 0.74 |

Source: Stats America; Economic Modeling Specialists, Inc. Complete Employment Statistics

## Summary and Conclusions

The current and future labor force in the Buffalo County Study Area will be a key determinant of the region's economic trajectory. *In fact, labor availability (both quantity and quality) could be the defining economic development issue for the region over the coming decade*. The region's population has seen minimal growth in the last decade. Age projections suggest that working age populations in both Buffalo County and the Balance of the Study Area will decline over the next 20 years. Furthermore, high labor participation rates in Buffalo County, the Balance of the Study Area, and the state of Wisconsin suggest that there are a minimal number of latent working age residents who are not already part of the labor force. Despite these challenges, Buffalo County has a number of opportunities to develop and grow its workforce:

***Communicate labor force statistics at the regional level*** – Buffalo County has a working age population of roughly 8,000 residents. Even if every potential worker is participating in the labor force, the county remains below the size threshold for many business relocation or expansion projects. However, worker flow figures suggest that Buffalo County's labor force is regional. Employees commute across county boundaries within the Study Area and beyond. Consequently, labor force statistics that only consider Buffalo County residents do not reflect the true size of the labor force. In fact, the broader five-county Study Area is home to a working age population of 78,000 residents. Any labor force characteristics conveyed to current or potential employers should reflect the assets of the broader region. Statistics for the entire region also should be included on relevant websites and in business retention, expansion and attraction materials.

***Engage youth –*** Attracting and retaining talent will need to be a central component of Buffalo County's economic development efforts. While younger residents (i.e. under age 18) are largely not yet part of the labor force, they are an asset and potential source of labor in the future. Engaging young residents 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.[13] The survey of high school students is a good start in understanding the preferences of young residents, but additional opportunities to engage youth as a long-term economic development strategy 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 students about their opinions on a regular basis. Engaging youth continually lets children know that they are valued by other members of the community. As suggested by the aforementioned survey results, listening to the thoughts of younger residents may also identity other 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. Continuing to advocate for greater broadband access in the county. Quality broadband access was noted as a primary mismatch between what high schoolers want in a future place to live and what can be offered by Buffalo County.

[13] More information on engaging youth is found in Section 4.

***Connect with former graduates –*** Former graduates of local high schools or higher educational institutions may have considered returning to the county, but may not be aware of potential employment or housing opportunities in the region. For instance, 39% of high school students surveyed plan to move away for education, but return to Buffalo County at some later time. Efforts should be made to reach out to these individuals and let them know they are welcomed by the county. The rise of social media sites such as Facebook, LinkedIn and Classmates make this task easier.

***Leverage regional assets to attract and retain talent*** – As suggested earlier, the net out-migration of young residents often generates unease among rural areas. This trend has led some rural areas to develop strategies that intend to attract and retain young residents. Too often, these strategies are often based on small communities trying to replicate attraction and retention efforts underway in large metropolitan areas. Unfortunately, these attempts are misguided and the region should not seek to compete directly with large urban areas for attracting young, educated workers. Young workers are largely attracted to metro areas due to their thick labor markets and a critical mass of urban amenities; two conditions that rural areas cannot duplicate.

Instead, the region should seek to leverage its own assets that may be desirable to a specific segment of the population. In particular, Buffalo County and several surrounding counties show a net in-migration of residents in the 30 to 34 age group and the 35 to 39 age cohort. These individuals choose to live in Buffalo County for some reason. Conversations with new residents could provide specific insights to those factors that drew them to the region. However, it is likely that individuals are attracted to Buffalo County for many of the same reasons mentioned in the survey of high school students: affordability, a good place to raise a family, safe streets and neighborhoods, and lots of natural beauty. These community assets could provide the foundation for an attraction/retention strategy targeting these age groups.

The natural amenities found in Buffalo County and the Balance of the Study Area are particularly important assets. Specifically, there are some young and/or educated individuals who 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. The natural, cultural and other assets identified in the 2015 Buffalo County asset inventory could provide a starting point for better marketing the region.

***Foster Greater Workforce Development Connections at the Regional Level –*** Buffalo County is served by several regional organizations such as the 7 Rivers Alliance, the Western Wisconsin Workforce Development Board and the Mississippi River Regional Planning Commission. While these organizations provide important support for workforce development efforts in Buffalo County, their service areas do not necessarily match Buffalo County's labor market. Furthermore, many of the post-secondary educational institutions, support organizations or job centers that could assist Buffalo County residents are actually located in Winona, Durand, Eau Claire or La Crosse. Accordingly, Buffalo County economic development efforts should connect with workforce development organizations throughout the region. Examples of these organizations and their potential roles are listed in Figure 2.12.

**Figure 2.12 – Regional Workforce Development Intermediaries and Their Potential Roles**

| Type of Intermediary | Potential Roles |
|---|---|
| Community Colleges | • Offer certificate programs to develop entry-level or specific skills and associate degree programs for more comprehensive training;<br>• Provide student career counseling and job placement assistance;<br>• Provide short-term customized training to support learning and career development among incumbent workers;<br>• Provide technical assistance to employers;<br>• Collaborate with other partners in region to share resources and create centers of excellence in particular technical specialties;<br>• Offer ABE programs. |
| High Schools | • Administer school-to-work or career-specific programs;<br>• Provide instruction to develop technical foundations;<br>• Encourage students to pursue careers in technical fields by providing exposure through career awareness, internships, etc.<br>• Provide college and job placement assistance; |
| Community and Faith-Based Organizations | • Recruit community residents for employment programs;<br>• Provide basic literacy for youth and adults tied to technical education and employment;<br>• Provide education on soft-skills;<br>• Offer career counseling;<br>• Provide support services for community residents in community college or other training programs (day care, transportation assistance, etc.);<br>• Provide job and college placement assistance;<br>• Work with clients to develop job-keeping skills and promote job retention. |
| Social Service Agencies | • Provide transportation;<br>• Recruit community residents;<br>• Refer for health care;<br>• Provide day care. |
| Economic Development and Workforce Development Organizations | • Align economic development programs with workforce development needs;<br>• Identify emerging employment and training needs among local employers;<br>• Identify key industries and occupations to guide comprehensive economic and workforce development programs;<br>• Recruit employers, community colleges and organizations to participate in curriculum creation;<br>• Assist colleges and high schools in identifying internship and employment opportunities for students; |
| Employers | • Participate in curriculum creation;<br>• Encourage career interest through job shadowing and mentoring programs;<br>• Provide internships for students and teachers;<br>• Establish hiring agreements; |
| Labor | • Participate in curriculum creation;<br>• Establish new points of entry for apprenticeship programs; |
| Universities | • Offer baccalaureate programs in applied science and technology for graduates of associate degree programs;<br>• Serve as intermediaries in developing integrated pathway or systems for workforce development;<br>• Provide applied research for workforce development initiatives;<br>• Develop program assessment tools;<br>• Offer career counseling and job placement assistance. |

Adapted from Fitzgerald, J. (1999). *Principles and Practices for Creating Systems Reform in Urban Workforce Development.* Great Cities Institute Working Paper.

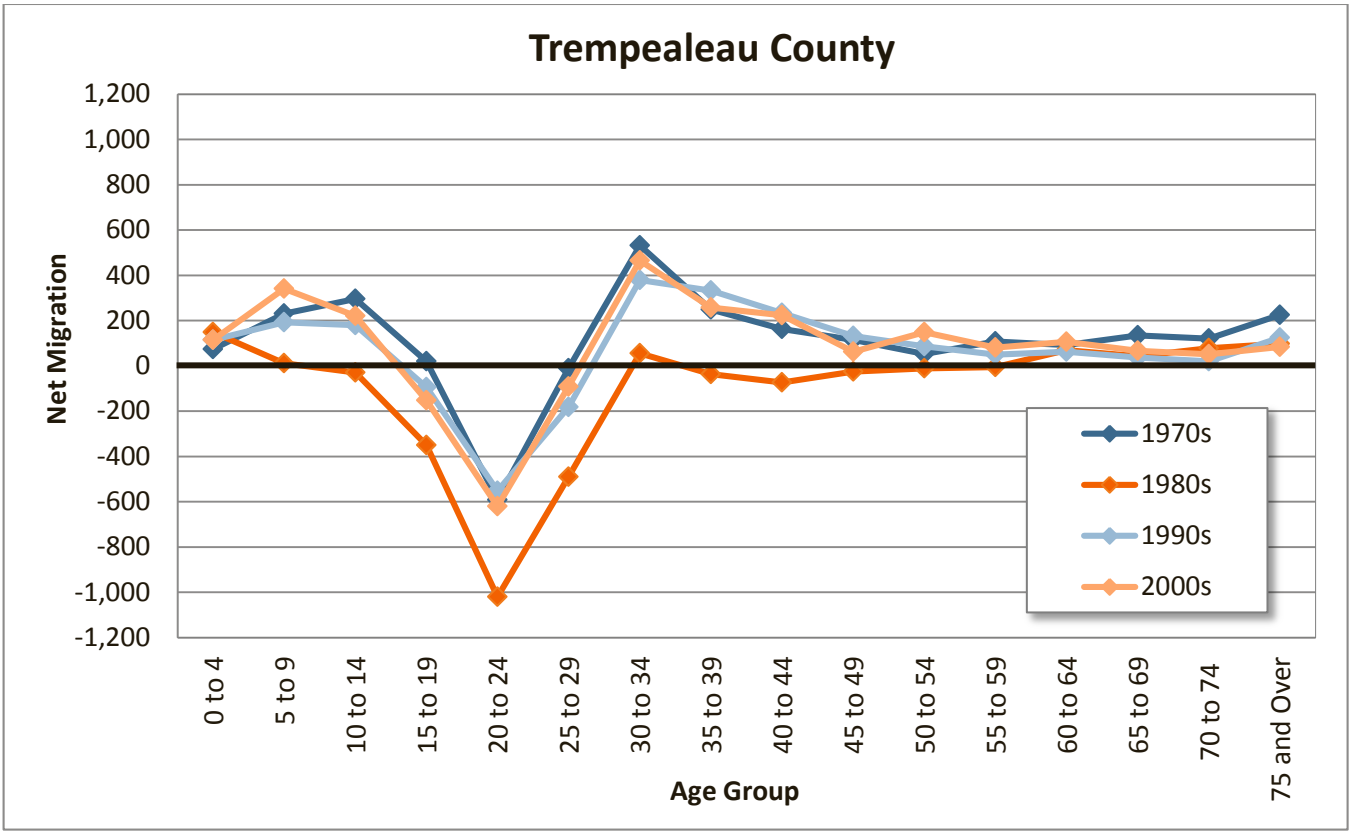
***Develop initiatives to address an aging labor force*** – As noted earlier, both Buffalo County and the Balance of the Study Area face a growing share of residents who will be age 65 or over. While the impact of an aging population may be lessened by factors such as increased productivity or automation, individual businesses and broader industry sectors will likely need to identify strategies beyond attracting additional workers to the region. 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:

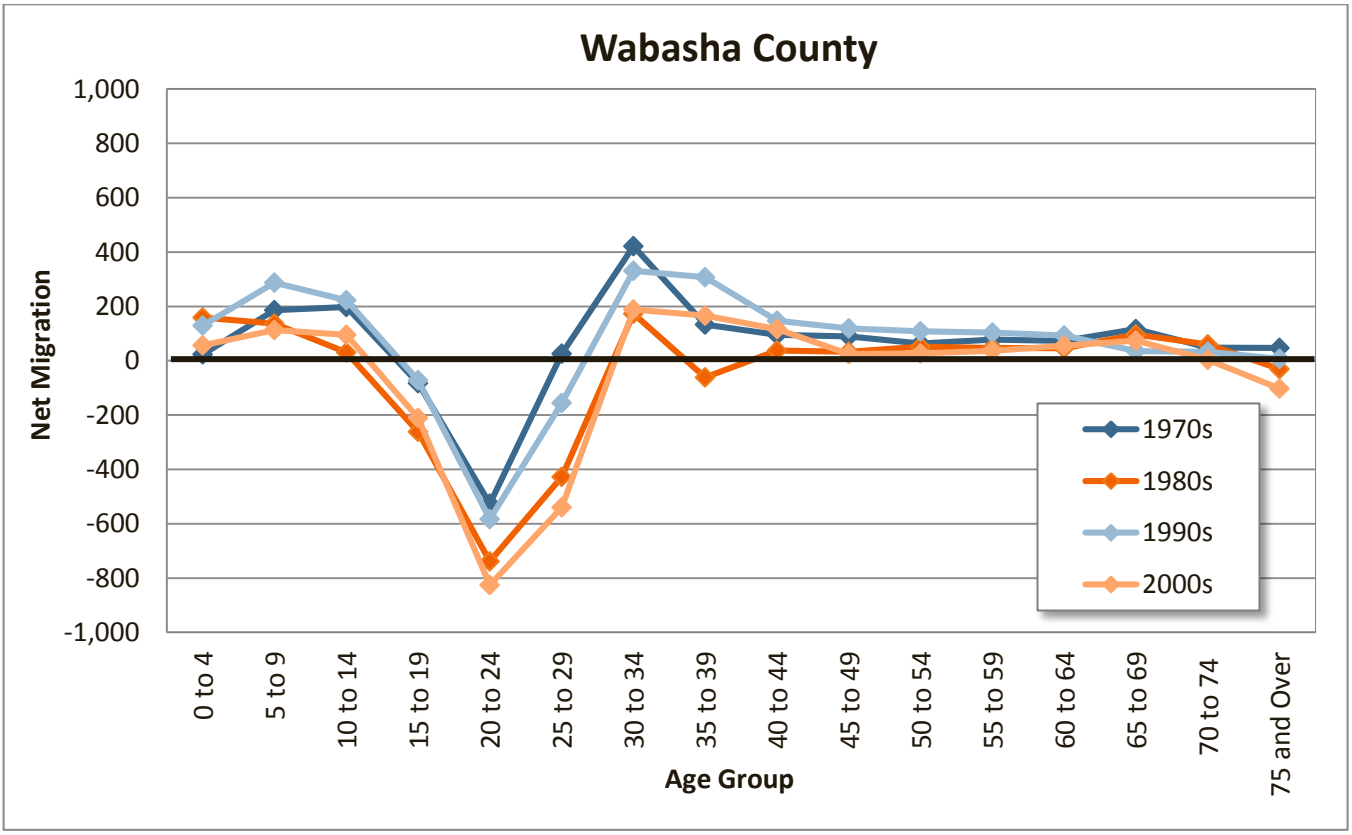
1. Finding means for transferring tacit knowledge from retiring workers to incoming employees;
2. Developing flexible work schedules or creating phased retirement programs;
3. Exploring telecommuting and job sharing options;
4. Identifying succession planning resources in the region and connecting them to business owners approaching retirement;
5. Determining and funding capital investments that could increase productivity within facilities (new equipment, etc.);

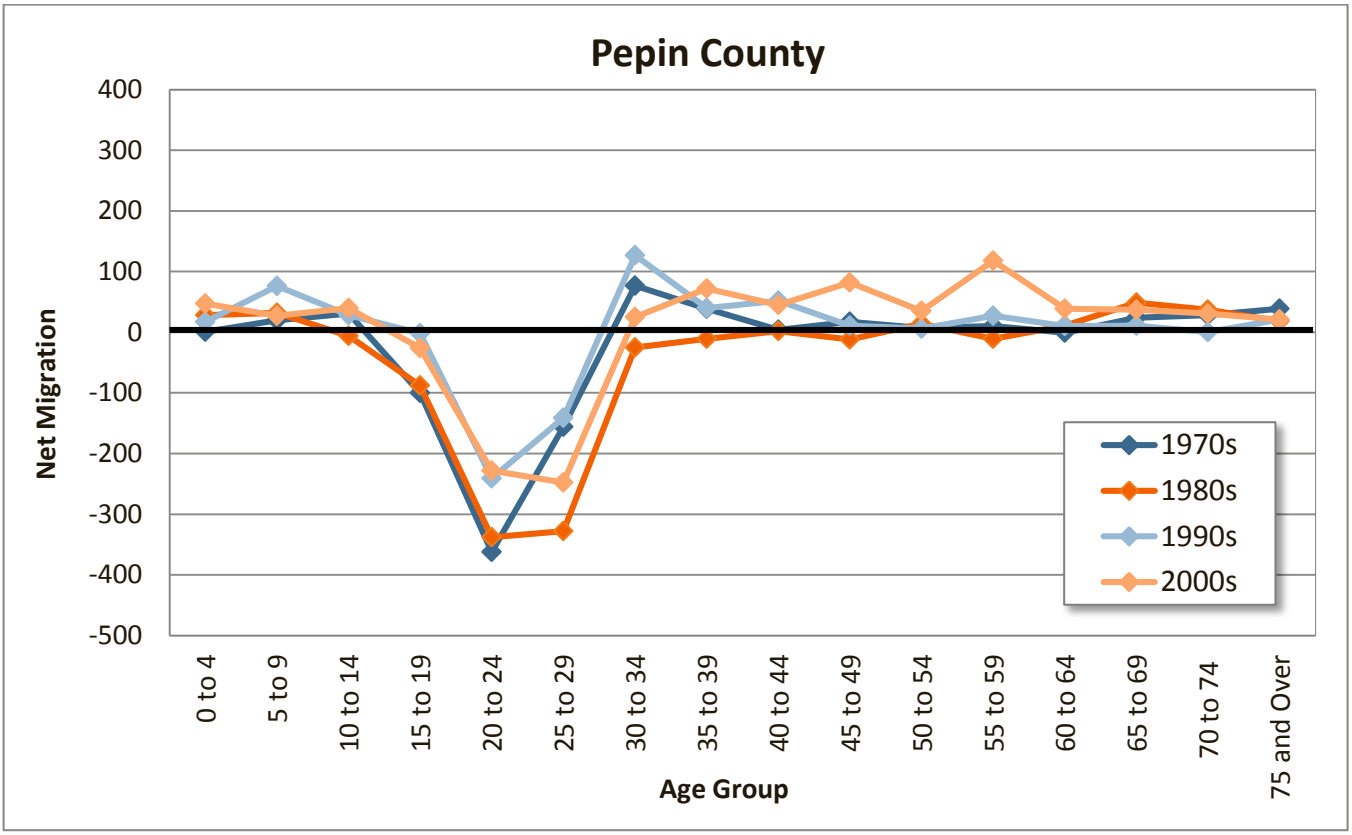
***Leverage retirees in the region*** – A large amount of research has established the connections between natural amenities and the ability of rural areas to attract individuals at or near retirement age. While the in-migration of these individuals contributes to the region's older age structure, retirees 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. Retirees may also re-enter the labor force on a limited bases. 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 (Chesnutt, 2007).

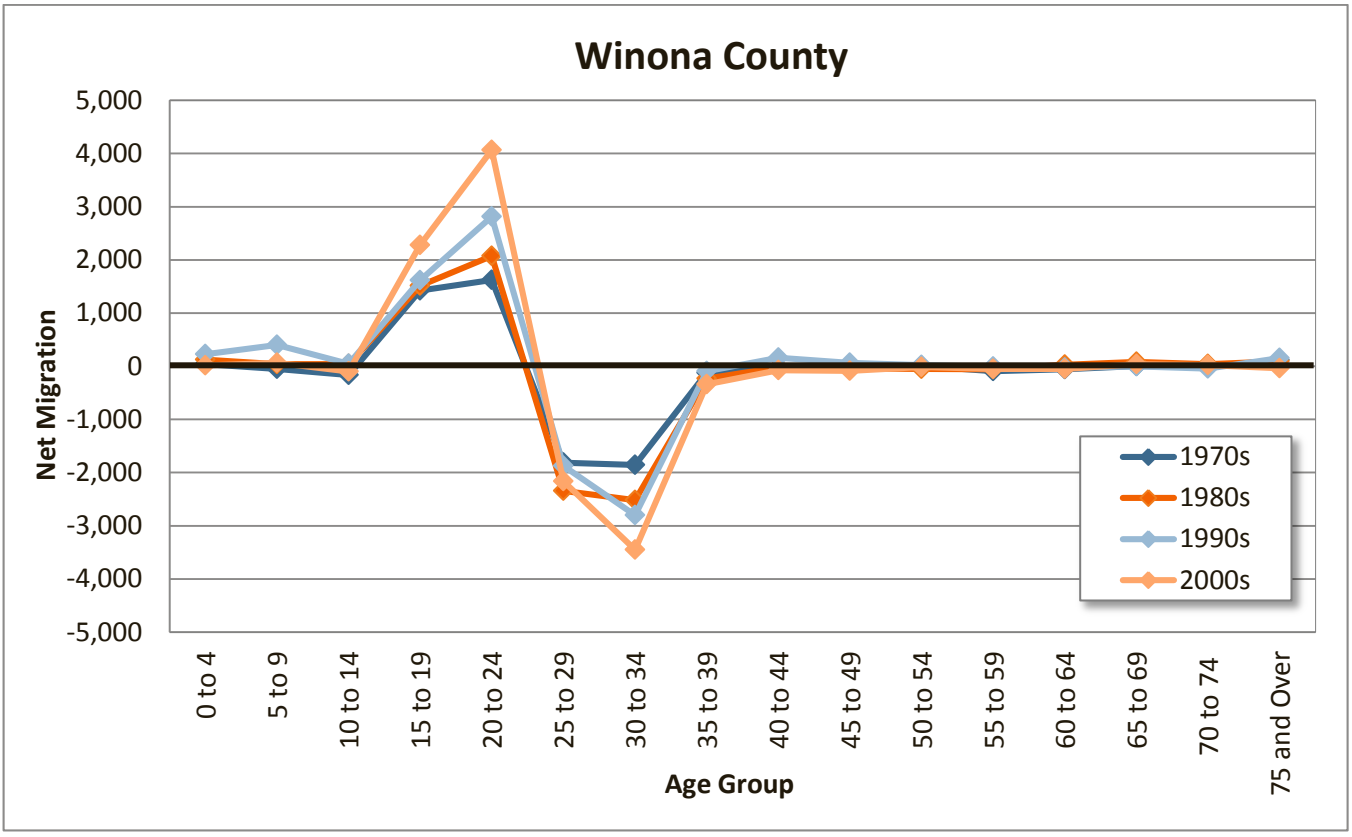
For those communities that decide the benefits of attracting retirees outweigh the disadvantages, a retiree attraction strategy may provide an economic development opportunity. These strategies may be particularly relevant for regions that can offer the amenities desired by retirees such as a lower costs of living; low levels of urbanization; quality housing options; good health care; outdoor and cultural attractions; and adequate transportation services (Chesnutt, 2007). Importantly, retirees may also contribute to the region's levels of human capital. Specifically, emerging research suggests that retirees are a source of entrepreneurship in rural areas. That is, many retirees who have resettled from other areas may either start new businesses in a community, or create demand for new business opportunities (Lambert, Clark, Wilcox and Park, 2007; Hamilton, 2010). Consequently, the human capital provided by retirees should be considered as more than a potential source of labor.

## Appendix 2A – Migration Patterns in Study Area Counties






Source: Winkler, Richelle, Ken Johnson, Cheng Cheng, Jim Beaudoin, Paul Voss, and Katherine Curtis. Age-Specific Net Migration Estimates for US Counties, 1950-2010. Applied Population Laboratory, University of Wisconsin- Madison, 2013.

## Appendix 2B – Understanding Job Zones

**Job Zone One: Little or No Preparation Needed**

- *Education* - Some of these occupations may require a high school diploma or GED certificate.
- *Related Experience* - Little or no previous work-related skill, knowledge, or experience is needed for these occupations. For example, a person can become a waiter or waitress even if he/she has never worked before.
- *Job Training* - Employees in these occupations need anywhere from a few days to a few months of training. Usually, an experienced worker could show you how to do the job.
- *Specific Vocational Preparation Time* – Short demonstration, up to one month or one to 3 months.

**Job Zone Two: Some Preparation Needed**

- *Education* - These occupations usually require a high school diploma.
- *Related Experience* - Some previous work-related skill, knowledge, or experience is usually needed. For example, a teller would benefit from experience working directly with the public.
- *Job Training* - Employees in these occupations need anywhere from a few months to one year of working with experienced employees. A recognized apprenticeship program may be associated with these occupations.
- *Specific Vocational Preparation Time* – 3 to 6 months, 6 months to 1 year

**Job Zone Three: Medium Preparation Needed**

- *Education* - Most occupations in this zone require training in vocational schools, related on-the-job experience, or an associate's degree.
- *Related Experience* - Previous work-related skill, knowledge, or experience is required for these occupations. For example, an electrician must have completed three or four years of apprenticeship or several years of vocational training, and often must have passed a licensing exam, in order to perform the job.
- *Job Training* - Employees in these occupations usually need one or two years of training involving both on-the-job experience and informal training with experienced workers. A recognized apprenticeship program may be associated with these occupations.
- *Specific Vocational Preparation Time* – 1 to 2 years

**Job Zone Four: Considerable Preparation Needed**

- *Education* - Most of these occupations require a four-year bachelor's degree, but some do not.
- *Related Experience* - A considerable amount of work-related skill, knowledge, or experience is needed for these occupations. For example, an accountant must complete four years of college and work for several years in accounting to be considered qualified.
- *Job Training* - Employees in these occupations usually need several years of work-related experience, on-the-job training, and/or vocational training.
- *Specific Vocational Preparation Time* – 2 to 4 years

**Job Zone Five: Extensive Preparation Needed**

- *Education* - Most of these occupations require graduate school. For example, they may require a master's degree, and some require a Ph.D., M.D., or J.D. (law degree).
- *Related Experience* - Extensive skill, knowledge, and experience are needed for these occupations. Many require more than five years of experience. For example, surgeons must complete four years of college and an additional five to seven years of specialized medical training to be able to do their job.
- *Job Training* - Employees may need some on-the-job training, but most of these occupations assume that the person will already have the required skills, knowledge, work-related experience, and/or training.
- *Specific Vocational Preparation Time* – 4 to 10 years, over 10 years

Source: O*NET

# Section 3 - Current Buffalo County Region Economic Development Strategies and Opportunities for Broader Regional Collaboration

In 2014-15, Buffalo County developed an abbreviated strategic plan for community and economic development. Charged by the Chair of the Buffalo County Board of Supervisors, an ad hoc committee undertook a strategic planning process that assessed Buffalo County's economic development potential by asking and answering three questions: where are we now, where are we going, and how do we get there?

A final report was delivered to the County's newly constituted economic development committee in 2015. In as much as the 2014-15 effort was cursory, the committee deferred acting on the plan until the current EDA grant research project (detailed in this study) was completed. However, critical information, important ideas, consensus strategies, and proposals for making key investments were surfaced that will be acted upon in light of this study's findings. Appended to this grant project report are four documents that informed the 2014-15 economic development effort: Buffalo County By-The-Numbers Socio-Economic and Demographic Overview; Buffalo County Asset Inventory; Buffalo County Development Vision; and the Buffalo County Economic Development Strategic Overview.

Until the ad hoc committee met, Buffalo County had not had any formal, successful, sustained economic development initiatives. Special studies have been conducted from time-to-time by the University of Wisconsin-Extension and the Mississippi River Regional Planning Commission. However, there were no formal county-wide organizational efforts to address economic development. Furthermore, the existing community-specific business associations and promotion groups have limited their scope to small geographic areas within the county.

The currently limited economic development capacity in Buffalo County is a challenge to pursuing any economic development opportunity. While volunteers and community-specific business associations can (and should) assist, a dedicated full-time organization or individual is likely needed to effectively conduct economic development initiatives. Importantly, a dedicated approach to economic development could extend beyond Buffalo County's borders. As noted in Section 1 and Section 2, Buffalo County is part of a regional economy. Businesses throughout the study area and beyond share a regional labor force. Residents travel throughout the region to shop and recreate. Furthermore, many of the region's key industries are concentrated in multiple counties. Consequently, some economic development initiatives might be better addressed from a regional perspective.

Indeed, several examples of regional economic development are underway in the region. Within the county, Buffalo County Land & Trails Trust is a nonprofit that arose from an Alma Chamber of Commerce effort to advocate for a state-class trail system for multiple uses. A long-range plan calls for a trail route linking Buffalo County with a statewide trail system. A paved trail system would run from Nelson to Bluff Siding, routing and connecting the county's northern and southern borders of the corridor and attaching to other neighboring trails.

Buffalo County also is promoted regionally as part of the Mississippi River valley. The Wisconsin Mississippi River Parkway Commission has been instrumental in enhancing the valley for tourism. The Great River Road has been designated for 250 miles in Wisconsin and the Parkway Commission has been supportive of improving accommodations for bicyclists on this road (primarily WIS 35). Over the years, bicycling has become established as a popular activity in the valley. More recently, a national effort has created the basis for the ten-state Mississippi River Trail (MRT). For Wisconsin, the MRT follows the Parkway Commission's Bikeway Plan.

Special initiatives such as the Buffalo County Land & Trails Trust's recreational trail plan for Buffalo County and the promotion of Buffalo County as part of the Mississippi River valley in partnership with the Wisconsin Mississippi River Parkway Commission are to be commended. They offer a model for other efforts as they leverage the resources of multiple communities and recognize that few places have sufficient assets to promote themselves alone. With a regional economic development model in mind, Buffalo County has other opportunities for collaboration as well. Buffalo County is eligible to join the 7 Rivers Alliance, a regional economic development organization that represents counties in Wisconsin, Minnesota and Iowa, including neighboring county Trempealeau to the east. It may also be possible to petition to join with Momentum West, which serves 10 Wisconsin counties, including neighboring Pepin County and others to the north of Buffalo County that are also located along the Mississippi River. *In fact, Buffalo County could consider seeking a partial membership in each regional organization to remain connected to those regional initiatives that may have the greatest local impact or influence.*

The Mississippi River Regional Planning Commission (MRRPC) is another vehicle for further establishing multi-community relationships and taking advantage of the economies of scale offered by county and multi-county economic development initiatives. In fact, Buffalo County is currently part of the MRRPC Comprehensive Economic Development Strategy (CEDS). As noted by the MRRPC, the "CEDS Comprehensive Economic Development Strategy for the Mississippi River Region documents the Region's conditions, economic challenges and strategies to improve our Region's environment, economy, and quality of life. By preparing and participating in the development of this report, the nine county Mississippi River Region maintains its Economic Development District designation conferred upon it by the U.S. Department of Commerce Economic Development Administration (EDA). This district designation qualifies the region's counties, communities, institutions and businesses to be eligible for EDA assistance under its public works and economic development facilities program, technical (research) assistance programs, loan programs, and planning programs."

A third option for pursing economic development using a regional model would be a tri-county economic development consortium of Buffalo, Pepin and Trempealeau counties. This organization could be held within one of the economic or planning agencies already serving the broader region. These three counties share more than simply territory. Each county has similar socio-economic and demographic characteristics, development potential, and the fact that larger communities (and economies) to the south and north offer both opportunities and challenges to each. Additionally, Trempealeau County has budgeted for a county economic development professional. Investigating a means of sharing or partnering in some other way might result in a mutually beneficial arrangement between the counties.

It is also imperative that Buffalo County become more formally connected to business and economic development activities across the river in Minnesota; Winona, Minnesota in particular. The economic region does not respect municipal, county and state lines. Economic activities of this western neighbor are having a dominant impact on Buffalo County that must be considered. In fact, Buffalo County could consider joining the Winona Area Chamber of Commerce to become knowledgeable of developments that the county could leverage.

Certainly rural areas have concerns when partnering on regional economic development efforts. A common argument by less populated partners within larger regions is that the "big players" will dominate economic development efforts. As all of the action and effort will be concentrated in larger communities it may be reason enough for smaller communities not to join such collaborations. However, urban hubs are essential for rural areas as they are the centers of economic activity for larger regions. But without being connected to them, rural counties will not capture enough of this potential either. More specifically, working with urban centers is less about distributing existing economic activity in the region, but rather about growing the regional economy so every partner experiences greater levels of economic growth.

Rural areas may also worry about losing their identity within a regional economy. However, a regional approach should not mean that Buffalo County's character is lost. Much like neighborhoods in a city, rural places within a region offer unique benefits, niches and quality of life experiences that will differentiate one place from another. Using assets of the broader region, while also seizing the opportunity to attract visitors, workers and residents that desire Buffalo County's uniqueness, is an opportunity for success.

In summary, this analysis affirms the interrelatedness of Buffalo County and its neighbors. This is an economic reality as worker flows, shopping patterns, shared regional assets, even the environment, demand that the county consider its place in the larger regional setting. Buffalo County certainly can designate a person to be responsible for local economic development initiatives, but that individual likely will be less effective if he or she does not partner with other organizations. There are many regional economic development activities that Buffalo County will likely encounter and it is unlikely that a single person or organization can address many of these needs (Figure 3.1). However, partnering with the MRRPC, the 7 Rivers Alliance, WEDC, UW-Extension and other local, regional and state organizations may allow for an economic development approach that is larger and more robust, but also tailored to the needs of Buffalo County residents and businesses.

**Figure 3.1 – Examples of regional economic development activities**

1. Industry cluster development
2. Supply chain development
3. Business retention and expansion (BR&E)
4. Government affairs
5. Marketing and information dissemination
6. Export assistance
7. Workforce development
8. Infrastructure development
9. Entrepreneurial development
10. Networking and social capital development

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# Section 4 - A Strategic Plan for Buffalo County Economic Development

The Buffalo County Board's Economic Development Committee reviewed a comprehensive set of strategies and actions for addressing community development, economic development, and business development opportunities in the county. This committee also reviewed the efforts of the previous ad hoc economic development committee. A foundational element of the standing committee's and ad hoc committee's efforts was the development of a vision statement that will guide strategic and tactical decisions. The following is a unanimously affirmed vision statement to guide development in Buffalo County.

**Figure 4.1 - Buffalo County Vision for Development**

Buffalo County regional economic development shall promote a stable and sustainable economic environment through collaborative planning and community involvement that benefits business and residents alike.

Economic expansion will recognize and respect that our natural systems are vital to providing both economic benefit and quality of life for all citizens. Our environments provide the opportunity to support the requirements of various types of enterprise. Our deep agricultural roots provide a basis and work ethic for future developments. Economic growth will reflect the scale and values of our communities and citizens.

The foundations upon which future economic expansion within the county shall rest are:

- Supporting the growth of existing business;
- Creating new opportunities for sustainable business;
- Maintaining the unique quality of life already present in the county;
- Participating in the information economy.

*Buffalo County Economic Development Committee, 2016*
*Buffalo County Economic Development Ad Hoc Committee Report, December 2015*

How does this vision translate into a strategic plan for economic development and recovery? As suggested throughout this analysis, there are many opportunities for Buffalo County to undertake economic development initiatives. However, no economic development organization or professional can undertake all of these opportunities at the same time. In recognizing the need to prioritize development efforts, the following discussion identifies those initiatives that have been selected by Buffalo County for initial action. These initiatives are based on the preceding information in this analysis as well as the input of the aforementioned Buffalo County economic development committees.

The strategic plan outlined below should not be confused with a work plan or commitments to budget and staffing. Based on the strategic plan, Buffalo County also will need to consider:

- A budget to start and sustain its development efforts;
- A specific work plan that implements the strategic plan;
- Staffing requirements, including staff expertise and passion, needed to enact the plan;
- Volunteer and other resources that can create additional capacity;
- A commitment to accountability and evaluation of outcomes and impacts;
- Other local opportunities and interests that may arise.

Buffalo County will also need a plan for internal and community communications. From an internal perspective, successful initiatives require teamwork among all stakeholders: community members, small business operators, large corporations, non-profit organizations, and public agencies. Effective internal communication will ensure that everyone is working toward the same objectives and that each player can confidently make a contribution to the shared goals. Buffalo County's economic development efforts also could include the creation of a steering committee composed of key players that also keeps stakeholders up-to-date about activities and initiatives. Buffalo County will also need to communicate regularly with volunteers and commit to sharing the strategic goals with them.

*Importantly, the county's economic development efforts must also be communicated to the broader community to ensure an understanding of opportunities and challenges*. Effective external communications are necessary to meet the plan's objectives, but they also signal the County's image and seriousness to important audiences. Newspapers, radio, and social media can be used to communicate regularly and effectively. Economic development staff should also attend regular meetings with elected officials; not simply the oversight committee of the organization, but also those of other key committees and partner organizations too. Community champions will also be important to conveying development efforts, especially among the youth, elderly, and special interest groups.

## Community, Economic and Business Development – Creating a Balance

Buffalo County's vision for development has elements of *community*, *economic* and *business* development. These three elements combine to create an ecosystem of conditions where places, people and establishments can thrive:

- *Community development* has a goal of growing the capacity of local residents to pursue their interests as a community. Consequently, it requires leadership, participation and organization and decision-making from Buffalo County residents (Shaffer, Deller and Marcouiller, 2004); In the case of Buffalo County, community development involves engaging the population to pursue greater economic opportunities while maintaining and enhancing quality of life;

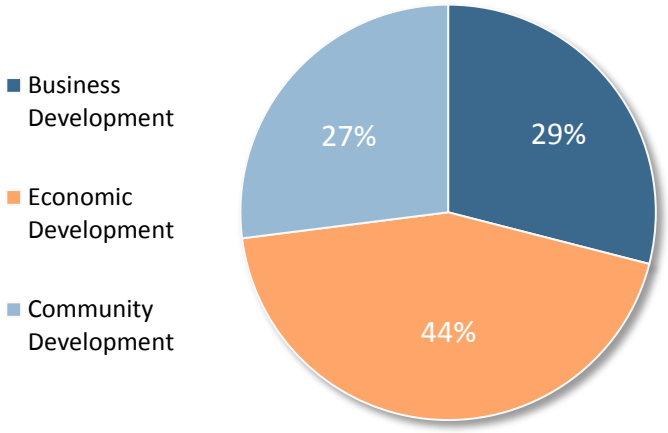
- *Economic development* fosters goal oriented change by pursing activities that create greater productivity of resources; generate more choices for consumers and businesses; and incorporate stakeholder participation in policy development (Shaffer, Deller and Marcouiller, 2004). Economic development often addresses issues that impact an entire market, rather than those unique to an individual business;

- *Business development* emphasizes strategies and actions that assist individual firms or a group of firms. Business development initiatives may help identify and grow markets, create relationships among producers and buyers, and provide resources (such as technical assistance) to help businesses act on opportunities.

All three elements are important and vital to growing the county's economy and quality of life. To use a simple analogy, consider the process of building a home. If we pick a good neighborhood and create a superior design, but build on a lot with poor soils and slope, our house will fail. If we choose an appropriate lot and design, but the wrong neighborhood, it may have a poor market value. Finally, if we select a good parcel in a prosperous neighborhood, but select a poor design, the house will not generate its full potential. *Consequently, achieving Buffalo County's vision for development requires a balance of community, economic and community development strategies.*

As noted in the introduction, this study can be considered as a community economic analysis. The study has described how the region's economy is structured and how Buffalo County responds to internal and external influences. It also has identified a number of challenges and opportunities facing the county. Buffalo County must now move to address these issues using resources and actions. Accordingly, the county's standing committee assessed a number of strategies and initiatives that could be implemented as a strategic economic development and recovery plan for the county. As part of this process, the committee also decided how to balance elements of business development, economic development and community development into the plan. Specifically, the committee preferred a balanced approach between community development, economic development, and business development, but with a slight emphasis on economic development initiatives (Figure 4.2).

**Figure 4.2 – Preferred Allocation of Business, Economic and Community Development Activities in Buffalo County**



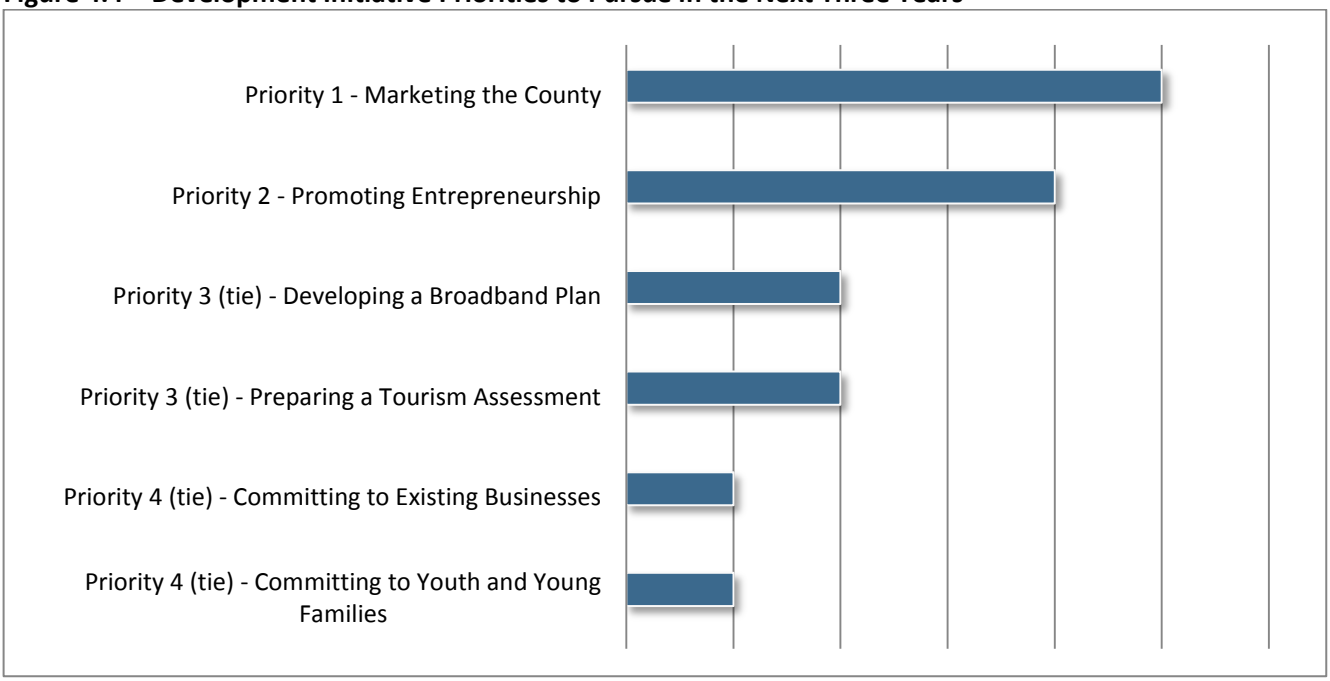

In addition to this commitment to a comprehensive approach to development, the committee considered eleven broad growth and development initiatives that the county could pursue in its strategic economic recovery plan. These were categorized according to community development, economic development, and business development efforts (Figure 4.3). In considering what initiatives could best help Buffalo County achieve its vision, the committee prioritized those deemed to have the greatest impact in the near term (i.e.

three years). As a result of ties in the voting, five initiatives were prioritized (Figure 4.4). These priorities are based on the considerable time and energy spent by the committee to: 1) understand conditions and trends in the community and economy; 2) research the assets that the county could build upon, and 3) develop a plan that aligned with the vision for the county.

**Figure 4.3 - Broad Growth and Development Initiatives for Buffalo County**

| Business Development Initiatives | Economic Development Initiatives | Community Development Initiatives |
|---|---|---|
| Enhancing the workforce | Conducting a targeted industry study | Committing to youth and young families |
| Committing to existing businesses | Analyzing the retail and service sector | Marketing the Buffalo County Region |
| Developing new businesses | Preparing a tourism assessment | Pursing a placemaking initiative |
| Promoting entrepreneurship | Developing a broadband plan | |

**Figure 4.4 – Development Initiative Priorities to Pursue in the Next Three Years**

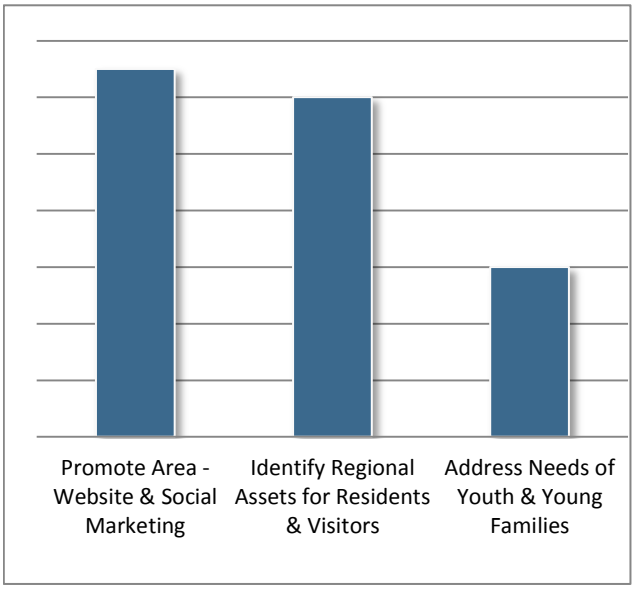



The ranking of community, economic and business development initiatives does not mean that other initiatives in Figure 4.3 will not be considered should an opportunity arise. However, this prioritization is an important component in managing expectations and making the most of limited resources. While a diverse and ambitious plan is lofty, knowing where to start and identifying the greatest needs and opportunities provides a greater chance for success. Importantly, these priority initiatives require additional descriptions and actions to be identified and implemented for the vision to be realized. Accordingly, a number of specific actions are further detailed (and again prioritized) in the remainder of this section.

## Community Development Actions

The broad categories of community development initiatives for Buffalo County address issues related to 1) committing to youth and young families; 2) marketing the county to potential residents, businesses and visitors; and 3) improving the quality of place through placemaking initiatives. Note that marketing the Buffalo County Region and committing to youth and young families were identified as development initiative priorities for the county (see Figure 4.4). Each of these initiatives has a number of potential actions, or specific steps, that could be implemented in the county (Figure 4.6).

**Figure 4.5 – Top Three Community Development Action Priorities**




In determining specific actions to pursue in Buffalo County, the economic development committee favored three priorities: 1) promoting the area using the web and social media; 2) identifying and enhancing regional assets of value to both residents and visitors; and 3) addressing the needs of youth and young families (Figure 4.5). Each of these top three action items are detailed below.

**Figure 4.6 - Community Development Actions for Buffalo County**

| **Initiative 1 - Committing to youth and young families** | **Initiative 2 - Marketing the Buffalo County Region** | **Initiative 3 - Pursue a Placemaking Initiative** |
|---|---|---|
| *Actions* | *Actions* | *Actions* |
| Survey youth; those that have left; and those that have returned about their interests and aspirations | Identify regional assets for residents and visitor market segments *(priority 2)* | Focus on the public spaces that make up our communities |
| Engage in efforts to address their needs and interests; acknowledge their contributions; and involve them in genuine ways including governance *(priority 3)* | Strengthen linkages between communities and area attractions (across the region); commit to addressing challenging conditions. | Use a process to identify vision, values and initiatives that is consistent with the process employed for the larger planning effort |
| Create a campaign and invite young adults and families back | Promote the area with a world-class website and contemporary social media marketing effort *(priority 1)* | Implement achievable, visible projects in each of Buffalo County's communities that can serve as catalysts for other investments |

### Priority Action 1 - Promote the area with a world-class website and contemporary social media marketing effort

Buffalo County's primary exposure to most residents and businesses will be through a web site and other social media venues. These resources must be used effectively and they must be current and useful:

1. *Convey the geographic location of the region relative to the state and nation* – Many people have a limited knowledge of geography. Accordingly, it is unlikely that many non-local visitors and businesses have a common understanding of Buffalo County's location. A prominent map showing Buffalo County's position relative to La Crosse, Eau Claire, Madison, Milwaukee, Chicago, Rochester and the Twin Cities should be placed on any website promoting tourism or business development opportunities;

2. *Consider using search engine and social media optimization tools* – Many low-cost or free analytical tools (and consultants) can help analyze site traffic and access to local economic development websites. These resources may help to connect the region to other key resources through an effective social media strategy, identify appropriate keywords that could be included on the website, improve search rankings and boost site visits;

3. *Keep links and resources up-to-date* - Remove links that no longer serve a purpose and retire content that is no longer helpful;

4. *Include information related to utilities, tax rates and incentives* – Including this information will help prospective businesses identify costs and resources available to them. Several sources for this information are included in Figure 4.7;

5. *Provide comprehensive information about Buffalo County's valued assets*— The website should include information on agriculture and forestry resources; parks and trails; cultural assets; community events; housing costs and availability; graduation rates and school ratings; crime statistics; library resources; and civic and non-partisan political information. Many of these assets can be pulled directly from the asset inventory conducted in 2015;

6. *Provide current information on available sites and buildings* – Consider utilizing *Locate In Wisconsin* (http://inwisconsin.com/select-wisconsin/available-sites/locate-in-wisconsin) and other resources from state and regional partners that can be embedded on Buffalo County's website;

7. *Provide labor force data at the regional level* – Commuting patterns, wages, occupations, educational attainment, age distribution, unemployment and labor force participation rates and other information will be vital to businesses considering Buffalo County as a place to located or expand. Much of this information is already included in Section 2. However, this information will need to be updated in the future. Resources for gathering current labor market information (and other pertinent data) are listed in Figure 4.7;

8. *Benchmark information against the United States, State of Wisconsin and comparable areas* – Benchmarking figures help businesses quickly compare local economic and workforce characteristics to those found in other areas;

9. *Consider the development of both a standalone Buffalo County profile and individual community profiles* – Information in these profiles can be used to highlight the socio-economic and demographic characteristics of individual places within the county. These profiles should include references to the aforementioned assets as well;

**Figure 4.7 – Sources of Economic and Demographic Information**

| Category | Examples of Information to Include | Available Resources |
|---|---|---|
| *Labor Force* | • Population<br>• Age distribution<br>• Educational attainment<br>• Occupations<br>• Average wages<br>• Unemployment rates<br>• Labor participation rates<br>• Commuting patterns<br>• Employment by industry | • U.S. Census Bureau American Factfinder: factfinder2.census.gov<br>• U.S. Census Bureau OnTheMap: onthemap.ces.census.gov<br>• U.S. Census Bureau Local Employment Dynamics Quarterly Workforce Indicators: lehd.ces.census.gov/applications/qwi_online<br>• Wisconsin Department of Workforce Development:worknet.wisconsin.gov/worknet |
| *Natural Resources* | • Number of farms and agricultural production land area<br>• Livestock and crop production<br>• Farm operator characteristics and income<br>• Forest area, volume, net growth and removals<br>• Soil quality<br>• Air quality<br>• Water quality | • USDA Census of Agriculture: www.agcensus.usda.gov<br>• US Forest Services Forest Inventory Data Online: www.fia.fs.fed.us<br>• USDA National Resources Conversation Service Web Soil Survey (WSS): websoilsurvey.sc.egov.usda.gov<br>• WI Department of Natural Resources: dnr.wi.gov/topic/AirQuality/ dnr.wi.gov/topic/water.html<br>• USGS National Water Quality Assessment Data: cida.usgs.gov/nawqa_queries_public |
| *Utilities* | • Electrical and natural gas rates<br>• Water rates<br>• Broadband availability and rates | • Local utilities in service area: psc.wi.gov/utilityinfo/maps/electricmaps.htm<br>• Local municipal water utilities<br>• State Broadband Map: http://www.broadbandmap.wisconsin.gov |
| *Tax Rates* | • Corporate income tax<br>• Personal income tax<br>• Property tax<br>• Sales tax | • Wisconsin Economic Development Institute: www.forwardwicompare.com/<br>• Wisconsin Department of Revenue: www.revenue.wi.gov/corpfranchise/index.html www.revenue.wi.gov/individuals/income.html www.revenue.wi.gov/salesanduse/index.html |

**Figure 4.7 – Economic and Demographic Information Data Sources (Continued)**

| Category | Examples of Information to Include | Available Resources |
|---|---|---|
| *Incentives* | • Real estate<br>• Equipment<br>• Working capital<br>• Financing<br>• Training<br>• Research and development<br>• Export/import assistance | • WEDC: http://inwisconsin.com/grow-your-business/programs/<br>• Wisconsin Department of Revenue: www.revenue.wi.gov/businesses/incentives.html<br>• Mississippi River Regional Planning Commission Business Finance Guide: http://www.mrrpc.com/Misc_pdfs/Mississippi_River_Regional_Planning_Commission_Business_Financing_Guide.pdf<br>• WHEDA: www.wheda.com<br>• 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<br>• Small Business Administration: www.sba.gov |
| *Quality of Life* | • School quality<br>• Outdoor recreation resources<br>• Cultural resources<br>• Shopping and dining<br>• Health care and public health<br>• Housing costs | • Wisconsin Department of Public Instruction WISEDash: wisedash.dpi.wi.gov/Dashboard/portalHome.jsp<br>• Regional Chambers of Commerce<br>• Wisconsin DNR: dnr.wi.gov/topic/outdoorrecreation<br>• Wisconsin Department of Health Services City, County and Regional Data: www.dhs.wisconsin.gov/localdata/index.htm<br>• Local Realtors<br>• U.S. Census Bureau American Factfinder: factfinder2.census.gov |

### Priority Action 2 - Identify regional assets for residents and visitor market segments

Regional assets, especially those tied to natural amenities and quality of life, are a source of comparative advantage that Buffalo County needs to leverage. Outdoor recreation assets and natural beauty themes were most often mentioned in asset inventory focus groups conducted in 2015. Furthermore, the survey of high school students summarized in Section 2 offers several important, positive alignments between those factors that are most important when choosing a place to live and how they rated Buffalo County on these measures (Figure 4.8). For instance, 89 percent of respondents stated Buffalo County had lots of natural beauty and 79 percent stated that this was an important factor in choosing where to live. While these figures represent the perspectives of high school students, it may be that other residents (or potential residents) have similar opinions.

**Figure 4.8 – Alignment of Quality of Life Importance and Buffalo County Ratings**

| Quality of Life Factor | Importance | Buffalo Co Rating |
|---|---|---|
| Affordable place to live | 91% | 82% |
| Good place to raise a family | 88% | 83% |
| Safe streets and neighborhoods | 85% | 81% |
| Good public schools | 85% | 64% |
| High speed internet & WI-FI | 78% | 36% |
| Lots of natural beauty | 74% | 89% |
| Close to health care facilities | 73% | 37% |

Other quality of life features noted throughout the asset inventory focus groups and expressed by the Buffalo County Economic Development Ad Hoc Committee included: 1) A welcoming community; 2) friendly residents; 3) small town atmosphere; and 4) no crowds or traffic. Regardless of the specific asset, it is essential that Buffalo County build on all of these potential strengths to leverage an outstanding quality of life that can be leveraged to retain and attract people (including entrepreneurs, visitors and residents). Specific actions that can be taken to leverage Buffalo County's assets include:

1. *Promote assets on the internet (both websites and social media) and highlight them in other marketing/promotional materials* – The previous priority action outlines how some of this information may be used as part of a digital promotional strategy;

2. *Regularly survey residents about what assets they most value and how they rate Buffalo County on them* – The aforementioned survey of high school students should be replicated periodically. However, other residents such as seniors, visitors, workers and employers should also be surveyed. Importantly, Buffalo County must assess this feedback honestly and make it actionable;

3. *Conduct a First Impressions exchange with a similar county or community* – Offered by the University of Wisconsin-Extension, the *First Impressions* program helps communities learn about existing strengths and weaknesses by providing an exchange of perspectives. Communities often have difficulties viewing themselves from the perspective of an outsider, including customers, visitors, potential residents, and potential businesses. A community's opinion of itself is often skewed by over-familiarization, a lack of differing perspectives, expectations, and a reluctance to be completely honest with neighbors when dealing with difficult issues (i.e. the appearance of buildings, customer service, or the maintenance of public facilities). Volunteers from two somewhat similar communities in terms of size, location, and other characteristics agree to do unannounced visits and then report on their findings. Guides and resources for performing a *First Impressions* program are available at: cced.ces.uwex.edu/2012/08/04/first-impressions-program-2/

### Priority Action 3 - Engage youth and young families in efforts to address their needs and interests; acknowledge their contributions; and involve them in genuine ways including governance

As noted in Section 2 of this report, population growth and labor availability could be the region's defining economic development issue in the coming decade. Accordingly, attracting and retain talent will need to be a central component of the county's future economic development efforts. Engaging youth now could help Buffalo County better retain them in the future; encourage their future family's return after attending a post-secondary institution or working elsewhere; and help to build greater connections contributions to Buffalo County communities. A number of opportunities for building the county's capacity to engage youth and young families include:

1. *Engage youth in workforce and governance opportunities* – Youth can learn career awareness through field trips, class presentations, job shadowing, and other means. Internships, mentoring and in-school business and industry curricula can develop career preparedness (the Wisconsin Youth Apprenticeship program provides one example: dwd.wisconsin.gov/youthapprenticeship/). Similar types of programs also can be offered to provide genuine opportunities for youth to be involved in community government, civic forums or non-profit organizations (i.e. creating student board of director members).

2. *Leverage existing youth organizations in Buffalo County* – A number of organizations, including 4H and Future Farmers of America, already engage youth in the county. These organizations may have additional perspectives on how to best engage young community members.

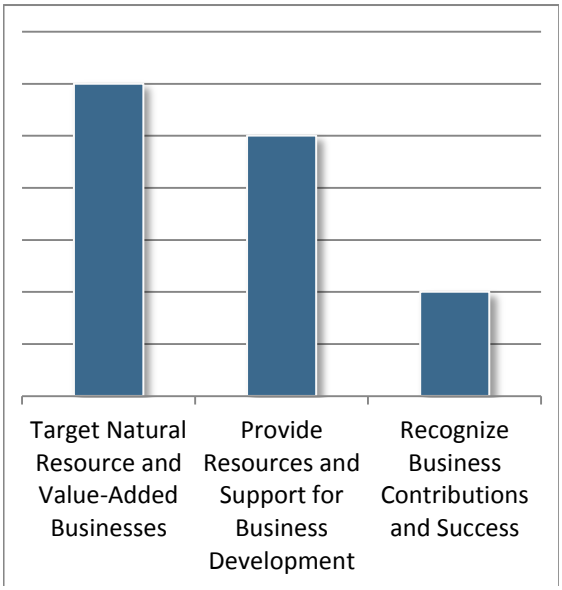
3. *Build entrepreneurship into local K-12 education systems* – The region's youth provides one of the greatest opportunities for building an entrepreneurial culture. Teaching students about the steps in visioning, planning and operating an enterprise could develop a pool of future entrepreneurs. In fact, many creative ideas are hatched in school-based business idea competitions. The CEO (Creating Entrepreneurial Opportunities) program in Effingham County, Illinois provides one model for engaging youth in entrepreneurship (www.effinghamceo.com). 4-H programs throughout the nation also have developed a number of youth entrepreneurship models including *Be the "E"*, *Discover the E-Scene*, and *Coverpreneurs*. The Center for Rural Entrepreneurship's New Generation Partnerships program offers yet another example (www.energizingentrepreneurs.org/solutions/youth_engagement_system.html).

4. *Connect with former graduates* – As noted in Section 2 Former graduates of local high schools or higher educational institutions may have considered returning to the county, but may not be aware of potential employment or housing opportunities in the region. For instance, 39% of high school students surveyed plan to move away for education, but return to Buffalo County at some later time. Efforts should be made to reach out to these individuals and let them know they are welcomed by the county. The rise of social media sites such as Facebook, LinkedIn and Classmates make this task easier.

## Business Development Actions

As previously noted, business development actions emphasize efforts to serve and support individual firms (or groups of firms). Four broad business development initiatives for Buffalo County include: 1) enhancing the workforce; 2) committing to existing businesses; 3) developing new businesses; and 4) promoting entrepreneurship. Promoting entrepreneurship and committing to existing business were identified as broad priorities for Buffalo County (See Figure 4.4). Specific action items or steps for each of these broad initiatives are outlined in Figure 4.10.

**Figure 4.9 - Top Three Business Development Actions**




Again, the economic development committee prioritized three specific business development actions (Figure 4.9). These actions include: target natural resource-based and value-added agricultural business development (priority 1); provide resources and workshops and other support for business expansion, relocation or new business startups (priority 2); and recognize and reward businesses for civic contributions and business success (priority 3). Each of these three priority actions are further explained below.

**Figure 4.10 – Business Development Actions for Buffalo County**

| **Initiative 1 - Enhancing the workforce** | **Initiative 2 - Committing to existing businesses** | **Initiative 3 - Developing new businesses** | **Initiative 4 - Promoting Entrepreneurship** |
|---|---|---|---|
| *Actions* | *Actions* | *Actions* | *Actions* |
| Survey potential and existing workforce | Design and implement a large-firm retention and expansion program | Conduct market study to support new market expansion of existing firms | Target natural resource-based and value-added agricultural business development (priority 1) |
| Interview existing employers | Train community leaders to conduct business visitation programs for small firms | Selectively "recruit" new businesses that satisfy market needs | Support business networks that facilitate value-added business development and enhanced b2b transactions |
| Assemble schools, employees and employers to address opportunities and challenges | Recognize and reward businesses for civic contributions and business success (priority 3) | Provide resources and workshops and other support for business expansion, relocation or new business startups (priority 2) | Promote e-commerce opportunities |

### Priority Action 1 - Target natural resource-based and value-added agricultural business development

Section 1 noted that business attraction and expansion activities should be pursued through a sector-based strategy. Using a sector-based approach allows Buffalo County to leverage its regional industrial assets while efficiently using its somewhat limited economic development capacities. While the Buffalo County region has manufacturing strengths in primary/fabricated metals, forest products and machine manufacturing, its economic base is overwhelmingly reliant on natural resources. Certainly, agriculture is a dominant aspect of the county's economy and value-added and niche agriculture provide emerging development opportunities. Furthermore, the river, forest and trails offer further tourism development potential. While Section 1 and Section 2 document some aspects of these two industry sectors, this information only provides a starting point. Developing and implementing a sustainable and robust sector development strategy requires:

1. *Cultivate a working knowledge of each target industry* **-** It is essential that local economic development professionals and advisory boards understand the breadth and depth of both the agricultural and tourism sectors in the region. In addition to the industry information in Section 1, the Mississippi River Regional Planning Commission's Comprehensive Economic Development Strategy (CEDS) plan includes industry-specific information. Sector development specialists at the Wisconsin Economic Development Corporation may be able to assist (http://inwisconsin.com/key-industries/food-and-beverage/). The Wisconsin Department of Tourism has resources available (http://industry.travelwisconsin.com/industry-outreach). UW-Extension Buffalo County can help the county connect to University of Wisconsin resources across the state. Furthermore, the region's agriculture lenders and other similar support organizations/enterprises are all potential sources for knowledge;

2. *Sufficiently market the area* **-** Devote a prominent section of local economic development websites to these target industries. Businesses considering Buffalo County will require industry-relevant information as well as key quality of life details;

3. *Be able to professionally respond to inquiries* – Economic development organizations are often not prepared to respond to inquiries from prospective businesses. The county will need to have relevant information prepared for requests for information (RFIs). A reliable professional contact (current phone, email, web, U.S. mail address) will need to be identified who can respond and follow up promptly.

### Priority Action 2 - Provide resources and workshops and other support for business expansion, relocation or new business startups

Traditional economic development programs often suggest recruiting business and industry to the community with the thought that job seekers would follow. However, Section 1 noted that most job creation does not occur in this manner. Furthermore, firms likely will not locate where labor is scare (either in quantity, quality, or both). Existing firms are likely to complain about public strategies that aim to make their competition for limited workers even harder.

In reality, most new jobs are the result of the growth (including offshoots) of existing businesses. The balance of new jobs comes from entrepreneurial activity, including startups. Even armed with this evidence, many economic development programs find it easier to rely on efforts to recruit firms. The truth is that it is often more difficult to set in place support for existing and new businesses. While Buffalo County should not completely dismiss the recruitment of new firms, a number of actions can help support potential new businesses or existing businesses:

1. *Foster entrepreneurial support* - As noted, business start-ups are an important component of job growth. Developing support for current and prospective entrepreneurs should be a consideration in this economic development strategy for Buffalo County. Examples of opportunities to foster entrepreneurial support in the county include:

    - Ensuring the aforementioned website provides resources and contacts for potential startups. This information can include support organizations, business plan assistance, legal advice, financial resources, help with regulations, etc.;

    - Connect to existing entrepreneurship programs – These programs can include SCORE, local colleges and universities, WEDC, etc.;

    - Leverage local natural amenities to entice 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 (i.e. think not only of the Google, but of the next farm field and forest);

    - Build an entrepreneurial culture starting in the K-12 system – See the prior section on engaging youth and young families;

    - *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;

    - *Remain current with 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);

2. *Attend to the needs of existing businesses* – Existing businesses will be the foundation for growing and maintaining Buffalo County's economy. Opportunities to support existing businesses include:

    - Implement a regular business retention and expansion (BR&E) program for large employers - Work with multi-county regional economic development organizations to find the economy of scale necessary and follow through on the issues identified;

- Conduct a *Business Walks* program for smaller businesses in a specific geographic area – These programs use volunteers who literally walk to a few businesses and solicit needs and show support;

- Share market research – One of the economic development priority actions noted below is to conduct a study to determine the visitor market's value and characteristics. This information should be shared with existing businesses;

- Facilitate business roundtable breakfasts or other networking opportunities. – These types of events should not be limited to potential or nascent entrepreneurs. Existing businesses should also have venues where owners and operators are invited to meet and greet and share ideas. These opportunities are often effective when they are facilitated by a respected retired business person.

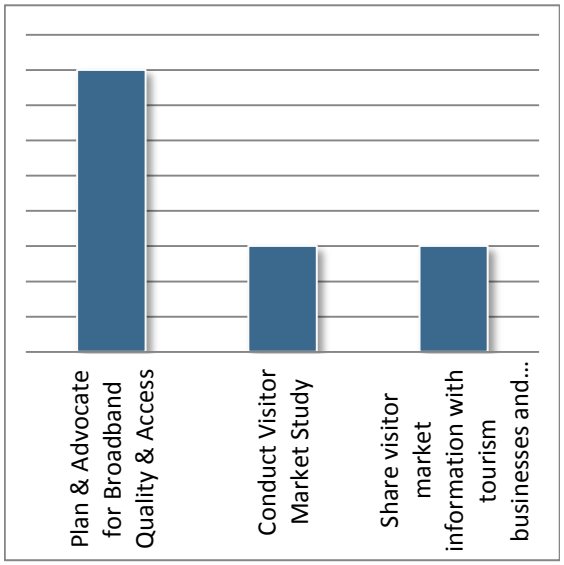
### Priority Action 3 - Recognize and reward businesses for civic contributions and business success

Recognizing existing businesses in the media or through other venues can develop a story and uncover resources in Buffalo County. For instance, recognizing current businesses may raise awareness of the county as a business location and improve the visibility of businesses in the region. Some communities have developed an ambassadors program where other businesses call on each other to celebrate their contributions to the local economy (and network). As suggested earlier, inviting businesses into classrooms may also generate involvement and spur inspiration among young community members.

## Economic Development Actions

In contrast to business development, economic development actions emphasize efforts to create a broader environment that can help grow the economy. As outlined in Figure 4.12, four broad economic development initiatives identified for Buffalo County include: 1) conducting a targeted industry study; 2) analyzing the retail and service sector; 3) preparing a tourism assessment; and 4) developing a broadband plan. Broadband was identified as a broad priority for Buffalo County (See Figure 4.4).

**Figure 4.11 – Top Three Economic Development Actions**




As with community and business development actions, the economic development committee also prioritized three specific economic development actions (Figure 4.11). These include: assembling a coalition of partners to plan and advocate for enhanced broadband quality and access (priority 1); conducting a study to determine the visitor market; both its value and its characteristics (priority 2); and sharing visitor market information with tourism businesses and encouraging growth into unmet market needs (priority 3).

**Figure 4.12 - Economic Development Actions for Buffalo County**

| **Initiative 1 - Conducting a targeted industry study** | **Initiative 2 - Analyzing the retail and service sector** | **Initiative 3 - Preparing a tourism assessment** | **Initiative 4 - Developing a broadband plan** |
|---|---|---|---|
| *Actions* | *Actions* | *Actions* | *Actions* |
| Examine existing industry clusters for strengths and value chain opportunities | Study the regional retail and service trade area | Conduct study to determine visitor market; both its value and its characteristics (priority 2) | Assess broadband access and adoption status |
| Share with businesses and facilitate business roundtable investigations and networking | Share market information with existing firms and encourage growth into unmet market needs | Share visitor market information with tourism businesses and encouraging growth into unmet market needs (priority 3) | Assemble coalition of partners to plan and advocate for enhanced broadband quality and access (priority 1) |
| Make inquiries to "recruit" businesses that fill gaps | Market vacancies to target businesses that could expand/locate to meet local demand | Assemble businesses with common interests for joint marketing and shared training | Support broadband adoption by organizations and businesses including e-commerce training |

### Priority Action 1 - Assembling a coalition of partners to plan and advocate for enhanced broadband quality and access

As noted in Section 1, adequate and available broadband will be a key for attracting and retaining visitors, residents and businesses. The University of Wisconsin-Extension's Broadband & E-Commerce Education Center provides a number of resources that can assist in this action item (broadband.uwex.edu/). However, a coalition of diverse community and business representatives is an important component in helping to advocate, plan and apply for broadband expansion funding. The coalition should include:

- *Forest and Forest Products Industry Representatives* – This industry needs broadband (including cellular coverage) to provide access to GIS mapping software in the field; provide vital, direct harvest-to-mill connections; shorten equipment downtime (which impacts an establishment's bottom line); and increase the safety of loggers and graders;

- *Manufacturing firm owners and operators* – Increasingly, manufacturing orders, bids and plans are transmitted electronically. (This fact is also true for the aforementioned forest product manufacturers.) In fact, many manufacturers will not even consider a site unless it has dedicated, high-speed broadband access;

- *Tourism Industry* – Broadband is becoming a requirement for second home owners. Furthermore, many visitors (especially those in younger generations) will not travel to destinations without broadband access. In fact, some research suggests that a number of second home owners and other vacationers would extend their stay and "telecommute" while spending quality time with family and friends if reliable, quality broadband was available (Kashian, 2014);

- *Health care and the aging population* – Broadband will be needed to extend telemedicine opportunities; improve emergency services; offer access to medical records; and provide home care services. The need to integrate broadband with health care delivery will only increase as the region's population continues to age (see Section 2);

- *Young residents* – Much has been made of the importance of being online for today's youth. The 2016 survey of local high school students indicated that access to high speed internet and WI-FI was important to 78% of respondents. However, the also rated Buffalo County very poorly (36%) in what it offers. In reality, broadband access is not only important to youth, but will also be an important quality of life factor for residents of all ages.

### Priority Action 2 - Conduct study to determine visitor market value and characteristics

Identifying the scale and scope of the visitor market may be necessary to attract new tourists and quantify the market for new business enterprises. A number of tools and educational resources for measuring market potential are available through the *Downtown and Business District Market Analysis* toolbox at the University of Wisconsin-Extension's Center for Community and Economic Development (fyi.uwex.edu/downtown-market-analysis/). These tools can be used by communities and the county to assess market opportunities for a

number of retail and service business categories; help understand demographic characteristics of consumers; and identify customer origins.

Buffalo County may also consider applying for a Joint Effort Marketing (JEM) Grant from the Wisconsin Department of Tourism. JEM Grants include opportunities for so-called *Destination Marketing* projects which could potentially assist with this action item. As noted by the Department of Tourism, these are "projects that must include a partnership of at least three municipalities or communities who all benefit from increasing visitor expenditures. The development option of the grant provides financial resources to commission or purchase research. Qualifying research includes: 1) Discovering a region's differentiation qualities in order to define a brand and focus a marketing strategy; and 2) Securing data to measure the impact of the visitor on the local economy." (See: industry.travelwisconsin.com/grants/joint-effort-marketing-jem-grant-program) Destination Marketing applications are due April 1 and September 1 of each year.

### Priority Action 3 - Share visitor market information with tourism businesses and encourage growth into unmet market needs

Market information gathered as part of Priority Action 2 should be shared with businesses throughout Buffalo County. This type of information is particularly useful in helping existing businesses understand opportunities that may not have otherwise been identified. Market research results also can be used to help attract firms when the local market does not or cannot respond to a consumer or business-to-business opportunity. Results of a market analysis can also be used as support when calling on a "target business" to recruit from outside the area (that is, if an existing firm or entrepreneur is unable to address new market opportunities). This information should also be included on the aforementioned website and in any community or county profiles that are generated.

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